EMPLOYERS HEALTH

A publication of Employers Health Coalition, Inc.
Spring 2016

EHconnect

Member Spotlight
MERCY MEDICAL CENTER

THE IMPACT OF **Opioid Addiction** TO PLAN SPONSORS

Creating Well Workforces

Our Q&A with Patti Bresnahan
Administrative Human Resources Director

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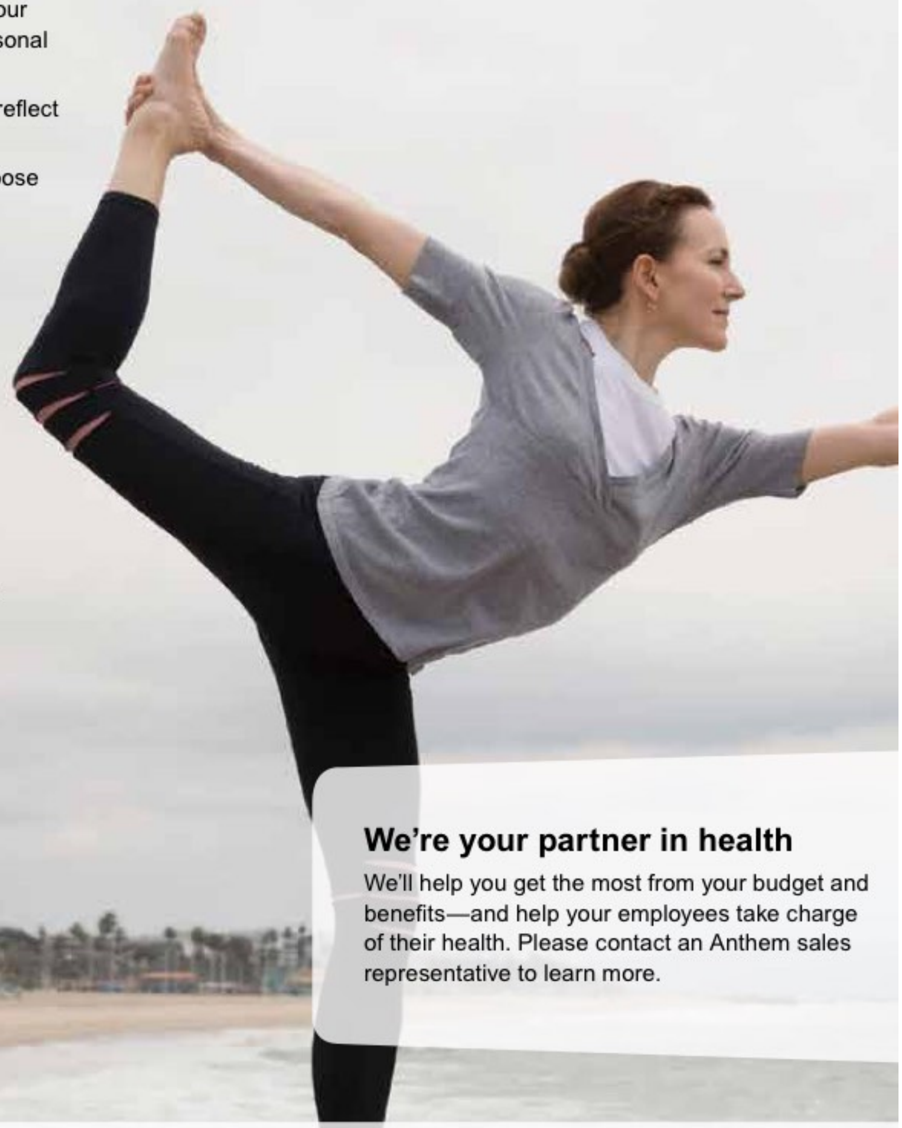
- Helping lower health care costs with new plans, new payment models and new technology.



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- **MyHealth Coach,** a dedicated coach to keep employees motivated
- **Fitbit**, fitness trackers for interactive wellness

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Inside this Issue

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Emily Clevenger, Editor

2016 Meetings & Events

Stay ahead with Employers Health and save these dates!
You can always find our events calendar at www.employershealthco.com/events
*Employer members only

MAY

MAY 18

CANTON SPRING SYMPOSIUM
BUILDING A **THRIVING WORKFORCE** THROUGH BENEFITS

The Conference Center at Kent State at Stark
7:30 a.m. - 4 p.m.
(Breakfast, registration & exhibits 7:30 - 8:30 a.m.)

JUNE

JUNE 8
Columbus area Benefits Roundtable*
Employers Health Dublin office, 8:30 - 10 a.m.

JUNE 15
Akron area Benefits Roundtable*
Akron Family Restaurant, 12 - 1:30 p.m.

CINCINNATI SYMPOSIUM

BUILDING A **THRIVING WORKFORCE** THROUGH BENEFITS

Join us for ***Building a Thriving Workforce Through Benefits*** as we focus on developing, implementing and delivering innovative strategies around healthcare, wellness, and resiliency to engage employees and produce measurable positive outcomes for the employee and the company. ***CE Credits available!***

June 23

Cooper Creek Event Center,
7:30 a.m. - 2:00 p.m.
(Breakfast, registration & exhibits 7:30 - 8:30 a.m.)

CINCINNATI SPEAKERS:

- Chris Condeluci, Principal, CC Law & Policy PLLC
- Seth Cohen, Vice President of Strategic Accounts & Alliances, Castlight Health
- Sherry Brackney, Senior Benefits Advisor, U.S. Department of Labor, EBSA
- Mark Johnson, SVP of Business Development for Speciality, OptumRx

TOPICS include ACA, Consumerism, Disease Management, Employee Engagement, HR Leadership, Transparency and Wellness.

JULY

JULY 14
Canton area Benefits Roundtable*
Table Six Kitchen & Bar, 12 - 1:30 p.m.

AUGUST

AUGUST 17
Akron area Benefits Roundtable*
Akron Family Restaurant, 12 - 1:30 p.m.

AUGUST 31
Employer Health & Wealth Administrator Workshop
Hilton Columbus at Easton, 7:30 a.m. - 4:30 p.m.

SEPTEMBER

SEPTEMBER 7
Cincinnati/Dayton area Benefits Roundtable*
Employers Health Cincinnati/West Chester Office, 8:30 - 10 a.m.

SEPTEMBER 8
Columbus area Benefits Roundtable*
Employers Health Dublin Office, 8:30 - 10 a.m.

SEPTEMBER 15
Canton area Benefits Roundtable*
Table Six Kitchen & Bar, 12 - 1:30 p.m.

SAVE THE DATE

FOR THE ANNUAL MEMBERSHIP MEETING!

Canton, OH; Kent State at Stark
December 7, 2016, 8 - 10 a.m.

Message from Chris

Welcome to the spring issue of *EH Connect*. We had a great 2015 and have hit the ground running in 2016. In this issue we will update you on the latest litigation which could affect employers. Our CMO, Mike Stull, will provide an update on our pharmacy benefits management solution and Traci Barry, our resident wellness expert will share the benefits of implementing a holistic approach to wellness in 2016.

The 2015 Annual Report, *Carving out our Niche*, shares Employers Health's successes over the past year, and illustrates how over time a niche has been carved out that helps meet the growing needs of our members. A one-of-a-kind example is the group purchasing program that we manage and maintain, which takes a holistic approach to simplifying the work of HR and benefits executives. With a collective spend of more than $1 billion in prescription drugs each year and an annual Market Check and pricing improvement initiative, members are at an advantage far ahead of employers not participating in such an arrangement. In 2015, the Market Check resulted in an average net savings of 7.2 percent for participating groups.

Adding to our accomplishments, Employers Health has been recognized by the Canton Regional Chamber of Commerce as one of seven recipients of the 2016 Business Excellence Awards. The award recognizes organizations in the Stark County area that have experienced stellar growth in business, demonstrated stability and longevity in their industry, invested in the community through capital investments, shown innovation through expansion of products and consistent involvement in the community. I would personally like to acknowledge our many members that empower Employers Health to be a strong and vibrant business.

Adding to our growth, Emily Clevenger has recently joined our team as communications specialist. Emily fills the role previously held by Eric Dublikar as he transitioned into a business development position. Eric will work to develop relationships with prospective members, consulting with them on benefits offered through Employers Health's resources and solutions. As the communications specialist, Emily is responsible for brand management, communications and business development support. Emily's previous experience is in professional services marketing. She obtained a bachelor's degree in Business and Organizational Communications, cum laude, from The University of Akron. Emily is based in our Canton, Ohio office.

In the innovation category, we are excited to announce a new mobile benefits solution for employers. Featured in the Mercy Medical Center Member Spotlight at the back of this issue, the mobile solution allows benefits administrators to provide real-time access of benefits and plan information to employees all on their smartphone and other devices. Employees can access information like plan design, vendor contact information and more, all with a finger tap, freeing up valuable time previously spent by HR and benefits staff answering these frequent questions. Anyone on our team will be happy to discuss this new product with you further.

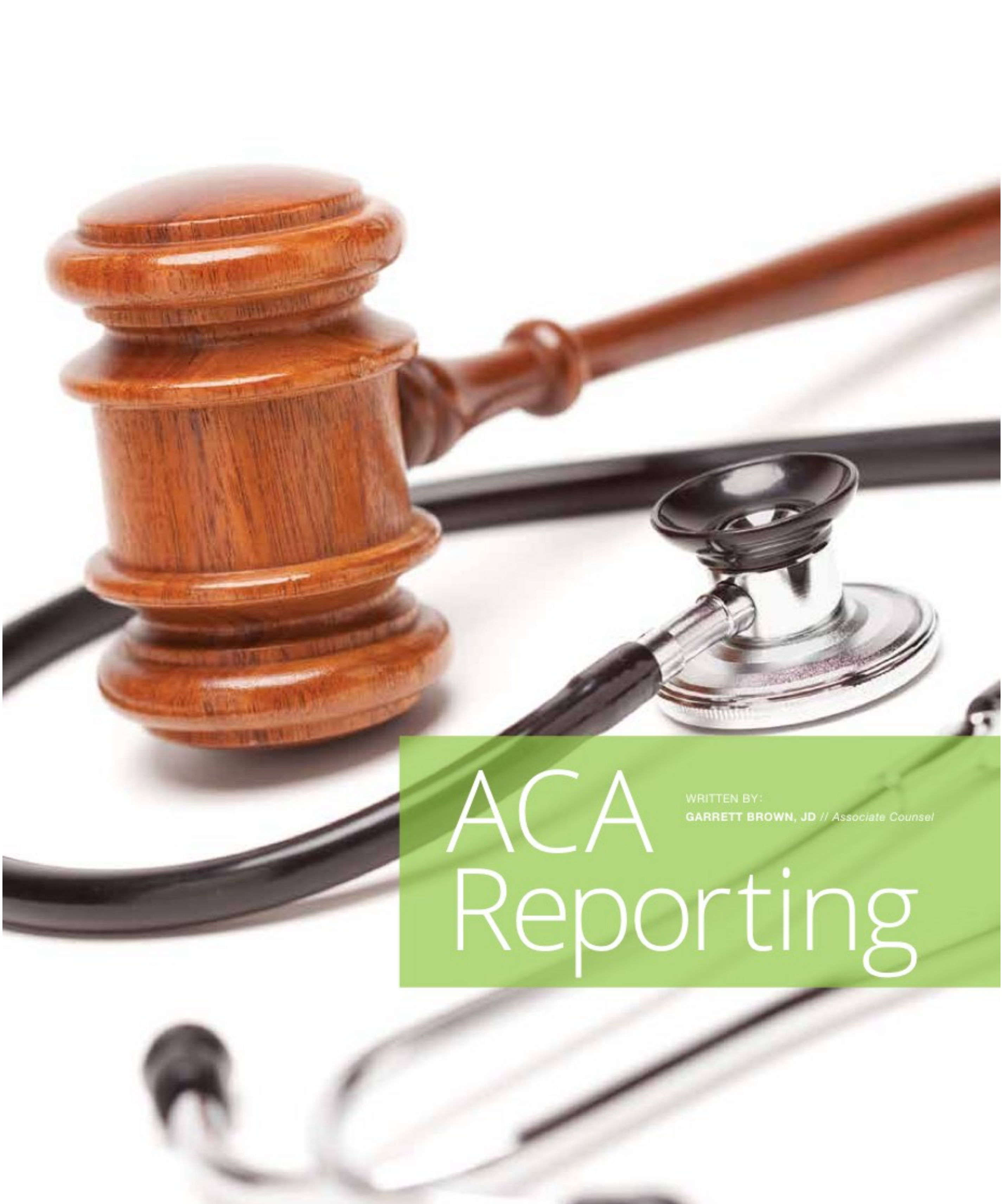
When reading this issue, we hope it is evident, our niche is providing valuable information and access to solutions that help position our members to best serve plan participants in a positive way that delivers high-value, cost-effective benefits.

Christopher V. Goff

Christopher V. Goff
CEO & GENERAL COUNSEL

Welcome to our newest members!

Akorn, Inc.
Alltech, Inc.
Arizona Healthy Living Reciprocal Insurance Company
Blount County Government
Businessolver, Inc.
Central Freight Lines, Inc.
City of Bryan
Community Consolidated School District #15
Corrections Commission of Northwest Ohio
Curran Group, Inc.
EMP Management Group, Ltd.
Frank's International, LLC
Greater Cleveland Regional Transit Authority
Harrison Memorial Hospital
Heritage Home Group
Hitachi Automotive Systems Americas, Inc.
InfoCision Management Corporation
Jo-Ann Stores, LLC
Link-Belt Construction Equipment Company
McCormick Taylor
National Surgical Hospitals
NCI Building Systems, Inc.
New Lexington Clinic
Northeast Ohio Medical University
North Suburban Employee Benefit Cooperative
Oberlin College and Conservatory
OM Group, Inc.
Optim Orthopedics, LLC
Pinnacle Entertainment, Inc.
Polycom, Inc.
Sheet Metal Workers Local 98 Welfare Fund
SouthComm
Sprouts Farmers Market, Inc.
TestAmerica Environmental Services, LLC
Teva Pharmaceuticals
Wilbert Funeral Services



ACA Reporting

WRITTEN BY:
GARRETT BROWN, JD // *Associate Counsel*

Many in the legal community warned of possible Employee Retirement Income Security Act of 1974 ("ERISA") implications and litigation risk surrounding scheduling decisions made by employers in order to avoid being subjected to an Affordable Care Act ("ACA") penalty for failure to offer coverage to full-time employees.

Although full-time status has historically been determined by employers, the ACA created a standard definition of full-time employees. As a result of this change, and the requirement to provide benefits to those employees meeting this new definition, many organizations began evaluating their scheduling and staffing policies related to full-time and part-time employees in light of the cost burden imposed by the ACA. This article will provide an explanation of the case, a refresher on ERISA obligations and a discussion about potential ERISA implications following ACA strategy decisions.

In Marin v. Dave & Buster's Inc. et al., a class action case, the plaintiffs allege that in 2013, Dave & Buster's conducted a nationwide effort to "right-size" the number of full and part-time employees to avoid the expense of providing health coverage and complying with ACA requirements. Specifically, the plaintiffs assert that Dave & Buster's intentionally interfered with their rights as participants in the Dave & Buster's ERISA Health and Welfare Plan in order to avoid costs associated with providing ACA compliant health insurance to its full-time employees as a result of the ACA. The case was filed in May 2015. Dave & Buster's filed a motion to dismiss which was denied in February 2016. The case is still pending and may go to trial in the second quarter of this year.

The complaint contains the account of the lead plaintiff, Ms. Marin. In June 2013, management at Ms. Marin's location announced that compliance with the ACA would cost Dave & Buster's as much as $2 million and that, to avoid that cost, Dave & Buster's planned to reduce the number of full-time employees at that location. Following that meeting, Ms. Marin's hours were reduced. After a measurement period, Ms. Marin was notified that she was no longer qualified for coverage under Dave & Buster's Plan because she only averaged 17.43 hours per week.

The complaint suggests that the reduction in hours and full-time staff was the result of the employer's efforts to reduce costs arising from health care offerings. In addition to representations made by managers, it cites a Securities and Exchange Commission filing by Dave & Buster's in fall 2014 where Dave & Buster's disclosed its concern about the ACA's negative impact on its business. The filing affirmatively contemplates the effect that the ACA would have on business and identifies that penalties for failure to cover full-time employees will begin in 2015. It states that, "Providing health insurance benefits to employees that are more extensive than the health insurance benefits we currently provide and to a potentially larger proportion of our employees, or the payment of penalties if the specified level of coverage is not provided at an affordable cost to employees, will increase our expenses[...]."

After announcing that the ACA would cost the business as much as $2 million, Dave & Buster's reduced its number of full-time employees.

So what's the big deal? After all, ACA penalties aside, employers are not required to provide benefits to their employees in the first place. Shouldn't an employer be able to make staffing and scheduling decisions in order to help its bottom line?

As a refresher, ERISA is a federal law that applies to most employers, excluding church, governmental and some tribal plans, that creates a trust-like arrangement between employers and participants of a health and welfare plan. ERISA Section 510 has been suggested as a method for employees to bring suit against their employer to recover for benefits reductions arising out of the ACA; it states, "It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising *any right to which he is entitled* under the provisions of an employee benefit plan, [...], or for the purpose of interfering with the attainment of any *right to which such participant may become entitled under the plan* [...]." The employees in this case state that converting Ms. Marin and other employees from full-time to part-time status interfered with the attainment of their right to participate in the Dave & Buster's Plan in violation of Section 510 of ERISA.

In Dave & Buster's motion to dismiss, the restaurant chain asserted that regardless of the results of its actions an employee must show "that an employer was at least in part motivated by the specific intent to engage in activity prohibited by [Section] 510." Among other arguments, it asserts that the employees only alleged that Dave & Buster's restructured its workforce in order to avoid the anticipated costs of providing ACA compliant health insurance coverage; it maintains that there was not an intent to interfere with a participant's plan benefits. The employer's motion was denied and the court will examine the employer's intent relative to a business decision to reduce costs in the face of the ACA. The court's analyses could have a significant impact on future claims against employers.

This case also signals some potential best practices that an employer should keep in mind when making staffing decisions. Even if the employees in this case are unsuccessful, a claim of this type is expensive to defend and harmful to an employer's reputation. Employers should avoid creating the fact pattern

As a refresher, ERISA is a federal law that applies to most employers, excluding church, governmental and some tribal plans, that creates a trust-like arrangement between employers and participants of a health and welfare plan.

cited by the plaintiff employees in this case; primarily, those facts that demonstrate an intent to interfere with an employee's Section 510 rights. In this case, the employer is harmed by statements of managers asserting that staffing and scheduling changes arise solely from ACA consideration. Thus, affirmative statements to employees justifying a scheduling change should be carefully monitored. That said, scheduling policies and decisions made at the corporate level should be made in a manner that creates a clear business purpose, outside of pure cost savings from reduced health plan participation. If unsure that such a purpose can be established, legal counsel should be involved to ensure the confidentiality of any such discussions.

Failure to ensure that an intent to interfere with participant benefits is unable to be established, employers face an increased risk of litigation. There are likely two types of plaintiffs that would seek ERISA Section 510 protections: an entire class of plaintiffs (class action) and individuals seeking reimbursement for large claims incurred outside the plan under the theory that the employee would have been entitled to such benefits had the participant been rightfully covered under the plan. It is helpful to remember the types of remedies available under ERISA. Stemming from a trust construct, only equitable remedies are available; thus, legal remedies such as pain and suffering and/or punitive damages are not available. Given the nature of available remedies, individual participant recoveries are limited but the availability of attorney's fees, especially in the context of a class action suit, are especially attractive to plaintiff's counsel.

Employers should keep an eye out for the resolution of this case and remember that the ACA does not operate in a vacuum. Its impact is still evolving in profound ways.

**This article is for informational purposes only and does not constitute legal advice. Please utilize this article in conjunction with seeking independent legal counsel for specific advice relevant to your organization.*

Marin v. Dave & Buster's, Inc. et al, New York Southern District Court, Case No. 1:15-cv-03608
ERISA Section 510, 29 U.S.C. § 1140

CINCINNATI SYMPOSIUM

Building a THRIVING WORKFORCE through Benefits

June 23

Join us for ***Building a Thriving Workforce Through Benefits*** as we focus on developing, implementing and delivering innovative strategies around healthcare, wellness, and resiliency to engage employees and produce measurable positive outcomes for the employee and the company. ***CE Credits available!***

OUR CINCINNATI SYMPOSIUM WILL FEATURE:

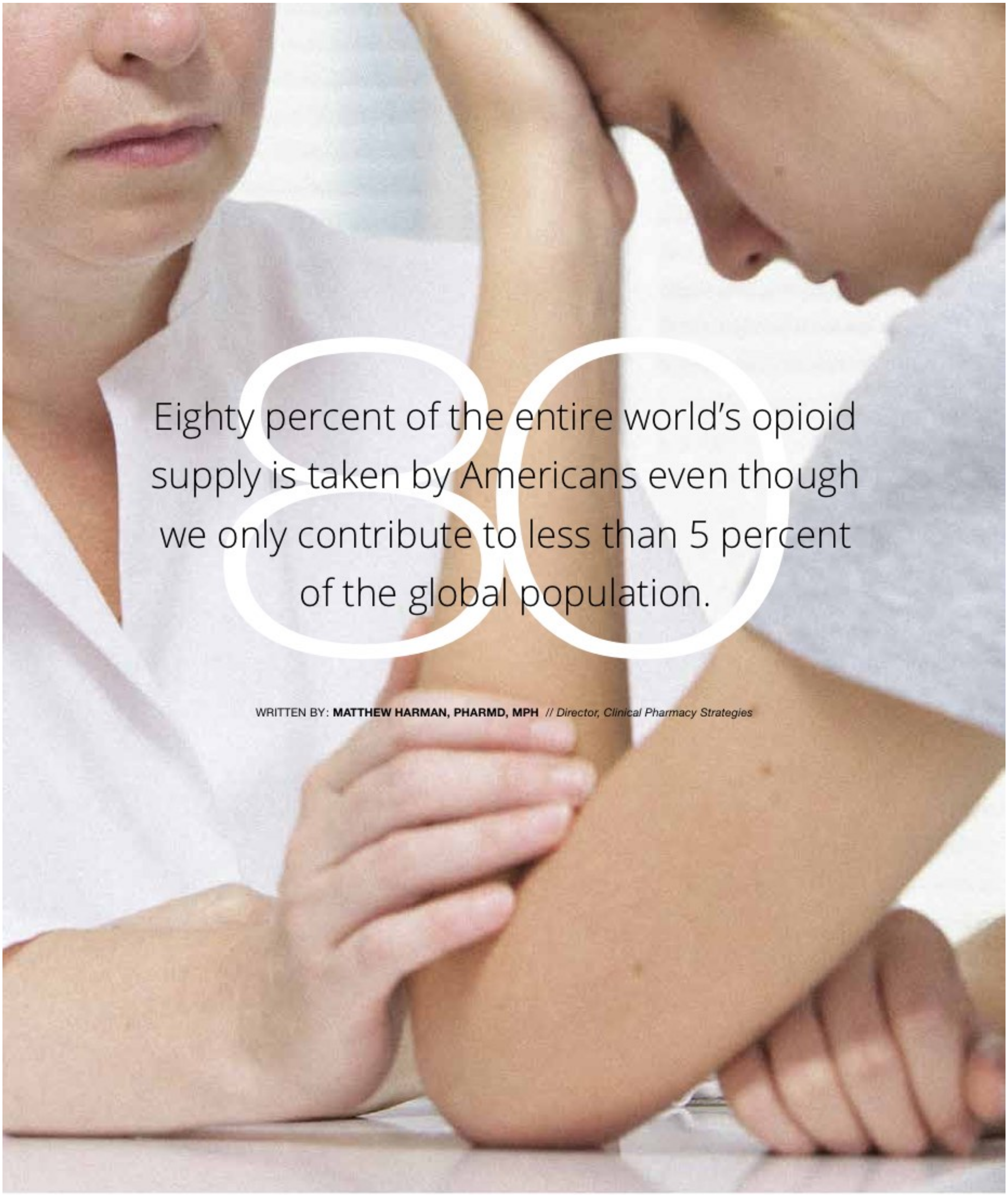
- *CHRIS CONDELUCI, Principal, CC Law and Policy PLLC*
- *SETH COHEN, Vice President of Strategic Accounts & Alliances, Castlight Health*
- *SHERRY BRACKNEY, Senior Benefits Advisor, U.S. Department of Labor, ESBA*
- *MARK JOHNSON, SVP of Business Development for Speciality, OptumRx*

7:30 A.M. – 2 P.M.

BREAKFAST, REGISTRATION & EXHIBITS
7:30 - 8:30 A.M.

COOPER CREEK EVENT CENTER
4040 COOPER ROAD, BLUE ASH, OH 45241

REGISTER NOW AT WWW.EHSYMPOSIA.COM



Eighty percent of the entire world's opioid supply is taken by Americans even though we only contribute to less than 5 percent of the global population.

WRITTEN BY: **MATTHEW HARMAN, PHARMD, MPH** // *Director, Clinical Pharmacy Strategies*

The Impact of Opioid Addiction to Plan Sponsors

Car crashes are no longer the leading cause of injury death in the United States. That morbidly-esteemed title now belongs to overdose deaths due to opioids either by prescription or heroin that claims the lives of seventy-eight Americans daily. The abuse and overprescribing of opioid analgesics is an epidemic that requires all health care stakeholders to take action.

As for employers, a 2014 study determined that the estimated financial impact of opioid abuse on plan sponsors was $1.71 per member per month (PMPM).

This cost estimate factored in both direct health care spend and indirect waste due to lost work productivity, but only for those with diagnosed opioid abuse. The actual cost to employers is likely much higher since another study found that annual health care costs are around $15,000 more for people who abuse opioid analgesics.

It is important to note that prescription opioids have legitimate medical purposes when used to treat moderate-to-severe acute pain due to injury or surgery, as well as chronic pain from active cancer, or to ease pain at the end of life. However, a substantial increase in prescribing for chronic non-cancer pain has become prevalent despite the serious risk of side effects and lack of evidence to support long-term effectiveness. Eighty percent of the entire world's opioid supply is taken by Americans even though we only contribute to less than 5 percent of the global population.

This surge in painkiller prescribing patterns due to the lack of other legal pain treatment options is without question the precipitating force behind the rise in heroin usage as well. On average, four out of five heroin addicts get their first taste of opioids with a prescription from their physician. The euphoria from these medications has led to some patients using opioids as antidepressants, but the unknown strength of street heroin leads to countless overdoses. Imagine purchasing a bottle of wine but not knowing if it was 5 or 75 percent alcohol until after you drank it. Scary stuff, right?

For reference information or to discuss further, please contact Matt at mharman@employershealthco.com.

What can employers do?

The first thing employers can do is no longer consider addiction a moral failure. It truly is a medical issue plaguing our nation that needs more compassion instead of conviction.

One step towards compassion that employers can provide is partnering with an Employee Assistance Program (EAP), such as ComPsych, and promoting the resource to their plan participants. Addiction is largely driven by isolation leading to abuse of a substance to escape the reality and consciousness of daily life. An EAP program bolstered by a movement to reduce the stigma around depression, such as Right Direction, should be the building block for a work environment aimed to reduce isolation.

From a plan design perspective, utilization management strategies designed to promote safe and effective use of controlled substances should be an industry standard. Using the latest guidelines and clinical advice, prior authorizations (PA) and quantity limits (QL) are critical in curtailing the potential for diversion as well as ensuring the medication is prescribed for its FDA-approved indication. Over the past few years, some manufacturers have had their own employees contact PBMs acting as agents of the prescriber in order to encourage use of oral/intranasal fentanyl for non-cancer patients to get around basic PA criteria. It was not until whistleblowers within the company came forward that this sickening practice was revealed.

Data reviews by the plan administrator are another integral step in combating abuse. Prospective reviews can limit excessive dosage dispensing and drug interactions while retrospective reviews can easily identify pharmacy and/or prescriber shopping to achieve multiple prescriptions in a short time period. The added bonus of determining high-risk prescribers can help lead to discussions around appropriate prescribing patterns with current guidelines.

A multipronged approach is necessary since the widespread epidemic associated with opioid analgesics can no longer be ignored. It's not about saving dollars. It's about saving lives.

Employers Health group purchasing extends well beyond pharmacy benefits. We also establish and manage group purchasing contracts for vision and dental benefits, EAP services and transparency tools. Members gain a group purchasing solution with best-in-class suppliers. What's more, members receive best-in-class supplier support.

Employers Health Pharmacy Trend Less Than 1% in 2015

WRITTEN BY:
MICHAEL STULL, MBA *// Chief Marketing Officer*

For 2015, clients in the Employers Health pharmacy benefit management (PBM) solution experienced an overall average per member per year (PMPY) cost trend of nine-tenths of one percent. While drug price inflation, utilization of expensive specialty medications to treat diseases such as hepatitis C and greater utilization increased trend, pricing improvements due to the Employers Health annual price negotiations and continued utilization of generic medications moderated trend to the nearly flat level.

As explored in a recent series of four webinars addressing effective pharmacy management, gross trend is driven by several key components: price, drug mix and utilization. Each of these components is influenced by both market forces that most plans can't control, as well as by strategies completely within the control of plan sponsors. It's important to recognize each and evaluate which strategies make sense for your plan.

Price typically refers to the contracted rates your plan pays for medications. These rates, often set in terms of a discount off of Average Wholesale Pricing (AWP), dispensing fees, administrative fees and rebates, should be stated in your contract with the PBM or your health plan if carved-in. "List prices" for drugs, such as AWP, have gone up significantly for branded medications over the better part of the past decade, particularly as those branded products neared the end of their patents when a direct generic product could be released. To combat this price inflation, plans need sound contracting strategies, as well as plan design strategies to drive utilization away from these higher cost brands and to more cost-effective generic medications. Knowing your contracted rates is a good first step in managing price.

Drug mix refers to the types of medications being dispensed under your plan. Typically, we look for the "mix" of brand, generic and specialty medications being utilized by plan participants. Market forces, such as the launch of a new biologic product or the launch of a generic, certainly impact this component of trend. However, good plan strategies, such as effective formulary management, step therapies and prior authorizations also contribute to overall trend. A key metric for most plans is the generic dispensing rate (GDR). This metric measures the percent of a plan's overall prescriptions that were dispensed using a generic medication. In 2016, most plans should strive for a GDR at 85% or greater.

Utilization refers to the quantity of medications being dispensed under your plan. It may also look at where this utilization occurs. Certain market forces, such as an aging population or new drug launches for previously untreated conditions, may push utilization higher for most plans. While not all utilization increases are bad, particularly if used for controlling chronic disease, sound plan management, including quantity limits on frequently misused medications or prior authorization criteria to ensure the right patients have access to medications, is commonly employed by plan sponsors.

The cost for medications, including those paid for under the pharmacy benefit and the medical benefit, now account, on average, for nearly 30 percent of overall health care costs. Benefit plan managers should seek to understand how each component of trend – price, mix and utilization – is contributing to their overall plan costs and implement strategies with trusted partners that maximize value. The team at Employers Health is here to help!

NOW THAT WE'VE COVERED THE COMPONENTS OF TREND AT A MACRO LEVEL, LET'S LOOK SPECIFICALLY AT THE KEYS TO TREND MANAGEMENT FOR PLAN SPONSORS THAT PARTICIPATED IN EMPLOYERS HEALTH'S PBM SOLUTION IN 2015.

> The annual price check conducted by Employers Health with benchmarking from a third-party national pharmacy consultant, resulted in improved contracted discounts, fees and rebates effective Jan. 1, 2015. This same process was used to improve pricing Jan. 1, 2016 and will be used again for Jan. 1, 2017.

> Formulary management, including the use of brand exclusions, drove improved rebates for brand medications, particularly specialty brands. Going forward, however, more aggressive formularies that curtail the use of non-specialty brand medications will be a key component of trend management.

> Clinical management, including sound criteria for hepatitis C medications and restrictive criteria for compound medications and a new class of cholesterol lowering medications (PCSK9 inhibitors), was adopted by most plan sponsors.

> Continued adoption of step therapy and other strategies increased the utilization of lower cost generic medications.

> The annual audit, conducted on 100% of the claims processed under Employers Health's contract by a third-party auditor, ensured that the contracted pricing was applied correctly for each claim.

Our data-driven, patient-centric approach helps you balance specialty costs and care

More than ever, the complexity and cost of specialty therapy demands an advanced approach to managing drug spend and member care. That's why OptumRx® and BriovaRx®, the OptumRx specialty pharmacy, leverage extensive data resources and connection points to create a tailored specialty pharmacy benefit that meets your plan's goals and the health care needs of your members.

A trusted partner in reaching your specialty drug spend goals

To learn more about how OptumRx can help you control your specialty costs, please email Jason Quillin, area vice president, sales, at jason.quillin@optum.com or visit **optum.com/optumrx**.

BriovaCommunity

BriovaLive

From formulary options and utilization management to site-of-care management and condition-specific clinical programs, we offer a wide range of alternatives that help control costs while providing the best possible care for your members.

Unique engagement tools help members achieve better outcomes

In addition to proactive outreach and ongoing monitoring, we offer unique member engagement tools to keep your members actively involved in their complex treatments, including:

- **BriovaLive®** online video consultations, where your members gain a greater understanding of their conditions and medications by interacting in real time with highly trained specialty pharmacists, resulting in increased comfort and adherence to their medication regimens
- **BriovaCommunity™** tailored videos that help your members and their caregivers build a greater understanding of their conditions and treatments by connecting them with expert clinicians and peers with the same conditions

Healthy Organizations Creating Well Workforces

Why well-being programs can't exist in a vacuum

WRITTEN BY: **TRACI BARRY, MS** // *Senior Director, Strategic Health Initiatives*

The link between workforce health and a healthy organizational bottom line has been repeatedly made through research. According to one study, companies with high employee engagement had a 19 percent increase in operating income and nearly a 28 percent growth in earnings per share.

While companies with low levels of engagement saw operating income drop more than 32 percent and earnings per share decline over 11 percent (TowersPerrin, 2008). Results from an in-depth 2013 study of several organizations demonstrated that engaging in a comprehensive effort to promote wellness, reduce the health risks of a workforce and mitigate the complications of chronic illness within populations can produce remarkable impacts on health care costs, productivity and performance (Raymond Fabius, 2013).

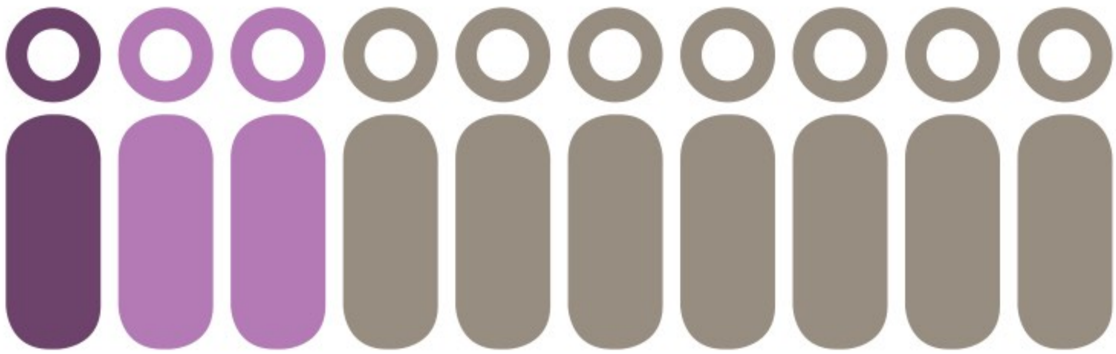
Couple these findings with rising healthcare costs due to increased expenses attributable to specialty drug spend or medical inflation and ACA compliance efforts, it's no surprise that companies are taking a close look at workforce health improvement as a business imperative.

What is often overlooked in these efforts is just how critical it is to go beyond risk factors to the overall levels of engagement throughout all areas of the population. Gallup estimates active disengagement costs the U.S. $450 billion to $550 billion per year. Engaged workers have significantly higher productivity, profitability, customer ratings, less turnover and absenteeism and fewer safety incidents. The fact that only 30 percent of the American workforce is engaged with only 22 percent engaged and thriving, (Gallup, 2013) means organizations have the opportunity to improve business performance through employee engagement with nearly 80 percent of their workforce. Beyond individual risk factors, how does the health of the overall organization impact the wellbeing of the workforce?

According to a 2014 Gallup study, a vast majority of employees see their job as a detriment to their overall well-being. What's causing this may be the failure of employers to view their health improvement efforts outside of the vacuum. Wellness programs alone cannot right the ship as they are not operating without the influence of contributing factors from other areas within the organization.

One of these contributing factors may be the physical environment of the job itself. Often companies will implement wellness initiatives such as a wearable challenge, walking program or take the stairs campaign without noticing the stairwell doors are locked, the stairwells are filthy, there are no paths outside of the building which are safe areas to walk

ONLY 1 IN 10 HAVE THE HIGH TALENT TO EFFECTIVELY MANAGE OTHERS.
ANOTHER 2 IN 10 HAVE FUNCTIONING MANAGERIAL TALENT.



Adapted from Gallup State of American Manager Report

and no inside availability when weather is inclement. When initiative statistics come in and participation is low, we hear, "wellness isn't working". Perhaps by making simple changes such as implementing a central printing station or trash/recycle area which encourages employees to leave their desk several times a day may be one of many ways to ensure the built environment supports versus obstructs employees' paths to health improvement.

Have you ever looked closely at a drinking fountain prior to getting a drink or filling your water bottle only to find mold forming around the spout? Are the water sources in your organization clean, abundant and readily available to all employees? Our bodies consist of about 60 percent water and reductions in this amount can lead to altered body temperature control, reduced motivation and increased fatigue. Reductions in water also make exercise feel much more difficult, both physically and mentally (US Library of Health, NIH, 2010). Promoting increased water consumption is a positive step, but making sure clean water sources are available is even more important to supporting employees to make the healthy choice.

RAND Corporation estimates that by 2020, one-fifth of all health care expenditures will be devoted to treating consequences of obesity (Raymond Fabius, 2013) and yet few vending machines and employee cafeterias offer truly healthy options at an affordable price. Do employees attend meetings only to find pizza is being served for lunch? Implementing policies regarding food served at meetings is an easy step taken to support health. Weight management programs are useful for a portion of the population, but supporting healthy choices throughout the workday through the work environment will make them even more beneficial and successful.

Most organizations have applied considerable attention to offer appropriate benefits for members suffering from serious illnesses. Medical and pharmacy expenses covered for cancers to offer speedy recoveries and successful return to the workplace are one example. Once back on the job though, employees rarely find suitable areas for rest throughout the workday. Privacy rooms can offer respite for employees battling illnesses (Elejalde-Ruiz, March).

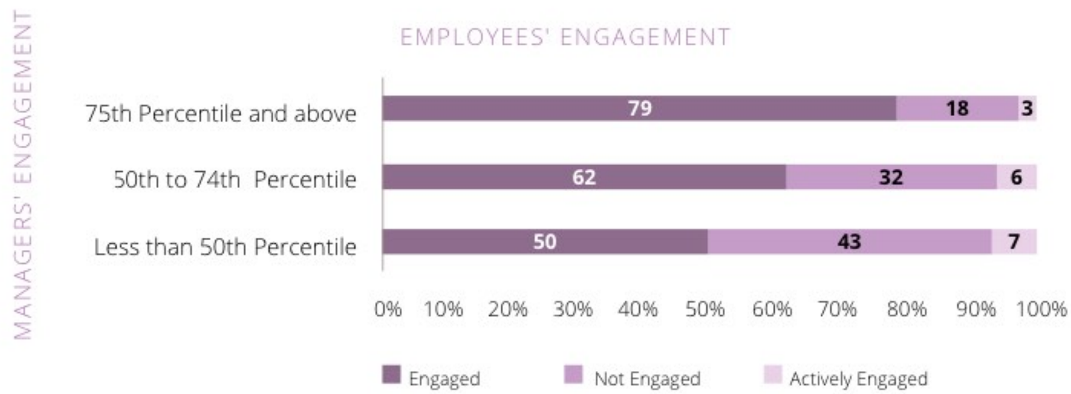
Likely the area of greatest impact to employee engagement is that of their manager or supervisor. So important to workforce well-being in fact, Gallup has conducted considerable research in this area. Their study of 7,272 U.S. adults revealed that one in two had left their job to get away from their manager and improve their overall life at some point in their career. Having a bad manager has a two-fold effect. Employees not only feel miserable while at work, but they take that misery home, increasing their stress and putting their well-being at risk as well as influencing the well-being of their families. (Gallup, 2015)

While the study shows that few managers in their roles actually have the skills and talent to manage effectively, organizations are still promoting them to manage without proper vetting prior, or training once in the role.

Poor managers can negatively impact a team's relationships in the workplace, an individual's perception of their role in the organization and their career path for the future, leading to disengagement. This has a negative impact on the overall work culture which in turn minimizes both individual and organizational performance. The study also determined that a great amount of managers are not engaged. Engagement and enthusiasm for an organization starts at the top and works its way down through the ranks. Managers who work for engaged leaders are 39 percent more likely to be engaged and employees working for those managers are 59 percent more likely to be engaged.

It's easy to see then why wellness initiatives being offered in an environment with disengaged managers and employees may not yield the return desired. If the managers aren't on board and engaged with the concept, their employees won't be either. Considerable resources are being spent each year on health management initiatives in organizations of every size and in every industry, yet there is great debate surrounding their impact. Increased efficacy of these efforts may in fact be found in the health of the organization as a whole. Spend a little time reviewing how "healthy" your company is and if a solid foundation exists to support your health management efforts. Bring those efforts out of the vacuum to improve their chances for successful outcomes.

Employee engagement increases as their manager's engagement increases



Adapted from Gallup State of American Manager Report

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SURVEY SAYS

Employers Continue Efforts to Reduce Health Benefit Costs

WRITTEN BY: **ZACH HOSTETLER, JD** // *Associate Counsel*

The "Cadillac Tax" is a 40 percent excise tax on the cost of employer-sponsored health coverage that exceeded certain cost thresholds. As originally enacted by the Affordable Care Act ("ACA"), the Cadillac Tax was non-deductible and scheduled to begin in 2018. Although the tax was intended to only impact "high-cost" plans, recent studies suggest that even plans with modest actuarial-values will eventually trigger the tax.

Last December, Congress passed and the president signed spending and tax legislation that included a two-year delay to the Cadillac Tax. The legislation also significantly reduced the overall cost burden on employers by making the payment tax deductible. Another benefit of the delay is that the 2020 threshold will likely be increased as a result of the indexing provisions contained in the unamended Cadillac Tax regulations.

To view the complete survey results visit www.thepeec.com.

RECENTLY,

THE PRIVATE EXCHANGE EVALUATION COLLABORATIVE CONDUCTED A SURVEY TO GAUGE EMPLOYERS' REACTIONS TO THE DELAY IN THE CADILLAC TAX. THE KEY FINDINGS ARE SUMMARIZED BELOW:

NEARLY 63% BELIEVE THAT THE TAX WILL ULTIMATELY GET REPEALED.

17% of respondents have either already adopted or plan to adopt a defined contribution plan, while 58 percent have delayed or are unsure whether they will implement this strategy.

MANY EMPLOYERS BELIEVE WELLNESS PROGRAMS ARE ONE OF THE FEW STRATEGIES THAT MAY POTENTIALLY LESSEN EXPOSURE TO THE CADILLAC TAX, 71 PERCENT OF RESPONDENTS HAVE INCREASED OR WILL INCREASE THE USE OF WELLNESS PROGRAMS.

NEARLY 50% OF RESPONDENTS HAVE ALREADY INCREASED OR PLAN TO INCREASE EMPLOYEE COST SHARE.

DESPITE SOME WELLNESS INCENTIVES BEING INCLUDED IN THE COST OF COVERAGE CALCULATIONS FOR PURPOSES OF THE CADILLAC TAX, 52 PERCENT PLAN TO ADD OR EXPAND INCENTIVES.

SURPRISINGLY SEVENTEEN PERCENT OF respondents indicated that they will not consider offering a HDHP among other plans, while 68 percent report that they already offer, or plan to offer, a HDHP.

FEW EMPLOYERS ARE TAKING MORE AGGRESSIVE ACTIONS SUCH AS:	
4%	CAPPING PRE-TAX CONTRIBUTIONS.
2%	PERMITTING EMPLOYEE HDHP CONTRIBUTIONS ONLY ON AN AFTER-TAX BASIS.
16%	CONTRACTING DIRECTLY WITH LOCAL PROVIDERS.
1%	AMENDING HDHPS TO ELIMINATE SALARY REDUCTION CONTRIBUTIONS.

Interestingly, 17 percent of respondents have already reduced benefits in preparation for the tax, while another 17% have postponed this action in light of the tax's delay.

The 2016 election cycle will likely have a significant impact on the future of the Cadillac Tax. Employers Health will provide additional analysis as new developments emerge.

Member Spotlight

Patti Bresnahan

ADMINISTRATIVE HUMAN RESOURCES DIRECTOR,
MERCY MEDICAL CENTER

Founded as Mercy Hospital in 1908 in President William McKinley's former home in Canton, Ohio, Mercy Medical Center, as it's now known, has served northeast Ohio residents for more than 100 years. Today, the hospital offers a dental clinic and residency program, a nationally accredited cancer center and the nation's first accredited chest pain center.

Patti Bresnahan, administrative human resources director, and Mercy employee for more than 30 years, recently filled us in on the challenges and successes of administering HR and benefits for a team of 2,500 hospital employees.

How long have you been the director of HR, and how long have you been at the hospital?

I have been at Mercy in human resources for 30 years and have been director for five years.

Tell us a little bit about Mercy Medical Center.

Mercy Medical Center, a ministry of the Sisters of Charity Health System, operates a 476-bed hospital serving Stark, Carroll, Wayne, Holmes and Tuscarawas Counties and parts of Southeastern Ohio. We have 620 members on our medical staff and employ 2,500 people. Mercy operates outpatient health centers in Alliance, Carroll County, Jackson Township, Lake Township, Louisville, North Canton, Plain Township and Tuscarawas County. A Catholic hospital, Mercy Medical Center upholds the mission and philosophy of the Sisters of Charity of St. Augustine and continues to be responsive to the needs of the community.

As HR director, how do you define success?

Our success is defined by our ability to achieve our mission which is to continue Christ's healing ministry by providing quality, compassionate, accessible and affordable care for the whole person. Our role as the employer is to make sure we provide employees with the resources and support they need to be satisfied and productive in their work. We have a compassionate, caring staff with a strong culture of teamwork and collaboration enabling us to successfully continue our mission every day.

How does the hospital approach health benefits and overall well-being for employees?

Our approach to employee health is similar to our mission as providers of health services. We strive to offer comprehensive health benefits at affordable prices which provide our employees and their families' security about their health and accessibility to quality care. Additionally, we offer programs to support our employee's physical, mental and financial well-being. Employees have access to a fitness center with extensive strength training and cardio areas plus a variety of classes at lunchtime and after work. We offer weight management programs and employee participation events, such as "Walk with a Doc" at lunch time and weight loss challenges. To support mental health, all employees and their families have free access to our in-house employee assistance program. Retirement counseling and financial planning workshops are also available throughout the year to help employees with their financial well-being.

From your perspective, how have health benefits changed and evolved?

Health benefits have evolved from basic medical plans to holistic benefit plans that provide wellness, preventative and lifestyle support. Employers used to include medical coverage as a protection for their employees, now benefit plans are a major player in recruitment, retention and employee satisfaction. Additionally, high health care costs and escalating pharmaceutical costs along with increasing government regulations have made benefit administration very complex.

As a self-insured employer, we no longer have the ability to entirely control and design our own plans. Government regulations requiring certain benefits that must be provided at limited or no cost and offered to groups of employees that may not have been eligible in the past influence decisions about employer benefit offerings. Employers must be accountable for tracking the coverage and the related options offered to employees. This requires additional personnel and sophisticated benefit systems for tracking and reporting. Today, the employer must provide the required benefits, cover costs over the maximum out-of-pocket expenses and still provide a plan that is considered a reasonable cost to the employee.

How has the hospital been innovative in delivering health care benefits?

At Mercy, we have the benefit of not only being a self-insured employer, but also a provider of services. Mercy has its own network of employed physicians, its own retail pharmacy and dental clinic. This allows us to design plans with a top tier benefit option which steers most utilization to Mercy's own services where we can provide quality care with superior discounts and keep employee's expenses down. We also ensure employees are receiving appropriate and cost effective treatment by engaging them in disease and case management programs. Watching data, identifying trends and being alert to high cost issues as soon as possible has helped us keep tight control of our plan while continuing to provide benefits that our employees value.

Besides the plan design itself, communication is of utmost importance. Employees must understand that in a self-insured plan, their utilization of services drives costs and ultimately will affect their financial contributions. Employees need to know how they can make the best choices to control their costs. To accomplish this, we have taken a multi-media approach to communication. We do face-to-face communication during new employee orientation plus one-on-one benefit reviews at hire. Annual benefit fairs are offered and once a month our TPA is onsite to answer questions and educate employees. We also publish a monthly newsletter to keep employees informed about deadlines, changes, and education regarding utilization. Through our online education module, all employees are annually assigned a benefit PowerPoint presentation along with the Summary Plan Description.

Our recent introduction of the Mercy Benefit App has been our most innovative approach. Our team worked with Employers Health to design the app specifically for Mercy's benefit plans. It provides employees 24/7 instant access to all benefit related information including plan details and contact numbers, and real-time updates of latest news, all on their smartphones. Spouses and family members also have access to the benefits app so they can view their benefits info at a moment's notice. The app can help users select, call and map their way to a physician.

As health care administration and compliance becomes more complex, the benefits app has reduced the time our HR team spends responding to questions about plan providers, account numbers and other frequently asked questions, freeing up time for our team to work on more strategic initiatives.

What are your thoughts on the future of employee benefits?

Cost management and compliance will be a factor that may drive some employers to leverage the public exchange. For those companies who will continue to offer benefit plans, employee participation will be essential. Employees have to become smart consumers as employers shift more of the accountability for costs to the users. Employers can no longer just offer benefit plans, but must engage employees to take an active role in their own health and wellness.

What benefits-related advice would you give other organizations/leaders?

First, partner with the right people. It is overwhelming to keep on top of benefit regulations, compile and analyze data, identify trends and be alert of high-cost, high-impact issues in your plan. Develop a good relationship with your vendors and trusted advisors. This will be invaluable in allowing you to maintain a plan that works for your organization both in cost and in value to the employees.

Second, communicate to your staff as frequently as possible. Employee benefits are a significant cost to employers and a top factor in employee satisfaction. Communicate the value of this investment you've made in your staff and arm your employees with the education to be smart users.

> *"As health care administration and compliance becomes more complex, the benefits app has reduced the time our HR team spends responding to questions ..."*

How long have you been engaged with Employers Health?

We've been a member since 1995.

What value do you derive/perceive by being part of an organization like Employers Health?

Employers Health has been a great resource for us over the years, providing educational opportunities for our human resources staff, networking with local companies, access to data and resources to help us make decisions about our plans. The staff at Employers Health supported and helped us work through problems and transitions with vendors as well as provided data to assist in decision making. The purchasing power of Employers Health has allowed us to offer quality benefits at the best-possible prices, plus they have researched products that work best for us. Recently when Employers Health approached us about the Mobile Benefits Solution, we were excited to get on board with this innovative new product that takes communicating benefits to a new level. Employers Health has provided us with expertise and valuable resources we would not have on our own.

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New Drugs + **New Indications** + **Aging Population** + **Annual Inflation** + **Rising Launch Prices**

- **New Drugs**: **200**
- **New Indications**: **138** between 2016-2018[1]
- **Aging Population**: **10K** Americans turn 65 every day until 2030[2]
- **Annual Inflation**: **8.7%** in 2015[3]
- **Rising Launch Prices**: **15.8%** CAGR from 1997-2015[3]

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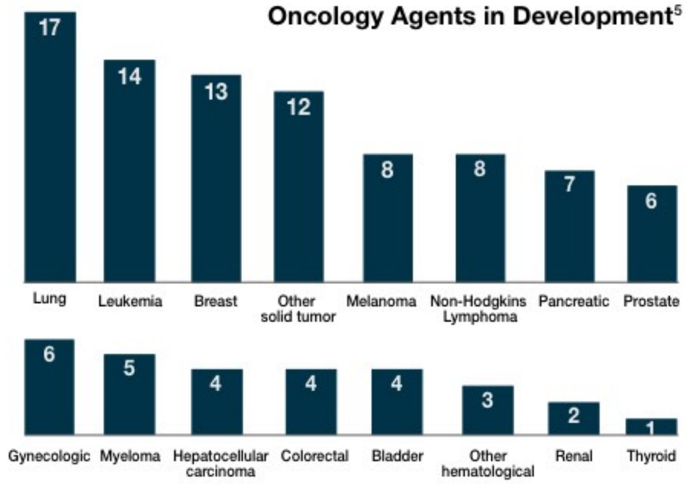
More than **half** for use in oncology

Oncology Agents in Development[5]



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CAGR (Compound Annual Growth Rate). FDA (U.S. Food and Drug Administration).
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