

# Cut Through the Market Reform Noise

## 6 Key Messages for Workers

There's a lot of chatter about health care reform. How can your company communicate effectively to workers while also meeting reform's many requirements? Focusing on six key messages can help you cut through the noise and help workers make better informed benefits decisions.



### 1. Your Company's Plan

This year, most businesses need to tell workers whether they plan to offer (or not to offer) employer-sponsored major medical insurance, and also give them information about the Health Insurance Marketplace and potential subsidies. Employers subject to the Fair Labor Standards Act (FLSA) are required by the ACA to provide written notice to workers about these changes by Oct. 1 and upon hire to all new employees after that date.

### 2. Workers' Risk of Losing Employer Contributions

If workers purchase coverage through the Health Insurance Marketplace, they may miss out on employer contributions to company-offered health benefits. They may also lose the tax break stemming from employer contributions that are excluded from federal income taxes. This information must be included in the Oct. 1 notice.

### 3. Your Company's Benefits-Coverage Level

It is imperative that workers know your company's level of benefits coverage to accurately compare plans. In today's market, the average actuarial value (AV)\* of employer-provided coverage is 80 to 89 percent.<sup>1</sup> In addition to offering plans with 80 and 90 percent AVs, the public Health Insurance Marketplace will offer plans with the same benefits levels but lower actuarial values (60 and 70 percent), which means these plans offer lower premiums but consumers will be responsible for more of out-of-pocket costs such as copays, deductibles and co-insurance.

### 4. \$\$ Your Company Contributes

Money can say a lot, especially as workers are shopping for benefits – some for the first time. Two-in-five workers (41 percent) say they do not truly understand their employers' contributions to their benefits plans,<sup>2</sup> so be sure to talk to workers about your company's investment. This provides them with a clear picture of their total compensation packages. With health care costs continuing to rise, your total contribution can have a substantial effect on workers' wallets.

## 5. Voluntary Benefits Offerings

Even for those with major medical insurance, voluntary insurance policies, also known as supplemental benefits, help provide an essential financial safety net for workers in the event of serious illness or injury. Because dental insurance is the only voluntary benefit offered through the public Health Insurance Marketplace, other voluntary options such as disability, life and accident coverage must be purchased separately.

## 6. Your Company's Total Rewards Strategy

If your company offers perks such as a wellness program, flex time or discount gym memberships, be sure to boast about these perks during open enrollment. It is the perfect opportunity to educate workers about all your company has to offer. Some might not enroll in these programs, but awareness will improve employees' opinions of your company's benefits.

\*Actuarial value (AV) is the amount a plan is expected to pay, on average, for the Essential Health Benefits (EHBs) offered by the plan. The remaining amount is represented as co-payments, deductibles, and co-insurance and would be paid by the covered individual(s).

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### Sources:

<sup>1</sup> Gabel, J.R., Lore, R., McDevitt, R.D., Pickreign, J.D., Whitmore, H. Slover, M. & Levy-Forsythe, E. (2012). More Than Half Of Individual Health Plans Offer Coverage That Falls Short Of What Can Be Sold Through Exchanges As Of 2014. Health Affairs, 31(6):1339-1348.

<sup>2</sup> 2013 Aflac WorkForces Report, a study conducted by Research Now on behalf of Aflac, January 7 - January 24, 2013.

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