

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

Employer Health Benefits

2009
ANNUAL SURVEY



-and-



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SUMMARY OF FINDINGS

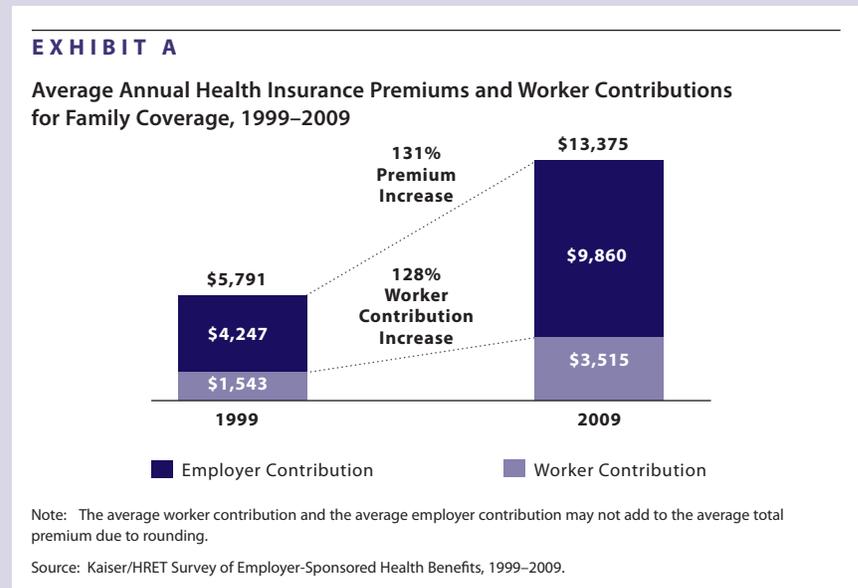
EMPLOYER-SPONSORED INSURANCE IS THE LEADING SOURCE OF HEALTH INSURANCE, COVERING ABOUT 159 MILLION NONELDERLY PEOPLE IN AMERICA.¹ TO PROVIDE CURRENT INFORMATION ABOUT THE NATURE OF EMPLOYER-SPONSORED HEALTH BENEFITS, THE KAISER FAMILY FOUNDATION (KAISER) AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (HRET) CONDUCT AN ANNUAL NATIONAL SURVEY OF NONFEDERAL PRIVATE AND PUBLIC EMPLOYERS WITH THREE OR MORE WORKERS. THIS IS THE ELEVENTH KAISER/HRET SURVEY AND REFLECTS HEALTH BENEFIT INFORMATION FOR 2009.

The key findings from the 2009 survey, conducted from January through May 2009, provide a mixed, but relatively stable story compared to 2008. In 2009, there was an increase in the average family premium, the percentage of covered workers with a deductible of \$1,000 or more for single coverage, office visit copayments, and the percentage of large firms offering wellness programs. The average premium for single coverage did not significantly increase, breaking a long-standing trend.

The survey shows that many of the statistics related to health benefits remained relatively stable despite the severe economic downturn. This may indicate a strong commitment to maintaining workers' benefits, but several other factors may have contributed to this result as well. One is that the survey only collects information from firms that are still in business and cannot estimate the number of workers who lost coverage due to their company downsizing or closing. Another is that some firms may have made decisions about health benefits in advance of the plan year and may not have foreseen the full impact of the worsening economy on the firm. These firms may have made changes after they were surveyed or may make changes for the next plan year.

HEALTH INSURANCE PREMIUMS

In 2009, the average annual premiums for employer-sponsored health insurance are \$4,824 for single coverage and \$13,375 for family coverage. Premiums for family coverage are 5% higher than last year (\$12,680), but there was no statistically significant growth in the single premiums. Since 1999, average premiums for family coverage have increased 131% (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). 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).

As a result of factors such as benefit differences and geographical location, there is significant variation around the average annual premium. Twenty percent of covered workers with family coverage are in plans with an annual total premium of at least \$16,050 (120% of the average premium); 21% of covered workers are in plans where the family premium is less than \$10,700 (80% of the average premium) (Exhibit C).

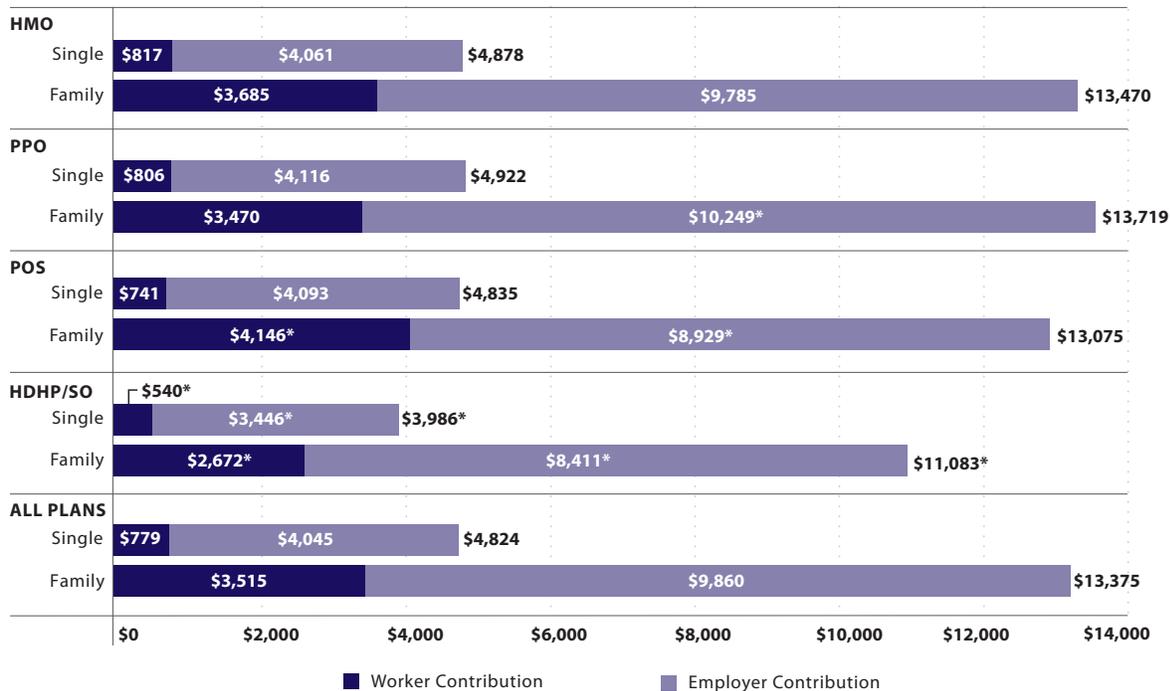
On average, covered workers contribute 17% of the total premium for single coverage and 27% for family coverage, similar to the last several years. The share of the premium workers contribute for coverage also varies considerably. For single coverage, 24% of workers pay more than 25% of the total

premium while 18% make no contribution. Forty-five percent of workers with family coverage pay more than 25% of the total premium; only 6% make no contribution (Exhibit D). In terms of dollar amounts, the average annual worker contributions for single and family coverage are \$779 and \$3,515,² respectively, which are not significantly different from the amounts reported in 2008. For single coverage, workers in small firms (3–199 workers) contribute less on average than workers in large firms (200 or more workers) (\$625 vs. \$854), but for family coverage, workers in small firms contribute significantly more than workers in large firms (\$4,204 vs. \$3,182).

The majority (60%) of covered workers are enrolled in preferred provider organizations (PPOs). Health maintenance organizations (HMOs) cover 20%, followed by point-of-service (POS) plans (10%), HDHP/SOs (8%), and conventional plans (1%).

EXHIBIT B

Average Annual Employer and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2009



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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

EMPLOYEE COST SHARING

Most covered workers face additional costs when they use health care services. Most workers in PPOs (74%) and POS plans (62%) 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 16% of workers in HMOs have a general annual deductible. 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 \$634 for workers in PPOs, \$699 for workers in HMOs, \$1,061 for workers in POS plans, and \$1,838 for workers in HDHP/SOs (which by definition have high deductibles). Although only 16% of workers in HMOs have a general annual deductible, from 2008 to 2009 the average annual deductible for these workers increased from \$503 to \$699 for single coverage and from

\$1,053 to \$1,524 for family coverage.³ As in recent years, for single coverage, workers in small firms (3–199 workers) have higher deductibles than workers in large firms (200 or more workers) for HMOs, PPOs, and HDHP/SOs. The percentage of covered workers in a plan with a deductible of at least \$1,000 for single coverage grew from 18% to 22% in the past year and, among large firms, it increased from 9% to 13% (Exhibit E). While there was no increase in the percentage of workers enrolled in HDHP/SOs in the past year, the percentage of workers in plans with deductibles of at least \$1,000 who do not have a savings option increased from 10% to 13%.

Most plans cover certain services before the deductible is met. For example, in the most common plan type, PPOs, 88% of covered workers with a general annual deductible do not have to meet the deductible before preventive care is covered. Ninety-three percent of workers in PPOs 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, 77% of covered workers pay a copayment (a fixed dollar amount) for a visit, and 14% pay coinsurance (a percentage of the charge). Covered workers in HMOs, PPOs, and POS plans are more likely to face copayments, while covered workers in HDHP/SOs are more likely to have coinsurance requirements or no cost sharing after any deductibles are met. Covered workers with a copayment pay an average of \$20 for primary care and \$28 for specialty physicians for in-network office visits, both of which are higher than last year (\$19 and \$26). The percentage of workers with copayments of \$25 or \$30 dollars for primary care physician office visits increased from 12% in 2004 to 31% in 2009. For covered workers with coinsurance, the average coinsurance is 18% for primary care, similar to last year.

EXHIBIT C

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2009

Single Coverage		Family Coverage	
Premium Range, Dollar Amount	Percent Covered Workers in Range	Premium Range, Dollar Amount	Percent Covered Workers in Range
Less than \$3,859	23%	Less Than \$10,700	21%
\$3,859 to <\$4,341	15%	\$10,700 to <\$12,038	16%
\$4,341 to <\$4,824	19%	\$12,038 to <\$13,375	14%
\$4,824 to <\$5,306	13%	\$13,375 to <\$14,713	17%
\$5,306 to <\$5,788	13%	\$14,713 to <\$16,050	12%
\$5,788 or More	18%	\$16,050 or More	20%

Note: The average annual premium is \$4,824 for single coverage and \$13,375 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$3,859 is 80% of the average single premium, \$4,341 is 90% of the average single premium, \$5,306 is 110% of the average single premium, and \$5,788 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Almost all covered workers (98%) 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 generally are based on the type or cost of the drug. Copayments are more common than coinsurance for the first three tiers. For the

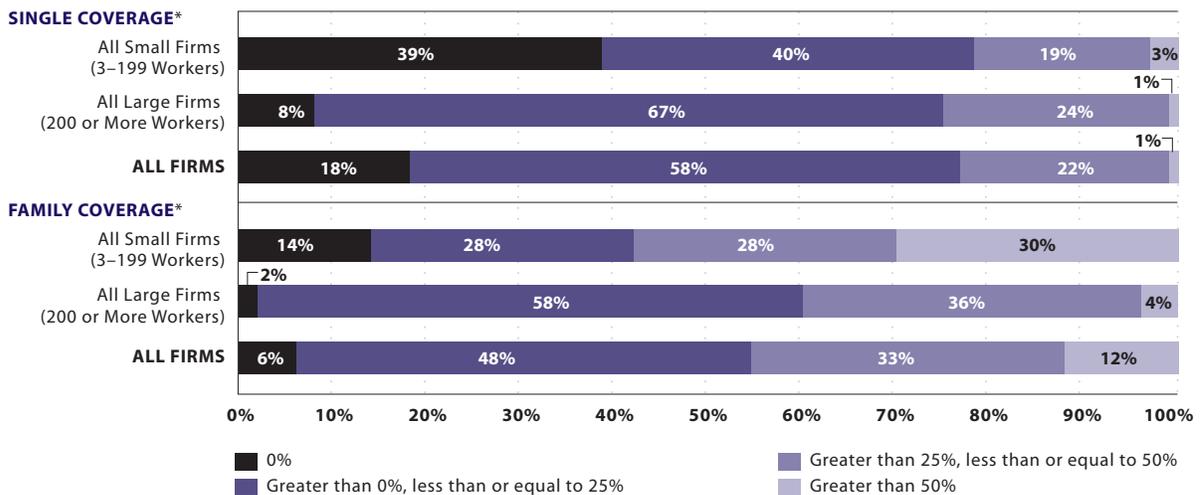
fourth tier, there is no statistical difference in the percentage of workers with copayments (41%) or coinsurance (29%). Among workers with three- or four-tier plans, the average copayments per prescription are \$10 for first-tier drugs, often called generics; \$27 for second-tier drugs, often called preferred; and \$46 for third-tier drugs, often called nonpreferred. For fourth-tier drugs the

average copayment is \$85 and the average coinsurance is 31%.

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.

EXHIBIT D

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2009



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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Most workers also face additional cost sharing for a hospital admission or an outpatient surgery. For hospital admissions, 51% of covered workers have coinsurance, 19% have a copayment, and 8% have both coinsurance and copayments. An additional 5% have a per day (per diem) payment and 5% have a separate annual hospital deductible, while 22% of covered workers have no cost sharing for hospital admissions. For hospital admissions, the average coinsurance rate is 18%, the average copayment is \$234 per hospital admission, the average per diem charge is \$179, and the average separate hospital deductible is \$862.⁴

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-one percent of covered workers have an out-of-pocket maximum, but such limits vary considerably. For example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 26% are in plans with an annual out-of-pocket maximum of \$3,000 or more, and 24% are in plans with an out-of-pocket maximum of

less than \$1,500. However, not all spending counts toward the out-of-pocket maximum. For example, among workers in PPOs with an out-of-pocket maximum, 75% are in plans that do not count physician office visit copayments, 34% are in plans that do not count spending for the general annual deductible, and 85% are in plans that do not count prescription drug spending when determining if an enrollee has reached the out-of-pocket limit. Even in the absence of an out-of-pocket maximum, some workers may face limited cost sharing. For example, of the 41% of workers in HMOs with no out-of-pocket maximum for single coverage, 94% have no general annual deductible and less than 1% have coinsurance for hospital admissions.

Health plans may limit the benefit amount payable to an employee, often known as a lifetime maximum. Forty-one percent of covered workers are in a plan with no lifetime maximum benefit payable by the plan, while 16% have a lifetime maximum between \$1 and \$2 million, and 43% have a lifetime maximum of \$2 million or more. The percentage of workers with a lifetime maximum of \$2 million or more has increased from 32% of covered workers in 2007, the last time the question was asked.

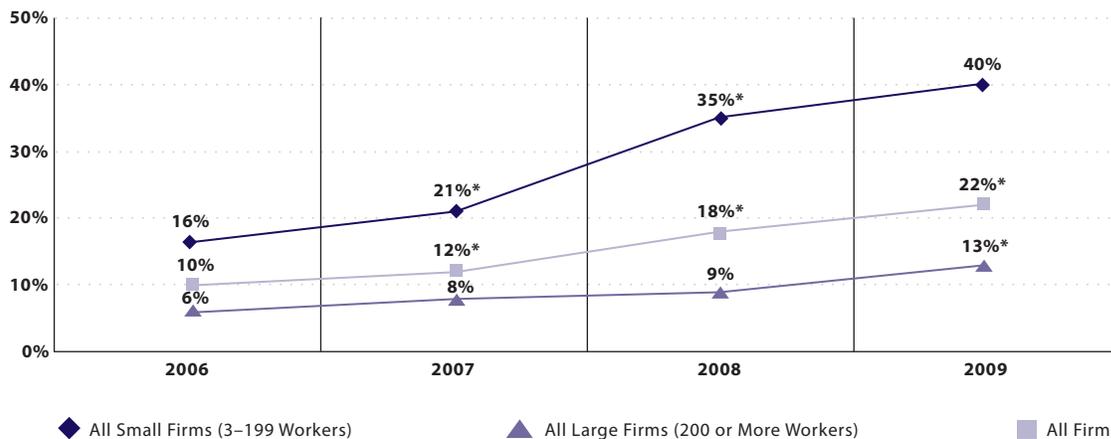
AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Sixty percent of employers offer health benefits in 2009, which is not statistically different from the 63% reported last year (Exhibit F). Less than half (46%) of firms with 3 to 9 workers offer coverage, compared to 72% of firms with 10 to 24 workers, 87% of firms with 25 to 49 workers, and over 95% of firms with 50 or more workers. As we have seen in past years, the offer rate is higher for firms with at least some union workers, compared to firms with no union workers (97% vs. 57%). Firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are also more likely to offer benefits compared to firms with more lower-wage employees (35% or more earn \$23,000 or less annually) (64% vs. 39%). The offer rate represents information on firms that are still in business and does not account for firms that have gone out of business due to the economic recession.

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.

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, 2006–2009



*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, 2006–2009.

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, 81% take up coverage, resulting in 65% 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.

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.”

Twelve percent of firms offering health benefits offer an HDHP/SO in 2009, similar to last year. Although the HDHP/SO offer rate remained steady among all firms, the percentage of firms with 1,000 or more workers offering an HDHP/SO increased from 22% in 2008 to 28% in 2009. Firms with 1,000 or more workers are more likely to offer HDHP/SOs (28%) than firms with 3 to 199 workers (11%) or 200 to 999

EXHIBIT F

Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2009

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

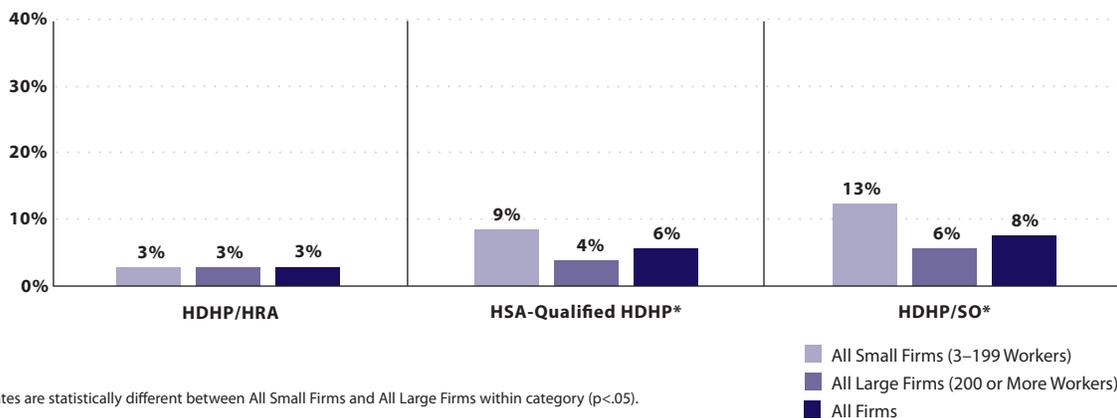
* Estimate is statistically different from estimate for the previous year shown (p<.05).

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, 1999-2009.

EXHIBIT G

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2009



* 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, 2009.

workers (18%). Among firms offering health benefits, 2% offer an HDHP/HRA and 10% offer an HSA-qualified HDHP; neither estimate represents a significant difference from the percentages reported in 2008.

Enrollment of covered workers in HDHP/SOs remained the same as in 2008 (8%). Covered workers in small firms (3–199 workers) are more likely to be enrolled in an HDHP/SO than workers in large firms (200 or more workers) (13% vs. 6%). Three percent of covered workers are enrolled in HDHP/HRAs and 6% are enrolled in HSA-qualified HDHPs. Nine percent of workers in small firms (3–199 workers) are enrolled in HSA-qualified HDHPs, compared to 4% of workers in large firms (200 or more workers) (Exhibit G).

Annual deductibles for single coverage for HDHP/HRAs and HSA-qualified HDHPs average \$1,690 and \$1,922, respectively.

Deductibles vary considerably however; for example, 27% of workers enrolled in an HSA-qualified HDHP

for single coverage have a deductible between \$1,150 and \$1,499, while 10% have a deductible of \$3,000 or more.

The average aggregate annual deductible for family coverage for HDHP/HRAs is \$3,422 and \$3,734 for HSA-qualified HDHPs. Similar to the other plan types, many HDHP/SOs cover preventive services before the deductible is met: 94% of workers in HDHP/HRAs and 90% of workers in HSA-qualified HDHPs have preventive care covered before having to meet the deductible.

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 \$1,052 for single coverage and \$2,073 for family coverage (Exhibit H). The average

annual firm contributions to HSAs are \$688 for single coverage and \$1,126 for family coverage, and although these estimates are lower than the estimates for 2008, the differences are not statistically significant. It is important to note that not all firms offering HSA-qualified HDHPs contribute to the HSAs established by their workers. For example, among firms offering an HSA-qualified HDHP, 29% do not make a contribution to the HSA for single or family coverage (covering 31% of workers in these plans). If workers with no employer contribution to their HSA are excluded from the calculation, the average employer HSA contributions are \$1,000 and \$1,640 for single and family coverage, respectively. Among workers with an employer contribution to their HSA, workers in small firms (3–199 workers) on average receive higher contributions than workers in large firms (200 or more workers) for both single coverage (\$1,319 vs. \$619) and family

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, 2009

	HDHP/HRA		HSA-Qualified HDHP		All Non-HDHP/SO Plans ⁵	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	\$4,274*	\$12,223*	\$3,829*	\$10,396*	\$4,902	\$13,591
Worker Contribution to Premium	\$734	\$3,067*	438*	\$2,453*	\$801	\$3,595
Firm Contribution to Premium	\$3,540*	\$9,157	\$3,391*	\$7,943*	\$4,101	\$9,996
Annual Firm Contribution to the HRA or HSA[‡]	\$1,052	\$2,073	\$688	\$1,126	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$4,592*	\$11,230*	\$4,079	\$9,070*	\$4,101	\$9,996
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$5,325*	\$14,296	\$4,517*	\$11,523*	\$4,902	\$13,591

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

[‡] When those firms that do not contribute to the HSA (29% for single and family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,000 for single coverage and \$1,640 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.

⁵ 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, 2009.

coverage (\$2,077 vs. \$1,121), but they also face higher deductibles.

For both single and family coverage, average total premiums for HSA-qualified HDHPs and HDHP/HRAs are lower than the average premiums for workers in plans that are not HDHP/SOs. The average worker contributions to HSA-qualified HDHP single and family premiums and the HDHP/HRA family worker contribution to premiums are also lower than the average for non-HDHP/SO plans. When the employer contribution to the HSA is added to the total premium, the average total cost (i.e., the total premium plus any firm contribution to the savings option) for workers in HSA-qualified HDHPs is lower than the total cost for the average of all non-HDHP/SO plans for both single and family coverage. In contrast, when the employer contribution to the HRA is added to the total premium for HDHP/HRAs, the total cost for workers in HDHP/HRAs with single coverage is more than the total cost for workers in other plans.

RETIREE COVERAGE

Twenty-nine percent of large firms (200 or more workers) offer retiree health benefits in 2009, which is not statistically different from the 2008 offer rate of 31%. Among

large firms that offer retiree health benefits, 92% offer health benefits to early retirees and 68% offer health benefits to Medicare-age retirees, similar to last year.

WELLNESS BENEFITS

More than half (58%) of employers offering 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. Fifty-seven percent of small firms (3–199 workers) and 93% of large firms (200 or more workers) offering health benefits offer a wellness program, up from 88% of large firms in 2008. Firms offering health coverage and wellness benefits report that most wellness benefits (81%) are provided through the health plan rather than by the firm directly.

HEALTH RISK ASSESSMENTS

Sixteen percent of firms offering health benefits give their employees the option of completing a health risk assessment to help employees identify potential health risks (Exhibit I).⁵ Large firms (200 or more workers) are more likely to offer a health

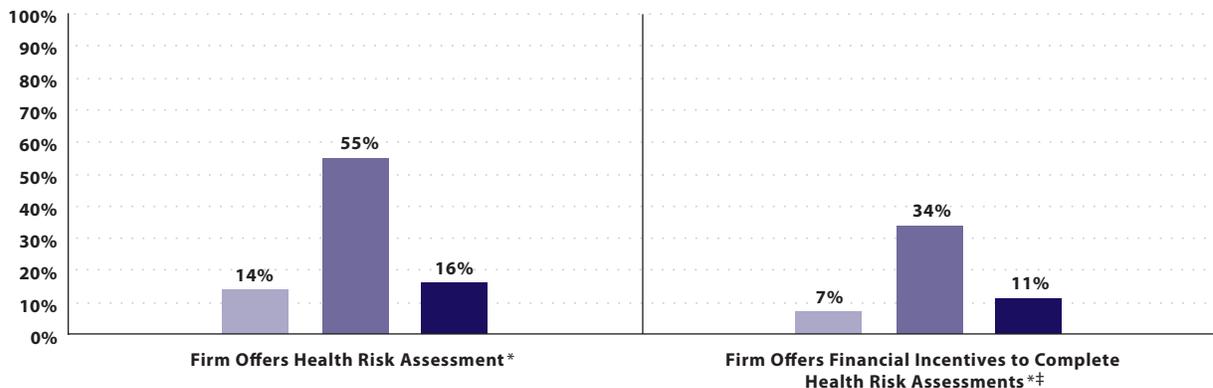
risk assessment to employees than small firms (3–199 workers) (55% vs. 14%). Eleven percent of firms offering health risk assessments offer financial incentives for workers to complete them. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to offer financial incentives (34% vs. 7%). Among large firms offering financial incentives to employees who complete a health risk assessment, 27% of firms reported that employees pay a smaller share of the premium, 7% reported employees have a smaller deductible, and only 2% reported employees have a lower coinsurance rate. Among firms offering health risk assessments, 11% report offering employees merchandise, travel, gift cards, or cash for completing a health risk assessment; 27% of large firms (200 or more workers) offer this incentive, compared to 8% of small firms (3–199 workers).

OTHER TOPICS

For the first time, the survey asked firms with 1,000 or more employees about the availability of on-site health clinics. Among all firms, including those that do not offer coverage, 20% of firms with 1,000 or more workers reported that they have an on-site health clinic for employees at one or more locations. Of those firms with an on-site health clinic, 79% reported that employees

EXHIBIT I

Among Firms Offering Health Benefits, Percentage of Firms That Offer Health Risk Assessments and Incentives to Complete Assessments, by Firm Size, 2009



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

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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

can receive treatment for non-work related illness at the on-site clinic.

We also asked employers whether they have reduced their benefits or increased cost sharing due to the economic downturn. Twenty-one percent of employers offering health benefits report that, in response to the economic downturn, they reduced the scope of health benefits or increased cost sharing, and 15% report they increased the employee share of the premium. More large firms (200 or more workers) than small firms (3–199 workers) report increasing the share of the premium that the employee pays (22% vs. 15%).

OUTLOOK FOR THE FUTURE

Each year we ask employers about the changes they plan to make to their health benefits in the next year. This year, given the extreme uncertainties about future economic trends, it is likely that employers had more difficulty making predictions about their future health care decisions. In general though, employers' responses this year are in line with those in the last several years. Among those that offer benefits, large percentages of firms report that in the next year they are very or somewhat likely

to increase the amount workers contribute to premiums (42%), increase deductible amounts (36%), increase office visit cost sharing (39%), or increase the amount that employees have to pay for prescription drugs (37%). Although firms report planning to increase the amount employees have to pay when they have insurance, relatively few firms report they are very likely (2%) or somewhat likely (6%) to drop coverage. Four percent of firms offering coverage say that they are very likely to restrict eligibility for coverage next year, and an additional 5% say that they are somewhat likely to do so. Among firms offering health benefits but not offering an HSA-qualified HDHP, 6% say that they are very likely and 16% say they are somewhat likely to offer an HSA-qualified HDHP in the next year. A similar share of offering firms not currently offering an HDHP/HRA report that they are very likely (5%) or somewhat likely (15%) to offer that plan type next year.

CONCLUSION

In 2009, the survey finds premiums increased only moderately for family

coverage, while the steady trend of increases in single premiums was broken. The percentage of workers with deductibles for single coverage of \$1,000 or more increased, as did the average copayments for primary or specialty physician office visits. The percentage of firms offering health insurance and the percentage of workers covered by health insurance at their firm remained steady. The survey shows that health benefits remained relatively stable despite the severe economic downturn. As noted above, this may indicate a strong commitment by employers to maintaining workers' benefits, but also could reflect the possibility that some employers made decisions about health benefits before the implications of the worsening economy were fully apparent. Further, the survey only collects information from firms that are still in business and does not estimate the number of workers who lost coverage due to their company downsizing or closing. Given the ongoing economic problems facing businesses, it will be important to monitor health benefits offer rates and coverage levels as well as other plan attributes. This information also will help inform the continuing health reform debate.

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2008.

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 In 2009, we changed the structure of the hospital and outpatient surgery cost-sharing questions. See the introduction to Section 7 for more information, available at www.kff.org/insurance/7936/index.cfm.

⁵ Health risk assessments generally include questions on medical history, health status, and lifestyle.

EMPLOYER HEALTH BENEFITS

2009 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 2009 NR COMPLETED FULL INTERVIEWS WITH 2,054 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 2009 survey include additional questions on financial incentives for health risk assessments, on-site health clinics, and firm responses to the economic downturn. 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, and employer opinions.

CHANGES TO THE 2009 SURVEY

Each year we examine ways to improve the survey and respond to changes in the health insurance market. Throughout the past, many changes have been made in an attempt to ensure the survey reflects current market trends, such as the introduction of questions on emerging plan types. We also reexamine the questions asked and the analytic methods used to determine if there are ways to better and more accurately convey the information obtained from respondents. In the fall of 2008, with guidance from experts in survey methods and design from NORC, we reviewed the methods used for the survey. As a result of this review, several important modifications were made to the 2009 survey, including the sample design and questionnaire.

For the first time, this year we determined the sample requirements based on the universe of firms obtained from the U.S. Census rather than Dun and Bradstreet. 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

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.

no longer in business. These inaccuracies vary by firm size and industry. In 2003, we began using the more consistent and accurate counts provided by the Census Bureau's Statistics of U.S. Businesses and the Census of Governments as the basis for post-stratification, although the sample was still drawn from a Dun and Bradstreet list. In order to further address this concern at the time of sampling, we now also use Census data as the basis for the sample. This change resulted in shifts in the sample of firms required in some size and industry categories.

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

In past years, both private and government firms were sampled from the Dun and Bradstreet database. For the 2009 sample, 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. Each year the survey attempts to repeat interviews with respondents from past years (see "Response Rate" section below), and in order to maintain government firms that had completed the survey in the past (firms that have completed the survey in the past are known as panel firms), government firms from the 2008 survey were matched to the Census of Governments to identify phone numbers. All panel government firms were included in the sample (resulting in an oversample). In addition, 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. These changes to the sample frame resulted in an expected slight reduction in the overall response rate, since there were shifts in the number of firms needed by size and industry.

Therefore, the data used to determine the 2009 Employer Health Benefits sample frame include the U.S. Census' 2005 Statistics of U.S. Businesses and the 2007 Census of Governments. At the time of the sample design (December 2008), 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 2006 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 first year the data from the 2007 Census of Governments have been available for use.

Each year, the survey asks firms for the percentage of their employees that earn less than a specified amount. This year, the income threshold increased from \$22,000 to \$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 (2007), 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 2007 to 2008, using the Bureau of Labor Statistics' Employment Cost Index.

Based on recommendations from cognitive researchers at NORC and internal analysis of the survey instrument, a number of questions were revised to improve the clarity and flow of the survey in order to minimize survey burden. For example, in order to better capture the prevalence of combinations of inpatient and outpatient surgery 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). We have also expanded the number of questions for which respondents can provide either the number of workers or the percentage of workers. Previously, after obtaining the total number of employees, the majority of questions asked about the percentage of workers with certain characteristics. Now, for questions such as the percentage of workers making \$23,000 a year or less or the enrollment of workers in each plan type, respondents are able to respond with either the number or the percentage of workers. Few of these changes have had any noticeable impact on responses.

Minor weighting adjustments were also made and are discussed later in this chapter.

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 for the first time, 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 2007 or the 2008 survey, or both. As a result, 1,491 firms in this year's total sample of 2,054 firms participated in either the 2007, 2008, 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 1,874 responding firms indicated that they offered health benefits. The overall response rate of firms that offer health benefits is 48%.

From previous years' experience, we have learned that firms that decline to participate in the study are less likely to offer health benefits. Therefore, we asked one question of all firms in the study with which we made phone contact where the firm declined to participate. The question was, "Does your company offer a health insurance program as a benefit to any of your employees?" A total of 3,188 firms responded to this question (including 2,054 who responded to the full survey and 1,134 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 59.5% are firms employing 3 to 9 workers; such firms employ 8.3% of workers and 4.8% of workers covered by health insurance. In contrast, less than one percent of firms are firms employing 1,000 or more workers; these firms employ 46.8% of workers and 52.1% 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.

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 hordeck approach. This imputation method does not rely on a normal distribution assumption and replaces missing values with observed values from a firm with similar characteristics, in this case, size and industry. In 2009, there were three 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

NOTE:

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.

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.

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).

WEIGHTING AND STATISTICAL SIGNIFICANCE

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

Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a nonresponse adjustment. As part of this nonresponse adjustment, Kaiser/HRET conducted a small follow-up survey of those firms with 3 to 49 workers that refused to participate in the full survey. We applied an additional nonresponse adjustment to the weight to reflect the findings of this survey.

Next, we trimmed the weights in order to reduce the influence of weight outliers. First, we identified common groups of observations. Within each group, we identified the median and the interquartile range of the weights and calculated the trimming cut point as the median plus six times the interquartile range ($M + [6 * IQR]$). Weight values larger than this cut point are trimmed to the cut point. In all instances, less than one percent of the weight values were trimmed.

Finally, we applied a post-stratification adjustment. We used the U.S. Census Bureau’s 2006 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.

This year we created a new weight to correct for a very slight bias in our estimates of the take up rate. This new weight reflects all workers in the firm who are eligible for health benefits. In the past, our estimates were a function of all workers in the firm, whether they were eligible for health benefits (and could thus take up) or not. Historical take-up estimates have likewise been updated to reflect only those workers eligible for health benefits.

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. As of 2009 our primary covered worker weight no longer includes those workers with conventional coverage.⁵ 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.

NOTE:

⁵ In 2009, 1% of covered workers are enrolled in a conventional plan.

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 .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 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 1999–2008 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.

NOTE:

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 supplement with standard errors for select estimates can be found online at www.kff.org/insurance/7936/index.cfm.

EXHIBIT M.1

Selected Characteristics of Firms in the Survey Sample, 2009

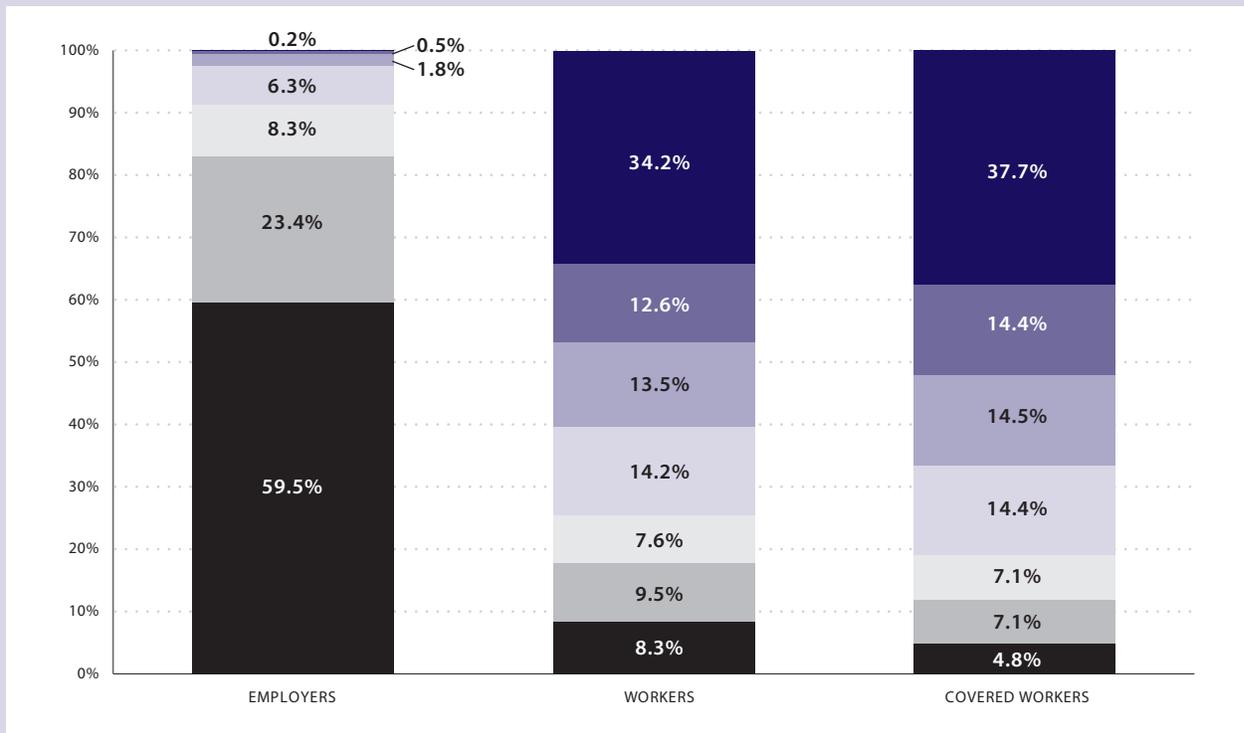
	Sample Size	Sample Distribution After Weighting	Percentage of Total for Weighted Sample
FIRM SIZE			
3–9 Workers	117	2,028,692	59.5%
10–24 Workers	220	797,632	23.4
25–49 Workers	182	283,338	8.3
50–199 Workers	287	213,310	6.3
200–999 Workers	467	60,973	1.8
1,000–4,999 Workers	481	17,125	0.5
5,000 or More Workers	300	8,175	0.2
ALL FIRM SIZES	2,054	3,409,245	100%
REGION			
Northeast	410	667,059	19.6%
Midwest	607	787,094	23.1
South	688	1,162,742	34.1
West	349	792,350	23.2
ALL REGIONS	2,054	3,409,245	100%
INDUSTRY			
Agriculture/Mining/Construction	118	424,586	12.5%
Manufacturing	230	210,368	6.2
Transportation/Communications/Utilities	114	128,897	3.8
Wholesale	99	195,346	5.7
Retail	157	432,820	12.7
Finance	136	238,426	7.0
Service	842	1,453,808	42.6
State/Local Government	151	50,587	1.5
Health Care	207	274,408	8.0
ALL INDUSTRIES	2,054	3,409,245	100%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

EXHIBIT M.2

Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: Data are based on a special data request to the U.S. Census Bureau for their most recent (2006) 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, 2009

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:

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
2009 ANNUAL SURVEY

Cost of
Health
Insurance

SECTION

1

COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUM FOR SINGLE COVERAGE IN 2009 IS \$4,824 AND THE AVERAGE ANNUAL PREMIUM FOR FAMILY COVERAGE IS \$13,375. THE AVERAGE FAMILY PREMIUM IN 2009 IS ABOUT 5% HIGHER THAN IN 2008. THE AVERAGE PREMIUM FOR SINGLE COVERAGE IS NOT SIGNIFICANTLY DIFFERENT FROM LAST YEAR (\$4,704).

SMALLER FIRMS (3–199 WORKERS) HAVE A LOWER AVERAGE FAMILY PREMIUM (\$12,696) THAN LARGER FIRMS (200 OR MORE WORKERS) (\$13,704).

PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average cost of premiums for single coverage in 2009 is \$402 per month or \$4,824 per year (Exhibit 1.1). The average cost of premiums for family coverage is \$1,115 per month or \$13,375 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 in the Northeast are higher than the average premiums for covered workers in other regions (Exhibit 1.3).
- ▶ Premiums also vary by plan funding and workforce attributes.
 - Covered workers in firms where less than 35% of workers earn \$23,000 or less annually have higher average single premiums than covered workers in firms with a higher percentage of workers earning \$23,000 or less annually (Exhibit 1.5).
 - 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). However, when broken out by firm size, there is no longer a significant difference in premiums for workers in firms with union employees compared to firms without any union employees.
- Covered workers in firms where 35% or more of workers are age 26 or younger have lower average single and family premiums than covered workers in firms with a lower percentage of workers age 26 or younger (Exhibits 1.5 and 1.6).
- Average family premiums are higher for covered workers in partially or fully self-funded plans than in fully insured plans (\$13,588 vs. \$13,092). This difference, however, largely reflects premium differences between large and small firms more generally. Among large firms (200 or more workers), where most firms self-fund their health benefits, there is no significant difference in family premiums for workers in firms that are self-funded and workers in firms that have insured benefits (Exhibit 1.6).
- ▶ There is a great deal of variation above and below the average premiums for both single and family coverage.
 - Eighteen 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 \$4,824, while 23% 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 \$13,375, while 21% 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).

- ▶ The survey asks employers to provide information about their largest plan of each plan type (i.e., HMO, PPO, POS, HDHP/SO) that they offer. We ask employers to tell us whether the plans that they were reporting on were also offered last year. For firms that report that they offered the same plan last year, we are not able to say whether that plan was their largest plan of that plan type last year. We also do not ask whether they modified the benefits within the plan between last year and this year.
 - Workers in firms offering a PPO plan that the firm did not offer last year had lower premiums on average for single and family coverage than workers in firms that report offering the same PPO plan last year. Premiums for HMO show a similar pattern for single coverage (Exhibit 1.11).
- PREMIUM CHANGES OVER TIME**
- ▶ The average family premium in 2009 (\$13,375) is about 5% higher than the average family premium we reported last year (\$12,680).¹ The difference in reported average single premiums for 2008 and 2009 (\$4,704 and \$4,824) is not statistically significant.
 - The \$13,375 average annual family premium in 2009 is 34% higher than the average family premium in 2004 and 131% higher than the average family premium in 1999 (Exhibit 1.12).
 - ▶ For the second 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 family premiums for covered workers in small and large firms have been similar in most other earlier years (Exhibit 1.13).
 - The average family premiums for covered workers in small and large firms have grown at similar rates between 2004 and 2009 (30% in small firms vs. 36% in large firms) and between 1999 and 2009 (123% in small firms vs. 134% in large firms) (Exhibit 1.14).
 - For large firms (200 or more workers), the average family premium for covered workers in firms that fully or partially self-fund has grown at similar rates from 2004 to 2009 (37% in self-funded firms vs. 36% in fully insured firms) and between 1999 and 2009 (132% in self-funded firms vs. 140% in fully insured firms) (Exhibit 1.15).

NOTE:

¹ The difference between the 2008 and 2009 premium value for family coverage is statistically significant ($p < .05$).

EXHIBIT 1.1

Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2009

	Monthly	Annual
HMO		
Single Coverage	\$406	\$4,878
Family Coverage	\$1,123	\$13,470
PPO		
Single Coverage	\$410	\$4,922
Family Coverage	\$1,143	\$13,719
POS		
Single Coverage	\$403	\$4,835
Family Coverage	\$1,090	\$13,075
HDHP/SO		
Single Coverage	\$332*	\$3,986*
Family Coverage	\$924*	\$11,083*
ALL PLANS		
Single Coverage	\$402	\$4,824
Family Coverage	\$1,115	\$13,375

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$378	\$1,021*	\$4,542	\$12,256*
All Large Firms (200 or More Workers)	417	1,158*	5,003	13,893*
ALL FIRM SIZES	\$406	\$1,123	\$4,878	\$13,470
PPO				
All Small Firms (3–199 Workers)	\$412	\$1,116	\$4,948	\$13,392
All Large Firms (200 or More Workers)	409	1,154	4,913	13,844
ALL FIRM SIZES	\$410	\$1,143	\$4,922	\$13,719
POS				
All Small Firms (3–199 Workers)	\$402	\$1,071	\$4,824	\$12,847
All Large Firms (200 or More Workers)	404	1,120	4,853	13,439
ALL FIRM SIZES	\$403	\$1,090	\$4,835	\$13,075
HDHP/SO				
All Small Firms (3–199 Workers)	\$323	\$855*	\$3,877	\$10,259*
All Large Firms (200 or More Workers)	341	990*	4,094	11,885*
ALL FIRM SIZES	\$332	\$924	\$3,986	\$11,083
ALL PLANS				
All Small Firms (3–199 Workers)	\$393	\$1,058*	\$4,717	\$12,696*
All Large Firms (200 or More Workers)	406	1,142*	4,876	13,704*
ALL FIRM SIZES	\$402	\$1,115	\$4,824	\$13,375

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$422	\$1,166	\$5,070	\$13,987
Midwest	417	1,174	5,008	14,086
South	401	1,125	4,816	13,502
West	396	1,070	4,758	12,843
ALL REGIONS	\$406	\$1,123	\$4,878	\$13,470
PPO				
Northeast	\$421	\$1,202*	\$5,057	\$14,420*
Midwest	420	1,172	5,039	14,062
South	395*	1,109*	4,738*	13,311*
West	419	1,116	5,028	13,392
ALL REGIONS	\$410	\$1,143	\$4,922	\$13,719
POS				
Northeast	\$414	\$1,173	\$4,963	\$14,075
Midwest	385	1,040	4,625	12,480
South	417	1,077	5,009	12,927
West	384	1,077	4,614	12,925
ALL REGIONS	\$403	\$1,090	\$4,835	\$13,075
HDHP/SO				
Northeast	\$328	\$909	\$3,941	\$10,905
Midwest	321	915	3,851	10,980
South	347	976	4,161	11,718
West	333	872	3,996	10,467
ALL REGIONS	\$332	\$924	\$3,986	\$11,083
ALL PLANS				
Northeast	\$416*	\$1,174*	\$4,989*	\$14,084*
Midwest	403	1,125	4,834	13,498
South	395	1,099	4,740	13,193
West	401	1,076	4,808	12,915
ALL REGIONS	\$402	\$1,115	\$4,824	\$13,375

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$359*	\$1,026*	\$4,311*	\$12,310*
Transportation/Communications/ Utilities	427	1,132	5,129	13,582
Wholesale	NSD	NSD	NSD	NSD
Retail	359*	1,025	4,310*	12,302
Finance	373*	1,103	4,472*	13,242
Service	425	1,156	5,105	13,873
State/Local Government	447*	1,157	5,365*	13,880
Health Care	440*	1,219	5,275*	14,623
ALL INDUSTRIES	\$406	\$1,123	\$4,878	\$13,470
PPO				
Agriculture/Mining/Construction	\$376	\$1,059*	\$4,510	\$12,706*
Manufacturing	367*	1,066*	4,406*	12,792*
Transportation/Communications/ Utilities	385	1,091	4,617	13,096
Wholesale	391	1,127	4,687	13,521
Retail	380*	1,069*	4,557*	12,825*
Finance	422	1,181	5,064	14,166
Service	422	1,173	5,064	14,070
State/Local Government	456*	1,158	5,469*	13,891
Health Care	477*	1,297*	5,720*	15,563*
ALL INDUSTRIES	\$410	\$1,143	\$4,922	\$13,719
POS				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$404	\$1,062	\$4,853	\$12,740
Transportation/Communications/ Utilities	NSD	NSD	NSD	NSD
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	NSD	NSD	NSD	NSD
Service	427	1,098	5,120	13,179
State/Local Government	NSD	NSD	NSD	NSD
Health Care	423	1,127	5,081	13,523
ALL INDUSTRIES	\$403	\$1,090	\$4,835	\$13,075

Continued on next page

EXHIBIT 1.4 *Continued from previous page*

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HDHP/SO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$292*	\$836*	\$3,505*	\$10,037*
Transportation/Communications/ Utilities	NSD	NSD	NSD	NSD
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	321	921	3,851	11,051
Service	351*	1,005*	4,213*	12,060*
State/Local Government	NSD	NSD	NSD	NSD
Health Care	374*	990	4,484*	11,880
ALL INDUSTRIES	\$332	\$924	\$3,986	\$11,083
ALL PLANS				
Agriculture/Mining/Construction	\$356*	\$1,035*	\$4,266*	\$12,417*
Manufacturing	361*	1,037*	4,336*	12,441*
Transportation/Communications/ Utilities	395	1,102	4,740	13,228
Wholesale	375*	1,080	4,505*	12,956
Retail	366*	1,020*	4,393*	12,238*
Finance	401	1,134	4,811	13,605
Service	417*	1,146*	5,005*	13,753*
State/Local Government	448*	1,144	5,378*	13,732
Health Care	455*	1,240*	5,464*	14,880*
ALL INDUSTRIES	\$402	\$1,115	\$4,824	\$13,375

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	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)	\$4,799*	\$4,880	\$4,853*
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$4,264*	\$4,851	\$4,639*
Unions			
Firm Has At Least Some Union Workers	\$5,076	\$4,959	\$4,969*
Firm Does Not Have Any Union Workers	\$4,685	\$4,802	\$4,748*
Age			
Less Than 35% of Workers Are 26 Years Old or Less	\$4,776*	\$4,907*	\$4,864*
35% or More Workers Are 26 Years Old or Less	\$4,034*	\$4,500*	\$4,342*
Funding Arrangement			
Fully Insured	\$4,690	\$4,992	\$4,796
Self-Funded	\$4,869	\$4,842	\$4,845

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	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)	\$12,802	\$13,734	\$13,434
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	\$12,097	\$13,509	\$13,011
Unions			
Firm Has At Least Some Union Workers	\$13,434	\$13,915	\$13,878*
Firm Does Not Have Any Union Workers	\$12,630	\$13,514	\$13,110*
Age			
Less Than 35% of Workers Are 26 Years Old or Less	\$12,879*	\$13,754	\$13,470*
35% or More Workers Are 26 Years Old or Less	\$10,620*	\$13,089	\$12,248*
Funding Arrangement			
Fully Insured	\$12,661	\$13,870	\$13,092*
Self-Funded	\$12,888	\$13,655	\$13,588*

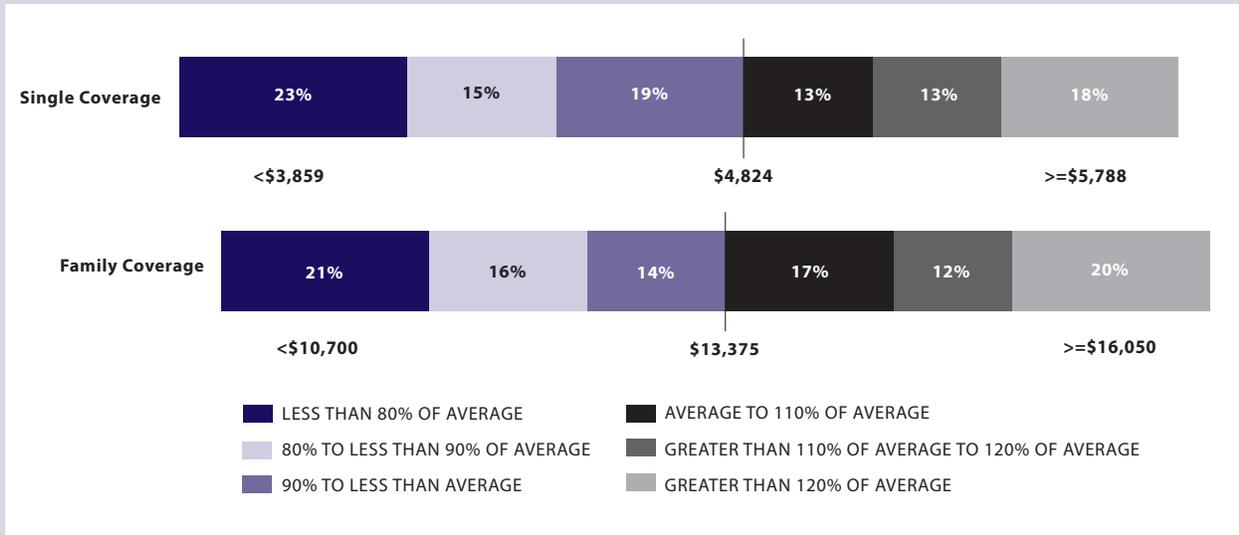
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

EXHIBIT 1.8

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2009

Single Coverage		Family Coverage	
Premium Range, Dollar Amount	Percent Covered Workers in Range	Premium Range, Dollar Amount	Percent Covered Workers in Range
Less than \$3,859	23%	Less Than \$10,700	21%
\$3,859 to <\$4,341	15%	\$10,700 to <\$12,038	16%
\$4,341 to <\$4,824	19%	\$12,038 to <\$13,375	14%
\$4,824 to <\$5,306	13%	\$13,375 to <\$14,713	17%
\$5,306 to <\$5,788	13%	\$14,713 to <\$16,050	12%
\$5,788 or More	18%	\$16,050 or More	20%

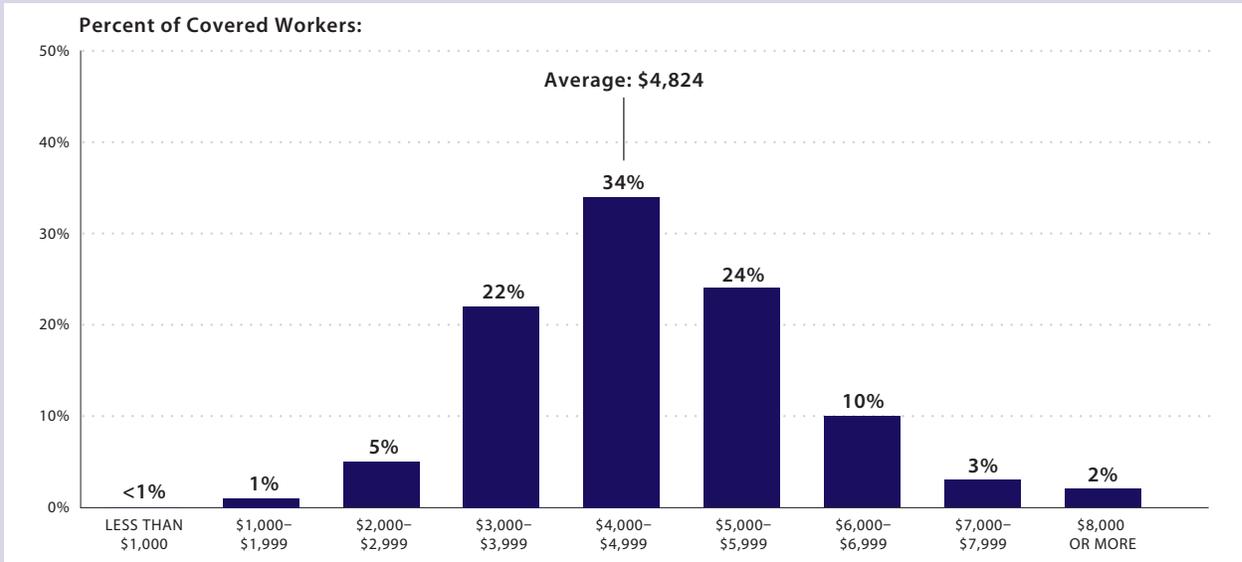
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The average premium is \$4,824 for single coverage and \$13,375 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$3,859 is 80% of the average single premium, \$4,341 is 90% of the average single premium, \$5,306 is 110% of the average single premium, and \$5,788 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, 2009

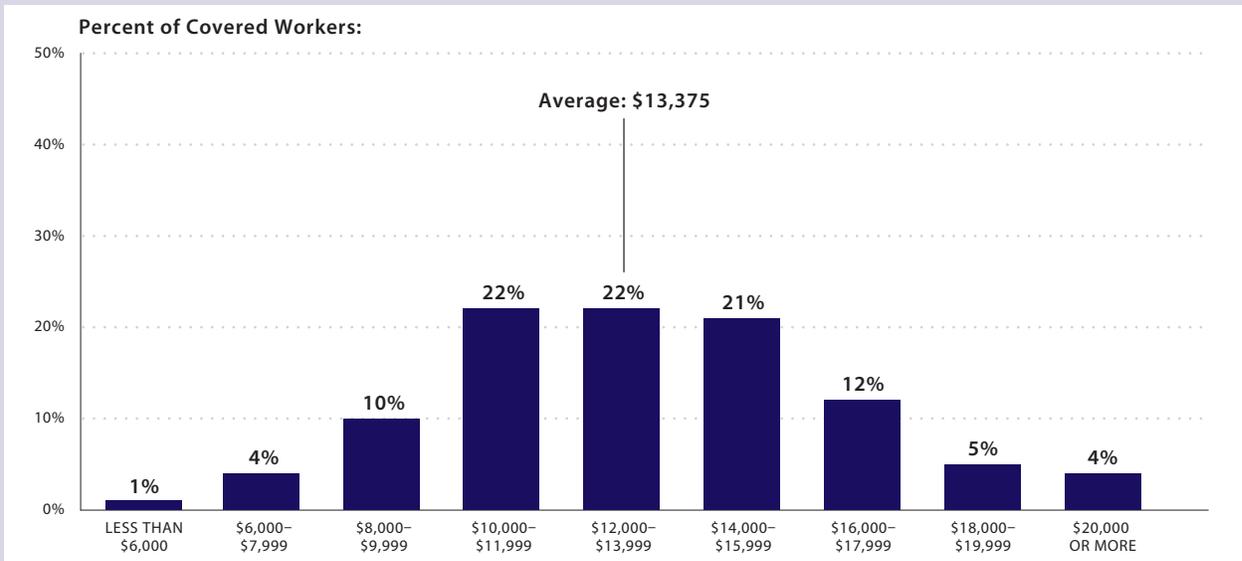


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

EXHIBIT 1.10

Distribution of Annual Premiums for Covered Workers with Family Coverage, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, by Whether or Not Firm Offered the Same Plan Last Year and by Firm Size, 2009

	Offered Same Plan Last Year	Did Not Offer Same Plan Last Year
HMO		
Single Coverage		
All Small Firms (3–199 Workers)	\$4,615	NSD
All Large Firms (200 or More Workers)	5,021	\$4,573
All Firm Sizes, Single*	\$4,929	\$4,393
Family Coverage		
All Small Firms (3–199 Workers)	\$12,054	NSD
All Large Firms (200 or More Workers)	13,926	\$13,092
All Firm Sizes, Family	\$13,531	\$12,907
PPO		
Single Coverage		
All Small Firms (3–199 Workers)*	\$5,126	\$3,921
All Large Firms (200 or More Workers)	4,901	5,227
All Firm Sizes, Single*	\$4,958	\$4,424
Family Coverage		
All Small Firms (3–199 Workers)*	\$13,764	\$11,258
All Large Firms (200 or More Workers)	13,804	14,919
All Firm Sizes, Family*	\$13,794	\$12,671
POS		
Single Coverage		
All Small Firms (3–199 Workers)	\$4,912	NSD
All Large Firms (200 or More Workers)	4,862	NSD
All Firm Sizes, Single	\$4,891	NSD
Family Coverage		
All Small Firms (3–199 Workers)	\$13,188	NSD
All Large Firms (200 or More Workers)	13,389	NSD
All Firm Sizes, Family	\$13,270	NSD
HDHP/SO		
Single Coverage		
All Small Firms (3–199 Workers)	\$3,727	\$4,223
All Large Firms (200 or More Workers)	4,089	4,122
All Firm Sizes, Single	\$3,928	\$4,190
Family Coverage		
All Small Firms (3–199 Workers)*	\$9,714	\$11,588
All Large Firms (200 or More Workers)	11,880	11,915
All Firm Sizes, Family	\$10,917	\$11,695

SOURCE:

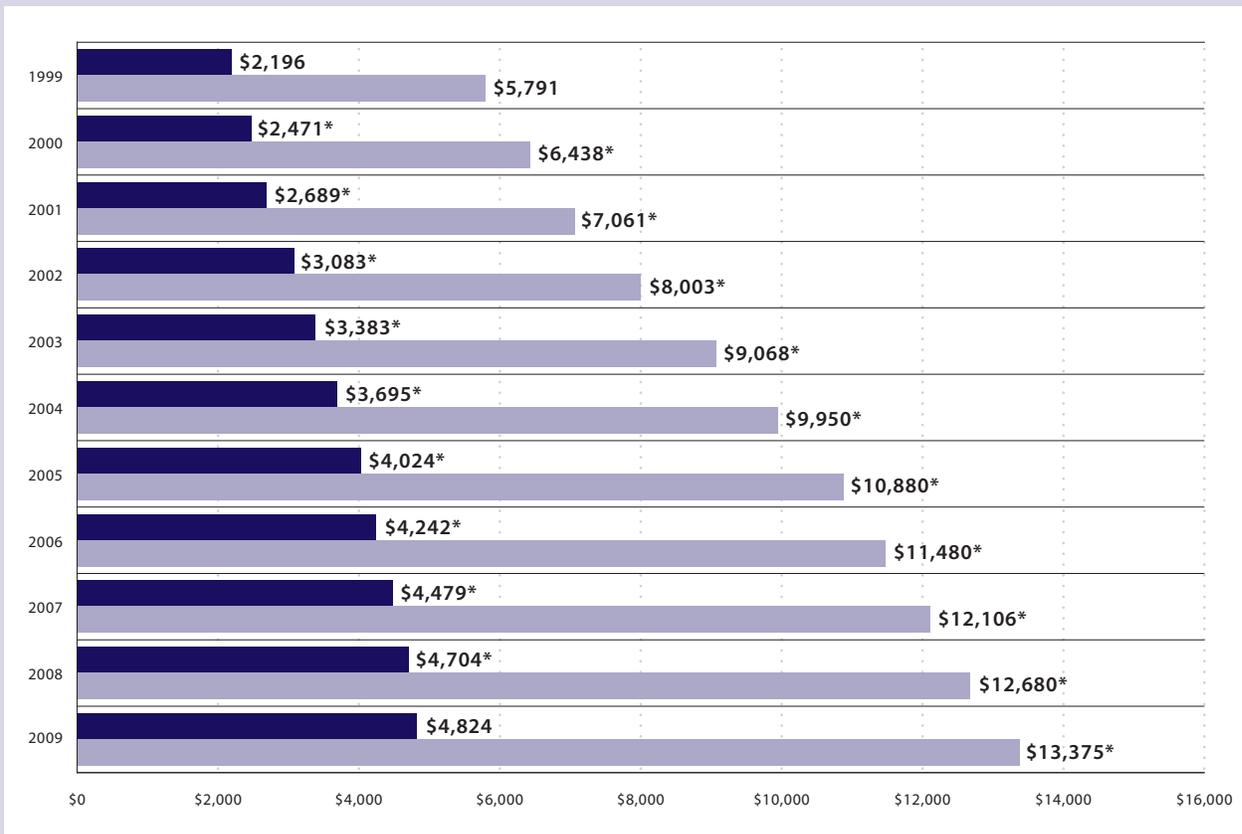
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Estimates are statistically different between firms that offered the same plan last year and those that did not offer the same plan last year within the indicated size category (p<.05).

Note: We asked employers to tell us whether the plans that they were reporting on also were offered last year. If they offered the same plan last year, we do not ask whether they modified the benefits within the plan between last year and this year.

EXHIBIT 1.12

Average Annual Premiums for Single and Family Coverage, 1999–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

■ SINGLE COVERAGE
■ FAMILY COVERAGE

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

EXHIBIT 1.13

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2009

	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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

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

EXHIBIT 1.14

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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 1.15

Among Workers in Large Firms (200 or More Workers), Average Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2009

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*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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
2009 ANNUAL SURVEY

Health
Benefits
Offer Rates

SECTION

2

HEALTH BENEFITS OFFER RATES

THE PERCENTAGE OF FIRMS OFFERING HEALTH BENEFITS IN 2009 IS NOT SIGNIFICANTLY DIFFERENT FROM THE PERCENTAGE IN 2008. NEARLY ALL LARGE FIRMS (200 OR MORE WORKERS) OFFER HEALTH BENEFITS; SMALL FIRMS (3–199 WORKERS) ARE SIGNIFICANTLY LESS LIKELY TO DO SO.

THE OFFER RATE REPRESENTS INFORMATION ON FIRMS THAT ARE STILL IN BUSINESS AND DOES NOT ACCOUNT FOR FIRMS THAT HAVE GONE OUT OF BUSINESS DUE TO THE ECONOMIC RECESSION.

- ▶ In 2009, sixty percent of firms offer health benefits, which is not statistically different from the 63% reported in 2008 (Exhibit 2.1).
 - Ninety-eight percent of large firms (200 or more workers) offer health benefits in 2009, not statistically different from 2008 (Exhibit 2.2). In contrast, only 59% of small firms (3–199 workers) offer health benefits in 2009, also not statistically different from the 62% reported in 2008.
 - Between 1999 and 2009, 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 to 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. Only 46% of firms with 3 to 9 workers offer coverage, compared to 72% of firms with 10 to 24 workers, 87% 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). Sixty-four percent of firms with fewer lower-wage workers offer health benefits, compared with only 39% of firms with many lower-wage workers (Exhibit 2.4).
 - Firms with fewer part-time workers (less than 35% of employees work part-time) are also significantly more likely to offer coverage to their workers than firms with many part-time workers. Among firms with fewer part-time workers, 67% offer health insurance, compared to 32% of firms with a higher percentage of part-time 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-seven percent of firms with some union workers offer health benefits, compared to 57% of firms that do not have union employees (Exhibit 2.4).
- ▶ Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
 - In 2009, 31% 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 (48% vs. 30%).
 - A very small percentage (3%) of firms offering health benefits offer them to temporary workers (Exhibit 2.6).

DOMESTIC PARTNER BENEFITS

- ▶ As in the past, we asked firms if they offer health benefits to opposite-sex or same-sex domestic partners. However, for the 2008 and 2009 surveys, we changed the response options because during early tests of the 2008 survey, several firms noted that they had not encountered the issue, indicating

that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, last year we added the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue.

- In response to the question asking firms if they offer health benefits to unmarried opposite-sex partners, 31% of firms report offering health benefits to unmarried opposite-sex domestic partners. An additional 36% of firms report that they have not encountered the issue or that the question was not applicable, with 37% of small firms (3–199 workers) more likely to report this compared to 6% of large firms (200 or more workers) (Exhibit 2.7).
- In response to the question asking firms if they offer health benefits to unmarried same-sex domestic partners, 21% of firms offer health benefits to unmarried same-sex domestic partners. An additional 44% of firms report that they have not encountered the issue or that the question was not applicable, with 46% of small firms (3–199 workers) and 6% of large firms (200 or more workers) reporting that they have not encountered the issue or that the question was not applicable (Exhibit 2.8).
- Firms in the West are more likely (41%) and firms in the South are less likely (6%) to offer health benefits to unmarried same-sex domestic partners than firms in other regions.

FIRMS NOT OFFERING HEALTH BENEFITS

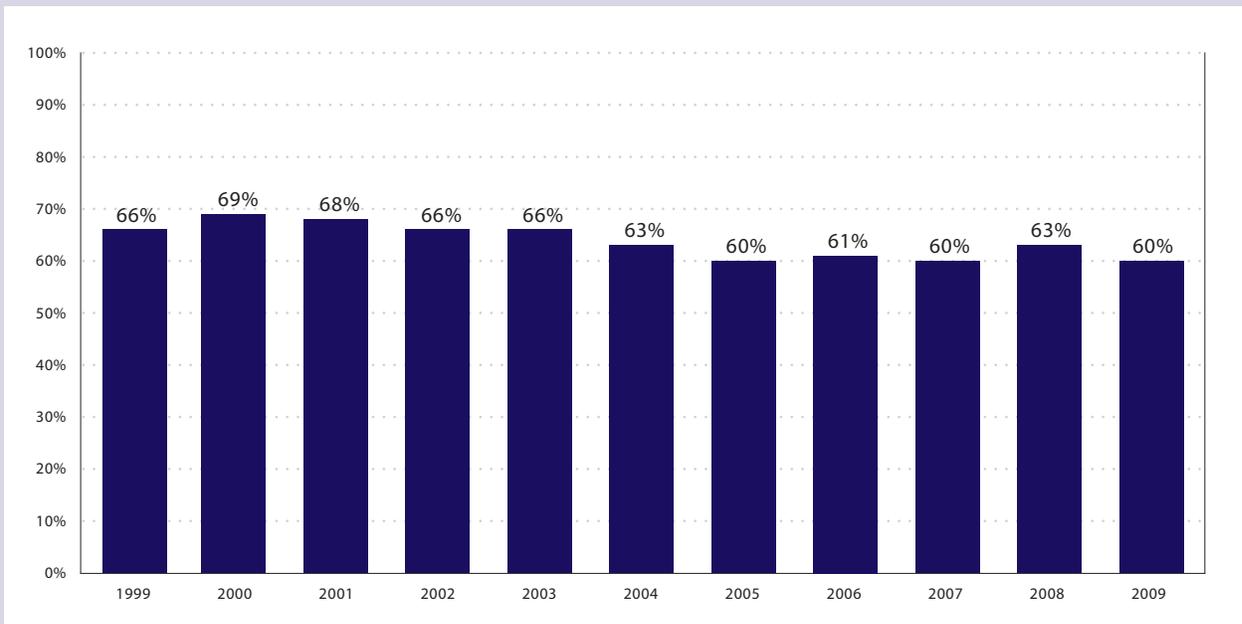
- ▶ The survey asks firms that do not offer health benefits if they have offered insurance or shopped for insurance in the recent past, about their most important reasons for not offering, and if they think employees would prefer an additional \$2 per hour as wages or health insurance. Because such a 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, 41% of which do not offer health benefits.
- ▶ Despite a slowing of health insurance cost growth in recent years, the cost of health insurance remains the primary reason cited by firms for not offering health benefits.¹
 - Among small firms (3–199 workers) not offering health benefits, 62% 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 (9%) and employees are covered elsewhere (11%) (Exhibit 2.9).
- ▶ Many non-offering firms have either offered health benefits in the past five years, or shopped for coverage recently.
 - Eighteen percent of non-offering small firms (3–199 workers) have offered health benefits in the past five years, while 33% have shopped for coverage in the past 12 months (Exhibit 2.10).
- ▶ Four-fifths of small firms (3–199 workers) not offering health benefits believe that employees would rather receive an additional \$2 per hour in the form of higher wages (approximately the cost of health insurance for single coverage) than health insurance (Exhibit 2.11).
- ▶ Small firms (3–199 workers) not offering health insurance gave a variety of estimates regarding the amount they believe the firm could afford to pay for health insurance coverage for an employee with single coverage. Thirty percent reported that they could pay less than \$100 per month; 11% reported that they could pay \$300 or more per month (Exhibit 2.12).
- ▶ Forty percent of small (3–199 workers) non-offering firms believe the total cost of health insurance for one employee would cost \$400 or more per month. The average monthly cost of single coverage in 2009 is \$402, with wide variation around the average (Exhibit 2.13).

NOTE:

¹ In 2009, the question asking non-offering firms their most important reason for not offering health benefits was changed from a question with multiple response categories to an open-ended question.

EXHIBIT 2.1

Percentage of Firms Offering Health Benefits, 1999–2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

*Tests found no statistical difference 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

	Percentage of Firms Offering Health Benefits
FIRM SIZE	
3–9 Workers	46%*
10–24 Workers	72*
25–49 Workers	87*
50–199 Workers	95*
200–999 Workers	98*
1,000–4,999 Workers	99*
5,000 or More Workers	100*
All Small Firms (3–199 Workers)	59%*
All Large Firms (200 or More Workers)	98%*
REGION	
Northeast	68%
Midwest	63
South	53*
West	61
INDUSTRY	
Agriculture/Mining/Construction	66%
Manufacturing	80*
Transportation/Communications/Utilities	74
Wholesale	74
Retail	53
Finance	56
Service	56
State/Local Government	63
Health Care	53
ALL FIRMS	60%

SOURCE:

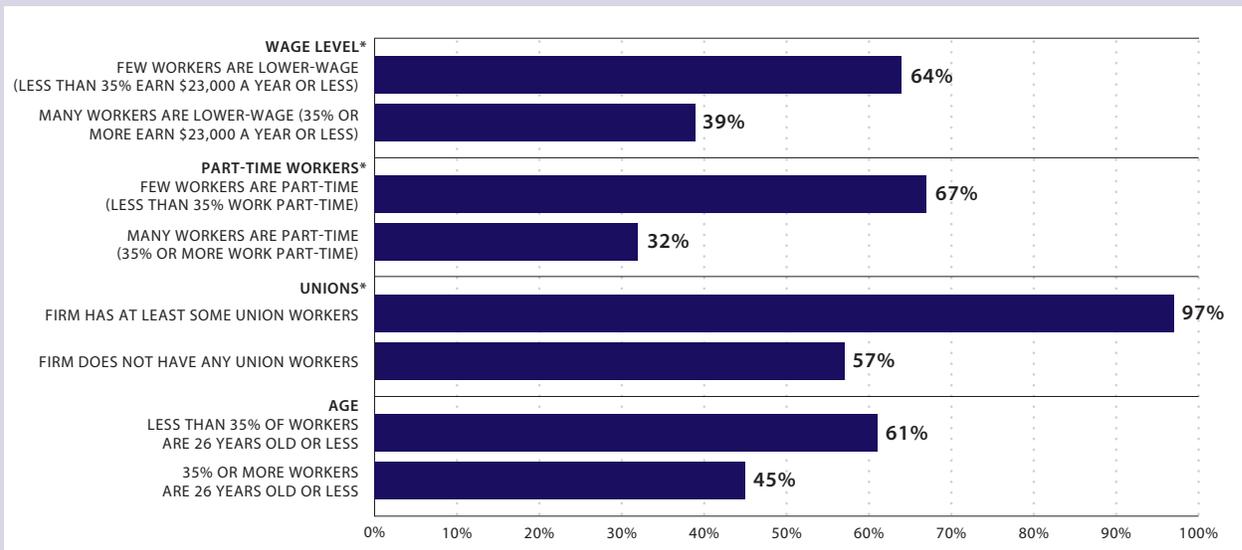
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009

* 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 1999–2009*

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* Tests found no statistical difference 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

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

EXHIBIT 2.7

Among Firms Offering Health Benefits, Distribution of Whether Employers Offer Health Benefits to Unmarried Opposite-Sex Domestic Partners, by Firm Size, Region, and Industry, 2009

	Yes	No	Not Encountered/ Not Applicable
FIRM SIZE			
3–24 Workers	30%	29%*	41%*
25–49 Workers	35	37	29
50–199 Workers	26	56*	18*
200–999 Workers	33	59*	8*
1,000–4,999 Workers	36	63*	1*
5,000 or More Workers	46*	54*	<1*
All Small Firms (3–199 Workers)	30%	33%*	37%*
All Large Firms (200 or More Workers)	35%	59%*	6%*
REGION			
Northeast	45%	29%	26%
Midwest	19	38	43
South	20	37	44
West	42	31	28
INDUSTRY			
Agriculture/Mining/Construction	22%	23%	55%*
Manufacturing	24	30	46
Transportation/Communications/Utilities	40	38	22
Wholesale	56	18*	26
Retail	46	42	12*
Finance	12*	75*	13*
Service	30	31	39
State/Local Government	62	33	5*
Health Care	14*	40	46
ALL FIRMS	31%	34%	36%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

Note: In 2008, we changed the response options because during early tests of the survey, several firms noted that they had not encountered the issue, indicating that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, for the 2008 and 2009 surveys we included the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue. This response is distinguished from firms that report “no” since those firms have a set policy on the issue.

EXHIBIT 2.8

Among Firms Offering Health Benefits, Distribution of Whether Employers Offer Health Benefits to Unmarried Same-Sex Domestic Partners, by Firm Size, Region, and Industry, 2009

	Yes	No	Not Encountered/ Not Applicable
FIRM SIZE			
3–24 Workers	20%	30%*	51%*
25–49 Workers	24	39	37
50–199 Workers	20	58*	22*
200–999 Workers	33*	59*	8*
1,000–4,999 Workers	36*	62*	1*
5,000 or More Workers	56*	44	1*
All Small Firms (3–199 Workers)	20%*	34%*	46%*
All Large Firms (200 or More Workers)	36%*	58%*	6%*
REGION			
Northeast	25%	38%	37%
Midwest	15	40	45
South	6*	35	59*
West	41*	27	32
INDUSTRY			
Agriculture/Mining/Construction	8%*	31%	61%
Manufacturing	17	32	51
Transportation/Communications/Utilities	13	45	41
Wholesale	7*	34	59
Retail	45	42	13*
Finance	12	75*	13*
Service	24	30	46
State/Local Government	58	34	9*
Health Care	11	19*	70*
ALL FIRMS	21%	35%	44%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

Note: In 2008, we changed the response options because during early tests of the survey, several firms noted that they had not encountered the issue, indicating that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, for the 2008 and 2009 surveys we included the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue. This response is distinguished from firms that report “no” since those firms have a set policy on the issue.

EXHIBIT 2.9

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Reasons for Not Offering, 2009

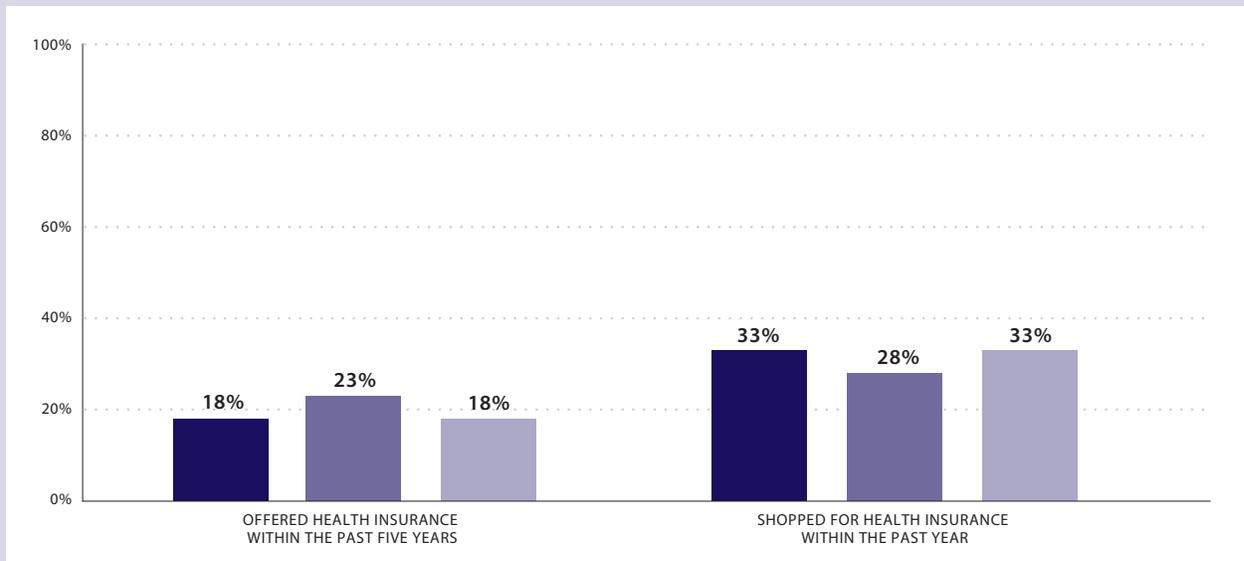
	Most Important Reason
Cost of health insurance is too high	62%
The firm is too small	9
Employees are generally covered under another plan	11
Employee turnover is too great	7
Other	10
Don't know	1

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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, 2009*



SOURCE:

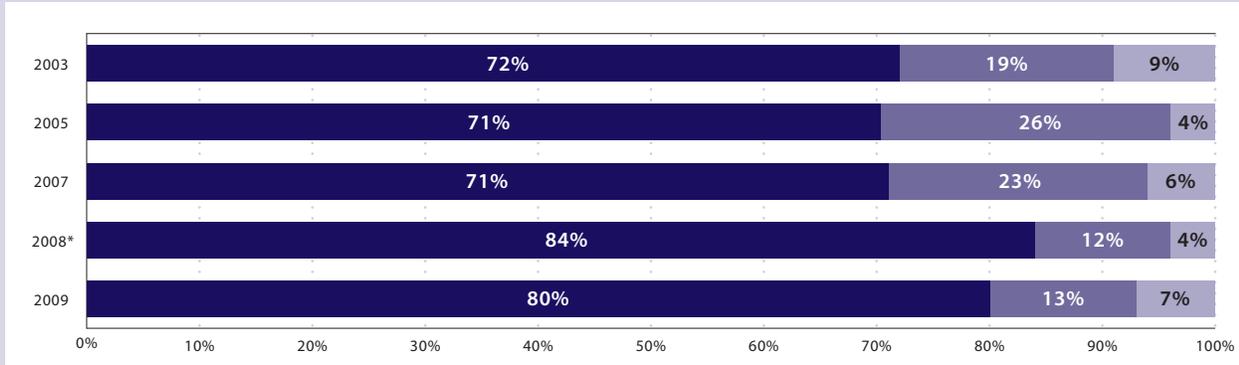
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

■ 3-24 WORKERS
■ 25-199 WORKERS
■ ALL SMALL FIRMS (3-199 WORKERS)

*Tests found no differences between size categories (p<.05).

EXHIBIT 2.11

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Employer Beliefs About Employees’ Preferences for Higher Wages or Health Insurance Benefits, 2003–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2003–2009.

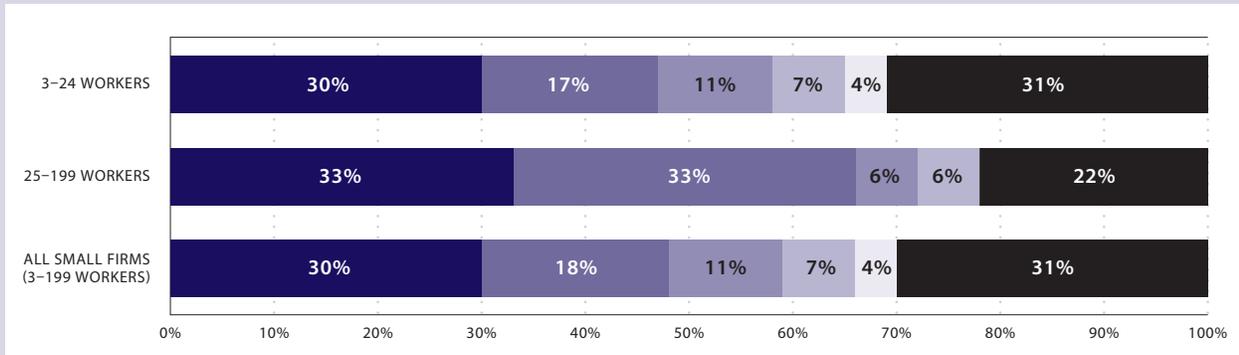
* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

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

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

EXHIBIT 2.12

Among Small Firms (3–199 Workers) Not Offering Benefits, Distribution of Firms by the Amount They Believe They Could Afford to Pay Monthly for Health Insurance Coverage for an Employee with Single Coverage, by Firm Size, 2009*



SOURCE:

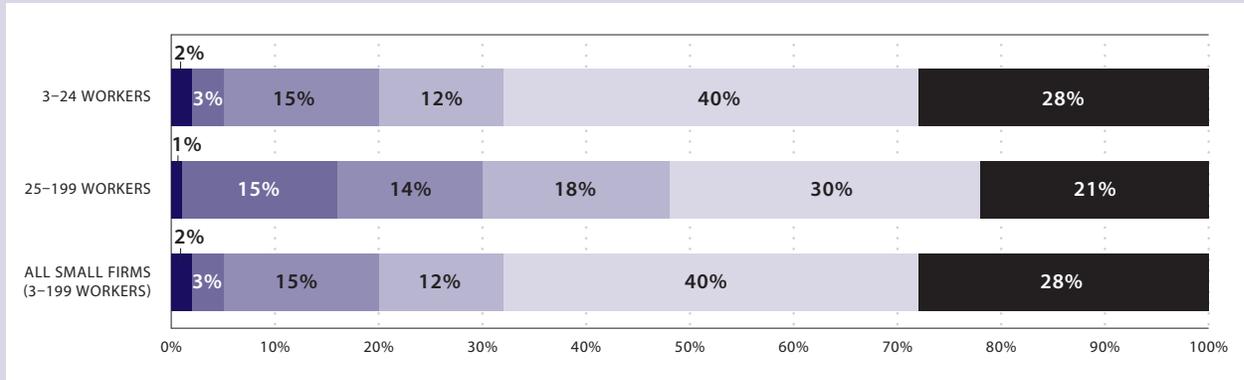
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Tests found no statistical difference between distributions for firms with 3–24 Workers and 25–199 Workers ($p < .05$).

- LESS THAN \$100 PER MONTH
- \$100–\$199 PER MONTH
- \$200–\$299 PER MONTH
- \$300–\$399 PER MONTH
- \$400 OR MORE PER MONTH
- DON'T KNOW

EXHIBIT 2.13

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Distribution of Firms by the Amount They Believe the Total Monthly Cost of Health Insurance for One Employee with Single Coverage Would be if They Offered the Benefit, by Firm Size, 2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Tests found no statistical difference between distributions for firms with 3–24 Workers and 25–199 Workers ($p < .05$).



EMPLOYER HEALTH BENEFITS
2009 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 159 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, 65% 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 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, forty-three percent of workers in retail firms are covered by health benefits offered by their firm, compared to 78% of workers in state and local government, 78% of workers in the transportation/communications/utilities industry category, and 79% of workers in the manufacturing industry (Exhibit 3.2).
 - Among workers in firms offering health benefits, those in firms with relatively few part-time workers (fewer 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. Seventy-one percent of workers in firms with relatively few part-time workers are covered by their own employer, compared to 33% in firms with higher percentages of part-time workers (Exhibit 3.5).
- Among workers in firms offering health benefits, those in firms with fewer lower-wage workers (fewer 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). Sixty-nine percent of workers in firms with fewer lower-wage workers are covered by their own employer, compared to 46% of workers in lower-wage firms (Exhibit 3.5).
- ▶ 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 2009, similar to the percentage (80%) reported last year (Exhibit 3.6).
 - Eligibility varies considerably by wage level. Employees in firms with a lower proportion of lower-wage workers (fewer than 35% of workers earn \$23,000 or less annually) are more likely to be eligible for health benefits than are employees in firms with a higher proportion of lower-wage workers (where 35% or more of workers earn \$23,000 or less annually) (83% vs. 65%) (Exhibit 3.3).

NOTE:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2008.

- Employees who are offered coverage through their employer generally elect to take up coverage. Eighty-one percent of eligible workers take up coverage when it is offered to them, similar to the 82% reported last year (Exhibit 3.6).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 (83%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$23,000 or less annually) (70%) (Exhibit 3.4).
- ▶ Seventy-four percent of covered workers face a waiting period before coverage is available. Covered workers in small firms (3–199 workers) are more likely to face a waiting period than workers in large firms (200 or more workers) (80% vs. 70%). In addition, covered workers in the Northeast are less likely (64%) and covered workers in the West are more likely (81%) than workers in other regions to face a waiting period. Covered workers in retail (93%), wholesale (88%), and healthcare (87%) firms are much 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). Twenty-nine percent of covered workers face a waiting period of 3 months or more (Exhibit 3.8).

NOTE:

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.

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, 1999–2009*

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

*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, 2009

	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%	79%	66%
25–49 Workers	84	78	65
50–199 Workers	78	79	61
200–999 Workers	77	83	64
1,000–4,999 Workers	80	83*	67
5,000 or More Workers	79	82	65
All Small Firms (3–199 Workers)	81%	79%*	64%
All Large Firms (200 or More Workers)	79%	82%*	65%
REGION			
Northeast	78%	80%	62%
Midwest	77	80	62
South	82*	82	67*
West	79	82	64
INDUSTRY			
Agriculture/Mining/Construction	80%	82%	65%
Manufacturing	93*	84*	79*
Transportation/Communications/Utilities	89*	88*	78*
Wholesale	86*	81	70
Retail	58*	74*	43*
Finance	86*	81	70
Service	76*	78*	60*
State/Local Government	87*	90*	78*
Health Care	80	83	66
ALL FIRMS	79%	81%	65%

SOURCE:

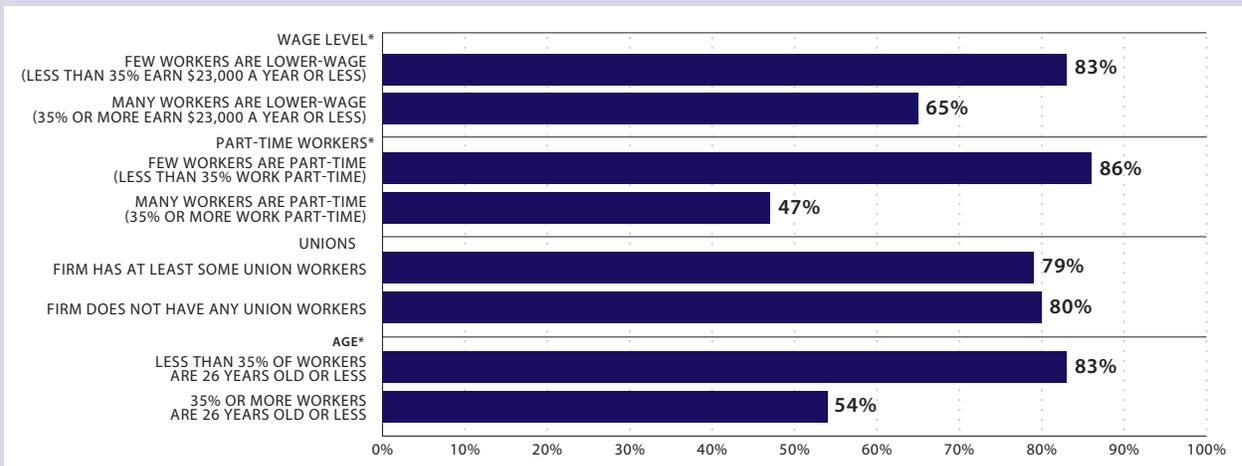
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



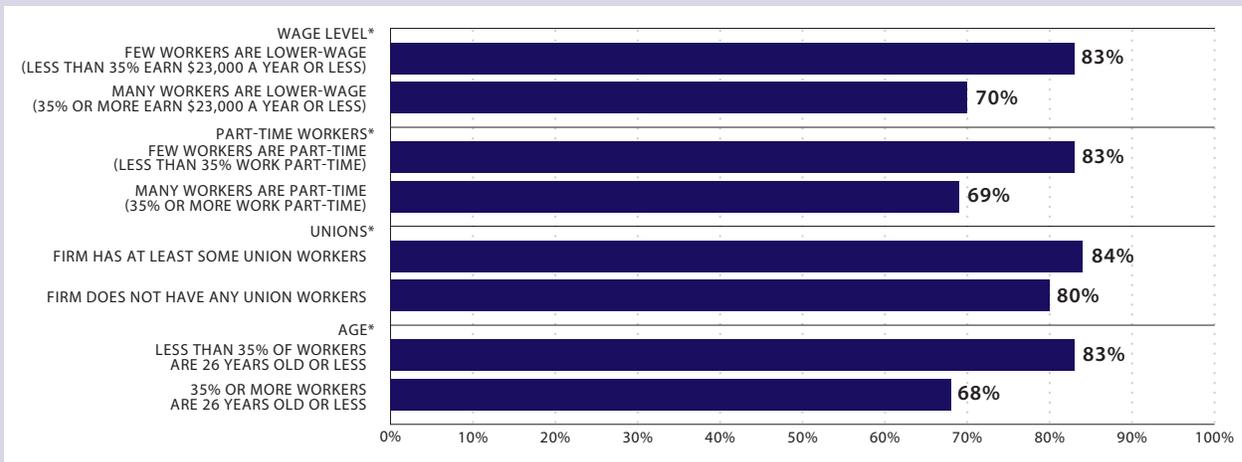
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



SOURCE:

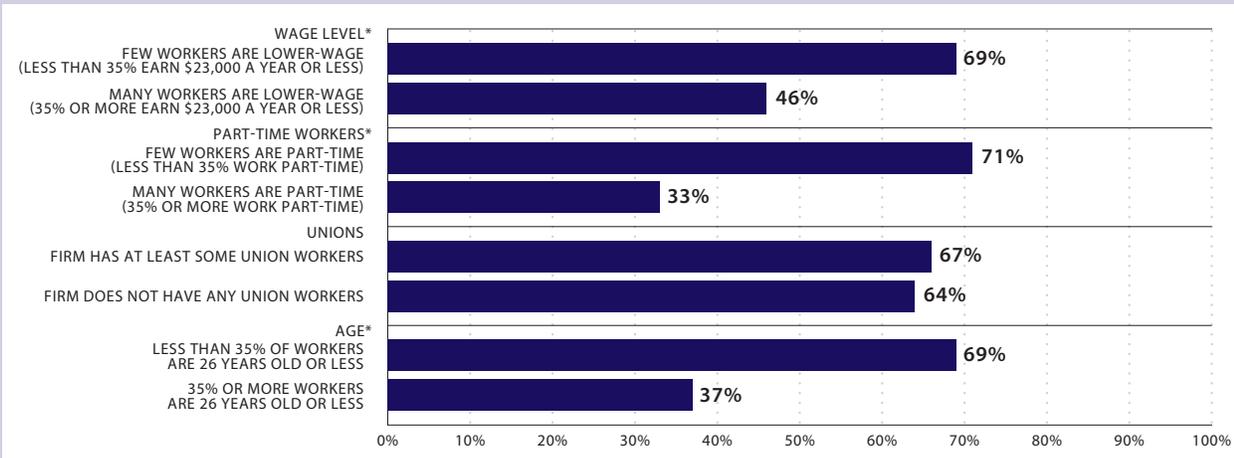
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

	Percentage of Covered Workers in Firms with Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
FIRM SIZE		
All Small Firms (3–199 Workers)	80%*	2.5*
All Large Firms (200 or More Workers)	70*	2.0*
REGION		
Northeast	64%*	2.1
Midwest	74	1.8*
South	74	2.1
West	81*	2.7*
INDUSTRY		
Agriculture/Mining/Construction	81%	2.9
Manufacturing	67	2.3
Transportation/Communications/Utilities	62	1.8*
Wholesale	88*	2.1
Retail	93*	2.8*
Finance	64	2.1
Service	71	2.1
State/Local Government	69	1.7*
Health Care	87*	1.9*
ALL FIRMS	74%	2.2

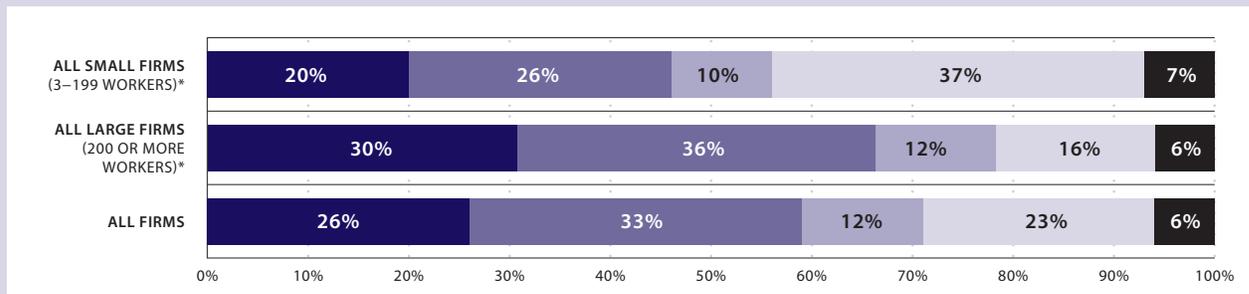
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

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

EMPLOYER HEALTH BENEFITS
2009 ANNUAL SURVEY

Types of
Plans
Offered

SECTION

4

TYPES OF PLANS OFFERED

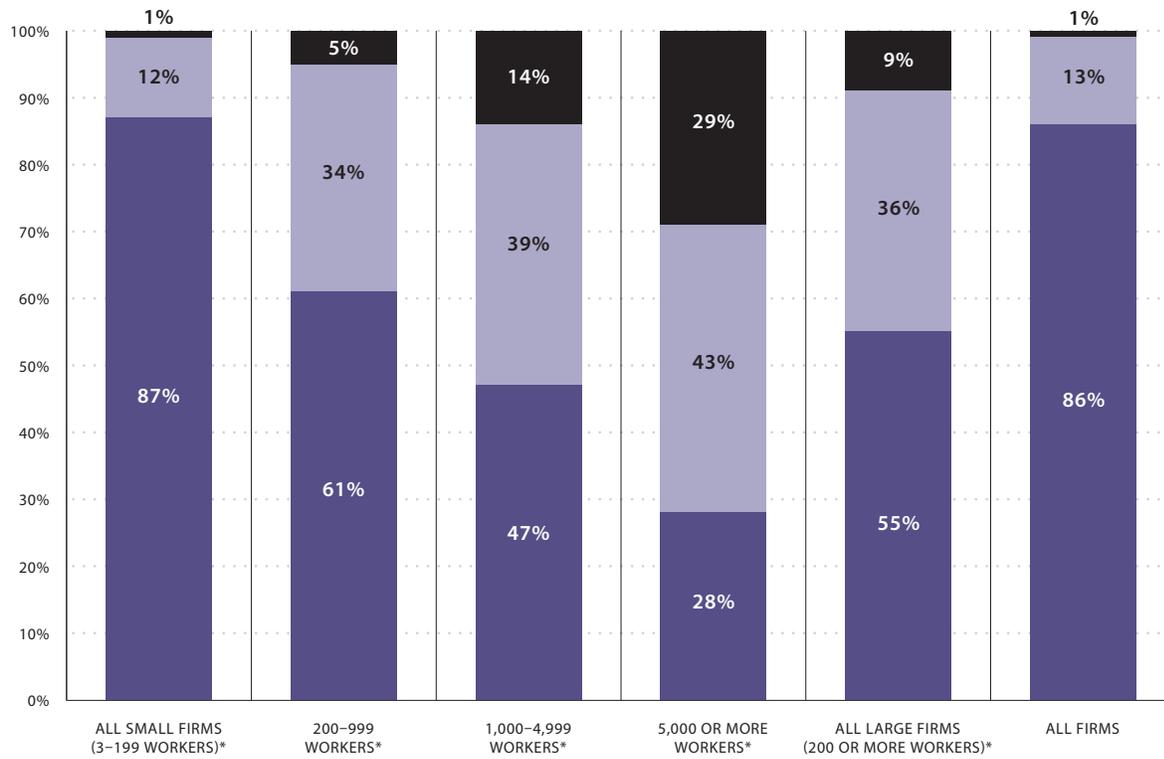
MOST FIRMS THAT OFFER HEALTH BENEFITS OFFER ONLY ONE TYPE OF HEALTH PLAN (86%) (SEE TEXT BOX). LARGER FIRMS ARE MORE LIKELY TO OFFER MORE THAN ONE TYPE OF HEALTH PLAN. EMPLOYERS ARE MOST LIKELY TO OFFER THEIR WORKERS A PPO OR POS PLAN AND ARE LEAST LIKELY TO OFFER A CONVENTIONAL PLAN.

- ▶ Eighty-six 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): 45% of large firms do so, compared to 13% of small firms (Exhibit 4.1).
- ▶ Just over half (53%) of covered workers are employed in a firm that offers more than one health plan type. Sixty-eight percent of covered workers in large firms (200 or more workers) are employed by a firm that offers more than one plan type; the comparable percentage for covered workers employed in small firms (3–199 workers) is 23% (Exhibit 4.2).
- ▶ About four in five (80%) covered workers in firms offering health benefits work in a firm that offers one or more PPOs, 44% work in firms that offer one or more HMOs, 28% work in firms that offer one or more HDHP/SOs, 19% work in firms that offer one or more POS plans, and 5% work in firms that offer one or more conventional plans (Exhibit 4.4).

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 4.1

Among Firms Offering Health Benefits, Percentage That Offer One, Two, or Three or More Plan Types, by Firm Size, 2009[‡]



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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.

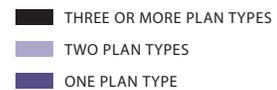
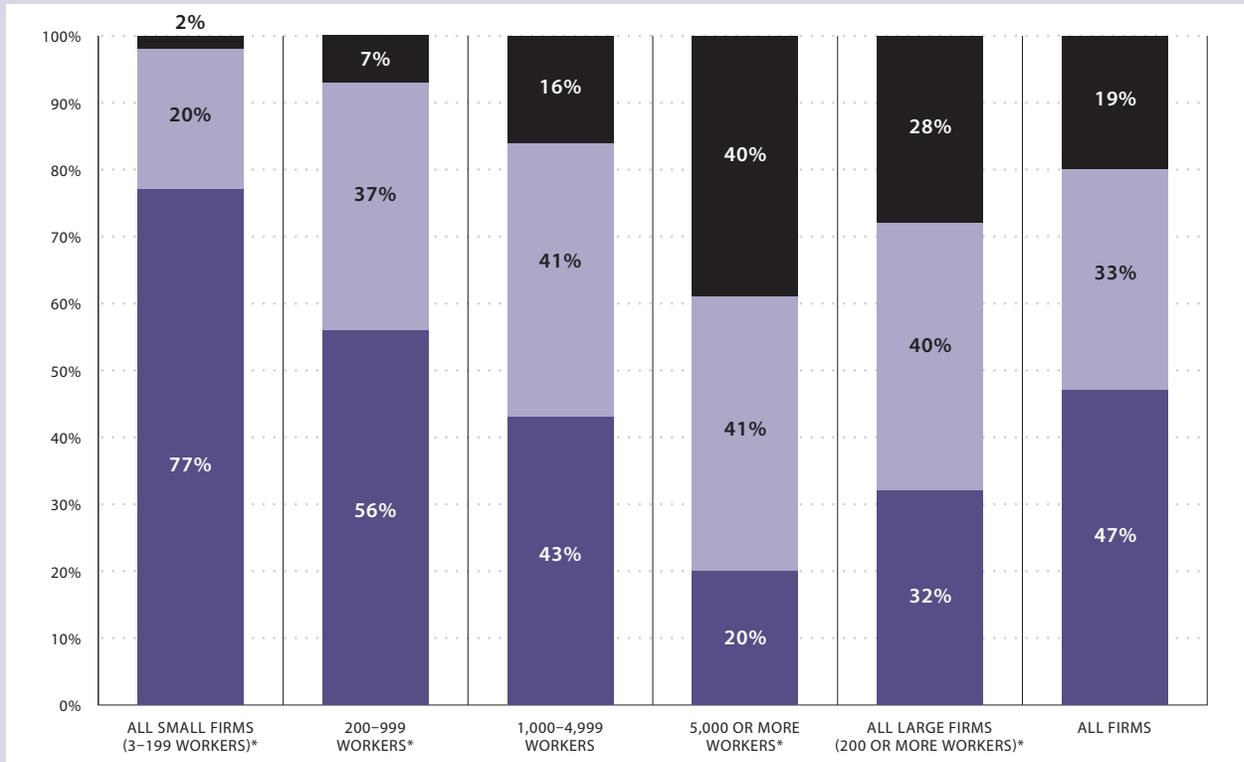


EXHIBIT 4.2

Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2009[‡]



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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, 2009

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
200–999 Workers	2%	28%*	79%*	18%*	18%*
1,000–4,999 Workers	4	38*	88*	13*	24*
5,000 or More Workers	7	57*	93*	16*	35*
All Small Firms (3–199 Workers)	4%	19%*	42%*	37%*	11%*
All Large Firms (200 or More Workers)	3%	33%*	82%*	16%*	21%*
ALL FIRMS	4%	19%	44%	36%	12%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
200–999 Workers	2%	32%*	84%	15%	18%*
1,000–4,999 Workers	4	42	89*	11*	27
5,000 or More Workers	7	71*	93*	19	41*
All Small Firms (3–199 Workers)	3%	20%*	59%*	23%*	20%*
All Large Firms (200 or More Workers)	6%	56%*	90%*	17%*	33%*
ALL FIRMS	5%	44%	80%	19%	28%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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
2009 ANNUAL SURVEY

Market
Shares of
Health Plans

SECTION

5

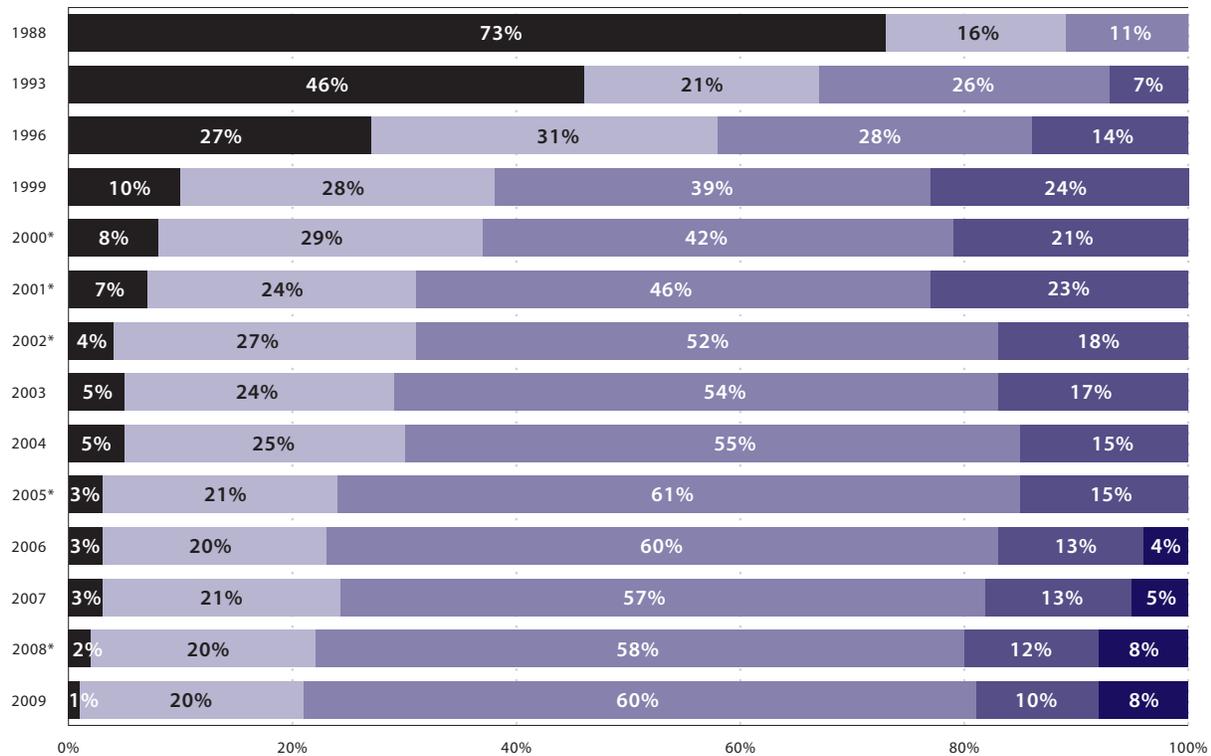
MARKET SHARES OF HEALTH PLANS

ENROLLMENT REMAINS HIGHEST IN PPOs, WITH 3 IN 5 COVERED WORKERS ENROLLED IN THIS PLAN TYPE, FOLLOWED BY HMOs, POS PLANS, HDHP/SOs, AND CONVENTIONAL PLANS.

- ▶ Sixty percent of covered workers are enrolled in PPOs, followed by HMOs (20%), POS plans (10%), HDHP/SOs (8%), and conventional plans (1%). The distribution of health plan enrollment in 2009 did not change from last year (Exhibit 5.1).
- ▶ Plan enrollment patterns differ across regions.
 - Compared to other regions, HMO enrollment continues to be significantly higher in the West (31%) and significantly lower in the Midwest (10%) (Exhibit 5.2).
 - As in 2008, workers in the Midwest (66%) and South (64%) are more likely to be enrolled in PPO plans than workers in other regions; workers in the West (48%) are less likely to be enrolled in a PPO (Exhibit 5.2).
- Enrollment in HDHP/SOs is highest among workers in the Midwest (14%), and lowest among workers in the Northeast (5%) (Exhibit 5.2).
- ▶ Enrollment in HDHP/SOs held steady at 8% of covered workers in 2009 (Exhibit 5.1).
 - Enrollment in HDHP/SOs is higher among workers in small firms (3–199 workers) than large firms (200 or more workers) (13% vs. 6%) (Exhibit 5.2).
 - HDHP/SO enrollment is lower among workers in agriculture/mining/construction firms (5%) and transportation/communications/utilities firms (4%) than among workers in other industries (Exhibit 5.2).

EXHIBIT 5.1

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2008; 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.

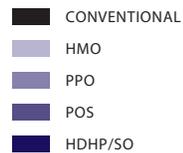


EXHIBIT 5.2

Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2009

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZE					
3–24 Workers	3%	16%	43%*	30%*	9%
25–49 Workers	2	20	45*	17	16*
50–199 Workers	2	15*	57	12	14*
200–999 Workers	1*	19	63	10	7
1,000–4,999 Workers	1	18	67*	5*	8
5,000 or More Workers	1	25*	64*	5*	5*
All Small Firms (3–199 Workers)	2%	16%*	49%*	19%*	13%*
All Large Firms (200 or More Workers)	1%	22%*	65%*	6%*	6%*
REGION					
Northeast	1%	24%	58%	11%	5%*
Midwest	2	10*	66*	9	14*
South	1	18	64*	10	7
West	2	31*	48*	11	8
INDUSTRY					
Agriculture/Mining/Construction	1%	17%	55%	23%*	5%*
Manufacturing	<1*	19	64	7*	9
Transportation/Communications/ Utilities	2	22	67	5*	4*
Wholesale	<1*	11*	64	14	11
Retail	1	17	56	15	11
Finance	1	20	59	8	12
Service	2	20	58	11	9
State/Local Government	2	26	59	6*	7
Health Care	1	23	59	8	8
ALL FIRMS	1%	20%	60%	10%	8%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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
2009 ANNUAL SURVEY

Worker and
Employer
Contributions
for Premiums

SECTION

6

WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

PREMIUM CONTRIBUTIONS BY COVERED WORKERS AVERAGED 17% FOR SINGLE COVERAGE AND 27% FOR FAMILY COVERAGE, SIMILAR TO THE PERCENTAGES REPORTED IN 2008 FOR BOTH SINGLE AND FAMILY COVERAGE.¹ THE AVERAGE MONTHLY WORKER CONTRIBUTIONS ARE \$65 FOR SINGLE COVERAGE AND \$293 FOR FAMILY COVERAGE.

- ▶ In 2009, covered workers on average contribute 17% of the premium for single coverage and 27% of the premium for family coverage (Exhibit 6.1). These percentages have remained stable over the last several years.
- ▶ The average monthly worker contributions for single and family coverage were similar to the amounts reported in 2008.
 - The average monthly worker contributions of \$65 for single coverage and \$293 for family coverage are statistically unchanged from the \$60 and \$280 reported in 2008 (Exhibit 6.2). However, since 1999, the average worker contribution has more than doubled for both single and family coverage. Annually, the average worker contribution is \$779 for single coverage and \$3,515 for family coverage (Exhibit 6.5).
 - Workers enrolled in HDHP/SOs contribute a lower amount annually than the overall average worker contribution for both single (\$540 compared to \$779) and family coverage (\$2,672 compared to \$3,515). Workers enrolled in POS plans contribute a larger amount annually (\$4,146) than the overall average worker contribution for family coverage (\$3,515) (Exhibit 6.5).
- ▶ Workers in small firms (3–199 workers) contribute an annual amount of \$625 for single coverage, which is significantly less than the \$854 contributed by workers in large firms (200 or more workers) (Exhibit 6.9). In contrast, workers in small firms with family coverage contribute significantly more annually than workers with family coverage in large firms (\$4,204 vs. \$3,182) (Exhibit 6.10).
- From 2008 to 2009, the average annual worker contribution for covered workers in large firms (200 or more workers) increased significantly from \$769 to \$854 for workers with single coverage (Exhibit 6.6). The average annual worker contribution remained stable from 2008 to 2009 for covered workers with single and family coverage in small firms (3–199 workers) (Exhibits 6.6 and 6.7).
- ▶ There is a great deal of variation above and below the average worker contribution to premiums for both single and family coverage.
 - Thirty-seven percent of covered workers contribute annually at least \$935 (120% of the average worker contribution) for single coverage, while 41% of covered workers have an annual worker contribution of less than \$623 (80% of the average worker contribution) (Exhibit 6.14).
 - For family coverage, 28% of covered workers contribute annually at least \$4,218 (120% of the average worker contribution), while 43% of covered workers have an annual worker contribution of less than \$2,812 (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 (Exhibit 6.15).
 - Eighteen percent of workers with single coverage and 6% 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.

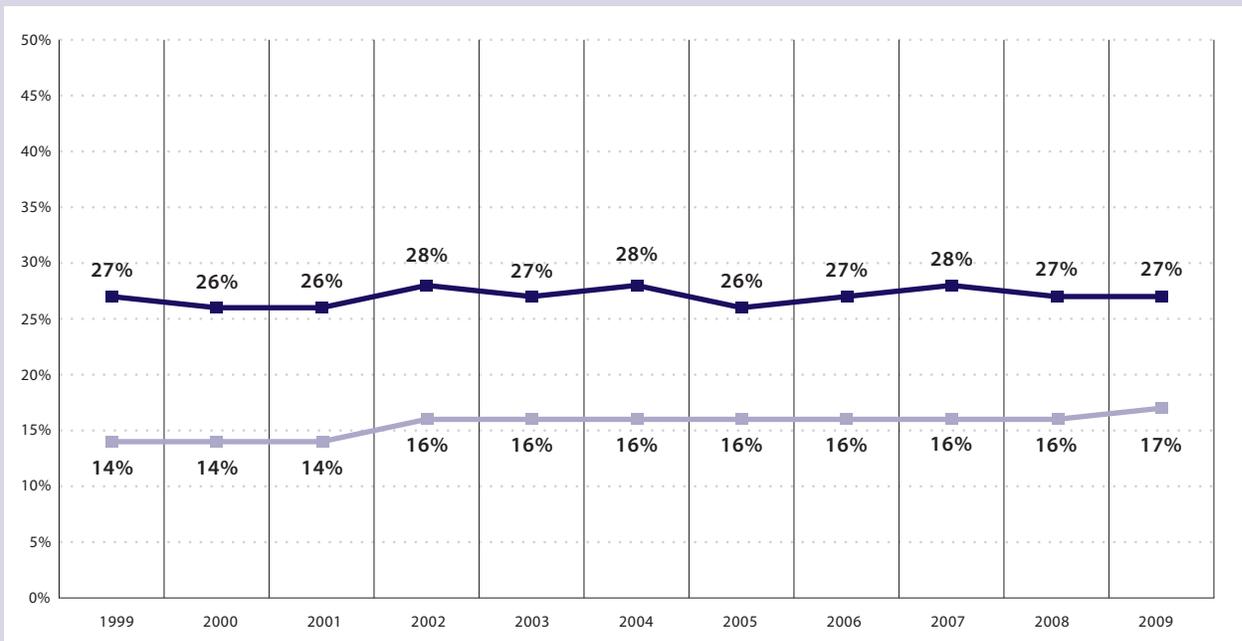
- Covered workers in small firms (3–199 workers) are more likely to work for a firm that pays 100% of the premium than workers in large firms (200 or more workers). In small firms, 39% of covered workers have an employer that pays the full premium for single coverage, compared to 8% of covered workers in large firms (Exhibit 6.16). For family coverage, 14% percent of covered workers in small firms have an employer that pays the full premium for family coverage, compared to 2% of covered workers in large firms (Exhibit 6.17).
 - Thirty percent of covered workers in small firms (3–199 workers) work in a firm where they must contribute more than 50% of the premium for family coverage, compared to 4% 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 that are partially or completely self-funded contribute a greater percentage of the premium than those in firms that are fully insured (18% vs. 15%) (Exhibit 6.18). This difference, however, largely reflects differences in worker contributions between small and large firms for single coverage more generally.
 - Workers with family coverage in firms that are partially or completely self-funded contribute a significantly lower percentage of the premium than those in firms that are fully insured (23% vs. 33%) (Exhibit 6.19).² Among large firms (200 or more workers) the difference between contributions for workers in self-insured plans compared to workers in fully insured plans is 23% compared to 27%.
 - For family coverage, workers in firms with a higher proportion of lower-wage workers (35% or more earn \$23,000 or less annually) contribute a greater percentage of the premium than those in firms with a lower proportion of lower-wage workers (fewer than 35% earn \$23,000 or less annually) (35% vs. 26%) (Exhibit 6.19).
 - Workers with family coverage in firms that have at least some union workers contribute a significantly lower percentage of the premium than those in firms without any union workers (21% vs. 30%) (Exhibit 6.19).
 - Workers with family coverage in firms that employ a younger workforce (35% or more workers are 26 years old or less) contribute a significantly higher percentage of the premium than those in firms that employ an older workforce (less than 35% of the workers are 26 years old or less) (33% vs. 27%) (Exhibit 6.19).

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, 1999–2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

— FAMILY COVERAGE
— SINGLE COVERAGE

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

EXHIBIT 6.2

Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999–2009



SOURCE:

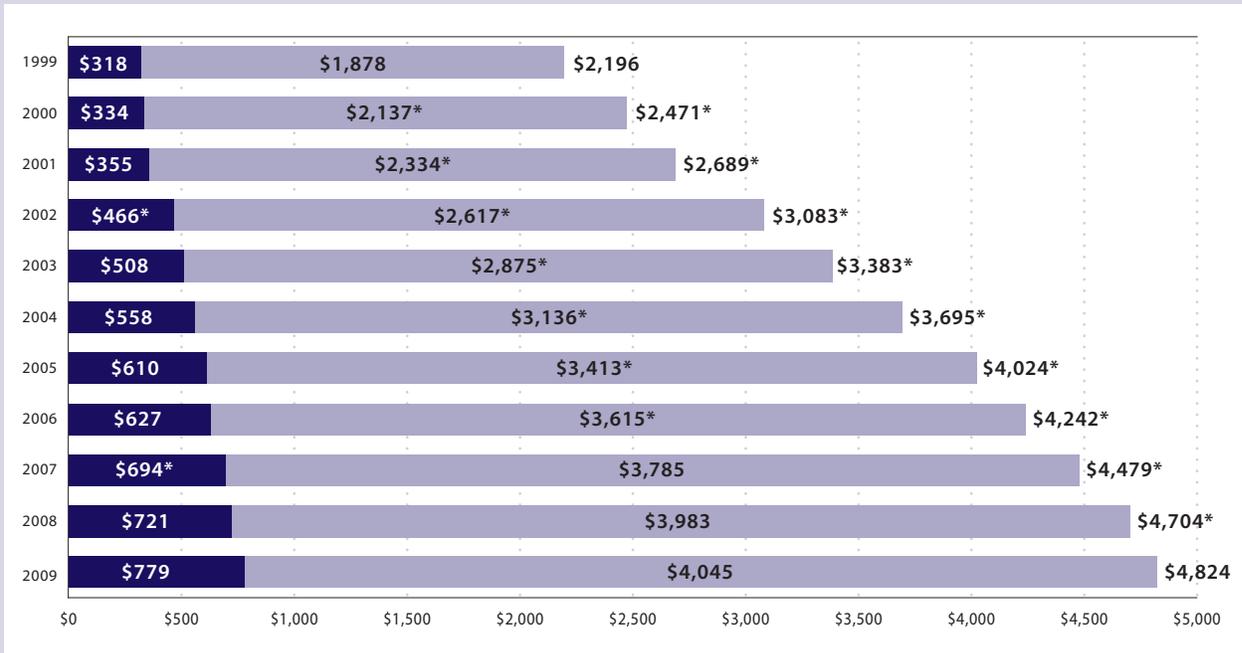
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 1999–2009



SOURCE:

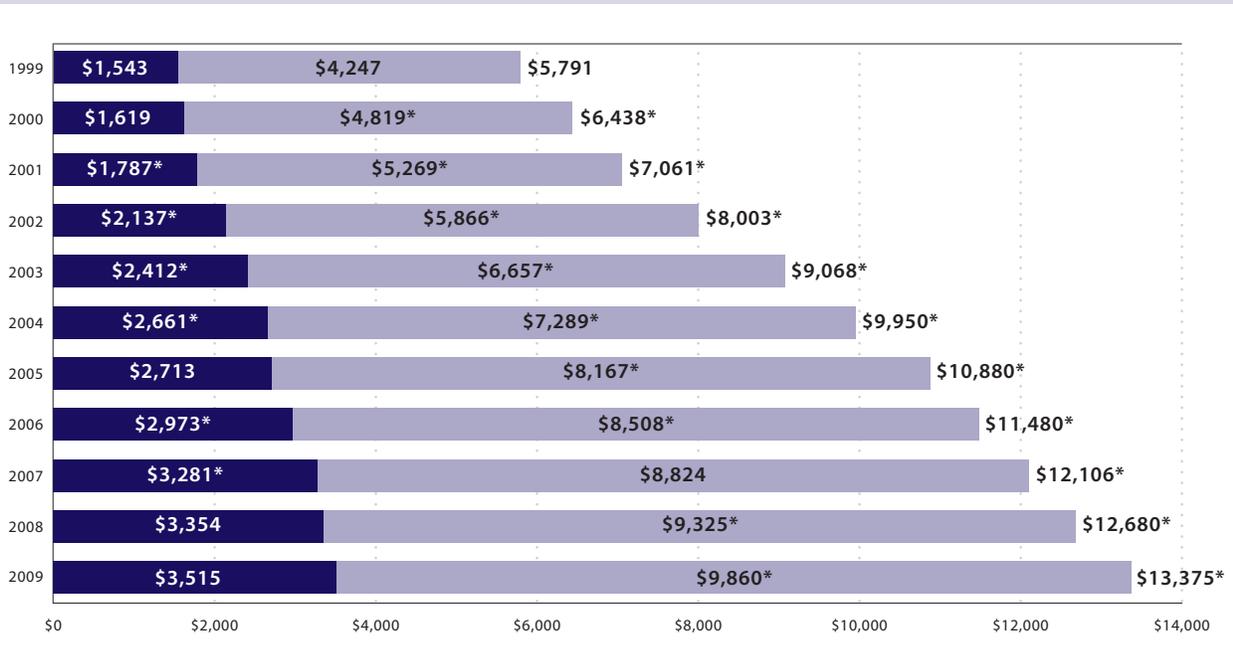
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

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, 1999–2009



SOURCE:

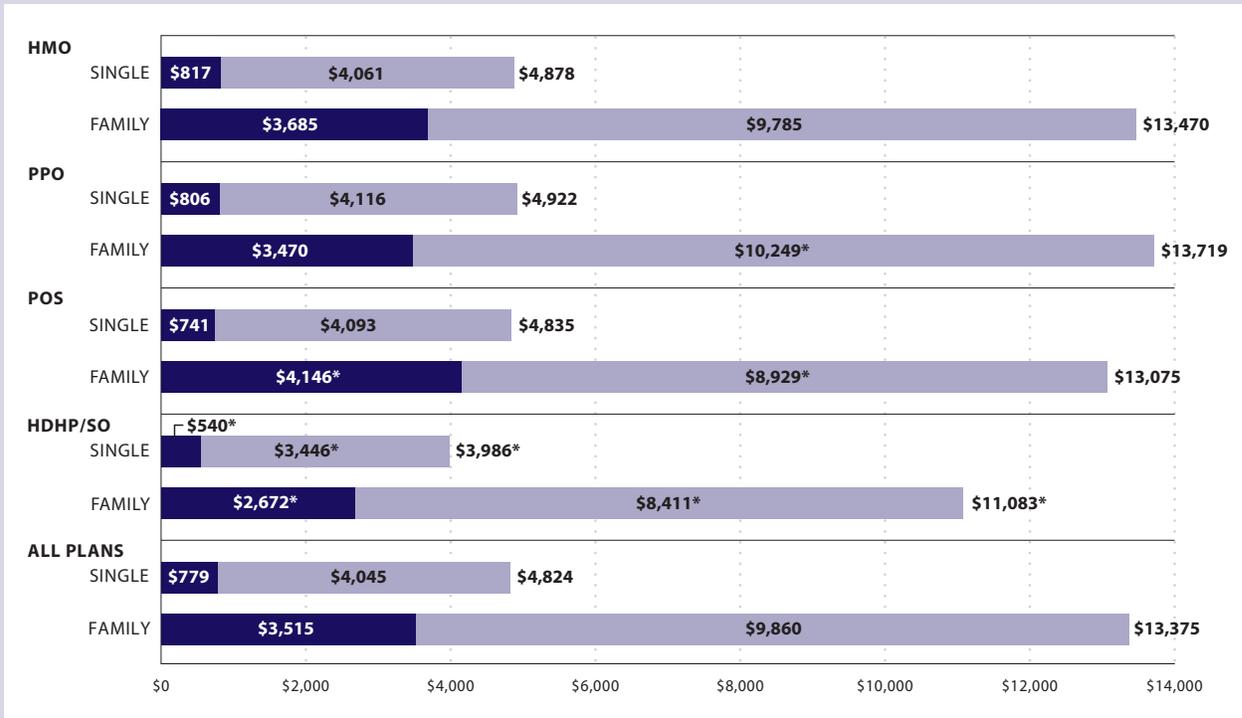
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009



SOURCE:

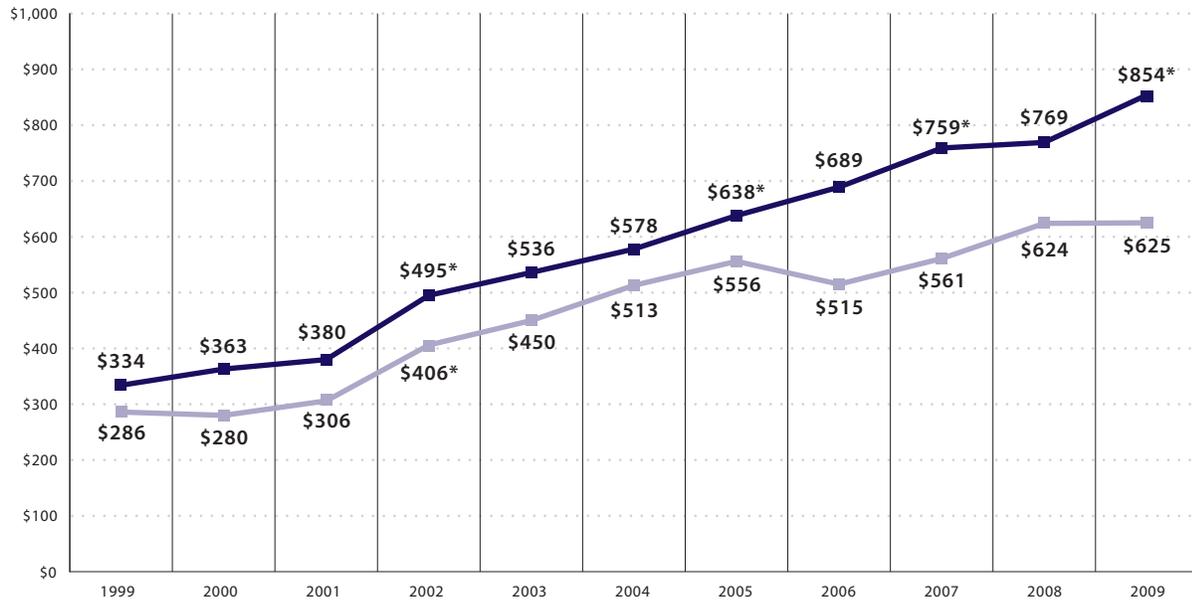
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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, 1999–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 1999–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 1999–2009

	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*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$714	\$3,828	\$4,542
All Large Firms (200 or More Workers)	\$855	\$4,148	\$5,003
PPO			
All Small Firms (3–199 Workers)	\$619*	\$4,329*	\$4,948
All Large Firms (200 or More Workers)	\$878*	\$4,035*	\$4,913
POS			
All Small Firms (3–199 Workers)	\$677	\$4,146	\$4,824
All Large Firms (200 or More Workers)	\$845	\$4,007	\$4,853
HDHP/SO			
All Small Firms (3–199 Workers)	\$457*	\$3,420	\$3,877
All Large Firms (200 or More Workers)	\$622*	\$3,472	\$4,094
ALL PLANS			
All Small Firms (3–199 Workers)	\$625*	\$4,092	\$4,717
All Large Firms (200 or More Workers)	\$854*	\$4,022	\$4,876

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$5,039*	\$7,216*	\$12,256*
All Large Firms (200 or More Workers)	\$3,214*	\$10,679*	\$13,893*
PPO			
All Small Firms (3–199 Workers)	\$4,100*	\$9,292*	\$13,392
All Large Firms (200 or More Workers)	\$3,231*	\$10,613*	\$13,844
POS			
All Small Firms (3–199 Workers)	\$4,647*	\$8,200*	\$12,847
All Large Firms (200 or More Workers)	\$3,348*	\$10,091*	\$13,439
HDHP/SO			
All Small Firms (3–199 Workers)	\$2,920	\$7,339*	\$10,259*
All Large Firms (200 or More Workers)	\$2,430	\$9,455*	\$11,885*
ALL PLANS			
All Small Firms (3–199 Workers)	\$4,204*	\$8,493*	\$12,696*
All Large Firms (200 or More Workers)	\$3,182*	\$10,522*	\$13,704*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$59	\$420*	\$714	\$5,039*
All Large Firms (200 or More Workers)	71	268*	855	3,214*
ALL FIRM SIZES	\$68	\$307	\$817	\$3,685
PPO				
All Small Firms (3–199 Workers)	\$52*	\$342*	\$619*	\$4,100*
All Large Firms (200 or More Workers)	73*	269*	878*	3,231*
ALL FIRM SIZES	\$67	\$289	\$806	\$3,470
POS				
All Small Firms (3–199 Workers)	\$56	\$387*	\$677	\$4,647*
All Large Firms (200 or More Workers)	70	279*	845	3,348*
ALL FIRM SIZES	\$62	\$346	\$741	\$4,146
HDHP/SO				
All Small Firms (3–199 Workers)	\$38*	\$243	\$457*	\$2,920
All Large Firms (200 or More Workers)	52*	202	622*	2,430
ALL FIRM SIZES	\$45	\$223	\$540	\$2,672
ALL PLANS				
All Small Firms (3–199 Workers)	\$52*	\$350*	\$625*	\$4,204*
All Large Firms (200 or More Workers)	71*	265*	854*	3,182*
ALL FIRM SIZES	\$65	\$293	\$779	\$3,515

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$87*	\$283	\$1,043*	\$3,390
Midwest	66	262	796	3,142
South	66	318	795	3,822
West	57	329	685	3,950
ALL REGIONS	\$68	\$307	\$817	\$3,685
PPO				
Northeast	\$78*	\$277	\$941*	\$3,319
Midwest	71	278	847	3,330
South	63	300	751	3,596
West	61	296	728	3,550
ALL REGIONS	\$67	\$289	\$806	\$3,470
POS				
Northeast	\$79	\$334	\$946	\$4,007
Midwest	65	272*	777	3,262*
South	58	382	698	4,588
West	49	358	591	4,296
ALL REGIONS	\$62	\$346	\$741	\$4,146
HDHP/SO				
Northeast	\$47	\$227	\$559	\$2,730
Midwest	49	198	588	2,375
South	51	250	606	2,999
West	30*	223	354*	2,681
ALL REGIONS	\$45	\$223	\$540	\$2,672
ALL PLANS				
Northeast	\$79*	\$282	\$946*	\$3,381
Midwest	67	264*	799	3,174*
South	62	308	743	3,699
West	56*	307	667*	3,682
ALL REGIONS	\$65	\$293	\$779	\$3,515

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

Single Coverage		Family Coverage	
Premium Range, Dollar Amount	Percent Covered Workers in Range	Premium Range, Dollar Amount	Percent Covered Workers in Range
Less than \$623	41%	Less than \$2,812	43%
\$623 to <\$779	11%	\$2,812 to <\$3,515	15%
\$779 to <\$935	11%	\$3,515 to <\$4,218	13%
\$935 or More	37%	\$4,218 or More	28%

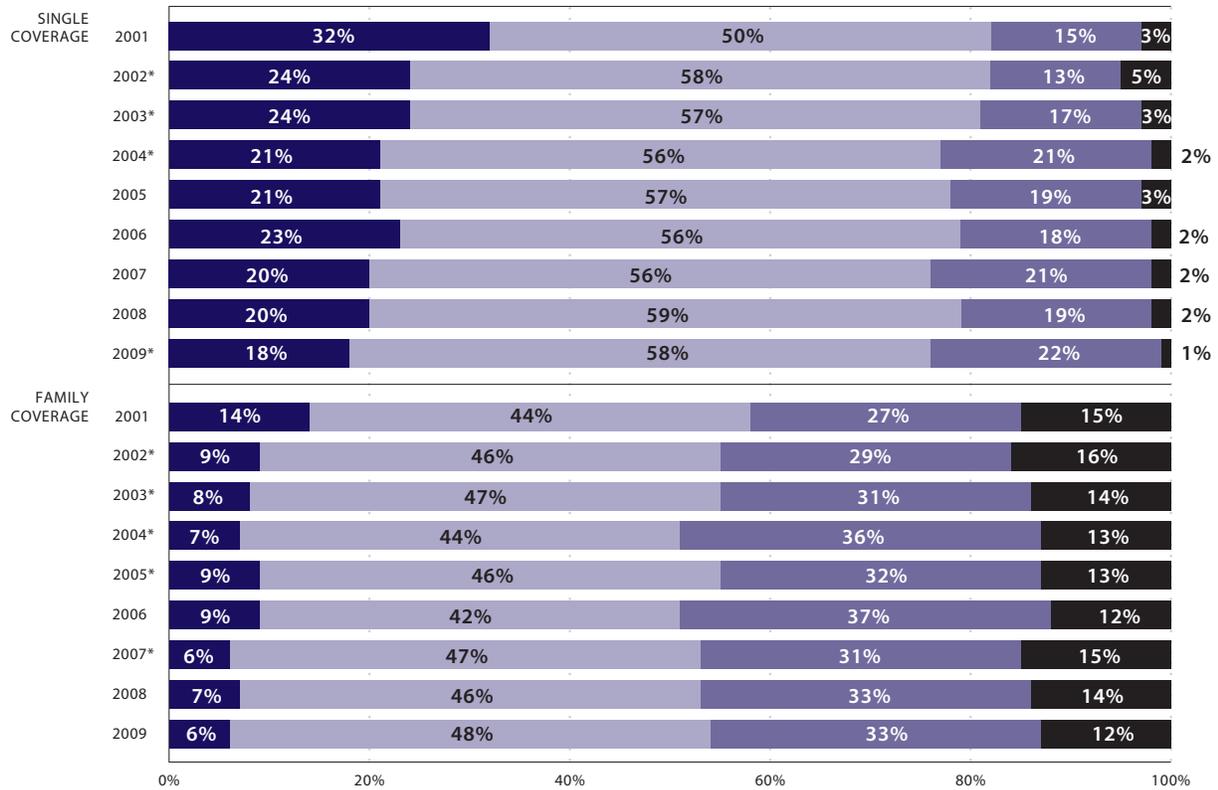
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The average annual worker contribution is \$779 for single coverage and \$3,515 for family coverage. The worker contribution distribution is relative to the average single or family worker contribution. For example, \$623 is 80% of the average single worker contribution and \$935 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, 2001–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2009.

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

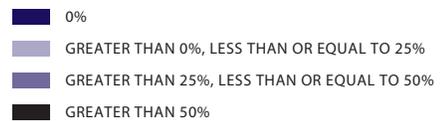
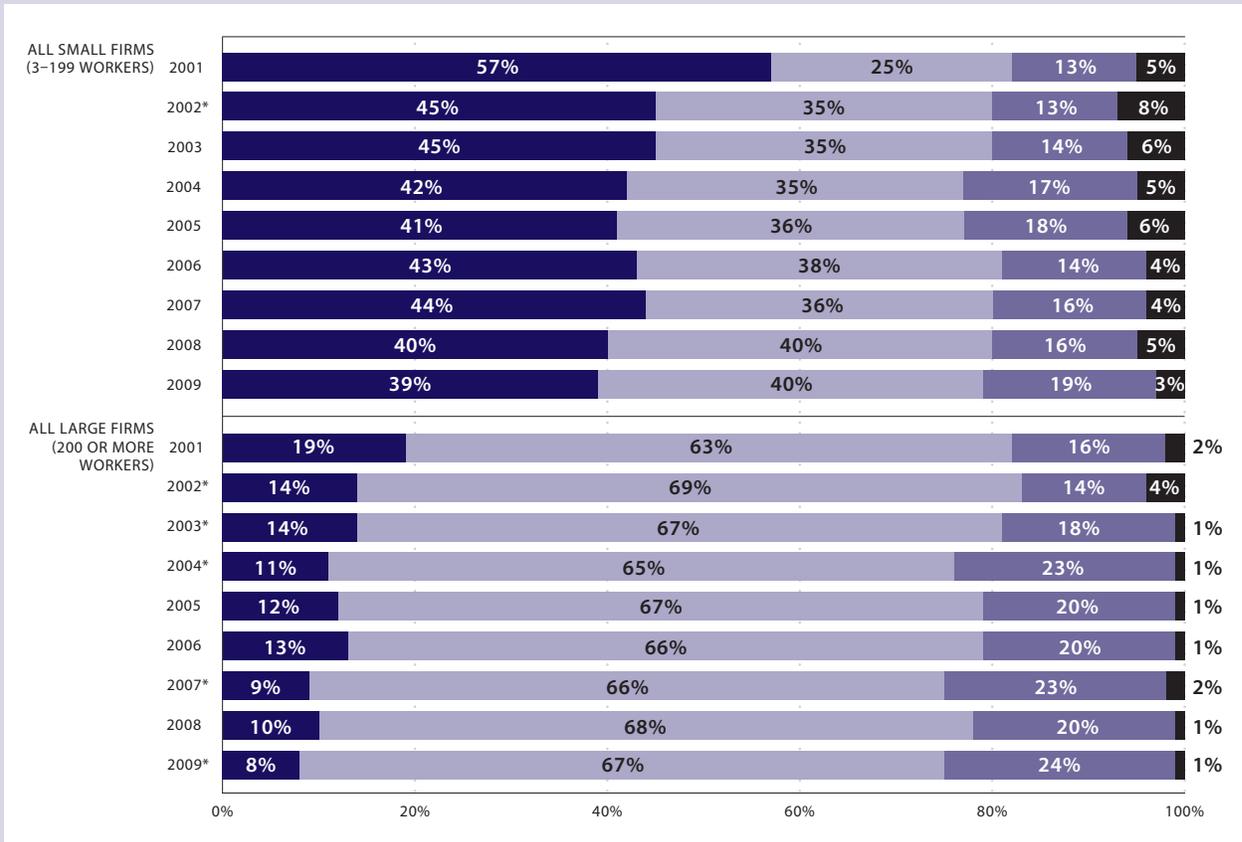


EXHIBIT 6.16

Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2001–2009



SOURCE:

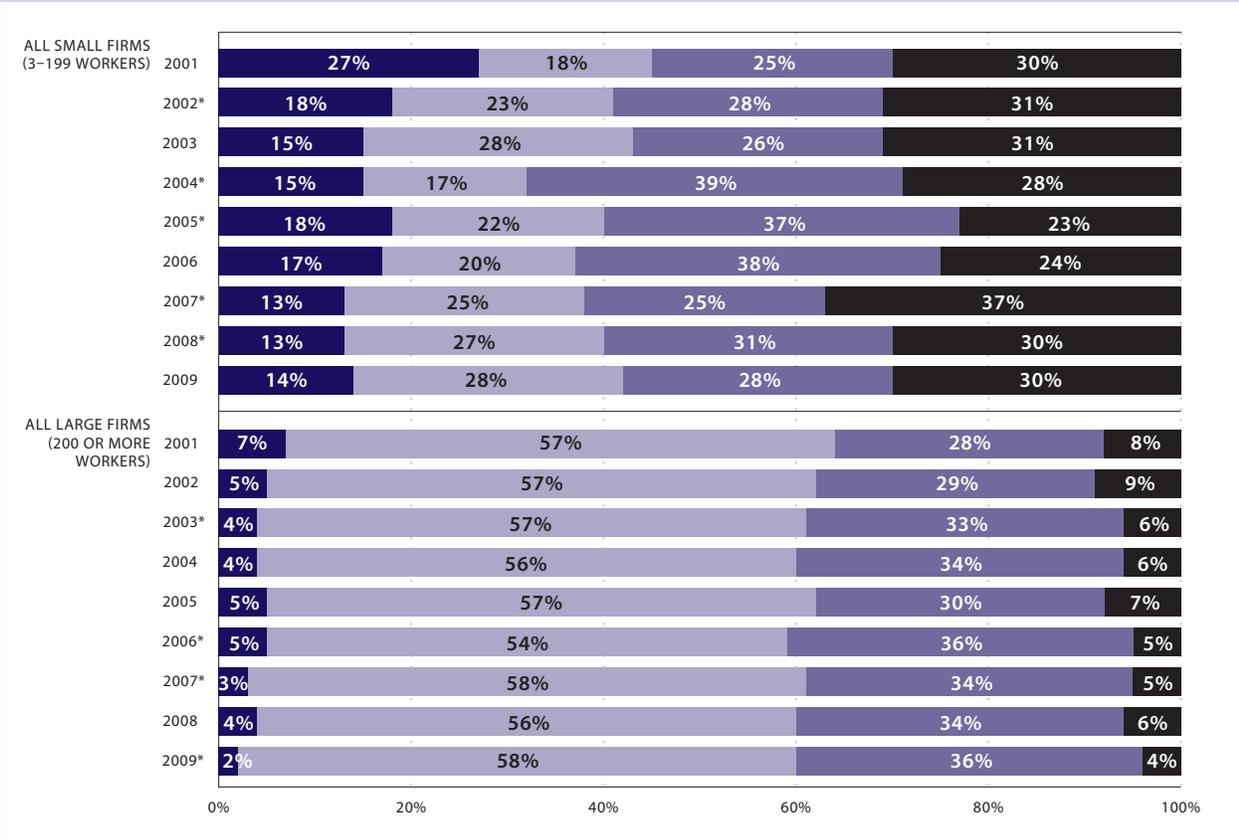
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2009.

* 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, 2001–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2009.

* 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

Average Percentage of Premiums Paid by Covered Workers for Single Coverage, by Firm Characteristics, 2009

	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%*	18%	16%*
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	20%*	19%	20%*
Unions			
Firm Has At Least Some Union Workers	8%*	17%	16%
Firm Does Not Have Any Union Workers	15%*	19%	17%
Age			
Less Than 35% of Workers Are 26 Years Old or Less	14%	18%	17%
35% or More Workers Are 26 Years Old or Less	15%	21%	19%
Funding Arrangement			
Fully Insured	14%	18%	15%*
Self-Funded	15%	18%	18%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 6.19

Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics, 2009

	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)	33%*	23%*	26%*
Many Workers are Lower-Wage (35% or More Earn \$23,000 a Year or Less)	46%*	29%*	35%*
Unions			
Firm Has At Least Some Union Workers	26%	21%*	21%*
Firm Does Not Have Any Union Workers	35%	26%*	30%*
Age			
Less Than 35% of Workers Are 26 Years Old or Less	34%	23%*	27%*
35% or More Workers Are 26 Years Old or Less	41%	29%*	33%*
Funding Arrangement			
Fully Insured	36%	27%*	33%*
Self-Funded	29%	23%*	23%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 Single and Family Coverage, by Plan Type and Firm Size, 2009

	Single Coverage	Family Coverage
HMO		
All Small Firms (3–199 Workers)	18%	42%*
All Large Firms (200 or More Workers)	18	23*
ALL FIRM SIZES	18%	28%
PPO		
All Small Firms (3–199 Workers)	13%*	33%*
All Large Firms (200 or More Workers)	19*	24*
ALL FIRM SIZES	17%	26%
POS		
All Small Firms (3–199 Workers)	15%	36%*
All Large Firms (200 or More Workers)	18	25*
ALL FIRM SIZES	16%	32%
HDHP/SO		
All Small Firms (3–199 Workers)	12%	28%*
All Large Firms (200 or More Workers)	15	21*
ALL FIRM SIZES	14%	25%
ALL PLANS		
All Small Firms (3–199 Workers)	14%*	35%*
All Large Firms (200 or More Workers)	18*	24*
ALL FIRM SIZES	17%	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 6.21

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

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

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

EXHIBIT 6.22

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2009

	Single Coverage	Family Coverage
HMO		
Northeast	21%*	25%
Midwest	17	23*
South	17	29
West	16	33
ALL REGIONS	18%	28%
PPO		
Northeast	19%	23%*
Midwest	18	25
South	16	28
West	16	28
ALL REGIONS	17%	26%
POS		
Northeast	20%	30%
Midwest	17	26
South	15	37
West	14	31
ALL REGIONS	16%	32%
HDHP/SO		
Northeast	14%	27%
Midwest	15	21
South	15	26
West	9*	26
ALL REGIONS	14%	25%
ALL PLANS		
Northeast	19%*	25%*
Midwest	17	24*
South	16	29
West	15	30
ALL REGIONS	17%	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 6.23

Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2009

	Single Coverage	Family Coverage
HMO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	18%	28%
Transportation/Communications/Utilities	15	21
Wholesale	NSD	NSD
Retail	24	49*
Finance	19	29
Service	17	31
State/Local Government	11*	19*
Health Care	14	20*
ALL INDUSTRIES	18%	28%
PPO		
Agriculture/Mining/Construction	18%	31%
Manufacturing	19	24
Transportation/Communications/Utilities	16	20*
Wholesale	24*	32*
Retail	21	32*
Finance	20	27
Service	16	27
State/Local Government	11*	23
Health Care	13*	24
ALL INDUSTRIES	17%	26%
POS		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	16%	26%
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	13	31
State/Local Government	NSD	NSD
Health Care	13	38
ALL INDUSTRIES	16%	32%

Continued on next page

EXHIBIT 6.23 *Continued from previous page*

Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2009

	Single Coverage	Family Coverage
HDHP/SO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	18%	21%
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	10	22
Service	12	26
State/Local Government	NSD	NSD
Health Care	11	30
ALL INDUSTRIES	14%	25%
ALL PLANS		
Agriculture/Mining/Construction	19%	33%
Manufacturing	19	25
Transportation/Communications/Utilities	16	20*
Wholesale	23*	31
Retail	22*	36*
Finance	18	27
Service	16	28
State/Local Government	10*	21*
Health Care	13*	25
ALL INDUSTRIES	17%	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

NSD: Not Sufficient Data.

EMPLOYER HEALTH BENEFITS
2009 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 MUST PAY HIGHER DEDUCTIBLES, COPAYMENTS, OR COINSURANCE, AND MAY BE RESPONSIBLE FOR CHARGES THAT EXCEED PLAN ALLOWABLE AMOUNTS. WE ALSO WOULD NOTE THAT WE DO NOT COLLECT INFORMATION ON ALL OF THE PLAN PROVISIONS AND LIMITS THAT AFFECT ENROLLEE OUT-OF-POCKET LIABILITY. ALTHOUGH WE HAVE INCREASED THE NUMBER OF SURVEY QUESTIONS ABOUT COST-SHARING LIABILITY, WE CANNOT REASONABLY WITH THE FRAMEWORK OF THIS SURVEY CAPTURE ALL OF THE COMPLEX COST-SHARING REQUIREMENTS IN MODERN PLANS, PARTICULARLY THOSE FOR ANCILLARY SERVICES (SUCH AS DURABLE MEDICAL EQUIPMENT OR PHYSICAL THERAPY) OR THAT VARY ACROSS DIFFERENT SETTINGS (SUCH AS TIERED NETWORKS).

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. Eighty-four percent of workers in HMOs with single coverage do not have a general annual deductible, compared to 38% of workers in POS plans and 26% of workers in PPOs (Exhibit 7.1). The percentages are similar for family coverage. There has been no change in the percentage of workers without a general annual deductible since 2008; however, for POS plans, since 2007, the percentage of workers without a deductible decreased from 52% to 38% for workers with single coverage.
 - 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, 68% of workers in HMOs, 71% of workers in POS plans, and 66% of workers in PPOs are in plans that require cost sharing for hospital admissions (Exhibit 7.2). The percentages are similar for family coverage.
- ▶ Deductibles vary greatly by plan type and firm size. For most plan types, the deductible levels for single and family coverage are similar to the amounts reported in 2008.
 - From 2008 to 2009, the average annual deductible for workers in HMOs increased from \$503 to \$699 for single coverage (Exhibit 7.5) and from \$1,053 to \$1,524 for family coverage (Exhibit 7.12). For each of the other plan types, there is no statistically significant increase from 2008 to 2009 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 in 2006 to \$634 in 2009 for single coverage (Exhibit 7.5) and, for aggregate family deductibles, from \$1,034 in 2006 to \$1,488 in 2009 (Exhibit 7.12).

- For PPOs, POS plans, and HDHP/SOs, the average annual deductibles among those workers with a deductible for single coverage are \$634, \$1,061, and \$1,838, respectively (Exhibit 7.5).
 - Deductibles are generally higher for covered workers in plans sponsored by small firms (3–199 workers) than covered workers in large firms (200 or more workers) (Exhibit 7.3).
 - 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 62% for PPOs to 89% for HDHP/SOs.
 - The average amounts for workers with an aggregate deductible for family coverage are \$1,524 for HMOs, \$1,488 for PPOs, \$2,191 for POS plans, and \$3,626 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 \$686 for HMOs, \$633 for PPOs, \$1,050 for POS plans, and \$2,091 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). 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 two for HMOs, POS plans, and HDHP/SOs.
- ▶ The percentage of workers with deductibles of \$1,000 or more for single coverage continues to increase.
 - From 2006 to 2009, the percentage of covered workers with a deductible of \$1,000 or more for single coverage has more than doubled, from 10% to 22%. 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) (40% vs. 13%) (Exhibit 7.6). In the past year, for workers in large firms, the percentage has grown from 9% in 2008 to 13% in 2009, while there has been no significant increase in the percentage of workers in small firms with high deductibles (Exhibit 7.7).
 - ▶ 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 three-quarters of covered workers with general plan deductibles in PPOs and POS plans and over four-fifths in HMOs are enrolled in plans where the deductible does not have to be met before physician office visits for primary care are covered and about 90% of covered workers in HMOs, PPOs, POS plans, and HDHP/SOs do not have to meet the deductible before preventive care is covered (Exhibit 7.16).
 - Similarly, among workers with a general annual deductible, almost 90% of covered workers in HMOs and about 90% of workers in PPOs and POS plans 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 is in addition to any general annual plan deductible. However, for 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. 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-one 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 (8%), while 22% have no cost sharing for hospital admissions. For hospital admissions, the average coinsurance rate is 18%, the average copayment is \$234 per hospital admission, the average per diem charge is \$179, and the average separate hospital deductible is \$862 (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-three 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 6% have both copayments and coinsurance, while 24% 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 19%, the average copayment is \$110, and the average separate annual outpatient surgery deductible is \$500 (Exhibit 7.19).

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.¹
 - The most common form of physician office visit cost sharing for in-network services is copayments. Seventy-seven percent of covered workers have a copayment for a physician office visit and 14% have coinsurance. Workers in HMOs, PPOs, and POS plans are much more likely to have copayments than workers in HDHP/SOs (Exhibit 7.20). The majority of workers in HDHP/SOs have coinsurance (44%) or no cost sharing (39%) for 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 \$20 for primary care and \$28 for specialty physicians (Exhibit 7.21). In 2008, the average copayments were \$19 for primary care and \$26 for specialty care. While the increases between 2008 and 2009 are small, they are statistically significant. Fifty-six percent of covered workers have a copayment of \$15 or \$20 for a primary care office visit (Exhibit 7.22). For specialty care office visits, 32% of covered workers have copayments of \$20 or \$25 (Exhibit 7.23).
 - Fourteen percent of covered workers pay coinsurance and an additional 4% of covered workers have both a copay and coinsurance, or either copayments or coinsurance, whichever is greater (Exhibit 7.20). The average coinsurance rate for a visit with a primary care physician is 18% (Exhibit 7.21).

NOTE:

¹ In 2009, the survey includes cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing.

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.
- ▶ Nineteen percent of covered workers enrolled in single or family coverage are in a plan that does not limit the amount of cost sharing enrollees have to pay (Exhibit 7.26).
 - Covered workers in HMOs are more likely to be enrolled in a plan that does not limit the amount of cost sharing (41%) than workers in PPOs (14%) or POS plans (19%) (Exhibit 7.26). The percentage of workers without an out-of-pocket maximum has not statistically changed in the past year.
 - Covered workers without an out-of-pocket maximum, however, may not have large cost-sharing responsibilities. For example, 94% of covered workers in HMOs with no out-of-pocket maximum for single coverage have no general annual deductible, and less than 1% have coinsurance for a hospital admission or for each outpatient surgery episode.
 - HSA-qualified HDHPs are required by law to have an out-of-pocket maximum of no more than \$5,800 for single coverage and \$11,600 for family coverage in 2009. HDHP/HRAs have no such requirement, and among workers enrolled in these plans, 10% 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.
 - Forty-two percent of workers with an out-of-pocket maximum for single coverage have an out-of-pocket maximum of less than \$2,000, while 26% have an out-of-pocket maximum of \$3,000 or more (Exhibit 7.28).
 - 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, 39% have an out-of-pocket maximum of less than \$4,000 (Exhibit 7.30). Among workers with separate per-person out-of-pocket limits for family coverage, 90% have out-of-pocket maximums of less than \$4,000 (Exhibit 7.31).
- ▶ 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 spending.
 - Among workers enrolled in PPO plans with an out-of-pocket maximum for single or family coverage, 34% are in plans that do not count spending for the general annual deductible toward the out-of-pocket limit (Exhibit 7.27).
 - 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. For example, 85% of workers in PPOs and 78% in HMOs are in plans that do not count prescription drug spending towards the out-of-pocket maximum (Exhibit 7.27).

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, 2009

	Single Coverage	Family Coverage
HMO		
200–999 Workers	82%	82%
1,000–4,999 Workers	85	85
5,000 or More Workers	91*	91*
All Small Firms (3–199 Workers)	73%*	71%*
All Large Firms (200 or More Workers)	88%*	88%*
ALL FIRM SIZES	84%	84%
PPO		
200–999 Workers	27%	27%
1,000–4,999 Workers	30	30
5,000 or More Workers	24	24
All Small Firms (3–199 Workers)	26%	26%
All Large Firms (200 or More Workers)	26%	26%
ALL FIRM SIZES	26%	26%
POS		
200–999 Workers	40%	40%
1,000–4,999 Workers	70*	70*
5,000 or More Workers	31	31
All Small Firms (3–199 Workers)	37%	37%
All Large Firms (200 or More Workers)	42%	41%
ALL FIRM SIZES	38%	39%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 2009 is \$1,150 for single coverage and \$2,300 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, 2009[‡]

	Single Coverage	Family Coverage
Separate Cost Sharing for a Hospital Admission		
HMO	68%	67%
PPO	66	66
POS	71	71
Separate Cost Sharing for an Outpatient Surgery Episode		
HMO	63%	62%
PPO	65	65
POS	75	75

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

[‡] 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 2009 is \$1,150 for single coverage and \$2,300 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, 2009

	Single Coverage
HMO	
All Small Firms (3–199 Workers)	\$900*
All Large Firms (200 or More Workers)	528*
ALL FIRM SIZES	\$699
PPO	
All Small Firms (3–199 Workers)	\$1,040*
All Large Firms (200 or More Workers)	478*
ALL FIRM SIZES	\$634
POS	
All Small Firms (3–199 Workers)	\$1,268
All Large Firms (200 or More Workers)	695
ALL FIRM SIZES	\$1,061
HDHP/SO	
All Small Firms (3–199 Workers)	\$2,037*
All Large Firms (200 or More Workers)	1,642*
ALL FIRM SIZES	\$1,838

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Single Coverage
HMO	
Northeast	NSD
Midwest	NSD
South	\$741
West	NSD
ALL REGIONS	\$699
PPO	
Northeast	\$464*
Midwest	609
South	673
West	736
ALL REGIONS	\$634
POS	
Northeast	NSD
Midwest	\$974
South	878
West	1,340
ALL REGIONS	\$1,061
HDHP/SO	
Northeast	\$1,936
Midwest	1,911
South	1,732
West	1,807
ALL REGIONS	\$1,838

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

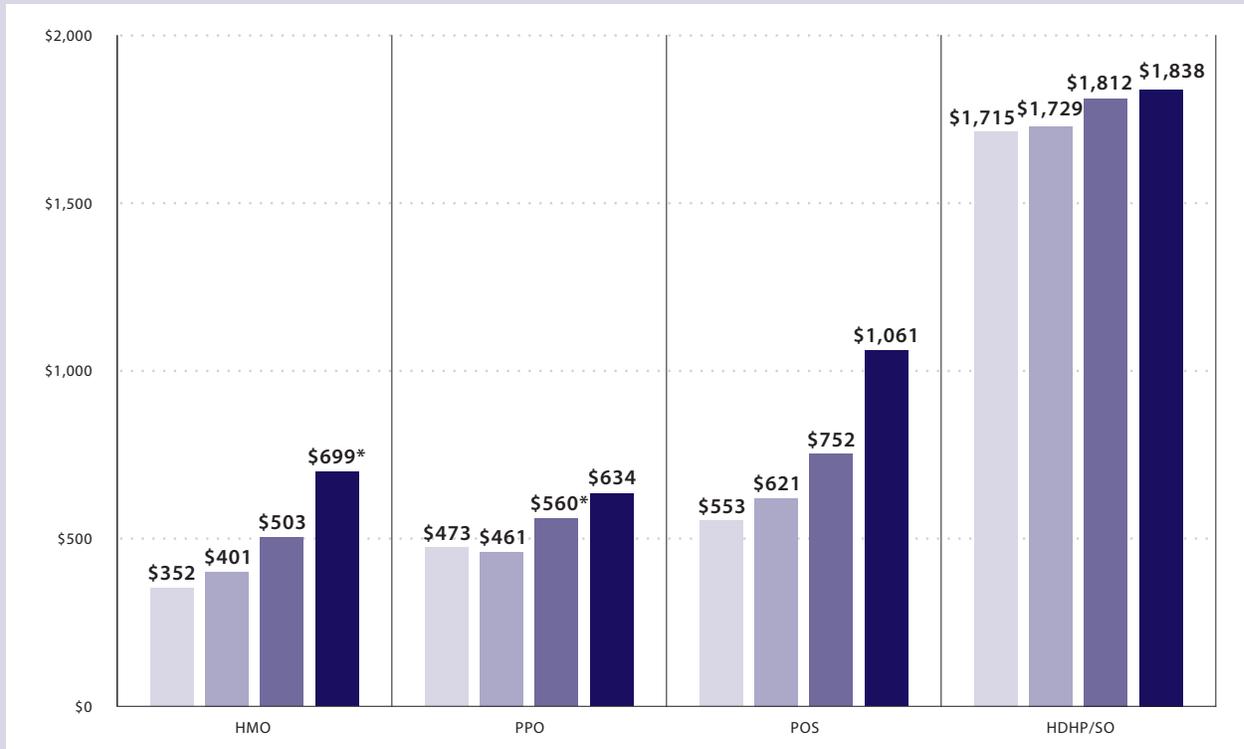
* Estimate is statistically different from estimate for all other firms not in the indicated region ($p < .05$).

NSD: Not Sufficient Data.

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

EXHIBIT 7.5

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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.

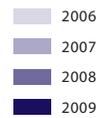
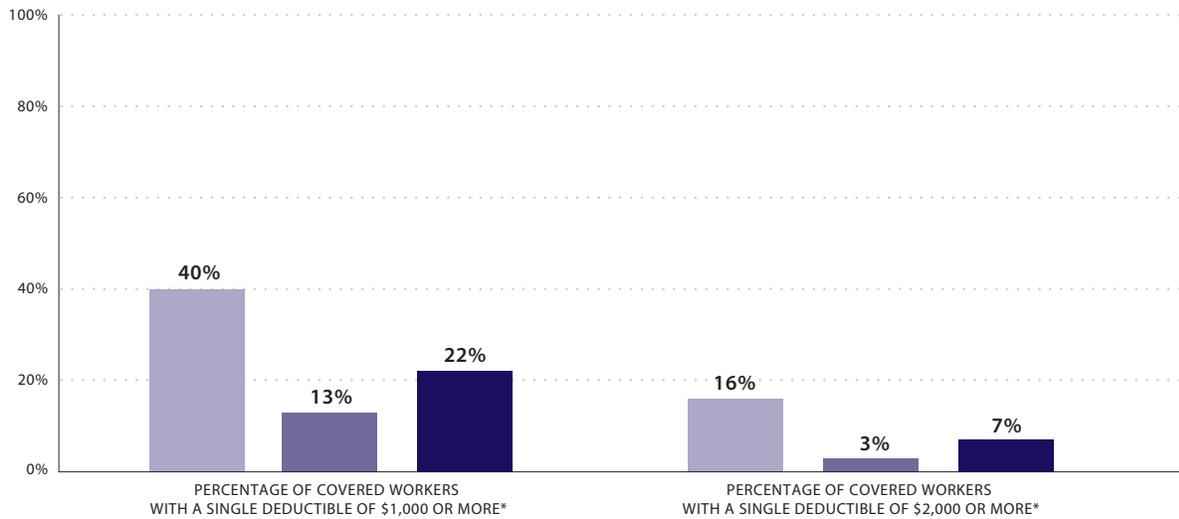


EXHIBIT 7.6

Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, By Firm Size, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

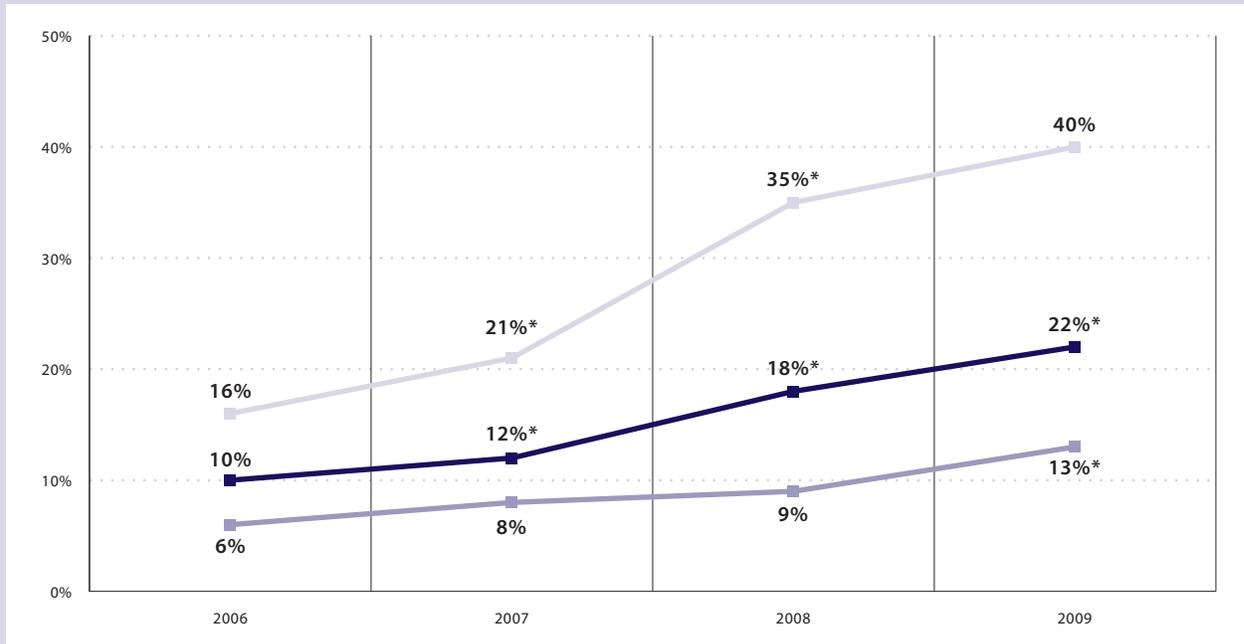
* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

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, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

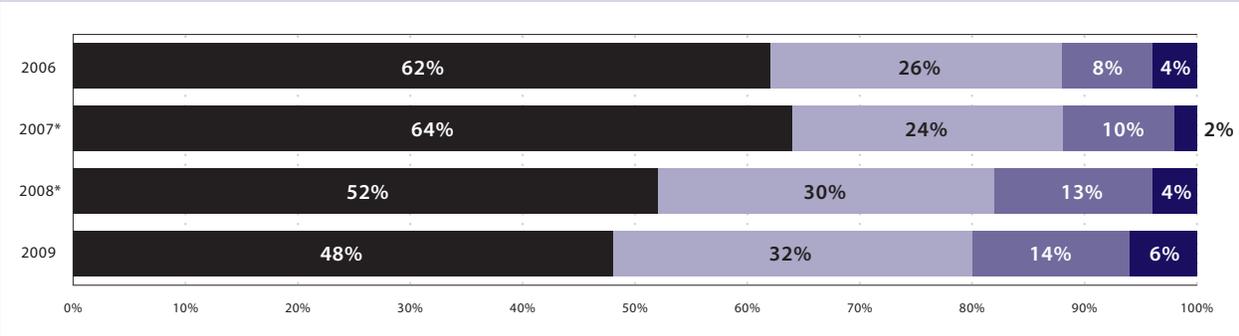
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

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

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

EXHIBIT 7.8

Among Covered Workers With a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

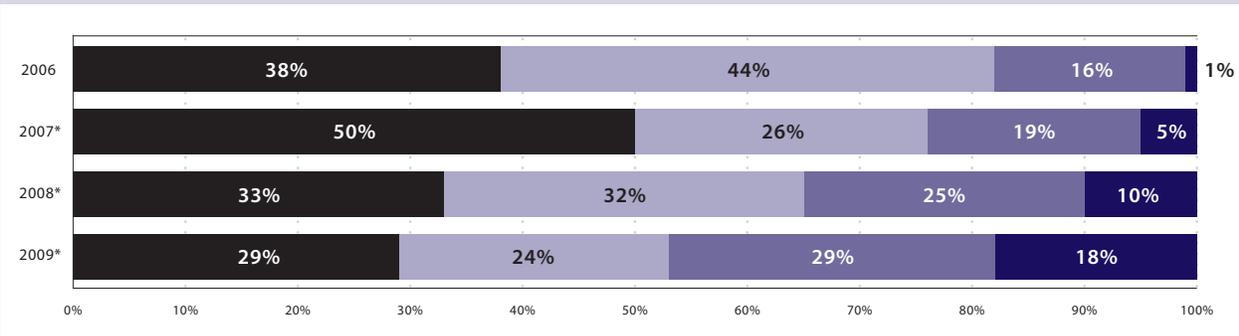
* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

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, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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, 2009

	No Deductible	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)*	71%	25%	3%
All Large Firms (200 or More Workers)*	88	7	4
ALL FIRM SIZES	84%	12%	4%
PPO			
All Small Firms (3–199 Workers)	26%	45%	29%
All Large Firms (200 or More Workers)	26	46	28
ALL FIRM SIZES	26%	46%	28%
POS			
All Small Firms (3–199 Workers)	37%	44%	19%
All Large Firms (200 or More Workers)	41	32	26
ALL FIRM SIZES	39%	39%	22%
HDHP/SO			
All Small Firms (3–199 Workers)	NA	85%	15%
All Large Firms (200 or More Workers)	NA	92	8
ALL FIRM SIZES	NA	89%	11%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Distributions are statistically different between 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 2009 is \$1,150 for single coverage and \$2,300 for family coverage.

Note: The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. Among workers with a general annual deductible, 74% of workers in HMOs have an aggregate deductible, 62% in PPOs have an aggregate deductible, and 64% 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, 2009

	Aggregate Amount	Separate Amount per Person
HMO		
All Small Firms (3–199 Workers)	NSD	NSD
All Large Firms (200 or More Workers)	\$1,089	\$600
ALL FIRM SIZES	\$1,524	\$686
PPO		
All Small Firms (3–199 Workers)	\$2,596*	\$904*
All Large Firms (200 or More Workers)	1,077*	527*
ALL FIRM SIZES	\$1,488	\$633
POS		
All Small Firms (3–199 Workers)	\$2,566*	NSD
All Large Firms (200 or More Workers)	1,387*	\$841
ALL FIRM SIZES	\$2,191	\$1,050
HDHP/SO		
All Small Firms (3–199 Workers)	\$4,037*	NSD
All Large Firms (200 or More Workers)	3,258*	\$1,973
ALL FIRM SIZES	\$3,626	\$2,091

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

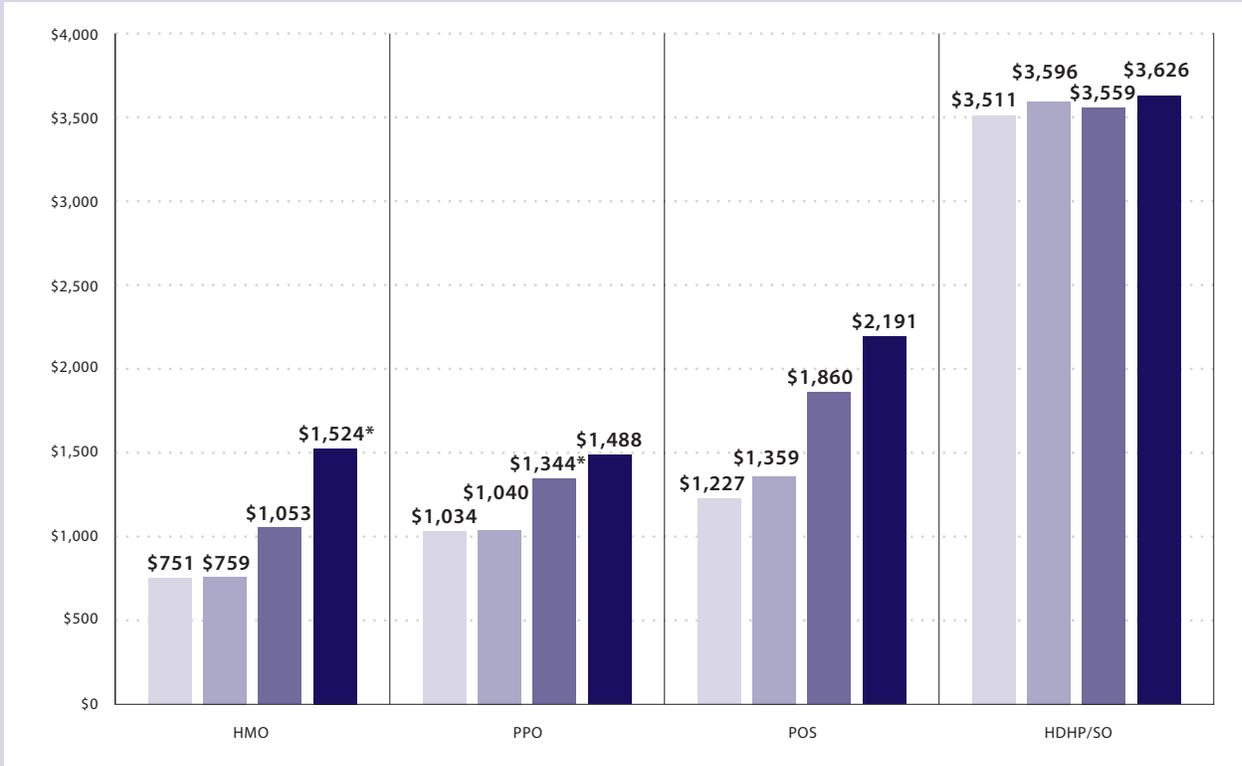
* Estimates are statistically different within plan and deductible type between All Small Firms and All Large Firms ($p < .05$).

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, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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.

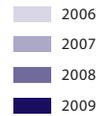


EXHIBIT 7.13

Among Covered Workers With a General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type and Deductible Type, 2009

	\$1-\$499	\$500-\$999	\$1,000-\$1,999	\$2,000 or More
HMO				
Aggregate Amount	7%	22%	33%	38%
Separate Amount	46%	13%	36%	5%
PPO				
Aggregate Amount	12%	30%	35%	23%
Separate Amount	46%	34%	12%	8%
POS				
Aggregate Amount	3%	18%	30%	49%
Separate Amount	43%	12%	15%	30%
HDHP/SO[‡]				
Aggregate Amount	0%	0%	0%	100%
Separate Amount	0%	0%	40%	60%

SOURCE:

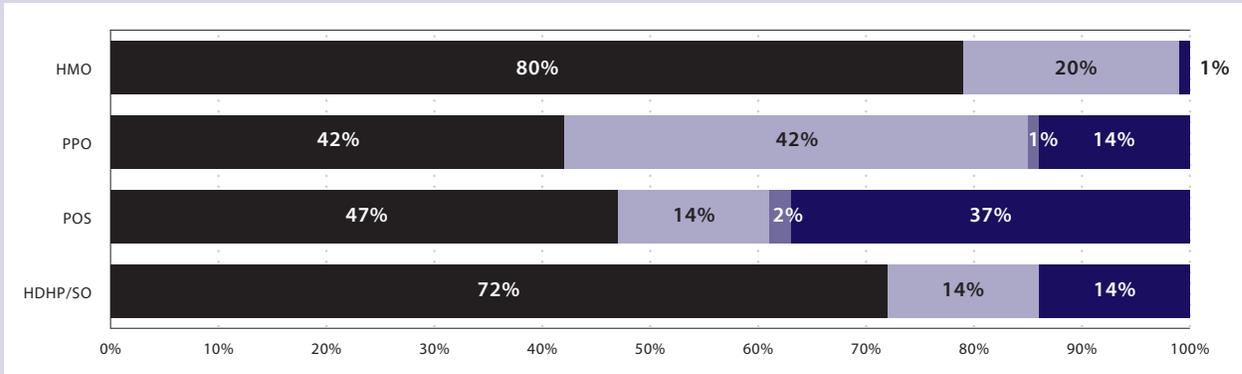
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

[‡] 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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.

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

EXHIBIT 7.15

Among Covered Workers With an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2009

	\$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
PPO				
2006	20%	42%	27%	12%
2007*	14	49	25	12
2008*	11	38	32	19
2009*	12	30	35	23
POS				
2006	12%	26%	45%	18%
2007*	32	13	29	25
2008	23	14	24	39
2009*	3	18	30	49

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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, 2009

	HMO	PPO	POS	HDHP/SO
Physician Office Visits For Primary Care	84%	74%	74%	NA
Preventive Care	92%	88%	87%	92%
Prescription Drugs	88%	93%	91%	71% [§]

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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.

NA: Not Applicable. Information for Physician Office Visits is not collected for HDHP/SOs.

[§] 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 prescription drugs. HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all 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, 2009

Separate Cost Sharing for a Hospital Admission	HMO	PPO	POS	HDHP/SO [§]	ALL PLANS
Separate Annual Deductible for Hospitalizations	6%	3%	10%	0%*	5%
Copayment and/or Coinsurance					
Copayment	44*	12*	31*	3*	19
Coinsurance	14*	65*	37*	52	51
Both Copayment and Coinsurance [‡]	8	11	7	<1*	8
Charge Per Day					
None	9*	3*	13	1*	5
	29	18	21	43*	22

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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.

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, for 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.

[§] 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.

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, 2009

Separate Cost Sharing for an Outpatient Surgery	HMO	PPO	POS	HDHP/SO ⁵	ALL PLANS
Separate Annual Deductible for Outpatient Surgery	4%	2%	1%	1%	2%
Copayment and/or Coinsurance					
Copayment	45*	11*	39*	3*	20
Coinsurance	18*	68*	35*	51	53
Both Copayment and Coinsurance [‡]	3*	7	10	<1*	6
None	33*	19*	23	46*	24

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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.

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, for 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.

⁵ 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.

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, 2009*

	Average Copayment	Average Coinsurance	Charge Per Day
Separate Cost Sharing for a Hospital Admission			
HMO	\$247	17%	\$216
PPO	217	18	136
POS	256	18	183
HDHP/SO	NSD	18	NSD
ALL PLANS	\$234	18%	\$179
Separate Cost Sharing for an Outpatient Surgery			
HMO	\$104	17%	NA
PPO	113	19	NA
POS	116	19	NA
HDHP/SO	NSD	18	NA
ALL PLANS	\$110	19%	NA

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Tests found no statistical differences between plan type estimates and estimates for all plans ($p < .05$).

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 \$862 and the average separate deductible for outpatient surgery is \$500. By plan type, in most cases there were too few observations to present the average estimates. The average amounts include workers that 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 Plan Deductible, Percentage of Covered Workers With the Following Types of Cost Sharing for Physician Office Visits, by Plan Type, 2009

	Copay Only	Coinsurance Only	Both Copay and Coinsurance [‡]	No Cost Sharing	None of the Above
HMO*	94%	2%	2%	2%	0%
PPO*	77	16	5	3	<1
POS*	89	6	4	1	<1
HDHP/SO*	14	44	2	39	2
ALL PLANS	77%	14%	4%	5%	<1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 2009, the survey includes cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing. In 2009, in order to better capture the percentage of workers with no cost sharing, the "no cost sharing" response was distinguished from the "other" response.

EXHIBIT 7.21

Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office Visits, Average Copayments and Coinsurance, by Plan Type, 2009

	HMO	PPO	POS	HDHP/SO	ALL PLANS
In-Network Office Visits					
Average Copay for Primary Care Physician Office Visit	\$18*	\$21	\$21	\$22	\$20
Average Copay for Specialist Physician Office Visit	\$26*	\$28	\$31*	\$29	\$28
Average Coinsurance for Primary Care Physician Office Visit	NSD	18%	NSD	18%	18%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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. If the respondent indicates the plan has a copayment for office visits, we assume the plan has a copayment for both primary and specialty care visits. The survey does not allow for a respondent to report that a plan has a copayment for primary care visits and coinsurance for visits with a specialist physician.

EXHIBIT 7.22

Among Covered Workers With Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2004–2009

	\$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
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
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
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
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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004–2009.

* 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 7.23

Among Covered Workers With Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2006-2009

	\$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
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
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
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
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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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. If the respondent indicates the plan has a copayment for office visits, we assume the plan has a copayment for both primary and specialty care visits. The survey does not allow for a respondent to report that a plan has a copayment for primary care visits and coinsurance for visits with a specialist physician.

EXHIBIT 7.24

Among Covered Workers in HMOs with a Copayment for a Physician Office Visit, Percentage with Various Copayments, 1999–2008

	\$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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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 7.25

Among Covered Workers With Coinsurance for Physician Office Visits, Distribution of Average Coinsurance Rates, by Plan Type, 2009*

Coinsurance Rates	10% or 15%	20% or 25%	30% or 35%	40% or 45%	Other
PPO	31%	64%	2%	1%	1%
HDHP/SO	30	65	5	0	<1
ALL PLANS	32%	64%	2%	1%	1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Tests found no statistical difference for plan type distribution compared to All Plans distribution ($p < .05$).

Note: Coinsurance rates for HMO and POS plans are not shown because there is not sufficient data as only 2% or 6% of covered workers, respectively, face coinsurance for office visits.

EXHIBIT 7.26

Percentage of Covered Workers Without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2009

	Single Coverage	Family Coverage
HMO	41%*	41%*
PPO	14*	14*
POS	19	19
HDHP/SO	NA	NA
ALL PLANS	19%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 \$5,800 for single coverage and \$11,600 for family coverage in 2009. 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 10% and 10%, respectively.

EXHIBIT 7.27

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, 2009

	HMO	PPO	POS	HDHP/SO [‡]
General Annual Plan Deductible	30%	34%	20%	13%
Any Additional Plan Deductibles	NSD	29%	NSD	NSD
Physician Office Visit Copayments	51%	75%	51%	NSD
Physician Office Visit Coinsurance	NSD	8%	NSD	8%
Prescription Drug Cost Sharing	78%	85%	60%	53%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

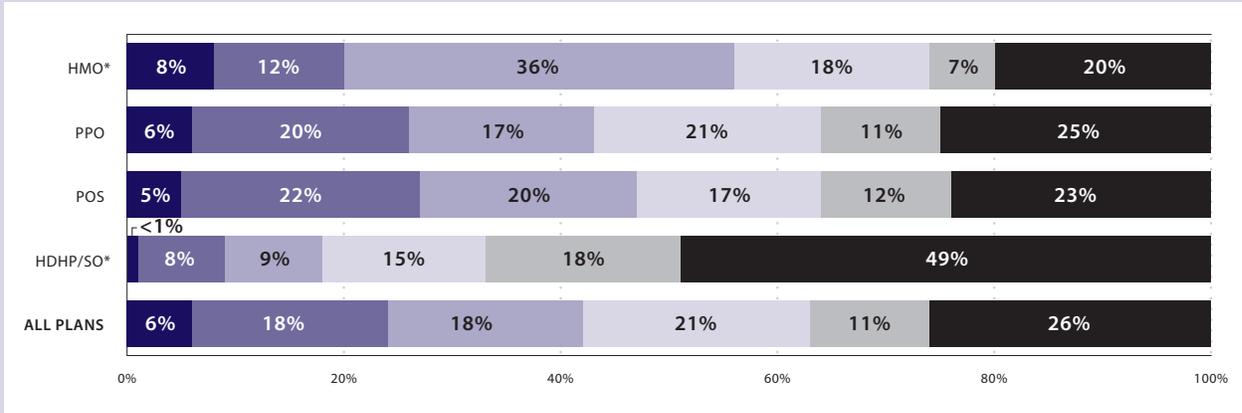
[‡] Among HDHP/SO plans, questions other than "overall plan deductible" were asked only of HDHP/HRAs and not of HSA-qualified HDHPs. HSA-qualified HDHPs are required to apply most cost sharing to the out-of-pocket maximum. When HDHP/HRAs are considered exclusively, among covered workers with an annual 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 NSD, office visit coinsurance is 8%, and prescription drug cost sharing is 55%.

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 7.28

Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 \$5,800 for single coverage and \$11,600 for family coverage in 2009.



EXHIBIT 7.29

Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2009*

	No Limit	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)	37%	55%	8%
All Large Firms (200 or More Workers)	42	44	15
ALL FIRM SIZES	41%	47%	13%
PPO			
All Small Firms (3–199 Workers)	17%	58%	25%
All Large Firms (200 or More Workers)	13	62	25
ALL FIRM SIZES	14%	61%	25%
POS			
All Small Firms (3–199 Workers)	19%	60%	22%
All Large Firms (200 or More Workers)	20	52	28
ALL FIRM SIZES	19%	57%	24%
HDHP/SO[‡]			
All Small Firms (3–199 Workers)	4%	88%	8%
All Large Firms (200 or More Workers)	3	90	6
ALL FIRM SIZES	3%	89%	7%
ALL FIRMS			
All Small Firms (3–199 Workers)	19%	61%	20%
All Large Firms (200 or More Workers)	20	59	21
ALL FIRM SIZES	19%	60%	21%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

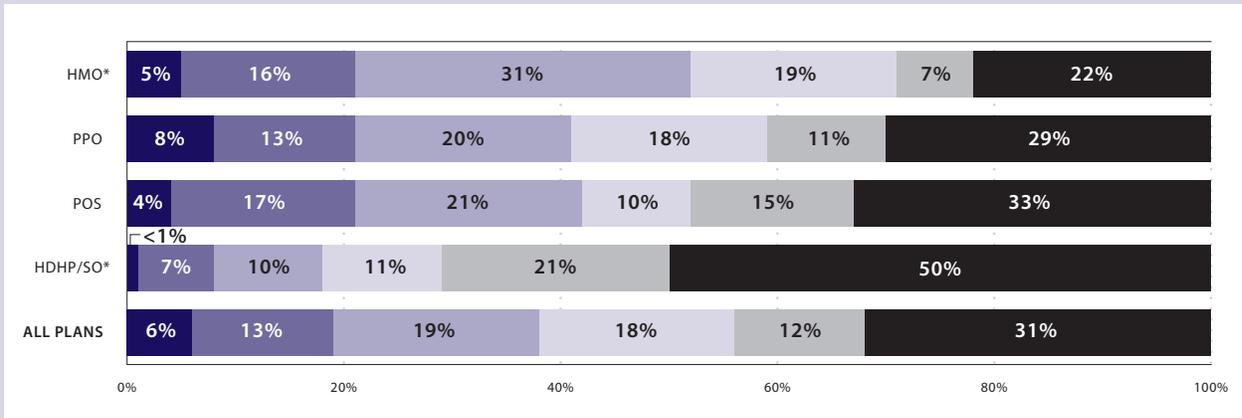
* Tests found no statistical differences between distributions for All Small Firms and All Large Firms within plan type ($p < .05$).

‡ HSA-qualified HDHPs are required by law to have an annual maximum out-of-pocket liability of no more than \$5,800 for single coverage and \$11,600 for family coverage in 2009. When they are excluded from the calculation, the distribution of type of out-of-pocket maximum for HDHP/HRA only is as follows: All Small Firms – Not Sufficient Data; All Large Firms – 8% No Limit, 82% Aggregate Amount, and 10% Separate Amount per Person; All Firm Sizes – 10% No Limit, 79% Aggregate Amount, and 11% 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, 71% in PPOs have an aggregate out-of-pocket maximum, 70% in POS plans have an aggregate out-of-pocket maximum and 74% in All Plans have an aggregate out-of-pocket maximum.

EXHIBIT 7.30

Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

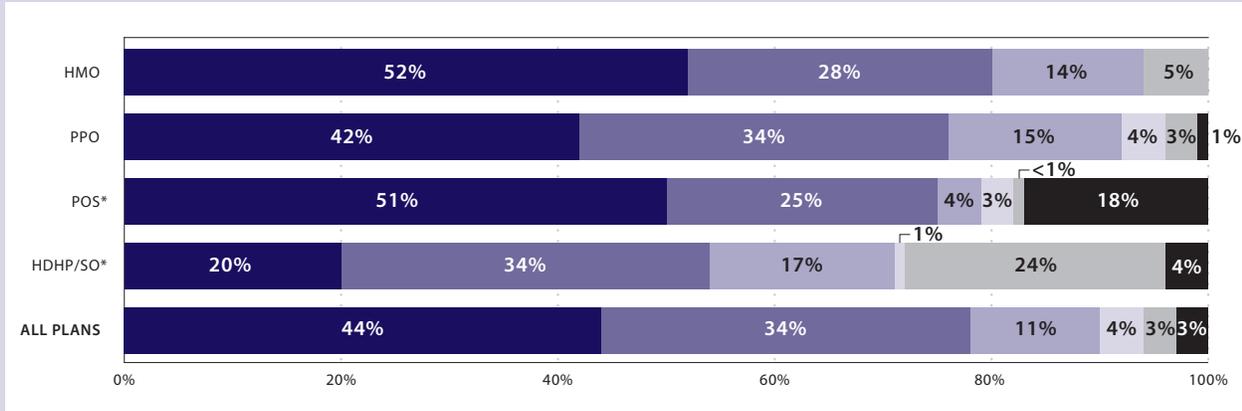
* Distribution is statistically different from All Plans distribution (p<.05).

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 \$5,800 for single coverage and \$11,600 for family coverage in 2009. 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 7.31

Among Covered Workers with a Separate per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

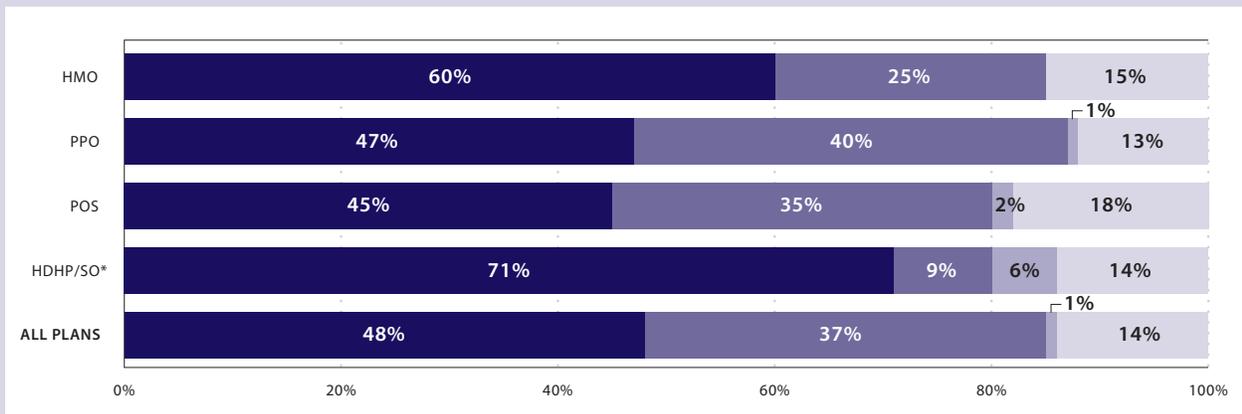
* Distribution is statistically different from All Plans distribution (p<.05).

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



EXHIBIT 7.32

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, 2009

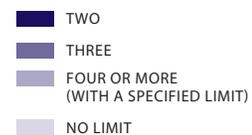


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

Note: The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate out-of-pocket maximum that applies to spending by each family member or a limited number of family members.



EMPLOYER HEALTH BENEFITS
2009 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

- ▶ Twelve percent of firms offering health benefits offer an HDHP/HRA, an HSA-qualified HDHP, or both in 2009, a similar percentage to last year. Among firms offering health benefits, 2% offer an HDHP/HRA and 10% offer an HSA-qualified HDHP (Exhibit 8.1).
 - Firms with 1,000 or more workers are more likely to offer an HDHP/SO than smaller firms. Twenty-eight percent of firms with 1,000 or more workers offer an HDHP/SO compared to 11% of firms with 3 to 199 workers or 18% 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 2009 to 28% from 22% in 2008 (Exhibit 8.3).

- ▶ Enrollment in HDHP/SOs remained at 8% of covered workers in 2009 (Exhibit 8.4).
 - Three percent of covered workers are enrolled in HDHP/HRAs and 6% are enrolled in HSA-qualified HDHPs (Exhibit 8.4). Nine percent of covered workers in small firms (3-199 workers) are enrolled in HSA-qualified HDHPs, compared to 4% 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 \$1,690 for HDHP/HRAs and \$1,922 for HSA-qualified HDHPs (Exhibit 8.6). These averages are similar to the amounts reported in 2008.

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 \$1,150 for single coverage and \$2,300 for family coverage for HSA-qualified HDHPs in 2009. See the Text Box for more information on HSA-qualified HDHPs and HDHP/HRAs.

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 \$1,150 for single coverage and \$2,300 for family coverage in 2009) that also meets other requirements. 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 \$3,000 for single coverage and \$5,950 for family coverage in 2009. 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.treas.gov/press/releases/hp975.htm>.

- There is wide variation in the average general annual deductible amounts for single coverage. Forty-two percent of workers with single coverage in HDHP/HRAs have a deductible between \$1,000 and \$1,499, and 6% have a deductible of \$3,000 or more. For workers with single coverage in HSA-qualified plans, 27% of workers have a deductible between \$1,150 and \$1,499, and 10% are in a plan with a deductible of \$3,000 or more (Exhibit 8.9).
- Most workers in HDHP/HRAs (94%) and HSA-qualified HDHPs (90%) do not have to meet the general annual deductible before preventive care is covered (Exhibit 8.12).
- ▶ 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 \$3,422 for HDHP/HRAs and \$3,734 for HSA-qualified HDHPs (Exhibit 8.6).
 - Forty-three percent of workers in HDHP/HRAs are in plans with an aggregate family deductible between \$2,000 and \$2,999, while 18% are enrolled in plans with an aggregate family deductible of \$5,000 or more. Twenty-seven percent of workers in HSA-qualified HDHPs are in plans with an aggregate family deductible between \$2,300 and \$2,999, while 26% are enrolled in plans with an aggregate family deductible of \$5,000 or more (Exhibit 8.11).

OUT-OF-POCKET MAXIMUM AMOUNTS

- ▶ HSA-qualified HDHPs are legally required to have a maximum annual out-of-pocket liability of no more than \$5,800 for single coverage and \$11,600 for family coverage in 2009. HDHP/HRAs have no similar requirement.
 - The average annual out-of-pocket maximum for single coverage is \$3,035 for HDHP/HRAs³ and \$2,976 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 \$6,441 for HDHP/HRAs and \$5,842 for HSA-qualified HDHPs (Exhibit 8.6).

PREMIUMS

- ▶ In 2009, the average annual premiums for HDHP/HRAs are \$4,274 for single coverage and \$12,223 for family coverage. The HDHP/HRA premium amounts for covered workers with single and family coverage are lower than the average premiums for single and family coverage for workers in plans that are not HDHP/SOs (Exhibit 8.8).
- ▶ The average annual premium for workers in HSA-qualified HDHPs is \$3,829 for single coverage and \$10,396 for family coverage. These amounts are lower than the average single and family premium for workers in plans that are not HDHP/SOs (Exhibit 8.8).

WORKER CONTRIBUTIONS TO PREMIUMS

- ▶ The average annual worker contributions to premiums for workers enrolled in HDHP/HRAs are \$734 for single coverage and \$3,067 for family coverage. The worker contribution in HDHP/HRAs for family coverage is significantly less than worker contribution for family coverage in plans that are not HDHP/SOs (Exhibit 8.8).
- ▶ The average annual worker contributions to premiums for workers in HSA-qualified plans are \$438 for single coverage and \$2,453 for family coverage. The average contributions for single and family coverage for workers in HSA-qualified HDHPs are significantly less than the average premium contributions made by covered workers in plans that are not HDHP/SOs (Exhibit 8.8).

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 \$3,540 for single coverage and \$9,157 for family coverage. The amount for single coverage is lower than the average amount contributed by employers for single coverage for workers who are not enrolled in HDHP/SOs (Exhibit 8.8).
 - The average annual employer contributions to premiums for workers in HSA-qualified HDHPs are \$3,391 for single coverage and \$7,943 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 8.8).

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, on average, workers enrolled in HDHP/HRAs receive an annual employer contribution to their HRA of \$1,052 for single coverage and \$2,073 for family coverage (Exhibit 8.8).
 - 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 \$688 for single coverage and \$1,126 for family coverage (Exhibit 8.8).
 - In looking at employer contributions to HSAs, we note that not all employers make contributions towards HSAs established by their employees. Twenty-nine percent of employers offering single or family coverage through HSA-qualified HDHPs do not make contributions towards the HSAs that their workers establish (covering 31% of covered workers enrolled in HSA-qualified HDHPs 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 \$1,000 for single coverage and \$1,640 for family coverage.
- ▶ 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 \$4,592 for workers with single coverage and \$11,230 for workers with 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 8.8).
 - For HSA-qualified HDHPs, the average annual total employer contribution for covered workers is \$4,079 for single coverage and \$9,070 for workers with family coverage. The average total employer contribution amount for family coverage in HSA-qualified HDHPs is lower than the average amount that employers contribute towards family coverage in health plans that are not HDHP/SOs. The total amount contributed for workers in HSA-qualified HDHPs for single coverage is similar to that contributed for workers not in HDHP/SOs (Exhibit 8.8).

HSA-QUALIFIED HDHPs IN SMALL AND LARGE FIRMS

- ▶ There are some differences between the plan attributes of HSA-qualified HDHPs offered to covered workers in small firms (3–199 workers) and large firms (200 or more workers). As we note above, however, although the number of responding employers offering HSA-qualified HDHPs has grown over the past several years, it is still relatively small, so we may see some rather large swings from year to year for some statistics, particularly when subgroups are compared. It will be important to watch these relationships over time to see if the differences persist.

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.

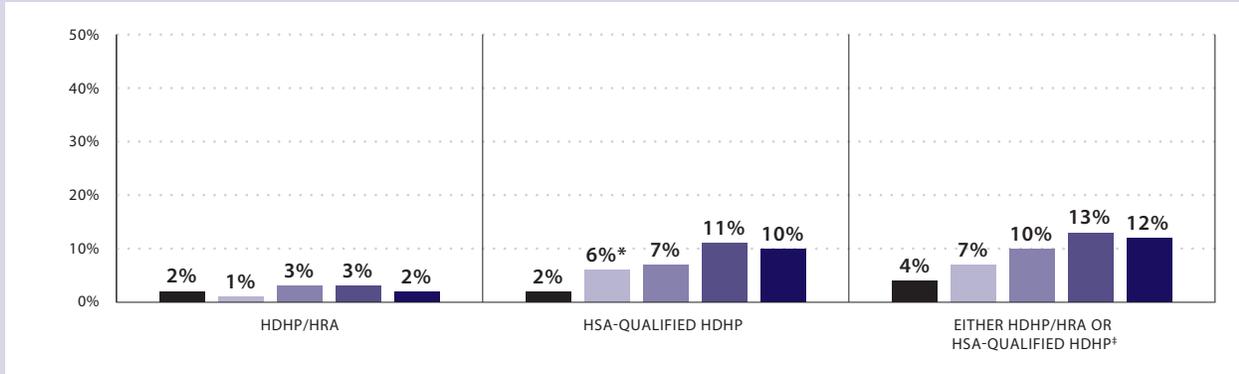
- There is not a significant difference between the percentage of small and large employers making contributions to the HSAs of their workers (71% and 66%, respectively, for both single and family coverage) (Exhibit 8.7).
- For workers in firms that contribute to the HSAs of their employers, workers with HSA-qualified HDHPs in small firms receive higher average contributions from their employers to their HSAs than workers in large firms. Covered workers in small firms with HSA-qualified HDHPs have average contributions by their employers to their HSAs of \$1,319 for single coverage and \$2,077 for family coverage, compared with average contributions for workers with HSA-qualified HDHPs in large firms of \$619 for single coverage and \$1,121 for family coverage (Exhibit 8.7).
- Workers in HSA-qualified HDHPs in small firms face significantly higher deductibles for single coverage (\$2,083) and family coverage (\$4,034) than workers with HSA-qualified HDHPs in large firms, where deductibles average \$1,710 for single coverage and \$3,361 for an aggregate deductible for family coverage (Exhibit 8.7).
- The maximum out-of-pocket liability for family coverage for workers in HSA-qualified HDHPs is higher for workers in large firms (\$6,417) than for workers in smaller firms (\$5,396) (Exhibit 8.7).

FUTURE PLANS

- ▶ Firms indicate some interest in offering HDHP/HRAs and HSA-qualified HDHPs in the next year.
 - Five percent of firms not currently offering an HDHP/HRA report that they are “very likely” to offer an HDHP/HRA in the next year, and another 15% of such firms report they are “somewhat likely” to do so. Among firms not currently offering an HSA-qualified HDHP, 6% report that they are “very likely” to do so in the next year and another 16% of such firms report they are “somewhat likely” to do so (Exhibit 8.20).

EXHIBIT 8.1

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2009.

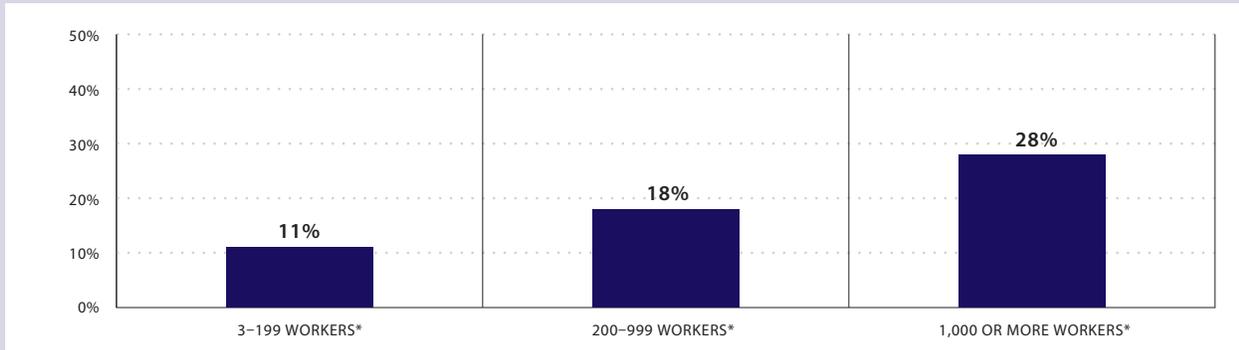
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

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



EXHIBIT 8.2

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2009



SOURCE:

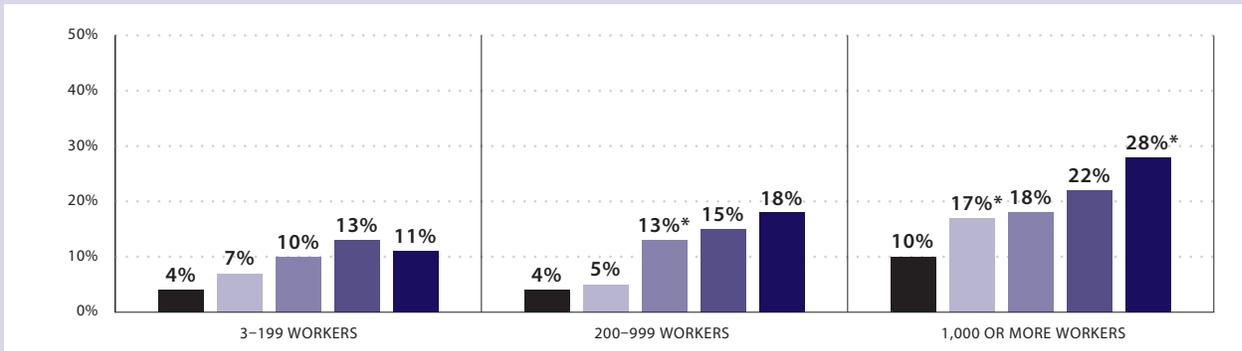
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

Note: The 2009 estimates include 0.1% 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, 2005–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2009.

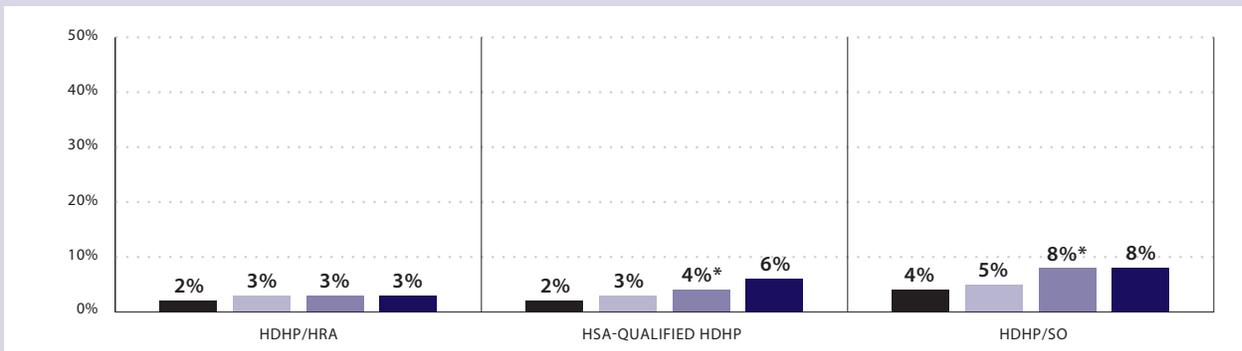
* Estimate is statistically different from estimate for previous year shown ($p < .05$).

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



EXHIBIT 8.4

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

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

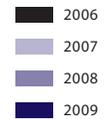
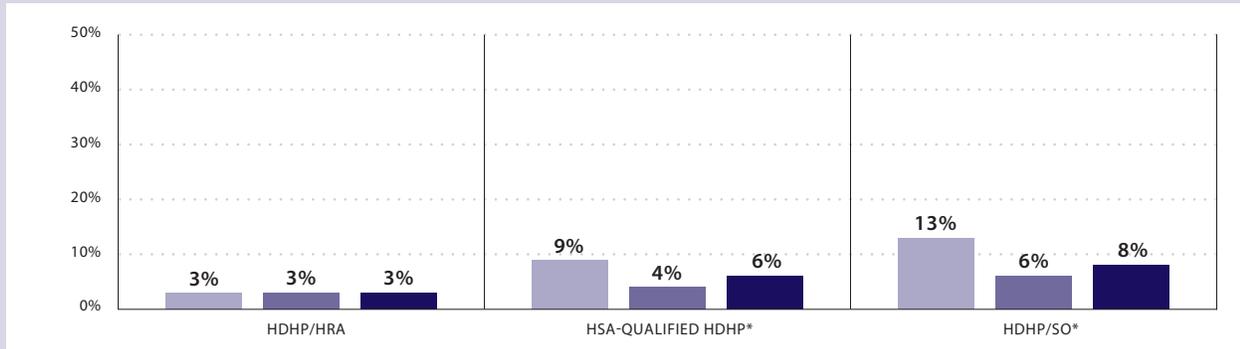


EXHIBIT 8.5

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$4,274	\$12,223	\$3,829	\$10,396
Worker Contribution to Premium	\$734	\$3,067	\$438	\$2,453
General Annual Deductible [†]	\$1,690	\$3,422	\$1,922	\$3,734
Out-of-Pocket Maximum Liability [†]	\$3,035	\$6,441	\$2,976	\$5,842
Firm Contribution to the HRA or HSA [§]	\$1,052	\$2,073	\$688	\$1,126

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

[†] Ten 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, 19% are in plans whose family deductible is a separate per person amount and 11% 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 6% for out-of-pocket maximums.

[§] When those firms that do not contribute to the HSA (29% for single and family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,000 for single coverage and \$1,640 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

HSA-Qualified HDHP Features for Covered Workers, by Firm Size, 2009

Annual Plan Averages for:	Single Coverage	Family Coverage
Premium		
All Small Firms (3–199 Workers)	\$3,921	\$10,170
All Large Firms (200 or More Workers)	3,706	10,694
ALL FIRM SIZES	\$3,829	\$10,396
Worker Contribution to Premium		
All Small Firms (3–199 Workers)	\$426	\$2,888*
All Large Firms (200 or More Workers)	454	1,881*
ALL FIRM SIZES	\$438	\$2,453
Deductible[‡]		
All Small Firms (3–199 Workers)	\$2,083*	\$4,034*
All Large Firms (200 or More Workers)	1,710*	3,361*
ALL FIRM SIZES	\$1,922	\$3,734
Out-of-Pocket Maximum Liability[‡]		
All Small Firms (3–199 Workers)	\$2,812	\$5,396*
All Large Firms (200 or More Workers)	3,193	6,417*
ALL FIRM SIZES	\$2,976	\$5,842
Percentage of Firms Contributing to HSA		
All Small Firms (3–199 Workers)	71%	71%
All Large Firms (200 or More Workers)	66	66
ALL FIRM SIZES	71%	71%
Firm Contribution to HSA, Among Workers with a Contribution		
All Small Firms (3–199 Workers)	\$1,319*	\$2,077*
All Large Firms (200 or More Workers)	619*	1,121*
ALL FIRM SIZES	\$1,000	\$1,640
Firm Contribution to HSA[§]		
All Small Firms (3–199 Workers)	\$868*	\$1,364*
All Large Firms (200 or More Workers)	450*	815*
ALL FIRM SIZES	\$688	\$1,126

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

[‡] The deductible and out-of-pocket maximum averages shown for family coverage are for covered workers whose firms report that they face an aggregate amount. Among covered workers in HSA-qualified HDHPs, 7% are in plans whose family deductible is a separate per person amount and 6% are in a plan where the family out-of-pocket maximum is a separate per person amount.

[§] Includes workers in firms that do not contribute to the HSA.

EXHIBIT 8.8

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, 2009

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans [§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	\$4,274*	\$12,223*	\$3,829*	\$10,396*	\$4,902	\$13,591
Worker Contribution to Premium	\$734	\$3,067*	438*	\$2,453*	\$801	\$3,595
Firm Contribution to Premium	\$3,540*	\$9,157	\$3,391*	\$7,943*	\$4,101	\$9,996
Annual Firm Contribution to the HRA or HSA[‡]	\$1,052	\$2,073	\$688	\$1,126	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$4,592*	\$11,230*	\$4,079	\$9,070*	\$4,101	\$9,996
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$5,325*	\$14,296	\$4,517*	\$11,523*	\$4,902	\$13,591

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

[‡] When those firms that do not contribute to the HSA (29% for single and family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,000 for single coverage and \$1,640 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.

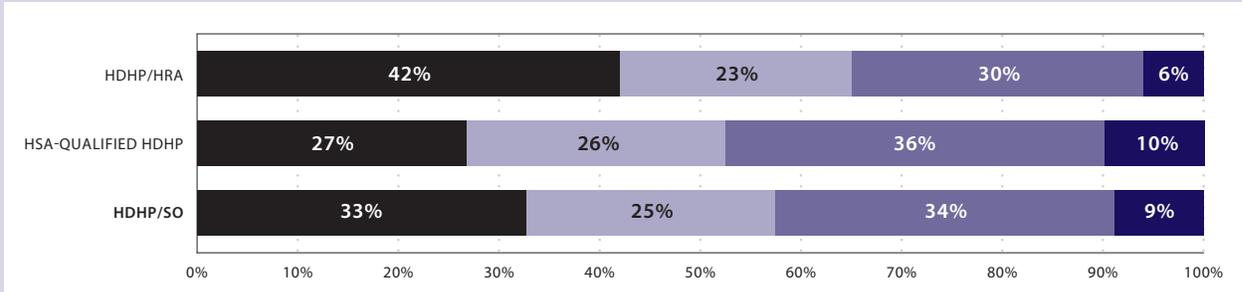
[§] In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

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 8.9

Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The minimum annual deductible for workers enrolled in HSA-qualified HDHPs is \$1,150 in 2009 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$1,150.



EXHIBIT 8.10

Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2009

	Aggregate Amount	Separate Amount per Person
HDHP/HRA	81%	19%
HSA-Qualified HDHP	93	7
HDHP/SO	89%	11%

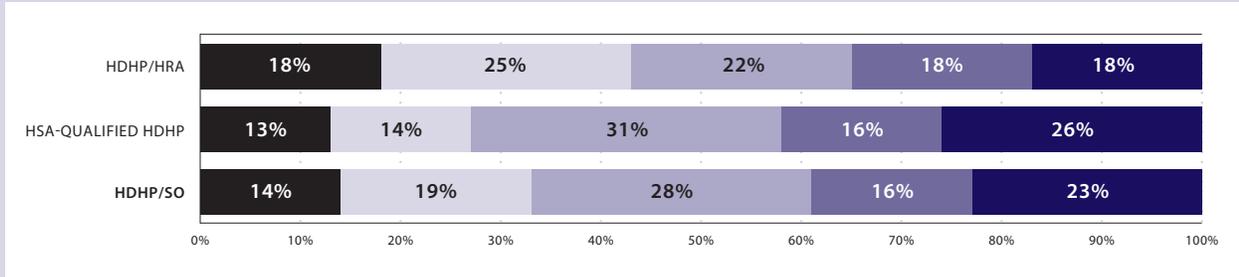
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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 8.11

Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The survey distinguished between family deductibles that are an aggregate amount in which all family members' out-of-pocket expenses count toward the deductible, and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. The minimum annual family deductible for workers enrolled in HSA-qualified HDHP is \$2,300 in 2009 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$2,300.



EXHIBIT 8.12

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, 2009

	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO
Preventive Care	94%	90%	92%
Prescription Drugs	71%	NA	NA

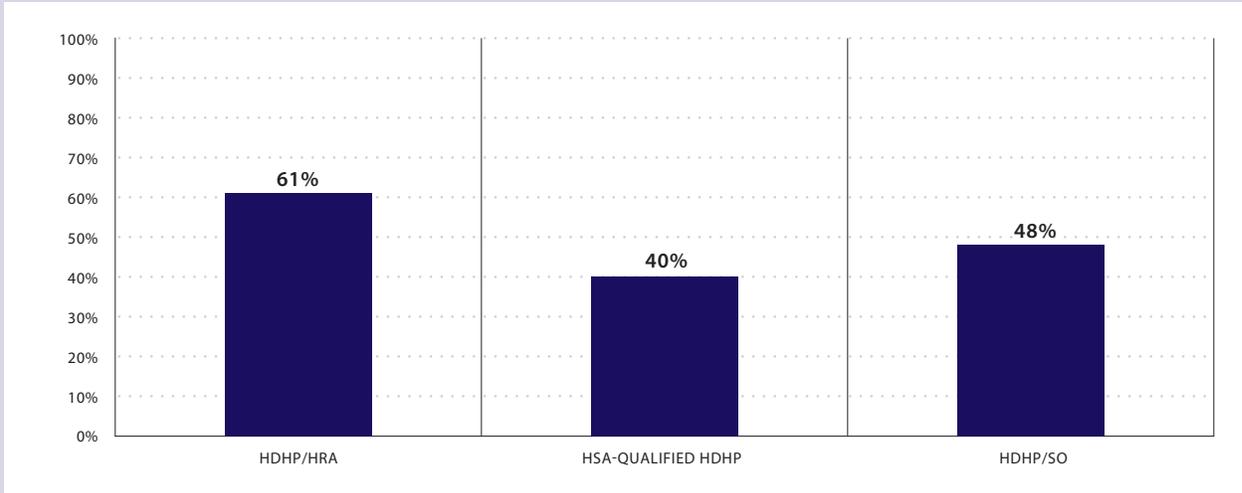
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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 prescription drugs. HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all services.

EXHIBIT 8.13

Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2009



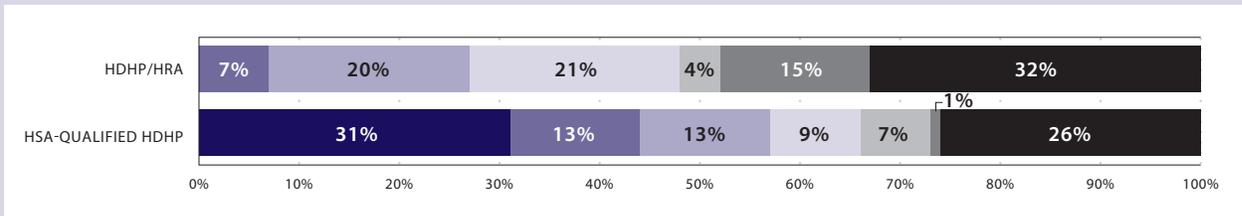
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 8.14

Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2009



SOURCE:

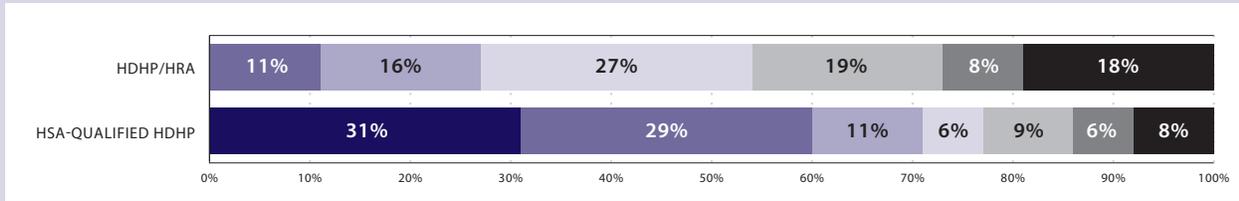
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: For single coverage, 29% of employers offering HSA-qualified HDHPs (covering 31% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.



EXHIBIT 8.15

Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: For family coverage, 29% of employers offering HSA-qualified HDHPs (covering 31% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.



EXHIBIT 8.16

Distribution of Firm Contributions to the HRA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HRA, 2009

Single Coverage		Family Coverage	
Premium Range, Dollar Amount	Percent Covered Workers in Range	Premium Range, Dollar Amount	Percent Covered Workers in Range
Less than \$841	49%	Less than \$1,659	50%
\$841 to <\$1,052	19%	\$1,659 to <\$2,073	20%
\$1,052 to <\$1,262	7%	\$2,073 to <\$2,488	4%
\$1,262 or More	25%	\$2,488 or More	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The average annual firm contribution to the HRA is \$1,052 for single coverage and \$2,073 for family coverage. The HRA account contribution distribution is relative to the average single or family account contribution. For example, \$841 is 80% of the average single HRA account contribution and \$1,262 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 8.17

Distribution of Firm Contributions to the HSA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HSA, 2009

Single Coverage		Family Coverage	
Contribution Range	Percent Covered Workers in Range	Contribution Range	Percent Covered Workers in Range
Less than \$550	55%	Less than \$901	55%
\$550 to <\$688	5%	\$901 to <\$1,126	9%
\$688 to <\$826	6%	\$1,126 to <\$1,352	6%
\$826 or More	33%	\$1,352 or More	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

Note: The average annual firm contribution to the HSA is \$688 for single coverage and \$1,126 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, \$550 is 80% of the average single HSA account contribution and \$826 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 8.18

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, 2009

Separate Cost Sharing for a Hospital Admission	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO [§]
Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	4	3%	3
Coinsurance	69	43	52
Both Copay and Coinsurance [‡]	<1	<1	<1
Charge Per Day	<1	2	1
None	26	52	43
Separate Cost Sharing for an Outpatient Surgery Episode			
Deductible	2%	NA	1%
Copayment and/or Coinsurance			
Copayment	3	3%	3
Coinsurance	62	44	51
Both Copay and Coinsurance [‡]	1	0	<1
None	34	52	46
Separate Cost Sharing for Physician Office Visits			
Copayment Only	30%	6%	14%
Coinsurance Only	56	36	44
Both Copayment and Coinsurance [‡]	3	2	2
None	10	54	39

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

[‡] 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: 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, for 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 in HDHP/SOs have an "other" type of cost sharing for a hospital admission, 0% have an "other" type of cost sharing for an outpatient surgery, and 2% have an "other" type of cost sharing for physician office visits.

EXHIBIT 8.19

Among Firms Offering HDHP/SOs, Employer Opinions on Outcomes and Reasons for Offering HDHP/SOs, 2009

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Most successful outcome			
Encourage employees to be better health care consumers	17%	37%	27%
Controlling health care costs/lower costs	56	43	49
Too early to tell	6	5	6
Has not been successful	6	3	4
Providing employees with more choice	<1	1	1
Other	13	10	11
Don't know	1	1	1
Biggest challenge*			
Administration	6%	2%	4%
Building participation	6	9	7
Educating/communicating with employees regarding benefit	45	78	61
Employee cannot afford deductible	16	5	10
None	6	<1	3
Other	22	4	13
Don't know	1	1	1
How satisfied are employees			
Very satisfied	35%	41%	38%
Somewhat satisfied	44	44	44
Somewhat dissatisfied	10	6	8
Very dissatisfied	6	1	3
Don't know	6	8	7
Primary reason for offering*			
Save on health care costs	84%	60%	72%
To offer a lower cost alternative as a choice	8	8	8
Employee request	2	6	4
Employee retention/health care trend	<1	3	2
Encourage employees to be more responsible for health care costs	1	17	9
Other	5	6	6
Don't know	<1	<1	<1

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 8.20

Among Firms Not Currently Offering an HDHP/HRA or HSA-Qualified HDHP, Distribution of Firms Reporting the Likelihood of Offering an HDHP/HRA or HSA-Qualified HDHP in the Next Year, by Firm Size, 2009*

	Very Likely	Somewhat Likely	Not Too Likely	Not At All Likely	Don't Know
Offer HDHP/HRA[‡]					
3–199 Workers	5%	16%	19%	60%	1%
200–999 Workers	7	14	25	54	1
1,000–4,999 Workers	10	12	25	53	<1
5,000 or More Workers	11	14	20	55	1
ALL FIRMS	5%	15%	19%	59%	1%
Offer HSA-Qualified HDHP[‡]					
3–199 Workers	5%	16%	23%	54%	<1%
200–999 Workers	6	14	32	47	1
1,000–4,999 Workers	8	15	29	47	1
5,000 or More Workers	9	19	21	50	<1
ALL FIRMS	6%	16%	24%	54%	<1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Tests found no statistically different distributions between firm size category and all other firms ($p < .05$).

[‡] Among firms not currently offering this type of HDHP/SO.

EMPLOYER HEALTH BENEFITS
2009 ANNUAL SURVEY

Prescription
Drug Benefits

SECTION

9

PRESCRIPTION DRUG BENEFITS

VIRTUALLY 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.

PRESCRIPTION DRUG BENEFITS

- ▶ As in prior years, nearly all (98%) covered workers in employer-sponsored plans have a prescription drug benefit.
- ▶ A large majority of covered workers (89%) in 2009 have some sort of tiered cost-sharing formula for prescription drugs (Exhibit 9.1). Cost-sharing tiers involve a health plan placing a drug on a formulary or preferred drug list; generally classifying those drugs as generic, preferred brand-name, or nonpreferred brand-name, and assigning different cost sharing to each category. 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, a similar percentage to last year (77%) (Exhibit 9.1). The prevalence of three or more tiers of cost sharing has increased from 69% of workers in 2004.
 - HDHP/SOs have a different cost-sharing pattern from other plan types. Only 43% of covered workers in HDHP/SOs are in a plan with three or more tiers of cost sharing for prescription drugs. Fifteen percent of covered workers in HDHP/SOs are in plans that apply the same cost-sharing structure regardless of the type of drug, and an additional 29% 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 for the first three tiers (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 or more of cost sharing for prescription drugs, the average drug copayments for first-tier drugs (\$10), second-tier drugs (\$27), and third-tier drugs (\$46) are consistent with the amounts reported in 2008 (Exhibit 9.4).
 - For covered workers in plans with three or more tiers of cost sharing for prescription drugs who face coinsurance rather than copayments, coinsurance levels average 20% for first-tier drugs, 26% for second-tier drugs, and 37% for third-tier drugs, also similar to the percentages reported in 2008 (Exhibit 9.4).
- ▶ This year, 11% of 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, 41% face a copayment for fourth-tier drugs and 29% face coinsurance (Exhibit 9.3).
 - The average copayment for a fourth-tier drug is \$85 and the average coinsurance is 31% (Exhibit 9.4). These amounts are not statistically different from the amounts reported in 2008.
- ▶ Twelve 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 other 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 \$26 (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, 40% have copayments and 57% have coinsurance (Exhibit 9.7). The vast majority of covered workers in HDHP/SOs with the same cost sharing regardless of the type of drug face coinsurance rather than copayments (83% vs. 7%) for prescriptions (Exhibit 9.7).
 - For those workers with the same cost sharing regardless of the type of drug, the average copayment is \$15 and the average coinsurance is 22% (Exhibit 9.8).
- ▶ Twelve percent of covered workers with drug coverage face a separate drug deductible, in addition to any general annual deductible the plan may have (Exhibit 9.9). The average separate annual drug deductible is \$108.
- ▶ As in 2008, ten percent of covered workers with drug coverage have a separate annual out-of-pocket maximum that applies to prescription drugs (Exhibit 9.10). The average annual separate out-of-pocket maximum is \$1,912.

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.

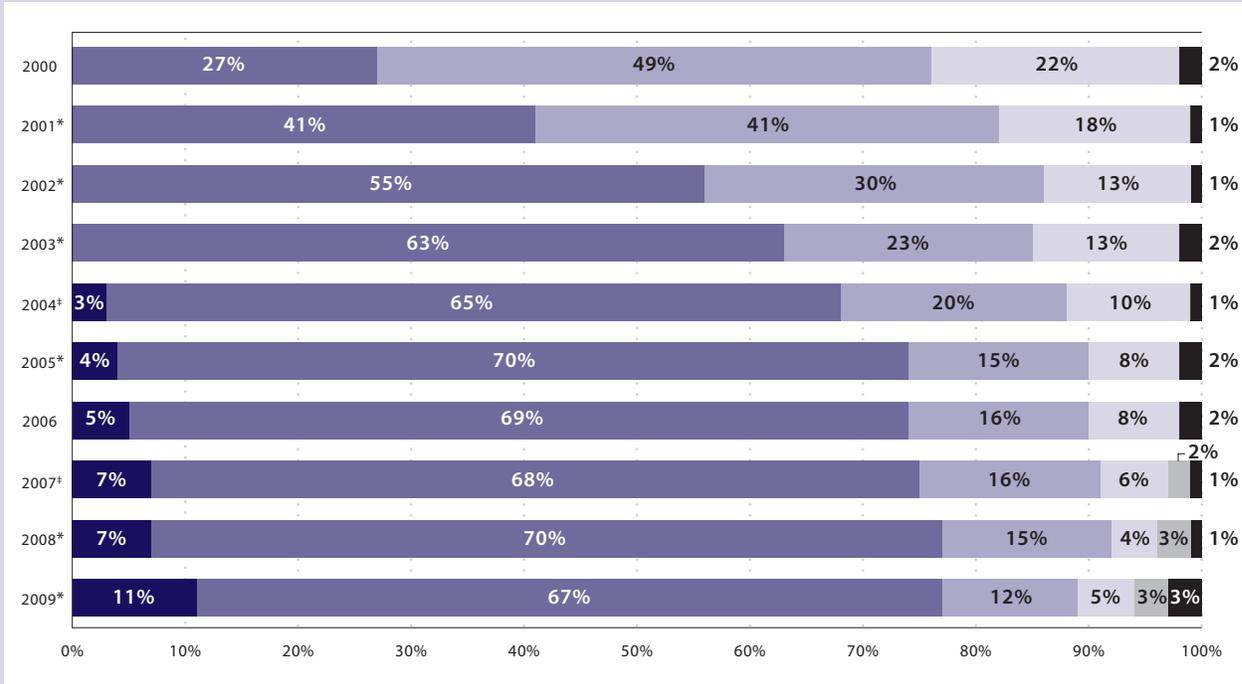
Nonpreferred drugs: Drugs not included on a formulary or preferred drug list; for example, a brand-name drug with a generic substitute.

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, 2000–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2009.

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

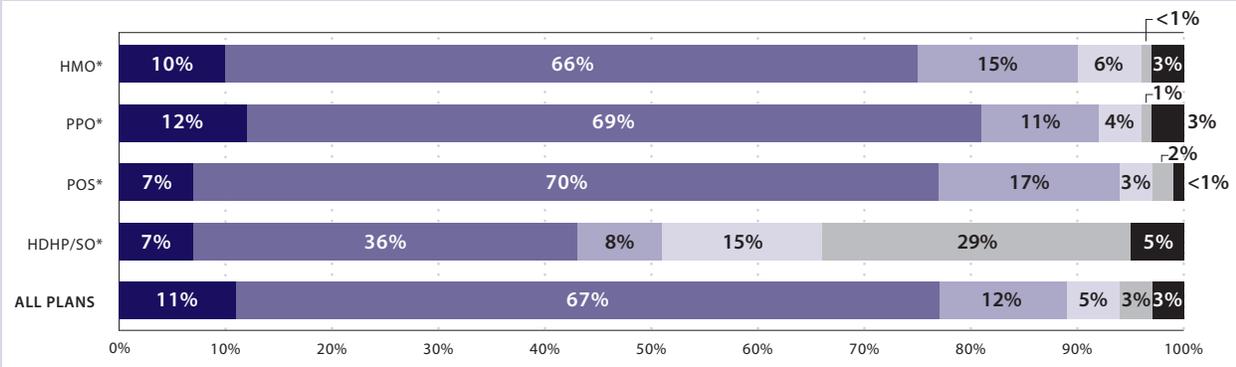
† No statistical tests are conducted between 2003 and 2004 or between 2006 and 2007 due to the addition of a new category.

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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

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*	92%	4%	2%	<1%	3%
PPO	84	7	3	1	6
POS*	92	3	2	3	0
HDHP/SO*	83	9	1	4	2
ALL PLANS	86%	6%	2%	1%	4%
Second-Tier Drugs, Often Called Preferred Drugs				Copay or Coinsurance Plus Any Differences [§]	
HMO*	87%	4%	6%	0%	4%
PPO	76	10	6	<1	9
POS*	91	3	2	<1	3
HDHP/SO*	76	15	2	<1	6
ALL PLANS	79%	9%	6%	<1%	7%
Third-Tier Drugs, Often Called Nonpreferred Drugs					
HMO*	81%	6%	6%	<1%	7%
PPO	71	11	8	1	10
POS*	87	6	2	0	4
HDHP/SO*	74	15	4	<1	7
ALL PLANS	75%	10%	7%	<1%	9%
Fourth-Tier Drugs					
HMO*	51%	15%	3%	4%	27%
PPO	44	27	2	2	25
POS	NSD	NSD	NSD	NSD	NSD
HDHP/SO	NSD	NSD	NSD	NSD	NSD
ALL PLANS	41%	29%	2%	2%	25%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 3% 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 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, 2000–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2009.

* 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, 2009

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*	95%	3%	<1%	0%	2%
PPO	72	8	7	9	3
POS*	95	0	0	5	<1
HDHP/SO	NSD	NSD	NSD	NSD	NSD
ALL PLANS	75%	10%	5%	8%	2%
Second-Tier Drugs, Often Called Preferred Drugs	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Copay or Coinsurance Plus Difference [§]	Some Other Amount
HMO*	90%	3%	<1%	0%	7%
PPO	51	25	10	1	13
POS*	81	6	0	0	13
HDHP/SO	NSD	NSD	NSD	NSD	NSD
ALL PLANS	61%	24%	6%	<1%	9%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 3% 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 introduction to Section 9.

EXHIBIT 9.6

Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, 2000–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2009.

* 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, 2009

	Copay Only	Coinsurance Only	Either Copay or Coinsurance [‡]	Some Other Amount
HMO	NSD	NSD	NSD	NSD
PPO*	25%	69%	4%	1%
POS	NSD	NSD	NSD	NSD
HDHP/SO*	7	83	<1	10
ALL PLANS	40%	57%	2%	1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 3% 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, 2000-2009

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

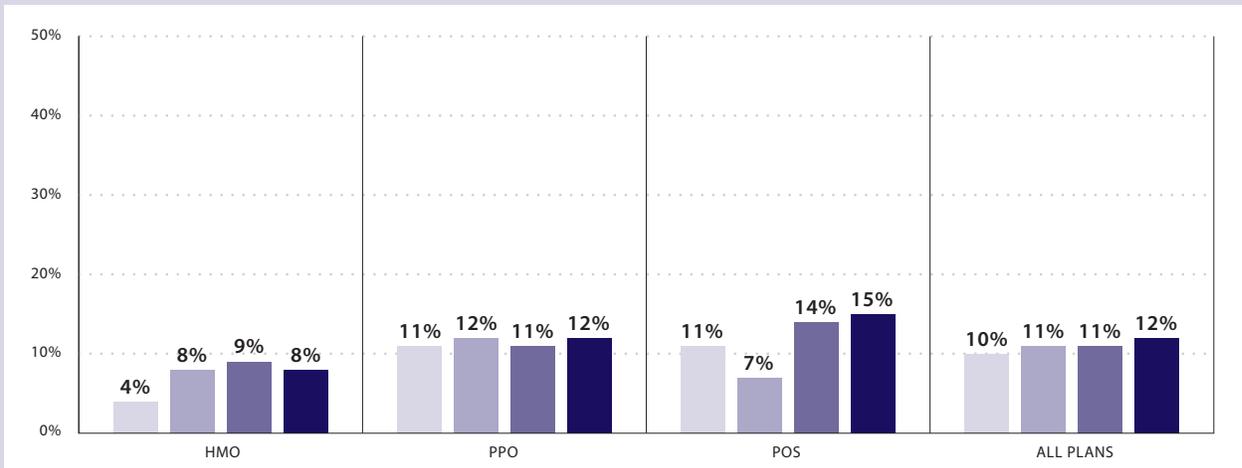
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2009.

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

EXHIBIT 9.9

Percentage of Covered Workers with Drug Coverage Who Face a Separate Drug Deductible, by Plan Type, 2005-2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2009.

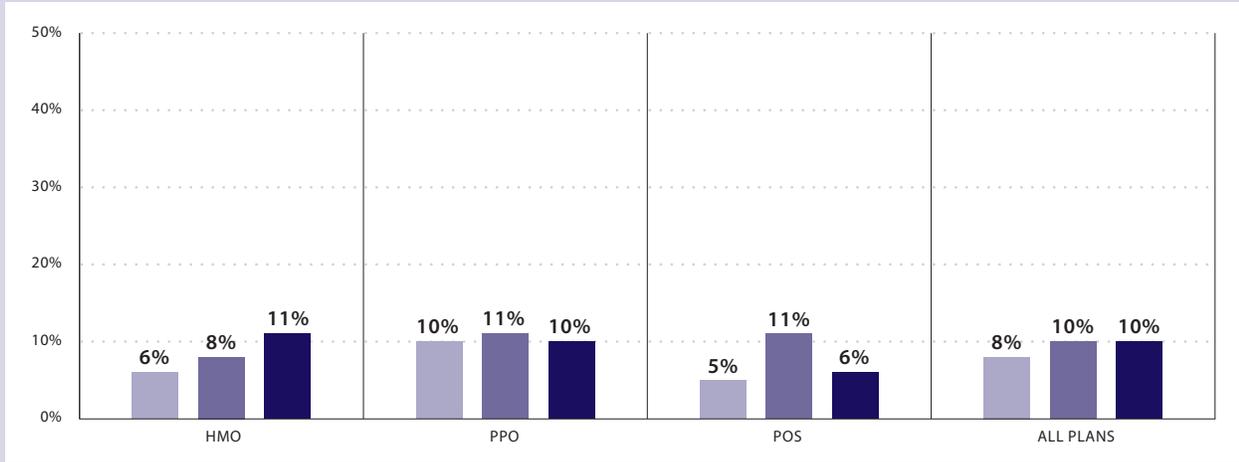
Legend: 2005 (lightest), 2007 (light), 2008 (medium), 2009 (darkest)

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

Note: Information on HDHP/SOs was not collected prior to 2008 because, due to federal regulations, it is unlikely a plan would have a separate deductible for prescription drugs. In 2009, information on separate drug deductibles was collected for HDHP/HRAs only, and 4% of covered workers in HDHP/HRAs have a separate drug deductible. In 2007, information on whether a plan has a separate drug deductible was not imputed for one PPO and one POS plan that cover prescription drugs. If these responses had been imputed, the prevalence of separate drug deductibles would not have changed for PPOs and would have increased or decreased no more than 1% for POS plans. Questions about separate drug deductibles were not asked in 2006.

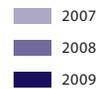
EXHIBIT 9.10

Percentage of Covered Workers with Drug Coverage with a Separate Annual Out-of-Pocket Limit That Applies to Prescription Drugs, by Plan Type, 2007–2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007–2009.



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

Note: Data for HDHP/SOs are not included in this exhibit because HSA-qualified HDHPs are required by law to have an annual out-of-pocket limit of no more than \$5,800 for single coverage and \$11,600 for family coverage in 2009, making it unlikely a plan would include a separate out-of-pocket maximum for prescription drugs. As a result, only firms offering HDHP/HRAs were asked if the plan has a separate out-of-pocket maximum that applies to prescription drugs. Among covered workers enrolled in HDHP/HRAs, 3% are enrolled in plans with a separate annual out-of-pocket limit that applies to prescription drugs in 2009.

EMPLOYER HEALTH BENEFITS
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Plan
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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 (57%) 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 (57%) 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 increase from 44% in 1999.
 - 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) (77% vs. 15%) (Exhibit 10.3). The percentage of covered workers in self-funded plans increases as the number of employees increases. Forty-eight percent of workers in firms with 200 to 999 workers are in self-funded plans, compared to 80% of workers in firms with 1,000 to 4,999 workers, and 88% of workers in firms with 5,000 or more workers (Exhibit 10.3). As previously mentioned, these percentages have changed little over the past several years (Exhibit 10.1).
 - A higher percentage of workers in PPOs are in a self-funded plan (67%), compared to 48% in conventional health plans, 48% in HDHP/SOs, 40% in HMOs, and 25% in POS plans (Exhibit 10.2).

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, 1999–2009*

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

*Tests found no statistical difference 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

	Self-Funded (Employer Bears Some or All of Financial Risk)
FIRM SIZE	
200–999 Workers	48%*
1,000–4,999 Workers	80*
5,000 or More Workers	88*
All Small Firms (3–199 Workers)	15%*
All Large Firms (200 or More Workers)	77%*
REGION	
Northeast	62%
Midwest	58
South	63*
West	40*
INDUSTRY	
Agriculture/Mining/Construction	35%*
Manufacturing	70*
Transportation/Communications/Utilities	76*
Wholesale	53
Retail	40*
Finance	61
Service	49*
State/Local Government	59
Health Care	72*
ALL FIRMS	57%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Conventional	HMO	PPO	POS	HDHP/SO
3–199 Workers	NSD	6%*	21%*	5%*	18%*
200–999 Workers	NSD	26*	55*	39	36
1,000–4,999 Workers	NSD	50	87*	53*	81*
5,000 or More Workers	NSD	61*	93*	76*	96*
ALL FIRMS	48%	40%	67%	25%	48%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

NSD: Not Sufficient Data.

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

EXHIBIT 10.5

Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009.

* 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 1999–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2006–2009

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

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2009.

* 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

2009 ANNUAL SURVEY

Retiree Health
Benefits

SECTION

11

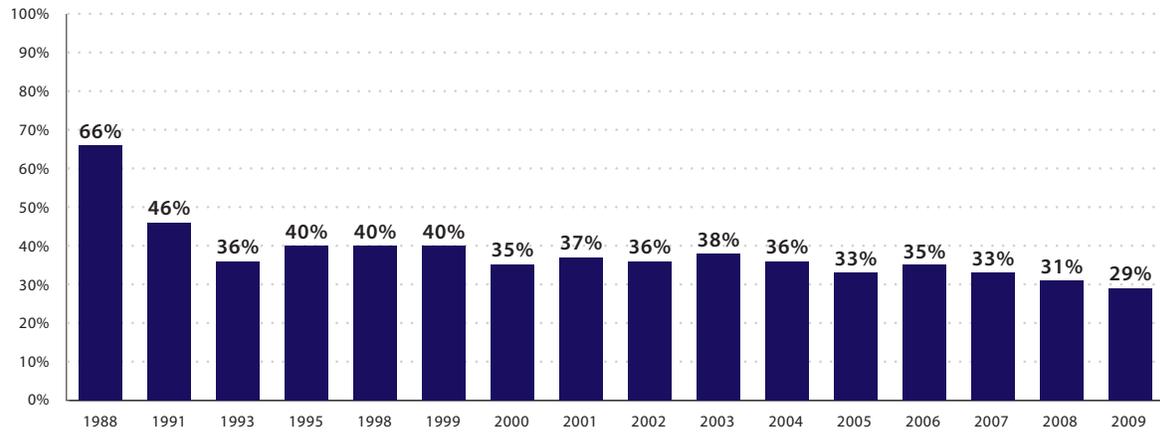
RETIREE HEALTH BENEFITS

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. THE PERCENTAGE OF LARGE FIRMS OFFERING COVERAGE FELL DRAMATICALLY FROM THE LATE 1980S TO THE EARLY 1990S, AND HAS BEEN DECLINING SLOWLY SINCE.

- ▶ Twenty-nine percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2009, similar to 31% in 2008 but down from 66% in 1988 (Exhibit 11.1).
- ▶ The percentage of firms offering retiree health benefits varies substantially by firm size, industry, presence of union workers, and other factors.
 - Large firms (200 or more workers) are much more likely to offer retiree health benefits than small firms (3–199 workers). Among firms that offer health benefits, 29% of large firms offer retiree health benefits, compared to just 5% of small firms (Exhibit 11.2).
 - Among large firms (200 or more workers) that offer health benefits, state and local governments, and firms in the transportation, communications, and utilities industry category are more likely than large firms in other industries to offer retiree health benefits (Exhibit 11.2). In contrast, large firms in the retail, wholesale, service, and health care industries are less likely to offer retiree health benefits when compared to large firms in other industries.
 - Large firms (200 or more workers) with union workers are significantly more likely to offer retiree health benefits than large firms without union workers—47% of all large firms with union employees that offer health benefits offer retiree health benefits, compared to 22% for all large firms with no union employees (Exhibit 11.3).
 - Large firms (200 or more workers) with fewer younger workers (less than 35% of workers are 26 years old or less) are significantly more likely to offer retiree health benefits than large firms with a higher proportion of younger workers (35% or more workers are 26 years old or less)—31% versus 15% (Exhibit 11.3).
- ▶ Among firms offering health benefits, virtually all large firms (200 or more workers) that offer retiree health benefits offer them to early retirees under the age of 65 (92%). A lower percentage (68%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4).

EXHIBIT 11.1

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988–2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009; 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.

EXHIBIT 11.2

Among Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2009

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
FIRM SIZE		
3–199 Workers	5%	—
200–999 Workers	—	24%*
1,000–4,999 Workers	—	39*
5,000 or More Workers	—	49*
REGION		
Northeast	7%	27%
Midwest	6	28
South	4	33
West	3	26
INDUSTRY		
Agriculture/Mining/Construction	2%*	34%
Manufacturing	5	30
Transportation/Communications/Utilities	NSD	50*
Wholesale	3	18*
Retail	0*	12*
Finance	9	41
Service	4	22*
State/Local Government	NSD	81*
Health Care	<1*	20*
ALL FIRMS	5%	29%

SOURCE:

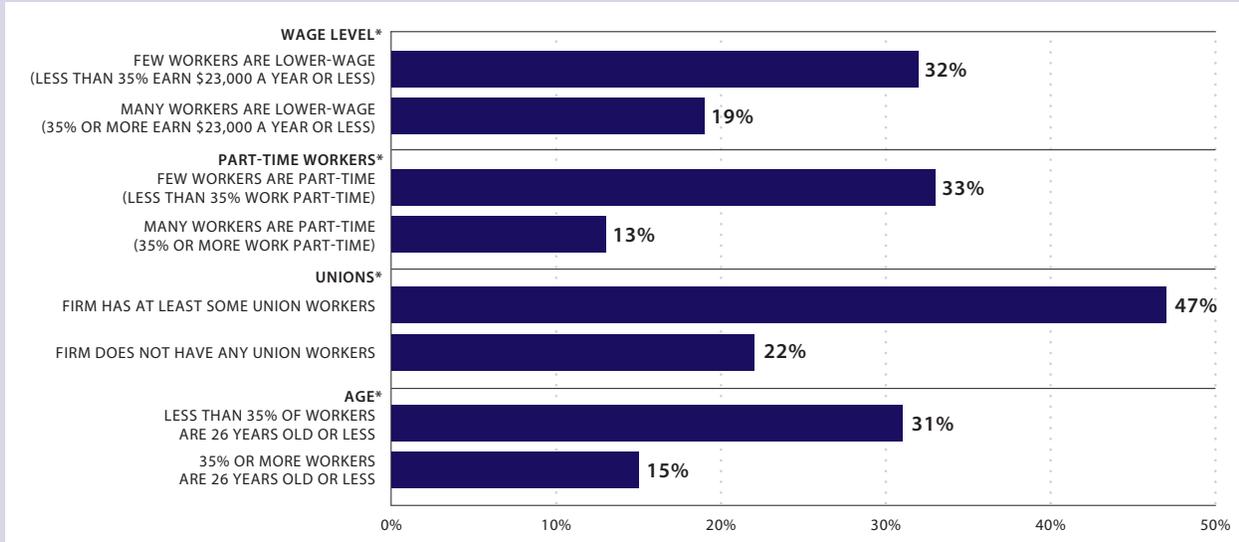
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009



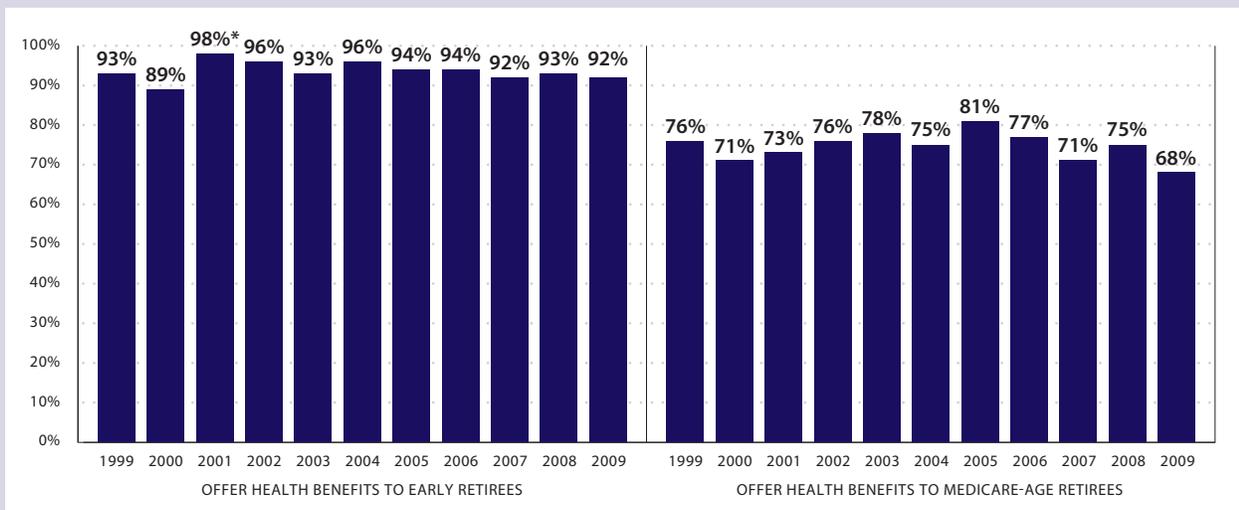
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 1999–2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2009.

* 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, 2009

	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	88%*	61%*
1,000–4,999 Workers	95	75
5,000 or More Workers	97*	85*
REGION		
Northeast	88%	73%
Midwest	97*	67
South	88	64
West	99*	75
INDUSTRY		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	93%	74%
Transportation/Communications/Utilities	92	64
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	95	68
Service	88	70
State/Local Government	100*	73
Health Care	NSD	NSD
ALL LARGE FIRMS (200 or More Workers)	92%	68%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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

2009 ANNUAL SURVEY

Wellness
Programs and
Health Risk
Assessments

SECTION

12

WELLNESS PROGRAMS AND HEALTH RISK ASSESSMENTS

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE—SPONSORING HEALTH BENEFITS FOR ABOUT 159 MILLION NONELDERLY PEOPLE IN AMERICA¹—AND MANY FIRMS ALSO PROVIDE WELLNESS PROGRAMS TO THEIR EMPLOYEES. AS IN 2008, THE SURVEY INCLUDED SEVERAL QUESTIONS ON THE WELLNESS PROGRAMS OFFERED TO EMPLOYEES, INCENTIVES FOR PARTICIPATION IN WELLNESS PROGRAMS, AND EMPLOYER OPINIONS OF WELLNESS PROGRAMS. THIS YEAR'S SURVEY INCLUDED NEW QUESTIONS ON THE FINANCIAL INCENTIVES PROVIDED IF EMPLOYEES COMPLETE A HEALTH RISK ASSESSMENT.

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.
 - Fifty-eight 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 program, personal health coaching, classes in nutrition or healthy living, web-based resources for healthy living, or a wellness newsletter.² 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 insurance and wellness benefits offer the benefits to spouses or dependents (Exhibit 12.3).
 - The percentage of large firms (200 or more workers) offering at least one wellness program increased from 88% in 2008 to 93% in 2009, while the percentage of small firms (3–199 workers) did not statistically increase.
- Among firms offering health benefits and at least one wellness program, 81% of employers report that most of the wellness benefits they offer are provided through the health plan (Exhibit 12.3).³ 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 (83% vs. 60%) (Exhibit 12.3).
- ▶ In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.⁴
 - Ten 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) (27% vs. 9%) (Exhibit 12.4).
 - Very few firms offering health benefits offer the following incentives to workers who participate in wellness programs: a smaller share of the premium (4%) or a lower deductible (1%). Among firms that offer a high-deductible plan paired with a HRA or HSA, 1% of firms offer workers who participate in wellness programs higher HSA or HRA contributions than employees who do not participate (Exhibit 12.4).

NOTES:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2008.

² In 2009, 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 60 percent.

³ 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.

⁴ We modified the survey instrument this year so that firms that offer only web-based resources or a wellness newsletter are not asked questions about any financial incentives provided.

- ▶ Firms sometimes use methods such as health fairs or health claims that identify health risks to identify individuals and encourage participation in wellness programs.
 - Twenty percent of firms offering health benefits and wellness programs use health fairs to identify individuals and encourage participation in wellness programs. About 15% of firms report the use of claims to identify individuals and encourage wellness participation (Exhibit 12.5). The percentage of firms using claims to identify individuals with health risks to encourage their participation in wellness programs increased from 6% in 2008 to 15% in 2009.
 - Large firms (200 or more workers) are more likely than small firms (3–199 workers) to use health fairs or claims information to encourage wellness participation. Forty-six 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 18% of small firms (3–199 workers). Thirty-five percent of large firms (200 or more workers) offering health benefits and wellness benefits use claims to identify individuals and encourage participation in wellness, compared to 13% of small firms (3–199 workers) (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. Thirty-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 (200 or more workers) are more likely than small firms (3–199 workers) to report that reducing health care costs (28% vs. 9%) or improving the health of employees and reducing absenteeism (32% vs. 19%) was a primary reason for offering wellness (Exhibit 12.6).⁵
- ▶ Among firms offering an HDHP/SO and wellness benefits, 10% 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, almost two-thirds (63%) of employers think offering wellness programs is effective in improving the health of the firm's employees. Among those firms offering health coverage, 51% of employers think offering wellness programs is effective in reducing their firm's health care costs. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to think offering wellness programs is effective improving health (80% vs. 61%) or in reducing health care costs (71% vs. 49%) (Exhibit 12.7).

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 on medical history, health status, and lifestyle.
 - Overall, 16% of firms offering health benefits offer health risk assessments to their employees. Fifty-five percent of large firms (200 or more workers) provide the option, compared to 14% of small firms (3–199 workers) (Exhibit 12.8).
 - Thirty-eight percent of firms that offer health risk assessments use them as a method to identify individuals and encourage their participation in wellness programs. Sixty-one percent of large firms (200 or more workers) use health risk assessments to encourage participation in wellness programs, compared to 33% of small firms (3–199 workers) (Exhibit 12.8).

NOTE:

⁵ Less than 1% of firms reported "don't know" when asked their primary reason for offering wellness programs.

- ▶ This year we added additional questions on the financial incentives that firms offer to encourage employees to complete health risk assessments.
 - Of those firms offering health insurance that offer health risk assessments, 11% 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 (34% vs. 7%) (Exhibit 12.8).
 - The survey asked those firms that reported offering financial incentives about some specific types of incentives they may offer. Among those large firms (200 or more workers) that reported offering financial incentives to employees who complete a health risk assessment, 27% of firms reported that employees pay a smaller share of the premium, 7% reported employees have a smaller deductible, and only 2% reported employees have a lower coinsurance rate (Exhibit 12.9).⁶
 - Among all firms that reported offering health risk assessments, 11% of firms reported that they offer gift cards, travel, merchandise, or cash to employees that complete a health risk assessment. Twenty-seven percent of large firms (200 or more workers) offer this incentive, compared to 8% of small firms (3–199 workers) (Exhibit 12.8).⁷
- ▶ Employers were also asked if employees have to take the health risk assessment during open enrollment or during another specified time frame.
 - The majority of firms offering health benefits and health risk assessments (67%) report there is no specified time frame in which a health risk assessment must be taken by an employee. Nineteen percent of firms indicate health risk assessments must be taken during open enrollment, and 13% of firms report there is no specified time frame during which employees must take the assessment (Exhibit 12.10).

NOTES:

⁶ There is insufficient data to report the percentage of small firms with specific financial incentives for health risk assessments.

⁷ Five percent of firms that said no to offering a financial incentive said that they offer gift cards, travel, merchandise, or cash to employees who complete a health risk assessment.

EXHIBIT 12.1

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2009

	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	23%*	26%*	29%*	32%*	8%*
25–199 Workers	40*	37	51*	42	23*
200–999 Workers	58*	58*	76*	60*	33*
1,000–4,999 Workers	75*	66*	82*	52*	39*
5,000 or More Workers	73*	75*	87*	65*	55*
All Small Firms (3–199 Workers)	27%*	28%*	34%*	34%*	12%*
All Large Firms (200 or More Workers)	63%*	61%*	79%*	59%*	36%*
REGION					
Northeast	44%*	40%	35%	46%	14%
Midwest	27	30	45	34	20
South	20	16*	32	38	8*
West	25	37	34	24	9
INDUSTRY					
Agriculture/Mining/Construction	19%	15%*	36%	39%	10%
Manufacturing	21	53*	55*	42	8
Transportation/Communications/Utilities	40	37	36	41	12
Wholesale	69*	70*	21	76*	21
Retail	9*	41	23	19*	10
Finance	24	16	52	27	19
Service	32	21*	37	34	11
State/Local Government	24	16	24	22	11
Health Care	22	61*	26	30	30
ALL FIRMS	28%	30%	36%	35%	13%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Weight Loss Programs	Classes in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program [‡]	Other Wellness Program
FIRM SIZE				
3–24 Workers	22%*	16%*	52%*	9%*
25–199 Workers	31	27	72*	19*
200–999 Workers	50*	45*	92*	34*
1,000–4,999 Workers	57*	55*	95*	46*
5,000 or More Workers	64*	47*	97*	39*
All Small Firms (3–199 Workers)	24%*	19%*	57%*	11%*
All Large Firms (200 or More Workers)	53%*	47%*	93%*	36%*
REGION				
Northeast	36%	15%	58%	6%*
Midwest	26	21	57	17
South	18	14	55	11
West	23	32	64	14
INDUSTRY				
Agriculture/Mining/Construction	24%	3%*	54%	15%
Manufacturing	39	37	71	6*
Transportation/Communications/Utilities	27	27	59	14
Wholesale	63*	19	87*	4*
Retail	15	15	52	7
Finance	18	15	57	9
Service	18	23	55	15
State/Local Government	12	13	32	12
Health Care	57*	35	69	12
ALL FIRMS	25%	20%	58%	12%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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 program, personal health coaching, classes in nutrition or healthy living, web-based resources for healthy living, or a wellness newsletter. In 2009, 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 60%.

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, 2009

	Wellness Benefits Offered to Spouses or Dependents	Most Wellness Benefits Are Provided By the Health Plan
FIRM SIZE		
3–24 Workers	41%*	85%
25–199 Workers	59*	78
200–999 Workers	70*	62*
1,000–4,999 Workers	67*	57*
5,000 or More Workers	69*	54*
All Small Firms (3–199 Workers)	46%*	83%*
All Large Firms (200 or More Workers)	69%*	60%*
REGION		
Northeast	60%	90%
Midwest	42	79
South	65*	78
West	24*	80
ALL FIRMS	48%	81%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Receive Higher HRA or HSA Contributions [‡]	Receive Gift Cards, Travel, Merchandise, or Cash
FIRM SIZE				
3–24 Workers	5%	1%	NSD	8%
25–199 Workers	1	0	1%	12
200–999 Workers	6	2	6*	25*
1,000–4,999 Workers	11*	1	5	29*
5,000 or More Workers	12*	3	8*	32*
All Small Firms (3–199 Workers)	4%	1%	1%*	9%*
All Large Firms (200 or More Workers)	8%	2%	6%*	27%*
REGION				
Northeast	1%	<1%	6%	10%
Midwest	1	<1	1	25*
South	12	2	1	7
West	2	<1	<1	1*
ALL FIRMS	4%	1%	1%	10%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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, 2009

	Health Fairs	Use of Claims to Identify Health Risks	Health Risk Assessments [‡]
FIRM SIZE			
3–24 Workers	18%	15%	NSD
25–199 Workers	18	10	49%
200–999 Workers	39*	29*	56*
1,000–4,999 Workers	60*	45*	67*
5,000 or More Workers	59*	56*	73*
All Small Firms (3–199 Workers)	18%*	13%*	33%*
All Large Firms (200 or More Workers)	46%*	35%*	61%*
REGION			
Northeast	8%*	6%*	40%
Midwest	27	27	56
South	21	25	35
West	24	4*	15*
INDUSTRY			
Agriculture/Mining/Construction	13%	46%	NSD
Manufacturing	11	5*	55%
Transportation/Communications/Utilities	28	20	59
Wholesale	6*	4*	78*
Retail	47	4*	39
Finance	18	7	48
Service	16	11	26
State/Local Government	41*	25	52
Health Care	50	42	86*
ALL FIRMS	20%	15%	38%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

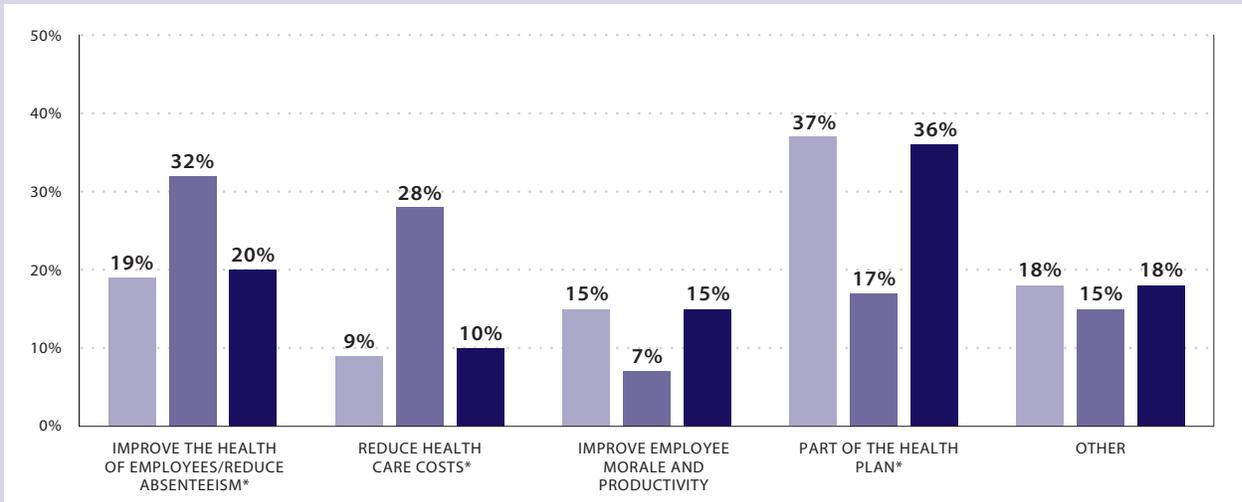
* Estimate is statistically different from all firms not in the indicated size, region, or industry category ($p < .05$).

‡ 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 on 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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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.



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, 2009

FIRM SIZE	Effective in Improving the Health of Employees	Effective in Reducing the Firm's Health Care Costs
3-24 Workers	55%*	45%
25-199 Workers	74	59
200-999 Workers	80*	70*
1,000-4,999 Workers	81*	73*
5,000 or More Workers	79*	75*
All Small Firms (3-199 Workers)	61%*	49%*
All Large Firms (200 or More Workers)	80%*	71%*
ALL FIRMS	63%	51%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

Note: Six percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Ten percent said "Don't Know" to whether they think wellness programs are effective in reducing 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, 2009

	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 [‡]	Employees that Complete Health Risk Assessment Receive Gift Cards, Travel, Merchandise, or Cash [‡]
FIRM SIZE				
3–24 Workers	11%*	NSD	NSD	NSD
25–199 Workers	23*	13%	49%	17%*
200–999 Workers	49*	29*	56*	25*
1,000–4,999 Workers	65*	40*	67*	30*
5,000 or More Workers	75*	48*	73*	34*
All Small Firms (3–199 Workers)	14%*	7%*	33%*	8%*
All Large Firms (200 or More Workers)	55%*	34%*	61%*	27%*
REGION				
Northeast	6%*	23%*	40%	18%
Midwest	21	11	56	15
South	17	13	35	8
West	18	5	15*	6
ALL FIRMS	16%	11%	38%	11%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* 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.

NSD: Not Sufficient Data.

Note: A health risk assessment includes questions on medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed.

EXHIBIT 12.9

Among Large Firms (200 or More Workers) Offering Financial Incentives for Health Risk Assessments, Percentage of Firms That Offer the Following Incentives to Complete Assessments, by Firm Size and Region, 2009*

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Workers Have Lower Coinsurance
FIRM SIZE			
200–999 Workers	28%	9%	3%
1,000–4,999 Workers	25	3	1
5,000 or More Workers	28	8	2
REGION			
Northeast	31%	5%	5%
Midwest	29	7	2
South	26	5	1
West	20	15	0
All Large Firms (200 or More Workers)	27%	7%	2%

SOURCE:

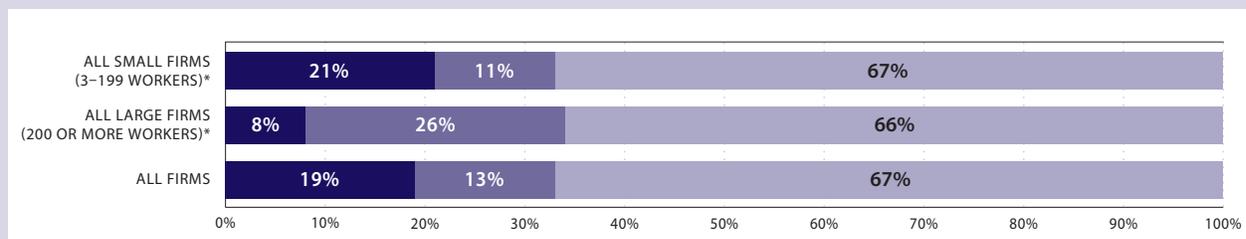
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

*Tests found no statistically significant differences (p<.05).

Note: A health risk assessment includes questions on medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed. There is insufficient data to report the percentage of small firms with specific financial incentives for health risk assessments.

EXHIBIT 12.10

Among Firms Offering Health Benefits and Health Risk Assessments, Distribution of Firms Reporting the Following in Terms of When Employees Must Take Health Risk Assessments, by Firm Size, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

- DURING OPEN ENROLLMENT
- ANOTHER SPECIFIED TIME FRAME
- NO SPECIFIED TIME FRAME

EMPLOYER HEALTH BENEFITS
2009 ANNUAL SURVEY

Employer and
Health Plan
Practices, and
Employer Opinions

SECTION

13

EMPLOYER AND HEALTH PLAN PRACTICES, AND EMPLOYER OPINIONS

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE—SPONSORING HEALTH BENEFITS FOR ABOUT 159 MILLION NONELDERLY PEOPLE IN AMERICA¹—SO THEIR ATTITUDES, KNOWLEDGE, AND EXPERIENCES ARE IMPORTANT FACTORS IN HEALTH POLICY DISCUSSIONS. EMPLOYERS WERE ASKED HOW THEY VIEW DIFFERENT APPROACHES TO CONTAINING COST INCREASES AND HOW THEY PLAN TO CHANGE THEIR HEALTH BENEFIT PLANS IN THE NEAR FUTURE. THE SURVEY ALSO COLLECTED INFORMATION ON EMPLOYER HEALTH PLAN PRACTICES, SUCH AS UTILIZATION MANAGEMENT AND LIFETIME BENEFIT MAXIMUMS. QUESTIONS WERE ALSO INCLUDED ON INCENTIVES FOR EMPLOYEES TO REFUSE COVERAGE, OR ELECT SINGLE RATHER THAN FAMILY COVERAGE.

EMPLOYER OPINIONS ON COST CONTAINMENT AND LIKELY CHANGES IN HEALTH BENEFITS

- ▶ 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 23% of firms, depending on the strategy). About one-third of firms (between 31% and 36%) report that each of the approaches we asked about would be “somewhat effective” at controlling cost growth.
 - Similar percentages of employers report that consumer-driven health plans (16%), higher employee cost sharing (13%), or tighter managed care restrictions (13%) would be “very effective” in reducing the growth of health care costs. Twenty-three percent of employers report disease management is “very effective” (Exhibit 13.1). There are no statistically significant differences between small firms (3–199 workers) and large firms (200 or more workers) in the percentage that report that strategies are “very effective.”
- ▶ Each year we ask employers whether they expect to change the employee premium contributions, cost sharing, or eligibility for health benefits in the next year.
 - Forty-three percent of large firms (200 or more workers) say that they are “very likely” to increase the amount employees pay for health insurance in the next year, compared to 20% of small firms (3–199 workers) (Exhibit 13.2).
 - Some firms also report that they are “very likely” to increase employee cost sharing next year, with 16% saying that they are “very likely” to increase deductibles, 15% saying that they are “very likely” to increase office visit copayments or coinsurance, and 14% saying that they are “very likely” to increase the amount that employees pay for prescription drugs (Exhibit 13.2). These responses vary little between small firms (3–199 workers) and large firms (200 or more workers). The percentage of large firms who report that they are very likely to increase deductibles increased from 9% in 2008 to 15% in 2009.
 - As observed in previous years, small percentages of employers report that they are likely to restrict eligibility or drop coverage altogether. Four percent of firms say that they are “very likely” to restrict eligibility for benefits in the next year. About two percent of firms say that they are “very likely” to drop coverage in the next year (Exhibit 13.2). These percentages are not statistically different from the percentages reported in 2008, and do not vary by small and large firms.

NOTE:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2008.

EMPLOYER'S RESPONSE TO THE ECONOMIC DOWNTURN

- ▶ To gauge employer responses to the economic downturn, a couple of questions were included on whether employers have reduced their benefits or increased cost sharing due to the downturn.
 - Twenty-one percent of employers report reducing the scope of health benefits or increasing cost sharing and 15% report increasing the amount employees pay for coverage in response to the economic downturn. More large firms than small firms report increasing the share of the premium that the employee pays (22% vs. 15%) (Exhibit 13.3).

MARKET TURNOVER

- ▶ About every other year, we ask firms that offer health insurance if they have shopped for a new insurance carrier or a new health plan.
 - Sixty-two percent of firms that offer health insurance have shopped for a new health plan or insurance carrier in the past year (Exhibit 13.4). Small firms (3–199 workers) were more likely to have shopped than large firms (200 or more workers) (63% vs. 48%). Among those firms that shopped in the past year, 20% changed their insurance carrier and 31% changed the type of health plan (Exhibit 13.5). Among firms that shopped, small firms were more likely to have changed the type of health plan than large firms (31% vs. 20%).
- ▶ We also asked all firms that offer health benefits, what, in addition to cost, is the most important factor in your decision to choose a particular plan.
 - A considerable percentage of firms (58%) reported that, in addition to cost, they consider the quality of providers in networks to be the most important factor when choosing a particular health plan, with 59% of small firms (3–199 workers), compared to 43% of large firms (200 or more workers) reporting this factor. Large firms (33%) were more likely to report that the size of the network is the most important factor than small firms (17%). Relatively few firms reported their most important factor as administrator or carrier (4%), wellness programs (1%), or other factors (15%) (Exhibit 13.6).

ENROLLMENT INCENTIVES

- ▶ Firms may require employees to contribute different amounts for coverage depending on whether employees have an alternative source of coverage, or may provide incentives for employees to enroll in single rather than family coverage or turn down coverage completely.
 - Sixteen percent of firms that offer coverage vary the contribution they make toward family coverage based on whether an employee's family member has the option of obtaining insurance from another source, such as another employer (Exhibit 13.7). The survey asks firms that do not vary the contribution whether or not they are likely to do so in the future. Few firms say they are "very likely" (2%) or "somewhat likely" (11%) to adopt such an approach in the next two years. (Exhibit 13.8).
 - Eighteen percent of firms provide additional compensation or benefits to employees if they elect not to participate in the health plan (Exhibit 13.7). One-in-ten firms are "very likely" or "somewhat likely" to adopt this approach in the next two years (Exhibit 13.8).
 - A small percentage of firms (4%) provide additional compensation or benefits to employees if they elect single rather than family coverage (Exhibit 13.7). Only 1% are "very likely" and 6% are "somewhat likely" to adopt this approach in the next two years (Exhibit 13.8).

WORK-SITE HEALTH AND SAFETY

- ▶ New to the survey this year were two questions for firms with 1,000 or more employees regarding on-site health clinics. These questions were asked of all firms surveyed, including those that do not offer health benefits.
 - Among both firms that offer health benefits and those that do not, 20% of firms with 1,000 or more workers reported that they have an on-site health clinic for employees at any of their locations. Of those firms with an on-site health clinic, 79% reported that employees can receive treatment for non-work related illness at the on-site clinic (Exhibit 13.9).

- ▶ Many firms offer injury prevention programs, such as worker safety or ergonomics information.
 - Overall, 39% of firms offer an injury prevention program. The majority of large firms (200 or more workers) have injury prevention programs (64%) compared to 38% of small firms (3–199 workers) (Exhibit 13.9). Firms with at least some union workers are significantly more likely than firms without any union workers to offer an injury prevention program (71% vs. 38%).
- ▶ Health plans may also include case management services for individuals with large claims. Case management is the coordination of care for those with high claims to improve quality of care and to lower costs.
 - Thirty-seven percent of firms report that their largest health plan has case management for large claims. Large firms (200 or more workers) are more likely to report case management services than small firms (3–199 workers) (82% vs. 35%) (Exhibit 13.10).

UTILIZATION MANAGEMENT

- ▶ Some health plans require pre-admission certification prior to obtaining certain services, such as inpatient hospital care, outpatient surgery, or imaging services.
 - The majority of firms (55%) report that their largest health plan requires pre-admission certification for inpatient hospital care, with large firms (200 or more workers) more likely to report their largest plan has this requirement than small firms (3–199 workers) (72% vs. 54%). Fifty-nine percent of firms report that pre-admission certification is required by their largest health plan for outpatient surgery, and 42% report pre-admission certification is required for imaging services, such as MRIs, CAT scans, or PET scans (Exhibit 13.10).

LIFETIME MAXIMUMS

- ▶ The majority of covered workers are in plans with a limit on the amount of benefits a plan will pay for an employee over his or her lifetime.
 - Overall, 59% of covered workers are in plans with a lifetime maximum on benefits (Exhibit 13.11). The percentage of covered workers with no lifetime maximum limit is not statistically different between 2009 and 2007, the last time the question was asked. Forty-three percent of covered workers have a specified limit of two million dollars or more, a statistically significant increase from 32% of covered workers in 2007.
 - The majority of covered workers in HMO (69%) and POS plans (52%) have no lifetime maximum on benefits paid for by the plan, and about one-third of workers in PPOs (31%) and HDHP/SOs (32%) have no limit (Exhibit 13.12).

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, 2009

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
Tighter Managed Care Restrictions*					
All Small Firms (3–199 Workers)	13%	33%	20%	25%	9%
All Large Firms (200 or More Workers)	9%	40%	32%	16%	2%
ALL FIRMS	13%	34%	20%	25%	8%
Consumer-Driven Health Plans (Ex: High-Deductible Plan Combined with a Health Savings Account)*					
All Small Firms (3–199 Workers)	16%	35%	20%	23%	6%
All Large Firms (200 or More Workers)	19%	33%	28%	17%	4%
ALL FIRMS	16%	35%	20%	22%	6%
Higher Employee Cost Sharing*					
All Small Firms (3–199 Workers)	13%	36%	17%	28%	5%
All Large Firms (200 or More Workers)	14%	35%	27%	22%	2%
ALL FIRMS	13%	36%	18%	28%	5%
Disease Management Programs*					
All Small Firms (3–199 Workers)	23%	30%	19%	23%	5%
All Large Firms (200 or More Workers)	26%	43%	22%	8%	2%
ALL FIRMS	23%	31%	19%	22%	5%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 13.2

Among Firms Offering Health Benefits, Distribution of Firms Reporting the Likelihood of Making the Following Changes in the Next Year, by Firm Size, 2009

	Very Likely	Somewhat Likely	Not Too Likely	Not At All Likely	Don't Know
Increase the Amount Employees Pay for Health Insurance*					
All Small Firms (3–199 Workers)	20%	20%	13%	46%	<1%
All Large Firms (200 or More Workers)	43%	23%	16%	17%	1%
ALL FIRMS	21%	20%	14%	44%	<1%
Increase the Amount Employees Pay for Deductibles*					
All Small Firms (3–199 Workers)	16%	19%	18%	46%	<1%
All Large Firms (200 or More Workers)	15%	25%	27%	33%	1%
ALL FIRMS	16%	20%	18%	46%	<1%
Increase the Amount Employees Pay for Office Visit Copays or Coinsurance*					
All Small Firms (3–199 Workers)	15%	25%	18%	42%	<1%
All Large Firms (200 or More Workers)	11%	23%	30%	35%	2%
ALL FIRMS	15%	25%	19%	41%	<1%
Increase the Amount Employees Pay for Prescription Drugs*					
All Small Firms (3–199 Workers)	14%	23%	19%	44%	<1%
All Large Firms (200 or More Workers)	9%	24%	30%	35%	2%
ALL FIRMS	14%	23%	19%	43%	<1%
Restrict Employees' Eligibility for Coverage*					
All Small Firms (3–199 Workers)	4%	5%	7%	83%	<1%
All Large Firms (200 or More Workers)	1%	5%	12%	81%	1%
ALL FIRMS	4%	5%	8%	83%	<1%
Drop Coverage Entirely*					
All Small Firms (3–199 Workers)	2%	6%	6%	86%	<1%
All Large Firms (200 or More Workers)	1%	1%	2%	96%	1%
ALL FIRMS	2%	6%	6%	86%	<1%
Offer HDHP/HRA‡					
All Small Firms (3–199 Workers)	5%	16%	19%	60%	1%
All Large Firms (200 or More Workers)	8%	14%	24%	54%	1%
ALL FIRMS	5%	15%	19%	59%	1%
Offer HSA-Qualified HDHP‡					
All Small Firms (3–199 Workers)	5%	16%	23%	54%	<1%
All Large Firms (200 or More Workers)	7%	14%	31%	47%	1%
ALL FIRMS	6%	16%	24%	54%	<1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

‡ Among firms not currently offering this type of HDHP/SO.

EXHIBIT 13.3

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, 2009

	Reduced Scope of Health Benefits or Increased Cost Sharing	Increased the Worker's Share of the Premium
FIRM SIZE		
200–999 Workers	23%	22%*
1,000–4,999 Workers	19	21
5,000 or More Workers	21	19
All Small Firms (3–199 Workers)	21%	15%*
All Large Firms (200 or More Workers)	22%	22%*
REGION		
Northeast	31%	15%
Midwest	22	18
South	22	16
West	10*	12
ALL FIRMS	21%	15%

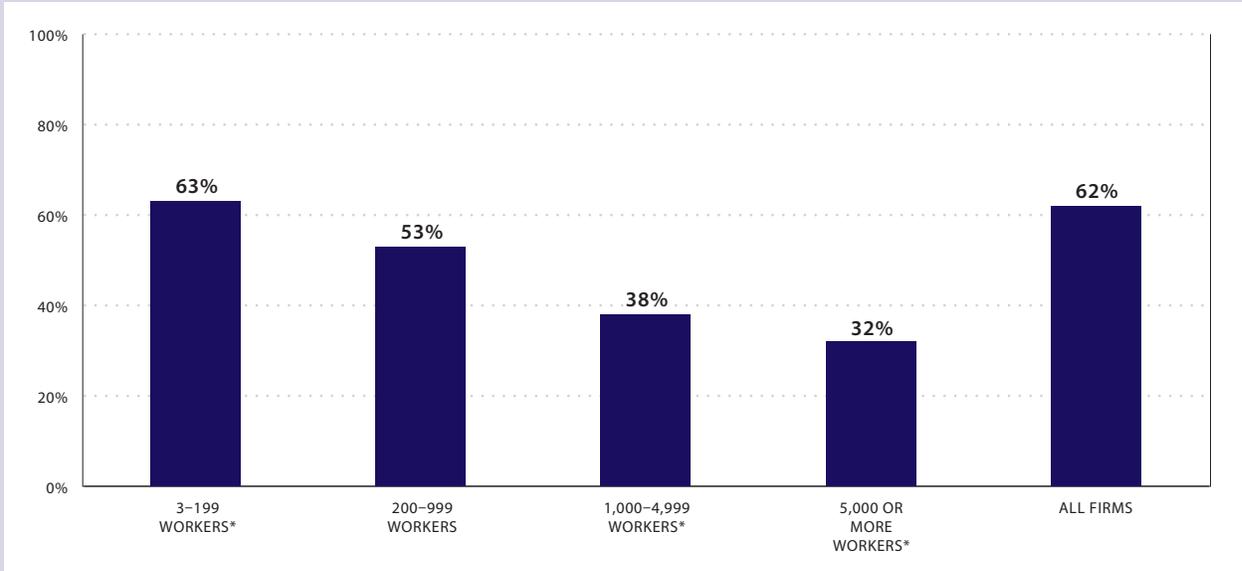
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 13.4

Percentage of Firms Offering Health Benefits That Shopped For a New Plan or Health Insurance Carrier in the Past Year, by Firm Size, 2009



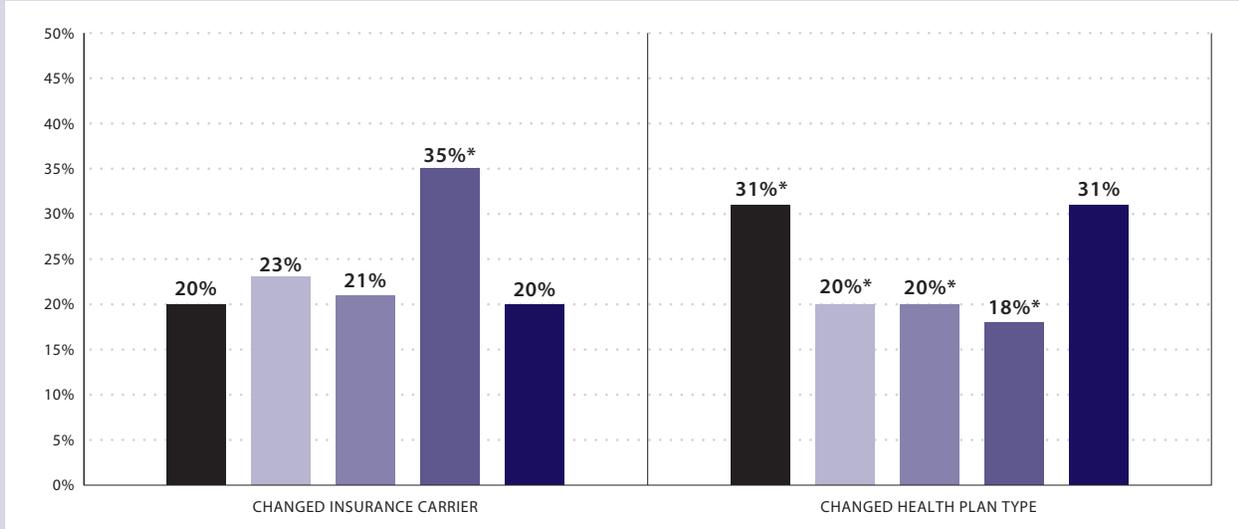
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 13.5

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, 2009



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

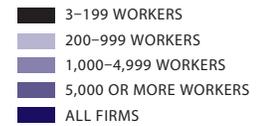
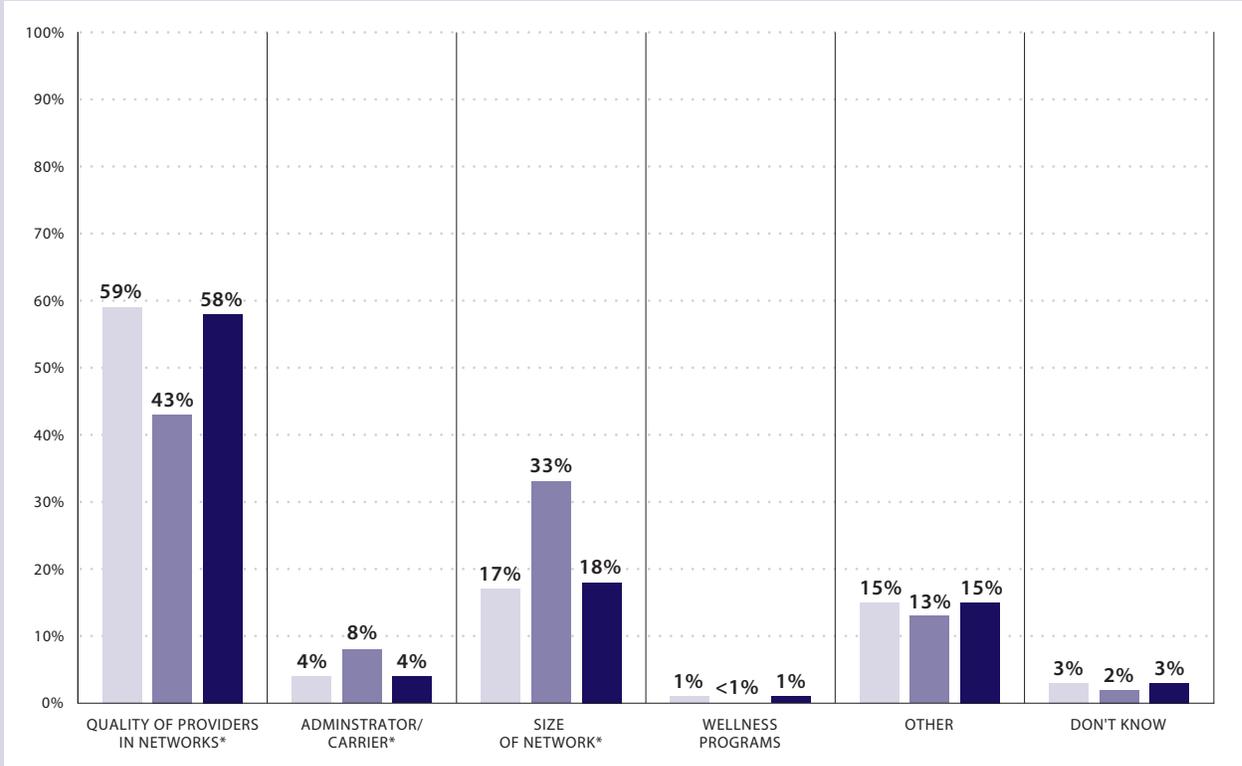


EXHIBIT 13.6

Among Firms Offering Health Benefits, Percentage of Firms Reporting the Following as the Most Important Factor in the Firm's Decision to Choose a Particular Plan, in Addition to Cost, by Firm Size, 2009



SOURCE:

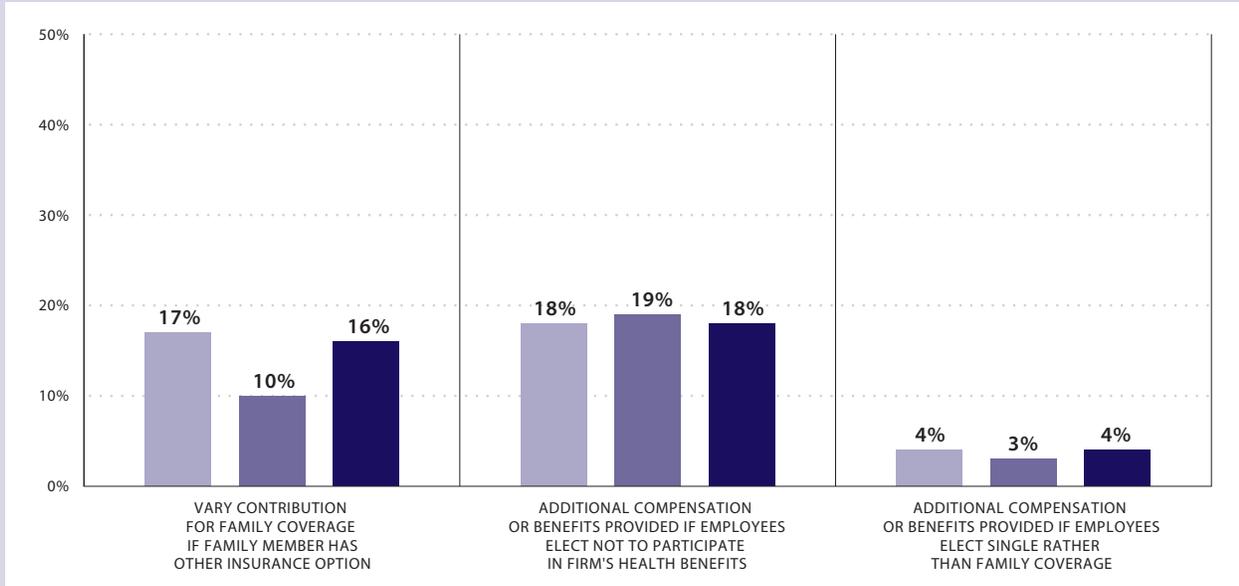
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Estimate is 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 13.7

Among Firms Offering Health Benefits, Percentage of Firms Reporting the Use of the Following Contribution Approaches for Health Benefits, 2009*



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

*Tests found no statistical differences between All Small and All Large firms (p<.05).

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

EXHIBIT 13.8

Among Firms Offering Health Benefits, Distribution of Firms Reporting the Likelihood of Adopting the Following Contribution Approaches for Health Benefits in the Next Two Years, 2009

	Very Likely	Somewhat Likely	Not Too Likely	Not At All Likely
Vary Contribution for Family Coverage If Family Member Has Other Insurance Coverage Option*				
All Small Firms (3–199 Workers)	2%	10%	22%	66%
All Large Firms (200 or More Workers)	2%	17%	31%	50%
ALL FIRMS	2%	11%	23%	65%
Additional Compensation or Benefits Provided if Employees Elect Not to Participate in Firm's Health Benefits				
All Small Firms (3–199 Workers)	3%	7%	20%	70%
All Large Firms (200 or More Workers)	2%	9%	26%	63%
ALL FIRMS	3%	7%	20%	70%
Additional Compensation or Benefits Provided if Employees Elect Single Rather Than Family Coverage*				
All Small Firms (3–199 Workers)	1%	6%	16%	78%
All Large Firms (200 or More Workers)	1%	5%	27%	68%
ALL FIRMS	1%	6%	16%	77%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

EXHIBIT 13.9

Among Offering and Non-Offering Firms, Percentage With the Following On-Site Health and Safety Programs, by Firm Size, Region, and Industry, 2009

	Offers On-Site Health Clinic	At On-Site Clinic, Employees Can Receive Treatment for Non-Work-Related Illness [‡]	Offers Injury Prevention Program
FIRM SIZE			
3–24 Workers	NA	NA	36%*
25–199 Workers	NA	NA	50*
200–999 Workers	NA	NA	60*
1,000–4,999 Workers	18%*	76%	72*
5,000 or More Workers	25*	82	79*
All Small Firms (3–199 Workers)	NA	NA	38%*
All Large Firms (200 or More Workers)	20%	79%	64%*
REGION			
Northeast	20%	84%	38%
Midwest	29*	74	36
South	19	82	37
West	12*	NSD	43
INDUSTRY			
Agriculture/Mining/Construction	NSD	NSD	58%*
Manufacturing	22%	NSD	42
Transportation/Communications/Utilities	9*	NSD	77*
Wholesale	9*	NSD	57
Retail	12	NSD	30
Finance	21	NSD	10*
Service	18	83%	35
State/Local Government	28	NSD	39
Health Care	53*	74	34
ALL FIRMS	20%	79%	39%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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

[‡] Among firms that have an on-site health clinic at any of their locations.

NA: Only firms with 1,000 or more workers were asked about on-site health clinics.

NSD: Not Sufficient Data.

EXHIBIT 13.10

Percentage of Firms with the Following Utilization Management Provisions in their Largest Health Plan, By Firm Size, Region, and Industry, 2009

	Pre-Admission Certification for Inpatient Hospital Care	Pre-Admission Certification for Outpatient Surgery	Pre-Admission Certification for Imaging	Case Management for Large Claims
FIRM SIZE				
3–24 Workers	53%	60%	41%	31%*
25–199 Workers	60	56	46	49*
200–999 Workers	70*	57	46	79*
1,000–4,999 Workers	75*	55	44	90*
5,000 or More Workers	77*	54	48	95*
All Small Firms (3–199 Workers)	54%*	59%	42%	35%*
All Large Firms (200 or More Workers)	72%*	57%	46%	82%*
REGION				
Northeast	49%	58	55	40%
Midwest	62	63	40	43
South	68*	63	44	38
West	39*	49	29	26
INDUSTRY				
Agriculture/Mining/Construction	65%	63%	60%	52%
Manufacturing	58	58	41	33
Transportation/Communications/ Utilities	51	55	63	63*
Wholesale	53	56	71*	28
Retail	22*	62	39	19*
Finance	64	65	28	36
Service	55	55	29*	33
State/Local Government	91*	88*	83*	30
Health Care	73	57	57	66*
ALL FIRMS	55%	59%	42%	37%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

* Estimate for utilization management for inpatient hospital care, outpatient surgery, imaging, or case management is statistically different from all other firms not in the indicated size, region, or industry category ($p < .05$).

EXHIBIT 13.11

Distribution of Covered Workers by Maximum Lifetime Benefit Payable to an Employee with Single Coverage, by Plan Type, 2004–2009

	Less than \$1,000,000	\$1,000,000–\$1,999,999	\$2,000,000 or More	No Limit
HMO				
2004	<1%	10%	15%	75%
2007	0%	9%	15%	76%
2009*	<1%	5%	25%	69%
PPO				
2004	1%	33%	31%	35%
2007*	1%	27%	38%	33%
2009*	<1%	20%	49%	31%
POS				
2004	2%	21%	15%	63%
2007*	0%	20%	27%	53%
2009	1%	18%	29%	52%
HDHP/SO[‡]				
2007	0%	13%	54%	33%
2009*	<1%	5%	62%	32%
ALL PLANS				
2004	1%	24%	25%	49%
2007*	1%	22%	32%	45%
2009*	<1%	16%	43%	41%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004–2009.

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

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

EXHIBIT 13.12

Distribution of Covered Workers by Maximum Lifetime Benefit Payable to an Employee with Single Coverage, by Plan Type and Firm Size, 2009

	Less than \$1,000,000	\$1,000,000 – \$1,999,999	\$2,000,000 or More	No Limit
HMO*				
All Small Firms (3–199 Workers)	0%	4%	11%	84%
All Large Firms (200 or More Workers)	1	6	30	63
All HMO Plans	<1%	5%	25%	69%
PPO				
All Small Firms (3–199 Workers)	<1%	17%	47%	36%
All Large Firms (200 or More Workers)	<1	21	49	30
All PPO Plans	<1%	20%	49%	31%
POS				
All Small Firms (3–199 Workers)	1%	12%	31%	56%
All Large Firms (200 or More Workers)	0	27	26	47
All POS Plans	1%	18%	29%	52%
HDHP/SO				
All Small Firms (3–199 Workers)	1%	2%	61%	36%
All Large Firms (200 or More Workers)	0	8	64	28
All HDHP/SOs	<1%	5%	62%	32%
ALL PLANS*				
All Small Firms (3–199 Workers)	1%	12%	39%	48%
All Large Firms (200 or More Workers)	<1	18	45	37
ALL FIRMS	<1%	16%	43%	41%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009.

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



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