

60%

\$5,429

THE KAISER FAMILY FOUNDATION  
- AND -  
HEALTH RESEARCH &  
EDUCATIONAL TRUST

Employer  
Health  
Benefits

2011  
ANNUAL SURVEY

\$15,073

2011



-and-



**Primary Authors:**

**KAISER FAMILY FOUNDATION**

**Gary Claxton**

**Matthew Rae**

**Nirmita Panchal**

**Janet Lundy**

**Anthony Damico**

**HEALTH RESEARCH & EDUCATIONAL TRUST**

**Awo Osei-Anto**

**Kevin Kenward**

**NORC AT THE UNIVERSITY OF CHICAGO**

**Heidi Whitmore**

**Jeremy Pickreign**

**The Kaiser Family Foundation**, a leader in health policy analysis, health journalism and communication, is dedicated to filling the need for trusted, independent information on the major health issues facing our nation and its people. The Foundation is a non-profit private operating foundation, based in Menlo Park, California.

Founded in 1944, the **Health Research & Educational Trust (HRET)** is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. An affiliate of the American Hospital Association (AHA), HRET collaborates with health care, government, academic, business, and community organizations across the United States to conduct research and disseminate findings that shape the future of health care. For more information about HRET, visit [www.hret.org](http://www.hret.org).

**NORC** at the University of Chicago is an independent research organization headquartered in downtown Chicago with additional offices on the University of Chicago's campus and in the D.C. Metro area. NORC also supports a nationwide field staff as well as international research operations. With clients throughout the world, NORC collaborates with government agencies, foundations, educational institutions, nonprofit organizations, and businesses to provide data and analysis that support informed decision making in key areas including health, education, economics, crime, justice, energy, security, and the environment. NORC's 70 years of leadership and experience in data collection, analysis, and dissemination—coupled with deep subject matter expertise—provides the foundation for effective solutions.

Copyright © 2011 Henry J. Kaiser Family Foundation, Menlo Park, California, and Health Research & Educational Trust, Chicago, Illinois. All rights reserved.

Printed in the United States of America.

ISBN: 978-0-87258-895-0

American Hospital Association/Health Research & Educational Trust Catalog Number 097525.

THE KAISER FAMILY FOUNDATION  
- AND -  
HEALTH RESEARCH &  
EDUCATIONAL TRUST

---

# Employer Health Benefits

---

2011  
ANNUAL SURVEY



-and-





## TABLE OF CONTENTS

LIST OF EXHIBITS	v
SUMMARY OF FINDINGS	1
SURVEY DESIGN AND METHODS	9
<b>SECTION 1</b>	
Cost of Health Insurance	19
<b>SECTION 2</b>	
Health Benefits Offer Rates	33
<b>SECTION 3</b>	
Employee Coverage, Eligibility, and Participation	43
<b>SECTION 4</b>	
Types of Plans Offered	53
<b>SECTION 5</b>	
Market Shares of Health Plans	59
<b>SECTION 6</b>	
Worker and Employer Contributions for Premiums	63
<b>SECTION 7</b>	
Employee Cost Sharing	91
<b>SECTION 8</b>	
High-Deductible Health Plans with Savings Option	123
<b>SECTION 9</b>	
Prescription Drug Benefits	139
<b>SECTION 10</b>	
Plan Funding	149
<b>SECTION 11</b>	
Retiree Health Benefits	159
<b>SECTION 12</b>	
Wellness Programs and Health Risk Assessments	167
<b>SECTION 13</b>	
Health Reform	181
<b>SECTION 14</b>	
Employer Opinions and Health Plan Practices	193



## LIST OF EXHIBITS

<b>SURVEY DESIGN AND METHODS</b>					
Exhibit M.1:	Selected Characteristics of Firms in the Survey Sample, 2011	15		Exhibit 1.9	Distribution of Annual Premiums for Covered Workers with Single Coverage, 2011
Exhibit M.2	Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2011	16		Exhibit 1.10	Distribution of Annual Premiums for Covered Workers with Family Coverage, 2011
Exhibit M.3	States by Region, 2011	17		Exhibit 1.11	Average Annual Premiums for Single and Family Coverage, 1999–2011
<b>COST OF HEALTH INSURANCE</b>				Exhibit 1.12	Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2011
Exhibit 1.1	Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2011	21		Exhibit 1.13	Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2011
Exhibit 1.2	Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2011	22		Exhibit 1.14	Among Workers in Large Firms (200 or More Workers), Average Annual Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2011
Exhibit 1.3	Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2011	23		<b>HEALTH BENEFITS OFFER RATES</b>	
Exhibit 1.4	Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2011	24		Exhibit 2.1	Percentage of Firms Offering Health Benefits, 1999–2011
Exhibit 1.5	Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2011	26		Exhibit 2.2	Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2011
Exhibit 1.6	Average Annual Premiums for Covered Workers with Family Coverage, by Firm Characteristics, 2011	27		Exhibit 2.3	Percentage of Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2011
Exhibit 1.7	Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011	28		Exhibit 2.4	Percentage of Firms Offering Health Benefits, by Firm Characteristics, 2011
Exhibit 1.8	Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011	28		Exhibit 2.5	Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2011
				Exhibit 2.6	Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2011

Exhibit 2.7	40	Exhibit 3.6	51
Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2011		Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999–2011	
Exhibit 2.8	41	Exhibit 3.7	52
Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2011		Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2011	
Exhibit 2.9	41	Exhibit 3.8	52
Among Small Firms (3–199 Workers) Not Offering Health Benefits, Reasons for Not Offering, 2011		Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2011	
Exhibit 2.10	42	<b>TYPES OF PLANS OFFERED</b>	
Among Small Firms (3–199 Workers) Not Offering Health Benefits, Employer Beliefs about Employees’ Preferences for Higher Wages or Health Insurance Benefits, 2003–2011		Exhibit 4.1	55
Exhibit 2.11	42	Among Firms Offering Health Benefits, Percentage of Firms That Offer One, Two, or Three or More Plan Types, by Firm Size, 2011 <sup>‡</sup>	
Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, by Firm Size, 2011		Exhibit 4.2	56
<b>EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION</b>		Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2011 <sup>‡</sup>	
Exhibit 3.1	46	Exhibit 4.3	57
Percentage of All Workers Covered by Their Employers’ Health Benefits, in Firms Both Offering and Not Offering Health Benefits, by Firm Size, 1999–2011		Among Firms Offering Health Benefits, Percentage of Firms That Offer the Following Plan Types, by Firm Size, 2011	
Exhibit 3.2	47	Exhibit 4.4	57
Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2011		Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms That Offer the Following Plan Types, by Firm Size, 2011	
Exhibit 3.3	48	Exhibit 4.5	58
Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2011		Among Firms Offering Only One Type of Health Plan, Percentage of Covered Workers in Firms That Offer the Following Plan Type, by Firm Size, 2011	
Exhibit 3.4	49	<b>MARKET SHARES OF HEALTH PLANS</b>	
Among Workers in Firms Offering Health Benefits, Percentage of Eligible Workers Who Take Up Health Benefits Offered by Their Firm, by Firm Characteristics, 2011		Exhibit 5.1	61
Exhibit 3.5	50	Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2011	
Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2011		Exhibit 5.2	62
		Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2011	

## WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

<b>Exhibit 6.1</b>	66	<b>Exhibit 6.12</b>	77
Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999–2011		Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2011	
<b>Exhibit 6.2</b>	67	<b>Exhibit 6.13</b>	78
Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999–2011		Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2011	
<b>Exhibit 6.3</b>	68	<b>Exhibit 6.14</b>	78
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999–2011		Distribution of Worker Premium Contributions for Single and Family Coverage Relative to the Average Annual Worker Premium Contribution, 2011	
<b>Exhibit 6.4</b>	69	<b>Exhibit 6.15</b>	79
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999–2011		Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002–2011	
<b>Exhibit 6.5</b>	70	<b>Exhibit 6.16</b>	80
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2011		Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002–2011	
<b>Exhibit 6.6</b>	71	<b>Exhibit 6.17</b>	81
Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999–2011		Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002–2011	
<b>Exhibit 6.7</b>	72	<b>Exhibit 6.18</b>	82
Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999–2011		Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage Level, 2011	
<b>Exhibit 6.8</b>	73	<b>Exhibit 6.19</b>	83
Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Firm Size, 1999–2011		Average Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Characteristics, 2011	
<b>Exhibit 6.9</b>	74	<b>Exhibit 6.20</b>	84
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single Coverage, by Plan Type and Firm Size, 2011		Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics, 2011	
<b>Exhibit 6.10</b>	75	<b>Exhibit 6.21</b>	85
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Family Coverage, by Plan Type and Firm Size, 2011		Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2011	
<b>Exhibit 6.11</b>	76	<b>Exhibit 6.22</b>	86
Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2011		Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2011	
		<b>Exhibit 6.23</b>	87
		Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2011	

Exhibit 6.24	88	Exhibit 7.9	102
Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2011		Percentage of Covered Workers with Single Coverage Enrolled in High Deductible Plans without Saving Options, by Firm Size, 2011	
Exhibit 6.25	90	Exhibit 7.10	103
Among Firms with Fewer than 20 Employees, Variations in Premiums and Firm Premium Contributions for Single Coverage, 2011		Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2011	
<b>EMPLOYEE COST SHARING</b>			
Exhibit 7.1	96	Exhibit 7.11	103
Percentage of Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, by Plan Type and Firm Size, 2011		Among Covered Workers with a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006–2011	
Exhibit 7.2	97	Exhibit 7.12	104
Among Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, Percentage Who Have the Following Types of Cost Sharing, by Plan Type, 2011 <sup>‡</sup>		Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2011	
Exhibit 7.3	98	Exhibit 7.13	105
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Firm Size, 2011		Among Covered Workers with a General Annual Health Plan Deductible, Average Deductibles for Family Coverage, by Deductible Type, Plan Type, and Firm Size, 2011	
Exhibit 7.4	99	Exhibit 7.14	106
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Region, 2011		Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Average Aggregate Deductible, by Plan Type, 2006–2011	
Exhibit 7.5	100	Exhibit 7.15	106
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006–2011		Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type and Deductible Type, 2011	
Exhibit 7.6	100	Exhibit 7.16	107
Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, By Firm Size, 2011		Among Covered Workers with a Separate per Person General Annual Health Plan Deductible for Family Coverage, Distribution of Maximum Number of Family Members Required to Meet the Deductible, by Plan Type, 2011	
Exhibit 7.7	101	Exhibit 7.17	108
Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006–2011		Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2011	
Exhibit 7.8	102	Exhibit 7.18	109
Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$2,000 or More for Single Coverage, By Firm Size, 2006–2011		Among Covered Workers with a General Annual Health Plan Deductible, Percentage with Coverage for the Following Services without Having to First Meet the Deductible, by Plan Type, 2011	

Exhibit 7.19	109	Exhibit 7.29	118
Distribution of Covered Workers With Separate Cost Sharing for a Hospital Admission in Addition to Any General Annual Deductible, by Plan Type, 2011		Percentage of Covered Workers without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2011	
Exhibit 7.20	110	Exhibit 7.30	118
Distribution of Covered Workers with Separate Cost Sharing for an Outpatient Surgery Episode in Addition to Any General Annual Deductible, by Plan Type, 2011		Among Covered Workers with an Annual Out-of-Pocket Maximum, Percentage Who's Spending on Various Services Does Not Count Towards the Out-of-Pocket Maximum, 2011	
Exhibit 7.21	111	Exhibit 7.31	119
Among Covered Workers with Separate Cost Sharing for a Hospital Admission or Outpatient Surgery Episode in Addition to Any General Annual Deductible, Average Cost Sharing, by Plan Type, 2011		Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011	
Exhibit 7.22	112	Exhibit 7.32	120
In Addition to Any General Annual Plan Deductible, Percentage of Covered Workers with the Following Types of Cost Sharing for Physician Office Visits, by Plan Type, 2011		Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2011	
Exhibit 7.23	113	Exhibit 7.33	121
Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office Visits, Average Copayments and Coinsurance, by Plan Type, 2011		Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011	
Exhibit 7.24	114	Exhibit 7.34	122
Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2006–2011		Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011	
Exhibit 7.25	115	Exhibit 7.35	122
Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2006–2011		Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Number of Family Members Required to Meet the Maximum, by Plan Type, 2011	
Exhibit 7.26	116	<b>HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION</b>	
Among Covered Workers with Copayments for a Physician Office Visit, Distribution of Copayments, 2006–2011		Exhibit 8.1	128
Exhibit 7.27	117	Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2011	
Among Covered Workers in HMOs with Copayments for a Physician Office Visit, Distribution of Percentage of Workers with Various Copayments, 1999–2011		Exhibit 8.2	128
Exhibit 7.28	117	Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2011	
Among Covered Workers with Coinsurance for Physician Office Visits, Distribution of Various Coinsurance Rates, by Plan Type, 2011		Exhibit 8.3	129
		Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005–2011	

<b>Exhibit 8.4</b>	129
Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2011	
<b>Exhibit 8.5</b>	130
Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2011	
<b>Exhibit 8.6</b>	130
HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2011	
<b>Exhibit 8.7</b>	131
Average Annual Premiums and Contributions to Savings Accounts for Covered Workers in HDHP/HRAs or HSA-Qualified HDHPs, Compared to All Non-HDHP/SO Plans, 2011	
<b>Exhibit 8.8</b>	132
Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2011	
<b>Exhibit 8.9</b>	132
Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2011	
<b>Exhibit 8.10</b>	133
Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2011	
<b>Exhibit 8.11</b>	133
Percentage of Covered Workers with Coverage for the Following Services without Having to First Meet the Deductible, HDHP/HRAs and HSA-Qualified HDHPs, by Benefit Type, 2011	
<b>Exhibit 8.12</b>	134
Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2011	
<b>Exhibit 8.13</b>	134
Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2011	
<b>Exhibit 8.14</b>	135
Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2011	

<b>Exhibit 8.15</b>	135
Distribution of Firm Contributions to the HRA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HRA, 2011	
<b>Exhibit 8.16</b>	136
Distribution of Firm Contributions to the HSA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HSA, 2011	
<b>Exhibit 8.17</b>	137
Distribution of Covered Workers in HDHP/HRAs and HSA-Qualified HDHPs with the Following Types of Cost Sharing in Addition to the General Annual Deductible, 2011	

## PRESCRIPTION DRUG BENEFITS

<b>Exhibit 9.1</b>	142
Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000–2011	
<b>Exhibit 9.2</b>	143
Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, by Plan Type, 2011	
<b>Exhibit 9.3</b>	144
Among Workers with Three, Four, or More Tiers of Cost Sharing, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug and Plan Type, 2011	
<b>Exhibit 9.4</b>	145
Among Covered Workers with Three, Four, or More Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2011	
<b>Exhibit 9.5</b>	146
Among Workers with Two Tiers of Cost Sharing for Prescription Drugs, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug and Plan Type, 2011	
<b>Exhibit 9.6</b>	147
Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2011	

<b>Exhibit 9.7</b>	147
Among Workers with the Same Cost Sharing Regardless of Type of Drug, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Plan Type, 2011	

<b>Exhibit 9.8</b>	148
Among Covered Workers with the Same Cost Sharing Regardless of Type of Drug, Average Copayments and Average Coinsurance, 2000–2011	

### PLAN FUNDING

<b>Exhibit 10.1</b>	151
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2011	

<b>Exhibit 10.2</b>	151
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type, 1999–2011	

<b>Exhibit 10.3</b>	152
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, Region, and Industry, 2011	

<b>Exhibit 10.4</b>	153
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type and Firm Size, 2011	

<b>Exhibit 10.5</b>	153
Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999–2011	

<b>Exhibit 10.6</b>	154
Percentage of Covered Workers in Partially or Completely Self-Funded PPO Plans, by Firm Size, 1999–2011	

<b>Exhibit 10.7</b>	154
Percentage of Covered Workers in Partially or Completely Self-Funded POS Plans, by Firm Size, 1999–2011	

<b>Exhibit 10.8</b>	155
Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/SOs, by Firm Size, 2006–2011	

<b>Exhibit 10.9</b>	156
Percentage of Covered Workers Enrolled in a Partially or Completely Self-Funded Plan Covered by Stoploss Insurance, by Firm Size, Region, and Industry, 2011	

<b>Exhibit 10.10</b>	157
Prevalence and Average Retention of Stoploss Insurance, by Firm Size and Region, 2011	

<b>Exhibit 10.11</b>	158
Percentage of Covered Workers Enrolled in Partially or Completely Self-Insured Plans which Purchase Different Types of Stoploss Insurance, by Firm Size, 2011	

### RETIREE HEALTH BENEFITS

<b>Exhibit 11.1</b>	161
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988–2011	

<b>Exhibit 11.2</b>	162
Among Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2011	

<b>Exhibit 11.3</b>	163
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Characteristics, 2011	

<b>Exhibit 11.4</b>	164
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Health Benefits to Early and Medicare-Age Retirees, 2000–2011	

<b>Exhibit 11.5</b>	165
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Retiree Health Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2011	

### WELLNESS PROGRAMS AND HEALTH RISK ASSESSMENTS

<b>Exhibit 12.1</b>	171
Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2011	

<b>Exhibit 12.2</b>	172
Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, 2011	

Exhibit 12.3	173
Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2011	
Exhibit 12.4	174
Among Firms Offering Health Benefits, Percentage of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2011	
Exhibit 12.5	175
Among Firms Offering Health and Wellness Benefits, Percentage of Firms That Offer Specific Incentives to Employees Who Participate in Wellness Programs, by Firm Size and Region, 2011	
Exhibit 12.6	176
Among Firms Offering Health Benefits and Wellness Programs, Percentage That Use Specific Methods to Identify Individuals and Encourage Participation in Wellness Programs, by Firm Size, Region, and Industry, 2011	
Exhibit 12.7	177
Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms Reporting the Following as the Firm's Primary Reason for Offering Wellness Programs, by Firm Size, 2011	
Exhibit 12.8	178
Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms That Think Offering Wellness Programs is Effective at Improving Health or Reducing Costs, 2011	
Exhibit 12.9	179
Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees Health Risk Assessments, Offer Incentives to Complete Assessments, and Use Assessments to Increase Wellness Participation, by Firm Size and Region, 2011	
Exhibit 12.10	180
Among Firms Offering Financial Incentives for Health Risk Assessments, Percentage of Firms That Offer the Following Incentives to Complete Assessments, by Firm Size and Region, 2011	

## HEALTH REFORM

Exhibit 13.1	185
Percentage of Firms with At Least One Plan Grandfathered under the Affordable Care Act (ACA), by Size, Region and Industry, 2011	
Exhibit 13.2	186
Percentage of Covered Workers Enrolled in Plans Grandfathered under the Affordable Care Act (ACA), by Size, Region, and Industry, 2011	
Exhibit 13.3	187
Among Covered Workers in a Non-Grandfathered Health Plan, Reasons Why Plan is not a Grandfathered Health Plan, by Firm Size, 2011	
Exhibit 13.4	188
Percentage of Firms Offering Family Coverage Who Enrolled Adult Children up to 26 Years of Age as Dependents Because of the Affordable Care Act (ACA), 2011	
Exhibit 13.5	189
Among Firms Who Enrolled Adult Dependents Due to the Affordable Care Act (ACA), the Average Number of Adult Children Enrolled, 2011	
Exhibit 13.6	189
Among Covered Workers, Changes to Cost Sharing for Preventive Services Because of the Affordable Care Act (ACA), by Firm Size, 2011	
Exhibit 13.7	190
Among Offering Firms with Fewer Than 50 Employees, Awareness and Utilization of the Small Employer Tax Credits Made Available in the Affordable Care Act (ACA), 2011	
Exhibit 13.8	191
Among Non-Offering Firms with Fewer Than 50 Employees, Awareness and Utilization of the Small Employer Tax Credits Made Available in the Affordable Care Act (ACA), 2011	

**EMPLOYER OPINIONS AND  
HEALTH PLAN PRACTICES**

<b>Exhibit 14.1</b>	<b>196</b>	<b>Exhibit 14.3</b>	<b>198</b>
Among Both Firms Offering and Not Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, by Firm Size, 2011		Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a High-Performance Provider Network, by Firm Size and Region 2007, 2010, 2011	
<b>Exhibit 14.2</b>	<b>197</b>	<b>Exhibit 14.4</b>	<b>199</b>
Among Firms Offering Health Benefits, Percentage of Firms That Report They Made the Following Changes During the Past Year, by Firm Size and Region, 2011		Among Firms Offering Health Benefits, Percentage of Firms that Offer Long-Term Care Insurance, by Firm Size and Region 2007 and 2011	
		<b>Exhibit 14.5</b>	<b>200</b>
		Percentage of Covered Workers with an Annual Maximum Benefit for Single Coverage, by Plan Type and Firm Size, 2011	



## SUMMARY OF FINDINGS

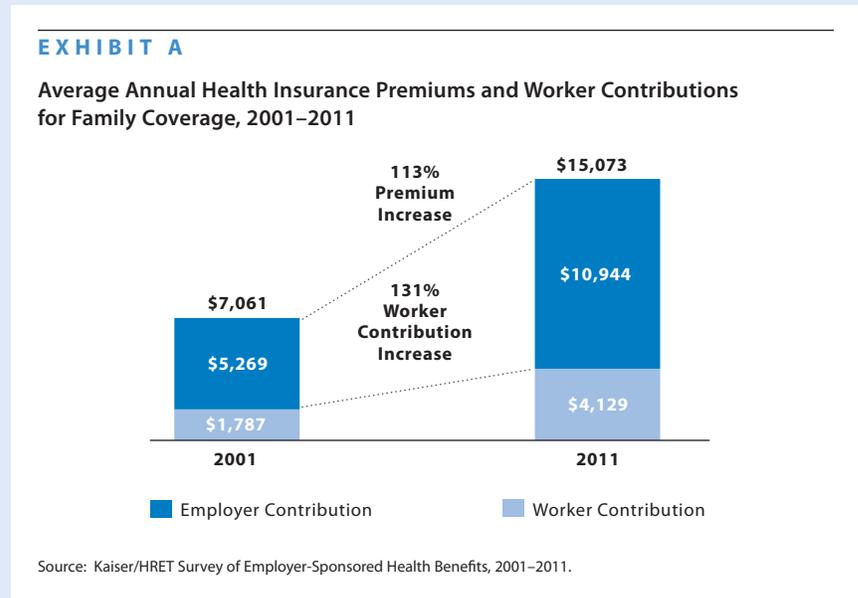
EMPLOYER-SPONSORED INSURANCE IS THE LEADING SOURCE OF HEALTH INSURANCE, COVERING ABOUT 150 MILLION NONELDERLY PEOPLE IN AMERICA.<sup>1</sup> TO PROVIDE CURRENT INFORMATION ABOUT THE NATURE OF EMPLOYER-SPONSORED HEALTH BENEFITS, THE KAISER FAMILY FOUNDATION (KAISER) AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (HRET) CONDUCT AN ANNUAL NATIONAL SURVEY OF NONFEDERAL PRIVATE AND PUBLIC EMPLOYERS WITH THREE OR MORE WORKERS. THIS IS THE THIRTEENTH KAISER/HRET SURVEY AND REFLECTS HEALTH BENEFIT INFORMATION FOR 2011.

The key findings from the 2011 survey, conducted from January through May 2011, include increases in the average single and family premiums, as well higher enrollment in high deductible health plans with savings options (HDHP/SOs). The 2011 survey includes new questions on the percentage of firms with grandfathered health plans, changes in benefits for preventive care, enrollment of adult children due to the new health reform law, and the use of stoploss coverage by firms with self-funded plans.

### HEALTH INSURANCE PREMIUMS AND WORKER CONTRIBUTIONS

The average annual premiums for employer-sponsored health insurance in 2011 are \$5,429 for single coverage and \$15,073 for family coverage. Compared to 2010, premiums for single coverage are 8% higher and premiums for family coverage are 9% higher. The 9% growth rate in family premiums for 2011 is significantly higher than the 3% growth rate in 2010.<sup>2</sup> Since 2001, average premiums for family coverage have increased 113% (Exhibit A). Average premiums for family coverage are lower for workers in small firms (3–199 workers) than for workers in large firms (200 or more workers) (\$14,098 vs. \$15,520). Average premiums for high-deductible health plans with a savings option (HDHP/SOs) are lower than the overall average for all plan types for both single and family coverage (Exhibit B).

There is significant variation around the average annual premiums as a result of factors such as benefits, cost sharing, and geographic cost differences. Nineteen percent of covered workers are in plans with an annual total premium for family coverage of at least \$18,087 (120% of the average



family premium), while 21% of covered workers are in plans where the family premium is less than \$12,058 (80% of the average premium) (Exhibit C).

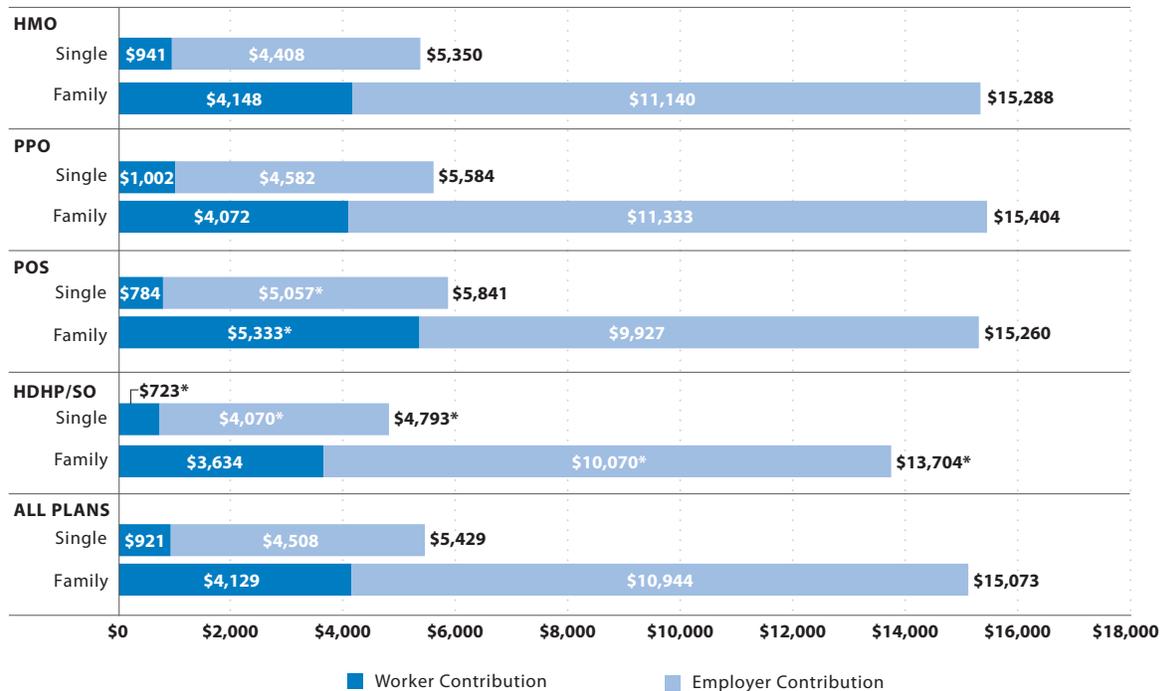
Covered workers contribute on average 18% of the premium for single coverage and 28% of the premium for family coverage, similar to the percentages they contributed in 2010. Workers in small firms (3–199 workers) contribute a significantly lower average percentage for single coverage compared to workers in larger firms (15% vs. 19%), but a higher average percentage for family coverage (36% vs. 25%). As with total premiums, the share of the premium contributed by workers varies considerably around these averages. For single coverage, 59% of covered workers are in plans that require them to pay more than 0% but less than or equal to 25% of the total premium, and 3% are in plans that require more than 50% of the premium; 16% are in plans that require them to make no contribution. For family coverage, 47% of covered workers are

in plans that require them to pay more than 0% but less than or equal to 25% of the total premium, and 15% are in plans that require more than 50% of the premium; only 6% are in plans that require no contribution (Exhibit D).

Looking at the dollar amounts that workers contribute, the average annual contributions in 2011 are \$921 for single coverage and \$4,129 for family coverage.<sup>3</sup> Neither amount is a statistically significant increase over the 2010 values. Workers in small firms (3–199 workers) have lower average contributions for single coverage than workers in larger firms (\$762 vs. \$996), and higher average contributions for family coverage (\$4,946 vs. \$3,755). Compared to the overall average contributions, workers in HDHP/SOs have lower average contributions for single coverage (\$723 vs. \$921), while workers in point of service (POS) plans have higher average contributions for family coverage (\$5,333 vs. \$4,129).

## EXHIBIT B

### Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2011



\* Estimate is statistically different from All Plans estimate by coverage type ( $p < .05$ ).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

## PLAN ENROLLMENT

Overall, PPOs are by far the most common plan type, enrolling 55% of covered workers. Seventeen percent of covered workers are enrolled in an HMO, 10% are enrolled in a POS plan, and 1% are enrolled in a conventional plan. Enrollment in HDHP/SOs continues to rise, with 17% of covered workers in an HDHP/SO in 2011, up from 13% of covered workers in 2010, and 8% in 2009. The enrollment distribution varies by firm size, with PPOs and HMOs relatively more popular among large firms (200 or more workers) and PPOs and HDHP/SOs relatively more popular in smaller firms.

## EMPLOYEE COST SHARING

Most covered workers face additional costs when they use health care services. A large share of workers in PPOs (81%) and POS plans (69%) have a general annual

deductible for single coverage that must be met before all or most services are reimbursed by the plan. In contrast, only 29% of workers in HMOs have a general annual deductible. Many workers with no general annual deductible still face other types of cost sharing when they use covered services.

Among workers with a general annual deductible, the average deductible amount for single coverage is \$675 for workers in PPOs, \$911 for workers in HMOs, \$928 for workers in POS plans, and \$1,908 for workers in HDHP/SOs (which by definition have high deductibles). As in recent years, workers with single coverage in small firms (3–199 workers) have higher deductibles than workers in large firms (200 or more workers); for example, the average deductibles for single coverage in PPOs, the most common plan type, are \$1,202 for workers in small firms (3–199 workers) compared to \$505 for workers in larger firms. Overall, 31% of covered

workers are in a plan with a deductible of at least \$1,000 for single coverage, similar to the 27% reported in 2010, but significantly more than the 22% reported in 2009 (Exhibit E). Covered workers in small firms (3–199 workers) remain more likely than covered workers in larger firms (50% vs. 22%) to be in plans with deductibles of at least \$1,000.

The majority of workers also have to pay a portion of the cost of physician office visits. About three-in-four covered workers pay a copayment (a fixed dollar amount) for office visits with a primary care physician (74%) or a specialist physician (73%), in addition to any general annual deductible a plan may have. Smaller shares of workers pay coinsurance (a percentage of the covered amount) for primary care office visits (17%) or specialty care visits (18%). Most covered workers in HMOs, PPOs, and POS plans face copayments, while covered workers in HDHP/SOs

## EXHIBIT C

### Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011

Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less Than \$4,344	21%	Less Than \$12,058	21%
80% to Less Than 90%	\$4,344 to <\$4,886	15%	\$12,058 to <\$13,565	14%
90% to Less Than Average	\$4,886 to <\$5,429	20%	\$13,565 to <\$15,073	16%
Average to Less Than 110%	\$5,429 to <\$5,972	15%	\$15,073 to <\$16,580	16%
110% to Less Than 120%	\$5,972 to <\$6,515	11%	\$16,580 to <\$18,087	14%
120% or More	\$6,515 or More	18%	\$18,087 or More	19%

Note: The average annual premium is \$5,429 for single coverage and \$15,073 for family coverage.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

are more likely to have coinsurance requirements or no cost sharing after the deductible is met. For in-network office visits, covered workers with a copayment pay an average of \$22 for primary care and \$32 for specialty care. For covered workers with coinsurance, the average coinsurance is 18% for both primary care and specialty care. While the survey collects information on only in-network cost sharing, we note that out-of-network cost sharing is often higher.

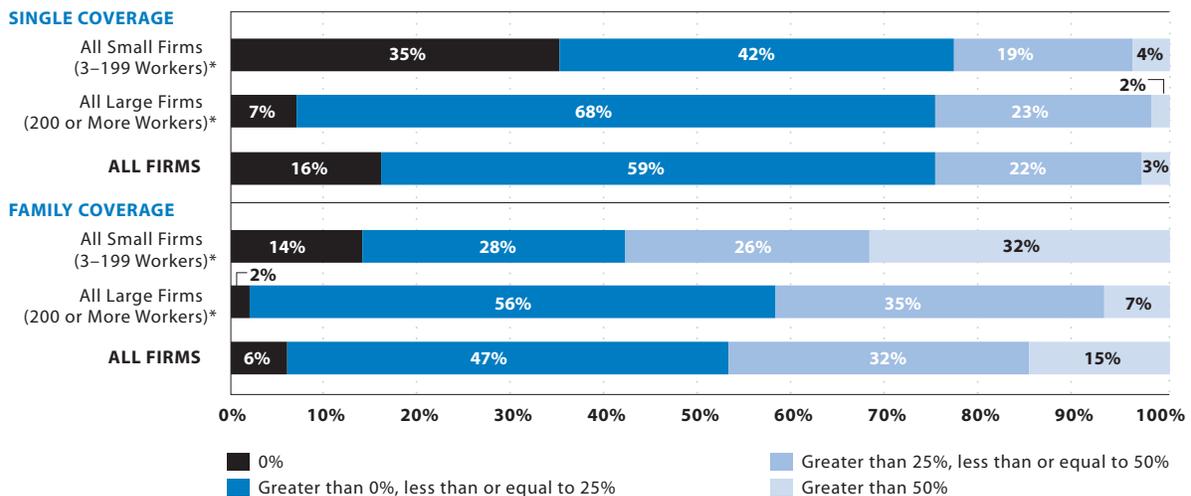
Almost all covered workers (98%) have prescription drug coverage, and nearly all face cost sharing for their prescriptions. Over three-quarters (77%) of covered workers are in plans with three or more tiers of cost sharing. Copayments are more common than coinsurance for each tier of cost sharing. Among workers with three- or four-tier plans, the average copayments in these plans are \$10 for first-tier drugs, \$29 for second-tier drugs, \$49 for third-tier drugs, and \$91 for fourth-tier drugs. These amounts are not significantly

higher than the amounts reported last year. HDHP/SOs have a somewhat different cost-sharing pattern for prescription drugs than other plan types: 57% of covered workers are enrolled a plan with three or more tiers of cost sharing while 17% are in plans that pay 100% of prescription costs once the plan deductible is met. Covered workers in these plans are also more likely to pay coinsurance than workers in other plan types.

Most workers also face additional cost sharing

## EXHIBIT D

### Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2011



\* Distributions for All Small Firms and All Large Firms within coverage types are statistically different ( $p < .05$ ).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

for a hospital admission or an outpatient surgery episode. After any general annual deductible, 55% of covered workers have coinsurance and 17% have a copayment for hospital admissions. Lower percentages have per day (per diem) payments (6%), a separate hospital deductible (3%), or both copayments and coinsurance (9%). The average coinsurance rate for hospital admissions is 17%, the average copayment is \$246 per hospital admission, the average per diem charge is \$246, and the average separate hospital deductible is \$627. The cost-sharing provisions for outpatient surgery are similar to those for hospital admissions, as most covered workers have either coinsurance (57%) or copayments (18%). For covered workers with cost sharing for each outpatient surgery episode, the average coinsurance is 17% and the average copayment is \$145.

Most plans limit the amount of cost sharing workers must pay each year, generally referred to as an out-of-pocket maximum. Eighty-three percent of covered workers have an out-of-pocket maximum for single coverage, but the limits differ considerably. For example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 38% are in plans with an annual out-of-pocket maximum of \$3,000 or more, and 14% are in plans with an out-of-pocket

maximum of less than \$1,500. Even in plans with a specified out-of-pocket limit, not all spending is counted towards meeting the limit. For example, among workers in PPOs with an out-of-pocket maximum, 77% are in plans that do not count physician office visit copayments, 35% are in plans that do not count spending for the general annual deductible, and 84% are in plans that do not count prescription drug spending when determining if an enrollee has reached the out-of-pocket limit.

### AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Sixty percent of firms offer health benefits to their workers in 2011 – a significant reduction from the 69% reported in 2010, but much more in line with the levels for years prior to 2010 (Exhibit F). The large increase in 2010 was primarily driven by a significant (12 percentage points) increase in offering among firms with 3 to 9 workers (from 47% in 2009 to 59% in 2010). This year, 48% of firms with 3 to 9 employees offer health benefits, a level which is more consistent with levels from recent years (2010 excluded).<sup>4</sup> These figures suggest that the 2010 results may be an aberration.

Even in firms that offer health benefits, not

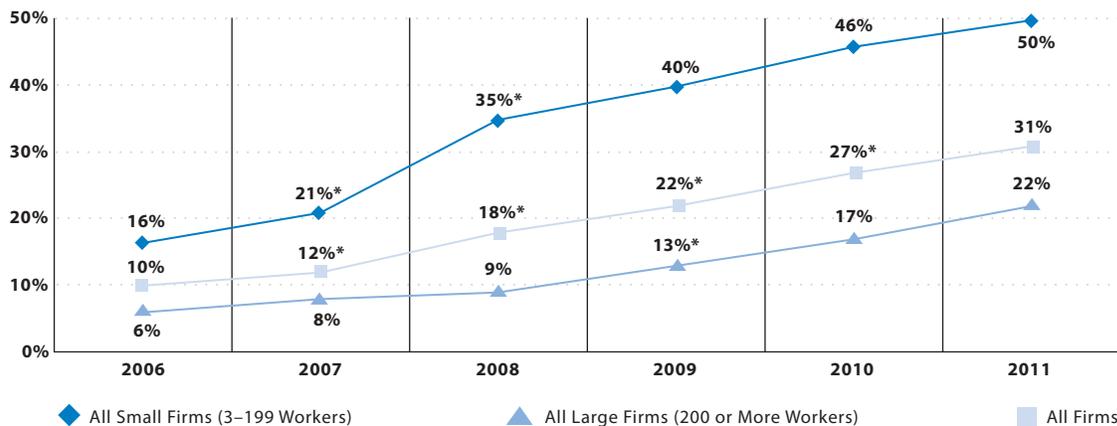
all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or minimum work-hour rules. Other workers do not enroll in coverage offered to them because, for example, of the cost of coverage or because they have access to coverage through a spouse. Among firms that offer coverage, an average of 79% of workers are eligible for the health benefits offered by their employer. Of those eligible, 81% take up their employer's coverage, resulting in 65% of workers in offering firms having coverage through their employer. Among both firms that offer and do not offer health benefits, 58% of workers are covered by health plans offered by their employer, similar to the percentage in 2010.

### HIGH-Deductible Health Plans with Savings Option

HDHP/SOs include (1) health plans with a deductible of at least \$1,000 for single coverage and \$2,000 for family coverage offered with an Health Reimbursement Arrangement (HRA), referred to as "HDHP/HRAs," and (2) high-deductible health plans that meet the federal legal requirements to permit an enrollee to establish and contribute to a Health Savings Account (HSA), referred to as "HSA-qualified HDHPs."

## EXHIBIT E

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, by Firm Size, 2006–2011



\* Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of \$1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

Twenty-three percent of firms offering health benefits offer an HDHP/SO, up from 15% in 2010. Firms with 1,000 or more workers are more likely to offer an HDHP/SO than smaller firms (3–199 workers) (41% vs. 23%). Seventeen percent of covered workers are enrolled in HDHP/SOs, up from 13% in 2010, and 8% in 2009. Eight percent of covered workers are enrolled in HDHP/HRAs and 9% are enrolled in an HSA-qualified HDHP. Twenty-three percent of covered workers in small firms (3–199 workers)

are enrolled in HDHP/SOs, compared to 15% of workers in large firms (200 or more workers) (Exhibit G).

The distinguishing aspect of these high deductible plans is the savings feature available to employees. Workers enrolled in an HDHP/HRA receive an average annual contribution from their employer of \$861 for single coverage and \$1,539 for family coverage (Exhibit H). The average HSA annual contribution is \$611 for single coverage and \$1,069 for family coverage. In

contrast to HRAs, not all firms contribute to HSAs. Sixty percent of employers offering single coverage and 57% offering family coverage through HSA-qualified HDHPs make contributions towards the HSAs that their workers establish. The average employer contributions to HSAs in these contributing firms are \$886 for single coverage and \$1,559 for family coverage.

The average premiums for single coverage for workers in HSA-qualified HDHPs and HDHP/HRAs are lower than the average

## EXHIBIT F

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*
10–24 Workers	74	80	77	70*	76*	74	72	73	76	78	72	76	71
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93
<b>All Small Firms (3–199 Workers)</b>	<b>65%</b>	<b>68%</b>	<b>67%</b>	<b>65%</b>	<b>65%</b>	<b>62%</b>	<b>59%</b>	<b>60%</b>	<b>59%</b>	<b>62%</b>	<b>59%</b>	<b>68%*</b>	<b>59%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>98%*</b>	<b>97%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>
<b>ALL FIRMS</b>	<b>66%</b>	<b>68%</b>	<b>68%</b>	<b>66%</b>	<b>66%</b>	<b>63%</b>	<b>60%</b>	<b>61%</b>	<b>59%</b>	<b>63%</b>	<b>59%</b>	<b>69%*</b>	<b>60%*</b>

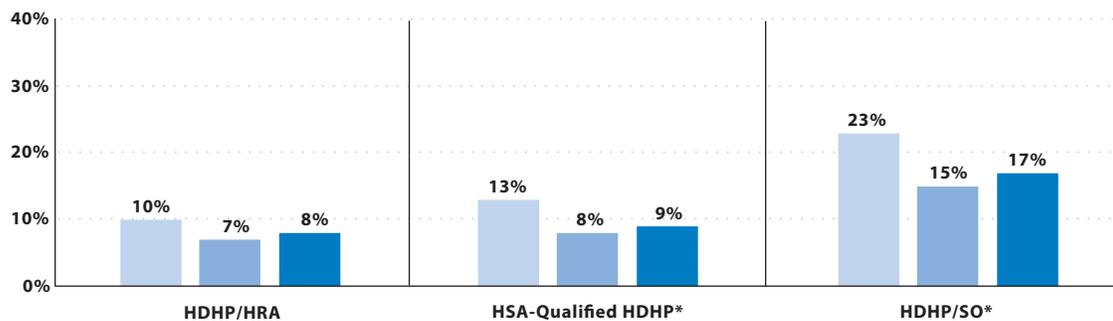
\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits. In 2011 changes were made to the survey's firm weights decreasing estimates of the overall offer rate by 1% in 2000, 2007 and 2009. Please consult the Survey Design and Methods section for additional information on changes made to the 2011 survey.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

## EXHIBIT G

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2010



\* Estimates are statistically different between All Small Firms and All Large Firms within category ( $p < .05$ ).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

■ All Small Firms (3–199 Workers)  
 ■ All Large Firms (200 or More Workers)  
 ■ All Firms

premiums for workers in plans that are not HDHP/SOs (Exhibit H). For family coverage, the average premium for HSA-qualified HDHPs is lower than the average family premium for workers in plans that are not HDHP/SOs. For single and family coverage, the average worker contributions to HSA-qualified HDHPs are also lower than the average worker contributions to non-HDHP/SO plans.

## RETIREE COVERAGE

Twenty-six percent of large firms (200 or more workers) offer retiree health benefits in 2011, which is the same percentage that offered retiree health benefits in 2010. The offer rate has fallen slowly over time, with significantly fewer large employers offering retiree health benefits in 2011 than in 2007 and years prior.

Among large firms (200 or more workers) that offer retiree health benefits, 91% offer health benefits to early retirees (workers retiring before age 65) and 71% offer health benefits to Medicare-age retirees.

## HEALTH REFORM

While many of the most significant provisions of the Patient Protection and Affordable Care Act (ACA) will take effect in 2014, important provisions became effective in 2010 and others will take effect over the next few years. The 2011 survey asked employers about some of these early provisions.

**Grandfathered Health Plans.** The ACA exempts “grandfathered” health plans from a number of its provisions, such as the requirements to cover preventive benefits without cost sharing or to have an external appeal process. An employer-sponsored health plan can be grandfathered if it covered a worker when the ACA became law (March 23, 2010) and if the plan does not make significant changes that reduce benefits or increase employee costs.<sup>5</sup> Seventy-two percent of firms had at least one grandfathered health plan when they were surveyed (January through May of 2011). Small firms (3–199 workers) were more likely than larger firms to have a grandfathered health plan (72% vs. 61%).

Looking at enrollment, 56% of covered workers were in grandfathered health plans when the survey was conducted. The percentage of covered workers in grandfathered plans is higher in small firms (3–199 workers) than in larger firms (63% vs. 53%).

Firms with plans that were not grandfathered were asked to respond to a list of potential reasons why each plan is not a grandfathered plan. Twenty-eight percent of covered workers are in plans that were not in effect when the ACA was enacted. Roughly similar percentages of workers are in plans where the deductibles (37%), employee premium contributions (35%), or plan benefits (29%) changed more than was permitted for plans to maintain grandfathered status. The reasons plans were not grandfathered varied by firm size, with workers in small firms (3–199 workers) much more likely than workers in large firms to be in a new plan that was not in effect when the ACA was enacted (63% vs. 18%) and generally less likely to be affected by plan changes.

## EXHIBIT H

**Average Annual Premiums and Contributions to Savings Accounts for Covered Workers in HDHP/HRAs or HSA-Qualified HDHPs, Compared to All Non-HDHP/SO Plans, 2011**

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans <sup>§</sup>	
	Single	Family	Single	Family	Single	Family
<b>Total Annual Premium</b>	\$5,227*	\$14,909	\$4,427*	\$12,655*	\$5,565	\$15,363
Worker Contribution to Premium	\$881	\$4,253	\$589*	\$3,076*	\$964	\$4,234
Firm Contribution to Premium	\$4,347	\$10,657	\$3,837*	\$9,579*	\$4,601	\$11,129
<b>Annual Firm Contribution to the HRA or HSA<sup>‡</sup></b>	\$861	\$1,539	\$611	\$1,069	NA	NA
<b>Total Annual Firm Contribution</b> (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$5,208*	\$12,196*	\$4,449	\$10,649	\$4,601	\$11,129
<b>Total Annual Cost</b> (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$6,088*	\$16,449*	\$5,038*	\$13,724*	\$5,565	\$15,363

\* Estimate is statistically different from estimate for All Non-HDHP/SO Plans (p<.05).

<sup>‡</sup> When those firms that do not contribute to the HSA (40% for single and 43% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$886 for single coverage and \$1,559 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

<sup>§</sup> In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

NA: Not Applicable.

Note: Values shown in the table may not equal the sum of their component parts. The averages presented in the table are aggregated at the firm level and then averaged, which is methodologically more appropriate than adding the averages. This is relevant for Total Annual Premium, Total Annual Firm Contribution, and Total Annual Cost.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

**Preventive Benefits.** The ACA requires non-grandfathered plans to provide certain preventive benefits without cost sharing. Firms were asked whether changes were made to their cost sharing for preventive services or the services that were classified as preventive because of health reform. Twenty-three percent of covered workers are in a plan where the employer reported changing the cost-sharing requirements because of health reform (Exhibit I). Workers in large firms (200 or more employees) are more likely than workers in smaller firms to be in such a plan (28% vs. 13%). Thirty-one percent of covered workers are in a plan where the employer reported changing the services that are considered preventive services because of health reform.

**Coverage for Adult Children to Age 26.** The ACA requires firms offering health coverage to extend benefits to children of covered workers until the child reaches age 26. The child does not need to be a legal dependent, but until 2014, grandfathered plans do not have to enroll children of employees if those children are offered employer-sponsored health coverage at their own job.<sup>6</sup> The survey asked firms whether any adult children who would not have been eligible for the plan prior to the change in law had enrolled in health coverage under this provision. Nineteen percent of small firms (3–199 workers) and 70% of larger firms enrolled at least one adult child under this provision. The numbers of children who enroll under this provision are closely related to the number of workers in the firm. Smaller

firms (3–24 workers) on average enroll two adult children due to the provision, while the largest firms (5,000 or more workers) enroll an average of 492 adult children. In total, an estimated 2.3 million adult children were enrolled in their parent’s employer sponsored health plan due to the Affordable Care Act.

**Small Employer Tax Credit.** The ACA provides a temporary tax credit for small employers that offer insurance, have fewer than 25 full-time equivalent employees, and have average annual wages of less than \$50,000.<sup>7</sup> The survey included several questions for both offering and non-offering employers about their awareness of the tax credit and whether they considered claiming it.

Because our survey gathers information on the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the credit.<sup>8</sup> To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify for the tax credit, we directed these questions to employers with fewer than 50 total employees. This approach allowed us to capture some employers with more than 25 employees who would nonetheless be eligible for the tax credit, but this also means some employers who are unlikely to be eligible for the tax credit (because they have more than 25 full-time equivalent employees) were asked these questions.

Among firms with fewer than 50 employees that offer coverage, 29% said they have made an attempt to determine if the firm is eligible for the small employer tax credit. Of the firms which attempted to determine eligibility, 30% said that they intend to claim the credit for both 2010 and 2011, 21% said they do not intend to claim the credit for either year, 41% are not sure, and small percentages said they do not know if they will claim the credit or they intend to claim it for only one of the two years. The vast majority of those saying they do not intend to claim the tax credit indicated they were not eligible to receive it.

Firms with fewer than 50 workers that do not offer health insurance were asked if they were aware of the small business tax credit. One-half (50%) of these firms said they were aware of the credit, and of those aware, 15% are considering offering coverage as a result of the credit.

**OTHER TOPICS**

**Stoploss Coverage.** Many firms that have self-funded health plans purchase insurance, often called “stoploss” coverage, to limit the amount they may have to pay in claims either overall, or for any particular plan enrollee. Fifty-eight percent of workers in self-funded health plans are enrolled in plans covered by stoploss insurance. Workers in self-funded plans in small firms (3–199 workers) are more likely than workers in self-funded plans in larger firms to be in a plan with stoploss protection (72% vs. 57%). About four in five (81%) workers in self-funded plans that

**EXHIBIT I**

**Among Covered Workers, Changes to Cost Sharing for Preventive Services Because of the Affordable Care Act (ACA), by Firm Size, 2011**

FIRM SIZE	Percentage of Workers in a Plan Where Cost Sharing Changed for Preventive Services Because of the ACA	Percentage of Workers in a Plan Where the Services Considered Preventive Changed Because of the ACA
All Small Firms (3–199 Workers)	13%*	25%*
All Large Firms (200 or More Workers)	28%*	34%*
<b>ALL FIRMS</b>	<b>23%</b>	<b>31%</b>

\* Estimate is statistically different between All Small Firms and All Large Firms (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

have stoploss protection are in plans where the stoploss insurance limits the amount the plan spends on each employee. The average per employee claims cost at which stoploss insurance begins paying benefits is \$78,321 for workers in small firms (3–199 workers) with self-funded plans, and \$208,280 for workers in larger firms with self-funded plans.

**High-Performance Networks.** Some plans offer tiered or high-performance networks, which group providers in the network based on quality, cost, and/or efficiency of the care they deliver. Plans encourage patients to visit higher performing providers either by restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network. Twenty percent of firms offering coverage in 2011 include a high-performance or tiered provider network in their health plan with the largest enrollment. Small firms (3–199 workers) and larger firms are equally likely to offer a plan that includes a high-performance or tiered network.

---

## CONCLUSION

The 2011 survey saw an upturn in premium growth, as the average premiums for family coverage increased 9% between 2010 and 2011, significantly higher than the 3% increase between 2009 and 2010. The percentage of workers in HDHP/SOs continues to rise as employers seek more affordable coverage options and are potentially seeking to shift increased costs to workers. In 2011, 17% of covered workers were enrolled in an HDHP/SO, compared to 13% in 2010 and 8% in 2009.

Changes from the new health reform law are beginning to have an impact on the marketplace. Significant percentages of firms made changes in their preventive care benefits and enrolled adult children in their benefits plans in response to provisions in the new health reform law. Most employees with employment-sponsored insurance are in grandfathered plans that are exempt from some of the law's new provisions, but this may change over time as firms adjust benefits and cost sharing or change plan design to incorporate new features. The survey will continue to monitor employer responses to health reform as firms adapt to early provisions in the law and as new provisions take effect.

---

## METHODOLOGY

The Kaiser Family Foundation/Health Research & Educational Trust 2011 Annual Employer Health Benefits Survey (Kaiser/HRET) reports findings from a telephone survey of 2,088 randomly selected public and private employers with three or more workers. Researchers at the Health Research & Educational Trust, NORC at the University of Chicago, and the Kaiser Family Foundation designed and analyzed the survey. National Research, LLC conducted the fieldwork between January and May 2011. In 2011 our overall response rate is 47%, which includes firms that offer and do not offer health benefits. Among firms that offer health benefits, the survey's response rate is 47%.

From previous years' experience, we learned that firms that decline to participate in the study are less likely to offer health coverage.

Therefore, we asked one question to all firms with which we made phone contact, but the firm declined to participate. The question was, "Does your company offer a health insurance program as a benefit to any of your employees?" A total of 3,184 firms responded to this question (including 2,088 who responded to the full survey and 1,096 who responded to this one question). Their responses are included in our estimates of the percentage of firms offering health coverage. The response rate for this question was 71%. Since firms are selected randomly, it is possible to extrapolate from the sample to national, regional, industry, and firm size estimates using statistical weights. In calculating weights, we first determined the basic weight, then applied a nonresponse adjustment, and finally applied a post-stratification adjustment. We used the U.S. Census Bureau's Statistics of U.S. Businesses as the basis for the stratification and the post-stratification adjustment for firms in the private sector, and we used the Census of Governments as the basis for post-stratification for firms in the public sector. This year, we modified the method used to calculate firm-based weights resulting in small changes to some current and past results. For more information on the change consult the Survey Design and Methods section of the 2011 report. Some exhibits in the report do not sum up to totals due to rounding effects and, in a few cases, numbers from distribution exhibits referenced in the text may not add due to rounding effects. Unless otherwise noted, differences referred to in the text use the 0.05 confidence level as the threshold for significance.

---

<sup>1</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, December 2010. [www.kff.org/uninsured/upload/7451-06.pdf](http://www.kff.org/uninsured/upload/7451-06.pdf). 57% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.

<sup>2</sup> The average annual premiums for employer-sponsored health insurance in 2010 were \$5,049 for single coverage and \$13,770 for family coverage. Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

<sup>3</sup> The average worker contribution includes those workers with no contribution.

<sup>4</sup> In 2011 changes were made to the survey's firm weights decreasing estimates of the overall offer rate by 1% in 2000, 2007 and 2009. Please consult the Survey Design and Methods section for additional information on changes made to the 2011 survey.

<sup>5</sup> Federal Register, Vol. 75, No. 116, June 17, 2010. [www.gpo.gov/fdsys/pkg/FR-2010-06-17/pdf/2010-14614.pdf](http://www.gpo.gov/fdsys/pkg/FR-2010-06-17/pdf/2010-14614.pdf). Federal Register, Vol. 7, No. 221, November 17, 2010. <http://edocket.access.gpo.gov/2010/pdf/2010-28861.pdf>. For more information please consult: United States. Congressional Research Service CRS. Open CRS. By Bernadette Fernandez. Grandfathered Health Plans Under the Patient Protection and Affordable Care Act (PPACA), 2 Jan. 2011. Web. 3 Aug. 2011. <[http://assets.opencrs.com/rpts/R41166\\_20110103.pdf](http://assets.opencrs.com/rpts/R41166_20110103.pdf)>.

<sup>6</sup> Federal Register, Vol 75, No 92, May 13, 2010, [www.gpo.gov/fdsys/pkg/FR-2010-05-13/pdf/2010-11391.pdf#page=15](http://www.gpo.gov/fdsys/pkg/FR-2010-05-13/pdf/2010-11391.pdf#page=15).

<sup>7</sup> Internal Revenue Service, Notice 2010-82, Part III – Administrative, Procedural and Miscellaneous, Section 45R – Tax Credit for Employee Health Insurance Expenses of Small Employers, [www.irs.gov/pub/irs-drop/n-10-82.pdf](http://www.irs.gov/pub/irs-drop/n-10-82.pdf).

<sup>8</sup> In addition, because the number of full-time equivalent employees and average wages are determined over the entire year, firms during a year may not know if they will be eligible for the credit.

60%

\$5,429

\$15,073

2011

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

---

Survey Design  
and  
Methods

---

## SURVEY DESIGN AND METHODS

THE KAISER FAMILY FOUNDATION AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (KAISER/HRET) CONDUCT THIS ANNUAL SURVEY OF EMPLOYER-SPONSORED HEALTH BENEFITS. HRET, A NONPROFIT RESEARCH ORGANIZATION, IS AN AFFILIATE OF THE AMERICAN HOSPITAL ASSOCIATION. THE KAISER FAMILY FOUNDATION DESIGNS, ANALYZES, AND CONDUCTS THIS SURVEY IN PARTNERSHIP WITH HRET, AND ALSO PAYS FOR THE COST OF THE SURVEY. HRET SUBCONTRACTS WITH RESEARCHERS AT NORC AT THE UNIVERSITY OF CHICAGO (NORC), TO WORK WITH FOUNDATION AND HRET RESEARCHERS IN CONDUCTING THE STUDY. KAISER/HRET RETAINED NATIONAL RESEARCH, LLC (NR), A WASHINGTON, D.C.-BASED SURVEY RESEARCH FIRM, TO CONDUCT TELEPHONE INTERVIEWS WITH HUMAN RESOURCE AND BENEFITS MANAGERS USING THE KAISER/HRET SURVEY INSTRUMENT. FROM JANUARY TO MAY 2011 NR COMPLETED FULL INTERVIEWS WITH 2,088 FIRMS.

### SURVEY TOPICS

As in past years, Kaiser/HRET asked each participating firm as many as 400 questions about its largest health maintenance organization (HMO), preferred provider organization (PPO), point-of-service (POS) plan, and high-deductible health plan with a savings option (HDHP/SO).<sup>1</sup> In 2006, Kaiser/HRET began asking employers if they had a health plan that was an exclusive provider organization (EPO). We treat EPOs and HMOs as one plan type and report the information under the banner of “HMO;” if an employer sponsors both an HMO and an EPO, they are asked about the attributes of the plan with the larger enrollment.

As in past years, the survey includes questions on the cost of health insurance, health benefit offer rates, coverage, eligibility, enrollment patterns, premiums,<sup>2</sup> employee cost sharing, prescription drug benefits, retiree health benefits, wellness benefits, and employer opinions. New topics in the 2011 survey include questions on stoploss coverage for self-funded plans, cost sharing for preventive care, plan grandfathering resulting from the Affordable Care Act (ACA), and employer awareness of tax credits authorized under the ACA.

### RESPONSE RATE

After determining the required sample from U.S. Census Bureau data, Kaiser/HRET drew its sample from a Survey Sampling Incorporated list (based on an original Dun and Bradstreet list) of the nation’s private employers and from the Census Bureau’s Census of Governments list of public employers with three or more workers. To increase precision, Kaiser/HRET stratified the sample by industry and the number of workers in the firm. Kaiser/HRET attempted to repeat interviews with prior years’ survey respondents (with at least ten employees) who also participated in either the 2009 or the 2010 survey, or both. As a result, 1,555 of the 2,088 firms who completed the survey also participated in either the 2009, 2010, or both.<sup>3</sup> The overall response rate is 47%.<sup>4</sup>

The vast majority of questions are asked only of firms that offer health benefits. A total of 1,910 of the 2,088 responding firms indicated that they offered health benefits. The overall response rate of firms that offer health benefits is 47%.

#### NOTE:

<sup>1</sup> HDHP/SO includes high-deductible health plans offered with either a Health Reimbursement Arrangement (HRA) or a Health Savings Account (HSA). Although HRAs can be offered along with a health plan that is not an HDHP, the survey collected information only on HRAs that are offered along with HDHPs. For specific definitions of HDHPs, HRAs, and HSAs, see the introduction to Section 8.

<sup>2</sup> HDHP/SO premium estimates do not include contributions made by the employer to Health Savings Accounts or Health Reimbursement Arrangements.

<sup>3</sup> In total, 137 firms participated in 2009 and 2011, 353 firms participated in 2010 and 2011, and 1,065 firms participated in 2009, 2010, and 2011.

<sup>4</sup> Response rate estimates are calculated using the CASRO method.

We asked one question of all firms in the study which we made phone contact with and the firm declined to participate. The question was, “Does your company offer a health insurance program as a benefit to any of your employees?” A total of 3,184 firms responded to this question (including 2,088 who responded to the full survey and 1,096 who responded to this one question). Their responses are included in our estimates of the percentage of firms offering health benefits.<sup>5</sup> The response rate for this question is 71%.

#### FIRM SIZE CATEGORIES AND KEY DEFINITIONS

Throughout the report, exhibits categorize data by size of firm, region, and industry. Firm size definitions are as follows: All Small Firms, 3 to 199 workers; and All Large Firms, 200 or more workers. Occasionally, firm size categories will be broken into smaller groups. The All Small Firm group may be categorized by: 3 to 24 workers, and 25 to 199 workers; or 3 to 9 workers, 10 to 24 workers, 25 to 49 workers, and 50 to 199 workers. The All Large Firm group may be categorized by: 200 to 999 workers, 1,000 to 4,999 workers, and 5,000 or more workers. Exhibit M.1 shows selected characteristics of the survey sample.

Exhibit M.2 displays the distribution of the nation’s firms, workers, and covered workers (employees receiving coverage from their employer). Among the over three million firms nationally, approximately 60.6% are firms employing 3 to 9 workers; such firms employ 8.1% of workers and 4.7% of workers covered by health insurance. In contrast, less than one percent of firms employ 1,000 or more workers; these firms employ 47.6% of workers and 53.4% of covered workers. Therefore, the smallest firms dominate any national statistics about what employers in general are doing. For this reason, most statistics about firms are broken out by size categories. In contrast, firms with 1,000 or more workers are the most important employer group in calculating statistics regarding covered workers, since they employ the largest percentage of the nation’s workforce.

Throughout this report, we use the term “in-network” to refer to services received from a preferred provider. Family coverage is defined as health coverage for a family of four.

Each year, the survey asks firms for the percentage of their employees that earn less than a specified amount in order to identify the portion of a firm’s workforce that has relatively low wages. This year, the income threshold remained at \$23,000 per year the same as 2010. This threshold is based on the 25th percentile of workers’ earnings as reported by the Bureau of Labor Statistics using data from the National Compensation Survey (2009), the most current data available at the time of the survey design. The threshold was then adjusted to account for the change in workers’ earnings from 2009 to 2010, using the Bureau of Labor Statistics’ Employment Cost Index.

#### ROUNDING AND IMPUTATION

Some exhibits in the report do not sum to totals due to rounding effects. In a few cases, numbers from distribution exhibits may not add to equal numbers referenced in the text due to rounding effects. Although overall totals and totals for size and industry are statistically valid, some breakdowns may not be available due to limited sample sizes. Where the unweighted sample size is fewer than 30, exhibits include the notation “NSD” (Not Sufficient Data).

To control for item nonresponse bias, Kaiser/HRET imputes values that are missing for most variables in the survey. In general, less than 5% of observations are imputed for any given variable. All variables are imputed following a hotdeck approach. In 2011, there were four variables where the imputation rate exceeded 20% but was less than 30%. For these cases, the unimputed variable is compared with the imputed variable and there is no statistically significant difference. There are a few variables that Kaiser/HRET has decided should not be imputed; these are typically variables where “don’t know” is considered a valid response option. (for example, firms’ opinions about effectiveness of various strategies to control health insurance costs).<sup>6</sup> In addition, there are several variables in which missing data is calculated based on respondents’ answers to other questions (for example, when missing employer contributions to premiums is calculated from the respondent’s premium and the ratio of contributions to premiums).

#### NOTE:

<sup>5</sup> Estimates presented in Exhibits 2.1, 2.2 and 2.3 are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

<sup>6</sup> With the exception of Exhibit 13.5, questions about health reform were not imputed.

### SAMPLE DESIGN

We determined the sample requirements based on the universe of firms obtained from the U.S. Census. Prior to the 2009 survey, the sample requirements were based on the total counts provided by Survey Sampling Incorporated (SSI) (which obtains data from Dun and Bradstreet). Over the years, we have found the Dun and Bradstreet frequency counts to be volatile because of duplicate listings of firms, or firms that are no longer in business. These inaccuracies vary by firm size and industry. In 2003, we began using the more consistent and accurate counts provided by the Census Bureau's Statistics of U.S. Businesses and the Census of Governments as the basis for post-stratification, although the sample was still drawn from a Dun and Bradstreet list. In order to further address this concern at the time of sampling, we now also use Census data as the basis for the sample.

We also defined Education as a separate sampling category, rather than as a subgroup of the Service category. In the past, Education firms were a disproportionately large share of Service firms. Education is controlled for during post-stratification, and adjusting the sampling frame to also control for Education allows for a more accurate representation of both Education and Service industries.

In past years, both private and government firms were sampled from the Dun and Bradstreet database. Beginning in 2009, Government firms were sampled in-house from the 2007 Census of Governments. This change was made to eliminate the overlap of state agencies that were frequently sampled from the Dun and Bradstreet database. The sample of private firms is screened for firms that are related to state/local governments, and if these firms are identified in the Census of Governments, they are reclassified as government firms and a private firm is randomly drawn to replace the reclassified firm.

Finally, the data used to determine the 2011 Employer Health Benefits sample frame include the U.S. Census' 2007 Statistics of U.S. Businesses and the 2007 Census of Governments. At the time of the sample design (December 2010), these data represented the most current information on the number of public and private firms nationwide with three or more workers. As in the past, the post-stratification is based on the most up-to-date Census data available (the 2008 update to the Census of U.S. Businesses was purchased during the survey field period) and the 2007 Census of Governments. The Census of Governments is conducted every five years, and this is the third year the

data from the 2007 Census of Governments have been available for use.

### WEIGHTING AND STATISTICAL SIGNIFICANCE

Because Kaiser/HRET selects firms randomly, it is possible through the use of statistical weights to extrapolate the results to national (as well as firm size, regional, and industry) averages. These weights allow Kaiser/HRET to present findings based on the number of workers covered by health plans, the number of total workers, and the number of firms. In general, findings in dollar amounts (such as premiums, worker contributions, and cost sharing) are weighted by covered workers. Other estimates, such as the offer rate, are weighted by firms. Specific weights were created to analyze the HDHP/SO plans that are offered with an HRA or that are HSA-qualified. These weights represent the proportion of employees enrolled in each of these arrangements.

Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a nonresponse adjustment. As part of this nonresponse adjustment, Kaiser/HRET conducted a small follow-up survey of those firms with 3 to 49 workers that refused to participate in the full survey. Just as in years passed, Kaiser/HRET conducted a McNemar test to verify that the results of the follow-up survey are comparable to the results from the original survey. Next, we trimmed the weights in order to reduce the influence of weight outliers. First, we identified common groups of observations. Within each group, we identified the median and the interquartile range of the weights and calculated the trimming cut point as the median plus six times the interquartile range ( $M + [6 * IQR]$ ). Weight values larger than this cut point are trimmed to the cut point. In all instances, less than one percent of the weight values were trimmed. Finally, we calibrated the weights to U.S. Census Bureau's 2008 Statistics of U.S. Businesses for firms in the private sector, and the 2007 Census of Governments as the basis for calibration / post-stratification for public sector firms.

This year, we became aware that the way we have been using the data from the Census Bureau for calibration was incorrect and resulted in an over-count of the actual number of firms in the nation. Specifically, firms operating in more than one industry were counted more than once in computing the total firm count by industry, and firms with establishments were counted more than once in computing the total firm count by state (which affects the regional count). Because

smaller firms are less likely to operate in more than one industry or state, the miscounts occurred largely for larger firm sizes. The error affects only statistics that are weighted by the number of firms (such as the percent of firms offering health benefits or sponsoring a disease management plan). Statistics that are weighted by the number of workers or covered workers (such as average premiums, contributions, or deductibles) were not affected.

We addressed this issue by proportionally distributing the correct national total count of firms within each firm size as provided by the U.S. Census Bureau across industry and state based on the observed distribution of workers. This effectively weights each firm within each category (industry or state) in proportion to its share of workers in that category. The end result is a synthetic count of firms across industry and state that sums to the national totals.

Firm-weighted estimates resulting from this change show only small changes from previous estimates, because smaller firms have much more influence on national estimates. For example, the estimate of the percentage of firms offering coverage was reduced by about .05 percentage points in each year (in some years no change is evident due to rounding).<sup>7</sup> Estimates of the percentage of large firms offering retiree benefits were reduced by a somewhat larger amount (about 2 percentage points). Historical estimates used in the 2011 survey release have been updated following this same process. As noted above, worker-weighted estimates from prior years were not affected by the miscount and remain the same.

We continue to ask firms whether or not they offer a conventional health plan and, if so, how many of their covered workers are enrolled in that plan and whether it is self-funded or underwritten by an insurer. However, due to the declining market share of conventional health plans, in 2006, we stopped asking respondents additional questions about the attributes of the conventional plans they offer.<sup>8</sup> As of 2009 our primary covered worker weight no longer includes those workers with conventional coverage.

Therefore, premium and cost-sharing levels are estimated among workers covered by an HMO, PPO, POS plan, or HDHP/SO. Removing workers covered by conventional health insurance from the covered worker weight has little impact on the estimates reported for “All Plans,” such as the average single or family premium. In cases where a firm offers only conventional health plans, no information from that respondent is included in “All Plan” averages. The exception is for whether or not the plan is self-funded, for which we have information. For enrollment statistics, we weight the statistics by all covered workers, including those in conventional insurance.

The survey contains a few questions on employee cost sharing that are asked only of firms that indicate in a previous question that they have a certain cost-sharing provision. For example, the copayment amount for prescription drugs is asked only of those that report they have copayments for prescription drugs. Because the composite variables (using data from across all plan types) are reflective of only those plans with the provision, separate weights for the relevant variables were created in order to account for the fact that not all covered workers have such provisions.

The data are analyzed with SUDAAN,<sup>9</sup> which computes appropriate standard error estimates by controlling for the complex design of the survey.<sup>10</sup> All statistical tests are performed at the .05 level, unless otherwise noted. For figures with multiple years, statistical tests are conducted for each year against the previous year shown, unless otherwise noted. No statistical tests are conducted for years prior to 1999.

Statistical tests for a given subgroup (firms with 25–49 workers, for instance) are tested against all other firm sizes not included in that subgroup (all firm sizes NOT including firms with 25–49 workers, in this example). Tests are done similarly for region and industry; for example, Northeast is compared to all firms NOT in the Northeast (an aggregate of firms in the Midwest, South, and West). However, statistical tests for estimates compared across plan types (for example, average premiums in PPOs) are tested against the

NOTE:

<sup>7</sup> Comparisons of estimates before and after this change are available <http://www.kff.org/insurance/8225.cfm>.

<sup>8</sup> In 2011, 1% of covered workers are enrolled in a conventional plan.

<sup>9</sup> Research Triangle Institute (2008). SUDAAN Software for the Statistical Analysis of Correlated Data, Release 10.0, Research Triangle Park, NC: Research Triangle Institute.

<sup>10</sup> A supplement with standard errors for select estimates can be found online at Technical Supplement: Standard Error Tables for Selected Estimates <http://www.kff.org/insurance/8225.cfm>.

“All Plans” estimate. In some cases, we also test plan-specific estimates against similar estimates for other plan types (for example, single and family premiums for HDHP/SOs against single and family premiums for HMO, PPO, and POS plans); these are noted specifically in the text. The two types of statistical tests performed are the t-test and the Pearson Chi-square test.

The small number of observations for some variables resulted in large variability around the point estimates. These observations sometimes carry large weights, primarily for small firms. The reader should be cautioned that these influential weights may result in large movements in point estimates from year to year; however, often these movements are not statistically significant.

#### HISTORICAL DATA

Data in this report focus primarily on findings from surveys jointly authored by the Kaiser Family Foundation and the Health Research & Educational Trust, which have been conducted since 1999. Prior

to 1999, the survey was conducted by the Health Insurance Association of America (HIAA) and KPMG using a similar survey instrument, but data are not available for all the intervening years. Following the survey’s introduction in 1987, the HIAA conducted the survey through 1990, but some data are not available for analysis. KPMG conducted the survey from 1991–1998. However, in 1991, 1992, 1994, and 1997, only larger firms were sampled. In 1993, 1995, 1996, and 1998, KPMG interviewed both large and small firms. In 1998, KPMG divested itself of its Compensation and Benefits Practice, and part of that divestiture included donating the annual survey of health benefits to HRET.

This report uses historical data from the 1993, 1996, and 1998 KPMG Surveys of Employer-Sponsored Health Benefits and the 1999–2010 Kaiser/HRET Survey of Employer-Sponsored Health Benefits. For a longer-term perspective, we also use the 1988 survey of the nation’s employers conducted by the HIAA, on which the KPMG and Kaiser/HRET surveys are based. The survey designs for the three surveys are similar.

## EXHIBIT M.1

## Selected Characteristics of Firms in the Survey Sample, 2011

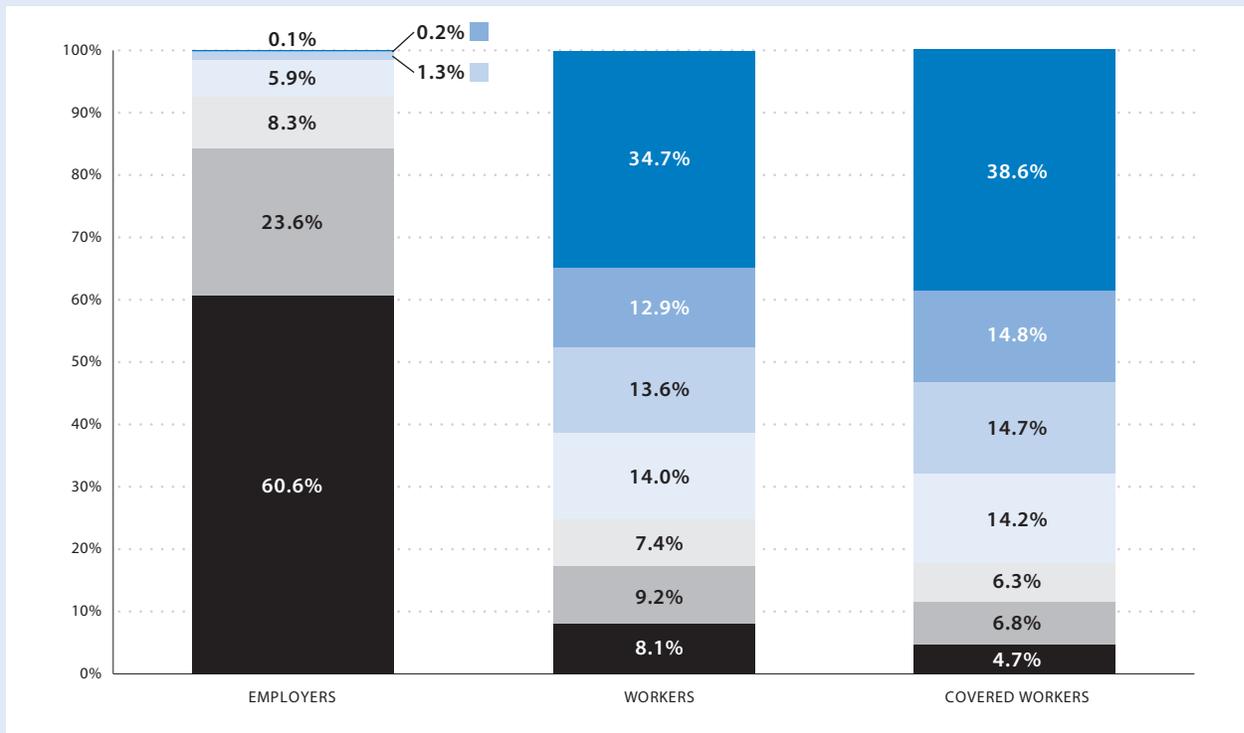
	Sample Size	Sample Distribution After Weighting	Percentage of Total for Weighted Sample
<b>FIRM SIZE</b>			
3–9 Workers	130	1,996,357	60.6%
10–24 Workers	205	777,413	23.6
25–49 Workers	157	271,908	8.3
50–199 Workers	296	193,136	5.9
200–999 Workers	511	43,392	1.3
1,000–4,999 Workers	466	7,944	0.2
5,000 or More Workers	323	2,098	0.1
<b>ALL FIRM SIZES</b>	<b>2,088</b>	<b>3,292,248</b>	<b>100%</b>
<b>REGION</b>			
Northeast	415	645,447	19.6%
Midwest	590	746,566	22.7
South	697	1,123,265	34.1
West	386	776,971	23.6
<b>ALL REGIONS</b>	<b>2,088</b>	<b>3,292,248</b>	<b>100%</b>
<b>INDUSTRY</b>			
Agriculture/Mining/Construction	125	397,852	12.1%
Manufacturing	203	203,885	6.2
Transportation/Communications/Utilities	113	122,441	3.7
Wholesale	115	183,297	5.6
Retail	149	407,711	12.4
Finance	137	218,163	6.6
Service	883	1,303,665	39.6
State/Local Government	131	50,587	1.5
Health Care	232	404,647	12.3
<b>ALL INDUSTRIES</b>	<b>2,088</b>	<b>3,292,248</b>	<b>100%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

EXHIBIT M.2

Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: Data are based on a special data request to the U.S. Census Bureau for their most recent (2008) Statistics of U.S. Businesses data on private sector firms. State and local government data are from the Census Bureau's 2008 Census of Governments.

- 5,000 OR MORE WORKERS
- 1,000-4,999 WORKERS
- 200-999 WORKERS
- 50-199 WORKERS
- 25-49 WORKERS
- 10-24 WORKERS
- 3-9 WORKERS

## EXHIBIT M.3

## States by Region, 2011

<b>Northeast</b>	<b>Midwest</b>	<b>South</b>	<b>West</b>
Connecticut	Illinois	Delaware	Arizona
Maine	Indiana	District of Columbia	Colorado
Massachusetts	Michigan	Florida	Idaho
New Hampshire	Ohio	Georgia	Montana
Vermont	Wisconsin	Maryland	Nevada
Rhode Island	Iowa	North Carolina	New Mexico
New Jersey	Kansas	South Carolina	Utah
New York	Minnesota	Virginia	Wyoming
Pennsylvania	Missouri	West Virginia	Alaska
	Nebraska	Alabama	California
	North Dakota	Kentucky	Hawaii
	South Dakota	Mississippi	Oregon
		Tennessee	Washington
		Louisiana	
		Oklahoma	
		Texas	
		Arkansas	

## SOURCE:

Kaiser/HRET HRET Survey of Employer-Sponsored Health Benefits, 2011; U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, available at [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf).



60%

\$5,429

\$15,073

2011

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

---

Cost of  
Health  
Insurance

---

SECTION  
1

## COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUMS IN 2011 ARE \$5,429 FOR SINGLE COVERAGE AND \$15,073 FOR FAMILY COVERAGE. SINCE 2010, AVERAGE PREMIUMS INCREASED 8% FOR SINGLE COVERAGE AND 9% FOR FAMILY COVERAGE. THE 9% INCREASE FOR FAMILY PREMIUMS BETWEEN 2010 AND 2011 IS SIGNIFICANTLY GREATER THAN THE 3% FAMILY PREMIUM INCREASE BETWEEN 2009 AND 2010. CONSISTENT WITH RECENT YEARS, AVERAGE FAMILY PREMIUMS FOR SMALL FIRMS (3–199 WORKERS) (\$14,098) ARE SIGNIFICANTLY LOWER THAN AVERAGE FAMILY PREMIUMS FOR LARGER FIRMS (200 OR MORE WORKERS) (\$15,520).

### PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average premium for single coverage in 2011 is \$452 per month or \$5,429 per year (Exhibit 1.1). The average premium for family coverage is \$1,256 per month or \$15,073 per year (Exhibit 1.1).
- ▶ The average annual premiums for covered workers in HDHP/SOs are lower for single (\$4,793) and family coverage (\$13,704) than the overall average premiums for covered workers (Exhibit 1.1).
- ▶ The average premium for family coverage for covered workers in small firms (3–199 workers) (\$14,098) is lower than the average premium for covered workers in large firms (200 or more workers) (\$15,520) (Exhibit 1.2). While the family premiums vary significantly by firm size, the average single premiums are similar for covered workers in small and large firms.
- ▶ Average single and family premiums for covered workers are higher in the Northeast (\$5,785 and \$16,013) and lower in the South (\$5,110 and \$14,329) than the average premiums for covered workers in other regions (Exhibit 1.3).
- ▶ Covered workers in firms where 35% or more of the workers are age 50 or older have higher average single and family premiums (\$5,637 and \$15,520) than covered workers in firms where a lower percentage of workers are age 50 or older (\$5,273 and \$14,739) (Exhibits 1.5 and 1.6).
- ▶ There is considerable variation in premiums for both single and family coverage.
  - Eighteen percent of covered workers are employed by firms that have a single premium at least 20% higher than the average single premium, while 21% of covered workers are in firms that have a single premium less than 80% of the average single premium (Exhibit 1.7 and 1.8).
  - For family coverage, 19% of covered workers are employed in a firm that has a family premium at least 20% higher than the average family premium, while 21% of covered workers are in firms that have a family premium less than 80% of the average family premium (Exhibit 1.7 and 1.8).

### PREMIUM CHANGES OVER TIME

- ▶ The average annual single premium (\$5,429) in 2011 is 8% higher than the average annual premium in 2010 (\$5,049), and the average annual family premium (\$15,073) is 9% higher than the average annual family premium last year (\$13,770) (Exhibit 1.11). The 9% increase in family premiums between 2010 and 2011 is significantly greater than the 3% increase between 2009 and 2010.
  - The \$15,073 average annual family premium in 2011 is 31% higher than the average family premium in 2006 and 113% higher than the average family premium in 2001 (Exhibit 1.11).
- ▶ Since 2006, the average family premium for covered workers has grown faster for large firms than small firms (25% in small firms vs. 34% in large firms). Between 2001 and 2011, the average family premium for covered workers in large firms has grown faster than for covered workers in small firms (103% in small firms vs. 118% in large firms) (Exhibit 1.13).
- ▶ For large firms (200 or more workers), the average family premium for covered workers in firms that are fully insured has grown at a similar rate to premiums for workers in fully or partially self-funded firms from 2006 to 2011 (38% in fully insured firms vs. 33% in self-funded firms) and from 2001 to 2011 (117% in fully insured firms vs. 119% in self-funded firms) (Exhibit 1.14).

## EXHIBIT 1.1

## Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2011

	Monthly	Annual
<b>HMO</b>		
Single Coverage	\$446	\$5,350
Family Coverage	\$1,274	\$15,288
<b>PPO</b>		
Single Coverage	\$465	\$5,584
Family Coverage	\$1,284	\$15,404
<b>POS</b>		
Single Coverage	\$487	\$5,841
Family Coverage	\$1,272	\$15,260
<b>HDHP/SO</b>		
Single Coverage	\$399*	\$4,793*
Family Coverage	\$1,142*	\$13,704*
<b>ALL PLAN TYPES</b>		
Single Coverage	\$452	\$5,429
Family Coverage	\$1,256	\$15,073

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from All Plans estimate (p&lt;.05).

## EXHIBIT 1.2

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
All Small Firms (3-199 Workers)	\$417	\$1,161*	\$5,010	\$13,937*
All Large Firms (200 or More Workers)	455	1,309*	5,460	15,712*
<b>ALL FIRM SIZES</b>	<b>\$446</b>	<b>\$1,274</b>	<b>\$5,350</b>	<b>\$15,288</b>
<b>PPO</b>				
All Small Firms (3-199 Workers)	\$466	\$1,202*	\$5,593	\$14,419*
All Large Firms (200 or More Workers)	465	1,312*	5,581	15,748*
<b>ALL FIRM SIZES</b>	<b>\$465</b>	<b>\$1,284</b>	<b>\$5,584</b>	<b>\$15,404</b>
<b>POS</b>				
All Small Firms (3-199 Workers)	\$481	\$1,222	\$5,769	\$14,662
All Large Firms (200 or More Workers)	495	1,341	5,945	16,095
<b>ALL FIRM SIZES</b>	<b>\$487</b>	<b>\$1,272</b>	<b>\$5,841</b>	<b>\$15,260</b>
<b>HDHP/SO</b>				
All Small Firms (3-199 Workers)	\$388	\$1,094	\$4,659	\$13,127
All Large Firms (200 or More Workers)	408	1,176	4,892	14,118
<b>ALL FIRM SIZES</b>	<b>\$399</b>	<b>\$1,142</b>	<b>\$4,793</b>	<b>\$13,704</b>
<b>ALL PLANS</b>				
All Small Firms (3-199 Workers)	\$444	\$1,175*	\$5,328	\$14,098*
All Large Firms (200 or More Workers)	456	1,293*	5,477	15,520*
<b>ALL FIRM SIZES</b>	<b>\$452</b>	<b>\$1,256</b>	<b>\$5,429</b>	<b>\$15,073</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms (p&lt;.05).

## EXHIBIT 1.3

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Northeast	\$486*	\$1,332	\$5,826*	\$15,981
Midwest	472	1,322	5,659	15,861
South	428	1,273	5,131	15,279
West	428	1,229	5,131	14,743
<b>ALL REGIONS</b>	<b>\$446</b>	<b>\$1,274</b>	<b>\$5,350</b>	<b>\$15,288</b>
<b>PPO</b>				
Northeast	\$496*	\$1,375*	\$5,948*	\$16,503*
Midwest	485	1,337	5,824	16,042
South	426*	1,175*	5,118*	14,104*
West	491	1,350	5,892	16,200
<b>ALL REGIONS</b>	<b>\$465</b>	<b>\$1,284</b>	<b>\$5,584</b>	<b>\$15,404</b>
<b>POS</b>				
Northeast	\$537	\$1,438	\$6,442	\$17,253
Midwest	464	1,229	5,569	14,746
South	450	1,210	5,403	14,519
West	506	1,268	6,067	15,211
<b>ALL REGIONS</b>	<b>\$487</b>	<b>\$1,272</b>	<b>\$5,841</b>	<b>\$15,260</b>
<b>HDHP/SO</b>				
Northeast	\$398	\$1,139	\$4,781	\$13,673
Midwest	390	1,137	4,675	13,640
South	409	1,201	4,902	14,407
West	404	1,072	4,846	12,865
<b>ALL REGIONS</b>	<b>\$399</b>	<b>\$1,142</b>	<b>\$4,793</b>	<b>\$13,704</b>
<b>ALL PLANS</b>				
Northeast	\$482*	\$1,334*	\$5,785*	\$16,013*
Midwest	458	1,276	5,497	15,310
South	426*	1,194*	5,110*	14,329*
West	460	1,259	5,514	15,103
<b>ALL REGIONS</b>	<b>\$452</b>	<b>\$1,256</b>	<b>\$5,429</b>	<b>\$15,073</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan and coverage types from estimate for all firms not in the indicated region ( $p < .05$ ).

## EXHIBIT 1.4

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$398*	\$1,145*	\$4,775*	\$13,735*
Transportation/Communications/Utilities	435	1,247	5,222	14,969
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	460	1,359	5,518	16,308
Service	452	1,273	5,430	15,279
State/Local Government	472	1,265	5,659	15,176
Health Care	447	1,320	5,359	15,846
<b>ALL INDUSTRIES</b>	<b>\$446</b>	<b>\$1,274</b>	<b>\$5,350</b>	<b>\$15,288</b>
<b>PPO</b>				
Agriculture/Mining/Construction	\$400*	\$1,167	\$4,794*	\$14,008
Manufacturing	438	1,206	5,254	14,475
Transportation/Communications/Utilities	436*	1,290	5,234*	15,483
Wholesale	438	1,301	5,253	15,606
Retail	450	1,256	5,397	15,075
Finance	498	1,393*	5,977	16,715*
Service	456	1,252	5,473	15,020
State/Local Government	485	1,217	5,823	14,606
Health Care	545*	1,444*	6,536*	17,332*
<b>ALL INDUSTRIES</b>	<b>\$465</b>	<b>\$1,284</b>	<b>\$5,584</b>	<b>\$15,404</b>
<b>POS</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	NSD	NSD	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD	NSD	NSD
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	NSD	NSD	NSD	NSD
Service	\$539	\$1,357	\$6,470	\$16,283
State/Local Government	NSD	NSD	NSD	NSD
Health Care	NSD	NSD	NSD	NSD
<b>ALL INDUSTRIES</b>	<b>\$487</b>	<b>\$1,272</b>	<b>\$5,841</b>	<b>\$15,260</b>

Continued on next page

## EXHIBIT 1.4 Continued from previous page

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HDHP/SO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$379	\$1,083	\$4,545	\$12,999
Transportation/Communications/Utilities	374	1,117	4,491	13,409
Wholesale	366	979	4,386	11,751
Retail	384	1,054	4,608	12,652
Finance	441	1,324	5,296	15,885
Service	408	1,185	4,897	14,217
State/Local Government	403	1,182	4,835	14,187
Health Care	429	1,148	5,149	13,781
<b>ALL INDUSTRIES</b>	<b>\$399</b>	<b>\$1,142</b>	<b>\$4,793</b>	<b>\$13,704</b>
<b>ALL PLANS</b>				
Agriculture/Mining/Construction	\$416	\$1,161	\$4,993	\$13,932
Manufacturing	410*	1,147*	4,918*	13,768*
Transportation/Communications/Utilities	436	1,265	5,228	15,179
Wholesale	419*	1,225	5,029*	14,703
Retail	441	1,219	5,289	14,633
Finance	475	1,370*	5,699	16,444*
Service	454	1,254	5,451	15,046
State/Local Government	478	1,241	5,732	14,895
Health Care	507*	1,369*	6,086*	16,427*
<b>ALL INDUSTRIES</b>	<b>\$452</b>	<b>\$1,256</b>	<b>\$5,429</b>	<b>\$15,073</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all firms not in the indicated industry ( $p < .05$ ).

NSD: Not Sufficient Data.

## EXHIBIT 1.5

## Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Wage Level</b>			
Few Workers are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	\$5,304	\$5,504*	\$5,441
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$5,522	\$5,207*	\$5,320
<b>Unions</b>			
Firm Has At Least Some Union Workers	\$6,127*	\$5,570	\$5,615*
Firm Does Not Have Any Union Workers	\$5,251*	\$5,393	\$5,330*
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	\$5,349	\$5,517*	\$5,463*
35% or More Workers Are Age 26 or Younger	\$4,928	\$4,971*	\$4,961*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	\$5,081*	\$5,363*	\$5,273*
35% or More Workers Are Age 50 or Older	\$5,658*	\$5,627*	\$5,637*
<b>Funding Arrangement</b>			
Fully Insured	\$5,241	\$5,515	\$5,324
Self-Funded	\$5,921	\$5,469	\$5,499

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within firm size category ( $p < .05$ ).

## EXHIBIT 1.6

## Average Annual Premiums for Covered Workers with Family Coverage, by Firm Characteristics, 2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Wage Level</b>			
Few Workers Are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	\$13,980	\$15,627*	\$15,117
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$15,050	\$14,460*	\$14,668
<b>Unions</b>			
Firm Has At Least Some Union Workers	\$16,140*	\$15,565	\$15,610*
Firm Does Not Have Any Union Workers	\$13,898*	\$15,479	\$14,780*
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	\$14,145	\$15,659*	\$15,175*
35% or More Workers Are Age 26 or Younger	\$13,186	\$13,770*	\$13,633*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	\$13,787	\$15,185*	\$14,739*
35% or More Workers Are Age 50 or Older	\$14,530	\$15,959*	\$15,520*
<b>Funding Arrangement</b>			
Fully Insured	\$13,943	\$15,533	\$14,434*
Self-Funded	\$15,153	\$15,517	\$15,492*

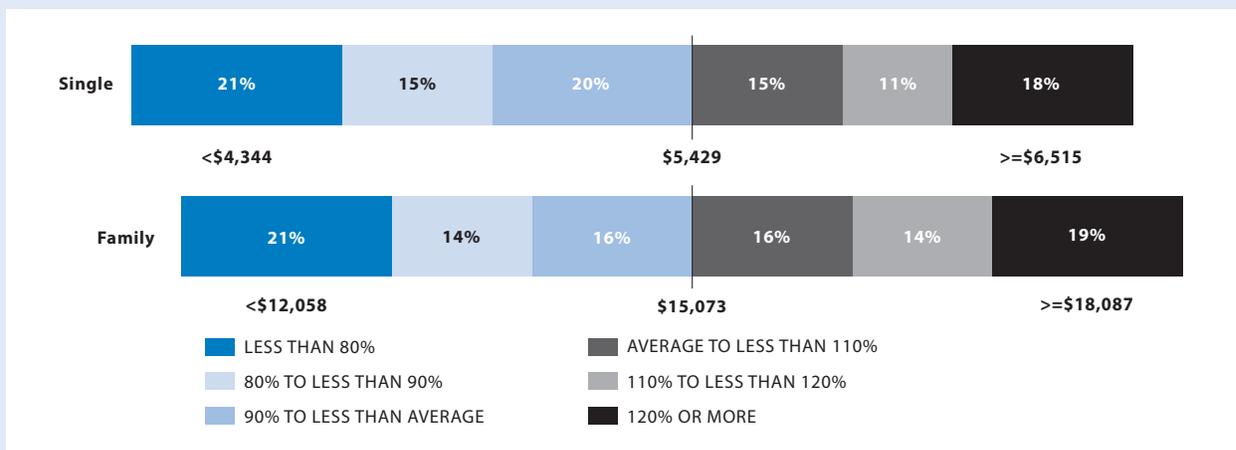
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within firm size category (p&lt;.05).

**EXHIBIT 1.7**

**Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011**



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The average annual premium is \$5,429 for single coverage and \$15,073 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,344 is 80% of the average single premium, \$4,886 is 90% of the average single premium, \$5,972 is 110% of the average single premium, and \$6,515 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

**EXHIBIT 1.8**

**Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011**

Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less Than \$4,344	21%	Less Than \$12,058	21%
80% to Less Than 90%	\$4,344 to <\$4,886	15%	\$12,058 to <\$13,565	14%
90% to Less Than Average	\$4,886 to <\$5,429	20%	\$13,565 to <\$15,073	16%
Average to Less Than 110%	\$5,429 to <\$5,972	15%	\$15,073 to <\$16,580	16%
110% to Less Than 120%	\$5,972 to <\$6,515	11%	\$16,580 to <\$18,087	14%
120% or More	\$6,515 or More	18%	\$18,087 or More	19%

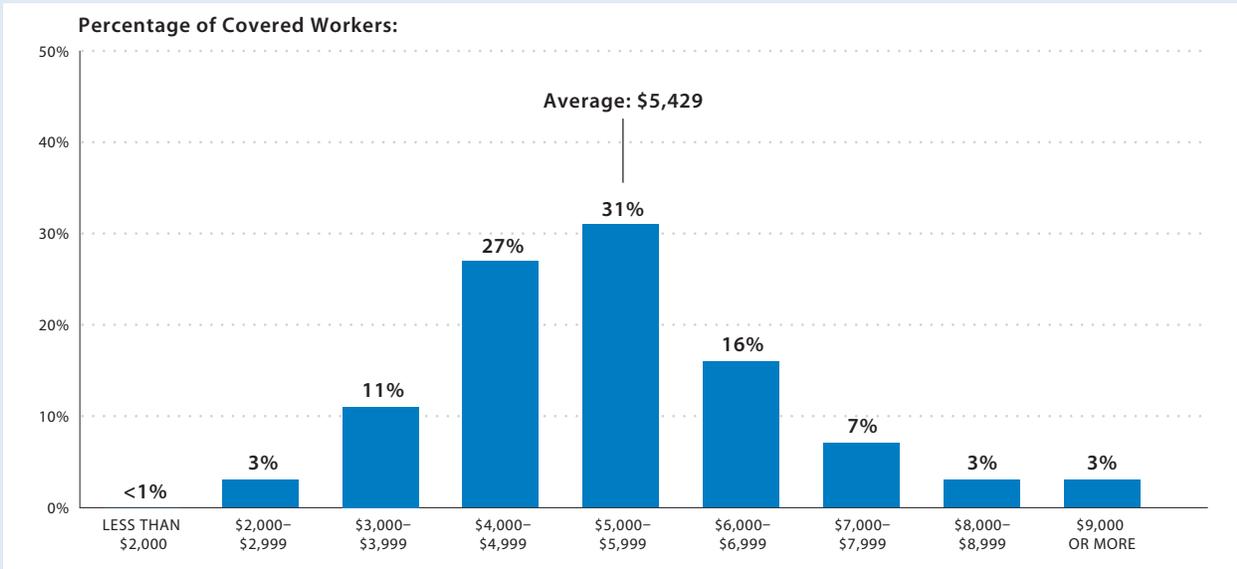
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The average annual premium is \$5,429 for single coverage and \$15,073 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,344 is 80% of the average single premium, \$4,886 is 90% of the average single premium, \$5,972 is 110% of the average single premium, and \$6,515 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

**EXHIBIT 1.9**

**Distribution of Annual Premiums for Covered Workers with Single Coverage, 2011**

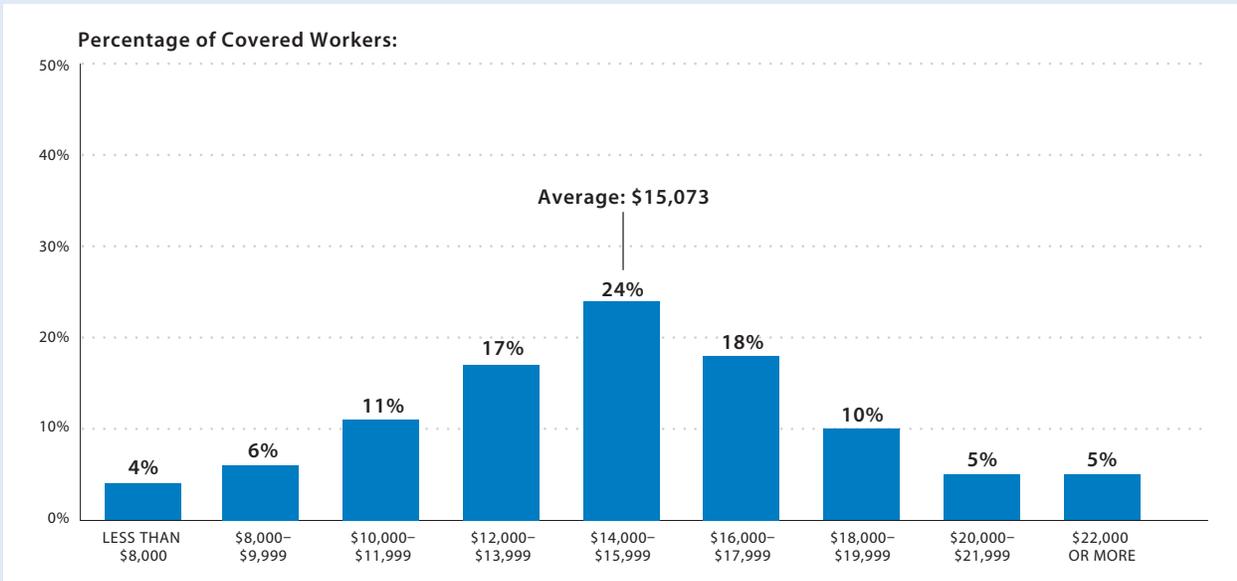


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

**EXHIBIT 1.10**

**Distribution of Annual Premiums for Covered Workers with Family Coverage, 2011**

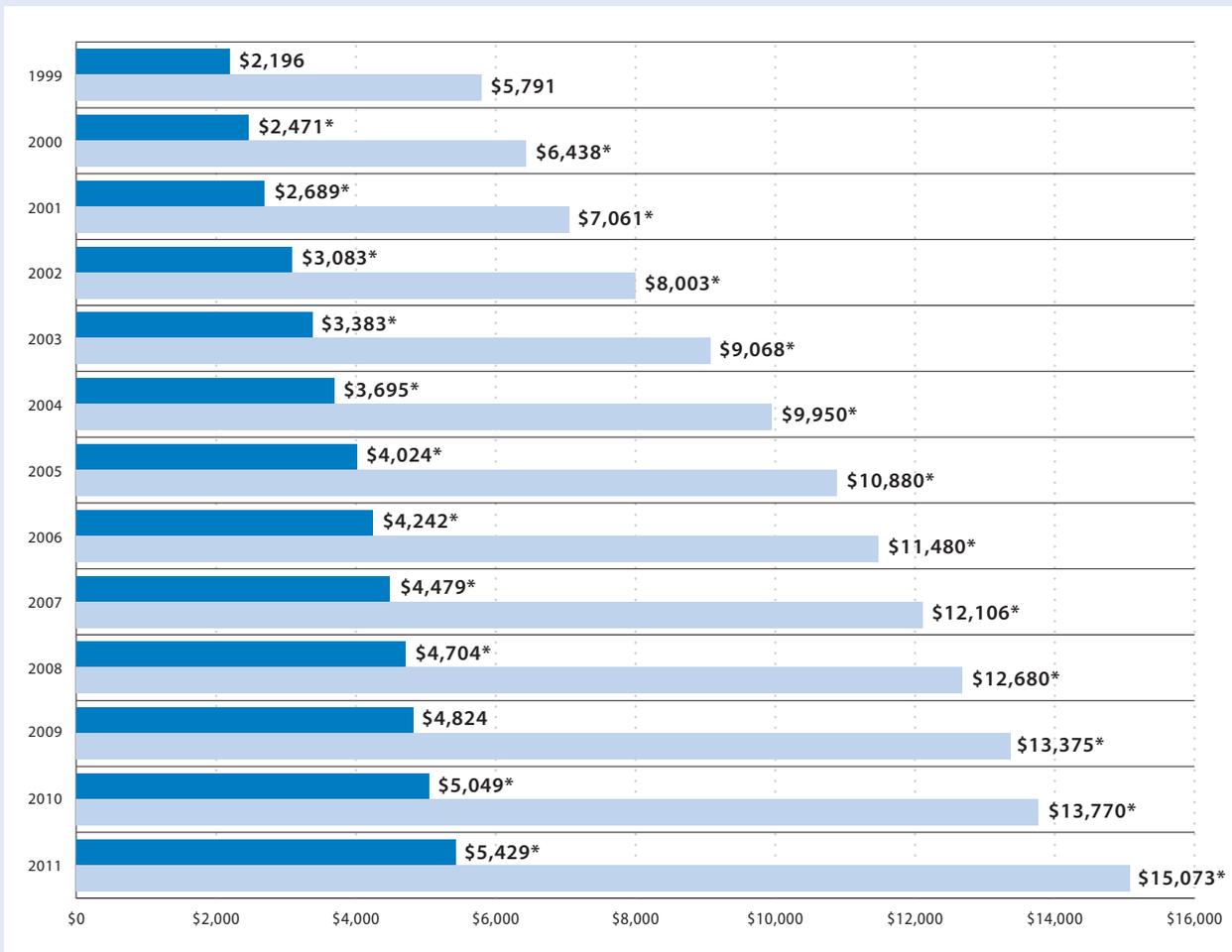


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

■ SINGLE COVERAGE  
 ■ FAMILY COVERAGE

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

EXHIBIT 1.12

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
1999	\$5,683	\$5,845
2000	\$6,521	\$6,395
2001	\$6,959	\$7,113
2002*	\$7,781	\$8,109
2003	\$8,946	\$9,127
2004	\$9,737	\$10,046
2005*	\$10,587	\$11,025
2006	\$11,306	\$11,575
2007	\$11,835	\$12,233
2008*	\$12,091	\$12,973
2009*	\$12,696	\$13,704
2010*	\$13,250	\$14,038
2011*	\$14,098	\$15,520

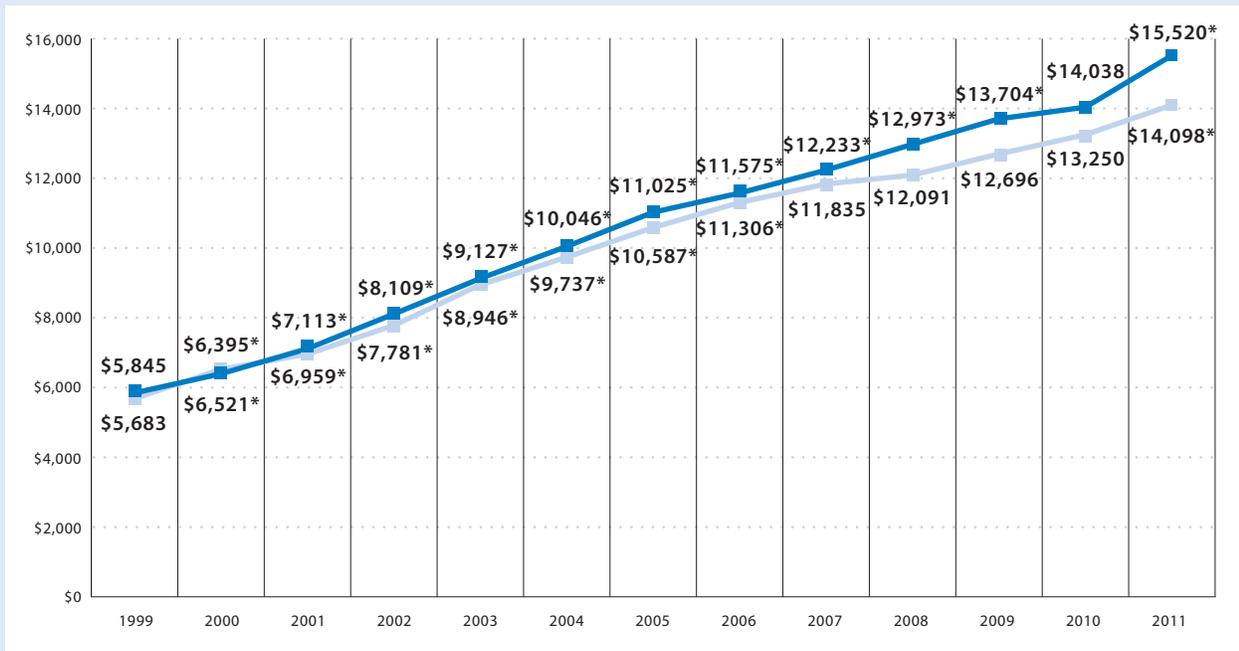
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different between All Small Firms and All Large Firms within year (p<.05).

EXHIBIT 1.13

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

— ALL SMALL FIRMS  
(3–199 WORKERS)  
— ALL LARGE FIRMS  
(200 OR MORE WORKERS)

## EXHIBIT 1.14

Among Workers in Large Firms (200 or More Workers), Average Annual Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2011

Funding Arrangement	Fully Insured	Self-Funded
1999	\$5,769	\$5,896
2000	\$6,315*	\$6,430*
2001	\$7,169*	\$7,086*
2002	\$7,950*	\$8,192*
2003	\$9,070*	\$9,149*
2004	\$10,217*	\$9,984*
2005	\$10,870*	\$11,077*
2006	\$11,222	\$11,673*
2007	\$11,968*	\$12,315*
2008	\$13,029*	\$12,956*
2009	\$13,870*	\$13,655*
2010	\$14,678*	\$13,903
2011	\$15,533*	\$15,517*

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured Plans, see the introduction to Section 10. Due to a change in the survey questionnaire, funding status was not asked of firms with conventional plans in 2006. Therefore, conventional plan funding status is not included in the averages shown in this exhibit in 2006.

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Health  
Benefits  
Offer Rates

SECTION

2

60%

\$5,429

\$15,073

2011

## HEALTH BENEFITS OFFER RATES

WHILE NEARLY ALL LARGE FIRMS (200 OR MORE WORKERS) OFFER HEALTH BENEFITS, SMALL FIRMS (3–199 WORKERS) ARE SIGNIFICANTLY LESS LIKELY TO DO SO. THE PERCENTAGE OF ALL FIRMS OFFERING HEALTH BENEFITS IN 2011 (60%) IS SIGNIFICANTLY LOWER THAN IN 2010 (69%) BUT SIMILAR TO THE REPORTED PERCENTAGES FROM 2004 THROUGH 2009. THE LARGE INCREASE IN 2010 WAS LARGELY DRIVEN BY A SIGNIFICANT (12 PERCENTAGE POINT) INCREASE IN OFFERING AMONG FIRMS WITH 3 TO 9 WORKERS (FROM 47 PERCENT IN 2009 TO 59 PERCENT IN 2010). THIS YEAR, 48% OF FIRMS WITH 3 TO 9 EMPLOYEES OFFER HEALTH BENEFITS, A LEVEL THAT IS MORE CONSISTENT WITH LEVELS FROM RECENT YEARS OTHER THAN 2010. THE OVERALL 2011 OFFER RATE IS CONSISTENT WITH THE LONG-TERM TREND INDICATING THAT THE HIGH 2010 OFFER RATE MAY HAVE BEEN AN ABERRATION.

- ▶ In 2011, 60% of firms offer health benefits, a statistically significant decrease from the 69% reported in 2010 but unchanged from the 59% reported in 2009 (Exhibit 2.1).
  - Similar to 2010, 99% of large firms (200 or more workers) offer health benefits in 2011 (Exhibit 2.2). In contrast, 59% of small firms (3–199 workers) offer health benefits in 2011, a significant decrease from the 68% who offered health benefits in 2010.
  - Between 1999 and 2011, the offer rate for large firms (200 or more workers) has consistently remained at or above 97%. Among small firms (3–199 workers), the offer rate has varied from a high of 68% in 2000 and 2010, to a low of 59% in 2005, 2007, 2009, and 2011 (Exhibit 2.2). Variation in the overall offer rate is driven primarily by changes in the percentages of the smallest firms (3–9 workers) offering health benefits.
- ▶ Offer rates vary across different types of firms.
  - Smaller firms are less likely to offer health insurance: 48% of firms with 3 to 9 workers offer coverage, compared to 71% of firms with 10 to 24 workers, 85% of firms with 25 to 49 workers (Exhibit 2.3), and 94% of firms with 50 or more employees.
  - Firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are significantly more likely to offer health insurance than firms with many lower-wage workers (35% or more of workers earn \$23,000 or less annually). While 68% of firms with fewer lower-wage workers offer health benefits, only 28% of firms with many lower-wage workers do (Exhibit 2.4).
    - The offer rate for firms with many lower-wage workers is not significantly different from the 48% and 38% reported in 2010 and 2009.
- ▶ Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
  - Firms that employ at least some union workers are much more likely than firms without union workers to offer health benefits to their employees. Eighty-three percent of firms with at least some union workers offer health benefits, compared to 58% of firms with no union employees (Exhibit 2.4).
  - The age of the workforce significantly affects the probability of a firm offering health benefits. Firms where 35% or more of its workers are age 26 or younger are less likely to offer health benefits than firms where less than 35% of workers are age 26 or younger (36% and 62%, respectively) (Exhibit 2.4).
- ▶ In 2011, 16% of all firms that offer health benefits offer them to part-time workers (Exhibit 2.5). Firms with 200 or more workers are more likely to offer health benefits to part-time employees than firms with 3 to 199 workers (42% vs. 15%) (Exhibit 2.7).
  - Consistently, a very small percentage (4% in 2011) of firms offering health benefits have offered them to temporary workers (Exhibit 2.6). The percentage of firms offering temporary workers benefits is consistent between small firms (3–199 workers) and large firms (200 or more workers) (4% vs. 6%) (Exhibit 2.8).

**FIRMS NOT OFFERING HEALTH BENEFITS**

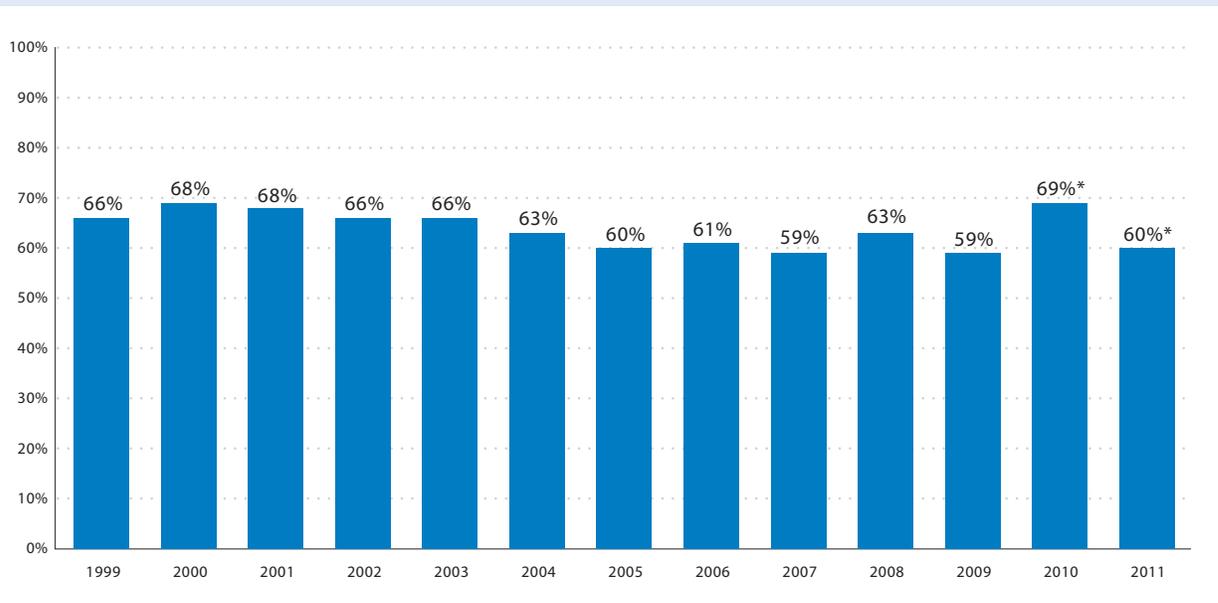
- ▶ The survey asks firms that do not offer health benefits if they have offered insurance or shopped for insurance in the recent past, and about their most important reasons for not offering. Because such a small percentage of large firms report not offering health benefits, we present responses for the 41% of employers with 3 to 199 workers that do not offer health benefits.
- ▶ The cost of health insurance remains the primary reason cited by firms for not offering health benefits.<sup>1</sup> Among small firms (3–199 workers) not offering health benefits, 55% cite high cost as “the most important reason” for not doing so, followed by: employees are covered elsewhere (12%) and firm is too small (5%) (Exhibit 2.9).
- ▶ Many non-offering small firms have either offered health benefits in the past five years, or shopped for coverage recently.
  - Fifteen percent of non-offering small firms (3–199 workers) have offered health benefits in the past five years, while 29% have shopped for coverage in the past year (Exhibit 2.11). Twenty-six percent of those that stopped offering within the past five years reported doing so in just the past 12 months.
- ▶ Firms not offering health benefits were asked whether they believed their employees would rather receive an extra \$2 per hour increase as wages or as health insurance.
  - Three-quarters of small firms (3–199 employees) not offering health benefits believed that their employees would prefer a two dollar per hour increase in wages rather than health insurance.

**NOTE:**

<sup>1</sup> The survey question asking non-offering firms their most important reason for not offering health benefits is an open-ended question.

EXHIBIT 2.1

Percentage of Firms Offering Health Benefits, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

EXHIBIT 2.2

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*
10–24 Workers	74	80	77	70*	76*	74	72	73	76	78	72	76	71
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93
<b>All Small Firms (3–199 Workers)</b>	<b>65%</b>	<b>68%</b>	<b>67%</b>	<b>65%</b>	<b>65%</b>	<b>62%</b>	<b>59%</b>	<b>60%</b>	<b>59%</b>	<b>62%</b>	<b>59%</b>	<b>68%*</b>	<b>59%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>98%*</b>	<b>97%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>
<b>ALL FIRMS</b>	<b>66%</b>	<b>68%</b>	<b>68%</b>	<b>66%</b>	<b>66%</b>	<b>63%</b>	<b>60%</b>	<b>61%</b>	<b>59%</b>	<b>63%</b>	<b>59%</b>	<b>69%*</b>	<b>60%*</b>

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

## EXHIBIT 2.3

## Percentage of Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2011

	Percentage of Firms Offering Health Benefits
<b>FIRM SIZE</b>	
3–9 Workers	48%*
10–24 Workers	71*
25–49 Workers	85*
50–199 Workers	93*
200–999 Workers	98*
1,000–4,999 Workers	99*
5,000 or More Workers	100*
<b>All Small Firms (3–199 Workers)</b>	<b>59%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>99%*</b>
<b>REGION</b>	
Northeast	74%*
Midwest	61
South	51*
West	58
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	56%
Manufacturing	78*
Transportation/Communications/Utilities	70
Wholesale	66
Retail	40*
Finance	71
Service	61
State/Local Government	79
Health Care	55
<b>ALL FIRMS</b>	<b>60%</b>

## SOURCE:

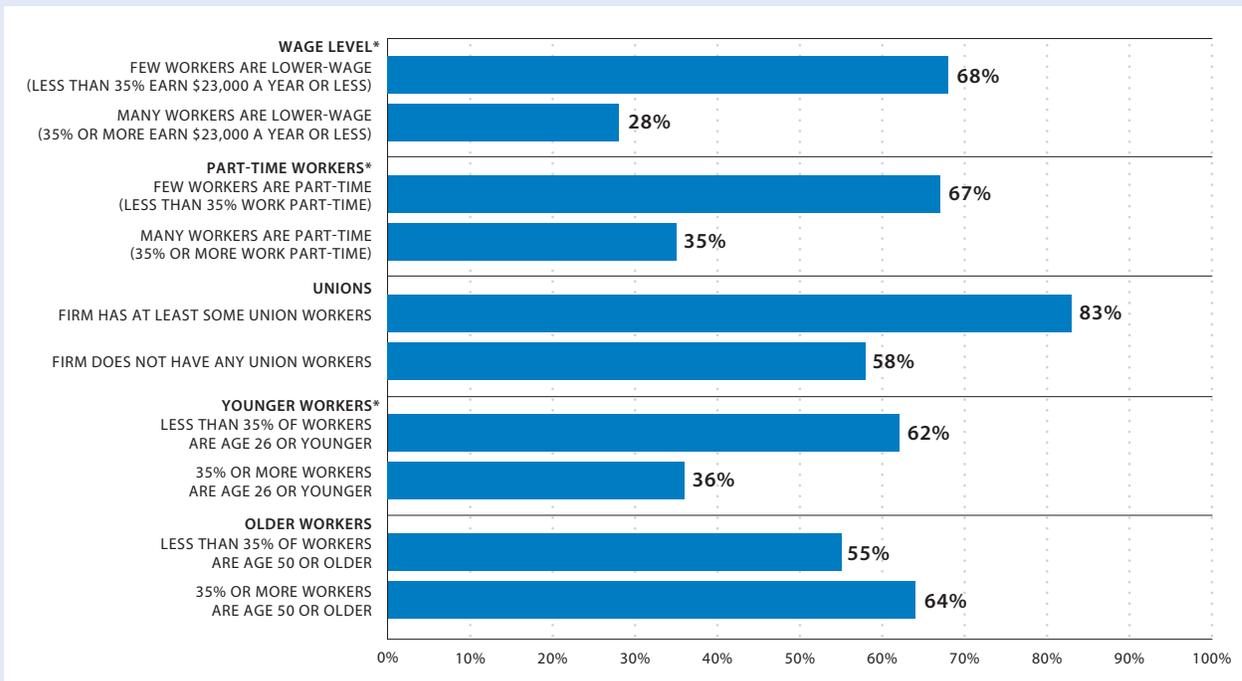
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

EXHIBIT 2.4

Percentage of Firms Offering Health Benefits, by Firm Characteristics, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within category (p<.05).

## EXHIBIT 2.5

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–24 Workers	20%	21%	17%	22%	24%	20%	27%	31%	23%	22%	31%	24%	12%
25–199 Workers	25	24	31	28	29	29	28	28	25	30	27	28	26
200–999 Workers	35	34	42*	43	38	41	33	40*	38	40	44	35*	40
1,000–4,999 Workers	52	48	55	60	57	51	46	55*	54	53	55	55	50
5,000 or More Workers	61	52	60	58	57	60	61	63	63	67	60	61	59
<b>All Small Firms (3–199 Workers)</b>	<b>21%</b>	<b>22%</b>	<b>20%</b>	<b>23%</b>	<b>25%</b>	<b>22%</b>	<b>27%</b>	<b>30%</b>	<b>23%</b>	<b>24%</b>	<b>30%</b>	<b>25%</b>	<b>15%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>39%</b>	<b>37%</b>	<b>45%</b>	<b>46%</b>	<b>42%</b>	<b>43%</b>	<b>36%</b>	<b>43%</b>	<b>41%</b>	<b>43%</b>	<b>46%</b>	<b>39%</b>	<b>42%</b>
<b>ALL FIRMS</b>	<b>21%</b>	<b>22%</b>	<b>20%</b>	<b>24%</b>	<b>26%</b>	<b>23%</b>	<b>27%</b>	<b>31%</b>	<b>24%</b>	<b>25%</b>	<b>31%</b>	<b>25%</b>	<b>16%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

## EXHIBIT 2.6

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–24 Workers	5%	2%	4%	2%	1%	4%	2%	3%	2%	3%	4%	1%	4%
25–199 Workers	3	7	3	4	4	3	5	4	4	3	3	4	4
200–999 Workers	3	9*	6	5	9	8	5	5	7	4	4	6	6
1,000–4,999 Workers	7	8	9	8	7	6	5	9	9	7	7	8	5
5,000 or More Workers	9	8	8	7	10	7	9	11	6*	8	9	8	4
<b>All Small Firms (3–199 Workers)</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>4%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>9%</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>
<b>ALL FIRMS</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>

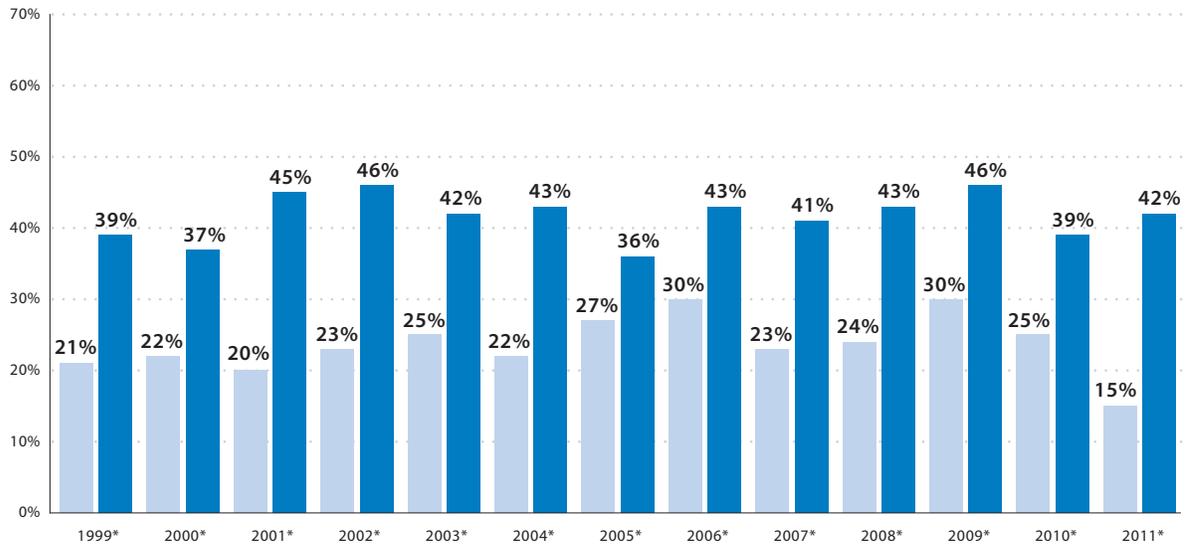
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

EXHIBIT 2.7

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2011



SOURCE:

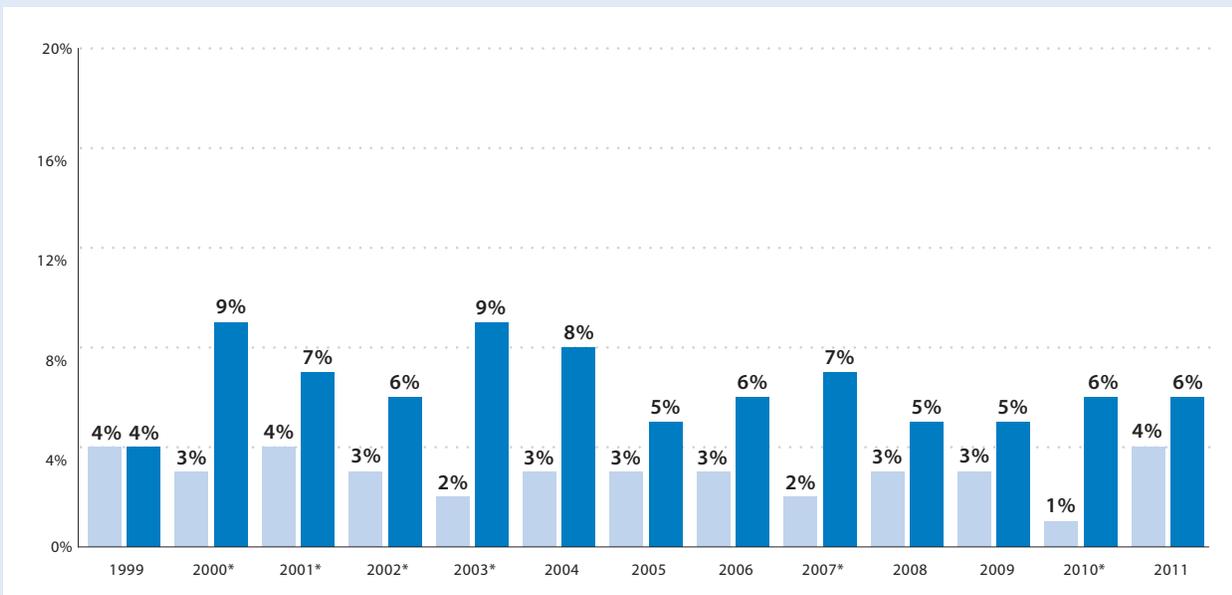
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

■ ALL SMALL FIRMS (3–199 WORKERS)  
■ ALL LARGE FIRMS (200 OR MORE WORKERS)

\* Estimate is statistically different between All Small Firms and All Large Firms within year ( $p < .05$ ).

**EXHIBIT 2.8**

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

ALL SMALL FIRMS (3–199 WORKERS)  
ALL LARGE FIRMS (200 OR MORE WORKERS)

\* Estimate is statistically different between All Small Firms and All Large Firms within year (p<.05).

**EXHIBIT 2.9**

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Reasons for Not Offering, 2011

	Most Important Reason
Cost of health insurance is too high	55%
The firm is too small	5
Employees are generally covered under another plan	12
Employee turnover is too great	3
No interest/Employees don't want it	<1
Other	22
Don't know	3

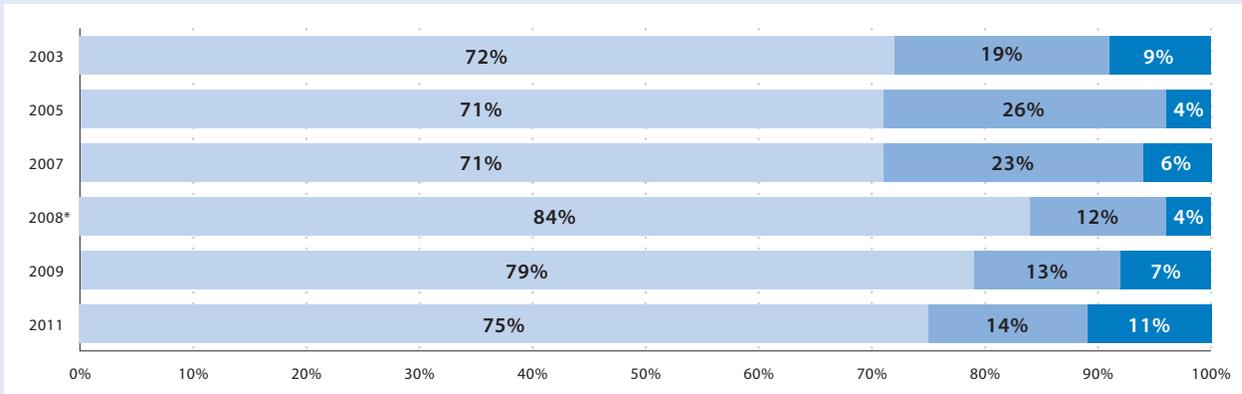
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The question asking non-offering small firms their most important reason for not offering health benefits is an open-ended question.

EXHIBIT 2.10

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Employer Beliefs About Employees’ Preferences for Higher Wages or Health Insurance Benefits, 2003–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2003–2011.

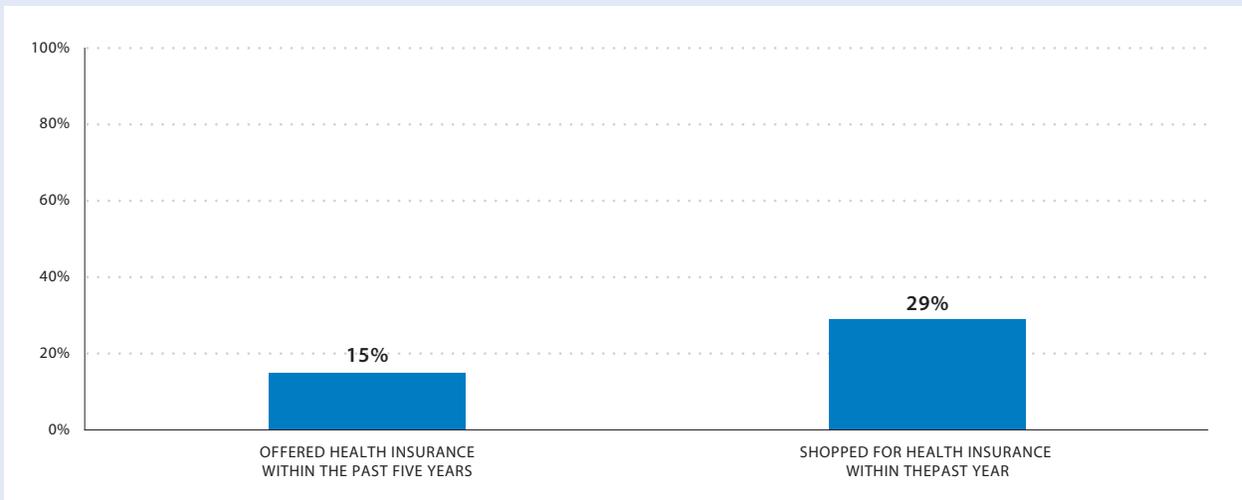
\* Distribution is statistically different from distribution for the previous year shown (p<.05).

Note: The question asks firms whether they believe employees would rather receive an additional \$2 per hour (approximately the cost of health insurance for single coverage) in the form of higher wages or health insurance.

- EMPLOYEES WOULD PREFER HIGHER WAGES
- EMPLOYEES WOULD PREFER HEALTH INSURANCE
- DON'T KNOW

EXHIBIT 2.11

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: Among firms which offered health insurance within the past five years, 26% stopped offering benefits within the past 12 months.

60%

\$5,429

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Employee  
Coverage,  
Eligibility, and  
Participation

SECTION

3

\$15,073

2011

## EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION

EMPLOYERS ARE THE PRINCIPAL SOURCE OF HEALTH INSURANCE IN THE UNITED STATES, PROVIDING HEALTH BENEFITS FOR ABOUT 150 MILLION NONELDERLY PEOPLE IN AMERICA.<sup>1</sup> MOST WORKERS ARE OFFERED HEALTH COVERAGE AT WORK, AND THE VAST MAJORITY OF WORKERS WHO ARE OFFERED COVERAGE TAKE IT. WORKERS MAY NOT BE COVERED BY THEIR OWN EMPLOYER FOR SEVERAL REASONS: THEIR EMPLOYER MAY NOT OFFER COVERAGE, THEY MAY BE INELIGIBLE FOR BENEFITS OFFERED BY THEIR FIRM, THEY MAY CHOOSE TO ELECT COVERAGE THROUGH THEIR SPOUSE'S EMPLOYER, OR THEY MAY REFUSE COVERAGE FROM THEIR FIRM.

- ▶ Among firms offering health benefits, 65% percent of workers are covered by health benefits through their own employer (Exhibit 3.2). When considering both firms that offer health benefits and those that don't, 58% of workers are covered under an employer plan (Exhibit 3.1). This coverage rate has remained stable over time.
- ▶ Not all employees are eligible for the health benefits offered by their firm, and not all eligible employees take up the offer of coverage. The share of workers covered in a firm is a product of both the percentage of workers who are eligible for the firm's health insurance and the percentage who choose to "take up" (i.e., elect to participate in) the benefit.
  - Seventy-nine percent of workers in firms offering health benefits are eligible for the coverage offered by their employer (Exhibit 3.2).
  - Eligibility varies considerably by wage level. Employees in firms with a lower proportion of lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to be eligible for health benefits than employees in firms with a higher proportion of lower-wage workers (where 35% or more of workers earn \$23,000 or less annually) (81% vs. 68%) (Exhibit 3.3).
- ▶ Employees who are offered health benefits generally elect to take up the coverage. In 2011, 81% of eligible workers take up coverage when it is offered to them, similar to the 80% reported last year (Exhibit 3.2).<sup>2</sup>
  - The likelihood of a worker accepting a firm's offer of coverage also varies by firm wage level. Eligible employees in firms with a lower proportion of lower-wage workers are more likely to take up coverage (83%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$23,000 or less annually) (71%) (Exhibit 3.4).
- ▶ The rate of coverage varies by certain firm characteristics.
  - There is significant variation in the coverage rate by industry among workers in firms offering health benefits. For example, only 41% of workers in retail firms are covered by health benefits offered by their firm, compared to 82% of workers in state and local government, and 78% of workers in the transportation/communications/utilities industry category (Exhibit 3.2).
  - Among workers in firms offering health benefits, those in firms with relatively few part-time workers (less than 35% of workers are part-time) are much more likely to be covered by their own firm than workers in firms with a greater percentage (35% or more) of part-time workers (70% vs. 39%) (Exhibit 3.5).

### NOTE:

<sup>1</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, December 2010. <http://www.kff.org/uninsured/upload/7451-06.pdf>. 57% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.

<sup>2</sup> In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

- Among workers in firms offering health benefits, those in firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to be covered by their own firm than workers in firms with many lower-wage workers (35% or more of workers earn \$23,000 or less annually) (67% vs. 48%) (Exhibit 3.5).
- Among workers in firms offering health benefits, those in firms with fewer younger workers (less than 35% of workers are age 26 or younger) are more likely to be covered by their own firm than workers in firms with many younger workers (35% or more of workers are age 26 or younger) (67% vs. 46%) (Exhibit 3.5).

#### AVERAGE WAITING PERIODS

- ▶ Seventy-two percent of covered workers face a waiting period before coverage is available. Covered workers in the Northeast are less likely (61%) than workers in other regions to face a waiting period, while those in the West are more likely (81%) (Exhibit 3.7).
- ▶ The average waiting period among covered workers who face a waiting period is 2.2 months (Exhibit 3.7). While twenty-nine percent of covered workers face a waiting period of 3 months or more, only 6% face a waiting period of 4 months or more (Exhibit 3.8).

## EXHIBIT 3.1

Percentage of All Workers Covered by Their Employers' Health Benefits, in Firms Both Offering and Not Offering Health Benefits, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–24 Workers	50%	50%	49%	45%	44%	43%	41%	45%	42%	43%	39%	44%	38%
25–49 Workers	56	63	62	57	59	56	55	55	51	57	54	59	49
50–199 Workers	61	62	67	64	61	56	59	62	59	60	59	60	59
200–999 Workers	69	69	71	69	68	69	65	66	65	67	63	61	63
1,000–4,999 Workers	68	68	69	70	69	68	69	68	69	69	67	66	66
5,000 or More Workers	64	66	69	68	68	67	66	60	63	64	65	63	64
<b>All Small Firms (3–199 Workers)</b>	<b>55%</b>	<b>57%</b>	<b>58%</b>	<b>54%</b>	<b>53%</b>	<b>50%</b>	<b>50%</b>	<b>53%</b>	<b>50%</b>	<b>52%</b>	<b>49%</b>	<b>52%</b>	<b>48%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>66%</b>	<b>67%</b>	<b>69%</b>	<b>69%</b>	<b>68%</b>	<b>68%</b>	<b>66%</b>	<b>63%</b>	<b>65%</b>	<b>66%</b>	<b>65%</b>	<b>63%</b>	<b>64%</b>
<b>ALL FIRMS</b>	<b>62%</b>	<b>63%</b>	<b>65%</b>	<b>63%</b>	<b>62%</b>	<b>61%</b>	<b>60%</b>	<b>59%</b>	<b>59%</b>	<b>60%</b>	<b>59%</b>	<b>59%</b>	<b>58%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimates are significantly different from estimate for the previous year shown ( $p < .05$ ).

## EXHIBIT 3.2

## Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2011

	Percentage of Workers Eligible For Health Benefits Offered By Their Employer	Percentage of Eligible Workers Who Participate in Their Employers' Plan (Take-Up Rate)	Percentage of Workers Covered by Their Employers' Health Benefits
<b>FIRM SIZE</b>			
3–24 Workers	85%*	79%	67%
25–49 Workers	83	73*	60
50–199 Workers	81	80	65
200–999 Workers	78	82	64
1,000–4,999 Workers	80	83	67
5,000 or More Workers	77	84*	64
<b>All Small Firms (3–199 Workers)</b>	<b>83%*</b>	<b>78%*</b>	<b>65%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>78%*</b>	<b>83%*</b>	<b>65%</b>
<b>REGION</b>			
Northeast	81%	81%	66%
Midwest	79	82	65
South	78	80	62
West	81	83	68
<b>INDUSTRY</b>			
Agriculture/Mining/Construction	79%	81%	64%
Manufacturing	91*	84	77*
Transportation/Communications/Utilities	89*	88*	78*
Wholesale	89*	83	74*
Retail	57*	73*	41*
Finance	90*	85*	77*
Service	75*	79*	60*
State/Local Government	88*	93*	82*
Health Care	81	79	63
<b>ALL FIRMS</b>	<b>79%</b>	<b>81%</b>	<b>65%</b>

## SOURCE:

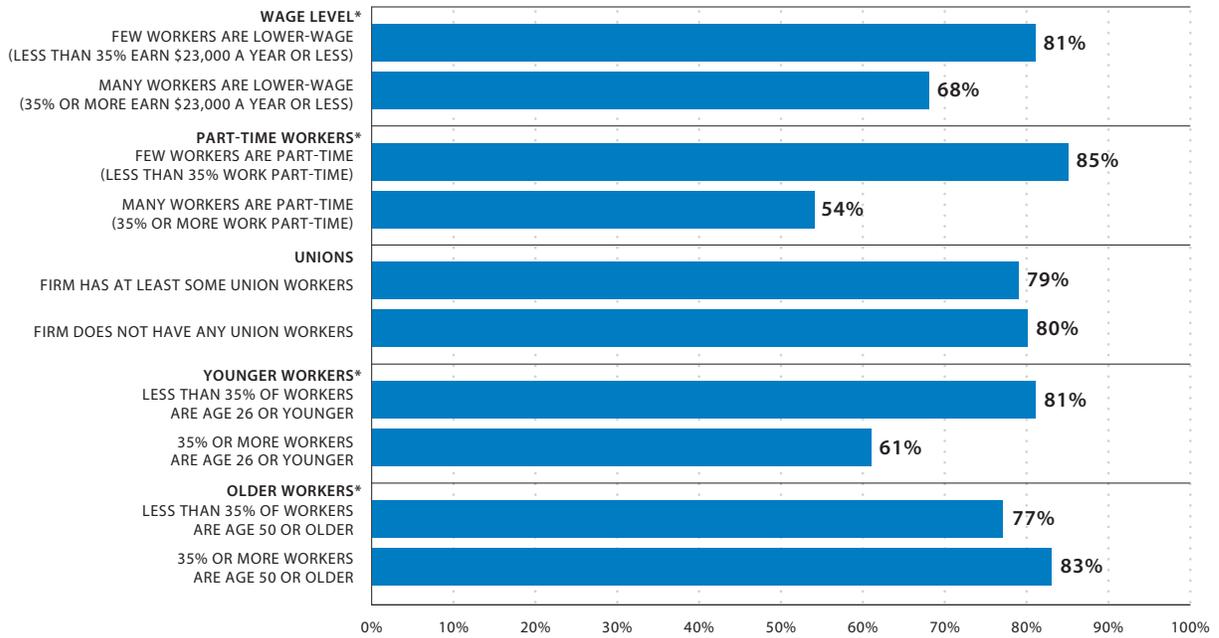
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate for eligibility, take-up rate, or coverage is statistically different from all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. See the Survey Design and Methods section for more information.

EXHIBIT 3.3

Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2011



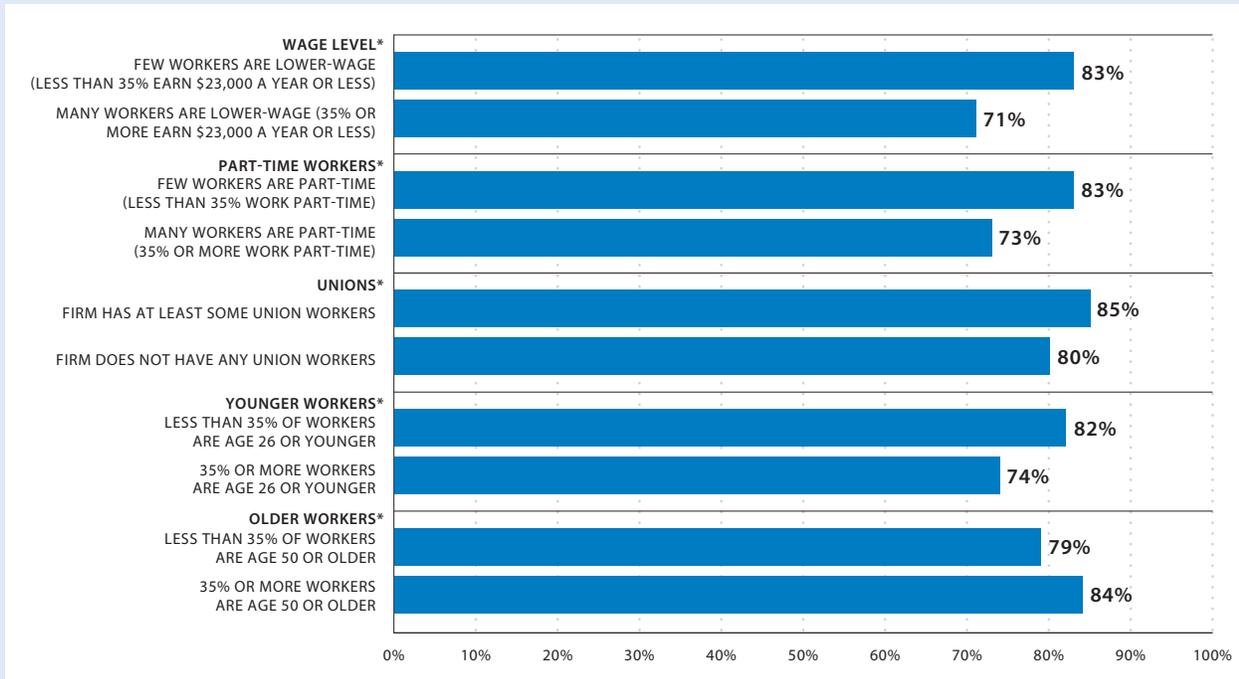
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within category (p<.05).

EXHIBIT 3.4

Among Workers in Firms Offering Health Benefits, Percentage of Eligible Workers Who Take Up Health Benefits Offered by Their Firm, by Firm Characteristics, 2011



SOURCE:

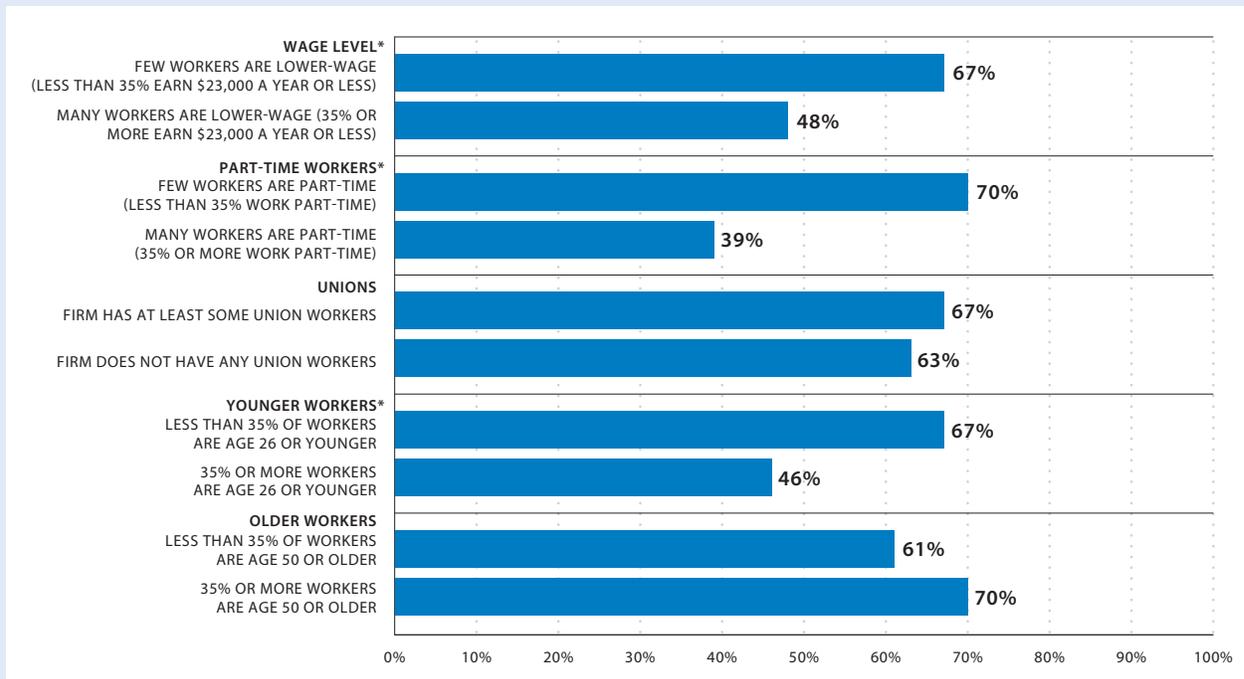
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within category (p<.05).

Note: In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. See the Survey Design and Methods section for more information.

EXHIBIT 3.5

Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within category (p<.05).

## EXHIBIT 3.6

## Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Percentage Eligible</b>													
All Small Firms (3–199 Workers)	81%	82%	85%	82%*	84%	80%	81%	83%	80%	81%	81%	82%	83%
All Large Firms (200 or More Workers)	78	80	82	80	80	81	79	76	78	79	79	77	78
<b>ALL FIRMS</b>	<b>79%</b>	<b>81%</b>	<b>83%</b>	<b>81%*</b>	<b>81%</b>	<b>80%</b>	<b>80%</b>	<b>78%</b>	<b>79%</b>	<b>80%</b>	<b>79%</b>	<b>79%</b>	<b>79%</b>
<b>Percentage of Eligible that Take Up</b>													
All Small Firms (3–199 Workers)	83%	83%	83%	82%	81%	80%	81%	81%	80%	80%	79%	77%	78%
All Large Firms (200 or More Workers)	86	84	85	86	85	84	85	84	84	84	82	82	83
<b>ALL FIRMS</b>	<b>85%</b>	<b>84%</b>	<b>84%</b>	<b>85%</b>	<b>84%</b>	<b>83%</b>	<b>83%</b>	<b>83%</b>	<b>82%</b>	<b>82%</b>	<b>81%</b>	<b>80%</b>	<b>81%</b>
<b>Percentage Covered</b>													
All Small Firms (3–199 Workers)	67%	68%	71%	67%	68%	64%	65%	67%	64%	65%	64%	63%	65%
All Large Firms (200 or More Workers)	66	67	69	69	68	68	67	63	65	66	65	63	65
<b>ALL FIRMS</b>	<b>66%</b>	<b>68%</b>	<b>70%</b>	<b>68%</b>	<b>68%</b>	<b>67%</b>	<b>66%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>63%</b>	<b>65%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

EXHIBIT 3.7

Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2011

	Percentage of Covered Workers in Firms with a Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
<b>FIRM SIZE</b>		
All Small Firms (3-199 Workers)	80%*	2.5*
All Large Firms (200 or More Workers)	68*	2.0*
<b>REGION</b>		
Northeast	61%*	2.3
Midwest	74	1.8*
South	71	2.3
West	81*	2.4
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	79%	3.0*
Manufacturing	74	2.2
Transportation/Communications/Utilities	51	2.3
Wholesale	78	2.2
Retail	76	2.8*
Finance	75	1.7*
Service	70	2.2
State/Local Government	63	1.4*
Health Care	83*	2.1
<b>ALL FIRMS</b>	<b>72%</b>	<b>2.2</b>

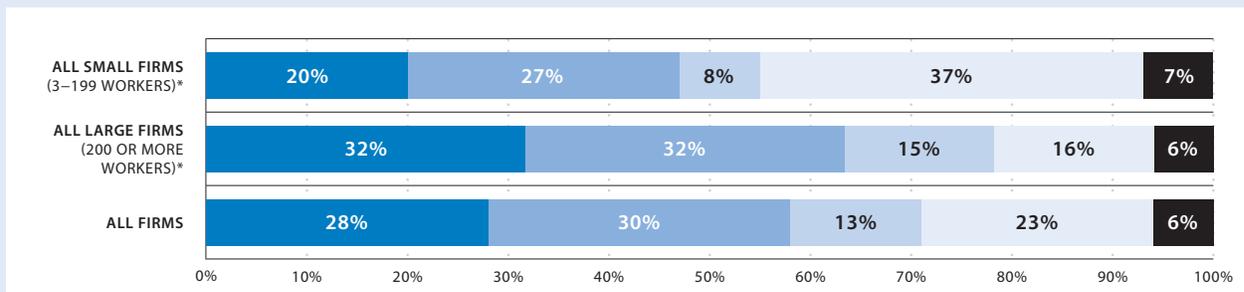
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category (p<.05).

EXHIBIT 3.8

Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distributions are statistically different between All Large Firms and All Small Firms (p<.05).

■ NO WAITING PERIOD  
■ 1 MONTH  
■ 2 MONTHS  
■ 3 MONTHS  
■ 4 OR MORE MONTHS

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Types of  
Plans  
Offered

SECTION

4

60%

\$5,429

\$15,073

2011

## TYPES OF PLANS OFFERED

MOST FIRMS THAT OFFER HEALTH BENEFITS OFFER ONLY ONE TYPE OF HEALTH PLAN (84%) (SEE TEXT BOX). LARGER FIRMS ARE MORE LIKELY TO OFFER MORE THAN ONE TYPE OF HEALTH PLAN. EMPLOYERS ARE MOST LIKELY TO OFFER THEIR WORKERS A PPO, HMO, OR HDHP/SO PLAN AND ARE LEAST LIKELY TO OFFER A CONVENTIONAL PLAN.

- ▶ Eighty-four percent of firms offering health benefits in 2011 offer only one type of health plan. Large firms (200 or more workers) are more likely to offer more than one plan type than small firms (3-199 workers): 42% vs. 15% (Exhibit 4.1).
- ▶ Over half (54%) of covered workers are employed in a firm that offers more than one health plan type. Sixty-seven percent of covered workers in large firms (200 or more workers) are employed by a firm that offers more than one plan type, compared to 24% in small firms (3-199 workers) (Exhibit 4.2).
- ▶ About three quarters (76%) of covered workers in firms offering health benefits work in a firm that offers one or more PPOs; 40% work in firms that offer one or more HDHP/SOs; 39% work in firms that offer one or more HMOs; 16% work in firms that offer one or more POS plans; and 7% work in firms that offer one or more conventional plans (Exhibit 4.4).<sup>1</sup>

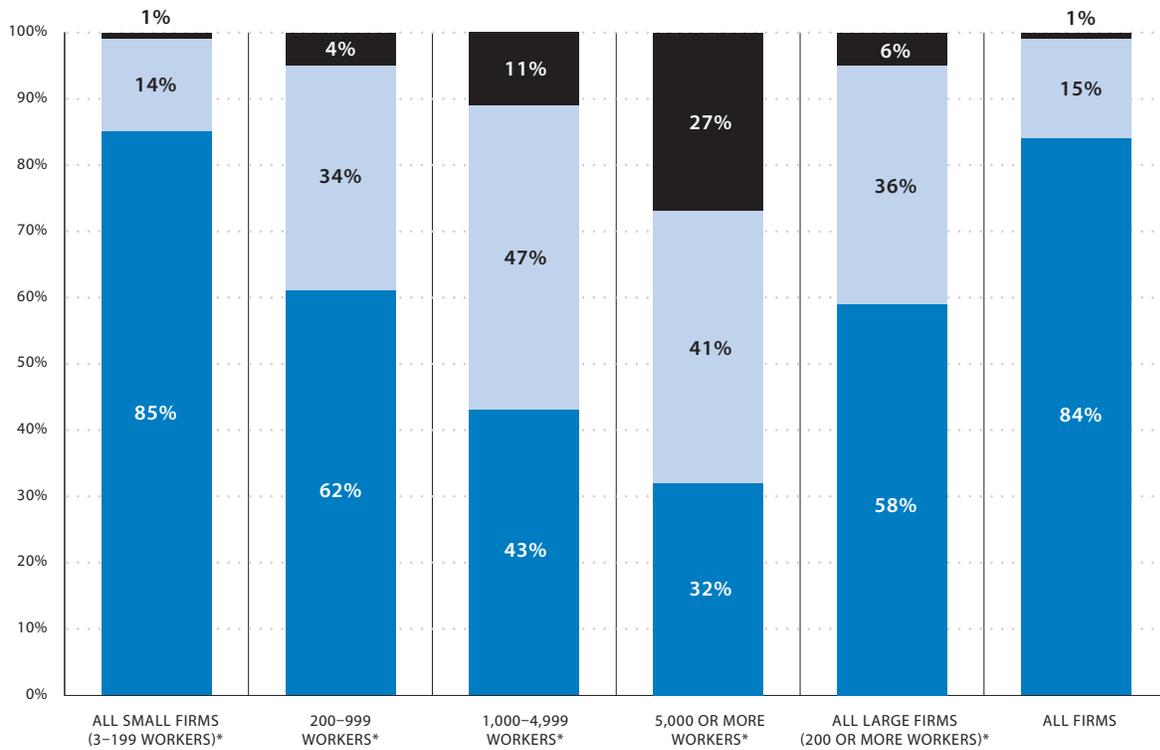
The survey asks firms how many plans of each type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

### NOTE:

<sup>1</sup> Starting in 2010 we included firms that said they offer a plan type even if there are no covered workers in that plan type.

EXHIBIT 4.1

Among Firms Offering Health Benefits, Percentage of Firms That Offer One, Two, or Three or More Plan Types, by Firm Size, 2011<sup>‡</sup>



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

- THREE OR MORE PLAN TYPES
- TWO PLAN TYPES
- ONE PLAN TYPE

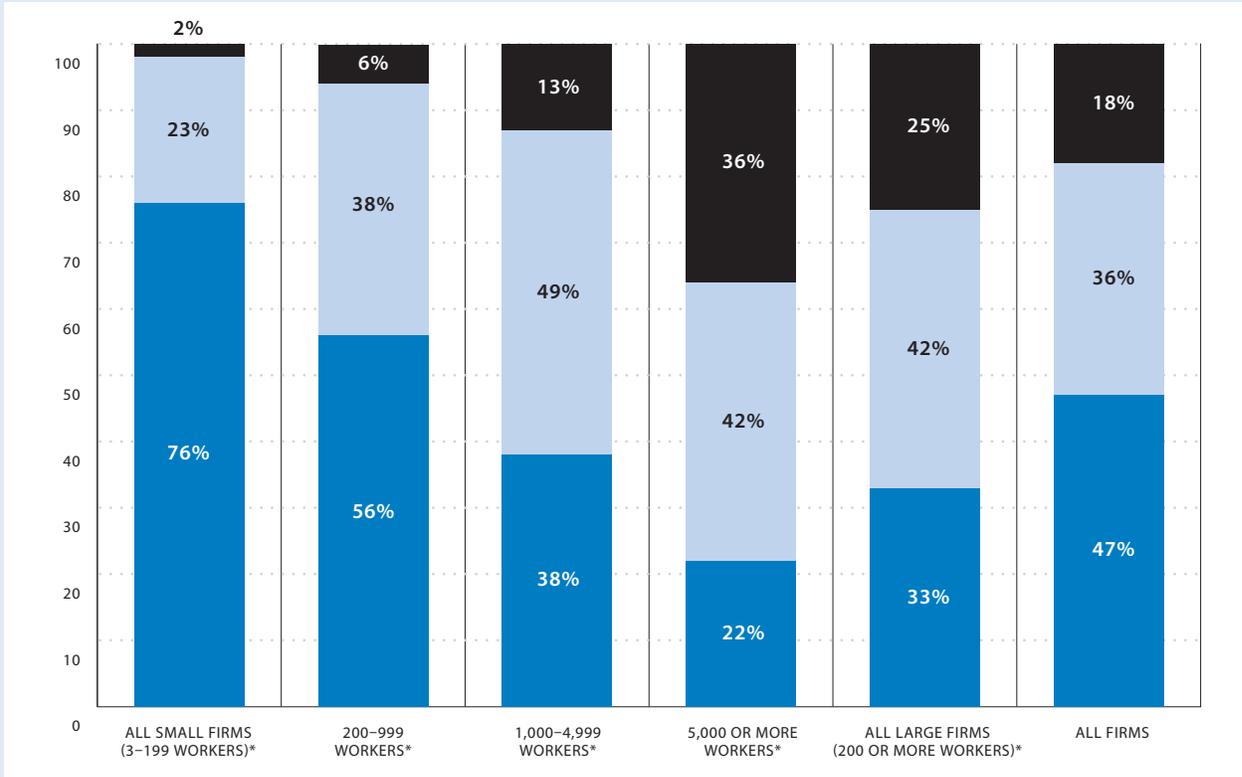
\* Distribution is statistically different from distribution for all other firms not in the indicated size category (p<.05).

<sup>‡</sup> Although firms may offer more than one of each plan type, the survey asks how many are offered among the following types: conventional, HMO, PPO, POS, and HDHP/SO.

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while at another location they are offered a different type of plan.

EXHIBIT 4.2

Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2011<sup>‡</sup>



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

THREE OR MORE PLAN TYPES  
 TWO PLAN TYPES  
 ONE PLAN TYPE

\* Distribution is statistically different from distribution for all other firms not in the indicated size category (p<.05).

<sup>‡</sup> Although firms may offer more than one of each plan type, the survey asks how many are offered among the following types: conventional, HMO, PPO, POS, and HDHP/SO.

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while at another location they are offered a different type of plan.

## EXHIBIT 4.3

Among Firms Offering Health Benefits, Percentage of Firms That Offer the Following Plan Types, by Firm Size, 2011

	Conventional	HMO	PPO	POS	HDHP/SO
<b>FIRM SIZES</b>					
200–999 Workers	3%	24%*	68%*	22%	26%
1,000–4,999 Workers	3	31*	86*	9*	38*
5,000 or More Workers	6	47*	91*	10*	49*
<b>All Small Firms (3–199 Workers)</b>	<b>3%</b>	<b>16%*</b>	<b>50%*</b>	<b>24%</b>	<b>23%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>3%</b>	<b>26%*</b>	<b>72%*</b>	<b>19%</b>	<b>29%</b>
<b>ALL FIRMS</b>	<b>3%</b>	<b>16%</b>	<b>50%</b>	<b>24%</b>	<b>23%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

## EXHIBIT 4.4

Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms That Offer the Following Plan Types, by Firm Size, 2011

	Conventional	HMO	PPO	POS	HDHP/SO
<b>FIRM SIZES</b>					
200–999 Workers	2%	32%*	71%	19%	26%*
1,000–4,999 Workers	4	34	87*	9*	42
5,000 or More Workers	14*	61*	91*	14	53*
<b>All Small Firms (3–199 Workers)</b>	<b>2%*</b>	<b>19%*</b>	<b>56%*</b>	<b>21%</b>	<b>30%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>9%*</b>	<b>49%*</b>	<b>85%*</b>	<b>14%</b>	<b>45%*</b>
<b>ALL FIRMS</b>	<b>7%</b>	<b>39%</b>	<b>76%</b>	<b>16%</b>	<b>40%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

## EXHIBIT 4.5

Among Firms Offering Only One Type of Health Plan, Percentage of Covered Workers in Firms That Offer the Following Plan Type, by Firm Size, 2011

	Conventional	HMO	PPO	POS	HDHP/SO
<b>FIRM SIZES</b>					
All Small Firms (3–199 Workers)	2%*	9%*	46%*	20%	24%*
All Large Firms (200 or More Workers)	0%*	5%*	76%*	7%	11%*
<b>ALL FIRMS</b>	<b>1%</b>	<b>7%</b>	<b>61%</b>	<b>14%</b>	<b>18%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Market  
Shares of  
Health Plans

SECTION

5

60%

\$5,429

\$15,073

2011

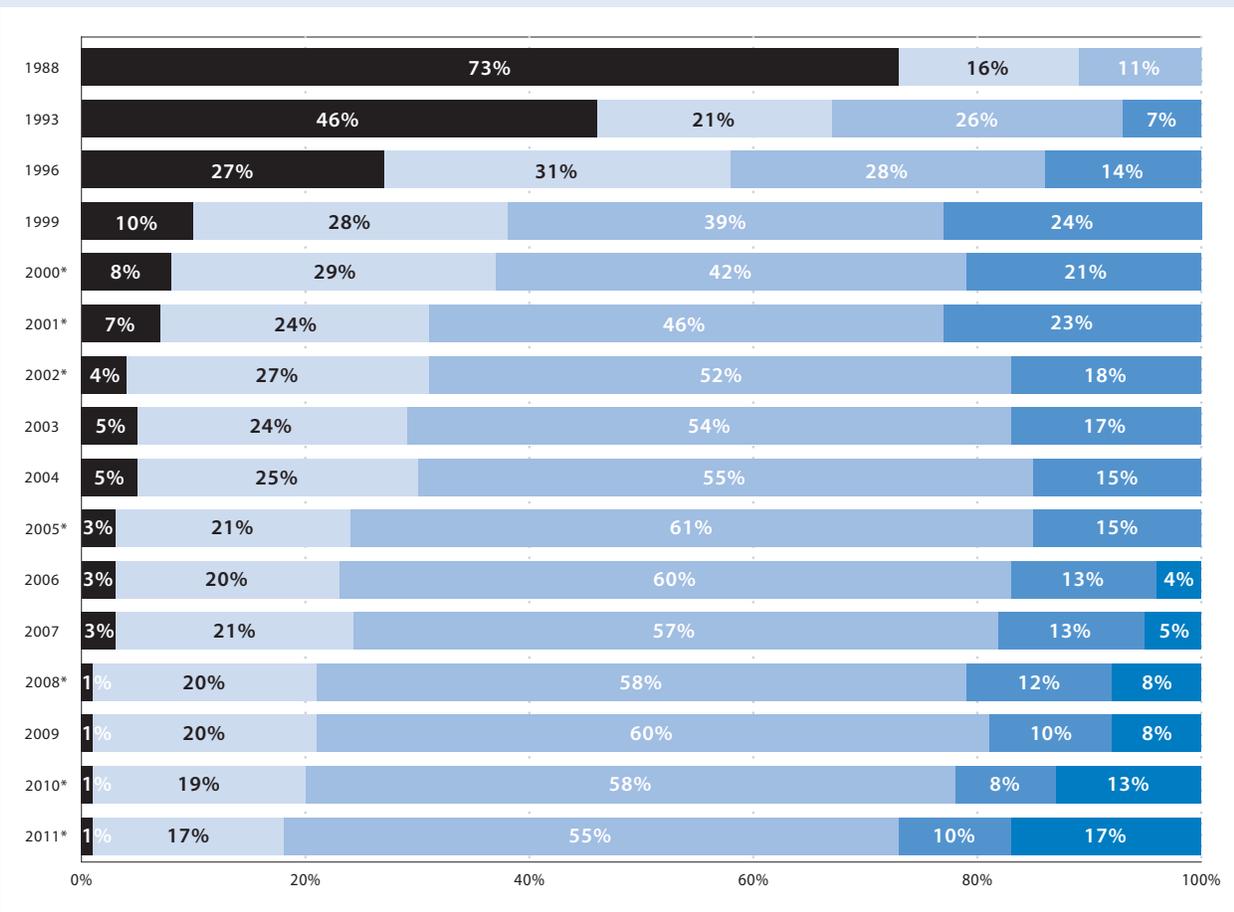
## MARKET SHARES OF HEALTH PLANS

ENROLLMENT REMAINS HIGHEST IN PPOs, WITH MORE THAN HALF OF COVERED WORKERS, FOLLOWED BY HMOs AND HDHP/SOs, POS PLANS, AND CONVENTIONAL PLANS.

- ▶ Fifty-five percent of covered workers are enrolled in PPOs, followed by HMOs (17%), HDHP/SOs (17%), POS plans (10%), and conventional plans (1%) (Exhibit 5.1).
- ▶ Enrollment in HDHP/SOs rose to 17% of covered workers in 2011, up from 8% in 2009 and 13% in 2010 (Exhibit 5.1).
- ▶ Plan enrollment patterns vary by firm size. Workers in large firms (200 or more workers) are more likely than workers in small firms (3–199 workers) to enroll in PPOs (60% vs. 45%). Workers in small firms are more likely than workers in large firms to enroll in POS plans (18% vs. 6%) and HDHP plans (23% vs. 15%) (Exhibit 5.2).
- ▶ Plan enrollment patterns also differ across regions.
  - HMO enrollment is significantly higher in the West (31%) and significantly lower in the South (12%) and Midwest (9%) (Exhibit 5.2).
  - Workers in the South (64%) are more likely to be enrolled in PPO plans than workers in other regions; workers in the West (40%) are less likely to be enrolled in a PPO (Exhibit 5.2).
  - Enrollment in HDHP/SOs is higher among workers in the Midwest (25%) than in other regions (Exhibit 5.2).

EXHIBIT 5.1

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2011

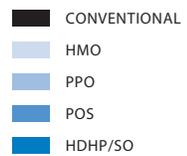


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Distribution is statistically different from the previous year shown ( $p < .05$ ). No statistical tests were conducted for years prior to 1999. No statistical tests are conducted between 2005 and 2006 due to the addition of HDHP/SO as a new plan type in 2006.

Note: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods Section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.



## EXHIBIT 5.2

## Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2011

	Conventional	HMO	PPO	POS	HDHP/SO
<b>FIRM SIZE</b>					
3–24 Workers	3%	13%	43%*	18%*	24%
25–49 Workers	1	16	42*	22*	20
50–199 Workers	1	12*	47*	16*	24*
200–999 Workers	1	21	52	13	14
1,000–4,999 Workers	<1*	14	66*	6*	14
5,000 or More Workers	1	20	60*	3*	16
<b>All Small Firms (3–199 Workers)</b>	<b>1%</b>	<b>13%*</b>	<b>45%*</b>	<b>18%*</b>	<b>23%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>1%</b>	<b>19%*</b>	<b>60%*</b>	<b>6%*</b>	<b>15%*</b>
<b>REGION</b>					
Northeast	2%	18%	55%	9%	15%
Midwest	1	9*	56	9	25*
South	1	12*	64*	8	15
West	<1	31*	40*	13	16
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	2%	12%	62%	13%	11%
Manufacturing	1	12	52	10	25*
Transportation/Communications/Utilities	2	20	54	11	14
Wholesale	1	13	60	6	20
Retail	<1*	15	56	13	16
Finance	<1*	15	55	7	23
Service	1	21	53	9	18
State/Local Government	4	23	54	10	8*
Health Care	1	15	58	10	16
<b>ALL FIRMS</b>	<b>1%</b>	<b>17%</b>	<b>55%</b>	<b>10%</b>	<b>17%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Worker and  
Employer  
Contributions  
for Premiums

SECTION

6

60%

\$5,429

\$15,073

2011

## WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

PREMIUM CONTRIBUTIONS BY COVERED WORKERS AVERAGE 18% FOR SINGLE COVERAGE AND 28% FOR FAMILY COVERAGE.<sup>1</sup>

THE AVERAGE MONTHLY WORKER CONTRIBUTIONS ARE \$77 FOR SINGLE COVERAGE AND \$344 FOR FAMILY COVERAGE.

THESE PERCENTAGE AND DOLLAR VALUES ARE SIMILAR TO THE VALUES REPORTED IN 2010.

- ▶ In 2011, covered workers on average contribute 18% of the premium for single coverage and 28% of the premium for family coverage (Exhibit 6.1). The 2011 worker contribution is similar to the 2010 contribution for both family and single coverage.
- ▶ While in 2011 average worker contributions for family and single coverage are similar to 2010, employer contributions increased significantly to \$10,944 for family coverage and \$4,508 for single coverage (Exhibit 6.2, Exhibit 6.3, and Exhibit 6.4).
- ▶ On average, workers with single coverage contribute \$77 per month (\$921 annually) and workers with family coverage contribute \$344 per month (\$4,129 annually) towards their health insurance premiums, similar to the amounts reported in 2010 (Exhibit 6.2, Exhibit 6.3, and Exhibit 6.4).
  - Workers enrolled in HDHP/SOs contribute a lower amount annually than the overall average worker contribution for single coverage (\$723 compared to \$921). Workers enrolled in POS plans contribute more money annually (\$5,333) than the overall average worker contribution for family coverage (\$4,129) (Exhibit 6.5).
- ▶ Workers in small firms (3–199 workers) contribute a lower amount annually for single coverage than workers in large firms (200 or more workers), \$762 vs. \$996. In contrast, workers in small firms with family coverage contribute significantly more annually than workers with family coverage in large firms, (\$4,946 vs. \$3,755) (Exhibit 6.8).
- ▶ There is a great deal of variation in worker contributions to premiums.
  - Thirty-eight percent of covered workers contribute at least \$1,106 annually (120% of the average worker contribution) for single coverage, while 42% of covered workers have an annual worker contribution of less than \$737 (80% of the average worker contribution) (Exhibit 6.14).
  - For family coverage, 27% of covered workers contribute at least \$4,955 annually (120% of the average worker contribution), while 42% of covered workers have an annual worker contribution of less than \$3,303 (80% of the average worker contribution) (Exhibit 6.14).
- ▶ The majority of covered workers are employed by a firm that contributes at least half of the premium.
  - Sixteen percent of covered workers with single coverage and 6% of covered workers with family coverage work for a firm that pays 100% of the premium (Exhibit 6.15).
  - Covered workers in small firms (3–199 workers) are more likely to work for a firm that pays 100% of the premium than workers in larger firms. Thirty-five percent of covered workers in small firms have an employer that pays the full premium for single coverage, compared to 7% of covered workers in large firms (Exhibit 6.16). For family coverage, 14% percent of covered workers in small firms have an employer that pays the full premium for family coverage, compared to 2% of covered workers in large firms (Exhibit 6.17).

### NOTE:

<sup>1</sup> Estimates for premiums, worker contributions to premiums, and employer contributions to premiums presented in Section 6 do not include contributions made by the employer to Health Savings Accounts or Health Reimbursement Arrangements. See Section 8 for estimates of employer contributions to HSAs and HRAs.

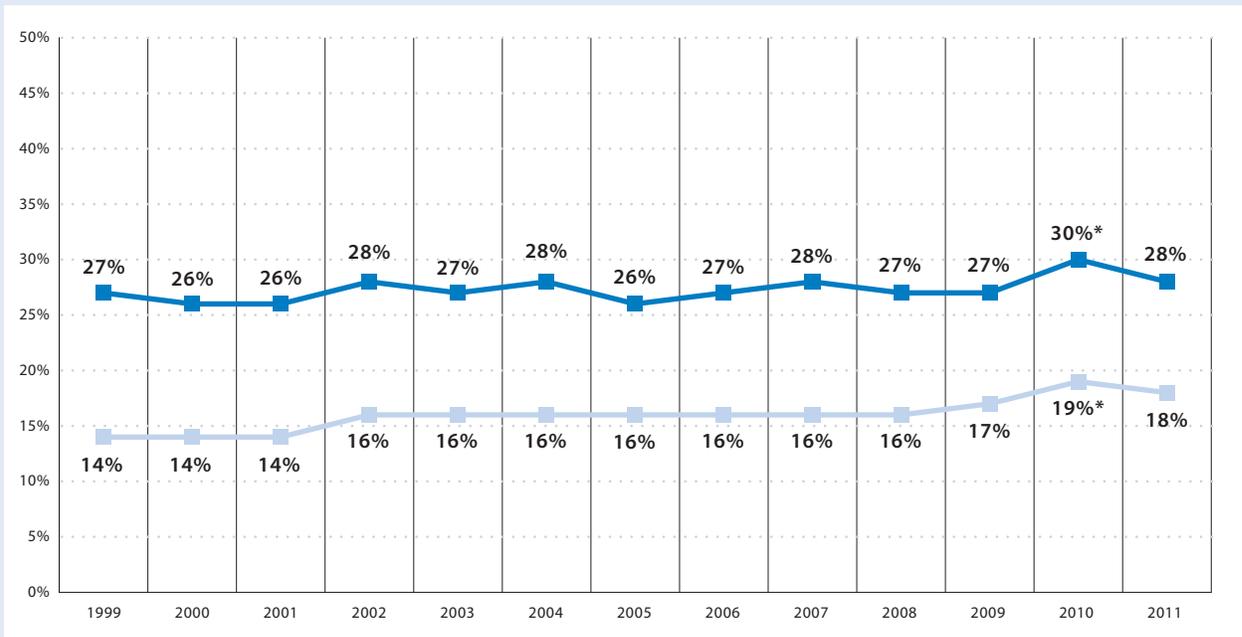
- Four percent of covered workers in small firms (3–199 workers) contribute more than 50% of the premium for single coverage, compared to 2% of covered workers in large firms (200 or more workers) (Exhibit 6.16). For family coverage, 32% of covered workers in small firms work in a firm where they must contribute more than 50% of the premium, compared to 7% of covered workers in large firms (Exhibit 6.17).
- ▶ The percentage of the premium paid by covered workers varies by several firm characteristics.
  - For family coverage, workers in firms with many lower-wage workers (35% or more earn \$23,000 or less annually) contribute a greater percentage of the premium than those in firms with fewer lower-wage workers (less than 35% earn \$23,000 or less annually) (38% vs. 27%) (Exhibit 6.20).
  - Workers with family coverage in firms that have at least some union workers contribute a significantly lower percentage of the premium than those in firms without any union workers (21% vs. 32%) (Exhibit 6.20).
  - Workers with family coverage in firms that are partially or completely self-funded contribute a significantly lower percentage of the premium than those in firms that are fully insured (23% vs. 35%)<sup>2</sup> (Exhibit 6.20).
- ▶ Among firms with fewer than 20 employees, nearly one third (32%) contribute different dollar amounts toward premiums for different employees (Exhibit 6.25).
- ▶ Among firms offering health benefits with fewer than 20 employees, 71% have at least one plan that provides a bill itemizing per employee premium costs. Of firms with fewer than 20 employees who receive a bill itemizing per employee premium costs, 62% of firms report being charged a different premium amount for different employees (Exhibit 6.25).

## NOTE:

<sup>2</sup> For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 6.1

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999–2011



SOURCE:

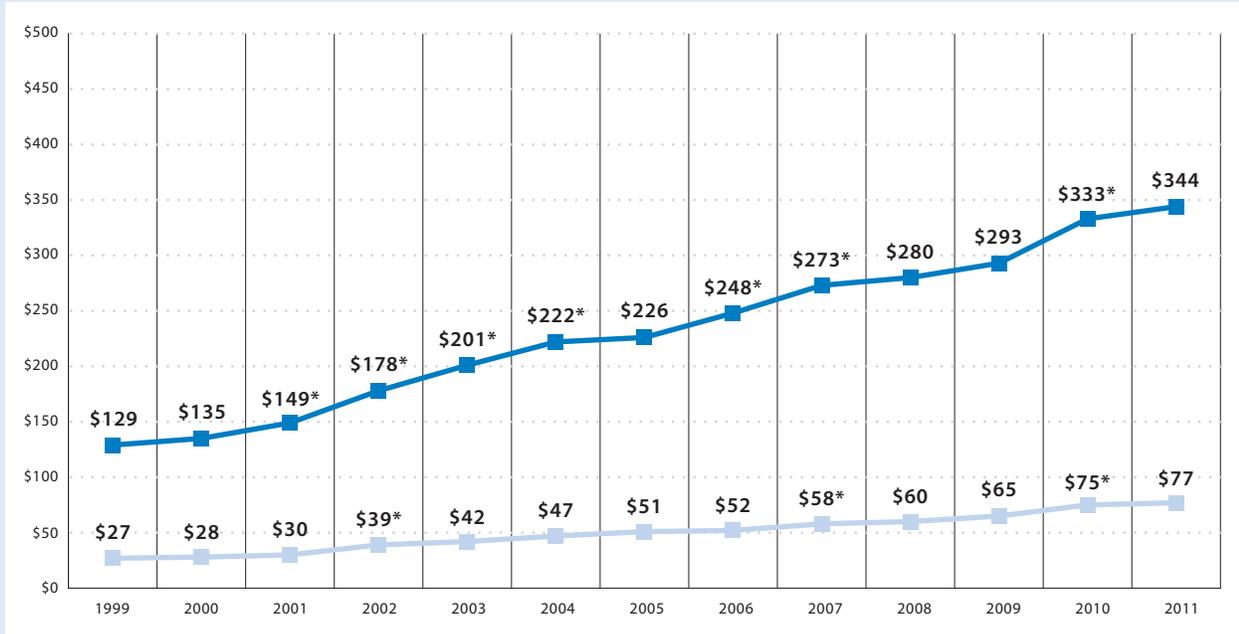
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

— FAMILY COVERAGE  
— SINGLE COVERAGE

EXHIBIT 6.2

Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999–2011



SOURCE:

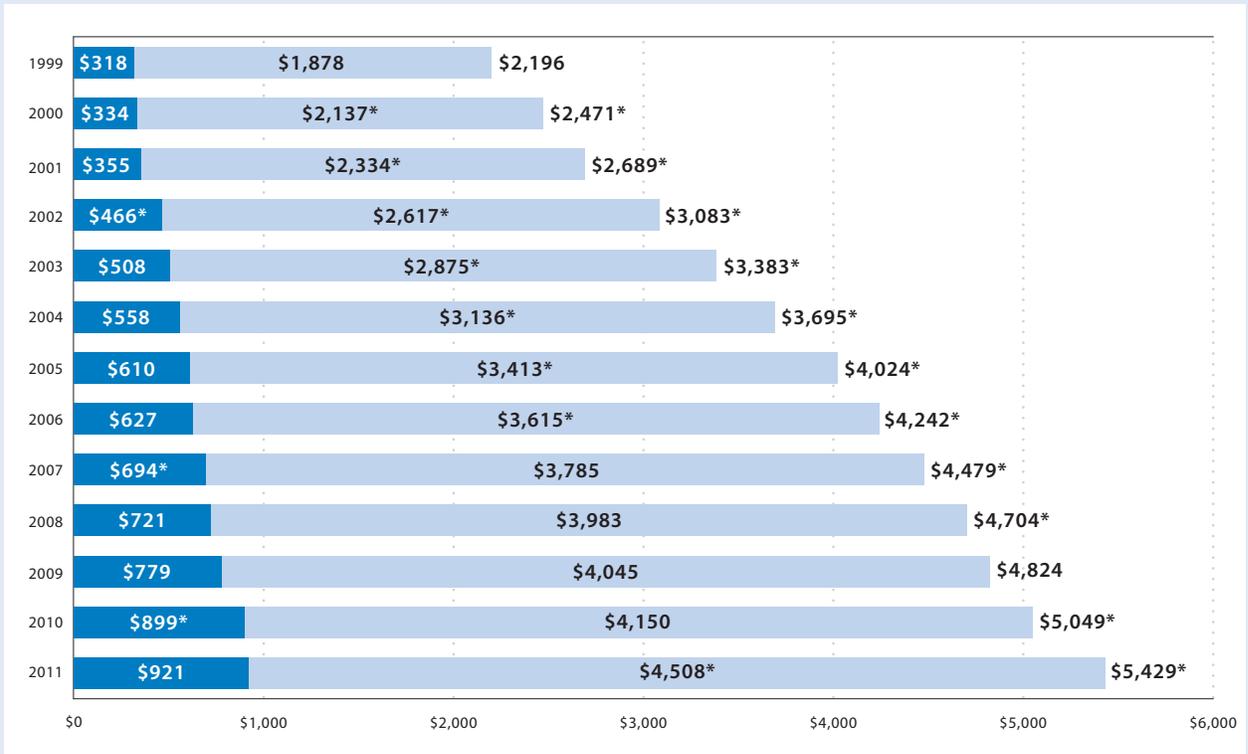
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

— FAMILY COVERAGE  
— SINGLE COVERAGE

EXHIBIT 6.3

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999–2011



SOURCE:

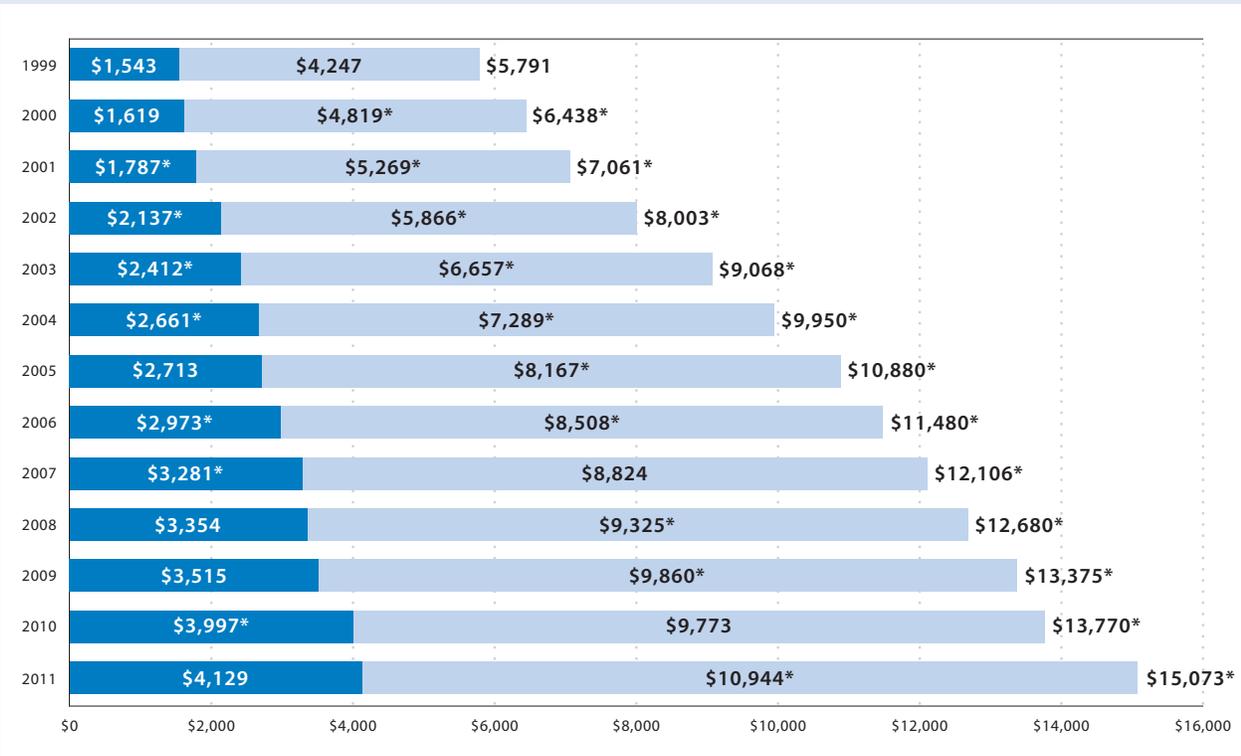
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

■ WORKER CONTRIBUTION  
■ EMPLOYER CONTRIBUTION

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

EXHIBIT 6.4

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999–2011



SOURCE:

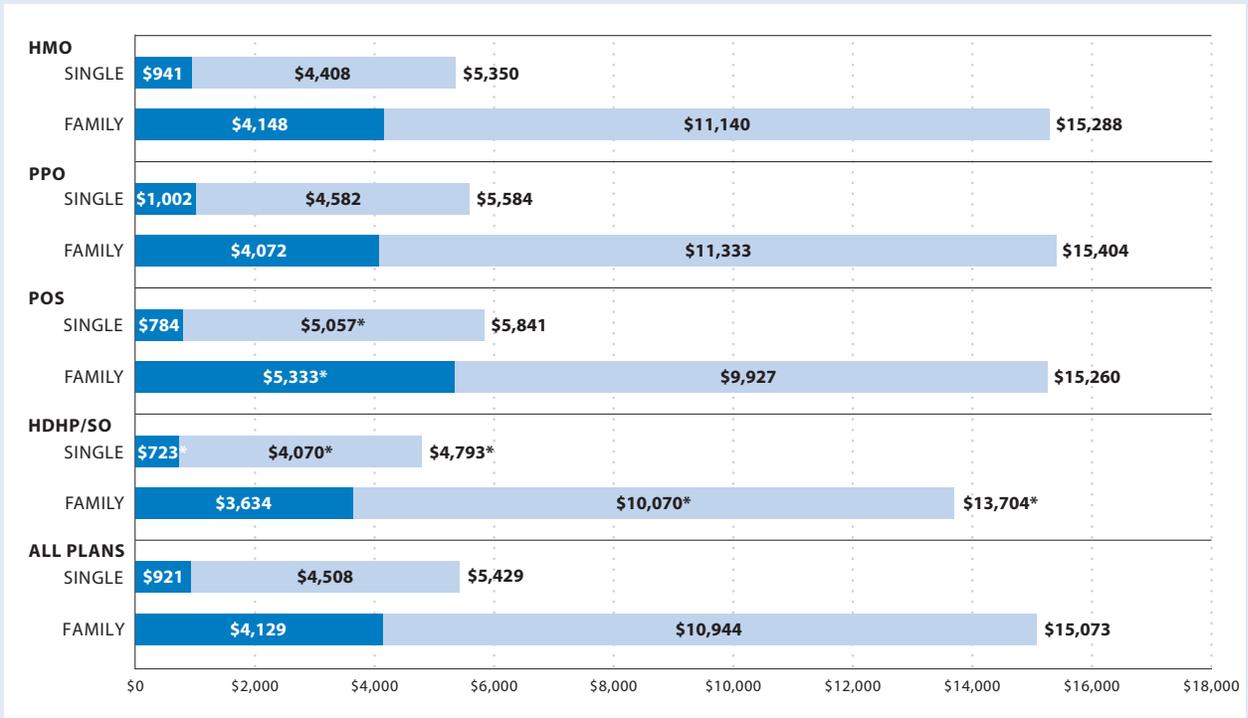
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

WORKER CONTRIBUTION  
EMPLOYER CONTRIBUTION

EXHIBIT 6.5

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2011



SOURCE:

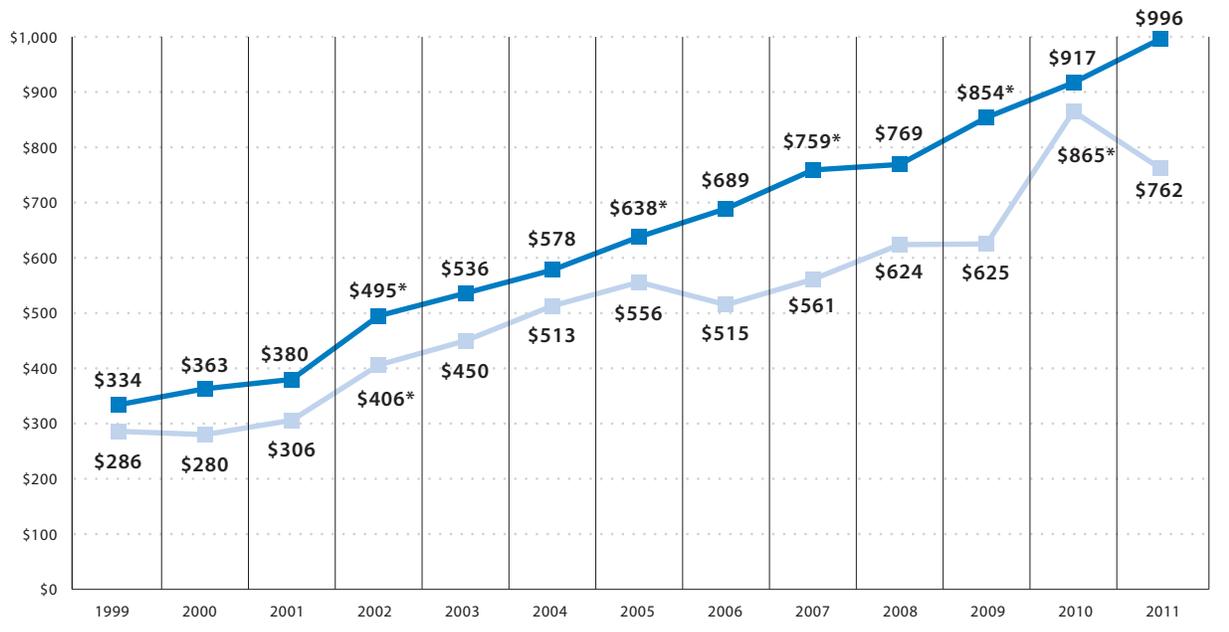
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

■ WORKER CONTRIBUTION  
■ EMPLOYER CONTRIBUTION

\* Estimate is statistically different from All Plans estimate by coverage type (p<.05).

EXHIBIT 6.6

Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)

EXHIBIT 6.7

Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)

## EXHIBIT 6.8

## Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Firm Size, 1999–2011

	Single Coverage		Family Coverage	
	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
1999	\$286	\$334	\$1,831*	\$1,398*
2000	\$280*	\$363*	\$1,940*	\$1,453*
2001	\$306*	\$380*	\$2,254*	\$1,551*
2002	\$406*	\$495*	\$2,647*	\$1,893*
2003	\$450	\$536	\$2,970*	\$2,146*
2004	\$513	\$578	\$3,382*	\$2,340*
2005	\$556	\$638	\$3,170*	\$2,487*
2006	\$515*	\$689*	\$3,550*	\$2,658*
2007	\$561*	\$759*	\$4,236*	\$2,831*
2008	\$624*	\$769*	\$4,101*	\$2,982*
2009	\$625*	\$854*	\$4,204*	\$3,182*
2010	\$865	\$917	\$4,665*	\$3,652*
2011	\$762*	\$996*	\$4,946*	\$3,755*

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different between All Small Firms and All Large Firms within year ( $p < .05$ ).

## EXHIBIT 6.9

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single Coverage, by Plan Type and Firm Size, 2011

	Worker Contribution	Employer Contribution	Total Premium
<b>HMO</b>			
All Small Firms (3–199 Workers)	\$947	\$4,063	\$5,010
All Large Firms (200 or More Workers)	\$940	\$4,521	\$5,460
<b>PPO</b>			
All Small Firms (3–199 Workers)	\$788*	\$4,804	\$5,593
All Large Firms (200 or More Workers)	\$1077*	\$4,504	\$5,581
<b>POS</b>			
All Small Firms (3–199 Workers)	\$661*	\$5,108	\$5,769
All Large Firms (200 or More Workers)	\$962*	\$4,983	\$5,945
<b>HDHP/SO</b>			
All Small Firms (3–199 Workers)	\$684	\$3,975	\$4,659
All Large Firms (200 or More Workers)	\$752	\$4,141	\$4,892
<b>ALL PLANS</b>			
All Small Firms (3–199 Workers)	\$762*	\$4,566	\$5,328
All Large Firms (200 or More Workers)	\$996*	\$4,481	\$5,477

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan type between All Small Firms and All Large Firms ( $p < .05$ ).

## EXHIBIT 6.10

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Family Coverage, by Plan Type and Firm Size, 2011

	Worker Contribution	Employer Contribution	Total Premium
<b>HMO</b>			
All Small Firms (3–199 Workers)	\$5,986*	\$7,951*	\$13,937*
All Large Firms (200 or More Workers)	\$3,570*	\$12,142*	\$15,712*
<b>PPO</b>			
All Small Firms (3–199 Workers)	\$4,502	\$9,917*	\$14,419*
All Large Firms (200 or More Workers)	\$3,921	\$11,827*	\$15,748*
<b>POS</b>			
All Small Firms (3–199 Workers)	\$5,553	\$9,109	\$14,662
All Large Firms (200 or More Workers)	\$5,025	\$11,070	\$16,095
<b>HDHP/SO</b>			
All Small Firms (3–199 Workers)	\$4,765*	\$8,362*	\$13,127
All Large Firms (200 or More Workers)	\$2,821*	\$11,297*	\$14,118
<b>ALL PLANS</b>			
All Small Firms (3–199 Workers)	\$4,946*	\$9,152*	\$14,098*
All Large Firms (200 or More Workers)	\$3,755*	\$11,765*	\$15,520*

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan type between All Small Firms and All Large Firms ( $p < .05$ ).

## EXHIBIT 6.11

Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
All Small Firms (3–199 Workers)	\$79	\$499*	\$947	\$5,986*
All Large Firms (200 or More Workers)	78	298*	940	3,570*
<b>ALL FIRM SIZES</b>	<b>\$78</b>	<b>\$346</b>	<b>\$941</b>	<b>\$4,148</b>
<b>PPO</b>				
All Small Firms (3–199 Workers)	\$66*	\$375	\$788*	\$4,502
All Large Firms (200 or More Workers)	90*	327	1,077*	3,921
<b>ALL FIRM SIZES</b>	<b>\$84</b>	<b>\$339</b>	<b>\$1,002</b>	<b>\$4,072</b>
<b>POS</b>				
All Small Firms (3–199 Workers)	\$55*	\$463	\$661*	\$5,553
All Large Firms (200 or More Workers)	80*	419	962*	5,025
<b>ALL FIRM SIZES</b>	<b>\$65</b>	<b>\$444</b>	<b>\$784</b>	<b>\$5,333</b>
<b>HDHP/SO</b>				
All Small Firms (3–199 Workers)	\$57	\$397*	\$684	\$4,765*
All Large Firms (200 or More Workers)	63	235*	752	2,821*
<b>ALL FIRM SIZES</b>	<b>\$60</b>	<b>\$303</b>	<b>\$723</b>	<b>\$3,634</b>
<b>ALL PLANS</b>				
All Small Firms (3–199 Workers)	\$64*	\$412*	762*	\$4,946*
All Large Firms (200 or More Workers)	83*	313*	996*	3,755*
<b>ALL FIRM SIZES</b>	<b>\$77</b>	<b>\$344</b>	<b>\$921</b>	<b>\$4,129</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms ( $p < .05$ ).

## EXHIBIT 6.12

Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2011

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Northeast	\$96*	\$334	\$1,146*	\$4,007
Midwest	88	334	1061	4,004
South	79	352	944	4,222
West	66*	352	796*	4,225
<b>ALL REGIONS</b>	<b>\$78</b>	<b>\$346</b>	<b>\$941</b>	<b>\$4,148</b>
<b>PPO</b>				
Northeast	\$92	\$310	\$1,102	\$3,716
Midwest	86	328	1031	3942
South	81	359	969	4305
West	77	345	919	4141
<b>ALL REGIONS</b>	<b>\$84</b>	<b>\$339</b>	<b>\$1,002</b>	<b>\$4,072</b>
<b>POS</b>				
Northeast	\$73	\$457	\$878	\$5,481
Midwest	58	378	701	4,530
South	63	333*	753	3,995*
West	68	587*	816	7,040*
<b>ALL REGIONS</b>	<b>\$65</b>	<b>\$444</b>	<b>\$784</b>	<b>\$5,333</b>
<b>HDHP/SO</b>				
Northeast	\$83	\$273	\$998	\$3,282
Midwest	61	242*	727	2,907*
South	58	406	697	4,878
West	43*	283	511*	3,391
<b>ALL REGIONS</b>	<b>\$60</b>	<b>\$303</b>	<b>\$723</b>	<b>\$3,634</b>
<b>ALL PLANS</b>				
Northeast	\$89*	\$321	\$1,074*	\$3,848
Midwest	77	312*	927	3,750*
South	76	363	908	4,355
West	67*	369	804*	4,427
<b>ALL REGIONS</b>	<b>\$77</b>	<b>\$344</b>	<b>\$921</b>	<b>\$4,129</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated region ( $p < .05$ ).

## EXHIBIT 6.13

## Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Single Coverage</b>													
HMO	\$28	\$26	\$32	\$38	\$42	\$46	\$47	\$49	\$59	\$59	\$68	\$86*	\$78
PPO	27	29	29	39*	44	48	50	53	60*	61	67*	75*	84*
POS	27	28	29	40*	41	45	61*	53	52	72	62	81	65
HDHP/SO	^	^	^	^	^	^	^	47	43	39	45	53	60
<b>ALL PLANS</b>	<b>\$27</b>	<b>\$28</b>	<b>\$30</b>	<b>\$39*</b>	<b>\$42</b>	<b>\$47</b>	<b>\$51</b>	<b>\$52</b>	<b>\$58*</b>	<b>\$60</b>	<b>\$65</b>	<b>\$75*</b>	<b>\$77</b>
<b>Family Coverage</b>													
HMO	\$124	\$131	\$150	\$164	\$179	\$223*	\$217	\$257*	\$276	\$282	\$307	\$363*	\$346
PPO	128	141	153	188*	210*	224	220	243*	270*	279	289	319*	339
POS	141	136	143	180*	206	218	271*	269	305	311	346	433*	444
HDHP/SO	^	^	^	^	^	^	^	187	238	234	223	294*	303
<b>ALL PLANS</b>	<b>\$129</b>	<b>\$135</b>	<b>\$149*</b>	<b>\$178*</b>	<b>\$201*</b>	<b>\$222*</b>	<b>\$226</b>	<b>\$248*</b>	<b>\$273*</b>	<b>\$280</b>	<b>\$293</b>	<b>\$333*</b>	<b>\$344</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

^ Information was not obtained for HDHP/SOs prior to 2006.

## EXHIBIT 6.14

## Distribution of Worker Premium Contributions for Single and Family Coverage Relative to the Average Annual Worker Premium Contribution, 2011

Premium Contribution Range, Relative to Average Premium Contribution	Single Coverage		Family Coverage	
	Premium Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less than \$737	42%	Less than \$3,303	42%
80% to Less Than Average	\$737 to <\$921	12%	\$3,303 to <\$4,129	20%
Average to Less Than 120%	\$921 to <\$1,106	9%	\$4,129 to <\$4,955	12%
120% or More	\$1,106 or More	38%	\$4,955 or More	27%

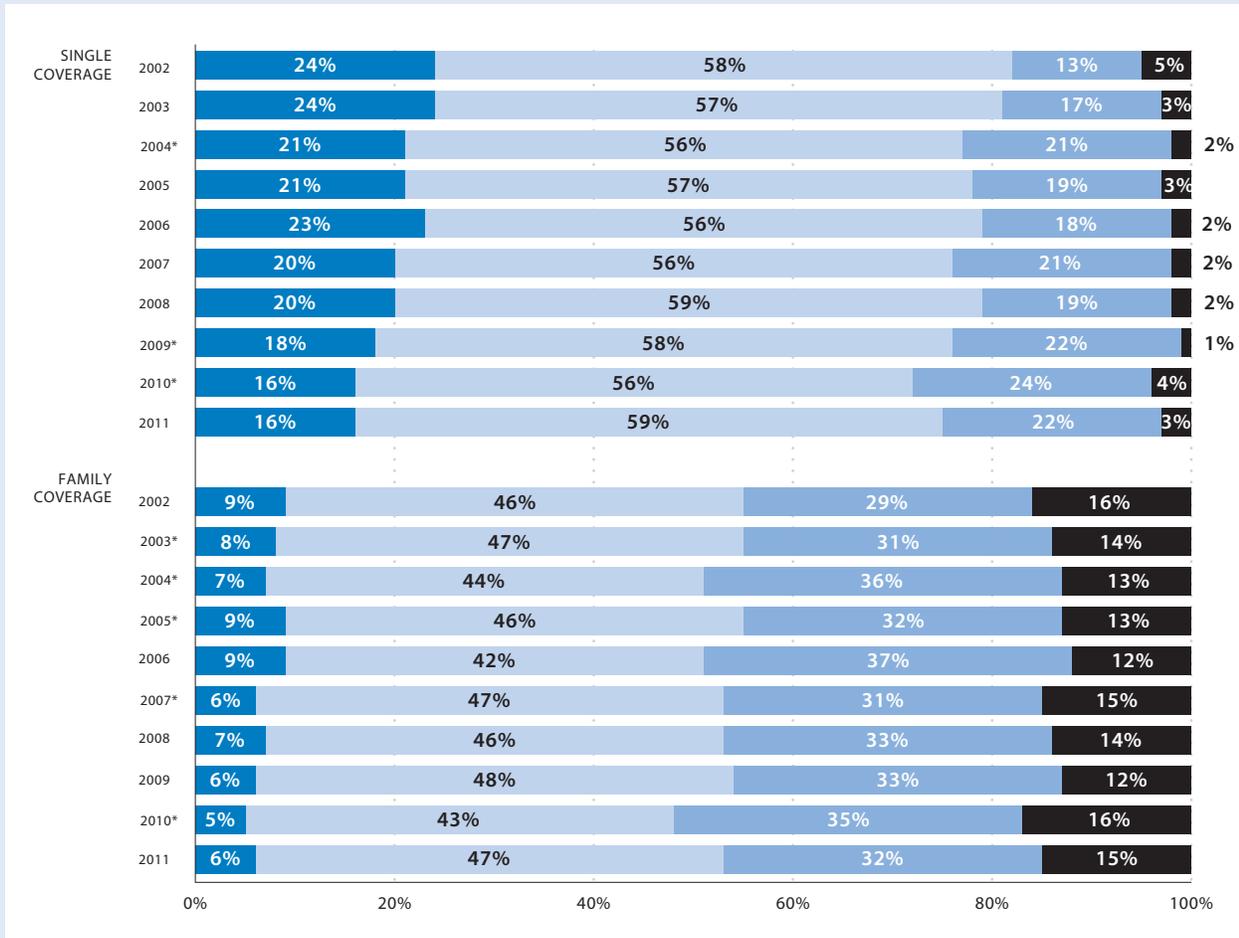
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The average annual worker contribution is \$921 for single coverage and \$4,129 for family coverage. The worker contribution distribution is relative to the average single or family worker contribution. For example, \$737 is 80% of the average single worker contribution and \$1,106 is 120% of the average single worker contribution. The same break points relative to the average are used for the distribution for family coverage.

EXHIBIT 6.15

Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002–2011



SOURCE:

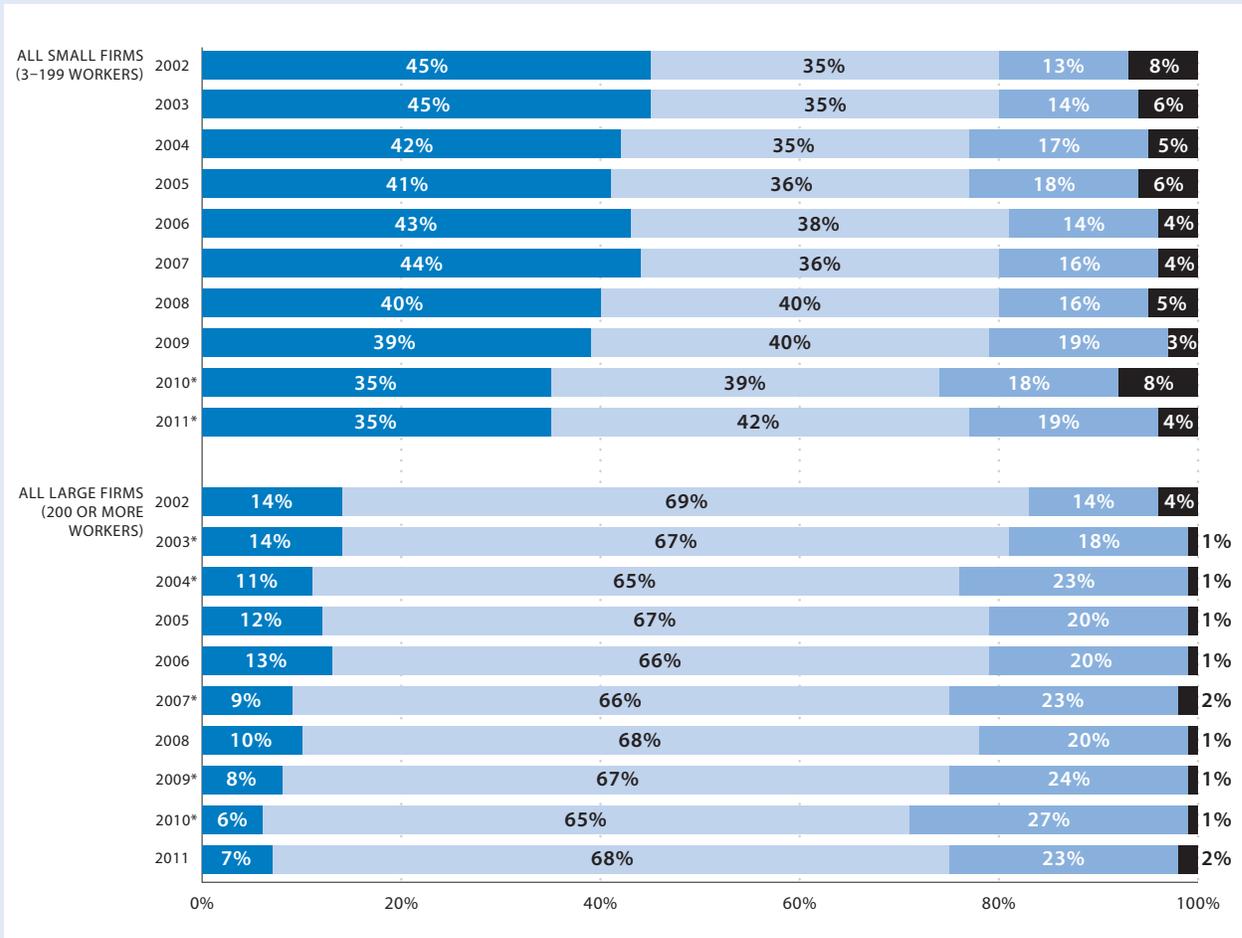
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2011.

\* Distribution is statistically different within coverage type from distribution for the previous year shown ( $p < .05$ ).

- 0%
- GREATER THAN 0%, LESS THAN OR EQUAL TO 25%
- GREATER THAN 25%, LESS THAN OR EQUAL TO 50%
- GREATER THAN 50%

EXHIBIT 6.16

Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2011.

\* Distribution is statistically different within size category from distribution for the previous year shown ( $p < .05$ ).

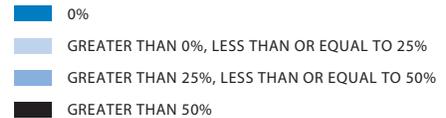
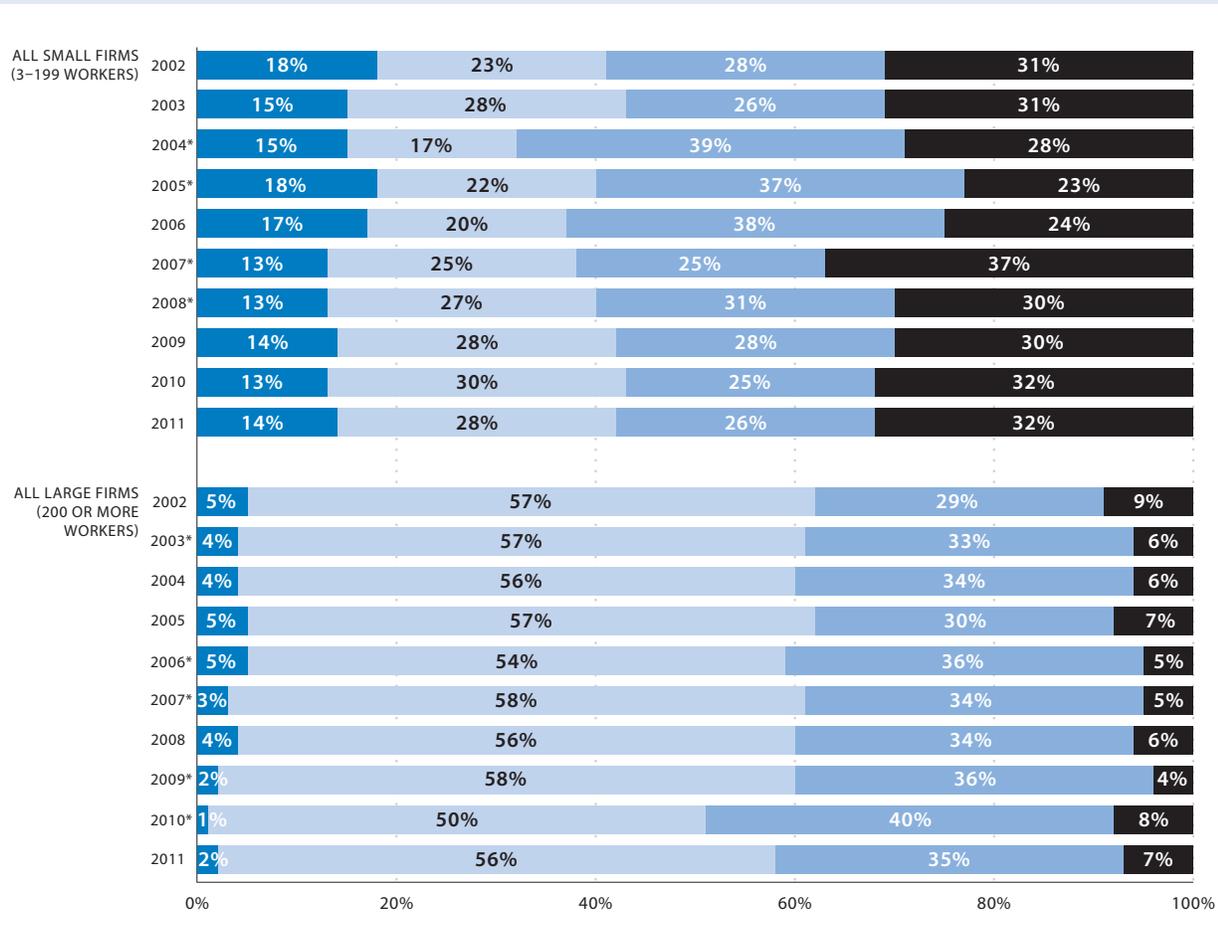


EXHIBIT 6.17

Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2011.

\* Distribution is statistically different within size category from distribution for the previous year shown (p<.05).

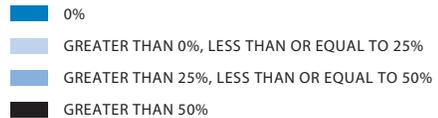
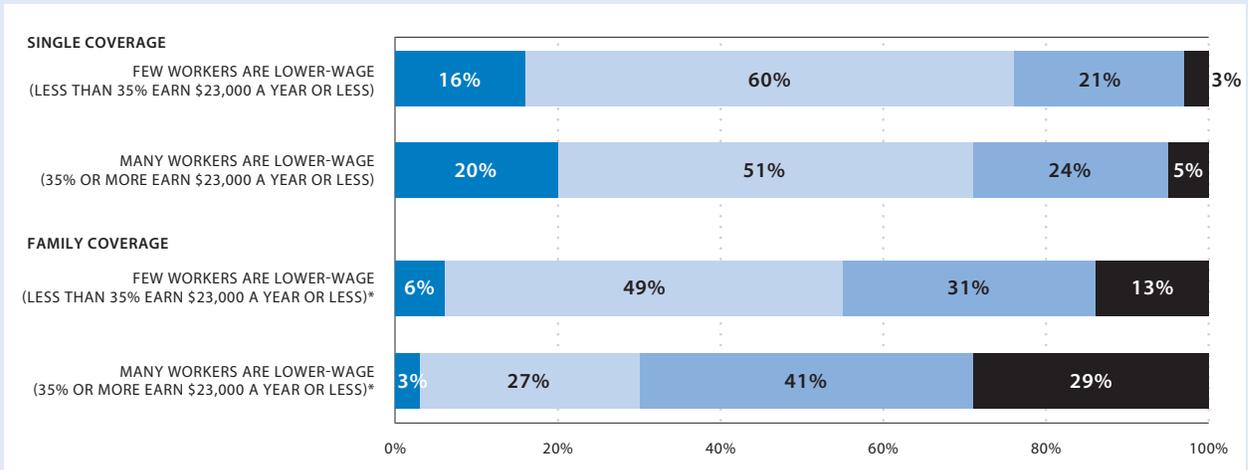


EXHIBIT 6.18

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage Level, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\*Distributions for Higher-Wage and Lower-Wage Firms are statistically different (p<.05).



## EXHIBIT 6.19

## Average Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Characteristics, 2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Wage Level</b>			
Few Workers are Lower Wage (Less Than 35% Earn \$23,000 a Year or Less)	15%	19%	18%
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	15%	21%	19%
<b>Unions</b>			
Firm Has At Least Some Union Workers	8%*	17%*	17%
Firm Does Not Have Any Union Workers	16%*	20%*	18%
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	15%	19%	18%
35% or More Workers Are Age 26 or Younger	16%	19%	18%
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	17%	19%	18%
35% or More Workers Are Age 50 or Older	14%	18%	17%
<b>Funding Arrangement</b>			
Fully Insured	16%*	19%	17%
Self-Funded	11%*	19%	18%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within firm size category ( $p < .05$ ).

## EXHIBIT 6.20

## Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics, 2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Wage Level</b>			
Few Workers are Lower Wage (Less Than 35% Earn \$23,000 a Year or Less)	35%	24%*	27%*
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	42%	36%*	38%*
<b>Unions</b>			
Firm Has At Least Some Union Workers	24%*	21%*	21%*
Firm Does Not Have Any Union Workers	37%*	28%*	32%*
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	34%*	24%	28%*
35% or More Workers Are Age 26 or Younger	57%*	30%	36%*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	39%*	26%	30%*
35% or More Workers Are Age 50 or Older	31%*	24%	26%*
<b>Funding Arrangement</b>			
Fully Insured	37%*	32%*	35%*
Self-Funded	26%*	23%*	23%*

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\*Estimates are statistically different from each other within firm size category ( $p < .05$ ).

## EXHIBIT 6.21

## Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2011

	Single Coverage	Family Coverage
<b>HMO</b>		
All Small Firms (3–199 Workers)	20%	42%*
All Large Firms (200 or More Workers)	18%	23%*
<b>ALL FIRM SIZES</b>	<b>18%</b>	<b>28%</b>
<b>PPO</b>		
All Small Firms (3–199 Workers)	15%*	33%*
All Large Firms (200 or More Workers)	20%*	26%*
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>28%</b>
<b>POS</b>		
All Small Firms (3–199 Workers)	12%	38%
All Large Firms (200 or More Workers)	17%	32%
<b>ALL FIRM SIZES</b>	<b>14%</b>	<b>36%</b>
<b>HDHP/SO</b>		
All Small Firms (3–199 Workers)	15%	35%*
All Large Firms (200 or More Workers)	15%	20%*
<b>ALL FIRM SIZES</b>	<b>15%</b>	<b>27%</b>
<b>ALL PLANS</b>		
All Small Firms (3–199 Workers)	15%*	36%*
All Large Firms (200 or More Workers)	19%*	25%*
<b>ALL FIRM SIZES</b>	<b>18%</b>	<b>28%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms (p&lt;.05).

## EXHIBIT 6.22

## Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Single Coverage</b>													
HMO	16%	14%	18%	16%	17%	16%	16%	15%	17%	16%	18%	21%*	18%
PPO	13	14	13	16*	16	16	15	15	17	16	17	19	19
POS	15	14	13	16*	16	16	19	16	14	18	16	19	14
HDHP/SO	^	^	^	^	^	^	^	18	15	11	14	14	15
<b>ALL PLANS</b>	<b>14%</b>	<b>14%</b>	<b>14%</b>	<b>16%</b>	<b>17%</b>	<b>19%*</b>	<b>18%</b>						
<b>Family Coverage</b>													
HMO	28%	26%	29%	27%	26%	29%	26%	28%	28%	26%	28%	31%	28%
PPO	26	27	26	29*	28	27	25	26	27	27	26	28	28
POS	28	26	25	28	28	28	31	30	32	31	32	39	36
HDHP/SO	^	^	^	^	^	^	^	25	27	29	25	28	27
<b>ALL PLANS</b>	<b>27%</b>	<b>26%</b>	<b>26%</b>	<b>28%</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>	<b>27%</b>	<b>28%</b>	<b>27%</b>	<b>27%</b>	<b>30%*</b>	<b>28%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

^ Information was not obtained for HDHP/SOs prior to 2006.

## EXHIBIT 6.23

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2011

	Single Coverage	Family Coverage
<b>HMO</b>		
Northeast	19%	24%
Midwest	20	26
South	19	28
West	17	30
<b>ALL REGIONS</b>	<b>18%</b>	<b>28%</b>
<b>PPO</b>		
Northeast	19%	23%*
Midwest	18	26
South	20	31*
West	17	27
<b>ALL REGIONS</b>	<b>19%</b>	<b>28%</b>
<b>POS</b>		
Northeast	13%	33%
Midwest	14	33
South	16	30
West	14	44*
<b>ALL REGIONS</b>	<b>14%</b>	<b>36%</b>
<b>HDHP/SO</b>		
Northeast	21%	25%
Midwest	15	22*
South	14	32
West	11	28
<b>ALL REGIONS</b>	<b>15%</b>	<b>27%</b>
<b>ALL PLANS</b>		
Northeast	19%	24%*
Midwest	17	25*
South	19	31*
West	16	30
<b>ALL REGIONS</b>	<b>18%</b>	<b>28%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated region ( $p < .05$ ).

## EXHIBIT 6.24

## Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2011

	Single Coverage	Family Coverage
<b>HMO</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	17%	25%
Transportation/Communications/Utilities	13	18*
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	23	27
Service	19	34*
State/Local Government	11*	15*
Health Care	19	24
<b>ALL INDUSTRIES</b>	<b>18%</b>	<b>28%</b>
<b>PPO</b>		
Agriculture/Mining/Construction	24%	39%*
Manufacturing	22*	24
Transportation/Communications/Utilities	18	23*
Wholesale	21	28
Retail	27	33
Finance	20	26
Service	18	30
State/Local Government	12*	25
Health Care	13*	22*
<b>ALL INDUSTRIES</b>	<b>19%</b>	<b>28%</b>
<b>POS</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	16%	40%
State/Local Government	NSD	NSD
Health Care	NSD	NSD
<b>ALL INDUSTRIES</b>	<b>14%</b>	<b>36%</b>

Continued on next page

EXHIBIT 6.24 *Continued from previous page*

## Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2011

	Single Coverage	Family Coverage
<b>HDHP/SO</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	19%	23%
Transportation/Communications/Utilities	10	17*
Wholesale	23	32
Retail	20	28
Finance	15	32
Service	13	22
State/Local Government	13	32
Health Care	13	39*
<b>ALL INDUSTRIES</b>	<b>15%</b>	<b>27%</b>
<b>ALL PLANS</b>		
Agriculture/Mining/Construction	19%	33%
Manufacturing	21*	25*
Transportation/Communications/Utilities	14	20*
Wholesale	22	31
Retail	25*	35
Finance	19	28
Service	17	30*
State/Local Government	11*	23
Health Care	14*	27
<b>ALL INDUSTRIES</b>	<b>18%</b>	<b>28%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

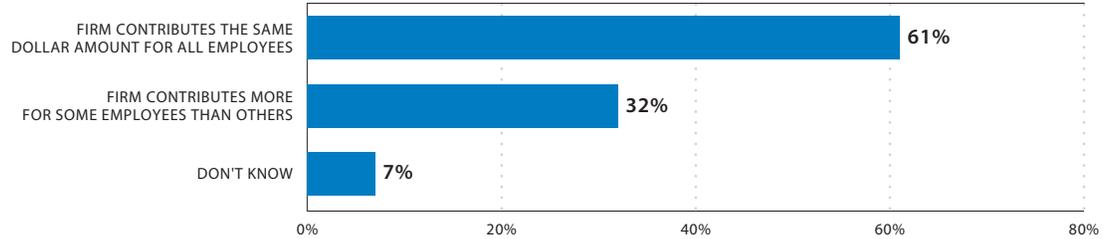
\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated industry ( $p < .05$ ).

NSD: Not Sufficient Data.

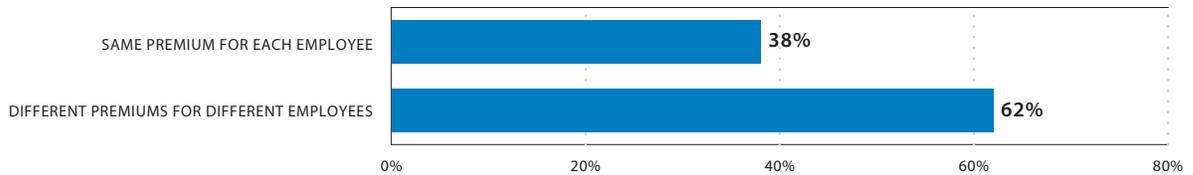
EXHIBIT 6.25

Among Firms with Fewer than 20 Employees, Variations in Premiums and Firm Premium Contributions for Single Coverage, 2011

FIRM CONTRIBUTES THE SAME OR DIFFERENT DOLLAR AMOUNTS FOR SINGLE COVERAGE PREMIUM:



FIRM IS CHARGED THE SAME OR DIFFERENT PREMIUMS FOR SINGLE COVERAGE:\*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Among firms who receive a bill itemizing the per employee cost. Seventy-one percent of firms with fewer than 20 employees have at least one plan that provides a bill itemizing per employees premium costs.

60%

\$5,429

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Employee  
Cost Sharing

SECTION

7

\$15,073

2011

## EMPLOYEE COST SHARING

IN ADDITION TO ANY REQUIRED PREMIUM CONTRIBUTIONS, COVERED WORKERS MAY FACE COST SHARING FOR THE MEDICAL SERVICES THEY USE. COST SHARING FOR MEDICAL SERVICES CAN TAKE A VARIETY OF FORMS, INCLUDING DEDUCTIBLES (AN AMOUNT THAT MUST BE PAID BEFORE SOME OR ALL SERVICES ARE COVERED), COPAYMENTS (FIXED DOLLAR AMOUNTS), AND/OR COINSURANCE (A PERCENTAGE OF THE CHARGE FOR SERVICES). THE TYPE AND LEVEL OF COST SHARING OFTEN VARIES BY THE TYPE OF PLAN IN WHICH THE WORKER IS ENROLLED. COST SHARING MAY ALSO VARY BY THE TYPE OF SERVICE RECEIVED, SUCH AS OFFICE VISITS, HOSPITALIZATIONS, OR PRESCRIPTION DRUGS.

THE COST-SHARING AMOUNTS REPORTED HERE ARE FOR COVERED WORKERS USING SERVICES PROVIDED IN-NETWORK BY PARTICIPATING PROVIDERS. PLAN ENROLLEES RECEIVING SERVICES FROM PROVIDERS THAT DO NOT PARTICIPATE IN PLAN NETWORKS OFTEN FACE HIGHER COST SHARING AND MAY BE RESPONSIBLE FOR CHARGES THAT EXCEED PLAN ALLOWABLE AMOUNTS. THE FRAMEWORK OF THIS SURVEY DOES NOT ALLOW US TO CAPTURE ALL OF THE COMPLEX COST-SHARING REQUIREMENTS IN MODERN PLANS, PARTICULARLY FOR ANCILLARY SERVICES (SUCH AS DURABLE MEDICAL EQUIPMENT OR PHYSICAL THERAPY) OR COST-SHARING ARRANGEMENTS THAT VARY ACROSS DIFFERENT SETTINGS (SUCH AS TIERED NETWORKS). THEREFORE, WE DO NOT COLLECT INFORMATION ON ALL PLAN PROVISIONS AND LIMITS THAT AFFECT ENROLLEE OUT-OF-POCKET LIABILITY.

### GENERAL ANNUAL DEDUCTIBLES

- ▶ A general annual deductible is an amount that must be paid by the enrollee before all, or most services, are covered by their health plan. The likelihood of having a deductible varies by plan type.
  - Workers in HMOs are less likely to have a general annual deductible for single coverage compared to workers in other plan types. Seventy-one percent of workers in HMOs with single coverage do not have a general annual deductible, compared to 31% of workers in POS plans and 19% of workers in PPOs. The percentages are similar for family coverage (Exhibit 7.1).
  - Workers without a general annual plan deductible often have other forms of cost sharing for medical services. For workers without a general annual deductible for single coverage, 73% in HMOs, 79% in PPOs, and 57% in POS plans are in plans that require cost sharing for hospital admissions. The percentages are similar for family coverage (Exhibit 7.2).
- ▶ General annual deductibles vary greatly by plan type and firm size.
  - The average annual deductibles among those workers with a deductible for single coverage are \$911 for HMOs, \$675 for PPOs, \$928 for POS plans, and \$1,908 for HDHP/SOs (Exhibit 7.3).
  - For each of the plan types, there is no statistically significant change in deductible amounts from 2010 to 2011 for single or family coverage. Since 2006, the earliest year for which we have comparable deductible data, the average deductible for workers with PPOs has increased from \$473 to \$675 in 2011 for single coverage (Exhibit 7.5) and, for aggregate family deductibles, from \$1,034 to \$1,521 in 2011 (Exhibit 7.14).
  - Deductibles are generally higher for covered workers in plans sponsored by small firms (3–199 workers) than for covered workers in large firms (200 or more workers) (Exhibit 7.3 and Exhibit 7.13). For covered workers in PPOs, deductibles in small firms are more than twice as large as in large firms.

- ▶ For family coverage, the majority of workers with general annual deductibles have an aggregate deductible, meaning all family members' out-of-pocket expenses count toward meeting the deductible amount. Among those with a general annual deductible for family coverage, the percentage of covered workers with an aggregate general annual deductible ranges from 61% for PPOs to 83% for HDHP/SOs.
  - The average amounts for workers with an aggregate deductible for family coverage are \$1,487 for HMOs, \$1,521 for PPOs, \$1,769 for POS plans, and \$3,666 for HDHP/SOs (Exhibit 7.13).
- ▶ The other type of family deductible, a separate per-person deductible, requires each family member to meet a separate per-person deductible amount before the plan covers expenses for that member. Most plans with separate per-person family deductibles consider the deductible met for all family members if a prescribed number of family members each reach their separate deductible amounts.
  - For covered workers in health plans that have separate per-person general annual deductible amounts for family coverage, the average plan deductible amounts are \$885 for HMOs, \$646 for PPOs, \$912 for POS plans, and \$2,149 for HDHP/SOs (Exhibit 7.13). Most covered workers in plans with a separate per person general annual deductible for family coverage have a limit to the number of family members required to meet the separate deductible amounts (Exhibit 7.16).<sup>1</sup> Among those workers in plans with a limit on the number of family members, the average number of family members required to meet the separate deductible amounts is three for POS plans, and two for PPOs, HMOs, and HDHP/SOs.
- ▶ Thirty-one percent of covered workers are in plans with a deductible of \$1000 or more for single coverage, similar to the percentage (27%) in 2010.
  - From 2006 to 2011, the percentage of covered workers with a deductible of \$1,000 or more for single coverage tripled, from 10% to 31% (Exhibit 7.7). Workers in small firms (3–199 workers) are more likely to have a general annual deductible of \$1,000 or more for single coverage than workers in large firms (200 or more workers) (50% vs. 22%) (Exhibit 7.6).
- ▶ The majority of covered workers with a deductible are in plans where the deductible does not have to be met before certain services, such as physician office visits, preventive care, or prescription drugs, are covered.
  - Roughly four-fifths (84%) of covered workers with general plan deductibles in HMOs, POS plans (68%), and PPOs (74%) are enrolled in plans where the deductible does not have to be met before physician office visits for primary care are covered (Exhibit 7.18).
  - Higher shares of covered workers do not have to meet the deductible before preventive care is covered in HMOs (96%), PPOs (93%), POS plans (88%), and HDHP/SOs (94%) (Exhibit 7.18).
  - Similarly, among workers with a general annual deductible, covered workers in HMOs (94%), PPOs (95%), and POS plans (81%) are enrolled in plans where the general annual deductible does not have to be met before prescription drugs are covered (Exhibit 7.18).

#### HOSPITAL AND OUTPATIENT COST SHARING

- ▶ In order to better capture the prevalence of combinations of cost sharing, the survey was changed to ask a series of yes or no questions beginning in 2009. Previously, the question asked respondents to select one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. In addition, the average copayment and coinsurance rates for hospital admissions include workers who may have a combination of types of cost sharing.

#### NOTE:

<sup>1</sup> Some workers with separate per-person deductibles or out-of-pocket maximums for family coverage do not have a specific number of family members that are required to meet the deductible amount and instead have another type of limit, such as a per person amount with a total dollar amount limit. These responses are included in the averages and distributions for separate family deductibles and out-of-pocket maximums.

- ▶ Whether or not a worker has a general annual deductible, most workers face additional types of cost sharing when admitted to a hospital or having outpatient surgery (such as a copayment, coinsurance, or a per diem charge).
  - For hospital admissions, 55% of covered workers have coinsurance and 17% have copayments. Lower percentages of workers have per day (per diem) payments (6%), a separate hospital deductible (3%), or both copayments and coinsurance (9%), while 20% have no additional cost sharing for hospital admissions (Exhibit 7.19). The average coinsurance rate is 17%, the average copayment is \$246 per hospital admission, the average per diem charge is \$246, and the average separate annual hospital deductible is \$627 (Exhibit 7.21).
  - The cost-sharing provisions for outpatient surgery are similar to those for hospital admissions, as most workers have coinsurance or copayments. Fifty-seven percent of covered workers have coinsurance and 18% have copayments for an outpatient surgery episode. In addition, 2% have a separate annual deductible for outpatient surgery, and 5% have both copayments and coinsurance, while 23% have no additional cost sharing (Exhibit 7.20). For covered workers with cost sharing, the average coinsurance is 17%, the average copayment is \$145, and the average separate annual outpatient surgery deductible is \$640 (Exhibit 7.21).

#### COST SHARING FOR PHYSICIAN OFFICE VISITS

- ▶ The majority of covered workers are enrolled in health plans that require cost sharing for an in-network physician office visit, in addition to any general annual deductible.<sup>2</sup>
  - The most common form of physician office visit cost sharing for in-network services is copayments. Seventy-four percent of covered workers have a copayment for a primary care

physician office visit and 17% have coinsurance. For office visits with a specialty physician, 73% of covered workers have copayments and 18% have coinsurance. Workers in HMOs, PPOs, and POS plans are much more likely to have copayments than workers in HDHP/SOs for both primary care and specialty care physician office visits. For example, the majority of workers in HDHP/SOs have coinsurance (52%) or no cost sharing (31%) for primary care physician office visits after the general annual plan deductible is met (Exhibit 7.22).

- Among covered workers with a copayment for in-network physician office visits, the average copayment is \$22 for primary care and \$32 for specialty physicians (Exhibit 7.23), similar to \$22 and \$31 reported in 2010. Fifty percent of covered workers have a copayment of \$10 or \$20 for a primary care office visit. For specialty care office visits, 29% of covered workers have copayments of \$20 or \$25.<sup>3</sup>
- Among workers with coinsurance for in-network physician office visits, the average coinsurance rate for a visit with a primary care or specialty care physician is 18% (Exhibit 7.23).

#### OUT-OF-POCKET MAXIMUM AMOUNTS

- ▶ Most covered workers are in a plan that partially or totally limits the cost sharing that a plan enrollee must pay in a year. These limits are generally referred to as out-of-pocket maximum amounts. Enrollee cost sharing, such as deductibles, office visit cost sharing, or spending on prescription drugs, may or may not apply to the out-of-pocket maximum. Therefore, the survey asks what types of out-of-pocket expenses plans count when determining whether a covered worker has met the plan out-of-pocket maximum. When a plan does not count certain types of spending, it effectively increases the amount a worker may pay out-of-pocket.

#### NOTE:

<sup>2</sup> In 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and coinsurance for visits with a specialist physician. The changes made in 2010 allow for variations in the type of cost sharing for primary care and specialty care. This year the survey includes cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing.

<sup>3</sup> The average copayments and the average coinsurance for primary and specialty care include workers who may have a more than one type of cost sharing.

- ▶ Seventeen percent of covered workers enrolled in single or family coverage are in a plan that does not limit the amount of cost sharing enrollees have to pay (Exhibit 7.29).
  - Covered workers with single coverage in HMOs (31%) are more likely to be enrolled in a plan that does not limit the amount of cost sharing than workers in PPOs (17%) and POS plans (23%) (Exhibit 7.29).
  - Covered workers without an out-of-pocket maximum, however, may not have large cost-sharing responsibilities. For example, 77% of covered workers in HMOs with no out-of-pocket maximum for single coverage have no general annual deductible, and only 5% have coinsurance for a hospital admission and 5% have coinsurance for each outpatient surgery episode.
  - HSA-qualified HDHPs are required by law to have an out-of-pocket maximum of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011. HDHP/HRAs have no such requirement, and among workers enrolled in these plans, 6% have no out-of-pocket maximum for single or family coverage.
- ▶ For covered workers with out-of-pocket maximums, there is wide variation in spending limits.
  - Thirty percent of workers with an out-of-pocket maximum for single coverage have an out-of-pocket maximum of less than \$2,000, while 38% have an out-of-pocket maximum of \$3,000 or more (Exhibit 7.31).
  - Like deductibles, some plans have an aggregate out-of-pocket maximum amount for family coverage that applies to cost sharing for all family members, while others have a per-person out-of-pocket maximum that limits the amount of cost sharing that the family must pay on behalf of each family member. For covered workers with an aggregate out-of-pocket maximum for family coverage, 28% have an out-of-pocket maximum of less than \$4,000 (Exhibit 7.33). Among workers with separate per-person out-of-pocket limits for family coverage, 83% have out-of-pocket maximums of less than \$4,000 (Exhibit 7.34).
- ▶ As noted above, covered workers with an out-of-pocket maximum may be enrolled in a plan where not all spending counts toward the out-of-pocket maximum, potentially exposing workers to higher out-of-pocket spending.
  - Among workers enrolled in PPO plans with an out-of-pocket maximum for single or family coverage, 35% are in plans that do not count spending for the general annual plan deductible toward the out-of-pocket limit (Exhibit 7.30).
  - It is more common for covered workers to be in plans that do not count prescription drug cost sharing toward the out-of-pocket limit. Eighty-four percent of workers in PPOs and 72% in HMOs are in plans that do not count prescription drug spending towards the out-of-pocket maximum (Exhibit 7.30).

## EXHIBIT 7.1

## Percentage of Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, by Plan Type and Firm Size, 2011

	Single Coverage	Family Coverage
<b>HMO</b>		
200–999 Workers	84%*	84%*
1,000–4,999 Workers	76	76
5,000 or More Workers	68	68
<b>All Small Firms (3–199 Workers)</b>	<b>62%</b>	<b>61%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>73%</b>	<b>73%</b>
<b>ALL FIRM SIZES</b>	<b>71%</b>	<b>70%</b>
<b>PPO</b>		
200–999 Workers	23%	23%
1,000–4,999 Workers	20	20
5,000 or More Workers	14	14
<b>All Small Firms (3–199 Workers)</b>	<b>24%</b>	<b>24%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>17%</b>	<b>17%</b>
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>19%</b>
<b>POS</b>		
200–999 Workers	35%	35%
1,000–4,999 Workers	24	24
5,000 or More Workers	24	24
<b>All Small Firms (3–199 Workers)</b>	<b>32%</b>	<b>26%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>29%</b>	<b>29%</b>
<b>ALL FIRM SIZES</b>	<b>31%</b>	<b>27%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan and coverage type from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: HDHP/SOs are not shown because all covered workers in these plans face a minimum deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2011 is \$1,200 for single coverage and \$2,400 for family coverage. Average general annual health plan deductibles for PPOs, and POS plans are for in-network services.

## EXHIBIT 7.2

Among Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, Percentage Who Have the Following Types of Cost Sharing, by Plan Type, 2011<sup>‡</sup>

	Single Coverage	Family Coverage
<b>Separate Cost Sharing for a Hospital Admission</b>		
HMO	73%	72%
PPO	79%	79%
POS	57%	62%
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>		
HMO	70%	70%
PPO	75%	75%
POS	58%	64%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>‡</sup> Separate cost sharing for each hospital admission includes the following types: separate annual deductible, copayment, coinsurance, and/or a charge per day (per diem). Cost sharing for each outpatient surgery episode includes the following types: separate annual deductible, copayment, and/or coinsurance.

Note: HDHP/SOs are not shown because all covered workers in these plans face a deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2011 is \$1,200 for single coverage and \$2,400 for family coverage. Average general annual health plan deductibles for PPOs and POS plans are for in-network services.

## EXHIBIT 7.3

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Firm Size, 2011

	Single Coverage
<b>HMO</b>	
All Small Firms (3–199 Workers)	\$2,124*
All Large Firms (200 or More Workers)	\$356*
<b>ALL FIRM SIZES</b>	<b>\$911</b>
<b>PPO</b>	
All Small Firms (3–199 Workers)	\$1,202*
All Large Firms (200 or More Workers)	\$505*
<b>ALL FIRM SIZES</b>	<b>\$675</b>
<b>POS</b>	
All Small Firms (3–199 Workers)	\$1,058
All Large Firms (200 or More Workers)	\$746
<b>ALL FIRM SIZES</b>	<b>\$928</b>
<b>HDHP/SO</b>	
All Small Firms (3–199 Workers)	\$2,255*
All Large Firms (200 or More Workers)	\$1,653*
<b>ALL FIRM SIZES</b>	<b>\$1,908</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan type between All Small Firms and All Large Firms ( $p < .05$ ).

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

## EXHIBIT 7.4

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Region, 2011

	Single Coverage
<b>HMO</b>	
Northeast	NSD
Midwest	\$855
South	\$1,598
West	NSD
<b>ALL REGIONS</b>	<b>\$911</b>
<b>PPO</b>	
Northeast	\$481*
Midwest	\$621
South	\$787*
West	\$678
<b>ALL REGIONS</b>	<b>\$675</b>
<b>POS</b>	
Northeast	\$1,375
Midwest	\$756
South	\$761
West	\$1,037
<b>ALL REGIONS</b>	<b>\$928</b>
<b>HDHP/SO</b>	
Northeast	\$1,672*
Midwest	\$1,955
South	\$1,927
West	\$2,013
<b>ALL REGIONS</b>	<b>\$1,908</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within plan type from estimate for all other firms not in the indicated region ( $p < .05$ ).

NSD: Not Sufficient Data.

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

**EXHIBIT 7.5**

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006–2011

	2006	2007	2008	2009	2010	2011
HMO	\$352	\$401	\$503	\$699*	\$601	\$911
PPO	\$473	\$461	\$560*	\$634	\$675	\$675
POS	\$553	\$621	\$752	\$1,061	\$1,048	\$928
HDHP/SO	\$1,715	\$1,729	\$1,812	\$1,838	\$1,903	\$1,908

SOURCE:

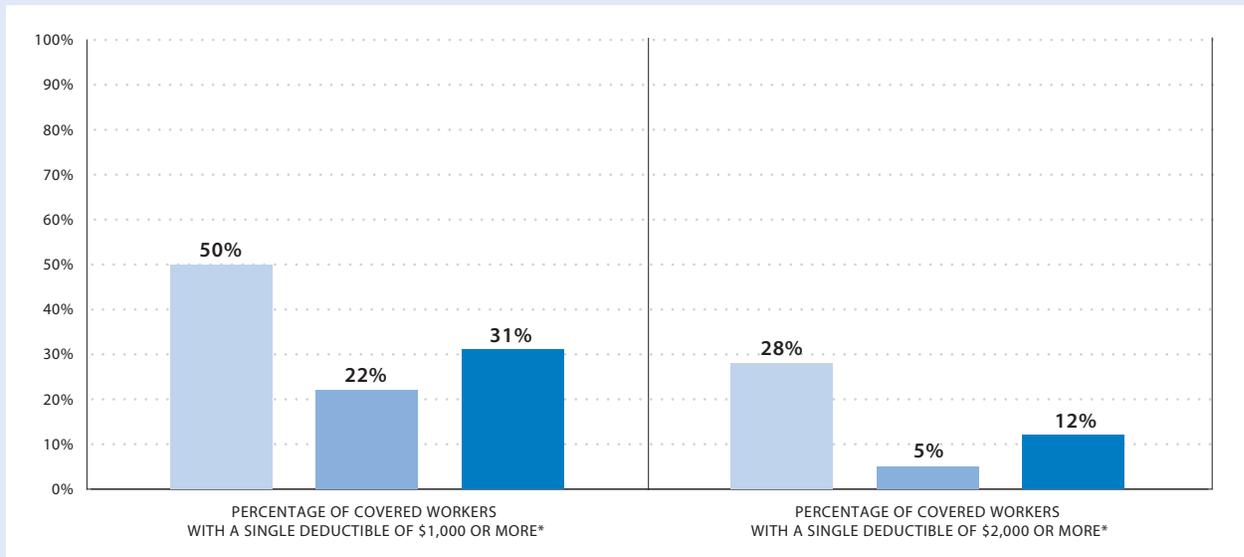
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Estimate is statistically different from estimate for the previous year shown by plan type (p<.05).

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

**EXHIBIT 7.6**

Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, By Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

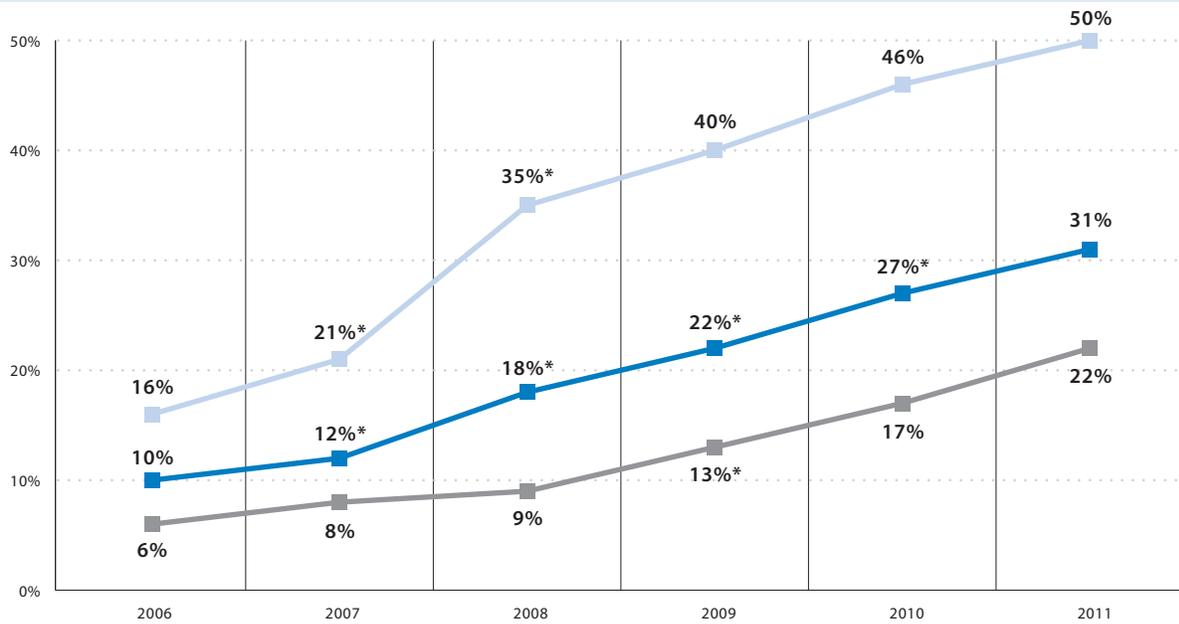
\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of \$1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

■ ALL SMALL FIRMS (3–199 WORKERS)  
■ ALL LARGE FIRMS (200 OR MORE WORKERS)  
■ ALL FIRMS

EXHIBIT 7.7

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

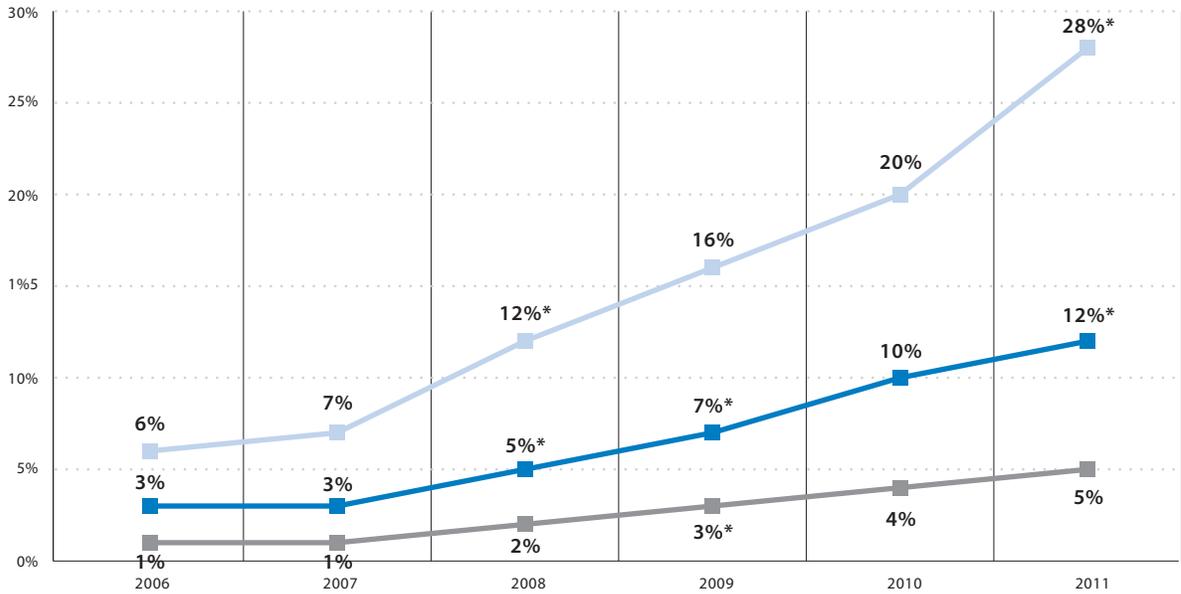
\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of \$1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)
- ALL FIRMS

EXHIBIT 7.8

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$2,000 or More for Single Coverage, By Firm Size, 2006–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)
- ALL FIRMS

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of \$2,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services

EXHIBIT 7.9

Among Covered Workers with Single Coverage Enrolled in High Deductible Plans without Saving Options, Percentage with the Following General Deductibles, by Firm Size, 2011

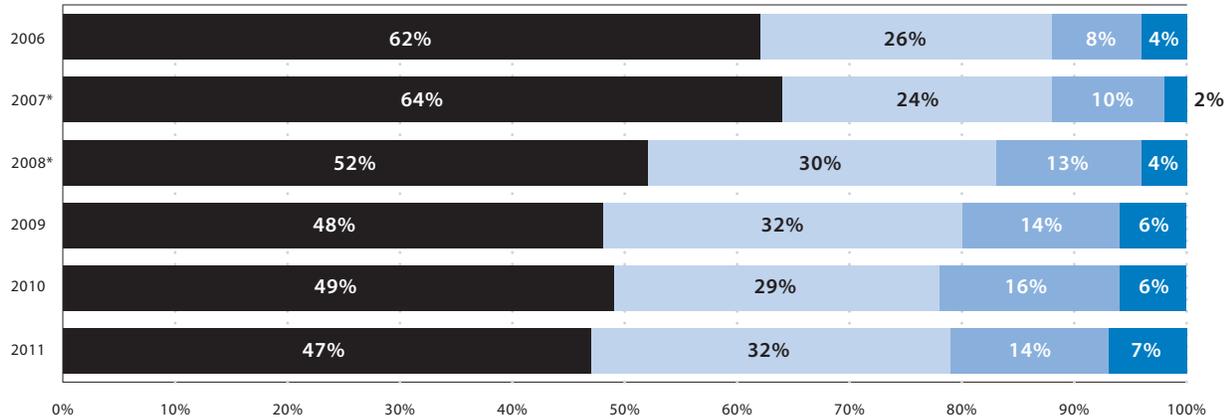
	General Deductible Greater Than \$3,000	General Deductible Greater Than \$2,000	General Deductible Greater Than \$1,000	General Deductible Greater Than \$500	General Deductible Greater Than \$250
All Small Firms (3-199 Workers)	5%	12%	27%	42%	50%
All Large Firms (200 or More Workers)	1%	4%	7%	26%	49%
<b>ALL FIRMS</b>	<b>2%</b>	<b>6%</b>	<b>14%</b>	<b>31%</b>	<b>49%</b>

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

**EXHIBIT 7.10**

Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2011



SOURCE:

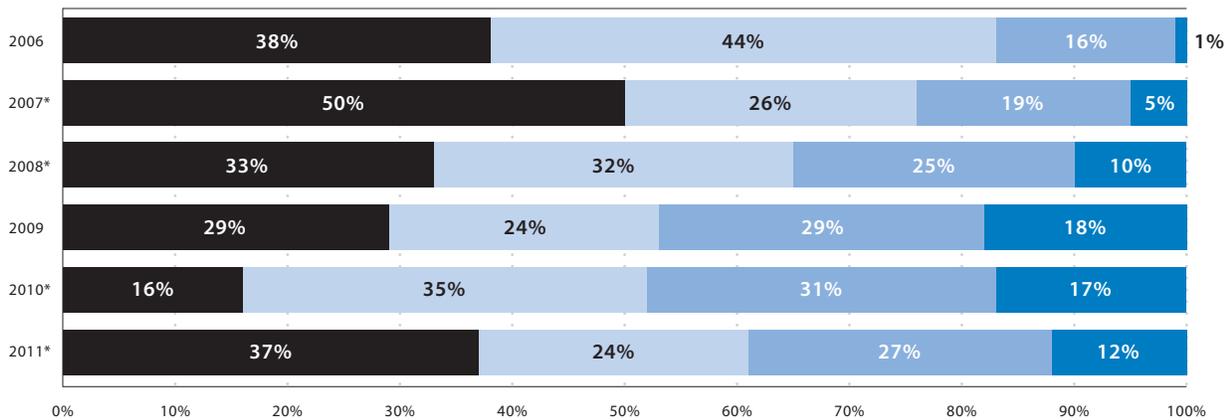
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).  
 Note: Deductibles for PPO plans are for in-network services.



**EXHIBIT 7.11**

Among Covered Workers With a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).  
 Note: Deductibles for POS plans are for in-network services.



## EXHIBIT 7.12

## Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2011

	No Deductible	Aggregate Amount	Separate Amount per Person
<b>HMO</b>			
All Small Firms (3–199 Workers)	61%	28%	10%
All Large Firms (200 or More Workers)	73	20	7
<b>ALL FIRM SIZES</b>	<b>70%</b>	<b>22%</b>	<b>8%</b>
<b>PPO</b>			
All Small Firms (3–199 Workers)*	24%	52%	23%
All Large Firms (200 or More Workers)*	17	48	34
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>49%</b>	<b>32%</b>
<b>POS</b>			
All Small Firms (3–199 Workers)	26%	49%	25%
All Large Firms (200 or More Workers)	29	55	15
<b>ALL FIRM SIZES</b>	<b>27%</b>	<b>52%</b>	<b>21%</b>
<b>HDHP/SO</b>			
All Small Firms (3–199 Workers)	NA	75%	25%
All Large Firms (200 or More Workers)	NA	88	12
<b>ALL FIRM SIZES</b>	<b>NA</b>	<b>83%</b>	<b>17%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan type between All Small Firms and All Large Firms ( $p < .05$ ).

NA: Not Applicable. All covered workers in HDHP/SOs face a general annual deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2011 is \$1,200 for single coverage and \$2,400 for family coverage.

Note: The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. Among workers with a general annual deductible, 74% of workers in HMOs, 61% in PPOs, and 71% in POS plans have an aggregate deductible. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

## EXHIBIT 7.13

Among Covered Workers with a General Annual Health Plan Deductible, Average Deductibles for Family Coverage, by Deductible Type, Plan Type, and Firm Size, 2011

	Aggregate Amount	Separate Amount per Person
<b>HMO</b>		
All Small Firms (3–199 Workers)	NSD	NSD
All Large Firms (200 or More Workers)	\$761	\$398
<b>ALL FIRM SIZES</b>	<b>\$1,487</b>	<b>\$885</b>
<b>PPO</b>		
All Small Firms (3–199 Workers)	\$2,581*	\$1,106*
All Large Firms (200 or More Workers)	\$1,121*	\$537*
<b>ALL FIRM SIZES</b>	<b>\$1,521</b>	<b>\$646</b>
<b>POS</b>		
All Small Firms (3–199 Workers)	\$1,956	NSD
All Large Firms (200 or More Workers)	\$1,536	\$979
<b>ALL FIRM SIZES</b>	<b>\$1,769</b>	<b>\$912</b>
<b>HDHP/SO</b>		
All Small Firms (3–199 Workers)	\$4,301*	NSD
All Large Firms (200 or More Workers)	\$3,280*	\$1,907
<b>ALL FIRM SIZES</b>	<b>\$3,666</b>	<b>\$2,149</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different within plan and deductible type between All Small Firms and All Large Firms ( $p < .05$ ).

NSD: Not Sufficient Data.

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

## EXHIBIT 7.14

Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Average Aggregate Deductible, by Plan Type, 2006–2011

	2006	2007	2008	2009	2010	2011
HMO	\$751	\$759	\$1,053	\$1,524*	\$1,321	\$1,487
PPO	\$1,034	\$1,040	\$1,344*	\$1,488	\$1,518	\$1,521
POS	\$1,227	\$1,359	\$1,860	\$2,191	\$2,253	\$1,769
HDHP/SO	\$3,511	\$3,596	\$3,559	\$3,626	\$3,780	\$3,666

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Estimate is statistically different from estimate for the previous year shown by plan type ( $p < .05$ ).

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

## EXHIBIT 7.15

Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type and Deductible Type, 2011

	\$1–\$499	\$500–\$999	\$1,000–\$1,999	\$2,000 or More
<b>HMO</b>				
Aggregate Amount	35%	14%	28%	23%
Separate Amount	41%	27%	9%	23%
<b>PPO</b>				
Aggregate Amount	12%	28%	36%	24%
Separate Amount	52%	29%	11%	7%
<b>POS</b>				
Aggregate Amount	6%	26%	36%	33%
Separate Amount	41%	21%	25%	12%
<b>HDHP/SO<sup>‡</sup></b>				
Aggregate Amount	0%	0%	0%	100%
Separate Amount	0%	0%	35%	65%

## SOURCE:

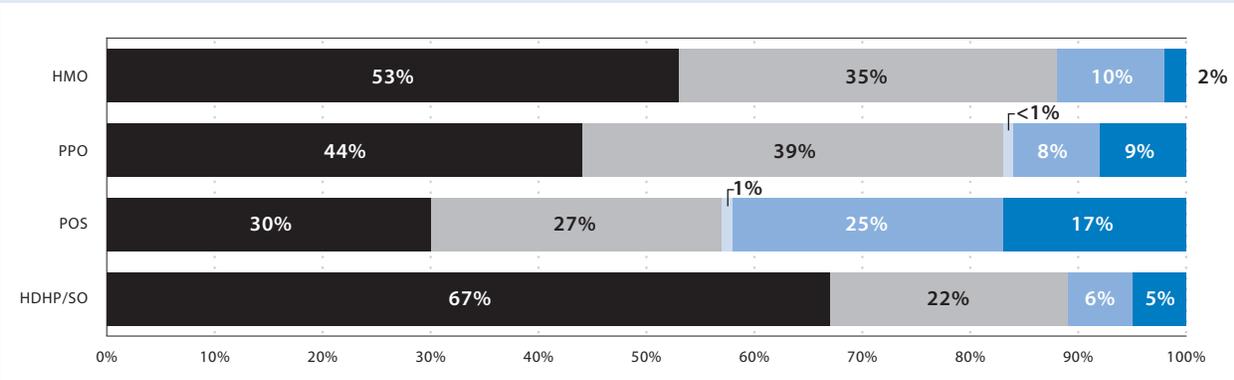
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>‡</sup> By definition, 100% of covered workers in HDHP/SOs with an aggregate deductible have a family deductible of \$2,000 or more.

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

EXHIBIT 7.16

Among Covered Workers with a Separate per Person General Annual Health Plan Deductible for Family Coverage, Distribution of Maximum Number of Family Members Required to Meet the Deductible, by Plan Type, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. The "other" category refers to workers that have another type of limit on per-person deductibles, such as a per-person amount with a total dollar cap.

- TWO
- THREE
- FOUR OR MORE (WITH SPECIFIED LIMIT)
- NO LIMIT
- OTHER

## EXHIBIT 7.17

Among Covered Workers With an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2011

	\$1–\$499	\$500–\$999	\$1,000–\$1,999	\$2,000 or More
<b>HMO</b>				
2006	27%	42%	23%	7%
2007	22	48	23	8
2008*	31	26	20	23
2009*	7	22	33	38
2010*	28	9	36	27
2011	35	14	28	23
<b>PPO</b>				
2006	20%	42%	27%	12%
2007*	14	49	25	12
2008*	11	38	32	19
2009*	12	30	35	23
2010*	7	33	35	24
2011*	12	28	36	24
<b>POS</b>				
2006	12%	26%	45%	18%
2007*	32	13	29	25
2008	23	14	24	39
2009*	3	18	30	49
2010*	7	9	21	63
2011*	6	26	36	33

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).

Note: By definition, 100% of covered workers in HDHP/SOs with an aggregate deductible have a family deductible of \$2,000 or more. Average general annual health plan deductibles for PPOs and POS plans are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

## EXHIBIT 7.18

Among Covered Workers with a General Annual Health Plan Deductible, Percentage with Coverage for the Following Services Without Having to First Meet the Deductible, by Plan Type, 2011

	HMO	PPO	POS	HDHP/SO
Physician Office Visits For Primary Care	84%	74%	68%	39% <sup>§</sup>
Preventive Care	96%	93%	88%	94%
Prescription Drugs	94%	95%	81%	75% <sup>§</sup>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>§</sup> Percentage is for covered workers in HDHP/HRAs only. Both HDHP/HRAs and HSA-qualified HDHPs were asked about preventive benefits, but only HDHP/HRAs were asked about physician office visits for primary care and prescription drugs. HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all services.

Note: These questions are asked of firms with a deductible for single or family coverage. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

## EXHIBIT 7.19

Distribution of Covered Workers With Separate Cost Sharing for a Hospital Admission in Addition to Any General Annual Deductible, by Plan Type, 2011

Separate Cost Sharing for a Hospital Admission	HMO	PPO	POS	HDHP/SO <sup>§</sup>	ALL PLANS
Separate Annual Deductible for Hospitalizations	4%	4%	3%	0%*	3%
Copayment and/or Coinsurance					
Copayment	40*	15	18	5*	17
Coinsurance	21*	66*	33*	62	55
Both Copayment and Coinsurance <sup>†</sup>	6	11	8	2*	9
Charge Per Day					
None	14*	3*	14*	2*	6
None	25	14*	33*	31*	20

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from All Plans estimate ( $p < .05$ ).

<sup>†</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

<sup>§</sup> Information on separate deductibles for hospital admissions was collected only for HDHP/HRAs because federal regulations for HSA-qualified HDHPs make it unlikely these plans would have a separate deductible for specific services.

Note: As in past years, we collected information on the cost-sharing provisions for hospital admissions that are in addition to any general annual plan deductible. However, beginning with the 2009 survey, in order to better capture the prevalence of combinations of cost sharing, the survey was changed to ask a series of yes or no questions. Previously, the question asked respondents to select one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. Zero percent of covered workers have an "other" type of cost sharing for a hospital admission.

## EXHIBIT 7.20

## Distribution of Covered Workers with Separate Cost Sharing for an Outpatient Surgery Episode in Addition to Any General Annual Deductible, by Plan Type, 2011

Separate Cost Sharing for an Outpatient Surgery Episode	HMO	PPO	POS	HDHP/SO <sup>§</sup>	ALL PLANS
Separate Annual Deductible for Outpatient Surgery	2%	2%	1%	0%	2%
Copayment and/or Coinsurance					
Copayment	46*	15	23	3*	18
Coinsurance	24*	67*	38*	64	57
Both Copayment and Coinsurance <sup>‡</sup>	3	5	8	1	5
None	28	16*	35*	32*	23

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from All Plans estimate ( $p < .05$ ).<sup>‡</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.<sup>§</sup> Information on separate deductibles for outpatient surgery was collected only for HDHP/HRAs because federal regulations for HSA-qualified HDHPs make it unlikely these plans would have a separate deductible for specific services.

Note: As in past years, we collected information on the cost-sharing provisions for outpatient surgery that are in addition to any general annual plan deductible. However, beginning with the 2009 survey, in order to better capture the prevalence of combinations of cost sharing, the survey was changed to ask a series of yes or no questions. Previously, the question asked respondents to select one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. Less than 1% of covered workers have an "other" type of cost sharing for an outpatient surgery.

## EXHIBIT 7.21

Among Covered Workers with Separate Cost Sharing for a Hospital Admission or Outpatient Surgery Episode in Addition to Any General Annual Deductible, Average Cost Sharing, by Plan Type, 2011

	Average Copayment	Average Coinsurance	Charge Per Day
<b>Separate Cost Sharing for a Hospital Admission</b>			
HMO	\$268	15%*	\$280
PPO	232	17	173*
POS	266	18	253
HDHP/SO	NSD	17	NSD
<b>ALL PLANS</b>	<b>\$246</b>	<b>17%</b>	<b>\$246</b>
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>			
HMO	\$150	15%*	NA
PPO	140	18	NA
POS	134	18	NA
HDHP/SO	NSD	17	NA
<b>ALL PLANS</b>	<b>\$145</b>	<b>17%</b>	<b>NA</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from All Plans estimate ( $p < .05$ ).

NSD: Not Sufficient Data.

NA: Not Applicable. The survey did not offer "Charge Per Day" (per diem) as a response option for questions about separate cost sharing for each outpatient surgery episode.

Note: The average separate annual deductible for hospital admission is \$627 and the average separate annual deductible for outpatient surgery is \$640. In most cases there were too few observations to present the average estimates by plan type. The average amounts include workers who may have a combination of types of cost sharing. All Plans estimates are weighted by workers in firms that reported cost sharing. See the Survey Design and Methods section for more information on weighting.

## EXHIBIT 7.22

In Addition to Any General Annual Plan Deductible, Percentage of Covered Workers with the Following Types of Cost Sharing for Physician Office Visits, by Plan Type, 2011

	Copay Only	Coinsurance Only	Both Copay and Coinsurance <sup>‡</sup>	No Cost Sharing	None
<b>Primary Care</b>					
HMO*	96%	2%	<1%	2%	0%
PPO*	83	14	3	1	<1
POS*	79	11	2	7	1
HDHP/SO*	15	52	1	31	<1
<b>ALL PLANS</b>	<b>74%</b>	<b>17%</b>	<b>2%</b>	<b>7%</b>	<b>&lt;1%</b>
<b>Specialty Care</b>					
HMO*	96%	2%	<1%	2%	<1%
PPO*	82	14	2	2	<1
POS*	77	12	2	5	5
HDHP/SO*	16	51	1	31	<1
<b>ALL PLANS</b>	<b>73%</b>	<b>18%</b>	<b>2%</b>	<b>7%</b>	<b>1%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution ( $p < .05$ ).

<sup>‡</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

Note: In 2011, the survey includes questions on cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing. Starting in 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey, if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and coinsurance for visits with a specialist physician. The changes made in 2010 allow for variations in the type of cost sharing for primary care and specialty care.

## EXHIBIT 7.23

Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office Visits, Average Copayments and Coinsurance, by Plan Type, 2011

In-Network Office Visits	HMO	PPO	POS	HDHP/SO	ALL PLANS
<b>Primary Care Office Visit</b>					
Average Copay	\$21	\$23	\$22	\$23	\$22
Average Coinsurance	NSD	19%	NSD	16%	18%
<b>Specialty Care Office Visit</b>					
Average Copay	\$30	\$32	\$33	\$36	\$32
Average Coinsurance	NSD	20%	NSD	16%	18%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: Estimates are not statistically different from All Plans estimates ( $p < .05$ ).

NSD: Not Sufficient Data.

Note: The survey asks respondents if the plan has cost sharing for in-network office visits. In 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and coinsurance for visits with a specialist physician. The changes made in 2010 allow for variations in the type of cost sharing for primary care and specialty care.

## EXHIBIT 7.24

Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2006–2011

	\$0.01 to \$9.99 Per Visit	\$10 to \$19.99 Per Visit	\$20 to \$29.99 Per Visit	\$30 to \$39.99 Per Visit	\$40 or More Per Visit
<b>HMO</b>					
2006	3%	58%	33%	6%	<1%
2007*	3	45	46	5	1
2008*	6	45	41	5	2
2009*	5	41	44	9	1
2010*	1	30	53	13	2
2011	3	26	53	15	3
<b>PPO</b>					
2006	1%	38%	52%	8%	<1%
2007	2	36	54	8	<1
2008	<1	34	55	9	<1
2009*	<1	29	58	12	1
2010*	1	24	56	16	3
2011*	<1	19	59	19	2
<b>POS</b>					
2006	2%	48%	43%	6%	0%
2007*	2	47	41	8	3
2008*	2	33	52	12	1
2009*	1	23	60	12	3
2010*	1	17	45	32	4
2011*	<1	24	51	22	3
<b>HDHP/SO<sup>‡</sup></b>					
2007	7%	12%	51%	21%	9%
2008	0	19	42	34	5
2009	0	28	40	31	1
2010	0	19	44	32	5
2011	0	14	56	27	1
<b>ALL PLANS</b>					
2006	2%	48%	42%	7%	1%
2007*	3	43	48	6	1
2008	3	40	47	9	1
2009	2	36	51	10	1
2010*	1	28	52	15	3
2011*	1	22	58	17	2

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).

‡ There are insufficient data to report the results from the 2006 survey. Information was not obtained for HDHP/SOs prior to 2006.

Note: Copayments for PPO, POS, and HDHP/SO plans are for in-network providers. The survey has asked specifically about copayments for primary care physicians since 2005. In 2004, the survey question did not specify primary or specialist physician.

## EXHIBIT 7.25

## Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2006–2011

	\$0.01 to \$9.99 Per Visit	\$10 to \$19.99 Per Visit	\$20 to \$29.99 Per Visit	\$30 to \$39.99 Per Visit	\$40 to 49.99 Per Visit	\$50 to \$59.99 Per Visit	\$60 or more Per Visit
<b>HMO</b>							
2006	3%	34%	36%	19%	<1%	2%	<1%
2007*	2	22	47	19	8	1	<1
2008*	2	28	38	21	6	4	1
2009*	3	23	32	25	13	3	2
2010*	1	13	30	27	20	7	1
2011	2	10	30	30	17	10	1
<b>PPO</b>							
2006	1%	23%	45%	21%	<1%	3%	<1%
2007	1	22	42	24	1	2	<1
2008*	<1	22	37	24	1	5	<1
2009*	2	18	34	26	13	7	1
2010*	1	12	30	27	19	8	2
2011*	<1	8	32	27	20	10	3
<b>POS</b>							
2006	2%	26%	35%	25%	10%	3%	<1%
2007*	7	15	40	22	6	8	2
2008*	1	15	31	32	11	10	0
2009*	2	9	28	31	15	10	4
2010*	1	9	26	23	19	9	13
2011*	1	7	29	23	23	15	3
<b>HDHP/SO<sup>‡</sup></b>							
2007	0%	11%	30%	23%	25%	11%	0%
2008	0	12	21	30	9	14	14
2009	<1	15	26	38	12	8	0
2010*	0	7	28	17	27	20	<1
2011*	0	3	39	16	4	30	7
<b>ALL PLANS</b>							
2006	2%	28%	42%	21%	5%	2%	<1%
2007*	3	23	44	21	7	3	<1
2008*	1	26	35	25	9	5	<1
2009*	1	20	34	27	12	5	1
2010*	1	12	31	29	17	7	3
2011*	1	8	34	27	16	11	2

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

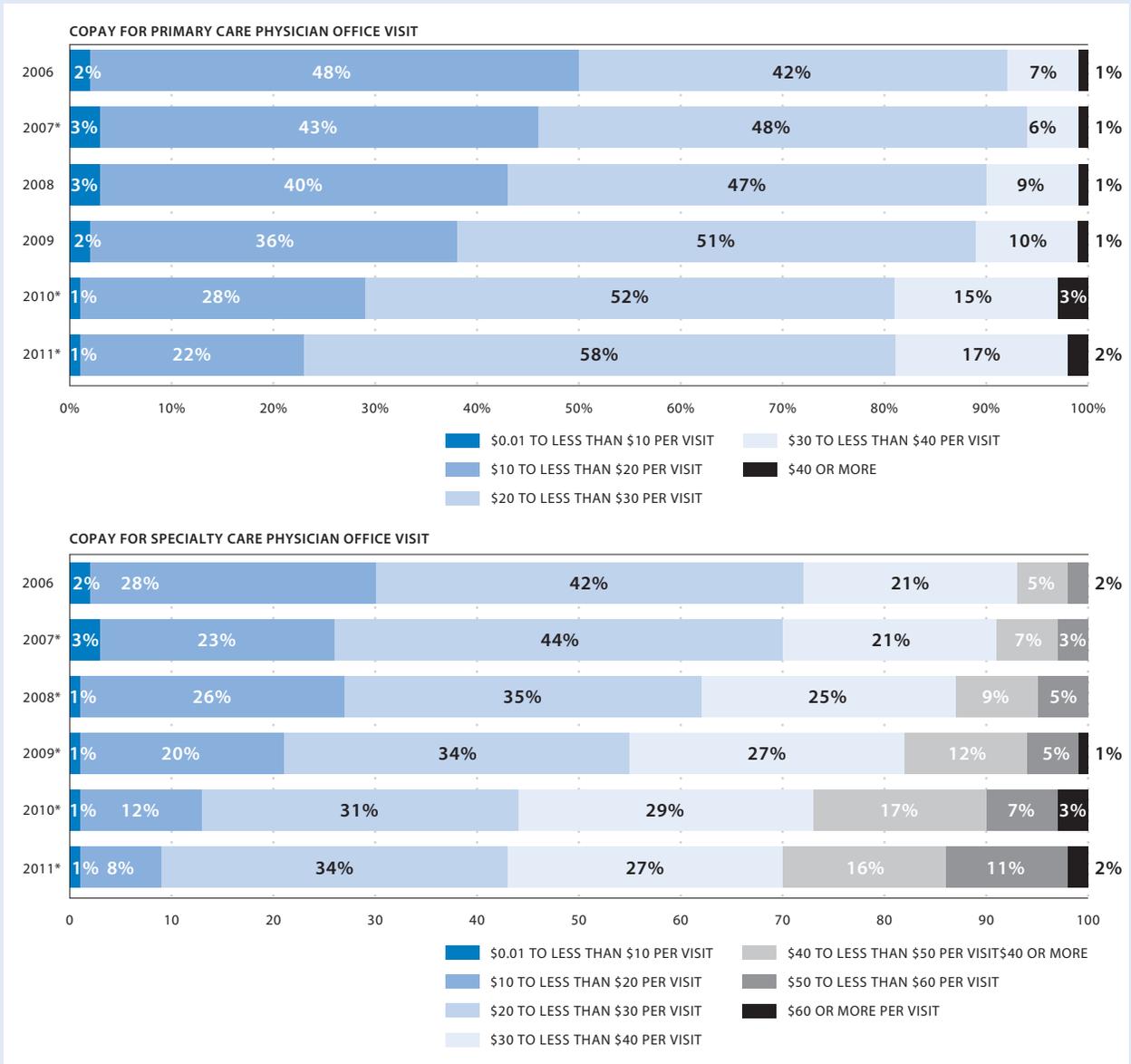
\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).

‡ There are insufficient data to report the results from the 2006 survey.

Note: Copayments for PPO, POS, and HDHP/SO plans are for in-network providers. Information on copayments for specialty physician office visits was not obtained prior to 2006. The survey asks respondents if the plan has cost sharing for in-network office visits. Prior to the 2010 survey if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and coinsurance for visits with a specialist physician. The changes made in 2010 allow for variations in the type of cost sharing for primary care and specialty care.

EXHIBIT 7.26

Among Covered Workers with Copayments for a Physician Office Visit, Distribution of Copayments, 2006–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Distribution is statistically different from distribution for the previous year shown (p<.05).

## EXHIBIT 7.27

Among Covered Workers in HMOs with Copayments for a Physician Office Visit, Distribution of Percentage of Workers with Various Copayments, 1999–2011

	\$5 Per Visit	\$10 Per Visit	\$15 Per Visit	\$20 Per Visit	Other
1999	23%	60%	12%	1%	3%
2000*	22	54	16	3	6
2001*	15	56	22	3	4
2002*	7	52	27	11	3
2003*	4	35	37	12	12
2004*	3	28	40	22	7
2005*	5	23	34	27	11
2006	3	21	37	25	15
2007*	3	20	25	34	18
2008*	6	16	29	30	19
2009	5	11	29	31	24
2010*	1	8	22	38	31
2011	3	9	18	39	32

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).

Note: The survey has asked specifically about copayments for primary care physicians since 2005. Prior to 2005, the survey question did not specify primary or specialist physician.

## EXHIBIT 7.28

Among Covered Workers With Coinsurance for Physician Office Visits, Distribution of Various Coinsurance Rates, by Plan Type, 2011

Coinsurance Rates	10% or 15%	20% or 25%	30% or 35%	40% or 45%	Other
<b>Primary Care</b>					
PPO*	35%	51%	11%	3%	1%
HDHP/SO*	44	54	2	0	<1
<b>ALL PLANS</b>	<b>43%</b>	<b>50%</b>	<b>4%</b>	<b>2%</b>	<b>&lt;1%</b>
<b>Specialty Care</b>					
PPO*	31%	55%	11%	3%	1%
HDHP/SO*	45	53	2	0	<1
<b>ALL PLANS</b>	<b>41%</b>	<b>53%</b>	<b>5%</b>	<b>1%</b>	<b>&lt;1%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution ( $p < .05$ ).

Note: Coinsurance rates for HMO and POS plans are not shown because there is not sufficient data as only 2% or 11% of covered workers, respectively, face coinsurance for primary care office visits and 2% or 12% of covered workers, respectively, face coinsurance for specialty care office visits. HMO and POS plans are included in the All Plans estimate.

## EXHIBIT 7.29

## Percentage of Covered Workers without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2011

	Single Coverage	Family Coverage
HMO*	31%	32%
PPO	17	17
POS	23	23
<b>ALL PLANS</b>	<b>17%</b>	<b>17%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from All Plans estimate within coverage type ( $p < .05$ ).

Note: HSA-qualified HDHPs are required to have an annual maximum out-of-pocket liability of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011. HDHP/HRAs have no such requirement, and the percentages of covered workers in HDHP/HRAs with "No Limit" for annual out-of-pocket maximum for single and family coverage are 6% and 6%, respectively.

## EXHIBIT 7.30

## Among Covered Workers with an Annual Out-of-Pocket Maximum, Percentage Whose Spending on Various Services Does Not Count Towards the Out-of-Pocket Maximum, 2011

	HMO	PPO	POS	HDHP/SO <sup>‡</sup>
General Annual Plan Deductible	35%	35%	11%	15%
Any Additional Plan Deductibles	NSD	34	NSD	NSD
Physician Office Visit Copayments	50	77	44	61
Physician Office Visit Coinsurance	NSD	7	NSD	1
Prescription Drug Cost Sharing	72	84	60	51

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

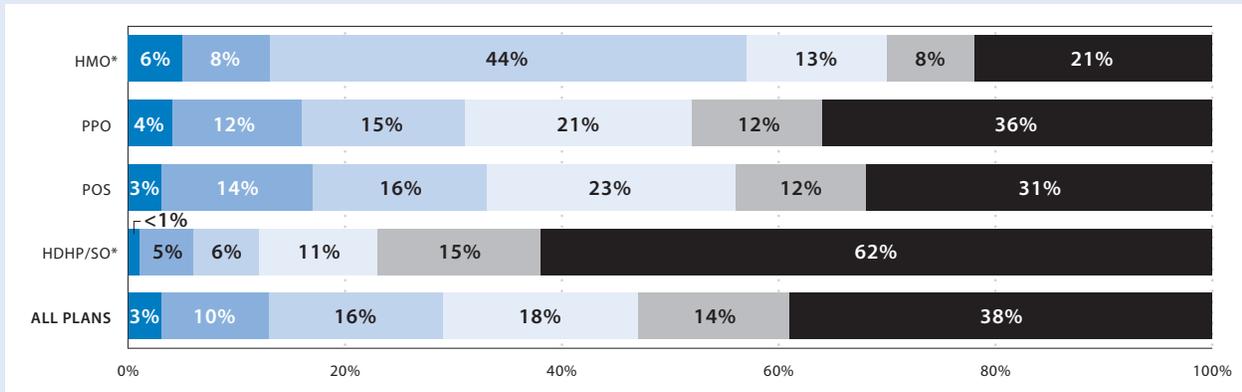
<sup>‡</sup> Among HDHP/SO plans, questions other than "overall plan deductible" were asked only of HDHP/HRAs and not of HSA-qualified HDHPs. HSA-qualified HDHPs are required to apply most cost sharing to the out-of-pocket maximum. When HDHP/HRAs are considered exclusively, among covered workers with an annual out-of-pocket maximum, the percentage whose out-of-pocket maximum does not include certain services is as follows: any additional plan deductibles is NSD, office visit copayments is 61%, office visit coinsurance is 1%, and prescription drug cost sharing is 51%.

NSD: Not Sufficient Data.

Note: This series of questions is asked if the plan has an out-of-pocket maximum for single or family coverage.

EXHIBIT 7.31

Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution (p<.05).

Note: Distributions are among covered workers facing a specified limit for out-of-pocket maximum amounts. HSA-qualified HDHPs are required by law to have an out-of-pocket maximum of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011.



## EXHIBIT 7.32

## Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2011

	No Limit	Aggregate Amount	Separate Amount per Person
<b>HMO</b>			
All Small Firms (3–199 Workers)	29%	50%	21%
All Large Firms (200 or More Workers)	33	56	11
<b>ALL FIRM SIZES</b>	<b>32%</b>	<b>55%</b>	<b>14%</b>
<b>PPO</b>			
All Small Firms (3–199 Workers)*	24%	58%	18%
All Large Firms (200 or More Workers)*	14	57	29
<b>ALL FIRM SIZES</b>	<b>17%</b>	<b>58%</b>	<b>26%</b>
<b>POS</b>			
All Small Firms (3–199 Workers)	25%	60%	14%
All Large Firms (200 or More Workers)	19	67	14
<b>ALL FIRM SIZES</b>	<b>23%</b>	<b>63%</b>	<b>14%</b>
<b>HDHP/SO‡</b>			
All Small Firms (3–199 Workers)	5%	78%	18%
All Large Firms (200 or More Workers)	1	88	11
<b>ALL FIRM SIZES</b>	<b>3%</b>	<b>84%</b>	<b>14%</b>
<b>ALL FIRMS</b>			
All Small Firms (3–199 Workers)*	20%	62%	18%
All Large Firms (200 or More Workers)*	16	62	22
<b>ALL FIRM SIZES</b>	<b>17%</b>	<b>62%</b>	<b>21%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

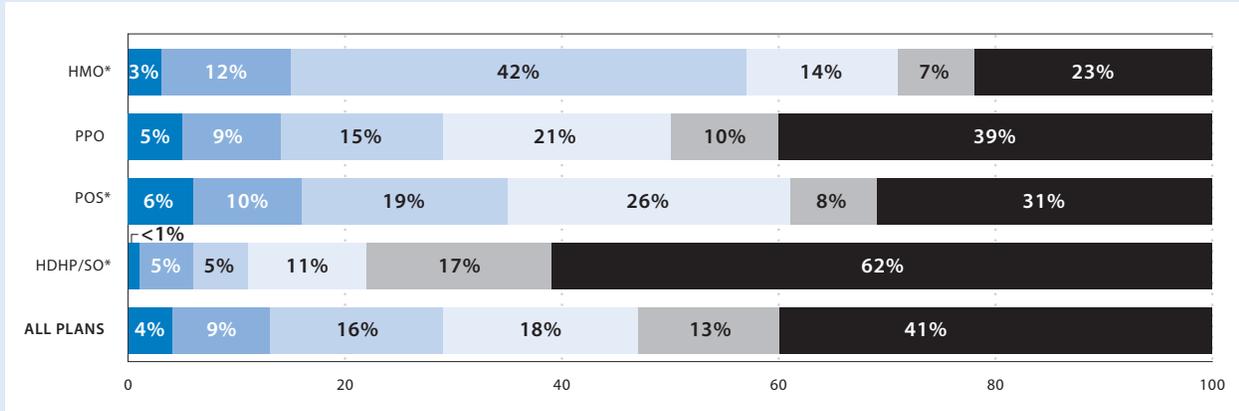
\* Distributions are statistically different between All Small Firms and All Large Firms within plan type ( $p < .05$ ).

‡ HSA-qualified HDHPs are required by law to have an annual maximum out-of-pocket liability of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011. When they are excluded from the calculation, the distribution of type of out-of-pocket maximum for HDHP/HRAs only is as follows: All Small Firms – 12% No Limit, 67% Aggregate Amount, and 22% Separate Amount per Person; All Large Firms – 3% No Limit, 82% Aggregate Amount, and 15% Separate Amount per Person; All Firm Sizes – 6% No Limit, 76% Aggregate Amount, and 18% Separate Amount per Person.

Note: The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members. Among workers with an out-of-pocket maximum, 80% of workers in HMOs, 69% in PPOs, 82% in POS plans, and 75% in All Plans have an aggregate out-of-pocket maximum.

EXHIBIT 7.33

Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

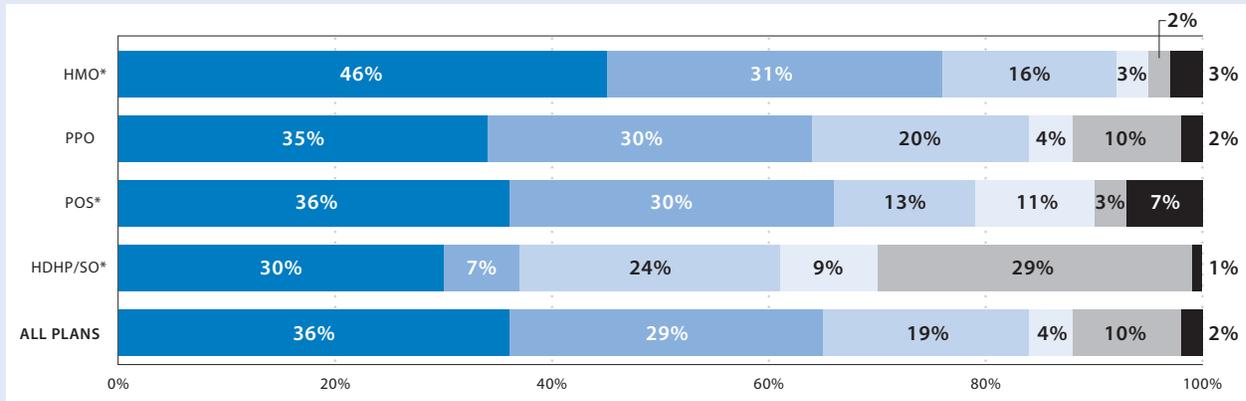
\* Distribution is statistically different from All Plans distribution (p<.05).

Note: Distributions are among covered workers facing a specified limit for out of pocket maximum amounts. HSA-qualified HDHPs are required by law to have an out-of-pocket maximum of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011. The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members.



EXHIBIT 7.34

Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

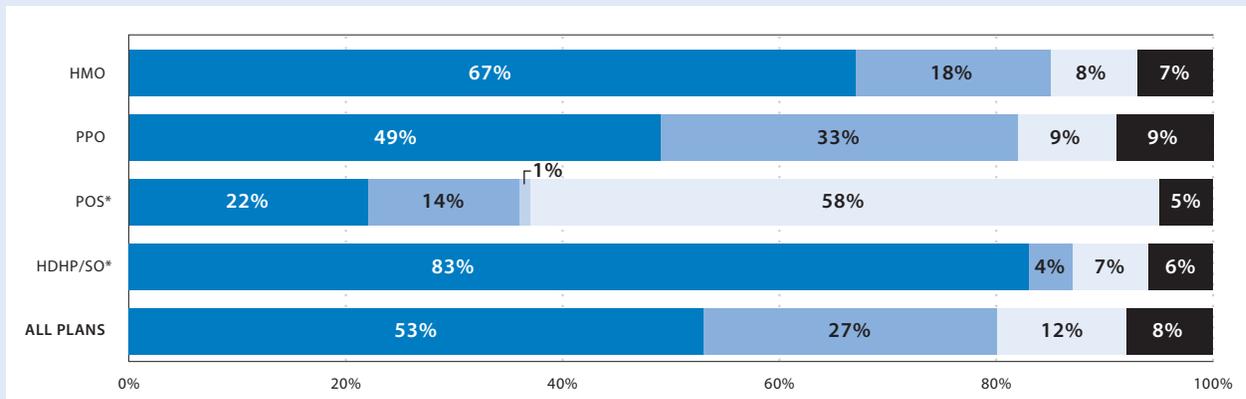
\* Distribution is statistically different from All Plans distribution (p<.05).

Note: Distributions are among covered workers facing a specified limit for out-of-pocket maximum amounts. The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members.



EXHIBIT 7.35

Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Number of Family Members Required to Meet the Maximum, by Plan Type, 2011

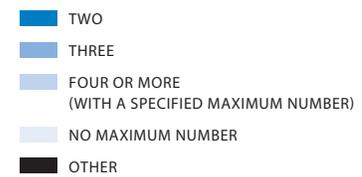


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution (p<.05).

Note: The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate out-of-pocket maximum that applies to spending by each family member or a limited number of family members. The "other" category refers to workers that have another type of limit on per-person out-of-pocket maximums, such as a per-person amount with a total dollar cap.



60%

\$5,429

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

High-Deductible  
Health Plans  
with Savings  
Option

SECTION

8

\$15,073

2011

## HIGH-Deductible Health Plans with Savings Option

CHANGES IN LAW OVER THE PAST FEW YEARS HAVE PERMITTED THE ESTABLISHMENT OF NEW TYPES OF SAVINGS ARRANGEMENTS FOR HEALTH CARE. THE TWO MOST COMMON ARE HEALTH REIMBURSEMENT ARRANGEMENTS (HRAs) AND HEALTH SAVINGS ACCOUNTS (HSAs). HRAs AND HSAs ARE BOTH FINANCIAL ACCOUNTS THAT WORKERS OR THEIR FAMILY MEMBERS CAN USE TO PAY FOR HEALTH CARE SERVICES. THESE SAVINGS ARRANGEMENTS ARE OFTEN (OR, IN THE CASE OF HSAs, ALWAYS) PAIRED WITH HEALTH PLANS WITH HIGH DEDUCTIBLES. THE SURVEY TREATS HIGH-Deductible PLANS THAT CAN BE PAIRED WITH A SAVINGS OPTION AS A DISTINCT PLAN TYPE – HIGH-Deductible Health Plan with Savings Option (HDHP/SO) – EVEN IF THE PLAN WOULD OTHERWISE BE CONSIDERED A PPO, HMO, POS PLAN, OR CONVENTIONAL HEALTH PLAN. SPECIFICALLY FOR THE SURVEY, HDHP/SOs ARE DEFINED AS (1) HEALTH PLANS WITH A DEDUCTIBLE OF AT LEAST \$1,000 FOR SINGLE COVERAGE AND \$2,000 FOR FAMILY COVERAGE<sup>1</sup> OFFERED WITH AN HRA (REFERRED TO AS HDHP/HRAs); OR (2) HIGH-Deductible HEALTH PLANS THAT MEET THE FEDERAL LEGAL REQUIREMENTS TO PERMIT AN ENROLLEE TO ESTABLISH AND CONTRIBUTE TO AN HSA (REFERRED TO AS HSA-QUALIFIED HDHPs).<sup>2</sup>

### PERCENTAGE OF FIRMS OFFERING HDHP/HRAs AND HSA-QUALIFIED HDHPs, AND ENROLLMENT

- ▶ Twenty-three percent of firms offering health benefits offer an HDHP/HRA or an HSA-qualified HDHP, similar to 2010 (15%). Among firms offering health benefits, 7% offer an HDHP/HRA and 18% offer an HSA-qualified HDHP (Exhibit 8.1).
  - Firms with 1,000 or more workers are significantly more likely to offer an HDHP/SO than smaller firms. Forty-one percent of firms with 1,000 or more workers offer an HDHP/SO, compared to 23% of firms with 3 to 199 workers or 26% of firms with 200–999 workers (Exhibit 8.2).
  - The percentage of firms with 1,000 or more workers offering an HDHP/SO increased in 2011 to 41% from 32% in 2010 (Exhibit 8.3).
- ▶ Enrollment of covered workers in HDHP/SOs increased from 13% in 2010 to 17% in 2011 (Exhibit 8.4).
  - Eight percent of covered workers are enrolled in HDHP/HRAs in 2011, and 9% percent of covered workers are enrolled in HSA-qualified HDHPs (Exhibit 8.4).
  - Twenty-three percent of covered workers in small firms (3-199 workers) are enrolled in HDHP/SOs, compared to 15% of workers in large firms (200 or more workers) (Exhibit 8.5).
    - The percentage of workers in small firms (3–199 workers) enrolled in HSA-qualified HDHP/SOs is higher than the percentage of workers in large firms enrolled HSA-qualified HDHP/SOs (13% vs. 8%) (Exhibit 8.5).

#### NOTE:

<sup>1</sup> There is no legal requirement for the minimum deductible in a plan offered with an HRA. The survey defines a high-deductible HRA plan as a plan with a deductible of at least \$1,000 for single coverage and \$2,000 for family coverage. Federal law requires a deductible of at least \$1,200 for single coverage and \$2,400 for family coverage for HSA-qualified HDHPs in 2011. See the Text Box for more information on HDHP/HRAs and HSA-qualified HDHPs.

<sup>2</sup> The definitions of HDHP/SOs do not include other consumer-driven plan options, such as arrangements that combine an HRA with a lower-deductible health plan or arrangements in which an insurer (rather than the employer as in the case of HRAs or the enrollee as in the case of HSAs) establishes an account for each enrollee. Other arrangements may be included in future surveys as the market evolves.

**Health Reimbursement Arrangements (HRAs)** are medical care reimbursement plans established by employers that can be used by employees to pay for health care. HRAs are funded solely by employers. Employers typically commit to make a specified amount of money available in the HRA for premiums and medical expenses incurred by employees or their dependents. HRAs are accounting devices, and employers are not required to expend funds until an employee incurs expenses that would be covered by the HRA. Unspent funds in the HRA usually can be carried over to the next year (sometimes with a limit). Employees cannot take their HRA balances with them if they leave their job, although an employer can choose to make the remaining balance available to former employees to pay for health care.

HRAs often are offered along with a high-deductible health plan (HDHP). In such cases, the employee pays for health care first from his or her HRA and then out-of-pocket until the health plan deductible is met. Sometimes certain preventive services or other services such as prescription drugs are paid for by the plan before the employee meets the deductible.

**Health Savings Accounts (HSAs)** are savings accounts created by individuals to pay for health care. An individual may establish an

HSA if he or she is covered by a “qualified health plan” which is a plan with a high deductible (i.e., a deductible of at least \$1,200 for single coverage and \$2,400 for family coverage in 2011) that also meets other requirements.<sup>1</sup> Employers can encourage their employees to create HSAs by offering an HDHP that meets the federal requirements. Employers in some cases also may assist their employees by identifying HSA options, facilitating applications, or negotiating favorable fees from HSA vendors.

Both employers and employees can contribute to an HSA, up to the statutory cap of \$3,050 for single coverage and \$6,150 for family coverage in 2011. Employee contributions to the HSA are made on a pre-income tax basis, and some employers arrange for their employees to fund their HSAs through payroll deductions. Employers are not required to contribute to HSAs established by their employees but, if they elect to do so, their contributions are not taxable to the employee. Interest and other earnings on amounts in an HSA are not taxable. Withdrawals from the HSA by the account owner to pay for qualified health care expenses are not taxed. The savings account is owned by the individual who creates the account, so employees retain their HSA balances if they leave their job.

<sup>1</sup> See U.S. Department of the Treasury, *Health Savings Accounts*, available at <http://www.treasury.gov/resource-center/faqs/Taxes/Pages/HSA-2011-indexed-amounts.aspx>

## PLAN DEDUCTIBLES

- ▶ As expected, workers enrolled in HDHP/SOs have higher deductibles than workers enrolled in HMOs, PPOs, or POS plans.
  - The average general annual deductible for single coverage is \$1,763 for HDHP/HRAs and \$2,033 for HSA-qualified HDHPs (Exhibit 8.6). These averages are similar to the amounts reported for the last four years. There is wide variation in the average general annual deductible amounts for single coverage (Exhibit 8.8).
  - Most workers in HDHP/HRAs (97%) and HSA-qualified HDHPs (91%) do not have to meet the general annual deductible before preventive care is covered (Exhibit 8.11).
- ▶ Since 2006, the survey has collected information on two types of family deductibles. The survey asks employers whether the family deductible amount is (1) an aggregate amount (i.e., the out-of-pocket expenses of all family members are counted until the deductible is satisfied), or (2) a per-person amount that applies to each family member (typically with a limit on the number of family members that would be required to meet the deductible amount).
  - The average aggregate deductibles for workers with family coverage are \$3,394 for HDHP/HRAs and \$3,865 for HSA-qualified HDHPs (Exhibit 8.6). There is wide variation in the average aggregate general annual deductible amounts for family coverage (Exhibit 8.10).

**OUT-OF-POCKET MAXIMUM AMOUNTS**

- ▶ HSA-qualified HDHPs are legally required to have a maximum annual out-of-pocket liability of no more than \$5,950 for single coverage and \$11,900 for family coverage in 2011. HDHP/HRAs have no similar requirement.
  - The average annual out-of-pocket maximum for single coverage is \$3,363 for HDHP/HRAs<sup>3</sup> and \$3,304 for HSA-qualified HDHPs (Exhibit 8.6).
  - As with deductibles, the survey asks employers whether the family out-of-pocket maximum liability is (1) an aggregate amount that applies to spending by any covered person in the family, or (2) a separate per person amount that applies to spending by each family member or a limited number of family members. The survey also asks whether spending by enrollees on various services counts towards meeting the plan out-of-pocket maximum.
  - Among covered workers with family coverage whose out-of-pocket maximum is an aggregate amount that applies to spending by any covered person in the family, the average annual out-of-pocket maximums are \$7,083 for HDHP/HRAs and \$6,483 for HSA-qualified HDHPs (Exhibit 8.6).

**PREMIUMS**

- ▶ In 2011, the average annual premiums for HDHP/HRAs are \$5,227 for single coverage and \$14,909 for family coverage. For single coverage, the HDHP/HRA average premium for covered workers is statistically lower than the average premium for covered workers in plans that are not HDHP/SOs (Exhibit 8.7).
- ▶ The average annual premium for workers in HSA-qualified HDHPs is \$4,427 for single coverage and \$12,655 for family coverage. These amounts are lower than the average single and family premium for workers in plans that are not HDHP/SOs (Exhibit 8.7). Family premiums increased significantly between 2010 and 2011 for HSA-qualified HDHPs, from \$11,683 to \$12,655. Premiums for single coverage under HSA-qualified HDHPs were similar in 2010 and 2011.

**WORKER CONTRIBUTIONS TO PREMIUMS**

- ▶ The average annual worker contributions to premiums for workers enrolled in HDHP/HRAs are \$881 for single coverage and \$4,253 for family coverage (Exhibit 8.6).
- ▶ The average annual worker contributions to premiums for workers in HSA-qualified HDHPs are \$589 for single coverage and \$3,076 for family coverage (Exhibit 8.6). The average contribution for single coverage for workers in HSA-qualified HDHPs is significantly less than the average premium contribution made by covered workers in plans that are not HDHP/SOs (Exhibit 8.7).

**EMPLOYER CONTRIBUTIONS TO PREMIUMS AND SAVINGS OPTIONS**

- ▶ Employers contribute to HDHP/SOs in two ways: through their contributions toward the premium for the health plan and through their contributions (if any, in the case of HSAs) to the savings account option (i.e., the HRAs or HSAs themselves).
  - Looking just at the annual employer contributions to premiums, covered workers in HDHP/HRAs on average receive employer contributions of \$4,347 for single coverage and \$10,657 for family coverage (Exhibit 8.7).
  - The average annual employer contributions to premiums for workers in HSA-qualified HDHPs are \$3,837 for single coverage and \$9,579 for family coverage. These amounts are lower than the average contributions for single or family coverage for workers in plans that are not HDHP/SOs (Exhibit 8.7).
- ▶ When looking at employer contributions to the savings option, workers enrolled in HDHP/HRAs receive, on average, an annual employer contribution to their HRA of \$861 for single coverage and \$1,539 for family coverage (Exhibit 8.7).

**NOTE:**

<sup>3</sup> The average out-of-pocket maximum for HDHP/HRAs is calculated for plans with an out-of-pocket maximum. About 6% of covered workers in HDHP/HRAs with single coverage or family coverage are in plans that reported having no limit on out-of-pocket expenses.

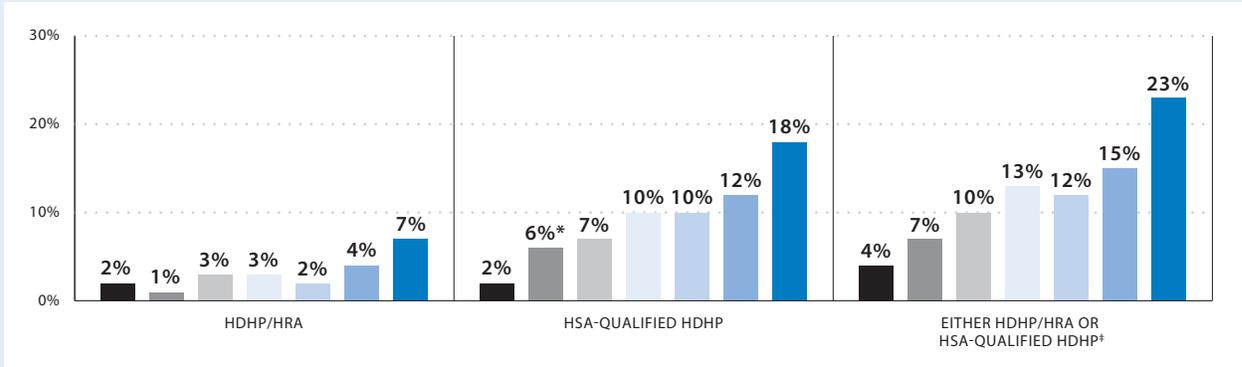
- HRAs are generally structured in such a way that employers may not actually spend the whole amount that they make available to their employees' HRAs.<sup>4</sup> Amounts committed to an employee's HRA that are not used by the employee generally roll over and can be used in future years, but any balance may revert back to the employer if the employee leaves his or her job. Thus, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.
- ▶ Workers enrolled in HSA-qualified HDHPs on average receive an annual employer contribution to their HSA of \$611 for single coverage and \$1,069 for family coverage (Exhibit 8.7).
  - In some cases, employers that sponsor HSA-qualified HDHP/SOs do not make contributions to HSAs established by their employees. Forty percent of employers offering single and 43% offering family coverage through HSA-qualified HDHPs do not make contributions towards the HSAs that their workers establish (Exhibit 8.7). Thirty-one percent of workers with single or family coverage in an HSA-qualified HDHP do not receive an account contribution from their employer (Exhibit 8.13 and Exhibit 8.14).
- The average HSA contributions reported above include the portion of covered workers whose employer contribution to the HSA is zero. When those firms that do not contribute to the HSA are excluded from the calculation, the average employer contribution for covered workers is \$886 for single coverage and \$1,559 for family coverage (Exhibit 8.7).
- ▶ Employer contributions to savings account options (i.e., the HRAs and HSAs themselves) for their employees can be added to their health plan premium contributions to calculate total employer contributions toward HDHP/SOs.
  - For HDHP/HRAs, the average annual total employer contribution for covered workers is \$5,208 for single coverage and \$12,196 for family coverage. The average total employer contribution amounts for single and family coverage in HDHP/HRAs is higher than the average amount that employers contribute towards single and family coverage in health plans that are not HDHP/SOs (Exhibit 8.7).
  - For HSA-qualified HDHPs, the average annual total employer contribution for covered workers is \$4,449 for single coverage and \$10,649 for workers with family coverage. The total amounts contributed for workers in HSA-qualified HDHPs for single and family coverage are similar to that contributed for workers not in HDHP/SOs (Exhibit 8.7).

## NOTE:

<sup>4</sup> In the survey, we ask, "Up to what dollar amount does your firm promise to contribute each year to an employee's HRA or health reimbursement arrangement for single coverage?" We refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. As discussed, HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA.

EXHIBIT 8.1

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2011.

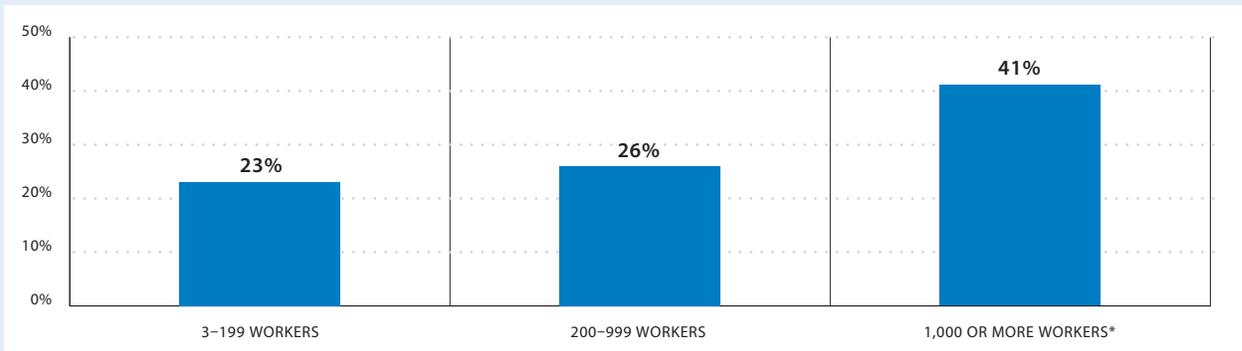
\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

† The 2011 estimate includes 1.8% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for previous years are: 2005 [0.3%], 2006 [0.4%], 2007 [0.2%], 2008 [0.3%], 2009 [ $< 0.1\%$ ], and 2010 [0.3%].



EXHIBIT 8.2

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2011



SOURCE:

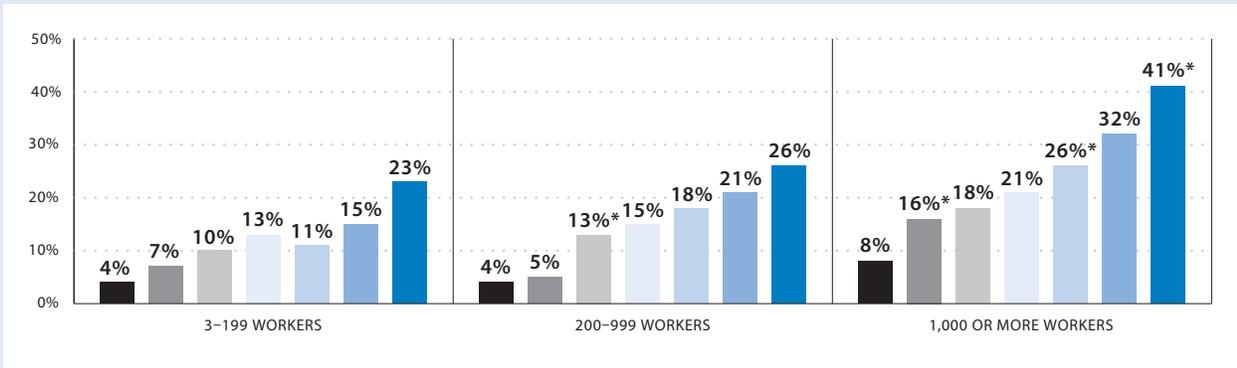
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: The 2011 estimate includes 1.8% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP.

**EXHIBIT 8.3**

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2011.

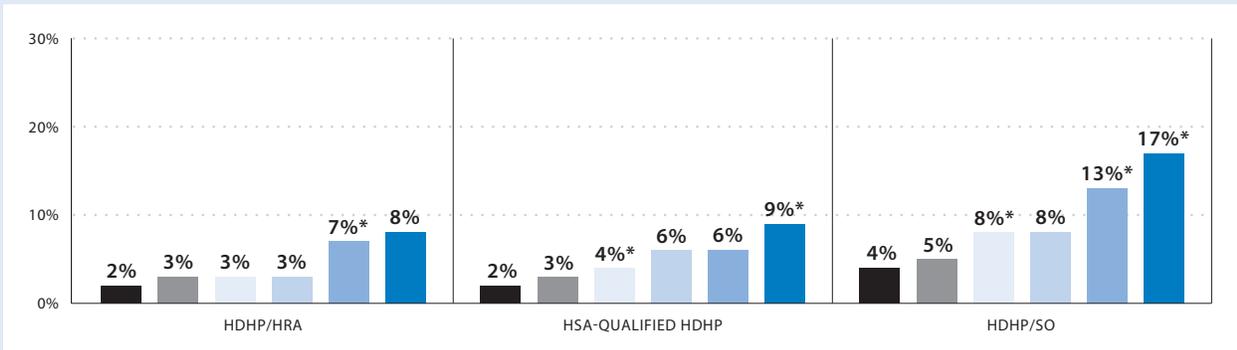


\* Estimate is statistically different from estimate for previous year shown (p<.05).

‡ The 2011 estimate includes 1.8% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for previous years are: 2005 [0.3%], 2006 [0.4%], 2007 [0.2%], 2008 [0.3%], 2009 [ $<0.1\%$ ], and 2010 [0.3%].

**EXHIBIT 8.4**

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2011



SOURCE:

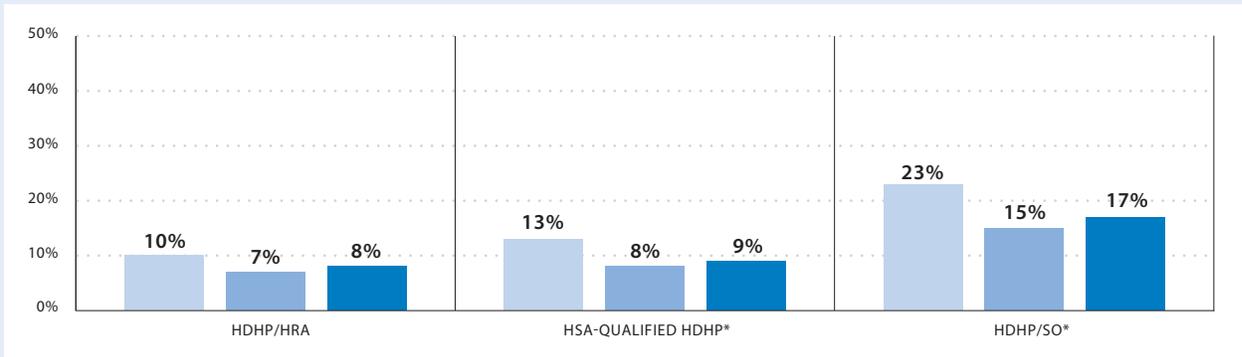
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.



\* Estimate is statistically different from estimate for the previous year shown (p<.05).

EXHIBIT 8.5

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different between All Small Firms and All Large Firms within category (p<.05).

ALL SMALL FIRMS (3-199 WORKERS)  
 ALL LARGE FIRMS (200 OR MORE WORKERS)  
 ALL FIRMS

EXHIBIT 8.6

HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2011

Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$5,227	\$14,909	\$4,427	\$12,655
Worker Contribution to Premium	\$881	\$4,253	\$589	\$3,076
General Annual Deductible <sup>‡</sup>	\$1,763	\$3,394	\$2,033	\$3,865
Out-of-Pocket Maximum Liability <sup>‡</sup>	\$3,363	\$7,083	\$3,304	\$6,483
Firm Contribution to the HRA or HSA <sup>§</sup>	\$861	\$1,539	\$611	\$1,069

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>‡</sup> Six percent of workers enrolled in HDHP/HRAs have employers that reported no out-of-pocket maximum for single coverage and family coverage. These workers are excluded from the HDHP/HRA out-of-pocket maximum liability calculation. The deductible and out-of-pocket maximum averages shown for both HDHP/HRAs and HSA-qualified HDHPs for family coverage are for covered workers whose firms report that they face an aggregate amount. Among covered workers in HDHP/HRAs, 27% are in plans whose family deductible is a separate per person amount and 18% are in a plan where the family out-of-pocket maximum is a separate per person amount. Among covered workers in HSA-qualified HDHPs, the percentages are 8% for deductibles and 10% for out-of-pocket maximums.

<sup>§</sup> When those firms that do not contribute to the HSA (40% for single and 43% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$886 for single coverage and \$1,559 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

## EXHIBIT 8.7

Average Annual Premiums and Contributions to Savings Accounts for Covered Workers in HDHP/HRAs or HSA-Qualified HDHPs, Compared to All Non-HDHP/SO Plans, 2011

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans <sup>§</sup>	
	Single	Family	Single	Family	Single	Family
<b>Total Annual Premium</b>	\$5,227*	\$14,909	\$4,427*	\$12,655*	\$5,565	\$15,363
Worker Contribution to Premium	\$881	\$4,253	\$589*	\$3,076*	\$964	\$4,234
Firm Contribution to Premium	\$4,347	\$10,657	\$3,837*	\$9,579*	\$4,601	\$11,129
<b>Annual Firm Contribution to the HRA or HSA<sup>‡</sup></b>	\$861	\$1,539	\$611	\$1,069	NA	NA
<b>Total Annual Firm Contribution</b> (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$5,208*	\$12,196*	\$4,449	\$10,649	\$4,601	\$11,129
<b>Total Annual Cost</b> (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$6,088*	\$16,449*	\$5,038*	\$13,724*	\$5,565	\$15,363

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for All Non-HDHP/SO Plans ( $p < .05$ ).

<sup>‡</sup> When those firms that do not contribute to the HSA (40% for single and 43% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$886 for single coverage and \$1,559 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

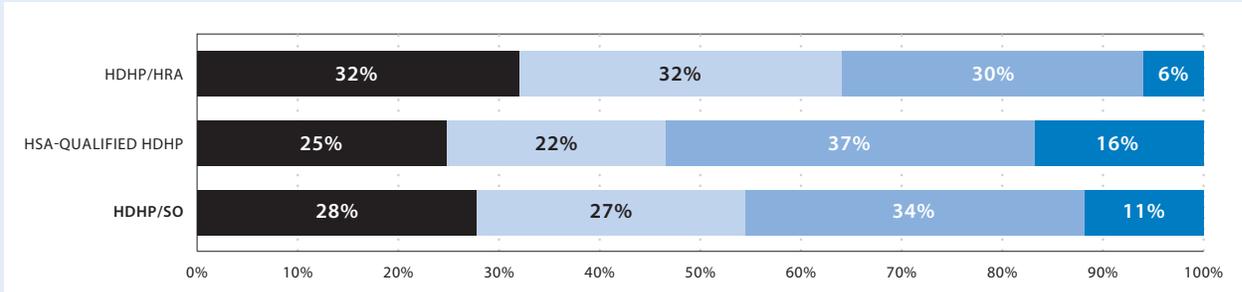
<sup>§</sup> In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

NA: Not Applicable.

Note: Values shown in the table may not equal the sum of their component parts. The averages presented in the table are aggregated at the firm level and then averaged, which is methodologically more appropriate than adding the averages. This is relevant for Total Annual Premium, Total Annual Firm Contribution, and Total Annual Cost.

**EXHIBIT 8.8**

Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The minimum annual single deductible for workers enrolled in HSA-qualified HDHPs is \$1,200 in 2011 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$1,200.



**EXHIBIT 8.9**

Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2011

	Aggregate Amount	Separate Amount per Person
HDHP/HRA	73%	27%
HSA-Qualified HDHP	92	8
<b>HDHP/SO</b>	<b>83%</b>	<b>17%</b>

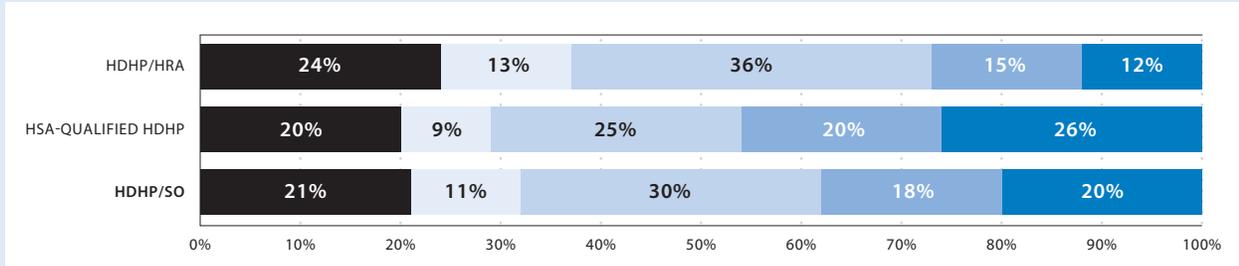
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible, and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

**EXHIBIT 8.10**

Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The survey distinguished between family deductibles that are an aggregate amount in which all family members' out-of-pocket expenses count toward the deductible, and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. The minimum annual family deductible for workers enrolled in HSA-qualified HDHP is \$2,400 in 2011 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$2,400.



**EXHIBIT 8.11**

Percentage of Covered Workers with Coverage for the Following Services Without Having to First Meet the Deductible, HDHP/HRAs and HSA-Qualified HDHPs, by Benefit Type, 2011

	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO
Preventive Care	97%	91%	94%
Physician Office Visits for Primary Care	39%	NA	NA
Prescription Drugs	75%	NA	NA

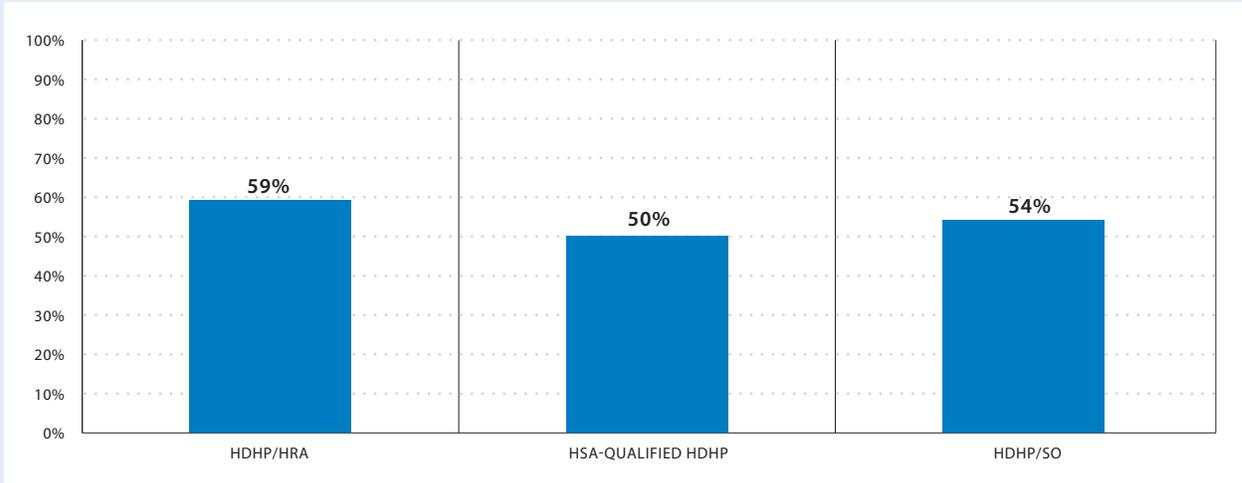
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

NA: Not Applicable. Firms with either HDHP/HRAs or HSA-qualified HDHPs were asked about preventive benefits, but only firms with HDHP/HRAs were asked about physician office visits for primary care or prescription drugs. HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all services.

**EXHIBIT 8.12**

Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2011



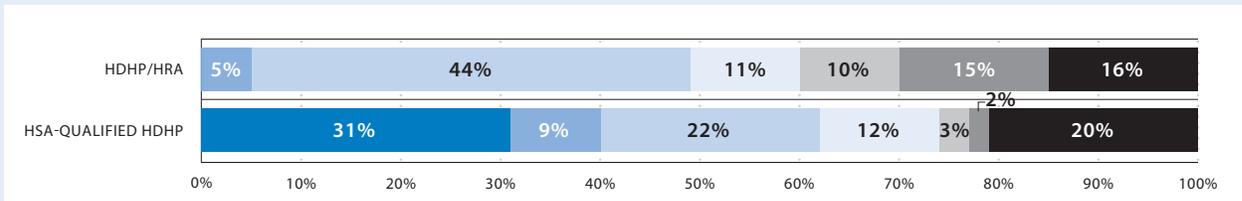
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: For definitions of Self-Funded and Fully Insured Plans, see the introduction to Section 10.

**EXHIBIT 8.13**

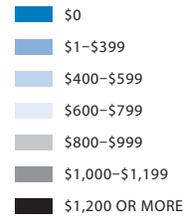
Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2011



SOURCE:

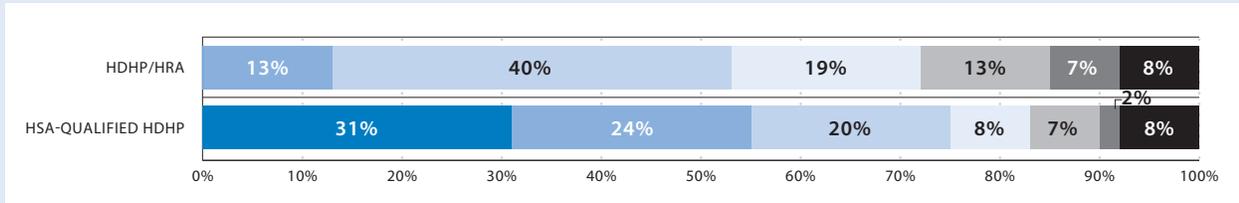
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: For single coverage, 40% of employers offering HSA-qualified HDHPs (covering 31% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.



**EXHIBIT 8.14**

Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: For family coverage, 43% of employers offering HSA-qualified HDHPs (covering 31% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.



**EXHIBIT 8.15**

Distribution of Firm Contributions to the HRA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HRA, 2011

Contribution Range, Relative to Average Premium Contribution	Single Coverage		Family Coverage	
	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less than \$689	51%	Less than \$1,232	51%
80% to Less Than Average	\$689 to <\$861	17%	\$1,232 to <\$1,539	13%
Average to Less Than 120%	\$861 to <\$1,033	15%	\$1,539 to <\$1,847	9%
120% or More	\$1,033 or More	16%	\$1,847 or More	28%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The average annual firm contribution to the HRA is \$861 for single coverage and \$1,539 for family coverage. The HRA account contribution distribution is relative to the average single or family account contribution. For example, \$689 is 80% of the average single HRA account contribution and \$1,033 is 120% of the average single HRA account contribution. The same break points relative to the average are used for the distribution for family coverage.

## EXHIBIT 8.16

## Distribution of Firm Contributions to the HSA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HSA, 2011

Contribution Range, Relative to Average Premium Contribution	Single Coverage		Family Coverage	
	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less than \$489	43%	Less than \$855	45%
80% to Less Than Average	\$489 to <\$611	26%	\$855 to <\$1,069	11%
Average to Less Than 120%	\$611 to <\$734	2%	\$1,069 to <\$1,283	17%
120% or More	\$734 or More	28%	\$1,283 or More	27%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The average annual firm contribution to the HSA is \$611 for single coverage and \$1,069 for family coverage. The distribution includes workers in firms who do not make any contribution. The HSA account contribution distribution is relative to the average single or family account contribution. For example, \$489 is 80% of the average single HSA account contribution and \$734 is 120% of the average single HSA account contribution. The same break points relative to the average are used for the distribution for family coverage.

## EXHIBIT 8.17

Distribution of Covered Workers in HDHP/HRAs and HSA-Qualified HDHPs with the Following Types of Cost Sharing in Addition to the General Annual Deductible, 2011

Separate Cost Sharing for a Hospital Admission	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO <sup>s</sup>
Separate Annual Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	5	4%	5
Coinsurance	67	57	62
Both Copay and Coinsurance <sup>‡</sup>	2	1	2
Charge Per Day	2	3	2
None	26	36	31
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>			
Separate Annual Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	2	4%	3
Coinsurance	73	57	64
Both Copay and Coinsurance <sup>‡</sup>	1	1	1
None	25	38	32
<b>Separate Cost Sharing for Primary Care Physician Office Visits</b>			
Copayment Only	26%	7%	15%
Coinsurance Only	50	54	52
Both Copayment and Coinsurance <sup>‡</sup>	2	<1	1
None	21	39	31
<b>Separate Cost Sharing for Specialty Care Physician Office Visits</b>			
Copayment Only	26%	9%	16%
Coinsurance Only	50	52	51
Both Copayment and Coinsurance <sup>‡</sup>	2	<1	1
None	21	39	31

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>‡</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

<sup>s</sup> Information on separate deductibles for hospital admissions or outpatient surgery was collected for HDHP/HRAs only.

NA: Not Applicable. Information on separate annual deductibles for hospital admissions or outpatient surgery was not collected for HSA-qualified HDHPs because federal regulations make it unlikely the plan would have a separate deductible for specific services.

Note: The distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. No covered workers in HDHP/SOs have an "other" type of cost sharing for a hospital admission or for an outpatient surgery, less than 1% have an "other" type of cost sharing for primary care physician office visits, and less than 1% have an "other" type of cost sharing for specialist physician office visits.



60%

\$5,429

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Prescription  
Drug Benefits

SECTION

9

\$15,073

2011

## PRESCRIPTION DRUG BENEFITS

ALMOST ALL COVERED WORKERS HAVE COVERAGE FOR PRESCRIPTION DRUGS. MORE THAN THREE IN FOUR COVERED WORKERS ARE IN PLANS WITH THREE OR MORE COST-SHARING TIERS FOR PRESCRIPTION DRUGS. COPAYMENTS RATHER THAN COINSURANCE CONTINUE TO BE THE DOMINANT FORM OF COST SHARING FOR PRESCRIPTION DRUGS.

- ▶ As in prior years, nearly all (98%) covered workers in employer-sponsored plans have a prescription drug benefit.
- ▶ A large majority of covered workers (88%) in 2011 have a tiered cost-sharing formula for prescription drugs (Exhibit 9.1). Cost-sharing tiers generally refer to a health plan placing a drug on a formulary or preferred drug list, which classifies drugs as generic, preferred, or nonpreferred. Over the past years, an increasing number of plans have created a fourth tier of drug cost sharing, which may be used for lifestyle drugs or expensive biologics.
- ▶ Seventy-seven percent of covered workers are enrolled in plans with three, four, or more tiers of cost sharing for prescription drugs, a similar percentage as the last two years (Exhibit 9.1).
  - HDHP/SOs have different cost-sharing patterns for prescription drugs than other plan types. Only 57% of covered workers in HDHP/SOs are in a plan with three or more tiers of cost sharing for prescription drugs; 17% are in plans that pay 100% of prescription costs once the plan deductible is met (Exhibit 9.2).
- ▶ Among workers covered by plans with three or more tiers of cost sharing for prescription drugs, a large majority face copayments rather than coinsurance (Exhibit 9.3). The percentages differ slightly across drug types because some plans have copayments for some drug tiers and coinsurance for other drug tiers.
  - For covered workers in plans with three, four, or more tiers of cost sharing for prescription drugs, the average drug copayments for first-tier drugs (\$10), second-tier drugs (\$29), and third-tier drugs (\$49) were all consistent with the amounts reported in 2010 (Exhibit 9.4).
  - For covered workers in plans with three, four, or more tiers of cost sharing for prescription drugs who face coinsurance rather than copayments, coinsurance levels average 18% for first-tier drugs,

**Generic drugs:** A drug product that is no longer covered by patent protection and thus may be produced and/or distributed by multiple drug companies.

**Preferred drugs:** Drugs included on a formulary or preferred drug list; for example, a brand-name drug without a generic substitute.

**Nonpreferred drugs:** Drugs not included on a formulary or preferred drug list; for example, a brand-name drug with a generic substitute.

**Fourth-tier drugs:** New types of cost-sharing arrangements that typically build additional layers of higher copayments or coinsurance for specifically identified types of drugs, such as lifestyle drugs or biologics.

**Brand-name drugs:** Generally, a drug product that is covered by a patent and is thus manufactured and sold exclusively by one firm. Cross-licensing occasionally occurs, allowing an additional firm to market the drug. After the patent expires, multiple firms can produce the drug product, but the brand name or trademark remains with the original manufacturer's product.

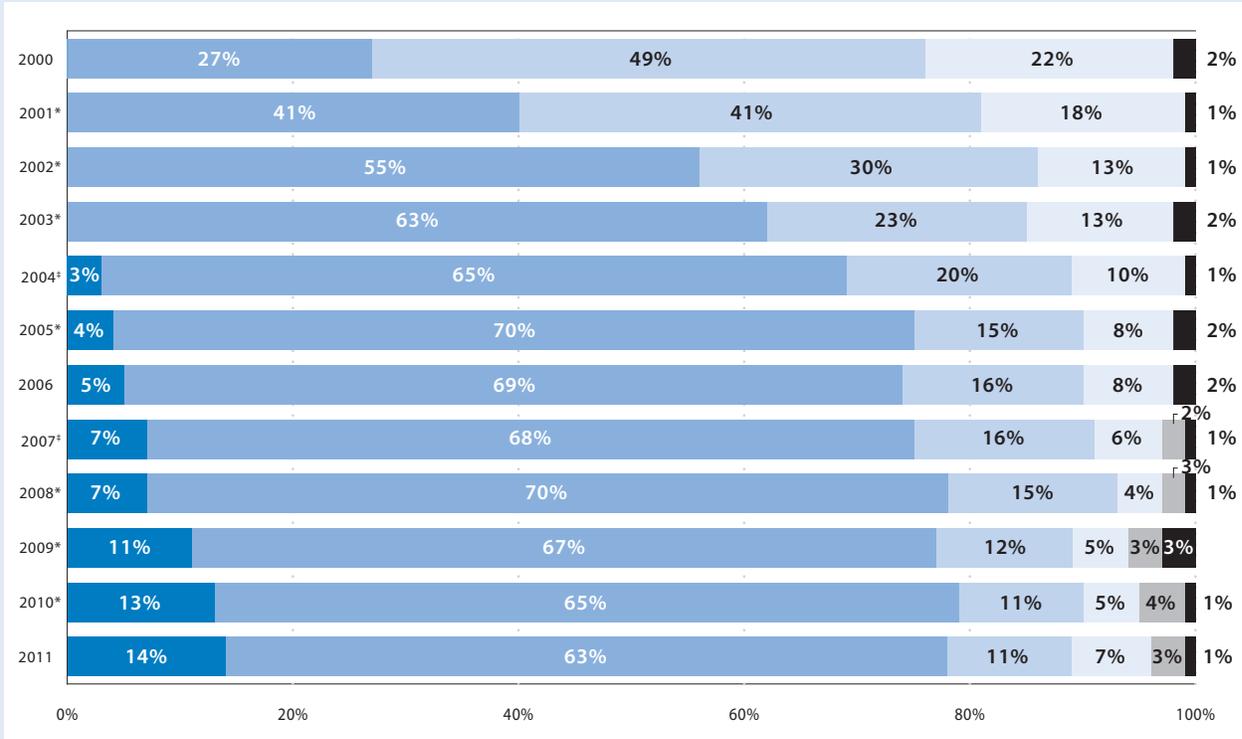
25% for second-tier drugs, and 39% for third-tier drugs, which are similar to the percentages reported last year (Exhibit 9.4).

- ▶ Fourteen percent of covered workers are in a plan that has four or more tiers of cost sharing for prescription drugs (Exhibit 9.1). For covered workers in plans with four or more cost-sharing tiers, 36% face a copayment for fourth-tier drugs and 24% face coinsurance (Exhibit 9.3).
  - The average copayment for a fourth-tier drug is \$91 and the average coinsurance is 29%. These amounts are not statistically different from the amounts reported in 2010 (Exhibit 9.4).

- ▶ Eleven percent of covered workers are in a plan that has two tiers for prescription drug cost sharing (Exhibit 9.1). Similar to workers in plans with more cost-sharing tiers, copayments are more common than coinsurance for workers in plans with two tiers (Exhibit 9.5). The average copayment for the first tier is \$11, and the average copayment for the second tier is \$28 (Exhibit 9.6). The average coinsurance rate for the second tier is 30%; there was insufficient data to report the coinsurance rate for the first tier (Exhibit 9.6).
- ▶ Seven percent of covered workers are covered by plans in which cost sharing is the same regardless of the type of drug chosen (Exhibit 9.1). Among these covered workers, 24% have copayments and 72% have coinsurance (Exhibit 9.7).
  - For those workers with the same cost sharing regardless of the type of drug, the average copayment is \$14 and the average coinsurance is 23% (Exhibit 9.8).

EXHIBIT 9.1

Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2011.

\* Distribution is statistically different from distribution for the previous year shown ( $p < .05$ ).

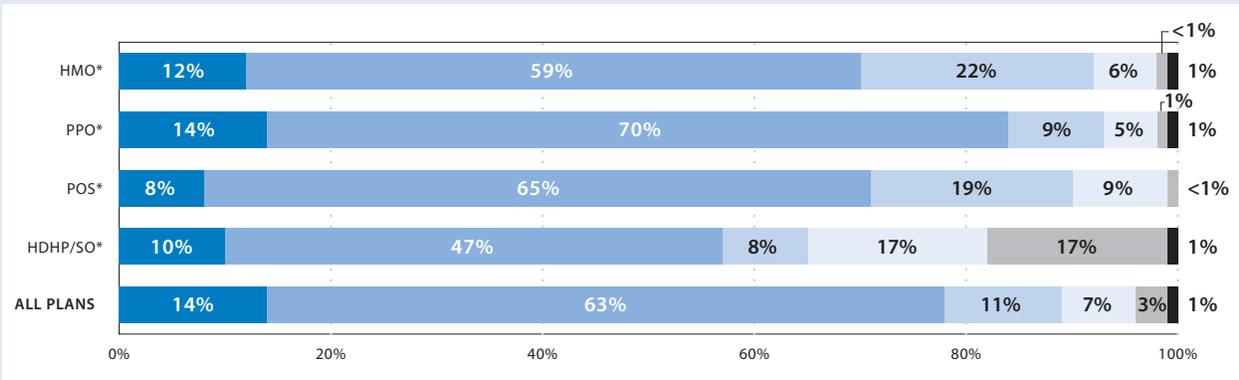
‡ No statistical tests are conducted between 2003 and 2004 or between 2006 and 2007 due to the addition of a new category.

Note: Fourth-tier drug cost-sharing information was not obtained prior to 2004.

- FOUR OR MORE TIERS
- THREE TIERS
- TWO TIERS
- PAYMENT IS THE SAME REGARDLESS OF TYPE OF DRUG
- NO COST SHARING AFTER DEDUCTIBLE IS MET
- OTHER

EXHIBIT 9.2

Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, by Plan Type, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution (p<.05).

- FOUR OR MORE TIERS
- THREE TIERS
- TWO TIERS
- PAYMENT IS THE SAME REGARDLESS OF TYPE OF DRUG
- NO COST SHARING AFTER DEDUCTIBLE IS MET
- OTHER

## EXHIBIT 9.3

Among Workers with Three, Four, or More Tiers of Cost Sharing, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug and Plan Type, 2011

First-Tier Drugs, Often Called Generic Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance <sup>‡</sup>	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO*	92%	4%	1%	2%	<1%
PPO	85	6	5	1	2
POS*	91	5	1	1	2
HDHP/SO*	72	14	4	9	1
<b>ALL PLANS</b>	<b>85%</b>	<b>7%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>
Second-Tier Drugs, Often Called Preferred Drugs				Copay or Coinsurance Plus Any Difference <sup>§</sup>	
HMO*	87%	6%	3%	<1%	4%
PPO	73	11	8	1	8
POS*	90	5	1	1	3
HDHP/SO*	62	23	10	1	5
<b>ALL PLANS</b>	<b>75%</b>	<b>11%</b>	<b>7%</b>	<b>1%</b>	<b>7%</b>
Third-Tier Drugs, Often Called Nonpreferred Drugs					
HMO*	82%	9%	4%	<1%	5%
PPO	69	10	10	1	10
POS*	88	6	4	0	3
HDHP/SO*	63	21	11	1	4
<b>ALL PLANS</b>	<b>72%</b>	<b>11%</b>	<b>8%</b>	<b>1%</b>	<b>8%</b>
Fourth-Tier Drugs					
HMO	39%	29%	6%	2%	24%
PPO	41	23	11	1	24
POS*	57	34	1	0	8
HDHP/SO	30	23	7	0	40
<b>ALL PLANS</b>	<b>36%</b>	<b>24%</b>	<b>8%</b>	<b>1%</b>	<b>31%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution within drug type ( $p < .05$ ).

<sup>‡</sup> Category includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

<sup>§</sup> Category includes workers who pay a copayment or coinsurance plus the difference between the cost of the prescription and the cost of a comparable generic drug.

Note: These distributions do not include the 1% of covered workers whose employers report "none of the above" to the survey question about the type of prescription drug cost-sharing formula. For definitions of Generic, Preferred, Nonpreferred, and Fourth-Tier Drugs, see the Text Box in the introduction to Section 9.

## EXHIBIT 9.4

Among Covered Workers with Three, Four, or More Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2011

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Average Copayments</b>												
First-Tier Drugs, Often Called Generic	\$8	\$8	\$9	\$9*	\$10*	\$10	\$11*	\$11	\$10	\$10	\$11	\$10
Second-Tier Drugs, Often Called Preferred	\$15	\$16*	\$18*	\$20*	\$22*	\$23*	\$25*	\$25	\$26	\$27	\$28*	\$29
Third-Tier Drugs, Often Called Nonpreferred	\$29	\$28	\$32*	\$35*	\$38*	\$40*	\$43*	\$43	\$46*	\$46	\$49*	\$49
Fourth-Tier Drugs	^	^	^	^	\$59	\$74	\$59	\$71*	\$75	\$85	\$89	\$91
<b>Average Coinsurance</b>												
First-Tier Drugs, Often Called Generic	18%	18%	18%	18%	18%	19%	19%	21%	21%	20%	17%	18%
Second-Tier Drugs, Often Called Preferred	NSD	23%	24%	23%	25%	27%	26%	26%	25%	26%	25%	25%
Third-Tier Drugs, Often Called Nonpreferred	28%	33%	40%	34%*	34%	38%	38%	40%	38%	37%	38%	39%
Fourth-Tier Drugs	^	^	^	^	30%	43%*	42%	36%	28%	31%	36%	29%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

^ Fourth-tier drug copayment or coinsurance information was not obtained prior to 2004.

NSD: Not Sufficient Data.

## EXHIBIT 9.5

Among Workers with Two Tiers of Cost Sharing for Prescription Drugs, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug and Plan Type, 2011

First-Tier Drugs, Often Called Generic Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance <sup>‡</sup>	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO*	87%	<1%	13	<1%	0%
PPO	83	9	3	4	1
POS	98	2	0	<1	0
HDHP/SO*	74	2	0	23	1
<b>ALL PLANS</b>	<b>85%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>1%</b>
Second-Tier Drugs, Often Called Preferred Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance <sup>‡</sup>	Copay or Coinsurance Plus Difference <sup>§</sup>	Some Other Amount
HMO*	81%	4%	13	0%	2%
PPO	66	23	7	1	3
POS	90	9	0	<1	0
HDHP/SO	65	34	0	0	<1
<b>ALL PLANS</b>	<b>72%</b>	<b>17%</b>	<b>8%</b>	<b>&lt;1%</b>	<b>2%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution within drug type ( $p < .05$ ).

<sup>‡</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

<sup>§</sup> Category includes workers who pay a copayment or coinsurance plus the difference between the cost of the prescription and the cost of a comparable generic drug.

Note: These distributions do not include the 1% of covered workers whose employers report "none of the above" to the survey question about the type of prescription drug cost-sharing formula. For definitions of Generic and Preferred Drugs, see the Text Box in the introduction to Section 9.

## EXHIBIT 9.6

Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2011

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Average Copayments</b>												
First-Tier Drugs, Often Called Generic	\$7	\$8*	\$9*	\$9	\$10	\$10	\$11	\$10	\$11	\$10	\$10	\$11
Second-Tier Drugs, Often Called Preferred	\$14	\$15*	\$18*	\$20*	\$22*	\$22	\$23	\$23	\$24	\$26	\$28	\$28
<b>Average Coinsurance</b>												
First-Tier Drugs, Often Called Generic	19%	17%	20%	21%	17%	16%	22%	21%	19%	NSD	NSD	NSD
Second-Tier Drugs, Often Called Preferred	28%	25%	25%	28%	25%	24%	27%	28%	32%	28%	27%	30%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NSD: Not Sufficient Data.

## EXHIBIT 9.7

Among Workers with the Same Cost Sharing Regardless of Type of Drug, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Plan Type, 2011

	Copay Only	Coinsurance Only	Some Other Amount
HMO	NSD	NSD	NSD
PPO	27%	71%	2%
POS	NSD	NSD	NSD
HDHP/SO*	<1%	96%	4%
<b>ALL PLANS</b>	<b>24%</b>	<b>72%</b>	<b>3%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distribution is statistically different from All Plans distribution ( $p < .05$ ).

NSD: Not Sufficient Data.

Note: These distributions do not include the 1% of covered workers whose employers report “none of the above” to the survey question about the type of prescription drug cost-sharing formula.

## EXHIBIT 9.8

Among Covered Workers with the Same Cost Sharing Regardless of Type of Drug, Average Copayments and Average Coinsurance, 2000–2011

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Average Copayments</b>	\$8	\$10*	\$10	\$10	\$14*	\$10*	\$13*	\$13	\$15	\$15	\$13	\$14
<b>Average Coinsurance</b>	22%	20%	23%	22%	25%	23%	23%	22%	24%	22%	24%	23%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

60%

\$5,429

\$15,073

2011

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

---

Plan  
Funding

---

SECTION  
10

## PLAN FUNDING

FEDERAL LAW (THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, OR ERISA) EXEMPTS SELF-FUNDED PLANS FROM STATE INSURANCE LAWS, INCLUDING RESERVE REQUIREMENTS, MANDATED BENEFITS, PREMIUM TAXES, AND CONSUMER PROTECTION REGULATIONS. THREE IN FIVE COVERED WORKERS ARE IN A SELF-FUNDED HEALTH PLAN. SELF-FUNDING IS COMMON AMONG LARGER FIRMS BECAUSE THEY CAN SPREAD THE RISK OF COSTLY CLAIMS OVER A LARGE NUMBER OF EMPLOYEES AND DEPENDENTS. MANY SELF-FUNDED PLANS USE INSURANCE, OFTEN CALLED STOPLOSS COVERAGE, TO LIMIT THE PLAN SPONSOR'S LIABILITY FOR VERY LARGE CLAIMS. ALMOST THREE IN FIVE COVERED WORKERS IN SELF-FUNDED PLANS ARE IN PLANS WITH STOPLOSS PROTECTION.

- ▶ Sixty percent of covered workers are in a self-funded plan (Exhibit 10.1). The percentage of covered workers who are in a plan that is completely or partially self-funded has increased over time from 49% in 2000 to 54% in 2005.
  - The percentage of covered workers differs by plan type: 70% of covered workers in PPOs, 54% in HDHP/SOs, 53% in conventional health plans, 41% in HMOs, and 26% in POS plans are in a self-funded plan (Exhibit 10.4).
  - As expected, covered workers in large firms (200 or more workers) are more likely to be in a self-funded plan than covered workers in small firms (3–199 workers) (82% vs. 13%) (Exhibit 10.3). The percentage of covered workers in self-funded plans increases as the number of employees in a firm increases. Seventy-nine percent of covered workers in firms with 1,000 to 4,999 workers and 96% of covered workers in firms with 5,000 or more workers are in self-funded plans in 2011 (Exhibit 10.3).
- ▶ Fifty-eight percent of workers in self-funded health plans are in plans that have stoploss insurance (Exhibit 10.9). Stoploss coverage limits the amount that a plan sponsor has to pay in claims. Stoploss coverage may limit the amount of claims that must be paid for each employee or may limit the total amount the plan sponsor must pay for all claims over the plan year.
- ▶ Workers in self-funded plans in small firms (3–199 workers) are more likely than workers in self-funded

**Self-Funded Plan:** An insurance arrangement in which the employer assumes direct financial responsibility for the costs of enrollees' medical claims. Employers sponsoring self-funded plans typically contract with a third-party administrator or insurer to provide administrative services for the self-funded plan. In some cases, the employer may buy stop-loss coverage from an insurer to protect the employer against very large claims.

**Fully Insured Plan:** An insurance arrangement in which the employer contracts with a health plan that assumes financial responsibility for the costs of enrollees' medical claims.

plans in large firms (200 or more workers) to be in a plan with stoploss protection (72% vs. 57%) (Exhibit 10.9).

- ▶ About four in five (81%) workers in self-funded plans that have stoploss protection are in plans where the stoploss insurance limits the amount that the plan must spend on each employee (Exhibit 10.10).
- ▶ The average dollar amounts where the stoploss insurance begins paying benefits is \$78,321 for workers in small firms (3–199 workers) with self-funded plans and stoploss insurance that includes a limit on firm's per employee liability; and \$208,280 for workers in large firms (200 or more workers) with self-funded plans that includes a limit on a firm's per employee liability (Exhibit 10.10).

## EXHIBIT 10.1

## Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–199 Workers	13%	15%	17%	13%	10%	10%	13%	13%	12%	12%	15%	16%	13%
200–999 Workers	51	53	52	48	50	50	53	53	53	47	48	58*	50
1,000–4,999 Workers	62	69	66	67	71	78	78	77	76	76	80	80	79
5,000 or More Workers	62	72	70	72	79	80	82	89	86	89	88	93	96
<b>ALL FIRMS</b>	<b>44%</b>	<b>49%</b>	<b>49%</b>	<b>49%</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>57%</b>	<b>59%</b>	<b>60%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: Due to a change in the survey questionnaire, funding status was not asked of firms with conventional plans in 2006. Therefore, conventional plan funding status is not included in the averages in this exhibit for 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.2

## Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Conventional	65%	64%	65%	58%	49%	43%	53%	^	53%	47%	48%	61%	53%
HMO	16	23*	31*	27	29	29	32	33	34	40	40	41	41
PPO	60	63	61	61	61	64	65	63	65	64	67	67	70
POS	42	45	42	40	44	46	36	32	34	29	25	32	26
HDHP/SO	^	^	^	^	^	^	^	50	41	35	48*	61*	54
<b>ALL PLANS</b>	<b>44%</b>	<b>49%</b>	<b>49%</b>	<b>49%</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>57%</b>	<b>59%</b>	<b>60%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

^ Information was not obtained for conventional plans in 2006 and HDHP/SO plans prior to 2006.

Note: Due to a change in the survey questionnaire, funding status was not asked of firms with conventional plans in 2006. Therefore, conventional plan funding status is not included in this exhibit for 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.3

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, Region, and Industry, 2011

	Self-Funded (Employer Bears Some or All of Financial Risk)
<b>FIRM SIZE</b>	
200–999 Workers	50%*
1,000–4,999 Workers	79*
5,000 or More Workers	96*
<b>All Small Firms (3–199 Workers)</b>	<b>13%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>82%*</b>
<b>REGION</b>	
Northeast	61%
Midwest	65
South	64
West	47*
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	43%*
Manufacturing	68*
Transportation/Communications/Utilities	80*
Wholesale	58
Retail	63
Finance	64
Service	51*
State/Local Government	67
Health Care	60
<b>ALL FIRMS</b>	<b>60%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.4

## Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type and Firm Size, 2011

	Conventional	HMO	PPO	POS	HDHP/SO
3–199 Workers	NSD	5%*	19%*	6%*	11%*
200–999 Workers	NSD	16*	65	39	45
1,000–4,999 Workers	NSD	54	84*	40	89*
5,000 or More Workers	NSD	67*	98*	NSD	98*
<b>ALL FIRMS</b>	<b>53%</b>	<b>41%</b>	<b>70%</b>	<b>26%</b>	<b>54%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size category within plan type ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

NSD: Not Sufficient Data.

## EXHIBIT 10.5

## Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–199 Workers	5%	4%	14%	10%	5%	4%	10%	3%	1%	10%	6%	9%	5%
200–999 Workers	14	13	23	16	21	18	17	29	19	22	26	23	16
1,000–4,999 Workers	22	27	32	31	37	49	50	54	44	48	50	59	54
5,000 or More Workers	19	35*	40	38	44	40	44	47	58	66	61	65	67
<b>ALL HMO PLANS</b>	<b>16%</b>	<b>23%*</b>	<b>31%*</b>	<b>27%</b>	<b>29%</b>	<b>29%</b>	<b>32%</b>	<b>33%</b>	<b>34%</b>	<b>40%</b>	<b>40%</b>	<b>41%</b>	<b>41%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.6

## Percentage of Covered Workers in Partially or Completely Self-Funded PPO Plans, by Firm Size, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–199 Workers	19%	23%	23%	15%	13%	13%	18%	19%	17%	15%	21%	18%	19%
200–999 Workers	69	72	66	63	60	63	67	61	65	55	55	69*	65
1,000–4,999 Workers	84	89	87	83	85	88	88	85	87	85	87	85	84
5,000 or More Workers	87	88	87	93	93	93	95	97	90*	94	93	96	98
<b>ALL PPO PLANS</b>	<b>60%</b>	<b>63%</b>	<b>61%</b>	<b>61%</b>	<b>61%</b>	<b>64%</b>	<b>65%</b>	<b>63%</b>	<b>65%</b>	<b>64%</b>	<b>67%</b>	<b>67%</b>	<b>70%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.7

## Percentage of Covered Workers in Partially or Completely Self-Funded POS Plans, by Firm Size, 1999–2011

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–199 Workers	10%	10%	10%	10%	8%	9%	9%	6%	14%	9%	5%	9%	6%
200–999 Workers	35	39	40	21*	42*	42	31	36	33	20	39	53	39
1,000–4,999 Workers	62	71	60	67	73	63	48	62	47	52	53	60	40
5,000 or More Workers	75	77	76	67	71	77	74	80	89	65	76	85	NSD
<b>ALL POS PLANS</b>	<b>42%</b>	<b>45%</b>	<b>42%</b>	<b>40%</b>	<b>44%</b>	<b>46%</b>	<b>36%</b>	<b>32%</b>	<b>34%</b>	<b>29%</b>	<b>25%</b>	<b>32%</b>	<b>26%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.8

## Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/SOs, by Firm Size, 2006–2011

	2006	2007	2008	2009	2010	2011
3–199 Workers	7%	4%	7%	18%	24%	11%
200–999 Workers	57	27	48	36	53	45
1,000–4,999 Workers	81	86	72	81	88	89
5,000 or More Workers	100	97	91	96	99	98
<b>ALL HDHP/SOs</b>	<b>50%</b>	<b>41%</b>	<b>35%</b>	<b>48%*</b>	<b>61%*</b>	<b>54%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

Note: Information on funding status for HDHP/SOs was not collected prior to 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.9

Percentage of Covered Workers Enrolled in a Partially or Completely Self-Funded Plan Covered by Stoploss Insurance, by Firm Size, Region, and Industry, 2011

	Percentage of Covered Workers in a Self-Funded Plan Covered by Stoploss Insurance
<b>FIRM SIZE</b>	
50–199	85%*
200–999 Workers	90*
1,000–4,999 Workers	88*
5,000 or More Workers	40*
<b>All Small Firms (3–199 Workers)</b>	<b>72%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>57%*</b>
<b>REGION</b>	
Northeast	51%
Midwest	62
South	54
West	66
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	77%
Manufacturing	54
Transportation/Communications/Utilities	31*
Wholesale	68
Retail	60
Finance	58
Service	66
State/Local Government	31*
Health Care	76*
<b>ALL SELF-FUNDED FIRMS</b>	<b>58%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

## EXHIBIT 10.10

## Prevalence and Average Retention of Stoploss Insurance, by Firm Size and Region, 2011

	Percentage of Covered Workers in Partially or Completely Self-Funded Plans	Percentage of Covered Workers Enrolled in a Self-Funded Plan that Purchased Stoploss Insurance	Percentage of Covered Workers Enrolled in a Self-Funded Plan that Purchases Stoploss Insurance which Includes a Limit on Per Employee Spending <sup>‡</sup>	Average Per Employee Claims Cost at which Stoploss Insurance Pays Benefit <sup>‡</sup>
<b>FIRM SIZE</b>				
50–199 Workers	23%*	85%*	89%	\$73,824*
200–999 Workers	50*	90*	75	136,719*
1,000–4,999 Workers	79*	88*	84	205,210*
5,000 or More Workers	96*	40*	80	301,815*
<b>All Large Firms (200 or More Workers)</b>	<b>82%</b>	<b>57%</b>	<b>80%</b>	<b>\$208,280</b>
<b>REGION</b>				
Northeast	61%	51%	84%	\$204,066
Midwest	65	62	85	184,860
South	64	54	81	218,586*
West	47*	66	75	183,554*
<b>ALL FIRMS</b>	<b>60%</b>	<b>58%</b>	<b>81%</b>	<b>\$199,605</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region category ( $p < .05$ ).<sup>‡</sup> Totals includes stoploss insurance plans that limit a firm's per employee spending as well as plans that limit a firm's overall spending.

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10. Retention refers to the amount at which the stoploss insurance begins to pay benefits.

## EXHIBIT 10.11

Percentage of Covered Workers Enrolled in Partially or Completely Self-Insured Plans which Purchase Different Types of Stoploss Insurance, by Firm Size, 2011

	Stoploss Insurance Limits Per Employee Spending	Stoploss Insurance Limits Total Spending	Stoploss Insurance Limits both Per Employee and Total Spending	Other
50–199 Workers	66%	7%	23%	4%
200–999 Workers	44	12	31	13
1,000–4,999 Workers	60	7	24	9
5,000 or More Workers	61	11	19	9
<b>All Small Firms (3–199 Workers)</b>	<b>67%</b>	<b>6%</b>	<b>23%</b>	<b>4%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>57%</b>	<b>10%</b>	<b>23%</b>	<b>10%</b>
<b>ALL FIRMS</b>	<b>58%</b>	<b>10%</b>	<b>23%</b>	<b>9%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

60%

\$5,429

\$15,073

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Retiree Health  
Benefits

SECTION

11

2011

## RETIREE HEALTH BENEFITS

RETIREE HEALTH BENEFITS ARE AN IMPORTANT CONSIDERATION FOR OLDER WORKERS MAKING DECISIONS ABOUT THEIR RETIREMENT. HEALTH BENEFITS FOR RETIREES PROVIDE AN IMPORTANT SUPPLEMENT TO MEDICARE FOR RETIREES AGE 65 OR OLDER. AMONG FIRMS OFFERING HEALTH BENEFITS TO THEIR WORKERS, LARGE FIRMS (200 OR MORE WORKERS) ARE MUCH MORE LIKELY THAN SMALL FIRMS (3–199 WORKERS) TO OFFER RETIREE HEALTH BENEFITS.

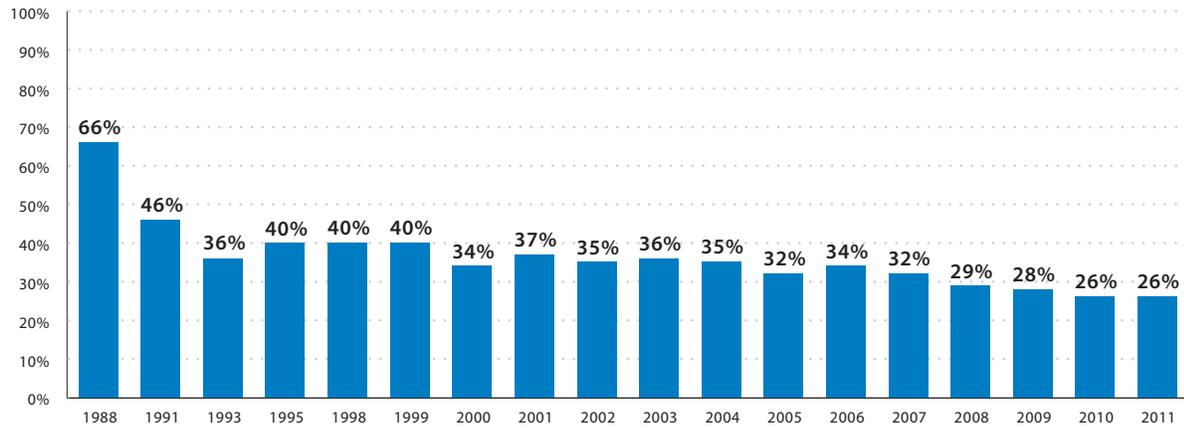
- ▶ Twenty-six percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2011, similar to 26% in 2010, but continuing the downward trend from 32% in 2005 and 66% in 1988 (Exhibit 11.1).<sup>1</sup>
- ▶ The offering of retiree health benefits varies considerably by firm characteristics.
  - Large firms are much more likely to offer retiree health benefits than small firms—26% vs. 6% (Exhibit 11.2).
  - Among large firms that offer health benefits, state and local governments are more likely (83%) than large firms in other industries to offer retiree health benefits. In contrast, large firms in the retail industry are less likely (15%) to offer retiree health benefits when compared to large firms in other industries (Exhibit 11.2).
  - Large firms with fewer part-time workers (less than 35% work part time) are more likely to offer retiree health benefits than large firms with many part-time workers (35% or more work part time)—29% vs. 10% (Exhibit 11.3).
  - Large firms with union workers are more likely to offer retiree health benefits than large firms without union workers—44% vs. 20% (Exhibit 11.3).
  - Large firms with more older workers (35% or more are age 50 or older) are more likely to offer retiree benefits than large firms with fewer older workers (less than 35% are age 50 or older)—31% vs. 23% (Exhibit 11.3).
- ▶ Among firms offering health benefits, virtually all large firms offer them to early retirees under the age of 65 (91%). A lower percentage (71%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4).

### NOTE:

<sup>1</sup> We now count the 0.25% of large firms that indicate they offer retiree coverage but have no retirees as offering retiree health benefits. Historical numbers have been recalculated so that the results are comparable.

## EXHIBIT 11.1

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers,  
Percentage of Firms Offering Retiree Health Benefits, 1988–2011



## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2011; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

Note: Tests found no statistical difference from estimate for the previous year shown ( $p < .05$ ). No statistical tests are conducted for years prior to 1999. Data have been edited to include the less than 1% of large firms who report "yes, but no retiree" responses in 2011. Historical numbers have been recalculated so that the results are comparable.

## EXHIBIT 11.2

Among Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2011

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
<b>FIRM SIZE</b>		
3–199 Workers	6%	—
200–999 Workers	—	24%*
1,000–4,999 Workers	—	32*
5,000 or More Workers	—	49*
<b>REGION</b>		
Northeast	3%	30%
Midwest	16	23
South	4	27
West	2	23
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	4%	30%
Manufacturing	1*	19
Transportation/Communications/Utilities	NSD	47*
Wholesale	9	16
Retail	2	15
Finance	4	42*
Service	9	19*
State/Local Government	NSD	83*
Health Care	0*	25
<b>ALL FIRMS</b>	<b>6%</b>	<b>26%</b>

## SOURCE:

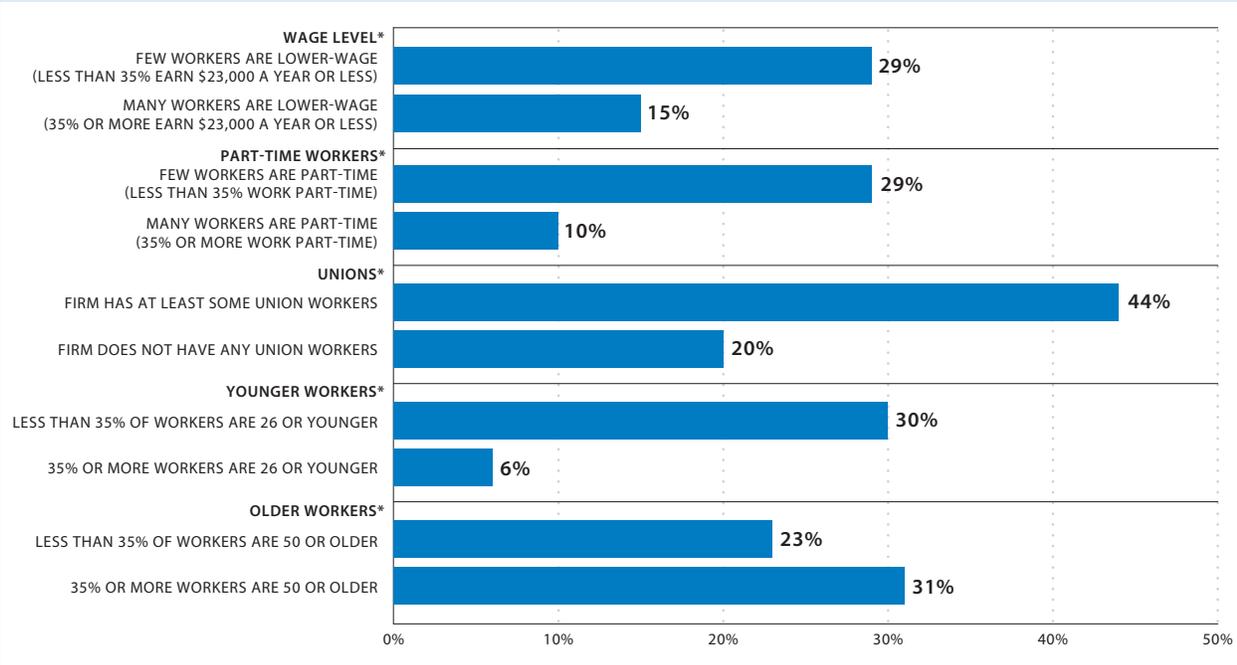
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within Small or Large Firm category from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

NSD: Not Sufficient Data.

EXHIBIT 11.3

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Characteristics, 2011



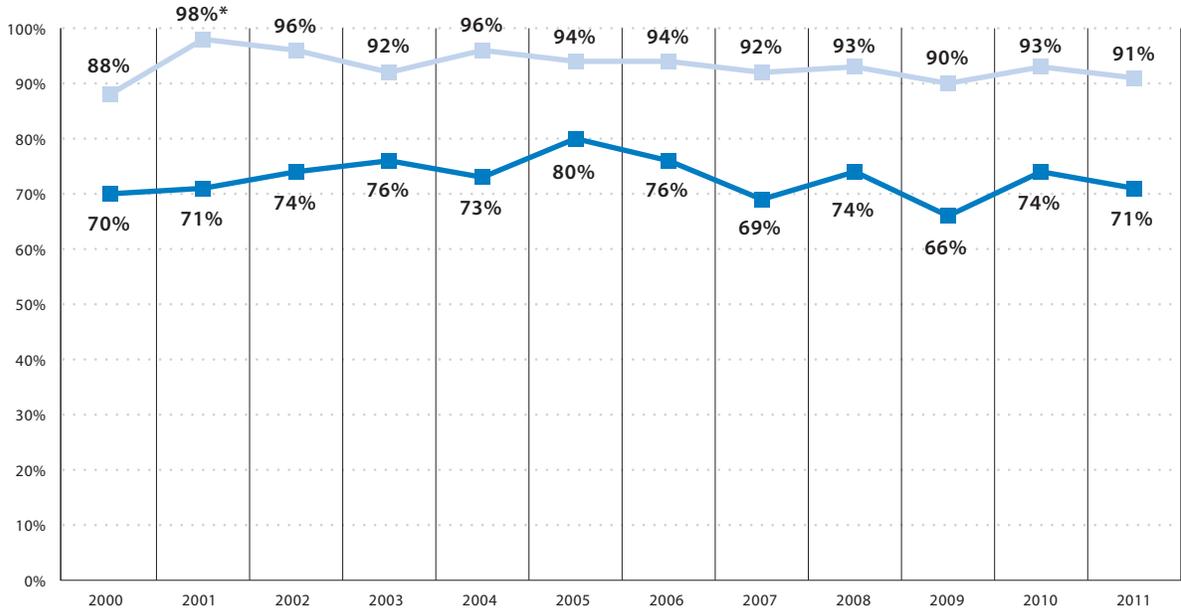
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimates are statistically different from each other within category (p<.05).

EXHIBIT 11.4

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Health Benefits to Early and Medicare-Age Retirees, 2000–2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2011.

\* Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: Early Retirees are workers retiring before age 65.

- OFFER HEALTH BENEFITS TO EARLY RETIREES
- OFFER HEALTH BENEFITS TO MEDICARE-AGE RETIREES (200 OR MORE WORKERS)

## EXHIBIT 11.5

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Retiree Health Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2011

	Percentage of Large Employers Offering Retiree Health Benefits to Early Retirees	Percentage of Large Employers Offering Retiree Health Benefits to Medicare-Age Retirees
<b>FIRM SIZE</b>		
200–999 Workers	90%	67%*
1,000–4,999 Workers	91	83*
5,000 or More Workers	95	78
<b>REGION</b>		
Northeast	87%	76%
Midwest	98*	72
South	91	65
West	87	72
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	90%	78%
Transportation/Communications/Utilities	97*	70
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	91	66
Service	85	71
State/Local Government	97*	64
Health Care	97*	80
<b>ALL LARGE FIRMS (200 or More Workers)</b>	<b>91%</b>	<b>71%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other large firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: Early Retirees are workers retiring before age 65.

NSD: Not Sufficient Data.



EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Wellness  
Programs and  
Health Risk  
Assessments

SECTION

12

60%

\$5,429

\$15,073

2011

## WELLNESS PROGRAMS AND HEALTH RISK ASSESSMENTS

A MAJORITY OF FIRMS OFFERING HEALTH BENEFITS OFFER SOME TYPE OF WELLNESS PROGRAM, WITH LARGE FIRMS (200 OR MORE WORKERS) BEING MORE LIKELY THAN SMALLER FIRMS (3–199 WORKERS) TO OFFER A WELLNESS BENEFIT.

### WELLNESS BENEFITS

- ▶ In an effort to improve health and lower costs, some employers and health plans offer wellness programs. Wellness programs may range from classes in nutrition or healthy living to a wellness newsletter.
  - Sixty-five percent of firms offering health benefits offer at least one of the following wellness programs: weight loss programs, gym membership discounts or on-site exercise facilities, smoking cessation programs, personal health coaching, classes in nutrition or healthy living, web-based resources for healthy living, or a wellness newsletter.<sup>1</sup> The percentage of firms offering one of these wellness programs in 2011 is similar to the percentage reported in 2010 (74%). The offer rate for each type of wellness benefit included in the survey is presented in Exhibit 12.1 and Exhibit 12.2. Fifty-two percent of firms offering health benefits and wellness benefits offer the wellness benefits to spouses or dependents (Exhibit 12.4).
  - Among firms offering health benefits and at least one wellness program, 87% of employers report that most of the wellness benefits they offer are provided by the health plan (Exhibit 12.4).<sup>2</sup> Small firms are more likely than larger firms to report that that most wellness programs are provided by the health plan (88% vs. 68%) (Exhibit 12.4).
- ▶ In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.<sup>3</sup>
  - Fourteen percent of firms offering health benefits offer gift cards, travel, merchandise, or cash to workers who participate in wellness programs. Large firms (200 or more workers) are more likely to offer these incentives than small firms (3–199 workers) (27% vs. 13%) (Exhibit 12.5).
  - Very few firms offering health benefits vary premium contributions (2%) or deductibles (1%) as an incentive to encourage employees to participate. Among firms that offer a high-deductible plan paired with a HRA or HSA, 1% of firms offer workers who participate in wellness programs higher HSA or HRA contributions than employees who do not participate (Exhibit 12.5). These percentages are all similar to those reported in 2010.
  - Although few firms offer financial incentives for wellness program participation, large firms (200 or more workers) are more likely to offer financial incentives than small firms (3–199 workers) including a smaller share of the premium (11% vs. 2%) or, for those firms offering a high-deductible plan with a savings option, higher account contributions (11% vs. 1%) (Exhibit 12.5).

#### NOTES:

<sup>1</sup> Respondents were given the option to report “other” types of wellness programs. If those firms that responded “other” are included, the percentage offering at least one wellness benefit is 67%.

<sup>2</sup> The survey asks firms offering at least one wellness program if most of the wellness benefits are provided by the health plan or by the firm.

<sup>3</sup> Firms that offer only web-based resources or a wellness newsletter are not asked questions about any financial incentives provided.

- ▶ Firms sometimes use methods such as health fairs or health claims that identify health risks to identify individuals and encourage participation in wellness programs.
  - Nine percent of firms offering health benefits and wellness programs use health fairs to identify individuals and encourage participation in wellness programs, the same percentage reported in 2010. About 10% of firms report the use of claims to identify individuals and encourage wellness participation, similar to the 8% reported in 2010 (Exhibit 12.6).
  - Large firms (200 or more workers) are more likely than small firms (3–199 workers) to use health fairs or claims information to encourage wellness participation. Forty percent of large firms (200 or more workers) offering health benefits and wellness benefits use health fairs to encourage participation in wellness programs, compared to 8% of small firms (3–199 workers). Thirty-two percent of large firms offering health benefits and wellness benefits use claims to identify individuals and encourage participation in wellness, compared to 9% of small firms (Exhibit 12.6).
- ▶ Among firms offering health benefits and wellness programs in 2011, 46% report that their primary reason for offering wellness programs is that the benefits are part of the health plan. Twenty-six percent of firms report that their primary reason for offering a wellness program is to improve the health of employees and reduce absenteeism, 9% say that it is to improve morale and productivity, and 8% say that it is to reduce health care costs. Large firms are more likely than small firms to report that reducing health care costs (29% vs. 7%) or that improving the health of employees and reducing absenteeism (41% vs. 25%) was a primary reason for offering wellness programs (Exhibit 12.7).<sup>4</sup>
- ▶ Among firms offering an HDHP/SO and wellness benefits, 23% report that their decision to offer a wellness program was related to their decision to offer a high-deductible health plan.
- ▶ Among firms offering health benefits and wellness programs, 65% think offering wellness programs is effective in improving the health of the firm's employees. Fifty-three percent of firms offering health coverage and wellness programs think offering wellness programs is effective in reducing their firm's health care costs. Large firms are more likely than small firms to think offering wellness programs is effective in reducing health care costs (65% vs. 52%) (Exhibit 12.8).<sup>5</sup>

#### HEALTH RISK ASSESSMENTS

- ▶ Some firms give their employees the option of completing a health risk assessment to identify potential health risks. Health risk assessments generally include questions about medical history, health status, and lifestyle.
  - Overall, 22% of firms offering health benefits offer health risk assessments to their employees, which is a significant increase from the 11% reported in 2010. Fifty-two percent of large firms (200 or more workers) offering health benefits provide this option, compared to 21% of small firms (3–199 workers) (Exhibit 12.9).
  - Thirty-five percent of firms that offer health risk assessments use them as a method to identify individuals and encourage their participation in wellness programs. Large firms (200 or more workers) are more likely than smaller firms to use health risk assessments to encourage participation in wellness programs (65% vs. 32%) (Exhibit 12.9).

#### NOTE:

<sup>4</sup> Four percent of firms reported "don't know" when asked their primary reason for offering wellness programs.

<sup>5</sup> Four percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Five percent said "Don't Know" to whether they think wellness programs are effective in reducing health care costs.

- ▶ Some firms offer financial incentives to encourage employees to complete health risk assessments.
  - Of those firms offering health benefits that offer health risk assessments, 10% offer a financial incentive to employees who complete a health risk assessment, with large firms (200 or more workers) more likely than small firms (3–199 workers) to do so (42% vs. 7%) (Exhibit 12.9).
- The survey asked those firms that reported offering financial incentives about some specific types of incentives they may offer. Among firms that reported offering financial incentives to employees who complete a health risk assessment, 41% of firms reported that they offer gift cards, travel, merchandise, or cash; 23% of firms reported that employees pay a smaller share of the premium; 12% reported employees have a smaller deductible; and 1% reported employees have a lower coinsurance rate (Exhibit 12.10).

## EXHIBIT 12.1

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2011

	Gym Membership Discounts or On-Site Exercise Facilities	Smoking Cessation Program	Web-based Resources for Healthy Living	Wellness Newsletter	Personal Health Coaching
<b>FIRM SIZE</b>					
3–24 Workers	25%*	29%*	43%*	40%*	26%
25–199 Workers	44*	41*	61*	51	28
200–999 Workers	63*	60*	76*	61*	40*
1,000–4,999 Workers	70*	70*	87*	63*	51*
5,000 or More Workers	71*	81*	91*	57*	64*
<b>All Small Firms (3–199 Workers)</b>	<b>29%*</b>	<b>31%*</b>	<b>47%*</b>	<b>42%*</b>	<b>27%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>64%*</b>	<b>63%*</b>	<b>78%*</b>	<b>61%*</b>	<b>42%*</b>
<b>REGION</b>					
Northeast	37%	37%	52%	49%	27%
Midwest	32	37	54	49	28
South	34	25	38	32	20
West	15*	32	49	43	34
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	27%	46%	45%	48%	36%
Manufacturing	65*	67*	87*	59	58
Transportation/Communications/Utilities	23	41	75*	69*	46*
Wholesale	39	43	52	32	36
Retail	17	21	44	31	25
Finance	25	18	45	22*	8*
Service	28	25	47	42	24
State/Local Government	34	26	29	75*	17*
Health Care	25	33	27*	46	14
<b>ALL FIRMS</b>	<b>30%</b>	<b>32%</b>	<b>48%</b>	<b>43%</b>	<b>27%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: The offer rates for additional types of wellness programs are presented in Exhibit 12.2.

## EXHIBIT 12.2

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2011

	Weight Loss Programs	Classes in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program <sup>‡</sup>	Other Wellness Program
<b>FIRM SIZE</b>				
3–24 Workers	25%*	27%	61%*	14%*
25–199 Workers	38*	33	79*	21
200–999 Workers	51*	47*	89*	33*
1,000–4,999 Workers	62*	55*	97*	46*
5,000 or More Workers	70*	63*	98*	50*
<b>All Small Firms (3–199 Workers)</b>	<b>28%*</b>	<b>28%*</b>	<b>65%*</b>	<b>15%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>53%*</b>	<b>49%*</b>	<b>90%*</b>	<b>36%*</b>
<b>REGION</b>				
Northeast	35%	30%	69%	11%
Midwest	31	31	76	23
South	25	22	54	15
West	22	34	65	14
<b>INDUSTRY</b>				
Agriculture/Mining/Construction	36%	33%	64%	16%
Manufacturing	62*	54*	91*	26
Transportation/Communications/Utilities	24	34	80	12
Wholesale	45	46	71	25
Retail	34	10*	54	15
Finance	18	15	57	6*
Service	17*	26	65	15
State/Local Government	28	23	95*	15
Health Care	33	30	56	14
<b>ALL FIRMS</b>	<b>29%</b>	<b>29%</b>	<b>65%</b>	<b>16%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

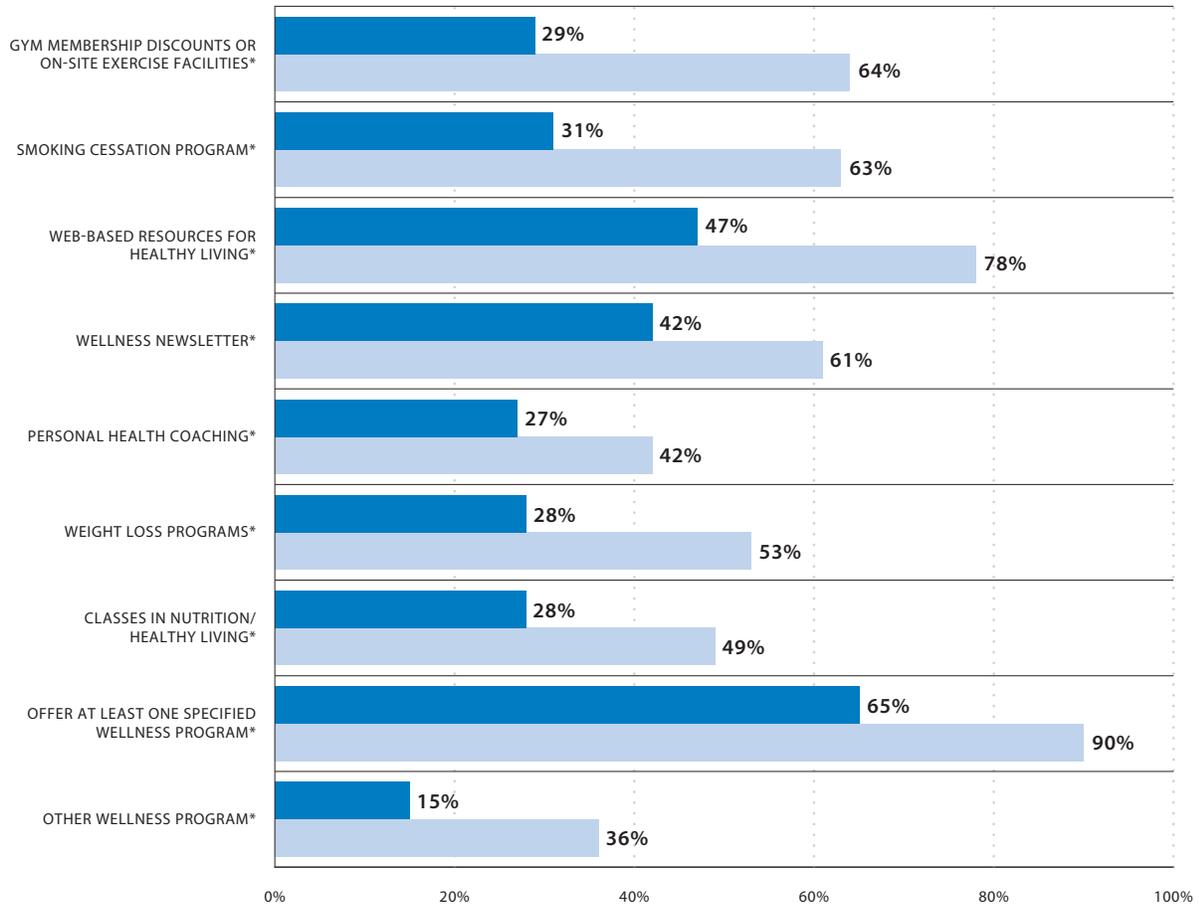
\* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

<sup>‡</sup> Includes the following wellness programs: weight loss programs, gym membership discounts or on-site exercise facilities, smoking cessation program, personal health coaching, classes in nutrition or healthy living, web-based resources for healthy living, or a wellness newsletter. Respondents were given the option to reply that they offer another type of wellness benefit. If those that responded "other" are included in the percentage of firms offering at least one wellness benefit, the percentage is 67%.

Note: The offer rates for additional types of wellness programs are presented in Exhibit 12.1.

EXHIBIT 12.3

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

■ ALL SMALL FIRMS (3-199 WORKERS)  
 ■ ALL LARGE FIRMS (200 OR MORE WORKERS)

\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

## EXHIBIT 12.4

Among Firms Offering Health Benefits, Percentage of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2011

	Wellness Benefits Offered to Spouses or Dependents	Most Wellness Benefits Are Provided By the Health Plan
<b>FIRM SIZE</b>		
3–24 Workers	48%*	91%*
25–199 Workers	62	79*
200–999 Workers	66*	71*
1,000–4,999 Workers	62	58*
5,000 or More Workers	74*	56*
<b>All Small Firms (3–199 Workers)</b>	<b>52%*</b>	<b>88%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>66%*</b>	<b>68%*</b>
<b>REGION</b>		
Northeast	48%	92%
Midwest	47	89
South	55	79
West	60	90
<b>ALL FIRMS</b>	<b>52%</b>	<b>87%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

Note: The survey asks firms offering at least one wellness program if most of the wellness benefits are provided by the health plan or by the firm.

## EXHIBIT 12.5

Among Firms Offering Health and Wellness Benefits, Percentage of Firms That Offer Specific Incentives to Employees Who Participate in Wellness Programs, by Firm Size and Region, 2011

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Receive Higher HRA or HSA Contributions <sup>‡</sup>	Receive Gift Cards, Travel, Merchandise, or Cash
<b>FIRM SIZE</b>				
3–24 Workers	0%*	1%	NSD	14%
25–199 Workers	7*	1	3%	11
200–999 Workers	8*	2	10*	26*
1,000–4,999 Workers	18*	2	13*	32*
5,000 or More Workers	27*	5*	13*	31*
<b>All Small Firms (3–199 Workers)</b>	<b>2%*</b>	<b>1%</b>	<b>1%*</b>	<b>13%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>11%*</b>	<b>2%</b>	<b>11%*</b>	<b>27%*</b>
<b>REGION</b>				
Northeast	1%	1%	1%	6%
Midwest	3	<1	<1	6
South	1	2	6	21
West	4	1	1	22
<b>ALL FIRMS</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>14%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different within type of incentive from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

<sup>‡</sup> Only firms that offer an HDHP/HRA or HSA-qualified HDHP were asked if participating employees receive higher contributions as an incentive to participate in wellness programs.

NSD: Not Sufficient Data.

## EXHIBIT 12.6

Among Firms Offering Health Benefits and Wellness Programs, Percentage That Use Specific Methods to Identify Individuals and Encourage Participation in Wellness Programs, by Firm Size, Region, and Industry, 2011

	Health Fairs	Use of Claims to Identify Health Risks	Health Risk Assessments <sup>‡</sup>
<b>FIRM SIZE</b>			
3–24 Workers	5%*	8%	NSD
25–199 Workers	14	9	36%
200–999 Workers	36*	28*	61*
1,000–4,999 Workers	54*	46*	74*
5,000 or More Workers	60*	57*	79*
<b>All Small Firms (3–199 Workers)</b>	<b>8%*</b>	<b>9%*</b>	<b>32%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>40%*</b>	<b>32%*</b>	<b>65%*</b>
<b>REGION</b>			
Northeast	8%	6%	39%
Midwest	7	6	11*
South	13	6	34
West	10	21	74*
<b>INDUSTRY</b>			
Agriculture/Mining/Construction	2%*	1%*	5%*
Manufacturing	8	3	26
Transportation/Communications/Utilities	14	15	26
Wholesale	12	14	74*
Retail	2*	3	14
Finance	10	9	41
Service	11	15	36
State/Local Government	13	15	41
Health Care	14	9	62
<b>ALL FIRMS</b>	<b>9%</b>	<b>10%</b>	<b>35%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

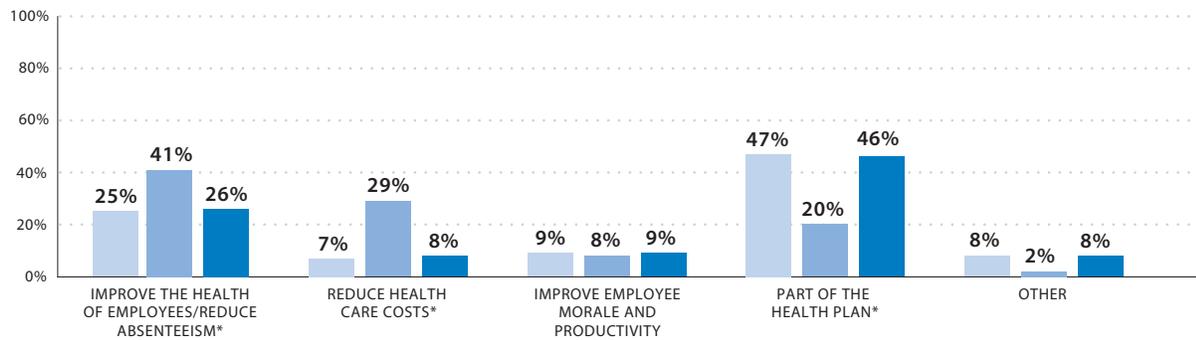
\* Estimate is statistically different from all firms not in the indicated size, region, or industry category ( $p < .05$ ).

‡ A firm's use of health risk assessments to encourage participation in wellness is asked only of firms who offer employees the option to take a health risk assessment. A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

EXHIBIT 12.7

Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms Reporting the Following as the Firm's Primary Reason for Offering Wellness Programs, by Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)
- ALL FIRMS

\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

Note: 4% percent of firms reported "Don't Know" to the question about their primary reason for offering wellness.

## EXHIBIT 12.8

Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms That Think Offering Wellness Programs is Effective at Improving Health or Reducing Costs, by Firm Size, 2011

	Effective in Improving the Health of Employees	Effective in Reducing the Firm's Health Care Costs
<b>FIRM SIZE</b>		
3–24 Workers	64%	53%
25–199 Workers	67	52
200–999 Workers	72	63
1,000–4,999 Workers	81*	70*
5,000 or More Workers	85*	75*
<b>All Small Firms (3–199 Workers)</b>	<b>65%</b>	<b>52%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>74%</b>	<b>65%*</b>
<b>ALL FIRMS</b>	<b>65%</b>	<b>53%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: Four percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Five percent said "Don't Know" to whether they think wellness programs are effective in reducing the firm's health care costs.

## EXHIBIT 12.9

Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees Health Risk Assessments, Offer Incentives to Complete Assessments, and Use Assessments to Increase Wellness Participation, by Firm Size and Region, 2011

	Offer Employees Option to Complete Health Risk Assessment	Offer Financial Incentives to Employees Who Complete an Assessment <sup>‡</sup>	Use Health Risk Assessments to Increase Wellness Participation <sup>‡</sup>
<b>FIRM SIZE</b>			
3–24 Workers	21%	4%*	NSD
25–199 Workers	21	21*	36%
200–999 Workers	47*	38*	61*
1,000–4,999 Workers	72*	52*	74*
5,000 or More Workers	81*	59*	79*
<b>All Small Firms (3–199 Workers)</b>	<b>21%*</b>	<b>7%*</b>	<b>32%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>52%*</b>	<b>42%*</b>	<b>65%*</b>
<b>REGION</b>			
Northeast	18%	13%	39%
Midwest	27	7	11*
South	19	15	34
West	23	4	74*
<b>ALL FIRMS</b>	<b>22%</b>	<b>10%</b>	<b>35%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

<sup>‡</sup> Among firms offering employees the option to complete a health risk assessment.

NSD: Not Sufficient Data.

Note: A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed.

## EXHIBIT 12.10

Among Firms Offering Financial Incentives for Health Risk Assessments, Percentage of Firms That Offer the Following Incentives to Complete Assessments, by Firm Size and Region, 2011

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Workers Have Lower Coinsurance	Workers Receive Gift Cards, Travel, Merchandise, or Cash
<b>FIRM SIZE</b>				
200–999 Workers	32%	6%	3%	60%*
1,000–4,999 Workers	35	5	2	54
5,000 or More Workers	45*	5	0	47
<b>All Small Firms (3–199 Workers)</b>	<b>19%</b>	<b>15%</b>	<b>0%</b>	<b>34%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>34%</b>	<b>6%</b>	<b>3%</b>	<b>57%*</b>
<b>REGION</b>				
Northeast	21%	2%	2%	38%
Midwest	36	2	0	48
South	21	27	0	30
West	13	2	0	73*
<b>All Firms</b>	<b>23%</b>	<b>12%</b>	<b>1%</b>	<b>41%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

Note: A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed.

60%

\$5,429

\$15,073

2011

EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

---

Health Reform

---

SECTION  
13

## HEALTH REFORM

THE AFFORDABLE CARE ACT (ACA), ENACTED IN 2010, WILL MEANINGFULLY CHANGE THE AMERICAN HEALTH CARE SYSTEM, INCLUDING THE EMPLOYER-SPONSORED HEALTH INSURANCE MARKET. WHILE MANY OF THE MOST SIGNIFICANT PROVISIONS OF THE ACA TAKE EFFECT IN 2014, IMPORTANT PROVISIONS BECAME EFFECTIVE IN 2010 AND OTHERS WILL TAKE EFFECT OVER THE NEXT SEVERAL YEARS. THE 2011 SURVEY ASKED EMPLOYERS ABOUT PROVISIONS WHICH HAVE ALREADY BECOME EFFECTIVE, INCLUDING QUESTIONS ABOUT GRANDFATHERED HEALTH PLANS, EXTENDING COVERAGE TO CHILDREN THROUGH THE AGE OF 25, COST SHARING FOR PREVENTIVE CARE, AND PREMIUM TAX CREDITS FOR SMALL EMPLOYERS.

## GRANDFATHERING

The Patient Protection and Affordable Care Act (ACA) provides new standards for employer-sponsored health plans. Many of these standards do not apply to “grandfathered” health plans, those that were created before the passage of the ACA (March 23, 2010) and which have not been substantially changed since that time. Interim final rules released by the Department of Health and Human Services on June 17, 2010, and amended on November 17, 2010, stipulate that firms cannot significantly change cost sharing, benefits, employer contributions, or access to coverage in grandfathered plans.<sup>1</sup> New employees can enroll in a grandfathered plan as long as the firm has maintained consecutive enrollment in the plan.

While grandfathered plans are exempted from most of the ACA’s new requirements, they must comply with the following provisions as they become effective: (1) provide a uniform explanation of coverage, (2) report medical loss ratios and provide premium rebates if medical loss ratios are not met, (3) prohibit lifetime and annual limits (phased out by 2014) on essential health benefits, (4) extend dependent coverage to age 26, (5) prohibit health plan rescissions, (6) prohibit waiting periods greater than 90 days, and (7) prohibit coverage exclusions for pre-existing health conditions.<sup>2</sup> Firms must decide whether to grandfather their insurance plans, which limits the changes they can make to their plans, or whether to comply with the full set of new health reform requirements.

## NOTE:

<sup>1</sup> *Federal Register*. Vol. 75, No. 116, June 17, 2010, <http://www.gpo.gov/fdsys/pkg/FR-2010-06-17/pdf/2010-14614.pdf>, and No. 221, Nov. 17, 2010, <http://edocket.access.gpo.gov/2010/pdf/2010-28861.pdf>.

<sup>2</sup> United States. Congressional Research Service CRS. Open CRS. By Bernadette Fernandez. Grandfathered Health Plans Under the Patient Protection and Affordable Care Act (PPACA), Jan. 2, 2011. [http://assets.opencrs.com/rpts/R41166\\_20110103.pdf](http://assets.opencrs.com/rpts/R41166_20110103.pdf).

- ▶ Seventy-two percent of firms reported that they had at least one health plan that was a grandfathered plan.
  - Small firms (3–199 workers) were more likely than larger firms to report having at least one grandfathered health plan (72% vs. 61%) (Exhibit 13.1).
- ▶ Looking at worker enrollment, 56% of covered workers were enrolled in a grandfathered health plan.
  - Covered workers in small firms (3–199 workers) are more likely to be enrolled in a grandfathered health plan than covered workers in larger firms (63% vs. 53%) (Exhibit 13.2).
- ▶ Firms that did not have a grandfathered health plan were asked why their sponsored plans were not grandfathered. Firms were permitted to give more than one response. Twenty-eight percent of covered workers are in plans that were not in effect when the ACA was enacted. Roughly similar percentages of workers are in plans where the deductibles (37%), employee premium contributions (35%), or plan benefits (29%) changed more than was permitted for plans to maintain grandfathered status (Exhibit 13.3). Among firms selecting some other reason, numerous firms responded that being grandfathered was administratively difficult or that being grandfathered would limit the firm’s flexibility in the future (Exhibit 13.3).

- The reasons plans were not grandfathered varied by firm size, with workers in small firms (3 to 199 workers) much more likely than workers in large firms to be in a new plan that was not in effect when the ACA was enacted (63% vs. 18%) and generally less likely to be affected by plan changes. Workers in large firms are more likely than workers in small firms to be in a plan where the deductibles or copays have changed (40% vs. 24%) or where employee premium contributions have changed more than permitted by federal law (41% vs. 15%) (Exhibit 13.3).

#### EXTENDING COVERAGE TO CHILDREN TO AGE 26

Starting September 23, 2010, the ACA requires all health plans to extend coverage to the children of covered workers up to age 26, whether or not the child is financially dependent. Until 2014, grandfathered health plans are not required to extend coverage to a child of a covered worker if the child has access to employer-sponsored coverage either from a spouse or independently.<sup>3</sup> The survey asked firms whether any adult children who would not have been eligible for the plan prior to the change in law had enrolled in health coverage under this provision.

- ▶ Twenty percent of firms report that they enrolled at least one adult child due to the ACA where the child would not otherwise been eligible to enroll in the firm's health plan (Exhibit 13.4).
  - Large firms (200 or more workers) are more likely to have enrolled an adult child due to the ACA than smaller firms (70% vs. 19%) (Exhibit 13.4).
- ▶ The numbers of children who enroll under this provision are closely related to the number of workers in the firm. Smaller firms (324 workers) on average enroll two adult children due to the provision, while the largest firms (5,000 or more workers) enroll an average of 492 adult children (Exhibit 13.5).
- ▶ In total, an estimated 2.3 million adult children were enrolled in their parent's employer-sponsored health plan due to the Affordable Care Act.

#### NOTE:

<sup>3</sup> *Federal Register*. Vol. 75, No. 92, May 13, 2010, <http://www.gpo.gov/fdsys/pkg/FR-2010-05-13/pdf/2010=11391.pdf#page=15>.

<sup>4</sup> Internal Revenue Service, Notice 2010-82, Part III – Administrative, Procedural and Miscellaneous, Section 45R – Tax Credit for Employee Health Insurance Expenses of Small Employers, <http://www.irs.gov/pub/irs-drop/n-10-82.pdf>.

#### COST SHARING FOR PREVENTIVE CARE

The ACA requires non-grandfathered health plans to provide coverage for certain preventive services without deductibles or other cost sharing. Grandfathered health plans also are permitted to conform their coverage and cost sharing for preventive care without compromising their grandfathered status. Firms were asked whether they changed their policy regarding copayments or coinsurance for preventive benefits or whether they changed the list of services considered to be preventive due to the provisions in the ACA.

- ▶ Twenty-three percent of covered workers are in plans where the firm reported that their policy regarding copayments or coinsurance for preventive services changed due to provisions in the ACA (Exhibit 13.6).
  - Covered workers in large firms (200 or more workers) are more likely than covered workers in smaller firms to be in such a plan (28% vs. 13%) (Exhibit 13.6).
- ▶ Thirty-one percent of covered workers are in a plan that changed the list of services considered preventive due to the ACA (Exhibit 13.6).
  - Covered workers in large firms (200 or more workers) are more likely than workers in smaller firms to report making such a change (34% vs. 25%) (Exhibit 13.6).

#### TAX CREDIT FOR SMALL FIRMS

The ACA provides a temporary tax credit for some small firms that offer health insurance. To be eligible, firms must have fewer than 25 full-time equivalent workers and have average annual wages of less than \$50,000.<sup>4</sup> In addition, employers must contribute at least 50% of the cost of the health insurance offered to employees. The maximum tax credit for years 2010 through 2013 is 35% of employer premium costs (25% for tax-exempt employers). Smaller employers (10 or fewer full-time equivalent workers) with very low wages (less than \$25,000 per employee) are eligible for the full tax credit

amount. The value of the tax credit is on a sliding scale, phasing out as the number of employees and wages of workers increase. Starting in 2014, eligible employers will be able to claim the tax credit for 50% (35% for tax-exempt employers) of their premium contribution if the coverage is purchased on an exchange.

The survey asked small firms about their awareness of the small firm tax credit. Firms that offer coverage were asked whether they intended to claim the tax credit, while firms that do not offer coverage were asked whether they have considered offering coverage because of the tax credit.

Because our survey gathers information about the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the credit. In addition, because the number of full-time equivalent employees and average wages are determined over the entire year, firms may not know if they will be eligible for the credit at the point they were interviewed. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify for the tax credit, we directed questions to employers with 3 to 49 total employees. This approach allowed us to capture some employers with more than 25 employees who would nonetheless be eligible for the tax credit, but it also means that some employers who are unlikely to be eligible for the tax credit (because they have more than 25 full-time equivalent employees) were asked these questions.

#### **Firms Offering Health Benefits:**

- ▶ Twenty-nine percent of small firms (3 to 49 employees) offering health benefits have attempted to determine their eligibility for the tax credit (Exhibit 13.7).
- ▶ Of the firms that attempted to determine eligibility, 30% said that they intend to claim the credit for both 2010 and 2011, 21% said they do not intend to claim the credit for either year, 41% are not sure, and small percentages said they do not know if they will claim the credit or they intend to claim it for only one of the two years (Exhibit 13.7).
- ▶ Eighty-seven percent of firms who have attempted to determine their eligibility but are not planning to claim the credit in either year believed that they were not eligible. In addition, 10% of these firms believed that the tax credit was too small, and 3% of firms believed that claiming the credit was too much of a hassle.

#### **Firms Not Offering Health Benefits:**

- ▶ Half (50%) of small firms (3 to 49 employees) who do not offer health benefits are aware of the tax credit (Exhibit 13.8).
- ▶ Fifteen percent of non-offering small firms (3 to 49 employees) considered health insurance because of the tax credit (Exhibit 13.8).

## EXHIBIT 13.1

Percentage of Firms with At Least One Plan Grandfathered under the Affordable Care Act (ACA), by Size, Region and Industry, 2011

	Percentage of Firms with At Least One Grandfathered Plan
<b>FIRM SIZE</b>	
3–24 Workers	76%*
25–49 Workers	54*
50–199 Workers	65
200–999 Workers	61*
1,000–4,999 Workers	59*
5,000 or More Workers	57*
<b>All Small Firms (3–199 Workers)</b>	<b>72%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>61%*</b>
<b>REGION</b>	
Northeast	68%
Midwest	71
South	72
West	75
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	86%*
Manufacturing	46*
Transportation/Communications/Utilities	80
Wholesale	76
Retail	86*
Finance	72
Service	72
State/Local Government	82
Health Care	54
<b>ALL FIRMS</b>	<b>72%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry ( $p < .05$ ).

## EXHIBIT 13.2

Percentage of Covered Workers Enrolled in Plans Grandfathered under the Affordable Care Act (ACA), by Size, Region, and Industry, 2011

	Percentage of Covered Workers in a Grandfathered Health Plan
<b>FIRM SIZE</b>	
3–24 Workers	69%*
25–49 Workers	52
50–199 Workers	63
200–999 Workers	61
1,000–4,999 Workers	54
5,000 or More Workers	49*
<b>All Small Firms (3–199 Workers)</b>	<b>63%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>53%*</b>
<b>REGION</b>	
Northeast	52%
Midwest	57
South	51
West	64*
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	65%
Manufacturing	46
Transportation/Communications/Utilities	41
Wholesale	58
Retail	65
Finance	53
Service	56
State/Local Government	55
Health Care	67*
<b>ALL FIRMS</b>	<b>56%</b>

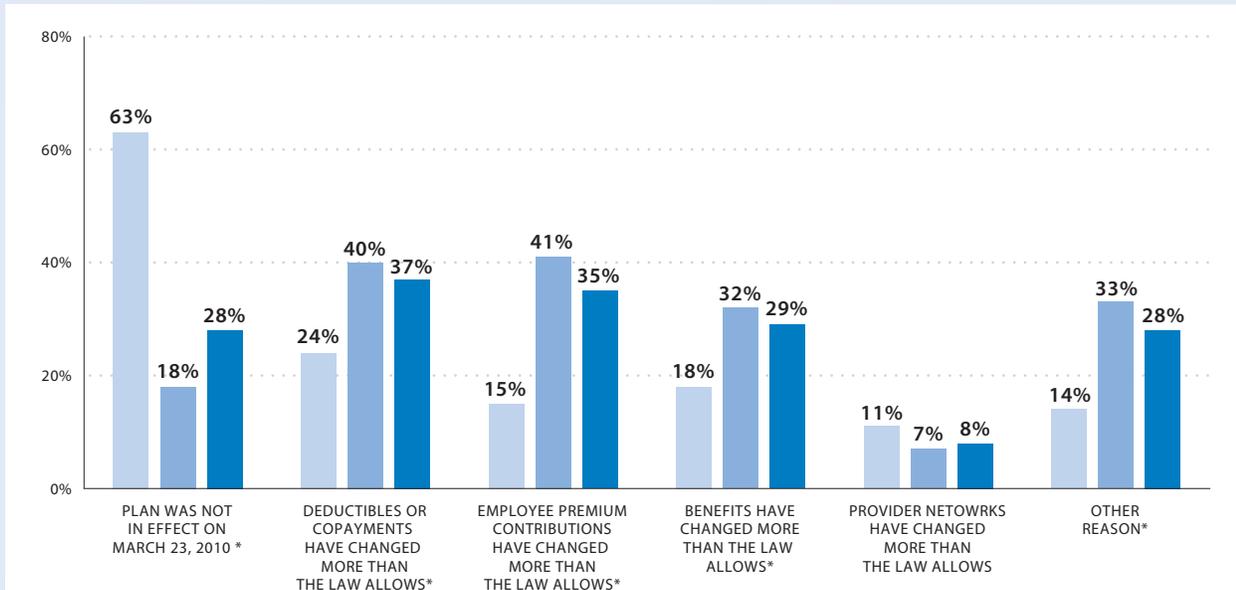
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry ( $p < .05$ ).

EXHIBIT 13.3

Among Covered Workers in a Non-Grandfathered Health Plan, Reasons Why Plan is Not a Grandfathered Health Plan, by Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

■ ALL SMALL FIRMS (3-199 WORKERS)  
■ ALL LARGE FIRMS (200 OR MORE WORKERS)  
■ ALL FIRMS

\* Estimate is statistically different between All Small Firms and All Large Firms (p<.05).

Note: A significant portion of the respondents who selected "Other Reason" believed that grandfathering their health plan was "administratively difficult" or would limit the "firm's flexibility in the future." Firms were permitted to select multiple responses.

## EXHIBIT 13.4

Percentage of Firms Offering Family Coverage That Enrolled Adult Dependents up to 26 Years of Age Because of the Affordable Care Act (ACA), by Size, Region, and Industry, 2011

	Percentage of Firms Who Enrolled Adult Dependents Because of the ACA
<b>FIRM SIZE</b>	
3–24 Workers	13%*
25–199 Workers	37*
200–999 Workers	66*
1,000–4,999 Workers	86*
5,000 or More Workers	90*
<b>All Small Firms (3–199 Workers)</b>	<b>19%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>70%*</b>
<b>REGION</b>	
Northeast	27%
Midwest	21
South	19
West	15
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	3%*
Manufacturing	25
Transportation/Communications/Utilities	33
Wholesale	58*
Retail	9*
Finance	26
Service	22
State/Local Government	11
Health Care	13
<b>ALL FIRMS</b>	<b>20%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry ( $p < .05$ ).

Note: The question asked firms if they enrolled adult dependents who would not have been eligible before the ACA provision took effect.

## EXHIBIT 13.5

Among Firms That Enrolled Adult Dependents Due to the Affordable Care Act (ACA), the Average Number of Adult Dependents Enrolled, by Size, 2011

	Average Number of Adult Dependents Enrolled in Health Plans Because of the ACA
<b>FIRM SIZE</b>	
3–24 Workers	2
25–199 Workers	3
200–999 Workers	10
1,000–4,999 Workers	52
5,000 or More Workers	492
<b>All Small Firms (3–199 Workers)</b>	<b>2</b>
<b>All Large Firms (200 or More Workers)</b>	<b>42</b>
<b>ALL FIRMS</b>	<b>6</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

## EXHIBIT 13.6

Among Covered Workers, Changes to Cost Sharing for Preventive Services Because of the Affordable Care Act (ACA), by Firm Size, 2011

	Percentage of Workers in a Plan Where Cost Sharing Changed for Preventive Services Because of the ACA	Percentage of Workers in a Plan Where the Services Considered Preventive Changed Because of the ACA
<b>FIRM SIZE</b>		
All Small Firms (3–199 Workers)	13%*	25%*
All Large Firms (200 or More Workers)	28%*	34%*
<b>ALL FIRMS</b>	<b>23%</b>	<b>31%</b>

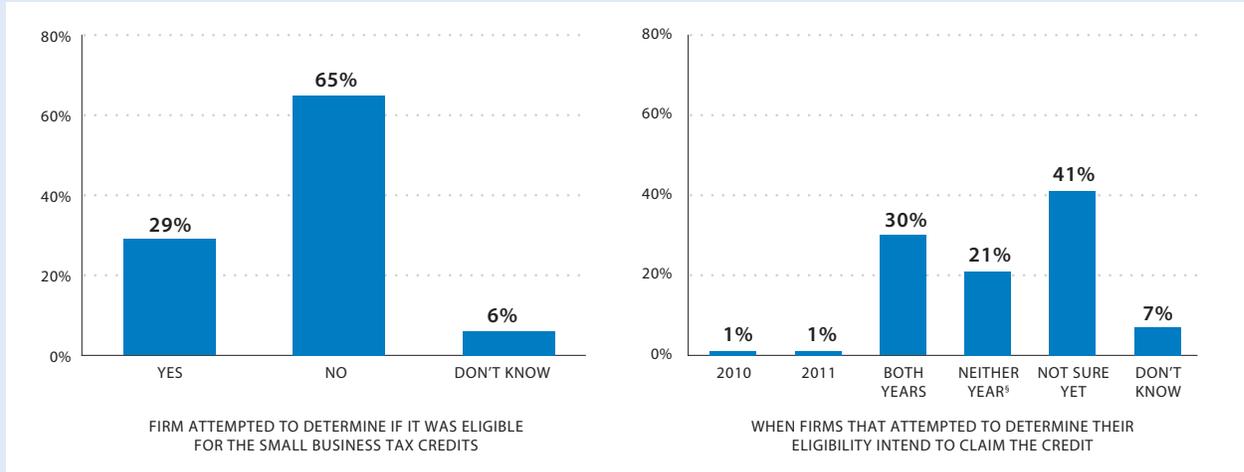
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different between All Small Firms and All Large Firms (p<.05).

EXHIBIT 13.7

Among Offering Firms with Fewer Than 50 Employees, Awareness and Utilization of the Small Employer Tax Credits Made Available in the Affordable Care Act (ACA), 2011



SOURCE:

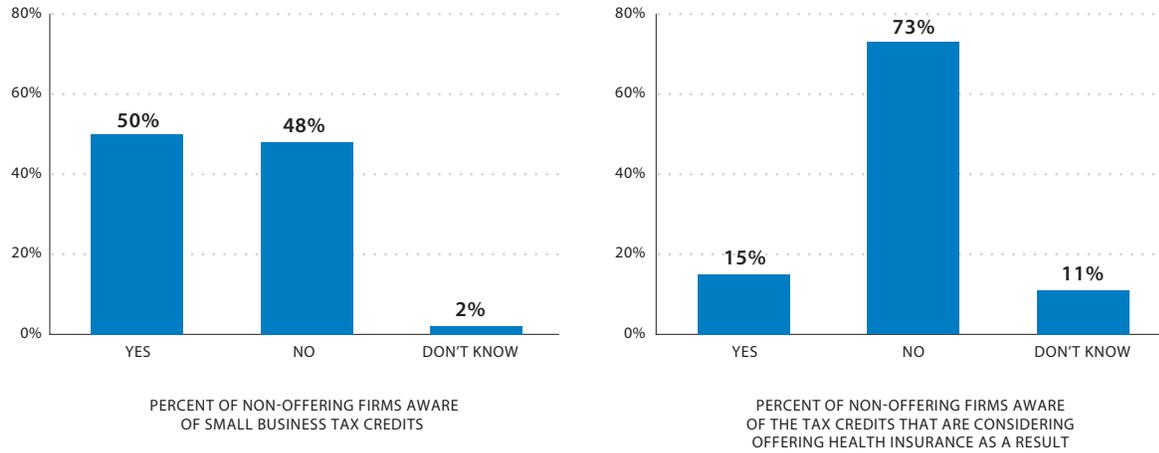
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The ACA provides a temporary tax credit for small employers with fewer than 25 full-time equivalents that offer health insurance and have average annual wages of less than \$50,000. More information about the tax credit is available at: <http://www.irs.gov/newsroom/article/0,,id=223666,00.html>. Because our survey asks about the total number of employees in a firm and not full-time equivalents, we could not limit responses to firms only within the size range eligible for the credit. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify for the tax credit, we directed questions to employers with fewer than 50 total employees. This approach allowed us to capture some employers with more than 25 total employees that would nonetheless be eligible for the tax credit, but it also means that some employers that are unlikely to be eligible for the tax credit were asked these questions.

<sup>5</sup> Note: 87% of the firms that stated they would not claim the credit in either year believed that they were not eligible, 10% believed that the credit was too small, and 3% said that claiming the credit was too much of a hassle.

EXHIBIT 13.8

Among Non-Offering Firms with Fewer Than 50 Employees, Awareness and Utilization of the Small Employer Tax Credits Made Available in the Affordable Care Act (ACA), 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Note: The ACA provides a temporary tax credit for small employers with fewer than 25 full-time equivalents that offer health insurance and have average annual wages of less than \$50,000. More information about the tax credit is available at: <http://www.irs.gov/newsroom/article/0,,id=223666,00.html>. Because our survey asks about the total number of employees in a firm and not full-time equivalents, we could not limit responses to firms only within the size range eligible for the credit. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify for the tax credit if they began to offer health insurance, we directed questions to employers with fewer than 50 total employees. This approach allowed us to capture some employers with more than 25 total employees that would nonetheless be eligible for the tax credit, but it also means that some employers that are unlikely to be eligible for the tax credit were asked these questions.



EMPLOYER HEALTH BENEFITS  
2011 ANNUAL SURVEY

Employer  
Opinions and  
Health Plan  
Practices

SECTION

14

60%

\$5,429

\$15,073

2011

## EMPLOYER OPINIONS AND HEALTH PLAN PRACTICES

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE – SPONSORING HEALTH BENEFITS FOR 150 MILLION PEOPLE IN AMERICA<sup>1</sup> – SO THEIR OPINIONS AND EXPERIENCES ARE IMPORTANT FACTORS IN HEALTH POLICY DISCUSSIONS. EMPLOYERS WERE ASKED HOW THEY VIEW DIFFERENT APPROACHES TO CONTAINING COST INCREASES AND ABOUT EMPLOYER HEALTH PLAN PRACTICES, SUCH AS WHETHER THEIR HEALTH PLANS HAVE A TIERED OR HIGH PERFORMANCE PROVIDER NETWORK AND WHETHER THEY OFFER LONG-TERM CARE INSURANCE TO THEIR WORKERS.

### EMPLOYER OPINIONS ON COST CONTAINMENT

▶ Each year we ask firms (both those that offer and those that do not offer health benefits) to rate how effective several different strategies would be in reducing the growth of health insurance costs. Few firms rate any of the suggested strategies as “very effective” at controlling costs (between 14% and 26%, depending on the strategy), although opinions differ between large and small firms in some cases. Roughly a third of firms (between 29% and 37%) report that each of the approaches we asked about would be “somewhat effective” at controlling cost growth (Exhibit 14.1).

- Employers are most likely to say that disease management (26%) is “very effective” in controlling health care costs, followed by increased use of consumer-driven health plans (22%), tighter managed care restrictions (18%), and higher employee cost sharing (14%). Small firms (3–199 workers) are more likely to say tighter managed care restrictions would be “very effective” than larger firms (18% vs. 11%) (Exhibit 14.1).

### CHANGES IN HEALTH PLANS DURING THE PAST YEAR

The nation has experienced significant economic difficulties over the last three years. To gauge how employers are responding, we asked firms about the changes they made to their health plan over the last year.

- ▶ One in five firms, including 46% of large firms (200 or more workers), report increasing the share of the premium paid by employees during the last year, and 22% of firms, including a third of large firms, report reducing the scope of benefits or increasing employee cost sharing (Exhibit 14.2). We would note, however, that the average premium shares paid by workers did not increase this year for either single or family coverage (see Section 6).
- ▶ Twenty-eight percent of firms offering health coverage reported that they had downsized during the previous 12 months. A lower percentage of offering firms reported downsizing in 2011 than in 2010 (28% vs. 42%) (Exhibit 14.2).

### HIGH PERFORMANCE NETWORKS

A tiered or high performance network is one that groups providers into the network based on quality, cost, and/or the efficiency of the care they deliver. These networks encourage patients to visit more efficient doctors by either restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network.

- ▶ Twenty percent of firms that offer health benefits include a high performance or tiered provider network in the health plan with the largest enrollment (Exhibit 14.3). The percentages of small firms (3–199 workers) and larger firms offering coverage that includes a high performance or tiered network remained fairly constant between 2007 and 2011 (Exhibit 14.3).

#### NOTE:

<sup>1</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, December 2010. <http://www.kff.org/uninsured/upload/7451-06.pdf>. 57% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.

**LONG-TERM CARE INSURANCE**

- ▶ Eleven percent of firms that offer health benefits offer long-term care insurance to their employees. Large firms (200 or more workers) are more likely than smaller firms to offer long-term care insurance (20% vs. 11%). The percentage of large firms (200 or more workers) offering long-term care insurance to employees in 2011 is lower than the percentage of large employers offering this coverage in 2007 (20% vs. 25%) (Exhibit 14.4).

**ANNUAL MAXIMUM LIMIT**

- ▶ Twelve percent of covered workers are in a plan that has an annual maximum benefit for single coverage. Covered workers in small firms (3–199 workers) are considerably more likely than workers in larger firms to be enrolled in such a plan (17% vs. 10%) (Exhibit 14.5).

## EXHIBIT 14.1

Among Both Firms Offering and Not Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, by Firm Size, 2011

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
<b>Tighter Managed Care Restrictions*</b>					
All Small Firms (3–199 Workers)	18%	29%	20%	26%	8%
All Large Firms (200 or More Workers)	11%	36%	33%	17%	3%
<b>ALL FIRMS</b>	<b>18%</b>	<b>29%</b>	<b>20%</b>	<b>26%</b>	<b>8%</b>
<b>Consumer-Driven Health Plans (Ex: High-Deductible Plan Combined with a Health Savings Account)*</b>					
All Small Firms (3–199 Workers)	22%	29%	24%	20%	5%
All Large Firms (200 or More Workers)	25%	38%	23%	11%	3%
<b>ALL FIRMS</b>	<b>22%</b>	<b>29%</b>	<b>24%</b>	<b>19%</b>	<b>5%</b>
<b>Higher Employee Cost Sharing*</b>					
All Small Firms (3–199 Workers)	14%	29%	25%	27%	5%
All Large Firms (200 or More Workers)	16%	39%	28%	15%	1%
<b>ALL FIRMS</b>	<b>14%</b>	<b>29%</b>	<b>25%</b>	<b>27%</b>	<b>5%</b>
<b>Disease Management Programs*</b>					
All Small Firms (3–199 Workers)	26%	37%	15%	19%	3%
All Large Firms (200 or More Workers)	30%	39%	22%	7%	2%
<b>ALL FIRMS</b>	<b>26%</b>	<b>37%</b>	<b>15%</b>	<b>19%</b>	<b>3%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Distributions are statistically different between All Small Firms and All Large Firms within category ( $p < .05$ ).

## EXHIBIT 14.2

Among Firms Offering Health Benefits, Percentage of Firms That Report They Made the Following Changes During the Past Year, by Firm Size and Region, 2011

	Reduced Scope of Health Benefits or Increased Cost Sharing	Increased the Worker's Share of the Premium	Company Downsized
<b>FIRM SIZE</b>			
200-999 Workers	30%*	43%*	22%
1,000-4,999 Workers	43*	57*	30
5,000 or More Workers	45*	59*	32
<b>All Small Firms (3-199 Workers)</b>	<b>22%*</b>	<b>19%*</b>	<b>28%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>33%*</b>	<b>46%*</b>	<b>23%</b>
<b>REGION</b>			
Northeast	29%	25%	26%
Midwest	14*	18	43*
South	17	14	22
West	28	22	25
<b>ALL FIRMS</b>	<b>22%</b>	<b>20%</b>	<b>28%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

## EXHIBIT 14.3

Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a High-Performance Provider Network, by Firm Size and Region, 2007, 2010, 2011

	2007	2010	2011
	Health Plan Includes High-Performance Network/Tiered Provider Network	Health Plan Includes High-Performance Network/Tiered Provider Network	Health Plan Includes High-Performance Network/Tiered Provider Network
<b>FIRM SIZE</b>			
200–999 Workers	9%	16%	17%
1,000–4,999 Workers	13	21	19
5,000 or More Workers	16	30*	24
<b>All Small Firms (3–199 Workers)</b>	<b>15%</b>	<b>16%</b>	<b>20%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>10%</b>	<b>17%</b>	<b>18%</b>
<b>REGION</b>			
Northeast	15%	15%	19%
Midwest	13	17	12
South	18	16	16
West	13	18	33
<b>ALL FIRMS</b>	<b>15%</b>	<b>16%</b>	<b>20%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region.

Note: The overall percentage of firms whose largest plan includes a high performance provider network is not significantly different between 2007 and 2011 or between 2010 and 2011 ( $p < .05$ ).

## EXHIBIT 14.4

Among Firms Offering Health Benefits, Percentage of Firms That Offer Long-Term Care Insurance, by Firm Size and Region, 2007 and 2011

	2007 Firm Offers Long-Term Care Insurance	2011 Firm Offers Long-Term Care Insurance
<b>FIRM SIZE</b>		
200-999 Workers	23%	18%*
1,000-4,999 Workers	32*	25*
5,000 or More Workers	45*	39*
<b>All Small Firms (3-199 Workers)</b>	<b>19%</b>	<b>11%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>25%</b>	<b>20%*</b>
<b>REGION</b>		
Northeast	13%	4%*
Midwest	27	7
South	21	14
West	17	18
<b>ALL FIRMS</b>	<b>19%</b>	<b>11%</b>

## SOURCE:

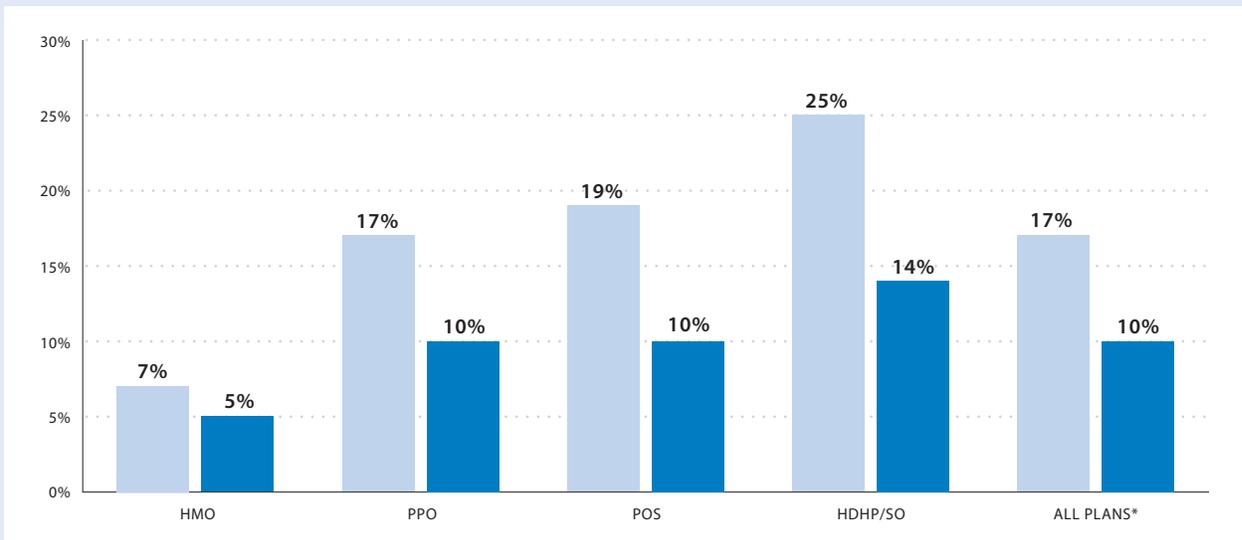
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

Note: The overall percentage of firms that offer long-term care insurance is not significantly different between 2007 and 2011 ( $p < .05$ ).

EXHIBIT 14.5

Percentage of Covered Workers with an Annual Maximum Benefit for Single Coverage, by Plan Type and Firm Size, 2011



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

■ SMALL FIRMS (3-199 WORKERS)  
■ LARGE FIRMS (200 OR MORE WORKERS)

\* Estimate is statistically different between Small and Large Firms within category (p<.05).









-and-



The Henry J. Kaiser Family Foundation

Headquarters  
2400 Sand Hill Road  
Menlo Park, CA 94025  
Phone 650-854-9400 Fax 650-854-4800

Washington Offices and  
Barbara Jordan Conference Center  
1330 G Street, NW

Washington, DC 20005  
Phone 202-347-5270 Fax 202-347-5274

[www.kff.org](http://www.kff.org)

Health Research & Educational Trust

155 North Wacker  
Suite 400  
Chicago, IL 60606  
Phone 312-422-2600 Fax 312-422-4568

[www.hret.org](http://www.hret.org)

This publication (#8225) is available on the Kaiser Family Foundation's website at [www.kff.org](http://www.kff.org).  
Multiple copies may be obtained from HRET by calling 1-800-242-2626 (order #097525).