



2016 Health Care Survey Results

FINAL REPORT

January 2017

Prepared by:
Hickok & Boardman HR Intelligence



TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION

3

Section 1 | DEMOGRAPHICS

4

Section 2 | EMPLOYEES

6

Section 3 | HEALTH INSURANCE PLANS

7

Section 4 | OPINIONS AND PERSPECTIVES

13

Section 5 | GENERAL COMMENTS

27

BACKGROUND AND INTRODUCTION

The 2016 Vermont Business Roundtable survey is a follow-up to the previous surveys conducted in 2011 and 2014. The 2016 survey asks the identical questions from the previous surveys and includes a number of new questions that were prompted by member comments.

Participation in the survey was voluntary and information held in the strictest of confidence. No information that identifies companies or respondents is included and all results are reported in the aggregate.

METHODOLOGY

Only completed surveys were used in the compilation of results. Each question indicates the number of responses received and because there were no mandatory responses, response numbers will vary by question. Participants who did not answer a given question were excluded from the calculation for that question.

Results were calculated on either a “by respondent” basis or “by number of responses” basis, depending on question type. For questions allowing only one answer per organization, each organization was counted once (denoted as “total respondents”).

Comments were not edited – they are presented exactly as written, including typographical errors, to ensure authenticity of the response.

ABOUT HICKOK & BOARDMAN HR INTELLIGENCE

Hickok & Boardman HR Intelligence has been administering the Vermont Employee Benefits Survey since 2001 and offers services and solutions in the areas of employee benefits, organizational wellness, HR technology, training and development and HR compliance and payroll solutions.

With a legacy dating back to 1821 Hickok & Boardman HR Intelligence has strong Vermont roots. Those roots allow the firm to understand the history and tradition that makes Vermont’s business community unique and, with its forward looking approach, the firm is helping Vermont organizations be positioned for future success.

www.hbhriq.com

Section 1 | **DEMOGRAPHICS**

Exhibit 1.1 | **Survey Participation by Company Location**

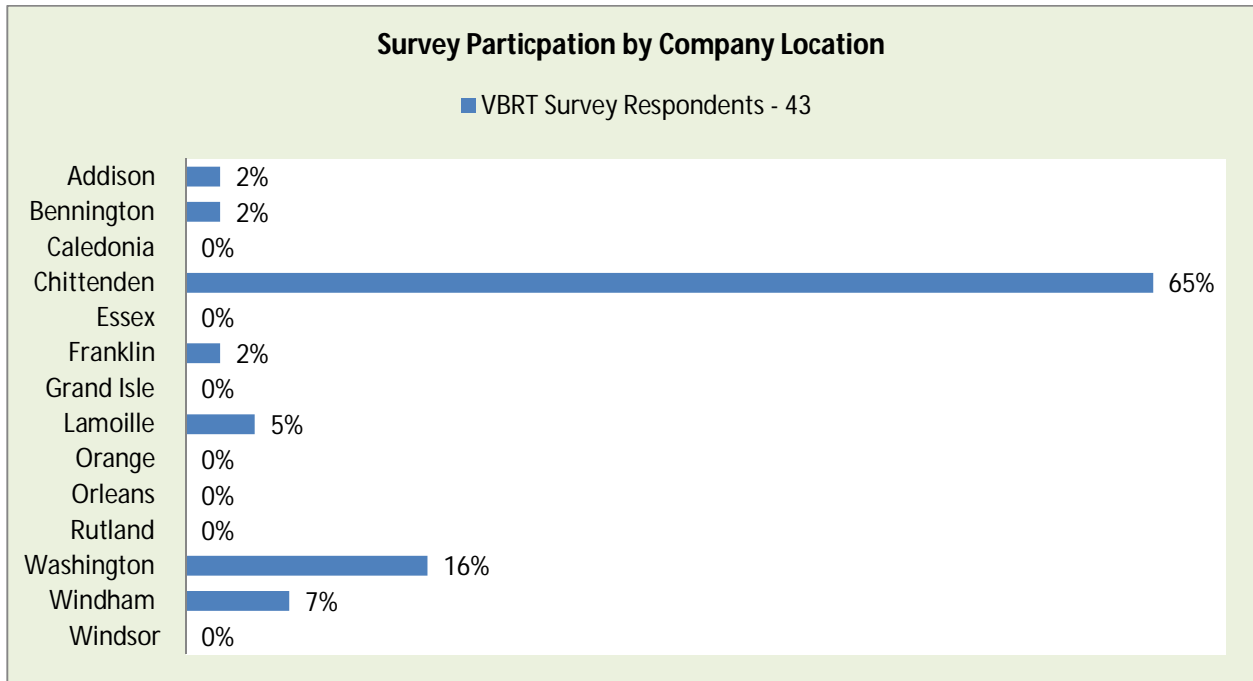


Exhibit 1.2 | **Survey Participation by Industry**

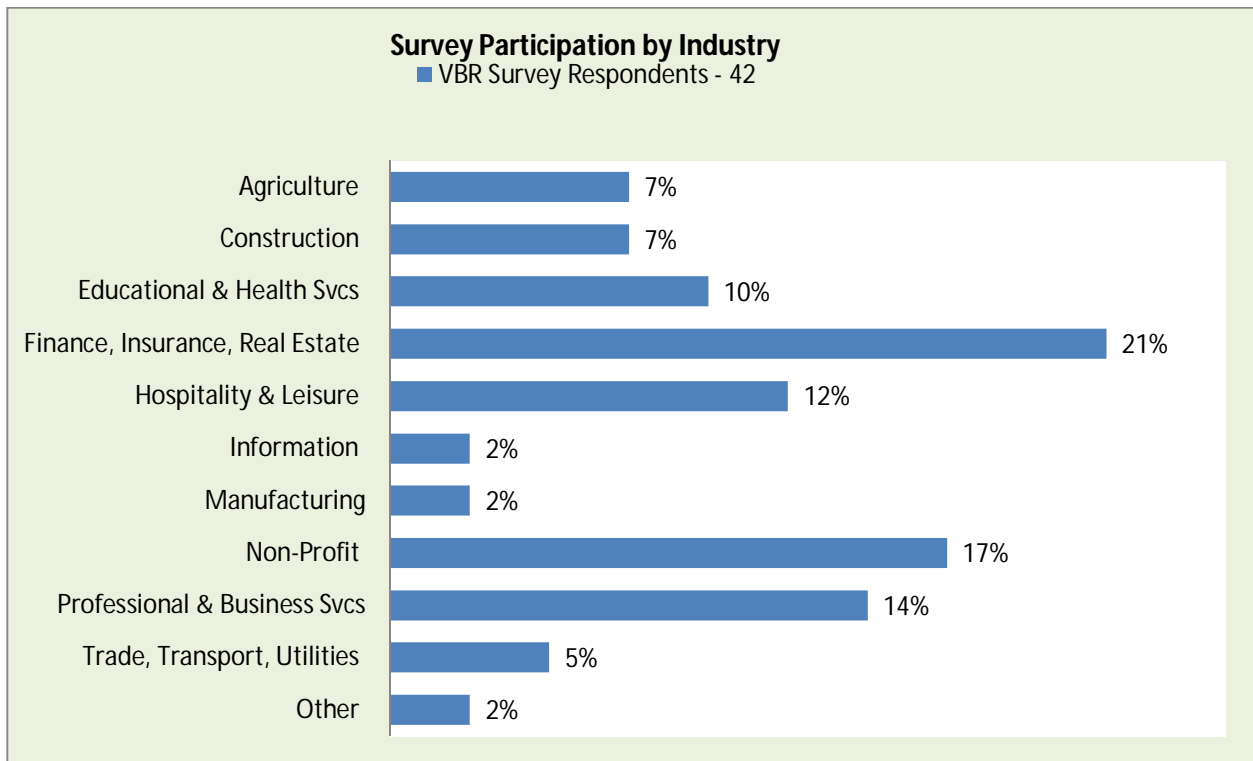


Exhibit 1.3 | Survey Participation by Company Size

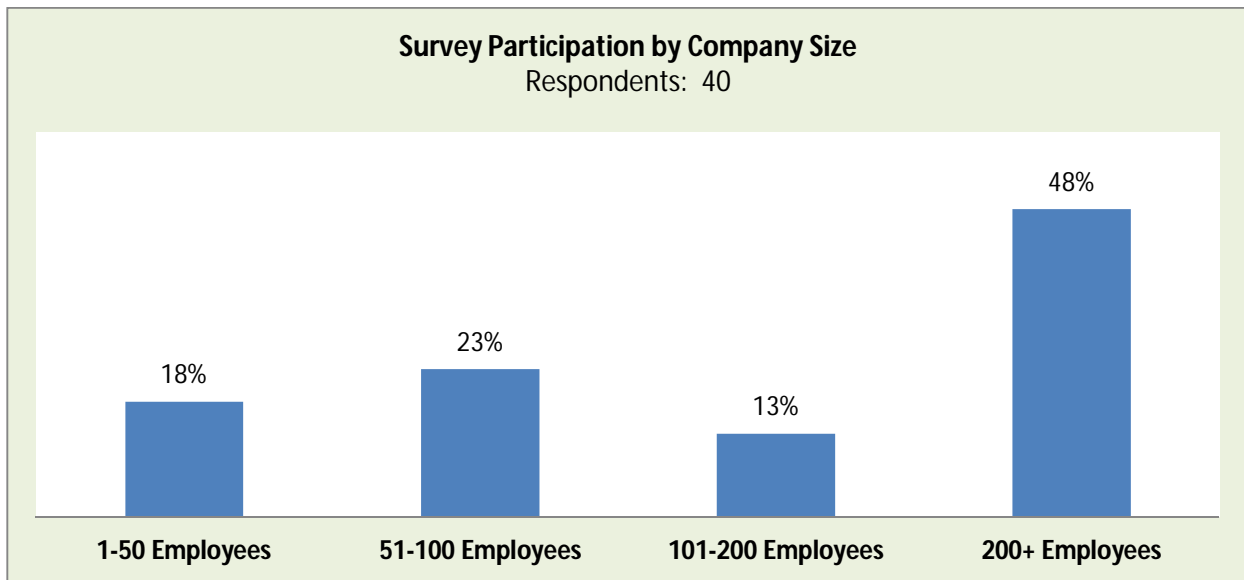
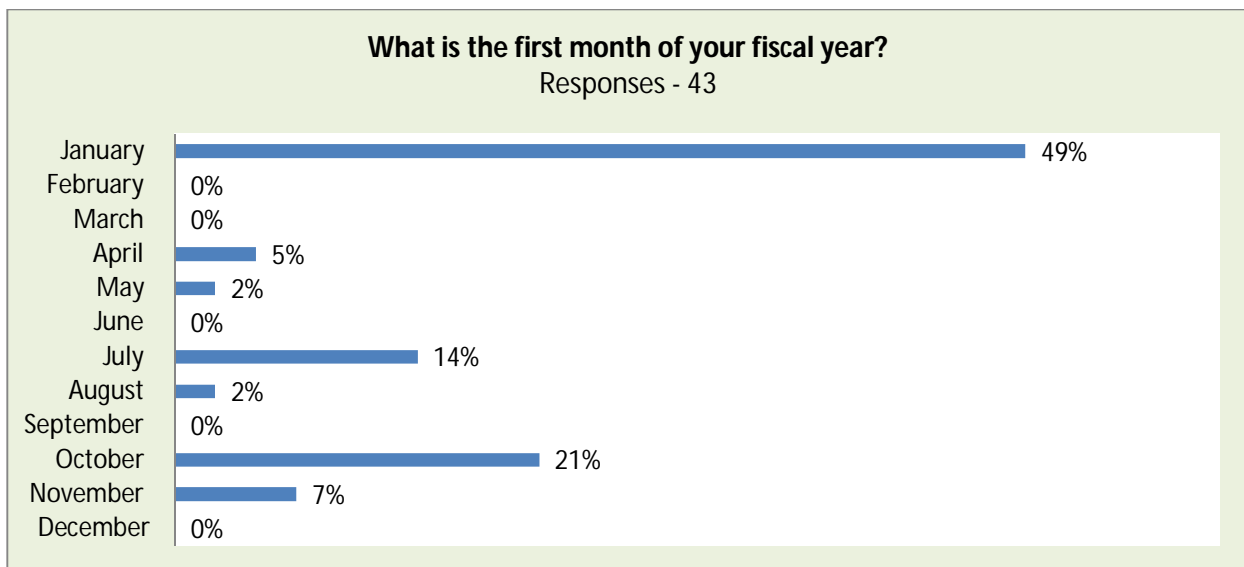


Exhibit 1.4 | Fiscal Year



Section 2 | EMPLOYEES

Exhibit 2.1 | Vermont Workforce

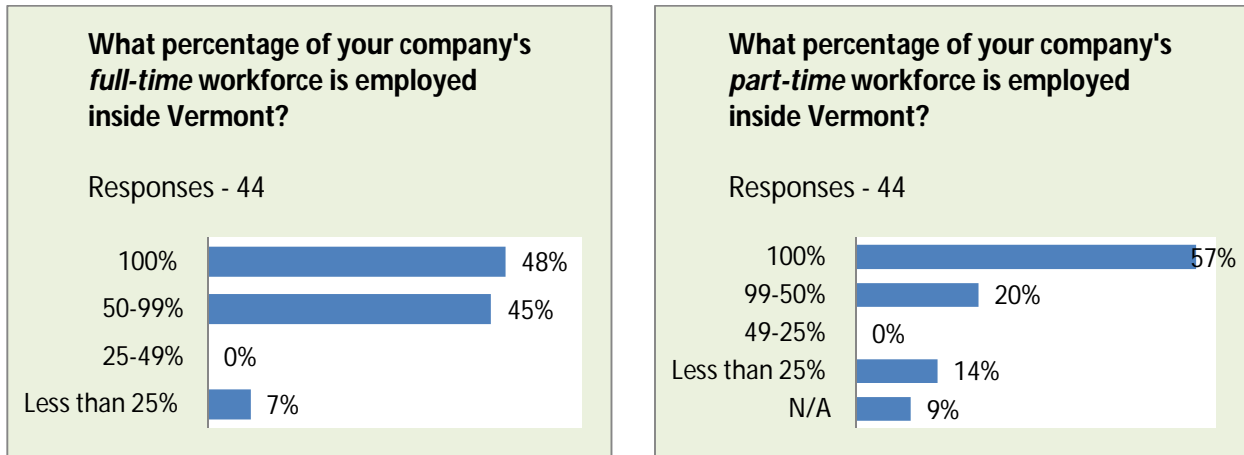


Exhibit 2.2 | Payroll

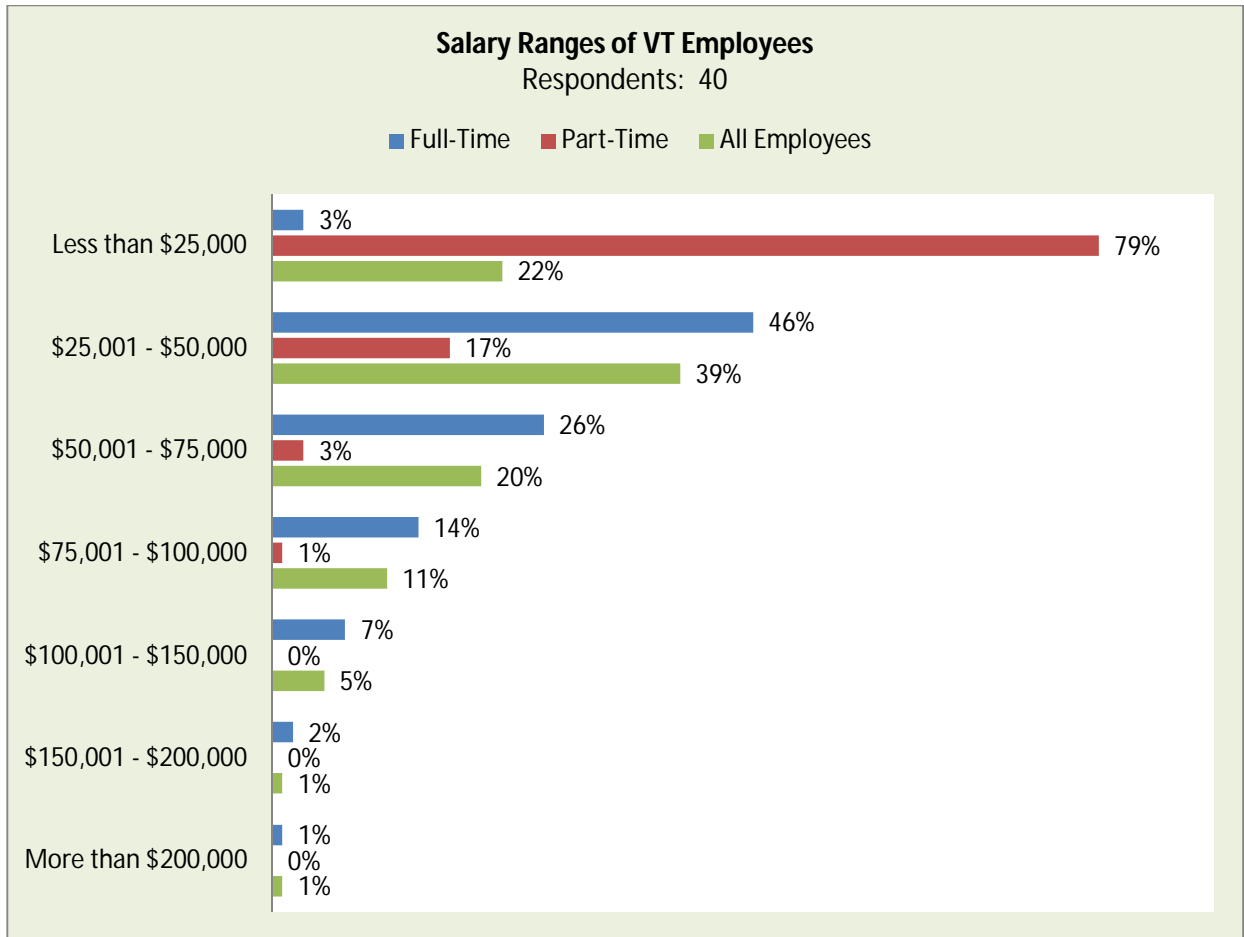
In your last fiscal year, what was the total annual payroll for all of your Vermont employees (including full and part-time employees)?

	Average	Median
Total Annual Payroll	\$13,019,625	\$8,818,704

Exhibit 2.3 | Salary Ranges

On average, how many full-time and part-time Vermont employees fall into each of the salary ranges below. Total Respondents: 40

	Full-Time	Part-Time	All Employees
Less than \$25,000	3%	79%	22%
\$25,001 - \$50,000	46%	17%	39%
\$50,001 - \$75,000	26%	3%	20%
\$75,001 - \$100,000	14%	1%	11%
\$100,001 - \$150,000	7%	0%	5%
\$150,001 - \$200,000	2%	0%	1%
More than \$200,000	1%	0%	1%



Section 3 | HEALTH INSURANCE PLANS

Exhibit 3.1 | Cost of Health Insurance per Employee

Annual Employer Cost of Health Insurance per Employee.

	Average	Median	Highest	Lowest	Total Respondents
All Employees	\$6,848	\$6,933	\$19,051	\$495	36
Eligible Employees	\$8,073	\$6,984	\$19,221	\$1,500	38
Enrolled Employees	\$10,443	\$10,122	\$20,044	\$3,971	38

Exhibit 3.2 | Offering Health Insurance

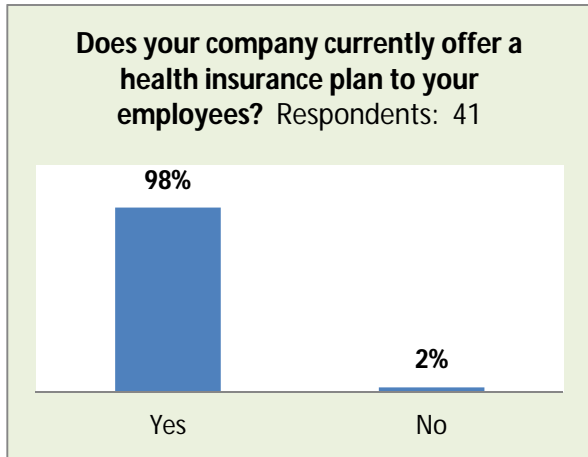


Exhibit 3.3 | Funding Method

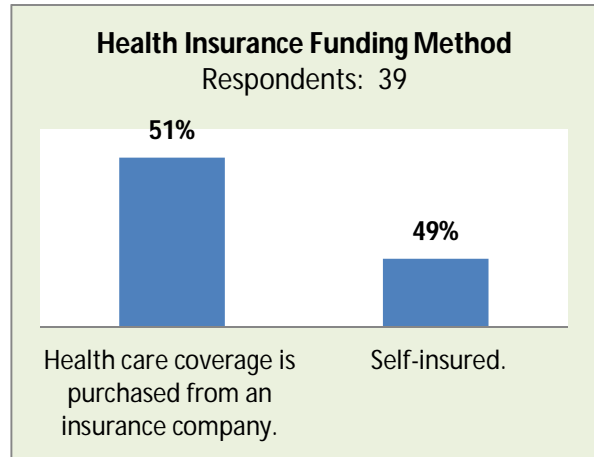


Exhibit 3.4 | Opt-out Incentives

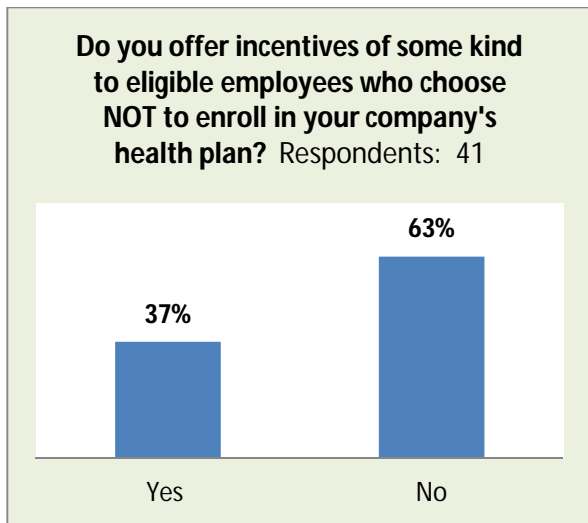


Exhibit 3.5 | Wellness Funding

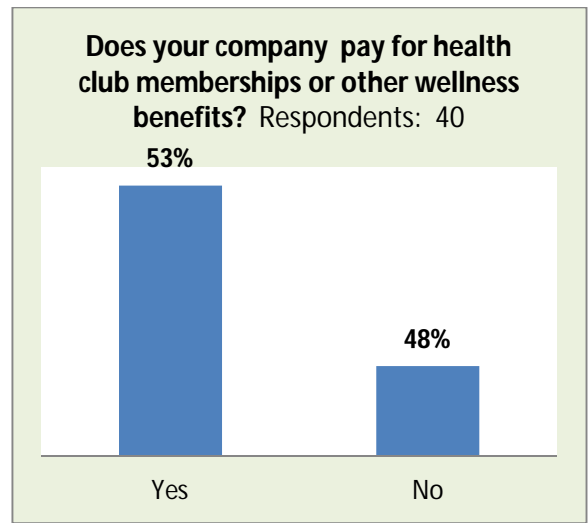


Exhibit 3.6 | Retiree Coverage

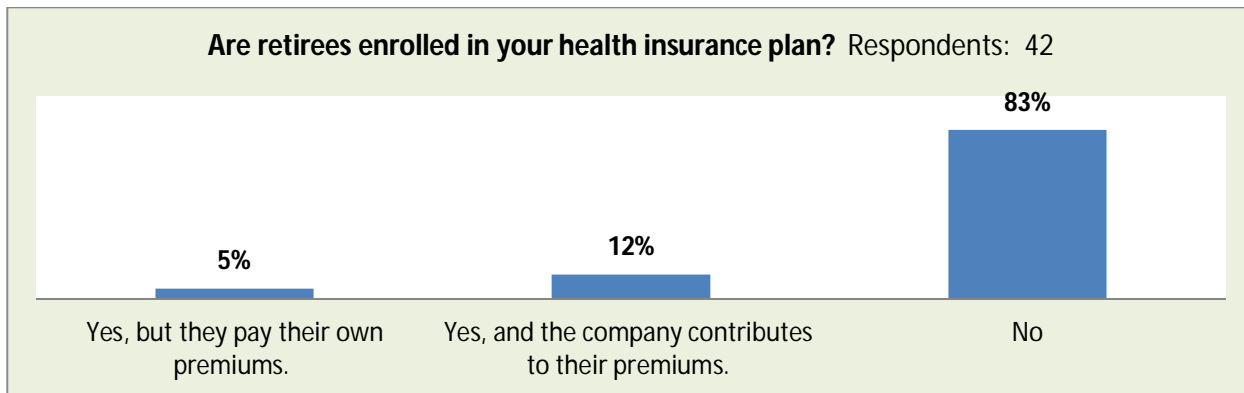


Exhibit 3.7 | **Health Insurance as a Percentage of Payroll**

Employer health insurance expense expressed as a percentage of total payroll. Respondents: 34

	Average	Median	Highest	Lowest
Percentage of Total Payroll	11%	9%	24%	2%

Employee health insurance expense expressed as a percentage of total payroll. Respondents: 33

	Average	Median	Highest	Lowest
Total Annual Payroll	4%	3%	15%	2%

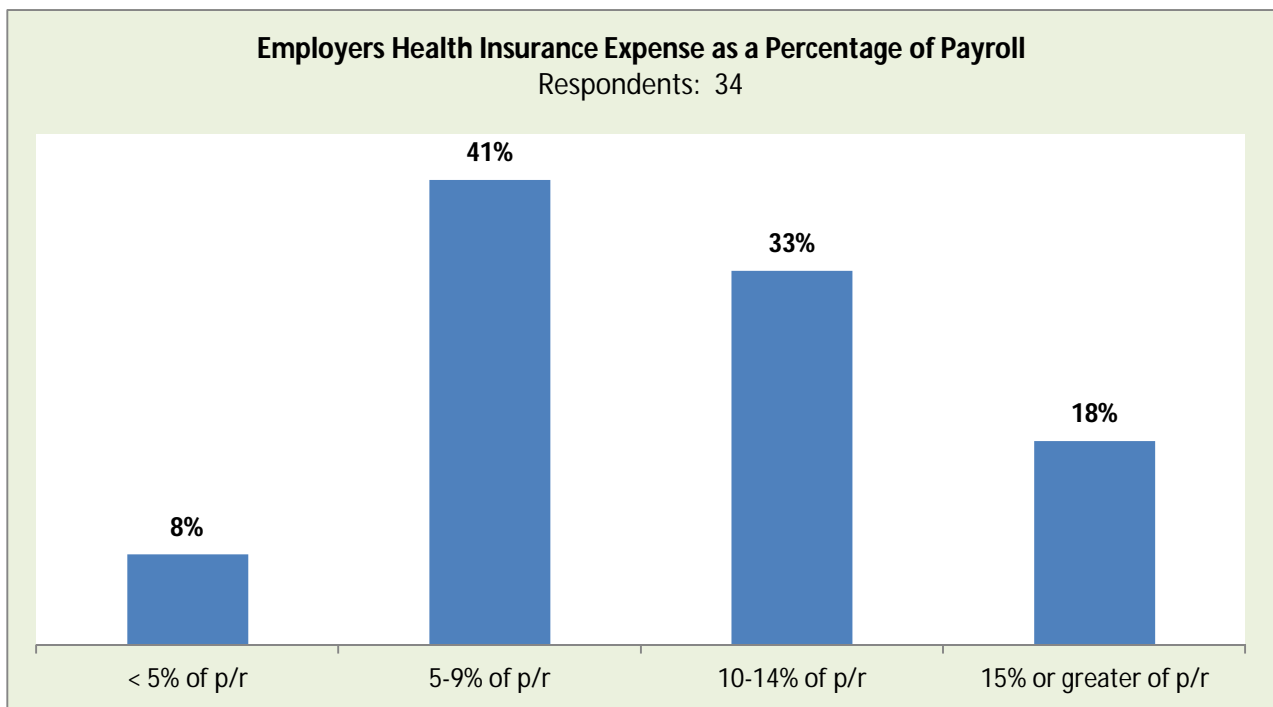


Exhibit 3.8 | Health Insurance Cost by Company Size (Percentage of Payroll)

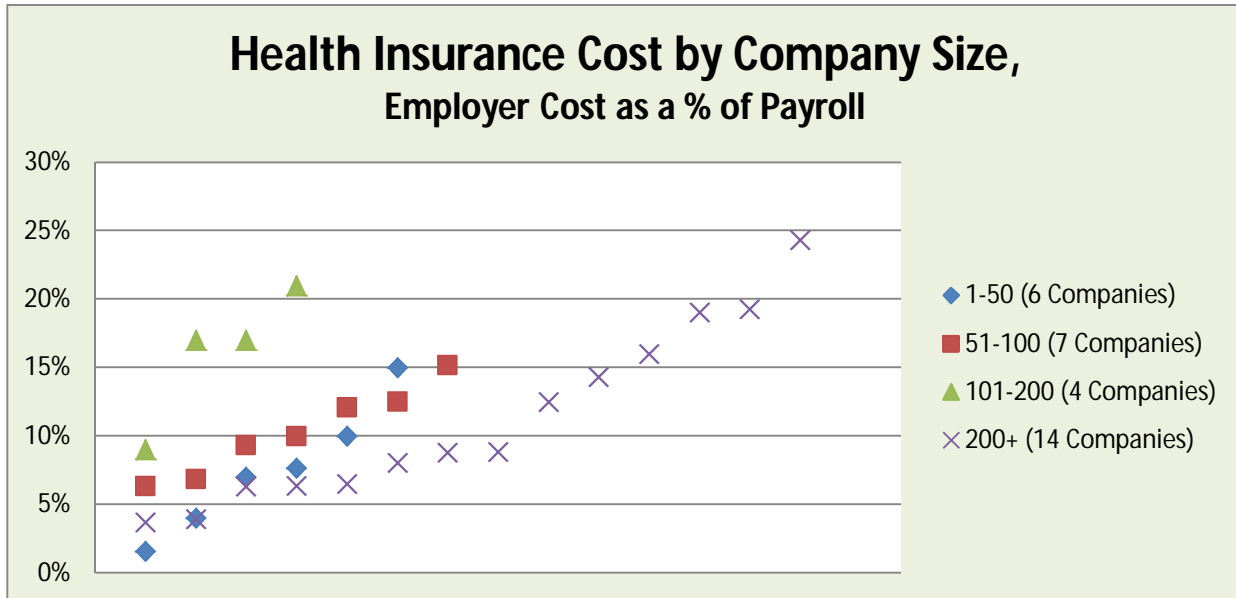


Exhibit 3.9 | Health Insurance Rates

Total Monthly Health Insurance Rates

	Average	Median	Highest	Lowest	Plans Represented
Single	\$556	\$547	\$1,397	\$185	57
Two Person	\$1,109	\$1,074	\$1,910	\$514	56
Family	\$1,580	\$1,522	\$2,675	\$696	55

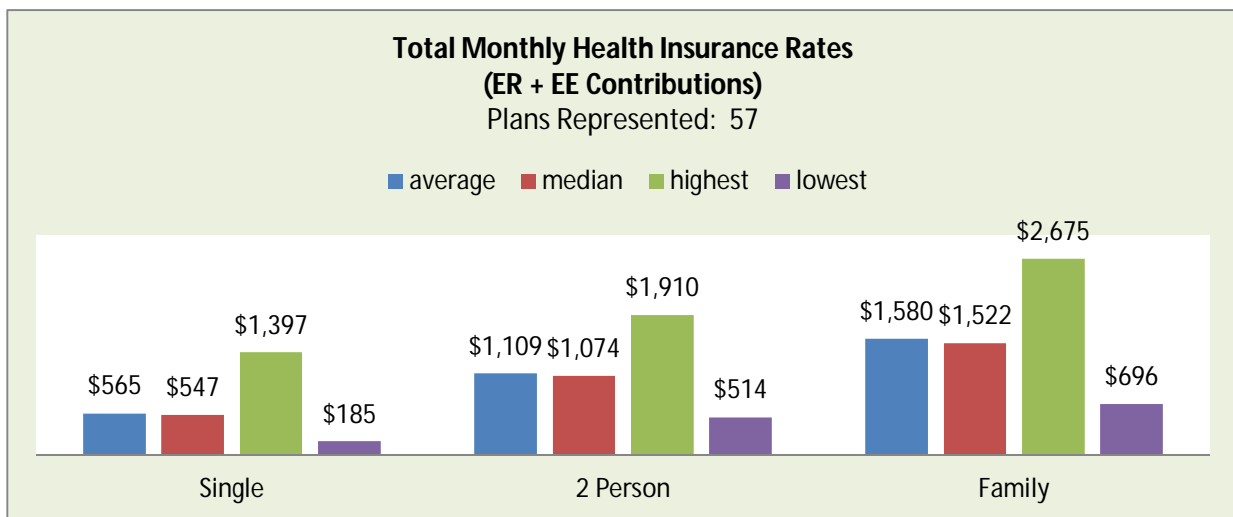


Exhibit 3.10 | Employee Contributions to Health Insurance

Monthly Employee Contributions to Health Insurance

	Average	Median	Highest	Lowest	Respondents
Single	\$108	\$114	\$270	\$0	56
Two Person	\$309	\$277	\$1,084	\$89	56
Family	\$453	\$386	\$1,522	\$120	55

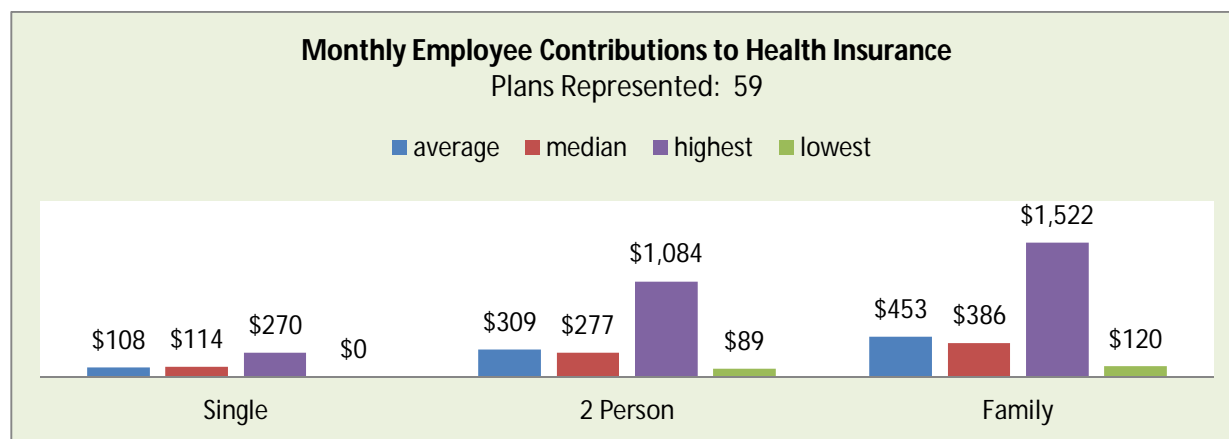


Exhibit 3.11 | Employee Health Insurance Contributions – Percentage Basis

Monthly Employee Contributions as a Percentage of Total Health Insurance Premiums

	Average	Median	Highest	Lowest	Respondents
Single	19%	20%	43%	0%	54
Two Person	25%	22%	56%	10%	52
Family	26%	25%	60%	9%	51

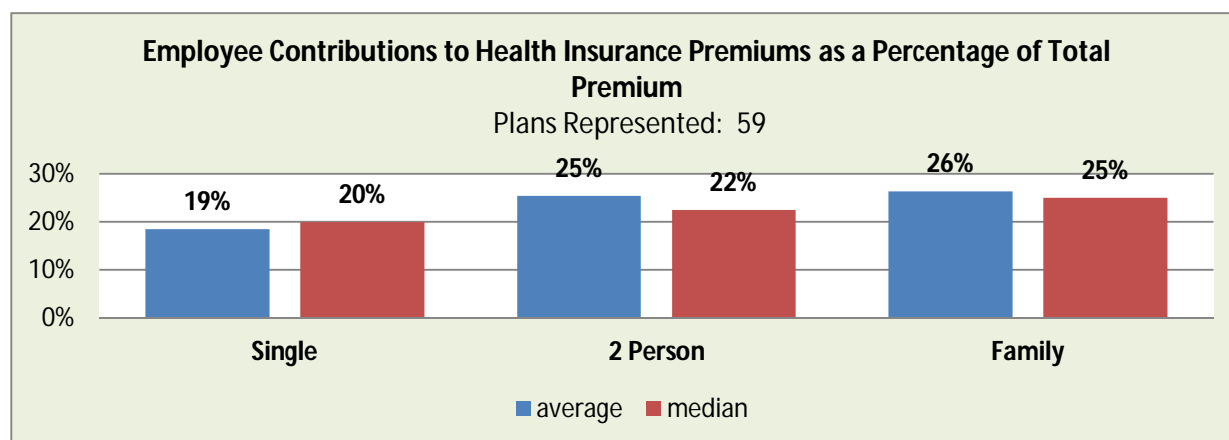


Exhibit 3.12 | Plan Design

Health Insurance Plan Design Elements

	Single Deductible	Coinsurance	PCP Copay	Generic RX Copay	Single Out of Pocket Maximum	Single Annual HSA Contribution
Average	\$1,778	13%	\$17	\$12	\$3,325	\$1,088
Median	\$1,000	20%	\$20	\$10	\$2,500	\$750
Highest	\$10,000	35%	\$50	\$50	\$10,000	\$3,500
Lowest	\$0	0%	\$0	\$0	\$500	\$240
Respondents	59	52	39	41	57	6

Notes:

1. All plan designs are combined in the chart above and it needs to be noted that High Deductible Health Plans (HDHPs) have different characteristics than traditional plans, e.g. no coinsurance, copays, etc.
2. Actual deductible and out of pocket maximums for employees may be less than what is shown due to employer contributions to employee Health Savings Accounts (HSAs) or Health Reimbursement Accounts.
3. There were a number of plans that indicated that co-insurance applied to copays and generic prescriptions. Coinsurance ranged from 10% to 50%.

Exhibit 3.13 | Opt-out Incentive Expenditure

In your last fiscal year, what was your company's total annual expenditure for incentives for Vermont employees NOT enrolled in your health insurance plans?

INCENTIVE	Average	Median	Highest	Lowest	Respondents
Annual Expenditure	\$58,258	\$29,606	\$231,454	\$2,000	15

Note: 31 respondents indicated they did not have an incentive expenditure.

Exhibit 3.14 | Wellness Expenditure

In your last complete fiscal year, what was your company's total annual expenditure for wellness programs for Vermont employees?

WELLNESS	Average	Median	Highest	Lowest	Respondents
Annual Expenditure	\$56,140	\$15,876	\$372,550	\$797	21

Exhibit 3.15 | Retiree Health Insurance Expenditure

In your last complete fiscal year, what was your company's total annual expenditure for retiree health insurance?

RETIREE COSTS	Average	Median	Highest	Lowest	Respondents
Annual Expenditure	\$2,992,475	\$123,412	\$16,743,638	\$24,286	6

Note: 35 respondents indicated they did not have a retiree expenditure.

Section 4 | OPINIONS AND PERSPECTIVES

Exhibit 4.1 | Changes to Health Benefits for Employees

Please indicate changes you have made in the last 3 years or are likely to make in the next 3 years with regard to health benefits for your employees.

Note: Data indicate number of employer responses to each question.

	Past 3 Years	Next 3 Years
Addition of medical coverage for the first time	0	0
Elimination of all medical coverage	1	0
Elimination of retiree medical coverage	4	2
Change of health insurance carriers	11	9
Addition of health insurance for employee family members	1	0
Elimination of health insurance for employee family members	2	0
Addition of consumer directed health plans	7	4
More medical plan options	6	10
Fewer medical plan options	0	2
Increase in employer's share of premiums	8	7
Decrease in employer's share of premiums	11	10
Increase in deductibles, co-payments, or co-insurance	15	15
Decrease in deductibles, co-payments, or co-insurance	1	2
Coverage for part-time employees	2	2
Coverage for seasonal employees	1	2
Elimination of coverage for part-time employees	0	2
Elimination of coverage for seasonal employees	0	1
Addition of wellness programs	11	12
Elimination of wellness programs	1	0
Relocation of employees out of state	2	2
Relocation of employees to Vermont	1	1
Other (Please use comment section for details)	1	1

Exhibit 4.2 | Health Insurance as a Principle

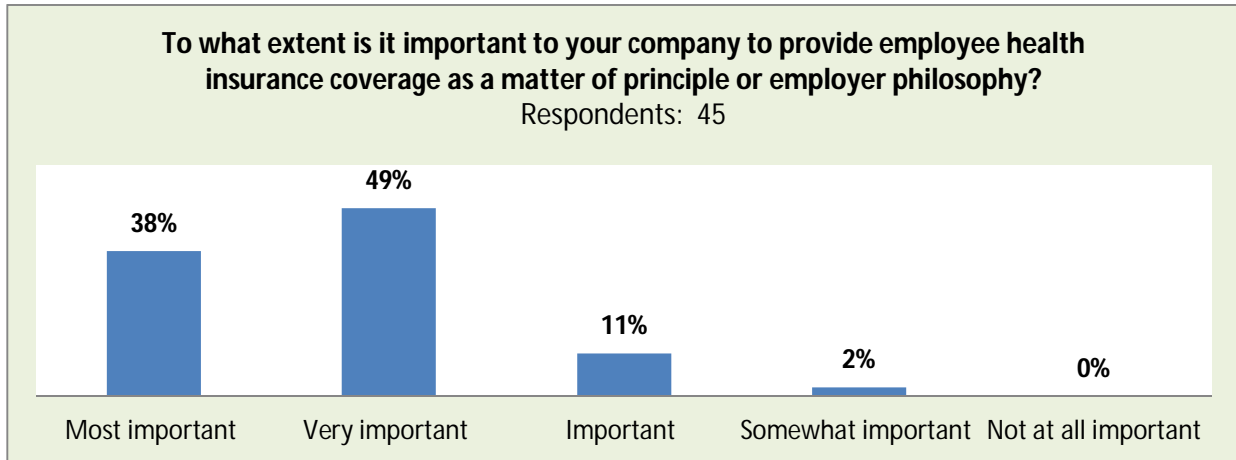


Exhibit 4.3 | Importance of Health Insurance

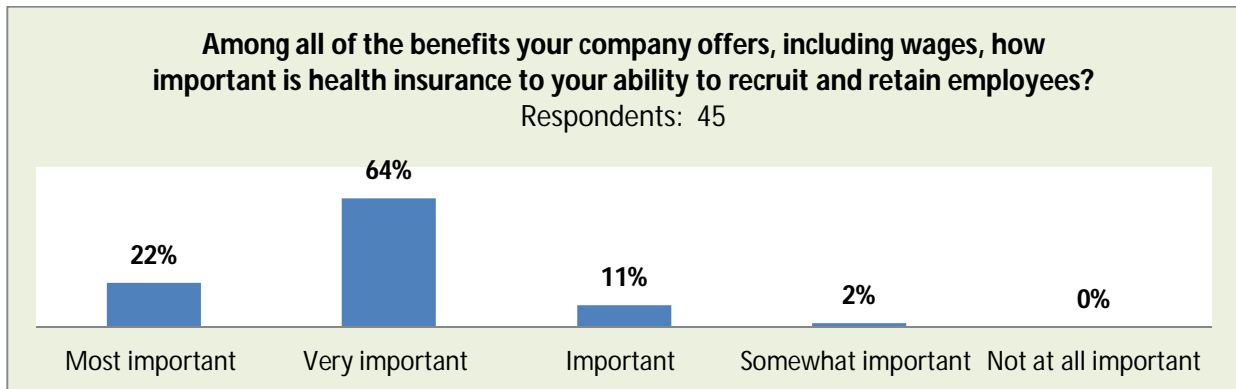


Exhibit 4.4 | Self-Insurance Decision Making

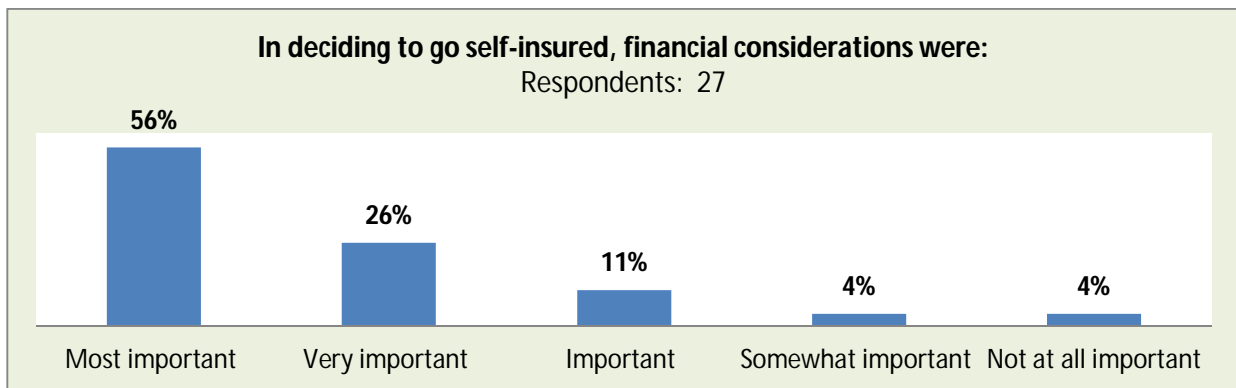


Exhibit 4.4 | **Self-Insurance Decision Making (Continued)**

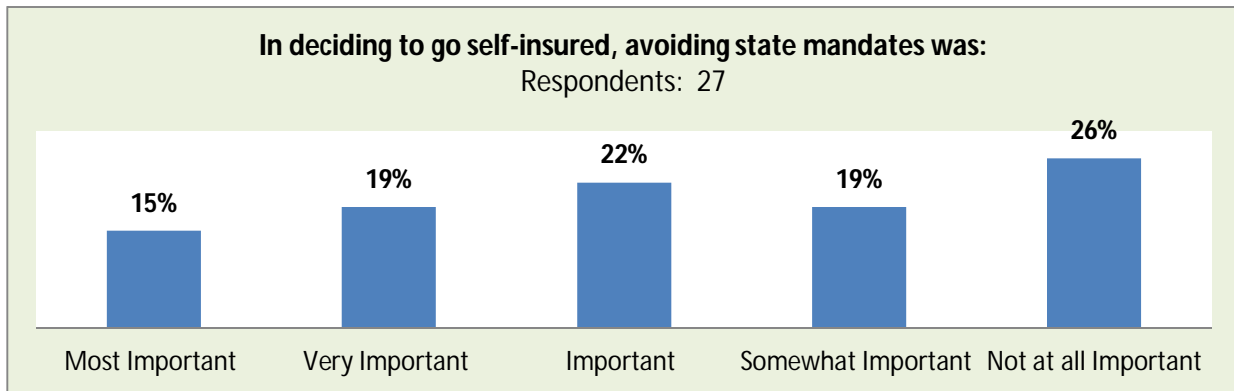


Exhibit 4.5 | **Health Insurance Costs as a Concern**

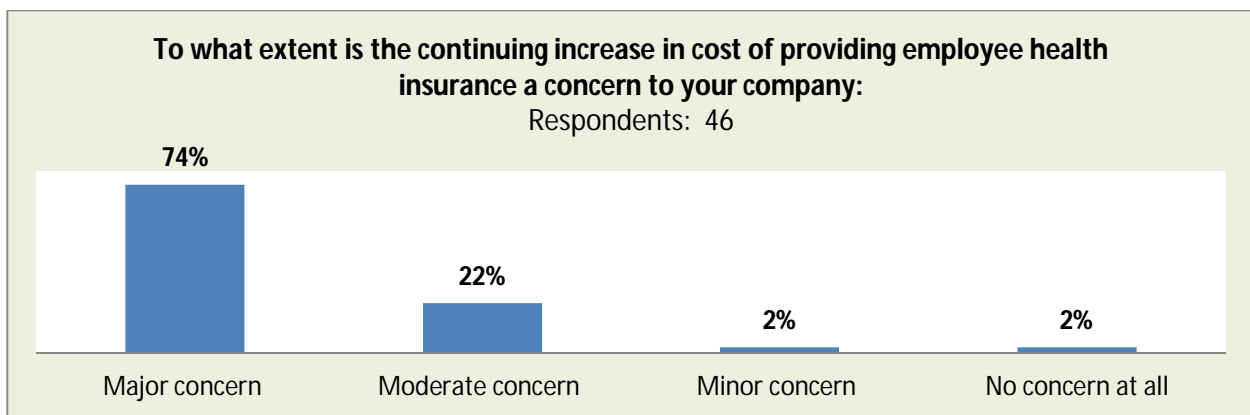


Exhibit 4.6 | **Giving Up Health Insurance Coverage in Exchange for...**

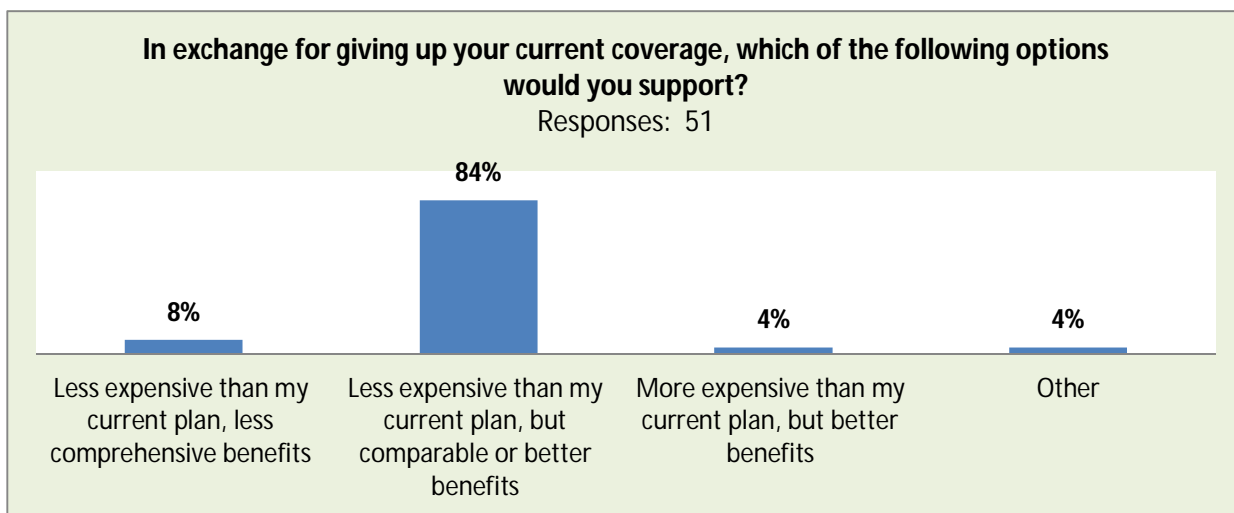


Exhibit 4.7 | Locating Employees Based on VT Health Care Reform

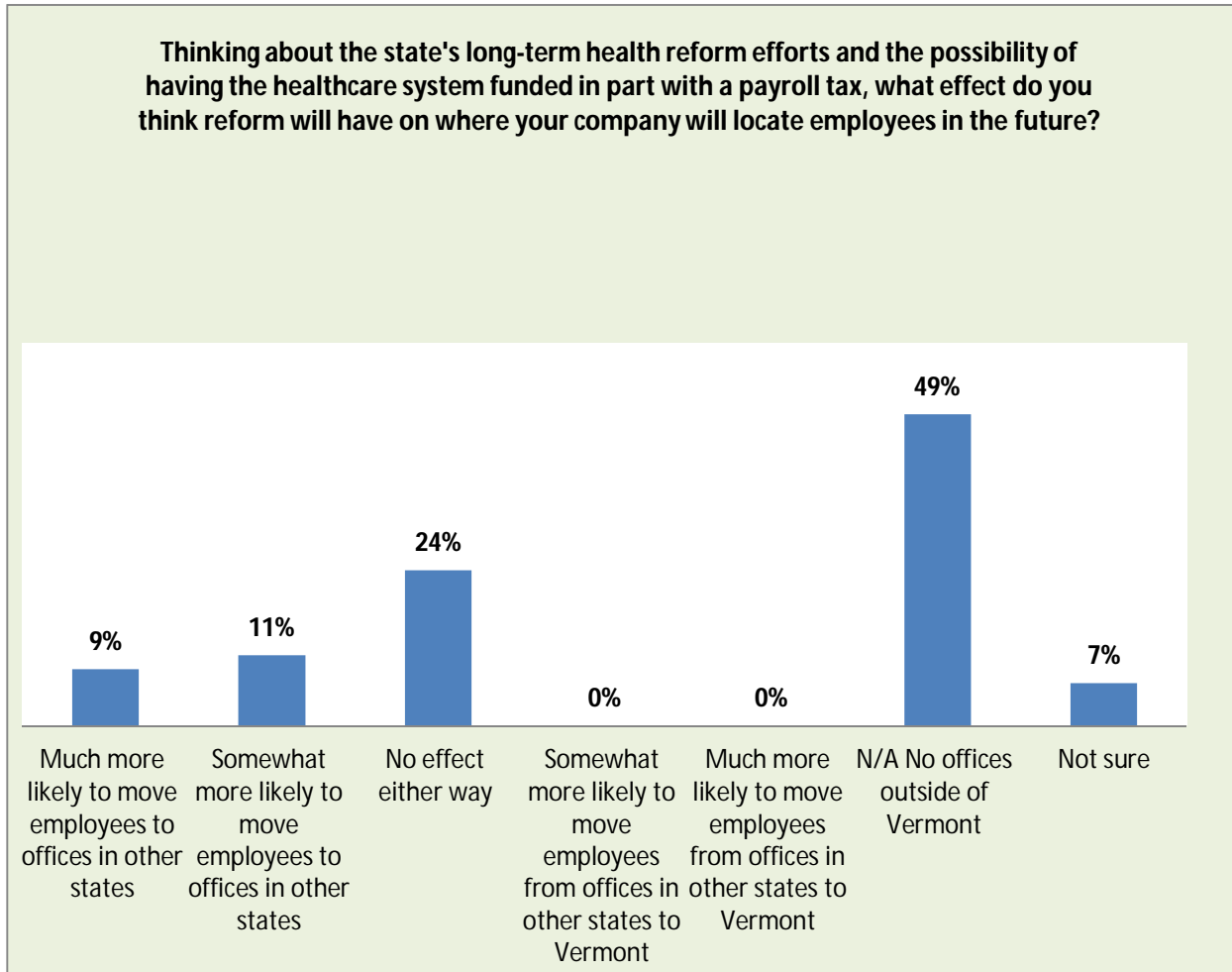
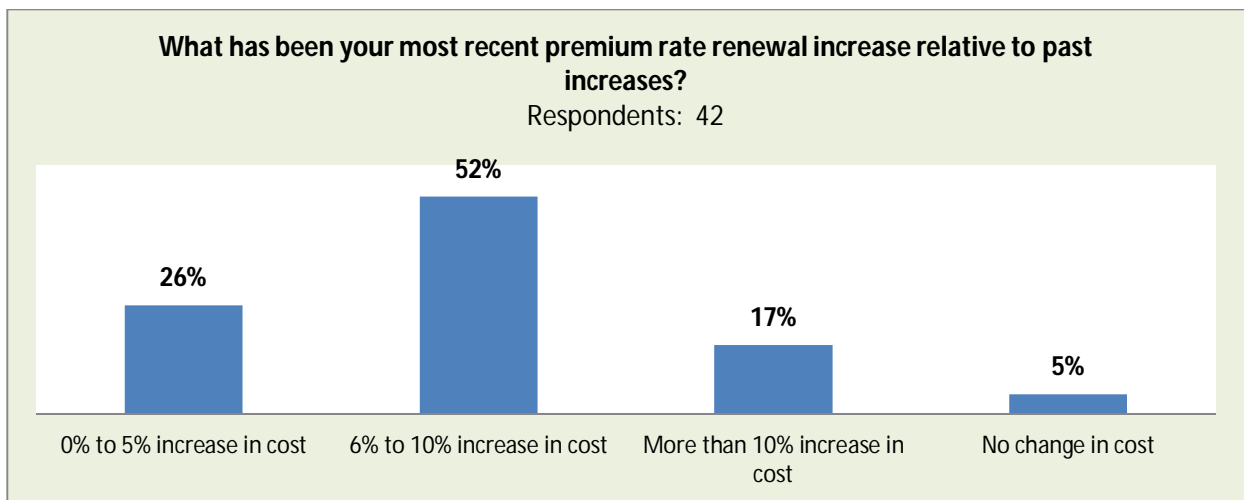


Exhibit 4.8 | Rate Increases



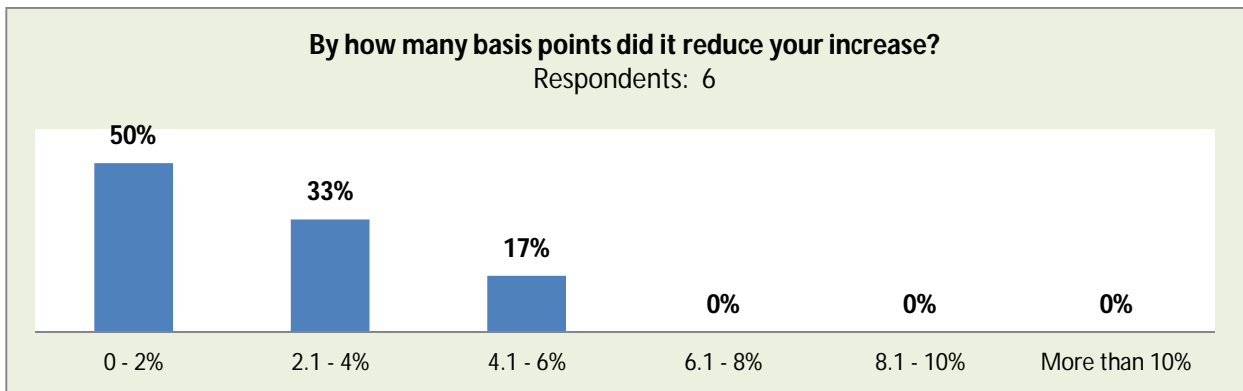
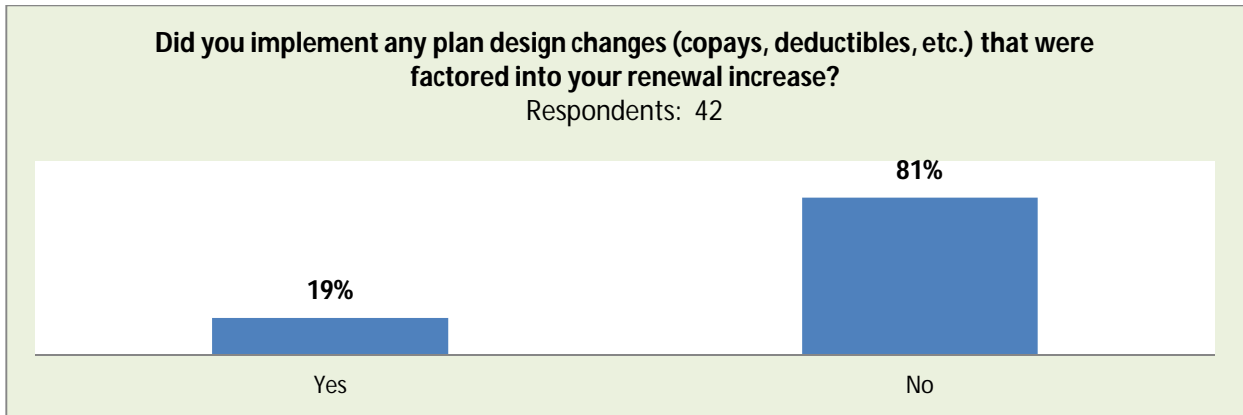
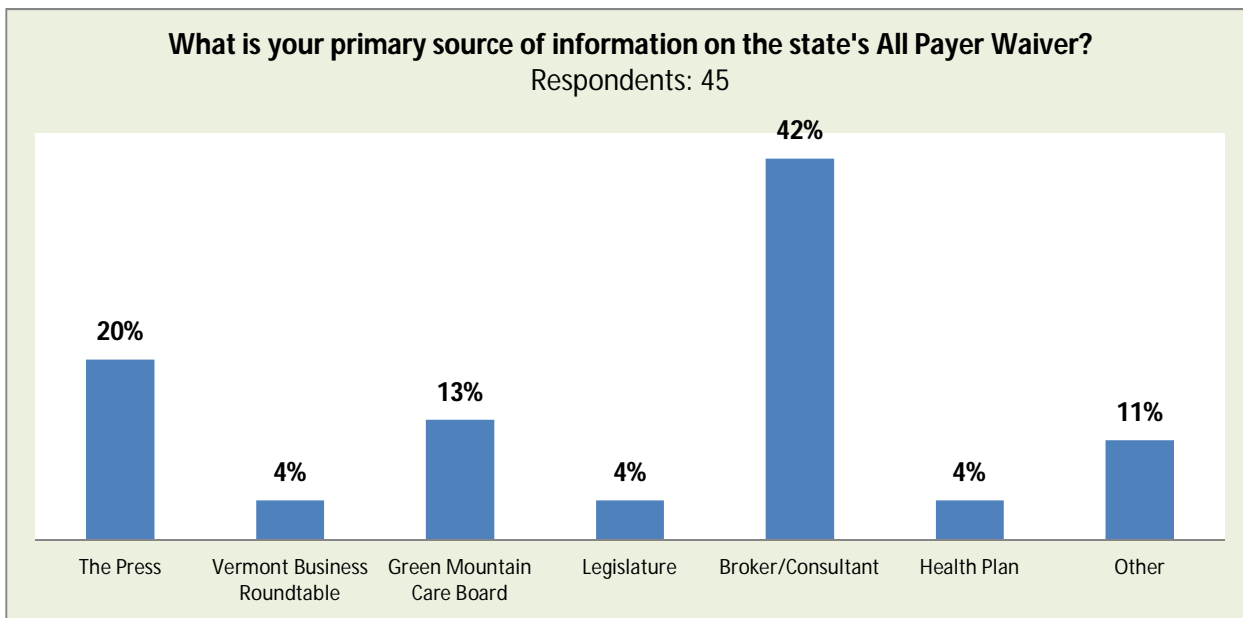
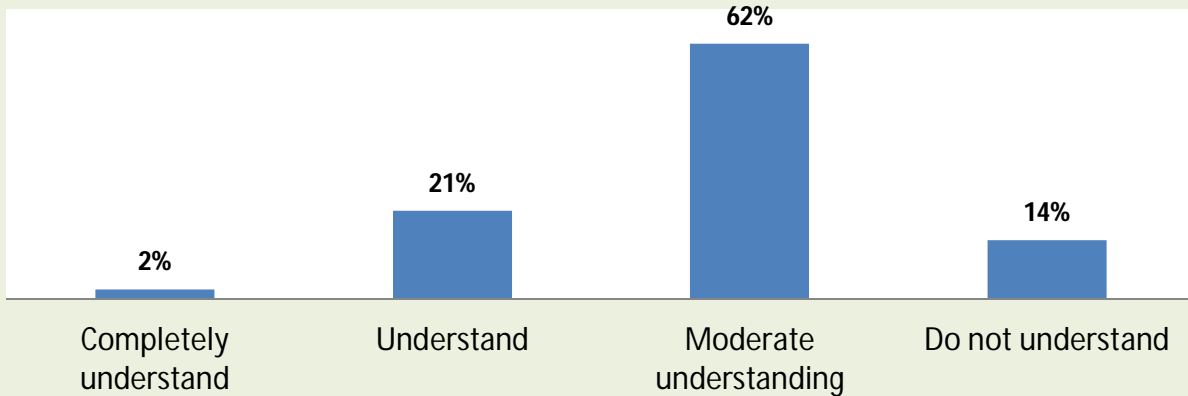


Exhibit 4.9 | All Payer Waiver



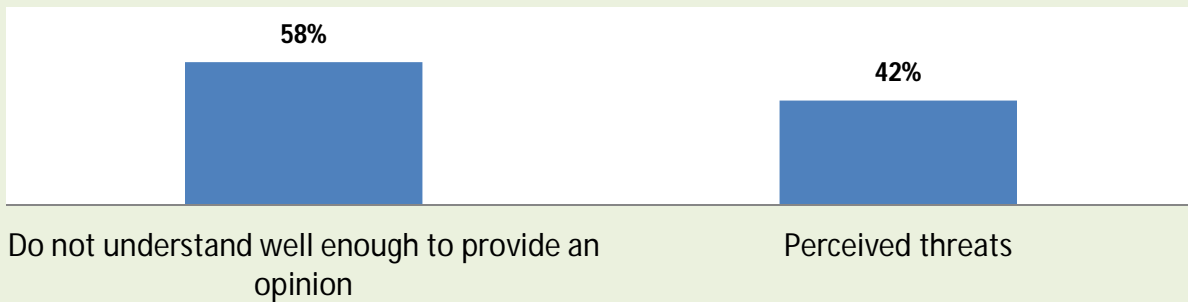
How well do you understand the state's proposed All Payer Waiver reform?

Respondents: 42



What do you perceive as the greatest threat regarding the proposed All Payer Waiver?

Respondents: 45



What do you perceive as the greatest opportunities regarding the proposed All Payer Waiver?

Respondents: 42

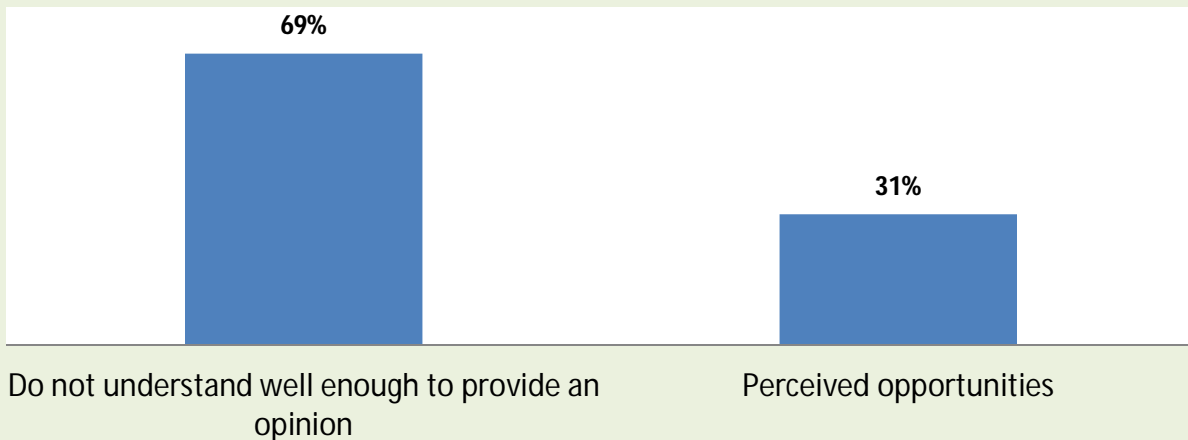


Exhibit 4.9 | **Perceived threats regarding the proposed All Payer Waiver - COMMENTS**

- Taking away choice
- Doctors and hospitals will dispute what rates are set.
- Setting payments to providers too low leading to issues, complexity, too high of an administrative burden.
- Inadequate funding from Medicaid. influence of Burlington based special interests
- Employers with employees and operations in multiple states will find Vermont too expensive and move operations.
- Loss of control to provide high level of benefits since all medal levels of the current options on the exchange are less rich than what we provide to our employees.
- Participation and funding
- Overall I think the concept of the ACO and All Payer Waiver make a lot of sense, given the small size of Vermont. My biggest concern is that we end up eliminating the competitive element of the health market and don't achieve the costs savings hoped for. However, I think the long term risk of not doing anything is greater
- decrease in quality of care, increased cost to Vermonters already paying a substantial amount toward health care
- Vermont cannot properly administer the technology involved to make such a drastic change. Vermonters living near borders who seek quality care out of state will have major obstacles in getting bills paid.
- Driving providers away from VT
- ability to provide level of benefits
- Making an uninformed decision that has unintended consequences. We need to understand the impact to organizations and community health care and how it will be administered. We could disable our health care system innocently. Need to be cautious yet optimistic. Paying for performance is the right thing to do...it deserves our full attention on how best to get there. It takes deliberate action and time to change a culture to one of population health outcomes.
- Recruitment of Doctors
- Must pay in more to the state even if the company maintains a better health insurance than the state offers
- increased costs

Exhibit 4.9 | **Perceived opportunities regarding the proposed All Payer Waiver - COMMENTS**

- Control health care costs by removing incentives to oversubscribe and instead provide incentives to keep participants healthy
- help control health care costs and underpayment of medicare and medicaid
- Payment procedures tied into Medicare payments.
- Moving away from a fee for service model
- Being able to keep Providers in the State, as they would receive a better reimbursement than what they are currently receiving, control cost growth and quality of care.
- none
- Possible savings

- If managed correctly, the opportunities are many: 1) Increase the efficiency of providing acute care services; 2) Shift the long-term focus, and dollars, of healthcare from fixing to prevention; 3) Slow down the unsustainable cost curve; 4) improve peoples' overall wellbeing; build more equity into the delivery system (eliminate cost shifting).
- control of health care cost increases that are on an unsustainable trend
- In theory, providing incentives to curtail medical spending
- working collectively together to standardize protocols to reduce variation in care and ultimately cost reduction. A real system of integrated care across the state so no individual falls through the cracks. Focus on population health. Yes to wellness!!
- Cost containment
- lower uninsured rate

Exhibit 4.10 | **State-wide Pool Impact**

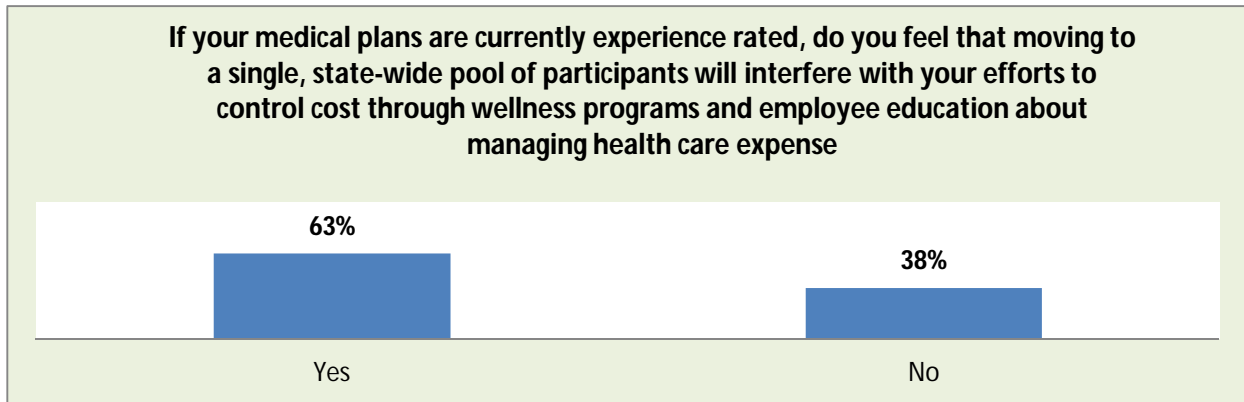


Exhibit 4.11 | **High Deductible / Wellness / Employee Education Savings Impact**

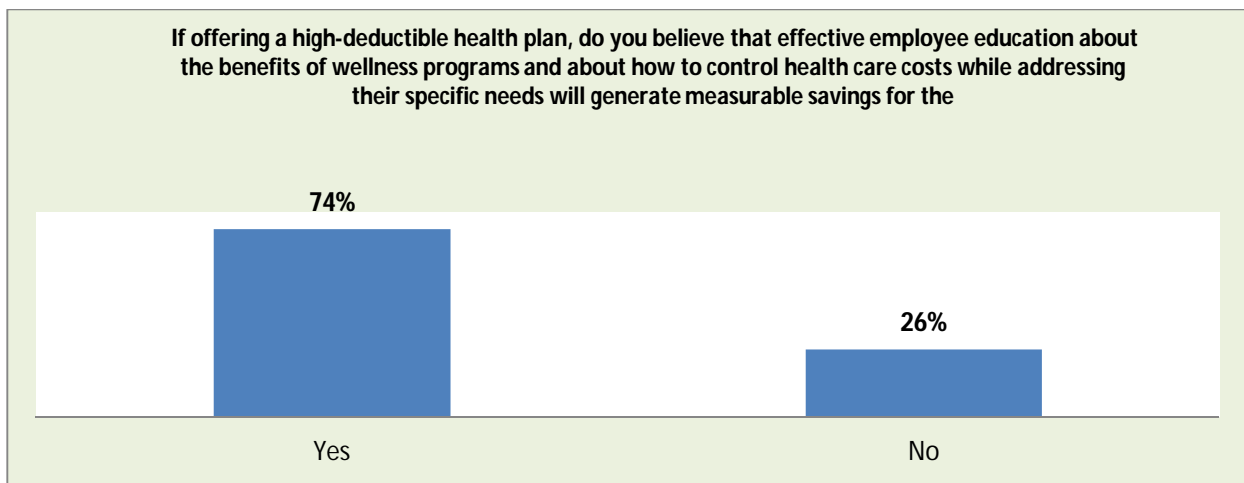


Exhibit 4.12 | Satisfaction with Healthcare Reform

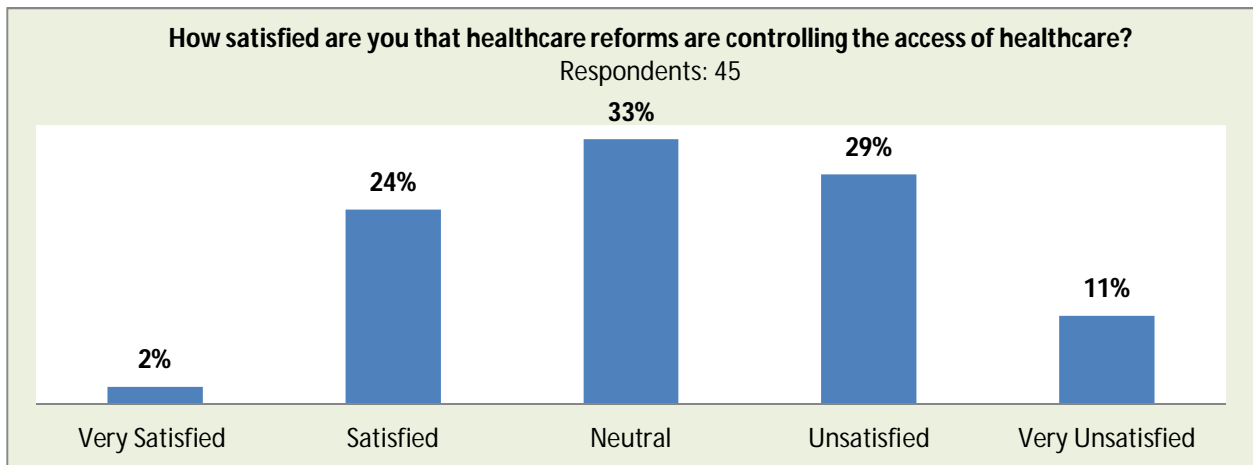
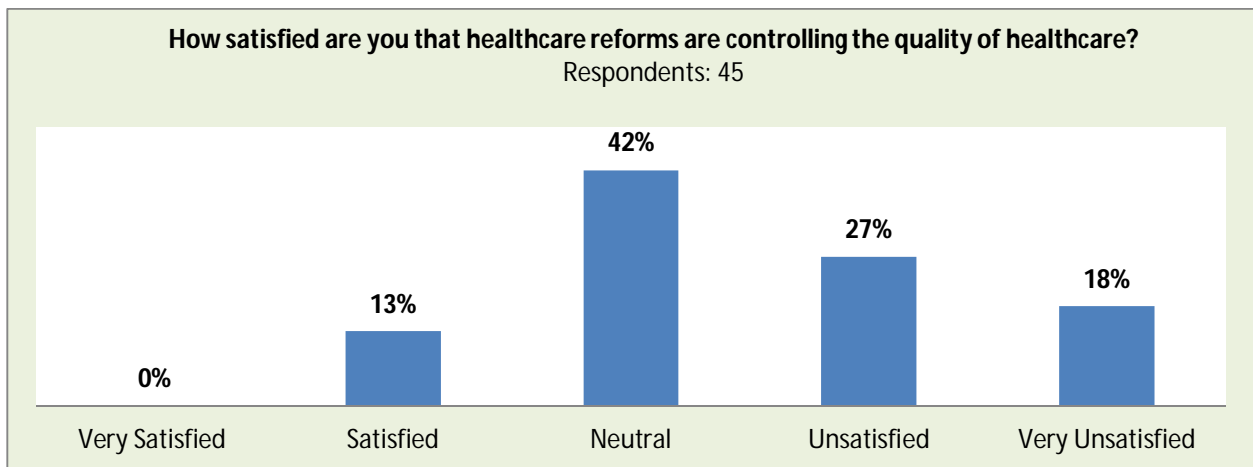
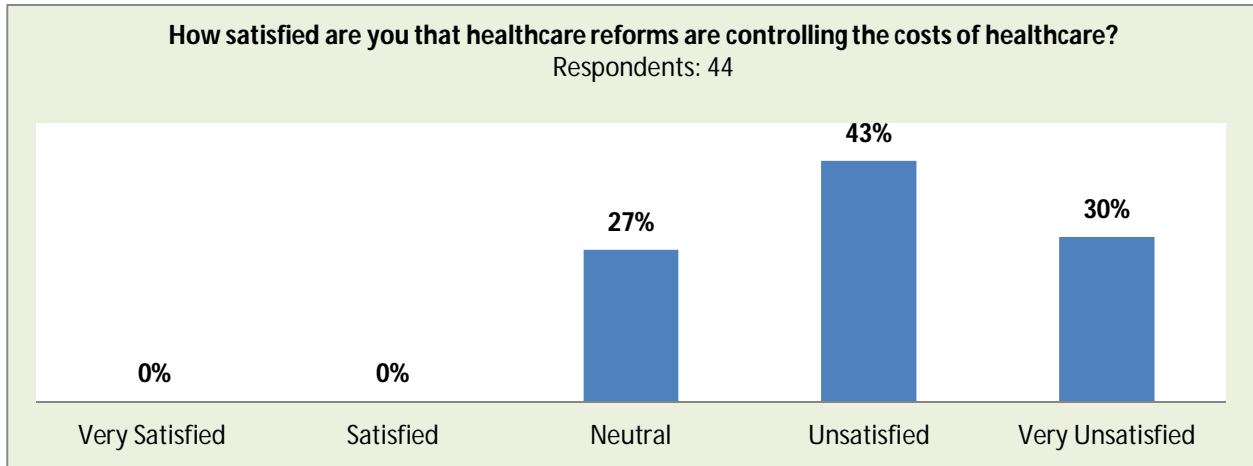


Exhibit 4.13 | Effect of VT Healthcare Reform on Business and Decisions

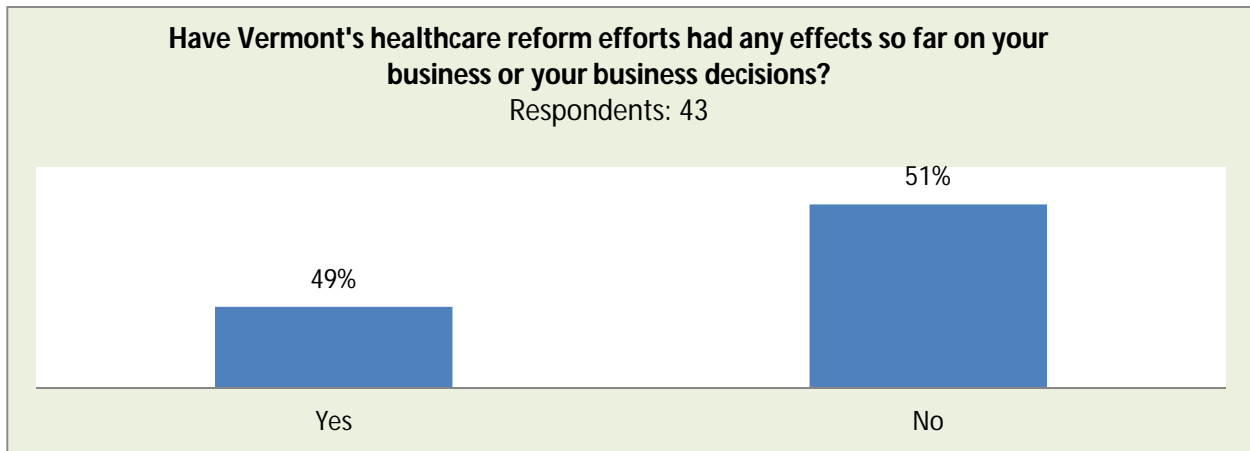


Exhibit 4.13 | Effect of VT Healthcare Reform on Business and Decisions - COMMENTS

- **[No]**
- minimal impact due to small employee group located in Vermont
- **[Yes]**
- The continued increase in premium cost affects our ability to provide health care that our employees can afford and actually utilize. This makes it hard to attract and retain talented employees.
- **[Yes]**
- Negative
- **[Yes]**
- Expensive for us.
- **[Yes]**
- Positive and negative both
- **[Yes]**
- more administrative work for tracking purposes.
- **[Yes]**
- Financially negative
- **[Yes]**
- negative
- **[Yes]**
- Negative impacts mainly. We were forced to abandon our quality health plan to spend more on health insurance through VT Health Connect. We employ fewer people as a result of outrageous costs of health insurance. We cannot give the raises our employees expect due to rising health care costs. The only good thing that has happened is that we added plan choice for employees which we could not previously offer. We offer Platinum and

H.S.A. Gold plan choices because we are a professional services company and owners/employees expect to be offered the Cadillac plans. The rising costs of VT Health Connect pricing are not sustainable. BCBS is seeking an 8% increase for 2017. We may have to reduce our insurance offerings and it will hurt our business and recruiting efforts.

- **[Yes]**
- Negative

- **[Yes]**
- We hired a team of offshore engineers to control / reduce our engineering cost. We don't have to pay a host of fees on top of salary to them (fica, medicare, health insurance, you name it)

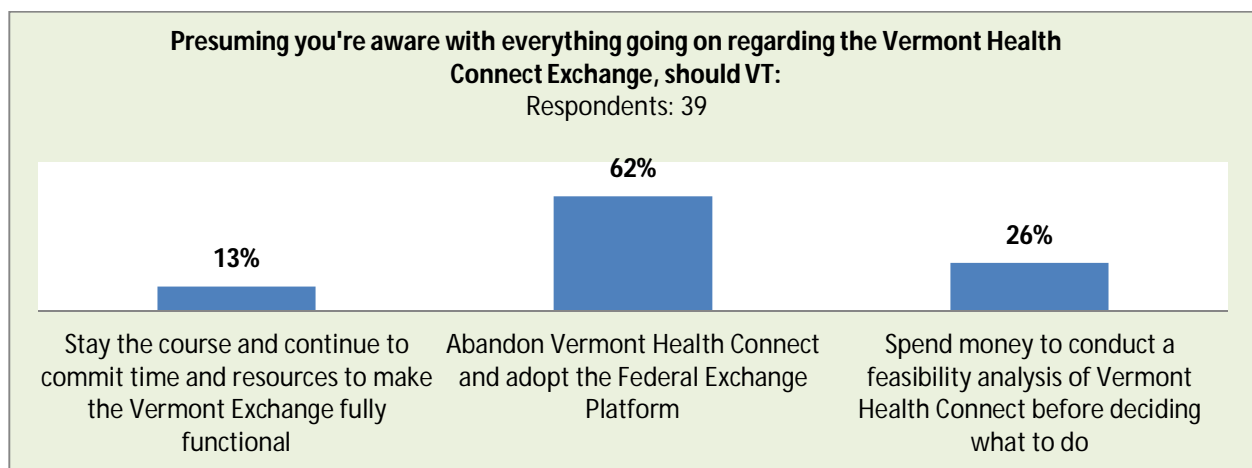
- **[Yes]**
- Very challenging to have hospital with a revenue cap making decisions on services to provide. More people with high deductibles waiting for care which is creating an increase in acute ED visits. We are focusing on our organizations and the community organizations wellness program in order to invest in primary prevention in addition to secondary prevention.

- **[Yes]**
- Rising expenses have impacted our business.

- **[Yes]**
- We stopped offering health care to our employees, as some would be paying significantly more with us than with the subsidies provided by the Government. We are challenged because our highest paid people would like employer-sponsored health care, whereas our lowest paid people benefit from our lack of employer-sponsored health care.

- **[Yes]**
- We decided to insure our medical plan through YUSA Benefits in Chicago with United Health Care rather than go through the state exchange.

Exhibit 4.14 | **Vermont Health Connect**



ADDITIONAL OPEN ENDED QUESTIONS AND RESPONSES

Question 4.1 | Risks Associated with VT Healthcare Reform

What would you identify as the greatest risk (and greatest benefit) associated with the state's healthcare reform initiatives?

- Affordability
- time to takes for any ROI to occur
- Increasing insurance costs = higher operating costs and higher monthly premiums to our employees
- Greatest Risks: Driving providers away from VT; creating a state department which will increase costs and, thus, further burden VT taxpayers
- The greatest risk - we eliminate a system that works for a large majority of consumers, while decreasing competition, and then don't achieve the slowdown/reduction in costs.
- The greatest benefit - a much greater focus is being put on the outcomes of health care vs the quantity performed.
- Cost vs benefit analysis has not be shown.
- They are not successful in implementing real cost and access reforms.
- greatest risk is increasing cost and decreasing quality and availability of healthcare providers in the state.
- greatest benefit would be making healthcare available to a larger number of Vermonters.
- Risk = our healthcare reform efforts could make Vermont less affordable for businesses
- Benefit = healthcare costs could be contained with a new system
- Failure to meaningfully decrease healthcare costs.
- Unsustainable pricing with no incentive or market to help control costs
- The risks we see are that good doctors are moving out of Vermont. Wait times for medical appointments and required surgeries are already increasing. We have an employee with a carpal tunnel injury that impedes her work and she can't even get the testing or PT she needs for three months. People are in pain, delaying treatment, and Vermont's health care system cannot handle the increased volumes as a result. More people are insured which is one benefit of reform.
- Having employee have a say/choice in their healthcare.
- Risks: Long-term viability; potential to increase costs
- Benefits: small/no benefit given the percentage of workforce in VT
- Uncertainty. We always look like we're standing on the edge of the lunatic fringe. People do business in other states and vacation in our state.

- Costs associated with tracking and record keeping for auditing purposes.
- Benefit - access to care for all Vermonters
- Impact of levying additional payroll taxes on employers to provide coverage to all
- Limiting plan choices for employees due to driving ER costs too high. It's a recruiting tool as well as retaining and we want to be able to help our employees with benefit's costs, but it's becoming more and more difficult to afford. It is also creating a lot of time-consuming (& unnecessary) work for human resources depts. especially in regards to the ACA requirements.
- Risk - Cost : Quality
- Benefit: - Cost : Quality
- Dependence on federal funding and support for local health care reforms.
- More burden on the companies that are already doing the right thing and providing good health care for their employees.
- Greatest Benefit- providing the ability for those uninsured to buy insurance
- Greatest Risk- Cost of the creation of a Health Exchange website that does not work accurately
- The greatest risk is that the ideology of insuring the uninsured disrupts the existing system. We agree with the need for better access but feel it would be less expensive and substantially less disruptive to simply insure the uninsured and leave the existing system alone.
- the cost of the health insurance that is offered to individuals is expensive so some are still not receiving coverage and will take the penalty because it is less expensive for them. With the cost of testing, several individuals cannot afford this and will avoid going to the doctors for tests when they are really needed.
- A lot of money and energy spent - and of fails what lessons have we learned.
- Again, larger employer have multi-state operations and this could make Vermont too expensive to do business in.
- risk: financial analysis of impact
- Benefit: integrated care system across the state

Question 4.2 | Concerns with VT Healthcare Reform

What is your greatest concern in connection with healthcare reform in Vermont?

- Affordability
- Operating in Vermont
- It has been a train wreck since day one. I have heard stories of people trying to get registered on the exchange and it taking literally 8 hours to get registered and the tech support is awful.
- Greatest benefit: In theory, will provide a framework to incent all providers to work together to control health care spend.
- Having to join an exchange
- The ongoing costs of maintaining the Exchange. We should be looking for a shared platform that meets our needs.
- That costs will continue to increase and plans will become less attractive.
- As Vermont is trying to do this alone, it seems to be causing a migration of physicians out of Vermont and thus a deficiency in quality of care.
- See previous comments. Plus technology barriers
- Decision makers will not have the desire or will to put peoples' health needs first.
- understanding the full financial impact of having all Vermonters insured-I think the state leadership underestimated the increase in services that would be rendered when more Vermonters had/will have access to health coverage.
- Weakened climate for businesses, fewer jobs, declining population
- That we are not doing enough to reduce healthcare costs
- All loss of the ability to manage/reward those making good decisions vs. those making decisions for what they think is best for me and my Company.
- There's not enough work being done to control costs of health care. It's obvious when entering a doctor's office or hospital that there are inefficiencies in staff resources. You have to talk to three people before you get to see the person doing the mammogram. Why is that necessary and isn't it an obvious failure to control costs? We have quality healthcare in Vermont, but the facilities do not operate with LEAN principals to operate efficiently. There's little being done to help hospitals run more efficiently. In sum, the costs of healthcare in Vermont will continue to skyrocket and our legislators think the solution is to tax tax tax the employers.
- VT is a small part of our footprint; impact of costs/offering to only some employees
- Matt Dunne, in particular, and Sue Minter will say anything to be elected. Once in office, they will need to address the concerns of the constituency that sent them... and we'll end up paying for it. Shumlin-redux.
- Will drive the cost of health ins. up and employees will have to take on more of the cost burden.
- Taxes on employers

- Rising, uncontrollable costs and minimization of benefits
- That we, as a state, don't plan well enough to implement systems properly before rolling them out resulting in higher costs to Vermonters who work hard to live here. Also, more businesses will leave Vermont due to higher insurance costs, red-tape, etc...
- The government can not efficiently run anything and the initial premiums will get out of control very quickly and be unaffordable.
- Increasing Cost with fewer businesses and declining population to pay.
- Our greatest concern is that the resultant product will make doing business in Vermont even more expensive and less attractive than it is today. We are far too small of a state to be leading the country in complicated policy decisions. Our limited demographics do not allow for adequate spread of costs.
- cost; little to no vendor competition; hurting our ability to provide superior benefits at a reasonable cost to employees as well as taking away a key recruiting tool
- Affordability for everyone and to make sure that the coverage is beneficial to the individual where it is worth it to them to have health coverage.
- lac of knowledge of key players with unrealistic expectation of public
- see above
- Financial impact to key organizations
- Important there be just one ACO not 3

Section 5 | GENERAL COMMENTS

Question 5.1 | Thoughts on VBR Healthcare Policy Agenda

What other thoughts do you have that the Roundtable needs to consider when developing its healthcare policy agenda?

- I don't think it would make a difference
- Look at other states to see what they have implemented and their results. For example, Maryland uses the all payer model, and the results were mixed, their rehospitalization rate for Medicare patients is one of the highest in the country. Vermont is a very unique state, and what has worked in other areas, may or may not work here.
- Public awareness of issues by way easy to understand educational emphasis
- Take a position and fight for it. I don't feel like the roundtable ever spends its political capital. It just collects it.
- The continued increase in premium costs along with trends towards high deductible plans is troubling because it dissuades users from going to the doctor and makes it the only choice employers can afford.
- We don't have faith that a government run system will control cost or improve quality of care.