CREATING OPPORTUNITY IN A CHANGING MARKETPLACE

May 29, 2013
Critical Tools
Highmark has developed critical tools to assist in the transition into the HCR environment

• Healthcare Reform Planner Tool

• MyBenefits Private Exchange
Healthcare Reform Planner
Highly visual and interactive tool to enhance client consultations

UNDERSTAND THE FACTS
NEW RULES UNDER THE AFFORDABLE CARE ACT
See how the Affordable Care Act (ACA) has changed the rules regarding health care coverage

LAUNCH THE SIMULATOR
2012 Employer-Sponsored
2014 Retail Marketplace
Current Plan

A sales representative has the ability to show clients current plan in a future scenario.
Real Time Modifications
The tool has the ability to quantify how cost shifting will impact employees

Prepared for LED Lights Inc

2014 Employer-Sponsored

Productivity
NO SIDE EFFECT

Recruiting/Retention
NO SIDE EFFECT

Perception
NO SIDE EFFECT

$1.1M
Annual Cost

Contribution

$837K
Annual Cost

Employer contribution:
$617 monthly

Actuarial value:
80%

$882 monthly

Employer contribution:
$487 monthly

Actuarial value:
80%

55/45

2014 55/45 contrlb

Productivity
NO SIDE EFFECT

Recruiting/Retention
NO SIDE EFFECT

Perception
NO SIDE EFFECT

Employer contribution:
$487 monthly

Actuarial value:
80%

$55/45

Average cost
of coverage
per employee

$882 monthly

Profile Data

Simulator
Dropping Coverage
Identify the financial impact of dropping medical coverage

2014 Employer-Sponsored
- Productivity: No Side Effect
- Recruiting/Retention: No Side Effect
- Perception: No Side Effect

Contribution: $1.1M
Annual Cost: $1.1M

2014 Retail Marketplace
- Productivity: Severe Side Effect
- Recruiting/Retention: Moderate Side Effect
- Perception: Mild Side Effect

Make whole:
- $1.5M Annual Cost
- $324K Penalties

2014:
- Average cost of coverage per employee: $882 monthly
  - Employer: 617
  - Employee: 70/30

Make employees whole:
- Salary: $686
- To Premium: $668 monthly
- Actuarial value: 80%
Summary Reports

Ability to send a client a PDF report of everything you have demonstrated
Defining Private Exchange
The term private exchange has many meanings especially when speaking of capabilities.
Private Exchanges are not all the same
Depending on the vendor capabilities and carrier focus, exchanges vary across the market.

Basic (Shopping Only)
- BENU

Comprehensive (incl. Backend)
- BenefitFocus
- ArrayHealth
- BenefitMall
- ZaneBenefits
- Businessolver
- Flex
- bswift
- SmartBen

Capability

Carrier Focus
- High
  - TailorWell
- Low

Source: Internal Highmark assessment of exchange marketplace completed January 2013
Opportunity

Highmark has chosen to create a robust end to end private exchange

- Partnered with software vendor Array Health (http://arrayhealth.com/)
- Single carrier exchange
- Product offerings include – Medical, Dental, Vision, Critical Illness and Accident Insurance
- End to end solution that includes an online marketplace, enrollment, billing and an easy to use administrator dashboard.
- Funding options available for fully insured or self insured groups
- Any group size can be accommodated on the MyBenefits platform
MyBenefits Learnings
What has Highmark seen in the market during the roll-out of its private exchange?

• Biggest hurdle is educating employers with the advantages of a private exchange
• Groups that have transitioned to the private exchange have been pleased with what the MyBenefits platform has to offer
• Thought smaller groups would be more interested
• Most common feedback is groups like having multiple medical products to choose from along with the ancillary products in an easy marketplace display
• Employee purchasing
Questions?