

Supporting employees in a time of cost growth

welcome to brighter



Today's panel



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Our data sources

National Survey of Employer-Sponsored Health Plans



Long running

Marking 37 years of measuring health plan trends



Robust

2,028 employers of all sizes, industries and regions



Statistically valid

Sampling and weighting methodology yields nationally projectable results for private and public employers

Health on Demand – Results April 12

Employee perspective

Surveyed 16,000 workers in 16 countries;
2,000+ US workers

Benefit needs and values

With a focus on virtual care

Sneak peek! Health & Benefit Strategies for 2024 – Preliminary results

Focus on biggest issues for 2024 planning

Cost growth, affordability, Rx, behavioral health

Fielded Feb. 14 – March 10

Results available next month

Health program strategy today reflects three major themes



Inflation is driving healthcare cost – and makes affordability an even bigger concern

- Inflation is driving healthcare cost and creating financial stress for workers
- Budget concerns must be balanced with healthcare affordability and the need to offer attractive benefits



Enhance benefits by filling existing gaps

- Inclusive benefits provide something of value to everyone
- Flexibility is highly valued by workers
- Behavioral health care remains a critical need

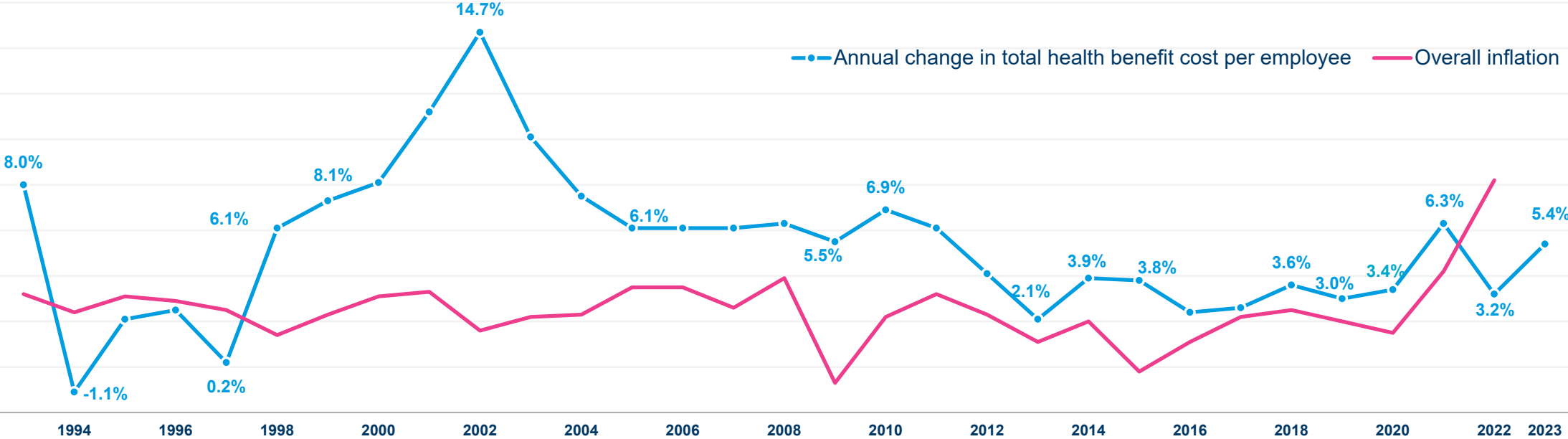


As cost growth speeds up, think value

- Steering employees to higher-value care can lower their costs as well as yours
- Virtual first care helps solve for affordability while also addressing access

Health benefit cost growth lagged inflation in 2022, but sharper increases are expected

Change in total health benefit cost per employee compared to CPI, workers' earnings



2022 Mercer National Survey of Employer-Sponsored Health Plans
Beginning in 2020, results are based on employers with 50 or more employees. *Projected.
Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April); Bureau of Labor Statistics, Seasonally Adjusted Weekly Earnings from the Current Employment Statistics Survey (April).

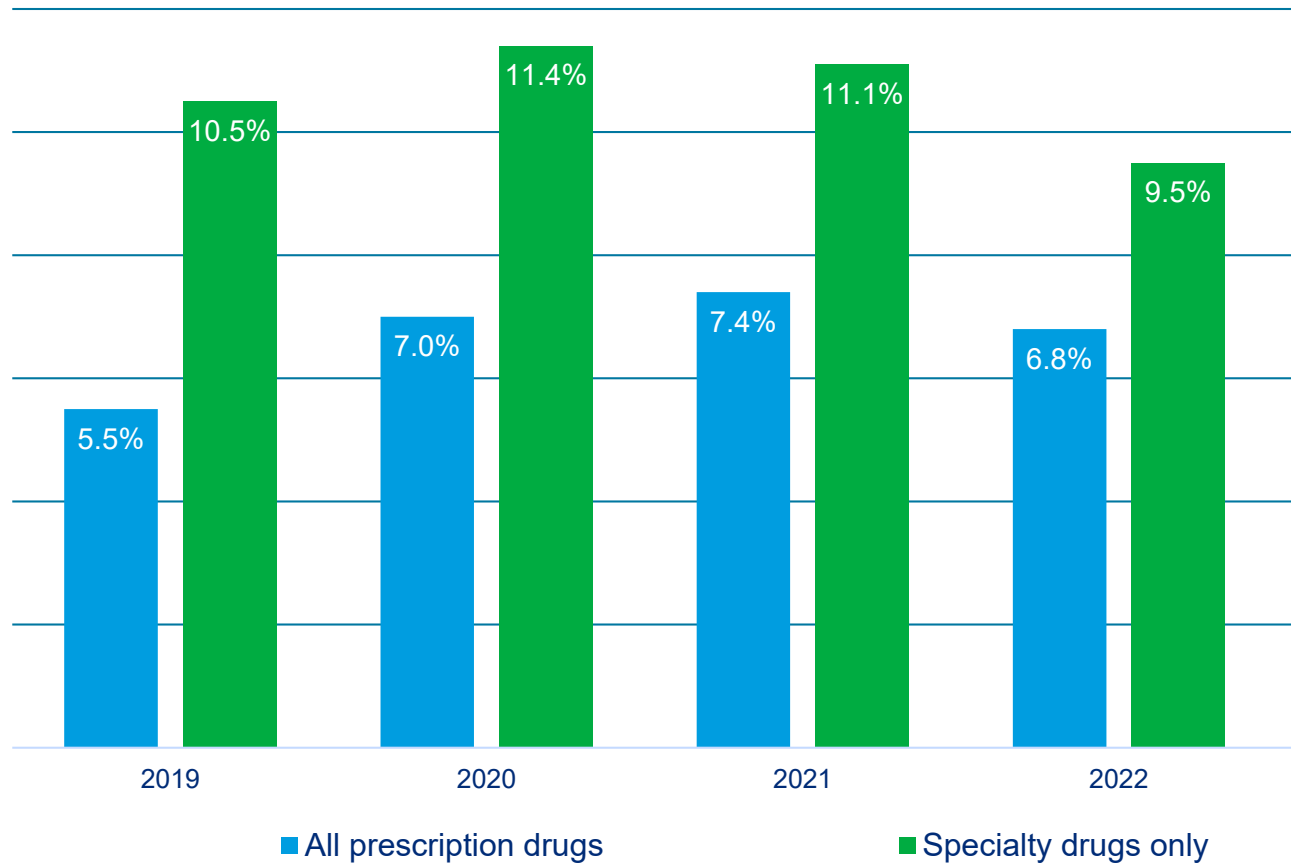
Per-employee cost topped \$15,000 in 2022, with smaller employers spending more than large employers

Average total health benefit cost per employee



Driven by specialty drugs, Rx cost is growing at nearly twice the rate of overall health benefit cost

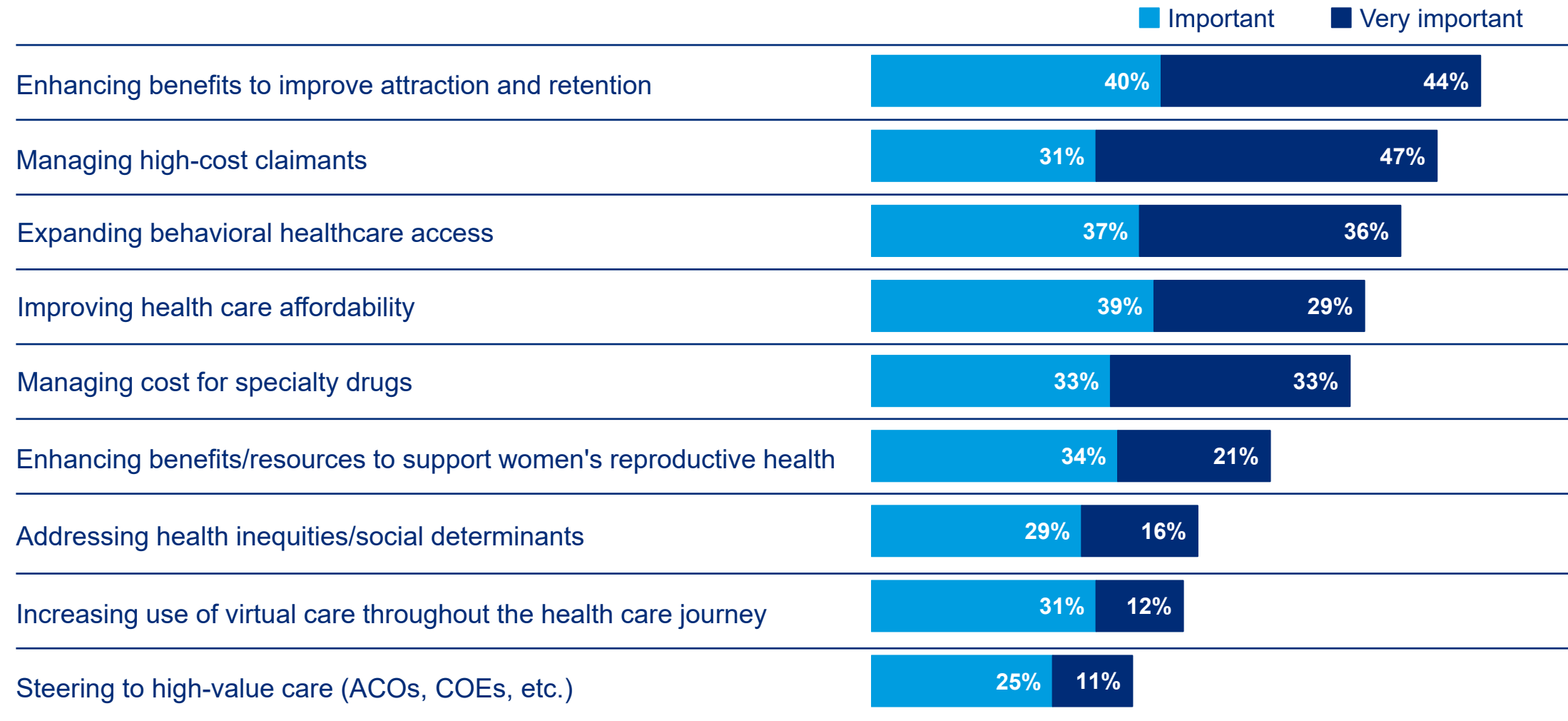
Average annual change in prescription drug benefit cost per employee



Employers with 500 or more employees

#1 priority: Enhancing benefits to improve attraction/retention

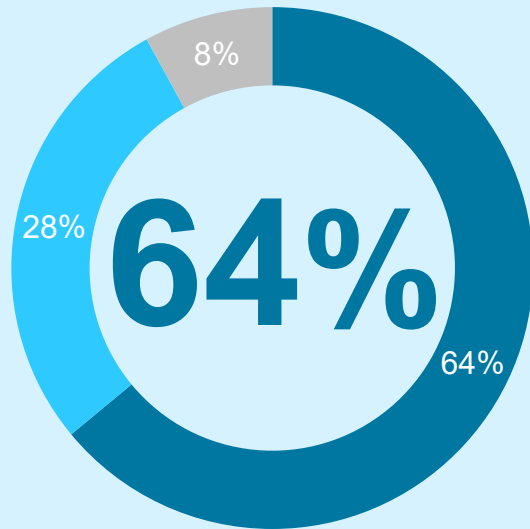
Most important strategies for the next 3-5 years



Employers with 500 or more employees

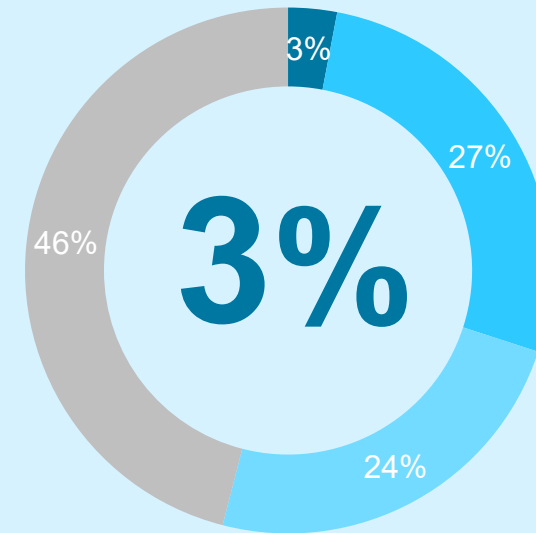
Employers continue to prioritize enhancements — and to minimize cost-shifting to employees

Will enhance health and well-being offerings in 2024



- Planning to make enhancements
- Not making enhancements in 2024, but did so with the past two years
- Not making enhancements

Will shift enough cost to employees via plan design changes to reduce projected health plan cost increase



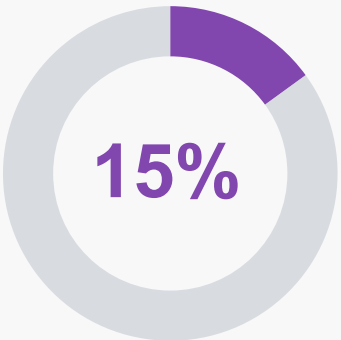
- Will raise cost-sharing enough to reduce projected cost increase
- To keep pace with the projected cost increase
- By less than the projected cost increase
- Will not raise any cost-sharing requirements

Employers with 500 or more employees

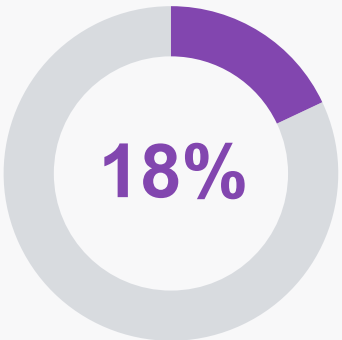
Enhancing benefits by filling gaps and addressing healthcare affordability

Boosting affordability

Helping employees keep more of their paychecks

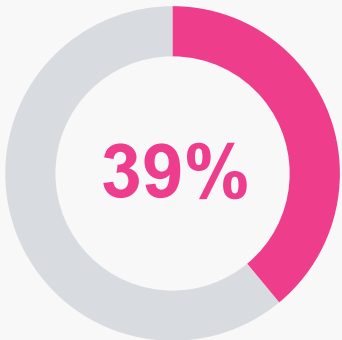


Offer free employee coverage in at least one medical plan



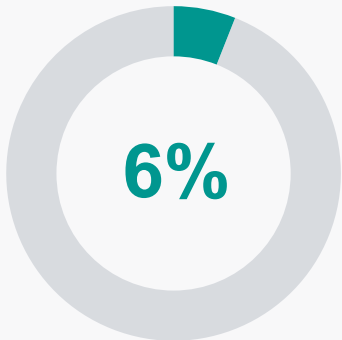
Use salary-based contributions

Removing financial barriers to seek care



Offer medical plan with no/low deductible (e.g., copay plan)

Providing cash to help pay for healthcare



Make larger HSA contributions to low-earners

Employers with 500 or more employees

Health equity starts with affordability, but some employees are less confident they can afford needed care

Percent of employees who are not confident they can afford healthcare...

if household income is...

Median income and above:

7%

Below median:

34%

if gender is...

Male:

10%

Female:

29%

if work status is...

Full time:

17%

Part time:

28%

Taking action to improve health equity, support DEI goals

78%

of employers are currently taking action to improve health equity

10%

are planning to develop a strategy

Only 12%

have yet to begin

Employers with 500 or more employees



Mercer Survey on Health & Benefit Strategies for 2024



Understanding the problem

27%

Collecting information on race, gender identity, or other demographics to facilitate equity analyses



Respecting differences

40%

Ensuring members can identify providers who are acceptable to them

24%

Multi-lingual and/or communications targeted to specific populations



Providing coverages that meet diverse needs

41%

Providing equitable family-building benefits

23%

Coverage for doulas, midwives, birthing centers or other alternatives to improve maternal outcomes

49%

Coverage for hearing aids



Committing to ambitious goals

20%

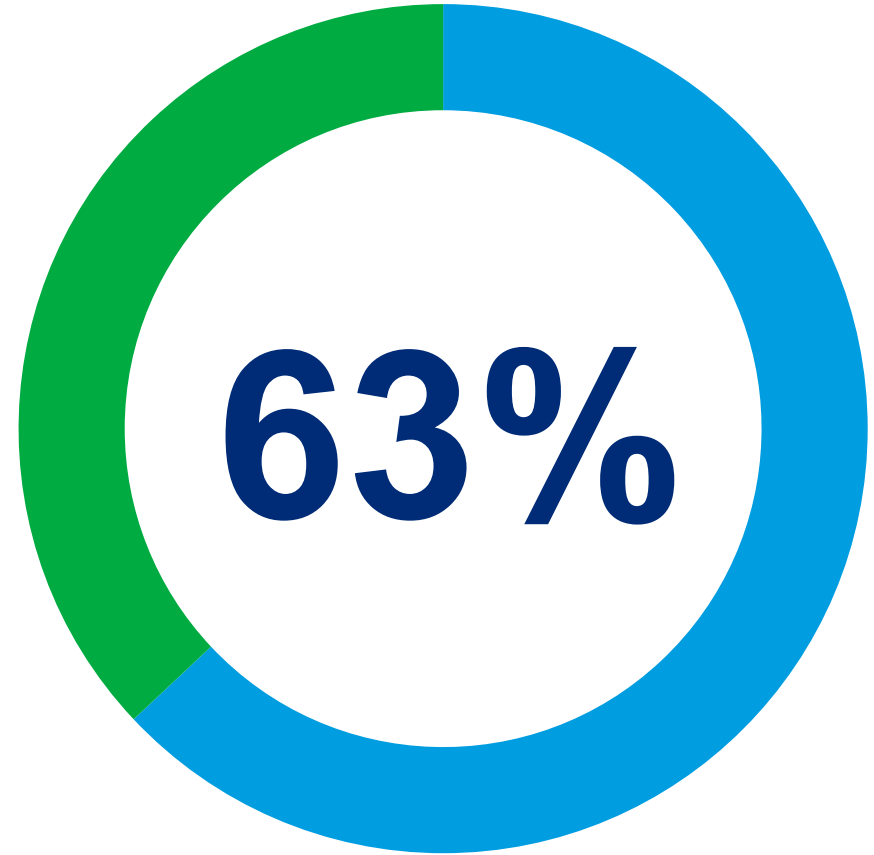
Meeting (or working towards meeting) the new Corporate Equality Index standards

35%

Taking other actions to improve health equity and support DEI

Employers are adding family-building benefits such as IVF coverage – and the majority have designed their fertility benefits to be inclusive

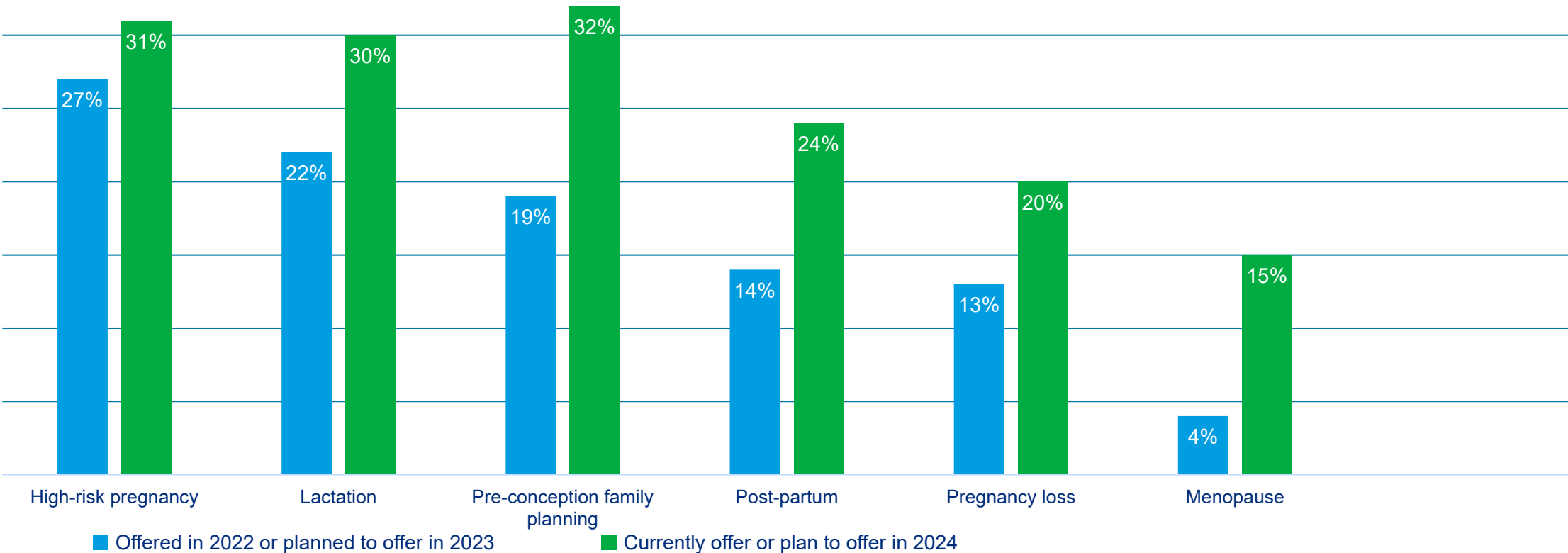
Employers with 500 or more employees



Fertility benefits are not limited to women who meet the clinical definition of infertile

Employers moving quickly to add benefits or resources to support women’s reproductive health

46% of employers will offer one or more of these benefits in 2024, up from 37% in 2023



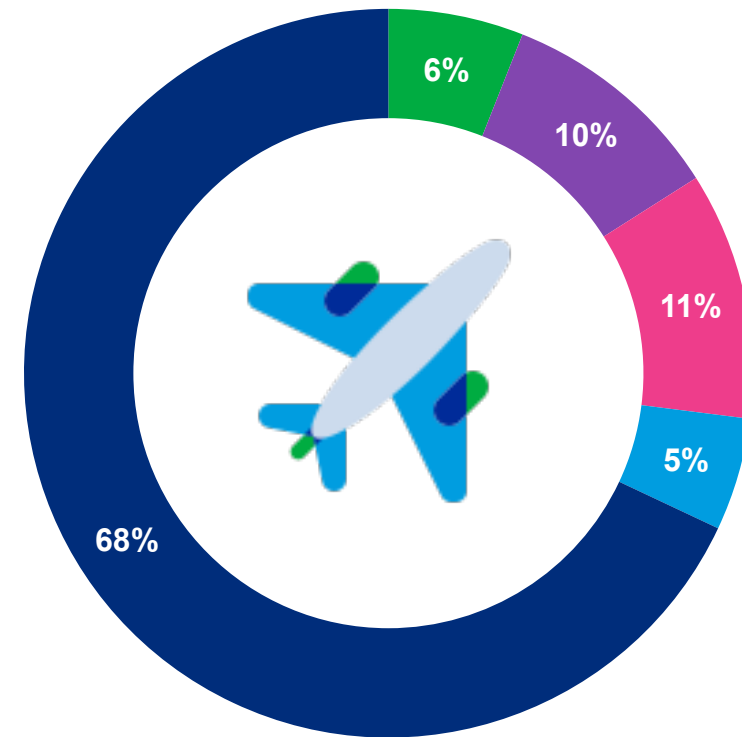
Employers with 500 or more employees

Focus on paid time off



About one in four large employers provide unlimited PTO to at least some employees

Employers with 500 or more employees



- Offer to all employees
- Offer only to salaried or other class of employees
- Offer only to execs or other limited group
- Considering offering
- Don't offer, not considering

Paid time off policies are becoming more inclusive

Growth in paid parental leave for all kinds of families

Paid parental leave



Paid adoption leave



Paid foster child leave



Paid surrogacy leave



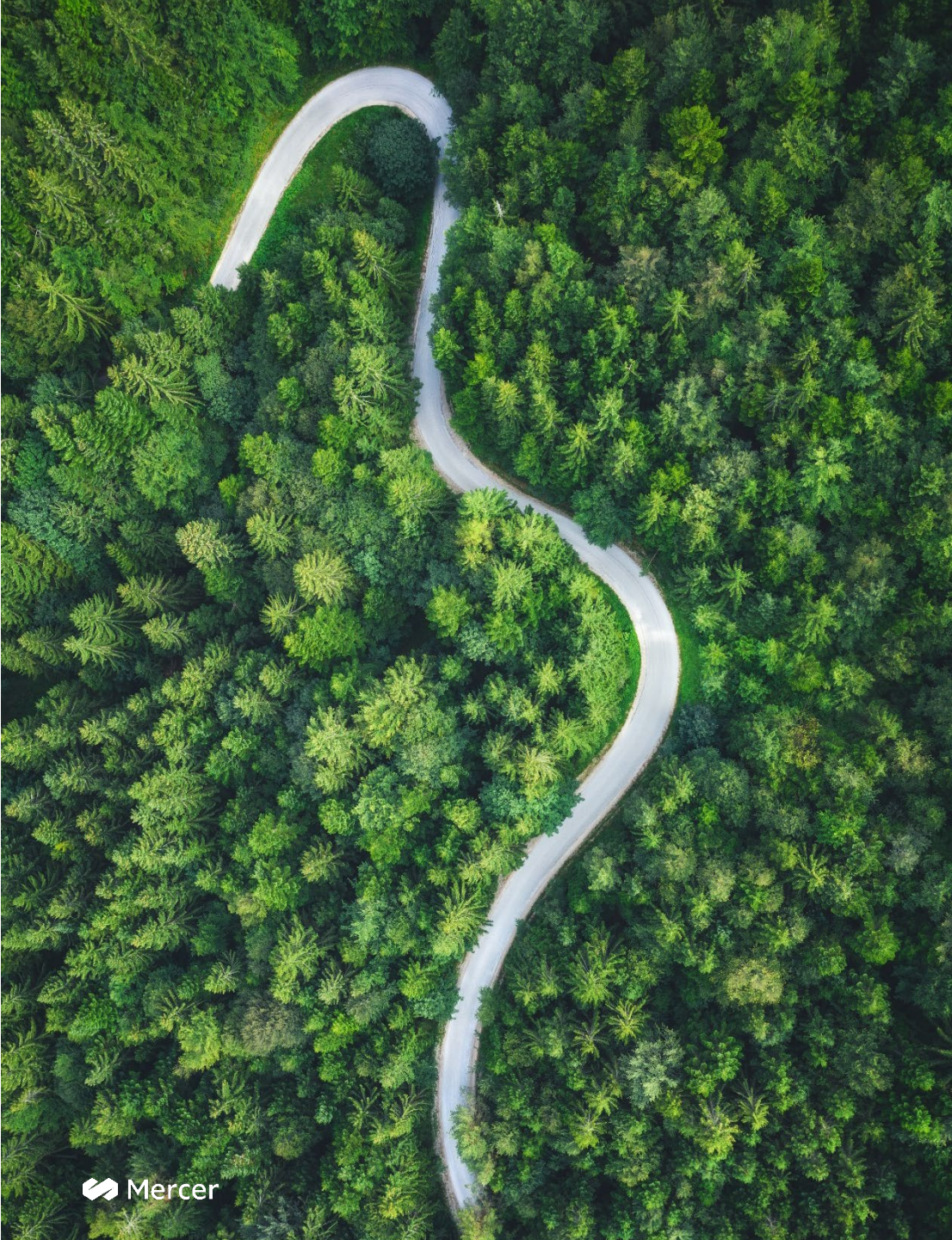
■ Offered in 2022 or planned to in 2023 ■ Offer in 2023 or plan to in 2024

Employers with 500 or more employees



Mercer Survey on Health & Benefit Strategies

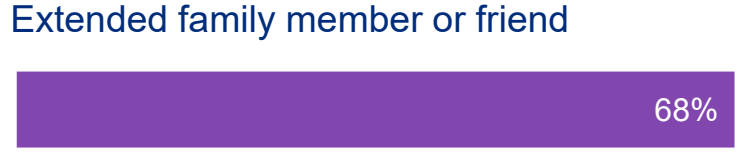




Paid time off policies are becoming more inclusive

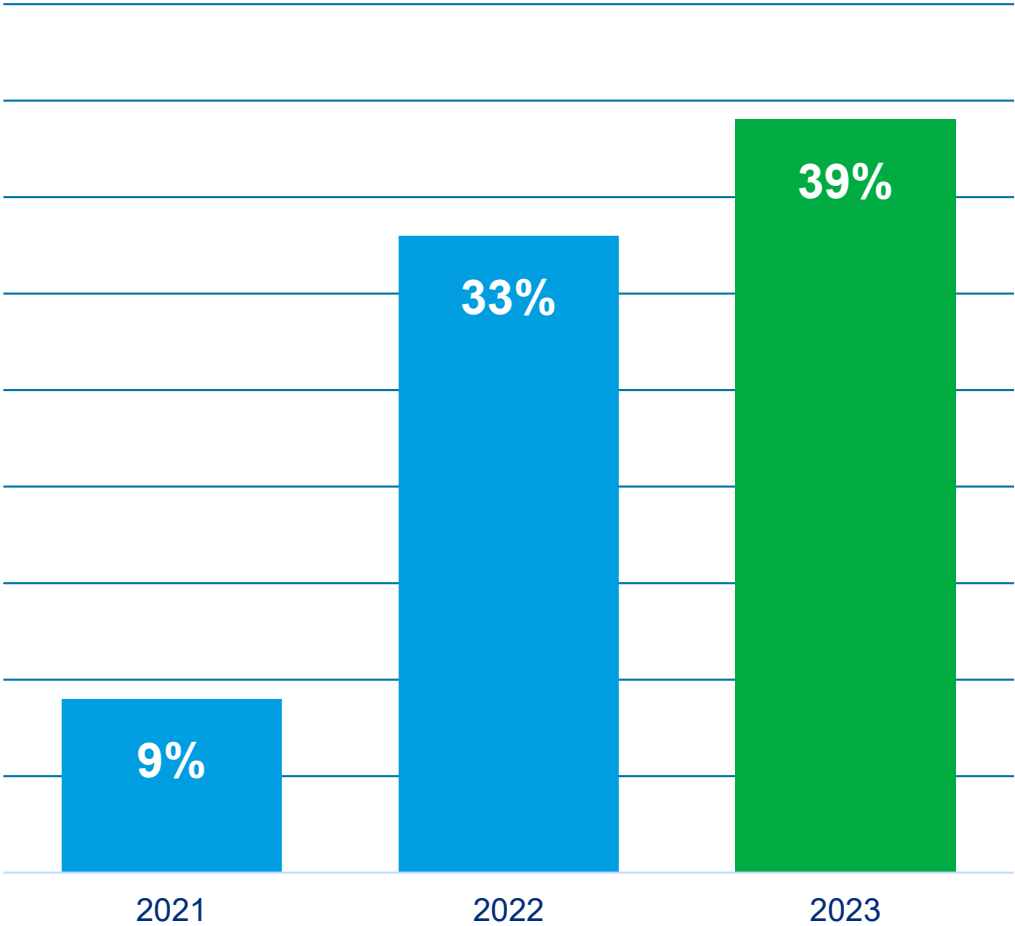
Taking a broader view of bereavement

Offer (or will offer in 2024) paid bereavement leave for:



Employers with 500 or more employees

More employers will make Juneteenth a paid company holiday in 2023



Employers with 500 or more employees

Focus on behavioral health care

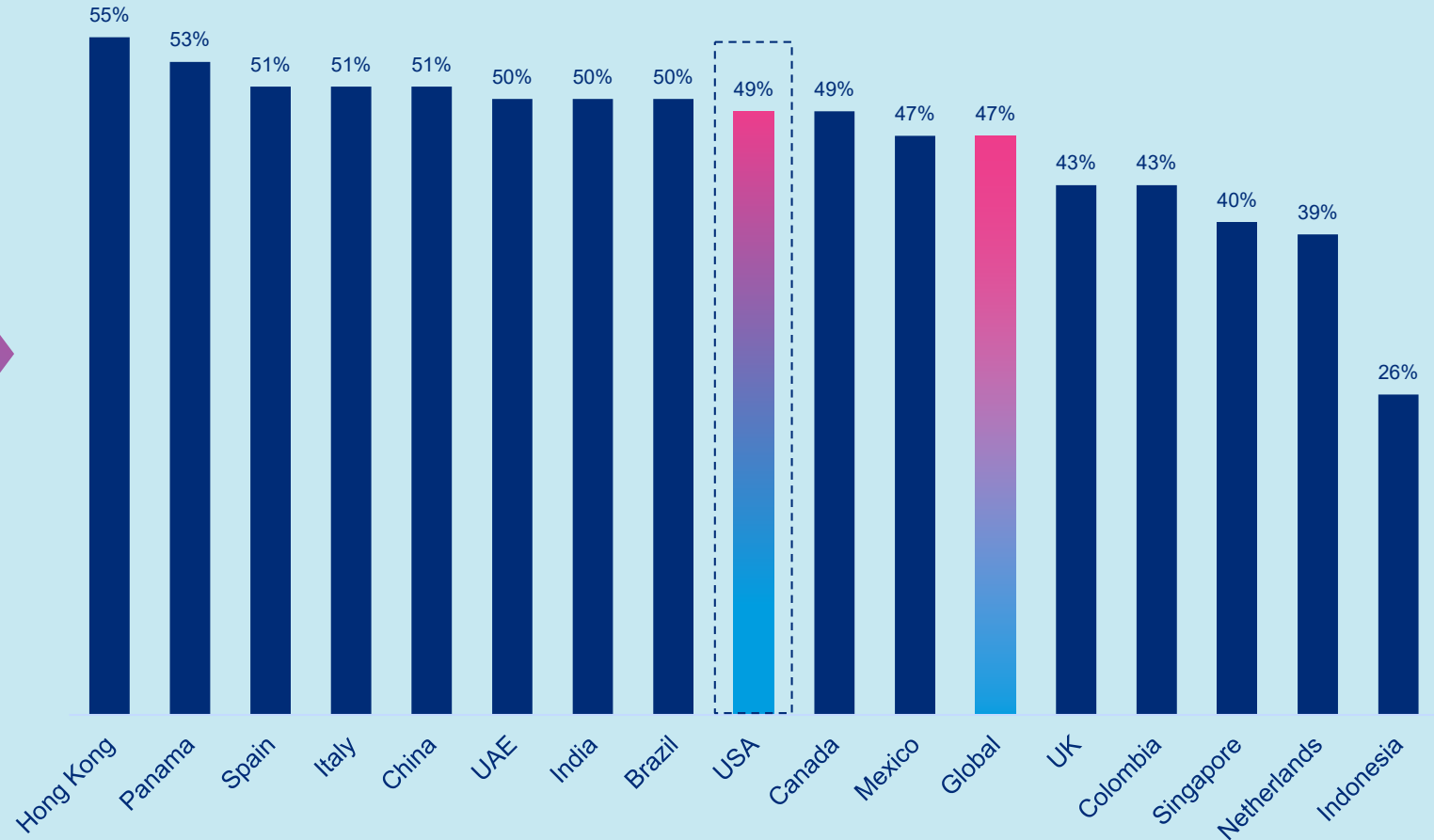
Nearly half of employees report feeling stressed in everyday life

47%

of employees globally feel stressed in everyday life (Strongly Agree + Agree)

49%

of US employees feel stressed in everyday life (Strongly Agree + Agree)



Mental health ranked 5th out of 16 personal concerns by workers overall – but ranked higher among some groups

#2

Below age 35

versus #5 among all workers

#2

Female caregivers

versus #7 for non-caregivers

#2

LGBTQ+

versus #6 for non-LGBTQ+

#3

Black, African American, Hispanic & Latino workers

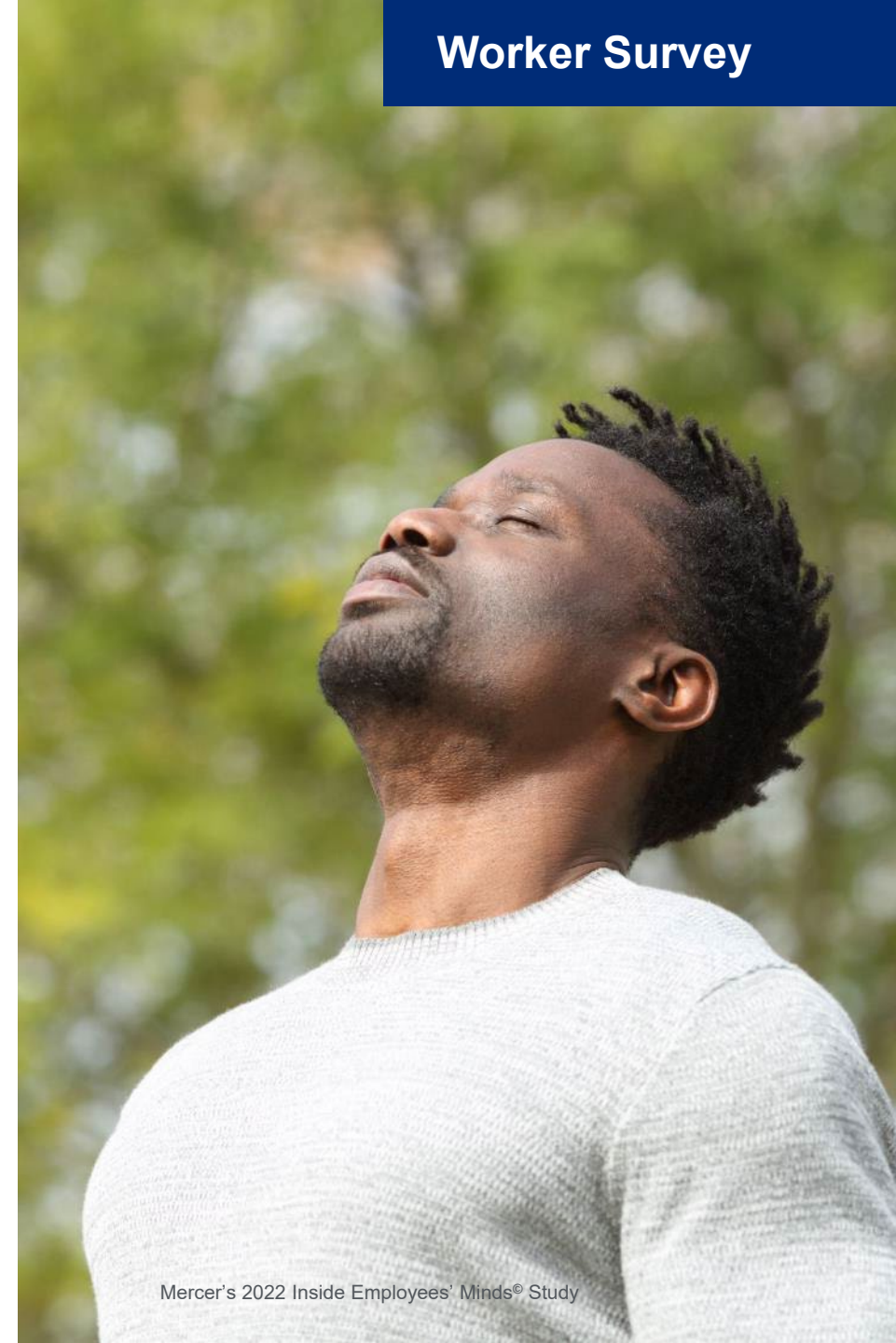
Versus #6 for White workers

#3

Women

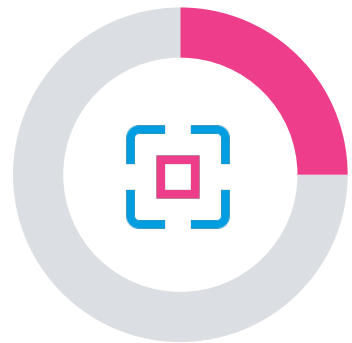
Versus #8 for Men

Mercer's Inside Employees' Minds 2022, a survey of 4,000 US workers



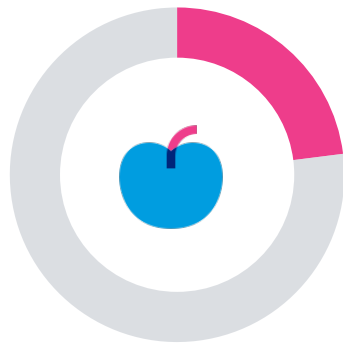
Most employers have recently assessed employee behavioral health needs, or plan to

Have assessed employee behavioral health needs within the past two years using:



25%

Employee surveys/
focus groups



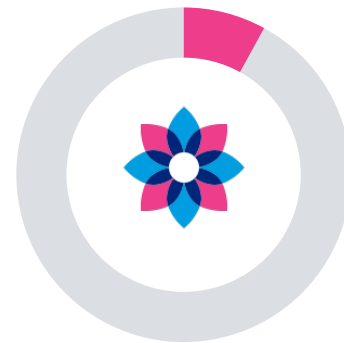
23%

Health
assessments



44%

Claims
analysis



8%

Anxiety/depression
screenings

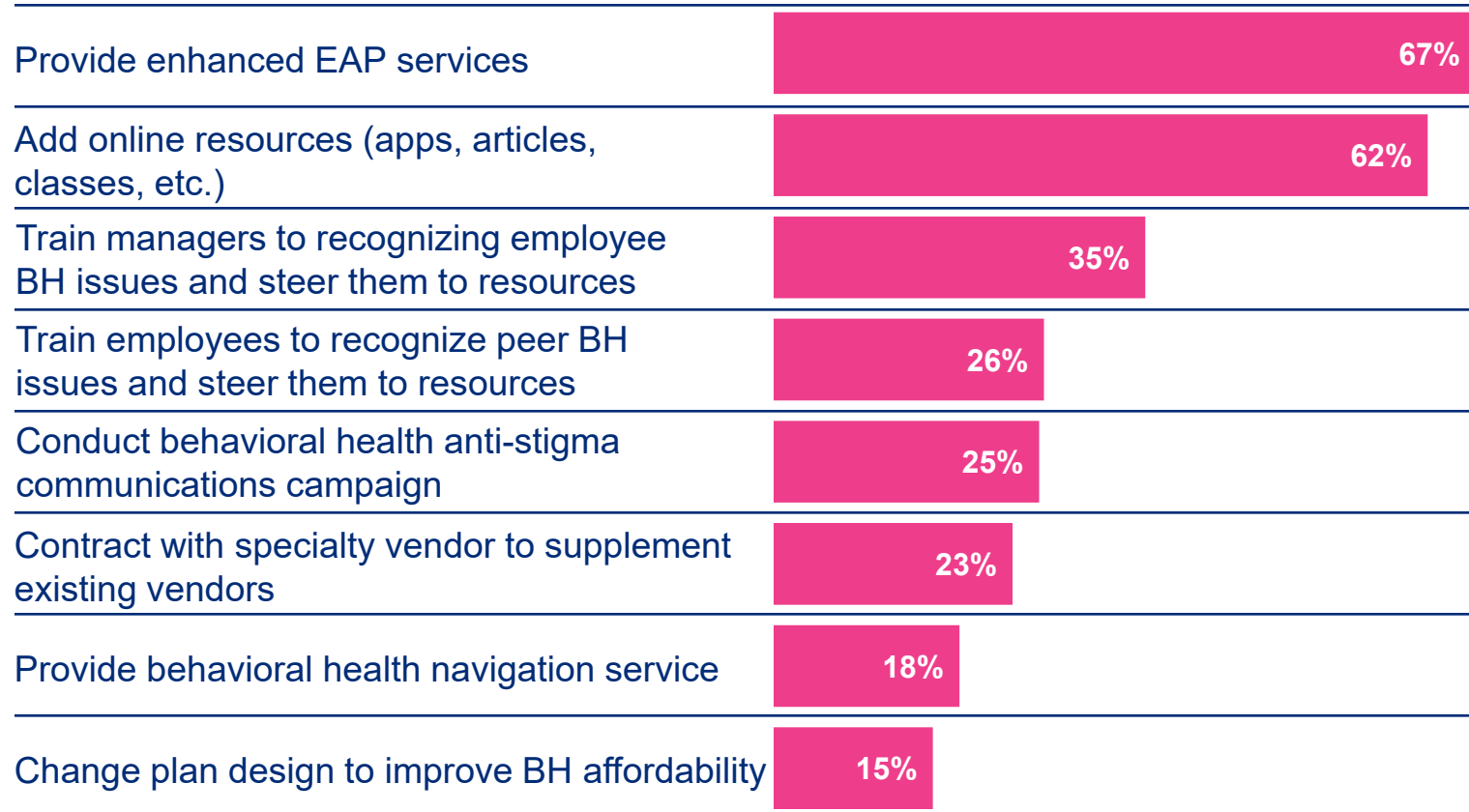
An additional 12% plan to conduct a BH assessment in 2023 or 2024.

Only 23% have not recently assessed needs and have no specific plans to do so

Employers with 500 or more employees

Taking actions to expand access to behavioral healthcare and reduce stigma in the organizational culture

Strategies in place or planned for 2023

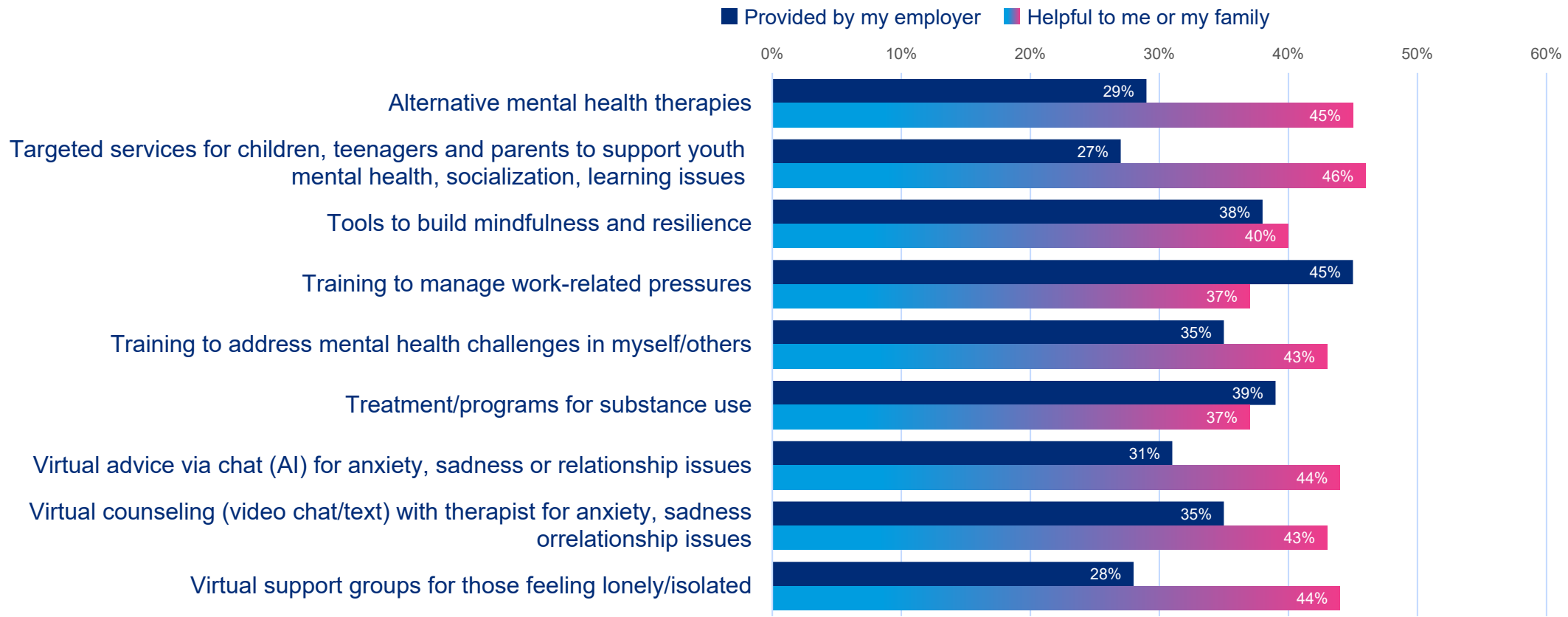


Employers with 500 or more employees

Expanding access to behavioral healthcare is the #3 health program priority among all large employers – and #1 among jumbo employers

There are plenty of opportunities to offer mental health benefits that employees find helpful

Mental health benefits

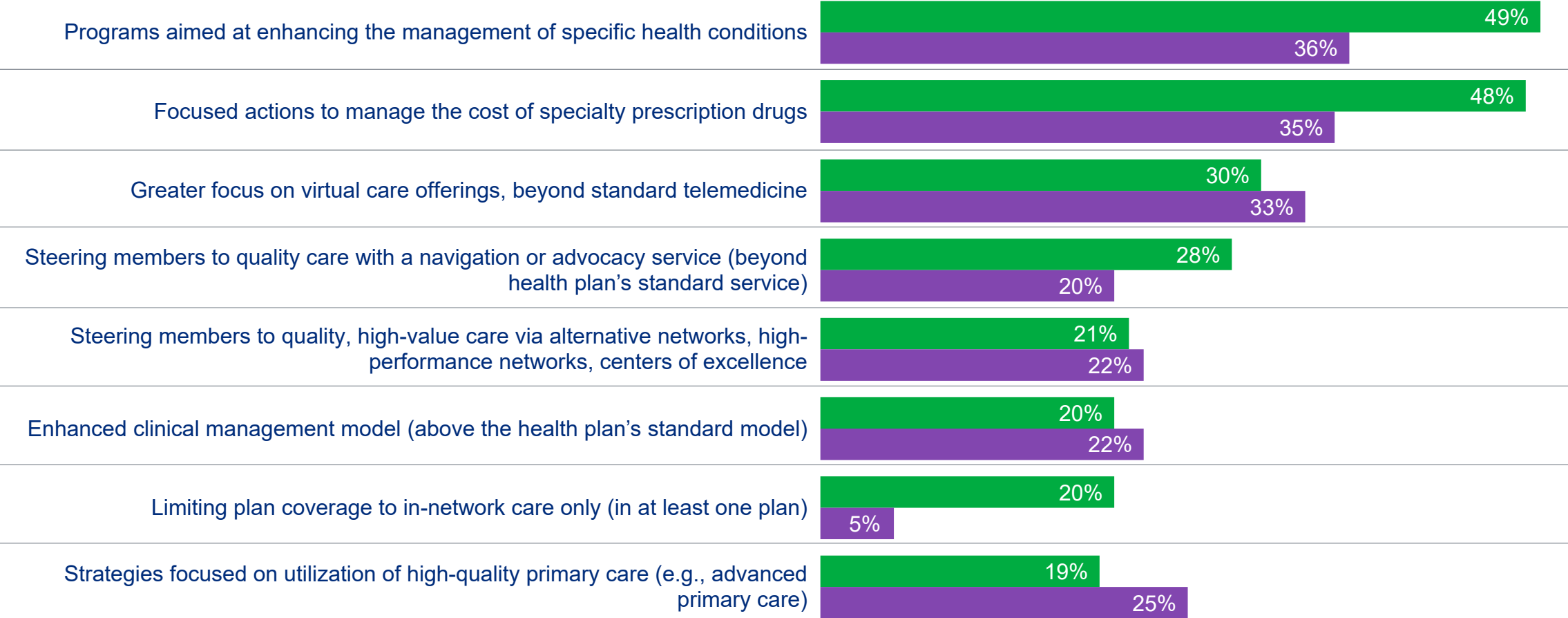


Flip the pyramid



**To address rising cost
without shifting cost,
employers are thinking *value***

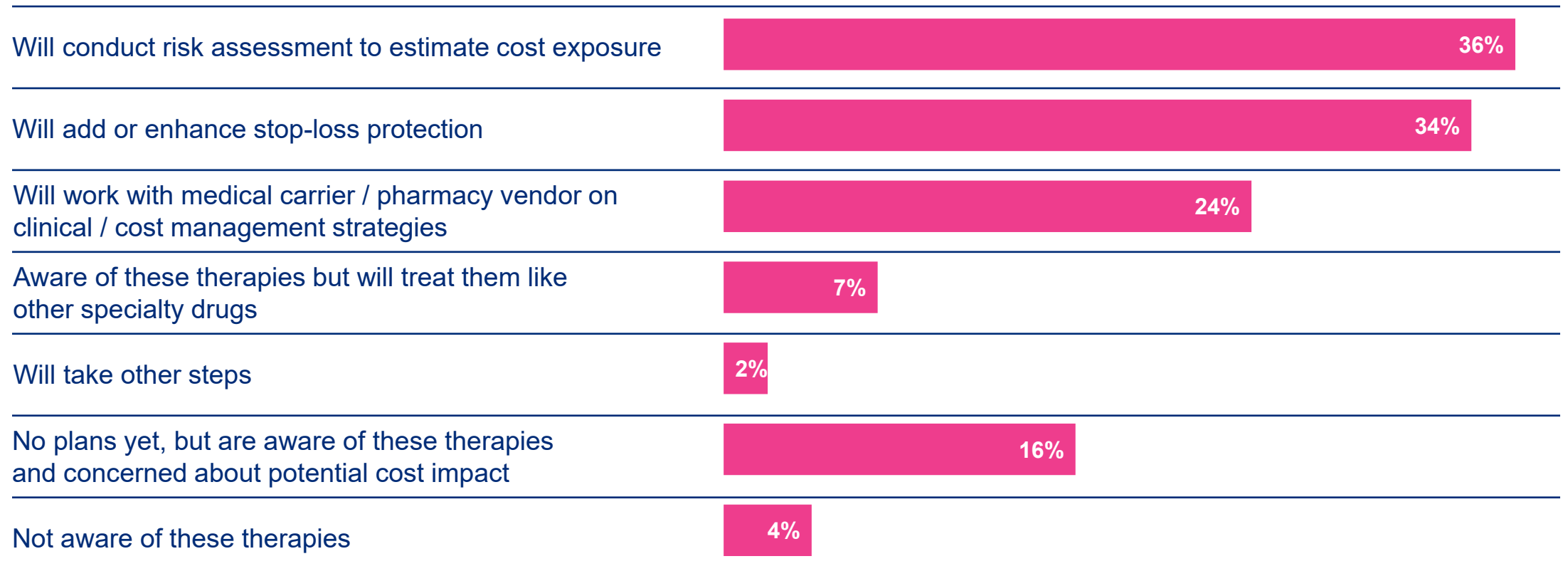
Strategies employers are using to slow health cost growth -- without shifting cost to employees



Employers with 500 or more employees

■ Currently use strategy
 ■ Seriously considering implementing within 2 years

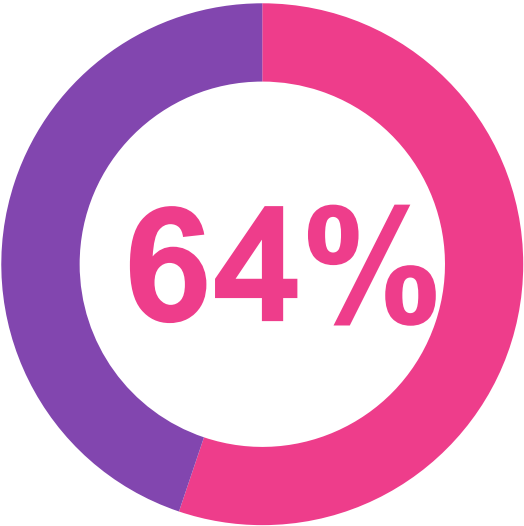
Preparing for the impact of new, extremely high-cost gene and cellular therapies



Employers with 500 or more employees

Expanding virtual care beyond traditional telemedicine

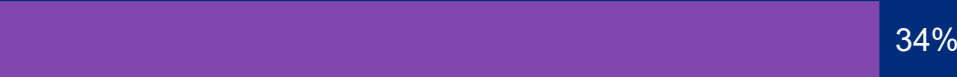
Telemedicine for acute care is a nearly universal offering. But today nearly two-thirds of sponsors provide other virtual solutions to address a broader range of healthcare needs



■ Provide virtual care beyond telemedicine or plan to in 2024

Virtual care solutions offered*

Behavioral health care (network of exclusively virtual therapists, e.g., Lyra, Spring Health)



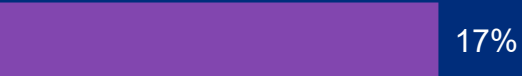
Specific care categories, such as musculoskeletal or diabetes (e.g., Hinge Health, Livongo)



Specialty care, such as dermatology or reproductive care (e.g., Luna, Thirty Madison)



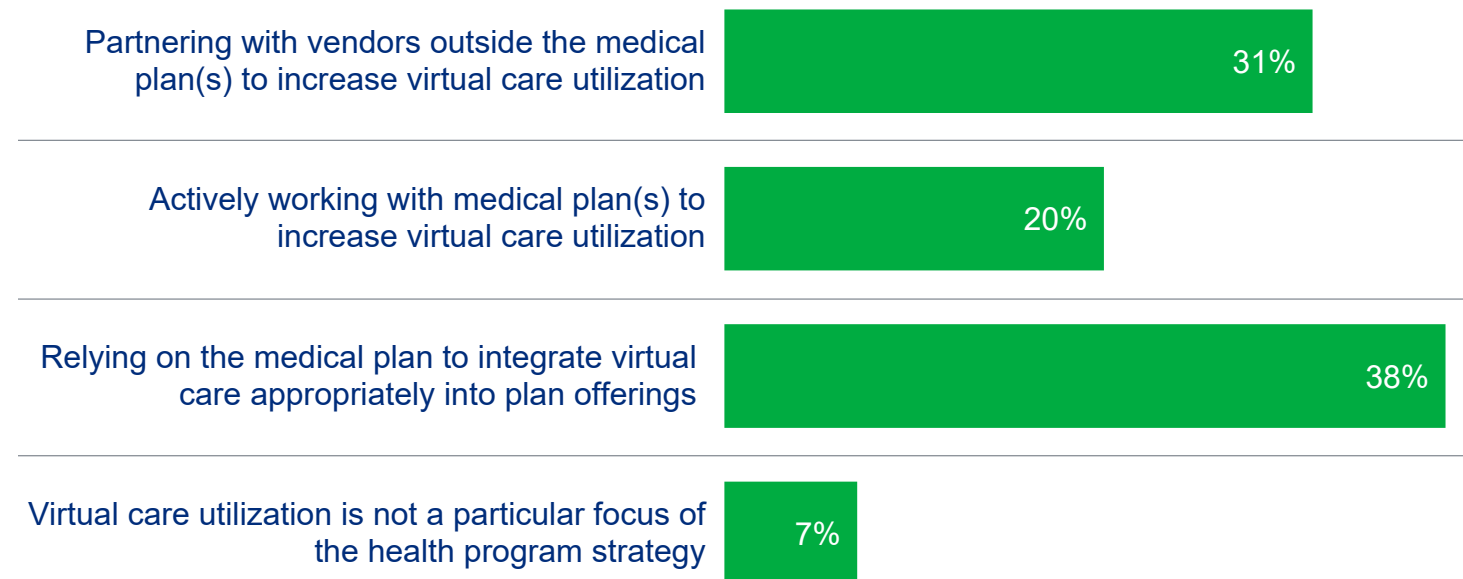
Primary care (e.g., 98point6, Medici)



*or planned for 2024

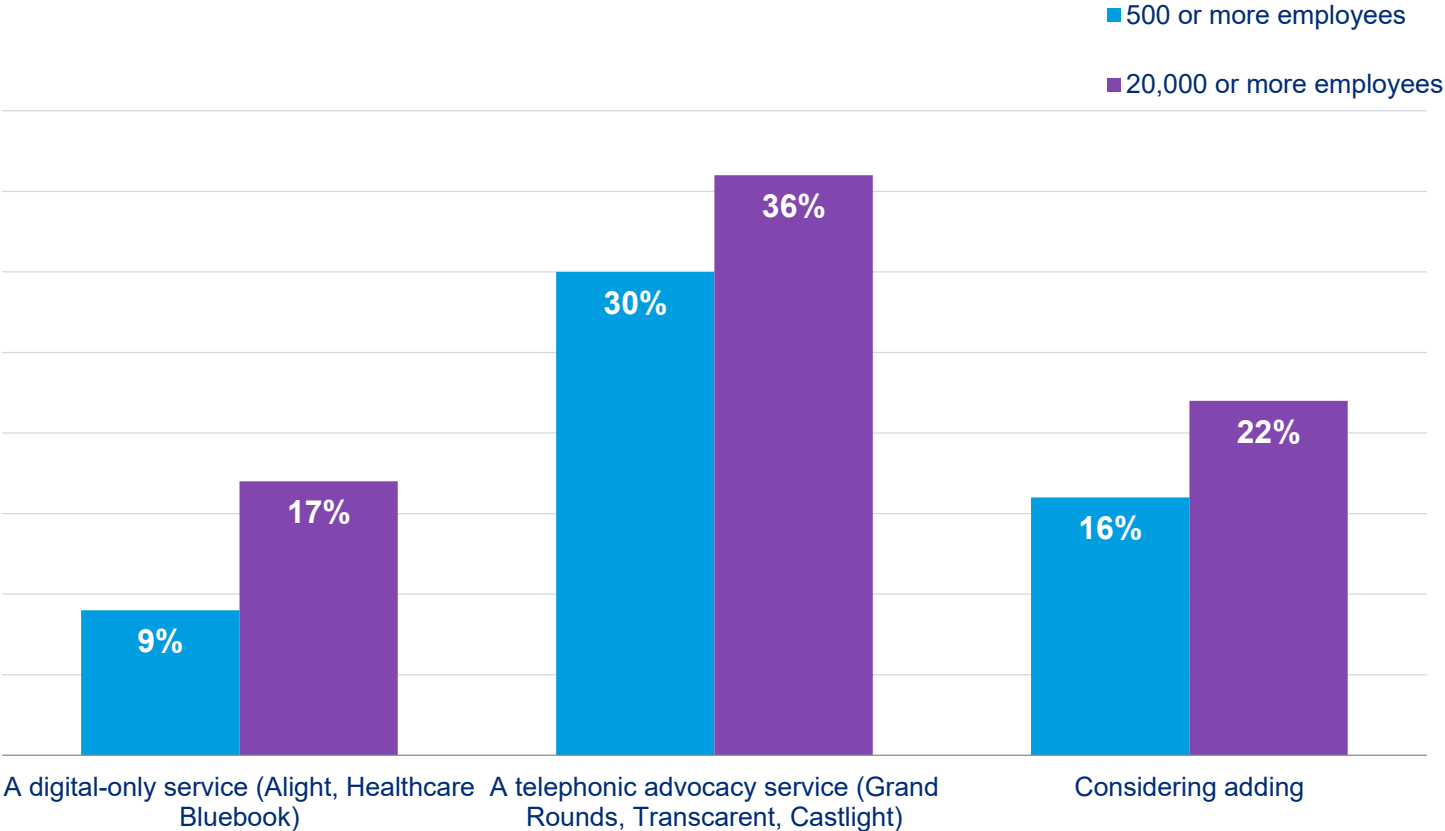
About half of employers are actively working with vendor partners to integrate virtual care into their health programs

Primary approach toward integrating virtual care in the health program



Employers with 500 or more employees

Navigation or advocacy services help members find the right care, based on quality and cost

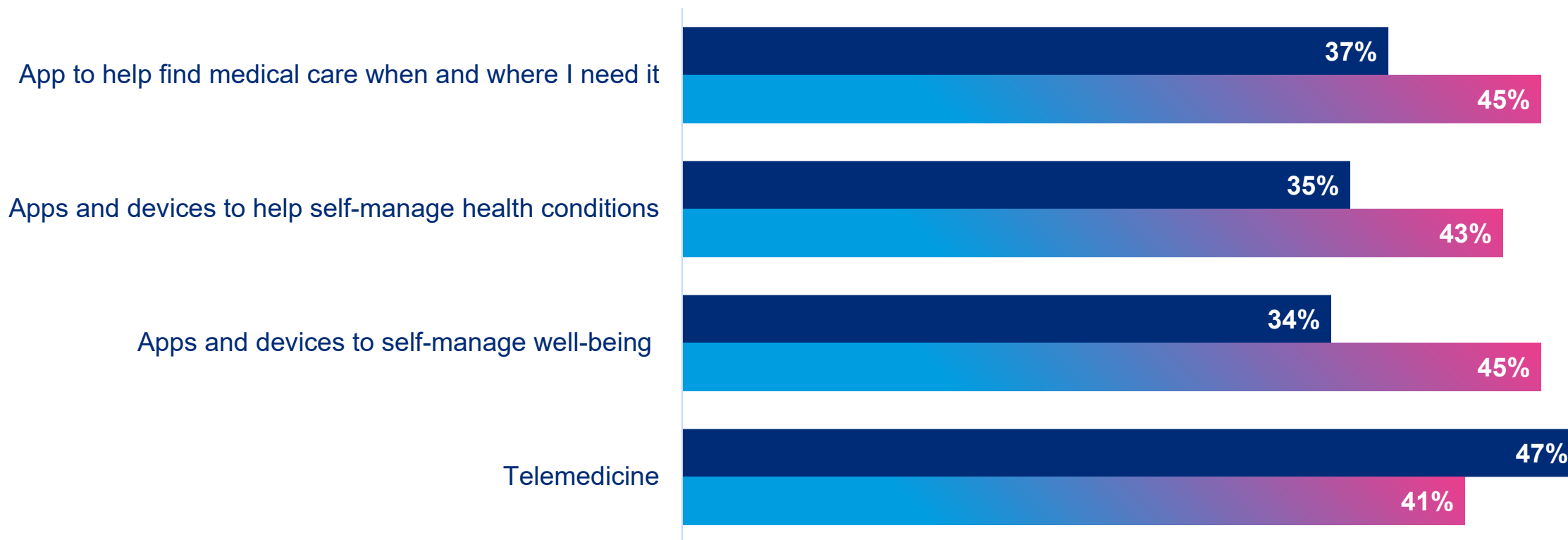


Provide services beyond the health plan's standard customer service

Many employees find digital health benefits helpful -- or believe they would be helpful

Digital health benefits

■ Provided by my employer ■ Helpful to me or my family



key takeaways

Employers will be challenged to absorb higher cost increases, but with inflation stressing their employees' household finances, budget concerns must be balanced with healthcare affordability and the need to offer attractive benefits

1 Plan for faster cost growth

2 Get creative!
Find ways to add value for *your* population

3 Network strategies and virtual care offer win-win cost savings

Thank you

for allowing us to be your trusted advisor
in these uncertain times



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