

NOTEWORTHY

ARIZONA EMPLOYERS EXPECT PLAN COSTS TO INCREASE SIGNIFICANTLY IN 2015

The results of a new Arizona annual survey of mid-market employers (50 to 3,000 employees) showed that these employers expect health plan costs to increase significantly in 2015, in large part due to PPACA. 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.

Over 40% of the survey participants expect medical plan costs to increase six percent to 10% in 2015, and 20% expect the increase to be 11% to 21% or more. Almost half of the survey participants expect costs to increase five percent or more due to PPACA, with 14% expecting the law to result in increases of more than 10%.

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

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

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

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 PPACA.

Only 50% of the participants with 200-499 employees were self-insured. Nearly 80% of the participating employers with

50-199 employees are fully insured, but 30% of the participants said they are likely to pursue self-funding.

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

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

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% of the participants did not know their expected return on investment on wellness programs. However, those that did know their ROI showed very positive impact: 18% of the participants stated that their ROI was three to one.

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

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. 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.

For more information about the survey results, call 480-515-5010 or email info@benefitcommerce.com.