

2024

MI EMPLOYERS

Health Insurance
REPORT

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total control
HEALTH PLANS

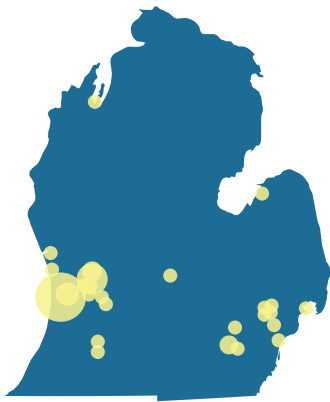
Introduction and Method

The landscape of health insurance has evolved rapidly in 2024. Groundbreaking treatments and innovative new drugs are improving and saving lives while also driving cost and complexity into a system already unsustainable for many employers.

This inaugural MI Employer's Health Insurance Report gives a snapshot of how employers are navigating changes in the healthcare market. Survey respondents shared information about the structure of their current health plans as well as the challenges like rising costs, design and coverage. Respondents also provided insight on emerging topics, such as Rx and pharmacy strategies, networks, and coverage of new therapies.

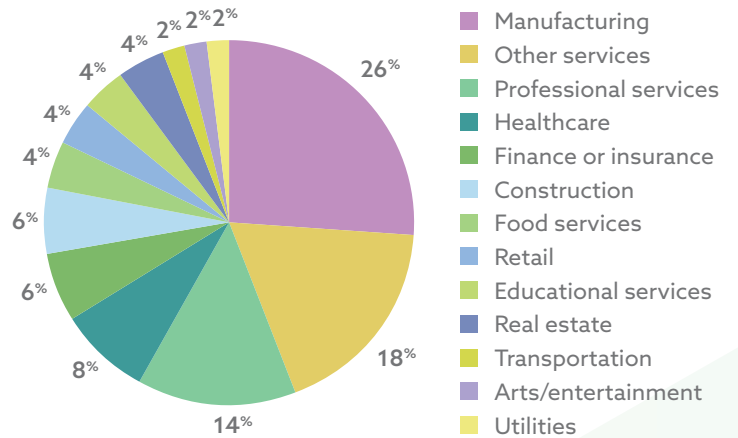
Method. Total Control Health Plans (TCHP), a Michigan-based benefits advisor, contracted with a third-party research and survey design service to maintain anonymity for respondents. We reached out to decision makers across Michigan including some TCHP clients, HR/leadership network connections, and others through a mix of paid and organic LinkedIn posts. The survey was open for a three month time period between April 24, 2024 and July 18, 2024, and we received 55 qualified responses. Respondents were not required to answer every question. As a result, there may be variation in the number of responses for each question.

Respondent Demographics

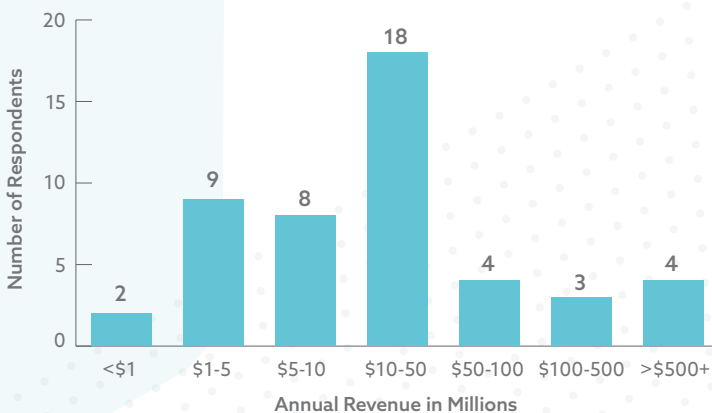


A total of 55 qualified respondents across Michigan represent a diverse mix of industries, revenue levels and employee counts.

Which of the following industries most closely matches your company?



What is the approximate annual revenue of your business or organization?



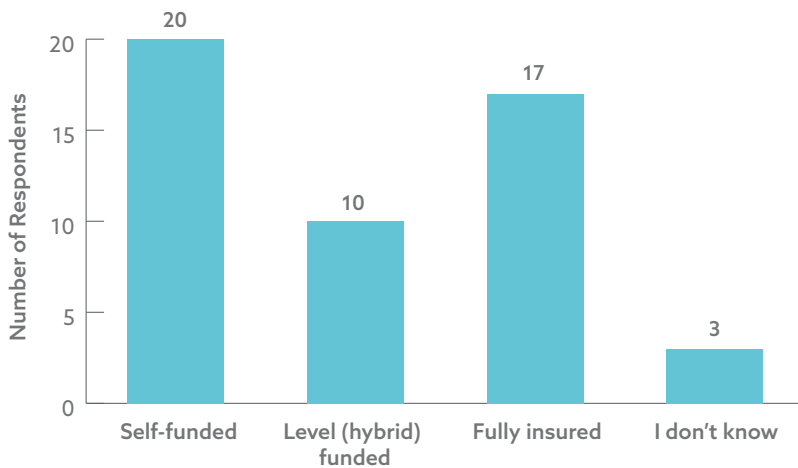
How many employees work in your business or organization?



Funding Strategies

Of the individuals surveyed, 36% reported that their company had a self-funded health plan, while 18% had a level (hybrid) funded plan and 30% were fully insured. Companies with over 50 employees were more likely to be self-funded, while companies with less than 50 employees were more likely to be level (hybrid) funded or fully insured. 5% weren't sure how their company's health plan was funded and 9% didn't respond. *Note: Percentages do not total 100% due to rounding.*

How is your company's health plan funded?



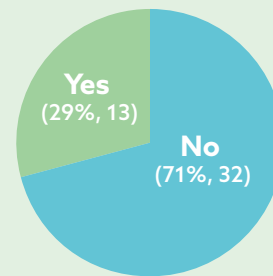
A note on stop-loss insurance

All respondents with self-funded health plans reported that their organization also had stop-loss insurance. Individuals with hybrid insurance either didn't know if their plan had stop-loss insurance or knew that it did not have stop-loss insurance.

Cash in Lieu of Benefits Option

29% of respondents reported that their company offered employees the option to receive cash in lieu of health benefits as a way to increase savings for the organization.

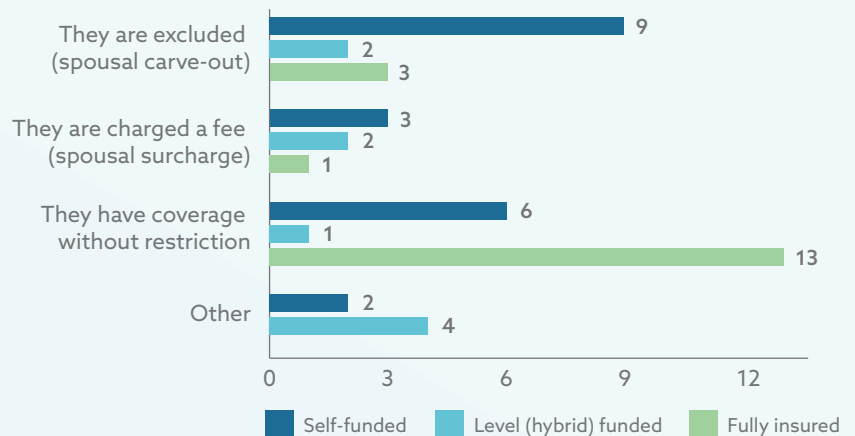
Does your company offer cash in lieu of health benefits?



Carve Outs

43% of respondents reported that their company's health plan provided the opportunity for spouses of employees to receive coverage without restriction, while 30% said their company had a spousal carve-out. Fully insured companies were more likely to offer spouses of employees health coverage without restriction, while self-funded companies were more likely to exclude spouses from receiving coverage, or charge a fee to receive coverage.

How does your health plan cover spouses of employees who have coverage through their own employer?



Coverage Trends

Miracle Drugs

Recent years have seen an increase in the number of innovative new treatments for illnesses like cancers, cystic fibrosis or hemophilia. More gene therapy treatments are receiving FDA approval annually, and a number of Michigan employers are providing coverage for these treatments. 29% of survey respondents said their company's health plan provided coverage for gene therapy treatments. 36% of respondents said their company did not cover these treatments and 36% weren't sure. Companies with a fully insured health plan were more likely to cover these treatments and those with self-funded plans were more likely to not cover them.

Gene Therapy Treatments

29%

of Michigan companies surveyed reported covering gene therapy treatments

According to the Institute for Clinical and Economic Review, the average cost of a gene therapy is between **\$1 million and \$3 million per dose** – and that's not including the cost of administering the drug. ¹

The gene and cellular therapy industries are anticipated to be worth **\$23.3 billion** by 2028. ²

GLP-1 Weight Loss Drugs



Some Michigan employers have also begun covering GLP-1 medications to treat obesity. 24% of survey respondents reported that their company was providing such coverage. This is below the national average of 33% as reported by the International Foundation of Employee Benefit Plans. 49% of respondents said their company did not cover these drugs and 27% weren't sure.

24% of respondents surveyed reported covering weight loss medications to treat obesity

GLP-1 drugs typically cost between

\$1,000 and \$1,500 a month ³

Four in ten adults who have taken a GLP-1 drug for weight loss or diabetes say they took them primarily to lose weight ⁴

1. Phares, S., PhD, MPH, Trusheim, M., MS, Emond, S. K., MPP, & Pearson, S. D., MD, MSc (2024, April 23). Managing the Challenges of Paying for Gene Therapy: Strategies for Market Action and Policy Reform. Icer.org. https://icer.org/wp-content/uploads/2024/04/Managing-the-Challenges-of-Paying-for-Gene-Therapy-ICER-NEWDIGS-White-Paper-2024_final.pdf

2. BCC Publishing (2024, April 1). Global Market for Cell and Gene Therapy. Bccresearch.com. <https://www.bccresearch.com/market-research/biotechnology/cell-and-gene-therapy-market.html#:~:text=The%20global%20market%20for%20cell%20and%20gene%20therapy%20should%20grow,the%20period%20of%202021%2D2026>

3. Mayer, K. (2024, June 18). Employer Coverage of GLP-1 Drugs Jumps. Shrm.org. <https://www.shrm.org/topics-tools/news/benefits-compensation/employer-coverage-of-glp-1-drugs-jumps>

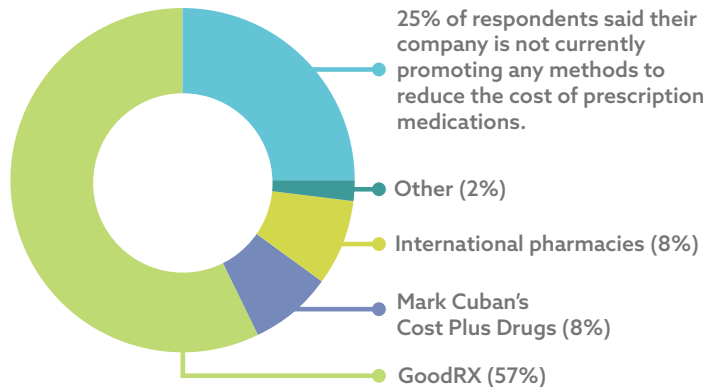
4. Montero, A., Sparks, G., Presiado, M., & Hamel, L. (2024, May 10). KFF Health Tracking Poll May 2024: The Public's Use and Views of GLP-1 Drugs. Kff.org. <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-may-2024-the-publics-use-and-views-of-glp-1-drugs/>

Rx Strategies

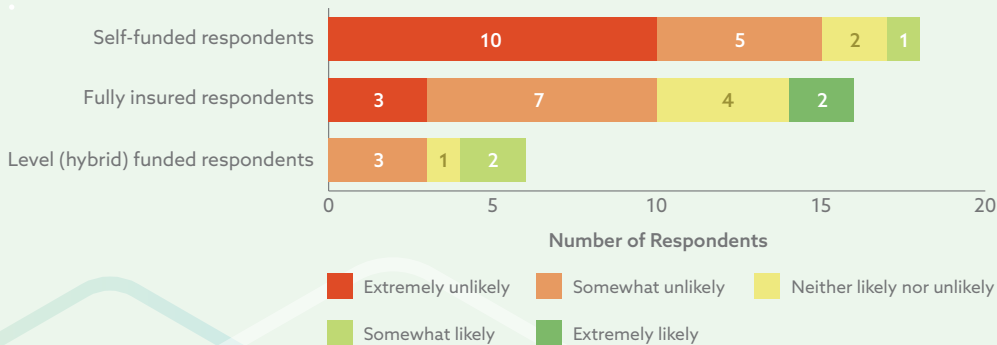
How Companies Are Trying to Save

75% of respondents have already implemented some type of pharmacy cost-saving program for employees. However, respondents were less likely to support additional cost-saving steps that might eliminate big-box pharmacies unless savings climb north of 16%.

Which of the following (if any) pharmacy cost-saving services have you promoted at your company?

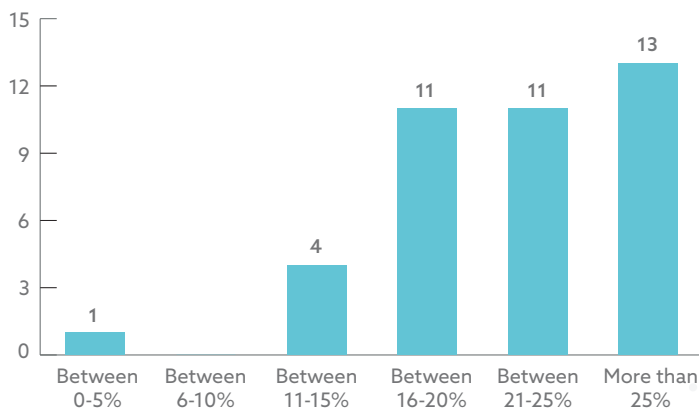


How likely or unlikely would you be to select a health plan with a narrow pharmacy network? For example, a less costly plan that excludes big-box pharmacies like Walgreens, Rite-Aid and CVS.



The majority of respondents (70%) were extremely or somewhat unlikely to select this type of plan.

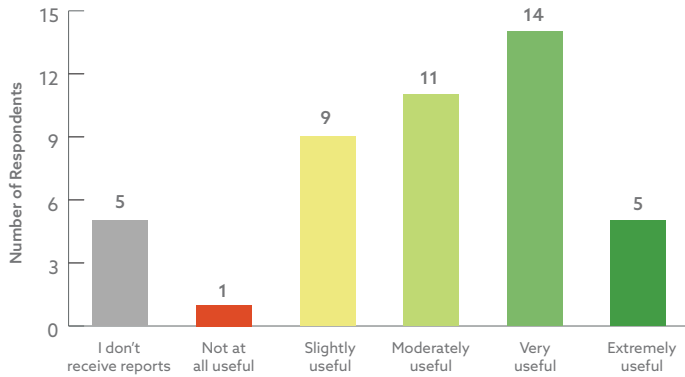
In order to select a plan with a narrow pharmacy network, about how much less would that health plan need to cost?



87% of respondents also reported that a health plan with a narrow pharmacy network would have to cost at least 16% less in order to be selected.

Access to Data

To what extent is the data or reporting you receive about your health plan useful in making decisions?



- 11%** of respondents said they do not receive any data or reporting about how their health plan is operating.
- 22%** of respondents said that the reports were not at all, or only slightly useful in decision making.
- 24%** of respondents reported that the data they receive is moderately useful in their decision making.
- 42%** of respondents said the reports were at least very useful for their decision making.

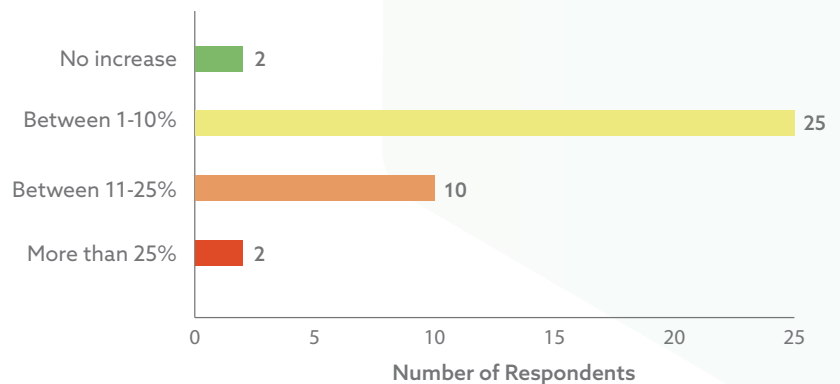
There is a strong statistically significant relationship between funding strategy and how useful the survey participants found data about their plan to be. Companies with a self-funded health plan were more likely to report a higher level of satisfaction with the data they receive about their plans (averaging a 3.7/5), than companies with fully insured (2.59/5) or hybrid (1.88/5) plans.

For individuals who do receive reports, 69% reported that they receive them from a third-party organization, while 31% said the reports come from their plan administrator.

Managing Increases

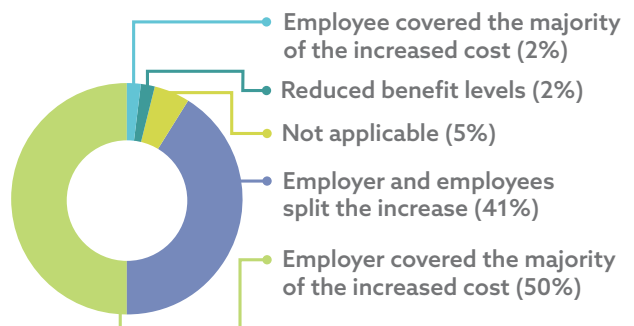
Last year, what was your medical renewal increase?

Of those who knew what their 2024 increase was, most respondents (64%) reported **an increase between 1-10% last year**, while **25% saw an increase between 11-25%**.



Impacted employers covered their increases in a variety of ways - 50% reported that the employer covered the majority of the increased cost, while 41% shared that the employer and employees split the increase. One respondent reported that the employees were responsible for covering the majority of the increased cost, and another reported that their company reduced benefit levels to offset the increase.

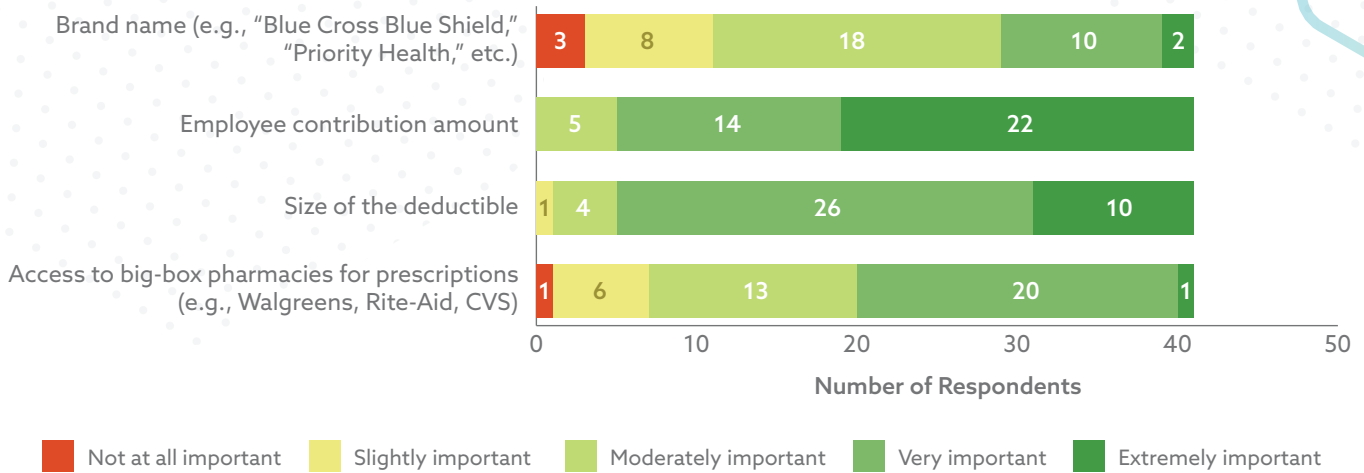
Which of the following strategies (if any) did you use to cover the cost increase?



Plan Priorities

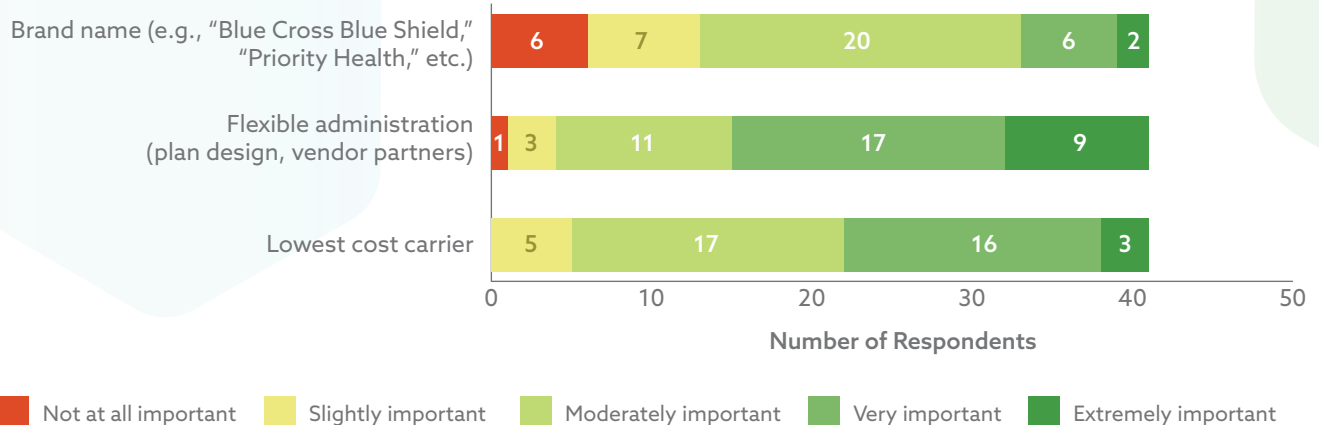
We asked our surveyed business leaders and human resources staff to share how important a variety of aspects of a health plan are to their employees. Of these aspects, two emerged as most important: employee contribution amount and size of the deductible. **Employee contribution amount was deemed very important or extremely important by 87% of respondents. 87% of respondents also viewed the size of the deductible as very important or extremely important.**

How important or unimportant are each of the following aspects of a health plan to your employees?



Additionally, survey respondents were asked how important or unimportant several aspects of a health plan were to the company. Among these aspects, most employers (63%) reported that flexible plan administration was of highest importance, while 46% shared that finding the lowest cost carrier was of the highest importance.

How important or unimportant are each of the following aspects of a health plan to your company?



Thank You

We are extremely grateful to the organizational and HR leaders who gave of their time to participate in this first MI Employers Health Insurance Report. It's our hope that this snapshot of data is helpful to decision makers, advisors and insurance professionals across the state as you build your plan for the year to come. We also hope that if you were not able to participate this year that you consider responding in 2025. The more respondents who participate will strengthen the accuracy and usefulness of our analysis.

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