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Broker Survey on Employer Health Insurance for 2014-2015

The Affordable Care Act has transformed the individual insurance market in well-documented ways. However, far less is known about how it has affected employer-sponsored insurance. Brokers play a critical role in this ecosystem, serving as counselors and advisors to companies of all sizes. Their access to renewal data for 2015 group plans provides a timely perspective on how regulatory changes are affecting employers. On October 29-30, we surveyed 1,028 brokers on the impact of group premium increases.
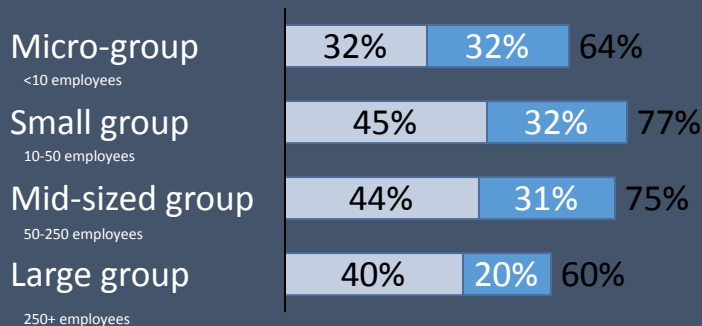
74%

of brokers observing average rate increases in the double-digits (i.e. more than 10%)

Rate increases are affecting businesses of all sizes

Average rate increase this year

	>10% rate increase	>20% rate increase	Total
Micro-group <10 employees	32%	32%	64%
Small group 10-50 employees	45%	32%	77%
Mid-sized group 50-250 employees	44%	31%	75%
Large group 250+ employees	40%	20%	60%

■ >10% rate increase   ■ >20% rate increase

In worst cases, rates have increased by more than 60%

| Highest rate increase seen this year	Percent of respondents
0-10%	5%
10-20%	12%
20-30%	16%
30-40%	14%
40-50%	11%
50-60%	11%
60-70%	9%
70-80%	6%
80-90%	4%
90-100%	5%
>100%	8%
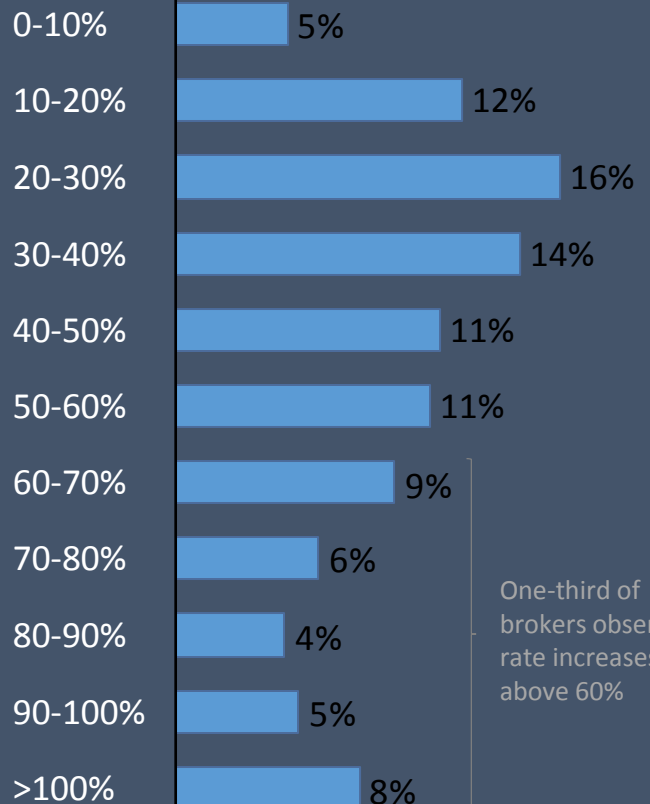
One-third of brokers observed rate increases above 60%

78%

of brokers have had clients drop group health coverage this year

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Most brokers expect the trend to accelerate in 2015

Q: What percent of your business to you expect to switch to individual by the end of next year?

43%

28%

17% of brokers expect to lose more than **one-quarter** of their business

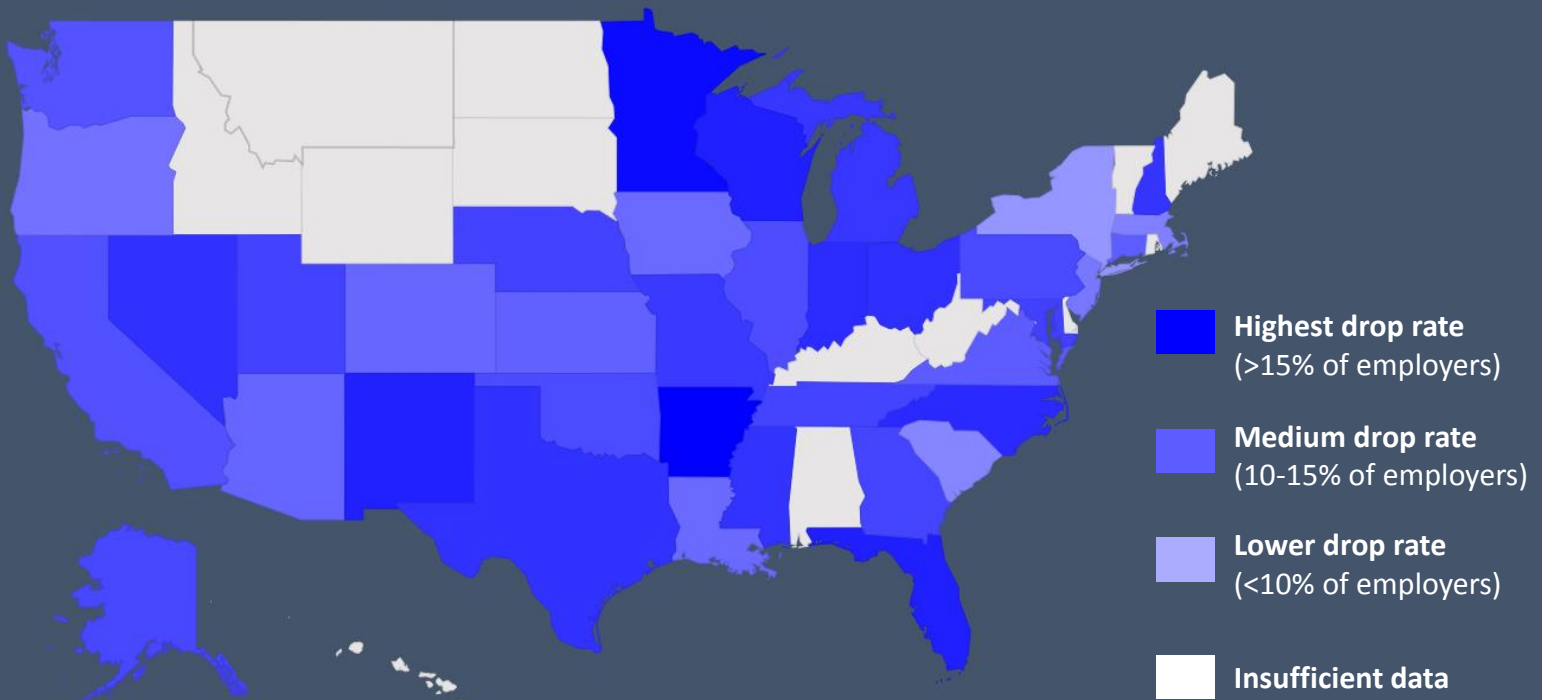9%

8%

| <10% | 11-25% | 26-33% | >33% |
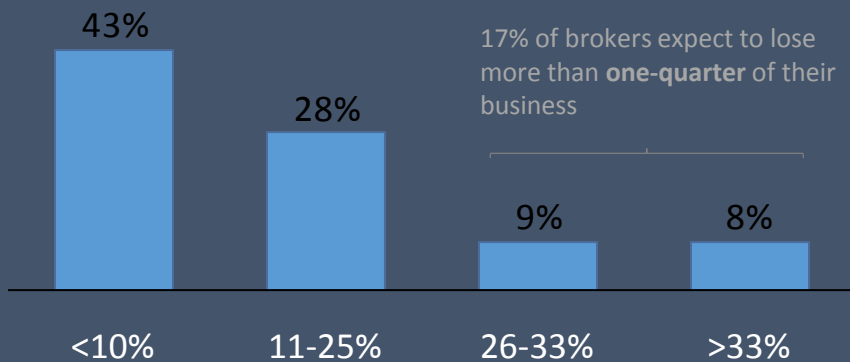
Why are employers dropping health coverage?

For some employers, health insurance is no longer affordable. For others, their employees can actually find more affordable options on the individual market.

Individual coverage is often more affordable due to rich federal subsidies (premium-tax-credits), whose value is oftentimes far greater than employer penalties for not providing coverage

States where dropping coverage is most common

- **Highest drop rate** (>15% of employers)
- **Medium drop rate** (10-15% of employers)
- **Lower drop rate** (<10% of employers)
- **Insufficient data**

About this survey

Number of brokers surveyed

1,028 brokers

Number of employers they represent

Micro	Small	Mid-sized	Large
<10 employees	10-50 employees	50-250 employees	250+ employees
12k	27k	3k	300+

Number of individuals employed by these companies

More than 1.2 million

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Benefitter helps brokers and employers identify new options in the individual health insurance market, delivering software to quantify savings opportunities, as well as a platform to make a seamless transition.