NFP

insights from the experts

2022

US Benefits Trend Report

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A **Letter** from **Kim**

After another year that tested us in new ways, there continues to be an abundance of opportunity to empower employers with strategies that elevate the impact they have on their employees' lives.

It has never been clearer that employees are the ultimate consumers of what employers have to offer. When those offerings, from compensation and benefits to culture to growth and development, don't align with where employees are or where they want to go, the change that follows shouldn't be a surprise. And in the challenges that come with change – the massive relocation of employees, as well as those who changed jobs, took on new roles, adopted a fully remote or hybrid work model, or left the workplace all together – it's become almost mandatory to offer more personalized programs that meet employees where they are with the solutions they need.

But there is complexity in understanding the demand and meeting it. It can be daunting to figure out how to create a benefits program that attracts and retains top talent and supports the well-being of employees, within the confines of a budget that doesn't go as far as it used to. Costs are rising, needs are more diverse than ever and the pressure to get it right is high.

The NFP US Benefits Trend Report is designed to help employers enhance their ability to seize opportunities by:

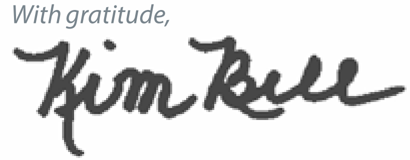
- **Validating** the challenges employers are facing
- **Empowering** employers to navigate complexity with actionable insights
- **Reinforcing** that progress requires partnership and no organization can (or should) go it alone

So with data and perspective from working with thousands of employers of all sizes and across industries, and with a focus on the needs of employees as consumers, we're excited to share what our subject matter experts are seeing in the marketplace, as well as the results the inaugural NFP survey of employers.

We have a great team at NFP that cares deeply about people, is driven by solving client problems, and excels at bringing clarity to the conversation. This shines through in our report. Whether you've been a client for decades or you're wondering what's possible with a new partner, use NFP's 2022 US Benefits Trend Report as a catalyst for going even further for your employees so your organization can reach new levels of success.

Thank you for your engagement and your commitment to moving forward together with purpose and accountability.

With gratitude,



Kim Bell
Executive Vice President
Head of Health & Benefits

Top Takeaways. Big Opportunities.

Employers' top choices
to improve employee satisfaction?

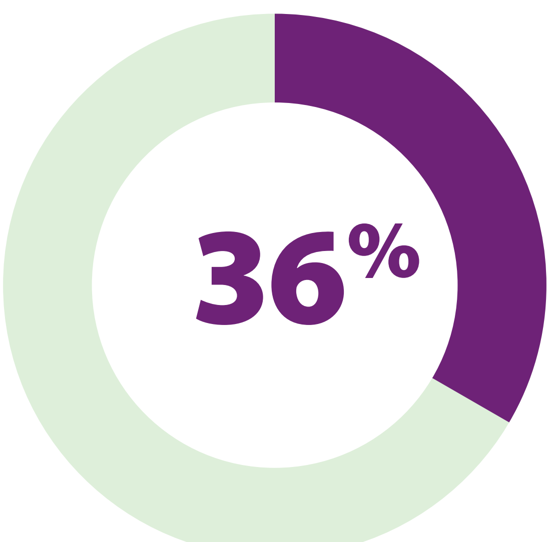
More benefit choices and customization **37%**

Better education and communication **33%**

Source: NFP

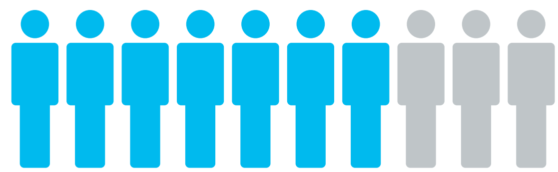
Only 36% of employers provide an experience that's at or near **concierge level**

Source: NFP



70%

of employees are more likely to work for an employer offering employee-paid voluntary benefits (Voya)



20% of claims spend
can be remediated by engaging a fraud, waste and abuse audit

Source: Centers of Medicare, Medicaid Services

A majority of employers have introduced **virtual solutions** in

Mental health **55%**

Primary care **54%**

Job postings mentioning **flexibility** receive

35% *more*

engagement, per LinkedIn's Global Talent Trends 2022

Top obstacles for HR teams

trying to be more strategic?

Rapid growth and higher than normal turnover **45%**

When workers feel they belong, job performance **increases by 56%**, they're **50% less likely to leave** the company and they take **75% fewer sick days**

Source: HBR

100%

of employees will experience stress, burnout or another daily life challenge that only mental well-being solutions can address

Source: Deb Smolensky, NFP

Prescription drug spending is now

$370 billion

up 5.7% from the prior year.

Source: NHE

Specialty drugs are

2% of all prescriptions and

51% of total costs

Source: Evernorth

About the Data

__NFP's figures__ have been generated from NFP's proprietary benchmarking database. Additional NFP data originate from a joint Employer Benefits Survey conducted with Hanover Research. Other data sources are as cited throughout.

See __page 23__ for complete details.

A **Take** on **Trends**

US Health Expenditures

US health expenditures for 2021 are projected to exceed $4.2 trillion.
By 2028, US health expenditures are projected to grow by 47% to approximately $6.2 trillion.[1]

More specifically, the Centers for Medicare & Medicaid Services (CMS) project the expenditure growth rate and trends in three key drivers (hospital care, physician and clinical services, and retail prescription drugs) for US health expenditures over the near and long-term (Figure 1).


There's no wait for the warm-
up, no hangover heat.
New
11010

Figure 1
National Health Expenditure Projections: 2021 – 2030[2]

Factors	2020	2021 (Proj.)	2022 (Proj.)	2023 – 2024 (Proj.)	2025 – 2030 (Proj.)
Hospital Care	+6.4%	+5.7%	+6.9%	+5.6%	+5.5%
Physician & Clinical Services	+5.4%	+5.1%	+6.2%	+6.0%	+5.5%
Retail Prescription Drugs	+3.0%	+4.7%	+4.3%	+4.7–5.1%	+5.2%

With the decrease of COVID-19-related government funding, expenditures for hospital care, physician and clinical services, and retail drugs all experienced slower growth in 2020 and 2021 than in previous years. 2022 has seen growth picking up again as consumers have returned, in many ways, to prior usage behaviors, leading to an acceleration of private health insurance spending. Additionally, the need for certain types of COVID-19 related care, such as testing and treatment, continues to drive growth.

In the next couple years, spending and growth are expected to slow once more. However, in the second half of the decade, an aging population, slower disposable income growth, and the impact of higher cost and new-to-market pharmaceuticals launched in the US are expected to contribute to another surge in expenditure growth.

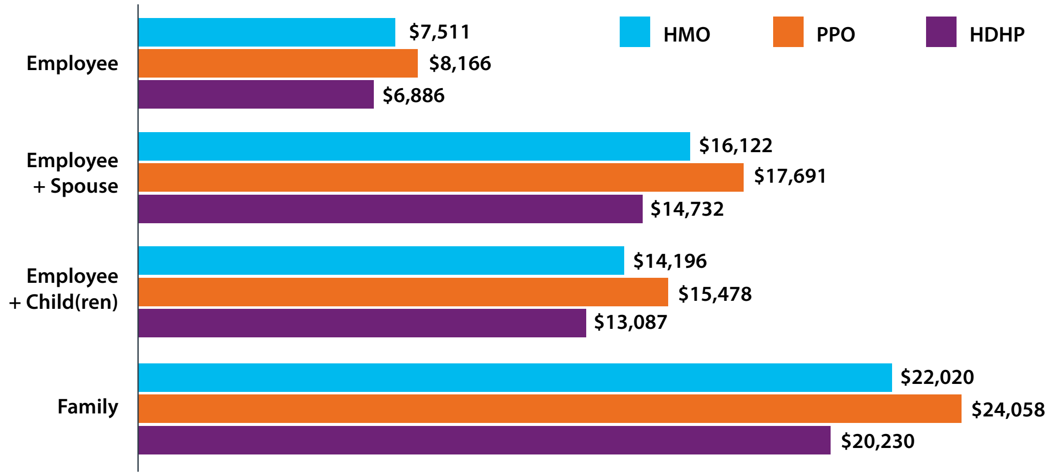
Over the 2020-2022 period, growth dipped in 2021 primarily due to a decrease in total federal COVID-19 relief funding with a slight rebound in 2022 as the demand for hospital care is expected to increase. Over the course of 2023 – 24, hospital spending is expected to slow as this sector's trends are expected to normalize and transition away from pandemic-related impacts on utilization, federal program funding, and changes in insurance enrollment. Over 2025 – 30, hospital spending is projected to grow, influenced by the net effects of faster average growth in Medicaid hospital spending (due to an aging population and the expiration of disproportionate share hospital payment cap reduction under current law), and slower average growth in Medicare and private health insurance spending for hospitals.[3]

Employer & Employee Health Benefit Costs (Medical and Pharmacy)

According to PwC, the medical cost trend has been estimated to be 7% for 2021 and 6.5% for 2022.[4] While the full effects of the COVID-19 pandemic are hopefully in the rearview mirror, the impact of the pandemic on the healthcare ecosystem (e.g., how individuals access healthcare and responses to how healthcare is delivered), are likely to be felt for years to come. Some of the key factors that are expected to drive up healthcare spending include:

- **Lingering effects of COVID-19 on utilization**: Utilization and spending are expected to increase as some care deferred during the pandemic returns; costs to test for, treat and vaccinate against COVID-19 continue; rates of mental health and substance abuse issues remain high; and population health worsens.[5]

Figure 2:
Median Employee Annual Gross Costs by Plan Type & Coverage Tier



- **Preparation for the next pandemic**: Investments to bolster shortfalls in the US health system highlighted during the pandemic are expected to drive higher prices. They include investments in new forecasting tools, improvements to the supply chain, increased wages for some staff, stockpiles for personal protective equipment and infrastructure changes.[6]
- **Investments to improve the individual digital experience**: The pandemic accelerated healthcare providers' improvements in digital experiences so they could maintain their relationships with individuals through the challenge of COVID-19. They are using virtual care and analytics to not only improve the customer experience and create regular touchpoints, but also to expand capacity to avoid frustrating or alienating individuals. These digital improvements are expected to expand individuals' access to care thereby increasing utilization and the medical cost trend.[7]

Prevalence of Plan Offerings

Medical cost containment has been a primary challenge for employers, making it unsurprising that employers are structuring their medical plan offerings accordingly. According to the Kaiser Family Foundation, in 2021, PPO plans continue to reflect the most common medical plan offering amongst employers (2020: 56% vs. 2021: 26%). The second prevalent medical offering is HDHP (2020: 26% vs. 2021: 22%). POS plans are the third most common medical plan offered by employers (2020: 31% vs. 2021: 13%).[8] Interestingly, the NFP data reflect differences with respect to which type of medical plans are most prevalent. For example, the three most prevalent plans offered by NFP clients are PPOs (65%), HDHPs (43%) and HMOs (30%).

More on HDHPs

The foundation of the HDHP plan has been twofold: higher deductible plans (with the tradeoff of lower premiums) create "skin in the game" for consumers by sharing in the cost of healthcare while also driving down the cost of healthcare and utilization of services. With increased cost share and higher plan deductibles, consumers would theoretically price shop medical services (for example, MRI exams, knee replacement surgery) in order to drive down medical costs and utilization of services.

Figure 3:
Year-Over-Year % Increase in Median Employee Annual Gross Costs by Plan Type

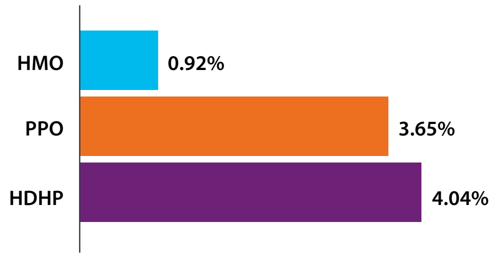


Figure 4:
Median Employee Annual Gross Costs (PPO)

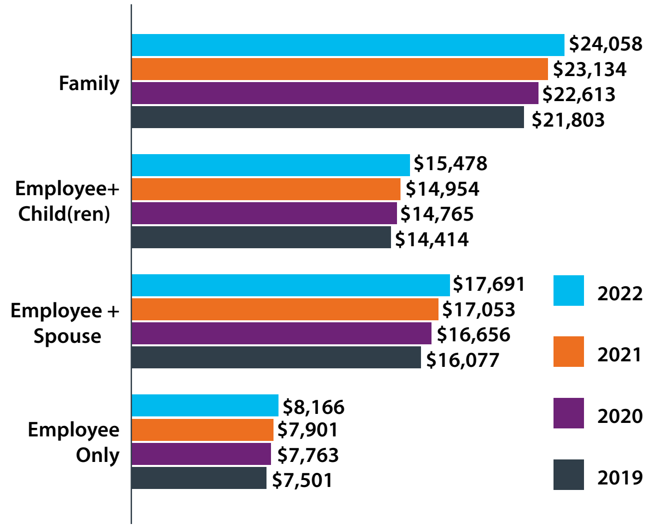


Figure 5:
Median Employee Annual Gross Costs (HMO)

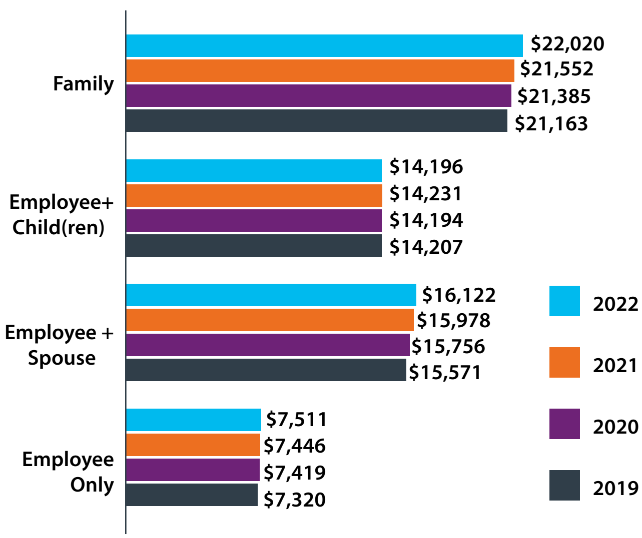


Figure 6:
Median Employee Annual Gross Costs (HDHP)

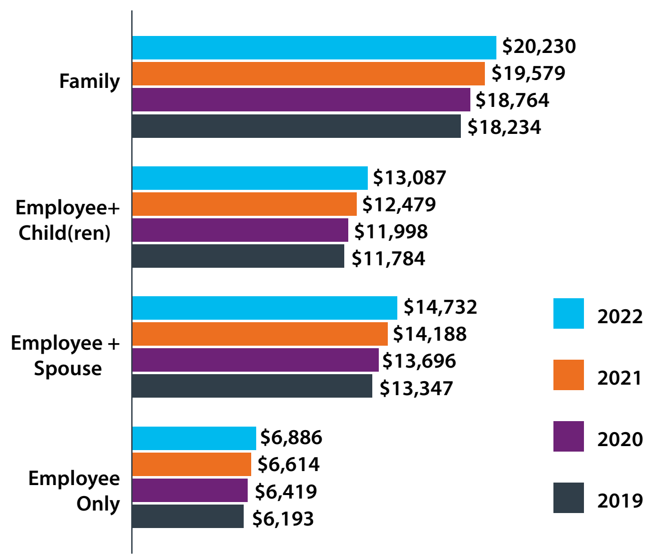
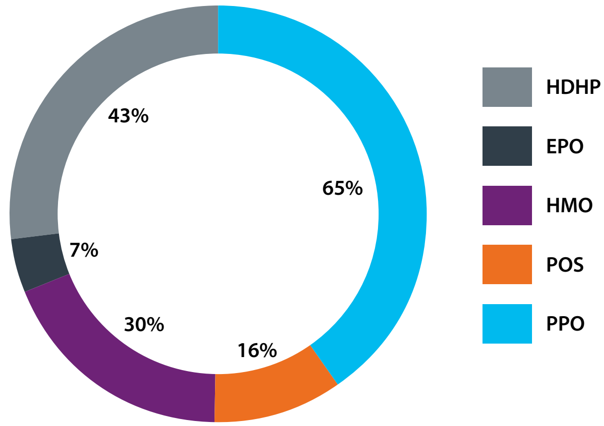


Figure 7:
Prevalance of Medical Plan Types Offered by Employers



Prevalence

According to the Kaiser Family Foundation, in 2021, 22% of employers who offer health benefits offered some form of a HDHP plan (HDHP/HRA or HSA-Qualified HDHP). This represents a 4% decrease from 2020. Nevertheless, the number of employees enrolled in some form of a HDHP plan has remained relatively consistent since 2016 (at or near 30%).[9] Interestingly, the percentage of employers in the NFP benchmarking database offering a high deductible plan (43%) is greater than the industry average (Figure 7 above).

Enrollment

Enrollment in consumer-directed health plans (CDHPs), health plans paired with health savings accounts and health reimbursement arrangements, was little changed in 2021 after reaching a record high. According to findings of the Employee Benefit Research Institute (EBRI)/Greenwald Research Consumer Engagement in Health Care Survey, 18% of respondents reported being enrolled in such a plan last year. Enrollment in health plans with high deductibles that were not eligible to be paired with an account was 13% in 2021, according to the survey.[10]

The EBRI/Greenwald Research Consumer Engagement in Health Care Survey also noted several other interesting CDHP trends:

- Younger people were more likely to enroll in traditional health coverage, while older people were more likely to be in an HDHP or CDHP.[11]
- Men were more likely to enroll in traditional health coverage, while women were more likely to be in an HDHP or CDHP.[12]
- People in lower-income households were more likely to enroll in traditional health coverage, while those in higher-income households were more likely to be in an HDHP or CDHP.[13]
- Married individuals were more likely than individuals who were never married to be in an HDHP or CDHP.[14]
- Enrollees in traditional health plans value low out-of-pocket costs, while HDHP enrollees value lower premiums.[15]

Employee Contributions (Medical and Pharmacy)

According to the Kaiser Family Foundation, the average percentage of premiums paid by employees for single and family coverage in 2021 was 17% and 28% respectively.[16] For firms with fewer than 200 employees, the average percentage of premiums paid by employees for single and family coverage in 2021 was 17% and 37% respectively.[17] For firms with 200 or more employees, the average percentage of premiums paid by employees for single and family coverage in 2021 was 18% and 24% respectively.[18]

Figure 8:
Median Annual Employee Contributions by Plan Type & Coverage Tier

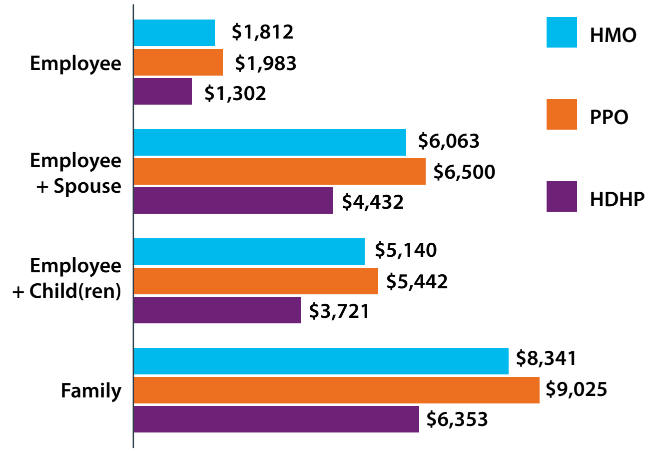


Figure 9:
Year-Over-Year % Increase Median Annual Employee Contributions by Plan Type

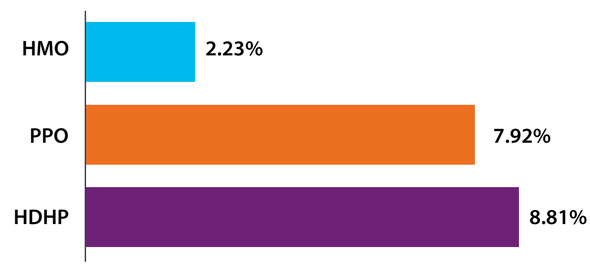


Figure 10:
Median Employee Annual Contributions (PPO)

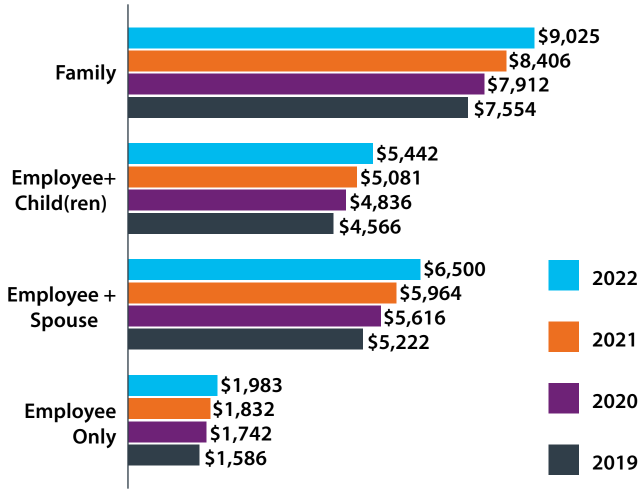


Figure 11:
Median Employee Annual Contributions (HMO)

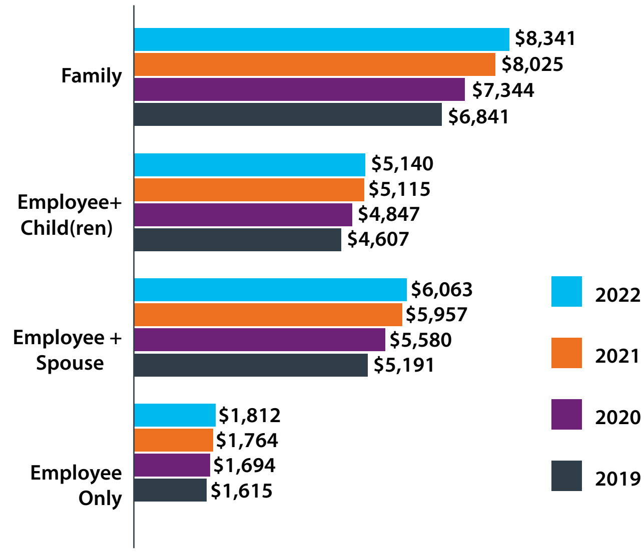


Figure 12:
Median Employee Annual Contributions (HDHP)

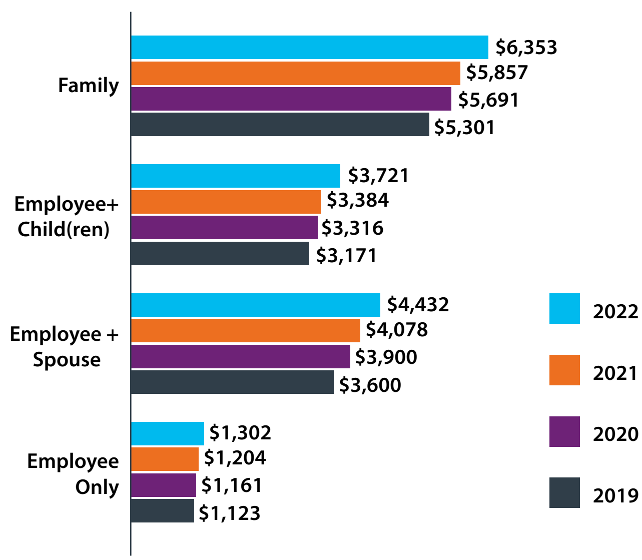
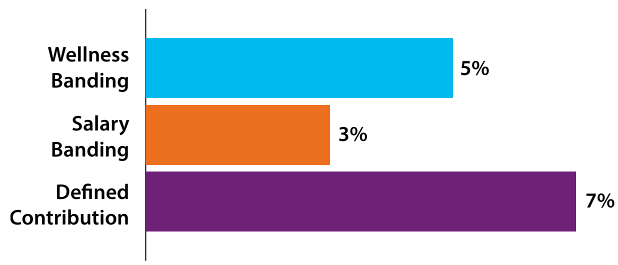


Figure 13:
Percentage of Employers Implementing Various Contribution Strategies



Note that to avoid discrimination failures, salary banding must result in lower contributions for lower paid employees.

Spousal Carve-Outs

Spousal carve outs are prohibited in some states for fully insured plans, however, where permitted they are one way employers can control their health cost spend. According to the Kaiser Family Foundation, in 2021, 91% of workers are employed by a firm that offers health benefits to at least some workers. In firms that offer coverage 81% of workers are eligible for the health benefits offered, and of those eligible, 77% take up the firm's offer, resulting in 62% of workers in offering firms enrolling in coverage through their employer. All of these percentages are similar to those in 2020.[19]

Employee Deductibles (Medical)

Two trends with respect to employee deductibles have become apparent — a greater percentage of covered employees are now facing a deductible and those facing a deductible see the amount increasing.

Over the past five years, the percentage of covered workers with a general annual deductible of $1,000 or more for single coverage has grown 13%, from 51% to 58%.[20] In 2021, 29% of covered workers are enrolled in a plan with a deductible of $2,000 or more, similar to the percentage last year (26%).[21]

Employee Out-of-Pocket Costs/Plan Maximums (Medical and Pharmacy)

As mandated by the Affordable Care Act (ACA), 2021 out-of-pocket maximum amounts for non-grandfathered group health plans are restricted to $8,550 for single coverage and $17,100 for family coverage. According to healthcare market research group Kalorama, consumer out-of-pocket spending on healthcare was expected to hit $492 billion, or $1,650 per person, in 2021.[22] Further, the expected 2021 consumer out-of-pocket spending amount represents almost a 10% increase over the previous year and, on a go forward basis, Kalorama projects a 9.9% continual growth

Figure 14:
Spousal and Tobacco Surcharges, and Median Annual Surcharge Amounts

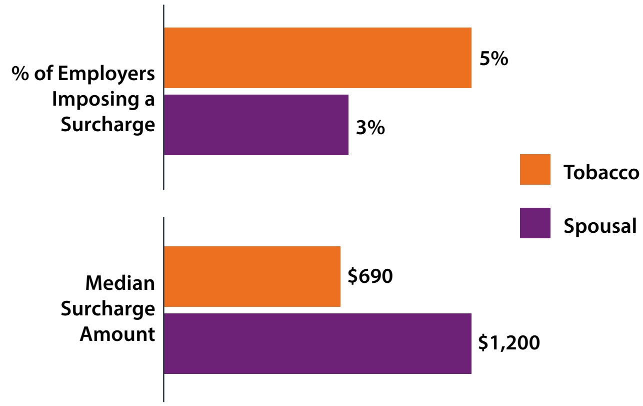


Figure 15:
Median Annual HMO Deductible

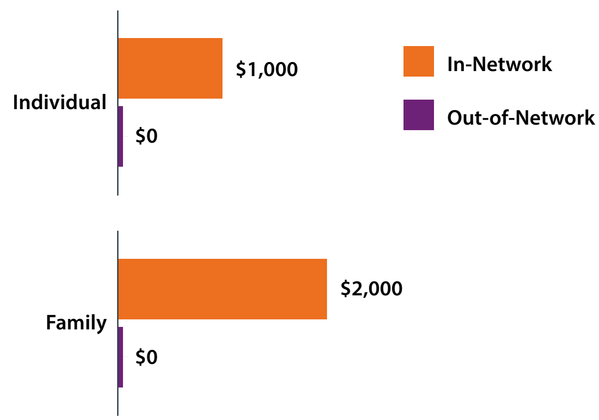
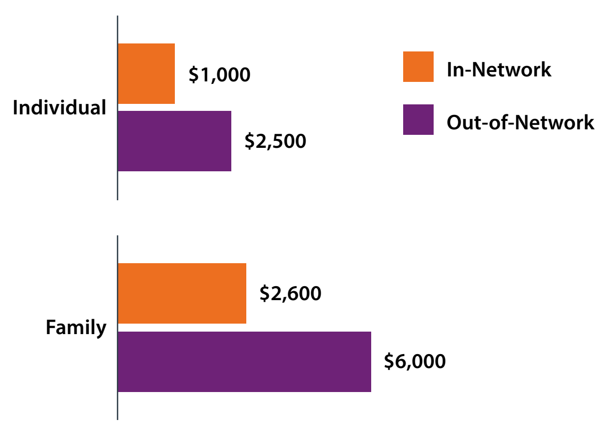


Figure 16:
Median Annual PPO Deductible



rate for the next five years.[23] Kalorama highlights several key factors for the continued growth in consumer out-of-pocket healthcare spending:

- Increase in consumer chronic conditions such as obesity, mental illness and addiction
- Lagging wage growth relative to rising healthcare expenditures
- Increase in consumer medical debt

Figure 17:
Median Annual HDHP Deductible

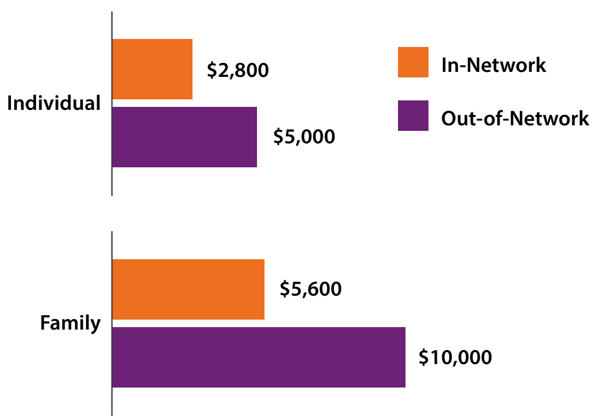


Figure 18:
Median Annual HMO Out-of-Pocket Maximum Amount

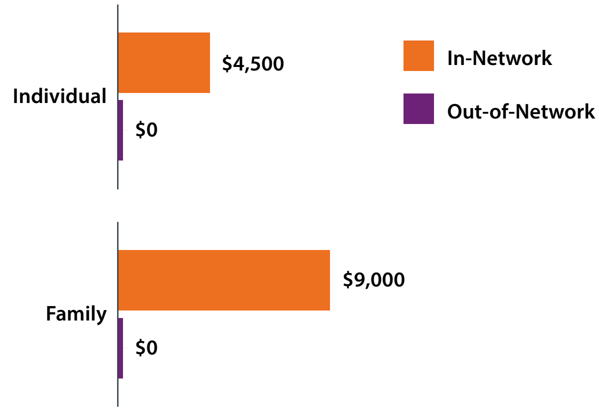


Figure 19:
Median Annual PPO Out-of-Pocket Maximum Amount

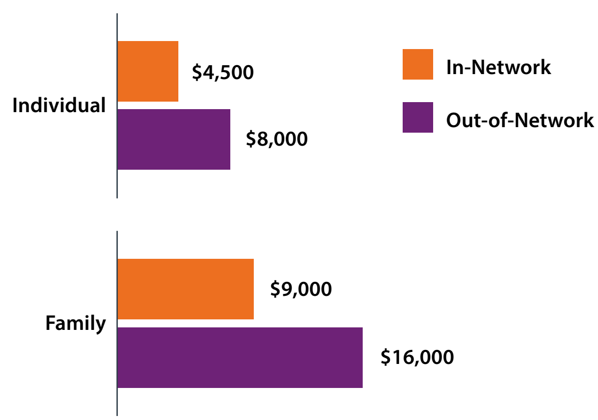
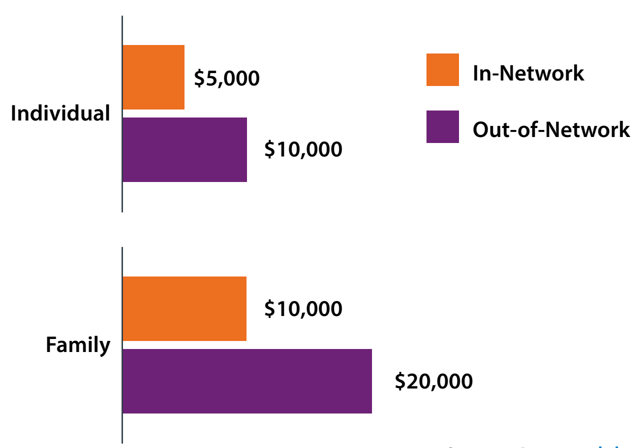


Figure 20:
Median Annual HDHP Out-of-Pocket Maximum Amount



Part-Time Benefits

The gig economy continues to be prevalent in American life, and a significant portion of the workforce participates in part-time and contract work. The following data from NFP's benchmarking database illustrates that despite this, a relatively small percentage of employers offer benefits to part-time workers. Interestingly, the historical trend shows employers decreasingly offering these benefits. Figure 22 shows the most current data while Figure 21 shows data from 2019 to now.

Figure 21:
Percentage of Employers Offering Benefits to Part-Time Employees

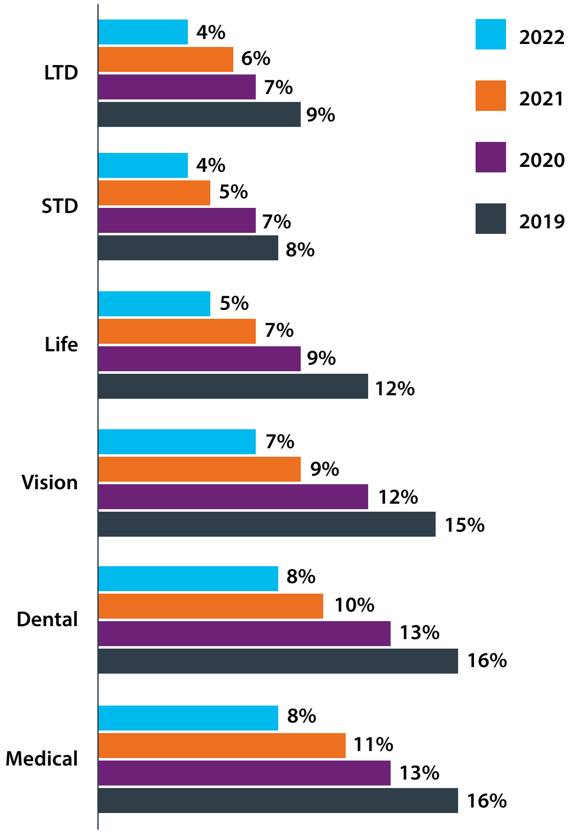
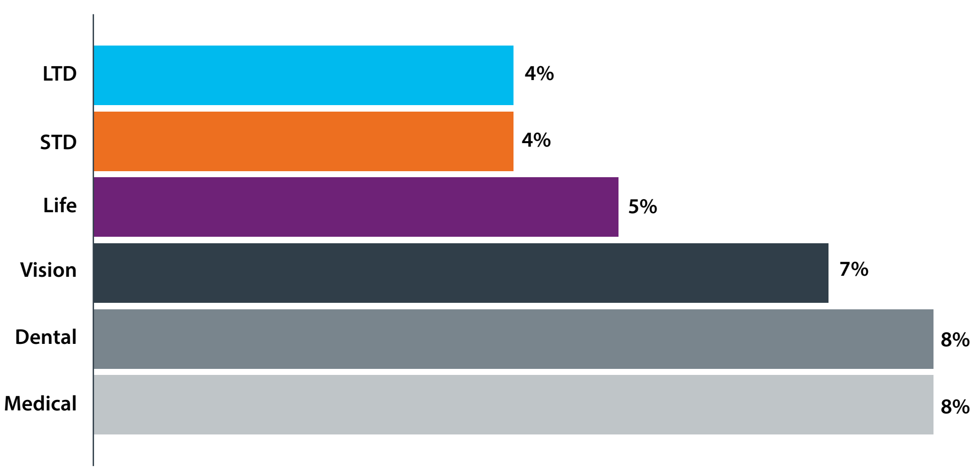


Figure 22:
Percentage of Employers Offering Part-Time Benefits



Dental

During the height of the pandemic many dental practices were fully closed or only open to see emergency patients. As dental practices began to reopen, they incurred new expenses to account for increased standards associated with personal protective equipment, sterilization and infection control. Going a step further, many dental providers launched virtual care offerings similar to what has been done in medical practices. Virtual dental offerings have been implemented to address urgent dental situations such as pain, infection and swelling, as well as the prescription of antibiotics and non-narcotic pain relievers.[24] NFP's data reveals key benefit plan details for employers offering dental plans:

Figure 23:
Percentage of Employers Offering One or More Dental Plans

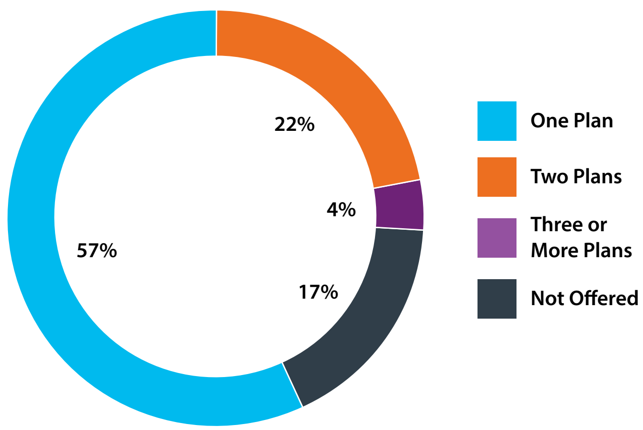


Figure 24:
Median Annual Employee Dental PPO (DPPO) Contributions by Coverage Tier

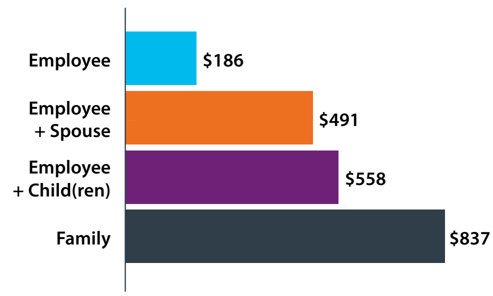


Figure 25:
Median Annual Employee Dental HMO (DMO) Contributions by Coverage Tier

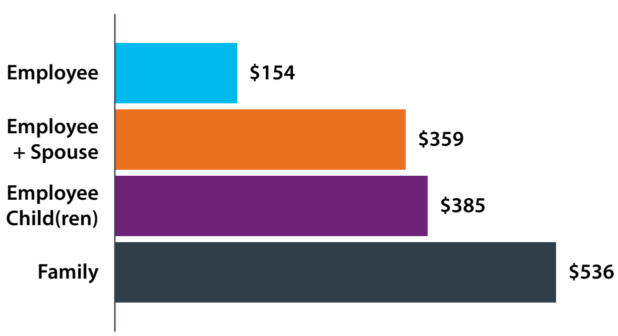


Figure 26:
Year-Over-Year % Increase in Median Annual Employee Contributions, by Plan Type

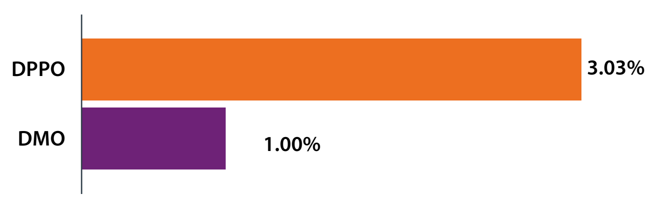


Figure 27:
Median Employee Annual Gross Costs (DPPO)

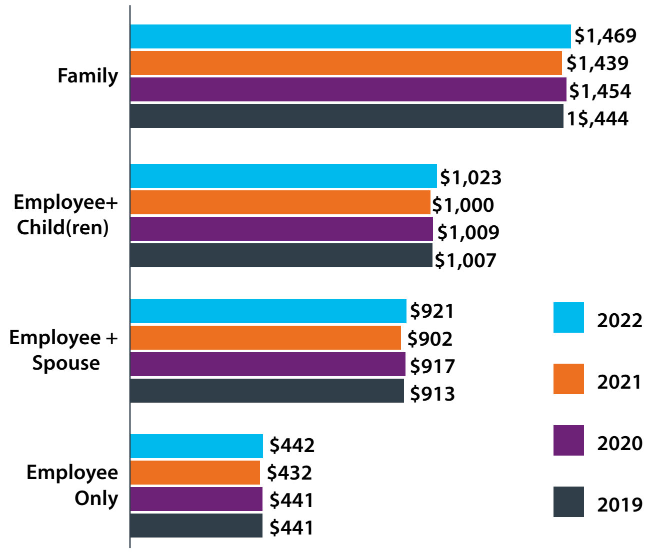


Figure 28:
Median Employee Annual Contributions (DPPO)

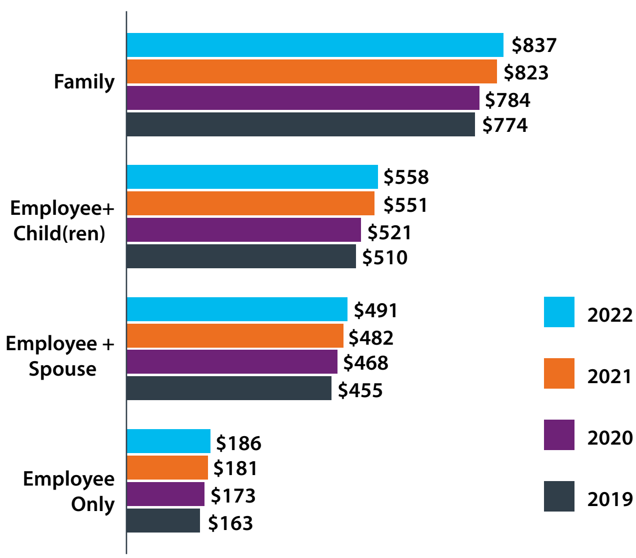


Figure 29:
Median Employee Annual Gross Costs (DMO)

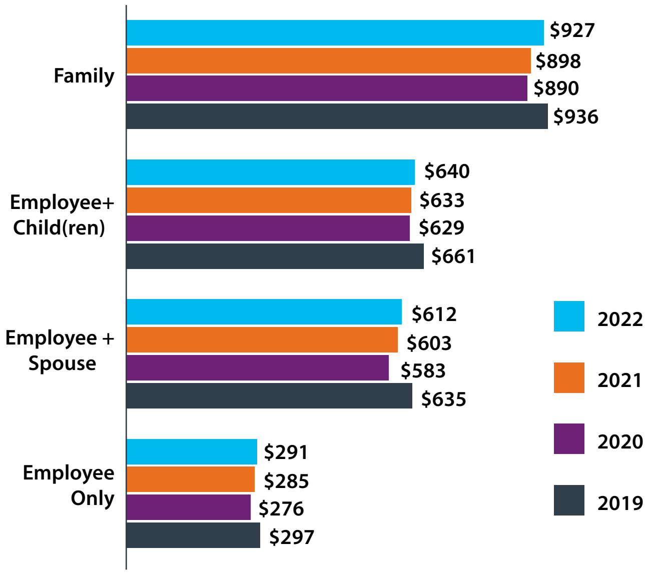


Figure 30:
Median Employee Annual Contributions (DMO)

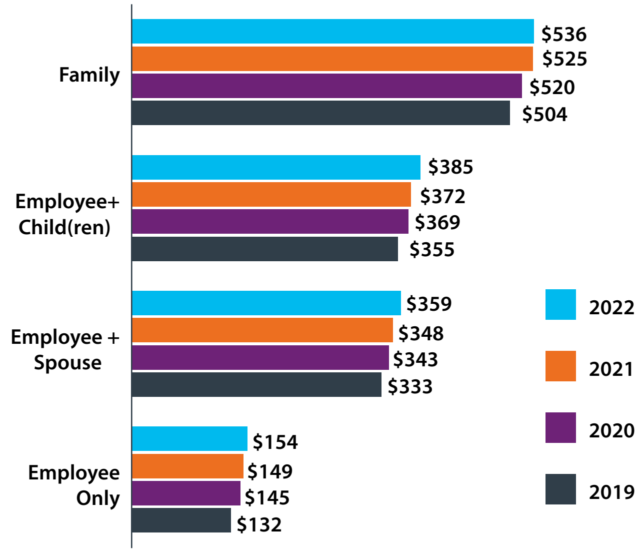


Figure 31:
Median Annual DPPO Deductible

Figure 32:
Median Annual DMO Deductible

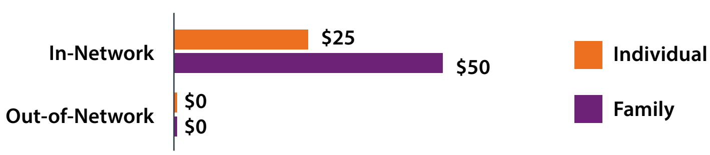


Figure 33:
Median Annual DPPO Maximum Benefit (Per Person)

Figure 34:
Median Annual DMO Maximum Benefit (Per Person)

Disability

Short-Term Disability

According to the US Department of Labor's National Compensation Survey, 42% of all workers had access to a short-term disability plan, 41% participated in the plan and the take up rate was 98%.[25] NFP's data reveals the key median benefit plans details for employers offering a short-term disability plan:

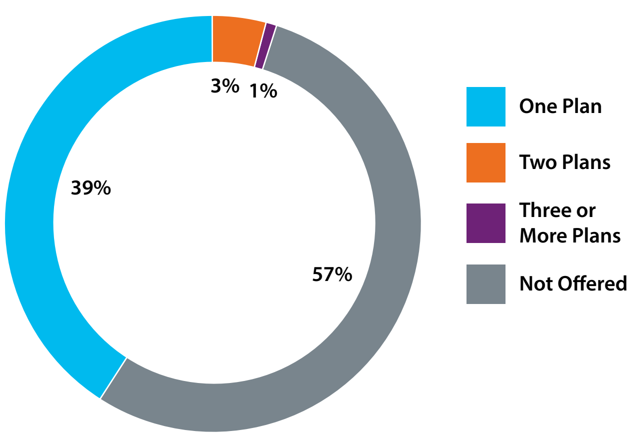
Weekly Maximum Benefit:	**$1,500**
Replacement Percentage:	**60%**
Waiting Days For Injury:	**7**
Waiting Days For Illness:	**7**
Duration Weeks:	**13**

Long-Term Disability

According to the US Department of Labor's National Compensation Survey, 35% of all workers had access to a short-term disability plan, 34% participated in the plan and the take up rate was 97%.[26] NFP's data reveals the key median benefit plans details for employers offering a long-term disability plan:

Monthly Maximum Benefit	**$7,500**
Replacement Percentage	**60%**
Waiting Weeks	**13**

Figure 35:
Percentage of Employers Offering One or More Short-Term Disability Plans



Life Insurance

According to LIMRA (Life Insurance and Market Research Association), 57% of US workers have life insurance through their workplace.[27] Further, some 50% of employees now say life insurance is an important benefit as a result of the pandemic.[28] While 55% of workers believe the amount of employer sponsored life insurance is sufficient coverage, most experts disagree.[29] Voluntary benefit offerings can be an opportunity to provide additional coverage to employees. In fact, more than one-fifth (21%) of workers with employer-sponsored insurance purchased additional coverage due to the pandemic.[30]

Figure 36:
Short-Term Disability Plan Premium Cost Share Arrangement by % of Employers

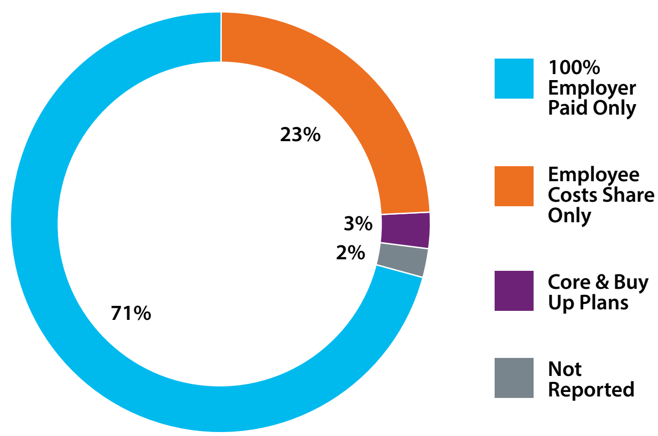
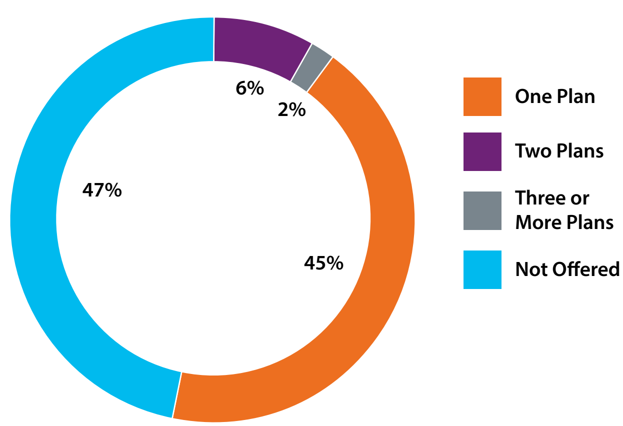


Figure 37:
Percentage of Employers Offering One or More Long-term Disability Plans



Multiple of Salary

Data from the NFP benchmarking database reveals the key median benefit plans details for employers offering group life multiple of salary plans:

Maximum Benefit:	$250,000
Multiple Factor:	1
AD&D Included?	94%

Flat Amount

Data from NFP's benchmarking database reveals the key median benefit plans details for employers offering group life flat amount plans:

Flat Benefit	$25,000
AD&D Included?	94%

Figure 38:
Long-term Disability Plan Premium Cost Share Arrangement By % of Employers

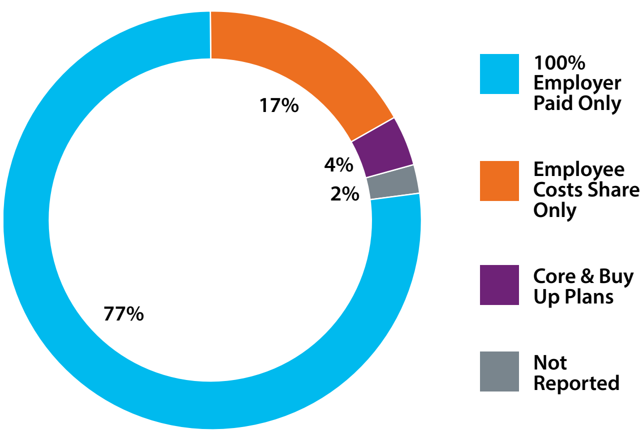


Figure 40:
Life Insurance Premium Cost Share Arrangement by % of Employers (Multiple of Salary)

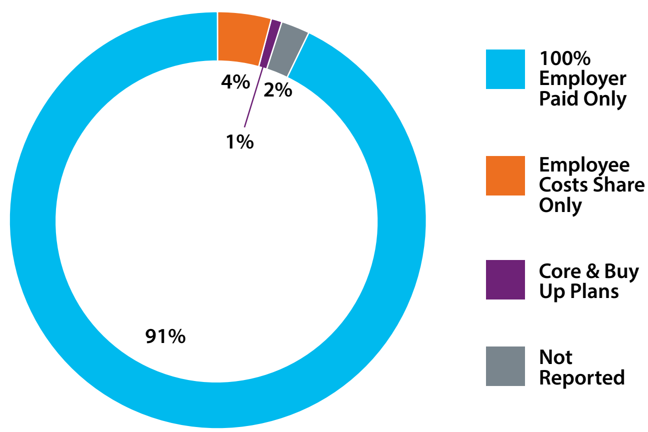


Figure 39:
Percentage of Employers Offering One or More Life Insurance Plans

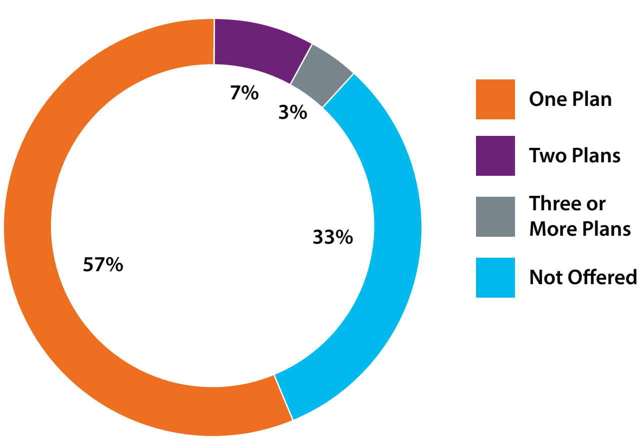
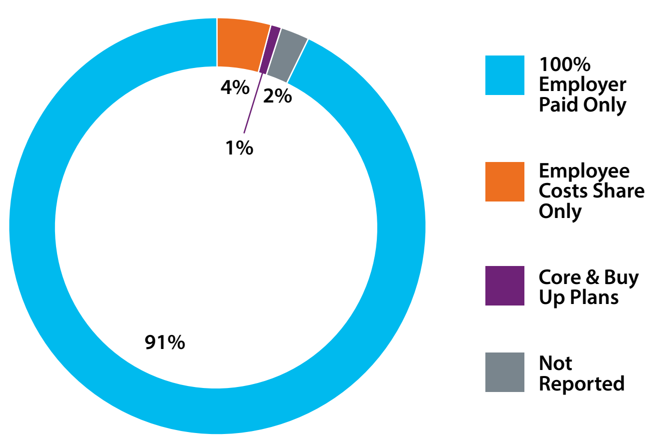


Figure 41:
Life Insurance Premium Cost Share Arrangement by % of Employers (Flat Amount)



Voluntary Benefits

The COVID-19 pandemic has caused a rethink among employees with respect to their jobs and the types of benefits offerings that matter most. For example, employees who say their employer offers a benefits package that meets their needs are 41% more likely to feel resilient and 60% more likely to trust their employer's leadership. Yet, 2 in 5 employees say their employer isn't offering benefits or programs that support their well-being during the pandemic.

According to Metlife's data, employees and employers don't see eye to eye on which benefits must-haves. In some cases, the difference between employees to consider certain something a must-have benefit relative to employers who offer it is significant. Critical illness insurance, hospital indemnity insurance and home insurance show the largest difference.

- 44% of employees consider critical illness insurance a must, while only 29% of employers offer it.
- 38% of employees consider hospital indemnity a must, while only 22% offer it.
- 32% of employees consider home insurance a must, while only 22% offer it.

In addition, there are several non-traditional employee perks or benefit offerings that interest employees. While some may not be practical for all employers (for example, 80% of employees would like increased paid leave or paid time off) some are low-cost, high-value changes around working hours. 76% of employees would be interested in remote work or flexible schedules (or, for hourly workers, fixed weekly hours), and 69% of workers would like to see boundaries set on working hours as a wellness benefit.

Unsurprisingly, well-being remains a concern amongst employees. According to MetLife, the greatest concern of well-being among employees is their financial health:

- Ability to retire as planned/on schedule (48%)
- Long term savings such as 401ks, IRAs, and other retirement accounts (48%)
- Monthly expenses/cost of living (47%)
- Medical/health expenses (45%)
- Unexpected expenses such as home/car repair (44%)[31]

Interestingly, there is a large perception difference between employees and employers with regards to the need for offerings to assist employees with their financial concerns. A majority of employees (64%) rank financial benefits in the top five, but only 37% of employers are planning to invest more in such benefits after COVID-19.[32]

1 Forecasted US National Health Expenditure from 2021 to 2028, Statista, 2021.
2 "National Health Expenditure Projections 2021-2030," CMS.gov.
3 Ibid
4 Medical Cost Trend: Behind the Numbers 2022, PwC, 2021, p.35
5 Ibid
6 Ibid
7 Ibid
8 Employer Health Benefits: 2021 Annual Survey, Kaiser Family Foundation, 2021.
9 Ibid
10 "Fast Facts: Enrollment in High-Deductible Plans and Consumer-Drive Health Plans Remains Steady," EBRI, 2022.
11 Ibid
12 Ibid
13 Ibid
14 Ibid
15 Ibid
16 Employer Health Benefits: 2021 Annual Survey, Kaiser Family Foundation, 2021.
17 Ibid
18 Ibid
19 Employer Health Benefits: 2021 Summary of Findings, Kaiser Family Foundation, 2021.
20 Employer Health Benefits: 2021 Annual Survey, Kaiser Family Foundation, 2021.
21 Ibid
22 Out-of-Pocket Healthcare Expenditures in the United States, 5th Edition, Kalorama Information, 2021.
23 Ibid
24 "What Are the Projected 2022 Health Plan Cost Trends?" 2022, The Segal Group
25 National Compensation Survey: Employee Benefits in the United States, US Department of Labor, March 2021.
26 Ibid
27 "Facts About Life 2021," LIMRA, 2021.
28 Ibid
29 Ibid
30 Ibid
31 MetLife's 19th Annual US Employee Benefit Trends Study, MetLife, 2021.
32 Ibid
33 Ibid
34 Ibid
35 Ibid

About the Data

NFP's figures have been generated from NFP's proprietary benchmarking database *and are based on 3,158 employer groups of all sizes. These groups are located in 48 states, plus the District of Columbia, and comprise more than 588 unique NAICS classifications. Readers are advised to consider trends for specific regions, industries and employer-size groups in conjunction with the corresponding national trend. Gross annual cost represents the gross cost of the plan (employee contribution + employer contribution). It is either the: premium rate (if fully-insured plan); premium rate + HRA utilization (if fully-insured HRA plan); or premium equivalent rate (if self-insured plan or level funded plan). Calculations from NFP's proprietary benchmarking database are generally based on median data as opposed to averages. Median calculations normalize for outliers in the data, making it more relatable for employers, while averages take outliers into the calculations and could potentially skew the actual benchmark. NFP's year-over-year trend calculations reflect averages across coverage tiers, regions, industries and employer group sizes.*

NFP's Employer Benefits Survey, conducted with Hanover Research, *was administered online in February and March 2022. Respondents were gathered via a panel and a list provided by NFP. The analysis includes a total of 498 panel respondents and 65 list respondents for a total of 563 total respondents following data cleaning and quality control. Respondent qualifications include; age 18+; work in the United States; work for an organization with at least $1 million in annual revenue and at least 100 employees; work in the Human Resources department at their organization; and serve as a decision-maker in their organization's employee benefits decision-making process.*

Other data sources *are as cited throughout.*

Full survey results are available to NFP clients upon request.

Home Is Where the Health Is:
Proactively Elevating Employee Well-Being

It's no secret that every component of employee well-being – mental, physical, financial, social, career – has suffered over the past two years.

But the employers that are doubling down on well-being support and resources with a home-first/life-first perspective are creating meaningful advantages for stakeholders.

Deb Smolensky,
Senior Vice President, Global Practice Leader, Well-Being and Engagement

Home Is Where the Health Is

According to NFP's survey data, employers realize that **home access to care** is necessary to employee well-being.

Over half of employers have introduced virtual solutions in mental health **(55%)** and primary care **(54%)**, and better care for employees is a key driver, with about a third **(29%)** citing it as their main driver for considering healthcare delivery alternatives, and a little more than that **(36%)** saying better care and cost containment are equally important motivators.

We've all heard that investing in employee well-being is a business imperative.

Most organizations have taken at least some steps to address the challenges employees are facing. But enhancing employee well-being, especially when challenges are unlikely to let up, requires new ways of thinking and strategic focus in addition to investment.

Supporting well-being also means evolving your total rewards offering for the blending of home life and work (it's here to stay for many). Employers must take into account the 24/7/365 whole-person experience and acknowledge that life experiences and challenges don't disappear when the workday begins. They must also recognize that while employees want fulfilling work experiences, they want their lives – not their work – to come first. The goal is no longer work-life balance, its life-work integration.

Yes, there is an upfront cost. Most employers are already investing the money, and many expect to invest more in the next year. But, our survey revealed that more than half of employers are already spending over $200 per employee on well-being. Rather than moving straight to budget allocation, these companies should make sure they're making the right cognitive investment: assessing needs and strategy development to ensure they're spending their well-being dollars where it will have the most impact on employees. Smart investment pays off, leading to a healthier, more empowered workforce, better recruiting and retention results, higher productivity and increased resilience — all of which have significant value for your organization.

This conversation with Deb Smolensky includes her insights on what employers should be considering, and why.

Q: When you say "home is where the health is" what do you mean in the context of well-being?

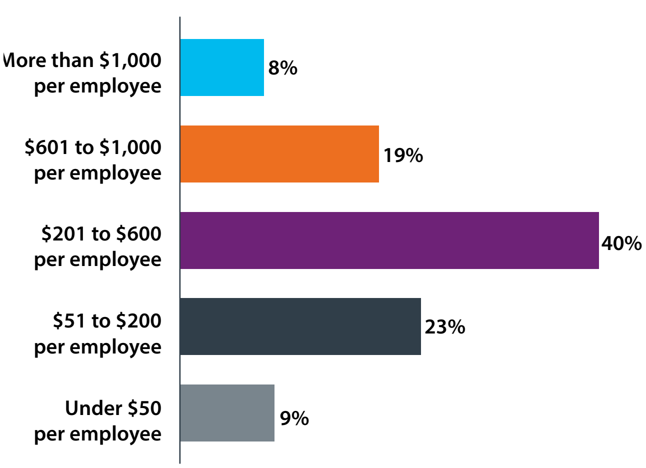
A: Well-being isn't something that matters only at certain points in the day. It's naïve for an employer to be concerned only with an employee's well-being during work hours or expect them to suppress their "issues" from 9-5.

So with our survey showing 65% of companies adopting an alternative work schedule, and three quarters of those companies planning to keep the new schedule permanently, it's time to embrace the home as a key part of the workplace. Employers have to focus their well-being strategies on the home environment and daily life challenges.

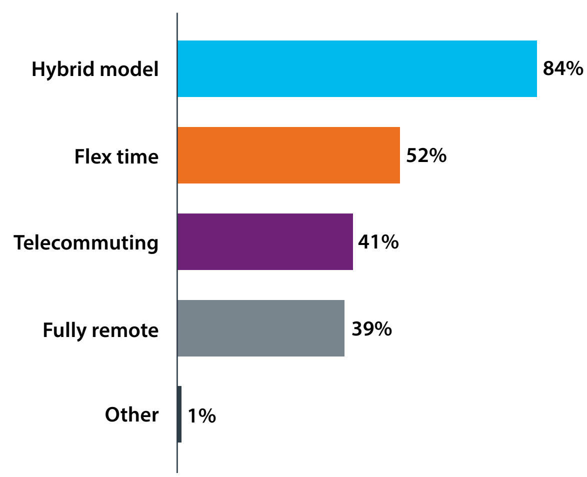
Think of all the things that may be weighing on an employee at any given time. Multigenerational caregiving responsibilities, debt, home maintenance needs, rising utility costs, limited or strained colleague connections, poor home office ergonomics, higher food bills, not being able to connect with the care they need — it's all happening at home. The stress is compounded by workloads and a lack of flexibility, which leads to burnout and then turnover, which puts more pressure on those left behind to backfill and find a replacement.

A better path is to see employees in the context of this new era, thinking beyond what most have known throughout their careers to visualize the whole employee experience in and out of work. Empower and support them to navigate and thrive no matter where they are working. Build a well-being strategy that touches every part of their lives on their terms – how they access healthcare, care for their family, implement ergonomics in their home office, or find quiet time for recovery and reflection – while having the right mindset to address their financial and health challenges. Ultimately you'll see good things happening in your business.

WB Figure 1:
Total 2021 Well-Being Spend Per Employee



WB Figure 2:
Type of Alternative Work Schedule Offered



Q: This sounds like the right thing to do for people, but does it have a meaningful impact for businesses?

A: Absolutely. Let's take life-work integration as an example. The reality is that the experiences and challenges of life and work are co-mingled for most. What you're dealing with at home doesn't go away when you start working, and more and more work is happening outside of the traditional workday.

That makes flexibility a critical element of well-being. According to LinkedIn's Global Talent Trends 2022, when a company's job posting mentions flexibility, there is 35% more engagement in that post. That means you are expanding your pool of talent and creating an opportunity to welcome a more productive, engaged and loyal employee. MetLife found that employees who feel their employer provides the flexibility they need are 40% more productive and 57% more likely to be resilient. For those still on the fence about the importance of flexibility, this data provides a compelling case that it's more than a trend.

Flexibility to address the whole person also comes into play with paid-time-off options. Employers can implement options that allow for choice on how those excess, unused days are allocated, beyond just carrying them over. Some may want to donate the value to charity, use PTO to pay down student debt or even contribute it to their 401(k).

Even the types of life-related leave employers are offering is expanding. We are seeing a variety of types – marital, sabbatical, study/exam, volunteer, surrogacy – increase in prevalence, as seen in WB figure 3.

The same reality exists for programs that support mental health and emotional well-being and solve problems people face in life. Any time you can help an employee address a challenge, that challenge is no longer a barrier to overall well-being, including what the person does at work. And when an employer demonstrates an ability to be a problem solving partner for an employee, it creates a connection that benefits the company.

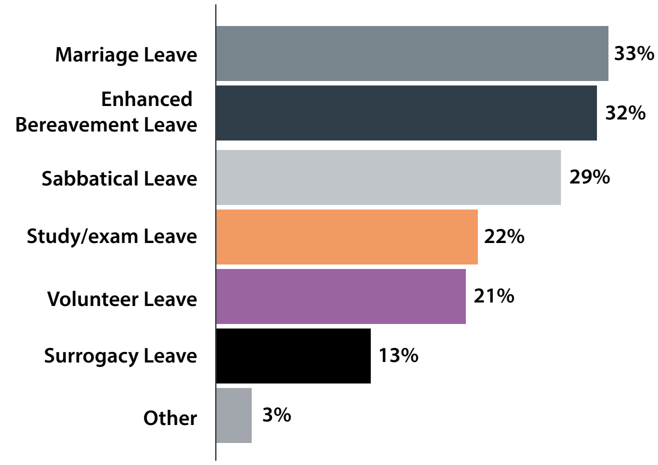
Q: You mentioned resilience. Why is this important and what can employers do to help?

A: Effective well-being strategies have to involve understanding what people value (or are struggling with) and offering solutions that have the right impact. But there is also an opportunity to cultivate a greater degree of emotional regulation and resilience in employees that better equips them to deal with the challenges of life that adversely affect our well-being.

If change is the only constant, and change is stressful, stress will be constant too. Resisting, ignoring or eliminating change isn't great for business continuity so it's critical to empower resilience as a skill through classes or brain training.

When an employer acknowledges that it's likely something is going to happen that may throw employees off their game, but shows that they're going to partner with employees so they're better prepared to deal with it, what do you think that does

WB Figure 3:



for retention, loyalty and productivity? It's positive across the board.

Mental health solutions have become the key focus for employers, especially with COVID-19 spurring a sharp spike in anxiety and depression worldwide. Many employers offer online mental health resources (51%, according to our survey), and mental health support that can be accessed from home is vital. That said, while historically about 20% – 30% of employees will experience a mental health condition, 100% of employees will experience stress, burnout or some other daily life challenge that only mental well-being solutions can address. Providing accessible resources to address mental *well-being* challenges in the now, while also adding skill building solutions like mental fitness, brain optimization and resilience training is critically important.

Resilience training isn't a substitute for a portfolio of clinical mental health support and resources, which is a must have (and should go well beyond an employee assistance program with limited visits). Employers should ensure they're covering both mental health and mental well-being. This means offering high-quality, accessible support that addresses challenges in the now while investing in complementary resources that improve each individual's ability to deal with adversity.

Q: How do diversity, equity, inclusion and belonging align with well-being strategies?

A: It's been great to see companies prioritize diversity, equity, inclusion and belonging, and to have the opportunity to help them integrate it across their organizations. The stats are compelling — for example, according to Harvard Business Review, if workers feel like they belong, their job performance increases by 56%. They are also 50% less likely to leave the company, and they take 75% fewer sick days. For a company with 10,000 employees, that translates into an annual savings of $52 million.

And it's very important to recognize that DEIB can't be a siloed endeavor. It has a clear intersection with benefits and requires an integrated HR and systems-based approach from the employee experience lens. Diversity, equity, inclusion and belonging are each essential for life-work integration to be possible for employees.

Companies need to recognize the differences in their workforces, from their needs to how they access benefits and what they are offered. Gig workers, for example, often have access to lesser benefits or no benefits at all. Fortunately, that's changing as companies realize that the well-being of all employees is critical, no matter how they're employed (full-time, part-time, contract, hourly).

Social determinants of health also remain a big factor. Almost half (45%) of companies see social determinants as having a big influence on their benefits strategy. This is good, but it's not enough. More companies need to take time to understand differences in socioeconomic status, education, neighborhood and physical environment, and access to healthcare, and reflect this understanding in how they develop and offer benefits programs. This is huge when building a culture of belonging and getting well-being right. According to our survey findings, employers with 1,000 employees or more are likely to find that their greatest challenge in terms of employees' mental, physical and financial well-being is that their organization's culture needs to improve, with 37% reporting this as their primary concern. So focusing on DEIB in a benefits context can have a positive impact on both the company's culture and the employee experience.

Q: Knowing where to start is difficult, especially when there is so much pressure on companies to get it right. What advice do you have for companies that need to take the next step?

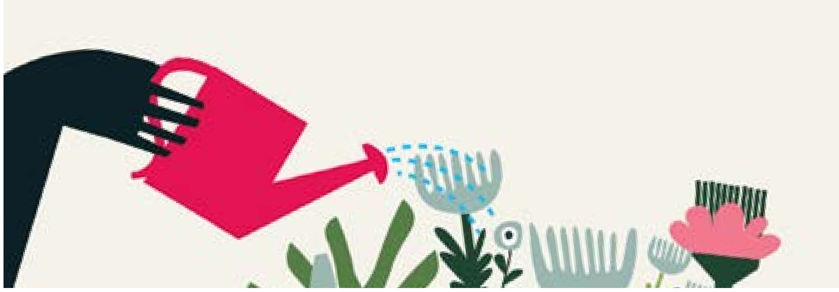
A: There is no question that the demand for well-being resources can be overwhelming. That's why working with the right partner is critical.

First, recognize that 100% of your workforce has changed in some way over the past few years and so have their needs.

Most often, employers are spending between $200 and $600 per employee on well-being expenses, according to our data. Over the next 12 months they expect this expenditure to increase at least some amount. The majority (56%) expect to spend between 5% and 25% more. Make sure you aren't pouring that money into solutions that don't actually address your workforce's needs.

Listen to your employees to understand what they are experiencing and how they're connecting their challenges with the solutions/support you're offering. Use this insight to define personas of your new workforce, identify what has changed and where the true need is. It's often not what you think it is. Then articulate one or two main goals that will foundationally support the employee experience, which includes well-being.

Next, define and commit to a budget that will help achieve these goals.



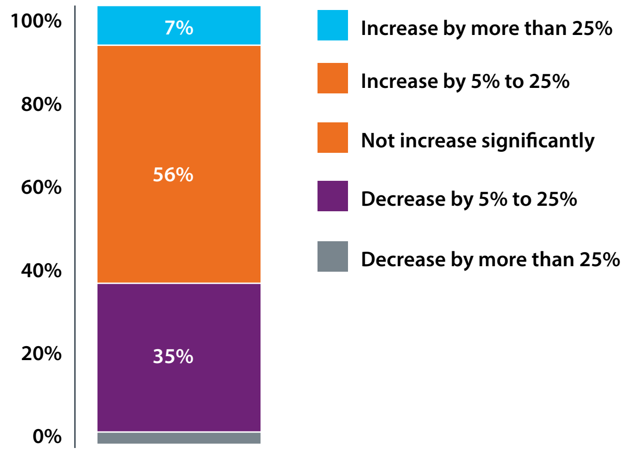
__The reality is__ that the challenges of life and work are co-mingled for most — and more and more work happens outside of the traditional workday.

Then think about the new-reality table stakes of a successful well-being strategy.

- **A robust clinical mental health solution**: Think beyond the EAP to provide the care employees need to manage stress, anxiety, depression and other major mental health concerns.
- **Mental fitness training:** Invest in resiliency so your workforce is ready the next time adversity comes their way, no matter where they are.
- **Improved work environment:** Offer childcare/eldercare (WeeCare), ergonomics, health insurance for the home (Armadillo).
- **Digital transformation:** Make it easy for employees to understand, access, utilize and appreciate their benefits (PeopleEQ).
- **Leadership training and well-being:** In this new era of work, it's critical to complement health and well-being training with support that fosters the development of new skills such as self-regulation, compassion and having difficult conversations.
- **Prioritize belonging:** If you do everything else right but people don't feel like they belong, it's a miss.

Finally, remember that flexibility is essential. Listen and learn, provide choices within the offerings and know when to adapt. Never let perfect be the enemy of progress.

WB Figure 4:
Expected Change in Employee Well-Being Investment in Next 12 Months



1 Read more about the philosophy of the change from work-life balance to life-work integration in Arianna Huffington's Fortune.com article, "It's Time to Replace Work-Life Balance with 'Life-Work Integration.'"

2 LinkedIn Talent Solutions. 2022 Global Talent Trends: The Reinvention of Company Culture, business.linkedin.com, 2022.

3 MetLife. Redesigning the Employee Experience: Preparing the Workforce for a Transformed World, metlife.com, 2021.

4 Alison Brunier. "Covid-19 Pandemic Triggers 20% Increase in Prevalence of Anxiety and Depression Worldwide," World Health Organization, who.int, 2022.

5 National Alliance on Mental Illness. Mental Health by the Numbers, nami.org, 2022.

6 Evan Carr, Andrew Reece, Gabriella Kellerman and Alexi Robichaux. "The Value of Belonging at Work," Harvard Business Review, hbr.org, 2019.

A Trio of New Normalcies in Benefits Compliance

In addition to overwhelming pain and loss to individuals across the globe, the pandemic brought employers an overwhelming landslide of new legislation and rules.

Those included health plan coverage for COVID-19 testing and treatment, paid leave for COVID-19-related reasons, COBRA premium subsidies, and extensions to timeframes for COBRA, HIPAA and claims appeals events. The land shift has been major, and as the dust (hopefully) settles in 2022, employers will have to focus on three new benefits compliance normalcies.

Chase Cannon,
Senior Vice President, Benefits Compliance

Mental Health Parity, Coverage and Plan Analyses

While there was already some momentum, the pandemic created a surge of awareness with respect to individual mental health. Along with it came a host of new compliance obligations at the federal and state level.

For group health plans, however, federal law has long required parity between mental health or substance use disorder (MH/SUD) benefits and medical/surgical benefits under the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA).

The MHPAEA does not require plans to cover mental health benefits (although recent case law suggests that exclusion of ABA therapy and other autism-related services would be a violation of MHPAEA), but does require any MH/SUD benefits provided under the plan to be on par with (not less restrictive than) the plan's medical/surgical benefits.

Specifically, group health plans subject to these provisions must ensure parity as to annual and/or lifetime limits, financial requirements and quantitative treatment limitations, and non-quantitative treatment limitations (NQTLs). NQTLs affect the scope and duration of treatment and include, but are not limited to:

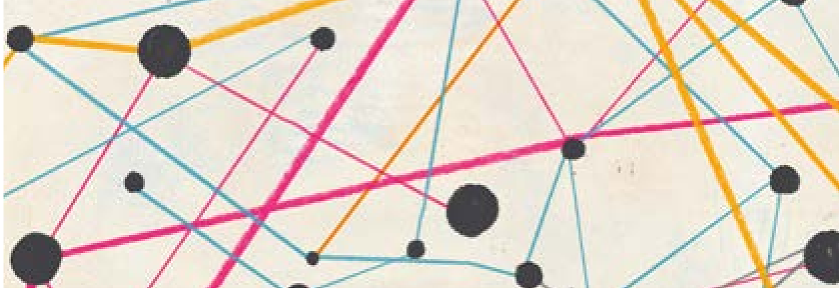
- Medical management standards that limit or exclude benefits based on medical necessity
- Experimental treatment exclusions
- Prior authorization or ongoing authorization requirements
- Step therapy protocols (requiring lower cost drugs to be prescribed before more expensive options)
- Methods for determining usual, customary and reasonable charges for out-of-network services
- Standards for providing access to out-of-network providers
- Standards for provider admission to participate in a network, including reimbursement rates
- Restrictions based on geographic location, facility type or provider specialty

With an understanding of NQTLs (employers can turn to the Consolidated Appropriations Act of 2021 for details), plans must perform and document a comparative analysis of the design and application of any NQTLs imposed upon MH/SUD benefits. This has created all sorts of challenges for employers, as many employers rely heavily on carriers and/or TPAs when it comes to specific plan designs and provisions, including NQTLs. While vendors have jumped on the scene to provide solutions, employers will want to work closely with their carriers/TPAs to ensure the information is accurate in completing the analyses.

In addition, many states have enacted mandates with respect to coverage of mental health benefits, including ABA therapy. While these state laws generally affect only fully insured plans (and the carriers are generally required to implement and are implementing coverage into their products), the state trend highlights the bigger trend of mental health awareness and coverage. Employers should work closely with their carriers and TPAs in complying with the NQTL analysis requirement and revisit their strategies in providing mental health support for employees.

Transparency in Coverage

Another long-term goal of recent legislation relates to transparency in coverage. These legislative provisions are designed to achieve several important objectives. One goal is to enable participants to better evaluate healthcare options and make cost-conscious decisions. Another purpose is to reduce the potential for participants to receive unexpected bills for healthcare services. Over the long-term, the laws are intended to create a more competitive healthcare marketplace that puts downward pressure on prices and thus lowers overall healthcare costs.



__Transparency rules__ highlight a new normalcy of working closely with the carrier to provide disclosures and help employees better understand their benefits.

The first requirement relates to public disclosure of pricing data, which requires the plan to disclose:

- Negotiated rates for in-network covered items and services
- Historical out-of-network billed charges and payment amounts for a recent 90-day period
- The prescription drug negotiated rates and historical net prices

This disclosure presents significant challenges, as the required format for the disclosure is a machine-readable file that must be updated monthly, provided free of charge, and provided without requiring the establishment of a user account or password to access. In other words, it must be easily accessible and cost the employee nothing.

Carriers have offered assistance on this requirement, but actual compliance steps depend heavily on the employer's circumstances, since some may have a publicly accessible website while others may not, and since some may have strong technology support while others may not.

Another requirement involves better resources relating to participant cost-sharing. On this one, the plan must develop an internet-based self-service tool (or paper, upon request) that discloses certain cost-sharing information. In addition, the plan must develop a disclosure notice to go along with the tool. Information must include items like an estimate of cost-sharing liability for the covered item or service, accumulated amounts incurred to date, in-network rate (expressed as a dollar amount) for in-network providers (including negotiated rates and fee schedules), out-of-network allowed amounts and providers, and any prerequisites for the item or service. This requirement takes effect in 2023, but will require significant legwork in 2022. Employers will need to work with their carriers/TPAs on this item.

There are several other transparency provisions, some with 2022 and some with 2023 effective dates. At a high level, those include provisions relating to:

- **Provider directories**: Plan must maintain an accurate and current directory of in-network providers and facilities on a public website
- **Insurance identification cards with cost-sharing information**: Each member ID card must describe any plan deductibles and out-of-pocket limits, and include a phone number/website for reference
- **Surprise billing**: Limits on what a plan may charge for emergency services, a prohibition on balance billing and structured charges on cost-sharing for out-of-network services, among other things
- **Advanced explanation of benefits**: Must provide these for services scheduled at least three days in advance or upon request

Employers will have to work closely with their carriers (for fully insured plans) and administrators (for self-insured plans) to gather the appropriate information and complete any required tasks. These transparency rules highlight a new normalcy of working closely with the carrier to provide the related disclosures and to help employees better understand their benefits.

HIPAA Compliance

HIPAA privacy and security laws – meant to protect against unauthorized disclosures of sensitive, personal health information (referred to as protected health information, or PHI) – have a huge and growing impact on employer plan sponsors, particularly in the context of self-insured group health plans.

The HHS Office of Civil Rights – the federal regulatory agency that enforces HIPAA privacy and security laws – recently released a report that features practical guidance for HIPAA covered entities related to security threats. In the report, the Office of Civil Rights discloses some very interesting numbers, which should raise compliance alarms for all employers, but particularly for self-insured employers.

Specifically, the report states that the number of breaches of unsecured electronic PHI (ePHI) increased 45% from 2019 to 2020 (for breaches affecting 500 individuals or more). Examples of the most common attacks are phishing emails, weak authentication protocols and exploitation of known vulnerabilities.

While encryption technology has become more common and affordable, it is actually (and somewhat surprisingly!) not required under the HIPAA Security rules. Instead, it is an addressable provision, meaning that after conducting a risk analysis, a covered entity (which includes an employer plan sponsor of a group health plan) must review whether encryption is reasonable and appropriate for the entity and its ePHI. Encrypted ePHI is considered secure and may not be determined as a breach when a device is stolen. Therefore, encryption is always the best safeguard for ePHI.

This is an even more serious consideration with the shift in work locations — employees working from remote locations more and more often. If those remote employees have access to ePHI, encryption is a great way to help protect against potential breaches.

To address phishing emails and weak authentication protocols, employers will need to pay attention and establish ongoing policies and procedures. Specifically, employers should implement ongoing security awareness and training programs for all workforce members, training follow-ups (perhaps one could be to send employees a simulated phishing email to gauge their response), and adopt anti-phishing technologies. Of course, HR and benefits teams and leaders should engage their internal technology leads in addressing cybersecurity issues.

In summary, the safeguarding of ePHI related to a group health plan is becoming increasingly more complicated as cyberattacks become more sophisticated. Employer plan sponsors should work with their technology partners to continually review, monitor and implement policies and procedures.

Overall, these new normalcies are yet another reminder of the need to partner with the right benefits advisors. Partner with those who offer the expertise and support you need to remain compliant, allowing you to devote more attention to building and maintaining the benefits programs that help you achieve your organizational goals.

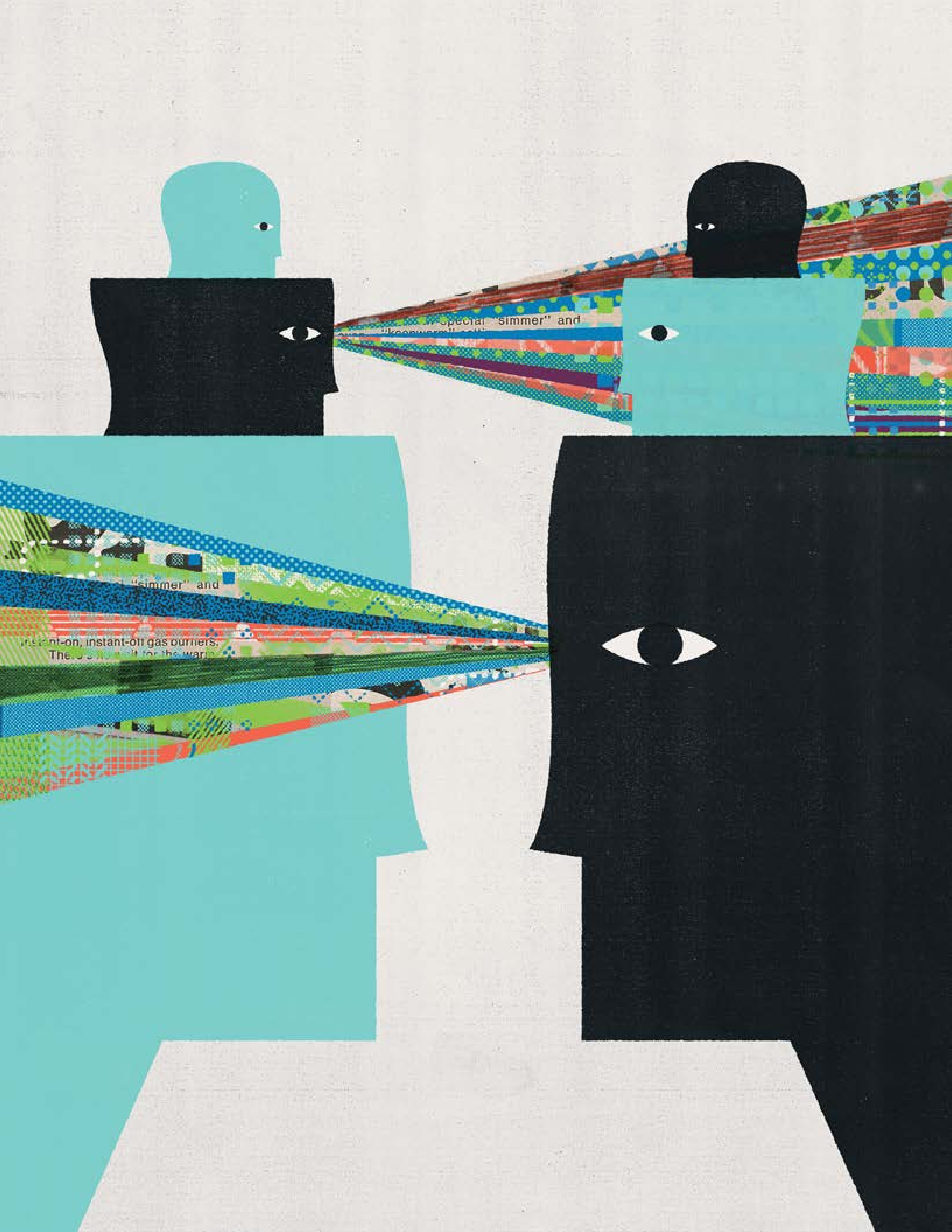
With employees working from ***remote*** *locations more and more often,* ***encrypted*** *ePHI is an even more serious consideration.*

Holistic HR Solutions to Help Sharpen Strategy and Accelerate Progress

It's been a challenging couple of years for everyone and human resources professionals have stepped up in extraordinary ways. Managing through a wave of adversity and change – a global pandemic, massive turnover, leave policy updates, new regulations and hybrid work models – has taken a toll.

More than ever, employers need to rethink their approach, work with the right partners and embrace a holistic mindset that aligns with their goals and their employees' needs.

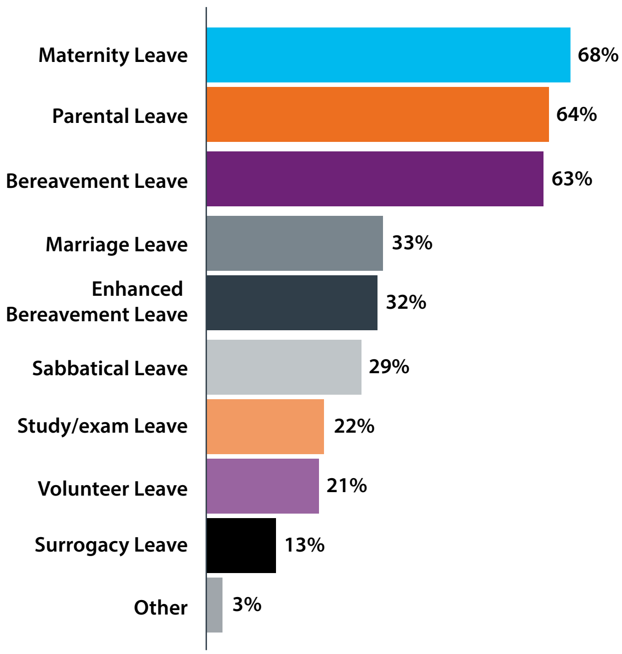
Maria Trapenasso,
Vice President, National Practice Leader, HR Solutions


"simmer" and
"simmer" and
instant-off gas burners.

When you think about everything an HR team touches, it can be overwhelming. From compensation and benefits to work environment to culture, HR professionals have a hand in all the pieces of the employee experience that elevate performance. And in one of the most competitive labor markets we've seen in years, it's increasingly important to create an experience that's attractive to the talented people essential to an organization's growth and success.

Many Employers Will Offer More than Maternity, Parental and Bereavement Leave

HR Figure 1:
Other Types of Leave Offered



According to NFP's survey data, employers are expanding leave benefits in an attempt to improve their ability to attract and retain talent, including through enhanced "soft benefit" offerings.

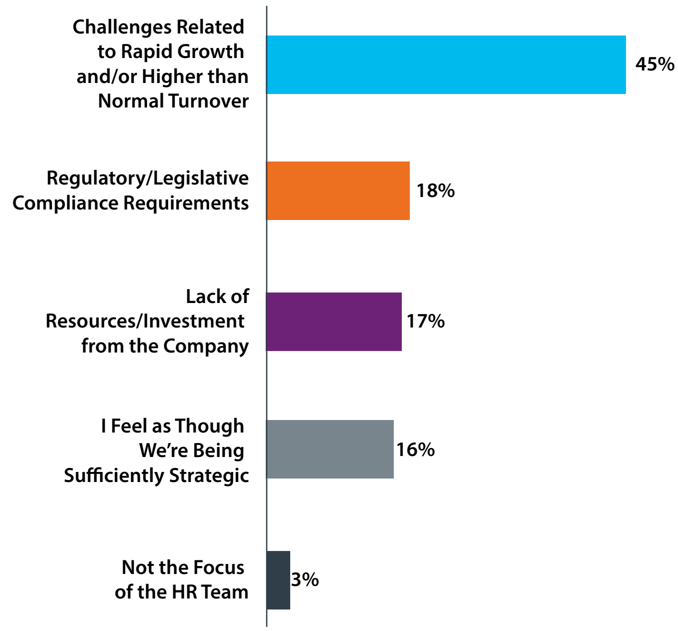
With HR teams responsible for an array of employee-related objectives – including attracting, retaining, training, motivating and engaging them – the need for a proactive and holistic approach is clear. What's less clear is how to do it.

Comprehensive Help Is Hard to Find

With the complexities of HR combined with the reality that employees are increasingly discerning consumers of everything an employer has to offer, more and more employers are finding themselves ill-equipped to effectively navigate the landscape. The reality is that trying to do it alone can stall progress toward your goals.

HR Leaders Are Facing Rapid Growth and/or Higher than Normal Turnover

HR Figure 2:
HR Primary Strategic Obstacle

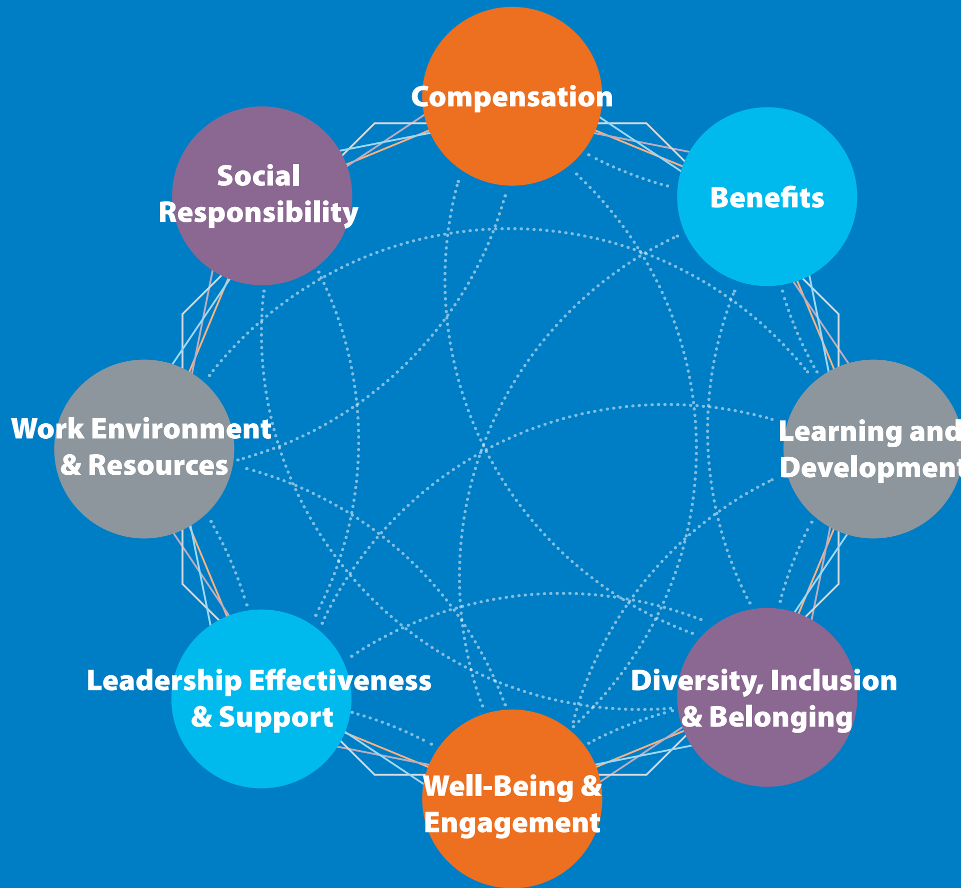


With so much already on their plate, HR practitioners struggle with demanding issues, NFP survey results reveal.

Finding the right partner involves embracing the need for a strategic approach and identifying goals. In the end you want a partner who listens to your needs, understands the complexity and diversity of what's on your plate, and has the ability to customize comprehensive solutions across everything you oversee and are trying to achieve.

When policy and process are not aligned there can be regulatory fines, employee confusion and frustration, a sense of defeat, or all of the above.

NFP's Comprehensive Approach to HR Solutions



Leave Policy Challenges

- *Regulatory mandates*
- *Multistate compliance*
- *Competitive leave offerings*
- *People to manage leaves*
- *ADA compliance*
- *Consistency and communication*

Staying ahead of the curve requires being ready to answer a variety of questions. How does our time off policy align with our culture? What are others in our industry doing — are our policies competitive?

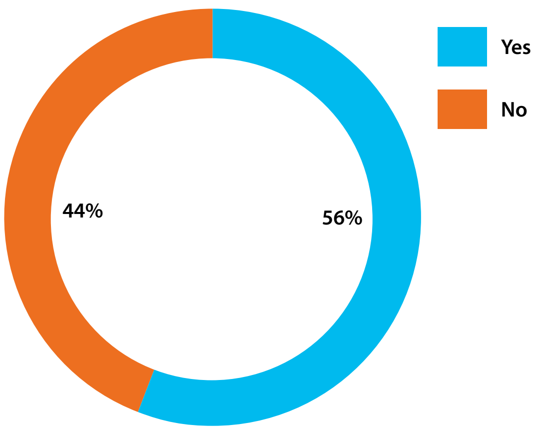
Employee Experience Focus

One complex area where more employers are seeking external expertise and support is leave management. Reconciling federal and state requirements, evolving regulation and employee needs takes significant time and attention, which many HR departments simply don't have. HR practitioners ask, "Do we have the resources to keep up with federal and state requirements? We operate in multiple states, how do we ensure equity and compliance?"

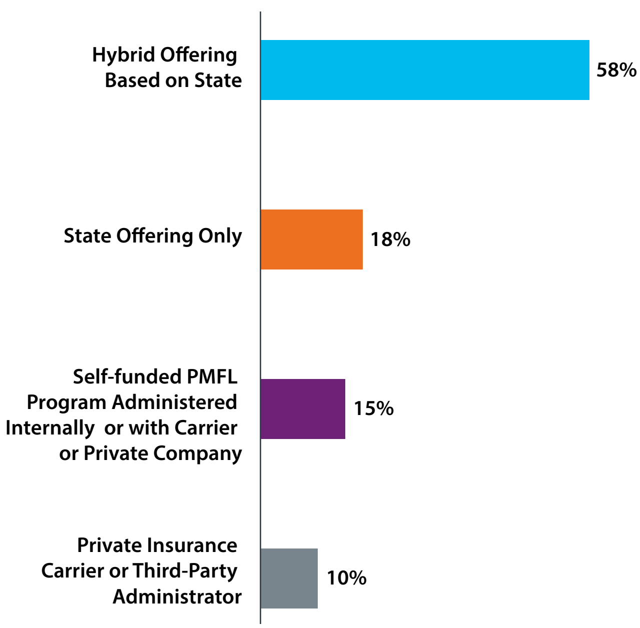
Employee Experience Focus: Time Away from Work

Half of Employers Do Business in More than One State Where a PMFL Is Implemented

HR Figure 3:
Business in More than One State with Statutory PMFL

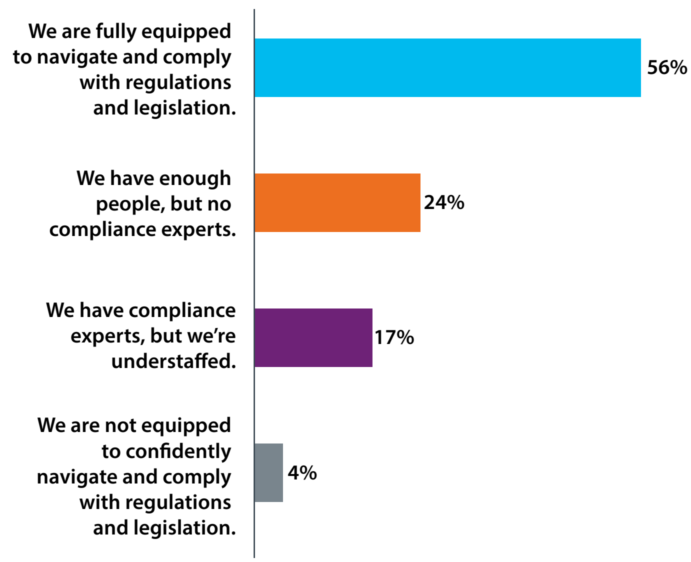


Administration of PMFL Leave



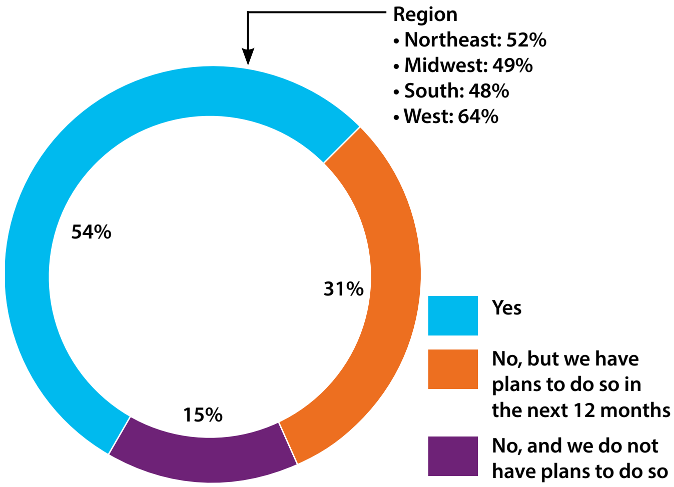
If you are a multistate employer, you have some strategic decisions to make about how to integrate state leave requirements into your leave program.

HR Figure 4:
Confidence in Ability to Navigate Regulatory and Legislative Requirements.



NFP's survey revealed that many employers believe they are equipped to withstand the barrage of new leave regulations. Unfortunately, without a dedicated compliance manager, it may be a more difficult challenge to overcome than most employers realize.

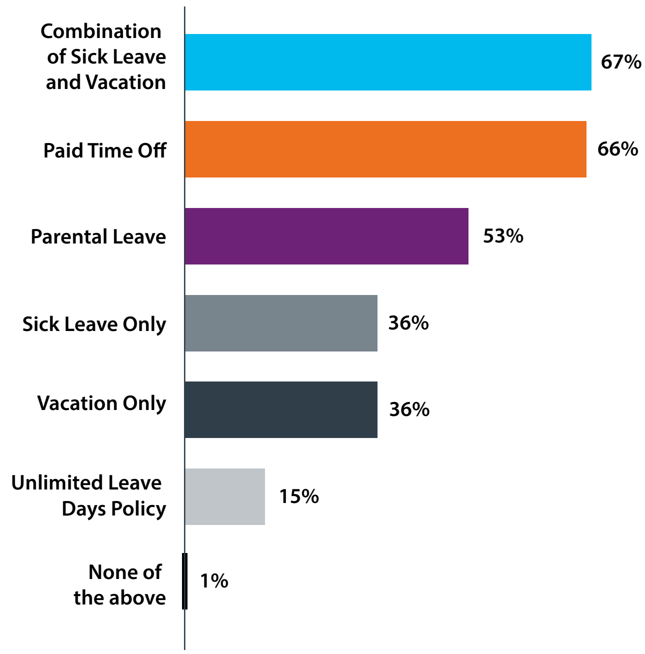
HR Figure 5:
Reviewed and/or Changed Leave Policy In Past Year



Benchmarking your policies annually will help your organization stay on the cutting edge of the best-in-class offerings. Fortunately, NFP survey results show that most employers are staying up to date.

Two-Thirds of Employers Are Offering a Combination of Sick Leave, Vacation, and Other Paid Time Off

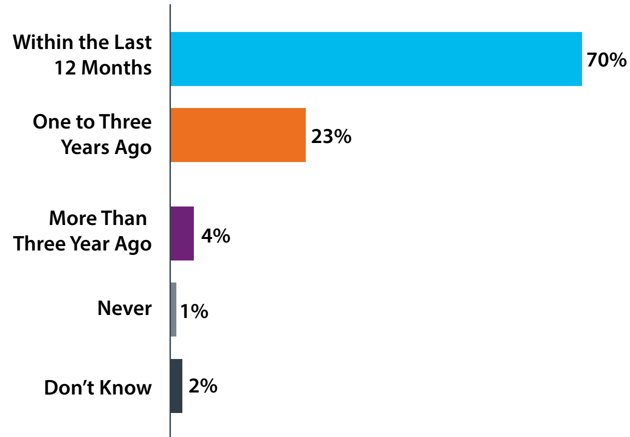
HR Figure 6a:
Company Offerings for Paid Leave



To be competitive in today's market, employers must consider parental leave an essential offering. NFP data shows that only a little over half offer it, however.

Most Employers Have Conducted an Audit of Their HR Policies and Procedures in the Past 12 Months

HR Figure 6b:
Most Recent Audit of HR Policies

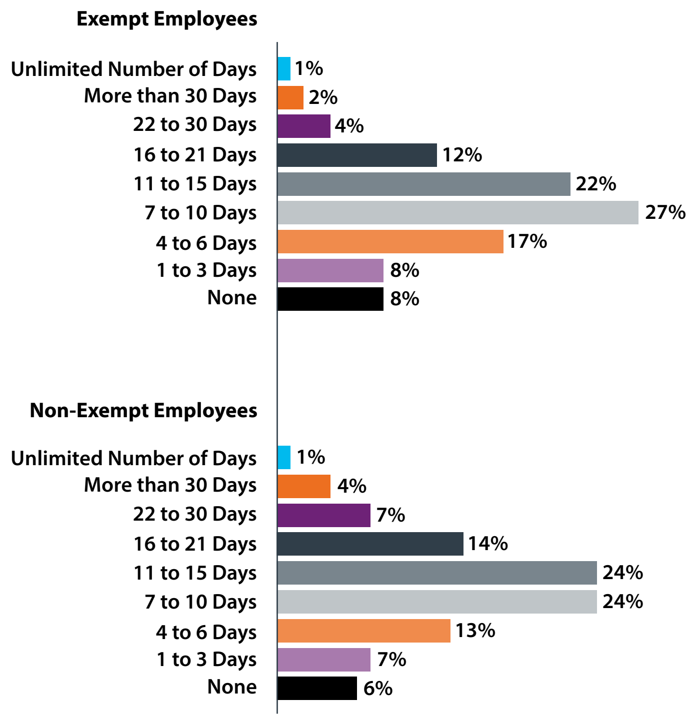


NFP survey data shows that exempt employees are most likely to get six to eight paid holidays off per year (33%), while non-exempt employees most frequently get nine to ten days per year (28%).

Paid Leave Plans Based on Tenure Differ Slightly between Exempt and Non-Exempt Employees

- **Exempt employees** with more than five years of service are likely to get a few more days of paid leave than their less tenured counterparts (28% >5 years receive 11 to 15 days) (27% <5 years 7 to 10 days), according to our survey data.
- **Non-exempt employees** with less than one year of service most frequently get between 7 and 15 days of paid leave (24% <1 year 7 to 15 days), while those with more than five years of service typically get 11 to 21 days of leave (25% >5 year up to 15 days, 24% >5 years up to 21 days), per our survey data.

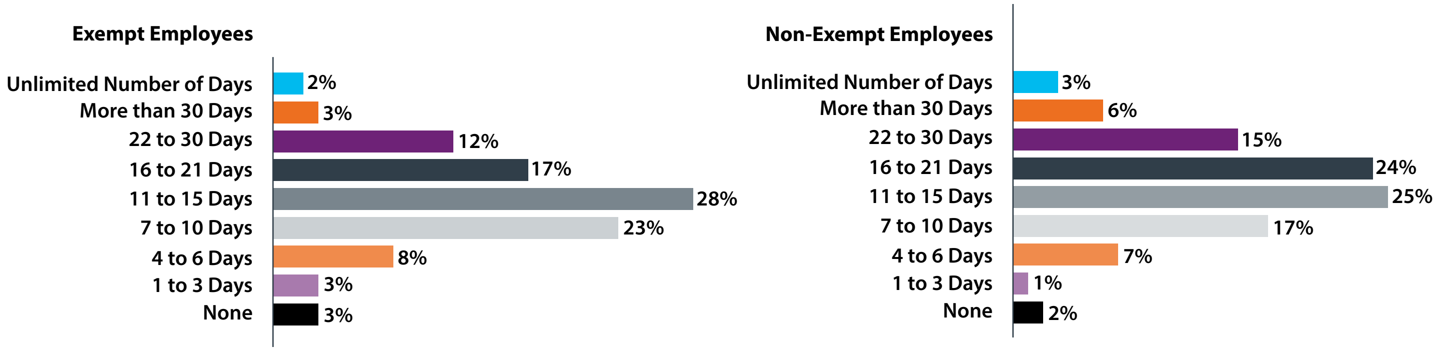
HR Figure 7:
Company Annual Paid Leave for Employees with Less than One Year of Service.



Most employers need to create a balance of paid leave for both non-exempt and exempt employees that takes into account the strategic goals of the company.

Sometimes, answering these questions requires resources. Having a partner at your side with focused expertise and an understanding of your organization and needs will help guide you with the answers, focus decisions, bring clarity to complexity and help shape your strategy.

HR Figure 8:
Company Annual Paid Leave for Employees with More than Five Years of Service.



The Path Forward

The people solutions that work enhance your HR team by allowing them to be more proactive and innovative in elevating the employee experience. But the specific solutions depend on the organization. The ultimate plan is a collaboration between your team and the partner you engage.

So in the meantime, what are the common themes an employer should focus on to get on the right track?

- **Strengthen your communication:** No matter how well you think you are communicating, there's always room for improvement. The most effective communication is a two-way dialogue. Tell employees what you're going to do, what you're doing and what you did, and be accessible to engage on questions and feedback.
- **Take a data-driven approach through benchmarking:** Knowing what others are doing and how it's working can be game-changing insight. Partners that can provide access to benchmarking specific to you and your goals, and extract actionable insights from it, are gold.
- **Embrace customization:** Employees have diverse needs and challenges, so don't try to address them with one solution. And don't assume customization always comes with added cost — it's about the value. Good things happen when people have choices.
- **Prioritize equity and belonging:** In all the pieces that comprise an employee experience, equity and belonging often get overlooked. If your policies and programs aren't accessible by all, if your performance management is inconsistent or if your leave policies favor certain cohorts, you still have work to do.
- **Be empowered by the diversity of your workforce:** Your workforce is made up of individuals with different backgrounds, experiences, needs and goals. When the employee experience you create reflects that you understand and appreciate this, it enhances outcomes for your employees, your organization and your customers.

The time is now to sharpen your focus on the employee experience and invest in HR solutions that enhance outcomes. More demands, more change and more complexity should motivate a new, more holistic approach.

Engage a partner that helps you reach your goals more quickly and effectively and improves your employee experience. Those who seek out and find the right partner will be able to turn the corner, clarify their vision and drive real progress.

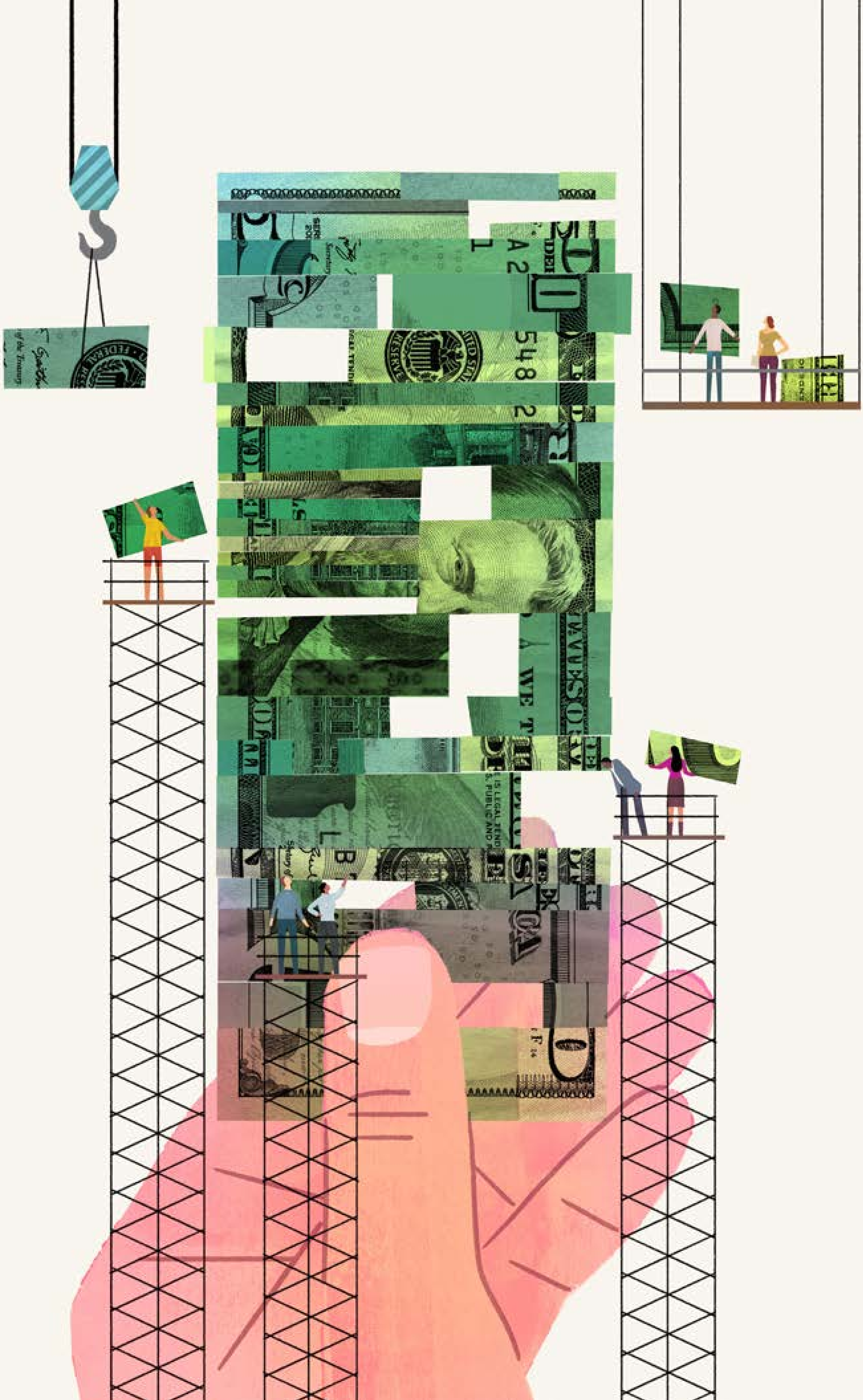
Data-Driven Cost Containment

Working Smarter on Big Challenges

When talking about a benefits program, words like "holistic" and "customized" sound great. But they also sound expensive, especially when you're trying to meet the needs of a multigenerational workforce.

Fortunately, it's possible to contain costs and deliver the value your employees want using the insight that data provides.

E. Heidi Cottle,
Senior Vice President, Cost Containment Strategies



Getting benefits right is hard. Employees in the modern workplace may span up to five generations. Addressing their diverse needs is a challenge, especially when your competitors are trying to poach your top talent with attractive benefits packages, and your CFO is encouraging you to deliver high quality, accessible benefits for less cost.

Seems impossible.

Metrics management is not a new concept. However, improving data and making it actionable can drive more intelligent and efficient decision-making. Companies that are serious about cost containment are finding that working smarter, instead of harder, is the key to success. Data helps to show that the need to contain costs is the symptom, not the disease, and sharpens the focus on where the problems are, making them easier to solve.

Back in the Day

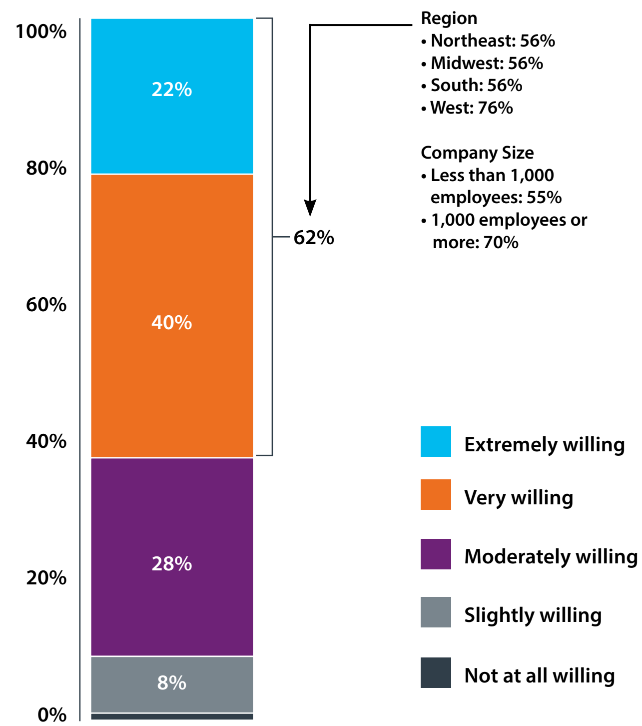
There was a time when member accountability was an employer's main avenue for lowering benefits expenses. This was intended to create prudent consumerism. Often, it meant reducing benefits, increasing cost share or both. The rationale was that although 100% of employees pay for their monthly premiums, not everyone utilizes their benefits in the same way. Introducing member accountability was one of the few options available to employers.

Employers have realized that "total price transparency" and holding the provider accountable is also prudent when considering modernizing their employee benefits. Employees are also astute consumers when it comes to the "total rewards" package of an employment offering, which includes the comprehensive suite of employee benefits. They choose who they work for based on the offerings, customization options and associated costs, so employers have to bring their A game with salary, culture and benefits.

Also gone are the days when an employer could just throw money at a benefits problem. Next-generation plan designs require simplifying the complexity of the healthcare ecosystem. Successful value-based structures empower the member through care navigation, helping to bridge the medical literacy gap by adding incentives that encourage prudent access, quality and cost decisions.

The answer?
Use data to work smarter.

CC Figure 1:
Willingness to Implement Cost Containment Solutions



Most employers are ready to look at cost containment measures — and almost two-thirds of them are urgently ready for a change, according to NFP's survey data.

Start with Objectives

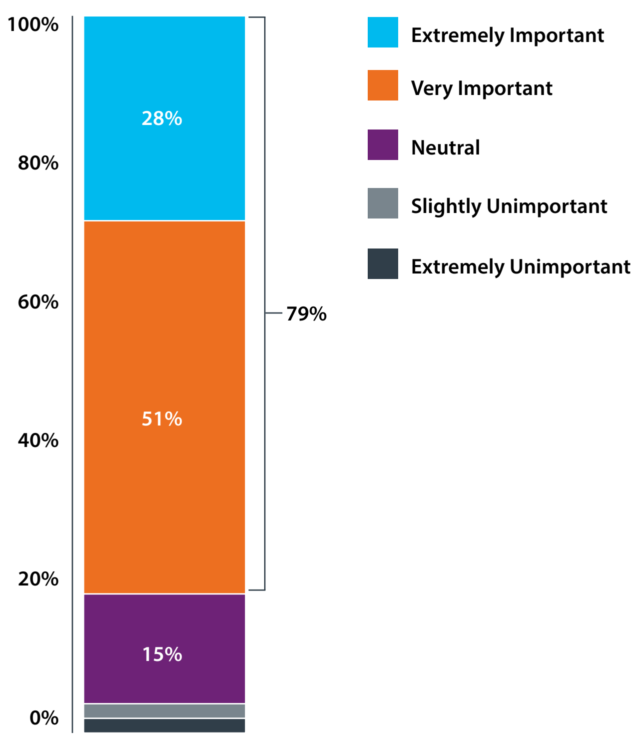
Cost containment is no longer a nice-to-have feature; it's becoming a necessity. Understanding and adopting clinical risk management strategies are essential components of a holistic approach in recruiting, retaining and rewarding employees, now and into the future.

This process begins by asking the right questions. Why do you have to embark on this endeavor in the first place? What does success look like? What specific factors are driving the bigger spend? Are there offerings you're paying for that few are using? Could pressure from a reactive approach to wellness (treatment/care) be relieved by incentivizing a preventative approach?

Meaningful and actionable data helps you pinpoint the problems and align your actions with specific target benchmarks. It informs your refinements and establishes a foundation for continuous improvement. Relevant data tells you why you are where you are so you can develop a plan to get where you need to be. The climate is changing. Regulatory and technological advancements are improving employer visibility into actual cost of care with supporting data analytics to forecast future expenses. Determining your organizational culture, risk appetite and goals becomes more achievable with the appropriate data tools.

Once you have a better understanding of the problems, you can establish some goals. Goals should be specific, achievable given other objectives and measurable (through more data).

CC Figure 2:
Importance of Cost Transparency in Cost Containment Strategy



According to NFP data, cost transparency is now a priority for most employers looking to control costs.

What Is "Value" In Cost Containment?

NFP survey respondents focused on balancing supporting employees and lowering costs

"Something that is cost effective while still **doing the job properly."**

"**Substantial** cost savings year in year out."

"We want to keep costs low but we also want **effective and helpful** benefits that make a difference in our employees' lives.

"It is **value for money**, the product brings a return that is in line with its value."

"**Improves outcomes** for employees and reduces costs for employer."

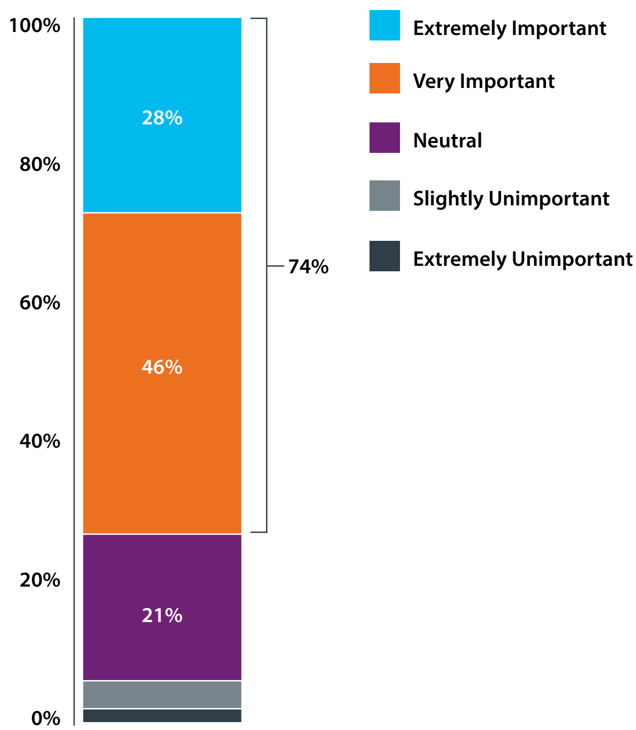
"**No disruption** to employees while providing a wider array of services that are more cost effective for both the employer and the employee."

Getting Started

Any organization facing cost containment challenges needs to decide how big of a bite they want to take. In general, it comes down to three options: crawl, walk or run. The option you choose should reflect the urgency of the issues you're facing, what the data has uncovered, and your team's ability to implement and manage the necessary changes.

- **Crawling** means making small adjustments. Things are good, but there's room for improvement.
- **Walking** takes it a step further. You don't need to tear it down and start over, but if the issues are left unaddressed, they could become unwieldy (*and even costlier to fix*).
- **Running** means big changes are critical. You are in crisis mode and the lift will be heavy.

CC Figure 3:
Importance of Minimizing Member Disruption



NFP data shows that nearly 3 in 4 employers see member disruption as an important consideration when looking at cost containment solutions.

Insights that emerge from analyzing your data are critical for each. Data will reveal the problems, their severity and perspective that will help you decide the best path forward. Navigating the complexity of the healthcare delivery system requires the skills of a seasoned advisor. They will be able to see the opportunity in the challenges given what you're trying to achieve and collaborate on solutions that will get you on the right path.

Survey results indicate the majority of employers want to reduce the impact or disruption of any benefit change for their members. Achieving this objective requires a comprehensive communication and integration plan, as well as time and patience. Proactive member communication campaigns are integral components of any value-based benefit strategies.

Evaluating the Options

The specific actions you should ultimately take will vary by employer, both in terms of company size and industry. Just as data is essential to identifying the problems, it is extremely helpful in understanding the most appropriate solutions for your goals. Benchmarking data that provides insight on what companies like yours are doing provides another layer of clarity.

One thing to keep in mind — there is no silver bullet for the problems behind your cost containment efforts. Progress takes listening, execution, patience, engagement and more data. Clear and consistent communication will help you manage expectations within your organization.

With that as a foundation, here is a high level overview of actions employers are taking to achieve their objectives without compromising the positive impact their benefit programs have for employees.

- **Transitioning to a holistic and customizable benefits ecosystem** that recognizes that a one-size-fits-all plan doesn't align with multigenerational needs, and moving away from siloed benefits
- **Implementing a virtual enrollment system** that enhances the experience for employees (and HR teams) and establishes a path for ongoing education/communication that drives value through better understanding, utilization and appreciation
- **Integrated care navigation,** as a concierge member support, bridges the medical literacy challenge and is a common denominator for successful implementation

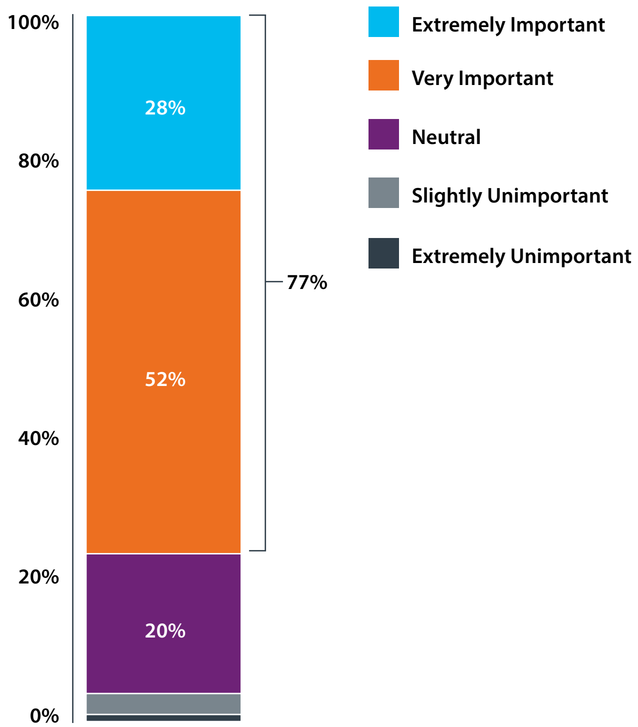
- **Including employee personalization with supplemental options** for health and lifestyle benefits that empower your workforce to invest in protection they want and need, versus a cookie cutter plan that tries to be all things to all people (but typically has lower utilization and satisfaction among employees)
- **Recognizing the gravity of mental health and well-being challenges** and providing diverse resources (that go far beyond the EAP) to help employees address them, improve their overall health and build resilience (while improving loyalty and productivity in the process)
- **Supporting a "return on value" strategy** requires communication and education that enhances how employees utilize their benefits, from encouraging preventative behaviors to navigating care options to filing claims
- **Conducting a claims audit** to determine if there is abuse or fraud, which are big drivers of higher benefits costs
- **Embracing the data** and encouraging others in the organization to do the same — analyzing the data, building the architecture, validating the design, measuring the impact, adjusting/refining

Cost containment is a journey driven by data that when done well can exceed expectations. In fact, actions a company takes through the lens of containing costs often produce collateral benefits: you emerge with better benefits that employees want, driving growth and success.

Data, appropriate value/cost considerations and the right partners are the essential ingredients and can make all the difference.

*According to the Centers for Medicare and Medicaid Services (CMS), **20% of claims spend** can be remediated by engaging a fraud, waste and abuse audit.*

CC Figure 4:
Importance of ROV



NFP's data shows that almost 8 in 10 employers see return on value as a priority.

Want to Be an **Employer of Choice?** Meet Employees Where They Are

If the last two years have shown us anything, it is that there are definite gaps in the traditional employer-sponsored benefits programs.

To compete for – and win – the war for talent, organizations have to deliver the supplemental health and lifestyle benefits that employees want and need and that drive growth and enhance overall well-being.

Kimberly Heald,
Vice President, Voluntary Benefits Practice Leader

If someone told you that 70% of employees are more likely to work for an employer who offers employee-paid voluntary benefits,[1] the action item seems obvious. Yet many employers don't take full advantage of this opportunity to meet employees where they are with supplemental health and lifestyle benefit programs that empower employees to customize their benefits to their needs.

Employees continue to be stressed by higher medical deductibles, the threat of an unforeseen medical event that would devastate what little savings they have, and myriad personal challenges such as student loan debt, legal issues, identity theft and pet-related costs.

These stressors are distractions that decrease productivity and overall well-being. Employee turnover is being driven by "comparison shopping" based on individual perceptions of the quality of a company's benefits program. Traditional medical benefits just aren't enough. Beyond that, containing costs while trying to build a program that meets the needs of a multi-generational workforce is a formidable challenge.

But there is a clear opportunity. A robust supplemental health and lifestyle benefits program can empower employees to overcome their challenges and achieve their goals while enhancing recruiting, retention, productivity and loyalty.

Aligning Problems with Solutions

All employees know they have challenges and goals. But many still feel helpless addressing either one.

That's where an employer can have a significant impact. First, think of how hard it is to retain employees in an environment where talent is driving the process. Offering an array of options designed for specific objectives gives employees one more reason to stay. Second, employees are more discerning than ever, looking holistically at base pay, bonus, benefits, culture, community engagement and other factors before making a choice.

So what's standing in the way? For some employers it's cost, yet offering supplemental benefits only requires an investment of time. Employees select and pay for the offerings that align with their needs.

Don't know where to start (or why you should)? There is an array of resources – including advisors who take time to understand your objectives before making recommendations – available to help.

Not sure what to offer? Advisors can help provide data to inform decisions on what to include or help facilitate an employee survey to better understand how they're struggling and what they really want.

Problems uncovered. Solutions identified. Barriers removed. Time to move to the next step.

Solving the Enrollment Puzzle

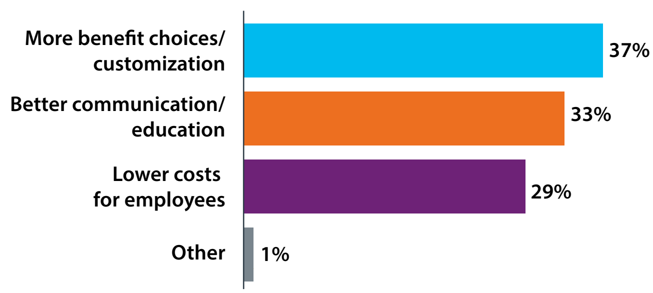
Enrollment is a continual struggle for many employees. A recent study by Alegeus showed that less than half of employees rate their open enrollment experience as positive, largely due to insufficient support in making enrollment decisions. The Alegeus study found that 48% said their employer "didn't provide sufficient benefits education resources," leaving only 40% feeling "prepared to choose a health plan."[2] While this data focuses on traditional benefits, the same holds true for voluntary benefits.

Unfortunately, according to our survey results, employers can overestimate employee awareness

__Less than half__ of employees rate their open enrollment experience as positive, largely due to insufficient support.

Perceived Impact of Certain Impacts on Employee Benefits Satisfaction

VB Figure 1:
Perceived Impact of Certain Changes on Employee Benefits Satisfaction



of these benefits. While a significant proportion of employees feel unprepared for open enrollment, an impressive 80% of employers think that their people have a good or excellent understanding of the supplemental health and lifestyle benefits they offer.

This mismatch between how much support employees actually need and how much support employers ***think*** they need is the heart of the issue.

Many employers realize they could be offering a more supportive enrollment process. Our survey revealed that only 36% of employers offer an experience that's concierge level or at all close to it. Another 55% offer some support, and almost 1 in 10 (8%) leave employees entirely to their own devices. Limited understanding translates into low utilization, which limits the return on the time and energy an employer invests in building a robust benefits package.

Setting the Stage for Enrollment Success

So what counts as success? Many employers see rich benefits as the goal when it comes to a successful benefits program, but that's only half the story.

When we asked employers what one action they thought would have the most impact on employee satisfaction, "more benefit choices and customization" came out on top with 37% selecting it. "Better communication and education" wasn't far behind, at 33%. This aligns with our guidance that pairing choice with communication is the key. The truth is that employee satisfaction can be high even with not-so-great benefits, as long as employees understand the impact and can take full advantage of those benefits.

A successful open enrollment is one where employees understand and engage with the benefits package employers have invested time, money and effort into building.

One simple change to improve engagement is to switch from passive to active enrollment. Instead of just having last year's decisions carry over at open enrollment if no action is taken, force employees to take that 30 minutes once a year to review the current offerings.

When it comes to the enrollment process itself, there are a few enrollment support options employers can choose from:

- Self-service
- Decision support
- Call center
- Face-to-face benefit counselors

Investing in education can improve success with each of these enrollment options.

Self-Service

Self-service is easy for HR departments and inexpensive. It typically starts with an email announcing open enrollment and ends with a flurry of reminders that the enrollment deadline is almost here.

Unfortunately, while it streamlines a stressful time for HR, it's a missed opportunity to educate on best practices and empower good choices. Our survey discovered that 85% of employers spend at least $5,000 per employee on medical (with a not insignificant number, 27%, in the $10,000 to $15,000 per employee range). To ensure that investment is used to the fullest, employees should have lots of information on hand to make informed decisions (not just a simple email or PowerPoint).

Decision Support

Virtual decision support platforms are another option. Employees answer questions and an algorithm provides insight into which benefits people like them buy (not unlike Spotify does with music and Amazon does with everything). It also enhances benefits literacy when they engage. The market has responded with a proliferation of decision support options.

Decision support platforms need the right upfront effort to work well. Fortunately, employers can simplify the process by working with a partner — then employers just need to test a few options and promote the tool. In subsequent enrollments, decision support-assisted enrollments require very little effort from employers.

Finally, there's live one-on-one decision support: call centers and face-to-face counsellors. Live people answering questions and getting closer to (but not providing) advice. It's a high-touch resource and can be expensive. However, like with decision support, the investment can be worthwhile for those who are willing to make the effort, but for it to be successful and drive intended results, employers must be disciplined and follow prescribed best practices.

Informed Employees Are Satisfied Employees

The path you choose depends on your circumstances, but pure self-service generally leaves benefits underutilized and employees unsatisfied. It's reasonable to trust your employees to make solid benefits decisions based on their needs. But facilitating more understanding of the offerings – how they work, why they're important – improves satisfaction. It also supports the narrative that you, as an employer, are a partner in employee well-being. Employees are consumers. The smarter you make them, the better their choices will be.

Improving the experience doesn't have to be a strain on resources. Simple, practical changes can make an impact. After investing in the construction of the offerings, leaving it to chance isn't a winning strategy.

Whatever enrollment path you choose, and however rich or lean your benefits options, education is key to success. We can all agree that a more aware and informed employee will make better choices and drive better outcomes, and enrollment support is one element of progress. In addition, with benefits driving employees' employment decisions, the support you put around those offerings can only help recruiting and retention.

Employees Have to Benefit from What They Buy

One trend of note is the utilization of supplemental health and lifestyle benefits. Insurance commissioners are seeing more employees buying coverage, but claims are not increasing.

The possibility of forced price reductions is motivating some carriers to proactively pay benefits by cross referencing medical claims and life events and stepping in to pay a claim that may not have even been filed. For example, an employee is diagnosed with cancer and files a medical claim. If they have a critical illness policy with the same carrier, that carrier might preemptively notify an employee that they may have a claim to file.

We will continue to see how this trend evolves, how proactive carriers are willing to be and the role employers take to elevate utilization.

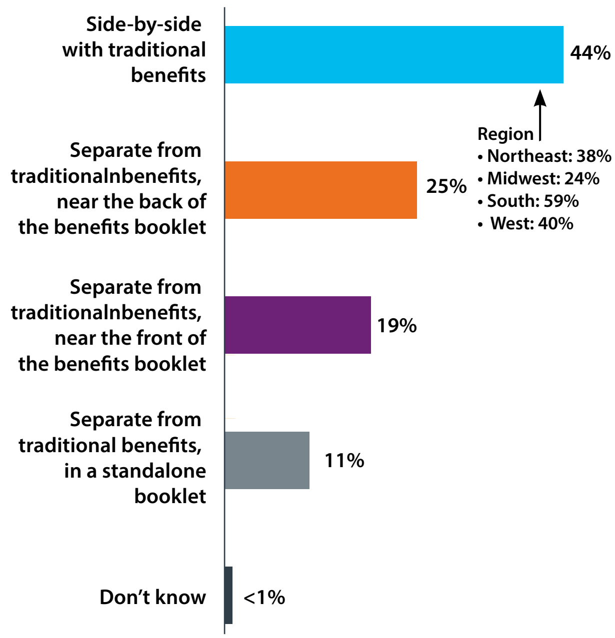
Education (again) is key. The more informed an employee is, the more they will value the coverage they have, and know when and how to use it. It should also come as no surprise that employee appreciation of the benefits an employer provides increases when understanding is higher, which should motivate all employers to up their education game.

Formula for Success

Employers have to ask themselves a hard question. Is your benefits program working for you? If engagement is low, employee feedback isn't great and the well-being of your workforce isn't improving, it's worth exploring a change. Here's a high-level checklist to consider.

- **Customize** with benefit offerings that reflect your understanding of what employees want and need to enhance their well-being holistically.
- **Integrate** supplemental health and lifestyle benefits with traditional offerings and help employees understand how they work and interact.
- **Enroll** with intention that goes beyond the quantitative and advances the quality of the decisions employees make, starting with an active enrollment process.
- **Empower** utilization with when/why/how to guidance that helps people manage difficult situations and takes employee appreciation of what you provide to a new level.

VB Figure 2:
Communications of Supplemental Health and Lifestyle Benefits Options



According to NFP's survey, while a good number of employers place voluntary benefits information side by side with traditional benefits, the majority still do not. Simply integrating this information can improve employee awareness of the customization options you're providing.

The challenges are formidable but not insurmountable. Whatever direction you choose, be sure to commit, work with the right partner, and always be ready to learn, adapt and refine.

1 "Almost Three-Quarters of Benefit-Eligible Americans Are More Likely to Work for an Employer Offering Voluntary Benefits, According to New Voya Survey," Voya Financial, voya.com, 2022.

2 "Alegeus Reveals that Consumers Want More from Open Enrollment, Still Struggle to Understand Healthcare Costs," Alegeus, alegeus.com, 2021.

Rx Update: Looking Beyond the Trends to Prepare for What's Next

It's no secret that prescription drug costs have been out of control for a while.

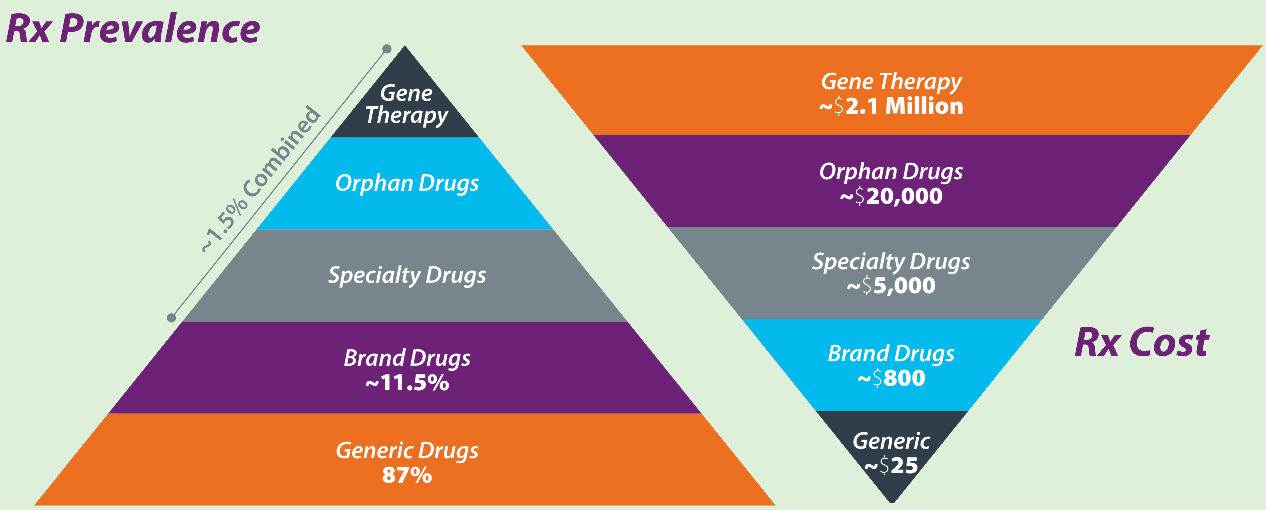
As they become a bigger percentage of employers' overall benefits spend the key is to stay proactive and be ready to adapt.

For most companies, rising prescription drug costs are a serious concern. Utilization, pricing and new drugs mean the trend is unlikely to reverse course.

Nelly Rose,
Vice President of Clinical Pharmacy, Rx Solutions

Nick Conway,
Head of Product, Rx Solutions

Craig McGowan,
Vice President, Operations & Analytics



While some drugs are low in prevalence, they can account for a large portion of your pharmacy spend.

Prescription drug spending is up 5.7% to $370 billion and is projected to accelerate over the next decade.[1] By 2025, the "global medicine spend" is predicted to be $1.6 trillion — with about 60% of it estimated to be for specialty medicines in the top ten developed markets.[2]

Specialty is the fastest-growing part of the pharmacy benefit. For the first time, more than half of pharmacy spend was on specialty drugs. While only 2% of prescriptions, specialty drugs represent almost 51% of total costs.[3] Even if utilization slows, inflation and other price-related factors ensure the overall spend for specialties is likely to rise. So what can companies do about it? Before getting into the specifics, let's look at some developments in the Rx landscape.

Legislative Developments

New legislation may make it more difficult for employers to keep pharmacy spend low.

Some states are doing away with exclusivity provisions, pharmacy network steering, and prohibition of plan requirements for mandatory mail and specialty pharmacy utilization within contracts. This may cause employers to amend plan designs and set-up and increase overall plan spend. It also prohibits plan sponsors from facilitating access to clinically superior points of care, particularly for complex patients requiring specialty drugs.

Many states (CO, FL, GA, IA, IL, KY, MD, MI, MO, MS, NH, OK, SC, SD, TN, VT, WV and WY) have considered or adopted legislation targeting the pharmacy benefit manager (PBM) industry. While prior legislation also attempted to regulate the industry, the current round of legislative activity seems to be encouraged by the US Supreme Court decision in *Rutledge v. Arkansas* (2020), which found that "ERISA does not pre-empt state regulations that merely increase costs or alter incentives of ERISA plans." Observers predict similar state legislation targeting health plans and TPAs.

This could impede the ability of self-insured employers to adopt strategies to manage benefit costs and quality. Employers should consider engaging with state legislators to oppose legislation that impedes their ability to make benefit decisions, manage costs, and enhance care affordability and quality for employees.

Data** remains an essential element of prescription drug **cost containment.

Emerging Costs

The Rise of Biosimilars

With the prevalence of specialty drugs, many of which are biologics, and their impact on a company's pharmacy spend, there is some hope that biosimilars could relieve some of the cost pressure. Biosimilars are FDA-approved biologic drugs that act the same in the human body as an original (or reference) biologic drug. They can be created once the patent on the biologic expires.

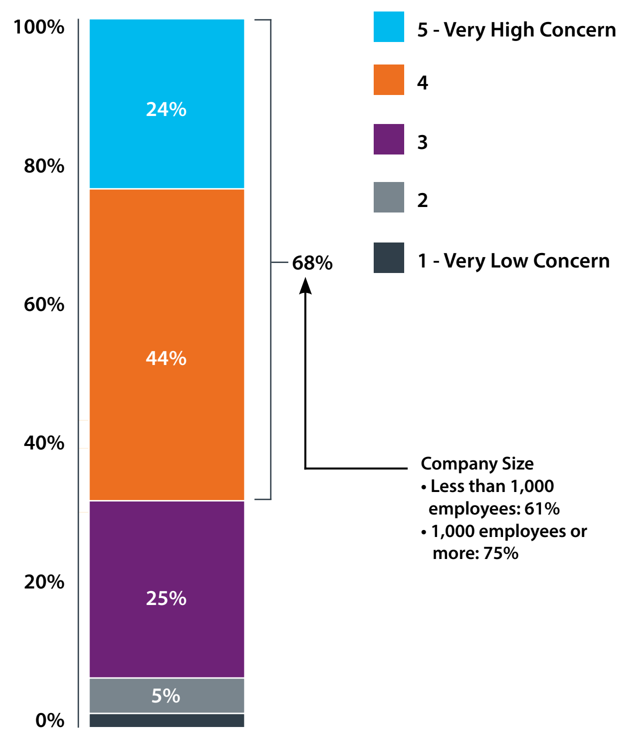
Should employers expect a big drop in their drug spend? Not necessarily. First, biosimilars are typically only 10% – 15% less in cost than the brand name drug. The impact for a single employer may not be material.

Second, PBM choices matter. If PBMs can get a better rebate from the original drug manufacturer that makes it price competitive with the biosimilar, they may keep using the original biologic.

Finally, it can often take years for a biosimilar to find its footing in the market. There is motivation to accelerate this timeline with marketing and messaging, but biologics aren't immediately added to the formulary and patients with serious conditions have to be comfortable with switching to a new brand.

So while the rise of biosimilars is a positive for cost containment, it is important to manage expectations regarding just how big the impact will be.

RX Figure 1:
Rising Cost of Prescription Drug Concern



Survey results indicate that 93% of clients are concerned at some level about rising prescription drug costs.

Gene Therapy

The global market for gene therapies is expected to reach $17.4 billion in 2023.[4] The FDA has expected to see 200 new gene therapy applications per year since 2020.[5] And some projections show that 10-20 gene therapies will be added to market annually by 2025.[6]

Unlike traditional drugs that are typically used to *manage* diseases, mitigate symptoms and relieve pain, gene and cell therapies target the exact cause of the disease. Some are considered curative so that there are no longer recurring symptoms, ideally after only a single treatment

Gene therapies are usually injected or infused, are made from a patient's own modified cells and are available at specific treatment centers only. Treatments target rare conditions, sometimes without any other available treatment options, and can come with a seven-figure price tag.

With approximately 7,000 rare conditions and many with no current treatment,[7] we should expect to see a sustained level of activity in this space for the foreseeable future.

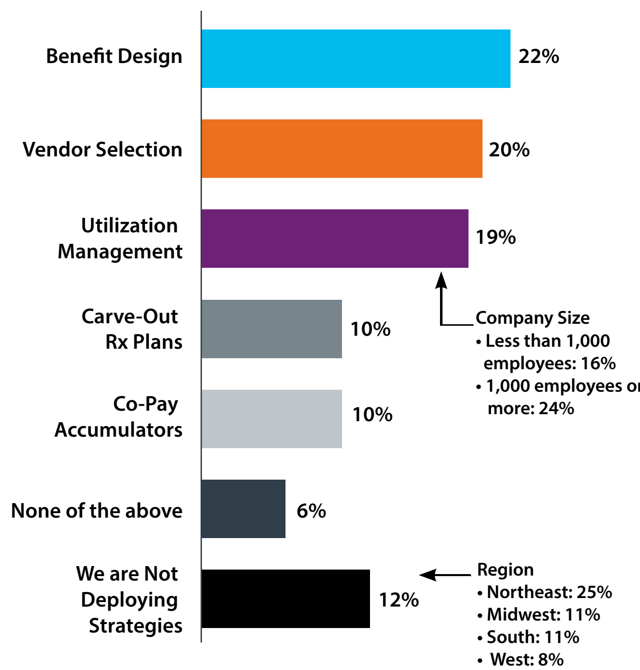
COVID-19

Global COVID-19 vaccine spending is expected to exceed $80 billion in in 2021 and total $251 billion over six years (through 2026).[8] This is higher than earlier projections of $157 billion through 2025.[9]

For an actuarial perspective on COVID-19 testing in the context of an employer's Rx spend, refer to "Cost of COVID Testing" by NFP's Geoffrey Seibel.

RX Figure 2:

Action with Most Positive Impact on Prescription Drug Spend



*Prescription drug **spending** is up 5.7% to **$370 billion** and is projected to **accelerate.***

Actionable Insights

Digital Health

As seen during the pandemic, digital health can improve access to care and allow patients more flexibility. It can also improve disease management, and allow doctors and patients to base care decisions on the individual patient's data. It has become obvious that digital health will continue to be integrated into the patient experience.

However, not all digital solutions are created equal, and with more than 200 digital health solutions introduced every day navigating the landscape can be confusing, costly and time-consuming. Working with an advisor to get recommendations specific to the needs of your population will accelerate your progress toward digitally managing chronic conditions and creating measurable outcomes.

Affordable Solutions for High Cost Rx Claims

There are two primary solutions categories: PBM programs, which are available in all carve-in/carve-out structures, and cost containment programs, which are available via third parties through consultants such as NFP Rx Solutions.

Using the Data, Carving Out

Data remains an essential element of prescription drug cost containment. But not every Rx consultant has access to the right data or the ability to analyze it in ways that provide actionable insights.

One area where clients are finding success is through our Bridge Report. It allows us to look at the data and break out the expense in a client's pharmacy spend to determine if costs are being driven higher by the plan contract or because of utilization. This helps identify the strategies necessary to lower the overall spend.

One option that is gaining more attention is the possibility of carving out prior authorization, specialty or infertility prescriptions. This creates an opportunity for employers to find lower cost options for the biggest drivers of their pharmacy spend, while keeping the medical plan they want. Plans have traditionally resisted targeted carve outs, but through coalitions and ongoing negotiations, as well as demand for cost relief, this may change.

Understanding Contracts

The client-specific contract is a critical element of prescription drug cost containment strategies. Understanding the protection caveats within the contracts and the ability to objectively assess provides meaningful value to the overall Rx benefit.

PMB Programs

Specialty Rx cost control programs	**Gene therapy protection programs**	**Medical channel management programs** transfer claims from medical benefit to pharmacy benefit for discounts/rebates	**Specialty refill threshold programs** eliminate patient stockpiling

Cost Containment Programs

Manufacturer patient assistance programs where lower income patients can access the highest cost drugs for "free"	**Manufacturer copay savings cards** reduce patient copays for specialty drugs (often to $0-$10 per fill)	**Hyper-inflationary medical management** excludes drugs with hyper-inflationary price increases when alternatives are available	**Foundations/ charitable programs** provide "free" drugs
Rx importation programs allow patients to access drugs from Tier 1 countries (Canada, UK), invoiced directly from international pharmacy with no copay	**Discount/cash cards** help cash paying patients find options at pharmacies that offer lower cash prices	**Pharmacy tourism** for select specialty drugs, which can now be handled via video conferencing	**Concurrent (with PBM) prior authorization** (when allowed) provides an extra layer of scrutiny for appropriateness

One area where Rx administrators try to protect themselves is through exclusions to their commitments. It allows them to minimize the number of claims that are subject to their commitment, therefore making it easier to achieve their promise. Through our deep knowledge of market practices, removal of these caveats may be achieved through negotiation with the client's administrator. Some caveats are more impactful than others, but all play a key role in the contracting stage. This helps to reduce or contain costs throughout the duration of the agreement.

Other Actions to Consider

The complexities and variables can make meaningful progress a challenge. But at a high level, there are a variety of other actions to consider as you formulate your approach.

- **Negotiate with manufacturers** on value-based payment plans for high cost medications treating rare conditions or gene therapies. These plans can cover you and your employees and share risk with the pharmaceutical manufacturer should the drug not produce its intended effect.
- **Examine your PBM relationship** (carved-out solutions, consortium, transparent and fiduciary) to better understand the solutions they can offer in terms of cost, clinical perspective and supporting patient adherence.
- **Manage your formulary proactively** and consider a multi-tiered formulary design that separates generics, preferred, non-preferred and specialty.
- **Assess utilization management** and learn more about steps like prior authorization, step therapy or Day-1 Utilization Management (UM) Control, which guide members to safe, more cost-effective drug choices using evidence-based clinical criteria.
- **Use specialty pharmacy services**, including alternative procurement strategies, patient assistance programs, copay assistance through the drug manufacturer, or other underutilized options like accumulator adjustments that acknowledge high deductible plans and hold the integrity of the plan in place while staying compliant with the IRS.

The prescription drug landscape isn't going to get any less complicated or less costly. However you choose to move forward, it is essential to work with advisors who understand the market, can navigate complexity, and have the expertise to pinpoint problems and create the right solutions.

1 NHE Factsheet, CMS, 2021.

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8 IQVIA. "The Global Use of Medicines 2022: Outlook to 2026," IQVIA.com, 2021.

9 IQVIA. "Global Medicine Spending to Reach &1.6 Trillion in 2025 Excluding Spending on COVID-19 Vaccines, According to IQVIA Institute for Human Data Science Study," IQVIA.com, 2021.

About the **Experts**

Kim Bell

Kim is executive vice president, head of Health & Benefits at NFP, where she directs the overall strategy and operations for NFP's national employee benefits practice. With more than 30 years of experience in the employee benefits industry, Kim is an influential thought leader in the corporate benefits space. She graduated from Indiana University's Kelley School of Business with a Bachelor of Science in finance and has a Master of Science degree in management from Indiana Wesleyan University. Kim also holds the Certified Employee Benefits Specialist® (CEBS) designation from the International Foundation of Employee Benefit Plans.

Chase Cannon

Chase is senior vice president, deputy chief compliance officer at NFP. He currently works with firms, employers and brokers to help solve their employee benefits-related compliance, regulatory and legal issues. Chase holds a Bachelor of Science in political science from the University of Utah, a Juris Doctor from the University of San Diego School of Law and a Master of Laws in Taxation from Georgetown University Law Center. He is a member of the State Bar of Maryland.

Maria M. Trapenasso

Maria is the vice president, national practice leader of HR Solutions for NFP. Maria provides guidance on HR-related topics such as employee relations, policies, procedures and processes. She has expertise in HR audits and compliance, and assists clients in identifying and creating strategic HR solutions. Maria holds a Senior Certified Professional designation from the Society of Human Resources Management (SHRM). She has been a professional member of SHRM and the National Association of Female Executives since 1998. Maria also holds a New York State Insurance license for Health, Life and Accident Insurance.

Kim Heald

As vice president and NFP's Voluntary Benefits practice leader, Kim is developing NFP's Voluntary Benefits Center of Excellence. In addition, she is improving organizational procedures and creating scalable and repeatable processes that help NFP's employer clients understand how supplemental health and lifestyle benefits can be a strategic and integral part of their total benefits portfolio. With over 15 years of experience, Kim has helped brokers and employers build comprehensive and competitive supplemental health programs with a disciplined focus on technology platforms and enrollment best practices designed to enhance the employee's experience and overall level of understanding. Kim holds a bachelor's degree in sociology from the University of California, Los Angeles.

Deb Smolensky

Deb is senior vice president and NFP's Well-Being and Engagement practice leader. In addition, Deb serves as a subject matter expert for the insurtech, fintech and digital health verticals of NFP Ventures. She consults with a variety of clients, including numerous Fortune 500 companies, to develop programs and practices that empower employees and leaders to lead healthy, productive lifestyles through innovative and highly engaging solutions. Deb holds a bachelor's degree in accounting from Illinois State University as well as a multitude of certifications and designations in organizational health and productivity.

Nelly Rose

As vice president of Clinical Pharmacy, Nelly supports NFP Rx Solutions with clinical insights and new initiatives while also providing strategic analysis for drug trends and utilization. She works directly with members to support and educate on clinical programs and drug interventions. Nelly received her Doctor of Pharmacy degree from St. Louis College of Pharmacy.

E. Heidi Cottle

Heidi is SVP, Cost Containment Strategies, collaborating with offices to develop strategies driven by data analytics, medical/clinical risk management programs and service/vendor assessments. With 30+ years of experience in the health and welfare market, Heidi has specialized insights on medical/Rx cost containment and emerging trends in traditional and non-traditional strategies. Heidi was also a finalist for the 2019 World Health Congress "Innovator of the Year" award, a reflection of her engagement in digital transformation efforts designed to enhance the client experience.

Douglas M. Rasmussen, Pharm.D.,

Doug is senior vice president, Clinical Pharmacy, has over 30 years of pharmacy experience. Currently, Dr. Rasmussen is part of NFP's consultant pharmacy team that is data-driven, patient centric and advisory. Dr. Rasmussen began his pharmacy career in the USAF as a Pharmacy Specialist. He earned a Doctor of Pharmacy degree at the University of Mississippi, followed by an ASHP accredited residency. He has provided leadership for clinical programs, formulary management, and cost containment. Most recently, he led the clinical department for a specialty pharmacy provider with national scope, developing all clinical programs around specialty medications for disease states such as Rheumatoid Arthritis, Psoriasis, Crohn's disease, HIV, Hepatitis C, and Multiple Sclerosis. Dr. Rasmussen recommends clinical strategies to address organization specific needs and current best medical practice trends.

Nick Conway, SVP, Head of Product

Nick oversees business analytics and vendor relationships for NFP Rx Solutions touching all areas of the company from Sales to Account Services. Nick joined Valued Pharmacy Services in 2010 and later joined NFP through acquisition in 2016. With a focus on ensuring clients find the right solutions for their pharmacy benefit, Nick currently oversees annual procurement of over $3 Billion dollars a year in pharmacy spend and over 400 employers. Nick works with clients that range from Fortune 500 companies, Taft-Hartley Plans, Private Equity companies and insurance companies.

Contributors

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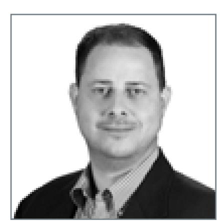

Joel is an assistant vice president of Health & Benefits at NFP, where he coordinates the portfolio of proprietary and third-party technology offerings for group benefits advisors. Joel facilitates market research to identify optimal technology solutions to improve efficiency and optimization of services provided to NFP's benefits clients. Joel holds a Bachelor of Arts in economics from Indiana University.

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NFP is committed to sharing insights that help clients make informed decisions regarding their most significant challenges. By delivering ideas, expertise, and perspective on opportunities in the marketplace, NFP is driving improvements to solutions that help clients meet their goals.

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NFP has more than 6,900 employees and global capabilities. Our expansive reach gives us access to highly rated insurers, vendors, and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting, and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

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