Health & Well-Being Touchstone Survey Results Issued

According to new benefit survey results from the national accounting and consulting firm PriceWaterhouseCoopers (PWC), medical plan costs continue to increase but employers are expecting that the rate of increase will start to dampen. In their annual touchstone survey of employers from June 2017, the survey results offer a wide ranging set of findings that are noteworthy for employers and plan sponsors. The headlines are below:

- Plan design changes contributed toward slightly lower-than-expected increases in 2016. The average increase in 2016 was 6.8% before plan design changes and 3.6% after plan design changes; in 2017, participants expect to see a 6.0% increase before plan design changes and a 3.2% increase after plan design changes.
- Participants are increasing contributions in the form of surcharges for spouse, domestic partner, and dependent coverage; this may be contributing toward a decrease in enrolled family size and slowing the rise in net employer spend.
    - 28%, 17% and 12% of participants apply surcharges to spouse, domestic partner, and dependent coverage, respectively, in 2017, compared to 19%, 12%, and 2% in 2016 – a significant increase.
    - The net spend across all coverage tiers dropped by 1.3%, even though net spend for single coverage continues to rise and a 3.8% medical plan cost increase was expected. This is likely tied to the use of surcharges resulting in a different mix of single and family enrollment.
    - The percentage of employees opting out of medical coverage entirely has remained roughly constant (17% in 2017 versus 16% in 2016); however, more employees are enrolling in single coverage (47% in 2017 compared to 41% in 2016).
- Participants are using preferred provider organizations (PPOs) less and high deductible health plans (HDHPs) more. PPOs are the highest-enrolled plan 44% of the time, compared to 46% in 2016 and 60% in 2009. HDHPs are the highest-enrolled plan 34% of the time, up from 32% in 2016 and 8% in 2009. The shift is likely driven by changing employer offerings: 73% of participants offer an HDHP, 25% of participants have adopted a full-replacement HDHP, and an additional 28% are considering adopting an HDHP-only strategy in the next three years. When offered, PPO plans are still more popular among employees.
- Most participants would not change employee eligibility for healthcare coverage, even if the requirements to offer coverage to full-time employees were lifted. Regardless of what happens with the Affordable Care Act (ACA), participants plan to uphold the eligibility requirements (Table 1).

- Overall, larger employers are the most likely to continue various ACA plan design mandates if they are repealed: 78% of large employers would continue to pay required preventive services at 100%, compared to 67% of small employers. Midsized employers are more inclined to continue no dollar limits on essential health benefits than other sized employers. 17% percent of small employers would not continue any of the key ACA plan design mandates if repealed, compared to only 8% of large employers.
- Wellness/well-being continues to be a focus area for participants, with 42% of participants planning to add or expand their wellness programs in the next three years. At the same time, 7% of participants intend to reduce or eliminate out-of-network benefits, indicating a shift toward controlling costs through network design. (Table 2).

The survey data contains detailed benefits information provided by 788 large participating employers in 37 different industries across the US.

Table 1. Benefits that employers would continue to offer if the ACA is repealed, by employer size

	<1,000 employees	1,000-4,999 employees	5,000+ employees	All participants
Pay required preventive services at 100%	67%	74%	78%	72%
Not include pre-existing condition limitations	53	69	72	63
Not have a waiting period longer than 90 days	59	57	66	60
Continue to limit out-of-pocket limits	53	61	64	59
Not require preauthorization for OB/GYN services from in-network providers	53	60	68	59
No lifetime dollar limits on essential health benefits	54	61	58	57
No annual dollar limits on essential health benefits	47	61	56	53
Allow for external review of final benefit decisions	30	37	47	37
Cover routine costs for members enrolled in clinical trials	24	27	35	28
None of the above	17	9	8	13

Note: Participants could choose more than one answer.
Source: PwC, June 2017

Table 2. Employer current and future health care benefit offerings.				
	Offered now	Add/ expand benefit	Eliminate/ reduce benefit	No changes planned
Dental coverage	97%	4%	2%	94%
Life and AD&D insurance	97	4	1	95
Disability programs	95	8	3	88
Out-of-network benefits	92	0	7	93
Vision coverage	90	4	1	95
Dependent care FSA	88	1	1	98
Healthcare FSA	88	3	1	96
Wellness/well-being programs	81	42	2	56
Voluntary benefits	79	27	1	72
Medical coverage for part-time employees	48	2	1	97
Retiree medical benefits	35	2	7	91

Note: AD&D = accidental death and dismemberment; FSA = Flexible spending account.
Source: PwC, June 2017

Please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 with any questions.