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## Building a Strategic Plan for Your Health Benefits Program

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Attracting and retaining the right people drives the performance of your organization. In today’s economy, employees and candidates are making their job decisions based on the benefits and perks offered. Your health benefits program is the #1 benefit candidates seek over all other benefits and perks– by a wide margin.<sup>1</sup> At the same time, health benefits costs continue to rise at rates well above general inflation<sup>2</sup>. These competing factors make maintaining competitive but cost-effective health benefits a strategic business priority.

Given the changes occurring in the healthcare market, employers have a significant opportunity to redefine their benefits mission and build a multi-year healthcare strategy. Employers should continue to evaluate traditional approaches, such as plan design and cost-sharing. It’s also critical to take advantage of emerging new resources, such as: changes in health delivery by the providers and new networks; changes driven by payment reform; and provider shifts to value-based care.

To build a multi-year benefits strategy successfully, leadership support and effective change management are critical.

We recommend utilizing *The Findley Process*, as follows:

**Phase 1** – Gather data for actuarial analytics and benchmarking and build a multi-year financial modeler.

**Phase 2** – Develop a strategic plan using action-oriented Compression Planning to develop objectives, prioritize tasks, and define change management steps.

**Phase 3** – Implement the multi-year strategy and new benefits philosophy statement.



### Phase 1: Construct Background Data and Strategic Tools

Phase 1 of your process should focus on developing analysis to give stakeholders a baseline understanding of your health benefits program design, cost drivers, and competitiveness. Actuarial data analytics, projections, and benchmarking provide the critical data for stakeholders to weigh the benefits of maintaining the status quo vs. considering, prioritizing, and launching forward-thinking strategies.

Gather and analyze your plan’s cost in recent years then identify the key drivers of cost under your current plan design. Next, identify any immediate plan design opportunities to build into your multi-year plan. Finally, build an annual financial projection model to fit your strategic planning horizon (for example, five years). The model should take into account projected claims, contribution strategies, and reserve/risk monitoring. It should be used to set metrics and evaluate the effectiveness of your strategic plan going forward.

<sup>1</sup> Which Benefits Drive Employee Satisfaction? GlassDoor Economic Research, June, 2016.

<sup>2</sup> Kaiser Family Foundation Employer Health Benefits Survey, 2018.

## Phase 2: Define Your Objectives Using Action-Oriented Strategic Planning

Defining your multi-year strategy requires key leadership engagement and effective change management. As you know, your organization's leaders understand the importance of strategic planning to drive business performance, but may not have the time required for the typical multi-day approach. Instead, consider using Compression Planning – a facilitation technique designed for busy business leaders to rapidly identify and build consensus around key goals and action items to form the basis of the strategic plan.

Before the Compression Planning session, your leaders should receive the actuarial data analytics, benchmarking results and analysis of your current plan, and your baseline for strategic planning and changes. In the Compression Planning session, a trained facilitator poses prepared questions to guide leaders through brainstorming and action planning. Typical questions may include:

- Three years from now, what does a culture of health and well-being look like at your organization?
- What do you want your health and welfare benefits environment to look like in 20XX?
- What should employees be responsible for? What should the organization be responsible for?
- What unique challenges exist in your environment (either within or external to the organization)?
- What changes with healthcare providers can be leveraged?

The facilitator then leads a prioritizing activity to define and build consensus around the top goals and objectives that become part of your strategic plan. Action steps for your strategic plan are then developed in Phase 3.

## Phase 3: Create, Implement, and Monitor Your Multi-Year Strategic Plan

In Phase 3, your project leaders define the multi-year milestones and metrics for the objectives and develop a high level change management strategy consisting of the major initiatives and timelines for implementation. Once this strategic framework is in place, the interactive forecast modeling tool established in Phase 1 becomes the key tool for defining plan design changes and modeling annual budgets to achieve your financial goals.

Beyond the strategic plan, many organizations develop a healthcare benefits philosophy statement. This statement serves as the mission for health and well-being at your organization; defining the organization's commitments and employee responsibilities that serve as the foundation for the strategic and tactical steps taken each year.

Once the strategic plan is set, a detailed change management project plan defines each year's implementation steps and timing. Educating and empowering participants to understand benefits, use healthcare wisely, and take responsibility for their health and well-being are critical elements to achieving the strategic plan objectives.

Monitoring actual vs. forecast experience begins immediately and continues throughout the course of the multi-year strategic plan, measuring and evaluating your actual experience against the metrics and milestones set in the planning process.

## In Perspective

Organizations that have a strategic plan and process for managing their benefits programs report better company performance and more success in attracting and retaining employees.<sup>3</sup> Employer-provided health benefits are an organization's biggest benefits cost,<sup>4</sup> and the key employer-provided benefit that attracts new employees and retains your current talent. Your employer-provided health benefits are also likely your most complex benefits offering. That's why a strategic approach and process is a must to maintain a health benefits program that helps your business keep its competitive edge.

Questions? For additional information about developing or enhancing your strategic plan, contact the Findley consultant you normally work with, or [Steve Parsons](mailto:Steve.Parsons@findley.com) at [Steven.Parsons@findley.com](mailto:Steve.Parsons@findley.com), 216.875.1924.

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<sup>3</sup> 2017 Strategic Benefits Survey-Strategize with Benefits, Society for Human Resource Management

<sup>4</sup> Health benefits average 8.2% of total compensation nationally. Employer Costs for Employee Compensation, Bureau of Labor Statistics, June 2018.