

McKINSEY & COMPANY
BENEFITS PACKAGE DECISION MAKER STUDY

This survey's objective is to understand how U.S. employers view the role of employee benefits and how their medical benefits approach and offering may change in light of U.S. healthcare reform. Thank you in advance for your responses. We greatly appreciate your input.

All information will be treated confidentially and only evaluated in a statistically condensed form. Your information will in no way be connected with your name or the name of your company.

S1. What is your age?

[Terminate if <18]

S2. Are you male or female?

(Select One)

Male

Female

S3. In what state do you currently reside?

(Select One)

[Should be drop down box]

Alabama	Kentucky	North Dakota
Alaska	Louisiana	Ohio
Arizona	Maine	Oklahoma
Arkansas	Maryland	Oregon
California	Massachusetts	Pennsylvania
Colorado	Michigan	Rhode Island
Connecticut	Minnesota	South Carolina
Delaware	Mississippi	South Dakota
District of Columbia (Washington DC)	Missouri	Tennessee
Florida	Montana	Texas
Georgia	Nebraska	Utah
Hawaii	Nevada	Vermont
Idaho	New Hampshire	Virginia
Illinois	New Jersey	Washington
Indiana	New Mexico	West Virginia
Iowa	New York	Wisconsin
Kansas	North Carolina	Wyoming

1. This question refers to employee benefits and who has authority within your company to select what employee benefits to provide and which companies to provide them.

In your job, do you play a role in choosing which benefits your company provides to employees? For each benefit, what role do you play? (To be clear, we are interested in whether you play a role in decisions about the benefits your company provides to employees, not the decision you make about your own benefits.)

[TOP]

Primary decision maker

Have some influence in the decision-making process

Do not play a role in this decision (no participation)

Not sure

[SIDE. RANDOMIZE.]

Medical benefits (including prescription drug benefits)

Other health and welfare benefits (e.g., dental, vision, life)

Wellness programs (e.g., disease management, smoking cessation, weight management, health fairs, etc.)

Non-health benefits (e.g., retirement plans, tuition reimbursement, etc.)

[IF “Primary decision maker” OR “Have some influence in the decision-making process” TO ANY ITEM IN Qu. 1, ASK Qu. 2; OTHERWISE, TERMINATE.]

[IF “Primary decision maker” TO Qu. 1 FOR ALL FOUR ITEMS, SKIP TO Qu. 2 AND DO NOT DISPLAY TEXT SCREEN.]

2. What is your role?

(Please select single response.)

Owner

CEO or President

CFO

Head of HR

VP of Compensation or Benefits Director/Manager

Head of Procurement

Other **(Please describe)**

[ASK Qu. 24 FOR EACH ITEM MENTIONED “Have some influence in the decision-making process” OR “Do not play a role in this decision (no participation)” IN Qu. 1.]

24. For the benefits over which you do not have sole decision making authority, what other individuals have input into these decisions and how much authority do they have?

What other individuals have input when it comes to ... **(INSERT & BOLD)?**
(Please select all that apply.)

[IF "Code 1" TO Qu. 2, DO NOT DISPLAY CODE 1 and 8.]

[IF "Code 2" TO Qu. 2, DO NOT DISPLAY CODE 2 and 9.]

[IF "Code 3" TO Qu. 2, DO NOT DISPLAY CODE 3 and 10.]

[IF "Code 4" TO Qu. 2, DO NOT DISPLAY CODE 4 and 11.]

[IF "Code 6" TO Qu. 2, DO NOT DISPLAY CODE 6 and 13.]

Sole/Primary decision maker: Owner

Sole/Primary decision maker: CEO or President

Sole/Primary decision maker: CFO

Sole/Primary decision maker: Head of HR

Sole/Primary decision maker: HR – VP of Compensation or Benefits Director/Manager

Sole/Primary decision maker: Head of Procurement

Sole/Primary decision maker: Other **(Please describe)**

Secondary decision maker: Owner

Secondary decision maker: CEO or President

Secondary decision maker: CFO

Secondary decision maker: Head of HR

Secondary decision maker: HR – VP of Compensation or Benefits Director/Manager

Secondary decision maker: Head of Procurement

Secondary decision maker: Other **(Please describe)**

3. What is your company's industry?

(Please select single response.)

Agriculture, forestry, fishing and hunting

Mining

Utilities

Construction

Manufacturing

Wholesale trade

Retail trade

Transportation and warehousing

Information (e.g., publishing, broadcasting, libraries)

Finance and insurance

Real estate and rental and leasing

Professional, scientific, and technical services

Management of companies and enterprises

Administrative and Support, Waste Management and Remediation Services

Educational services

Health care and social assistance

Arts, entertainment, and recreation

Accommodation and food services

Other services

Other **(Please describe)**

4. How many U.S.-based employees does your company have?

(Please select single response.)

1

2-4

5-9

10-19

20-49

50-99

100-499

500-999

1000-4999

5000-10,000

10,000-25,000

25,000-50,000

50,000+

[IF "1" TO Qu. 4, TERMINATE.]

[HIDDEN QUESTION TO SUMMARIZE RESPONSES TO Qu. 4 FOR QUOTAS.]

2 to 19

20 to 49

50 to 99

100 to 499

500 to 999

1,000 or more

5. In which U.S. states are a significant percentage (more than 10%) of your employees located?

(Please select all that apply.)

[DISPLAY ANSWER LIST IN TWO COLUMNS TO GET MORE RESPONSES ON THE SCREEN.]

We are a national employer with employees in most states **[VALIDATE]**

Alabama

Alaska

Arizona

Arkansas

California

Colorado

Connecticut

Delaware

District of Columbia (Washington DC)

Florida

Georgia

Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin
Wyoming

6. Approximately what percentage of your employees are part-time (i.e., work less than 30 hours per week)?

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don't know

7. Approximately what percentage of your full-time employees fall into each of the following annual salary/wage bands?

(Please enter exact percentage from 0% to 100%. Total should equal 100%.)

{Programmer: Please display a total. A response does not need to be given for each as long as the total equals 100%. If the respondent enters "I don't know", continue to question 8. The range is 0 to 100.}

Under \$15,000

\$15,000-34,999

\$35,000-\$70,000

Over \$70,000

I don't know

8. Approximately what percentage of your full-time employees are unionized?

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don't know

9. How aware are you of the following provisions in the recently passed U.S. healthcare reform act?

[TOP]

Am not at all familiar

Have heard of this, but don't know much about it

Am somewhat familiar and know the 'basics' of this provision

Am familiar with the provision

Am highly familiar and know the details of the provision

[SIDE. RANDOMIZE. BE SURE THE ANSWER LIST ALWAYS IS DISPLAYED ON THE SCREEN, EVEN WHEN SCROLLING. ONLY DISPLAY LAST STATEMENT IF THE RESPONSE TO Qu. 4 IS "1 to 49".]

Mandate that all individuals obtain health insurance with a minimum level of coverage or pay a penalty (for 2014, the penalty is the greater of \$95 or 0.5% of the individual's income)

Requirement that all employers with more than 50 U.S. employees offer employees a minimum level of health insurance coverage or pay a \$2000 penalty per employee (beyond the first 30 employees)

Penalty levied on employers whose health plan premiums cost above 9.5% of household income for at least one employee and if at least one such employee "opts out" of the employer plan and receives a government subsidy for purchasing coverage on the exchange. Penalty is the lesser of \$3,000 times the number of employees who opt out or \$2000 times the number of full-time employees (after the first 30 employees)

Available government tax credits and subsidies that can go toward the purchase of health insurance products on the exchange for individuals with household incomes below 400% of the federal poverty level

Opportunity for employers to return up to 30% of premiums (in the form of incentives) to employees based on their participation in wellness programs

Creation of state-level healthcare exchanges/marketplaces for individuals and small businesses (<100 employees) to purchase health insurance products

Requirement that all healthcare plans sold on individual exchanges are “guaranteed issue” (i.e., insurers cannot turn individuals down who have a pre-existing health conditions) and must adhere to strict rating rules (i.e., insurers cannot make the plans prohibitively expensive)

Starting in 2018, an excise or “Cadillac” tax on employer health plans that cost more than a certain threshold (the base threshold is expected to be \$10,500 for individuals; \$27,500 for families)

Temporary tax credits to offset the cost of providing health insurance for small employers (<25 FTEs and average annual wages <\$50,000). Credits will offset up to 35% of employer’s contribution in 2010-13, and up to 50% of employer’s contribution in 2014-15.

Current benefits offering

10. What medical plan(s) does your company currently offer employees?

(Please select all that apply.)

PPO Plan

HMO or POS (Point of Service) plan

High-deductible plan with savings or reimbursement account

Traditional indemnity plan

Limited coverage plans (such as “Mini-Meds”)

Other plans

None **[VALIDATE]**

I don’t know **[VALIDATE]**

[IF “Code 1-6” TO Qu. 10, ASK Qu. 11; OTHERWISE, SKIP TO Qu. 19.]

11. With what insurer(s) or carriers does your company contract for medical benefits today?

(Please select all that apply.)

Aetna

Assurant Health

Blue Cross Blue Shield

Cigna

Health Net

Humana

Kaiser Permanente

United Health Group

Other company **(Please specify)**

I don’t know **[VALIDATE]**

12. Is your employer **medical coverage** offering fully insured (i.e., you buy full insurance from a carrier), ASO (“administrative services only”) / self-insured (i.e. your company pays the claims itself but uses a carrier to handle administration); or a mixture?

(Please select single response.)

All fully insured

All ASO

A mix of fully insured and ASO

I don’t know

[IF “All fully insured” TO Qu. 12 AND “1-49” TO Qu. 4, ASK Qu. 12a.]

12a. You’ve told us that your company has fewer than 50 employees and that you purchase fully insured medical coverage. Are you currently paying a “max rated” premium for your coverage by your carrier? (This means you are being charged the maximum premium allowed based on state insurance laws.)

(Please select single response.)

Yes

No

I don’t know

13. What percentage of your employees are eligible for medical benefits?

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don’t know

14. Approximately what percentage of eligible employees actually enroll for your company’s medical benefits?

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don’t know

15. Approximately what did your company spend on medical and prescription drug benefits last year per each active, full-time employee (averaged across both single employees and employees with spouses/families)?

(Please state amount in dollars and do not use commas.)

{Programming: Could we add some logic so that if they enter too big a number (i.e., anything more than \$50,000) that we pop-up a message saying, “We would like to know how much your company spent per employee, rather than in total. Is the amount you entered still correct?”}

[Range is 0 to 9,999,999. Please add a dollar sign before the answer box.]

I don't know

16. For **medical benefits**, approximately what percent of total costs/premiums does your company pay (what the employees pay through payroll deductions)

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don't know

17. Over the past 3 years, approximately how much have your total medical expenses increased each year?

(Please select single response. If unsure, your best guess is fine.)

Declined

No change

Under 3%

3% to less than 6%

6% to less than 9%

9% to less than 12%

12% or more

18. Does your company offer medical benefits for its retirees?

Yes

No

I don't know

[IF “Yes” TO Qu. 18, ASK Qu. 18a; OTHERWISE, SKIP TO Qu. 19.]

18a. Which of the following best describes your company's retiree medical benefits costs?

(Please select single response.)

Our retiree medical costs are low/minimal compared to how much we spend on for active employee benefits—not a big deal

Our retiree medical costs comprise a moderate portion of our total benefits spend each year, but still relatively small compared to what we spend on active employee medical coverage

Our retiree medical costs are significant portion of our total benefits spend each year

I don't know enough about my company's retiree medical benefits costs to answer this question

19. Does your company currently offer the following types of health management programs for employees?

[TOP]

Yes

No

I don't know

[SIDE. RANDOMIZE.]

Catastrophic or acute illness support/ recovery programs (e.g., heart attack)

Chronic disease management (e.g., diabetes, coronary heart disease, cancer, depression)

Smoking cessation

Diet/ nutrition / health coaching

Obesity / Weight-loss programs

Exercise promotion

Worksite clinics

Health risk assessments

Stress management

[IF ANY "Yes" MENTIONS TO Qu. 19, ASK Qu. 20-21; OTHERWISE, SKIP TO Qu. 22.]

20. Overall, how effective are the health management programs you listed at accomplishing the following?

[TOP]

Highly effective

Moderately effective

Somewhat effective

Somewhat ineffective

Moderately ineffective

Highly ineffective

I don't know

[SIDE. RANDOMIZE.]

Lowering my company's medical costs

Improving employee health and/or productivity

Increasing employee satisfaction

21. As a percent of your total medical benefits premiums/costs, how much do you offer employees as incentives to encourage participation in the health management programs? For example, if your medical benefit premium costs per employee is \$5000/year and you spend \$200 on various incentives for wellness participation, then the percentage is $200/5000$ or 4%.

Examples of incentives would include prizes/rebates to employees who complete a health risk assessment; lower employee premiums for employees who take part in wellness programs; prizes/bonuses for quitting smoking, etc.)

(Please enter percentage from 0% to 100%.)

[Range is 0 to 100. Please add a percentage sign after the answer box.]

I don't know

22. Thinking about your company's employee population overall, how concerning is each of the following health issues? That is, what "keeps you up at night" regarding employee health?

[TOP]

Major concern

Somewhat of a concern

Not a concern

[SIDE. RANDOMIZE.]

Catastrophic or acute illnesses or injuries (such as heart attacks)

Chronic illnesses (such as diabetes, coronary heart disease, cancer, depression)

Smoking

Obesity

Mental health

Permanent disability

Generally improving employee health (e.g., through diet, exercise)

23. Below is a list of potential reasons a company would offer its employees medical benefits. Please allocate 100 points based on how important these reasons are to your company. If a reason is very important, give it more points. If a reason is not that important for your company, give it fewer points.

(Please enter number next to each reason. Be sure the total equals 100.)

[Allow respondent to input 0-100 for each and force total to add to 100, or to select I don't know and skip the question. Display a total. It's not necessary for every item to be answered as long as the total equals 100.]

To attract/ compete for talent

To ensure a stable talent pool/ retain talent

To promote employee productivity (e.g., reduced absenteeism, reduced presenteeism)

To take care of our employees, without any specifically defined business benefit

Because it's a tax-advantaged way to provide compensation to our employees

Because if we do not offer insurance, some employees may not be able to afford health insurance

Because if we do not offer insurance some employees may be denied health insurance coverage (e.g., for pre-existing conditions)

To meet collective bargaining obligations

To promote our public image/relations
I don't know

Benefits decision making and sourcing

25. When you make decisions changing your employee benefits offering, which of the following best describes how you think about the impact of your decision on employees?

(Please select single response.)

- I am most concerned with the impact on our lower-wage employees
- I am most concerned about the impact on employees with dependents and families
- I am most concerned with the impact on the average/median wage employee
- I am most concerned with the impact on a specific group of employees that is crucial to my business's success (e.g., highly skilled employees)
- I weigh the impact equally across all employees regardless of wage, role, or family status

[IF "Code 1-6" TO Qu. 10, ASK Qu. 26-28; OTHERWISE, SKIP TO Qu. 29.]

26. Considering medical benefits only, when you purchase benefits or choose a benefits carrier, how important (out of 100 points) is total cost versus other features (e.g., provider network, customer service, etc.)?

(Please enter amount from 0 to 100.)

[Range is 0 to 100.]

I don't know

[IF "All ASO" OR "A mix of fully insured and ASO" TO Qu. 12, ASK Qu. 27; OTHERWISE, SKIP TO Qu. 28.]

27. Considering just your costs for your self-insured/ASO (administrative services only) medical benefits, of the following areas, which is your biggest concern? And your second biggest concern?

[TOP]

Biggest concern

Second biggest concern

[SIDE. RANDOMIZE.]

Administrative fee which is paid monthly on a per contract basis for administration of the plan, as well as transparency into these costs

Expected medical cost, including discount for medical services within the network, discounts outside of the network, guarantees on the level of discount provided, utilization management / pre-authorization programs, network management tools (e.g., pay-for-performance, tiering) that manage use

Stop loss price and product, including the level of stop loss coverage (both aggregate and specific) and premium

Cost of doing business to employer including basic cost of doing business (managing health plan) and switching costs (IT, termination fees, retaining, etc.)

Cost trend, both of medical and administrative costs
Consultant fees or agent/broker commissions

28. Now, let's consider the features of your medical benefits outside of costs. Please indicate the importance of the following non-cost factors by allocating 100 points across the following potential reasons for choosing a specific benefits provider/ plan. If a factor is extremely important to you and can really affect which provider you go with, give that factor more points. If a factor is not that important or has little impact on which provider you go with, give that factor very few points.

(Make sure your total points adds to 100.)

[Allow respondent to input 0-100 for each, force total to add to 100. Display a total. Do not require a response for each item as long as the total equals 100.]

Product flexibility and benefit customization, in the range of benefit designs offered, ability to meet customer needs, and availability and implementation of consumer directed health plans (including HSA, HRA, and FSA)

Ancillary products and integration with other programs, including ancillary product lines such as pharmacy/drug, dental, vision, hearing, worker's comp, disability, and COBRA, as well as the integrated management of benefits (as a central repository or "one stop shop" for benefits management)

Provider network, including both the breadth of provider network (network access, or the number of facilities and professionals in the network) and network management programs (pay for performance, tiering, etc.) that manage quality

Health management programs, including case and disease management programs (telephonic and web, nurse-based), wellness programs (self-serve, nurse-based, health fairs, etc.), incentive programs, 24/7 nurseline, and health risk assessments

Employer servicing, including during purchase process, implementation, and ongoing service

Account management / sales consultant, including relationship with account manager, inquiry responsiveness and helpfulness, consultative approach with payor personnel

Reporting, ranging from basic reporting of experience and activity, sophisticated, value-added analytics, and clinical consultations on managing medical cost

Employee servicing, including communication of benefits, call center and inquiry responsiveness, consumer web tools, and including guarantees on level of performance

Breadth of complementary products & services (such as wellness programs)

29. On a scale of 0 to 10, how strong of an overall understanding of the health of its employees does your company have, where:

- a 10 is we actively review and track employee utilization of medical benefits, and know the percentage of employees facing a number of specific conditions,

- a 5 is we have a good idea of the major health concerns and trends of our employees but don't know specific numbers,

- and a 0 is we do not engage in employee health other than by offering medical benefits (if your company offers benefits)

(Please enter response from 0 to 10]

0
1
2
3
4
5
6
7
8
9
10

30. How much does your company rely on guidance/advice from each of the following in determining what benefits to offer employees?

[TOP]

Extensively
Some
A little
None

[SIDE. RANDOMIZE.]

Current Broker/agent
Current benefits consultant
Current Insurers/Carriers
Industry or other association (for example, The Advisory Board)
Expertise within our company

[IF “Extensively” OR “Some” TO Qu. 30 FOR ANY ITEM, ASK Qu. 31; OTHERWISE, SKIP TO Qu. 32.]

31. How effective do you feel this guidance/ advice is?

[TOP]

Highly effective
Effective
Somewhat effective
Somewhat ineffective
Ineffective
I don’t know

[SIDE. RANDOMIZE. ONLY DISPLAY ITEMS MENTIONED “Extensively” OR “Some” TO Qu. 30]

Current Broker/agent
Current benefits consultant
Current Insurers/Carriers

Industry or other association (for example, The Advisory Board)

Expertise within our company

Your response to U.S. healthcare reform: Current perspectives & near-term actions

32. Which of the following best describes your company's overall view of U.S. healthcare reform?

(Please select single response.)

Positive

Neutral

Negative

I'm not sure how our company views healthcare reform/ It's too early to tell

[IF "Code 1-4" TO Qu. 32, ASK Qu. 32a; OTHERWISE, SKIP TO Qu. 33.]

32a. In a few words, please tell us why you answered what you did.

(Please record complete response below.)

[OPEN-END]

33. On a scale of 1-5, how much effort has your company invested so far in preparing for and responding to healthcare reform?

[DISPLAY ANSWER LIST ACROSS INSTEAD OF DOWN.]

5 (A lot)

4

3 (Some)

2

1 (None)

I don't know

34. From what external parties have you sought and/or received advice about preparing for healthcare reform?

[TOP]

Extensively

Some

A little

None

[SIDE. DO NOT RANDOMIZE.]

Current Broker/agent

Other broker/agents

Current benefits consultant

Other benefit consultants

My current Insurers/Carriers
Other insurers/carriers
Industry association or other business group
Independent websites/publications
Government websites and press releases
“Google” or general search engines

[IF “Code 1-6” TO Qu. 10, ASK Qu. 35-37; OTHERWISE, SKIP TO Qu. 38.]

35. As you think about ways to control your company’s medical benefit costs both today and in the first few years post-healthcare reform, how important do you think **“supply” levers** will be (e.g., negotiating reduced rates with your health insurer, focusing on the lowest-cost and highest quality providers, contracting directly with health providers) versus **“demand” levers** (e.g., improving the health of employees, reducing your company’s benefits coverage, increasing employee cost sharing)?
(Please divide 100 points between these two types of levers, with more points indicating more importance.)

[Allow respondent to input 0-100 for each, force total to add to 100. Display a total. Do not require a response for each item as long as the total equals 100.]

Supply levers
Demand levers

36a. Please describe your company’s level of interest in implementing the following medical expense reduction strategies.

[TOP]

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[SIDE. RANDOMIZE. IF “No/Don’t know” TO Qu. 18, DO NOT DISPLAY “Discontinuing some or all benefits for retirees”.]

Increasing the costs borne by employees overall (e.g., increasing premiums, co-pays, co-insurance)
(Note: under healthcare reform, you are required to provide coverage for preventative care with no co-pay or co-insurance)
Increasing the costs borne by employees for care related to controllable chronic conditions (e.g., diabetes, asthma congestive heart failure)
Increasing the costs borne by employees for elective care
Increasing the costs for employees to insure spouses and/or dependents
Eliminating or discouraging coverage for spouses who have the option of enrolling in a plan provided by their employer

Introducing or growing enrollment in “high-deductible health plans” (with or without a Health Savings or Health Reimbursement account)
Discontinuing some or all benefits for retirees
Changing eligibility thresholds (e.g., raising hours per week requirement for benefits)
Changing workforce to reduce number of eligible employees (e.g., increasing part-time mix)

36b. Please indicate any of these strategies that you have implemented within the past 3 years.
(Please select all that apply.)

Increasing the costs borne by employees overall (e.g., increasing premiums, co-pays, co-insurance)
(Note: under healthcare reform, you are required to provide coverage for preventative care with no co-pay or co-insurance)
Increasing the costs borne by employees for care related to chronic conditions
Increasing the costs borne by employees for elective care
Increasing the costs for employees to insure spouses and/or dependents
Eliminating or discouraging coverage for spouses who have the option of enrolling in a plan provided by their employer
Introducing or growing enrollment in “high-deductible health plans” (with or without a Health Savings or Health Reimbursement account)
Discontinuing some or all benefits for retirees
Changing eligibility thresholds (e.g., raising hours per week requirement for benefits)
Changing workforce to reduce number of eligible employees (e.g., increasing part-time mix)
Other actions **(Please specify)**
None **[VALIDATE]**

37. Has your company considered (either in the recent past or at present) dropping employee health benefits altogether?

Yes
No
I don't know

38. We would like to understand if your company has adopted any of the following tactics to reduce your health benefit costs or improve your benefits offering. Which of the following arrangements does your company have?
(Please select all that apply.)

“Center of excellence” partnership a health provider to treat employees with a specific health condition (e.g., heart disease, diabetes)
Direct contract with a health provider (e.g., a hospital system) to receive preferential rates and discounts for employees
Partnership with a provider (e.g., a hospital system) or retailer (e.g., a drugstore chain) to promote employee wellness and health management

Partnership with a retailer (e.g., a drugstore chain or mass-market retailer) to provide employees with added discounts for prescription drugs

Use (or increased use) of “narrow provider networks,” which restrict employees’ provider choice in exchange for lower costs and better quality of care

Risk-sharing arrangements with either an insurer or provider based on how well they manage your employees’ health outcomes

Employer health benefit group purchasing coalitions

None of the above **[VALIDATE]**

[IF “Code 1-8” TO Qu. 38, ASK Qu. 38a.]

38a. You indicated that you have the following types of arrangements and partnerships. How satisfied are you with each of these?

[TOP]

We are very satisfied with this partnership and would like to expand it

We are satisfied with this partnership

We are not satisfied with this partnership

[SIDE. DISPLAY ITEMS MENTIONED IN Qu. 38.]

“Center of excellence” partnership a health provider to treat employees with a specific health condition (e.g., heart disease, diabetes)

Direct contract with a health provider (e.g., a hospital system) to receive preferential rates and discounts for employees

Partnership with a provider (e.g., a hospital system) or retailer (e.g., a drugstore chain) to promote employee wellness and health management

Partnership with a retailer (e.g., a drugstore chain or mass-market retailer) to provide employees with added discounts for prescription drugs

Use (or increased use) of “narrow provider networks,” which restrict employees’ provider choice in exchange for lower costs and better quality of care

Risk-sharing arrangements with either an insurer or provider based on how well they manage your employees’ health outcomes

Differentiating benefit provisions to incentivize following evidence based best practices (i.e., Value Based Insurance Design)

Employer health benefit group purchasing coalitions

[UNLESS ALL 8 ITEMS ARE MENTIONED IN Qu. 38, ASK Qu. 38b.]

38b. Please describe your company’s level of involvement and interest in the following types of direct partnerships with other organizations that could help your employees access healthcare.

[TOP]

Very interested

Somewhat interested

Not interested

I don't know

[SIDE. DISPLAY ITEMS NOT MENTIONED IN Qu. 38.]

"Center of excellence" partnership a health provider to treat employees with a specific health condition (e.g., heart disease, diabetes)

Direct contract with a health provider (e.g., a hospital system) to receive preferential rates and discounts for employees

Partnership with a provider (e.g., a hospital system) or retailer (e.g., a drugstore chain) to promote employee wellness and health management

Partnership with a retailer (e.g., a drugstore chain or mass-market retailer) to provide employees with added discounts for prescription drugs

Use (or increased use) of "narrow provider networks," which restrict employees' provider choice in exchange for lower costs and better quality of care

Risk-sharing arrangements with either an insurer or provider based on how well they manage your employees' health outcomes

Differentiating benefit provisions to incentivize following evidence based best practices (i.e., Value Based Insurance Design)

Employer health benefit group purchasing coalitions

39. The healthcare reform act introduces a "Cadillac" excise tax on health plans whose costs exceed a certain threshold. Here are a few facts about it:

- The tax is 40% of the plan costs over the government's threshold
- The tax applies to both active employee and retiree health benefits
- For 2018, the base threshold is expected to be \$10.2K (for an individual policy) or \$27.5K (family)
- The cost of all health benefits (including dental, vision, FSAs, etc.) count toward the threshold
- The tax goes into effect in 2018, but employers with retirees which will affected by the tax must account for this tax on their books today

Overall, how much is the Cadillac tax affecting your organization's medical benefits strategy today?

No impact because the tax will not likely apply to us

We have not made any changes because of the tax yet, but we may be at risk of incurring the tax in the future

We are actively considering making changes because of the tax

We have already made changes specifically because of the tax (and may consider additional changes)

[IF "Code 3-4" TO Qu. 39, ASK Qu. 39a.]

39a. Which of the following changes have you made or are you considering specifically in response to the Cadillac excise tax?

(Please select all that apply.)

Discontinuing medical coverage for retirees

Reducing medical coverage for retirees
Discontinuing medical coverage for active employees
Reducing medical coverage for active employees
Eliminating or reducing high cost options
Eliminating ancillary benefits (dental, vision, etc.)
Plan design and/or health management programs to lower cost trends
None **[VALIDATE]**

[TEXT SCREEN]

For the next several questions we will ask you to think about some hypothetical, post-healthcare reform situations, and ask you how you might respond. Please answer based on your best judgment of how your company might respond in this situation in a few years' time.

[IF "1 to 99" TO Qu. 4, ASK Qu. 40; OTHERWISE, SKIP TO Qu. 41.]

[IF "None" TO Qu. 10, INSERT "begin offering health benefits and obtaining".]

[IF "None" IS NOT THE RESPONSE TO Qu. 10, INSERT "continue offering health benefits by obtaining".]

Your response to reform: Exploring additional options and alternatives

40. Small Business Health Options Programs (SHOPs). Starting in 2014, there will be state-run exchanges called SHOPs where small businesses may purchase health coverage for their employees. Here are some additional facts:

- Only businesses with less than 100 employees can buy on the SHOPs
- Insurance products on the shop will be offered by private insurers

Assume SHOPs become an easy, affordable way for small businesses to obtain coverage for their employees.

How likely is your company to **(INSERT TEXT)** employee coverage through a SHOP?

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[IF "Code 1-6" TO Qu. 10 AND "1-49" TO Qu. 4, ASK Qu. 41a.]

41a. Individual health insurance exchanges. Starting in 2014, there will be state-run exchanges for individuals to more readily purchase medical insurance on their own. Here are some additional facts:

- Insurance products will be "guaranteed-issue" (i.e., a person cannot be turned down because of a pre-existing condition)
- Insurance companies cannot charge exorbitant rates because of a person's health. The only factors they can use to "rate" an individual are age and smoking status.

- Individuals whose employers do not offer health coverage, and who have household incomes below 400% (around \$43K for a single person and \$88K for a family of 4) of the federal poverty level, will receive government subsidies to offset their healthcare cost. Individuals with incomes above 400% of the FPL will receive no subsidies.

Assume exchanges become an easy, affordable way for individuals to obtain health insurance.

If your employees were to obtain insurance on an exchange instead of through your company, here are examples what they would likely pay for basic coverage (based on their annual household incomes):

Single person:		Family of four	
<u>Household</u>	<u>Maximum</u>	<u>Household</u>	<u>Maximum</u>
<u>Income</u>	<u>annual</u>	<u>Income</u>	<u>annual</u>
	<u>premium</u>		<u>premium</u>
\$21,660	\$1,365	\$44,100	\$2,778
\$27,075	\$2,180	\$55,125	\$4,438
\$32,490	\$3,087	\$66,150	\$6,284
\$43,320	\$4,115	\$88,200	\$8,397

Given this information, how likely do you think your company would be to discontinue employee health coverage?

- Definitely would
- Probably would
- May or may not
- Probably would not
- Definitely would not

[IF “Code 1-6” TO Qu. 10 AND “50+” TO Qu. 4, ASK Qu. 41b.]

41b. Individual health insurance exchanges. Starting in 2014, there will be state-run exchanges for individuals to more readily purchase medical insurance on their own. Here are some additional facts:

- Insurance products will be “guaranteed-issue” (i.e., a person cannot be turned down because of a pre-existing condition)
- Insurance companies cannot charge exorbitant rates because of a person’s health. The only factors they can use to “rate” an individual are age and smoking status.
- Individuals whose employers do not offer health coverage, and who have household incomes below 400% (around \$43K for a single person and \$88K for a family of 4) of the federal poverty level, will receive government subsidies to offset some of the cost. Individuals with incomes above 400% of the FPL will receive no subsidies.

Assume exchanges become an easy, affordable way for individuals to obtain health insurance.

If you were to discontinue offering health insurance, your employees with the following household incomes would pay the following to obtain insurance from the individual exchange for themselves:

Single person:		Family of four	
<u>Household</u>	<u>Maximum</u>	<u>Household</u>	<u>Maximum</u>
<u>Income</u>	<u>annual</u>	<u>Income</u>	<u>annual</u>
<u>premium</u>		<u>premium</u>	
\$21,660	\$1,364	\$44,100	\$2,778
\$27,075	\$2,179	\$55,125	\$4,437
\$32,490	\$3,086	\$66,150	\$6,284
\$43,320	\$4,115	\$88,200	\$8,397

You would also pay a penalty of \$2,000 per employee after the first 30 employees.

Given this information, how likely do you think your company would be to discontinue employee health coverage?

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[IF “Code 1-6” TO Qu. 10, ASK Qu. 41c.]

41c. Have you previously calculated how many of your employees would benefit economically if your company were to discontinue offering health insurance?

Yes
No
I don’t know

[IF “Definitely would/Probably would/May or may not” TO Qu. 41a/41b, ASK 41d.]

41d. If you discontinue health coverage for your employees, how likely is your company to make up for this by increasing other forms of compensation for your employees--particularly for employees who would wind up paying more for health insurance on the exchange than they currently pay for insurance through your company today?

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[IF “Definitely would/Probably would” TO Qu. 41d, ASK 41e.]

41e. How would you expect your company to compensate employees in this situation?

[TOP]

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[SIDE. RANDOMIZE.]

Increased cash compensation
Increased retirement benefits
Defined contributions (e.g., a pool of money the employee could allocate across retirement, dental, vision and other benefits)
Increased PTO (Paid Time Off)
Support in selecting the right plan (e.g., making HR staff available to answer questions, providing information on exchange policies available, linking to exchange from company website)

[IF “Definitely would/Probably would” TO “Support in selecting the right plan”, ASK Qu. 41f.]

41f. The following is a list of ways your company could provide support to help your employees select the right health insurance plan for themselves on the exchange. For each, how likely would your company be to offer it?

[TOP]

Definitely would
Probably would
May or may not
Probably would not
Definitely would not

[SIDE. RANDOMIZE.]

Provide comparative materials on multiple carriers
Recommend specific sales personnel/agents
Provide seminars and training on the options available
Provide employees time with an internal benefits consultant
Provide employees time with an external benefits consultant affiliated with a specific health insurer
Provide link to website offering health insurance products from multiple health insurance companies
Provide employees time with a financial consultant

[IF “Code 1-6” TO Qu. 10, ASK Qu. 42.]

42. If your company ultimately chose not to drop health benefits, what would be the most important reasons why?

(Please select up to 3 reasons.)

[RANDOMIZE ANSWER LIST.]

We are morally obligated to provide health benefits to employees

We would risk losing talent or have more difficulty attracting talent

We would risk decreasing overall employee satisfaction/morale

We would risk decreasing employee productivity

We don't feel our cost savings would be high enough (or it would be too costly to provide offsetting compensation and pay the penalty)

Employee unions would not allow it

We believe others in our industry would likely keep offering as well/ don't want to be the first in our industry to stop offering coverage

We believe it would hurt public relations or our company's reputation

We need to see if exchanges are an effective way for employees to obtain health coverage for themselves and their families

I don't know **[VALIDATE]**

43a. Defined contribution health benefit solutions

Instead of continuing offering your current medical benefits or dropping medical benefits entirely, your company could also consider offering a “**defined contribution**” health benefit. Here is how this could work:

- An employer provides employees with a fixed dollar amount for them to then purchase individual health coverage (on the open healthcare exchanges or from a set of options the employer defines)
- By providing a fixed dollar amount, the employer is more insulated from rising medical costs and does not have to deal with insurers/carriers
- Employers could also provide information, tools, and guidance to help employees make their coverage purchase decisions
- Employers with >50 employees may have to pay penalties of \$2,000 per employee after the first 30 employees

How likely would you consider switching to a “defined contribution” model for health benefits?

We already have a defined contribution option in our benefits offering

Definitely would

Probably would

May or may not

Probably would not

Definitely would not

I don't know

[IF “Very likely/Likely/Somewhat likely” TO Qu. 43a, ASK Qu. 43b; OTHERWISE, SKIP TO Qu. 44.]

43b. Below are a set of factors you could consider in choosing a defined contribution health benefit solution. Please select the 2 most important factors to your company.

(Please select up to 2 reasons.)

[ALLOW FOR EITHER ONE OR TWO RESPONSES. RIGHT NOT, TWO RESPONSES ARE REQUIRED.]

Breadth of plans/choices available

Quality of the plans/choices available

Price of the plans/ choices available

Quality and robustness of information/tools to help with decision making

Solution's overall ease of use for employees

Other factors **(Please describe)**

44. **Workforce strategies.**

With healthcare reform, some employers may be interested in offering health insurance to their higher-wage employees, but not to lower-wage employees (who can purchase government subsidized coverage on healthcare exchanges). Here are some additional facts about this option:

- Healthcare reform prohibits employers from discriminating in favor of higher wage employees in their benefits offering.
- However, there are other workforce strategies your company could pursue to provide different benefits to your higher vs. lower wage employees.

For the next set of questions, assume exchanges are an easy, affordable way for individuals to obtain health insurance. How likely would your company be to consider pursuing each of the following strategies?

[TOP]

Definitely would

Probably would

May or may not

Probably would not

Definitely would not

I don't know

[SIDE. RANDOMIZE]

Restructuring your company into two companies, one comprised of higher-wage employees who would continue to be offered health insurance, and one comprised of lower-wage employees who would not be offered coverage. (If the "lower-wage company" has more than 50 employees, you would pay a penalty of \$2000 per employee in this company, after the first 30 employees.)

Shifting your lower-wage workforce toward more part-time workers (work less than an average of 30 hours per week each month). You would not have to offer part-time employees health insurance and would not have to pay any penalties. You would continue offering health insurance to all full-time workers.

Significantly shifting your lower-wage workforce toward outsourced and/or offshore workers. You would not have to offer your outsourced/offshore workforce health insurance and would not have to pay any penalties. You would continue offering health insurance to all full-time workers.

Setting the health coverage premium paid by employees above 9.5% of household income of many/most of your low-wage employees. Because of health reform law, this will enable these low-wage employees to opt-out of your coverage and receive subsidies toward purchase of coverage on an exchange instead. However, you would pay a penalty (the lesser of \$3000 times the number of employees who receive subsidies, or \$2000 times the number of full time employees after the first 30).

[IF “All fully insured” TO Qu. 12, ASK Qu. 45; OTHERWISE, SKIP TO Qu. 46.]

45. Switching to Administrative Services Only (ASO) benefits.

Another potential response to reform for employers is to become “self-insured” or “ASO” (administrative services only).

Under this arrangement:

- Your company—rather than an insurer—is responsible for the claims of your employees and their dependents.
- Your company can separately purchase “stop-loss” insurance, which protects your company from unexpectedly high claims costs.
- You would still contract with an insurer/carrier for key administrative services such as access to the insurer’s provider network and claims processing.

Becoming self-insured allows a company to avoid some healthcare reform requirements (e.g., the requirement that 80-85% of premiums be used for medical costs). It also reduces insurers’ ability to pass new healthcare industry taxes to you in the form of higher insurance premiums

How likely is your company to convert your current fully-insured insurance plans to self-insured plans?

Most likely

Likely

Somewhat likely

Somewhat unlikely

Not likely

I don’t know

[IF ANY “Yes” MENTIONS TO Qu. 19, DO NOT ASK Qu. 46.]

46. Health management programs.

If your company has not previously offered wellness programs for employees, due to healthcare reform you could be eligible for federal grants toward establishing wellness programs. Given this, how interested would your company be in establishing a wellness program?

Very interested

Interested
Somewhat interested
Somewhat uninterested
Not interested

[IF ANY “Yes” MENTIONS TO Qu. 19 OR “Code 1-4” TO Qu. 46, ASK Qu. 47.]

47. What type of employee wellness programs would you be most interested in launching or expanding?

(Please indicate your interest in each of the following options.)

[TOP]

Very interested
Interested
Somewhat interested
Somewhat uninterested
Not interested

[SIDE. RANDOMIZE]

Major illness support/ recovery programs (e.g., cancer, heart attack)
Chronic disease management (e.g., diabetes, high cholesterol)
Smoking cessation
Diet/ nutrition coaching
Exercise promotion
Worksite clinics
Health risk assessments

48. How would the following possible events impact the way your company would react to health care reform?

[TOP]

Major impact
Minor impact
No impact

[SIDE. RANDOMIZE]

One or a few large, bellwether employers drop health insurance for a majority or all of their employees
One or a few of my major competitors (in my industry or geography) drop health insurance for a majority or all of their employees
One of your low-cost competitors drop health insurance for a majority or all of their employees
The vast majority of large employers continue to offer health insurance to their employees
The penalty for not offering medical coverage to employees is increased to nearly the cost of providing employee coverage

State-run exchanges are not an effective way for my employees to obtain medical coverage (e.g., the policies available from the exchange do not cover a sufficient percentage of healthcare costs, exchanges are difficult to navigate or there is a stigma against purchasing on them, etc.)

Health management programs are proven to be a very effective way of lowering total employer medical costs

The percentage of premium employers can place at stake for participation in wellness programs is increased to 50%

Your industry, competitors, and other employers in your area

49. How do you believe your total benefits offering generally compares to that of your industry? [our offering is significantly more extensive, our offering is moderately more extensive, our offerings are about the same, their offerings are moderately more extensive, their offerings are significantly more extensive, I don't know]

50. How do you believe your total benefits offering generally compares to that of your competitors/ other businesses in your geographic area?

Our offering is significantly more extensive

Our offering is moderately more extensive

Our offerings are about the same

Their offerings are moderately more extensive

Their offerings are significantly more extensive

I don't know

51. How important do you think benefits are in competition for talent in your industry?

Very important

Somewhat important

Not important

52. How important do you think benefits are in competition for talent in your geographic area?

Very important

Somewhat important

Not important

53. How have you heard your competitors will respond/ How do you expect your competitors to respond to reform?

(Please select all that apply.)

Continue as-is or with minor changes

Wait and see what other companies do

Continue offering medical coverage but likely with significant changes

Drop coverage for some groups (e.g., retirees) **(Please describe group)**

Drop coverage altogether, other **(Please describe)**

I don't know