



# SHRM Survey Findings: 2015 Strategic Benefits— Health Care



October 15, 2015

### Introduction

The 2015 Strategic Benefits Survey is part of a survey series administered annually since 2012 by the Society for Human Resource Management (SHRM). This research is used to determine whether various employee benefits are leveraged to recruit and retain top talent. The six-part series features the following topics:

- Part 1: Wellness Initiatives
- Part 2: Flexible Work Arrangements
- Part 3: Health Care
- Part 4: Leveraging Benefits to Retain Employees
- Part 5: Leveraging Benefits to Recruit Employees
- Part 6: Assessment and Communication of Benefits

### Definitions

For the purpose of this survey, *total health care costs* include employer-paid premiums, administration costs and any individual medical claims covered by the employer.

- Health care coverage: The vast majority (96%) of HR professionals indicated their organizations provided employer-based health care insurance plans to their employees; just 2% of organizations indicated they provided a subsidy for the cost of health care insurance and access to a private exchange to purchase coverage.
  - » Of those organizations that provided employer-based health care insurance plans or no health care coverage, more than two-thirds (72%) had “not at all” considered providing subsidies to their employees to purchase health care insurance through a private exchange. Very few (3%) planned on offering subsidies in 2016, 2017 or 2018; about two-fifths (42%) were “not sure.”
- Anticipated changes in total health care costs: Three-quarters (76%) of HR professionals said they anticipated their organizations’ total health care costs would increase between plan year 2014 and plan year 2015; of those, the average anticipated increase in total health care costs was 13%.
- Actual changes in total health care costs: About three-quarters (76%) of respondents reported an increase in total health care costs in plan year 2014 compared with plan year 2013.
- Controlling the costs of health care: About one-half (46%) of respondents indicated their organizations increased the employee share contributed to the total costs of health care compared with the previous plan year.
  - » Looking into plan year 2016, about one-quarter (25%) of respondents reported their organizations plan to increase the employee share contributed to the total costs of health care; however, the majority were not sure (54%).



- Controlling the costs of health care (continued):
  - In plan year 2015, respondents indicated their organization was paying, on average, 76% of total employee health care costs.
  - For the purposes of controlling the costs of health care, about one-half of organizations reported they created an organizational culture that promotes health and wellness (53%), a statistically significant increase from 2013 (41%), and they offer consumer-directed health plans (e.g., HRAs, HSAs) (48%). About one-third offer a variety of PPO plans, including those with high and low deductibles and co-pays (35%), provide incentives or rewards related to health and wellness (33%), and provide educational initiatives related to health and wellness (32%).
    - However, there was a statistically significant decrease in respondents who reported their organizations provided incentives or rewards related to health and wellness since 2014 (43%) and educational initiatives related to health and wellness since 2014 (56%), 2013 (45%) and 2012 (52%).
- Most successful activity to help control the costs of health care: About one-fifth (21%-22%) of respondents indicated that offering consumer-directed health plans and creating an organizational culture that promotes health and wellness were the most successful activities in terms of helping control the costs of health care; 14% indicated the most successful activity was offering a variety of PPO plans, including those with high and low deductibles and co-pays.

- Most valuable non-health care benefit: Two-fifths (40%) of respondents indicated they thought the non-health care benefit employees would value most in the next three to five years would be retirement savings and planning benefits; about one-fifth indicated they thought financial and compensation (18%) or flexible working (16%) benefits would be the most valued.

- Despite some uncertainty about the effects of the Patient Protection and Affordable Care Act (PPACA) on operating expenses, recent research has shown that the majority of organizations do not plan to abandon health care coverage for their employees, even with an option of doing so and paying a penalty in accordance with the act.<sup>1</sup> Maintaining coverage can be seen as an effective tool for recruitment and retention strategies, considering that other SHRM research has shown health care is the most highly-valued benefit among employees.<sup>2</sup>
- Moving forward, HR professionals whose organizations do maintain coverage can expect to perform extensive cost analyses on their health care plans. Health care expenses will continue to increase, according to the majority of HR professionals, and employees will be expected to shoulder a higher share of that burden. Nearly one-half of HR professionals said they increased their employees' share of health care costs in 2015.
- HR professionals should consider health and wellness programs as another means of keeping health care expenses in check. There were significant increases in the percentage of organizations that offered several of these benefits in the past five years, according to SHRM's *2015 Employee Benefits* survey report. Among the wellness initiatives implemented by a higher number of organizations in 2015 were wellness programs (general), health and lifestyle coaching, smoking cessation programs, and preventive programs specifically targeting employees with chronic health conditions, among others.

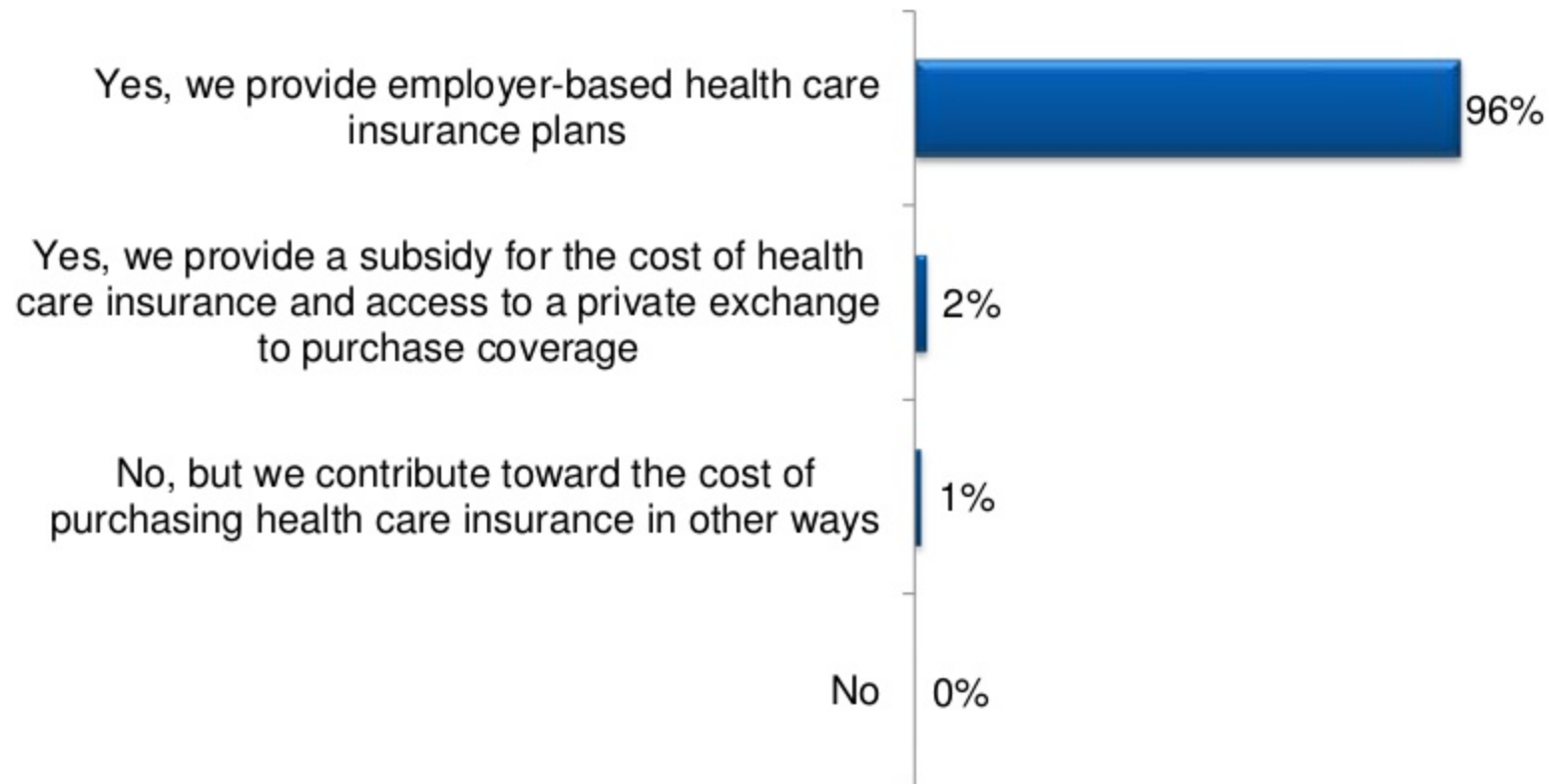
<sup>1</sup> SHRM Survey Findings: Health Care Reform—2015 Update

<sup>2</sup> 2015 Strategic Benefits Survey—Communicating Benefits; 2015 Employee Job Satisfaction and Engagement Report

## Health Care



## Health Care Coverage Provided to Employees

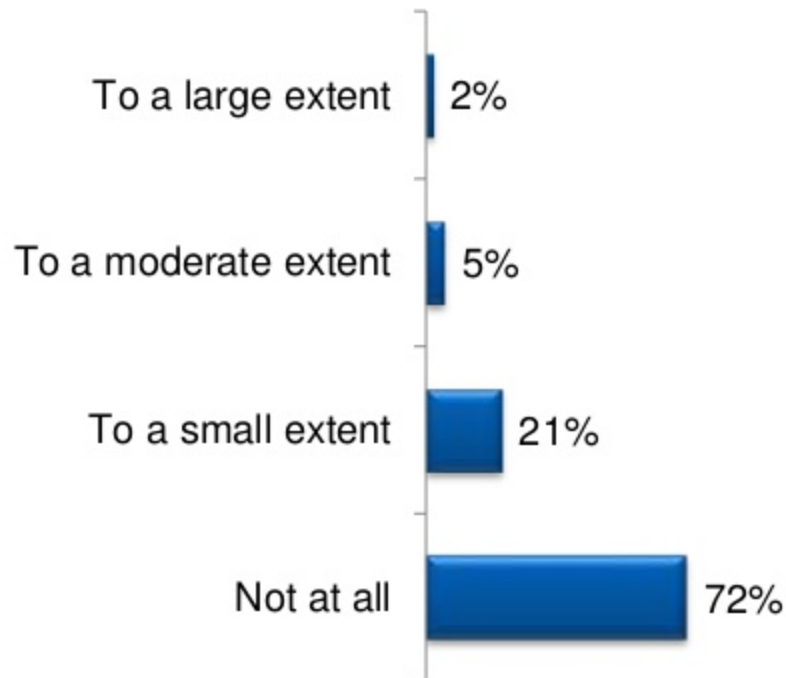


*Note: n = 440. Percentages may not total 100% due to rounding.*



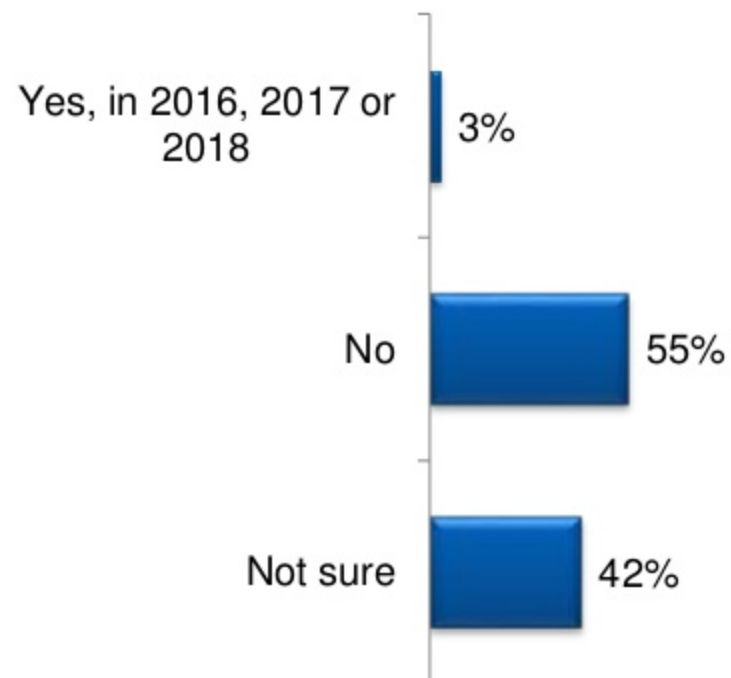
## Extent Organizations Have Considered and/or Plan to Provide Subsidies to Employees to Purchase Health Care Insurance

Extent Organization Has Considered Providing Subsidies to Purchase Health Care Insurance Through a Private Exchange



n = 409

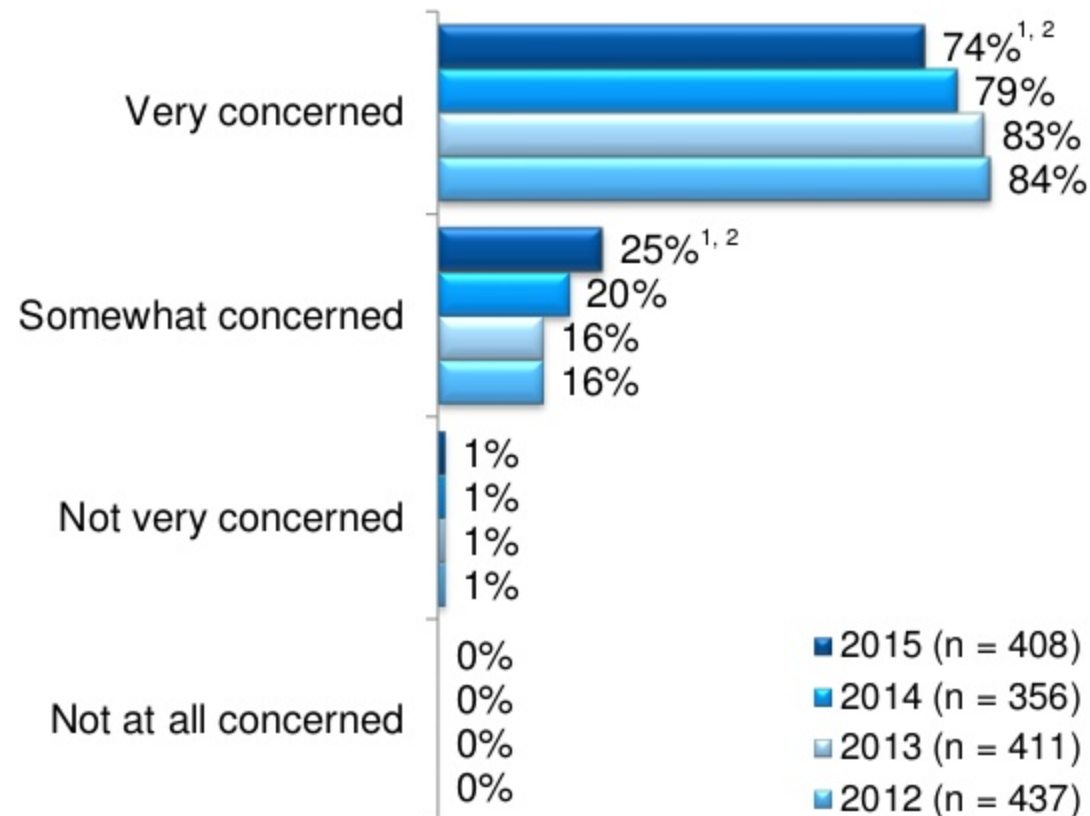
Plans to Offer Subsidies to Purchase Health Care Insurance Through a Private Exchange



n = 412

*Note: Respondents whose organizations provided employer-based health care insurance plans or did not provide health care coverage were asked this question.*

## Organization Concern About Controlling Health Care Costs



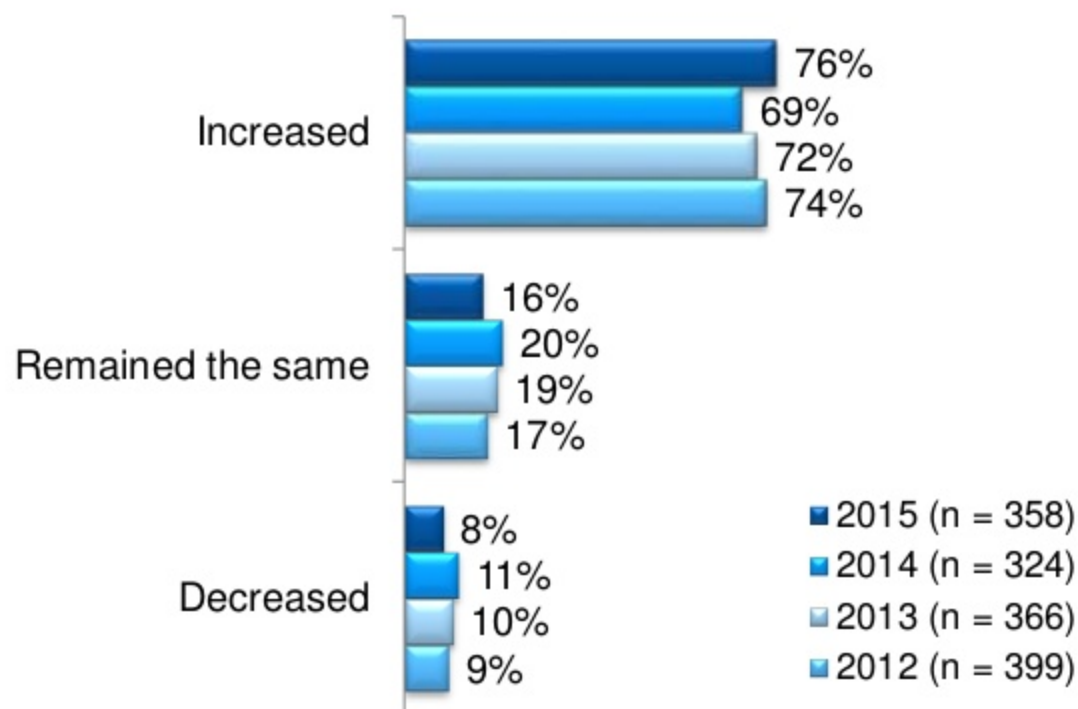
*Note: Respondents whose organizations provided health care coverage were asked this question. Respondents who answered "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.*

<sup>1</sup>Statistically significant difference from 2013.

<sup>2</sup>Statistically significant difference from 2012.

## Actual Change in Total Health Care Costs

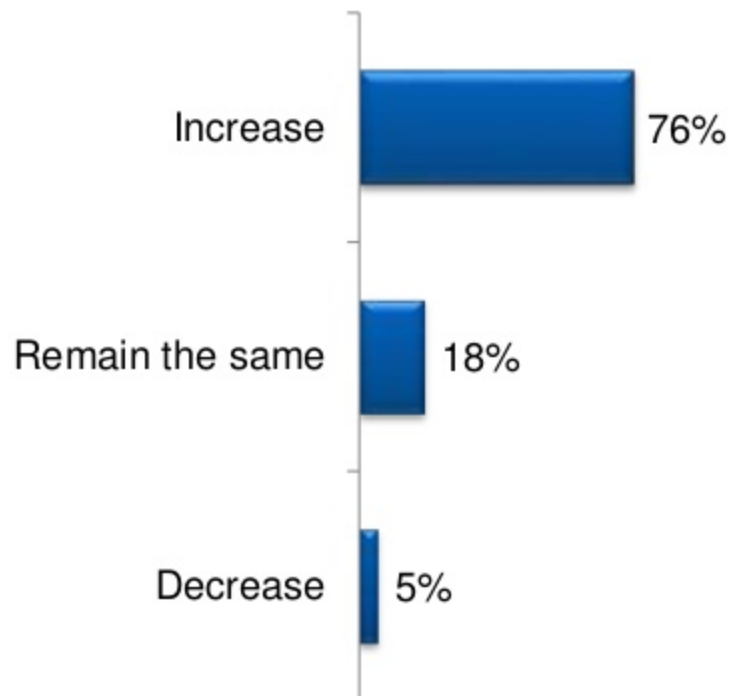
Did your organization's total health care costs last plan year increase, remain the same, or decrease compared with the previous plan year?



*Note: Respondents whose organizations provided health care coverage were asked these questions. Respondents who answered "not sure" were excluded from the analyses. Percentages may not total 100% due to rounding.*

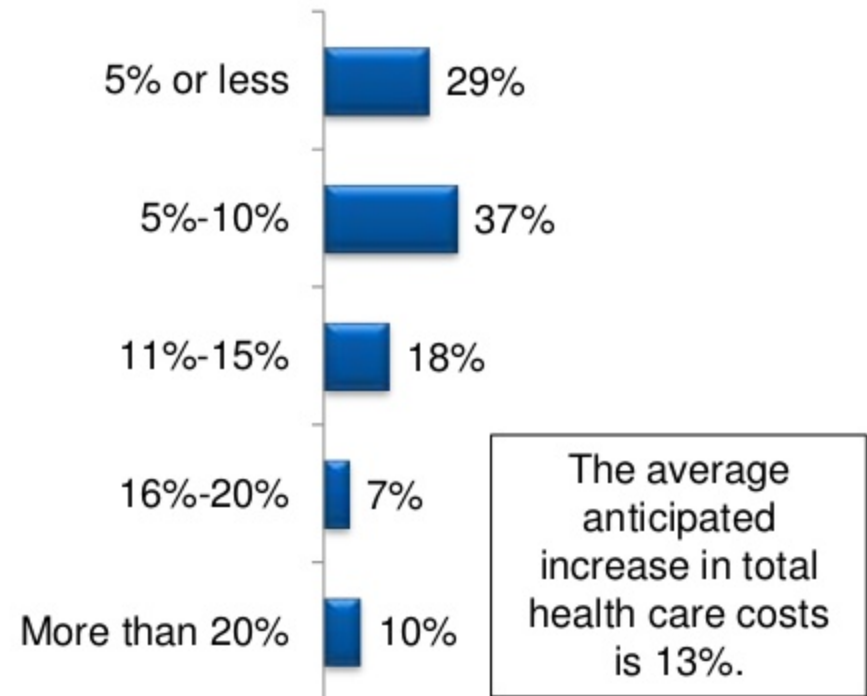
## Anticipated Change in Total Health Care Costs

Anticipated Change in Total Health Care Costs Between Plan Year 2014 and 2015



*Note: n = 359. Respondents whose organizations provided health care coverage were asked this question. Respondents who answered "not sure" were excluded from the analyses. Percentages may not total 100% due to rounding.*

Anticipated Percentage Increase in Total Health Care Costs Between Plan Year 2014 and 2015

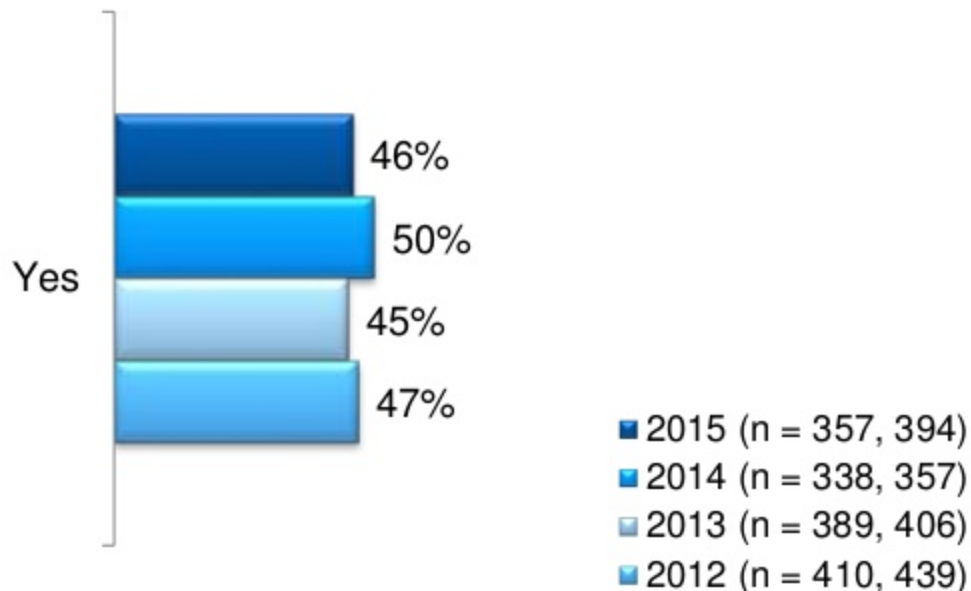


*Note: n = 136. Respondents who indicated they anticipate an increase in their organization's total health care costs in plan year 2015 (compared with plan year 2014) were asked this question. Respondents who answered "don't know" were excluded from this analysis. Percentages may not total 100% due to rounding.*



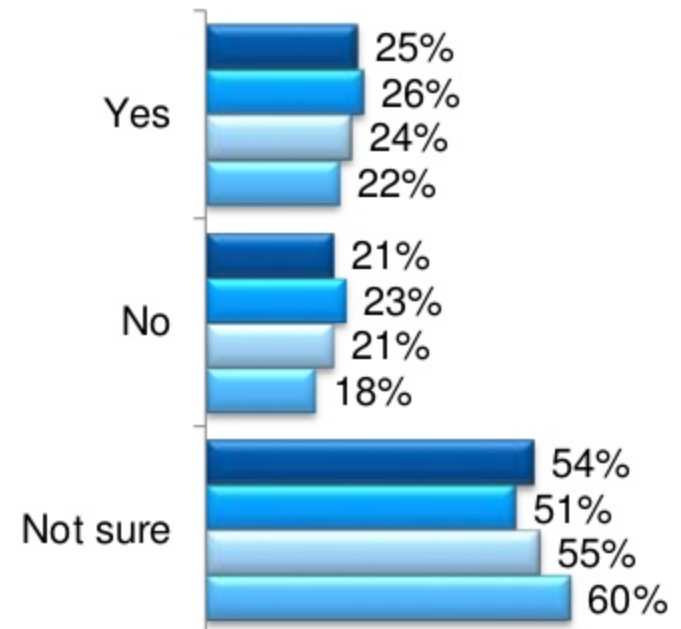
## Change in Employee Share Contributed to Total Costs of Health Care

Did your organization increase the employee share contributed to the total costs of health care *this plan year compared with the previous plan year?*



*Note: Respondents whose organizations provided health care coverage were asked this question. Response options provided were "yes/no/not sure." Respondents who answered "not sure" were excluded from this analysis. Only "yes" responses are shown.*

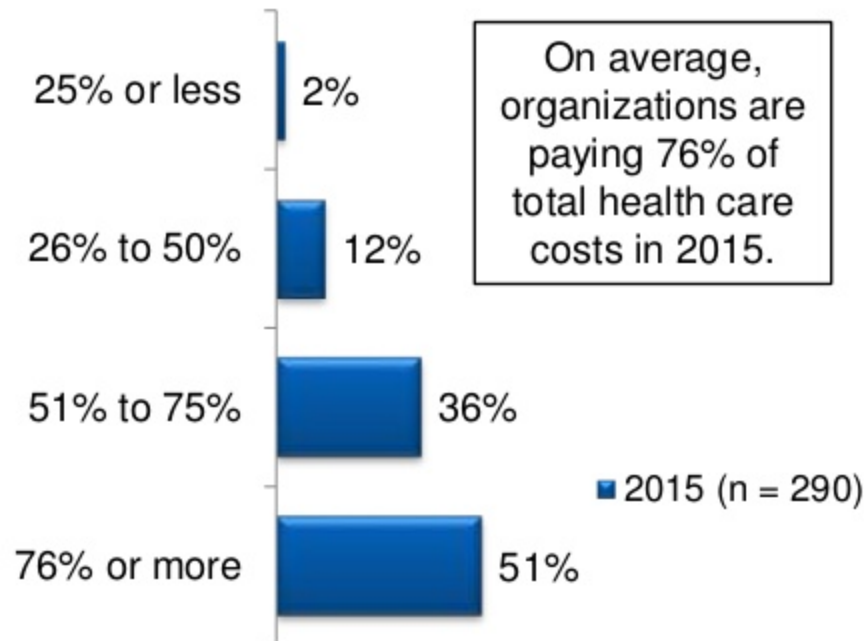
*In the next plan year, does your organization plan to increase the employee share contributed to the total costs of health care?*



*Note: Respondents whose organizations provided health care coverage were asked this question.*

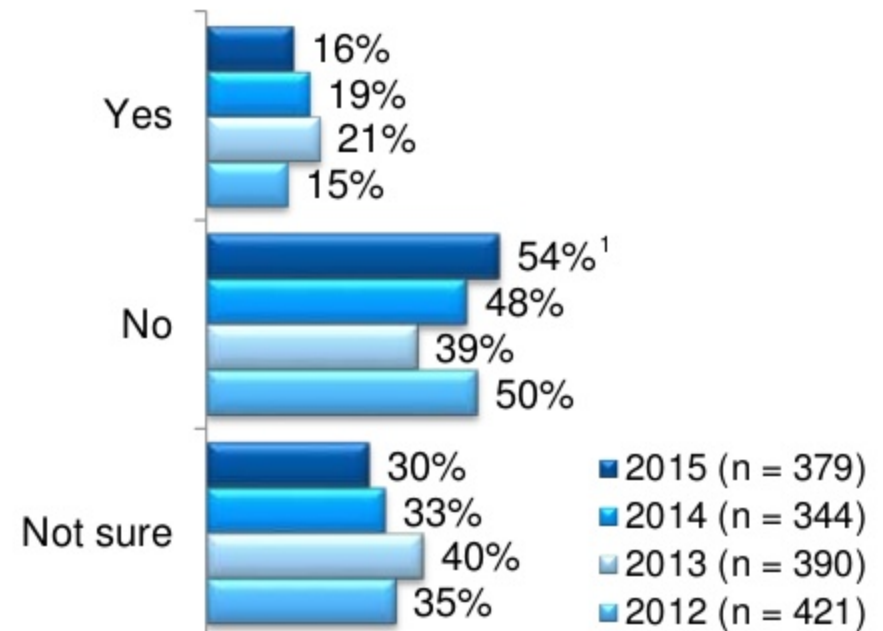
## Percentage of Total Health Care Costs Paid for by Employer

In plan year 2015, approximately what percentage of total health care costs is your organization paying?



*Note: Respondents whose organizations provided health care coverage were asked this question. Respondents who answered "don't know" were excluded from this analysis. Percentages may not total 100% due to rounding.*

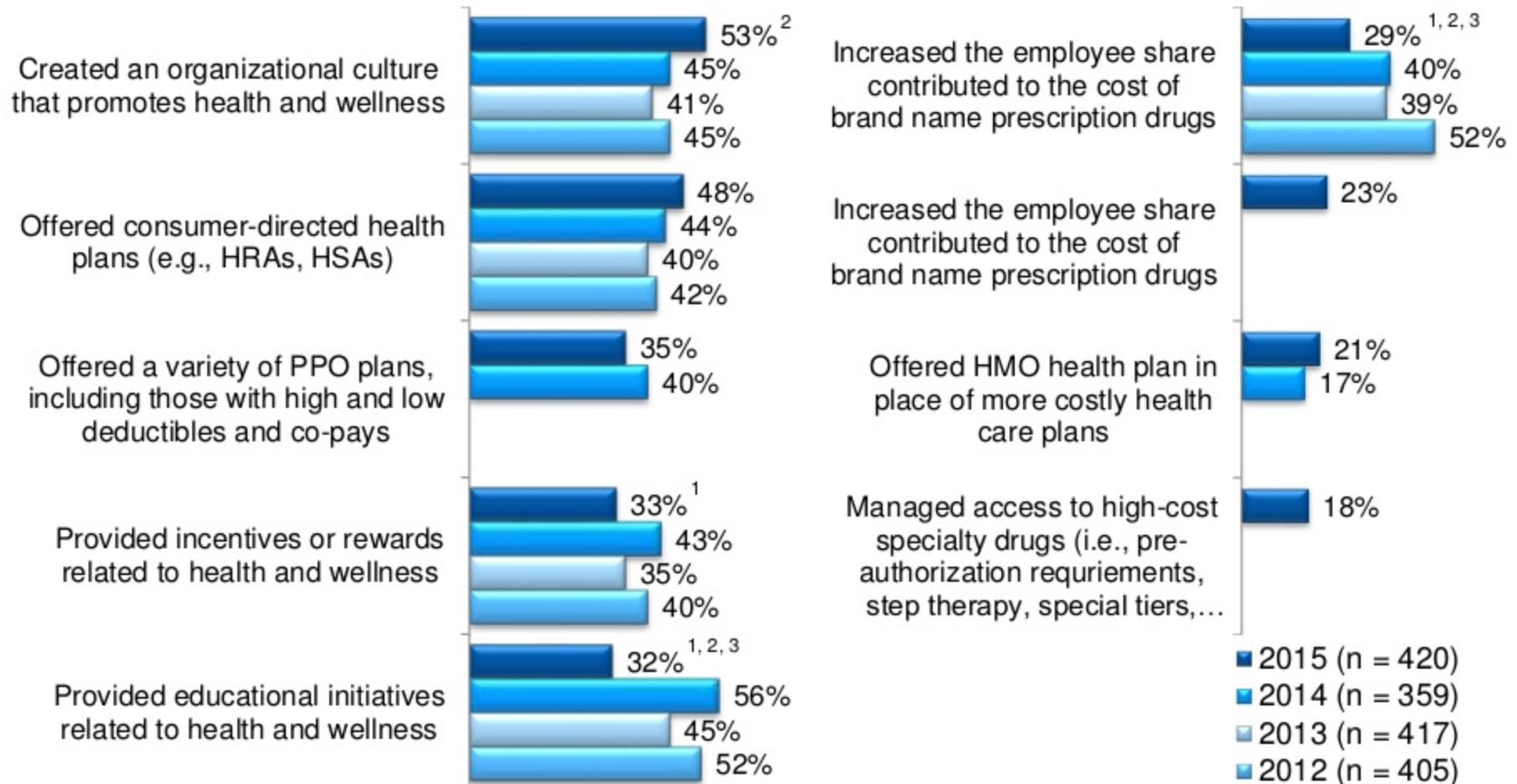
In the next 3 to 5 years, do you think employees at your organization will be paying the majority (more than half) of total health care costs?



*Note: Respondents whose organizations provided health care coverage were asked this question. Percentages may not total 100% due to rounding.*

<sup>1</sup> Statistically significant difference from 2013.

## Activities Organization Engaged in for the Purpose of Controlling the Costs of Health Care

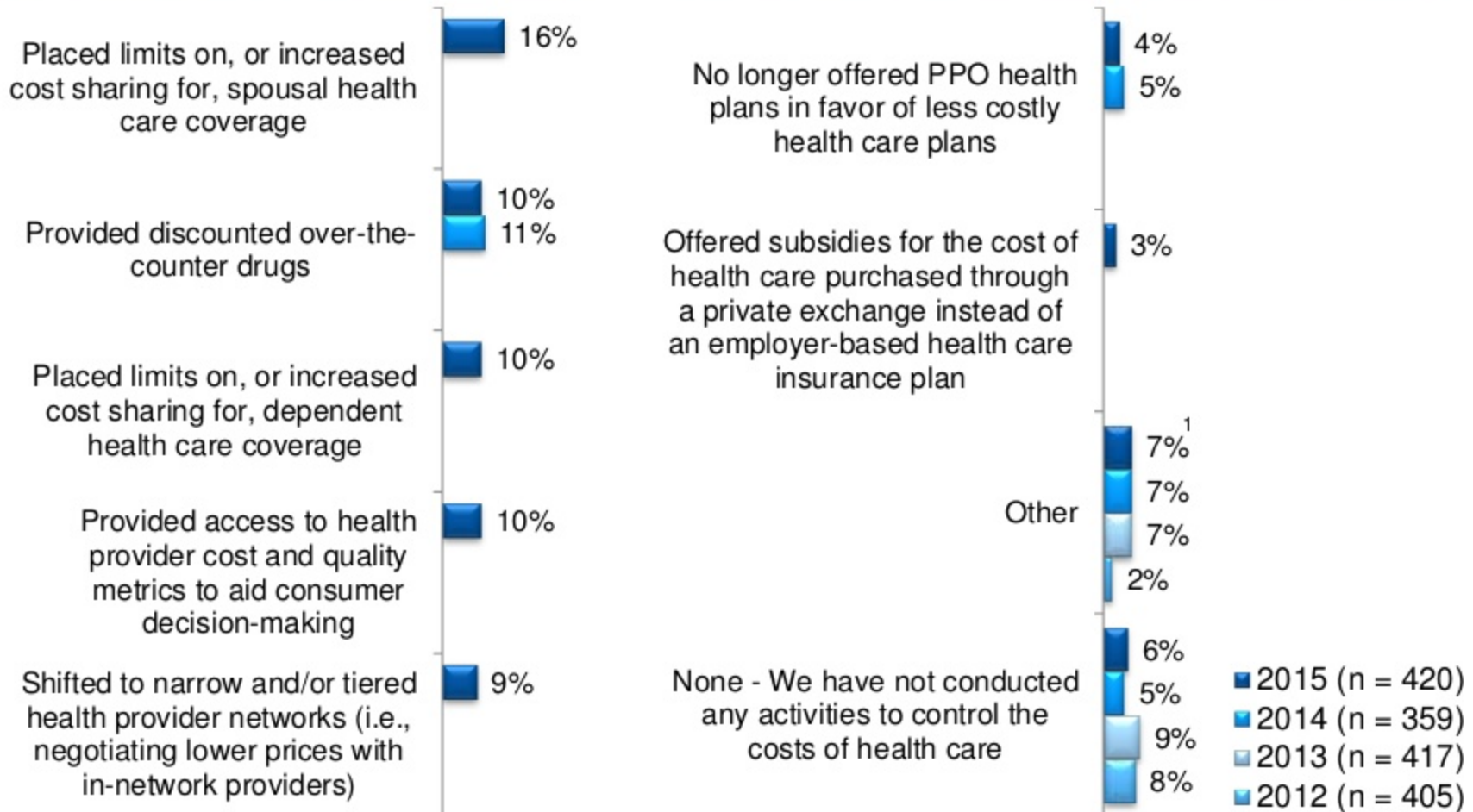


Note: Respondents whose organizations provided health care coverage were asked this question. Percentages do not total 100% due to multiple response options.

<sup>1</sup>Statistically significant difference from 2014. <sup>2</sup>Statistically significant difference from 2013. <sup>3</sup>Statistically significant difference from 2012.



## Activities Organization Engaged in for the Purpose of Controlling the Costs of Health Care (continued)



Note: Respondents whose organizations provided health care coverage were asked this question. Percentages do not total 100% due to multiple response options.

<sup>1</sup>Statistically significant difference from 2012.



## Most Successful Activity in Terms of Helping Organization Control the Costs of Health Care

Most Successful Activity	
Offered consumer-directed health plans (e.g., HRAs, HSAs)	22%
Created an organizational culture that promotes health and wellness	21%
Offered a variety of PPO plans, including those with high and low deductibles and co-pays	14%
Increased the employee share contributed to the total costs of health care	9%
Offered HMO (health maintenance organization) health plan	7%
Provided incentives or rewards related to health and wellness	5%
Placed limits on, or increased cost sharing for, spousal health care coverage	4%
Provided educational initiatives related to health and wellness	3%
No longer offered PPO plans	2%

*Note: n = 366. Respondents whose organizations provided health care coverage and conducted one of more activities to control the costs of health care were asked this question.*

## Most Successful Activity in Terms of Helping Organization Control the Costs of Health Care (continued)

Most Successful Activity	
Increased the employee share contributed to the cost of brand name prescription drugs	2%
Provided access to health provider cost and quality metrics to aid consumer decision-making	2%
Shifted to narrow and/or tiered health provider networks <sup>1</sup>	1%
Placed limits on, or increased cost sharing for, dependent health care coverage	1%
Offered subsidies for the cost of health care purchased through a private exchange instead of an employer-based health care plan	1%
Provided discounted over-the-counter drugs	1%
Managed access to high-cost specialty drugs <sup>2</sup>	0%
Other	5%

*Note: n = 366. Respondents whose organizations provided health care coverage and conducted one of more activities to control the costs of health care were asked this question.*

<sup>1</sup> i.e., negotiating lower prices with in-network providers <sup>2</sup> i.e., pre-authorization requirements, step therapy, special tiers, etc.

## Most Valuable Non-Health Care Benefit in the Next 3 to 5 Years

In the next three to five years, which non-health care benefit from your organization's benefits package do you think will be the one your employees most value?

Non-Health Care Benefit	
Retirement savings and planning benefits	40%
Financial and compensation benefits (e.g., financial advice, bonus plans and subsidies, educational assistance)	18%
Flexible working benefits (e.g., telecommuting, compressed workweek)	16%
Leave benefits	12%
Preventive health and wellness benefits (e.g., flu vaccinations, smoking cessation program)	8%
Professional and career development benefits (e.g., professional training)	4%
Family-friendly benefits (e.g., adoption assistance, elder care referral service)	1%
Housing and relocation benefits	0%
Other	1%

*Note: n = 360. Respondents who answered "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.*

## Demographics