

EMPLOYER HEALTH BENEFITS

2007 ANNUAL SURVEY

Retiree Health Benefits

SECTION

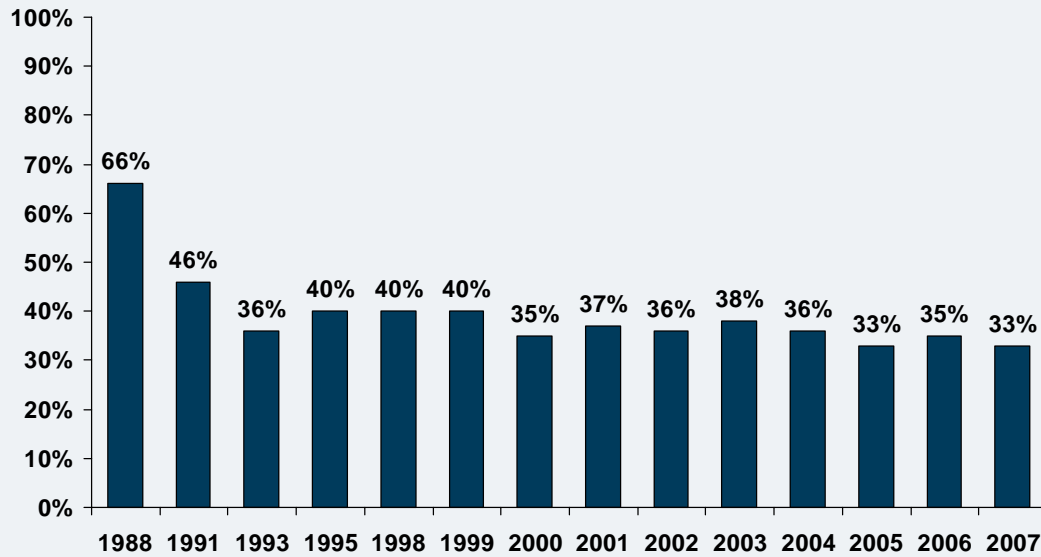
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Retiree Health Benefits

Retiree health benefits are an important consideration for older workers making decisions about their retirement. Health benefits for retirees also provide an important supplement to Medicare for retirees age 65 and over. Among firms offering health benefits to their workers, 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.

- Thirty-three percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2007, similar to 35% in 2006 but down from 66% in 1988 (Exhibit 11.1).
- Retiree benefits vary substantially with firm size, industry, whether workers are unionized, wage level, and many other factors.
 - Large firms are much more likely to offer retiree benefits than small firms. Among firms that offer health benefits, 33% of large firms (200 or more workers) offer retiree benefits, compared to just 5% of small firms (3-199 workers) (Exhibit 11.2).
 - Among large firms (200 or more workers) that offer health benefits, state and local governments and firms in the finance industry are more likely than firms in other industries to offer retiree benefits (Exhibit 11.2). In contrast, firms in the retail and wholesale industries are less likely than firms in other industries to offer retiree health benefits.
 - Large firms (200 or more workers) with union workers are significantly more likely to offer retiree health benefits than large firms without union workers – 51% of all large firms with union employees that offer health benefits offer retiree benefits, compared with 24% for all large firms that do not have union employees (Exhibit 11.3).
 - Large firms (200 or more workers) with fewer lower-wage workers (where less than 35% of workers earn \$21,000 a year or less annually) are significantly more likely to offer retiree health benefits than large firms with a greater proportion of lower-wage workers (where 35% or more workers earn \$21,000 a year or less) – 36% versus 21% (Exhibit 11.3).
- Most large firms (200 or more workers) that offer retiree benefits offer them to early retirees under the age of 65 (92%). A lower percentage (71%) of large firms offering retiree benefits offer them to Medicare-age retirees (Exhibit 11.4).

Exhibit 11.1
Among Firms Offering Health Benefits to Active Workers, Percentage of
All Large Firms (200 or More Workers) Offering Retiree Health Benefits,
1988-2007*



*Tests found no statistical difference from estimate for the previous year shown ($p < .05$). No statistical tests are conducted for years prior to 1999.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

Exhibit 11.2
Among Firms that Offer Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2007

	All Small Firms (3-199 Workers)	All Large Firms (200 or More Workers)
FIRM SIZE		
3-199 Workers	5%	--
200-999 Workers	--	29%*
1,000-4,999 Workers	--	41*
5,000 or More Workers	--	52*
REGION		
Northeast	6%	33%
Midwest	5	37
South	4	30
West	4	34
INDUSTRY		
Agriculture/Mining/Construction	1%*	25%
Manufacturing	1*	27
Transportation/Communications/Utilities	NSD	47
Wholesale	1*	14*
Retail	1*	13*
Finance	2	53*
Service	7	32
State/Local Government	34*	80*
Health Care	2	24
ALL FIRMS	5%	33%

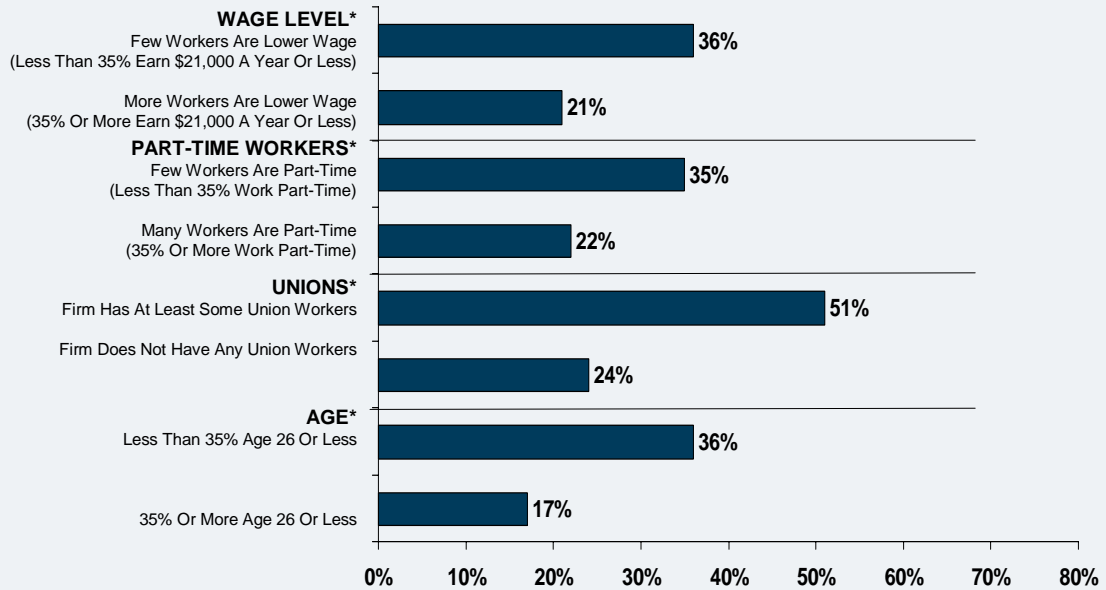
* Estimate is statistically different within Small or Large Firm category from estimate for all other firms not in the indicated size, region, or industry category ($p < .05$).

NSD: Not Sufficient Data.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007.

Exhibit 11.3

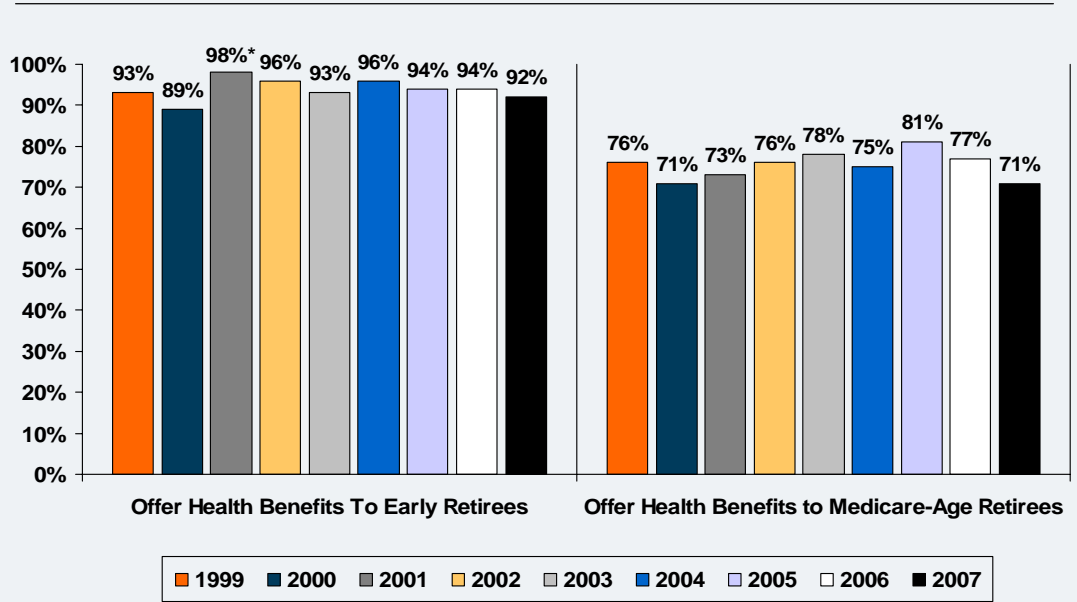
Among Firms that Offer Health Benefits to Active Workers, Percentage of All Large Firms (200 or More Workers) Offering Retiree Health Benefits, by Firm Characteristics, 2007



*Estimates are statistically different from each other within category (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007.

Exhibit 11.4
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage Offering Health Benefits to Early and Medicare-Age Retirees, 1999–2007



*Estimate is statistically different from estimate for the previous year shown (p<.05).

Early Retirees: Workers retiring before age 65.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007.

Exhibit 11.5
Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage Offering Retiree Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2007

	Percentage of Employers Offering Retiree Health Benefits to Early Retirees	Percentage of Employers Offering Retiree Health Benefits to Medicare- Age Retirees
FIRM SIZE		
200-999 Workers	92%	66%*
1,000-4,999 Workers	90	75
5,000 or More Workers	95	81*
REGION		
Northeast	88%	79%
Midwest	95	63
South	94	65
West	90	83*
INDUSTRY		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	92%	72%
Transportation/Communications/Utilities	98*	68
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	97*	60
Service	90	74
State/Local Government	98*	81*
Health Care	NSD	NSD
ALL LARGE FIRMS (200 or More Workers)	92%	71%

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

Early Retirees: Workers retiring before age 65.

NSD: Not Sufficient Data.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007.