

Building Better Benefits: Rethinking Value-Based Benefit Design

February 1, 2022

12:00 p.m. – 1:15 p.m. ET



Building Better Benefits: Rethinking Value-based Benefit Design

Gaye Fortner
President/CEO
HealthCare 21 Business Coalition



“Practice” Poll Question

Will Punxsutawney Phil see his shadow tomorrow?

1. Yes
2. No
3. I won't know as I will be too busy watching “Groundhog Day” on Netflix

Speakers



Gaye Fortner

Moderator

President & Chief Executive Officer
HealthCare21 Business Coalition



Bruce Sherman, MD

Medical Director, Council Member
*National Alliance of Healthcare
Purchaser Coalitions*



Cindy Dempsey

Director, Total Rewards
Genesco, Inc.



Kimberly Westrich, MA

Vice President, Health Services Research
National Pharmaceutical Council

Employers See Threats to Health Coverage Affordability

Drug prices

Hospital prices

Lack of transparency

Surprise medical bills

Health system consolidation

Intermediary conflicts of interest

Source: National Alliance *Pulse of the Purchaser Survey*, Fall 2021

Employers See Threats to Health Coverage Affordability

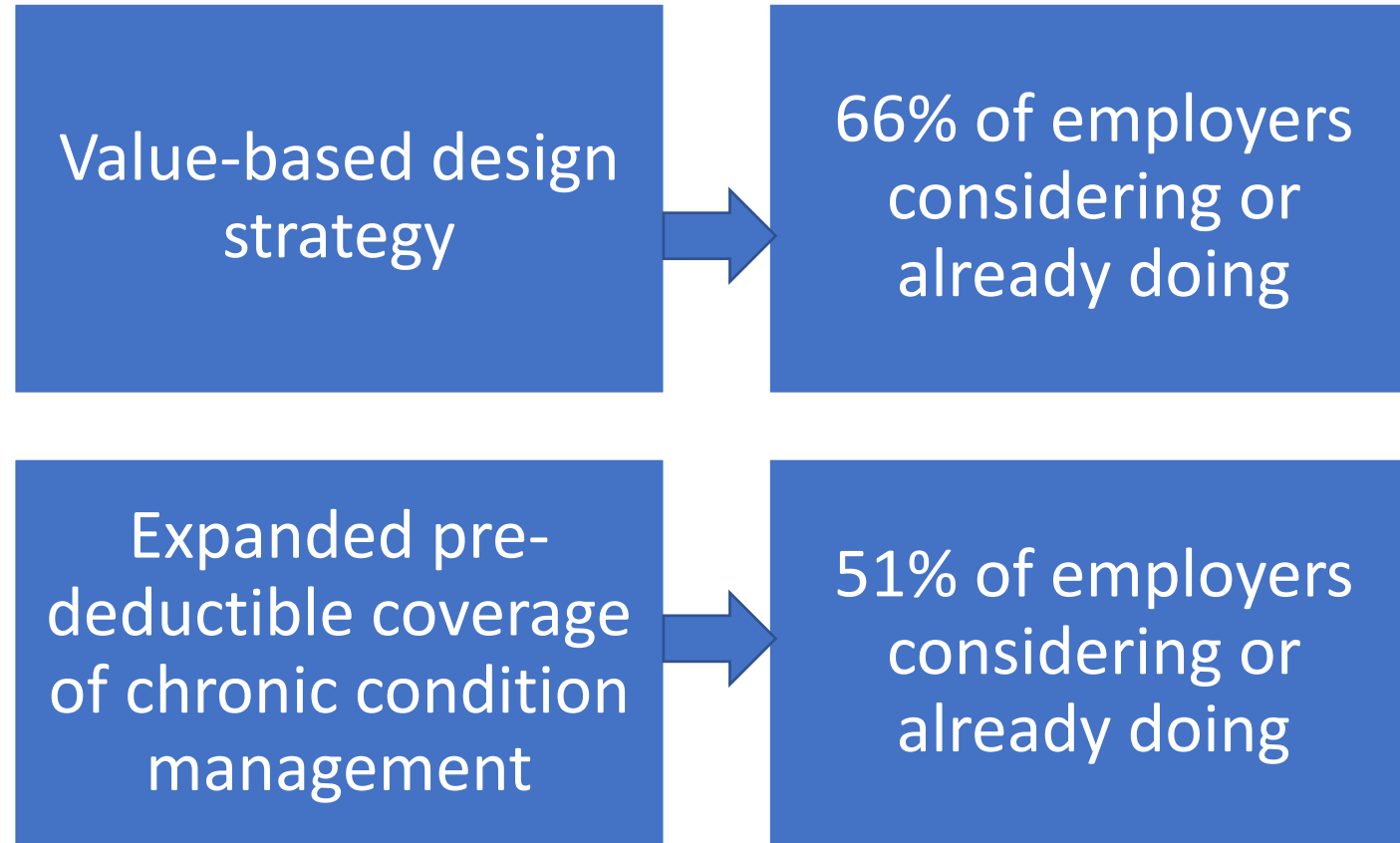
Today's Focus

Value Based
Design

Health
Equity

Source: National Alliance *Pulse of the Purchaser Survey*, Fall 2021

Strategic Benefit Design Can Incentivize Value



Source: National Alliance *Pulse of the Purchaser Survey*, March 2021

Strategies Include Focusing on Equity and Social Determinants

**Strategies Include Focusing
on Equity and Social
Determinants**

Source: National Alliance *Pulse of the Purchaser Survey*, March 2021

Poll Question #1

Does your health plan, PBM or data warehouse vendor provide your organization with claims analyses that reflect specific sub-population attributes, like wage or race/ethnicity?

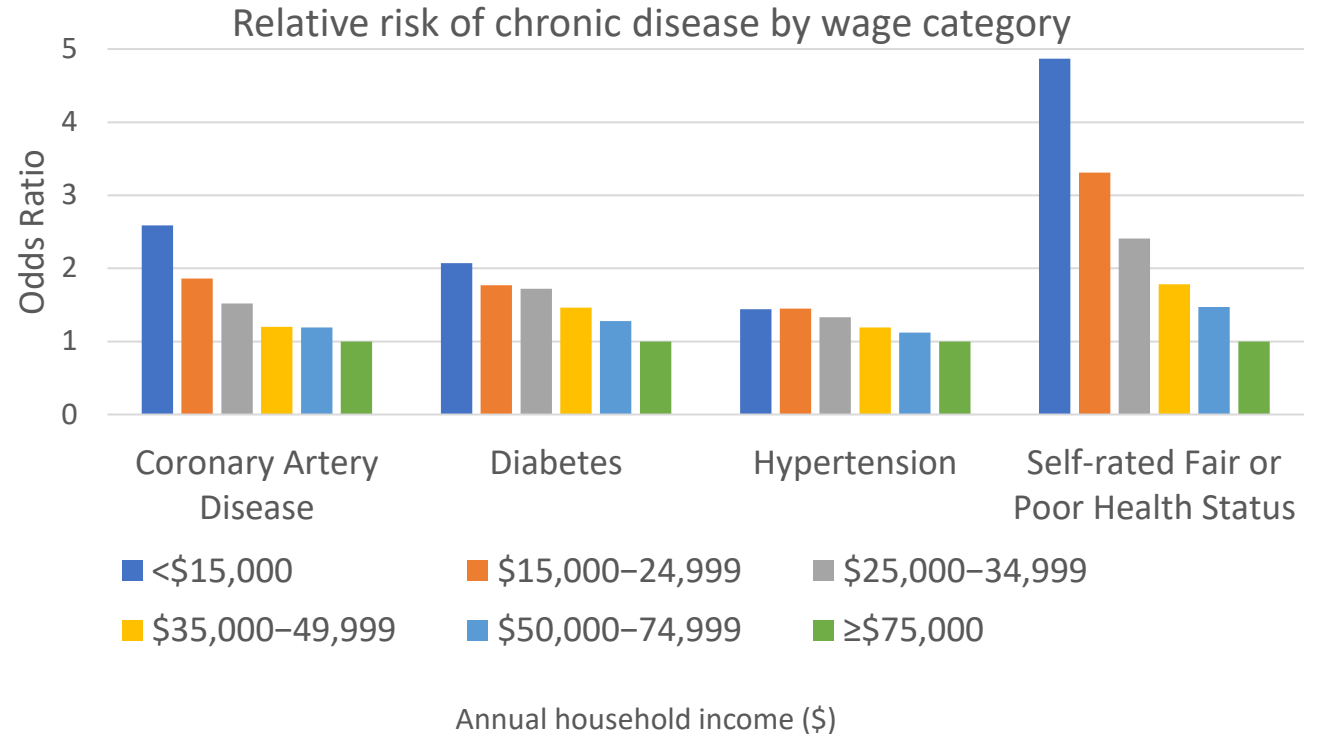
1. Yes – currently doing so
2. No – planning this year
3. No – planning in the next 2 years
4. No – no plans to request

Evidence justifying the need for more equitable health benefits

Bruce Sherman, MD
National Alliance of Healthcare Purchaser Coalitions
February 1, 2022

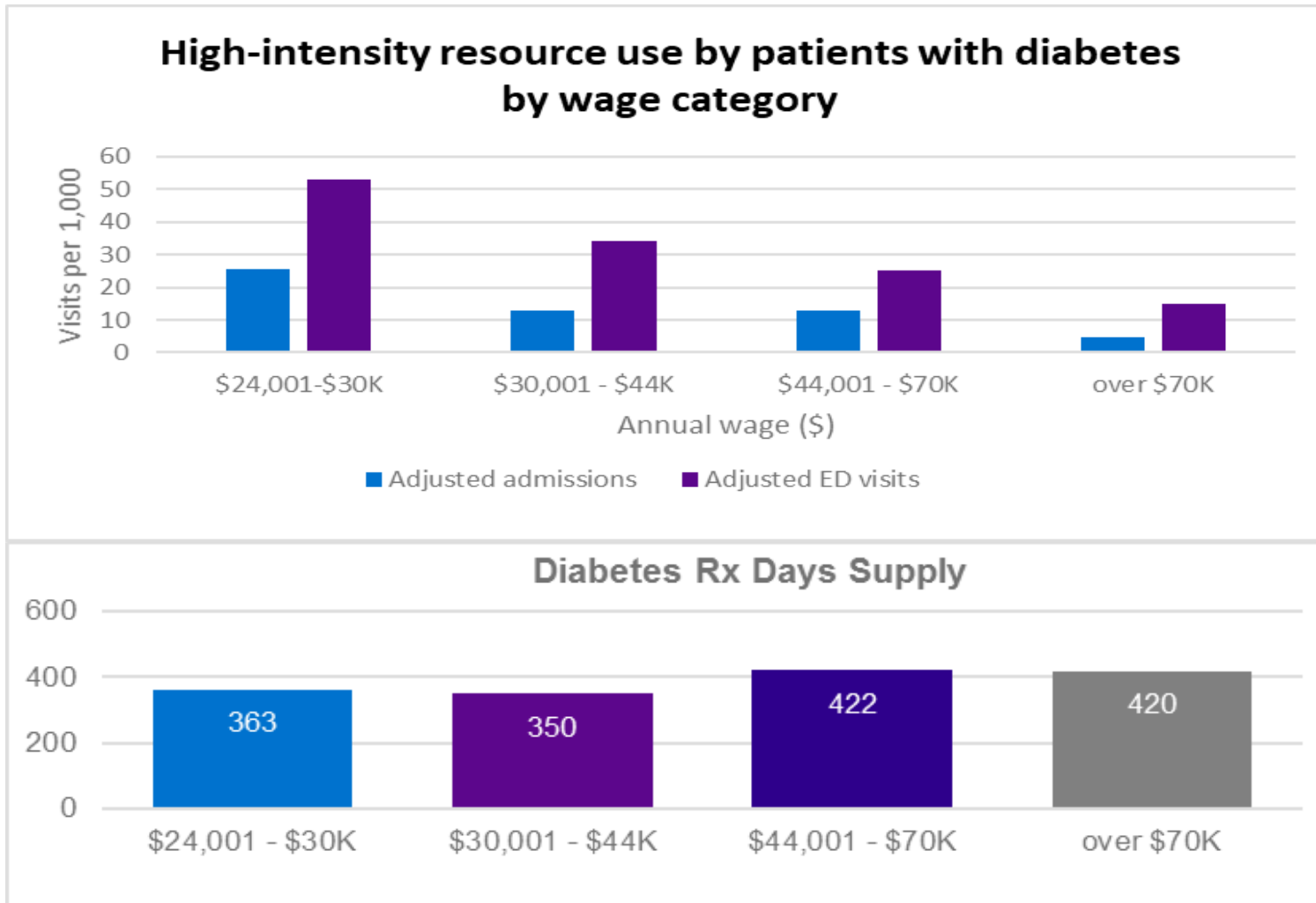
Socioeconomic status impacts health

- **Low-wage workers:**
 - Highest prevalence of unhealthy behaviors and chronic conditions
 - Highest proportion of healthcare costs as a percentage of wages
- **Differences in:**
 - Prioritization of personal health concerns relative to other life priorities
 - Health literacy and healthcare consumerism engagement
 - Patterns of healthcare use



Harris, JR, et al. Low Socioeconomic Status Workers: Their Health Risks and How to Reach Them. J Occ Environ Med: [2011; 53\(2\):132-138](#).

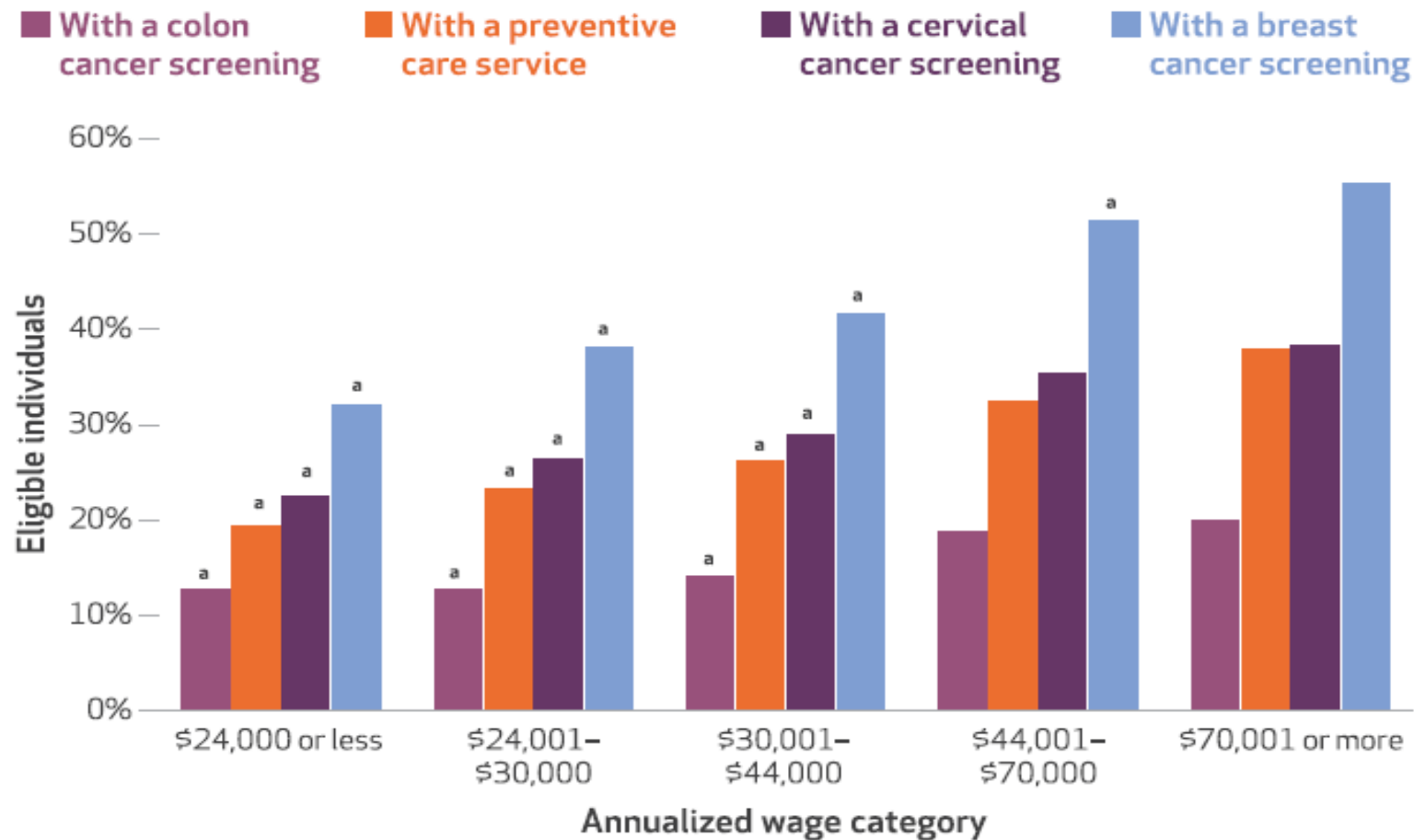
Healthcare use in diabetes varies by wage category



Compared with higher wage earners with diabetes:

- Low-wage workers have more ED visits and hospitalizations
- Low-wage workers also have a reduced supply of medications

Low-wage workers use the least preventive care



“Significant at $p < .001$ ”

For employers, options exist

- Benefits strategy considerations for low-wage workers:
- Equality – or equity?
- Ensure access to different plan options and guidance to ensure appropriate plan selection
- Wage-based:
 - Premiums
 - Deductibles
 - HSA contributions
- Other alternatives:
 - Gap plans
 - On-site/direct contract primary care
 - Low-income earners eligible for richer plan
- Opportunities exist to rethink benefit designs for low-wage workers.



Summary

- Wage and race appear to be important influencers in benefits enrollee healthcare use and costs
- The impact of wage on health status is pervasive, and adversely affects patient healthcare use
- Opportunities exist for employers to better understand their data – and by so doing, more effectively support the health and well-being of **all** benefits enrollees.

Poll Question #2

What percentage of your workforce is under-insured (spending more than 10% of employee wages on health benefit premiums, deductibles and copays)?

1. Don't know
2. None
3. < 5%
4. < 10%
5. > 10%



Building Better Benefits: Genesco's Journey from "One Size Fits All" to Value-Based Benefits



Cindy Dempsey, MHA
Director, Total Rewards
Genesco Inc
Email: cdempsey@genesco.com

About Genesco

Genesco Inc is a Nashville-based specialty retailer and wholesaler of branded footwear, apparel and accessories selling through more than 1,400 retail stores

- Store brands include Journeys[®], Little Burgundy[®] and Johnston & Murphy[®] in the US and Canada, Schuh[®] in the UK and Ireland
- We also wholesale certain footwear brands like Levi's[®], Dockers[®] and G.H. Bass[®]

Genesco employs anywhere from 13,000 to 19,000 employees, depending on the season.

- The majority of the workforce is young and part-time
- We have ~4,500 full-time, benefits eligible employees



Genesco's Journey

For many years, Genesco offered one health plan to all eligible members.

- Very traditional PPO plan
- Smoking and Spousal surcharges

	PPO
Deductible (Single/Family)	\$775 / \$2,300
Out of Pocket Max (Single/Family)	\$6,850 / \$13,700
<hr/>	
Medical Services	
<hr/>	
Preventive Care	Fully Covered
PCP/Specialty	\$25 / \$40 Copay
Urgent Care	\$25 Copay
Emergency Room	\$200 & 20%, No deductible
Hospital	\$250 & 20%, No deductible
<hr/>	
Pharmacy Services	
<hr/>	
Generic (Retail/Mail)	\$10 / \$20 Copay
Brand (Retail/Mail)	20%, \$100 Max
Non(Retail/Mail)	30%, \$150 Max
Specialty	20%, \$200 Max
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Monthly Premiums	
<hr/>	
Single	\$161
EE + Spouse	\$402
EE + Children	\$363
Family	\$438
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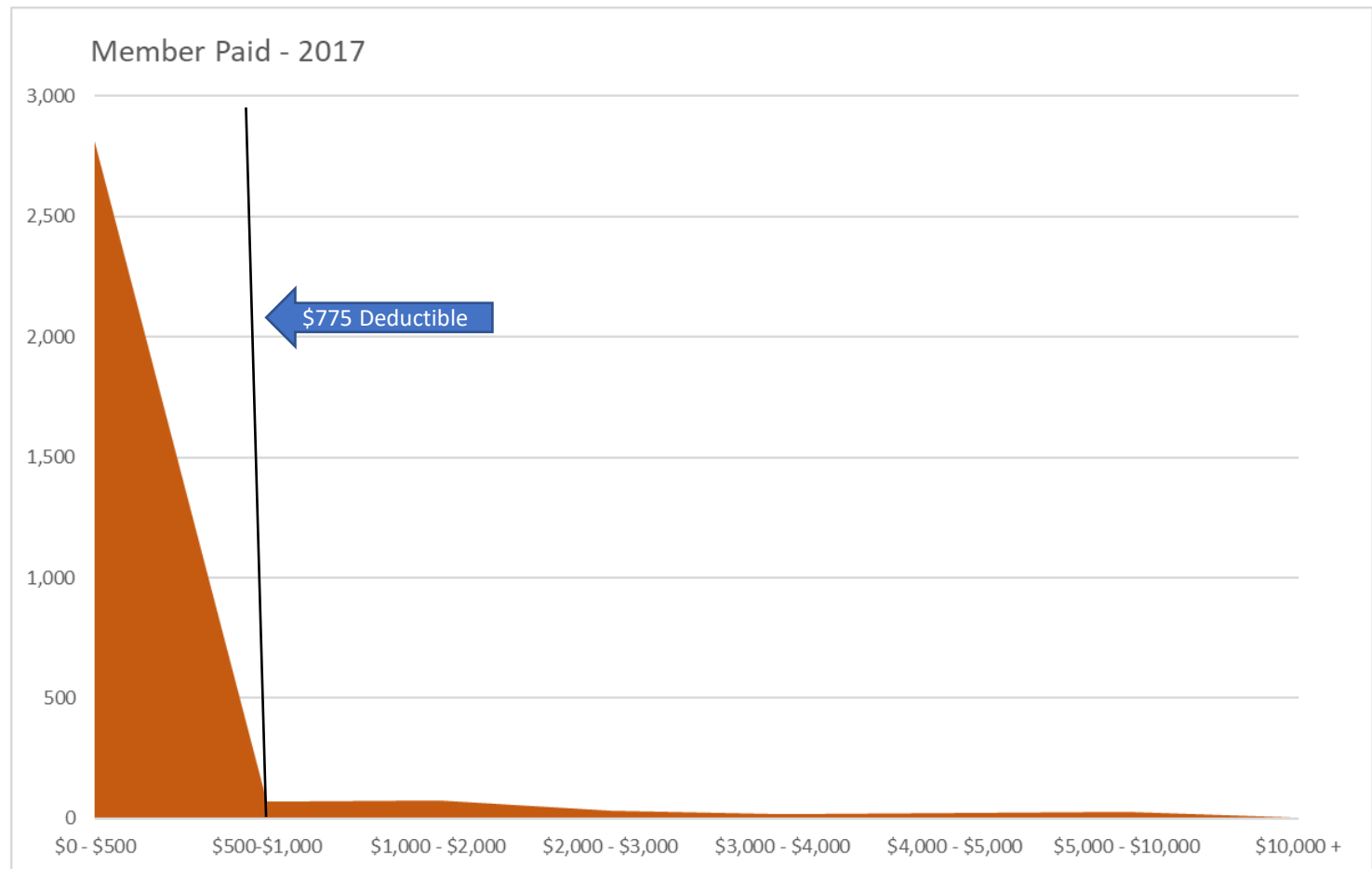
The Case for Change

Eligible Employees:
6,500

- Avg Age: 31
- Avg Annual Salary: \$29K

Eligible Employee
enrolled in benefits:
47%

Of those enrolled,
Employee Only
Coverage: **69%**



The Redesign Objectives

Choice	Offer a choice of plans that better meets the needs of our diverse employee population
Difference	Offer plans with meaningfully different actuarial values
Company Cost	Company should remain agnostic to plan choice
Employee Cost	Reduce the cost of access - expand covered preventive services, reduce/eliminate penalties
Value	Improve the VALUE of the benefit



schuh

JOHNSTON & MURPHY.



Bass

The Redesign – Lower Income, Low Utilizers

ESSENTIAL PPO

Deductible (Single/Family)	\$4,500 / \$9,000
Out of Pocket Max (Single/Family)	\$7,900/ \$15,800

Medical Services

Preventive Care	Fully Covered
PCP/Specialty	\$30 / \$50 Copay
Urgent Care	\$30 Copay
Emergency Room	30% after deductible
Hospital	30% after deductible

Pharmacy Services

Generic (Retail/Mail)	\$10 / \$25 Copay
Brand (Retail/Mail)	30%, (\$100 / \$250 Max)
Non(Retail/Mail)	40%, (\$150 / \$375 Max)
Specialty	30%, No deductible

Monthly Premiums

Single	\$80
EE + Spouse	\$199
EE + Children	\$179
Family	\$259

Key components:

- Low premium
- Higher deductible
- Lots of copays

The Redesign – Higher Income, High Value

ADVANTAGE HSA	
Deductible (Single/Family)	\$1,500 / \$3,000
Out of Pocket Max (Single/Family)	3,000 / \$6,000
<hr/>	
Medical Services	
Preventive Care	Fully Covered
PCP/Specialty	10% After Deductible
Urgent Care	10% After Deductible
Emergency Room	10% After Deductible
Hospital	10% After Deductible
<hr/>	
Pharmacy Services	
Generic (Retail/Mail)	10% After Deductible
Brand (Retail/Mail)	10% After Deductible
Non(Retail/Mail)	10% After Deductible
Specialty	10% After Deductible
<hr/>	
Monthly Premiums	
Single	\$163
EE + Spouse	\$408
EE + Children	\$367
Family	\$531

Key components:

- High actuarial value
- Health Savings Account with match (\$300 / \$600)
- Higher premiums

The Redesign – Mid Value Plan

PROTECT PPO

Deductible (Single/Family)	\$1,000 / \$2,000
Out of Pocket Max (Single/Family)	\$7,900/ \$15,800

Medical Services

Preventive Care	Fully Covered
PCP/Specialty	\$20 / \$40 Copay
Urgent Care	\$20 Copay
Emergency Room	20% after deductible
Hospital	20% after deductible

Pharmacy Services

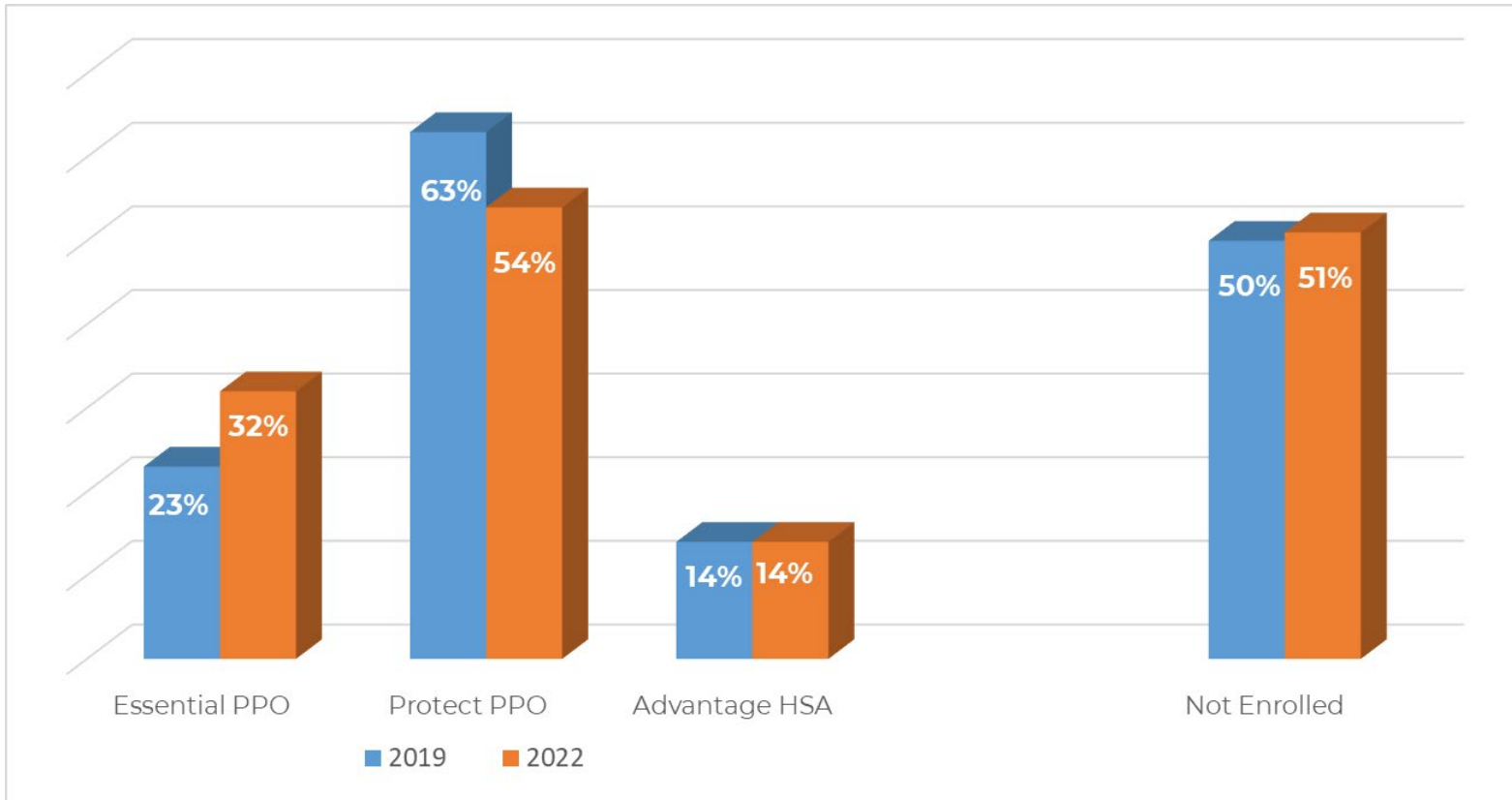
Generic (Retail/Mail)	\$10 / \$25 Copay
Brand (Retail/Mail)	20%, (\$100 / \$250 Max)
Non(Retail/Mail)	30%, (\$150 / \$375 Max)
Specialty	20%, No deductible

Monthly Premiums

Single	\$128
EE + Spouse	\$321
EE + Children	\$289
Family	\$417

- Key components:
- Similar plan to prior PPO
 - Retained copay components

The Results



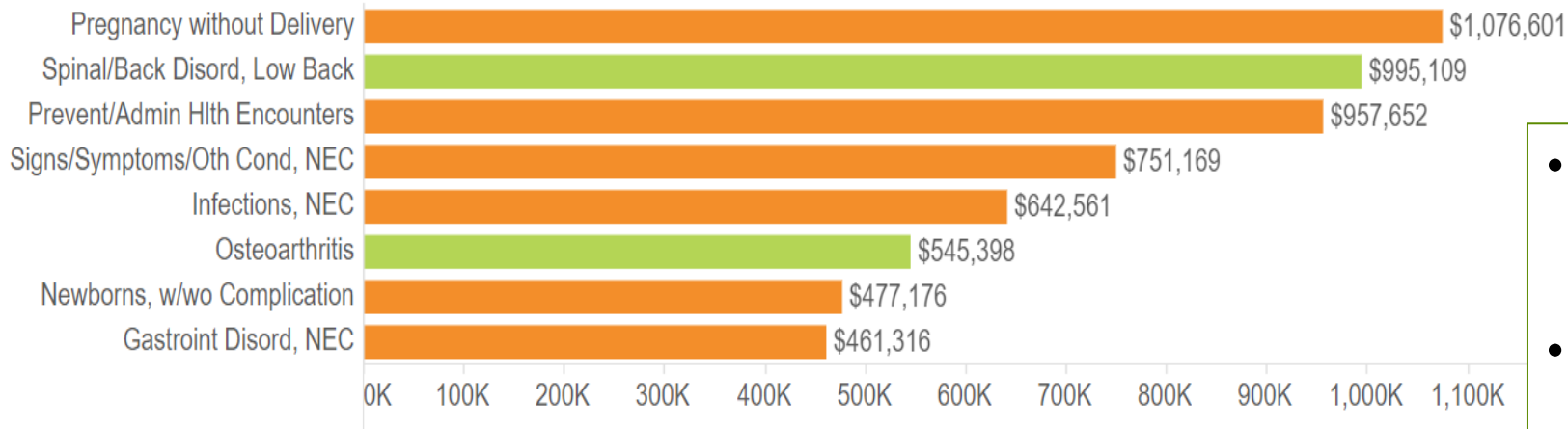
- We introduced a plan selection communication tool that has been highly utilized and effective
- We have seen a steady migration to the low value plan
- The Essential Plan, Employee Only premium is still under \$100/month
- We still have a high percentage of opt outs – average age is 25

Adding Value

2021 Population Health Data:

Healthy	Stable	At Risk	Struggling	In Crisis
1,703 Members	737 Members	529 Members	404 Members	65 Members
50% ▼ -17%	21% ▲ 15%	15% ▲ 2%	12% ▲ 6%	2% ▼ -14%

Top 8 Conditions by Allowed Amount Med (Click to filter)



- Largest cost drivers are Preventive, Pregnancy and Newborns
- Other conditions affect low numbers of employee
- Specialty drug spend is a significant cost driver with year over year trend growth



Programs to Add Value

Expanded preventive drug list

- We have added medications and supplies to manage chronic conditions to our already expansive preventive drug list

Reduce/eliminate cost of telemedicine

Increased EAP benefits

Increased Physical/Occupational Therapy

Maternity Management

New Family Building Benefit

- Removing exclusion for IVF and other fertilization support
- Adding reimbursement for Adoption and Surrogacy
- Lifetime max



Poll Question #3

What do you believe will have the most impact to the value of your benefits to your employees?

1. Offering multiple plan choices
2. Offering more pre-deductible coverage
3. Introducing/enhance health savings account offering
4. Focusing resources on chronic disease management

Better Value, Smarter Deductibles in HSA-HDHPs

Kimberly Westrich, MA
Vice President, Health Services Research
National Pharmaceutical Council



Sneak Peek: Building Better Benefits Webinar #2

UPCOMING WEBINAR

Building Better Benefits: Better Value, Smarter Deductibles in HSA-HDHPs



Tuesday, February 15, 2022

12:00 p.m. - 1:15 p.m. ET

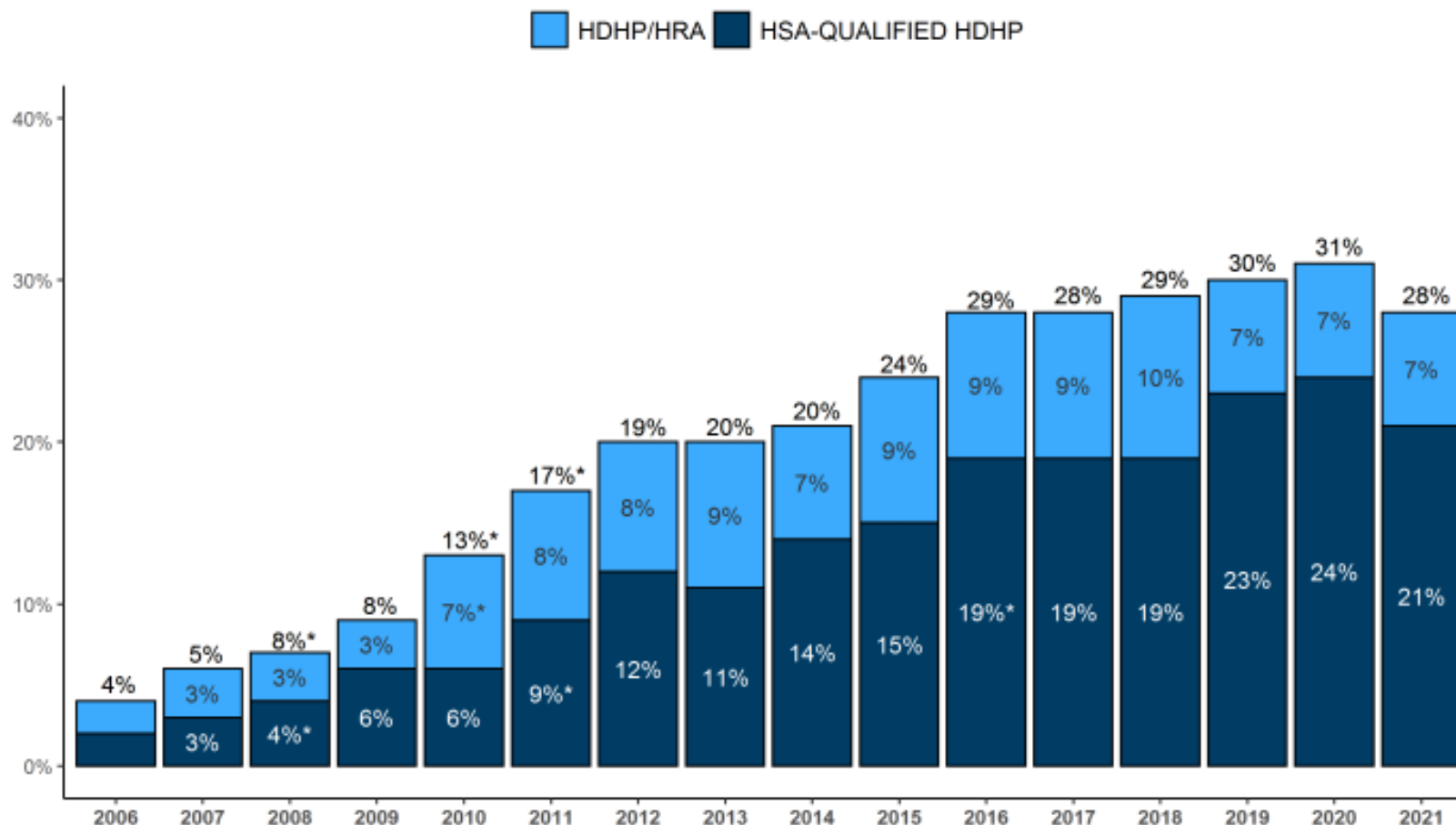
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National Alliance
of Healthcare Purchaser Coalitions
Driving Health, Equity and Value

Nearly 1/3 of Covered Workers are Enrolled in a High-Deductible Health Plan

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2021



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Covered workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. Values may not sum to totals due to rounding.

SOURCE: KFF Employer Health Benefits Survey, 2018-2021; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2017

National Alliance Brief has Action Steps for Better Value, Smarter Deductibles in HSA-HDHPs

EMPLOYER ACTION STEPS:

1. Examine how your HDHP design affects employee health.
2. Expand pre-deductible coverage to include high-value care and prescription drugs.
3. Be intentional about health equity strategies.
4. Educate and motivate employees to use high-value pre-deductible healthcare.

ACTION BRIEF 
Employer Strategies that Drive Health, Equity and Value

BETTER VALUE, SMARTER DEDUCTIBLES IN HSA-HDHPs
IMPROVING HEALTH, EQUITY & ENGAGEMENT

ACTION STEPS FOR EMPLOYERS:

1. Examine how your HDHP design affects employee health.
2. Expand pre-deductible coverage to include high-value care and prescription drugs.
3. Be intentional about health equity strategies.
4. Educate and motivate employees to use high-value pre-deductible healthcare.

More than 50% of the workforce nationwide¹ is enrolled in a high-deductible health plan (HDHP)—a growth of 43% over the past five years. The increasing prevalence of HDHPs has been somewhat successful in improving consumer engagement and lowering employer healthcare spending, but cheaper insurance premiums come with a worrisome and unintended consequence: lower utilization of needed care, resulting too often in poorer health outcomes and higher costs.

The deductible limits keep increasing. Maximum out-of-pocket costs in HDHPs are estimated to reach² \$7,050 for an individual plan and \$14,300 for a family plan by 2022, making it more difficult for people to afford out-of-pocket payments for critical health assessments and treatments for both acute and chronic diseases.

The growing number of Americans facing thousands of dollars in out-of-pocket costs—in addition to premiums—raises concerns, as 40% of Americans³ have difficulty paying an unexpected bill of even \$400. Employees with chronic health conditions are hit hardest by HDHPs. According to the *Harvard Business Review*,⁴ chronic conditions drive roughly 20%⁵ of all healthcare spending, yet more than 30% of people with a chronic condition struggle⁶ to pay medical bills before hitting the deductible.

Some of these chronic diseases also impact racial and ethnic groups disproportionately. For example, compared to white people, African Americans are generally at higher risk for heart disease, stroke, cancer, asthma, influenza, pneumonia, diabetes, and HIV/AIDS, according to the *Office of Minority Health*.⁷

For employers and other plan sponsors, cost trends are going in the wrong direction. Savings on premiums for HDHPs are being offset by the added costs that self-funded plans face for chronic disease treatment, higher absenteeism, and lower productivity.



HDHP Good Practices Help Enrollees and Employers Maximize Value



HSA education*



Pre-deductible coverage*



Action-based HSA contributions*



HSA contributions*



Front-loaded HSA contributions*

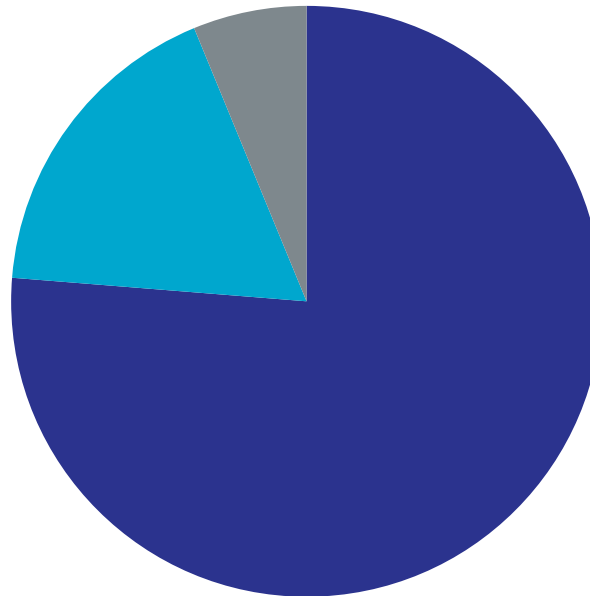


* Identified by employers as most impactful

Employers Want to Expand Pre-Deductible Coverage

81% of Employers Would Add Pre-Deductible Coverage for Additional Health Care Services If Allowed by Law

- Expanded Coverage, 76%
- Did Not Expand Coverage, 18%
- Don't know if Coverage was Expanded, 6%



EBRI Issue BRIEF
October 14, 2021 • No. 542

Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans
By Paul Fronstin, Ph.D., Employee Benefit Research Institute and A. Mark Fendrick, M.D., University of Michigan

AT A GLANCE

IRS Notice 2019-45 allows health savings account (HSA)-eligible health plans the flexibility to cover 14 medications and services used to prevent the exacerbation of chronic conditions prior to meeting the plan deductible.

In this *Issue Brief*, we report on the findings from a 2021 Employee Benefit Research Institute (EBRI) survey of employers that collected information on their response to the 2019 guidance. The survey examined not only whether employers added pre-deductible coverage as a result of Notice 2019-45, but also examined each of the allowed services individually; the type of cost sharing, if any, used in lieu of deductibles; and other relevant questions.

Key findings:

- Three in four employers (76 percent) say that they have added pre-deductible coverage as a result of IRS Notice 2019-45.
- Pre-deductible coverage was often added for health care services related to heart disease and diabetes care. Two-thirds added pre-deductible coverage for blood pressure monitors and insulin/glucose lowering agents, 61 percent added coverage for glucometers, and 54 percent added coverage for beta blockers. Health care services least likely to have pre-deductible coverage include peak flow meters and INR testing (25 percent each).
- Nearly two-thirds (64 percent) of employers covered six or fewer of the 14 health care services allowed per IRS Notice 2019-45. Only 8 percent added pre-deductible coverage for all 14 services.
- The percentage of employers that eliminated cost sharing for the pre-deductible services ranged from a low of 25 percent to a high of 40 percent. Between nearly one-half and two-thirds require a copayment from employees, depending on the health care service.
- Between 57 percent and 69 percent provide pre-deductible coverage for both brand and generic drugs in the specified drug classes.
- Most employers would add pre-deductible coverage for additional health care services if allowed by law.
- Employers offered several reasons for adding pre-deductible coverage: for the sake of their employees (74 percent), employee retention (64 percent), employee attraction (52 percent), and as a long-term cost-saving measure (48 percent).
- Nearly all (96 percent) employers adopted pre-deductible coverage for telehealth services under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Three-quarters (76 percent) prefer to make the provision permanent, while only 20 percent would like the provision to remain temporary.

A research report from the EBRI Education and Research Fund © 2021 Employee Benefit Research Institute

Questions



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THANK YOU!

Be sure to join us on Feb. 15th!

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ACTION BRIEF



Employer Strategies that Drive Health, Equity and Value

BETTER VALUE, SMARTER DEDUCTIBLES IN HSA-HDHPs

IMPROVING HEALTH, EQUITY & ENGAGEMENT

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<https://www.nationalalliancehealth.org/events/calendar>