

Impact of Healthcare Costs on Employers and their Employees

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Employer Perspective

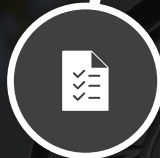
- What are we seeing?
- The importance of the RAND study.
- Other implications and considerations

Enrollment

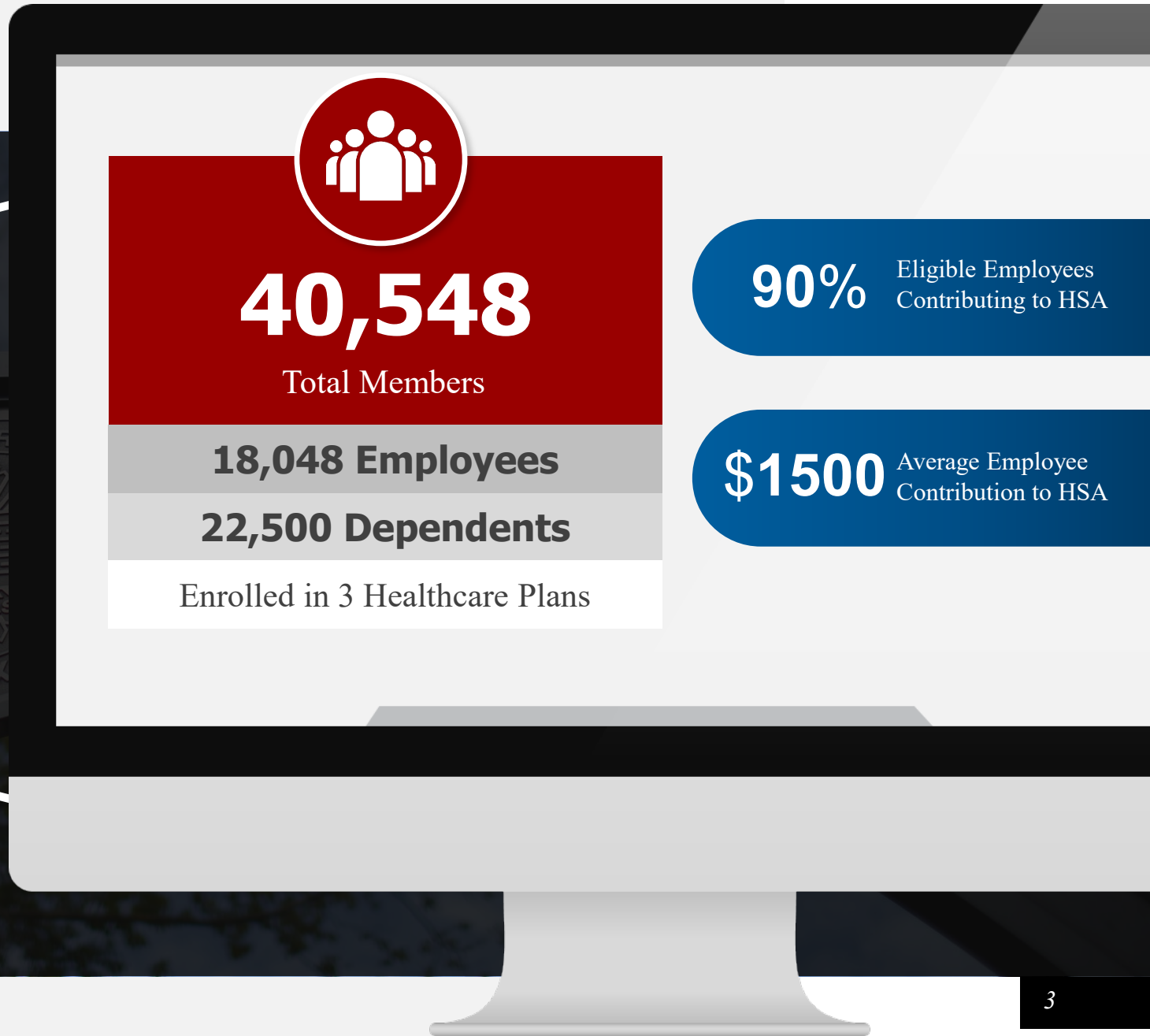
Benefit Eligible Employees = 19,393
Enrolled in Healthcare Plan = 18,048



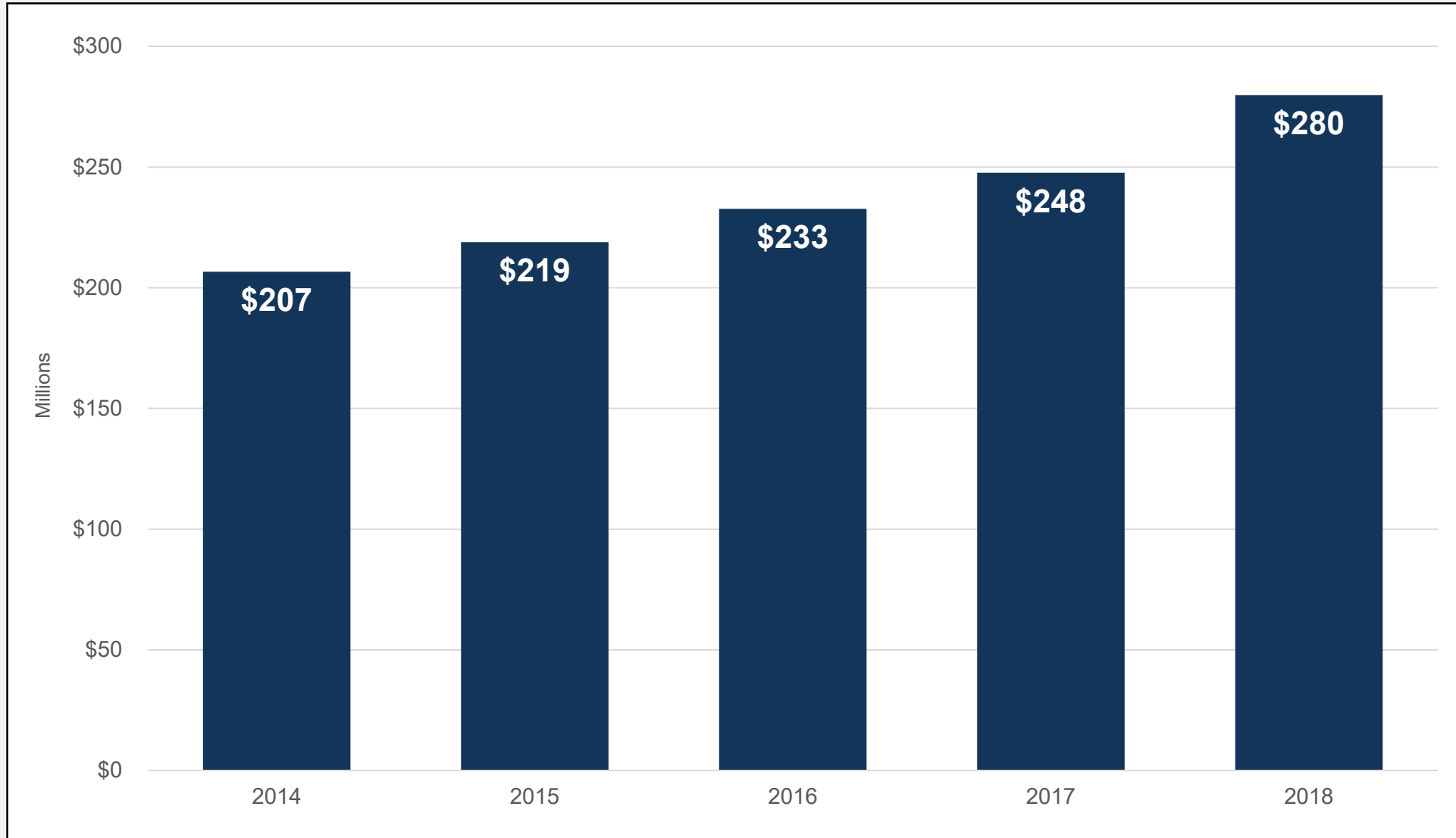
94% of employees enrolled
in a HDHP with a HSA



Deductible: \$1,500 / \$3,000
IU HSA Contribution: \$1,300 / \$2,600



Employer healthcare costs are growing

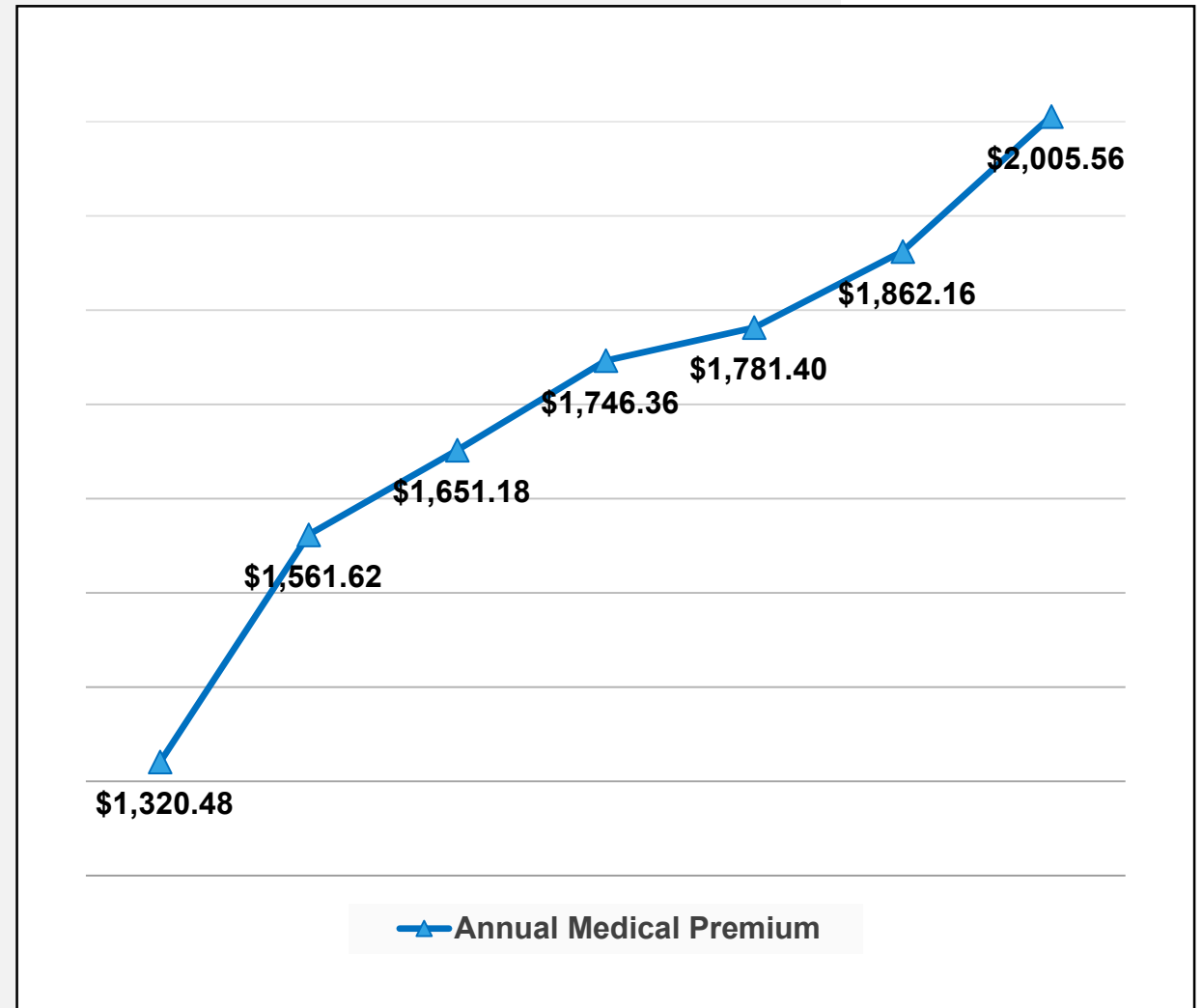


The IU
healthcare
budget has
increased
35%
in 4 years.

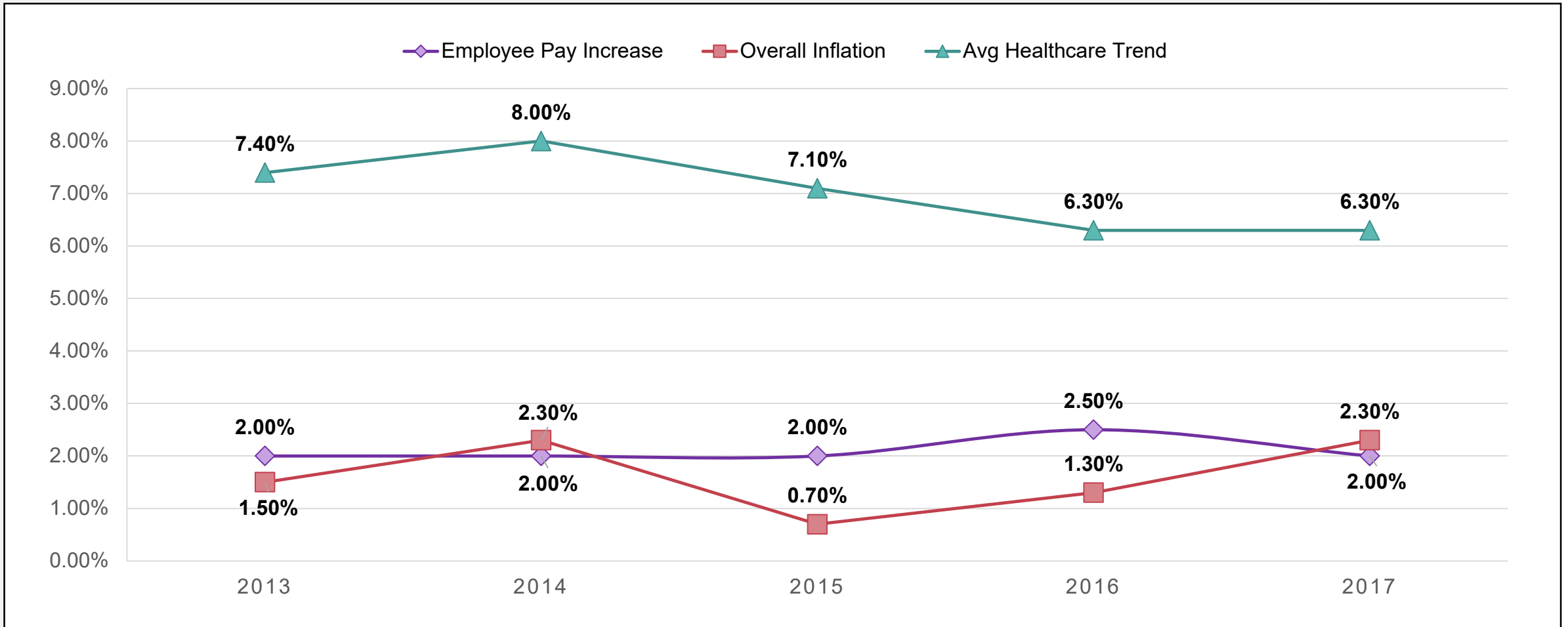
Employee premiums are not affordable

- Annual Salary: **\$40,000**
- Medical Plan: **HDHP with HSA**
- Level of Coverage: **Family**

- Employee premiums for family coverage increased by **52%** over the past 6 years.
- That's an average increase of **8%** annually.
- Premium contributions consume about **5%** of the employee's base salary.

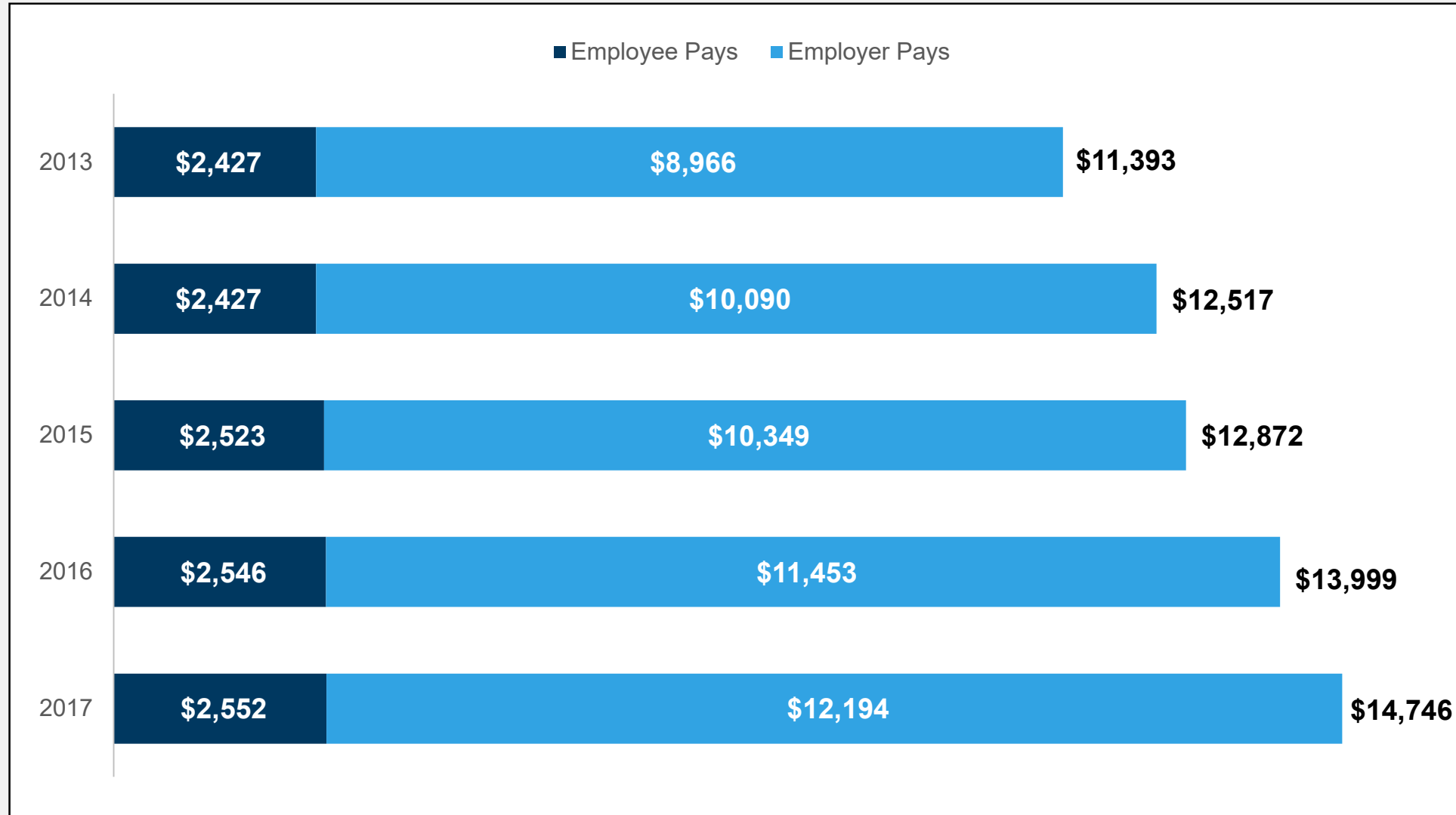


Healthcare cost outpaces employee pay and inflation.



Source: IU Data., Fiscal Year 2013-2017; Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1993-2017.

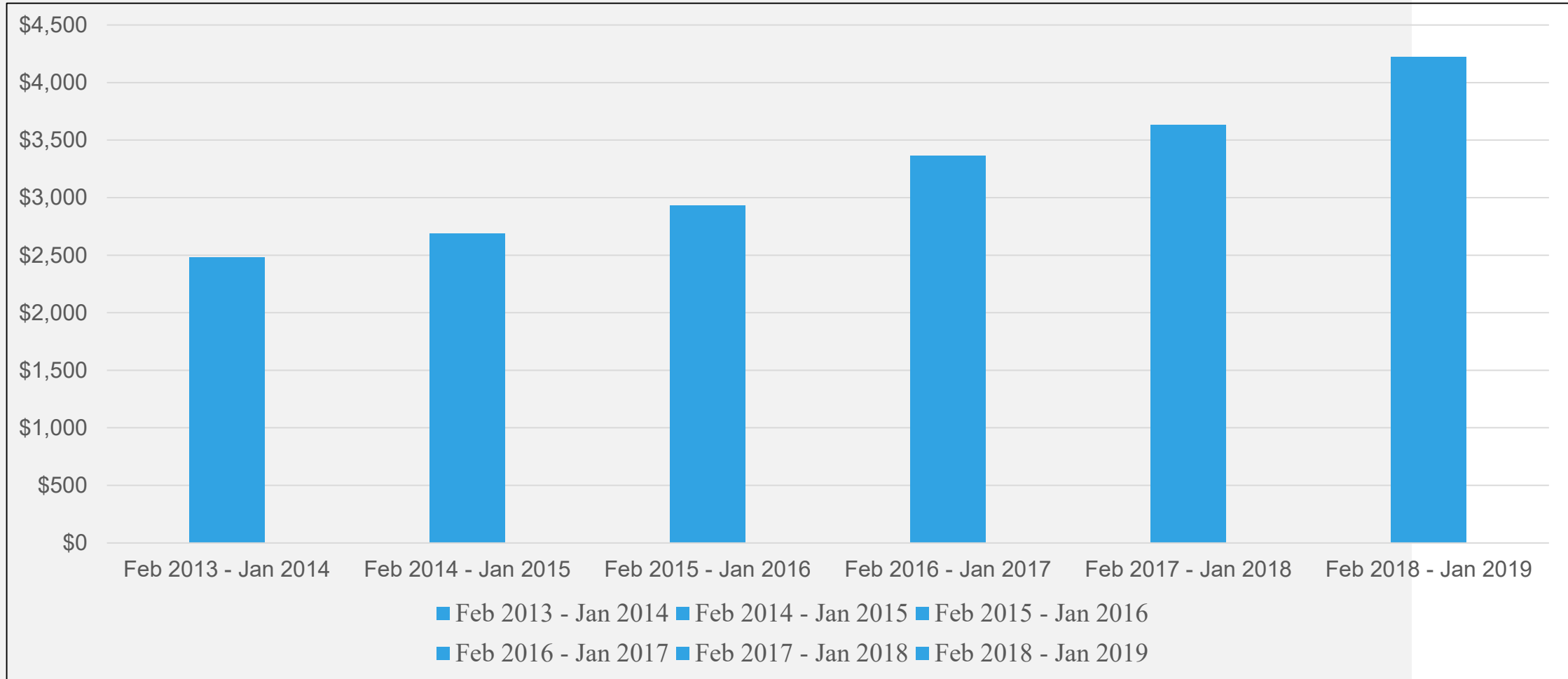
Rising PEPY costs



PEPY costs increased **30%** from 2013 to 2017.

SOURCE: IU Claims Data, Med and Rx, Paid March 2013 through February 2018

Skyrocketing outpatient PEPY costs



Impact of healthcare costs on employers and employees

- Healthcare expenditures are a large proportion of employer budgets
- Costs are growing rapidly on a per employee basis, at rates far above the cost of living
- These increases are challenging the ability to provide raises to employees and to help them save for retirement

This is
NOT
sustainable.

Employers can't keep doing the same thing and expect different results.

Employers are nearing the end of their ability to improvise.



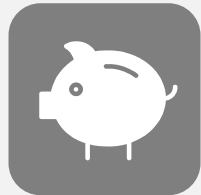
Possible levers for employers to adjust

CURRENT

FUTURE



Increase Premiums



Health Savings Account (HSA)



Deductible and Out-of-Pocket Maximums

Contracted Medicare Plus Pricing



Narrow or Tiered Networks



Direct Contracting with Providers



Other Considerations

- Episodes of Care
- Centers of Excellence
- Policy discussions

What can employers do?

- Be Informed – Understand the impact to your organization
- Be Involved – Work with others
- Help Influence – Participate in coalition work groups and RAND 3.0

Employers can't keep doing the same thing and expect different results.

THANK YOU

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