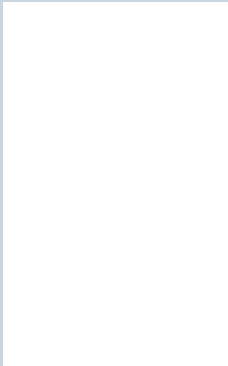
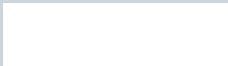
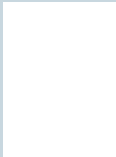
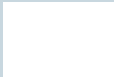
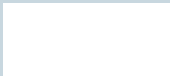
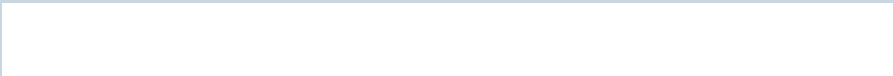


2015 High Performance Insights

Best Practices in Health Care Survey



Today's speakers



Randall Abbott

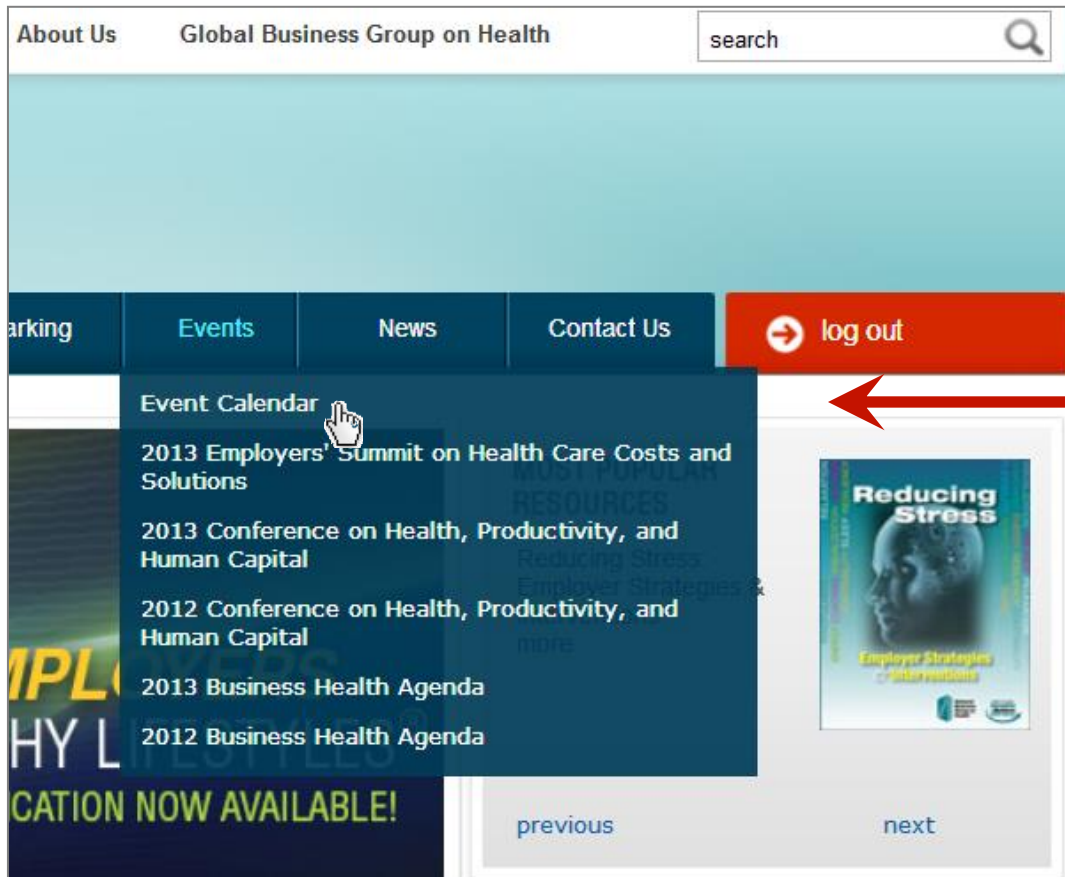
- Senior Consulting Leader, Health and Benefits
- Willis Towers Watson



Steve Nyce, Ph.D.

- Director, Research and Innovation Center
- Willis Towers Watson

Downloading Slides and Asking Questions



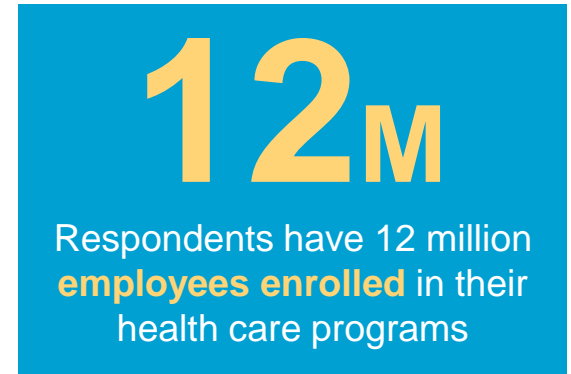
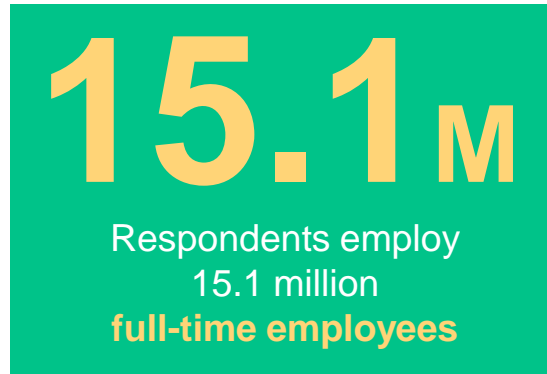
Slides available online at:

<http://www.businessgrouphealth.org/events/index.cfm>

To ask a question at any time during the presentation:

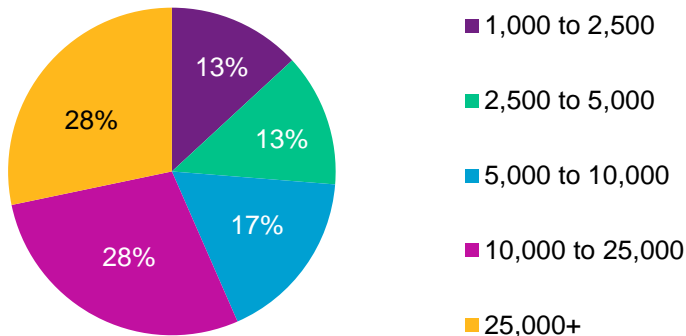
- (1) Click on the Q&A tab
- (2) Type your question
- (3) Click “Send to All Panelists”

About the 20th Annual Survey

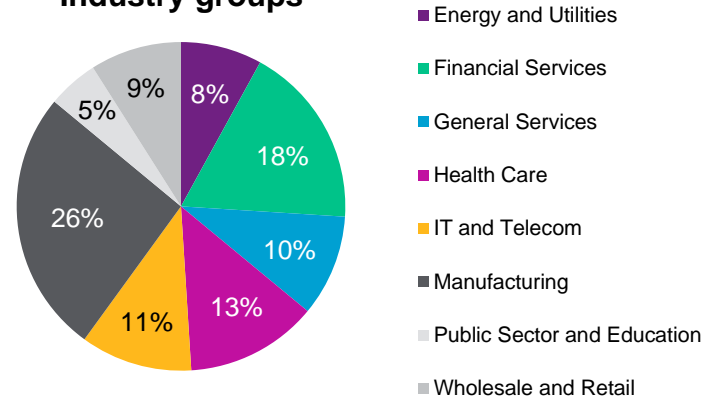


- Survey data collected between June and July 2015

Number of full-time workers employed by respondents



Industry groups



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

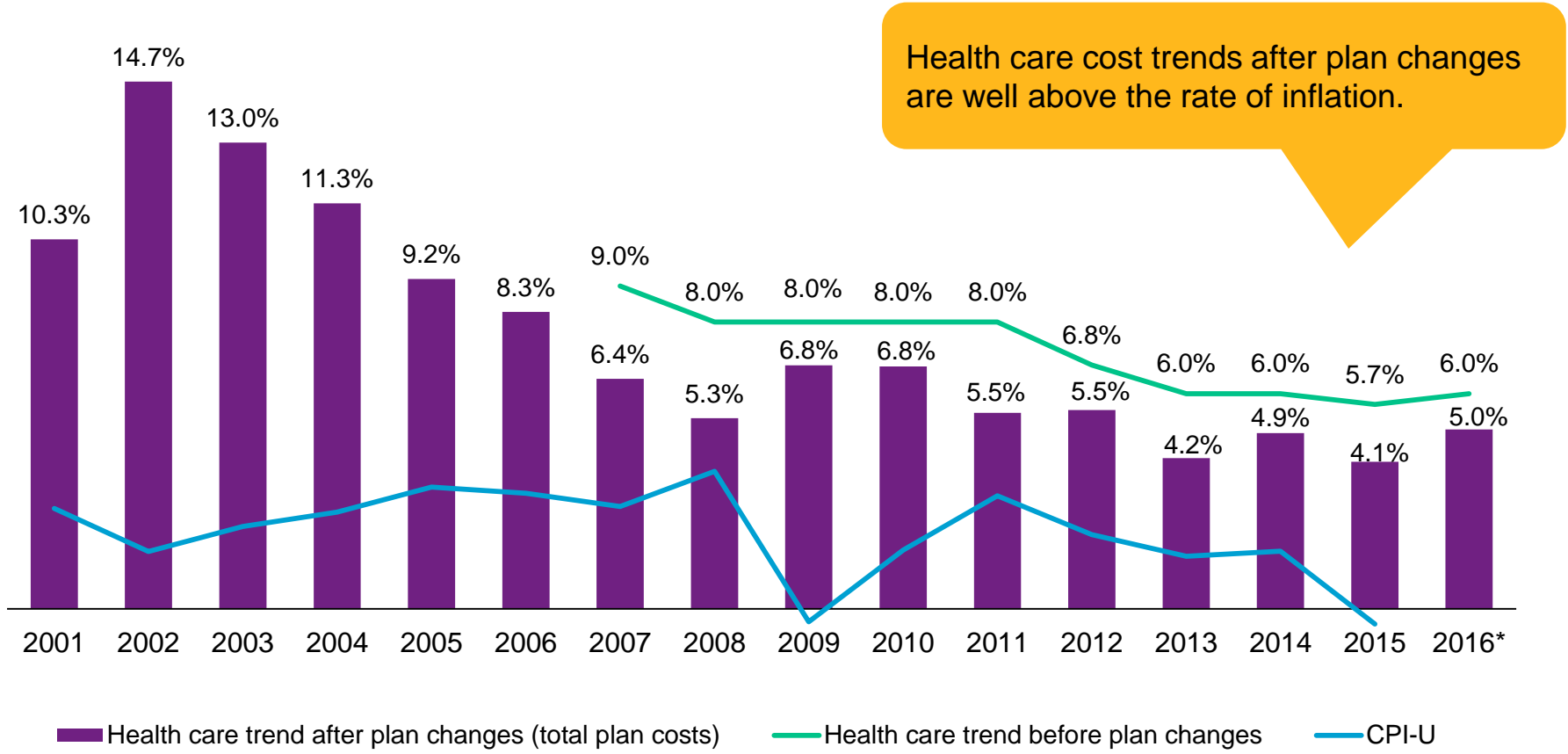


Executive Summary

- 1 Cost trends remain at historically low levels**
- 2 Companies continue to aggressively manage costs**
- 3 Adoption of Account Based Health Plans nears saturation**
- 4 Employers need to rethink incentive strategy, address lifestyle risks and create healthy workplace**
- 5 Best performers create a financial advantage**

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Health care cost trend remains lowest in 15 years

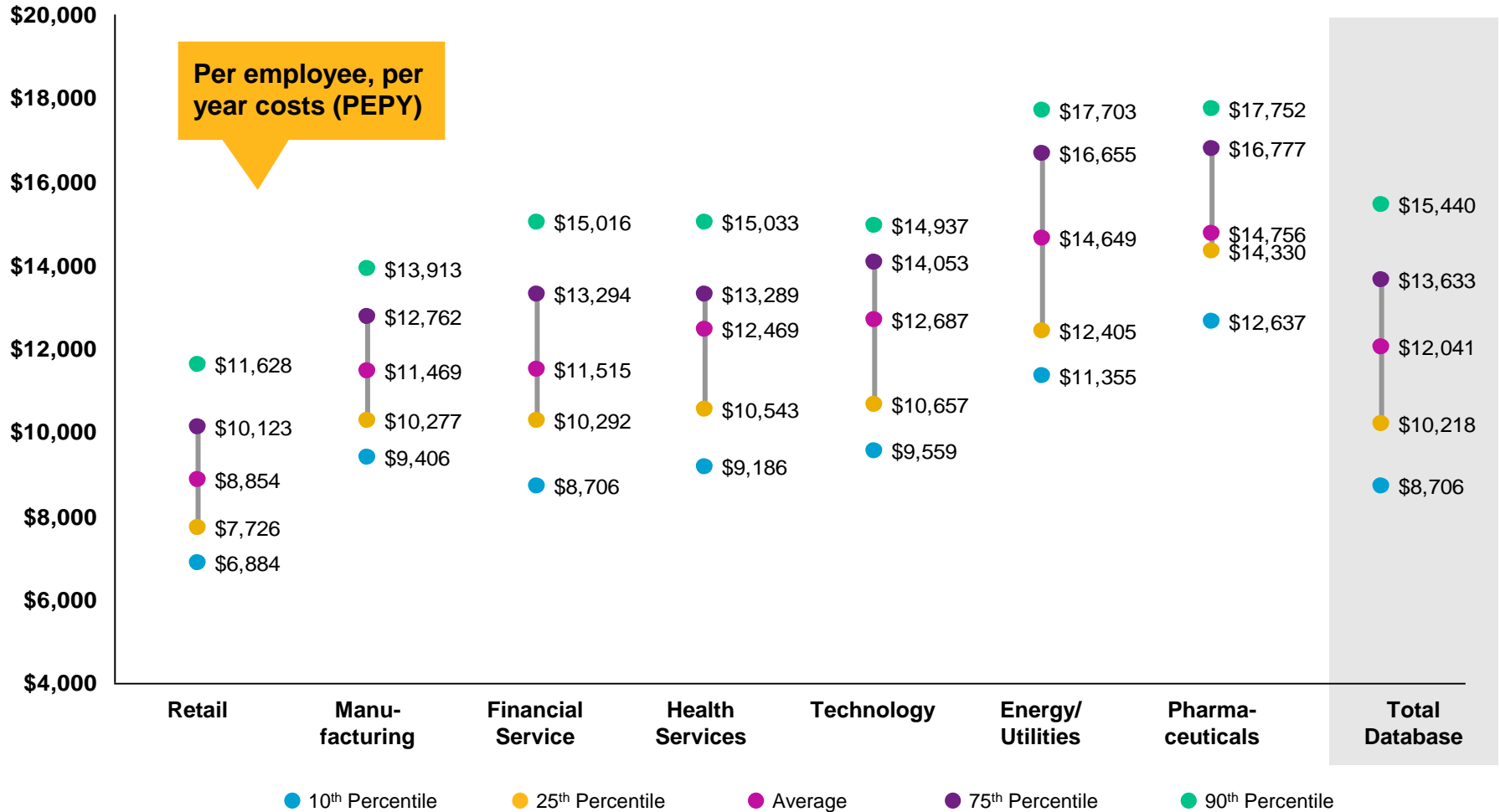


Health care cost trends after plan changes are well above the rate of inflation.

*Projected.

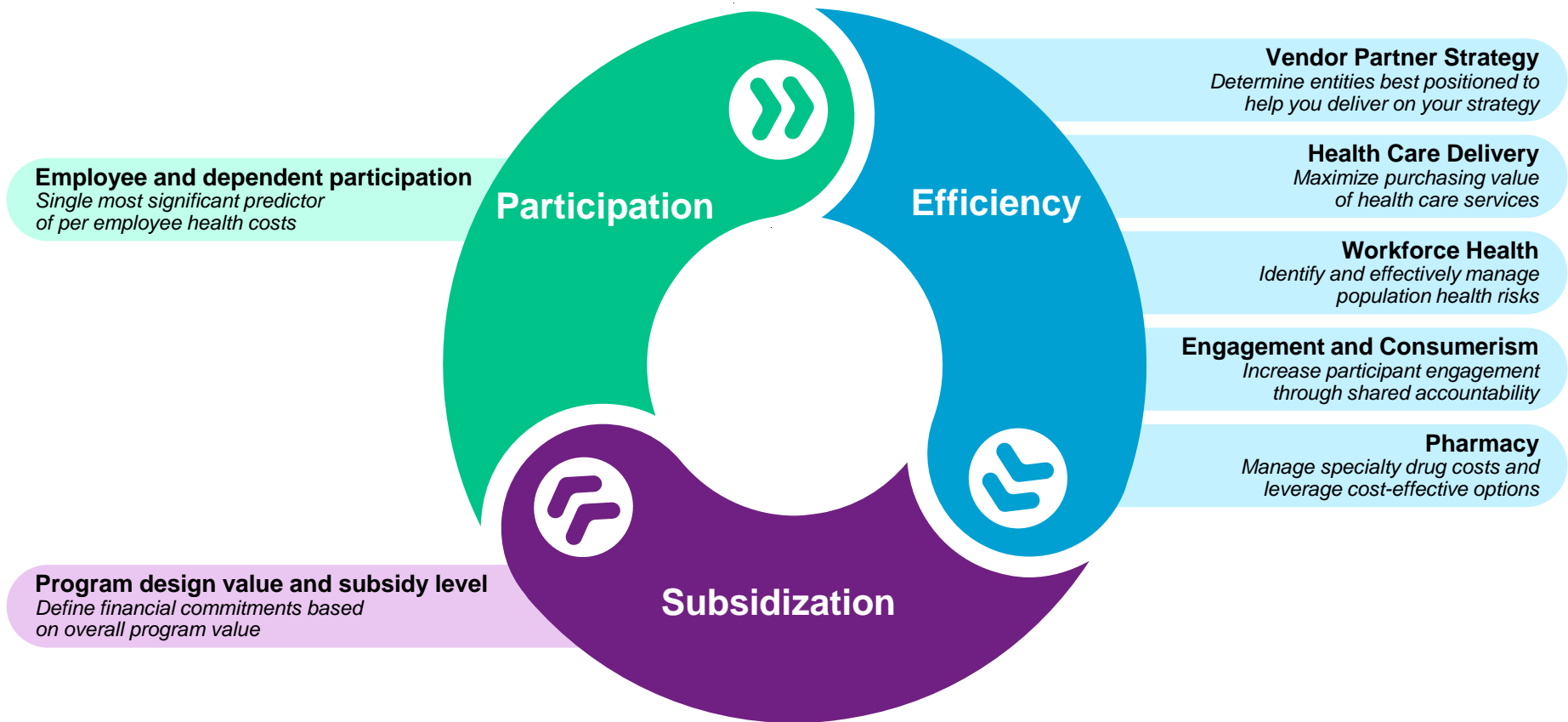
Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Wide variance of costs across industries



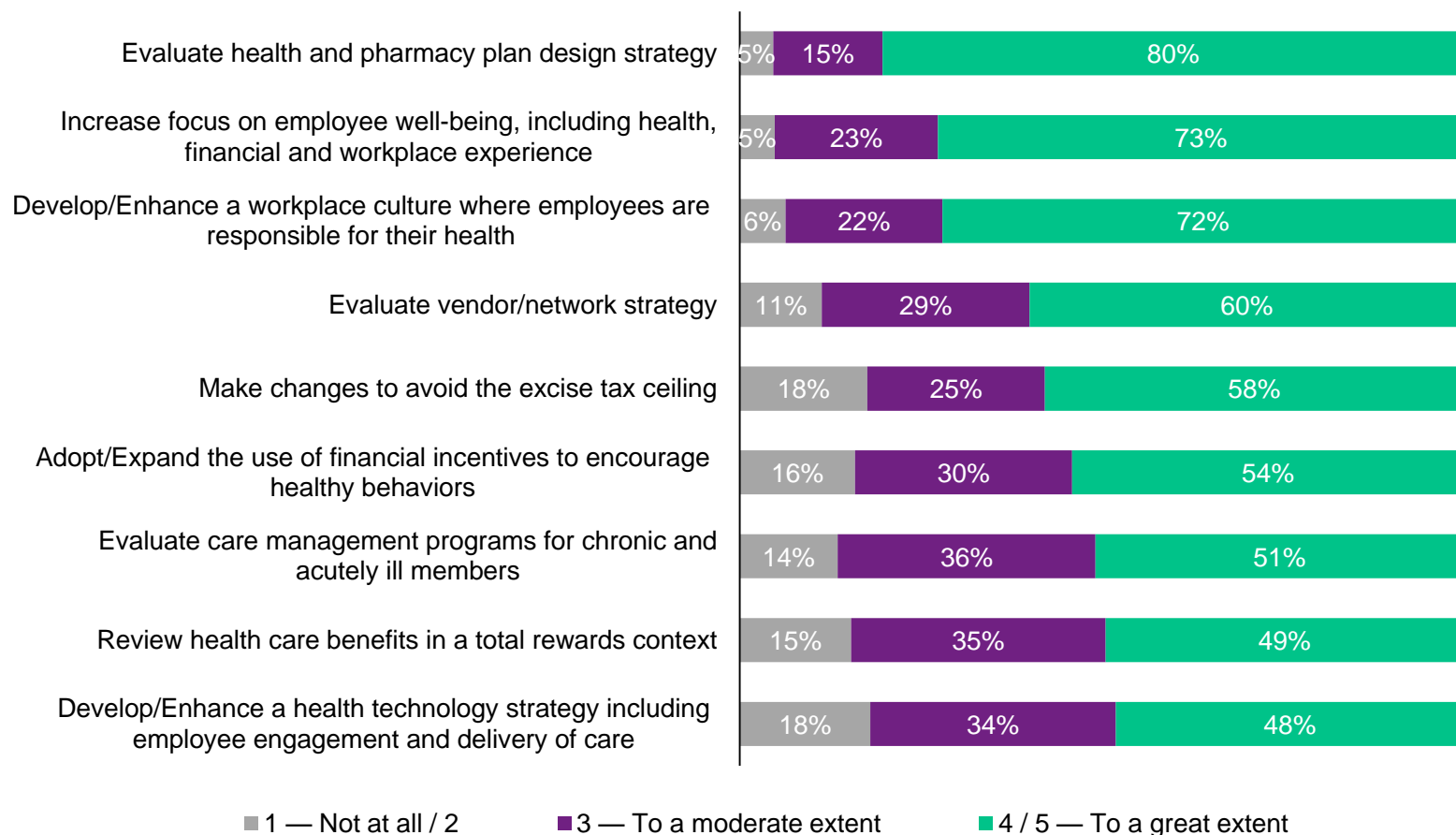
Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

What's driving variability in health care costs?



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Top health care priorities over the next 3 years



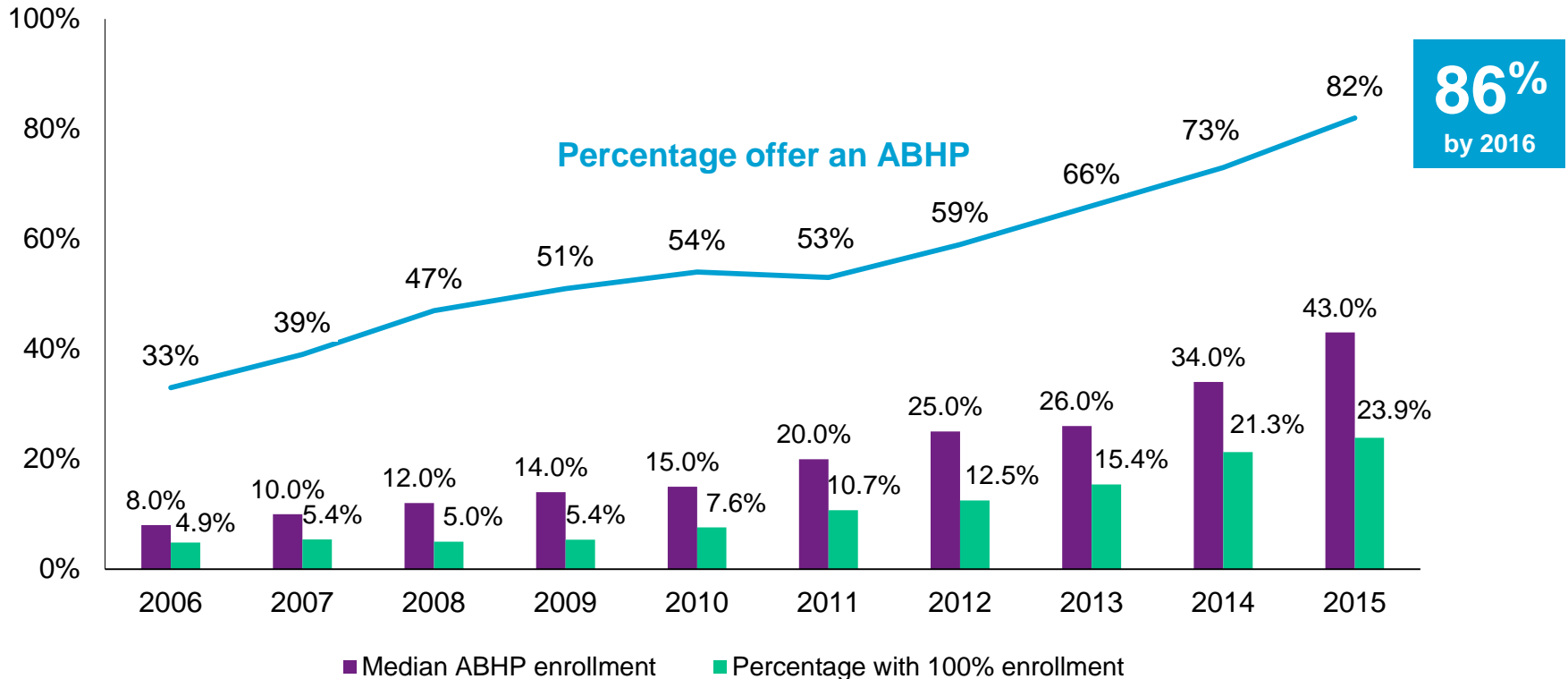
Survey data collected between June and July 2015.

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Adoption of Account-based health plans nears universal use



And full-replacement ABHP continues to grow



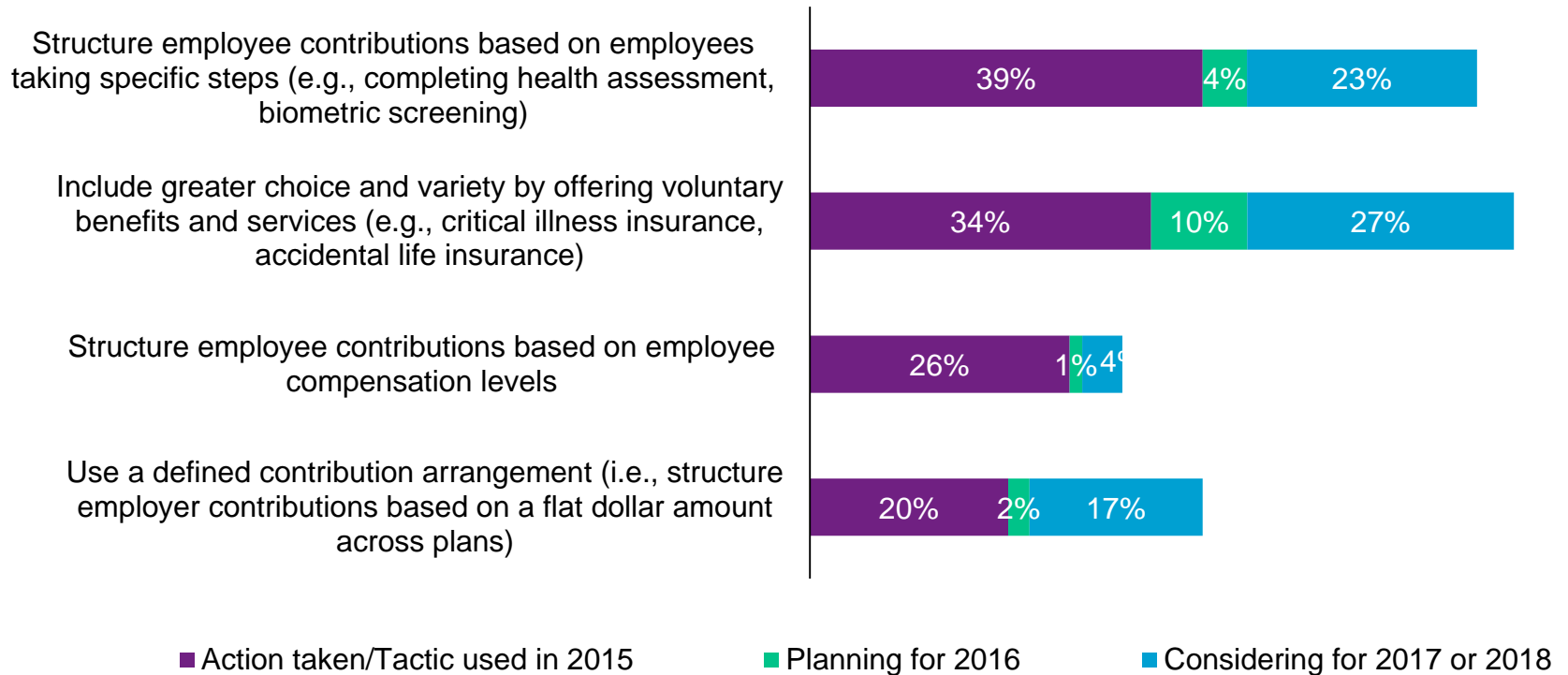
Note: Enrollment rates are based on **companies that offer an ABHP** in various years. 2006 is based on the 12th Annual Willis Towers Watson/National Business Group on Health survey; 2007 is based on the 13th annual survey, etc.

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

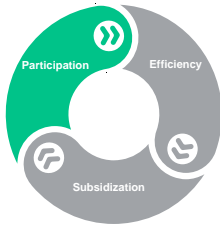
Many employees see changes to their contribution structure



Changes in contribution structure for active employees

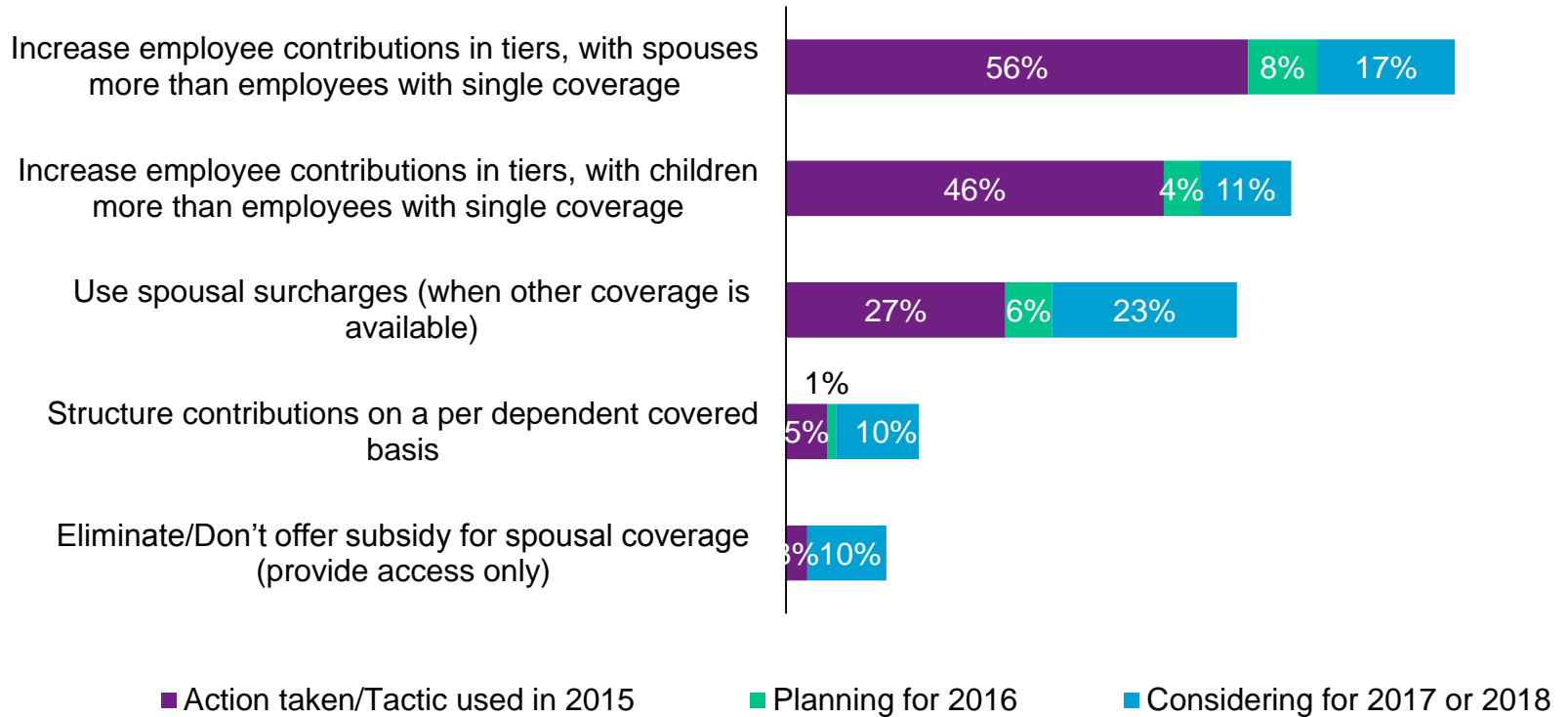


Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



Companies are taking steps to manage dependent participation

Redefine financial commitment to spouses

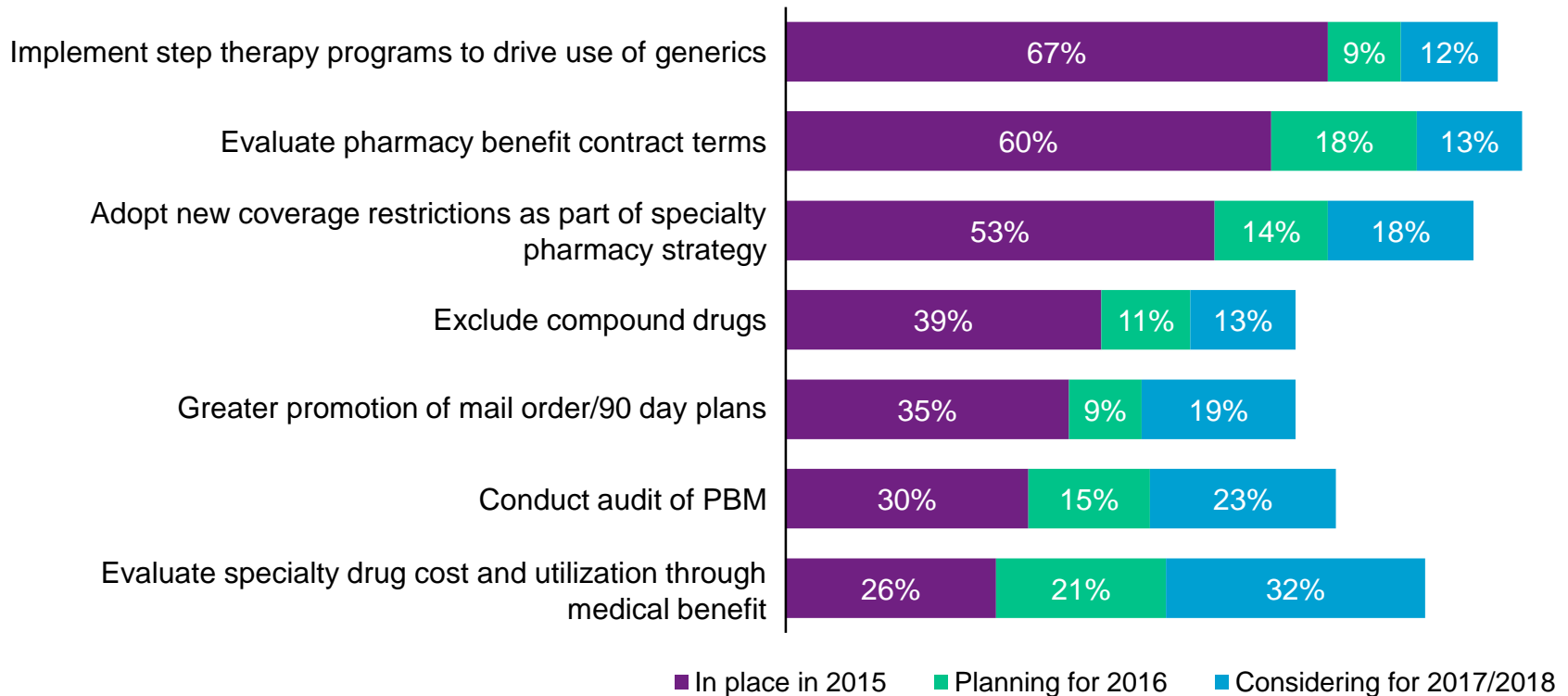


Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Employers are proactively managing pharmacy benefit costs



With particular emphasis on specialty pharmacy utilization



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



Employers embrace telemedicine

Almost half offer telemedicine, yet utilization remains low despite an investment in employee communication and incentives

46%

Currently offer telemedicine services to employees compared to 28% in 2014

24%

Plan to add in 2016 and another 20% are considering by 2018

31%

Of employers provide lower copayments or charges for telemedicine consultations with another 44% expected to by 2018

7%

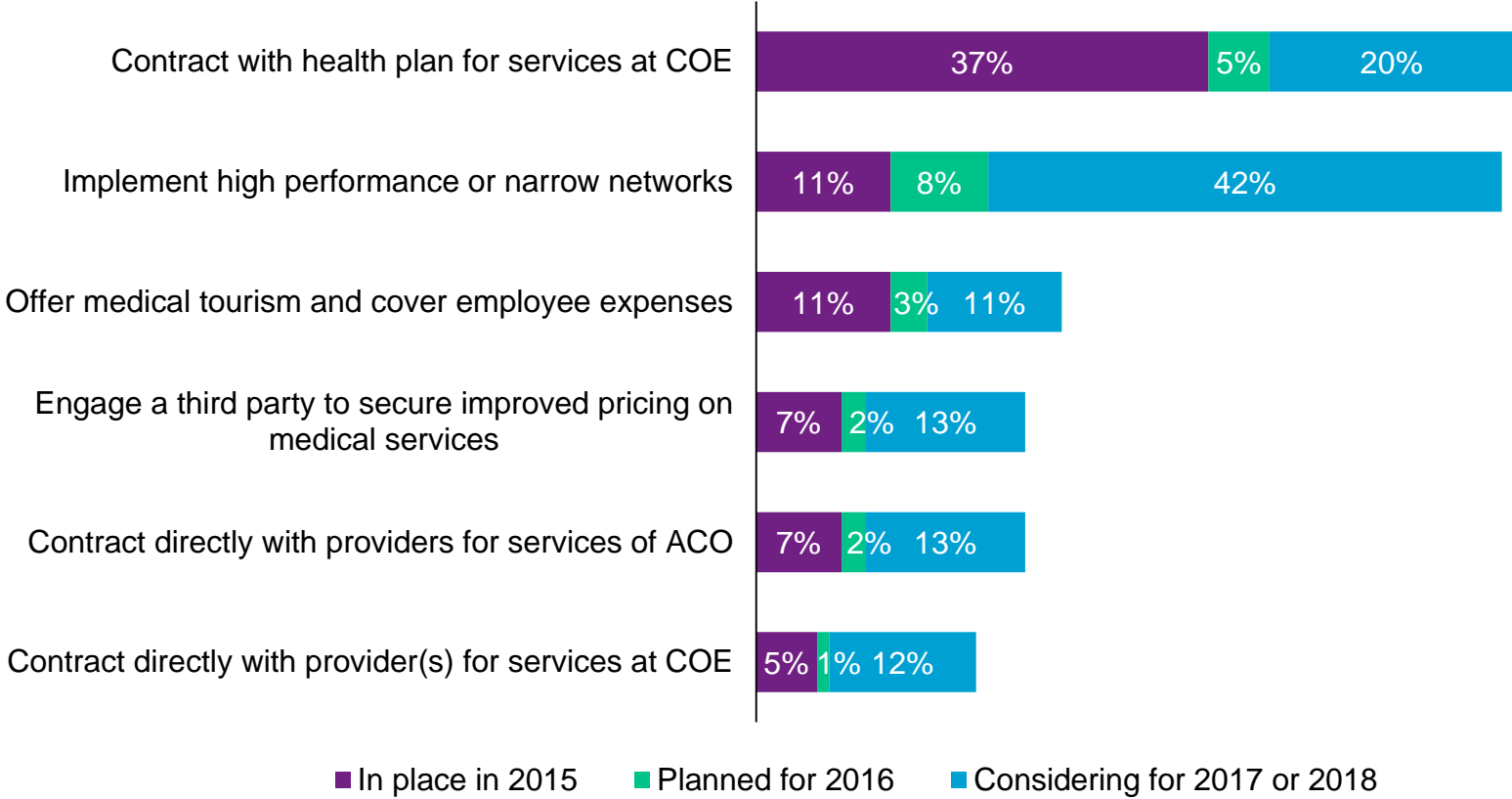
Less than 10% of employees use telemedicine

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



The transition to value-based payment gains momentum

Emerging trends in provider management

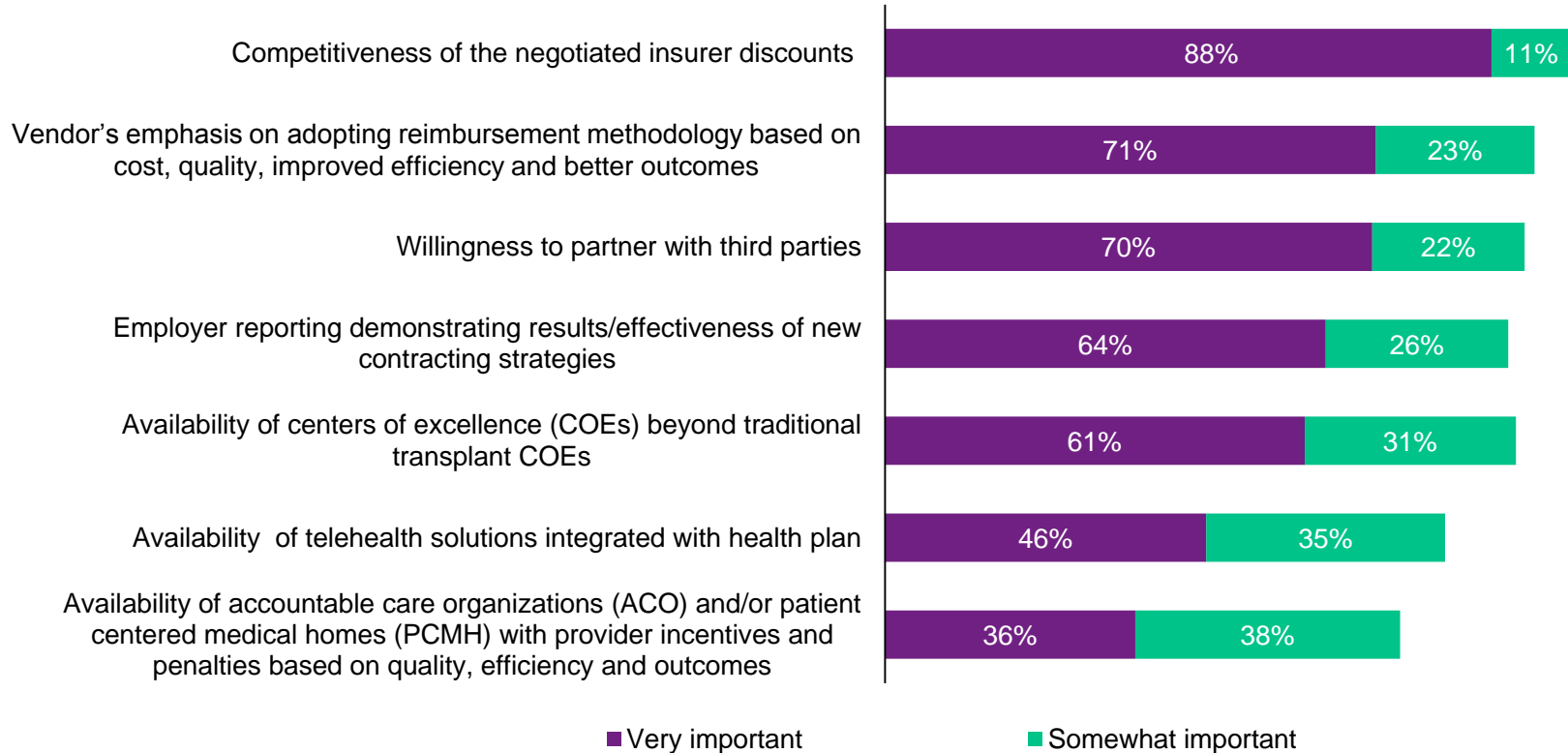


Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



Employers use many factors to select a health plan vendor

Factors in selecting a health plan vendor



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



Low participation in incentives causes companies to revisit their incentive strategy

86%

Offer some type of wellness incentive to encourage participation

40%

Employees earn no incentives in a given year

88%

Plan to re-evaluate their incentive strategy over the next 3 years

\$880

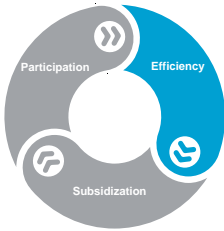
Average incentive dollar opportunity

\$365

Average actual dollar payout

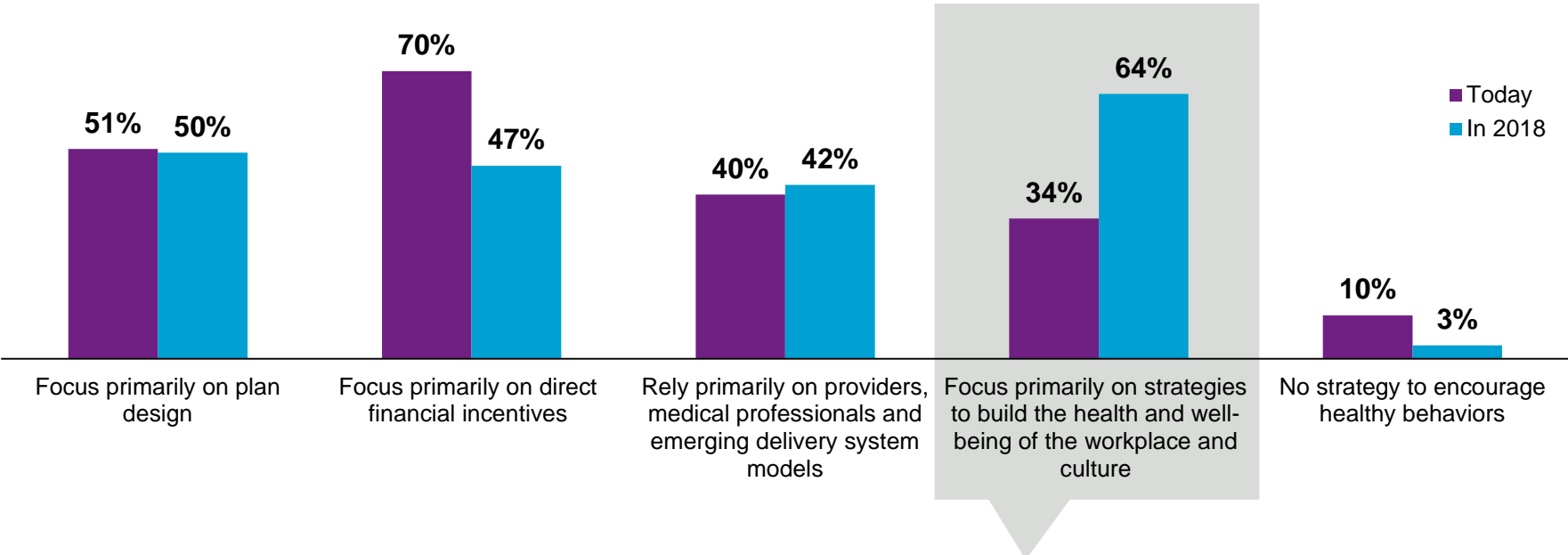
**Employees leave money (and a lot of it) on the table
\$880 average incentive offered - \$365 average pay out**

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.



Majority of organizations will increase their focus on building the health and well-being of the workplace

How would you characterize your organization's primary strategy to encourage healthy behaviors, and what do you expect it will be in 2018?



Almost 2/3 of employers expect that building a culture of health will be the primary strategy to promote healthy behavior by 2018

Source: 2015/2016 Global Staying@Work Survey, United States

Best performers create a financial advantage

Best performing employers saved on average \$2,000 per employee per year and kept cost trends below benchmark

Definition of Best Performers

Health Plan Efficiency

Two-year average efficiency that is 5% or greater

Financial Benchmarks Survey

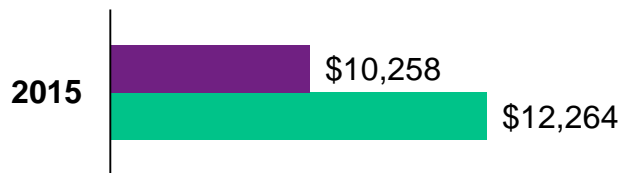
Cost Trends *Before* Changes

Two-year average trend before plan changes at or below the national norm

Best Practices Survey



Unadjusted Total Costs PEPY



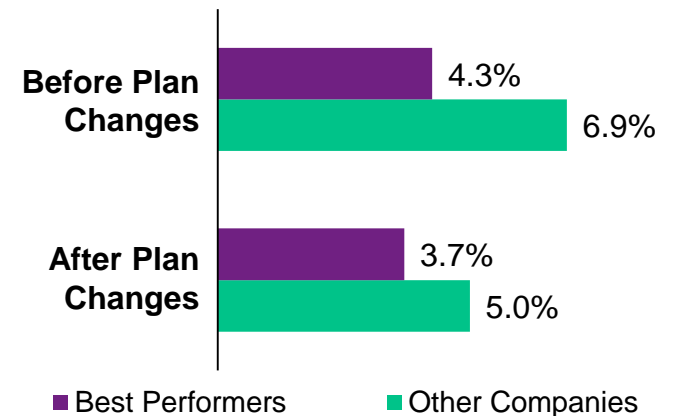
Average Efficiency in 2015

17% vs. 0%

■ Best Performers ■ Other Companies

What can we learn from the Best Performers?

2014/15 Cost Trends



Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

Conclusions: What can we learn from best performers?

■ Participation

- Redefine financial commitment to families' health care

■ Subsidization

- Make ABHP the only plan option with on-going communication and evaluation of member behaviors
- Tie employee contributions to employees' taking specific actions

■ Vendor Partner Strategies

- Strengthen partnership by involving vendors in strategic planning and require data to be shared for outreach
- Choose partners whose reimbursement methodology is based on cost, quality and better outcomes

■ Health Care Delivery

- Use value-based designs like differentiating cost sharing for use of high-performance networks and COEs
- Embrace new technologies like telemedicine and offer services at lower copayments or charges

■ Pharmacy

- Adopt high-performance formulary with limited brand coverage
- Evaluate and take action to reduce the biggest cost drivers like speciality drugs and compound drugs

■ Workforce Health and Engagement

- Incentives alone don't drive sustainable behavior change – re-examine strategy and refresh approaches annually
- Leverage most important asset – the workplace – through changes to physical environment, links to broader company strategy and EVP and tapping into the social networks

Source: 2015 Willis Towers Watson/NBGH Best Practices in Health Care Employer Survey.

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