EMPLOYERS HEALTH

A publication of Employers Health Coalition, Inc.
Issue 3 | Fall 2015

EHconnect

Member Spotlight
REA & ASSOCIATES, INC.
Lee Beall

2015 FALL MEDICATION
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Photo Credit: Rea & Associates

CVS Health – Helping People on Their Path to Better Health

As a pharmacy innovation company, CVS Health continually strives to help improve health outcomes and lower plan costs. We are the only company that integrates pharmacy benefits management with a major retail pharmacy chain and specialty pharmacy – coupled with disease management capabilities and the country's most successful retail clinic. At CVS Health, health is everything.

CVS/caremark™: A Smart Choice

Benefit from a collective strategy and group purchasing solutions that save time and money on high-quality pharmacy services and products.

CVS/caremark offers an industry-leading approach:

- Pharmacy benefit management with strong financial results
- Plan design flexibility – no forced programs
- Multiple retail network options, including a broad network of more than 67,000 retail pharmacies
- Dedicated Employers Health account and clinical management team
- Implementation support and planning
- Data analytics and reporting support

As many employers work to find solutions to slow their health care spending, the unique relationship between Employers Health and CVS/caremark is a smart choice to help control the rising cost of health benefits.

18 year
relationship with Employers Health

Approximately
119
plan sponsors in 30 states

650K
lives

900M
discounted spend in 2015 (projected)[1]

83.5%
generic dispensing rate January-July 2015[2]

For More Information

To learn more about how Employers Health and CVS/caremark can benefit your plan, please contact your Employers Health representative.

CVSHealth

CVS/caremark CVS/pharmacy CORAM CVS/specialty infusion services

CVS/specialty CVS/minuteclinic Accordant A CVS Caremark Company

1. Employers Health, January 2015. 2. CVS/caremark Analytic Consulting Services, January-July 2015.

Reference to the broad pharmacy network option reflects an approximate number of participating pharmacies. Actual retail pharmacy network size is dependent on retail pharmacy participation, which can vary from time to time. CVS/caremark does not guarantee the size, composition or ongoing availability of any retail pharmacy network option. Cost averages based on CVS/caremark data. Actual results may vary based on plan design, formulary status, demographic characteristics and other factors. Book of Business GDR performance does not necessarily reflect individual client performance. Client-specific performance will vary based on demographics, utilization, drug mix, benefit design, clinical programs and changes in the marketplace. Based upon these variables, CVS/caremark does not guarantee the estimated projections shown.

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Eric Dublikar, Editor

2015 Meetings **&Events**

Stay ahead with Employers Health and save these dates!

You can always find our events calendar at www.employershealthco.com/events

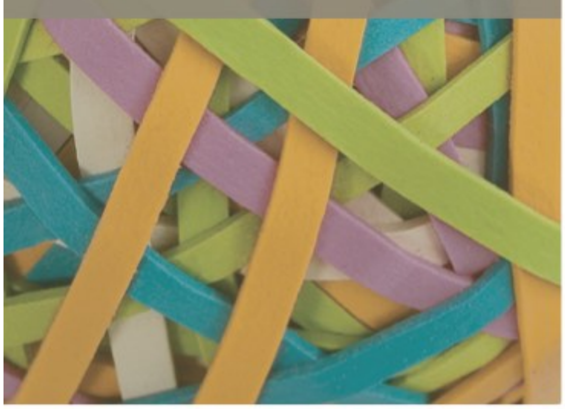
ANNUAL MEETING

DEC 2
Join Employers Health at the Conference Center at Kent State Stark for our Annual Meeting!
Canton, Ohio
8 - 8:30 a.m. Breakfast and registration
8:30 - 10:30 a.m. Program
Register at www.employershealthco.com/events

KEYNOTE SPEAKERS:

Christopher Condeluci, Principal
CC Law & Policy PLLC
Topic: Health Care Reform/Affordable Care Act

Amy Rohling McGee, President
Health Policy Institute of Ohio
Topic: HPIO Health Value Dashboard



NOVEMBER

NOV 4
Cleveland/Akron area Benefits Roundtable (employer members only)
Akron Family Restaurant, 12 - 1:30 p.m.

DECEMBER

DEC 2
Employers Health Annual Meeting
The Conference Center at Kent State Stark, 8 - 10:30 a.m.

DEC 3
Canton area Benefits Roundtable (employer members only)
Table Six Kitchen + Bar, 12 - 1:30 p.m.

DEC 11
Tri-State Workplace Wellness Collaborative
Cooper Creek Event Center, 9 - 11:30 a.m.
Topic: Employer panel - unique strategies for engaging employees in overall benefits

DEC 11
Cincinnati/Dayton area Benefits Roundtable
Cooper Creek Event Center, 12 - 1:30 p.m.
Topic: ACA Updates and Resources

SAVE THE DATES

FOR THE 2016 ANNUAL SYMPOSIA!

Canton, Ohio – May 18, 2016
Cincinnati, Ohio – June 23, 2016

Message from Chris

Greetings from the team at Employers Health! We are pleased to share our 2015 fall edition of *EH Connect*, filled with timely and relevant articles from our staff of subject matter experts.

Within the past several months, there has been significant activity involving announcements of consolidation in the health care marketplace. There were two national moves involving medical carriers: Aetna's announcement to acquire Humana and Anthem's announcement to acquire Cigna. And in the PBM space, OptumRx closed its deal to acquire Catamaran. This will position OptumRx as the third-largest PBM in terms of market share. All of these moves will certainly impact many employers.

This activity brings much uncertainty and many unanswered questions to the delivery of health benefits. Will purchasers receive better pricing or will there be increased costs? Will there be greater efficiencies and better access to high-quality care? Only time will tell.

But one thing is for certain – by working together as a coalition, plan sponsors increase their health benefits knowledge, save time and money delivering their benefits, and have the resources to improve health and productivity within their organizations. Employers Health serves as the counterbalance to the ever-changing and consolidating health care marketplace.

We are committed to growth so our members can reap the rewards. And we've grown our team to better serve your team. We've recently welcomed two new account managers, Jay Withee and Josh Pedrozo, to the Employers Health team. Jay and Josh both bring valuable account management and previous PBM experience. Jay holds a bachelor's degree in business administration from the University of Akron, while Josh obtained a bachelor's degree in communications studies from Grove City College. Jay and Josh are working out of our Canton, Ohio, office.

Additionally, we welcomed Sam Shalala earlier this year as a director of new business development. Sam works out of our Dublin, Ohio, office. Previously, Sam helped lead the New Mexico Coalition for Healthcare Value, a former Robert Wood Johnson Foundation 'Aligning Forces for Quality' grantee. While there, Sam championed health care transformation strategies. Sam earned his MBA in health care administration and bachelor's degree in education in health science studies from Baylor University.

We have more good news related to our staff. Our CFO, Steve Burger, was selected as a nominee for the *Crain's Cleveland Business* CFO of the Year. As a member of the 2015 CFO Class, Steve is invited to an awards and networking reception at the Cleveland Convention Center in late October. Furthermore, Steve will have a profile in *Crain's* special October edition honoring this year's class. Steve's character, work ethic and leadership is second to none, and we congratulate him for this recognition.

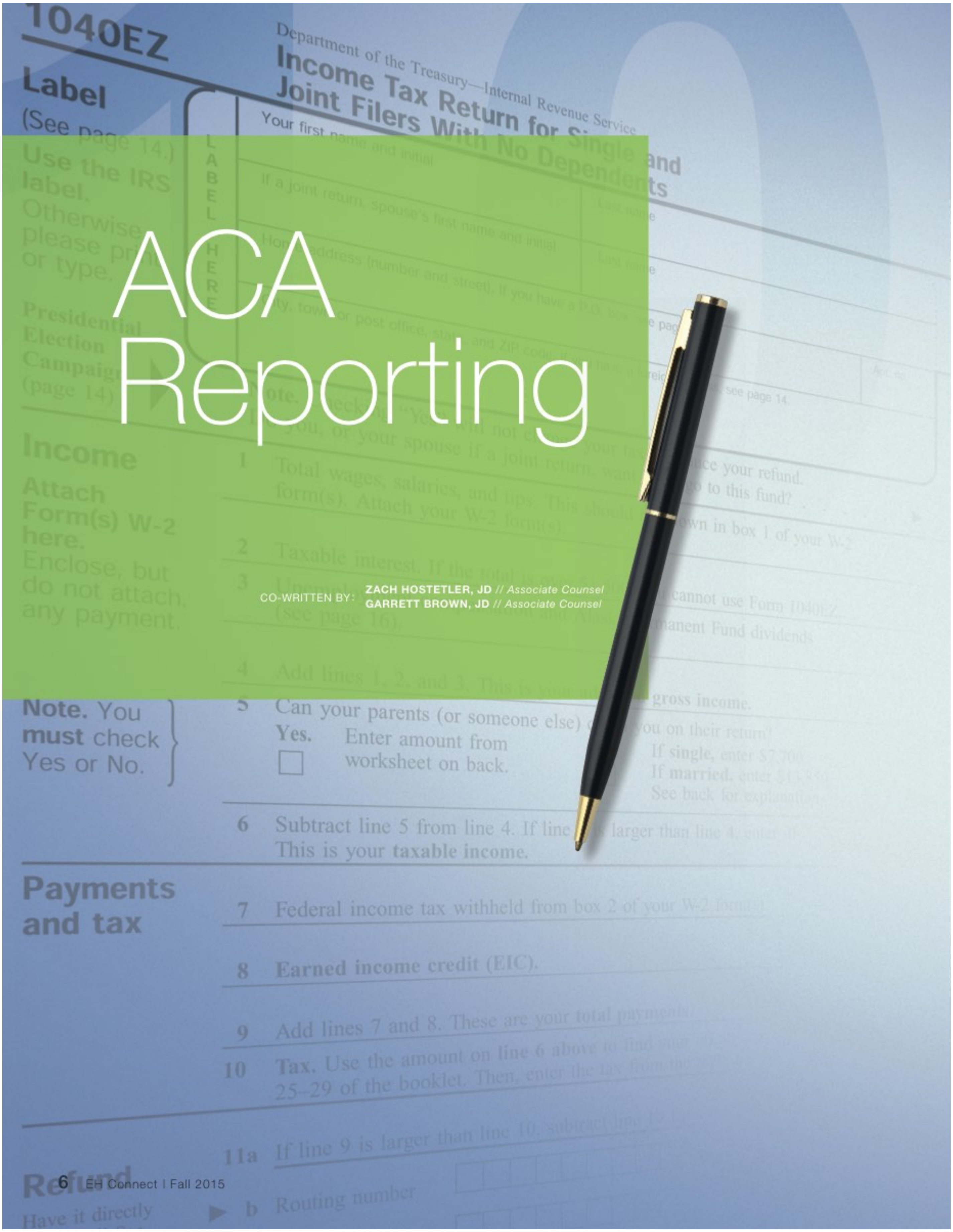
This edition of *EH Connect* contains important information pertaining to our annual market check. The market check benchmarks the Employers Health PBM contract compared to other coalitions and large employer plans in the marketplace. Each year, the market check allows us, on our members' behalves, to renegotiate the PBM contracts, providing members the best pricing possible and greater savings. We encourage you to read and review the annual market check article.

As the health care marketplace evolves, Employers Health will continue to provide the right resources, tools and advice – truly serving as that vital counterbalance for our members.

Christopher V. Goff
CEO & GENERAL COUNSEL

Welcome to our newest members!

Cancer Treatment Centers of America
E.E. Newcomer Enterprises, Inc.
Ethicon US, LLC
Sanofi US
Toledo Firefighters Health Plan



ACA Reporting

CO-WRITTEN BY: **ZACH HOSTETLER, JD** // *Associate Counsel*
GARRETT BROWN, JD // *Associate Counsel*

How are employers managing the new requirements?

In a recent survey completed by Employers Health,

32 percent of employers reported their organizations were unprepared for Sections 6055 and 6056 reporting requirements.

For large, self-insured employers, not only are these requirements burdensome, with an estimated time of 12 minutes to complete each Form 1095-C per employee, these requirements create a significant cost of at least \$1.50 to \$3.00 per employee to complete, distribute and file the appropriate forms. This article will provide a brief summary of why the Affordable Care Act (ACA) requires these forms to be completed, a summary for the forms that exist for this purpose, and employer results from the August 2015 survey.

Among other regulatory aims, the ACA seeks to reform health care by expanding and mandating health care coverage. These goals are affected by the individual mandate and employer mandate. The individual mandate generally requires individuals to maintain minimum essential coverage (MEC). An individual's failure to maintain MEC results in a monetary penalty assessed when the individual files his or her personal federal income tax return. The employer mandate or "employer shared responsibility" provision requires large employers to offer MEC to their full-time employees and also seeks to regulate the quality of coverage offered to employees via affordability and minimum value requirements.

To enforce these requirements, the ACA contains Sections 6055 and 6056. Section 6055 sets forth reporting requirements necessary to enforce the individual mandate and Section 6056 sets forth reporting requirements necessary to enforce the employer mandate. Section 6055 provides the Internal Revenue Service (IRS) and individuals with information concerning their enrollment in MEC in order to document whether they have satisfied the individual mandate for the reporting year. Section 6056 reports to the IRS and individuals regarding an employer's compliance with the employer mandate minimum value and affordability requirements. Additionally, Section 6056 requires that information be captured to identify if an employer is part of a commonly controlled group.

The goals of Sections 6055 and 6056 are accomplished using the following forms that are created and promulgated by the IRS:

1095-A (Public Market Place) – Form 1095-A reports information to the IRS about individuals who enroll in a qualified health plan through the Health Insurance Marketplace. It is furnished to individuals to allow them to request a premium tax credit, to reconcile the credit on their returns with advance payments of the premium tax credit (advance credit payments), and to file an accurate tax return.

1094-B (Carrier or Small [less than 50 FTEs] Self-insured Employer) – Form 1094-B is the transmittal form for Form 1095-B.

1095-B (Carrier or Small Self-insured Employer) – Form 1095-B reports information to the IRS and to taxpayers about individuals who maintain MEC and therefore are not liable for the individual mandate.

1094-C (Applicable Large Employer) – Form 1094-C is the transmittal form for Form 1095-C and reports summary information about the employer.

1095-C (Applicable Large Employer) – Form 1095-C reports coverage to each employee and the IRS. Both "C" Forms are used in determining whether an employer owes a payment under the employer shared responsibility provisions under section 4980H. The IRS uses this form to determine, if appropriate, an employee's eligibility for a premium tax credit. Employers with self-insured coverage also use Part III of Form 1095-C to report information to the IRS and employee about the employee and dependents who have MEC under the employer's plan and therefore are not liable for the individual mandate.

Large, self-insured employers (employers with 50 or more full-time employees) will primarily interact with "C" series forms. As identified above, Form 1094-C serves as a transmittal form to report summary information about the employer and aggregate number of employees covered. Form 1095-C is broken into three parts. Part I is used to provide general information about the employee and employer. Part II is critical to the employer mandate and is used to report information about the offer of coverage, if made, and the cost of coverage. Part III is used for the individual mandate and lists the employee and employee's dependents covered under the plan. Only large, self-insured employers are required to complete all three parts of Form 1095-C.

The IRS estimates that it will take four hours to complete Form 1094-C and 12 minutes to complete each Form 1095-C. Thus, for a company with 500 employees, it will take approximately 100 hours to complete the Forms 1095-C, in addition to the four hours to complete the transmittal form. Employers will want to create and distribute these forms in a timely manner. Providing late or incorrect forms to the IRS or employees can result in significant fines. The fines are as follows:

- **Up to $50 per return, up to $500,000, if filed or corrected within 30 days of the deadline.**
- **Up to $100 per return, up to $1.5 million, if filed or corrected on or before Aug. 1.**
- **Up to $250 per return, up to $3 million, if filed or corrected after Aug. 1.**

The Employer Survey Results

In the face of these new requirements and the burden on employers, especially large, self-insured employers, Employers Health recently completed a survey of its member organizations. Respondents were predominately (98 percent) large, self-insured employers. The survey centered on tracking hours of variable hour employees, preparing Forms 1094 and 1095, and filing and completing Forms 1094 and 1095. To meet these requirements, the results indicate that large employers generally plan to utilize their HRIS, benefits administration systems or a specialized service, while smaller employers plan to utilize their payroll vendors or existing resources.

Nearly 71 percent of respondents have employees whose hours must be tracked to determine if these employees are full time for the purposes of the employer mandate. Of these employers, 53 percent track hours in-house with existing resources such as Microsoft Excel, and 47 percent use specialized software (including enhanced payroll modules, HRIS, benefits admin, etc.).

More than 20 percent of employers are still working to identify a process to *complete* Forms 1094 and 1095. Of those that have identified a process, **83 percent are working with a vendor** to perform this task. Interestingly, 36 percent of employers have yet to identify a process to *file and distribute* Forms 1094 and 1095. As anticipated, this suggests that employers exploring these offerings may need to view creation and distribution/filing as distinct processes and seek clarification of a potential vendor's capacity to distribute and file the appropriate forms. Of the **64 percent of employers that have identified a process to file and distribute Forms 1094 and 1095**, nearly 90 percent plan to do so with the help of a vendor or specialized software. This suggests that in order to meet the electronic filing requirements for employers with 250 or more employees, employers will likely partner with a vendor.

As part of the survey, employers were asked to estimate the cost per employee to meet the hour tracking and reporting requirements. Responses varied, but **employers expect to spend between $1.50 to $3.00 per employee to complete, distribute and file the appropriate forms.** For employers that must purchase enhanced services from a current vendor, implement new vendors or purchase special software to coordinate data feeds or track hours, employers can expect these services to range from $10,000 to $30,000 including implementation and annual fees.

Employers prepared for the reporting requirements must ensure that forms are completed on time and, if using a vendor, must accurately monitor their vendor(s). Employers that have not identified a strategy must understand the importance of complying with these requirements and develop a strategy. Such a strategy should likely leverage existing relationships wherever possible, as many vendors are unable to accommodate new groups this close to the reporting deadlines. For any ACA reporting questions, please contact associate counsels Garrett Brown or Zach Hostetler.

Steve Burger named to *Crain's Cleveland Business* CFO of the Year Class

Crain's Cleveland Business will recognize the 2015 CFO of the Year class at an awards and networking reception at the Global Center for Health Innovation in downtown Cleveland on Oct. 22, 2015. Among the 25 Northeast Ohio CFOs to be recognized is our own Steve Burger. *Crain's*, in partnership with KPMG, honors Northeast Ohio's top fiscal officers for outstanding financial leadership, asset management and strategic vision. Steve will join CFOs from member companies Timken and TimkenSteel as part of this year's class. For those of you who subscribe to *Crain's*, look for the Oct. 19 special section honoring this year's class. From your colleagues and the board of directors, congratulations, Steve!

Education and Networking Aplenty in 2015

2015 Annual Symposia

The 2015 Annual Symposia in Canton and Cincinnati welcomed more than 300 attendees this past May and June. Titled *Innovations in Employee Benefits*, the symposia was held as a daylong conference in Canton and a half-day conference in Cincinnati. Primary topics at both included corporate wellness related to obesity management and ACA regulations.

Introducing a new format to Canton's Symposium, attendees were given choices to attend different breakout sessions in the afternoon. This format gave employers several learning options, including topics such as stop-loss strategies and PBM industry trends.

"We received very positive feedback from attendees about the breakout sessions in Canton," said Mike Stull, chief marketing officer for Employers Health. "Some employers brought multiple team members so they could attend each of the breakout sessions, which helped those teams maximize their value of coming to the conference."

Former Disney Executive Rouses Audience at Canton Symposium

The Canton symposium welcomed former Disney executive John Formica, who exuded an energy uncommon to most professional conferences. Presenting "Making Leadership Magical," Formica challenged the audience to think about their organization's purpose. According to Formica, Disney's purpose is to make people happy. That morning, Formica made one attendee very happy, giving away two free tickets to Walt Disney World.

Sparking Motivation for Employers

At the Cincinnati Symposium, Chris "Sparkguy" Downie shared his path to founding SparkPeople, which is a free, comprehensive lifestyle program that targets individuals interested in following a thorough weight-loss, fitness or nutrition-tracking program.

Based in Cincinnati, Ohio, SparkPeople also provides online support, motivation and challenges offered through Spark Teams. From weight loss to general health improvement, the programs teach people from all walks of life how to create and stick with healthy habits.

To create some healthy competition on a national scale, SparkAmerica.com was established in 2012. It's easy to join a team and leaderboards are updated in real time to tally teams' SparkPoints. Leaderboard categories include groups such as cities, football teams, careers & professions, and even large employers. Disney, Amazon and Apple have their own SparkAmerica teams encouraging employees, friends and family to stay motivated. It takes 60 seconds for the daily check-in, and with a free mobile app and ability to sync with most fitness activity trackers (i.e. FitBit or RunKeeper), it's quick and easy to stay competitive and track progress.

For employers, it can be simple (and free) to add this as a new component to a wellness program. SparkPeople will even help you create a corporate wellness program that is personalized for your company.

Visit www.sparkpeople.com/employeehealth for more information.

SparkPeople.com At-A-Glance

15.5 million registered members

8,000 new members each day

72.9 million page views per month (Google Analytics, Jan. 2014)

68 percent female, 32 percent male. 78 percent college educated.
(comScore Plan Metrix, 01/14, Adults 18+)

The Employer Private Exchange Summit

In June 2015, the Private Exchange Evaluation Collaborative (PEEC) hosted a private exchange summit for employers to learn about the ever-changing and evolving private exchange marketplace. With more than 80 attendees on hand, the Summit provided employers a unique understanding of critical features, challenges and opportunities with private exchanges. Panels and speakers included industry experts, vendors and early private exchange adopters, including three notable employers – Panera, White Castle and Imasen Bucyrus Technology.

"Even if an employer wasn't considering a private exchange strategy, this program delivered excellent health benefits education for any benefits professional," said Chris Goff, Employers Health CEO and general counsel.

Employers Health is a founding member of PEEC, which is the first independent, objective initiative designed to support employers in developing private exchange strategies and evaluating potential choices among exchange vendors. For more information on PEEC, visit www.thepeec.com.

Take Advantage of our Regional Benefit Roundtables

As a complement to formal educational events, employer members can attend informal benefits roundtable meetings in five regions:

Each benefits roundtable meeting provides an open forum that encourages dialogue, peer interaction and sharing of HR/benefit best practices. With busy schedules, these meetings are easy to miss or overlook. You can find all of our benefits roundtable dates on our website's event page – www.employershealthco.com/events.
Mark your calendars now!

2015 Fall Medication App

Written By: **MATTHEW HARMAN, PharmD, MPH,** *// Director, Clinical Pharmacy Strategies*

Employers Health is pleased to provide this seasonal medication update! The goal of this piece is to inform our members about the latest pharmaceutical industry news relevant to employers while providing analyses and strategies to best manage these trends. Please send any questions or comments to our clinical pharmacist, Matthew Harman, at mharman@employershealthco.com.

First PCSK9 Inhibitors for High Cholesterol Approved

Two of three highly anticipated PCSK9 inhibitors were launched this summer for the treatment of certain types of hypercholesterolemia for patients at high risk of cardiovascular events. The PCSK9 inhibitors – Praluent (alirocumab) and Repatha (evolocumab) – are approved in combination with diet and a maximally tolerated statin as a result of a 45-60 percent reduction in LDL-cholesterol (LDL-C) observed in clinical trials. Thus, plan sponsors may expect to **cover an estimated four members per 1,000 commercially insured lives** with proper utilization management strategies (step therapy, days' supply limits, etc.) in place.

Due to efficacy and safety similarities in both PCSK9 inhibitors, PBMs will implement individual exclusion strategies by selecting either Praluent or Repatha, which will drive better pricing terms. Employers that have their proposed options clinically reviewed will be in the best position to manage the PCSK9 inhibitors' impact on trend, which can range from $3-$12 PMPM based on the Employers Health PCSK9 inhibitors modeling tool for our purchasing members.

The third PCSK9 inhibitor, yet to be named by Pfizer, will hit the market in 2016. Expect broader use of PCSK9 inhibitors if the future studies show positive cardiovascular outcomes in 2017-2018. Perhaps more important than efficacy, the unknown long-term impact on safety by reducing LDL-C must be determined before expanding the use to anyone with high cholesterol. It is for this reason that plan sponsors, even those that typically take a hands-off approach to drug management, have utilization controls to reflect the approved indication in order to protect their employees from off-label usage.

One final note: the package inserts for PCSK9 inhibitors recommend testing LDL-C at four to eight weeks to determine effectiveness of the self-injectable medications. Depending on the LDL-C level after initiating treatment, the patient may be better off discontinuing therapy or switched to the higher dose. This provides an opportunity to have proper protocols in the plan to reduce waste, and thereby unnecessary costs, for the $1,000 per month self-injectable pens. These protocols can take the form of days' supply limitations and/or increasing the frequency of prior authorization review.

Female Libido Drug Raises Questions about Benefits versus Risks

Third time's a charm for a drug known as Addyi (flibanserin). It's the first approved medication from the Food and Drug Administration (FDA) for the sudden and unexplained loss of libido for premenopausal women. The "pink pill" is making headlines and sparking controversy over its questionable efficacy, concerning side effects, and serious interactions with alcohol and hormonal contraceptives.

If the real world results are anything like the clinical trials, formulary decision makers should have great pause when you consider only about 8-13 percent of women, on average,

roval and Strategy Update

experienced 0.5 more "sexually satisfying events" per month compared to a placebo, while 8 percent more women had a moderate to severe adverse drug reaction on Addyi.

Since the drug works a certain way on brain neurotransmitters, Addyi needs to be taken nightly for two to four weeks to see an effect. Additionally, the data show only one in 10 women perceive a benefit from this medication.

The FDA had rejected the medication twice before (in 2010 and 2013) due to the concerns, but as a result of a powerful marketing and advocacy campaign by the drug manufacturer and women's groups, Addyi was approved even though no new beneficial evidence was presented. To maneuver these issues, the FDA approved the medication for daily use at bedtime and requires prescribers to undergo specially certified training to ensure women will permanently abstain from alcohol while on Addyi. Still, the potential for off-label use is there.

Since this is a lifestyle drug, plan sponsors should expect it to have parity coverage to erectile dysfunction (ED). Thus, if you cover ED drugs, then Addyi will likely be covered, and vice versa. If possible, Employers Health recommends not covering this medication due to the lack of efficacy and questionable safety, which can be exacerbated with the use of alcohol and birth control. For those that must cover Addyi, limiting the initial approved quantity to eight weeks then evaluating for symptom improvement is a sound utilization strategy.

Because this drug exclusively affects women, plan sponsors should be cognizant of sex discrimination implications. A full article discussing this dynamic can be found on our website under Staff Articles.

New Cystic Fibrosis Drug May Quadruple Treatable Population

More than 30,000 Americans live with cystic fibrosis (CF), which is a rare, life-threatening genetic disorder characterized by a buildup of thick mucus in the lungs, pancreas and other organs. Within CF, multitudes of genetic variations comprise the illness, and the latest specialty drug now can treat roughly 8,500 CF patients ages 12 and older, compared to past CF drugs that could only treat approximately 2,000 patients.

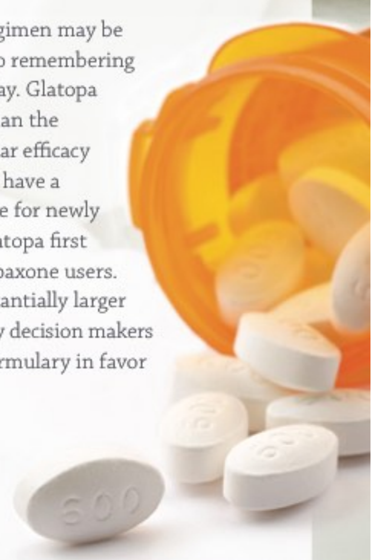
Costs for CF treatments are approximately $240,000 per year. Employers Health purchasing members are monitored on a weekly basis for high-cost medications, such as Orkambi (lumacaftor/ivacaftor), to provide a real-time awareness about pharmacy claims for budgeting purposes.

First Generic Version of Copaxone Launched

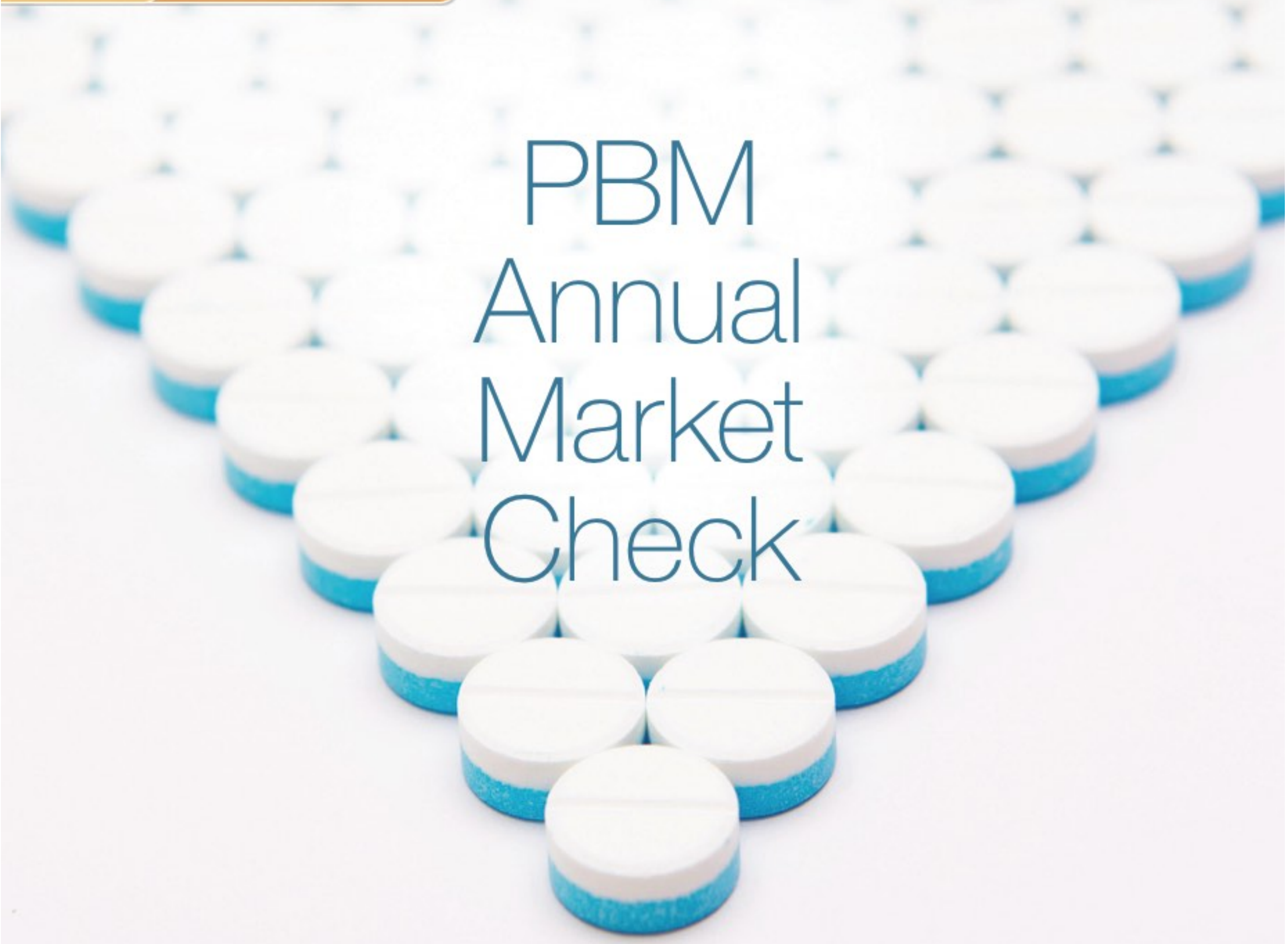
Copaxone (glatiramer acetate), the brand name drug for Multiple Sclerosis (MS), now has a generic substitute known as Glatopa. As an attempt to minimize the market share losses to Glatopa (glatiramer acetate), the Copaxone manufacturer has created a 40 milligram version that is injected every other day, as opposed to 20 milligrams of Glatopa each day.

Currently, the Copaxone manufacturer was able to get approximately 60 percent of patients on the every-other-day formulation. This being the case, it might be disruptive to patients if they switch back to daily administration with Glatopa.

However, adherence to a daily regimen may be higher for patients, as opposed to remembering to inject Copaxone every other day. Glatopa currently costs 25 percent less than the Copaxone 20 milligram with similar efficacy and safety. Plan sponsors should have a basic step therapy criteria in place for newly prescribed MS patients to try Glatopa first while grandfathering current Copaxone users. If the cost difference grows substantially larger than 25 percent, expect formulary decision makers to exclude Copaxone from the formulary in favor of universal Glatopa usage.



PBM Annual Market Check



Member organizations that participate in an Employers Health PBM program enjoy an uncommon feature known as an annual "Market Check." What is the Market Check and what role does it play in delivering value to plan sponsors?

WRITTEN BY: **DAVID ULDRICKS, JD, LL.M.** // *Vice President, Legal and Corporate Planning*

Customary PBM Contracts

The pharmaceutical marketplace is dynamic. However, most agreements between PBMs and pharmacy benefit plan sponsors are not.

The pricing incorporated into a PBM agreement is based on a risk-adjusted projection of the discount levels the PBM believes it can achieve over the contract term. In other words, the pricing is based on the discounts the PBM thinks it can get. And, in general, direct agreements between PBMs and pharmacy benefit plan sponsors have a minimum three-year term, and the pricing is established before the term begins.

Groups currently participating in the last year of a three-year PBM agreement more than likely negotiated pricing terms in 2012. A lot has happened since then. PBM consolidation, exclusionary formulary strategies, increasing specialty utilization, changing brand drug pricing strategies, AWP inflation, and stabilizing generic dispensing rates are some of the market dynamics that have had an impact on pharmacy benefit costs over the past several years. PBM deals struck in 2012 may or may not have appropriately captured the financial impact of these market dynamics.

Multiyear PBM arrangements reduce administrative burden, but they often fail to consider emerging market dynamics over the course of the contract. As a result, the pricing in multiyear PBM arrangements often grows stale in the second or third contract year. Employers Health avoids this problem by engaging in an uncommon annual process known as a Market Check. Through this process, and pursuant to agreement with its PBM suppliers, Employers Health annually renegotiates the pricing available to groups participating in Employers Health PBM programs.

Saving Time and Money through the Employers Health Annual Market Check

The Employers Health Market Check process is conducted in a manner that, to the extent possible, simulates a full PBM vendor selection process. At the end of each calendar year, Employers Health compares its pricing with 10 or more comparable PBM programs administered by multiple PBMs, then analyzes the results. This competitive analysis and the leverage that comes from nearly $1 billion in annual drug spend enables Employers Health to adjust the pricing terms offered to its participating groups in a manner that capitalizes on market dynamics.

The table below shows the year-over-year pricing improvements (as a percent of total drug spend) Employers Health has been able to secure for its participating groups through the Market Check process.

YEAR	SAVINGS (%)
2012	3.72%
2013	12.59%
2014	1.92%
2015	5.31%
2016	7.27%

With the Market Check improvements for 2016, Employers Health's PBM program pricing for 2016 is projected to be between 3 percent and 16 percent more competitive than the market, depending upon group size. Without annual Market Check improvements, Employers Health's PBM program pricing would still be competitive, but not nearly as competitive as it is with the Market Check improvements.

Conducting an annual Market Check is a critical process that must be executed to maintain the most competitive pricing possible. But most pharmacy benefit plan sponsors lack the time, staff or leverage to evaluate their PBM program on an annual basis. That is why Employers Health and its expert staff do the work necessary to ensure that the PBM pricing afforded to its members never grows stale and is always among the most competitive in the market.

InSight Advance

Cultures of Health and Engagement – *Small Steps, Big Rewards*

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

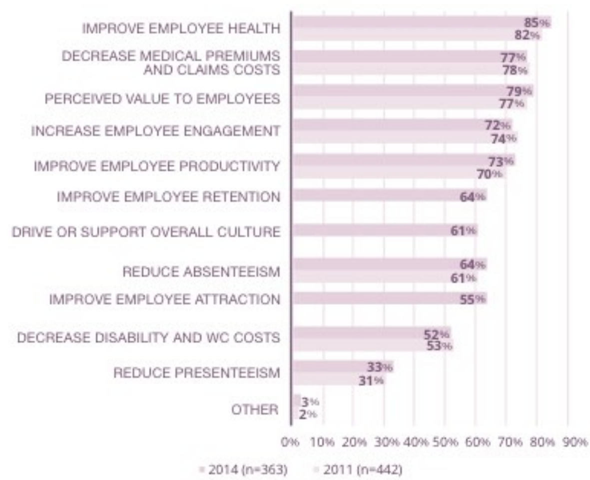
Organizations commit millions of dollars each year to designing the optimal compensation and benefits packages for their workforces. They spend considerable resources providing perks to attract and retain high-performing employees in their marketplaces. Top talent is hired to lead the charge, forming strong human resource and benefit teams. Yet, organizational goals can fall short if the company culture fails to engage employees and provide an environment where they can thrive and want to come to work. How important is it to build cultures of well-being and engagement, and what might that look like? The topics of workplace culture, well-being and engagement are forefront in the minds of employers. According to the 2015 Integrated Benefits Institute (IBI) member survey (Integrated Benefits Institute, 2015), four out of five of the most important health and productivity management issues are related to workforce health and well-being. The figures below reflect the percentage of employers who indicated these categories as "very important."

- workplace culture of health – 44 percent
- employee health engagement – 44 percent
- wellness and health promotion programs – 38 percent
- well-being – 38 percent

This sentiment is echoed in other industry surveys of national employers as well. The 2015 WorldatWork study finds 96 percent of organizations support well-being initiatives, with 74 percent of organizations planning to increase their well-being offerings in the next two years. According to the study, employers' top objectives are improving workforce health, impacting health-care costs, increasing productivity and driving overall culture (WorldatWork and Healthmine, 2015).

Why Well-Being?

What are the reasons for offering well-being programs/initiatives to your employees?



Any one of these objectives or a combination of several may motivate companies to make changes; but regardless of the reason, focus on company culture can take many forms. Many organizations have a solid foundation on which to build, such as firm leadership commitment, a comprehensive and robust benefits package or generous employee flexibility. From a solid foundation, organizations can begin to develop a clear vision of what they want their culture to reflect, how it should support the needs of their workforce, and what bottom line goals they want to achieve.

The journey to a culture of health and productivity can have many steps (big or small) along the way. That's why one Employers Health member, TimkenSteel, branded their well-being initiative as "STEPS – It's Your Journey."

"Since our company became its own entity just over a year ago, we knew we wanted to take a different approach toward a wellness program," said Tara Sidel, senior manager of benefits strategy and administration at TimkenSteel. "We want our culture to reflect what we provide our customers – innovation and possibility. Our company motto is 'YES. IT'S POSSIBLE.' And we're building a culture at TimkenSteel where employees know positive overall well-being is possible no matter where they are on their journey."

The well-known research firm Gallup has demonstrated in its well-being research that companies with engaged workers have significantly higher productivity, profitability, customer ratings, less turnover and absenteeism, and fewer safety incidents (Gallup, 2013) – all critical to organizational success.

Well-Being Linked to Job Performance

Healthways, 2011

With more than 1,000 national employers surveyed, the Families and Work Institute determined that effective employers recognize employees' personal and professional lives are both sources of strength and challenges that can affect work outcomes. According to the authors of the study, by creating effective workplaces where processes and infrastructures address stressors and enhance employee performance and well-being, employers will be able to continuously reinvent their workplaces so that their people and their organizations can thrive (K. Matos, 2014).

The benefits of cultures of well-being can be realized in many ways as the moving parts come cohesively together. Those companies with stronger-than-average cultures marked by strong leadership, company reputation, focus on performance and employee engagement drive higher overall engagement, revenue growth, productivity and shareholder value. (AonHewitt, 2014).

Category	n	Extremely negative or negative effect	No effect or neutral	Extremely positive or positive effect
Employee satisfaction	102	1%	25%	75%
Biometric screening	56	2%	25%	73%
Employee engagement	75	0%	28%	72%
Productivity	21	0%	29%	71%
Health care costs	123	2%	33%	66%
Absenteeism rates	54	0%	37%	63%
Employee stress	14	7%	36%	57%
Disability costs	53	2%	45%	53%
Turnover rates	46	4%	52%	44%

WorldatWork and Healthmine, 2015

It doesn't all have to happen at once. Building a successful culture takes time, commitment and a well-prepared plan. In creating your road map, begin with the end in mind, set forth well-defined targets and identify the paths you must create to achieve them. You can't change what you don't measure, so be sure data is integrated and metrics are aligned with the overarching organizational objectives. Don't let the lofty goals prevent you from beginning your journey. Take inventory of what is already working, then build upon those successes to further enhance the culture of your organization today.

Contact Employers Health to help prepare the road map for identifying and capturing success metrics as you work to build a successful culture of engagement in your organization.

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Key Takeaways from Private Exchange Summit

EMPLOYERS REACT AND RESPOND TO PRIVATE EXCHANGE CONCEPTS AND STRATEGIES

The concept of private health insurance exchanges is still very new to employers. Even the definition of a private exchange can vary. But at its core, a private exchange is a technology platform developed to deliver health benefits.

In June 2015, the Private Exchange Evaluation Collaborative (PEEC) hosted a private exchange summit for employers to learn about the ever-changing and evolving private exchange marketplace. The summit provided employers a unique understanding of critical features, challenges and opportunities with private exchanges. Panels and speakers included industry experts, such as Barbara Gniewek from PwC, vendors, and early employer adopters. Additionally, the day ended with employer-only roundtables, in which attendees were able to share information and experiences with peers, as well as ask one another questions regarding private exchange adoption, selection and implementation.

So what did employer attendees think of the summit, and what are their thoughts about private exchanges moving forward?

"Private exchanges appear to be a sustainable solution for plan sponsors and should be factored into strategic plans. However, the solutions are still evolving. At the same time, I have not observed clear evidence that they will 'bend the curve' or fit into a population health/well-being approach, especially for active employee populations. The Summit provided balanced perspectives – from employers to insurers to private exchange vendors."

- Eric Murray, Vice President, Total Rewards, TimkenSteel

"The PEEC Conference was a good forum for us to network with others and to discuss and learn about the dramatically changing landscape of Private Exchanges. The Employer Roundtable was very helpful for us to learn about other employers' experiences with implementations of exchanges with various vendors. It will be exciting to see what changes continue to evolve over the next few years."

- Lisa Igel, wellness program manager, and Gary Gibeaut, benefits analyst, Huntington Bancshares Incorporated

"As an attorney that practices in the area of insurance regulation and compliance, the private exchange summit helped me to understand how private exchanges are spreading in the market. The summit also provided great information about the practical, legal and compliance issues that are involved in the private exchange model, which will help me help my clients. I came away from the summit thinking how lucky we are that Employers Health is providing seminar content that you can usually only find at national conferences, right here in Columbus, Ohio."

- Doug Anderson, Member, Bailey Cavalieri, LLC

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Member Spotlight

Lee Beall

CPA, CEO AND PRINCIPAL, REA & ASSOCIATES, INC.

Becoming an Employers Health member in May 2015, and recently named the 96th largest CPA firm in the U.S. by Inside Public Accounting, Rea & Associates, Inc. was founded in 1938 in the small town of New Philadelphia, Ohio. Over its history, select mergers with several independent CPA firms have allowed Rea, according to CEO Lee Beall, to become "one firm," with 11 office locations throughout Ohio.

Stepping into the CEO role in 2009, Lee immediately had to deal with the impact of the great recession, as Rea and its clients reacted and responded to the crisis, while refocusing its strategies to survive. But Lee and his team never lost sight of the "Rea Way," which are the values and culture the original founders of the firm established.

With the firm's cornerstones being People, Clients, Growth and Firm, it's no surprise Rea & Associates places a high importance on employee health and well-being.

As CEO, how do you define success at your company?

Fulfillment of our strategic plan - *The Rea Advantage* - to create famous people who are moving our firm from a good firm to a great firm.

How does your company approach health benefits and overall well-being for your employees?

Rea strives to be the employer of choice in our markets by providing compensation, health care and retirement programs that place us in the upper tier of employers we compete with for talent. Professional service firms are only as good as their talent. Outstanding benefit and retirement programs are essential to attract talent and allow our people to focus on our clients' needs knowing they have a culture committed to their well-being.

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

We moved to a self-insured health plan many years ago to provide more focused benefits to meet the needs of our people, create a higher awareness of wellness and manage costs more effectively. The advancement of medical technology has brought cost challenges not only in diagnosing, but managing and curing illnesses previously not manageable or curable.

"We eliminated blaming insurance for the accelerated costs by taking more responsibility for our health plan."

How has your organization been innovative in delivering health care benefits?

Eleven locations present a challenge to create efficiencies and a more direct health intervention. Our self-insured plan provides a consistent platform for our people to work with managing health issues.

What are your thoughts on the future of employee benefits?

Talent will continue to be the No. 1 challenge for our firm, our industry and our client employers. We must continue to be an employer of choice to attract talent while we work with our highly educated workforce to maintain better health. Companies have become impatient with our federal political leadership and have taken more control of wellness and health care delivery.

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

Find a provider that is as committed to your company and the well-being of your team as you are to your customers.

How long have you been engaged with Employers Health?

"Just this year, we moved to the Employers Health PBM program. The conversion process was nearly seamless and resulted in prescription drug savings in the first year that offset much of our other health plan cost increases."

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

The conversion process was nearly flawless – I did not receive a single employee complaint! The company we keep tells our clients who we are, and the company Employers Health keeps tells us who they are. We are pleased to be engaged with so many great organizations.

EMPLOYERS HEALTH®
4143 Fulton Drive NW, Canton, OH 44718

ANNUAL MEETING

DEC 2

Join Employers Health at the Conference Center at Kent State Stark for our Annual Meeting!
Canton, Ohio
8 - 8:30 a.m. Breakfast and registration
8:30 - 10:30 a.m. Program
Register at www.employershealthco.com/events

KEYNOTE SPEAKERS:

Christopher Condeluci, Principal
CC Law & Policy PLLC
Topic: Health Care Reform/Affordable Care Act

Amy Rohling McGee, President
Health Policy Institute of Ohio
Topic: HPIO Health Value Dashboard

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Employers Health is a national coalition of employers passionately committed to providing resources, tools and advice that help plan sponsors provide access to high-quality health care benefits at a sustainable cost.