The Affordable Care Act

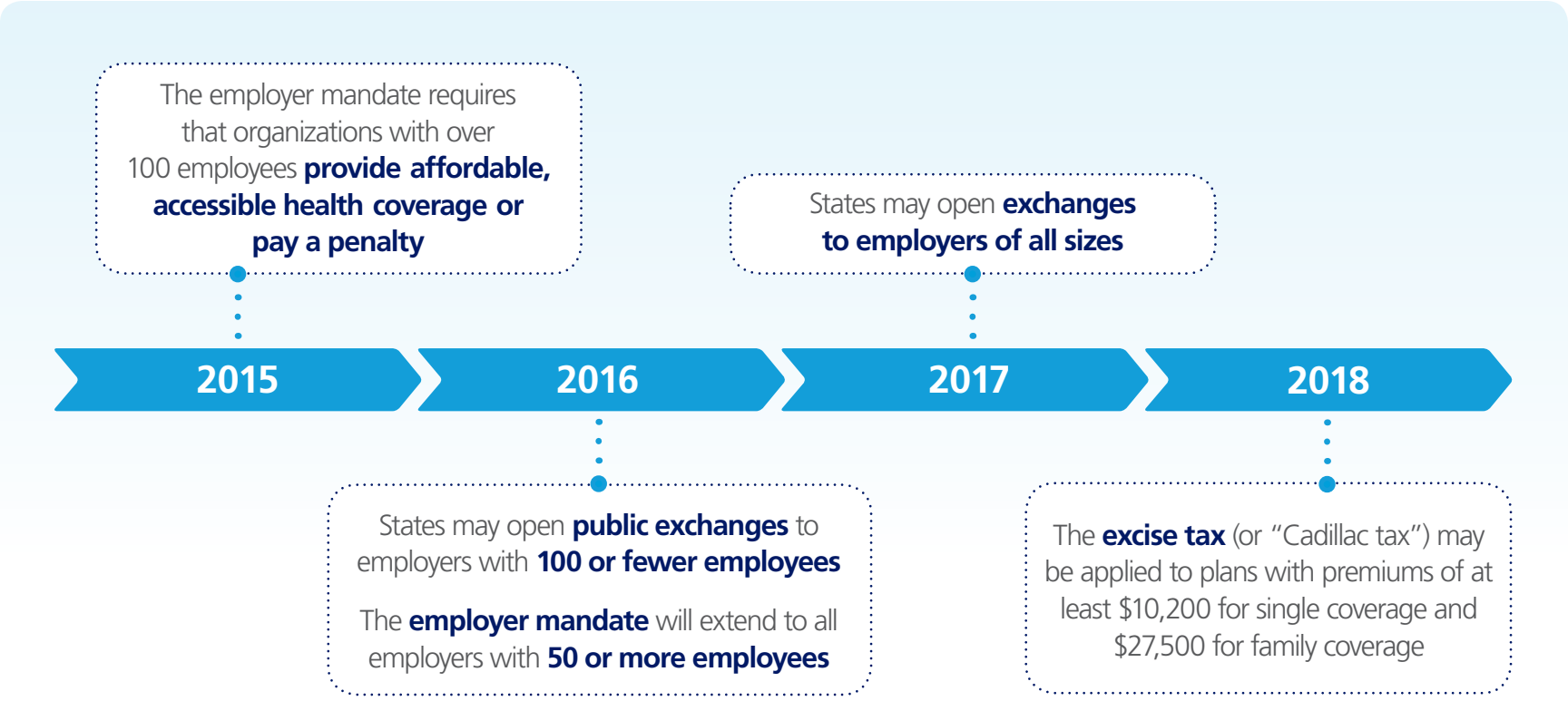
How to enhance health and cost management at your organization

As you know, there are new mandates associated with the Affordable Care Act (ACA) that may impact the way you manage your health benefits.

Click the buttons below to explore some of the key topics associated with the ACA:

- ACA timeline
- Employer mandate
- Cost of dropping coverage
- Top cost management trends
- Obesity management
- Obesity treatments

Significant changes in benefits-related regulations have begun[1]

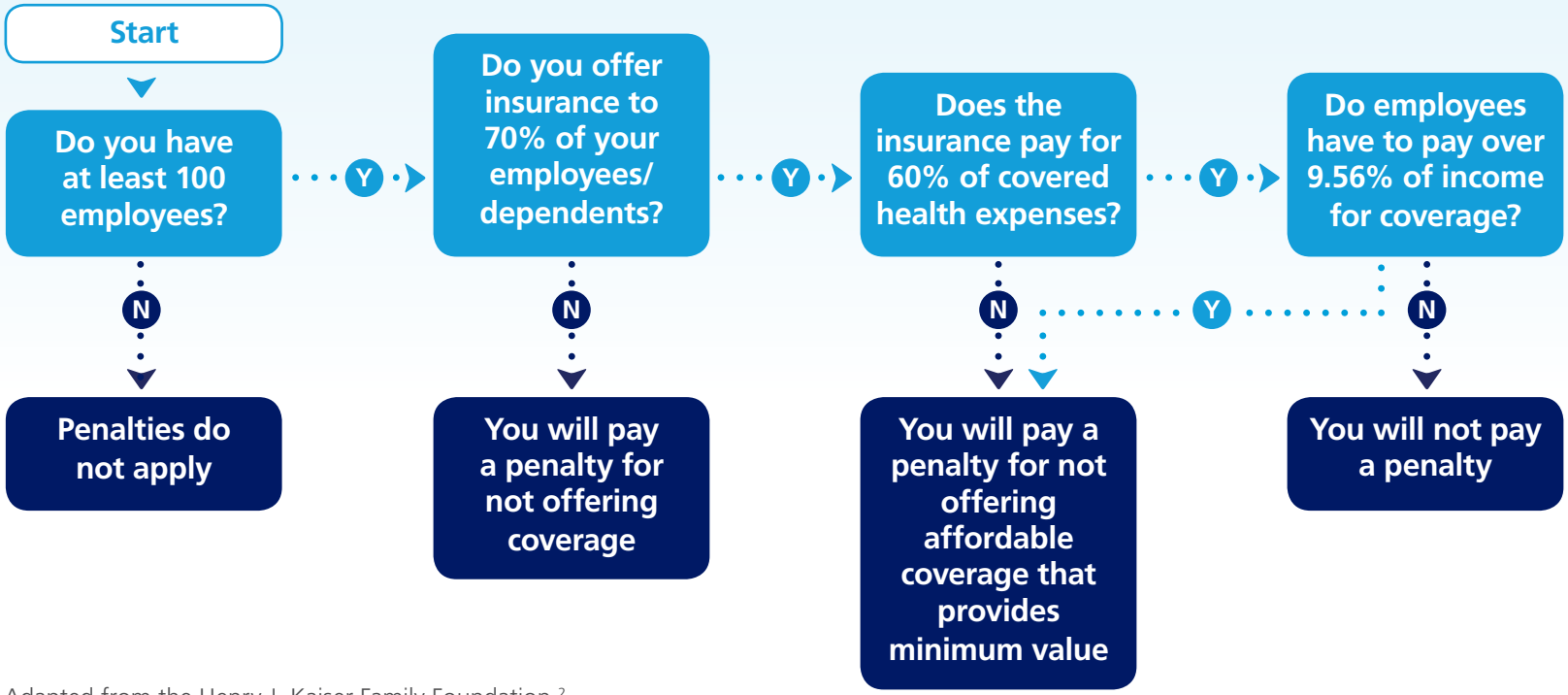


Consider ways to keep your health-related costs down in light of these policy changes

The employer mandate penalizes inadequate coverage[2]

Starting in 2015, if you are an organization with more than 100 employees, you must offer affordable health benefits to your workforce or risk paying a $2,000 per employee penalty.[1]

Follow the chart below to see where your organization stands:

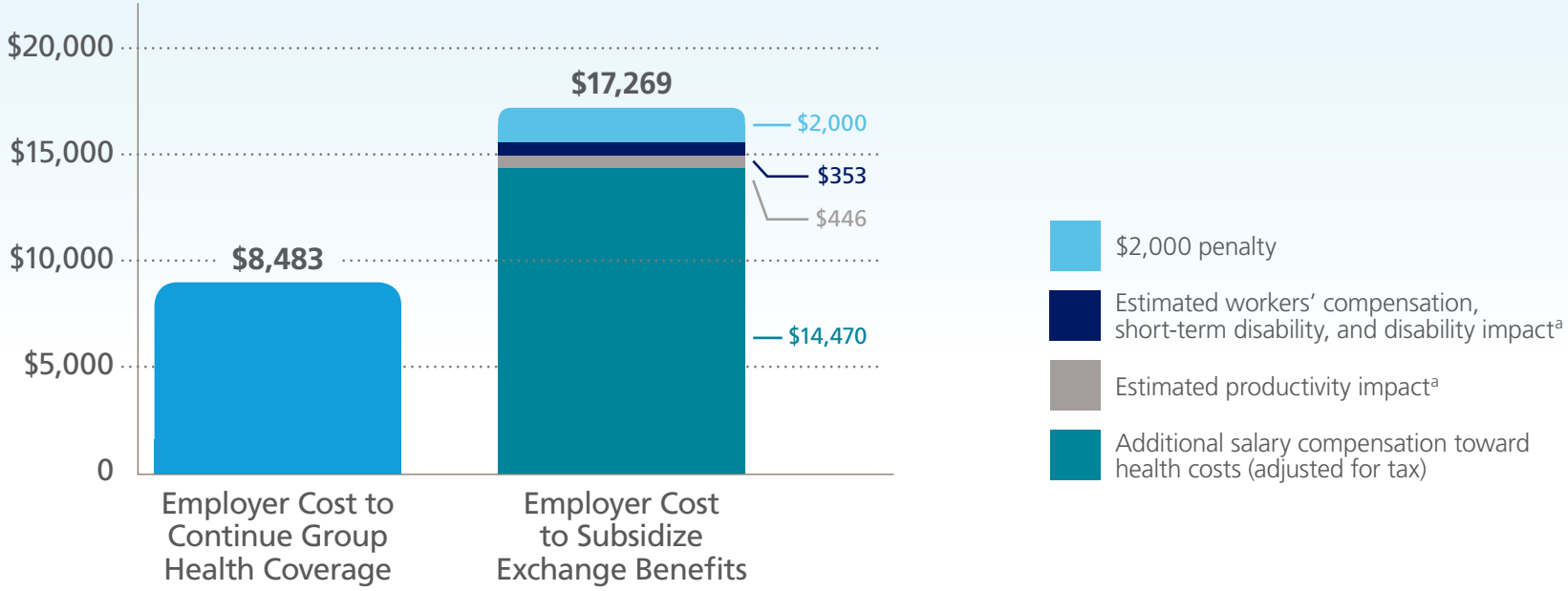


Adapted from the Henry J. Kaiser Family Foundation.[2]

Dropping health benefits may cost more than you think[1,3]

Choosing not to offer coverage may lead to more than just a $2,000 per employee penalty. If you do not offer health benefits to your employees, you may actually need to increase overall salaries to compensate. Plus, the indirect costs associated with less healthy employees could lead to an even greater burden.

The cost of offering coverage vs subsidizing benefits



This is a hypothetical model that anticipates increases in indirect costs as a result of not offering coverage.
[a]Please see page 8 for more information.

Trends to manage ACA-related health care costs

Common strategies to help employers manage health care costs:

CONSUMER-DIRECTED HEALTH PLANS[1]

- **59%** of employers plan to **expand the use of consumer-directed health plans,** which urge employees to be accountable for their own health behaviors and costs and allow them to choose their own benefits through an online marketplace
- If you choose to offer consumer-directed health plans, consider developing employee education materials to **help your workforce make smart decisions**

DEFINED CONTRIBUTION[4]

- Some employers are offering employees a **fixed amount of money to spend on health benefits** per month
- This tactic allows for **cost stability for employers,** while also providing employees more independence in controlling their health benefits and costs

HIGH-DEDUCTIBLE HEALTH PLANS

- In 2014, **45% of large employers** offered **high-deductible health plans**[5]
- High-deductible plans may allow you to **strategically avoid the Cadillac tax** by shifting some costs and health care management to employees[1]

PRIVATE EXCHANGES[4]

- Under the ACA, employees can buy insurance on their own through federal or state-sponsored private exchanges
- The private exchange market is expected to grow to about **40 million lives by 2018**
- Benefits to employers include:
  - Cost stability by shifting to a **defined contribution**
  - Administrative **support and efficiency**
  - The option to focus more on **wellness as a supplement** to the exchange carrier's offering
  - Improved **data collection** and aggregation

DIRECT CONTRACTING TO PROVIDERS

- **28% of employers** are already **contracting directly with provider systems,** foregoing a relationship with health plans[1]
- This type of contract may maximize and streamline employee health care utilization

POPULATION HEALTH[6]

- Many employers are shifting toward a health management model that **inspires the workforce to actively change their behaviors** to elicit positive results
- **85% of employers** currently have a **wellness improvement strategy** in place in an effort to help shape employee behaviors

ONSITE CLINICS[1]

- **27%** of employers surveyed offer an **onsite clinic** for employees
- Many employers state that their **employees utilize and are very receptive to onsite clinics,** as they offer an easy and convenient way to manage health

CENTERS OF EXCELLENCE (COEs)[1]

- Some employers are **establishing COEs** on their own or with their medical plan carrier or third-party administrator for **various specialty areas, including obesity**
- COEs help ensure that employees with particular needs **receive quality care.** Consider this tactic if many of your employees have **complex needs,** such as those **associated with obesity**

NARROW NETWORKS[1]

- By 2017, **70% of employers** anticipate contracting with **narrow networks,** which restrict physician networks to control costs
- When narrow networks are developed only based on minimizing costs, they may not provide the best quality of care. Consider **both cost and quality** if you're implementing this initiative

Work with your colleagues, or partner with an employee benefit consultant, to make better business decisions regarding cost and health management at your own organization

Managing obesity at your organization

Obesity is associated with both direct and indirect costs

ABSENTEEISM

- Employees with **BMI=40 kg/m²** miss **~77% more days** of work vs employees of healthy weight (BMI=25 kg/m²)[7,a]

PRESENTEEISM

- Men with **BMI ≥40 kg/m²** reported **21.9 days** of presenteeism, and women with the same BMI reported **22.7 days**[8,b]

DISABILITY

- Employees with obesity are **76% more likely** to have a short-term disability vs employees of normal weight[9]
- Average length of short-term disability is **13% longer than** short-term disability for individuals of normal weight[9]

WORKERS' COMPENSATION

- Workers with **BMI ≥40 kg/m²** had over **2x the average** number of compensation claims compared to workers of healthy weight (11.65 claims vs 5.80)[10,c]

Weight loss for your employees with obesity can result in medical cost savings[11]

[a]Missed work days are due to sick days, short-term disability days, and workers' compensation days.[7]
[b]Presenteeism is the average amount of time between arriving at work and starting work on days an employee is not feeling well and the average frequency with which an employee engages in 5 specific behaviors: losing concentration, repeating a job, working more slowly than usual, feeling fatigued at work, and doing nothing at work.[8]
[c]Per 100 full-time employees.[10]

Obesity treatment options

Consider some of the following treatment options to help keep your employees healthy in light of new ACA mandates.

WELLNESS PROGRAMS

- **90%** of large companies report that **wellness solutions** are an **important** part of their benefit offerings[12]
- Evaluate your programs to consider whether incentives, rewards, or other systems are leading to effective outcomes
- Take a look at our **Measuring Wellness** guide on **www.NovoNordiskWORKS.com** for tips on how to **measure the success** of your programs

BARIATRIC SURGERY[13]

- This treatment is recommended for **individuals with a BMI ≥40 kg/m^2, or BMI ≥35 kg/m^2 with 1 obesity- related comorbidity**

ANTI-OBESITY MEDICATIONS[13]

- Clinical guidelines **recommend medication** use in addition to behavioral modification for people who have **struggled to lose weight** in the past
- **Weight-loss drugs may help adherence to behavior changes** and aid in the physical activity needed to lose weight

It's important to make multiple treatment options available for your employees struggling with chronic weight management

Interested in learning more? Visit **www.NovoNordiskWORKS.com**

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