

EMPLOYER HEALTH BENEFITS
2002 ANNUAL SURVEY

Health Benefits

SECTION

8

HEALTH BENEFITS

BENEFIT PACKAGES IN EMPLOYER-BASED HEALTH PLANS HAVE GROWN MORE GENEROUS OVER THE PAST TWENTY YEARS, MOST NOTABLY WITH REGARD TO PRESCRIPTION DRUG COVERAGE AND PREVENTIVE SERVICES. THE SHIFT FROM CONVENTIONAL TO MANAGED CARE PLANS EXPLAINS MUCH OF THIS INCREASE. MANAGED HEALTH PLANS HAVE HISTORICALLY EMPHASIZED PREVENTIVE CARE SUCH AS PHYSICALS AND MAMMOGRAPHY SCREENINGS AND COMPREHENSIVE CARE INCLUDING COVERAGE FOR PRESCRIPTIONS DRUGS.

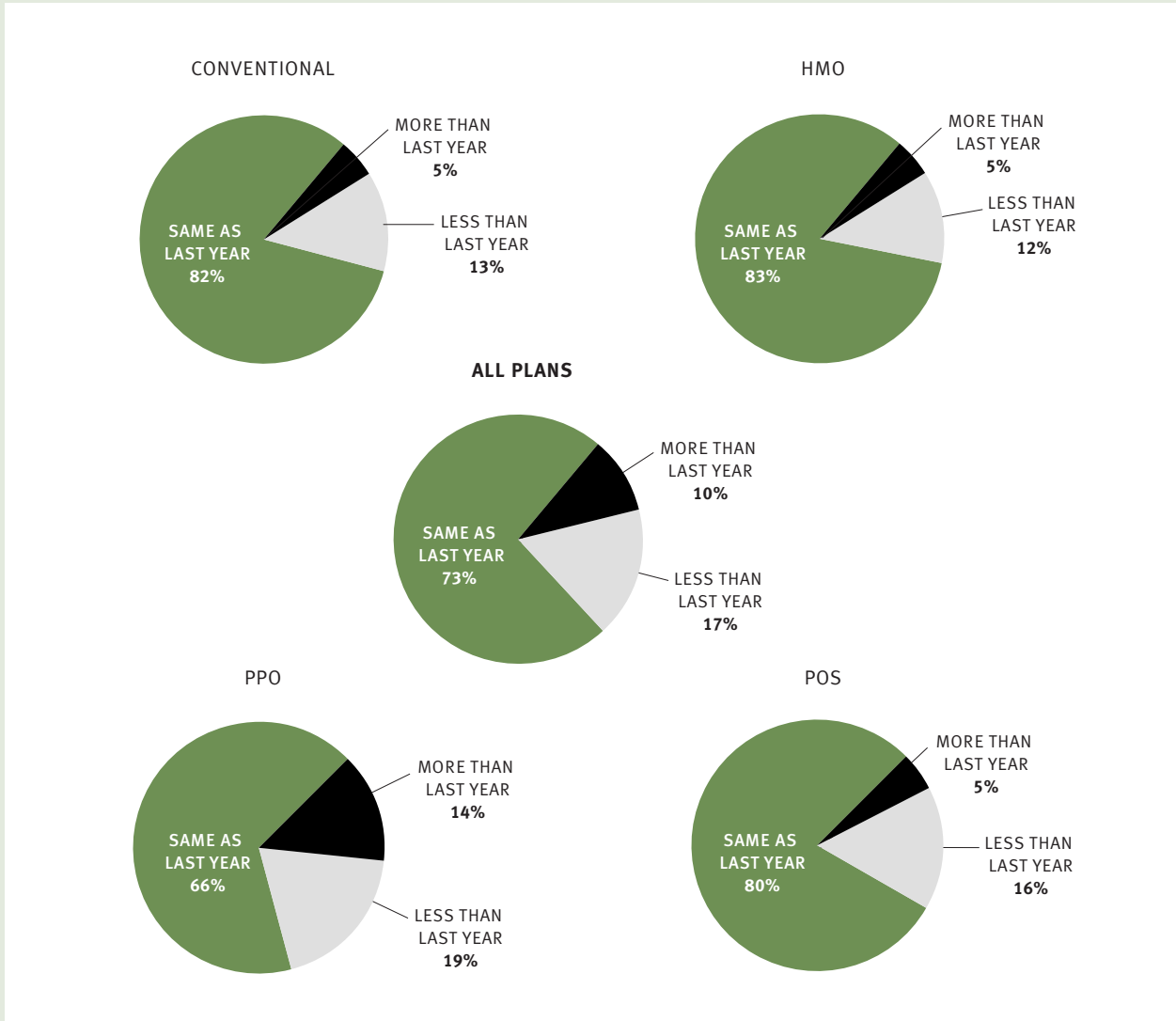
HOWEVER, IN 2002 FOR THE FIRST TIME IN SEVERAL YEARS, THE PERCENTAGE OF WORKERS IN FIRMS THAT REPORT A DECREASE IN THE LEVEL OF BENEFITS OFFERED IS GREATER THAN THE PERCENTAGE REPORTING INCREASES.

- ▶ Most workers experienced no change in benefits in 2002. Depending on the type of health plan, between 66% and 83% of covered workers experienced no change in the level of their benefits in the past year. This year, a greater number of firms report a decrease in benefits (17%) than those that report benefit increases (10%) (EXHIBIT 8.1).
- *The percentage of firms reporting benefit reductions has been rising over the last several years, from 7% of all firms in 2000 to 17% of all firms in 2002 (EXHIBIT 8.2).*
- ▶ The vast majority of health plans offer benefits that might be considered “standard coverage”, including: prescription drugs, prenatal care, an annual adult physical, an annual visit to the obstetrician/gynecologist, well-baby visits, and outpatient and in-patient mental health services (EXHIBITS 8.3, 8.4).
- *In general, larger firms offer somewhat more generous benefits than smaller firms.*
- *HMO and POS plans tend to offer the most comprehensive benefits packages, while conventional plans provide less comprehensive offerings. HMOs, in particular, are most likely to offer preventive care. Among covered workers in HMOs, 98% are covered for annual adult physicals and 99% have obstetrics/gynecology coverage. In contrast, in PPO plans, 88% are covered for adult physicals and 93% are covered for visits to the obstetrician/gynecologist.*
- *All types of plans are less likely to cover oral contraceptives than other types of prescription drugs (99%), although 78% of covered workers now have coverage for oral contraceptives.*
- *Across all plan types, only 32% of firms cover acupuncture, while 80% cover chiropractic services, virtually unchanged from 2000.*
- ▶ The vast majority of workers in PPO and conventional plans have the protection of an out-of-pocket maximum for health care expenses. There was little change in these limits from 2000 to 2002 (EXHIBITS 8.5, 8.6).
- ▶ Lifetime limits on benefits – the maximum amount of benefits a plan will pay for an employee over his or her lifetime – are common, though less so in the last few years. Just under half (44%) of workers in conventional plans have a lifetime limit on coverage, as do 67% of those in PPO plans (EXHIBITS 8.7, 8.8).

- *The percentage of workers with no lifetime limits has increased since 2000, from 21% to 29% for conventional plans, and from 19% to 24% for PPO plans (EXHIBITS 8.7, 8.8).*
- *Only 1% of workers in conventional plans and 2% of workers in PPO plans have a lifetime limit of \$250,000 or less (EXHIBIT 8.7).*
- ▶ *Concurrent utilization review (UR) for inpatient care is prevalent across plan types – 62% of firms report that they require UR, although 19% report that they are uncertain whether or not UR is required. The percentage of employees in indemnity, PPO and POS plans subject to UR for hospital stays has declined from 79% in 1996 to 61% in 2002 (EXHIBIT 8.9).*
- ▶ *Limits on benefits for specific diseases are quite rare; across the four plan types, only 6% to 8% of plans place disease-specific limitations on benefits (EXHIBIT 8.10).*

EXHIBIT 8.1

How Levels of Benefits for Covered Workers Compare to Last Year, by Plan Type, 2002*



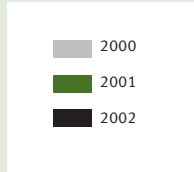
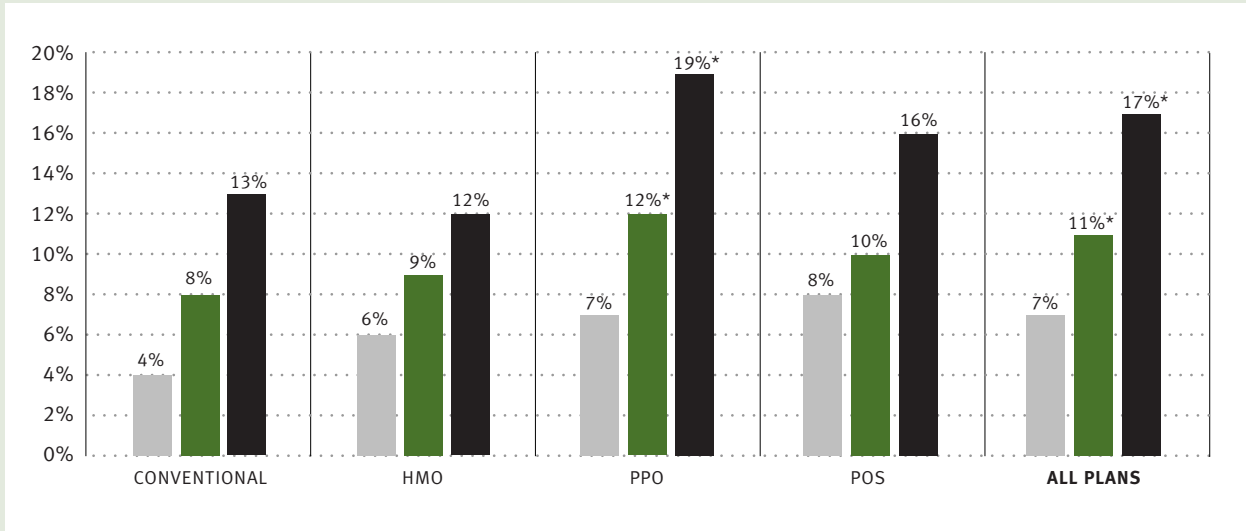
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

* Tests found no statistically different distributions from All Plans.

EXHIBIT 8.2

Percentage of Covered Workers in Firms Reporting a Decrease in the Level of Benefits Compared to the Previous Year, 2000, 2001 and 2002



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.

* Estimate is statistically different from the previous year shown: 2000-2001, 2001-2002.

EXHIBIT 8.3

Percentage of Covered Workers With Selected Benefits, by Firm Size, 2002

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200+ Workers)</i>	<i>All Firms</i>
ALL PLANS			
Adult Physicals	90%	90%	90%
Prescription Drugs	99	99	99
Outpatient Mental	94*	99*	98
Inpatient Mental	89*	99*	96
Annual OB/GYN Visit	94	93	93
Prenatal Care	94	98	97
Oral Contraceptives	62*	85*	78
Well-Baby Care	91	95	94
Acupuncture	28	34	32
Chiropractic	69*	85	80

SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

* Estimate is statistically different from All Firms.

EXHIBIT 8.4

Percentage of Covered Workers in Conventional, HMO, PPO, and POS Plans With Selected Benefits, by Firm Size, 2002

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200+ Workers)</i>	<i>All Firms</i>
CONVENTIONAL PLANS			
Adult Physicals	71%	65%	67%
Prescription Drugs	92	99	97
Outpatient Mental	87	99	96
Inpatient Mental	82	99	94
Annual OB/GYN Visit	75	74	74
Prenatal Care	83	79	80
Oral Contraceptives	32	46	42
Well-Baby	68	70	69
Acupuncture	34	42	39
Chiropractic	83	78	79
HMO PLANS			
Adult Physicals	93%	99%	98%
Prescription Drugs	98	99	99
Outpatient Mental	93	99	98
Inpatient Mental	90*	99	97
Annual OB/GYN Visit	98	100	99
Prenatal Care	96	100	99
Oral Contraceptives	68*	89	85
Well-Baby	94	100*	98
Acupuncture	19	28	26
Chiropractic	58*	75	72
PPO PLANS			
Adult Physicals	89%	88%	88%
Prescription Drugs	100	100	100
Outpatient Mental	93	99*	97
Inpatient Mental	88*	99*	96
Annual OB/GYN Visit	94	93	93
Prenatal Care	94*	99*	98
Oral Contraceptives	63*	82	76
Well-Baby	90	95	94
Acupuncture	31	34	33
Chiropractic	75*	89	85
POS PLANS			
Adult Physicals	94%	94%	94%
Prescription Drugs	100	99	99
Outpatient Mental	96	98	98
Inpatient Mental	91	97	95
Annual OB/GYN Visit	95	96	96
Prenatal Care	94	98	97
Oral Contraceptives	61*	90*	80
Well-Baby	94	98	97
Acupuncture	30	39	35
Chiropractic	59*	86*	76

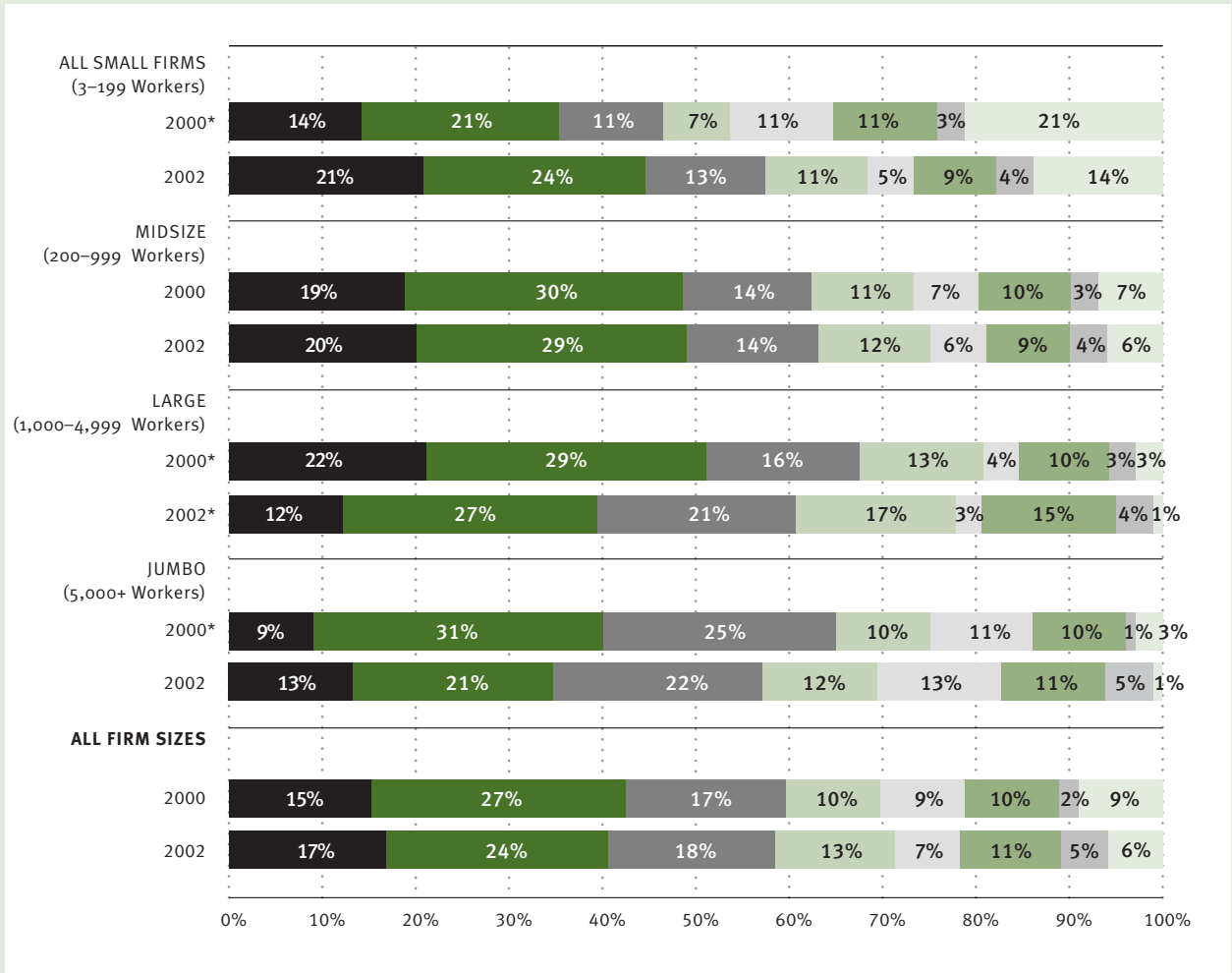
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

* Estimate is statistically different from All Firms within a plan type

EXHIBIT 8.5

Maximum Out-of-Pocket Liability for an Individual With Single Coverage in PPO Plans, by Firm Size, 2000 and 2002



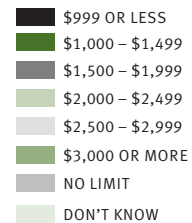
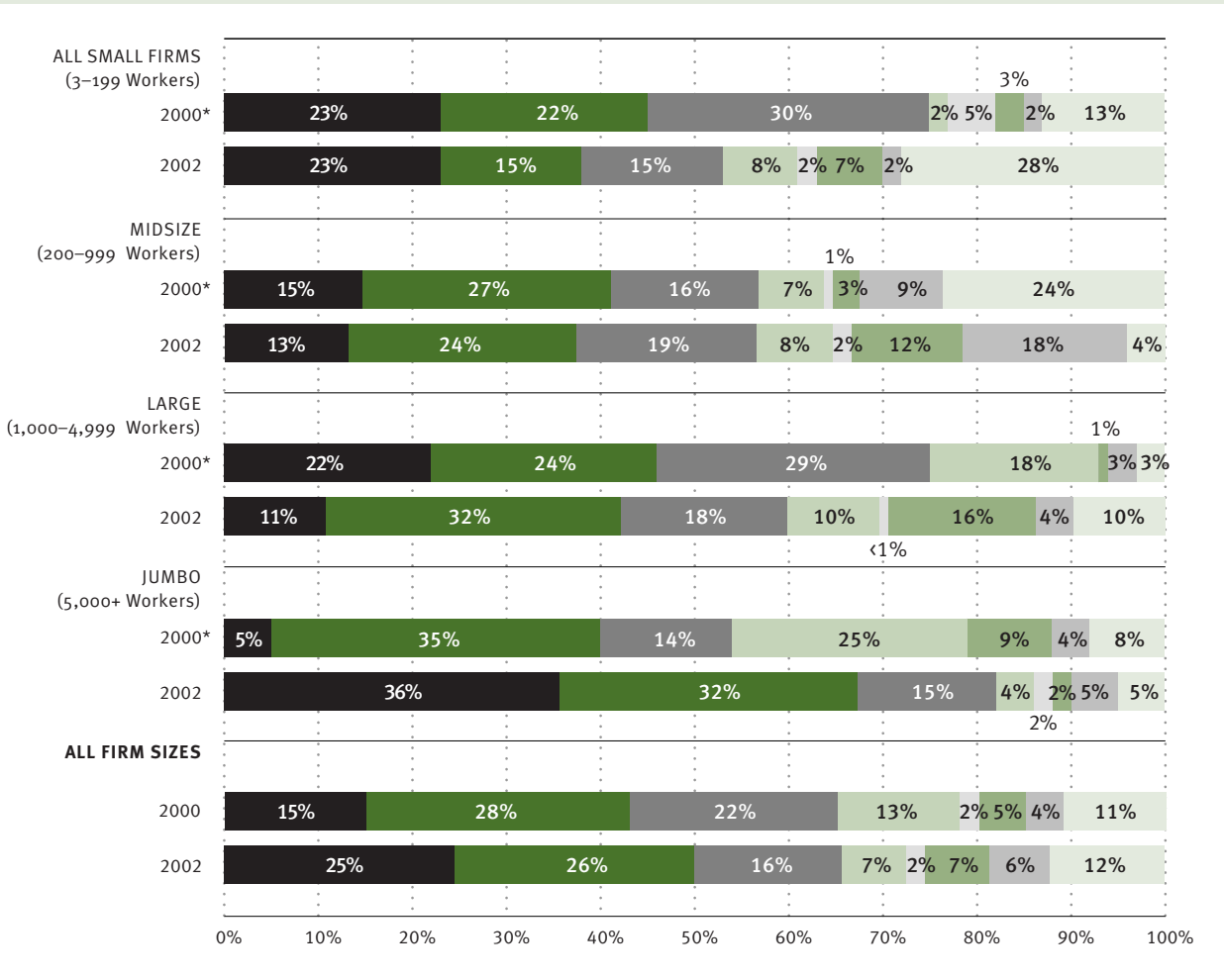
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002.

* Distribution is statistically different from All Firms by year.

EXHIBIT 8.6

Maximum Out-of-Pocket Liability for an Individual With Single Coverage in Conventional Plans, by Firm Size, 2000 and 2002



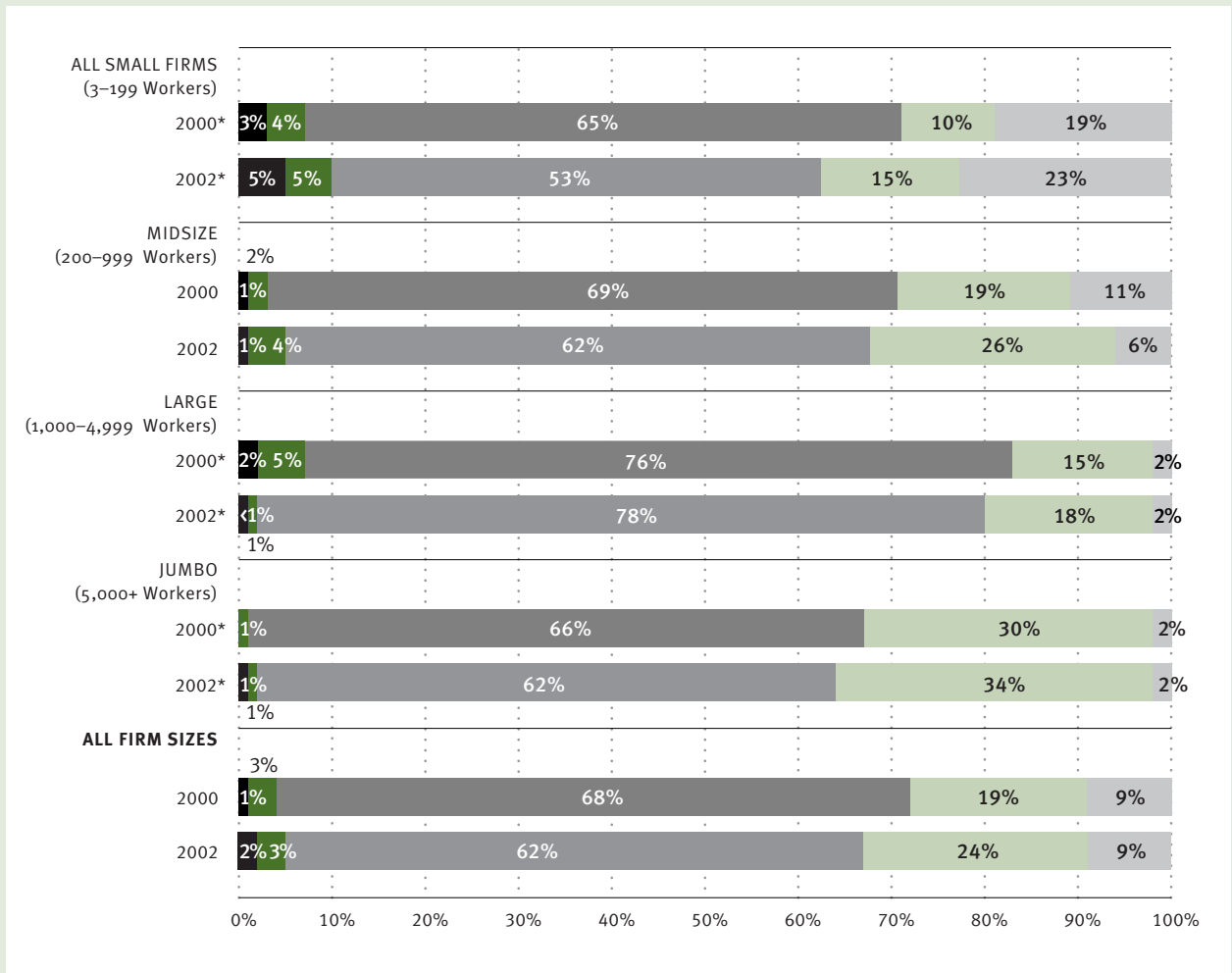
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002.

* Distribution is statistically different from All Firms by year.

EXHIBIT 8.7

Maximum Lifetime Benefit Payable to an Individual With Single Coverage in PPO Plans, by Firm Size, 2000 and 2002



\$250,000 OR LESS
 \$250,001 - \$999,999
 ONE MILLION OR MORE
 UNLIMITED
 DON'T KNOW

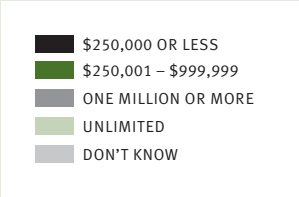
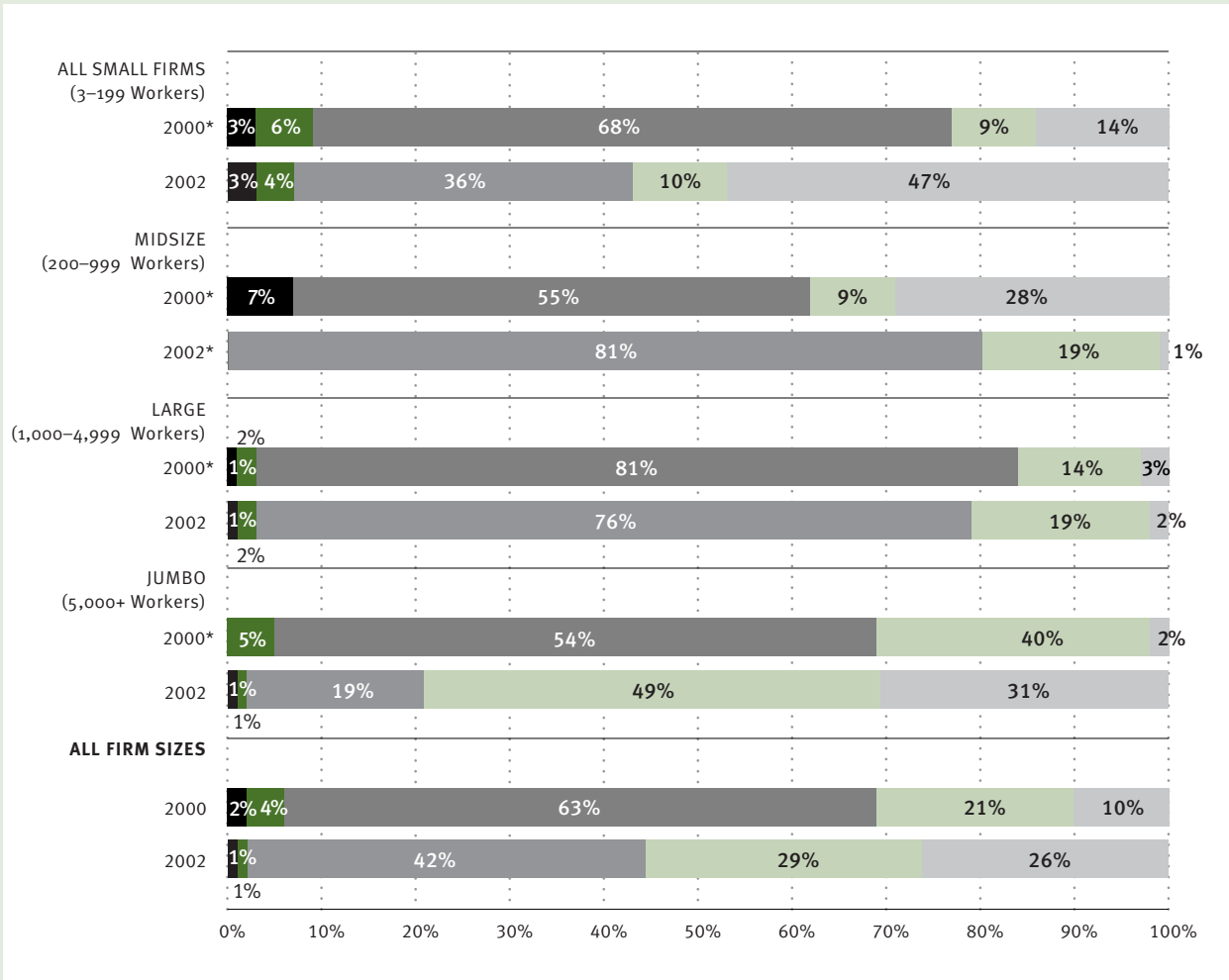
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002.

* Distribution is statistically different from All Firms by year.

EXHIBIT 8.8

Maximum Lifetime Benefit Payable to an Individual With Single Coverage in Conventional Plans, by Firm Size, 2000 and 2002



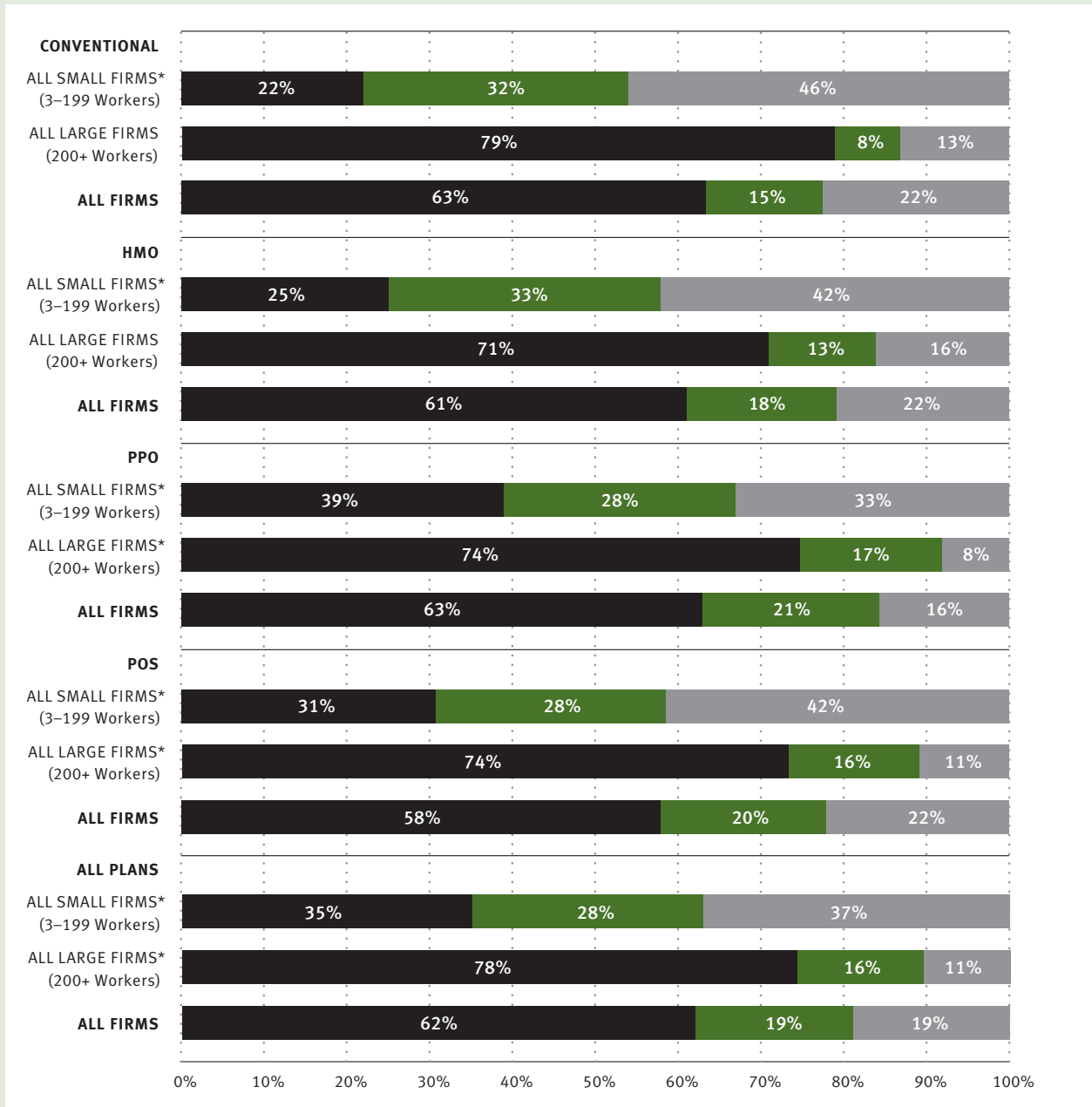
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002.

* Distribution is statistically different from All Firms by year.

EXHIBIT 8.9

Percentage of Workers in Firms That Report Concurrent Utilization Review for Inpatient Care, by Plan Type, 2002



SOURCE:

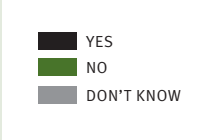
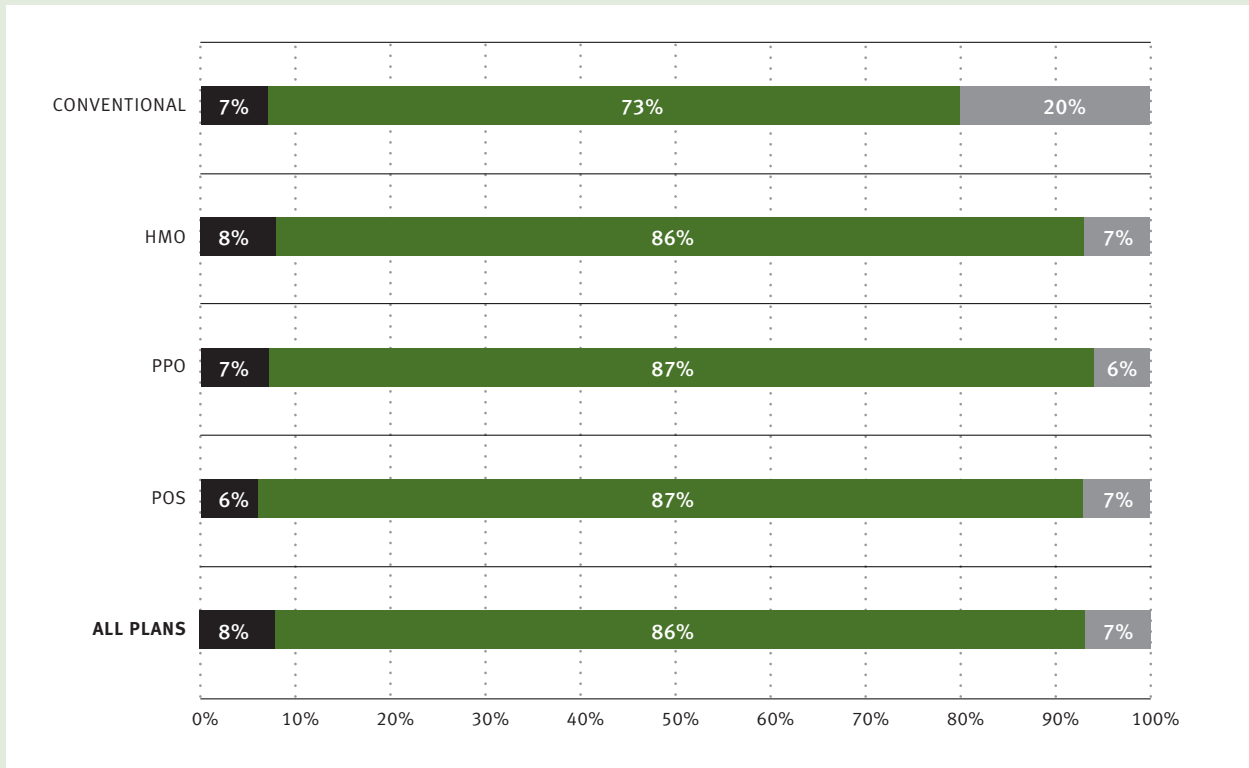
Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

YES
 NO
 DON'T KNOW

* Distribution is statistically different from All Firms by Plan Type.

EXHIBIT 8.10

Percentage of Workers in Firms That Report a Limit on Benefits for Specific Diseases, by Plan Type, 2002*



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

* Tests found no statistically different distributions by Plan Type.