The Race is On:
Health Insurance Trends in Indiana

Presented by Theresa Worman & Amy Kaminski
of Compdata Surveys

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The Race Is On

16.2%

of Indiana employers not recruiting in 2003

3.8%

of Indiana employers not recruiting in 2007

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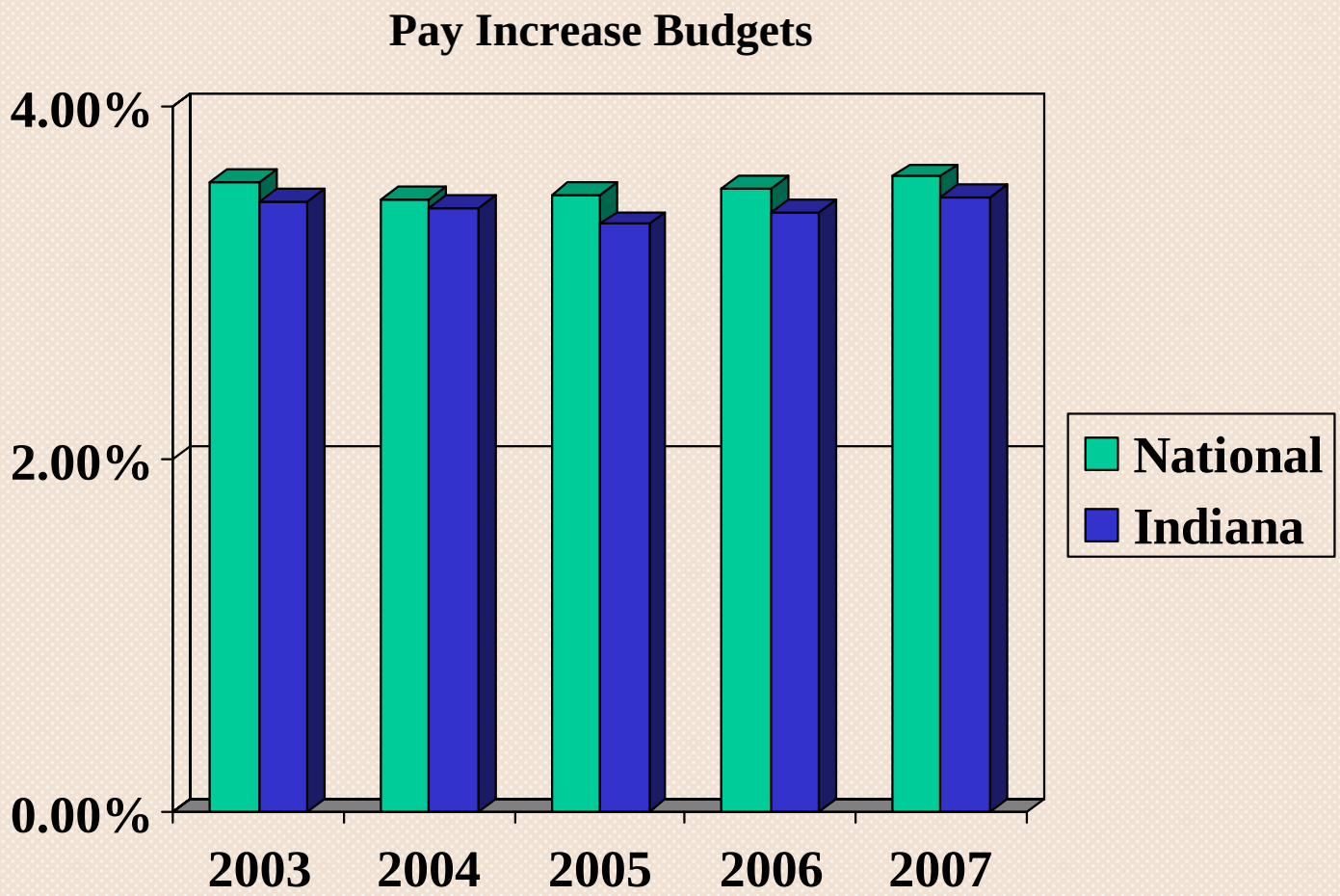
The Race Is On



The Rules Are Changing

- Cash No Longer King
- “Educated” Employees Expect More

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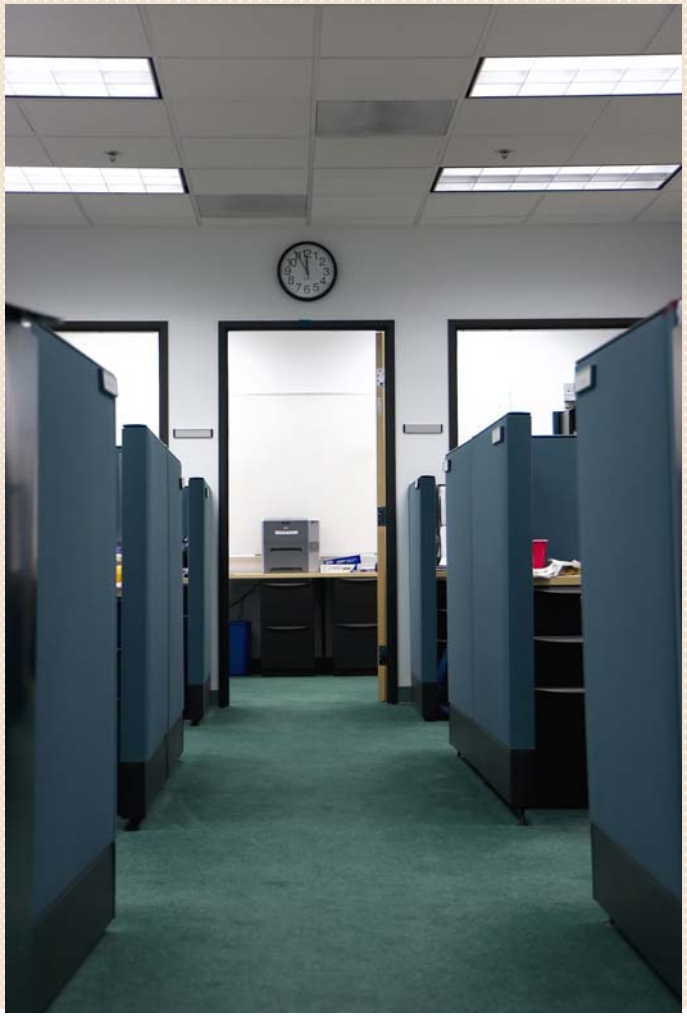
The Rules Are Changing



- In 2010, the U.S. Bureau of Labor Statistics estimates **10 million** jobs will be left unfilled as the Baby Boomers enter retirement.

- Two Key Factors:
  - Retention
  - Recruiting

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Healthcare Cost Trends in Indiana

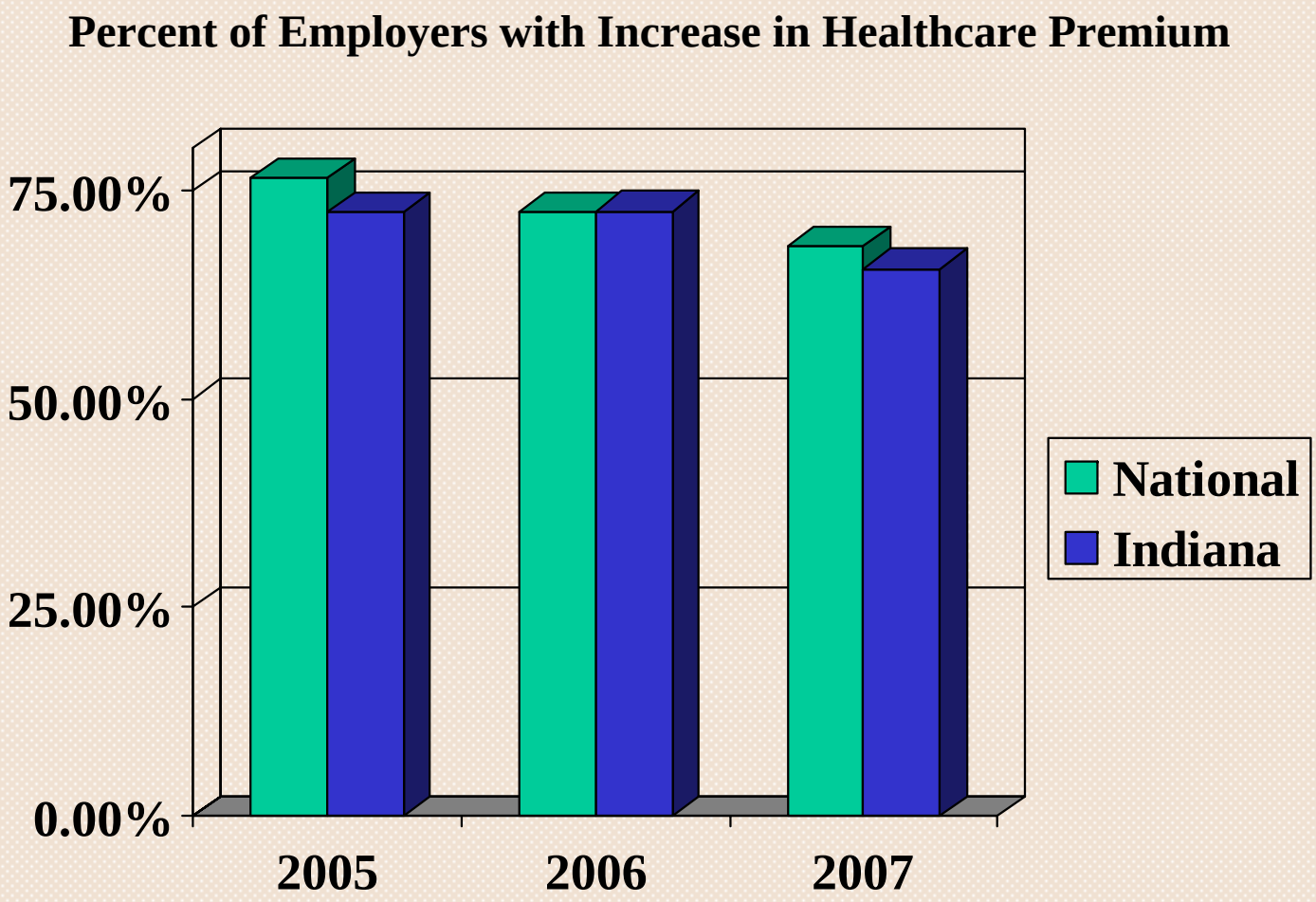
- Good News/Bad News
- Methods for containing and reducing costs
- Communication

Good News/Bad News

Good News/Bad News

- Healthcare spending in the US is estimated to reach $2.2 trillion this year and is expected to nearly double by 2016 according to the National Coalition on Health Care.

Good News/Bad News



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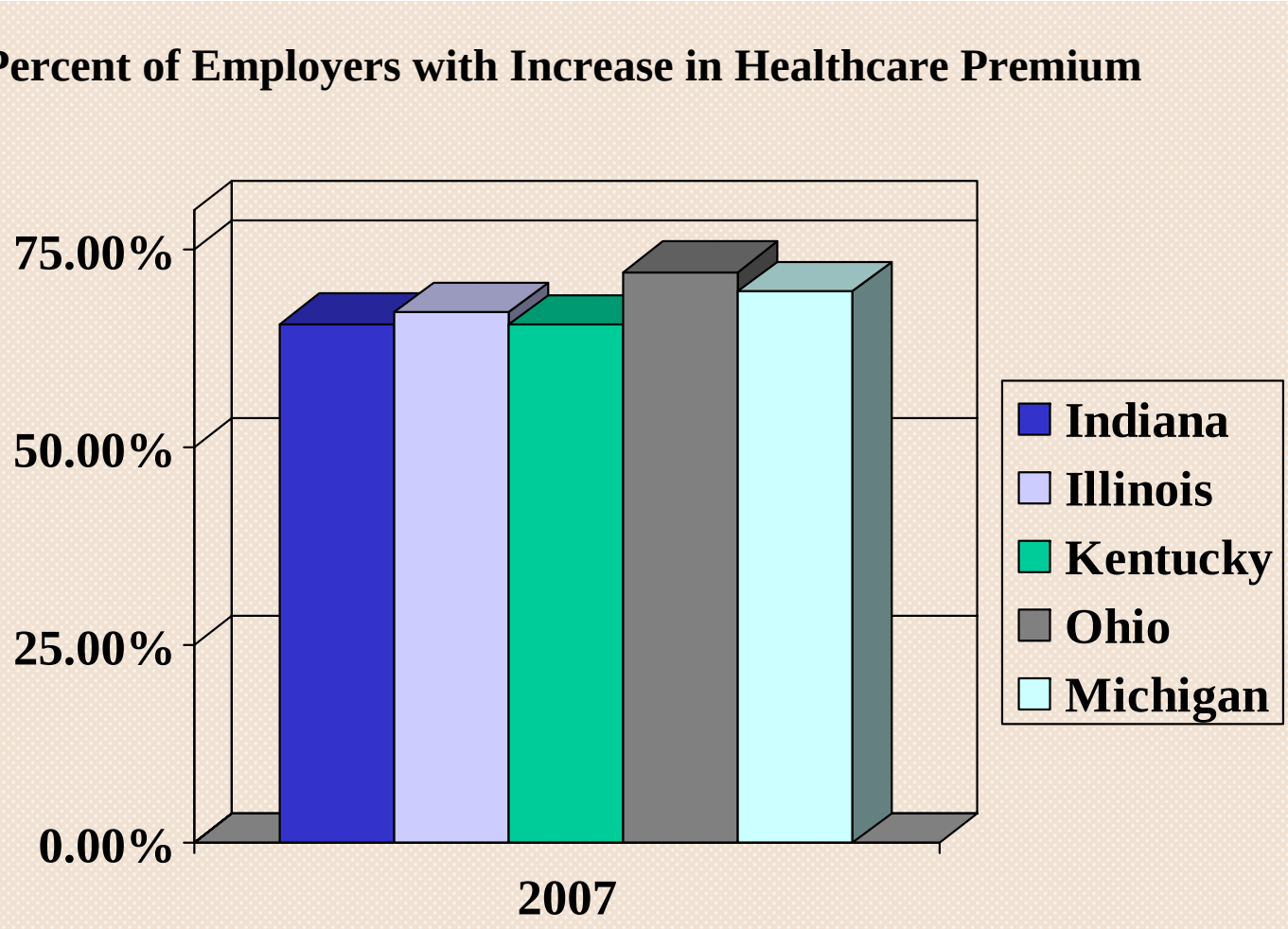
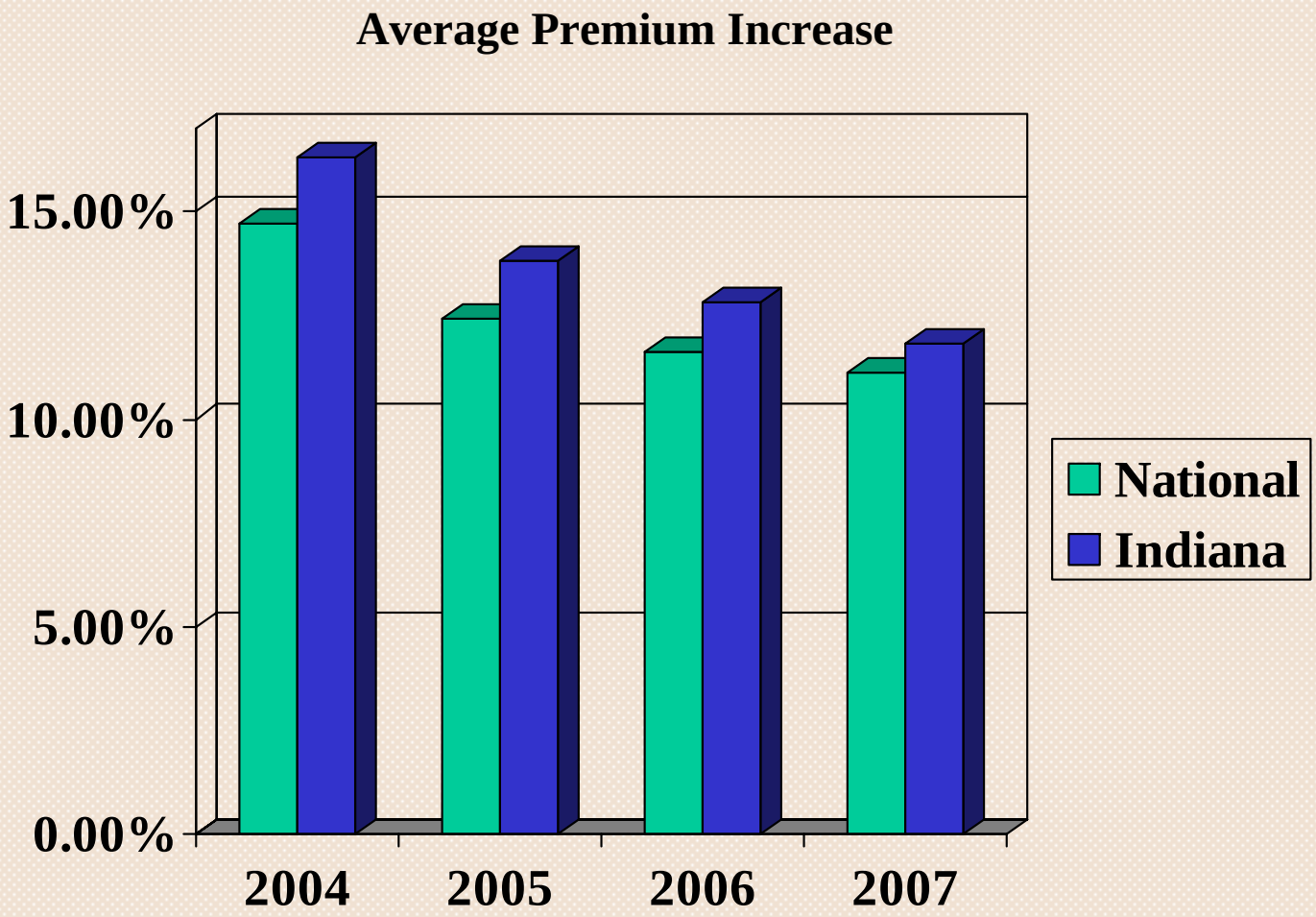
Good News/Bad News



Good News/Bad News



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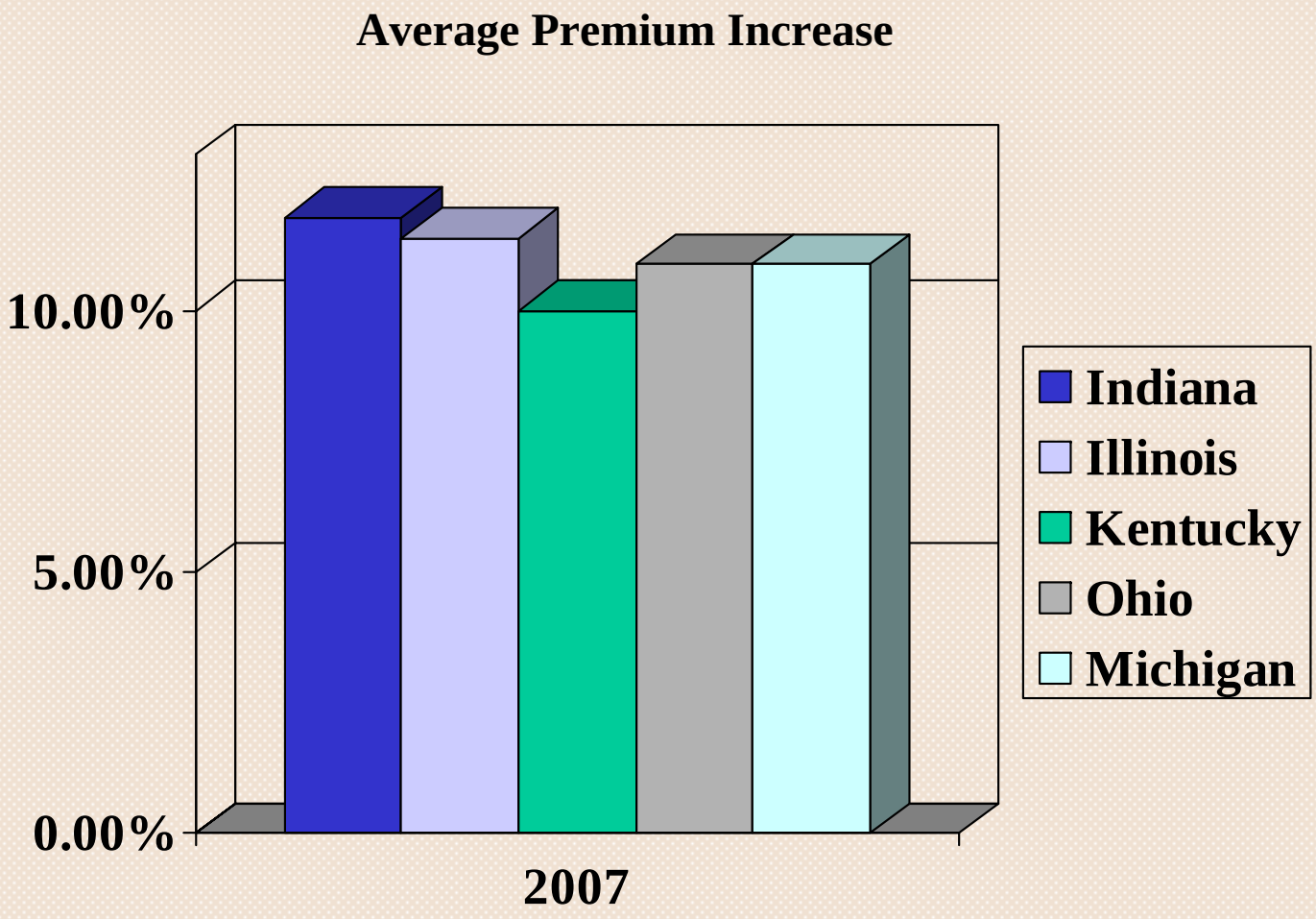


Good News/Bad News

Prescription Coverage - National

2007 National Prescriptions	Generic	Formulary	Non-Formulary
Indemnity	$11.21	$24.78	$40.00
HMO	$10.68	$24.02	$39.61
PPO	$10.99	$25.33	$42.25
POS	$10.54	$24.64	$43.15

- Since 2006, the cost of non-formulary and formulary drugs has increased for all plan types, while generic co-pays have stayed between $10 and $11.50.

Good News/Bad News

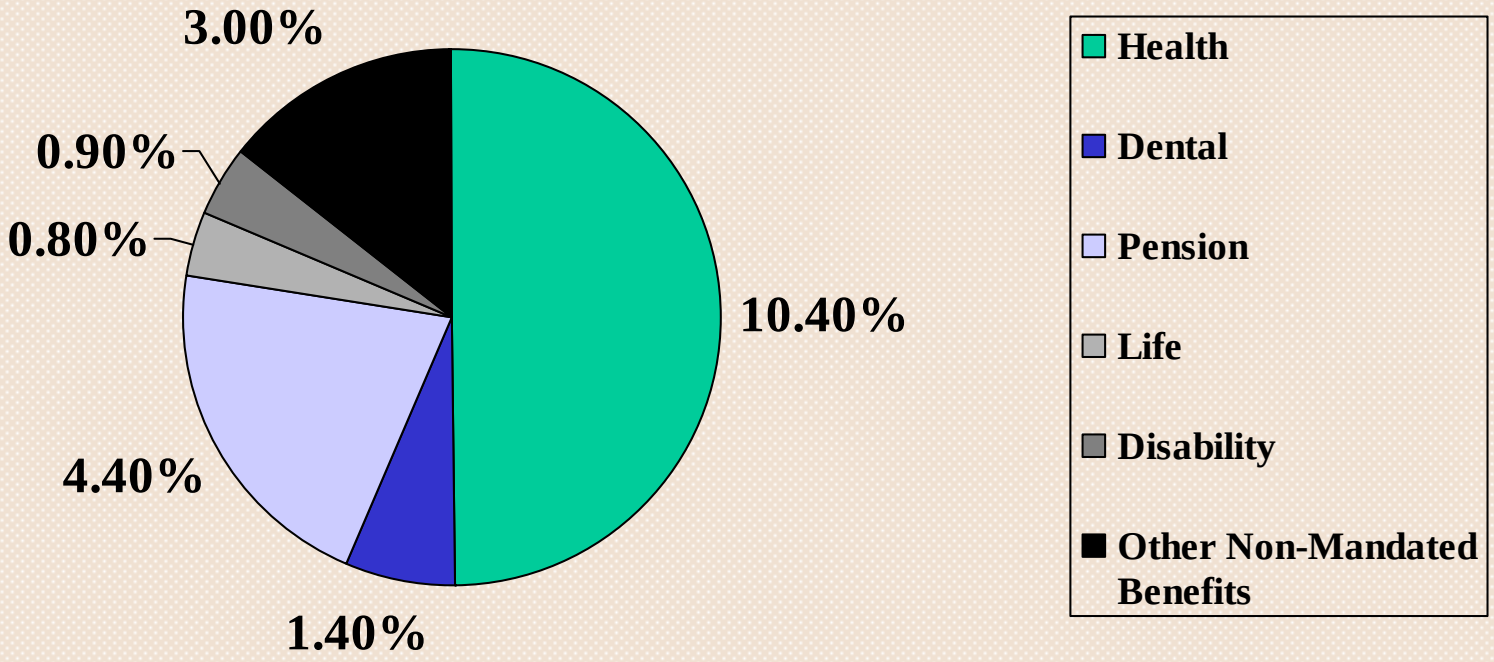
Prescription Coverage – Indiana

2007 Indiana Prescriptions	Generic	Formulary	Non-Formulary
Indemnity	$12.91	$25.56	$41.87
HMO	$11.63	$24.10	$44.83
PPO	$11.04	$25.58	$43.23
POS	$10.18	$22.73	$42.10

Good News/Bad News

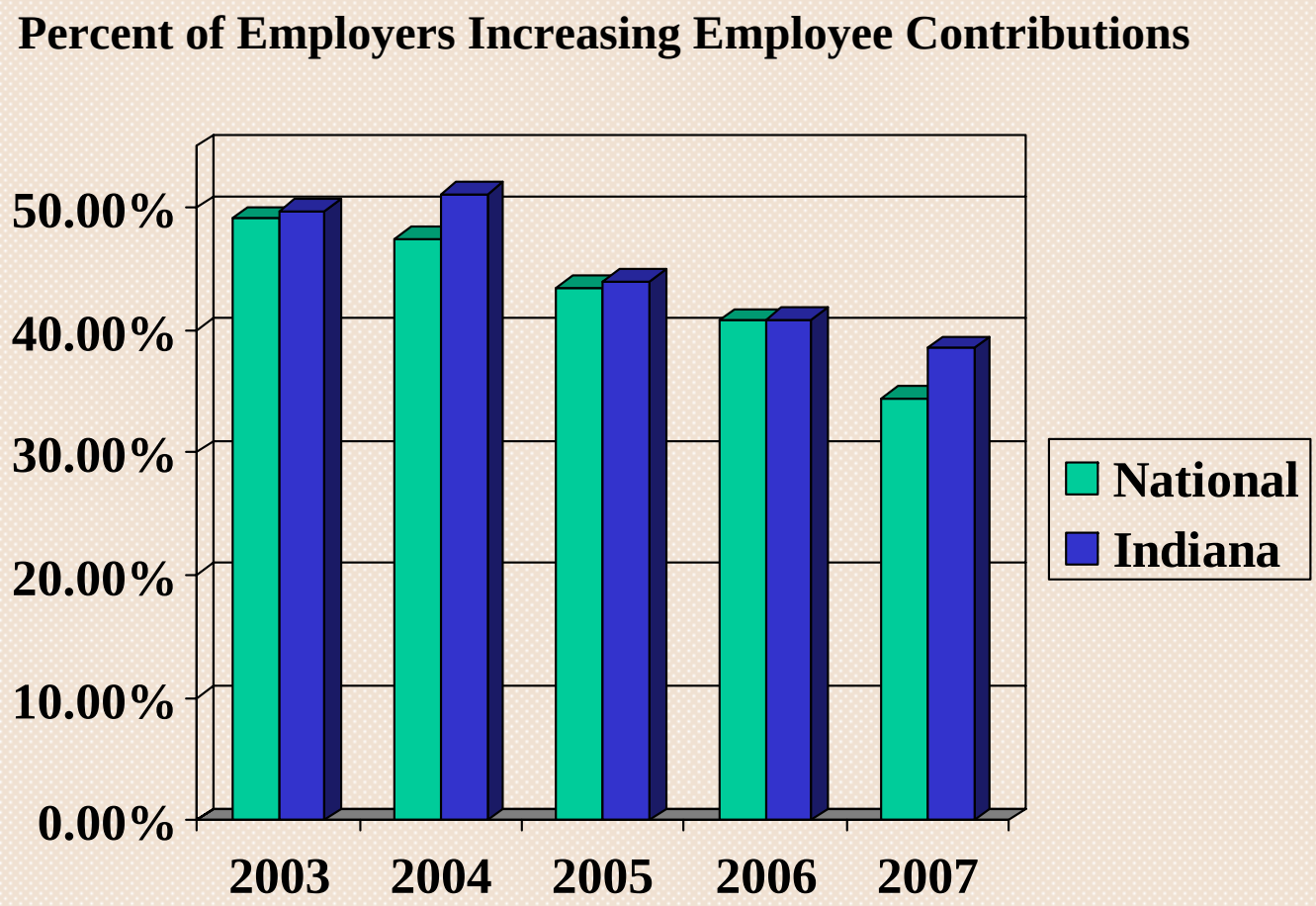
Indiana Employers Contribution Toward the Cost of Benefits as a Percentage of Payroll:

Total: 20.9%

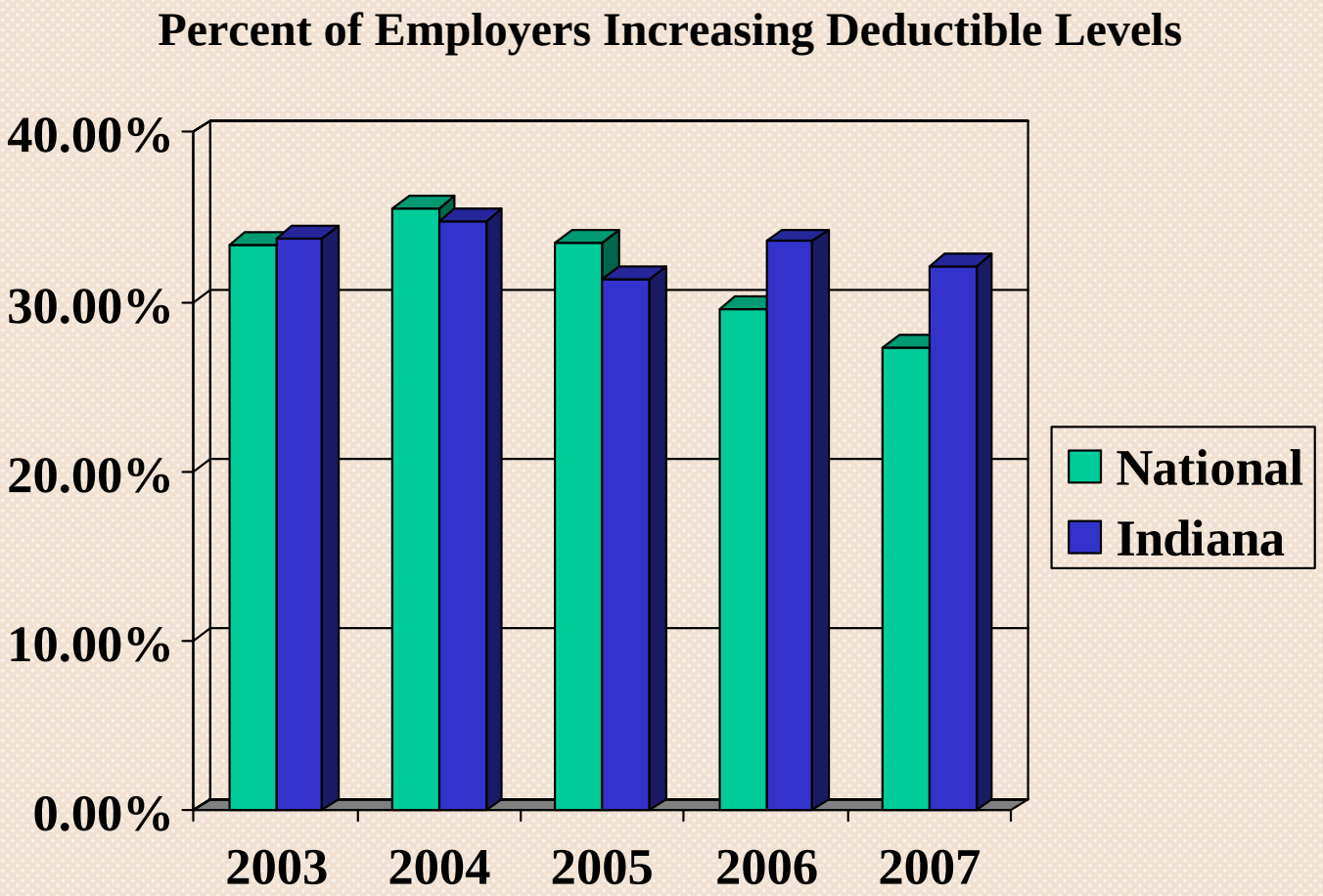


Cost Containment & Reduction Methods

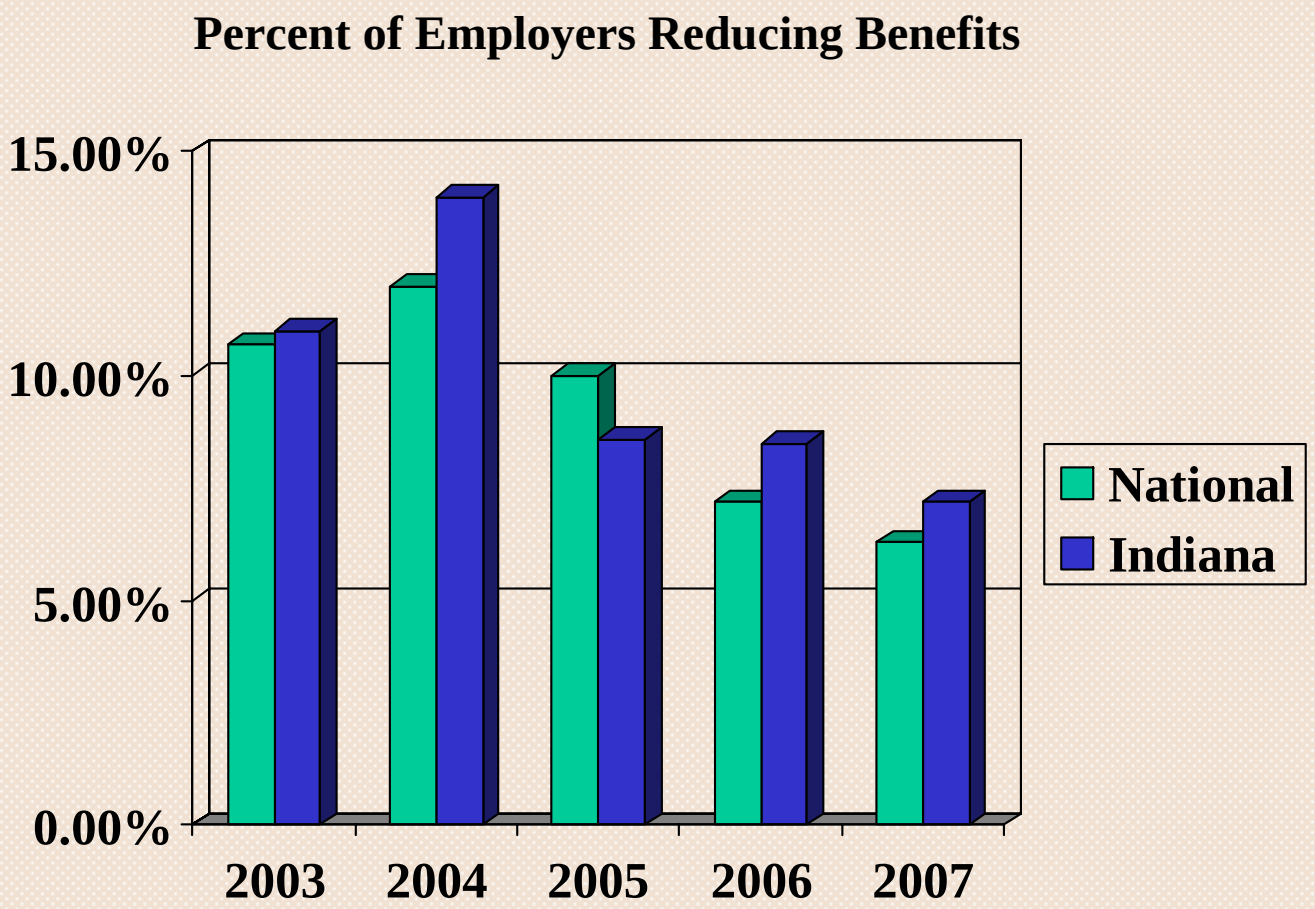
Cost Reduction Measures



Cost Reduction Measures



Cost Reduction Measures



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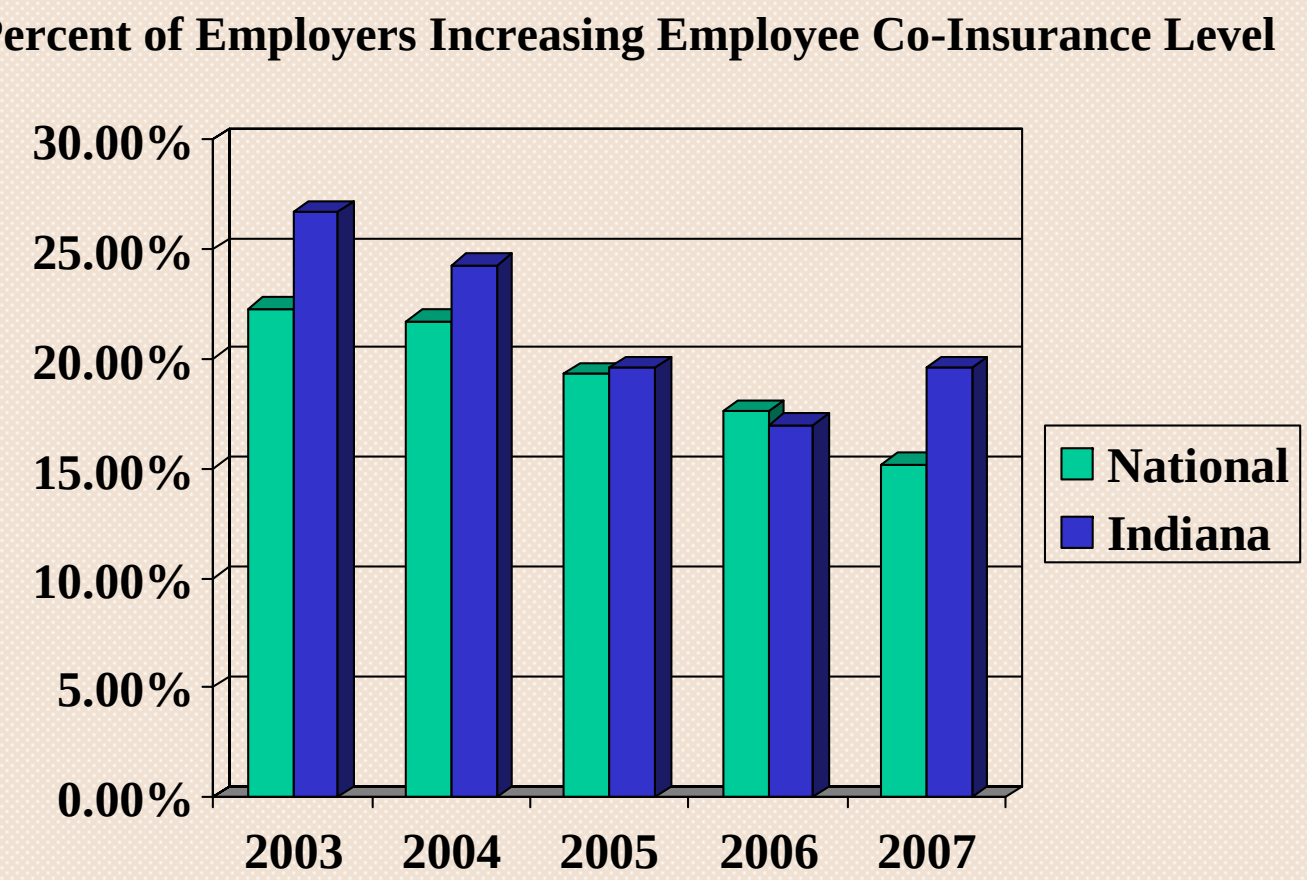
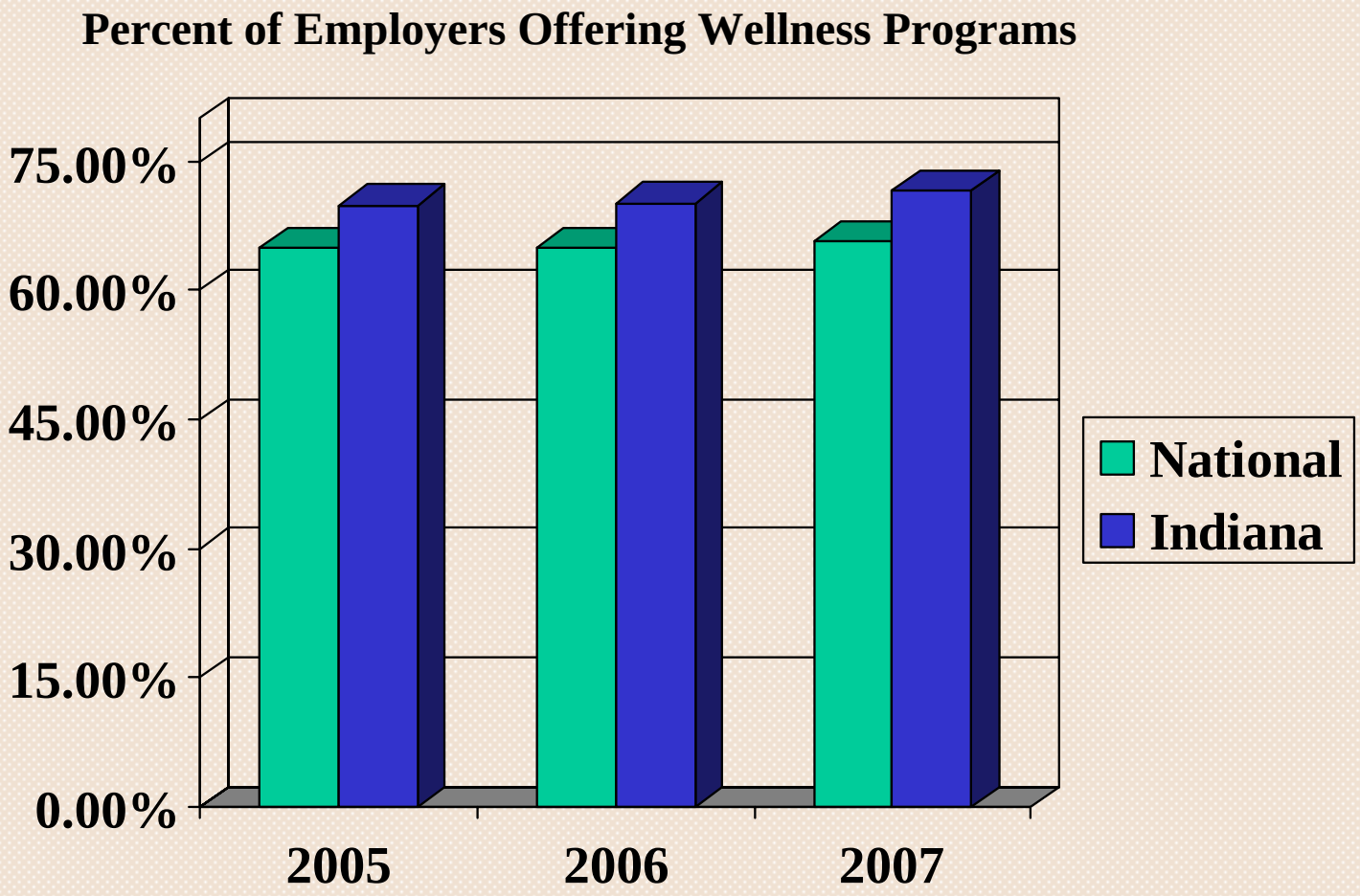
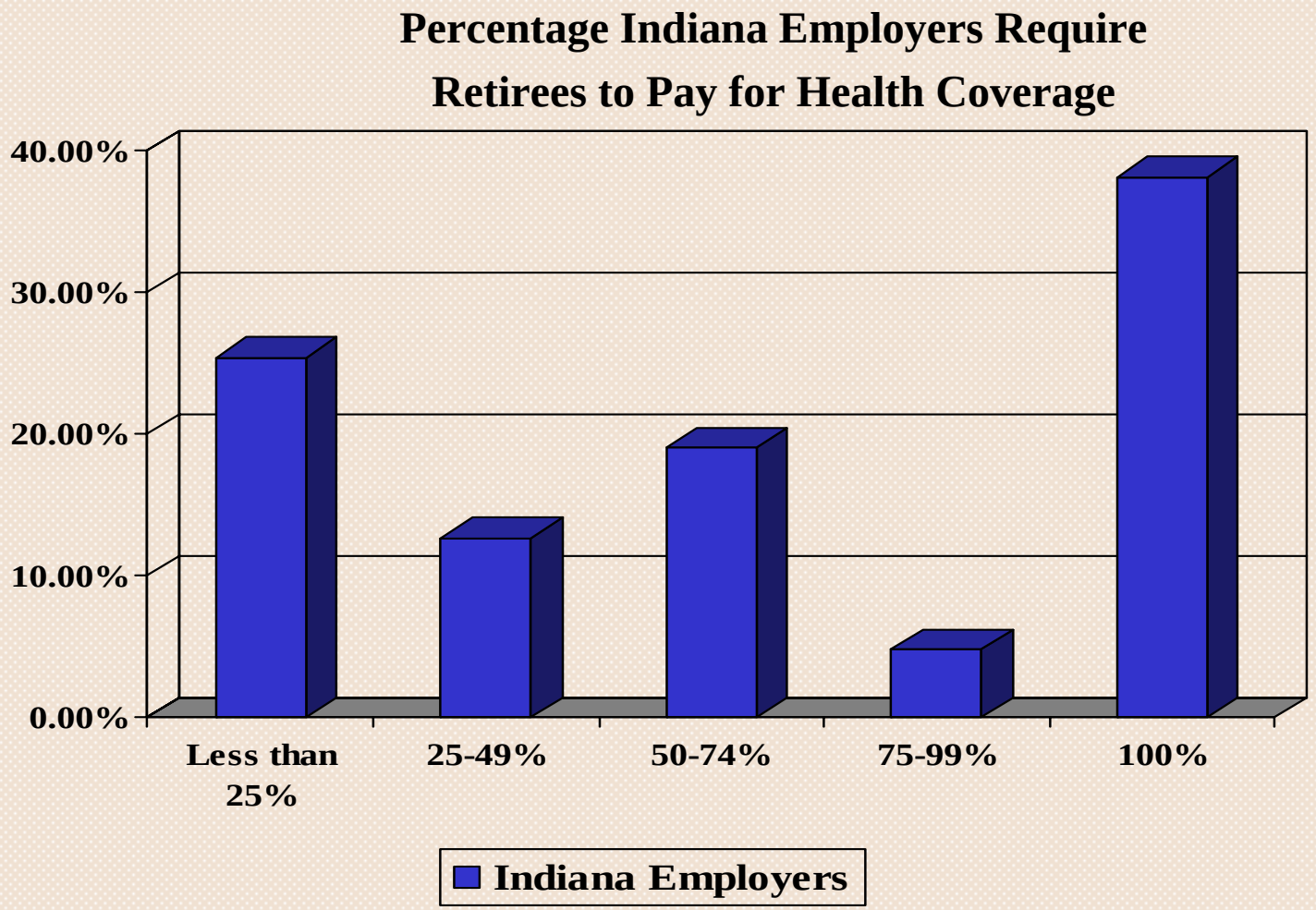
Cost Reduction Measures



Cost Containment Methods



Retiree Health Benefits



- 22.5% of Indiana Employers Offer Retiree Health Benefits

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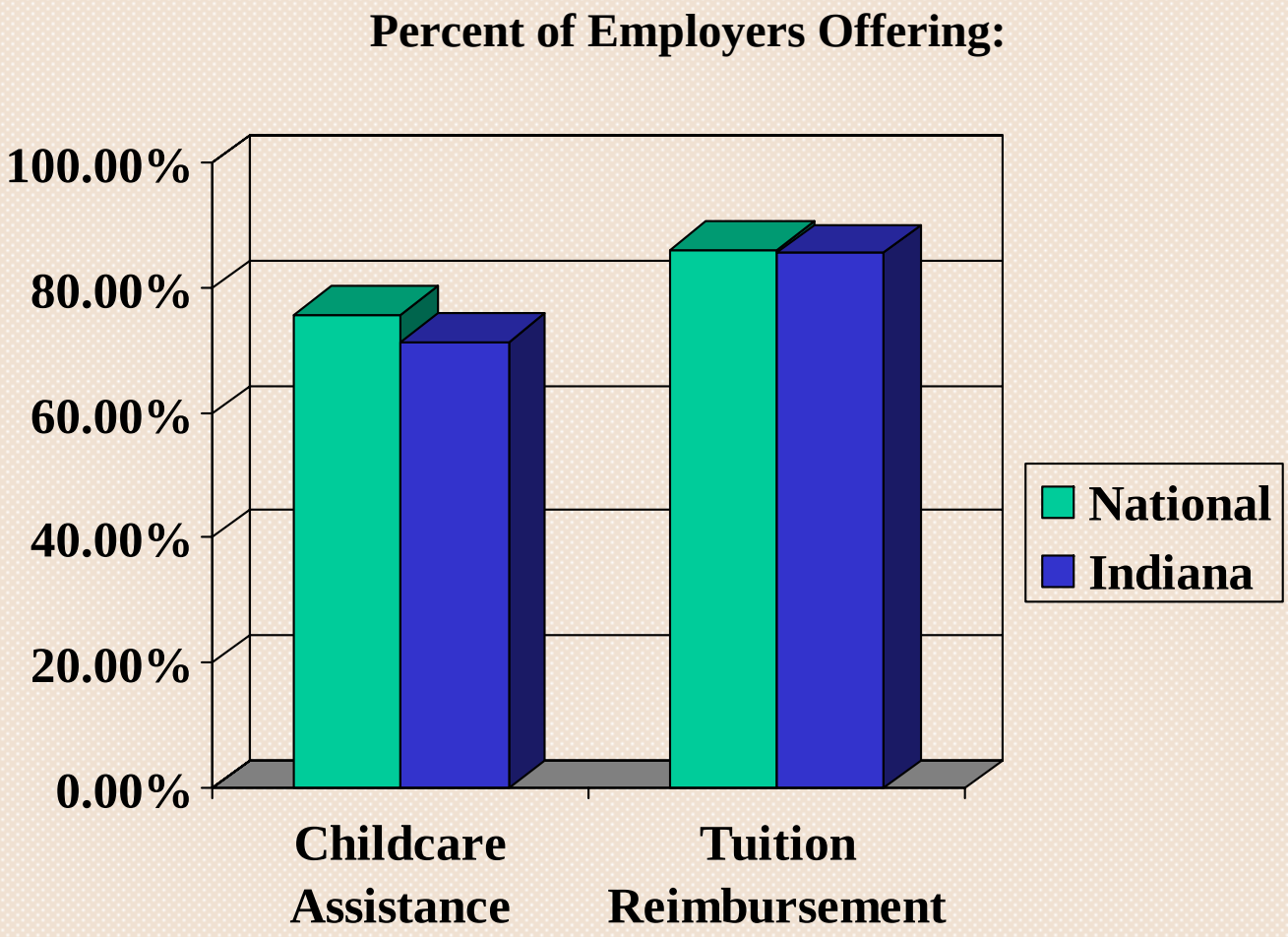
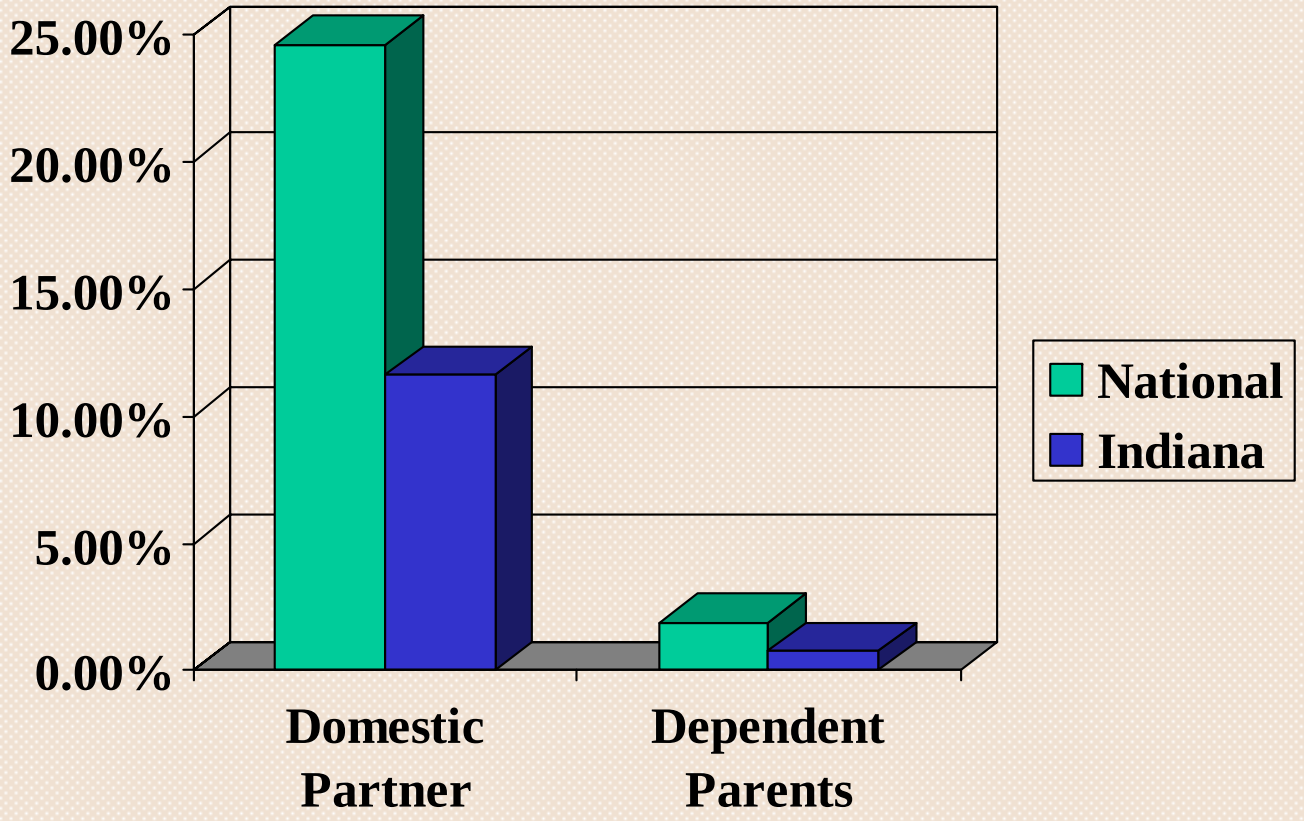
Other Benefits



Emerging Trends

Percent of Employers Offering Health Insurance to:



Consumer Driven Health Plans

- Consumer-driven health plans cover about 5 percent of all covered workers, which is not statistically different from the 4 percent share recorded in 2006.
- Firms with at least 1,000 workers are more likely to offer such plans, with nearly one in five (18 percent) offering one.
- Looking toward 2008, few firms that don't already offer such plans report they are very likely to add an HRA plan (3 percent) or an HSA plan (2 percent).

Source: Kaiser Family Foundation

Emerging Trends

- A US Surgeon General's report said health care costs of obesity totaled more than $117 billion in 2000.

- Trust for America's Health found:
  - Obesity rates have increased in 31 states and no state has seen an improvement in obesity rates.
  - In 32 states, 60% of the population is overweight or obese.

Emerging Trends

- Obesity represents 2.5% of male and 3% of female total medical costs.
- Male costs equal $4.59 per member per month (PMPM); female costs equal $6.98 PMPM
- Costs of obesity vary by industry:
  - Most Costly
    - Business: male $4.23, female $6.94
    - Civic/utility: male $4.46; female $5.55
  - Least Costly
    - Finance/consulting: male $2.19; female $3.68
- Differences could be driven by access to care, richness of benefit design, job activity levels, corporate culture and access to healthy options.

Source: Gordian Health Solutions

Case Study – One Midwest Employer

- Employees will be charged more for health insurance for each of the following five categories:
  - Tobacco use
  - Obesity – BMI over 29.9
  - Blood pressure over 140/90
  - Blood glucose over 120
  - LDL cholesterol over 130
- Permitted under federal government rules issued in 12/06 to ensure wellness programs complied with non-discrimination provisions of the Health Insurance Portability and Accountability Act of 1996
- Employees who do not meet requirements will be charged $5 per paycheck, up to a maximum fee of $25 per paycheck.

Discussion

- Questions to consider:
  - Can we lump all health risks together and charge everybody the same risk penalty?
  - Is a smoker a higher risk than an obese employee?
  - Do we discriminate against women because they're prone to osteoporosis?
  - Do we look at family history and say every male in your family has had a heart attack?

Wellness Programs

- A workplace survey by *Wellness Program Management Advisor* and Wellness Junction found almost 70% of wellness managers encourage employee participation in programs through incentives or rewards.
  - That's up from 54.7% in 2003.
- The study also found 67.8% use cash-based incentives or rewards in 2006 versus 63.9% in 2003.
- Incentives should be tied to meeting specific goals.

Source: CHDC Solutions

Emerging Trends

- Cafeteria Menus
  - Healthy snacks and cafeteria menus
  - Key is to offer choice and educational component to changes
  - Healthy food less expensive than non-healthy items
- Health Risk Assessments
- On-Site Wellness Clinics

Communication

Communication is Key

- Most organizations are utilizing some kind of cost containment or reduction method.
- The success of any new program is dependent on how well it is communicated to your employees.

Thank You

All data featured in this presentation is from *Compensation Data – Indiana*, unless otherwise cited.

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