Current State of Healthcare and its Impact on A&E Firms

How Leading A&E Firms Are
Managing Rising Healthcare Costs

What is the biggest workforce challenge facing your organization today?

Select one, or be honest and choose the two that are most connected.

- **A** Healthcare costs
- **B** Recruiting engineers
- **C** Employee retention
- **D** Wage inflation

The perfect storm

Three forces are colliding putting additional pressure on budgets

Workforce

- Aging workforce
- Specialized talent shortages
- Competition for engineers

Financial

- Medical costs outpacing budgets
- Margin compression
- Higher claims severity

Expectations

- Better benefits
- Mental health support
- Flexibility and choice

COST ACCELERATION

What is driving premium increases?

The renewal number is the output. These are the inputs.

HIGH-COST CLAIMS

Cancer treatments • specialty medications • gene therapies • complex surgeries

CHRONIC CONDITIONS

Diabetes • cardiovascular disease • obesity-related conditions

UTILIZATION TRENDS

Delayed care • behavioral health needs • growing specialty drug spend

EXECUTIVE TAKEAWAY

Healthcare cost is a business issue, not merely an HR issue.

What we see across the industry

Common workforce characteristics can create common benefits challenges.

Common characteristics

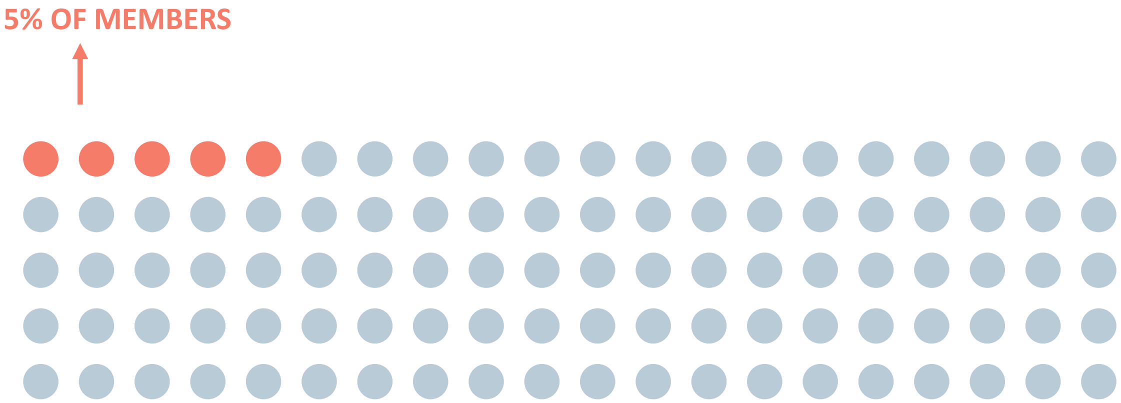
- Highly educated workforce
- Above-average compensation
- Aging employee population
- Growing chronic condition prevalence
- Competitive talent market

Common challenges

- Premium increases above inflation
- Balancing cost sharing
- Low benefits understanding
- Underused wellbeing programs

Where is your healthcare dollar going?

Small percentage of your workforce drive large percentage of overall claims



50%

5% Of the population accounts for nearly half of total U.S. healthcare expenditures.

Healthcare cost management is about identifying and managing risk, not cutting benefits.

Break the renewal cycle

Move from “react and repair” mode to “plan, predict, and prevent”.

TRADITIONAL APPROACH

Renewal → Cost increase → Contribution changes → Repeat

Reactive • frustrating • root causes untouched

STRATEGIC APPROACH

Data → Insights → Action → Outcomes

Claims analytics • targeted interventions • accountability

The strategic question is not “How do we absorb the renewal?”
It is “What risk can we understand, influence, and measure?”

FIVE STRATEGIES

How leading A&E firms are responding

A practical portfolio of cost, risk, and talent actions.

01	Data-driven decisions
02	High-cost claimant focus
03	Optimize pharmacy spend
04	Healthcare navigation
05	Prevention and wellbeing

Which strategy is receiving the most attention at your organization?

Pharmacy is reshaping the risk conversation

Access, affordability, and sustainability now collide in one category.

GLP-1 medications

Rapidly changing utilization and budget assumptions

Specialty pharmaceuticals

Disproportionate share of drug spend

Gene therapies

Potential for very high, infrequent claims

How are you balancing access, affordability, and sustainability?

A CRITICAL DISTINCTION

Cost management vs. cost shifting

Both change the budget. Only one targets the underlying economics.

COST SHIFTING

- Higher deductibles
- Higher employee contributions
- Reduced employer subsidy

Short-term budget relief

COST MANAGEMENT

- Better care navigation
- Claims and condition management
- Pharmacy optimization
- Provider steerage

Sustainable risk reduction

ILLUSTRATIVE CASE STUDY

A mid-sized engineering firm

A generalized example showing how the operating model can change.

Challenge

- Multiple years of double-digit renewals
- Poor employee engagement
- Rising specialty drug costs

Actions

- Claims analytics review
- Pharmacy strategy redesign
- Healthcare navigation resources
- Point-solution evaluation

Outcomes

- Improved employee experience
- Greater transparency
- More predictable healthcare spend

Generalized, non-client-specific example. Outcomes are directional, not quantified.

What every leadership team should track

Move beyond a single renewal percentage.

Financial metrics

- Per-employee healthcare spend
- Renewal trend
- Pharmacy costs

Workforce metrics

- Retention
- Absenteeism
- Benefit satisfaction

Risk metrics

- High-cost claimants
- Chronic condition prevalence
- Preventive care engagement

How many of these metrics are reviewed by your executive team today?

What will healthcare look like in five years?

Technology, treatment, funding, and expectations will continue to converge.

01 **AI and healthcare navigation**

02 **Advanced specialty drugs**

03 **Personalized medicine**

04 **Alternative funding models/ICHRA's**

05 **Greater demand for mental health resources**

What trend concerns you most?

Four questions every A&E executive team should be asking

Use these to pressure-test the current benefits strategy.

01 Do we understand our healthcare cost drivers?

02 Are our benefits helping or hurting recruitment?

03 Do employees know how to use benefits effectively?

04 Are we measuring outcomes or simply managing renewals?

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PROFESSIONAL RISK PRACTICE

CASE STUDY | ENR TOP 500 DESIGN FIRM

Reducing Pharmacy Spend Without Disrupting Care

Continuous claims monitoring uncovered concentrated pharmacy risk and enabled a targeted cost-management strategy.

THE BUSINESS ISSUE

A small number of members drove outsized spend

10 members accounted for nearly **$2M** in annual pharmacy expenses, driven by specialty medications and marked-up J-code infusion drugs.

TARGETED RESPONSE

1. **PBM market evaluation:** Selected the strongest savings strategy aligned to the client's risk tolerance.
2. **Infusion management:** Carved out J-code drugs for improved pricing and oversight.
3. **Specialty optimization:** Used assistance programs, approved international sourcing and alternative funding.
4. **Member advocacy:** Provided individualized outreach before changes to preserve continuity of care.

PROJECTED FINANCIAL IMPACT

$1.0M

TOTAL ANNUAL SAVINGS

27.4%

projected reduction in prescription drug costs

$499,457
Specialty savings alone

5,196
claims analyzed

619
estimated members

✓ **Care preserved**

No employee lost access to needed medications, supported by personalized outreach before implementation.

Bottom line: disciplined claims analysis + targeted pharmacy programs created meaningful savings while protecting the employee experience.

THREE THINGS TO REMEMBER

01 Healthcare is now a business strategy issue.

02 Organizations that leverage data can move beyond reacting to renewals.

03 The goal is sustainable cost and a better employee experience.

OPEN FORUM • What's keeping you up at night?

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