

EMPLOYER HEALTH BENEFITS
2003 ANNUAL SURVEY

Health Benefits

SECTION

8

HEALTH BENEFITS

BENEFIT PACKAGES IN EMPLOYER-BASED HEALTH PLANS HAVE GROWN MORE GENEROUS OVER THE PAST TWENTY YEARS, MOST NOTABLY WITH REGARD TO PRESCRIPTION DRUG COVERAGE AND PREVENTIVE SERVICES. MOST PLANS NOW OFFER WORKERS PREVENTIVE BENEFITS INCLUDING ADULT PHYSICALS, WELL BABY CARE, AND PRESCRIPTION DRUGS. THE SHIFT FROM CONVENTIONAL TO MANAGED CARE PLANS EXPLAINS MUCH OF THIS INCREASE. MANAGED HEALTH PLANS HAVE HISTORICALLY EMPHASIZED PREVENTIVE CARE SUCH AS PHYSICALS AND MAMMOGRAPHY SCREENINGS AND COMPREHENSIVE CARE IN THE FORM OF PRESCRIPTIONS DRUGS AND AMBULATORY COVERAGE.

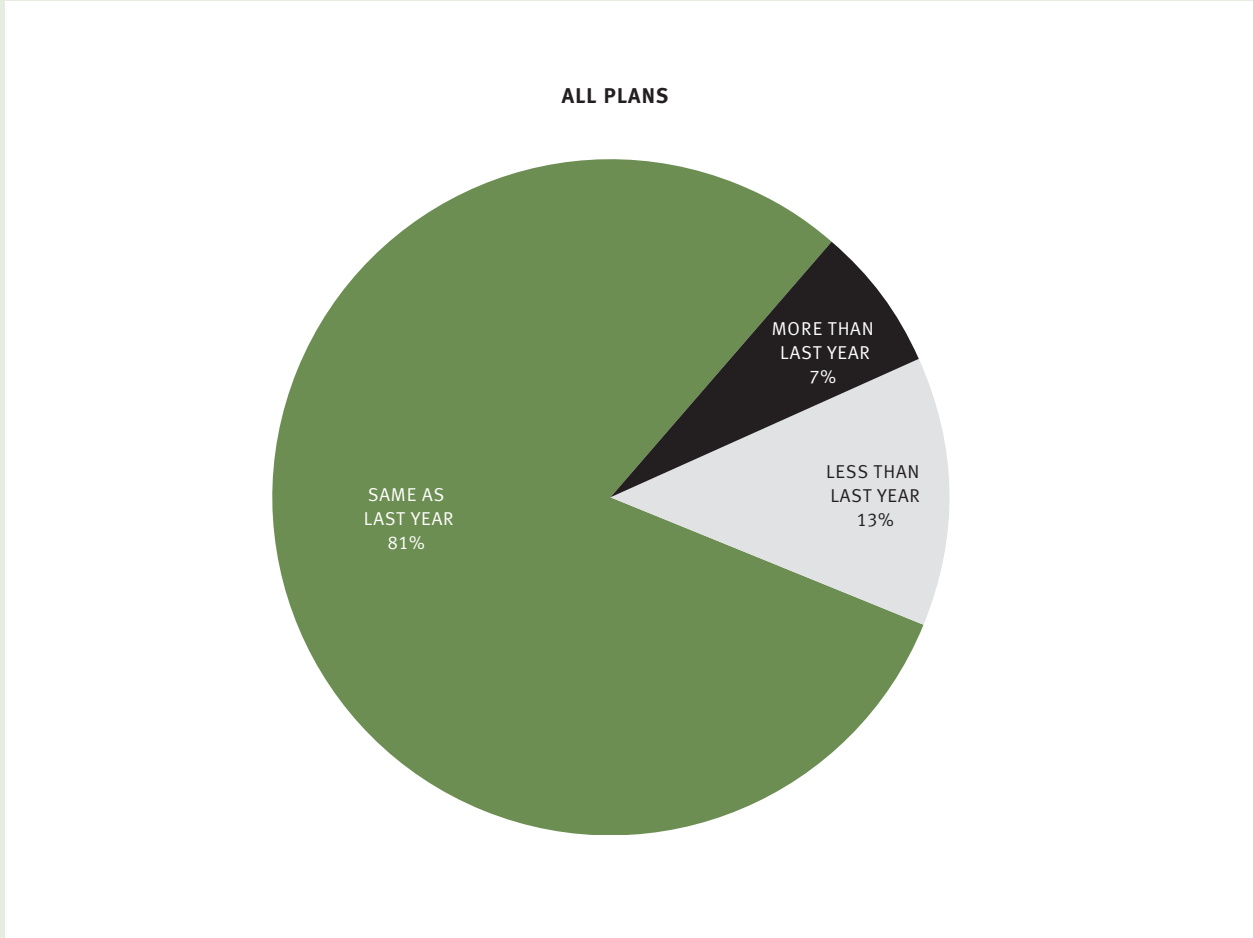
THE VAST MAJORITY OF EMPLOYERS SAY THAT THE LEVEL OF BENEFITS THEY OFFER REMAINED THE SAME IN 2003, WITH ONLY 13% OF FIRMS REPORTING A DECREASE IN THE LEVEL OF BENEFITS (OTHER THAN COST SHARING) OFFERED TO WORKERS.

- ▶ Most workers experienced no change in benefits in 2003. Depending on the type of firm size and industry, between 72% and 88% of covered workers experienced no change in the level of their benefits (other than cost sharing) in the past year (EXHIBIT 8.1). In general, the overall level of benefits did not vary by plan type.
- ▶ The substantial majority of health plans offer benefits that might be considered a “standard benefit”, including coverage for prescription drugs, prenatal care, and outpatient and inpatient mental health services. Annual adult physicals, annual visits to the obstetrician/gynecologist and well-baby visits are also common benefits (EXHIBITS 8.2, 8.3).
- *All types of plans are less likely to cover oral contraceptives than other types of prescription drugs (99%) although the percent of covered workers with coverage for oral contraceptives has grown substantially, at 88% this year, up from 71% in 2000. The number of covered workers with the option of sterilization and reversible contraceptives has also grown dramatically over the past few years. In 2001, 67% of covered workers had coverage for sterilization, compared to 87% this year. Reversible contraceptives were available to 41% of covered workers in 2001 and 72% of covered workers in 2003.*
- ▶ A firm’s size is the best predictor of whether or not the firm offers its employees dental benefits. Among all small firms (3-199 workers), 39% offer dental coverage. Among the largest firms (5,000 or more workers), 92% offer dental benefits (EXHIBIT 8.4).
- ▶ Flexible spending accounts are funded through employee pre-tax dollars and allow employees to pay for health expenses not covered by their health plans, dependent care expenses, and other types of benefits on a pre-tax basis (EXHIBIT 8.4).

- *The percentage of covered workers with a flexible spending account benefit has increased among large firms (with more than 1,000 workers) since 1999 but has remained constant among all firms at 16% overall.*
- ▶ Covered workers were much more likely to be in plans that increased the provider network than decreased the number of preferred providers. Among covered workers enrolled in a PPO, 35% of covered workers were in a plan that expanded its provider network, while only six percent were in a plan that reduced the number of preferred providers (EXHIBIT 8.5).

EXHIBIT 8.1

Levels of Benefits for Covered Workers Compared to Last Year, All Plans, 2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

Note: In 2003, this question was amended slightly to add a qualifier that the survey is asking about changes to benefits "other than cost sharing."

EXHIBIT 8.2

Percentage of Covered Workers With Selected Benefits, by Firm Size, 2003

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200+ Workers)</i>	<i>All Firms</i>
ALL PLANS			
Adult Physicals	94%	93%	93%
Prescription Drugs	98	99	99
Outpatient Mental	97	100	99
Inpatient Mental	97	99	98
Annual OB/GYN Visit	98	98	98
Prenatal Care	97	100*	99
Oral Contraceptives	83*	90	88
Well-Baby Care	96	98	97
Abortion	30	54	46
Sterilization	86	88	87
All Five Reversible Contraceptives	72	72	72

SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

* Estimate is statistically different from All Firms.

Note: In certain instances, a large percentage of firms indicated "don't know" as follows: abortion (26%); sterilization (19%); all five reversible contraceptives (15%). Don't know responses for these variables were imputed. Because an unusually large number of don't know responses were imputed, Kaiser/HRET did not perform statistical tests for these variables.

EXHIBIT 8.3

Percentage of Covered Workers in Conventional, HMO, PPO, and POS Plans With Selected Benefits, by Firm Size, 2003

	<i>All Small Firms (3-199 Workers)</i>	<i>All Large Firms (200+ Workers)</i>	<i>All Firms</i>
CONVENTIONAL PLANS			
Adult Physicals	84%	63%	72%
Prescription Drugs	84	99	93
Outpatient Mental	93	99	96
Inpatient Mental	93	99	97
Annual OB/GYN Visit	91	90	91
Prenatal Care	83	95	90
Oral Contraceptives	70	90	82
Well-Baby	85	86	86
Abortion	27	65	50
Sterilization	87	77	81
All Five Reversible Contraceptives	58	58	58
HMO PLANS			
Adult Physicals	96%	99%	98%
Prescription Drugs	100	99	99
Outpatient Mental	95	100	99
Inpatient Mental	93	99	97
Annual OB/GYN Visit	100	100	100
Prenatal Care	97	100	99
Oral Contraceptives	91	92	91
Well-Baby	97	100	99
Abortion	32	54	48
Sterilization	88	92	91
All Five Reversible Contraceptives	80	78	78
PPO PLANS			
Adult Physicals	95%	92%	93%
Prescription Drugs	99	99	99
Outpatient Mental	99	99	99
Inpatient Mental	98	99	99
Annual OB/GYN Visit	99	99	99
Prenatal Care	98	99	99
Oral Contraceptives	81	88	86
Well-Baby	96	98	97
Abortion	29*	51	44
Sterilization	88	88	88
All Five Reversible Contraceptives	68	71	70
POS PLANS			
Adult Physicals	93%	97%	95%
Prescription Drugs	98	100	99
Outpatient Mental	98	100	99
Inpatient Mental	98	100	99
Annual OB/GYN Visit	96	98	97
Prenatal Care	97	99	98
Oral Contraceptives	84	92	89
Well-Baby	97	97	97
Abortion	28*	62*	49
Sterilization	78	88	85
All Five Reversible Contraceptives	77	78	77

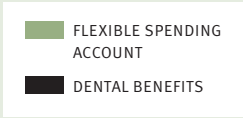
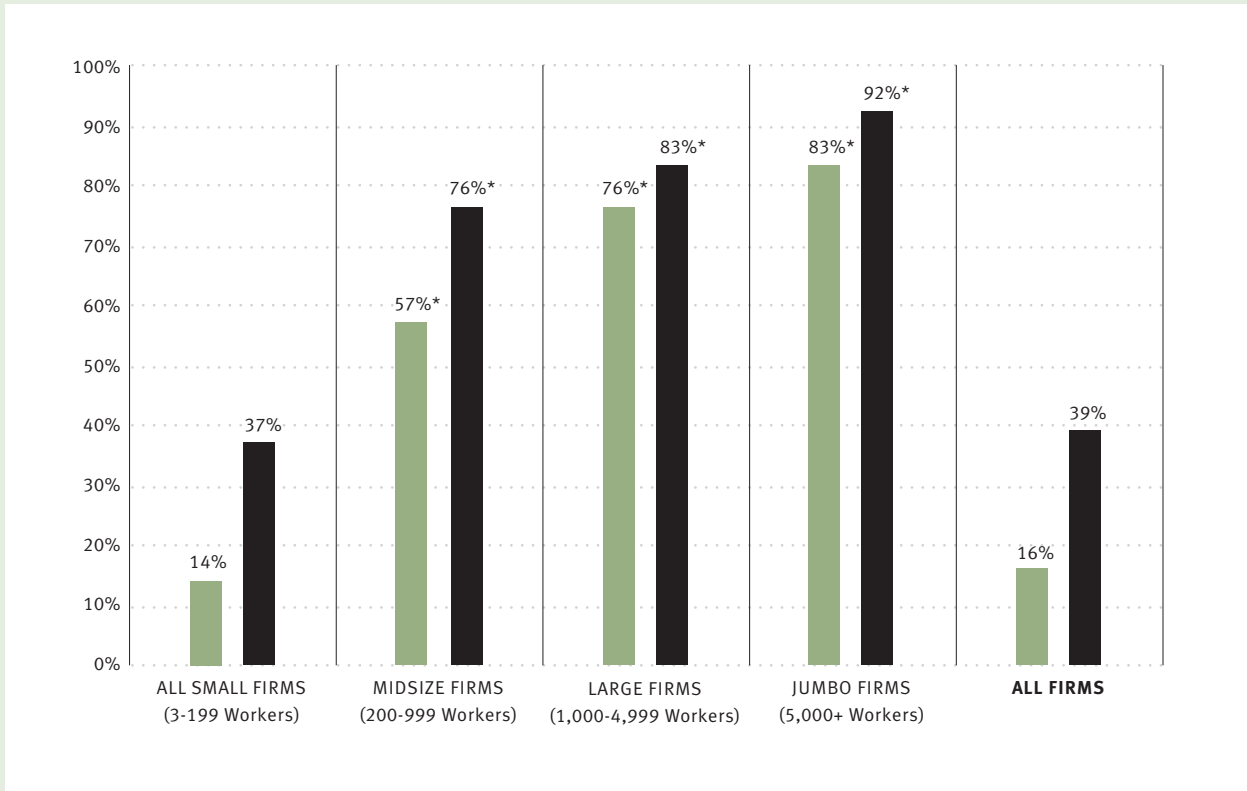
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.

* Estimate is statistically different from All Firms within a plan type

EXHIBIT 8.4

Percentage of Firms That Offer Employees a Flexible Spending Account or Dental Benefits, by Firm Size, 2003



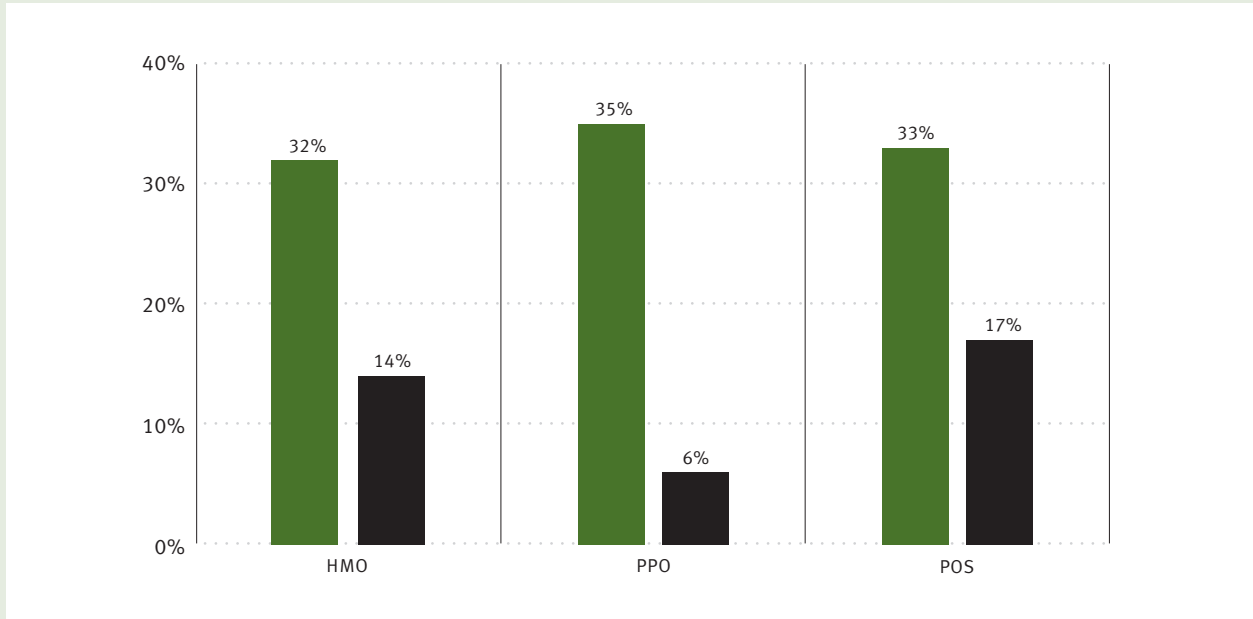
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2003.

* Estimate is statistically different from All Firms.

EXHIBIT 8.5

Percentage of Covered Workers in Firms That Made the Following Changes to Their Provider Networks in the Past Year, 2003



■ EXPANDED THE NUMBER OF PROVIDERS IN THE NETWORK
 ■ REDUCED THE NUMBER OF PROVIDERS IN THE NETWORK

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2003.