



Press Release

NOTE: A previous version of this press release incorrectly stated the index scores for the health plans. An error in the index calculation was discovered that affected the "carrier representative" factor score for 1,102 of the more than 6,500 respondents in the study. After correcting the calculation, there were minor changes of between two and five index points in the overall index scores for each health plan included in the study. Those changes are reflected in the updated figures below. J.D. Power and Associates sincerely apologizes for any problems these changes may have caused.

J.D. Power and Associates Reports: Amid Uncertainty, a Large Proportion of Employers Prepare to Pursue Alternate Health Coverage Offerings for Their Employees

Kaiser Ranks Highest in Employer Satisfaction among Fully Insured Commercial Health Plans;
Aetna Ranks Highest among Self-Funded Commercial Health Plans

WESTLAKE VILLAGE, Calif.: 18 June 2012 — Amid uncertainty surrounding the future of employer-sponsored coverage, employers are preparing to pursue alternate methods of offering healthcare options to their employees—such as defined contributions, vouchers, exchange purchasing—or cutting coverage altogether, according to the J.D. Power and Associates 2012 Employer Health Plan StudySM released today.

The study, now in its third year, measures six key factors that affect employer satisfaction with health insurance carriers: employee plan service experience; account servicing; program offerings; benefit design; problem resolution; and cost. Health plans are ranked in two segments: fully insured plans (health plan assumes the risk of providing health coverage for insured events) and self-funded plans (employers bear the risk associated with offering health benefits).

The study finds that 47 percent of employers say they “definitely will” or “probably will” switch to a defined contribution model within a private exchange, allowing employees to select the coverage that best fits their needs, while also potentially saving the employer costs. In the J.D. Power and Associates 2012 Member Health Plan Study,SM published earlier this year, 42 percent of respondents with employer-sponsored coverage expressed interest in the defined contribution model as well.

As other options become available, some employers may consider eliminating coverage altogether. Despite uncertainty regarding future costs and methods of covering healthcare, only 13 percent of fully insured employers and 14 percent of self-funded employers say they “definitely will not” or “probably will not” continue to sponsor employee coverage at all.

“As the landscape of healthcare changes, employers face many choices in how to best serve their employees with competitive coverage at affordable costs,” said Rick Millard, senior director of the healthcare practice at J.D. Power and Associates. “While some reports have predicted that a large number of employers might stop offering coverage, study findings indicate that a large majority won’t walk away from offering coverage to their employees.”

Cost is still a primary concern for both employers and employees, and has a greater impact on choosing a health plan than on the actual service experience. The perceived reasons for high healthcare costs vary among employers and employees. Employers view fees charged by doctors and hospitals as the top reason for high healthcare costs, while employees most frequently view health insurance companies' marketing or administrative costs as the primary reason for high costs.

Employer Health Plan Results

Among fully insured plans, Kaiser ranks highest in employer satisfaction with a score of 718 (on a 1,000-point scale). Kaiser performs particularly well in account servicing, problem resolution, program offerings, cost and employee plan service experience.

Among self-funded plans, Aetna ranks highest in employer satisfaction, achieving a score of 682 and performs particularly well in account servicing.

The 2012 Employer Health Plan Study is based on responses from 6,579 employers, with quotas to assure an adequate distribution of small, medium and large companies. The study was fielded between April and May 2012.

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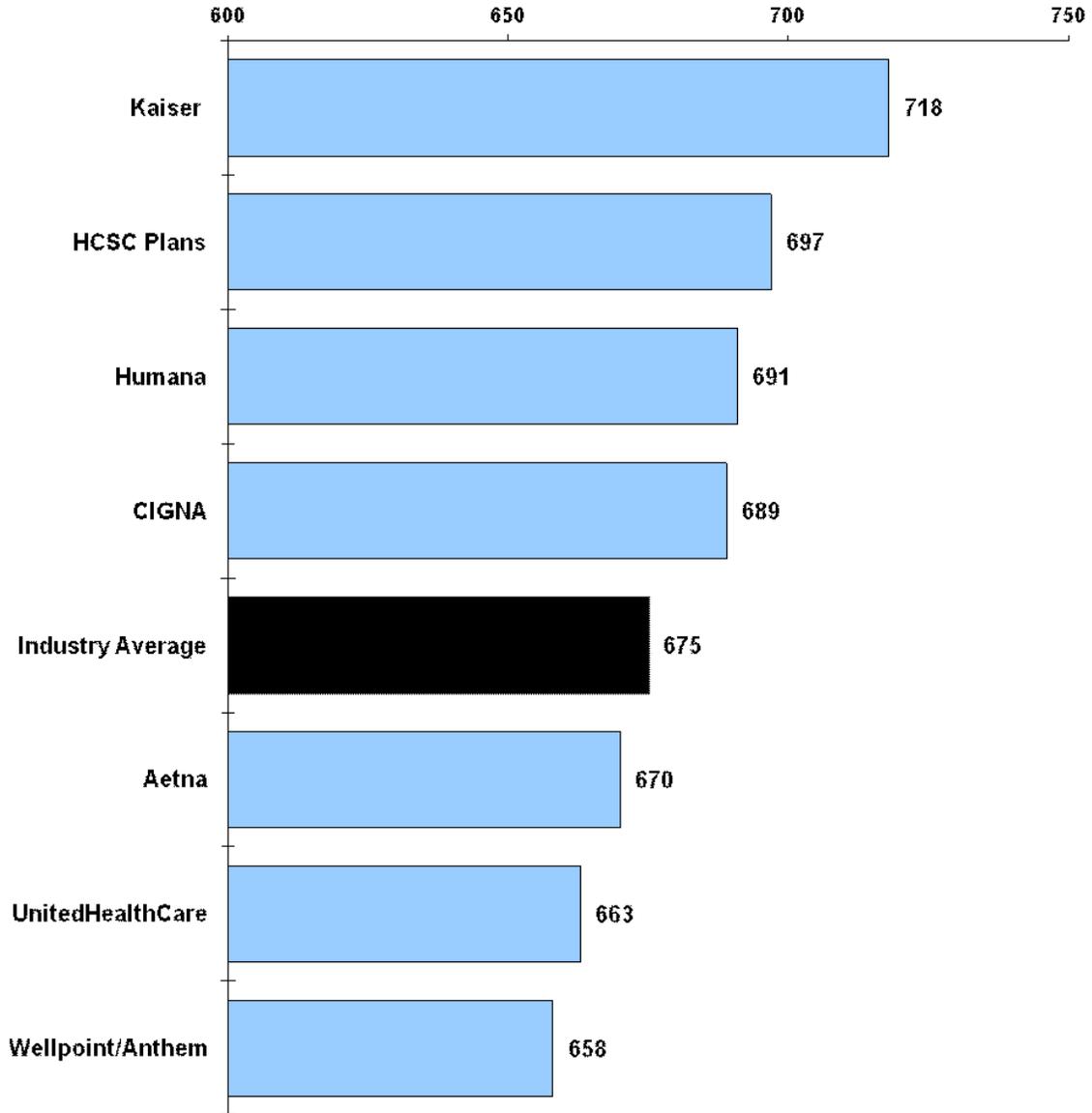
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NOTE: Two charts follow.

J.D. Power and Associates 2012 Employer Health Plan StudySM

Employer Satisfaction Index Ranking *Fully Insured Plan Segment* (Based on a 1,000-point scale)



Source: J.D. Power and Associates 2012 Employer Health Plan StudySM

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J.D. Power and Associates 2012 Employer Health Plan StudySM

Employer Satisfaction Index Ranking *Self-Funded Plan Segment* (Based on a 1,000-point scale)



Source: J.D. Power and Associates 2012 Employer Health Plan StudySM

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