



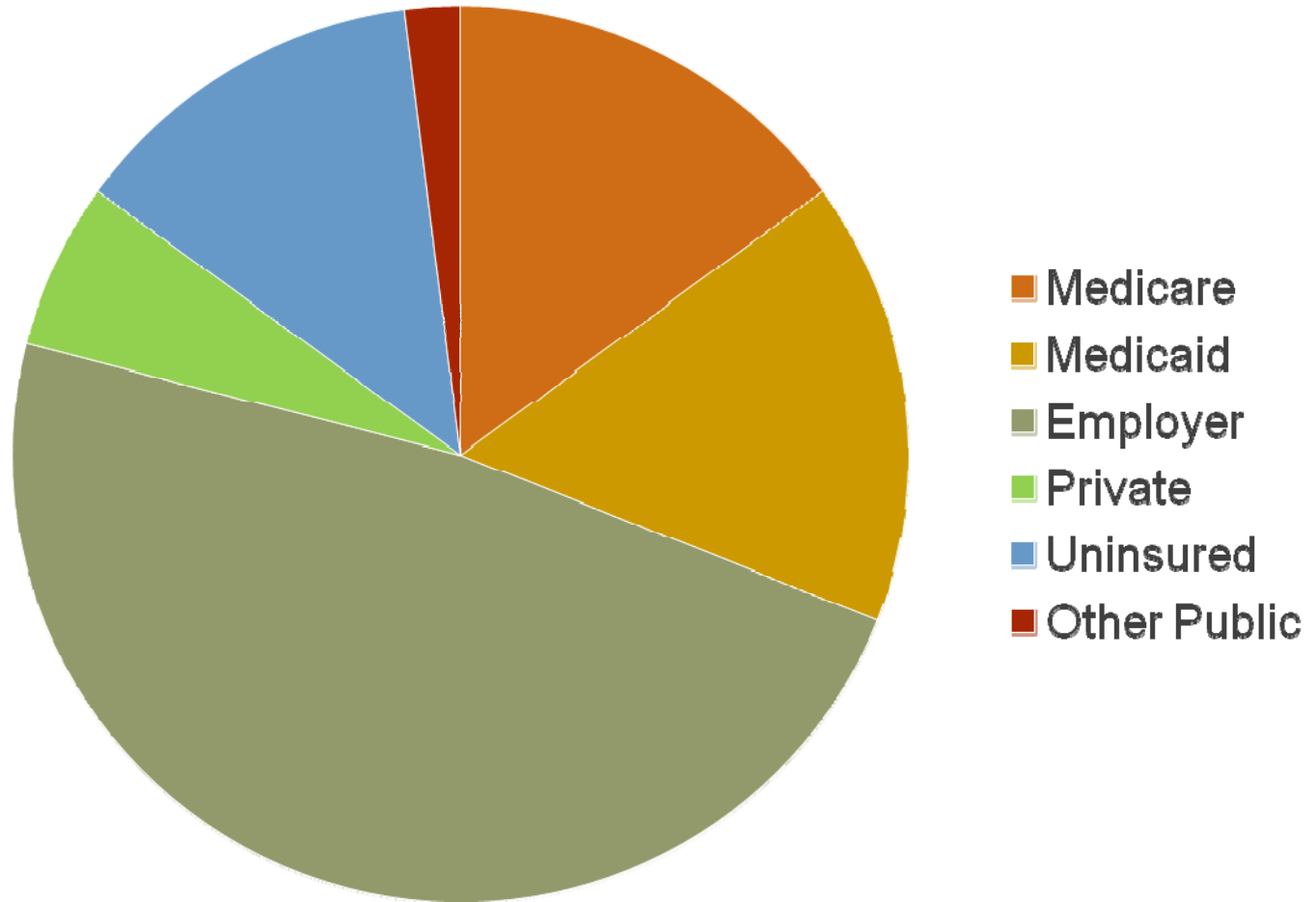
ACA Part II - Employer Plans, Employer Perspective

NORTHEAST OHIO HFMA - CLEVELAND CONVENTION CENTER
CLEVELAND, OH - NOVEMBER 13, 2014

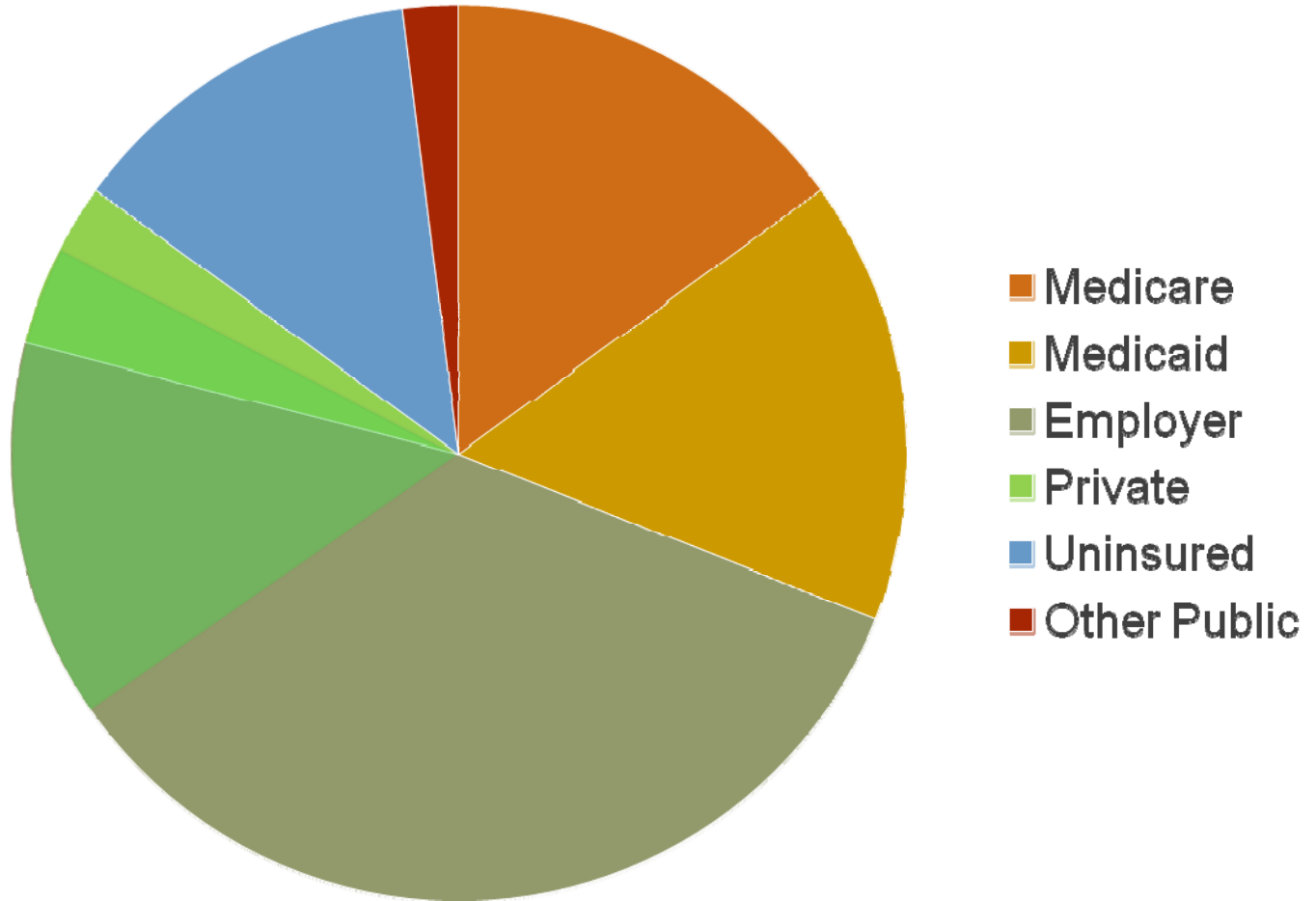
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audit • tax • consulting

Source of Insurance



Source of Insurance



Agenda

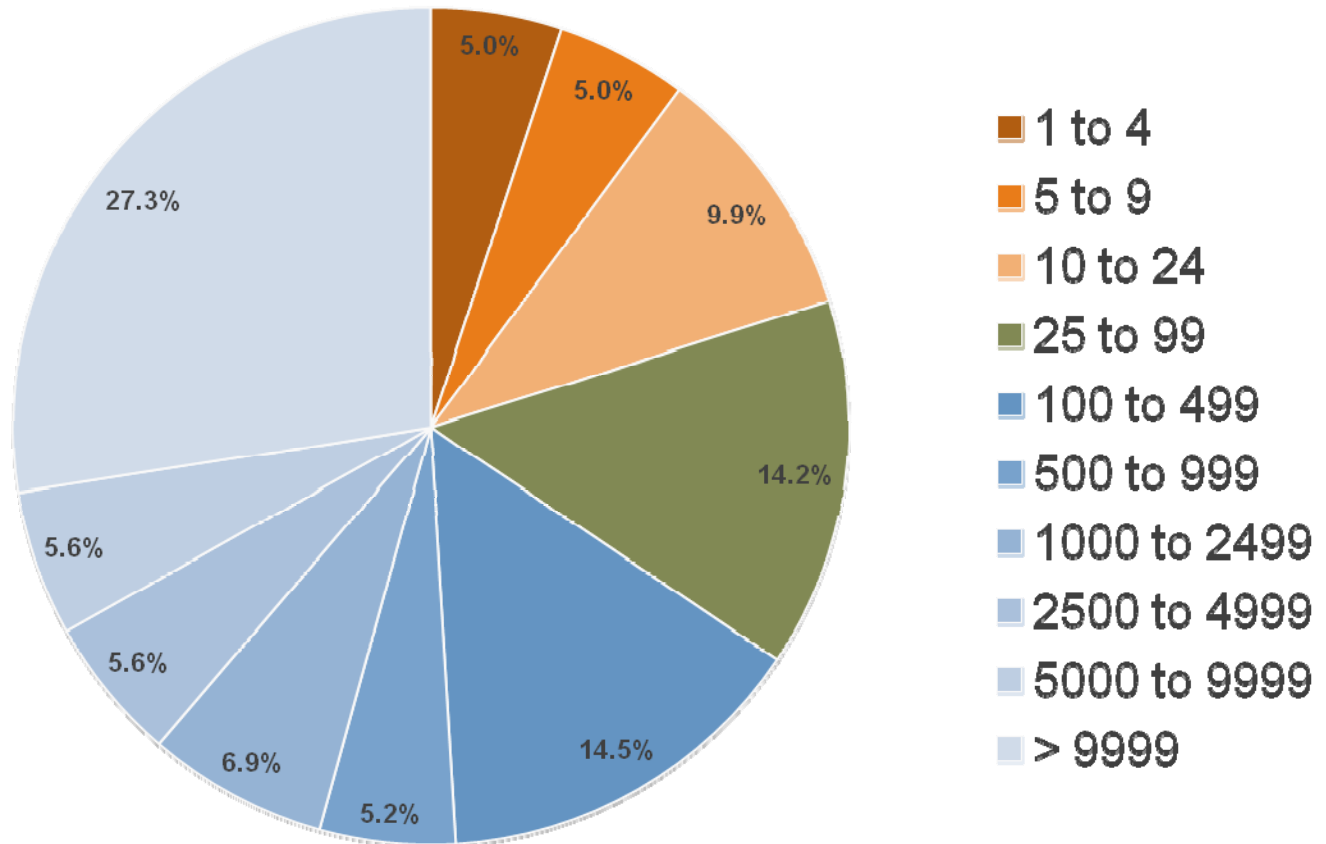
OUR DISCUSSION TODAY

- Small vs. Large Employers
- Other regulations on the horizon
- Employers responses
- Impact on providers
- Questions

PPACA and the Employer

PPACA and the Employer

Small vs. Large Employer (employees)



PPACA and the Employer

Small vs. Large Employer / Group

Provision	0 - 24	25 - 49	50 - 99	100 – 200	201 +
Employer Tax Credit					
Employer Mandate	2016		2015		
Exchange Offering	2014 (state option to limit to 50 until 2016)			2017	
SHOP Exchange					
Automatic Enrollment					
MLR	80% (state option to limit to 50 until 2016)			85%	
Cost Sharing Limits	OOP limit at HSA, No Deductible Limits			OOP Limit at HSA, Deductible \$2150/\$4300	

Employer size determined by ACA, Group size determined by State law

PPACA and the Employer

Timeline for Employer Compliance with ACA

Provision	2014	2015	2016	2017	2018
Wellness Incentives Increase (20%-30%)					
No Annual \$ Limits					
No Discrimination					
Pay or Play		Large (70%)	Large (95%) Medium (100%)		
Cadillac Tax					

PPACA and the Employer

EMPLOYER PENALTIES

- Trigger event is an Employee going to an Exchange and receiving a subsidy
- Failing to Offer Coverage
- Offering the Wrong Coverage
- IRS contacts employer, employer can rebut penalty
- If unsuccessful, penalty is \$2,000 x every full time employee less first 30
- Penalties are not tax deductible, and increase each year with inflation

PPACA and the Employer

GOVERNING THE NEXT TWO YEARS



- Device Tax
- Employer Mandate
- Risk Corridors
- Independent Payment Advisory Board
- Copper Plans

PPACA and the Employer

GOVERNING THE NEXT TWO YEARS



- Tax credits for Federally run Exchanges

Employer Responses

Employer Responses

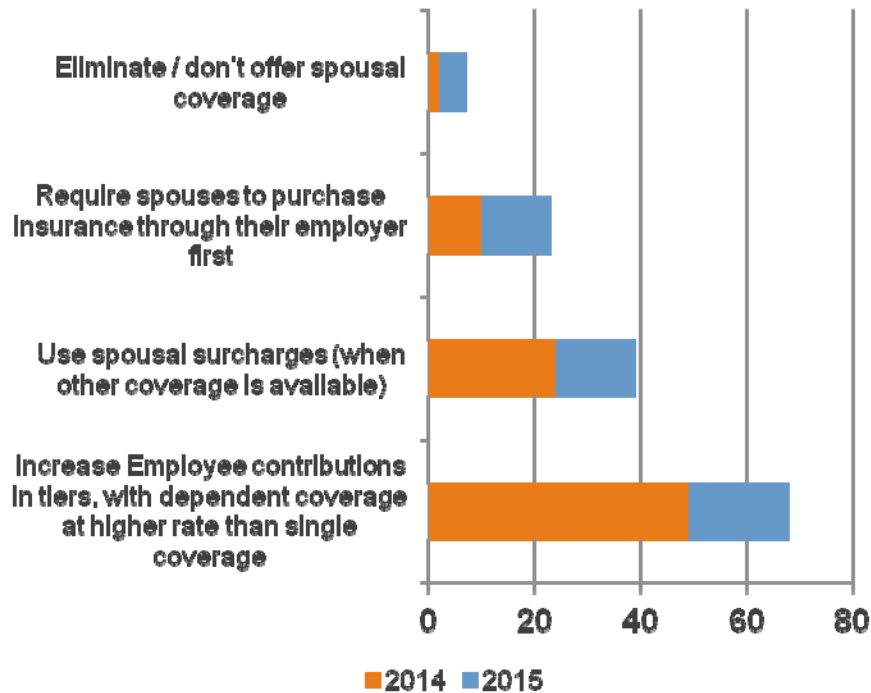
TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Incremental decline in firms offering health benefits
 - 2012 – 61%
 - 2013 – 57%
 - 2014 – 55%
- Employee participation holds steady
 - 77% of employees are eligible
 - 80% of employees eligible, accept
- Premium costs
 - Single coverage – Flat
 - Family coverage – Up 3%
- Retiree Coverage continue to see decades long decline
 - 66% in 1998
 - 25% in 2014

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Spousal Coverage



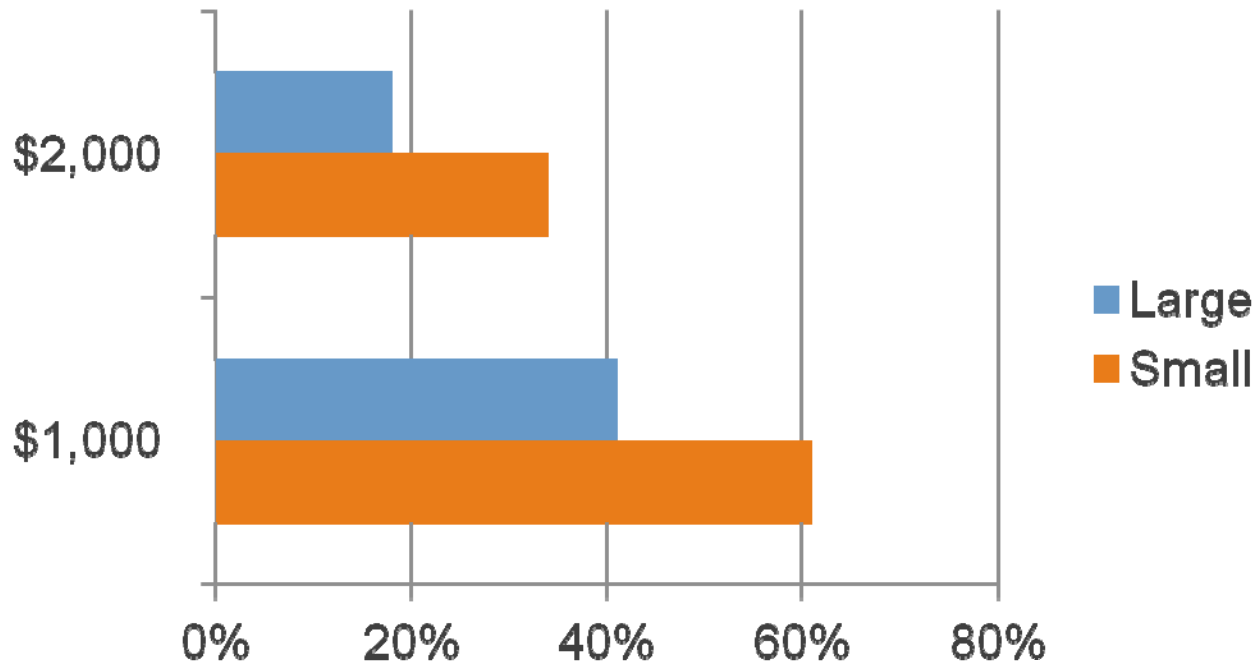
Towers Watson



Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Deductibles continue to increase (2x in past 5 years)



Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

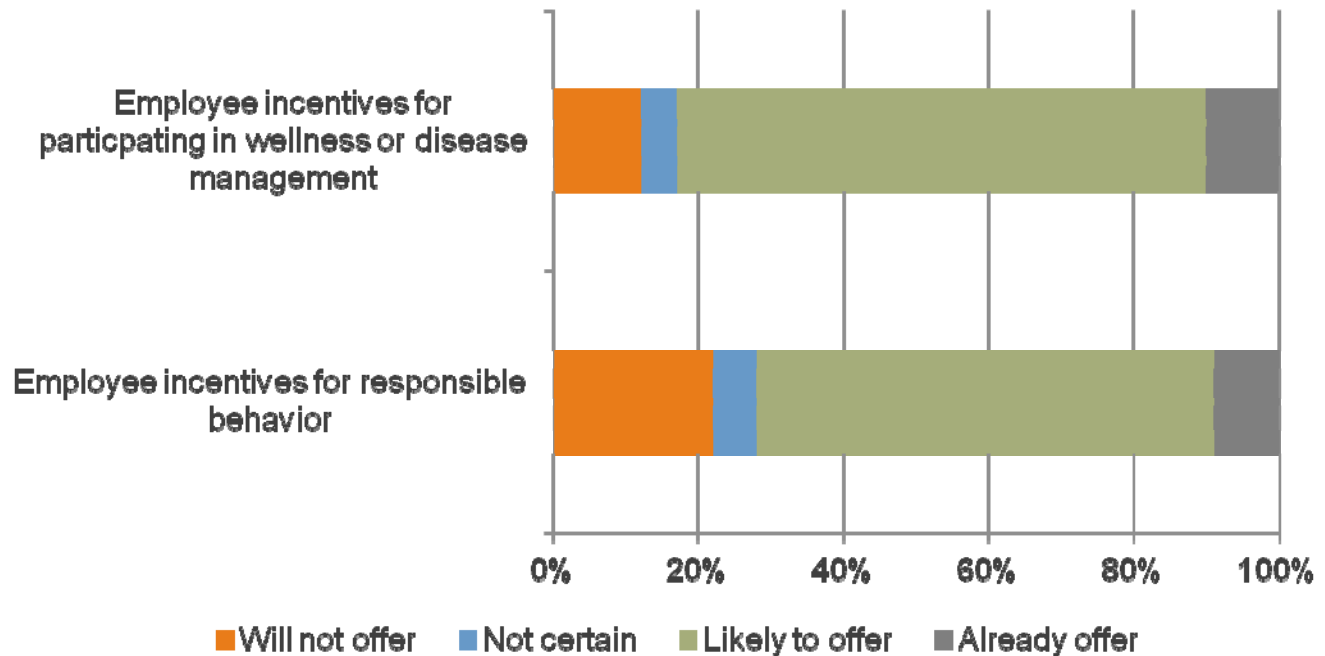
- Small business perspective on deductibles going forward

	Last 12 Months	Next 12 Months
Increase employees contribution	29%	42%
Reduce benefits offered	19%	29%
Drop coverage and give money to employees to purchase insurance	3%	23%
Change insurance company	12%	18%
Drop coverage	2%	15%

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Increasing emphasis on employee behavior



Health Research Institute Management Barometer Survey

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Referenced Based Pricing



- 68% of employers plan to adopt
- Pricing cap on services with a wide variation in costs
- Patients pay difference between reference price and the allowed charge
- Overall opportunity for minimum decrease in “overall” health spend of 1.6%
- Providers reducing prices to reference price

Aon Hewitt 2014 Health Care Survey

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Gating

60% of employers will require employees to complete a “task” before they can access richer benefit designs

Biometric screening
Health risk questionnaire



Aon Hewitt 2014 Health Care Survey

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Cost Transparency

- In 2015 71% of large employers will offer price transparency tools
- 92% of large employers plan to offer price transparency tools, up from 49% today
- 14% less for lab tests than the "non-searcher" group, accounting for an average cost savings of about \$3.45;
- 13% less for advanced imaging services, accounting for an average cost savings of about \$124.74; and
- 1% less for clinician visits, accounting for an average cost savings of about \$1.18

National Business Group on Health

(Comstock, [MobiHealthNews](#), 10/22/14).

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- **Narrow Networks**

- Aetna expects to be 1 to 4 percent lower in premium costs for Narrow Network products
- Blue Cross of California Blue Groove plan will be priced 10 to 15 percent below traditional plans
- Must re-define reasonable access

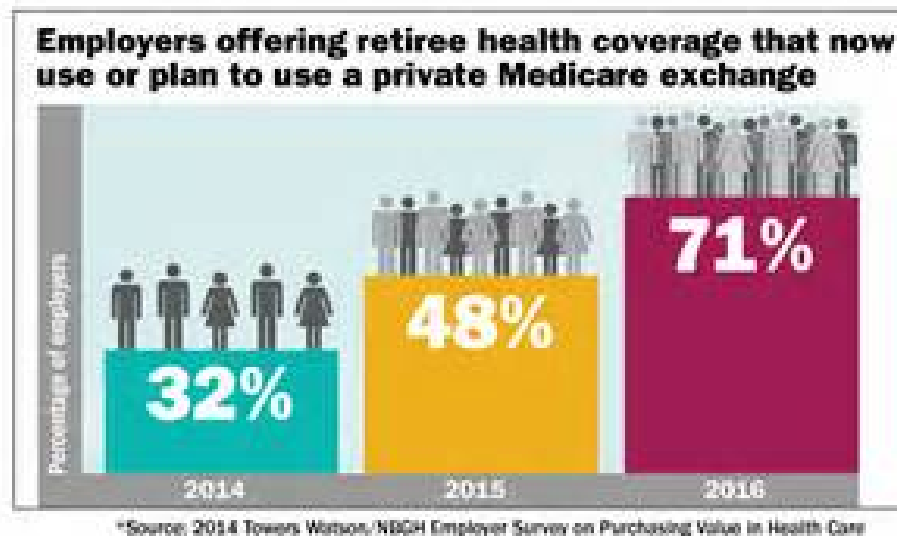


Managed Care Magazine, The Advisory Board

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Private Health Exchanges



- Mercer – 1.0 million lives
- Aon Hewitt 0.75 million lives
- Aetna
- Cigna
- hCentive
- Healthcare Solutions Team

Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- “Skinny” Plans – technically compliant

- Employers shielded from penalties by offering affordability and value, but no inpatient care or outpatient treatment
- Individuals avoid penalty by enrollment in “minimally essential coverage”
- Attractive to “low wage” industries

www.shrm.org, Modern Healthcare Magazine



Employer Responses

TRENDS IN EMPLOYER SPONSORED HEALTH BENEFITS

- Specialty Rx Benefits



- 74% of employers will require step therapy (less expensive med first)
- 33% will use a freestanding specialty pharmacy
- 29% will approve coverage for 30 day supply to test effectiveness

www.uhcpharmacyinfocus.com; www.shrm.org

Impact on Providers

Impact on Providers

PRICES MATTER

- Bundled payments
- Elimination of “gag” clauses between health systems and insurers
- Public tools on both utilization and prices
- New market entrants for lab, remote health

Impact on Providers

STRATEGIES ON BECOMING THE HEALTH FACILITATOR

- Lifelong engagement
- Data aggregator
 - Personal health information
 - Timely notification
- Neighborhood wellness

Impact on Providers

COST MANAGEMENT

- Benchmarking
- Streamline overhead
- Labor Efficiency and Plant Utilization
 - Duplication within systems
- Supply Chain
 - Regionalization
 - 3D printing

Questions

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