

# Special Report: Employer Market Healthcare Reform Research Summary



This 100-page report includes results from an extensive healthcare reform survey of 104 Jumbo employers (5,000+ employees) and 15 in-depth interviews. By design this dynamic report incorporates everything healthcare stakeholders want to know about purchaser reactions to healthcare reform. This includes an executive summary, call out boxes providing simple, yet comprehensive definitions of key healthcare reform terms, a timeline of the most important elements that have affected and will affect large, self-insured employers, an in depth analysis of survey results and stimulating interview quotes.

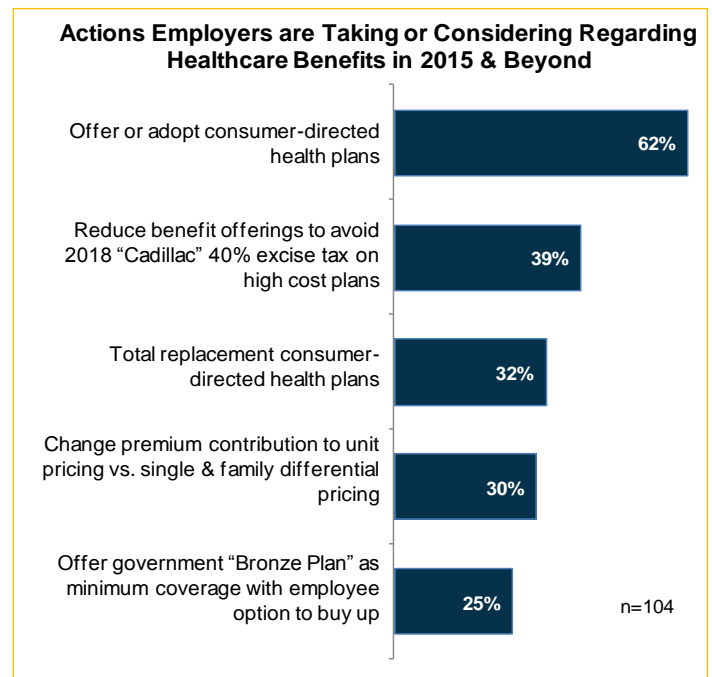
## RESEARCH HIGHLIGHTS

### CONSIDERATIONS FOR DROPPING ACTIVE EMPLOYEE COVERAGE

While is a common misconception that employers' decision to maintain or drop health benefit coverage is solely based on economics, our research finds that it is not the most important consideration. Nearly three-quarters of employers surveyed indicated that "competing for talent" was the main factor considered in a decision to continue providing health and pharmacy benefits for active employees. Economics of the decision came in second to talent retention concerns. While employers are scenario planning and considering all their options, only 4% of respondents report they are looking for the exits in 2014 and positioning themselves to discontinue active employees' coverage.

### EMPLOYERS ARE NOT RUNNING FOR THE EXITS BUT THEY ARE TAKING ACTION TO MANAGE INCREASING COSTS

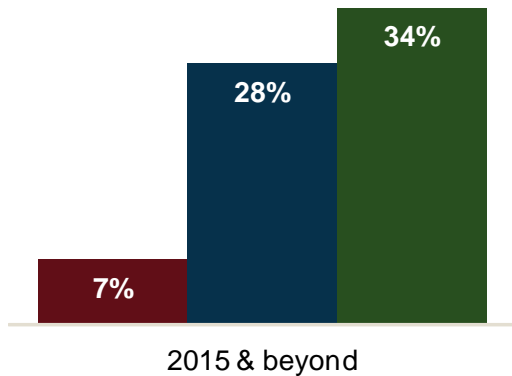
Employers anticipate incremental plan design changes as key PPACA regulation dates approach. Employers view consumer-driven health plans (CDHPs) as a tool to manage healthcare costs and encourage employees to take responsibility for their health. Nearly two-thirds of surveyed employers plan to offer CDHPs by 2015 with just over half planning to go full replacement. Notably, as 2015 approaches the percent of employers planning to reduce benefit offerings to avoid the 40% Cadillac excise tax increases annually.



## EMPLOYERS ARE CRITICALLY EVALUATING RETIREE BENEFITS IN THE NEW PPACA ENVIRONMENT

### Employers Planning or Considering Dropping Healthcare Coverage for Actives and Retirees

- Actives (n=104)
- Pre-65 Retirees (n=68)
- Post-65 Retirees (n=53)



anticipating dropping pre- and post-65 coverage jumps substantially in 2015 & beyond.

*Employers are more likely to look for the exits for their retirees than their active employees but express concern as to whether retirees will find quality healthcare options on their own in the “new” healthcare marketplace. Exchanges and subsidies become available in 2014. Many employers see this as an opportunity to discontinue retiree coverage because retirees will have a much easier time finding good and affordable coverage. Few employers are considering dropping coverage for active employees in 2014, just 4%, but it is substantially higher for pre-65 retirees (16%) and post-65 retirees (19%). Employers*

## FINAL THOUGHTS

This Special Report is intended to shed some light on the strategic mindset of employers related to their options, their decisions and their actions regarding health reform. *Employers will remain active and involved in healthcare decisions and benefits offerings for their employees and dependents for the foreseeable future.* Employers will continue to strategically evaluate and financially forecast their options to achieve the best health and productivity for their populations. With all the pending changes and uncertainty around health reform, it is necessary to constantly reassess where the healthcare market is headed.

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