



Wespath

BENEFITS | INVESTMENTS



OCTOBER 2017

Health Benefits— What's Hot for the UMC?

AUMCPBO

What's Hot in UMC Health Benefits?



Consumer-driven/high-deductible health plans (CDHPs/HDHPs)



**Public Health Insurance Marketplace
Affordable Care Act (ACA)**



Growing Pharmacy Expenses



Paying for Family Coverage



Consumer-Driven/High-Deductible Health Plans (CDHPs/HDHPs)

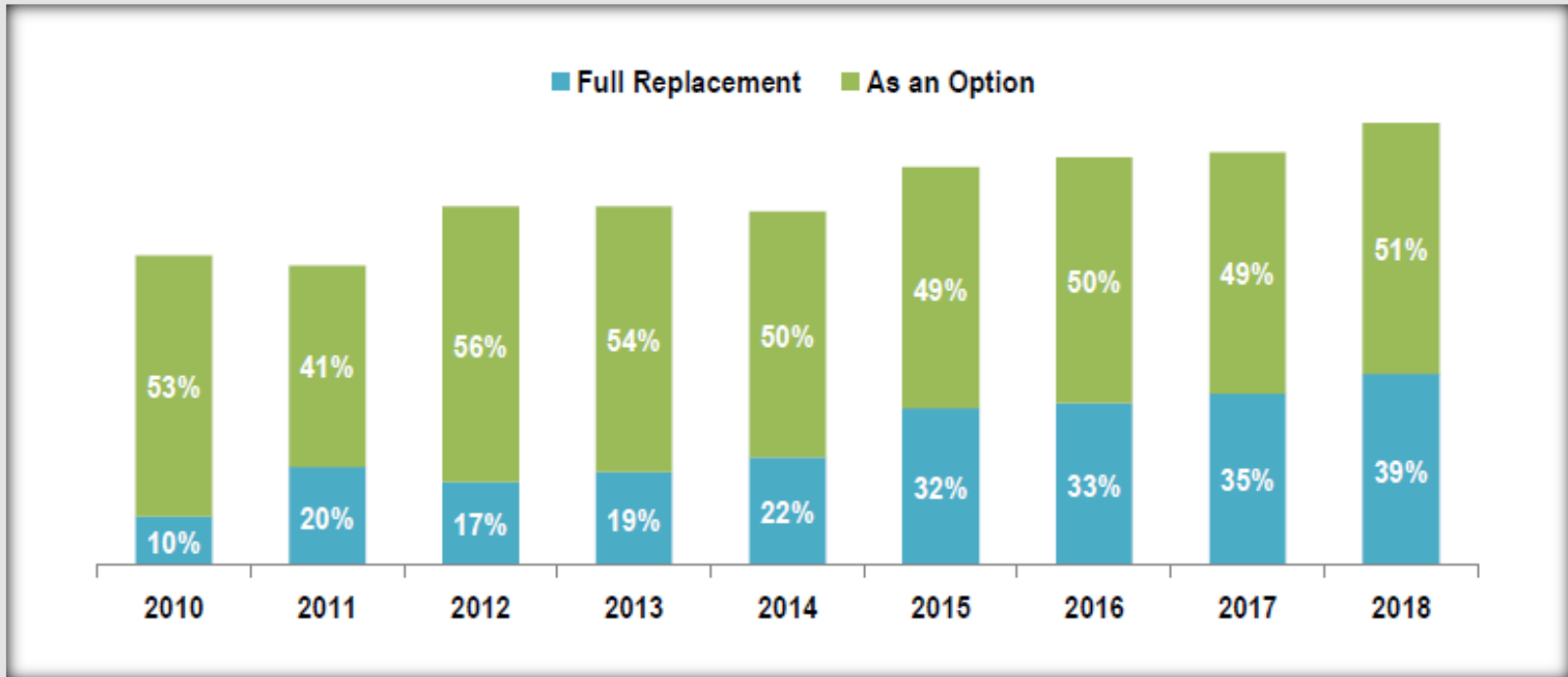
What Is a Consumer-Driven (Directed) Plan?

- Combines higher-deductible health plans with health accounts
- Makes the actual cost of health service more transparent to those who utilize it
 - Limit fixed-dollar co-payments



Note: A qualified high-deductible health plan (HDHP) is a *type of* CDHP that allows pairing with a health savings account (HSA) by the IRS

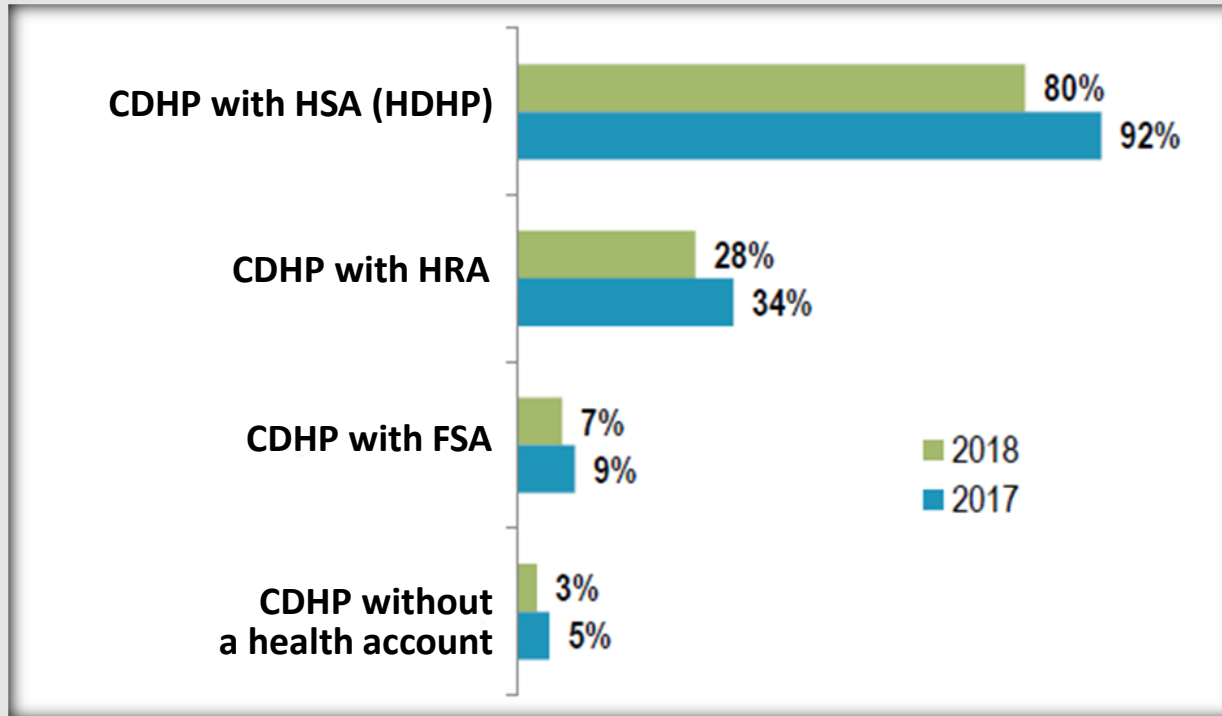
Most Employers Offer CDHP/HDHP



By 2020, nearly all large employers (97%) will offer CDHP/HDHP as an option

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey

Prevalence of CDHP Types

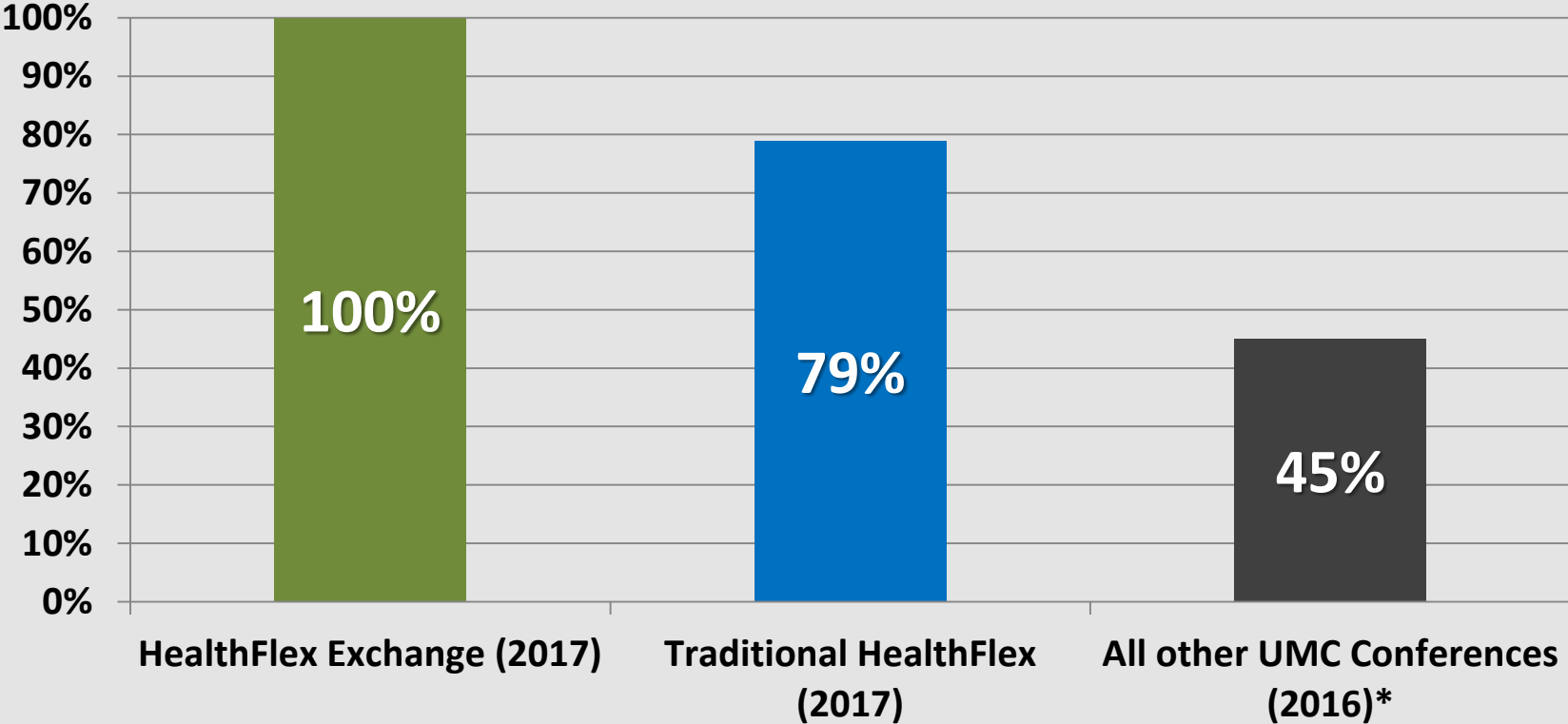


Most common consumer plan: **HDHP with HSA**;
many employers offer more than one

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey

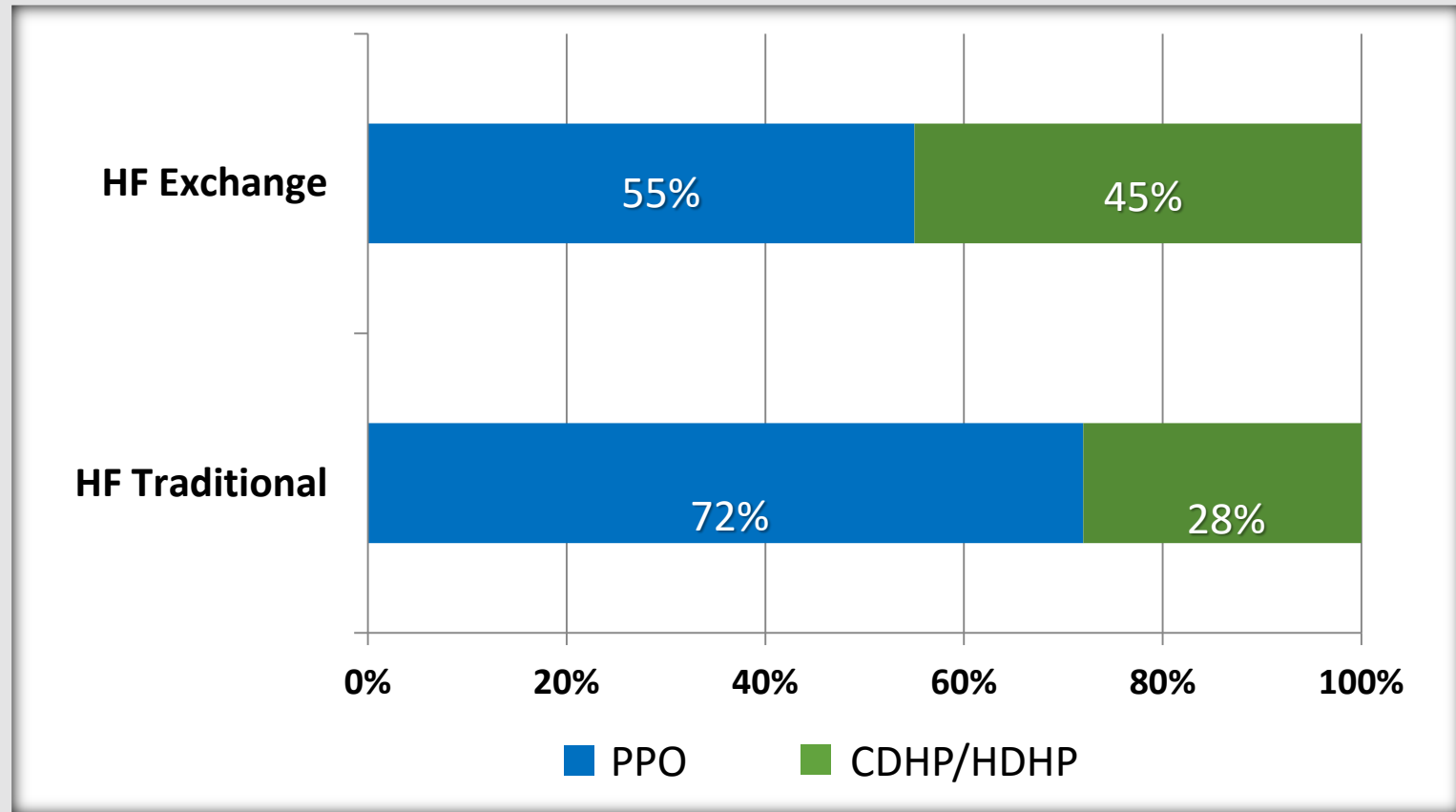
Consumer-Driven Plans in the UMC

Conferences Offering CDHP/HDHP



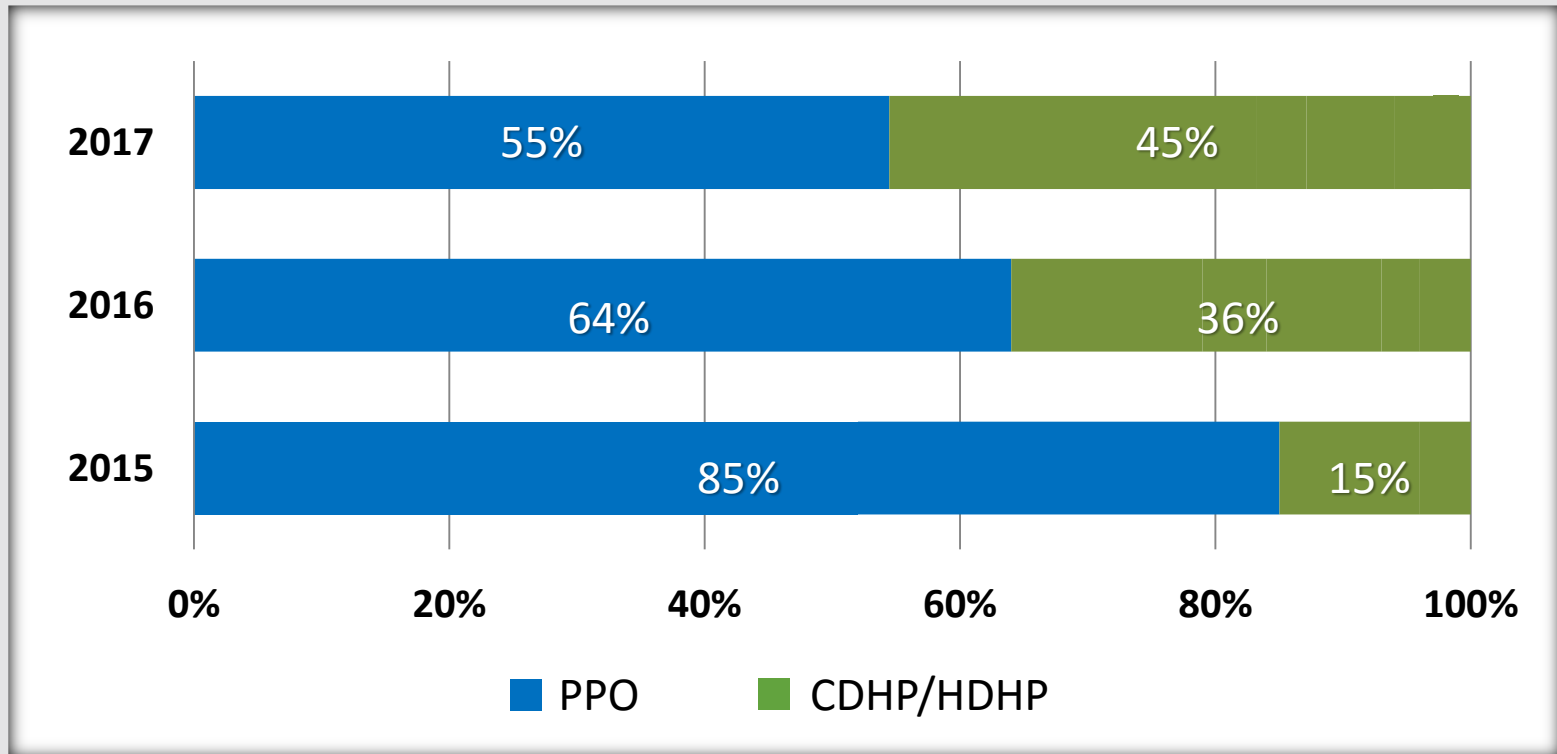
Source: Wespath Active and Retiree Health Survey, Summer 2016

2017 HealthFlex Plan Enrollment— Traditional and HealthFlex Exchange



Industry average enrollment when CDHP offered as a choice: **30%**

HealthFlex Exchange— Migration to Consumer-Driven Plans



CDHP/HDHP enrollment: **increased** since HealthFlex Exchange inception in 2016

Analysis based on 14 plan sponsors in 2017; 8 in 2015 and 2016

Over-Insurance Example



**B1000—
GOLD PPO**

Premiums	\$650/month
Out-of-pocket maximum	\$5,000



**H3000—
BRONZE HDHP**

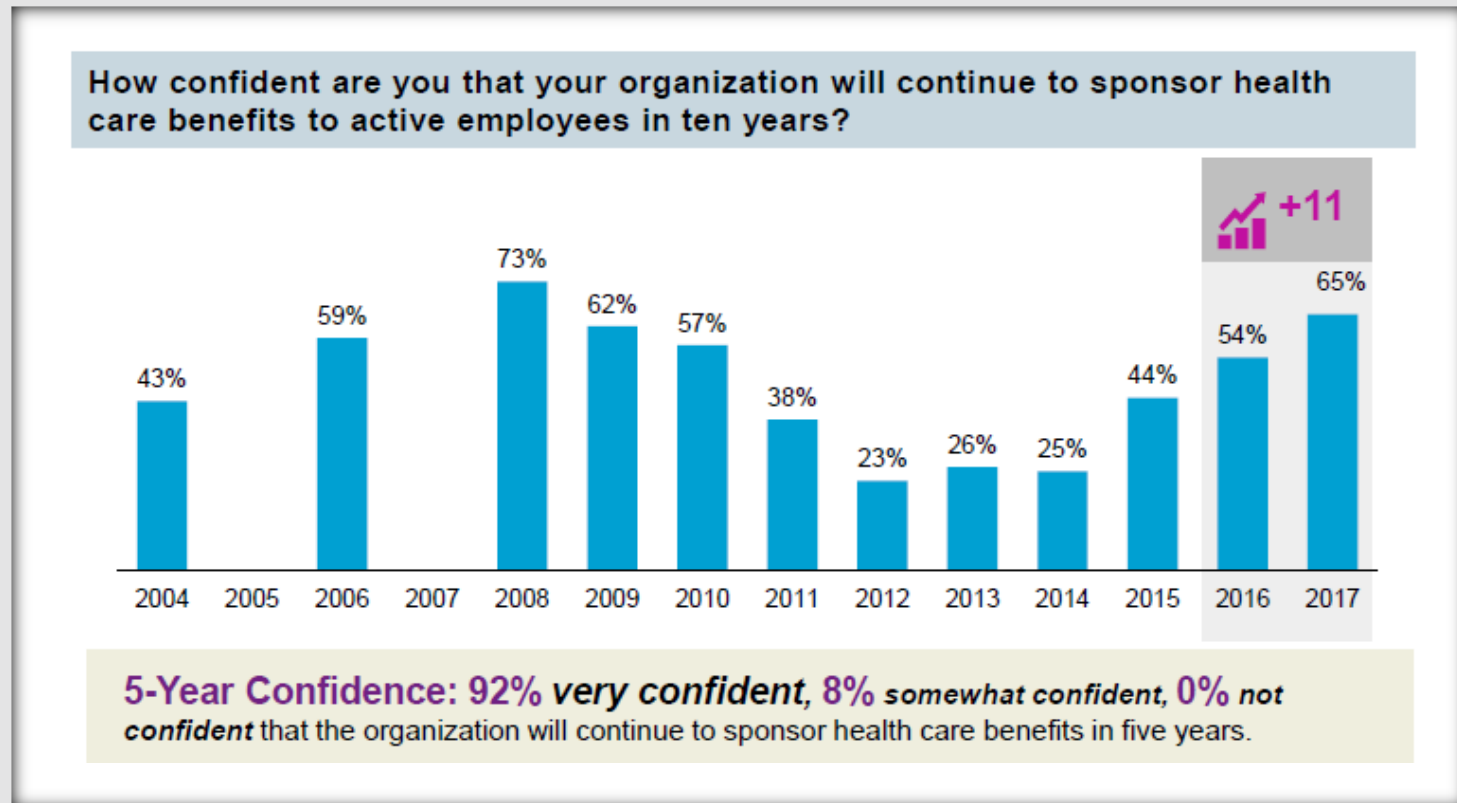
Premiums	\$500/month
Out-of-pocket maximum	\$6,500
Premium savings	\$1,800/year

Who wins with H3000: Individuals with < \$1,800 health care expenses; individuals who reach the out-of-pocket maximum; others, too!



**Public Health Insurance Market
Affordable Care Act (ACA)**

Trend to ACA Marketplace Slows

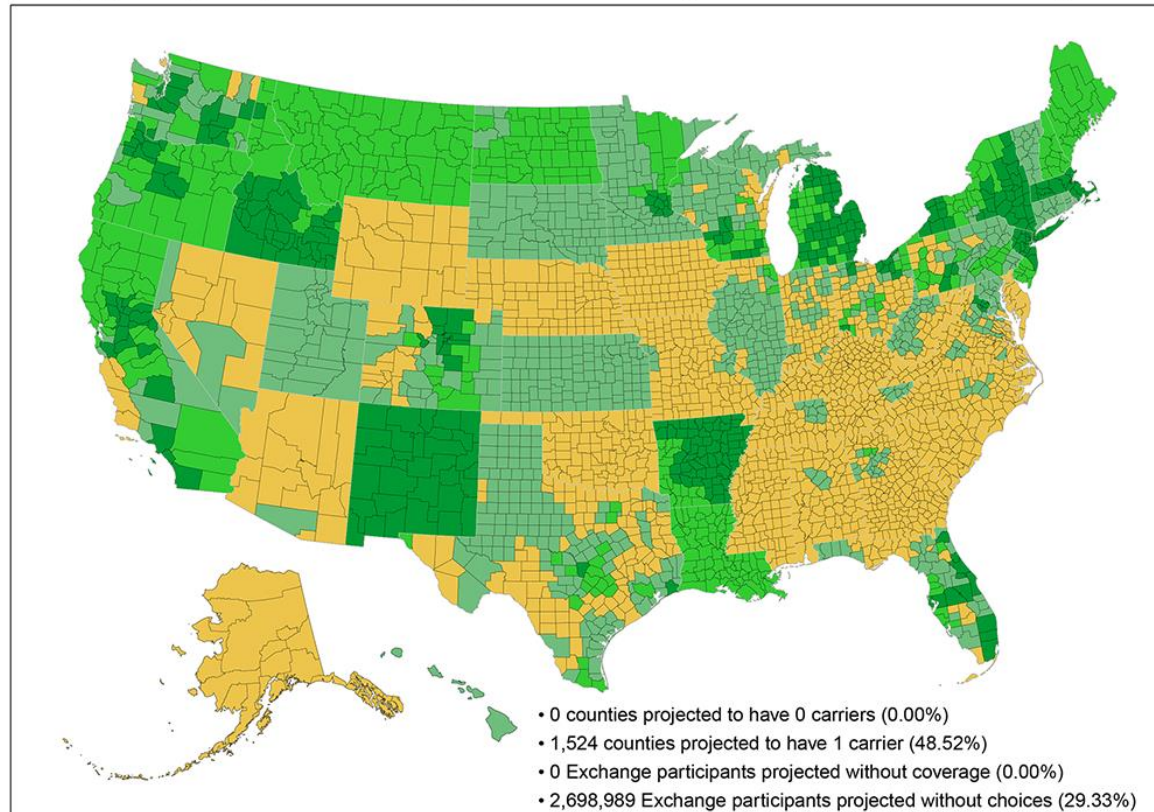


Contributing to trend: Uncertainty about public Marketplace, combined with strength of economy

Source: 2017 Willis Towers Watson (WTW) Best Practices in Employer Healthcare Survey

Access Is Uncertain for Some in ACA Marketplace

County by County Analysis of Current Projected Insurer Participation in Health Insurance Exchanges



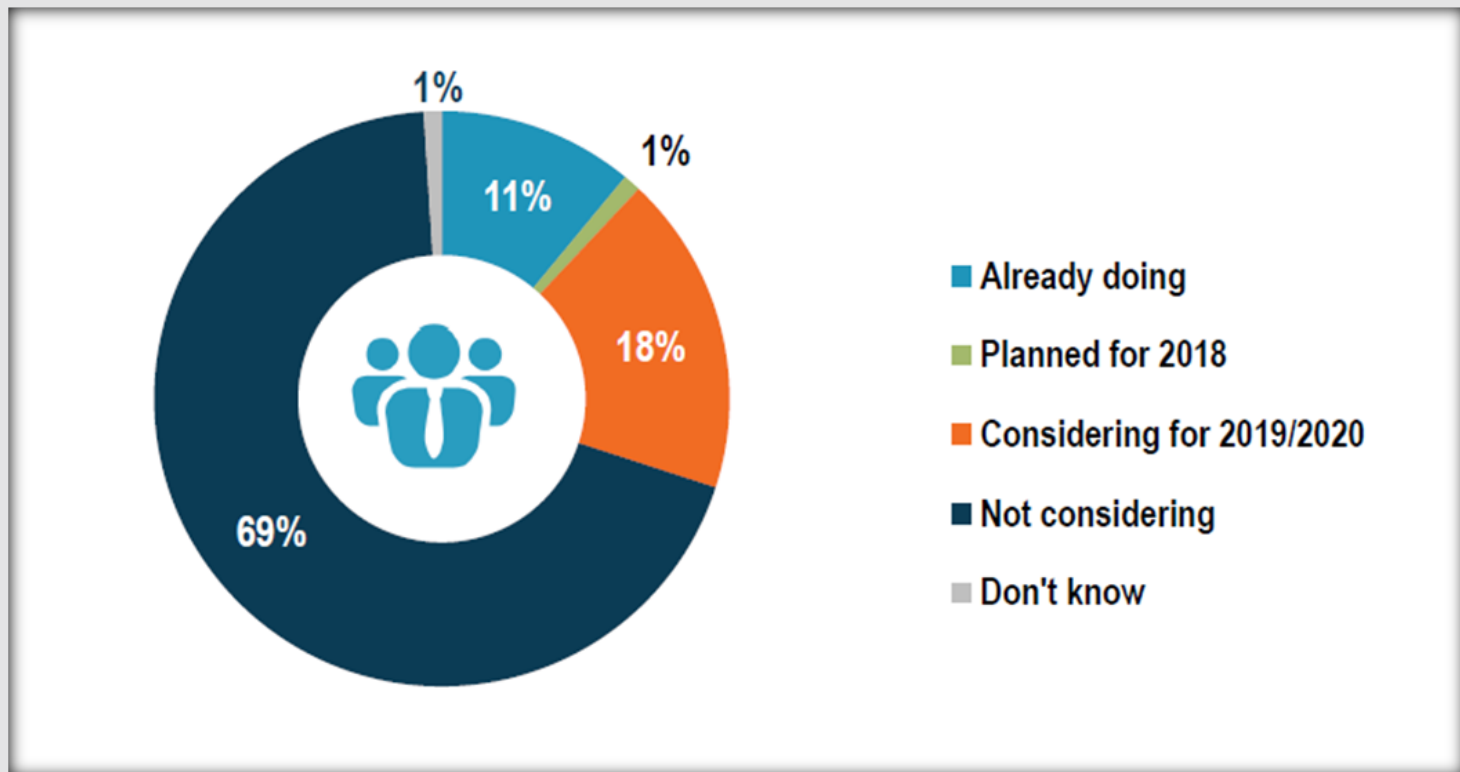
• All State Exchange data is self-reported from the Exchanges to CMS (CA, CO, CT, DC, ID, MA, MD, MN, NY, RI, VT, WA).
• All data reflected on this map is point in time as of 9/20/2017 and is expected to fluctuate.
• This map represents continued 2017 county-level participation in 2018 unless a carrier has publicly announced otherwise.
• Enrollment numbers reflected are plan selections as of the end of Open Enrollment, January 31, 2017, and do not include enrollment in single carrier counties for State-Based Exchanges.

Centers for Medicare and Medicaid Services (CMS) indicates that:

- All counties have access to at least one carrier
- Roughly 49% of counties have access but no choice between carriers (>29% of participants)

Source: CMS Center for Consumer Information and Insurance Oversight as of Sept 20, 2017

Public Marketplaces— Special Populations (e.g. pre-65 Retirees)



Public Marketplace may be more attractive for certain populations

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey

ACA Marketplaces in the UMC

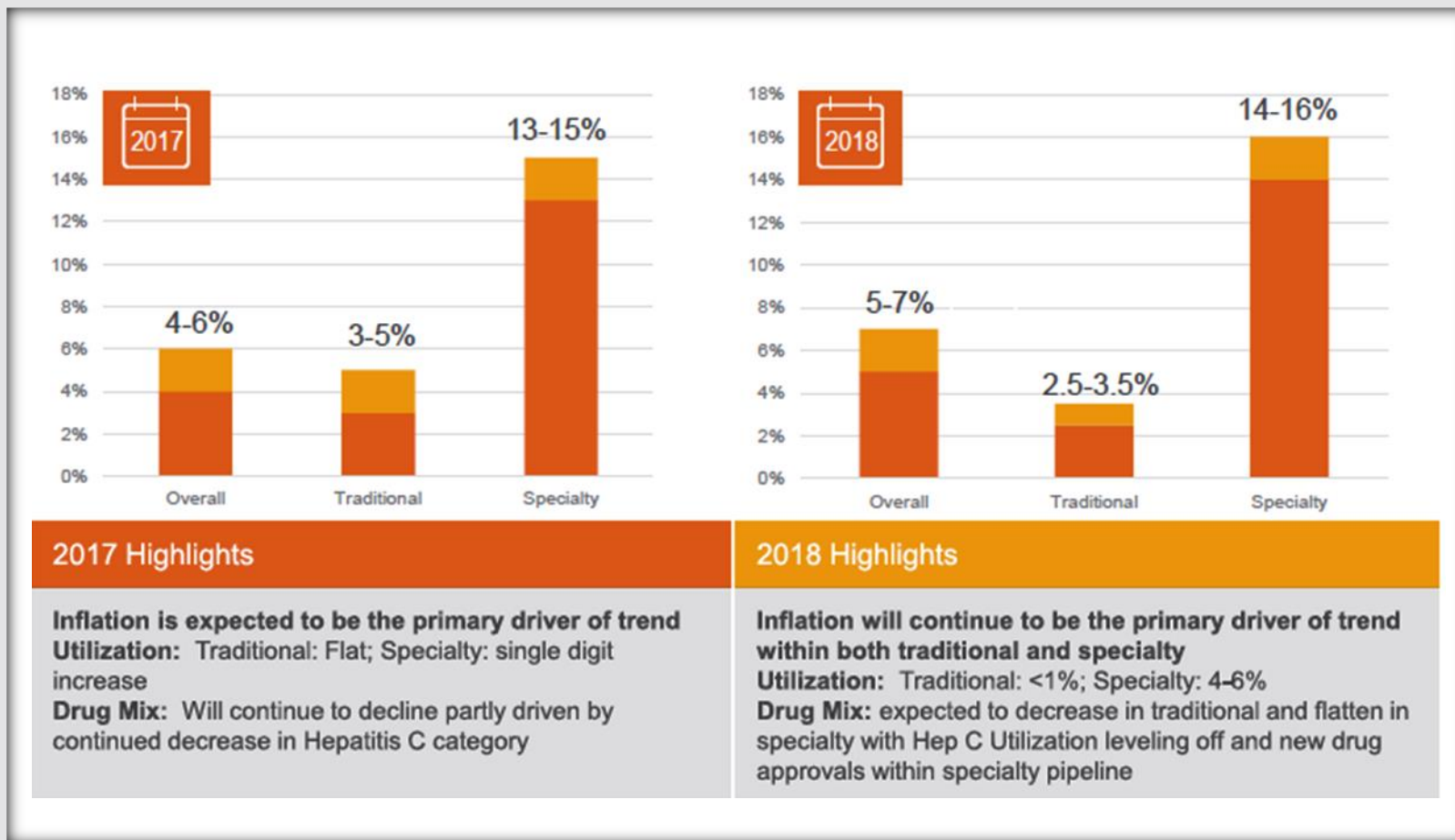
- Full termination of health plan—
4 conferences
- Pilot group accesses ACA Marketplace
- Challenges:
 - Fixed cash contribution presents winners and losers
 - Difficulty “giving up” cash subsidy





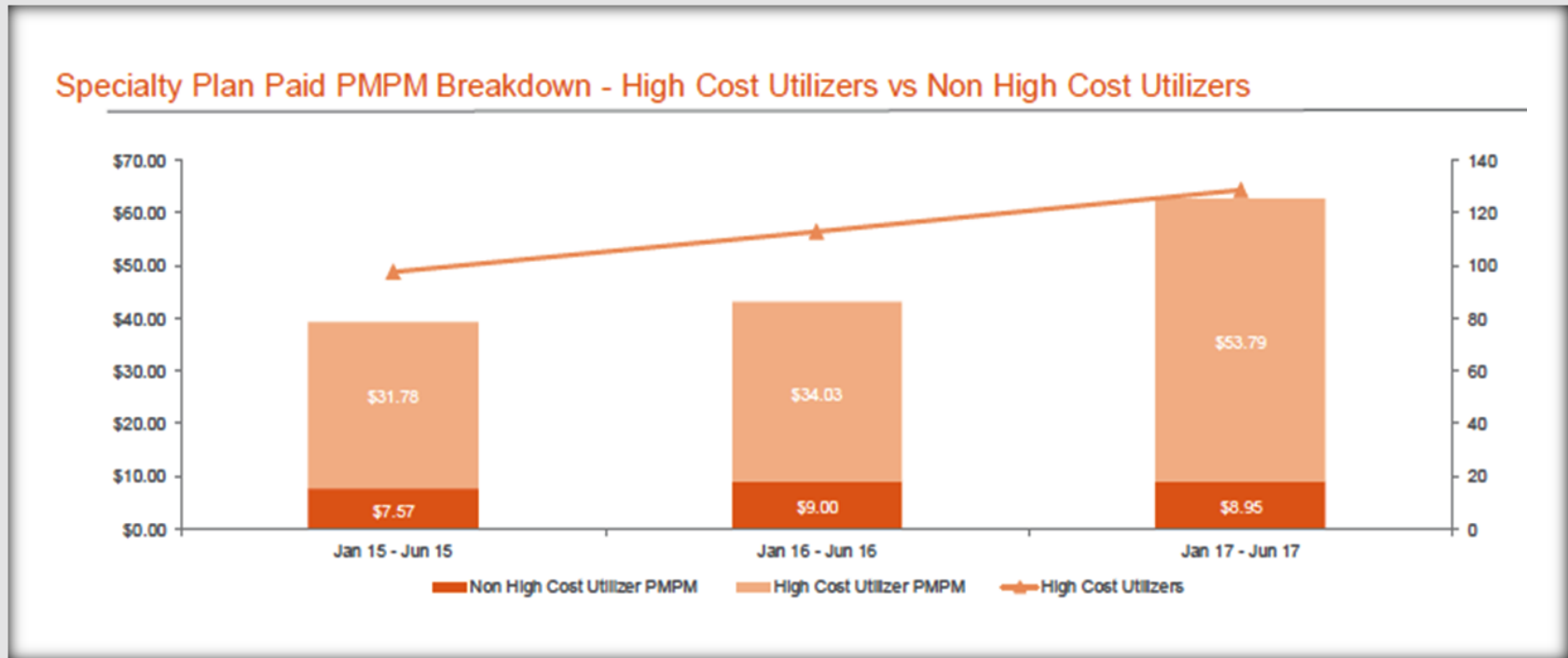
Growing Pharmacy Expenses

Rising Medication Costs— Especially Specialty Medications



Source: OptumRx Report to Wespath Benefits and Investments

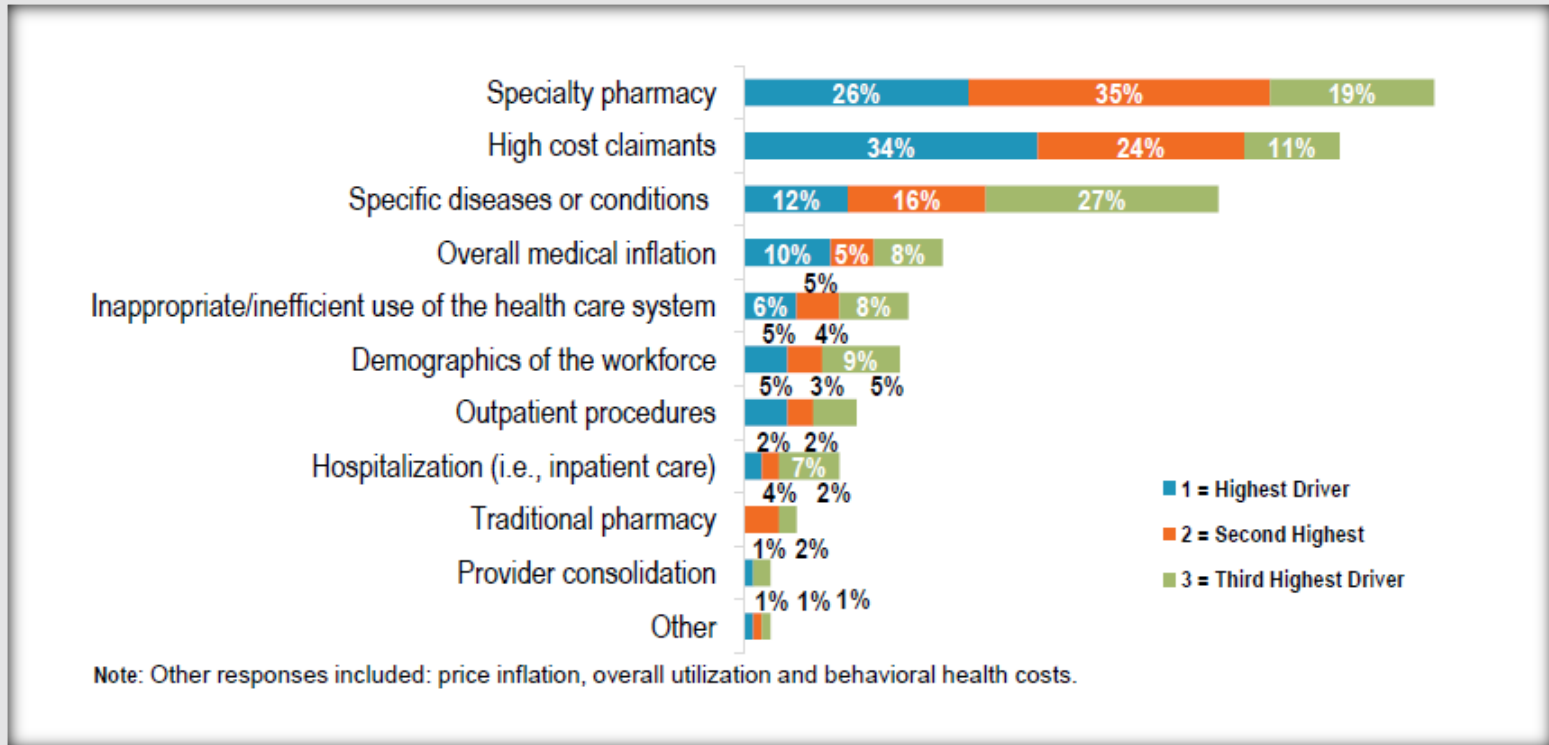
Rising Medication Costs



HealthFlex is seeing an uptick in both the average cost of people using expensive specialty medications and the total number of people using these medications

Source: OptumRx Q2 2017 Report to Wespath Benefits and Investments

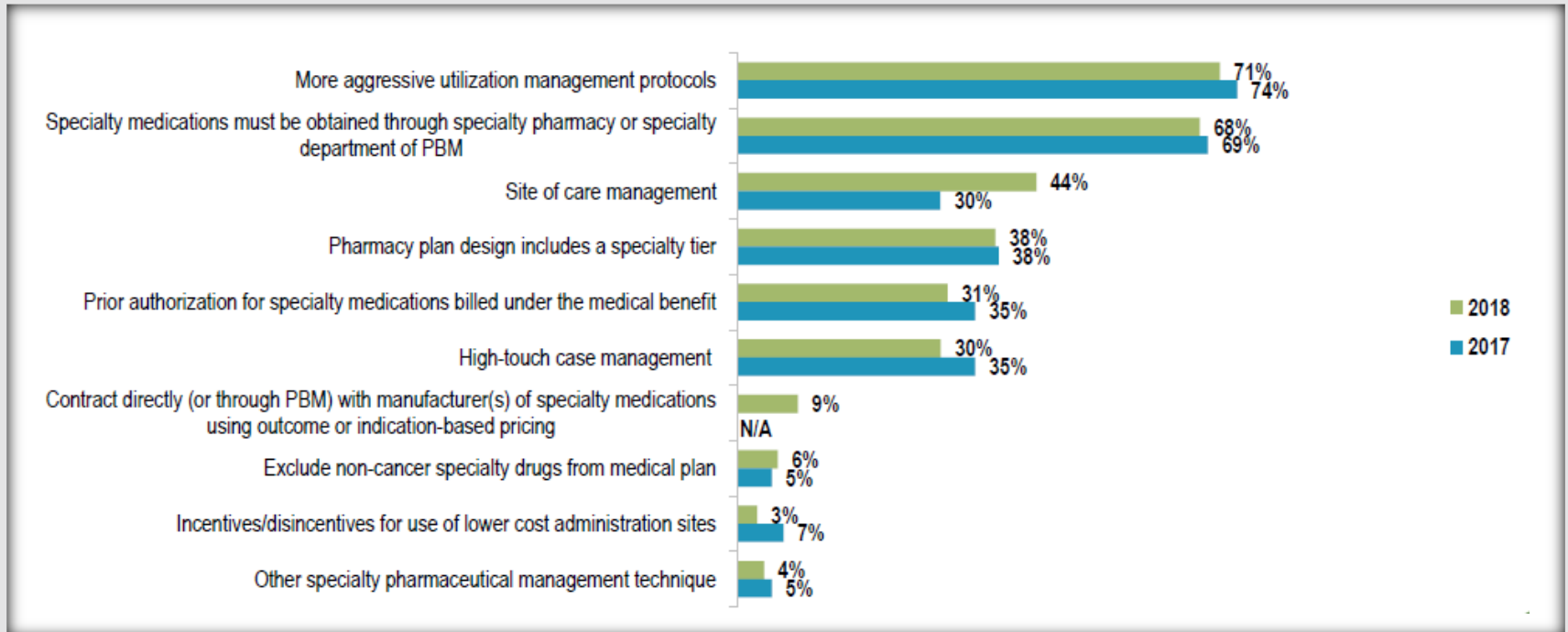
Perceived Top Cost Drivers—Overall



Specialty drugs and high-cost claimants are perceived top drivers of increasing health care

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey

Common Tools to Manage Specialty Rx



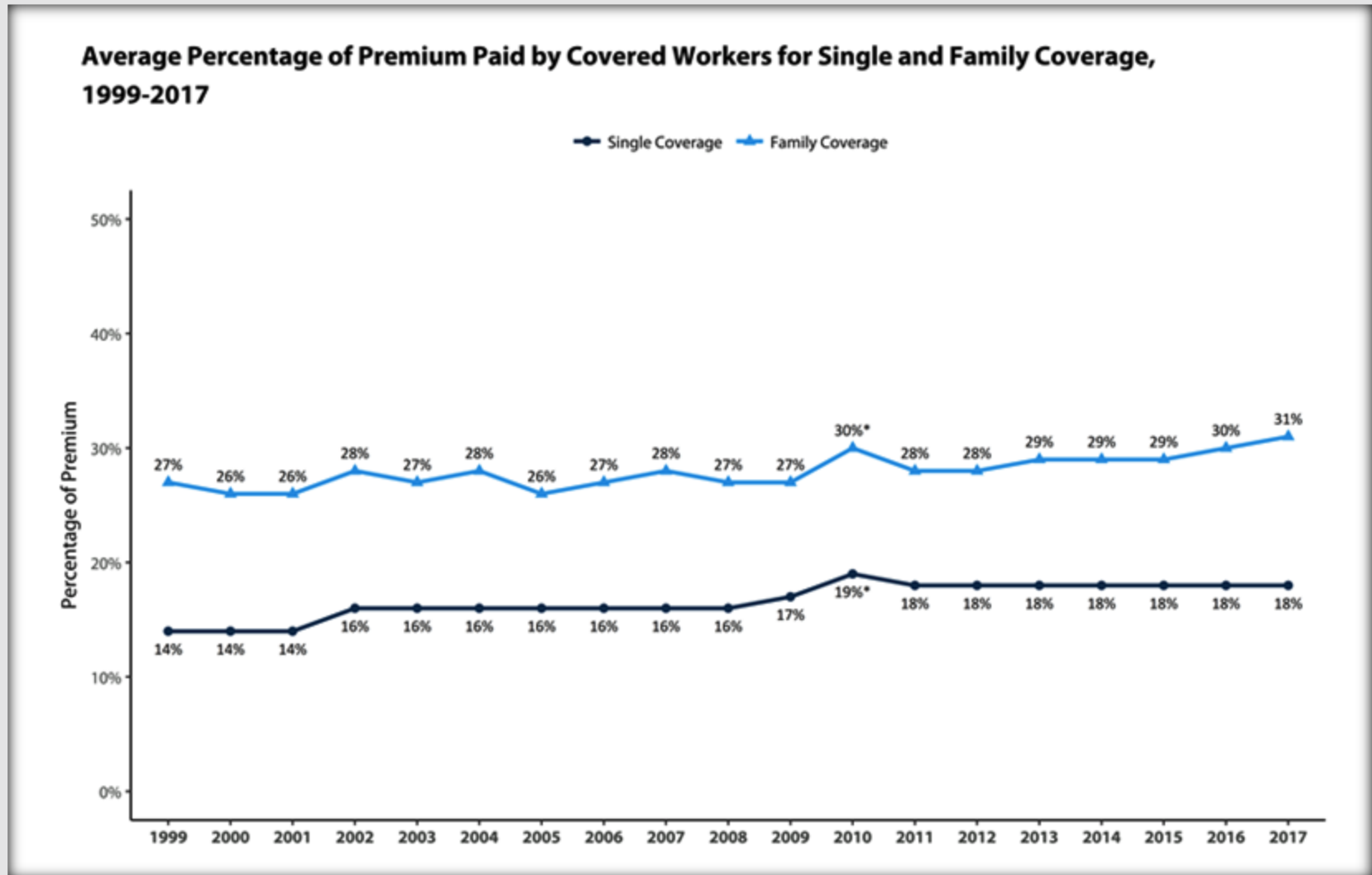
53% of employers say managing pharmacy and specialty costs is top priority; 88% say it is one of their top 2 priorities

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey and WTW 21st Annual Best Practices in Health Care Employer Survey Insights (2016)



Paying for Family Coverage

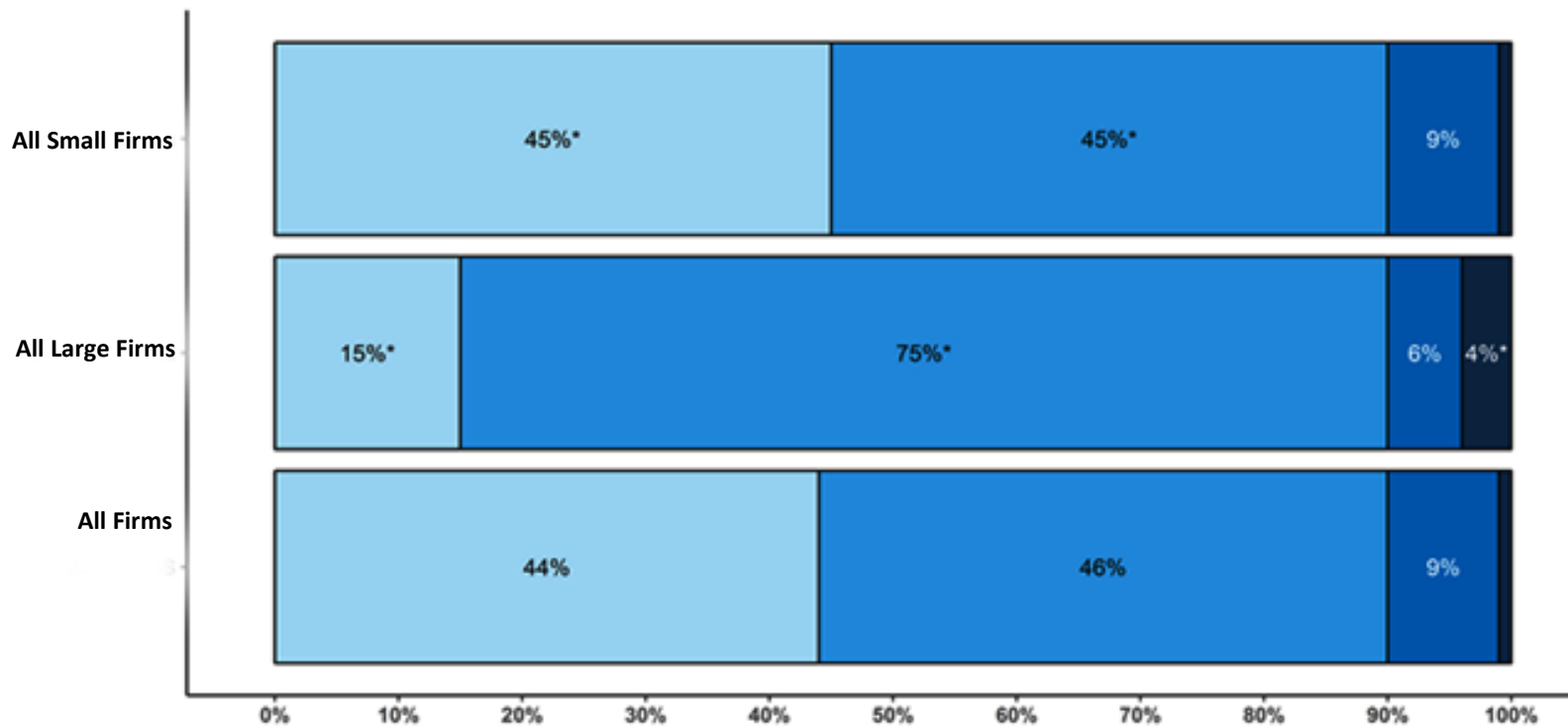
Family Coverage—Industry Trends



Employees often pay higher percent of family coverage than individual coverage

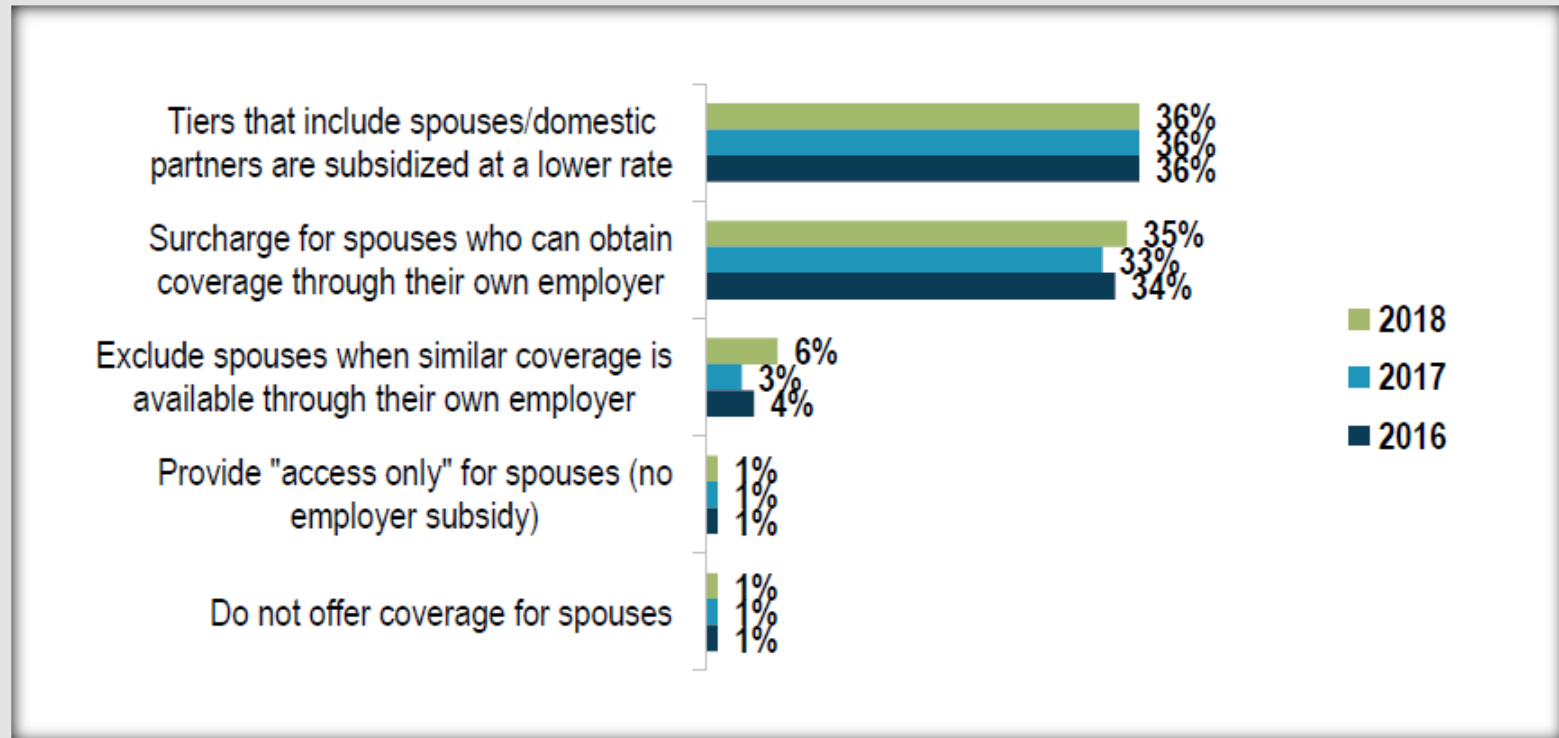
Family Coverage—Industry Trends

Among Firms Offering Family Coverage, Percentage Using Various Approaches to Family Premium Contributions, by Firm Size, 2017



Almost half of smaller organizations don't contribute additional money for family coverage

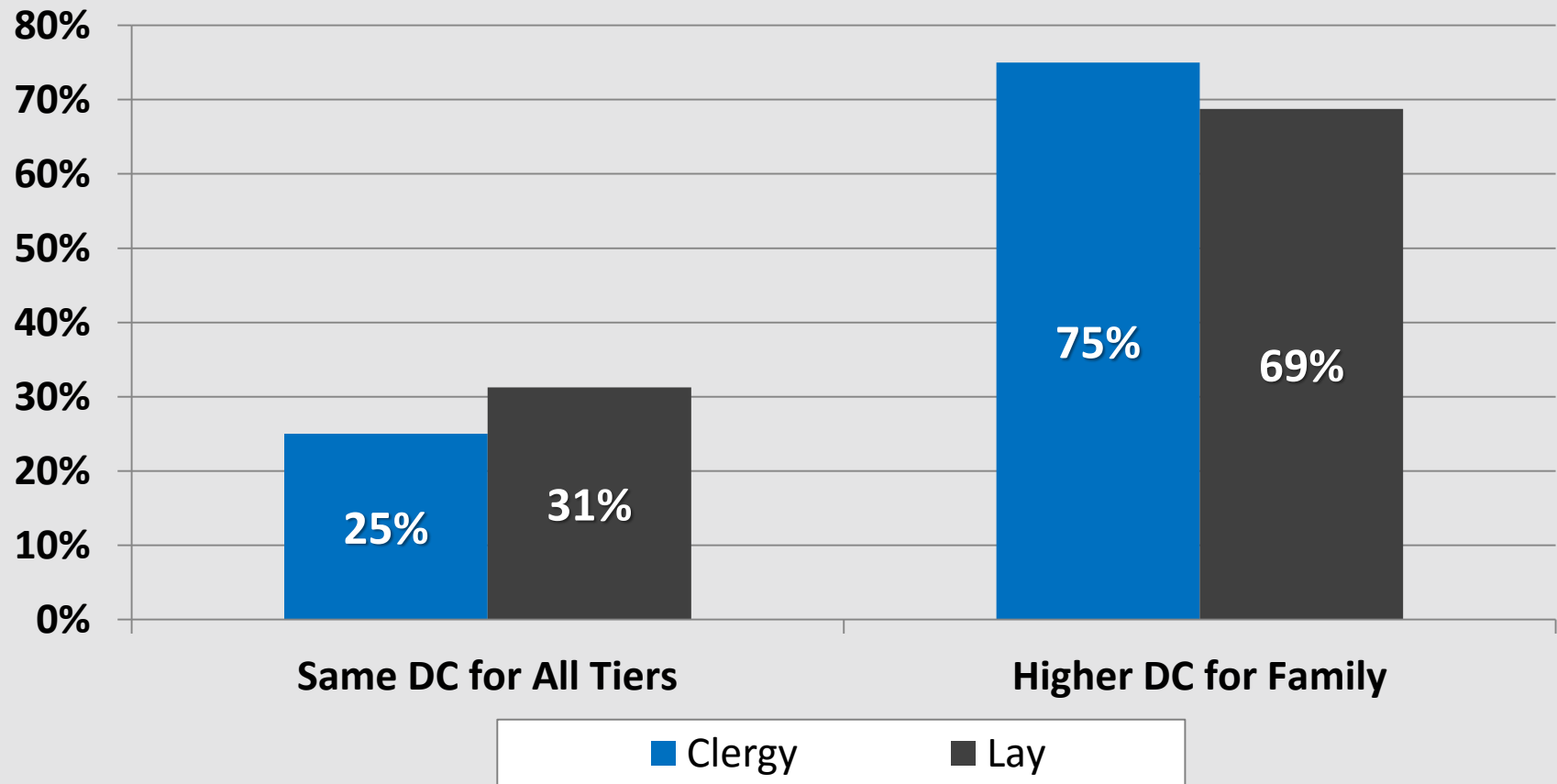
Trends in Spousal Coverage



Strategies to limit coverage of spouses are not uncommon

Source: NBGH Large Employers' 2018 Health Care Strategy and Plan Design Survey

HealthFlex Exchange 2018 Example



Additional Challenges/Considerations

- ACA affordability rules don't apply to family coverage
 - Families who can't afford coverage don't get access to ACA subsidies
- UMC clergy spouse may have career options limited by itineracy

Even if conference/church *wants* to pay for family coverage, can the church afford to pay for it?

Balancing Affordability for Participant and Plan Sponsor





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