PPACA aside, most large employers plan to keep coverage

BY GINA BINOLE
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Despite a few well-publicized cases of employers dropping coverage, insurance policy cancellations or even the roaring debate over what President Obama did or did not promise, it's unlikely the Patient Protection and Affordable Care Act will force or prompt very many large employers to end their insurance coverage and dump workers onto exchanges. That is the dispassionate assessment offered by nonpartisan policy wonks, academics, government watchdogs, surveys of employers and others without a stake in the game.

"The bottom line is that most workers' firms will be dominated by workers who receive better benefits and, through the tax system, better subsidies through employer-provided coverage than through (the) newly created insurance exchanges," according to the nonpartisan Urban Institute's report, "Why Employers Will Continue to Provide Health Insurance. The Impact of the Affordable Care Act."
The reason for this has mostly to do with competitive pressures.
"Over time, coverage reductions inevitably would make the workers that employers most want to keep worse off, and if those workers sought employment elsewhere as a result, then the firm would be worse off as well," the think tank said in a recent report.
About 45 percent of American workers get health care through an employer. PPACA wasn't intended to displace employer-provided health care, of course, though critics and others have suggested it will.

They point to such highly-publicized cases as the announcement by Sweden-based Securitas, a global security company, to discontinue it mini-med plans for workers in Ohio. Darden Restaurants, Home Depot and Trader Joes also have announced that they would shift employees to Obamacare exchanges.

But those moves all involved part-timers. Also, mini-meds aren't the sort of bare-bones plans provided by most employers, and they're not typically seen in fields where compensation is better than in, say, the security or restaurant industries.

"Five years from now we are going have a functioning health insurance exchange system," predicted Helen Levy, a research associate professor with the University of Michigan Institute for Social Research, Ford School of Public Policy and School of Public Health. "I think it is going to be a valuable option for people and I think we are going to say, 'I can't believe it was ever not this way.'"
But that's all it will be, she said, one of several options people will be able to turn to obtain health insurance.
Echoes of that sentiment can be found in research by the Congressional Budget Office, the Rand Corp. and others.
In fact, the number of employers that plan to continue providing employees with health insurance has increased,

according to an International Foundation of Employee Benefit Plans survey.

Its “2013 Employer-Sponsored Health Care: ACA’s Impact” survey addressed how employers are responding to changes unleashed by the law.

Nearly all (94 percent) of the 966 benefits and human resource professionals, general and financial managers, and other company officials who responded to the March survey said they “definitely” or “very likely” will continue providing health insurance coverage when many of the PPACA’s provisions take effect in 2014, up from 86 percent who responded similarly in 2012.

A large majority (69 percent) responded they’d definitely continue providing coverage, up from the 46 percent who made the same claim in 2012.

In another survey, The Midwest Business Group on Health found 90 percent of employers had no plans to move workers to either public or private exchanges in the “immediate future.” Its survey, with responses from mostly large companies with more than 5,000 workers, did include a small number of employers with fewer than 500 workers. Just 4 percent of those respondents “anticipate moving either their part-time or retiree populations over to the public marketplace,” the organization said.

Bryce Williams, managing director of global benefits company Towers Watson Exchange Solutions, said most large companies made any big PPACA-related changes to their health insurance plan two years ago.

He told USA Today that only about one in 10 of the major companies Towers represents are making major changes to their health plans this year. Towers Watson represents about 80 percent of the companies on the Fortune 500, he said. Of course, conflicting statements and predictions by many continue to dominate the headlines of mainstream media outlets and water-cooler conversations across the country.

Last month, for instance, Towers Watson shared a survey in which 98 percent of employers reported they will keep “active medical plans” for 2014 and 2015. In turn, the conservative Heritage Foundation took issue with that particular finding and stressed the same study found that 92 percent of employers said they’d likely change their health insurance options by 2018, the year the law’s “Cadillac” tax on high-cost plans takes effect.

Changing options, however, isn’t anywhere close to dropping coverage altogether.