

The Health Care Reform Analyzer

The Urgency of Strategic Financial Planning in the Era of Health Care Reform



Together we'll go far





Understanding the financial implications of Health Care Reform

With limited opportunities to change your benefits plan, now is the time to get started.

Never before have senior executives faced such complexity regarding the financial impact of health benefits to their business operations. The Patient Protection and Affordable Care Act (Health Care Reform) is changing the way employers view the concept of total rewards packages forever.

The days of simply managing annual cost increases, balancing employer and employee costs, and tailoring benefits to specific employee groups are disappearing. In their place, a new and uncertain health benefits environment has emerged. Employers face increased coverage mandates, new communication and reporting requirements, complex incentives, more non-employer coverage options, and a volatile regulatory environment.

Making health benefits decisions for your business requires in-depth understanding of the new regulations combined with careful long-term planning. Wells Fargo Insurance Services offers both with the Health Care Reform Analyzer, a comprehensive planning service for optimizing your healthcare benefits plan in a cost-effective manner.

Choosing the right rewards strategy for your business

In today's fast-paced environment, many employers don't have time to fully investigate all the health benefit plan options available to them under Health Care Reform. It's not an either/or situation. Comparing current health benefit programs against terminating them entirely tends to be an overly simplistic approach that may overlook some very important financial benefits.

Organizations actually have multiple options to consider. Our Health Care Reform Analyzer service allows us to identify and recommend an optimized total rewards strategy that takes advantage of many of the opportunities available under new legislation—usually a much more attractive solution for both employers and employees.

Available only from Wells Fargo Insurance Services, the Health Care Reform Analyzer process is a dynamic modeling and planning service that helps you understand and evaluate the effects of Health Care Reform on your compensation structure, your benefit plans, and your business. It combines a secure, web-based analytical platform with consulting from our knowledgeable benefits professionals to help ensure that you choose the right health plan strategy for your business.

We furnish employers with a customized health benefits strategy that can help achieve:

- Compliance with federal employer-sponsored health plan mandates
- Proactive strategies for minimizing plan costs while taking advantage of newly created tax incentives
- Optimal coverage for all employees while meeting your business objectives
- Ways to reallocate a significant percentage of your healthcare benefits budget for improved cash flow

The Health Care Reform Analyzer can help create consensus—another critically important element—among your executive team so you can provide meaningful, fact-based direction to your human resources staff.



Health Care Reform is transforming employee benefits management into an executive-level business strategy.

Wouldn't it be nice to work with a trusted partner to help you make these game-changing decisions?

Position your business for the long term

The Health Care Reform Analyzer service is remarkably flexible. We help ensure that your strategic direction is compliant with current healthcare regulations while helping you navigate mandates from a financial and administrative perspective.

The Health Care Reform Analyzer service is a multi-step process to help you design a total rewards strategy that provides optimal health coverage for employees while minimizing plan costs and meeting your long-term business objectives.

The result

Our goal is to provide you with a compliant, cost-effective benefits recommendation that moves beyond reactive tactical questions—such as what to do and when to do it—and instead addresses the more strategic aspects of Health Care Reform:

- How will our decisions impact our bottom line?
- How will our decisions impact our competitive position?
- How will our decisions affect employees and their families?

The Health Care Reform Analyzer service combines the people, process, and technology to deliver a unique healthcare benefit and compensation strategy available only through Wells Fargo Insurance Services.



How it works

We follow a six-step process that empowers employers to make optimum changes to your benefits and compensation structure.

1. **Customize.** We upload your current health benefits plan and compensation data into the Health Care Reform Analyzer.
2. **Model.** We forecast a variety of scenarios based on current healthcare regulations. Areas of financial impact include the total costs to your organization for maintaining, terminating, or altering your existing plan to take advantage of available tax incentives.
3. **Evaluate.** We determine whether your organization's health coverage options provide tax efficiency and comply with new Health Care Reform regulations such as "fair" employee access, as well as "acceptable" and "affordable" health benefits coverage.
4. **Strategize.** We apply our knowledge to recommend an optimal benefits solution and develop a long-term, multi-year strategy designed to meet your competitive and financial objectives.
5. **Implement.** We can help you make tactical changes through plan design, contribution strategy, new benefit offerings, integrated communications, and administration platforms.
6. **Report.** We are able to provide you with methods to track and measure results so that you can compare them to your financial and human resource targets. In addition, we can work with you to update your strategic plan based on changes within your organization or updates to legislation.

The Wells Fargo Insurance Services difference

Don't get blindsided by unforeseen consequences. Use the Health Care Reform Analyzer service to understand the implications of every change you consider and help avoid decisions that could have serious repercussions on your philosophical and financial business objectives.

Avoid costly mistakes

In the new Health Care Reform environment, even small changes to your benefits plan can make a big difference in costs, employee coverage, tax consequences, and your bottom line.

Case study

- Situation:** Senior management of food services company with approximately 900 employees believed their best benefits strategy under Health Care Reform was to stop offering group health insurance benefits. In fact, the company was in the process of developing a compensation plan that would no longer include any employer contributions toward medical coverage. Instead, those cost savings would be devoted to salary increases.
- Analysis:** The Health Care Reform Analyzer process indicated that this strategy did not consider all the negative tax implications caused by terminating coverage. Management also didn't realize that many of their lower paid employees would not trigger employer excise taxes if the company offered an acceptable group health plan, even if it was not affordable and elected by those employees. Lastly, the expense for higher paid employees to purchase replacement individual health coverage (with after-tax dollars) was much higher than anticipated, which management believed could trigger a mass exodus of their top talent.
- Result:** The company is now exploring a new strategic direction to reduce its health insurance costs while still offering a group health benefit to all of its full-time employees. Management now understands how they can meet their financial objectives while not risking their competitive advantage due to the loss of key employees.

The Health Care Reform Analyzer service offers three distinct advantages over other Health Care Reform planning tools.

- **People.** Most healthcare consulting firms have limited legal resources on staff, or they hire outside counsel. However, given the massive scope of Health Care Reform, it's nearly impossible for one person to stay current with every aspect of the legislation. Our employee benefits teams are supported by our staff of experienced benefits compliance attorneys to evaluate your results, apply current legislative requirements, and work with your senior managers to develop an optimal benefits and compensation strategy based on financial objectives.
- **Process.** Planning for implementation of Health Care Reform is an ongoing process. The Health Care Reform Analyzer service enables you to put solutions in place now, while offering the flexibility to adapt them as legislative changes unfold. With our unlimited modeling, we can help you identify the optimal compensation strategy, benefit plan designs, employee eligibility and contribution requirements, and healthcare product lines to meet your business objectives.
- **Technology.** Most Health Care Reform analysts use spreadsheet-based modeling tools that are difficult to update. They also require costly programming services every time a change is made. The Health Care Reform Analyzer platform is built with state-of-the-art technology, which allows it to be quickly and easily updated as legislation changes. Our process includes more modeling variables than most other services available, so we can explore the full range of plan possibilities to help you make the best benefits decisions.



*One thing is certain:
Health Care Reform will forever
change the economics of your
workforce and your bottom line.*

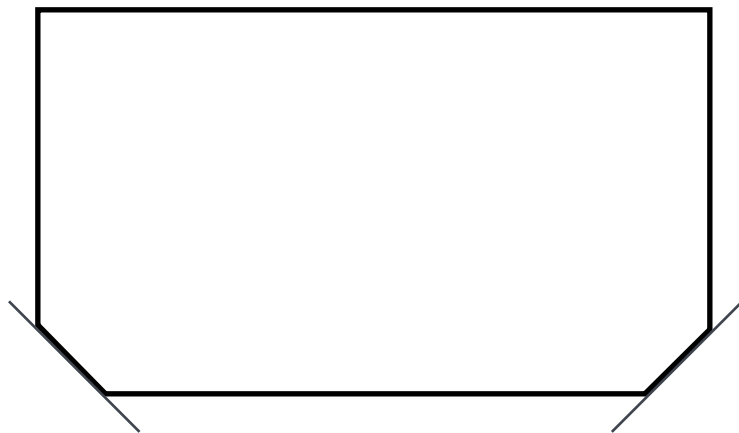
Protect your business and your employees

While the full effect of Health Care Reform may not be felt for several years, now is the time to prepare. Don't delay. The longer you wait to analyze your situation, the less time you have to make changes to your plans, enabling costs to rise at uncontrollable rates.

Whether you continue to offer the same healthcare benefits, shift from employer-sponsored insurance, or develop a combination approach, one thing is certain: Health Care Reform will forever change the economics of your workforce and your bottom line.

Develop a strategy based on facts, not intuition

Within the next few years, the way a company manages healthcare benefits will become either a strategic challenge to your bottom line or a competitive advantage in the marketplace. The Health Care Reform Analyzer service gives CEOs, CFOs, and HR Directors confidence that they are making the best financial and competitive decisions for their company's future.



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