

STUDY FINDS EMPLOYERS PUSHING BURDEN OF INCREASED COSTS OF HEALTH PREMIUMS ON TO EMPLOYEES



A new study has shown that from the next year onwards employers will ask employees to bear more health costs and reduce their own share. According to the new study, workers may have to shell out around 8 percent more next year than what they are currently paying. Higher medical claim costs, a rapidly aging boomer population and changes brought about by healthcare reforms have together ensured that health-care costs are going to increase substantially. The report authored by Aon Hewitt, a Chicago benefits consultancy says that this will amount to \$2,387, up by around \$175, from what they are paying today. This is almost a quarter of the total-company paid premium of \$ 11,188. The per-worker cost that Aon Hewitt has calculated is for the typical worker and is likely to be less for a single worker with no dependents and would be considerably more for an employee with a wife and other dependents. Hewitt based his surmise from a database of 460 large employers who between them spend in excess of \$63 billion each year on healthcare benefits for almost 15 million workers and their families. Jim Winkler, Aon Hewitt's Chief Innovation Officer in the firm's health and benefits practice said, "Employers are still under some pretty intense cost pressure. Employers are shifting costs. We are seeing that in a slow moving economy." The survey is all the more important coming as it is at the apex of the open enrollment season. It is during this time that companies inform their employees what benefit options will be available to them for the following year. This enables the workers to select or change their benefit plans for the following year. The decision to shift the health premium burden to the employees is perhaps prompted by the fact that company's contribution would increase by 6.5 percent. A survey by employee benefits firm Mercer showed that 58 percent of the employers were planning to pass on this increase to the employees to keep the increase down. Financial analysts say that the health care cost increases are owing to the employers' approach of seeking to pass of as much as possible of the premium to the workers through the "consumer directed health plans." In these plans workers can set aside a portion of their salaries in an account, to which many a time the employer also contributes. This amount is used by the employees towards his deductibles and co-payments. The changing healthcare scenario has forced employers to reassess their role as providers of health care benefits to the workforce and sharing the burden of the expenses. However, they are shifting from the time-honored "managed trend" approach to a "house money/house rules" approach that means that an employee will get the monetary assistance that he merits and that it would not be a free-for-all. Jim Winkler, chief innovation officer for Health & Benefits at Aon Hewitt noted that, "Most employers want to continue to offer benefits, but face financial pressure to achieve a meaningfully different cost outcome." He said that employers must find a way to manage conventional programs in such a way, to become health care providers and be responsible for their employees' health and safety and find ways that the need and demand for healthcare is lessened. The other alternative is to place accountability on the individual employees, by making a fixed contribution and letting them take care of themselves.