

Employers Project Health Plan Costs Will Rise 5.3% for 2021

Costs per worker, including premiums and out-of-pocket spending, could hit \$15,500

By Stephen Miller, CEBS

August 21, 2020

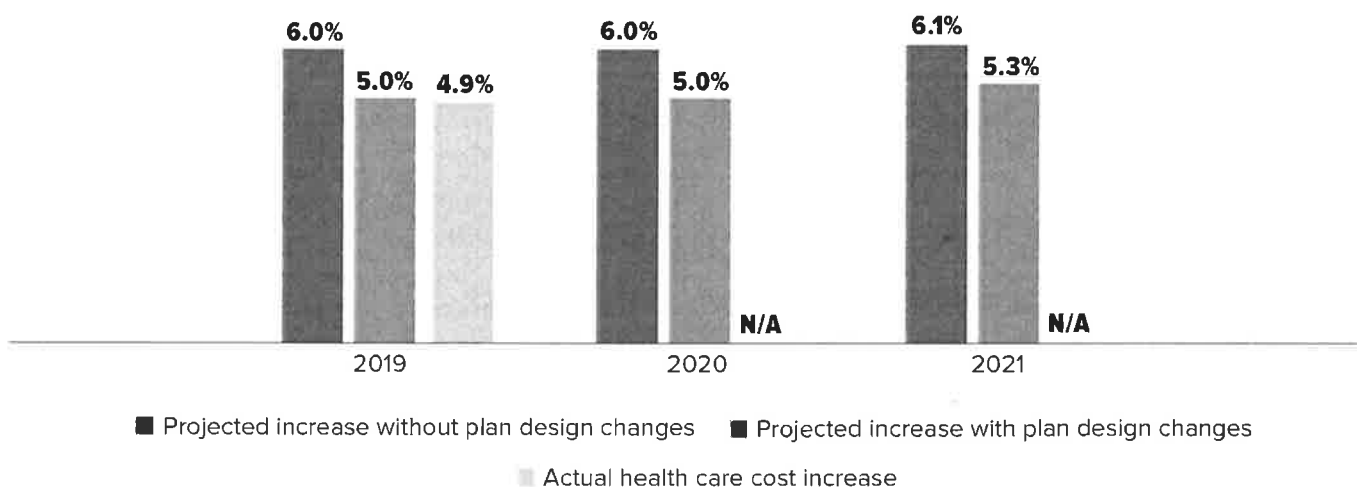
Large employers project that their health benefits costs will rise 5.3 percent in 2021, although the COVID-19 pandemic is fueling uncertainty about overall expenses, a new survey of large U.S. employers shows.

The projected rise in health benefits costs, which takes employers' health plan cost-management changes into account, is slightly higher than the 5 percent increases large employers projected in each of the last five years, according to newly released results from an annual survey by the nonprofit Business Group on Health (BGH), which represents large employers.

The group's 2021 Large Employers' Health Care Strategy and Plan Design Survey was conducted in May and June 2020, and it captured responses from 122 large employers offering coverage to more than 9.2 million employees and dependents. Seventy-seven percent of respondents each have more than 10,000 employees.

LARGE EMPLOYERS' MEDIAN HEALTH CARE COST INCREASES FOR 2019-2021

Employers' projected cost increases for 2021, including for prescription drugs, are slightly above 2020 expectations.



Source: Business Group on Health, 2021 Large Employers' Health Care Strategy and Plan Design Survey.

Employer and Employee Costs

Including premiums and employees' out-of-pocket costs, average total health care spending is estimated to reach **\$14,769** per employee this year, up \$197 from 2019. Total costs are projected to rise to an average of just over **\$15,500** in 2021.

The survey further showed that in line with recent years, large employers will cover nearly 70 percent of costs while employees bear about 30 percent:

- For 2020, that leaves employers paying about **\$10,340** per covered employer or dependent, with employees paying about **\$4,430**.
- For 2021, those amounts are expected to reach about **\$10,850** and **\$4,650**, respectively.

"Health care costs are a moving target and one that employers continue to keep a close eye on," said Ellen Kelsay, BGH's president and CEO. "The pandemic has triggered delays in both preventive and elective care, which could mean the projected [cost] trend for this year may turn out to be too high. If care returns to normal levels in 2021, the projected trend for next year may prove to be too low. It's difficult to know where cost increases will land," which will require employers to be flexible with health care budget revisions in the coming year.

The 5 Most Costly Conditions

2020 is no different from 2019 when it comes to the top five conditions driving health care costs. For both years, employers ranked those conditions as follows:

1. Musculoskeletal issues such as lower-back pain and knee and hip replacements.
2. Cancer.
3. Cardiovascular (heart) disease.
4. Diabetes.
5. High-risk maternity/neonatal intensive care.

[SHRM members-only toolkit: Managing Health Care Costs (www.shrm.org/resourcesandtools/tools-and-samples/toolkits/pages/managinghealthcarecosts.aspx)]

Virtual Care Growth

There's no question that use of telehealth services rose sharply during the pandemic. "While employers have been implementing more virtual solutions in recent years, the pandemic caused the pace to accelerate at an astronomical rate," Kelsay said.

Among respondents, 76 percent made changes to provide better access to telehealth services, and 71 percent increased the number of telehealth offerings, such as by adding health coaching and emotional well-being support.

Tellingly, 80 percent of respondents believe virtual health will play a significant role in how care is delivered in the future—a sharp increase from 64 percent last year and 52 percent in 2018.

Among other telehealth trends, the survey showed:

- More than half of respondents (52 percent) will offer more virtual care options next year.

- Nearly all will offer telehealth services for minor, acute services.
- While 91 percent will offer telemental health (online counseling or therapy), 96 percent said they will offer telemental health services by 2023.
- Virtual care for musculoskeletal issues (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/virtual-physical-therapy-could-be-telehealth-sweet-spot.aspx), such as physical therapy for back and joint pain, shows the greatest potential for growth. While 29 percent will offer musculoskeletal management virtually next year, another 39 percent are considering adding it by 2023.

Self-Insured Employers Saved as Elective Procedures Declined

"People are holding off on elective surgeries and routine care in response to the pandemic," wrote Keith Lemer, CEO of WellNet Healthcare, a health care management and advisory firm for employer-sponsored benefits. "The decline in elective procedures has paid off for... organizations that self-insure (<https://www.ibtimes.com/how-employers-can-build-more-efficient-health-plans-3032882>), or cover their employees' health costs directly," he noted.

Fully insured employers haven't seen cost savings this year from the falloff in non-pandemic health care, although insurance companies have profited because "insurers don't have to pay for care that patients forego."

Still unknown, however, is whether there will be a surge in health care use, including delayed elective procedures, into 2021 as the pandemic wanes.

Mental Health and Well-Being

Another key trend for employer plans in 2021 is the expansion of access to virtual mental health and emotional well-being services, which can reduce the stigma associated with seeking care (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/employers-fight-mental-health-care-stigma.aspx).

More than two-thirds of respondents (69 percent) provide access to online mental health support resources, such as apps (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/mental-health-apps-offer-new-ways-to-support-employees.aspx), videos and articles, and that number is expected to jump to 88 percent in 2021.

Employers are also taking other steps to bolster mental health services:

- Roughly half (47 percent) provide manager training on recognizing mental and behavioral health issues and directing employees to services. Another 18 percent plan to do so in 2021.
- Half of respondents (50 percent) will conduct campaigns against stigmatizing those dealing with mental health challenges in 2021.

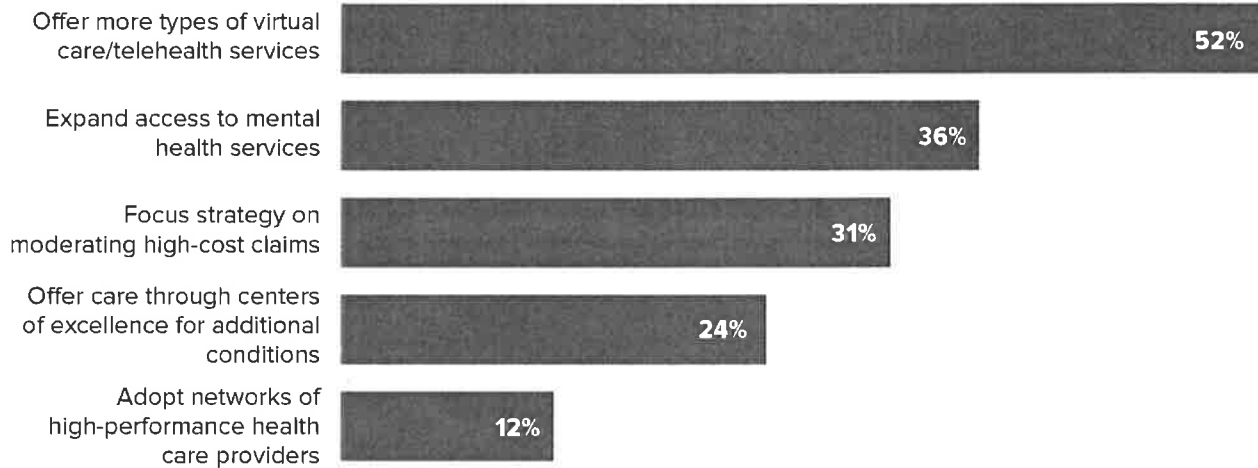
Large employers are also helping to address cost barriers by reducing out-of-pocket costs for mental health services:

- More than half (54 percent) are lowering or waiving costs for virtual mental health services in 2021.
- More than a quarter (27 percent) will reduce the cost of counseling services at the worksite, bolstering the trend of bringing services directly to employees.

"Employers were already prioritizing mental health and emotional well-being before the pandemic hit," Kelsay said. "Many more employees and family members are now dealing with anxiety, stress or loneliness. We expect employers will boost their investment in programs that support employees' mental health and emotional well-being."

LARGE EMPLOYERS' TOP 5 HEALTH CARE PRIORITIES FOR 2021

Large employers shared their expected health benefits changes for next year.



Source: Business Group on Health, 2021 Large Employers' Health Care Strategy and Plan Design Survey.

New Approaches

Employers also are thinking strategically about health care, and more are considering actions such as the following:

- **Linking health care with workforce strategy.** The number of employers that view their health care strategy as an integral part of their workforce strategy increased to 45 percent this year from 36 percent in 2019.
- **Focusing on primary care.** Over half of respondents (51 percent) will have at least one advanced primary care strategy next year, up from 46 percent in 2020. Supporters of these arrangements say contracting directly with primary care providers can improve the delivery of preventive services, chronic disease management, mental health and whole-person care.
- **Addressing high-cost drug therapies.** Two-thirds of respondents (67 percent) cited the effect of new million-dollar treatments as their top pharmacy benefits management concern.

Cautious Outlooks for 2021

Consultancy PwC's Health Research Institute recently projected that medical cost increases for employer-sponsored health plans would fall in the 4 percent to 10 percent range (<https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>).

"For the first time in the 15-year history of our medical cost trend report, we did not come out with a single number for the growth rate" in the upcoming year, said Ben Isgur, leader at the Health Research Institute. The reason for that outcome, he explained, was the number of unknown variables related to the use of health care services due to the pandemic.

Michael Thompson, president and CEO of the National Alliance of Healthcare Purchaser Coalitions, sees another sign of caution: He doubts that employers will be making drastic changes to their health plans for 2021. "Employers have been terribly distracted by trying to get back to business, to get people back into the workplace, and managing through the [COVID-19] crisis," he said. "All the strategic planning that normally would happen around this time of the year has been put on hold."

By the end of 2021, however, Thompson expects employers will be acting on health care lessons they've learned during the pandemic. "We could have radical changes in employer [health benefits] strategy coming out of this," he said, "but I don't think we're going to be looking at it" for the 2021 plan year.

Related SHRM Articles:

Well-Being Programs, Voluntary Benefits Help Stressed Employees Cope (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/well-being-programs-voluntary-benefits-help-stressed-employees-cope.aspx), *SHRM Online*, July 2020

IRS Proposes Letting HRAs Pay Direct Primary Care and Health Ministry Fees (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/irs-proposes-letting-hras-pay-for-direct-primary-care-and-health-ministry-expenses.aspx), *SHRM Online*, June 2020

Mental Health Apps Offer New Ways to Support Employees (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/mental-health-apps-offer-new-ways-to-support-employees.aspx), *SHRM Online*, May 2020

Virtual Physical Therapy Could Be Telehealth's Sweet Spot (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/virtual-physical-therapy-could-be-telehealth-sweet-spot.aspx), *SHRM Online*, November 2019

15 Ways Employers Can Reduce Health Care Spending That Aren't Cost-Sharing (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/top-ways-employers-hold-down-healthcare-spending.aspx), *SHRM Online*, February 2019

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COUNTY OF JEFFERSON (#178384A)

Dean Health Plan

Rate Sheet

Rates Effective: January 1, 2021 - December 31, 2021

Alternates for HMO Plan

			HMO HDHP	HMO HDHP		HMO HDHP	HMO HDHP	HMO HDHP	HMO HDHP
			\$1500 Ded 0% Coins \$1500/\$3000 Limit 0%/0%/0%/0% Rx Current Rates	\$1500 Ded 0% Coins \$1500/\$3000 Limit 0%/0%/0%/0% Rx Renewal Rates		\$20 OV Copay \$1500 Ded 10% Coins \$2000/\$4000 Limit \$10/\$25/\$50/\$100 Rx10%/10%/10%/10% R	\$1500 Ded 10% Coins \$3000/\$6000 Limit	\$2000 Ded 0% Coins \$2000/\$4000 Limit 0%/0%/0%/0% Rx	\$2000 Ded 10% Coins \$4000/\$8000 Limit 10%/10%/10%/10% R
Enrollment	Subscribers	Members	HMO04385	Plan 2 - 0	Increase Over Current	Plan 2 - 1	Plan 2 - 2	Plan 2 - 3	Plan 2 - 4
Subscriber Only	101	101	\$535.69	\$575.85	7.5%	\$535.69	\$547.48	\$549.62	\$526.59
Subscriber + Family	346	1,136	\$1,339.22	\$1,439.62	7.5%	\$1,339.22	\$1,368.70	\$1,374.05	\$1,316.47
Subtotal Active	447	1,237							
Medicare Eligible Enrollment									
Subscriber Only, Medicare	0	0	\$508.91	\$547.06	7.5%	\$508.91	\$520.11	\$522.14	\$500.26
Subscriber + One, 2 w/ Medicare	0	0	\$1,017.81	\$1,094.12	7.5%	\$1,017.82	\$1,040.22	\$1,044.28	\$1,000.53
Subscriber + One, 1 w/ Medicare	0	0	\$1,044.60	\$1,122.91	7.5%	\$1,044.60	\$1,067.59	\$1,071.76	\$1,026.85
Subscriber + Family, 1 w/ Medicare	0	0	\$1,285.66	\$1,382.04	7.5%	\$1,285.66	\$1,313.95	\$1,319.09	\$1,263.82
Subscriber + Family, 2 or more w/ Medicare	0	0	\$1,178.52	\$1,266.87	7.5%	\$1,178.52	\$1,204.46	\$1,209.16	\$1,158.50
Subtotal Medicare Eligible	0	0							
Total	447	1,237							
Monthly Premium			\$517,474.81	\$556,269.37		\$517,474.81	\$528,865.68	\$530,932.92	\$508,684.21
Annual Premium			\$6,209,698	\$6,675,232		\$6,209,698	\$6,346,388	\$6,371,195	\$6,104,211
Change from Current Rates				7.5%		0.0%	2.2%	2.6%	-1.7%

RENEWAL ACCEPTANCE

Please select one of the following:

Renew with renewing plan indicated above

Renew with a plan change

Circle desired alternative above

Plan changes made less than 45 days prior to the renewal will result in a second SBC mailing

Title: _____

Signature: _____

Date: _____

Medical code
Pharmacy code

HMO04385
PHA01715

59590

59581

HMO04387
PHA01716

59445

Please return this page to:

Heather McDonald
Account Manager
Dean Health Plan
Direct: 608-827-4062

Fax: 608-252-0834

E-Mail: heather.mcdonald@deancare.com

To ensure a correct January billing statement and correct SBC information is mailed to your insured employees, return this renewal acceptance no later than Friday, November 20, 2020

All plans noted as Focus include only Dean Clinic & SSM Affiliates locations in Dane, Rock & Sauk counties.

To view your SBC information please visit our website at <https://app.deancare.com/sites/sbc/employergroup>

If you cannot locate your SBC, please contact your Account Manager for assistance.

Dean Health Plan

COUNTY OF JEFFERSON

Product Type: HMO HDHP

Effective Date: 01/01/2021

Plan Code: HMO04385/PHA01715

Plan Overview	Plan Providers - You Pay	Non-Plan Providers - You Pay
Deductible	\$1500 single / \$3000 family	N/A
Coinsurance	0% coinsurance after deductible	N/A
Office Visit Charge (Primary/Specialist)	0% coinsurance after deductible / 0% coinsurance after deductible	Not Covered / Not Covered
Office Visit and Related Services	0% coinsurance after deductible	Not Covered
Preventive Services	\$0 copay	Not Covered
Deductible and Coinsurance Limit	N/A	N/A
Maximum Out-of-Pocket (Deductible and Coinsurance Limit plus Medical and Prescription Copays unless otherwise noted)	\$1500 single / \$3000 family	N/A
Prescription Drugs, Insulin & Disposable Diabetic Supplies	Unless otherwise indicated, generic or brand name drugs can be found in any formulary tier)	
Tier 1	0% coinsurance after deductible	Not Covered
Tier 2	0% coinsurance after deductible	Not Covered
Tier 3	0% coinsurance after deductible	Not Covered
Tier 4	0% coinsurance after deductible	Not Covered
Diagnostic Services		
Diagnostic Services	0% coinsurance after deductible	Not Covered
CAT Scans/MRI/MRA	0% coinsurance after deductible	Not Covered
Hospital & Surgical Center		
Inpatient Hospital	0% coinsurance after deductible	Not Covered
Outpatient Hospital	0% coinsurance after deductible	Not Covered
Emergency Services		
Urgent Care	0% coinsurance after deductible	0% coinsurance after deductible
Emergency Room Services (Copay is waived if admitted)	0% coinsurance after deductible	0% coinsurance after deductible
Ambulance	0% coinsurance after deductible	0% coinsurance after deductible
Other Services		
Mental Health Inpatient	0% coinsurance after deductible	Not Covered
Mental Health Day Treatment Programs	0% coinsurance after deductible	Not Covered
Mental Health Outpatient	0% coinsurance after deductible	Not Covered
Durable Medical Equipment	0% coinsurance after deductible	Not Covered
Physical, Speech & Occupational Therapy	0% coinsurance after deductible	Not Covered
Plan Special Features	HSA Qualified High Deductible Health Plan with Aggregate Deductible.	

This renewal plan includes prescription drug coverage that is creditable
 Unless otherwise noted, all benefits are based on a Contract Year
 This benefit summary is a highlight of your benefits and should not be relied upon to fully disclose your coverage.
 Please review your Member Certificate of Coverage for an exact description of the services and supplies that are covered, excluded, or limited and other terms and conditions of coverage. Your Member Certificate is available at www.deancare.com.

Dean Health Plan

COUNTY OF JEFFERSON

Product Type: HMO HDHP

Effective Date: 01/01/2021

Plan Code: 59590/

Plan Overview	Plan Providers - You Pay	Non-Plan Providers - You Pay
Deductible	\$1500 single / \$3000 family	N/A
Coinsurance	10% coinsurance after deductible	N/A
Office Visit Charge (Primary/Specialist)	\$20 copay / \$20 copay	Not Covered / Not Covered
Office Visit and Related Services	10% coinsurance after deductible	Not Covered
Preventive Services	\$0 copay	Not Covered
Deductible and Coinsurance Limit	N/A	N/A
Maximum Out-of-Pocket (Deductible and Coinsurance Limit plus Medical and Prescription Copays unless otherwise noted)	\$2000 single / \$4000 family	N/A
Prescription Drugs, Insulin & Disposable Diabetic Supplies	Unless otherwise indicated, generic or brand name drugs can be found in any formulary tier)	
Tier 1	\$10 copay	Not Covered
Tier 2	\$25 copay after deductible	Not Covered
Tier 3	\$50 copay after deductible	Not Covered
Tier 4	\$100 copay after deductible	Not Covered
Diagnostic Services		
Diagnostic Services	10% coinsurance after deductible	Not Covered
CAT Scans/MRI/MRA	10% coinsurance after deductible	Not Covered
Hospital & Surgical Center		
Inpatient Hospital	10% coinsurance after deductible	Not Covered
Outpatient Hospital	10% coinsurance after deductible	Not Covered
Emergency Services		
Urgent Care	\$40 copay and/or 10% coinsurance after deductible	\$40 copay and/or 10% coinsurance after deductible
Emergency Room Services (Copay is waived if admitted)	\$75 copay and/or 10% coinsurance after deductible	\$75 copay and/or 10% coinsurance after deductible
Ambulance	10% coinsurance after deductible	10% coinsurance after deductible
Other Services		
Mental Health Inpatient	10% coinsurance after deductible	Not Covered
Mental Health Day Treatment Programs	10% coinsurance after deductible	Not Covered
Mental Health Outpatient	\$20 copay	Not Covered
Durable Medical Equipment	10% coinsurance after deductible	Not Covered
Physical, Speech & Occupational Therapy	\$20 copay per therapy type per day	Not Covered
Plan Special Features	HSA Copay after Deductible plan. HSA Qualified High Deductible Health Plan with Aggregate Deductible.	

Unless otherwise noted, all benefits are based on a Contract Year
 This benefit summary is a highlight of your benefits and should not be relied upon to fully disclose your coverage.
 Please review your Member Certificate of Coverage for an exact description of the services and supplies that are covered, excluded, or limited and other terms and conditions of coverage. Your Member Certificate is available at www.deanecare.com.