



Memphis Employer Reaction to Health Reform After the November 2010 Elections

Are Memphis Area Employers Kinder and Gentler To
Employees When It Comes To Health Benefits and

Health Reform?

January 2011

- Survey conducted November 29-December 15, 2010, by Midwest Business Group on Health, National Business Coalition on Health, and *Business Insurance & Workforce Management*
- Survey sent to employers throughout country by business coalitions, chambers, and to employer readers of *Business Insurance*
- Questions covered employer demographics, responses to new health reform provisions, desires for changes in the health reform law and view on importance of employee wellness
- Responses received from 437 employers, 12 from Tennessee, with 11 of those being from Memphis. For that reason we refer to this segment as “Memphis employers”
- Memphis Business Group on Health built this report from data in the national survey.

Source for all slides: “Employer Reaction to Health Reform After the November 2010 Elections Survey”, December 2010, Midwest Business Group on Health

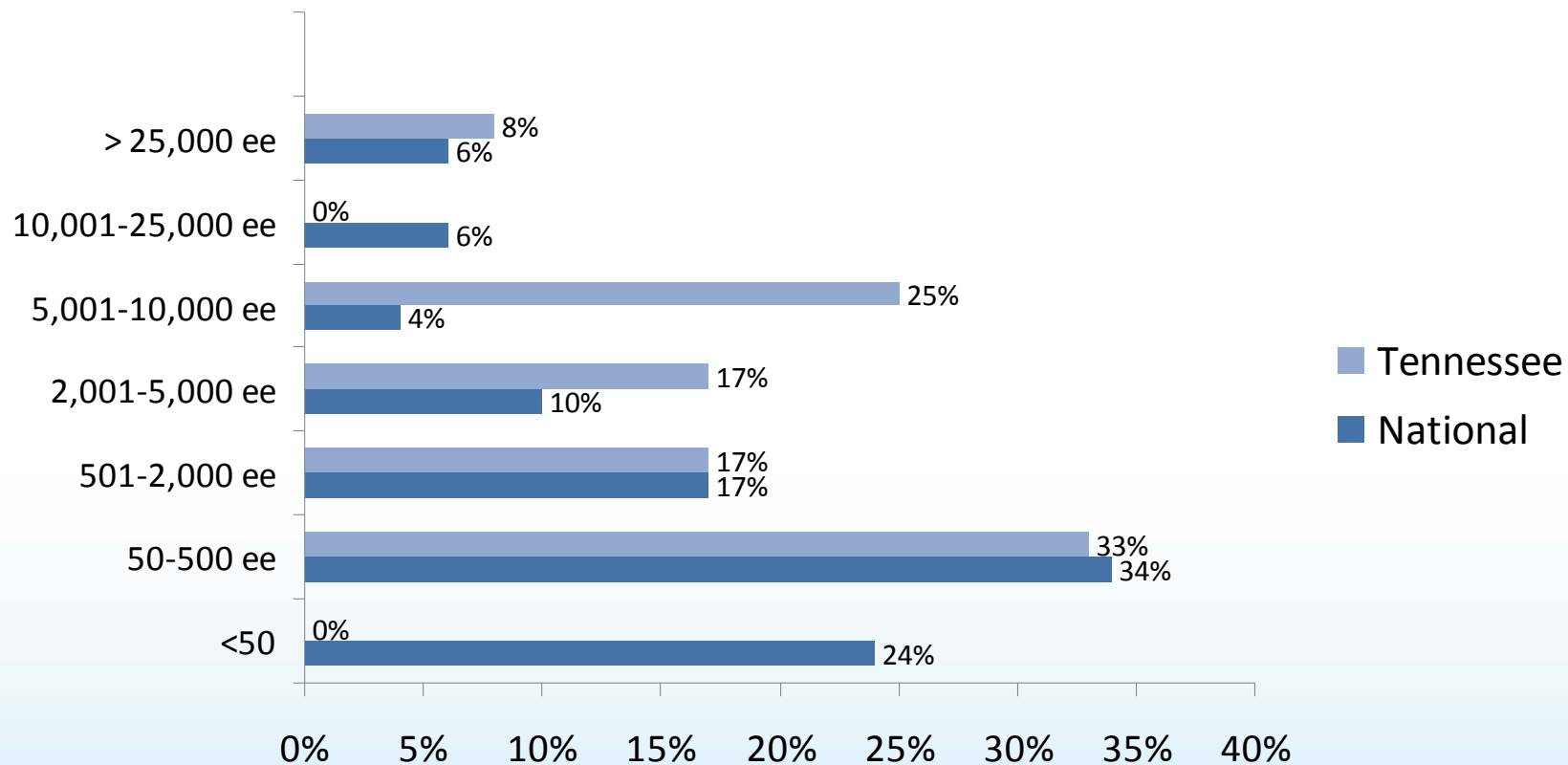
Memphis employers are different from those nationwide in several ways.

They are:

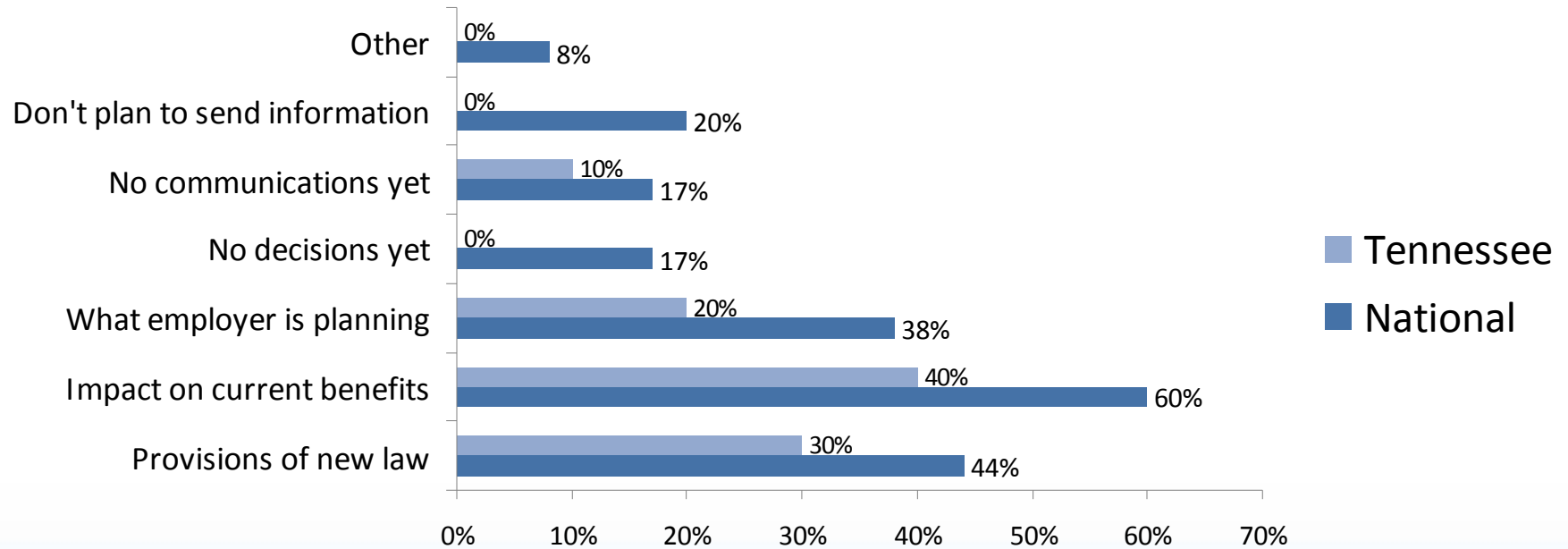
- Communicating less about health reform law.
- Anticipating lower cost increases because of health reform.
- Not increasing cost-sharing or reducing benefits at the pace of national employers.
- Less likely to drop coverage, pay the penalty and let employees buy insurance on the exchange.
- More likely to raise employee salaries so employees can purchase on the exchange.
- Less likely to reduce the number of part-time workers to avoid providing health benefits.
- More likely to expand wellness programs in light of the new wellness provisions in health reform.

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December 2010, Midwest Business Group on Health

U.S. Active Employees of Respondents



What Have You Communicated to Employees About the New Health Reform Law?



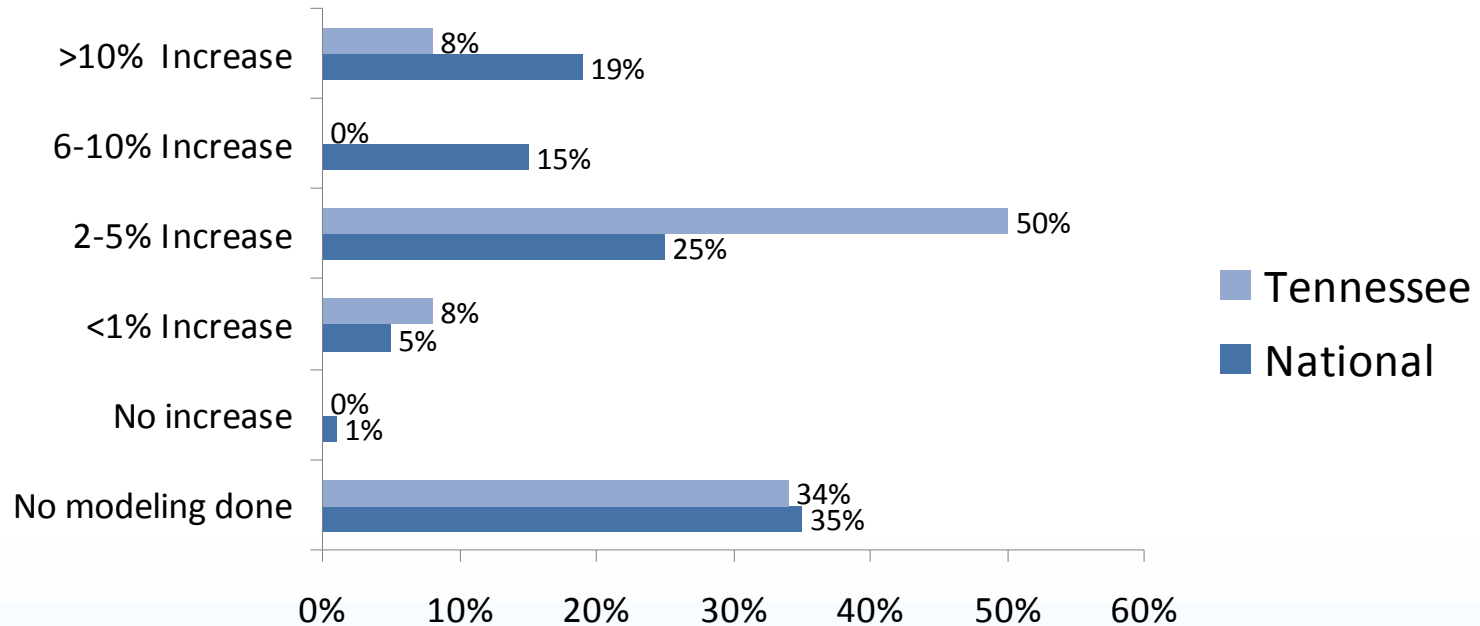
Respondents could check as many answers that applied, therefore totals may add to greater than 100%.



Memphis employers are communicating less about health reform law than employers nationwide.



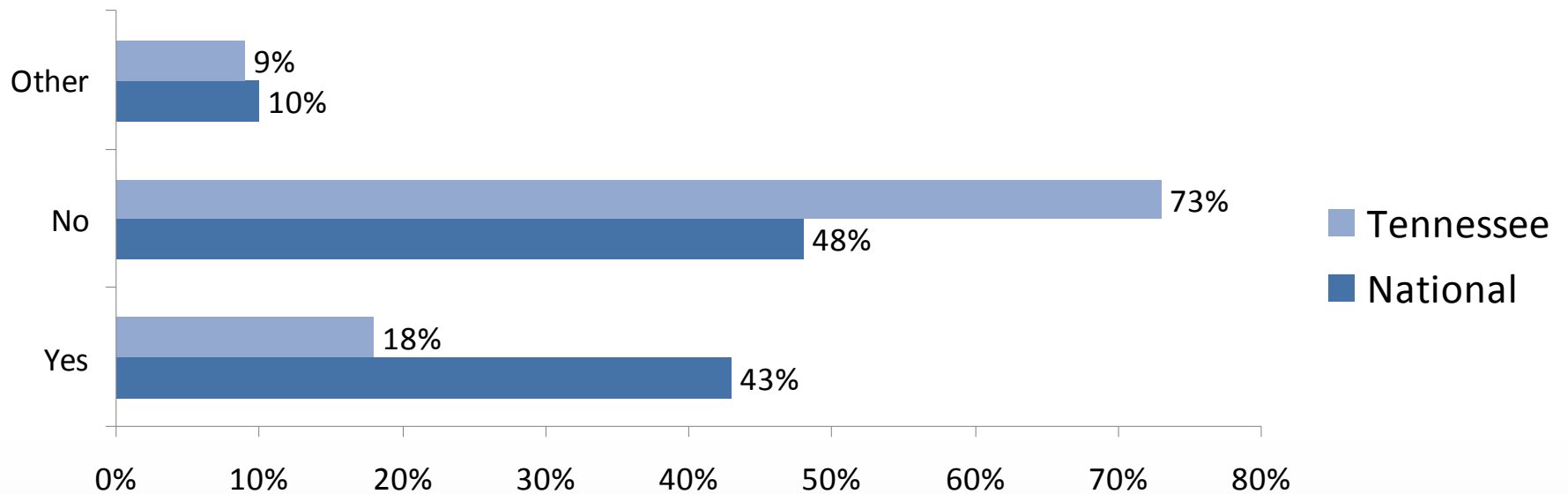
What were the results of any modeling you have done on the cost impact of reform?



Memphis employers are not expecting the cost increases expected by other employers. Only 8% of Memphis employers expect increases of 6% or more compared to 34% of employers nationwide.



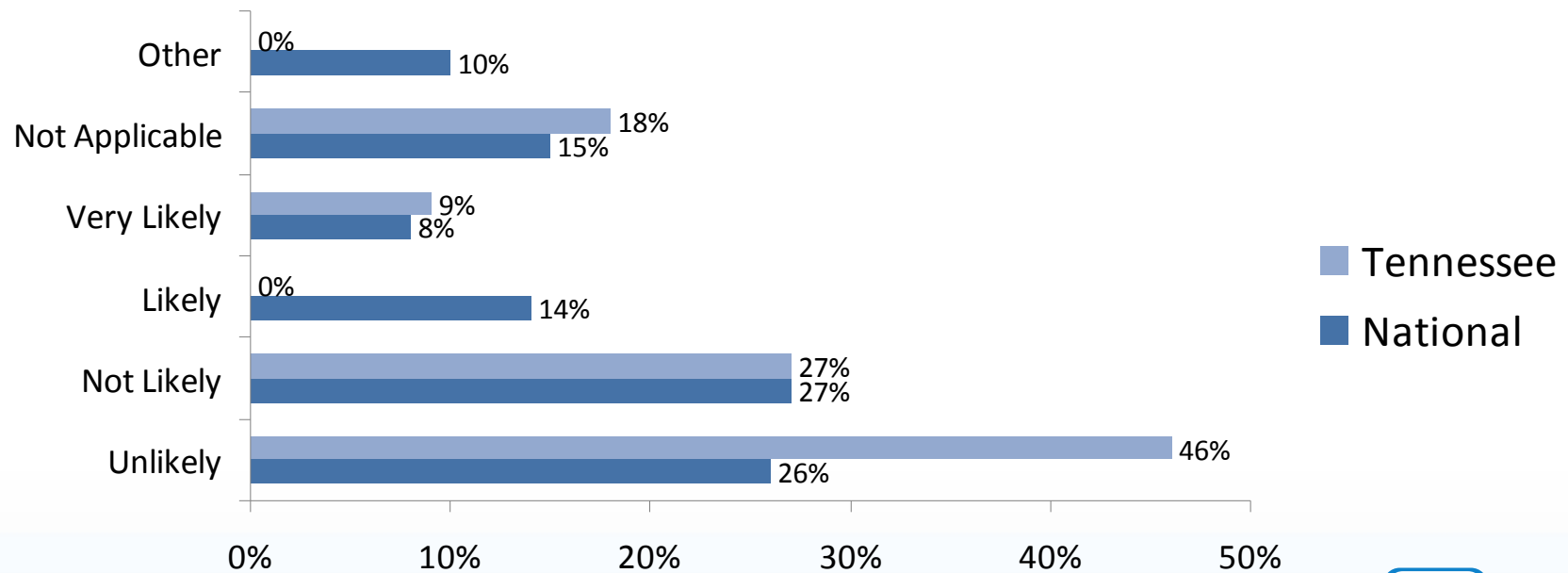
Have you already increased cost sharing or reduced benefits in 2011 in anticipation of higher costs due to health reform?



The vast majority of Memphis employers have NOT increased cost sharing or reduced benefits in 2011 in anticipation of higher costs due to reform, Nationally, almost half have already done so.



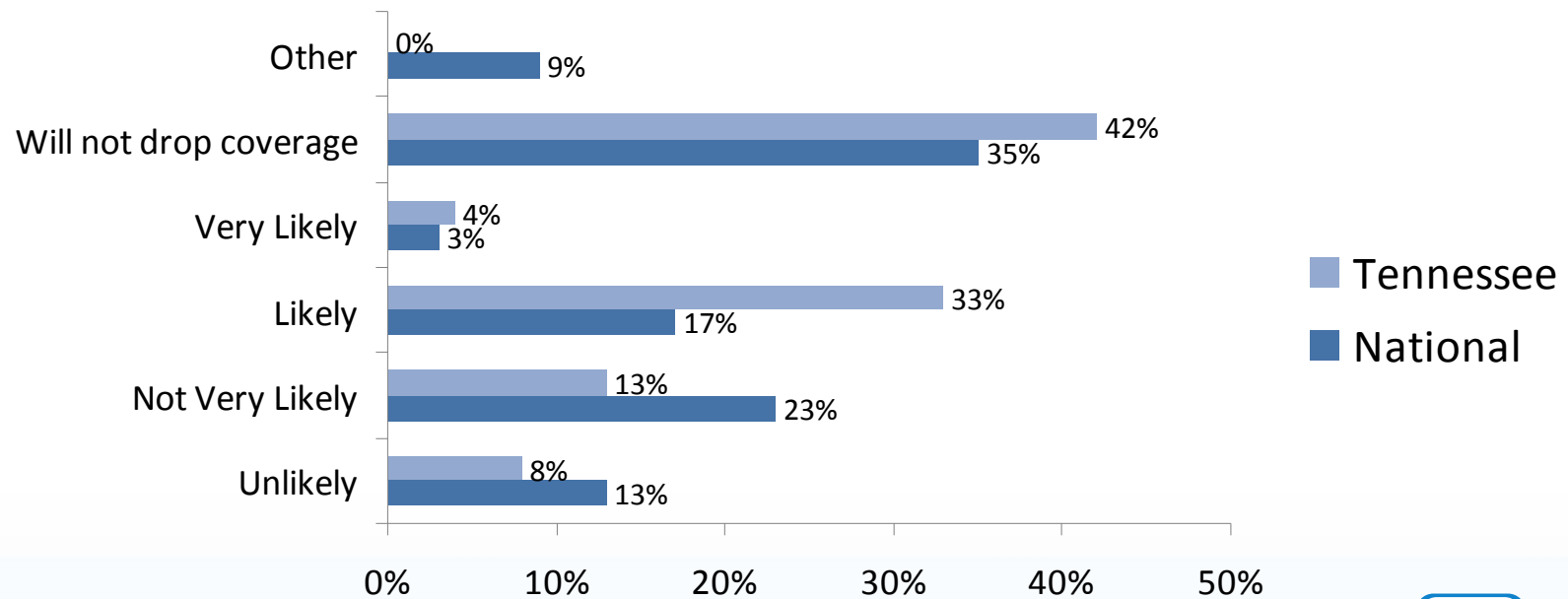
If you have greater than 50 employees, how likely is it that you will drop coverage, pay the penalty, and let your employees buy insurance on the health insurance exchange?



Memphis employers are NOT LIKELY or UNLIKELY to drop coverage, pay the penalty and let employees buy insurance on the exchange . About half of the employers nationwide plan to do so.



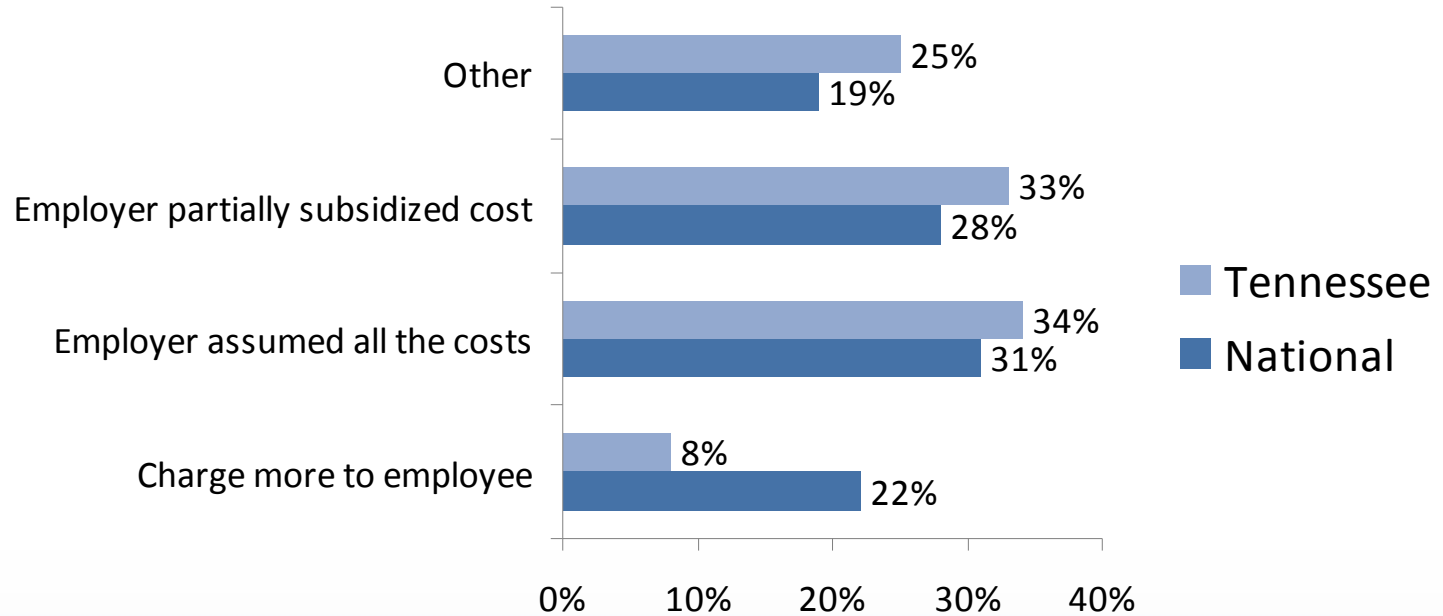
If you drop coverage, how likely is it that you will raise employee salaries so they can purchase on the exchange?



Over a third of Memphis employers who may drop coverage indicated they were **LIKELY** or **VERY LIKELY** to raise employee salaries so they can purchase on the exchange . Only 20% of employers nationwide were willing to do so.



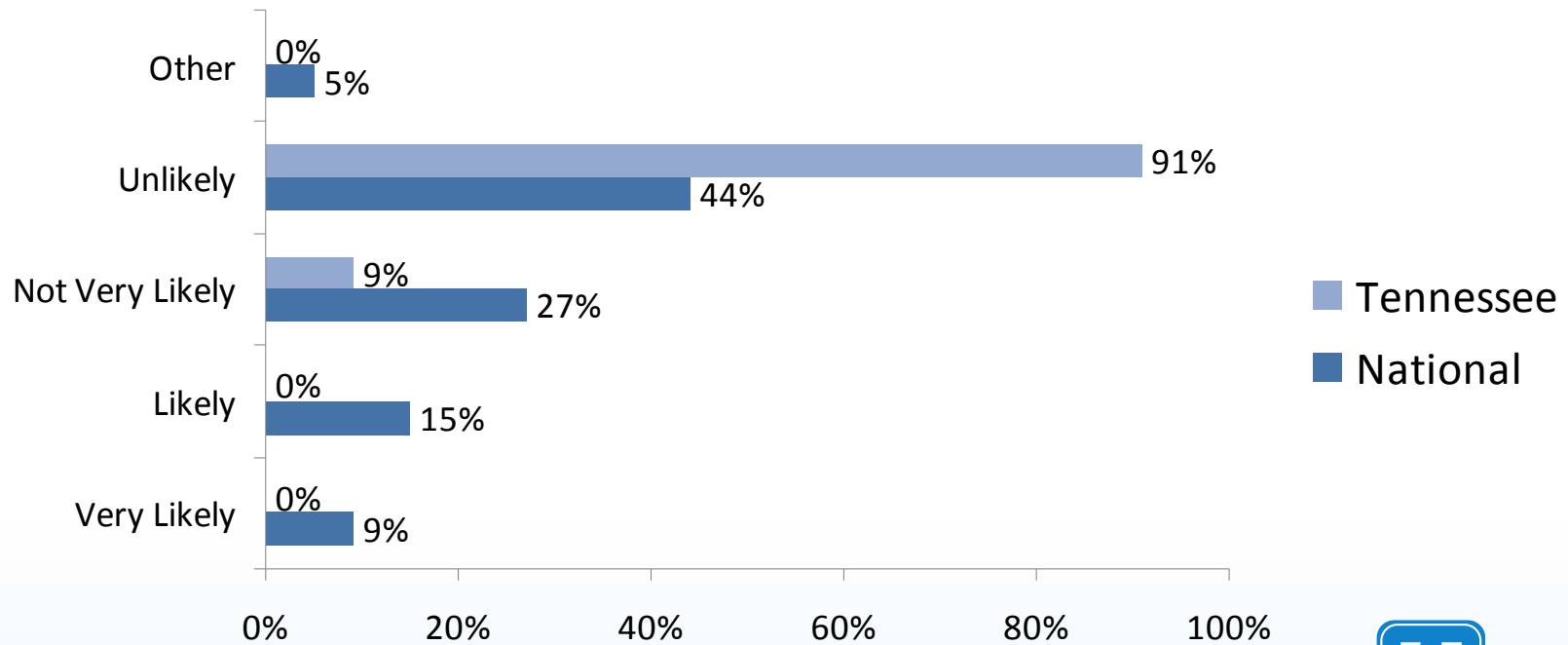
How did you implement the extension of coverage to dependents up to age 26?



Memphis employers were more likely than employers nationally to assume all the cost or subsidize the cost of extending coverage to dependents up to age 26.



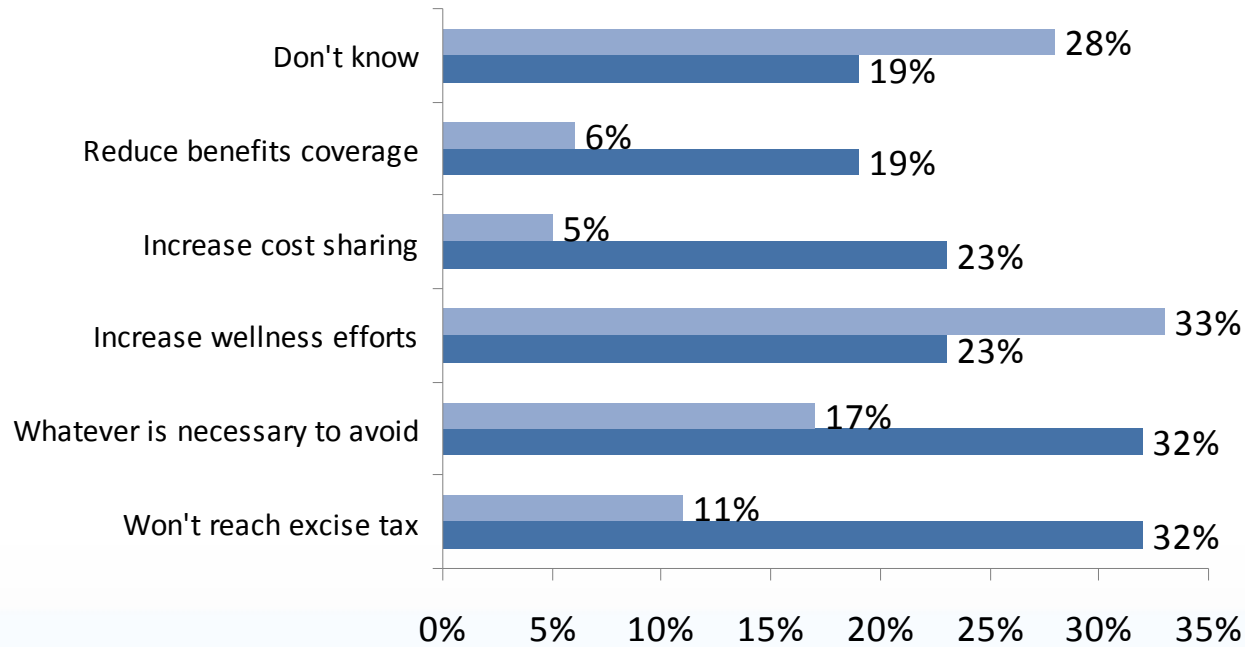
How likely is it you will reduce the number of part-time workers less than 40 hours a week to avoid covering part-time workers?



Memphis employers are clearly **UNLIKELY** to reduce their part-time labor force due to changes in health reform. Nationally, only about 44% are unlikely to reduce part-time workers.



What will you do to avoid the “cadillac” excise tax?



Respondents could check as many answers that applied, therefore totals may add to greater than 100%.

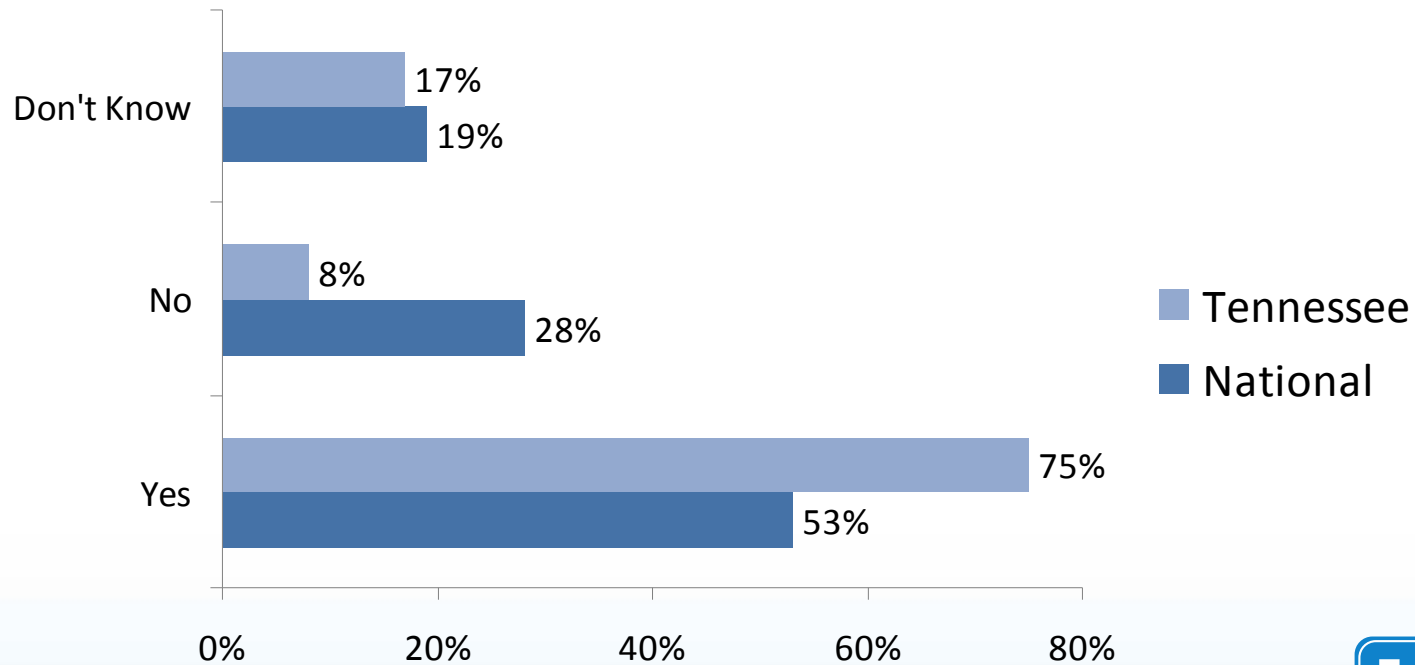
■ Tennessee
 ■ National



Very few Memphis employers (only 5%) indicated they would increase cost sharing to avoid the “cadillac” tax. Nationally, 23% of employers are willing to increase cost sharing.



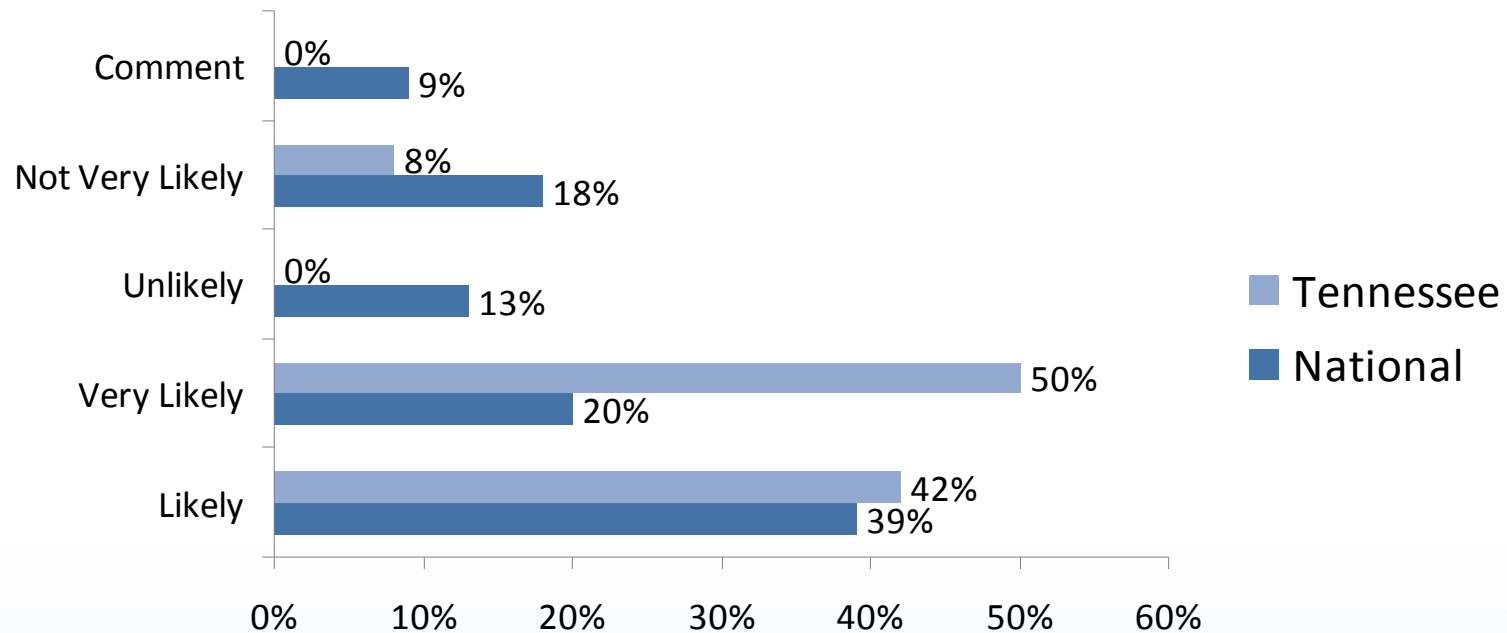
Do you believe that under health reform it's more important than ever to keep employees healthy in order to keep health benefit costs down?



More Memphis employers feel it is important to keep employees healthy to keep benefit costs down than employers nationwide.



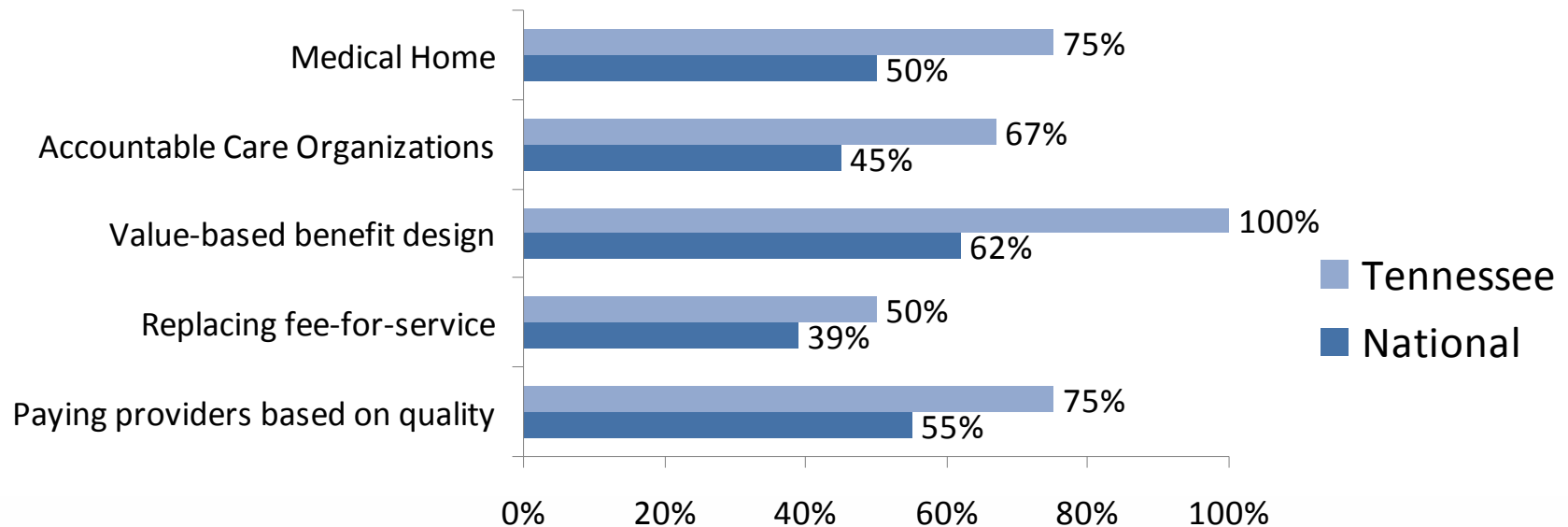
How likely is it that you will expand wellness programs in light of the new wellness provisions in health reform?



Almost all of the Memphis employers indicated they were **LIKELY** or **VERY LIKELY** to expand wellness programs in light of the new wellness provisions in health reform. Only 59% responded this way nationally.



What should be done with the quality & payment provisions?



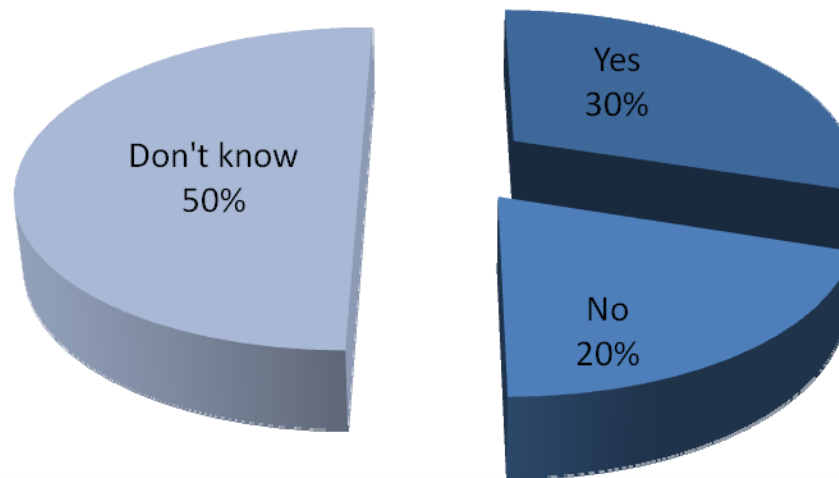
Percent that wanted to “retain” these provisions



Memphis-area employers are MORE supportive and open to the quality and payment provisions of health reform than employers nationwide.



Will implementation of the quality & cost provisions in health reform reduce costs in the long run?



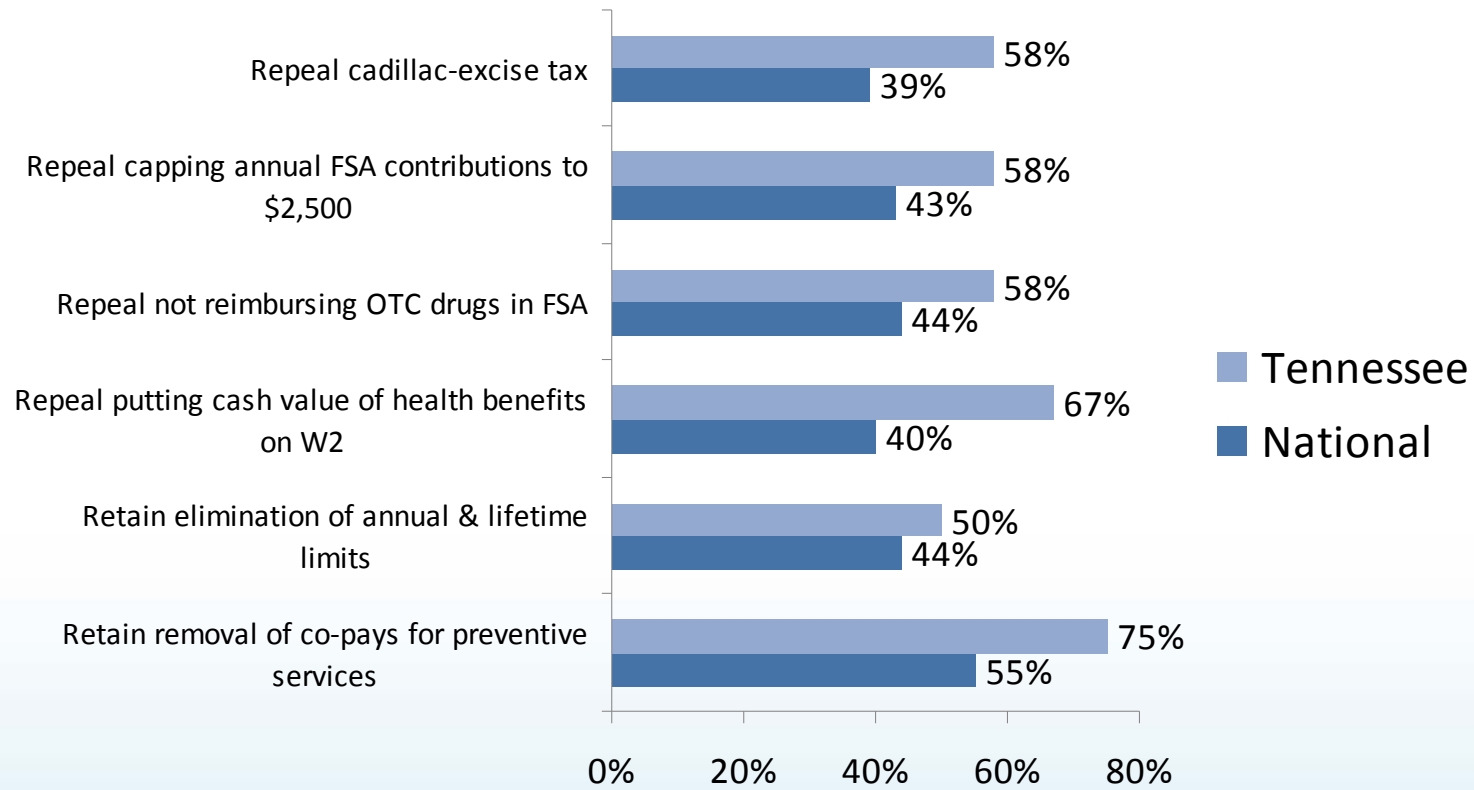
Tennessee respondents only



Half of Memphis-area employers say they don't know if health reform will reduce future costs.



Top provisions TN employers want to repeal & retain



National comparisons are for respondents with 500 or more employees