

It's Time for Change without the Disruption...

Nick Gaudiosi | April 22, 2020

A Major Call to Action for Employers: Healthcare saddles businesses with costs they can no longer control, insurance problems they don't understand, and wage stagnation for employees. Reports suggest COVID-19 expenses will negatively impact commercial health insurance premiums in 2021. Now What?

Healthcare spending in the United States surpassed \$3.5 trillion in 2018 and is projected to rise faster than inflation for the next decade or more. Approaching 20% of US GDP, healthcare isn't just a blip on the radar, it is the largest part of our economy. That may be good for the economy, healthcare workers and the millions of jobs that the health sector has created, but it has profound negative consequences for the average employer.

Employer sponsored health plans cover roughly half of all Americans, (161 million according to a Kaiser Family Foundation Survey), and healthcare costs are one of the highest operating costs for most companies, next to wages. Companies and their workforces are facing an existential crisis that has been lurking for years. Employers and insurance brokers look at the annual plan renewal increases and wonder, "when will it stop!?"

Recent data suggests that as much as 50% of an employer's healthcare spending provides little to no tangible value. If true, this key performance indicator will depress corporate profit margins and hurt employee financial wellness. At The Safeguard Group, we embrace a modern approach, which starts with managing health benefits like a distinct business unit. We've found that organizations who separate healthcare purchasing from administration of plan assets have produced consistently better results that meet the strategic and financial goals set by Senior Management & the Board of Directors.

At Safeguard, we are advising clients to make healthcare purchasing decisions collaboratively with key stakeholder involvement, typically the CEO or CFO, along with someone from human resources leadership. Given the significant capital investment and dramatic cost escalation in recent years, we have found that a member of the organization with strong fiduciary responsibility helps align corporate goals with employee wellbeing. Additionally, when it comes the numerous risk-sharing captives and consortiums now available to middle-market employers, the analysis is much more quantitative and requires stakeholders' involvement who have risk-financing and cost containment skills.

When companies continuously take a financial hit for an insurance system that is broken, not only does the business suffer, their employees struggle with wage stagnation, potentially delaying retirement. We take pride in teaching corporate leaders that blind loyalty to the status-quo is not only ill-advised but places the company and its executives in a position of liability. Consequently, employees may see their reluctance to curb wage stagnation as a fiduciary breach. Our team at Safeguard closely monitors consumer and provider trends that are reshaping the healthcare markets. A few concepts trending now are:

- 1) Consumers demands increase for providers, especially as they become responsible for a larger portion of their health spending due to rising deductibles;
- 2) Employers implementing cost containment strategies that avoid shifting more risk and financial burden to employees as they struggle with health care cost increases;
- 3) Employers using partially self-funded and captive benefit programs that provide a higher and more measurable return on healthcare investment with little to no employee disruption;
- 4) Growth of 'Health Activist Employers', who cater to the growing millennial workforce, exploring areas like functional and integrative medicine, nutritional counseling, genomics and innovative wellness to keep employees healthy, engaged and productive.

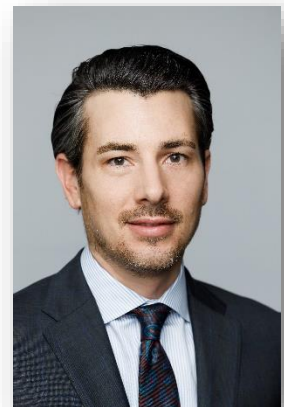
We have a team of healthcare specialists with deep knowledge of health policy and consumerism trends. We use education, empathy and design thinking to create strategic plans for our clients that deliver long-term control. What results is a health plan with a higher and sustainable return on healthcare investment.

We will continue to keep abreast of latest healthcare and insurance developments around the industry as well as provide additional resources you can use to keep your business functioning efficiently, effectively and keeping in compliance with changing rules and regulations. Please visit our resource library at safeguardgroup.com/coronavirus for new updates added each week.

Next Steps? Please contact us for a comprehensive review of your corporate benefit plan.

About the Author: Nick Gaudiosi

Nick Gaudiosi is a senior executive level leader who develops risk strategies, consultative solutions and insurance products for healthcare providers and healthcare consumers at the employer level. His unique value is in bridging the alarming gaps between these stakeholders in the healthcare continuum. He is adept at identifying areas where information asymmetry, low health literacy, increased opacity and escalating costs are threatening the businesses of medicine and negatively impacting middle market employers . He spent his career solving challenges for healthcare providers ranging from risk management and medical malpractice, to business, employment practices and clinical challenges. Highly motivated and mission driven he is experienced in strategy, sales and operations with a proven track record of delivering transformative growth in insurance, financial services and healthcare. Nick is Senior Vice President at The Safeguard Group, Inc. specializing in healthcare insurance, property/casualty and consulting for a wide array of health and tech related industries.



Contact at: ngaudiosi@safeguardgroup.com or 610.574.1656