

Employers Skeptical Of Health Care Reform...

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But Few Project Dropping Health Insurance Coverage

Having have been battered by cost increases, employers are torn between bottom-line considerations and effects on employee morale

Even in an environment of uncertainty about the future of health care reform, a majority of employers surveyed (56 percent) say that they are likely to continue to offer employer-sponsored health insurance after health care reform is enacted, according to a new survey of benefit decision-makers conducted by GfK Custom Research North America.Â Only 12 percent of benefits decision-makers say they would be very or somewhat likely to drop coverage, and another 32 percent of the 502 private-sector companies surveyed are unsure what they will do.

Projections vary by the size of employer, with only four percent of decision-makers surveyed from those companies with 500 or more employees considering terminating coverage completely.Â In addition, decision-makers who say they are familiar with health care reform are less likely to foresee their dropping coverage (7 percent, versus 15 percent among those not familiar).

"This survey suggests that firms arenâ€™t considering a wholesale flight from employee health care coverage as health care reform is implemented,â€• said Tim Nanneman, Vice President and Director of Health Insurance Research. "However, many employers are skeptical about the potential effects of health care reform.â€•

Skeptics Still Abound

Even though most are committed to continuing insurance coverage for the foreseeable future, many surveyed worry that reform provisions will either fail to slow the increase in health care costs or will make cost trends worse.

Only 11 percent of surveyed decision-makers believe costs of health benefits will increase more slowly than if no reform had passed, while 51 percent think that costs will increase more rapidly. Many remain uncertain about the impact of health care reform, with 38 percent not sure about the effect of health reform on future costs.

Lack of Support for Reform Correlates with Recent Cost Experiences

Support for health care reform is lacking from those surveyed who have experienced the greatest recent cost increases. Those who have experienced the highest recent price increases are also the least likely to see health care reform as potentially improving the situation. Thirty percent say they have seen costs increase by 9 percent or more annually over the last three years, and these companies have the most negative attitudes toward health care reform.

As employers have seen spikes in the cost of offering health care benefits, many report they have reacted by increasing premium costs, copays and deductibles for employees and dependents. With health care costs continuing to increase in recent years, fully 20 percent of employers say they have even seriously considered cessation of health care benefits.

"So it seems that, while the social contract between employers and employees remains secure for the time being, there are signs that it is weakening among some employers. This suggests that as health insurance exchanges become operational, for example, some employers will be receptive to having their employees get insurance via this new option rather than with traditional employer-sponsored insurance,â€• said Tim Nanneman.

Conflicting Demands: The Bottom Line Versus Attracting and Retaining Employees

"Employers will be balancing sometimes conflicting factors when making decisions about what to do after health care reform is implemented,â€• said Tim Nanneman. "We found that 87 percent of company health care decision-makers surveyed say the effect on the companyâ€™s bottom-line will be an important consideration when deciding what to do about employee benefits after health care reform. However, nearly as many, 82 percent, say the effect on employee morale will be important.â€•

Methodology

The survey was conducted by GfK among a sample of 502 private-sector companies currently offering health benefits. Interviews were conducted with those who make or share in decisions about the health and medical benefits to offer company employees. The data were collected online from August 15-31, 2011 with a sample of benefits decision-makers identified by GfK and Research Now. Data were weighted by number of employees at the company to approximate the population of companies offering health insurance benefits.

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