

EMPLOYER HEALTH BENEFITS

2005 ANNUAL SURVEY

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Employee  
Contributions  
for Premiums

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SECTION

6

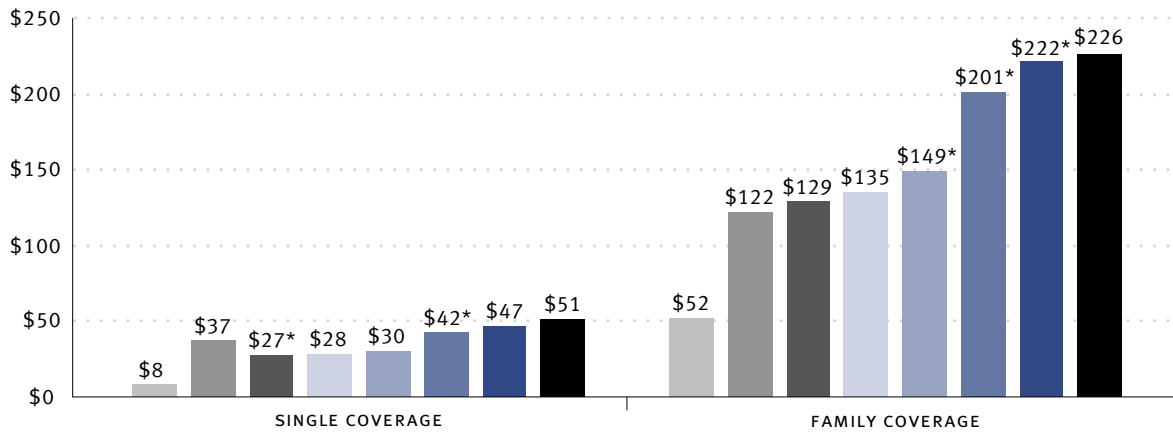
## EMPLOYEE CONTRIBUTIONS FOR PREMIUMS

THE SHARE OF TOTAL PREMIUMS PAID BY COVERED WORKERS IS ESSENTIALLY UNCHANGED IN 2005. ACROSS ALL PLAN TYPES, ON AVERAGE, WORKERS PAY 16% OF PREMIUMS FOR SINGLE COVERAGE AND 26% OF PREMIUMS FOR FAMILY COVERAGE. THE AVERAGE MONTHLY WORKER CONTRIBUTION FOR SINGLE COVERAGE IS \$51 IN 2005. FOR FAMILY COVERAGE, THE AVERAGE MONTHLY WORKER CONTRIBUTION IS \$226.

- ▶ The average percentage of total premiums that workers pay is essentially unchanged from last year: 16% across plan types for single coverage and 26% for family coverage. Percentage contributions for family coverage have been stable over time, while those for single coverage declined between 1996 and 1999 (from 21% to 14%) and have been stable since that time (EXHIBIT 6.2).
- ▶ The average monthly worker contribution for single coverage is \$51 in 2005. For family coverage, the average monthly worker contribution is \$226 (EXHIBIT 6.1).
  - *On an annual basis, the average worker contribution averages \$610 for single coverage and \$2,713 for family coverage. Workers in small firms (3 to 199 workers) contribute significantly more (\$3,170 annually) on average towards family coverage than workers in large firms (200 or more workers) contribute (\$2,487 annually) (EXHIBIT 6.3, 6.4).*
- ▶ Virtually all covered workers receive a premium contribution of 50% or more from their employer. The majority of covered workers receive a premium contribution from their firm of between 75% and 100% for single coverage and between 50% and 100% for family coverage (EXHIBIT 6.8, 6.9).
  - *The percentage of covered workers whose employers pay the full cost of single coverage is 21% and the percentage of covered workers whose employers pay the full cost of family coverage is 9% (EXHIBIT 6.8, 6.9).*
- *Covered workers in small firms (3-199 workers) are more likely to have their employer pay the full cost of coverage than covered workers in large firms (200 or more workers) for both single and family coverage. Forty-one percent of covered workers in small firms have an employer that pays the entire premium for single coverage, compared to 12% of covered workers in large firms. For family coverage, 18% percent of covered workers in small firms have an employer that pays the entire premium for single coverage compared to 5% of covered workers in large firms (EXHIBIT 6.8, 6.9).*
- ▶ Covered workers in lower wage firms—where 35% or more earn \$20,000 or less per year—pay a higher percentage of their premium costs than covered workers in higher wage firms—where fewer than 35% earn \$20,000 or less per year. On average, covered workers in low wage firms contribute 20% for single coverage and 36% of the premium for family coverage while covered workers in high wage firms contribute 15% for single coverage and 25% of the family premium. Covered workers in firms that partially or entirely self fund their health benefits pay a higher share of the premium for family coverage (32%) than covered workers in firms that are fully insured (21%) (EXHIBIT 6.10).
- ▶ Just 10% of covered workers are in firms that vary the employee's premium contribution based on the employee's wage level. Small firms (3-199 workers) are much less likely to do so, at 2%, versus 14% for workers in all large firms (200 or more workers). Varying the employee's premium contribution based on participation in a wellness program is even less common, affecting just 3% of covered workers (EXHIBIT 6.16).

EXHIBIT 6.1

Average Monthly Worker Premium Contributions for Single and Family Coverage, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

Note: Family coverage is defined as health coverage for a family of four.

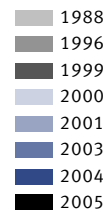
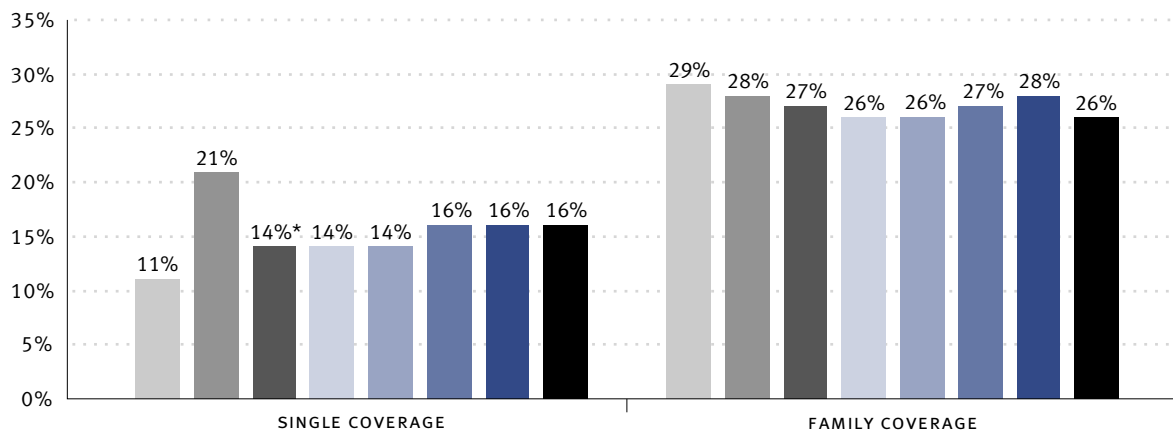


EXHIBIT 6.2

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

Note: Family coverage is defined as health coverage for a family of four.

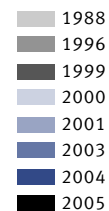
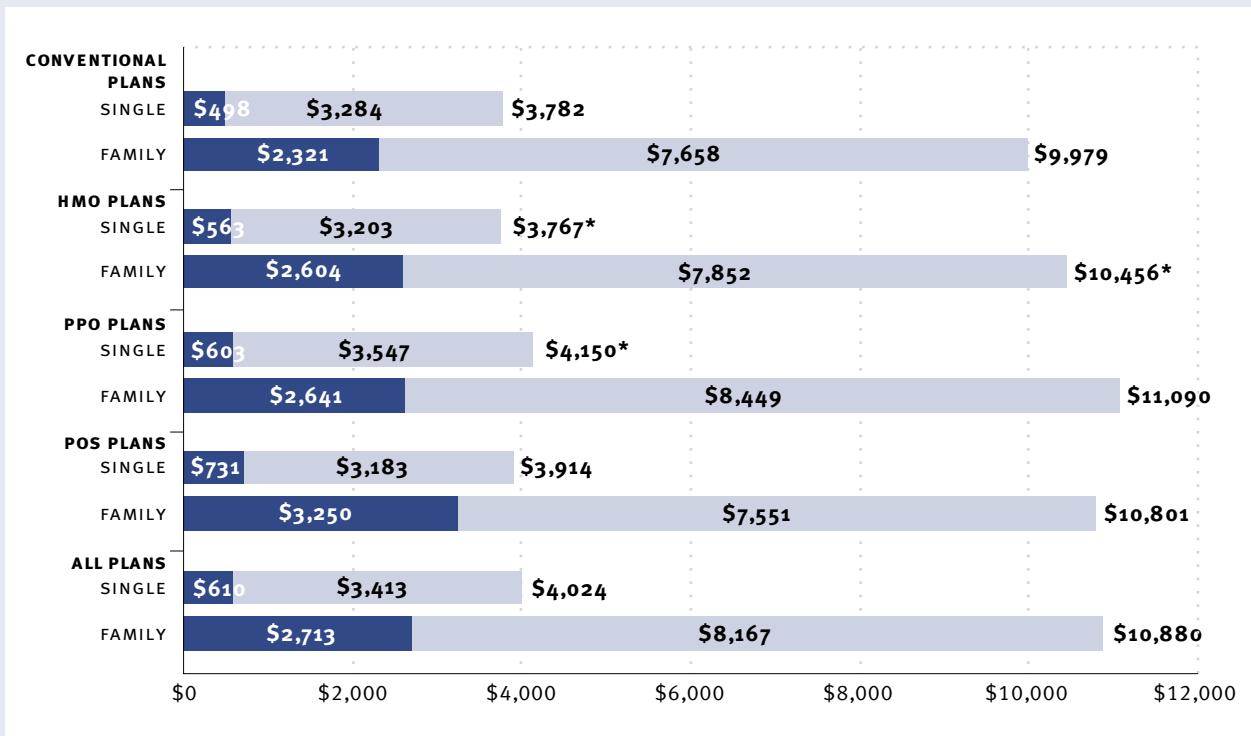


EXHIBIT 6.3

Average Annual Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2005



SOURCE :

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

■ WORKER CONTRIBUTION  
 ■ FIRM CONTRIBUTION

\* Estimate of total premium is statistically different from All Plans by coverage type shown at  $p < .05$ .

Note: Family coverage is defined as health coverage for a family of four.

## EXHIBIT 6.4

## Average Monthly Worker Premium Contributions for Single and Family Coverage, by Plan Type and Firm Size, 2005

	<i>Monthly</i>		<i>Annual</i>	
	<i>Single Coverage</i>	<i>Family Coverage</i>	<i>Single Coverage</i>	<i>Family Coverage</i>
<b>CONVENTIONAL PLANS</b>				
All Small Firms (3 - 199 Workers)	\$37	\$220	\$440	\$2,635
All Large Firms (200 or More Workers)	45	176	535	2,115
<b>ALL FIRM SIZES</b>	<b>\$41</b>	<b>\$193</b>	<b>\$498</b>	<b>\$2,321</b>
<b>HMO PLANS</b>				
All Small Firms (3 - 199 Workers)	\$44	\$269*	\$531	\$3,227*
All Large Firms (200 or More Workers)	48	198	576	2,370
<b>ALL FIRM SIZES</b>	<b>\$47</b>	<b>\$217</b>	<b>\$563</b>	<b>\$2,604</b>
<b>PPO PLANS</b>				
All Small Firms (3 - 199 Workers)	\$40*	\$254*	\$480*	\$3,050*
All Large Firms (200 or More Workers)	55	204	660	2,453
<b>ALL FIRM SIZES</b>	<b>\$50</b>	<b>\$220</b>	<b>\$603</b>	<b>\$2,641</b>
<b>POS PLANS</b>				
All Small Firms (3 - 199 Workers)	\$67	\$296	\$805	\$3,547
All Large Firms (200 or More Workers)	55	249	663	2,988
<b>ALL FIRM SIZES</b>	<b>\$61</b>	<b>\$271</b>	<b>\$731</b>	<b>\$3,250</b>
<b>ALL PLANS</b>				
All Small Firms (3 - 199 Workers)	\$46	\$264*	\$556	\$3,170*
All Large Firms (200 or More Workers)	53	207*	638	2,487*
<b>ALL FIRM SIZES</b>	<b>\$51</b>	<b>\$226</b>	<b>\$610</b>	<b>\$2,713</b>

## SOURCE:

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

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

Note: Family coverage is defined as health coverage for a family of four.

## EXHIBIT 6.5

## Average Monthly Worker Premium Contributions for Single and Family Coverage, by Plan Type and Firm Size, 2005

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>CONVENTIONAL PLANS</b>				
Northeast	\$20*	\$58*	\$235*	\$695*
Midwest	47	211	567	2,528
South	48	226	576	2,716
West	NSD	NSD	NSD	NSD
<b>ALL REGIONS</b>	<b>\$41</b>	<b>\$193</b>	<b>\$498</b>	<b>\$2,321</b>
<b>HMO PLANS</b>				
Northeast	\$59*	\$203	\$708*	\$2,430
Midwest	49	179	591	2,146
South	55	268*	665	3,210*
West	30*	204	355*	2,444
<b>ALL REGIONS</b>	<b>\$47</b>	<b>\$217</b>	<b>\$563</b>	<b>\$2,604</b>
<b>PPO PLANS</b>				
Northeast	\$54	\$173*	\$648	\$2,073*
Midwest	55	202	660	2,429
South	54	263*	650	3,154*
West	31*	205	367*	2,454
<b>ALL REGIONS</b>	<b>\$50</b>	<b>\$220</b>	<b>\$603</b>	<b>\$2,641</b>
<b>POS PLANS</b>				
Northeast	\$70	\$241	\$837	\$2,895
Midwest	57	226	681	2,707
South	59	346*	703	4,154*
West	57	225	680	2,699
<b>ALL REGIONS</b>	<b>\$61</b>	<b>\$271</b>	<b>\$731</b>	<b>\$3,250</b>
<b>ALL PLANS</b>				
Northeast	\$57	\$188*	\$684	\$2,260*
Midwest	54	201*	649	2,417*
South	55	274*	658	3,294*
West	35*	210	416*	2,514
<b>ALL REGIONS</b>	<b>\$51</b>	<b>\$226</b>	<b>\$610</b>	<b>\$2,713</b>

## SOURCE :

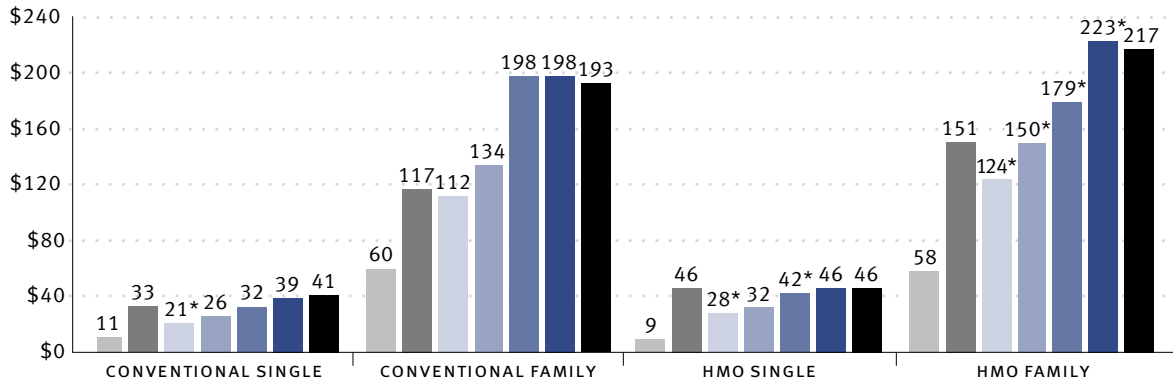
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

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

Note: Family coverage is defined as health coverage for a family of four.

EXHIBIT 6.6

Average Monthly Worker Premium Contributions for Single and Family Coverage in Conventional and HMO Plans, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

Note: Family coverage is defined as health coverage for a family of four.

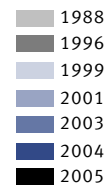
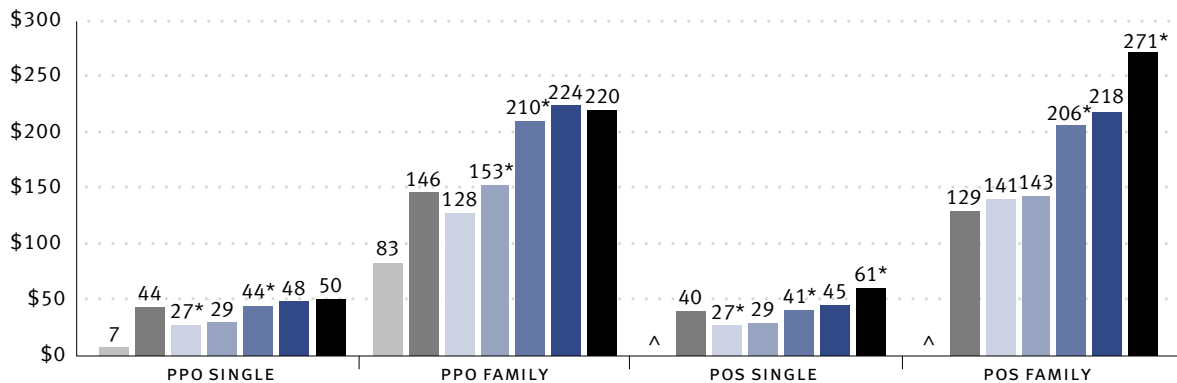


EXHIBIT 6.7

Average Monthly Worker Premium Contributions for Single and Family Coverage in PPO and POS Plans, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

^ Information was not obtained for POS plans in 1988.

Note: Family coverage is defined as health coverage for a family of four.

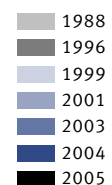
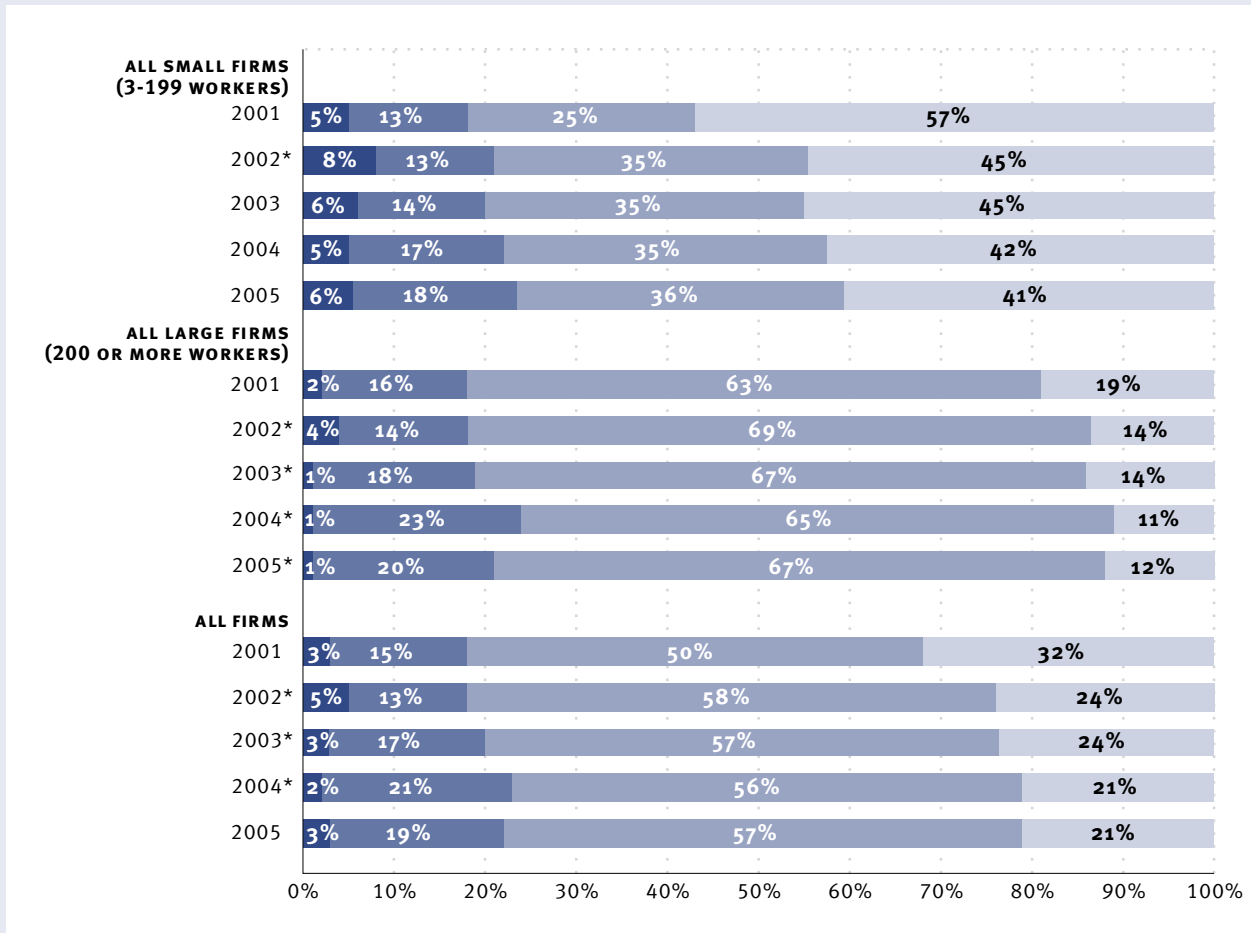


EXHIBIT 6.8

Distribution of Covered Workers by Percentage of Single Premium Contributed by Their Firm, by Firm Size, 2001-2005



SOURCE :

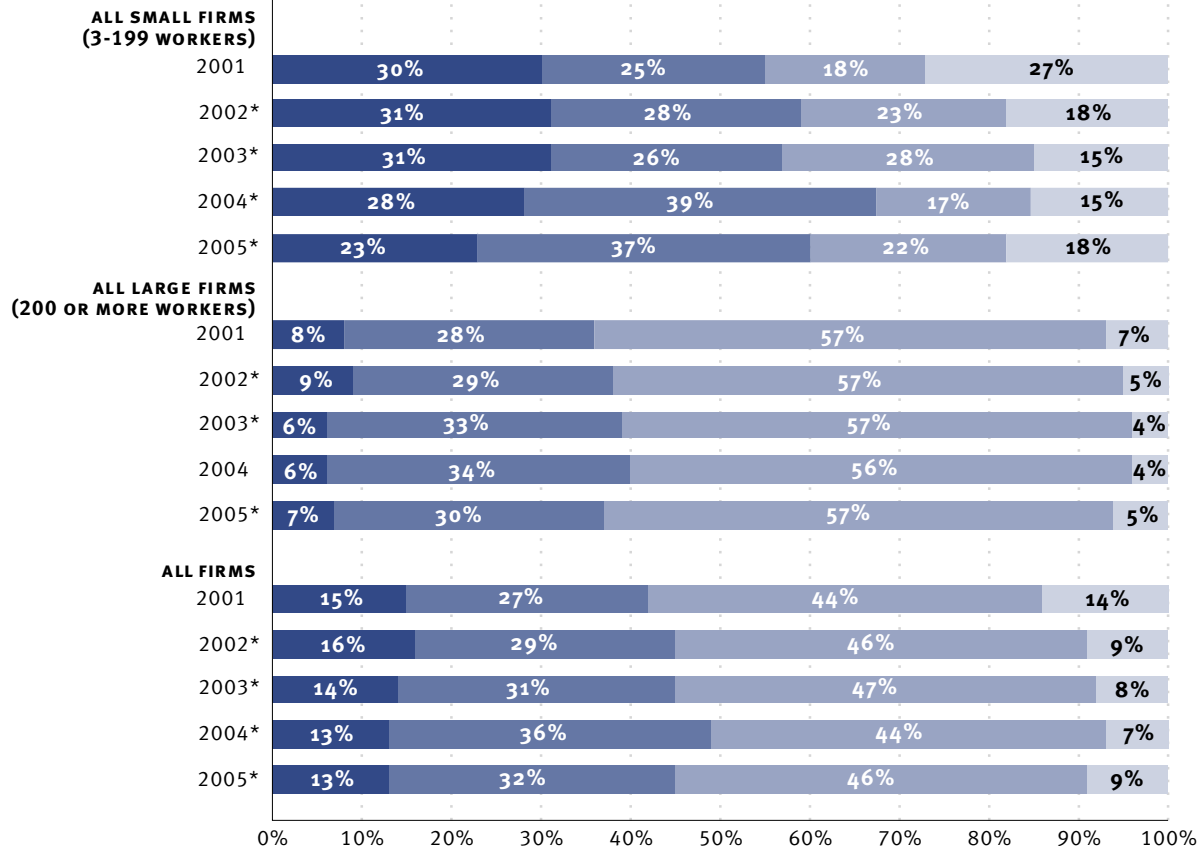
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2005.

- LESS THAN 50%
- GREATER THAN OR EQUAL TO 50%, LESS THAN 75%
- GREATER THAN OR EQUAL TO 75%, LESS THAN 100%
- 100%

\* Distributions are statistically different from the previous year shown at  $p < .05$ .

EXHIBIT 6.9

Distribution of Covered Workers by Percentage of Family Premium Contributed by Their Firm, by Firm Size, 2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2005.

\* Distribution is statistically different from the previous year shown at p<.05.

Note: Family coverage is defined as health coverage for a family of four.

- LESS THAN 50%
- GREATER THAN OR EQUAL TO 50%, LESS THAN 75%
- GREATER THAN OR EQUAL TO 75%, LESS THAN 100%
- 100%

## EXHIBIT 6.10

## Average Percentage of Single and Family Premiums Paid by Covered Workers, by Firm Characteristics, 2005

	<i>Single Coverage</i>	<i>Family Coverage</i>
<b>PERCENT OF WORKFORCE EARNING \$20,000 OR LESS PER YEAR</b>		
Less Than 35% (Higher Wage Firms)	15%	25%
35% or More (Lower Wage Firms)	20*	36*
<b>PLAN FUNDING</b>		
Self-Funded	16%	32%*
Fully Insured	16	21*
<b>UNION</b>		
Firm Has At Least Some Union Workers	15%	21%*
Firm Does Not Have Any Union Workers	17	29*
<b>ALL FIRMS</b>	<b>16%</b>	<b>26%</b>

## SOURCE :

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

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

Self-funded plan: An insurance arrangement in which the employer assumes direct financial responsibility for the costs of enrollees' medical claims. Employers sponsoring self-funded plans typically contract with a third-party administrator or insurer to provide administrative services for the self-funded plan.

Note: Family coverage is defined as health coverage for a family of four.

## EXHIBIT 6.11

## Average Percentage of Premium Paid by Firm for Covered Workers, by Plan Type and Firm Size, 2005

	<i>Single Coverage</i>	<i>Family Coverage</i>
<b>CONVENTIONAL PLANS</b>		
All Small Firms (3 - 199 Workers)	88%	74%
All Large Firms (200 or More Workers)	85	78
<b>ALL FIRM SIZES</b>	<b>86%</b>	<b>76%</b>
<b>HMO PLANS</b>		
All Small Firms (3 - 199 Workers)	85%	67%*
All Large Firms (200 or More Workers)	84	77
<b>ALL FIRM SIZES</b>	<b>84%</b>	<b>74%</b>
<b>PPO PLANS</b>		
All Small Firms (3 - 199 Workers)	87%*	70%*
All Large Firms (200 or More Workers)	83	77
<b>ALL FIRM SIZES</b>	<b>85%</b>	<b>75%</b>
<b>POS PLANS</b>		
All Small Firms (3 - 199 Workers)	80%	66%
All Large Firms (200 or More Workers)	82	72
<b>ALL FIRM SIZES</b>	<b>81%</b>	<b>69%</b>
<b>ALL PLANS</b>		
All Small Firms (3 - 199 Workers)	86%	69%*
All Large Firms (200 or More Workers)	83	77*
<b>ALL FIRM SIZES</b>	<b>84%</b>	<b>74%</b>

## SOURCE :

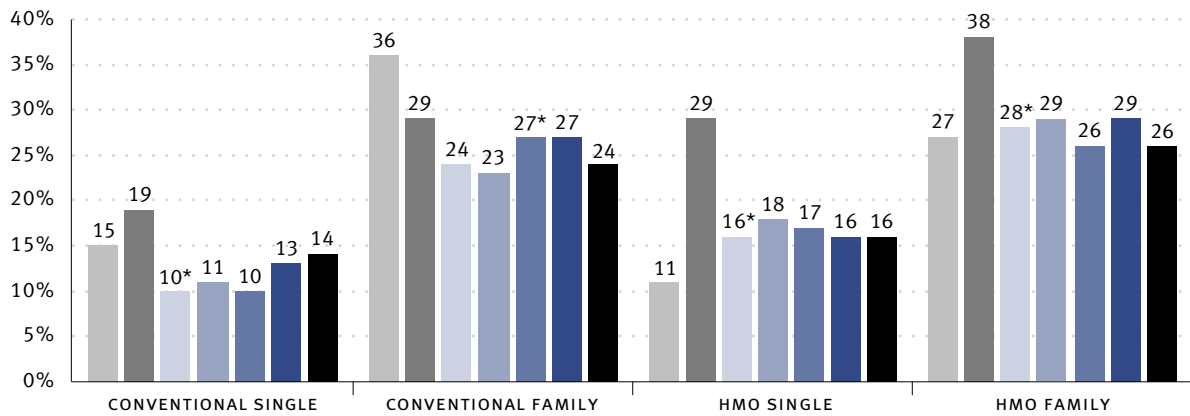
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005.

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

Note: Family coverage is defined as health coverage for a family of four.

EXHIBIT 6.12

Average Percentage of Premium Paid by Covered Workers in Conventional and HMO Plans, 1988-2005



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

Note: Family coverage is defined as health coverage for a family of four.

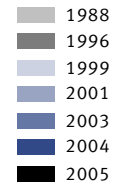
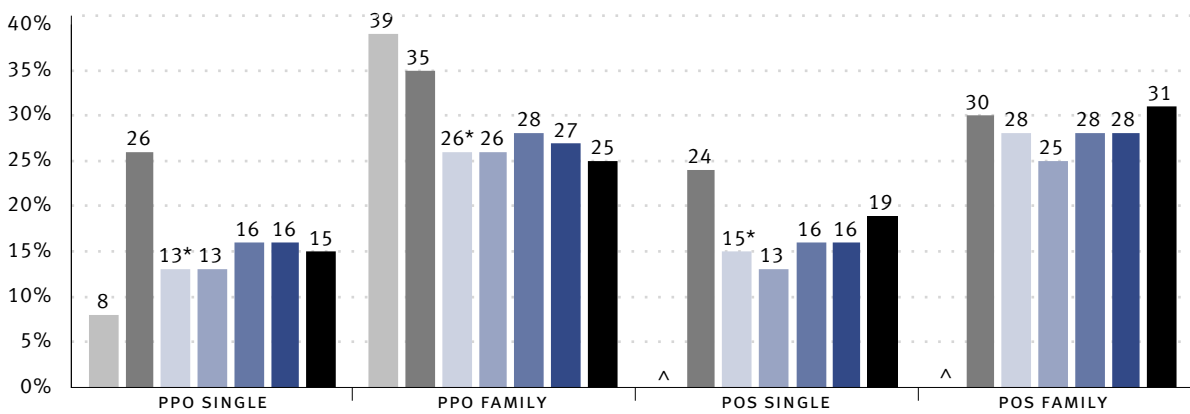


EXHIBIT 6.13

Average Percentage of Premium Paid by Covered Workers in PPO and POS Plans, 1988-2005



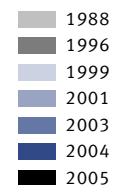
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits, 1996; The Health Insurance Association of America (HIAA), 1988.

\* Estimate is statistically different from the previous year shown at  $p < .05$ . No statistical tests were conducted for years prior to 1999.

^ Information was not obtained for POS plans in 1988.

Note: Family coverage is defined as health coverage for a family of four.



## EXHIBIT 6.14

## Average Percentage of Premium Paid by Firm for Covered Workers, by Plan Type and Region, 2005

	<i>Single Coverage</i>	<i>Family Coverage</i>
<b>CONVENTIONAL PLANS</b>		
Northeast	92%	91%*
Midwest	80*	86
South	86	73
West	NSD	NSD
<b>ALL REGIONS</b>	<b>86%</b>	<b>76%</b>
<b>HMO PLANS</b>		
Northeast	82%	78%*
Midwest	84	79*
South	82	69*
West	89*	73
<b>ALL REGIONS</b>	<b>84%</b>	<b>74%</b>
<b>PPO PLANS</b>		
Northeast	84%	82%*
Midwest	84	78*
South	83	69*
West	91*	77
<b>ALL REGIONS</b>	<b>85%</b>	<b>75%</b>
<b>POS PLANS</b>		
Northeast	79%	75%*
Midwest	81	73
South	82	59*
West	84	75
<b>ALL REGIONS</b>	<b>81%</b>	<b>69%</b>
<b>ALL PLANS</b>		
Northeast	83%	80%*
Midwest	83	77*
South	83	68*
West	89*	75
<b>ALL REGIONS</b>	<b>84%</b>	<b>74%</b>

## SOURCE :

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

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

NSD: Not Sufficient Data.

Note: Family coverage is defined as health coverage for a family of four.

## EXHIBIT 6.15

## Percentage of Premium Paid by Firm for Covered Workers, by Plan Type and Industry, 2005

	<i>Single Coverage</i>	<i>Family Coverage</i>
<b>CONVENTIONAL PLANS</b>		
Mining/Construction/Wholesale	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communications/Utility	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	80	67
State/Local Government	NSD	NSD
Health Care	NSD	NSD
<b>ALL INDUSTRIES</b>	<b>86%</b>	<b>76%</b>
<b>HMO PLANS</b>		
Mining/Construction/Wholesale	85%	71%
Manufacturing	83	78
Transportation/Communications/Utility	85	80
Retail	78	68
Finance	80*	74
Service	83	68*
State/Local Government	93*	83*
Health Care	86	77
<b>ALL INDUSTRIES</b>	<b>84%</b>	<b>74%</b>
<b>PPO PLANS</b>		
Mining/Construction/Wholesale	81%	71%
Manufacturing	81*	78
Transportation/Communications/Utility	86	81*
Retail	77*	70
Finance	86	76
Service	87	72
State/Local Government	90*	80*
Health Care	90*	77
<b>ALL INDUSTRIES</b>	<b>85%</b>	<b>75%</b>

Continued on page 73

## EXHIBIT 6.15 Continued from page 72

## Percentage of Premium Paid by Firm for Covered Workers, by Plan Type and Industry, 2005

	Single Coverage	Family Coverage
<b>POS PLANS</b>		
Mining/Construction/Wholesale	86%	80%*
Manufacturing	79	74
Transportation/Communications/Utility	NSD	NSD
Retail	72	66
Finance	NSD	NSD
Service	82	64
State/Local Government	87	78*
Health Care	81	63
<b>ALL INDUSTRIES</b>	<b>81%</b>	<b>69%</b>
<b>ALL PLANS</b>		
Mining/Construction/Wholesale	82%	73%
Manufacturing	81*	78*
Transportation/Communications/Utility	86	80*
Retail	77*	68
Finance	84	75
Service	85	69*
State/Local Government	91*	81*
Health Care	88*	76
<b>ALL INDUSTRIES</b>	<b>84%</b>	<b>74%</b>

## SOURCE :

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

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

NSD: Not Sufficient Data.

Note: Family coverage is defined as health coverage for a family of four.

## EXHIBIT 6.16

## Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Wage Level or by Participation in Wellness Program, by Firm Size and Region, 2005

	<i>Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Wage Level</i>	<i>Percentage of Covered Workers in Firms That Vary Worker Premium Contributions by Participation in Wellness Program</i>
<b>FIRM SIZE</b>		
<b>ALL SMALL FIRMS (3 - 199 WORKERS)</b>	<b>2.4%*</b>	<b>1.0%*</b>
Midsize (200 - 999 Workers)	7.7	4.2
Large (1,000 - 4,999 Workers)	15.8	4.8
Jumbo (5,000 or More Workers)	16.3	4.4
<b>ALL LARGE FIRMS (200 OR MORE WORKERS)</b>	<b>14.3%</b>	<b>4.4%</b>
<b>REGION</b>		
Northeast	20.2%*	6.0%
Midwest	9.1	3.9
South	8.1	2.3
West	5.5*	1.4
<b>ALL FIRM SIZES AND REGIONS</b>	<b>10.3%</b>	<b>3.3%</b>

## SOURCE :

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

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