Insight Driven Health

Employer Beware: Workers Demand Health Coverage

Accenture research reveals nearly all workers expect continued employer sponsorship of their health insurance benefit, and many plan to leave if they don’t get it.

Faced with rising costs and a rapidly evolving landscape, employers are beginning to consider alternatives to employer-sponsored health insurance. Some may discontinue group health coverage for segments of their workforce, such as part-time workers or retirees, while others may drop health coverage entirely.

The impact of discontinuing group coverage is expected to be significant, according to new research by Accenture.

Health insurance is an essential benefit that few workers expect to sacrifice

Accenture’s latest survey asked 2,709 employees about how they view their existing health coverage (See Figure 1). Most workers (82 percent) reported high levels of satisfaction with the health benefits their employer currently provides. Further, 76 percent of workers see health insurance as a primary or important factor for continuing to work at their current employer. An overwhelming majority (94 percent) of workers are confident that their employer will continue to provide health coverage.

Figure 1:
The current state of employer-sponsored health insurance*

- Are satisfied with their existing employer-sponsored insurance
  - Percentage of workers who are satisfied: 82%
- See health insurance as a primary or important factor for continuing to work at their current employer
  - Percentage of workers who consider health insurance important: 76%
- Are confident that their employer will continue to provide health insurance
  - Percentage of workers who are confident: 94%

* Source: Accenture Private Health Insurance Exchange Consumer Research 2015
The survey polled employees across many demographics, industries, company sizes and employment statuses (e.g., part-time, full-time). Findings were remarkably consistent across categories. For example, most part-time workers and those at small employers (2 – 50 employees) — two groups consistently in the crosshairs for losing health coverage — described health insurance as critical (73 percent and 72 percent, respectively). Ninety-five percent and 91 percent, respectively, expect their employer will continue to provide coverage.

Less than 1 percent of respondents expect to lose coverage in the future, a finding that remains consistent across all demographic categories. Employers considering discontinuing their sponsorship of health coverage should be mindful of this expectation, and the implications of not meeting it.

Employers who fail to sponsor group health benefits may face widespread dissatisfaction, increased turnover and decreased productivity

Survey respondents were next told, hypothetically, that their employer would no longer provide a group health insurance benefit. The majority of those surveyed (64 percent) expressed dissatisfaction with their employer’s handling of the situation (See Figure 2).

When faced with the prospect of losing their employer-sponsored insurance, many workers expressed the desire to find a new job. Fifteen percent indicated they would plan to leave their job immediately, rising to 31 percent within 12 months. At the same time, nearly one third (32 percent) of respondents declared they would be less motivated to work hard, and more than one fifth (21 percent) said they would be absent from work more often.

Each of these responses could translate into significant costs for employers. For a firm with 1,000 employees earning an average salary of $50,000, turnover costs alone could climb to more than $3 million in the first year. Employers must carefully consider whether health insurance cost savings outweigh corresponding turnover and productivity losses.

Figure 2:
The impact of not sponsoring health insurance*

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>64%</td>
<td>Dissatisfied with employer’s handling of the situation</td>
</tr>
<tr>
<td>15%</td>
<td>Would leave their job immediately</td>
</tr>
<tr>
<td>31%</td>
<td>Would plan to leave within 12 months (36% of full-time employees)</td>
</tr>
<tr>
<td>32%</td>
<td>Would be less motivated to work hard</td>
</tr>
<tr>
<td>21%</td>
<td>Would be absent more often</td>
</tr>
</tbody>
</table>

1 Part-time workers who were included in the survey had been offered employer-sponsored insurance and currently have health coverage.

2 Calculation based on average turnover costs of 20% of salary. Source: There are Significant Business Costs to Replacing Employees, Center for American Progress, November 2012.

* Source: Accenture Private Health Insurance Exchange Consumer Research 2015
Employees care about more than just the cost of health insurance — the employer’s role in helping workers find insurance is critical.

Some employers may believe cash will reign king. Yet financial contributions alone may not resolve worker dissatisfaction. Even when "made whole" financially (scenario A, See Figure 3), more than half (58 percent) of those surveyed still expressed dissatisfaction with their employer’s actions. This may be explained by workers’ reluctance to proceed on their own. Three in four workers (76 percent) said they would prefer their employer take a more active role in helping them find health insurance.

Even without employer funding (scenario C), workers indicated a strong preference for employer involvement. In fact, respondents with no financial support were more than three times more satisfied on an employer-curated individual marketplace (scenario 1C – 23 percent) than when left on their own (scenario 3C – 7 percent).

The way workers obtain insurance may prove even more important than its cost. Respondents with no financial support on an employer-curated individual marketplace (scenario 1C – 23 percent) were nearly 30 percent more satisfied than those who were fully subsidized, but lacked employer assistance finding coverage (scenario 3A – 18 percent).

Discontinuing group coverage – a careful calculus

These findings have far-reaching implications for employers considering changes to legacy health benefit programs. Health insurers and brokers / benefits consultants should also consider these findings when structuring their clients’ health programs.

Workers have come to expect a degree of beneficent guidance from their employer.

When it comes to worker satisfaction, maintaining a relationship with employees may be just as important as, if not more important than, the cost of health insurance.

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3 Respondents were informed that these plans were highly similar in structure and price to those available outside of the employer-curated individual marketplace.

4 In scenario 3C, respondents falling below certain income thresholds were also provided with additional “public” contributions, in line with Advanced Premium Tax Credits (APTC).

* Source: Accenture Private Health Insurance Exchange Consumer Research 2015
Accenture surveyed 2,709 consumers in the United States, focusing on consumers between the ages of 18 and 64 who receive group health insurance through their employer or other affiliation, or significant other. The survey explored employee preferences and sentiment during a variety of scenarios depicting changes to their health insurance benefit. The research was conducted in March 2015.

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