

EMPLOYER HEALTH BENEFITS

2012 ANNUAL SURVEY

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Retiree Health  
Benefits

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SECTION

11

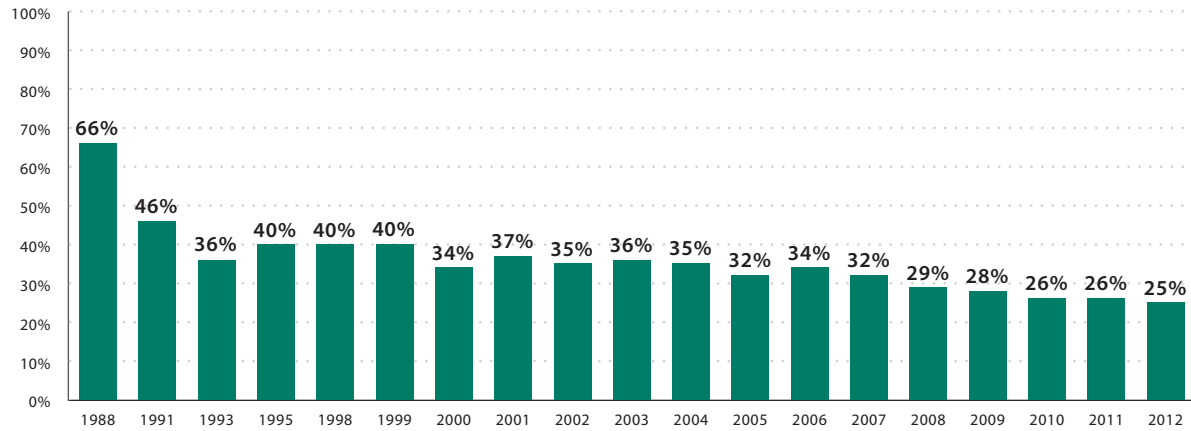
## RETIREE HEALTH BENEFITS

RETIREE HEALTH BENEFITS ARE AN IMPORTANT CONSIDERATION FOR OLDER WORKERS MAKING DECISIONS ABOUT THEIR RETIREMENT. HEALTH BENEFITS FOR RETIREES PROVIDE AN IMPORTANT SUPPLEMENT TO MEDICARE FOR RETIREES AGE 65 OR OLDER. 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.

- ▶ Twenty-five percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2012, similar to 26% in 2011. There has been a downward trend in the percentage of firms offering retirees coverage, from 32% in 2005 and 66% in 1988 (Exhibit 11.1).
- ▶ The offering of retiree health benefits varies considerably by firm characteristics.
  - Large firms are much more likely to offer retiree health benefits than small firms – 25% vs. 4% (Exhibit 11.2).
  - Among large firms that offer health benefits, state and local governments are more likely (77%) than large firms in other industries to offer retiree health benefits. In contrast, large firms in the retail industry are less likely (9%) to offer retiree health benefits when compared to large firms in other industries (Exhibit 11.2).
  - Large firms with fewer lower-wage workers (less than 35% of workers earn \$24,000 or less annually) are more likely to offer retiree health benefits than large firms with many lower-wage workers (35% or more of workers earn \$24,000 or less annually) (27% vs. 11%) (Exhibit 11.3). A comparable pattern exists in firms with a larger proportion of higher-wage workers (35% or more earn \$55,000 or more annually).
  - Large firms with union workers are more likely to offer retiree health benefits than large firms without union workers – 40% vs. 20% (Exhibit 11.3).
- ▶ Among firms offering retiree health benefits, most large firms offer them to early retirees under the age of 65 (88%). A lower percentage (74%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4).

## EXHIBIT 11.1

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers,  
Percentage of Firms Offering Retiree Health Benefits, 1988–2012



## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

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

## EXHIBIT 11.2

Among Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2012

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
<b>FIRM SIZE</b>		
3–199 Workers	4%	–
200–999 Workers	–	22%*
1,000–4,999 Workers	–	34*
5,000 or More Workers	–	50*
<b>REGION</b>		
Northeast	7%	27%
Midwest	7	29
South	4	24
West	1*	18
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	1%*	19%
Manufacturing	2*	24
Transportation/Communications/Utilities	NSD	40
Wholesale	6	25
Retail	1*	9*
Finance	13	40*
Service	5	19*
State/Local Government	NSD	77*
Health Care	2	18*
<b>ALL FIRMS</b>	<b>4%</b>	<b>25%</b>

## SOURCE:

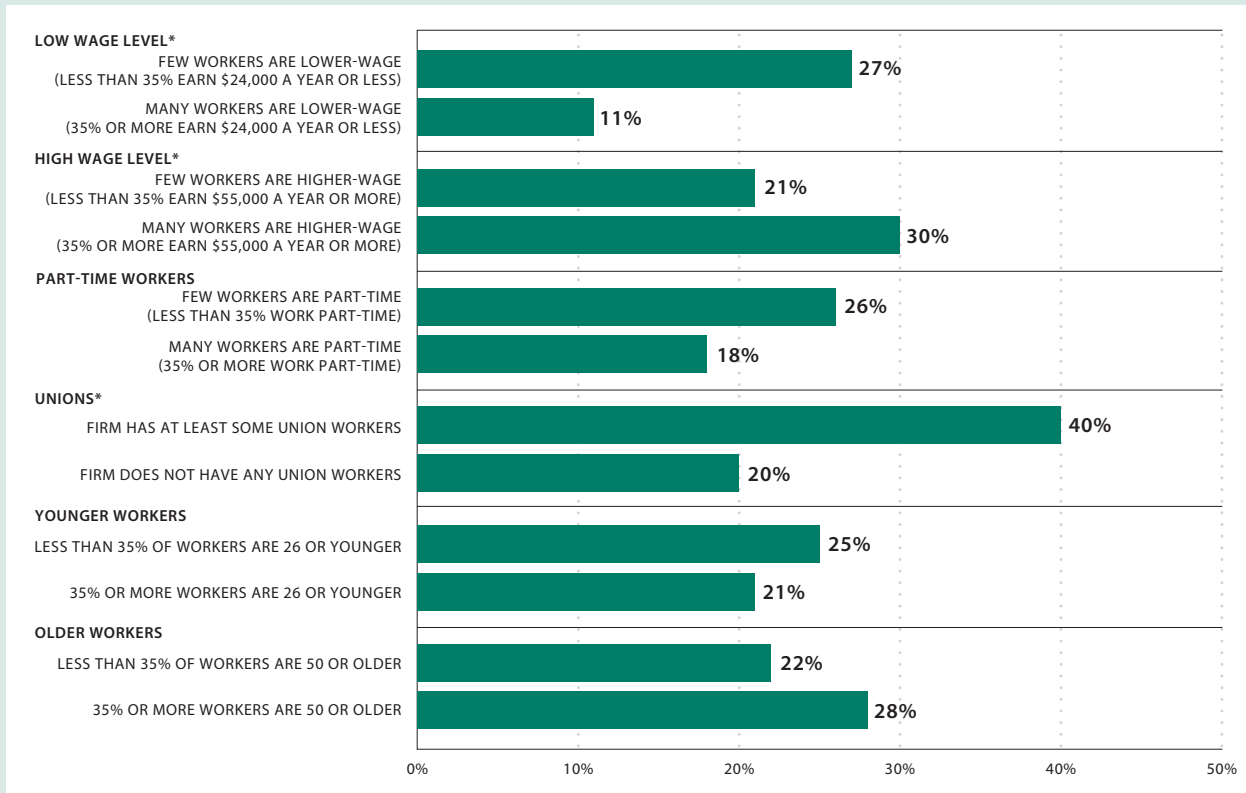
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* 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.

**EXHIBIT 11.3**

**Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Characteristics, 2012**



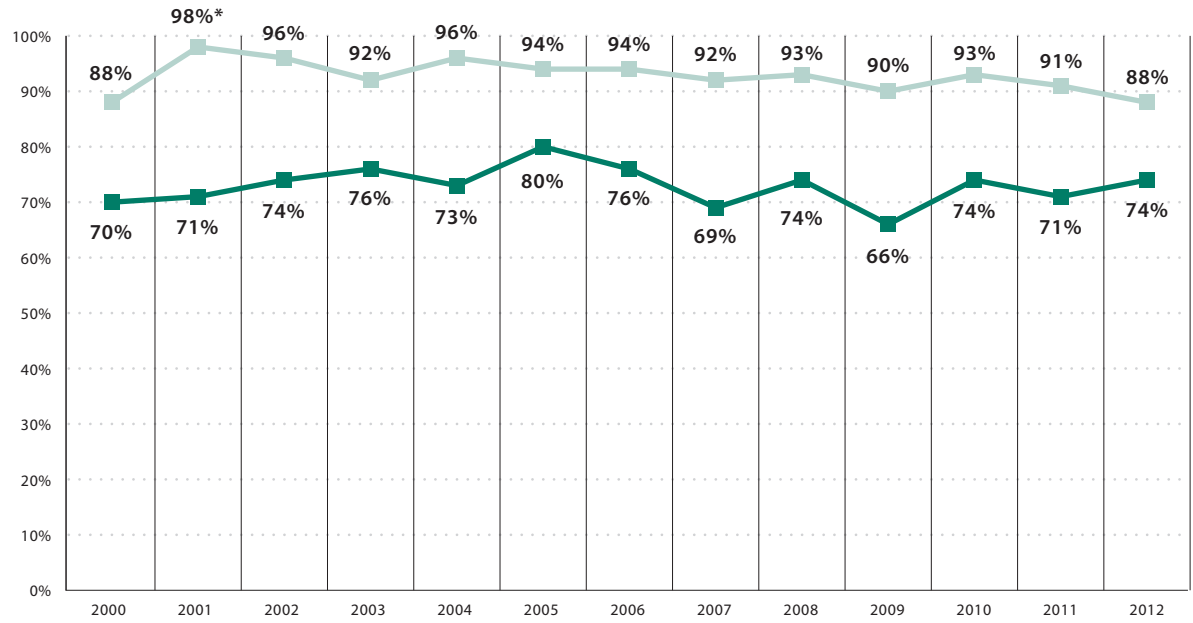
**SOURCE:**

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

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

EXHIBIT 11.4

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Health Benefits to Early and Medicare-Age Retirees, 2000–2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2012.

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

Note: Early Retirees are workers retiring before age 65.

— OFFER HEALTH BENEFITS TO EARLY RETIREES  
 — OFFER HEALTH BENEFITS TO MEDICARE-AGE RETIREES

## EXHIBIT 11.5

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Retiree Health Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2012

	Percentage of Large Employers Offering Retiree Health Benefits to Early Retirees	Percentage of Large Employers Offering Retiree Health Benefits to Medicare-Age Retirees
<b>FIRM SIZE</b>		
200-999 Workers	85%*	72%
1,000-4,999 Workers	97*	77
5,000 or More Workers	95	78
<b>REGION</b>		
Northeast	86%	81%
Midwest	94	68
South	91	73
West	75	74
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	96%*	66%
Transportation/Communications/Utilities	100*	81
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	81	66
Service	81	80
State/Local Government	95	79
Health Care	98*	53*
<b>ALL LARGE FIRMS (200 or More Workers)</b>	<b>88%</b>	<b>74%</b>

## SOURCE:

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

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

Note: Early Retirees are workers retiring before age 65.

NSD: Not Sufficient Data.

## EXHIBIT 11.6

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Whose Retiree Health Benefits Cover Exclusively Prescription Drugs, by Firm Size, Region, and Industry, 2012

	Percentage of Large Employers Offering Retiree Health Benefits That Exclusively Cover Prescription Drugs
<b>FIRM SIZE</b>	
200–999 Workers	4%
1,000–4,999 Workers	9
5,000 or More Workers	3
<b>REGION</b>	
Northeast	8%
Midwest	3
South	4
West	5
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	NSD
Manufacturing	4%
Transportation/Communications/Utilities	2
Wholesale	NSD
Retail	NSD
Finance	6
Service	5
State/Local Government	8
Health Care	0*
<b>ALL LARGE FIRMS (200 or More Workers)</b>	<b>5%</b>

## SOURCE:

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

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

NSD: Not Sufficient Data.