

EMPLOYER HEALTH BENEFITS  
2012 ANNUAL SURVEY

Cost of  
Health  
Insurance

SECTION

1

## COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUMS IN 2012 ARE \$5,615 FOR SINGLE COVERAGE AND \$15,745 FOR FAMILY COVERAGE. AVERAGE PREMIUMS INCREASED 3% FOR SINGLE COVERAGE AND 4% FOR FAMILY COVERAGE IN THE LAST YEAR. CONSISTENT WITH RECENT YEARS, AVERAGE FAMILY PREMIUMS FOR SMALL FIRMS (3–199 WORKERS) (\$15,253) ARE SIGNIFICANTLY LOWER THAN AVERAGE FAMILY PREMIUMS FOR LARGER FIRMS (200 OR MORE WORKERS) (\$15,980).

### PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average premium for single coverage in 2012 is \$468 per month or \$5,615 per year (Exhibit 1.1). The average premium for family coverage is \$1,312 per month or \$15,745 per year (Exhibit 1.1).
- ▶ The average annual premiums for covered workers in HDHP/SOs are lower for single (\$4,928) and family coverage (\$14,129) than the overall average premiums for covered workers. Average annual premiums for PPO plans are higher for single coverage (\$5,850) and family coverage (\$16,356) than the overall average premiums for covered workers (Exhibit 1.1).
- ▶ The average premium for family coverage for covered workers in small firms (3–199 workers) (\$15,253) is lower than the average premium for covered workers in large firms (200 or more workers) (\$15,980) (Exhibit 1.2). The average single premiums in small firms (3–199 workers) and larger firms do not differ significantly.
- ▶ Average single and family premiums for covered workers are higher in the Northeast (\$5,964 and \$17,099) and lower in the South (\$5,445 and \$14,988) than the average premiums for covered workers in all other regions (Exhibit 1.3).
- ▶ Covered workers in firms where 35% or more of the workers are age 26 or younger have lower average single and family premiums (\$4,961 and \$14,217) than covered workers in firms where a lower percentage of workers are age 26 or younger (\$5,669 and \$15,871). Covered workers in firms where 35% or more of the workers are age 50 or older have higher average single and family premiums (\$5,860 and \$16,392) than covered workers in firms where a lower percentage of workers are age 50 or older (\$5,440 and \$15,281) (Exhibits 1.5 and 1.6).
- ▶ Covered workers in firms with a large percentage of lower-wage workers (at least 35% of workers earn \$24,000 per year or less) have lower average single and family premiums (\$5,135 and \$14,694) than covered workers in firms with a smaller percentage of lower-wage workers (\$5,673 and \$15,871). Covered workers in firms with a large percentage of higher-wage workers (at least 35% of workers earn \$55,000 per year or more) have higher average single and family premiums (\$5,789 and \$16,427) than covered workers in firms with a smaller percentage of higher-wage workers (\$5,448 and \$15,087) (Exhibits 1.5 and 1.6).
- ▶ There is considerable variation in premiums for both single and family coverage.
  - Eighteen percent of covered workers are employed by firms that have a single premium at least 20% higher than the average single premium, while 19% of covered workers are in firms that have a single premium less than 80% of the average single premium (Exhibit 1.7 and 1.8).
  - For family coverage, 19% of covered workers are employed in a firm that has a family premium at least 20% higher than the average family premium, while 20% of covered workers are in firms that have a family premium less than 80% of the average family premium (Exhibit 1.7 and 1.8).

### PREMIUM CHANGES OVER TIME

- ▶ The average annual single premium (\$5,615) in 2012 is 3% higher than the average annual single premium in 2011 (\$5,429), and the average annual family premium (\$15,745) is 4% higher than the average annual family premium last year (\$15,073) (Exhibit 1.11).
  - The \$15,745 average annual family premium in 2012 is 30% higher than the average family premium in 2007 and 97% higher than the average family premium in 2002 (Exhibit 1.11).
- ▶ For large firms (200 or more workers), the average family premium for covered workers in firms that are fully insured has grown at a similar rate to premiums for workers in fully or partially self-funded firms from 2007 to 2012 (36% in fully insured firms vs. 29% in self-funded firms) and from 2002 to 2012 (105% in fully insured firms vs. 94% in self-funded firms) (Exhibit 1.14).

## EXHIBIT 1.1

## Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2012

	Monthly	Annual
<b>HMO</b>		
Single Coverage	\$472	\$5,668
Family Coverage	\$1,311	\$15,729
<b>PPO</b>		
Single Coverage	\$488*	\$5,850*
Family Coverage	\$1,363*	\$16,356*
<b>POS</b>		
Single Coverage	\$459	\$5,507
Family Coverage	\$1,281	\$15,378
<b>HDHP/SO</b>		
Single Coverage	\$411*	\$4,928*
Family Coverage	\$1,177*	\$14,129*
<b>ALL PLAN TYPES</b>		
Single Coverage	\$468	\$5,615
Family Coverage	\$1,312	\$15,745

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from All Plans estimate ( $p < .05$ ).

## EXHIBIT 1.2

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2012

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
All Small Firms (3–199 Workers)	\$467	\$1,254	\$5,605	\$15,044
All Large Firms (200 or More Workers)	475	1,337	5,697	16,047
<b>ALL FIRM SIZES</b>	<b>\$472</b>	<b>\$1,311</b>	<b>\$5,668</b>	<b>\$15,729</b>
<b>PPO</b>				
All Small Firms (3–199 Workers)	\$500	\$1,359	\$5,997	\$16,311
All Large Firms (200 or More Workers)	484	1,364	5,802	16,371
<b>ALL FIRM SIZES</b>	<b>\$488</b>	<b>\$1,363</b>	<b>\$5,850</b>	<b>\$16,356</b>
<b>POS</b>				
All Small Firms (3–199 Workers)	\$447	\$1,259	\$5,360	\$15,102
All Large Firms (200 or More Workers)	483	1,325	5,790	15,901
<b>ALL FIRM SIZES</b>	<b>\$459</b>	<b>\$1,281</b>	<b>\$5,507</b>	<b>\$15,378</b>
<b>HDHP/SO</b>				
All Small Firms (3–199 Workers)	\$418	\$1,135	\$5,013	\$13,619
All Large Firms (200 or More Workers)	406	1,206	4,871	14,477
<b>ALL FIRM SIZES</b>	<b>\$411</b>	<b>\$1,177</b>	<b>\$4,928</b>	<b>\$14,129</b>
<b>ALL PLANS</b>				
All Small Firms (3–199 Workers)	\$466	\$1,271*	5,588	15,253*
All Large Firms (200 or More Workers)	469	1,332*	5,628	15,980*
<b>ALL FIRM SIZES</b>	<b>\$468</b>	<b>\$1,312</b>	<b>\$5,615</b>	<b>\$15,745</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms ( $p < .05$ ).

## EXHIBIT 1.3

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2012

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Northeast	\$509*	\$1,450*	\$6,102*	\$17,404*
Midwest	461	1,244	5,532	14,926
South	456	1,256	5,478	15,068
West	467	1,292	5,600	15,505
<b>ALL REGIONS</b>	<b>\$472</b>	<b>\$1,311</b>	<b>\$5,668</b>	<b>\$15,729</b>
<b>PPO</b>				
Northeast	\$513*	\$1,472*	\$6,156*	\$17,670*
Midwest	490	1,362	5,882	16,350
South	467*	1,279*	5,599*	15,343*
West	503	1,432*	6,040	17,187*
<b>ALL REGIONS</b>	<b>\$488</b>	<b>\$1,363</b>	<b>\$5,850</b>	<b>\$16,356</b>
<b>POS</b>				
Northeast	\$521*	\$1,413	\$6,247*	\$16,960
Midwest	456	1,250	5,467	15,000
South	451	1,247	5,414	14,960
West	444	1,290	5,325	15,481
<b>ALL REGIONS</b>	<b>\$459</b>	<b>\$1,281</b>	<b>\$5,507</b>	<b>\$15,378</b>
<b>HDHP/SO</b>				
Northeast	\$429	\$1,258*	\$5,151	\$15,101*
Midwest	399	1,153	4,788	13,838
South	405	1,135	4,862	13,624
West	426	1,222	5,115	14,662
<b>ALL REGIONS</b>	<b>\$411</b>	<b>\$1,177</b>	<b>\$4,928</b>	<b>\$14,129</b>
<b>ALL PLANS</b>				
Northeast	\$497*	\$1,425*	\$5,964*	\$17,099*
Midwest	458	1,282	5,501	15,388
South	454*	1,249*	5,445*	14,988*
West	476	1,350	5,715	16,198
<b>ALL REGIONS</b>	<b>\$468</b>	<b>\$1,312</b>	<b>\$5,615</b>	<b>\$15,745</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different within plan and coverage types from estimate for all firms not in the indicated region ( $p < .05$ ).

## EXHIBIT 1.4

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2012

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$430	\$1,285	\$5,154	\$15,416
Transportation/Communications/Utilities	510*	1,504*	6,117*	18,053*
Wholesale	NSD	NSD	NSD	NSD
Retail	369*	1,045*	4,422*	12,543*
Finance	467	1,336	5,609	16,029
Service	469	1,344	5,627	16,123
State/Local Government	502	1,328	6,027	15,940
Health Care	519	1,253	6,228	15,034
<b>ALL INDUSTRIES</b>	<b>\$472</b>	<b>\$1,311</b>	<b>\$5,668</b>	<b>\$15,729</b>
<b>PPO</b>				
Agriculture/Mining/Construction	\$425*	\$1,235*	\$5,095*	\$14,819*
Manufacturing	447*	1,270	5,366*	15,234
Transportation/Communications/Utilities	487	1,407	5,839	16,890
Wholesale	424*	1,319	5,091*	15,829
Retail	423*	1,257*	5,070*	15,080*
Finance	529	1,506*	6,346	18,076*
Service	494	1,376	5,924	16,507
State/Local Government	505	1,252*	6,056	15,029*
Health Care	549*	1,494*	6,584*	17,924*
<b>ALL INDUSTRIES</b>	<b>\$488</b>	<b>\$1,363</b>	<b>\$5,850</b>	<b>\$16,356</b>
<b>POS</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	NSD	NSD	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD	NSD	NSD
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	NSD	NSD	NSD	NSD
Service	\$469	\$1,331	\$5,631	\$15,972
State/Local Government	NSD	NSD	NSD	NSD
Health Care	467	1,297	5,605	15,565
<b>ALL INDUSTRIES</b>	<b>\$459</b>	<b>\$1,281</b>	<b>\$5,507</b>	<b>\$15,378</b>

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## EXHIBIT 1.4 Continued from previous page

## Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2012

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HDHP/SO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$403	\$1,135	\$4,841	\$13,620
Transportation/Communications/Utilities	406	1,200	4,869	14,400
Wholesale	383	1,097	4,600	13,159
Retail	343*	1,015*	4,119*	12,185*
Finance	399	1,163	4,787	13,952
Service	418	1,246	5,015	14,953
State/Local Government	435	1,197	5,226	14,367
Health Care	462*	1,258	5,540*	15,101
<b>ALL INDUSTRIES</b>	<b>\$411</b>	<b>\$1,177</b>	<b>\$4,928</b>	<b>\$14,129</b>
<b>ALL PLANS</b>				
Agriculture/Mining/Construction	\$417*	\$1,156*	\$5,008*	\$13,868*
Manufacturing	432*	1,230*	5,188*	14,765*
Transportation/Communications/Utilities	482	1,412*	5,790	16,939*
Wholesale	421*	1,236*	5,049*	14,829*
Retail	401*	1,166*	4,810*	13,995*
Finance	485	1,383*	5,819	16,600*
Service	471	1,339	5,655	16,071
State/Local Government	500*	1,269	6,005*	15,232
Health Care	525*	1,404*	6,294*	16,849*
<b>ALL INDUSTRIES</b>	<b>\$468</b>	<b>\$1,312</b>	<b>\$5,615</b>	<b>\$15,745</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different within plan type from estimate for all firms not in the indicated industry (p&lt;.05).

NSD: Not Sufficient Data.

## EXHIBIT 1.5

## Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2012

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Low Wage Level</b>			
Few Workers are Lower-Wage (Less Than 35% Earn \$24,000 a Year or Less)	\$5,636	\$5,690*	\$5,673*
Many Workers are Lower-Wage (35% or More Earn \$24,000 a Year or Less)	\$5,210	\$5,095*	\$5,135*
<b>High Wage Level</b>			
Few Workers are Higher-Wage (Less Than 35% Earn \$55,000 a Year or More)	\$5,443	\$5,451*	\$5,448*
Many Workers are Lower-Wage (35% or More Earn \$55,000 a Year or More)	\$5,850	\$5,770*	\$5,789*
<b>Unions</b>			
Firm Has At Least Some Union Workers	\$6,091	\$5,699	\$5,734
Firm Does Not Have Any Union Workers	\$5,532	\$5,563	\$5,549
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	\$5,627*	\$5,691*	\$5,669*
35% or More Workers Are Age 26 or Younger	\$4,368*	\$5,051*	\$4,961*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	\$5,414*	\$5,453*	\$5,440*
35% or More Workers Are Age 50 or Older	\$5,848*	\$5,865*	\$5,860*
<b>Funding Arrangement</b>			
Fully Insured	\$5,512	\$5,750	\$5,587
Self-Funded	\$6,019	\$5,600	\$5,634

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

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



## EXHIBIT 1.6

## Average Annual Premiums for Covered Workers with Family Coverage, by Firm Characteristics, 2012

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Low Wage Level</b>			
Few Workers Are Lower-Wage (Less Than 35% Earn \$24,000 a Year or Less)	\$15,325	\$16,129*	\$15,871*
Many Workers are Lower-Wage (35% or More Earn \$24,000 a Year or Less)	\$14,693	\$14,694*	\$14,694*
<b>High Wage Level</b>			
Few Workers are Higher-Wage (Less Than 35% Earn \$55,000 a Year or More)	\$14,685*	\$15,365*	\$15,087*
Many Workers are Lower-Wage (35% or More Earn \$55,000 a Year or More)	\$16,282*	\$16,471*	\$16,427*
<b>Unions</b>			
Firm Has At Least Some Union Workers	\$16,500	\$16,031	\$16,073
Firm Does Not Have Any Union Workers	\$15,115	\$15,933	\$15,562
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	\$15,357*	\$16,134*	\$15,871*
35% or More Workers Are Age 26 or Younger	\$12,021*	\$14,552*	\$14,217*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	\$14,712*	\$15,564*	\$15,281*
35% or More Workers Are Age 50 or Older	\$16,058*	\$16,543*	\$16,392*
<b>Funding Arrangement</b>			
Fully Insured	\$15,034	\$16,292	\$15,435
Self-Funded	\$16,496	\$15,907	\$15,955

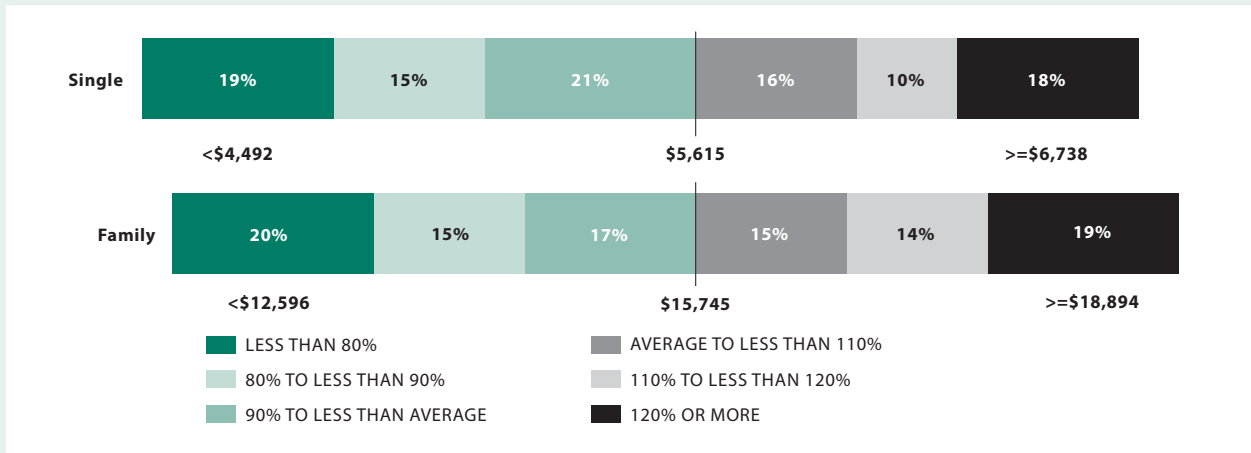
## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\*Estimates are statistically different from each other within firm size category (p&lt;.05).

EXHIBIT 1.7

Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

Note: The average annual premium is \$5,615 for single coverage and \$15,745 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,492 is 80% of the average single premium, \$5,054 is 90% of the average single premium, \$6,177 is 110% of the average single premium, and \$6,738 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

EXHIBIT 1.8

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2012

Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less Than \$4,492	19%	Less Than \$12,596	20%
80% to Less Than 90%	\$4,492 to <\$5,054	15%	\$12,596 to <\$14,171	15%
90% to Less Than Average	\$5,054 to <\$5,615	21%	\$14,171 to <\$15,745	17%
Average to Less Than 110%	\$5,615 to <\$6,177	16%	\$15,745 to <\$17,320	15%
110% to Less Than 120%	\$6,177 to <\$6,738	10%	\$17,320 to <\$18,894	14%
120% or More	\$6,738 or More	18%	\$18,894 or More	19%

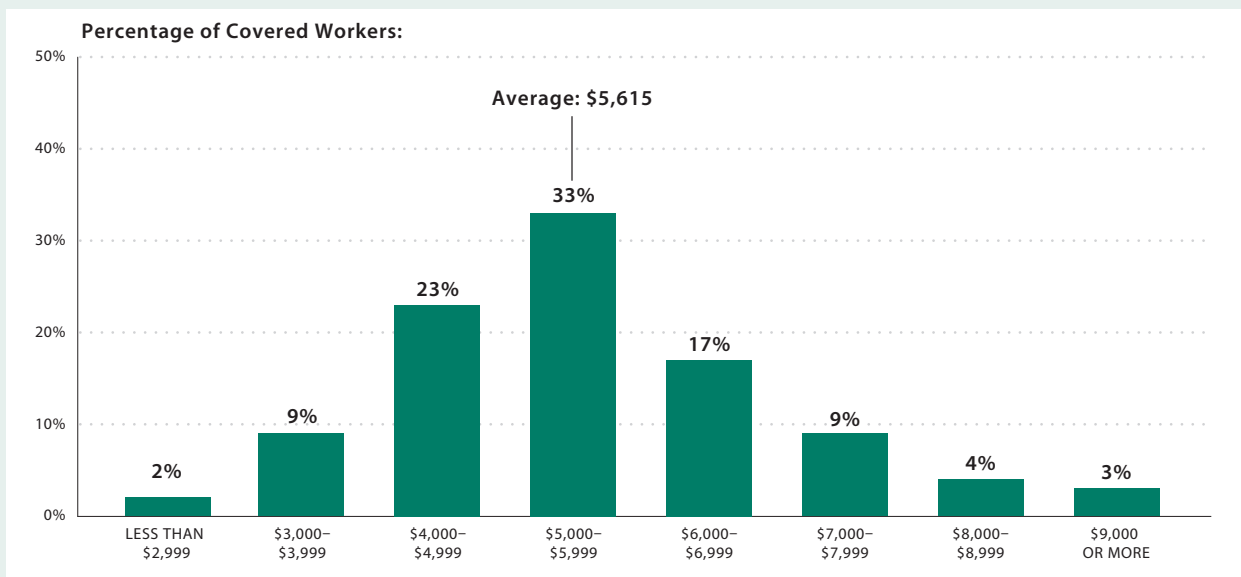
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

Note: The average annual premium is \$5,615 for single coverage and \$15,745 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,492 is 80% of the average single premium, \$5,054 is 90% of the average single premium, \$6,177 is 110% of the average single premium, and \$6,738 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

**EXHIBIT 1.9**

Distribution of Annual Premiums for Covered Workers with Single Coverage, 2012

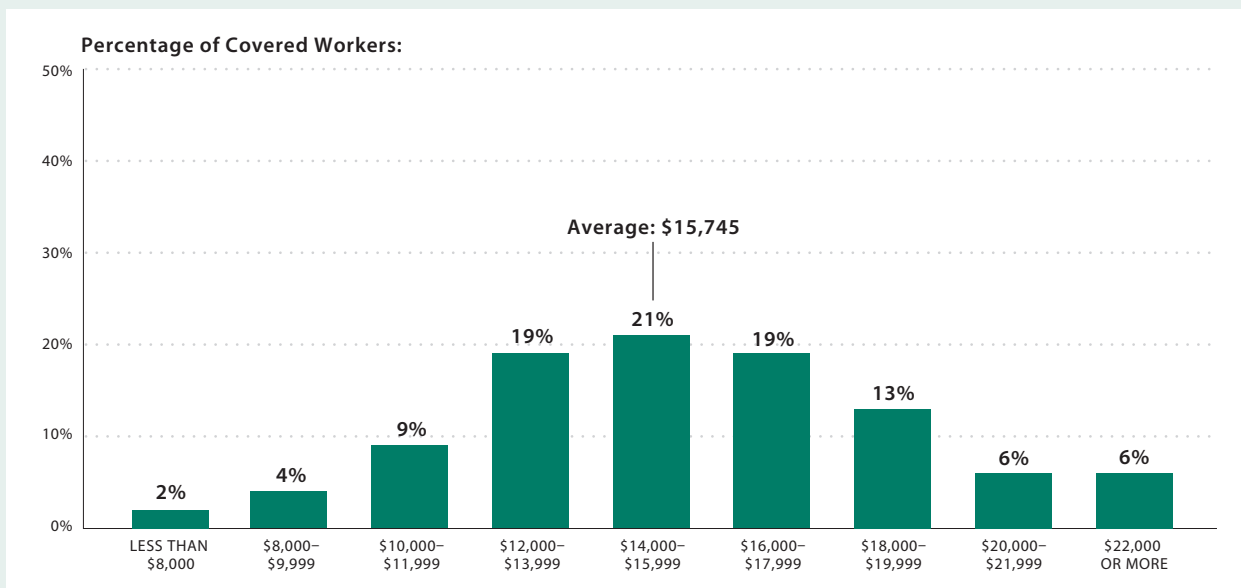


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

**EXHIBIT 1.10**

Distribution of Annual Premiums for Covered Workers with Family Coverage, 2012

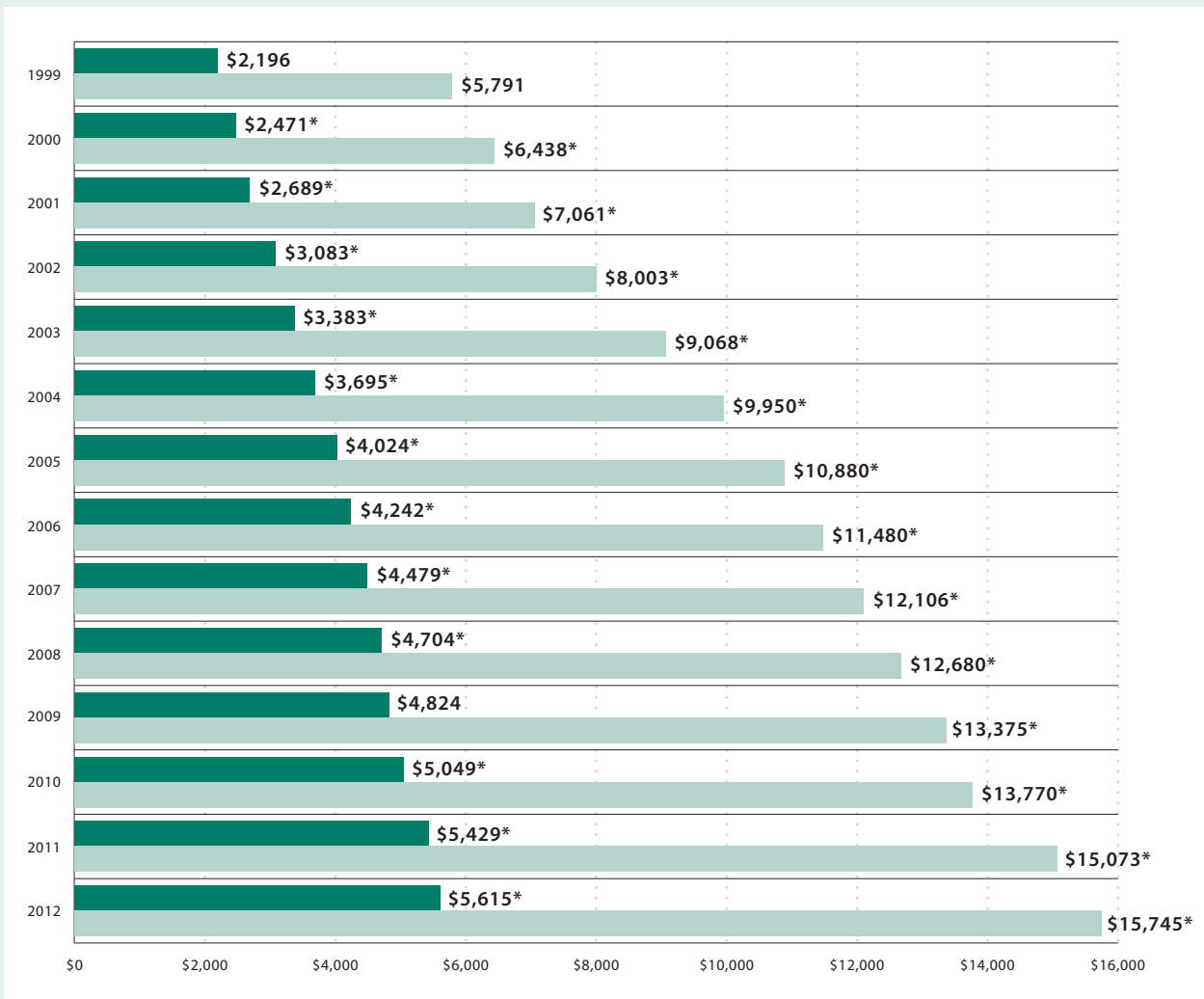


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, 1999–2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

■ SINGLE COVERAGE  
■ FAMILY COVERAGE

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

**EXHIBIT 1.12**

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2012

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
1999	\$5,683	\$5,845
2000	\$6,521	\$6,395
2001	\$6,959	\$7,113
2002*	\$7,781	\$8,109
2003	\$8,946	\$9,127
2004	\$9,737	\$10,046
2005*	\$10,587	\$11,025
2006	\$11,306	\$11,575
2007	\$11,835	\$12,233
2008*	\$12,091	\$12,973
2009*	\$12,696	\$13,704
2010*	\$13,250	\$14,038
2011*	\$14,098	\$15,520
2012*	\$15,253	\$15,980

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

\* Estimate is statistically different between All Small Firms and All Large Firms within year (p<.05).

**EXHIBIT 1.13**

Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999–2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

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

— ALL SMALL FIRMS  
(3–199 WORKERS)  
— ALL LARGE FIRMS  
(200 OR MORE WORKERS)

## EXHIBIT 1.14

Among Workers in Large Firms (200 or More Workers), Average Annual Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2012

Funding Arrangement	Fully Insured	Self-Funded
1999	\$5,769	\$5,896
2000	\$6,315*	\$6,430*
2001	\$7,169*	\$7,086*
2002	\$7,950*	\$8,192*
2003	\$9,070*	\$9,149*
2004	\$10,217*	\$9,984*
2005	\$10,870*	\$11,077*
2006	\$11,222	\$11,673*
2007	\$11,968*	\$12,315*
2008	\$13,029*	\$12,956*
2009	\$13,870*	\$13,655*
2010	\$14,678*	\$13,903
2011	\$15,533*	\$15,517*
2012	\$16,292*	\$15,907

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

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

Note: For definitions of Self-Funded and Fully Insured Plans, see the introduction to Section 10. Due to a change in the survey questionnaire, funding status was not asked of firms with conventional plans in 2006. Therefore, conventional plan funding status is not included in the averages shown in this exhibit for 2006.