



benefitNEWS

Perspective on Healthcare Reform

More than a year after the passage of the Patient Protection and Affordable Care Act (“healthcare reform”), questions linger about the effect the sweeping law will have on the healthcare delivery system, cost, quality and the employer-based model for benefits. While the government continues to issue a blitz of regulations regarding implementation, many questions remain. In order to inventory a good baseline of what we know thus far, Conner Strong & Buckelew issued the “Healthcare Reform Survey: What We Know and What’s Coming.”

The web survey was issued in August 2011 to Conner Strong & Buckelew clients, prospective clients and other businesses that receive our regular industry and regulatory updates. The survey was sent to employers in all industry segments, including commercial accounts and governmental entities. In excess of seventy five (75) individual employers responded to the survey providing a solid base of information. Most of the respondents are East Coast headquartered businesses offering comprehensive employee benefits to full-time associates.

The survey results are intended to represent what is “on the minds of business and HR leaders” as the healthcare issue continues to be front and center on the public docket. Highlights of the survey results are below:

- Certain aspects of healthcare reform began to impact employers in 2011. 28% reported that healthcare reform added an additional 6% to their 2011 benefits plan renewal costs. 24% reported that reform added between 4% and 6% to their 2011 renewal costs.
- In thinking ahead to 2012, 32% of respondents expect minimal increases attributed to healthcare reform. However, the results were mixed as another 20% expected a larger increase related to reform.
- A good deal of concern remains about the short and long term impact of the law. Towards that end, a full 52% of respondents are concerned about their ability to offer benefits to their workers in the future. Yet uncertainty remains a constant when it comes to the law. Whether it’s the upcoming presidential election or the ongoing court battles, a full 44% say it’s still too early to truly measure the impact of the law. 32% do believe it will have a negative impact on their business. In the end, 40% of respondents believe that Congress or the courts will not alter or revoke the law. 36% believe changes may be made and 24% are unsure.
- In thinking ahead, close to 50% of respondents are planning to make plan design/coverage changes to their benefit plans to contend with the impact of healthcare reform.
- 2014 is when major pieces of the law will take effect. For example, the advent of state exchanges and penalties on employers that may not offer coverage (or offer inadequate

coverage) take effect. Perhaps due to the uncertainty of the law or a lack of appreciation for the magnitude for the 2014 changes, 56% of respondents have yet to formally begin to plan for its impact.

- Come 2014, many employers will have to decide whether to continue to offer coverage or pay a penalty to the government. The issue has gained a good deal of attention as employers and plan sponsors have begun to calculate the cost of coverage versus the cost of the penalty. Some 60% of respondents have indicated they do not plan to eliminate coverage. 28% are still evaluating the matter in greater detail.
- In examining the issue of dropping coverage for workers, 96% of respondents say it is important to their business culture that they continue to offer benefits. Furthermore, 92% believe that if they did drop coverage, it would be received unfavorably by their employees.
- When thinking of the full impact of the law and areas of concern, 68% of respondents are concerned with its anticipated new costs. 60% indicated they were concerned with the many unknown aspects of the law while 56% said they were concerned with costs that insurance companies may pass along.
- In spite of the overwhelming information available about the law and its near-term impact, when asked if they had enough information to make important business and benefit decisions, some 60% of respondents said they did not. 64% reported that their employees also did not understand the changes related to the law.
- The impact of the law has forced organizations to engage senior leaders in examining its impact. Towards that end, 64% of respondents report that c-suite level executives have been involved and engaged in making decisions related to the law. Yet, only 28% report having created a formal committee or process to review the impact of the law on an ongoing basis.

Conner Strong & Buckelew regularly monitors the issues related to healthcare reform and has created an on-line repository of information and materials related to the law. Click [here](#) to access these unique on-line tools.

To access the entire survey results, click [here](#).

If you have questions related to healthcare reform and how it may impact your business, contact your Conner Strong & Buckelew account representative.



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