

Multiemployer Benchmark Study *(focused on health topics)*

Highlight Report

July 2018

Overview

Telligen conducted a national benchmark study in the first quarter of 2018 of multiemployer health plans. The study focused on gathering information on a wide-array of topics including:

- market trends on health plans
- current and future health concerns
- measure use and satisfaction of medical management firms and programs
- health and wellness strategies

Details on the study background and methodology can be found at the end of this report.

Findings

In this highlight report, we are focusing on major findings/trends that came out of the study; 1) top health concerns, 2) rising healthcare costs, 3) medical management and 4) health management. The results will include the survey question, answer and key findings or industry specific information.

Top Health Concerns

Question: What are the most important health related concerns for your fund to address in the next three years?

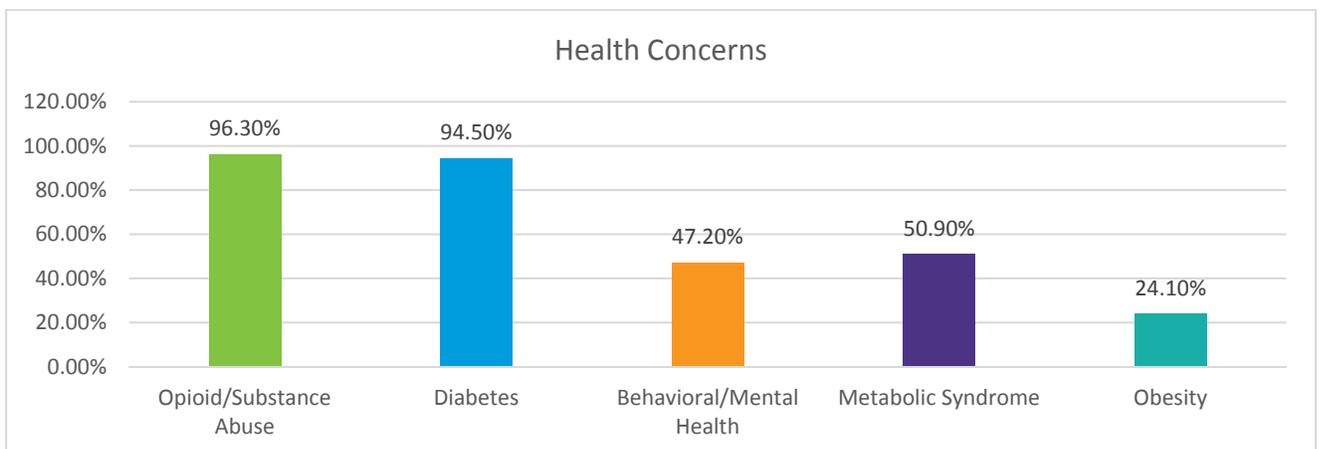


Figure 2. Top Health Related Concerns

Diabetes, metabolic syndrome and obesity were listed as 3 of the top 5 health concerns to funds. Respondents also indicated there is a lack of education/implementation of metabolic syndrome programs throughout these funds. It is also concerning that although metabolic syndrome is a major concern, no respondent knew how prevalent it is within their population. As America continues to see a rise in obesity rates, metabolic syndrome is becoming more common as obesity is one of the major factors leading to the syndrome. With 1 in 3 people in the US population having metabolic syndrome, it makes sense that it is a major concern amongst health funds. ***It is interesting to note that although there seems to be an urgency to address metabolic syndrome, only 2.7% of respondents have a program in place to help those affected.***

Research from the American Heart Association

- 34% of American adults have metabolic syndrome
- The risk of developing metabolic syndrome increases as individuals age. (69% of respondents were 41+ in age, with 54% of those being between 41 and 50 years old)

Confidence in Addressing Concerns

Respondents were asked how confident they believed their current strategies are in being able address their top health concerns (on a scale of 1 to 5 with 1 being not confident at all and 5 being very confident). They average of all responses was 3.25. A more detailed breakdown was as follows:

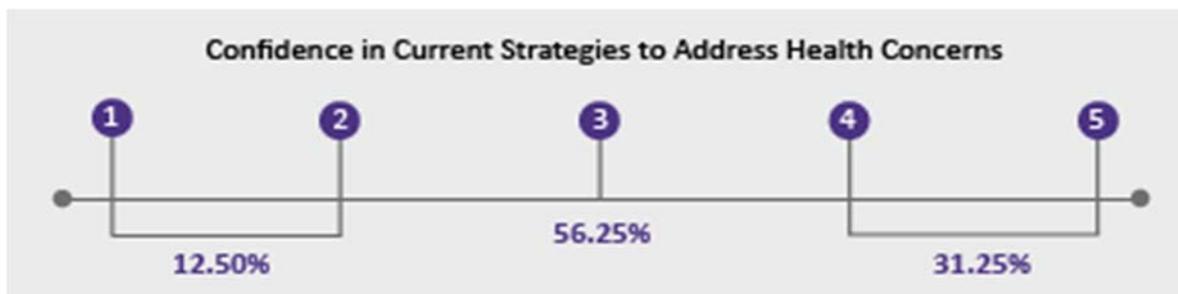


Figure 3. Confidence in Strategies to Address Health Concerns

Rising Healthcare Costs

Question: What is your current healthcare cost trend?

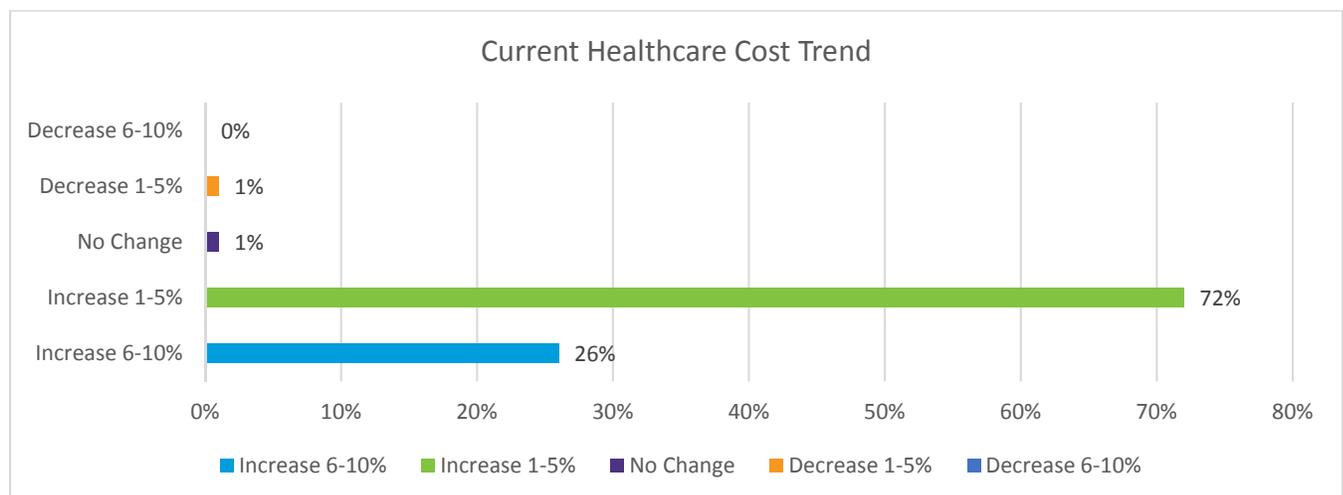


Figure 4. Current Healthcare Cost Trend

Through both this study and in Telligen's interactions with multiemployer funds, we recognize a primary goal every year is to achieve lower healthcare costs. The study indicates this is not occurring as nearly every respondent had increasing healthcare costs.

Question: Please rate your confidence level with your consulting/advising team (on a scale of 1 to 5 with 1 being not confident at all and 5 being very confident).

The average of responses was 3.82. Of importance to share, 94.12% of responses were 3, 4 or 5 indicating a neutral or good confidence level. Only 5.88% of respondents lacked confidence in their consulting team answering with a 2.

Despite rising healthcare costs, funds remain confident with their consulting/advising team

The results showed funds were more confident in their consulting team than themselves when dealing with their main health concerns with 58.82% of respondents selecting 4 or 5.

Medical Management

Funds were satisfied with the results from all their medical management programs without knowing how it was affecting their population. There seems to be a disconnect between funds goals, and their efforts to achieve those goals.

Health Management Programs

Respondents were asked what programs they had in place today. Results indicated that over 90% have a utilization program in place; nearly 42% have a chronic condition program; and only 2.7% have a metabolic syndrome program despite that being a top health concern for their fund.

Highlights:

- Less than half (46.8%) of respondents knew the percentage of their population with a chronic condition.
- Of the respondents who knew the percentage of their population with a chronic condition, the results averaged 22.3%.
- Program satisfaction was high.
 - o 76.92% are satisfied with their chronic disease program
 - o 80% are satisfied with their metabolic syndrome program
 - o 78.2% are satisfied with their utilization management program

Study Takeaway: There appears to be a disconnect. The study data shows funds do not know the percentage of their population affected by chronic or metabolic conditions and are experiencing rising healthcare costs, yet the funds are overwhelmingly satisfied with the results of these various programs. The question that arises out of this data is how are funds measuring success and where does their satisfaction come from in these programs?

Wellness

The chart below indicates the top 5 wellness strategies used by funds.

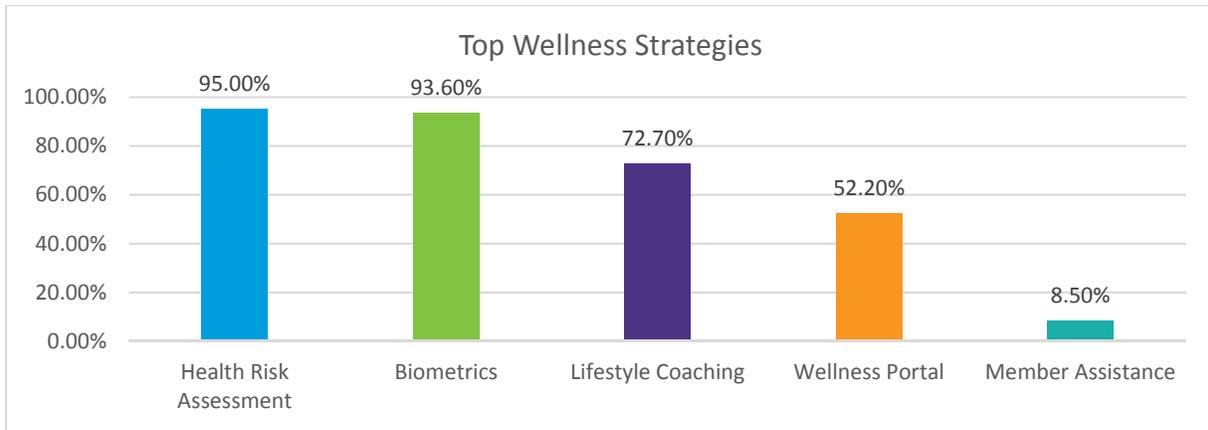


Figure 5. Top 5 Wellness Strategies

Nearly all funds utilize health risk assessments (95%) and biometric screenings (93.6%) as wellness strategies to help their population achieve a state of well-being. Lifestyle coaching was the next most utilized wellness strategy at 72.7%. Wellness Portals were not as common amongst funds with only 52.2% using them. Member Assistance Programs were by far the least utilized with only 8.5%.

Wellness Portal

It was interesting to see that only 52.2% of funds utilize wellness portal technology as a strategy with access to phones and computers is at an all-time high. There is a common misconception that people in labor-intensive jobs are technologically behind compared to those that use it more within their job. In 2014, Equipment World did a survey to research construction worker smartphone adoption rates. The results showed a similar trend to that of the broader market, with 66% of contractor respondents saying they owned a smartphone (89% used email on their phone and 72% used apps). This research indicates a huge opportunity amongst funds to utilize wellness technology within their populations. Most of the population now has access to a computer or smartphone and would be able to participate in wellness programs either through an app or online.

Pew Research (2018)

The share of Americans using smartphones is 77% (up from 35% in 2011).

Coaching Program Highlights

- Digital and telephonic far outweighed onsite programs, especially with metabolic syndrome programs, where 60% of respondents use a digital coaching program.
- Study respondents showed lifestyle coaching was a popular program (75% having it), yet they don't seem to be satisfied or see measurable results. This indicates a disconnect with using the program and proving its effectiveness through results. Lifestyle coaching is difficult to measure amongst populations without having specific programs like disease management or metabolic syndrome.

Survey Background

Survey respondents included multiemployer health fund administrators and health benefits brokers and consultants who have extensive knowledge and work within the multiemployer space. The outreach list was compiled using a mailing list of union administrators, contacts from Telligen’s own CRM (customer relationship management) system and previous medical management conference attendees.

The study was designed to serve as a tool for information gathering/exchange and to identify trends and topics of interest in the multiemployer space. After seeing the results, funds will be able to compare themselves against the market trends and make informed decisions about health concerns and areas of emphasis they have within their own population.

Study Methodology

The research was conducted through a combination of methods; direct mail (postcard), phone, and email. Our email outreach was the most successful in gaining responses. External market research typically sees a response rate around 10-15%¹ and our study had a 12.8% response rate representing more than 200 Taft-Hartley funds. The survey responses covered a diverse range geographically: 45% of respondents were from the Midwest, 25% from the Mountain region, 21% from the West Coast, and 9% from the Northeast region.

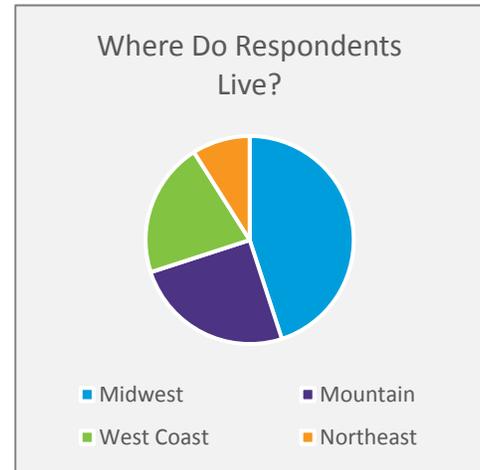


Figure 1. Respondents by Geography