



NEWS RELEASE

4th Annual Arizona Employee Benefits Benchmarking Survey Highlights Employer Health Plan Landscape

Scottsdale, AZ, June 6, 2017 – The results of the 4th annual Arizona Employee Benefits Benchmarking Survey of mid-size employers (50-5,000 employees), presented today at a seminar held at the Arizona Biltmore, showed that employers in our state have a lower relative value of their health plan designs than the national average, for both Preferred Provider Organization (PPO) plans and high deductible health plans. In addition, 33 percent of employers expect health plan costs to increase 6-10 percent in 2018 and nearly 10 percent expect even higher increases of 11 percent or more.

This benchmarking survey, conducted by Benefit Commerce Group, a Scottsdale-based employee benefits firm, is in its fourth 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 15th year nationally.

"In these four years, over 700 Arizona employers have participated in this survey," said Scott Wood, Principal and CEO of Benefit Commerce Group, which hosted the Results Seminar. "Making data-driven informed decisions has never been more important for employers. A strong indication of this importance is that we had twice as many register for this benchmarking seminar as last year."

Attendees at the benchmarking seminar offered glowing reviews of the event and the program, including:

- "Loved the mid-market AZ comparison, as well as the National and 25th and 75th percentile benchmark. It was easy to follow with all the data presented."
- "Robert Laszewski's insight on the future of the healthcare market was very informative."

"For most employers, healthcare is the 2nd or 3rd highest cost of business, and it's still growing at a higher rate than any other budget line item," Wood added. "Holding costs in line is vitally important, but that must be done while still maintaining a strong employee benefit program. Attracting and retaining talent is the Number One priority of employers in the current economy."

The data available through this survey provides mid-size employers a powerful tool in measuring, developing and maintaining their benefit programs to be valuable to employees and competitive in the marketplace.

“We have seen an incredible surge in interest in this benchmarking data and a real focus on working to improve employee benefits to remain competitive employers,” said Johnny Angelone, Principal of Benefit Commerce Group. “As a consulting firm and through this survey, we concentrate on actionable data that employers can use in strategizing and controlling this cost item is critical to their success.”

Arizona employers can continue to participate in this survey through October by visiting: www.AZBenefitsBenchmarking.com.

The seminar today featured:

--Jason Speer, FSA, EA, MAAA, Principal and Consulting Actuary at Milliman, presented the survey results.

--Robert Laszewski, a national health policy expert often referred to as the “voice of clarity,” presented an update on Washington activity and an overall market and health care system policy review.

Well over 300 Arizona employers have completed this year’s benchmarking survey to-date, and that number is expected to increase in the next several months. The survey currently represents more than 210,000 employees at companies and organizations throughout the state, with total healthcare dollars spent exceeding \$2 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. In addition, employers receive a comprehensive summary of Arizona data.

Deeper dive, online interactive review by industry, size and location now available

“This year, we also have expanded the survey output available to employers that participate in this benchmarking program,” said Chris Hogan, President of Benefit Commerce Group. “We can provide an interactive customized comparison unique to an organization, with information they cannot get elsewhere, by industry, by employer size and by location, with 100+ data points.

“Most other benchmarking surveys just compare against large national employers, instead of the Arizona employers that these companies really compete with on a daily basis,” Hogan said. “The results of our survey include that Arizona data (as well as national data for multi-state employers).”

HDHPs & self-funding as a cost control measure

High deductible health plans (HDHPs, also known as consumer-driven health plans, CDHPs) and self-funding strategies are two important 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 increased from last year to 55 percent from 45 percent for 2016.

The majority of employers with 500 or more employees used self-funding strategies to help lower their overall costs. For smaller employers, there also was a significant portion that are using self-insured plans:

- 1-49 employees: 24 percent had self-funded plans
- 50-199 employees: 27 percent had self-funded plans
- 200-499 employees: 35 percent had self-funded plans

According to Milliman, this funding method can often save employers 8-10 percent on their health plan premiums.

Self-funding or partially self-funding is a strategy with increased advantages for mid-size employers including:

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

Robert Laszewski's presentation

Often referred to as the "voice of clarity," Robert Laszewski is a nationally recognized health policy expert and a frequent guest on major news outlets, such as CNBC, CBS Evening News, ABC News, NBC News, CNN, PBS Newshour and the Morning Edition.

Lazewski is President of Health Policy and Strategy Associates, has provided his perspective in testimony before Congressional committees and is widely consulted by industry groups, trade associations and state policy makers.

In his presentation at today's seminar, he discussed the political changes that are causing upheaval in the health care markets. However, he said that in 20 years, health care will still be the largest industry in America.

He also provided a thoughtful review of the following and how they impact employers:

- The effects of Obamacare
- The Republican effort so far to repeal and replace Obamacare

- Expectations for cost increases in 2018
- The uptick in health care inflation, including prescription drug costs
- Accountable Care Organization (ACO) initiatives

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 or visit the website: www.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 plan costs first-year and long-term. 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. Clients have received over 100 awards in the past three years. The company conducts an annual Arizona Employee Benefits Benchmarking survey for mid-size employers across the state. The success of our strategies is illustrated by our Inc. 5000 listing for two years in a row among the fastest-growing private companies in America. Principals of the firm include Scott Wood, Johnny Angelone and Chris Hogan. For more information on Benefit Commerce Group, call us at 480-515-5010 or visit our website <https://benefitcommerce.com/>.

For more information, contact:

Nancy Zalud

480-565-7924

Nancy@benefitcommerce.com