

Smoke & Mirrors

Separating Real Trends from Fads in Benefits Strategies

New Administration - Trump 2.0

Areas of potential impact to watch.



Robert Kennedy Jr nears confirmation



Analysts projecting 97% chance of confirmation after News of Susan Collins (R-ME) intentions to confirm RKF

Outspoken largely on issues surrounding Public Health.

Has not spoken much about the commercial health market.

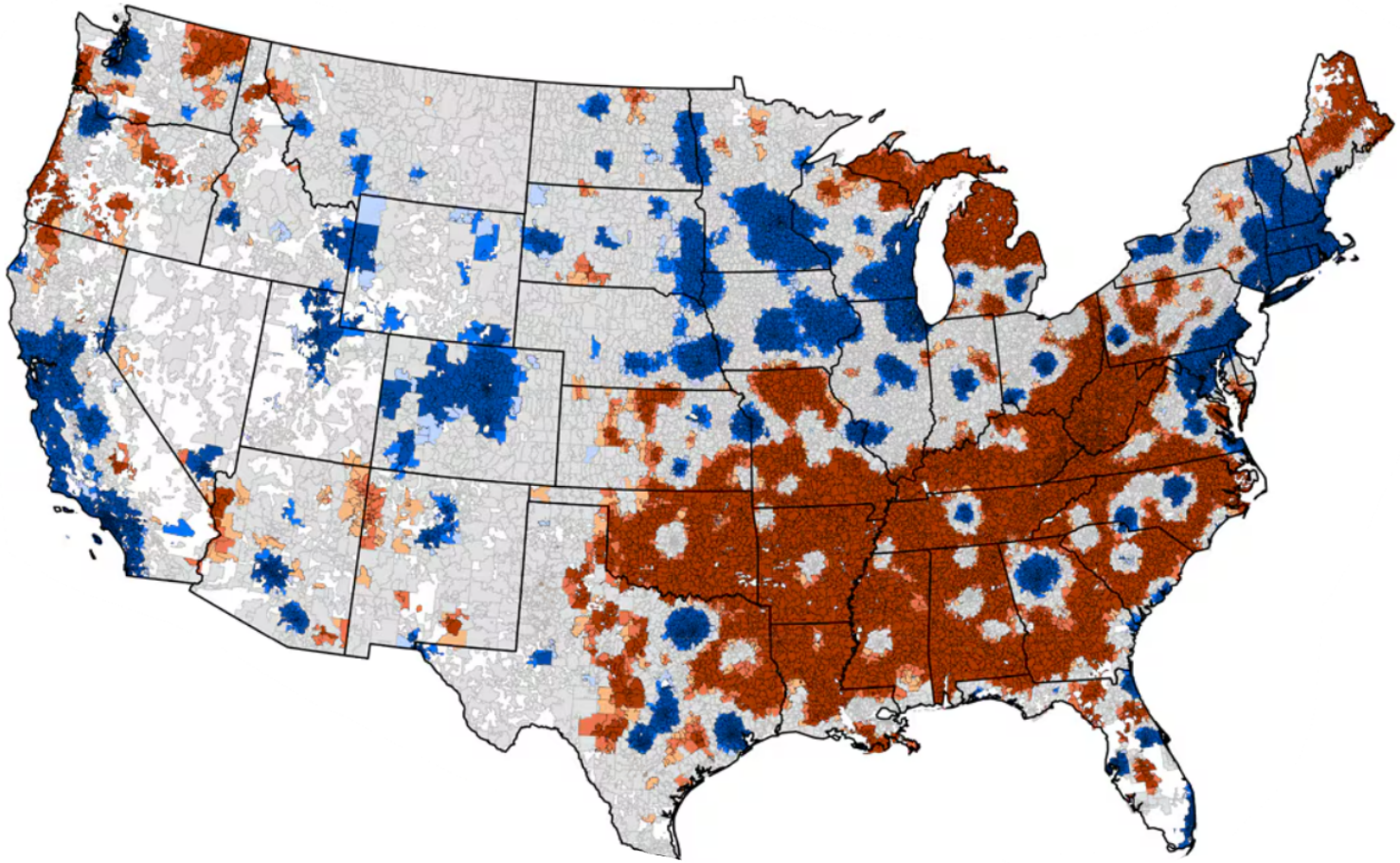
During confirmation hearing was seemingly confused around Medicare and Medicaid aspects of the HHS

5 Things that stood out during confirmation hearing.

1.) Rural healthcare: Mr. Kennedy addressed the importance of tackling rural healthcare challenges like workforce shortages and hospital cuts and closures. In 2024, *Becker's* reported on 705 rural hospitals at risk of closure.
"Our nation made a commitment over 100 years ago to put a hospital within 30 miles of every American," he said during the hearing. "We generally succeeded in doing that. “It's absolutely critical”. It's life saving and rural hospitals are closing at an extraordinary rate right now. They not only provide important healthcare for the localities, but also they're economic drivers for localities all over this country." Mr. Kennedy said President Trump has asked him to tackle these challenges through strategies like AI and telemedicine.

We have seen this in Wisconsin happen. HSHS Sacred Heart Hospital in Eau Claire and HSHS St. Joseph's Hospital in Chippewa Falls permanently closed on March 22, 2024

5 Things that stood out during confirmation hearing.



**********.cdc.gov/pcd/issues/2024/23_0267.htm

5 Things that stood out during confirmation hearing.

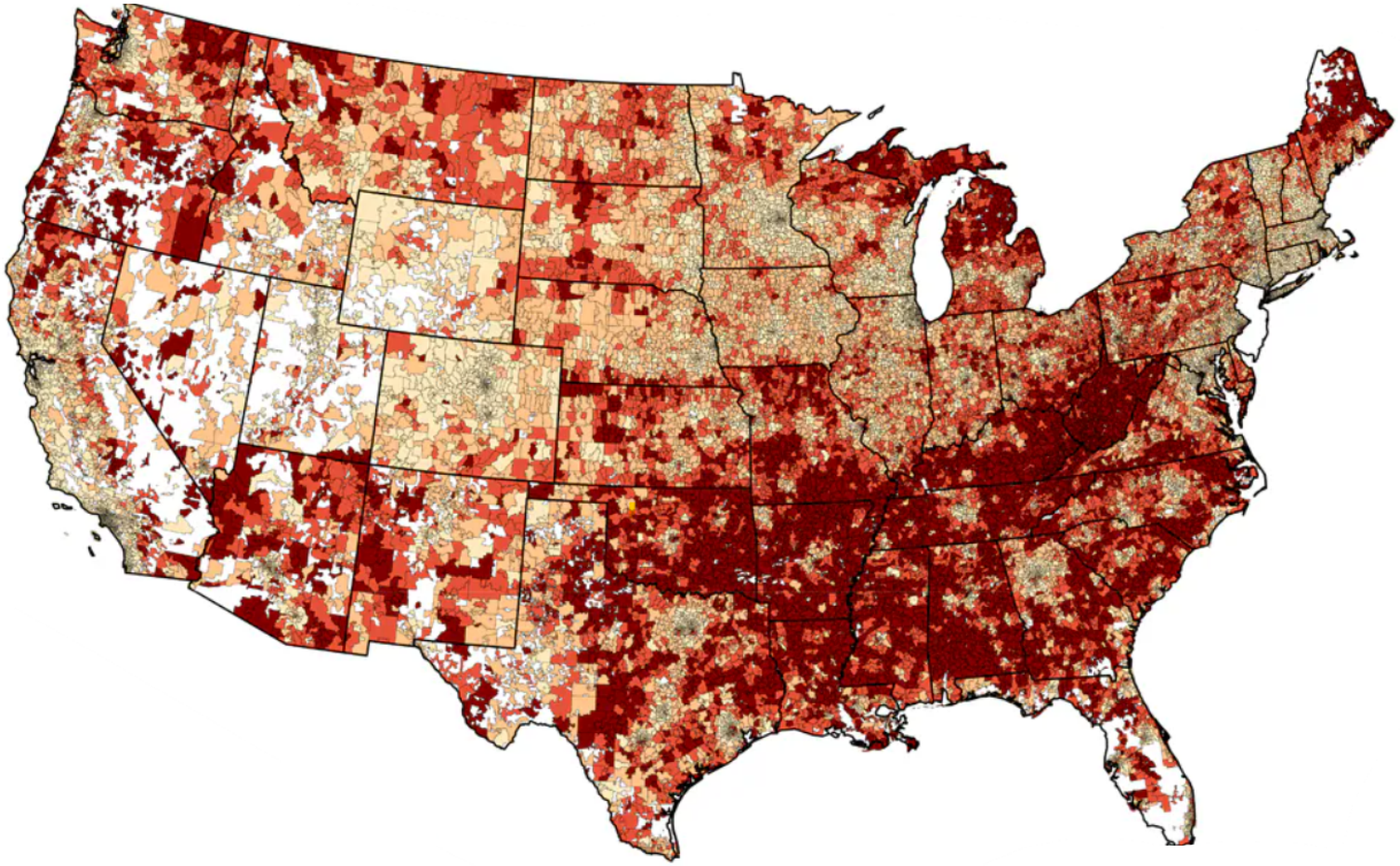
2.) Vaccines: While Mr. Kennedy's stance on vaccinations has been critiqued in the past, he reassured the committee that he is not anti-vaccine or any industry but "pro-safety.“ "I believe that vaccines play a critical role in healthcare," he said. "All of my kids are vaccinated. I've written many books on vaccines. My first book in 2014, the first line of it is, 'I am not anti-vaccine.' The last line is, 'I am not anti-vaccine.’” Despite pushback and accusations that he has endorsed "radical fringe conspiracies," he reassured senators that he also supports both the measles and polio vaccines and will do "nothing as HHS secretary that makes it difficult or discourages people from taking either.“

This was a major talking point to have Susan Collins (R-ME) to nominate RFK.

But remember his background as an environmental lawyer (NY) and a corporate corruption expert, “**PhD in corporate** capture” – (Might be self-proclaimed). Wouldn’t be shocked if vaccines are put under the microscope.

5 Things that stood out during confirmation hearing.

3.) Chronic disease: Mr. Kennedy firmly supported his Make America Healthy Again agenda during the hearing. He claimed that when his uncle, President John F. Kennedy, was in office, only 2% of American children had chronic illnesses, but that number has risen to 66% today. He also said recent National Institutes of Health data show 38% of teens are pre-diabetic and diabetic. He claimed autism rates are up from one in 10,000 to one in 1,500, "depending on what studies you look at." "We spent zero on chronic disease during the Kennedy administration," he said. "Today, we spend $4.3 trillion a year [and] 77% of our kids can not qualify for military service."
Mr. Kennedy's spending reference aligns with an Association of American Medical Colleges report that found the U.S. spent $4.3 trillion in healthcare in 2021.
To combat this, Mr. Kennedy pointed to improvements needed in the SNAP program to ensure kids are receiving healthier, less processed meals. He also highlighted a need to focus on more outcome-based medicine to put "people in charge of their own healthcare," along with the need to deploy NIH and the FDA to further research the link between food additives and chronic disease.



Quartile 1 (Lowest) = 27.1%

Quartile 2/3 (Moderate) = 46.4%

Quartile 4 (Highest) = 26.5%

72.9 % in moderate to high CC prevalence risks.

Projected to continue to increase as the US population continues to age

Variance in racial and socioeconomic factors.

*************.cdc.gov/pcd/issues/2024/23_0267.htm**

5 Things that stood out during confirmation hearing.

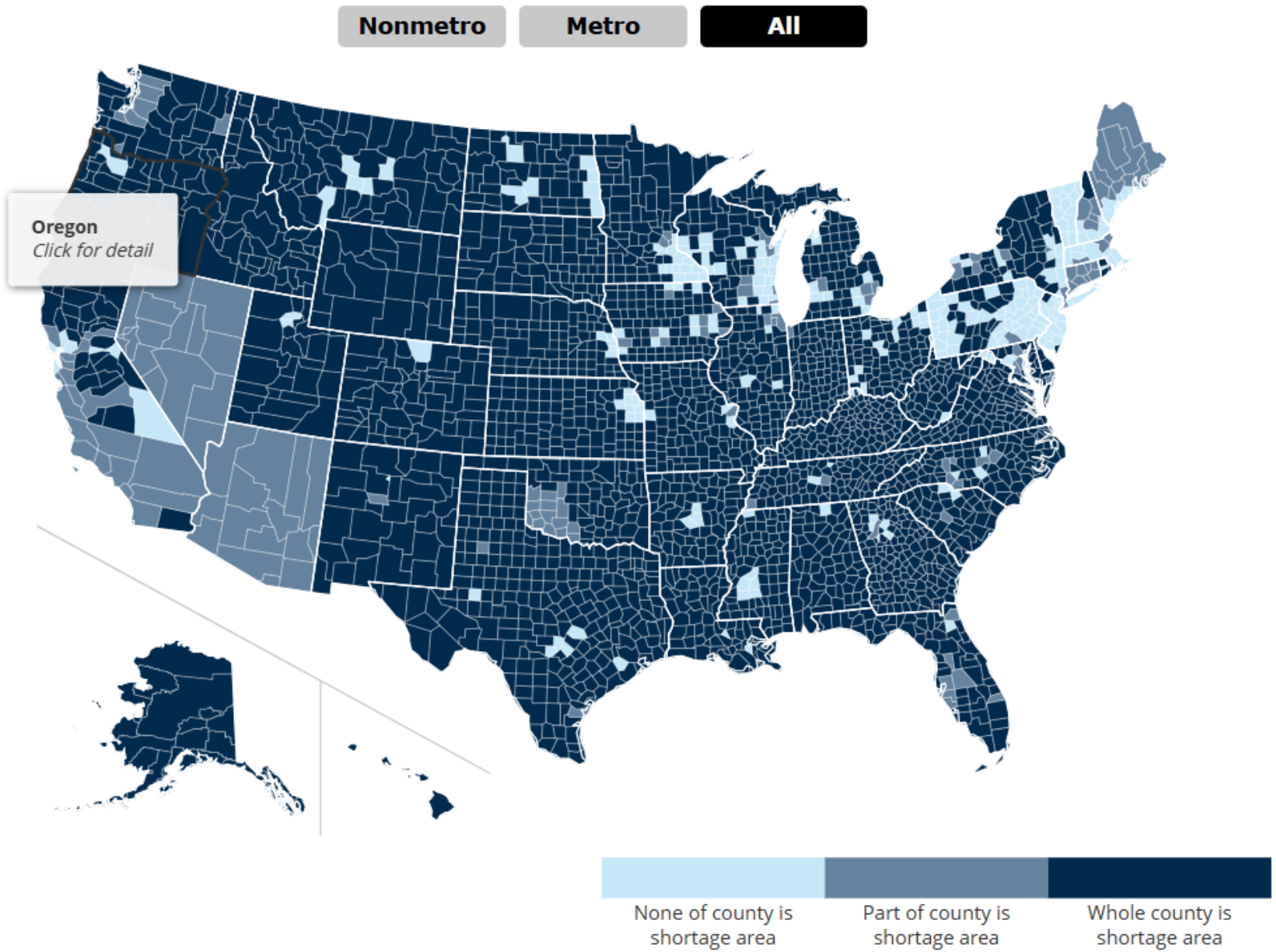
4.) Prescription drug prices: Mr. Kennedy suggested the Trump administration would preserve Medicare's authority to negotiate drug prices with pharmaceutical companies. As the hearing began, CMS published a statement on its website saying the agency is "committed to incorporating lessons learned to date from the program and to considering opportunities to bring greater transparency in the Negotiation Program." The Biden administration on Jan. 17 named the next 15 drugs that will be eligible for drug price negotiations in 2027.

Mr. Kennedy also identified pharmacy benefit manager reform as one of the most common unifying issues he has heard during meetings with more than 60 senators on both sides of the aisle. He expressed support for PBM support and the need to eliminate excess profits from the drug pricing system. Outside of endorsing bipartisan legislation in general, he did not share specific proposals for how he would address this issue.

5 Things that stood out during confirmation hearing.

5.) Mental healthcare: Drawing from his personal experience with addiction and recovery, Mr. Kennedy said he would work to improve access to timely and effective care for the millions of Americans facing mental health and substance abuse issues. He proposed using Graduate Medical Education funding to increase the number of primary care physicians trained in addiction care. Additionally, Mr. Kennedy expressed support for repealing a Medicaid rule that prohibits funds for mental illness or substance use disorder provided by psychiatric hospitals or residential treatment facilities. Later in the hearing, Sen. Tina Smith, D-Minn., questioned Mr. Kennedy about past remarks suggesting a link between the rise of SSRIs and school shootings. While Mr. Kennedy acknowledged he could not confirm this link, he advocated for further study of SSRIs alongside other potential contributing factors, such as social media. Ms. Smith noted that no scientific evidence currently supports this connection. Mr. Kennedy also suggested that individuals on SSRIs and other antidepressants should have access to wellness farms as a means of safely being weaned off the medications.

Health Professional Shortage Areas: Mental Health, by County, October 2024



**********.ruralhealthinfo.org/charts/7

Highlights from the 118th congress

The Employer Reporting Improvement Act:

- Codifies the IRS current practice of allowing an individual's date of birth to be substituted for the individuals TIN if the TIN is not available.
- Beginning in 2024 forms 1095, employers can rely upon a consent to electronic delivery for 2024 and subsequent years without having to obtain a new consent each year. The consent remains effective unless an employee in writing revokes this consent.
- Recommended to review electronic delivery consent forms for all ERISA and ACA documentation. (Make sure ERISA electronic delivery requirements are met)
- Extends to 90 days for an employer to respond after receiving a Letter 226-J regarding a notice of proposed assessment. Prior timeframe was 30 days
- Implements a six year statue of limitations of collecting penalty assessments

The Paperwork Burden Reduction Act: Legislation ends the requirement that employers mail both forms 1095-B and 1095-C to employees to prove compliance with the ACA's no longer existent individual mandate. The bill instead allows employees to request these documents to be received online, rather than being mailed a paper copy. There are more details needed on timing and expectations around this.

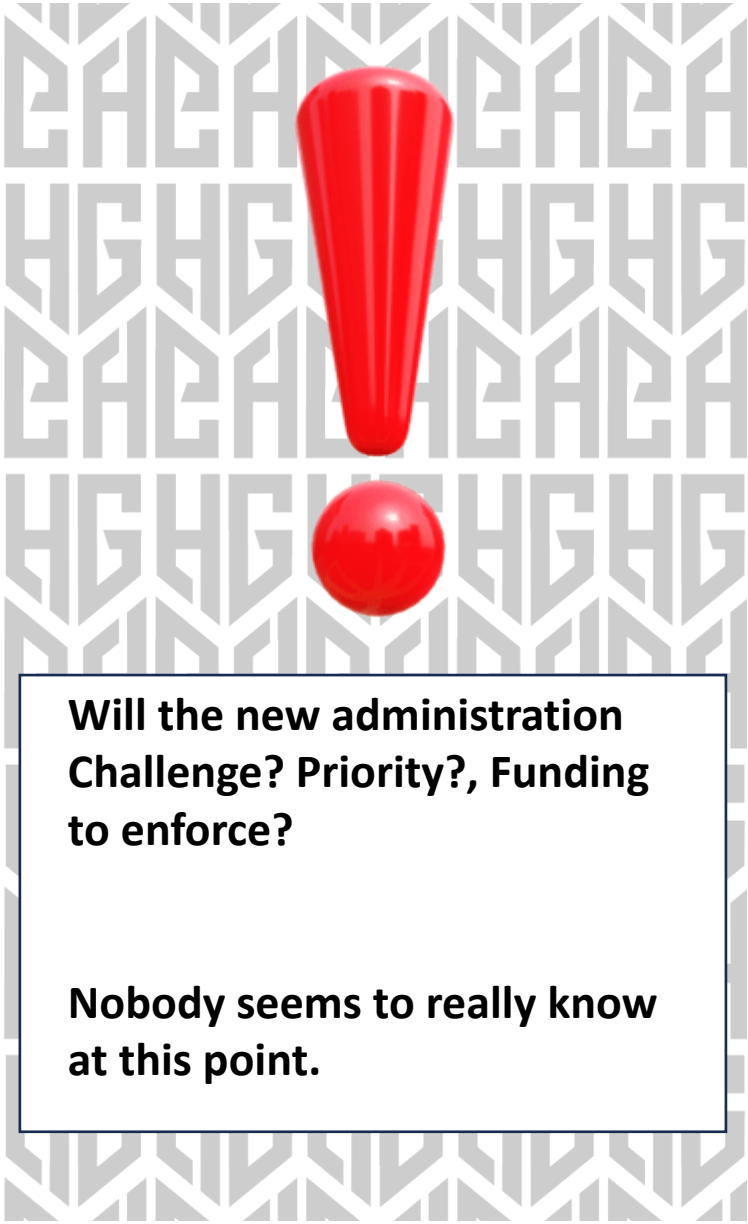
Time to act on Mental Health Parity and Addiction Equity Act

The takeaway for plan sponsors is that the bar for an NQTL analysis has been raised. The Departments have defined specific data points to be considered in the analysis, which are generally outside of the hands of plan sponsors. More than ever, plan sponsors will need to work with their TPAs, network administrators, PBMs and other service providers to complete an NQTL analysis that will meet DOL standards. Most of these changes take effect for plan years beginning on or after January 1, 2025, though some portions will take effect for plan years beginning on or after January 1, 2026.

The takeaway for plan sponsors is that you cannot wait to prepare an NQTL analysis until a participant or the DOL asks. Plan sponsors should be working on this now, and start building a process to update their analysis each time they have a material benefit design change.

deadlines apply:

- Upon participant request, 30 days.
- Upon DOL initial request, 10 business days.
- If DOL determines the initial response is insufficient, additional information must be provided within 10 business days of the DOL's follow-up request.
- If the DOL makes an initial determination of noncompliance, then the plan has 45 additional days to address the findings; and
- If the DOL makes a final determination of noncompliance, then the plan has 7 business days to notify all individuals covered under the plan of that finding.



Will the new administration Challenge? Priority?, Funding to enforce?

Nobody seems to really know at this point.

**********.foley.com/insights/publications/2024/09/final-mental-health-parity-rules-top-five-changes-status-quo/

Time to act on Mental Health Parity and Addiction Equity Act



<u>Fully insured plans</u> have the benefit of relying on their carriers for compliance with the regulations, as carriers generally would not offer plans that are not in compliance with MHPAEA. Employers offering <u>self-funded plans</u>, on the other hand, will be primarily responsible for compliance

“Commercial health care spending growth is estimated to grow to its highest level in 13 years, according to PwC’s newest research into annual medical cost trend. PwC’s Health Research Institute (HRI) is projecting an 8% year-on-year medical cost trend in 2025 for the Group market and 7.5% for the Individual market. This near-record trend is driven by inflationary pressure, prescription drug spending and behavioral health utilization”



"I need you to develop a strategic plan to address our health plan and its costs, this isn't sustainable."

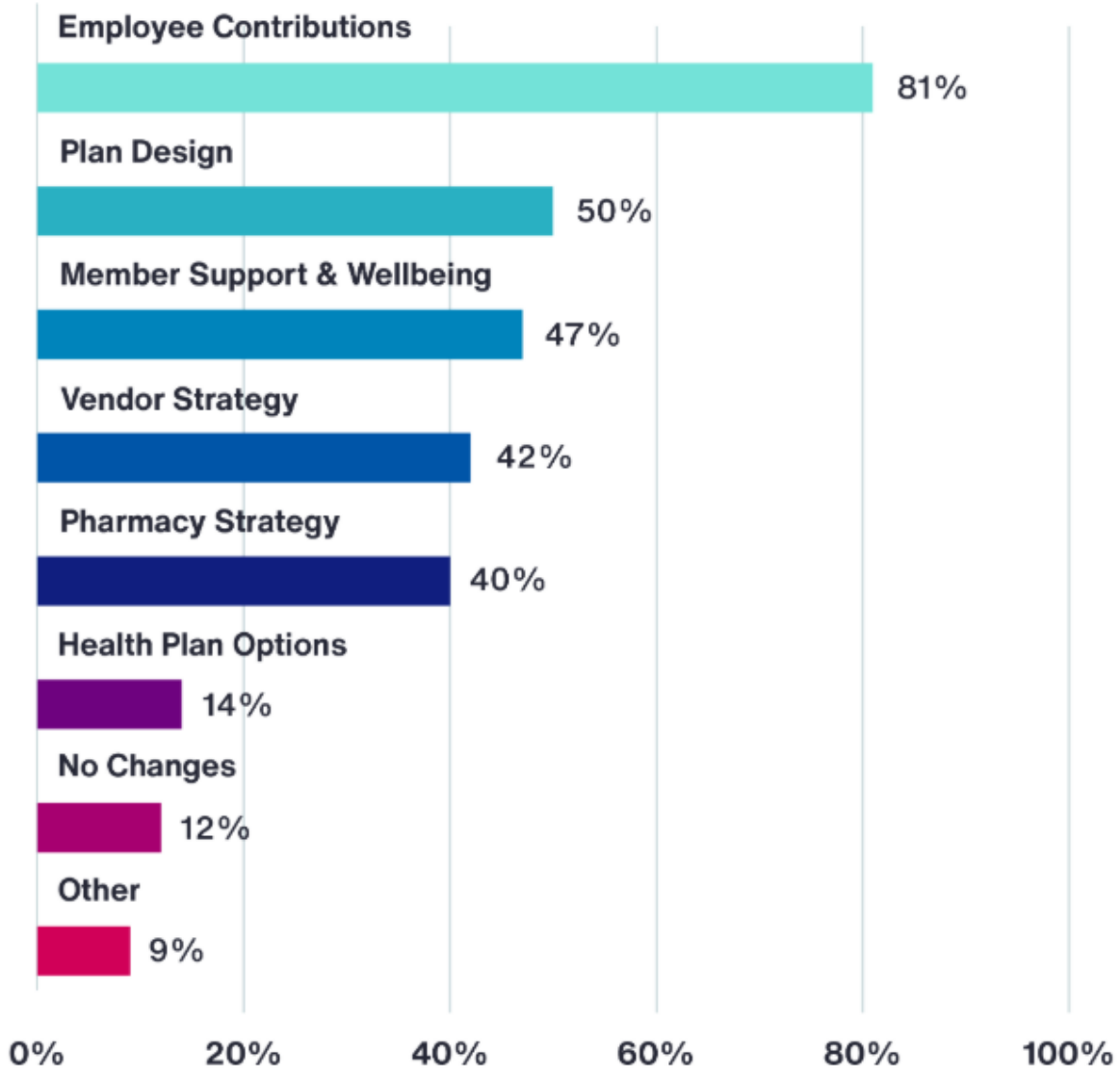
Oh……

"We also can't have too much disruption… Employees need to save money, make it easy and simple to use."



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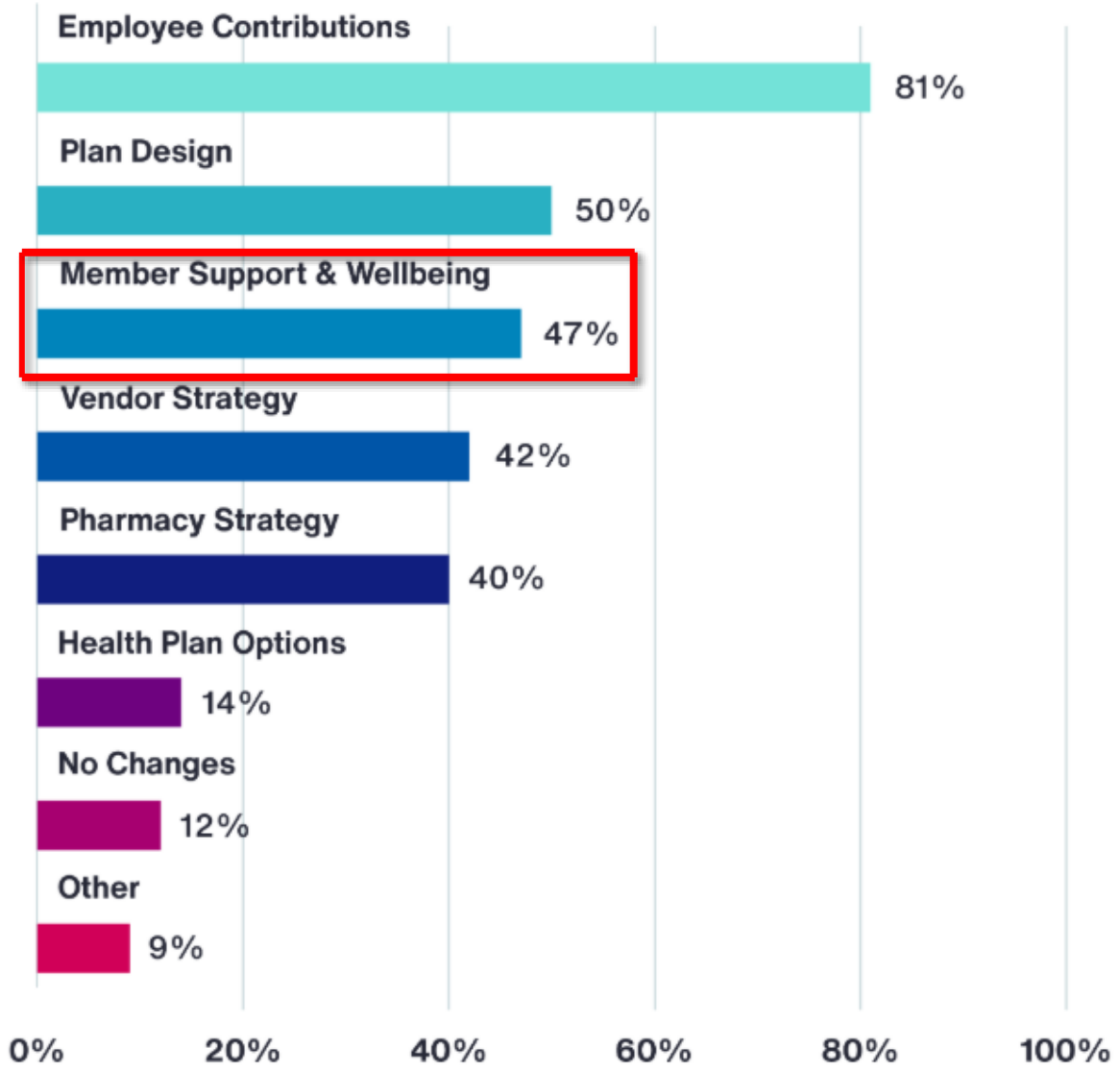
Strategies Being Used to Address Costs in 2025 – by Category



Affordability & Access

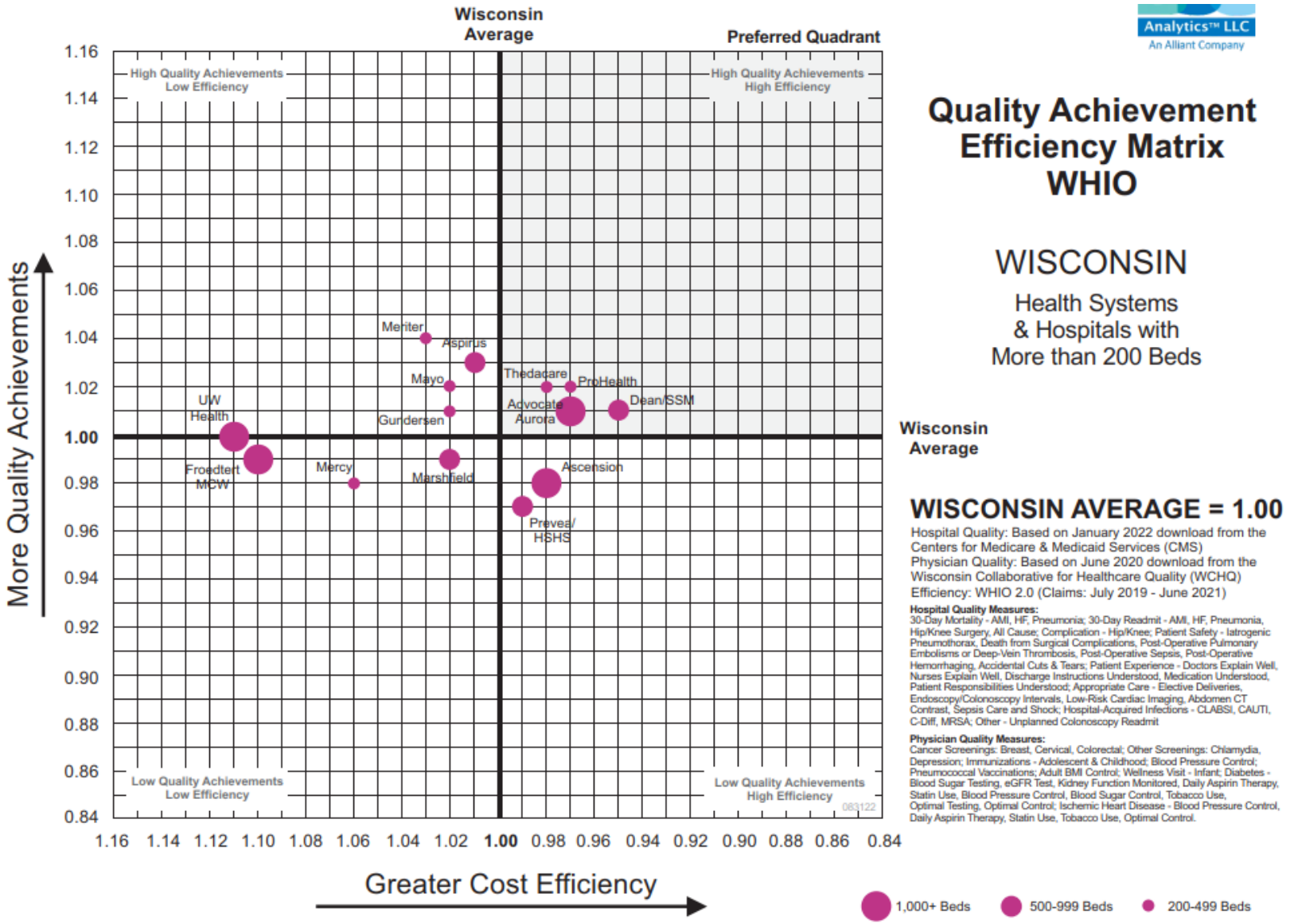
**********.aon.com/en/insights/articles/key-trends-in-us-benefits

Member Support & Wellbeing



**********.aon.com/en/insights/articles/key-trends-in-us-benefits

Trend #1 – Customized Top Doctor Technology



Analytics™ LLC
An Alliant Company

Quality Achievement Efficiency Matrix WHIO

WISCONSIN

Health Systems & Hospitals with More than 200 Beds

Wisconsin Average

WISCONSIN AVERAGE = 1.00

Hospital Quality: Based on January 2022 download from the Centers for Medicare & Medicaid Services (CMS)
Physician Quality: Based on June 2020 download from the Wisconsin Collaborative for Healthcare Quality (WCHQ)
Efficiency: WHIO 2.0 (Claims: July 2019 - June 2021)

Hospital Quality Measures:
30-Day Mortality - AMI, HF, Pneumonia; 30-Day Readmit - AMI, HF, Pneumonia, Hip/Knee Surgery, All Cause; Complication - Hip/Knee; Patient Safety - Iatrogenic Pneumothorax, Death from Surgical Complications, Post-Operative Pulmonary Embolisms or Deep-Vein Thrombosis, Post-Operative Sepsis, Post-Operative Hemorrhaging, Accidental Cuts & Tears; Patient Experience - Doctors Explain Well, Nurses Explain Well, Discharge Instructions Understood, Medication Understood, Patient Responsibilities Understood; Appropriate Care - Elective Deliveries, Endoscopy/Colonoscopy Intervals, Low-Risk Cardiac Imaging, Abdomen CT Contrast, Sepsis Care and Shock; Hospital-Acquired Infections - CLABSI, CAUTI, C-Diff, MRSA; Other - Unplanned Colonoscopy Readmit

Physician Quality Measures:
Cancer Screenings: Breast, Cervical, Colorectal; Other Screenings: Chlamydia, Depression; Immunizations - Adolescent & Childhood; Blood Pressure Control; Pneumococcal Vaccinations; Adult BMI Control; Wellness Visit - Infant; Diabetes - Blood Sugar Testing, eGFR Test, Kidney Function Monitored, Daily Aspirin Therapy, Statin Use, Blood Pressure Control, Blood Sugar Control, Tobacco Use, Optimal Testing, Optimal Control; Ischemic Heart Disease - Blood Pressure Control, Daily Aspirin Therapy, Statin Use, Tobacco Use, Optimal Control.

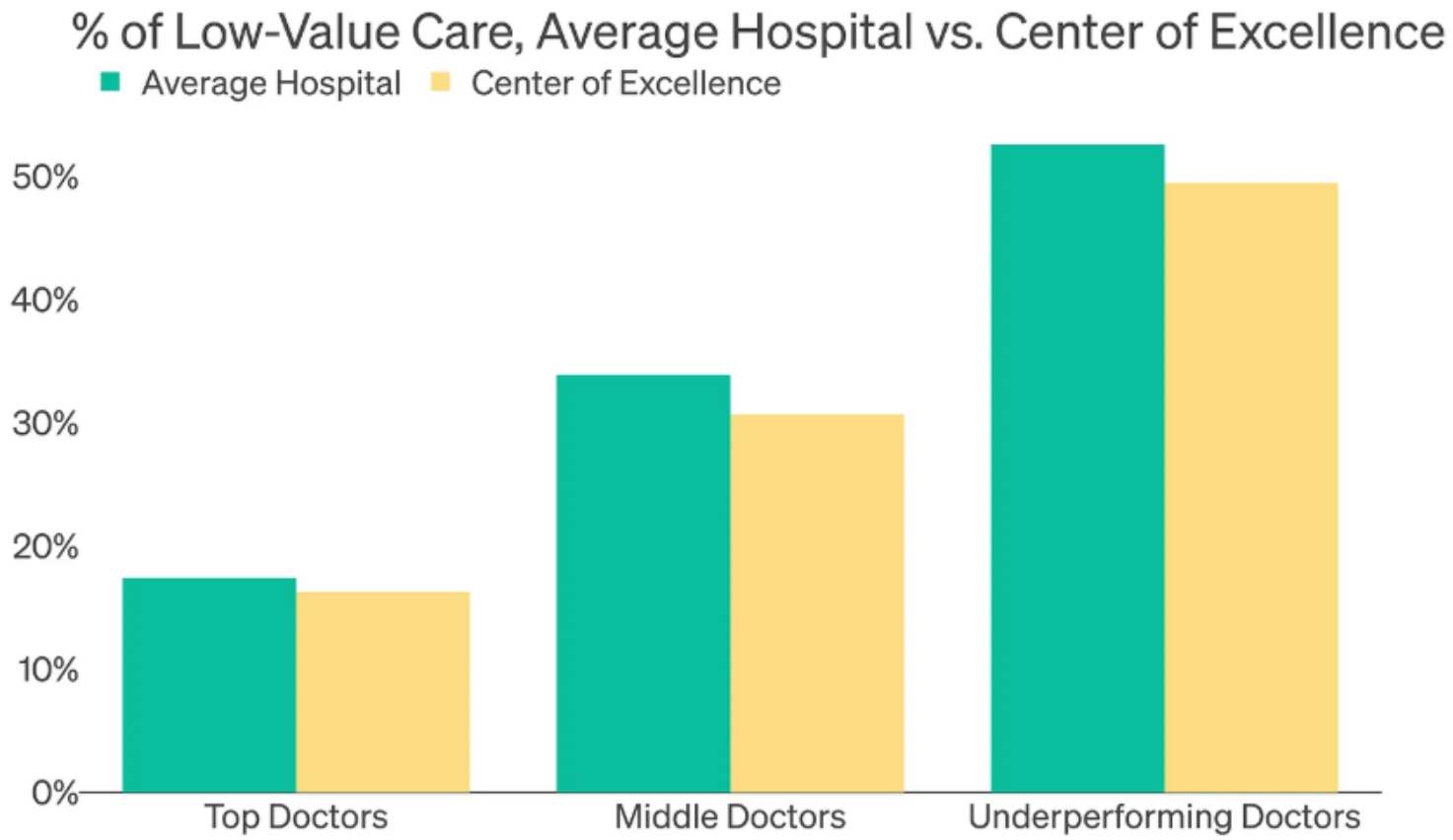
1,000+ Beds 500-999 Beds 200-499 Beds

TREND!

**********.aon.com/en/insights/articles/key-trends-in-us-benefits

Trend #1 – Customized Top Doctor Technology

garner™ Accolade embold HEALTH



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Trend #2 – Point Solutions for Condition Management

When an employer "focuses on condition management," it means they actively implement strategies to support employees who are managing chronic health conditions.

Employers are increasingly using point solutions for condition management. Traditional method relied on TPA for single solution. Hard to figure out what engagement and effectiveness was.



lark
Health Coaching

vida
Physical and Mental Health

virta
Weight Management

NOOM
Lifestyle and Condition mgt

welldoc®
Condition Management

Heartbeat™
Virtual Cardio Care

Trend #3 – High-Cost RX Strategies

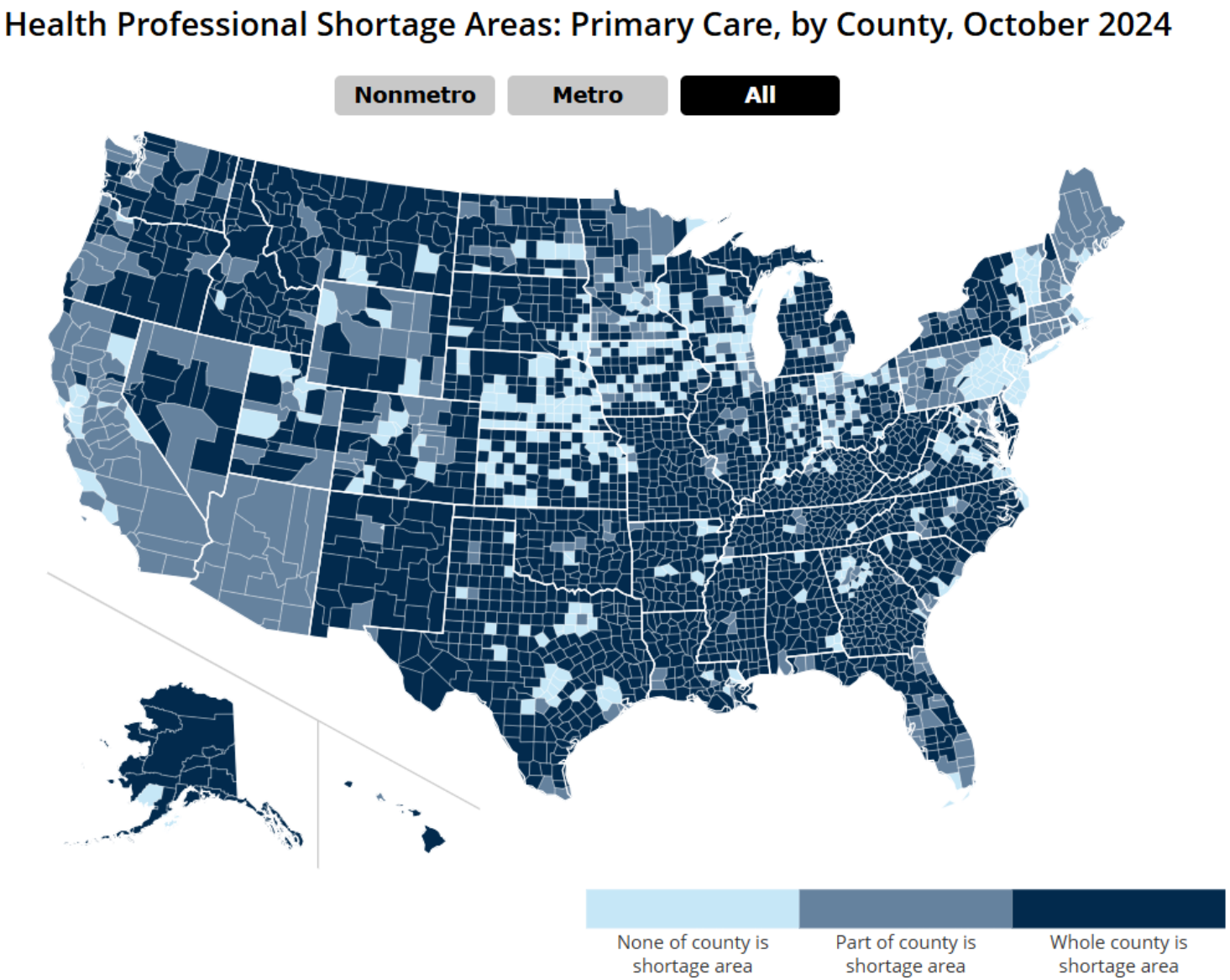
Still seeing this as a huge reason organizations are considering self-funding to take a more active approach in RX management of the Health Plan. 40% of larger companies (500+) are actively looking into RX strategies (Aon Study).

Pressure on Self-Funded employers to take a fiduciary approach to plan management will likely increase. This will also factor in for companies that are in bundled Self-Funded Arrangements. (example: Anthem is the sole provider of TPA, Stop Loss, PBM, etc)

1.) GLP1 Management (32% of companies are looking into this)
2.) Increasing Prior-Authorizations
3.) Generic Drug steerage. ($0 for generic)
4.) International Sourcing
5.) Patience Assistance Programs
6.)Technology to monitor adherence



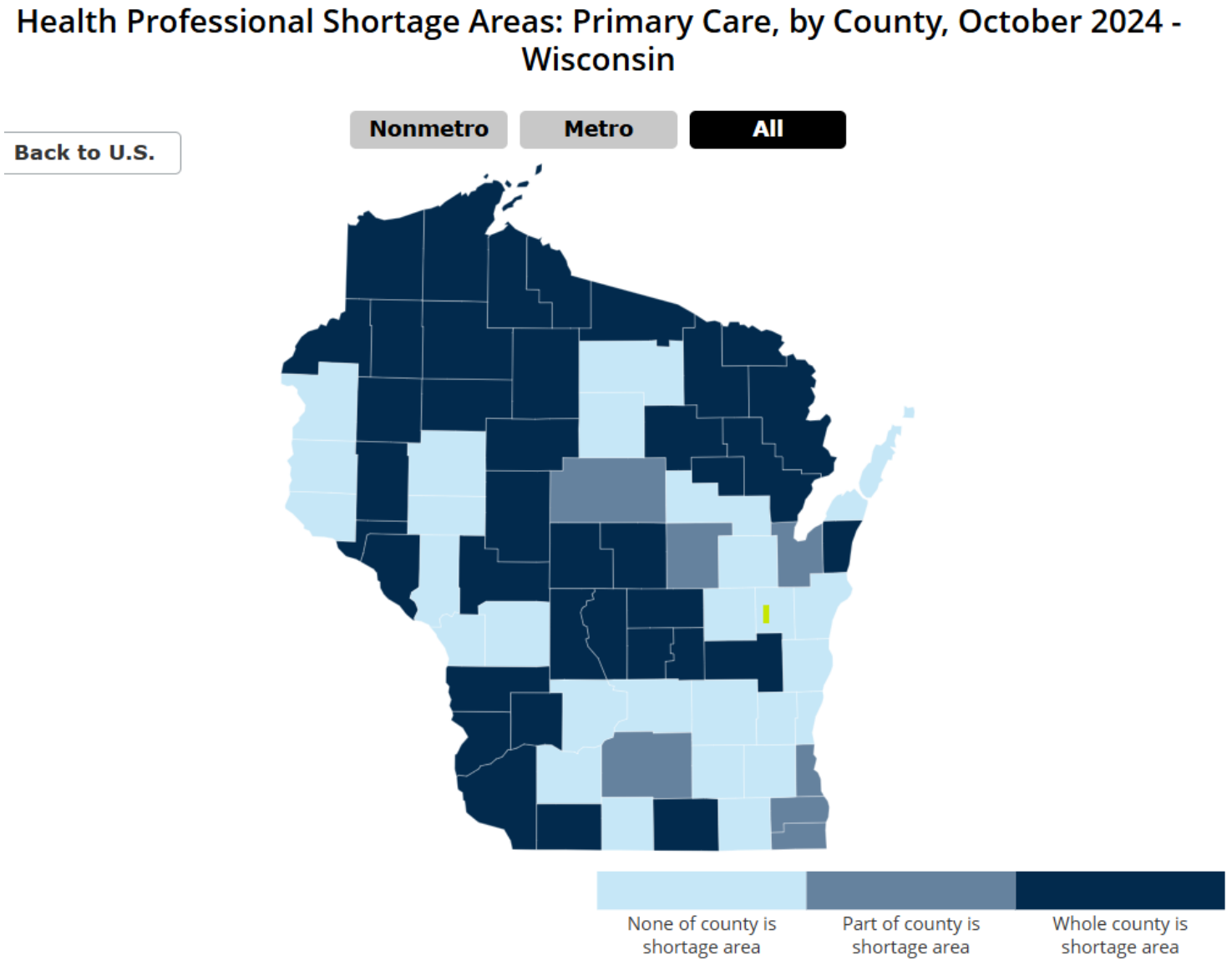
Trend #4- Site of Care Primary Care (On-site, Near Site, DPC)



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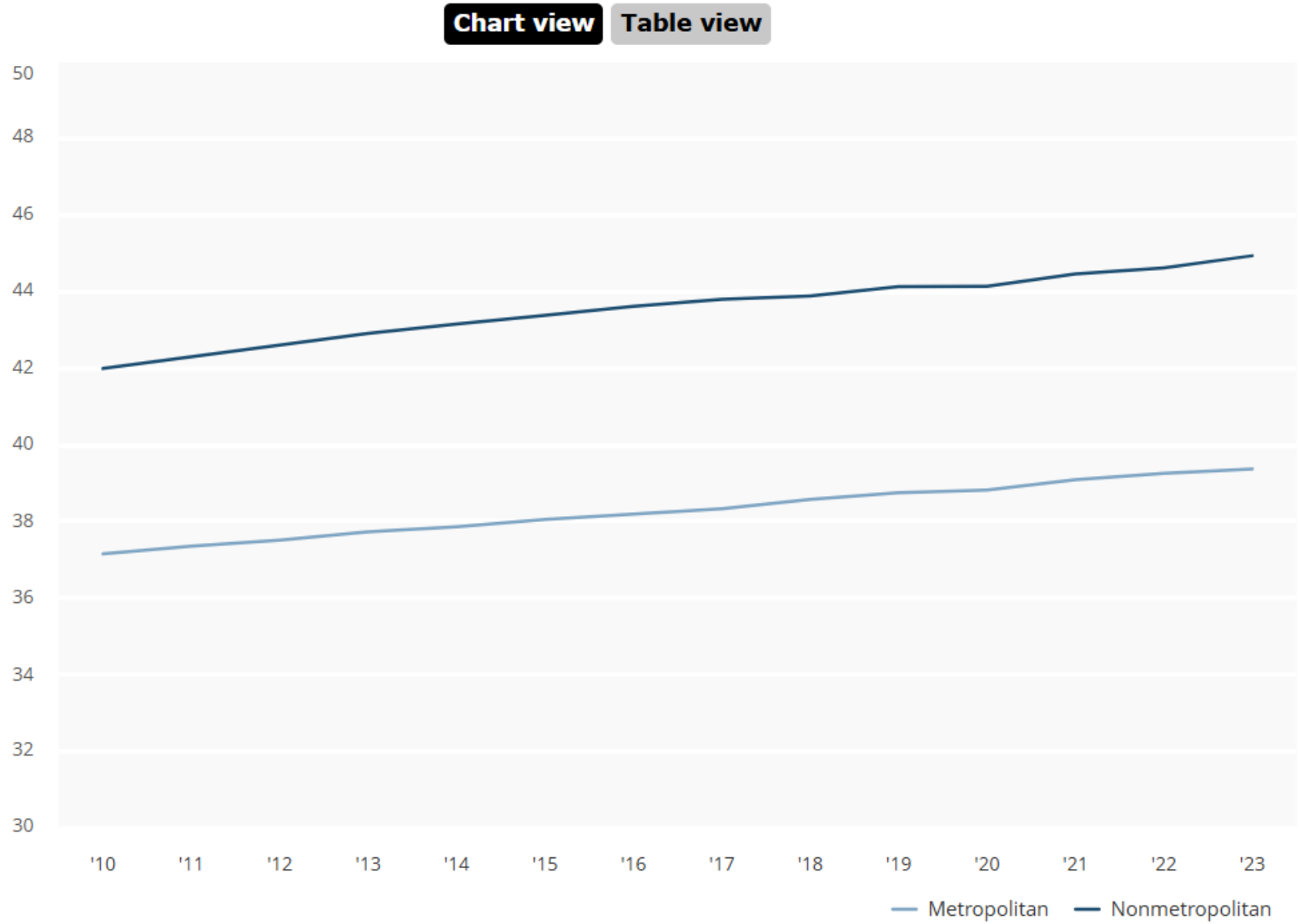
Trend #4- Site of Care Primary Care (On-site, Near Site, DPC)



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**********.ruralhealthinfo.org/charts/7

Average Median Age for Metro and Nonmetro Counties, 2010-2023 - Wisconsin



**********.ruralhealthinfo.org/charts/7

Trend #4- Site of Care Primary Care

1.) **On-Site Clinic** – Usually deployed in larger organizations over 500 EE's.

- Who staffs this? Outsourced or built it ourselves?
- Insurance Coverages and Liability?
- Space?
- Staffing levels and hours?
- Services?
- Resources to make referrals outside of clinic?

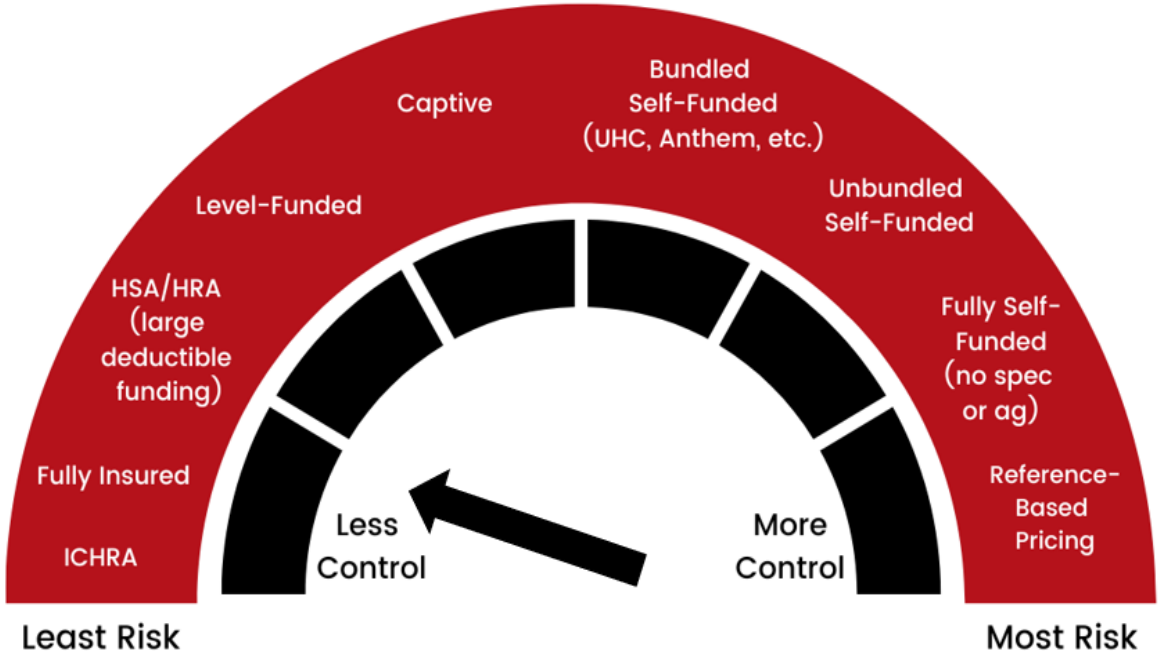
2.) **Near-Site**: Similar model as above, but a shared access clinic with neighboring organizations. Helps share the concerns listed above and provides access to smaller organizations.

3.) **Direct Primary Care (DPC)** – Membership based access. We are also hopeful that the government will provide clarity around HSA Eligibility and DPC relationships. There is bipartisan support along with other HSA Expansion rules to address cost and access issues. Those issues are on the current administrations radar.



**********.ruralhealthinfo.org/charts/7

Trend #5- Self-Funding isn't solely going to solve your cost issue (most likely)



Identity your risks first, then assess financing options.

1.) Company size and stability
2.) Financial and HR capacity
3.) Risk Philosophy
4.) Demographic profile (measured annually)
5.) Plan Design considerations.
6.) Plan contributions
7.) Claims history & understanding of cost drivers (what claims can we influence) – point solutions
8.) Dependent ratio/participation rate
9.) Increased roll in becoming more involved.
10.) Compliance considerations

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Other Trends to keep an eye on

1.) AI tools for underwriting (replace employee questionnaires?
2.) AI influence on Decision support tools.
3.) AI Influence on administrative tasks around employee benefits (Example: Booklets)
4.) Increasing focus around Medicare education.
5.) ICHRA's
6.) Reproductive health (mostly larger groups) - *35% will cover men's fertility testing – and will add benefits to support a range of women's reproductive health needs*
7.) MSK – Regenerative therapy (cell therapies, cell-based, gene therapy, bioengineered scaffolds, platelet plasma, etc)



While cost increases are nearly guaranteed to continue in the coming years





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Q&A