

THE IMPACT OF THE AFFORDABLE CARE ACT ON LARGE EMPLOYERS

May 13, 2014



Health Care Reform: Are We There Yet?

Mercer's 7th Annual Health Care Reform Survey

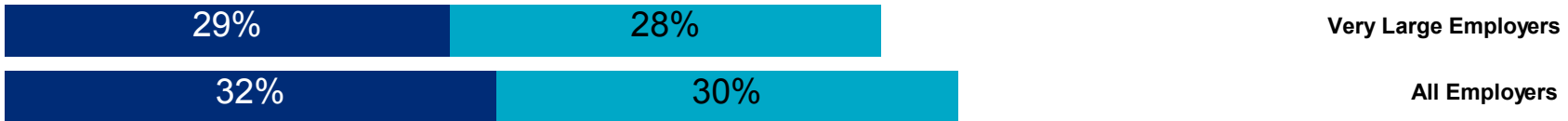
- What's the Worry?
 - Administrative and Communication Burdens
 - Higher Taxes: Fees and Excise Tax
 - Higher Enrollment
 - Plan Value and Affordability
- Why Most Employers Remain Committed to Plan Sponsorship

Areas of significant or very significant concern for the employers' organization under the ACA

Increased administrative burden



Having to pay excise tax on high-cost plans



Higher enrollment in plans



Higher cost due to minimum value rule



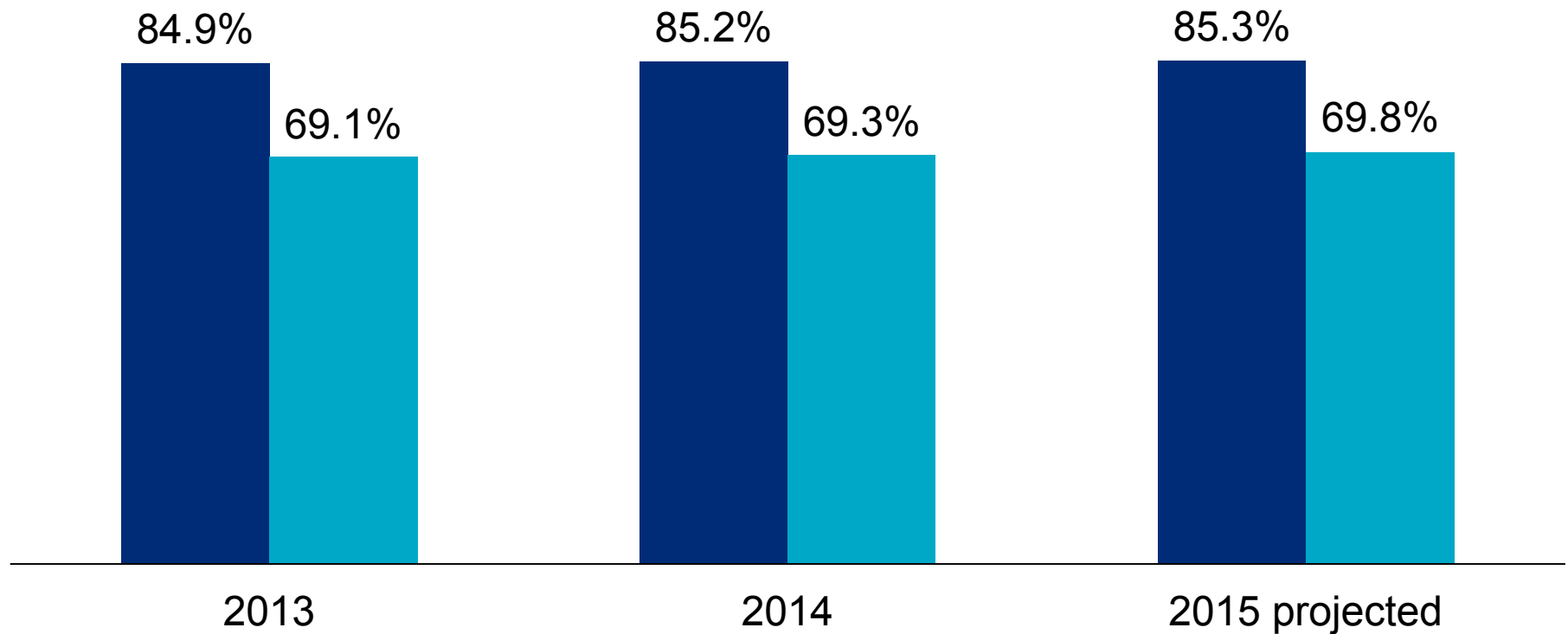
Lower employee contributions to comply with affordability requirement



■ Very significant ■ Significant

Only minimal increase in employer health plan enrollment in 2014

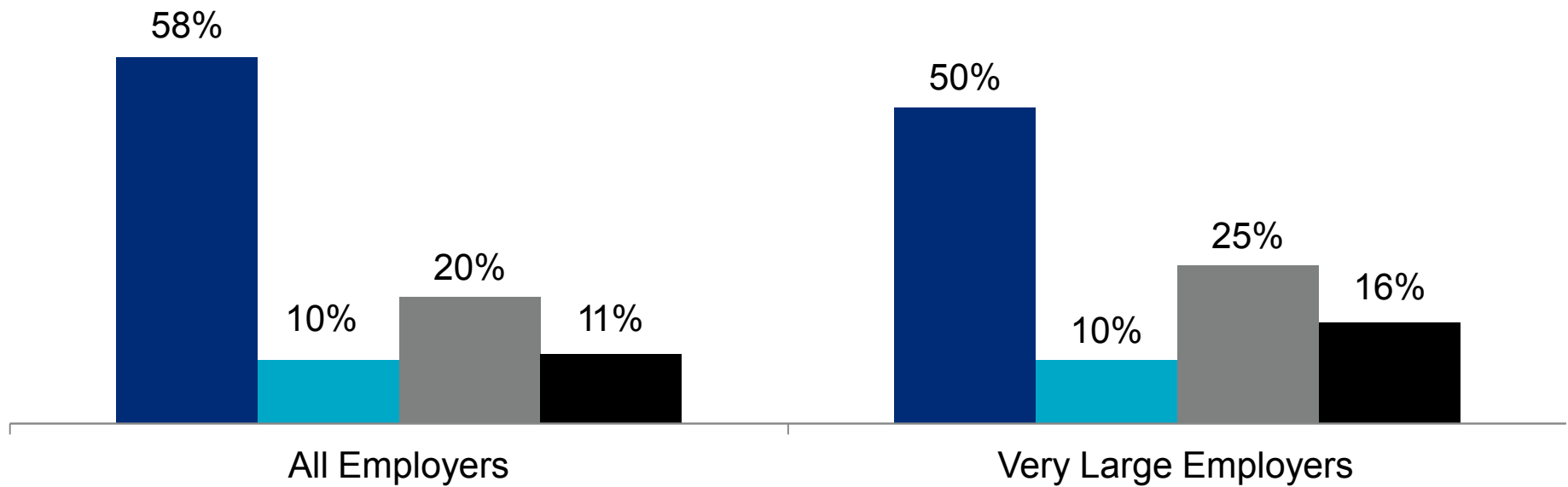
- Average % of employees eligible for health coverage
- Average % of all employees enrolled



Employer response to the delay in the effective date (from 2014 to 2015) for penalties associated with the shared responsibility requirements

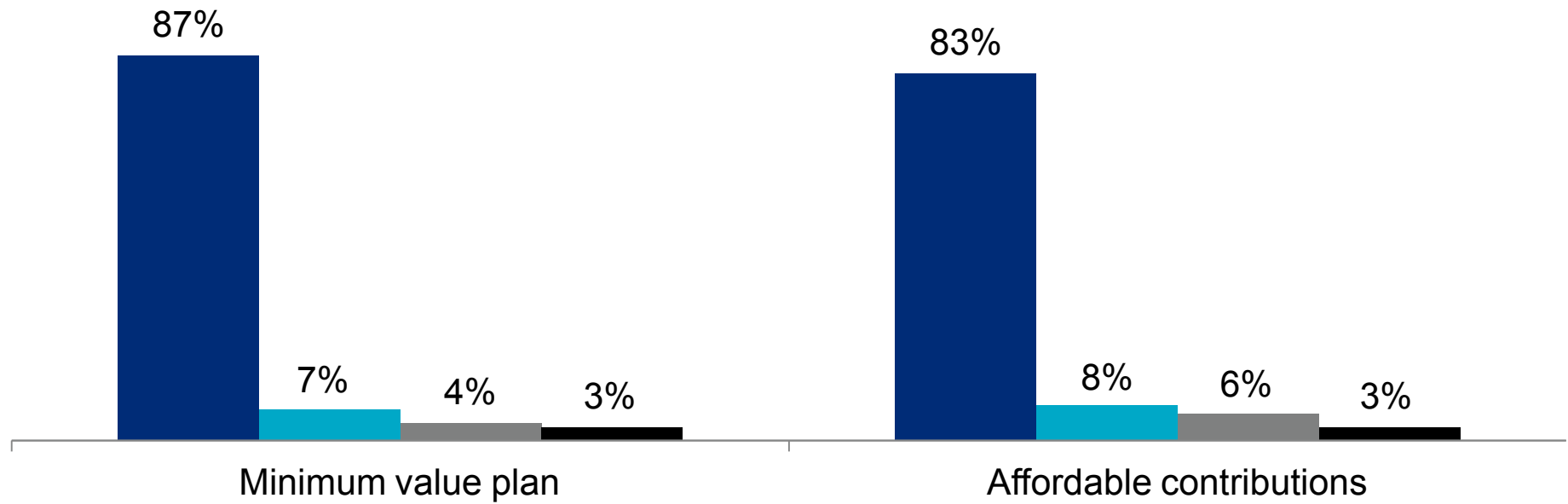
Extend eligibility to all Employees working 30+ hours

- Already in compliance
- Made changes to comply in 2014
- Will make changes to comply in 2015
- Waiting for final regs before making changes

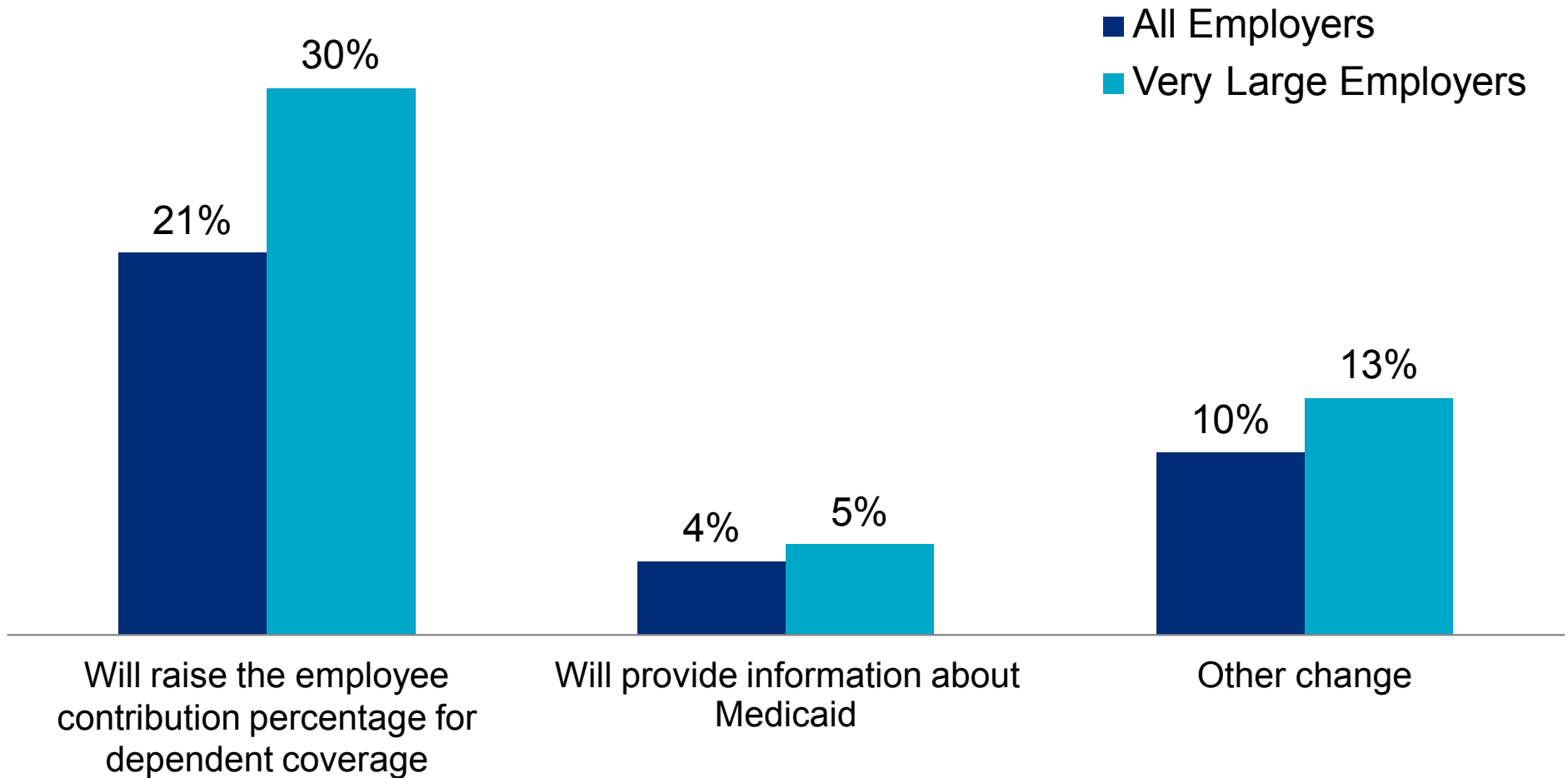


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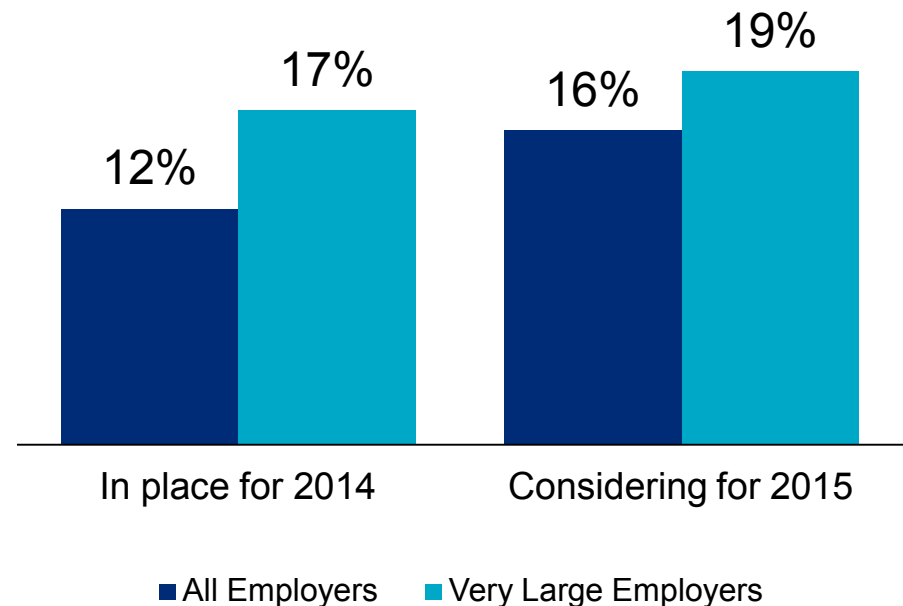
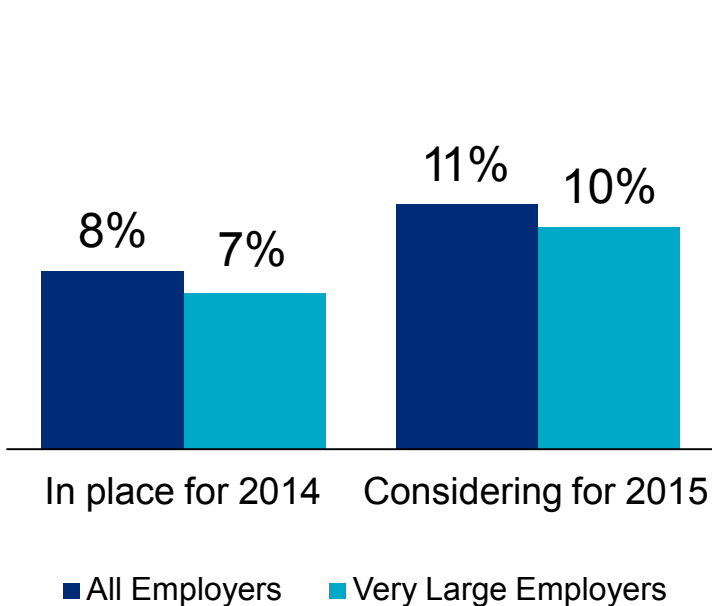
Changes to health plan contribution strategy to manage growth in the number of employees electing dependent coverage



Special provisions concerning employees' spouses who have other coverage available

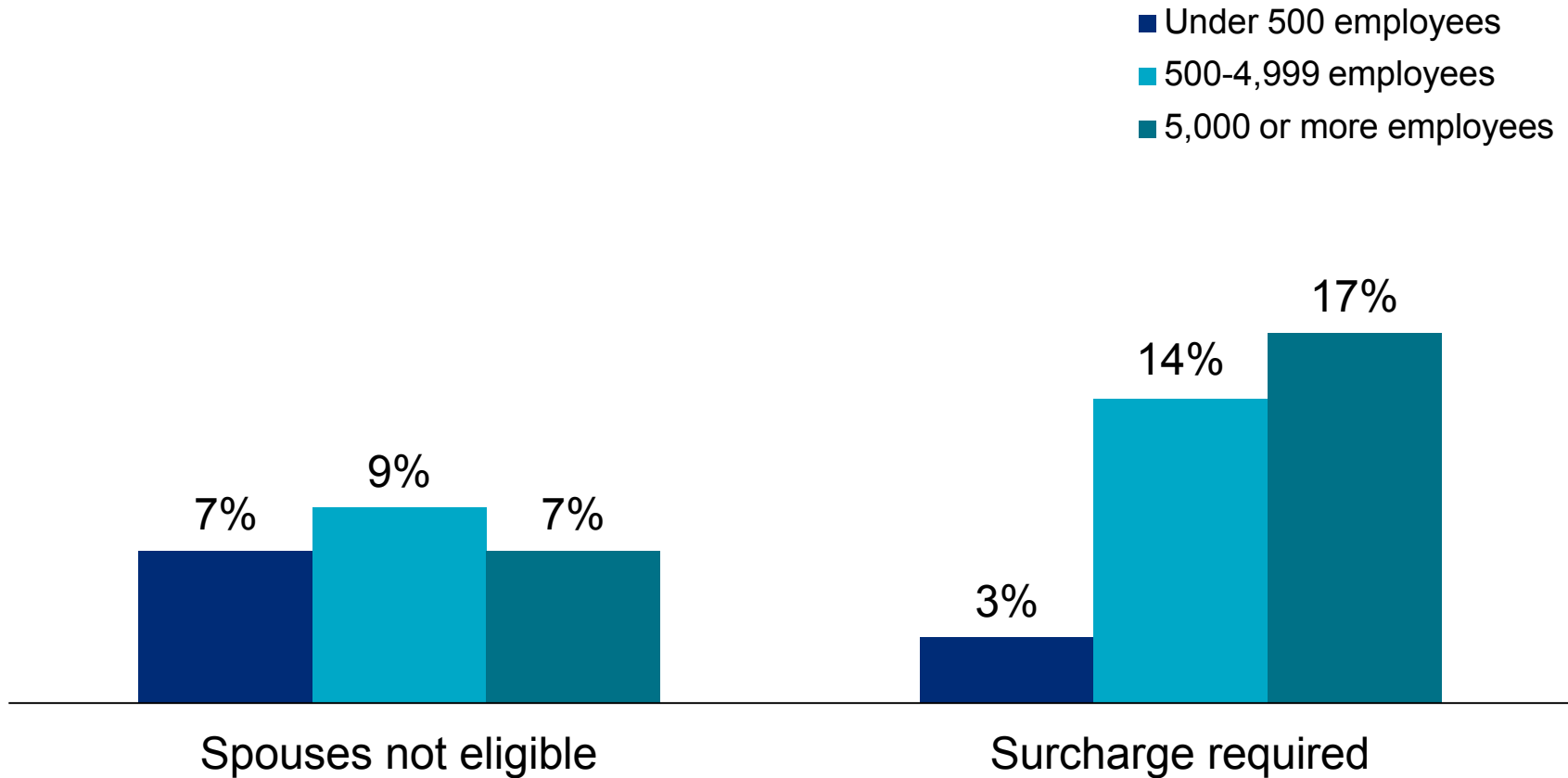
Spouses not eligible

Surcharge required



Larger employers prefer spousal surcharge to exclusion

Special provisions concerning employees' spouses who have other coverage available, by employer size

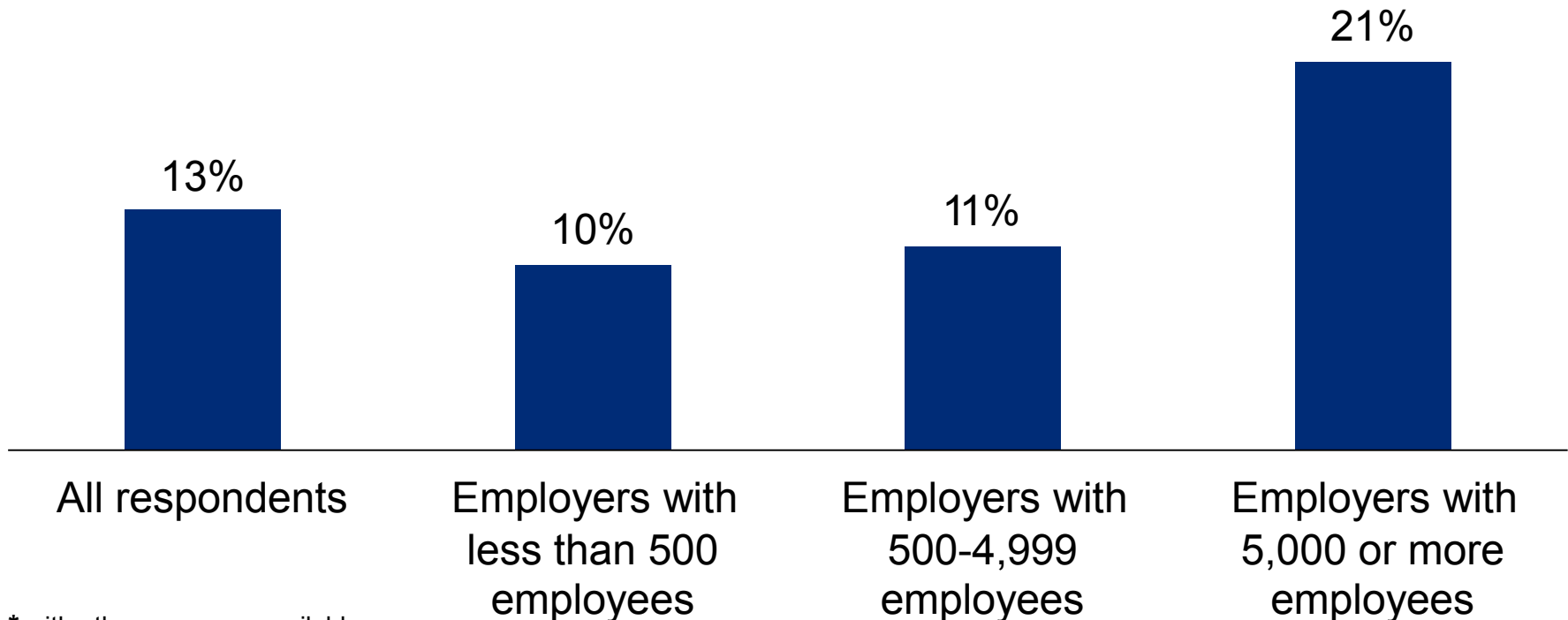


Percent of covered spouses* exiting the plan the first year the spousal surcharge / exclusion was in place

Among respondents that have a spousal surcharge / exclusion

Among All Respondents:

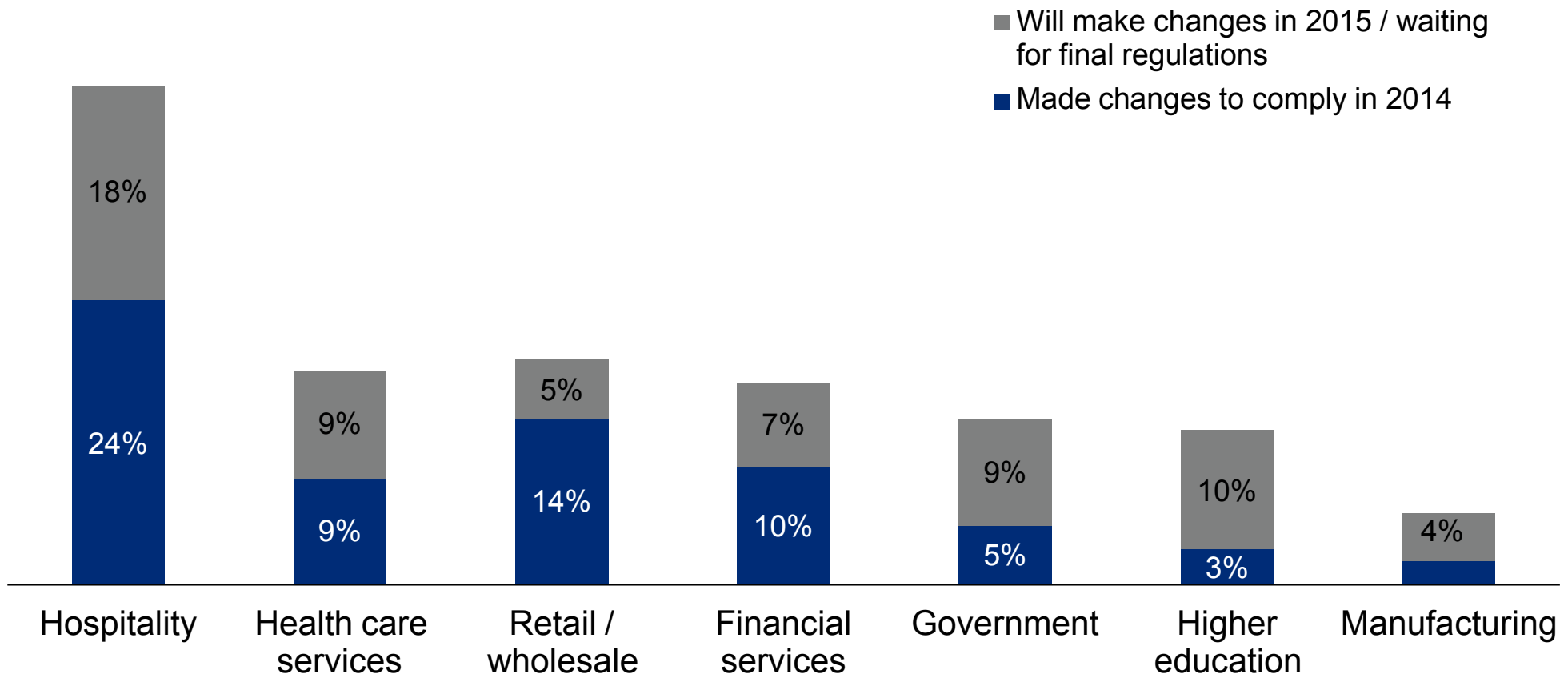
Spouses not covered	18% exited
Surcharge required	11% exited



* with other coverage available

Affordable contributions rule affects relatively few employers outside of hospitality and retail sectors

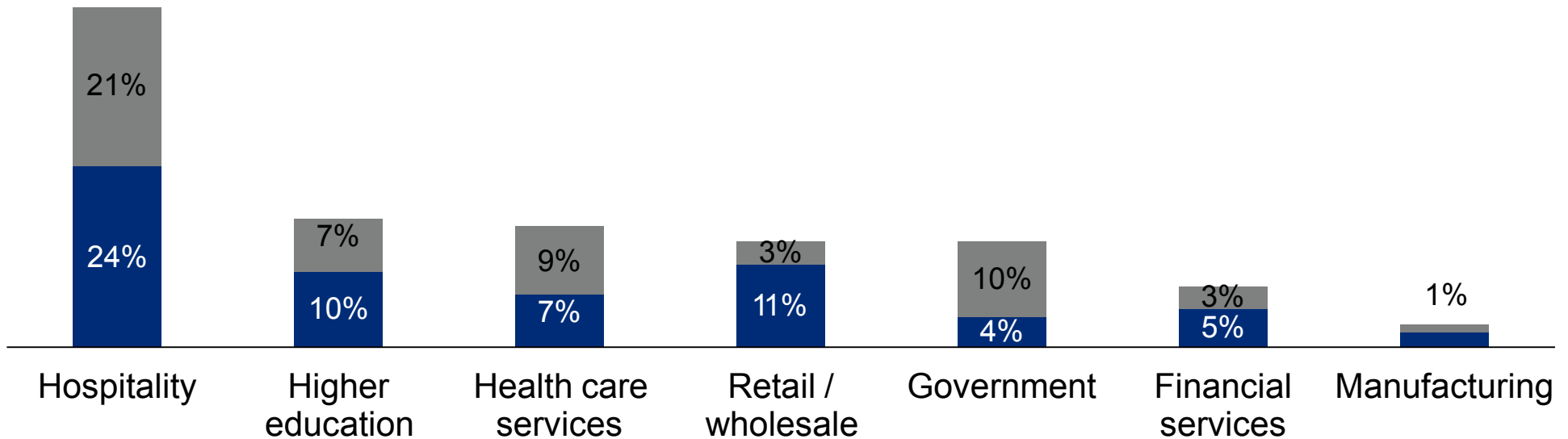
Percent of respondents that needed to make changes to comply



Minimum plan value requirement affects nearly half of hospitality employers, but relatively few in other sectors

Percent of respondents that needed to make changes to comply

- Will make changes in 2015 / waiting for final regulations
- Made changes to comply in 2014



Average actuarial value of plans offered in 2014

**When one plan only
is provided**

**When 2 or more plans
are offered**

79%



Only plan

77%



Lowest-cost plan

83%

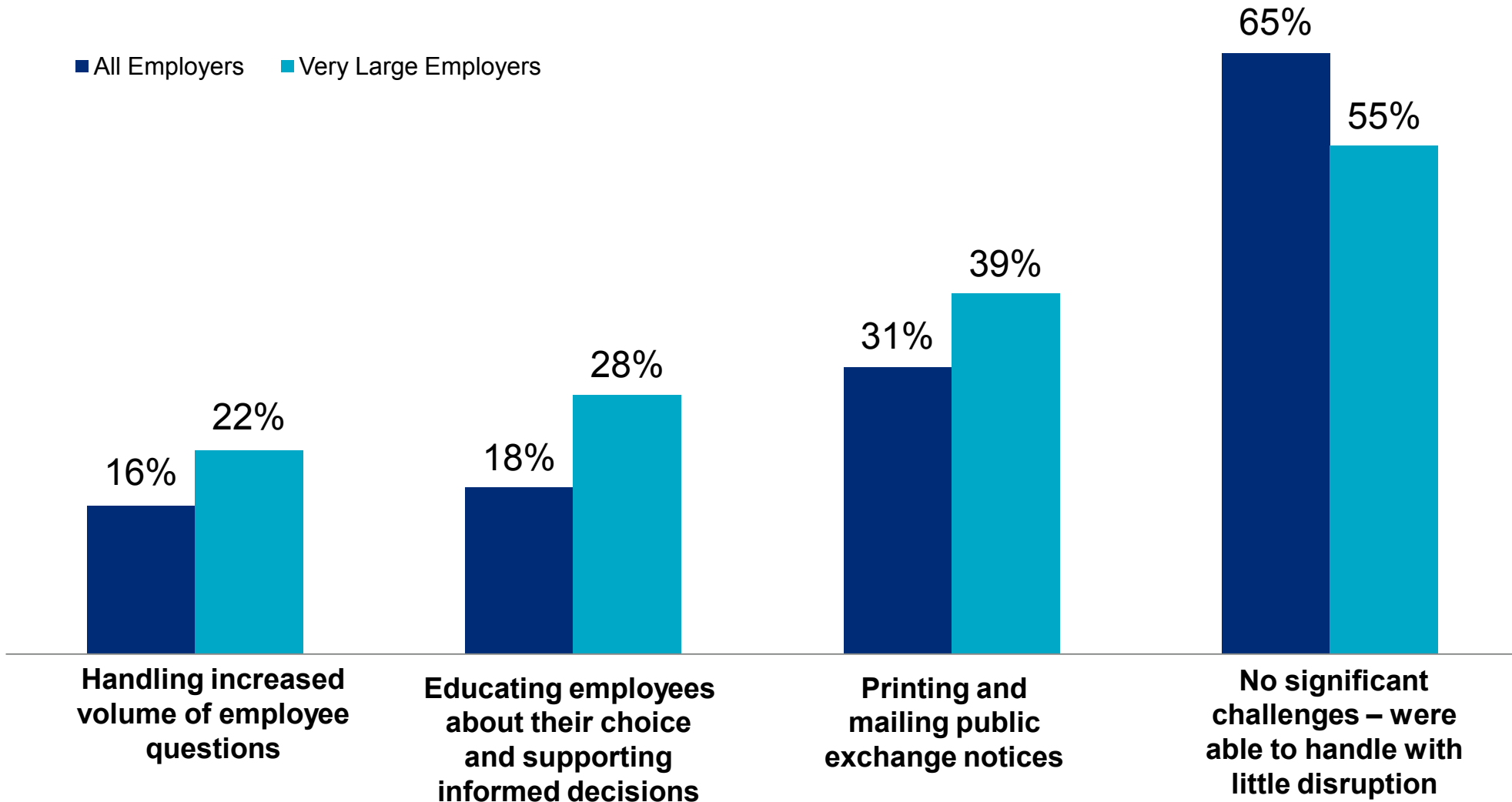


Highest-cost

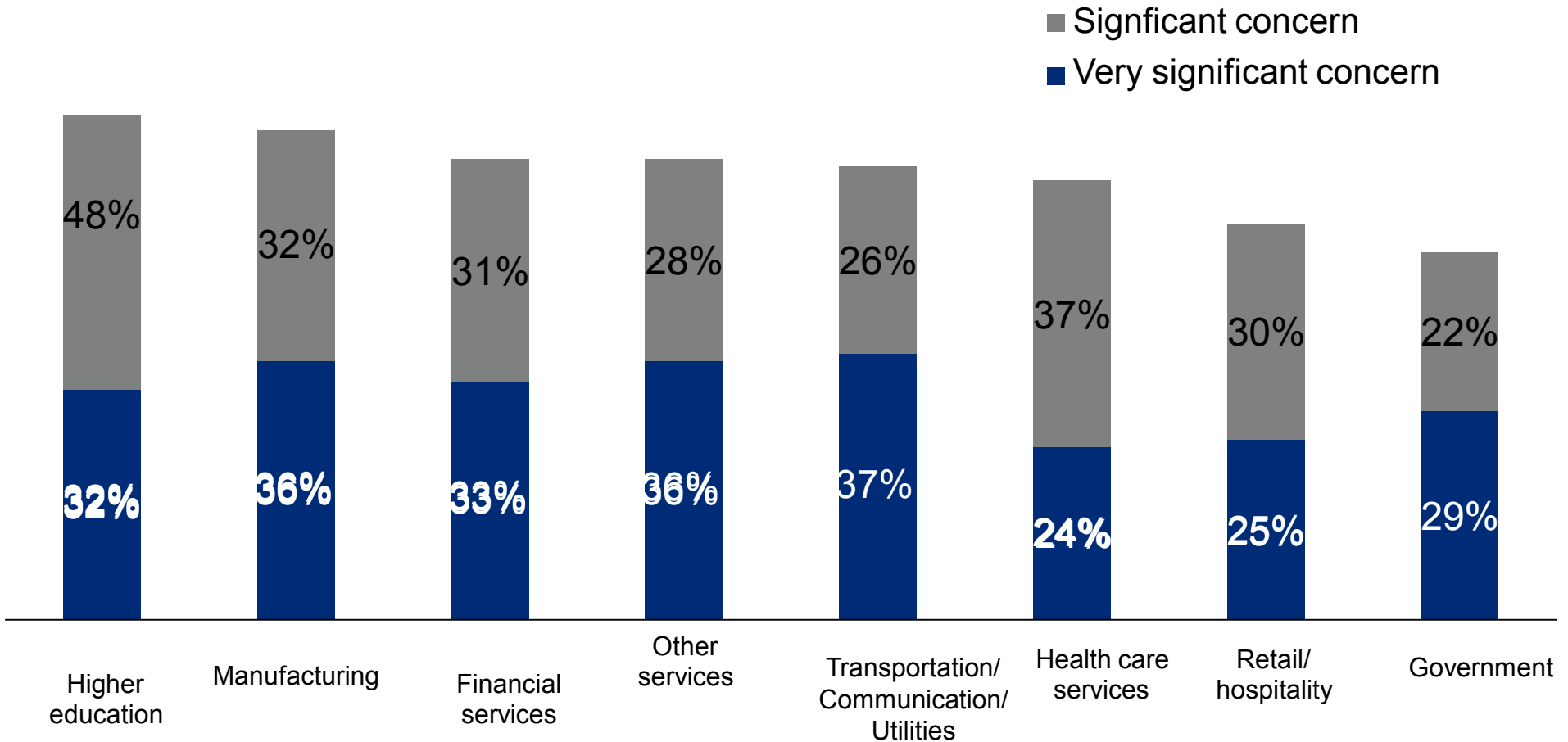
New communication requirements under the ACA

Percent of respondents that found task to be a “significant challenge”

■ All Employers ■ Very Large Employers

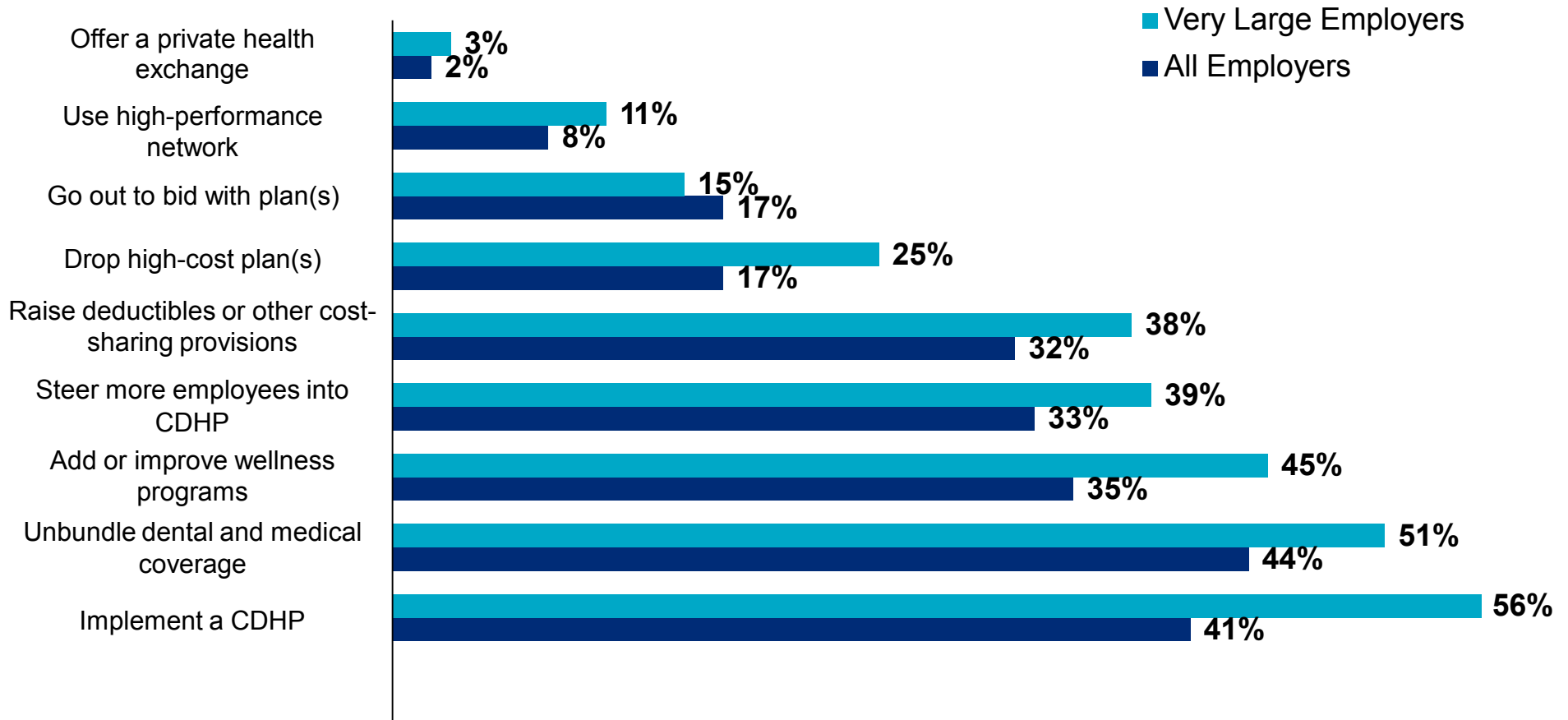


The excise tax on high-cost plans is a significant concern for the majority of respondents

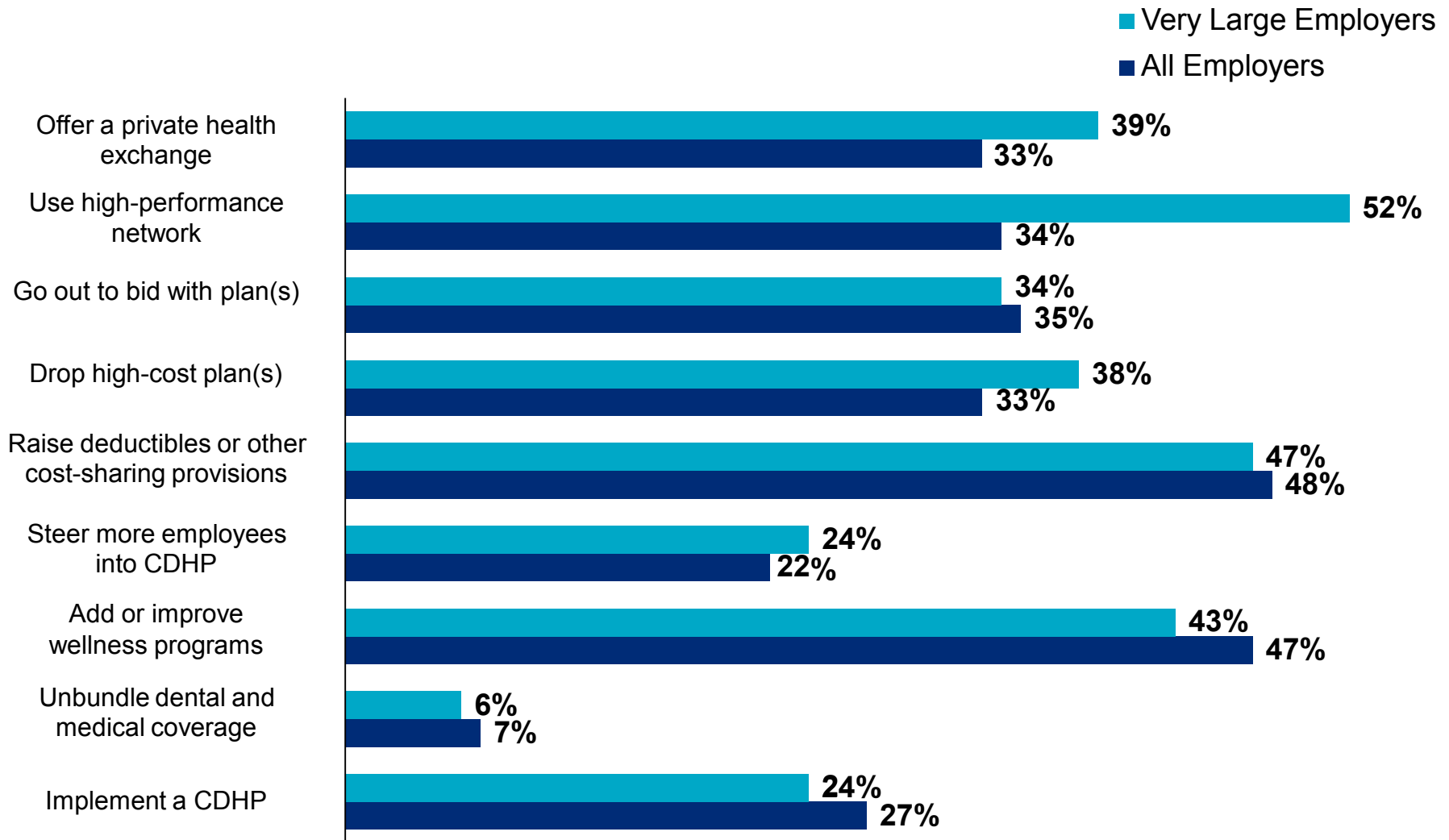


Among all employers, 62% are significantly concerned about the excise tax and among very large employers, 57% are significantly concerned

Have taken actions to avoid or minimize the impact of the excise tax on high-cost plans

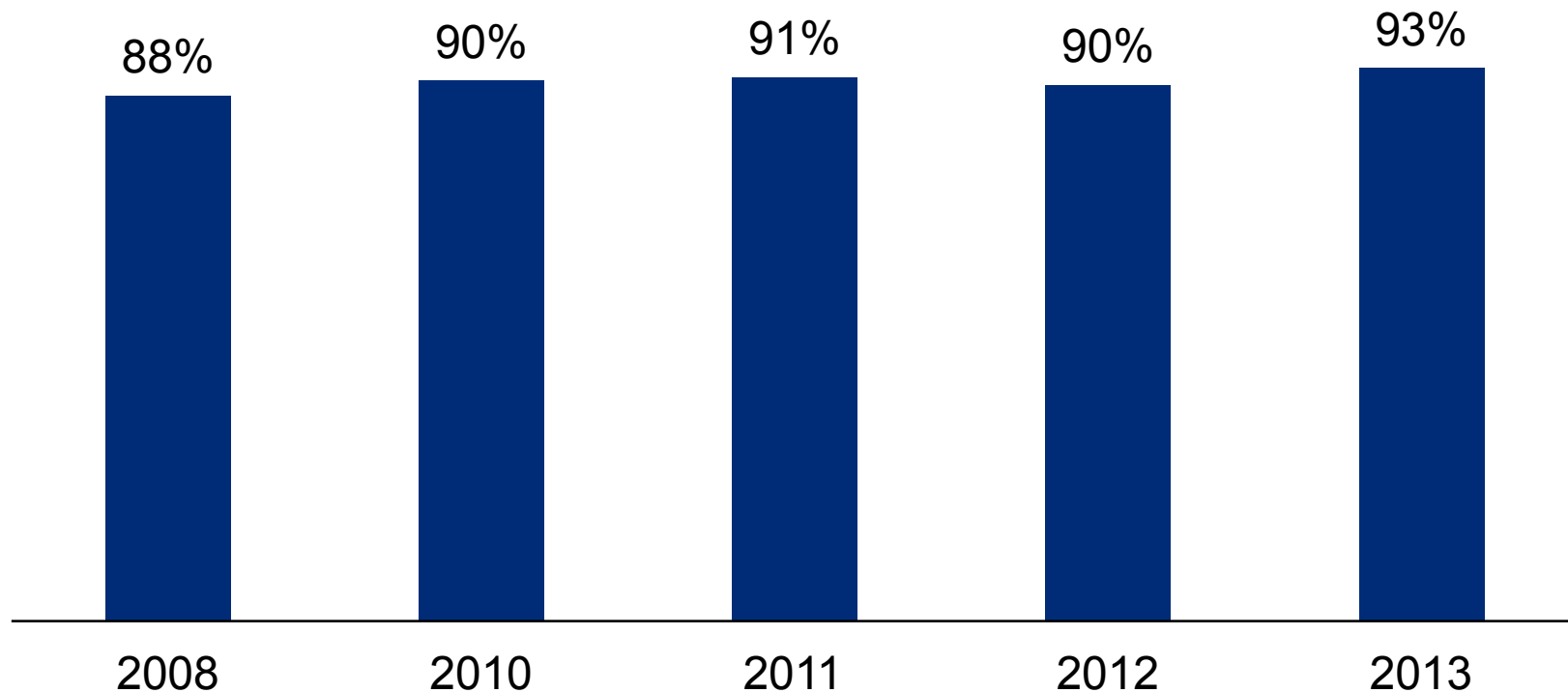


Considering actions to avoid or minimize the impact of the excise tax on high-cost plans



Perceived value of benefits: “Getting health benefits through work is just as important to me as getting a salary”

Percent of employees who “strongly or somewhat agree”



Source: Mercer Workplace Survey, 2013

Large employers remain committed to offering health coverage

Percent of employers that say they are “very likely” or “likely” to terminate plans within the next five years

