

MEET THE
NEWEST
WORKFORCE:
GEN Z



AEDC
Anchorage Economic
Development Corporation

IN THIS ISSUE

June's employment
update

An interview with
Generation Z

Q&A with Premera's
nationwide CEO

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JULY 2018 EMPLOYMENT NUMBERS

-0.5% YTD

TOTAL JOBS

151,100

GOV. JOBS -300 (-1.4%)

Federal -100 (-1.2%)

State +400 (+4.1%)

Local -100 (-2.4%)

GOODS PRODUCING

+- 0

MINING & LOGGING

-200 (-7.7%)

CONSTRUCTION

+100

MANUFACTURING

+- 0

SERVICES PROVIDING

(INCLUDES ALL CATEGORIES BELOW)

-700 (-0.5%)

HEALTH CARE

+700

LEISURE & HOSPITALITY

+- 0

FINANCIAL SERVICES

-100

SUMMARY

Even with a slight decline in the number of jobs from the previous year (-0.5% YTD) July was a good month for Anchorage. Overall, Anchorage shed 2,700 jobs from June to July resulting in a total of 151,100 jobs for July. This sloughing of jobs from June to July is a typical trend. What's interesting to note is that several industries besides Health care are up.

UP

- Construction + 100
- Trade/Transportation/Utilities +200
- Education & Health Services + 700
- Healthcare + 700
- State Government +400

DOWN

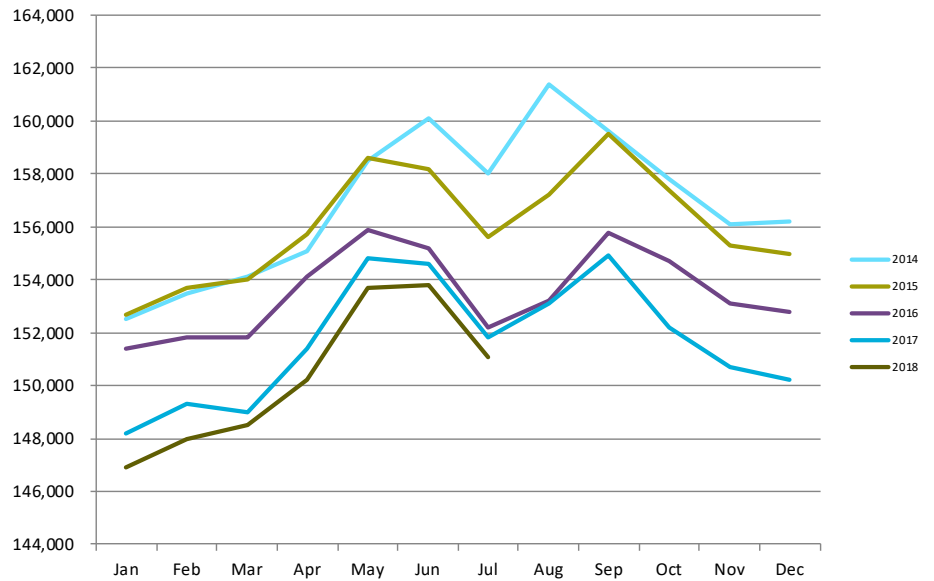
- Mining/Logging -200
- Oil & Gas -200
- Services Providing -700
- Trade/Trans/Utility -400
- Retail Trade -500
- Financial Activities -300
- Food Services -100
- Other Services -100
- Government -300
- State Government -100
- Local Government -100
- Local Education -100

THE BOTTOM LINE

There are signs pointing to a slowing and eventual end of Anchorage's recession. While jobs are still being shed, the rate at which they are declining has decreased significantly.

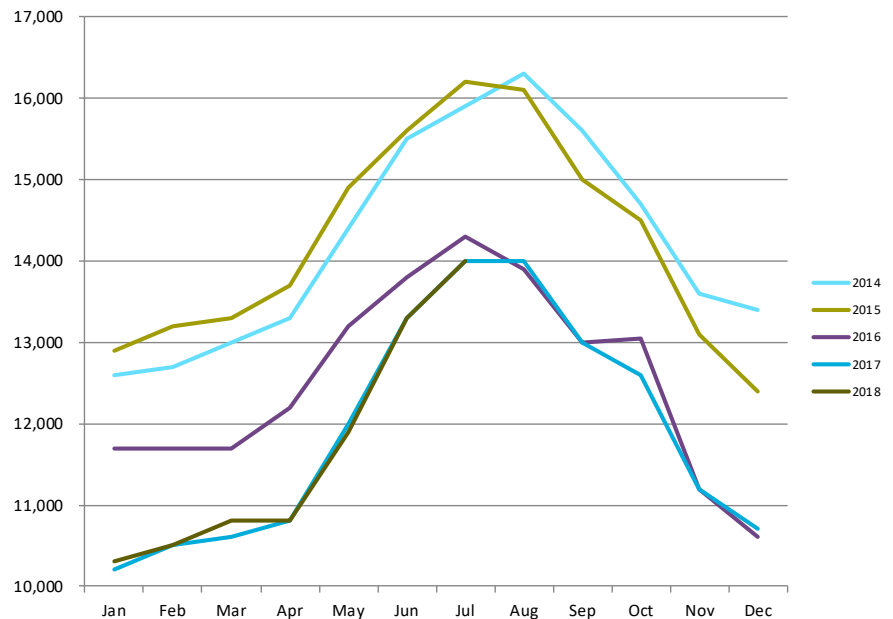
ANCHORAGE EMPLOYMENT 2014 - PRESENT

Much like previous years, the trend of increased employment during the summer months still holds true with the exception being that overall job numbers have declined every year since 2011.



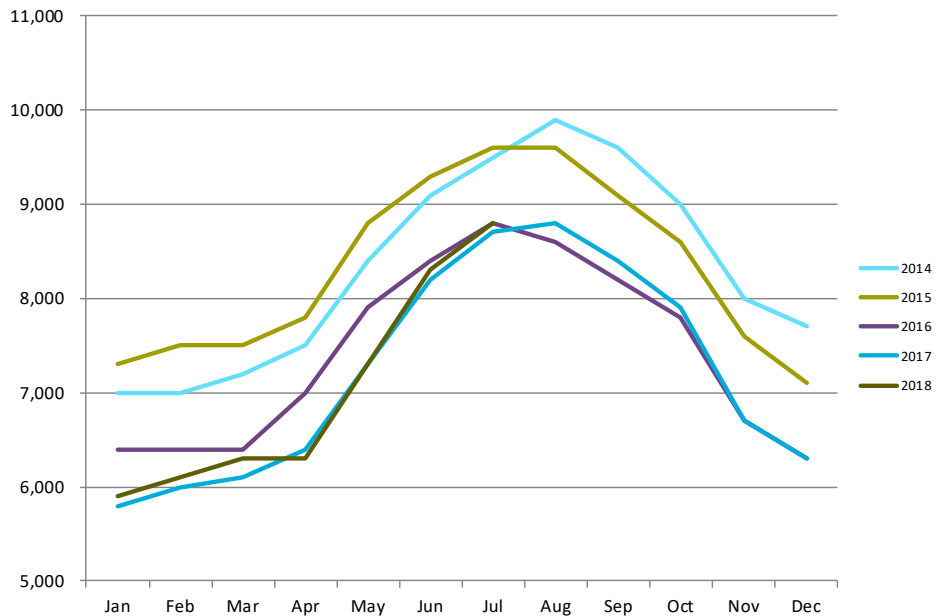
GOODS PRODUCING JOBS 2014 - PRESENT

Goods producing jobs are right in line with 2017's numbers, which is good news and means we aren't losing any jobs, but retaining what we've got.



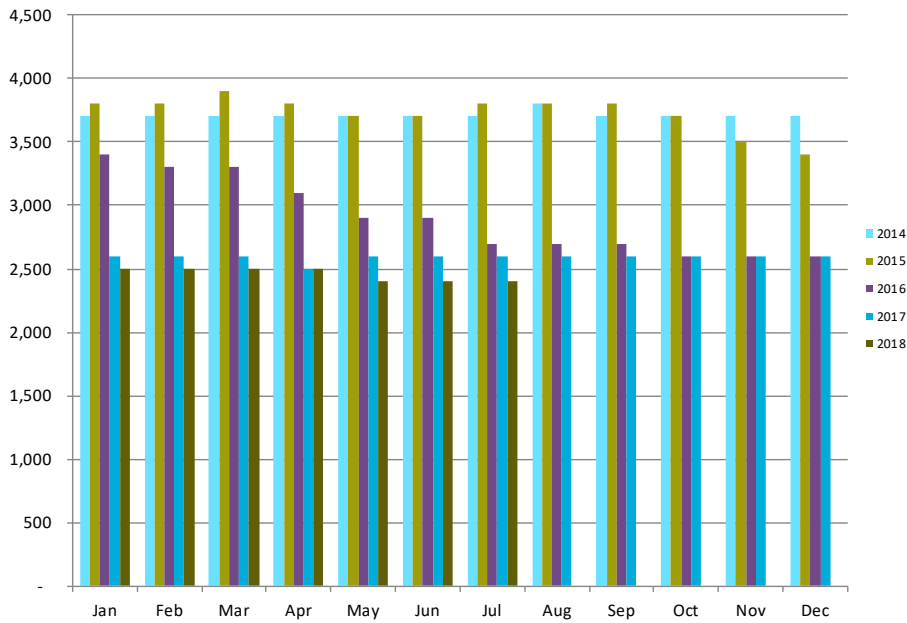
CONSTRUCTION EMPLOYMENT 2014 - PRESENT

Construction jobs are trending positively up 100 jobs from July 2017, this indicates economic recovery and is a great indication the recession is nearing an end.



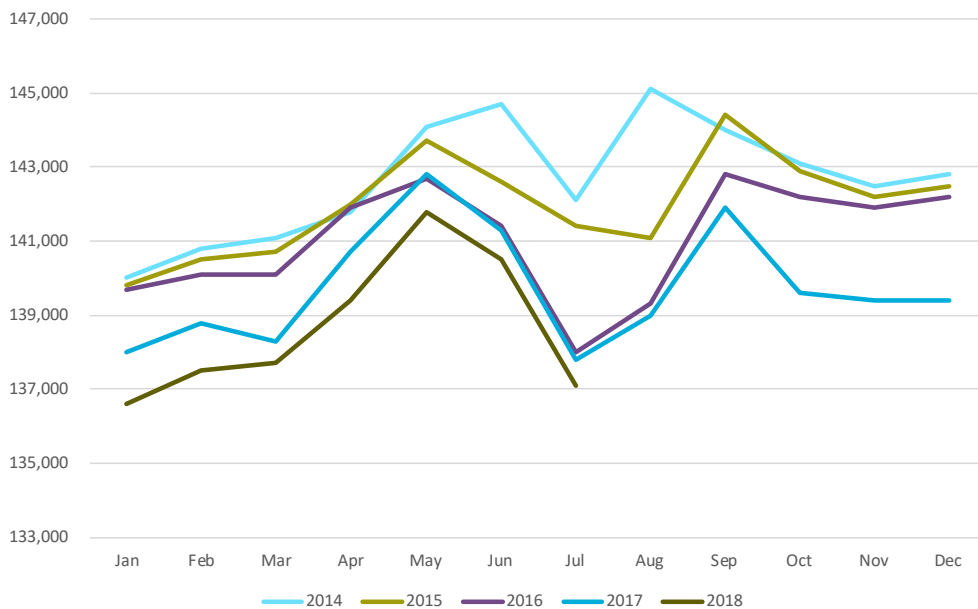
OIL & GAS EMPLOYMENT 2014 - PRESENT

Although down from 2017, July's Oil & Gas is steady with the previous month's numbers. Rapid declines in this sector have not been seen since 2016.



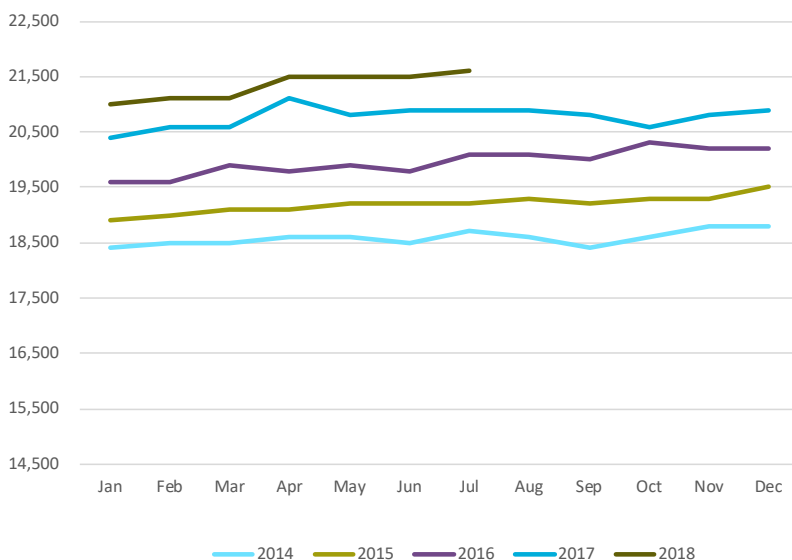
SERVICES PROVIDING JOBS 2014 - PRESENT

Services providing jobs comprise most of Anchorage's jobs. With 140,400 jobs as of the month of July are down 0.5% indicating a stabilizing economy.



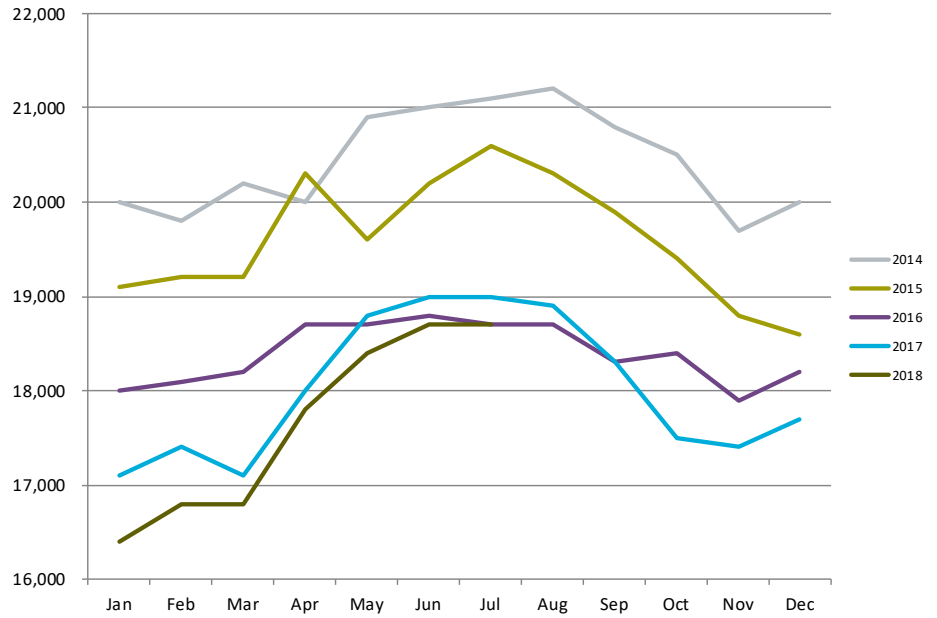
HEALTH CARE EMPLOYMENT 2014 - PRESENT

In a reverse over most job trends, Health Care has steadily risen since 2014 with about 3,000 more jobs total. As for July 2018, there was an increase in 700 jobs over this time last year.



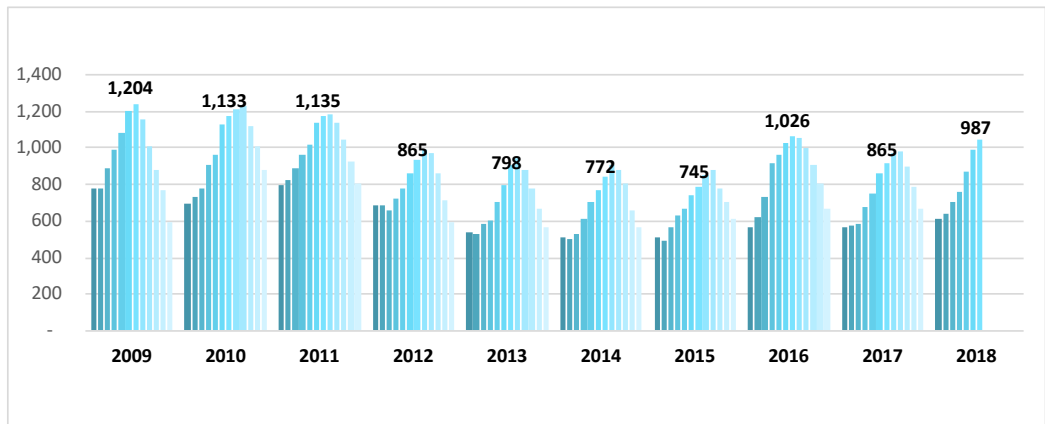
PROFESSIONAL & BUSINESS SERVICES 2014 - PRESENT

One of the hardest-hit industries in the recession, the trends in this employment category aren't as consistent as they are in other industries. At a total loss of 2.2% YTD, Anchorage is down 400 Professional & Business Services Jobs since 2017.



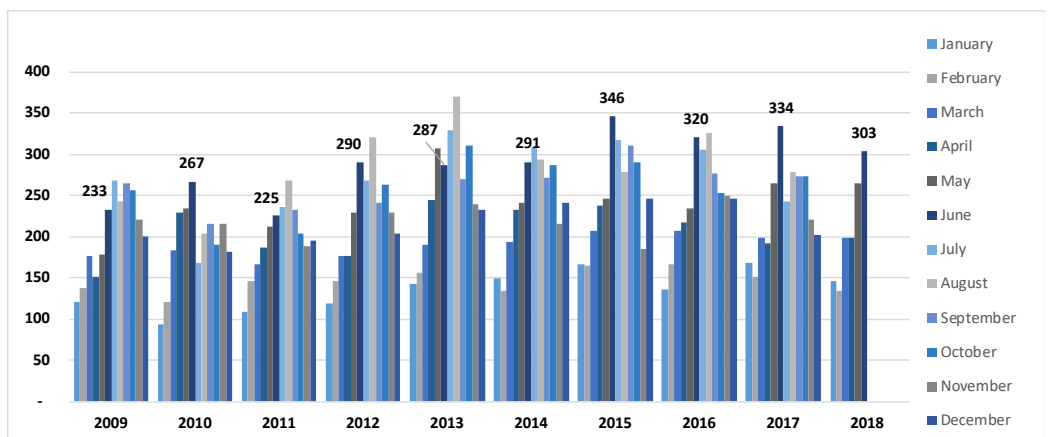
ANCH. SINGLE FAMILY HOME LISTINGS YTD 10-YEAR COMPARISON

With 1,045 listing so far in 2018 YTD compared to 919 in 2017, this year is shaping up to be a good year for the housing market. If the trend continues, 2018 will be the second highest in terms of home listings since 2012.

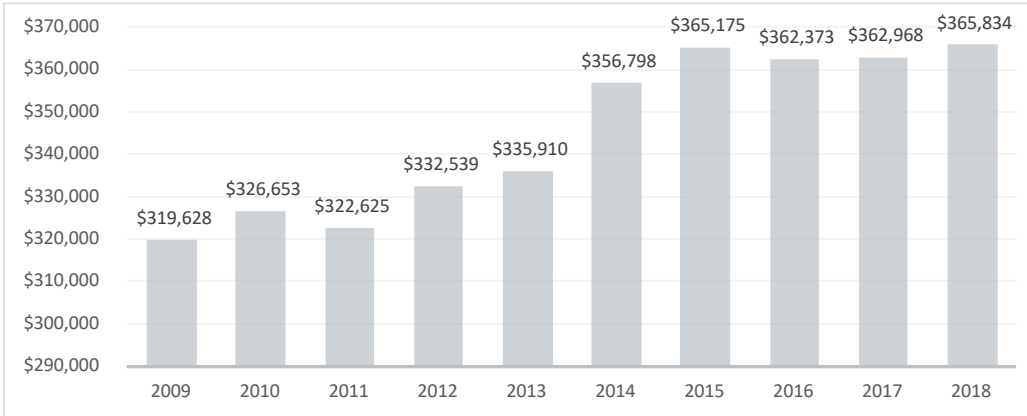


ANCHORAGE SINGLE FAMILY HOME MONTHLY UNIT SALES YTD 10-YEAR COMPARISON

At 289 units sold in the month of July, we are actually up from where we were in July of 2017 at 242 units sold.

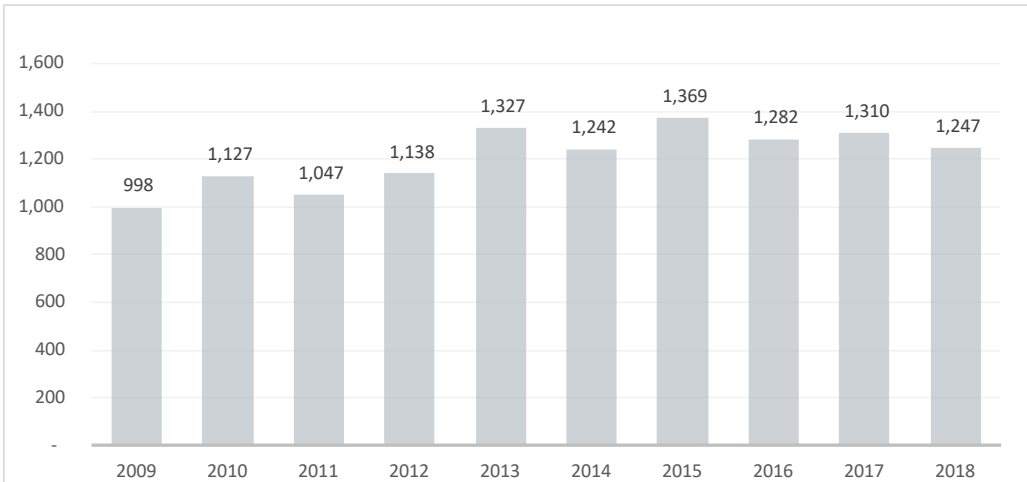


ANCHORAGE SINGLE FAMILY HOME AVERAGE SALES PRICE YTD 10-YEAR COMPARISON



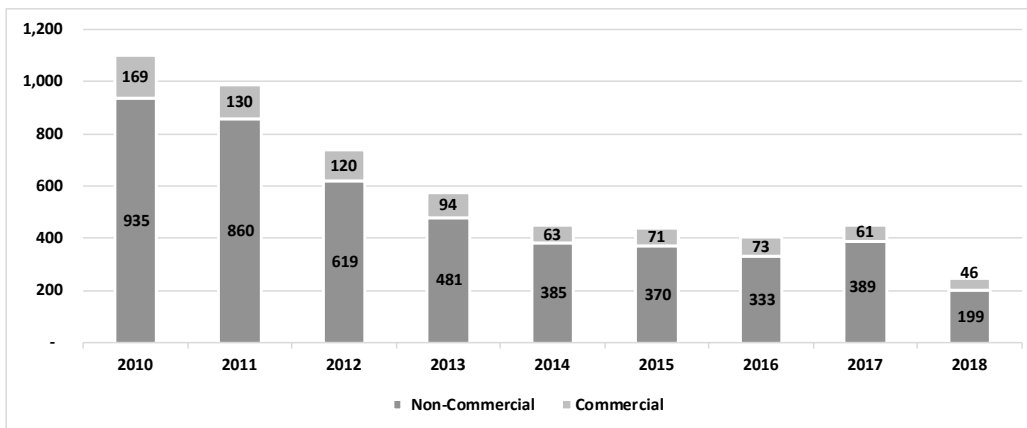
The average price of \$388,874 is the highest average sale price we've seen in the last decade for the month of July.

ANCHORAGE SINGLE FAMILY HOME TOTAL UNIT SALES YTD 10-YEAR COMPARISON



This graph shows the total number of sales for the year so far, as opposed to the average in the housing graph on the previous page. You can see we are a little lower than 2017, but right in line with where we were in 2015 before the recession really hit.

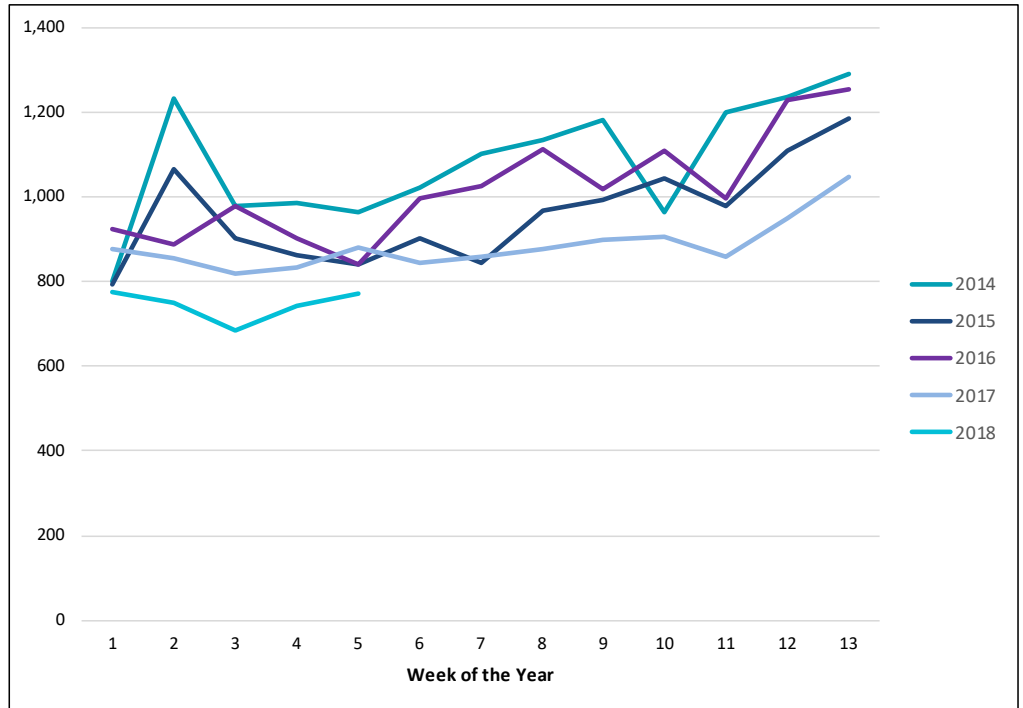
ANNUAL BANKRUPTCY FILINGS YTD 9-YEAR COMPARISON



A measure of a healthy housing and business market, bankruptcy claims are very relevant in determining the health of the economy. Alaska consistently ranks near the bottom of bankruptcies when compared to the rest of the US.

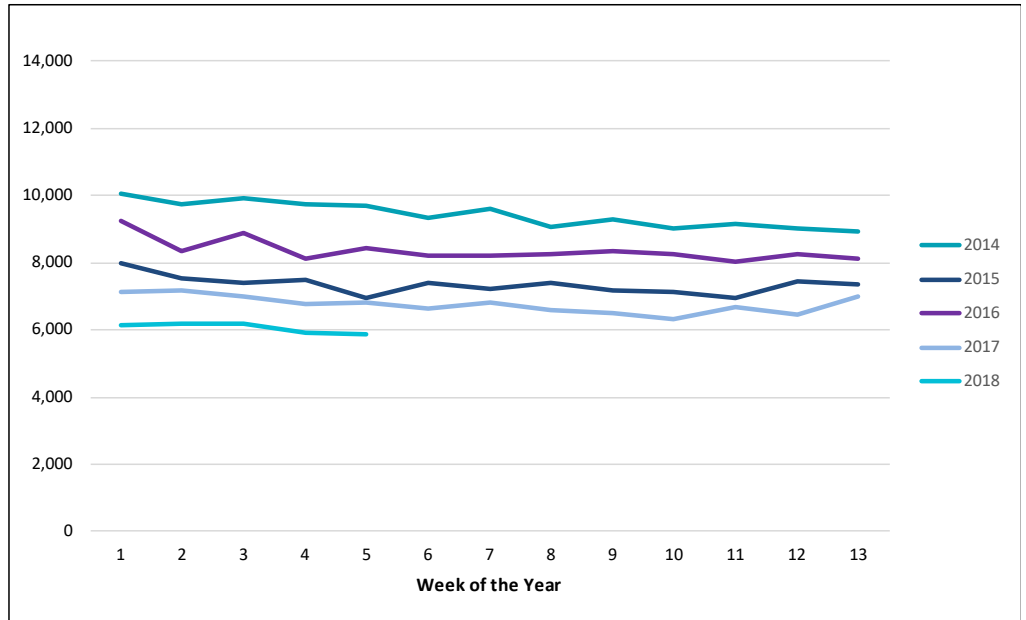
**INITIAL UNEMPLOYMENT CLAIMS
ALASKA - Q1**

Initial unemployment claims serve as a proxy indicator for layoffs. As layoffs occur, employment claims go up. In a negative trend, with positive results, July unemployment claims are the lowest that they've been in years.



**CONTINUING UNEMPLOYMENT CLAIMS
ALASKA - Q1**

Continuing unemployment claims indicate the reentry of unemployed individuals into the workforce. Also showing a negative trend like initial unemployment, continuing unemployment is the lowest that it's been in five years for July.





JEFF ROE Q&A

THE PRESIDENT & CEO OF PREMERA
BLUE CROSS ANSWERS YOUR
QUESTIONS ABOUT THE THINGS ON
EVERYONE'S MIND

The following questions were received at our 2018 3-Year Outlook Luncheon. Due to the high-volume of questions, alike questions were condensed.

Q How important is it to produce a local Alaskan health workforce to control health care costs?

A Very important. When people are sick they generally do not want to travel. They want to be treated in Alaska by Alaskans. For medically appropriate procedures, medical travel benefits are typically only used when the cost difference between receiving treatment in Alaska vs. the lower 48 is disproportionately large.

Q You have identified how much more the cost of care is here. How much more (%) are your premiums over national average.

A Our premiums are directly tied to the cost of care in Alaska, that's a requirement of the Division of Insurance. Our premiums appropriately reflect the cost

of care in Alaska and they need to be approved by the DOI for reasonability in order to be sold in Alaska.

Q How is Premera investing in upstream intervention for the broader population in AK? Be specific!

A Premera is investing in programs that introduce care coordination upstream. Specifically, Premera works closely with Alaska Innovative Medicine to give treating physicians the data they need to have a 360 degree view of the their patients. We also perform transportation assistance and insurance advocacy when needed.

Q Workers compensation is one of the largest company expenses. Can you please expand on the effect of high healthcare costs on workers compensation insurance specifically and what can be done to lower these premiums?

A Premera is not involved in the Alaska Workers Compensation program so we are not in a position to comment on efforts to reduce Workers Compensation premium levels.

Q If the price for a procedure costs X amount for someone without insurance, why is the healthcare industry allowed to charge XXX amount for the same procedure to the people with insurance?

A Premera negotiates fair and reasonable reimbursement rates for various medical procedures with providers that choose to contract with us. We are not involved with determining what providers bill their patients for either insured or uninsured patients.

Q Do you have any insights on how to incentivize more doctors/providers to relocate to the state? i.e. to increase supply and competition to help decrease cost?

A One way is to make the system work better for providers than they could experience elsewhere. Premera is working to more tightly integrate with our contracted providers. We are constantly looking for ways to decrease administrative procedures and cost from the system to make it function more efficiently for our members and contracted providers.

Q Healthcare providers often struggle to receive reimbursements from insurance providers. How do you see this fact influencing healthcare costs?

A Premera takes pride in our provider servicing in terms of prompt payment and provider relations. Prompt provider payment is also required by Alaska regulation for all insurance providers.

Q To what extent are behavioral health and nutrition services being covered as preventive services (i.e. pre-any diagnosis)?

A Both behavioral health and nutrition services are generally covered services in Premera health policies. The coverage levels vary with the medical plan purchased.

Q It seems that preventative care would more effectively impact health care. Does Premera back/pay for this type of care/and perspective, in conjunctive with medical solutions?

A As required by the federal Affordable Care Act (ACA), Premera pays for preventative care at 100 percent, without requiring member cost sharing. We strongly believe in the benefits of our members regularly accessing their preventative care services.

Q Does Premera put any emphasis on covering holistic or alternative treatments like acupuncture or massage?

A Yes, Premera does generally cover alternative care services. The coverage levels vary with the medical plan purchased.

Q You quote 7 year old Milliman data. During that time, negotiated provider rates have declined significantly, premiums remain high in Alaska. Why?

A The Milliman analysis referenced in the speech was completed in October 2016 using calendar year 2014 data. Premera's individual premium rates decreased an average of 22.4 percent in 2018, while small group premium rates received no increase. Negotiated provider reimbursement rates have not decreased on average over the past 5 years.

Q Many argue the fully insured carriers have an incentive to pay more on claims because it increases the amount you can make based on the MLR calculation. How do you respond to this?

A The MLR calculation does not provide an incentive to pay more on claims. It is set up to ensure that 80-85% of total premium paid goes to pay claims, so claims paid above those ratios reduce the amount of premium available to cover non-claims expenses such as plan administration and taxes.

Q Telemedicine has proven to improve access and reduce the cost of healthcare. Why won't Premera reimburse for telemedicine services in Alaska? It does in other states. Other healthcare payers do reimburse for telemedicine in Alaska.

A Premera does reimburse for telemedicine services.

Q Is it time for a single payer system in US?

A We believe the private health care financing and care system we have in the United States holds the best promise for excellent care at sustainable costs. However, we must continue to work on innovative approaches to cost and quality that will help lead us there. There is much to be done. But we are not alone in these struggles. Several single payer systems around the world are struggling with their own cost structure as their population ages and the cost of care increases.

Q What are the obstacles to multi-state pooling for health care?

A Multi-state pooling of health care certainly has its appeal in concept: larger pools can be more stable. However, the particular challenge that Alaska faces is in finding other states that would be willing to pool their costs with the most expensive state in the nation. Doing so would only increase their overall costs.

Q What healthcare system does the #1 country on the health index you referenced? Single payer; government provided; health insurance?

A France's universal health care, largely government financed, is ranked the number one health system by the World Health Organization.

Q What role do you think insurer market power plays in high insurance premiums?

A Since becoming the sole remaining carrier in Alaska offering health insurance plans under the Affordable Care Act, we have lowered monthly premiums for customers purchasing insurance on the individual market by 22.4 percent. We believe that this "market power" has contributed to the stability of the individual market, because we can more accurately predict risk. In addition, increasing our network of doctors and hospitals allows us to negotiate lower fees that we then can pass along to our members.

Q It seems like the business model for health care insurers is to deny first and let the patient fight for reimbursement. Why is that?

A About 85 to 90 cents of every dollar we earn goes toward paying medical claims. We say yes far more often than we say no.

Q In the last two years, Premera reimbursement rates to physicians have decreased up to 30% in some subspecialties. Have premera blue cross blue shield premiums reduced in kind? If no, why not?

A Health care is expensive in Alaska for many of the same reasons everything is more expensive. But that doesn't tell the whole story. Put simply, health care is more expensive in Alaska because prices for medical procedures and drugs are significantly higher than in the lower 48 and rising much faster than prices for other goods and services. While the consumer price index is about 6 percent higher in Alaska than in the lower 48, payments to doctors and hospitals in Alaska are 76 percent higher than nationwide averages; and, after accounting for cost of living, the payments are increasing twice as fast as inflation.

Q Why does Premera continue to tout grants issued to the community when it received a windfall under the tax reform act and is required to do so as a non profit?

A We recently announced a \$1 million grant to Covenant House Alaska to provide housing and behavioral health services for homeless youth. The funding was part of a one-time only refund Premera received earlier this year due to changes in the U.S. corporate tax system. We were free to spend this money as we wished. We are choosing to invest the bulk of our refund into efforts to stabilize the individual market, increase access to health care in rural areas and address behavioral health issues particularly as they relate to homelessness. We see homelessness as a health care issue. Putting a roof over someone's head increases their life expectancy dramatically, while lowering the total cost of care in the community.

Q What is being done to make healthcare more efficient and affordable?

A There are a number of ways both big and small we are working to make health care more efficient and affordable. These include launching digital tools to make finding a doctor and scheduling appointments easier, our support of the Alaska health information network to give doctors a more holistic view into a patient's health and our work to help doctors and their patients find lower-cost medications. We also are working diligently to reduce our own administrative costs. Finally, we are working closely with the recently created coalition called 'Alaskans for Sustainable Healthcare Costs. This is a group of employers working to help find solutions to rising costs, which in turn, affect both employee benefits expenses and individual premiums.

Q What is Premera's financial motivation to reduce healthcare cost in Alaska?

A By reducing health care costs in Alaska, more Alaskans could afford health insurance, which, in turn, would increase our membership.

Q Is Premera open to new tech that empowers its customers? Ex, fitmoood is an application developed to educate and assess trends in a patient's declining health. This data can help to identify (on a full spectrum) issues that directly impact their physical and mental health needs

A Yes, we are always open to new technology that empowers customers to help them make better health care decisions for themselves and their families. For example, earlier this year, we launched a new digital platform called Premera Pulse that enables us to easily curate networks of high-value providers, simplifying our members' search and selection. Premera Pulse also sends personalized text messages notifying our members at important moments in their health care journey.

Q Can/should we impose controls on doctor/hospital fees in AK?

A As a health payer, we work with all stakeholders on behalf of our customers and members to help relieve the burden of the high cost of care. While we are not in a position to impose cost controls on Alaska providers, as a long-standing leader in the Alaska healthcare community, we will continue to help lead the development and implementation of solutions that make healthcare more affordable for our customers and the community at large.



WHAT MATTERS MOST TO AMERICA'S LARGEST WORKFORCE DEMOGRAPHIC

As of May 2018, the U.S. job market continued to see more openings than unemployed job seekers, according to the Bureau of Labor Statistics. At .9, the ratio marked a historic low. The national unemployment rate hovers near record lows, too.

Employers are now faced with an important question: In a hyper-competitive job market, how can companies entice talented employees to fill vital positions?

Generation Z— those born after 1995 – are now the largest generation in the American workforce. They're now at the age where the oldest members of the generation are graduating from college. Recruiting and retaining these qualified employees means understanding what they want in a workplace.

Gen Z's workplace preferences and perspectives are influenced by everything from our shifting economy to our increasingly interconnected world, according to current research and members of Gen Z themselves. The costs of housing and healthcare play a large role, but so does the desire for meaningful work with opportunities for cultural and social engagement.

"I want to do more than just go to medical school, get a diploma and then become a doctor and work at a hospital," said Stas Sobol, a public health student at Johns Hopkins University. "I want to travel, I want to help different communities – especially in rural areas, or impoverished areas."

Motivated by more than money, Sobol said he hoped to join the Peace Corps or train to become an EMT, preparing for a career devoted to the public good. At the same time, he said, it's impossible to ignore certain financial realities.

"Money in general – that plays a huge role in guiding where you can go, where you can live," he said. "There are many places throughout this country where housing is just not affordable for a student. At all."



STAS SOBOL

**Johns Hopkins University
Public Health major**

LAUREN FUTTER



**University of Chicago
Economics major**

Sobol said he ruled out attending school in San Francisco, where the average one-bedroom apartment costs more than \$3,000 per month. Lauren Futter, an AEDC intern studying at the University of Chicago, has also seen the impact of high costs of living for millennial students and job seekers: Many of her classmates hope to live and work in larger cities like New York, she said.

“But it’s currently really unaffordable for recent college graduates,” Futter said.

According to AEDC’s Millennial Workforce Report, a 2017 survey of more than 1,000 Alaskans, wages and benefits remain the most important factor for job-hunting millennials. When it comes to benefits, health care is the top concern. Alaska’s health care costs currently rank among the highest in the country, and for some millennials, the presence (or absence), of a comprehensive health care plan can make or break a potential job offer.

Although not Millennials, members of Gen Z are most likely to model their workplace wishes after the previous generation -- Millennials.

AVA METZGER



**University of Alaska Anchorage
Economics major**

KRISTA STAPLEFORD



**Brown University
Economics &
Public Policy major**

Millennial job-seekers also consider a range of other, non-financial factors, from management styles to workplace culture to schedule flexibility. Futter, who plans to pursue a PhD, values on-the-job mentorship opportunities, she said.

Professional development opportunities ranked among the most important factors for job-seeking millennials in Anchorage, according to the AEDC report. Workplace culture is also an important factor.

“It’s nice to have some creative license and have some autonomy,” said Ava Metzger, an AEDC summer intern preparing to graduate from the University of Alaska Anchorage.

The AEDC Millennial Workforce Report shows many millennials share similar priorities: Schedule flexibility and a casual work environment were also important to the majority of respondents.

Based on the four members of Gen Z that we spoke to, their priorities align with that of Millennials.

Another AEDC intern, Krista Stapleford, said she values workplaces with open communication, where all voices are heard and valued. A strong office culture with opportunities for social engagement is also important, she said.

After graduating from Brown University, Stapleford said she hopes to gain some work experience and pursue law school or another advanced degree program — something she feels is necessary to compete in today’s job market, she said.

And when she enters the job market, she wants to feel like the company for which she works truly cares about her as a person and employee.

She feels she has options to choose from, she said.

“Maybe I’m a little optimistic, but I still think there’s opportunity for people to find work in whatever city they choose to go to,” she said.

It’s currently a job-seeker’s market. Employers take note.