Transcript: Strategies for Managing Rising Healthcare Premiums with Jason Bradshaw

Chris Comeaux: 0:00
I feel like I'm the guy on the platform and I see these trains about ready to crash and I'm going, is anyone else seeing this thing?

Jason Bradshaw: 0:07
It is pure volatility right now. I think the train wreck is a great analogy. I think most employers and us as consultants have seen this coming for a number of years, but there's some age-old factors that are just coming to play. It is the convergence year and probably the most volatile year I've seen in 20 plus years here in doing what I do.

Chris Comeaux: 0:26
It doesn't really feel like I am directly paying for my health care, therefore I'm not directly responsible. And when you remove people from the consequences of their actions, it never works out well. Um, you know, we're as a as a parent with your kids, if you try to discipline them three weeks after they did something, they're not gonna get the lesson because the consequences are not closest to the actions. That's part of the human psyche. So, do you see movement towards this cost transparency, value-based models? And do you think they're actually gonna bend the cost curve?

Jason Bradshaw: 0:58
I do. I do on all those, and and I'll use an analogy I use a lot. I think it's the phrase I use is you've got to develop a cost culture, aligning goals. Uh, we're glad to partner with employers that need that, but again, it's accountability. I think the old broker model was, hey, we're gonna check on your claims before you provide your service and we'll see you mid-year net renewal. It is truly things are so expensive and so complex now. We all need good partners that are having those weekly, bi-weekly, monthly conversations to make sure we're aligned in our goals and our and being proactive for the upcoming years.

Jeff Haffner: 1:29
And now our host, Chris Comeaux.

Chris Comeaux: 1:33
Hello, and welcome to TCNtalks. I'm excited today. We have with us Jason Bradshaw. He's a benefits consultant with USI Insurance Services. Welcome, Jason. Good to have you.

Jason Bradshaw: 1:43
Welcome, Chris. Appreciate the time today.

Chris Comeaux: 1:45

Yeah, man. Actually, you were one of my very first guests in the very beginning of TCNtalks, which feels like a long time ago for me now. We've got actually; I think we're well over 60,000 downloads. So, thanks for putting up with me. We didn't know what the heck we were doing in the beginning, but I think we're hitting our groove now. So but appreciate you being back.

Jason Bradshaw: 2:04
Well, I've been a long-time follower of the podcast. So again, always great to connect with you and your audience. So, uh looking forward to our discussion today.

Chris Comeaux: 2:10
Perfect. I'm gonna read from your bio just real quick and see if you want to add anything. So Jason's responsible for the management of all facets of an employer's group benefit plans from seamless implementation of new benefits to the analysis, review, and maintenance of existing plans. He conducts enrollment meetings, renewal and marketing presentations, employee communications, lifting the day-to-day burdens off the employer HR team while providing consulting services to the CFO finance part of the organization. He has over 17 plus years of experience in the benefits industry, including time at Blue Cross Blue Shield of North Carolina, WebMD, and for the last eight plus years at USI. And so really appreciate him. In fact, he's been just a really good advisor to TCN as we've been um working with our members, figuring out what to do in this area. And so I've been, Jason and I kind of I'll send him another podcast or something else I'm listening to. And um, we did one with Rita Numeroff several weeks back, Jason. And I started off the show saying, I feel like I'm the guy on the platform, and I see these trains about ready to crash, and I'm going, is anyone else seeing this thing? And so it feels like there's some interesting challenges. And so we went through a lot of that with my podcast with Rita. But what I wanted to talk to you about is what is going on in the health insurance market. So that's really my first question. From your vantage point, what are the key drivers behind rising health care insurance premiums in the U.S. right now? Because that was one of the factors of why I'm seeing a bit of a train wreck happening within healthcare. So, what would you say to that?

Jason Bradshaw: 3:43
It is pure volatility right now. I think the train wreck is a great analogy. I think most employers and us as consultants have seen this coming for a number of years, but there's some age-old factors that are just coming to play. One, we have a sadly an overall unhealthy population here in the US, whether that be high BMI, uh weight circumferences, low adherence to preventive care. And again, I think COVID really spiked or uh increased the rate of the speed of this train coming down the track. So again, that unhealthy population. When we look at employers, a good benchmark would be if 70 to 80% of an employee population is seeing their primary care doctor each year. Just for that basic lipid panel. Let's make sure we're doing age-appropriate screenings. Most of the workforce we're seeing that number fall at less than 50%. So again, folks aren't just doing the basic tenants to take care of themselves. They're not managing their diabetes, they're not taking their medications as prescribed and moderating those, leading to increase in emergency room

utilization and also issues around musculoskeletal. So it is the convergence year and probably the most volatile year I've seen in 20 plus years here in doing what I do.

Chris Comeaux: 4:53
And are we so here's my sense and pushback if you disagree. We're just on the tip of the iceberg. Like it's getting um, like it's it feels like every person I talk to a month later than the prior person, it's higher and higher and higher. So, is that gonna continue into 26?

Jason Bradshaw: 5:11
Early signs sadly are yes, but I think 25 into 26 is our bellwether year, so to speak, where we're gonna see what the market does. I think a lot of the BUCA carriers, so Blue Cross United, Signa Aetna, they're divesting of what they would call bad business. Now that's a tough story for me to tell. Envision telling an employer, hey, we value your relationship. You've valued your um your employees being with a blue cross for a number of years, you're getting a 55% increase. And the statement is, hey, we want to invest in our healthy population. Well, that doesn't help that employer, one, manage their cost or their health plan, and it hurts them from a retention perspective, the value they provide to their employees. So lots of factors, rising cases of just again bad health, diabetes in general, cancer numbers have really spiked over the last 10 years. We've seen that even increase since COVID. Again, tying back to my original point, folks weren't taking care of themselves, and if they had a reason not to go to the doctor, COVID being a primary time frame, they chose not to. From a cost perspective, trend or inflation, we're seeing as high as ever. We'll have some other uh thoughts about that later in our conversation. But historically, trend's been in that 5 or 6% range. So again, we all know what that relates to going to the grocery store, getting our car repaired, trying to plan up a family vacation. We're seeing that medical inflation again hover at about 5% or 6%. We're now seeing about 10 to 12% going into next year. Wow.

Chris Comeaux: 6:36
Yeah, that's tough. So, what are you seeing employers do to help maybe manage the costs while still trying to keep some competitive benefits that matter to the employees? Because, oh, by the way, while this is occurring, it's a huge workforce shortage. And so trying to be the best to get the best people is like tops on everybody's strategy.

Jason Bradshaw: 6:55
Absolutely. And I do admire a ton of the hospice employers and TCN. They're doing the best employer type surveys and metrics to make sure they're providing everything they can. What I've really seen to be the simplest lever to pull is incentivizing via the carrot or the stick approach of again, making sure folks are doing those wellness-related activities pertaining to their health plan. So again, we're going to reward you financially through your premiums that you pay, through your payroll deduction, but you're going to pay less if you're seeing your doctor every year for your primary, uh, for your physical, if you're having a mammogram, if you're having that colon screening. Again, folks that do those activities tend to have a higher rate of mortality. And if we do discover something, we're catching at an earlier stage, meaning it's more treatable, it's going to have lower costs. There's some resistance in that from the employee workforce because like,

hey, I work really hard, I pay a lot for my insurance already, and now you're telling me I have to do an activity or activities just to pay what I'm paying and not pay more. So again, the messaging is tough, but I've seen, I think we've seen the curve start where more employers are having to draw a firm line and say, look, we're all invested in this. Uh, one statement I love that one of my leaders has has told all of his employees is, you know, the same money that pays your salaries, uh, that keeps is the same money that keeps the lights on, it's also the same money that pays our claims. We're all accountable at some level, and again, we all have to be creative in making sure that we're managing our health care.

Dragonfly Health Ad: 8:17

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Chris Comeaux: 9:02

Yeah, that's so good. We actually I talked to Rita Numeroff about that. I think more in the first podcast I did with her. Um, because she's very much like free market capitalism. And I said, isn't part of our problem in healthcare when people are removed from the impacts of choices, and like, you know, even the payment, like because there's third party payers, it's through the employer, it's in your paycheck. It doesn't really feel like I am directly paying for my healthcare, therefore I'm not directly responsible. And when you remove people from the consequences of their actions, it never works out well. Um, you know, we're as a, as a parent with your kids, if you try to discipline them three weeks after they did something, they're not gonna get the lesson because the consequences are not closest to the actions. And it's that's part of the human psyche, and it is part of what's wrong with healthcare. Now, Jason, I think you were the one that had shared with me the statistic of the percentage of how much people pay for their own health care prior to COVID and post-COVID. And I want to say maybe it's now like 65% of healthcare. That doesn't seem right. Do you remember that statistic? And was it you that shared that with me through because of high deductible plans and things like that?

Jason Bradshaw: 10:12

Yeah, so a different number that maybe connects that, Chris. So nationally we see the employer-employee split. Employee only coverage is about 85-15. So most employers are being super generous and paying about 85% of those cost premiums. Uh, as we've seen, again, those cost shifts up. Again, that 15% has become a much larger piece of the pie though at the employee level. The bigger, the bigger aspect we've seen a lot more shift in, though, is at the family level. So, again, it's a big part of a benefit structure to provide a lot of contributions to me covering my spouse, me covering my kids. That makes it feel very parental. You value me and my family as a part of your organization. So historically, we've seen that national average be about a 50-50 split.

We're starting to see that really, really dive down over the last two to three years. Employers are having to make a choice. My funds are limited. It's the number two item on our PL. Are we going to continue to kind of split these dollars, employee versus family, or really just shift everything to make sure we're taking care of our employees first? Wow. Wow. You did mention the HSAs. That's another trend I want to speak to. So again, I think it's a benefit that can work incredibly well. It's going to give you fixed cost savings on premiums, relative of 10% compared to a normal PPO plan with copies, et cetera. But the item I think that is lost on most people, they just look at it as a high deductible health plan. Wow, now you're telling me I'm paying X for my coverage. If I go to the doctor or the pharmacy, I'm still paying out of my pocket. That has a low value unless we can really have a good strategy around the employer putting some seed money in to make it successful and also showing the employee the value of putting pre-tax dollars in to pay for those qualified medical expenses. It's still lost on just the lay person. There's a lot going on in life for sure. They think, hey, the more I spend on health care pre-tax, the less I take home. We've got to understand that those pre-tax contributions into an HSA, you're going to use those to pay for that pharmacy claim, to pay for that visit to the urgent care or to see your primary care physician. But you're actually increasing your take-home pay by diverting some of those monies into that pre-tax bucket. So, a lot of communication still needs to be done there. But I think from a benefit lever, that's where more and more employers are looking to go.

Chris Comeaux: 12:23

Yeah. Actually, I did my first, I had the opportunity to do my first uh HSA this past year. I've always done the FSA. Um, but having that, you know, not having that crazy at the end of the year, oh my gosh, I got to go run to Sam's and get a whole bunch of band-aids and stuff and make some interest off of it, it it has changed how our family thinks about it. So I'm a huge proponent. Obviously, people gotta do what makes sense for them. Well, you alluded to something, Jason. I want to kind of back up. How are small to mid-sized organizations, like many of the hospices we work with, are their challenges maybe unique compared to some of the larger organizations that maybe have a bigger risk pool, more insured lives, etc.?

Jason Bradshaw: 13:05

I think so. And sadly, you the insurance benefit space in terms of cost is still the law of averages, the law of numbers. So again, if I'm a thousand lives, a thousand employees, I get more looks in the market, so to speak, and I can tend to survive the volatility of high claimants. So we tend to see really from a cost perspective, it's about 4% of the population that really drive about 90% of the spend. The challenge is though, that 4% changes every year. So again, if we're looking at an employer with 100 employees, let's just use that baseline number. Four people really drive my spin each and every year. Yes, everyone's using the benefits in different ways, but from a pure cost perspective, it's about four people. But next year it's four different people. It's a different mix. So the challenge in a smaller organization is that risk really has a large impact in that specific year, and it does so every year. A thousand employees, again, that 4% shifts is much more fluid, and you've got the other law of averages again to offset that. There's also something I call emotional underwriting. And this is more appropriate in our fully insured or level funded world. But again, the larger we are, the more emotion, the more giving, the more eyeballs we get from an underwriting perspective. So if I'm again a thousand employees and I'm not truly self-funded,

the blues, United, et cetera, they're going to do a little bit more for me just to have those belly buttons on their ledger sheet. If I'm a hundred employees, again, it's really looking at, hey, is that good risk for us to take on for our profit margins or not? So the other challenge in your industry specifically, you're dealing with Medicare and Medicaid cuts, and that's been a driving theme for a number of years now, and the challenges there. If we're a manufacturer, we're dealing with some other challenges, tariffs, for example, but we also really control maybe a product that we're manufacturing. So if I make widgets and I'm impacted by the cost of my health insurance, maybe I'm just upping the cost of my widget. And again, maybe not an apples to apples comparison, but I do think the healthcare sector in general faces more unique challenges than those in the manufacturing workforce.

Chris Comeaux: 15:01
Jason, would you mind just doing just a quick one-on-one course for folks? Like some of our listeners might be brand new leaders and like just the basics of like a fully, uh fully insured plan versus maybe a hybrid versus a self-insured plan.

Jason Bradshaw: 15:14
Absolutely. That's one of my favorite exercises to do in an insurance one-on-one, so to speak. So, the most conservative form of funding is fully insured. You pay your premiums each and every month. The carrier, we'll use Blue Cross, for example, not picking on them. They're taking on all the risk. So, in a good year, Blue Cross is making money off your premiums. You're not getting a return on that. But in a bad year, they're taking on all the risk, exceeding your premiums. Now, in those bad years, you're absolutely getting a terrible renewal increase. We're seeing more of those this year. But in those good years, Blue Cross is still keeping the bulk of those profits and you're stealing, you're still dealing with a trend increase of 8 or 10%. So you're not really winning there. Is predictable though on what you're paying on a monthly basis. The hybrid product we've talked about a little bit more, you and I one-on-one, Chris, is what's called level or balance funded. So it still kind of walks and talks like a fully insured plan. You pay what you pay every month, just like fully insured, but you get much more transparency behind the scenes and how your claims are running. You see the monies that go from your premiums to pay claims and what actually the carrier pays on those claims. So you see how you're performing surplus or deficit month to month. That helps us really be a good consultant. So one of the questions we get, maybe an employer just renewed their health plan for July the 1st. Three months later, they're already wanting us to kind of predict next year, which is a challenge. If I have no data, I can't tell you if it's sunny outside, if it's rain or if it's if it's a thunderstorm. So again, it's much harder to help consult and predict for upcoming years. The most aggressive model, good and bad, is true self-funding. So, you're finding someone to administer your claims. They're paying those, they're taking on some stop loss risk, but you win in full in the good years. If your claims are less than expected, that's the full accrual coming back to you as the employer. But if they're worse than expected, again, you can have some cash flow volatility. But I absolutely see more of the market in that under 500 space. So, under 500 employees on the plan, moving absolutely towards that hybrid or level funded type approach.

Chris Comeaux: 17:14
Do you know nationally what percentage are self-insured as employers? That may be a hard question to ask.

Jason Bradshaw: 17:19
I'll quantify it based on my team and our book of business. So, we work with about 150 employers in the Carolinas, the Southeast, a few that are national. And I would say we're almost at a 50-50 split in some form of self-funding. And again, our our range of size, we have employers with 15 employees. We have some with 5,000. Again, the larger they're more apt to be that truly self-funded we talked about. But it's almost a 50-50 split now between fully insured and some form of self-funding. I'd say the self, the self-funding subset, about 15 to 20% are now truly self-funded.

Chris Comeaux: 17:54
And then if we looked at a trend line, more trending towards self-funded, is that pretty accurate? Okay.

Jason Bradshaw: 18:00
At least in the approach of looking at it year over year, my biggest uh discussion when I'm talking with a poor of any size that has interest of self-funding. Yes, we can absolutely show numbers and whether they make sense or not, logically, or hey, this just isn't the right time of us from a cost perspective. But my biggest question is what is your what does your cash flow feel like? So, if I'm talking to an aerospace engineer company, $950 million profit company, they like having cash on hand. They've not gone to a full self-funded approach because of that. They don't want the volatility week to week in paying claims. I've got an employer that's 80 employees. They've had really good risk, very stable workforce. They felt like they were overpaying for years, so they've now gone into that true self-funded approach to have more control of what they're doing for their uh employees. Years ago, I would not have seen a company of that size take on that amount of risk.

Chris Comeaux: 18:51
Yeah, I definitely me growing up. I mean, we I guess when you and I got to know each other is when we moved, I was still at four seasons to a self-insured plan and just learning the language. I'm sure folks, I mean, you know this stuff so well, Jason, that's what I love about you. But there's a whole language like stop gas, stop gap, risk corridors, and just understanding what that language means is actually part of the challenge of being a good steward partner as an employer to go in that direction. Whereas, hey, I'm just gonna stroke the check for the premium so it feels like the safest thing to do. Um, but yet in the longer run, it's probably not, which is why more people are going in this direction of self-insured. Well, maybe it's a good segue, Jason. So what are innovative plan designs or funding models that employers maybe should be considering, especially now that we kind of set the table with the general types, but as you go forward, innovations that you're seeing, et cetera?

Jason Bradshaw: 19:45

Yeah, that's a great question. And I think part of our goal is to bring two or three new ideas to a client every year. We may not execute those in year one, but maybe it's a year two or three strategy. And I think that's what employers need. We can't be status quo. You know, I think this industry, the insurance piece itself is like the Titanic. I've used that analogy with you before. Very slow to pivot when danger is ahead. We wait till it's too late to make that move from a benefit perspective or how we're funding perspective. So we have a really unique data analytics tool at USI that pulls the data from all our clients across the country, over 50,000 clients, and it tells us what's working. So, hey, if we pull this lever, and I'll get to a couple of examples, here's the expected savings along with the expected disruption. One statement I'm very honest about with clients that are looking at change and especially big change, the larger the savings, generally the more disruption. So you have to have more communication with your employees. So, some innovation that we've alluded to, there's, and I'll use terminology and explain it. ICRAS is a newer buzzword. Those are individual coverage HRAs. So, think about you as the employer basically being the conduit for your employees to access the individual marketplace. So again, historically, that's been a place where I don't work, uh, stay-at-home mom, perhaps, stay-at-home dad, or uh my spouse has coverage to their employer. We can't afford it for myself as a spouse with kids. I go to the market and purchase an individual plan. Part of the ACA was bringing about subsidized subsidies from a tax perspective to help offset those based on household income. The ICRA model is basically taking that individual marketplace, bringing it to the group level. The employer sets a defined contribution, which we tell them where they need to be to avoid any ACA penalties. And then the employees take that money, go through a vendor, and they select the plan that works best for them. Now, the upfront savings look great for the most part, but I would say the challenge is think about hiring a new employee. Hey, I'm just hired today, ABC company, I've heard you've got a great benefits program. What's that look like? Well, we're gonna give you some money, and there's about 60 plans and about six carriers, and you're gonna take that money and make the decision that works best for you. That is a challenge for HR. So we've got a couple clients that are navigating that right now. The savings were tremendous, but again, the navigation and the cultural feel became a little bit different because it's not, it's still a strong part of the program, but everyone has a different benefit. So that's been very, that's been varied. That market is going to change, I think, a little bit more in the coming years. One other thing I'll two other things I'll mention are captives. So we spent a few minutes talking about self-funding in general. The captive model is where we have self-funded employers, so employers paying their own claims, they're kind of bonding together to have a greater law of averages to pull some higher risk. You're still truly paying your claims, but if we have a higher risk claim, a half million-dollar claim, premature babies, a hemophiliac, we're kind of crowd buying, so to speak, or crowdfunding to help offset those costs for the greater population. In good years, there's some little dividends that can trickle back. The hope for most employers in the captive is to have sustainable renewals. Hey, if we're overpaying a little bit to fund the crowd, maybe we're expecting a 3% to 5% each and every year versus a 15 or a 12% and then a 26%. So, more predictability based on those law of numbers. Last slight innovation I'll mention, it has been around in different iterations for a number of years, reference-based pricing, RBP or Medicare Plus. Um, this one has the most disruption. It does promise or promise to have the potential for the most savings. So, quick history here. Um, when your managed care cares, those BUKAs, the blue crosses again of the world, when they're getting a claim from a medical provider, let's say a

hospital, those providers are billing at about 800 to 1,000% of Medicare allows, which is that's insane to even think about. Most of those cares actually reimburse, though, between 400 and 600%. So again, still a major uh uptick, so to speak, in the pricing and the payment. What Medicare Plus RBP does is sets that bar much lower, about 125 to 150% of Medicare. Now, the challenge is they don't use traditional networks. You don't show up at a physician or the hospital and say, hey, here's my ID card, call Blue Cross, call Aetna, et cetera. There's no network. It is mostly based on negotiation. And so again, disruption, explain that to employees. But we see on average about 22 to 25% savings on claims. So, more employers are still looking into this. I don't see it being really the go-to option yet, but it's really establishing more of a threshold or a foothold in the marketplace.

Chris Comeaux: 24:29
Well, working backwards then. So that example reference-based pricing only applied to self-insured plans, Jason?

Jason Bradshaw: 24:36
Yes, absolutely. Yeah, and the carriers, so again, they're not doing that. They're standing by their network and their network discounts. And again, the power of having the logo on their card. This is where you as the employer are using a vendor partner to basically say, hey, hospital A, we're only paying you 150%. Now we'll pay you today if you'll accept that, but that's all we're paying. And it can turn into a battle, litigation, things of that nature. But more and more providers are becoming open to that because they'd rather have the money tomorrow than wait 30 days to get it from a traditional insurance carrier.

Chris Comeaux: 25:07
Yep. Okay. And then uh captive, of course, that applies to self-insured plans. Now the ICRA, um, that's interesting. I was thinking, I always joke with my wife, I'm like, you know, if you and I go shopping, I'm kind of hoping they have white or black for you to choose from. Because if there are 20 options, we're never going to make a decision. Um, it's because she's very thoughtful about when she makes her decisions. And so I imagine that could be almost paralyzing to a new employee. And so these ICRs, is it more from a self-insured plan that that's an option?

Jason Bradshaw: 25:36
It's still that would still only be fully insured. So, it is Okay, so the fully insured side. Yeah, okay. It is truly taking those rates that the Department of Insurance approves every year for that individual marketplace and letting an employer access those from a group chassis. But those are true as a true, still a fully insured plan. If you're overpaying, you're overpaying. The risk is on the carrier.

Chris Comeaux: 25:56

Oh interesting. Okay. Well, as we start to look, maybe where things are going, upcoming elections, regulatory changes, maybe federal state policies. How do you maybe see the shifting where the health insurance landscape is going?

Jason Bradshaw: 26:11
Yeah, this one's been the cloudiest for me, and we've talked about that a little bit and just in some sidebar conversations. And I think it's really interesting. So, uh I would not have predicted tariffs to have an impact on health care and cost. Well, now we have tariffs on pharmacy. So, does that how does that impact the manufacturer down to the PBM who are already raking in tons of profits, down to the carrier, down to the employer? Don't know that yet. But again, I think that's that that is the un the unforeseen. So, when I'm talking to employers, and I'll backtrack a little bit, again, what whatever business they're in, it is the uncertainty of the legislation that's causing the confusion or concern. Same in healthcare. One of the bigger things that's out there right now is, and I alluded to it earlier, is the potential of the tax credits that heavily fund those individual plans on the marketplace being either greatly pulled back or totally removed for the upcoming 2026 calendar year. If that happens, and this is my opinion, I think the carrier market and everyone's really worried about where does that risk go? So if the only reason I have my individual plan with Signa, for example, is because I'm getting it for $30 a month because of my household income, I'm getting a subsidy. What happens if that's pulled back? Do I have a spouse that I can hop on his or her coverage? Do I need to go find a job that offers coverage? If I'm unhealthy and have a lot of risk or condition going on, I find a way to afford that plan or to find that coverage. So, my risk is going somewhere. We're not going to see the credit potential tax credit pullback lead to this healthy population all of a sudden going and finding work. And then that would help our risk pull for our employers. I think it's going to cause the opposite. The bad risk is going to find a place to have coverage. I would also say we need to pay attention at the state level. So, North Carolina has really taken a great initiative, in my opinion. There's a law around PBM, so another acronym, so you're pharmacy benefit managers. The big ones out there are CVS, Optum, Express Grips. By the way, all those are owned by some of our Abuka carriers. So there's that connection there in the shell game that we've talked about before. But I think the law will actually try to divert those rebate dollars, and I'm glad to follow up if you'd like me to, to the consumer. So, if I'm getting a medication, usually a brand or specialty drug, there's a rebate dollar attached. So hey, here's your reward for having this condition and having to take this medication. That's so backwards in healthcare. But those dollars go somewhere. Does it go to the carrier? Do dollars go to a provider? Does it go to the pharmacy benefit manager, the middleman? Yes, all the above. With the legislation, the goal in 2027 will be for some way for those dollars to get diverted to the employee, the member, the healthcare user at the point of sale. So, if my drug were $200, I've got an HSA, maybe the uh rebate dollars offset it down to $50. Problem with that, again, I think you know the pharmacy industry is the largest, if not one of the largest, lobbyists in DC and at the local level as well. So twofold here, no one wants to let go of those dollars. There are huge profit margins for Abuka carriers. Again, that's that is one of their main profit centers for sure. Uh, it's also incentive to a lot of self-funded employers. So let's be honest, if I'm a large self-funded employer, I may be getting all the rebates back through my pharmacy plan. I may be diverting those back into my health care plan to help my employees. I may want to manage those dollars and not those float out to the employees at an individual level. Lastly, I think technology is gonna

be a problem here. So again, if we actually enact this into true law and exercise this in 2027, how do we how do we actually bring that to a CVS, a Walgreens, uh mom and pa's local drugstore to make that work? So I think the intent is good, but I tend to focus on legislation around that at the local level because that's gonna have the impact on the carriers and the rates that we're looking at in the Carolinas.

Chris Comeaux: 30:00
Interesting. Well, as I was thinking, listening to you and then thinking about my podcast I did with Rita Numeroff, because she was very big about um transparency, value-based models. So, do you see movement towards this cost transparency, value-based models? And do you think they're actually going to bend the cost curve?

Jason Bradshaw: 30:19
I do. I do on all those. And I'll use an analogy I use a lot. So, when I'm looking to buy a new car, and again, that process has changed, but I'm not just walking onto a lot or looking online and saying, well, it's $35,000. Here's what I get. Boom, I'm going to buy that. I go check another dealership. I shop online. Do I like their waiting room when I'm getting my oil change better than the other? I look at the total value to me and my family. Do I want a Camry versus a Honda? I mean, again, lots of reasons go into that. As healthcare consumers, we never do that. We just follow advice. That's what it costs. I accept that. So, I think where we're going is a Yelp version of that. So, think about you're traveling, you're in New Orleans, you're like, hey, I want to go have some American cuisine, some Creole. Let's pull it up in Yelp. Where do I go? What's the rankings? How many dollar signs are next to that? That's how you make your decision. United Healthcare, a lot of credit. They're really good in the technology space, and they've gone with a program called SUREST. And what this does, it basically takes their full network and then ranks providers and services by outcomes. So, the hospitals, the providers, the service industry folks that have better outcomes, lower readmissions, lower cost MRIs, things of that nature. We give the employee or the healthcare user the lowest cost impact. So I'll give you an example. Let's say I'm told I need an MRI for a knee. If I go to the hospital, I'm going to look in my surest app, my Yelp Like app, and it's going to say, Jason, if you go to the hospital, that's a $1,000 copay. If you go down the street a couple miles to the freestanding imaging clinic, that's a $250 copay. So again, empowering folks to take true data to make a decision. So that's one example we are seeing really have some impact in the last two years. Blue Cross is also doing something similar. They branded a high-performance network. And what they really try to do is bring a better pricing strategy to a geography where there's two to three large hospital systems in play. So I'll use Charlotte, North Carolina, for example. You've got Atrium Novant. Blue Cross goes to those and says, hey, here's our pricing strategy. This will lead to discounts for our clients on paid claims. Who's going to take the deal? Atrium takes the deal. That cuts Novant out of that network in totality. So again, it's hard to do that in rural areas where there may be only one hospital system of choice. We don't want to lose access to care. But I think again, the cost-driving factors are really leading to that more transparency and giving folks tools to actually shop for their care.

Chris Comeaux: 32:42

That's really good. So, as I think about healthcare employers and how do they, how would you advise them? How do they balance affordability for their employees with sustainability for their organization?

Jason Bradshaw: 32:54
I think it's the phrase I use is you've got to develop a cost culture. And again, I think a lot of it is communication. I'm really big on employers just telling the full, all the dollars to the employees. Like, hey, here's what the total premiums cost us every year. Here's what we do contribute at the dollar level every year. Make it very, make it very real to them. I think again, it's back to one of the earlier conversations to find that carrot and stick approach, or we often call it an orange stick. You've got to find some rewards within the program for folks that really do take good care of themselves. They follow the advice on getting their mammogram at the appropriate age or their colon screen at appropriate age. And trying to build out a two-to-three-year strategy to get your premiums and your cost parameters aligned around your culture. So again, we're going to reward folks that continue to do this. We still value all of our employees, but if you're not invested in your own health care, you're really not invested in the health care of the organization. So it is really finding that number. So, for example, does $25 a paycheck move behavior? For most people, probably not, especially on a pre-tax basis. Finding that number, that maximum number that drives the largest number of your folks to make good decisions pertaining to their specific health care, that's the needle we've got to find. And that's different for every employer. If we're talking to a manufacturer that's to us folks making $13 an hour, they're paid weekly, that $25 a paycheck, that's impactful. But if we're talking to a white-collar attorney firm, it's got to be the highest threshold we can find. So again, it is it is specific to the organization and their cost structure, but I think it's that cost culture that they've got to develop from the leadership on down to say, hey, we're all invested in this together from a health perspective, and we're to make financial decisions around that, rewarding those that take care of themselves and thus the organization.

Chris Comeaux: 34:37
That's so good, Jason. I'm sitting here reflecting, you know, just thinking about that whole renewal process and how often do we really empower, and maybe you say, okay, HR person, you have to communicate this 10% increase, and here's how much the employer is going to absorb. It's almost transactional, but like listening to you paint the picture throughout this whole podcast, I would want to prepare them much more. Like, guys, this is the game that we're in, and maybe it's not appropriate to call it a game, or this is basically how it works. When we make bad choices related to our health, certainly their genetics involved for a certain portion of our population, but the vast majority of people, it's our day-to-day choices that affect our health. Those day-to-day choices are actually going to impact these premiums. The better we get as a group, as a team of taking good care of ourselves, we are going to see that in our premiums. Unfortunately, this past year, now I'm making it up, we actually saw a 15% increase because we've not done that well. So here's what we're doing this year. Here's how we're absorbing as an employer, and here's what we're asking you to absorb. This hurts, but this is what we need to do more going forward. And here's all these wonderful programs we're bringing to you because we're not just saying, do better. Here are these wellness programs, et cetera, et cetera. I could count on one hand um the

number of times I've ever seen like an organization roll it out in the way that I just described. So, I love the picture that you're painting. Um, you know, I I I love my favorite movie is Braveheart. So, the Richard, the Richard, the was it Richard the 14th or Richard the Eighth um speech. That feels like the Richard the Eighth speech for health insurance benefits. Right. Have you seen that done well? And I guess you and your team sometimes get to go and be part of that rollout, right?

Jason Bradshaw: 36:22
We are. And so, I I've seen the public sector do a little bit better job about that because at the same time, your employees are your citizens, they're your taxpayers. So, I think they actually understand the sum cost total a little bit better. And I see more of that cost culture approach verbally, and again, just understanding everything that goes into operating the business because the business is the municipality, the public sector at the same time. Oftentimes, uh I will go to employers and say, look, if you're not comfortable sharing this because you're then kind of painted in the bad light, my employer said this, our cost are X. I think that's part of what a consultant should do, you know, because we can give the comparison to the landscape. Hey, your employer is doing all they truly can from a cost perspective, but here's the reality of what we're seeing in the market. That that goes back to one of my earlier comments. I think we all receive information differently, but the more information the employees receive in here, the more they can actually understand it versus to what you were saying, hey, it's 15%. Here's what we're doing, or here's what we had to do. Well, all I all I heard out of that was it's going up 15%. Right. Not, hey, here's all the factors involved. And guess what? I'm probably gonna resonate with one of those factors being me. Well, you know what? I'm 50 years old. Did I go get my colon screening? You know, I didn't. I need to go do that. And it's just in small things. Again, the the number of folks that that don't seek out preventive care, I'm I've harped on this a lot. It just blows my mind. It is a free benefit with any insurance program. It is free. And again, revolutions around colon screens, some folks would never have a colonoscopy. Colaguard has become much more effective. Again, it's folks having that conversation with their primary care physician to direct their care. Uh, it's a challenge. It's a challenge. And workforces, I'll say this though, with a higher female population, handle this better. Us guys, I was one of these until I worked at USI. I had gone 10 years without a fiscal. And our carrot stick is so heavy that I said, you know what, I better do it, or I'm gonna pay 33% more than the person sitting next to me or the person at the hall. So, I we are invested in our health care. And now I go every year without question. And I've seen my numbers improve because I'm doing it every year repeatedly. And so these are just simple, small, common sense things. We say, well, everybody does that. No, everybody doesn't. I'm surprised at the lack of people that actually follow that direction.

Chris Comeaux: 38:39
What did you say in the beginning that uh ideally 80 to 90 percent would go do that annual, but the actual is more like 50? Is that what you said?

Jason Bradshaw: 38:47
We see with most employers just in now, they're outliers. Uh, and some of your TCN employers are on the good side of that. Uh, the stretched goal to me is about 80%. If you can get 80% of

your employees and spouses compliant from that perspective, realistically, I see many employers that's under 50%, which just boggles my mind. And there's a quick connection there. I would say most of those employees that don't go, they don't have a they don't have a primary care physician. So that's another compounded struggle on top of that.

Chris Comeaux: 39:16
Yeah, wow. Well, so looking at your crystal ball, where do you see the health insurance premiums heading over, let's say, the next three to five years?

Jason Bradshaw: 39:25
This is the most I've been asked this more than any other question this year because again, folks are seeing hearing the water cooler talk around more increases. Uh, I think trend will come down. Uh again, I think we're at a bellwether year, the top of the curve, so to speak, at a 10 to 12% this year from a trend perspective. I think some things are going to self-correct. Uh, the and again, some of this is conversational, but the carriers are doing some things from an AI perspective to probably slow down at the rate of their claims payment and the amount that they're paying. So again, I think both sides of the equation, providers and carers are now relying more on AI. Providers on the billing side, let's maximize what we can bill from a diagnosis code and procedure and service code with Blue Cross. That means they're going to pay us more. The cars are now being reactive to that. So, there's that proactive, reactive Titanic thing. They've been behind in uncovering some trends and some billing things they've seen in the industry. And now they're using AI to react to that. So I do think this has been the explosion year post-COVID. I think things will normalize next year for sure, not back to up 4 or 5%. But I think we're also seeing the cares divest themselves as much as they can of bad business. And then that also means more employers are having to be creative in their choices. So, I think there are going to be some self-corrections next year, probably more likely in 2027. But if you said, hey, Jason, you're my consultant USI, you've delivered us a tough renewal this year. On the spot, what are you looking at for 2026? I would still say planning that kind of 8 to 15% range as our starting point could be a little bit better, could be a little bit worse.

Chris Comeaux: 40:58
Well, and maybe this is a good place to land the plane. What can they do to today to better prepare for that future that's coming?

Jason Bradshaw: 41:06
Absolutely. And one thing, it requires more work, but it should be more work for your consultant. Look at every option every year. Don't just say, wow, we really like Blue Cross, we've been with them 20 years, and I got a 5% increase. That's awesome. Was that the 5% that they gave you or the 5% you deserve? Did you deserve a two? Again, use that market leverage every year, even in what I would call good years. Make sure it is market appropriate. Make sure, again, you're not, there's not a stone unturned. Maybe acres would be appropriate in that year. Look at it every year. There has to be new ideas each and every year to kind of delve into and compare. As we talked about earlier, if you are fully insured, I would really compel any employer to get to that

form of hybrid level balance funding. That just gives you data to help you make decisions. What percentage of our folks are diabetes? What's our percentage of true pharmacy spend related to our total cost in general? Understand those pieces of the pie. And lastly, or third, look at some vendors out there that can help you handle your risk. There's nurse advocacy models out there. There's a great company that we've started working with recently in North Carolina called FedLogic. They're out of Winston-Salem. They're attached to every government program out there that has dollars for high-risk conditions, premature babies, in-stage renal, stage four cancers. They can help subsidize the cost for those and actually help your employees dealing with those very tragic and tough situations. So, look for partners. Don't just rely on your TPA or your carrier. Look for partners that can attach to really make your benefit plan more robust and also help you manage that risk. Also, telehealth, I've been a big promoter for this. We've seen some major growth in that space. I will give the credit the carriers credit for embedding those programs within their organizations, Teledoc, MDLive, for example. And we're seeing that really have an impact on behavioral health. That's still that underlying risk that it doesn't show up from a high dollar amount if we're looking at total claims, but the increase in number of folks and just utilizing behavioral health benefits, it's doubled or tripled post-COVID. And if you don't address that, it just leaves them having a larger struggle of managing their care. You know, unmanaged diabetics often become depressive because think about managing that condition, whether it's the medication, your diet, again, that can lead some to some behavioral health issues. So, promote a way for folks to access behavioral health for no cost. Most telehealth vendors provide a zero-dollar benefit. So again, leverage that with your benefits and your employee population. And then, like you just alluded to, my big goal that I'd leave with is whatever wellness program works for you. You know, 20 years ago was hanging a flyer in the break room and said, hey, we've got a flu shock clinic next week. Show up. That was great. Now let's again find that way to incentivize through communication or financially to get 80% of our population and their spouses and their kids seeing their doctor every year and just doing the basic ABCs of just health care for themselves.

Chris Comeaux: 43:58
That's so good. I'm sitting here kind of processing that. Um you know, health insurance, it's definitely, you said it earlier, service-based business, all the organizations we work with, it is the second biggest spin. Our people are, they're a biggest asset, they're a biggest spin. And so the salary cost, so then right after that, is your benefit cost. And it astounds me how many leaders we don't know the basics. And you then can't be a good thought partner with someone. First off, you have an amazing you need to have an amazing partner like a USI. Um, but then you yourself have to be a good thought partner with USI of how you're going to navigate this within your own internal organization. So, I think this will be a good education for them, Jason. But let me just leave it with you. What final thoughts, kind of speaking to those leaders, what final thoughts would you like to leave them with?

Jason Bradshaw: 44:45
Well, and you made me think of something right there, Chris. I think finance, CFO, and HR have to be closely aligned when it comes to benefits. Because again, if we're pulling one lever that makes our ledger sheet look a lot better, that's having an impact on hiring or intervention. So again, our

goals and our programs, our vendors, how we're going to enhance things or promote things from a wellness perspective, we've got to have those, we've got to have leadership really kind of leading the way. I mean, that's what leaders do. But again, I've run into so many organizations where there's a battle between finance and HR because they need different things. They've got to be aligned in that approach, especially over a one-to-three-year period to get the program where it needs to be to be sustainable. So again, whatever consultant someone works with, make them work. Make them look at every idea in the market every single year so you're not caught off guard. We're not the Titanic. We're prepared for the oncoming train or the iceberg there. And again, make sure leadership is aligned. They're talking about this not twice a year, not quarterly, but honestly every week. I hear employers that have tariff meetings. You know, they're their furniture manufacturers, for example, they have a tariff meeting every day. Wow. Why are we not having a weekly health insurance benefit cost meeting every week? It is that important to stay ahead of. So again, great leaders that we work with. I but I continue to challenge them like they would challenge us. We have to keep the conversation going.

Chris Comeaux: 46:03
That is so good. Actually, I've had an interesting week with my own health this week. Man, when your health is not working in your favor, it is the most foundational thing. Um, and so yeah, why wouldn't we actually? Because yeah, quite often it's like, oh crap, yeah, our renewal is coming up. We should reach out to USI or whomever our broker is, but why do we not have more frequent conversations, doing deep dives, et cetera? That's a great point.

Jason Bradshaw: 46:27
I appreciate that, Chris. It is, you know, basic tenants really work for any business, communication, transparency, aligning goals. Uh, we're glad to partner with employers that need that. But again, it's accountability. I think the old broker model was hey, we're going to check on your claims before you provide your service, and we'll see you mid-year net renewal. It is truly, things are so expensive and so complex now. We all need good partners that are having those weekly, bi-weekly, monthly conversations to make sure we're aligned in our goals and our and being proactive for the upcoming years.

Chris Comeaux: 46:56
Well said. Well, thank you, Jason. Thank you to the team at USI. We always appreciate you guys. And to our listeners, we appreciate you. Thanks for listening to TCNtalks. Be sure to hit that subscribe button. This is one I hope that you pass around, especially to your colleagues, your friends, your other leaders within Hospice and Palliative Care. Um, please be sure to pay that forward to this. We do this show in service to you. And as we always do, we always like to leave you with a quote, something to think about, um, the subject for our whole podcast discussion. And so, this one is from a good friend of Hospice and Palliative Care, Dr. Atul Gawande. “Better is possible. It does not take genius, it takes diligence, it takes moral clarity, it takes ingenuity, and above all, it takes a willingness to try.” Thanks for listening to TCNtalks.