Impacts of the Patient Protection and Affordable Care Act on Absence and Disability Policies and Benefits

DMEC/Pacific Resources

DMEC White Paper Series

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Introduction

The Patient Protection and Affordable Care Act (PPACA) has the potential to influence a wide variety of health care and non-health care benefits as it is fully implemented between now and 2020. While most benefit professionals are fully focused on the changes the PPACA will bring to health care benefits, industry experts believe the new legislation will also bring large changes to the way companies approach absence management and disability related benefits.

DMEC and Pacific Resources commissioned a study to understand the concerns, expectations and plans of employers and insurance providers with respect to the PPACA and its impact on absence and disability benefit management. DMEC members, representing a variety of public, private and non-profit employers as well as insurance carriers and third party benefit administrators participated in an online survey to inform this report, as well as qualitative research from focus groups and individual interviews among employers and carriers.

While the research showed that there remains uncertainty surrounding the impact of the PPACA on disability and absence management, providers of employee benefits are making changes to ensure they remain competitive in the new industry landscape, preparing for known changes and keeping their eyes open for additional information and opportunities. This white paper outlines current absence and disability management practices and opens the door to a discussion on the likely impact of the PPACA on benefit use and processes, and sheds light on what future absence and disability management programs might look like as a result of this legislation.

Executive Summary

Background

This report summarizes the results of a 2013 study of employers and insurance providers on the Impacts of the Patient Protection and Affordable Care Act on Absence and Disability Policies and Benefits. The study was sponsored by the Disability Management Employer Coalition (DMEC) and Pacific Resources. It provides unique insight on the impact of the Patient Protection and Affordable Care Act (PPACA) on disability and absence management as viewed by large employers and insurance professionals.

The survey was released at the 18th Annual International DMEC Conference. It was conducted by web in June/July 2013, and includes the anonymous views of 287 professionals, including 169 benefits policy decision makers in large organizations (5,000 or more employees) and 118 senior professionals in the insurance industry who are involved with absence management and disability issues. The national survey was preceded by an exploratory phase consisting of four focus groups and nine individual interviews among employers and carriers. Findings from this qualitative research surfaced issues that are top of mind to employers and carriers, and informed the questionnaire topics for the survey.

DMEC and Pacific Resources established this partnership in an effort to provide meaningful and actionable information to the absence management market through these types of survey reports. This study is unique not only in the level of access to decision-makers and industry professionals, but in its specific focus on the impact of PPACA on employee absence and disability issues in the United States. We therefore structured this survey and corresponding report to aid employers in their decision making by providing current thinking, and predictions on how they can expect their programs to evolve in the future.
Overview

The PPACA is the government’s most significant overhaul and expansion of the nation’s health care insurance system since the passage of Medicare and Medicaid in 1965. It is a sweeping regulatory approach that seeks to increase the quality, affordability, and rate of health insurance coverage for Americans, while reducing the costs of health care.

Employers and insurance companies are two key stakeholders who play an important role in the implementation of health care reform and will be impacted by its changes. Approximately 58 percent of Americans have private health insurance with 44 percent of the US population receiving coverage through an employer. Many of the regulatory changes and provisions of PPACA, such as coverage mandates, minimum standards, insurance exchanges, and pre-existing conditions will have both direct and indirect impact on employers and insurance companies.

While much of the focus and attention has been on the impact of PPACA on health care, employers and insurance professionals believe there will be significant changes to employee benefits, specifically absence and disability management, due to PPACA.

Absence management is seen as an important part of managing health care costs, because every disability can be linked to a medical event. Even though employers are currently not focused on how absence and disability management will change during full implementation of PPACA, it is a topic worth studying.

In addition to PPACA, there are other issues that employers are facing as well, such as an aging workforce, an anticipated shortage of primary care physicians, a tight economy, and a lean workforce – all of which add to employee stress and illness.

Large employers understand that these issues will have an increasing impact on their organizations’ financials and have been creating and/or expanding a variety of internal absence management and employee wellness programs even before PPACA was passed.

The key findings from the survey include the following:

- **Absence and disability issues affect the bottom line.** Employers and insurance professionals believe absence and disability are key issues impacting the financial health of their organizations. Almost half (48%) of employers and 72% of carrier professionals believe the financial impact of these issues will increase over the next five years. These professionals attribute this increase to a rising incidence of absences in the future, including FMLA absences, and rising health care costs generally. Studies support these concerns; according to *Absenteeism: The Bottom-Line Killer*, a publication of workforce solution company Circadian, unscheduled absenteeism costs roughly $3,600 per year for each hourly worker and $2,650 each year for salaried employees. Likewise, a study by researchers at Cornell University estimated that the total cost of absence in teamwork environments averaged 1.3 times the wages/salary of the absent employee.

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- **It is anticipated that there will be increased incidence and duration of long-term absences.** When presented with alternative scenarios, employers and carriers are far more likely to believe that the incidence of long-term absences will increase. Further, more believe the duration of absences will increase as a result of increased waiting times for access to care than decreasing as a result of more timely treatment of conditions. There is more uncertainty about how PPACA will impact the number of disability claims, although those who feel knowledgeable enough to predict what will happen are more likely to believe the number of claims will rise due to employees no longer fearing a loss of health care coverage from a long-term absence.

- **Organizations believe they are ready for PPACA.** While most professionals surveyed have moderate personal knowledge about PPACA, the majority believes their organization is ready for the coming changes. Nearly half perceive that their organization is more prepared than peer companies. However, in digging deeper, it was revealed that while organizations may be prepared for the changes to health care and health insurance, most were not thinking about the impact of PPACA on disability and absence management.

- **More believe it will be more difficult to get access to routine care under PPACA.** Most respondents believe access to routine care will change – 42% believe that the ability of employees to see a physician for routine care in a timely manner will get worse, while only 21% believe it will improve. A smaller, but still substantial proportion, believes access to urgent care will change, although views on whether this will get better or worse are split. Some changes are also expected in how employees will be able to use their benefits.

According to the Congressional Budget Office, it is estimated that 27 million people will be added to our health care system as a result of health care reform. But what hasn't been discussed is the potential unintended impact this may have on workforce productivity, especially when combined with the shortage of doctors that already exists, particularly primary care physicians (PCPs). The Association of American Medical Colleges says the shortage of PCPs in the US will be 90,000 by 2020 and 130,000 by 2025.³ Even without health care reform, the expected shortage of doctors would be at least 100,000 by 2025.⁴ Employers need to be aware of all of this and thinking about how this could potentially impact the delivery of health care to their employee population, including absence and disability related services.

- **Carriers are more likely than employers to think that PPACA will have an impact on absence and disability.** A third of employers and a majority of carriers believe PPACA will increase the incidence and duration of absences and disability. However, many have not yet considered this aspect of the law, as a quarter are not sure what will happen to absence and disability outcomes.

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³ Association of American Medical Colleges, “Physician Shortages to Worsen Without Increases in Residency Training” [https://www.aamc.org/download/153160/data/physician_shortages_to_worsen_without_increases_in_residency_tr.pdf](https://www.aamc.org/download/153160/data/physician_shortages_to_worsen_without_increases_in_residency_tr.pdf)

***PPACA could impact program outsourcing.*** Companies currently use a variety of methods to handle their leave management administration, including complete insourcing, complete outsourcing and a mix of the two. While the majority of respondents do not envision changing their method of leave management administration over the next few years, there was some concern that FMLA activity will increase as a result of PPACA and that more employers will look to outsource leave management as a result of PPACA.

There is a belief that with the new health care legislation, employee awareness of benefits legislation will continue to grow, including a greater awareness of ability to take job protected leave. If the anticipated increase in incidence and duration of disability occurs and employees become more aware of leave laws, it makes sense that more employers will be rethinking their leave management programs.

***Wellness initiatives are widespread and growing.*** DMEC employer organizations currently have a wide variety of programs to help manage employee benefits and absence. Wellness initiatives are the most common. Many employers are expanding internal programs aimed at reducing absence and promoting employee wellbeing, but few credit the PPACA as motivating these decisions – perhaps because many of their wellness initiatives were underway prior to PPACA, which does include financial incentives for wellness programs.

**Implications and Recommendations**

Summarizing observations across this survey, two common themes emerge.

First, there is a still a considerable amount of uncertainty among informed professionals, employers and carriers about how the new health care legislation will impact the structure and policies of employee benefits. This study showed that even though many organizations feel ready for PPACA, the reality is that although they have begun to prepare for the health care and health insurance implications, they have not given much thought to how PPACA will impact disability and absence management. In addition, it will be important to consider how other important issues such as an aging workforce, the anticipated shortage of primary care physicians, a tight economy, and a lean workforce will affect the impact of health care reform. This means that a lot remains to be seen as PPACA is implemented. Organizations that are aware of the potential impact of this legislation on disability and absence management will likely be more prepared for any changes down the road than their competitors.

Second, both employers and carriers indicated that PPACA's anticipated effects on absence and disability management may have a significant financial impact and that the impact will grow over the next five years, including increases in incidence and duration and FMLA utilization. It should be noted that carriers forecast a greater negative impact than the employer population and are more likely to believe full implementation of PPACA will increase the incidence of absence and disability among employees. A greater share of carriers than employers anticipate companies will reduce their benefit offering as a result of the PPACA and that employees will demand more benefits from their employers.

This view offers carriers the opportunity to take the lead in educating organizations about the impact of PPACA on disability and absence management, as well as to potentially develop new offerings for those organizations who want to outsource more of their benefits management. The expansion of employee wellness programs, for example, is a promising development that should prove to balance out some of the potentially negative impacts of PPACA on employers. Carriers who proactively work with organizations on these and other innovative employee programs are sure to be highly valued partners in this rapidly changing landscape.
An Additional Perspective

It is important to note that this study looked at opinions on the potential impact of PPACA on employee disability trends. It did not address the social policy value of health care equality in the United States. Many consider PPACA to be an important social policy that will result in better access and quality of care.

Additionally, some survey respondents (although not the majority) saw a brighter future for absence management post health care reform, driven by access to coverage for all, focus on preventive care and wellness, and better coverage.

Survey Results and Discussion

Importance of Absence and Disability Management

Survey respondents indicate that it is important for employers and carriers to focus on absence and disability management, even though the primary focus of the PPACA has been on health care benefits. Employers and carriers both believe there is a significant financial impact from the loss of employee productivity that occurs due to absences and disability claims. As seen in Exhibit 1, almost half of employers (46%) and 72% of carriers believe the impact on the bottom line is “significant” or “very significant,” and few believe the impact is slight.

One focus group participant underscored the importance of absence management, saying, “[w]hen people are not there, it can impact services… and there’s lots of discussion of how we can impact and improve our productivity by making sure more people stay at work.”

Exhibit 1

Q5. How significant is the financial impact of employee absence and disability on overall productivity for your organization/clients? H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.

However, it is not clear how informed senior management is about the impact of employee absence and disability on the bottom line – nor how informed they need to be. As seen in Exhibit 2, opinions are divided. Slightly more employers and carriers believe senior management has sufficient information about the issue as believes that management needs to be more aware. Just 12% of professionals at employer organizations believe their leaders need to know “much more” about employee absence and disability in their company, while only 19% of carriers have this concern for the companies they serve.
Q6. Is the senior management in your organization sufficiently aware of the financial impact of employee absence and disability?

Despite this perceived lack of awareness by senior management, absence and disability issues are expected to become more important (Exhibit 3). **Almost half of employers (48%) and over two-thirds of carriers (72%) expect the financial impact to increase over the next five years.**

Q7. Thinking about the next five years, do you expect the financial impact on your organization/employers’ organizations from absence and disability to.

_**H** indicates that number is significantly higher than the one it is being compared (employers versus carriers)_

One focus group participant ventured a guess as to why the financial impact of absences will increase: “I think that the employees are now more knowledgeable [about their insurance] and know what their rights are and how they’re able to use this to their advantage, whether it’s for themselves [or] a family member. And I certainly have seen a growth in intermittent leaves.”
Likewise, respondents indicated that the top drivers of an increasing financial impact from absence and disability are expected to be:

- Increased incidence of absences and/or short term disability claims,
- Higher health care costs, and
- Increasing use of the Family Medical Leave Act (FMLA)

Seven-in-ten employers and carriers alike cited these as factors (Exhibit 4).

Exhibit 4

<table>
<thead>
<tr>
<th>Drivers of Increased Costs over the Next Five Years (of those who believe financial impact from absence and disability will increase over the next five years)</th>
<th>Total (166)</th>
<th>Employers (89)</th>
<th>Carriers (77)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased incidence of absences and/or short-term disability claims</td>
<td>73%</td>
<td>71%</td>
<td>76%</td>
</tr>
<tr>
<td>Higher health care costs overall</td>
<td>72%</td>
<td>70%</td>
<td>74%</td>
</tr>
<tr>
<td>Increased use of FMLA</td>
<td>70%</td>
<td>72%</td>
<td>69%</td>
</tr>
<tr>
<td>Increased duration of absences and/or short-term disability claims</td>
<td>56%</td>
<td>58%</td>
<td>55%</td>
</tr>
<tr>
<td>Increased incidence of long-term disability claims</td>
<td>52%</td>
<td>49%</td>
<td>56%</td>
</tr>
<tr>
<td>Less healthy population overall</td>
<td>46%</td>
<td>45%</td>
<td>48%</td>
</tr>
<tr>
<td>Higher disability insurance coverage costs</td>
<td>42%</td>
<td>30%</td>
<td>53% H</td>
</tr>
<tr>
<td>Increased duration of long-term disability claims</td>
<td>41%</td>
<td>34%</td>
<td>48%</td>
</tr>
<tr>
<td>Higher workers compensation coverage costs</td>
<td>40%</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Increased negotiated physician costs</td>
<td>22%</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>More employer provided coverage for employees</td>
<td>11%</td>
<td>16%</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>10%</td>
<td>11%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Q8. In thinking about the next five years, what do you think will drive this increase in costs? H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.

Implications:
As PPACA is implemented and employees learn more about their rights under the law, employers and carriers should prepare for the impact of absences on productivity and on the organization’s financial health.

Knowledge of and Readiness for the PPACA

DMEC members in employer organizations and professionals at carriers feel moderately knowledgeable about PPACA and how it will impact employers (Exhibit 5). Seven-in-ten (70%) professionals who work at employers rate themselves at least “somewhat knowledgeable,” while a third feels “knowledgeable” or “very knowledgeable.” Carrier professionals are slightly less confident, with 64% being at least “somewhat knowledgeable.” Few believe they have no knowledge. It is important to note that these professionals, on the employer and carrier side alike, are involved primarily in absence and disability issues.
Q1. How knowledgeable are you, personally, about how the Patient Protection and Affordable Care Act will affect employers?

H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.

Even if personal knowledge about the PPACA is moderate, most feel their organizations are ready for the changes that are coming (Exhibit 6). Carriers are a little more hesitant than employers; one-fifth isn’t sure if their organization is ready compared to half that number among employers. Still, over half of both groups (60% of employers and 51% of carriers) believe their parent organization is mostly or completely ready for the coming changes. Among members who feel knowledgeable, 85% believe their organization is mostly or completely ready.

Q2. How ready is your organization for the changes coming from the Patient Protection and Affordable Care Act.

**Implications:**
The high level of readiness among employers may be attributed to the fact that those surveyed have had a few years to plan for PPACA, and they tend to be larger organizations with deep planning resources and a vested interest in being proactive. However, as seen in the next section, most organizations prepared for the impact of the PPACA on health care benefit usage, rather than on absence and disability. Carriers naturally need to be prepared for PPACA because they advise clients, and they should increase their knowledge in all areas of the legislation.
Impact of the PPACA

To DMEC members and carriers involved with absence and disability coverage, readiness for PPACA includes being prepared for increases in the cost of health care benefits as well as modest increases in employee absence and disability claims.

As seen in Exhibit 7, employers and carriers believe the biggest impact of PPACA will be on health care costs for both employers and employees. In particular, PPACA is expected to have an impact on costs to employer organizations as well as to employees. Most who believe there will be an impact expect an increase rather than a decrease (Exhibit 7).

Absence and disability-related issues are thought to be affected to a lesser extent by PPACA than health care costs or the decision to offer benefits, according to employers and carriers. Of those issues, Family Medical Leave is believed to be the most impacted by PPACA, followed by changes to the incidence and to the duration of short-term disability claims. Significantly fewer professionals perceive PPACA as having major influence on long-term disability incidence or duration, and the fewest foresee major changes to workers’ compensation as a result of the legislation.

### Exhibit 7

<table>
<thead>
<tr>
<th>Areas of Impact Due to the PPACA</th>
<th>Total (287)</th>
<th>Employers (169)</th>
<th>Carriers (118)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The cost of health care benefits to the organization</td>
<td>73%</td>
<td>78%</td>
<td>67%</td>
</tr>
<tr>
<td>The cost of health care benefits for our employees</td>
<td>70%</td>
<td>71%</td>
<td>69%</td>
</tr>
<tr>
<td>Our company’s decision to offer health care benefits</td>
<td>39%</td>
<td>26%</td>
<td>58%H</td>
</tr>
<tr>
<td>The incidence of Family Medical Leave Act absences</td>
<td>35%</td>
<td>30%</td>
<td>42%H</td>
</tr>
<tr>
<td>The incidence of short-term disability claims</td>
<td>33%</td>
<td>28%</td>
<td>39%</td>
</tr>
<tr>
<td>The duration of short-term disability claims</td>
<td>26%</td>
<td>22%</td>
<td>32%</td>
</tr>
<tr>
<td>The cost of non-health care benefits for our employees (i.e. Life, Long-Term Disability, etc.)</td>
<td>25%</td>
<td>18%</td>
<td>36%H</td>
</tr>
<tr>
<td>The number of hours employees work</td>
<td>24%</td>
<td>21%</td>
<td>28%</td>
</tr>
<tr>
<td>Our company’s decision to offer disability care benefits</td>
<td>24%</td>
<td>11%</td>
<td>43%H</td>
</tr>
<tr>
<td>The incidence of long-term disability claims</td>
<td>23%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>The cost of non-health care benefits to the organization</td>
<td>23%</td>
<td>21%</td>
<td>27%</td>
</tr>
<tr>
<td>Our company’s decision to outsource absence management</td>
<td>22%</td>
<td>11%</td>
<td>37%H</td>
</tr>
<tr>
<td>The duration of long-term disability claims</td>
<td>20%</td>
<td>16%</td>
<td>29%H</td>
</tr>
<tr>
<td>The incidence of workers compensation claims</td>
<td>20%</td>
<td>20%</td>
<td>21%</td>
</tr>
<tr>
<td>The duration of workers compensation claims</td>
<td>16%</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Not sure</td>
<td>15%</td>
<td>13%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Q13. Specifically, in which areas will the Patient Protection and Affordable Care Act have an impact on your organization/clients? Wording of question varied slightly depending on audience employer/carerrier. Employers were asked about their organization, carriers were asked about organizations generally. H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.
A Perception Gap

A gap exists between how employers and carriers perceive that PPACA will affect the decision to offer benefits. Only 26% of employers expect an impact on their decision to offer health care benefits, while more than half of carriers (58%) expect an impact on employers in the marketplace.

Likewise, just 11% of employers expect an impact on their organization’s decision to offer disability care benefits, compared to 43% of carriers. And, 11% of employers expect an impact on their decision to outsource absence management, compared to 37% of carriers.

Other gaps also exist between employers and carriers. Carriers perceive a much greater impact than employers in the incidence of FMLA absences, the cost of non-health care benefits, and the duration of disability claims.

One respondent anticipates changes due to moving part-time workers into a benefit program depending on how many hours they work and their seniority: “[The changes are] creating some changes in how we staff the call centers. And that, with getting health care, is also going to increase some of their other access to other benefits, including disability.” (See Exhibit 11 below.)

Agreement on Cost Increases

Among DMEC employer members and carriers who see PPACA impacting different aspects of health, absence and disability benefits, there is agreement that the effect of the new regulations will be an increase in benefits costs, incidence of claims, and duration of claims (Exhibit 8).

To illustrate, two-thirds (67%) of those who believe that PPACA will have an impact on health care costs to employers believe these costs will increase, while only 8% expect this to remain the same or decrease. It is significant to note that 29% are not certain.

Exhibit 8

<table>
<thead>
<tr>
<th>Changes Due to PPACA (among those employers who believe PPACA will have an impact)</th>
<th>Increase</th>
<th>Stay the Same</th>
<th>Decrease</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employers’ Costs for Health Care Benefits (210)</td>
<td>66%</td>
<td>2%</td>
<td>6%</td>
<td>22%</td>
</tr>
<tr>
<td>Employees’ Costs for Health Care Benefits (201)</td>
<td>67%</td>
<td>3%</td>
<td>4%</td>
<td>23%</td>
</tr>
<tr>
<td>Incidence of Family Medical Leave Absences (100)</td>
<td>82%</td>
<td>11%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Incidence of Short-Term Disability Claims (94)</td>
<td>74%</td>
<td>16%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Duration of Short-Term Disability Claims (76)</td>
<td>70%</td>
<td>14%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Employees’ Cost for Non-Health Care Benefits (73)</td>
<td>55%</td>
<td>7%</td>
<td>5%</td>
<td>29%</td>
</tr>
<tr>
<td>Employers’ Costs for Non-Health Care Benefits (67)</td>
<td>60%</td>
<td>4%</td>
<td>4%</td>
<td>25%</td>
</tr>
<tr>
<td>Incidence of Long-Term Disability Claims (67)</td>
<td>73%</td>
<td>15%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Duration of Long-Term Disability Claims (57)</td>
<td>68%</td>
<td>19%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>Incidence of Worker’s Compensation Claims (58)</td>
<td>74%</td>
<td>17%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Duration of Worker’s Compensation Claims (47)</td>
<td>66%</td>
<td>19%</td>
<td>2%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Q13. Changes due to PPACA
Among those employers and carriers who believe PPACA will change the benefits companies offer, nearly two-thirds believe both health care and disability benefits will be reduced (Exhibit 9).

\[
\text{Exhibit 9}
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<table>
<thead>
<tr>
<th>Change in Employers’ Decision to Offer Benefits Due to PPACA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(of those employers for which the companies’ decision to offer health care benefits is impacted)</td>
</tr>
<tr>
<td>Reduce</td>
</tr>
<tr>
<td>Health care benefits (112)</td>
</tr>
<tr>
<td>Disability benefits (70)</td>
</tr>
</tbody>
</table>

\*

Q13/j+k. Total Summary. How do you think your organization’s decision(s) to offer health care benefits will change due to PPACA?

**Increased Claims Expected**

To clarify the expected impact of PPACA, these professionals were asked directly about its influence on the incidence of absence and disability claims. Just under a third of employers (32%) and two-thirds of carriers (61%) expect there will be an increase in the incidence due to the Act (Exhibit 10).

\[
\text{Exhibit 10}
\]

<table>
<thead>
<tr>
<th>Increase or Decrease of overall Incidences of Employee Absence and Disability Claims Due to the PPACA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

\[
\text{Q12. Do you think the Patient Protection and Affordable Care Act will increase or decrease the overall incidence of employee absence and disability claims?}
\]

\* H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.

While employers and carriers are in agreement about the impact on medical costs, those working for carriers are nearly twice as likely to predict increases for absence and disability claims. Still, a quarter have not considered how the PPACA will impact disability claims, which may be due to a greater focus right now on medical insurance.

**Change in Employment Status Anticipated**

One issue raised about PPACA is that it may influence the work status of employees, with a movement of full-time to part-time employees. As noted earlier, one-quarter of DMEC member employers and carriers see the PPACA changing the number of hours U.S. employees will work (Exhibit 7 above).
Only a third of employers (33%) but 70% of carriers predict the change will be full-time employees being dropped to part-time status (Exhibit 11). Other employers expect changes in hours worked through in a reduction in part-time hours (69%, compared to 39% of carriers). The employers in this study all had at least 5,000 employees, so they may not be influenced as much as smaller companies that are on the cusp of the cut-off for being affected by PPACA.

### Exhibit 11

**Change in Number of Hours U.S. Based Employees Will Work Due to PPACA**

<table>
<thead>
<tr>
<th>Change in Hours</th>
<th>Employers (36)</th>
<th>Carriers (33)</th>
<th>Total (69)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some full-time employees will be moved to part-time status</td>
<td>33%</td>
<td>51%</td>
<td>70% H</td>
</tr>
<tr>
<td>Some part-time employees will have their hours reduced</td>
<td>55%</td>
<td>69%</td>
<td>69% H</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Not sure</td>
<td>7%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Have not considered impact</td>
<td>6%</td>
<td>3%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Q13e. How do you think the number of hours that U.S.-based employees work will change due to PPACA? H indicates that number is significantly higher than the one it is being compared (employers versus carriers) to.

**Implications:**

As noted, the impacts of PPACA are generally expected to be a reduction in benefits, and the focus is still on health care rather than absence and disability. According to one focus group participant, “In the near term, there will be a big focus on the new health coverage and ensuring it addresses the new requirements. Disability will likely sit on the sidelines.”

It is also clear that these responses are not directly comparable because employers are referring to their specific situation while carriers are talking about a market. Even so, it appears that carriers are concerned about PPACA resulting in an employer exodus from the health care and disability marketplace that is not supported by the views of DMEC employer members.

The concern is greater for smaller businesses than for larger ones: “Some of the smaller employers, they just may not be able to afford [insurance], so it’s one of those things where they offer it now, but with the changes they just can’t afford to offer insurance anymore,” said one focus group participant.

Another echoed that thought: “Not sure what employers will do with benefit structures. Large employers need to remain competitive so the structures may become more flexible. Smaller or mid-size employers may be able to shift most of the cost to employees. Larger employers probably won’t make many changes.”
Absence and Disability Management Practices

DMEC members are currently mixed on how they handle absence management (Exhibit 12). One-third manages this issue in-house while a quarter outsources the entire function. The remaining organizations manage some aspects in house and rely on external vendors for others. Company size does not seem to have a significant relationship to this decision.

Exhibit 12

<table>
<thead>
<tr>
<th>Management Approach</th>
<th>Total (62)</th>
<th>Employers (18*)</th>
<th>Carriers (44)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insource</td>
<td>34%</td>
<td>26%</td>
<td>2%</td>
</tr>
<tr>
<td>Outsource</td>
<td>26%</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>Combination of insource and outsource</td>
<td>37%</td>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Don't know</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q10. Does your company currently insource or outsource your absence management program?

For the most part, employers do not expect their current set up to change over the next five years. Almost two-thirds expect no change at all. However, of those who expect a change, the majority predict that more organizations will outsource absence management (Exhibit 13).

Exhibit 13

<table>
<thead>
<tr>
<th>Change in Organization or Employer Decision</th>
<th>Total (62)</th>
<th>Employers (18*)</th>
<th>Carriers (44)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Substantially less likely to outsource absence management</td>
<td>5%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Somewhat less likely to outsource absence management</td>
<td>2%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>Somewhat more likely to outsource absence management</td>
<td>61%</td>
<td>56%</td>
<td>64%</td>
</tr>
<tr>
<td>Substantially more likely to outsource absence management</td>
<td>27%</td>
<td>33%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Q13. How do you think your organization’s decision(s) to outsource absence management will change?
*Caution: small sample size.

If this proves true, carriers should be ready. As it is, they face some of their own unique challenges as a result of PPACA. Under the law, benefit consultants, who have traditionally worked with insurance providers but did not offer any of their own products, can now set up health care exchanges in addition to their consultant work. Many carrier employees believe this arrangement will result in a conflict of interest. In fact, just 8% believe there is no conflict of interest at all in this new set up. Roughly one-fifth are still not sure about the new role benefit consultants will play (Exhibit 14).
Q21a. If benefit consultants built their own private health care exchanges, what would you consider their conflict of interest to be with their current role?

**Implications:**
While respondents did not indicate that they would change how they manage their absence and disability programs, it is important for vendors to be prepared for changes so they can both advise their clients and prepare for a potential increase in outsourcing. One focus group participant anticipates that there “may be less bidding and companies will sit with current providers….and] there will be an uptick in “voluntary” defined contribution approaches.”

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**Impact of PPACA on Benefit Use and Processes**

DMEC members also anticipate changes may occur in the way employees use their benefits as a result of PPACA. Sizable portions of employers and carriers expect changes to a variety of health and benefits processes (Exhibit 15) as a result of PPACA, although there is a fair amount of disagreement on how specifically each benefit will be affected.

**Reduced Access to Care**

Nearly two-thirds of employers and carriers believe there will be a change in the ability to see a doctor for routine care, with 40% of employers and 44% of carriers anticipating reduced access, but just half this number thinks access to standard care will increase. A smaller, but still substantial, portion of members forecast access to urgent care services will change with PPACA; employers are closely split on whether access will increase or decrease, while carriers tend to think access will increase.

According to at least one focus group participant, this reduced access will directly impact disability: “There will be lines -- more patients, fewer providers. If employees can’t get in to be treated that becomes a longer disability claim.”

**Increased Demand for Additional Benefits**

A sizable minority believes PPACA will impact employees’ demand for additional benefits such as supplemental medical insurance and ancillary benefits like disability insurance. Those who expect a change foresee PPACA leading to an increase in employees’ demands for additional benefits. Carriers are more likely to expect an increase than employers; for example, 54% of carriers (compared to 33% of employers) expect an increase in demand for supplemental medical coverage.
Consistent with their other opinions about the PPACA, carriers believe there will be more changes to benefits than their employer counterparts. For example, 51% of carriers expect an increase in changes to physician networks, compared to only 38% of employers.

### Exhibit 15

<table>
<thead>
<tr>
<th>Change as a Result of the Patient Protection and Affordable Care Act</th>
<th>Total (287)</th>
<th>Employers (169)</th>
<th>Carriers (118)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of your employees to be able to see a physician for routine care in a timely manner</td>
<td>Increase 21%</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Decrease 42%</td>
<td>40%</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>No Change 21%</td>
<td>27%H</td>
<td>13%</td>
</tr>
<tr>
<td>Ability of your employees to access urgent care services</td>
<td>Increase 27%</td>
<td>21%</td>
<td>35%H</td>
</tr>
<tr>
<td></td>
<td>Decrease 21%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>No Change 36%</td>
<td>43%H</td>
<td>25%</td>
</tr>
<tr>
<td>Ability of your employees to obtain a specialist’s certification for a long-term disability claim</td>
<td>Increase 15%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>Decrease 26%</td>
<td>22%</td>
<td>33%H</td>
</tr>
<tr>
<td></td>
<td>No Change 37%</td>
<td>41%</td>
<td>32%</td>
</tr>
<tr>
<td>Ability of an employer to obtain necessary paperwork for disability claims and Family Medical Leave Act requests</td>
<td>Increase 13%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Decrease 26%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>No Change 41%</td>
<td>45%</td>
<td>35%</td>
</tr>
<tr>
<td>Employees’ demand for ancillary benefits such as disability coverage</td>
<td>Increase 35%</td>
<td>29%</td>
<td>44%H</td>
</tr>
<tr>
<td></td>
<td>Decrease 6%</td>
<td>2%</td>
<td>11%H</td>
</tr>
<tr>
<td></td>
<td>No Change 39%</td>
<td>48%H</td>
<td>26%</td>
</tr>
<tr>
<td>Employees’ demand for access to supplemental medical coverage, such as critical illness insurance</td>
<td>Increase 41%</td>
<td>32%</td>
<td>54%H</td>
</tr>
<tr>
<td></td>
<td>Decrease 7%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>No Change 29%</td>
<td>39%H</td>
<td>14%</td>
</tr>
<tr>
<td>Changes to employees’ negotiated physician fees for workers compensation</td>
<td>Increase 31%</td>
<td>27%</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>Decrease 4%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>No Change 24%</td>
<td>30%H</td>
<td>17%</td>
</tr>
<tr>
<td>Changes to physician networks</td>
<td>Increase 44%</td>
<td>38%</td>
<td>51%H</td>
</tr>
<tr>
<td></td>
<td>Decrease 14%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>No Change 19%</td>
<td>26%H</td>
<td>9%</td>
</tr>
</tbody>
</table>

Q14. How do you think the following will change, if at all, as a result of the Patient Protection and Affordable Care Act? 
H indicates that number is significantly higher than the one it is being compared(employers versus carriers) to.

### Implications:
Because carriers are more likely than employers to anticipate changes for things like a demand for ancillary benefits or supplementary coverage due to the PPACA, this could be an opportunity for them to proactively address those anticipated needs.
**PPACA Impact on Absence and Disability Management Programs**

DMEC employer organizations currently have a wide variety of programs to help manage employee benefits and absence (Exhibit 16). Wellness initiatives are the most common program used by employers to help address employee health and absence, with 85% of DMEC members having such a program and 7% planning to introduce one in the next two years. Of those who have a program, 56% plan to expand the initiative in the next two years (not shown in Exhibit).

Says one focus group participant, “In our organization the past couple years we’ve basically focused very heavily on wellness…as long as they have a medical benefit with us they are also getting a free membership to the gym, and then just focused very heavy on educating [our employees] on wellness.”

#### Exhibit 16

<table>
<thead>
<tr>
<th>Current and Future Plans to Start Expansion in the Next Two Years (of those who work for an employer)</th>
<th>Employers (169)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellness initiatives</td>
<td>Have now 85% \ Plan to introduce 7%</td>
</tr>
<tr>
<td>Transitional work programs for those coming back from a long term absence</td>
<td>Have now 61% \ Plan to introduce 12%</td>
</tr>
<tr>
<td>Automation of disability and FMLA claim processing</td>
<td>Have now 56% \ Plan to introduce 12%</td>
</tr>
<tr>
<td>Different costs of benefits to employees based on healthy employee behaviors</td>
<td>Have now 43% \ Plan to introduce 21%</td>
</tr>
<tr>
<td>On-site doctors or clinics</td>
<td>Have now 34% \ Plan to introduce 4%</td>
</tr>
<tr>
<td>Personal time off (PTO) bank that does not differentiate between vacation, personal and sick time</td>
<td>Have now 32% \ Plan to introduce 7%</td>
</tr>
<tr>
<td>Defined contribution plan for non-retirement benefits</td>
<td>Have now 32% \ Plan to introduce 6%</td>
</tr>
</tbody>
</table>

Q22. What programs does your organization have now or plan to start expand in the next two years?

Other common programs include transitional work programs for those coming back from long-term absences (61%) and the automation of disability and FMLA claims (56%).

One program that will grow the most in the next two years, perhaps as a result of PPACA and its consequences, is providing different costs of benefits to employees based on healthy behaviors; only 43% have this now but half as many (21%) plan to introduce this (Exhibit 16).
The PPACA Not the Driving Force

Although many employers anticipate an increase in benefit costs due to PPACA, the expansion or development of absence management programs is generally not driven by the coming regulation changes and related anticipated cost increases. The vast majority of employers who have, plan to expand or plan to initiate these programs cite the PPACA as a slight or irrelevant factor (Exhibit 17).

Exhibit 17

Q23 For each of the following programs you have or are planning to introduce or expand, how much of a factor was the Patient Protection and Affordable Care Act in your decision to create or expand this program?

Implications:
Although PPACA is not a driving force for Employer Programs, it is anticipated to have a considerable impact on disability and absence, which can have a significant financial impact to a business. For this reason, employers and carriers need to learn more about PPACA and should prepare themselves to meet the challenges and changes this legislation is sure to cause.

Appendix A: Survey Design and Methods

The Impact of PPACA on Absence and Disability Policies and Benefits Survey is sponsored by the Disability Management Employer Coalition (DMEC), a non-profit coalition of employers and service providers with an interest in advancing strategies and resources that improve workforce productivity by minimizing the impact of absence and disability, and Pacific Resources, a leading expert in non-employee benefits programs. The focus of the study is on how employee absence and disabilities programs and practices will be affected by the full implementation of PPACA. The study is unique in that it provides the candid views of absence and disability decision-makers at large employer firms and of senior professionals who work for insurance carriers.

The national survey that is the subject of this report was preceded by an exploratory phase consisting of four focus groups and nine individual interviews among employers and carriers. Findings from this qualitative research surfaced issues that are top of mind to employers and carriers, and informed the questionnaire topics for the survey.
Employers participating in the survey were members of DMEC and worked for a public or private company, a public sector organization, an educational institution or other non-insurance carrier, administrative or consultant organization. They work at organizations with at least 5,000 employees and work in the benefit strategy or organization’s claims administration, or risk management areas. Carrier-members participating in the survey have job responsibilities which include developing insurance products, selling insurance products or advising, managing or overseeing absence and/or disability programs for employer clients. These responsibilities make up at least 50% of carrier-members’ job responsibilities. These individuals were identified from lists provided by DMEC and Pacific Resources.

The survey was conducted by randomly selecting participants and inviting them by email to participate in a web survey. The survey was conducted during the June/July 2013 time period, and includes the anonymous views of 287 professionals, including:

- 169 benefits policy decision makers in large employer organizations;
- 118 professionals in the insurance industry.

All surveys have a margin-of-error (or confidence interval). In this study, the margin of error is plus or minus 5 percentage points for results based on the total sample. The margin of errors for the employer and professional samples are plus/minus 7 and 8 percentage points, respectively. The survey was conducted by Rockbridge Associates, Inc., an independent research firm based in the Washington, DC area. Rockbridge is a member of the Council of American Survey Research Organizations (CASRO).

Survey Questions

**PPACA Knowledge and Readiness**

1. The Patient Protection and Affordable Care Act (PPACA) was passed by Congress in 2010 with the intent of expanding and reforming health care in the United States. How knowledgeable are you, personally, about how the Patient Protection and Affordable Care Act will affect employers?
   1. Not at all knowledgeable
   2. Slightly knowledgeable
   3. Somewhat knowledgeable
   4. Knowledgeable
   5. Very knowledgeable

2. How ready is your organization for the changes coming from the Patient Protection and Affordable Care Act? [ADD IF CARRIER/TPA: We are referring to the readiness of your company to help your employer clients.]
   1. Not at all ready
   2. Slightly ready
   3. Somewhat ready
   4. Mostly ready
   5. Completely ready
   6. Not sure
3. How do you think your organization compares to other employers in terms of being ready for the changes coming from the Patient Protection and Affordable Care Act? [ADD IF CARRIER/TPA: Please compare your organization’s readiness to help employers with your competitors’ readiness to help them.]
   1. Much less ready
   2. Less ready
   3. About the same
   4. More ready
   5. Much more ready
   6. Do not know

4. Why are you (more/less) ready than other (employers/carriers)? (OPEN-ENDED)

Disability Introduction

5. How significant is the financial impact of employee absence and disability on overall productivity for your (EMPLOYERS: organization/CARRIERS/TPAS: clients)?
   1. No impact
   2. Slight impact
   3. Moderate impact
   4. Significant impact
   5. Very significant impact

6. Is the senior management in your (EMPLOYER: organization/CARRIERS/TPAS: clients’ organizations) sufficiently aware of the financial impact of employee absence and disability?
   1. Senior management is as aware as they need to be
   2. They are somewhat aware, but should know more
   3. They need to be much more aware of these issues
   4. Do not know

7. Thinking about the next five years, do you expect the financial impact on (EMPLOYER: your organization/CARRIERS/TPAS: employers’ organizations) from absence and disability to:
   1. Greatly decrease
   2. Somewhat decrease
   3. Stay about the same
   4. Somewhat increase
   5. Greatly increase
   6. Do not know

[ASK IF Q7=4, 5: INCREASE]

8. In thinking about the next five years, what do you think will drive this increase in costs? (Select all that apply)
   1. Increased incidence of long-term disability claims
   2. Increased duration of long-term disability claims
   3. Increased incidence of absences and/or short term disability claims
   4. Increasing duration of absences and/or short term disability claims
   5. Higher disability insurance coverage costs
   6. Higher workers’ compensation coverage costs
   7. Increased use of FMLA
8. Increased negotiated physician costs
9. Higher health care costs overall
10. More employer provided coverage for employees

11. Less healthy population overall
12. Other:_____________
13. Not sure [EXCLUSIVE]

[ASK IF Q7=1, 2: DECREASE]

9. What will drive the decrease in costs? (Select all that apply)

1. Decreased incidence of long term disability claims
2. Decreased duration of long term disability claims
3. Decreased incidence of absences and/or short term disability claims
4. Decreasing duration of absences and/or short term disability claims
5. Lower disability coverage costs
6. Lower workers’ compensation coverage costs
7. Decreased use of FMLA
8. Lower health care costs overall
9. A healthier population overall
10. Other:_____________
11. Not sure [EXCLUSIVE]

ASK Q10-11 OF EMPLOYERS ONLY

10. Does your company currently insource or outsource your absence management program?

1. Insource
2. Outsource
3. Combination of insource and outsource
4. Don’t know

11. Do you expect your organization to change its current absence management program within the next five years?

1. Yes, my company will begin to insource
2. Yes, my company will begin to outsource
3. Yes, my will company begin to use a combination approach
4. No change expected
5. Not sure
Impact of PPACA

12. Do you think the Patient Protection and Affordable Care Act will increase or decrease the overall incidence of employee absence and disability claims? (select one)
   1 Significant increase
   2 Moderate increase
   3 Little increase
   4 Stay the same
   5 Little decrease
   6 Moderate decrease
   7 Significant decrease
   8 Have not considered that PPACA could impact absence & disability claims

13. Specifically, in which areas will the Patient Protection and Affordable Care Act have an impact on your (EMPLOYERS: organization/ CARRIERS/TPAS: clients)? (Select all that apply)

EMPLOYERS
   1 The cost of health care benefits for our employees [ASK 13A]
   2 The cost of health care benefits to the organization [ASK 13B]
   3 The cost of non-health care benefits for our employees (i.e. Life, Long Term Disability, etc.) [ASK 13C]
   4 The cost of non-health care benefits to the organization [ASK 13D]
   5 The number of hours employees work [ASK 13E]
   6 The incidence of short term disability claims [ASK 13F]
   7 The duration of short term disability claims [ASK 13F2]
   8 The incidence of long term disability claims [ASK 13G]
   9 The duration of long term disability claims [ASK 13G2]
   10 The incidence of Family Medical Leave Act absences [ASK 13H]
   11 The incidence of workers’ compensation claims [ASK 13I]
   12 The duration of workers’ compensation claims [ASK 13I2]
   13 Our company’s decision to offer health care benefits [ASK 13J]
   14 Our company’s decision to offer disability care benefits [ASK 13K]
   15 Our company’s decision to outsource absence management [ASK 13L]
   16 Other: specify________________
   17 None of these [EXCLUSIVE]

CARRIERS
   1 The cost of health care benefits for employees [ASK 13A]
   2 The cost of health care benefits for companies [ASK 13B]
   3 The cost of non-health care benefits for employees (i.e. Life, Long Term Disability, etc.) [ASK 13C]
   4 The cost of non-health care benefits for employers [ASK 13D]
   5 The number of hours employees work [ASK 13E]
   6 The incidence of short term disability claims [ASK 13F]
   7 The duration of short term disability claims [ASK 13F2]
   8 The incidence of long term disability claims [ASK 13G]
   9 The duration of long term disability claims [ASK 13G2]
   10 The incidence of Family Medical Leave Act absences [ASK 13H]
   11 The incidence of workers’ compensation claims [ASK 13I]
12 The duration of workers’ compensation claims [ASK 13I2]
13 Companies’ decisions to offer health care benefits [ASK 13J]
14 Companies’ decisions to offer disability benefits [ASK 13K]
15 Companies’ decisions to outsource absence management [ASK 13L]
16 Other: specify__________________
17 None of these [EXCLUSIVE]

13A. How will employees’ costs for health care benefits change due to PPACA? Your best estimate is fine (select one).
   1 Decrease by less than 10 percent
   2 Decrease by 10 to 20 percent
   3 Decrease by 21 to 30 percent
   4 Decrease by 31 to 40 percent
   5 Decrease by 41 to 50 percent
   6 Decrease by more than 50 percent
   7 Increase by less than 10 percent
   8 Increase by 10 to 20 percent
   9 Increase by 21 to 30 percent
  10 Increase by 31 to 40 percent
  11 Increase by 41 to 50 percent
  12 Increase by more than 50 percent
  13 Costs will stay the same
  14 Not sure
  15 Have not considered impact

13B. How will employers’ costs for health care benefits change due to PPACA? Your best estimate is fine (select one).
   1 Decrease by less than 10 percent
   2 Decrease by 10 to 20 percent
   3 Decrease by 21 to 30 percent
   4 Decrease by 31 to 40 percent
   5 Decrease by 41 to 50 percent
   6 Decrease by more than 50 percent
   7 Increase by less than 10 percent
   8 Increase by 10 to 20 percent
   9 Increase by 21 to 30 percent
  10 Increase by 31 to 40 percent
  11 Increase by 41 to 50 percent
  12 Increase by more than 50 percent
  13 Costs will stay the same
  14 Not sure
  15 Have not considered impact
13C. How will employees’ costs for non-health care benefits (i.e. Life, Long Term Disability, etc.) change due to PPACA? Your best estimate is fine.
   1. Decrease by less than 10 percent
   2. Decrease by 10 to 20 percent
   3. Decrease by 21 to 30 percent
   4. Decrease by 31 to 40 percent
   5. Decrease by 41 to 50 percent
   6. Decrease by more than 50 percent
   7. Increase by less than 10 percent
   8. Increase by 10 to 20 percent
   9. Increase by 21 to 30 percent
  10. Increase by 31 to 40 percent
  11. Increase by 41 to 50 percent
  12. Increase by more than 50 percent
  13. Costs will stay the same
  14. Not sure
  15. Have not considered impact

13D. How do you think employers’ costs for non-health care benefits will change due to PPACA? Your best estimate is fine.
   1. Decrease by less than 10 percent
   2. Decrease by 10 to 20 percent
   3. Decrease by 21 to 30 percent
   4. Decrease by 31 to 40 percent
   5. Decrease by 41 to 50 percent
   6. Decrease by more than 50 percent
   7. Increase by less than 10 percent
   8. Increase by 10 to 20 percent
   9. Increase by 21 to 30 percent
  10. Increase by 31 to 40 percent
  11. Increase by 41 to 50 percent
  12. Increase by more than 50 percent
  13. Costs will stay the same
  14. Not sure
  15. Have not considered impact

13E. How do you think the number of hours that U.S.-based employees work will change due to PPACA? (select one)
   1. Some full-time employees will be moved to part-time status
   2. Some part-time employees will have their hours reduced
   3. Other (specify)____________________________
   4. Not sure
   5. Have not considered impact
13E. How do you think the incidence of short term disability claims will change due to PPACA? (select one)
   1. Decrease substantially
   2. Decrease moderately
   3. Stay the same
   4. Increase moderately
   5. Increase substantially
   6. Not sure
   7. Have not considered impact

13F2. How do you think the duration of short term disability claims will change due to PPACA? (select one)
   1. Decrease substantially
   2. Decrease moderately
   3. Stay the same
   4. Increase moderately
   5. Increase substantially
   6. Not sure
   7. Have not considered impact

13G. How do you think the incidence of long term disability claims will change due to PPACA? (select one)
   1. Decrease substantially
   2. Decrease moderately
   3. Stay the same
   4. Increase moderately
   5. Increase substantially
   6. Not sure
   7. Have not considered impact

13G2. How do you think the duration of long term disability claims will change due to PPACA? (select one)
   1. Decrease substantially
   2. Decrease moderately
   3. Stay the same
   4. Increase moderately
   5. Increase substantially
   6. Not sure
   7. Have not considered impact

13H. How do you think the incidence of FML (Family Medical Leave) absences will change due to PPACA? (select one)
   1. Decrease substantially
   2. Decrease moderately
   3. Stay the same
   4. Increase moderately
   5. Increase substantially
   6. Not sure
   7. Have not considered impact
13I. How do you think the incidence of workers’ compensation claims will change due to PPACA? (select one)
1. Decrease substantially
2. Decrease moderately
3. Stay the same
4. Increase moderately
5. Increase substantially
6. Not sure
7. Have not considered impact

13I2. How do you think the duration of workers’ compensation claims will change due to PPACA? (select one)
1. Decrease substantially
2. Decrease moderately
3. Stay the same
4. Increase moderately
5. Increase substantially
6. Not sure
7. Have not considered impact

13J. How do you think (EMPLOYERS: your organization’s/CARRIERS/TPAS: employers’) decision(s) to offer health care benefits will change due to PPACA? (select one)
1. Substantially reduce or eliminate health care benefits
2. Moderately reduce health care benefits
3. Moderately increase health care benefits
4. Substantially increase health care benefits
5. Not sure

13K. How do you think (EMPLOYERS: your organization’s/CARRIERS/TPAS: employers’) decision(s) to offer disability benefits will change due to PPACA? (select one)
1. Substantially reduce or eliminate disability benefits
2. Moderately reduce disability benefits
3. Moderately increase disability benefits
4. Substantially increase disability benefits
5. Not sure

13L. How do you think (EMPLOYERS: your organization’s/CARRIERS/TPAS: your clients’) decision(s) to outsource absence management will change? (“absence management” includes FMLA, short-term disability and long-term disability) (select one)
1. Substantially less likely to outsource absence management
2. Somewhat less likely to outsource absence management
4. Somewhat more likely to outsource absence management
5. Substantially more likely to outsource absence management
6. Not sure

14. How do you think the following will change, if at all, as a result of the Patient Protection and Affordable Care Act?
[USE TABLE; RANDOMIZE]

CATEGORIES FOR TABLE:
1  Decrease substantially
2  Decrease moderately
3  No change
4  Increase moderately
5  Increase substantially
6  Not sure

A. Ability of (EMPLOYERS: your employees/CARRIERS/TPAS: employees) to be able to see a physician for routine care in a timely manner.
B. Ability of (EMPLOYERS: your employees/CARRIERS/TPAS: employees) to access urgent care services.
C. Ability of (EMPLOYERS: your employees/CARRIERS/TPAS: employees) to obtain a specialist's certification for a long-term disability claim
D. Ability of an employer to obtain necessary paperwork for disability claims and Family Medical Leave Act requests
E. Employees' demand for ancillary benefits such as disability coverage
F. Employees' demand for access to supplemental medical coverage, such as critical illness insurance
G. Changes to employees' negotiated physician fees for workers compensation
H. Changes to physician networks

People have different predictions about what impact the Patient Protection and Affordable Care Act will have specifically on absence and disability. You are about to see four pairs of scenarios. For each pair of scenarios, please indicate which one you think is more likely (EMPLOYERS: in your company/ PROVIDERS: for your clients). If you feel it is impossible to answer or neither scenario is likely, please check the box under the question. [REPEAT ON EACH SCREEN]

RANDOMIZE Q15-18.

15.

<table>
<thead>
<tr>
<th>Since more people will have access to care under the Patient Protection and Affordable Care Act, more employees will get preventative care and there will be fewer long term absences.</th>
<th>Much More Likely</th>
<th>More Likely</th>
<th>Equally Likely</th>
<th>More Likely</th>
<th>Much More Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

☐ I have no idea and cannot answer
☐ Neither scenario is likely
16. Changes in access to care will mean health conditions (for our employees/employees) are more likely to be treated in a timely manner and the duration of absences from work will decrease.

<table>
<thead>
<tr>
<th></th>
<th>Much More Likely</th>
<th>More Likely</th>
<th>Equally Likely</th>
<th>More Likely</th>
<th>Much More Likely</th>
</tr>
</thead>
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</tr>
</tbody>
</table>

Changes in access to care will drive up wait times (for our employees/employees) and the duration of absences from work will increase.

☐ I have no idea and cannot answer
☐ Neither scenario is likely

17. There will be more disability claims as (our employees/employees) no longer fear losing their health care coverage due to a long term absence.

<table>
<thead>
<tr>
<th></th>
<th>Much More Likely</th>
<th>More Likely</th>
<th>Equally Likely</th>
<th>More Likely</th>
<th>Much More Likely</th>
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</tbody>
</table>

There will be fewer disability claims because (our employees/employees) cannot afford the increased health care costs while they are out of work and not earning their full salary.

☐ I have no idea and cannot answer
☐ Neither scenario is likely

18. The rate of presenteeism, or employees showing up to work when they should be taking leave for health reasons, will decrease because (or employees/employees) will be able to get the care they need.

<table>
<thead>
<tr>
<th></th>
<th>Much More Likely</th>
<th>More Likely</th>
<th>Equally Likely</th>
<th>More Likely</th>
<th>Much More Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>🗙</td>
</tr>
</tbody>
</table>

The rate of presenteeism will increase because (our employees/employees) will need to work in order to afford their increased health care costs.

☐ I have no idea and cannot answer
☐ Neither scenario is likely
Records and Data Management

RANDOMIZE Q19-20

19. If employers move their health care benefits to an exchange, what will the impact be on their ability to manage their absence and disability programs? (select one)
   1. Become significantly easier
   2. Become somewhat easier
   3. Neither easier or more difficult
   4. Become somewhat more difficult
   5. Become significantly more difficult
   6. Not sure

20. What impact, if any, will employers moving their health care benefits to an exchange have on the ability of the company to manage successful internal employee health and wellness programs? (select one)
   1. Much harder
   2. Somewhat harder
   3. Neither harder nor easier
   4. Somewhat easier
   5. Much easier
   6. Not sure

ASK ONLY CARRIER/TPA (S1 – 2, 3, 4)

21a. If benefit consultants built their own private health care exchanges, what would you consider their conflict of interest to be with their current role? (select one)
   1. A significant conflict of interest
   2. A moderate conflict of interest
   3. A slight conflict of interest
   4. No conflict of interest
   5. Not sure
   6. Have not considered the issue
**Programs – Employers Only**

22. What programs does your organization have now or plan to start or expand in the next two years?

<table>
<thead>
<tr>
<th>CATEGORIES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Have now, no plans to expand</td>
</tr>
<tr>
<td>2 Have now, plan to expand in next two years</td>
</tr>
<tr>
<td>3 Plan to introduce in next two years</td>
</tr>
<tr>
<td>4 Don’t have now, no plans to introduce</td>
</tr>
<tr>
<td>5 Not sure</td>
</tr>
</tbody>
</table>

A. Automation of disability and FMLA claim processing
B. Different costs of benefits to employees based on healthy employee behaviors
C. Defined contribution plan for non-retirement benefits
D. On-site doctors or clinics
E. Personal time off (PTO) bank that does not differentiate between vacation, personal and sick time
F. Transitional work programs for those coming back from a long term absence
G. Wellness initiatives

23. For each of the following programs you have or are planning to introduce or expand, how much of a factor was the Patient Protection and Affordable Care Act in your decision to create or expand this program?

<table>
<thead>
<tr>
<th>CATEGORIES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Not a factor at all</td>
</tr>
<tr>
<td>2 Slight factor</td>
</tr>
<tr>
<td>3 Moderate factor</td>
</tr>
<tr>
<td>4 Significant factor</td>
</tr>
<tr>
<td>5 Not sure</td>
</tr>
</tbody>
</table>

**Demographics and Firmographics**

We are almost finished. There are just a few more questions about your organization.

25. What percentage of your workforce is based in the U.S.?

| 1 0 to 24% |
| 2 25% to 49% |
| 3 50% to 74% |
| 4 75% to 99% |
| 5 100% |
EMPLOYER ONLY

26. Are any of the U.S. based employees at your firm members of a union and subject to a collective bargaining agreement?
   1. Yes
   2. No
   3. Not sure

EMPLOYER ONLY

27. What types of insurances are available to employees through your company? (Check all that apply)
   1. Medical
   2. Dental
   3. Long-term Disability
   4. Short-term Disability
   5. Life
   6. Paid Leave
   7. Salary continuation
   8. None of the above [EXCLUSIVE]

EMPLOYER ONLY

[ASK IF 1 IN Q27]

28. Is your medical plan…
   1. Fully insured
   2. Self insured
   3. Not sure

ASK ONLY IF 1 OR 2 IN S1.

29a. Does your company offer the choice of “Cadillac” health insurance plans (EMPLOYERS: to employees/CARRIERS: to companies)?
   1. Yes, for all employees
   2. Yes, but just for some employees
   3. No
   4. Not Sure

29. Do you think that benefits will be reduced (EMPLOYERS: in your organizations / CARRIERS: in employers’ organizations) to avoid the “Cadillac” tax starting in 2018 (Select one)
   1. Benefits will be reduced significantly to avoid the “Cadillac” tax
   2. Benefits will be reduced somewhat to avoid the “Cadillac” tax
   3. No change in benefits due to “Cadillac” tax
   4. Do not know
EMPLOYER ONLY

30. In which industry is your firm? (select one)
   1. Agriculture, Forestry, Fishing and Hunting
   2. Mining, Quarrying, and Oil and Gas Extraction
   3. Utilities
   4. Construction
   5. Manufacturing
   6. Wholesale Trade
   7. Transportation and Warehousing
   8. Information Technology
   9. Finance
   10. Insurance
   11. Real Estate and Rental and Leasing
   12. Professional, Scientific and Technical Services
   13. Management of Companies and Enterprises
   14. Educational Services including public and private K-12 schools and universities
   15. Health Care
   16. Social Assistance
   17. Arts, Entertainment and Recreation
   18. Accommodation and Food Service
   19. Public Administration
   20. Retail
   21. Other

31. Do you have any comments you would like to share regarding the possible impact of PPACA on absence and disability issues?

   OPEN-END
   □ No thank you

32. IF COMMENT MADE: Would you be willing to be quoted in the survey report, which will be published? (if yes, we will confirm your participation and ensure you approve/review the quote before it is used)
   1. No, do not use my comments
   2. Yes, but keep my name anonymous
   3. Yes, and feel free to identify me

EXIT TO THANK YOU SCREEN.
The Disability Management Employer Coalition (DMEC) is a non-profit organization that provides educational resources to employers in the areas of disability, absence, health, and productivity. The primary goal of DMEC is to assist employers in developing cost-saving programs, encouraging responsive market products, and returning employees to productive employment. Visit www.dmec.org for more information about educational publications and events.

DMEC currently has over 4,700 members in chapters across the United States and two international exchange programs. Both Employer and Supplier memberships are offered. DMEC strives to provide excellence in service and industry leadership by adhering to the highest principles of integrity, honesty, and ethical standards.

For more information on DMEC, including upcoming conferences, seminars, virtual education webinars, chapter activities, and member news and resources visit www.dmec.org or call 800.789.3632.