

The Future of Employer-Sponsored Health Care

- Cost increases remain key driver in design of employer-sponsored plans
- A variety of approaches have been unsuccessful in addressing this trend
 - High-deductible health plans
 - “Point solutions”
- Employers evaluating how to change plan design to reduce spend on low-quality/high-cost care

The Future of Employer-Sponsored Health Care

- Current litigation environment likely to exert pressure on cost
 - Availability of price transparency data makes fiduciary claims easier to pursue
- Increased scrutiny on PBM model creates complex cost pressures
 - Litigation and policy scrutiny on PBMs has potential to reduce drug spend
 - State PBM legislation may erode traditional ERISA preemption and limit ability of employers to make cost-effective plan design changes

The Future of Employer-Sponsored Health Care

- Plan design that incentivizes selection of cost-effective, high-quality care
 - Direct contracting with centers of excellence (including negotiation of alternative fee arrangements)
 - Narrow network designs
 - Variable copay structures
- Complements to traditional fee-for-service insurance
 - Direct primary care
 - On-site/near-site clinics
- Employers also serve a key role in advancing/advocating for other social determinants of health
 - Paid leave
 - Near-site childcare offerings
 - Health education/access to healthcare and mental health resources
 - Other voluntary benefits

The Future of Employer Leave Policies

- Most employers are in a fundamentally reactive position with respect to paid leave mandates
- Paid sick leave mandates partially overlap with employer paid leave programs, but navigating compliance is complex (particularly for multi-state employers)
- As states, counties, and municipalities increasingly mandate some form of paid sick leave, employers need predictability in terms of leave administration

The Future of Employer Leave Policies

- Paid family and medical leave (“PFML”) mandates provide opportunity for income continuation in scenarios not covered by traditional employee benefit offerings (e.g. paid parental leave, short-term disability)
- Many states provide ability for employers to adopt private plans
- Most employers currently participating in state plans, although opt-out rates may increase based on cost and administration factors