



December 9, 2010

## Will Employers Continue to Innovate Post-PPACA?

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# Implications for Health Reform Implementation

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## **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**

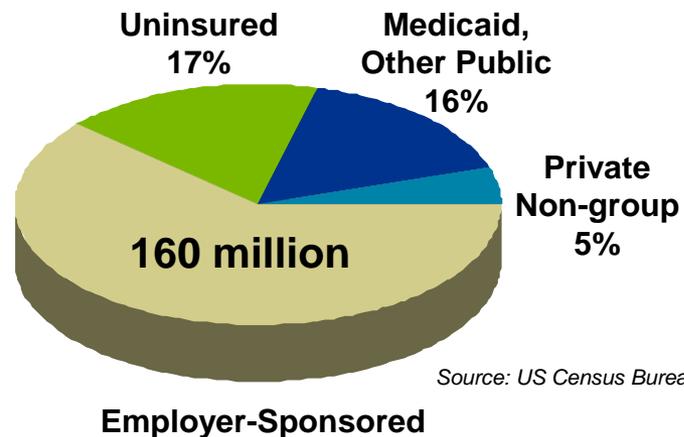
- Both state exchanges and federal exchange where states don't set one up
- Draft regulations expected in 1Q 2011

## **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

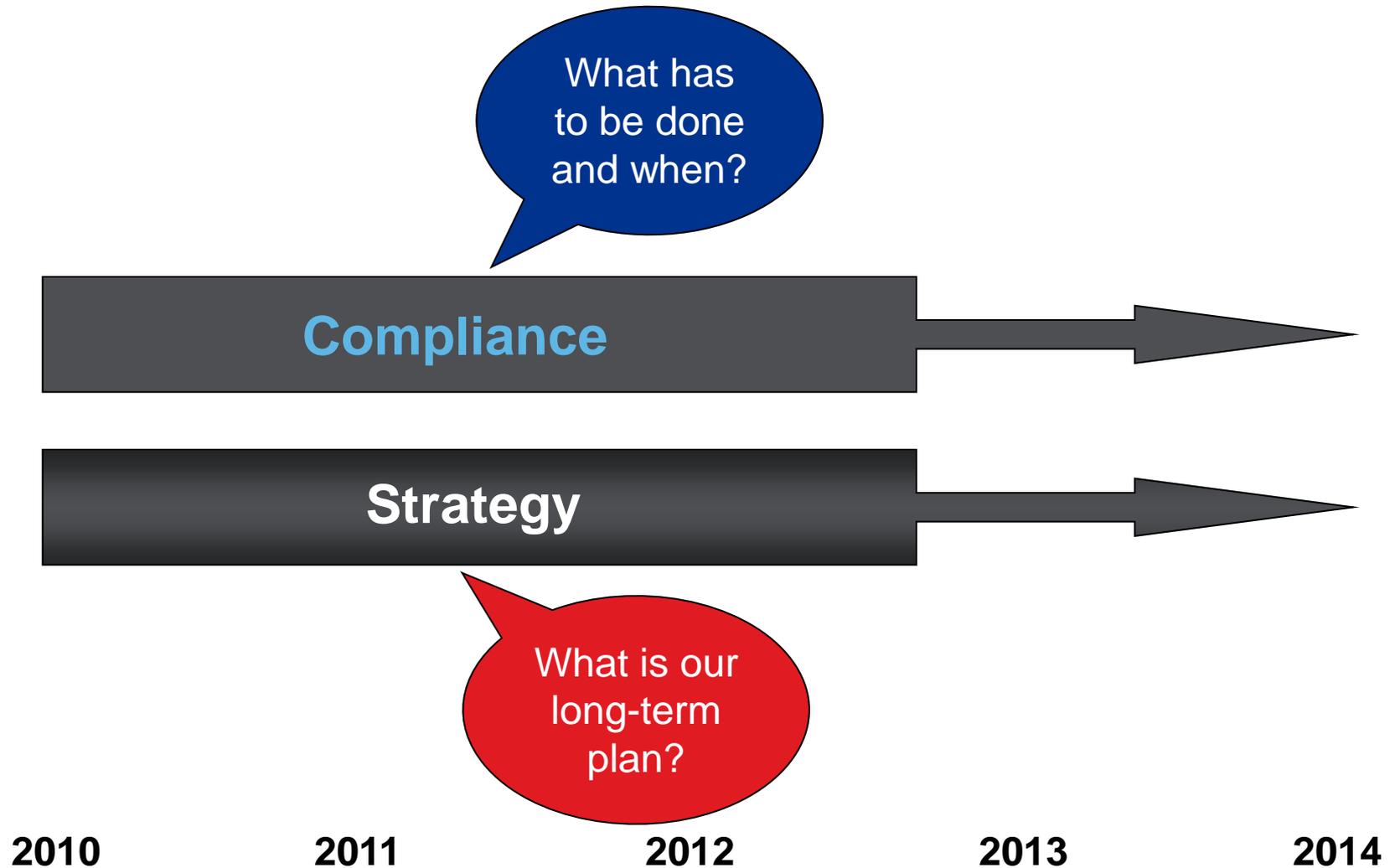
- The employer-sponsored system will endure
  - The budget depends on it
  - The penalties will ensure it
- Regardless of the politics, health care will stay on the legislative agenda—forever
- Employer health care costs will rise 50% in the next five years on a “stand still” basis
- Conditions are ripe 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...

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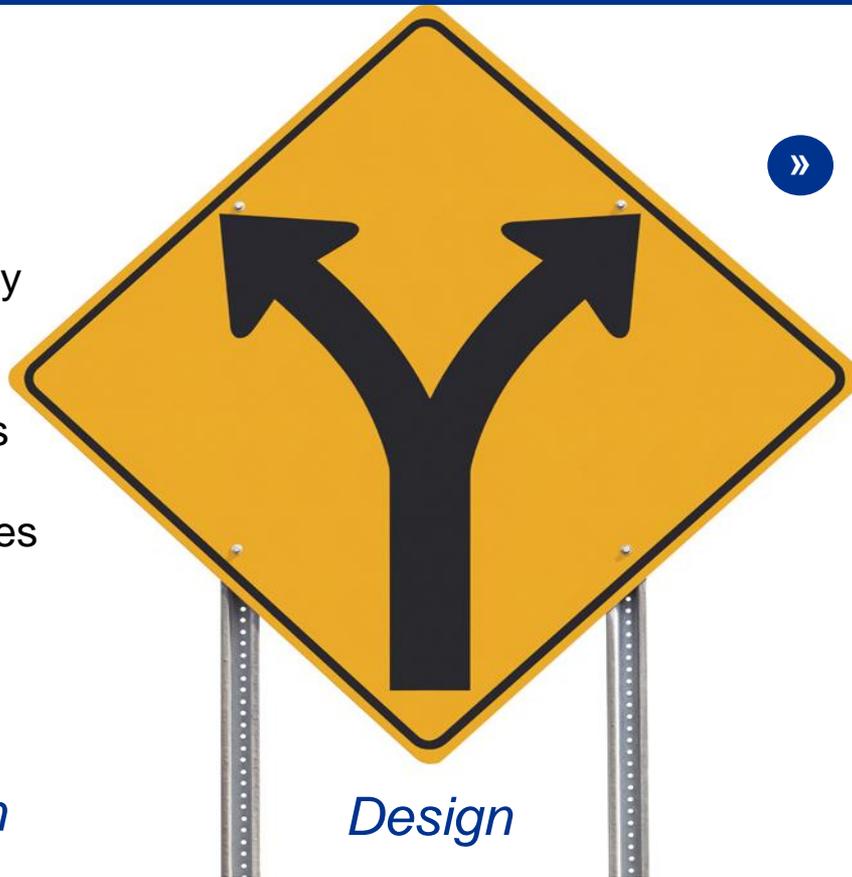
## ...Leading to a Fork in the Road

*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

*Communication*



*Design*

### » Focus on **OUT**comes

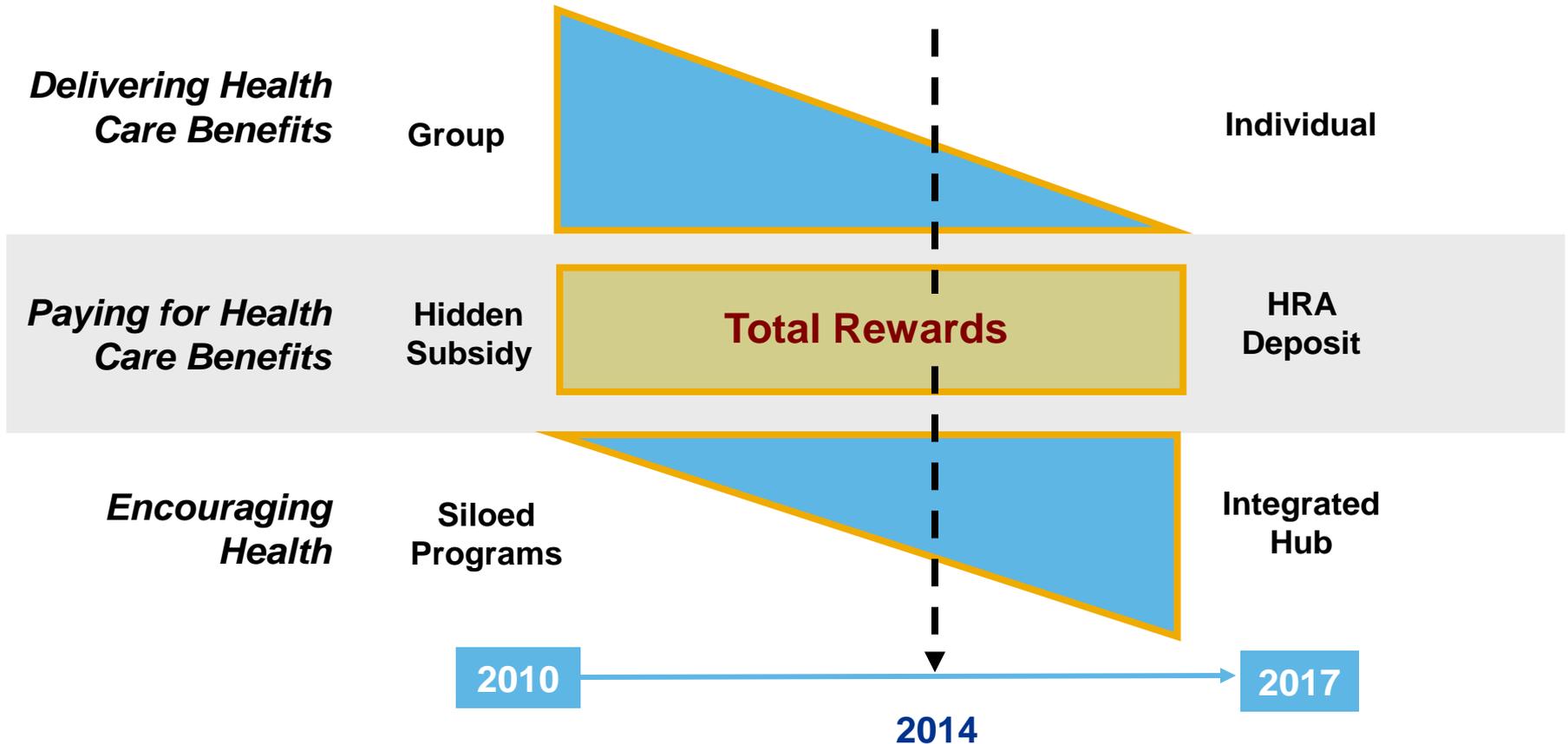
- Simplify designs
- Earn better coverage
- Shift to DC subsidies

*Administration*

# What Does “Getting Out” Really Look Like?

The Movement from DB to DC

Very Involved  $\longrightarrow$  Not Involved



# Staying In: Areas of Focus

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# Where Can I Find Out More?

Aon Hewitt's Health Care Reform Microsites are a great resource:  
[www.aon.com/healthcarereform](http://www.aon.com/healthcarereform) or  
[www.hewitt.com/healthcarereform](http://www.hewitt.com/healthcarereform)

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



## Health Care Reform Chronology

2010	2011	2012	2013	2014	2018
<p><b>2010</b></p> <p><b>MARCH</b></p> <ul style="list-style-type: none"> <li>• Senate Bill enactment</li> <li>• Reconciliation Bill enactment</li> </ul> <p><b>JUNE</b></p> <ul style="list-style-type: none"> <li>• Provides immediate access to high risk pools (pre-existing conditions)</li> <li>• Small business under 25 employees eligible for tax credit</li> </ul> <p><b>SEPTEMBER</b></p> <ul style="list-style-type: none"> <li>• Bans pre-existing conditions exclusions for dependents</li> <li>• Prohibits lifetime maximums</li> <li>• Mandates that dependents who are not eligible for</li> </ul> <p><b>EMPLOYER CHECKLIST</b></p> <ul style="list-style-type: none"> <li>• Employers with retiree medical coverage may be eligible for retiree reinsurance program</li> <li>• Dependent coverage to age 26</li> <li>• No lifetime dollar limits</li> <li>• Only "restricted" annual limits allowed (per HHS)</li> <li>• No rescissions (except for fraud)</li> <li>• No pre-existing conditions exclusions for dependents under age 19</li> <li>• No waiting periods greater than 90 days</li> <li>• Externally approved appeals process</li> <li>• No reimbursement for over-the-counter drugs</li> <li>• Higher penalty for misusing Health Savings Accounts</li> <li>• Report value of health coverage on W-2 forms</li> <li>• CLASS Act enrollment begins (voluntary LTC program)</li> </ul>					

### Related Links

Get the latest Thought Leadership from Aon Consulting

#### Weekly Briefings:

Nov. 2 Nov. 9 Nov. 16 Nov. 23 Nov. 30 Dec. 7  
 Jan. 4 Jan. 12 Jan. 19 Jan. 25 Feb. 2 Feb. 9  
 Feb. 15 Feb. 22 Mar. 1 Mar. 9 Mar. 17 [Mar. 30](#)

#### Additional Resources:

- [Register to Receive Weekly Briefings](#)
- [Health Care Side-by-Side Chart \[March 30, 2010\]](#)
- [March 2010 Health Care Reform Webinar Recording: Impact on Employers](#)
- [September 2009 Health Care Reform Webinar Recording](#)
- [November 2009 Health Care Reform Webinar Recording](#)
- [2009 Fall Health Care Trend Survey Report](#)

[Complex Chronic Illness: An Essential Ingredient in Health Care Cost Management](#)

#### Media Coverage

[Request More Information](#)

The screenshot shows the Aon Hewitt website interface. At the top, there's a navigation bar with 'Worldwide' and 'LOCATIONS'. A search bar contains 'Health Care' and a 'SEARCH' button. Below the search bar, there's a section titled 'VIEW OTHER TOPICS' with a dropdown menu set to 'Health Care' and a 'GO' button. Underneath, there's a 'SEE ALL TOPICS' link and options to 'email this page' or 'printer-friendly version'. A 'THOUGHT LEADERSHIP' section features a 'PODCAST' icon and the text 'ADVICE FOR EMPLOYERS FROM OUR HEALTH CARE EXPERT'. The main content area displays a 'POINT OF VIEW' article titled 'Health Care Reform — What You Need to Know: An Update' by Aon Hewitt, dated October 12, 2010. The article text begins with 'Now that Health Care Reform legislation has passed... what should employers do?' and mentions that President Obama signed the reform into law in late March 2010. A list of related articles is provided, including 'IRS Provides Form W-2 Reporting Relief to Employers: Releases Draft Form W-2', 'Hewitt Submits Comments on Claims and Appeals and External Review Processes', 'HHS Releases ERBP Reimbursement Guidance', and 'Agencies Release Additional Guidance on Affordable Care Act Implementation Issues'.