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*

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

Cindy Dempsey  
Director, Total Rewards  
*Genesco, Inc.*
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

Value Based Design

Health Equity

Today’s Focus

Source: National Alliance Pulse of the Purchaser Survey, Fall 2021
Strategic Benefit Design Can Incentivize Value

- Value-based design strategy
- 66% of employers considering or already doing

- Expanded pre-deductible coverage of chronic condition management
- 51% of employers considering or already doing

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

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

With a colon cancer screening
With a preventive care service
With a cervical cancer screening
With a breast cancer screening

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.

Equality

Equity
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

<table>
<thead>
<tr>
<th>PPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible (Single/Family)</td>
</tr>
<tr>
<td>Out of Pocket Max (Single/Family)</td>
</tr>
<tr>
<td>Medical Services</td>
</tr>
<tr>
<td>Preventive Care</td>
</tr>
<tr>
<td>PCP/Specialty</td>
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<tr>
<td>Urgent Care</td>
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<tr>
<td>Emergency Room</td>
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<tr>
<td>Hospital</td>
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<tr>
<td>Pharmacy Services</td>
</tr>
<tr>
<td>Generic (Retail/Mail)</td>
</tr>
<tr>
<td>Brand (Retail/Mail)</td>
</tr>
<tr>
<td>Non(Retail/Mail)</td>
</tr>
<tr>
<td>Specialty</td>
</tr>
<tr>
<td>Monthly Premiums</td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>EE + Spouse</td>
</tr>
<tr>
<td>EE + Children</td>
</tr>
<tr>
<td>Family</td>
</tr>
</tbody>
</table>
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%
<table>
<thead>
<tr>
<th>The Redesign Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Choice</strong></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
</tr>
<tr>
<td><strong>Company Cost</strong></td>
</tr>
<tr>
<td><strong>Employee Cost</strong></td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
</tbody>
</table>
### The Redesign – Lower Income, Low Utilizers

**Key components:**
- Low premium
- Higher deductible
- Lots of copays

<table>
<thead>
<tr>
<th>ESSENTIAL PPO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible (Single/Family)</td>
<td>$4,500 / $9,000</td>
</tr>
<tr>
<td>Out of Pocket Max (Single/Family)</td>
<td>$7,900 / $15,800</td>
</tr>
</tbody>
</table>

#### Medical Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Coverage/Max Pay</th>
<th>Copay</th>
<th>Max Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventive Care</td>
<td>Fully Covered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCP/Specialty</td>
<td>$30 / $50 Copay</td>
<td>$30</td>
<td></td>
</tr>
<tr>
<td>Urgent Care</td>
<td>$30 Copay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Room</td>
<td>30% after deductible</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>30% after deductible</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Pharmacy Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Coverage/Max Pay</th>
<th>Copay</th>
<th>Max Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic (Retail/Mail)</td>
<td>$10 / $25 Copay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand (Retail/Mail)</td>
<td>30%, ($100 / $250 Max)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non(Retail/Mail)</td>
<td>40%, ($150 / $375 Max)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialty</td>
<td>30%, No deductible</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Monthly Premiums

<table>
<thead>
<tr>
<th>Plan</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$80</td>
</tr>
<tr>
<td>EE + Spouse</td>
<td>$199</td>
</tr>
<tr>
<td>EE + Children</td>
<td>$179</td>
</tr>
<tr>
<td>Family</td>
<td>$259</td>
</tr>
</tbody>
</table>
The Redesign – Higher Income, High Value

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

<table>
<thead>
<tr>
<th>ADVANTAGE HSA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible (Single/Family)</td>
<td>$1,500 / $3,000</td>
</tr>
<tr>
<td>Out of Pocket Max (Single/Family)</td>
<td>3,000 / $6,000</td>
</tr>
</tbody>
</table>

### 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

### Pharmacy Services
- Generic (Retail/Mail): 10% After Deductible
- Brand (Retail/Mail): 10% After Deductible
- Non (Retail/Mail): 10% After Deductible
- Specialty: 10% After Deductible

### Monthly Premiums
- Single: $163
- EE + Spouse: $408
- EE + Children: $367
- Family: $531
The Redesign – Mid Value Plan

<table>
<thead>
<tr>
<th>PROTECT PPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible (Single/Family)</td>
</tr>
<tr>
<td>Out of Pocket Max (Single/Family)</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Healthy</th>
<th>Stable</th>
<th>At Risk</th>
<th>Struggling</th>
<th>In Crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,703 Members</td>
<td>737 Members</td>
<td>529 Members</td>
<td>404 Members</td>
<td>65 Members</td>
</tr>
<tr>
<td>50% ▼-17%</td>
<td>21% ▲15%</td>
<td>15% ▲2%</td>
<td>12% ▲6%</td>
<td>2% ▼-14%</td>
</tr>
</tbody>
</table>

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
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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>HDHP/HRA</th>
<th>HSA-Qualified HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>2007</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>2008</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>2009</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>2010</td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>2011</td>
<td>13%*</td>
<td>87%</td>
</tr>
<tr>
<td>2012</td>
<td>17%*</td>
<td>83%</td>
</tr>
<tr>
<td>2013</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>2014</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>2015</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>2016</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>2017</td>
<td>28%</td>
<td>72%</td>
</tr>
<tr>
<td>2018</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>2019</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>2020</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>2021</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>

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

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

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.

National Alliance Brief has Action Steps for Better Value, Smarter Deductibles in HSA-HDHPs
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%
THANK YOU!
Be sure to join us on Feb. 15th!

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