

Executive Summary

If your organization's benefits are out of sync with those offered by other employers in Indiana, it puts you at a disadvantage to grow and serve your customers. To make informed decisions that will benefit your employees and ensure the future success of your organization, it is crucial to benchmark benefits programs against those of other companies with whom you're competing for talent.

This report is intended to help business leaders assess the competitiveness of their benefits programs and identify areas of opportunity for plan improvements and cost savings. This creates the opportunity to more strategically align your benefits with industry standards and the expectations of your workforce.

EMPLOYEE BENEFIT BENCHMARKS AND INSIGHTS

With the rate of economic and health care inflation, employers cannot afford to be passive about benefits planning and management. The following are top trends and insights for consideration:

MEDICAL PLANS

Not only are Indiana employers fighting to attract top talent, but they are increasingly challenged with understanding and meeting the individual needs and preferences of their multi-generational, diverse workforces. More employers than ever are offering multiple plans. While 64% of companies offer only one or two plans, the prevalence of three or four plan options has significantly increased. Indiana employers are more likely to offer HDHP plans and contribute more to those plans to keep employee costs low.

43% self-funded,
Indiana employers are nearly twice as likely to choose self-funding

PHARMACY BENEFITS

Employers across the country remain reticent to leverage the evaluation of PBM contracts and plan designs in strategic cost-savings measures. Passive management of pharmacy benefits creates a lost opportunity to create tremendous financial savings for both employers and employees.

Innovation in the pharmacy space and the introduction of new medicines means costs will continue to rise. Employers should take action now to mitigate future risk.



Just 13% of Indiana employers leveraged pharmacy benefit design changes as a strategy to manage costs in 2022

ANCILLARY BENEFITS

When compared to other states, Indiana employers highly recognize the value of dental, orthodontia and vision benefits for their employees and dependents. Indiana is comparable with national benchmarks when it comes to life insurance, although many employees are under-insured considering financial planners recommend an amount of five to 10 times annual salary. Voluntary life insurance is an important option.

DISABILITY BENEFITS

Only half of employers surveyed in Indiana and nationally even offer short-and long-term disability plans that generally pay 60% of an employees annual salary. Executive Disability Insurance is an important additional consideration for high wage earners as standard LTD policies are not likely to cover executive bonuses or incentive compensation. The maximum limits on these policies also means executives may not receive even 60% of their salary.

EMPLOYER CHALLENGES

There are two trending issues that business leaders should act upon — both directly related to cost and engagement. The first is the fact that employer-sponsored health coverage accounts for 100%+ of hospital system operating margins. Hospitals are well aware and are willing to have open dialog when it comes to cost — so employers and their brokers should have agency to negotiate. Secondly, Indiana has an alarming gap in the accessibility of mental health care professionals. Employers should take action to ensure there is access through clinics and telehealth.

LEAVE POLICIES

Leave benefits remain a top priority for employers. One of the long-tail effects of the pandemic is the use of leave as a strategy to allow employees to care for their loved ones who are wrestling with health issues or loss — in their immediate and extended families. Leave policies are expanding to include parents, in-laws and extended family members.



HEALTH CARE RISK MANAGEMENT TRENDS & INSIGHTS

There is a significant gap — and opportunity — in employers understanding the value of utilizing both wellness and disease management programs in their health care risk management strategies. Both are focused on the same goal of improving health.

Wellness focuses on future health and prevention of disease. Disease management focuses on prioritizing the management of members already diagnosed with chronic conditions. As the majority of health care spend is attributed to these high-cost claimants, employers have great opportunity to realize savings by impacting plan member health. The following are key trends and insights into creating a health risk management program that balances the use of both strategies.

WELLNESS AS A STRATEGY

The primary driver for employers in offering wellness programming across the U.S. is to improve the health of their employees. A common issue with wellness programs is participation — especially from the employees that need it most. One strategy that 68% of employers use to drive higher program participation is financial incentives. Also, surveying employees to understand what programs they're interested in is key to a successful program. Wellness programming that drives long-term value on investment is rooted in a data-driven understanding of the needs and priorities of members.

47% of employers consider wellness an important or very important benefit



“Indiana medical costs can feel like a runaway train.”

Amber Chittenden
Chief Client Officer

HIGH COST CLAIMS

What is a high cost claim? On average, health insurers consider anything above \$50,000 "high cost." And yet for many employers, a claim of just \$20,000 could dramatically impact their bottom line. This is why employers should not believe that "the claims are the claims." By leveraging their broker's expertise and taking an active approach to disease management through claims surveillance, employers will find many opportunities for cost savings.

However, employers in Indiana and nationally are significantly less focused on disease management as a cost savings and risk management strategy; Milliman reports just 4% of Hoosier employers and 5% of employers nationally view disease management as a strategy to reduce risk.

In considering reinsurance claims, at least 87% of employers will experience at least one stop-loss claim during the plan year regardless of their deductible. Sun Life reports catastrophic claims (in the millions of dollars) increased 45% over the past four years.

20%

1 in 5 employers will experience a claim of at least \$1,000,000

SECOND OPINION PROGRAMS

Indiana has seen an increase in large hospital systems purchasing primary and specialty care practices to create steerage patterns. This is often designed to feed patients back into the hospital system through referrals for specialty care, surgical needs and ongoing treatment. However, these referrals sometimes fail to deliver the highest quality care at the lowest cost for members. Insurers, third-party vendors and benefits brokers are increasingly offering second opinion programs to help members receive the educated un-biased opinions they need to realize the best outcomes.

For every dollar spent on second opinion programs, medical costs are reduced by \$2.63

MENTAL HEALTH

Mental health came to the forefront of workplace wellness discussions during the height of the pandemic and it remains a significant challenge for employers. A study of over 3,000,000 covered lives across the U.S. found that mental health care presented the most significant gap in care among other disease categories.

Indiana has one of the highest mental health provider shortages in the country. This lack of access to care is one of the root causes of improper site-of-care utilization. As employees without access to a primary care provider turn to urgent care and emergency rooms, employer plans reel from the increased cost of care.

Additionally, while 93% of Indiana employers offer EAPs within their benefits package, there's room for improvement in utilization by plan members. Employers should promote their broker's EAP Navigator programs to provide a safe and clinically informed access point to mental health services.