



Aon's Law Firm Health Trends Survey

Introduction

We've witnessed a seismic shift in the health care landscape. New legislation and changing delivery system models have altered industry dynamics, creating the need to revisit, rethink, and reimagine health care strategies. However, the vast majority of health and benefits professionals remain focused on incremental changes, such as tweaking plan designs and contribution strategies.

Progressive law firms are encouraging plan participants to take a more active role in improving their personal health through employer/firm-sponsored wellbeing programs.

Studies have shown a clear link between a healthy workforce and employee engagement. According to Aon's Trends in Global Employee Engagement Report, a culture that supports the wellbeing of employees results in significantly higher engagement and productivity.

The purpose of the health trends survey is to facilitate a discussion of the key healthcare and benefit issues in your industry. We will share observations from the law firm community with regards to hot topics, the changing workforce, wellbeing, and traditional benefit strategies. We have supplemented this discussion with traditional benchmarking data on plan designs, participant contributions, and program costs.

Long term management of health care programs requires adapting to the changing needs of the emerging workforce and challenging ourselves to reevaluate our benefit strategies, while capitalizing on innovative and emerging market developments.

We look forward to sharing our analysis and results. Thank you for your participation.

What Law Firms are Telling Us: Challenges



Firm Challenges

- Growth
- Profitability
- Productivity
- Talent



Rising Health Care Costs

- **Population health** is a major concern; both physical and emotional
- **Prescription drug:** new costly treatments



Shifting Workforce Needs

- **Benefit redesign** to meet the varying needs of a “multi-generational workforce”
- Enhanced leave programs
- Fertility coverage



Carrier/Provider Convergence

- CVS/Aetna
- United/Optum
- Cigna/ESI
- Emerging Healthcare Startups

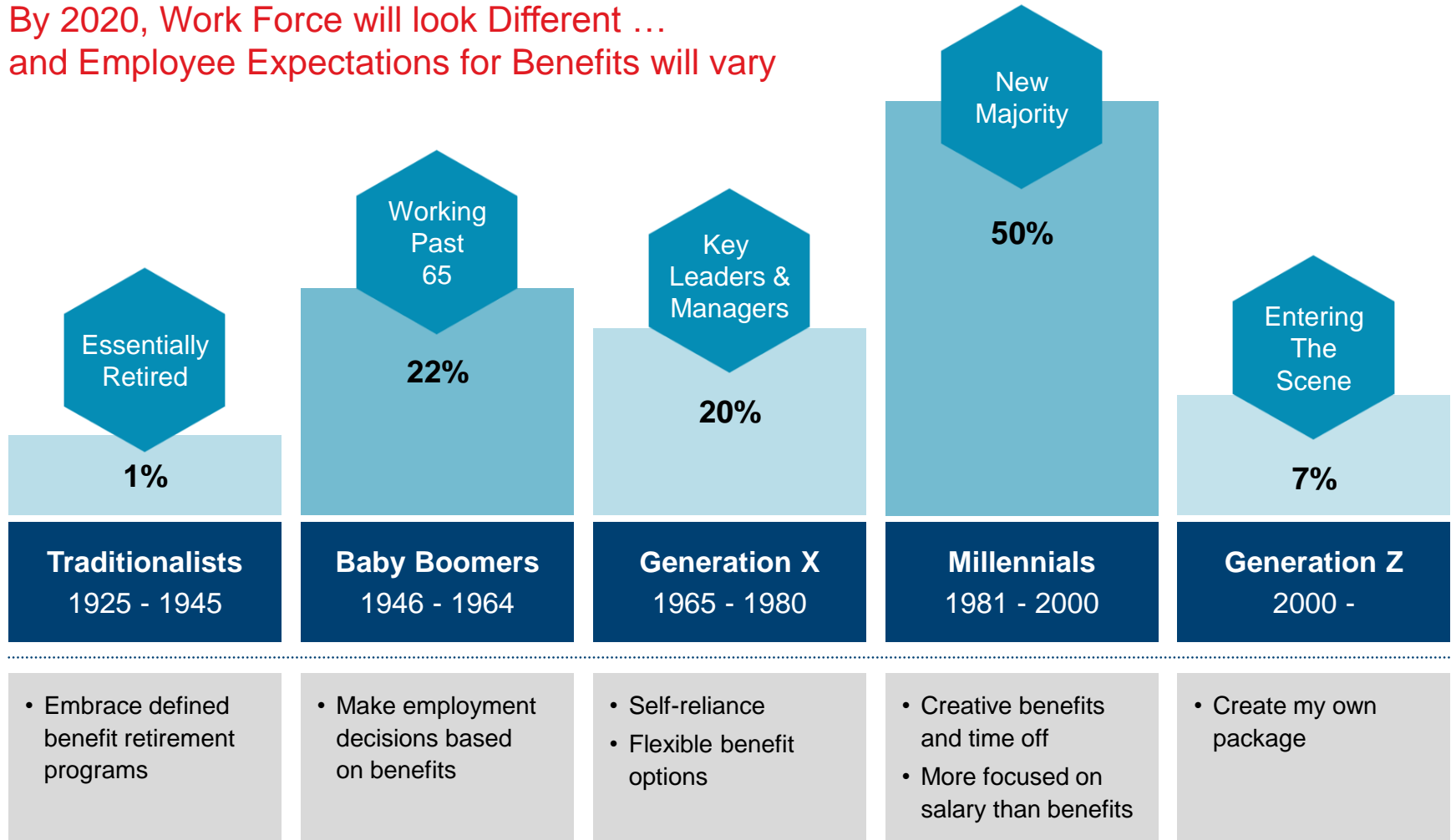


Evolving Programs

- **On-site programs** (primary care, physical therapy)
- **Student Loan Repayment Programs**
- **Concierge services** (single point of contact for health care delivery services)

Workforce is Emerging

By 2020, Work Force will look Different ...
and Employee Expectations for Benefits will vary

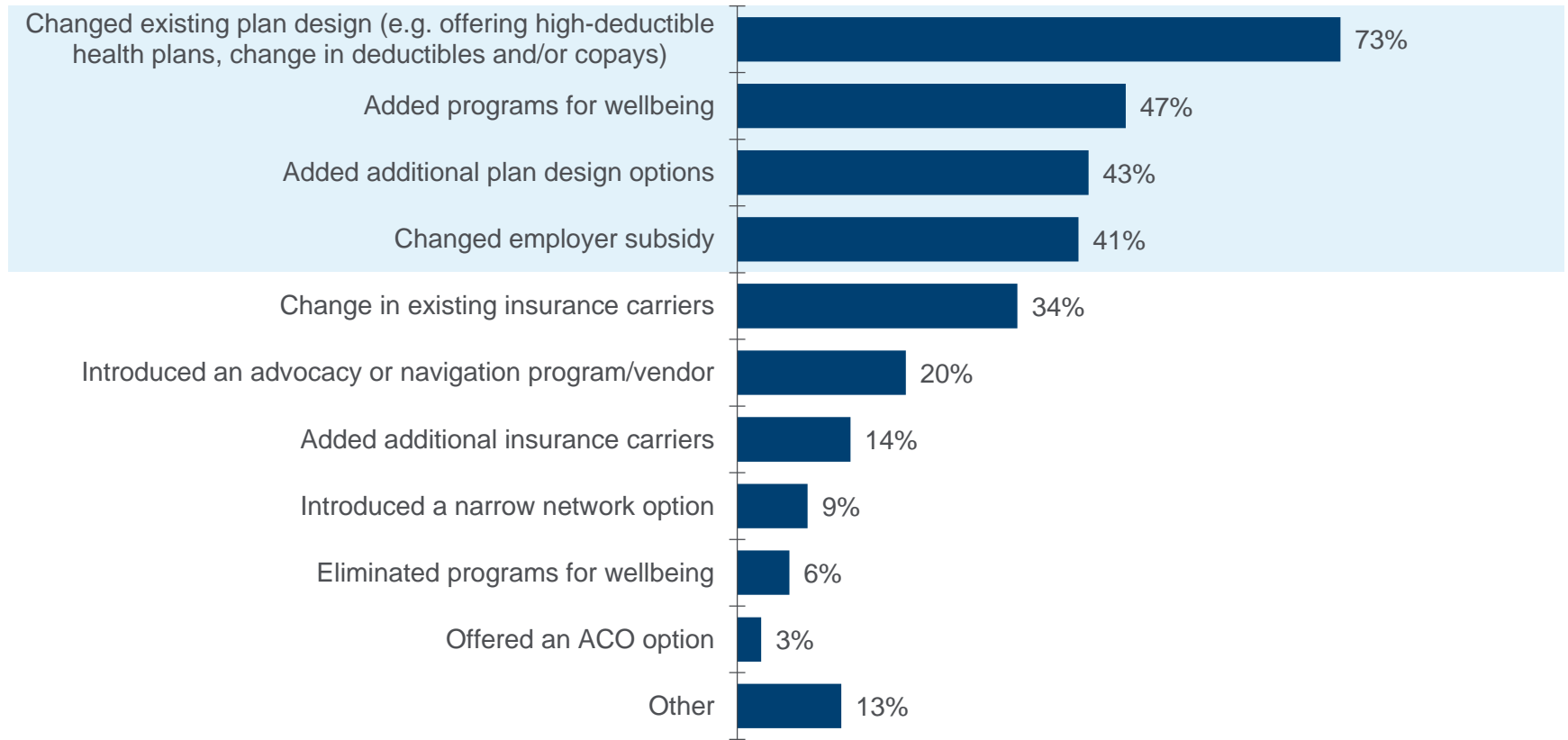


Source: Future of Workspace Survey

How Employers Are Responding: Strategic Initiatives

Changes between current health strategy and strategy from 3 years ago

Among employers whose health strategies have changed in last 3 years (n=445)



Source: Aon 2017 Health Survey

Wellbeing in Law Firms

Key Themes



The shift from “wellness” (primarily physical focus) to “wellbeing” (physical, emotional, social and financial) is a significant industry trend.

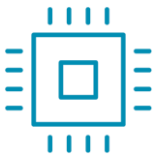
This may be a natural evolution of a law firm’s existing wellness approach



The focus needs shifted from “incentives” to “rewards”. With multiple generations in the workplace and varying definitions of motivational rewards it may be time to consider redesigning your rewards design



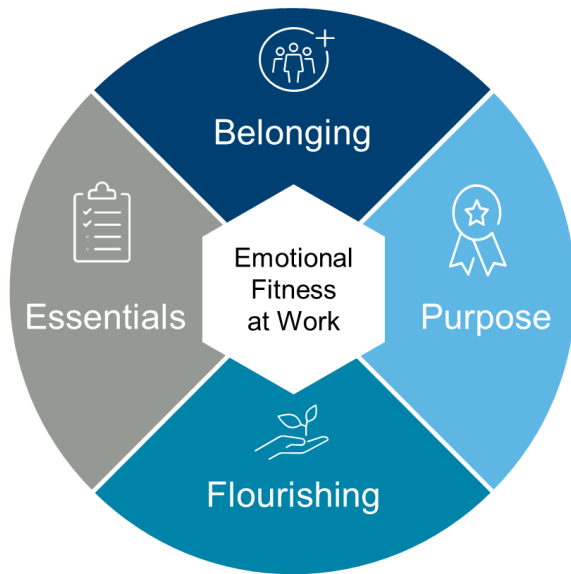
Forward-thinking law firms are designing a written comprehensive wellbeing strategy to guide the direction of their overall wellbeing program and align it with their **Total Rewards strategy**. Due to the explosion of the vendor marketplace this also helps inform the best vendor fit based on the strategy



The blending of **high-tech solutions and high-touch interventions** may be the future of true engagement and impact in wellbeing designs

Emotional Fitness at Work

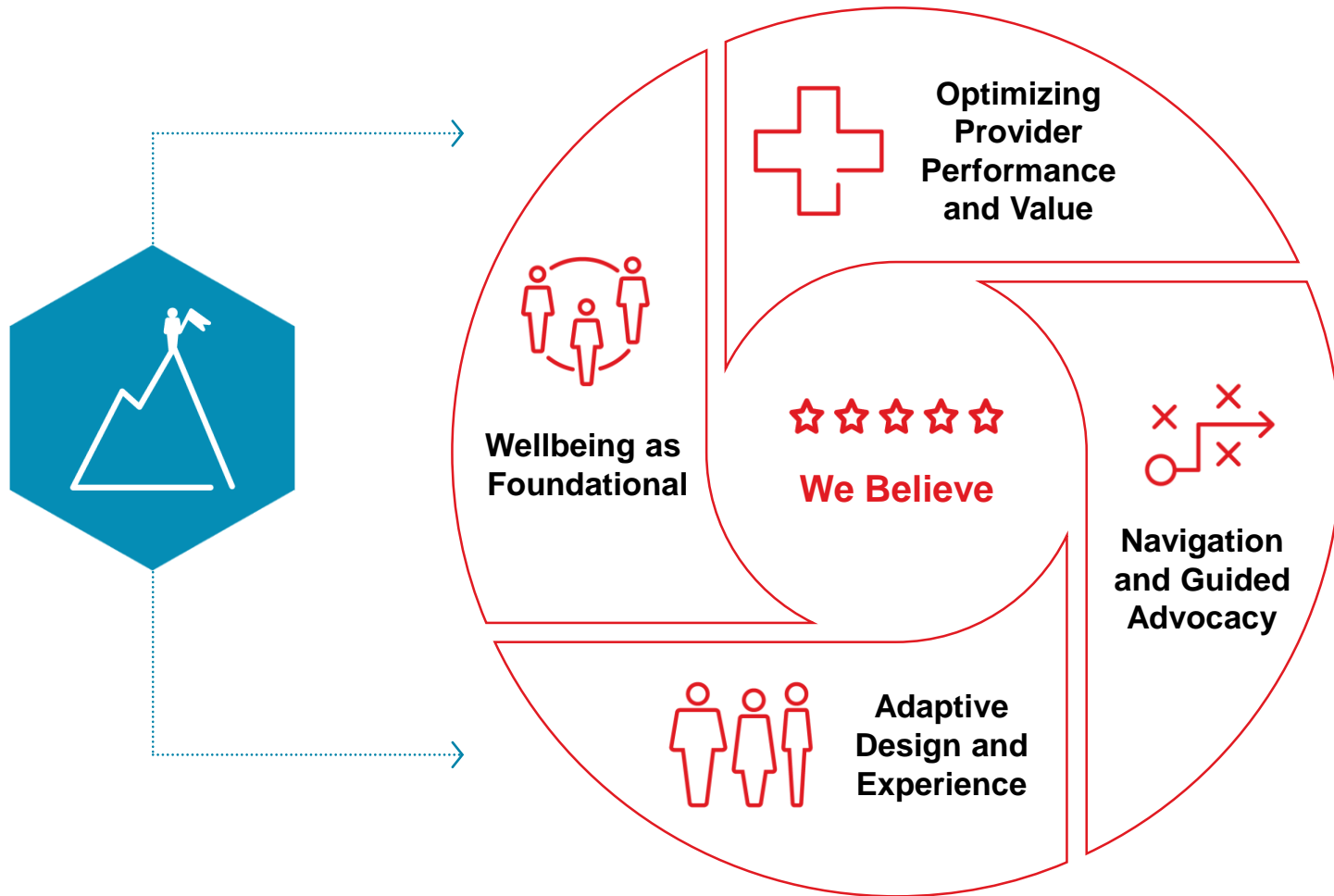
Organizations with High Emotional Fitness Levels



Workplace Metric Variable	Emotionally Fit Workplaces	National Average
Employee turnover	7%	38%
Alignment of employee and organizational values	71%	51%
Employees motivated to do their best	83%	70%
Employees recommended employer as a good place to work	74%	57%
Organizational practices take diversity into consideration	68%	46%
Organization promotes healthy lifestyles	66%	40%
Availability of adequate mental health resources	71%	45%
Availability of adequate stress management resources	69%	36%

Sources: American Psychological Assn. and U.S. Department of Labor, 2014

To Succeed, Firms Must Focus





Benchmarking

Benchmarking Data

Number of Firms	34
Average Group Size	935
Plan Prevalence	PPO.....	44%
	POS.....	5%
	HMO.....	21%
	HDHP.....	31%
Average # of Plans Offered	4
Funding Arrangement	Self-Funded.....	65%
	Fully Insured.....	35%
Non Partner Contribution Structure	Salary/Wage	41%
	Based Contributions....	



Executive Summary

We compiled data on 34 law firms ranging from regional to large global entities. The average group size was 935 participants (including Partners). Comparative data was provided on broad industry (545 plans) and professional services firms (57 plans).

Our focus was on key plan characteristics:

- Plan Design
- Contributions
- Cost

Law Firms continue to provide richer plans to participants at an overall higher cost.

However, as the demographics of the workforce change, more law firms will create a greater spread in plan options in order to meet the diverse needs of the population.

Commentary

- As a whole, law firms provide “richer” medical programs relative to benchmark as indicated by the higher actuarial values of the plans (86% vs 83%).
- The total cost of the healthcare programs (gross cost including participant contributions) is 8.7% higher than benchmark (per capita \$14,296 vs \$13,152).
- Participant (non-partner) contributions to the cost of healthcare are higher for law firms vs benchmark (composite 33% vs 25%).
- Overall plan out of pocket costs (deductibles, copays, coinsurance, etc.) are lower for law firms vs benchmark.



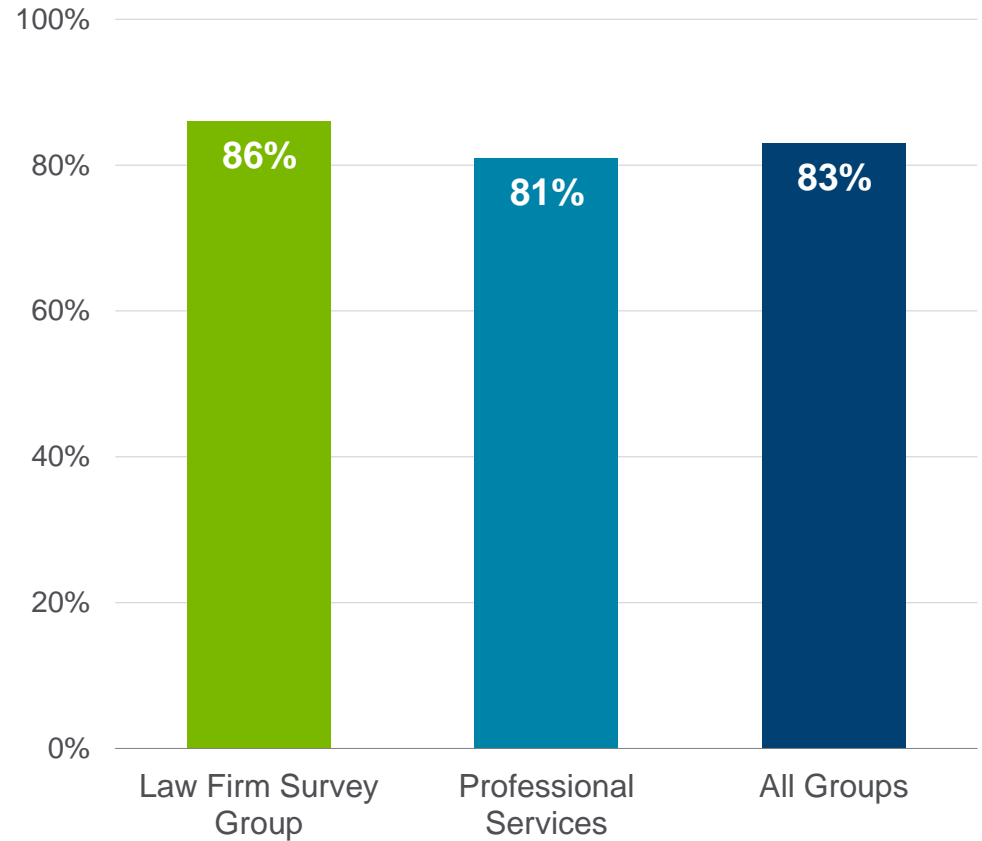
Financial Benchmarking

Actuarial Values

Percentage of total medical costs covered by plans

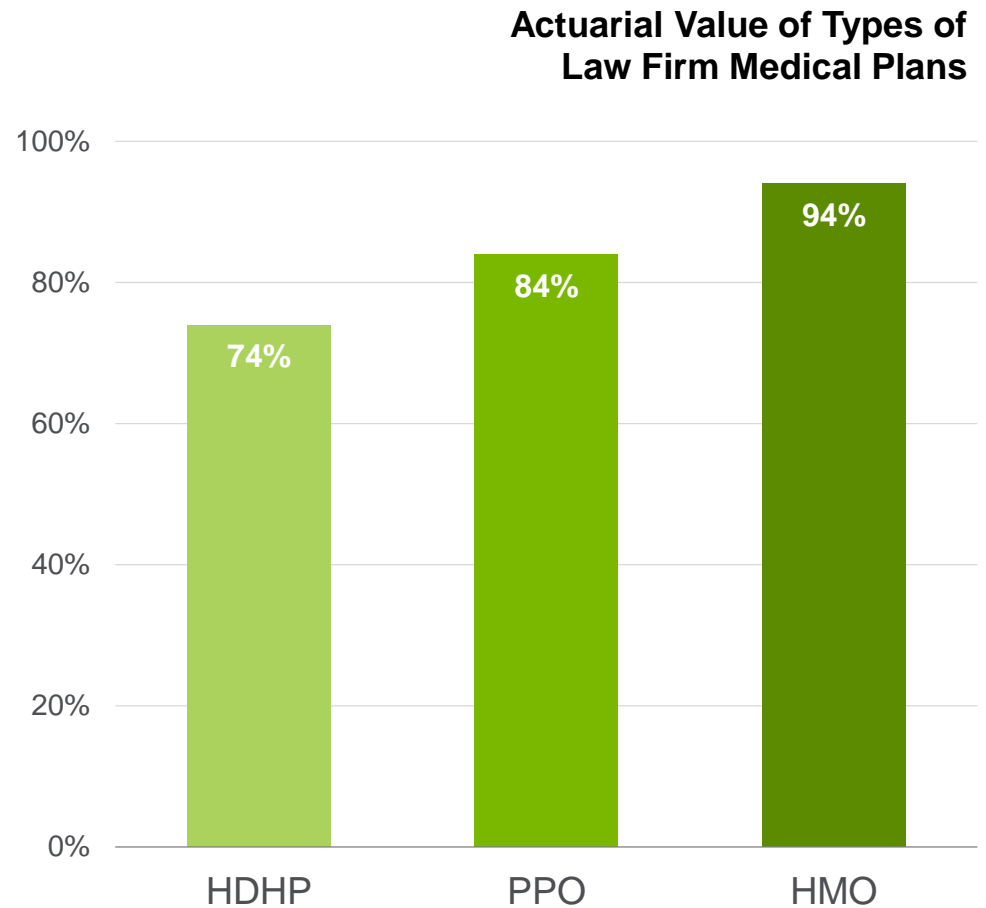
The value of the median plan from the Law Firm Survey Group is 86% of total allowed costs – more valuable than either benchmarking group.

Actuarial Value of Medical Plans



Actuarial Values by Plan

Percentage of total medical costs covered by different plan type

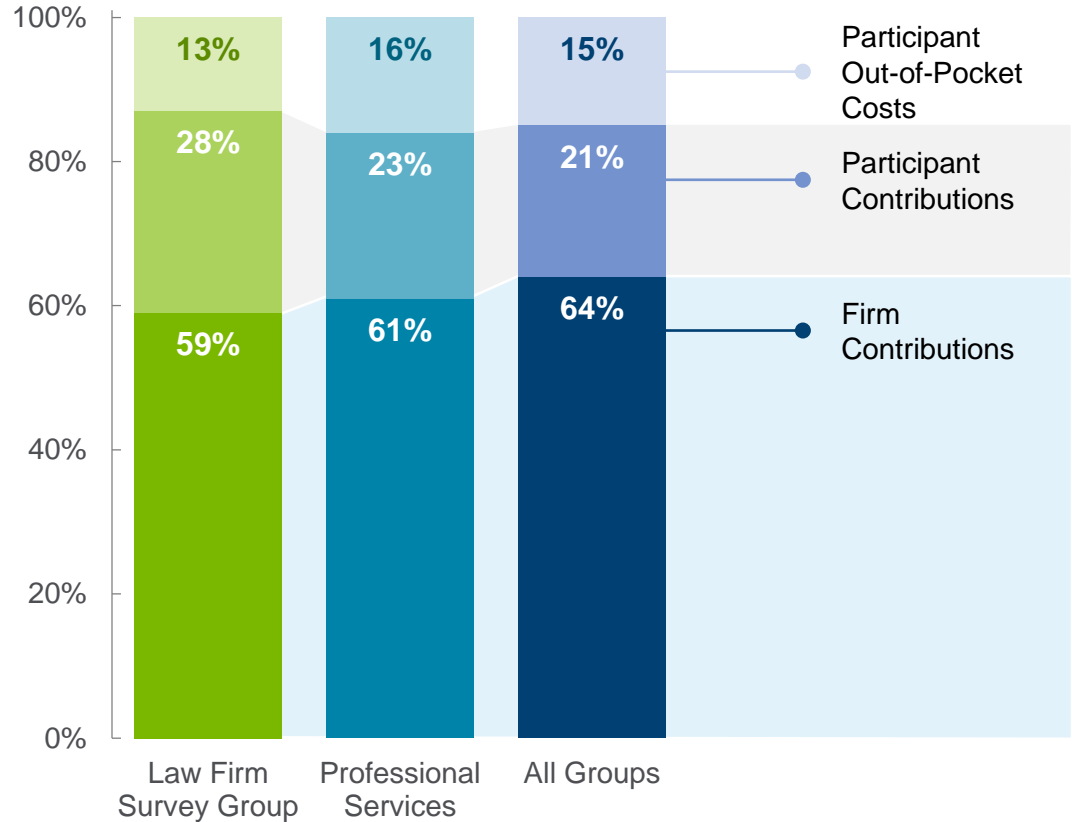


Overall Cost Share (plan costs and contributions)

Law firms carry higher participant payroll contributions with lower plan out of pocket costs:

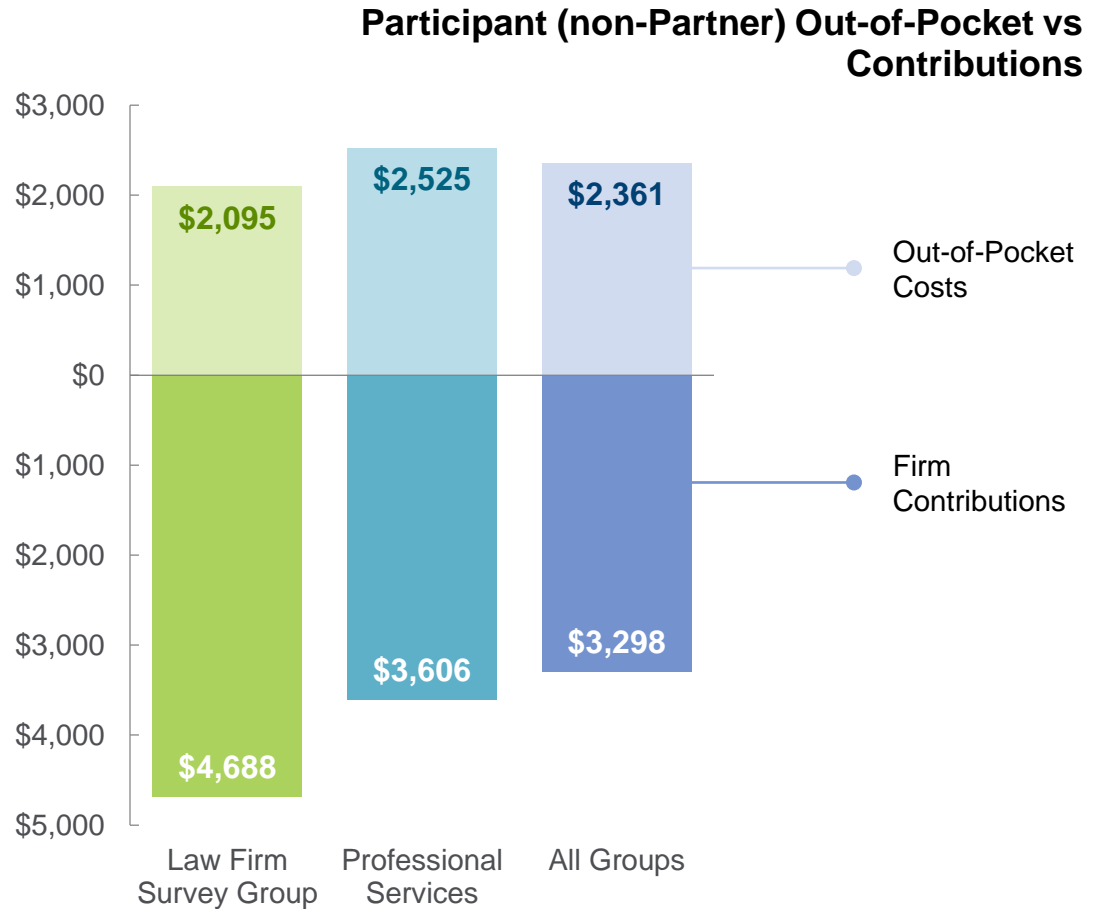
- Deductible
- Coinsurance
- Copays

Participant (non-Partners) vs Firm Cost Share



Comparison of Out of Pocket | Costs & Contributions (dollars)

Participants pay less out of pocket for medical care – but more in contributions.



Total Premium Costs (includes Partners)

How much are medical plan premiums?

Premiums include contributions from both plan participants and employers/firms.

Combined Premiums by Coverage

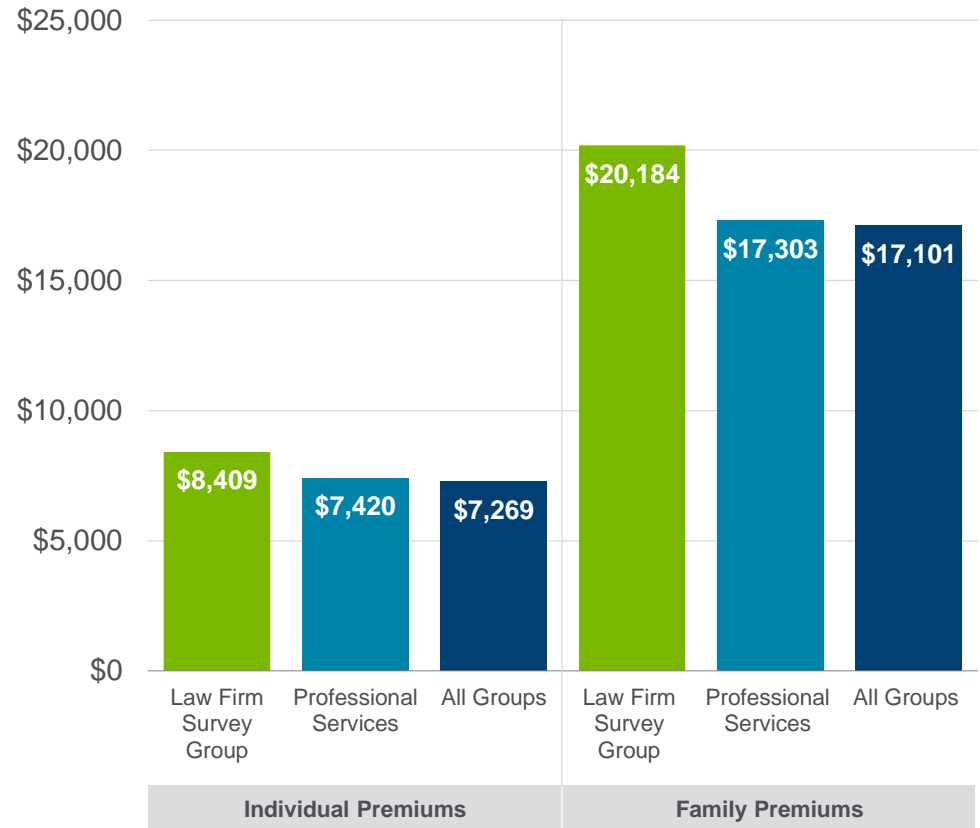


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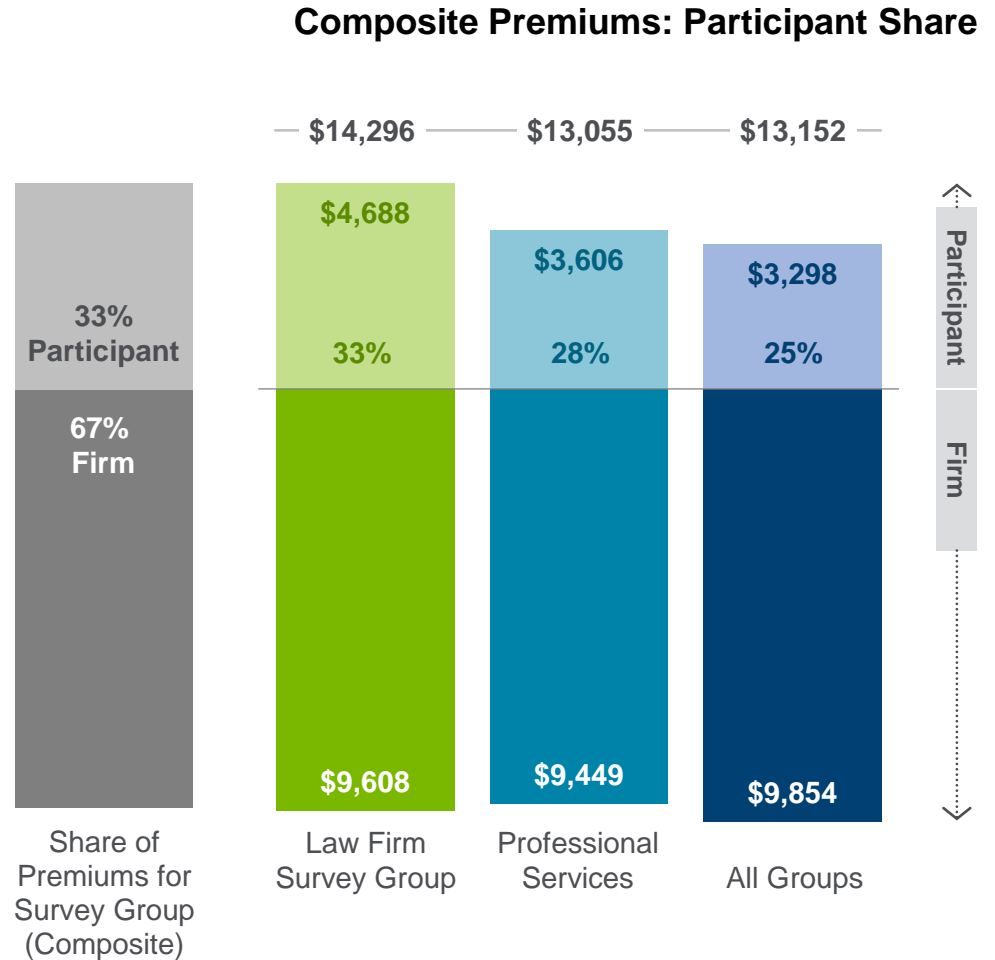
Combined Premiums by Coverage



Breakdown of Premium (non-Partners)

How much of the premiums do participants pay?

On average, participants (Associates & Staff) of the law firms in the Survey Group pay for about a third of the plan premiums – somewhat higher than in benchmarked groups.

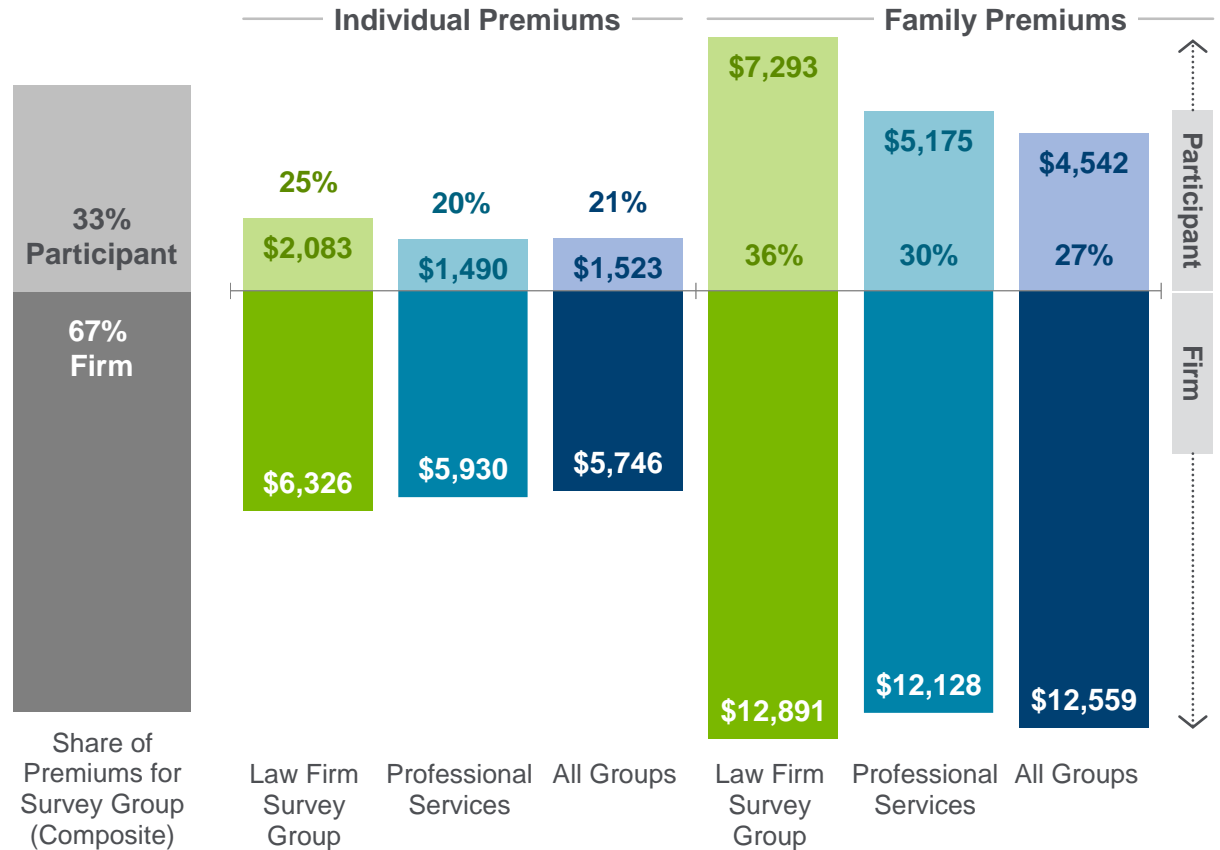


Breakdown of Premium (non-Partners)

How do premiums compare for individuals and families?

As with the benchmark groups, participants (associates & staff) of law firms in the Survey Group bear a larger share of family coverage than individual coverage.

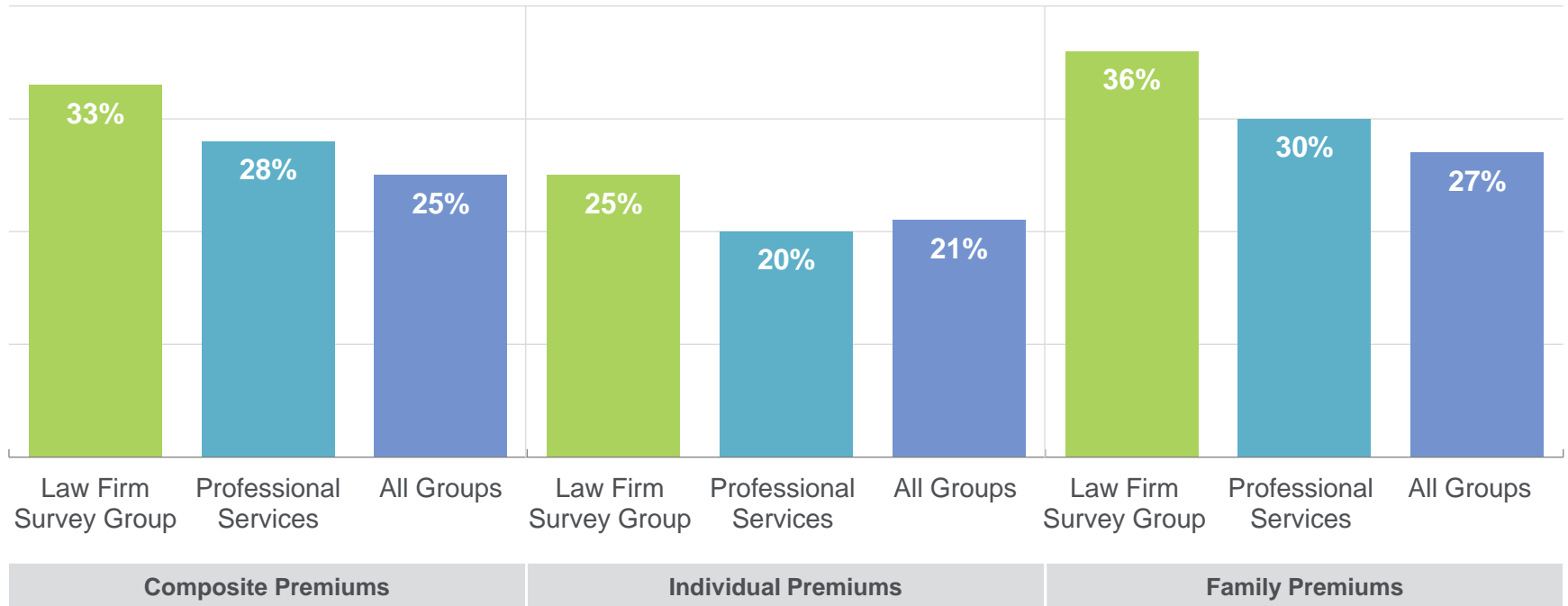
Individual and Family Premiums: Participant Share



Insights on Cost Sharing (non-Partners)

For every coverage amount, participants (non-partners) of the law firms in the Survey Group pay more than at benchmarked groups.

% of Premiums Paid by Participants (Associates & Staff)

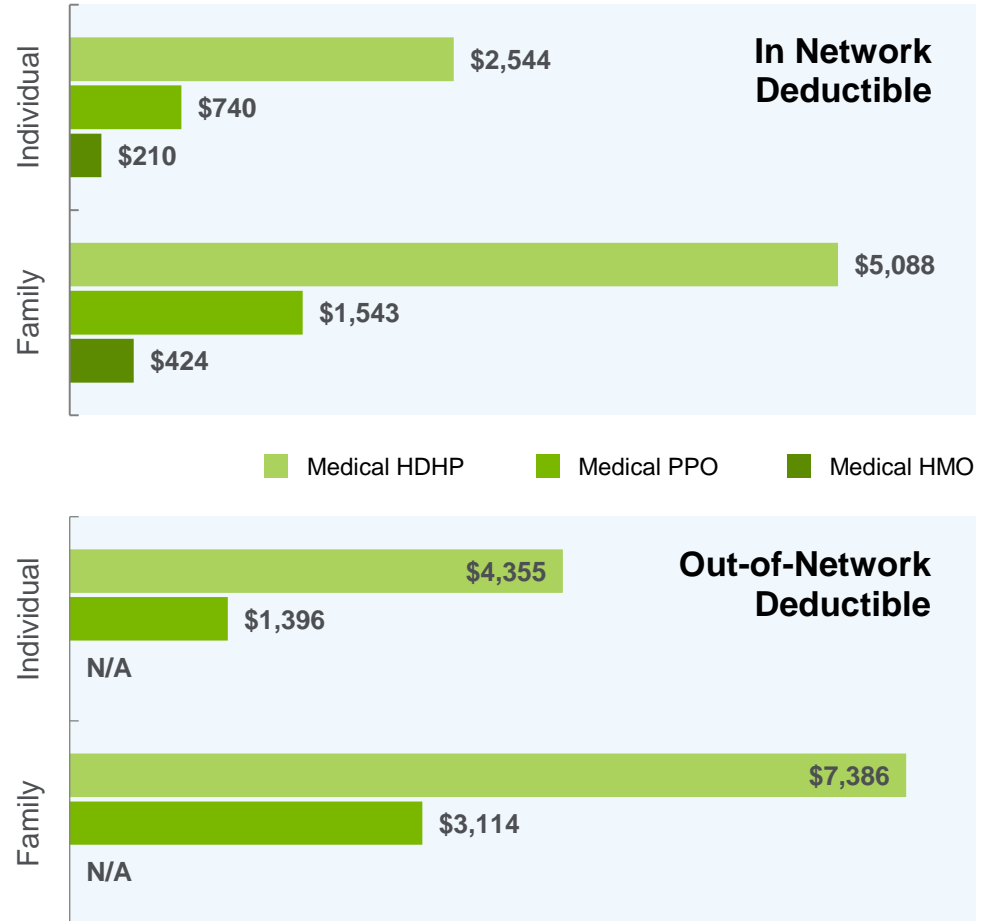




Plan Design Benchmarking

Medical Deductibles by Plan Type

How much do participants pay before the plan applies by plan type (HDHP, PPO, HMO)?

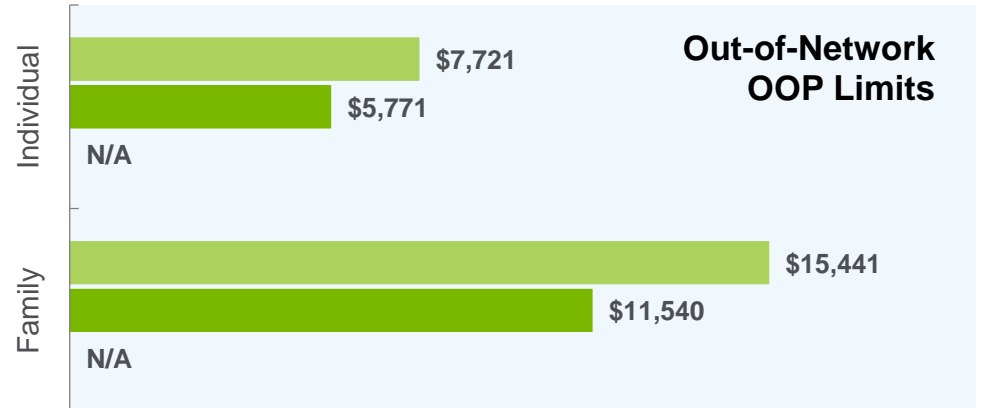
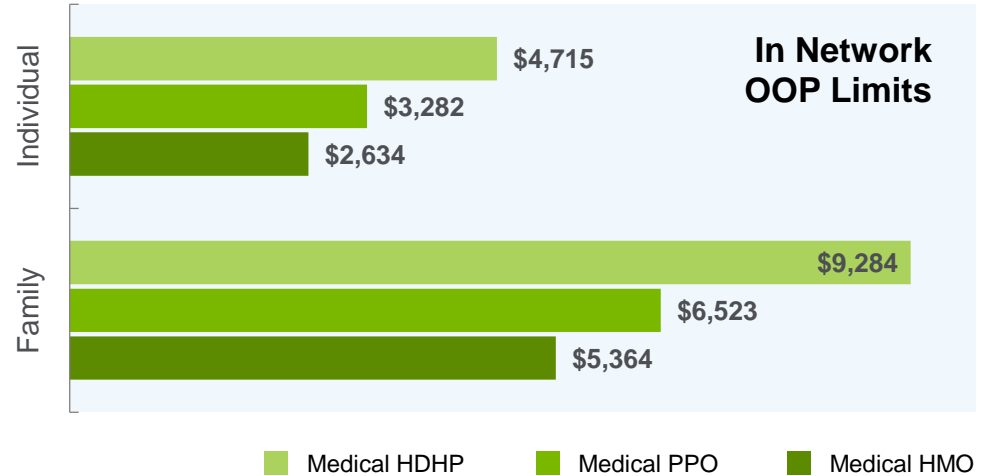


Note:

Plans without a deductible were excluded from the deductible calculation. Roughly 80% of HMO plans did not have a deductible

Out-of-Pocket Limits by Plan Type

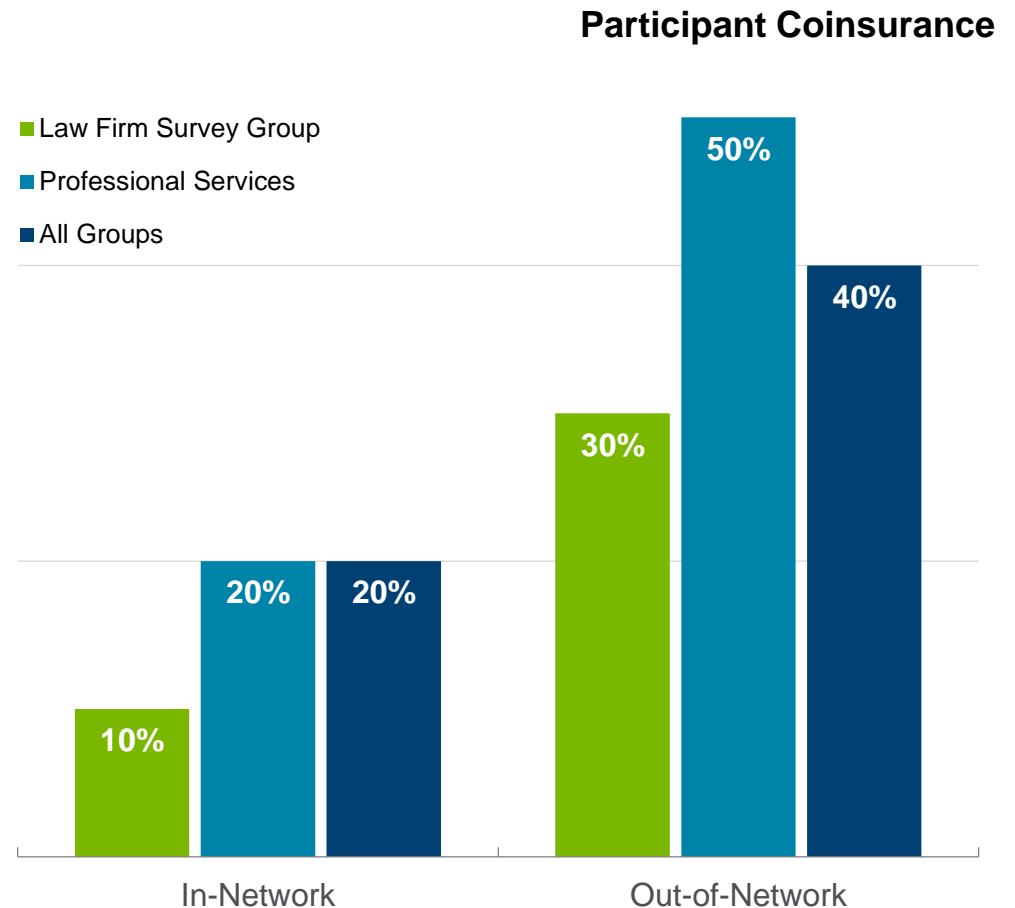
What is the maximum participants pay each year by plan type (HDHP, PPO, HMO)?



Participant Coinsurance

Percent paid by participants on the plans

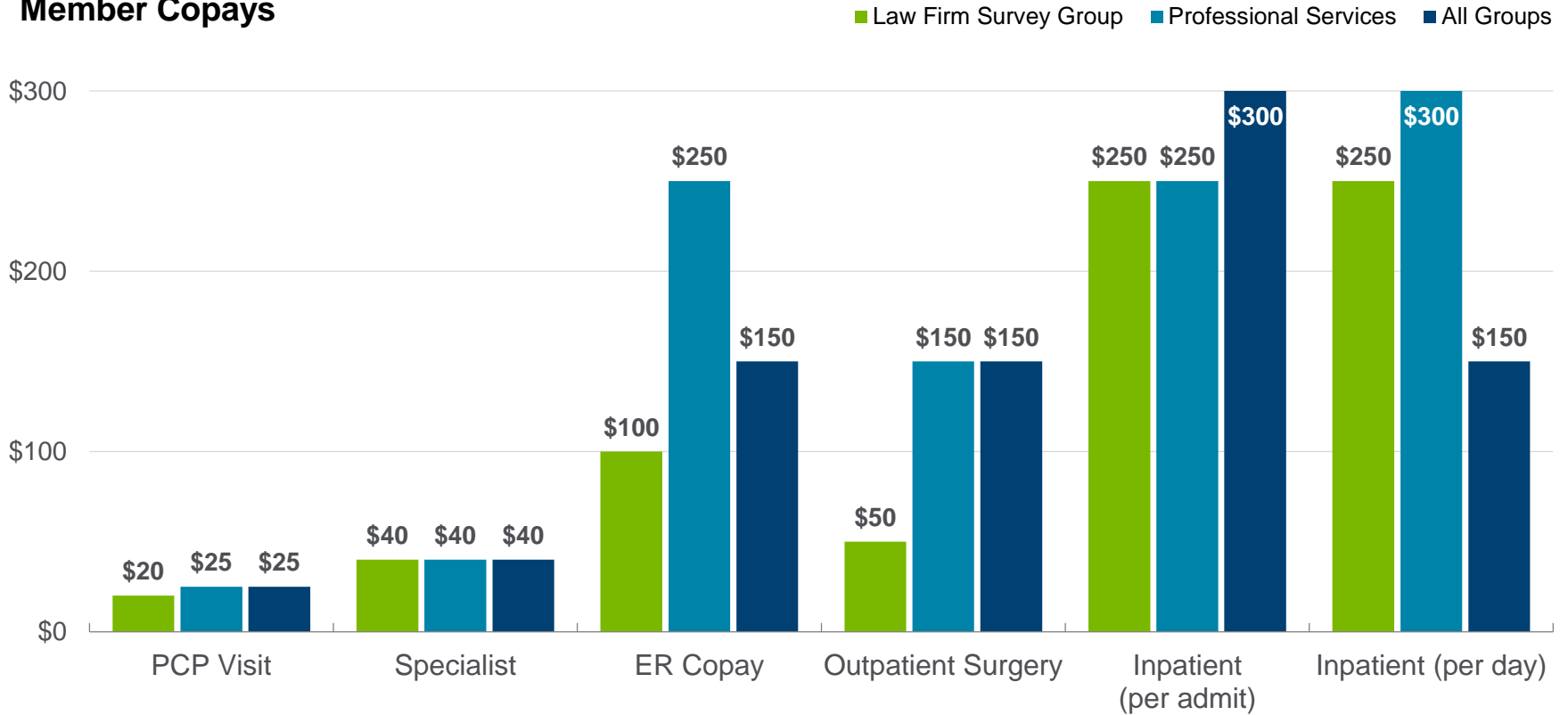
Participant coinsurance is the portion of medical bills that participants are responsible for. In-network and out-of-network, members pay less in the Law Firm Survey Groups than in either benchmark group.



Medical Copays (aggregated for all plans)

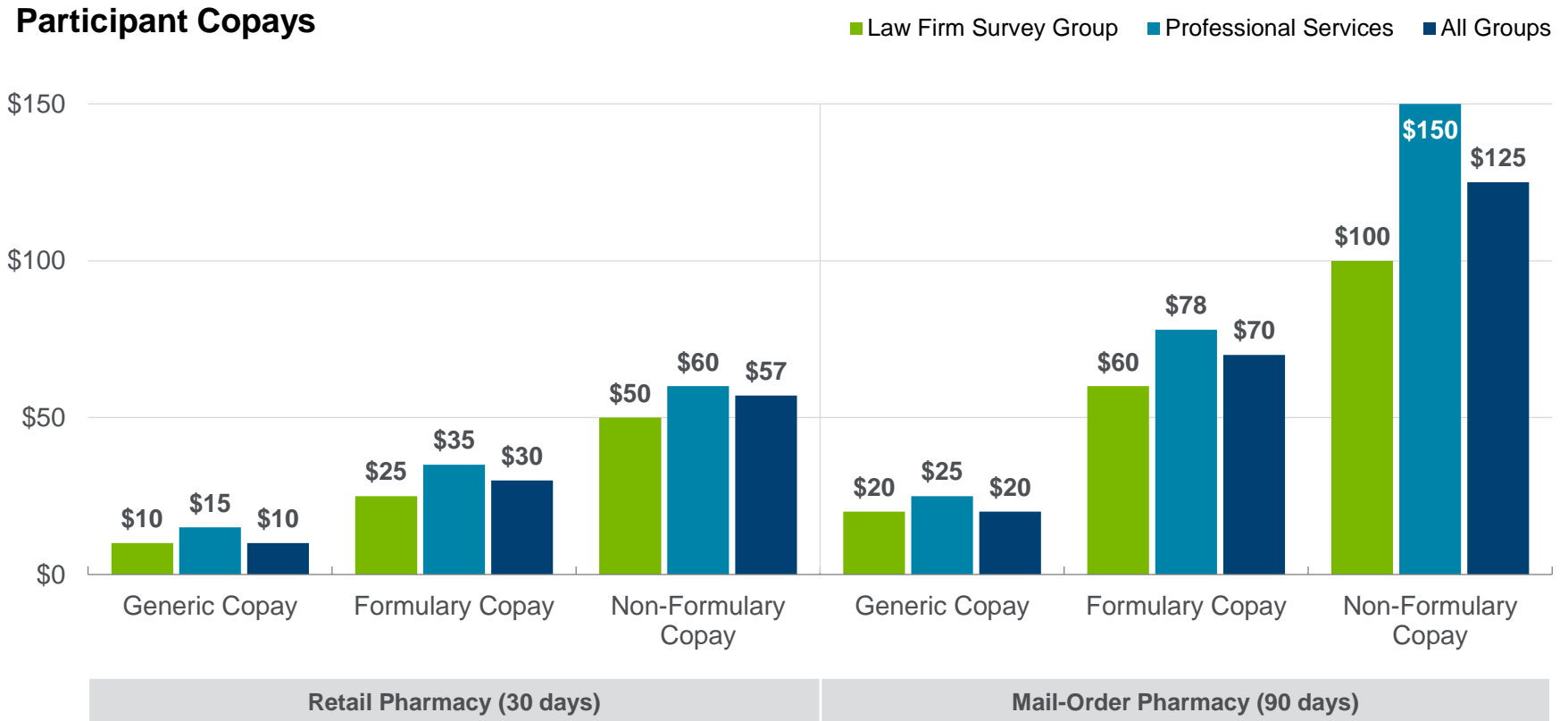
What are the copays for standard services?

Member Copays



Rx Copays (aggregated for all plans)

What are the copays for prescription drugs?



Serving Our Law Firm Clients

Aon's Health & Benefits Practice for Law Firms



Average Likelihood to Recommend

9.6
(out of 10)



Client Retention @

99%



Aon has developed a specialty practice focusing on the unique health & benefits needs of law firms. We are proud to serve some of the largest U.S. and global law firms.

What We Can Deliver

- Industry-leading benchmarking data
- Healthcare strategy and delivery
- Unmatched marketplace leverage
- Proactive and accountable service model
- Coalition pricing for prescription drug programs
- Superior pricing and design on Life & Disability programs
- Data analytics and interpretation

What Our Clients Say

"Our relationship with Aon is extensive and reaches across many lines. In all of them, we receive the highest level of service and commitment from everyone we work with at Aon".

"Excellent client service, both proactive and responsive"

"Our Aon contacts are trusted partners, always responsive with thoroughly-researched recommendations"

"Outstanding knowledge of the industry, outstanding client service and responsiveness, personal attention, attention to detail and a presence in the industry to advocate for clients"



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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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