

# Private Exchanges: Four Years Later

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36TH ANNUAL ISCEBS

*Symposium*

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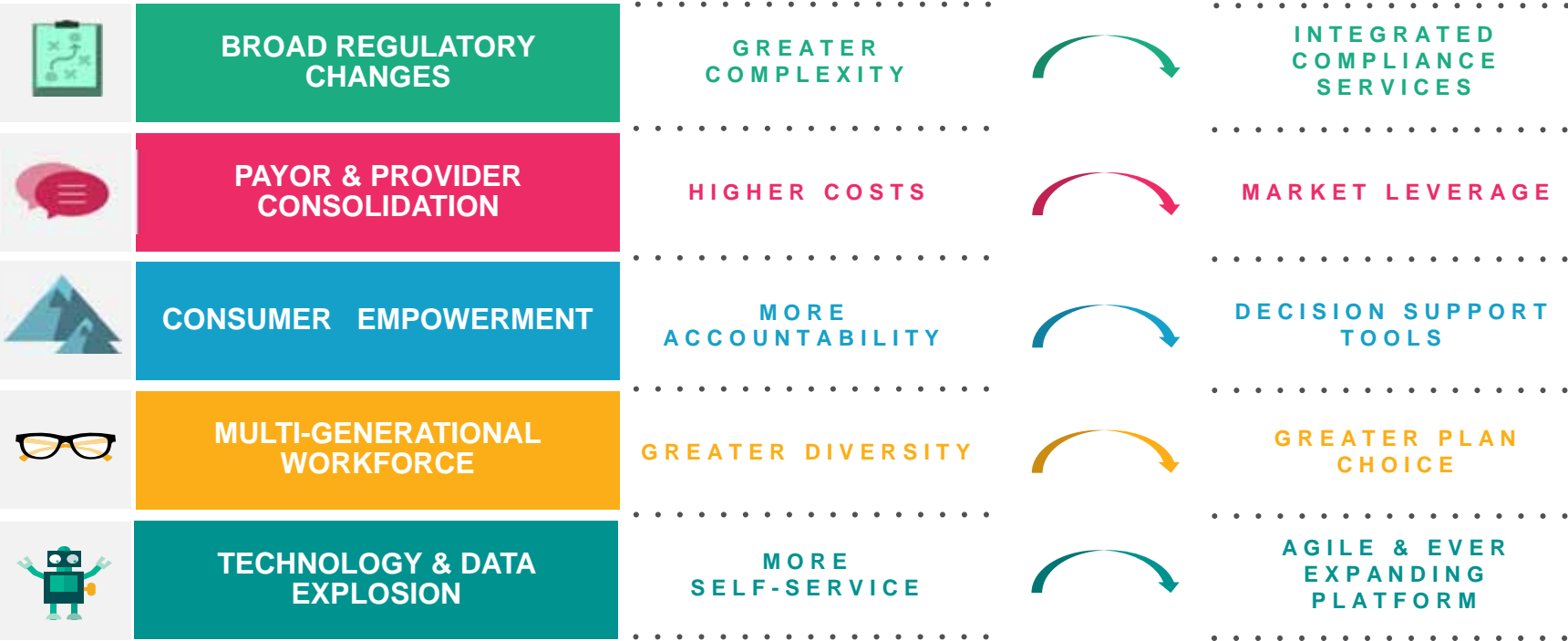
# AGENDA AND SPEAKERS

- 1 ···· EVOLUTION OF PRIVATE EXCHANGES
  - 2 ···· EXCHANGE JOURNEY: NORTH AMERICAN PROPERTIES
  - 3 ···· EXCHANGE JOURNEY: TERUMO BCT
  - 4 ···· QUESTIONS
-

## WHAT IS A PRIVATE EXCHANGE?

- A private exchange is **an employer-sponsored benefit plan**
  - Offering **multiple benefit options**
  - That uses **innovative technology and decision support tools and resources**
  - To deliver a **satisfying experience** to plan members
  
- A private exchange is **not**:
  - Part of the public exchange offerings under the Affordable Care Act
  - An employer healthcare benefit exit strategy
  - A pooling, risk-sharing, or association arrangement with other employers
  - An employee leasing approach

# FIVE TRENDS THAT EXCHANGES CAN ADDRESS

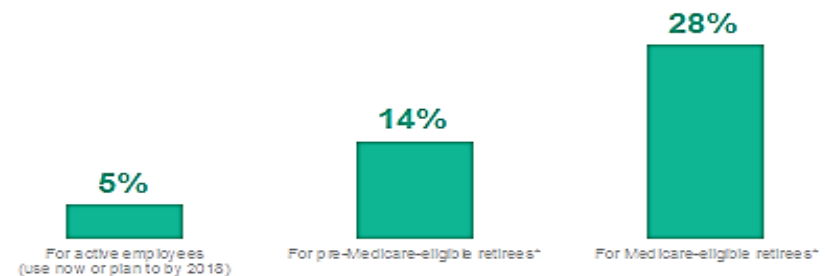


# PRIVATE EXCHANGE ENROLLMENT TRAJECTORY

- Precise statistics are hard to come by, but Accenture estimated that approximately 8 million people were covered by private exchange programs in 2016
- Early growth estimates (40 million members by 2018) were overstated, but Mercer survey data shows that employers are still interested

## PRIVATE BENEFIT EXCHANGES OFFER EMPLOYERS A WAY TO OFFER CHOICE

Offer private benefit exchange, among large employers

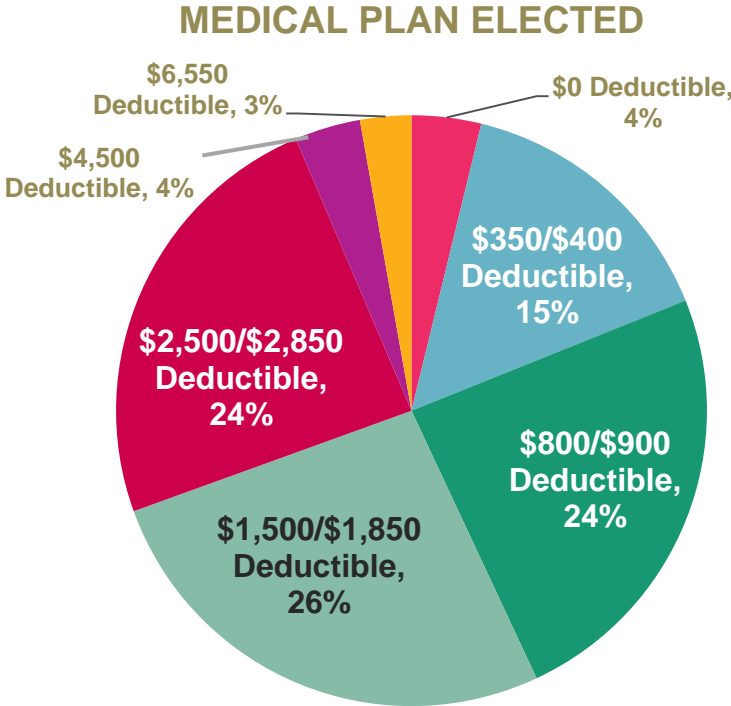


\* Among current retiree medical plan sponsors

Mercer National Survey of Employer-Sponsored Health Plans, 2016

42

# EXCHANGE PARTICIPANTS ELECT HDHPS MORE FREQUENTLY



- **57%** of employees are enrolling in a CDHP option
- 75% of enrollment is split evenly across the most prevalent options available (\$800/\$900, \$1,500/\$1,850 and \$2,500/\$2,850)
- Enrollment in the \$4,500 and \$6,550 options has increased from 4% in 2016 to 7% in 2017 as the option is offered to more employees

Source: 2017 Mercer Marketplace 365 Enrollment Results

# North American Properties

- Founded in **1954**
- Privately held, **Multi-Regional Real Estate** operating company
- Headquartered in **Cincinnati**
- Offices in **Atlanta, Dallas** and **Fort Myers**



# North American Properties

**63 Years** acquired,  
developed, or developing:

- 169 projects
- In 67 cities, in 15 states
- 19,600 units residential
- 22 million square feet commercial
- 38 properties managed or in development
- 12 projects in the pipeline





# Employee Demographics

**250**  
ASSOCIATES



**\$80,394**  
ANNUAL INCOME



**35%**  
DEPENDENTS



**41**  
AGE

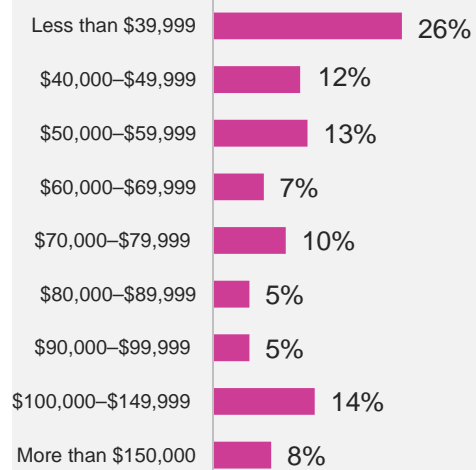


**51% MALE**  
GENDER



**OH / GA**  
RESIDENCE

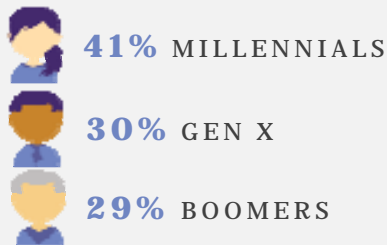
## INCOME BREAKDOWN



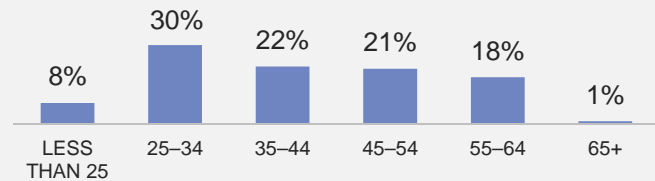
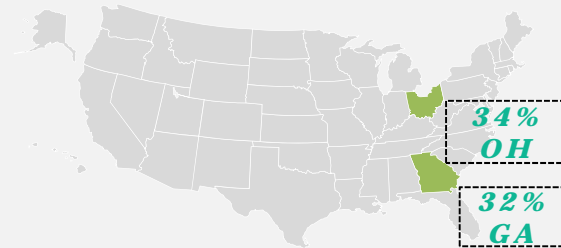
## INDUSTRY



## AGE BREAKDOWN



## TOP STATES



# Evolution to a Private Exchange



2007

- Introduced options (HDHP, PPO)
- Financial crisis had a major impact

# Evolution to a Private Exchange



2010

- Removed PPO
- Growth in projects
- Doubled in associates

# Evolution to a Private Exchange



2015

- Introduced MMx
- Continued growth

# Why a Private Exchange ?



Mercer Marketplace (MMx)

# Initial Benefit Options



2015

- Three medical options:
  - \$350 deductible PPO (11% enrollment)
  - \$1,500 deductible HDHP (21% enrollment)
  - \$2,500 deductible HDHP (68% enrollment)
- Dental (51% enrolled) and Vision
- Expanded life insurance choices
- Ancillary health benefits (hospital indemnity, critical illness, accident)
- Voluntary benefits—ID theft, legal coverage, pet insurance and auto/home

# Associate Comments

*"I am now enrolled. Process was easier than advertised: 30 minutes +/-."*

*"I did this yesterday. Loved the online process. Very user friendly!"*



*"I absolutely loved this year's open enrollment experience! The website was informative and it was easy to use. Thanks for adding dental!"*

# Lessons Learned

*There are no secrets to success. It is the result of preparation, hard work, and learning from failure.*

*~ Colin Powell*



# Lessons Learned

Be Positive, Patient, and Proactive

Responsible for the Exchange

Be Realistic with Duties

Educate, Educate, Educate

Change is Good

# Future Strategies



2018

- MMx continues to align
- Continue to monitor premiums
- Educate and communicate

# Finally . . .



As with any rewards initiative,  
always consider your—

- Values and strategy
- Relationships with consultants  
and vendors

# COMPANY PROFILE

**TERUMOBCT**  
Unlocking the Potential of Blood.



**Established:** In 1964 as COBE Laboratories

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**Number of Associates:** Over 6,000 in 36 countries

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**Global Headquarters:** Lakewood, Colorado

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**Manufacturing Facilities:** Belgium, India, Japan, Northern Ireland, United States, Vietnam

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**Main Business:** A global leader in blood component, therapeutic apheresis and cellular technologies, and the only company with the unique combination of apheresis collections, manual and automated whole blood processing, and pathogen reduction.

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**Parent Company:** Terumo Corporation;  
Tokyo Stock Exchange (4543)

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# GLOBAL MARKET LEADER POSITION

One company, three businesses, eleven product lines

## Blood Centers



Delivering higher **economic and clinical value** with strategic supply chain solutions

## Therapeutic Systems



Advancing blood therapies to bring **more treatment options** to patients

## Cell Processing



Enabling cellular therapies that may fundamentally **improve outcomes**

# TERUMO BCT DEMOGRAPHICS OF U.S. ENROLLEES

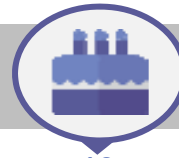
2,361  
EMPLOYEES



**\$67,502**  
annual income



**7 YEARS**  
tenure



**43**  
age

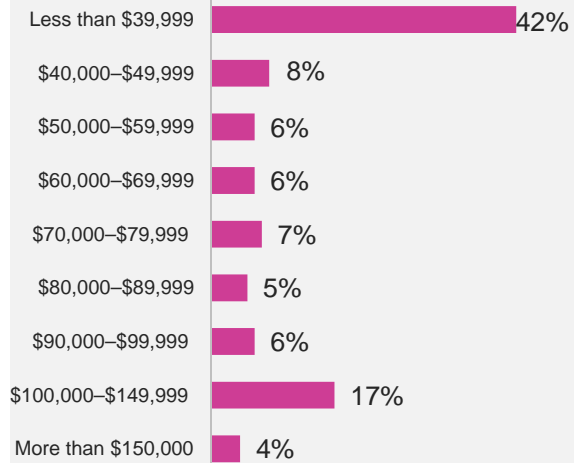


**56% MALE**  
gender



**CO**  
residence

## INCOME BREAKDOWN



## INDUSTRY



**MANUFACTURING**

## AGE BREAKDOWN



**36% MILLENNIALS**

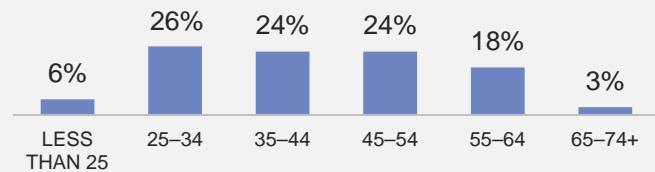
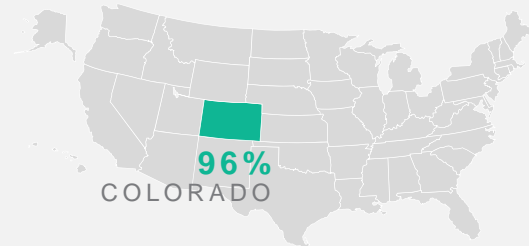


**36% GEN X**



**27% BOOMERS**

## TOP STATES



# EVOLUTION OF BENEFITS AT TERUMO BCT

## Pre 2010



- *Multiple medical vendors*
- *Many supplemental options*
- *CDHP with HRA*
- *Wellness programs introduced*
- *Ownership changes*



ADMINISTRATION & MANAGEMENT

## 2010-2014



- *2 Medical vendors, 4 medical plans*
- *Switch to HSA from HRA*
- *Clunky enrollment*
- *Minimal migration*
- *Wellness programs enhanced*



INCREASING COSTS

## INITIAL BENEFIT OPTIONS



- Five medical options across two vendors (CIGNA and Kaiser)
  - \$0 deductible HMO—Kaiser only
  - \$350 deductible PPO
  - \$800 deductible PPO
  - \$1,500 deductible HDHP w HSA
  - \$2,500 deductible HDHP w HSA
- Two dental plans and two vision plans
- Company-paid basic life, AD&D, and disability
- Optional buy-up for additional life, AD&D and permanent life insurance
- Ancillary health benefits (hospital indemnity, critical illness, accident)
- Voluntary benefits



## WHY DID WE MOVE TO AN EXCHANGE?

- ✓ Cost Savings
- ✓ User Experience
- ✓ Ease of Administration
- ✓ Plan Design



# HOW WAS THE MOVE?

## Cost Savings

- \$809k in first year
- \$5.6 million over five years
- Trend migration, savings from collective purchasing, and reduced internal support



## User Experience

- Modern enrollment website
- Call center with expanded hours
- Nine medical choices
- Larger menu of ancillary product offering

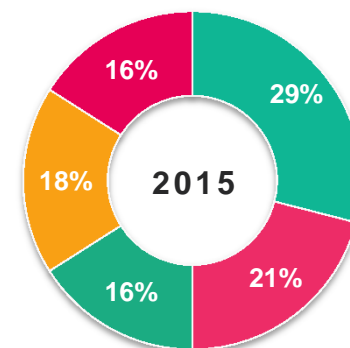
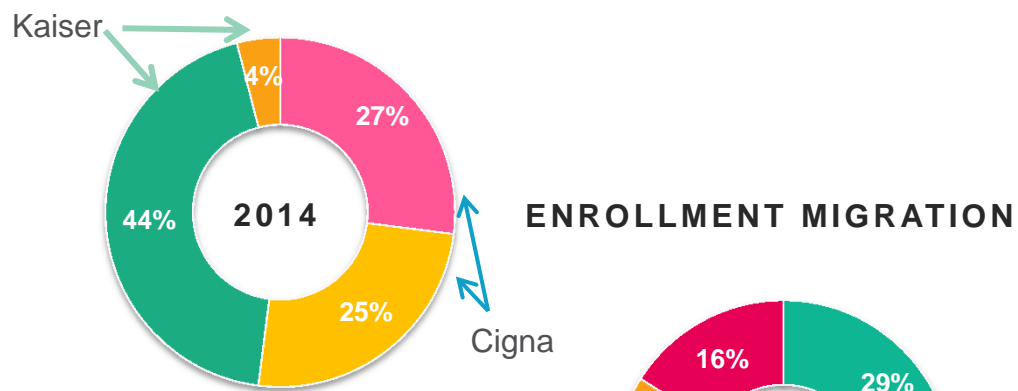
## Administrative Ease

- Wellness discount administration
- Enrollment feeds to vendors
- Integration to payroll

## Plan Design

- Standardized plan designs
- Streamlined compliance

# MIGRATION



■ HMO ■ \$350 Ded ■ \$800 Ded ■ \$1500 Ded ■ Other

## IMPROVEMENTS AND PLANS

# 2017

- Expanded wellness programs to include coaching and additional financial wellness
- Continued management of pharmacy

# 2018...

- Introducing spousal surcharge
- Competitive bidding for all plans
- Considering elimination of one plan
- Continued pharmacy management

## LESSONS LEARNED



- Plan, well in advance and very thoroughly
- Change management and communication are critical
- Get ahead of key stakeholders early and keep them informed
- Leverage tools and information to ease concerns
- Emphasize making good choices

# THOUGHTS FOR THE FUTURE



Private Exchanges will continue to grow in popularity



Rationale will continue to shift from cost savings to choice and administrative ease



Growth in jumbo market limited to certain industries—many can achieve similar outcomes already



Ideal for introduction of new concepts (ACOs, narrow network, emerging voluntary benefits)



Optimal opportunity for small and mid sized employers to access best in class technology and services/prices



**CONTINUED  
MARKET  
EVOLUTION**

**THANK YOU!**  
**QUESTIONS?**

