

GOVERNMENTS FACE ROADBLOCKS TO AFFORDABLE HEALTH INSURANCE

Local governments are increasingly challenged to provide affordable health insurance coverage for the long term – and costs are rising:



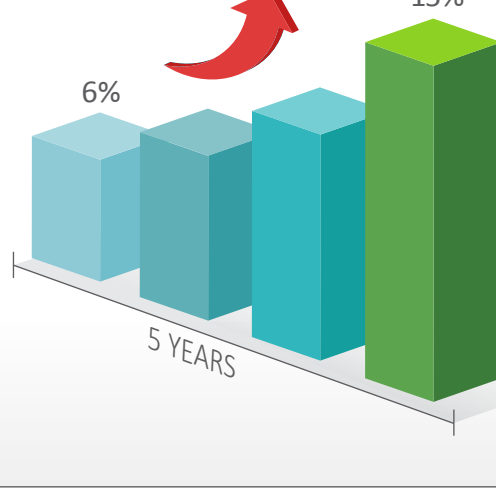
LOCAL GOVERNMENTS **ALREADY SPEND 9 PERCENT** OF THEIR BUDGETS ON HEALTH CARE.¹

According to a December 2014 survey by the Center for State and Local Government Excellence (SLGE),

61%

of local governments say their health care costs have **increased between 6 and 15 percent in the last 5 years.**

● 11 percent say costs have increased **more than 15 percent.**²



In 2013, the 30 largest cities had over

\$100 BILLION

in retiree health care deficits.³

In 2018, the excise or “Cadillac” tax will take effect — a

40%

tax on employers (including local governments) that provide high-cost health benefits to their employees.

BENEFIT ADMINISTRATION IS **INCREASINGLY COMPLICATED.**



WHAT ARE LOCAL GOVERNMENTS' OPTIONS?

Local governments can:

Make Benefit Design Changes

A 2014 NACo survey found 1/3 of counties shopped for a new plan in 2013 and 31 percent of them noted it was due to the need to lower costs.⁴

1/3

of counties shopped for a new plan in 2013



Raise Employee and Retiree Contributions

According to the SLGE survey, 57 percent of local governments have increased employees' share of premiums. 53 percent have raised deductibles on current employees, 35 percent on pre-65 retirees and 14 percent on post-65 retirees.⁵



53%

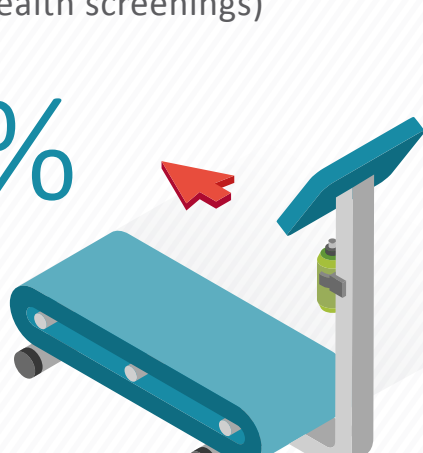
of local governments raised deductibles on current employees

Offer Wellness Programs

(Smoking cessation, gym memberships and weight loss programs, and preventative health screenings)

69%

of local governments are offering wellness programs⁶



Implement Disease Management Programs

(Organized, proactive, multicomponent approaches to health care delivery for people with a specific health problem, such as diabetes or heart disease)

57%

of local government are offering diseases management programs⁷



HOW CAN PRIVATE EXCHANGES HELP?

Private exchanges help local governments execute increasingly complicated strategies — and they can allow local governments to leverage all of the above options to lower costs.

Private Exchanges

can incorporate multiple cost-saving options to help local governments cover current employees and pre-65 and post-65 retirees.



Private exchanges:

- Enable a multi-year plan design strategy to mitigate the cost of the high-value plan tax (Cadillac tax) and retiree liabilities
- Offer defined benefit, defined contribution plans — or both
- Allow employers and employees to retain group coverage
- Communicate the value and rewards of participating in wellness and disease management programs
- Provide simplified benefit administration for complicated needs

To learn more, visit: www.aetnaprivateexchange.com

Endnotes

1. http://www.usgovernmentspending.com/current_spending
2. <http://slge.org/wp-content/uploads/2014/12/LG-Strategies-to-Address-Rising-Health-Care-Costs1.pdf>
3. <http://www.brookings.edu/research/opinions/2014/08/05-unfunded-retiree-benefits-pozen>
4. http://www.naco.org/research/Documents/County%20Health%20Benefits%20FINAL_06.30.2014.pdf
5. <http://slge.org/wp-content/uploads/2014/12/LG-Strategies-to-Address-Rising-Health-Care-Costs1.pdf>
6. <http://slge.org/wp-content/uploads/2014/12/LG-Strategies-to-Address-Rising-Health-Care-Costs1.pdf>
7. <http://slge.org/wp-content/uploads/2014/12/LG-Strategies-to-Address-Rising-Health-Care-Costs1.pdf>