



Midwest Business Group on Health
Powerful Connections, Vital Solutions

KEY FINDINGS OF EMPLOYER REACTION TO HEALTH REFORM-POST ELECTION SURVEY

December 22, 2010

Survey Background:

- Conducted Nov. 29-Dec. 15, 2010, after mid-term elections
- 430 respondents: 43% over 500 employees; 34% 50-500; 24% <50

Communicating to employees:

- 83% of all employers have communicated info about the law to employees, 17% still have not decided what to communicate
 - In April, about 60% had communicated to employees

Increasing cost-sharing in anticipation of cost increases in future

- 48% of all employers have not already increased cost-sharing
- 43% of all employers and 48% of large employers have increased cost –sharing, though not necessarily due to health reform

Implementing extension of coverage to adult children

- About a third of all employers assumed all the costs of extending coverage
- About a third of employers shared the cost with employees of extending coverage
- More large employers shared the cost than small employers; but employers 50-2000 assumed more of the cost than other size employers
- In April 2010, over 50% of employers said it was likely they would charge employees more for coverage of dependents

Retiree benefit changes: Of those employers who offer retiree benefits:

- About a third of large and 12% of small employers will continue offering benefits as before
- 4% will drop benefits
- 4% will provide some supplemental plan or contributions to help retirees get coverage
- In April, 2010, of those who were receiving the federal subsidy for retiree drug coverage, 9% said they would drop drug coverage

Impact of health reform on benefit costs

- 65% of all employers and over 80% of large employers have done some modeling on how reform will impact their costs
- 25% of all employers and 42% of large employers saw models showing 2-5% increases
- 19% of all employers, 11% of larger and almost a third of small employers saw increases of over 10%
- 15% of all and 16% of large employers saw increases of 6-10%
- 5% of all employers and 11% of large employers saw increased of less than 1 %



Employers' view of intention of health reform to eliminate the employer-based system and move to a single-payer system

- 60% of all employers, and 50% of large employers believe this was intent of law

Dropping health benefits and letting workers buy from health insurance exchanges

- 53% of all employers and 67% of large employers say it's unlikely they will drop coverage
- 22% of all employers and 12% of large employers say it's likely they will drop coverage

Increasing worker salaries to help them buy individual insurance

- 20% of all employers and 18% of large employers who would likely drop coverage will raise worker salary
- 33% of all and 30% of large employers who drop coverage will likely not increase salary

Coverage for those working less than 40 hours a week

- 71% of all employers said it's unlikely they would reduce the number of employees working less than 40 hours a week
- 36% of small employers will likely reduce these employees

Expanding wellness programs

- Almost 60% of all employers will expand wellness programs in light of increased incentives allowed
- Only 32% of small employers will expand wellness programs
- This has not changed since April

The importance of keeping workers healthy to lower costs

- 53% of all employers agree in the importance of keeping workers healthy
- In April, 78% of all employers and 67% of large employers agree that the new law makes it more important than ever to keep workers healthy to keep costs down

Impact of health reform to reduce costs

- 86% of all and 87% of large employers believe its unlikely that health reform's current provisions will reduce the rate of health care cost increase
- 75% of all and 81% of large employers believe it's unlikely health reform will impact on health costs
- 74% of all and 77% of large employers believe its likely health reform will boost costs even more than if the legislation was not passed

To avoid the excise tax on Cadillac plans in 2018:

- 42% of small employers and 19% of large employers don't believe their plan will reach the excise tax level
- 32% of employers will do whatever is necessary to avoid the tax



- 23% of employers will increase wellness efforts to reduce costs
- 23% of employers will increase cost sharing
- Only 19% of all employers will reduce benefit coverage

Changes in the law to improve quality and cost

- Replacing fee for service with bundled payments:
 - 31% of all employers want this provision repealed
 - 20% want it modified
 - 39% (47% of large) want it retained
- Creating accountable care organizations
 - 45% (52% of large) want it retained
- Creating medical homes
 - 50% (59% of large) want it retained
- Quality and performance based payments
 - 55% (70%) want it retained
- Using value-based designs and incentives to motivate change
 - 62% (74% of large) want it retained

See chart below for employer responses on individual health reform provisions.

5. Benefit Provisions -Changes in the Law: What "tweaks" would you like to see done to the following provisions in the health reform law now that there is a reconstituted Congress? Actions | ▼

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%	20%	36%



	45%	21%	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%	

For questions about the survey or to purchase the full report, email Larry Boress, lboress@mbgh.org.