ASSIGNING PRIORITY TO THE ISSUE OF HEALTH-PLAN ENROLLMENT AMONG LOW-INCOME EARNERS

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They are, most likely, mission critical to many companies as they serve on the front line when interacting with customers. Whether they work in leisure and hospitality, retail, service or other industries, low-wage workers are among the key subgroups the Affordable Care Act was designed to support. Ironically, they also are the population most likely to walk away—or be turned away—from employer-sponsored health insurance.

Lower-paid employees across the country have definitive habits when it comes to their enrollment in employer-sponsored plans. Those habits impact not only their participation in healthcare coverage, but may also impact their very tenure with their employer.

The good news is that while ACA compliance and reporting can be challenging on many levels for employers, it also offers new opportunities to uncover unique workforce insights. By aggregating required ACA-related data from payroll, benefits and HRIS systems, you can gain a deeper understanding of different segments within a workforce, such as lower-paid employees. ACA data analyses shared within the Health e(fx) 2018 Insights Report reveal some unique findings that will help employers optimize their benefits strategies across their worker populations, including all pay grades.

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ELIGIBILITY AND ENROLLMENT ARE NOT A GIVEN

While the ACA was designed to provide healthcare coverage for all, our research found that eligibility and enrollment for employer-sponsored healthcare coverage differs by wage level.

For example, 95% of employees earning over 400% of the Federal Poverty Level—$48,240 annually for 2017—were eligible for an employer plan, with 82% of them enrolling. But this only accounts for approximately 40% of the employee population.

The remaining 60% who earn under 400% of the FPL are less likely to be eligible and enroll in employer-sponsored insurance.

Specifically, only 23% of employees earning less than 100% of the FPL—$12,060 annually for 2017—were eligible for coverage under the ACA. Only slightly over half of these eligible employees (53%) enroll.

A high percentage of employees earning under the FPL work part-time hours. And, as ACA eligibility is based on hours worked, it makes sense that a lower number of these employees are eligible for employer coverage under ACA requirements. However, the disparity in enrollment (of those who are eligible) should raise some concern among businesses that intend to use benefits to attract and retain their employees.

Enrollment may be influenced to some extent by outside factors such as benefits received through a spouse, parent or government sponsored plan. At the same time, the cost of employee-paid premiums is also seen as a driving factor barring many lower-income earners from enrolling in employer plans.

In 2017, for example, the average monthly employee cost share for individual coverage was $130/month and $375/month for family coverage. This means employees earning the FPL would pay an average of 13% of their wages for employee-only coverage, and 37% of their wages for family coverage. That's a high percentage of income to be spent on health coverage for anyone, particularly a subgroup where every dollar is essential.

CONNECTING EMPLOYER PLAN ENROLLMENT AND EMPLOYEE RETENTION

Enrollment in an employer health plan is not only good for the employee but also for employers. Our research found that employees making less than 100% of the FPL and enrolled in their employer's health plan remained with the company an average of three times longer than those who did not enroll in benefits offered by their employer. While, on average, employees of all income levels reported longer stays with their employers if they enrolled in benefits, the most profound difference can be found in those earning below the FPL.

MINIMIZING ROADBLOCKS

Eliminating or minimizing roadblocks to enrollment, such as cost, particularly among lower-paid staff—and thereby reducing employee attrition—often requires unique solutions.

One strategy that has gained popularity is wage-based premiums. This model allows lower-paid employees to pay less for benefits while higher-paid employees pay more. Some employers have also implemented strategies that modify out-of-pocket maximums and deductibles based on pay level. A wage-based strategy can help lower-paid employees reduce the overall cost of their healthcare spend while balancing out the impact to the employer's budget.

Employees at lower income levels may also be eligible for state-based Medicaid coverage. It's important to consider how you are communicating to lower-paid employees about public healthcare options that may be available if employer-insurance is not an option.

The bottom line for employers? While a company may be meeting its overall healthcare-enrollment goal, it may be missing the mark for its lower-paid employees. Are these employees, who are often most likely to interact with customers, enrolling in benefits? If so, they are more likely to stick around. If not, what is the engagement and retention strategy for this highly important population?

The ACA has paved the way to provide a combined view into wage and benefits data. Use this opportunity to examine benefits strategies and make adjustments to accommodate the healthcare coverage needs of this critical workforce segment.

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For more information on how attributes such as pay, age, industry and gender impact employee benefit choices and retention, you can get a free copy of the 2018 Health e(fx) Insights report at http://info.healthefx.us/insights-report.