

# State of the Healthcare Market Overview: Where should we be focused?

November 16, 2017

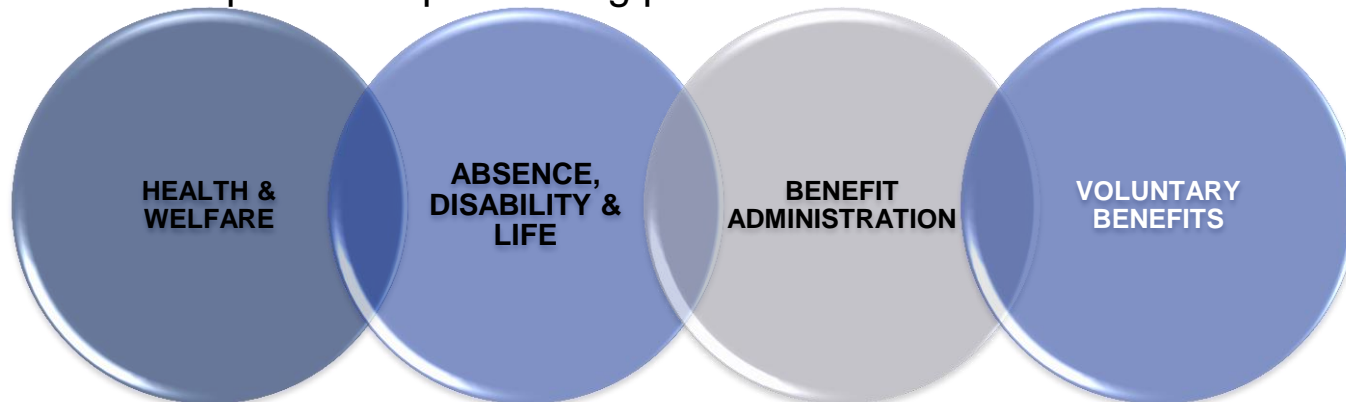
**South Florida Public Risk Management Assoc**

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# About Trion **CONTROLLING COSTS THROUGH BETTER OUTCOMES**

- Combining the best practices of consultants, Trion is a world-class health & welfare consulting firm with unparalleled purchasing power.



Trion has the added benefit of Marsh's extensive array of world class capabilities and resources to help meet your business objectives.

Market Leader, High Touch Service

Nationwide offices, operating in all 50 states

99% Client Retention

3 new coalition opportunities (RX, Stop loss, VB)

550+ employees and growing



# Discussion Outline for Today

## Threat still pending for Obamacare?

## Preparing for 2017 and Beyond

## State of the Market Overview

- ❖ Marketplace trends
  - Cost
  - Strategies

## What Are Employers Thinking about in 2018

- ❖ Challenges

## New Ideas in Development

# *WHAT'S NEXT FOR OBAMACARE*

NOW THAT REPEAL HAS FAILED?





**ROAD AHEAD  
UNCLEAR**

# Eliminating the Individual Mandate

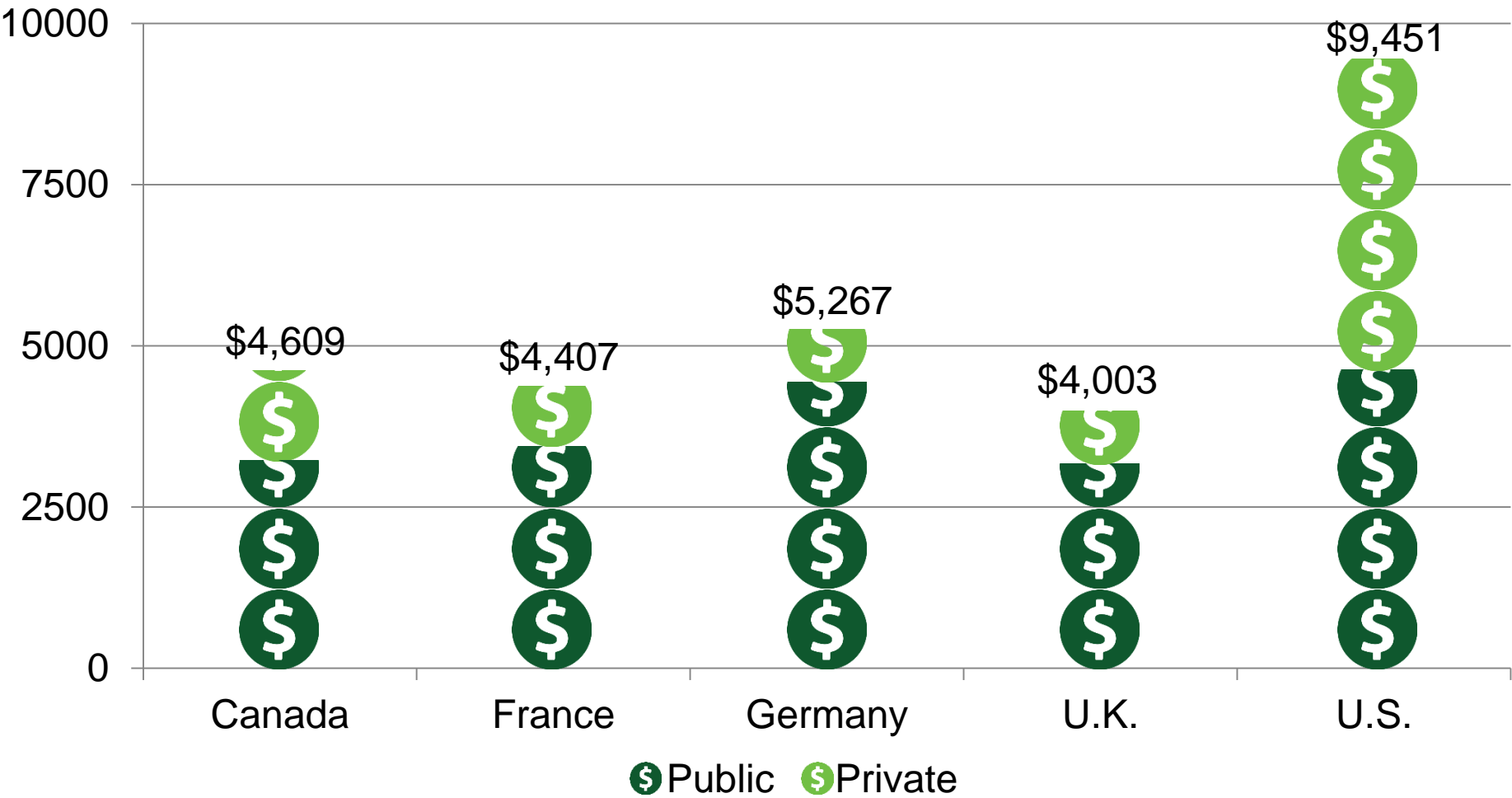
- What it means for Individuals?
- What it means for Employers
- What it means for Insurers
- What it means for the American Deficit

HMM,  
HEADACHE,  
UPSET  
STOMACH,  
NAUSEA,  
ANXIETY,  
HIGH BLOOD  
PRESSURE...

...SOUNDS  
LIKE YOU'RE  
TRYING TO  
REFORM  
OBAMACARE.



# Health Spending Per Person by Country (2015 data)



Source; OECD, 2015, current, PPP

# What Patients Pay to See a Doctor



Canada Free

U.K. Free

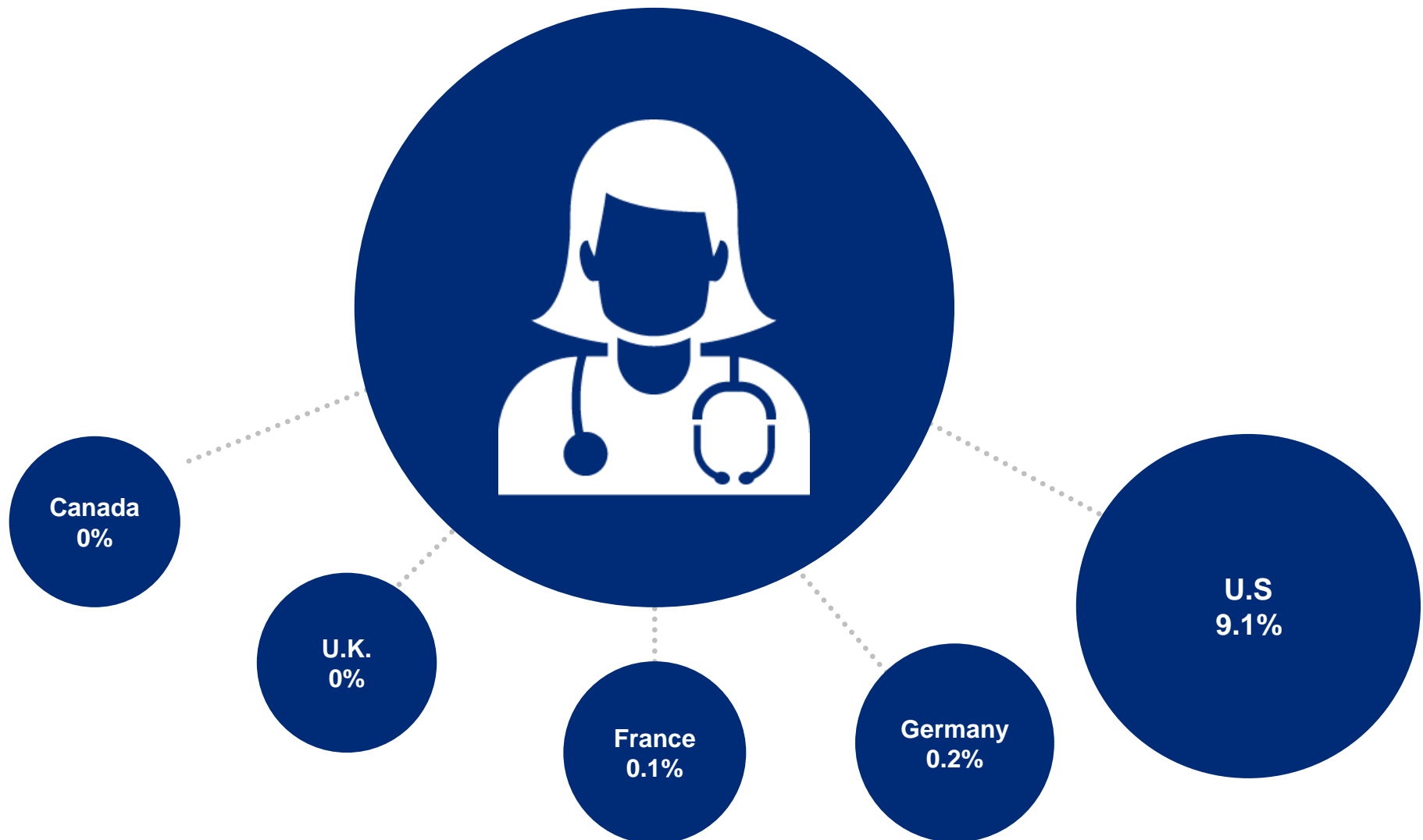
France \$25 of which most is reimbursed later

Germany \$5 - \$11

U.S. \$30 - \$200  
Depends of insurance

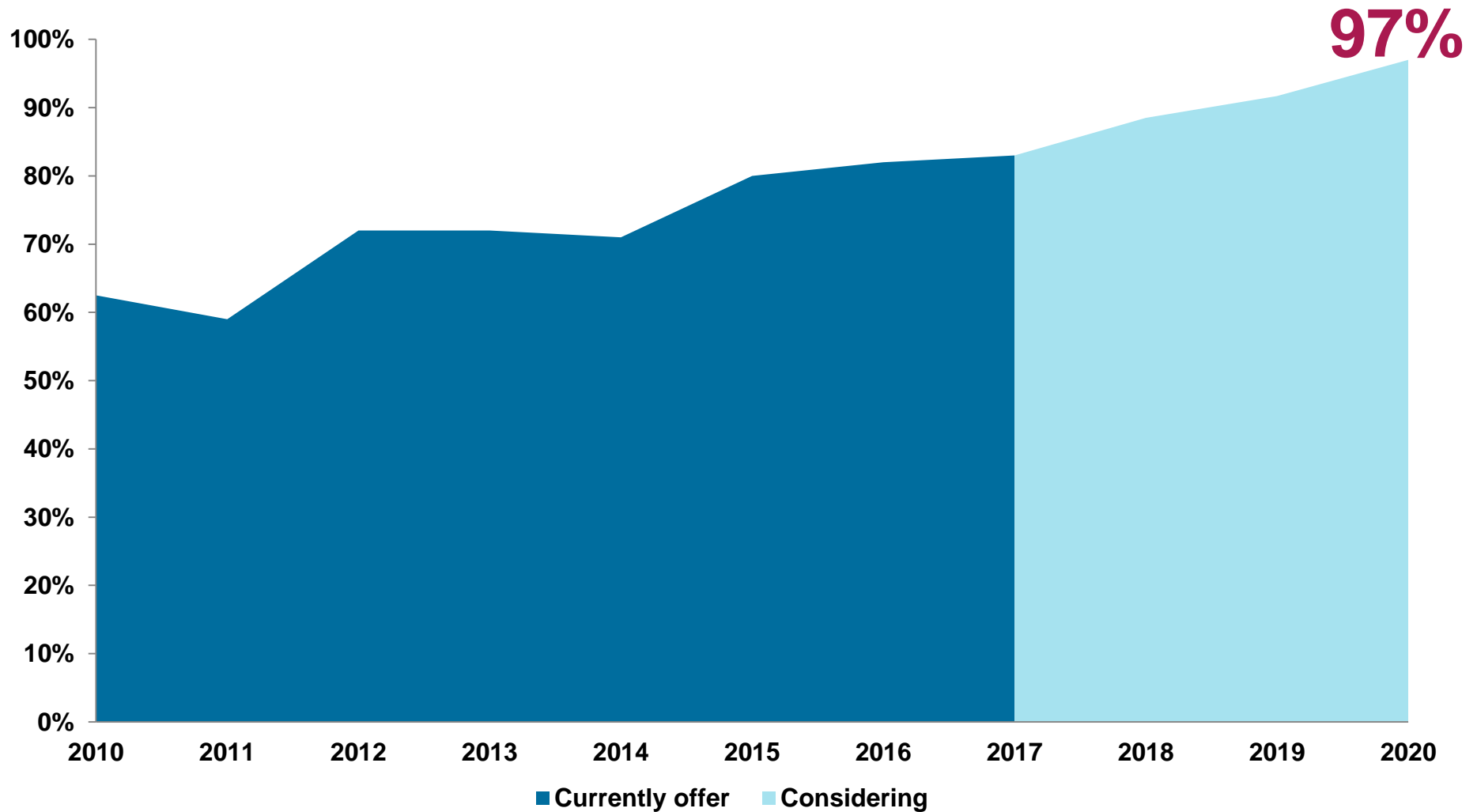
*Note: 10 minute primary care physician visit. Source; NHS, French government, OECD*

# Percent of People Without Medical Insurance



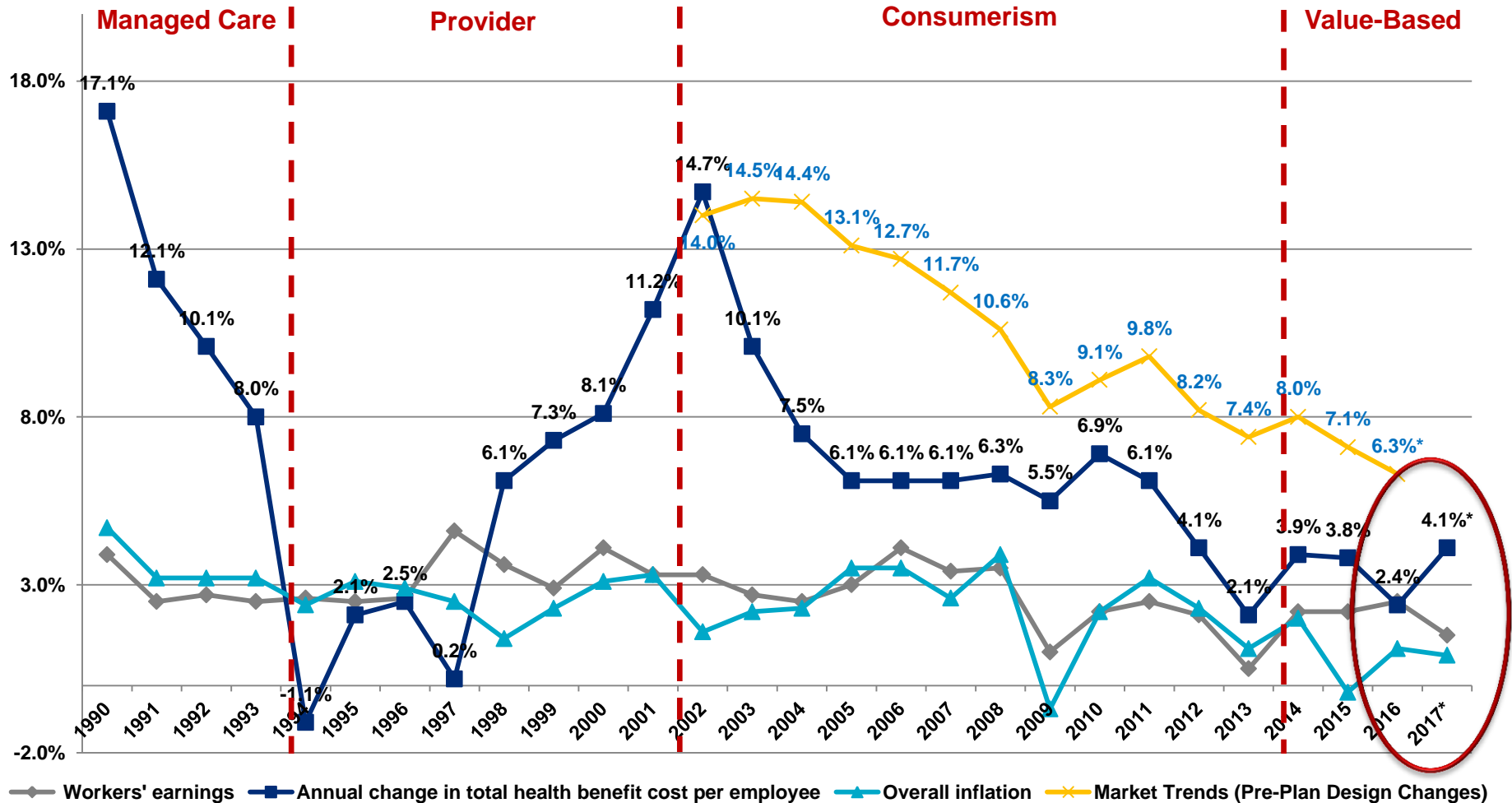
Source; OECD, 2015 or latest available

# CDHPs Becoming Nearly Universal Before 2020



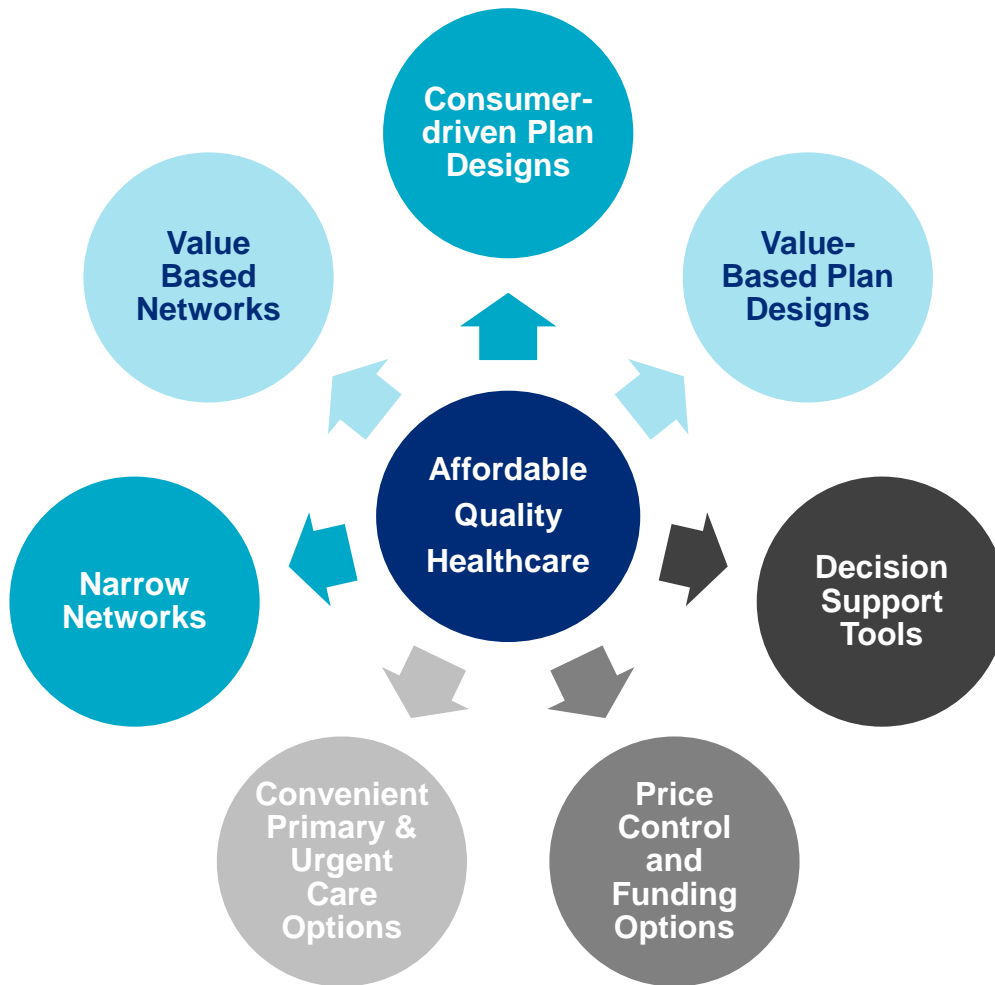
Source: NBGH 2018 Large Employers' Health Care Strategy and Plan Design Survey.

# 2018 Predicting a + 5% in Healthcare Costs Nationally



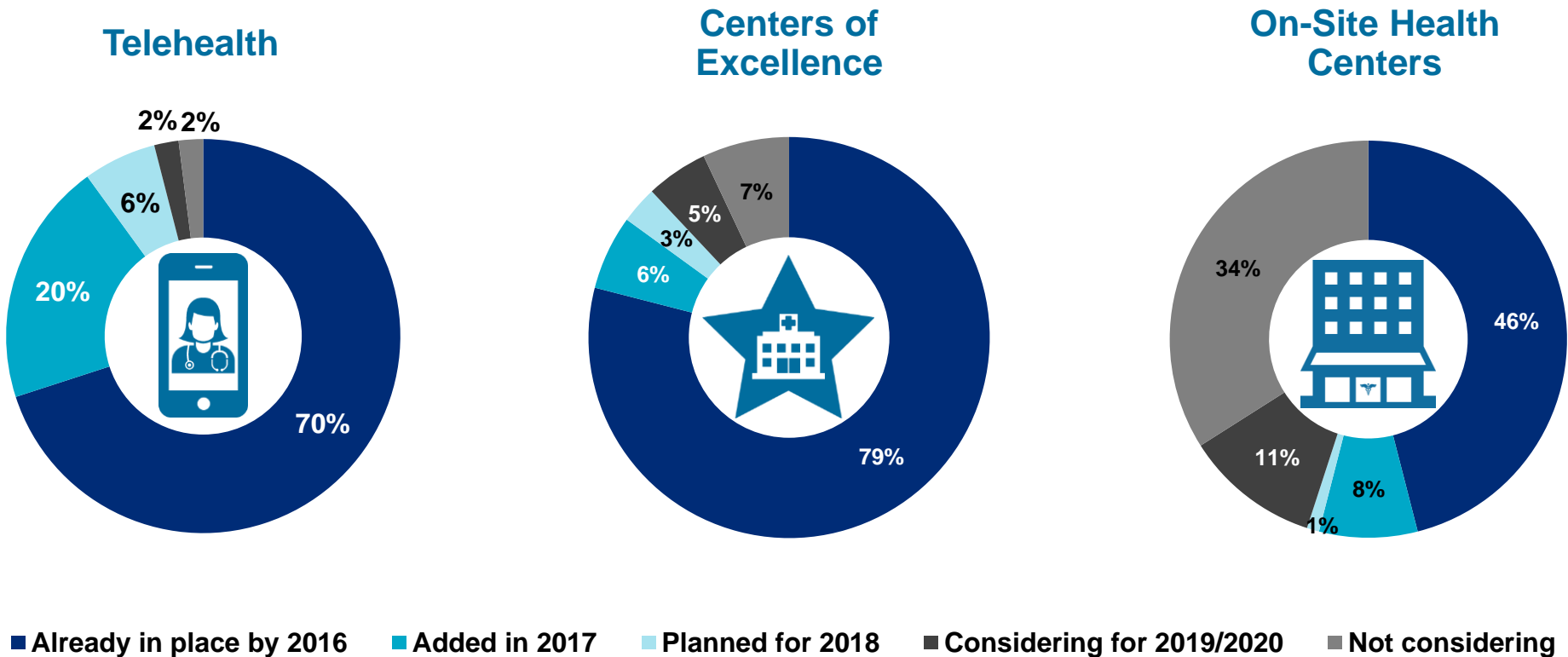
\*Projected. Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1993-2016; Bureau of Labor Statistics, Seasonally Adjusted Weekly Earnings from the Current Employment Statistics Survey (April to April) 1993-2016.

## 📈 Trending Now – Employee Access to Affordable Quality Health Care



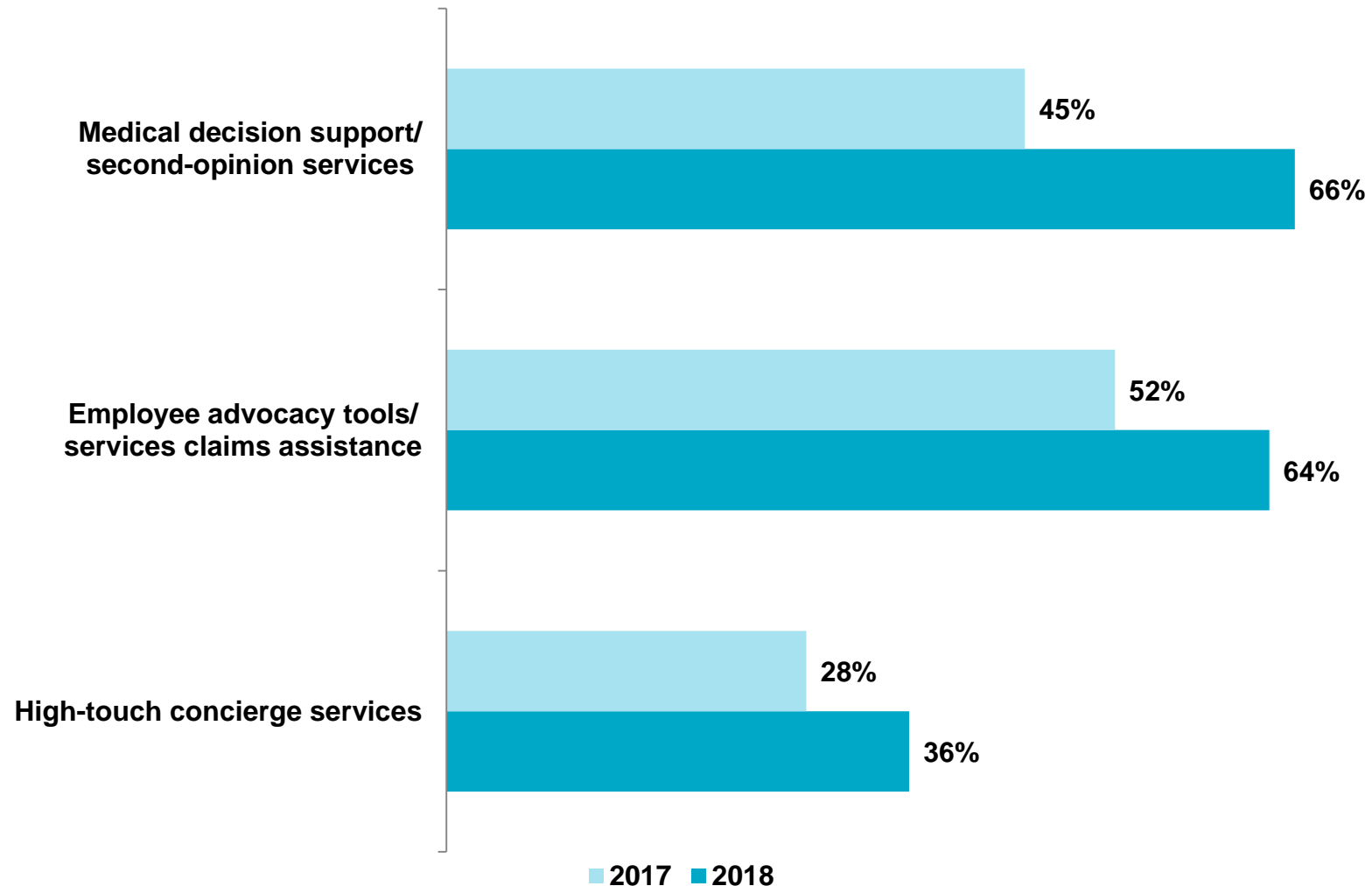
- Consumer-driven and value-based plan designs engage employees to become better buyers and users of health care services.
- Integrated local market strategies enable employers to offer the best possible network, access and pricing configuration in each sizable worksite location.
- These strategies will vary by carrier, employer size, market.
  - **Client's Vendor** has the following product options available in your major locations:
    - ✓ ACO/PCMH – note attribution rates; high level options.
    - ✓ High-Performing Network options – note options.
    - ✓ Transparency, advocacy and decision support tools - note options.
    - ✓ Convenient primary care network (telemedicine, retail clinics, urgent care) – note options.
    - ✓ Price control tools and funding options.

# Employers Helping to Change How Health Care is Accessed and Delivered



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

# Rise in Tools Offered to Help Employees Navigate the Health System



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

# US Healthcare Costs

## What is driving costs and where should we be focused?

- **75% of growth in cost to the US Healthcare System is coming from 14 disease categories**
- **Chronic Diseases: The Leading Causes of Death and Disability in the United States**
- **Enter CRISPR – which is considered one of the greatest recent breakthroughs in science!**
  - **What is CRISPR?**

# Can we cure diseases through Editing DNA?

- In the United States, chronic diseases and conditions and the health risk behaviors that cause them account for most health care costs.
- Eighty-six percent of the nation's \$2.7 trillion annual health care expenditures are for people with chronic and mental health conditions. These costs can be reduced.
- Total annual cardiovascular disease costs to the nation averaged \$316.1 billion in 2012–2013. Of this amount, \$189.7 billion was for direct medical expenses and \$126.4 billion was for lost productivity costs (from premature death).
- Cancer care cost \$157 billion in 2010 dollars.
- The total estimated cost of diagnosed diabetes in 2012 was \$245 billion, including \$176 billion in direct medical costs and \$69 billion in decreased productivity. Decreased productivity includes costs associated with people being absent from work, being less productive while at work, or not being able to work at all because of diabetes.
- Video – DNA Editing



Crisper gene editing.mp4

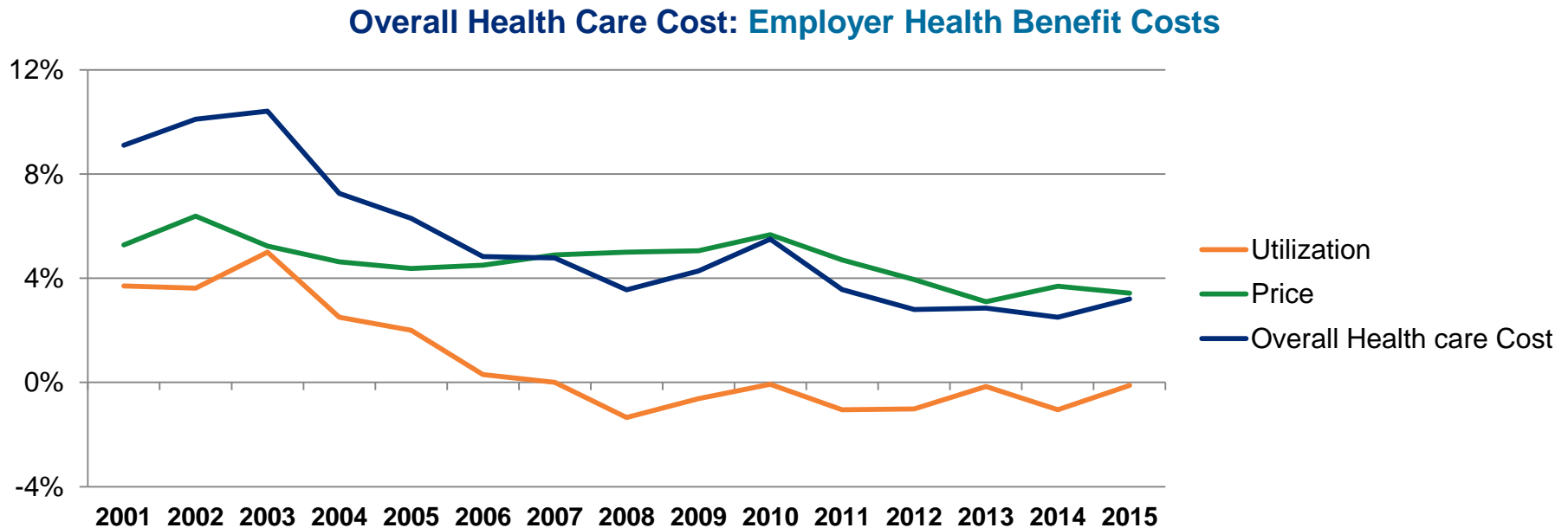
**\*\*Data gathered from the CDC website covering cost of chronic illness in the US**

# What will this cost employers?

- The National Institutes of Health (NIH) has approved a proposal to use the gene-editing technology [CRISPR](#) on human cells.
- It's the first trial involving humans to be approved in the U.S.
- Spinoff out of Temple University raised \$10M for Gene-editing company taking on HIV
- Landmark decision made by the Food and Drug Administration (FDA) to approve the first-ever gene therapy to be available in the United States, bringing treatment options to a rare form of cancer for pediatric and young adult patients. The approval is being noted as a game-changing and curative approach to treating cancer. The costs are estimated at **\$475,000** for the course of treatment

# Price, Not Utilization, Is the Historical Force Behind Medical Cost Trend

## Components Of Growth In Healthcare Costs 2001-2015



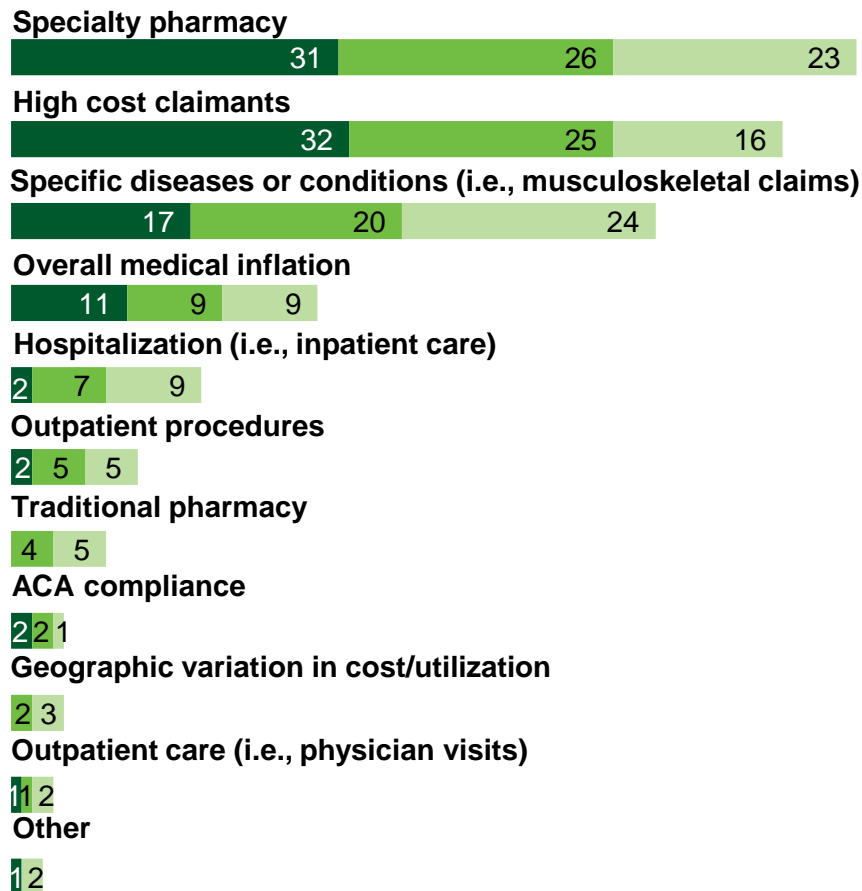
- $\text{Change in utilization (x) change in price} = \text{overall healthcare annual cost change}$
- Employer cost management strategies have been instrumental in controlling utilization — their ability to impact price is more challenging, but opportunities are emerging.

Source: PWC, Medical Cost Trend: Behind the Numbers, 2017

# Cost Drivers and Tactics for Rising Health Care Costs

## Pharmacy and Employee Health Top the Lists

### Top Cost Drivers



■ Highest Driver (%)

■ Second Highest Driver (%)

■ Third Highest Driver (%)

### Most Effective Cost Control Tactics

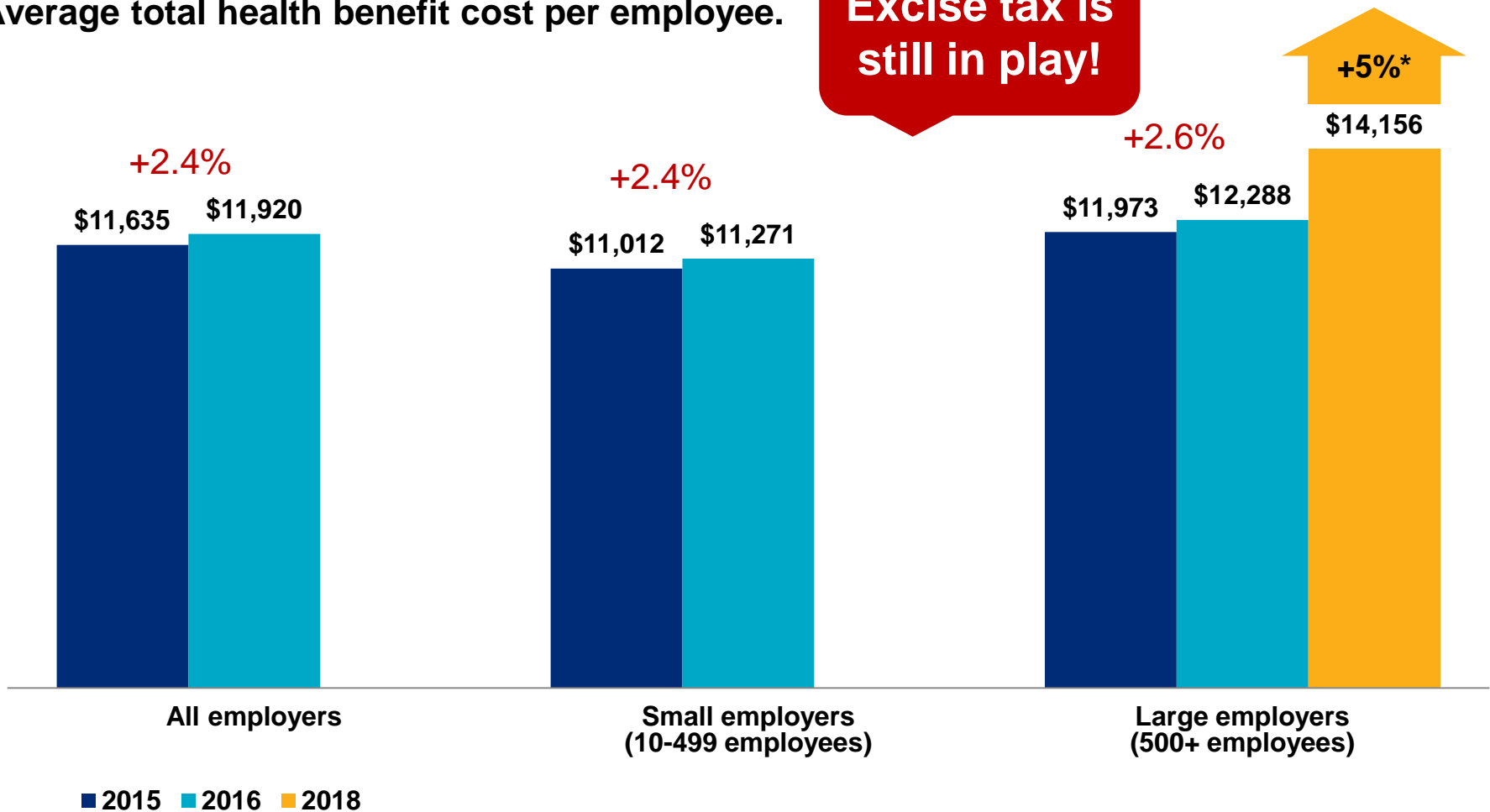


Source: NBGH Large Employers' Health Plan Design Survey 2017

# Hot off the Press 2018 data is in! Annual Per-Employee Cost Tops \$14,000 Among Large Employers

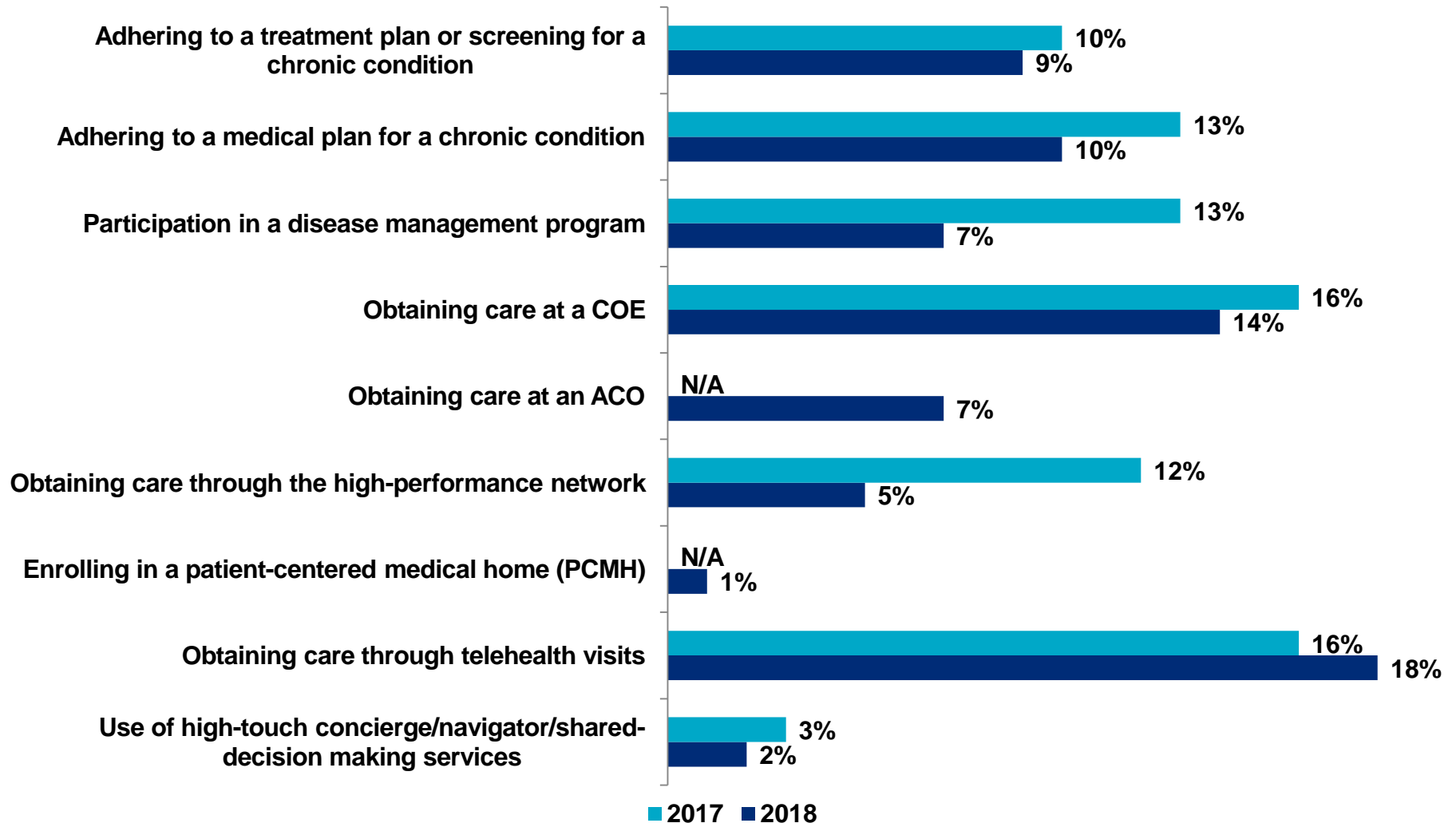
Average total health benefit cost per employee.

**Excise tax is  
still in play!**



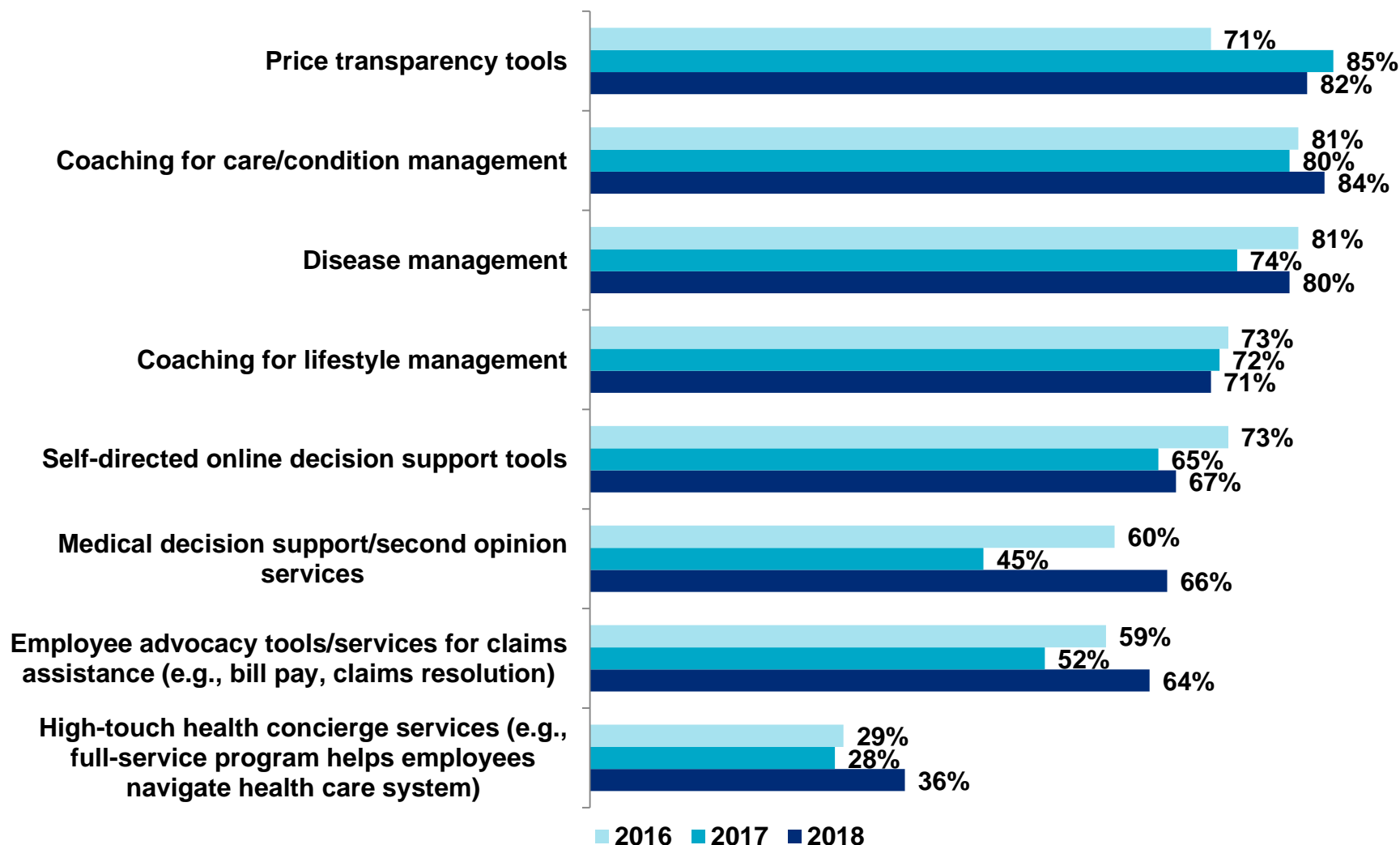
\* NBGH 2018 Large Employers' Health Care Strategy and Plan Design Survey. Source: Mercer's National Survey of Employer-Sponsored Health Plans 2016.

# Value-based Benefit Design



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

# Employer Tools and Programs



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

# Understanding Your Generational Workforce

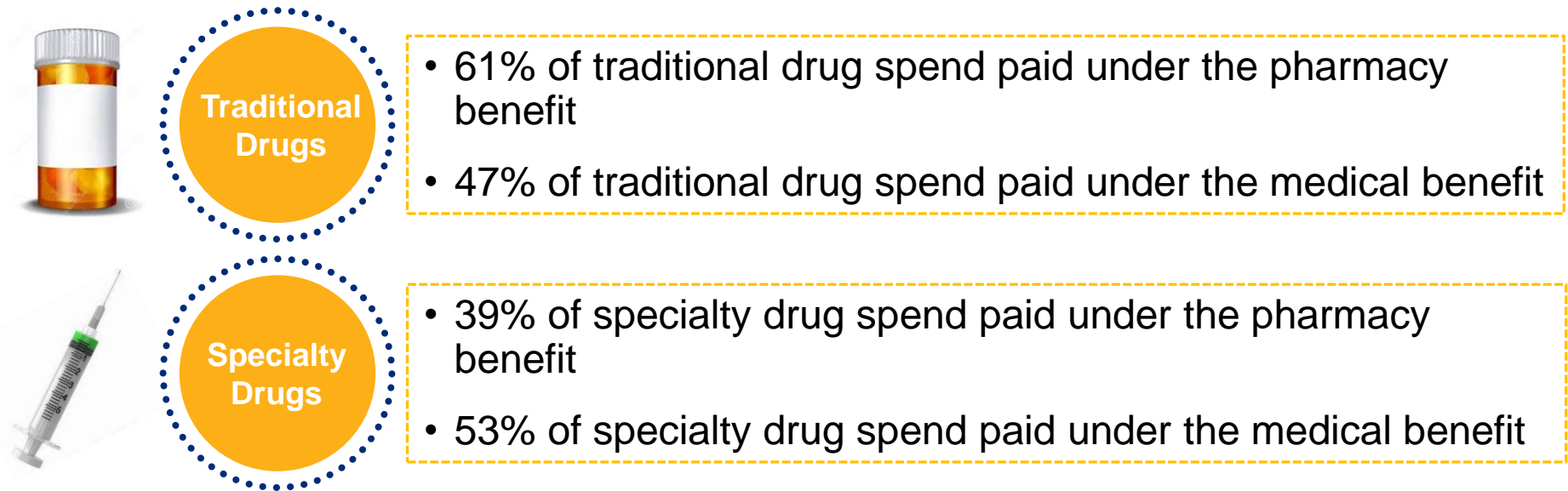
## Most Important Benefits by Generation

Favorite Benefit	Boomers	Generation X	Millennials
More Vacation	50%	44%	48%
Better 401(k) matches	43%	47%	35%
Flexible work schedules	30%	41%	43%
Expanded health care	43%	37%	28%
No health care premiums	38%	32%	27%
Free gym memberships	23%	25%	28%
Education/tuition reimbursement	15%	19%	30%
More investment choices	24%	11%	13%

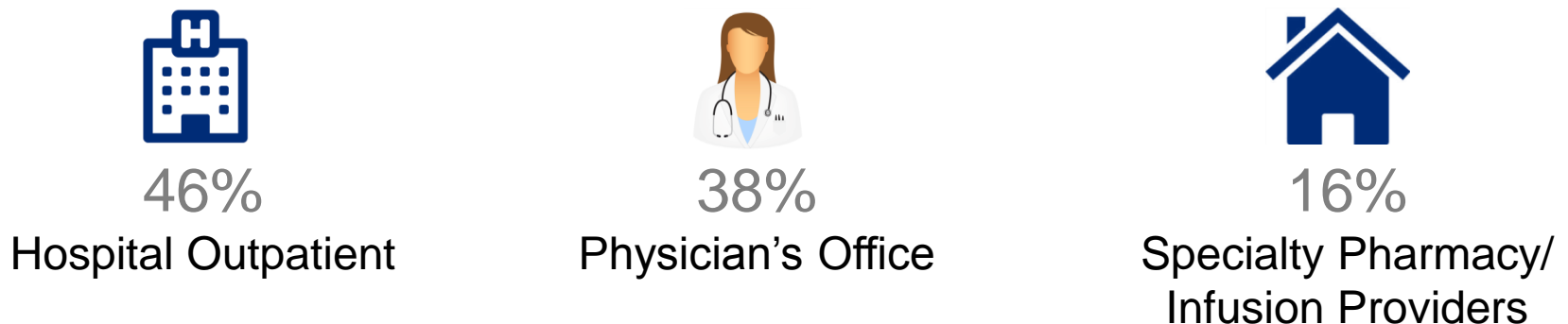
- With the likely changes this year in individual health benefit tax treatment and incentives; now may be a good time to review:
  - Flexibility and choice in overall employee benefits offerings, and
  - Benefits as a part of employee total compensation that best meets diverse workforce income and financial security needs.

Source: 2015 MassMutual Generations@Work Study Research Results.

# Prescription Drugs Made Up 26% Of The Total Health Care Spend Expected To Overtake Inpatient As The #1 Cost Driver by 2018



## Specialty drug spend under medical by site of care



Source: Optum Medical Benefit Specialty Management 2016. FY 2014 Pre-Rebate Net Paid Legacy UHCP Managed Business, does not include hospital inpatient drug spend

# Top Specialty Prescription Drug Trend Concerns

## Market Conditions

### New Treatments

Patient use of new treatments drove historical growth to

**\$24.2**  
billion

### Cancer

Continues to drive clinical development as more and more specialty drugs focus on oncology with the hopes of making it a chronic condition

### Orphan Drugs

By 2020, over

**470**

drugs will be available to treat the 7,000 rare diseases

### Adherence

**\$300 B**

unnecessary medical costs caused by non-adherence annually in the U.S.

Source: IMS Health, National Sales Perspectives, Jan 2016

## January 10<sup>th</sup> Next Power lunch webinar Survey data is in!

**Find out what large employers are rolling out for 2018**

**Game-changing thoughts on strategy and focus on the supply side to manage costs**



**Registration is open at (on the “*Events*” page)**

**[www.mbgrayhealthcare.com](http://www.mbgrayhealthcare.com)**

# Upcoming Events:

You are invited to our **FREE** “25 Minute Power Lunch” webinar series!  
The next Power lunch will be held **January 10th @ 12:00** pm Eastern Standard Time.

Grab your lunch and join us online for a 20 minute webinar covering

What large employers are rolling out for 2018

*Game-changing* thoughts on strategy and focus on the supply-side to manage costs

**Registration is open:**

[www.mbgrayhealthcare.com](http://www.mbgrayhealthcare.com)

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## We will be speaking at all the 2018 Conferences!

- San Francisco – March 25-28
- New Orleans – May 6-9
- Chicago – June 10-13
- Las Vegas - September 30-October 3

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