

EMPLOYER HEALTH BENEFITS  
2006 ANNUAL SURVEY

---

Employer  
Opinions  
and Health  
Management  
Programs

---

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 155 MILLION NONELDERLY PEOPLE IN AMERICA<sup>1</sup>—SO THEIR ATTITUDES, KNOWLEDGE, AND EXPERIENCES ARE IMPORTANT FACTORS IN HEALTH POLICY DISCUSSIONS.

THIS YEAR'S SURVEY ASKED EMPLOYERS HOW THEY VIEW DIFFERENT APPROACHES TO CONTAINING COST INCREASES AND HOW THEY PLAN TO CHANGE THEIR HEALTH BENEFIT PLANS IN THE NEAR FUTURE. EMPLOYERS ALSO WERE ASKED IF THEY HAVE WELLNESS OR DISEASE MANAGEMENT PROGRAMS.

- ▶ 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 insurance costs. In most instances, the percentages rating any of the suggested strategies as “very effective” at controlling costs are relatively low, although over a quarter of large employers (200 or more workers) believe that disease management is “very effective” at controlling costs. Larger percentages (between 35% and 58%) report that each of these approaches is “somewhat effective” at controlling cost growth (Exhibit 12.1).
- ▶ Each year we ask employers whether they expect to change the contributions, cost sharing, or eligibility for health benefits in the next year.
  - Forty percent 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 20% of small firms (3–199 workers) (Exhibit 12.2).
  - Small percentages of firms say that they are “very likely” to increase employee cost sharing next year, with 12% saying that they are “very likely” to increase deductibles, 8% saying that they are “very likely” to increase copayments and coinsurance, and 10% saying that they are “very likely” to increase the amount that employees pay for prescription drugs. These responses do not vary significantly between small and large firms (Exhibit 12.2).
- As observed in previous years, relatively small percentages of employers report that they are likely to restrict eligibility or drop coverage altogether. Only 2% of firms say that they are “very likely” to restrict eligibility for benefits in the next year. Similarly, about 2% percent of all firms say that they are “very likely” to drop coverage in the next year. Responses to these questions vary little by firm size (Exhibit 12.2).
- ▶ Twenty-six percent of employers offering health benefits include one or more disease management programs in their health plan with the highest enrollment. Large firms (200 or more workers) are more likely than smaller firms to include disease management in their health plan with the largest enrollment (55% vs. 25%) (Exhibit 12.3)
- ▶ Twenty-seven percent of employers offering health benefits offer one or more of the wellness programs listed in Exhibit 12.5. Injury prevention programs are offered by 19% of employers, fitness programs are offered by 10% of employers, smoking cessation is offered by 9% of employers, and weight loss programs are offered by 6% of employers (Exhibit 12.5).
- Large firms (200 or more workers) are more likely to offer one of these wellness programs than smaller firms (62% vs. 26%).

### NOTE:

<sup>1</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *Health Insurance Coverage in America, 2004 Data Update*, November 2005.

## EXHIBIT 12.1

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, 2006

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
<b>Tighter Managed Care Networks*</b>					
All Small Firms (3–199 Workers)	9%	37%	18%	23%	12%
All Large Firms (200 or More Workers)	4%	42%	34%	17%	3%
<b>Consumer-Driven Health Plans (Ex. High Deductible Plan Combined with a Health Savings Account)*</b>					
All Small Firms (3–199 Workers)	16%	37%	17%	23%	7%
All Large Firms (200 or More Workers)	13%	58%	16%	9%	3%
<b>Higher Employee Cost Sharing*</b>					
All Small Firms (3–199 Workers)	15%	35%	18%	28%	5%
All Large Firms (200 or More Workers)	13%	51%	21%	14%	2%
<b>Disease Management Programs*</b>					
All Small Firms (3–199 Workers)	17%	43%	14%	19%	7%
All Large Firms (200 or More Workers)	28%	54%	11%	5%	2%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006.

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

## EXHIBIT 12.2

Among Firms Offering Health Benefits, Distribution of Firms Reporting the Likelihood of Making the Following Changes in the Next Year, by Firm Size, 2006

	Very Likely	Somewhat Likely	Not Too Likely	Not At All Likely	Don't Know
<b>Increase the Amount Employees Pay for Health Insurance*</b>					
All Small Firms (3–199 Workers)	20%	28%	21%	28%	2%
All Large Firms (200 or More Workers)	40%	35%	15%	9%	1%
<b>Increase the Amount Employees Pay for Prescription Drugs</b>					
All Small Firms (3–199 Workers)	10%	29%	28%	30%	3%
All Large Firms (200 or More Workers)	11%	33%	33%	22%	1%
<b>Increase the Amount Employees Pay for Deductibles*</b>					
All Small Firms (3–199 Workers)	12%	27%	24%	31%	5%
All Large Firms (200 or More Workers)	11%	30%	38%	19%	1%
<b>Increase the Amount Employees Pay for Office Visit Copays or Coinsurance*</b>					
All Small Firms (3–199 Workers)	8%	31%	25%	33%	4%
All Large Firms (200 or More Workers)	8%	31%	38%	22%	1%
<b>Introduce Tiered Cost Sharing for Doctor Visits or Hospital Stays*</b>					
All Small Firms (3–199 Workers)	1%	16%	31%	44%	8%
All Large Firms (200 or More Workers)	3%	17%	39%	40%	2%
<b>Restrict Employees' Eligibility for Coverage*</b>					
All Small Firms (3–199 Workers)	2%	4%	20%	73%	<1%
All Large Firms (200 or More Workers)	3%	7%	30%	59%	1%
<b>Drop Coverage Entirely</b>					
All Small Firms (3–199 Workers)	2%	4%	7%	86%	1%
All Large Firms (200 or More Workers)	1%	1%	6%	91%	1%
<b>Offer HDHP/HRA<sup>‡</sup></b>					
All Small Firms (3–199 Workers)	5%	18%	31%	44%	1%
All Large Firms (200 or More Workers)	8%	20%	31%	40%	1%
<b>Offer HSA Qualified HDHP<sup>‡</sup></b>					
All Small Firms (3–199 Workers)	4%	18%	29%	45%	3%
All Large Firms (200 or More Workers)	8%	22%	30%	39%	1%

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006.

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

<sup>‡</sup> Among firms not currently offering this type of HDHP/SO.

## EXHIBIT 12.3

Among Firms Offering Health Benefits, Percentage That Offer a Disease Management Program for Their Plan with the Largest Enrollment, by Firm Size, Region, and Industry, 2006

	Plan Includes A Disease Management Program
<b>FIRM SIZE</b>	
3–24 Workers	23%*
25–199 Workers	32
200–999 Workers	50*
1,000–4,999 Workers	63*
5,000 or More Workers	75*
<b>All Small Firms (3–199 Workers)</b>	<b>25%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>55%*</b>
<b>REGION</b>	
Northeast	29%
Midwest	14*
South	21
West	44*
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	19%
Manufacturing	34
Transportation/Communications/Utilities	23
Wholesale	20
Retail	21
Finance	33
Service	26
State/Local Government	23
Health Care	41
<b>ALL FIRMS</b>	<b>26%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006.

\* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category at  $p < .05$ .

Note: The survey asks firms to answer these questions about the health plan with the highest enrollment.

## EXHIBIT 12.4

Among Firms Offering Health Benefits That Have a Disease Management Program for Their Plan with the Largest Enrollment, Percentage with Specific Programs, by Firm Size, Region, and Industry, 2006

	Diabetes	Asthma	Hypertension	High Cholesterol
<b>FIRM SIZE</b>				
3–24 Workers	94%	86%	88%	89%
25–199 Workers	98	88	86	88
200–999 Workers	97	87	86	82
1,000–4,999 Workers	98	89	80	72*
5,000 or More Workers	99	87	85	69*
<b>All Small Firms (3–199 Workers)</b>	<b>95%</b>	<b>87%</b>	<b>88%</b>	<b>89%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>98%</b>	<b>88%</b>	<b>85%</b>	<b>78%*</b>
<b>REGION</b>				
Northeast	99%	67%	92%	89%
Midwest	98	93	84	82
South	82	86	76	81
West	100	99*	93	93
<b>INDUSTRY</b>				
Agriculture/Mining/Construction	100%	87%	91%	81%
Manufacturing	100	98	82	75
Transportation/Communications/Utilities	97	77	78	80
Wholesale	99	90	76	89
Retail	99	91	79	84
Finance	100	100*	70	71
Service	91	81	94*	96*
State/Local Government	100	87	96*	92
Health Care	97	91	95	91
<b>ALL FIRMS</b>	<b>95%</b>	<b>87%</b>	<b>88%</b>	<b>88%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006.

\* Estimate is statistically different within type of disease management program from estimate for all other firms not in the indicated size, region, or industry category at  $p < .05$ .

Note: The survey asks firms to answer these questions about the health plan with the highest enrollment.

## EXHIBIT 12.5

Among Firms Offering Health Benefits, Percentage Offering Wellness Programs to Their Employees, by Firm Size, Region, and Industry, 2006

	Percentage of Firms Offering Fitness Programs or On-Site Health Club Facilities	Percentage of Firms Offering Smoking Cessation Programs	Percentage of Firms Offering Injury Prevention Programs	Percentage of Firms Offering Weight Loss Programs
<b>FIRM SIZE</b>				
3–24 Workers	7%*	8%*	15%*	4%*
25–199 Workers	16*	10	31*	9
200–999 Workers	29*	28*	32*	23*
1,000–4,999 Workers	39*	42*	40*	38*
5,000 or More Workers	49*	44*	37*	44*
All Small Firms (3–199 Workers)	9%*	8%*	18%*	5%*
All Large Firms (200 or More Workers)	33%*	33%*	34%*	28%
<b>REGION</b>				
Northeast	13%	10%	11%*	8%
Midwest	8	6	17	5
South	13	9	20	5
West	6*	12	27	8
<b>INDUSTRY</b>				
Agriculture/Mining/Construction	16%	2%*	39%*	2%*
Manufacturing	10	15	17	8
Transportation/Communications/Utilities	14	9	20	9
Wholesale	11	8	18	11
Retail	3*	2*	30	1*
Finance	19	21	5*	4
Service	9	8	15	6
State/Local Government	13	13	30*	10
Health Care	6	15	21	14
<b>ALL FIRMS</b>	<b>10%</b>	<b>9%</b>	<b>19%</b>	<b>6%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006.

\* Estimate is statistically different within program type from estimate for all other firms not in the indicated size, region, or industry category at  $p < .05$ .

Note: One percent of firms reported "don't know" for fitness, smoking cessation, and injury prevention. Less than one percent of firms reported "don't know" for weight loss programs.