



BENEFIT COMMERCE *group*

## NEWS RELEASE

### **2<sup>nd</sup> Annual Arizona Employee Benefits Benchmarking Survey Highlights Continuing Concerns of Mid-Size Employers**

***-- 50 percent Expect 2016 Medical Plan Costs to Increase 6-10 percent or More***

***-- ROI on Wellness Programs Still an Unknown for 77 percent of Employers***

**Seminar Panel Discussion: Onsite Clinics, Private Exchanges, CEO Perspective**

Scottsdale, AZ, June 2, 2015 – The mid-year results of the 2<sup>nd</sup> annual Arizona Employee Benefits Benchmarking Survey of mid-size employers (50-3,000 employees), presented today at a seminar held at the Arizona Biltmore, showed that these employers in our state again expect health plan costs to increase significantly in 2016. In addition, while many of the employers surveyed exceed national averages in offering specific wellness programs, the vast majority do not know what their return on investment in wellness will be over the next five years.

This benchmarking survey, conducted by Benefit Commerce Group, a Scottsdale-based employee benefits firm, is halfway through its second year of data collection. The survey was developed by Milliman, one of the world's largest and most respected actuarial firms, and is in its 13<sup>th</sup> year nationally. Arizona employers can continue to participate in this survey through October by visiting: [www.AZBenefitsBenchmarking.com](http://www.AZBenefitsBenchmarking.com).

The seminar today featured a number of guest speakers in addition to survey results presented by Ron Cornwell, Principal and Consulting Actuary at Milliman. Panel discussion with audience Q&A participation included:

**--Dr. Benjamin (Jami) Doucette**, Chief Development Officer of Paladina Health:  
*Changing the Delivery of Primary Care*

**--Lee Benson**, CEO of Able Engineering: *A CEO's Perspective on the Integration of Wellness, Employee Performance and Benefits*

**--Scott Wood**, Principal & CEO of Benefit Commerce Group: *The Truth about Private Exchanges*

Nearly 250 Arizona employers have completed the benchmarking survey at this time, and that number is expected to increase in the next several months. The survey represents 95,000 employees at companies and organizations throughout the state, with total healthcare dollars spent exceeding \$1.1 billion.

Each employer that completes the survey receives an Individual Custom Report, comparing key components of its employee benefits against the other Arizona employers in the survey and against national medians of thousands of employers.

“This data is very important and actionable for mid-size employers in Arizona, as they plan their benefit programs for next year and work to engage their employees,” said Scott Wood, Principal and CEO of Benefit Commerce Group.

“We received positive feedback from employers who participated in the first year of this survey in 2014, and the value of this information also is shown in the 30 percent increase in survey participation this year,” Wood said. “For most employers, healthcare is their 2<sup>nd</sup> or 3<sup>rd</sup> highest cost of business, so understanding, strategizing and controlling this cost item is critical to their success.”

Johnny Angelone, Principal of Benefit Commerce Group, added, “Employers that know how their benefits compare to other competing employers are ahead of the game in terms of retaining quality employees and attracting new talent.”

### **Healthcare cost increases**

For 2016, 50 percent of the Arizona employer survey participants expect medical plan costs to increase 6 to 10 percent or more. For 2015, the survey participants reported average healthcare inflation of 5 percent after all plan design changes to help control costs. Many employers experienced increases up to 10 percent after all plan design changes for 2015.

In 2015, the cost of healthcare for a typical American family of four covered by an employer-sponsored PPO plan was nearly \$25,000, according to the 2015 Milliman Medical Index. Nationally, employer contributions were about 58 percent of this total, with employees paying 42 percent, which includes 26 percent in premium contributions and 16 percent in out-of-pocket expenses.

In this 2015 Arizona employer survey, average employee contributions were about the same as the national averages for employee-only coverage and higher for family coverage.

### **Wellness Programs and ROI**

One area of good news is that Arizona employers surveyed exceeded the national averages in offering wellness programs such as blood pressure and cholesterol screenings, flu shots, employee assistance programs and wellness newsletters.

However, 77 percent of the Arizona employers surveyed do not know their expected return on investment (ROI) on wellness programs within the next 5 years. Those that did know their ROI

showed very positive impact: 17 percent of the participants stated that they expected their ROI to be 3 to 1.

### **Other cost control measures**

High deductible health plans (HDHPs, also known as consumer-driven health plans) and self-funding strategies are two other methods of health plan cost control that were explored in this survey.

The use of HDHPs among mid-size Arizona employers that participated in this survey showed a significant increase during the past year. HDHP plan prevalence jumped from about 33 percent in 2014 to 49 percent in 2015.

However, the use of self-funding strategies remained about the same as last year. Only 18.3 percent of participating Arizona employers with 50-199 employees were self-funded, 45.9 percent of those with 200-499 employees and 63.2 percent of those with 500-999 employees.

Self-funding or partially self-funding is a strategy with increased advantages for mid-size employers as health reform costs have added to the total costs for fully insured plans. The advantages of self-funding include:

- No Premium Tax
- No Affordable Care Act (ACA) Insurer Fee
- No Profit Margin
- Interest on Reserves
- Greater Plan Design Flexibility

“Newer product designs now available make self-funding a very real and viable option for mid-size employers,” said Chris Hogan, President of Benefit Commerce Group. According to Milliman, this funding method can save many employers an average of 10 percent on their health plan premiums.

“The results of this Arizona survey and the analysis of the data by Milliman provide mid-size employers a powerful tool in measuring, developing and maintaining their benefit programs to be valuable to employees and competitive in the marketplace,” Hogan added.

For more information about the Arizona Employee Benefits Benchmarking Survey or the survey results, contact Benefit Commerce Group at 480-515-5010 or [info@benefitcommerce.com](mailto:info@benefitcommerce.com).

### **ABOUT Benefit Commerce Group**

Benefit Commerce Group is an innovative and award-winning employee benefits consulting firm that is changing the health care cost paradigm, one company at a time. We provide employers with sustainable strategies to lower health care costs first-year and long-term and enhance productivity. Benefit Commerce is a “game-changer” for companies striving to control one of their highest expense items: employee benefits costs. We are not your typical benefits firm, and we are not offering typical cost-shifting techniques. Our strategies yield real savings for both employer and employee and also integrate meaningful consumer-focused employee health and

wellness programs. Our technology enhancements also set us apart, as we offer methods to streamline HR functions from enrollment through ongoing employee communication and administration. Through our proven programs, Benefit Commerce Group has helped our clients receive recognition from the Phoenix Business Journal's "Healthiest Employers" program, the Wellness Council of Arizona and The Institute for HealthCare Consumerism, a national organization. The company conducts an annual Arizona Employee Benefits Benchmarking survey for mid-size employers across the state. Principals of the firm include Scott Wood, Johnny Angelone and Chris Hogan. For more information on Benefit Commerce Group, visit our website [www.benefitcommerce.com](http://www.benefitcommerce.com).

**For more information, contact:**

**Nancy Zalud**

**480-515-5010**

**[Nancy@benefitcommerce.com](mailto:Nancy@benefitcommerce.com)**