

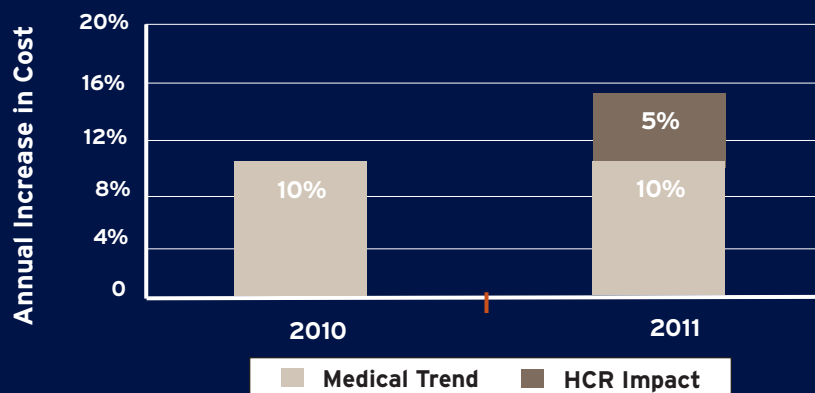
MARKETPLACE REALITIES & RISK MANAGEMENT SOLUTIONS

- **Health care reform dominates the employee benefits agenda.**
- Many employers expect health care reform to raise costs.
- Despite ongoing economic uncertainties, **most employers continue to maintain robust benefits programs.**
- **The rolling effective date for health care reform (HCR) starts with the first plan year after September 23, 2010.** The government is steadily releasing detailed guidance fleshing out the details of the changes brought by reform.
- **Interest in wellness programs continues to grow.** Though employers better understand the links between good health, employee engagement and increased productivity, most lack the ability to change behaviors.
- Employers struggle to balance shrinking revenues with competitive total reward strategies.
- Economic forces are putting **pressure on employer pension and welfare benefit dollar allocations.**
- As employees continue to take on more work, work/life balance issues persist.

PRICE PREDICTIONS

+15%

MEDICAL TREND - EFFECT OF HCR



COMPENSATION AND BENEFITS COSTS

- Effective compensation planning has become mission critical for employers.
- Average employee compensation costs of \$29.71 per hour consist of wages and salaries (\$20.67 per hour, or 69.6%) and associated benefits (\$9.04, or 30.4%). *Source: U.S. Bureau of Labor Statistics.*
- Of the benefits portion, health benefit costs average \$2.08 per hour, or 7.5% of total compensation (for private industry).
- This compares to an average health insurance cost of \$1.09 per hour (5.5% of total compensation) five years ago.

Further information about health care reform is available through the Willis Human Capital Practice at: http://www.willis.com/Client_Solutions/Services/Employee_Benefits/Publications/

CONTACT

Maureen E. Gammon, JD | National Legal & Research Group | Willis Human Capital Practice | 610 254 7476 | maureen.gammon@willis.com