

EMPLOYER HEALTH BENEFITS
2004 ANNUAL SURVEY

Health Benefits

SECTION

8

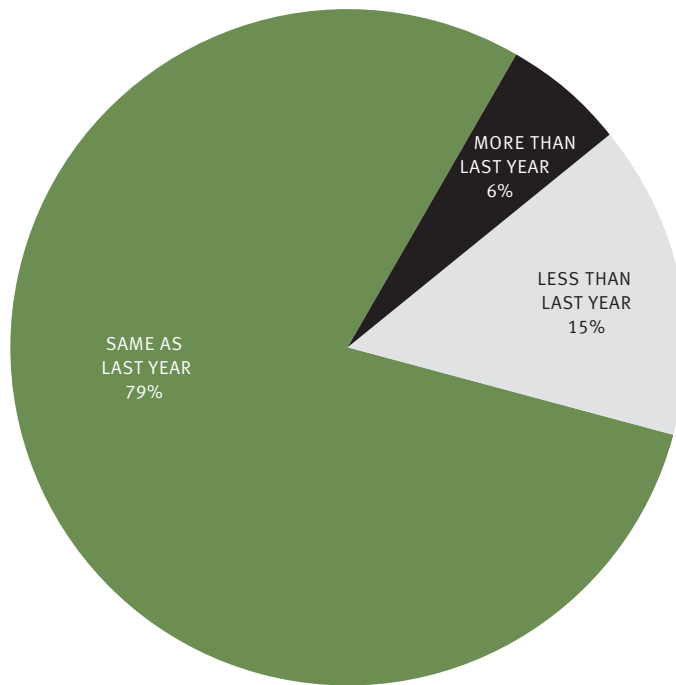
HEALTH BENEFITS

BENEFIT PACKAGES IN EMPLOYER-SPONSORED HEALTH PLANS HAVE BECOME 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 WAS A DRIVING FACTOR IN THE RISE OF PRESCRIPTION DRUG COVERAGE AND PREVENTIVE SERVICES. MANAGED HEALTH PLANS HAVE HISTORICALLY FAVORED PREVENTIVE CARE SUCH AS ADULT PHYSICALS, ANNUAL OB/GYN VISITS, WELL-BABY CARE, AND COMPREHENSIVE CARE IN THE FORM OF PRESCRIPTION DRUGS AND AMBULATORY COVERAGE.

- ▶ Seventy-nine percent of covered workers are employed in firms reporting that the level of benefits offered in 2004 is unchanged from 2003 (other than changes in cost sharing) (EXHIBIT 8.1).
- ▶ Most health plans offer an annual adult physical, prescription drug coverage, prenatal care, annual OB/GYN visit, well-baby care, and inpatient and outpatient mental health services (EXHIBIT 8.2).
 - In general, all small firms (3-199 workers) offer the same level of benefits as all large firms (200 or more workers), although, as discussed in Section 7, workers in all small firms on average face higher deductibles than workers in all large firms.
- Conventional plans provide less comprehensive coverage for preventive care. While most covered workers are covered for an annual adult physical (95%), only 77% of those enrolled in conventional plans have this benefit (EXHIBITS 8.2, 8.3).
- Eighty-nine percent of covered workers have coverage for oral contraceptives in 2004, up from 70% in 2000. Still, covered workers across all plan types are less likely to have coverage for oral contraceptives than for other types of prescription drugs (EXHIBIT 8.2).
- ▶ Covered workers in all small firms (3-199 workers) are more likely to have a limit on out-of-pocket spending than covered workers in all large firms (200 or more workers), although the vast majority of covered workers (80%) have this protection (EXHIBIT 8.4).
- ▶ The majority of covered workers in HMO and POS plans have no lifetime limit on benefits—the maximum amount of benefits a plan will pay for an employee over his or her lifetime. Covered workers in PPO and conventional plans are more likely to have a limit, although the limit is typically more than \$1,000,000 (EXHIBIT 8.5).
 - Only one percent of covered workers have a lifetime limit on benefits of \$1,000,000 or less (EXHIBIT 8.5).

EXHIBIT 8.1

Level of Benefits for Covered Workers Compared to Last Year, All Plans, 2004‡



SOURCE :

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

‡ Respondents are asked about changes in the level of benefits “other than cost sharing.”

Note: In this and prior years, the question asks about changes in the level of benefits for family coverage.

EXHIBIT 8.2

Percentage of Covered Workers With Selected Benefits, by Firm Size, 2004

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200 or More Workers)</i>	<i>All Firms</i>
ALL PLANS			
Adult Physicals	96%	94%	95%
Prescription Drugs	100	100	100
Outpatient Mental	95	99	98
Inpatient Mental	96	99	98
Annual OB/GYN Visit	99	98	98
Prenatal Care	97	100*	99
Oral Contraceptives	87	89	89
Well-Baby Care	95	98	97
Acupuncture	41	50	47
Chiropractic	79*	91*	87

SOURCE :

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

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

EXHIBIT 8.3

Percentage of Covered Workers With Selected Benefits, by Plan Type and Firm Size, 2004

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200 or More Workers)</i>	<i>All Firms</i>
CONVENTIONAL PLANS			
Adult Physicals	95%*	61%	77%
Prescription Drugs	99	100	99
Outpatient Mental	94	94	94
Inpatient Mental	88	96	92
Annual OB/GYN Visit	97	84	90
Prenatal Care	99	93	96
Oral Contraceptives	71	70	71
Well-Baby	95	88	91
Chiropractic	88	91	90
Acupuncture	42	46	44
HMO PLANS			
Adult Physicals	97%	99%	99%
Prescription Drugs	100	100	100
Outpatient Mental	94	100	98
Inpatient Mental	93	99	97
Annual OB/GYN Visit	100	100	100
Prenatal Care	99	100	100
Oral Contraceptives	88	95	93
Well-Baby	96	100	99
Chiropractic	65*	83	78
Acupuncture	32	45	41
PPO PLANS			
Adult Physicals	96%	93%	94%
Prescription Drugs	100	100	100
Outpatient Mental	98	99	99
Inpatient Mental	99	99	99
Annual OB/GYN Visit	98	98	98
Prenatal Care	97	100*	99
Oral Contraceptives	89	87	88
Well-Baby	95	97	97
Chiropractic	87*	95	92
Acupuncture	45	48	47
POS PLANS			
Adult Physicals	94%	98%	96%
Prescription Drugs	100	100	100
Outpatient Mental	90	100*	96
Inpatient Mental	93	100*	97
Annual OB/GYN Visit	100	100	100
Prenatal Care	92	100	97
Oral Contraceptives	86	93	90
Well-Baby	94	99	97
Chiropractic	68	90	82
Acupuncture	39	60	52

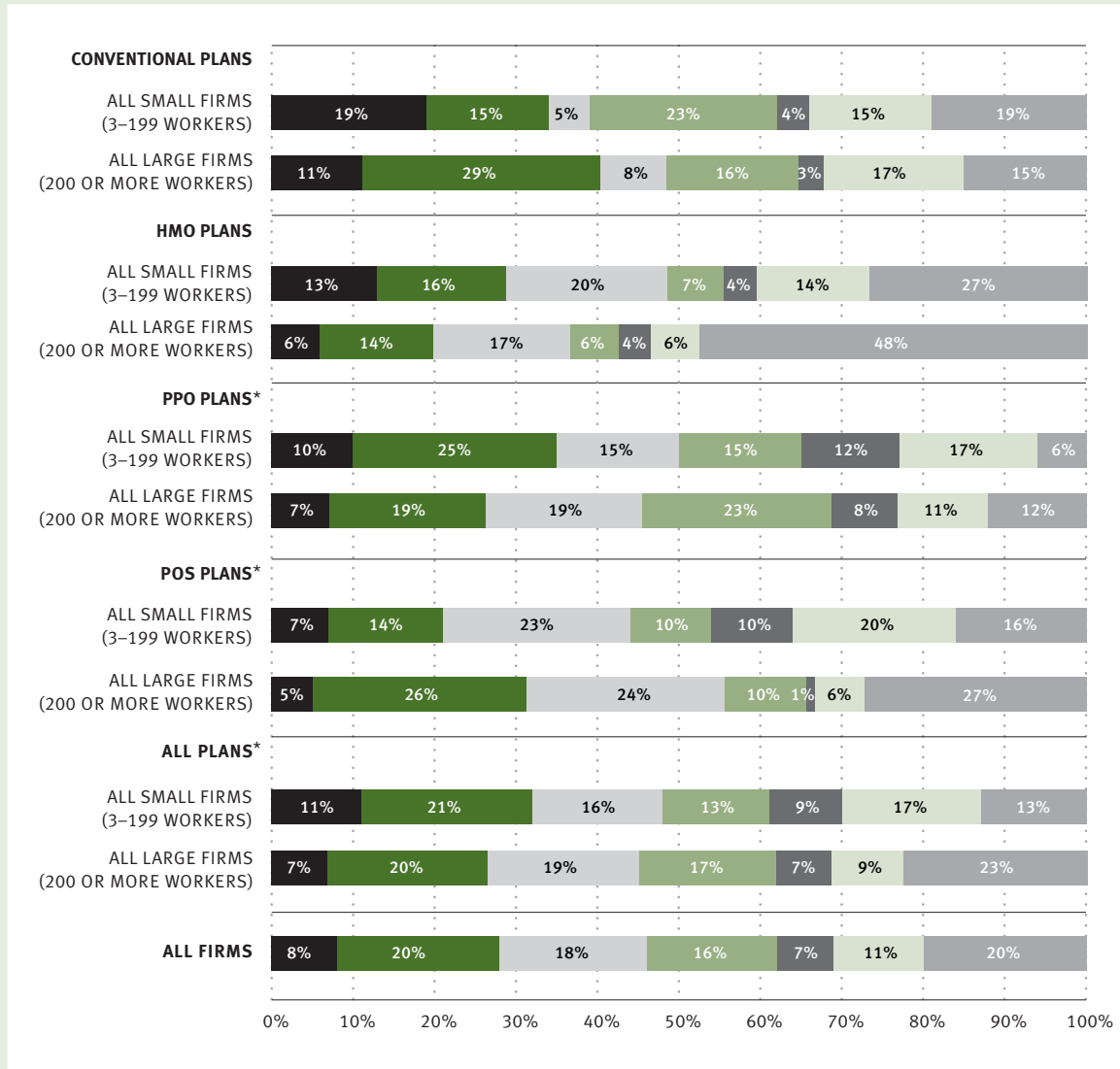
SOURCE :

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

* Estimate is statistically different from All Firms within a plan type at $p < .05$.

EXHIBIT 8.4

Distribution of Covered Workers With Maximum Annual Out-of-Pocket Payment, by Plan Type and Firm Size, 2004



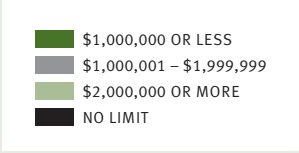
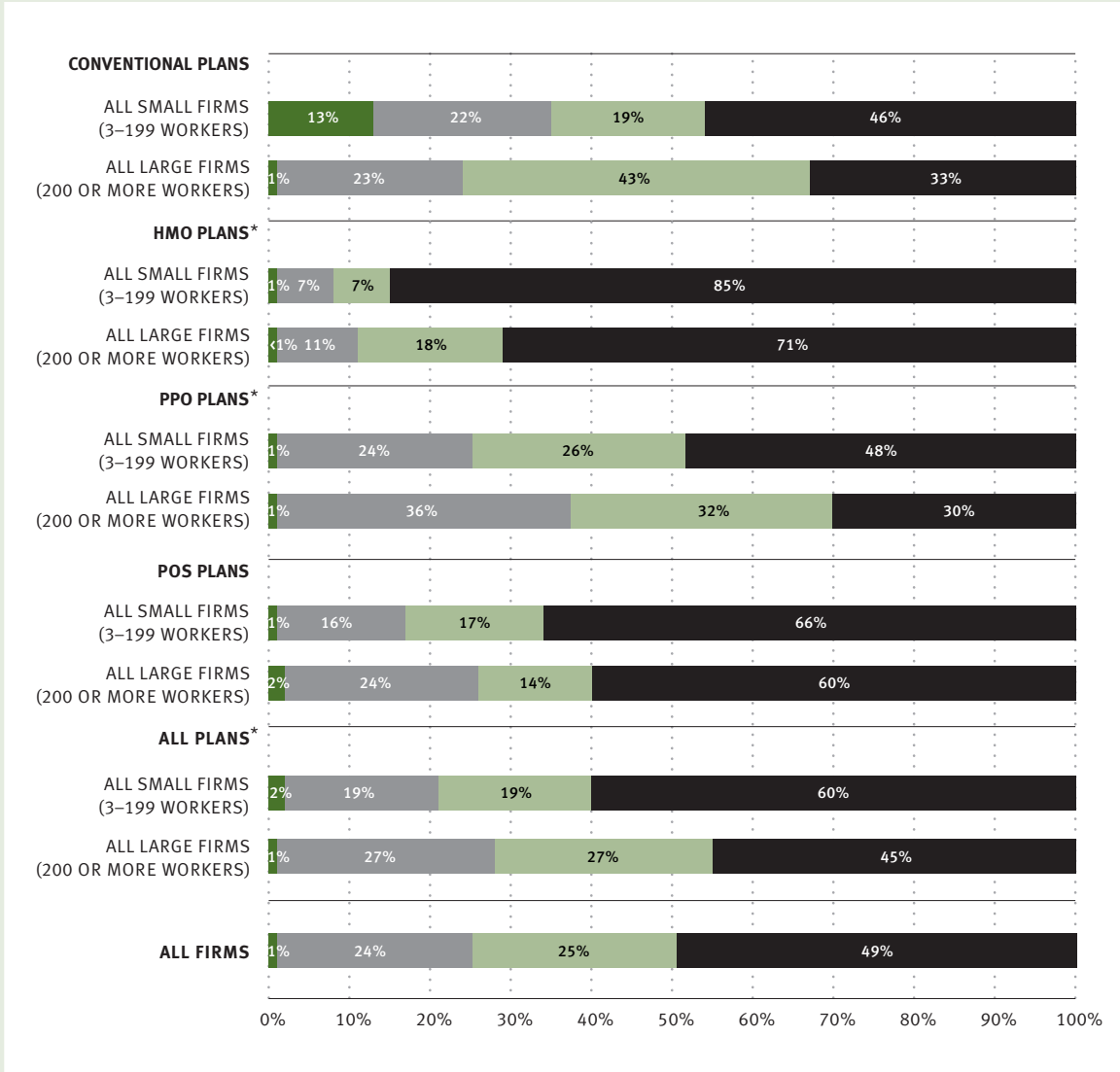
SOURCE :

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

* Distribution is statistically different between All Small and All Large Firms within a plan type.

EXHIBIT 8.5

Distribution of Covered Workers with Maximum Lifetime Benefit, by Plan Type and Firm Size, 2004



SOURCE :

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

* Distribution is statistically different between All Small and All Large Firms within a plan type.