

**AON**

# 2023 Benefits Survey of Hospitals



# Key Findings

## Insights into the eighteenth annual Benefits Survey of Hospitals

### **Health system employers continue to find ways to adapt in this challenging environment.**

We report on the ever-changing circumstances and workforce priorities that the healthcare industry has had to address—due not only to significant financial headwinds, but also to a shift in the expectations that workers have of their employers.

### **Support for workforce mental health and resiliency is the top strategic priority for health systems.**

Aon's Benefits Survey of Hospitals reflects how changing circumstances shift benefits priorities for healthcare executives. The focus continues to be on the employee and their emotional wellbeing, which replaced physical wellbeing as the most popular focus for programs. We have seen the concern for access to mental health providers and employee burnout rise in priority each year, especially since 2020.

Addressing burnout and stress requires multiple stakeholders within the health system (human resources, peer-to-peer led programs, administrative and clinical operations, and C-suite roles like a Chief Experience Officer) as well as partners (Employee Assistance Programs, care navigation support, digital health apps, etc.) who can enhance the resources available to the workforce. Tactics include: a shift in communications strategy; to addressing workflow and administrative efficiency; to expansion of behavioral health networks (both brick-and-mortar and virtual). The responses, like mental health drivers, are not one-size-fits-all.

### **Investing in total rewards is as important as managing costs.**

While the last three years clearly demonstrated that investing in a competitive total rewards package was a top priority, the focus on managing increasing healthcare costs has gone up and down in priority since 2020 (highest in 2020,

and back in top five in 2023). The pressure to manage increasing healthcare costs is not solely driven by increased investment in employees, but rather significant financial headwinds due to labor shortages, inflation, lagging volumes and shifts in modalities of care.

This year, total rewards investment and cost management are equally as important for health system employers. Health systems need to embrace the contradiction and address how cost cutting and investing in employees can coexist.

### **The competitive talent landscape is driving health systems to address all aspects of employment.**

It is not enough for benefits to attract and retain the right talent. Providing flexibility in various areas—benefits options, time off, remote or hybrid work options, and scheduling—form a critical approach to talent attraction and retention. This strategy is second only to annual compensation adjustments.

While 57% of employers feel their total rewards package is competitive (a decline from 61% last year), only 17% believe employees actually understand the value of that package. This leads us to ask how health system employers can better articulate the value of their total rewards package. This includes a combination of employee listening in the form of surveys and focus groups; modifications to communications strategies; and new channels to distribute information.

### **Health systems are modifying benefits to support diversity, equity and inclusion (DEI).**

DEI is a multi-stakeholder and multi-solution approach, but HR is looking for ways to make DEI actionable in their domain. Benefits offerings must be more expansive than ever to meet employees where they are. Modifying benefits to address accessibility (such as through virtual care), affordability (especially for low-wage earners), and caregiver resources (like onsite or back-up

childcare) rank highest as areas of focus. Family building (such as fertility, adoption, or surrogacy benefits) and creating more inclusive benefits and culturally competent care to support the LGBTQ+ and BIPOC population are also common examples.

Healthcare Human Resources leadership can partner with their delivery system to impact social determinants of health more directly than other employers: the “equity” in a health system’s Diversity, Equity and Inclusion tactics can serve patients and workforce alike. Around 20% of health system employers are investing financially to address social factors like transportation, food insecurity and housing that can impact the member experience, cost and health outcomes.

**Financial stress is a concern for employees, and health systems are addressing affordability.**

Financial stress and increasing healthcare costs for employees are among the top concerns in the 2023 survey. Meanwhile, hospitals are facing increasing bad debt from patients—including employees—who cannot pay their bills. We continue to observe tactics to address this: lower or salary-based employee contributions and cost share through plan design, or emergency funds and financial needs programs designed for low-wage earners. The increased prevalence of high deductible health plans (HDHPs)—offered by 57% of health systems in 2022 to 63% in 2023—needs to be aligned with a thoughtful strategy to ensure that those who cannot afford high deductibles are guided to choose the most appropriate plan option.

**Health systems still try to drive domestic utilization.**

Retaining services within the domestic network continues to be a vital aspect of the hospital employer benefits offering. A drop in ranking from last year could be because some hospital employers are creating differentiated offerings for “out-of-area” employees to ensure both employee

and health plan objectives are met.

Health systems can provide a discount to employees who access their facilities and physicians for care: that is, “steerage”. While health systems evaluate tactics to increase domestic utilization, they now must come to terms with an increasingly remote workforce and weigh the potential tipping points around geography, specialties, and other barriers to domestic care.

**Pharmacy costs continue to rise.**

Specialty drugs represent on average 54% of pharmacy spend, and the pipeline to market for several conditions continues to grow. Meanwhile, some of the top medications by cost rising up in rank are non-specialty medications. GLP-1’s like Ozempic and Wegovy address weight loss for those with diabetes—and without, depending on the coverage rules. Ensuring a plan has a controlled formulary and aggressive prior authorization criteria can be key to controlling costs.

Others hospitals focus on expansion of the in-house pharmacy and 340B pricing as a lever to control cost and optimize clinical efficacy. Finally, cost containment through group purchasing (e.g., coalition arrangements) remains a tactic for many employers.

**We get better every year because of you!**

Much has changed and will continue to change. Considering what the healthcare industry and workforce continue to endure, we thank you more than ever for participating in our 2023 survey! Many of this year’s highlights are due to our participants’ suggestions. Please keep your thoughts, comments, and suggestions coming.

For information on how your own hospital plans compare to your region’s employer and employee cost and plan design, reach out to us for a regional-focused comparison.

# Supporting employees is as critical as managing costs

As health system HR leaders respond to this survey, there is a notable focus on mental health support and workforce resiliency. Not far behind is the imperative to more effectively manage increasing healthcare costs.

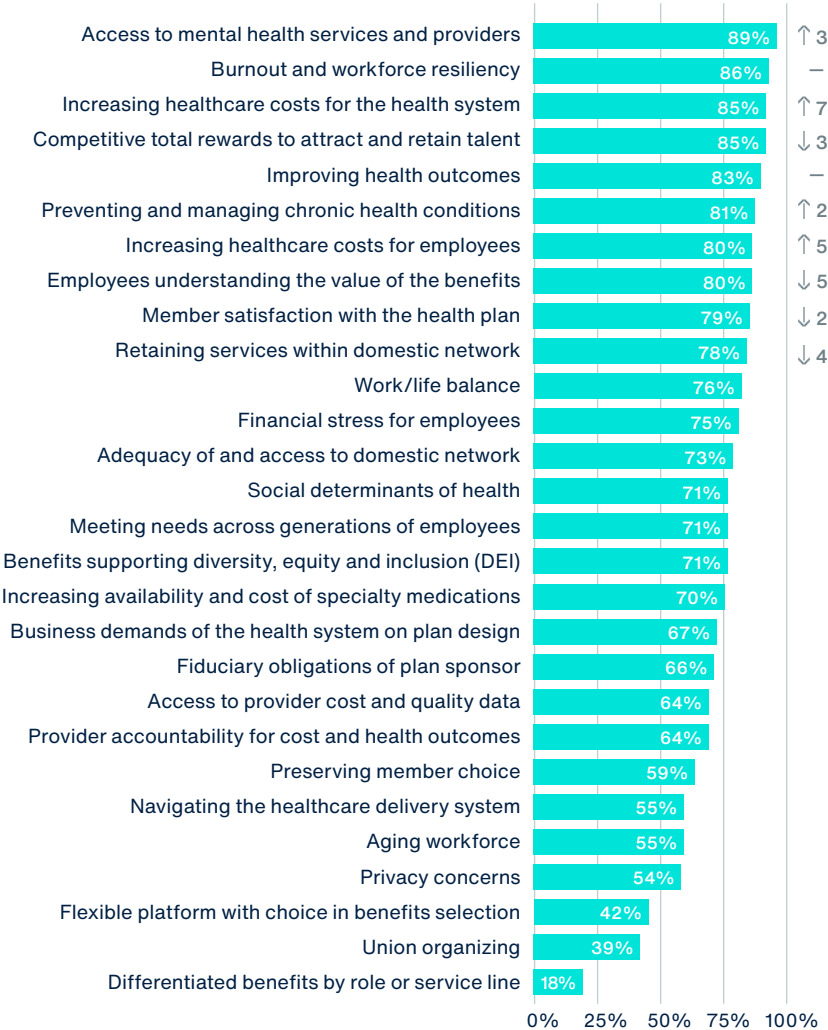
## Healthcare Employer Concerns

Each year of the survey, we see the top priority move back and forth between a competitive benefits package to attract and retain talent, support for employees, and managing increasing costs.

### What are healthcare employers worried about in 2023?

The need to support mental health and resiliency of the workforce has only continued to rise each year as a priority for health systems. It is clear that employees' health and wellbeing is a priority—and certainly an important strategy to retain talent and ensure that employees thrive, in the workplace and out. Interestingly, the need to manage costs is back up in priority (as it was before 2022) as health systems are under financial pressure in all aspects from operational to labor costs, with inflation exacerbating this. However, it is apparent that health systems are both prioritizing and are concerned with providing a competitive total rewards package to attract and retain talent. The two priorities must be approached with care to provide a balance of cost and value.

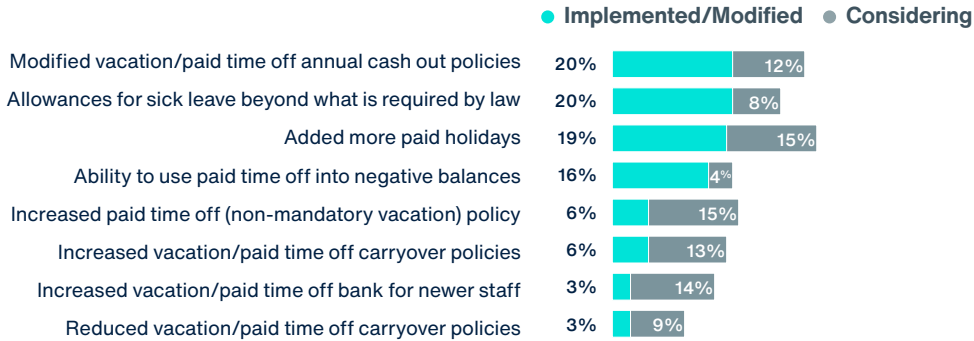
The chart shows the percent of respondents who rate each item “high” among their concerns (4 or 5 on a scale of 1-5). Increases and decreases in priority compared to last year are marked on the right.



## Time-Off Strategy Changes

### What time-off strategies have organizations implemented or modified in the last 12 months?

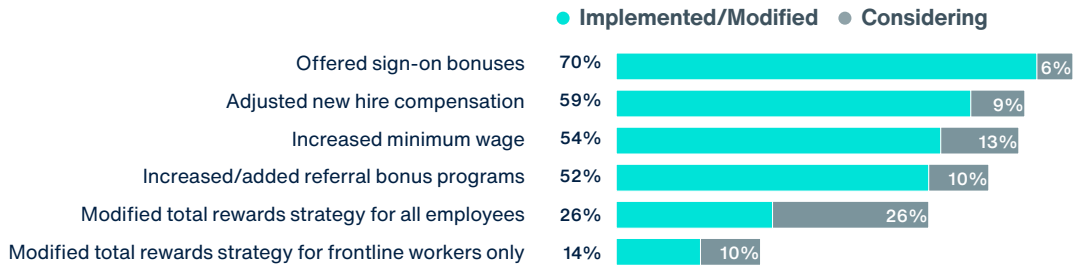
Changes to time-off policies continue to evolve due to shifting workforce shortages and demands.



## Compensation Strategy Changes

### What compensation strategies have organizations implemented or modified in the last 12 months?

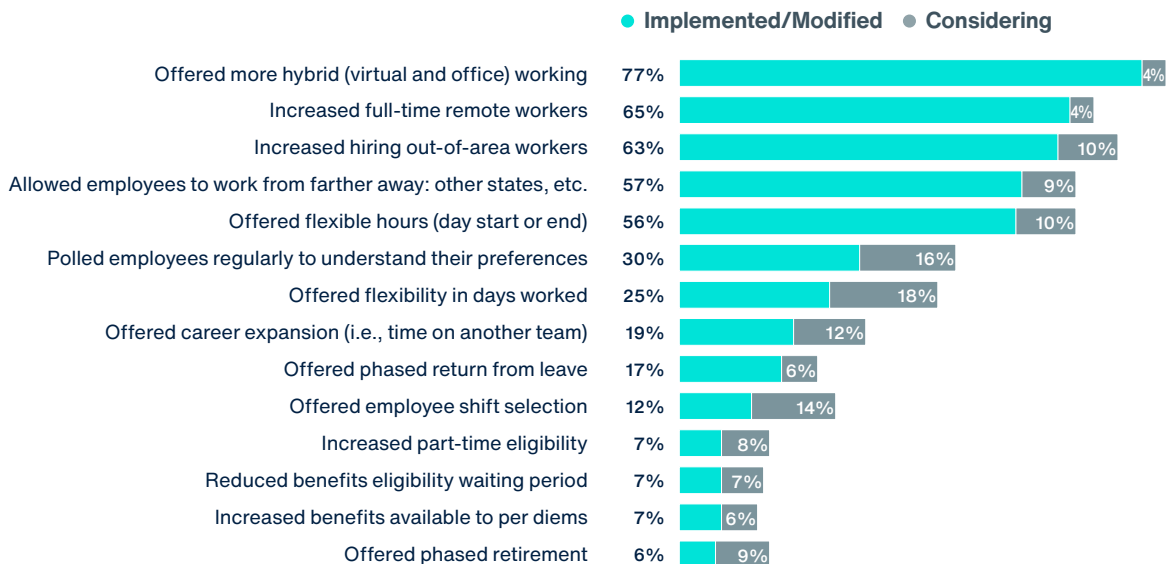
Many compensation strategies are being utilized to attract and retain talent, but a broader focus on total rewards is of particular interest to HR leaders.



## Workforce Strategy Changes

### What workforce strategies have organizations implemented or modified in the last 12 months?

The landscape is changing and driving even health system employers to make accommodations and modifications to their remote and flexible work policies as they strive to attract and retain talent.

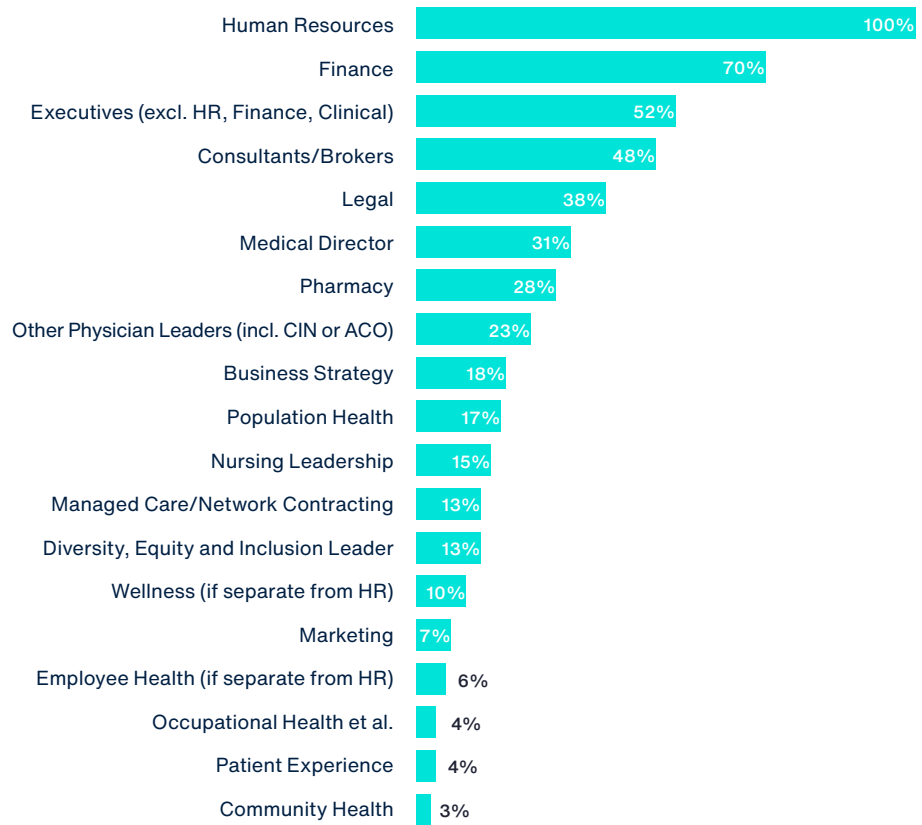


# Health Plan Governance Overview

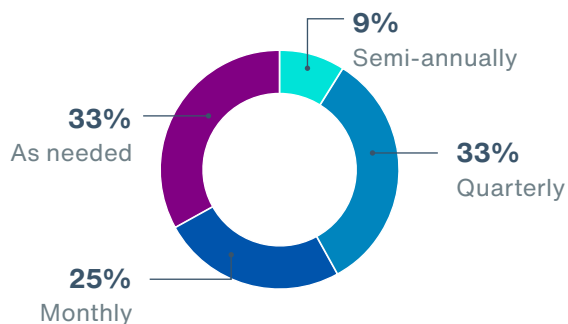
Effective health plan governance is critical to reducing cost and improving health and member experience within the system of care. Good governance supports a collaborative relationship: the self-insured health plan engages the delivery system to be accountable for meeting health plan objectives. In turn, the delivery system develops additional capabilities to manage other employer plans.

## 66% of organizations have a governance committee for their health plan

The expertise required in the governance of health plans necessitates a diverse team that reaches beyond the spheres of HR and Finance. These multidisciplinary teams can help address the strategic concerns identified on page 6.



## How often do governance committees meet?



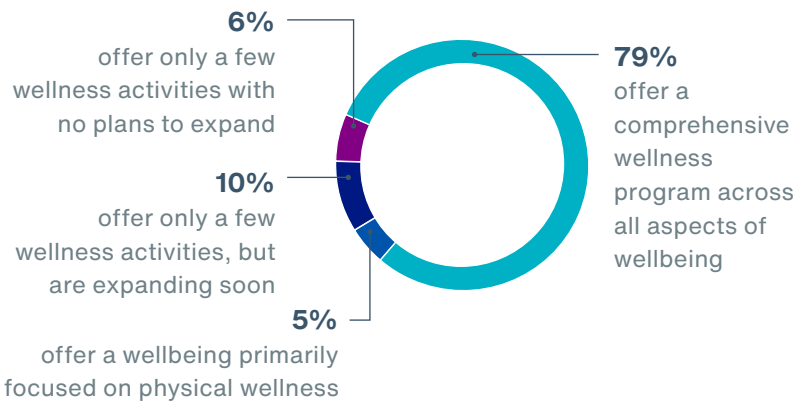
# Wellbeing

Wellbeing, for many health systems, has morphed over the last few years to fulfill its original intent: supporting employees holistically and comprehensively based on their individual needs.

## Wellbeing Programs

### Do hospitals offer a comprehensive wellbeing program?

90% of respondents offer a wellbeing program of some kind. A comprehensive program is one that addresses all aspects of wellbeing in a coordinated manner: physical, financial, emotional, social, and career.



## The Business of Wellbeing

### How do organizations justify investment in wellbeing to leadership or management?



### What business outcomes do hospitals measure related to wellbeing programs?



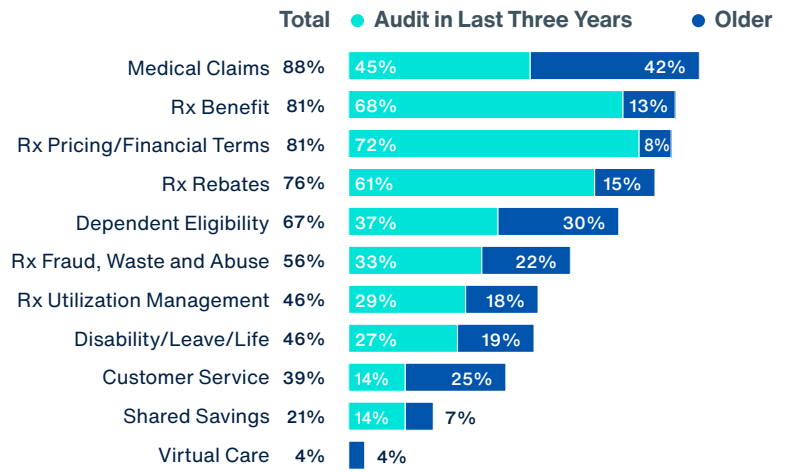
# Conducting Audits

Audits are critical to meet plan fiduciary responsibilities and to conduct effective plan management. The frequency and type of plans audited vary based on the group.

## Auditing Health Plan Services

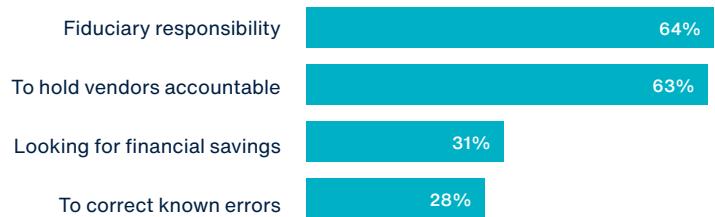
### What audits have hospitals conducted in the last three years?

Industry best practice recommends audits at least every three years, but in practice some audits are rarely conducted at all.



### Why do hospitals conduct audits?

Most respondents have more than one reason to conduct audits on their health plans. Audits fundamentally address cost and quality issues.





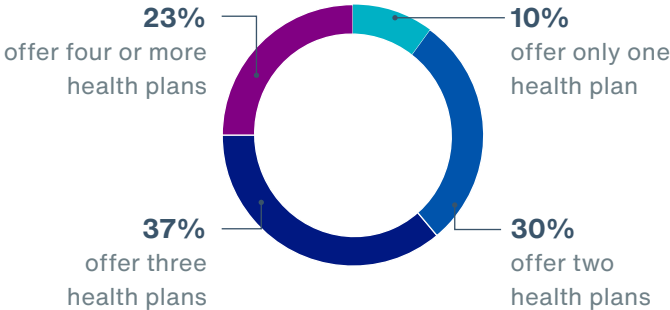
# Health Plan Offerings

Hospital employees are provided options in the form of plan choice and plan tiers they can use, typically with the ability to access lower costs with domestic facilities and providers.

## Number of Plans

### How many plans do health systems offer?

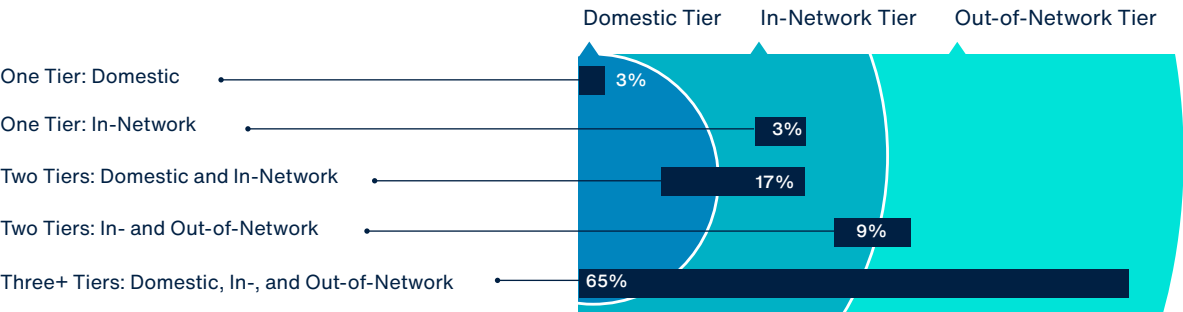
Most health systems are offering between two to three plans to their employee population; some may increase options as they consider accommodations for out-of-area employees.



## Number of Plan Tiers

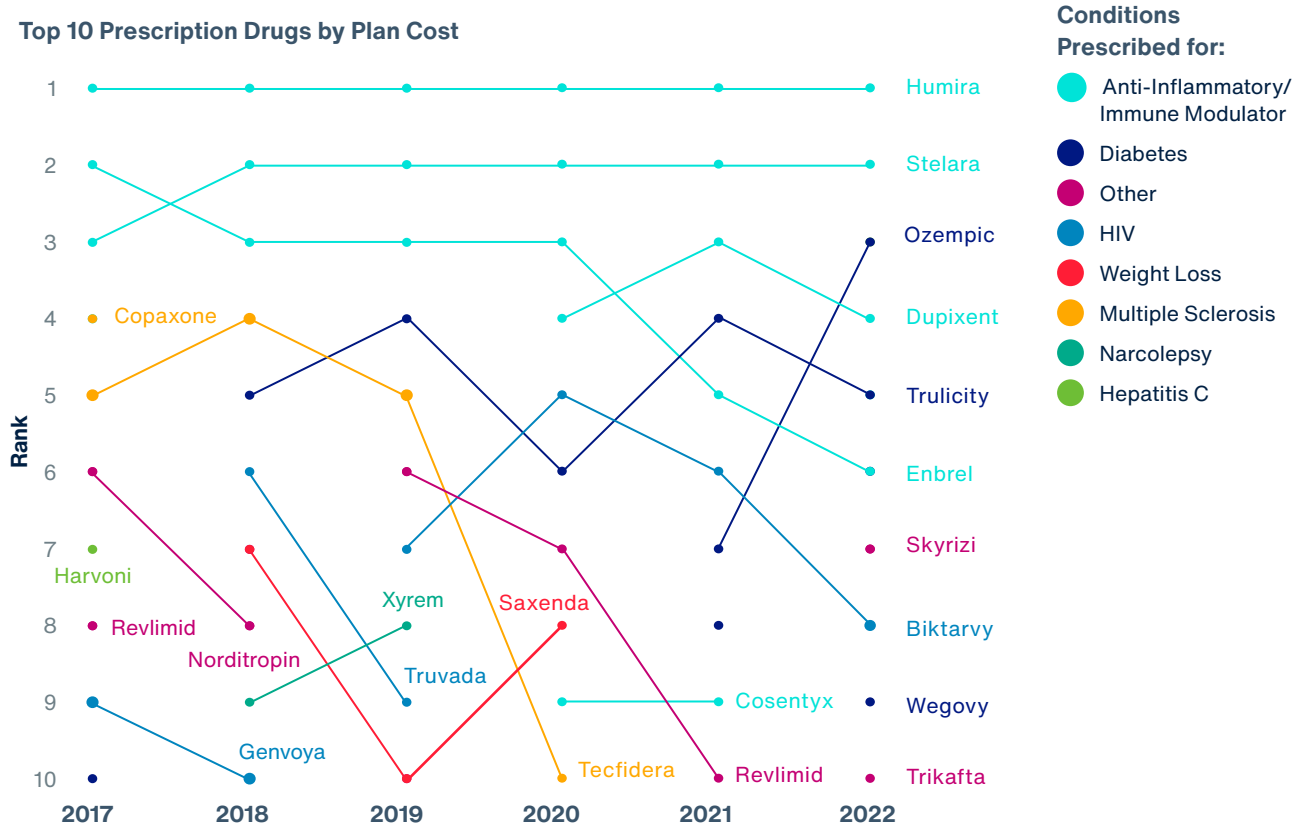
### How are health plans structured?

Almost three quarters of the health plans reviewed in this survey offer at least three tiers of coverage: domestic (within the system), in-network, and out-of-network. Only 4% of plans feature more than three tiers.



# Rx Utilization (2022 data)

Top 10 Prescription Drugs by Plan Cost



## Pharmacy Benefit Insights

Seven of the 2022 Top 10 Prescription Drugs were also in the top 10 from 2021, with Anti-Inflammatory/Immune Modulators continuing to have the most drugs in the top 10. For 2022, there were three drugs that entered the top 10: Skyrizi (newer immune modulator), Wegovy (weight loss treatment), and Trikafta (breakthrough treatment for Cystic Fibrosis). Some plans with coverage for weight loss treatments have seen the last category—and Wegovy specifically—become the new number one class and drug as we look into 2023 results.

Humira maintained preferred drug status with most PBMs into 2023 even as biosimilars became available. Humira biosimilar drug launches have yet to provide significant competition for a few reasons: lack of interchangeability, thus the requirement of a new prescription, and limited availability and production. There are additional biosimilars in the pipeline and these products will provide the competition needed to see lower prices. We are also

expecting biosimilars for Stelara and Actemra to launch in the next year or two.

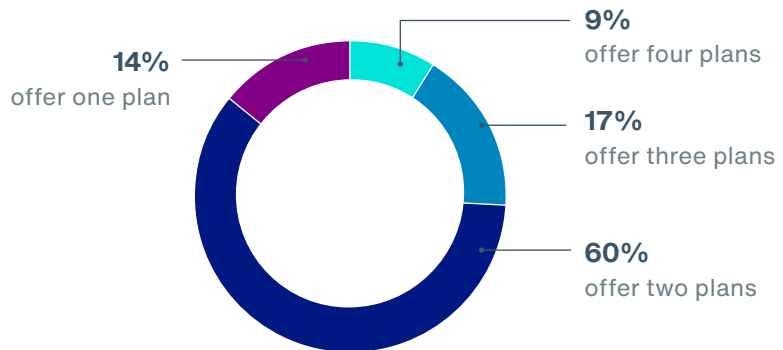
GLP-1 medications for weight loss (Wegovy) and Type-2 diabetes (Ozempic and Trulicity) are the top non-specialty categories for 2022 and represent the non-specialty medications in the Top 10. Combined these have gone up over 75% in use for this category, for some clients. We expect the utilization to continue in the coming year without some form of controls or evidence of adverse effects in weight loss treatment. New treatments will support the rise of these uses. It is essential to ensure appropriate utilization management controls are in place to limit off-label utilization, such as members who don't meet the BMI requirements or members using the diabetes versions for weight loss.

# Dental Plan Design

Virtually all respondents offer some form of dental coverage.  
Two plans—a basic plan and a buy-up plan—are the most common structure.

## How many dental plans do health systems offer employees?

86% of respondents offer more than one dental plan.



## In-Network Dental Plans

Below are the plan design features of the in-network component of a dental plan.

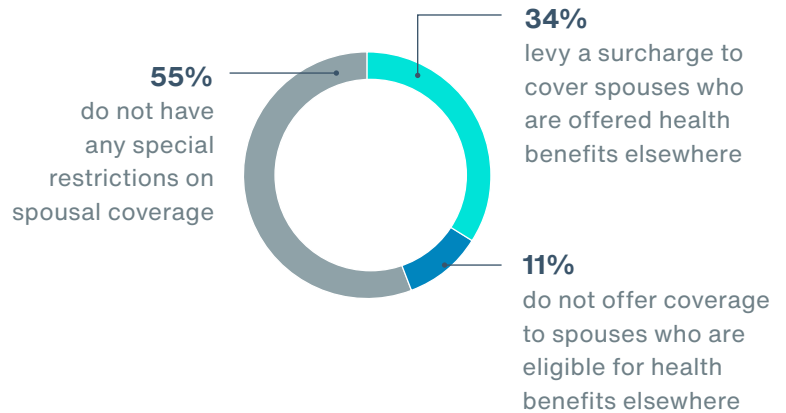
	Deductible Per Person	Deductible Per Family	Annual Dental Benefit Max	Lifetime Ortho Max
Minimum	\$0	\$0	\$0	\$0
25th Percentile	\$25	\$75	\$1,000	\$1,000
Median	\$50	\$150	\$1,500	\$1,500
75th Percentile	\$50	\$150	\$2,000	\$2,000
Maximum	\$100	\$300	\$5,000	\$5,000

# Covering Spouses

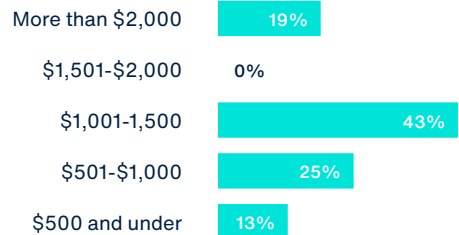
Health systems often incent spouses of employees to accept coverage from their own employers (rather than the health system employer plan), as covered spouses can cost the plan 2x more than an employee. This incentive can include a surcharge or even no coverage offered.

## Do hospitals have special provisions for offering medical coverage to spouses of employees?

Not offering coverage for spouses, even if they have coverage available elsewhere, may conflict with a hospital's goal of a competitive benefits package for talent recruitment.



## For organizations that charge a surcharge to cover spouses, how much is the annual surcharge?



## How do hospitals validate spousal status?





## Sheena Singh

[Sheena.Singh@aon.com](mailto:Sheena.Singh@aon.com)

Sheena is a senior vice president in Aon's national healthcare vertical practice, serving as a subject matter expert and strategist for health systems across the country. As a strategist, Sheena works with key health system clients to guide them on achieving their cost and quality objectives for their employer sponsored plans. She brings 15+ years of experience to her role.

Sheena leads the annual development and deployment of Aon's Benefits Survey of Hospitals. She has also led the development of a customized vendor selection tool for TPAs and care management solutions, as well as methodology for leveraging internal Rx to optimize pricing. Sheena has extensive experience helping to leverage key stakeholders to establish formal health plan governance as well as assisting HR leaders to partner with internal stakeholders to leverage the delivery system to optimize cost, care and experience. In addition, Sheena has a background in wellbeing and incentive program design, diversity, equity and inclusion.

### We Welcome 2024 Survey Participants

This survey becomes more valuable as it grows; your referrals to other healthcare organizations help us increase its value to participants. We retool this survey every year from your feedback, making it even more useful to participants. We hope you will help us invite hospitals to participate in our 2024 Benefits Survey of Hospitals.

There is no cost to participate in this project. All participants receive complimentary copies of the report, both digitally and from our limited print run, providing invaluable and competitive benchmarking information from their peer group. The final survey is only provided to participants and is not for sale.



## Frank Lonardo

[Frank.Lonardo@aon.com](mailto:Frank.Lonardo@aon.com)

Frank Lonardo is Aon's National Healthcare Industry Practice Leader, bringing over 25 years of healthcare executive and consulting experience to the sector. He is an acknowledged expert in the fields of employee benefits, healthcare delivery and the unique features of health systems who are both plan sponsors and providers.

In his national role, Frank leads a team of Aon experts to build mastery of the sector, identify business trends that impact health plans, scan the market for best practice and develop innovative solutions for clients that acknowledge the unique position of healthcare industry plan sponsors and business leaders.

All information is confidential: data is de-identified, and the results are presented in aggregate form. This is an excellent opportunity to compare hospital benefit strategies among other hospitals in your region, and we are always happy to prepare custom benchmarking reports for participants.

Please reach out to Frank at 212.766.9089, [Frank.Lonardo@aon.com](mailto:Frank.Lonardo@aon.com), or Sheena Singh at 646.839.8249, [sheena.singh@aon.com](mailto:sheena.singh@aon.com), with any questions or referrals. We're always happy to send you a referral e-mail to forward to potential participants. Thank you for your participation and referrals!

# Aon's Health Solutions Consulting— Healthcare Industry Practice



**450+**  
healthcare  
clients



client  
retention

### Specialized service to healthcare clients:

- Local market insight supported by national best practices
- Industry-specific benchmarking across all benefits
- Experience in healthcare operations and delivery
- Data-driven and evidence-based approach for actionable insight
- Collectively bargained healthcare programs and negotiations
- Expertise in establishing health plan governance with multiple stakeholders
- Healthcare SMEs in M&A, talent & rewards, risk, reinsurance, and retirement

### Innovations:



#### Hospital benefit survey

that includes  
**1,400+** hospitals



#### Pharmacy purchasing coalition

with dedicated hospital-  
focused service team



#### Pioneered clinically integrated

accountable care for  
self-insured programs

### Highly experienced with:

- Academic medical centers
- Community hospitals
- Specialty and children's hospitals
- Physician practice groups
- Senior living and long-term care
- Provider-owned health plans

### We serve healthcare organizations as both...

#### Employers

- Plan Design
- Network Tiering
- Member Engagement
- Care and Benefits Navigation
- Wellbeing Strategy
- Time Away & Life Solutions
- Audits
- Vendor Management
- Voluntary Benefits
- Union Relations
- Pharmacy Coalitions
- Executive, Physician, and Staff Benefits
- Diversity, Equity and Inclusion
- Workforce Resilience

#### Providers

- Population Health
- Value-Based Care
- Care Management
- Domestic Steerage
- Internal Pharmacy
- GeoAccess and Specialty Network Analysis
- Centers of Excellence
- Commercial Plans
- High-Performing Networks
- ACO Integration



# Aon's Health Solutions Expertise



**2,350**  
U.S. colleagues



**49** U.S. offices  
support health solutions

We invest more than **\$50M**

annually to **develop solutions** that redefine health and benefits solutions **for greater choice, affordability, and wellness** on behalf of our clients



**31**



clinicians, health promotion specialists, and behavioral health specialists

**30**



data scientists, researchers, and solution architects

**26**



legal consultants, including attorneys



**58** dedicated  
pharmacy consultants



**13** time away  
specialists

**200+**



colleagues focused on specialty solutions and innovation

**300+**



healthcare actuaries, actuarial students, and underwriters



**\$35B**



of bound premium placed annually





Aon plc (NYSE: AON) exists to shape decisions for the better – to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

© Aon plc 2023. All rights reserved.

The information contained herein and the statements expressed are of a general nature and are not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information and use sources we consider reliable, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.