

Vermont Business Roundtable 2018 Health Care Survey Results

Executive Summary

BACKGROUND

The 2018 version of the Vermont Business Roundtable Healthcare survey is the organization's fourth survey of its membership with results being produced in 2011, 2014, 2016 and now 2018. This year's survey had 76 unique participants and asked identical questions from prior years with the addition of new questions based on member feedback and marketplace changes. More than half of participants came from Chittenden County and a good cross section of industries were represented with non-profits being the most represented industry. In comparison to prior years, this year's survey, despite the Chittenden County weighting, had better geographical distribution of organizations and industries than in prior years.

COSTS

Healthcare costs remain a major concern of the membership with 94% of respondents indicating that it was either a major or moderate concern of their organization. This concern proves out in the numeric data with the results showing that the annual cost per employee, premium costs and employer cost as a percentage of payroll in 2018 all increased substantially from 2016. In general, healthcare premium costs and costs per employee increased at a 7% annual rate, closely in line with what the Hickok & Boardman (H&B) Employee Benefits Survey results reported for annual employer increases, serving to validate this survey's data. Monthly premium costs for health insurance were also in line with the H&B survey results.

Interestingly, while the employer expense as a percentage of payroll increased from 2016, the employee portion did not, indicating that Vermont employers are absorbing the majority of health insurance increases. That said, employee premium contribution percentages (20% for single enrollee, 26% for family) remained the same from 2016 to 2018 signifying that employees are still having an increased cost in paying health insurance premiums as premiums rise. Also interesting to note is that wage distribution in terms of percentages remained largely the same from 2016 to 2018 and while no direct correlation can be made from this data, it is worth exploring as to whether or not health insurance increases are eating away at employee pay increases, creating paycheck erosion.

While nearly 60% of employers are still requiring employees to pay a percentage of premiums, a number of participants indicated that they require employees to contribute to the cost either through a flat dollar amount (18%) or based on salary (11%). The flat dollar amount likely represents a defined contribution approach, and trend, where an employer provides a set dollar amount to employees and offers multiple health plan options. An employee then decides on the plan that is right for them, either buying up or down based on individual need. Salary sensitive contributions are also a national trend.

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STRATEGY

92% of survey participants indicated that offering health insurance coverage as a matter of principle was either most important or very important to them. 88% of respondents said that health insurance is important in their recruiting and retention efforts. Clearly, offering health insurance as both a principle and as a business need is important to those that responded. The question then becomes, how are participants trying to contain costs to continue to offer this benefit?

74% of respondents indicated that education of employees on wellness and controlling costs would generate healthcare savings in the future. General strategies to retain costs remained the same as in 2016 with changing health care carriers, offering additional medical options, increasing deductibles and co-insurance and adding wellness programs remaining the most prevalent strategies.

PLAN DESIGN

Not surprisingly, based on the strategies listed above, plan design changes to contain costs have resulted in additional out of pocket costs to employees. The median deductible in 2018 was \$1,500, up from \$1,000 in 2016 and the out of pocket maximum was \$3,000, up from \$2,500 two years ago. These are the plan design elements that result in the largest premium decreases. However, they result in increased out of pocket exposure to employees and while the employee premium contributions may not go up as much with plan changes, their expense of using healthcare likely will. All other plan design features remained largely unchanged.

ALL PAYER WAIVER AND ACCOUNTABLE CARE ORGANIZATIONS (ACOs)

Vermont's health care reform efforts have historically had an impact on the State's employers and its most recent efforts are no different. What is different, per the survey's respondents, is how well employers understand current reform efforts. 65% of respondents indicated that they either had a moderate understanding or did not understand ACOs. Nearly 60% of respondents could not identify either opportunities or threats of ACOs because of a lack of understanding. There is clearly a need for the State and ACOs to provide employers more education on both the efforts underway as well as the impact to individual employers.

2016 SURVEY COMPARISON

While health care costs remain a concern and respondents are unclear of how ACOs may impact their organizations, there has been a clear shift in how respondents are reacting to health care reform efforts in the State. In 2016, on the heels of the Vermont's single payer effort, 49% of respondents reported that the State's efforts were having an impact on business decisions. In 2018, that number dropped to 21%, indicating that there is a feeling that the healthcare system is more stable and predictable. While there is still dissatisfaction in the State's efforts to control costs (44% were dissatisfied in 2018, compared to 43% in 2016), the level of angst in not knowing what the healthcare future may look like, and what impact it may have, has subsided.

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