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# TOP 10 TRENDS FOR 2020

Health Plan Intelligence for Strategic Business Decisions

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# Introduction

Data within this Trend at a Glance is based on the 2020 UBA Health Plan Survey and are based on responses from **11,788 employers** sponsoring **21,980 health plans** covering **1,366,186 employees nationwide**. Reseco Insurance Advisors is a member of United Benefit Advisors (UBA) and by using this data, we can help employers more **accurately evaluate costs**, contrast the current benefit plan's effectiveness against competitors' plans, and adjust accordingly. This gives employers a **distinct competitive edge** in negotiating rates—and recruiting and retaining a superior workforce.

Altogether, UBA's survey is nearly three times larger than the next two of the nation's largest health plan benchmarking surveys combined. The resulting volume of data provides employers of all sizes more detailed—and therefore more meaningful—benchmarks and trends than any other source. The scope of the survey allows regional, industry-specific, and employee size differentials to emerge from the data. In addition, the large number of plans represented allows for both a broader range of categories by plan type than traditionally reported and a larger number of respondents in each category. Historically, these types of benchmark data were unavailable to small and mid-size employers. For larger employers, the survey provides benchmarking data on a more detailed level than ever before.

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# TOP 10 TRENDS FOR 2020

1. After record high cost increases in 2018, employers were relieved that, for the second year in a row, rate increases hovered around a more manageable 5% in 2020. Quality benchmarking along with savvy negotiation cut initial proposed rates nearly in half.

2. The hardest hit employers facing the biggest cost increases from last year are those in the Western U.S. states, the construction industry, and large employers (1,000+ employees).

3. The smallest groups (fewer than 25 employees) fared the best at the negotiating table for the second year in a row, largely due to plan design choices. They typically set higher deductibles than their larger counterparts, increased employees' share of premium, and added more tiers to prescription drug plans.

4. Approximately 80% of plans are fully insured, and 20% are self-funded or level-funded. Not surprisingly, more than 60% of large employers (500+ employees) and 30% of midsize employers (100-499 employees) choose self-funding or level-funding. What is surprising is the continued increase in the number of small employers opting for self-funding. While only 7% of these employers chose self-funding five years ago, 18% of these groups chose to self-fund in 2020.

5. Across the nation, employers largely prefer preferred provider organization (PPO)/point of service (POS) plans, despite the higher costs. However, health maintenance organization (HMO)/exclusive provider organization (EPO) plans dominate in California and have a strong presence in the Northeastern states. In addition, these plans have attractive markets in select states, including Wisconsin, Colorado, Florida and Hawaii. Health savings account (HSA) plans (often referred to as "high deductible" or "consumer directed" plans) are most common in the Central and North Central U.S. (particularly Minnesota and Indiana), and in Northeastern states such as Maryland, Maine and Vermont.

6. Employees overwhelmingly prefer PPO/POS plans, with nearly 60% enrolled in these plans throughout the U.S. HSAs attract roughly a quarter of employees, and, excluding California, HMO/EPO plans garner fewer than 15% of employees.

7. On average, employees continue to pick up about 32% of the premiums while employers pick up approximately 68%, relieving fears (at least temporarily) that employers would rapidly move further away from the typical 70/30 employer/employee split. Government employees contribute the least toward plan costs (only 23.4%), while the construction/transportation industry passes on the most cost to employees (36.4%).

8. Employers generally kept copays and in-network deductibles for singles flat in 2020, but in-network deductibles for families are inching up by $500 on average. To contain costs, employers also continue to raise copays on specialty drugs, as well as out-of-network deductibles and out-of-pocket maximums.

9. To help manage higher deductibles and out-of-pocket costs, approximately one quarter of all plans offer a health savings account (HSA), and of those, nearly 70% provide an employer contribution. While the average employer contribution for singles remained flat in 2020, employers decreased their contributions to families' accounts. Only 7.3% of plans offer a health reimbursement arrangement (HRA).

10. Employers—particularly small businesses—continue to control drug costs through increased segmentation. With single and two-tier drug plans nearly extinct, three-tier plans are also plummeting in popularity. Nearly half of plans have four tiers, and nearly 30% of prescription drug plans have five or six tiers.

*While these national trends tell one story, there are significant differences in some areas of the country, as well as within different industries or group sizes. The balance of this report expands on these national trends but also uncovers more localized findings that are critical when benchmarking more strategically.*