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NEWS RELEASE

Arizona Employee Benefits Benchmarking Survey Results Highlight the Strategies and Needs of Mid-Market Employers

***Over 40 percent Expect Medical Plan Costs to Increase 6-10 percent in 2015,
but Many Methods Available to Help Control Costs***

Scottsdale, AZ, June 9, 2014 – The mid-year results of a new Arizona annual survey of mid-market employers (50-3000 employees) showed that these employers in our state expect health plan costs to increase significantly in 2015, in large part due to the Affordable Care Act (ACA). However, the survey also indicated that many of these employers still have many cost control methods and plan design strategies they can utilize that can have a major impact on minimizing the increases.

This benchmarking survey, conducted by Benefit Commerce Group, a Scottsdale-based employee benefits firm, is halfway through its first year of data collection. Employers can continue to participate in this survey through October by visiting: www.AZBenefitsBenchmarking.com.

Nearly 200 employers have completed the survey at this time, and that number is expected to double in the next several months.

Each employer that completes the survey receives an Individual Custom Report, comparing key components of its employee benefits against the other Arizona employers in the survey and against national medians.

Over 40 percent of the Arizona survey participants expect medical plan costs to increase 6 to 10 percent in 2015, and 20 percent expect the increase to be 11 to 21 percent or more. Almost half of the survey participants expect costs to increase 5 percent or more due to the ACA, with 14 percent expecting the ACA to result in increases of more than 10 percent.

At the same time, Arizona survey participants lagged behind national medians for a number of cost control strategies. For example, only 19 percent indicated they negotiated with their insurance carriers for lower costs, compared to 33 percent in the national median.

Consumer-driven health plans (CDHPs), self-funding and wellness programs also have a lot of room for growth among these mid-market Arizona employers, as strategies for cost control.

“Mid-sized employers in Arizona have been asking for benchmarking on employee benefits, but until now, the data available has been based on very large national or international companies,” said Scott Wood, Principal of Benefit Commerce Group. “That is why it was important to conduct this survey.”

“We have received positive feedback from the employers who have participated in the survey,” Wood said. “They are finding the ability to benchmark their employee benefits against other mid-size employers to be very useful in developing and enhancing their benefit programs.”

“In addition, the results of this survey show very clearly that there is more that many of our mid-market employers can do to improve their health plan cost structure and enhance the health of their employees,” Wood added.

More of the results to-date include:

CDHPs

Only 33 percent of the Arizona employers surveyed offer CDHPs to their employees. Of those employers who do have CDHPs, the total premium costs and employee contributions to these plans were both lower than traditional PPO plans used by Arizona employers.

Self-funding Strategies

One method that employers use to lower their health plan costs is to self-fund their plans. Self-funding has been common for larger employers, and mid-market employers are now seeing more advantages to this strategy, especially in avoiding significant parts of the increases attributable to the ACA.

In the Arizona survey, only 50 percent of the participants with 200-499 employees were self-insured. Nearly 80 percent of the participating employers with 50-199 employees are fully insured, but 30 percent of the participants said they are likely to pursue self-funding.

Other Strategies to Respond to ACA

As part of the survey, participants rated their likelihood to use a number of different strategies to respond to the ACA.

- 63 percent are likely to make plan design changes
- 35 percent are likely to charge dependent tiers more
- 30 percent are likely to become self-funded
- only 12 percent are likely to hire more part-time employees
- only 10 percent are likely to move employees to private exchanges
- only 5 percent are likely to terminate their employer-sponsored health plan

Wellness Programs and ROI

The survey results showed Arizona employers were below national medians when measuring wellness programs offered to employees. One reason for this is shown in another survey result: 74 percent of

the participants did not know their expected return on investment (ROI) on wellness programs. However, those that did know their ROI showed very positive impact: 18 percent of the participants stated that their ROI was 3 to 1.

Two common health screening programs show a lot of room for growth among Arizona employers. Only 18 percent of the survey participants offer blood pressure screening and only 15 percent offer cholesterol screening for their employees.

For more information about the Arizona Employee Benefits Benchmarking Survey or the survey results, contact Benefit Commerce Group at 480-515-5010 or info@benefitcommerce.com.

ABOUT Benefit Commerce Group

Benefit Commerce Group is an innovative and award-winning employee benefits consulting firm that is changing the health care cost paradigm, one company at a time. We provide employers with sustainable strategies to lower health care costs first-year and long-term and enhance productivity. Benefit Commerce is a “game-changer” for companies striving to control one of their highest expense items: employee benefits costs. We are not your typical benefits firm, and we are not offering typical cost-shifting techniques. Our strategies yield real savings for both employer and employee and also integrate meaningful consumer-focused employee health and wellness programs. Our technology enhancements also set us apart, as we offer methods to streamline HR functions from enrollment through ongoing employee communication and administration. Principals of the firm include Scott Wood, Johnny Angelone and Chris Hogan. For more information on Benefit Commerce Group, visit our website www.benefitcommerce.com.

For more information, contact:

Nancy Zalud

480-515-5010

Nancy@benefitcommerce.com