December 9, 2010

Will Employers Continue to Innovate Post-PPACA?
Implications for Health Reform Implementation

Federal implementation for provisions now in effect is mainly in place

- Regulatory framework is nearly complete for the 2011 plan year (interim final rules)
- Final regulations to be published beginning in January 2011
- Additional regulations coming in 2011
- Constitutional challenges to ACA continue in 2011

Major efforts underway to develop rules for 2014 health exchanges

- Both state exchanges and federal exchange where states don’t set one up
- Draft regulations expected in 1Q 2011

Strategic conclusions

- Higher post-election uncertainty at federal and state levels
- Sharpens even more the need for employers to focus on strategies to better manage future cost increases
  - And on careful compliance, tracking all the upcoming twist and turns
Looking Ahead

- The employer-sponsored system will endure
  - The budget depends on it
  - The penalties will ensure it
- Regardless of the politics, health care will stay on the legislative agenda—forever
- Employer health care costs will rise 50% in the next five years on a “stand still” basis
- Conditions are ripe for employers to phase out employer-sponsored retiree medical plans by 2015 (except for some grandfathered and collectively bargained arrangements)
- Employers need a clearly defined strategy to manage cost and employee health

The legislation should guide your strategy, but should not govern your strategy
Two Concurrent Paths…

What has to be done and when?

Compliance

What is our long-term plan?

Strategy
...Leading to a Fork in the Road

Down either path, employers have a persistent need to have a workforce that is healthy, present, and productive; that is imperative for all businesses.

» Opt OUT

- Monetize subsidy
- Deal with noise
- Send employees shopping at the private exchanges

» Focus on OUTcomes

- Simplify designs
- Earn better coverage
- Shift to DC subsidies

Communication  Design  Administration
What Does “Getting Out” Really Look Like?

The Movement from DB to DC

Delivering Health Care Benefits

Very Involved → Not Involved

Paying for Health Care Benefits

Group → Individual

Hidden Subsidy

Total Rewards

Encouraging Health

Siloed Programs

2010 → 2017
Staying In: Areas of Focus

Promote Intelligent Decisions
“Responsible and Accountable”

Reduce Unnecessary Expense
“Drive out waste”

Engage Participants
“Educate, Support, and Change Behavior”

Improve Health Outcomes
“Identify, intervene, and measure”
Where Can I Find Out More?

Aon Hewitt’s Health Care Reform Microsites are a great resource:
www.aon.com/healthcarereform or www.hewitt.com/healthcarereform

- Weekly briefings
- Webinar recordings
- Regularly updated FAQs
- Survey findings