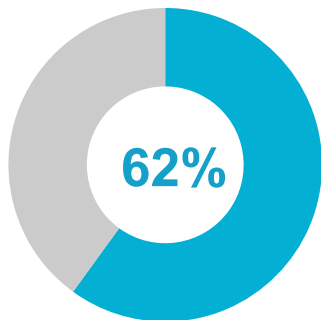


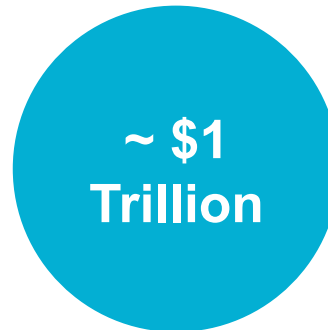
# HEALTH ENGAGEMENT CRITICAL TO THE SUSTAINABILITY OF EMPLOYER SPONSORED HEALTHCARE

Employers are an important stakeholder  
in the provision of healthcare in the  
US today...

...YET OTHERS  
CONTROL THE SYSTEM



Percent of non-Medicare Americans  
covered by employers



Annual spend on  
healthcare by  
employers



# HEALTH ENGAGEMENT

## WHY DO EMPLOYERS CARE?

**7 OUT OF 10**  
**AMERICAN WORKERS**  
 say financial stress is their most common cause of stress.<sup>1</sup>

<sup>1</sup> American Psychology Association, *Stress in America: Are Teens Adopting Adults' Stress Habits?* (2014)

**80%**  
**OF EMPLOYEES** report an increase in their health care costs in the past two years and **56%** are saving less for retirement as a direct result of more health care costs.<sup>2</sup>

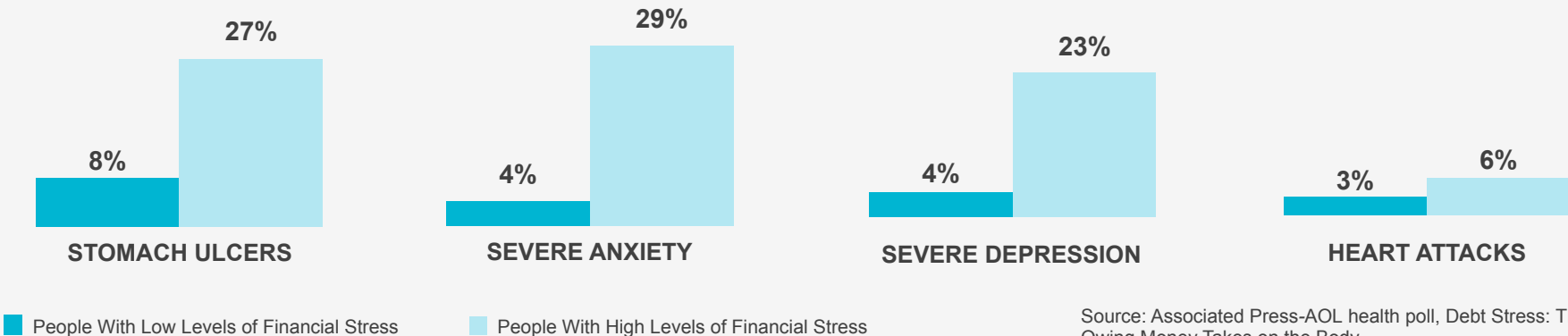
<sup>2</sup> Bank of America/Merrill Lynch, *Workplace Benefits Report* (2013)

**22%**  
**OF US EMPLOYEES** admit to missing at least one day of work in the past year to deal with a financial problem.<sup>3</sup>

<sup>3</sup> MetLife, Inc., *10<sup>th</sup> Annual Study of Employee Benefits Trends: Seeing Opportunity in Shifting Tides* (2012)

**\$40,000**  
**IS THE MEDIAN**  
 retirement plan account balance for working-age families.<sup>4</sup>

<sup>4</sup> National Institute for Retirement Security, *The Retirement Savings Crisis: Is It Worse Than We Think?* (2013)



Source: Associated Press-AOL health poll, *Debt Stress: The Toll Owing Money Takes on the Body*

# MERCER'S NATIONAL SURVEY OF EMPLOYER-SPONSORED HEALTH PLANS

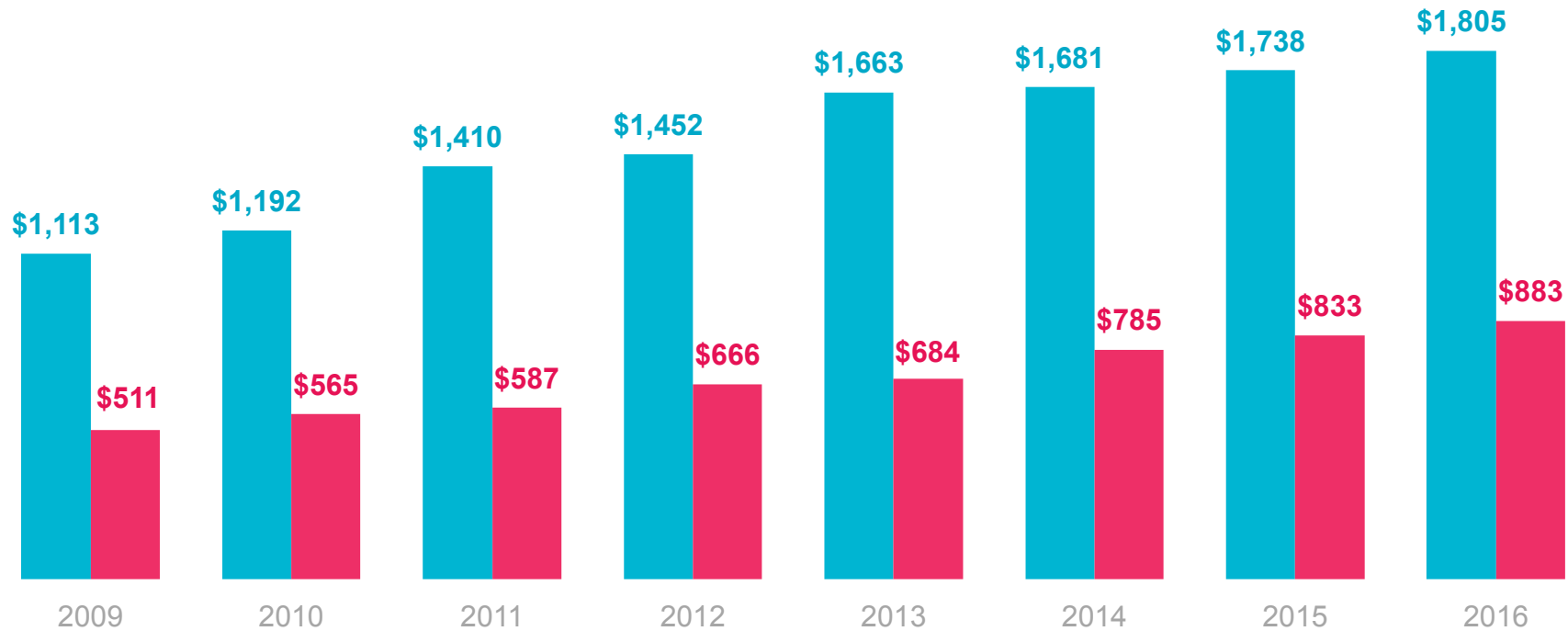
## HEADLINE SURVEY RESULTS

- 1** **Cost growth slowed to 2.4% in 2016 , but faster growth is predicted for 2017**  
The underlying trend – the average cost increase before plan changes – remains around 6%, far outpacing inflation
- 2** **Enrollment in high-deductible CDHPs rose to 29% of covered employees, helping to slow cost**  
Under excise tax threat, large employers continued to add CDHPs, most often as an option
- 3** **Sharp increase in prescription drug cost is driving overall medical plan trend**  
Specialty Rx cost increases are in the double digits for many employers
- 4** **With the growth in CDHPs, a move to personalize the consumer experience**  
Employers add financial wellness and advocacy programs; offerings of telemedicine soar
- 5** **Network strategies—ACOs, Centers of Excellence, other narrow networks—increase the visibility of quality**  
Employers look beyond cost-shifting to focus on pay for value and better quality

# EMPLOYERS HAVE RELIED ON COST-SHIFTING TO CURTAIL COST GROWTH IN THE HEALTH REFORM ERA

## Average PPO deductible for individual, in-network coverage

■ Small employers ■ Large employers

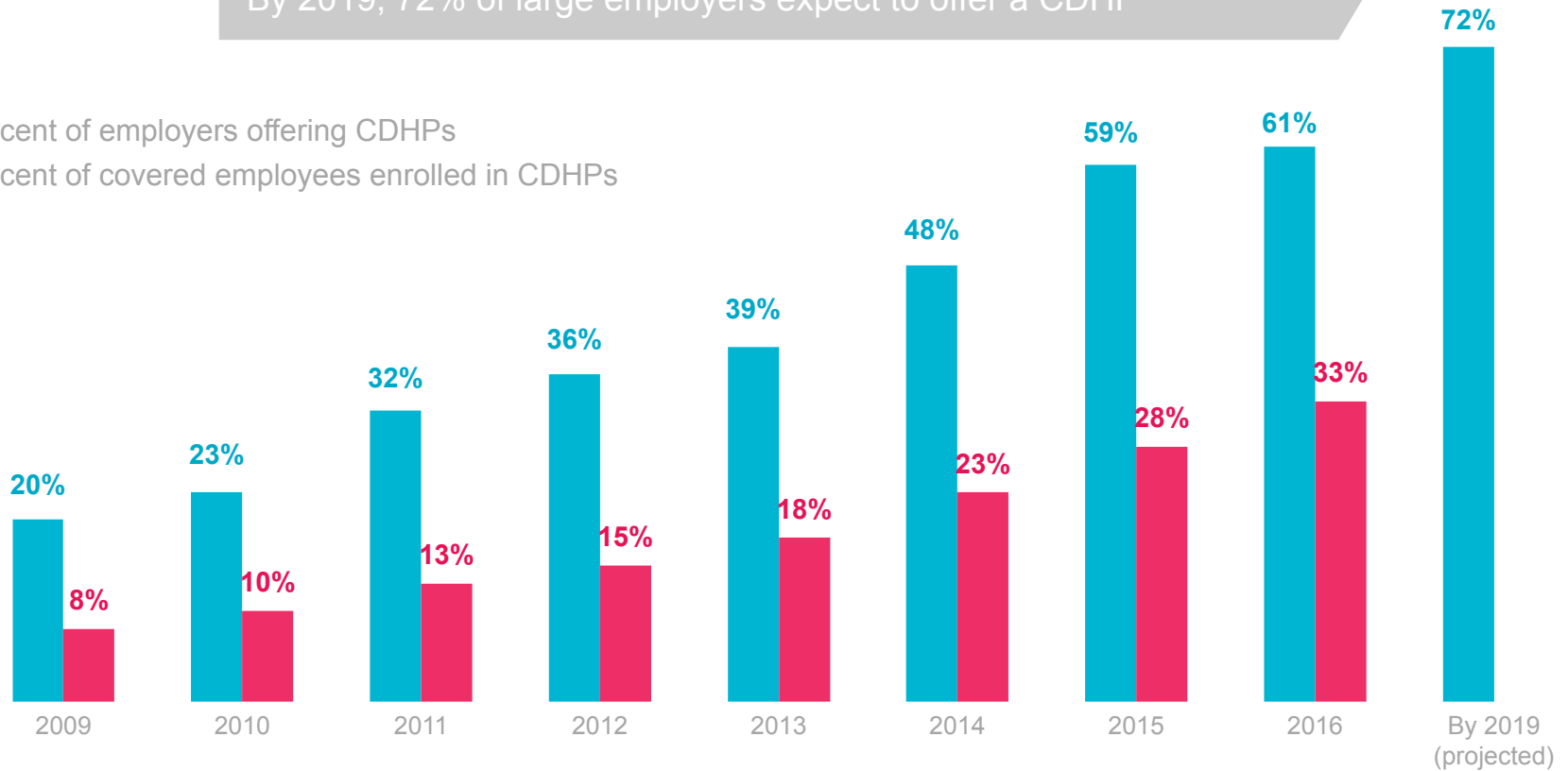


# THE TOP COST-MANAGEMENT STRATEGY: CONSUMER-DIRECTED HEALTH PLANS

## Large employers

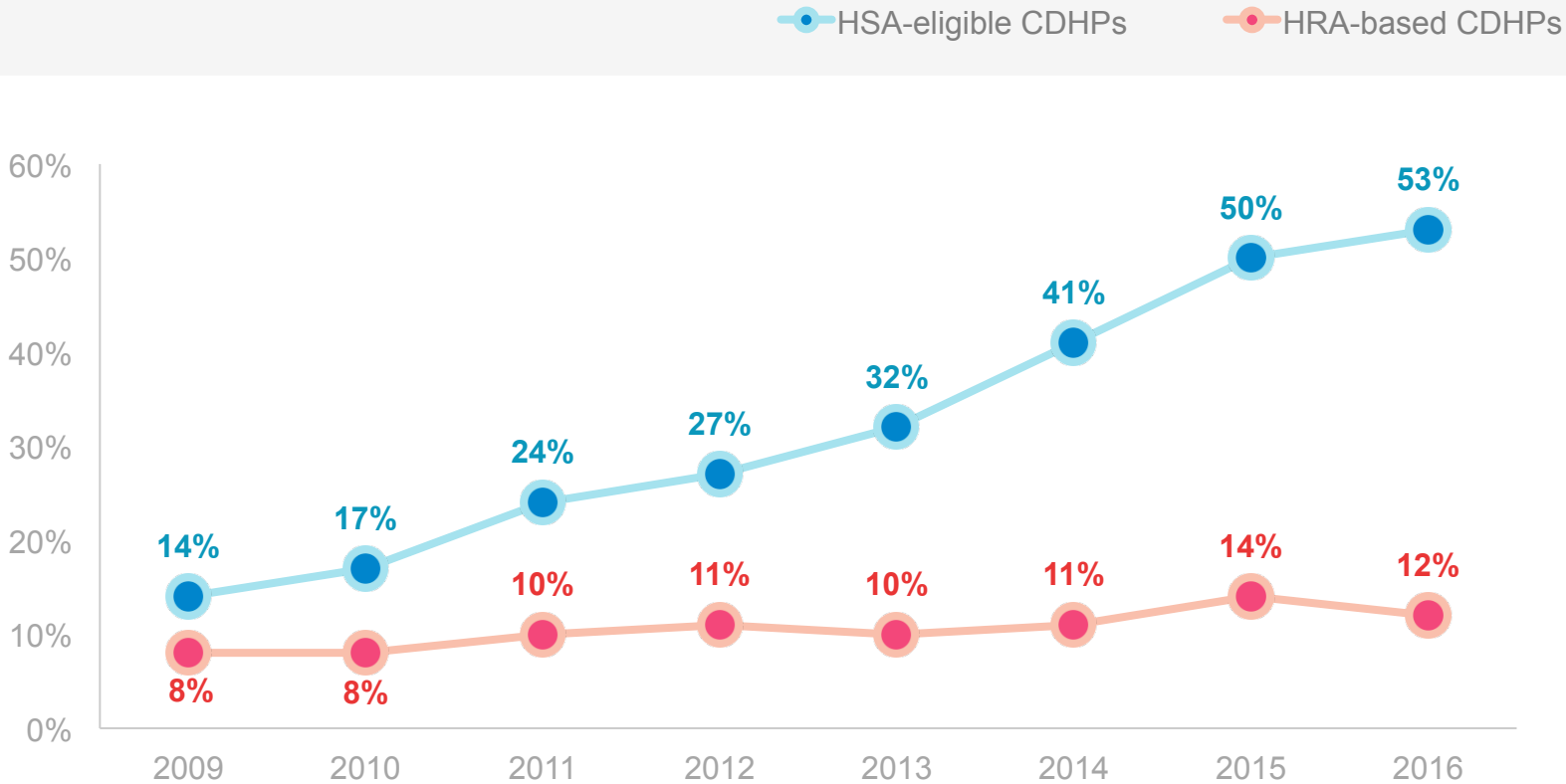
By 2019, 72% of large employers expect to offer a CDHP

- Percent of employers offering CDHPs
- Percent of covered employees enrolled in CDHPs



# WHILE SOME EMPLOYERS MAINTAIN HRA-BASED PLANS, THE REAL GROWTH HAS BEEN IN HSA-ELIGIBLE PLANS

Percent of large employers offering plan



# OFFER INCENTIVES IN CONNECTION WITH WELL-BEING PROGRAMS

## Large employers

Financial rewards, such as lower premiums, cash/gift cards

64%

Non-financial rewards, such as lottery, recognition, token gifts

24%

Financial penalties, such as higher premiums, loss of plan eligibility

17%

Charitable contributions on behalf of members

4%

EARNED FOR	
Participation	66%
Outcomes	29%
No incentives provided	25%
MAXIMUM ANNUAL VALUE	MEDIAN
Participation	\$300
Outcomes	\$350

## Offer lower premium for non-tobacco use

22%

2015

26%

2016

# INCENTIVES INFLUENCE PARTICIPATION RATES – SO DOES INCLUDING SPOUSES IN THE PROGRAM

## Large employers



■ Offer financial incentive  
■ Don't offer incentive

■ Offer non-financial incentive

■ Spouses may participate

■ Spouses may not participate



# LESSONS LEARNED FROM EMPLOYERS: INCENTIVE – DO THEY WORK?

Financial Incentives are not known to drive sustained health engagement – they are a nudge to get started...



**INTRINSIC**  
incentives:

Motivation to engage in activities that enhance or maintain a person's self-concept.

*"I exercise because it makes me feel good."*

*"I want to be healthy for my family."*

*OPPORTUNITIES FOR IMPACT?*



**EXTRINSIC**  
incentives:

Motivation that comes from outside an individual.

- Rewards provide satisfaction and pleasure that the task itself may not

*"I want the reward/prize."*

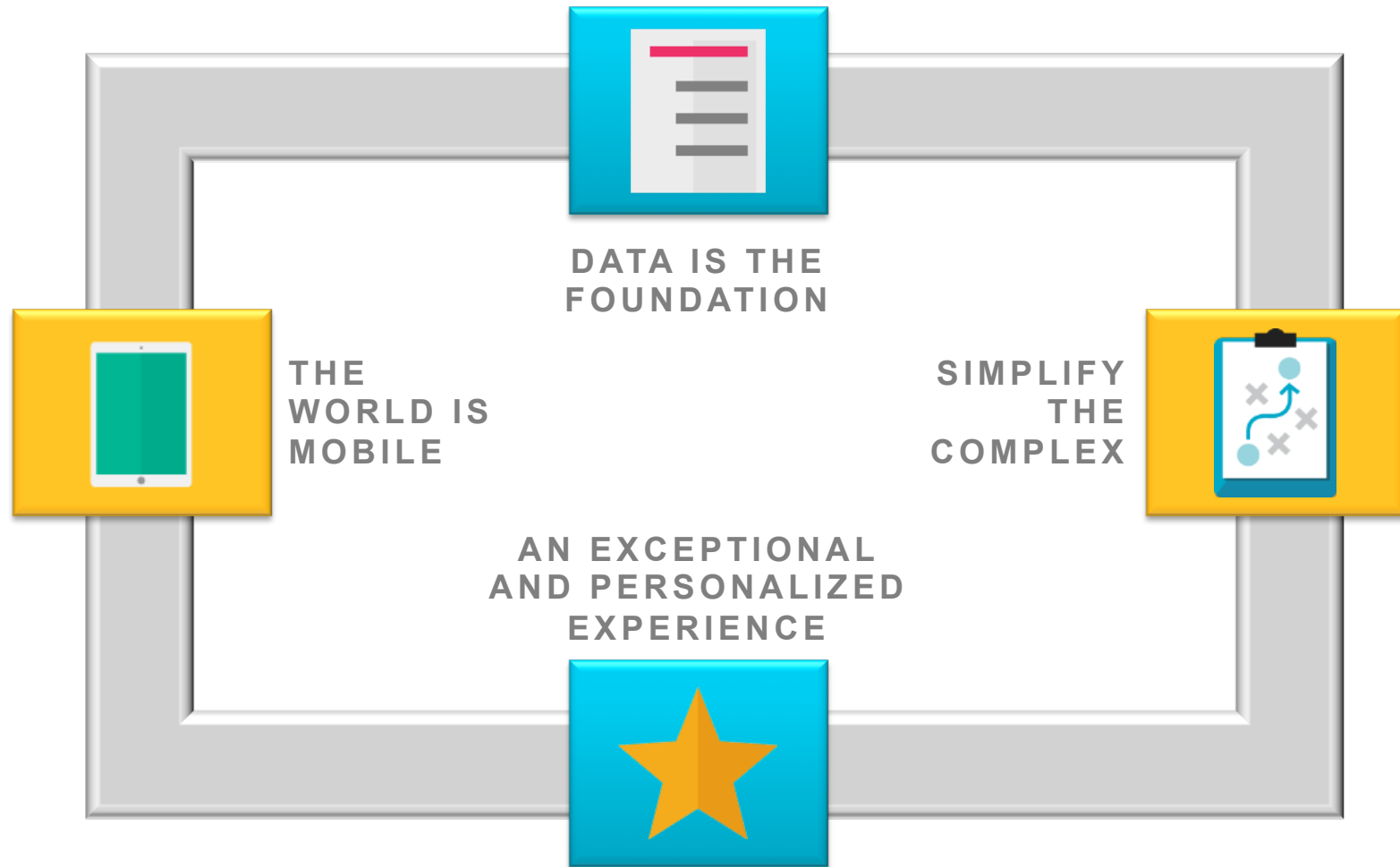
*"I want recognition."*



Expand beyond traditional financial incentives.

# HEALTH ENGAGEMENT 2.0

TECHNOLOGY IS ENABLING INNOVATION AND PERSONALIZATION



# HEALTH ENGAGEMENT 2.0: THE NEXT WAVE OF THINKING & ACTION



MAKE IT  
RELEVANT &  
TIMELY FOR ME



MAKE IT  
PERSONAL TO ME



PROVIDE  
CONSUMER-GRADE  
TRUSTED  
SUPPORT

- Personalize incentive design – create my own personal health itinerary
- Capitalize on when I reach into the system, because that's when I want to engage
- Meet me where I am - omni-channel communications
- Apply game mechanics because sustained health engagement needs to stay fresh
- Learn from the best of marketing



**MERCER**

**MAKE TOMORROW, TODAY**