



HEALTH BENEFITS NATION

Healthcare Heroes: How HR Can Transform into Healthcare Changemakers

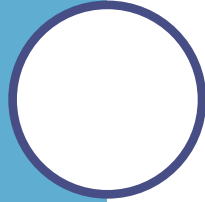
SEPTEMBER 2023



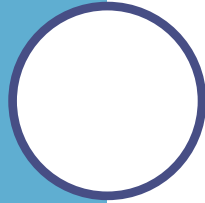


Stephanie M. Koch
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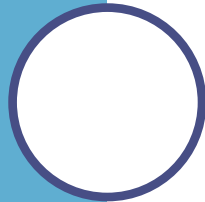
Director of Human Resources
Hendry Marine Industries



25+ years as a Human Resources practitioner



Transformed the health plans of both **DOW Technologies & Hendry Marine** by moving them to **self-funded** and implementing **cost containment solutions** like RBP and transparent PBM



10+ years in the self-insured space



ABOUT HENDRY MARINE

- Located on **50 acres** within the Port of Tampa, Hendry Marine is the largest turnkey shipyard on the Gulf Coast
- **300** full-time employees
- **180** employees on the healthcare plan
- **300** total covered lives
- **60%** of our workforce is enrolled in our healthcare benefits
- **75%** of the healthcare benefit premium covered by the company



Our Healthcare System is Broken

EMPLOYERS

55%

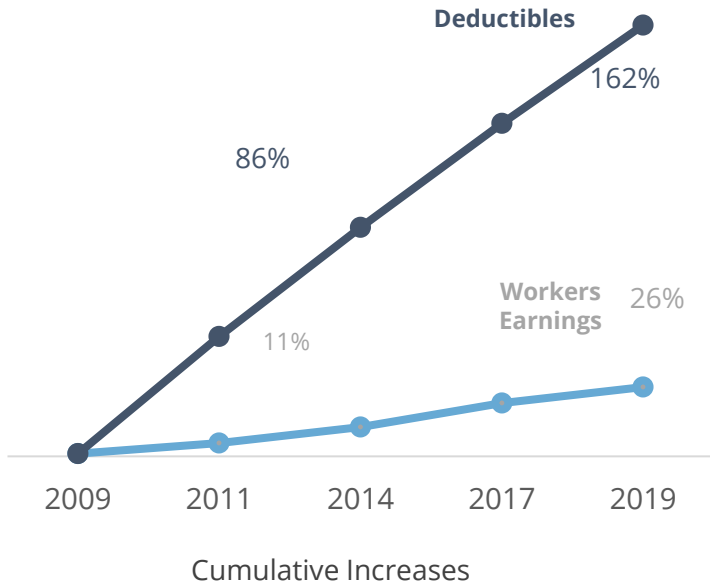
increase in costs
for family coverage since 2008

>\$22K

Annual health plan cost
per employee

A WIDENING GAP

Costs are growing
6X FASTER than wages



FAMILIES

1/3

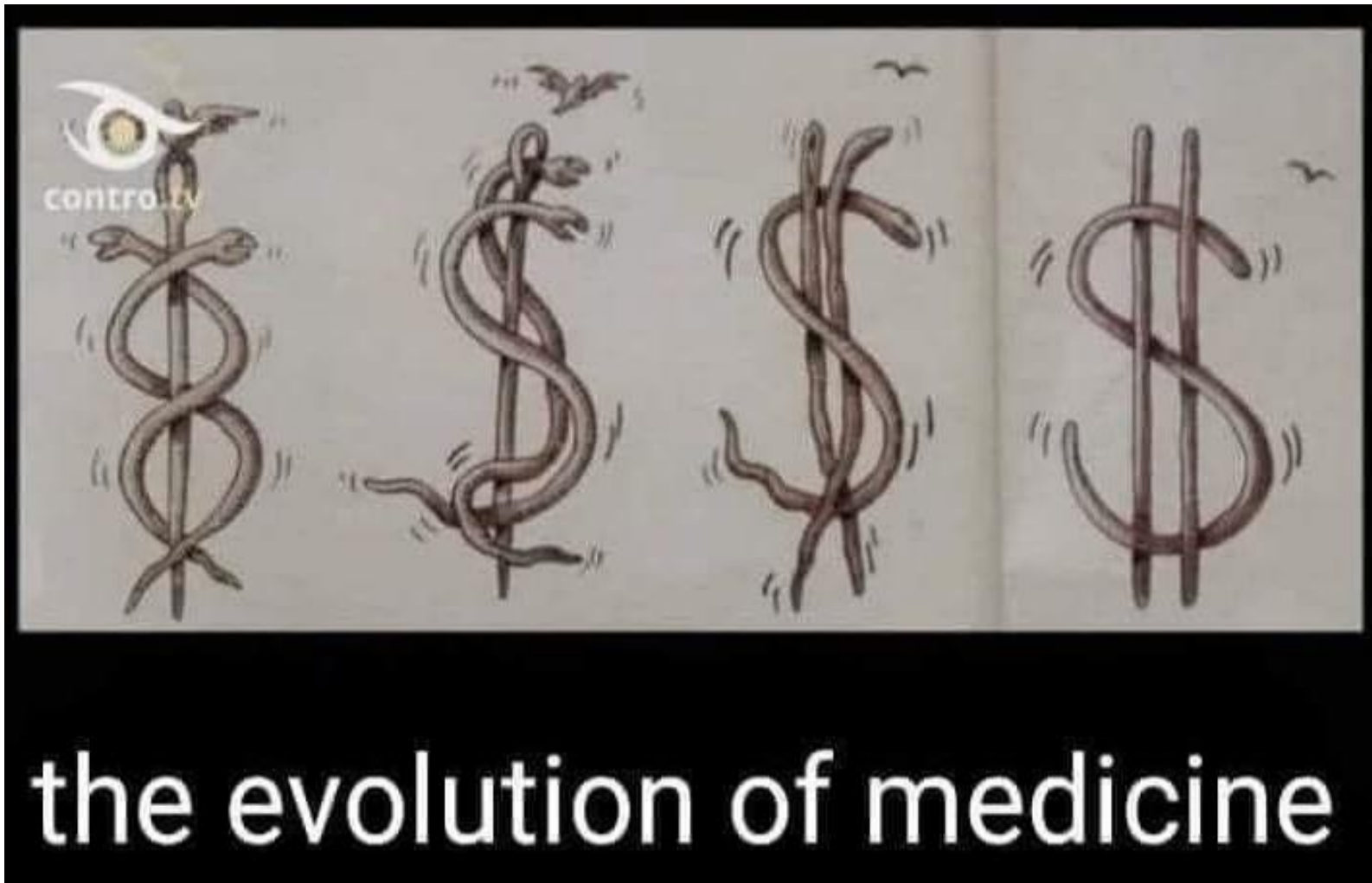
of privately insured
Americans are hit with
surprise medical bills¹

44%

of privately insured patients
skip or delay medical care
because they can't afford it

Sources: Kaiser (2021), CNBC, Transunion (2018), DOL statistics

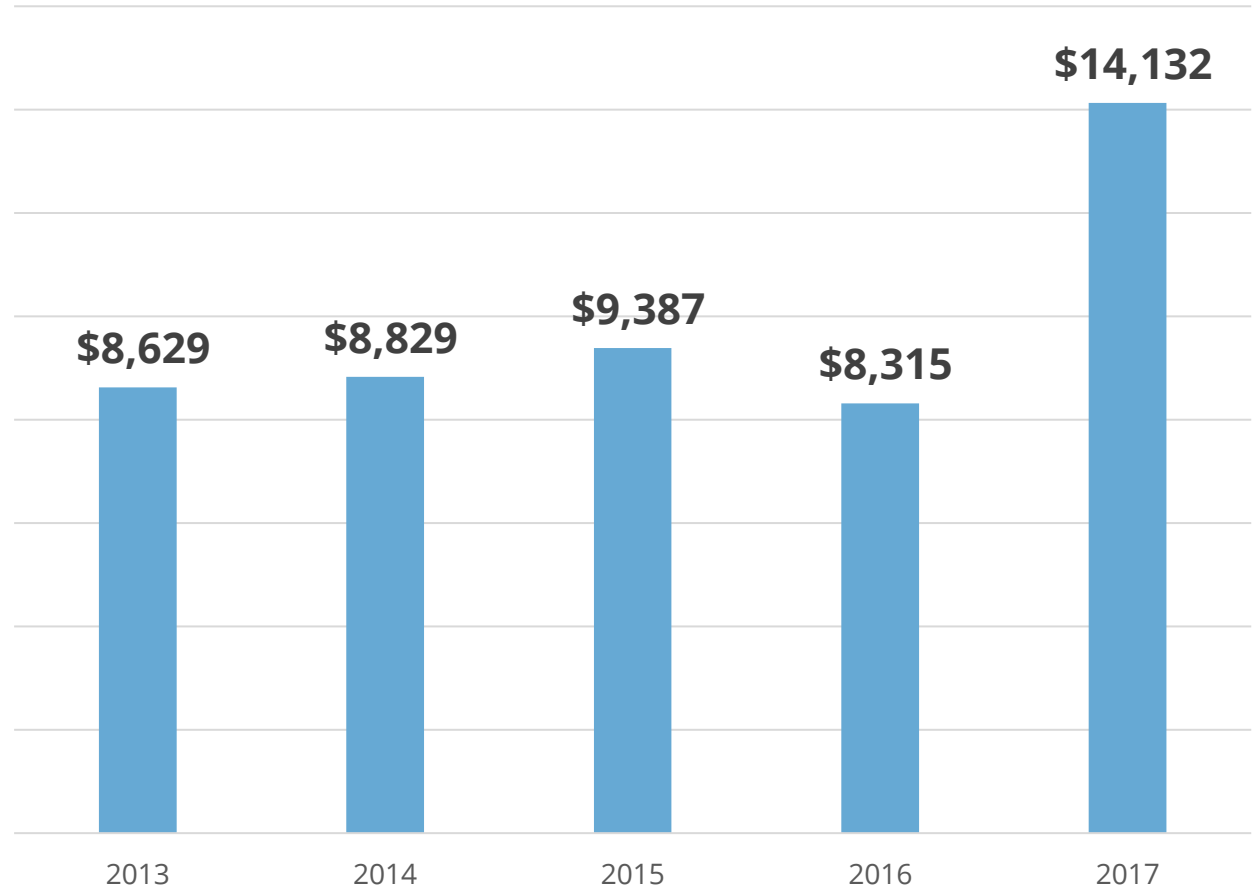
1: Consumer Reports, 2015



Hendry Marine's Healthcare Cost Challenges

- Hendry was fully-funded and experiencing **increases year-after-year**
- Plan design and benefits suffered
- Employees were paying more but getting less
- Sound familiar?

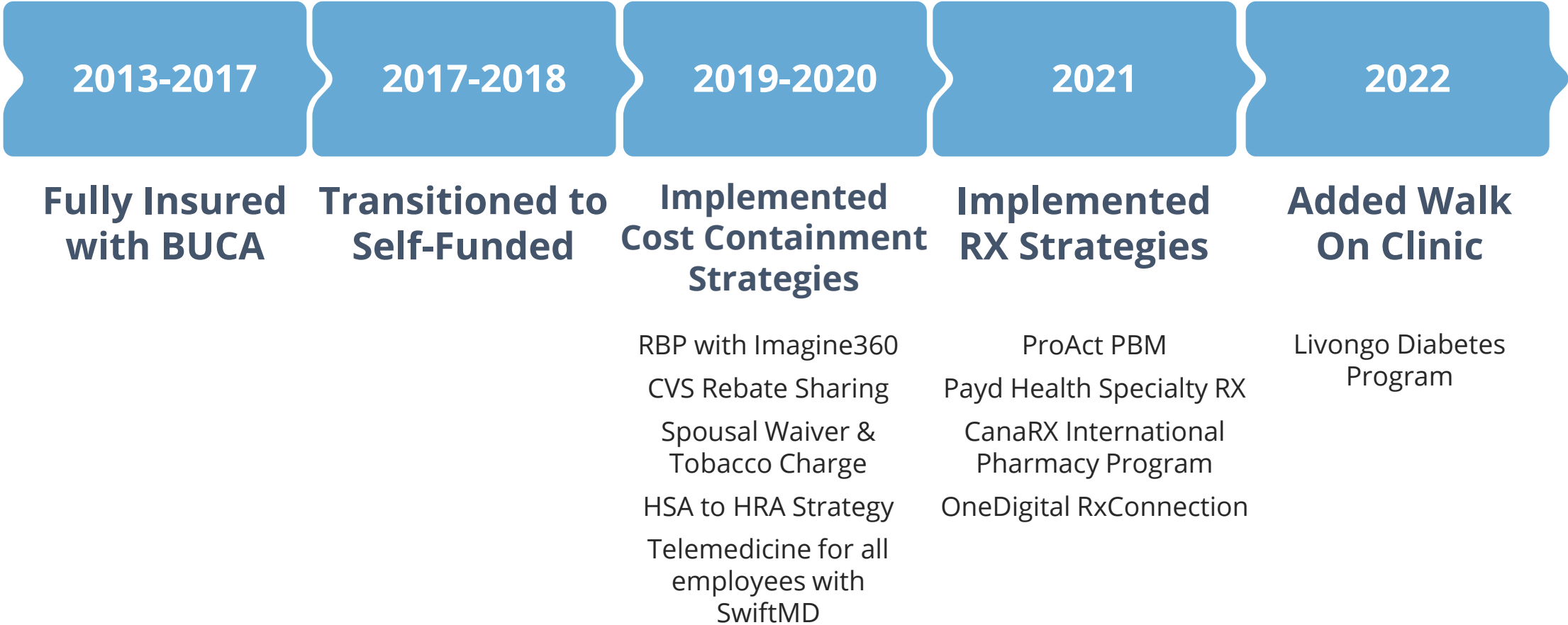
Hendry Marine Healthcare Costs: PEPY





There is a better way, but how?

Hendry Marine Historical Benefits Summary



Hendry Marine Historical Benefits Summary



2023 Added Benefits

- **Livongo** Whole Person Program
- Walk On Clinic Open **2x Per Week**
- OnSpot **Dermatology**
- **Tobacco Cessation** Program
- Regenexx
- **Back to School and Sports Physicals** for Dependents 16+



On the Horizon for 2024

- Carrying **medications on site** at the Walk On Clinic
- Explore **pre-hire testing on site** at the Walk On Clinic
- Population **health data analysis**
- **Partnership** with Imaging Center

The Benefits of Transitioning From Fully-Insured to Self-Funded



It's like taking your traditional healthcare plan, **deconstructing it and putting it together** yourself.



You get to **make the program work for you and your company**, unlike traditional plans where you are forced to use an “off the shelf” product.



You gain:

- Control over the **plan design**
- Control over the **plan cost**
- **Reporting transparency** – this is key to developing your annual plan strategy!

What Companies Can Benefit from a Self Funded Healthcare Plan?

- Employers who have **50+ covered members** on the healthcare plan
- Companies who are **seeing large increases** from their current carrier
- **Uncompetitive employee benefits** due to high-cost plans
- Employers who are **frustrated with the current system**
- Employers who **truly care about the well being of their employees** and want to offer competitive benefits

If you're not considering this, you're possibly leaving **A LOT** of money on the table!!!

Cost-Containment Strategies Implemented

Reference-Based Pricing

Transparent PBM

Dependent Care Audit

Telemedicine

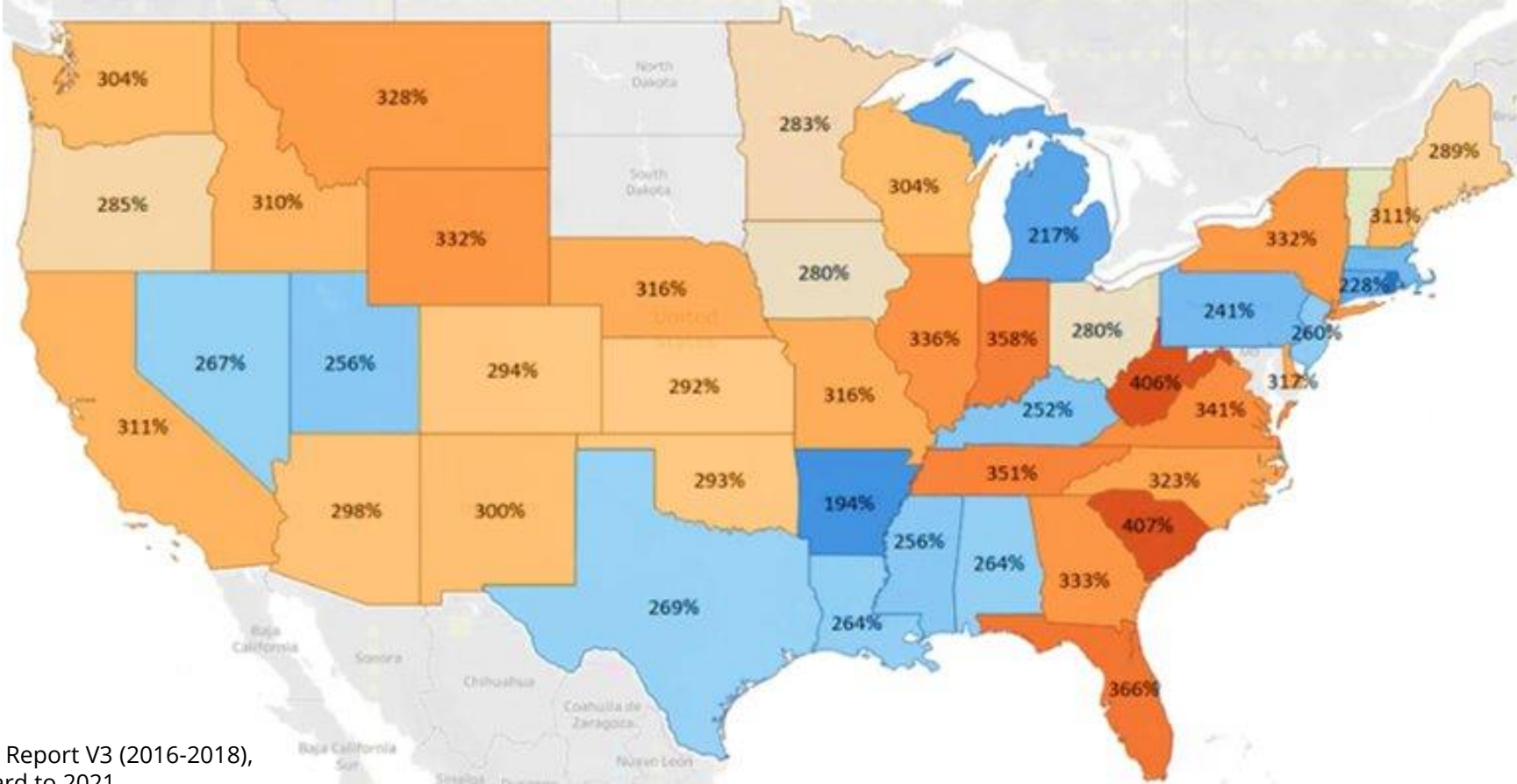
Spousal Waiver

Tobacco Surcharge

Diabetes Program

Walk On Clinic

State Map - by RAND (% of Medicare)



Source: RAND Report V3 (2016-2018), trended forward to 2021
No data available for DC, HI, ND, SD
Not applicable to MD



A smarter way to price and pay claims.

Reference-based pricing uses cost and Medicare data to determine a fair price for care.

SAMPLE CLAIM

PPOs apply a **standard discount** to this marked-up price. In this case, the discount is **50%**.

PPO clients pay \$2,500

Chargemaster price: \$5,000

The "Pie-in-the-Sky" price. A made-up number with little relation to the actual cost of providing the service.

Our clients pay either: the **cost of care +12%** or **Medicare +20%**, whichever is higher.

A **fair price** for the provider and the employer.

RBP clients pay \$336

Medicare Pays \$280

\$250 actual cost

Transparent PBM

- Switched to ProAct Rx
- Moved one of our prescriptions from the medical side to the PBM side - **saving \$100,000+**
- Implemented international pharmacy program
- Implemented specialty pharmacy program

	Proact BOB	Hendry Marine
PMPM	\$73.15	\$48.26
Inflation	1.67%	0.89%
Rx Per Member	\$6.99	\$5.62
Specialty Plan Paid	41.35%	0

Walk On Clinic

Thanks to reporting transparency, we knew that **only 19%** of members were using preventative wellness benefits.



Date Range 1:						
1/1/2021-12/31/2021						
Adult Screenings	Eligible Members	Participating Members	Number of Claims	Non-Participating Members	Participation	Payments
Abdominal Aortic Aneurysm Screening	7	0	0	7	0.00%	\$0.00
Breast Cancer	88	31	35	57	35.23%	\$7,625.13
Cervical Cancer Screening	128	16	17	112	12.50%	\$1,210.68
Colorectal Cancer Screening	213	6	6	207	2.82%	\$1,814.29
Diabetes Screening	213	13	13	200	6.10%	\$196.55
Lipid Disorder Screening	258	17	17	241	6.59%	\$349.16
Osteoporosis Screening	9	0	0	9	0.00%	\$0.00
Preventive Care Visit	418	82	93	336	19.62%	\$12,861.22
Date Range 2:						
1/1/2022-6/14/2022						
Adult Screenings	Eligible Members	Participating Members	Number of Claims	Non-Participating Members	Participation	Payments
Abdominal Aortic Aneurysm Screening	10	0	0	10	0.00%	\$0.00
Breast Cancer	75	11	11	64	14.67%	\$2,502.35
Cervical Cancer Screening	102	6	8	96	5.88%	\$414.65
Colorectal Cancer Screening	185	6	6	179	3.24%	\$1,764.53
Diabetes Screening	185	17	17	168	9.19%	\$165.07
Lipid Disorder Screening	226	27	28	199	11.95%	\$339.44
Osteoporosis Screening	7	0	0	7	0.00%	\$0.00
Preventive Care Visit	353	70	77	283	19.83%	\$5,979.85

- The Walk on Clinic was implemented for convenient access to care at work.
- At little or no cost to employees and their covered dependents.
- By end the end of May 2022, we already surpassed the preventative wellness benefit utilization for all of 2021.
- One employee was diagnosed with Type II Diabetes – had no idea he had it.
- Another employee had a lump in his neck and was diagnosed with cancer – he had no idea he had it!

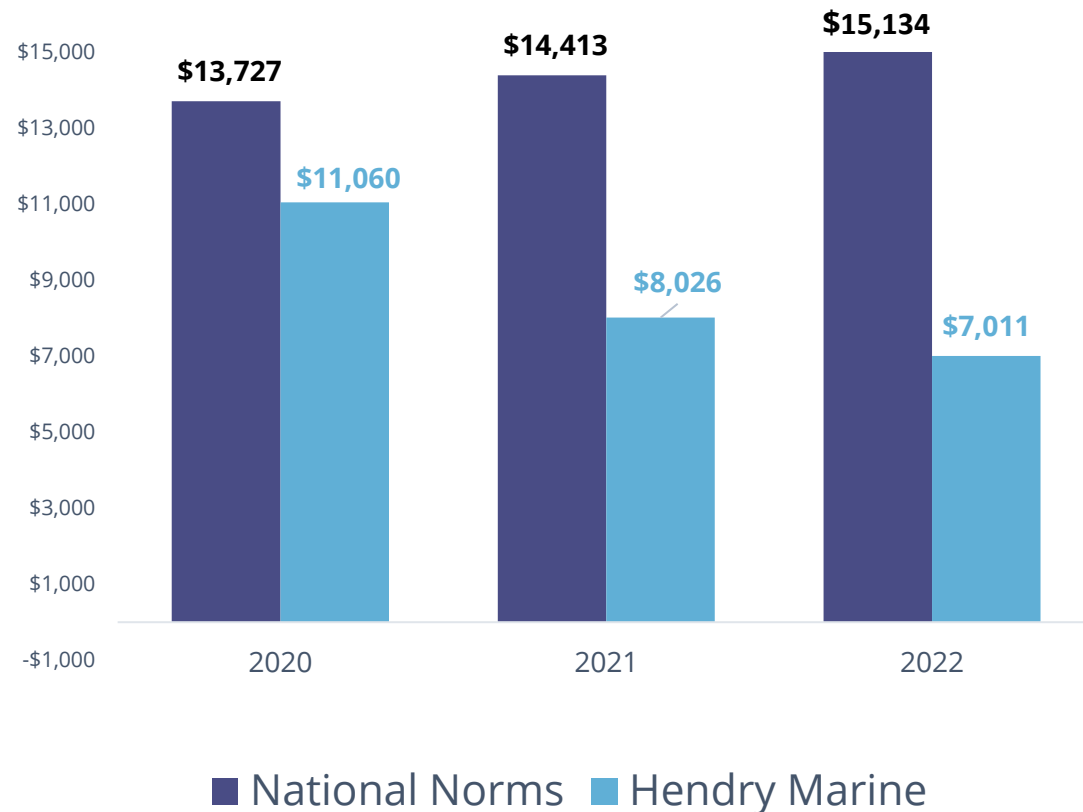
Self-funded purchasers have a fiduciary responsibility to monitor health care prices.

“Fiduciaries have a responsibility to "act solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them.”
–Department of Labor



How can self-funded plans fulfill fiduciary obligations without knowing prices?

Financial Results



- \$5.5 million+ since 2019 off of billed charges.
- Insurance premium rates held steady from 2019 through 2023
- We increased premiums minimally in 2022 to help fund the Walk on Clinic

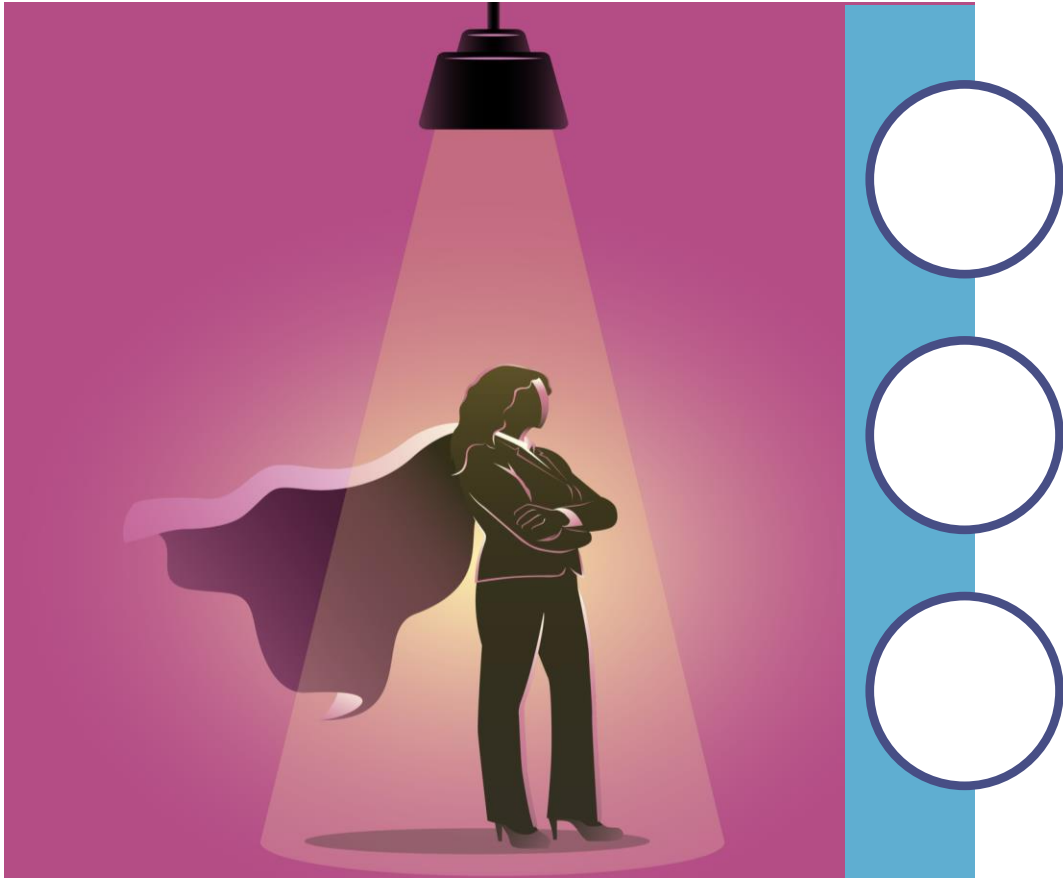


A surplus? What's a surplus?

The plan ran so well in 2021, we had a surplus of **\$1,000,000+**

Used to fund claims for 2022.

Aha! Moments

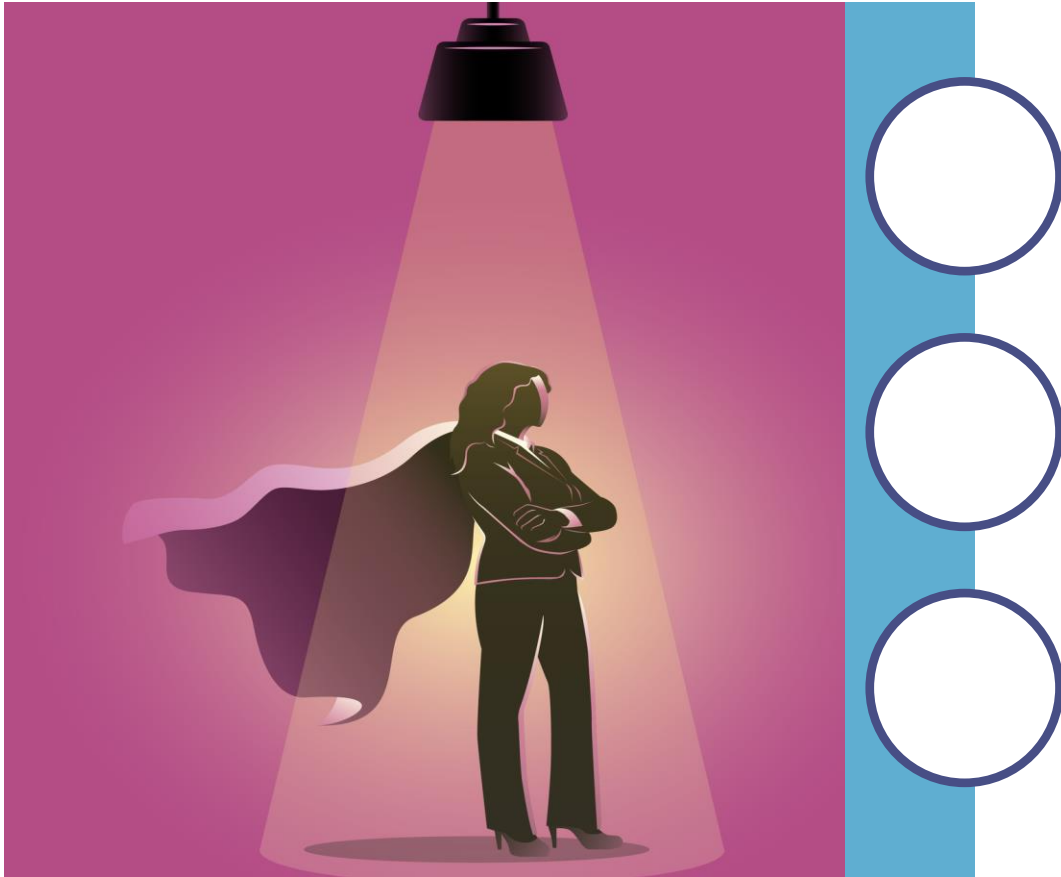


You don't have to change your plan design!

Specialty Rx vs. Medical

Transparency, transparency, transparency

Aha! Moments



Not all vendors are created equal

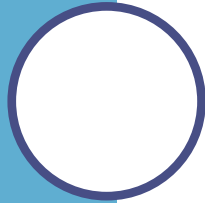
Who you partner with is critical for the success of your plan

Our HR team has more support than we had before

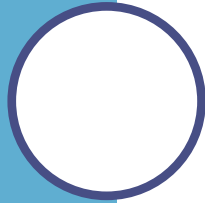
Stop Hitting the EASY Button!



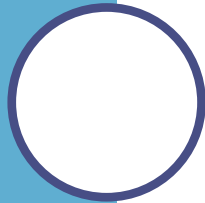
Now What...



Speak with your insurance broker.



Review your claims data and identify 1-2 areas you want to focus on. It's YOUR DATA.



Be bold and know there are other options outside of the traditional healthcare system!

**“The best way to predict the future is
to create it.”**



Abraham Lincoln and Peter Drucker

Thank you!

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