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Employer Sponsors of Health Benefits Part 1: Possibilities to Sustain Healthcare Costs

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It's little comfort to an employer sponsoring employee health benefits to be told annual healthcare trend rates are moderating. Even at 4 - 5% trend, healthcare costs continue to grow faster than wages and salaries. Although employers have passed some of this increase on to their employees via higher contributions and out-of-pocket expenses, a tight labor market makes this more difficult to do. With the Affordable Care Act (ACA) Employer Responsibility requirements still in place, and the average employer's share of healthcare costs now more than half the cost of an entry-level employee, some employers will continue to scrutinize work schedules to avoid full-time employee thresholds.

Employers know healthcare will be at the crux of the 2020 Presidential election. With uncertainty as a foundation, employers:

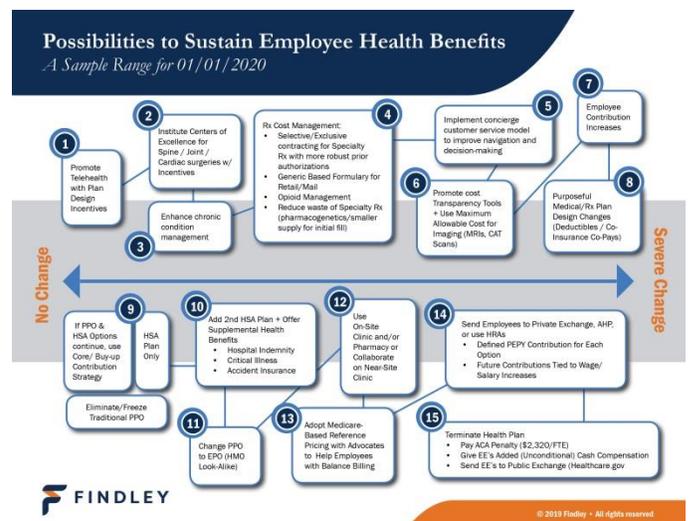
- Are now hearing about proposals to eliminate employer-sponsored health plans in favor of a "Medicare for All" program.
- Want to know if the "Medicare for All" proposal is economically feasible; would it, indeed, "level the playing field" in terms of attracting talent.
- Question if the increase in their taxes needed to support this program would be more or less than what they spend now on healthcare benefits.

Between now and the 2020 election, employers are striving to sustain competitive, affordable health benefits. They have tried and exhausted many tactics to contain healthcare costs, and are looking for other alternatives—beyond putting their health plan out to bid to optimize network discounts and/or reduce fixed costs, such as Administrative Services Only (ASO) fees and stop loss premiums. The following diagram shows a range of possibilities an employer can consider for 1/1/2020. It presupposes the employer has:

- Completed a claims analysis to identify cost trends and drivers.

- Examined demographics for health status and special needs to address well-being.
- Considered proposed regulations liberalizing the use of Health Reimbursement Arrangements (HRAs), by employers of any size, to pay individual health insurance premiums are finalized for 2020.

This diagram does not speak to interactive modeling tools, like Findley's BenScan® modeler, to value the impact of these potential changes on their gross and net costs.



However, many employer concerns involve questions about future legislative, regulatory, and litigation activity that could affect employee health benefits. As a result, we have developed a three-part series to delve into the current situation in Washington, DC and the results of the 2020 election and how it may impact the future direction of employer-sponsored health benefits.

Your thoughts are appreciated too. Share your input [here](#) or voice your opinion on what the future holds for employer-sponsored health benefits.

Read more about the current situation in Washington, DC in our next article in this series: [Employer-Sponsors of Health Benefits: Part 2: More Gridlock Ahead](#).

Questions? Contact the Findley consultant you normally work with, or Bruce Davis at 419.327.4133, Bruce.Davis@findley.com.