

EMPLOYER HEALTH BENEFITS

2005 ANNUAL SURVEY

Retiree
Health
Benefits

SECTION

11

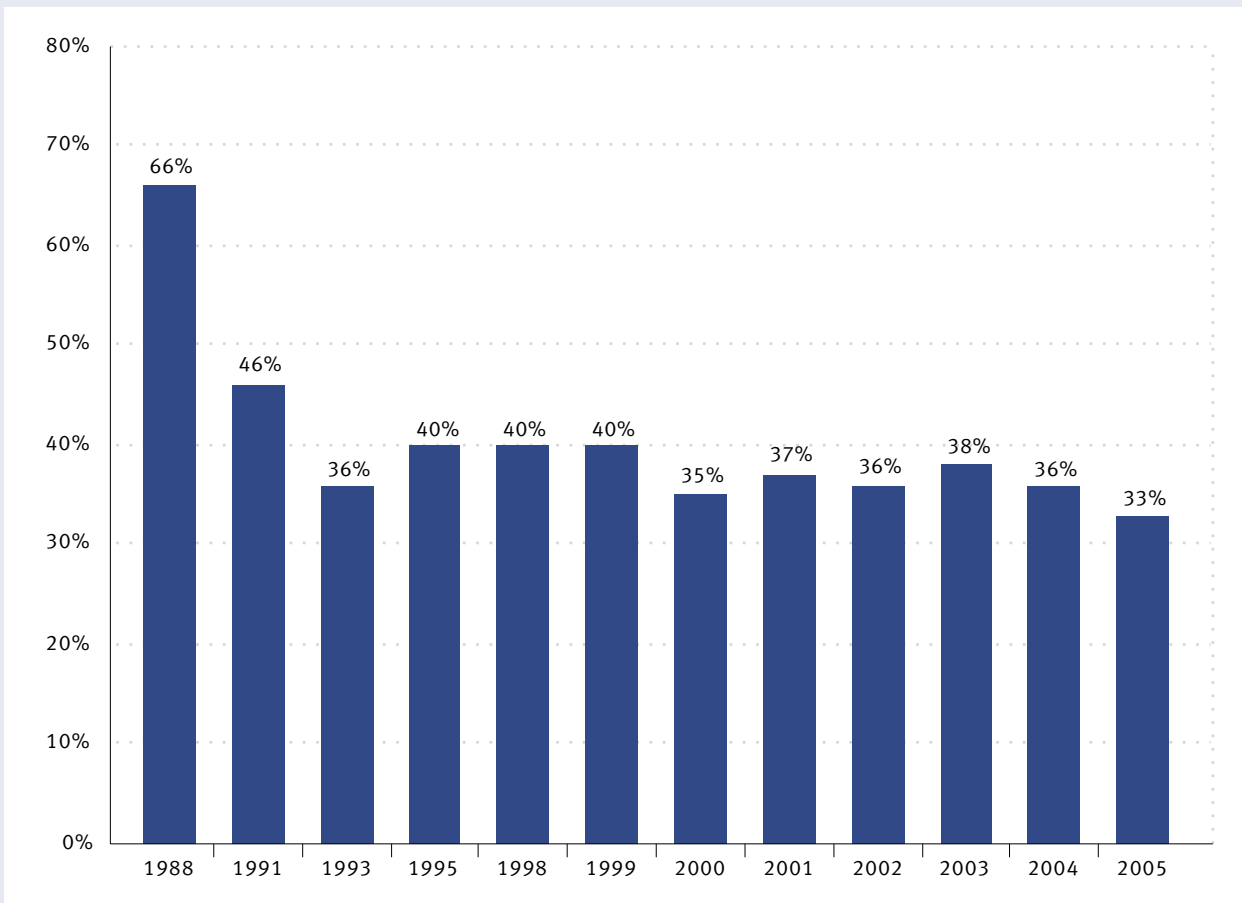
RETIREE HEALTH BENEFITS

RETIREE HEALTH BENEFITS ARE AN IMPORTANT CONSIDERATION FOR OLDER WORKERS MAKING THEIR DECISIONS ABOUT RETIREMENT. HEALTH BENEFITS FOR RETIREES ALSO PROVIDE AN IMPORTANT SUPPLEMENT TO MEDICARE FOR RETIREES AGE 65 AND OVER. LARGE FIRMS (200 OR MORE WORKERS) ARE MUCH MORE LIKELY THAN SMALL FIRMS (3-199 WORKERS) TO OFFER RETIREE HEALTH BENEFITS. AFTER FALLING DRAMATICALLY IN THE LATE 1980S AND EARLY 1990S, THE PERCENTAGE OF LARGE FIRMS (200 OR MORE WORKERS) OFFERING RETIREE HEALTH BENEFITS HAS REMAINED RELATIVELY CONSTANT.

AVAILABILITY OF RETIREE BENEFITS

- ▶ Thirty-three percent of large firms (200 or more workers) offer retiree coverage in 2005, similar to 36% in 2004 but down from 66% in 1988 (EXHIBIT 11.1).
- ▶ Retiree benefits vary substantially by firm size, industry, and the presence of union workers.
 - *Large firms (200 or more workers) are much more likely to offer retiree benefits than small firms (3-199 workers). Thirty-three percent of large firms offer retiree benefits, compared to just 7% percent of small firms (EXHIBIT 11.2).*
 - *Among large firms (200 or more workers), state and local governments are more likely than other firms in other industries to offer retiree benefits (84% vs. 33%) (EXHIBIT 11.2).*
- *Large firms (200 or more workers) with union workers are significantly more likely to offer retiree health benefits than large firms without union workers—49% of all large firms with union employees offer retiree benefits, compared with 24% for all large firms that do not have union employees (EXHIBIT 11.3).*
- ▶ Virtually all large firms (200 or more workers) that offer retiree benefits offer them to early retirees under the age of 65 (94%). A lower percentage (81%) of large firms offering retiree benefits offer them to Medicare-age retirees (EXHIBIT 11.4).

EXHIBIT 11.1

Percentage of All Large Firms[‡] (200 or More Workers) Offering Retiree Health Benefits, 1988-2005*

SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

* Tests found no statistically different estimates from the previous year shown at $p < .05$. No statistical tests were conducted for years prior to 1999.

‡ Among firms that offer health benefits to active workers.

EXHIBIT 11.2

Percentage of Firms Offering Retiree Health Benefits[‡], by Firm Size, Region, and Industry, 2005

	All Small Firms (3 - 199 Workers)	All Large Firms (200 or More Workers)
FIRM SIZE		
Small (3 - 24 Workers)	6%	—
Small (25 - 49 Workers)	6	—
Small (50 - 199 Workers)	18*	—
Midsize (200 - 999 Workers)	—	28%
Large (1,000 - 4,999 Workers)	—	43*
Jumbo (5,000 or More Workers)	—	55*
REGION		
Northeast	8%	34%
Midwest	10	42
South	4	33
West	7	21*
INDUSTRY		
Mining/Construction/Wholesale	9%	20%*
Manufacturing	8	40
Transportation/Communications/Utility	15	45
Retail	1*	6*
Finance	6	40
Service	6	29
State/Local Government	41*	84*
Health Care	5	22*
ALL FIRM SIZES, REGIONS, AND INDUSTRIES	7%	33%

SOURCE :

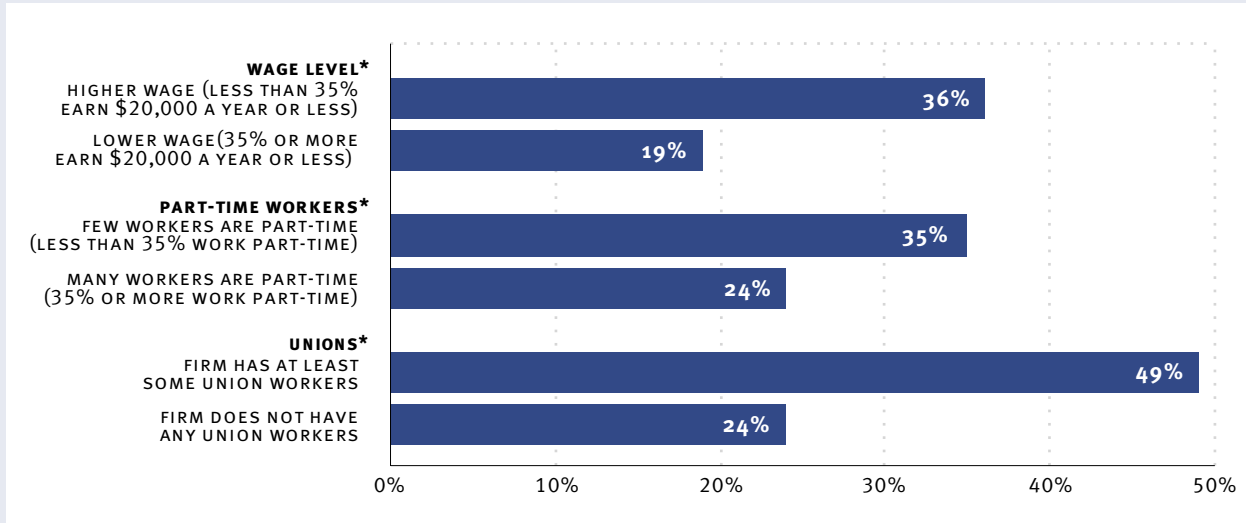
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

* Estimate is statistically different from All Firm Sizes, Regions, and Industries at $p < .05$.

‡ Among firms that offer health benefits to active workers.

EXHIBIT 11.3

Percentage of All Large Firms (200 or More Workers) Offering Retiree Health Benefits, by Firm Characteristics, 2005[‡]



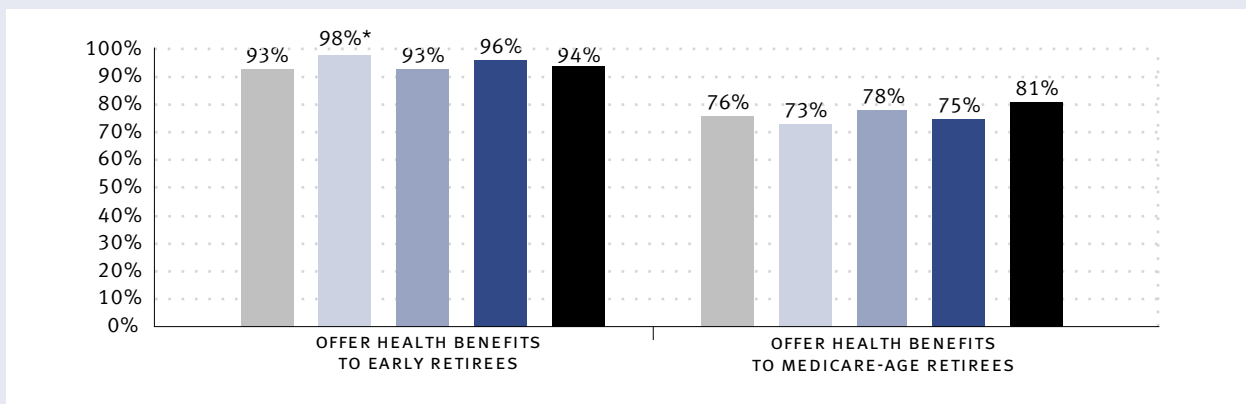
SOURCE :

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

* Estimates are statistically different from each other within categories at $p < .05$.
 ‡ Among firms that offer health benefits to active workers.

EXHIBIT 11.4

Among All Large Firms (200 or More Workers) Offering Retiree Coverage, Percentage Offering Health Benefits to Early and Medicare-Age Retirees, 1999-2005[‡]



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005.

* Estimate is statistically different from the previous year shown at $p < .05$.
 ‡ Among firms that offer health benefits to active workers.
 Early retiree: Workers retiring before age 65.

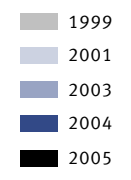


EXHIBIT 11.5

Among All Large Firms (200 or More Workers) Offering Retiree Health Coverage, Percentage Offering Retiree Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2005[‡]

	<i>Percentage of Employers Offering Retiree Health Benefits to Early Retirees</i>	<i>Percentage of Employers Offering Retiree Health Benefits to Medicare-Age Retirees</i>
FIRM SIZE		
Midsize (200 - 999 Workers)	94%	78%
Large (1,000 - 4,999 Workers)	94	83
Jumbo (5,000 or More Workers)	96	86
REGIONS		
Northeast	95%	87%
Midwest	97	85
South	94	74
West	85	78
INDUSTRY		
Mining/Construction/Wholesale	99%*	90%
Manufacturing	93	84
Transportation/Communications/Utility	99*	82
Retail	NSD	NSD
Finance	99*	83
Service	93	74
State/Local Government	95	81
Health Care	88	69
ALL LARGE FIRMS, REGIONS, AND INDUSTRIES	94%	81%

SOURCE :

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

* Estimate is statistically different from All Large Firms, Regions, and Industries at $p < .05$.

‡ Among firms that offer health benefits to active workers.

Early retiree: Workers retiring before age 65.

NSD: Not Sufficient Data.