

EMPLOYER HEALTH BENEFITS  
2004 ANNUAL SURVEY

---

Employer  
Attitudes and  
Opinions

---

SECTION

12

## EMPLOYER ATTITUDES AND OPINIONS

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE FOR AMERICANS—PROVIDING HEALTH BENEFITS TO MORE THAN THREE OUT OF EVERY FIVE NONELDERLY AMERICANS<sup>12</sup>—SO THEIR ATTITUDES, KNOWLEDGE, AND EXPERIENCES ARE IMPORTANT FACTORS IN HEALTH POLICY DISCUSSIONS.

THIS YEAR'S SURVEY ASKED EMPLOYERS A NUMBER OF QUESTIONS ABOUT THEIR RESPONSES TO RISING HEALTH INSURANCE PREMIUMS, INCLUDING WHETHER THEY SHOPPED FOR NEW COVERAGE, HOW THEY VIEW DIFFERENT APPROACHES TO CONTAINING COST INCREASES, AND IF THEY PLAN TO CHANGE THEIR HEALTH BENEFIT PLANS IN THE NEAR FUTURE. WE ALSO ASKED FIRMS FOR THEIR VIEWS ABOUT THE IMPORTANCE OF PROVIDING A SUBSTANTIAL CONTRIBUTION TOWARD SINGLE AND FAMILY COVERAGE. WE FOUND THAT A SIGNIFICANT SHARE OF FIRMS SHOPPED FOR COVERAGE IN THE PAST YEAR, THAT FIRMS REMAIN SOMEWHAT SKEPTICAL ABOUT THE POTENTIAL EFFECTIVENESS OF CURRENTLY AVAILABLE COST-CONTAINMENT STRATEGIES, AND THAT ALL LARGE FIRMS (200 OR MORE WORKERS) ARE LIKELY TO INCREASE EMPLOYEE CONTRIBUTIONS IN THE FUTURE. ALL LARGE FIRMS ARE MORE LIKELY THAN ALL SMALL FIRMS (3-199 WORKERS) TO BELIEVE THAT IT IS IMPORTANT TO MAKE A SUBSTANTIAL CONTRIBUTION TOWARD FAMILY COVERAGE.

- ▶ Overall, 56% of firms offering health benefits say that they shopped for a new plan in the past year (EXHIBIT 12.1).
  - Of those that shopped, 31% (or 17% of all firms) say that they switched carriers in the past year and 34% (or 19% of all firms) report that they changed the type of health plan they offer (EXHIBIT 12.1).<sup>13</sup>
  - Among firms that reported shopping for a new health plan, jumbo firms (5,000 or more workers) are more likely than other firms to report switching carriers (46% of those that shopped; 17% of all jumbo firms) (EXHIBIT 12.1).
  - ▶ Firms were asked to rate how effective several different strategies are in reducing the growth of health care costs.
- Few firms rated any one strategy as “very effective” at controlling costs.
- Disease management was rated as “very effective” by the largest percentage of employers (15%), followed by consumer-driven health plans (11%), tighter managed care networks (9%) and higher cost sharing (9%). Over 40% of employers, however, report that disease

### NOTE:

<sup>12</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured. *Health Insurance Coverage in America, 2002 Data Update*, December 2003.

<sup>13</sup> These answers are not exclusive: 11% of firms that shopped switched both carrier and type of health plan offered.

management, consumer-driven health plans, and higher cost sharing are “somewhat effective” at controlling costs (EXHIBIT 12.2).

► Most employers (59%) report that the percentage of employees electing family coverage has not changed over the past several years (EXHIBIT 12.3).

- Twenty-two percent of all small firms (3-199 workers) and 29% of all large firms (200 or more workers) report that the proportion of covered workers enrolled in family coverage has increased over the last several years, while only 13% of all small firms and 19% of all large firms report that the percentage of workers enrolled in family coverage has decreased.

- Twelve percent of employers vary the contribution they make toward family coverage based on whether the spouse of an employee has health benefits available through another source. Only small percentages of employers say that they are “very likely” (2%) or “somewhat likely” (9%) to adopt such a policy in the near future (EXHIBITS 12.4, 12.5).

- Only three percent of employers provide additional compensation (e.g., higher wages) or other benefits to employees if they elect single rather than family coverage. Few employers expressed any interest in adopting this approach in the near future (EXHIBITS 12.4, 12.5).

- A more substantial percentage of employers (17%), however, provide additional compensation or other ben-

efits to employees if they forgo health coverage altogether. While this approach to health benefits is fairly popular, relatively small percentages of employers report that they are “very likely” (1%) or “somewhat likely” (14%) to adopt this approach in the near future (EXHIBITS 12.4, 12.5).

- Fifteen percent of employers say that they are “very likely” to increase the percentage of the premium that employees must pay for family coverage in the next two years, and another 26% say that they are “somewhat likely” to do so. If premiums continue to increase near double-digit rates and if employers increase the share of the premium borne by families, covered workers with family coverage may well see their contributions increase sharply over the next several years (EXHIBIT 12.6).

- Employers were asked which of two statements best reflects their attitude about providing family coverage: (1) It is important that the firm pay a significant portion of the cost of health benefits for our workers and their families; or (2) It is important that the firm pay a significant portion of the cost of health benefits for our workers, but the primary responsibility for funding the costs of family members lies with the worker. Among all large firms (200 or more workers), 73% say that it is important to pay a significant share of the cost of benefits for the family, while 26% say that the primary responsibility for the costs of the family lies with the worker. All small firms (3-199 workers) are less supportive

of family coverage than all large firms: only 43% support the first statement while 53% support the second statement (EXHIBIT 12.7).

► Each year we ask employers whether they expect to change the contributions, cost sharing or eligibility for health benefits in the next year. Generally, all large firms (200 or more workers) are more likely than all small firms (3-199 workers) to say that they intend to increase employee costs (EXHIBIT 12.9).

- About half (52%) of all large firms (200 or more workers) say that they are “very likely” to increase the amount employees pay for health insurance next year, compared to 15% of all small firms (3-199 workers) (EXHIBIT 12.9).

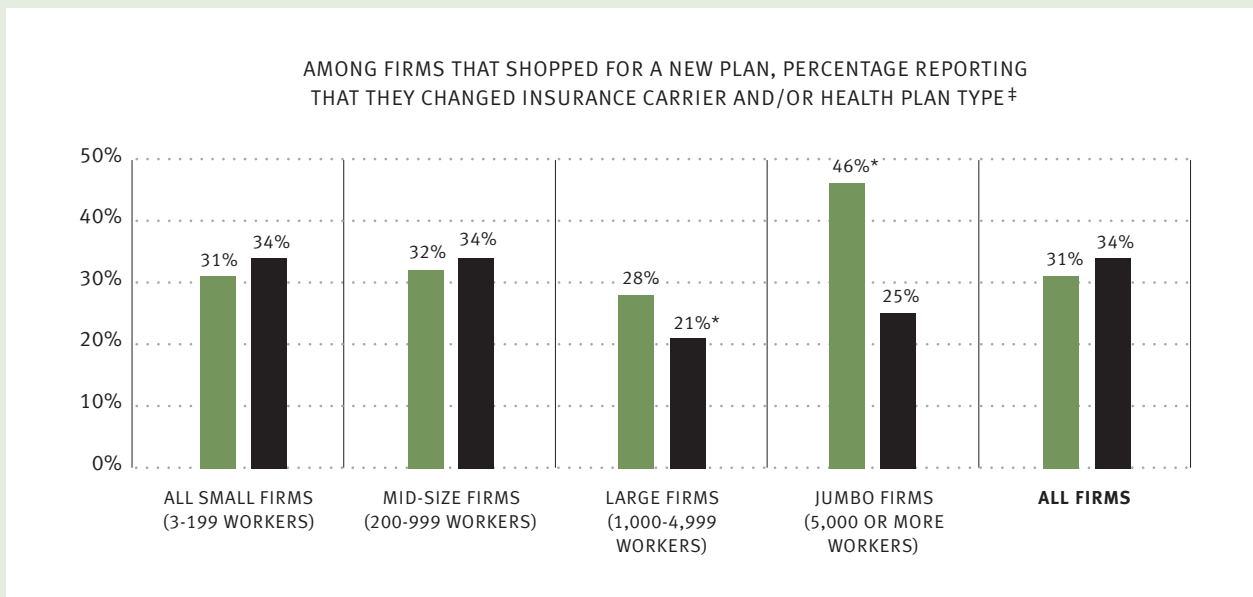
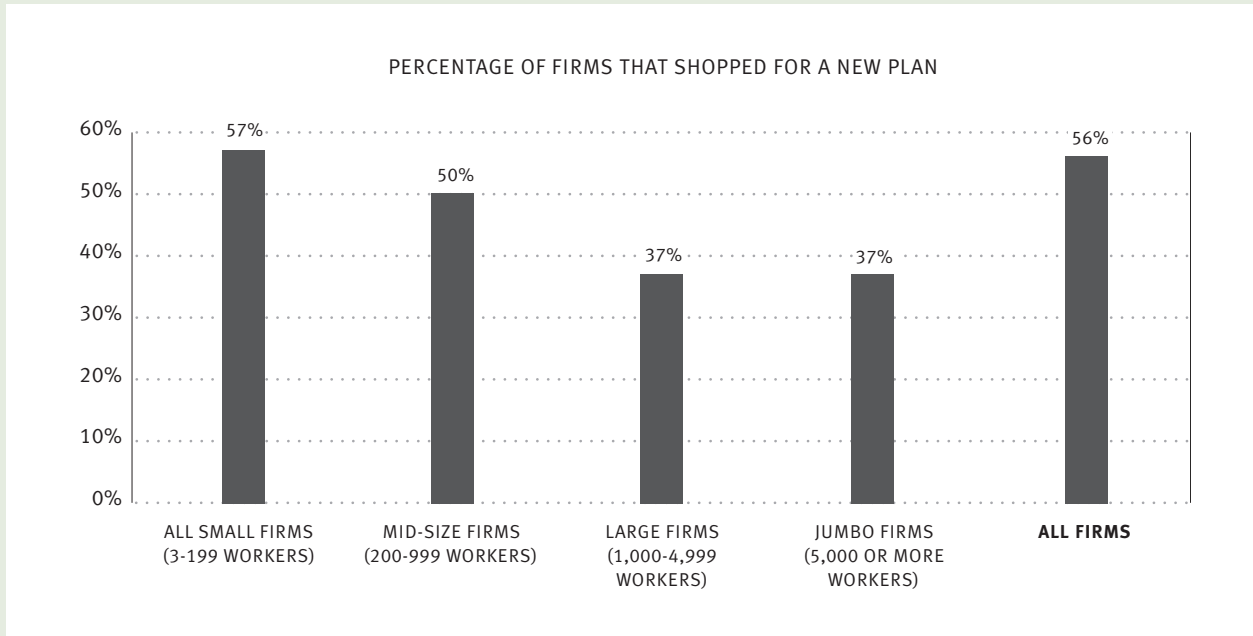
- All large firms (200 or more workers) are more likely than all small firms to say that they are “very likely” to increase deductibles (14% vs. 8%), increase cost sharing for office visits (14% vs. 5%) and increase employee costs for prescription drugs (18% vs. 5%) (EXHIBIT 12.9).

- Employer interest in tiered networks for physicians or hospitals remains limited; only two percent of employers say that they are “very likely” to offer a tiered network in 2005, while 19% say that they are “somewhat likely” to offer a tiered network (EXHIBIT 12.9).

- As observed in previous years, relatively few employers report that are likely to restrict eligibility or drop coverage altogether (EXHIBIT 12.9).

EXHIBIT 12.1

Percentage of Firms That Shopped for a New Plan, and the Percentage of These Firms Reporting That They Changed Health Plan Types or Insurance Carriers in the Last Year, by Firm Size, 2004



■ CHANGED INSURANCE CARRIER  
■ CHANGED HEALTH PLAN TYPE

SOURCE :

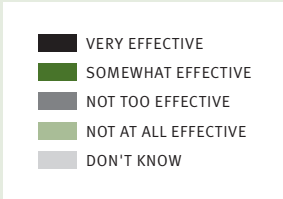
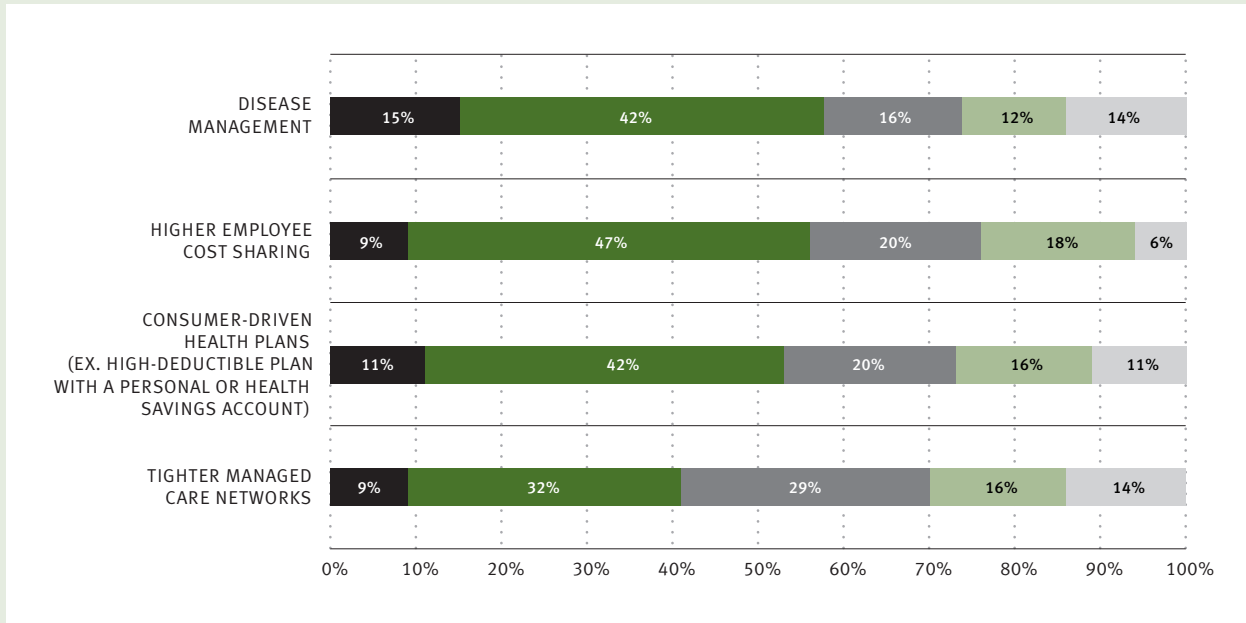
Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004.

\* Estimate is statistically different from All Firms at  $p < .05$ .

‡ These answers are not exclusive; 11% of firms that shopped switched both carrier and type of health plan offered.

EXHIBIT 12.2

Distribution of Firms' Opinions on the Effectiveness of the Following Cost Containment Strategies, 2004

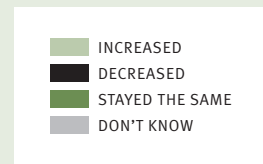
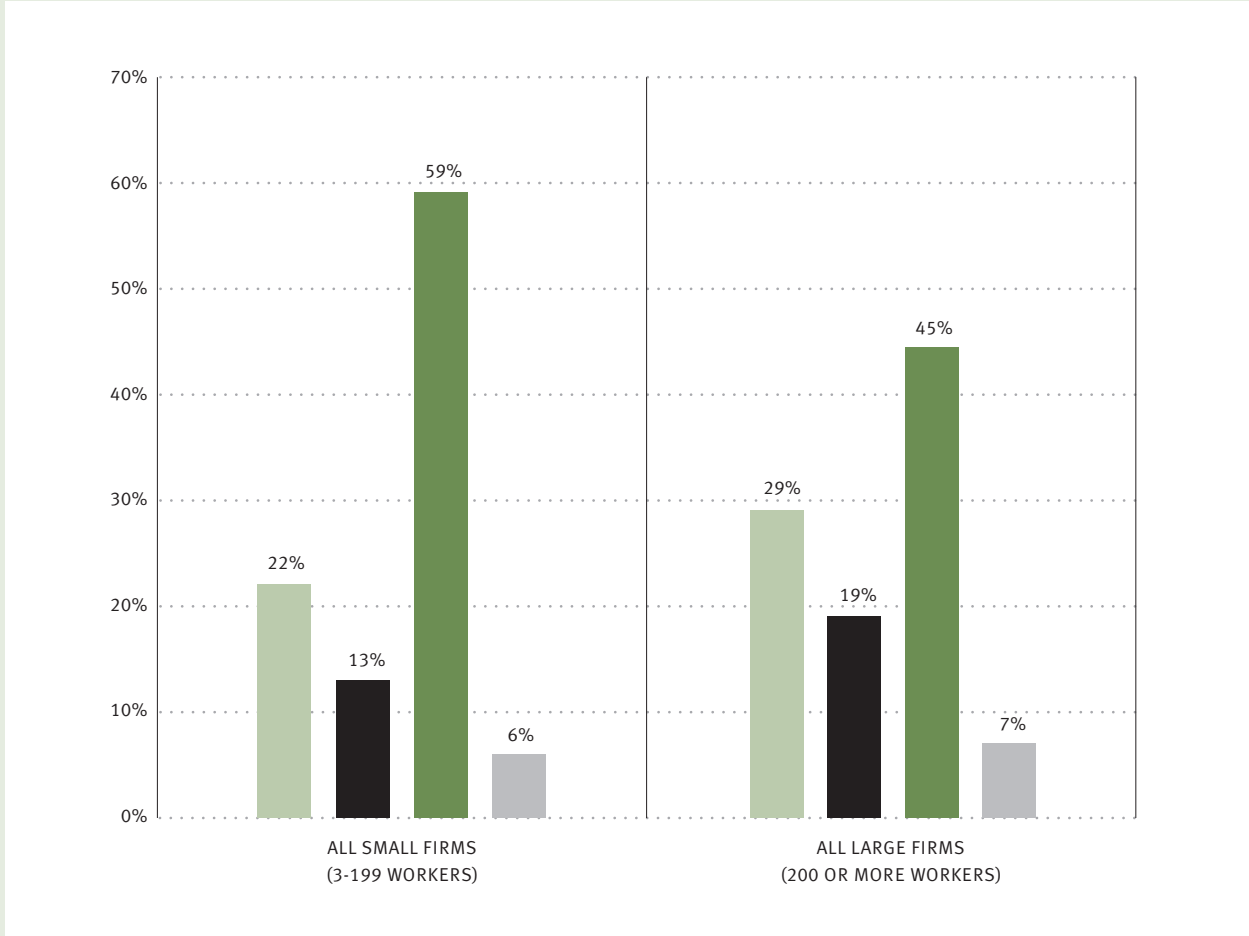


SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004.

EXHIBIT 12.3

Percentage of Firms Reporting Changes in the Proportion of Covered Workers Enrolled in Family Coverage Over the Last Several Years, 2004

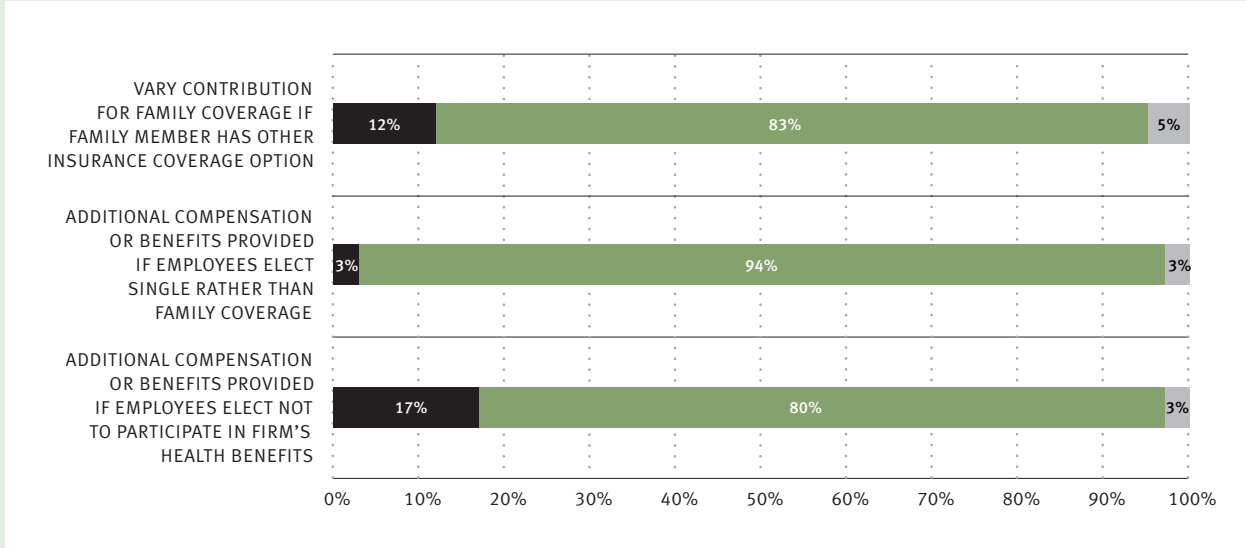


SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

EXHIBIT 12.4

Distribution of Firms Reporting the Use of the Following Contribution Approaches for Health Benefits, 2004

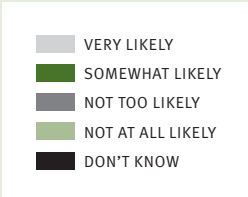
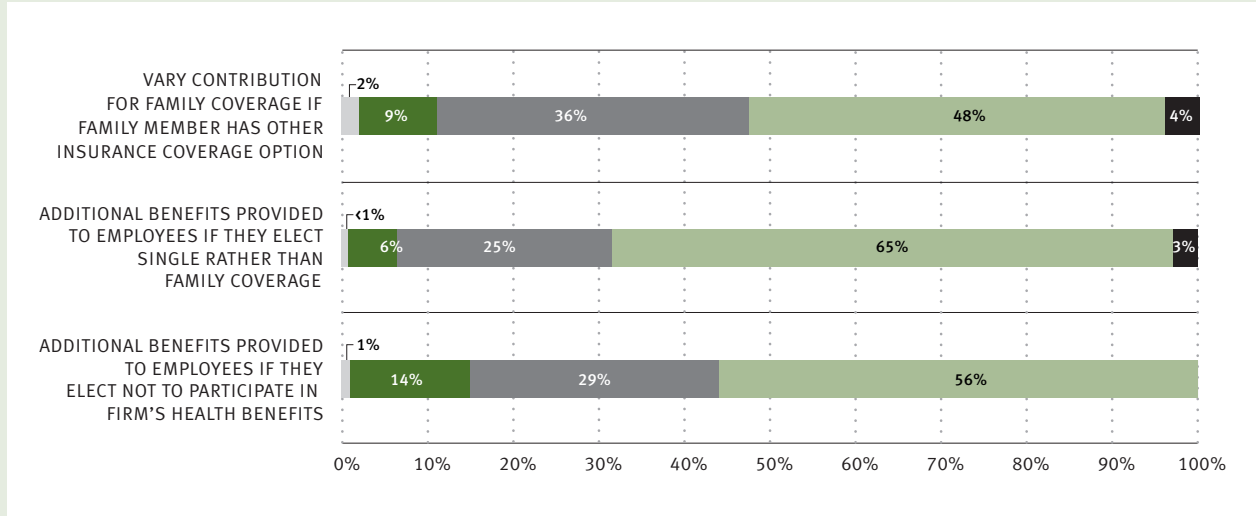


SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

EXHIBIT 12.5

Distribution of Firms Reporting the Likelihood of Adopting the Following Contribution Approaches for Health Benefits, 2004

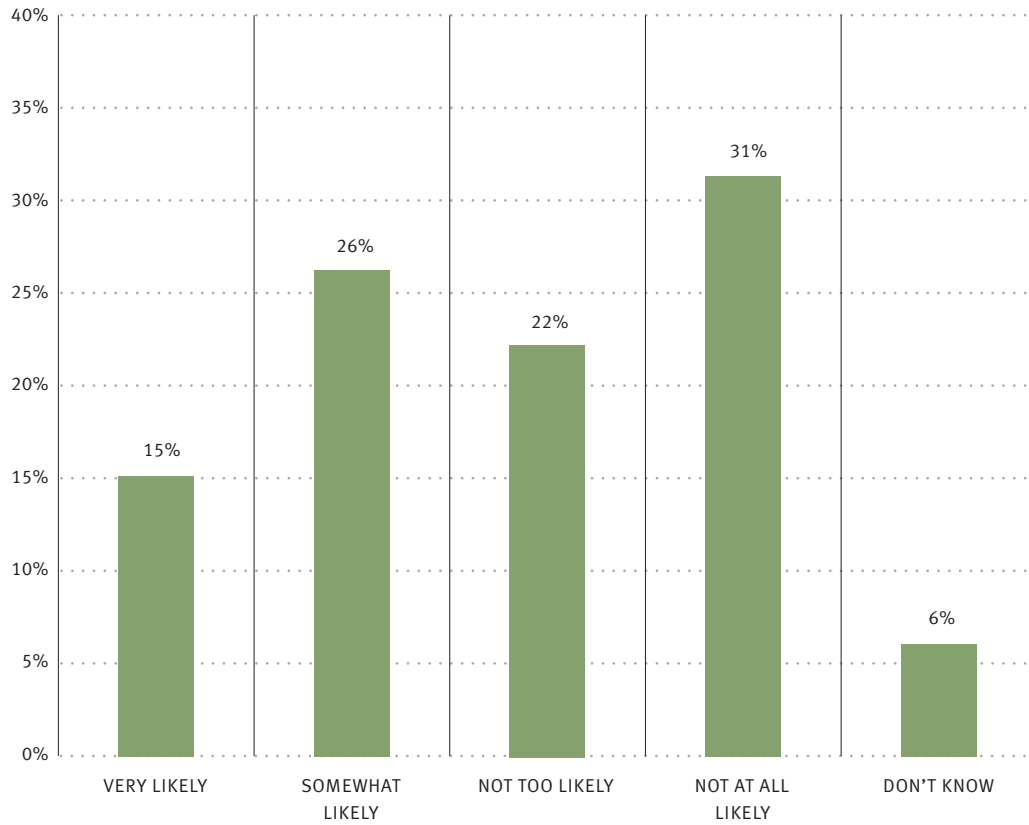


SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

## EXHIBIT 12.6

Percentage of Firms Reporting the Likelihood of Increasing Employees' Share of Premiums for Family Coverage in the Next Two Years, 2004

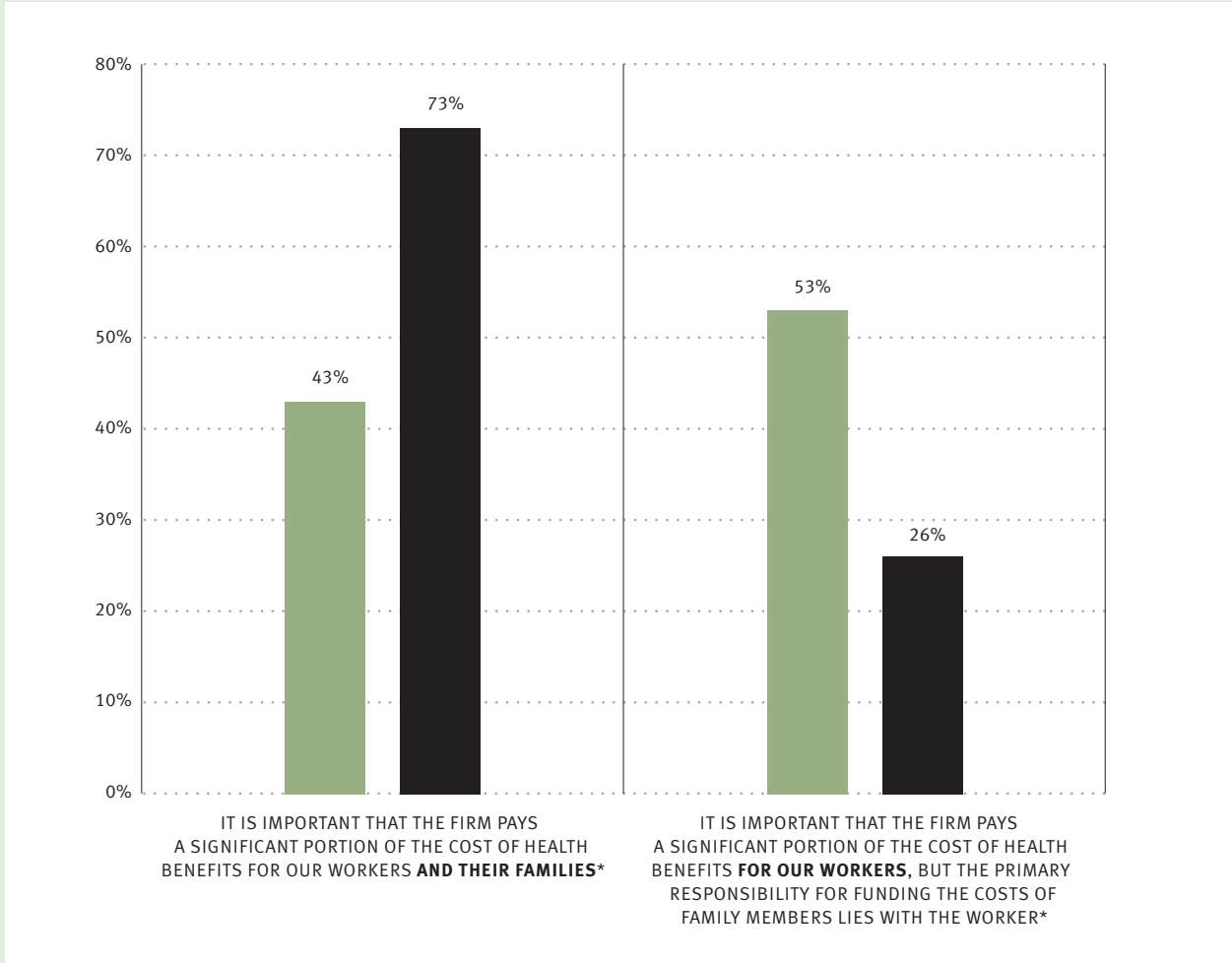


## SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

EXHIBIT 12.7

Percentage of Firms Reporting the Following Attitudes Toward Coverage for Workers and Dependent Family Members, 2004



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

SOURCE :

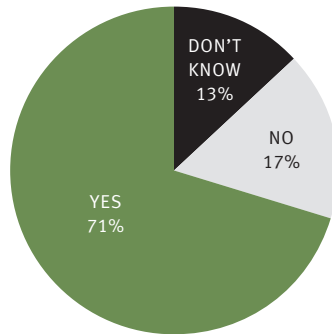
Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

\* Estimate is statistically different by firm size within each category at  $p < .05$ .

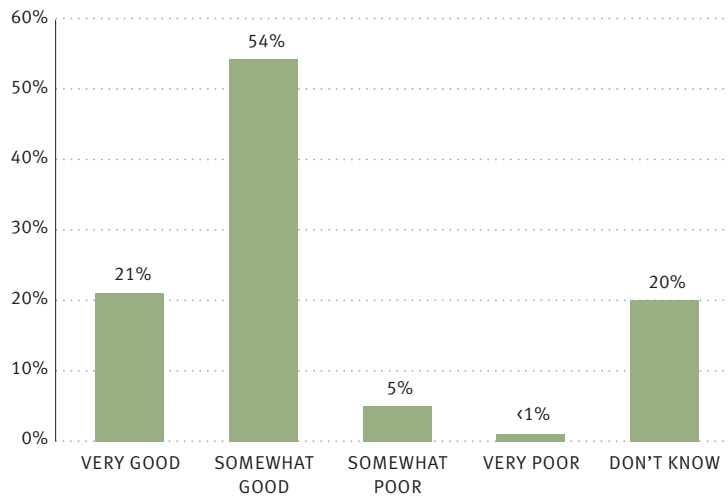
EXHIBIT 12.8

Percentage of Firms Whose Covered Workers Have Access to Quality of Care Information Through Internet Websites, and Firms' Rating of the Quality of That Information, 2004

PERCENTAGE OF FIRMS WHOSE COVERED WORKERS HAVE ACCESS TO QUALITY OF CARE INFORMATION THROUGH INTERNET WEBSITES



AMONG FIRMS WHOSE EMPLOYEES HAVE ACCESS TO QUALITY OF CARE INFORMATION THROUGH INTERNET WEBSITES, FIRMS' RANKING OF THE QUALITY OF THAT INFORMATION

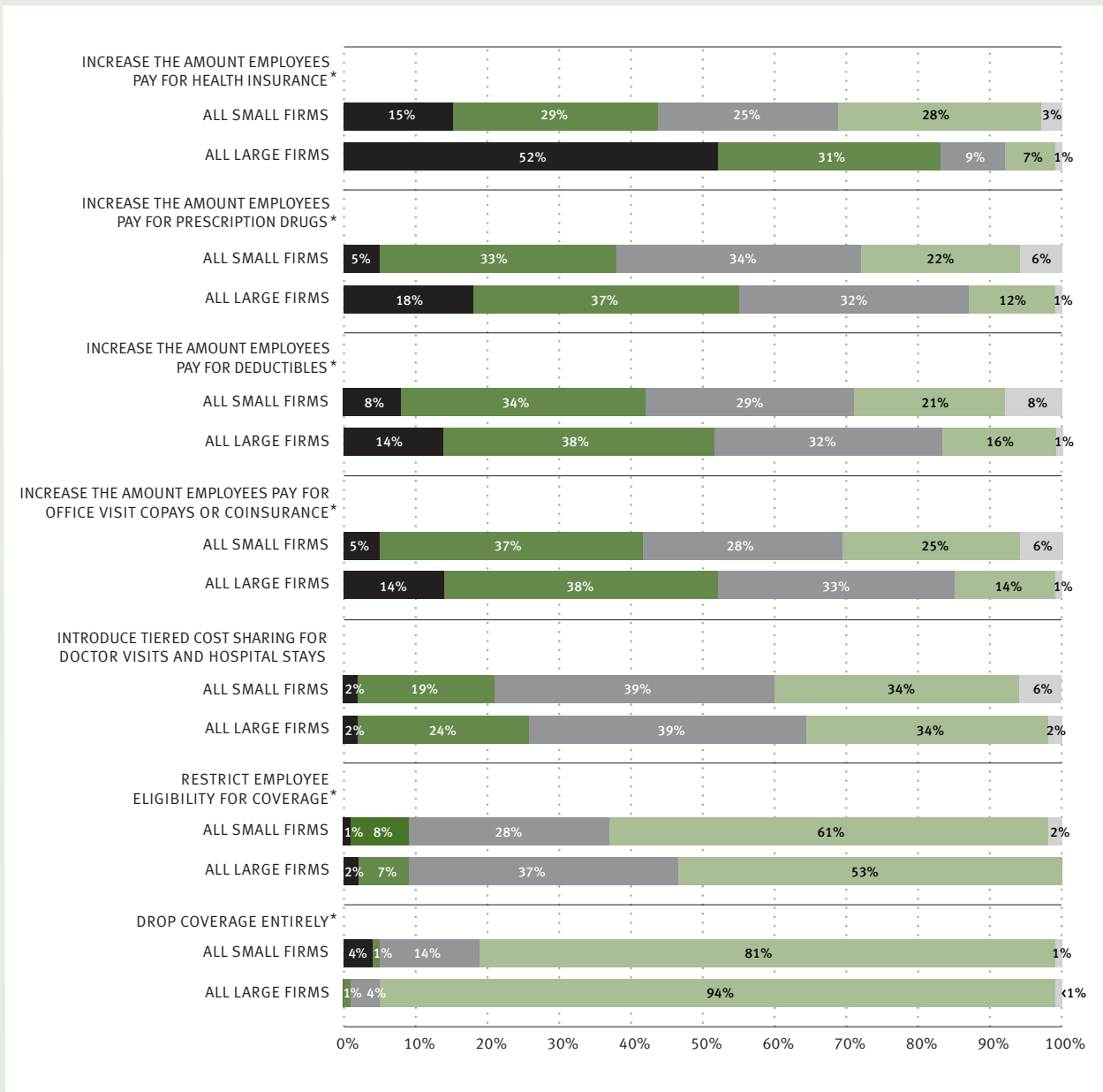


SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Insurance: 2004.

EXHIBIT 12.9

Distribution of Firms Reporting The Likelihood of Making the Following Changes in the Next Year, by Firm Size, 2004



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004.

\* Distributions are statistically different by firm size.

All Small Firms: 3-199 workers

All Large Firms: 200 or more workers

Note: Data for All Firms are nearly identical to data reported for All Small Firms.

