



Benfield

ARTHUR J. GALLAGHER & CO.

Employer Strategies to Improve Health and Healthcare Value

SUMMARY OF KEY FINDINGS

© October 2015

Thank You!

You are receiving this summary because you participated in our survey on Employer Strategies to Improve Health and Healthcare Value. Employers are believed to be a key stakeholder and influencer on population health and the healthcare market. Your input helps us capture the employer mindset and your priorities, and understand the initiatives you're pursuing to improve the health of your employees and your surrounding communities.

We hope you find this report valuable. Don't hesitate to contact us with your questions and comments.

Thank You,

The Benfield-Gallagher Team

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 - Approaches to Managing Employee Health
 - Employer Perspectives and Strategies: Healthcare Value (HCV)
 - Employer Perspectives and Strategies: Community Health (CH)
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Research Objectives

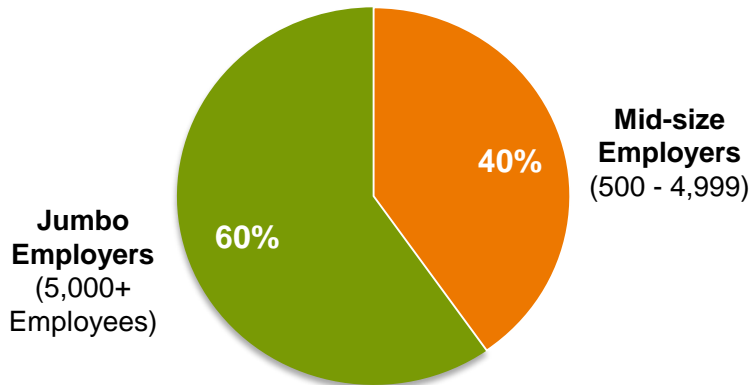
- › Assess the status and trends related to employers' health management strategies
- › Understand employer awareness of/participation in national and regional/local initiatives focused on improving health and healthcare value
- › Gauge employer interest in:
 - Learning more about initiatives, strategies, tactics and tools to help drive market-level healthcare value improvement
 - Becoming trained to drive collaborative action at the market level
 - Identifying peers who are interested and involved in market-level healthcare value improvement initiatives

Employer Research Panel

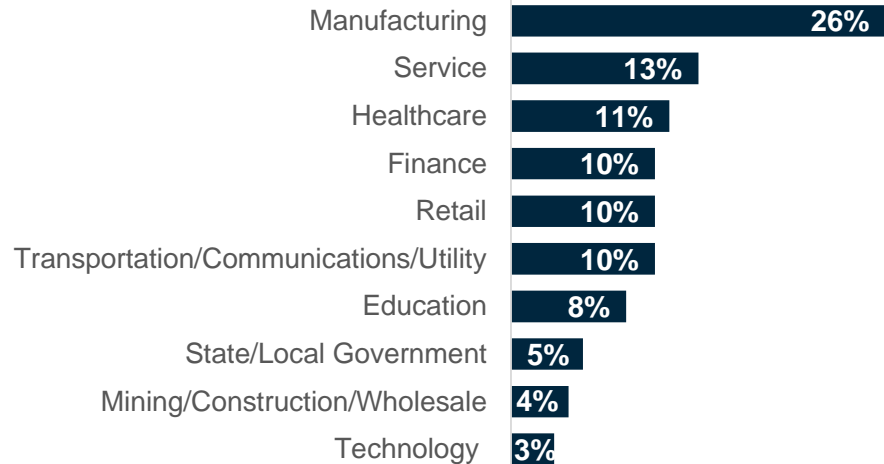
205 COMPLETED SURVEYS • 11 INTERVIEWS

Employer Participant Size

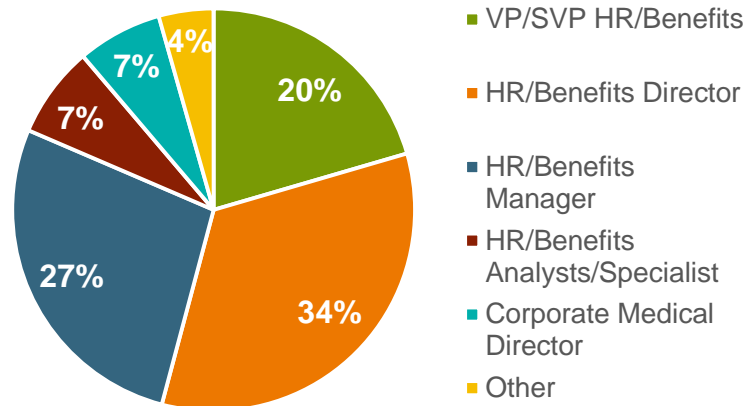
Number of U.S. Employees



Industries Represented



Organizational Role of Respondents



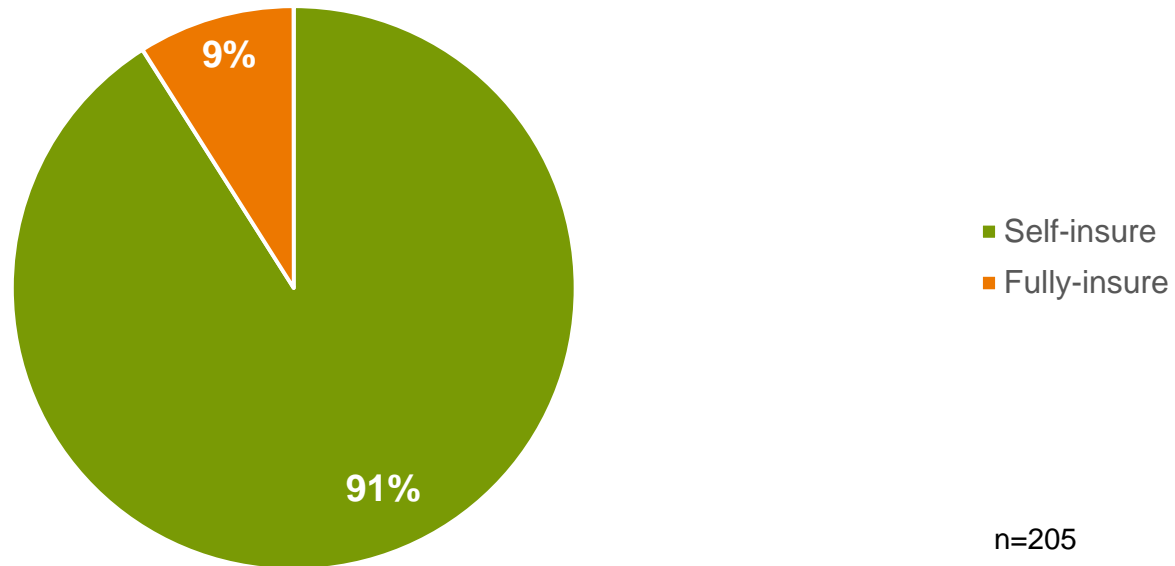
n=205 Employers

APPROACHES TO MANAGING EMPLOYEE HEALTH

Health Plan Funding

Most (91%) employer respondents self-insure their health plans

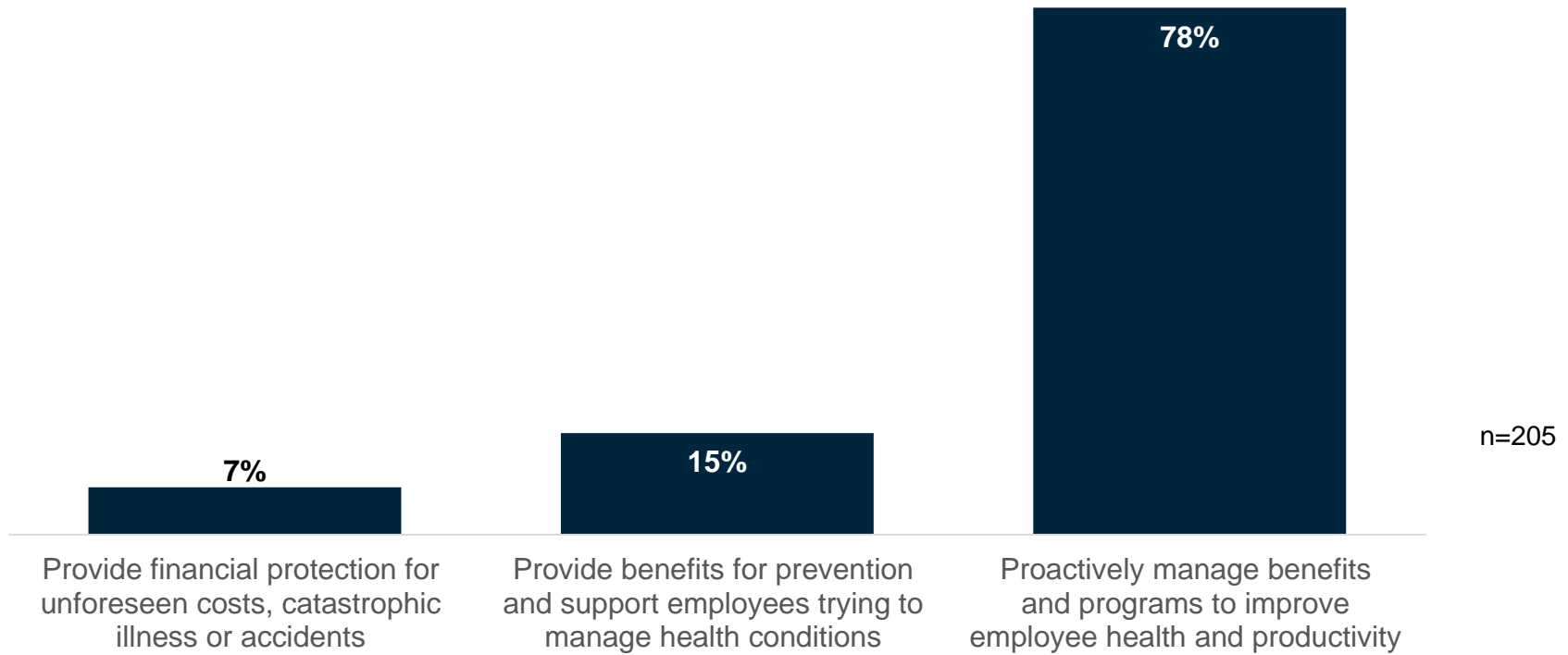
Approach to Funding for Active Employee Health Plans



Health Management Philosophy

A majority of employers hold a core philosophy of proactively managing employee benefits, with the goal of improving health and productivity

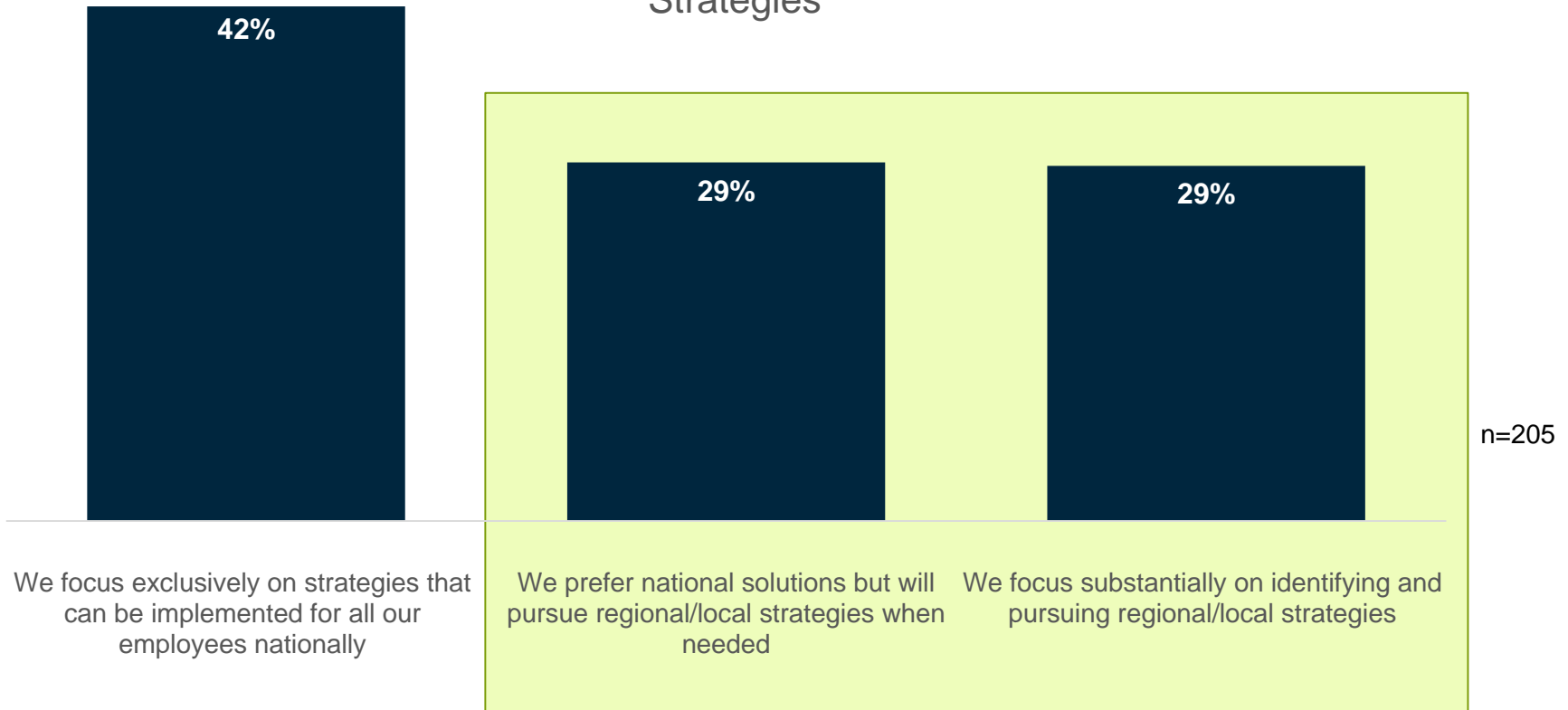
Philosophy for Managing Employee Health



National vs. Regional Health Management Strategies

Most employers prefer national strategies, but a majority are engaged in regional/local strategies either occasionally or primarily

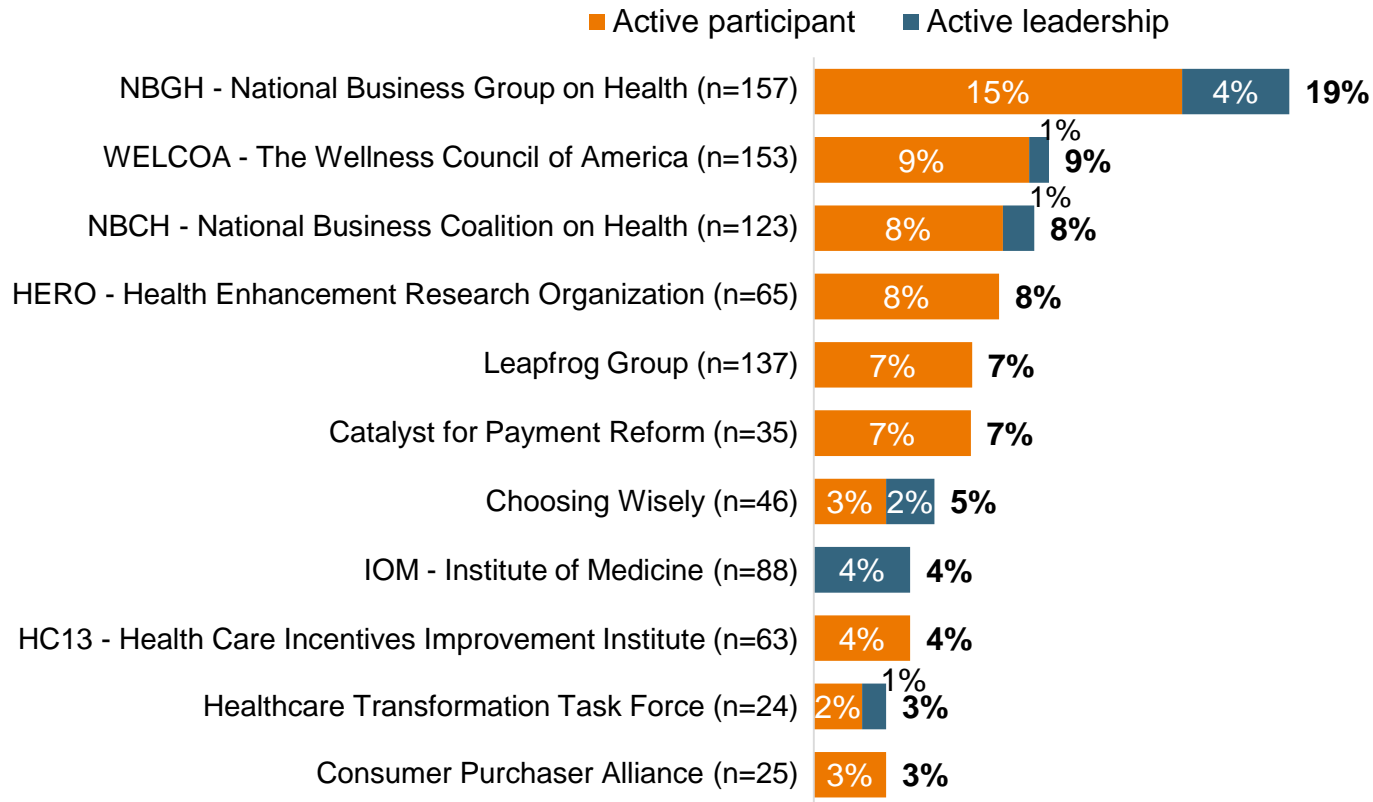
Employer's Preference for National vs. Regional/Local Management Strategies



Employer Involvement on the National Stage

Employers have limited involvement in national health organizations and initiatives

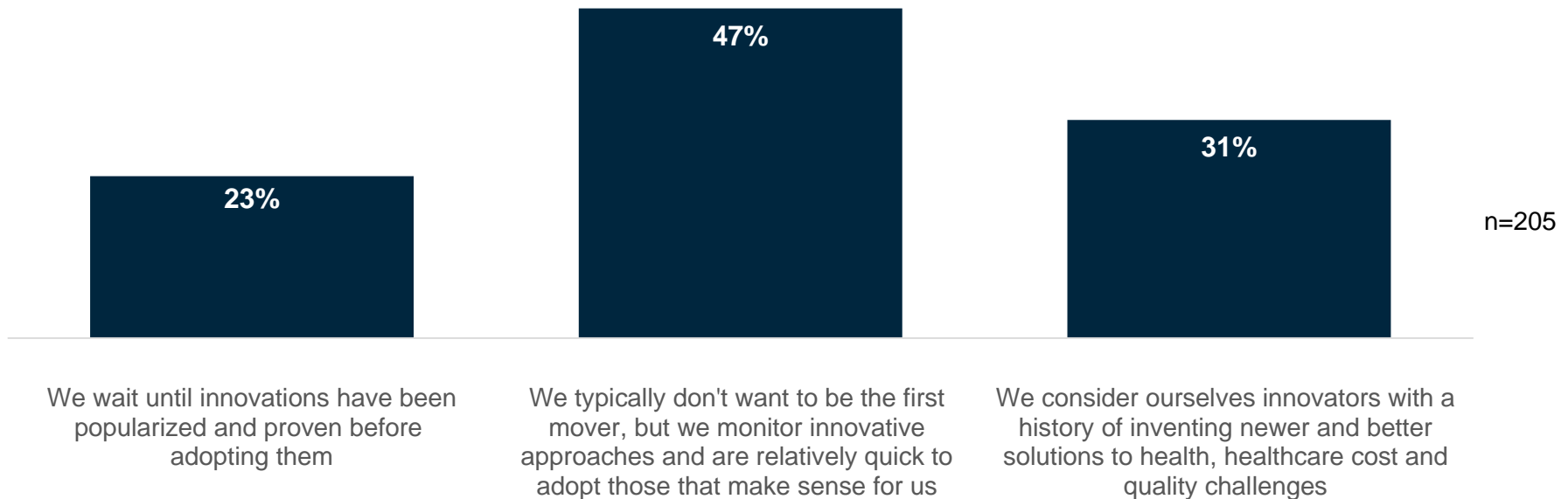
Employer's Level of Involvement with Organizations/Initiatives



Adoption of Innovative Approaches

About a third of employers view themselves to be innovators, while nearly half consider themselves fast followers in adopting innovative health management approaches

Employer's Approach to Innovations in Managing Employee Health and Healthcare Value

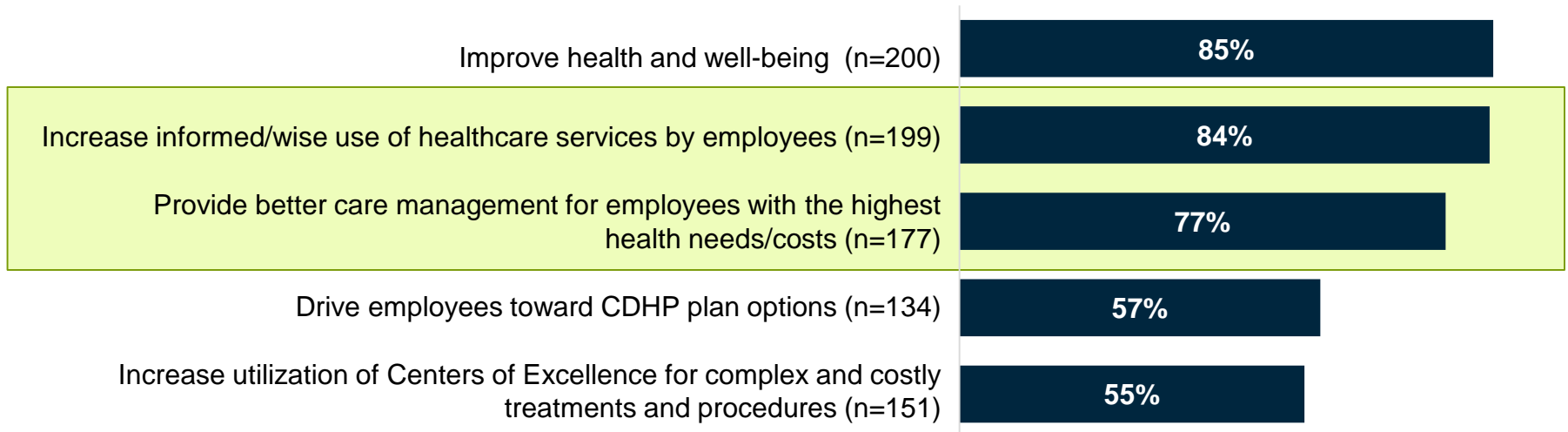


EMPLOYER PERSPECTIVES AND STRATEGIES: HEALTHCARE VALUE (HCV)

Improving Value in Health Management

Some HCV-related initiatives are among the most critical to employers in terms of improving value, while others are lower priority

Most Critical Objectives for Improving Value in Health Management Strategy
(percentage selecting as one of top five among objectives currently in place or planned)

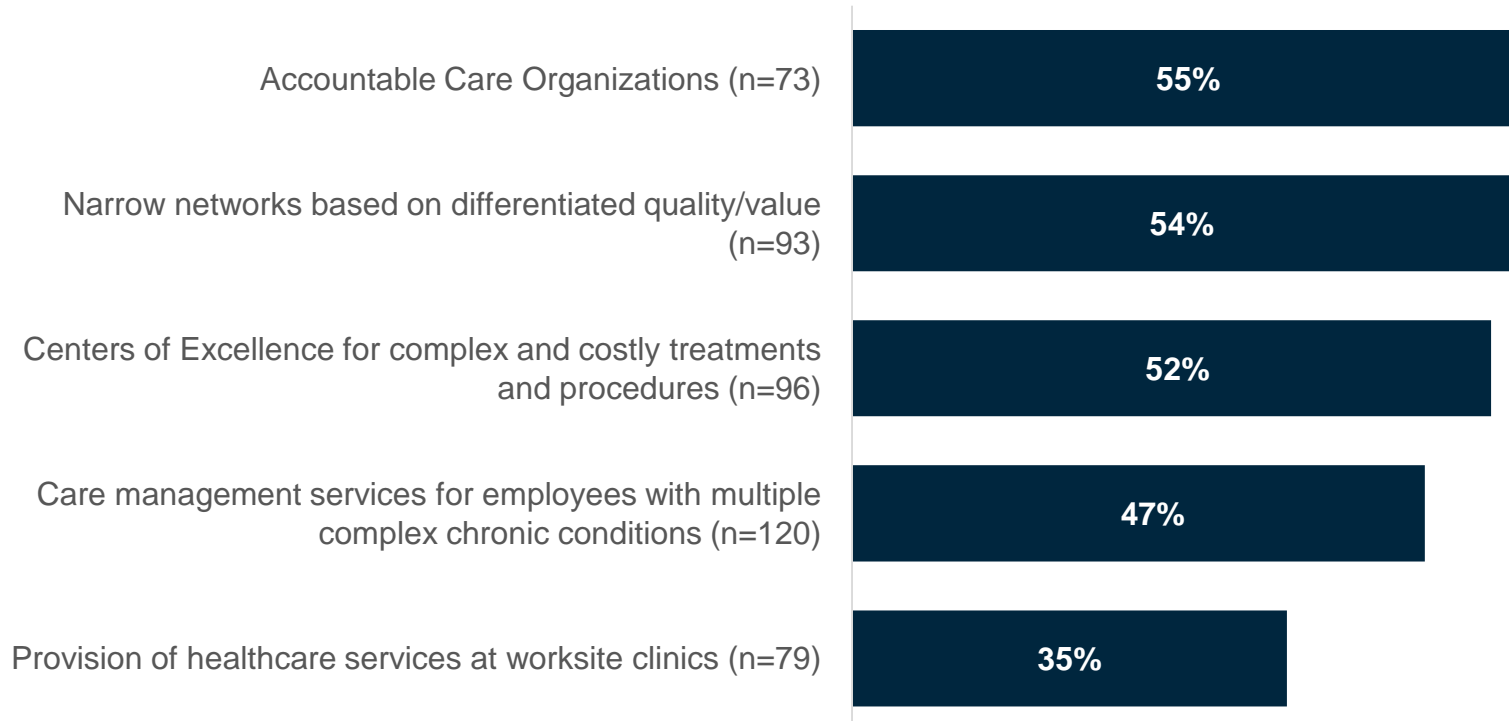


Few employers rank use of narrow networks, patient-centered medical homes or ACOs as a top-5 most critical objective for improving value.

Performance-Based Payment Models

Current/planned shared savings or pay-for-performance payment models are most common in arrangements with ACOs, narrow networks and COEs

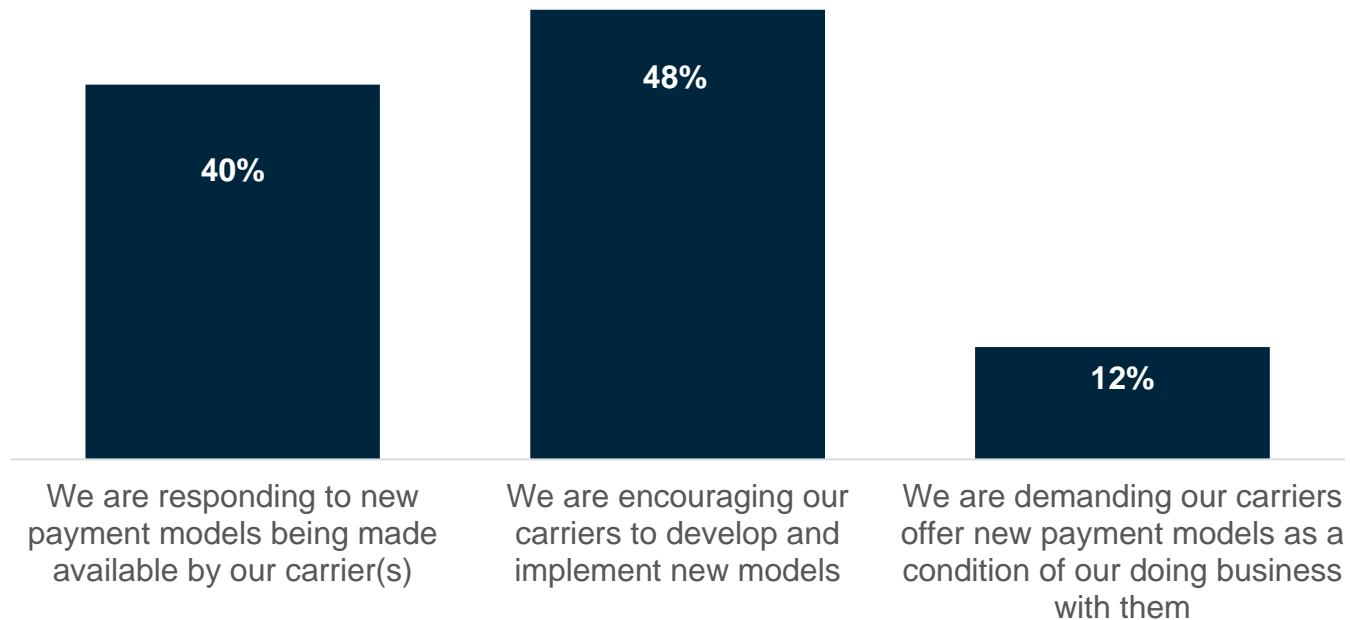
Healthcare Provider Contracts with Shared Savings or Pay-for-Performance Provisions
(have or will have provisions for payment adjustments by 2018)



Driving Use of New Payment Models

A majority of the employers focused on new payment models are playing an active role in driving them; About 60% are either encouraging or demanding their carriers/TPAs to develop and implement new payment models

Employers' Actions Regarding New Payment Models
(among employers currently "driving transition away from fee-for-service models")

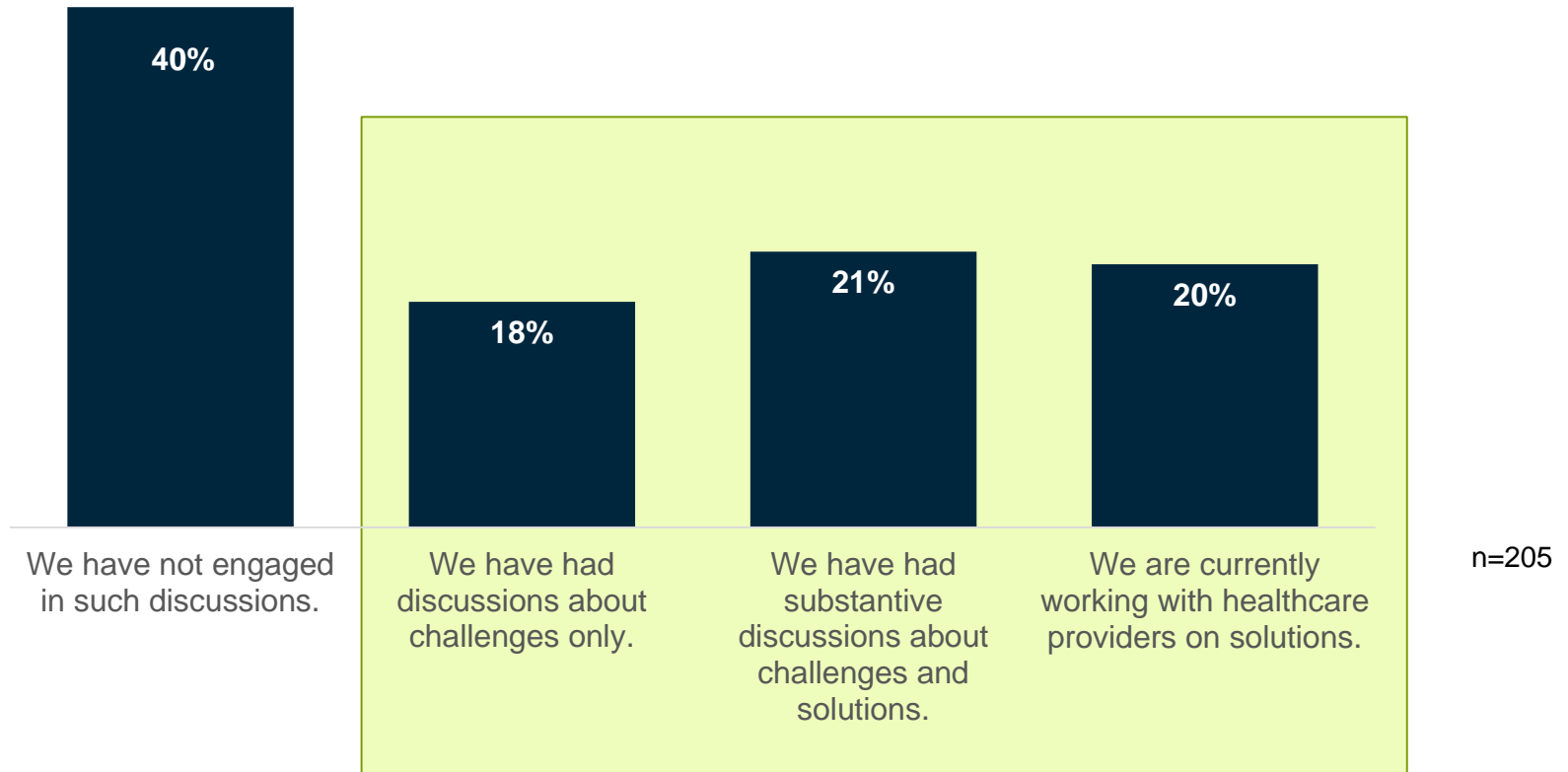


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Employer Engagement with Healthcare Providers

A majority of employers are engaging directly with healthcare providers; about 40% have had substantive discussions about solutions, and half of those are currently working with providers on solutions

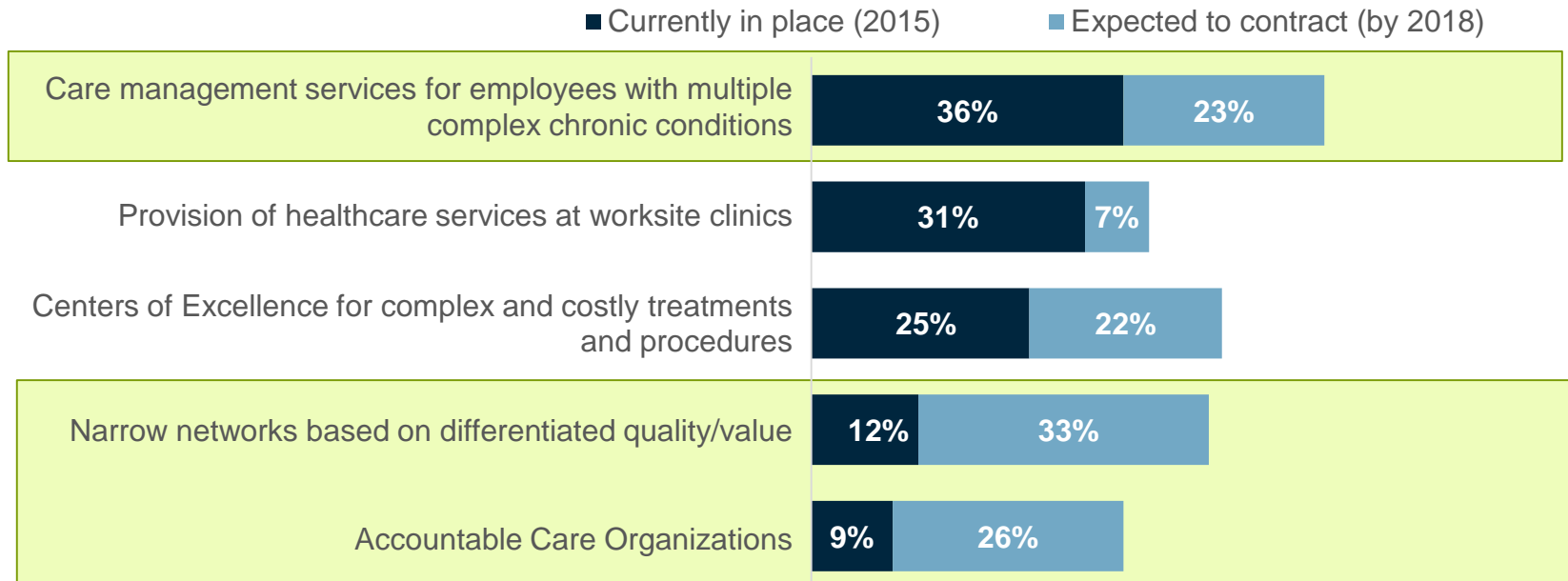
Engagement in Discussions with Healthcare Providers
About Local Healthcare Cost and Quality Issues



Employer Contracting with Healthcare Providers

Employers increasingly expect to contract with providers for selected services: care management services is the most common choice currently, but many expect significant expansion of contracting for narrow networks and ACOs by 2018

Services for Which Employer Contracts with Healthcare Provider
(directly or through an alternative intermediary—not through their carrier/TPA)

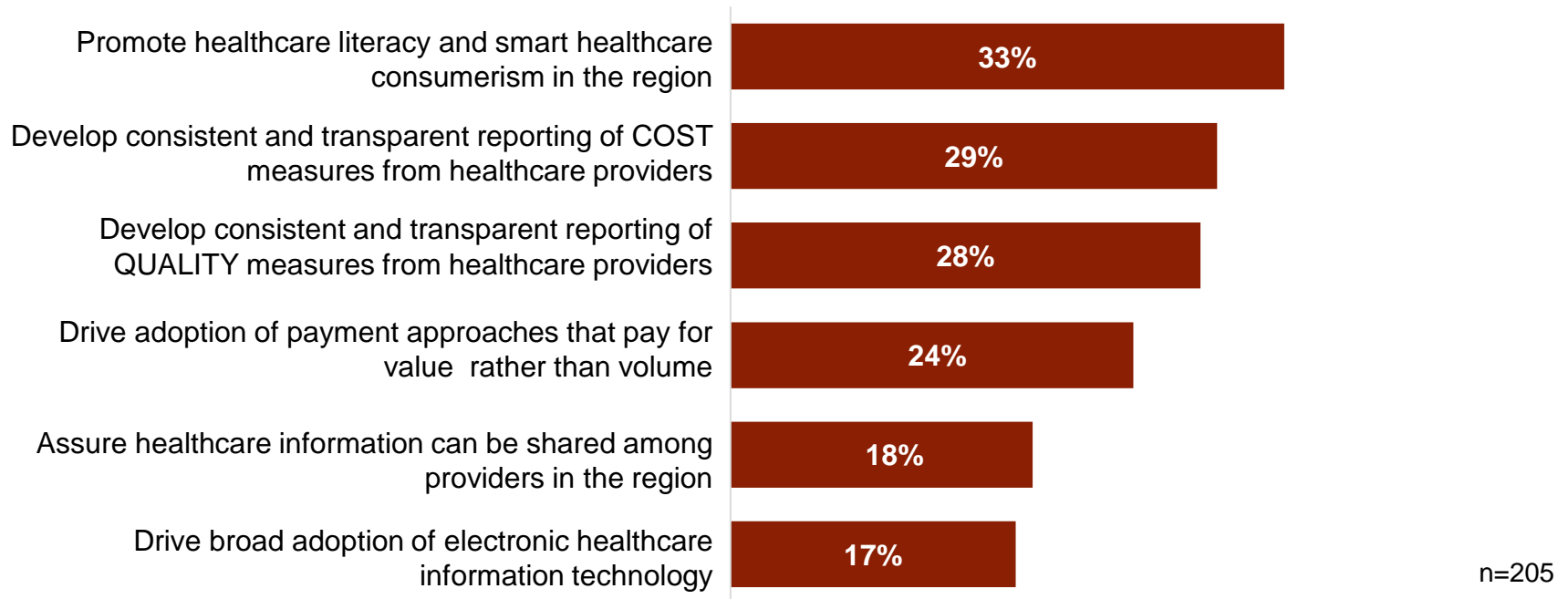


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Employer Involvement in Local HCV Initiatives

At best, only 1/3 of employers are active participants or leaders (in at least one location) for any one type of HCV initiative

Involvement in Initiatives in Any Key Workforce Location: *Active Participant or Leader*



Not shown: Don't know, No engagement, Supportive responses

EMPLOYER PERSPECTIVES AND STRATEGIES: COMMUNITY HEALTH (CH)

Employer Approach to Engaging in CH Initiatives

Nearly 60% of employers leave the decision to engage in CH up to local management, while about 40% either actively select initiatives or set expectations for participation

Employer's Approach Toward Involvement in Community Health and Well-Being Improvement Initiatives
(among those supportive/active in at least one health issue)

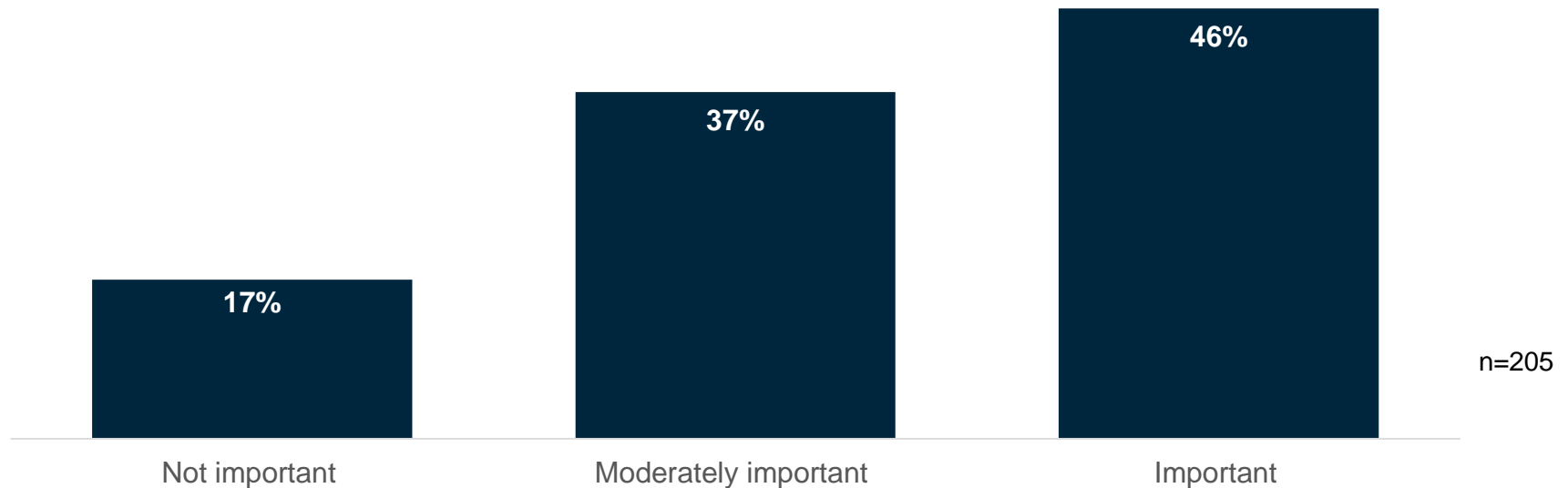


*Other includes: Actively involved in local community in partnership with the Department of Health, both local/county and state level, Involvement is left up to the employees, None, We do not promote leadership involvement in community health and well being initiatives, We have dedicated units for community programs

Importance of CH to Employers

Most employers (over 80%) believe community health is at least moderately important relative to the health of their employee population

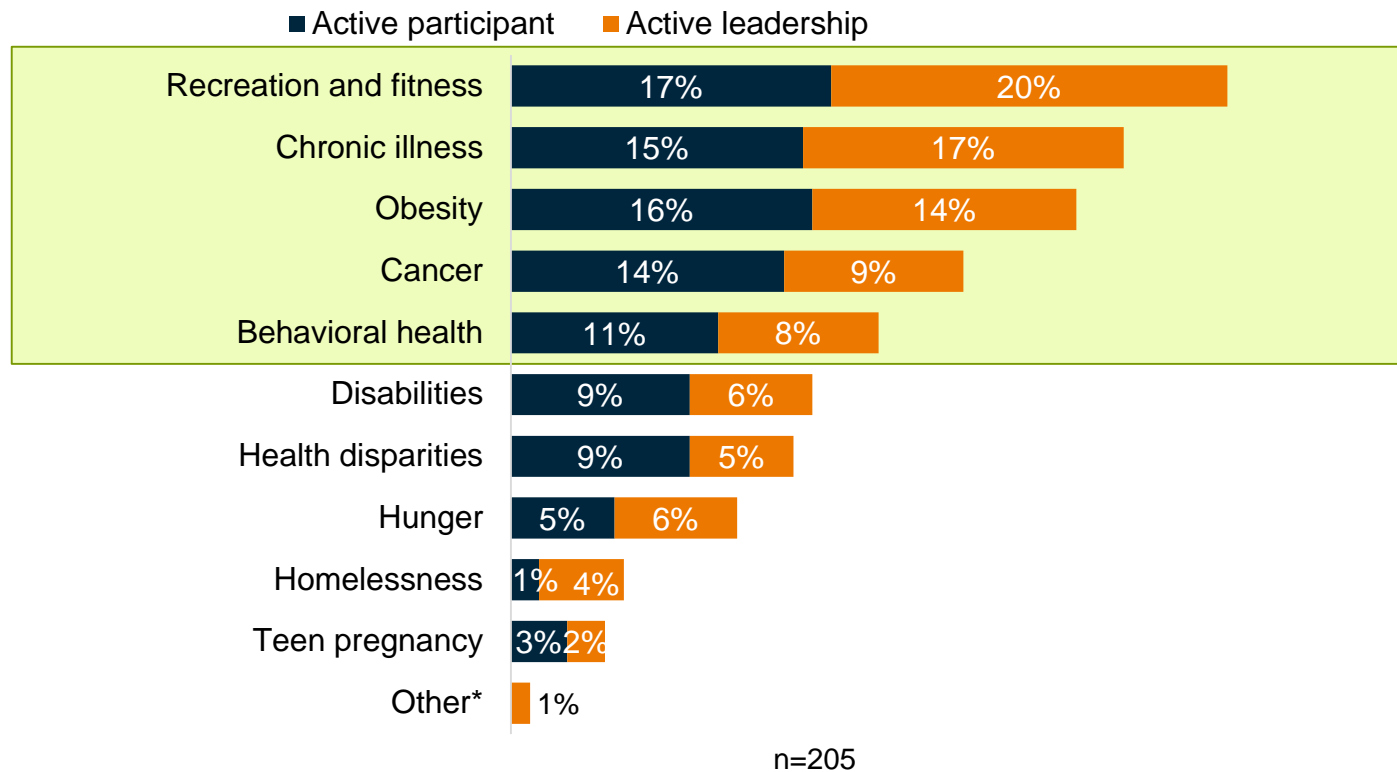
Importance of Health and Well-Being of the Overall Population
Relative to Employer's Goals and Interests



Employer Involvement in CH Initiatives

A moderate share of employers (19% to 37%) are active participants or leaders for the most popular types of initiatives

Employer Involvement in Community Health Initiatives



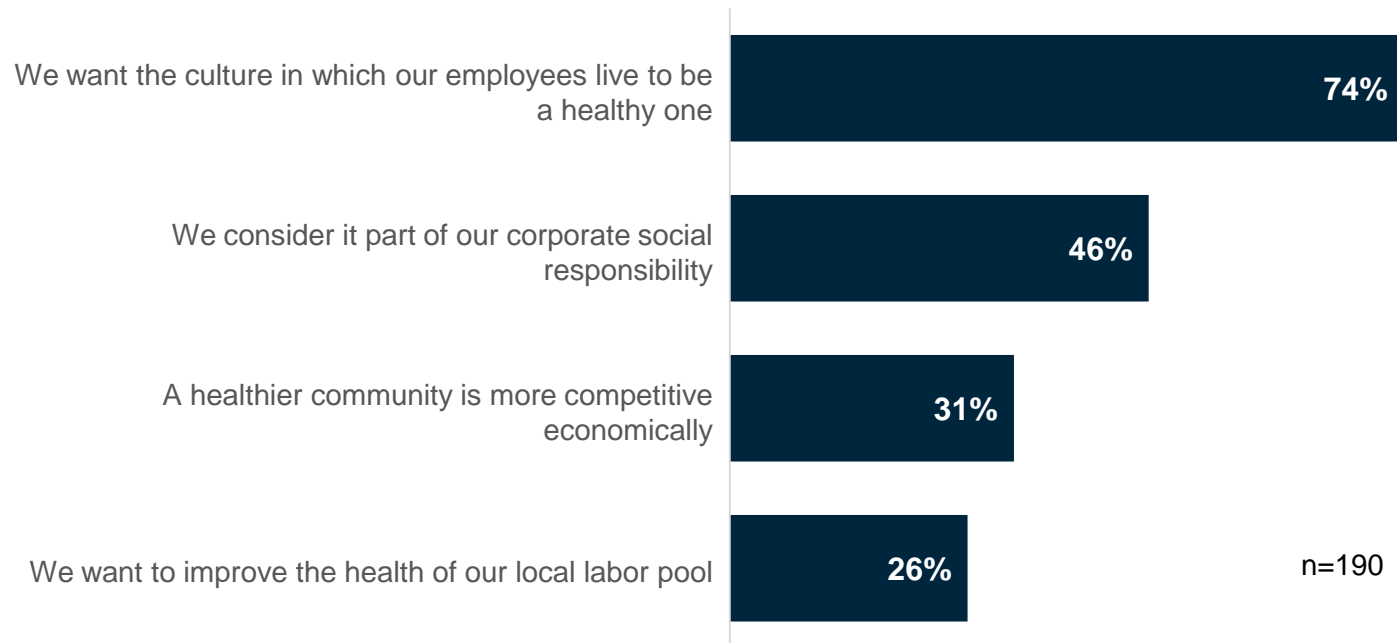
*Other includes: Employee wellness, National Obesity Initiative, healthy campus initiative, student wellness

Not shown: Don't know, No engagement, Supportive responses

Employer Reasons for Engaging in CH

Active employers engage in CH initiatives to promote a healthy environment for their employees. Corporate social responsibility is another important driver of participation, and some interviewees also identified the positive impact on corporate branding that attracts desirable employees

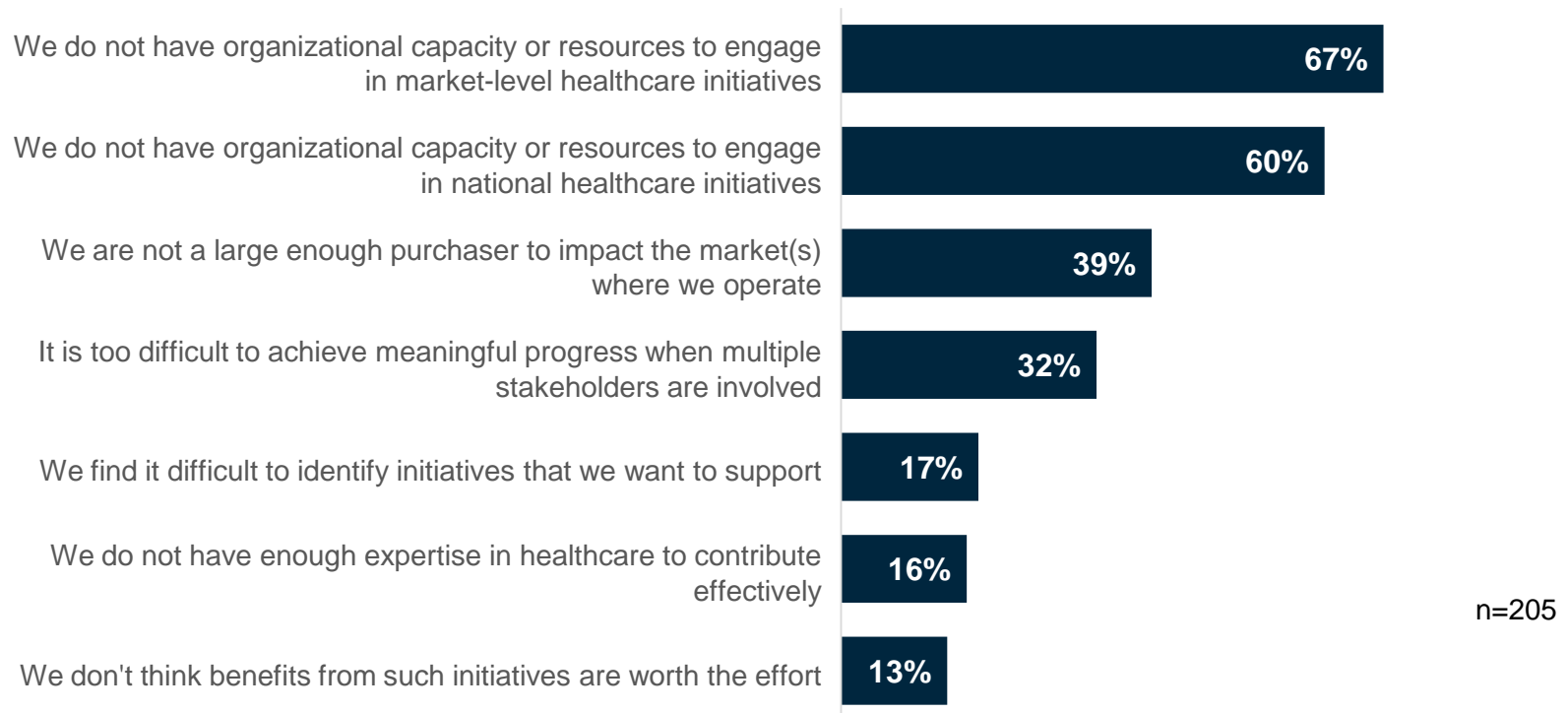
Reasons Employers are Interested in Investing in Efforts to Improve Community Health and Well-being *(among those supportive/active in at least one health issue)*



Barriers to Employer Engagement

Most employers believe that the main barrier to engagement in HCV and CH is organizational capacity or resources—not a lack of expertise or importance. Many employers (especially mid-size) also believe that they are not large enough to exert market influence

Challenges to Participating in National or Market-Level Initiatives (employers were asked to select up to 3 factors)



RESEARCH CONCLUSIONS

Research Conclusions

- › There is a reasonably strong foundation of employer interest and engagement in HCV and CH
 - › More than 2 out of 5 employers are already active in either HCV initiatives (44%) or CH initiatives (41%)—and most of these are active in both kinds of initiatives
 - › Most employers have a preference for national initiatives, but many are willing to engage in regional/local markets where they have a substantial presence
 - › Most employers believe that it is moderately-to-very important for employers to engage in HCV initiatives and CH initiatives
- › Employers are increasingly adopting health management approaches that align with HCV, including value-based purchasing strategies and direct engagement with healthcare providers

Research Conclusions (cont.)

- › Employers tend to engage in regional/local CH initiatives that address health conditions impacting their employee populations
- › Most employers are not aware of national employer health initiatives beyond a few large membership organizations, and active participation is limited to a small share of employers
- › Employers face barriers to market-level engagement—chiefly the perception that they lack the organizational capacity/resources—but employers with strong, “disruptive” leaders have overcome these barriers

Thank You!

We value your insights and hope that you will continue to support our research efforts! Again, do not hesitate to contact us with your questions and comments.

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