

**New Survey Finds Employers' Remain Committed to Providing Medical Benefits;
41% Considering Private HIX for Benefits Delivery by 2018, 6.4% Already Implemented**

*PEEC research examines employers' plans, preferences and challenges related to
private and public health insurance exchanges*

NEW YORK – December 15, 2014 – The second annual study by the Private Exchange Evaluation Collaborative (PEEC) affirms a continuing interest in private exchanges among employers. The national survey, based on the responses of 446 employers, reports heightened interest on the part of employers in private exchanges as a strategy for full-time active and retirees, but the potential transition must address a number of critical considerations. The survey is also the first national assessment that specifically captures the experience of early adopters of both private exchanges for active employees as well as retirees.

“A number of the private exchanges have begun to share the results of early adopters for their enrolled active employee populations and the survey underscores the importance employers place on the experience and track record of an exchange” said Larry Boress, president and CEO of the Midwest Business Group on Health.

Emma Hoo, director at the Pacific Business Group on Health, noted, “Employers have taken a step back to assess the early implementation results and are seeking greater transparency in administrative, and consulting or broker fees to assure that employers and employees get better value. Many are not yet ready to relinquish control of key stewardship roles such as funding, carrier, plan design, provider network choice and even their benefits consultant.”

Key survey findings

- Employer commitment to providing medical benefits to employees remains very high with 97% of respondents indicating they were very likely to offer coverage in 2016, up from 77% in last year's survey. Employers also report less interest in public exchanges as options for key workforce segments with 67% say they are not considering such an approach for part-time employees and 84% not considering for their full-time active employees.
- Cost, cost, and cost: In considering a private exchange for active employees, 98% of respondents said that the cost of plan options was “somewhat” or “very” important (up 5 points from last year). The “level of fees” was only 1 point behind at 97% (up 3 points from last year).
- Saving money and consumer choice were the top two reasons cited by employers who have already implemented an exchange.

- While a small percentage of employers have implemented private exchanges for 2015 (6.4% for actives), interest in private exchanges as an option for their full-time active employees over the next several years remains high and one out of five respondents (20%) indicate they are considering private exchanges as an option for 2016, 41% by 2018.
- The increasing interest in private exchanges is not without a number of perceived hurdles, the highest of which were employee readiness (84%), stability of carrier relationships (84%), loss of flexibility in plan design (78%) and loss of control or stewardship (72%).
- When asked to consider the importance of key elements of private exchanges for active employees, employers identified delivery and reporting capabilities such as implementation assistance (93%), spending account program administration (89%), member advocacy (85%) and enrollment and eligibility maintenance (85%) and employer specific reporting (91%) as “somewhat” or “very important.” In an era of increasing administrative burden on benefits staff, employers also rate highly the importance of a private exchange to reduce the administrative burden on internal resources (85%).
- Exchange models need to deliver results, choice and transparency. Employers were very strong in the value they placed in the following attributes of private exchanges for active employees: experience and track record (96%), plan design choices (87%) as well as carrier/network options (89%) and, finally, transparency of fees and rate setting (92%).
- There were sizeable *increases* in the importance employers place on the shopping experience: 85% said “tools that aid in plan selection” were “very important,” (vs. 70% in 2013) and 35% rated “mobile device compatibility” as “very important” (vs. 26% in 2013).

“The emphasis on plan selection tools reflects the maturing of the employer’s understanding of the private exchange marketplace and the differences between the various exchange types / vendors,” said Barbara Gniewek, principal, PwC. “Because many exchanges assert that savings arise from employee decisions to ‘buy-down’ on benefits, it’s critically important that consumers understand that they may be making trade-offs between a lower initial premium contribution and a higher deductible or out-of-pocket payments later.”

Survey details

The online survey of employers’ views on health insurance exchanges was conducted in November 2014. There were 446 respondents from a variety of industries representing self-insured and fully-insured employers. Employers ranged in size from small- (26% with fewer than 500 employees), to mid-sized (24% with 500 to 2,499 employees), to large (23% with 2,500 to 9,999 employees), to jumbo (27% with 10,000 or more employees).

An executive summary of the findings can be accessed [here](#).

Next up – Employer Private Exchange Summit

PEEC will be hosting sessions on private exchanges in three separate locations – Oakland, Calif. (January 15), Chicago (January 28) and New York (February 5) to share more insights from the survey as well as provide insights from employers and vendors on the emerging private exchange marketplace. For more information, please visit www.thepeec.com.

About the Private Exchange Evaluation Collaborative (PEEC)

The [Private Exchange Evaluation Collaborative](#) (PEEC) is an initiative launched in 2013 by four leading nonprofit business coalitions, [Employers Health Coalition, Inc.](#) (Ohio), [Midwest Business Group on Health](#), [Northeast Business Group on Health](#), and the [Pacific Business Group on Health](#) – all independent coalitions representing employer health care interests –and [PwC](#) (not an exchange provider). PEEC will solicit and provide unbiased, comparative information and support on private exchange strategies and purchasing decisions.

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