The Affordable Care Act
Consumer and Employer Perspectives

National Conference of State Legislatures
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Atlanta, GA

Introduction
Deloitte 2012 Surveys

2012 Deloitte Survey of U.S. Health Care Consumers
• Web-based survey regarding experiences and attitudes with respect to six domains
• Nationally representative sample
• 4,012 U.S. adults aged 18 and older
• Various age, health status, income, and insurance groups to identify the degree to which consumers are prepared to engage with the health care system.

• Conducted annually since 2008, Deloitte’s longitudinal study of health care consumers seeks to provide a comprehensive view of health care consumerism

• Web-based survey of 560 randomly selected employers with 50 or more workers offering health benefits; stratified by firm size with systemic controls for industry and location intended to represent the private workforce
• CEOs, CFOs, CHROs, and individuals responsible for health benefits program decisions
• 32-item questionnaire

2013: A Pivotal Year

Clarity
…the ACA is the law; its implementation should require every stakeholder’s attention.

Compliance
…the rules are complex, forthcoming, and massive. Proceed with caution.

Health Care Transformation

Costs
...radical cost reduction across the system may be necessary to survival requiring new ways of managing people, processes, and technologies.

Consumers
...how they define value, act as purchasers and voters, and behave as users will set the stage for the new normal.

Consolidation
...many are going big or getting out.
Consumer Perspectives

Consumer Segmentation

- **Out & About**: independent; prefers alternatives; wants to customize services
- **Sick & Savvy**: consumes considerable health care services & products; partners with physician to make treatment decisions
- **Online & Onboard**: online learner; happy with care but interested in alternatives & technologies
- **Shop & Save**: active; seeks options and switches for value; saves for future health costs
- **Casual & Cautious**: not engaged; no current need; cost-conscious
- **Content & Compliant**: happy with physician, hospital, and health plan; trusting and follow care plans
Consumer Satisfaction with the Healthcare System

76% Since 2008 satisfaction with primary care physicians has grown and remains high

62% consider the current 4%+ rise in health care costs to be unreasonable

66% 62% say at least half the money spent on health care is wasted

78% of respondents are not satisfied with the performance of the system

GRADE 2009 2012
A 2% 8%
B 18% 26%
C 43% 39%
D 25% 24%
F 13% 8%

A majority of consumers gave the overall performance of the U.S. healthcare system a grade of “C” or below

Improving Consumer Satisfaction

62% are interested in using self-monitoring devices to check on their conditions and report the information to their doctors electronically

70% would like to be able to see hospital prices and quality-of-care information on the Internet

67% are interested in using videoconferencing for follow-up care visits

57% would like to customize their own health plans by selecting benefits and features rather than relying on pre-defined options—even though they know their decision will affect cost
Younger consumers are more likely to be open to designing their own benefit plans.

<table>
<thead>
<tr>
<th>Preference</th>
<th>Overview</th>
<th>56-60</th>
<th>61-65</th>
<th>66-71</th>
<th>72+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not want plan at any circumstances</td>
<td>11%</td>
<td>8%</td>
<td>9%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>No opinion/preference</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Some other kind of plan</td>
<td>24%</td>
<td>21%</td>
<td>21%</td>
<td>24%</td>
<td>34%</td>
</tr>
<tr>
<td>Pre-defined plan where benefits, features, and associated costs have been set</td>
<td>57%</td>
<td>64%</td>
<td>62%</td>
<td>57%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Centenarian plan where you can select benefits and features from a menu of options knowing the costs will affect what you choose.
Employer Views of the Affordable Care Act

Employers have mixed views of the Affordable Care Act

30% believe the ACA is “a good start”
59% believe the ACA is “a step in the wrong direction”

Employers are most familiar with the individual mandate and employer penalties; less familiar with payment and delivery system reform

72% individual mandate and associated penalties
66% employer penalties
22% encourages creation of accountable care organizations and medical homes
20% introduces bundled payments/episode-based payments for hospitals and physicians

Employer Preparedness

Smaller employers report being less prepared to implement provisions of the ACA
The majority of employers are not planning to drop coverage though this varies based on some scenarios.

Some scenarios would increase the likelihood of employers to drop coverage:

- Benefits in the "essential benefits package" are more generous than those you currently provide (34%)
- Introduction of a 40% tax on premium accounts in excess of $27,500 for family coverage in 2018 (the "Cadillac tax") (34%)
- If the penalty imposed for not offering coverage is less than the cost of offering benefits (33%)
- Premium costs continue to rise faster than inflation (32%)
- Health insurance exchanges provide a community-rated comprehensive benefit option to employees and families (29%)
- Low-income employees who are not offered employer health benefits could obtain government subsidies to buy health insurance through an exchange (28%)
- Your company’s competitor's drop coverage (16%)
Providing a large choice of plans at the targeted benefit level will increase satisfaction with health exchanges

A large choice of plans is available at your company’s targeted benefit level (bronze, silver, gold, or platinum)

The exchange is operated as a private non-profit entity

The exchange allows any plan that meets the exchange’s minimum standards to participate on the exchange

The exchange is operated as a public-private partnership

The exchange actively screens and restricts the number of plans that may participate on the exchange according to price and quality

The exchange is government-run (either federal or state)

Summary
Consumers...

- Consumer satisfaction with primary care physicians is high (76%) but dissatisfaction with the health care system is higher (78%)
- Consumers indicate they are ripe for meaningful reforms that address costs. Most consumers (62%) say at least half the money spent on health care is wasted and consider the current 4%+ rise in health care costs to be unreasonable
- Consumers are interested in health care that is more digital, mobile, transparent, and customizable
- Younger consumers are more willing to accept additional responsibility and risk

Employers...

- Employers have mixed feelings about the ACA
- Employers are more familiar with the mandates and penalties associated with the ACA than with the payment and delivery system reform initiatives
- Only 28% of employers report being “prepared” to implement ACA provisions; smaller employers are the least prepared
- Most employers do not plan to drop coverage as a result of ACA implementation; this may change under certain scenarios
- Policy decisions can increase exchange utilization and satisfaction
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