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ACA-Related Data: New Insights On Retention, Benefits, And Gender Equity Challenges

How employers can leverage their own ACA data

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While Affordable Care Act (ACA) compliance and reporting can be challenging for employers, the law's requirements have also led to better management of complex workforce data and new insights. By aggregating data from the unrelated payroll, benefits administration and HRIS systems required to actively manage the ACA, employers now have new ways to look more deeply into workforce data to improve operational strategies. This article, which is based on our annual analysis of compliance, benefits, and workforce data covering millions of lives at employers across a broad spectrum of industries, outlines several areas where employers can leverage their own ACA data.

Identify Savings Opportunities and Future Costs to the Company

Our 2018 analysis found that Millennial and Gen Z employees are currently less likely to be eligible and enroll in employer-sponsored health insurance coverage than employees from older generations. And, when they enroll, Millennials and Gen Z workers are more likely to choose benefits with a lower actuarial value, meaning the benefits are cheaper and their chosen insurance plans cover a lower percentage of their medical costs – resulting in short term cost advantage for employers. However, as these two generations age and become a greater percentage of the workforce, they will impact your organization's bottom line as their need for more and better coverage grows.

Across the board, only 26% of eligible Gen Z employees and 68% of Millennials are enrolling in employer-sponsored coverage versus 75% of Gen X employees. Because some Millennials and most Gen Z employees are still eligible to be covered under a parents' health insurance plan, many are not enrolling in their own employer-sponsored benefits. In the next five years, however, nearly one in five employees enrolled in family health coverage will have a Millennial or Gen Z dependent age out of parental coverage – potentially resulting in a hit to employers' budgets through increased enrollment of these younger workers.

Make Decisions About Pay-Based Premiums

With ACA-related compliance data, employers that are considering a pay-based premium approach now have easier access to benefit eligibility and enrollment information by pay grades, allowing them to make better informed decisions about their plan offerings.

For example, in 2017, the average monthly employee premium cost share for individual coverage was \$130/month and \$375/month for family coverage. An employee making 100% of the Federal Poverty Level (FPL - \$12,060 annually in 2017), would pay an average of 13% of their wage for employee-only coverage and an average of 37% of their wage for family coverage premiums. That's a lot of money to spend on health coverage alone and, as a result, many lower-income employees may opt to decline participation in your organization's sponsored health benefits. This can be an issue when it comes to employee retention, as our data also reveals that employees who are enrolled in employer-sponsored plans stay at their jobs longer than employees who are not enrolled.

More specifically, employees making less than 100% of the FPL who are enrolled in their employers' health plan have an average tenure three times greater than the average tenure of those who don't enroll in employer benefits. In other words, there is a strong link between retention and healthcare benefits for lower-paid employees. Yet these employees (who are typically the most likely to interact with customers) are also least likely to enroll in employer healthcare benefits.

Some employers have switched to wage-based premiums to help their lower-paid employees pay less toward health coverage than their higher-paid colleagues. To build health benefits strategies that meet the needs of individuals at all salary levels, employers should look at their current offerings and enrollment by pay grade and consider whether a pay-based premium model makes sense.

Spot Equity Issues

Gender and pay equity issues can lead to lawsuits and a major hit to your brand and company morale. Many employers may not even be aware of equity problems, as they are not always easy to spot.

These equity challenges can exist beyond pay. For example, our analysis found that, in 2017, more male workers were eligible for ACA coverage than female: 78% of male employees were eligible, while only 71% of female employees qualified for health benefits under ACA regulations. Despite the difference in eligibility, once offered, enrollment in employer-sponsored benefits is relatively similar across genders, though women are more likely to opt for plans of higher actuarial value than their male counterparts.

By aggregating ACA workforce data monthly, employers can generate the data necessary to identify potential equity issues and can then work to resolve them.

Improve Retention

Employers can use their transformed workforce data to understand and better support retention efforts. Generally, employees appear to be more likely to stay in a position where their health benefit needs are supported. Not surprisingly, when individuals enroll in employer-sponsored health plans, they are more likely to have a longer tenure. And, when the benefits are richer or include family coverage, they are more likely to stay even longer.

However, the link between benefit enrollment and tenure is stronger in some industries and worker segments than others.

Author Bio



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