Health Care Reform
An Employer’s Perspective

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Agenda

• Health Care Reform
  – The Good
  – The Bad
  – The Ugly
  – Impact on Employers
• Cost of Health Care Coverage
  – Driving Cost
  – Personal Responsibility
• LTC in the Workplace
  – MGM’s Experience
MGM Resorts International

• Largest private employer in the state of Nevada with over 53,000 employees in the state and over 60,000 employees nationwide
• The Company owns and operates 15 properties located in:
  – Nevada
  – Mississippi
  – Michigan
  – 50% investments in three other properties in Nevada and Illinois
• Demographics
  – Average Age: 46.96
    • Over the last 4 years, aged about ½ a year annually
  – 89% Hourly
  – 11% Salaried
  – 74% Full-time
  – 26% Part-time
  – 51% Male
  – 49% Female
Health Care Reform
The Good

• 100% coverage for Preventive Care
  − MGM Resorts has covered preventive at 100% since 2000

• Creation of Medical Homes
  − MGM has a current pilot program in Southern Nevada

• Creation of Accountable Care Organizations (ACOs)

• Incentive for:
  − Electronic Health Records
  − Health Information Exchanges

• Removal of pre-existing conditions, i.e. Guaranteed Issue
Health Care Reform
The Bad

• Removal of Annual and Lifetime Maximums
• Addition of Dependents up to age 26
• Administration Burden on Employers
  – Reporting on W-2
  – Summary of Benefits and Coverage (SBC) Disclosure Requirements
• Medical Loss Ratio (MLR) Mandate
  – Rebate calculations must be reported by June 1, 2012 and rebates issued no later than August 1, 2012.
• Tax on Prescription Drug Industry
• 40% Excise Tax on Cadillac Plans
Health Care Reform
The Ugly

- Insurance Reform
  - Conflicting Positions
- Influx of Newly Insured
  - Lack of Physician Capacity
- Expected Cost Savings
  - Pricing Reform
  - Bundled Payments
  - Medical Homes
  - Transparency

- Massachusetts Experience – 30% increase in ER visits
Health Care Reform Impact on the Employer

- Employers represent the majority of profit margin to Providers
- Expansion of Medicare and Medicaid programs
  - Expect to see a cost shift to Employer from Providers
- Removal of Annual Limits
  - Lost the ability to control certain utilization patterns
  - Exposure to potential high cost specialty drugs
- Imposed limits on the level of employee paycheck contributions (employees’ share of the premiums)
  - Employees will have the ability to go to the exchange and employer will be assessed a $3,000 penalty
Cost of Health Care Coverage

• Driving Cost
  – Need to address cost of health care for both Employers and Government programs
  – Cost shift may move Employers to stop offering insurance and send employees to the exchanges.
  – Ultimate result may be National Insurance, which could potentially equate to rationed care

• Personal Responsibility
  – Americans needs to accept personal responsibility for their health
  – Should we continue to pay for self-inflicted medical conditions resulting from lifestyle choices?
LTC in the Workplace
One Employer’s Perspective

• MGM Resorts offered LTC from January 1, 2005 to February 1, 2008
  – Original carrier left the business
  – New carrier announced an increase in premiums just as we were getting ready to rollout
  – That carrier is now out of LTC business
• We know there is an impact on workplace with absenteeism, as more Americans are having to care for their aging family members and we have seen it in our own department
• Class Act was a potential solution
LTC in the Workplace Employees’ Perceptive

• Employees are challenged with a number of voluntary benefits offerings and limited funds
• LTC coverage for parents/older employees was unaffordable for many of our line employees
• Younger Employees who could afford it, were making other voluntary benefits elections with more immediate returns, like STD, LTD, Pet Insurance
• Need an affordable solution that Employers can count on will be there when Employees are ready to receive benefits
• Levels that will truly provide coverage amounts and length that will provide a comprehensive solution