



TCA Power Hour

“Using Health Benefits to
Attract & Engage STEM Talent”


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Agenda

- Introductions
- Components of comp
- Benefits in early-stage firms
- Benefit cost trends
- Best practices



PEOPLE whose work saves lives MATTER

Gritstone develops tumor-specific cancer immunotherapies to fight multiple cancer types. TriNet helps them stay compliant with employment-related laws and regulations in each state they operate.

Gritstone Oncology People

Exposing My Alter Ego



God No Not Him!

Components of Compensation

- Salary
- Discretionary cash bonus / commission
- 401(k) + Profit Sharing
- Stock Options
- Health benefits

- Stage of company typically determines the mix
- Comp Planning
 - Look inside the organization & consider external market factors

Benefits in early-stage Tech & Life Science Firms

- Fierce competition for STEM talent has already forced companies to accelerate the timeline for implementing health benefits
 - San Diego has become home to an increasing number of tech & life sciences behemoths over the past several years.
 - Necessary to initially attract talent and mandatory to retain key employees
- Covid has reordered the top priorities of employees and job seekers
- SDVG Cool Company 52 employees
 - 2016 Census average SW Eng = \$105K >>> 2019 Census average SW Eng = \$135K
 - Company benefit spend by employer \$175K >>> \$250K

Benefit Cost Trends

- In 2019, the **Kaiser Family Foundation** reported that the average annual premium for employer-sponsored health insurance was a whopping **\$20,576 for a family of four (and \$7,188 for an individual)** — a 54% increase over the previous 10 years.
 - Includes ALL SIZE groups
- **Small groups (<100)** for 2021 show that **Aetna** filed for an average increase of **7.4% for health maintenance organization (HMO) plans and 38% for preferred provider organization (PPO) plans**, while **UnitedHealth** proposed an average increase of **17.4% for its two HMOs and 11.4% for its PPO plans**.
- “Law of Numbers” puts small groups in a highly-disadvantaged position.

Importance of getting it right – right away

- Incorrect planning means
 - Accelerating burn rate
 - Delays in hiring
 - Risk of turnover

Benefit Trends & Best Practices

- Employer/Employee cost-sharing
 - Not as commonplace for employers to pay 100% of premium
- Plan design
 - What behaviors are being encouraged
- Scope of provider network
 - Narrow network vs unlimited choice
 - In-network vs out-of-network
 - Value (reimbursement-driven) vs ACO (outcome-driven)

Benefit Trends & Best Practices

- Employee classifications
 - Spending where it matters
- Digital health
 - Pre & Post-Covid
- Mental health
- Providing employees with ample choices
 - One-size fits all does not fit most

Happy to help you and your portfolio companies

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