


# FEDERAL RESERVE BANK OF ATLANTA ACA SYMPOSIUM HOW EMPLOYERS ARE REACTING TO THE ACA JANUARY 2014



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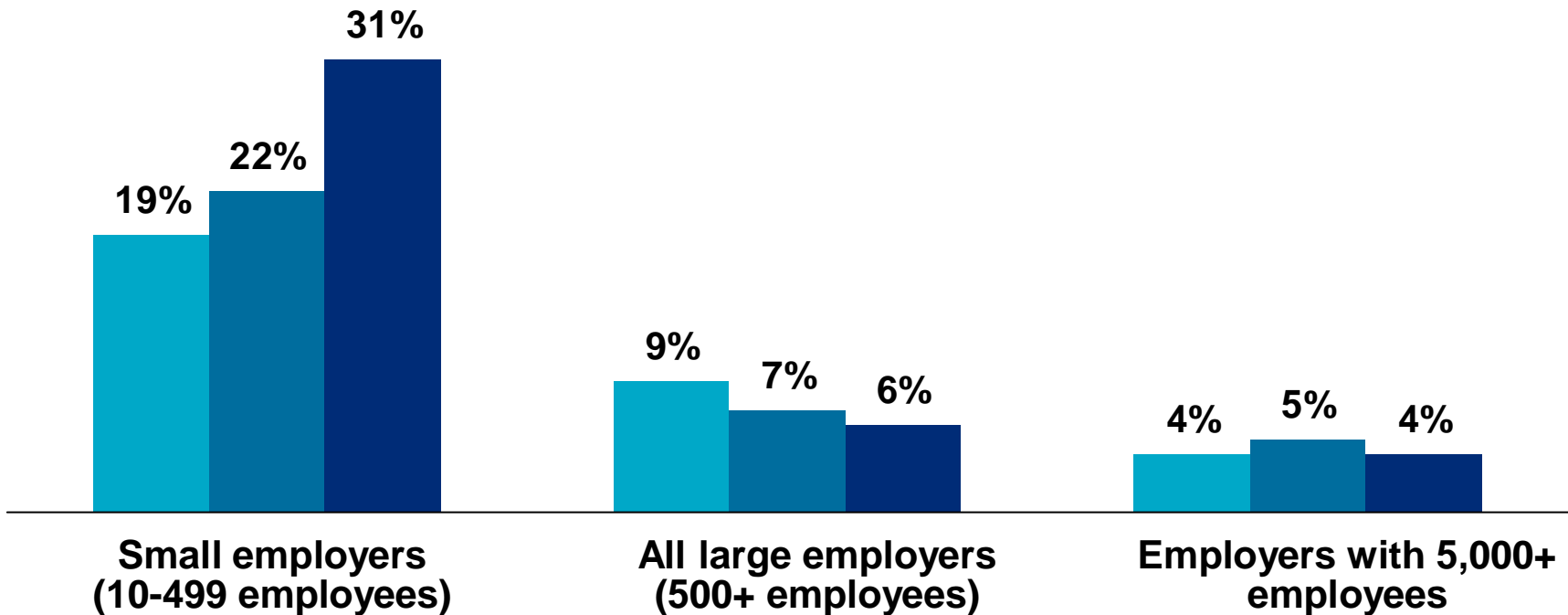
## How Employers are Reacting to the ACA

- Staying in the game.
- Driving enrollment.
- Planning for excise tax.
- Leveraging wellness incentives.
- Expanding eligibility...or not.

## While Large Employers Remain Committed to Offering Health Coverage, Nearly a Third of Small Employers Now Say They Will Likely Drop Their Plans

Percent of employers that say they are “very likely” or “likely” to terminate plans within the next five years.

■ 2011  
■ 2012  
■ 2013



Source: Mercer's National Survey of Employer Sponsored Health Plans, 2013

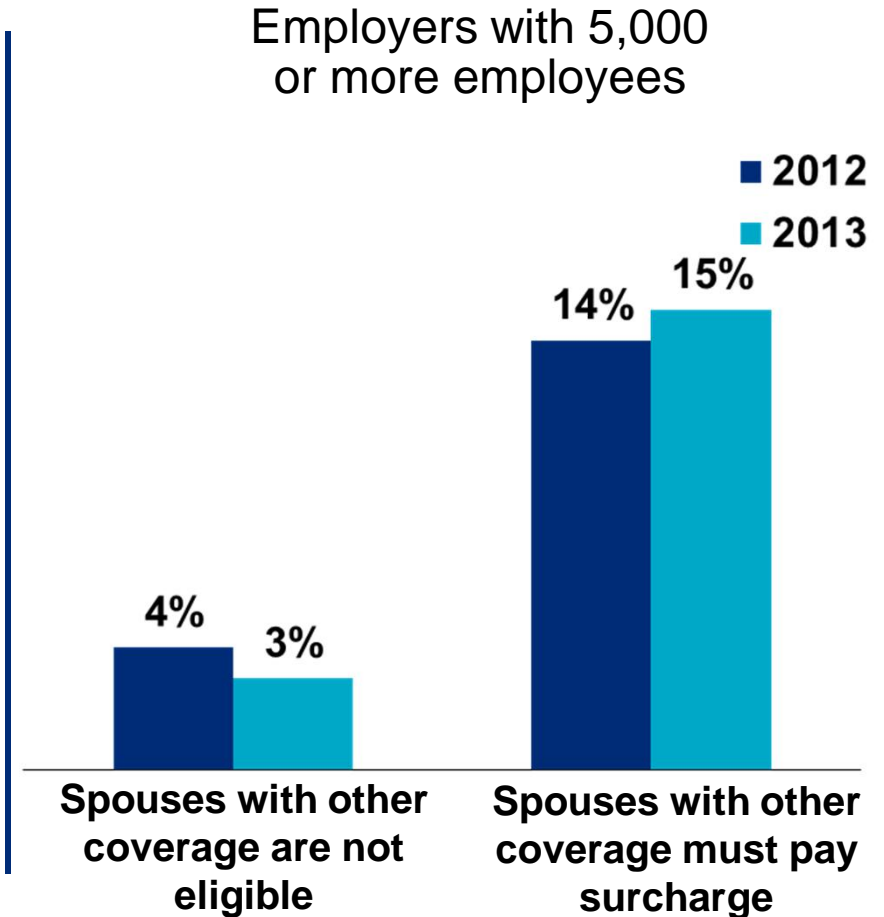
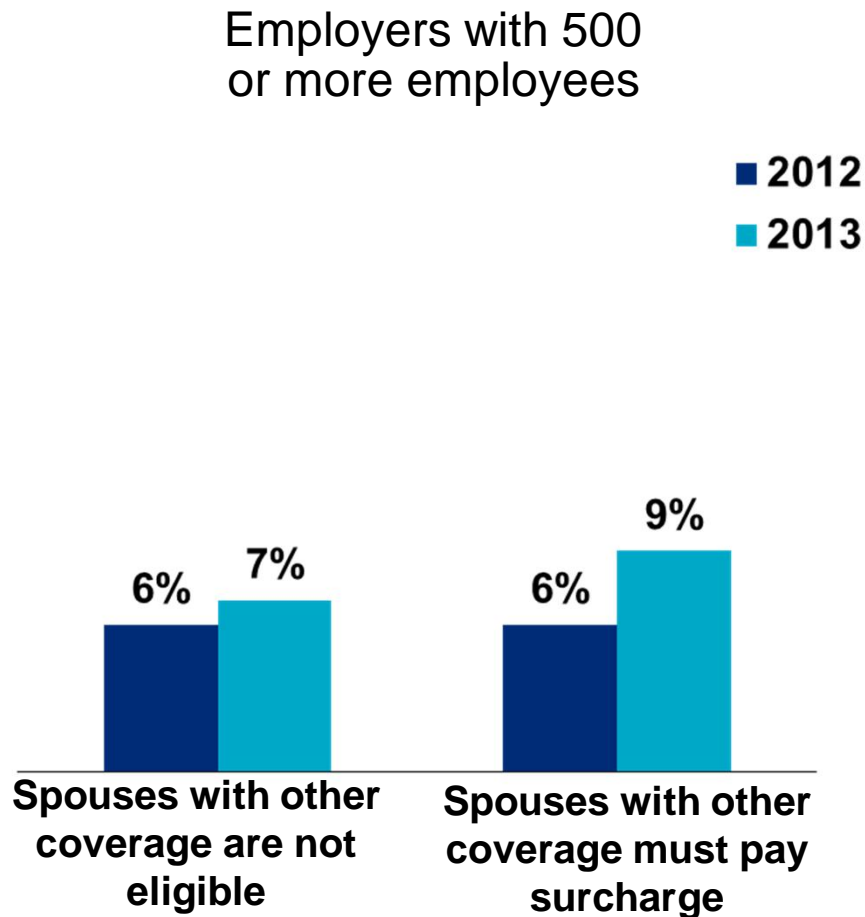
## Health Benefit Enrollment Realities...

**22% of eligible employees waive coverage.**

**Of those who enroll, 53% elect dependent coverage.**

**Spouses cost more than employees.**

## Some Growth in Coverage Restrictions for Spouses With Other Coverage Available



Source: Mercer's National Survey of Employer Sponsored Health Plans, 2013

## Over One-third of Employers Taking Steps Now to Avoid the Excise Tax in 2018

Introduce a CDHP or take steps to increase enrollment in an existing CDHP.

54%

Add or expand health management programs.

48%

Drop a higher-cost health plan.

28%

Unbundle dental and medical plans.

6%

Eliminate health care FSAs.

4%

Other change(s).

39%

Source: Mercer's Survey on Health Care Reform: The Road to Implementation, 2013

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## Rapid Growth in CDHP Offerings Over the Next Three Years Likely

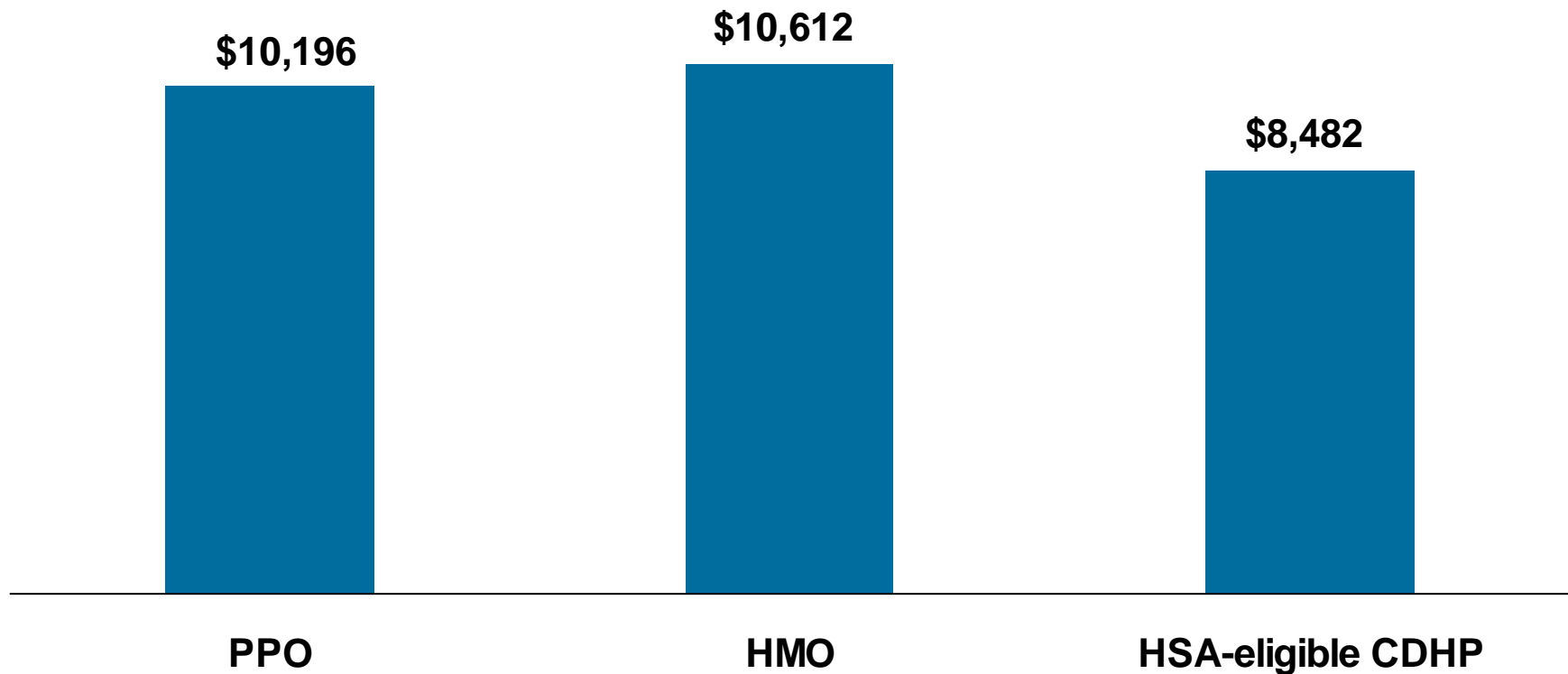
Percent of Employers Offering/Likely to Offer CDHP.

<b>Number of employees</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Very likely to offer in 2016</b>
Small employers (10-499 employees)	9%	15%	16%	20%	22%	23%	34%
All large employers (500+ employees)	20%	20%	23%	32%	36%	39%	64%
Employers with 5,000 or more employees	35%	41%	42%	45%	51%	55%	78%

Source: Mercer's National Survey of Employer Sponsored Health Plans, 2013

# HSA-based CDHPs Cost 17% Less Than PPOs and 20% Less Than HMOs in 2013

Medical plan cost per employee  
(includes employer contributions to HSA accounts).

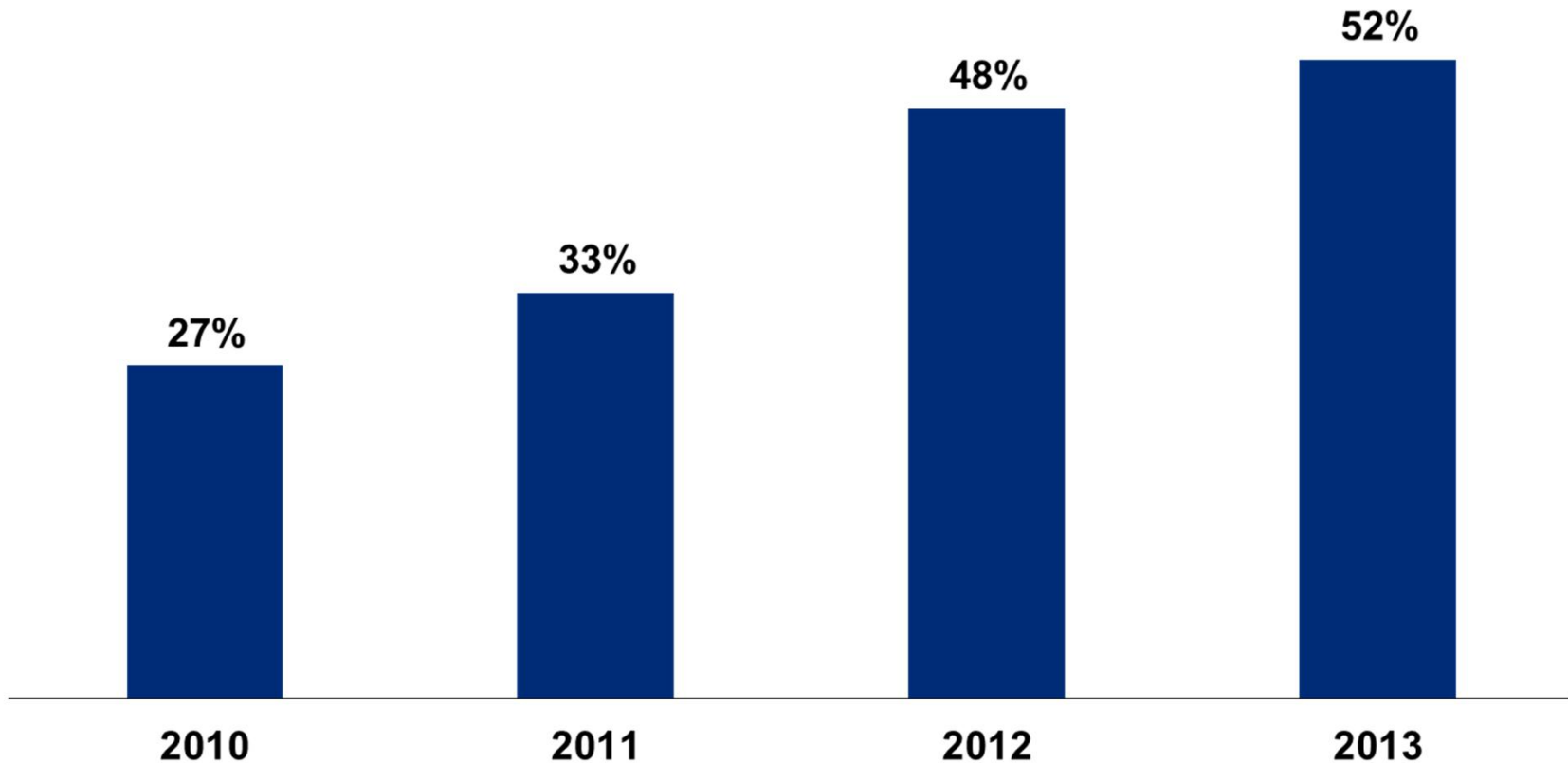


Source: Mercer's National Survey of Employer Sponsored Health Plans, 2013



# Employers are Increasingly Willing to Spend Money to Boost Employee Participation in Health Management Programs

Percentage of large employers providing financial incentives in their health management programs.

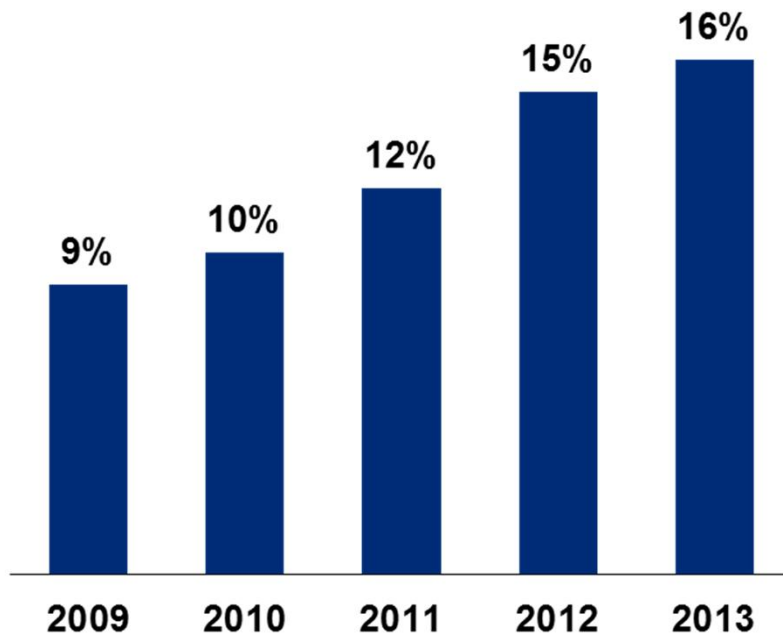


Source: Mercer's National Survey of Employer Sponsored Health Plans, 2013

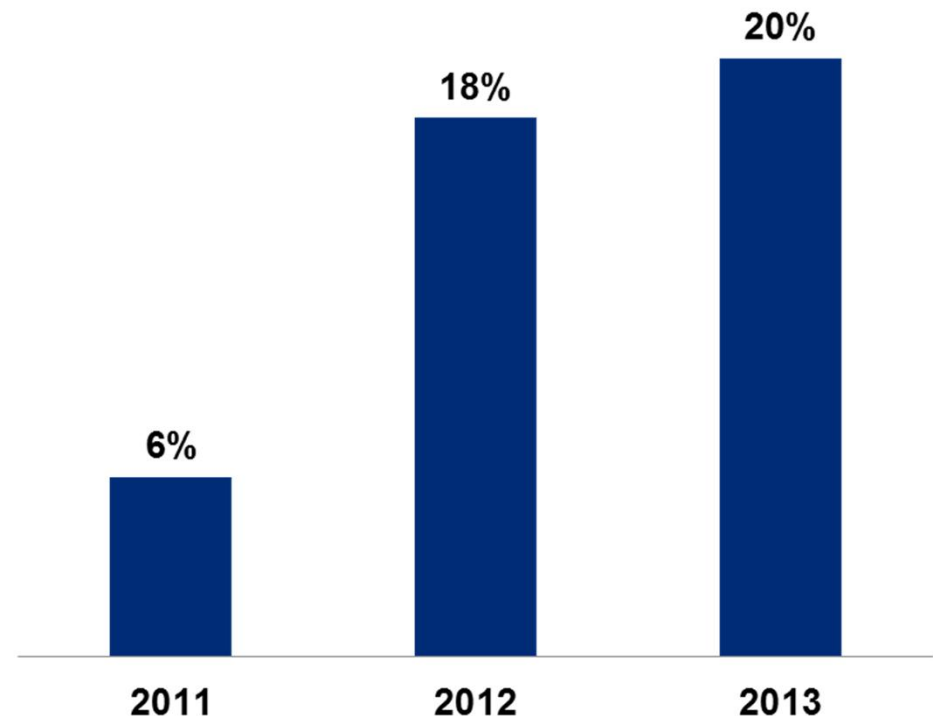
# Continued Growth In Use of Outcomes-Based Incentives

## More Large Employers Linking Incentives to What Employees *Do About Their Health*

**Offer lower premium contributions to non-tobacco users**



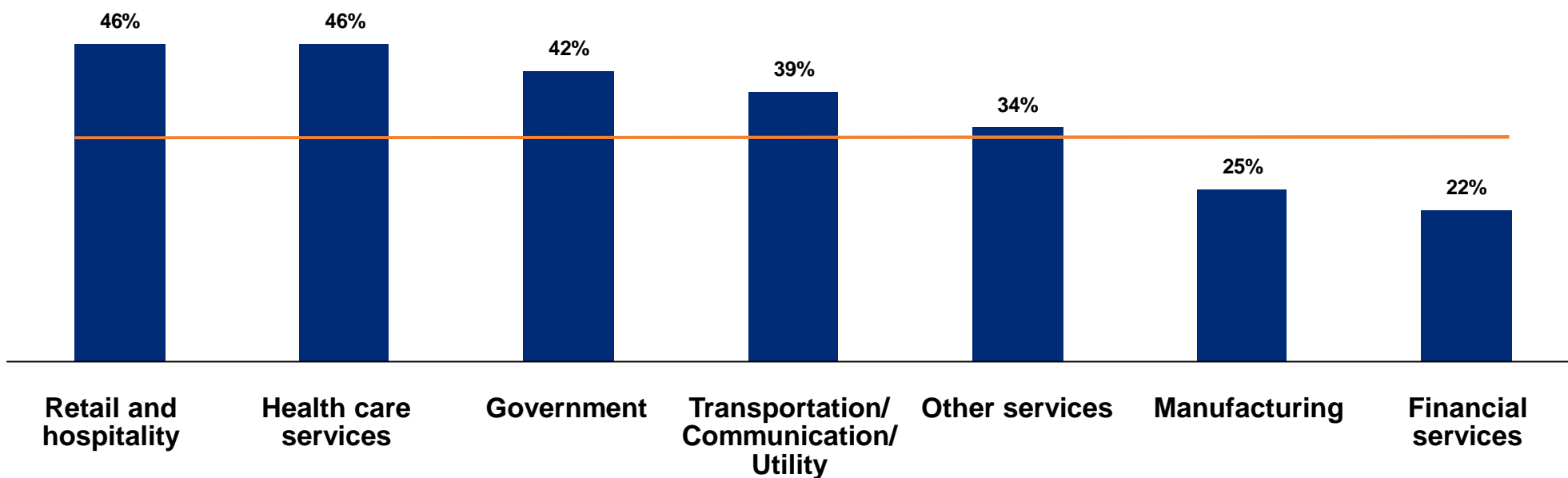
**Provide incentives for achieving or maintaining targets for BP, BMI, cholesterol**



## The Most Disruptive Requirement For the Most Employers: Extending Coverage to all Employees Working 30 or More Hours Per Week

One-third of all survey respondents currently do not offer coverage to all employees working 30+ hours per week.

Percent of employers that currently do not offer coverage in a qualified plan to all employees working an average of 30 or more hours per week.



Source: Mercer's Survey on Health Care Reform: The Road to Implementation

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## Likely Response to ACA's Requirement That all Employees Working 30 or More Hours Per Week Be Eligible for Coverage

Based on employers that do not currently offer coverage to all employees working 30 or more hours per week.

Make all employees eligible for the full-time employee plan(s).

**59%**

Add a new lower-cost plan option for all employees.

**30%**

Use segmentation strategy: Offer a lower-cost plan to newly eligible employees.

**10%**

Pay shared responsibility penalty as necessary.

**10%**

Terminate medical coverage for all employees after the insurance exchanges become available.

**<1%**

Source: Mercer's Survey on Health Care Reform: The Road to Implementation

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## Closing Comments on Employer Health Care Strategies...

60% plan is new benchmark.

Dependent/spouse subsidies will continue to decline.

Health incentives will evolve to health outcomes.

Provider market undergoing major transformation.

Mobile health technology and transparency trump all.



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