

NJ CAR 2020 Employee Benefits Update

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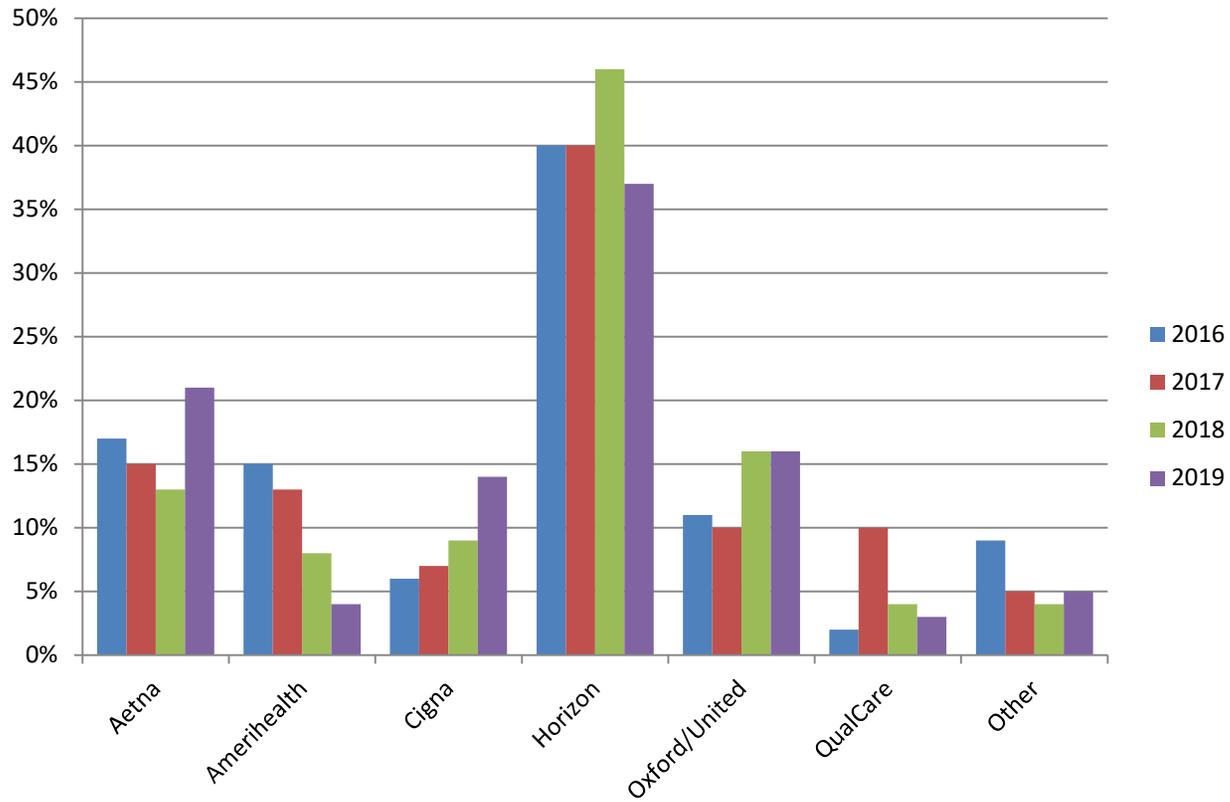
2019 Survey Results

- 2019 results represent the 6th Annual NJ CAR benefits survey.
- Results encompass a broad demographic of 135 dealerships, similar to previous years.
- Results were, again, captured through an online survey tool, a change to original data collection from the first two years.

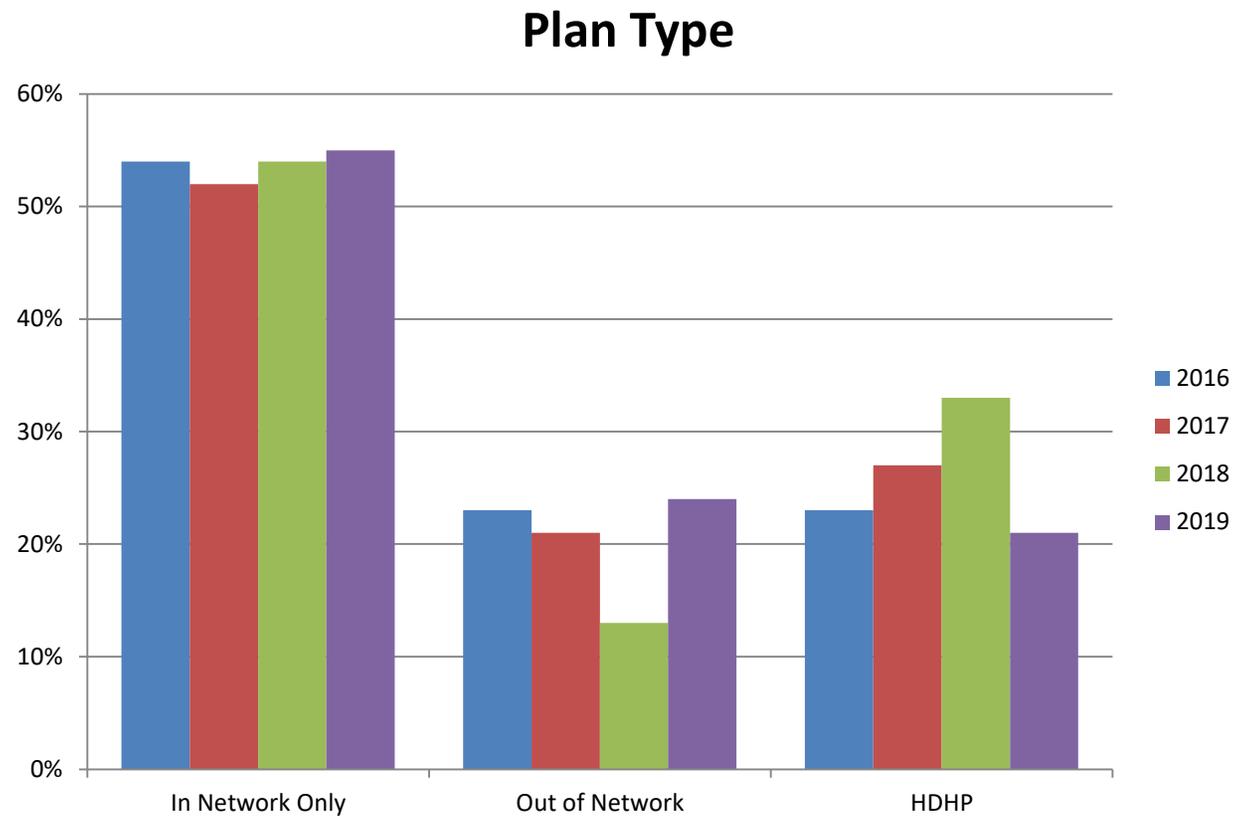


Market Share Summary

Carrier Choice

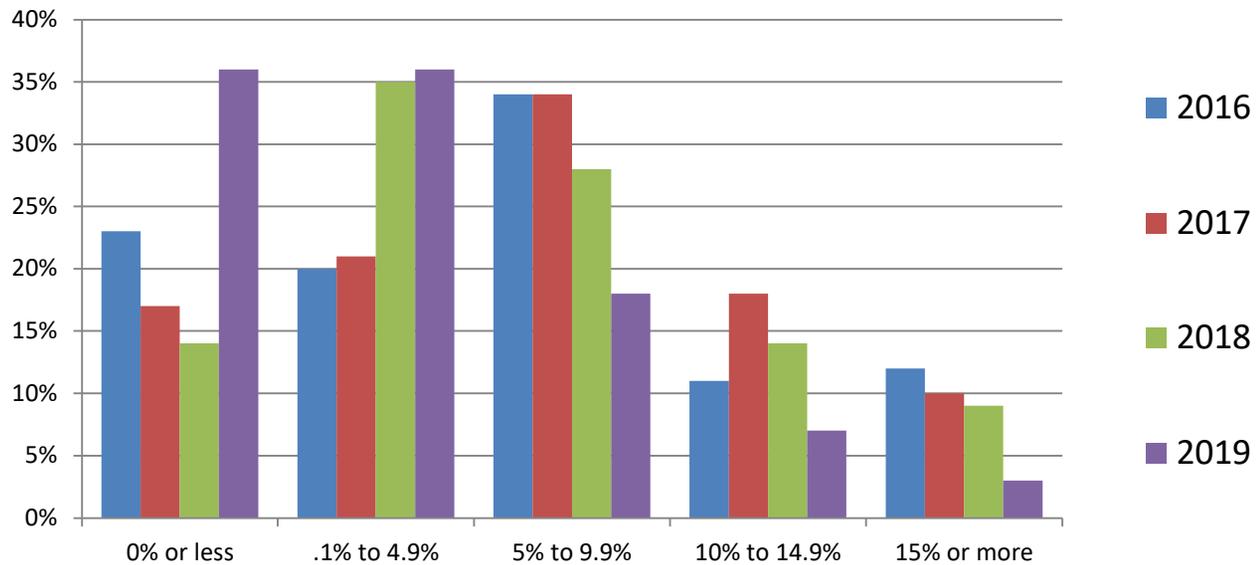


Plan Designs Utilized



Final Renewal Increases After Changes

Final Renewal Levels



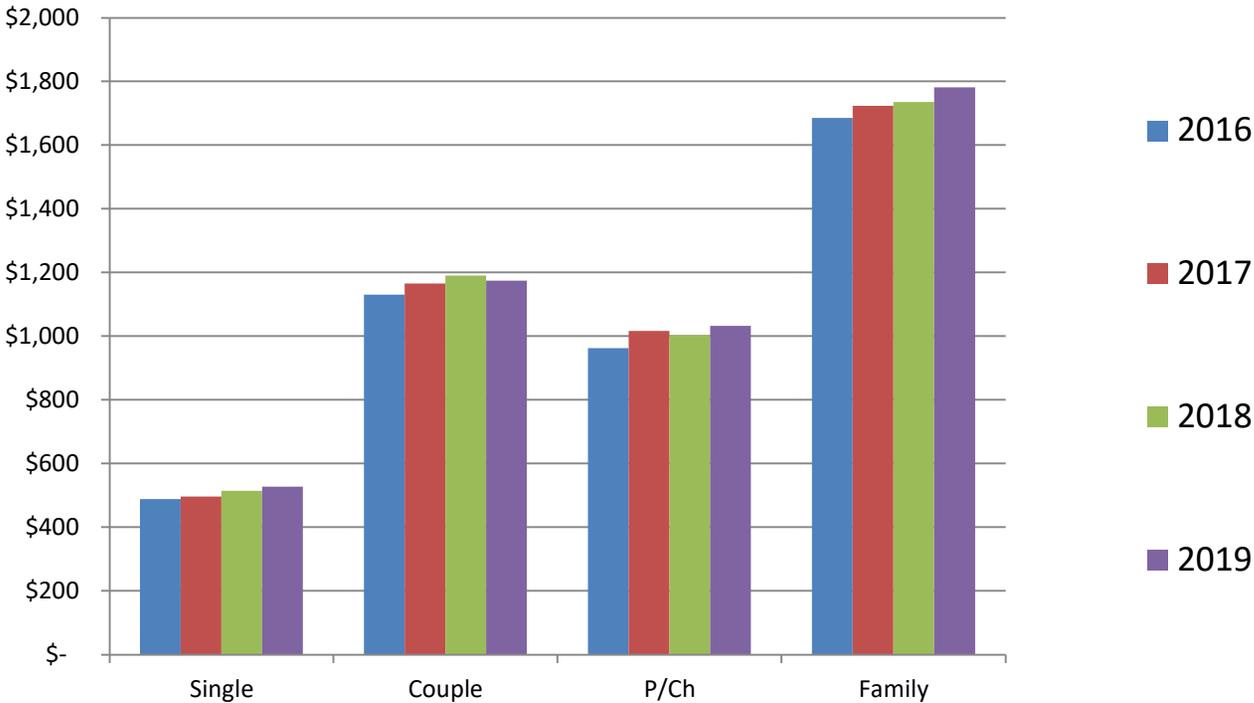
Premiums and Contributions

- Key Highlights for Most Dealerships:
 - In 2019, we saw a significant increase in employers contributing 50% or more towards premiums
 - The percentage of employers contributing 75% or more is at its highest level since 2016
 - Less than 30% of respondents indicated a contribution of less than 50% compared to the prior three-year average of 47% .



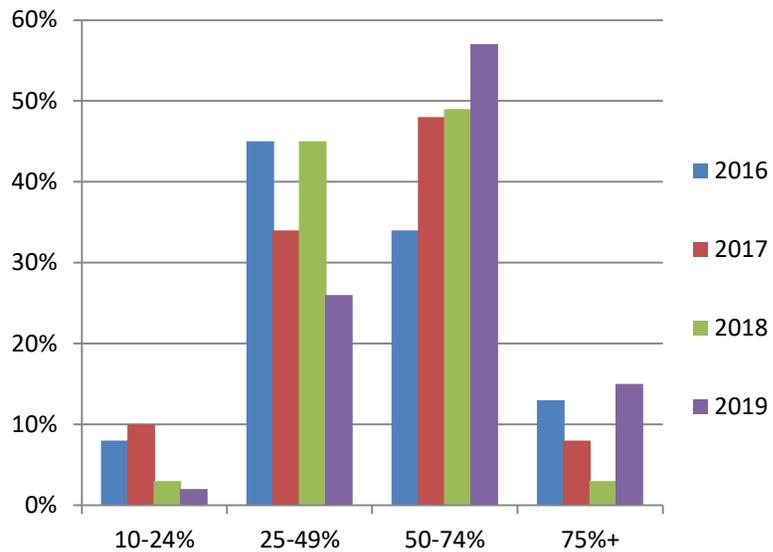
Average Plan Premium

Average Monthly Plan Premium by Tier

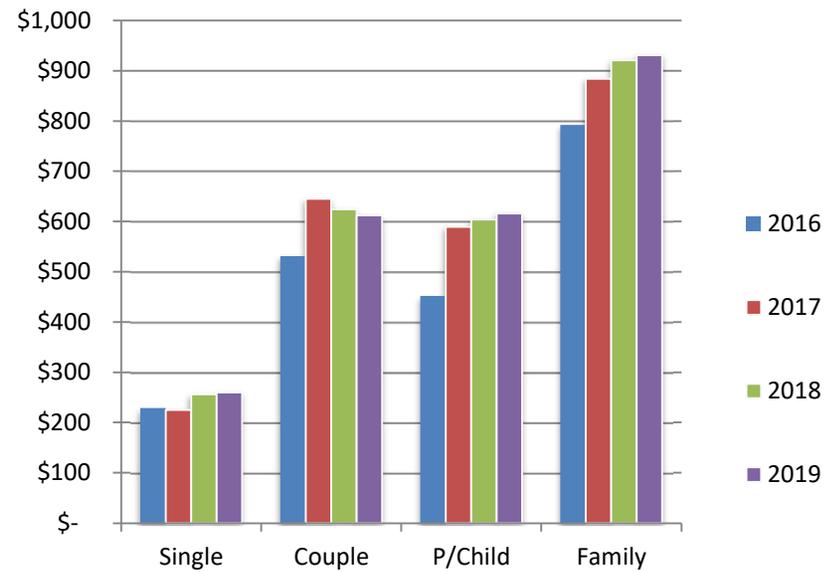


Employer Contributions

Employer Contribution Response by Range

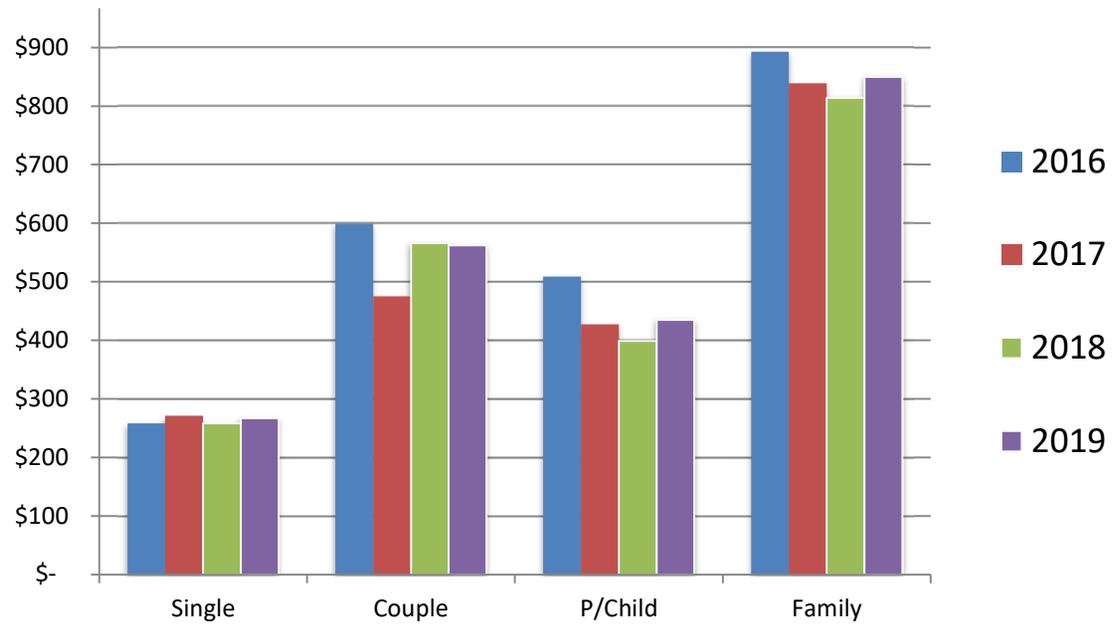


Employer Monthly Cost Sharing



Employee Monthly Contributions

Employee Monthly Cost Sharing



Summary

- For 2019, we saw a beneficial reduction to employees' costs to use the plan.
- We saw lower doctor copays and less exposure in the event of a large claim – reducing barriers to accessing care.
- 2019 was a very good year in terms of health insurance renewal premium increases. Three out of four dealerships saw a less than 5% renewal increase. As such, fewer employers were forced to reduce benefits or implement HDHP's to combat increasing costs.



Summary

- We continue to see employers demonstrating an ability and desire to increase their portion of overall premiums, to the highest levels since this survey's inception. Employer costs and employee costs have been reasonably stable.
- Plan designs saw minimal changes in 2019. We continue to see the popularity of High Deductible Health Plan options and self-insurance.
- Copays, Rx coverage, and maximum out-of-pocket expenses have remained relatively constant over the past few years.



Summary

- New this year, we provided a survey question asking respondents to tell us what employee benefit topics they would like to hear more about.
- Rather than focus on the survey results alone today, we want to treat the event as an informative, topic sensitive presentation.
- As a result, John and Bruce will focus on the top pertinent topics as selected by the field, amended to include current topics.



The Current (and fluid) State of EE Benefits

COVID-19 coverage & impact

- Eligibility and participation rules
 - Relaxed eligibility – “Actively at Work” not required for “Active Plan”
- Medical carriers covering 100% of the treatment costs, even in a High Deductible Health Plan
 - Testing, diagnosis and treatment
 - Required for insured business, discretionary in self insured
 - Could impact claims and renewals
 - Expected claims impact -1% to +2%, but too early to tell
- Dental claims down significantly
- Plan marketing is made more difficult, particularly around census fluctuations
 - Reduced head count and premium results in a higher MLR due to claims lag



The Current (and fluid) State of EE Benefits

Extended COBRA rules and special enrollment rights

- Notice to administrators still required within 30 days
- Employees have 60 days following the outbreak to make elections
- Employees have 45 days following the outbreak to make the initial payment
- Employees have 30 days following the outbreak to make subsequent payments (includes existing COBRA enrolled EE's)
- Special enrollment, IE. life event – 30 days following the outbreak
- This all adds up to administrative and cash flow challenges!



The Current (and fluid) State of EE Benefits

Growth of telemedicine and virtual appointments

- 100% coverage for Telemedicine
- No disqualification of HSA rules
- Expansion of virtual visits
 - Often the only option to see YOUR doctor
 - Some carriers offer a lower copay
 - This expansion will have a positive impact on future premiums

Premium relief

- Carriers are required by most states to offer premium payment flexibility, often extending the grace period to 60 days or more
- Some carriers (United/Oxford) are offering a Medical premium credit of up to 15% for July
- Dental carriers are offering significant premium credits
- Ancillary carriers generally offering “rate passes”



Controlling Pharmacy Costs

- Employee
 - Generic Drugs
 - Mail Order
 - Prescription Coupons & Discount Cards
 - Prescription Shopping Tools
 - Needy Meds, GoodRX, Blink Health, RxSaver
 - Retail Store “Discount” Programs
 - Walmart, ShopRite, Target, Sam's Club, Costco
- Employer
 - Rx Carve Outs (200+ Employees)
 - Utilization of a PBM (Pharmacy Benefits Manager)
 - Formulary Review
 - Drug Access Controls



Effective Wellness Programs

- Crawl
 - Wellness/Healthcare Newsletters
 - Carrier Wellness and Rewards Programs
 - Encourage and Incentivize Annual Wellness Exams
- Walk
 - Implement Programs: Smoking Cessation, Weight loss, Stress Reduction,
 - Incentivize Wellness Activities
 - Conduct a Health Risk Assessments
 - Wellness Coaches: Dietitians, nutritionists, stress management, financial wellness
- Run
 - Outsourced Vendors/Systems: Tracking, reporting, challenges, engagement
 - Full Biometrics
 - Wellness fairs



Contribution Strategies

- Percentage of Premium
 - Straight or Tiered
- Defined Contribution
- Spousal exclusions or surcharges
- Salary-based
- Class-based (must satisfy nondiscrimination rules)
 - Hourly vs Salary
 - Years of Service



Medicare

- Medicare is primary if you age 65 or older and you have less than 20 employees
- Employers can encourage employees to learn about the costs and benefits of Medicare plans which may result in lower premiums and better coverage for the employee
- An employer cannot force or incentivize employees off the group plan and onto Medicare
- A group may see future reductions in premiums when Medicare eligible employees waive the group's coverage because of an improvement to the claims experience and demographics



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