



December 9, 2010

Will Employers Continue to Innovate Post-PPACA?

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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

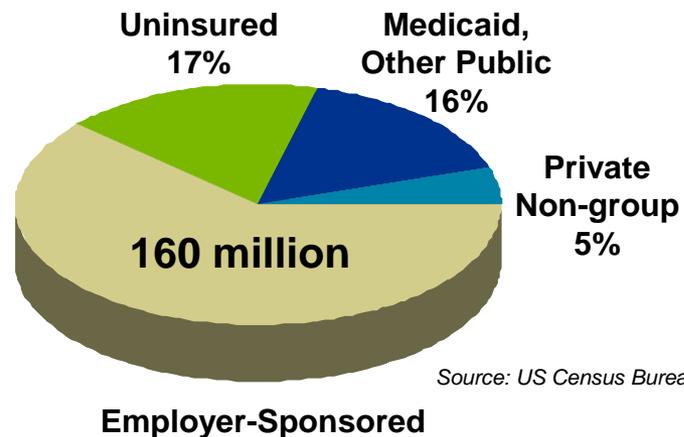
- Both state exchanges and federal exchange where states don't set one up
- Draft regulations expected in 1Q 2011

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

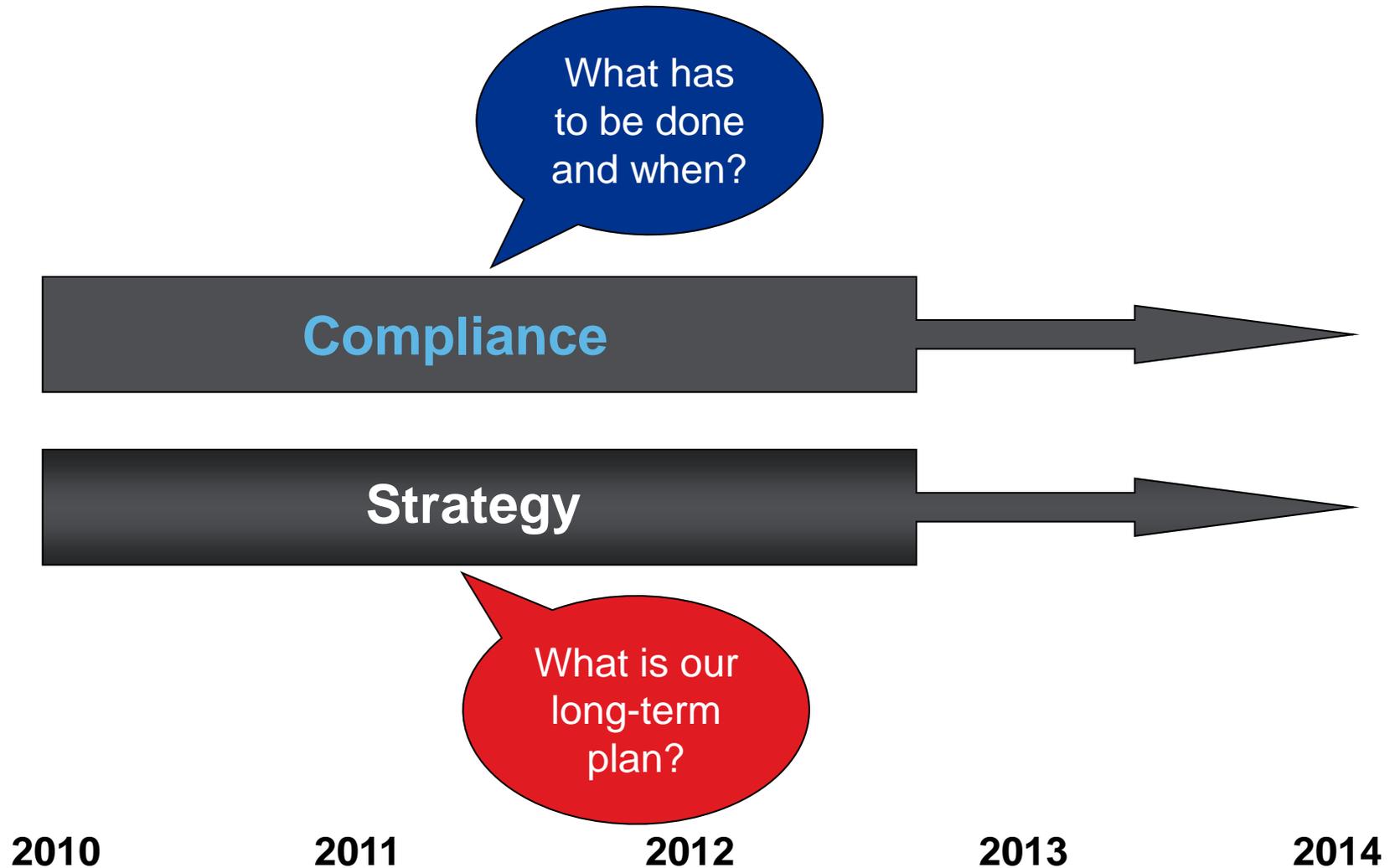
Looking Ahead

- 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...



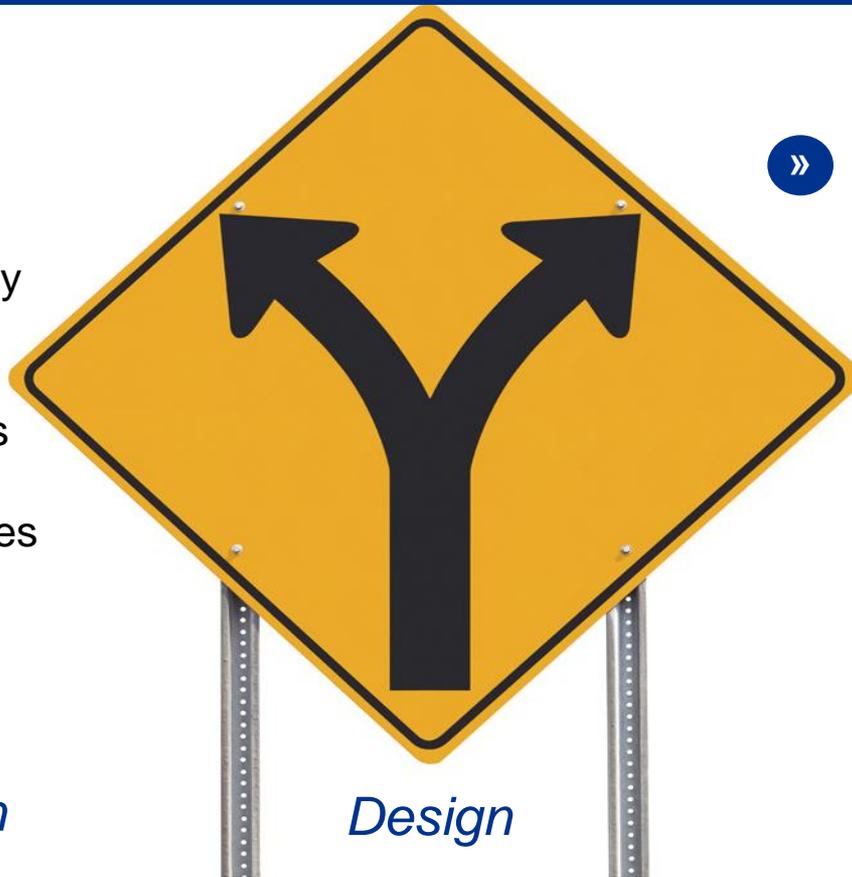
...Leading to a Fork in the Road

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

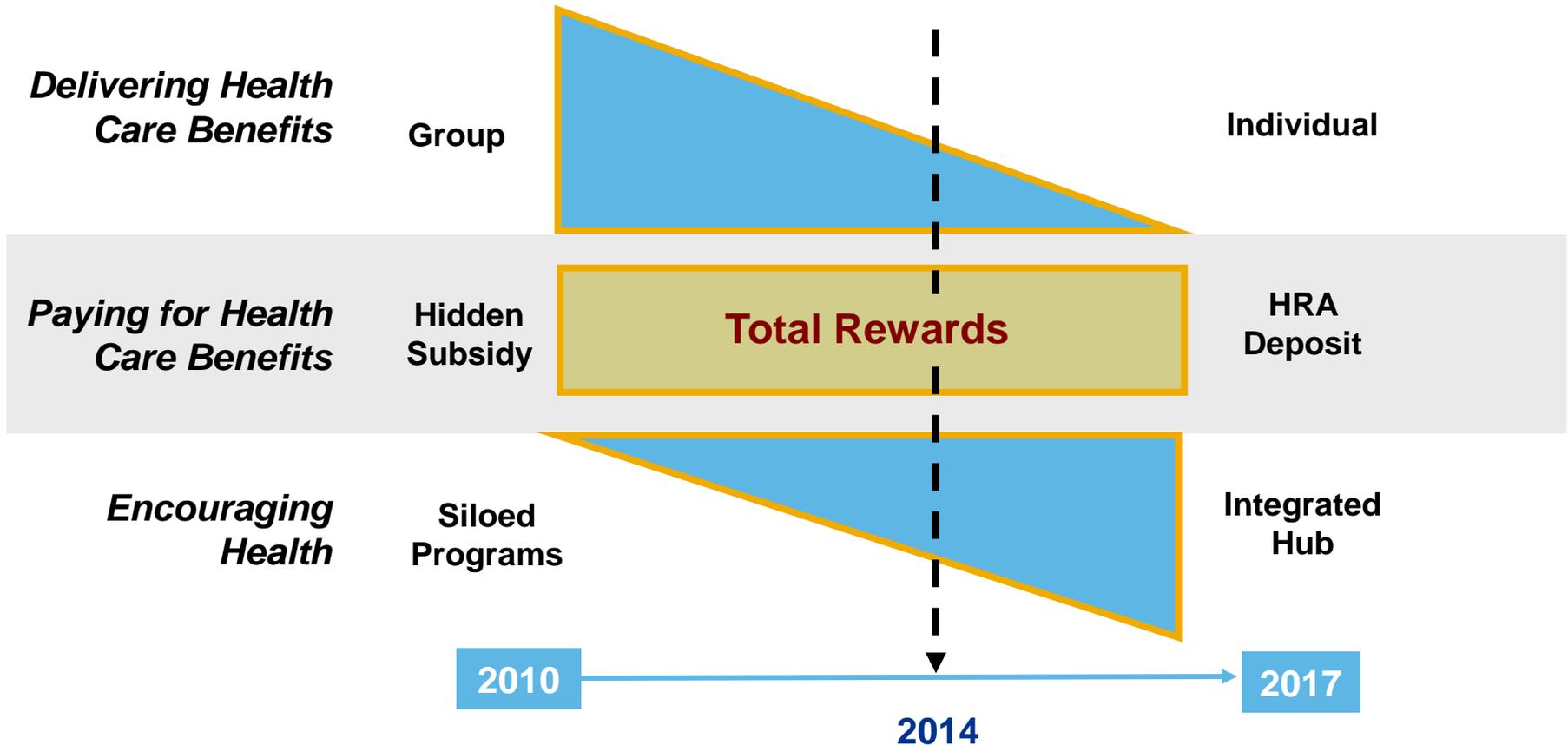
- Simplify designs
- Earn better coverage
- Shift to DC subsidies

Administration

What Does “Getting Out” Really Look Like?

The Movement from DB to DC

Very Involved \longrightarrow Not Involved



Staying In: Areas of Focus



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



Health Care Reform Chronology

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

Related Links

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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

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The screenshot shows the Aon Hewitt website interface. At the top, there's a navigation bar with 'Worldwide' and 'LOCATIONS'. A search bar contains 'Powered by Google' and 'SEARCH'. Below the search bar, a red car is shown with a hand pointing at it. The main content area displays a search result for 'Health Care Reform' with a 'GO' button. To the left, there's a sidebar with various navigation links like 'HR Consulting', 'Research & Insights', and 'STAY CONNECTED'. The main content area also features a 'VIEW OTHER TOPICS' section with a dropdown menu set to 'Health Care' and a 'SEE ALL TOPICS' button. Below that, there are links for 'email this page' and 'printer-friendly version'. The 'THOUGHT LEADERSHIP' section includes a 'PODCAST' icon and a link to 'ADVICE FOR EMPLOYERS FROM OUR HEALTH CARE EXPERT'. The bottom of the page shows a list of related articles with titles like 'IRS Provides Form W-2 Reporting Relief to Employers: Releases Draft Form W-2' and 'Hewitt Submits Comments on Claims and Appeals and External Review Processes'.