



## NEWS RELEASE

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### **McGraw Wentworth survey shows cost of providing health care growing at 6%, yet many employers hold their costs flat.**

*Results highlight employers' plans for Reform, reveals that Michigan employers are adopting wellness and cost control measures in record numbers.*

**Troy, Michigan** ... McGraw Wentworth, Michigan's largest employee group benefit brokerage/consulting firm, today released the results of its 2012 Southeast Michigan Mid-Market Group Benefits Survey. The annual survey benchmarks health benefits and cost trends for the current year – including key decisions pertaining to health reform – among 436 Southeast Michigan-based organizations with 100-10,000 employees.

“Southeast Michigan employers are managing cost trend, keeping annual plan increases at or below national benchmarks,” says Rebecca McLaughlan, managing director, McGraw Wentworth. “In terms of improving the health of their workforce, employers anticipate having a greater role in coming years. To that end, more employers are implementing high-deductible health plans and full-fledged wellness plans to help manage their group benefits costs and to actively engage employees in making informed health decisions.”

#### **Highlights of the survey results show that:**

- Michigan employer health care costs are rising at an average of 6% after plan changes, down from 8% in 2011 and comparable to the national trend of 5.7%. Notably, 25% of survey participants had no increase at all.

- HMO plan designs are changing to reflect greater member cost sharing through coinsurance and deductibles. There is also growing interest in outcomes-based wellness plans, offering enhanced benefits for achievement of a health goal.
- More employers – 33% of 2012 participants compared to 27% in 2011 – are offering a CDHP plan. Employee enrollment remains steady at 10%. A typical CDHP combines a high deductible plan with lower monthly contributions; employees assume greater financial and health care purchasing responsibility.
- Employers are committed to wellness as a cost control strategy. Only 16% of participants indicated they have no wellness initiatives, down from 24% in 2011.
- Concerns surrounding specialty drug costs are driving an increase in the use of four-tier and five-tier copay plans. In 2012, 31% of plans included a fourth copay tier, compared to only 19% in 2011.

The survey cites 103 top-performing organizations, both union and non-union, as TrendBenders™ that have been successful in keeping their average benefit cost increases at or below 3% over two consecutive years. As early adopters of consumer-driven health plans and wellness options, most TrendBender™ organizations are keeping costs flat.

**Including new questions pertaining to health reform, the survey shows:**

- 85% of Michigan employers are likely to “play” – continue to offer health care coverage to full time employees in 2014 – rather than “pay” the penalties entailed in discontinuing coverage. This is similar to the national projection of 90%.
- With the expansion of medical coverage to adult children to age 26, 74% of employers also extended dental and vision coverage to these dependents.
- The impact of Health Care Reform is still unclear to many employers. 35% of employers don’t know if at least one plan will pass the benefits and affordability test. 53% of employers don’t know if they will reduce employer funding for dependent coverage (affordability test is based on single coverage).

- 13% of employers anticipate that at least one plan will be subject to the “Cadillac Tax” in 2018. 53% of employers are unsure or haven’t conducted a preliminary analysis.

“With the Supreme Court’s ruling on PPACA (Patient Protection and Affordable Care Act) pending, Michigan employers must prepare to make complex talent and cost management choices in the coming months. This survey provides HR and financial professionals an objective, statistically valid analysis with which to evaluate cost sharing strategies for 2013 and beyond,” says Julie Truskowski, account director with McGraw Wentworth and survey leader.

The McGraw Wentworth Mid-Market Group Benefits Survey is the largest of its kind with 536 mid-sized employers participating including 436 southeast Michigan organizations. Results for municipalities and school districts are released separately. Almost 87% of respondents are returning year-over-year participants. Respondents represent diverse industries with 27% considered auto suppliers and 30% having some unionized employees. The survey has a 4.1% margin of error.

Sponsored by McGraw Wentworth, survey results are shared with participants in May and June. For information, contact Ryan Bowers at (248) 822-6231 or visit [mcgrawwentworth.com](http://mcgrawwentworth.com).

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