

# Health care costs, benefits, and reform: What's the next move for employers?

Deloitte's 2013 Survey of U.S. Employers reveals how employers – the primary source of health insurance for a majority of Americans – are thinking about the performance of the U.S. health care system, the implementation of the Affordable Care Act (ACA), and strategies to actively manage health care costs.

*Data shown reflect responses of survey participants. All charts display weighted percentages.*

## In the eyes of many employers, the U.S. health care system underperforms and cost is a major concern.

Employers consider the health care system wasteful, inefficient, and expensive. They recognize that the health care system fails to meet their needs for information transparency, price transparency, and better value. Two-thirds of employers give the overall performance of the U.S. health care system a grade of "C" or below.

### Cost is perceived as being largely driven by hospital costs, prescription drug costs, system wastefulness, defensive medicine, poor lifestyle choices, government regulation, and fraud.

Factors reported as having a major influence on overall health care system costs:

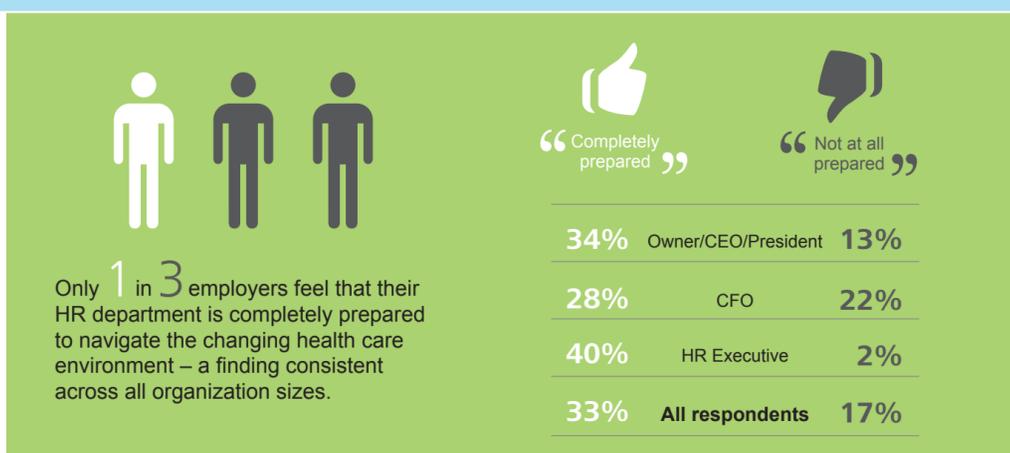


### Employers think overall performance of the U.S. health care system would be improved by...



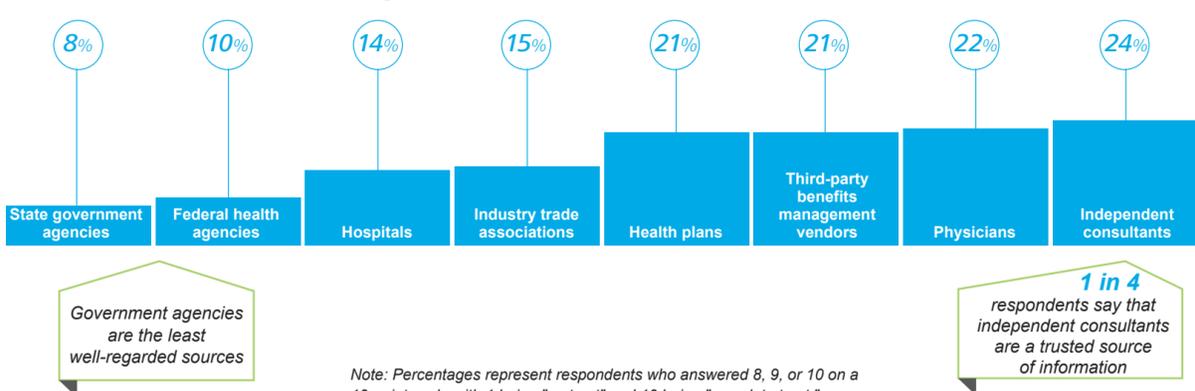
## Are employers ready for health care reform? It depends on who you ask.

Employers are clearly divided about health care reform, and many smaller companies do not favor the ACA. Three years in, many parts of the law are still not well understood. Few say they are completely prepared for the changes that the ACA will bring, and 53% feel that the ACA is a "step in the wrong direction." Employers also lack trusted sources of information to help them make value-based purchasing decisions.

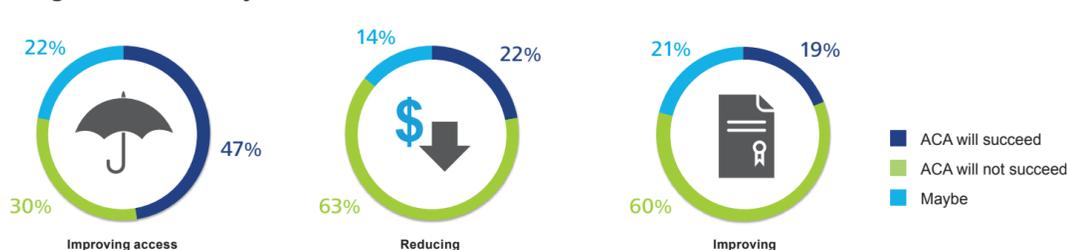


### Going it alone? Employers lack trusted sources of information to help them purchase health care services based on value.

#### Trusted sources of information



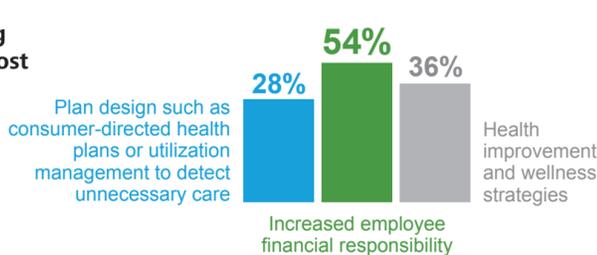
### Looking ahead to 2019, nearly half of employers think only one of the following three goals might be achieved by the ACA.



## While "cautious and watchful," employers seek to actively manage health care costs and to improve workforce health.

Many use cost-sharing strategies designed to shift more responsibility for managing consumption and expenditures to employees to reduce or control health care costs. But, there is a gap between what employers are currently using, and the tactics they think could have a significant impact on managing costs. Taking steps to ensure greater employee engagement, behavior change, and lower health risks is evident for some, but not the majority of employers.

### Focused on managing and controlling their health care costs, employers' most commonly used tactics include:



Some employers seek to shape employee behavior through information and engagement. Of those that offer rewards and incentives, few measure return on investment.

**51%** Provide information to employees about costs and quality of health care providers, common procedures, and medications

**26%** Invest in rewards and penalties, to motivate, and coach employees in improving their health status and health care choices

**But...**

Only **2 in 5** employers that offer rewards or penalties say they measure the return on investment

## What do these employer views mean for you?

Many employers are sitting on the fence with respect to any radical changes in their employee health care coverage strategy. As employers' decisions and intentions become clearer, other stakeholders may play a role in deliberations. For policy makers and government agencies, it may be important to continue to foster innovation and delivery system reforms, including evidence-based care, the use of technology/mobile, and virtual health. Health care providers and health plans may want to consider focusing on transparency of price and quality and finding ways to help employers understand and evaluate what they are buying. Employers are looking for solutions, and what is clear is that "doing nothing" is not an option.

**About the survey:** The Deloitte Center for Health Solutions conducted an online survey of a nationally representative sample of employers with 50 or more workers who offer health benefits. Employer data were collected prior to the July 2013 announcement of deferral of the implementation of the employer mandate ("employer mandate") by one year, until 2015. Visit [www.deloitte.com/us/2013employerstudy](http://www.deloitte.com/us/2013employerstudy) to read the entire report and survey methodology.

The Deloitte Center for Health Solutions surveys each year to identify global, national, and local trends. We survey consumers, physicians, and employers to examine market responses and develop insights that help companies understand what's happening—what will happen next—and what to do about it. Learn more at [www.deloitte.com/centerforhealthsolutions](http://www.deloitte.com/centerforhealthsolutions).

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