

2010 SURVEY RESULTS

Health Care Reform



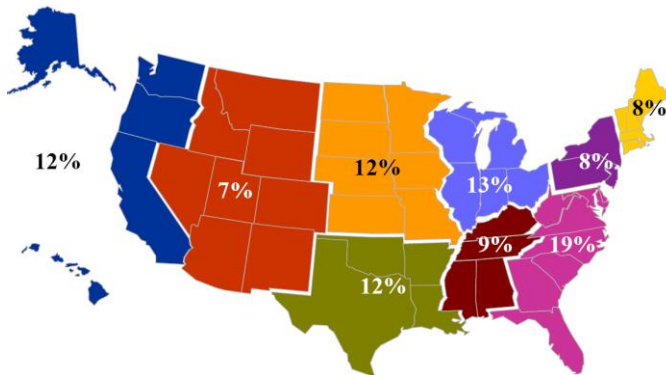
Health Care Reform Survey Results 2010

There is no doubt that the health care reform legislation is having a large impact on employers across the nation. As provisions start to take effect, the magnitude of this impact continues to become clearer. But how are other employers reacting to and coping with the changes? Almost 90 percent of respondents to this survey expect health care reform to increase their organization's health benefit costs. And 75 percent will pass costs on to employees if health care reform causes increased benefit costs.

The 2010 Health Care Reform Survey was conducted in summer and early fall of 2010 and was available to individuals through the MyWave Portal website. A total of 2,488 respondents completed the survey.

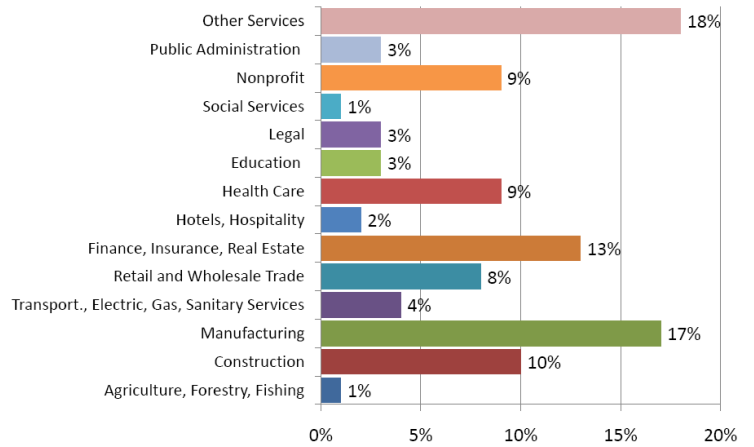
Demographic Information

In what state is your organization based (the most employees)?

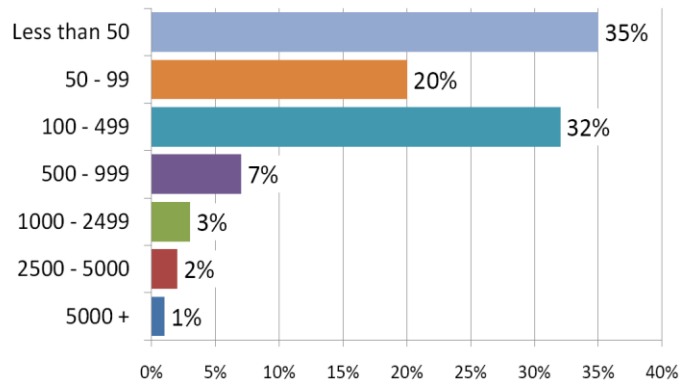


- Pacific** 12%
- Mountain** 7%
- West North Central**..... 12%
- West South Central**..... 12%
- East North Central** 13%
- East South Central**..... 9%
- South Atlantic**..... 19%
- Mid-Atlantic**..... 8%
- New England** 9%

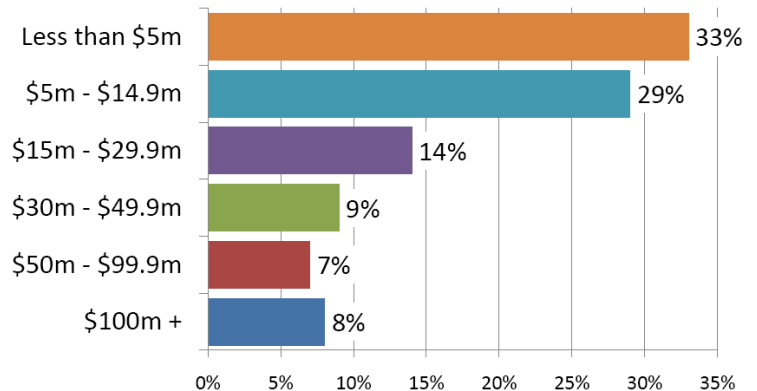
In which industry/sector does your organization operate?



How many employees does your organization have?



What is your organization's annual revenue?



Broker-Provided Services

How important is it to you that your benefits broker is able to provide the following services relating to health care reform?

	Very Important	Important	Slightly Important	Not Important
Offer legislative updates to educate on HCR and implications	68%	26%	4%	2%
Offer educational seminars to educate on HCR and its implications	54%	33%	10%	3%
Model the financial impact of HCR on your organization	52%	36%	9%	3%
Help to educate employees on HCR and its implications	51%	37%	9%	3%
Help develop a health benefit strategy and multi-year implementation plan for active employees	48%	36%	12%	4%
Provide decision support tools to help employees evaluate their options	42%	40%	13%	4%
Help to adopt and implement a CDHP to control costs	28%	31%	20%	20%
Help to implement work force health improvement/wellness strategies	29%	36%	23%	12%

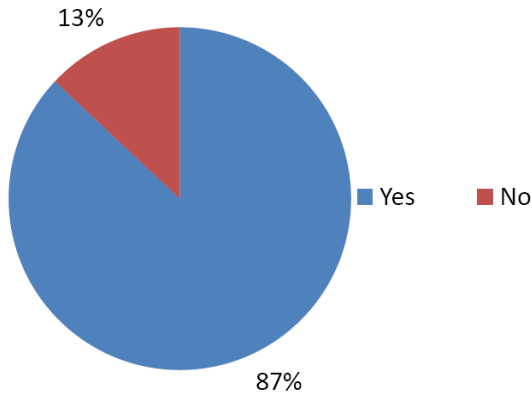
Health Care Reform Implementation Timeline

What are the actions and respective timeframes that your organization is likely to take in response to health care reform?

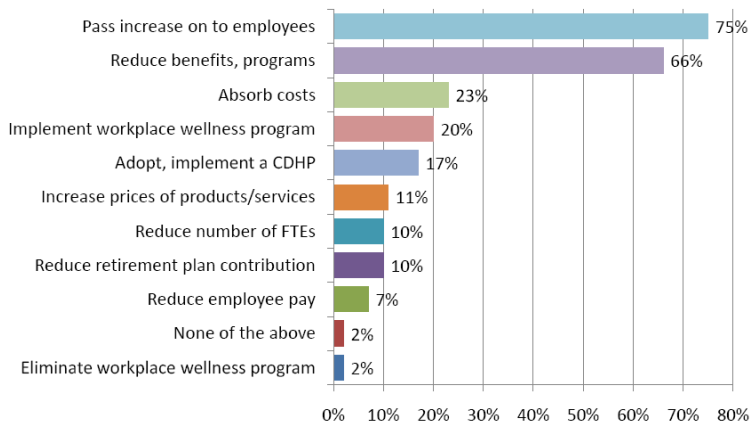
	Already Done	By End of 2010	2011 or Beyond	Don't Plan to	Don't Know
Educate senior management on HCR and its implications	31%	37%	18%	4%	10%
Model the financial impact of HCR on your organization	10%	34%	29%	8%	19%
Educate employees on HCR and its implications	11%	40%	35%	4%	9%
Re-examine health benefit strategy for active employees and develop a multi-year implementation plan	7%	27%	36%	9%	20%
Re-examine health benefit strategy for retirees	5%	8%	10%	56%	21%
Provide decision support tools, help employees evaluate options	7%	23%	34%	14%	22%
Implement a CDHP	16%	5%	11%	24%	43%
Implement a work force health improvement, wellness initiative	27%	12%	23%	14%	24%
Discontinue employer-sponsored health plans	1%	1%	3%	68%	27%

Health Benefit Costs

Do you anticipate that health care reform will increase your organization's health benefit costs?



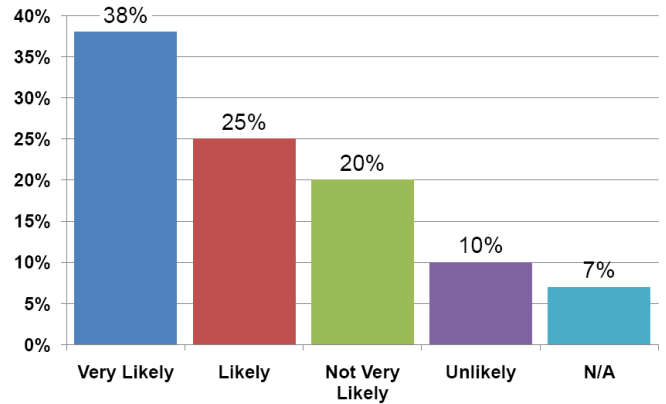
What are the likely actions your organization will take if health care reform increases your organization's health care benefit costs?



Dependent Coverage

The new health care reform law requires group health plans that provide dependent coverage of children to make coverage available for adult children up to age 26.

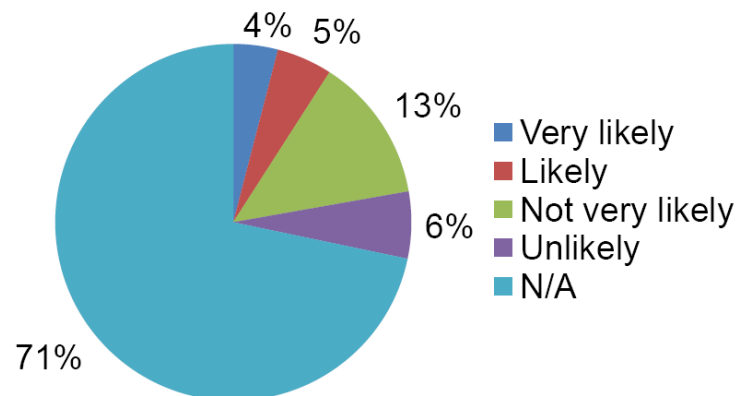
How likely is it that your organization will pass on the additional costs to your employees?



Medicare Part D

The health care reform legislation removes the deduction allowed to employers for Medicare Part D retiree drug subsidy payments.

How likely will this change cause you to drop that benefit?

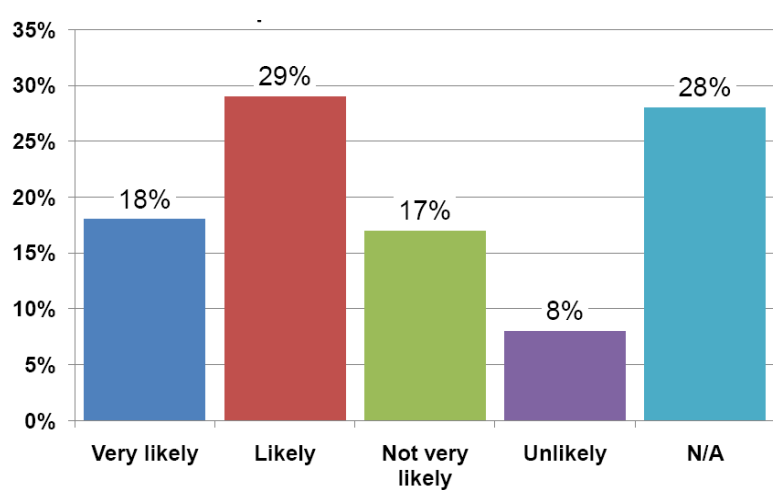


*N/A represents those who are not currently receiving the federal subsidy for offering retiree drug coverage.

Lifetime and Annual Limits

In general, the health care reform legislation provides that group health plans may not establish lifetime limits (beginning as soon as 2010) on the dollar value of benefits for any participant or beneficiary, or impose unreasonable annual limits (beginning in 2014) on the dollar value of benefits.

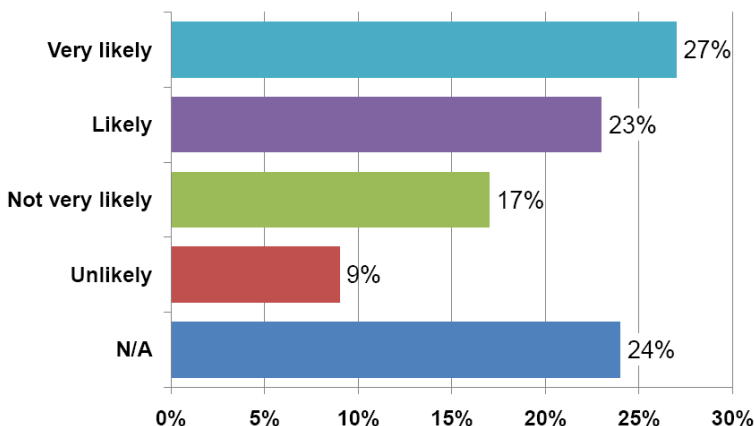
How likely are these changes to increase your organization's costs for stop-loss insurance?



FSA Contribution Limits

In 2013, the health care reform legislation will limit the amount of employee pretax contributions to health FSAs to \$2,500 per year, indexed by CPI for subsequent years.

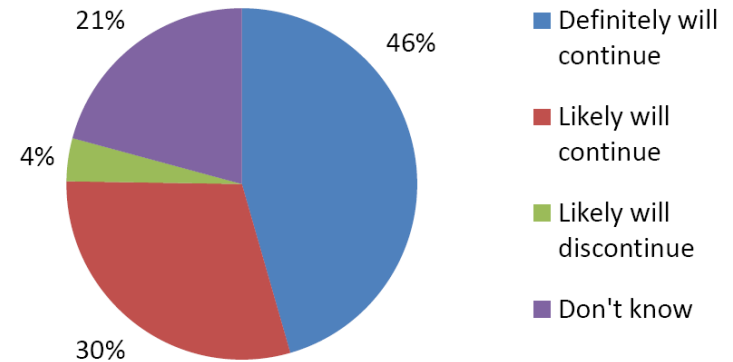
How likely will this change result in your employees spending more out of pocket for their care?



Play or Pay Decision

In 2014, employers with more than 50 employees are required to offer minimal essential health coverage to employees or pay a penalty.

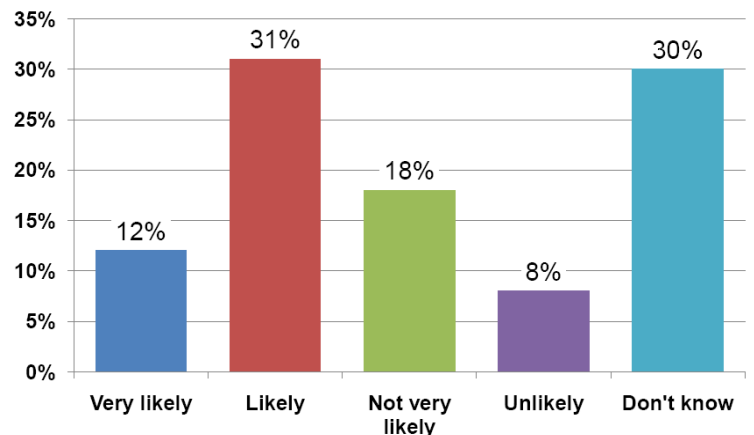
How likely is your organization to continue offering health benefit coverage to your employees once this requirement kicks in?



Workplace Wellness

In 2014, employers will be permitted to increase employee wellness program rewards or penalties to 30 percent of the cost of coverage (up from the current limit of 20 percent).

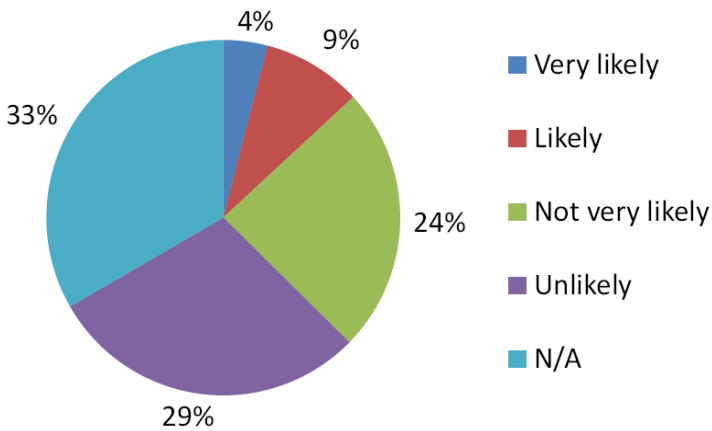
How likely is it that this will prompt your organization to create or expand your workplace wellness program?



Nondiscrimination Rules

Under the health care reform legislation, insured group health plans (other than grandfathered plans) are required to satisfy the nondiscrimination rules regarding highly compensated employees for plan years beginning on or after September 23, 2010. Certain insured plan designs that have commonly been used to reward certain highly compensated employees will no longer be permissible.

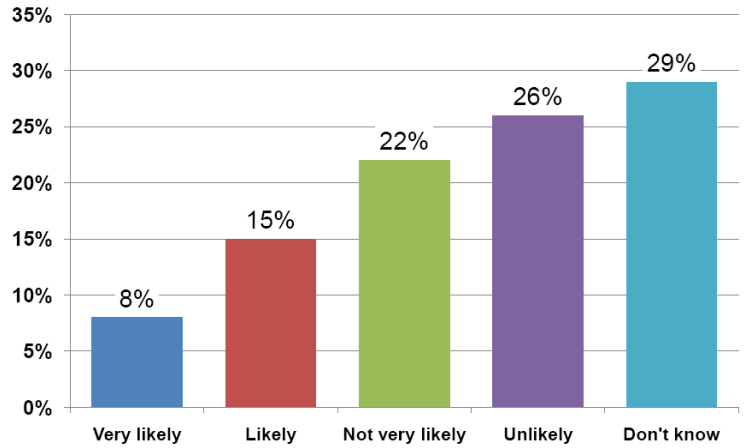
What is the likelihood that this will affect your plan design?



Cadillac Plans

In 2018, a 40 percent excise tax will be imposed on the excess benefit on high cost employer-sponsored health insurance. The annual value limit for purposes of calculating the tax is \$10,200 for individuals and \$27,500 for family coverage.

What is the likelihood that your organization will need to reduce coverage to stay below these levels?



This survey was anonymous, so responses have not been validated for statistical significance or margin of error. The information contained herein, including its attachments, contains proprietary and confidential information. Any distribution of these materials to third parties is strictly prohibited.
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