



**TOGETHER WE CAN CREATE
VALUE-BASED HEALTHCARE
BENEFITS OF THE FUTURE**

TRANSPARENCY | SMART NETWORK | LEGISLATION | EDUCATION | COMMUNITY

Hot Summer Topics in the Houston Subtropics

June 26, 2024 | Rice University BRC | 11AM – 5PM



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Policy



Primary Care



Pharma



2024
Survey Results



Houston Employers

HEALTHCARE BENEFITS COSTS, TRENDS & INTERESTS SURVEY

Conducted jointly by the Houston Business
Coalition on Health & Gallagher

April 17, 2024



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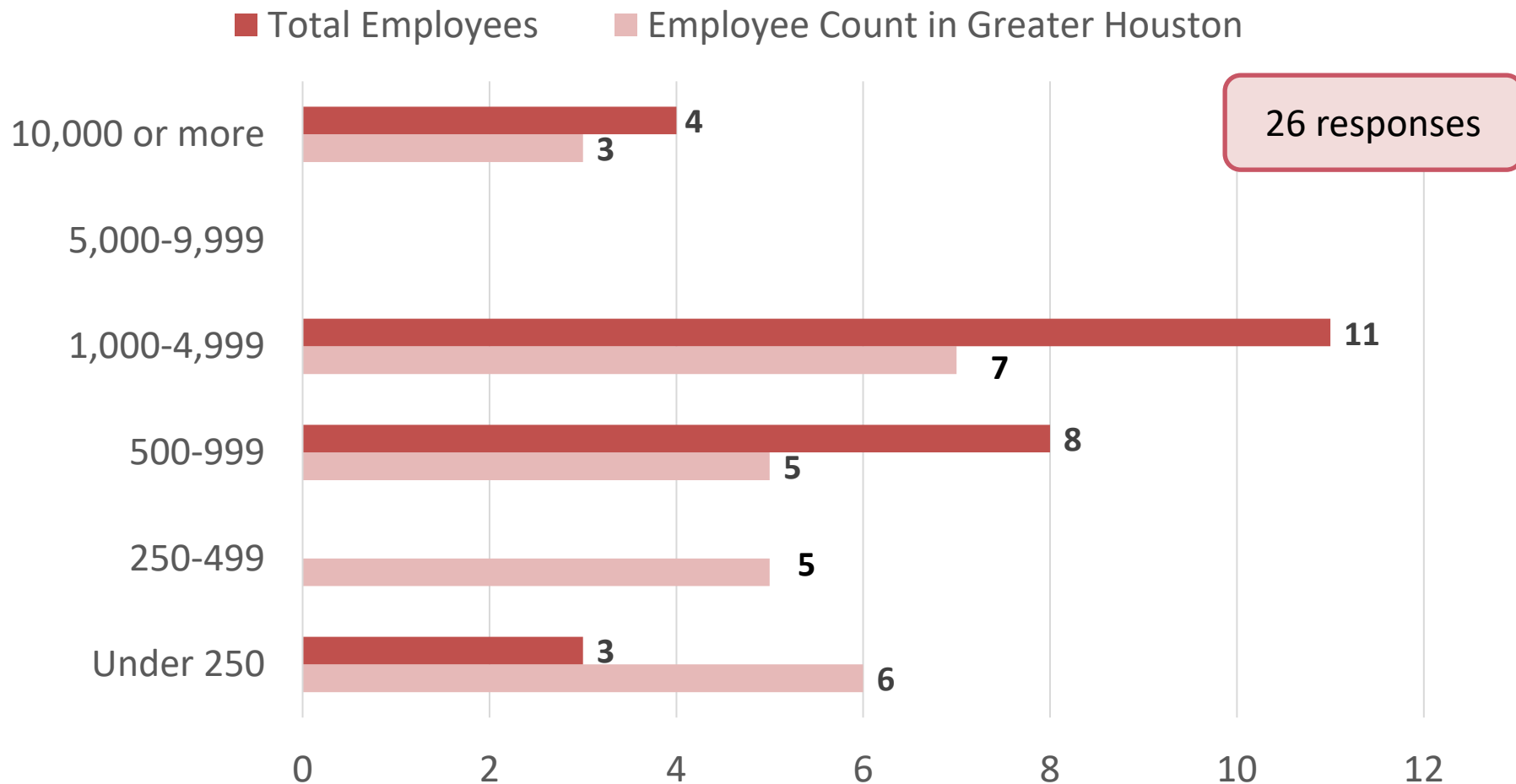
Benefits Consultant

Gallagher

- 1 Survey Overview
- 2 Medical and Pharmacy Plan Design
- 3 Cost Mitigation Strategies
- 4 Employer Topics of Interest

1 Survey Overview

Distribution by Employee Count



Industry	Count
Construction	2
Energy	3
Financial Institutions	2
Healthcare	3
K-12 Education	4
Manufacturing	1
Public Entity	2
Real Estate	1
Retail	2
Technology	3
Wholesale Distribution	1
Other	2
Texas Benchmark	356

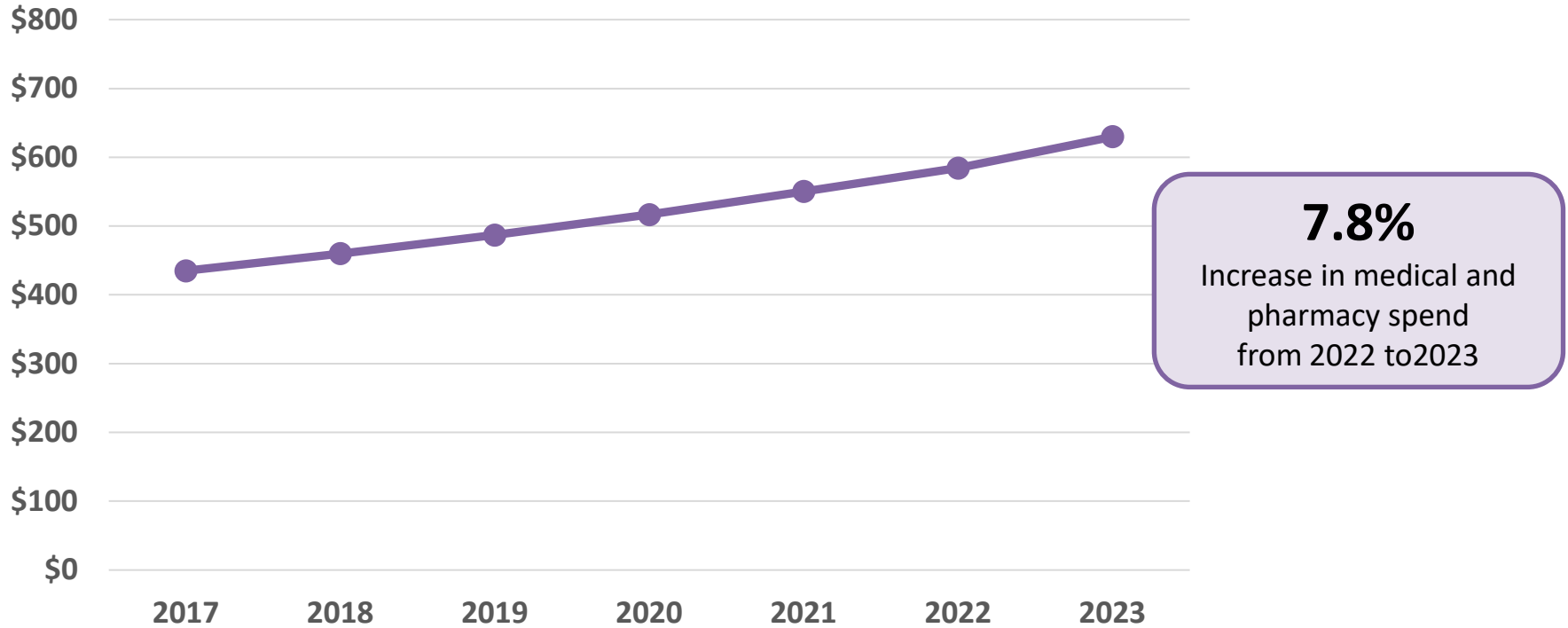
Ownership	Percentage
Publicly Traded	29%
Privately Held	33%
Non-Profit	38%

Unionization	Percentage
Yes	20%
No	80%
Texas	10%

2 Medical Plan

Medical and Pharmacy Trend 2017 - 2023

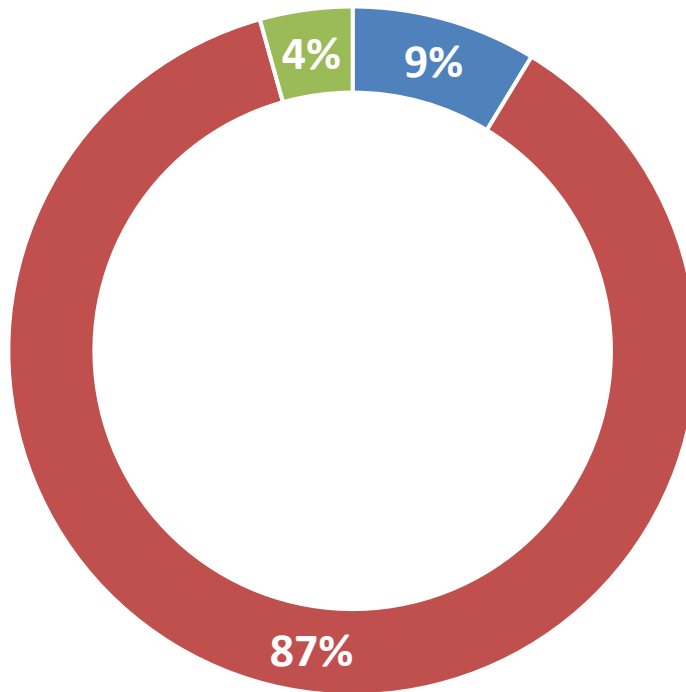
Medical and Pharmacy Claims (PEPM)



PEPM	2017	2018	2019	2020	2021	2022	2023
Medical & Pharmacy Claims	\$435.02	\$459.81	\$486.94	\$516.65	\$550.23	\$584.34	\$629.92
Trend	-	5.7%	5.9%	6.1%	6.5%	6.2%	7.8%

Note: data provided by Gallagher health care analytics team consisting of data from Blue Cross, United Healthcare, Cigna and Aetna

Medical Plan Funding

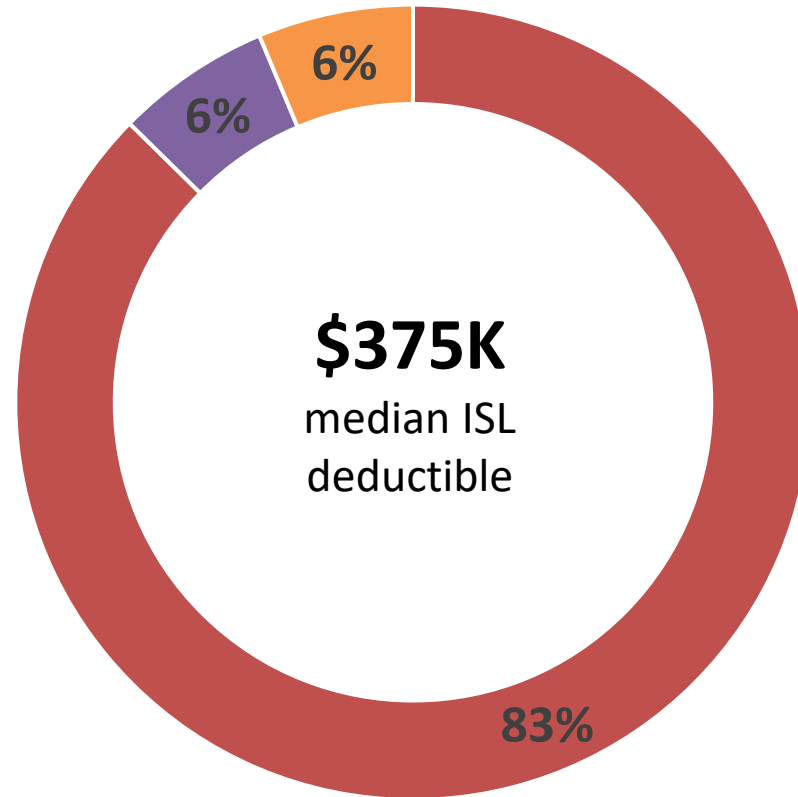


75%
of employers over 1,000 employees self-fund in Texas

■ Fully insured ■ Self-insured ■ Level-funded

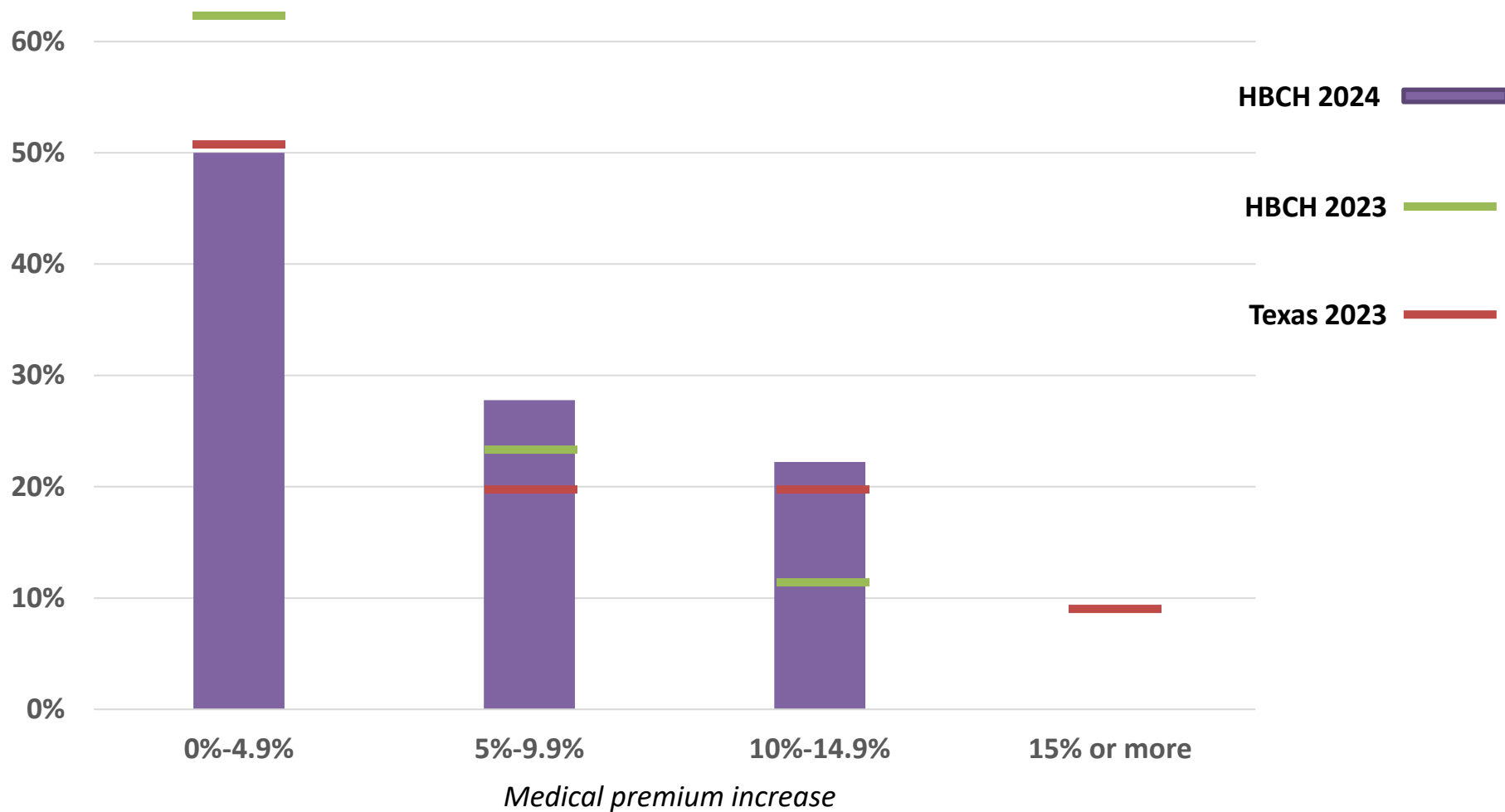
Medical Plan Funding | Stop Loss Reinsurance

- Individual Stop Loss
- Stop loss captive
- We do not have stop loss insurance

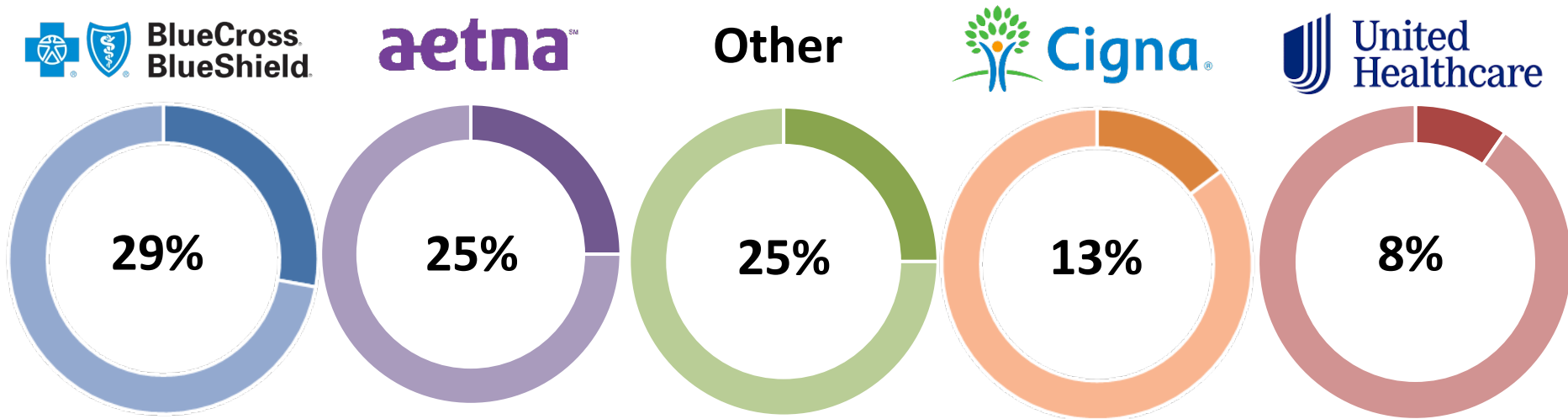


39% of respondents have aggregate stop loss insurance

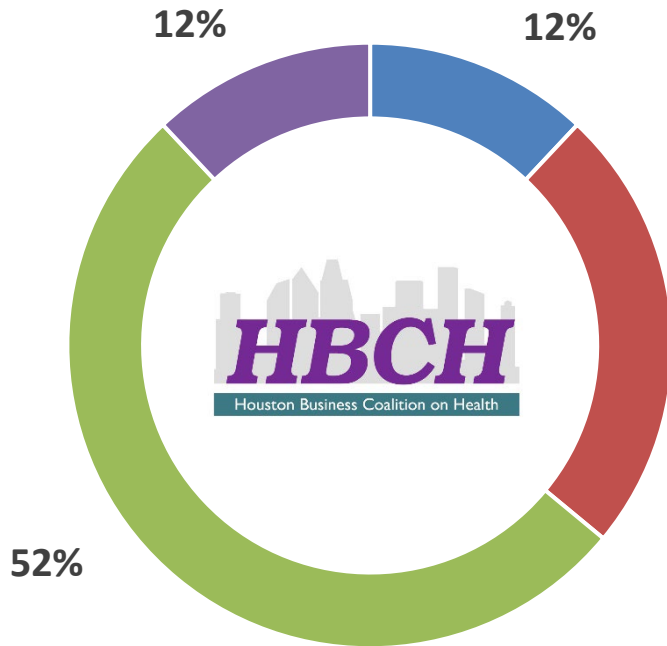
Medical Plan Funding | 2024 Premium Increases



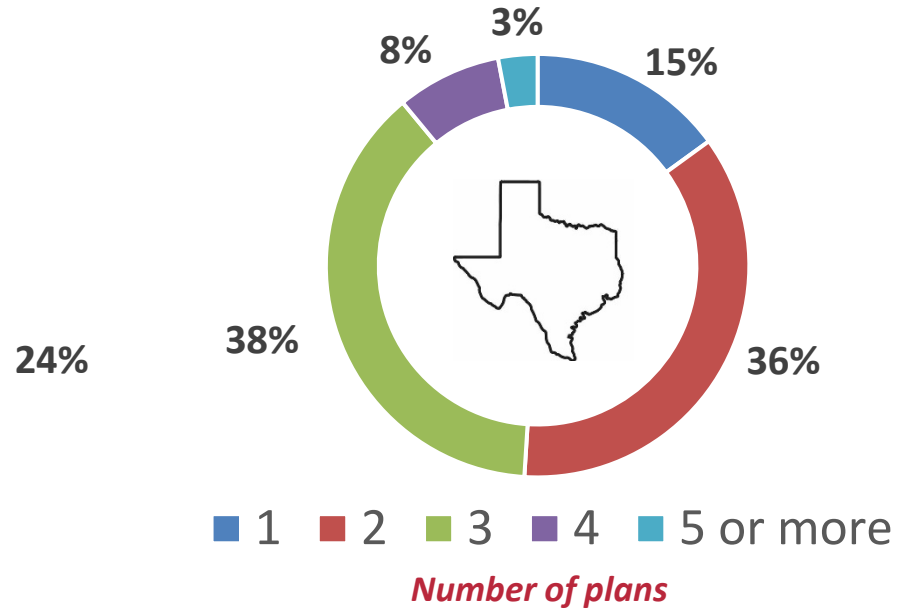
Medical Plans Offered by Carrier



Medical Plans Offered



■ 1 ■ 2 ■ 3 ■ 4
Number of plans



■ 1 ■ 2 ■ 3 ■ 4 ■ 5 or more
Number of plans

15%
Employers offering a 3rd plan increased since 2022

Medical Plans Offered

Plan Type	HBCH	Texas
PPO	87%	92%
EPO	12%	13%
CDHP	58%	62%
HMO	13%	18%
Narrow Network	8%	6%

70%
PPO plans still have
the highest enrollment

HMO plans have increased in
popularity in Texas, increasing by
43% since 2022

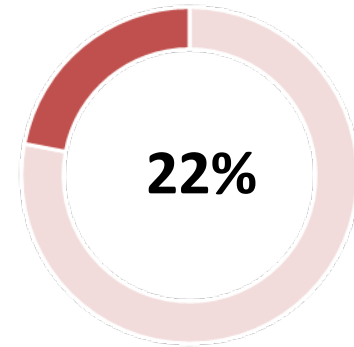
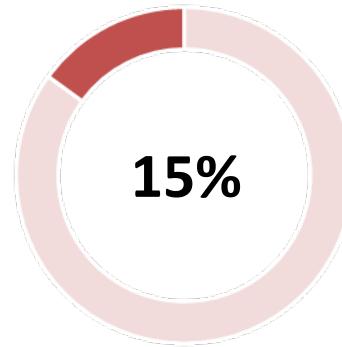
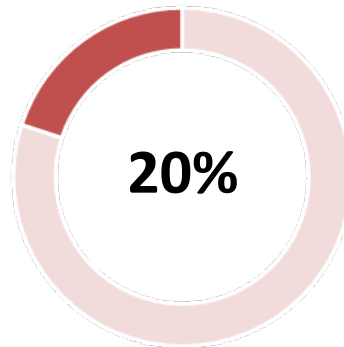
Employee Cost Share

PPO

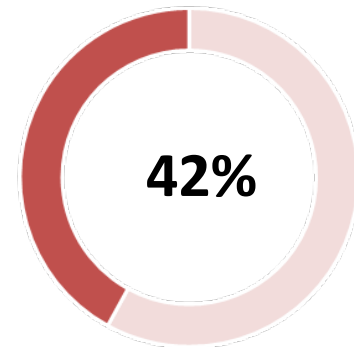
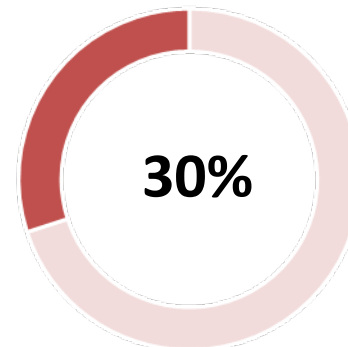
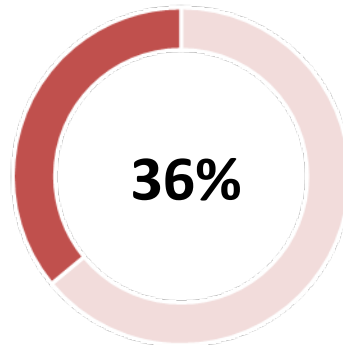
CDHP

HMO

Employee Only



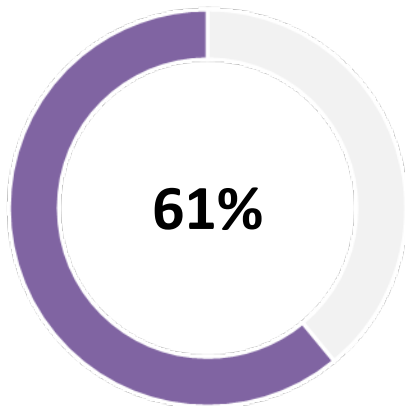
Employee + Family



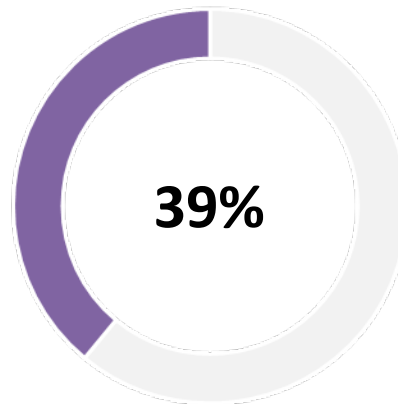
76% of respondents do not vary employee contributions through demographics or incentives

Employee Cost Share | Trends

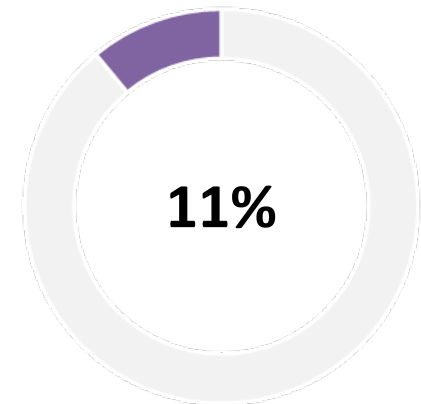
Increased Premiums



Raised Deductibles



Raised Copays



83% of respondents increased employee cost share in 2024

16% of respondents had wage increases over 5% from 2023 to 2024

Medical Plan Benchmarking

	PPO	CDHP	HMO
Deductible			
Individual/family	\$1,500 / \$4,000	\$3,000 / \$6,000	\$3,000 / \$6,000
Out-of-Pocket Max			
Individual/family	\$5,000 / \$10,200	\$5,000 / \$10,000	\$5,600 / \$12,000
Coinsurance	20%	20%	20%
Copayments			
PCP	\$30	-	\$25
Specialist	\$50	-	\$50
Urgent care	\$65	-	\$55
Emergency room	\$250	-	\$350

Note: based on median plan design values by plan type

Health Spending Accounts

Health Savings Account	Health Reimbursement Account	Flexible Spending Account
71% Offer a Health Savings Account (HSA)	20% Offer a Health Reimbursement Account (HRA)	80% Offer a Flexible Spending Account (FSA)
\$500 / \$1,000 (individual / family) Annual employer contribution	\$500 / \$1,000 (individual / family) Annual employer contribution	40% Offer a Limited Purpose Flexible Spending Account

HRAs allow for greater customization and increased steorage opportunities

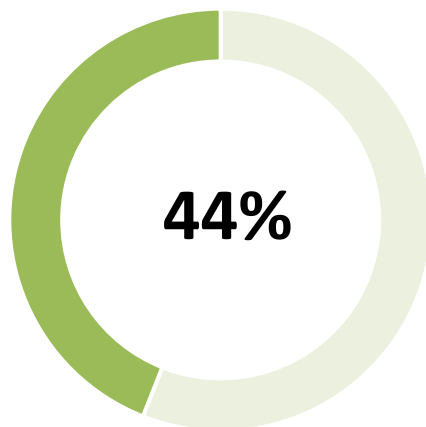
Pharmacy Plan Benchmarking

	PPO	CDHP
Pharmacy Deductible	None	Integrated
Copayments		
Generic	\$10	20%
Preferred brand	\$35	20%
Non-preferred brand	\$60	20%
Specialty	\$100	20%

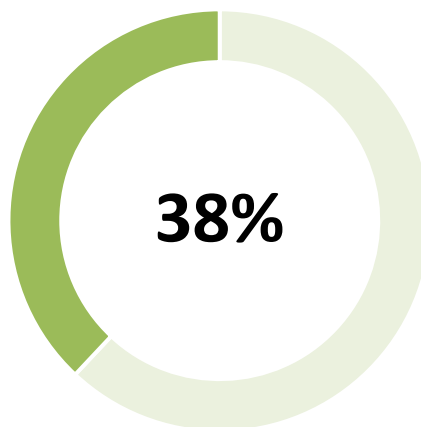
¹\$200 is the median pharmacy deductible of the 11% of employers in Texas that have one on their PPO plans

Pharmacy Plan Benchmarking

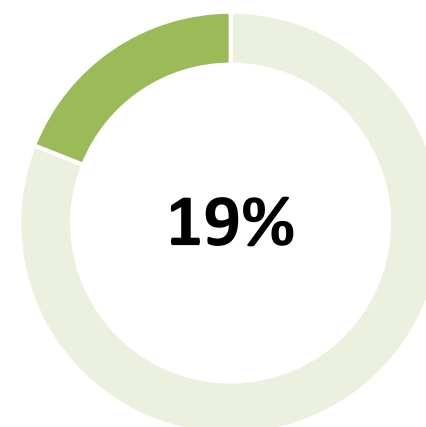
Carved-In with Medical Carrier



Direct Contract with PBM



Contract through Broker or Coalition



Pharmacy Benefit Manager (PBM) Distribution

Optum Rx[®]

38%

CVS caremark[®]

31%



EXPRESS SCRIPTS[®]

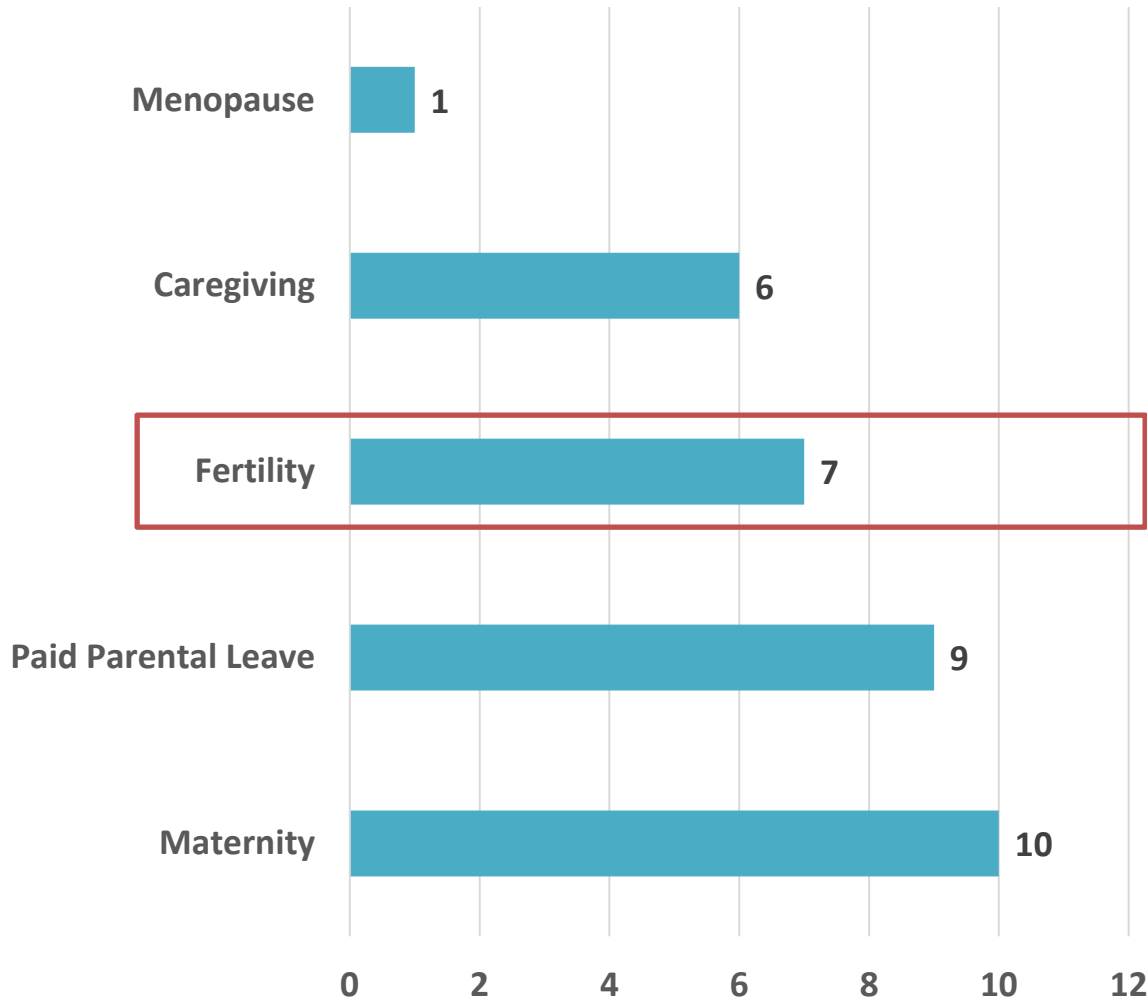
19%

Other

13%

Women's Health

Active Program Participation



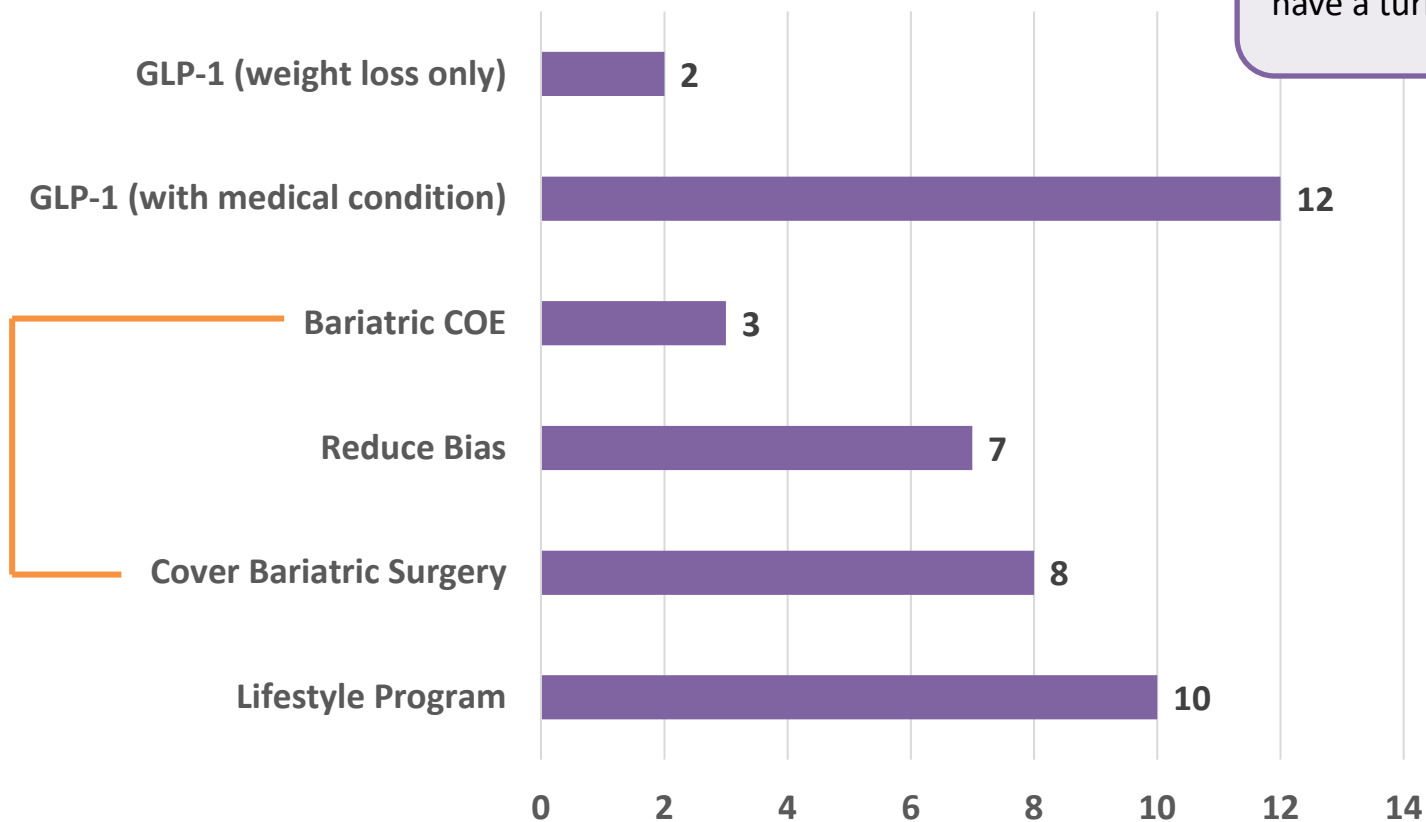
1 out of every 8 couples will be diagnosed with infertility

12% of the population will need to use reproductive services to have a child

62% of women say they will choose the job that offers fertility benefits when faced with multiple job offers

Obesity Management

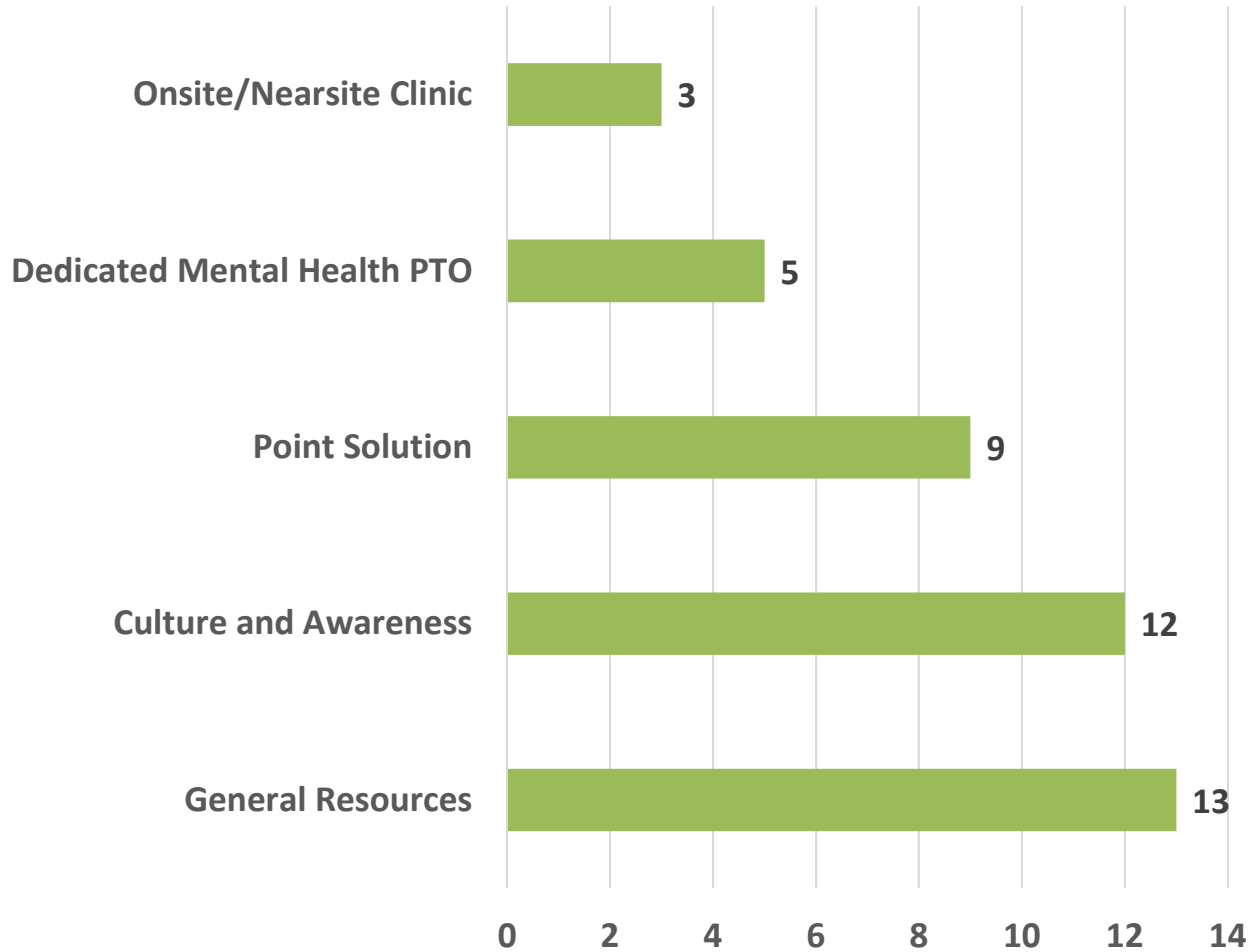
Active Program Participation



50% Offer of respondents have a turnover rate over 15%

Mental Health

Active Program Participation



1 in 5 employees

struggle with mental health issues each year

40% more likely

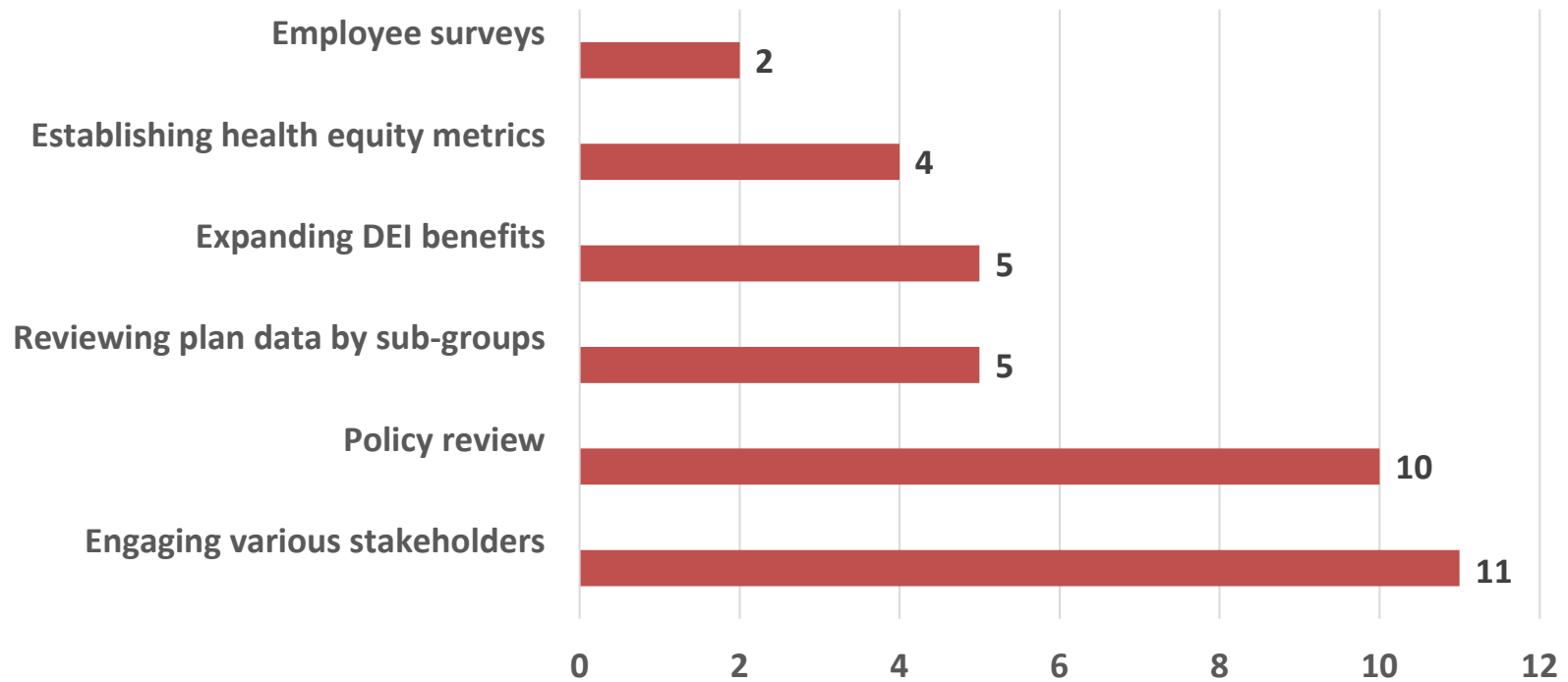
to leave their current job

88%

of health plan providers have limited appointment availability

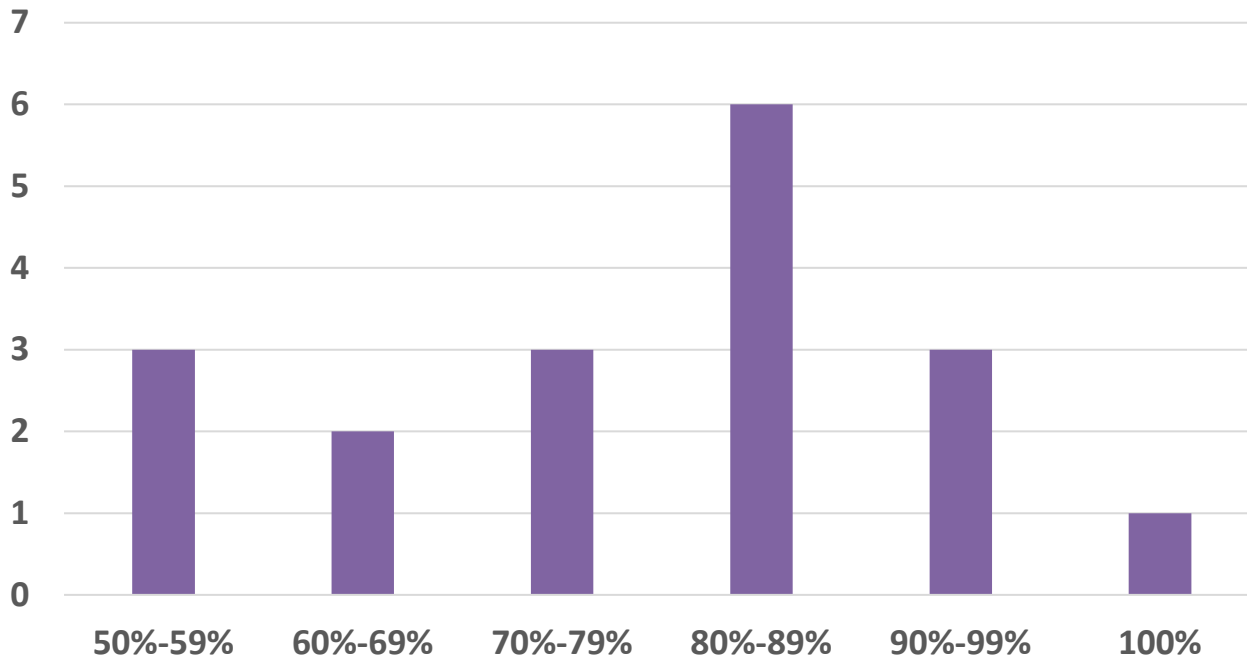
Health Equity

Active Program Participation



Medical Plan Eligibility

Medical Plan Participation



39%
Offer coverage at Date of Hire with 11% at FOM 60 days

15%
Offer coverage to retirees

30%
Offer medical coverage to part-time employees

3 Cost Mitigation Strategies

Top 5 Most Important Challenges

1

**High cost of
medical services**

2

**High cost of
specialty drugs**

3

**Lack of health
literacy to
make informed
decisions**

3

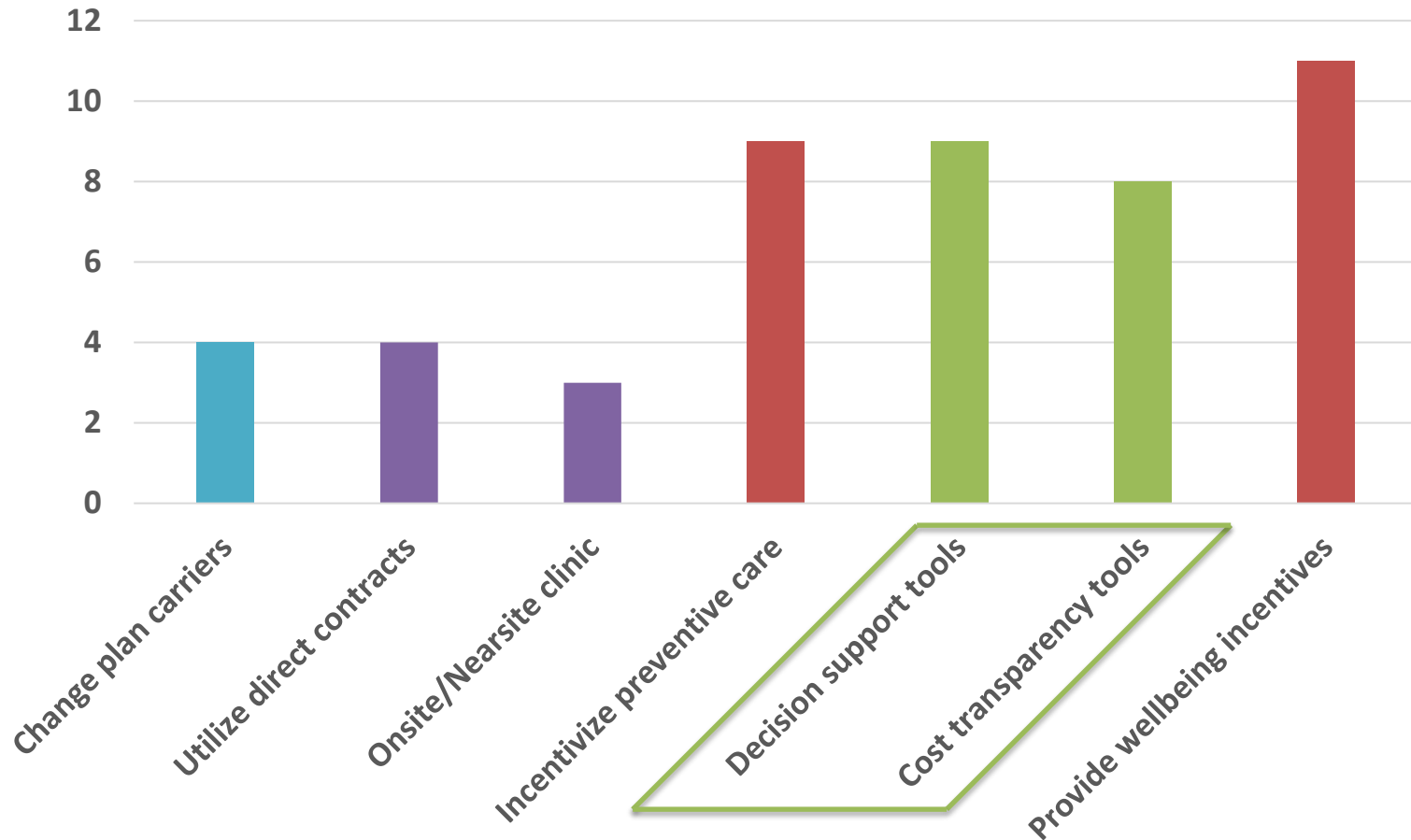
**Lack of
transparency
in hospital
prices**

3

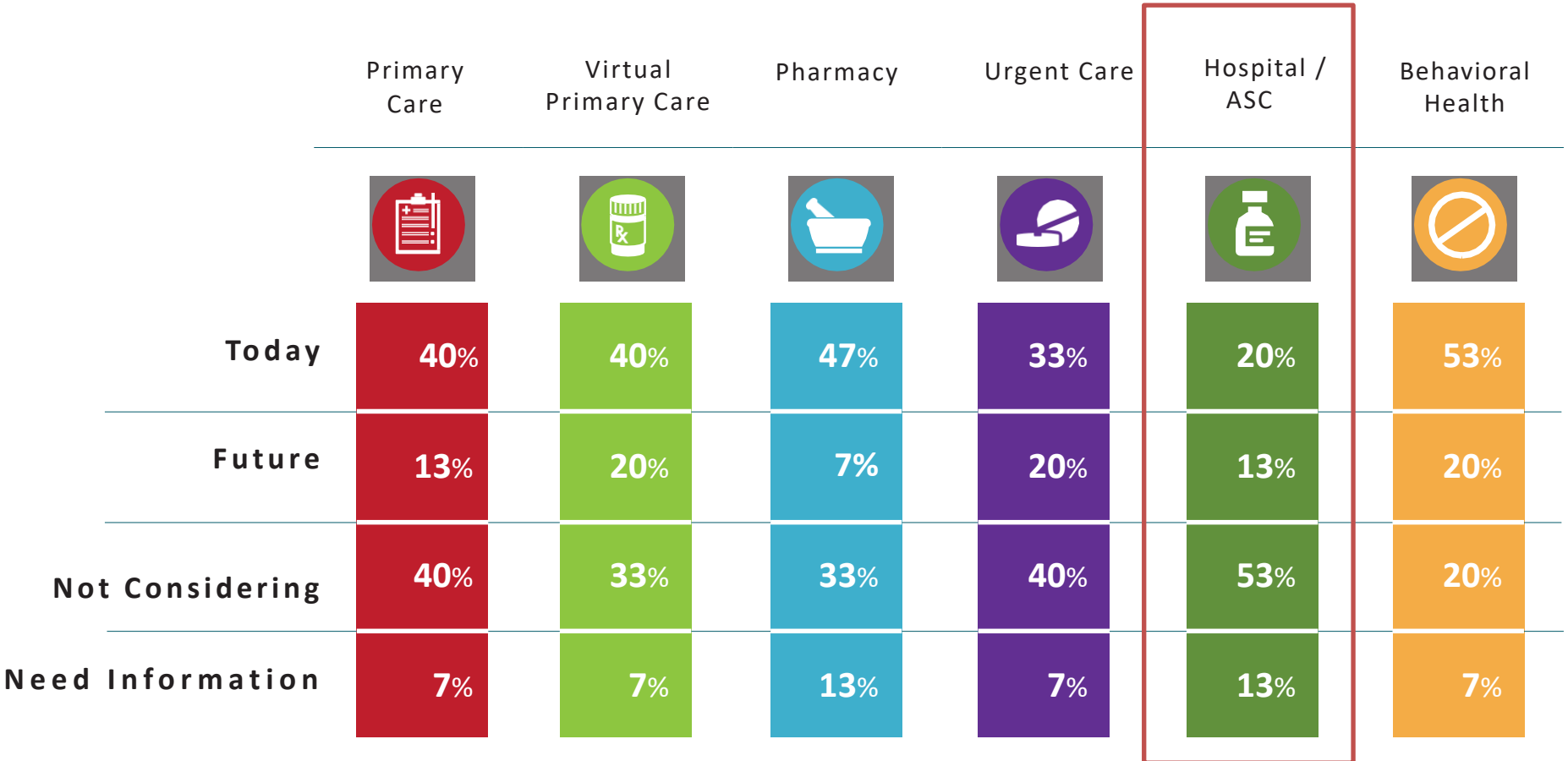
**High cost of
prescription
drugs
(non-specialty)**

Only 47% of survey respondents believe their organization effectively manages healthcare costs

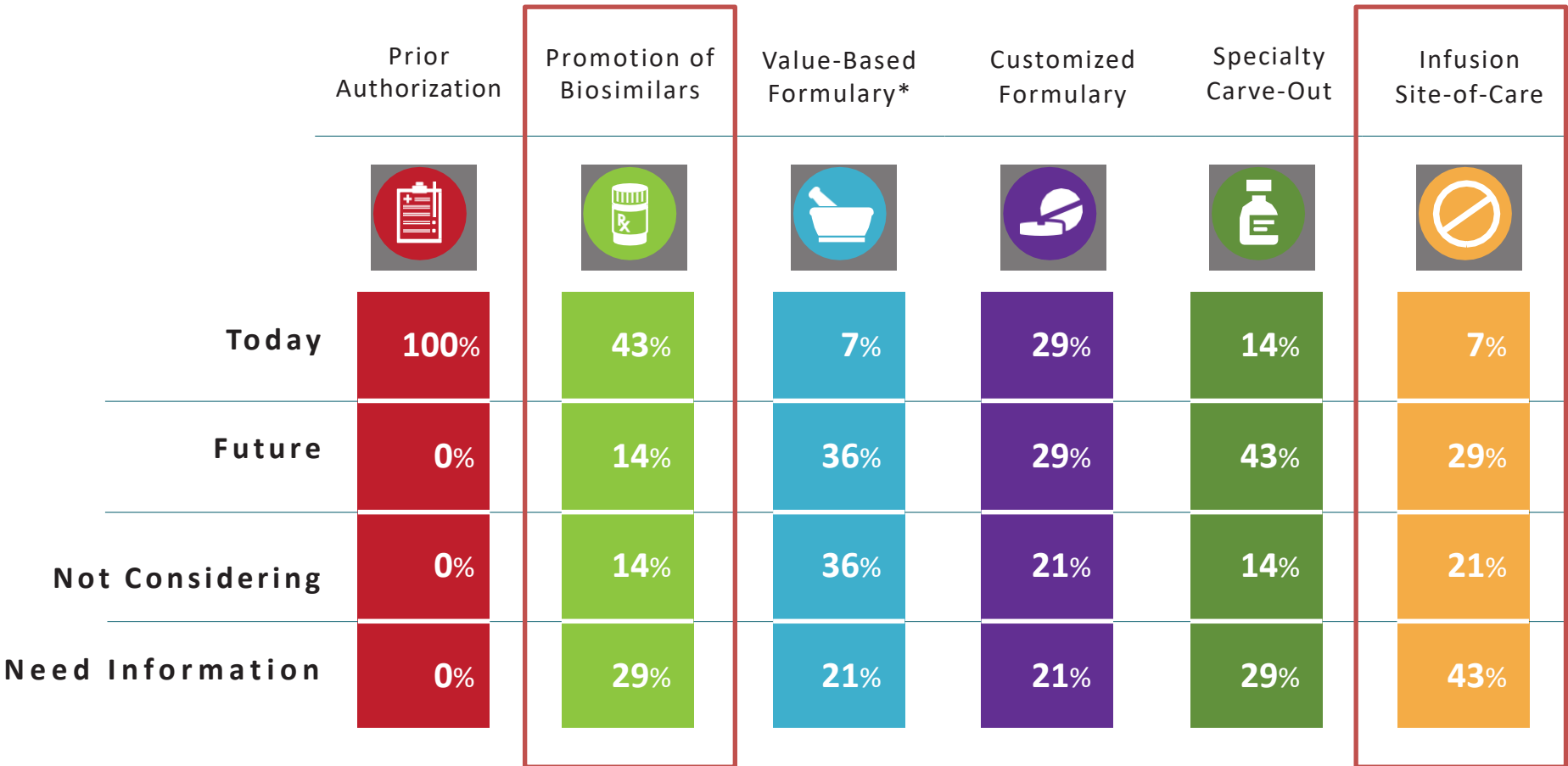
Top Healthcare Control Tactics



Direct Contracts



Pharmacy Clinical Programs

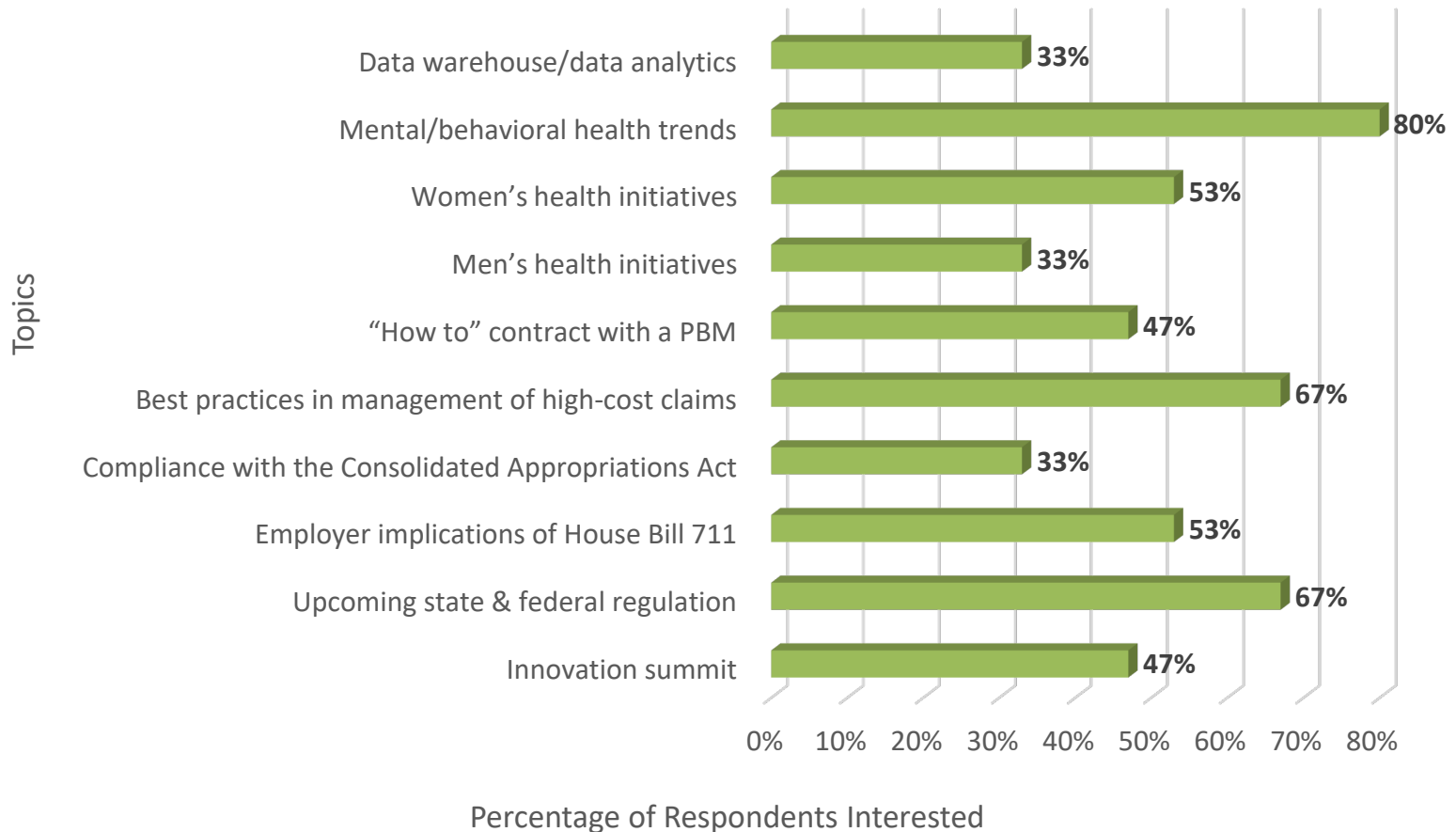


*In reference to the removal of rebates from the pharmacy contract

4 Employer Topics of Interest

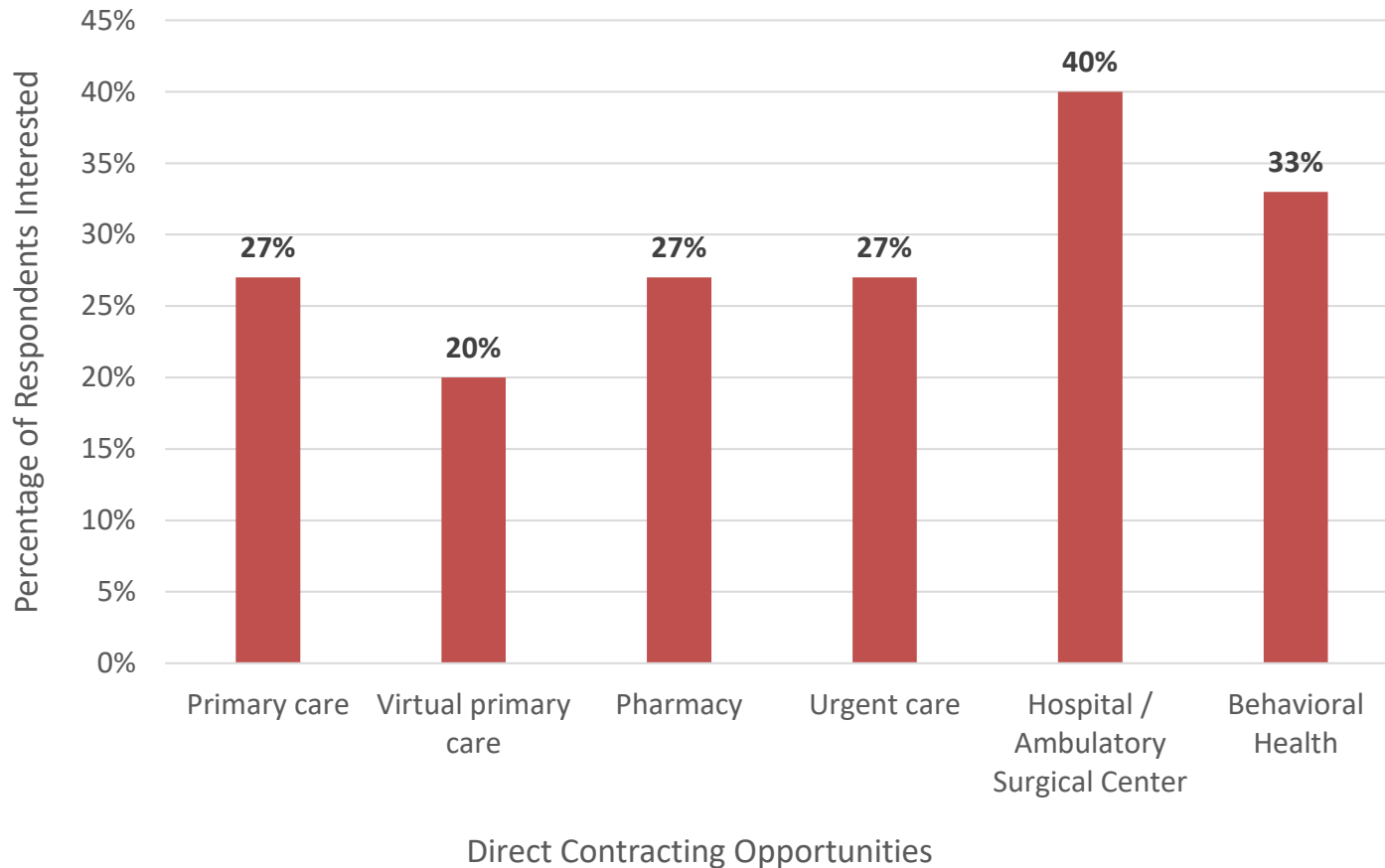
Employer Hot Topics

Employer Topics of Interest



Direct Contracting

Employer Interest in Direct Contracting Opportunities



Compliance

Employer Interest in Compliance Topics

