



NEWS RELEASE

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McGraw Wentworth Survey Shows Health Benefit Costs Growing at 7%. Employers, Despite ACA, Making Modest Plan Changes.

Troy, Michigan – June 9, 2014 ... Michigan employer health care costs are rising at an average of 7% after plan changes, up from 4% in 2013 and above national projections of 5.2%, according to a survey released today by McGraw Wentworth, a Marsh & McLennan Agency LLC company. The 2014 Southeast Michigan Mid-Market Group Benefits Survey, now in its 11th year, benchmarks health benefits and cost trends for the current year – including key decisions pertaining to health reform – among 454 Southeast Michigan-based organizations with 100-10,000 employees.

“With a focus on talent retention, 89% of survey participants indicate they plan to continue offering health benefits to full-time employees despite the changes resulting from health care reform,” says Rebecca McLaughlan, managing director, McGraw Wentworth. “To manage the rising cost trend, organizations are increasingly using strategies such as consumer driven health plans, spousal surcharges, wellness, and newer avenues like telemedicine and health advocacy.”

Additional survey analysis highlights:

- Employers are deploying consumer driven health plans (CDHP) more frequently, with 38% offering CDHP as an option or the only plan choice. This is an increase of 9% over 2013 and 65% since 2010.
- Thirty-eight percent of local employers, more than double the national trend of 16%, are using spousal surcharges or excluding spouses who are eligible for coverage from other

sources. Fifty-nine percent of employees elect dependent coverage for spouse and/or children.

- Seventy-nine percent of employers offer wellness plans, 46% of which offer the plan to both employees and spouses.
- Four percent of Southeast Michigan employers now include telemedicine as a care provider option, with 19% considering offering it in 2015.
- Health advocacy programs -- assisting employees with claims questions, coordination of care, and navigating the health care system -- are offered by 14% of participants with an additional 18% considering this tactic in 2015.

The survey cites 103 top-performing organizations, both union and non-union, as TrendBenders™ that successfully kept their two-year average benefit cost increases at or below 2.5%. TrendBender™ organizations keep costs down with strategies like offering a CDHP plan and contributing to Health Savings Accounts (HSAs) at a higher rate, incorporating health advocacy, telemedicine and outcomes-based wellness programs with greater prevalence.

The survey tracks health care reform-related trends including:

- Similar to 2013, 89% of Michigan employers plan to offer health care coverage to full-time employees in 2015 and 2016, rather than pay the penalties for discontinuing coverage.
- More organizations are offering coverage to employees currently working 30 hours or more per week, increasing from 59% in 2013 to 74% in 2014.
- Private exchanges are not gaining traction with participating employers; none offer plans via a private exchange. Fifteen percent are considering the option for 2015.
- With the introduction of the public exchanges, 46% of employers are considering moving their plan design closer to the plans offered on the exchanges.

“Employers made their best effort to adapt to and comply with the shifting regulatory environment while developing their health plan strategy for 2014. With more changes anticipated in the future, executive leadership will need to closely examine the compensation, cost and culture impact of their decisions,” says Katy O’Brien, account director with McGraw Wentworth and survey leader. “There is no one simple answer.”

The McGraw Wentworth Mid-Market Group Benefits Survey is the largest of its kind with 545 midsize organizations participating, including 454 southeast Michigan employers. Data for municipalities and school districts is analyzed separately. The survey has a 3.9% margin of error.

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

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