

Despite Delay in Excise Tax, Employers Continue to Explore Value of Private Exchanges and Cost Management Strategies

NEW YORK – Feb. 16, 2016 – According to a survey of employers conducted by the [Private Exchange Evaluation Collaborative](#) (PEEC), 46% have implemented or are continuing to look at private health insurance exchanges to offer health benefits for their covered populations. Over the last few months PEEC has polled employers for a broad study on their views and intentions related to exchanges. A second shorter study was conducted in January to gauge strategies in light of the two-year delay in the implementation of the excise tax.

Under the Affordable Care Act, employers whose health benefits cost more than \$10,200 for individuals or \$27,500 for families have to pay an excise or “Cadillac” tax of 40% on the amount above those figures. Prior to the extension of the excise tax implementation, employers were modeling whether their plans would hit the tax thresholds, and if so, when that would take place. Over 40% of employers expected to be exposed to the tax in 2018.

“Overall, interest in private exchanges remains strong. This year’s results show interest is highest among small and mid-market employers, with 50% showing interest” says Barbara Gniewek, Principal at PricewaterhouseCoopers (PwC). “Interestingly, these employers are thought to have the most to gain from a private exchange, but noted a lack of available information and education on the solutions. 36% of employers over 10,000 have or are considering private exchanges.”

Key findings

- When asked if they would consider using a private exchange for full-time active employees before 2019, 6% of employers responded they have contracted with an exchange, the same percent as in 2014 and somewhat fewer (40% versus 41%) indicated they are still considering this strategy.
- Over half of employers (53%) agreed that if an industry peer moved to a private exchange they would be more likely to do so.
- The rate of employers considering the public exchange for full-time active employees did not change year over year (16% in 2014 and 2015).
- Key attributes considered when evaluating private exchanges have remained stable from 2014 to 2015, with high priority placed on cost of moving to an exchange, customer experience, and networks available from the exchange plans.
- Almost half of early adopters of exchanges said they were able to save money.
- Company size is a determining factor in whether or not a company will consider a private exchange, with greater interest from small and mid-sized firms than larger ones.

- While over 60% of employers anticipate the excise tax will be repealed, employers continue to aggressively look at ways to reduce their exposure to the tax law.

An executive summary of the findings along with additional details can be accessed [here](#).

“Employers are more invested than ever in the value of their health care dollar,” said Larry Boress, president and CEO of the Midwest Business Group on Health. “Motivated by high medical care costs and their potential exposure to the ACA's excise tax, interest remains high among health care purchasers in exploring the potential value of private exchanges and other strategies to reduce their exposure to the tax. Many are focused on improving employee engagement through a suite of tools and services that will ultimately enhance the health of their population.”

Forum on early employer experiences with exchanges

On Wednesday, Feb. 17, 2016, MBGH in cooperation with PEEC, will host a day long, employer-only forum in Chicago to share the experiences of early employer adopters of private exchanges for actives and retiree populations. Different panels will explore the challenges and how employer’s responded in enrollment, implementation, enhancing member experience, working with exchange plans, and overall results. Additional details and registration information can be found [here](#).

Survey details

These results come from two online surveys of employers’ views on health insurance exchanges conducted in November 2015 and January 2016. More than 350 employers (28% had less than 500 employees, 21% had 500 – 2,499 employees, 23% had 2,500 – 9,999 employees, and 28% had over 10,000 employees) from 34 different industries across the nation participated in the November survey. PEEC also surveyed 129 employers in January 2016 after the delay in the excise tax implementation was announced, to understand how this delay may have changed their views or intentions related to private exchange and other benefit and worksite activities.

About the Private Exchange Evaluation Collaborative (PEEC)

The [Private Exchange Evaluation Collaborative](#) (PEEC) is an initiative launched in 2013 by four leading nonprofit business coalitions, [Employers Health Coalition, Inc. \(Ohio\)](#), [Midwest Business Group on Health](#), [Northeast Business Group on Health](#), and the [Pacific Business Group on Health](#) – all independent coalitions representing employer health care interests –and [PricewaterhouseCoopers](#) (PwC) (not an exchange provider). PEEC will solicit and provide unbiased, comparative information and support on private exchange strategies and purchasing decisions.

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