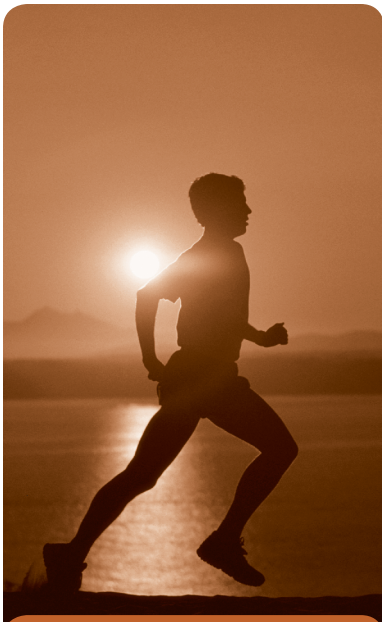


Impact of Health Care Reform on the Employer Market – 2011



Employer & Coalition Service

Immediate Impact of Health Care Reform

New HIRC research with leading decision-makers in the employer market examines the impact of health care reform on the provision of health benefits. While employers expect health care reform to increase their benefits costs, they will continue to effectively manage the additional financial burden in the near-term.

Key Finding

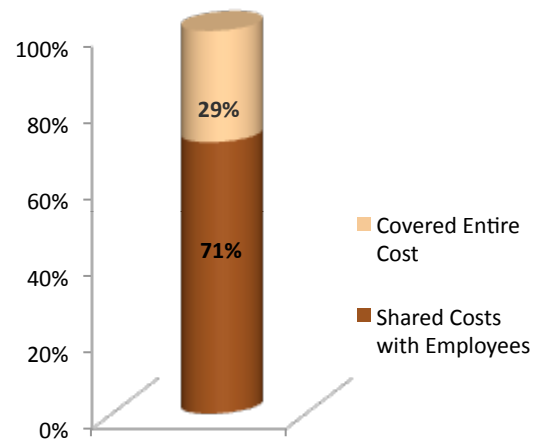
Employers view health care reform as a costly burden which offers few benefits to employees and plan to respond by shifting costs to employees and increasing adoption of high deductible health plans.

Response to Coverage of Adult Dependents

Most employers shared some of the additional costs of providing benefits coverage for adult dependents with their employees.

- Employers have attempted to estimate the incremental costs of covering adult dependents, but acknowledge that their actual experience may vary significantly.
- Refined tiering of benefits structures enabled some employers to share costs with families that have additional dependents.

How did employers respond to extending coverage to adult dependents?



About HIRC

Health Industries Research Companies (HIRC) conducts strategic market research on trends in health care, pharmaceuticals, and managed care businesses.



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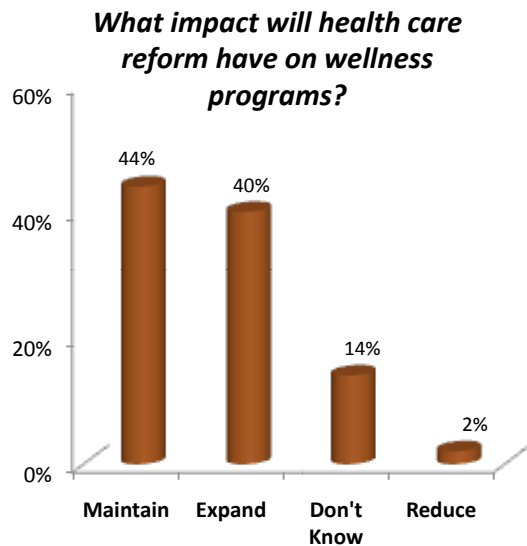
Other Employer Health Benefit Mandates

Additional health care reform mandates will have varying impact on employers. HIRC's report, *Employers and Health Care Reform: Impacts and Initiatives* examines employers' perspectives and current plans to respond to the following mandates:

- Mental health parity
- Expanded preventative services
- Elimination of lifetime maximum

Longer-Term Impact of Health Care Reform

Longer-term, employers acknowledge that the costs of health care reform may fundamentally change the role employers play in the health care system. Employers predict increased interest in high-deductible health plans and greater cost shifting to employees. Additional long-term responses to health care reform include expanding wellness initiatives and restructuring retiree drug coverage.



Wellness

In addition, employers and coalitions will continue to invest in wellness programs in their ongoing struggle to improve their employees' health status and reduce overall health care costs.

Retiree Drug Coverage

Discontinuation of the tax-free subsidy will further fuel employers' elimination of retiree drug benefits in the near-term, while more dramatic changes are likely in 2014.

HIRC's report, *Employers and Health Care Reform: Impacts and Initiatives* also includes employers' outlooks on patient-centered medical homes and accountable care organizations. Key strategies and implications for pharmaceutical firms are also explored and will assist pharmaceutical companies in optimally positioning branded products in the payer environment.

Research Methodology & Report Availability

Research was conducted in spring 2011 with 124 employer panelists representing over seven million active employees. Information was gathered from employee benefits managers, corporate medical departments, and employer health care coalitions via mail surveys. A subset of respondents participated in follow-up interviews.

Subscribers to the *Employer & Coalition Service* may download the complete report, *Employers and Health Care Reform: Impacts and Initiatives* at www.hirc.com.

About HIRC's Employer & Coalition Service

The *Employer & Coalition Service* is an ongoing research project that focuses on key influencers within the employer health care market and their impact on the use of pharmaceutical products. The service includes health and drug benefits trends and strategies; profiles of pharmaceutical firms investing in the employer market; specialty medication trends; and employers' perspectives on the impact and management of specific diseases.

Research is conducted annually with the following three panels:

- Employee Benefits Managers
- Corporate Medical Departments
- Health Care Coalitions

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