



America's Health
Insurance Plans

The Future of Employer-Sponsored Health Insurance

South Dakota Chamber of Commerce & Industry

Sioux Falls, SD

November 10, 2016

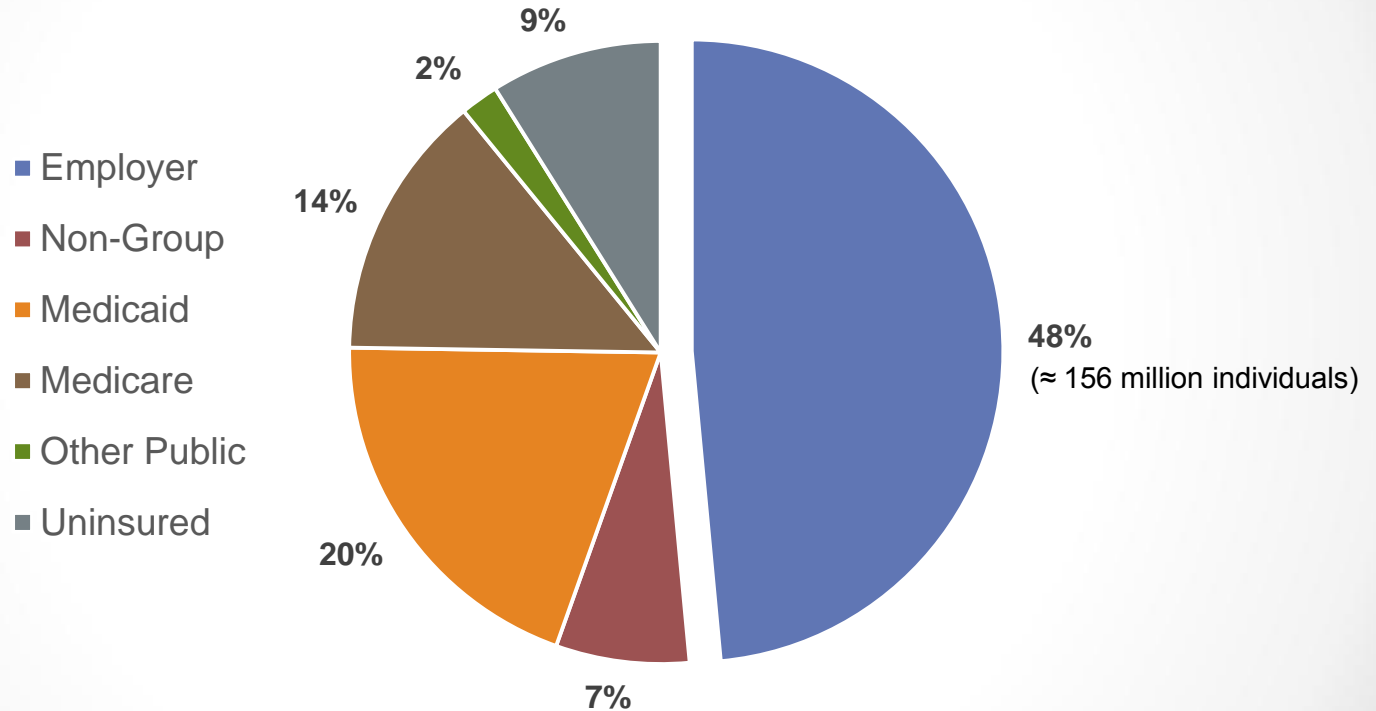
Gregory Gierer
Vice President, Policy & Regulatory Affairs

Agenda

- I. Trends in Employer-Sponsored Insurance (ESI)
- II. Best Practices and Innovation
- III. Public Policies to Build on ESI

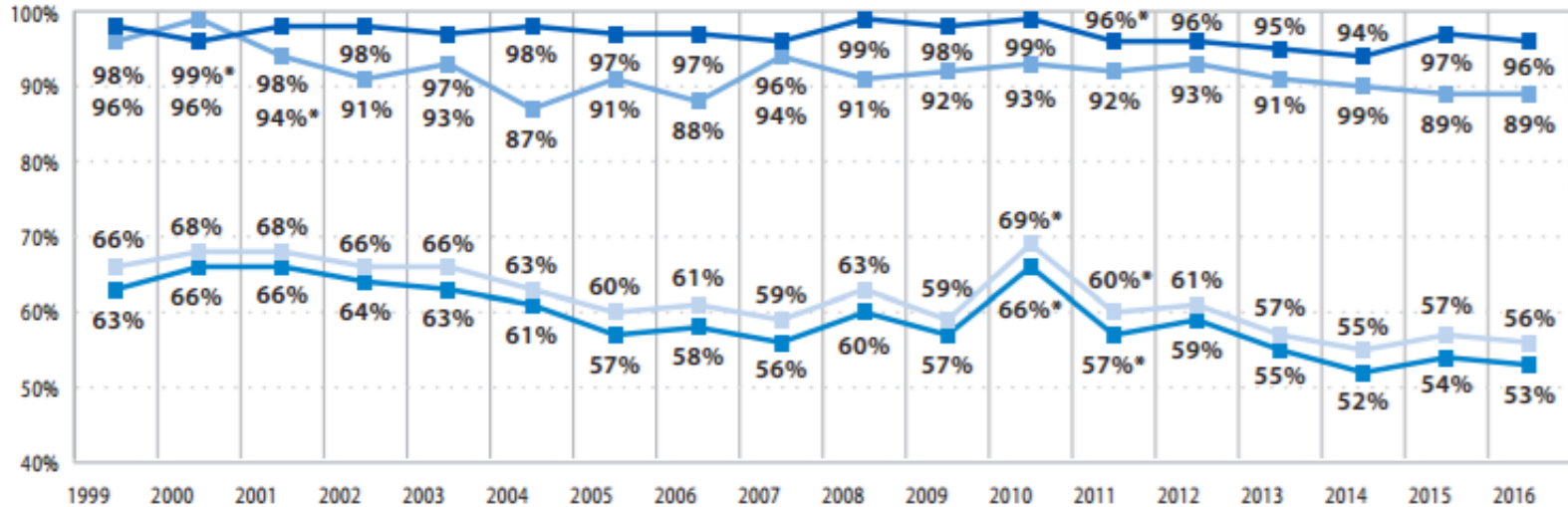
I. Trends in Employer-Sponsored Insurance (ESI)

Health Insurance Coverage of the Total Population



Source: Kaiser Family Foundation estimates based on the Census Bureau's March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements).

Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2016



SOURCE:

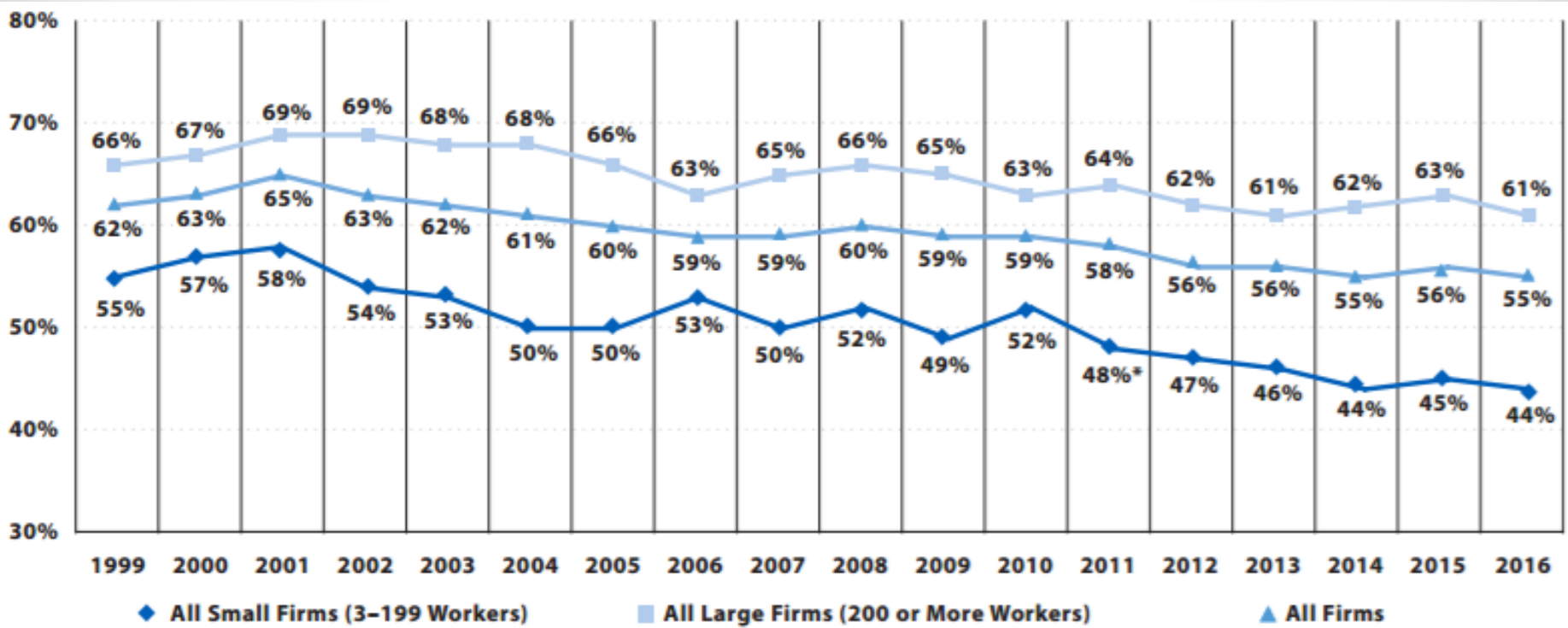
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016.

* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question. For more information, see the Methods Section.

- 3 TO 49 WORKERS
- 50 TO 99 WORKERS
- 100 OR MORE WORKERS
- ALL FIRMS

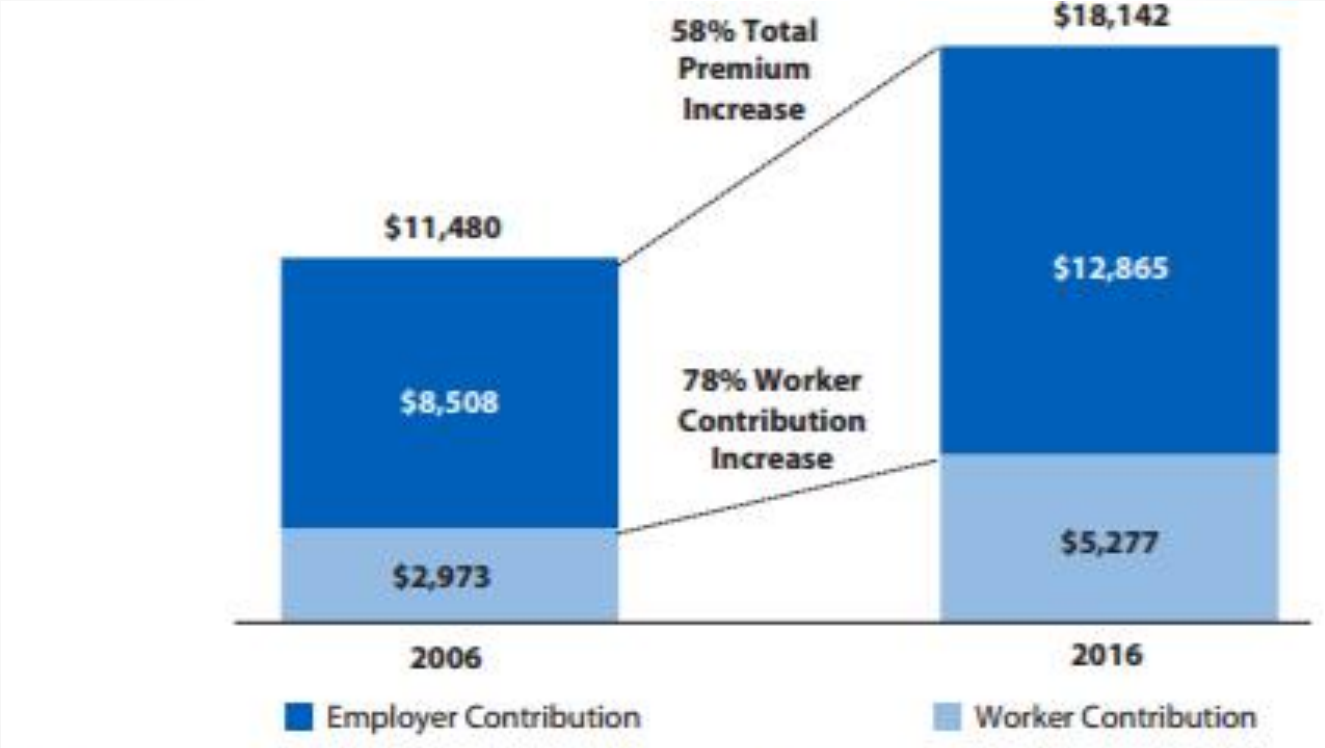
Percentage of All Workers Covered by Their Employers' Health Benefits, by Firm Size, 1999-2016 (Exhibit 1)



*Estimate is statistically different from estimate for the previous year shown (p < .05).

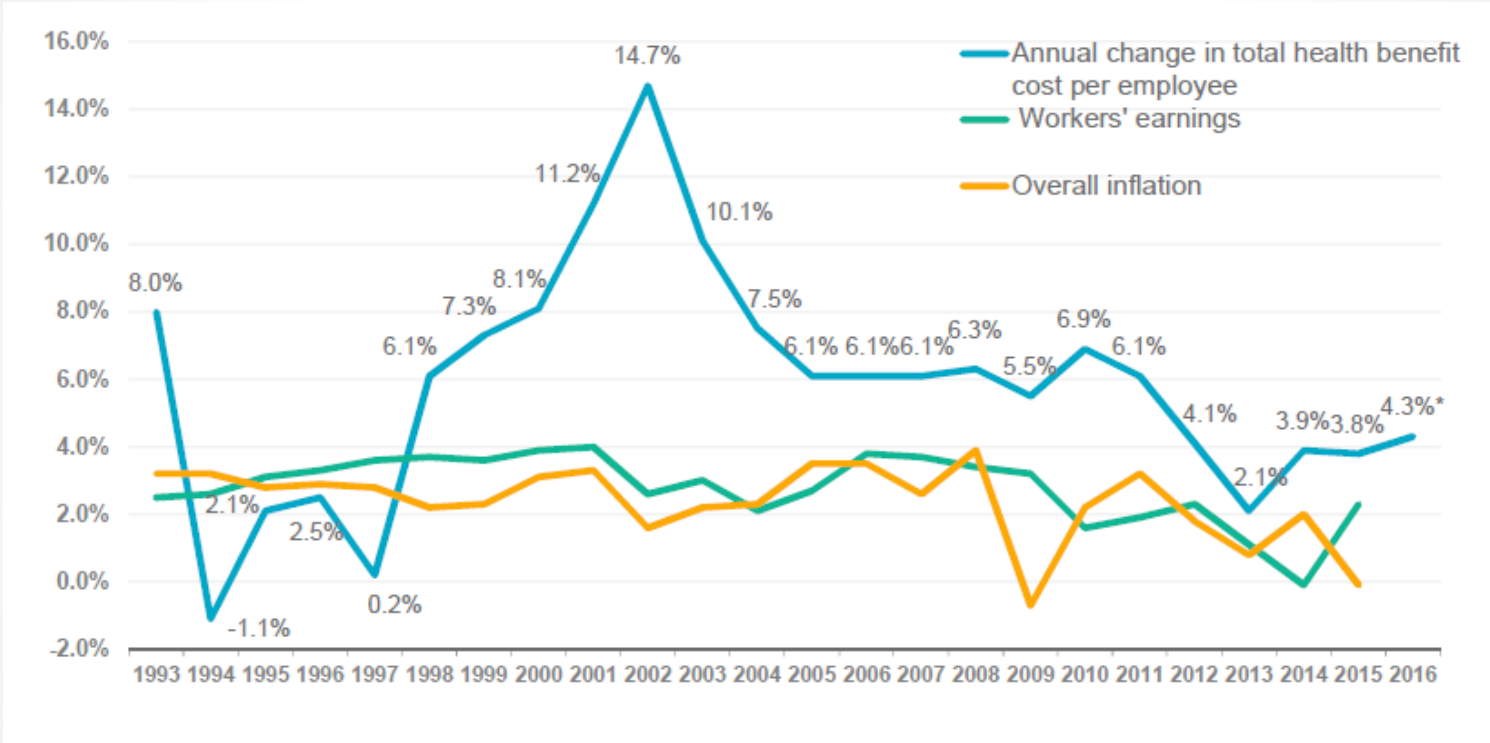
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016.

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2006-2016 (Exhibit D)



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2016.

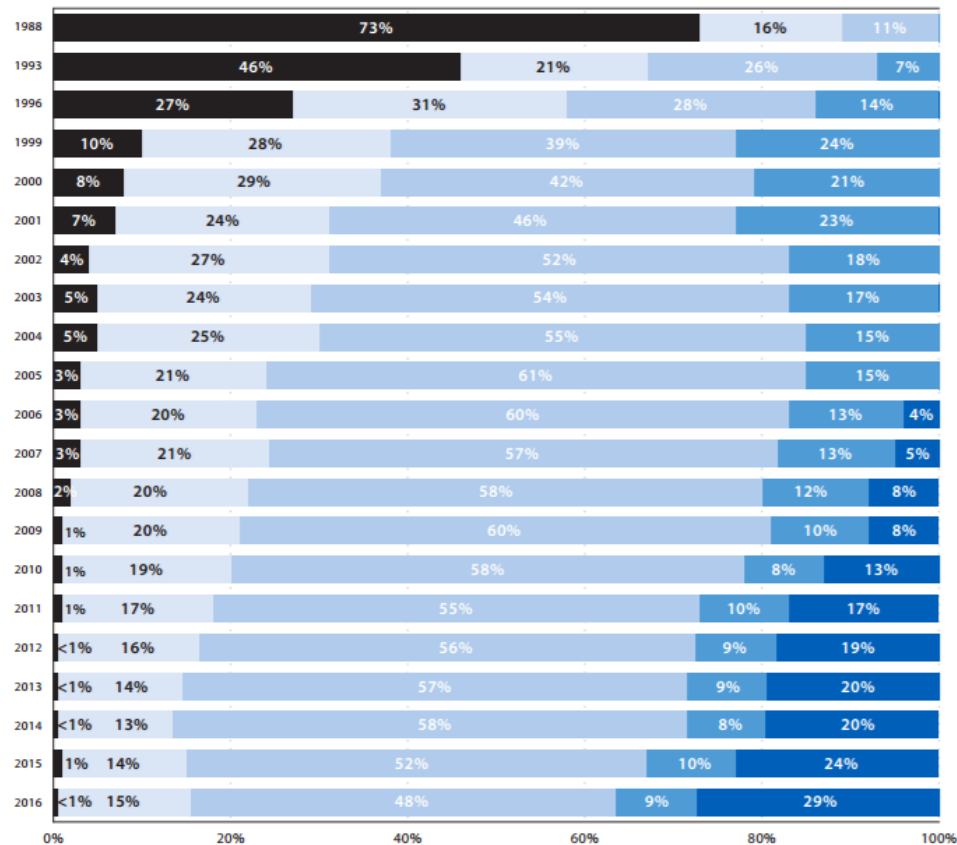
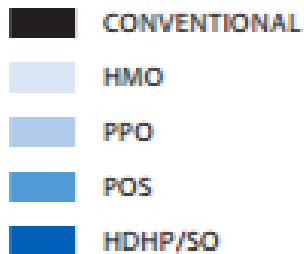
Change in Total Health Benefit Cost Per Employee Compared to CPI and Workers' Earnings



* Projected

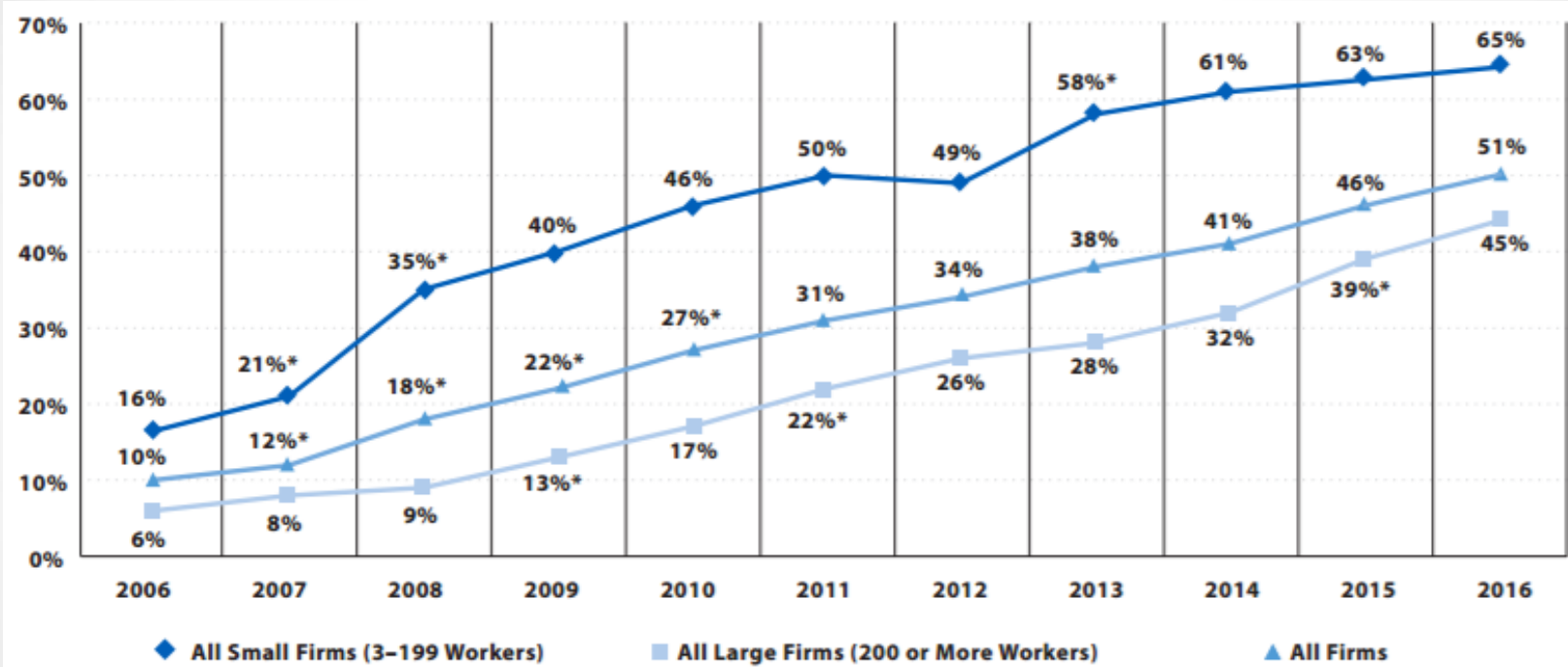
Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1993-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April) 1993-2015.

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2006-2016 (Exhibit D)



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, 2006-2016



* Estimate is statistically different from estimate for the previous year shown (p < .05).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

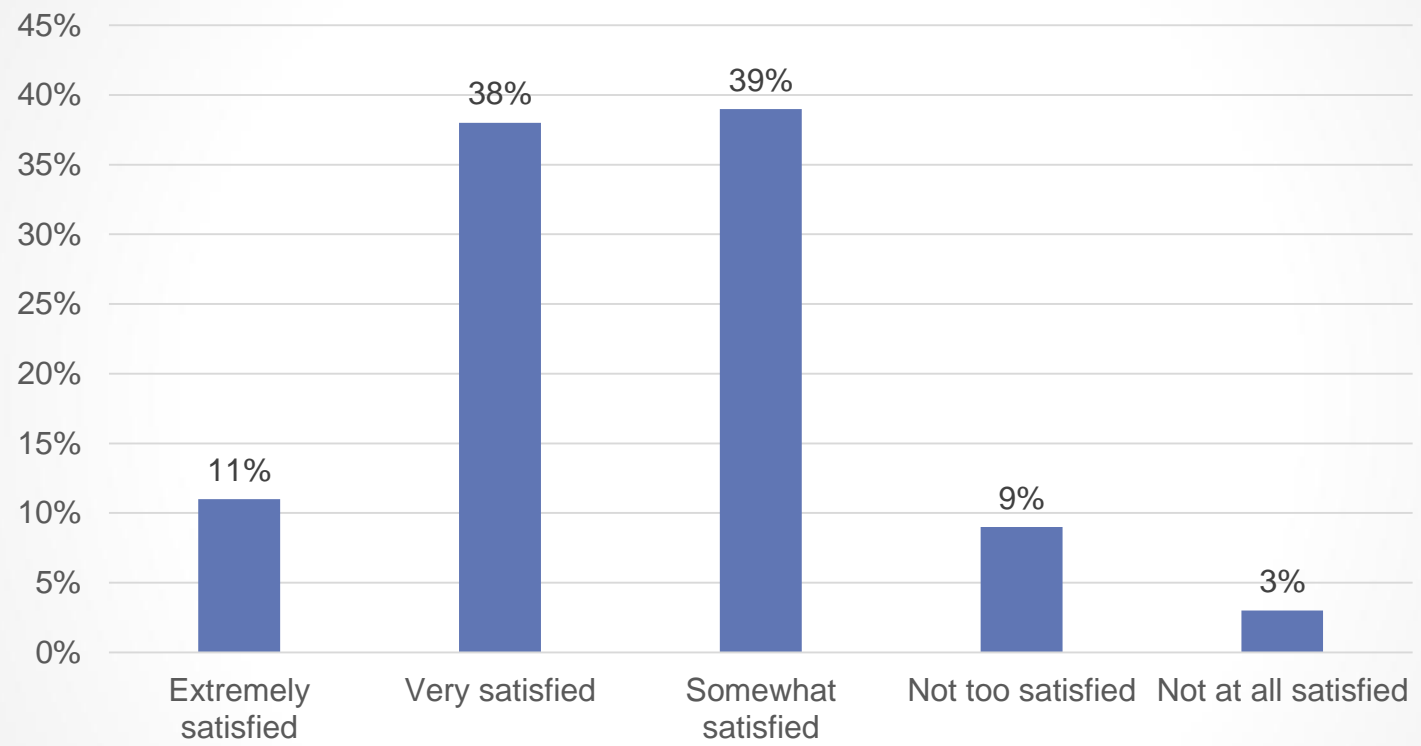
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2016.

Health Coverage is A Valuable Benefit Used by Employers to Attract and Retain Employees

Average total health benefit cost per employee, by firm size, 2015



Covered Workers in 2016 Are Generally Satisfied With Their Coverage



Source: EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS). October 2016. Available at: https://www.ebri.org/pdf/notespdf/EBRI_Notes_10-no11-Oct16-WBS.pdf

II. Best Practices and Innovation

Employer Strategies to Contain Rising Health Care Costs



On-Site Health
Centers

Centers of
Excellence

Telemedicine

High Performance
Provider Networks

Private
Exchanges

Wellness and Disease Management
programs

Pitney Bowes

- Reduced copays for some chronic disease medications and realized reductions in medical costs for employees with those conditions

Caterpillar

- Developed a Health Risk Appraisal (HRA) system and disease management program and reduced premiums for those employees that participated – saw a 50% reduction in disability days after implementation

Hallmark

- Leveraged competition of a private insurance marketplace to provide employees with more coverage options and reduce administrative expenses

III. Public Policies to Build on ESI

Opportunities for Congress to Support and Build on ESI



- Repeal the ACA's Health Insurance Tax (HIT)
- Repeal or reform the ACA's "Cadillac Tax"
- Expand access to and encourage consumer-directed health plans – including saving options like Health Savings Accounts (HSAs) and Health Reimbursement Arrangements (HRAs)
- Promote additional flexibility for employers to design innovative coverage options and incorporate value-based insurance design (V-BID) principles

Key Bills in the 114th Congress



- S. 183 and H.R. 928 would repeal the ACA health insurance tax
- H.R. 879 and H.R. 2050 would repeal the ACA's excise tax on certain high-cost employer-sponsored health coverage (the "Cadillac Tax")
- H.R. 3236, 5445, 5458, 5452, 5547, 4469, and S. 2499 all contain legislative proposals aimed at improving and expanding HSAs and FSAs (e.g. allowing the purchase of OTC medication with HSA funds and permitting catch-up contributions)
- S. 620 and H.R. 1189 provide that employer-sponsored wellness programs that are in compliance with HIPAA and ACA standards for such programs are not contrary to the Americans with Disabilities Act (ADA) just because they provide an incentive for enrollees to participate in wellness activities