

A photograph of two healthcare professionals, a man and a woman, both wearing blue scrubs. The man is on the left, wearing a red stethoscope and a name tag, looking down at a document held by the woman. The woman is on the right, also looking at the document. They are standing on a staircase with metal railings. The background is slightly blurred, showing the architectural details of the staircase.

# HEALTHCARE INDUSTRY TRENDS

# INDUSTRY PROFILE: HEALTHCARE

## TRAITS & DISTINGUISHERS

- + Heavy competition for talent
- + Cost is top of mind, particularly for physician-owned practices and not-for-profits
- + Physicians typically prefer HDHP with HSA plans, while the support staff prefers the least expensive plans. There is an opportunity with the support group for general benefits education to understand HSA options.
- + Employees value perks that help save them money
- + Physicians place importance on income protection benefits, while support staff place more value on voluntary benefits such as Accident and Critical Illness
- + Individual disability insurance (IDI) a common strategy to meet income protection needs of highly-paid staff and recruit executive talent
- + Emphasis on shifting utilization to within own health system
- + A multi-lingual workforce is common, Spanish being the most prevalent

## IMA BOOK OF BUSINESS

**100+** unique clients

**250+** health plans

**20,000+** employees

## BENEFIT BENCHMARKS

- + Tend to design an “at benchmark” program, with perks leaning away from the traditional (wellness, student loan)
- + Benchmark level employer contribution to single premium, lower than benchmark contribution toward family coverage
- + Strategy for incenting care to own providers and facilities is key
- + Will likely offer multiple plan options, often including an HDHP offering with a Health Savings Account (HSA)

**79%**

offer PPO plans\*

**79%**

offer HDHP plans\*

**33%**

offer HMO plans\*

## HEALTH PLAN COST AND DEMOGRAPHICS

### Medical Spend



Higher medical spend per employee

### RX Spend



Higher Rx spend per employee

### Chronic Conditions



Blood Disorders  
Asthma  
Morbid Obesity

### ER Utilization



Higher emergency room utilization

### Workforce Gender



Female dominated workforce

### Family Size



Average contract size

### Geography



Rural and suburban employee location

### Plan Member Age



Average employee age

# INDUSTRY PROFILE: HEALTHCARE

## STRATEGIC INITIATIVES AND FUTURE STRATEGIES

STRATEGIC INITIATIVE	BENCHMARK*	NATIONAL*
<b>Medical Plan, Network, and Utilization</b>		
HDHP Option	84%	84%
Spousal Surcharge or Spouse Exclusion	Exclusion: 10% Surcharge: 20%	8% 16%
Telemedicine Cost Sharing	Yes: 73% Average Copay: \$30	69% \$25
Onsite/Near Site Clinic – Occupational Health	Occ. Health: 27% Primary Care: 31%	11% 12%
Advocacy Tools	Digital: 21% Telephonic: 9%	29% 6%
Reference Based Pricing	3%	2%
<b>Pharmacy</b>		
PBM Carve-Out	43%	37%
Drug Purchasing Coalition	27%	28%
Steerage to specialty pharmacy usage	86%	83%

HEALTH BENEFIT STRATEGIES FOR THE NEXT FIVE YEARS RATES “IMPORTANT” OR “VERY IMPORTANT”	BENCHMARK*	NATIONAL*
Monitoring and managing high-cost claimants	86.2%	80.2%
Focused action to manage cost for specialty drugs	74.5%	72.5%
Adding programs/services to expand access to behavioral health services	72.4%	73.8%
Improving access to high-quality primary care	57.1%	59.0%
Addressing health inequities and/or the social determinants of health	54.7%	46.7%
Adding, expanding or incentivizing virtual care, telemedicine, or digital health resources	42.8%	51.2%
Designing benefits of value to remote workers	29.9%	30.3%
Steering members to high-value care	28.9%	31.5%

## ONE SIZE DOES NOT FIT ALL

- + Strategic and active plan management can help employers manage costs while providing valuable benefits to employees.
- + While this page shows the most commonly considered strategic initiatives based on industry, the most effective strategies will consider a group’s population, culture, and both short-term and long-term goals.

# INDUSTRY PROFILE: HEALTHCARE

## VOLUNTARY BENEFITS AND REMOTE WORK STRATEGIES

VOLUNTARY BENEFITS	BENCHMARK*	NATIONAL*
Accident	85%	63%
Cancer/critical illness	80%	55%
Individual disability insurance	30%	27%
Whole/universal life	31%	27%
Hospital indemnity	60%	32%
Long-term care	12%	19%
Auto/homeowners	35%	8%
ID theft	53%	30%
Legal benefit	55%	30%
Discount purchase program	47%	16%
Student loan refinancing/repayment	20%	7%
Pet insurance	57%	20%
None of the above	8%	16%

As cost of health coverage continues to rise for employers and employees, many employers are offering voluntary benefits to provide each employee access to benefits that they value most.

Voluntary benefits increase the diversity in available benefit offerings, provide benefits to employees in different life stages with different benefit needs, and to supplement and enhance core benefit offerings while managing employer cost.

HEALTH PROGRAM STRATEGY CHANGES PLANNED IN RESPONSE TO A LARGER REMOTE WORKFORCE	BENCHMARK*	NATIONAL*
Assessing health plan network adequacy for employees who don't live near a worksite	12%	11%
Emphasizing virtual care strategies to address potential provider access issues	34%	37%
Adding financial subsidies for home office equipment, furniture or expenses	9%	16%
Adding/enhancing well-being initiatives that are targeted to remote workers	19%	23%
Adding voluntary benefits for more custom/personalized benefit packages	25%	18%
Re-evaluating investments in worksite well-being amenities (gym, food, perks, etc.)	17%	18%
Re-evaluating the entire employee value proposition	24%	10%
None of the above	22%	37%

## REMOTE WORK STRATEGIES

Employers in many industries are embracing remote work options to provide their employees valued flexibility. These often include remote work programs, home office support, and well-being initiatives voluntary benefits aimed at an at-home workforce.

CURRENT EXPECTATIONS ABOUT RETURNING EMPLOYEES TO THE WORKSITE	BENCHMARK*	NATIONAL*
As an essential business, most employees remained at their worksite(s)	66%	39%
Most employees required to work at a worksite by the end of 2021	10%	20%
Most employees can choose to work remotely or at a worksite for the foreseeable future	18%	29%
Most employees will work remotely on a permanent basis	1%	2%
Unknown at this time	6%	10%

# INDUSTRY PROFILE: HEALTHCARE

## DIVERSITY, EQUITY & INCLUSION, AND EMPLOYEE WELL-BEING

### DIVERSITY, EQUITY, AND INCLUSION

ORGANIZATIONAL DIVERSITY, EQUITY, AND INCLUSION (DEI) GOALS	BENCHMARK*	NATIONAL*
Employee surveys	44.5%	31.6%
Feedback from Business Resource Groups/ Employee Resource Groups	18.3%	25.4%
Evaluating health plan utilization data by segment	16.2%	12.4%
Manager feedback	14.3%	13.7%
Collaboration with organization's DEI team	12.9%	23.8%
Recruiter feedback	12.6%	8.7%
Some other method	7.9%	6.3%
Not currently collecting this information/not applicable	47.9%	51.8%

### DIVERSITY, EQUITY AND INCLUSION PROGRAMS

help social determinants of health and improving access to health and well-being benefits that employees of diverse backgrounds value. These efforts improve both the health and productivity of employees.

### EMPLOYEE WELL-BEING PROGRAMS

**93%**

Consider Employee Well-Being "Important" or "Very Important"

*Nationwide: 92%*

#### Nationwide Trends

- + **74%** more likely to be satisfied with their job
- + **51%** more likely to intend to stay at their organization beyond the next 12 months
- + **53%** more likely to be productive

Source: MetLife's Employee Benefits Trends Study, 2022.  
<https://www.metlife.com/2022-employee-benefit-trends/>

EMPLOYEE WELL-BEING PROGRAM FOCUS	BENCHMARK*	NATIONAL*
Physical	75%	72%
Financial	59%	62%
Emotional	67%	72%
Social/community	52%	54%
Purpose/spiritual	43%	29%

# INDUSTRY PROFILE: HEALTHCARE

## PEOPLE ANALYTICS INDUSTRY BENCHMARKS

### + DEMOGRAPHICS

**43.8 years**

Average Age\*

Nationwide: 44.4

**74.2%**

Percent Female\*

Nationwide: 42.4%

**1.98**

Average Family Size\*

Nationwide: 1.95

### + MEDICAL UTILIZATION

**\$897.61**

Medical Cost Per Employee Per Month

Nationwide: \$755.05

**181**

ER Visits Per 1,000

Nationwide: 171

**4,251**

Office Visits Per 1,000

Nationwide: 4,244

**51.9**

Admissions Per 1,000

Nationwide: 45.7

**10.4%**

Avoidable ER Visits

Nationwide: 10.8%

**87.6%**

Routine Exam Adherence

Nationwide: 80.7%

**6.2%**

Readmission Rate

Nationwide: 6.4%

**+9.8%**

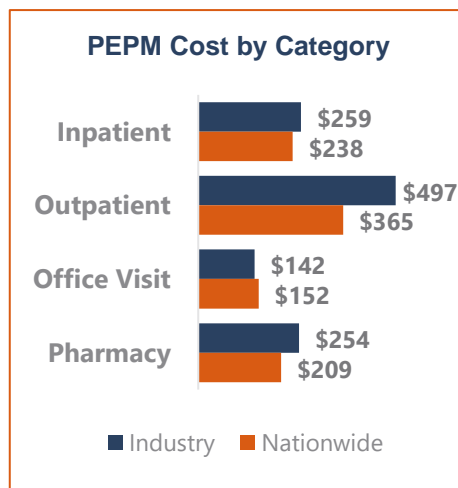
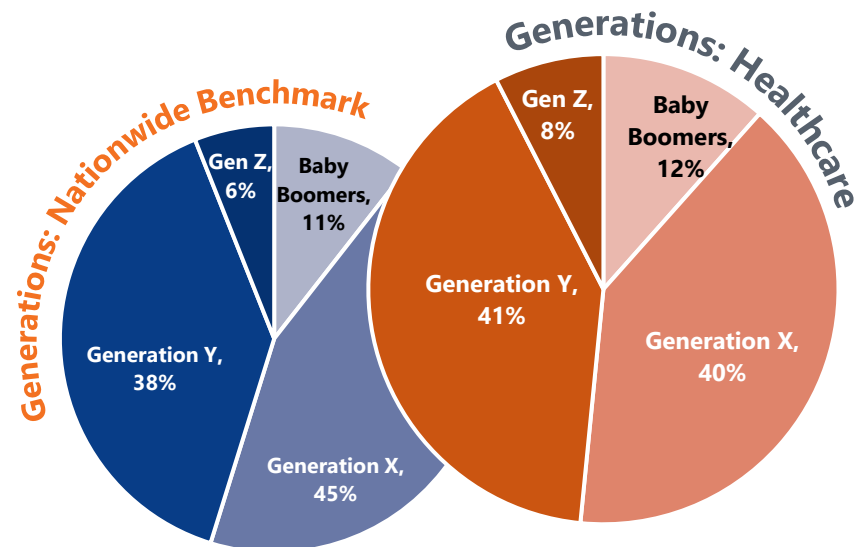
Immunizations

PEPM vs. Nationwide

**5.07**

Length of Stay (Days)

Nationwide: 5.54



### + PHARMACY UTILIZATION

**\$253.87**

Pharmacy Cost Per Employee Per Month

Nationwide: \$208.85

**8,954**

Scripts Per 1,000

Nationwide: 9,275

**21.3%**

Mail Order

Fill Rate

Nationwide: 14.2%

**82.2%**

Generic Fill Rate

Nationwide: 80.7%

# INDUSTRY PROFILE: HEALTHCARE

## PEOPLE ANALYTICS INDUSTRY BENCHMARKS

### + MEDICAL DIAGNOSES

#### Top 5 Diagnosis Categories (By Per Member Cost)

RANK	INDUSTRY RANK	NATIONWIDE RANK
1	Cancer	Cancer
2	Gastrointestinal	Gastrointestinal
3	Musculoskeletal	Musculoskeletal
4	Pregnancy-related	Infections
5	Cardiac Disorders	Cardiac Disorders

#### Top 5 Chronic Conditions (By Prevalence) vs Nationwide

RANK	CHRONIC CONDITION	PERCENT DIFFERENCE
1	Hypertension	6.5%
2	Hyperlipidemia	2.2%
3	Depression	15.5%
4	Diabetes	8.8%
5	Lower Back Pain	-2.5%

#### Diagnoses with Highest Cost Compared to Nationwide Average

- + Endocrine/Metabolic
- + Blood Disorders
- + Medical/Surgical Complications
- + Cholesterol Disorders
- + Non-malignant Neoplasms

#### Diagnoses with Highest Cost Compared to Nationwide Average

- + Mental Health
- + Infections
- + Congenital Anomalies
- + Medication Reactions
- + Trauma/Accidents

### + PHARMACEUTICAL DETAILS

#### Top 5 Therapeutic Classes

RANK	INDUSTRY RANK	NATIONWIDE RANK
1	Antiarthritics	Diabetic Therapy
2	Diabetic Therapy	Antiarthritics
3	Antineoplastics	Antineoplastics
4	Dermatologicals	Antivirals
5	Antivirals	Dermatologicals

#### Therapeutic Classes with Highest Cost Compared to Nationwide Average

- + Antiarthritics
- + Diabetic Therapy
- + Dermatologicals

#### Therapeutic Classes with Lowest Cost Compared to Nationwide Average

- + Antineoplastics
- + Anticoagulants
- + Antivirals

### + MENTAL HEALTH

**6.41%**

Depression Diagnosis

*National Institute of Mental Health estimate: 6.7%*

**-14.0%**

Mental Health/Substance Use Admissions vs. Nationwide

**-9.3%**

Mental Health/Substance Use Office Visits vs. Nationwide

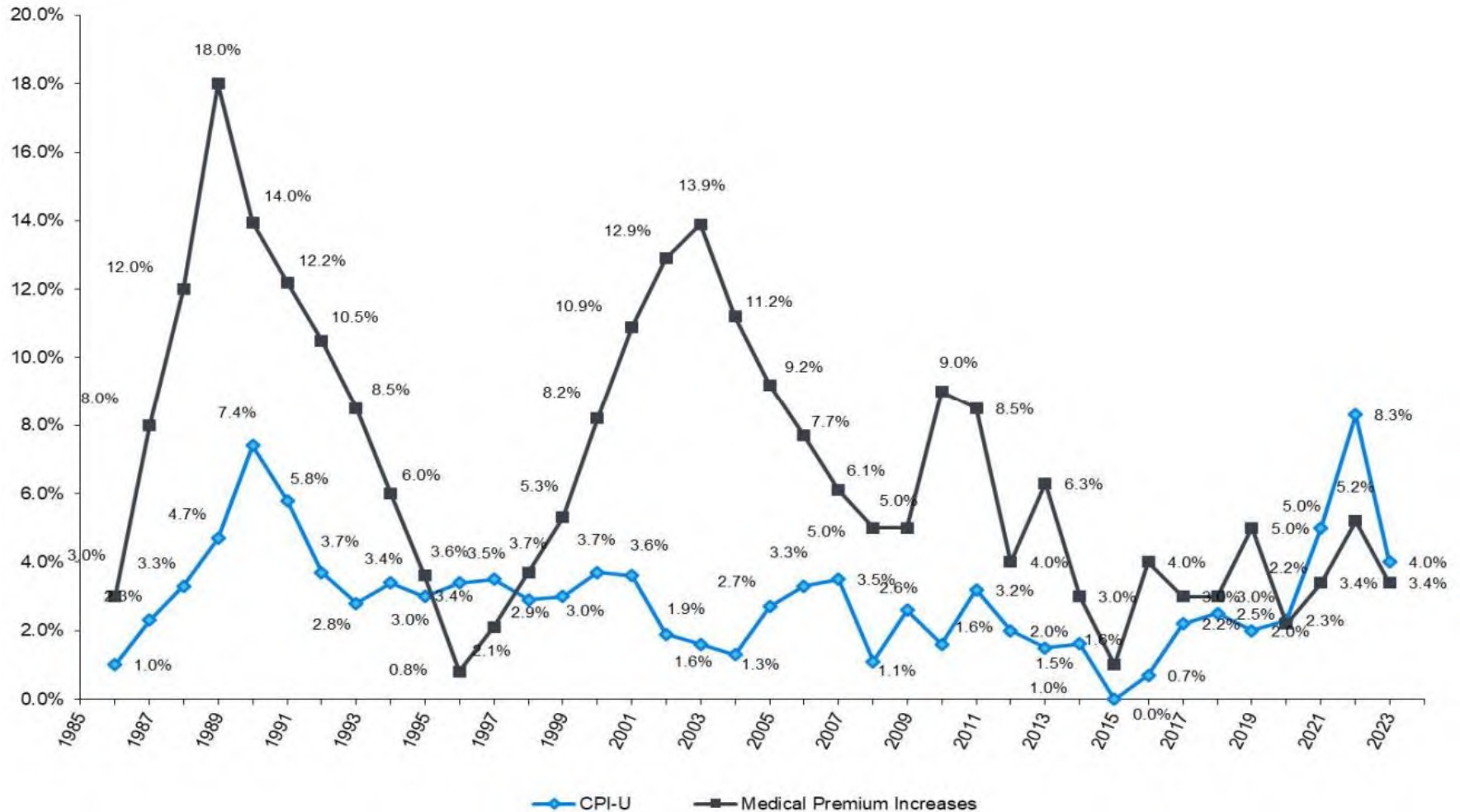
**-15.7%**

Mental Health Medical PMPM vs. Nationwide

**+32.7%**

Mental Health Pharmacy PMPM vs. Nationwide

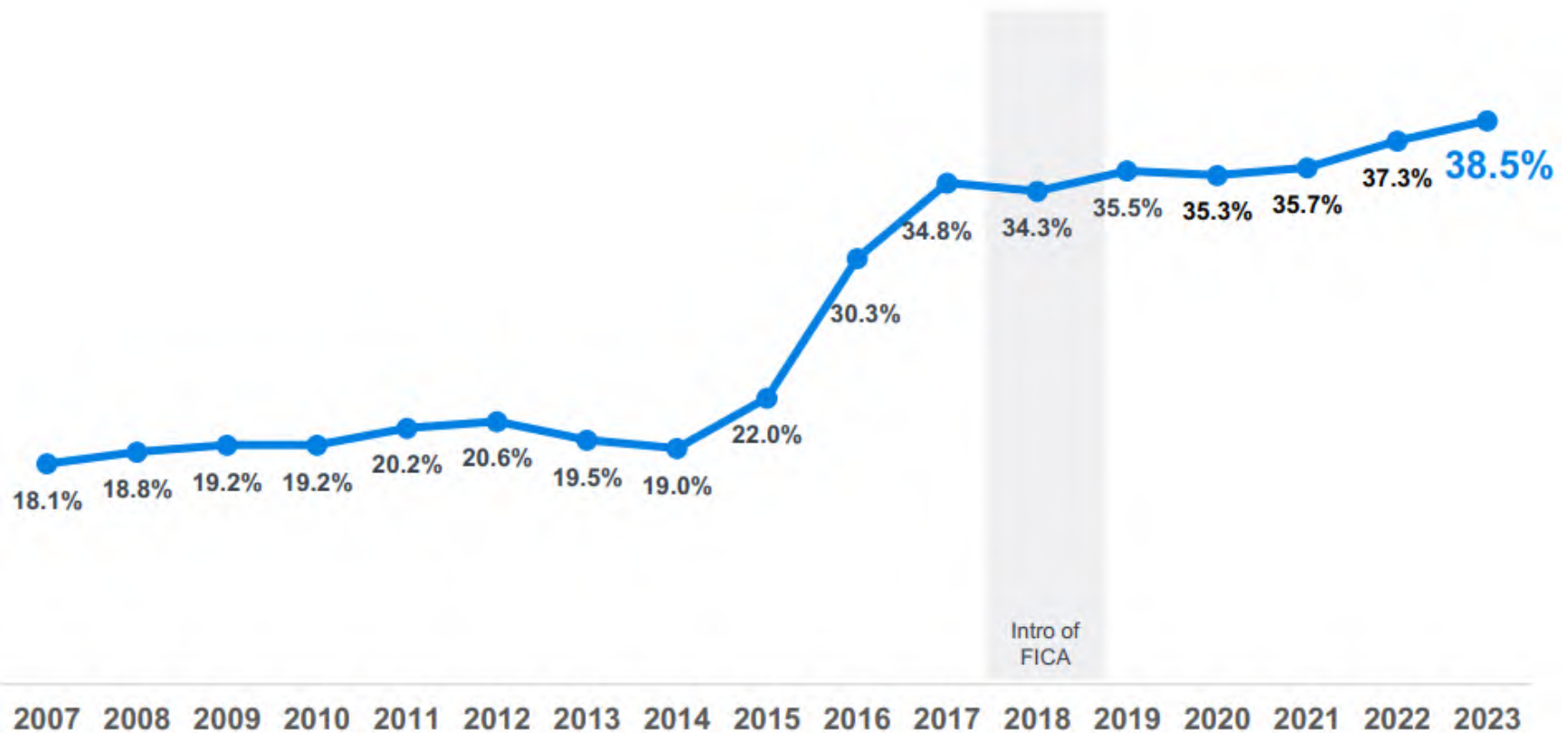
# PNW – MILLIMAN BENEFITS BENCHMARKS





# PNW – MILLIMAN BENEFITS BENCHMARKS

Benefit Plan Costs as a Percent of Payroll



# PNW – MILLIMAN BENEFITS BENCHMARKS

	Medical	Employer Contribution	Employee Contribution	Total Premium
<b>Median Employee Only</b>				
	2007	\$366.00	\$40.10	\$406.10
	2008	\$383.45	\$11.54	\$394.99
	2009	\$427.00	\$14.77	\$446.00
	2010	\$455.23	\$20.00	\$475.23
	2011	\$467.00	\$29.48	\$496.48
	2012	\$495.26	\$38.96	\$534.22
	2013	\$491.33	\$37.00	\$528.33
	2014	\$502.97	\$38.21	\$541.18
	2015	\$535.84	\$47.71	\$583.55
	2016	\$562.55	\$50.35	\$612.90
	2017	\$579.39	\$49.00	\$628.39
	2018	\$594.00	\$71.00	\$665.00
	2019	\$606.65	\$73.80	\$680.45
	2020	\$624.00	\$73.35	\$697.35
	2021	\$654.49	\$65.00	\$719.49
	2022	\$693.22	\$75.97	\$769.19
	<b>2023</b>	<b>\$713.77</b>	<b>\$75.00</b>	<b>\$788.77</b>
<b>Median Employee + Family</b>				
	2007	\$780.10	\$252.30	\$1,032.40
	2008	\$820.00	\$253.49	\$1,073.49
	2009	\$921.56	\$296.23	\$1,245.52
	2010	\$978.00	\$276.00	\$1,254.00
	2011	\$1,035.83	\$325.35	\$1,361.18
	2012	\$1,122.02	\$327.28	\$1,449.30
	2013	\$1,119.00	\$331.37	\$1,450.37
	2014	\$1,138.49	\$327.00	\$1,465.49
	2016	\$1,266.18	\$323.74	\$1,589.92
	2017	\$1,335.16	\$357.76	\$1,692.92
	2018	\$1,385.16	\$356.36	\$1,741.52
	2019	\$1,427.74	\$371.97	\$1,799.71
	2020	\$1,426.20	\$414.07	\$1,840.27
	2021	\$1,516.00	\$409.04	\$1,925.04
	2022	\$1,634.00	\$409.61	\$2,043.61
	<b>2023</b>	<b>\$1,643.00</b>	<b>\$435.44</b>	<b>\$2,078.44</b>

# PNW – MILLIMAN BENEFITS BENCHMARKS

	Yes		Yes
Medical coverage offered	100%	Funding is fully insured	42%
PPO offered	48%	Funding is self insured, no stop loss	6%
PPO Narrow Network	3%	Funding is self insured, with stop loss	52%
HMO offered	12%	Other funding	0%
POS offered	1%	Telehealth option is offered	10%
Indemnity plan offered	2%	Medical premiums charged on "per-participant basis"	12%
EPO offered	2%	Plan offers access to walk-in clinic	85%
HDHP offered	32%		
HRA/HSA employer contribution (see pg 3-18)			
Qualifies as a grandfathered plan	4%		

Premiums	Employer Cost		Employee Cost		
	Average	Median	Average	Median	No EE Cost
Monthly premium for employee only	\$767.57	\$713.77	\$92.39	\$75.00	25%
Monthly premium for employee & spouse	\$1,300.58	\$1,292.00	\$352.50	\$300.78	7%
Monthly premium for employee & child(ren)	\$1,207.90	\$1,192.90	\$279.84	\$224.75	7%
Monthly premium for employee & family	\$1,662.07	\$1,643.00	\$534.03	\$435.44	7%

Deductibles and Out-of-Pocket	In Network		No Deduct/ Co-Ins In- Net	Out of Network	
	Average	Median		Average	Median
Individual medical deductible	\$1,277	\$1,000	7%	\$2,296	\$1,500
Family medical deductible	\$2,746	\$2,250	7%	\$4,845	\$3,150
"Per family member" medical deductible	\$1,289	\$500		\$2,229	\$1,200
Individual Rx deductible	\$154	\$100	0%	\$236	\$100
Family Rx deductible	\$415	\$300	0%	\$636	\$300
"Per family member" Rx deductible	ISD	ISD		ISD	ISD
Coinsurance (employee share)	18%	20%	20%	38%	40%

# PNW – MILLIMAN BENEFITS BENCHMARKS

Deductibles and Out-of-Pocket	In Network		Out of Network		
	Average	Median	Average	Median	No Max
Individual out-of-pocket medical maximum	\$3,504	\$3,250	\$6,077	\$5,500	29%
Family out-of-pocket medical maximum	\$7,474	\$7,000	\$12,938	\$12,000	30%
"Per family member" out-of-pocket medical maximum	\$4,394	\$4,250	\$5,569	\$5,500	
Individual out-of-pocket Rx maximum	\$1,890	\$2,000	\$1,987	\$2,000	3%
Family out-of-pocket Rx maximum	\$4,680	\$4,000	\$4,619	\$4,000	3%
"Per family member" out-of-pocket Rx maximum	ISD	ISD	ISD	ISD	

Co-Payment/Co-Insurance	In Network		Out of Network		
	Average	Median	Average	Median	No Charge
Emergency room co-payment	\$153	\$150	\$155	\$150	4%
Emergency room co-insurance	18%	20%	24%	20%	
Urgent Care co-payment	\$35	\$30	\$40	\$35	7%
Urgent Care co-insurance	17%	20%	35%	40%	
In-patient hospital co-payment (per day)	\$232	\$200	\$269	\$200	9%
In-patient hospital co-insurance	18%	20%	38%	40%	
Office co-payment (primary care physician)	\$23	\$25	\$24	\$25	5%
Office co-insurance (primary care physician)	17%	20%	39%	40%	
Office co-payment (specialist)	\$30	\$30	\$30	\$30	5%
Office co-insurance (specialist)	18%	20%	39%	40%	
Co-payment for generic drugs (retail)	\$12	\$10	\$13	\$11	
Co-payment for preferred brand drugs (retail)	\$33	\$30	\$35	\$30	
Co-payment for non-preferred drugs (retail)	\$59	\$50	\$66	\$50	
Co-payment for generic drugs (mail order)	\$24	\$20			
Co-payment for preferred brand drugs (mail order)	\$64	\$60			
Co-payment for non-preferred drugs (mail order)	\$113	\$100			

# PNW – MILLIMAN BENEFITS BENCHMARKS

- Average salary increases for 2024 tracking to be 4.0%
- Bureau of Labor Statistics reported total benefit costs represents 31% of the cost of employment in the US while PNW reported 32.3%
- Brief respite from cost increase brought on by the pandemic-induced reduction in healthcare usage appears to be over.
- Fully-insured medical plan continues to decline (42% → 37%) while self-insured plans with stop loss coverage are increasing (53% → 58%).
- Newer cost-savings measures are slowly gaining momentum
  - Captives (up 3%)
  - Association plans (2%)
  - RBP (up 3%)
- 88% of employers allowing employees to work remotely, 40% entirely remote
  - 42% not required to have in-person days and for those that did, average was 2 days



## More Than Just Insurance

Based in North America, Parker, Smith & Feek is an integrated financial services company focused on protecting the assets of its widely varied client base through insurance, risk management and wealth management solutions. As an employee-owned company, PS&F's 1,800-plus associates are empowered to provide customized solutions for their clients' unique needs.