Most employers to keep sponsoring health care plans: Survey
February 28, 2013
Business Insurance

Faced with a stiff financial health care reform law penalty and other financial costs, the overwhelming majority of employers intend to keep sponsoring health care plans, with many planning design changes, according to a new survey.

Released Thursday, the Aon Hewitt survey of nearly 800 large and midsize employers found that just 6% of respondents intend to completely exit the health care system over the next three to five years.

The finding is not surprising, says Jim Winkler, chief innovation officer in Norwalk, Conn., with Aon Hewitt's U.S. health and benefits practice.

"The allure of exiting completely is strong until you look at the numbers. Between the (Patient Protection and Affordable Care Act) penalties for failing to offer coverage and the ensuing talent flight risk, most employers believe they need to continue to play a role in employee health," Mr. Winkler said in a statement.

Under the health care reform law, employers with at least 50 employees that do not offer coverage will, starting in 2014, be liable for a non-tax-deductible penalty of $2,000 for each full-time employee. In addition, for competitive reasons, many likely would have to gross up employees' salaries to offset at least some of the cost those employees would face in buying coverage on their own.

Health care plan designs could change

Many employers, though, are considering changing plan design and the way coverage is offered.

For example, 37% of employers said that over the next three to five years, they expect to adopt what Aon Hewitt describes as a "house money/house rules approach." Under that approach, employers might reduce premiums for employees who take health risk questionnaires or biometric screenings, for example. Others might waive prescription drug copayments for employees who can demonstrate they are following their doctor's orders with regard to chronic conditions, Aon Hewitt said.

In addition, 28% of respondents said they expect to move to private health insurance exchanges over the next three to five years. Under that approach, employees receive a fixed monetary credit to use to purchase coverage available through insurers offering policies through the exchange.

"While this option may not be a fit for every employer, it is increasingly attractive to those organizations that want to offer employees health care choice while lowering future cost trends and lessening the administrative burden associated with sponsoring a health plan," Mr. Winkler said.

Some employers already are offering employees and retirees coverage through private exchanges. For example, Aon Hewitt last year launched an exchange in which about 100,000 employees, including U.S. employees of parent company Aon P.L.C., as well as Sears Holding Corp. of Hoffman Estates, Ill., and Darden Restaurants Inc. of Orlando, Fla. — selected and enrolled in plans offered through the exchange.