

EMPLOYER HEALTH BENEFITS

2005 ANNUAL SURVEY

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Employer  
Opinions  
and Health  
Management  
Programs

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SECTION

12

## EMPLOYER OPINIONS AND HEALTH MANAGEMENT PROGRAMS

EMPLOYERS PLAY A SIGNIFICANT ROLE IN THE HEALTH INSURANCE COVERAGE OF AMERICANS — PROVIDING HEALTH BENEFITS TO MORE THAN THREE OUT OF EVERY FIVE OF THE NONELDERLY<sup>14</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 OPINIONS ON VARIOUS ISSUES AND ON POSSIBLE FUTURE CHANGES IN HEALTH BENEFITS, INCLUDING WHETHER THEY SHOPPED FOR NEW COVERAGE, HOW THEY VIEW DIFFERENT APPROACHES TO CONTAINING COST INCREASES, AND HOW THEY PLAN TO CHANGE THEIR HEALTH BENEFIT PLANS IN THE NEAR FUTURE. A LARGE SHARE OF FIRMS SHOPPED FOR A NEW PLAN OR HEALTH INSURANCE CARRIER IN THE PAST YEAR AND RELATIVELY FEW FIRMS THINK THAT ANY OF THE CURRENTLY AVAILABLE COST-CONTAINMENT STRATEGIES ARE "VERY EFFECTIVE".

THIS YEAR, FOR THE FIRST TIME IN SEVERAL YEARS, WE ASKED EMPLOYERS ABOUT THE USE OF 3 UTILIZATION MANAGEMENT PROVISIONS AND 4 DISEASE MANAGEMENT PROGRAMS. WE FIND THAT A SUBSTANTIAL PERCENTAGE OF WORKERS ARE ENROLLED IN A HEALTH PLAN WITH A UTILIZATION MANAGEMENT PROVISION AND/OR A DISEASE MANAGEMENT PROGRAM.

- ▶ Overall, 60% of firms offering health benefits say that they shopped for a new plan or insurance carrier in the past year (EXHIBIT 12.1).
  - Among firms offering health benefits that shopped, 24% say that they switched carriers within the past year and 30% report that they changed the type of health plan they offer.<sup>15</sup> Although less likely to have shopped for a new plan or insurance carrier, jumbo firms (5,000 or more workers) that shopped are more likely than all firms that shopped to report switching carriers (45% vs. 24%) (EXHIBIT 12.1).
  - Jumbo firms (5,000 or more workers) are less likely than all firms to report that they shopped for a new plan or insurance carrier in the past year (EXHIBIT 12.1).
- ▶ All firms, including both those that offer and do not offer health benefits, 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.
  - Consumer-driven health plans are rated as "very effective" at reducing cost growth by 16% of firms, 14% of firms report that disease management is "very effective", 12% say that higher employee cost sharing is "very effective" and 7% report that tighter managed care networks are "very effective". Around 45% of firms report that consumer-driven health plans and higher cost sharing are "somewhat effective" at controlling costs (EXHIBIT 12.5).

### NOTE :

<sup>14</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured. Health Insurance Coverage in America 2003, Data Update November 2004.

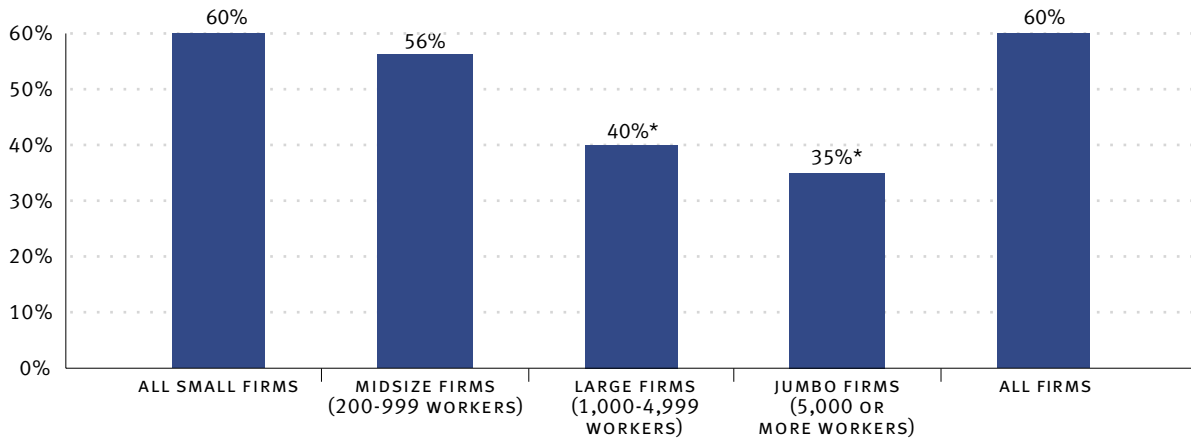
<sup>15</sup> These answers are not exclusive: 10% of firms that shopped switched both carrier and type of health plan offered.

- ▶ Ninety-three percent of all covered workers are enrolled in health plan with at least one of the following utilization management provisions: case management for large claims, pre-admission certification for hospital care, or pre-admission certification for outpatient surgery.
  - Among covered workers, 81% have case management for large claims, 75% have pre-admission certification for inpatient hospital care, and 55% have pre-admission certification for outpatient surgery (EXHIBIT 12.3).
- ▶ Over half of all covered workers (56%) are enrolled in a health plan with a disease management program (EXHIBIT 12.4).
  - Among covered workers in plans with a disease management program, 99% have a diabetes program, 86% have an asthma program, 82% have a hypertension program, and 66% have a high cholesterol program (EXHIBIT 12.4).
- ▶ Each year we ask employers whether they expect to change the contributions, cost sharing, or eligibility for health benefits in the next year. Generally, large firms (200 or more workers) are more likely than small firms (3-199 workers) to say that they intend to increase employee costs (EXHIBIT 12.6).
  - Almost half (43%) of 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 small firms (3-199 workers) (EXHIBIT 12.6).
  - Employer interest in tiered cost sharing for physician or hospital services remains limited: less than 0.5% of employers say that they are “very likely” to offer a tiered network, while 14% say that they are “somewhat likely” to offer tiered cost sharing.
  - As observed in previous years, relatively small percentages of employers report that they are likely to restrict eligibility or drop coverage altogether (EXHIBIT 12.6).

EXHIBIT 12.1

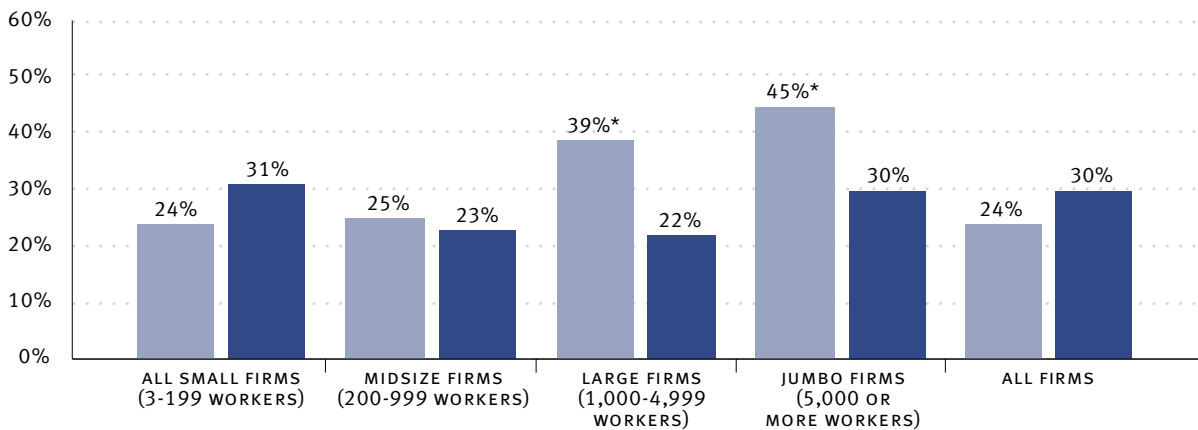
Among Firms That Offer Health Benefits, Percentage That Shopped for a New Plan or Insurance Carrier, and the Percentage of These Firms That Changed Plan Types or Insurance Carriers in the Last Year, by Firm Size, 2005

PERCENTAGE OF FIRMS THAT SHOPPED FOR A NEW PLAN OR HEALTH INSURANCE CARRIER



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

AMONG FIRMS THAT SHOPPED FOR A NEW PLAN OR INSURANCE CARRIER, PERCENTAGE REPORTING THAT THEY CHANGED INSURANCE CARRIER AND/OR HEALTH PLAN TYPE IN THE LAST YEAR, BY FIRM SIZE<sup>‡</sup>



SOURCE :

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

CHANGED INSURANCE CARRIER  
CHANGED HEALTH PLAN TYPE

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

‡ These answers are not exclusive; 10% of firms that shopped switched both carrier and type of plan offered.

## EXHIBIT 12.2

## Among All Firms Both Offering and Not Offering Health Benefits, Percentage Offering Wellness Programs To Their Employees, by Firm Size, Region, and Industry, 2005

	<i>Percentage of Firms Offering Fitness Programs or On-Site Health Club Facilities</i>	<i>Percentage of Firms Offering Smoking Cessation Programs</i>	<i>Percentage of Firms Offering Injury Prevention Programs</i>	<i>Percentage of Firms Offering Weight Loss Programs</i>
<b>FIRM SIZE</b>				
3 - 24 Workers	6%	3%	15%	4%
25 - 199 Workers	15*	9*	25*	6
<b>ALL SMALL FIRMS (3 - 199 WORKERS)</b>	<b>8</b>	<b>4</b>	<b>16</b>	<b>4</b>
Midsize (200 - 999 Workers)	31*	31*	30*	24*
Large (1,000 - 4,999 Workers)	41*	41*	40*	36*
Jumbo (5,000+ Workers)	44*	43*	41*	42*
<b>ALL LARGE FIRMS (200 OR MORE WORKERS)</b>	<b>34*</b>	<b>34*</b>	<b>33*</b>	<b>28*</b>
<b>REGION</b>				
Northeast	12%	10%	12%	9%
Midwest	7	4	15	5
South	4*	2*	14	1*
West	13	5	28	5
<b>INDUSTRY</b>				
Mining/Construction/Wholesale	7%	2%	35%*	6%
Manufacturing	7	11*	30	6
Transportation/Communications/Utility	16	5	13	6
Retail	6	5	9	5
Finance	9	4	6*	6
Service	9	4	11	3
State/Local Government	9	5	29	3
Health Care	9	7	12	6
<b>ALL FIRM SIZES, REGIONS, AND INDUSTRIES</b>	<b>8%</b>	<b>5%</b>	<b>17%</b>	<b>5%</b>

## SOURCE :

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

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

## EXHIBIT 12.3

## Percentage of Covered Workers in Plans with Utilization Management Provisions, by Firm Size, Plan Type, Region, and Industry, 2005

	<i>Percentage of Covered Workers in Plans with Pre-Admission Certification for Inpatient Hospital Care</i>	<i>Percentage of Covered Workers in Plans with Pre-Admission Certification for Outpatient Surgery</i>	<i>Percentage of Covered Workers in Plans with Case Management for Large Claims</i>
<b>FIRM SIZE</b>			
3 - 24 Workers	69%	61%	59%*
25 - 199 Workers*	68*	58	60*
<b>ALL SMALL FIRMS (3-199 WORKERS)*</b>	<b>68*</b>	<b>59</b>	<b>59*</b>
Midsize (200 - 999 Workers)	74	55	81
Large (1,000 - 4,999 Workers)*	83*	52	93*
Jumbo (5,000+ Workers)	80	51	95*
<b>ALL LARGE FIRMS (200 OR MORE WORKERS)</b>	<b>79</b>	<b>52</b>	<b>91*</b>
<b>PLAN TYPE</b>			
Conventional	57%*	44%	66%*
HMO	69*	58	82
PPO	78	52	81
POS	78	66*	79
<b>REGION</b>			
Northeast	73%	53%	79%
Midwest	72	45*	81
South	81	61	80
West	72	57	83
<b>INDUSTRY</b>			
Mining/Construction/Wholesale	73%	53%	71%*
Manufacturing	79	45	91*
Transportation/Communications/Utility	72	53	85
Retail	79	47	74
Finance	78	50	80
Service	74	64*	76
State/Local Government	67	51	88*
Health Care	79	58	84
<b>ALL FIRM SIZES, REGIONS, AND INDUSTRIES</b>	<b>75%</b>	<b>55%</b>	<b>81%</b>

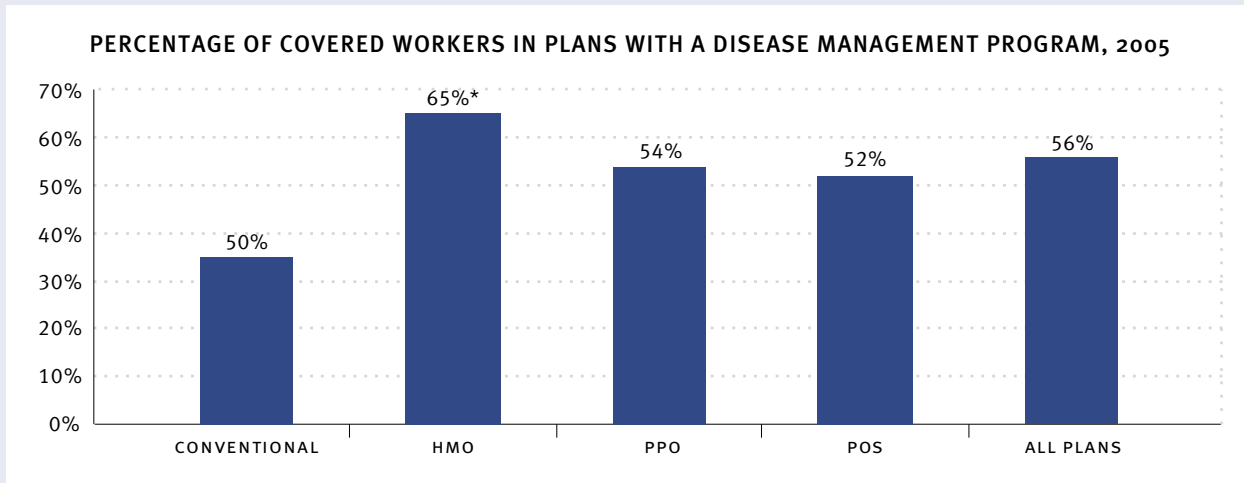
## SOURCE :

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

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

## EXHIBIT 12.4

Percentage of Covered Workers in Plans With A Disease Management Program and, Among Those, Percentage with Specific Programs, 2005



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

**AMONG COVERED WORKERS ENROLLED IN A PLAN WITH DISEASE MANAGEMENT PROGRAMS, PERCENTAGE WITH PARTICULAR DISEASE MANAGEMENT, BY PLAN TYPE AND FIRM SIZE, 2005**

	<i>Diabetes</i>	<i>Asthma</i>	<i>Hypertension</i>	<i>High Cholesterol</i>
<b>FIRM SIZE</b>				
All Small Firms (3 - 199 Workers)	99%	84%	85%	82%
All Large Firms (200 or More Workers)	98	86	82	62
<b>PLAN TYPE</b>				
Conventional	98%	61%*	62%	65%
HMO	98	91	83	72
PPO	99	84	79	61
POS	99	90	87	74
<b>ALL FIRM SIZES AND PLAN TYPES</b>	<b>99%</b>	<b>86%</b>	<b>82%</b>	<b>66%</b>

## SOURCE :

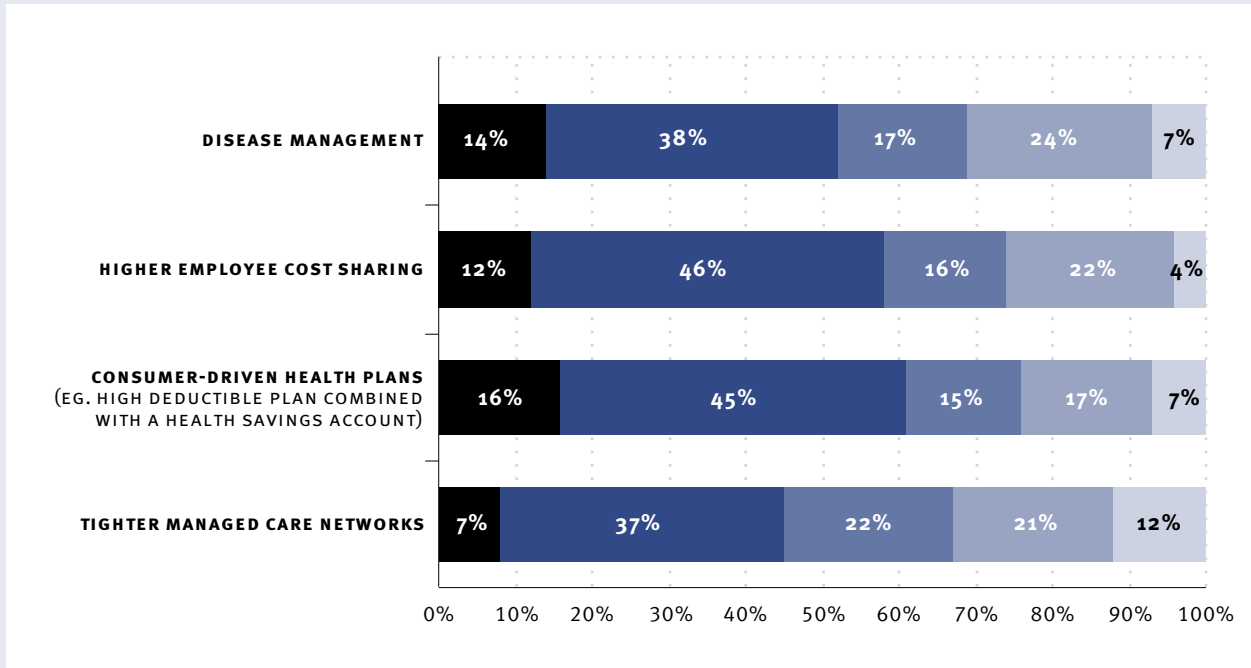
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

\* Estimate is statistically different from All Firm Sizes and Plan Types at  $p < .05$ .

Note: The survey defines disease management programs as programs that try to improve the health and reduce the costs associated with people with chronic illnesses by teaching patients about their disease, suggesting treatment options, and assessing the treatment process and outcomes.

EXHIBIT 12.5

Among All Firms Both Offering and Not Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, 2005



SOURCE :

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

- VERY EFFECTIVE
- SOME WHAT EFFECTIVE
- NOT TOO EFFECTIVE
- NOT AT ALL EFFECTIVE
- DON'T KNOW

## EXHIBIT 12.6

## Distribution of Firms Reporting The Likelihood of Making the Following Changes in the Next Year, by Firm Size, 2005

	<i>Very Likely</i>	<i>Somewhat Likely</i>	<i>Not Too Likely</i>	<i>Not At All Likely</i>	<i>Don't Know</i>
<b>INCREASE THE AMOUNT EMPLOYEES PAY FOR HEALTH INSURANCE*</b>					
All Small Firms	15%	27%	21%	36%	1%
All Large Firms	43%	31%	13%	12%	<1%
<b>INCREASE THE AMOUNT EMPLOYEES PAY FOR PRESCRIPTION DRUGS*</b>					
All Small Firms	7%	26%	28%	38%	1%
All Large Firms	12%	33%	36%	18%	1%
<b>INCREASE THE AMOUNT EMPLOYEES PAY FOR DEDUCTIBLES*</b>					
All Small Firms	8%	24%	27%	41%	1%
All Large Firms	16%	32%	33%	18%	1%
<b>INCREASE THE AMOUNT EMPLOYEES PAY FOR OFFICE VISIT COPAYS OR COINSURANCE*</b>					
All Small Firms	7%	22%	30%	39%	1%
All Large Firms	12%	31%	37%	20%	1%
<b>INTRODUCE TIERED COST SHARING FOR DOCTOR VISITS OR HOSPITAL STAYS*</b>					
All Small Firms	<1%	14%	32%	51%	4%
All Large Firms	2%	16%	39%	40%	3%
<b>RESTRICT EMPLOYEES ELIGIBILITY FOR COVERAGE*</b>					
All Small Firms	1%	9%	21%	66%	2%
All Large Firms	2%	6%	34%	56%	1%
<b>DROP COVERAGE ENTIRELY</b>					
All Small Firms	1%	2%	7%	89%	1%
All Large Firms	0%	2%	5%	93%	<1%

## SOURCE :

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

\* Distributions are statistically different between All Small and All Large Firms within categories at  $<.05$ .

All Small Firms: 3-199 Workers

All Large Firms: 200 or More Workers