



News Release

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Willis Survey: Employers Underestimating True Cost of Complying with Health Care Reform, Stalling on Strategies to Direct Health Care Spend

Broker Publishes 2013 Health Care Reform Survey

NEW YORK, February 14, 2013 – The majority of employers seek to avoid cost increases for their group health plans, however, more than half have not put pen to paper to calculate the cost of health care reform, according to a survey released today by the Willis Human Capital Practice, a unit of Willis Group Holdings (NYSE:WSH), the global insurance broker.

Among employers who have tracked the cost of compliance, nearly two-thirds indicate that health care reform has increased their costs, Willis said. While 60% of employers state that avoiding health care reform cost increases is very important to their businesses, in Willis' view, employers are relying upon inaccurate "perceptions of cost" as they plan their responses to health care reform. Specifically, when asked about the impact of health care reform on various aspects of plan design and benefits offered to employees, the majority of employers (most of whom had not studied the cost impact of health care reform on their plans) said that health care reform has not yet affected their plans.

Perhaps because many employers assume that health care reform will generally not affect their costs, only 20% of surveyed employers plan to adjust other rewards (i.e. retirement, dental, vision, salaries, vacation, bonuses) in order to offset the cost of health care reform compliance. Consequently, the vast majority of employers still hope to comply with health care reform and expand their health coverage as necessary – without reducing other benefits.

The Health Care Reform Survey 2013, [available here](#), outlines employers' perceptions regarding the Patient Protection and Affordable Care Act (PPACA) and their planned responses to health care reform measures. In addition, the survey provides a current snapshot about what actions employers believe *other* employers will take in response to health care reform. The survey represents the findings from a diverse population, including more than 1,200 employers of varying sizes, industry sectors and geographic regions.

Other key findings from the survey include:

- 55% of employers felt that competitors would shift costs to employees; however, only 34% of employers indicated that they might take this same action.
- Employers indicated that they are now much more likely to voluntarily relinquish grandfathered status (in fact, this year 39% of employers chose to voluntarily forego grandfathered status; last year, only 13% of employers made the same decision).
- Most employers intend to “play” under the “pay or play” mandate, and are predominantly planning to offer coverage that exceeds the “minimum essential coverage” requirement, and then adjust coverage and contributions after the fact in order to manage expenses.

“Employers are still coming to terms with the impact of Health Care Reform, and many employers still seem to function in a ‘shock mode.’ While few employers consciously manage their group medical benefits as a component of their total rewards perspective, survey responses indicate the very beginning of an employer trend in this direction,” said Jay Kirschbaum, Practice Leader - National Legal and Research Group, Willis Human Capital Practice.

“The survey suggests that employers continue to recognize the value of providing medical benefits, how important those benefits are to their employees, and that providing benefits allows them to attract and retain the employees they need. Therefore, they generally plan to continue offering competitive medical benefits. However, they are considering several potential options, even including the possibility of coverage through state exchanges,” Mr. Kirschbaum said.

The survey was conducted between November 8, 2012 and November 30, 2012.

About Willis

Willis Group Holdings plc is a leading global insurance broker. Through its subsidiaries, Willis develops and delivers professional insurance, reinsurance, risk management, financial and human resource consulting and actuarial services to corporations, public entities and institutions around the world. Willis has more than 400 offices in nearly 120 countries, with a global team of approximately 17,000 employees serving clients in virtually every part of the world. Additional information on Willis may be found at www.willis.com.

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