



American Workers on an Uphill Road with Consumer-Driven Health Care

New Aflac survey reveals employees are not prepared for increased costs, may not want control and lack education

Columbus, GA – April 24, 2013 – American workers are facing a sea of change when it comes to health care options. With rising health care costs and reform legislation, the traditional method of simply picking a comprehensive insurance plan from among a few options offered by an employer will soon be a thing of the past. But will consumers be prepared to take greater control, handle rising costs and make sound decisions? Not according to the 2013 Aflac WorkForces Report (AWR) which found that:

- Nearly three-quarters (72 percent) of the workforce have not heard of the phrase “consumer-driven health care;”
- More than half (54 percent) of workers would prefer *not* to have greater control over their insurance options because they don’t have the time or knowledge to effectively manage it;
- 62 percent of workers believe the medical costs they will be responsible for will increase, while only 23 percent are saving money for potential increases;
- 75 percent of workers said they think their employer would educate them about changes to their health care coverage as a result of reform, but only 13 percent of employers said educating employees about health care reform was important to their organization.

These findings are from the third annual Aflac WorkForces Report, a national study released today that analyzes the trends, attitudes, and use of employee benefits. The 2013 AWR results are from an online survey of nearly 1,900 benefits decision-makers and more than 5,200 U.S. workers, conducted in January 2013 by Research Now and released by Aflac, the No. 1 provider of supplemental and guaranteed-renewable insurance in the United States.

“It may be referred to as ‘consumer-driven health care,’ but in actuality, consumers aren’t the ones driving these changes, so it’s no surprise that many feel unprepared,” said Audrey Boone Tillman, executive vice president of Corporate Services at Aflac. “The bottom line is if consumers aren’t educated about the full scope of their options, they risk making costly mistakes without a financial back-up plan.”

New Decisions Daunting

As consumers are confronted with more health care decisions, the 2013 Aflac report found that many workers already find health insurance decisions daunting and have reservations about taking greater control. Five out of 10 (53 percent) fear that they may not adequately manage their coverage, leaving their families less protected than they are now. Not only have they been historically complacent, with 89 percent admitting they choose the same benefits year over year, but many don’t understand the options provided to them.

The 2013 Aflac WorkForces Report found that among consumers:

- 32 percent are not very/not at all knowledgeable about health savings accounts (HSA)
- Three out of four (76 percent) are not very/not at all knowledgeable about federal and state health care exchanges
- Almost half (49 percent) are not very/not at all knowledgeable about health reimbursement accounts
- 25 percent are not very/not at all knowledgeable about flex spending accounts (FSA)

Even though educating employees is a low priority, helping workers learn how to effectively manage their health care choices presents an opportunity for employers to demonstrate they care about their employees, and to curb potential absenteeism, low morale and low productivity.

Cost Shifting: Facing the Facts

To control their health care expenses, businesses are choosing new health plans that are shifting active management of health care decisions to employees. According to the 2013 AWR, more than half (53 percent) of employers have implemented a high-deductible health plan (HDHP) over the past three years — a trend that shows no sign of slowing. A 2012 Employer Health Plan Study by J.D. Power and Associates found that 47 percent of employers say they “definitely” or “probably” will switch to a defined contribution health care plan.¹

Yet, even with the shift towards HDHPs, defined contribution plans and the looming impact of state and private insurance exchanges, more than half of workers (55 percent) have done nothing to prepare for possible changes to the health care system.² The U.S. government predicts that household out-of-pocket health care expenses will reach an average of \$3,301 per year by 2014.³ Despite these figures, the 2013 AWR found that only 23 percent of workers are saving more in anticipation of potential increases in medical costs, nearly half (46 percent) have less than \$1,000 in savings to use for out-of-pocket expenses associated with an unexpected serious illness or accident, and 25 percent of employees have less than \$500.

Finding a Solution

Without a better understanding of their options and the implications of their choices, workers are at risk of making costly decisions.

“It’s time for consumers to face reality. Ready or not, they are being put in control of their health insurance decisions — and that means having to make choices that could have a big impact on personal finances,” said Tillman. “If employers aren’t offering guidance to workers on how to make crucial benefits decisions, the responsibility lies in the hands of consumers to educate themselves.”

Tillman suggests employees:

- Sit down with HR professionals to ask questions and have policies explained. Understanding key terms, deductible limits and copay and coinsurance requirements are the first step to making sensible decisions.
- Do homework. Figure out your budget for health care – look at your paycheck, savings account, previous records and bills to understand how much health care actually costs and determine what kind of plan meets your needs.
- Ensure that no stone is left unturned when it comes to choosing benefits. Learn more about all policies offered by your employer or on your state’s exchange, including supplemental insurance policies which provide an additional layer of coverage beyond major medical insurance.

To learn more about the 2013 Aflac WorkForces Report and to read the in-depth articles on Consumer-Driven Health Care, “The Competitive Edge,” “Benefits Matter” and “Growing Need for Voluntary Products,” visit AflacWorkForcesReport.com.

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¹ “2012 Employer Health Plan Study,” J.D. Power and Associates, June 18, 2012; <http://www.jdpower.com/content/press-release/fFZdN13/2012-employer-health-plan-study.htm>

² “2013 Aflac WorkForces Report,” conducted by Research Now on behalf of Aflac, January 2013

³ “Bankrate.com” accessed March 27, <http://www.bankrate.com/finance/insurance/coping-with-out-of-pocket-health-care-cost-1.aspx>

About the Study

The 2013 Aflac WorkForces Report is the 3rd annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted by Research Now, captures responses from 1,884 benefits decision-makers and 5,299 employees across the U.S. To learn more about the Aflac WorkForces Report, visit AflacWorkForcesReport.com.

Conducted by Research Now on behalf of Aflac, the research contained two components — employer research and employee research. The Employer Survey was conducted online within the United States between Jan. 4, 2013, and Jan. 15, 2013, among 1,884 benefits decision-makers. Results were representative of U.S. companies with at least three employees based on company size (number of employees) and industry. No estimates of theoretical sampling error can be calculated; a full methodology is available.

The Employee Survey was conducted online within the United States between Jan. 7, 2013, and Jan. 24, 2013, among 5,229 employed adults ages 18 and older who are employed full or part time at a company with three or more employees and not retired. The first 3,038 interviews were nationally representative while the remaining 3,602 interviews were conducted among the Top 20 designated market areas (DMAs) —100+ interviews per DMA. Results were weighted as needed for household income. No estimates of theoretical sampling error can be calculated; a full methodology is available.

About Research Now

Research Now is the leading global online sampling and online data collection company. With over six million panelists in 38 countries worldwide, Research Now enables companies to listen to and interact with real consumers and business decision-makers to help them make key business decisions. Research Now offers a full suite of data collection services, including social media sampling, and operates the Valued Opinions™ Panel and e-Rewards® Opinion Panels. The company has a multilingual staff located in 24 offices around the globe and has been recognized for four consecutive years as the industry leader in client satisfaction. For more information, please visit researchnow.com.

About Aflac

When a policyholder gets sick or hurt, Aflac pays cash benefits fast. For nearly six decades, Aflac insurance policies have given policyholders the opportunity to focus on recovery, not financial stress. In the United States, Aflac is the number one provider of guaranteed-renewable insurance. In Japan, Aflac is the number one life insurance company in terms of individual policies in force. Aflac individual and group insurance products provide protection to more than 50 million people worldwide. For seven consecutive years, Aflac has been recognized by Ethisphere magazine as one of the World's Most Ethical Companies. In 2013, FORTUNE magazine recognized Aflac as one of the 100 Best Companies to Work For in America for the 15th consecutive year. Also, in 2013, FORTUNE magazine included Aflac on its list of Most Admired Companies for the 12th time, ranking the company number one in the life and health insurance category. Aflac Incorporated is a Fortune 500 company listed on the New York Stock Exchange under the symbol AFL. To find out more about Aflac, visit aflac.com or espanol.aflac.com.

Aflac herein means American Family Life Assurance Company of Columbus.

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