

EMPLOYER HEALTH BENEFITS
2003 ANNUAL SURVEY

Employee
Contributions for
Premiums

SECTION

6

EMPLOYEE CONTRIBUTIONS FOR PREMIUMS

THE SHARE OF TOTAL PREMIUMS PAID BY WORKERS REMAINS VIRTUALLY UNCHANGED IN 2003: 16% ACROSS PLAN TYPES FOR SINGLE COVERAGE AND 27% FOR FAMILY COVERAGE.

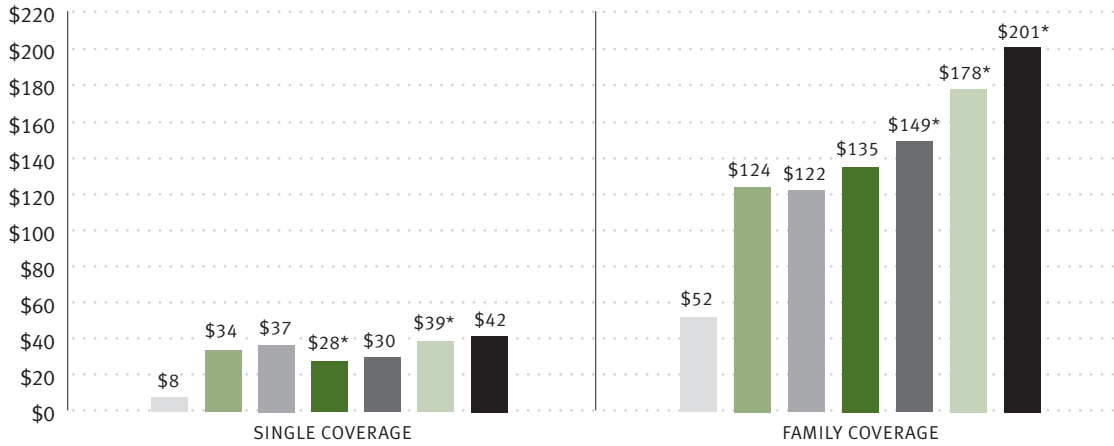
IN 2003, EMPLOYEE CONTRIBUTIONS FOR SINGLE COVERAGE WERE STATISTICALLY UNCHANGED WHILE CONTRIBUTIONS FOR FAMILY COVERAGE GREW BY 13%.

WORKER CONTRIBUTIONS FOR HEALTH INSURANCE PREMIUMS

- ▶ The average monthly worker contribution for family coverage is \$201 in 2003, up from \$178 last year (EXHIBIT 6.1). On an annual basis, workers' contributions for family coverage increased \$276 overall. The average monthly worker contribution for single coverage was \$42 in 2003, similar to last year.
- ▶ The average percentage of total premiums that workers pay remains virtually unchanged in 2003: 16% across plan types for single coverage and 27% for family coverage (EXHIBIT 6.2). Percentage contributions for family coverage have remained fairly stable for a number of years, while those for single coverage declined from 1996 to 2000 (from 21% to 14%) and have been stable since that time.
- ▶ Nearly all firms that offer health insurance contribute 50% or more to the cost of premiums for their employees, perhaps because many insurers require a minimum contribution level before they will provide coverage (EXHIBITS 6.8, 6.9, 6.10). Employers are most likely to contribute 75-100% of premiums for single and family coverage.
 - *The percentage of covered workers whose employers pay the full cost of single or family coverage did not change in 2003.*
 - *Employers are more likely to pay the full cost of employee premiums for single coverage – 24% of covered workers have the full cost of single premiums paid by their employer, compared with 8% who have the full cost paid for family premiums.*
 - *However, workers in all small firms (3-199 workers) are much more likely to have to pay 50% or more of the premium cost for family coverage, at 31%, than are workers in all large firms (200 or more workers), at 6%.*
- ▶ In 2003, workers in all small firms (3-199 workers) pay an average of 34% of the premium for family coverage, compared with 24% for workers in all large firms (200 or more workers) (EXHIBIT 6.10). Workers in small firms pay an average of \$248 per month for family coverage compared to \$179 per month paid by workers in large firms (EXHIBIT 6.4).
- ▶ Employers in firms with a high percentage of low-wage workers – where 35% or more earn \$20,000 or less per year – contribute 36% of the premium for family coverage, compared with 26% of premiums paid by workers in firms with fewer low-wage workers (EXHIBIT 6.10). Workers in firms with union workers pay a lower share of the premium for family coverage, 21% of the premium, than do workers in firms with no union workers, at 32%.

EXHIBIT 6.1

Average Monthly Worker Contribution for Single and Family Premiums, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.

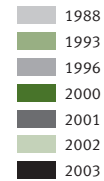
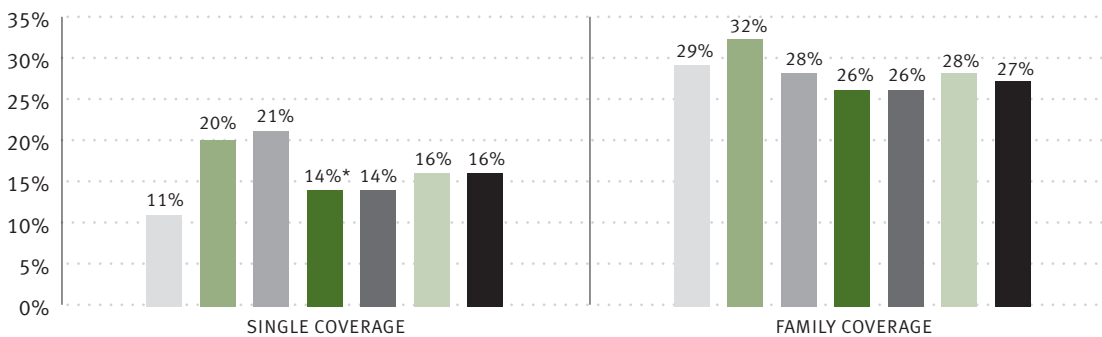


EXHIBIT 6.2

Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.

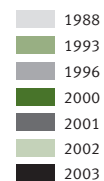
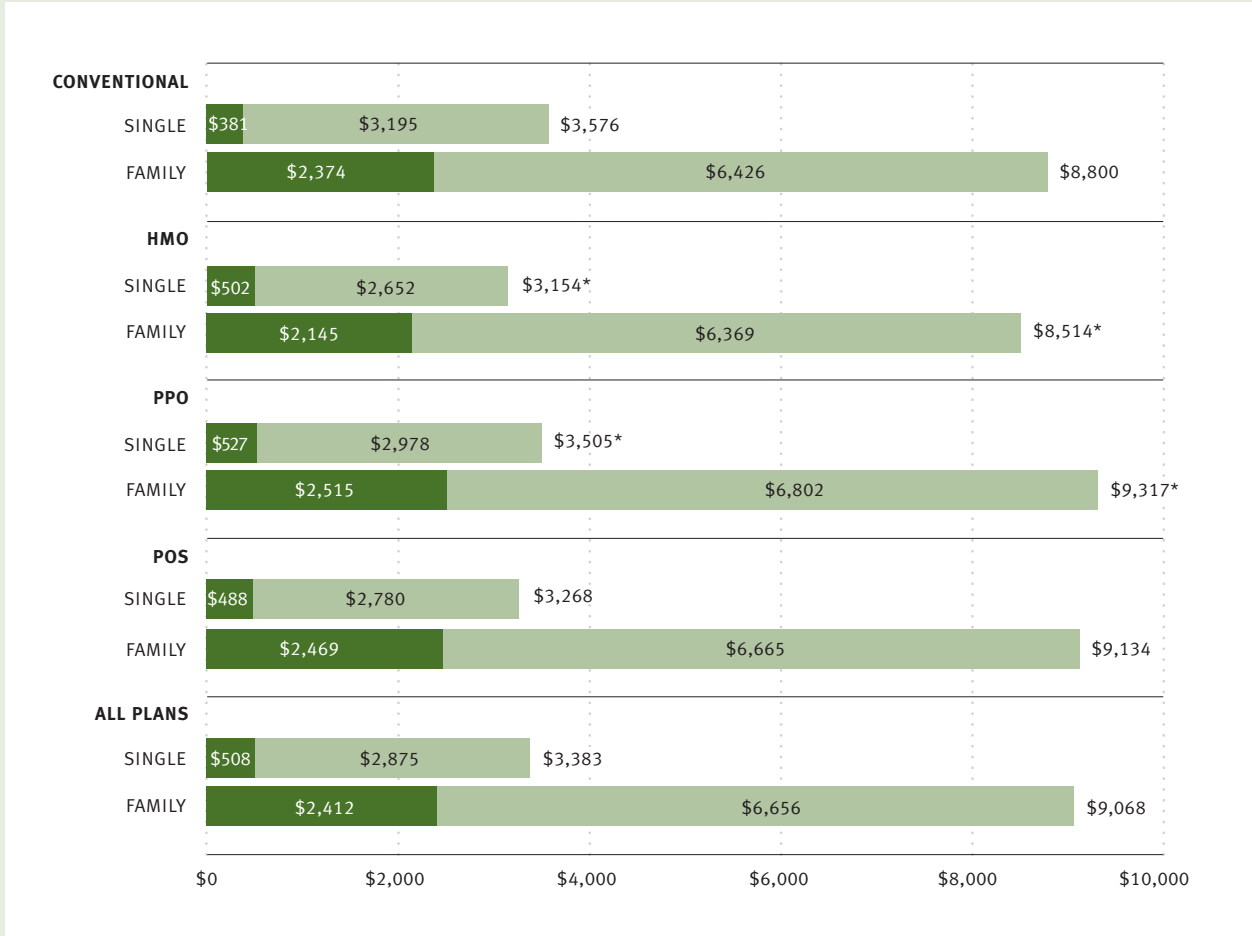


EXHIBIT 6.3

Average Annual Premium Costs for Covered Workers, Single and Family Coverage, by Plan Type, 2003



■ WORKER CONTRIBUTION
■ EMPLOYER CONTRIBUTION

SOURCE :

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

* Estimate of total premium is statistically different from All Plans by coverage type.

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

EXHIBIT 6.4

Average Monthly Worker Premium Contributions, by Plan Type and Firm Size, 2003

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
CONVENTIONAL PLANS				
All Small Firms (3-199 Workers)	\$23	\$233	\$280	\$2,797
All Large Firms (200+ Workers)	38	174	451	2,082
ALL FIRM SIZES	\$32	\$198	\$381	\$2,374
HMO PLANS				
All Small Firms (3-199 Workers)	\$42	\$207	\$500	\$2,484
All Large Firms (200+ Workers)	42	168	503	2,010
ALL FIRM SIZES	\$42	\$179	\$502	\$2,145
PPO PLANS				
All Small Firms (3-199 Workers)	\$38	\$269*	\$452	\$3,226*
All Large Firms (200+ Workers)	47	182*	562	2,187*
ALL FIRM SIZES	\$44	\$210	\$527	\$2,515
POS PLANS				
All Small Firms (3-199 Workers)	\$36	\$238	\$437	\$2,854
All Large Firms (200+ Workers)	43	187	518	2,239
ALL FIRM SIZES	\$41	\$206	\$488	\$2,469
ALL PLANS				
All Small Firms (3-199 Workers)	\$37	\$248*	\$450	\$2,970*
All Large Firms (200+ Workers)	45	179*	536	2,146*
ALL FIRM SIZES	\$42	\$201	\$508	\$2,412

SOURCE:

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

* Estimate is statistically different from All Firm Sizes within a plan type.

EXHIBIT 6.5

Average Monthly Worker Premium Contributions, by Plan Type and Region, 2003

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
CONVENTIONAL PLANS				
Northeast	\$26	\$197	\$308	\$2,366
Midwest	44	208	523	2,490
South	37	256	443	3,068
West	20	133	242	1,602
ALL REGIONS	\$32	\$198	\$381	\$2,374
HMO PLANS				
Northeast	\$46	\$159	\$554	\$1,903
Midwest	34	131*	409	1,576*
South	54	239*	645	2,874*
West	32*	162	379*	1,947
ALL REGIONS	\$42	\$179	\$502	\$2,145
PPO PLANS				
Northeast	\$53*	\$170*	\$633*	\$2,036*
Midwest	37*	152*	449*	1,827*
South	48	265*	582	3,176*
West	35	224	417	2,683
ALL REGIONS	\$44	\$210	\$527	\$2,515
POS PLANS				
Northeast	\$41	\$174	\$492	\$2,088
Midwest	41	173	491	2,079
South	39	244	470	2,929
West	42	234	509	2,814
ALL REGIONS	\$41	\$206	\$488	\$2,469
ALL PLANS				
Northeast	\$47	\$169*	\$566	\$2,029*
Midwest	38	155*	452	1,854*
South	48	256*	573	3,070*
West	34*	197	405*	2,364
ALL REGIONS	\$42	\$201	\$508	\$2,412

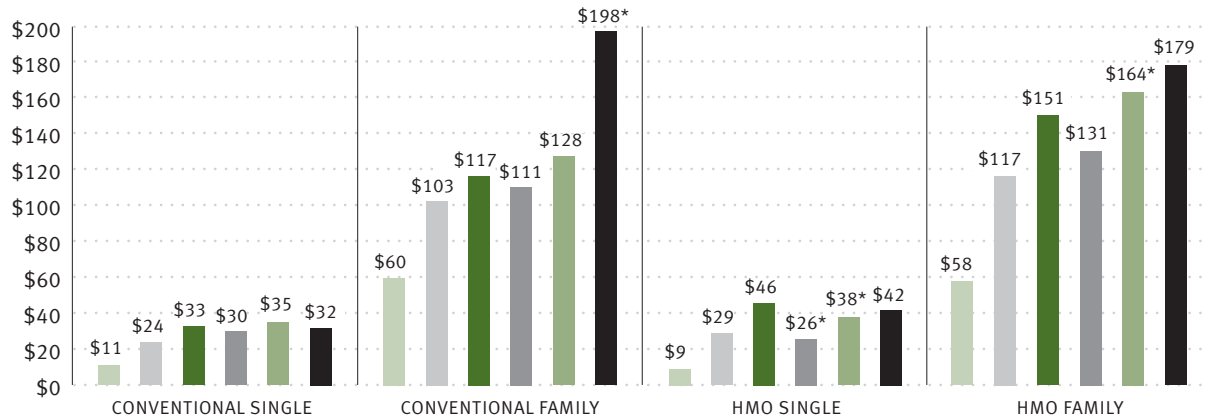
SOURCE :

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

* Estimate is statistically different from All Regions within a plan type.

EXHIBIT 6.6

Monthly Worker Contributions for Single and Family Coverage in Conventional and HMO Plans, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2002, 2002-2003.

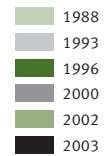
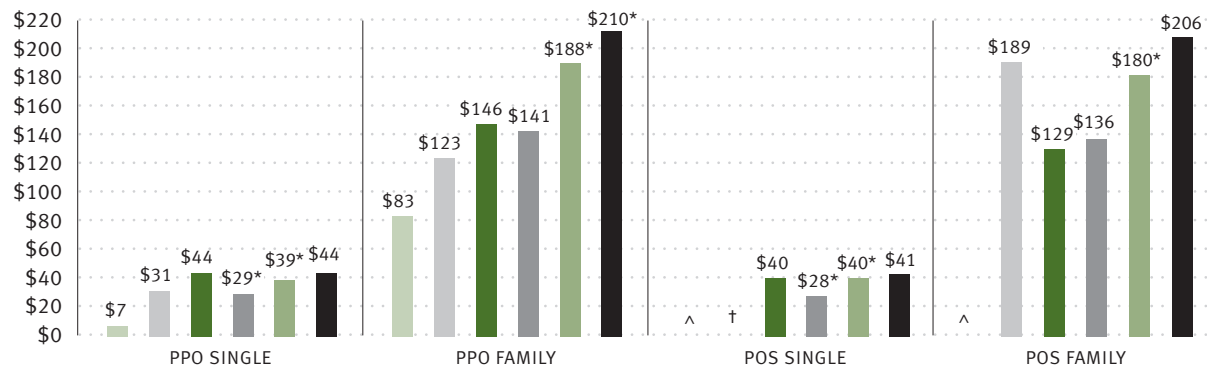


EXHIBIT 6.7

Monthly Worker Contributions for Single and Family Coverage in PPO and POS Plans, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2002, 2002-2003.

^ Information was not obtained for POS plans in 1988.

† Information was not obtained for POS single coverage in 1993.

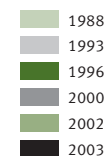
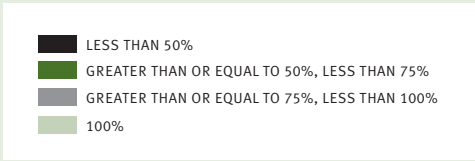
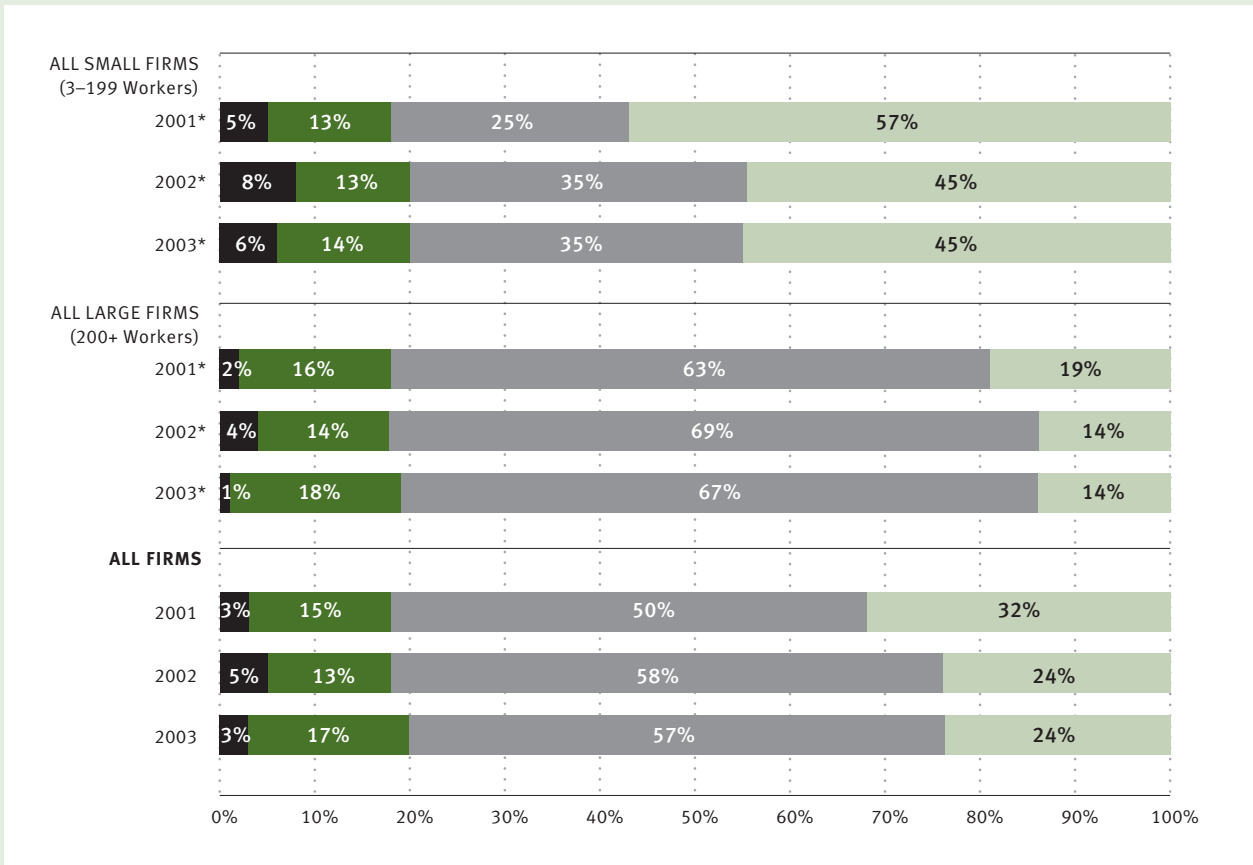


EXHIBIT 6.8

Distribution of Percentage of Single Premiums Paid by Firms for Covered Workers, by Firm Size, 2001-2003



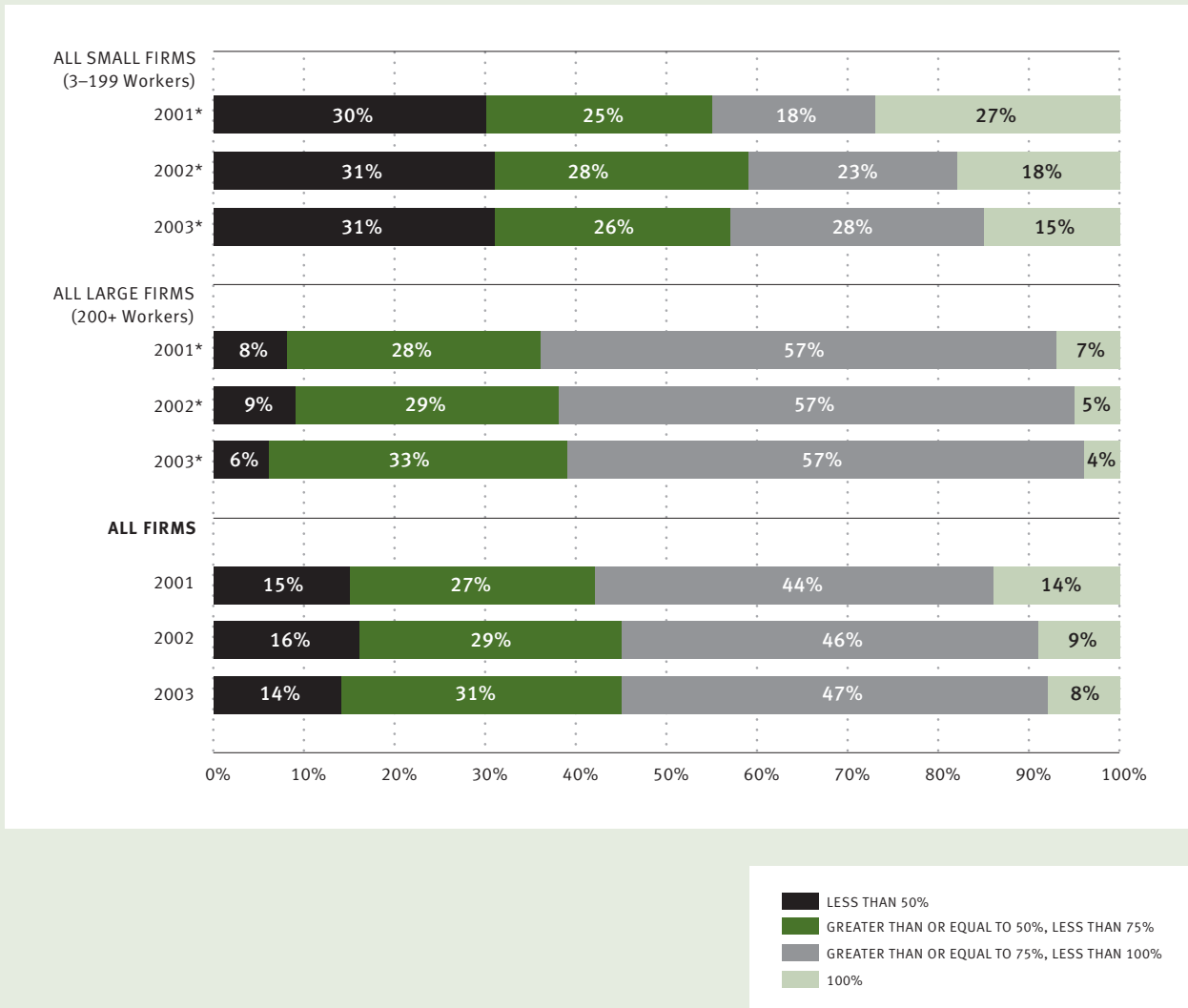
SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002, 2003.

* Distribution is statistically different from All Firms by Year.

EXHIBIT 6.9

Distribution of Percentage of Family Premiums Paid by Firms for Covered Workers, by Firm Size, 2001-2003



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002, 2003.

* Distribution is statistically different from All Firms by Year.

EXHIBIT 6.10

Percentage of Overall Single and Family Premiums Paid by Firm, by Percentage of Workforce That is Low Wage, 2003

	<i>Single Coverage</i>	<i>Family Coverage</i>
PERCENT OF WORKFORCE EARNING \$20,000 OR LESS PER YEAR		
Less Than 35% (Higher Wage Firms)	85%	74%
35% or More (Lower Wage Firms)	81%*	64%*
ALL FIRMS	84%	73%

SOURCE:

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

* Estimate is statistically different from All Firms.

EXHIBIT 6.11

Percentage of Premium Paid by Firm for Typical Covered Worker, by Plan Type and Firm Size, 2003

	<i>Single Coverage</i>	<i>Family Coverage</i>
CONVENTIONAL PLANS		
All Small Firms (3-199 Workers)	92%	68%
All Large Firms (200+ Workers)	88	76
ALL FIRM SIZES	90%	73%
HMO PLANS		
All Small Firms (3-199 Workers)	83%	68%
All Large Firms (200+ Workers)	84	76
ALL FIRM SIZES	84%	74%
PPO PLANS		
All Small Firms (3-199 Workers)	86%	63%*
All Large Firms (200+ Workers)	83	76*
ALL FIRM SIZES	84%	72%
POS PLANS		
All Small Firms (3-199 Workers)	86%	68%
All Large Firms (200+ Workers)	83	75
ALL FIRM SIZES	84%	72%
ALL PLANS		
All Small Firms (3-199 Workers)	86%	66%*
All Large Firms (200+ Workers)	84	76*
ALL FIRM SIZES	84%	73%

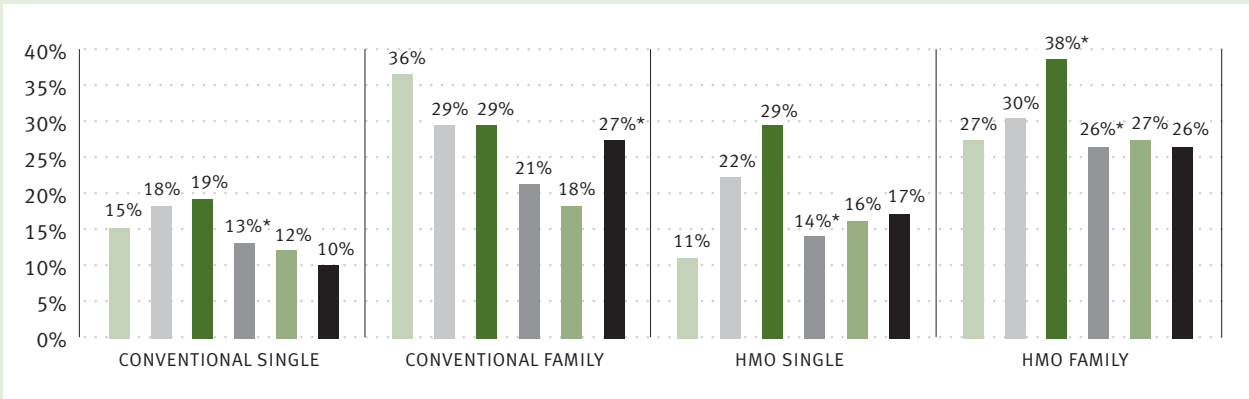
SOURCE:

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

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

EXHIBIT 6.12

Percentage of Premium Paid by Workers in Conventional and HMO Plans, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2002, 2002-2003.

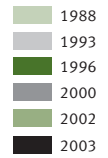
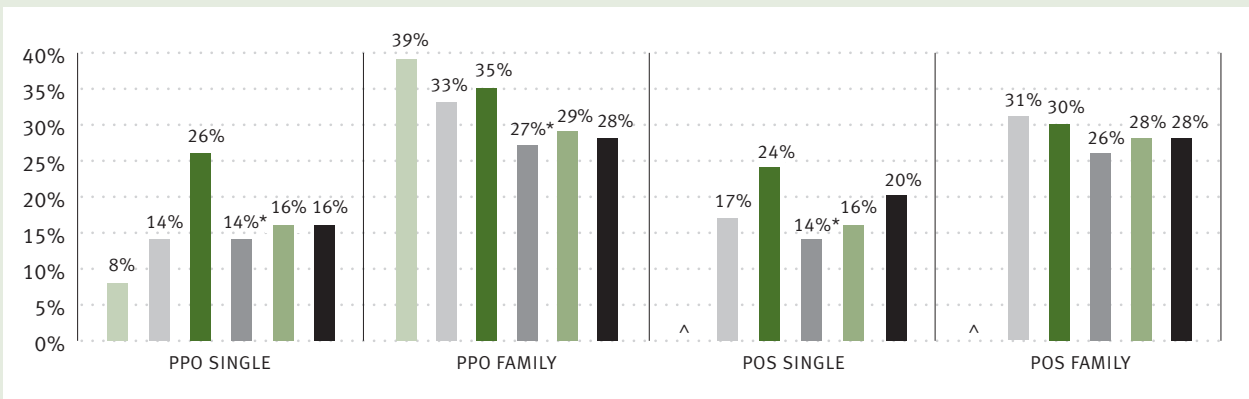


EXHIBIT 6.13

Percentage of Premium Paid by Workers in PPO and POS Plans, 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2002, 2002-2003.

^ Information was not obtained for POS plans in 1988.

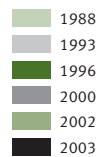
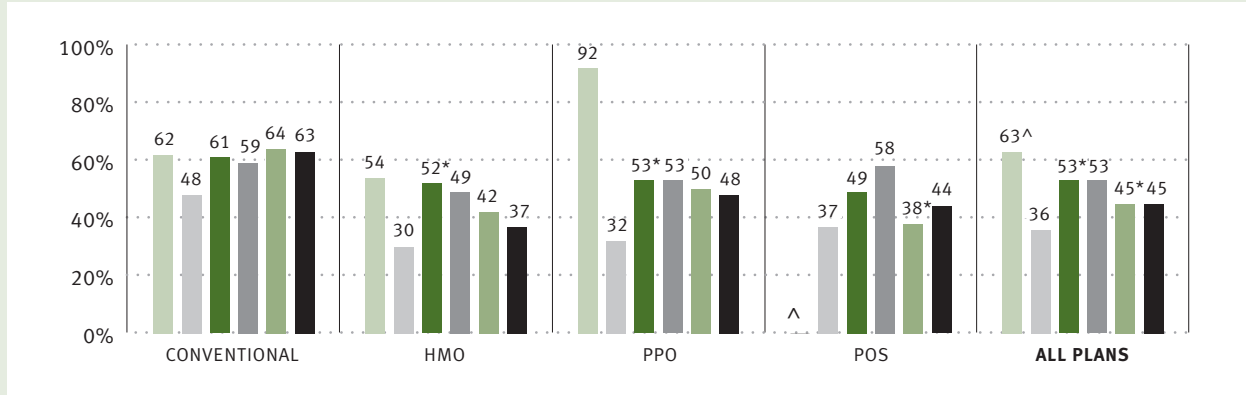


EXHIBIT 6.14

Percentage of Covered Workers in Plans Where Firm Pays Entire Cost of Single Plan Coverage, All Small Firms (3-199 Workers), 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.
^ Information was not obtained for POS plans in 1988.

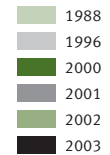
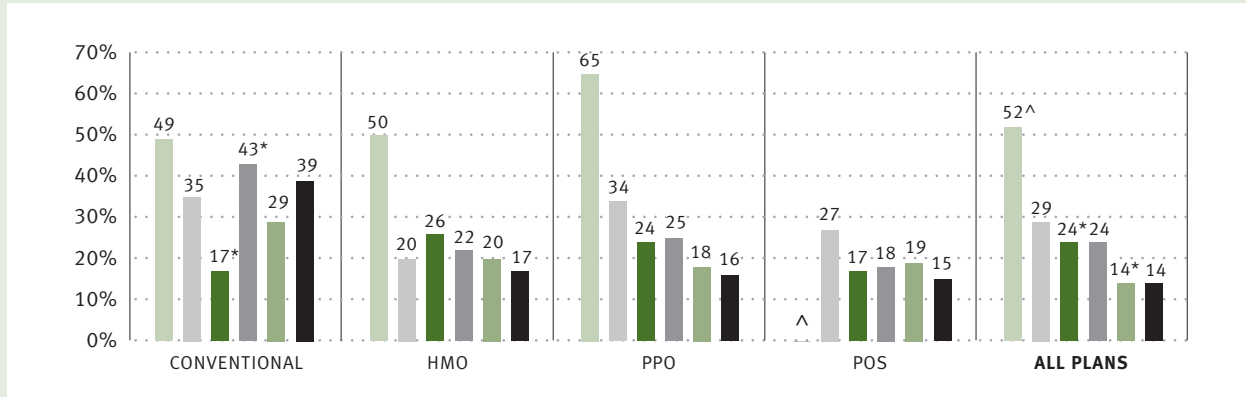


EXHIBIT 6.15

Percentage of Covered Workers in Plans Where Firm Pays Entire Cost of Single Plan Coverage, All Large Firms (200 or More Workers), 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.
^ Information was not obtained for POS plans in 1988.

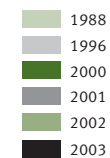
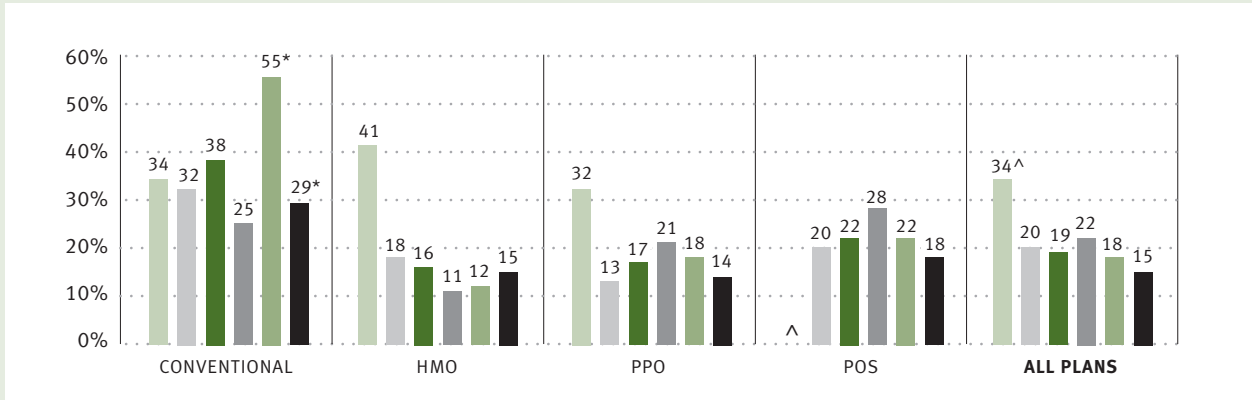


EXHIBIT 6.16

Percentage of Covered Workers in Plans Where Firm Pays Entire Cost of Family Plan Coverage, All Small Firms (3-199 Workers), 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.

^ Information was not obtained for POS plans in 1988.

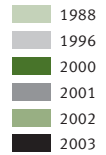
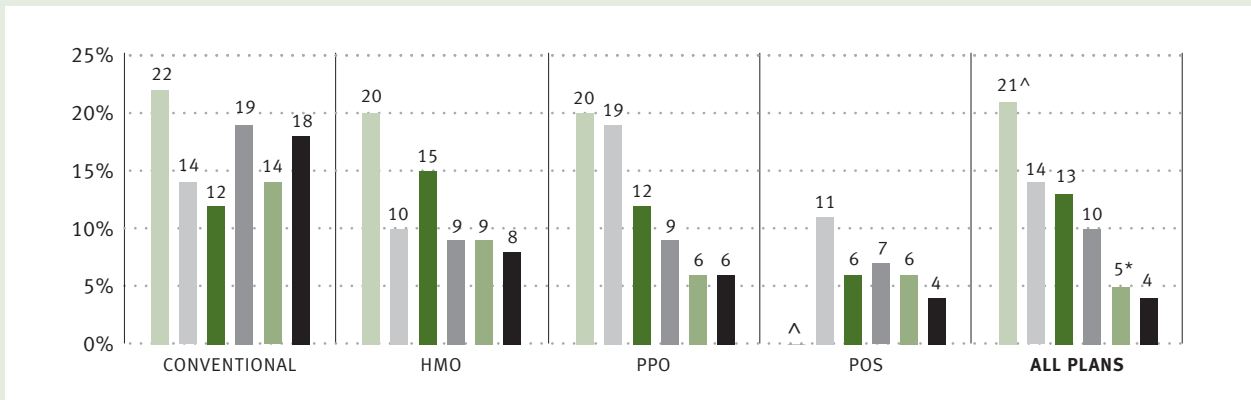


EXHIBIT 6.17

Percentage of Covered Workers in Plans Where Firm Pays Entire Cost of Family Plan Coverage, All Large Firms (200 or More Workers), 1988-2003



SOURCE :

Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003;
KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1996.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002, 2002-2003.

^ Information was not obtained for POS plans in 1988.

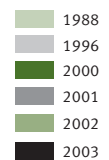


EXHIBIT 6.18

Percentage of Premium Paid by Firm for Typical Covered Worker, by Plan Type and Region, 2003

	<i>Single Coverage</i>	<i>Family Coverage</i>
CONVENTIONAL PLANS		
Northeast	92%	77%
Midwest	86	70
South	87	64*
West	94	82
ALL REGIONS	90%	73%
HMO PLANS		
Northeast	83%	78%*
Midwest	87	81*
South	80	67*
West	85	74
ALL REGIONS	84%	74%
PPO PLANS		
Northeast	81%*	79%*
Midwest	86	80*
South	83	65*
West	88	68
ALL REGIONS	84%	72%
POS PLANS		
Northeast	85%	77%
Midwest	83	75
South	86	68
West	82	68
ALL REGIONS	84%	72%
ALL PLANS		
Northeast	83%	78%*
Midwest	86	79*
South	83	66*
West	87	71
ALL REGIONS	84%	73%

SOURCE :

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

* Estimate is statistically different from All Regions by plan type.

EXHIBIT 6.19

Percentage of Premium Paid by Firm for Typical Covered Worker, by Plan Type and Industry, 2003

	<i>Single Coverage</i>	<i>Family Coverage</i>
CONVENTIONAL PLANS		
Mining/Construction/Wholesale	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communication/Utility	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	89	72
State/Local Government	95*	69
Health Care	NSD	NSD
ALL INDUSTRIES	90%	73%
HMO PLANS		
Mining/Construction/Wholesale	74%	75%
Manufacturing	83	78
Transportation/Communication/Utility	84	80
Retail	78	68
Finance	79	71
Service	84	72
State/Local Government	89*	79
Health Care	82	65*
ALL INDUSTRIES	84%	74%
PPO PLANS		
Mining/Construction/Wholesale	85%	74%
Manufacturing	84	80*
Transportation/Communication/Utility	86	77
Retail	79*	68
Finance	82	69
Service	83	68
State/Local Government	91*	74
Health Care	88	67
ALL INDUSTRIES	84%	72%
POS PLANS		
Mining/Construction/Wholesale	87%	81%*
Manufacturing	85	79*
Transportation/Communication/Utility	72*	66
Retail	73*	58*
Finance	85	72
Service	86	69
State/Local Government	88	76
Health Care	88	72
ALL INDUSTRIES	84%	72%
ALL PLANS		
Mining/Construction/Wholesale	84%	76%
Manufacturing	84	79*
Transportation/Communication/Utility	83	76
Retail	78*	66*
Finance	82	70
Service	84	69*
State/Local Government	90*	76
Health Care	87	67*
ALL INDUSTRIES	84%	73%

SOURCE :

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

* Estimate is statistically different from All Industries by plan type.

NSD: Not sufficient data.