



Midwest Business Group on Health

National Business Coalition on Health

Business Insurance & Workforce Management

Employer Reaction to Health Reform After the November 2010 Elections

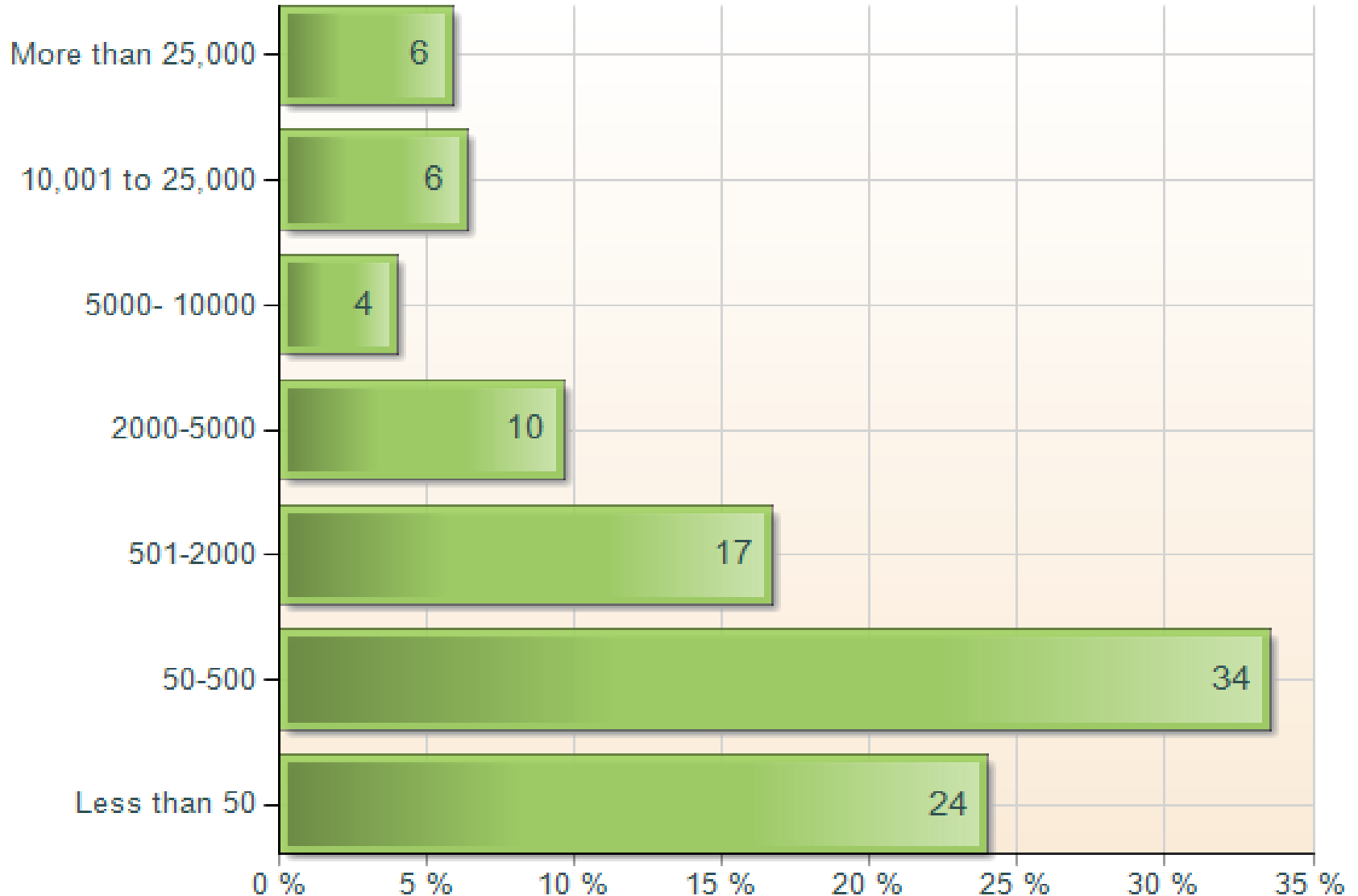
December 15, 2010

Survey Background

- Survey conducted November 29-December 15, 2010
- Survey sent to employers throughout country by business coalitions, chambers, and to employer readers of *Business Insurance*
- Questions covered
 - Employer demographics
 - Employer actions in response to new health reform provisions
 - Employer desires for changes in the health reform law
 - Employer view on importance of wellness
- Responses received from 437 employers

Demographics of Respondents

What is the size your active employee population in US?

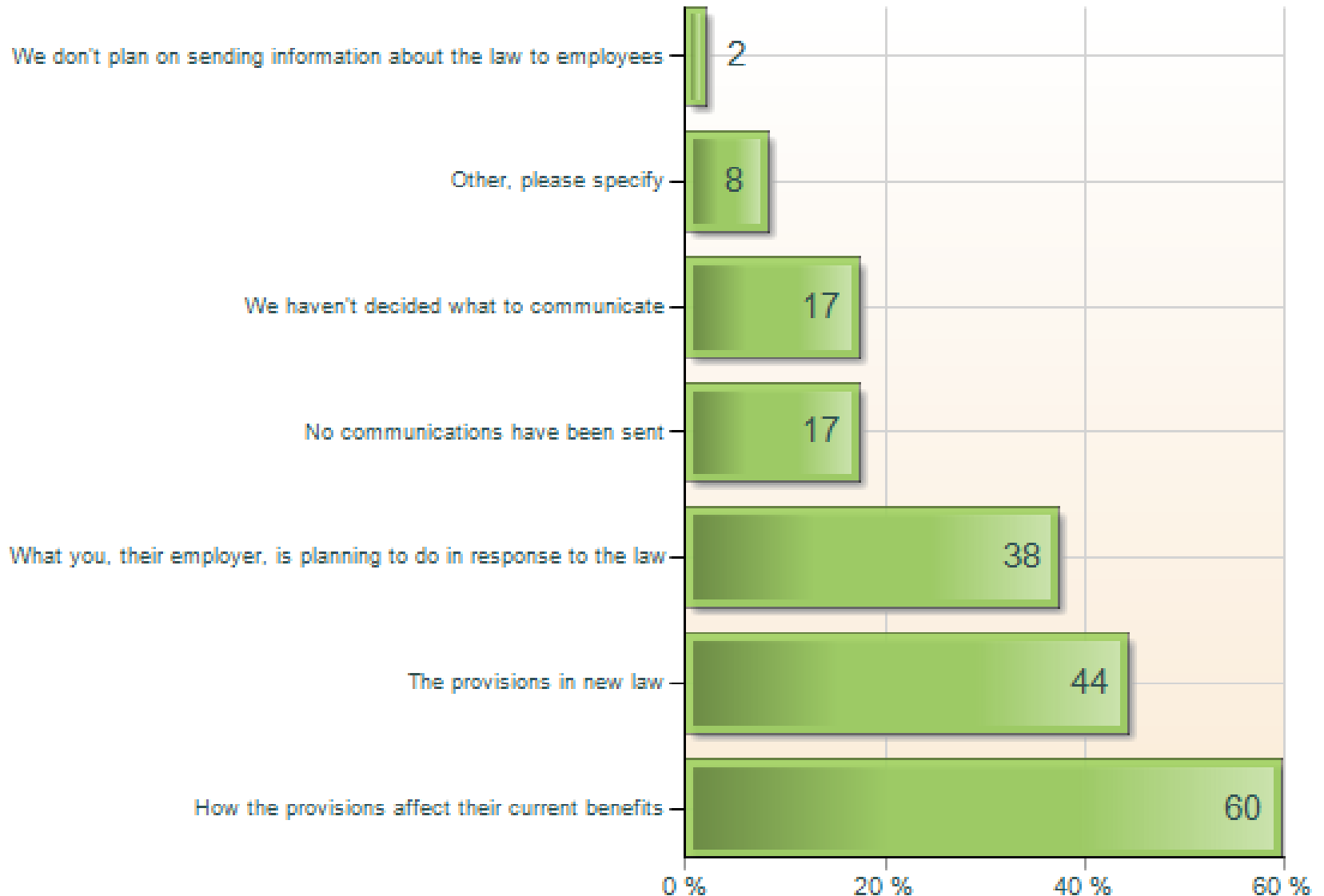


Employer actions taken in response to the current health reform law

- All Responses
- Responses by Employer Size

All Employer Respondents:

Communicating to Employees: What have you communicated to employees about the new health reform law? Check all that apply:

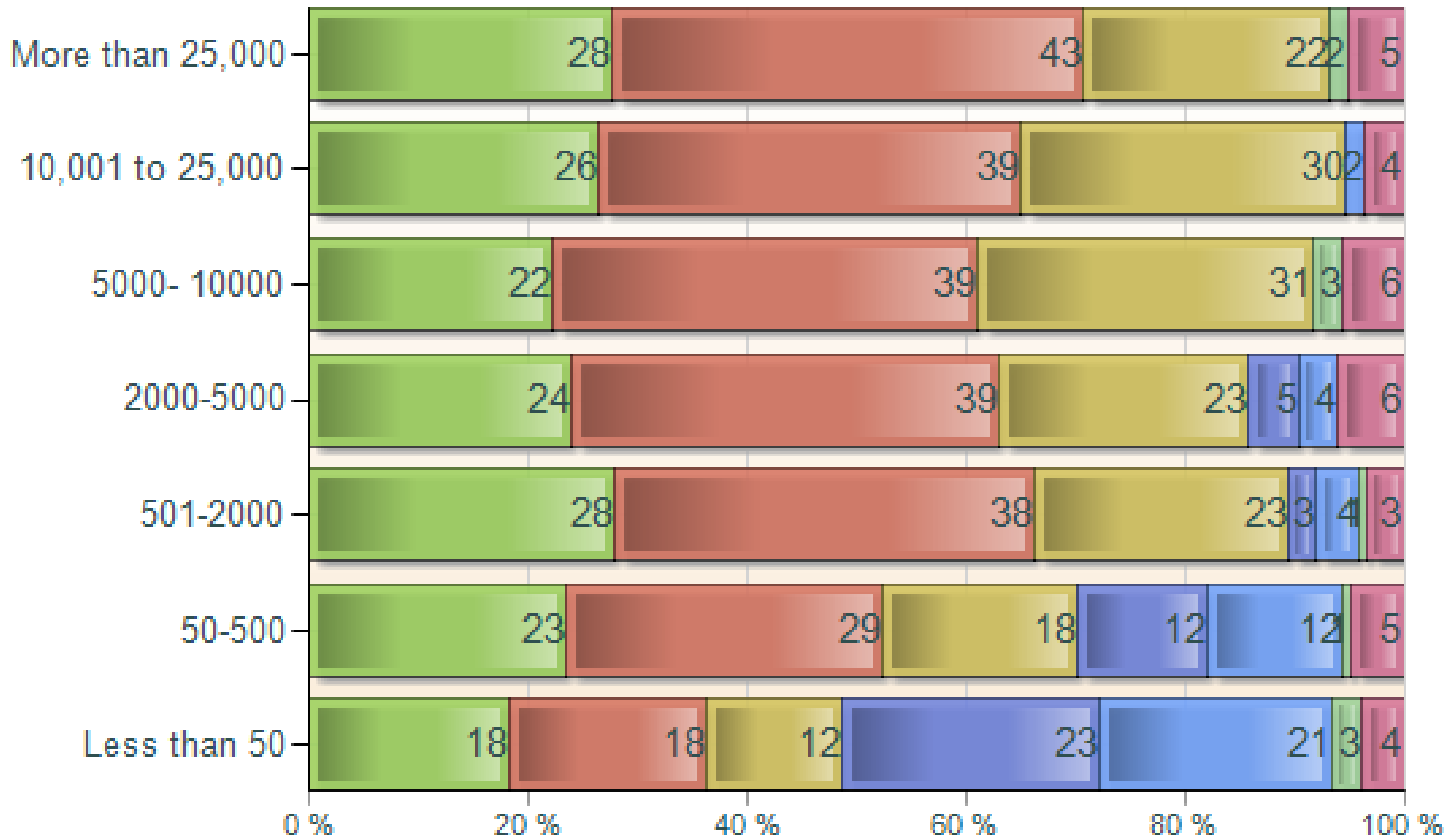


Communicating to Employees:

What have you communicated to employees about the new health reform law? Check all that apply:

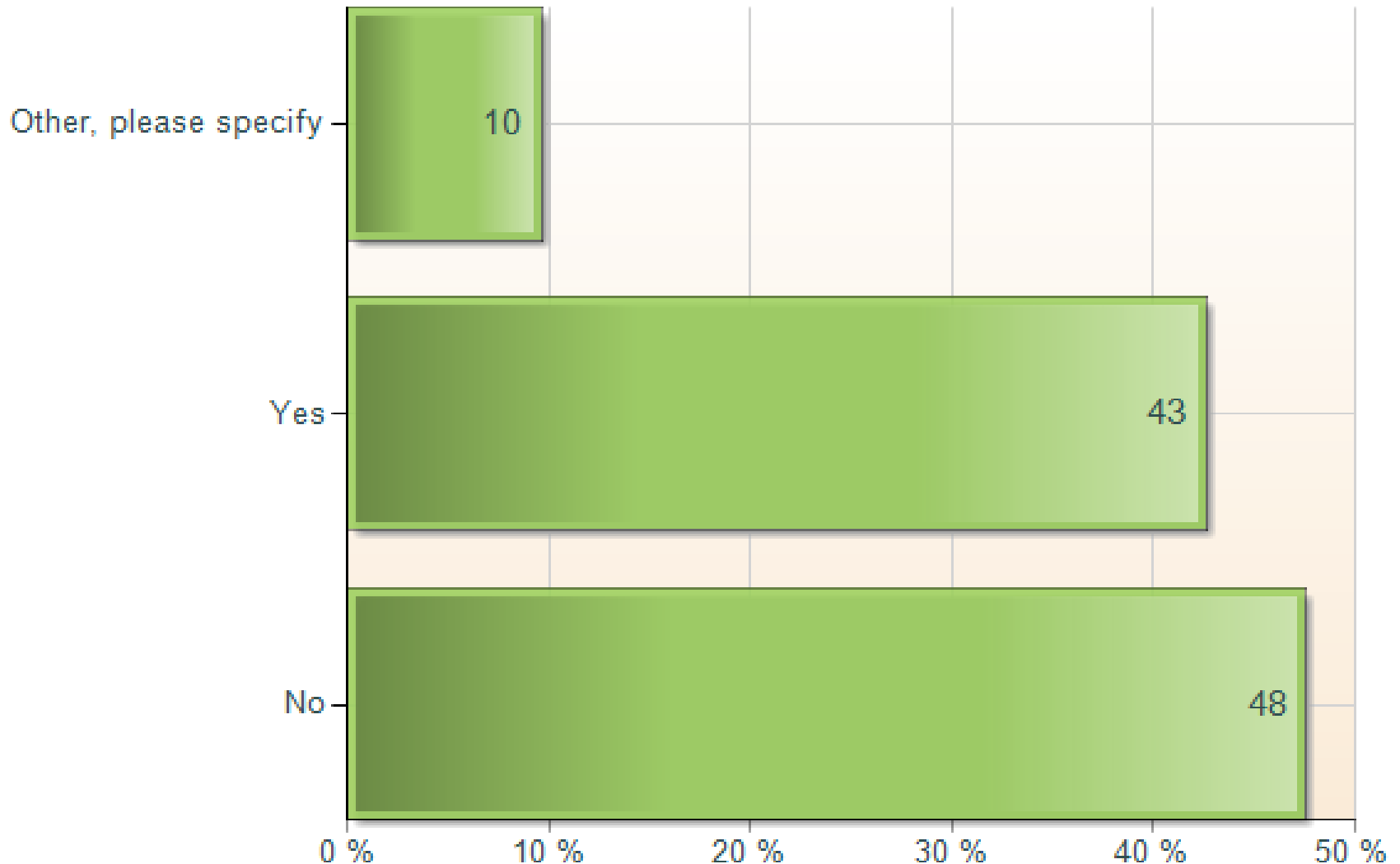
- The provisions in new law
- How the provisions affect their current benefits
- What you, their employer, is planning to do in response to the law
- We haven't decided what to communicate
- No communications have been sent
- We don't plan on sending information about the law to employees
- Other, please specify

What is the size your active employee popul...



All Employer Respondents:

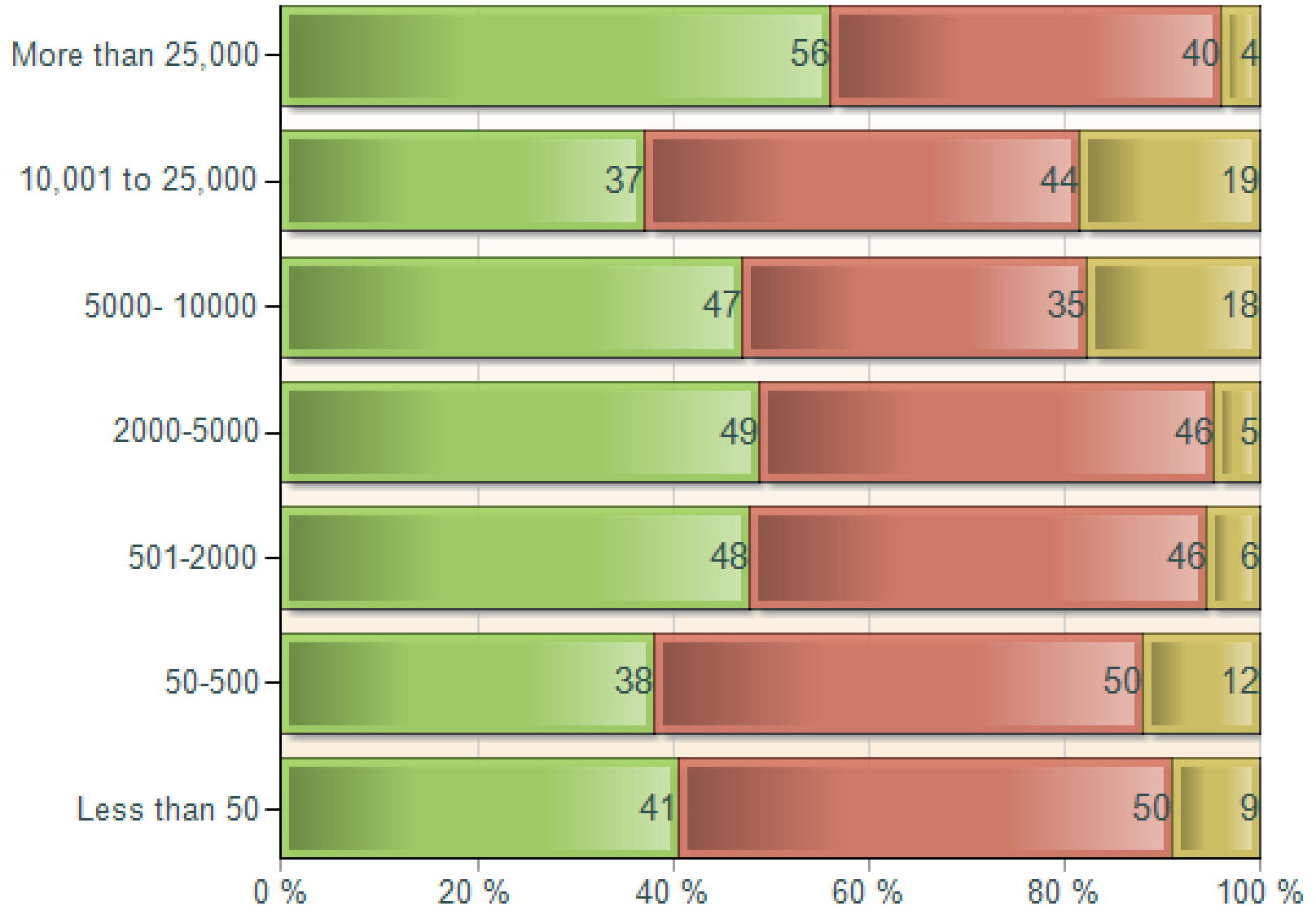
Have you already increased deductibles or employee premiums or cut back benefits for 2011 in anticipation of the likely cost increases of health care reform over the next several years



Have you already increased deductibles or employee premiums or cut back benefits for 2011 in anticipation of the likely cost increases of health care reform over the next several years

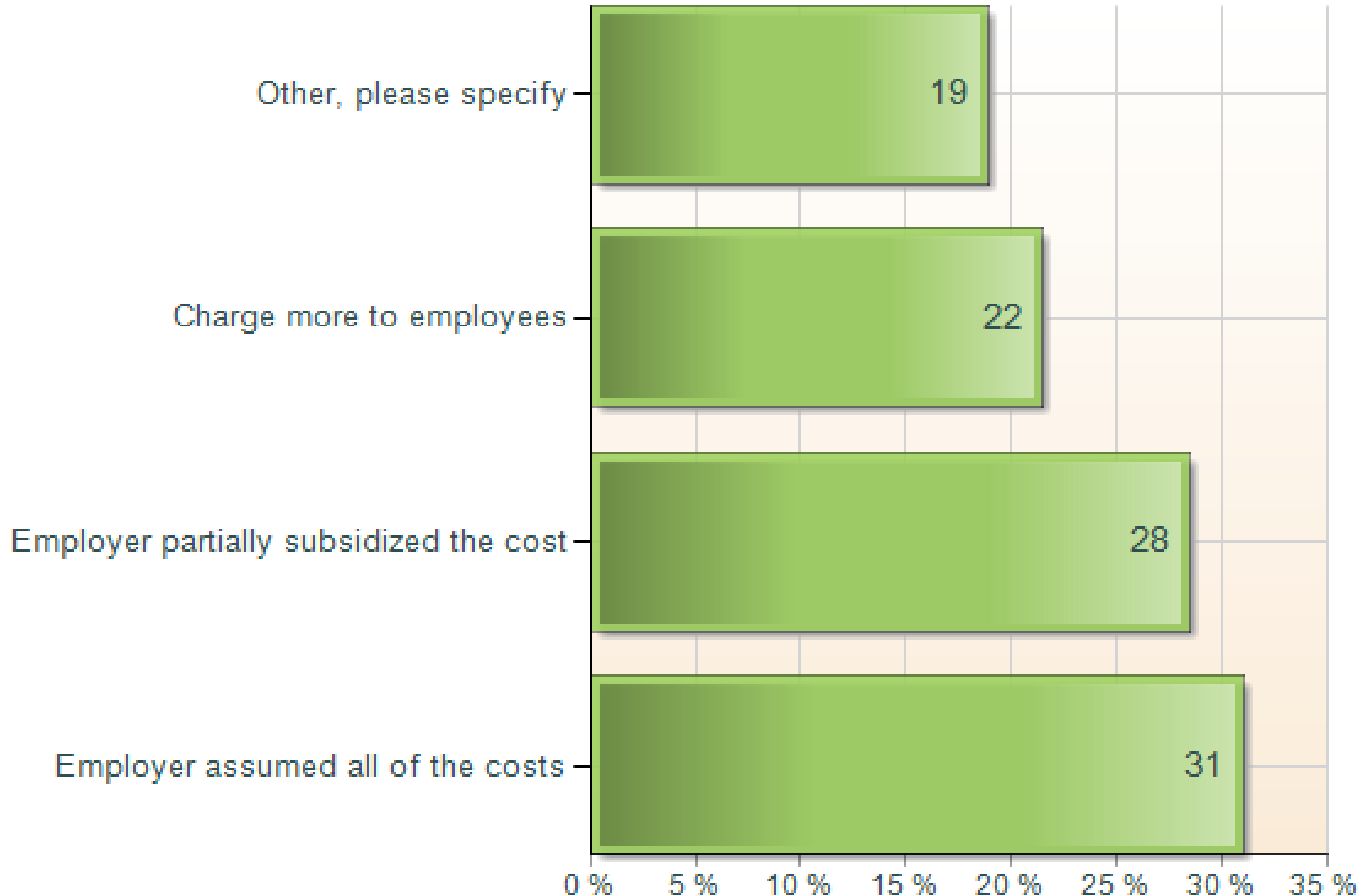
Yes No Other, please specify

What is the size your active employee population in US?

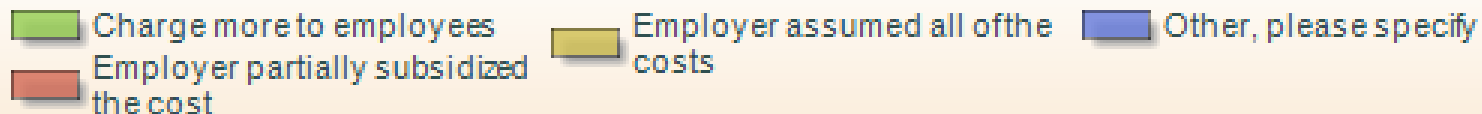


All Employer Respondents

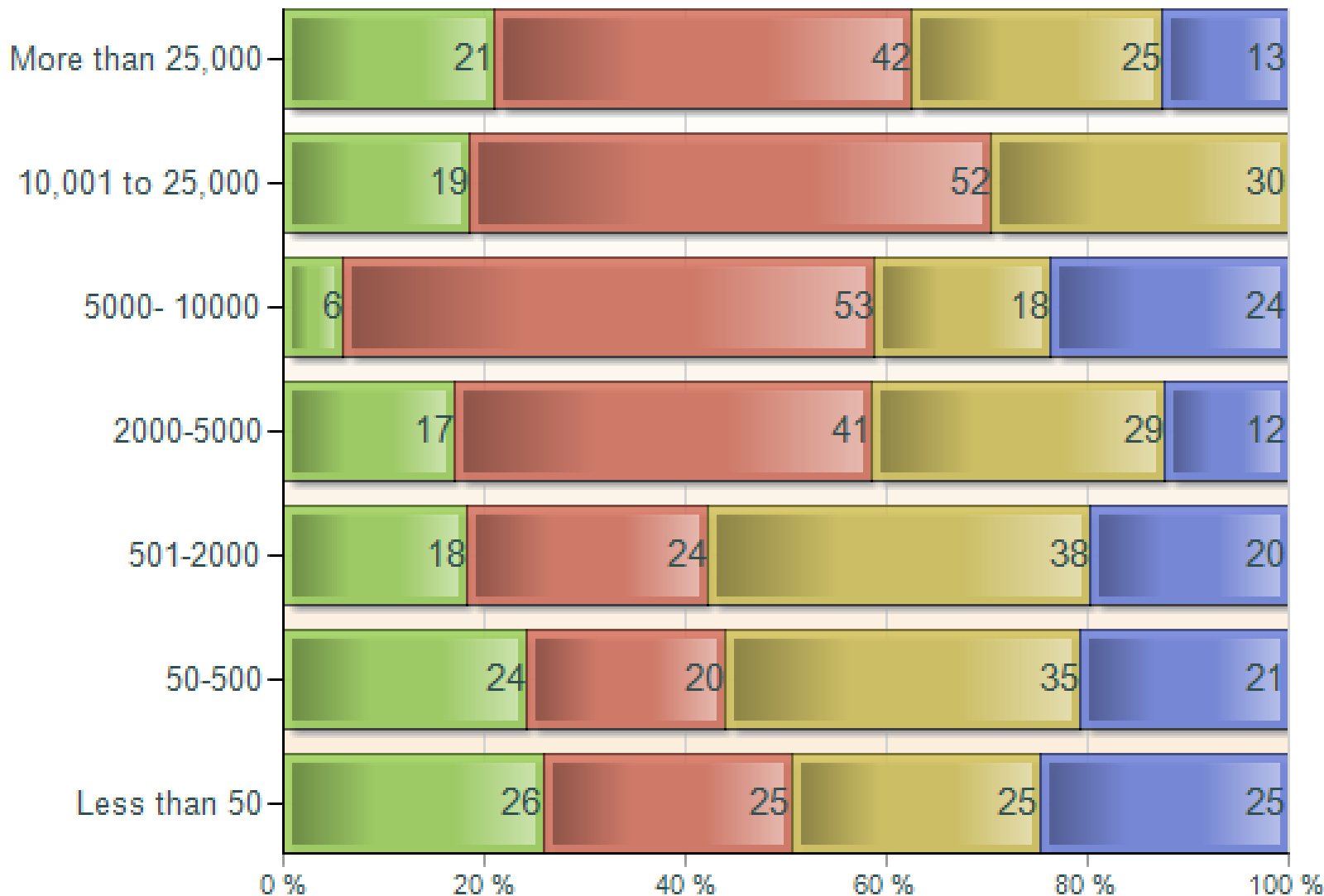
How did you implement the requirement to extend coverage to adult children up to age 26?



How did you implement the requirement to extend coverage to adult children up to age 26?

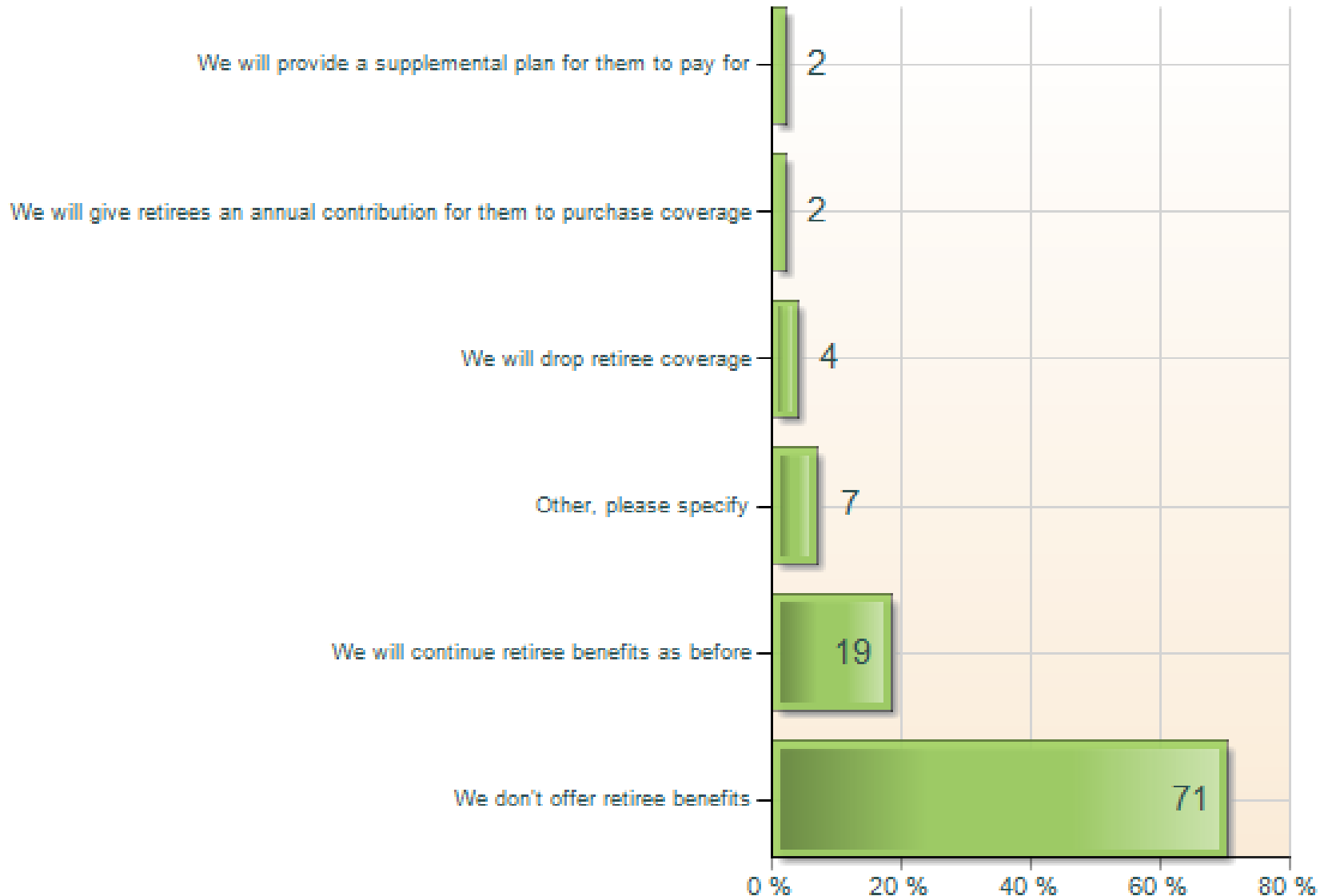


What is the size your active employee population in...



All Employer Respondents

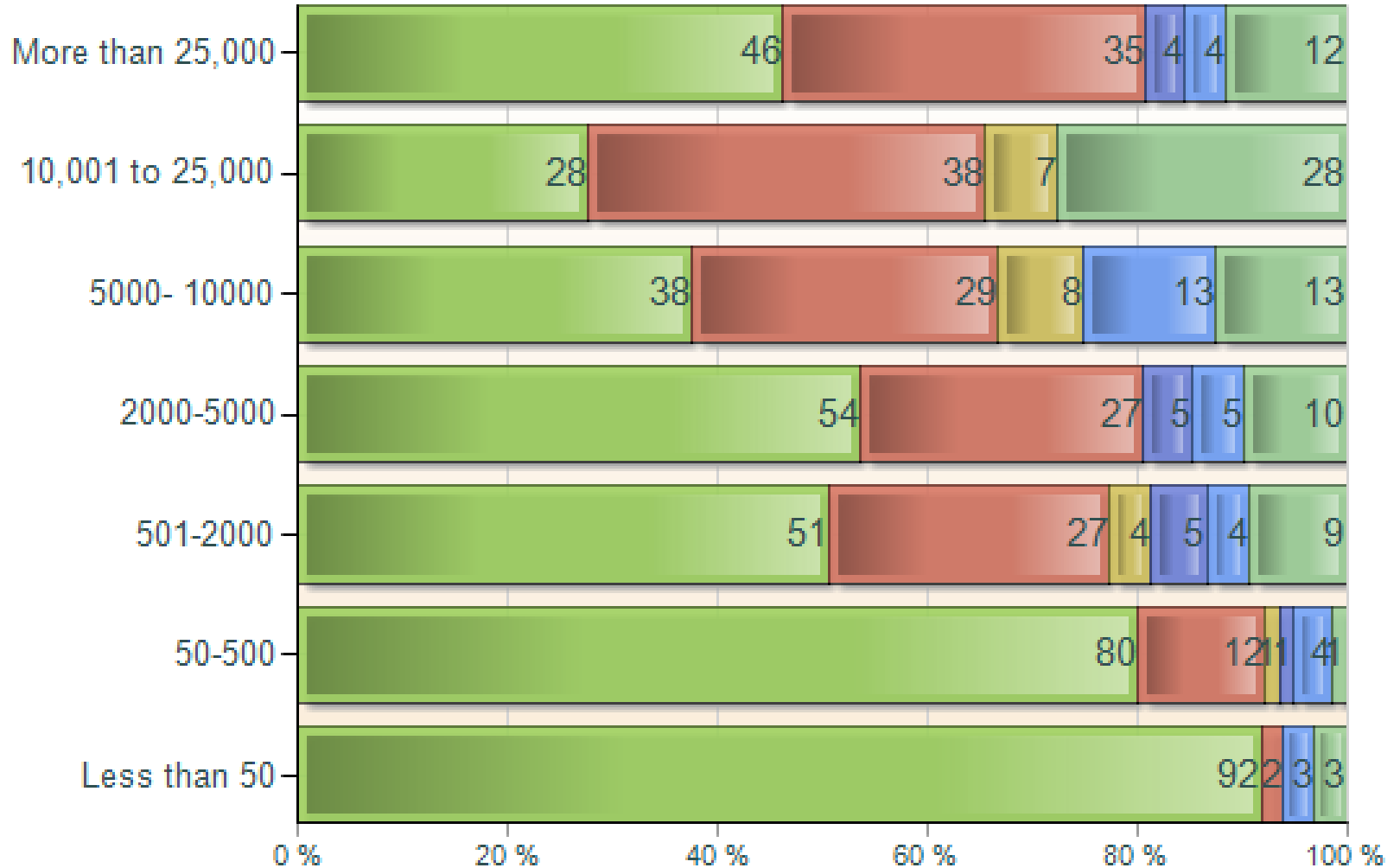
If you offer retiree medical or drug benefits, what have you done in response to the new law? Check all that apply:



If you offer retiree medical or drug benefits, what have you done in response to the new law? Check all that apply:

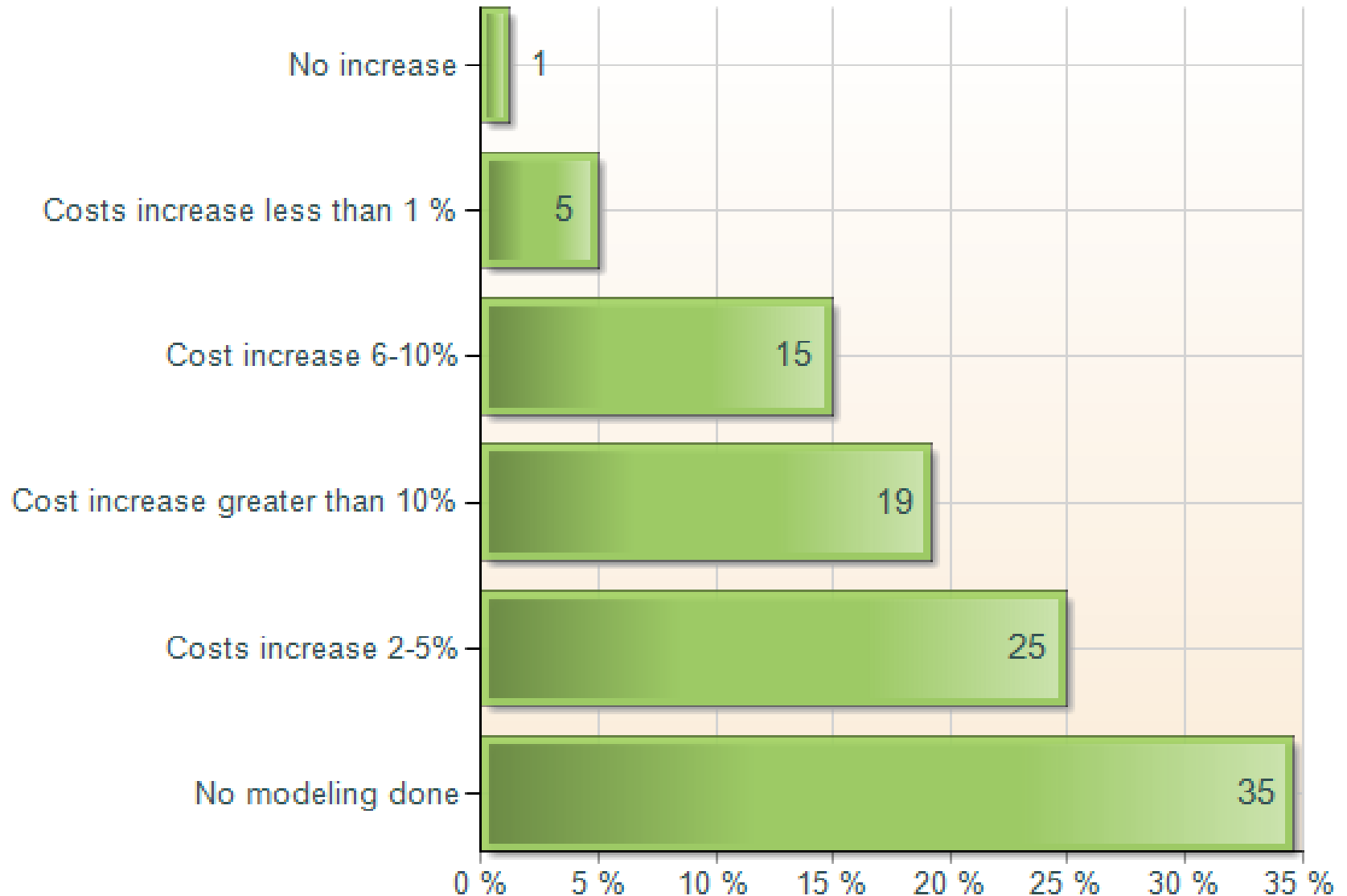
- We don't offer retiree benefits
- We will continue retiree benefits as before
- We will give retirees an annual contribution for them to purchase coverage
- We will provide a supplemental plan for them to pay for
- We will drop retiree coverage
- Other, please specify

What is the size your active employee population...

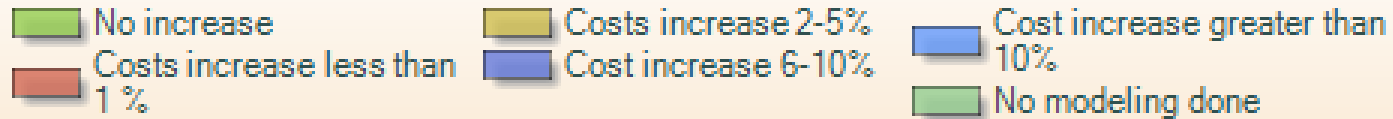


All Employer Respondents

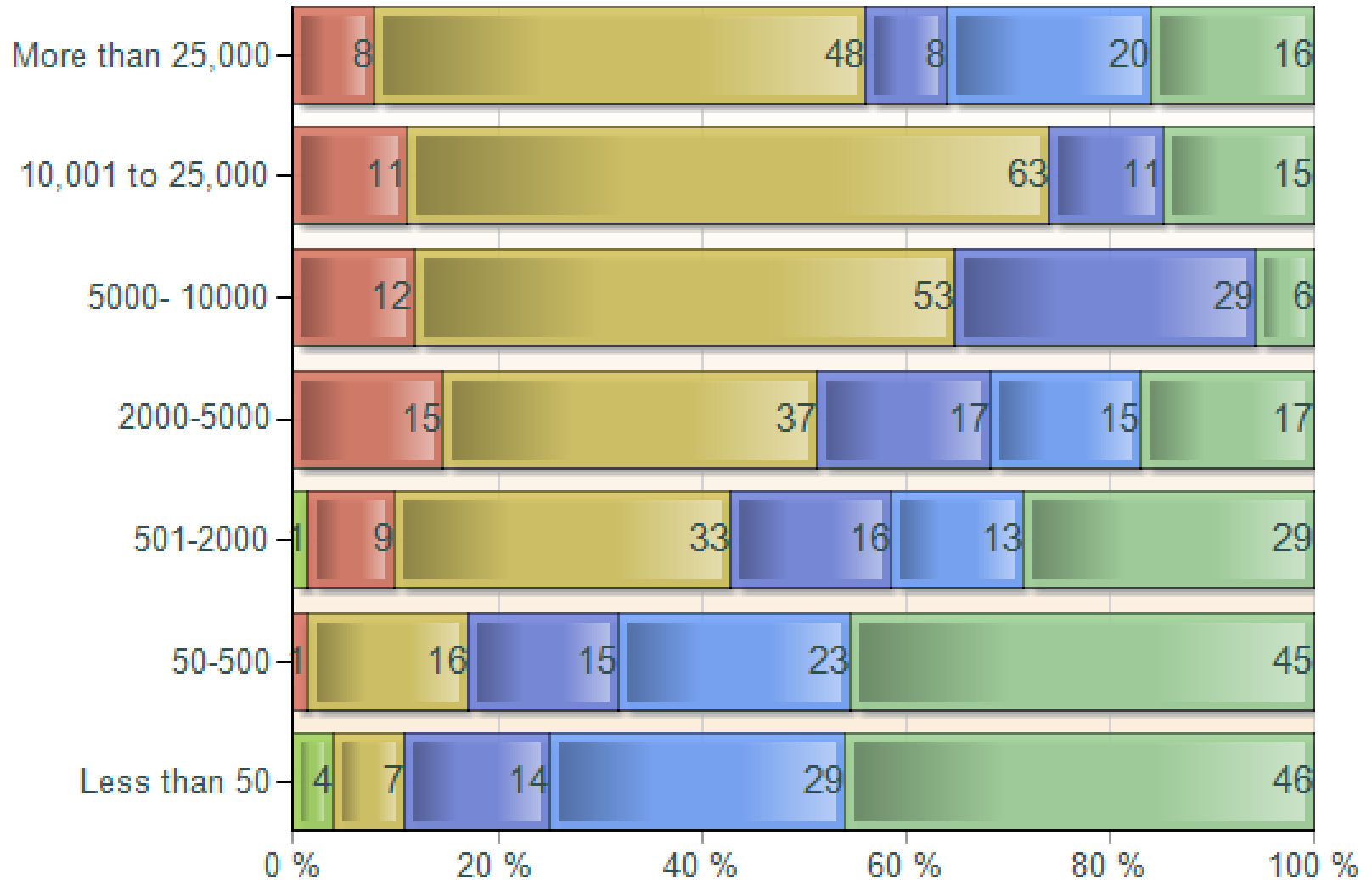
If you have done modeling on how health reform in the short term will impact your benefits costs, what was the result?



If you have done modeling on how health reform in the short term will impact your benefits costs, what was the result?

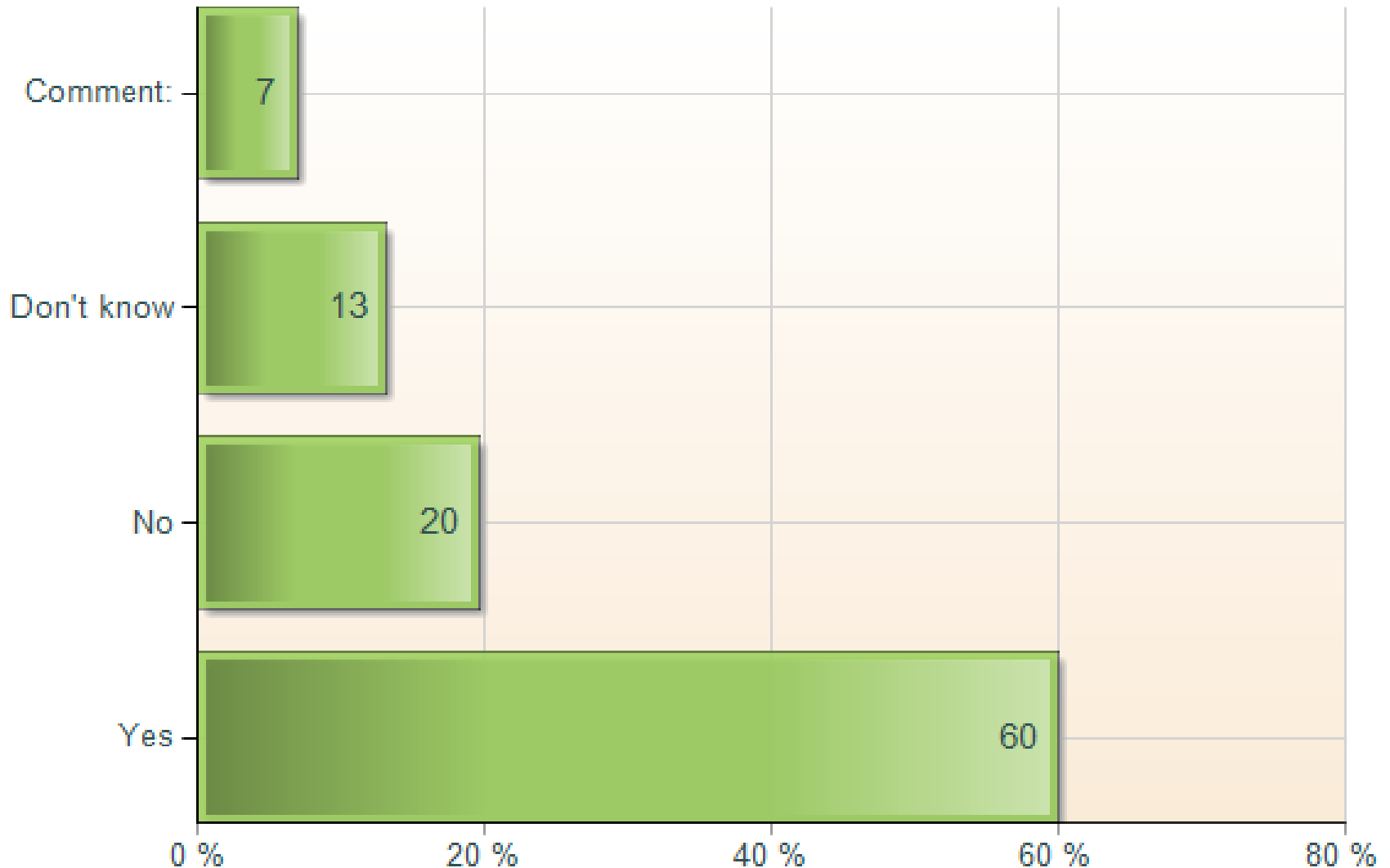


What is the size your active employee population i...



All Employer Respondents

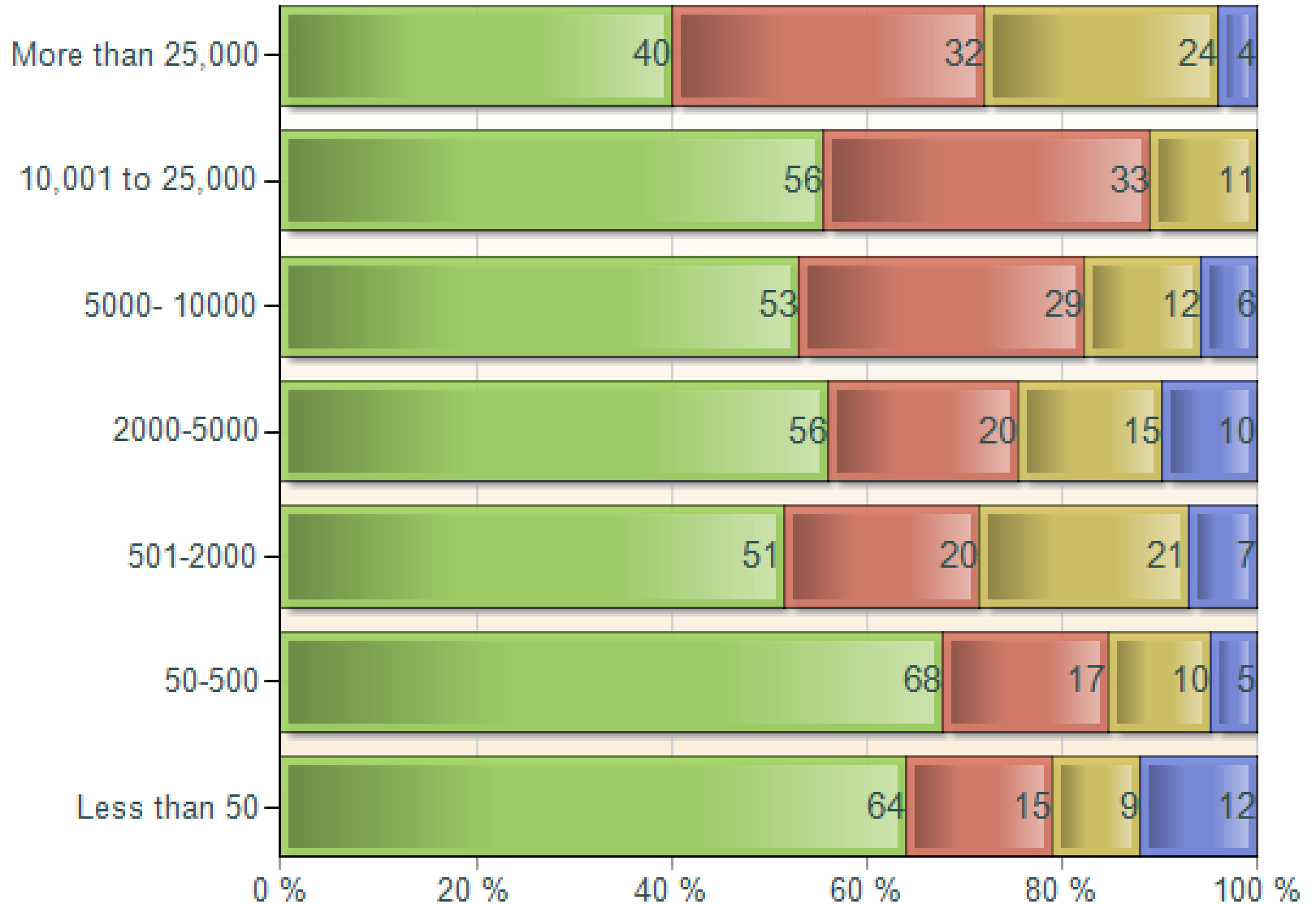
Do you think the health reform law is intended to eliminate the employer-based system and move the population into a single-payer health care system?



Do you think the health reform law is intended to eliminate the employer-based system and move the population into a single-payer health care system?

■ Yes
 ■ No
 ■ Don't know
 ■ Comment:

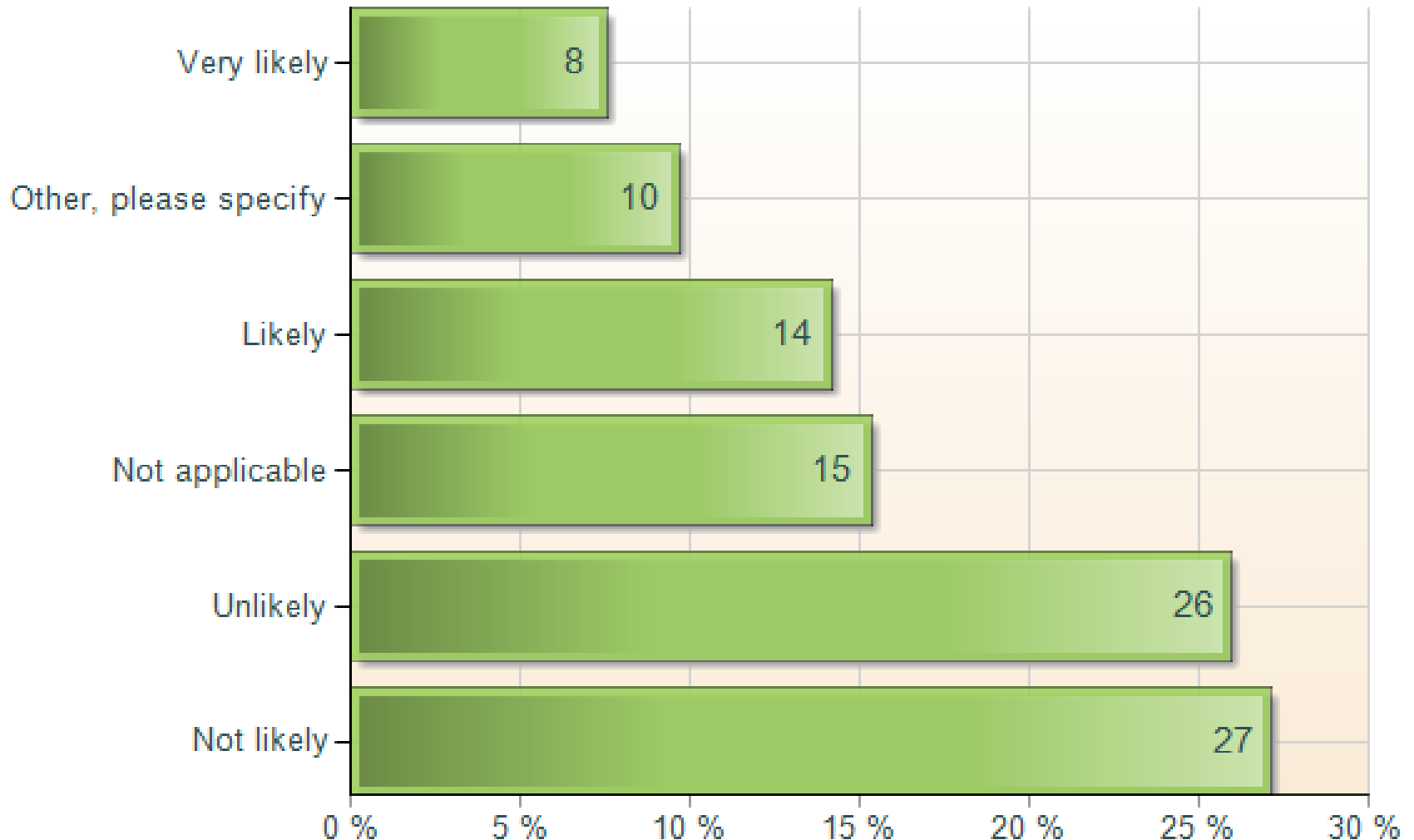
What is the size your active employee population in US?



Employer intentions and desire for changes

All Employer Respondents

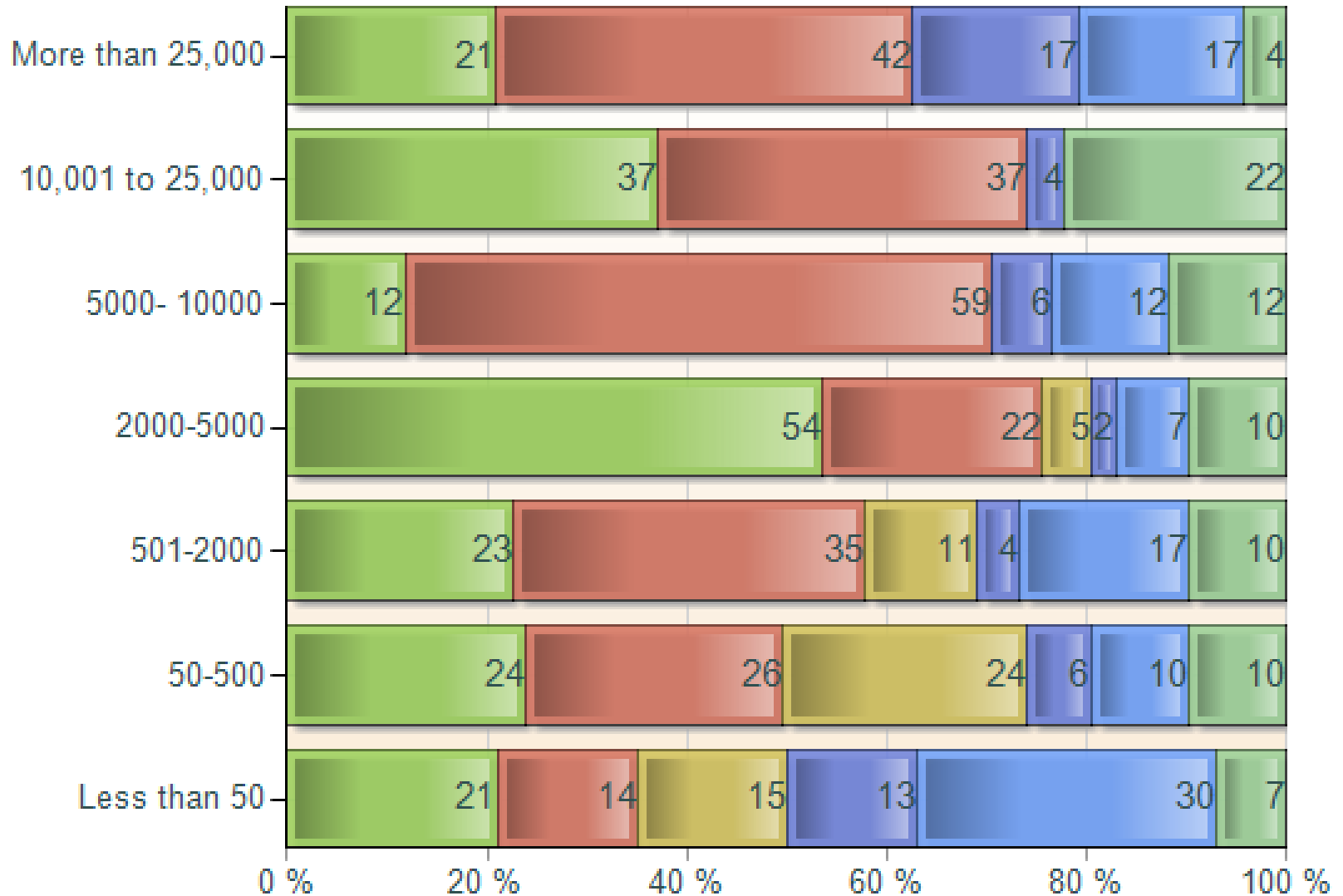
The new law provides for a penalty for an employer with >50 workers who does not offer insurance coverage. How likely is it that you drop health insurance coverage and let employees buy individual insurance from the new health insurance exchanges?



The new law provides for a penalty for an employer with >50 workers who does not offer insurance coverage. How likely is it that you drop health insurance coverage and let employees buy individual insurance from the new health insurance exchanges?

Unlikely Not likely Likely Very likely Not applicable Other, please specify

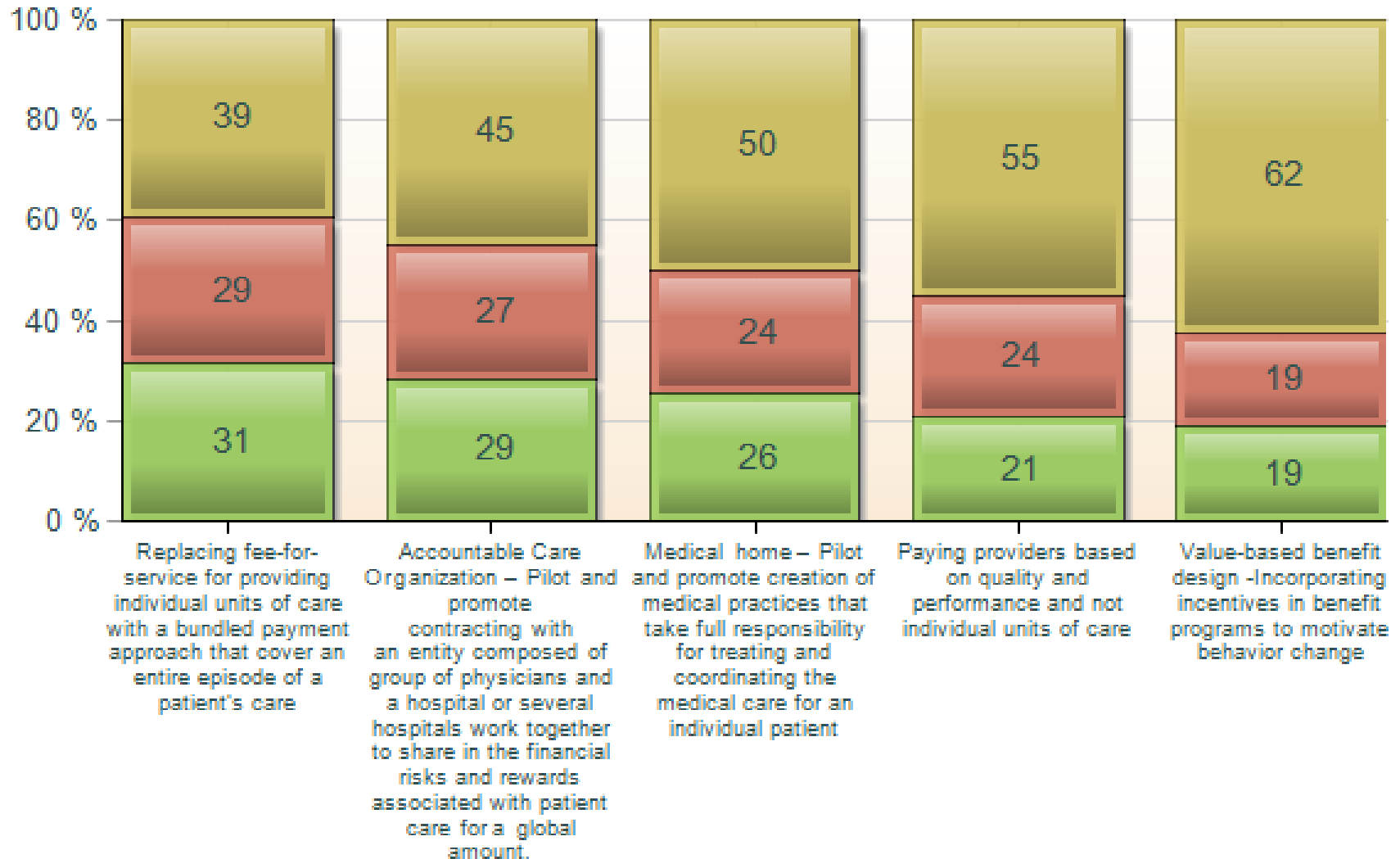
What is the size your active employee population in...



All Employer Respondents

Quality and Payment Provisions - Change in the Law The law also included cost containment and quality approaches. What do you want to see happen with these provisions?

REPEAL IT MODIFY IT RETAIN IT

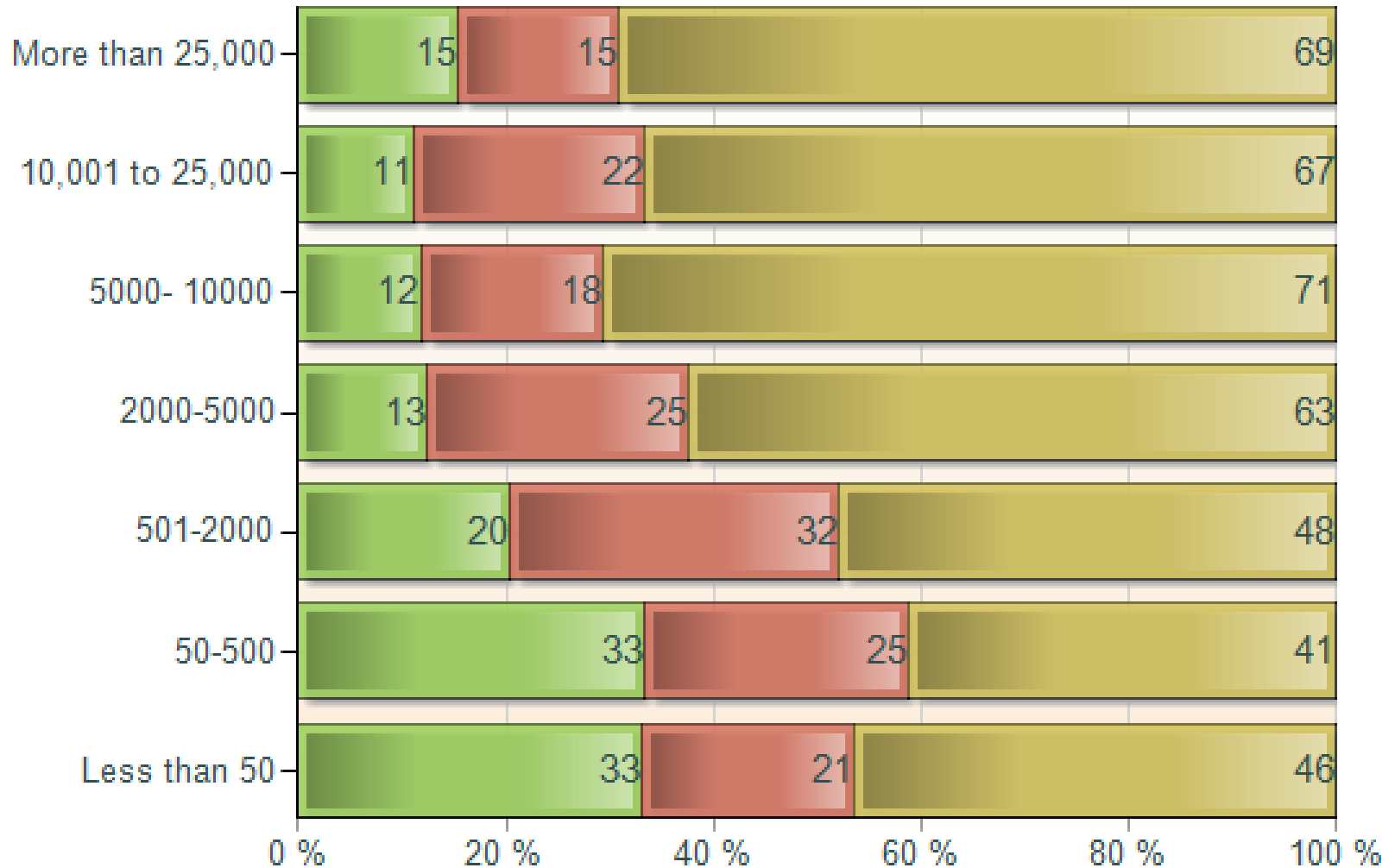


Quality and Payment Provisions - Change in the Law

The law also included cost containment and quality approaches. What do you want to see happen with these provisions?: **Medical home - Pilot and promote creation of medical practices that take full responsibility for treating and coordinating the medical care for an individual patient**

1 REPEAL IT 2 MODIFY IT 3 RETAIN IT

What is the size your active employee populatio...

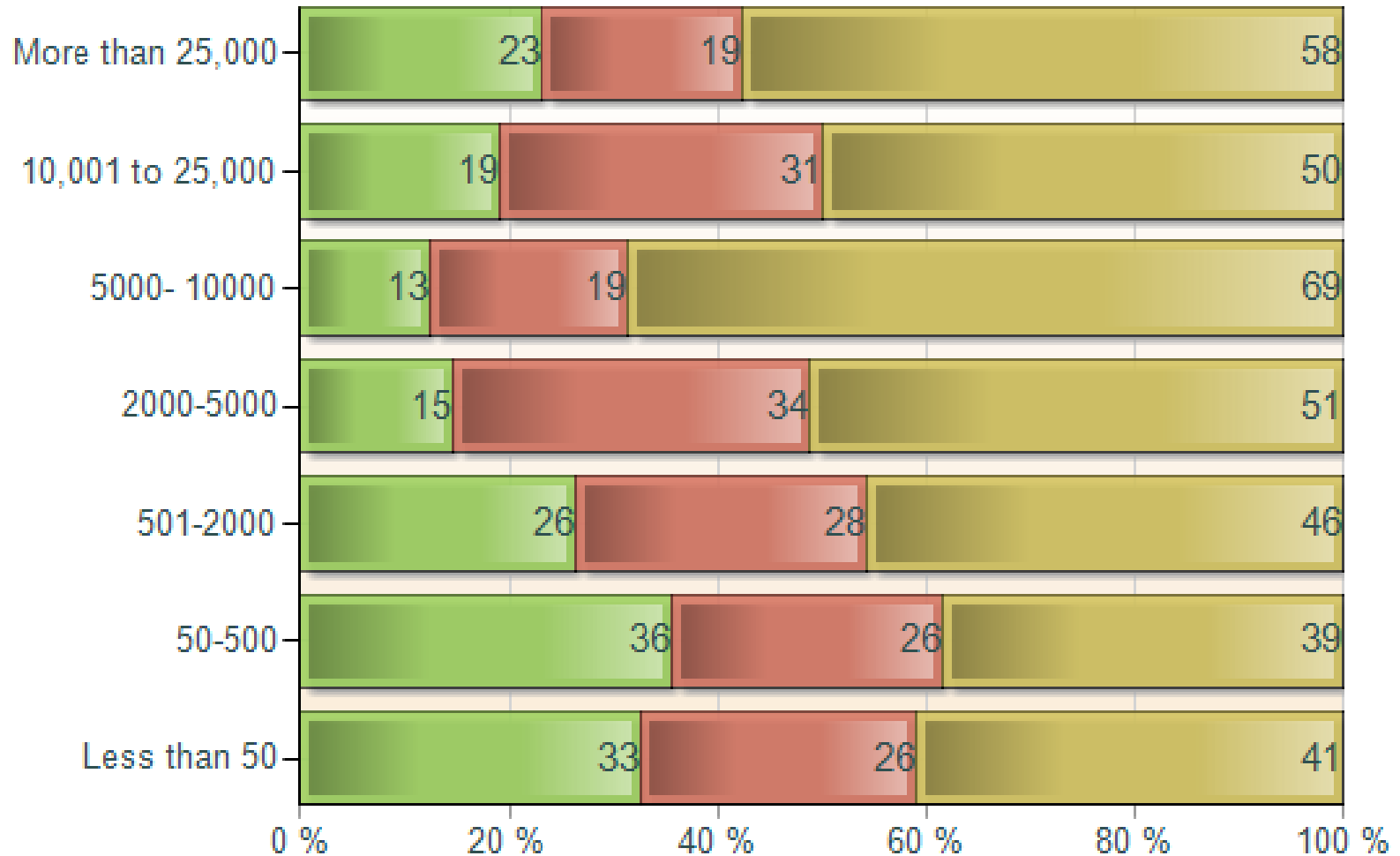


Quality and Payment Provisions - Change in the Law

The law also included cost containment and quality approaches. What do you want to see happen with these provisions?: Accountable Care Organization - Pilot and promote contracting with an entity composed of group of physicians and a hospital or several hospitals work together to share in the financial risks and rewards associated with patient care for a global amount.

1 REPEAL IT 2 MODIFY IT 3 RETAIN IT

What is the size your active employee populati...

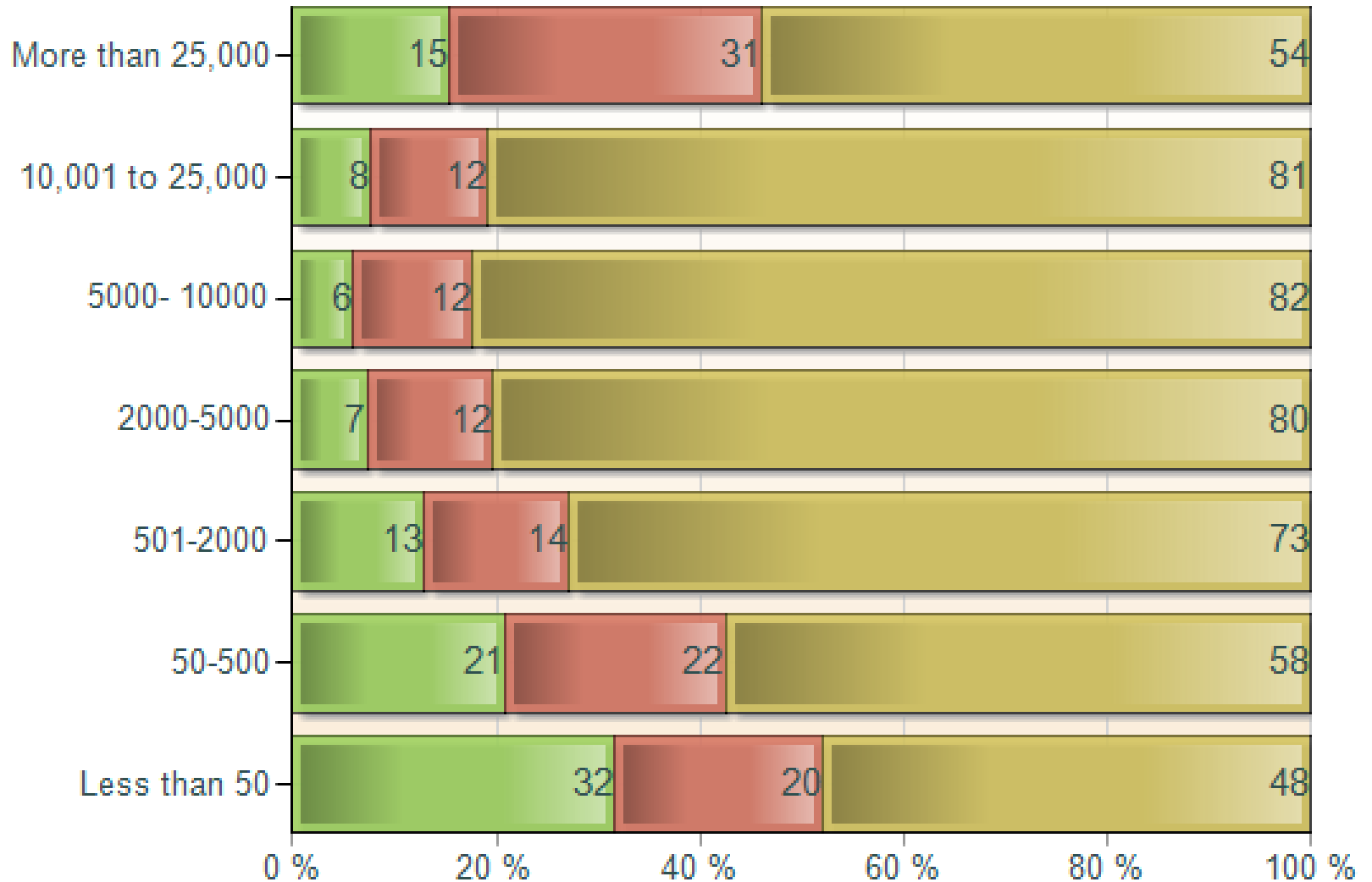


Quality and Payment Provisions - Change in the Law

The law also included cost containment and quality approaches. What do you want to see happen with these provisions?: Value-based benefit design - Incorporating incentives in benefit programs to motivate behavior change

1 REPEAL IT 2 MODIFY IT 3 RETAIN IT

What is the size your active employee population i...

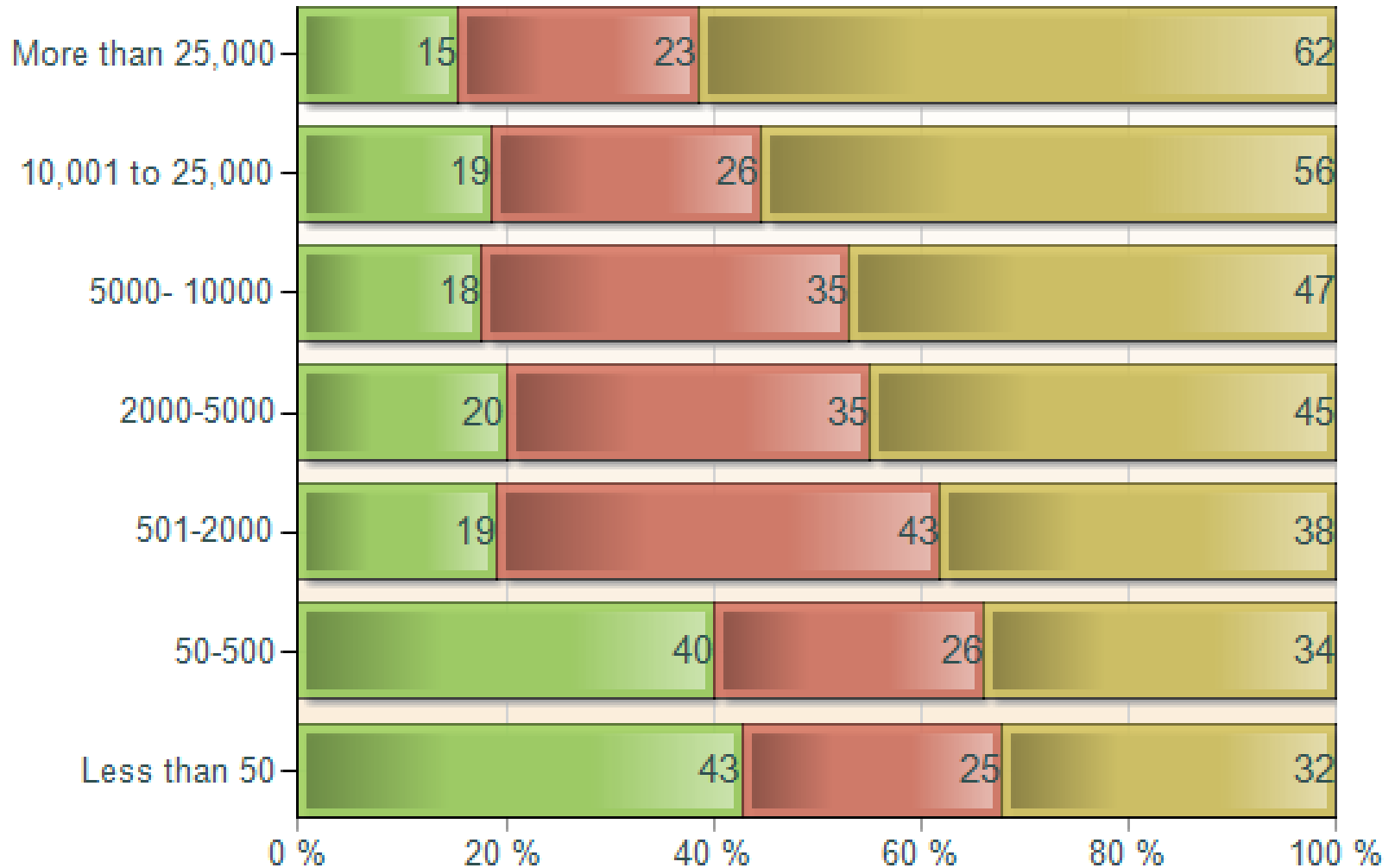


Quality and Payment Provisions - Change in the Law

The law also included cost containment and quality approaches. What do you want to see happen with these provisions?: Replacing fee-for-service for providing individual units of care with a bundled payment approach that cover an entire episode of a patient's care

1 REPEAL IT 2 MODIFY IT 3 RETAIN IT

What is the size your active employee populatio...

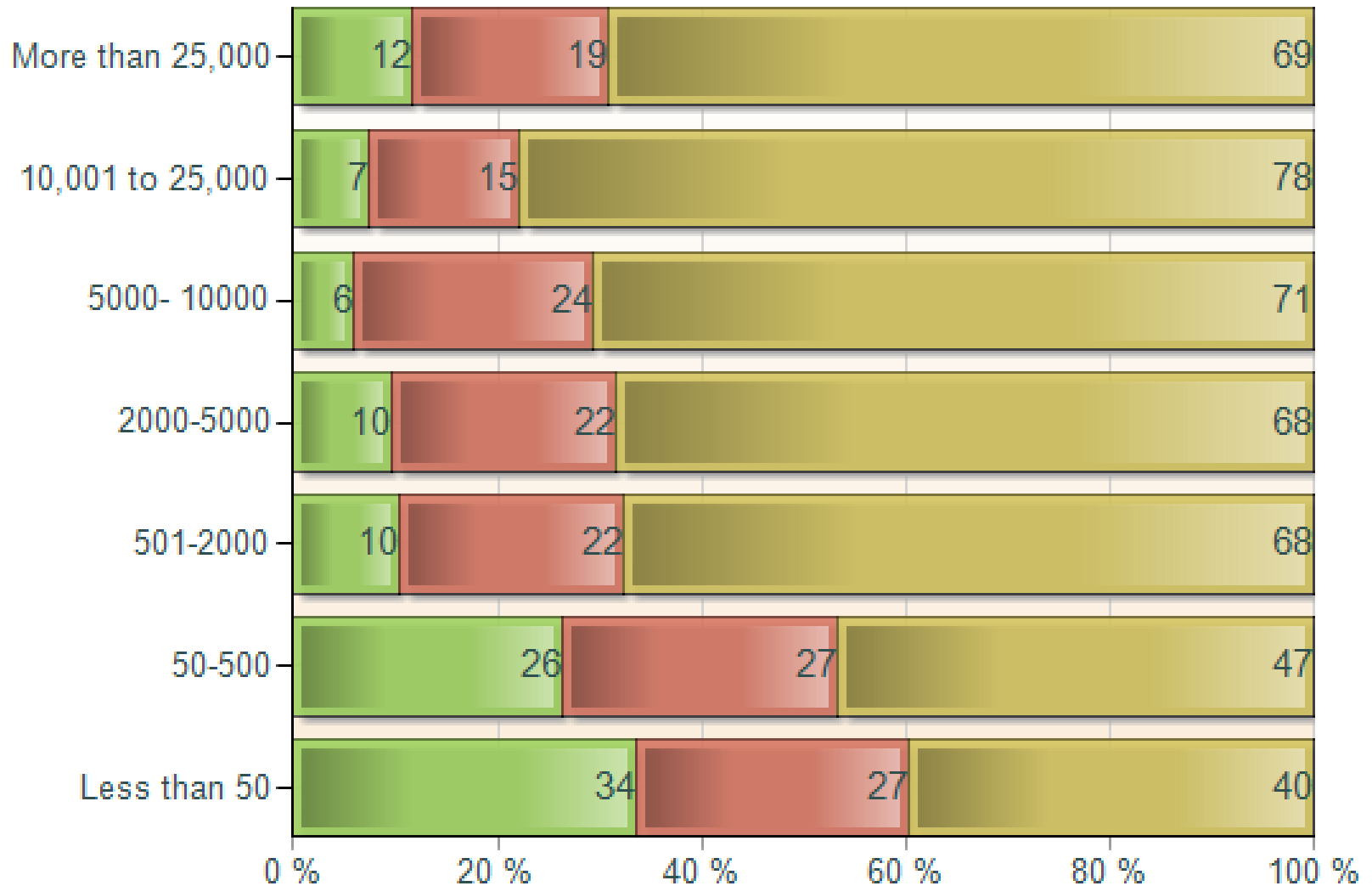


Quality and Payment Provisions - Change in the Law

The law also included cost containment and quality approaches. What do you want to see happen with these provisions?: Paying providers based on quality and performance and not individual units of care

1 REPEAL IT 2 MODIFY IT 3 RETAIN IT

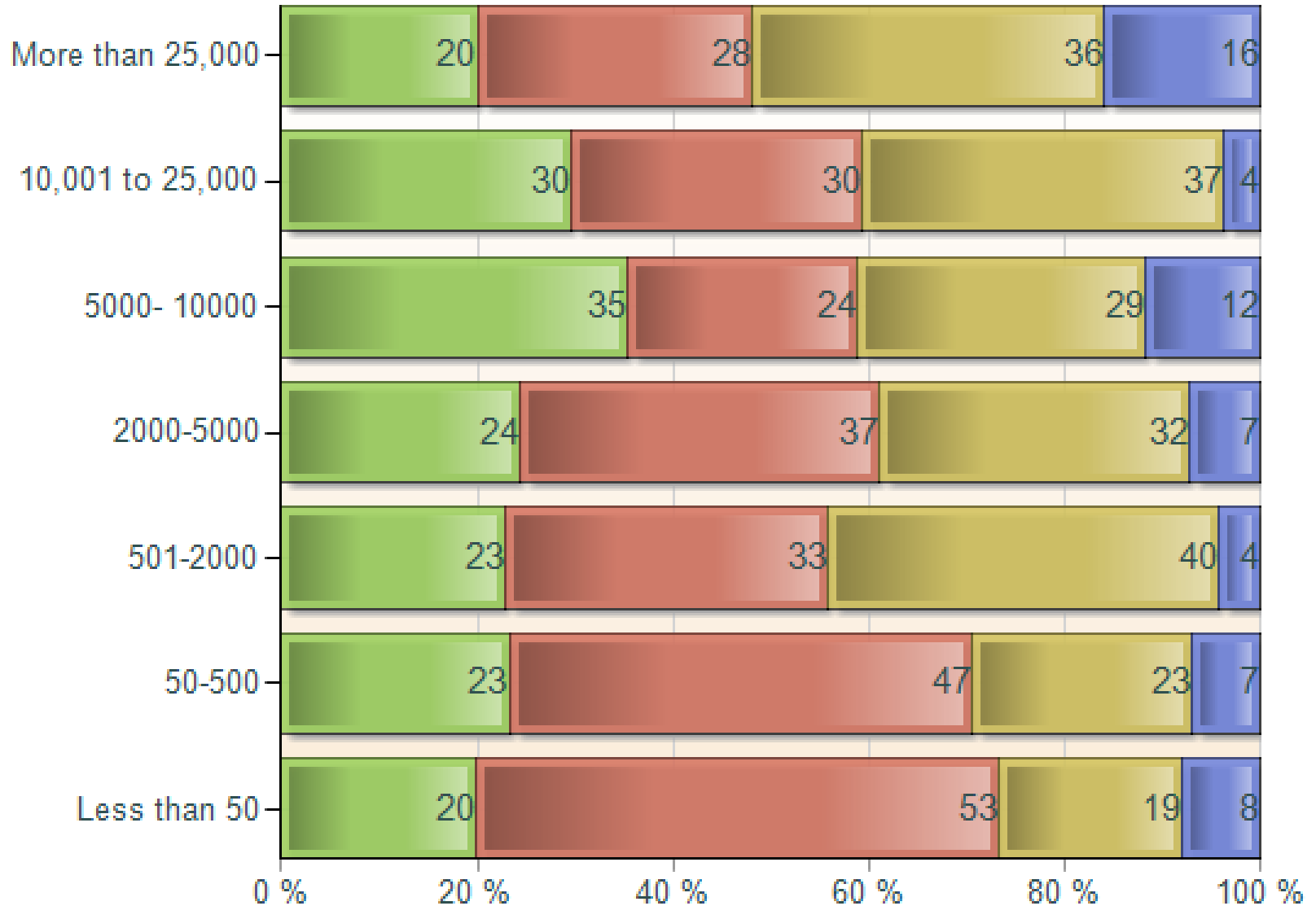
What is the size your active employee population i...



Do you think the implementation of the quality and cost provisions above will reduce health care costs in the long term?

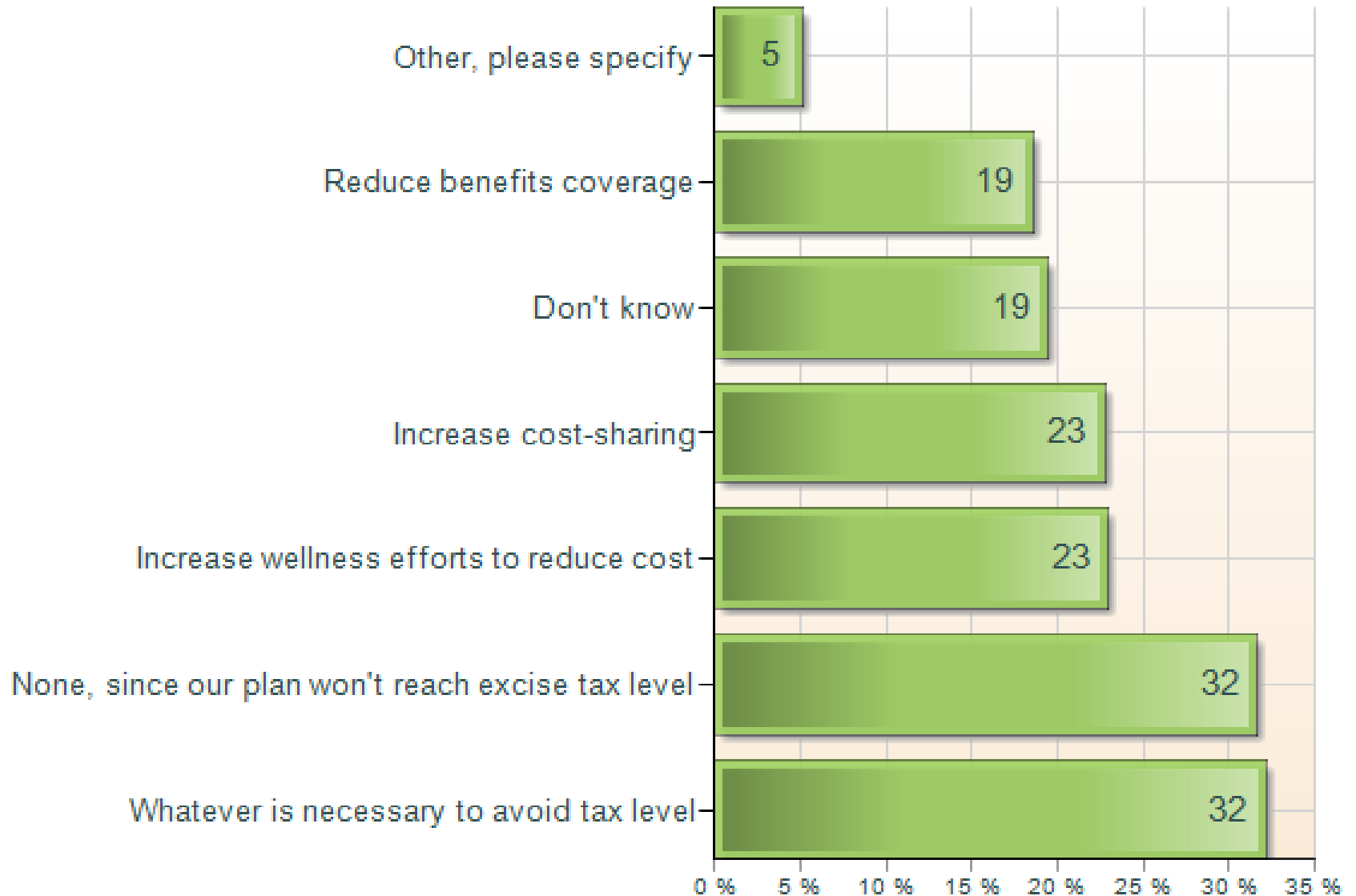
Yes No Don't know Comment:

What is the size your active employee population in US?



All Employer Respondents

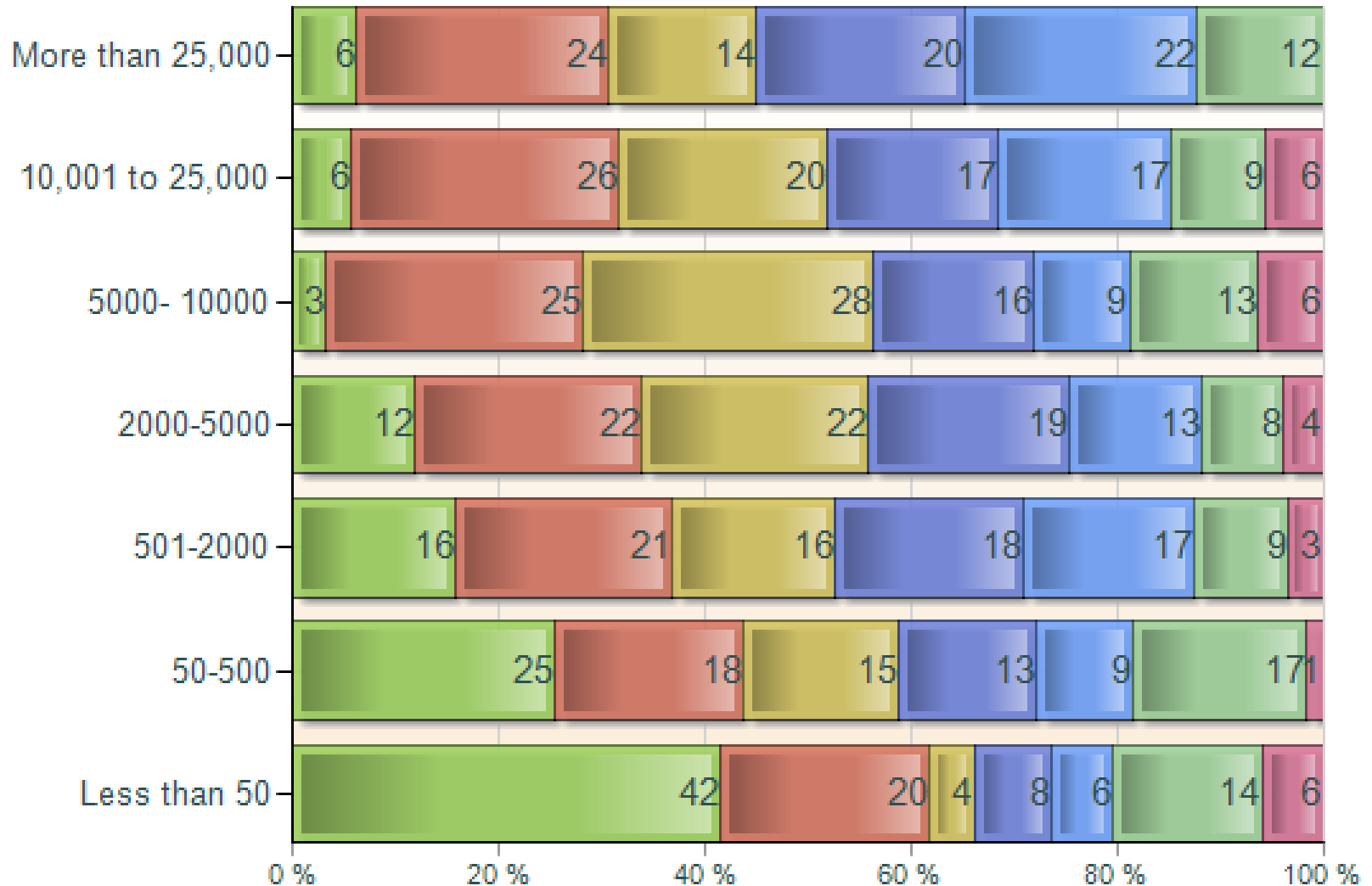
To avoid the "Cadillac" excise tax in 2018, indicate what actions you will take. Check all that apply:



To avoid the "Cadillac" excise tax in 2018, indicate what actions you will take. Check all that apply:

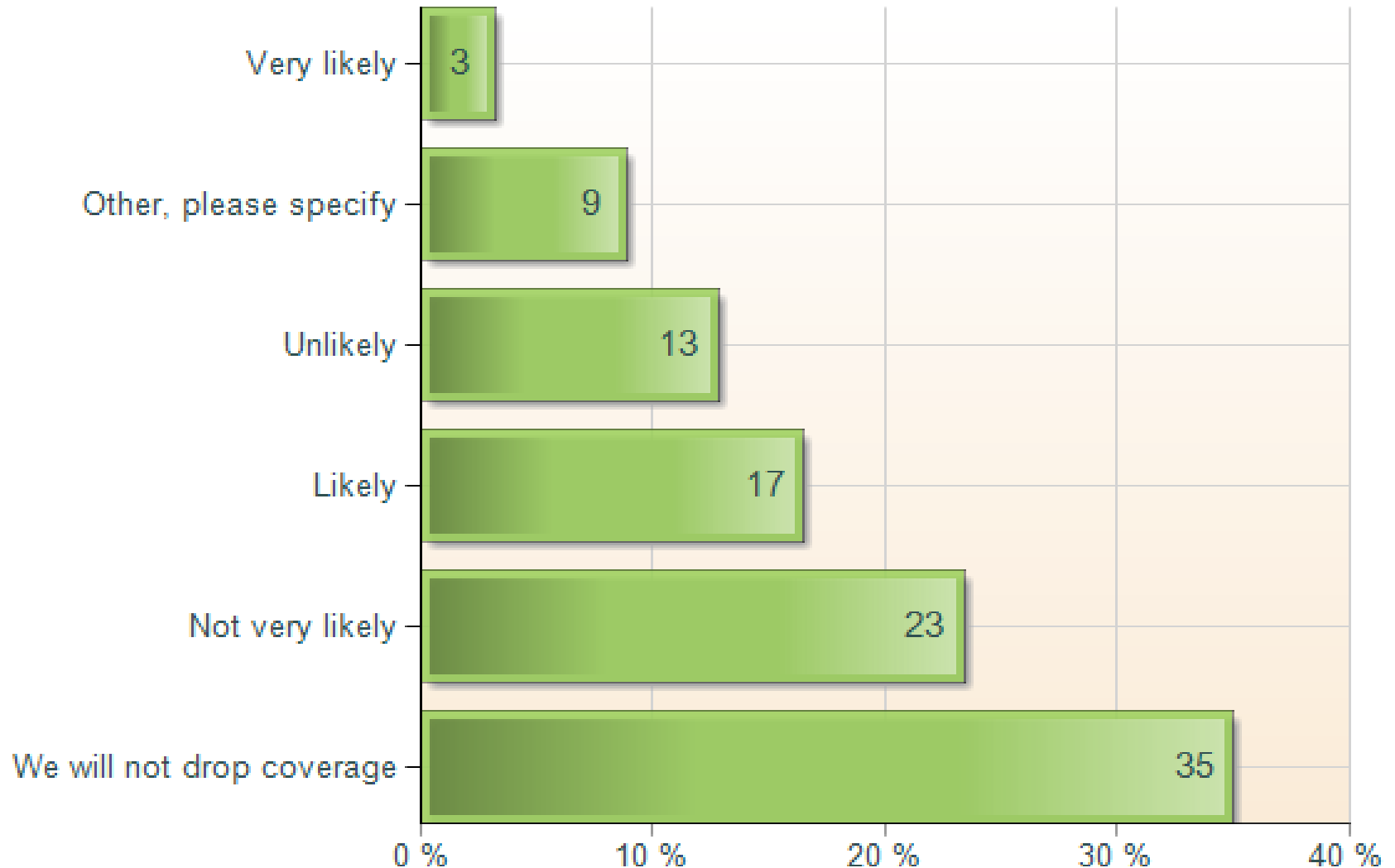
- None, since our plan won't reach excise tax level
- Increase wellness efforts to reduce cost
- Reduce benefits coverage
- Don't know
- Whatever is necessary to avoid tax level
- Increase cost-sharing
- Other, please specify

What is the size your active employee population i...



All Employer Respondents

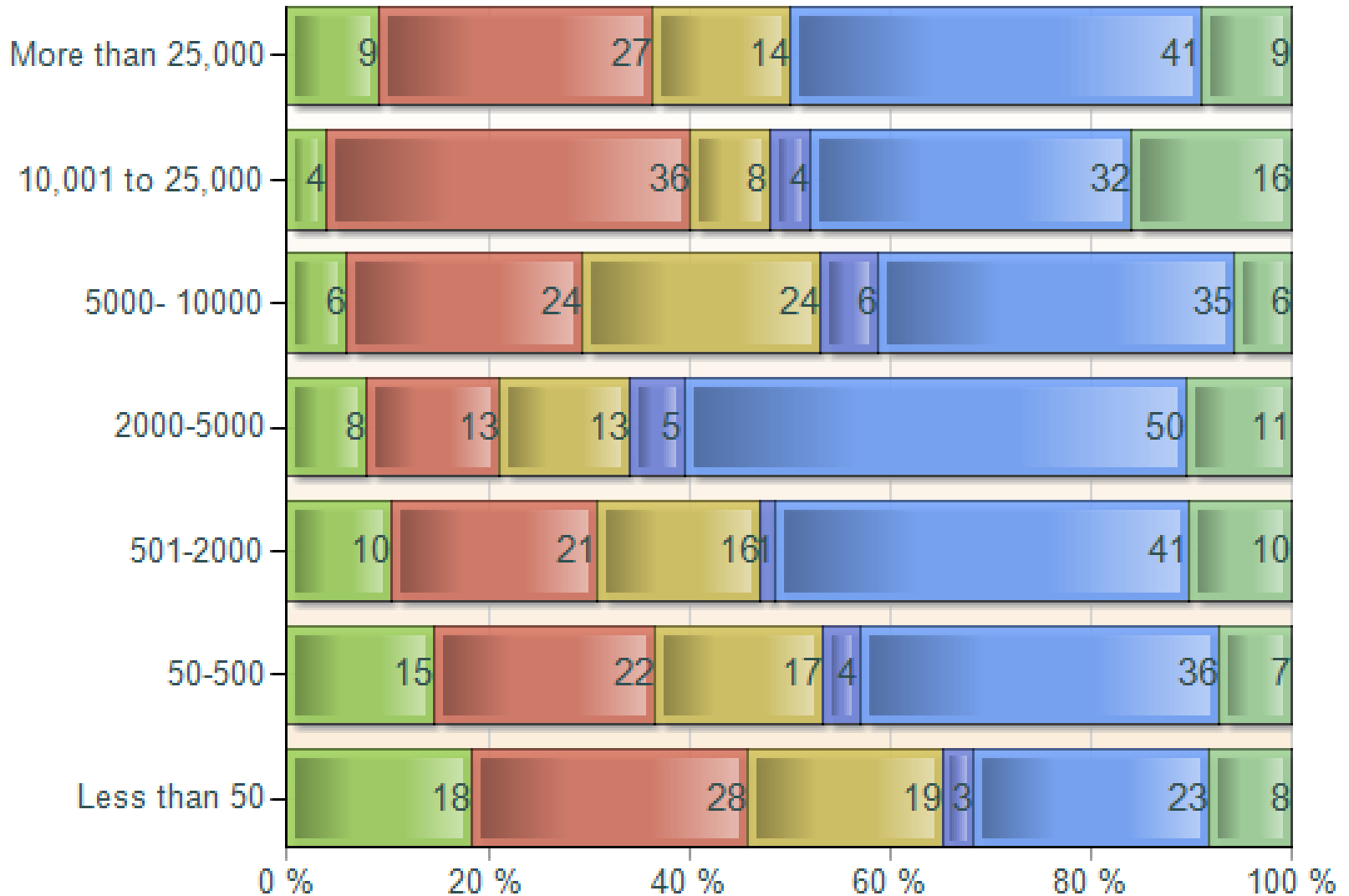
If you drop coverage for health benefits, how likely is it that you will raise worker salary to help them buy individual insurance on the health insurance exchanges?



If you drop coverage for health benefits, how likely is it that you will raise worker salary to help them buy individual insurance on the health insurance exchanges?

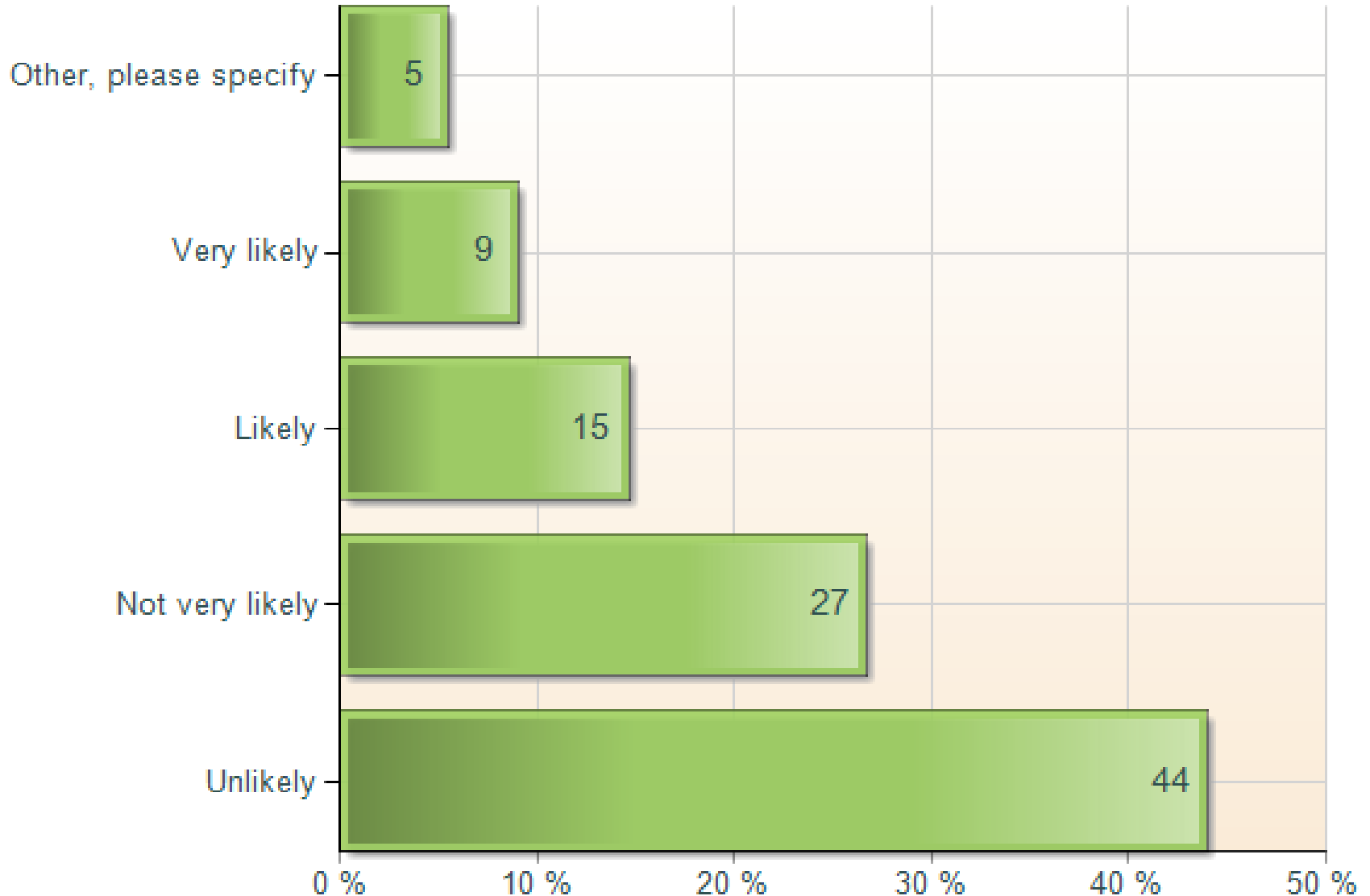
■ Unlikely
 ■ Likely
 ■ Very likely
 ■ We will not drop coverage
 ■ Other, please specify
■ Not very likely

What is the size your active employee population in...



All Employer Respondents

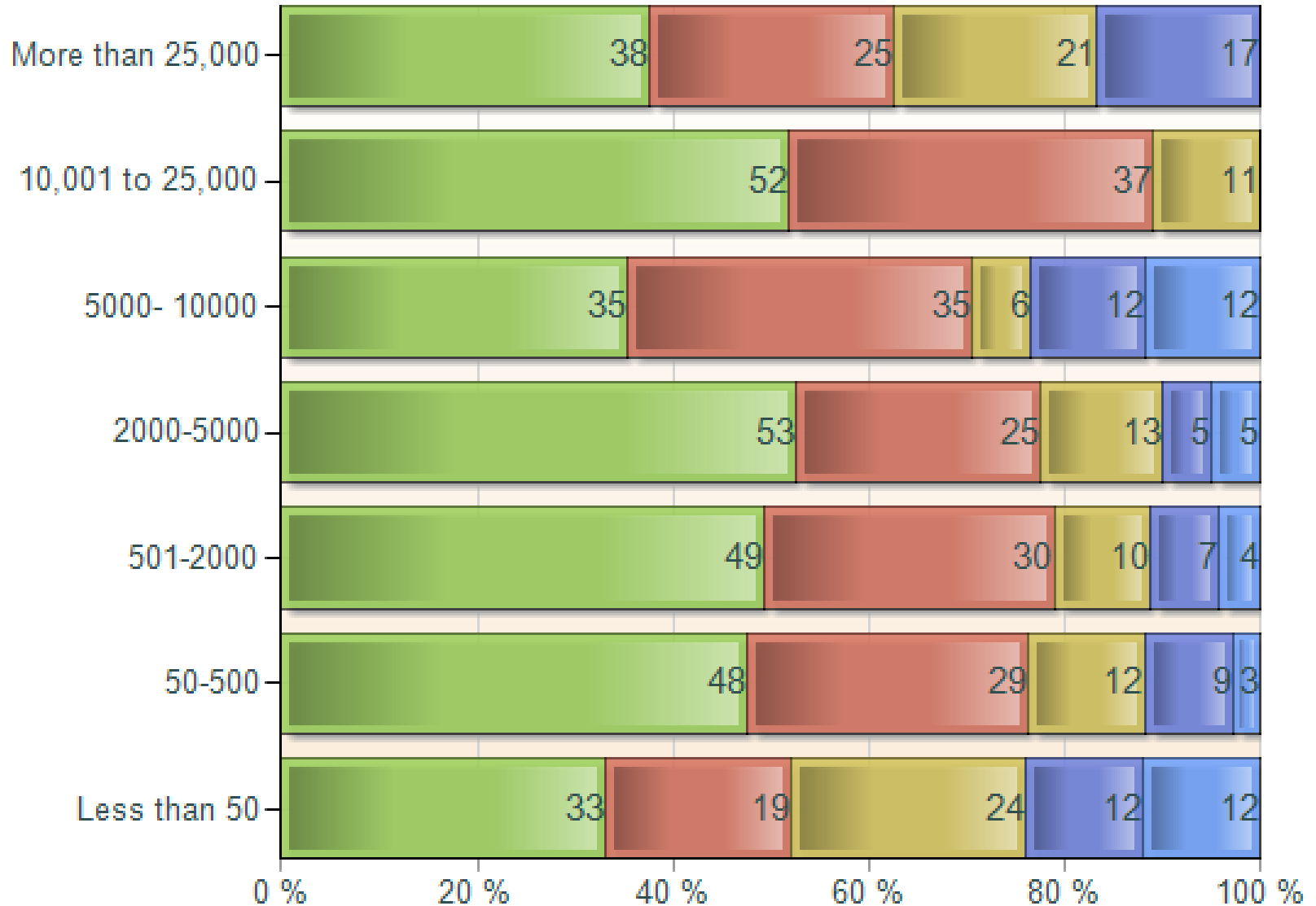
How likely is it you will reduce the number of employees working less than 40 hours a week to avoid covering part-time workers?



How likely is it you will reduce the number of employees working less than 40 hours a week to avoid covering part-time workers?

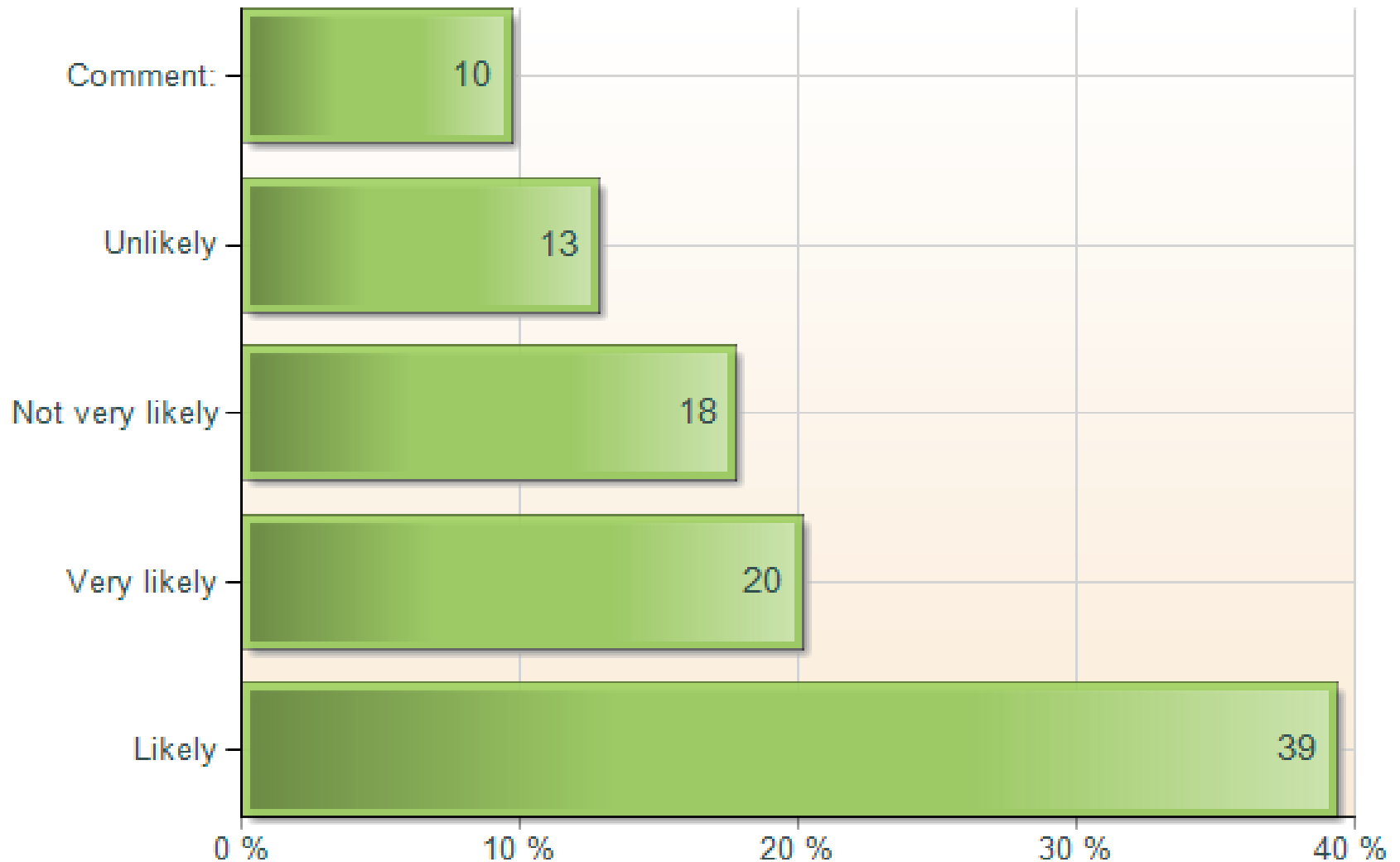
■ Unlikely
 ■ Not very likely
 ■ Likely
 ■ Very likely
 ■ Other, please specify

What is the size your active employee population in US?



All Employer Respondents

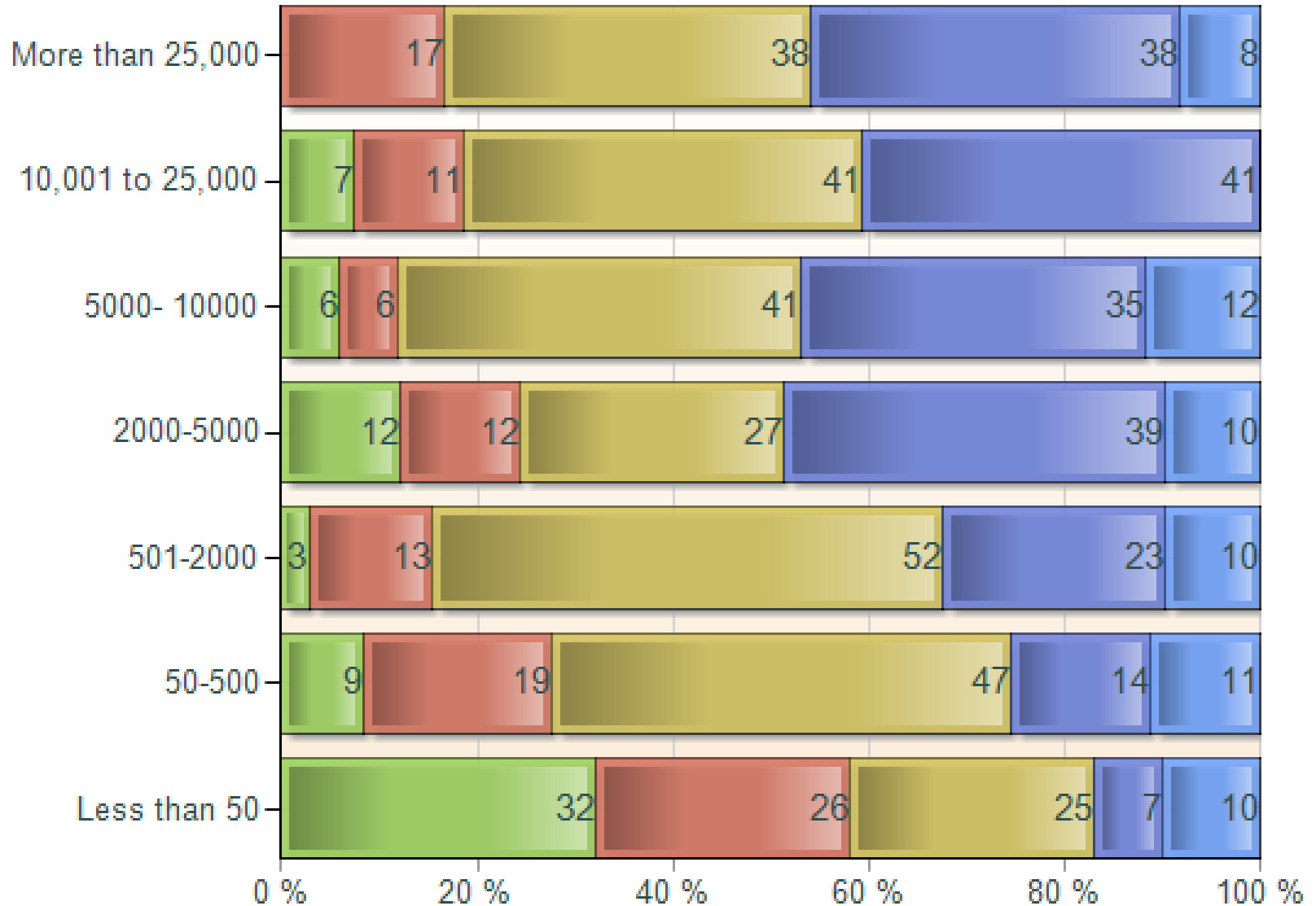
How likely is it that you will expand wellness programs in light of the increased rewards/incentives the new law allows to motivate improved wellness



How likely is it that you will expand wellness programs in light of the increased rewards/incentives the new law allows to motivate improved wellness

Unlikely Not very likely Likely Very likely Comment:

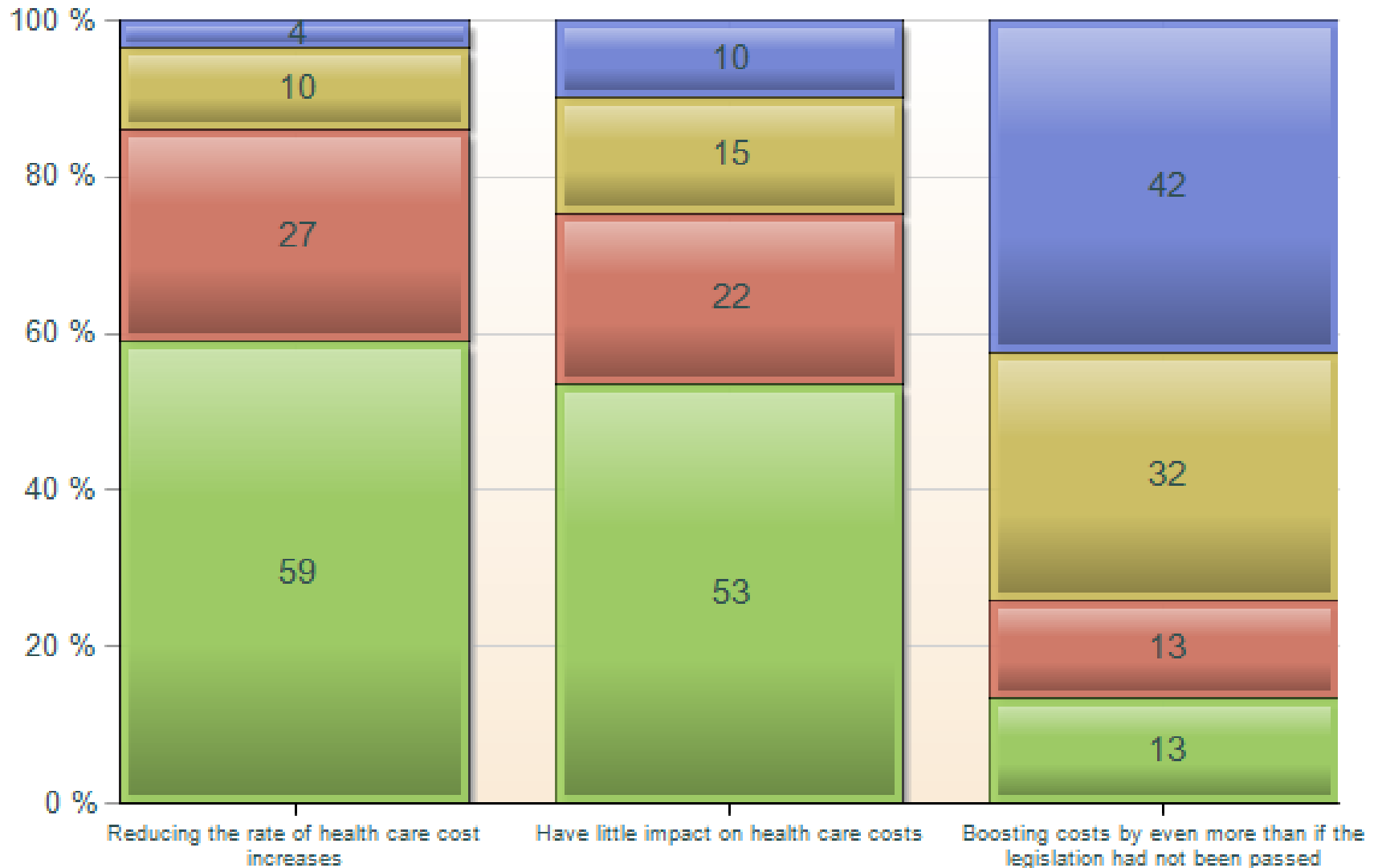
What is the size your active employee population in US?



All Employer Respondents

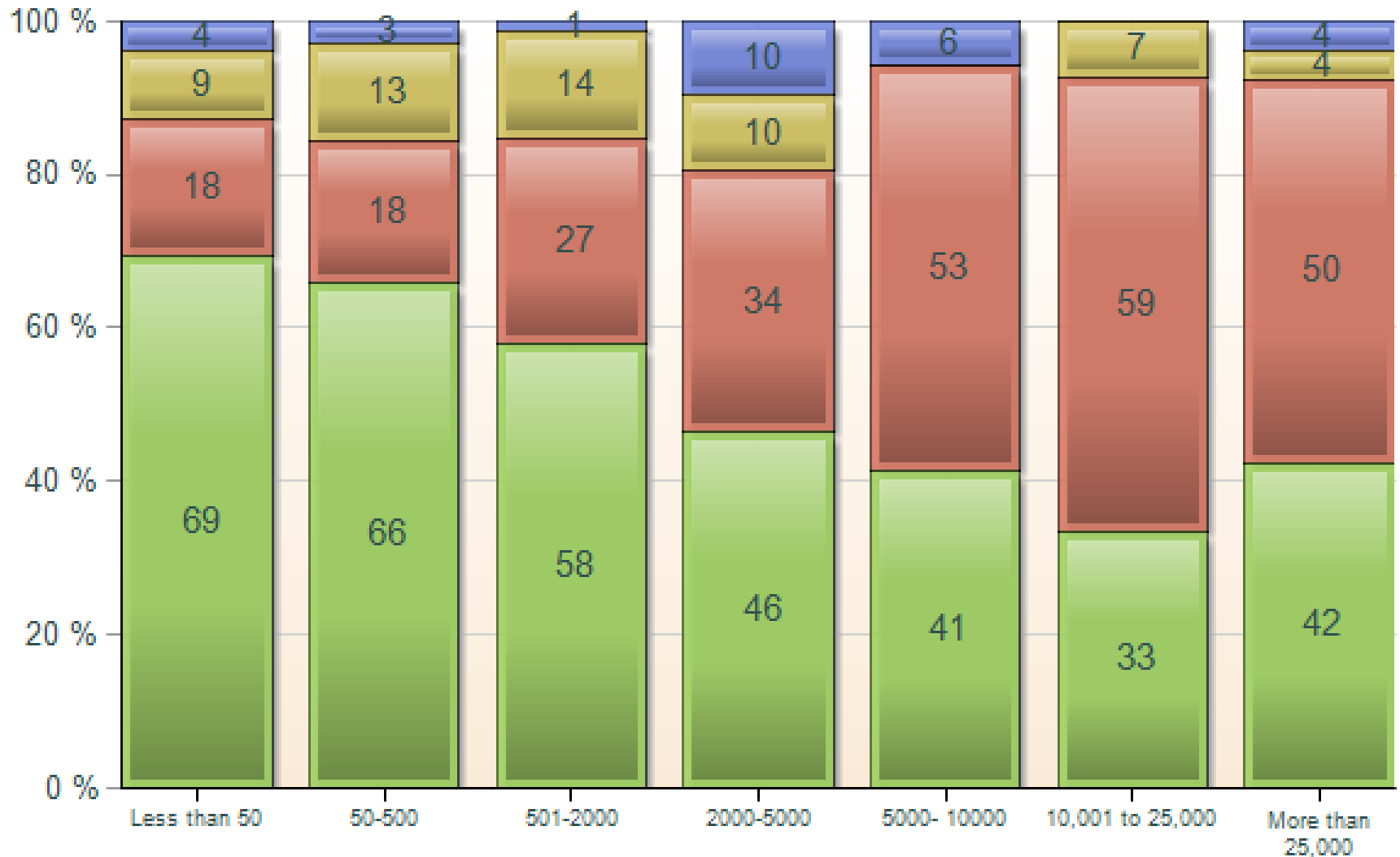
Over the long term, how likely is it that health reform's current provisions will result in the following:

UNLIKELY NOT VERY LIKELY LIKELY VERY LIKELY



Over the long term, how likely is it that health reform's current provisions will result in the following: Reducing the rate of health care cost increases

1 UNLIKELY 2 NOT VERY LIKELY 3 LIKELY 4 VERY LIKELY

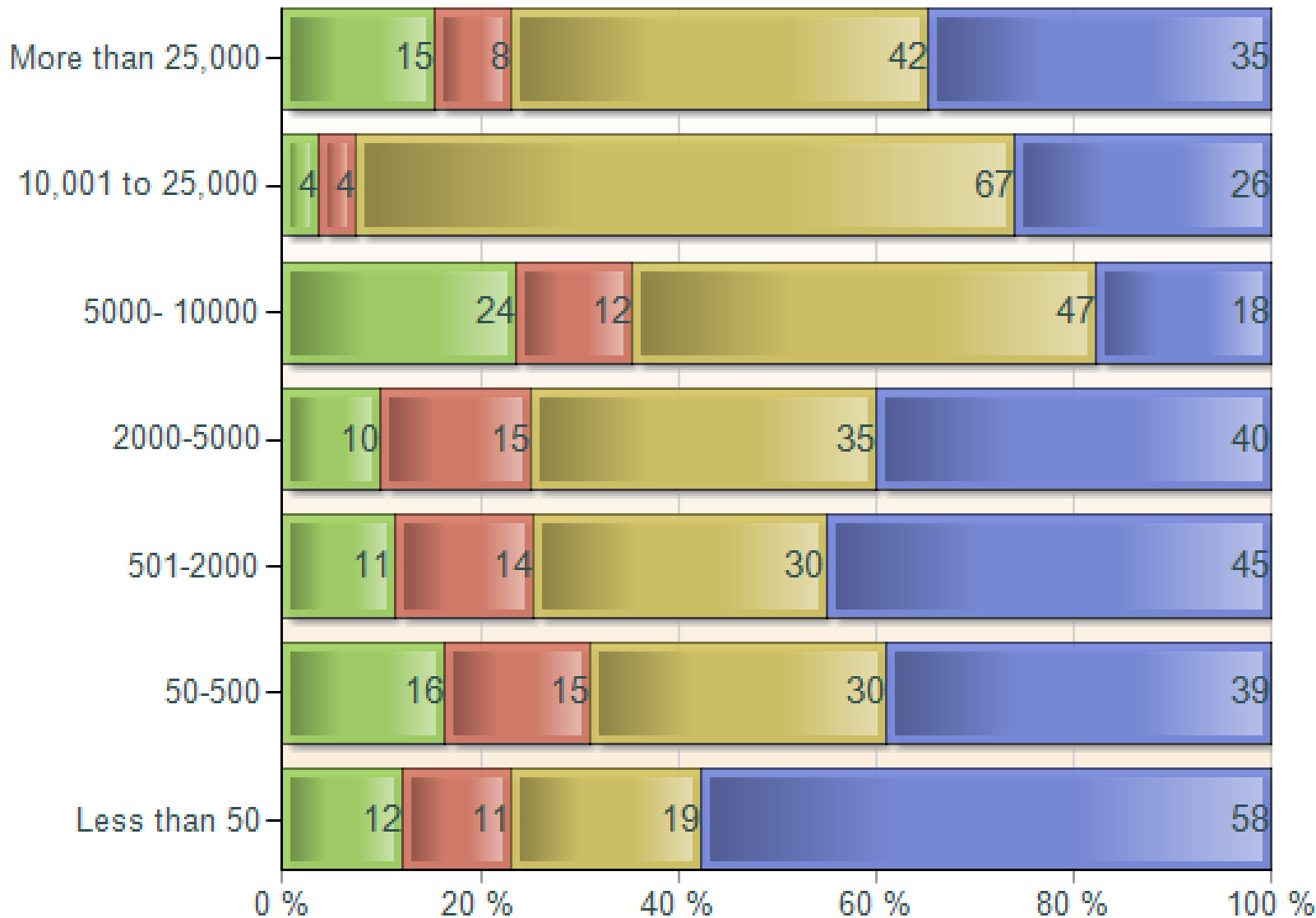


What is the size your active employee population in US?

Over the long term, how likely is it that health reform's current provisions will result in the following: Boosting costs by even more than if the legislation had not been passed

1 UNLIKELY 2 NOT VERY LIKELY 3 LIKELY 4 VERY LIKELY

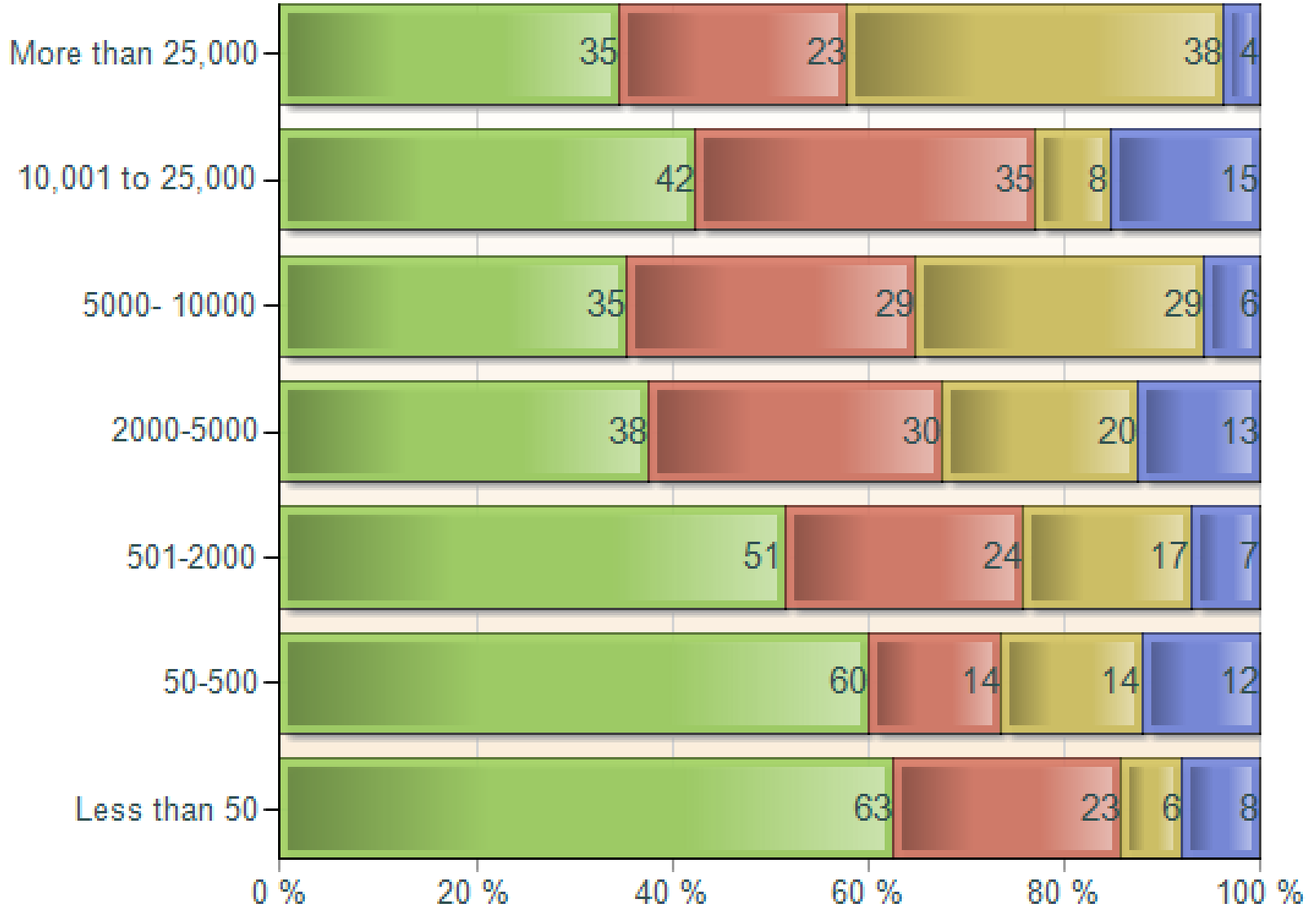
What is the size your active employee population in US?



Over the long term, how likely is it that health reform's current provisions will result in the following: Have little impact on health care costs

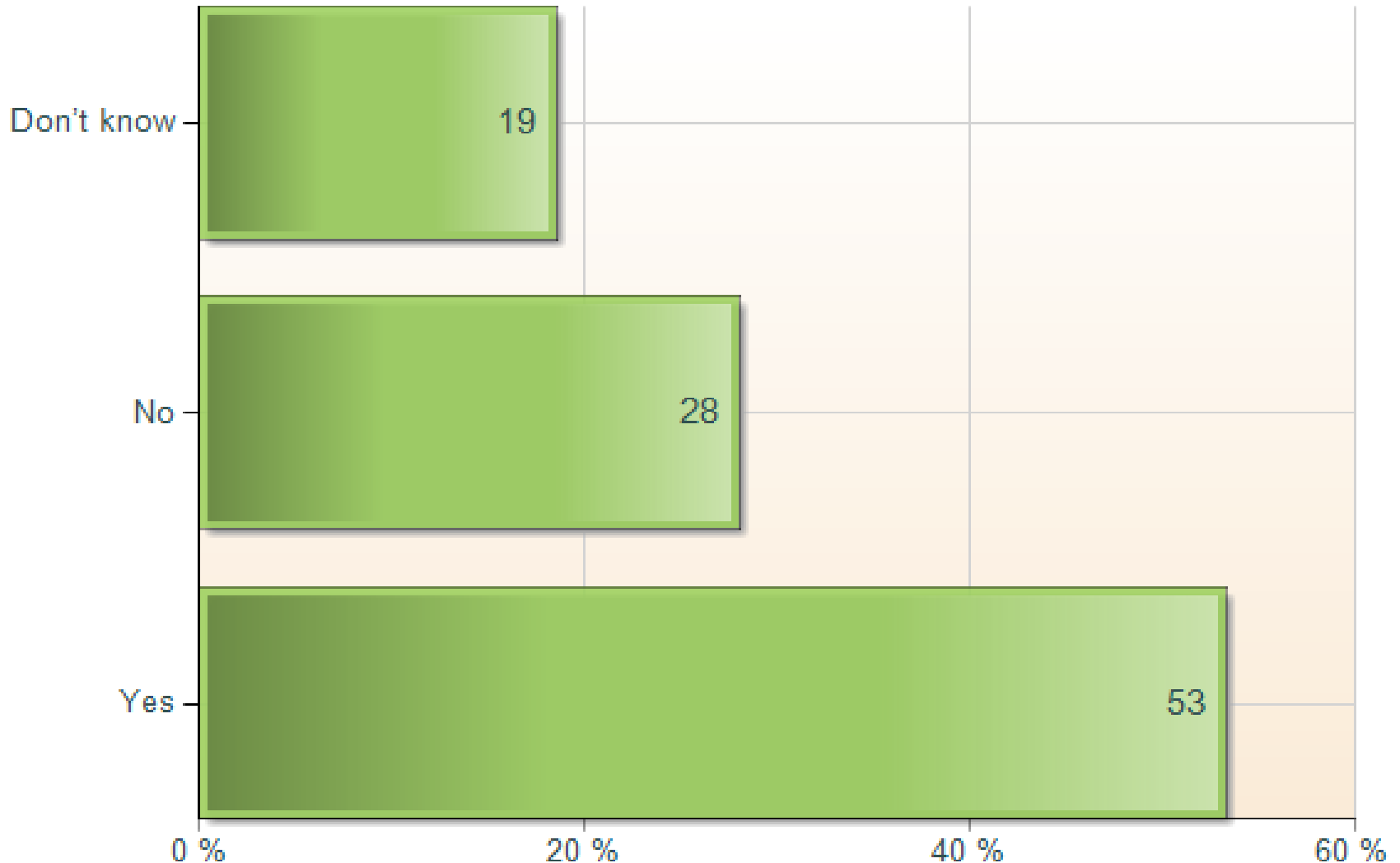
1 UNLIKELY 2 NOT VERY LIKELY 3 LIKELY 4 VERY LIKELY

What is the size your active employee population in US?



All Employer Respondents

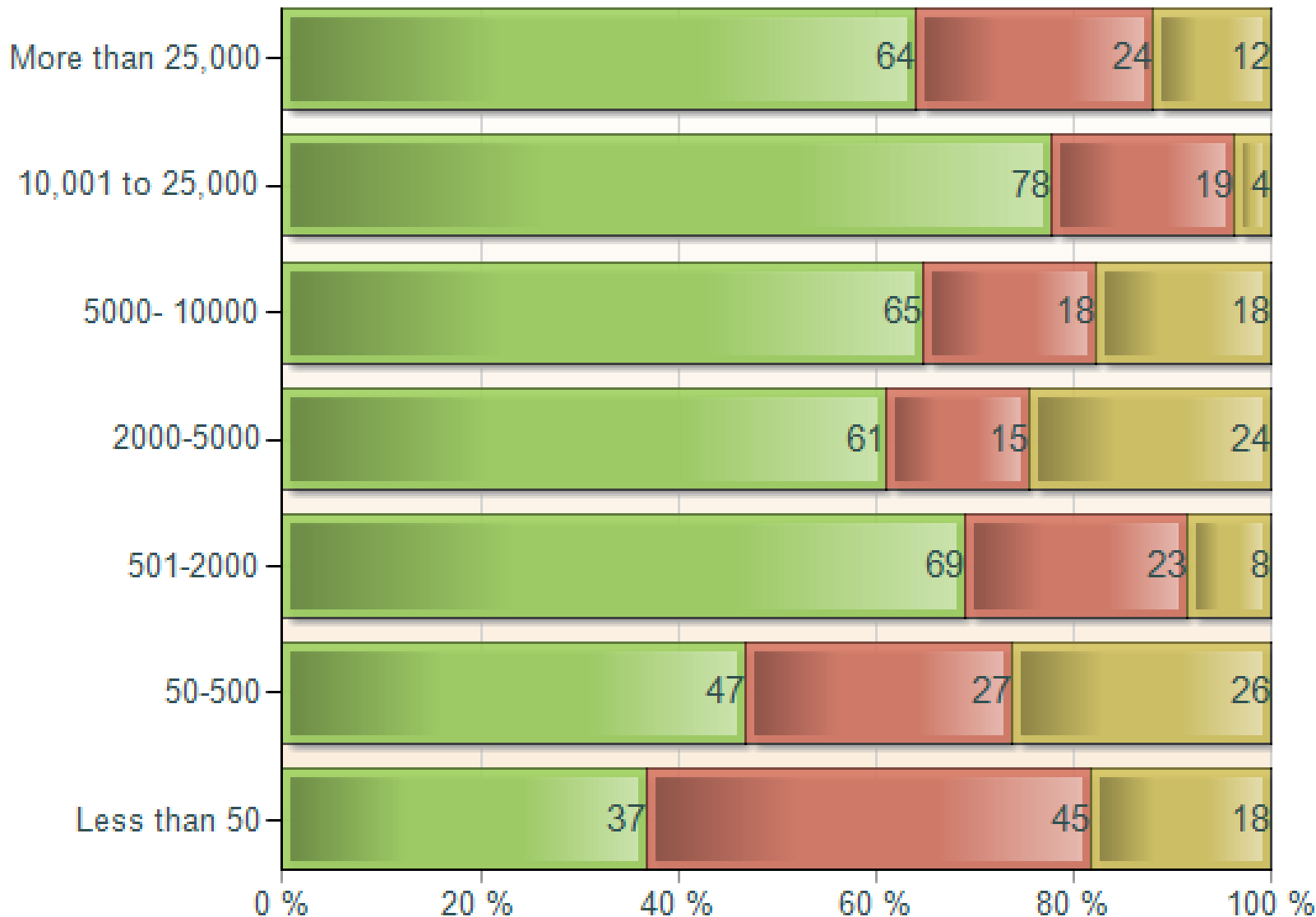
Do you agree with the statement "The new health reform law makes it more important than ever for employers to keep workers healthy to keep costs down"?



Do you agree with the statement "The new health reform law makes it more important than ever for employers to keep workers healthy to keep costs down"?

Yes No Don't know

What is the size your active employee population in US?



Top % is the percent of ALL employers responding selecting the option Bottom % is percent of large (>500 workers) employer responses selecting the option.	REPEAL IT	MODIFY IT	RETAIN IT
Cadillac-excise tax on high cost health benefit plans	61% 56%	25% 33%	14% 11%
Individual mandate for health insurance coverage	50% 39%	25% 29%	25% 32%
Penalties for employers with >50 workers who do not offer health insurance coverage	50% 39%	27% 33%	23% 28%
Creation of Health Insurance Exchanges	31% 22%	31% 31%	39% 47%
Capping annual contributions at \$2500 to in Flexible Spending Accounts (FSAs)	64% 64%	25% 28%	11% 8%
Extending coverage to employees' adult children up to age 26	43% 45%	20% 21%	36% 34%
Elimination of annual and lifetime limits	27% 24%	25% 26%	48% 50%
Penalty for eligible employers who do not provide health coverage for those working 30+ hours weekly	53% 43%	24% 27%	23% 30%
Over the counter drugs not prescribed by doctor are not reimbursable thru FSAs	72% 75%	11% 14%	17% 12%
Putting the cash value of health care benefits on W2 form	69% 64%	8% 11%	23% 25%
Removal of co-pays for preventive services	32% 19%	16% 14%	52% 67%
Defining minimum "essential benefits"	34% 31%	40% 41%	26% 28%
Requiring employers who do not offer coverage to offer a free-choice voucher to help individuals buy insurance from the exchanges	53% 49%	23% 27%	23% 24%
Other	32 65%	11 22%	