

Thirty-Two Percent of Employers Delayed Health Plan Renewal Date to December 2014 to Avoid Rate Increases, Survey Finds

Employer Health Care Costs Remain Stable for 2014, but Number of Employers Delaying Renewal to Avoid PPACA Compliance Increased 322 Percent

This Indicates the Full Impact of PPACA is Still Unknown – Large Rate Increases Expected

VERMONT – The number of employers delaying their health plan renewal dates until December 1 increased 322 percent from 2013 to 2014, with 32 percent of all employers postponing their renewal date, according to the 2014 United Benefit Advisors (UBA) Health Plan Survey, the nation's largest health plan survey of nearly 10,000 employers. Of the 32 percent, 94 percent were small businesses in the under 100-employee market. Based on current renewal rates coming in from carriers, in the states that did not allow renewal of pre-Patient Protection and Affordable Care Act (PPACA) plans, many small employers are facing rate increases of 30 percent to 160 percent, UBA finds. Given that a number of states allowed pre-PPACA plans to renew, delaying the effects even further, the full impact of PPACA is still largely unknown.

"We're seeing little change in premium rates and employee benefit plans, and that's because many employers renewed twice in 2013 to delay the effects of PPACA," says Carol Taylor, Chairwoman of the UBA Client Compliance Solutions Committee and a Benefits Advisor with D & S Agency, a Virginia-based insurance firm and UBA Partner. "In the category of employers with 50 or fewer employees, the results are staggering: in 2012, there were 507 employers with a December 1st renewal date. In December 2013, that number was more than five times (412.4%) higher at 2,598 employers. This is going to have a ripple effect for years to come in the small group market."

Les McPhearson, CEO of UBA, says, "This trend shows overwhelmingly that the full impact of PPACA compliance and its effect on health insurance costs is still unknown, but paints a gray picture of what's ahead for employers."

While employers have seen modest cost increases in recent years – average annual cost per employee was \$9,302 in 2013 versus \$9,504 in 2014 – employers continue to push more of the burden onto employees through out-of-pocket cost increases and reductions in family benefits.

While average in-network deductibles remained fairly level at \$1,901, out-of-pocket maximums (OOP maximums) increased more than 6 percent in 2014. The median single OOP maximum increased \$500 to \$3,500 and median family OOP maximum increased \$1,000 to \$8,000. The increase in medians was more than double the increase in average OOP maximums for both single and family, which both went up less than \$250.

"If you were to look only at the average out-of-pocket costs and deductibles, you'd be missing a big part of the story," says Taylor. "The median numbers show a significant increase because the lower end of the scale is dropping off, so we're getting used to a new norm in higher out-of-pocket costs."

Deductibles and Coinsurance

The percent of plans with no deductible in-network decreased from 21 percent for an individual in 2013 to 20 percent in 2014, and from 22.5 percent for a family in 2013 to 20.8 percent in 2014. The number of plans with no out-of-network deductible also decreased from 8 percent for individuals in 2013 to 6.9 percent in 2014, and from 9.8 percent for a family in 2013 to 8.1 percent in 2014.

Plans with 100 percent coinsurance are also disappearing rapidly, having decreased by 14.8 percent since 2012. In 2014, 36.2 percent of plans offered the coverage for individuals and only 1.3 percent covered families at this level.

Regional Differences in Health Plan Cost

As we have seen in the past, there is still a big difference between an employer's cost to insure an employee in the Northeast versus the West. Average annual cost per employee in the Northeast was \$10,931, which is 13 percent higher than the West at \$9,513 per employee. The North Central region comes in second at \$10,130 and the Central region pays the least at \$8,088 per employee. Employers in the South pay \$8,254 per employee.

"In the rapidly changing implementation of PPACA, it is critical for businesses to know their benchmark on medical plans," says McPhearson. "This is not only for their industry, but in their state, region and nationally as well. I'd encourage employers to look at the UBA Health Plan Survey in a way that is most relevant to their business."

Contact us today to pre-order a copy of the 2014 UBA Health Plan Survey Executive Summary or request a customized benchmarking report.

About the UBA Health Plan Survey

Data in the [2014 UBA Health Plan Survey](#) is based on responses from 9,950 employers sponsoring 16,967 health plans nationwide. The survey's focus is intended to provide a current snapshot of the nation's employers rather than covered employees. Results are applicable to the small to midsize market that makes up a majority of American businesses, as well as to larger employers, providing benchmarking data on a more detailed level than any other survey.

The 2014 UBA Health Plan Survey offers more than national data and UBA recommends that employers benchmark with local data, which is more effective when adjusting plan design, negotiating rates, and communicating value to employees.

The Richards Group of Vermont

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