

HEALTH CARE REFORM PLANNING BEYOND 2014

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EMPLOYER STRATEGIES BEYOND 2014

Issues That Are Top of Mind for Employer Plan Sponsors as They Look Beyond 2014

- ✓ Continued cost increase due to ACA
- ✓ Educating employees about their choices and supporting informed decisions
- ✓ Handling employee questions about the public marketplaces
- ✓ Administrative issues (tracking employee hours, measurement period, etc.)
- ✓ Staying on top of ACA requirements (notifications, reporting, etc.)
- ✓ Anticipation of the excise tax in 2018

Source: Mercer Survey, *HCR Road to Implementation*, June 2013

Communication Requirements Are a Significant Concern

70%	Educating employees about their choices and supporting informed decisions.
50%	Handling increased volume of employee questions.
43%	Establishing processes for interacting with public exchanges.
24%	Identifying employee groups who will need communication.
22%	Not concerned – prepared to handle all the above.

Source: Mercer Survey, *HCR Road to Implementation*, June 2013

Employers Taking Steps Now to Avoid the Excise Tax in 2018

Based on the 36% of respondents who say changes they are making for 2014 are influenced by their concerns over the 2018 excise tax.

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%

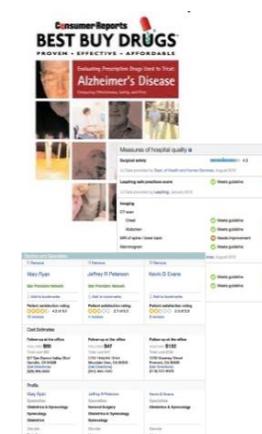
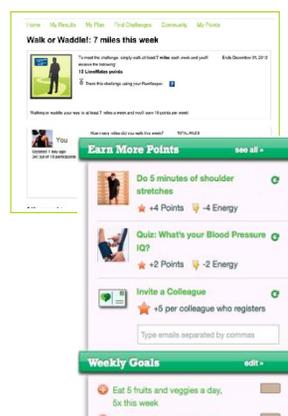
Other change(s)

39%

Source: Mercer Survey, *HCR Road to Implementation*, June 2013

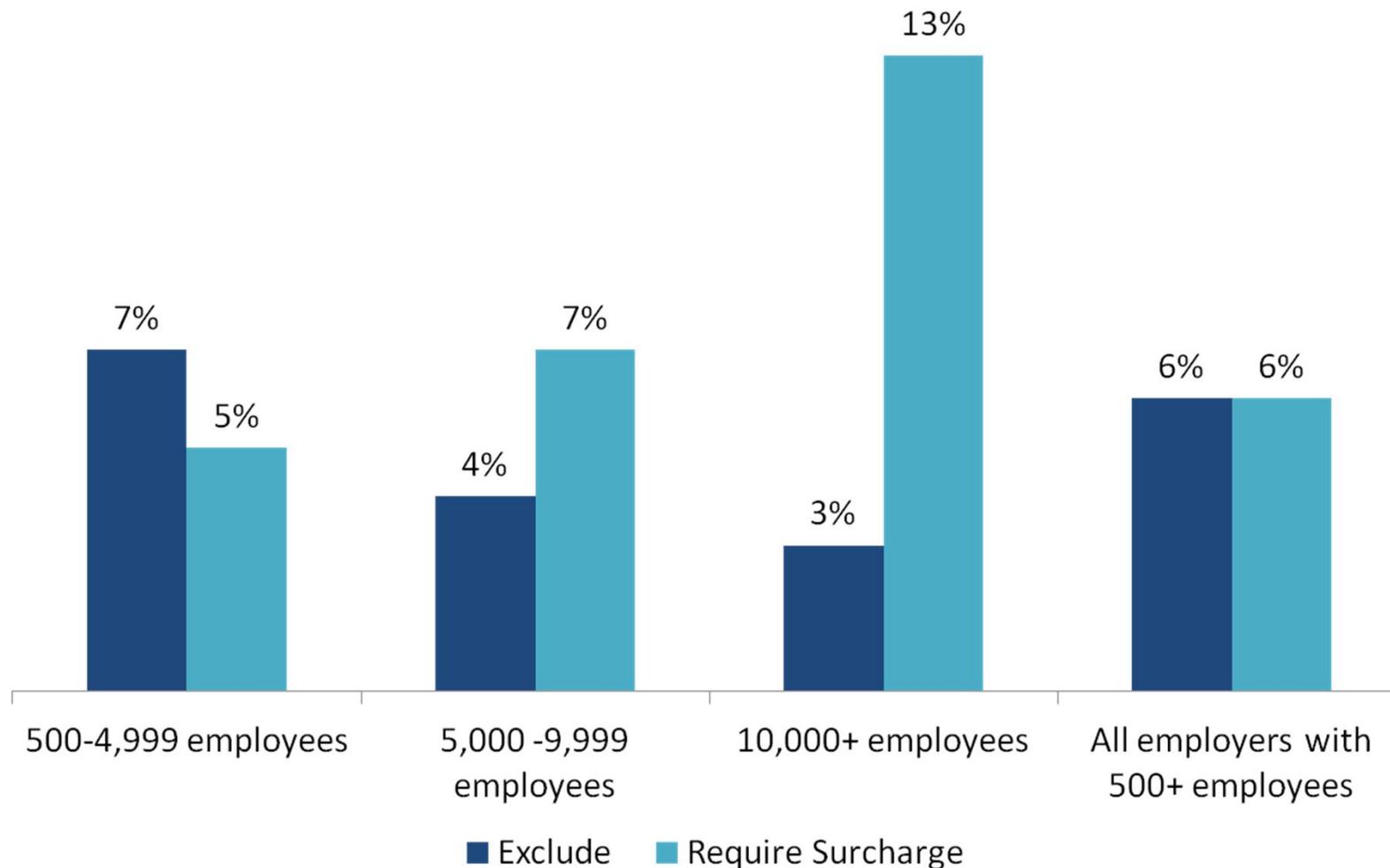
Aligning Other Program Elements With Choice, Accountability, Value

- Health Incentives
- Telemedicine
- Transparency
- Voluntary Benefits



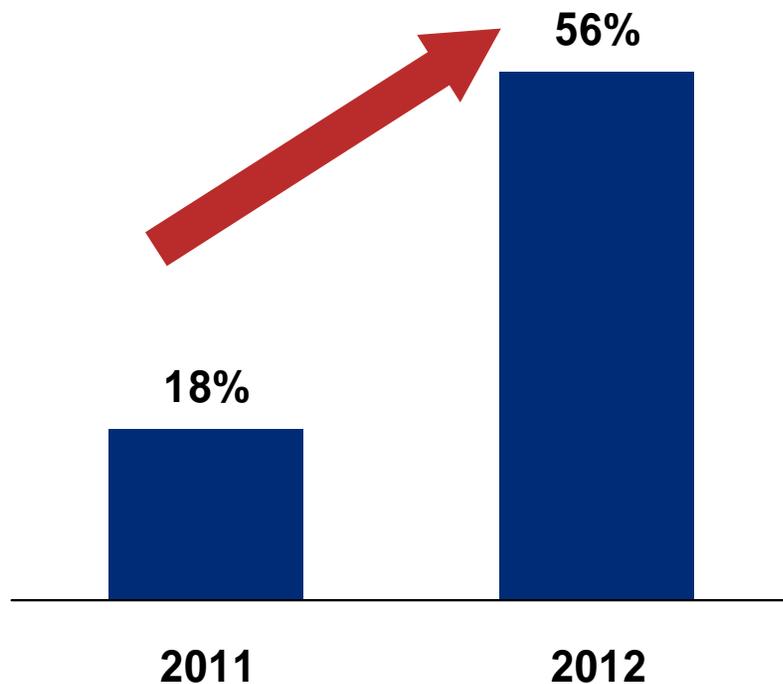
Spousal Surcharge

Larger Employers More Likely to Require a Surcharge Than to Exclude Spouses With Other Coverage Available



Growing Interest in Private Health Care Exchanges

Percent of employers that would consider offering a private exchange



Advantages for Employers and Employees



Employer advantages

- Cost control.
- Choice for employees.
- Streamlined management and administration.



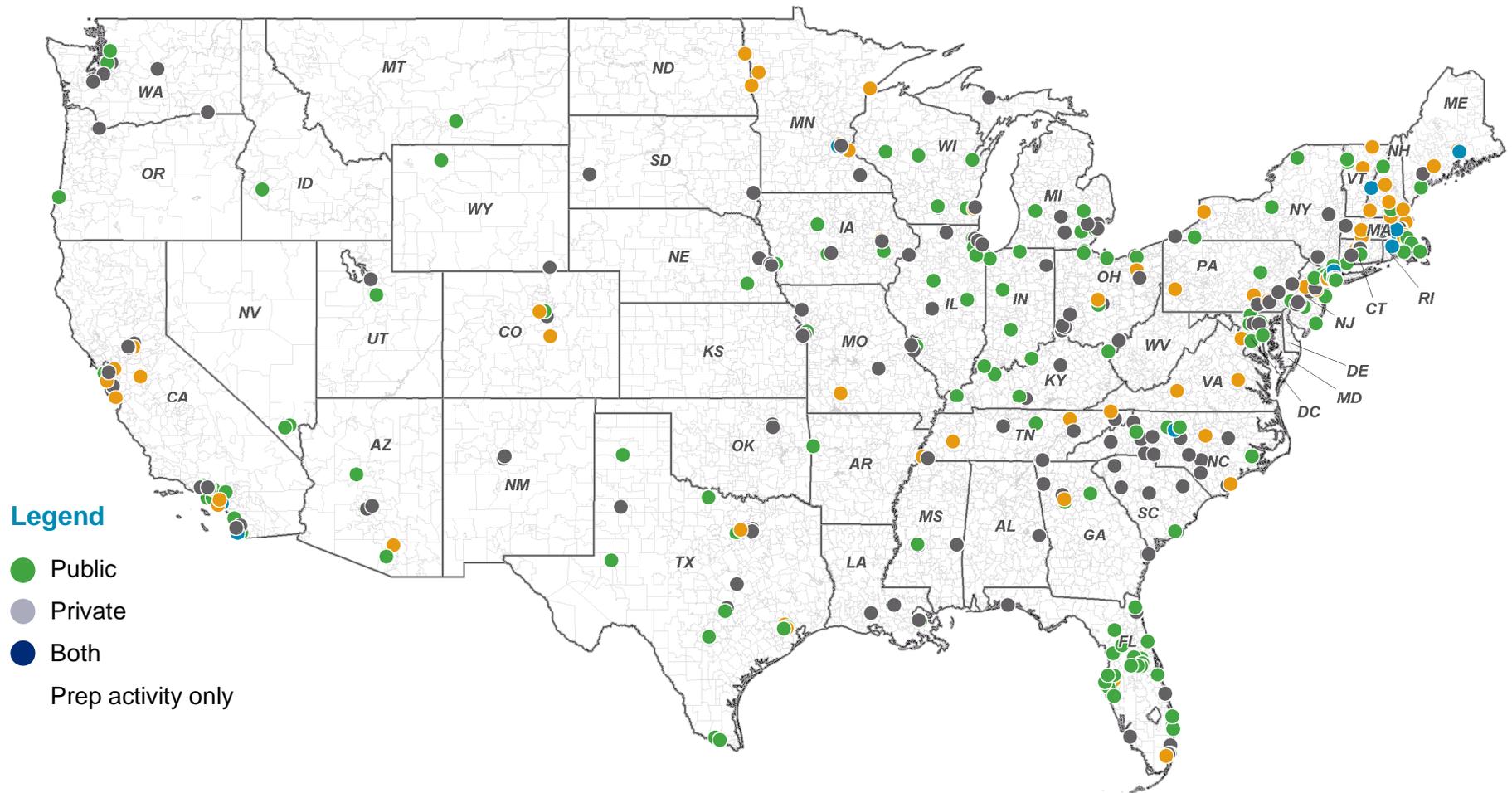
Employee advantages

- Cost-efficient, convenient buying.
- Comprehensive coverage.
- Personalized portfolios.

HCR Driven Strategies: Providers and Networks

National ACO activity¹

300+ formal ACOs currently in the market, and hundreds of additional pilots being tested



Updated as of March 2013. Sources: News releases, company websites, Dartmouth Atlas PCSAs, Claritas, OW analysis; 1. ACOs defined as providers participating in Pioneer ACO, Medicare Shared Savings, a Medicaid ACO, PGP Transition, or in a shared savings/risk arrangement with a commercial payer; Prep activity defined as participation in a learning collaborative or providers preparing to become an ACO

Where are you?

The 60% minimum value plan is the new benchmark plan – how do your plans compare?

Employers started making dramatic changes to their medical benefits in 2010 for 2011...and have continued to do so...have you kept pace?

This is the “calm before the storm” – likely intense confusion based on public/press information. Do you have a communication plan?

Still waiting on reporting and disclosure requirements... in the meantime, do you have systems and tools in place to track employee hours and maintain records?

Compliance with the ACA is complex and requires cross-organizational effort and coordination. Are you ready?

Health care delivery is undergoing transformation – are you aware of the changes in your locations? Are you poised to take advantage of new opportunities?



CLOSING THOUGHTS
EMPLOYER STRATEGIES AND
HEALTH CARE TRANSFORMATION

Health Care Reform Will Drive Shifts in Health Care Delivery and Employer Strategies

Today ...

In the future ...

Defined benefit approach to medical.

Defined contribution.

Self-insured medical plans sponsored by employers.

Private exchanges offering insured and self-insured medical options.

Large networks of providers, care is impersonal and illness focused.

Small networks providing more personalized care; quality focused.

Very little pricing transparency.

Multiple ways to access pricing for medical care.

Small steps to make consumers accountable.

Greater accountability for health habits and health status.

Looming provider capacity and access crisis.

Provider system integration and re-ordering of care delivery model; use of nurse practitioners matures.

Threat of excise tax; desire to avoid

Material reduction in plan sponsor medical benefit design values.

Closing Thoughts...

- **Short term – Employers focused on cost management and ACA compliance**
 - Expanded eligibility, minimum plan design, and affordable contributions in 2015.
 - Excise tax in 2018.
- **Still some unknowns about the ACA**
 - Auto-enrollment.
 - Reporting and disclosure.
 - Could there be more delays?
- **Longer term – things will change!**
 - New products/approaches.
 - Funding changes.
 - Delivery system transformations.

QUESTIONS?

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