

Managing Employee Health Care Benefits in Challenging Times

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Today's Agenda

- Large employer perspective
- Overview of Fidelity Investments
- How we are facing the challenge
 - Strategy
 - Tactics
- What's Next

Current Environment-Large Employers

- Employers under significant pressure to manage health care costs
 - Even before the recession
- Help is *not* on the way
 - Health Reform shows no signs of helping to manage costs
 - Large employers are almost exclusively self-insured
- Don't be fooled by “single digit” health care inflation
 - Health care costs outpacing inflation
 - Impacts our salary budgets
- Employers are not prepared to continue to absorb additional costs
 - Considering both “carrot and stick” approaches
- Like everyone, HR professionals are being asked to do more with less
- *Conclusion: Benefits Managers are responsible and accountable for creative and impactful solutions for their companies*

Fidelity Investments-Corporate Overview

- One of the world's largest providers of financial services
 - Assets under administration: \$3.0 trillion
 - Managed assets: \$1.4 trillion
- Offering investment planning, brokerage and human resources/benefits outsourcing services to over 20 million individuals and institutions as well as 5,000 financial intermediary firms
- The largest mutual fund company in the United States
 - No. 1 provider of workplace retirement savings plans
 - Largest mutual fund supermarket
 - Leading online brokerage firm

Fidelity Investments-Benefits Overview

- Over 38,000 employees
 - 11 major regional centers across the U.S.
- Workforce
 - Relatively young (37) and healthy
 - Educated, technologically empowered
- Benefits budget of \$1B+
 - Health Care costs over \$300M
- Health care costs slightly below benchmarks due to:
 - Demographics (age, geography)
 - Benefit program, vendor and cost management
- Current economic conditions have caused us to reexamine our Compensation and Benefits program

Key Opportunities and Challenges

■ Opportunities

- Alignment with business goals and strategies
- Engaged, empowered employees
- Privately owned, successful enterprise
- Young, healthy workforce

■ Challenges

- We are “on the clock”
- Key stakeholders are also those less engaged: employees, providers
 - Also, families, managers
- Inertia is powerful
 - Like elsewhere, employees are not asking for a larger role in managing their health care-or it's costs

Strategy: Health Care Principles

Guide and Inform Our Efforts

- **Help employees build and manage their “health portfolio”**
 - Empower/support employees in their effort to optimize their health
 - Compel employees to share responsibility and become accountable for their health care decisions
 - Provide effective, easy to use, creative solutions to help employees become better health care consumers
- **Offer competitive, cost-effective, quality health care coverage**
 - Promote prevention and protect employees against catastrophic costs
 - Protect Fidelity’s long-term financial position
- **Challenge service providers to compete on results-based measures to improve health outcomes and promote transparency**

Strategy: Top Health Care Initiatives

■ Consumerism

- Feature our CDHP as our primary health plan offering
 - Because it's tax-effective, financially attractive, supports retirement savings and has ability to best impact cost trend
- Update plan design to reflect most current medical guidelines and best practice
- Select best in class plans and providers
- Promote price and quality transparency

■ Optimization of Population Health

- Continue to develop health and wellness program offerings
- Measure results of efforts to date
- Close gaps in care

■ Management and Employee Education

- Listen to our customers (employee focus groups)
- Revitalize employee communications campaign
- Senior management sponsorship

Overview of Current Health and Wellness Programs

Health Management

- ▶ Health Management Center portal (WebMD)
 - ▶ Rewards points for reduced premium
 - ▶ Health tracking
 - ▶ Health Risk Assessment
 - ▶ Trusted health information
 - ▶ Targeted messaging / screening reminders
- ▶ 24/7 Health Coach nurse line
- ▶ Pilot Onsite Health and Wellness Centers (Boston and Smithfield, RI)
- ▶ Health plan disease management programs
- ▶ Health plan pregnancy programs
- ▶ Annual health fairs: flu shots and screenings
- ▶ Complex case management

Mental Health

- ▶ EAP: telephonic, face-to-face, seminars and work-life
- ▶ Behavioral health through health plans

Weight / Nutrition

- ▶ Health and Wellness Center Health Coach nutrition support
- ▶ 24/7 nurse line for nutrition support
- ▶ “Healthy” lunch initiative with cafeteria / catering vendor
- ▶ Discounts through EAP and health plans for weight management programs
- ▶ Nutritionist at some fitness center locations
- ▶ Dietician lifestyle coach through nurse line

Fitness

- ▶ On-site Fitness centers in regions
 - ▶ “Walk this Way” program – trail maps
- ▶ Annual \$250 fitness reimbursement
- ▶ Varying discounts through health plans

Smoking

- ▶ Tobacco Cessation Program
- ▶ Discounts through EAP
- ▶ Varying discounts through health plans

Scorecard

- **Consumer Directed Health Plans**
 - Current enrollment limited
 - 8% vs. 20% benchmark
 - However focus groups show early adapters are satisfied and “sticking”
 - HSA balances are growing!
- **Health/wellness program participation is relatively high**
 - Against relatively low benchmarks
 - Satisfaction varies for quality or program and vendor capabilities
- **Disease and Care Management participation is relatively low**
- **On-site Health and Wellness Center-feedback is extremely positive**
 - Utilization moderate
- **Integration is an enormous challenge**
 - How to get programs and providers to speak to each other and, more important, to employees and their families

Next Steps

- Measure Results of Current Efforts
 - 2010 Annual Enrollment
 - Employee attitudes and actions
- Evolve focus from core Health Care to Health and Wellness
 - Build increased capability and understanding
 - Need to determine organization *capacity* and *readiness*
- Revamped Rewards and Incentives Program
 - Articulate what we are asking of employees and why
- Evaluate additional investments in programs and communications
 - e.g., expansion of on-site health and wellness centers, healthy dining
 - Reexamine initial efforts for signs of “fatigue”