

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

Employer
Health
Benefits

2010
ANNUAL SURVEY

THE HENRY J.
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TABLE OF CONTENTS

LIST OF EXHIBITS	v
SUMMARY OF FINDINGS	1
SURVEY DESIGN AND METHODS	9
SECTION 1	
Cost of Health Insurance	19
SECTION 2	
Health Benefits Offer Rates	35
SECTION 3	
Employee Coverage, Eligibility, and Participation	45
SECTION 4	
Types of Plans Offered	59
SECTION 5	
Market Shares of Health Plans	65
SECTION 6	
Worker and Employer Contributions for Premiums	69
SECTION 7	
Employee Cost Sharing	97
SECTION 8	
High-Deductible Health Plans with Savings Option	127
SECTION 9	
Prescription Drug Benefits	143
SECTION 10	
Plan Funding	153
SECTION 11	
Retiree Health Benefits	161
SECTION 12	
Wellness Programs, Health Risk Assessments, and Disease Management Programs	169
SECTION 13	
Employer Opinions and Health Plan Practices	183

LIST OF EXHIBITS

SURVEY DESIGN AND METHODS

Exhibit M.1	15
Selected Characteristics of Firms in the Survey Sample, 2010	
Exhibit M.2	16
Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2010	
Exhibit M.3	17
States by Region, 2010	

COST OF HEALTH INSURANCE

Exhibit 1.1	22
Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2010	
Exhibit 1.2	23
Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2010	
Exhibit 1.3	24
Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2010	
Exhibit 1.4	25
Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2010	
Exhibit 1.5	27
Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2010	
Exhibit 1.6	28
Average Annual Premiums for Covered Workers with Family Coverage, by Firm Characteristics, 2010	
Exhibit 1.7	29
Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2010	
Exhibit 1.8	29
Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2010	

Exhibit 1.9	30
Distribution of Annual Premiums for Covered Workers with Single Coverage, 2010	
Exhibit 1.10	30
Distribution of Annual Premiums for Covered Workers with Family Coverage, 2010	
Exhibit 1.11	31
Average Annual Premiums for Single and Family Coverage, 1999–2010	
Exhibit 1.12	32
Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2010	
Exhibit 1.13	32
Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2010	
Exhibit 1.14	33
Among Workers in Large Firms (200 or More Workers), Average Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2010	

HEALTH BENEFITS OFFER RATES

Exhibit 2.1	38
Percentage of Firms Offering Health Benefits, 1999–2010	
Exhibit 2.2	38
Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2010	
Exhibit 2.3	39
Percentage of Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2010	
Exhibit 2.4	40
Percentage of Firms Offering Health Benefits, by Firm Characteristics, 2010	
Exhibit 2.5	41
Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2010	
Exhibit 2.6	41
Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2010	

Exhibit 2.7	42	Exhibit 3.7	54
Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size and Region, 2010		Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2010	
Exhibit 2.8	43	Exhibit 3.8	55
Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size, 2000–2010		Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2010	
Exhibit 2.9	43	Exhibit 3.9	55
Among Small Firms (3–199 Workers) Not Offering Health Benefits, Reasons for Not Offering, 2010		Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, 2001–2010	
Exhibit 2.10	44	Exhibit 3.10	56
Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, by Firm Size, 2010		Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, by Firm Size, 2001–2010	
EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION			
Exhibit 3.1	48	Exhibit 3.11	57
Percentage of All Workers Covered by Their Employers' Health Benefits, in Firms Both Offering and Not Offering Health Benefits, by Firm Size, 1999–2010		Distribution of Firms with the Following Age Limits for Dependent Coverage for the Plan with the Largest Enrollment, 2010	
Exhibit 3.2	49	Exhibit 3.12	57
Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2010		Distribution of Firms with the Following Age Limits for Dependent Coverage for Full-Time Students for the Plan with the Largest Enrollment, 2010	
Exhibit 3.3	50	TYPES OF PLANS OFFERED	
Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2010		Exhibit 4.1	61
Exhibit 3.4	51	Among Firms Offering Health Benefits, Percentage of Firms That Offer One, Two, or Three or More Plan Types, by Firm Size, 2010	
Among Workers in Firms Offering Health Benefits, Percentage of Eligible Workers Who Take Up Health Benefits Offered by Their Firm, by Firm Characteristics, 2010		Exhibit 4.2	62
Exhibit 3.5	52	Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2010	
Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2010		Exhibit 4.3	63
Exhibit 3.6	53	Among Firms Offering Health Benefits, Percentage of Firms That Offer the Following Plan Types, by Firm Size, 2010	
Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999–2010		Exhibit 4.4	63
		Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms That Offer the Following Plan Types, by Firm Size, 2010	

MARKET SHARES OF HEALTH PLANS

Exhibit 5.1	67
Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2010	

Exhibit 5.2	68
Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2010	

WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

Exhibit 6.1	72
Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999–2010	

Exhibit 6.2	73
Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999–2010	

Exhibit 6.3	74
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999–2010	

Exhibit 6.4	75
Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999–2010	

Exhibit 6.5	76
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2010	

Exhibit 6.6	77
Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999–2010	

Exhibit 6.7	78
Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999–2010	

Exhibit 6.8	79
Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Firm Size, 1999–2010	

Exhibit 6.9	80
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single Coverage, by Plan Type and Firm Size, 2010	

Exhibit 6.10	81
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Family Coverage, by Plan Type and Firm Size, 2010	

Exhibit 6.11	82
Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2010	

Exhibit 6.12	83
Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2010	

Exhibit 6.13	84
Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2010	

Exhibit 6.14	84
Distribution of Worker Premium Contributions for Single and Family Coverage Relative to the Average Annual Worker Premium Contribution, 2010	

Exhibit 6.15	85
Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002–2010	

Exhibit 6.16	86
Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002–2010	

Exhibit 6.17	87
Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002–2010	

Exhibit 6.18	88
Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage, 2010	

Exhibit 6.19	89
Average Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Characteristics, 2010	

Exhibit 6.20	90
Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics, 2010	

Exhibit 6.21	91	Exhibit 7.7	107
Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2010		Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006–2010	
Exhibit 6.22	92	Exhibit 7.8	108
Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2010		Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2010	
Exhibit 6.23	93	Exhibit 7.9	108
Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2010		Among Covered Workers with a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006–2010	
Exhibit 6.24	94	Exhibit 7.10	109
Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2010		Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2010	
Exhibit 6.25	96	Exhibit 7.11	110
Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Wage, by Firm Size and Region, 2010		Among Covered Workers with a General Annual Health Plan Deductible, Average Deductibles for Family Coverage, by Deductible Type, Plan Type, and Firm Size, 2010	
EMPLOYEE COST SHARING			
Exhibit 7.1	102	Exhibit 7.12	111
Percentage of Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, by Plan Type and Firm Size, 2010		Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Average Aggregate Deductible, by Plan Type, 2006–2010	
Exhibit 7.2	103	Exhibit 7.13	111
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, 2010		Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type and Deductible Type, 2010	
Exhibit 7.3	104	Exhibit 7.14	112
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Firm Size, 2010		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, 2010	
Exhibit 7.4	105	Exhibit 7.15	113
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Region, 2010		Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2010	
Exhibit 7.5	106	Exhibit 7.16	114
Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006–2010		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, 2010	
Exhibit 7.6	106		
Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, By Firm Size, 2010			

Exhibit 7.17	114	Exhibit 7.27	122
Distribution of Covered Workers with Separate Cost Sharing for a Hospital Admission in Addition to Any General Annual Deductible, by Plan Type, 2010		Percentage of Covered Workers Without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2010	
Exhibit 7.18	115	Exhibit 7.28	122
Distribution of Covered Workers with Separate Cost Sharing for an Outpatient Surgery in Addition to Any General Annual Deductible, by Plan Type, 2010		Among Covered Workers with an Annual Out-of-Pocket Maximum, Percentage Whose Spending for Various Services Does Not Count Towards the Out-of-Pocket Maximum, 2010	
Exhibit 7.19	116	Exhibit 7.29	123
Among Covered Workers with Separate Cost Sharing for a Hospital Admission or Outpatient Surgery in Addition to Any General Annual Deductible, Average Cost Sharing, by Plan Type, 2010		Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010	
Exhibit 7.20	117	Exhibit 7.30	124
In Addition to Any General Annual Plan Deductible, Percentage of Covered Workers with the Following Types of Cost Sharing for Physician Office Visits and Emergency Room Visits, by Plan Type, 2010		Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2010	
Exhibit 7.21	118	Exhibit 7.31	125
In Addition to Any Plan Deductible, Percentage of Covered Workers with Emergency Room Cost Sharing, by Plan Type, 2010		Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010	
Exhibit 7.22	118	Exhibit 7.32	126
Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office and Emergency Room Visits, Average Copayments and Coinsurance, by Plan Type, 2010		Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010	
Exhibit 7.23	119	Exhibit 7.33	126
Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2004–2010		Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Maximum Number of Family Members Required to Meet the Maximum, by Plan Type, 2010	
Exhibit 7.24	120	HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION	
Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2006–2010		Exhibit 8.1	132
Exhibit 7.25	121	Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2010	
Among Covered Workers in HMOs with Copayments for a Physician Office Visit, Distribution of Percentage of Workers with Various Copayments, 1999–2010		Exhibit 8.2	132
Exhibit 7.26	121	Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2010	
Among Covered Workers with Coinsurance for Physician Office Visits, Distribution of Average Coinsurance Rates, by Plan Type, 2010		Exhibit 8.3	133
		Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005–2010	

Exhibit 8.4	133
Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2010	
Exhibit 8.5	134
Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2010	
Exhibit 8.6	134
HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2010	
Exhibit 8.7	135
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, 2010	
Exhibit 8.8	136
Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2010	
Exhibit 8.9	136
Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2010	
Exhibit 8.10	137
Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2010	
Exhibit 8.11	137
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, 2010	
Exhibit 8.12	138
Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2010	
Exhibit 8.13	138
Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2010	
Exhibit 8.14	139
Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2010	
Exhibit 8.15	139
Distribution of Firm Contributions to the HRA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HRA, 2010	

Exhibit 8.16	140
Distribution of Firm Contributions to the HSA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HSA, 2010	

Exhibit 8.17	141
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, 2010	

PRESCRIPTION DRUG BENEFITS

Exhibit 9.1	146
Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000–2010	

Exhibit 9.2	147
Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, by Plan Type, 2010	

Exhibit 9.3	148
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, 2010	

Exhibit 9.4	149
Among Covered Workers with Three, Four, or More Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2010	

Exhibit 9.5	150
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, 2010	

Exhibit 9.6	151
Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2010	

Exhibit 9.7	151
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, 2010	

Exhibit 9.8	152
Among Covered Workers with the Same Cost Sharing Regardless of Type of Drug, Average Copayments and Average Coinsurance, 2000–2010	

PLAN FUNDING

Exhibit 10.1	155
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2010	
Exhibit 10.2	155
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type, 1999–2010	
Exhibit 10.3	156
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, Region, and Industry, 2010	
Exhibit 10.4	157
Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type and Firm Size, 2010	
Exhibit 10.5	157
Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999–2010	
Exhibit 10.6	158
Percentage of Covered Workers in Partially or Completely Self-Funded PPO Plans, by Firm Size, 1999–2010	
Exhibit 10.7	158
Percentage of Covered Workers in Partially or Completely Self-Funded POS Plans, by Firm Size, 1999–2010	
Exhibit 10.8	159
Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/SOs, by Firm Size, 2006–2010	

RETIREE HEALTH BENEFITS

Exhibit 11.1	163
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988–2010	
Exhibit 11.2	164
Among Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2010	
Exhibit 11.3	165
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Characteristics, 2010	

Exhibit 11.4	166
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, 2000–2010	

Exhibit 11.5	167
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, 2010	

WELLNESS PROGRAMS, HEALTH RISK ASSESSMENTS, AND DISEASE MANAGEMENT PROGRAMS

Exhibit 12.1	173
Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2010	

Exhibit 12.2	174
Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2010	

Exhibit 12.3	175
Among Firms Offering Health Benefits, Percentage of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2010	

Exhibit 12.4	176
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, 2010	

Exhibit 12.5	177
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, 2010	

Exhibit 12.6	178
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, 2010	

Exhibit 12.7	178	Exhibit 13.3	189
Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms That Think Offering Wellness Programs is Effective at Improving Health or Reducing Costs, 2010		Percentage of Firms Offering Health Benefits That Shopped For a New Plan or Health Insurance Carrier in the Past Year, by Firm Size, 2010	
Exhibit 12.8	179	Exhibit 13.4	190
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, 2010		Among Firms Offering Health Benefits That Shopped for a New Plan or Insurance Carrier, Percentage Reporting That They Changed Insurance Carrier and/or Health Plan Type in the Past Year, by Firm Size, 2010	
Exhibit 12.9	180	Exhibit 13.5	191
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, 2010		Among Firms Offering More Than One Health Plan, Percentage of Firms That Offer Financial Incentives for Enrolling in a Lower Cost Plan or Higher Quality Plan, By Firm Size, 2010	
Exhibit 12.10	180	Exhibit 13.6	192
Among Firms Offering Health Benefits, Percentage of Firms That Offer a Disease Management Program for Their Plan with the Largest Enrollment and Percentage of Firms with Disease Management Offering Financial Incentives to Participate, by Firm Size, 2010		Among Firms Offering Health Benefits, Percentage of Firms with Specific Plan Offerings and Features in Their Plan with The Largest Enrollment, By Firm Size, 2010	
Exhibit 12.11	181	Exhibit 13.7	193
Among Firms Offering Health Benefits That Have a Disease Management Program for Their Plan with the Largest Enrollment, Percentage with a Particular Program, by Firm Size, Region, and Industry, 2010		Percentage of Employers Reporting the Following as a Result of the Mental Health Parity and Addiction Equity Act of 2008, by Firm Size and Region, 2010	
Exhibit 12.12	182	Exhibit 13.8	194
Among Firms Offering Health Benefits That Have a Disease Management Program for Their Plan with the Largest Enrollment, Percentage with a Particular Program, by Firm Size, Region, and Industry, 2010		Percentage of Firms That Review Health Plan Performance Indicators, by Firm Size, 2010	
EMPLOYER OPINIONS AND HEALTH PLAN PRACTICES			
Exhibit 13.1	187	Exhibit 13.9	194
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, 2010		Among Firms Reporting That They Review Health Plan Performance Indicators, Distribution of Firms' Opinions on the Influence of and Satisfaction with the Indicators, by Firm Size, 2010	
Exhibit 13.2	188	Exhibit 13.10	195
Among Firms Offering Health Benefits, Percentage of Firms That Report They Made the Following Changes as a Result of the Economic Downturn, by Firm Size and Region, 2010		Among Firms Offering Health Benefits, Percentage of Firms Offering Flexible Spending Accounts and Pre-Tax Employee Premium Contributions, By Firm Size, 2010	
		Exhibit 13.11	196
		Percentage of Covered Workers with an Annual Maximum Benefit for Single Coverage, by Plan Type, 2010	
		Exhibit 13.12	196
		Percentage of Employers with Coverage for Prescription Contraceptives or Elective Abortions in the Plan with the Largest Enrollment, by Firm Size, 2010	

SUMMARY OF FINDINGS

EMPLOYER-SPONSORED INSURANCE IS THE LEADING SOURCE OF HEALTH INSURANCE, COVERING ABOUT 157 MILLION NONELDERLY PEOPLE IN AMERICA.¹ 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 TWELFTH KAISER/HRET SURVEY AND REFLECTS HEALTH BENEFIT INFORMATION FOR 2010.

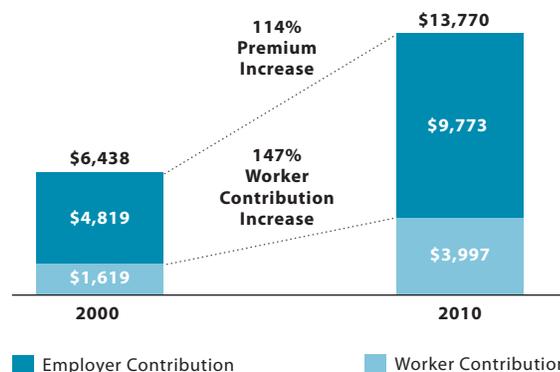
The key findings from the 2010 survey, conducted from January through May 2010, include increases in the average single and family premium as well as in the amount workers pay for coverage. About a quarter (27%) of covered workers have a deductible of at least \$1,000 for single coverage, and a greater proportion of workers are enrolled in high-deductible health plans with a savings option (HDHP/SO) than in 2009. Firms responded that they increased cost sharing or reduced the scope of coverage, or increased the amount workers pay for insurance as a result of the economic downturn. The 2010 survey continues to track the percentage of firms offering wellness benefits or health risk assessments and also included questions on health plan quality indicators and benefit changes made as result of the Mental Health Parity and Addiction Equity Act.

HEALTH INSURANCE PREMIUMS AND WORKER CONTRIBUTIONS

The average annual premiums for employer-sponsored health insurance in 2010 are \$5,049 for single coverage and \$13,770 for family coverage. Compared to 2009, premiums for single coverage are 5% higher (\$4,824) and premiums for family coverage are 3% higher (\$13,375). Since 2000, average premiums for family coverage have increased 114% (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) (\$13,250 vs. \$14,038). 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). For PPOs, the most common plan type, the average family premium topped \$14,000 annually in 2010.

EXHIBIT A

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2000–2010



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

As a result of factors such as benefit differences and geographical cost differences, there is significant variation around the average annual premium. Twenty percent of covered workers are in plans with an annual total premium for family coverage of at least \$16,524 (120% of the average premium), while 19% of covered workers are in plans where the family premium is less than \$11,016 (80% of the average premium) (Exhibit C). In 2010, covered workers contributed a greater share of the total premium, a notable change from the steady share workers have paid on average over the last decade. Covered workers on average contribute 19% of the total premium for single coverage (up from 17% in 2009) and 30% for family coverage (up from 27% in 2009). As with total premiums, the premium shares contributed by workers vary considerably around these averages. For single coverage, 28% of workers pay more than 25% of the total premium while 16% make no contribution.

Fifty-one percent of workers with family coverage pay more than 25% of the total premium; only 5% make no contribution (Exhibit D).

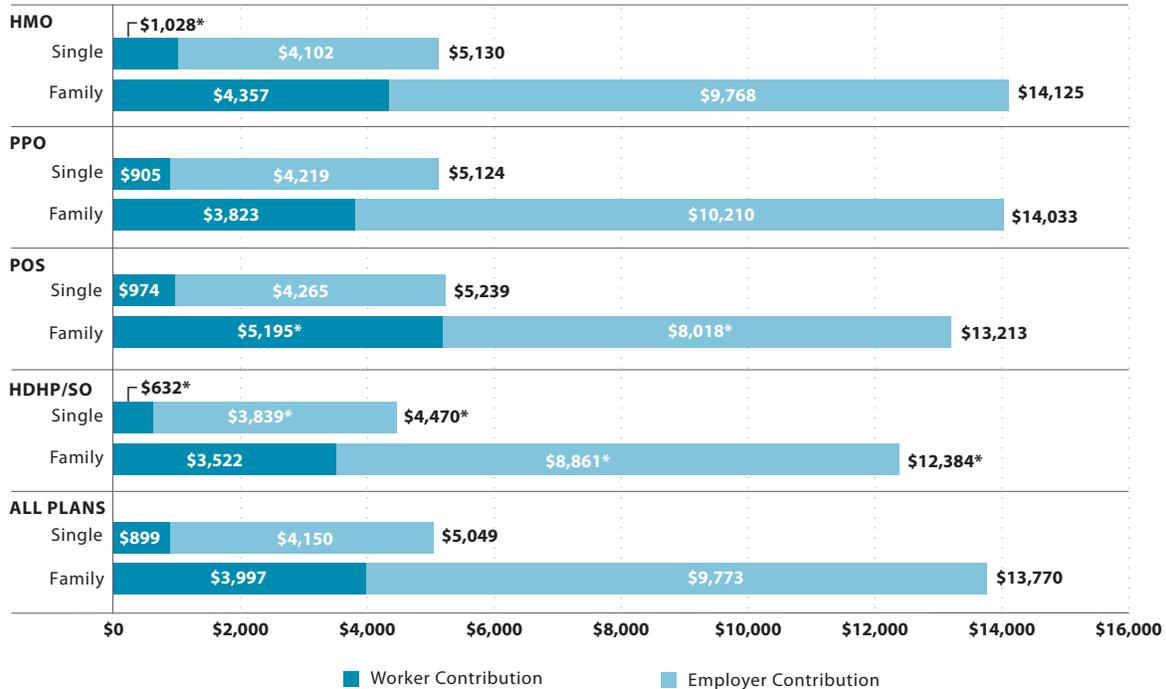
Looking at dollar amounts, the average annual worker contributions are \$899 for single coverage and \$3,997 for family coverage, up from \$779 and \$3,515 respectively in 2009.² Workers in small firms (3–199 workers) contribute about the same amount for single coverage as workers in large firms (200 or more workers) (\$865 vs. \$917), but they contribute significantly more for family coverage (\$4,665 vs. \$3,652).

PLAN ENROLLMENT

The majority (58%) of covered workers are enrolled in preferred provider organizations (PPOs), followed by health maintenance organizations (HMOs) (19%), HDHP/SOs (13%), point-of-service (POS) plans (8%), and conventional plans (1%). Most notably, the percentage of covered workers in HDHP/SOs rose from 8% in 2009 to 13% in 2010.

EXHIBIT B

Average Annual Employer and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2010



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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

EMPLOYEE COST SHARING

Most covered workers face additional costs when they use health care services. Most workers in PPOs (77%) and POS plans (66%) have a general annual deductible for single coverage that must be met before all or most services are payable by the plan. In contrast, only 28% of workers in HMOs have a general annual deductible for single coverage, although it is up from 16% in 2009. Many workers with no deductible have other forms of cost sharing for office visits or other services.

Among workers with a deductible, the average general annual deductible for single coverage is \$675 for workers in PPOs, \$601 for workers in HMOs, \$1,048 for workers in POS plans, and \$1,903 for workers in HDHP/SOs (which by definition have high deductibles). As in recent years, workers in small firms (3–199 workers) with single

coverage have higher deductibles than workers in large firms (200 or more workers). Average deductibles for single coverage do not vary by region for any plan type. The percentage of covered workers in a plan with a deductible of at least \$1,000 for single coverage grew from 22% to 27% in the past year. Covered workers in small firms remain more likely than covered workers in larger firms (46% vs. 17%) to be in plans with deductibles of at least \$1,000 (Exhibit E).

Most plans cover certain services before the deductible is met. For example, in the most common plan type, PPOs, 91% of covered workers with a general annual deductible do not have to meet the deductible before preventive care is covered. Seventy percent of covered workers in PPOs do not have to meet the deductible before physician office visits are covered, and 92% do not have to meet the deductible before prescription drugs are covered.

The majority of workers also have to pay a portion of the cost of physician office visits. For example, 75% of covered workers pay a copayment (a fixed dollar amount) and 16% pay coinsurance (a percentage of the charge) for a primary care office visit, and for specialty care visits, 73% of covered workers pay a copayment and 17% pay coinsurance. Most covered workers in HMOs, PPOs, and POS plans face copayments, while covered workers in HDHP/SOs are more likely to have coinsurance requirements or no cost sharing after the deductible is met. Covered workers with a copayment pay an average of \$22 for primary care and \$31 for specialty physicians for in-network office visits, compared to \$20 and \$28 respectively for 2009. For covered workers with coinsurance, the average coinsurance is 18% both for primary care and specialty care. The survey collects information on in-network cost sharing, but we note that out-of-network cost sharing is often higher.

EXHIBIT C

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2010

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 \$4,039	20%	Less Than \$11,016	19%
80% to Less Than 90%	\$4,039 to <\$4,544	16%	\$11,016 to <\$12,393	18%
90% to Less Than Average	\$4,544 to <\$5,049	21%	\$12,393 to <\$13,770	14%
Average to Less Than 110%	\$5,049 to <\$5,554	16%	\$13,770 to <\$15,147	18%
110% to Less Than 120%	\$5,554 to <\$6,058	10%	\$15,147 to <\$16,524	12%
120% or More	\$6,058 or More	17%	\$16,524 or More	20%

Note: The average premium is \$5,049 for single coverage and \$13,770 for family coverage.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Almost all covered workers (99%) have prescription drug coverage, and the majority face cost sharing for their prescriptions. Over three-quarters (78%) of covered workers are in plans with three or more levels or tiers of cost sharing that are generally based on the type or cost of the drug. Copayments are more common than coinsurance for all four tiers. Among workers with three- or four-tier plans,

the average copayments per prescription are \$11 for first-tier drugs, often called generics; \$28 for second-tier drugs, often called preferred; \$49 for third-tier drugs, often called nonpreferred; and \$89 for fourth-tier drugs.

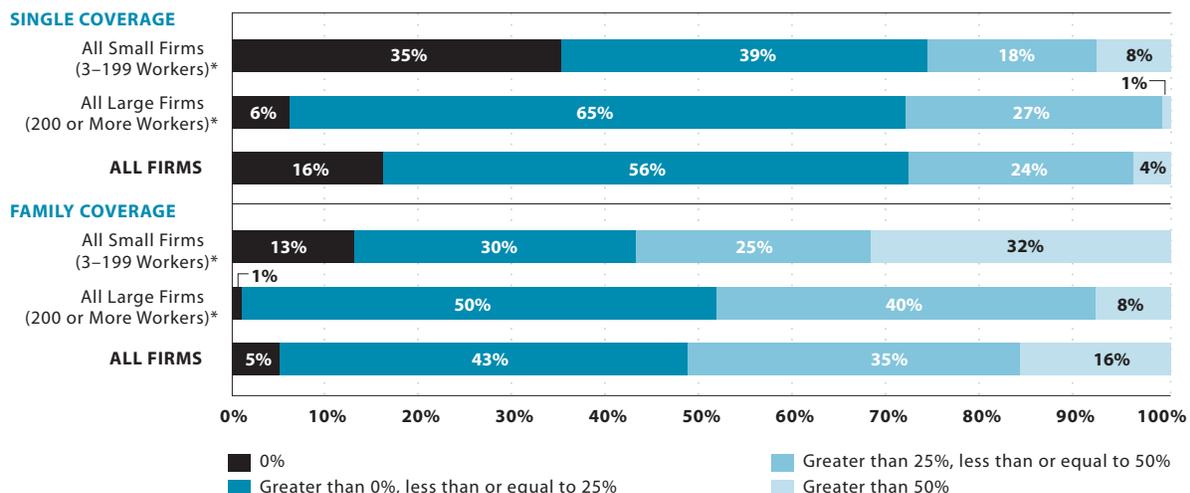
Cost sharing for prescription drugs varies by plan type. Covered workers in HDHP/SOs are more likely than workers in other plan

types to be in plans with no cost sharing after the deductible is met or in plans where the cost sharing is the same regardless of the type of drug.

Most workers also face additional cost sharing for a hospital admission or an outpatient surgery. For hospital admissions, after any general annual deductible, 53% of covered workers have coinsurance,

EXHIBIT D

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2010



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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

19% have a copayment, and 10% have both coinsurance and copayments. An additional 5% have a per day (per diem) payment and 5% have a separate annual hospital deductible. For hospital admissions, the average coinsurance rate is 18%, the average copayment is \$232 per hospital admission, the average per diem charge is \$228, and the average separate hospital deductible is \$723.

Although covered workers are often responsible for cost sharing when accessing health services, there is often a limit to the amount of cost sharing workers must pay each year, generally referred to as an out-of-pocket maximum. Eighty-two percent of covered workers have an out-of-pocket maximum for single coverage, but the limits vary considerably. For example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 31% are in plans with an annual out-of-pocket maximum of \$3,000 or more, and 16% are in plans with an out-of-pocket maximum of less than \$1,500. Even where plans have out-of-pocket limits, not all spending may count toward the out-of-pocket maximum. For example, among workers in PPOs with an out-of-pocket maximum, 74% are in

plans that do not count physician office visit copayments, 32% are in plans that do not count spending for the general annual deductible, and 80% are in plans that do not count prescription drug spending when determining if an enrollee has reached the out-of-pocket limit.

Some health plans limit the amount that the plan will pay in benefits for an enrollee in a year. Twelve percent of covered workers are in plans with an annual limit on benefits for single coverage.

AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Sixty-nine percent of firms reported offering health benefits, which is significantly higher than the 60% reported last year (Exhibit F). The change is largely the result of a 13 percentage point increase in offering among firms with 3 to 9 workers. While there has been some instability in this size category in the past, this year's change is much larger than previously observed, and the reason for such a change is unclear. Given the slow economic recovery and high unemployment, it seems unlikely that many firms began offering coverage.

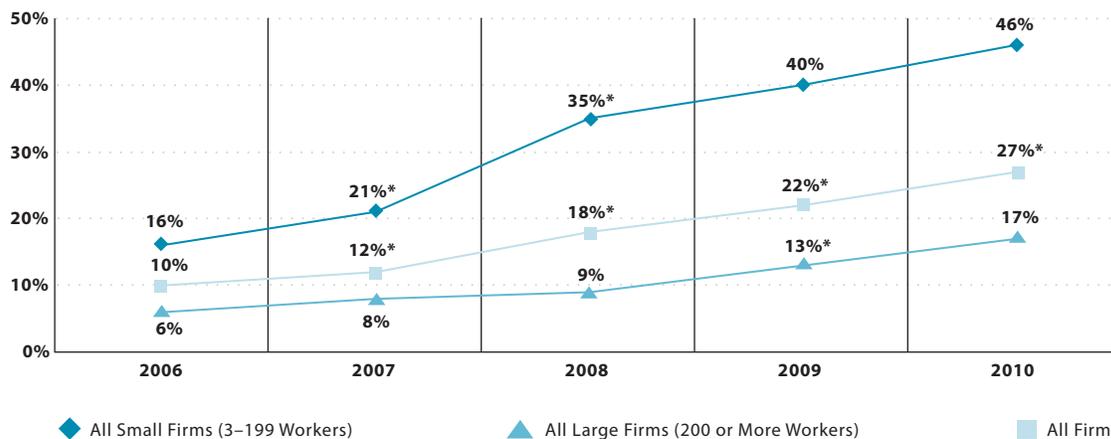
A possible explanation is that non-offering firms were more likely to fail during the past year, and the attrition of non-offering firms led to a higher offer rate among surviving firms.

The higher offer rate observed for the smallest firms did not produce a large change in the percentage of workers in firms offering benefits because most workers are employed by large firms. The percentage of workers in firms offering health benefits rose from 91% in 2009 to 93% in 2010.

Even in firms that offer coverage, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or minimum work-hour rules. Others choose not to enroll, perhaps because of the cost of coverage or their ability to access 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, 80% take up coverage, resulting in 63% of workers in firms offering health benefits having coverage through their employer. Among both firms that offer and do not offer health benefits, 59% of workers are covered by health plans offered by their employer, the same percentage as reported last year.

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, 2006–2010



* 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION

High-deductible health plans with a savings option 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.”

Fifteen percent of firms offering health benefits offer an HDHP/SO in 2010. Among firms with 1,000 or more workers, 34% offer an HDHP/SO, up from 28% in 2009 and 22% in 2008.

Thirteen percent of covered workers are enrolled in HDHP/SOs, up from 8% in 2009. Seven percent of covered workers are enrolled in HDHP/HRAs, up from 3% in 2009. The percentage of covered workers enrolled in HSA-qualified HDHPs remained steady at 6%. Nine

percent of covered workers in small firms (3–199 workers) are enrolled in HSA-qualified HDHPs, compared to 5% of workers in large firms (200 or more workers) (Exhibit G).

Annual deductibles for single coverage for HDHP/HRAs and HSA-qualified HDHPs average \$1,737 and \$2,096, respectively, similar to last year. Workers in HSA-qualified HDHPs in small firms (3–199 workers) face higher deductibles for single coverage (\$2,284) and family

EXHIBIT F

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2010

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–9 Workers	56%	57%	58%	58%	55%	52%	47%	48%	45%	49%	46%	59%*
10–24 Workers	74	80	77	70*	76	74	72	73	76	78	72	76
25–49 Workers	86	91	90	86	84	87	87	87	83	90*	87	92
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95
All Small Firms (3–199 Workers)	65%	68%	68%	66%	65%	63%	59%	60%	59%	62%	59%	68%*
All Large Firms (200 or More Workers)	99%	99%	99%	98%	98%	99%	98%	98%	99%	99%	98%	99%
ALL FIRMS	66%	69%	68%	66%	66%	63%	60%	61%	60%	63%	60%	69%*

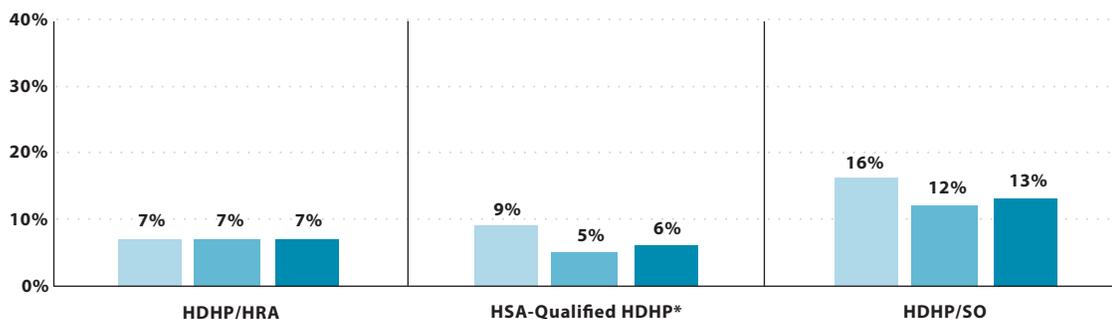
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

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, 2010.

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

coverage (\$4,258) than workers with HSA-qualified HDHPs in large firms (200 or more workers), where deductibles average \$1,895 for single coverage and \$3,734 for an aggregate deductible for family coverage.³ Like workers in other plan types, workers in small firms covered by an HDHP/HRA face higher deductibles than workers in large firms with these plans for single coverage (\$2,119 vs. \$1,541).⁴

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 \$907 for single coverage and \$1,619 for family coverage (Exhibit H). The average HSA contribution is \$558 for single coverage and \$1,006 for family coverage. Not all firms contribute to the HSA. About two in five firms offering these plans (covering about 65% of workers covered by HSA-qualified HDHPs) make contributions to the HSAs

of their workers. The average employer contributions to HSAs in these contributing firms are \$858 for single coverage and \$1,546 for family coverage.

The average premiums for single coverage for workers in HSA-qualified HDHPs and HDHP/HRAs are lower than the average premiums for workers in plans that are not HDHP/SOs. 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. The average worker contributions to HSA-qualified HDHP single coverage are also lower than the average for non-HDHP/SO plans.

RETIREE COVERAGE

Twenty-eight percent of large firms (200 or more workers) offer retiree health benefits in 2010, which is not statistically different from the 2009 offer rate of 30%, but down from 34% in 2005.⁵ Only a

small percentage (3%) of small firms (3–199 workers) offer retiree health benefits. Among large firms that offer retiree health benefits, 93% offer health benefits to early retirees (retiring before age 65) and 75% offer health benefits to Medicare-age retirees.

WELLNESS BENEFITS AND DISEASE MANAGEMENT

Workplace wellness programs are seen by some to be an important tool for improving the health behaviors and health of workers and their families. Almost three-fourths (74%) of employers that offer health benefits offer at least one of the following wellness programs: weight loss program, 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. The percentage of firms offering wellness benefits increased in the past

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, 2010

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans [§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	\$4,702*	\$13,068	\$4,233*	\$11,683*	\$5,136	\$13,979
Worker Contribution to Premium	\$799	\$3,604	\$444*	\$3,457	\$939	\$4,069
Firm Contribution to Premium	\$3,903	\$9,464	\$3,789*	\$8,225*	\$4,197	\$9,910
Annual Firm Contribution to the HRA or HSA[‡]	\$907	\$1,619	\$558	\$1,006	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$4,810*	\$11,083*	\$4,347	\$9,231	\$4,197	\$9,910
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$5,608*	\$14,687	\$4,791*	\$12,688*	\$5,136	\$13,979

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

[‡] When those firms that do not contribute to the HSA (60% for single coverage and 61% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$858 for single coverage and \$1,546 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.

[§] 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, 2010.

year (from 58% in 2009), however the increase was primarily the result of a higher percentage of firms (51%) reporting the availability of web-based resources for healthy living in 2010 than in 2009 (36%). Firms offering health coverage and wellness benefits report that most wellness benefits (87%) are provided through the health plan rather than by the firm directly. Only a small percentage of firms (10%) offering health benefits and one of the specified wellness programs offer incentives for workers to participate in the wellness program.

Health risk assessments provide a way for employers and plans to identify potential health risks and needs of covered workers. Eleven percent of firms offering health benefits give their employees the option of completing a health risk assessment, and over one-half (53%) of these firms use health risk assessments as a method to identify people for participation in a wellness program.⁶ Large firms (200 or more workers) are more likely to offer a health risk assessment to employees than small firms (3–199 workers) (55% vs. 10%). Twenty-two percent of firms offering health risk assessments offer financial incentives for workers to complete them. Large firms are more likely than small firms to offer financial incentives (36% vs. 19%). Among firms that reported offering financial incentives to employees that complete a health risk assessment,

39% of firms reported that they offer gift cards, travel, merchandise, or cash;⁷ 14% of firms reported that employees pay a smaller share of the premium; 8% reported employees have a smaller deductible; and 1% reported employees have a lower coinsurance rate.

Thirty-one percent of firms offering health benefits reported that their largest plan includes one or more disease management programs, similar to the 26% reported in 2008 when the question was last asked. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to include a disease management program in their largest plan (67% vs. 30%).

OTHER TOPICS

Health Plan Quality. In 2010, we asked firms whether they review performance indicators on health plans' clinical and service quality. Large firms (200 or more workers) were more likely to review performance indicators than small firms (3–199 workers) (34% vs. 5%). Among those who reported reviewing performance indicators, the most common indicators used were the Consumer Assessment of Healthcare Providers and Systems (CAHPS) (77%) and hospital outcomes data (61%). Seventy-four percent reported that they were “somewhat satisfied” or “very satisfied” with the information

available on health plan quality. However, only 49% reported that the information was “somewhat influential” or “very influential” in their decision to select health plans.

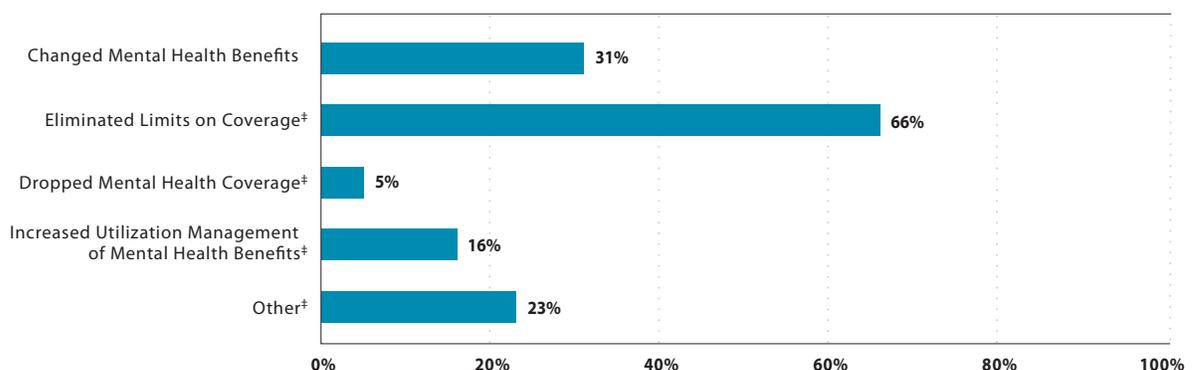
Response to the Economic Downturn.

For the last two years we have asked employers about changes that they made to their health benefits in response to the poor economy. This year, 30% of employers responded that they reduced the scope of health benefits or increased cost sharing, and 23% said that they increased the share of the premium a worker has to pay. Among large firms (200 or more workers), 38% reported reducing the scope of benefits or increasing cost sharing, up from 22% in 2009, while 36% reported increasing their workers' premium share, up from 22% in 2009.

Mental Health Parity. The enactment of the Mental Health Parity and Addiction Equity Act in 2008 led firms with more than 50 workers to make changes in their mental health benefits.⁸ Thirty-one percent of firms with more than 50 workers responded that they had made changes; large firms (200 or more workers) were more likely to have done so than small firms (51–199 workers) (43% vs. 26%). Among firms that changed their benefits, two-thirds (66%) eliminated limits on coverage, 16% increased utilization management for mental health benefits, and 5% indicated they dropped mental health coverage (Exhibit I).

EXHIBIT I

Percentage of Firms With More Than 50 Workers Reporting the Following as a Result of the 2008 Mental Health Parity and Addiction Equity Act, 2010



[‡] Among firms reporting they made changes to the mental health benefits they offer as a result of the Mental Health Parity and Addiction Equity Act of 2008.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

CONCLUSION

The 2010 survey finds a continuation of the modest premium growth we have seen in recent years and higher out-of-pocket costs for employees. Premiums increased just 5% for single coverage and 3% for family coverage between 2009 and 2010. At the same time, workers saw their share of the premiums for single and family coverage

grow for the first time in several years.

The percentage of workers in plans with a deductible of at least \$1,000 for single coverage continues to climb, with over a quarter (27%) of workers in large firms and almost one-half (46%) of workers in small firms in such plans. The percentage of workers in HDHP/SOs rose significantly from 8% to 13% over the last year.

Tracking whether and how worker out-of-pocket costs continue to grow will be an important focus for the survey over the next few years. The slow economic recovery and continuing high unemployment suggests that this trend of increasing out-of-pocket costs will persist, as workers have little clout to demand better benefits or lower costs in the current labor environment.

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2009.

² The average worker contributions include those workers with no contribution.

³ Data presented are for workers with a family aggregate deductible where spending by any covered person in the family counts toward the deductible.

⁴ There are insufficient data for average HDHP/HRA aggregate deductibles in small firms to make the comparison for family coverage.

⁵ We now count the 0.46% 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.

⁶ Health risk assessments generally include questions on medical history, health status, and lifestyle.

⁷ In 2010, we ask only those firms that offer financial incentives to employees who complete a health risk assessment if they provide gift cards, travel, merchandise, or cash, whereas in 2009, this question was asked of all firms offering health risk assessments, including those who responded that they did not offer financial incentives.

⁸ For more information on the Mental Health Parity and Addiction Equity Act of 2008, see www.cms.gov/healthinsreformforconsume/04_thementalhealthparityact.asp.

EMPLOYER HEALTH BENEFITS
2010 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 NATIONAL OPINION RESEARCH CENTER (NORC) AT THE UNIVERSITY OF CHICAGO, WHO 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 2010 NR COMPLETED FULL INTERVIEWS WITH 2,046 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).¹ 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 together 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.

New topics in the 2010 survey include questions on eligibility for dependent coverage, coverage for care received at retail clinics, health plan changes as a result of the Mental Health Parity and Addiction Equity Act of 2008, and disease management. As in past years, this year’s survey included questions on the cost of health insurance, offer rates, coverage, eligibility, enrollment patterns, premiums,² employee cost sharing, prescription drug benefits, retiree health benefits, wellness benefits, and employer opinions.

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 2008 or the 2009 survey, or both. As a result, 1,547 firms in this year’s total sample of 2,046 firms participated in either the 2008, 2009, or both surveys.³ The overall response rate is 47%.

The vast majority of questions are asked only of firms that offer health benefits. A total of 1,892 responding firms indicated that they offered health benefits. The overall response rate of firms that offer health benefits is 48%.

We asked one question of all firms in the study with which we made phone contact where the firm declined

NOTE:

¹ 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.

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

³ In total, 185 firms participated in 2007 and 2009, 367 firms participated in 2008 and 2009, and 939 firms participated in 2007, 2008, and 2009.

to participate. The question was, “Does your company offer a health insurance program as a benefit to any of your employees?” A total of 3,143 firms responded to this question (including 2,046 who responded to the full survey and 1,097 who responded to this one question). Their responses are included in our estimates of the percentage of firms offering health benefits.⁴ The response rate for this question is 73%.

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, 3 to 199 workers; and All Large, 200 or more workers. Occasionally, firm size categories will be broken into smaller groups. The All Small 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 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.3 identifies which states are in each region.

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 59.6% are firms employing 3 to 9 workers; such firms employ 8.3% of workers and 5.5% of workers covered by health insurance. In contrast, one percent of firms are firms employing 1,000 or more workers; these firms employ 47.5% of workers and 51.3% of covered workers. Therefore, the smallest firms dominate any national statistics about what employers in general are doing. 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. This year, the income threshold remained at \$23,000 per year. 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 (2008), 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 2008 to 2009, 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 2010, there were four variables where the imputation rate exceeded 20% but was less than 30%. For these cases, the unimputed variable was 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).

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,

NOTE:

⁴ 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.

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 define Education as a separate sampling category, rather than as a subgroup of the Service category. Prior to 2009, 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 2010 Employer Health Benefits sample frame include the U.S. Census' 2006 Statistics of U.S. Businesses and the 2007 Census of Governments. At the time of the sample design (December 2009), 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 2007 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 second 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 with small employers that refused to participate in the full survey. The follow-up survey is conducted in order to address concern regarding self-selection bias among small firms. Firms in the sample with 3–49 workers that did not complete the full survey are contacted and asked (or re-asked in the case of firms that previously responded to only one question about offering benefits) whether or not the firm offers health benefits. As part of the process, we conduct a McNemar test to verify that the results of the follow-up survey are comparable to the results from the original survey. If the test indicates that the results are comparable, a nonresponse adjustment is applied to the weights used when calculating firm offer rates. This year, for the first time since we began conducting the follow-up survey, the test indicated that the results from those answering the one question about offering health benefits in the original survey and those answering the follow-up survey were different (statistically significant difference at the $p < 0.05$ level between the two surveys), suggesting the results are not comparable. Therefore, we did not use the results of this follow-up survey to adjust the weights as we have in the past. In the past, the nonresponse adjustment lowered the offer rate for smaller firms by one to three percentage points, so not making the adjustment this year makes the offer rate look somewhat higher when making comparisons to prior years. For 2010, we saw a very large and unexpected increase in the offer rate (from 60 percent in 2009 to 69 percent in 2010) overall and particularly for firms with 3 to 9 workers (from 46 percent in 2009 to 59 percent in 2010). While not making the adjustment this year added to the size of the change, there would have been a large and difficult to explain change even if a nonresponse adjustment comparable to previous years had been made.

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 applied a post-stratification adjustment. We used the U.S. Census Bureau's 2007 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 2007 Census of Governments as the basis for post-stratification for public sector firms.

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.⁵ 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,⁶ which computes appropriate standard error estimates by controlling for the complex design of the survey.⁷ All statistical tests are performed at the 0.05 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 "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, particularly variables specific to plans with Health Savings Accounts or Health Reimbursement Arrangements, 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

NOTE:

⁵ In 2010, 1% of covered workers are enrolled in a conventional plan.

⁶ Research Triangle Institute (2008). SUDAAN Software for the Statistical Analysis of Correlated Data, Release 10.0, Research Triangle Park, NC: Research Triangle Institute.

⁷ A Technical Supplement with standard errors for select estimates for the 2010 Employer Health Benefits Survey can be found online at www.kff.org/insurance/8085/index.cfm.

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 1999–2009 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, 2010

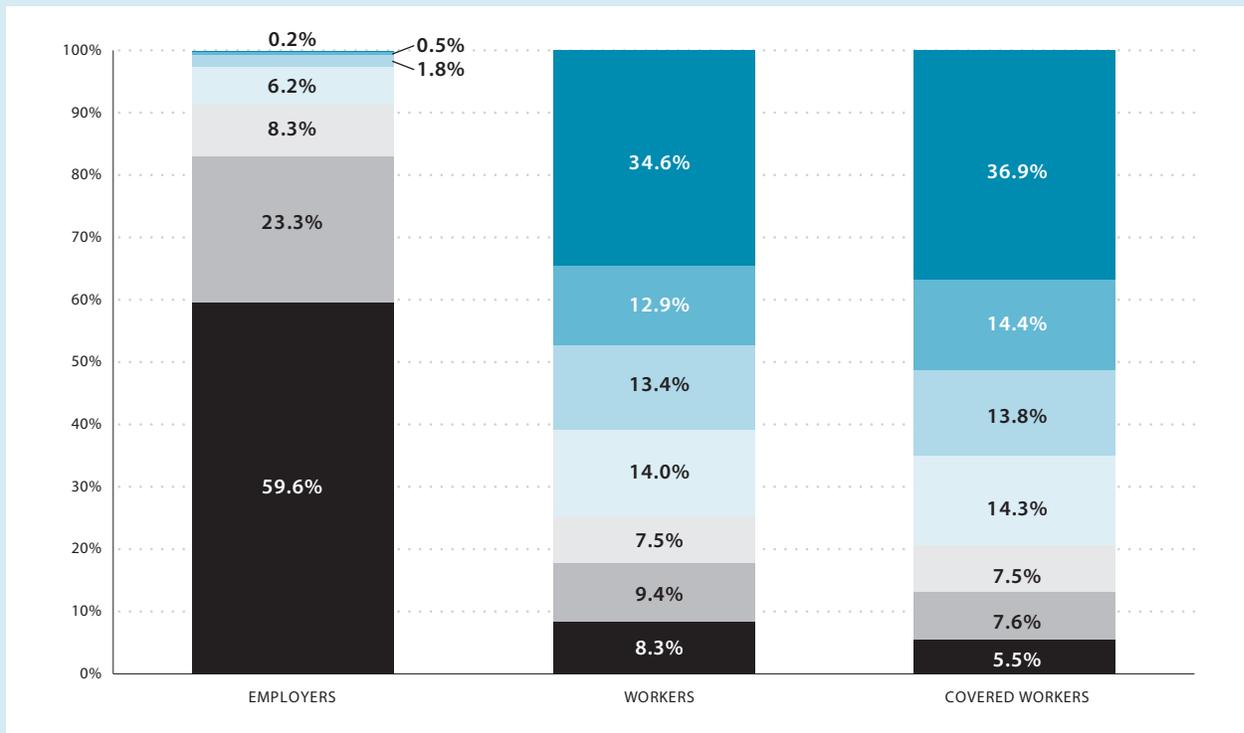
	Sample Size	Sample Distribution After Weighting	Percentage of Total for Weighted Sample
FIRM SIZE			
3–9 Workers	91	2,030,546	59.6%
10–24 Workers	211	795,120	23.3
25–49 Workers	170	282,541	8.3
50–199 Workers	300	211,879	6.2
200–999 Workers	470	60,925	1.8
1,000–4,999 Workers	483	17,545	0.5
5,000 or More Workers	321	8,242	0.2
ALL FIRM SIZES	2,046	3,406,798	100%
REGION			
Northeast	416	662,248	19.4%
Midwest	579	776,201	22.8
South	678	1,167,470	34.3
West	373	800,879	23.5
ALL REGIONS	2,046	3,406,798	100%
INDUSTRY			
Agriculture/Mining/Construction	126	421,087	12.4%
Manufacturing	201	209,101	6.1
Transportation/Communications/Utilities	121	128,114	3.8
Wholesale	105	193,150	5.7
Retail	142	423,924	12.4
Finance	130	234,153	6.9
Service	893	1,345,065	39.5
State/Local Government	138	50,587	1.5
Health Care	190	401,617	11.8
ALL INDUSTRIES	2,046	3,406,798	100%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

EXHIBIT M.2

Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: Data are based on a special data request to the U.S. Census Bureau for their most recent (2007) Statistics of U.S. Businesses data on private sector firms. State and local government data are from the Census Bureau's 2007 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, 2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010; U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, available at http://www.census.gov/geo/www/us_regdiv.pdf.

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Cost of
Health
Insurance

SECTION

1

COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUMS IN 2010 ARE \$5,049 FOR SINGLE COVERAGE AND \$13,770 FOR FAMILY COVERAGE. COMPARED TO 2009, THE AVERAGE PREMIUMS ARE ABOUT 5% AND 3% HIGHER FOR SINGLE AND FAMILY COVERAGE, RESPECTIVELY.

SMALLER FIRMS (3–199 WORKERS) HAVE A LOWER AVERAGE FAMILY PREMIUM (\$13,250) THAN LARGER FIRMS (200 OR MORE WORKERS) (\$14,038).

PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average cost of premiums for single coverage in 2010 is \$421 per month or \$5,049 per year (Exhibit 1.1). The average cost of premiums for family coverage is \$1,147 per month or \$13,770 per year (Exhibit 1.1).
- ▶ The average premiums for covered workers in HDHP/SOs are lower for single and family coverage 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) is lower than the average premium for workers in large firms (200 or more workers) (Exhibit 1.2). 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 and lower in the South than the average premiums for covered workers in other regions (Exhibit 1.3).
- ▶ Premiums also vary by plan funding and workforce attributes.
 - Average single and family premiums are higher for covered workers in firms with at least some union workers than for covered workers in firms with no union employees (Exhibit 1.5 and 1.6).
 - Covered workers in firms where 35% or more of workers are age 50 or older have higher average single and family premiums than covered workers in firms with a lower percentage of workers age 50 or older (Exhibits 1.5 and 1.6).
- Average single and family premiums are similar for covered workers in partially or fully self-funded plans or in fully insured plans (Exhibit 1.5 and 1.6). However, among large firms (200 or more workers), where most firms self fund their health benefits, workers in firms that are self-funded have lower single and family premiums than workers in firms that have insured benefits (Exhibits 1.5 and 1.6).
- ▶ There is a great deal of variation above and below the average premiums for both single and family coverage.
 - Seventeen percent of covered workers are employed by firms that have a single premium that is at least 20% higher than the average single premium of \$5,049, while 20% of covered workers are in firms that have a single premium that is less than 80% of the average single premium (Exhibit 1.7 and 1.8).
 - For family coverage, 20% of covered workers are employed in a firm that has a family premium that is at least 20% higher than the average family premium of \$13,770, while 19% of covered workers are in firms that have a family premium that is less than 80% of the average family premium (Exhibit 1.7 and 1.8).

PREMIUM CHANGES OVER TIME

- ▶ In 2010, the average annual single premium (\$5,049) is 5% higher than the average premium in 2009 (\$4,824) and the family premium (\$13,770) is about 3% higher than the average annual family premium we reported last year (\$13,375) (Exhibit 1.11).
- The \$13,770 average annual family premium in 2010 is 27% higher than the average family premium in 2005 and 114% higher than the average family premium in 2000 (Exhibit 1.11).

- ▶ For the third year in a row, the average annual family premium for covered workers in small firms (3–199 workers) is significantly lower than the average annual family premium for covered workers in large firms (200 or more workers). The average annual family premiums for covered workers in small and large firms have been similar in most other earlier years (Exhibit 1.12).
- The average annual family premiums for covered workers in small and large firms have grown at similar rates between 2005 and 2010 (25% in small firms vs. 27% in large firms). Between 2000 and 2010, the average annual family premium for covered workers in small firms increased 103%, compared to an increase of 120% for workers in large firms (Exhibit 1.13).
- For large firms (200 or more workers), the average annual family premium for covered workers in firms that are fully insured has grown faster than for workers in fully or partially self-funded firms from 2005 to 2010 (35% in fully insured firms vs. 26% in self-funded firms) and from 2000 to 2010 (132% in fully insured firms vs. 116% 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, 2010

	Monthly	Annual
HMO		
Single Coverage	\$428	\$5,130
Family Coverage	\$1,177	\$14,125
PPO		
Single Coverage	\$427	\$5,124
Family Coverage	\$1,169	\$14,033
POS		
Single Coverage	\$437	\$5,239
Family Coverage	\$1,101	\$13,213
HDHP/SO		
Single Coverage	\$373*	\$4,470*
Family Coverage	\$1,032*	\$12,384*
ALL PLAN TYPES		
Single Coverage	\$421	\$5,049
Family Coverage	\$1,147	\$13,770

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 1.2

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$428	\$1,107*	\$5,133	\$13,285*
All Large Firms (200 or More Workers)	427	1,208*	5,129	14,492*
ALL FIRM SIZES	\$428	\$1,177	\$5,130	\$14,125
PPO				
All Small Firms (3–199 Workers)	\$431	\$1,145	\$5,169	\$13,735
All Large Firms (200 or More Workers)	425	1,180	5,104	14,161
ALL FIRM SIZES	\$427	\$1,169	\$5,124	\$14,033
POS				
All Small Firms (3–199 Workers)	\$429	\$1,069	\$5,145	\$12,825
All Large Firms (200 or More Workers)	450	1,154	5,402	13,850
ALL FIRM SIZES	\$437	\$1,101	\$5,239	\$13,213
HDHP/SO				
All Small Firms (3–199 Workers)	\$371	\$1,002	\$4,454	\$12,022
All Large Firms (200 or More Workers)	373	1,053	4,482	12,640
ALL FIRM SIZES	\$373	\$1,032	\$4,470	\$12,384
ALL PLANS				
All Small Firms (3–199 Workers)	\$420	\$1,104*	\$5,046	\$13,250*
All Large Firms (200 or More Workers)	421	1,170*	5,050	14,038*
ALL FIRM SIZES	\$421	\$1,147	\$5,049	\$13,770

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 1.3

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$480*	\$1,257*	\$5,756*	\$15,082*
Midwest	421	1,197	5,049	14,364
South	414	1,129	4,972	13,550
West	401*	1,142	4,817*	13,703
ALL REGIONS	\$428	\$1,177	\$5,130	\$14,125
PPO				
Northeast	\$457*	\$1,243*	\$5,484*	\$14,917*
Midwest	430	1,204	5,154	14,451
South	404*	1,121*	4,846*	13,448*
West	445	1,157	5,338	13,880
ALL REGIONS	\$427	\$1,169	\$5,124	\$14,033
POS				
Northeast	\$481*	\$1,235	\$5,776*	\$14,820
Midwest	482	1,290*	5,788	15,484*
South	402*	1,029	4,826*	12,347
West	433	1,007	5,197	12,084
ALL REGIONS	\$437	\$1,101	\$5,239	\$13,213
HDHP/SO				
Northeast	\$398	\$1,156	\$4,779	\$13,869
Midwest	359	985	4,313	11,818
South	371	1,029	4,451	12,345
West	372	989	4,459	11,873
ALL REGIONS	\$373	\$1,032	\$4,470	\$12,384
ALL PLANS				
Northeast	\$457*	\$1,235*	\$5,484*	\$14,815*
Midwest	417	1,164	5,009	13,973
South	402*	1,103*	4,820*	13,238*
West	421	1,122	5,056	13,463
ALL REGIONS	\$421	\$1,147	\$5,049	\$13,770

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Estimate is statistically different within plan type 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, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$395*	\$1,159	\$4,744*	\$13,911
Transportation/Communications/ Utilities	412	1,195	4,946	14,336
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	396	1,169	4,749	14,032
Service	446	1,134	5,348	13,603
State/Local Government	471	1,269	5,651	15,222
Health Care	457*	1,290*	5,484*	15,476*
ALL INDUSTRIES	\$428	\$1,177	\$5,130	\$14,125
PPO				
Agriculture/Mining/Construction	\$384*	\$1,073*	\$4,608*	\$12,871*
Manufacturing	407	1,171	4,886	14,053
Transportation/Communications/ Utilities	402*	1,143	4,829*	13,712
Wholesale	402	1,158	4,830	13,892
Retail	399	1,038*	4,794	12,456*
Finance	427	1,244*	5,119	14,932*
Service	423	1,163	5,079	13,959
State/Local Government	512*	1,260	6,145*	15,122
Health Care	484*	1,264	5,811*	15,172
ALL INDUSTRIES	\$427	\$1,169	\$5,124	\$14,033
POS				
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	\$443	\$1,088	\$5,310	\$13,055
State/Local Government	NSD	NSD	NSD	NSD
Health Care	NSD	NSD	NSD	NSD
ALL INDUSTRIES	\$437	\$1,101	\$5,239	\$13,213

Continued on next page

EXHIBIT 1.4 *Continued from previous page*

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HDHP/SO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$390	\$1,036	\$4,685	\$12,428
Transportation/Communications/ Utilities	352	987	4,221	11,847
Wholesale	368	1,040	4,419	12,485
Retail	NSD	NSD	NSD	NSD
Finance	346	999	4,147	11,984
Service	376	1,051	4,517	12,615
State/Local Government	NSD	NSD	NSD	NSD
Health Care	377	1,041	4,529	12,497
ALL INDUSTRIES	\$373	\$1,032	\$4,470	\$12,384
ALL PLANS				
Agriculture/Mining/Construction	\$386*	\$1,057*	\$4,628*	\$12,689*
Manufacturing	402	1,144	4,818	13,729
Transportation/Communications/ Utilities	397*	1,133	4,763*	13,591
Wholesale	399	1,143	4,783	13,712
Retail	398	1,032*	4,782	12,387*
Finance	407	1,192	4,883	14,310
Service	423	1,135	5,073	13,619
State/Local Government	488*	1,224	5,852*	14,684
Health Care	459*	1,241*	5,507*	14,888*
ALL INDUSTRIES	\$421	\$1,147	\$5,049	\$13,770

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Wage Level			
Few Workers Are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	\$5,052	\$5,074	\$5,067
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$4,998	\$4,859	\$4,907
Unions			
Firm Has At Least Some Union Workers	\$5,726	\$5,196*	\$5,263*
Firm Does Not Have Any Union Workers	\$4,948	\$4,926*	\$4,936*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$5,043	\$5,080*	\$5,067
35% or More Workers Are Age 26 or Younger	\$5,092	\$4,724*	\$4,827
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$4,825*	\$4,969*	\$4,918*
35% or More Workers Are Age 50 or Older	\$5,466*	\$5,200*	\$5,291*
Funding Arrangement			
Fully Insured	\$4,972	\$5,286*	\$5,060
Self-Funded	\$5,428	\$5,001*	\$5,041

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Wage Level			
Few Workers Are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	\$13,358	\$14,021	\$13,795
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$12,411	\$14,174	\$13,567
Unions			
Firm Has At Least Some Union Workers	\$14,858*	\$14,249	\$14,327*
Firm Does Not Have Any Union Workers	\$13,010*	\$13,857	\$13,472*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$13,241	\$14,113*	\$13,811
35% or More Workers Are Age 26 or Younger	\$13,406	\$13,195*	\$13,252
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$12,908*	\$13,791*	\$13,489*
35% or More Workers Are Age 50 or Older	\$13,888*	\$14,490*	\$14,286*
Funding Arrangement			
Fully Insured	\$13,203	\$14,678*	\$13,626
Self-Funded	\$13,493	\$13,903*	\$13,865

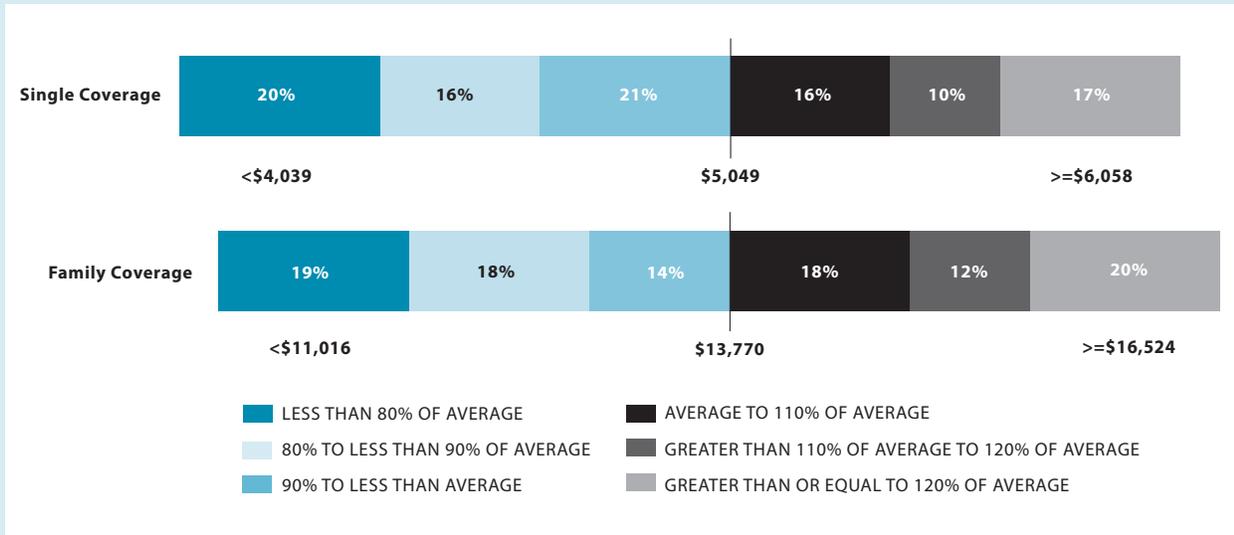
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 1.7

Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

EXHIBIT 1.8

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2010

Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percent Covered Workers in Range	Premium Range, Dollar Amount	Percent Covered Workers in Range
Less than 80%	Less Than \$4,039	20%	Less Than \$11,016	19%
80% to Less Than 90%	\$4,039 to <\$4,544	16%	\$11,016 to <\$12,393	18%
90% to Less Than Average	\$4,544 to <\$5,049	21%	\$12,393 to <\$13,770	14%
Average to Less Than 110%	\$5,049 to <\$5,554	16%	\$13,770 to <\$15,147	18%
110% to Less Than 120%	\$5,554 to <\$6,058	10%	\$15,147 to <\$16,524	12%
120% or More	\$6,058 or More	17%	\$16,524 or More	20%

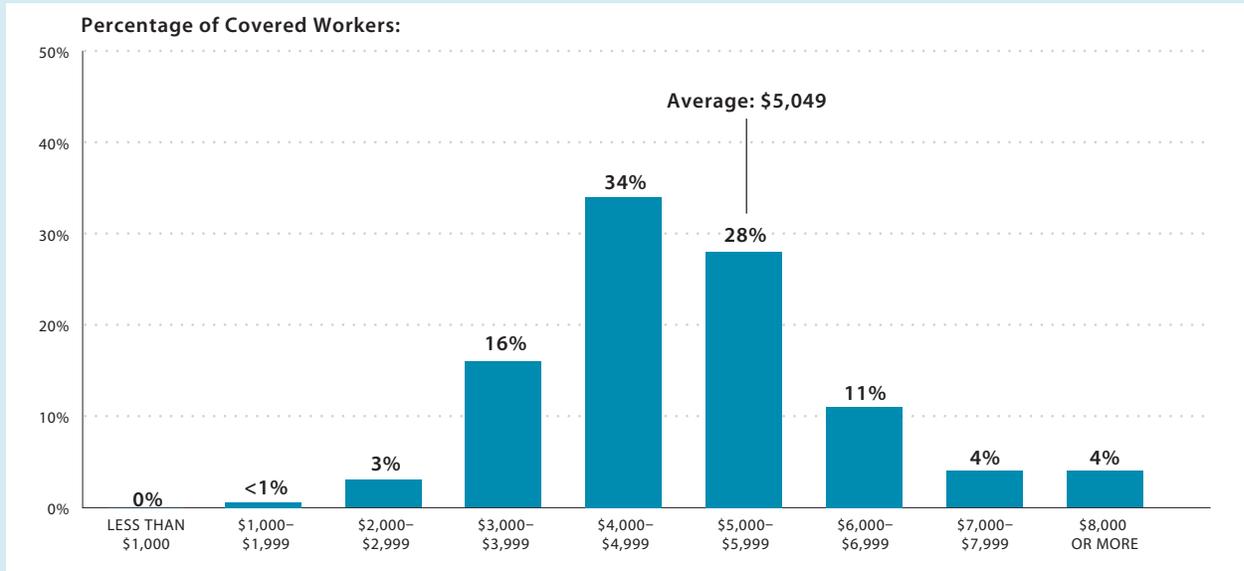
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The average premium is \$5,049 for single coverage and \$13,770 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,039 is 80% of the average single premium, \$4,544 is 90% of the average single premium, \$5,554 is 110% of the average single premium, and \$6,058 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, 2010

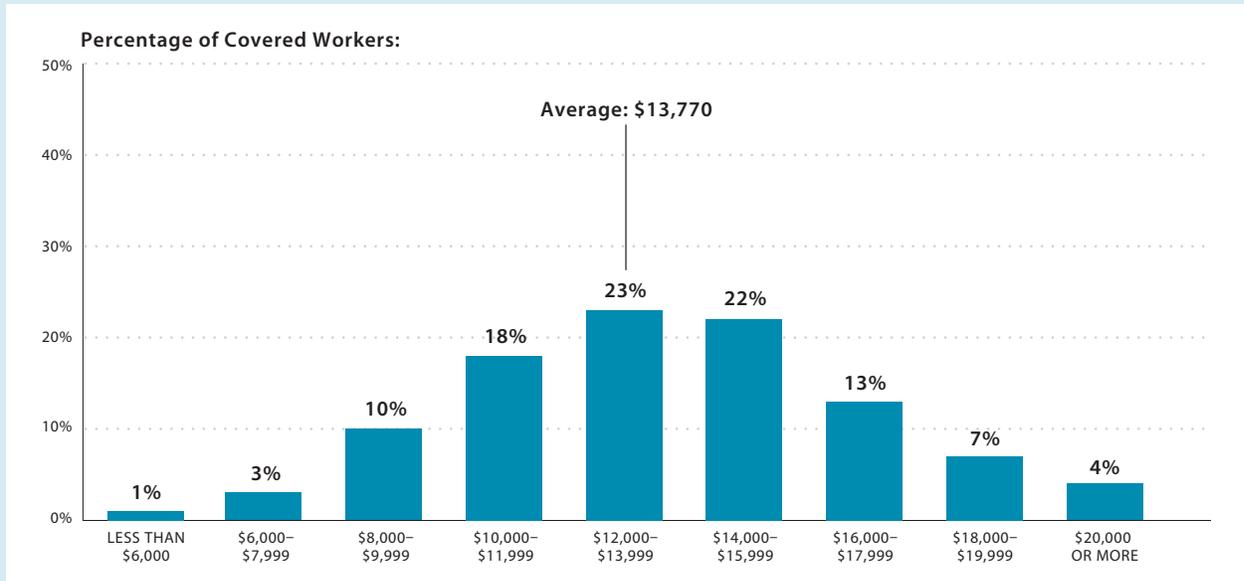


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

EXHIBIT 1.10

Distribution of Annual Premiums for Covered Workers with Family Coverage, 2010

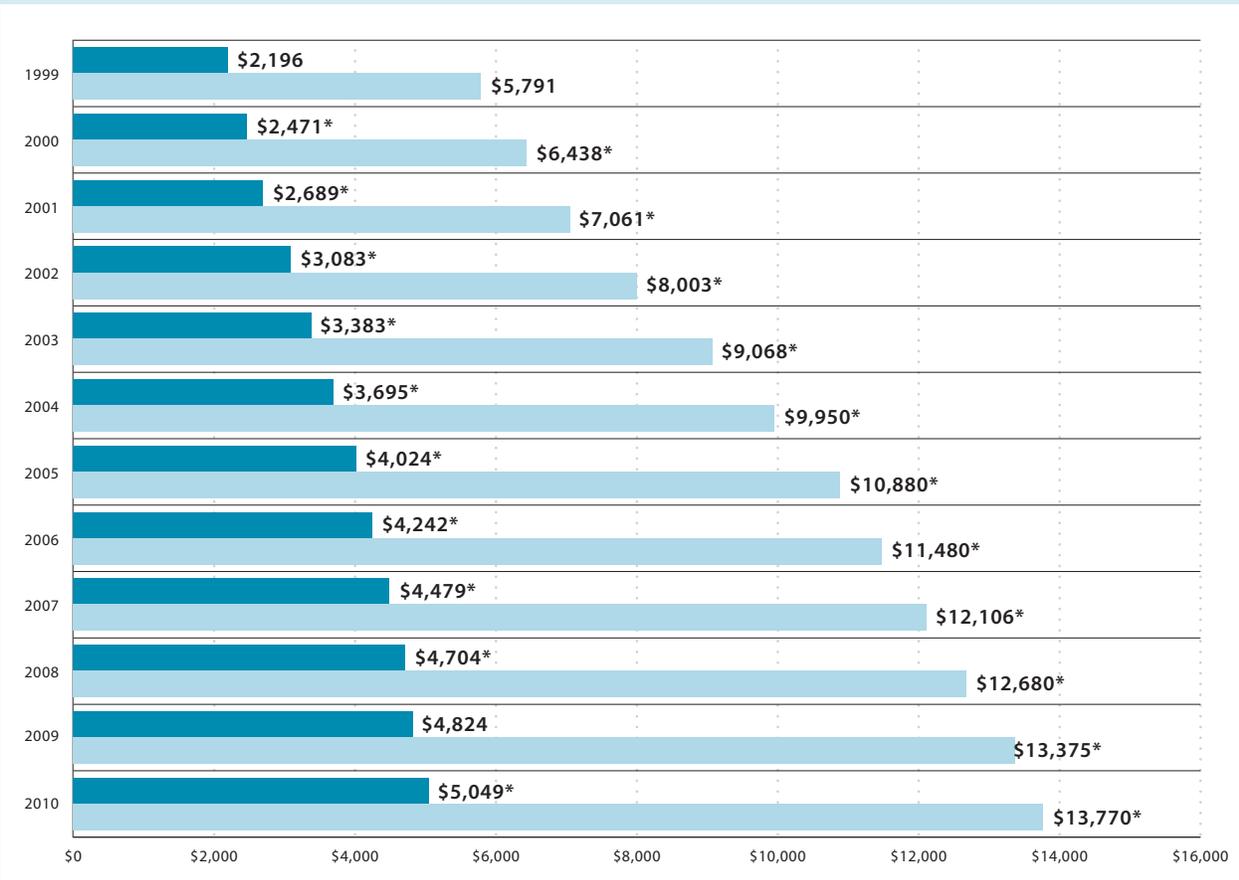


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

■ 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, 1999–2010

	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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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 Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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 this exhibit for 2006.

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Health
Benefits
Offer Rates

SECTION

2

HEALTH BENEFITS OFFER RATES

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 FIRMS OFFERING HEALTH BENEFITS IN 2010 INCREASED SIGNIFICANTLY FROM 2009. THE REASON FOR THE INCREASE IS UNCLEAR, BUT IT IS PRIMARILY DRIVEN BY A 13 PERCENTAGE POINT JUMP IN THE PERCENTAGE OF FIRMS WITH 3 TO 9 EMPLOYEES OFFERING COVERAGE, FROM 46% IN 2009 TO 59% IN 2010. WE HAVE SEEN SOME FLUCTUATION IN THIS CATEGORY IN THE PAST BUT NEVER OF THIS MAGNITUDE. THE OFFER RATE REFLECTS INFORMATION ABOUT FIRMS THAT ARE STILL IN BUSINESS IN 2010 AND DOES NOT ACCOUNT FOR FIRMS THAT HAVE GONE OUT OF BUSINESS DUE TO THE ECONOMIC RECESSION. A POSSIBLE EXPLANATION FOR THE INCREASE IN THE OFFER RATE IS THAT NON-OFFERING FIRMS WERE MORE LIKELY TO FAIL DURING THE PAST YEAR, AND THE ATTRITION OF NON-OFFERING FIRMS LED TO A HIGHER OFFER RATE AMONG SURVIVING FIRMS. FOR MORE DISCUSSION OF THE OFFER RATE, SEE THE SURVEY DESIGN AND METHODS SECTION. BECAUSE MOST WORKERS ARE EMPLOYED BY LARGE FIRMS, THE CHANGE IN OFFERING AMONG THE SMALLEST FIRMS DID NOT HAVE A DRAMATIC EFFECT ON THE PERCENTAGE OF WORKERS IN FIRMS OFFERING HEALTH BENEFITS (93 PERCENT IN 2010 VS. 91 PERCENT IN 2009).

- ▶ In 2010, sixty-nine percent of firms offer health benefits, which is statistically different from the 60% reported in 2009 (Exhibit 2.1).
 - Ninety-nine percent of large firms (200 or more workers) offer health benefits in 2010, not statistically different from 2009 (Exhibit 2.2). In contrast, 68% of small firms (3–199 workers) offer health benefits in 2010, a statistically significant increase from the 59% reported in 2009.
 - Between 1999 and 2010, the offer rate for large firms (200 or more workers) has not dropped below 98%. Among small firms (3–199 workers), the offer rate has varied from a high of 68% in 2000, 2001 and 2010, to a low of 59% in 2005, 2007 and 2009. These variations are 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.
 - The smallest firms are least likely to offer health insurance. Fifty-nine percent of firms with 3 to 9 workers offer coverage, compared to 76% of firms with 10 to 24 workers, 92% of firms with 25 to 49 workers (Exhibit 2.3), and over 95% 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). Seventy-four percent of firms with fewer lower-wage workers offer health benefits, compared with only 48% of firms with many lower-wage workers (Exhibit 2.4).
 - Firms that employ at least some union workers are much more likely than firms without union workers to offer health benefits to their employees. Ninety-four percent of firms with some union workers offer health benefits, compared to 67% of firms that do not have union employees (Exhibit 2.4).
 - The age of the workforce significantly affects the probability of a firm offering health benefits as well. Firms with 35% or more of its workers age 26 or younger are far less likely to offer health benefits than firms where less than 35% of workers are age 26 or younger (31% and 73%, respectively) (Exhibit 2.4).

- ▶ Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
 - In 2010, 25% 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. 24%).
 - A very small percentage (2%) of firms offering health benefits offer them to temporary workers (Exhibit 2.6), and this figure has remained stable over time. Firms with 200 or more workers are more likely to offer health benefits to temporary workers than firms with 3 to 199 workers (7% vs. 1%).

DENTAL AND VISION BENEFITS

- ▶ Forty-seven percent of firms offering health benefits offer or contribute to a dental insurance benefit for their employees that is separate from any dental coverage the health plans might include. This is not statistically different from the 44% reported in 2008, which is the last time we asked about dental benefits (Exhibit 2.8). Large firms (200 or more workers) are far more likely than small firms (3–199 workers) to offer or contribute to a separate dental health benefit, at 87% versus 45% (Exhibit 2.7).
- ▶ Eighteen percent of firms offer or contribute to a vision benefit for their employees that is separate from any vision coverage the health plan might include, similar to the 17% reported in 2008, which is the last time we asked about vision benefits (Exhibit 2.8). Large firms (200 or more workers) are much more likely than small firms (3–199 workers) to offer or contribute to a separate vision care benefit, at 55% versus 17% (Exhibit 2.7).

FIRMS NOT OFFERING HEALTH BENEFITS

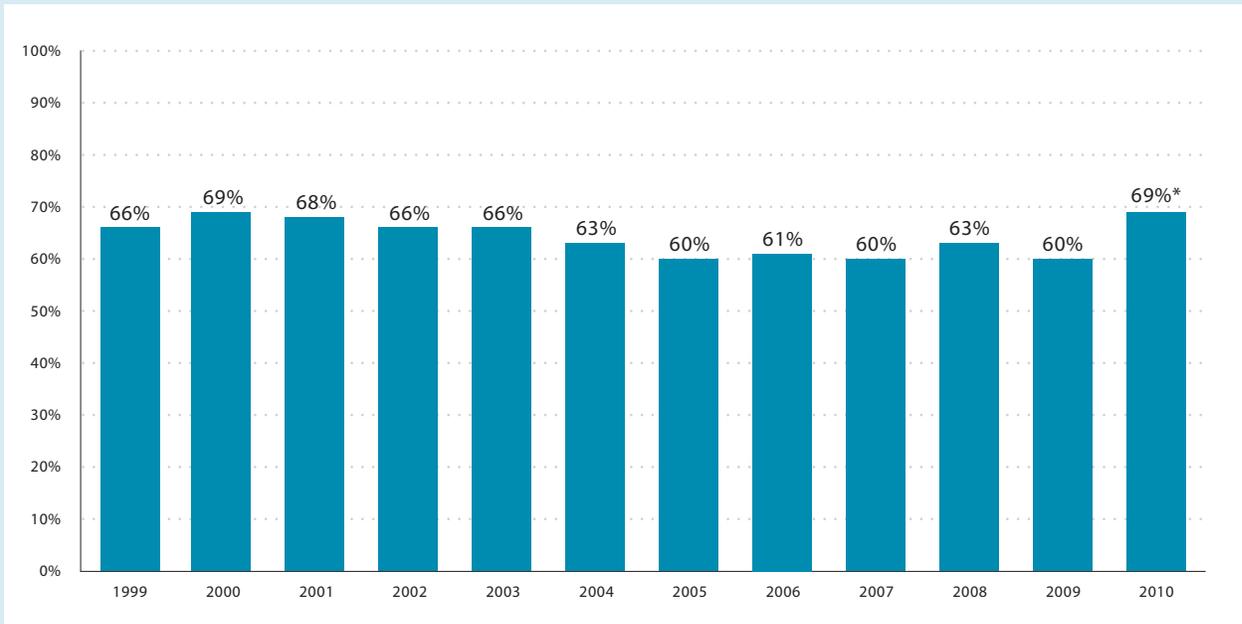
- ▶ The survey asks firms that do not offer health benefits if they have offered insurance or shopped for insurance in the recent past, whether the firm stopped offering due to the recent economic downturn, and about their most important reasons for not offering. Because such a small percentage of large firms (200 or more workers) report not offering health benefits, we present the information for employers with 3 to 199 workers, 32% of which do not offer health benefits.
 - Among small firms (3–199 workers) not offering health benefits, 54% cite high cost as “the most important reason” for not doing so. Other factors frequently cited by firms as the most important reason for not offering coverage include: firm is too small (12%) and employees are covered elsewhere (6%) (Exhibit 2.9).
- ▶ Many non-offering firms have either offered health benefits in the past five years, or shopped for coverage recently.
 - Twenty-seven percent of non-offering small firms (3–199 workers) have offered health benefits in the past five years, while 30% have shopped for coverage in the past year (Exhibit 2.10). Forty-seven percent of those that stopped offering within the past five years reported doing so due to the economic downturn.

NOTE:

¹ The 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, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–9 Workers	56%	57%	58%	58%	55%	52%	47%	48%	45%	49%	46%	59%*
10–24 Workers	74	80	77	70*	76	74	72	73	76	78	72	76
25–49 Workers	86	91	90	86	84	87	87	87	83	90*	87	92
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95
All Small Firms (3–199 Workers)	65%	68%	68%	66%	65%	63%	59%	60%	59%	62%	59%	68%*
All Large Firms (200 or More Workers)	99%	99%	99%	98%	98%	99%	98%	98%	99%	99%	98%	99%
ALL FIRMS	66%	69%	68%	66%	66%	63%	60%	61%	60%	63%	60%	69%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010

	Percentage of Firms Offering Health Benefits
FIRM SIZE	
3–9 Workers	59%*
10–24 Workers	76*
25–49 Workers	92*
50–199 Workers	95*
200–999 Workers	98*
1,000–4,999 Workers	99*
5,000 or More Workers	99*
All Small Firms (3–199 Workers)	68%*
All Large Firms (200 or More Workers)	99%*
REGION	
Northeast	78%*
Midwest	63
South	67
West	70
INDUSTRY	
Agriculture/Mining/Construction	67%
Manufacturing	78
Transportation/Communications/Utilities	85
Wholesale	79
Retail	57
Finance	71
Service	72
State/Local Government	72
Health Care	57*
ALL FIRMS	69%

SOURCE:

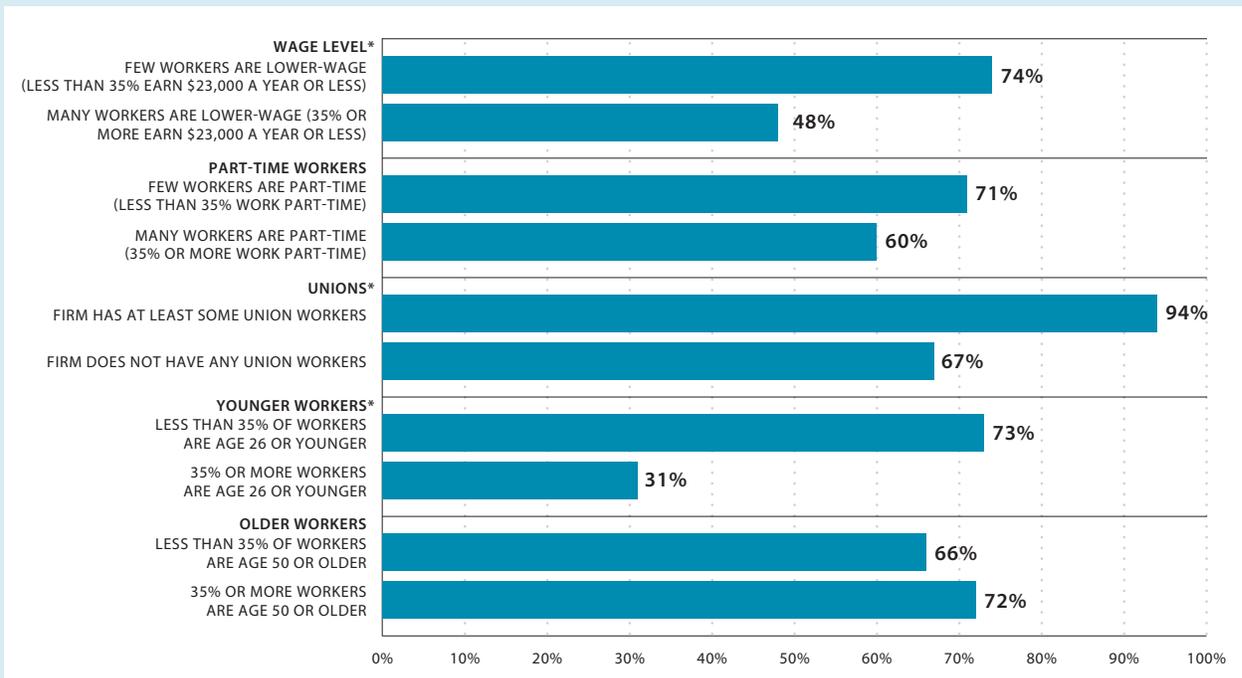
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 1999–2010

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–24 Workers	19%	21%	17%	21%	24%	20%	27%	30%	23%	22%	31%	24%
25–199 Workers	26	25	31	29	29	29	29	28	26	30	27	28
200–999 Workers	36	33	42	43	38	41	33	40	37	40	44	35*
1,000–4,999 Workers	53	48	55	60	57	50	46	55	54	53	55	55
5,000 or More Workers	61	52	60	58	57	59	61	63	63	67	60	61
ALL FIRMS	21%	23%	21%	24%	26%	23%	28%	31%	24%	25%	31%	25%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–24 Workers	5%	2%	4%	3%	1%	4%	2%	3%	2%	3%	4%	1%
25–199 Workers	3	7	3	4	3	3	5	4	4	3	3	4
200–999 Workers	3	8	6	5	9	8	5	5	7	4	4	6
1,000–4,999 Workers	6	8	9	8	7	6	5	9	9	7	7	8
5,000 or More Workers	8	9	7	7	10	7	9	11	6*	8	9	8
ALL FIRMS	4%	4%	4%	3%	2%	4%	3%	3%	2%	3%	3%	2%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

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

EXHIBIT 2.7

Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size and Region, 2010

	Separate Dental Benefits	Separate Vision Benefits
FIRM SIZE		
200–999 Workers	87%*	51%*
1,000–4,999 Workers	88*	64*
5,000 or More Workers	90*	68*
All Small Firms (3–199 Workers)	45%*	17%*
All Large Firms (200 or More Workers)	87%*	55%*
REGION		
Northeast	49%	13%
Midwest	41	11*
South	56	19
West	36	27
ALL FIRMS	47%	18%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: The survey asks firms that offer health benefits if they offer or contribute to a dental or vision insurance program that is separate from any dental or vision coverage the health plans might include.

EXHIBIT 2.8

Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size, 2000–2010

	2000	2003	2006	2008	2010
Dental Benefits					
All Small Firms (3–199 workers)	30%	37%	49%*	43%	45%
All Large Firms (200 or More Workers)	62	79*	80	82	87*
All Firms	31%	39%	50%*	44%	47%
Vision Benefits					
All Small Firms (3–199 workers)	—	—	20%	15%	17%
All Large Firms (200 or More Workers)	—	—	44	49	55*
All Firms	—	—	21%	17%	18%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

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

Note: Data on vision benefits was not collected in 2000 and 2003. The survey asks firms that offer health benefits if they offer or contribute to a dental or vision insurance program that is separate from any dental or vision coverage the health plans might include.

EXHIBIT 2.9

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Reasons for Not Offering, 2010

	Most Important Reason
Cost of health insurance is too high	54%
The firm is too small	12
Employees are generally covered under another plan	6
Employee turnover is too great	5
No interest/Employees don't want it	4
Other	8
Don't know	11

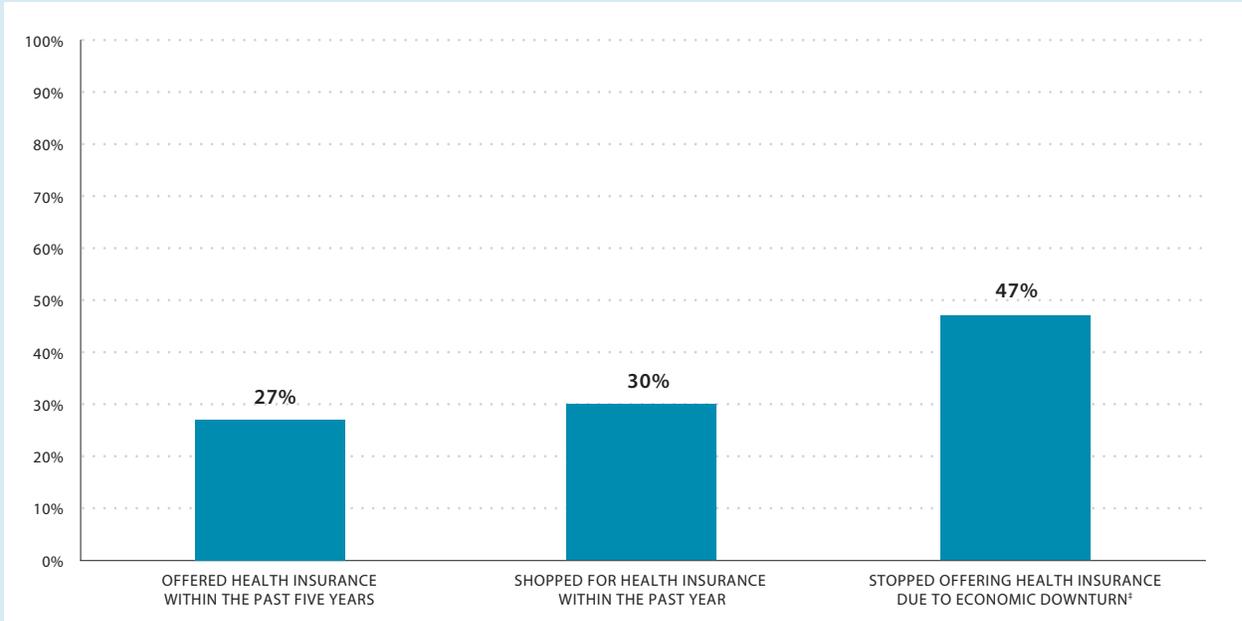
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The question asking non-offering 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, Percentage That Report the Following Activities Regarding Health Benefits, by Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[‡] Among those firms who reported offering health insurance within the past five years.

EMPLOYER HEALTH BENEFITS
2010 ANNUAL SURVEY

Employee
Coverage,
Eligibility, and
Participation

SECTION

3

EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION

EMPLOYERS ARE THE PRINCIPAL SOURCE OF HEALTH INSURANCE IN THE UNITED STATES, PROVIDING HEALTH BENEFITS FOR ABOUT 157 MILLION NONELDERLY PEOPLE IN AMERICA.¹ 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 AN OFFER OF COVERAGE FROM THEIR FIRM.

- ▶ Among firms offering health benefits, 63% percent of workers are covered by health benefits through their own employer (Exhibit 3.2). This percentage is reduced to 59% when considering all workers, regardless of whether they are in a firm offering health benefits or not (Exhibit 3.1). The coverage rate has remained fairly stable over time.
- ▶ Not all employees are eligible for the health benefits offered by their firm, and not all eligible employees who are offered health coverage 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 in 2010, the same as last year (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 coverage through their employer generally elect to take up coverage. Eighty percent of eligible workers take up coverage when it is offered to them, similar to the 81% reported last year (Exhibit 3.2).²
 - 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 (82%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$23,000 or less annually) (69%) (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 forty-eight percent of workers in retail firms are covered by health benefits offered by their firm, compared to 80% of workers in state and local government, 76% of workers in the manufacturing industry, and 74% of workers in the transportation/communications/utilities industry category (Exhibit 3.2).

NOTE:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2009.

² 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 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 of part-time workers (70% vs. 38%) (Exhibit 3.5).
 - 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) (66% vs. 47%) (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) (66% vs. 44%) (Exhibit 3.5).
- ▶ Seventy-four percent of covered workers face a waiting period before coverage is available. Covered workers in the Northeast are less likely (64%) than workers in other regions to face a waiting period. Covered workers in retail (90%), health care (86%), and agriculture/mining/construction (85%) firms are more likely than workers in other industries to face a waiting period (Exhibit 3.7).
- The average waiting period among covered workers who face a waiting period is 2.2 months (Exhibit 3.7). Thirty-one percent of covered workers face a waiting period of 3 months or more (Exhibit 3.8).
- ▶ The distribution of covered workers electing single coverage, single plus one coverage, or family coverage is 47%, 19%, and 34% respectively in 2010 (Exhibit 3.9). Workers in small firms (3–199 workers) are significantly more likely to enroll in single coverage and less likely to enroll in family coverage than are workers in large firms (200 or more workers), at 55% versus 42% for single coverage and 30% versus 36% for family coverage (Exhibit 3.10).
- ▶ The survey asked firms about the age at which dependents and dependents who are full-time students are no longer eligible for coverage in the plan with the largest enrollment.
- Fifty-two percent of firms limit the age at which dependents are no longer eligible for dependent coverage to 18 or 19 years old, and another 19% limit the age to 20 or 21 years of age (Exhibit 3.11).
 - For dependents who are full-time students, the age limit is generally higher. Sixty-six percent of firms limit the age at which full-time students are no longer eligible for dependent coverage to 24 or older (Exhibit 3.12).³

NOTE:

³ Averages and distributions exclude 1% of firms with no limit on the age at which dependents are no longer eligible for coverage for the plan with the largest enrollment, and 2% of firms that have no limit for dependents that are full-time students.

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, 1999–2010*

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

*Tests found no statistical difference 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, 2010

	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
FIRM SIZE			
3–24 Workers	83%	76%*	63%
25–49 Workers	84*	77	64
50–199 Workers	80	79	63
200–999 Workers	76	81	62
1,000–4,999 Workers	80	83*	66
5,000 or More Workers	76	82	63
All Small Firms (3–199 Workers)	82%*	77%*	63%
All Large Firms (200 or More Workers)	77%*	82%*	63%
REGION			
Northeast	78%	83%*	64%
Midwest	78	80	62
South	80	79	63
West	79	81	64
INDUSTRY			
Agriculture/Mining/Construction	83%	77%	65%
Manufacturing	92*	83	76*
Transportation/Communications/Utilities	87*	85*	74*
Wholesale	78	83	66
Retail	63*	75	48*
Finance	90*	82	74*
Service	74*	77	57*
State/Local Government	86*	93*	80*
Health Care	77	79	61
ALL FIRMS	79%	80%	63%

SOURCE:

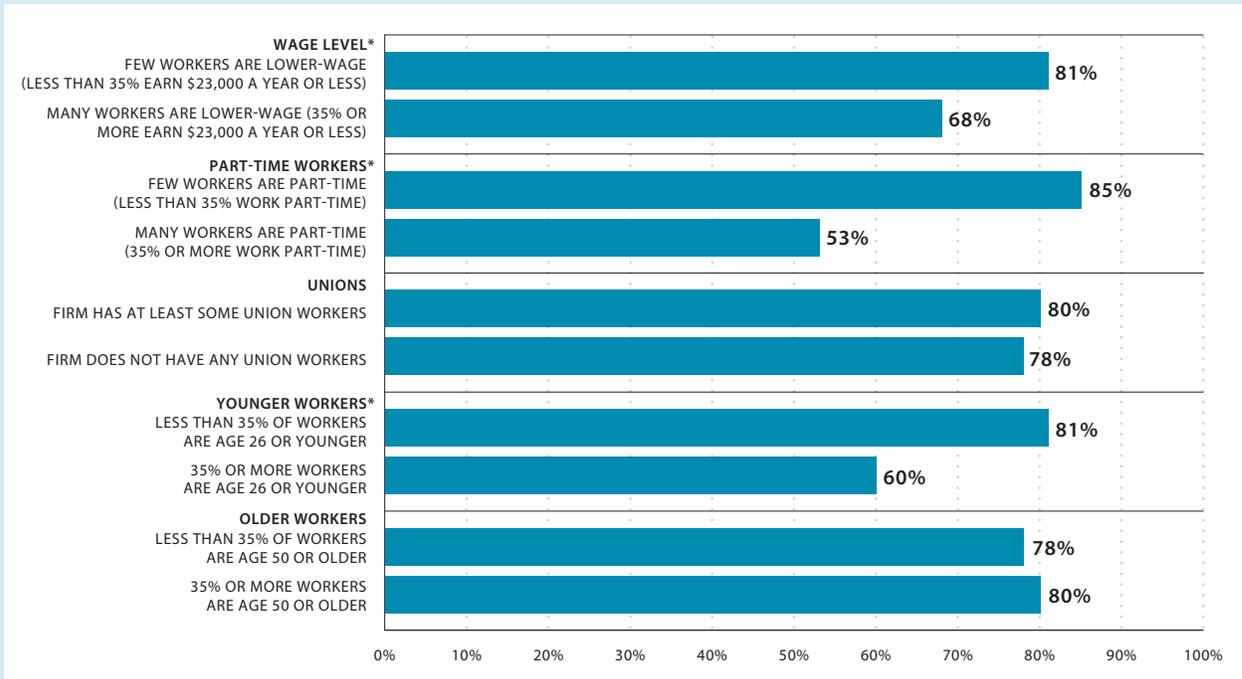
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010



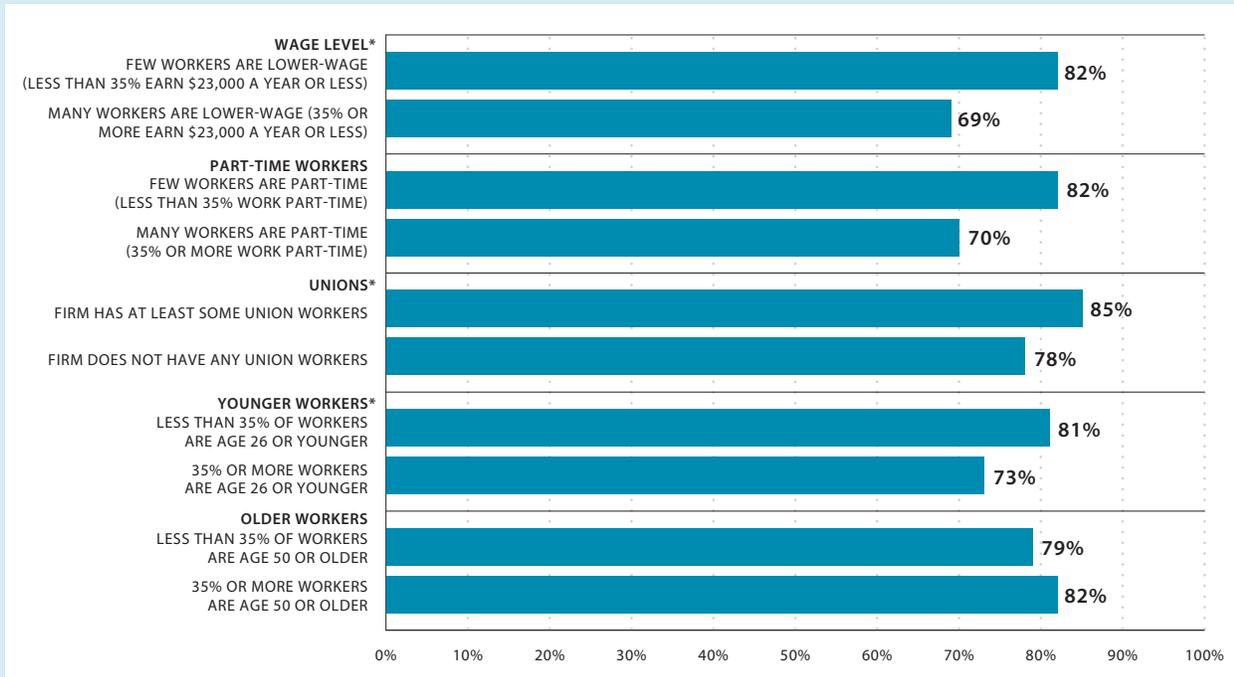
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010



SOURCE:

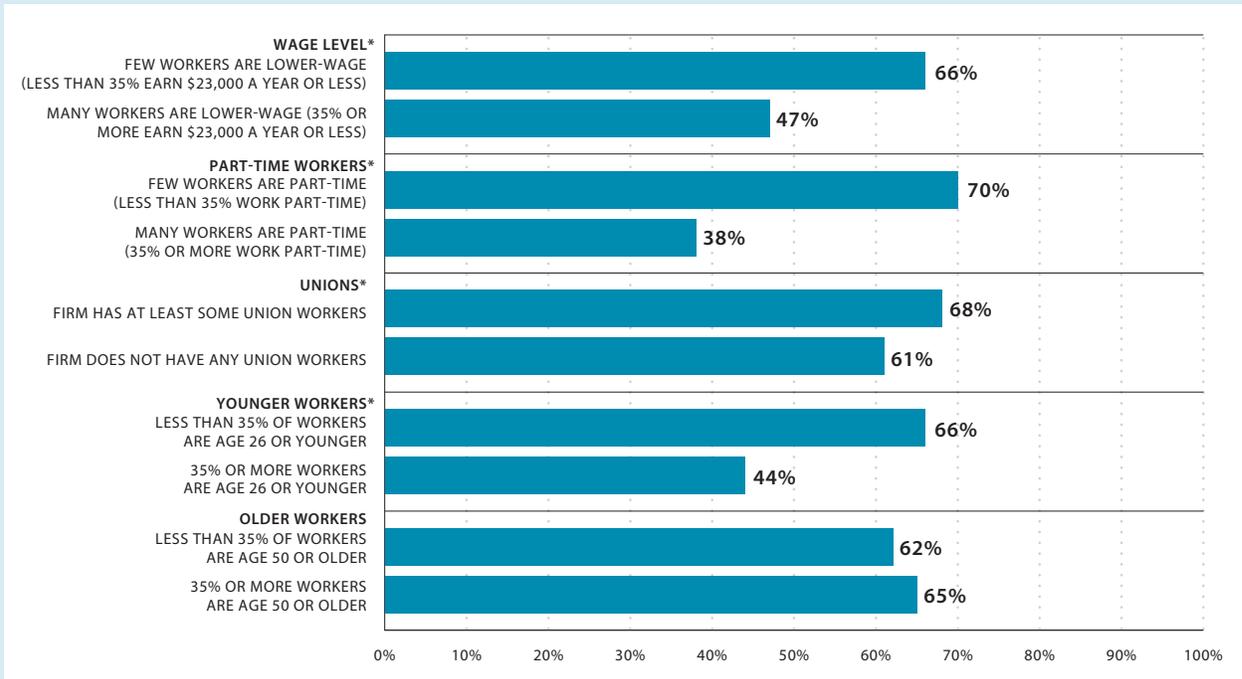
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 1999–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010

	Percentage of Covered Workers in Firms with a Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
FIRM SIZE		
All Small Firms (3–199 Workers)	76%	2.5*
All Large Firms (200 or More Workers)	73	2.0*
REGION		
Northeast	64%*	2.1
Midwest	74	2.0*
South	78	2.3
West	77	2.4
INDUSTRY		
Agriculture/Mining/Construction	85%*	2.8*
Manufacturing	71	2.3
Transportation/Communications/Utilities	64	2.2
Wholesale	77	2.2
Retail	90*	2.8*
Finance	73	1.9
Service	67*	2.2
State/Local Government	70	1.7*
Health Care	86*	1.9*
ALL FIRMS	74%	2.2

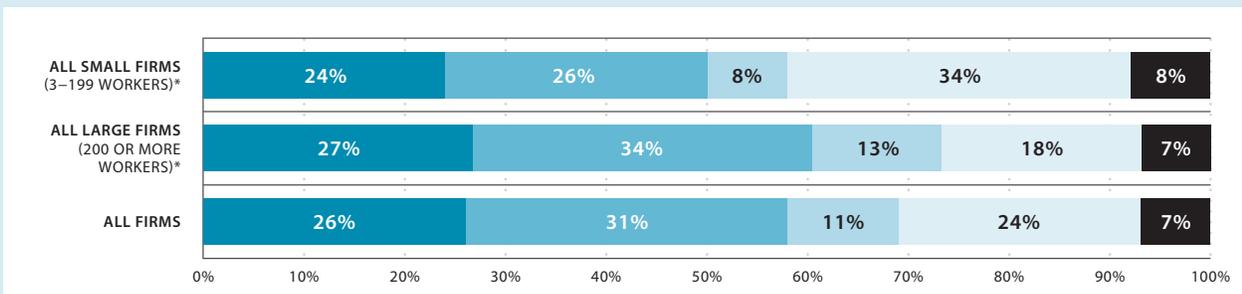
SOURCE:

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

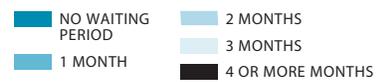
EXHIBIT 3.8

Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2010



SOURCE:

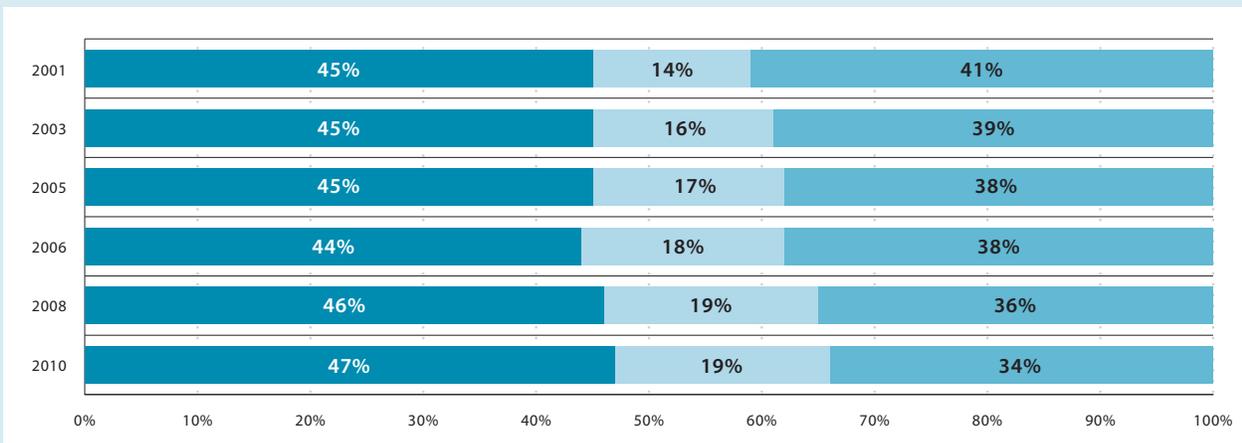
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.



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

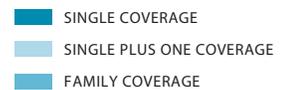
EXHIBIT 3.9

Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, 2001-2010*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2010.

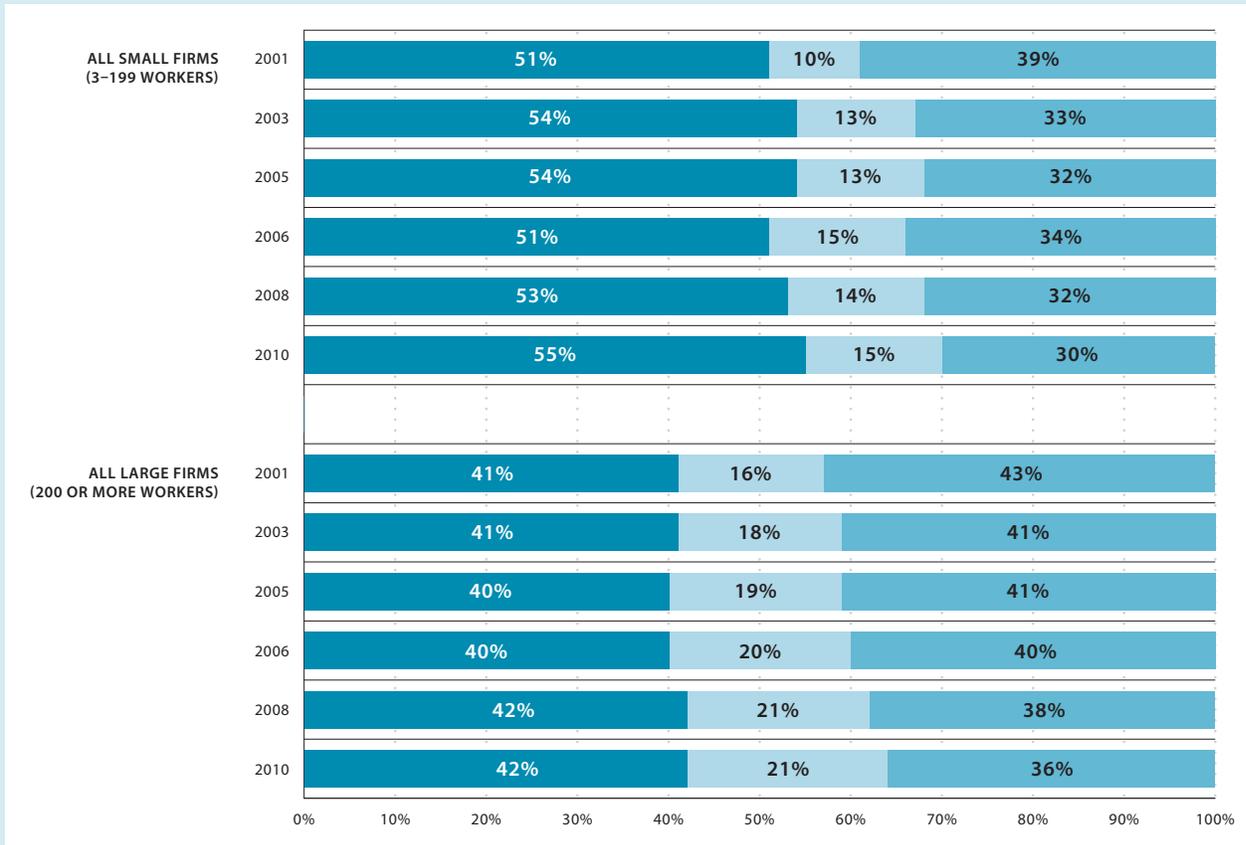


* Tests found no statistical difference from distribution for previous year shown (p<.05).

Note: Single Plus One coverage includes either an employee plus a spouse or an employee plus a child.

EXHIBIT 3.10

Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, by Firm Size, 2001–2010*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2010.

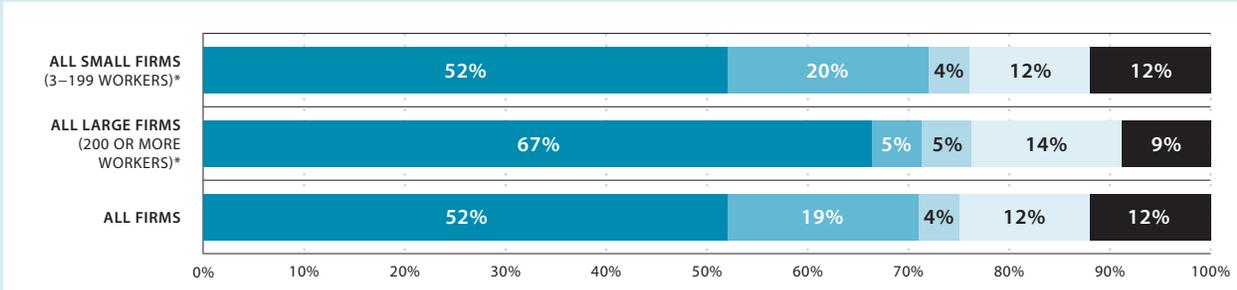
* Tests found no statistical difference within size category from distribution for previous year shown (p<.05).

Note: Single Plus One coverage includes either an employee plus a spouse or an employee plus a child.

- SINGLE COVERAGE
- SINGLE PLUS ONE COVERAGE
- FAMILY COVERAGE

EXHIBIT 3.11

Distribution of Firms with the Following Age Limits for Dependent Coverage for the Plan with the Largest Enrollment, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

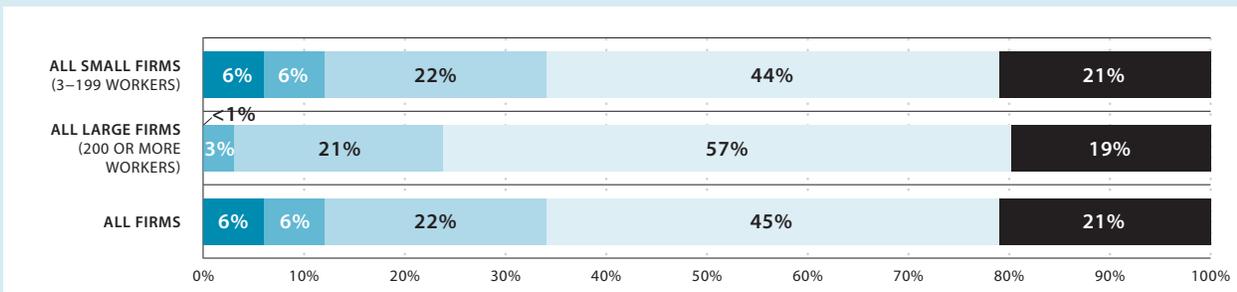
* Distributions are statistically different between All Large Firms and All Small Firms (p<.05).

Note: Distributions exclude those firms (1%) with no limit on the age at which dependents no longer are eligible for coverage for the plan with the largest enrollment.



EXHIBIT 3.12

Distribution of Firms with the Following Age Limits for Dependent Coverage for Full-Time Students for the Plan with the Largest Enrollment, 2010*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Tests found no statistical difference between distributions for All Large Firms and All Small Firms (p<.05).

Note: Distributions exclude those firms (2%) with no limit on the age at which dependents who are full-time students no longer are eligible for coverage for the plan with the largest enrollment.



EMPLOYER HEALTH BENEFITS
2010 ANNUAL SURVEY

Types of
Plans
Offered

SECTION

4

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 POS PLAN AND ARE LEAST LIKELY TO OFFER A CONVENTIONAL PLAN.

- ▶ Eighty-four percent of firms offering health benefits 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): 44% vs. 15% (Exhibit 4.1).
- ▶ Just over half (52%) 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 are employed by a firm that offers more than one plan type, compared to 24% in small firms (Exhibit 4.2).
- ▶ About four in five (79%) covered workers in firms offering health benefits work in a firm that offers one or more PPOs; 42% work in firms that offer one or more HMOs; 32% work in firms that offer one or more HDHP/SOs; 14% work in firms that offer one or more POS plans; and 6% work in firms that offer one or more conventional plans (Exhibit 4.4).¹

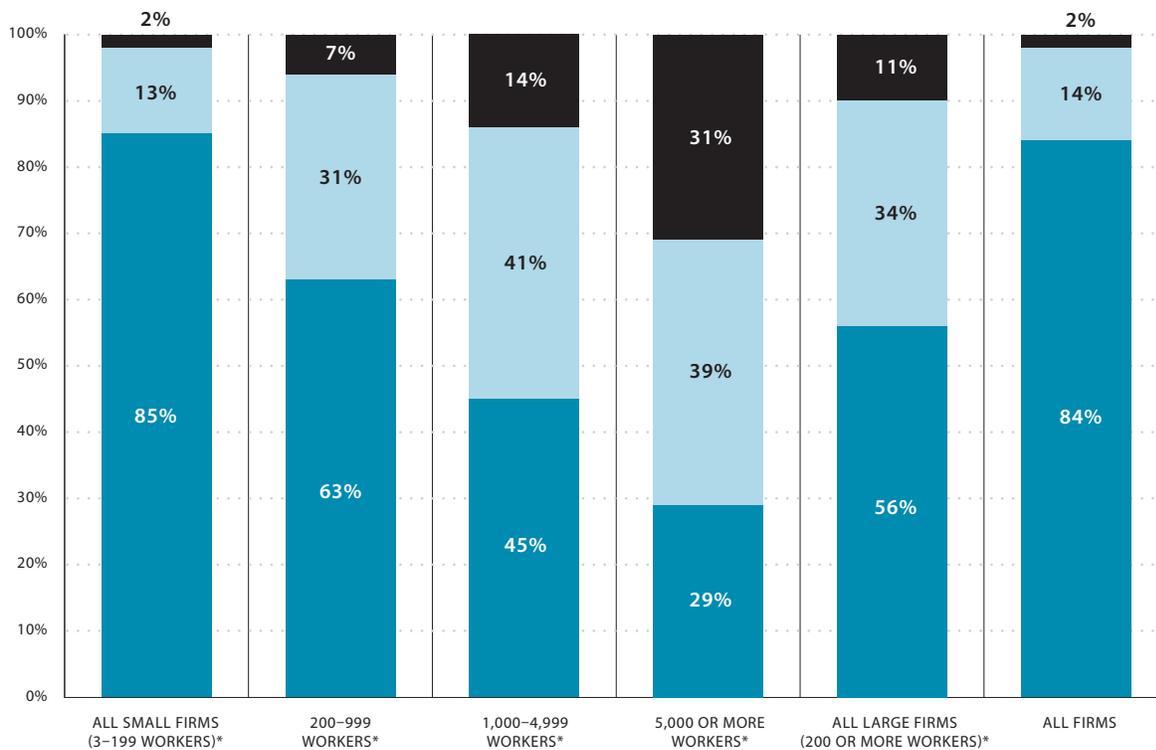
The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

NOTE:

¹ This year we include 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, 2010[‡]



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

THREE OR MORE PLAN TYPES
 TWO PLAN TYPES
 ONE PLAN TYPE

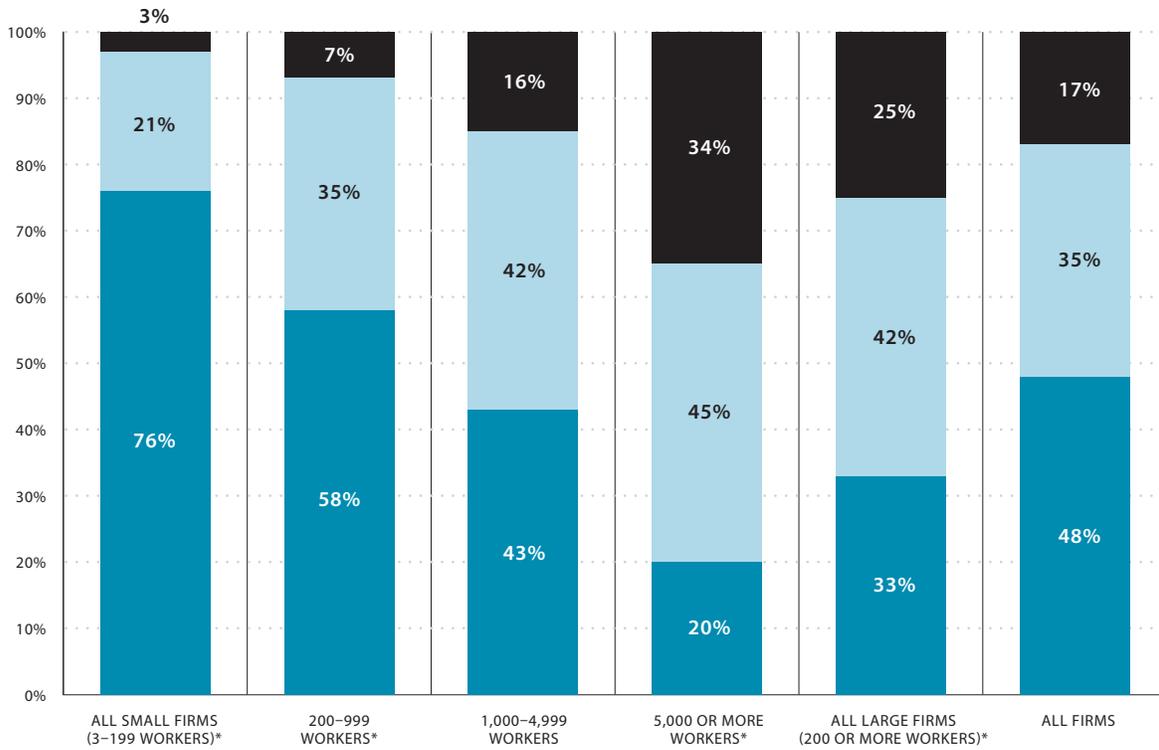
* Distribution is statistically different from distribution for all other firms not in the indicated size category ($p < .05$).

[‡] 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 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, 2010[‡]



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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).

[‡] 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, 2010

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
200–999 Workers	3%	27%	80%*	13%*	21%
1,000–4,999 Workers	5*	39*	89*	8*	30*
5,000 or More Workers	7*	55*	93*	11*	41*
All Small Firms (3–199 Workers)	2%	24%	51%*	25%*	15%*
All Large Firms (200 or More Workers)	3%	32%	83%*	12%*	25%*
ALL FIRMS	2%	24%	53%	25%	15%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
200–999 Workers	2%	31%*	84%	10%*	23%*
1,000–4,999 Workers	4	40	90*	7*	33
5,000 or More Workers	11*	64*	88*	14	45*
All Small Firms (3–199 Workers)	2%*	23%*	62%*	20%*	22%*
All Large Firms (200 or More Workers)	8%*	52%*	88%*	12%*	38%*
ALL FIRMS	6%	42%	79%	14%	32%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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

2010 ANNUAL SURVEY

Market
Shares of
Health Plans

SECTION

5

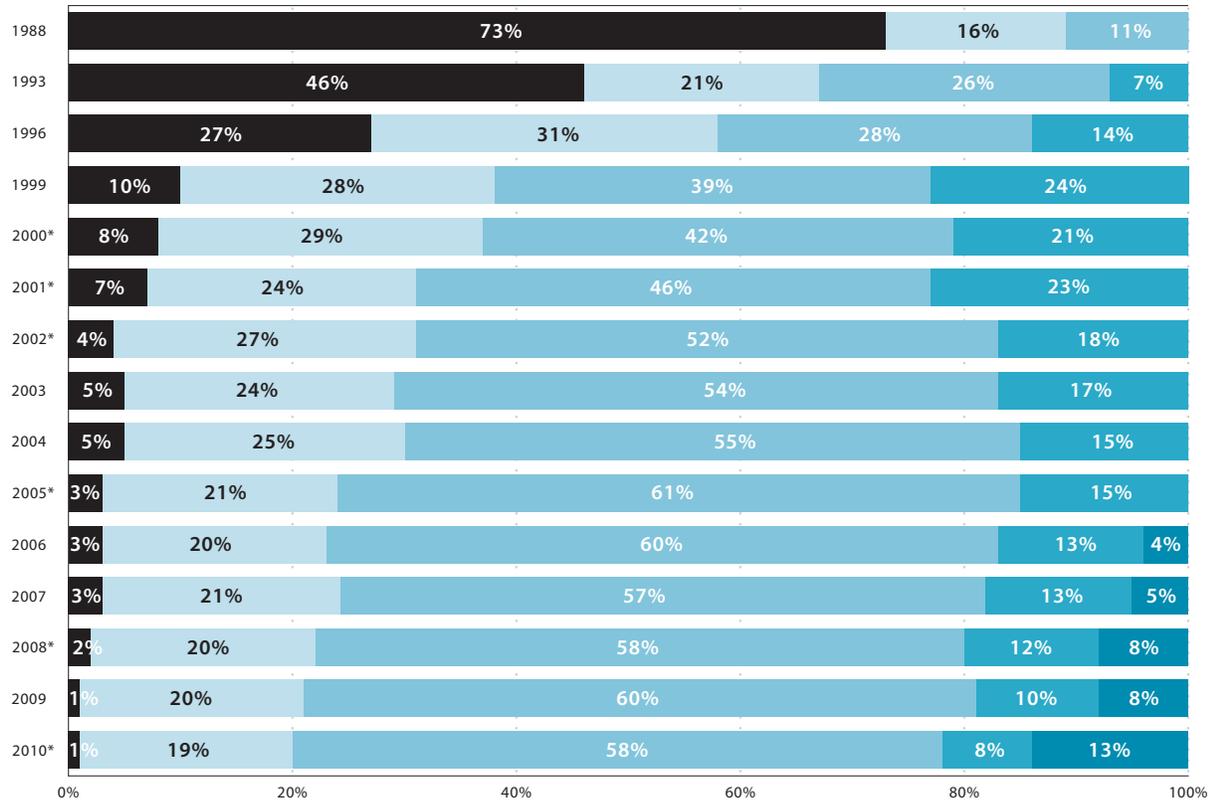
MARKET SHARES OF HEALTH PLANS

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

- ▶ Fifty-eight percent of covered workers are enrolled in PPOs, followed by HMOs (19%), HDHP/SOs (13%), POS plans (8%), and conventional plans (1%) (Exhibit 5.1).
- ▶ Enrollment in HDHP/SOs rose to 13% of covered workers in 2010, up from 8% in 2009 (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 (63% vs. 51%). Workers in small firms are more likely than workers in large firms to enroll in POS plans (15% vs. 5%) (Exhibit 5.2).
- ▶ Plan enrollment patterns also differ across regions.
 - HMO enrollment is significantly higher in the West (33%) and Northeast (26%) and significantly lower in the South (12%) and Midwest (11%) (Exhibit 5.2).
 - Workers in the South (67%) are more likely to be enrolled in PPO plans than workers in other regions; workers in the West (47%) are less likely to be enrolled in a PPO (Exhibit 5.2).
 - Enrollment in HDHP/SOs is higher among workers in the Midwest (20%) than in other regions (Exhibit 5.2).

EXHIBIT 5.1

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010; 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.

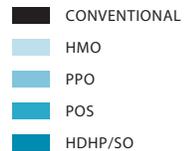


EXHIBIT 5.2

Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2010

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZE					
3–24 Workers	1%	20%	47%*	16%*	16%
25–49 Workers	1	12*	54	13	19
50–199 Workers	1	18	52	14*	15
200–999 Workers	1	20	63	6	10
1,000–4,999 Workers	1	18	67*	3*	10
5,000 or More Workers	1	21	61	4*	13
All Small Firms (3–199 Workers)	1%	18%	51%*	15%*	16%
All Large Firms (200 or More Workers)	1%	21%	63%*	5%*	12%
REGION					
Northeast	1%	26%*	53%	8%	13%
Midwest	1	11*	62	6	20*
South	1	12*	67*	10	10
West	1	33*	47*	7	12
INDUSTRY					
Agriculture/Mining/Construction	1%	14%	57%	9%	18%
Manufacturing	<1*	14*	68*	5	12
Transportation/Communications/ Utilities	1	21	65	5	8
Wholesale	<1*	11*	61	7	21
Retail	2	13	63	11	10
Finance	1	28	52	3*	16
Service	1	21	56	8	14
State/Local Government	1	17	57	17	8
Health Care	2	27	50*	9	13
ALL FIRMS	1%	19%	58%	8%	13%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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
2010 ANNUAL SURVEY

Worker and
Employer
Contributions
for Premiums

SECTION

6

WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

PREMIUM CONTRIBUTIONS BY COVERED WORKERS AVERAGED 19% FOR SINGLE COVERAGE AND 30% FOR FAMILY COVERAGE, A SIGNIFICANT INCREASE FROM THE PERCENTAGES REPORTED IN 2009 FOR BOTH SINGLE AND FAMILY COVERAGE.¹ THE AVERAGE MONTHLY WORKER CONTRIBUTIONS ARE \$75 FOR SINGLE COVERAGE AND \$333 FOR FAMILY COVERAGE.

- ▶ In 2010, covered workers on average contribute 19% of the premium for single coverage, a significant increase from 17% in 2009, and 30% of the premium for family coverage, up from 27% in 2009 (Exhibit 6.1). This is the first statistically significant increase since Kaiser/HRET began the survey in 1999.
- ▶ The average monthly worker contributions increased for both single and family coverage in 2010.
 - On average, workers with single coverage contribute \$75 per month and workers with family coverage contribute \$333 per month towards their health insurance premiums; the amounts are higher than the \$65 and \$293 reported in 2009 (Exhibit 6.2).
 - Workers enrolled in HDHP/SOs contribute a lower amount annually than the overall average worker contribution for single coverage (\$632 compared to \$899), while workers in HMO plans with single coverage contribute a higher amount annually (\$1,028). Workers enrolled in POS plans contribute a larger amount annually (\$5,195) than the overall average worker contribution for family coverage (\$3,997) (Exhibit 6.5).
- ▶ Workers in small firms (3–199 workers) contribute an annual amount of \$865 for single coverage, which is similar to the \$917 contributed by workers in large firms (200 or more workers) (Exhibit 6.8). In contrast, workers in small firms with family coverage contribute significantly more annually than workers with family coverage in large firms, (\$4,665 vs. \$3,652) (Exhibit 6.8).
 - From 2009 to 2010, the average annual worker contribution increased significantly for covered workers in small firms (3–199 workers) with single coverage (from \$625 to \$865) (Exhibit 6.6). For family coverage, the average annual worker contribution increased from 2009 to 2010 for workers in large firms (200 or more workers) (from \$3,182 to \$3,652) (Exhibit 6.7). The average annual worker contribution remained stable from 2009 to 2010 for covered workers with single coverage in large firms and family coverage in small firms (Exhibits 6.6 and 6.7).
- ▶ There is a great deal of variation in worker contributions.
 - Thirty-four percent of covered workers contribute at least \$1,079 annually (120% of the average worker contribution) for single coverage, while 42% of covered workers have an annual worker contribution of less than \$719 (80% of the average worker contribution) (Exhibit 6.14).
 - For family coverage, 28% of covered workers contribute at least \$4,797 annually (120% of the average worker contribution), while 46% of covered workers have an annual worker contribution of less than \$3,198 (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 workers with single coverage and 5% of workers with family coverage work for a firm that pays 100% of the premium (Exhibit 6.15).

NOTE:

¹ 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.

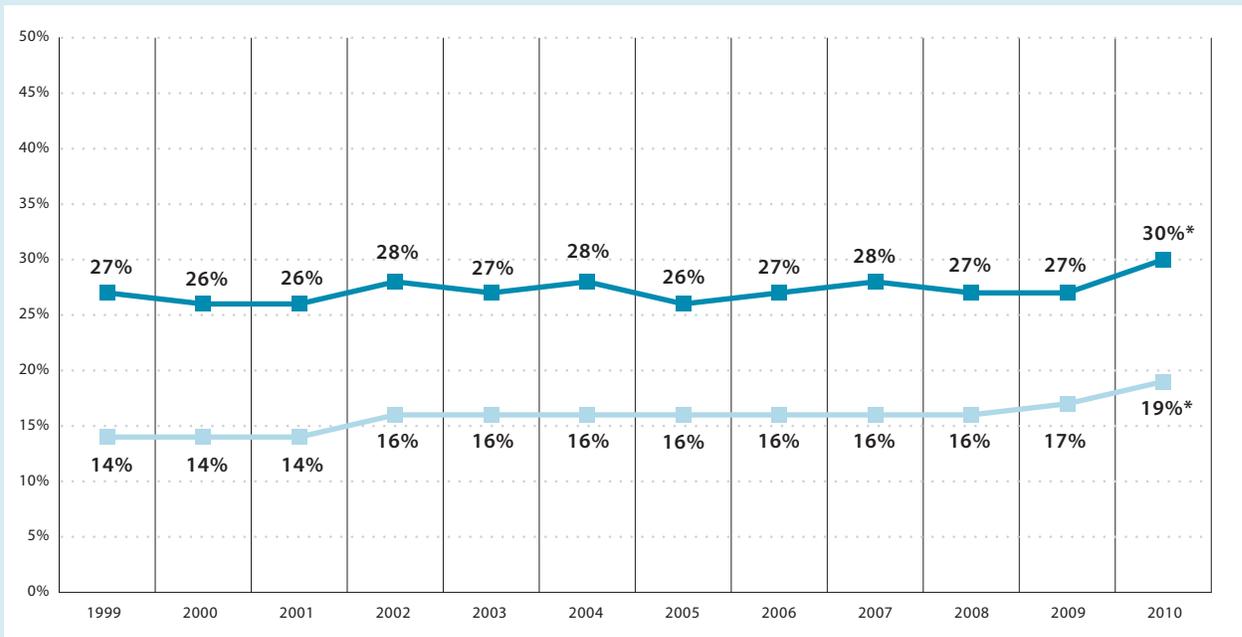
- Covered workers in small firms (3–199 workers) are more likely to work for a firm that pays 100% of the premium than workers in large firms (200 or more workers). Thirty-five percent of covered workers in small firms have an employer that pays the full premium for single coverage, compared to 6% of covered workers in large firms (Exhibit 6.16). For family coverage, 13% percent of covered workers in small firms have an employer that pays the full premium for family coverage, compared to 1% of covered workers in large firms (Exhibit 6.17).
 - Eight percent of covered workers in small firms (3–199 workers) contribute more than 50% of the premium for single coverage, compared to 1% 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 8% of covered workers in large firms (Exhibit 6.17).
- ▶ The percentage of the premium paid by covered workers varies by several firm characteristics.
- For single coverage, workers in firms with many lower-wage workers (where 35% or more earn \$23,000 a year or less) contribute a greater percentage of the premium than those in firms with fewer lower-wage workers (where less than 35% earn \$23,000 a year or less) (24% vs. 18%) (Exhibit 6.19).
 - 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) (35% vs. 29%) (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 (26% vs. 36%).² Among small firms, contributions for workers in self-insured plans are 27% compared to 38% for fully insured plans. For large firms, the contributions are 25% and 32% (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 (24% vs. 33%) (Exhibit 6.20).
- ▶ Some workers are employed by firms that vary premium contributions by workers' wages.
- Thirteen percent of covered workers are in firms that vary worker premium contributions by wage level, which is statistically unchanged from the 10% reported in 2008, which was the last time the question was asked. Workers in large firms are more likely to be employed by a firm that varies contributions by wage than workers in small firms (17% vs. 6%) (Exhibit 6.25).

NOTE:

² 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, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010



SOURCE:

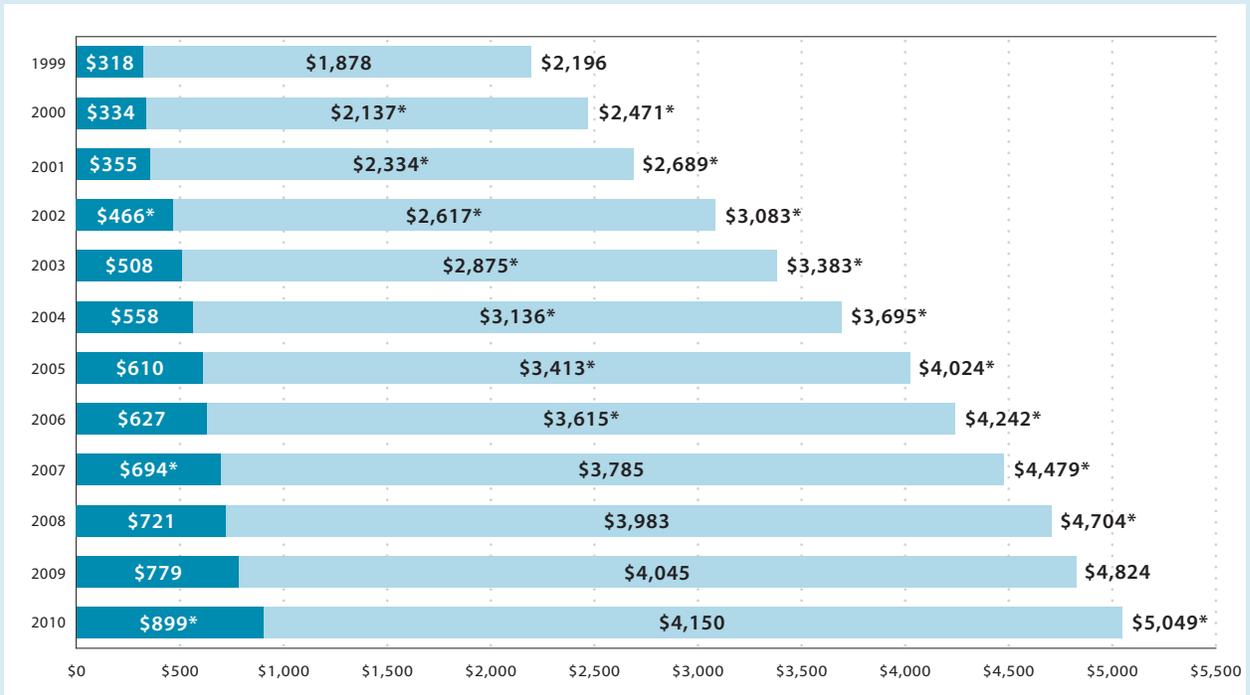
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010



SOURCE:

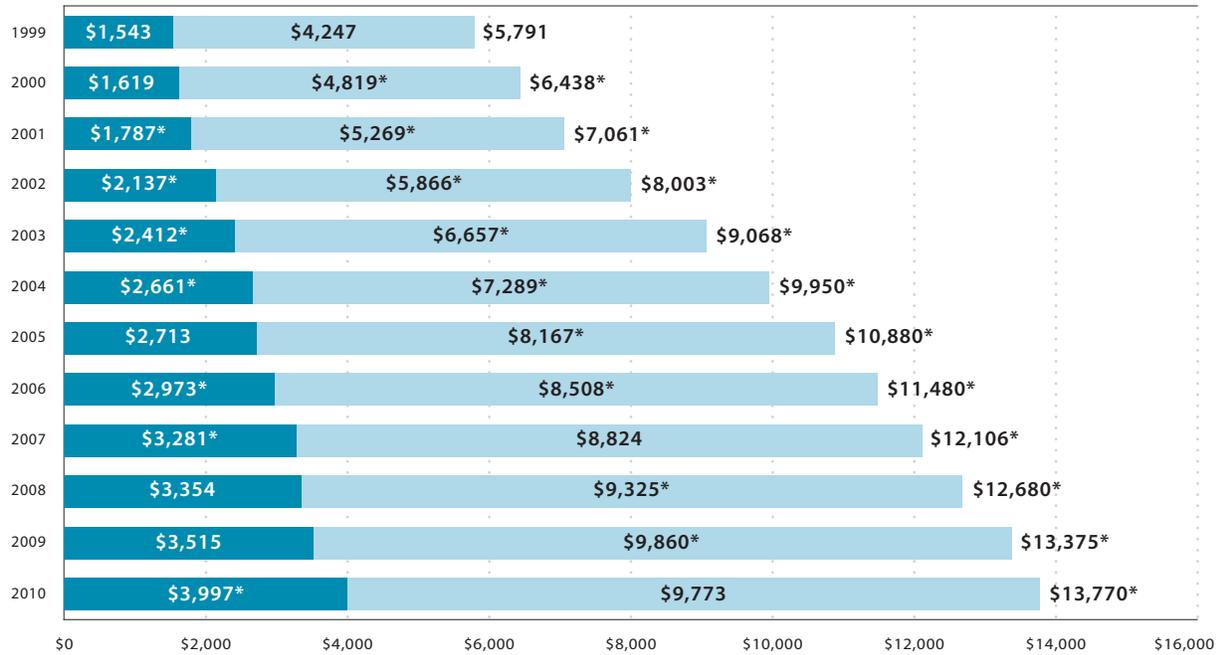
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

■ 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, 1999–2010



SOURCE:

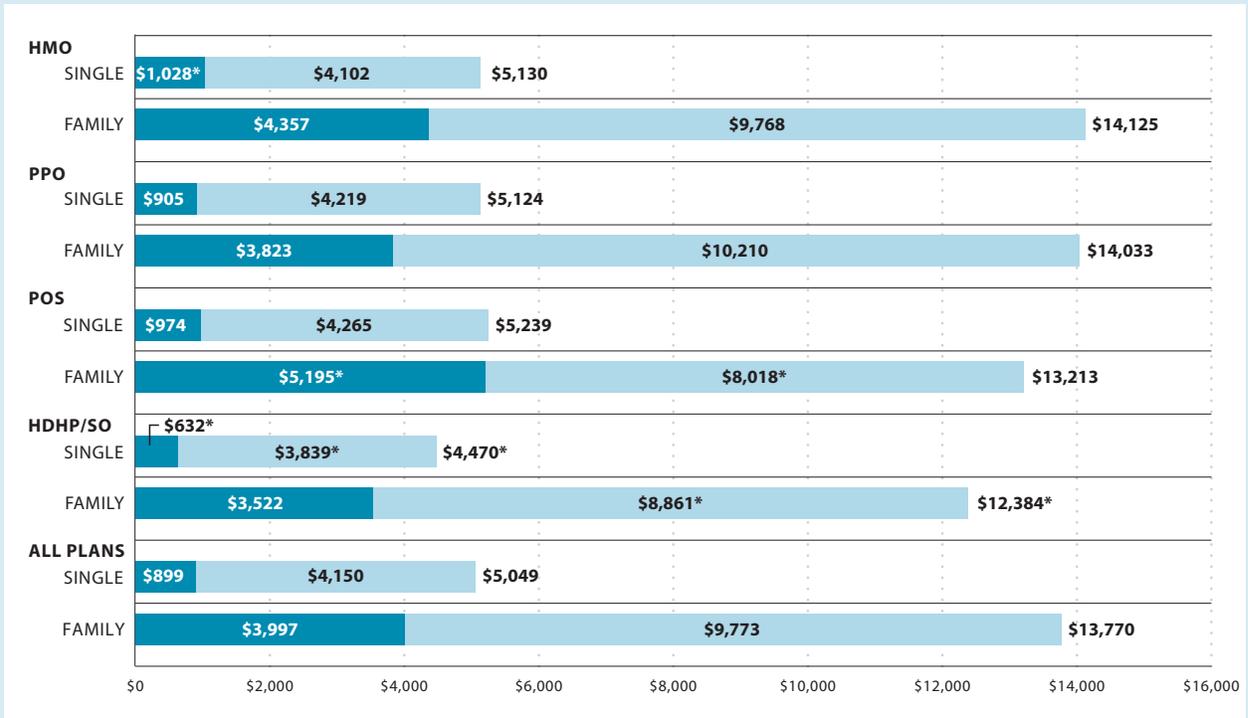
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010



SOURCE:

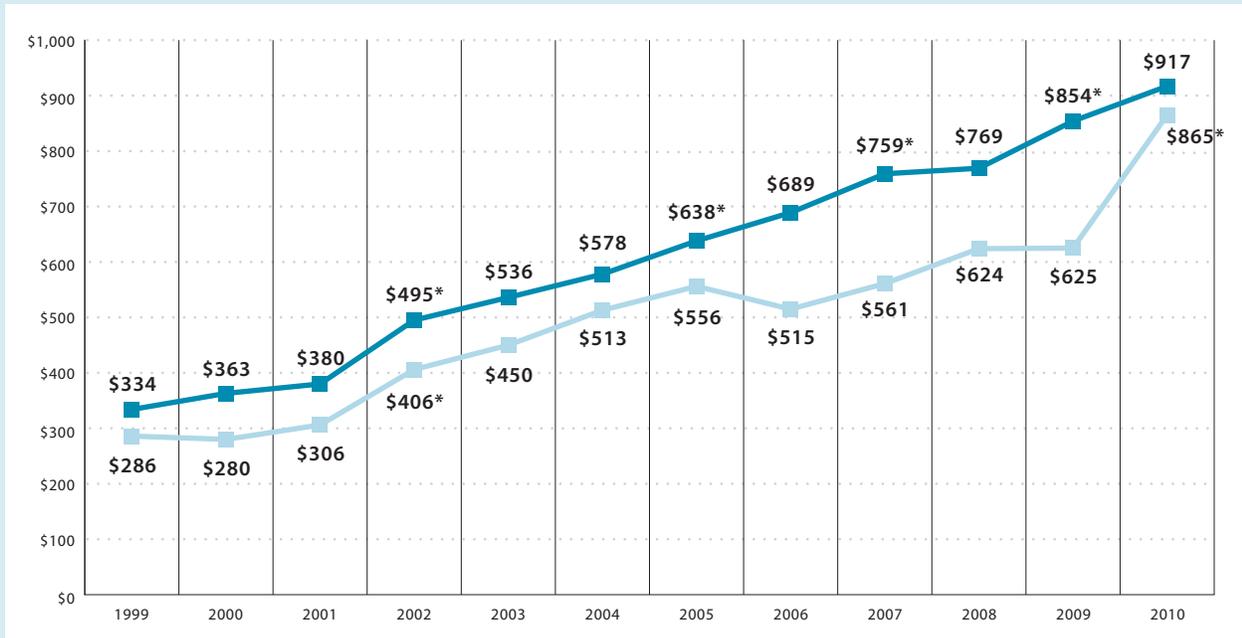
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

■ 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, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010

	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*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$991	\$4,141	\$5,133
All Large Firms (200 or More Workers)	\$1,045	\$4,085	\$5,129
PPO			
All Small Firms (3–199 Workers)	\$787*	\$4,382	\$5,169
All Large Firms (200 or More Workers)	\$956*	\$4,148	\$5,104
POS			
All Small Firms (3–199 Workers)	\$1,145	\$4,000	\$5,145
All Large Firms (200 or More Workers)	\$676	\$4,725	\$5,402
HDHP/SO			
All Small Firms (3–199 Workers)	\$716	\$3,738	\$4,454
All Large Firms (200 or More Workers)	\$571	\$3,911	\$4,482
ALL PLANS			
All Small Firms (3–199 Workers)	\$865	\$4,180	\$5,046
All Large Firms (200 or More Workers)	\$917	\$4,133	\$5,050

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$4,972	\$8,313*	\$13,285*
All Large Firms (200 or More Workers)	\$4,089	\$10,403*	\$14,492*
PPO			
All Small Firms (3–199 Workers)	\$4,380*	\$9,355*	\$13,735
All Large Firms (200 or More Workers)	\$3,586*	\$10,574*	\$14,161
POS			
All Small Firms (3–199 Workers)	\$5,536	\$7,289	\$12,825
All Large Firms (200 or More Workers)	\$4,634	\$9,216	\$13,850
HDHP/SO			
All Small Firms (3–199 Workers)	\$4,472*	\$7,550*	\$12,022
All Large Firms (200 or More Workers)	\$2,849*	\$9,791*	\$12,640
ALL PLANS			
All Small Firms (3–199 Workers)	\$4,665*	\$8,585*	\$13,250*
All Large Firms (200 or More Workers)	\$3,652*	\$10,386*	\$14,038*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$83	\$414	\$991	\$4,972
All Large Firms (200 or More Workers)	87	341	1,045	4,089
ALL FIRM SIZES	\$86	\$363	\$1,028	\$4,357
PPO				
All Small Firms (3–199 Workers)	\$66*	\$365*	\$787*	\$4,380*
All Large Firms (200 or More Workers)	80*	299*	956*	3,586*
ALL FIRM SIZES	\$75	\$319	\$905	\$3,823
POS				
All Small Firms (3–199 Workers)	\$95	\$461	\$1,145	\$5,536
All Large Firms (200 or More Workers)	56	386	676	4,634
ALL FIRM SIZES	\$81	\$433	\$974	\$5,195
HDHP/SO				
All Small Firms (3–199 Workers)	\$60	\$373*	\$716	\$4,472*
All Large Firms (200 or More Workers)	48	237*	571	2,849*
ALL FIRM SIZES	\$53	\$294	\$632	\$3,522
ALL PLANS				
All Small Firms (3–199 Workers)	\$72	\$389*	\$865	\$4,665*
All Large Firms (200 or More Workers)	76	304*	917	3,652*
ALL FIRM SIZES	\$75	\$333	\$899	\$3,997

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Estimates are statistically different within plan type 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, 2010

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$111*	\$339	\$1,333*	\$4,069
Midwest	76	345	908	4,145
South	77	340	929	4,082
West	76	401	916	4,809
ALL REGIONS	\$86	\$363	\$1,028	\$4,357
PPO				
Northeast	\$83	\$282*	\$998	\$3,388*
Midwest	79	326	947	3,916
South	71	348*	848	4,177*
West	73	280	882	3,359
ALL REGIONS	\$75	\$319	\$905	\$3,823
POS				
Northeast	\$167	\$375	\$2,000	\$4,495
Midwest	67	394	808	4,733
South	52	443	628	5,317
West	76	484	907	5,813
ALL REGIONS	\$81	\$433	\$974	\$5,195
HDHP/SO				
Northeast	\$59	\$357	\$707	\$4,278
Midwest	55	230*	658	2,765*
South	59	363	710	4,358
West	32*	242	382*	2,903
ALL REGIONS	\$53	\$294	\$632	\$3,522
ALL PLANS				
Northeast	\$94*	\$313	\$1,123*	\$3,754
Midwest	73	313	876	3,759
South	68*	358*	822*	4,300*
West	70	331	841	3,978
ALL REGIONS	\$75	\$333	\$899	\$3,997

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 1999–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2010.

* 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, 2010

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 \$719	42%	Less than \$3,198	46%
80% to Less Than Average	\$719 to <\$899	12%	\$3,198 to <\$3,997	16%
Average to Less Than 120%	\$899 to <\$1,079	12%	\$3,997 to <\$4,797	11%
120% or More	\$1,079 or More	34%	\$4,797 or More	28%

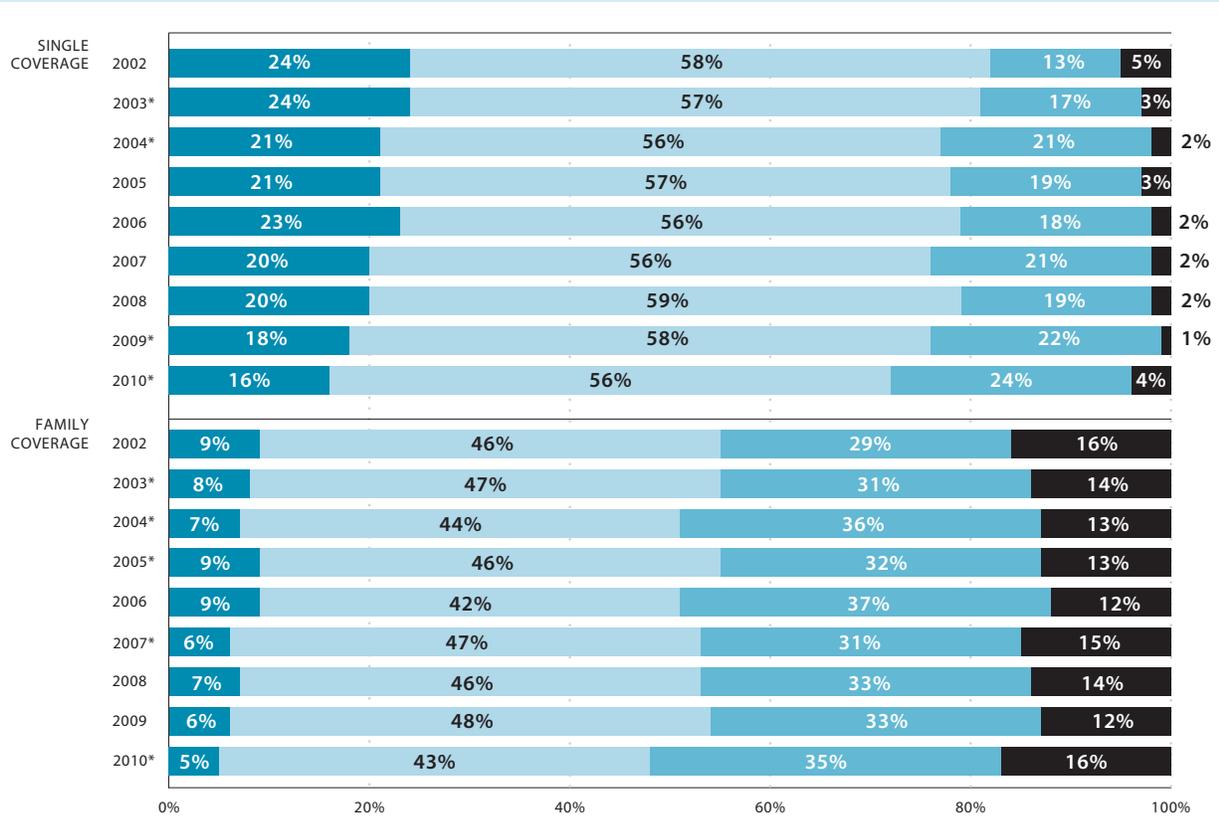
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The average annual worker contribution is \$899 for single coverage and \$3,997 for family coverage. The worker contribution distribution is relative to the average single or family worker contribution. For example, \$719 is 80% of the average single worker contribution and \$1,079 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, 2002–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2010.

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

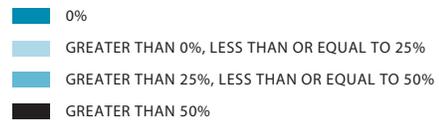
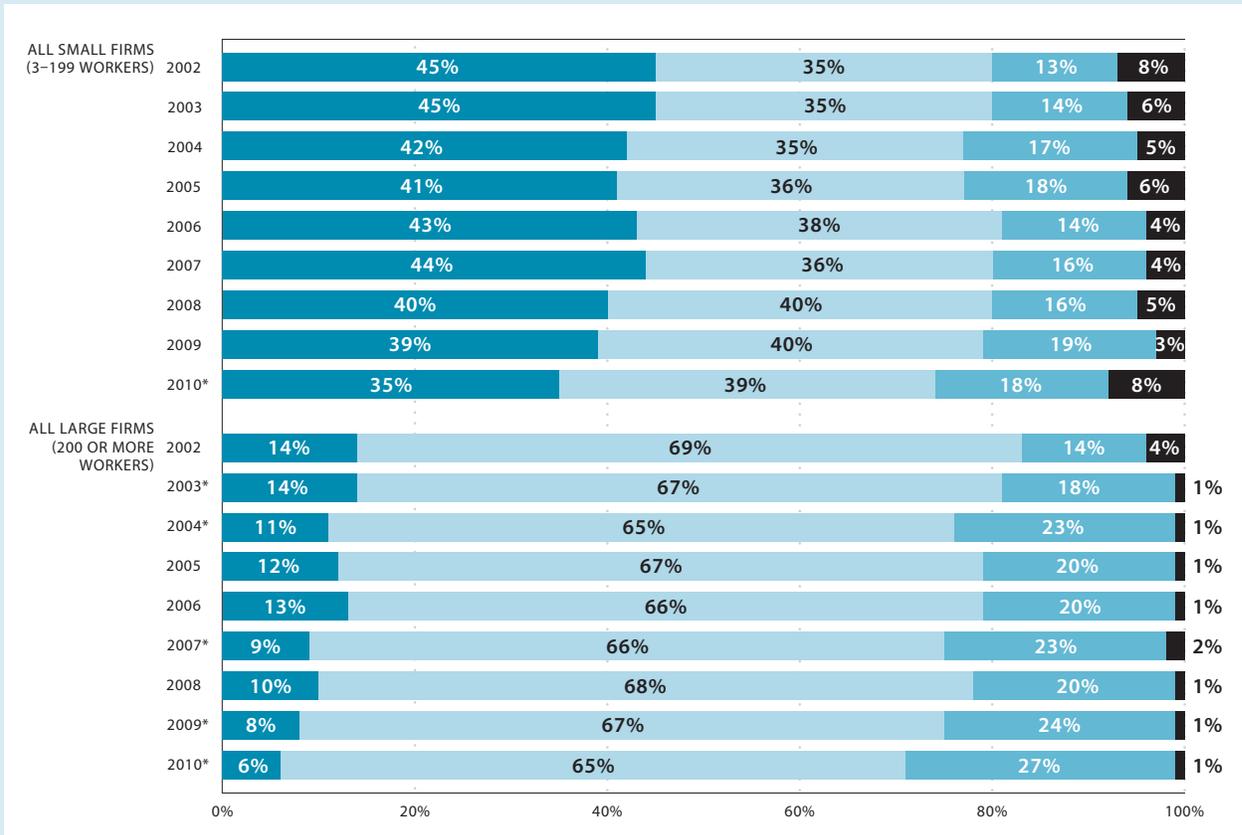


EXHIBIT 6.16

Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002–2010



SOURCE:

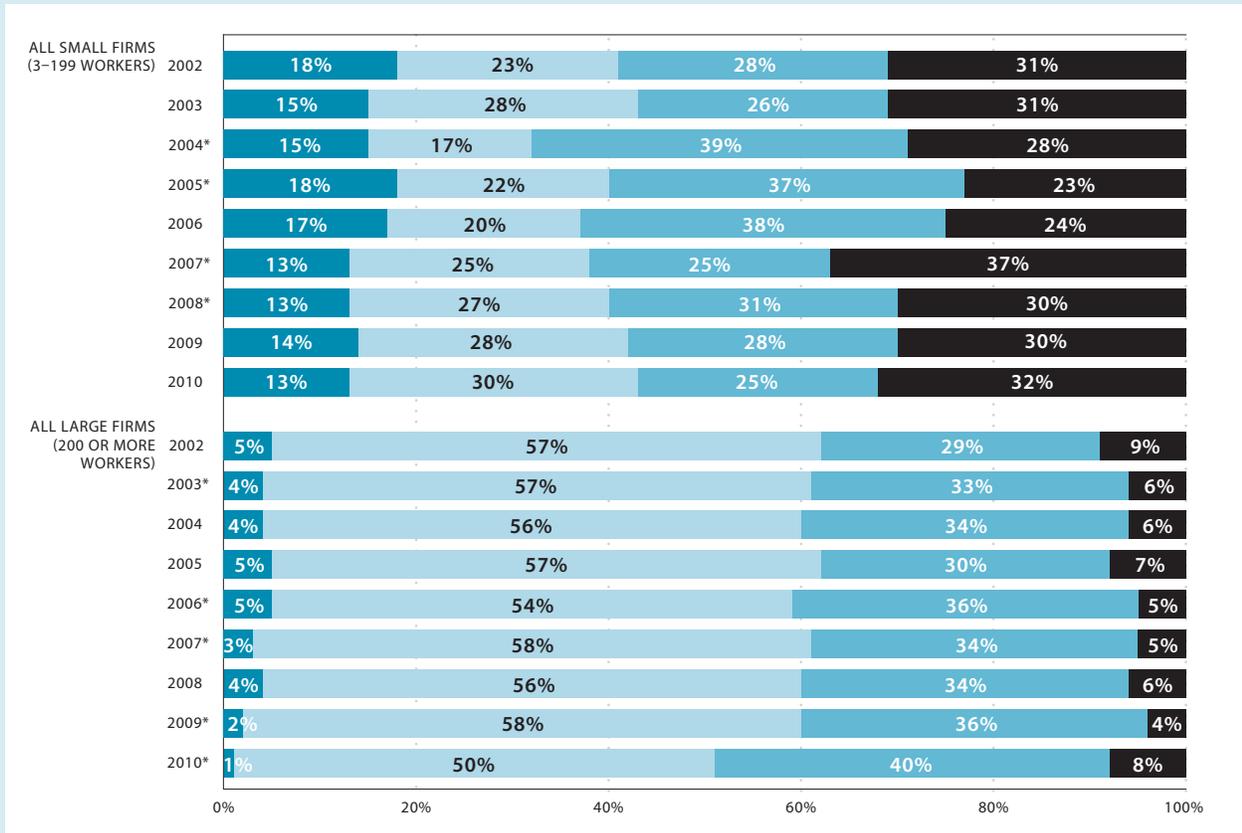
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2010.

* Distribution is statistically different within size category 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 6.17

Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002–2010



SOURCE:

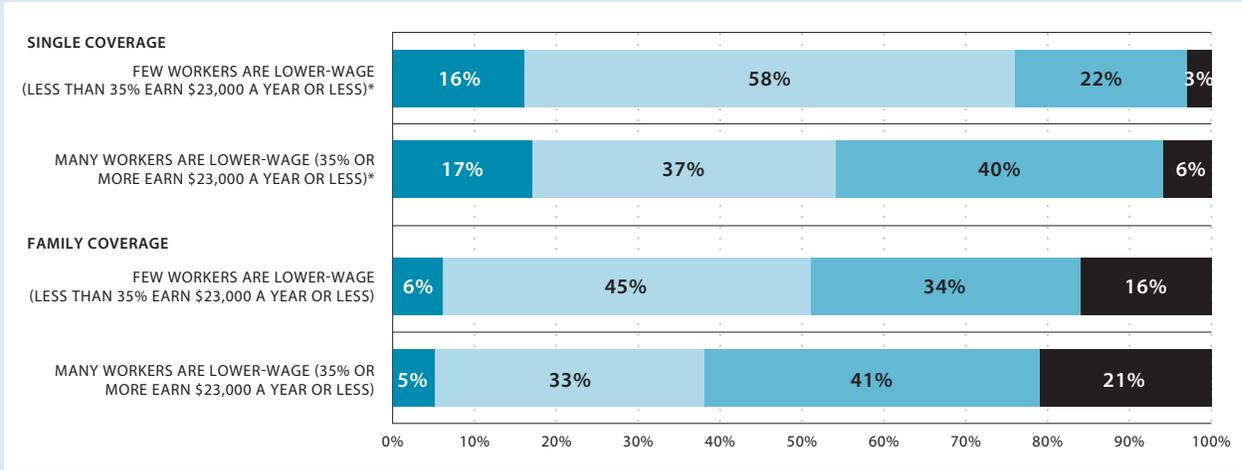
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2010.

* Distribution is statistically different within size category 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 6.18

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

*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, 2010

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Wage Level			
Few Workers Are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	17%	18%*	18%*
Many Workers Are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	19%	26%*	24%*
Unions			
Firm Has At Least Some Union Workers	17%	17%*	17%
Firm Does Not Have Any Union Workers	18%	21%*	19%
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	17%	19%	18%
35% or More Workers Are Age 26 or Younger	24%	22%	22%
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	19%	19%	19%
35% or More Workers Are Age 50 or Older	15%	18%	17%
Funding Arrangement			
Fully Insured	18%	20%	18%
Self-Funded	17%	19%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Wage Level			
Few Workers Are Lower-Wage (Less Than 35% Earn \$23,000 a Year or Less)	36%	26%*	29%*
Many Workers Are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	38%	33%*	35%*
Unions			
Firm Has At Least Some Union Workers	26%*	23%*	24%*
Firm Does Not Have Any Union Workers	37%*	29%*	33%*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	35%	26%	29%
35% or More Workers Are Age 26 or Younger	46%	31%	35%
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	37%	26%	30%
35% or More Workers Are Age 50 or Older	33%	28%	30%
Funding Arrangement			
Fully Insured	38%*	32%*	36%*
Self-Funded	27%*	25%*	26%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Single Coverage	Family Coverage
HMO		
All Small Firms (3–199 Workers)	20%	37%*
All Large Firms (200 or More Workers)	21	29*
ALL FIRM SIZES	21%	31%
PPO		
All Small Firms (3–199 Workers)	16%*	33%*
All Large Firms (200 or More Workers)	20*	26*
ALL FIRM SIZES	19%	28%
POS		
All Small Firms (3–199 Workers)	23%	42%
All Large Firms (200 or More Workers)	12	35
ALL FIRM SIZES	19%	39%
HDHP/SO		
All Small Firms (3–199 Workers)	15%	37%*
All Large Firms (200 or More Workers)	14	22*
ALL FIRM SIZES	14%	28%
ALL PLANS		
All Small Firms (3–199 Workers)	18%	36%*
All Large Firms (200 or More Workers)	19	27*
ALL FIRM SIZES	19%	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 6.22

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010

	Single Coverage	Family Coverage
HMO		
Northeast	23%	27%*
Midwest	19	30
South	20	31
West	20	35
ALL REGIONS	21%	31%
PPO		
Northeast	19%	24%*
Midwest	19	27
South	19	33*
West	17	24*
ALL REGIONS	19%	28%
POS		
Northeast	33%	29%*
Midwest	16	30
South	14	42
West	19	49
ALL REGIONS	19%	39%
HDHP/SO		
Northeast	15%	31%
Midwest	16	23*
South	15	36*
West	9*	25
ALL REGIONS	14%	28%
ALL PLANS		
Northeast	21%	26%*
Midwest	18	27*
South	18	34*
West	17	30
ALL REGIONS	19%	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Single Coverage	Family Coverage
HMO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	25%	24%*
Transportation/Communications/Utilities	18	23*
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	20	28
Service	22	36*
State/Local Government	12*	20*
Health Care	20	35
ALL INDUSTRIES	21%	31%
PPO		
Agriculture/Mining/Construction	21%	32%
Manufacturing	22*	26
Transportation/Communications/Utilities	19	28
Wholesale	20	29
Retail	22	38
Finance	22*	27
Service	18	31
State/Local Government	10*	21*
Health Care	16	29
ALL INDUSTRIES	19%	28%
POS		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	14%	31%*
State/Local Government	NSD	NSD
Health Care	NSD	NSD
ALL INDUSTRIES	19%	39%

Continued on next page

EXHIBIT 6.24 *Continued from previous page*

Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2010

	Single Coverage	Family Coverage
HDHP/SO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	17%	25%
Transportation/Communications/Utilities	18	26
Wholesale	15	22
Retail	NSD	NSD
Finance	12	29
Service	10*	25
State/Local Government	NSD	NSD
Health Care	16	25
ALL INDUSTRIES	14%	28%
ALL PLANS		
Agriculture/Mining/Construction	18%	33%
Manufacturing	22*	26*
Transportation/Communications/Utilities	19	26
Wholesale	19	28
Retail	25	34
Finance	19	28
Service	17	31
State/Local Government	9*	25
Health Care	19	32
ALL INDUSTRIES	19%	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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

Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Wage, by Firm Size and Region, 2010

	Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Wage Level
FIRM SIZE	
200–999 Workers	9%
1,000–4,999 Workers	16
5,000 or More Workers	21*
All Small Firms (3–199 Workers)	6%*
All Large Firms (200 or More Workers)	17%*
REGION	
Northeast	20%
Midwest	11
South	12
West	13
ALL FIRMS	13%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Employee
Cost Sharing

SECTION

7

EMPLOYEE COST SHARING

IN ADDITION TO ANY REQUIRED PREMIUM CONTRIBUTIONS, COVERED WORKERS MAY FACE COST SHARING FOR THE MEDICAL SERVICES THAT 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 OF THE 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 least likely to have a general annual deductible for single coverage compared to other plan types. Seventy-two percent of workers in HMOs with single coverage do not have a general annual deductible, compared to 34% of workers in POS plans and 23% of workers in PPOs. The percentages are similar for family coverage (Exhibit 7.1). Between 2009 and 2010 the percentage of workers in HMOs without a deductible for single or family coverage decreased from 84% to 72%.
 - 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, 78% of workers in HMOs, 75% of workers in PPOs, and 74% of workers in POS plans are in plans that require cost sharing for hospital admissions. The percentages are similar for family coverage (Exhibit 7.2).
- ▶ Deductibles vary greatly by plan type and firm size.
 - The average annual deductibles among those workers with a deductible for single coverage are \$601 for HMOs, \$675 for PPOs, \$1,048 for POS plans, and \$1,903 for HDHP/SOs (Exhibit 7.3).
 - For each of the plan types, there is no statistically significant change in deductible amounts from 2009 to 2010 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 2010 for single coverage (Exhibit 7.5) and, for aggregate family deductibles, from \$1,034 to \$1,518 in 2010 (Exhibit 7.12).
 - 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 7.11).

- ▶ 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 65% for PPOs to 89% for HDHP/SOs.
 - The average amounts for workers with an aggregate deductible for family coverage are \$1,321 for HMOs, \$1,518 for PPOs, \$2,253 for POS plans, and \$3,780 for HDHP/SOs (Exhibit 7.11).
- ▶ 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 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 \$500 for HMOs, \$596 for PPOs, \$1,164 for POS plans, and \$2,053 for HDHP/SOs (Exhibit 7.11). Most covered workers in plans with a separate general annual deductible for family coverage have a limit to the number of family members required to meet the separate deductible amounts (Exhibit 7.14).¹ 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 PPOs and HMOs and two for HDHP/SOs.²
- ▶ The percentage of workers with deductibles of \$1,000 or more for single coverage continues to increase.
 - From 2006 to 2010, the percentage of covered workers with a deductible of \$1,000 or more for single coverage has almost tripled, from 10% to 27% (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) (46% vs. 17%) (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 (83%) of covered workers with general plan deductibles in HMOs, POS plans (81%), and PPOs (70%) are enrolled in plans where the deductible does not have to be met before physician office visits for primary care are covered (Exhibit 7.16).
 - Higher shares of covered workers do not have to meet the deductible before preventive care is covered in HMOs (96%), PPOs (91%), POS plans (87%), and HDHP/SOs (93%) (Exhibit 7.16).
 - Similarly, among workers with a general annual deductible, covered workers in HMOs (94%), PPOs (92%), and POS plans (92%) are enrolled in plans where the general annual deductible does not have to be met before prescription drugs are covered (Exhibit 7.16).

HOSPITAL COST SHARING

- ▶ We continue to examine and sometimes modify the questions on hospital and outpatient surgery cost sharing because this can be a complex component of health benefit plans. As in past years, we collected information on the cost-sharing provisions for hospital admissions and outpatient surgery that are in addition to any general annual plan deductible. 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

NOTE:

¹ 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.

² There is insufficient data to report the average number of family members required to meet the separate deductible amount for POS plans.

(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 rate for hospital admissions include workers that may have a combination of types of cost sharing.

- ▶ Whether or not a worker has a general annual deductible, most workers face additional types of cost sharing when admitted to a hospital, such as a copayment, coinsurance, or a per diem charge.
 - The majority of workers have copayments or coinsurance when they are admitted to a hospital, whether or not the worker has a general annual deductible (Exhibit 7.17). Fifty-three percent of covered workers have coinsurance and 19% have copayments for hospital admissions. Lower percentages of workers have per day (per diem) payments (5%), a separate hospital deductible (5%), or both copayments and coinsurance (10%), while 19% have no cost sharing for hospital admissions. For hospital admissions, the average coinsurance rate is 18%, the average copayment is \$232 per hospital admission, the average per diem charge is \$228, and the average separate hospital deductible is \$723 (Exhibit 7.19).
 - The cost-sharing provisions for outpatient surgery are similar to those for hospital admissions, as most workers have coinsurance or copayments. Fifty-eight percent of covered workers have coinsurance and 20% have copayments for an outpatient surgery episode. In addition, 2% have a separate annual deductible for outpatient surgery, and 4% have both copayments and coinsurance, while 20% have no cost sharing for an outpatient surgery (Exhibit 7.18). For covered workers with cost sharing for each outpatient surgery episode, the average coinsurance is 17%, the average copayment is \$132, and the average separate annual outpatient surgery deductible is \$963 (Exhibit 7.19).

NOTE:

³ 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.

⁴ 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.

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.³
 - The most common form of physician office visit cost sharing for in-network services is copayments. Seventy-five percent of covered workers have a copayment for a primary care physician office visit and 16% have coinsurance. For office visits with a specialty physician, 73% of covered workers have copayments and 17% 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 (51%) or no cost sharing (30%) for primary care physician office visits after the deductible is met (Exhibit 7.20).
 - Among covered workers with a copayment for in-network physician office visits, the average copayment is \$22 for primary care and \$31 for specialty physicians (Exhibit 7.22), up significantly from \$20 and \$28 reported in 2009. Forty-nine percent of covered workers have a copayment of \$15 or \$20 for a primary care office visit (Exhibit 7.23). For specialty care office visits, 28% of covered workers have copayments of \$20 or \$25 (Exhibit 7.24).⁴
 - 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 7.22).

EMERGENCY ROOM VISIT COST SHARING

- ▶ The majority of covered workers have cost sharing when they visit an emergency room.
 - Ninety-two percent of covered workers have cost sharing for emergency room visits (Exhibit 7.21). Sixty-one percent of workers pay a copayment

while 17% pay a coinsurance (Exhibit 7.20). The average copayment is \$107 while the average coinsurance is 17% (Exhibit 7.22).⁵

- Covered workers may find their emergency room cost sharing is waived if they are admitted to the hospital. Among workers with cost sharing for emergency room visits, 72% have the cost sharing waived if they are admitted to the hospital (Exhibit 7.21).

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.
- ▶ Eighteen percent of covered workers enrolled in single coverage and 17% of covered workers enrolled in family coverage are in a plan that does not limit the amount of cost sharing enrollees have to pay (Exhibit 7.27).
 - Covered workers with single coverage in HMOs (37%) and POS plans (32%) are more likely to be enrolled in a plan that does not limit the amount of cost sharing than workers in PPOs (13%) (Exhibit 7.27). The percentage of workers without an out-of-pocket maximum in POS plans increased from 19% of covered workers in 2009 to 32% of covered workers in 2010.
 - Covered workers without an out-of-pocket maximum, however, may not have large cost-sharing responsibilities. For example, 78% 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 4% 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 2010. HDHP/HRAs have no such requirement, and among workers enrolled in these plans, 8% 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-five percent of workers with an out-of-pocket maximum for single coverage have an out-of-pocket maximum of less than \$2,000, while 31% have an out-of-pocket maximum of \$3,000 or more (Exhibit 7.29).
 - 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, 33% have an out-of-pocket maximum of less than \$4,000 (Exhibit 7.31). 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 7.32).
- ▶ 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, 32% are in plans that do not count spending for the general annual deductible toward the out-of-pocket limit (Exhibit 7.28).
 - 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 percent of workers in PPOs and 75% in HMOs are in plans that do not count prescription drug spending towards the out-of-pocket maximum (Exhibit 7.28).

NOTE:

⁵ The average copayments and the average coinsurance for emergency room visits include workers who may have more than one type of cost sharing.

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, 2010

	Single Coverage	Family Coverage
HMO		
200–999 Workers	68%	68%
1,000–4,999 Workers	80	80
5,000 or More Workers	77	77
All Small Firms (3–199 Workers)	66%	65%
All Large Firms (200 or More Workers)	75%	75%
ALL FIRM SIZES	72%	72%
PPO		
200–999 Workers	26%	26%
1,000–4,999 Workers	24	24
5,000 or More Workers	23	23
All Small Firms (3–199 Workers)	20%	20%
All Large Firms (200 or More Workers)	24%	24%
ALL FIRM SIZES	23%	23%
POS		
200–999 Workers	34%	34%
1,000–4,999 Workers	70*	70*
5,000 or More Workers	15*	15*
All Small Firms (3–199 Workers)	36%	32%
All Large Firms (200 or More Workers)	30%	30%
ALL FIRM SIZES	34%	31%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Estimate is statistically different within plan 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 2010 is \$1,200 for single coverage and \$2,400 for family coverage. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs 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, 2010[‡]

	Single Coverage	Family Coverage
Separate Cost Sharing for a Hospital Admission		
HMO	78%	78%
PPO	75	75
POS	74	71
Separate Cost Sharing for an Outpatient Surgery Episode		
HMO	74%	74%
PPO	72	72
POS	72	70

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[‡] 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 2010 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, 2010

	Single Coverage
HMO	
All Small Firms (3–199 Workers)	\$998*
All Large Firms (200 or More Workers)	354*
ALL FIRM SIZES	\$601
PPO	
All Small Firms (3–199 Workers)	\$1,146*
All Large Firms (200 or More Workers)	460*
ALL FIRM SIZES	\$675
POS	
All Small Firms (3–199 Workers)	\$1,278*
All Large Firms (200 or More Workers)	687*
ALL FIRM SIZES	\$1,048
HDHP/SO	
All Small Firms (3–199 Workers)	\$2,216*
All Large Firms (200 or More Workers)	1,676*
ALL FIRM SIZES	\$1,903

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010*

	Single Coverage
HMO	
Northeast	\$693
Midwest	516
South	696
West	NSD
ALL REGIONS	\$601
PPO	
Northeast	\$561
Midwest	660
South	673
West	814
ALL REGIONS	\$675
POS	
Northeast	NSD
Midwest	\$908
South	1,065
West	NSD
ALL REGIONS	\$1,048
HDHP/SO	
Northeast	\$1,765
Midwest	2,000
South	1,902
West	1,868
ALL REGIONS	\$1,903

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Tests found no statistical differences by 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, 2006–2010

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

SOURCE:

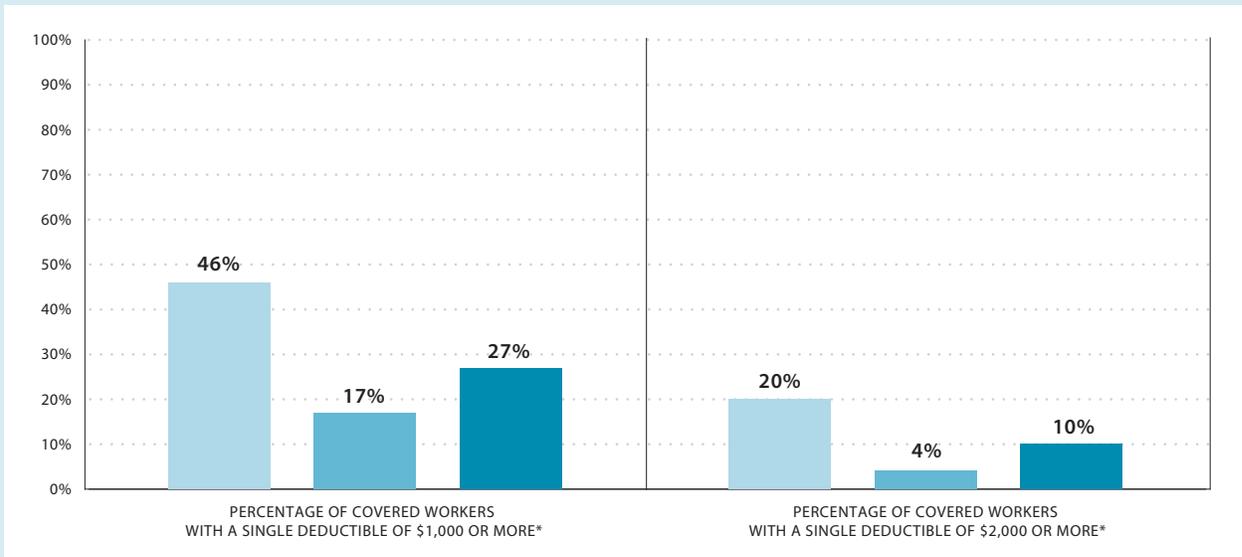
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

* 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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

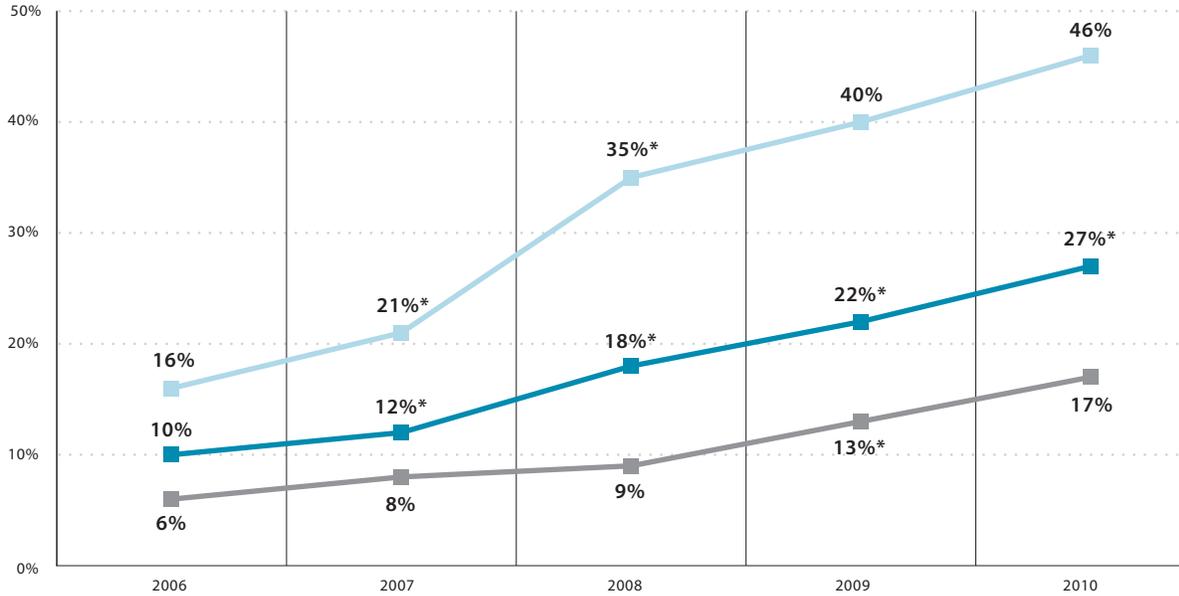
* Estimate is statistically different between All Small Firms and All Large Firms within category ($p < .05$).

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, 2006–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

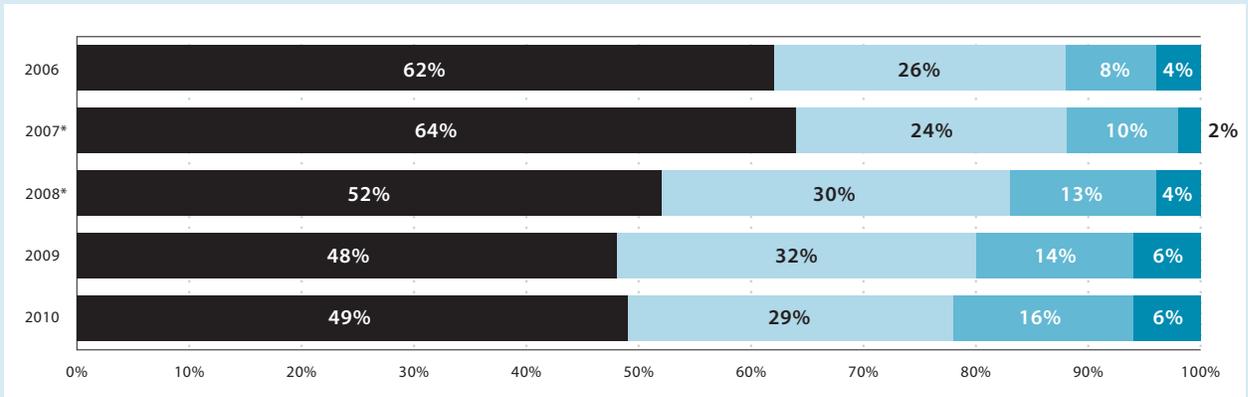
- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)
- ALL FIRMS

* 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 \$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.

EXHIBIT 7.8

Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

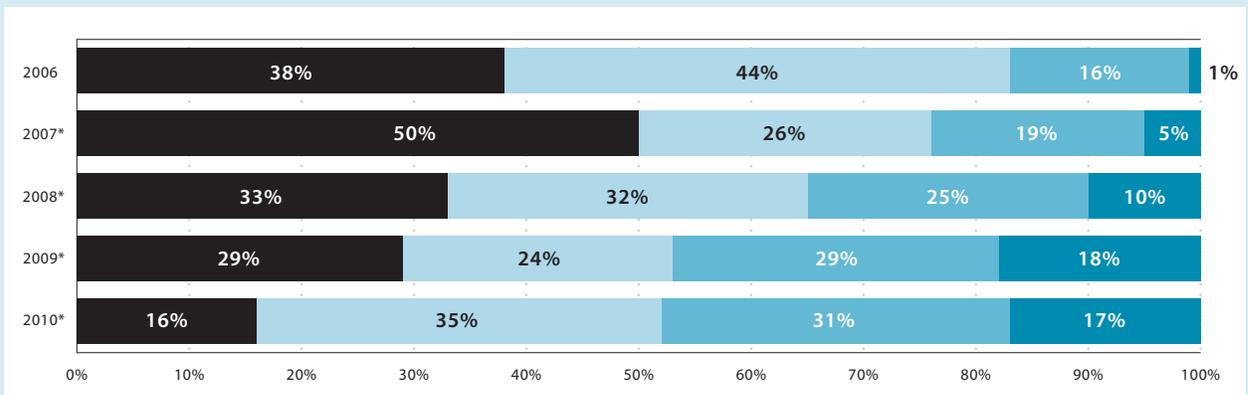
* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

Note: Deductibles for PPO plans are for in-network services.



EXHIBIT 7.9

Among Covered workers with a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

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

Note: Deductibles for POS plans are for in-network services.



EXHIBIT 7.10

Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2010*

	No Deductible	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)	65%	28%	7%
All Large Firms (200 or More Workers)	75	18	7
ALL FIRM SIZES	72%	21%	7%
PPO			
All Small Firms (3–199 Workers)	20%	56%	24%
All Large Firms (200 or More Workers)	24	47	29
ALL FIRM SIZES	23%	50%	27%
POS			
All Small Firms (3–199 Workers)	32%	50%	18%
All Large Firms (200 or More Workers)	30	62	8
ALL FIRM SIZES	31%	54%	14%
HDHP/SO			
All Small Firms (3–199 Workers)	NA	85%	15%
All Large Firms (200 or More Workers)	NA	91	9
ALL FIRM SIZES	NA	89%	11%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Tests found no statistical difference between distributions for All Small Firms and All Large Firms within plan type ($p < .05$).

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 2010 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, 76% of workers in HMOs have an aggregate deductible, 65% in PPOs have an aggregate deductible, and 79% 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 7.11

Among Covered Workers with a General Annual Health Plan Deductible, Average Deductibles for Family Coverage, by Deductible Type, Plan Type, and Firm Size, 2010

	Aggregate Amount	Separate Amount per Person
HMO		
All Small Firms (3–199 Workers)	\$2,138*	NSD
All Large Firms (200 or More Workers)	774*	\$344
ALL FIRM SIZES	\$1,321	\$500
PPO		
All Small Firms (3–199 Workers)	\$2,347*	\$1,065*
All Large Firms (200 or More Workers)	1,103*	430*
ALL FIRM SIZES	\$1,518	\$596
POS		
All Small Firms (3–199 Workers)	\$2,596	NSD
All Large Firms (200 or More Workers)	1,806	NSD
ALL FIRM SIZES	\$2,253	\$1,164
HDHP/SO		
All Small Firms (3–199 Workers)	\$4,306*	NSD
All Large Firms (200 or More Workers)	3,429*	\$1,815
ALL FIRM SIZES	\$3,780	\$2,053

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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 7.12

Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Average Aggregate Deductible, by Plan Type, 2006–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

* 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 7.13

Among Covered Workers with a General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type and Deductible Type, 2010

	\$1–\$499	\$500–\$999	\$1,000–\$1,999	\$2,000 or More
HMO				
Aggregate Amount	28%	9%	36%	27%
Separate Amount	50%	33%	16%	1%
PPO				
Aggregate Amount	7%	33%	35%	24%
Separate Amount	58%	24%	12%	6%
POS				
Aggregate Amount	7%	9%	21%	63%
Separate Amount	18%	22%	37%	23%
HDHP/SO[‡]				
Aggregate Amount	0%	0%	0%	100%
Separate Amount	0%	0%	48%	52%

SOURCE:

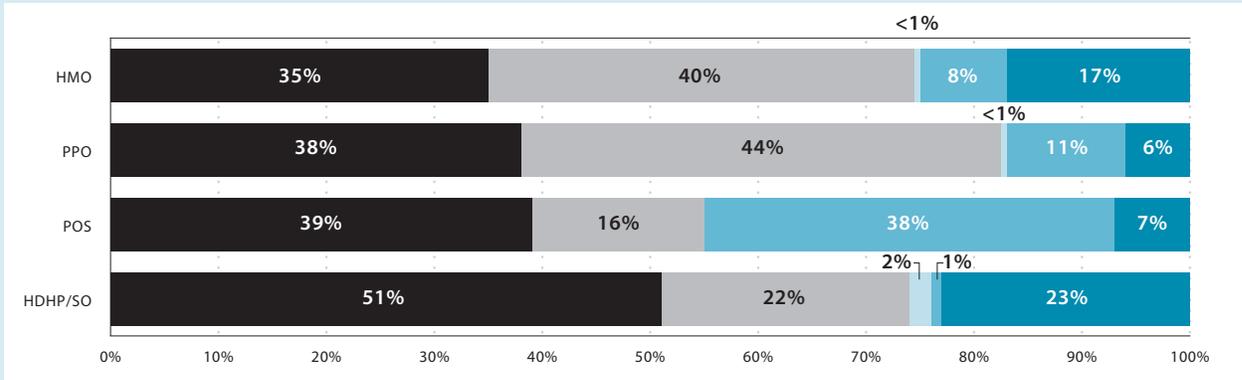
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[‡] 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 7.14

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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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 7.15

Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2010

	\$1–\$499	\$500–\$999	\$1,000–\$1,999	\$2,000 or More
HMO				
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
PPO				
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
POS				
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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

* 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 7.16

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, 2010

	HMO	PPO	POS	HDHP/SO
Physician Office Visits For Primary Care	83%	70%	81%	37% [§]
Preventive Care	96%	91%	87%	93%
Prescription Drugs	94%	92%	92%	56% [§]

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[§] 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 7.17

Distribution of Covered Workers with Separate Cost Sharing for a Hospital Admission in Addition to Any General Annual Deductible, by Plan Type, 2010

Separate Cost Sharing for a Hospital Admission	HMO	PPO	POS	HDHP/SO [§]	ALL PLANS
Separate Annual Deductible for Hospitalizations	5%	6%	2%*	<1%*	5%
Copayment and/or Coinsurance					
Copayment	44*	16	25	2*	19
Coinsurance	17*	63*	37*	59	53
Both Copayment and Coinsurance [‡]	10	10	16	<1*	10
Charge Per Day	11*	3*	14	1*	5
None	22	15*	20	38*	19

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] 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. Less than 1% of covered workers have an "other" type of cost sharing for a hospital admission.

EXHIBIT 7.18

Distribution of Covered Workers with Separate Cost Sharing for an Outpatient Surgery in Addition to Any General Annual Deductible, by Plan Type, 2010

Separate Cost Sharing for an Outpatient Surgery	HMO	PPO	POS	HDHP/SO [§]	ALL PLANS
Separate Annual Deductible for Outpatient Surgery	4%	1%	<1%*	1%	2%
Copayment and/or Coinsurance					
Copayment	48*	13*	28	4*	20
Coinsurance	22*	70*	49	59	58
Both Copayment and Coinsurance [‡]	3	5	4	0*	4
None	27	16	21	37*	20

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

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

§ 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 7.19

Among Covered Workers with Separate Cost Sharing for a Hospital Admission or Outpatient Surgery in Addition to Any General Annual Deductible, Average Cost Sharing, by Plan Type, 2010

	Average Copayment	Average Coinsurance	Charge Per Day
Separate Cost Sharing for a Hospital Admission			
HMO	\$267	17%	\$245
PPO	213	17	157*
POS	206	19	303
HDHP/SO	NSD	19	NSD
ALL PLANS	\$232	18%	\$228
Separate Cost Sharing for an Outpatient Surgery			
HMO	\$134	16%	NA
PPO	127	17	NA
POS	146	18	NA
HDHP/SO	NSD	19	NA
ALL PLANS	\$132	17%	NA

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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 \$723 and the average separate deductible for outpatient surgery is \$963. 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 7.20

In Addition to Any General Annual Plan Deductible, Percentage of Covered Workers with the Following Types of Cost Sharing for Physician Office Visits and Emergency Room Visits, by Plan Type, 2010

	Copay Only	Coinsurance Only	Both Copay and Coinsurance [‡]	No Cost Sharing	None of the Above
Primary Care					
HMO*	94%	1%	4%	1%	<1%
PPO*	80	16	3	1	<1
POS*	90	4	3	2	0
HDHP/SO*	15	51	3	30	2
ALL PLANS	75%	16%	3%	5%	<1%
Specialty Care					
HMO*	93%	1%	4%	2%	<1%
PPO*	77	17	3	3	1
POS*	90	5	4	2	<1
HDHP/SO*	13	50	3	32	2
ALL PLANS	73%	17%	3%	6%	1%
Emergency Room Visits					
HMO*	85%	5%	6%	4%	0%
PPO*	62	18	13	5	1
POS*	69	10	19	2	<1
HDHP/SO*	15	37	15	31	1
ALL PLANS	61%	17%	13%	8%	1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

Note: In 2010, 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. 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 7.21

In Addition to Any Plan Deductible, Percentage of Covered Workers with Emergency Room Cost Sharing, by Plan Type, 2010

	Percentage of Covered Workers with Emergency Room Cost Sharing	Among Workers with Emergency Room Cost Sharing, Percentage of Covered Workers with Cost Sharing Waived if Individual is Admitted to the Hospital
HMO	96%*	85%*
PPO	95*	71
POS	98*	82*
HDHP/SO	69*	48*
ALL PLANS	92%	72%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 7.22

Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office and Emergency Room Visits, Average Copayments and Coinsurance, by Plan Type, 2010

	HMO	PPO	POS	HDHP/SO	ALL PLANS
Primary Care					
Average Copay for Primary Care Physician Office Visit	\$21*	\$22	\$24*	\$25	\$22
Average Coinsurance for Primary Care Physician Office Visit	NSD	18%	NSD	18%	18%
Specialty Care					
Average Copay for Specialist Physician Office Visit	\$29	\$31	\$36	\$34	\$31
Average Coinsurance for Specialist Physician Office Visit	NSD	18%	NSD	18%	18%
Emergency Room Visits					
Average Copay for Emergency Room Visits	\$95*	\$109	\$110	\$124*	\$107
Average Coinsurance for Emergency Room Visits	15%	17%	19%*	17%	17%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Estimate is statistically different from All Plans estimate (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 7.23

Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2004–2010

	\$5 Per Visit	\$10 Per Visit	\$15 Per Visit	\$20 Per Visit	\$25 Per Visit	\$30 Per Visit	Other
HMO							
2004	3%	28%	40%	22%	3%	3%	1%
2005*	5	23	34	27	6	4	1
2006	3	21	37	25	8	5	2
2007*	3	20	25	34	13	4	1
2008*	6	16	29	30	11	5	3
2009	5	11	29	31	13	8	3
2010*	1	8	22	38	15	12	4
PPO							
2004	1%	17%	35%	28%	11%	4%	3%
2005*	<1	16	25	34	15	5	4
2006	<1	12	25	35	17	7	3
2007*	2	11	24	35	19	7	2
2008	1	11	22	34	21	8	3
2009*	<1	11	18	34	23	11	2
2010*	1	7	16	31	25	13	6
POS							
2004	3%	17%	34%	36%	8%	<1%	1%
2005*	2	16	35	30	11	6	1
2006*	2	22	26	27	16	6	<1
2007*	2	10	36	25	15	6	5
2008*	2	14	19	27	21	12	7
2009*	1	8	14	39	21	12	4
2010*	1	7	11	24	20	29	8
HDHP/SO[‡]							
2007	7%	<1%	12%	38%	13%	19%	12%
2008	0	2	17	33	9	18	21
2009	<1	4	24	29	11	29	4
2010	0	2	17	34	10	17	20
ALL PLANS							
2004	1%	19%	37%	27%	9%	3%	3%
2005*	2	17	29	32	12	5	3
2006	2	15	28	32	15	6	3
2007	2	14	25	34	17	7	2
2008	2	13	23	33	18	8	4
2009*	2	10	21	34	20	11	2
2010*	1	7	18	32	22	15	6

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004–2010.

* 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 7.24

Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2006–2010

	\$5 Per Visit	\$10 Per Visit	\$15 Per Visit	\$20 Per Visit	\$25 Per Visit	\$30 Per Visit	\$35 Per Visit	\$40 Per Visit	Other
HMO									
2006	3%	14%	20%	20%	17%	13%	5%	5%	4%
2007*	2	11	12	26	22	14	5	7	2
2008*	2	13	14	18	20	16	5	5	7
2009*	3	6	17	15	17	18	7	9	8
2010*	1	4	9	18	12	18	9	19	10
PPO									
2006	<1%	9%	15%	25%	20%	15%	6%	5%	5%
2007	1	8	13	24	18	16	8	7	4
2008*	<1	7	14	21	17	15	9	9	8
2009*	<1	8	10	20	14	15	11	11	11
2010*	1	4	8	14	15	16	12	17	14
POS									
2006	2%	13%	13%	17%	18%	17%	8%	5%	8%
2007*	7	6	10	21	19	16	6	6	9
2008*	1	7	8	14	13	21	11	9	17
2009	1	4	5	17	11	25	6	14	17
2010*	1	5	4	10	15	17	6	10	31
HDHP/SO[‡]									
2007	0%	7%	5%	23%	7%	18%	5%	21%	15%
2008	0	2	11	18	4	27	3	9	28
2009	<1	4	11	18	8	23	15	11	9
2010	0	2	5	16	12	12	5	22	26
ALL PLANS									
2006	2%	10%	15%	22%	19%	16%	6%	5%	5%
2007	2	8	12	24	20	16	6	7	5
2008*	1	9	13	18	17	16	8	8	10
2009*	1	7	11	18	14	17	10	11	11
2010*	1	4	8	14	14	17	10	18	15

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

* 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 7.25

Among Covered Workers in HMOs with Copayments for a Physician Office Visit, Distribution of Percentage of Workers with Various Copayments, 1999–2010

	\$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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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 7.26

Among Covered Workers with Coinsurance for Physician Office Visits, Distribution of Average Coinsurance Rates, by Plan Type, 2010

Coinsurance Rates	10% or 15%	20% or 25%	30% or 35%	40% or 45%	Other
Primary Care					
PPO	31%	67%	2%	<1%	1%
HDHP/SO	40	53	7	0	1
ALL PLANS	33%	64%	3%	<1%	<1%
Specialty Care					
PPO	27%	70%	2%	1%	1%
HDHP/SO*	39	50	6	0	4
ALL PLANS	30%	65%	3%	<1%	2%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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 1% or 4% of covered workers, respectively, face coinsurance for primary care office visits and 1% or 5% of covered workers, respectively, face coinsurance for specialty care office visits.

EXHIBIT 7.27

Percentage of Covered Workers Without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2010

	Single Coverage	Family Coverage
HMO	37%*	38%*
PPO	13*	13*
POS	32*	30*
HDHP/SO	NA	NA
ALL PLANS	18%	17%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

NA: Not Applicable. 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 2010. HDHP/HRAs have no such requirement, and the percentage of covered workers in HDHP/HRAs with "No Limit" for annual out-of-pocket maximum for single and family coverage is 8% and 8%, respectively.

EXHIBIT 7.28

Among Covered Workers with an Annual Out-of-Pocket Maximum, Percentage Whose Spending for Various Services Does Not Count Towards the Out-of-Pocket Maximum, 2010

	HMO	PPO	POS	HDHP/SO [‡]
General Annual Plan Deductible	19%	32%	20%	9%
Any Additional Plan Deductibles	NSD	57%	NSD	NSD
Physician Office Visit Copayments	54%	74%	50%	53%
Physician Office Visit Coinsurance	NSD	4%	NSD	1%
Prescription Drug Cost Sharing	75%	80%	73%	42%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

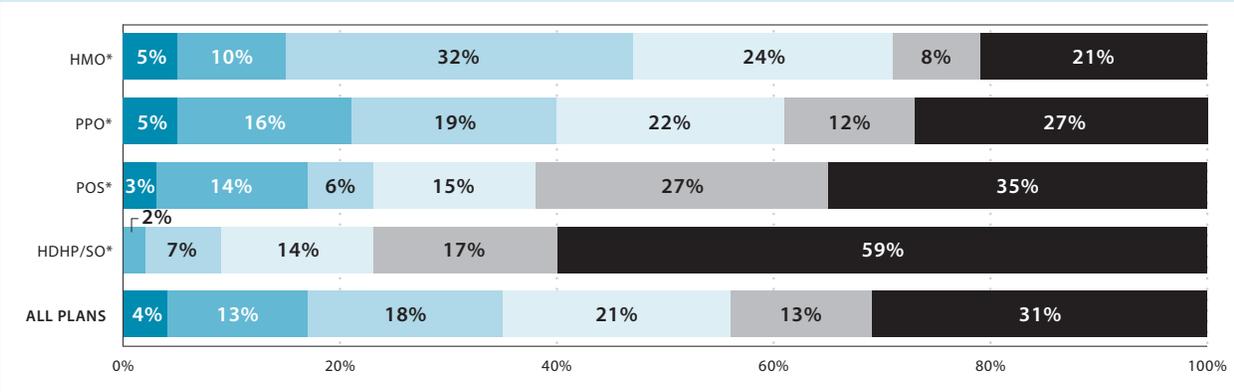
[‡] Among HDHP/SO plans, questions other than "overall plan deductible" were asked only of HDHP/HRAs and not of HSA-qualified HDHPs. HSA-qualified HDHPs are required to apply most cost sharing to the out-of-pocket maximum. When HDHP/HRAs are considered exclusively, among covered workers with an annual 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 52%, office visit coinsurance is 1%, and prescription drug cost sharing is 42%.

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 7.29

Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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 2010.



EXHIBIT 7.30

Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2010

	No Limit	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)	40%	47%	13%
All Large Firms (200 or More Workers)	37	49	14
ALL FIRM SIZES	38%	48%	14%
PPO			
All Small Firms (3–199 Workers)	19%	58%	23%
All Large Firms (200 or More Workers)	11	65	24
ALL FIRM SIZES	13%	63%	24%
POS			
All Small Firms (3–199 Workers)	37%	56%	7%
All Large Firms (200 or More Workers)	19	71	9
ALL FIRM SIZES	30%	62%	8%
HDHP/SO[‡]			
All Small Firms (3–199 Workers)	8%	81%	10%
All Large Firms (200 or More Workers)	1	93	5
ALL FIRM SIZES	4%	88%	7%
ALL FIRMS			
All Small Firms (3–199 Workers)*	24%	59%	17%
All Large Firms (200 or More Workers)*	14	66	20
ALL FIRM SIZES	17%	63%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

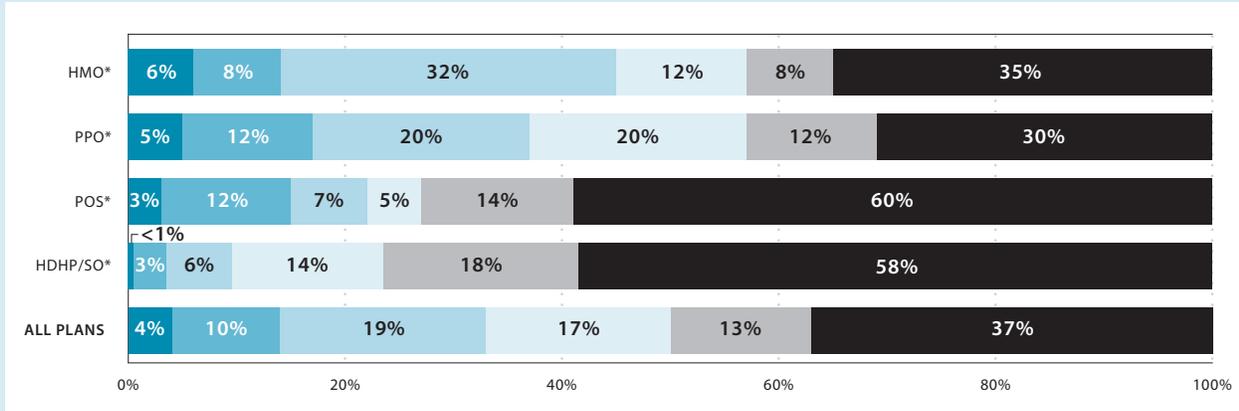
* Distributions are statistically different between All Small Firms and All Large Firms within plan type ($p < .05$).

‡ 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 2010. 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 – 20% No Limit, 69% Aggregate Amount, and 12% Separate Amount per Person; All Large Firms – 2% No Limit, 92% Aggregate Amount, and 5% Separate Amount per Person; All Firm Sizes – 8% No Limit, 84% Aggregate Amount, and 8% 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, 78% of workers in HMOs have an aggregate out-of-pocket maximum, 72% in PPOs have an aggregate out-of-pocket maximum, 89% in POS plans have an aggregate out-of-pocket maximum, and 77% in All Plans have an aggregate out-of-pocket maximum.

EXHIBIT 7.31

Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

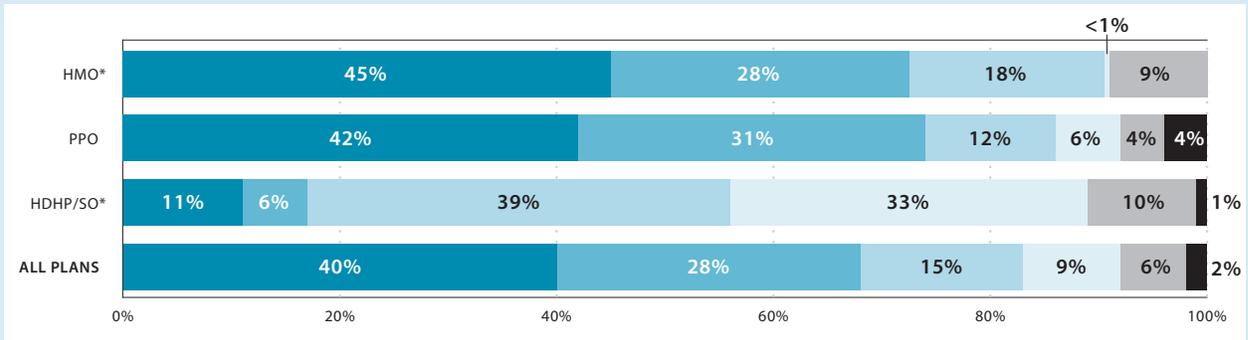
* Distribution is statistically different from All Plans distribution (p<.05).

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 2010. 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 7.32

Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

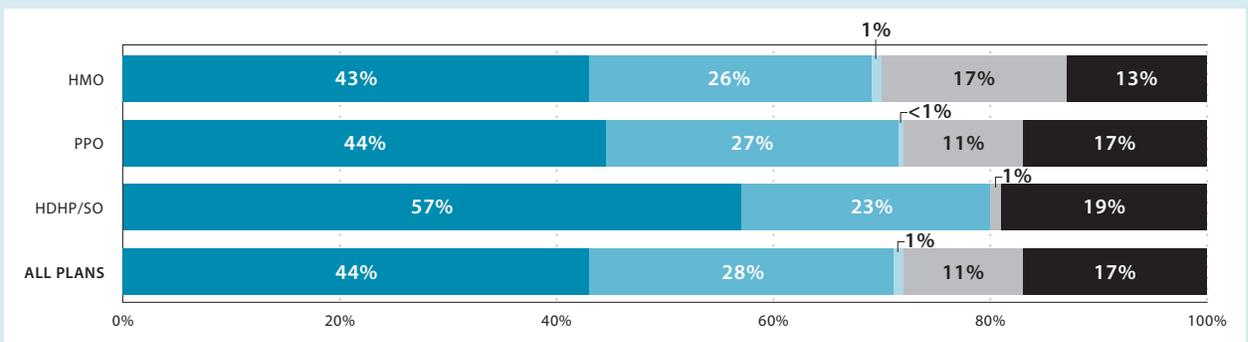
* Distribution is statistically different from All Plans distribution ($p < .05$).

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. Distribution for out-of-pocket maximum for POS plans is not shown due to an insufficient number of observations.



EXHIBIT 7.33

Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Maximum Number of Family Members Required to Meet the Maximum, by Plan Type, 2010*

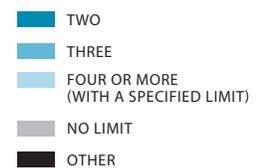


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Tests found no statistical difference between plan type distributions and the 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. Distribution for out-of-pocket maximum for POS plans is not shown due to an insufficient number of observations. 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.



EMPLOYER HEALTH BENEFITS
2010 ANNUAL SURVEY

High-Deductible
Health Plans
with Savings
Option

SECTION

8

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 COVERAGE¹ 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).²

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

- ▶ Fifteen percent of firms offering health benefits offer an HDHP/HRA, an HSA-qualified HDHP, or both in 2010, similar to last year. Among firms offering health benefits, 4% offer an HDHP/HRA and 12% offer an HSA-qualified HDHP (Exhibit 8.1), also not statistically different from the percentages reported last year.
 - Firms with 1,000 or more workers are more likely to offer an HDHP/SO than smaller firms. Thirty-four percent of firms with 1,000 or more workers offer an HDHP/SO compared to 15% of firms with 3 to 199 workers or 21% 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 2010 to 34% from 28% in 2009 (Exhibit 8.3).
- ▶ Enrollment in HDHP/SOs increased from 8% to 13% of covered workers in 2010 (Exhibit 8.4).

- Seven percent of covered workers are enrolled in HDHP/HRAs and 6% are enrolled in HSA-qualified HDHPs. HDHP/HRA enrollment increased from 3% in 2009 to 7% in 2010. Enrollment in HSA-qualified HDHPs remained at 6% in 2010, the same percentage as 2009 (Exhibit 8.4).
- Nine percent of covered workers in small firms (3–199 workers) are enrolled in HSA-qualified HDHPs, compared to 5% of workers in large firms (200 or more workers) (Exhibit 8.5).

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 \$1,737 for HDHP/HRAs and \$2,096 for HSA-qualified HDHPs (Exhibit 8.6). These averages are similar to the amounts reported in 2009. There is wide variation in the average general annual deductible amounts for single coverage (Exhibit 8.8).

NOTE:

¹ There is no legal requirement for the minimum deductible in a plan offered with an HRA. The survey defines a high-deductible 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 2010. See the Text Box for more information on HDHP/HRAs and HSA-qualified HDHPs.

² 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 2010) that also meets other requirements.¹ 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 2010. 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.

¹ See U.S. Department of the Treasury, Health Savings Accounts, available at <http://www.treasury.gov/offices/public-affairs/hsa/pdf/2010-HSA-%20indexed-amts.pdf>.

- Most workers in HDHP/HRAs (94%) and HSA-qualified HDHPs (92%) 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 \$3,577 for HDHP/HRAs and \$4,006 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).

- Workers in HSA-qualified HDHPs in small firms face significantly higher deductibles for single coverage (\$2,284) and family coverage (\$4,258) than workers with HSA-qualified HDHPs in large firms, where deductibles average \$1,895 for single coverage and \$3,734 for an aggregate deductible for family coverage.

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 2010. HDHP/HRAs have no similar requirement.

- The average annual out-of-pocket maximum for single coverage is \$3,622 for HDHP/HRAs³ and \$3,186 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 amounts are \$7,096 for HDHP/HRAs and \$6,066 for HSA-qualified HDHPs (Exhibit 8.6).

PREMIUMS

- ▶ In 2010, the average annual premiums for HDHP/HRAs are \$4,702 for single coverage and \$13,068 for family coverage. The HDHP/HRA average premium for covered workers with single coverage is lower than the average premiums for single coverage for workers in plans that are not HDHP/SOs (Exhibit 8.7).
- ▶ The average annual premium for workers in HSA-qualified HDHPs is \$4,233 for single coverage and \$11,683 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). Premiums increased significantly between 2009 and 2010 for HSA-qualified HDHPs from \$3,829 to \$4,233 for single coverage and from \$10,396 to \$11,683 for family coverage.

WORKER CONTRIBUTIONS TO PREMIUMS

- ▶ The average annual worker contributions to premiums for workers enrolled in HDHP/HRAs are \$799 for single coverage and \$3,604 for family coverage (Exhibit 8.6).
- ▶ The average annual worker contributions to premiums for workers in HSA-qualified plans are \$444 for single coverage and \$3,457 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 \$3,903 for single coverage and \$9,464 for family coverage. (Exhibit 8.7).
 - The average annual employer contributions to premiums for workers in HSA-qualified HDHPs are \$3,789 for single coverage and \$8,225 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).

NOTE:

³ The average out-of-pocket maximum for HDHP/HRAs is calculated for plans with an out-of-pocket maximum. About 10% 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.

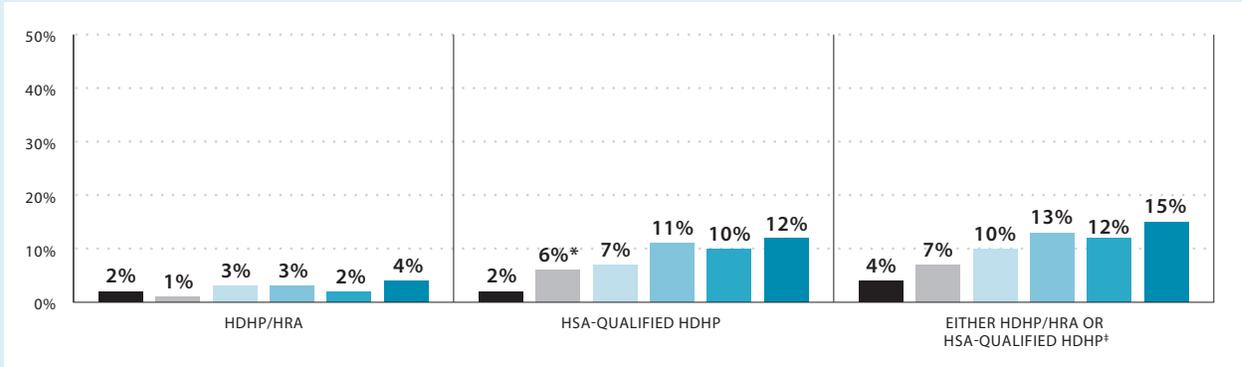
- ▶ When looking at employer contributions to the savings option workers enrolled in HDHP/HRAs receive, on average, an annual employer contribution to their HRA of \$907 for single coverage and \$1,619 for family coverage (Exhibit 8.7). These values are not statistically different from the 2009 values of \$1,052 for single coverage and \$2,073 for family coverage.
 - In looking at employer contributions to HRAs, we note that some HRAs are structured in such a way that employers may not actually spend the whole amount that they make available to their employees' HRAs.⁴ 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 \$558 for single coverage and \$1,006 for family coverage (Exhibit 8.7). These values are not statistically different from the 2009 values of \$688 for single coverage and \$1,126 for family coverage.
 - In looking at employer contributions to HSAs, we note that not all employers make contributions towards HSAs established by their employees. Sixty percent of employers offering single and 61% offering family coverage through HSA-qualified HDHPs do not make contributions towards the HSAs that their workers establish. In terms of covered workers, 35% do not receive an account contribution from their employer for single or family coverage.
- 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 \$858 for single coverage and \$1,546 for family coverage, which are not statistically different from last year.
- ▶ 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 \$4,810 for single coverage and \$11,083 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 \$4,347 for single coverage and \$9,231 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:

⁴ 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, 2005–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2010.

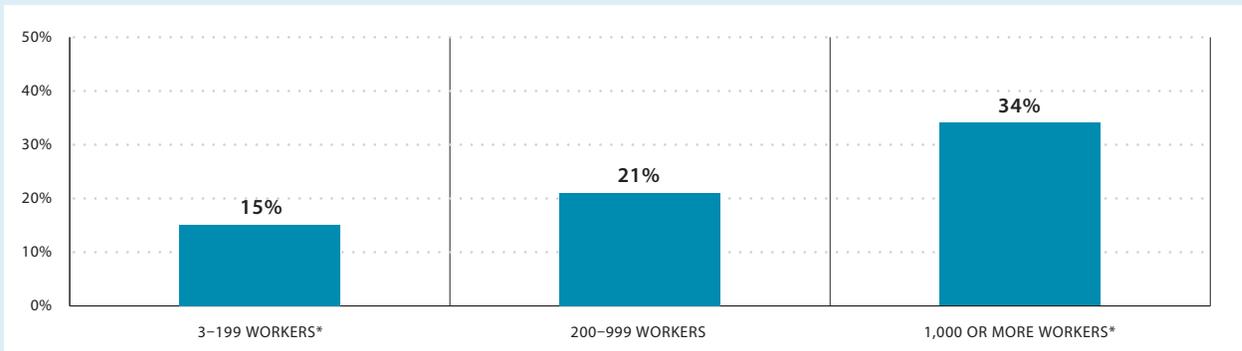


* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

† The 2010 estimate includes 0.3% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for 2005, 2006, 2007, 2008 and 2009 are 0.3%, 0.4%, 0.2%, 0.3% and 0.1%, respectively.

EXHIBIT 8.2

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2010



SOURCE:

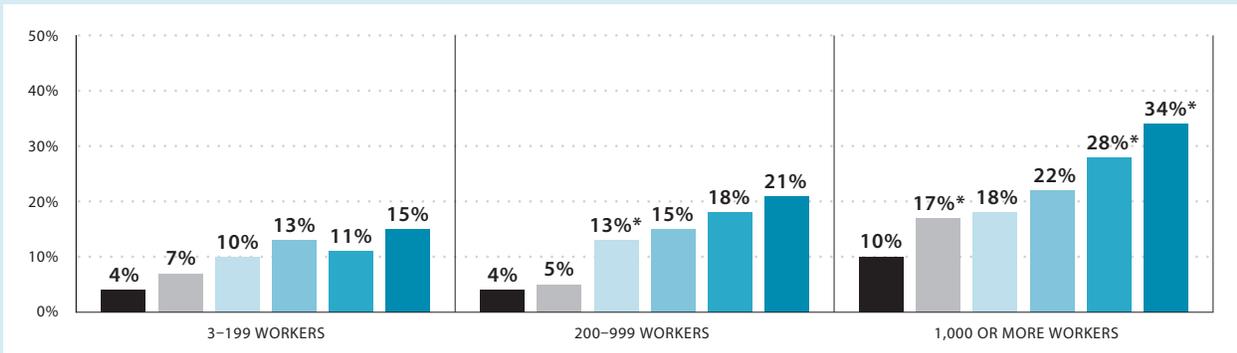
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: The 2010 estimates include 0.3% 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, 2005–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2010.

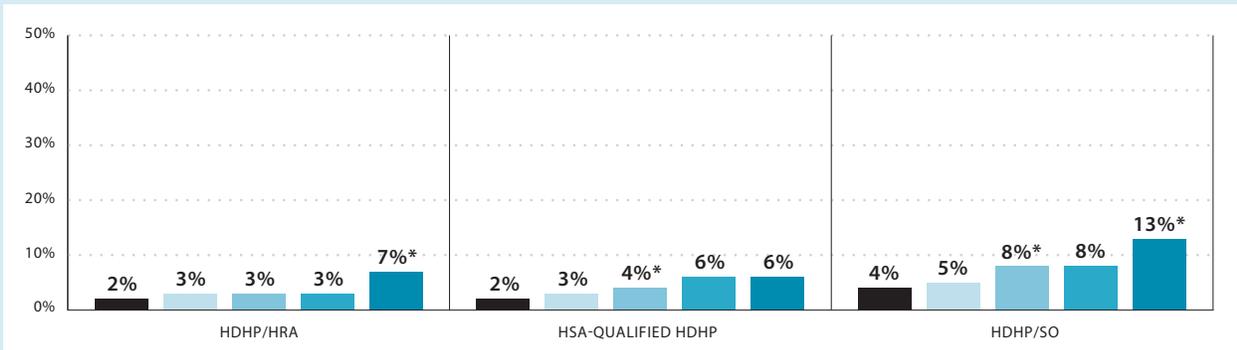


* Estimate is statistically different from estimate for previous year shown ($p < .05$).

Note: The 2010 estimate includes 0.3% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for 2005, 2006, 2007, 2008 and 2009 are 0.3%, 0.4%, 0.2%, 0.3% and 0.1%, respectively.

EXHIBIT 8.4

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2010



SOURCE:

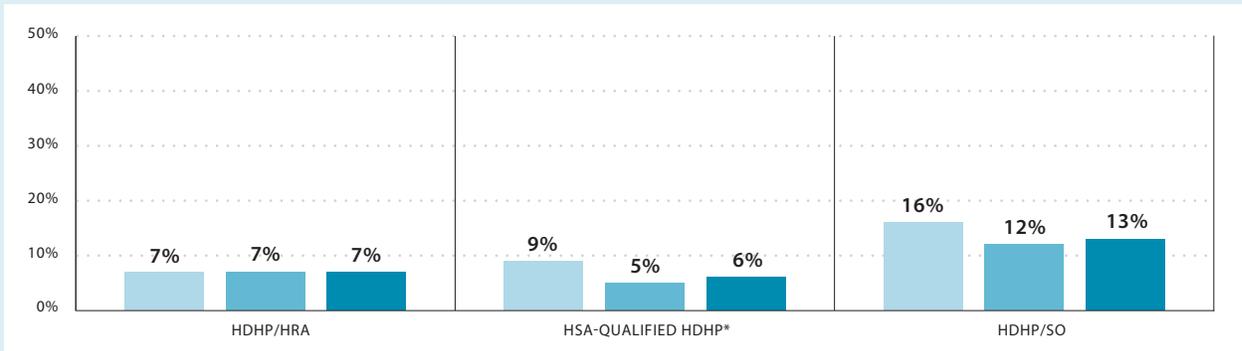
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.



* 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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$4,702	\$13,068	\$4,233	\$11,683
Worker Contribution to Premium	\$799	\$3,604	\$444	\$3,457
General Annual Deductible [‡]	\$1,737	\$3,577	\$2,096	\$4,006
Out-of-Pocket Maximum Liability [‡]	\$3,622	\$7,096	\$3,186	\$6,066
Firm Contribution to the HRA or HSA [§]	\$907	\$1,619	\$558	\$1,006

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[‡] Eight 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, 16% are in plans whose family deductible is a separate per person amount and 8% 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 7% for deductibles and 7% for out-of-pocket maximums.

[§] When those firms that do not contribute to the HSA (60% for single and 61% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$858 for single coverage and \$1,546 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, 2010

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans [§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	\$4,702*	\$13,068	\$4,233*	\$11,683*	\$5,136	\$13,979
Worker Contribution to Premium	\$799	\$3,604	\$444*	\$3,457	\$939	\$4,069
Firm Contribution to Premium	\$3,903	\$9,464	\$3,789*	\$8,225*	\$4,197	\$9,910
Annual Firm Contribution to the HRA or HSA[‡]	\$907	\$1,619	\$558	\$1,006	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$4,810*	\$11,083*	\$4,347	\$9,231	\$4,197	\$9,910
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$5,608*	\$14,687	\$4,791*	\$12,688*	\$5,136	\$13,979

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] When those firms that do not contribute to the HSA (60% for single and 61% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$858 for single coverage and \$1,546 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.

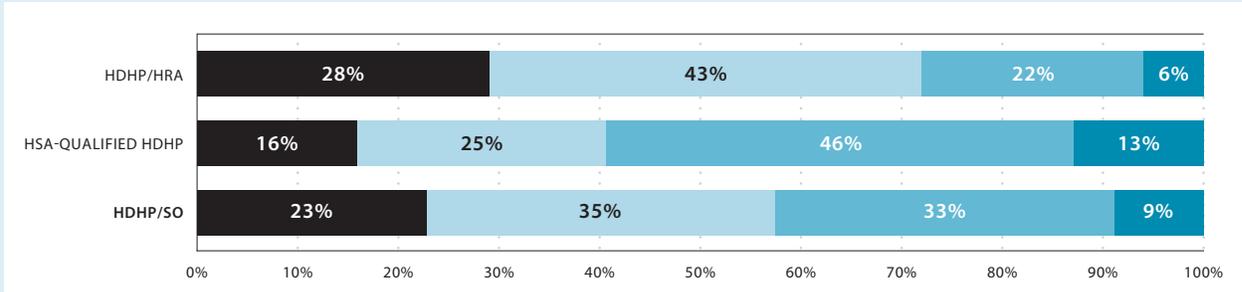
[§] In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The minimum annual deductible for workers enrolled in HSA-qualified HDHPs is \$1,200 in 2010 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, 2010

	Aggregate Amount	Separate Amount per Person
HDHP/HRA	84%	16%
HSA-Qualified HDHP	93	7
HDHP/SO	89%	11%

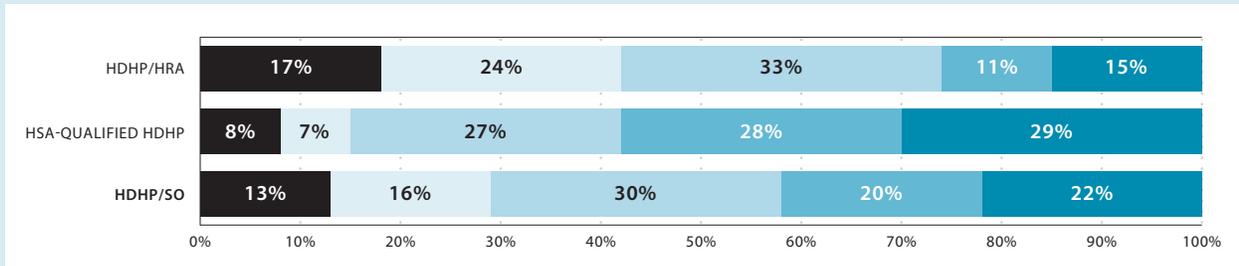
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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 HDHPs is \$2,400 in 2010 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, 2010

	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO
Preventive Care	94%	92%	93%
Physician Office Visits for Primary Care	37%	NA	NA
Prescription Drugs	56%	NA	NA

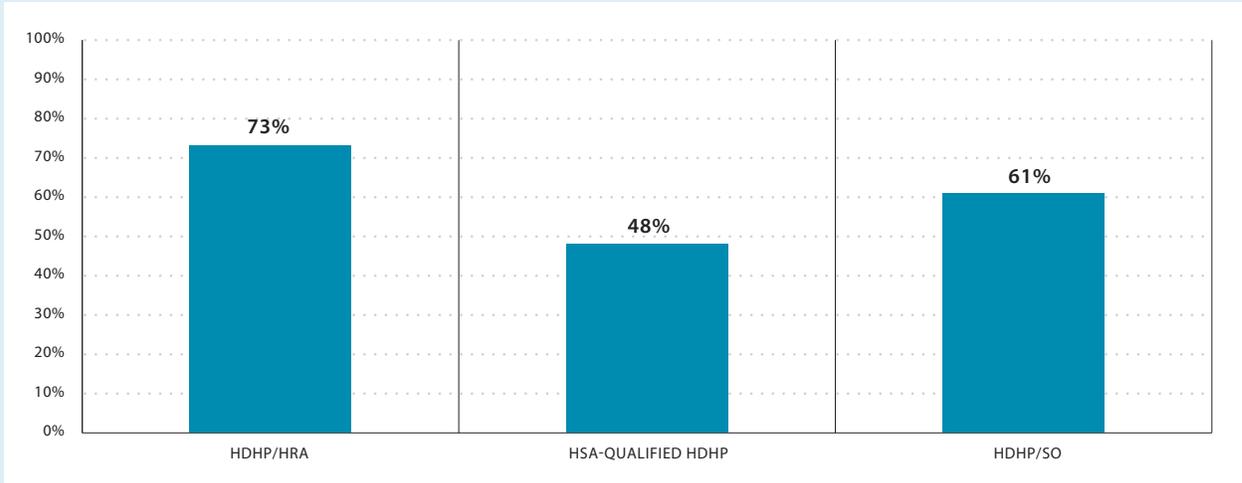
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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, 2010



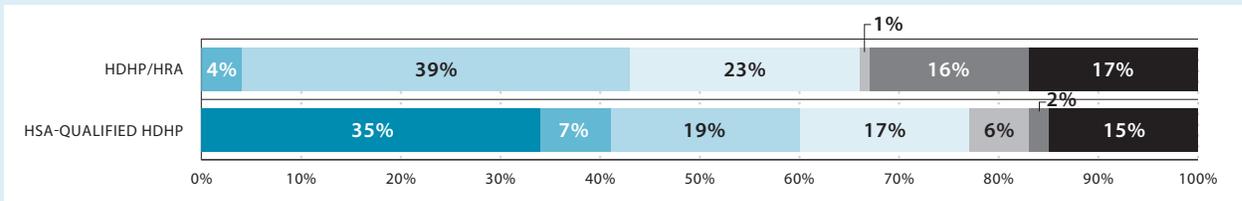
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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, 2010



SOURCE:

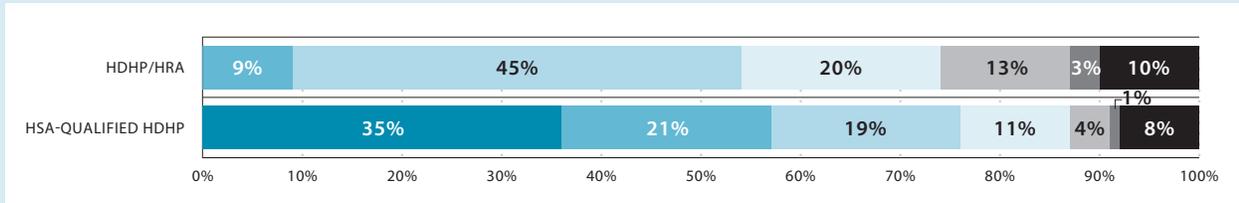
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: For single coverage, 60% of employers offering HSA-qualified HDHPs (covering 35% 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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: For family coverage, 61% of employers offering HSA-qualified HDHPs (covering 35% 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, 2010

Contribution Range, Relative to Average Contribution	Single Coverage		Family Coverage	
	Contribution Range	Percentage of Covered Workers in Range	Contribution Range	Percentage of Covered Workers in Range
Less than 80%	Less than \$725	51%	Less than \$1,295	50%
80% to Less Than Average	\$725 to <\$907	16%	\$1,295 to <\$1,619	23%
Average to Less Than 120%	\$907 to <\$1,088	16%	\$1,619 to <\$1,943	1%
120% or More	\$1,088 or More	17%	\$1,943 or More	26%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The average annual firm contribution to the HRA is \$907 for single coverage and \$1,619 for family coverage. The HRA account contribution distribution is relative to the average single or family account contribution. For example, \$725 is 80% of the average single HRA account contribution and \$1,088 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, 2010

Contribution Range, Relative to Average Contribution	Single Coverage		Family Coverage	
	Contribution Range	Percentage of Covered Workers in Range	Contribution Range	Percentage of Covered Workers in Range
Less than 80%	Less than \$446	43%	Less than \$804	47%
80% to Less Than Average	\$446 to <\$558	17%	\$804 to <\$1,006	10%
Average to Less Than 120%	\$558 to <\$670	5%	\$1,006 to <\$1,207	8%
120% or More	\$670 or More	35%	\$1,207 or More	36%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

Note: The average annual firm contribution to the HSA is \$558 for single coverage and \$1,006 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, \$446 is 80% of the average single HSA account contribution and \$670 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, 2010

Separate Cost Sharing for a Hospital Admission	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO [§]
Deductible	<1%	NA	<1%
Copayment and/or Coinsurance			
Copayment	3	1%	2
Coinsurance	71	44	59
Both Copay and Coinsurance [‡]	<1	0	<1
Charge Per Day	<1	1	1
None	25	54	38
Separate Cost Sharing for an Outpatient Surgery Episode			
Deductible	3%	NA	1%
Copayment and/or Coinsurance			
Copayment	7	1%	4
Coinsurance	70	46	59
Both Copay and Coinsurance [‡]	0	0	0
None	23	53	37
Separate Cost Sharing for Primary Care Physician Office Visits			
Copayment Only	22%	7%	15%
Coinsurance Only	57	42	51
Both Copayment and Coinsurance [‡]	6	0	3
None	15	47	30
Separate Cost Sharing for Specialty Care Physician Office Visits			
Copayment Only	21%	4%	13%
Coinsurance Only	57	42	50
Both Copayment and Coinsurance [‡]	6	0	3
None	15	51	32
Separate Cost Sharing for Emergency Room Visits			
Copayment Only	26%	4%	15%
Coinsurance Only	32	42	37
Both Copayment and Coinsurance [‡]	27	2	15
None	15	50	31

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] 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, 2% have an "other" type of cost sharing for primary care physician office visits, 2% have an "other" type of cost sharing for specialist physician office visits, and 1% have an "other" type of cost sharing for emergency room visits.

EMPLOYER HEALTH BENEFITS
2010 ANNUAL SURVEY

Prescription
Drug Benefits

SECTION

9

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 (99%) covered workers in employer-sponsored plans have a prescription drug benefit.
- ▶ A large majority of covered workers (89%) in 2010 have a tiered cost-sharing formula for prescription drugs (Exhibit 9.1). Cost-sharing tiers generally are associated with 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-eight percent of covered workers are enrolled in plans with three, four, or more tiers of cost sharing for prescription drugs, the same percentage as last year (Exhibit 9.1).
 - HDHP/SOs have different cost-sharing patterns for prescription drugs than other plan types. Only 53% of covered workers in HDHP/SOs are in a plan with three or more tiers of cost sharing for prescription drugs. Thirty percent 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 (\$11) was consistent with the amount reported last year (\$10). The average copayments reported for second-tier drugs (\$28), and third-tier drugs (\$49) were slightly higher than the amounts reported in 2009 (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 17% for first-tier drugs, 25% for second-tier drugs, and 38% for third-tier drugs, which are similar to the percentages reported last year (Exhibit 9.4).
- ▶ Thirteen 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 cost-sharing tiers, 46% face a copayment for fourth-tier drugs and 24% face coinsurance (Exhibit 9.3).
 - The average copayment for a fourth-tier drug is \$89 and the average coinsurance is 36%. These amounts are not statistically different from the amounts reported in 2009 (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 alternative 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 \$10, and the average copayment for the second tier is \$28 (Exhibit 9.6). The average coinsurance rate for the second tier is 27%; there was insufficient data to report the coinsurance rate for the first tier (Exhibit 9.6).
- ▶ Five 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, 51% have copayments and 39% have coinsurance (Exhibit 9.7). Unlike the other plan types, covered workers in HDHP/SOs with the same cost sharing regardless of the type of drug were more likely to face coinsurance rather than copayments (84% vs. 12%) for prescriptions (Exhibit 9.7).
 - For those workers with the same cost sharing regardless of the type of drug, the average copayment is \$13 and the average coinsurance is 24% (Exhibit 9.8).

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.

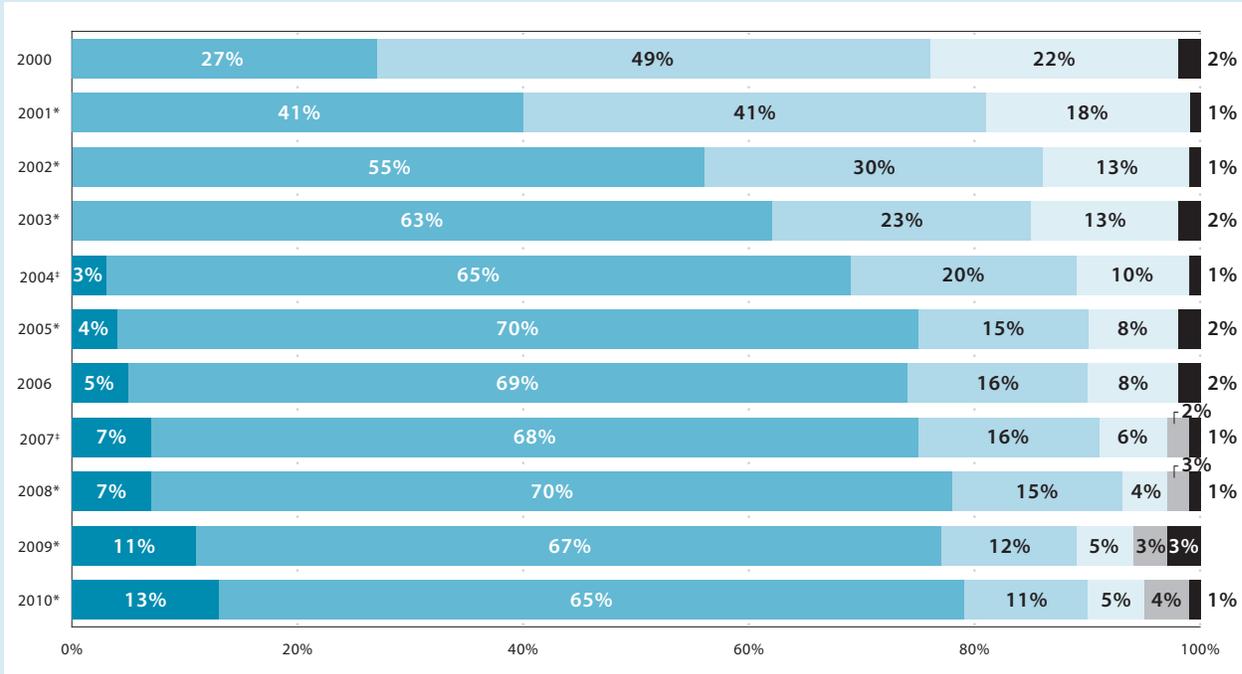
Nonpreferred drugs: Drugs not included on a formulary or preferred drug list; for example, a brand-name drug with a generic substitute.

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.

EXHIBIT 9.1

Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

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

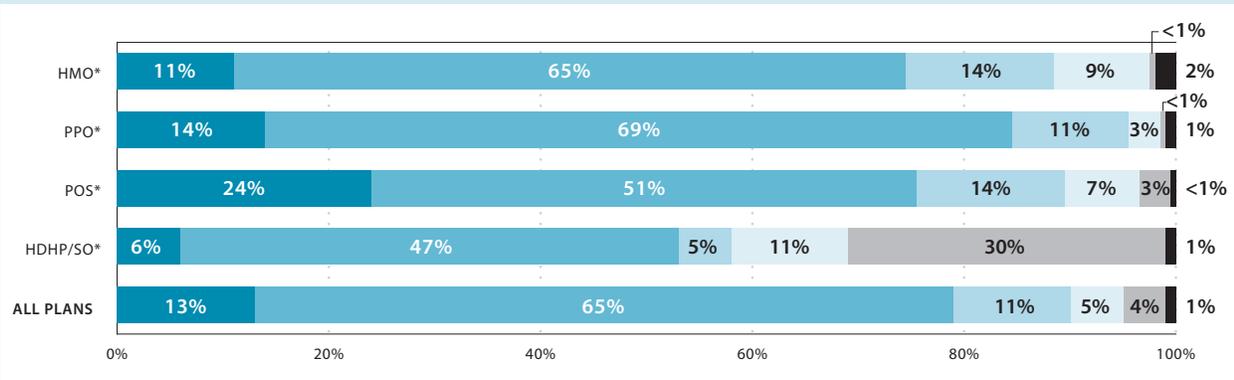
† No statistical tests are conducted between 2003 and 2004 or between 2006 and 2007 due to the addition of a new category.

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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

First-Tier Drugs, Often Called Generic Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO*	91%	2%	2%	1%	4%
PPO	84	8	4	1	2
POS*	95	1	1	2	1
HDHP/SO*	71	20	3	4	2
ALL PLANS	84%	8%	4%	1%	3%
Second-Tier Drugs, Often Called Preferred Drugs				Copay or Coinsurance Plus Any Difference [§]	
HMO*	79%	9%	3%	0%	10%
PPO	72	13	9	<1	7
POS*	96	1	2	0	1
HDHP/SO*	64	16	16	0	4
ALL PLANS	72%	12%	9%	<1%	7%
Third-Tier Drugs, Often Called Nonpreferred Drugs					
HMO*	77%	10%	3%	0%	10%
PPO	68	14	10	<1	8
POS*	93	3	2	<1	1
HDHP/SO*	60	18	16	2	4
ALL PLANS	69%	14%	9%	<1%	8%
Fourth-Tier Drugs					
HMO*	72%	16%	2%	2%	7%
PPO	42	29	2	1	27
POS*	33	8	2	0	57
HDHP/SO*	40	42	0	0	18
ALL PLANS	46%	24%	2%	1%	26%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] Category includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] 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, 2000–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

* 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, 2010

First-Tier Drugs, Often Called Generic Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO*	98%	2%	<1%	0%	1%
PPO	85	7	5	3	1
POS	NSD	NSD	NSD	NSD	NSD
HDHP/SO	NSD	NSD	NSD	NSD	NSD
ALL PLANS	88%	6%	3%	2%	1%
Second-Tier Drugs, Often Called Preferred Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Copay or Coinsurance Plus Difference [§]	Some Other Amount
HMO*	88%	11%	<1%	0%	1%
PPO*	47	21	9	0	23
POS	NSD	NSD	NSD	NSD	NSD
HDHP/SO	NSD	NSD	NSD	NSD	NSD
ALL PLANS	62%	18%	6%	0%	15%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] 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.

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. 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, 2000–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

* 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, 2010

	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Some Other Amount
HMO*	87%	9%	0%	4%
PPO*	23	61	1	15
POS	NSD	NSD	NSD	NSD
HDHP/SO*	12	84	0	4
ALL PLANS	51%	39%	<1%	9%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

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, 2000–2010

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

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

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Plan
Funding

SECTION

10

PLAN FUNDING

THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) OF 1974 EXEMPTS SELF-FUNDED PLANS FROM STATE INSURANCE LAWS, INCLUDING RESERVE REQUIREMENTS, MANDATED BENEFITS, PREMIUM TAXES, AND CONSUMER PROTECTION REGULATIONS. OVER ONE HALF (59%) OF COVERED WORKERS ARE IN A SELF-FUNDED HEALTH PLAN. BECAUSE LARGER FIRMS HAVE MORE EMPLOYEES OVER WHOM TO SPREAD THE RISK OF COSTLY CLAIMS, SELF FUNDING IS MORE COMMON AND LESS RISKY FOR LARGER FIRMS THAN FOR SMALLER ONES.

- ▶ Slightly more than half (59%) 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 remained stable over the last few years, but has increased from 44% in 1999.
 - By plan type, 67% of covered workers in PPOs, 61% in HDHP/SOs, 61% in conventional health plans, 41% in HMOs, and 32% in POS plans are in a self-funded plan (Exhibit 10.2).
 - As expected, covered workers in large firms (200 or more workers) are more likely to be in a self-funded plan than workers in small firms (3–199 workers) (83% vs. 16%) (Exhibit 10.3). The percentage of covered workers in self-funded plans increases as the number of employees in a firm increases. Eighty percent of covered workers in firms with 1,000 to 4,999 workers and 93% of covered workers in firms with 5,000 or more workers are in self-funded plans in 2010 (Exhibit 10.3).

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.

EXHIBIT 10.1

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–199 Workers	13%	15%	17%	13%	10%	10%	13%	13%	12%	12%	15%	16%
200–999 Workers	51	53	52	48	50	50	53	53	53	47	48	58*
1,000–4,999 Workers	62	69	66	67	71	78	78	77	76	76	80	80
5,000 or More Workers	62	72	70	72	79	80	82	89	86	89	88	93
ALL FIRMS	44%	49%	49%	49%	52%	54%	54%	55%	55%	55%	57%	59%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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 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, 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Conventional	65%	64%	65%	58%	49%	43%	53%	^	53%	47%	48%	61%
HMO	16	23*	31*	27	29	29	32	33	34	40	40	41
PPO	60	63	61	61	61	64	65	63	65	64	67	67
POS	42	45	42	40	44	46	36	32	34	29	25	32
HDHP/SO	^	^	^	^	^	^	^	50	41	35	48*	61*
ALL PLANS	44%	49%	49%	49%	52%	54%	54%	55%	55%	55%	57%	59%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2010

	Self-Funded (Employer Bears Some or All of Financial Risk)
FIRM SIZE	
200–999 Workers	58%
1,000–4,999 Workers	80*
5,000 or More Workers	93*
All Small Firms (3–199 Workers)	16%*
All Large Firms (200 or More Workers)	83%*
REGION	
Northeast	58%
Midwest	66*
South	60
West	53
INDUSTRY	
Agriculture/Mining/Construction	35%*
Manufacturing	71*
Transportation/Communications/Utilities	72*
Wholesale	66
Retail	63
Finance	63
Service	53*
State/Local Government	66
Health Care	56
ALL FIRMS	59%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Conventional	HMO	PPO	POS	HDHP/SO
3–199 Workers	NSD	9%*	18%*	9*	24%*
200–999 Workers	NSD	23*	69	53	53
1,000–4,999 Workers	NSD	59*	85*	60*	88*
5,000 or More Workers	NSD	65*	96*	85*	99*
ALL FIRMS	61%	41%	67%	32%	61%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–199 Workers	5%	4%	14%	10%	5%	4%	10%	3%	1%	10%	6%	9%
200–999 Workers	14	13	23	16	21	18	17	29	19	22	26	23
1,000–4,999 Workers	22	27	32	31	37	49	50	54	44	48	50	59
5,000 or More Workers	19	35*	40	38	44	40	44	47	58	66	61	65
ALL HMO PLANS	16%	23%*	31%*	27%	29%	29%	32%	33%	34%	40%	40%	41%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–199 Workers	19%	23%	23%	15%	13%	13%	18%	19%	17%	15%	21%	18%
200–999 Workers	69	72	66	63	60	63	67	61	65	55	55	69*
1,000–4,999 Workers	84	89	87	83	85	88	88	85	87	85	87	85
5,000 or More Workers	87	88	87	93	93	93	95	97	90*	94	93	96
ALL PPO PLANS	60%	63%	61%	61%	61%	64%	65%	63%	65%	64%	67%	67%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 1999–2010

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3–199 Workers	10%	10%	10%	10%	8%	9%	9%	6%	14%	9%	5%	9%
200–999 Workers	35	39	40	21*	42*	42	31	36	33	20	39	53
1,000–4,999 Workers	62	71	60	67	73	63	48	62	47	52	53	60
5,000 or More Workers	75	77	76	67	71	77	74	80	89	65	76	85
ALL POS PLANS	42%	45%	42%	40%	44%	46%	36%	32%	34%	29%	25%	32%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010.

* 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, 2006–2010

	2006	2007	2008	2009	2010
3–199 Workers	7%	4%	7%	18%	24%
200–999 Workers	57	27	48	36	53
1,000–4,999 Workers	81	86	72	81	88
5,000 or More Workers	100	97	91	96	99
ALL HDHP/SOs	50%	41%	35%	48%*	61%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2010.

* 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.

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Retiree Health
Benefits

SECTION

11

RETIREE HEALTH BENEFITS

RETIREE HEALTH BENEFITS ARE AN IMPORTANT CONSIDERATION FOR OLDER WORKERS MAKING DECISIONS ABOUT THEIR RETIREMENT. HEALTH BENEFITS FOR RETIREES ALSO 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. AFTER FALLING DRAMATICALLY IN THE LATE 1980S AND EARLY 1990S, THE PERCENTAGE OF LARGE FIRMS (200 OR MORE WORKERS) OFFERING RETIREE HEALTH BENEFITS HAS REMAINED RELATIVELY CONSTANT.

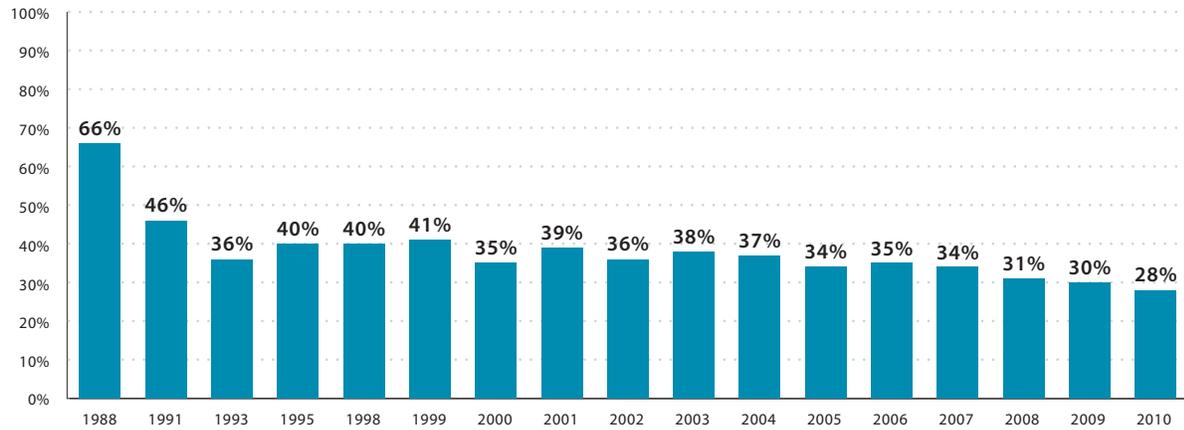
- ▶ Twenty-eight percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2010, similar to 30% in 2009, but down from 34% in 2005 and 66% in 1988 (Exhibit 11.1).¹
- ▶ Offering retiree health benefits varies considerably by firm characteristics.
 - Large firms are much more likely to offer retiree health benefits than small firms—28% vs. 3% (Exhibit 11.2).
 - Among large firms that offer health benefits, state and local governments are more likely (87%) than large firms in other industries to offer retiree health benefits. In contrast, large firms in the health care industry are less likely (17%) 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)—30% vs. 17% (Exhibit 11.3).
 - Large firms with union workers are more likely to offer retiree health benefits than large firms without union workers—41% vs. 21% (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)—34% vs. 25% (Exhibit 11.3).
- ▶ Among firms offering health benefits, virtually all large firms that offer retiree health benefits offer them to early retirees under the age of 65 (93%). A lower percentage (75%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4).

NOTE:

¹ We now count the 0.46% 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, 1988–2010*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

*Tests found no statistical difference from estimate for the previous year shown ($p < .05$). No statistical tests are conducted for years prior to 1999.

Note: Data have been edited to include the less than 1% of large firms who report “yes, but no retiree” responses in 2010. 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, 2010

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
FIRM SIZE		
3–199 Workers	3%	—
200–999 Workers	—	22%*
1,000–4,999 Workers	—	39*
5,000 or More Workers	—	48*
REGION		
Northeast	2%	32%
Midwest	5	25
South	3	28
West	2	27
INDUSTRY		
Agriculture/Mining/Construction	1%*	30%
Manufacturing	6	24
Transportation/Communications/Utilities	NSD	34
Wholesale	10	30
Retail	0*	16
Finance	10	40
Service	2	24
State/Local Government	NSD	87*
Health Care	<1*	17*
ALL FIRMS	3%	28%

SOURCE:

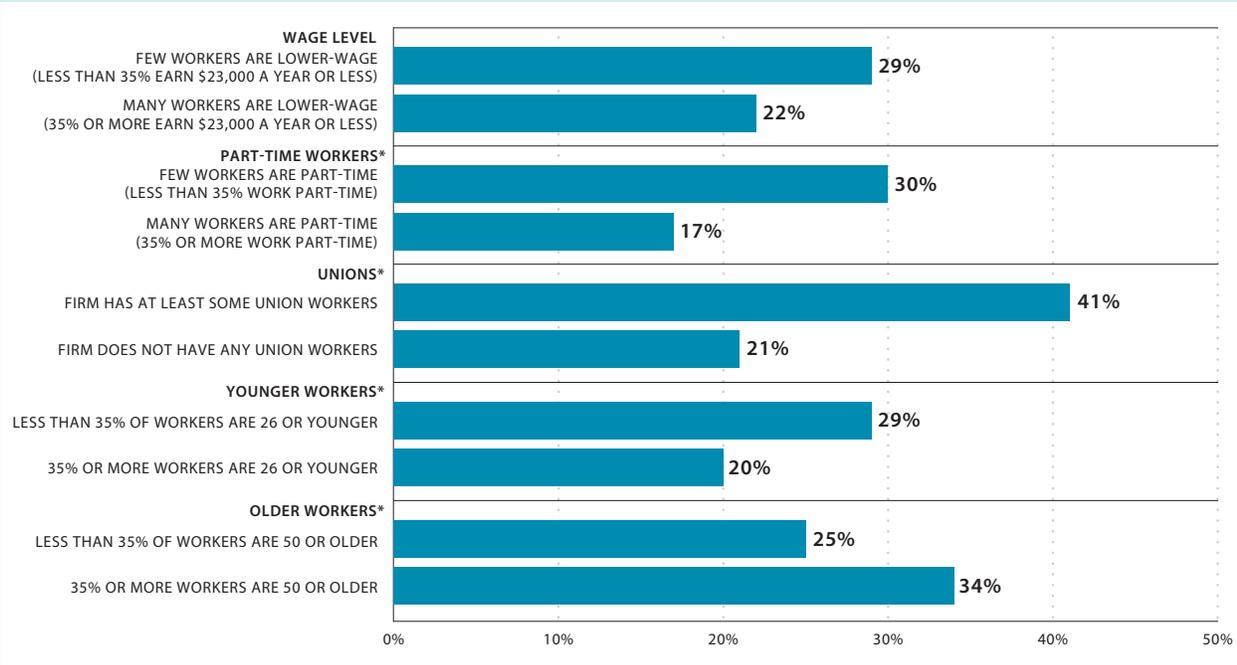
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010



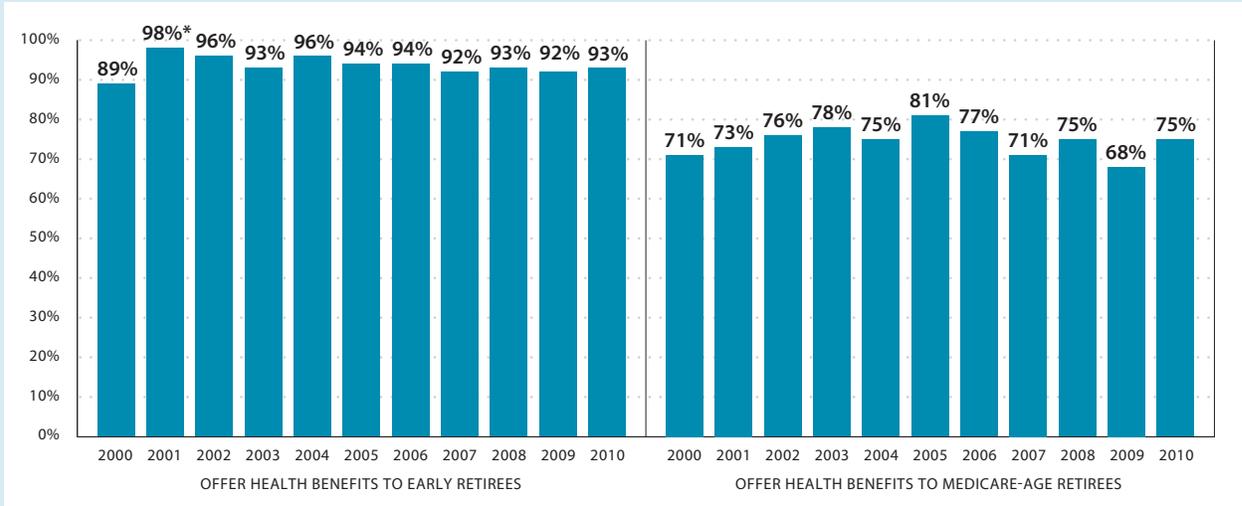
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2000–2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2010.

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

Early Retirees: Workers retiring before age 65.

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, 2010

	Percentage of Large Employers Offering Retiree Health Benefits to Early Retirees	Percentage of Large Employers Offering Retiree Health Benefits to Medicare-Age Retirees
FIRM SIZE		
200–999 Workers	92%	72%
1,000–4,999 Workers	93	81
5,000 or More Workers	93	76
REGION		
Northeast	91%	77%
Midwest	97*	76
South	91	71
West	93	79
INDUSTRY		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	93%	71%
Transportation/Communications/Utilities	100*	75
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	88	77
Service	96	72
State/Local Government	98*	76
Health Care	NSD	NSD
ALL LARGE FIRMS (200 or More Workers)	93%	75%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Early Retirees: Workers retiring before age 65.

NSD: Not Sufficient Data.

EMPLOYER HEALTH BENEFITS

2010 ANNUAL SURVEY

Wellness Programs,
Health Risk
Assessments, and
Disease Management
Programs

SECTION

12

WELLNESS PROGRAMS, HEALTH RISK ASSESSMENTS, AND DISEASE MANAGEMENT PROGRAMS

MANY FIRMS ALSO PROVIDE WELLNESS PROGRAMS TO THEIR EMPLOYEES. THIS YEAR'S SURVEY INCLUDED QUESTIONS ON THE WELLNESS PROGRAMS OFFERED TO EMPLOYEES, INCENTIVES FOR PARTICIPATION IN WELLNESS PROGRAMS, EMPLOYER OPINIONS OF WELLNESS PROGRAMS, HEALTH RISK ASSESSMENTS AND RELATED INCENTIVES, AND DISEASE MANAGEMENT PROGRAMS.

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.
 - Seventy-four 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.¹ The offer rate for each type of wellness benefit included in the survey is presented in Exhibit 12.1 and Exhibit 12.2. Forty-eight percent of firms offering health benefits and wellness benefits offer the wellness benefits to spouses or dependents (Exhibit 12.3).
 - The percentage of firms offering at least one wellness program increased from 58% in 2009 to 74% in 2010. However the increase was primarily the result of a higher percentage of firms reporting the availability of web-based resources for healthy living in 2010 (51%) than in 2009 (36%). The increase was also mainly driven by small firms. The percentage of small firms (3–199 workers) offering at least one wellness program increased from 57% in 2009 to 74% in 2010, while the percentage of large firms (200 or more workers) did not statistically increase.
- 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 through the health plan (Exhibit 12.3).² There is a significant difference between small firms (3–199 workers) and large firms (200 or more workers) in the percentage reporting that most wellness programs are provided by the health plan (88% vs. 67%) (Exhibit 12.3).
- ▶ In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.³
 - Eight percent of firms offering health benefits offer gift cards, travel, merchandise, or cash to workers who participate in wellness programs, and large firms (200 or more workers) are more likely to offer these incentives than small firms (3–199 workers) (23% vs. 7%) (Exhibit 12.4).
 - Very few firms offering health benefits vary premium contributions (1%) or deductibles (1%). Among firms that offer a high-deductible plan paired with a HRA or HSA, 2% of firms offer workers who participate in wellness programs higher HSA or HRA contributions than employees who do not participate (Exhibit 12.4).

NOTES:

¹ 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 76%.

² 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.

³ Firms that offer only web-based resources or a wellness newsletter are not asked questions about any financial incentives provided.

- Although few firms offer financial incentives for wellness, 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 (10% vs. 1%) or, for those firms offering a high-deductible plan with a savings option, higher account contributions (7% vs. 1%) (Exhibit 12.4).
- ▶ 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, down from 20% in 2009. About 8% of firms report the use of claims to identify individuals and encourage wellness participation, statistically similar to the 15% reported in 2009 (Exhibit 12.5).
 - 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. Fifty-one 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 6% of small firms (3–199 workers). Thirty-seven percent of large firms offering health benefits and wellness benefits use claims to identify individuals and encourage participation in wellness, compared to 6% of small firms (Exhibit 12.5).
- ▶ Among firms offering health benefits and wellness programs, 20% of employers report their primary reason for offering wellness programs is to improve the health of employees and reduce absenteeism. Fifty-six percent of employers offering health benefits and wellness programs state their primary reason is that the benefits were part of the health plan. Large firms are more likely than small firms to report that reducing health care costs (28% vs. 4%) or improving the health of employees and reducing absenteeism (34% vs. 19%) was a primary reason for offering wellness (Exhibit 12.6).⁴
- ▶ Among firms offering an HDHP/SO and wellness benefits, 8% 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, a majority (59%) of employers think offering wellness programs is effective in improving the health of the firm's employees. Among those firms offering health coverage and wellness programs, 44% of employers 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 improving health (81% vs. 57%) or in reducing health care costs (69% vs. 42%) (Exhibit 12.7).⁵

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, 11% of firms offering health benefits offer health risk assessments to their employees, which is statistically similar to the 16% reported last year. Fifty-five percent of large firms (200 or more workers) provide the option, compared to 10% of small firms (3–199 workers) (Exhibit 12.8).
 - Over half (53%) of firms that offer health risk assessments use them as a method to identify individuals and encourage their participation in wellness programs. Sixty-nine percent of large firms use health risk assessments to encourage participation in wellness programs, compared to 48% of small firms (Exhibit 12.8).

NOTE:

⁴ Less than 1% of firms reported "Don't Know" when asked their primary reason for offering wellness programs.

⁵ Seven percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Six 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 insurance that offer health risk assessments, 22% 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 (36% vs. 19%) (Exhibit 12.8).
 - 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, 39% of firms reported that they offer gift cards, travel, merchandise, or cash; 14% of firms reported that employees pay a smaller share of the premium; 8% reported employees have a smaller deductible; and only 1% reported employees have a lower coinsurance rate (Exhibit 12.9). Twenty-nine percent of large firms offer a smaller share of the premium, compared to 8% of small firms (Exhibit 12.9).⁶

DISEASE MANAGEMENT

- ▶ Disease management programs try to improve the health of and reduce the costs associated with people with chronic illnesses by teaching patients about their disease, suggesting treatment options, and assessing the treatment process and outcomes.
 - The proportion of firms where the largest plan includes one or more disease management programs is 31% in 2010, similar to the 26% reported in 2008, the last time this question was asked. The percentage of large firms (200 or more workers) that include disease management in their plan with the largest enrollment increased from 59% in 2008 to 67% in 2010. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to have a disease management program (67% vs. 30%). To encourage participation, 2% of firms offer financial incentives to employees who participate in disease management programs (Exhibit 12.10).

NOTES:

⁶ This year, we ask only those firms that offer financial incentives to employees who complete a health risk assessment if they provide gift cards, travel, merchandise, or cash, whereas in 2009, this question was asked of all firms offering health risk assessments, including those who responded that they did not offer financial incentives.

EXHIBIT 12.1

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2010

	Gym Membership Discounts or On-Site Exercise Facilities	Smoking Cessation Program	Web-based Resources for Healthy Living	Wellness Newsletter	Personal Health Coaching
FIRM SIZE					
3–24 Workers	27%	19%*	49%	42%	8%*
25–199 Workers	35	35*	52	46	20*
200–999 Workers	59*	57*	78*	59*	40*
1,000–4,999 Workers	71*	66*	84*	58*	44*
5,000 or More Workers	77*	76*	92*	64*	56*
All Small Firms (3–199 Workers)	29%*	23%*	49%*	43%*	11%*
All Large Firms (200 or More Workers)	63%*	60%*	80%*	60%*	42%*
REGION					
Northeast	58%*	46%*	56%	62%*	11%
Midwest	29	22	46	27*	16
South	22	14*	59	44	10
West	15*	19	37	40	12
INDUSTRY					
Agriculture/Mining/Construction	5%*	8%*	37%	28%	6%
Manufacturing	30	34	59	38	20
Transportation/Communications/Utilities	33	30	73	29	23
Wholesale	38	29	43	47	18
Retail	5*	10*	17*	12*	6
Finance	27	24	49	71*	28
Service	39	24	52	46	10
State/Local Government	14	12	86*	81*	7
Health Care	39	45	70	65	7
ALL FIRMS	30%	24%	51%	44%	12%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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, 2010

	Weight Loss Programs	Classes in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program [‡]	Other Wellness Program
FIRM SIZE				
3–24 Workers	27%	22%	74%	5%*
25–199 Workers	33	24	72	20*
200–999 Workers	49*	44*	91*	29*
1,000–4,999 Workers	61*	52*	96*	36*
5,000 or More Workers	66*	57*	98*	47*
All Small Firms (3–199 Workers)	29%*	23%*	74%*	8%*
All Large Firms (200 or More Workers)	53%*	47%*	92%*	32%*
REGION				
Northeast	50%*	38%	78%	14%
Midwest	18	27	69	6
South	20	13*	82	7
West	33	22	65	7
INDUSTRY				
Agriculture/Mining/Construction	10%*	6%*	55%	19%
Manufacturing	26	23	76	12
Transportation/Communications/Utilities	28	26	91*	8
Wholesale	36	27	65	8
Retail	32	31	68	3*
Finance	27	30	90*	16
Service	31	22	75	5
State/Local Government	10*	7*	93*	8
Health Care	45	43	86	11
ALL FIRMS	29%	24%	74%	9%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] Includes 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. 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 76%.

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 of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2010

	Wellness Benefits Offered to Spouses or Dependents	Most Wellness Benefits Are Provided By the Health Plan
FIRM SIZE		
3–24 Workers	45%	89%
25–199 Workers	56	86
200–999 Workers	66*	69*
1,000–4,999 Workers	67*	65*
5,000 or More Workers	79*	57*
All Small Firms (3–199 Workers)	47%*	88%*
All Large Firms (200 or More Workers)	68%*	67%*
REGION		
Northeast	52%	95%
Midwest	42	78
South	53	83
West	40	94
ALL FIRMS	48%	87%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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 12.4

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, 2010

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Workers Receive Higher HRA or HSA Contributions [‡]	Workers Receive Gift Cards, Travel, Merchandise, or Cash
FIRM SIZE				
3–24 Workers	0%*	1%	NSD	5%*
25–199 Workers	2	0	2%	16*
200–999 Workers	8*	2	5	21*
1,000–4,999 Workers	15*	4*	5	27*
5,000 or More Workers	13*	2	16*	28*
All Small Firms (3–199 Workers)	1%*	<1%*	1%*	7%*
All Large Firms (200 or More Workers)	10%*	2%*	7%*	23%*
REGION				
Northeast	<1%*	1%	1%	9%
Midwest	2	<1	2	8
South	1	1	5	9
West	1	<1	<1*	7
ALL FIRMS	1%	1%	2%	8%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] 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 12.5

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, 2010

	Health Fairs	Use of Claims to Identify Health Risks	Health Risk Assessments [‡]
FIRM SIZE			
3–24 Workers	3%*	4%*	NSD
25–199 Workers	13	12	49%
200–999 Workers	48*	30*	67
1,000–4,999 Workers	52*	47*	67
5,000 or More Workers	66*	59*	80*
All Small Firms (3–199 Workers)	6%*	6%*	48%*
All Large Firms (200 or More Workers)	51%*	37%*	69%*
REGION			
Northeast	8%	5%	64%
Midwest	6	15	55
South	11	8	52
West	9	6	44
INDUSTRY			
Agriculture/Mining/Construction	3%*	7%	NSD
Manufacturing	10	9	62%
Transportation/Communications/Utilities	24	13	45
Wholesale	6	28	38
Retail	2*	2*	31
Finance	11	20	41
Service	8	5	61
State/Local Government	27*	15	52
Health Care	11	5	71
ALL FIRMS	9%	8%	53%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

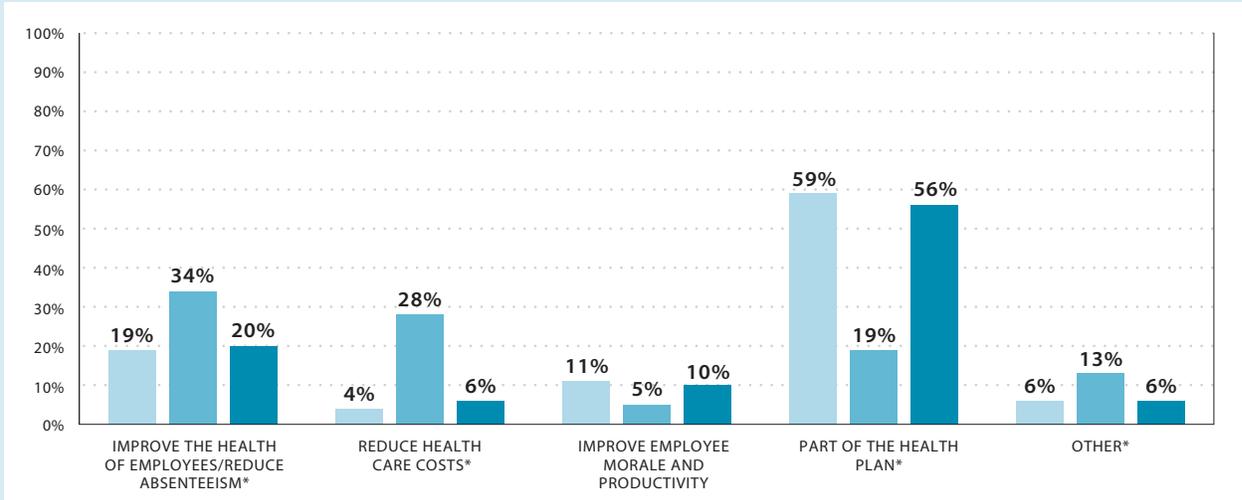
* Estimate is statistically different from all firms not in the indicated size, region, or industry category ($p < .05$).

‡ 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.

NSD: Not Sufficient Data.

EXHIBIT 12.6

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, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: Less than 1% percent of firms reported "Don't Know" to the question about their primary reason for offering wellness.

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

EXHIBIT 12.7

Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms That Think Offering Wellness Programs is Effective at Improving Health or Reducing Costs, 2010

FIRM SIZE	Effective in Improving the Health of Employees	Effective in Reducing the Firm's Health Care Costs
3-24 Workers	53%	37%*
25-199 Workers	70	57
200-999 Workers	81*	70*
1,000-4,999 Workers	79*	65*
5,000 or More Workers	79*	74*
All Small Firms (3-199 Workers)	57%*	42%*
All Large Firms (200 or More Workers)	81%*	69%*
ALL FIRMS	59%	44%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: Seven percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Six percent said "Don't Know" to whether they think wellness programs are effective in reducing the firm's health care costs.

EXHIBIT 12.8

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, 2010

	Offer Employees Option to Complete Health Risk Assessment	Offer Financial Incentives to Employees Who Complete an Assessment [‡]	Use Health Risk Assessments to Increase Wellness Participation [‡]
FIRM SIZE			
3–24 Workers	6%*	NSD	NSD
25–199 Workers	23*	17%	49%
200–999 Workers	50*	30	67
1,000–4,999 Workers	60*	44*	67
5,000 or More Workers	79*	49*	80*
All Small Firms (3–199 Workers)	10%*	19%*	48%*
All Large Firms (200 or More Workers)	55%*	36%*	69%*
REGION			
Northeast	11%	35%	64%
Midwest	7	33	55
South	15	15	52
West	11	16	44
ALL FIRMS	11%	22%	53%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] Among firms offering employees the option to complete a health risk assessment.

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.

NSD: Not Sufficient Data.

EXHIBIT 12.9

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, 2010

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Workers Have Lower Coinsurance	Workers Receive Gift Cards, Travel, Merchandise, or Cash
FIRM SIZE				
200–999 Workers	19%	10%	8%	59%
1,000–4,999 Workers	39*	7	2	49
5,000 or More Workers	41*	6	2	48
All Small Firms (3–199 Workers)	8%*	7%	0%	33%
All Large Firms (200 or More Workers)	29%*	8%	5%	54%
REGION				
Northeast	6%	2%	2%	17%*
Midwest	38*	4	3	49
South	12	20	<1	46
West	5	1	0	62
All Firms	14%	8%	1%	39%

SOURCE:

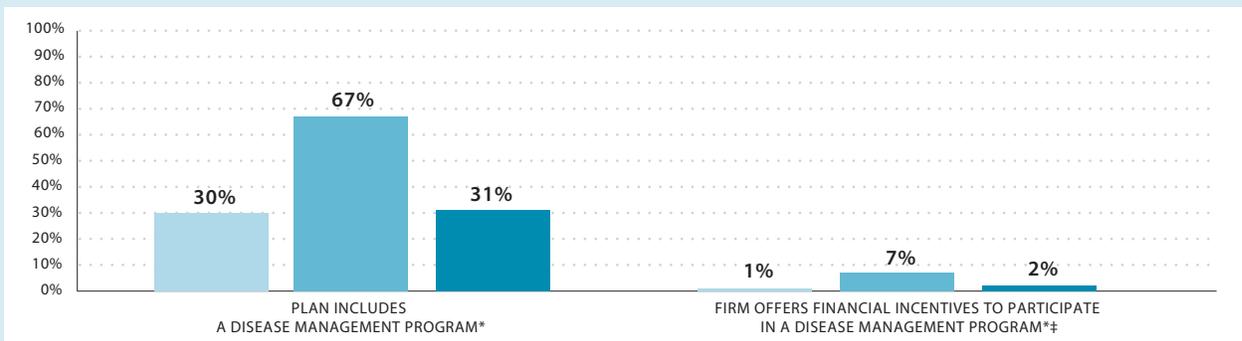
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* 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.

EXHIBIT 12.10

Among Firms Offering Health Benefits, Percentage of Firms That Offer a Disease Management Program for Their Plan with the Largest Enrollment and Percentage of Firms with Disease Management Offering Financial Incentives to Participate, by Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

‡ Among firms offering health benefits that offer a disease management program for their plan with the largest enrollment.

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

EXHIBIT 12.11

Among Firms Offering Health Benefits That Have a Disease Management Program for Their Plan with the Largest Enrollment, Percentage with a Particular Program, by Firm Size, Region, and Industry, 2010

	Diabetes	Asthma	Hypertension	High Cholesterol
FIRM SIZE				
All Small Firms (3–199 Workers)	100%*	92%	88%	83%
All Large Firms (200 or More Workers)	98%*	89%	90%	83%
REGION				
Northeast	100%	98%	96%	89%
Midwest	100	93	92	87
South	100	84	74	72
West	100	94	96	88
INDUSTRY				
Agriculture/Mining/Construction	100%	97%	54%	57%
Manufacturing	100	95	89	90
Transportation/Communications/ Utilities	100	83	93	80
Wholesale	100	98	96	94
Retail	100	98	98*	76
Finance	100	99	91	73
Service	100	95	95	92
State/Local Government	100	34*	31*	30*
Health Care	100	99	98*	96*
All Firms	100%	92%	88%	83%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: The offer rates for additional types of disease management programs are presented in Exhibit 12.12. The survey defines disease management programs as programs that try to improve the health of and reduce the costs associated with people with chronic illnesses by teaching patients about such illnesses, suggesting treatment options, and assessing treatment processes and outcomes.

EXHIBIT 12.12

Among Firms Offering Health Benefits That Have a Disease Management Program for Their Plan with the Largest Enrollment, Percentage with a Particular Program, by Firm Size, Region, and Industry, 2010

	Lower Back Pain	Depression	Obesity
FIRM SIZE			
All Small Firms (3–199 Workers)	46%	68%	70%
All Large Firms (200 or More Workers)	48%	59%	63%
REGION			
Northeast	49%	75%	83%
Midwest	63	66	77
South	31	67	48*
West	54	55	71
INDUSTRY			
Agriculture/Mining/Construction	24%	38%	47%
Manufacturing	22*	69	75
Transportation/Communications/Utilities	16*	79	18*
Wholesale	71	36*	79
Retail	82*	38	52
Finance	55	62	68
Service	67*	80	83
State/Local Government	29	31	28
Health Care	24	90*	91*
ALL FIRMS	46%	68%	69%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: The offer rates for additional types of disease management programs are presented in Exhibit 12.11. The survey defines disease management programs as programs that try to improve the health of and reduce the costs associated with people with chronic illnesses by teaching patients about such illnesses, suggesting treatment options, and assessing treatment processes and outcomes. The imputation rates for questions on lower back pain and depression disease management programs are high, at 27% and 21%, respectively. See the Survey Design and Methods Section for more information on imputation.

EMPLOYER HEALTH BENEFITS
2010 ANNUAL SURVEY

Employer
Opinions and
Health Plan
Practices

SECTION

13

EMPLOYER OPINIONS AND HEALTH PLAN PRACTICES

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE—SPONSORING HEALTH BENEFITS FOR ABOUT 157 MILLION NONELDERLY PEOPLE IN AMERICA¹—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 CHANGES IN RESPONSE TO THE MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT, REVIEW OF QUALITY INDICATORS, AND WHETHER THEY SHOPPED FOR (OR SWITCHED TO) A NEW HEALTH PLAN.

EMPLOYER OPINIONS ON COST CONTAINMENT

- ▶ All firms, including those that offer and do not offer health benefits, were asked 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 13% and 25% of firms, depending on the strategy). About one-third of firms (between 30% and 36%) report that each of the approaches we asked about would be “somewhat effective” at controlling cost growth (Exhibit 13.1).
 - About a quarter of employers rate consumer-driven health plans (25%) or disease management (24%) as “very effective” in controlling the cost of health insurance (Exhibit 13.1). Fewer employers report that higher employee cost sharing (13%), or tighter managed care restrictions (16%) would be “very effective” in reducing the growth of health care costs. Small firms (3–199 workers) are more likely to say tighter managed care restrictions would be “very effective” than large firms (200 or more workers) (16% vs. 9%).

EMPLOYER’S RESPONSE TO THE ECONOMIC DOWNTURN

- ▶ To gauge employer responses to the economic downturn, a couple of questions were included in this year’s survey about whether employers have reduced their health benefits or increased cost sharing due to the downturn.

- Thirty percent of employers report reducing the scope of health benefits or increasing cost sharing and 23% report increasing the share of the premium employees pay for coverage in response to the economic downturn. In 2010, compared to 2009, more large firms report reducing the scope of health benefits or increasing cost sharing (38% in 2010 vs. 22% in 2009), or increasing the amount employees pay for coverage (36% in 2010 vs. 22% in 2009). More large firms than small firms report increasing the share of the premium that the employee pays (36% vs. 22%) (Exhibit 13.2).
- For the first time, the survey asked firms if they downsized during the recent economic downturn. Among firms offering benefits, 42% of firms report downsizing, with large firms being more likely to downsize than small firms (53% vs. 42%) (Exhibit 13.2).

MARKET TURNOVER

- ▶ We asked firms that offer health insurance if they have shopped for a new insurance carrier or a new health plan in the past year.
 - Sixty percent of firms that offer health insurance shopped for a new health plan or insurance carrier in the past year (Exhibit 13.3). Among those firms that shopped in the past year, 27% changed their insurance carrier and 33% changed the type of health plan (Exhibit 13.4).

NOTE:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2009.

ENROLLMENT INCENTIVES

- ▶ This year we asked firms offering workers more than one health plan whether they offered financial incentives for workers to select lower cost or higher quality plans.
 - Fourteen percent of employers reported offering workers a financial incentive to enroll in a lower cost health plan and 2% percent reported offering workers a financial incentive to enroll in higher quality health plans. There are no statistical differences between small and large firms (Exhibit 13.5).

HIGH PERFORMANCE NETWORKS

- ▶ A 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 the most efficient doctors by either restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network.
 - Sixteen percent of firms include a high performance or tiered provider network in the health plan with the largest enrollment. The difference between small firms (3–199 workers) and large firms (200 or more workers) is not statistically significant (Exhibit 13.6).

RETAIL HEALTH CLINICS

- ▶ For the first time, the survey asked about the coverage for care received at a retail health clinic. A retail clinic is a health care clinic located in retail stores, supermarkets, and pharmacies that treats minor illnesses and provides preventive health care services.

- Forty-three percent of firms report that care received at a retail clinic is covered by their plan with the largest enrollment (Exhibit 13.6). Among those firms reporting their largest health plan covers care received at a retail clinic, 5% responded that workers have a financial incentive such as lower cost sharing to visit a retail clinic instead of a traditional physician's office. Large firms (200 or more workers) are more likely to report that workers have a financial incentive to use retail health clinics than small firms (3–199 workers) (16% vs. 4%).

MENTAL HEALTH PARITY

- ▶ In 2008 the Mental Health Parity and Addiction Equity Act modified the 1996 Mental Health Parity Act to eliminate limits specific to mental health or substance abuse treatment and require cost sharing to be the same for mental health and substance abuse treatments as for other types of health care.² As a result of this change in law, we asked firms with more than 50 workers if they changed the mental health benefits they offer as a result of the Mental Health Parity and Addiction Equity Act.
 - Thirty-one percent of firms made changes in the mental health benefits they offer as a result of the Mental Health Parity and Addiction Equity Act. (Exhibit 13.7). Large firms were more likely to make changes than small firms (51-199 workers) (43% vs. 26%).
 - Among those firms who made changes, 66% eliminated limits on coverage, 16% increased utilization management of mental health benefits, and 5% dropped mental health coverage. In addition, 23% of firms said they made some other sort of change to their mental health coverage as a result of the Act (Exhibit 13.7).

NOTE:

² For more information on the Mental Health Parity and Addiction Equity Act of 2008, see https://www.cms.gov/healthinsreformforconsume/04_thementalhealthparityact.asp.

PERFORMANCE INDICATORS

- ▶ The survey asked employers if they review performance indicators for their health plan's service or clinical quality.
 - Overall, 6% of employers review performance indicators for their health plan's service or clinical quality. Large firms (200 or more workers) are more likely to review performance indicators than small firms (3–199 workers) (34% vs. 5%) (Exhibit 13.8).
 - Large firms that review performance indicators report reviewing the following types of information: hospital outcomes data (76%), NCQA accreditation (58%), CAHPS or another measure of consumer satisfaction (57%), HEDIS measures (33%), and URAC accreditation (23%) (Exhibit 13.8).
 - When those firms that review performance measures were asked how influential the performance measures were to the firm's decision to select their health plan or plans, 16% said "very influential" and 34% said "somewhat influential." In terms of satisfaction, 18% of firms said they are "very satisfied" with the level of information available on health plan quality, and an additional 56% said "somewhat satisfied" (Exhibit 13.9).

TAX-PREFERRED HEALTH SPENDING

- ▶ Fifty-five percent of firms that offer health benefits allow employees to use pre-tax dollars to pay for health insurance premiums as allowable under Section 125 of the Internal Revenue Code. Virtually all large firms (200 or more workers) do so, at 92%, versus 54% of small firms (3–199 workers) (Exhibit 13.10).³
- ▶ Eighteen percent of firms that offer health benefits offer a flexible spending account (FSA). A FSA allows employees to set aside funds on a pre-tax basis to pay for medical expenses not covered by health insurance. Typically, employees decide at the beginning of the year how much to set aside in a FSA, and their employer deducts that amount from the employee's paycheck over the year. Funds set aside in a FSA must be used by the end of the year

or are forfeited by the employee. FSAs are different from HRAs and HSAs. Substantial differences exist by firm size: 77% of large firms (200 or more workers) offer FSAs, compared with just 15% of small firms (3–199 workers) (Exhibit 13.10).

ANNUAL BENEFIT MAXIMUMS

- ▶ Few covered workers are in plans with an annual limit on the amount of benefits a plan will pay for an employee.
 - Overall, 12% of covered workers are in plans with an annual maximum on benefits for single coverage (Exhibit 13.11).
 - By plan type, 20% of covered workers in HDHP/SOs, 12% of covered workers in PPOs, 4% of covered workers in HMOs, and 9% of covered workers in POS plans have an annual benefit maximum for single coverage (Exhibit 13.11).

CONTRACEPTIVE AND ELECTIVE ABORTION COVERAGE

- ▶ The 2010 survey included questions about coverage for prescription contraceptives and elective abortions.
 - The majority of firms (63%) report that their plan with the largest enrollment covers prescription contraceptives, such as birth control pills, patches, implants, shots, IUDs, or diaphragms. However, an additional 31% responded "Don't Know" (Exhibit 13.12). More large firms report that their largest plan covers prescription contraceptives than small firms (85% vs. 62%). Large firms were also less likely to say "Don't Know" when asked whether their largest plan covers prescription contraceptives than small firms (4% vs. 32%).
 - The majority of firms (71%) responded "Don't Know" to a question on whether the plan with the largest enrollment covers elective abortions, while an additional 9% said that elective abortions are covered (Exhibit 13.12). Large firms are more likely than small firms to report that their largest plan covers elective abortions (19% vs. 9%) and are less likely to say "Don't Know" (31% vs. 72%).

NOTE:

³ Fifteen percent of firms responded "not applicable;" for example, the firm pays for 100% of the cost of coverage.

EXHIBIT 13.1

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, 2010

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
Tighter Managed Care Restrictions*					
All Small Firms (3–199 Workers)	16%	32%	23%	21%	8%
All Large Firms (200 or More Workers)	9%	34%	35%	18%	4%
ALL FIRMS	16%	32%	24%	21%	8%
Consumer-Driven Health Plans (Ex: High-Deductible Plan Combined with a Health Savings Account)					
All Small Firms (3–199 Workers)	25%	34%	18%	17%	6%
All Large Firms (200 or More Workers)	21%	38%	22%	16%	3%
ALL FIRMS	25%	34%	18%	17%	6%
Higher Employee Cost Sharing					
All Small Firms (3–199 Workers)	13%	30%	25%	27%	5%
All Large Firms (200 or More Workers)	18%	36%	26%	18%	2%
ALL FIRMS	13%	30%	25%	27%	5%
Disease Management Programs*					
All Small Firms (3–199 Workers)	23%	36%	14%	22%	5%
All Large Firms (200 or More Workers)	31%	40%	21%	6%	3%
ALL FIRMS	24%	36%	14%	21%	5%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 13.2

Among Firms Offering Health Benefits, Percentage of Firms That Report They Made the Following Changes as a Result of the Economic Downturn, by Firm Size and Region, 2010

	Reduced Scope of Health Benefits or Increased Cost Sharing	Increased the Worker's Share of the Premium	Company Downsized
FIRM SIZE			
200–999 Workers	36%	35%*	50%
1,000–4,999 Workers	42*	38*	59*
5,000 or More Workers	42	43*	62*
All Small Firms (3–199 Workers)	30%	22%*	42%*
All Large Firms (200 or More Workers)	38%	36%*	53%*
REGION			
Northeast	36%	26%	40%
Midwest	32	13*	48
South	28	34	44
West	26	14	36
ALL FIRMS	30%	23%	42%

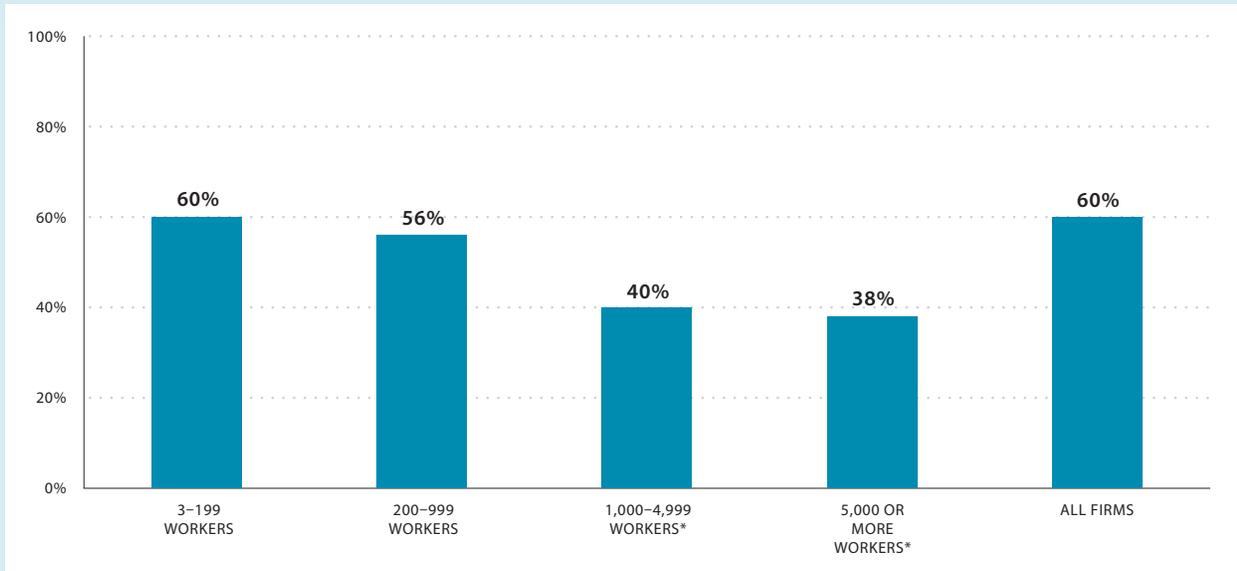
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 13.3

Percentage of Firms Offering Health Benefits That Shopped For a New Plan or Health Insurance Carrier in the Past Year, by Firm Size, 2010



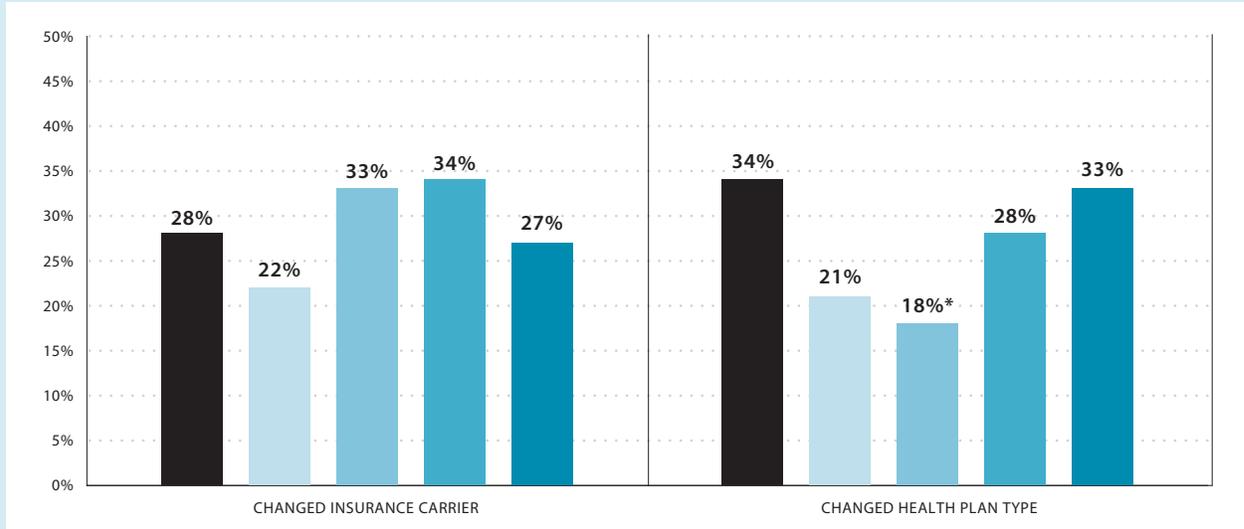
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

EXHIBIT 13.4

Among Firms Offering Health Benefits That Shopped for a New Plan or Insurance Carrier, Percentage Reporting That They Changed Insurance Carrier and/or Health Plan Type in the Past Year, by Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

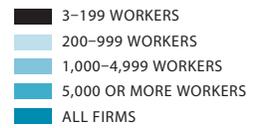
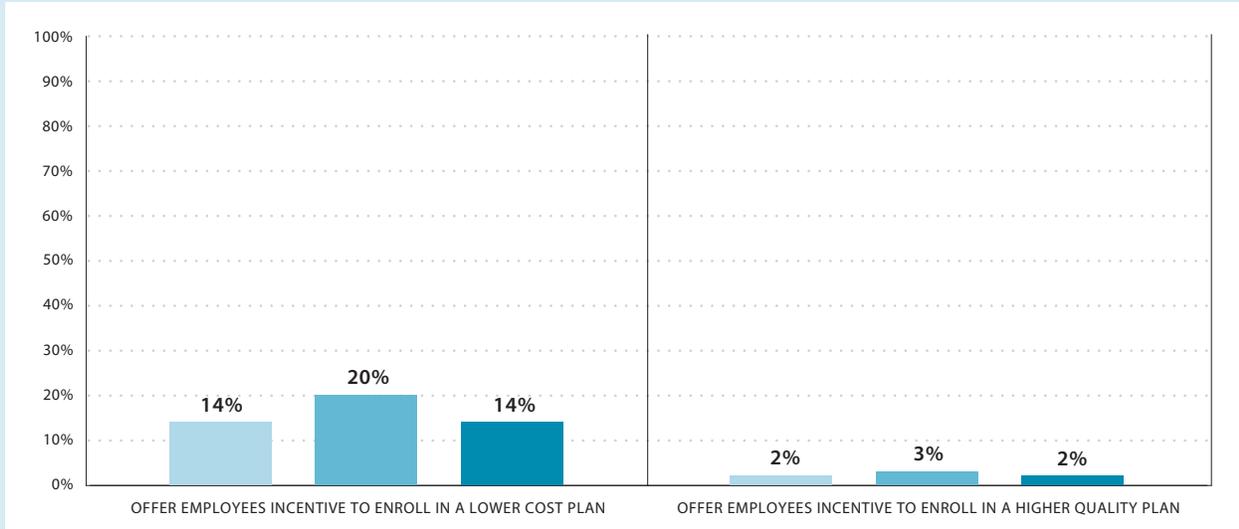


EXHIBIT 13.5

Among Firms Offering More Than One Health Plan, Percentage of Firms That Offer Financial Incentives for Enrolling in a Lower Cost Plan or Higher Quality Plan, By Firm Size, 2010*



SOURCE:

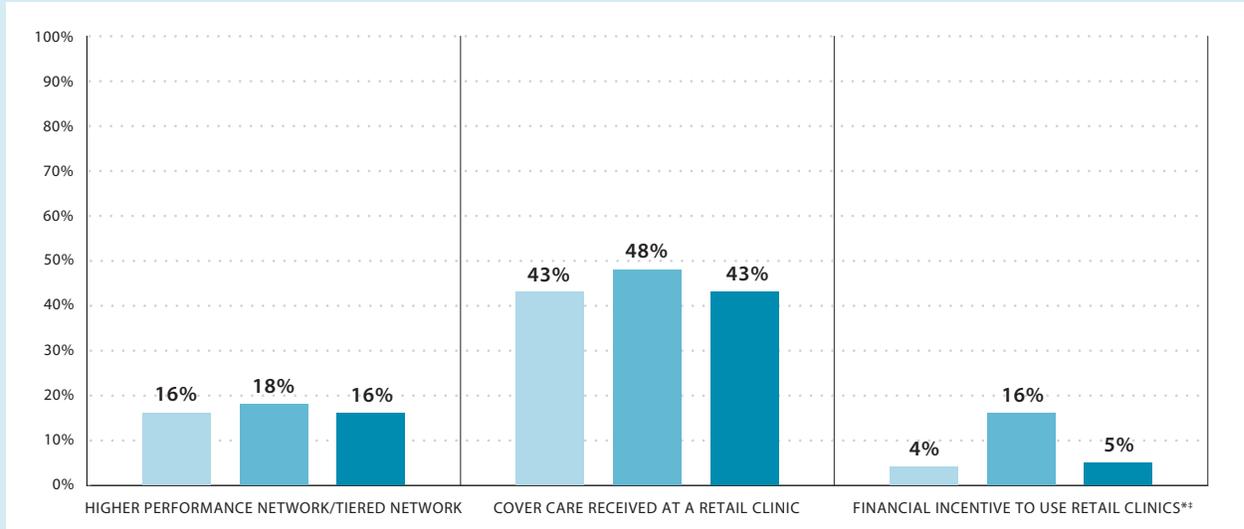
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

*Tests found no statistical difference 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 13.6

Among Firms Offering Health Benefits, Percentage of Firms with Specific Plan Offerings and Features in Their Plan with The Largest Enrollment, By Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

■ 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 ($p < .05$).

‡ Among firms where their plan with the largest enrollment covers care received at a retail clinic.

Note: A 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 the most efficient doctors by either restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network.

EXHIBIT 13.7

Percentage of Employers Reporting the Following as a Result of the Mental Health Parity and Addiction Equity Act of 2008, by Firm Size and Region, 2010

	Changed Mental Health Benefits	Eliminated Limits on Coverage [‡]	Dropped Mental Health Coverage [‡]	Increased Utilization Management of Mental Health Benefits [‡]	Other [‡]
FIRM SIZE					
51–199 Workers	26%*	61%	7%	18%	20%
200–999 Workers	35	70	4	13	30
1,000–4,999 Workers	58*	79*	1	15	24
5,000 or More Workers	71*	85*	1	11	16
All Small Firms (51–199 Workers)	26%*	61%	7%	18%	20%
All Large Firms (200 or More Workers)	43%*	75%	2%	13%	26%
REGION					
Northeast	21%*	68%	<1%	11%	30%
Midwest	35	77	1	8	19
South	36	68	1	27*	20
West	29	51	18	11	26
ALL FIRMS (51 or More Workers)	31%	66%	5%	16%	23%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

[‡] Among firms reporting they made changes to the mental health benefits they offer as a result of the Mental Health Parity and Addiction Equity Act of 2008.

Note: Asked of firms with more than 50 workers.

EXHIBIT 13.8

Percentage of Firms That Review Health Plan Performance Indicators, by Firm Size, 2010

	All Small Firms (3-199 workers)	All Large Firms (200 or More Workers)	All Firms
Reviews Performance Indicators*	5%	34%	6%
Type of Performance Indicator Reviewed			
HEDIS Measures*	15%	33%	18%
CAHPS or Another Measure of Consumer Satisfaction*	83%	57%	77%
NCQA Accreditation*	31%	58%	36%
URAC Accreditation*	12%	23%	15%
Hospital Outcomes Data*	57%	76%	61%
Other	18%	19%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: The performance indicators are defined as follows: HEDIS is the Healthcare Effectiveness Data and Information Set, CAHPS is the Consumer Assessment of Healthcare Providers and Systems, NCQA is the National Committee for Quality Assurance, URAC is an accreditation and certification organization for health care organizations.

EXHIBIT 13.9

Among Firms Reporting That They Review Health Plan Performance Indicators, Distribution of Firms' Opinions on the Influence of and Satisfaction with the Indicators, by Firm Size, 2010*

Performance Measures' Influence on Decision to Select the Health Plan or Plans	Very Influential	Somewhat Influential	Not Too Influential	Not At All Influential	Don't Know
All Small Firms (3-199 Workers)	16%	32%	30%	17%	5%
All Large Firms (200 or More Workers)	15%	39%	30%	10%	5%
ALL FIRMS	16%	34%	30%	16%	5%
Level of Satisfaction with Information Available on Health Plan Quality	Very Satisfied	Somewhat Satisfied	Not Too Satisfied	Not At All Satisfied	Don't Know
All Small Firms (3-199 Workers)	19%	57%	13%	7%	4%
All Large Firms (200 or More Workers)	16%	49%	28%	6%	1%
ALL FIRMS	18%	56%	16%	7%	3%

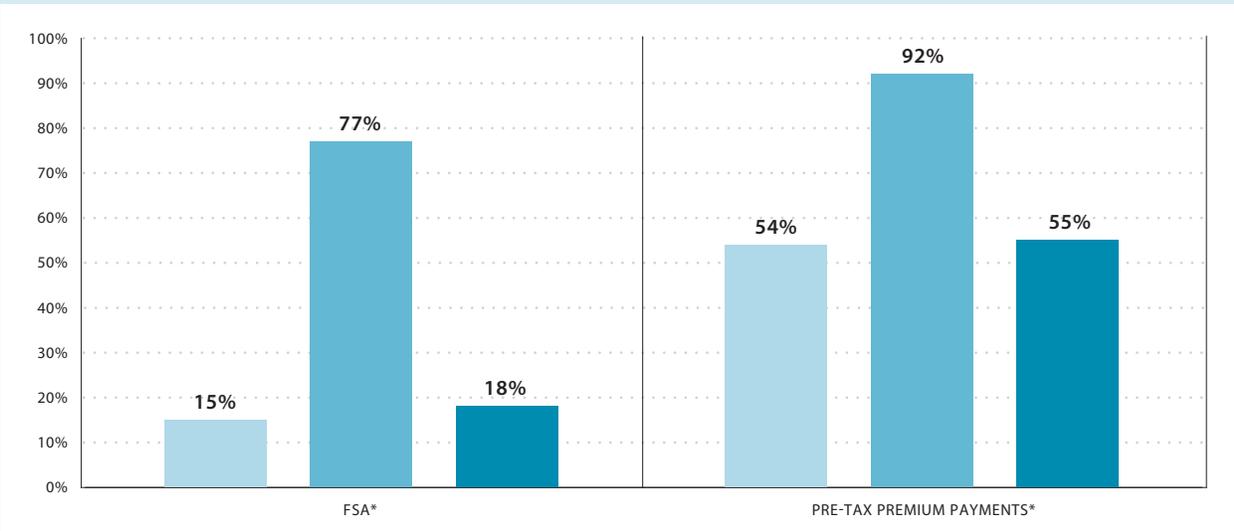
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

* Tests found no statistical differences between distributions for All Small Firms and All Large Firms ($p < .05$).

EXHIBIT 13.10

Among Firms Offering Health Benefits, Percentage of Firms Offering Flexible Spending Accounts and Pre-Tax Employee Premium Contributions, By Firm Size, 2010



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

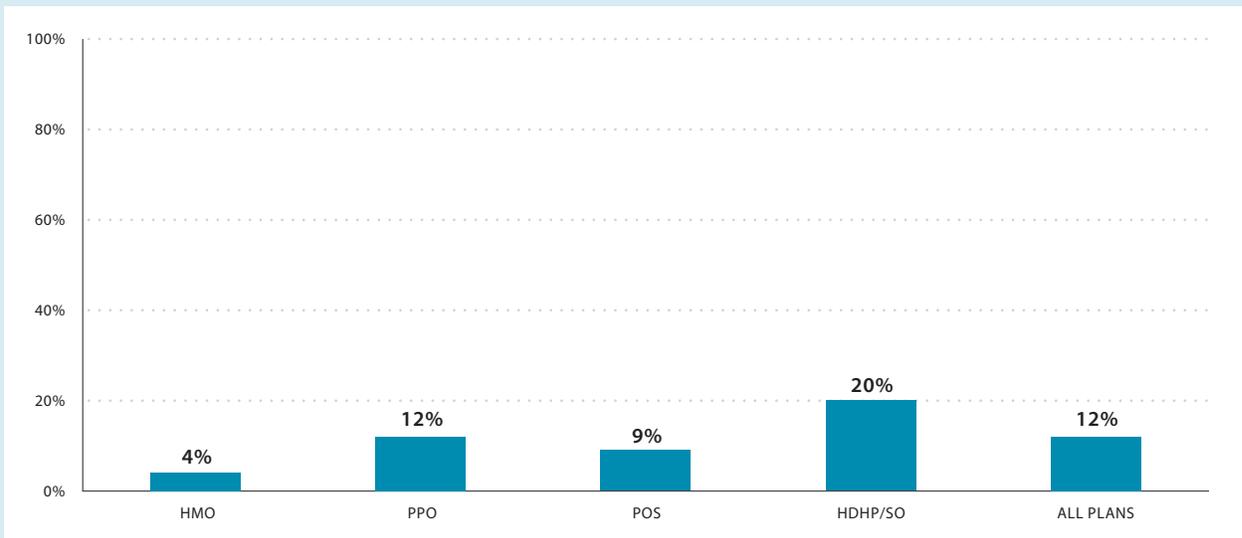
- ALL SMALL FIRMS (3-199 WORKERS)
- ALL LARGE FIRMS (200 OR MORE WORKERS)
- ALL FIRMS

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

Note: Section 125 of the Internal Revenue Code permits employees to pay for health insurance premiums with pre-tax dollars. Section 125 also allows the establishment of flexible spending accounts (FSAs). An FSA allows employees to set aside funds on a pre-tax basis to pay for medical expenses not covered by health insurance. Typically, employees decide at the beginning of the year how much to set aside in a FSA, and their employer deducts that amount from the employee's paycheck over the year. Funds set aside in a FSA must be used by the end of the year or are forfeited by the employee. FSAs are different from HRAs and HSAs. Fifteen percent of firms responded "not applicable;" for example, the firm pays for 100 percent of the cost of coverage.

EXHIBIT 13.11

Percentage of Covered Workers with an Annual Maximum Benefit for Single Coverage, by Plan Type, 2010*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

*Tests found no statistical differences between plan type estimate and estimate for All Plans (p<.05).

EXHIBIT 13.12

Percentage of Employers with Coverage for Prescription Contraceptives or Elective Abortions in the Plan with the Largest Enrollment, by Firm Size, 2010

	Yes	No	Don't Know
Prescription Contraceptives			
All Small Firms (3–199 Workers)*	62%	6%	32%
All Large Firms (200 or More Workers)*	85	11	4
All Firms	63%	6%	31%
Elective Abortions			
All Small Firms (3–199 Workers)*	9%	19%	72%
All Large Firms (200 or More Workers)*	19	50	31
All Firms	9%	20%	71%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

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

Note: Prescription contraceptives include, for example, birth control pills, patches, implants, shots, IUDs, or diaphragms.



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