

EMPLOYER HEALTH BENEFITS

2012 ANNUAL SURVEY

Health
Benefits
Offer Rates

SECTION

2

HEALTH BENEFITS OFFER RATES

WHILE NEARLY ALL LARGE FIRMS (200 OR MORE WORKERS) OFFER HEALTH BENEFITS, SMALL FIRMS (3–199 WORKERS) ARE SIGNIFICANTLY LESS LIKELY TO DO SO. THE PERCENTAGE OF ALL FIRMS OFFERING HEALTH BENEFITS IN 2012 (61%) IS STATISTICALLY UNCHANGED FROM 2011 (60%), AND ALSO SIMILAR TO THE REPORTED PERCENTAGES FROM 2004 THROUGH 2009.¹

- ▶ In 2012, 61% of firms offer health benefits, unchanged from the 60% reported in 2011 (Exhibit 2.1).
 - Similar to 2011, 98% of large firms (200 or more workers) offer health benefits in 2012 (Exhibit 2.2). In contrast, only 61% of small firms (3–199 workers) offer health benefits in 2012.
 - Between 1999 and 2012, the offer rate for large firms (200 or more workers) has consistently remained at or above 97%. Among small firms (3–199 workers), the offer rate has varied from a high of 68% in 2000 and 2010, to a low of 59% in 2005, 2007, 2009, and 2011 (Exhibit 2.2). Since most firms in the country are small, variation in the overall offer rate is driven primarily by changes in the percentages of the smallest firms (3–9 workers) offering health benefits.
- ▶ Offer rates vary across different types of firms.
 - Smaller firms are less likely to offer health insurance: 50% of firms with 3 to 9 workers offer coverage, compared to 73% of firms with 10 to 24 workers, 87% of firms with 25 to 49 workers, and 94% of firms with 50 to 199 employees (Exhibit 2.3).
 - Firms with fewer lower-wage workers (less than 35% of workers earn \$24,000 or less annually) are significantly more likely to offer health insurance than firms with many lower-wage workers (35% or more of workers earn \$24,000 or less annually). While 64% of firms with fewer lower-wage workers offer health benefits, only 28% of firms with many lower-wage workers do (Exhibit 2.4). The offer rate for firms with many lower-wage workers is not significantly different from the 28% reported in 2011. We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$55,000 or more annually) (Exhibit 2.4).
- The age of the workforce significantly affects the probability of a firm offering health benefits. Firms where 35% or more of its workers are age 26 or younger are less likely to offer health benefits than firms where less than 35% of workers are age 26 or younger (26% and 60%, respectively) (Exhibit 2.4).
- ▶ Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
 - In 2012, 28% of all firms that offer health benefits offer them to part-time workers, a significant increase from the 16% reported in 2011 but similar to the 25% reported in 2010 (Exhibit 2.5). Firms with 200 or more workers are more likely to offer health benefits to part-time employees than firms with 3 to 199 workers (45% vs. 28%) (Exhibit 2.7).
 - Consistently, a very small percentage (2% in 2012) of firms offering health benefits have offered them to temporary workers (Exhibit 2.6). The percentage of firms offering temporary workers benefits is lower at small firms (3–199 workers) than large firms (200 or more workers) (2% vs. 6%) (Exhibit 2.8).

NOTE:

¹ The large increase in 2010 was largely driven by a significant (12 percentage point) increase in offering among firms with 3 to 9 workers (from 47% in 2009 to 59% in 2010). This year, 50% of firms with 3 to 9 employees offer health benefits, a level that is more consistent with levels from recent years other than 2010.

DENTAL AND VISION BENEFITS

- ▶ Fifty-four percent of firms offering health benefits offer or contribute to a dental insurance benefit for their employees that are separate from any dental coverage the health plans might include. This is not statistically different from the 46% reported in 2010, which is the last time we asked about dental benefits (Exhibit 2.10). Large firms (200 or more workers) are far more likely than small firms (3–199 workers) to offer or contribute to a separate dental health benefit, at 89% versus 53% (Exhibit 2.9).
- ▶ Twenty-seven percent of firms offer or contribute to a vision benefit for their employees that is separate from any vision coverage the health plan might include, which is significantly more than the 17% reported in 2010, the last time we asked about vision benefits (Exhibit 2.10). Though large firms (200 or more workers) are more likely than small firms (3–199 workers) to offer or contribute to a separate vision care benefit, at 62% versus 27% (Exhibit 2.9), significantly more firms in both groups offered vision benefits in 2012 compared with 2010 (Exhibit 2.10).

DOMESTIC PARTNER BENEFITS

- ▶ In 2012, more firms offer benefits to unmarried opposite and same-sex domestic partners.
 - In 2012, 37% of all firms offer health benefits to unmarried opposite-sex partners, while in 2009, 31% of firms did so. An even larger increase in the past four years may be observed in the percentage of firms offering health benefits to unmarried same-sex domestic partners. In 2009, 21% of all firms offered benefits to same-sex domestic partners; in 2012, this percentage increased to 31% of firms (Exhibit 2.13).
 - When asked if they offer health benefits to opposite or same-sex domestic partners, however, many firms report that they have not encountered domestic partners. For example, many small firms may not have any employees who are in either an opposite or same-sex domestic partnerships. Regarding health benefits for opposite-sex domestic partners, 36% of firms report in 2012 that they have not encountered this need or that the question was not applicable. More small firms (37%) compared to large firms (5%) indicate that they have not encountered this

need or that the question was not applicable (Exhibit 2.11). Regarding health benefits for same-sex domestic partners, 45% of firms report that they have not encountered the need or that the question was not applicable. More small firms (3–199 workers) (46%) than larger firms (5%) report that they have not encountered same-sex domestic partners (Exhibit 2.12).

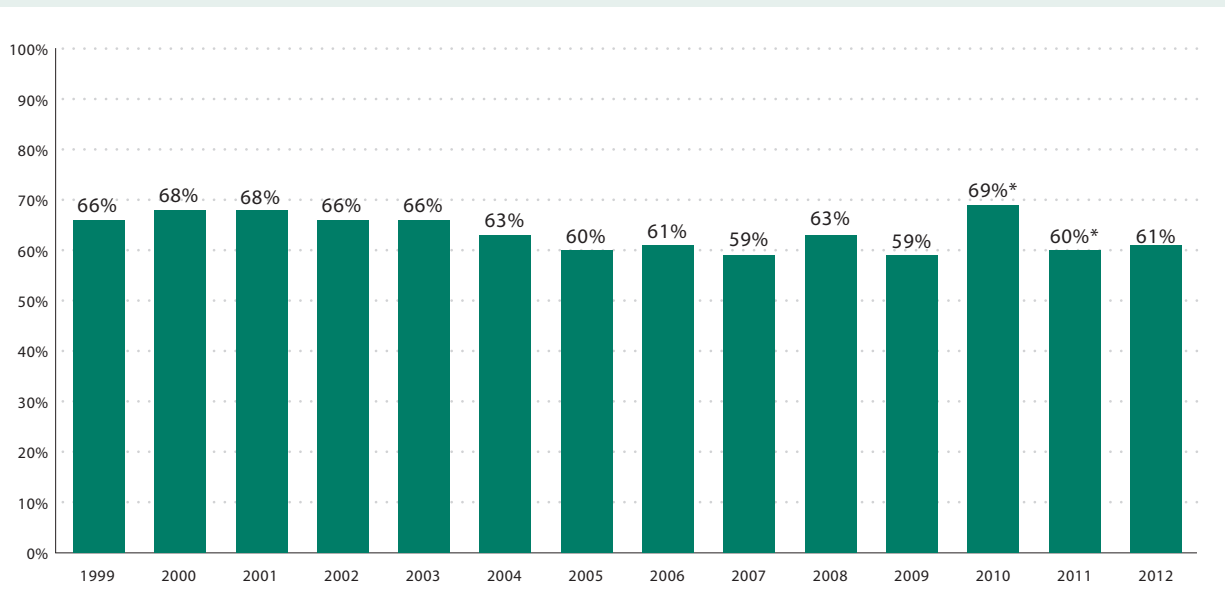
- Firms in the Northeast are more likely (54%) and firms in the South are less likely (15%) to offer health benefits to unmarried same-sex domestic partners than firms in other regions (Exhibit 2.12). Similarly, firms in the South are less likely (14%) to offer health benefits to unmarried opposite-sex domestic partners than firms in other regions (Exhibit 2.11).

FIRMS NOT OFFERING HEALTH BENEFITS

- ▶ The survey asks firms that do not offer health benefits if they have offered insurance or shopped for insurance in the recent past, and about their most important reasons for not offering. Because such a small percentage of large firms report not offering health benefits, we present responses for the 39% of employers with 3 to 199 workers that do not offer health benefits.
 - ▶ The cost of health insurance remains the primary reason cited by firms for not offering health benefits. Among small firms (3–199 workers) not offering health benefits, 48% cite high cost as “the most important reason” for not doing so, followed by: employees are covered elsewhere (21%) and firm is too small (15%) (Exhibit 2.14).
 - ▶ Many non-offering small firms have either offered health benefits in the past five years, or shopped for coverage recently.
 - Sixteen percent of non-offering small firms (3–199 workers) have offered health benefits in the past five years, while 15% have shopped for coverage in the past year (Exhibit 2.15). Sixteen percent of those that stopped offering within the past five years reported doing so in just the past 12 months.
 - ▶ Among non-offering small firms (3–199 workers), 9% report that they provide funds to their employees to purchase health insurance through the individual (non-group) market (Exhibit 2.16).

EXHIBIT 2.1

Percentage of Firms Offering Health Benefits, 1999–2012



SOURCE:

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

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

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

EXHIBIT 2.2

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2012

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*	50%
10–24 Workers	74	80	77	70*	76	74	72	73	76	78	72	76	71	73
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*	87
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93	94
All Small Firms (3–199 Workers)	65%	68%	67%	65%	65%	62%	59%	60%	59%	62%	59%	68%*	59%*	61%
All Large Firms (200 or More Workers)	99%	99%	99%	98%	97%	98%	97%	98%	99%	99%	98%	99%	99%	98%
ALL FIRMS	66%	68%	68%	66%	66%	63%	60%	61%	59%	63%	59%	69%*	60%*	61%

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: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

EXHIBIT 2.3

Percentage of Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2012

	Percentage of Firms Offering Health Benefits
FIRM SIZE	
3–9 Workers	50%*
10–24 Workers	73*
25–49 Workers	87*
50–199 Workers	94*
200–999 Workers	97*
1,000–4,999 Workers	100*
5,000 or More Workers	100*
All Small Firms (3–199 Workers)	61%*
All Large Firms (200 or More Workers)	98%*
REGION	
Northeast	59%
Midwest	65
South	59
West	63
INDUSTRY	
Agriculture/Mining/Construction	54%
Manufacturing	69
Transportation/Communications/Utilities	46
Wholesale	74
Retail	45*
Finance	59
Service	66
State/Local Government	73
Health Care	65
ALL FIRMS	61%

SOURCE:

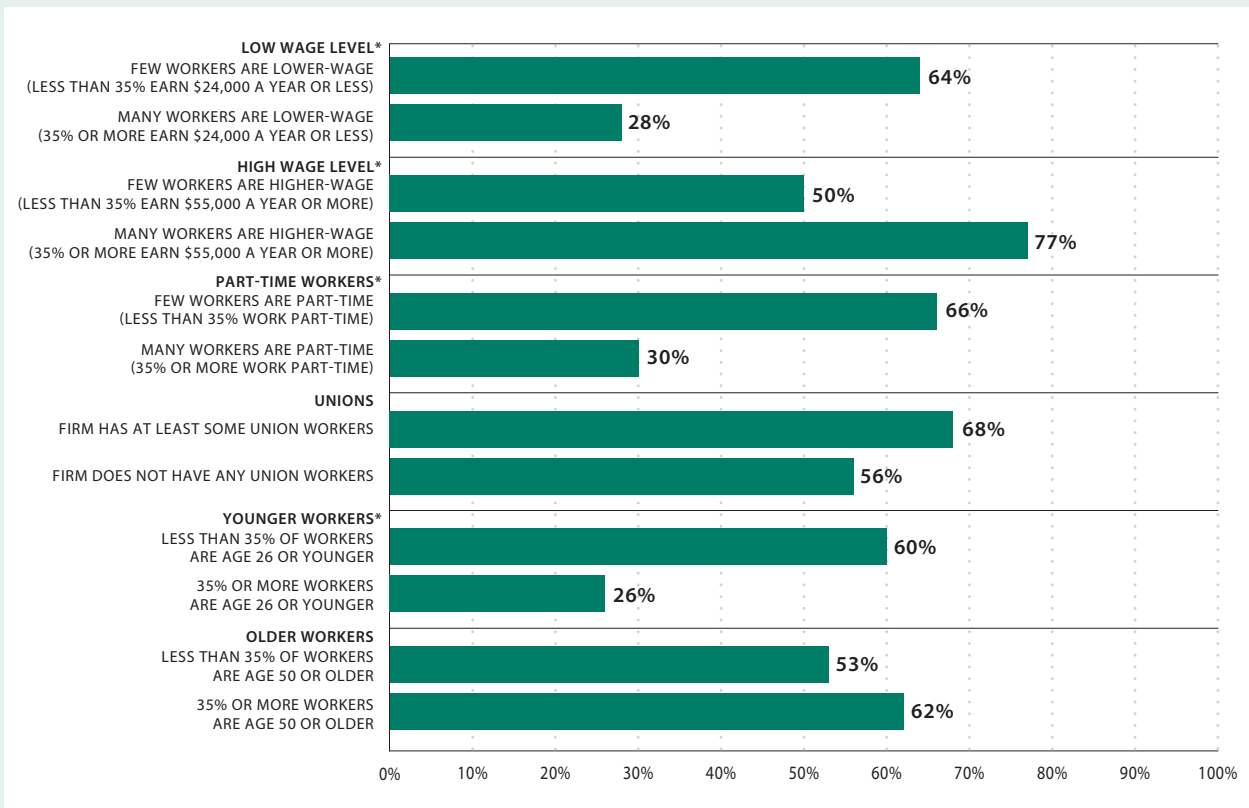
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

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

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits.

EXHIBIT 2.4

Percentage of Firms Offering 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).

Note: Only firms that completed the entire survey were included in these statistics.

EXHIBIT 2.5

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2012

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3–24 Workers	20%	21%	17%	22%	24%	20%	27%	31%	23%	22%	31%	24%	12%	27%*
25–199 Workers	25	24	31	28	29	29	28	28	25	30	27	28	26	30
200–999 Workers	35	34	42	43	38	41	33	40*	38	40	44	35*	40	41
1,000–4,999 Workers	52	48	55	60	57	51	46	55*	54	53	55	55	50	61*
5,000 or More Workers	61	52	60	58	57	60	61	63	63	67	60	61	59	66
All Small Firms (3–199 Workers)	21%	22%	20%	23%	25%	22%	27%	30%	23%	24%	30%	25%	15%	28%*
All Large Firms (200 or More Workers)	39%	37%	45%	46%	42%	43%	36%*	43%*	41%	43%	46%	39%*	42%	45%
ALL FIRMS	21%	22%	20%	24%	26%	23%	27%	31%	24%	25%	31%	25%	16%	28%*

SOURCE:

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

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

EXHIBIT 2.6

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2012

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3–24 Workers	5%	2%	4%	2%	1%	4%	2%	3%	2%	3%	4%	1%	4%	2%
25–199 Workers	3	7	3	4	4	3	5	4	4	3	3	4	4	2
200–999 Workers	3	9	6	5	9	8	5	5	7	4	4	6	6	6
1,000–4,999 Workers	7	8	9	8	7	6	5	9	9	7	7	8	5	5
5,000 or More Workers	9	8	8	7	10	7	9	11	6*	8	9	8	4	8
All Small Firms (3–199 Workers)	4%	3%	4%	3%	2%	3%	3%	3%	2%	3%	3%	1%	4%	2%
All Large Firms (200 or More Workers)	4%	9%	7%	6%	9%	8%	5%	6%	7%	5%	5%	6%	6%	6%
ALL FIRMS	4%	3%	4%	3%	2%	4%	3%	3%	2%	3%	3%	1%	4%	2%

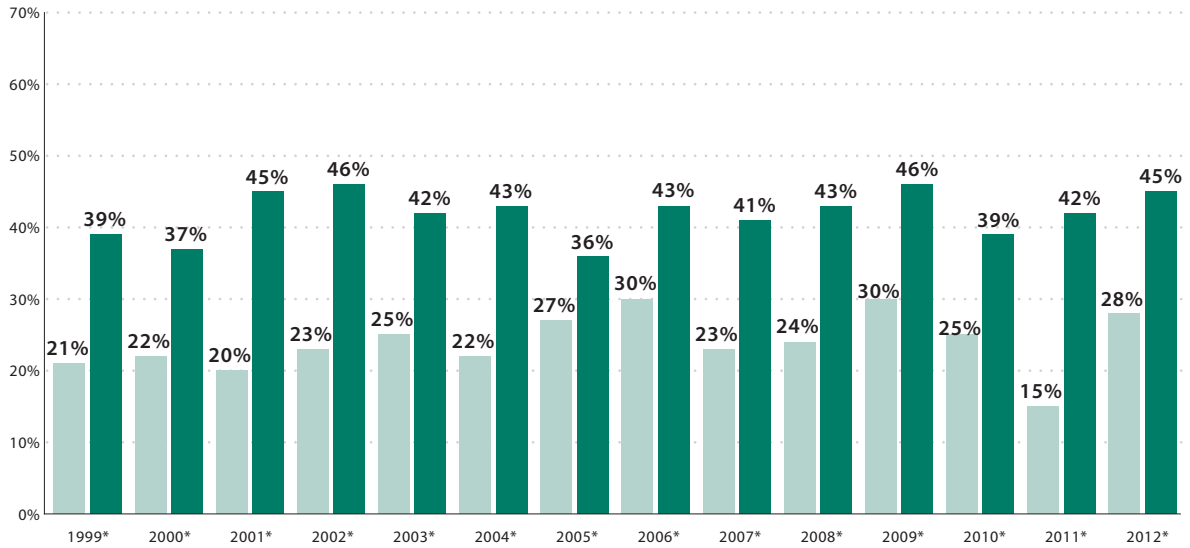
SOURCE:

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

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

EXHIBIT 2.7

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2012



SOURCE:

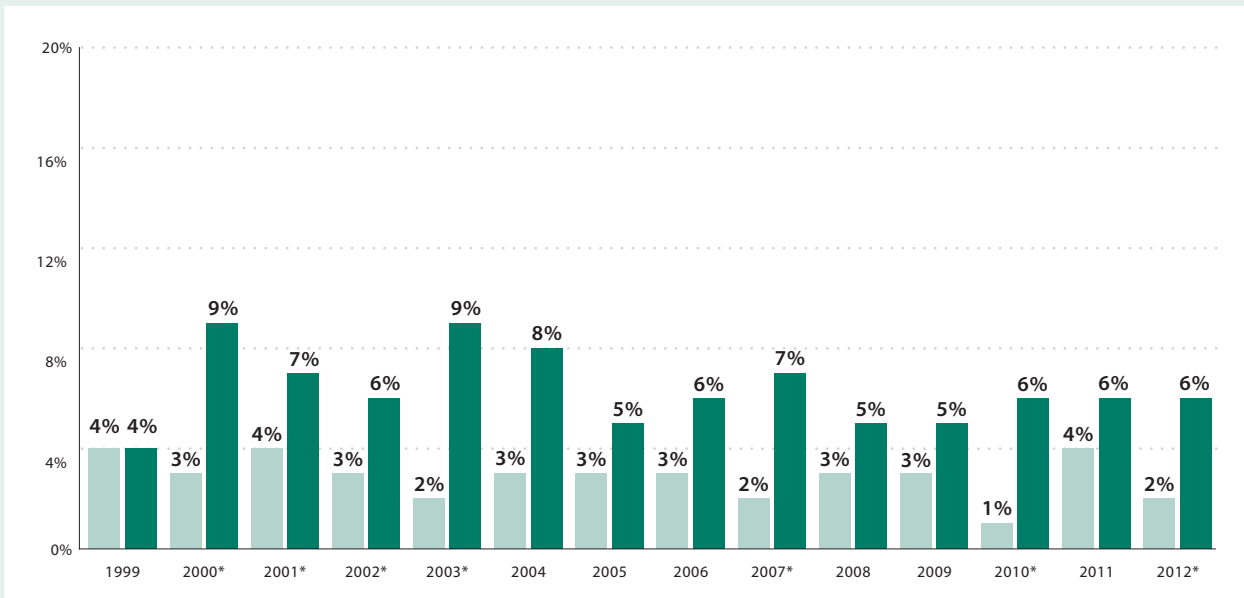
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

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

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

EXHIBIT 2.8

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2012



SOURCE:

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

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

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

EXHIBIT 2.9

Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size, 2012

	Separate Dental Benefits	Separate Vision Benefits
FIRM SIZE		
200–999 Workers	88%*	59%*
1,000–4,999 Workers	93*	72*
5,000 or More Workers	95*	75*
All Small Firms (3–199 Workers)	53%*	27%*
All Large Firms (200 or More Workers)	89%*	62%*
REGION		
Northeast	70%	31%
Midwest	50	26
South	45	28
West	58	25
ALL FIRMS	54%	27%

SOURCE:

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

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

Note: The survey asks firms that offer health benefits if they offer or contribute to a dental or vision insurance program that is separate from any dental or vision coverage the health plans might include.

EXHIBIT 2.10

Among Firms Offering Health Benefits, Percentage That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size, 2000–2012

	2000	2003	2006	2008	2010	2012
Dental Benefits						
All Small Firms (3–199 workers)	30%	37%	49%*	42%	45%	53%
All Large Firms (200 or More Workers)	60	78*	79	81	87*	89
All Firms	31%	38%	50%*	43%	46%	54%
Vision Benefits						
All Small Firms (3–199 workers)	—	—	20%	15%	16%	27%*
All Large Firms (200 or More Workers)	—	—	42	47	53	62*
All Firms	—	—	20%	16%	17%	27%*

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: Data on vision benefits was not collected in 2000 and 2003. The survey asks firms that offer health benefits if they offer or contribute to a dental or vision insurance program that is separate from any dental or vision coverage the health plans might include.

EXHIBIT 2.11

Among Firms Offering Health Benefits, Distribution of Whether Employers Offer Health Benefits to Unmarried Opposite-Sex Domestic Partners, by Firm Size and Region, 2012

	Yes	No	Not Encountered/ Not Applicable
FIRM SIZE			
3–24 Workers	39%	19%*	42%*
25–199 Workers	32	48*	19*
200–999 Workers	38	56*	6*
1,000–4,999 Workers	43	56*	<1*
5,000 or More Workers	50*	50*	0*
All Small Firms (3–199 Workers)	37%	26%*	37%*
All Large Firms (200 or More Workers)	39%	56%*	5%*
REGION			
Northeast	53%	26%	22%
Midwest	49	29	22*
South	14*	28	58*
West	47	23	30
INDUSTRY			
Agriculture/Mining/Construction	33%	30%	37%
Manufacturing	47	25	28
Transportation/Communications/Utilities	22	58*	20
Wholesale	50	23	28
Retail	28	16	56
Finance	48	42	10*
Service	34	32	34
State/Local Government	25	18	57
Health Care	44	10*	45
ALL FIRMS	37%	27%	36%

SOURCE:

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

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

Note: In 2008, we changed the response options because during early tests of the survey, several firms noted that they had not encountered the issue, indicating that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, for the 2008 and 2009 surveys we included the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue. This response is distinguished from firms that report “no” since those firms have a set policy on the issue.

EXHIBIT 2.12

Among Firms Offering Health Benefits, Distribution of Whether Employers Offer Health Benefits to Unmarried Same-Sex Domestic Partners, by Firm Size and Region, 2012

	Yes	No	Not Encountered/ Not Applicable
FIRM SIZE			
3–24 Workers	31%	17%*	52%*
25–199 Workers	32	42*	26*
200–999 Workers	40	54*	6*
1,000–4,999 Workers	51*	48*	1*
5,000 or More Workers	63*	37*	0*
All Small Firms (3–199 Workers)	31%*	23%*	46%*
All Large Firms (200 or More Workers)	42%*	52%*	5%*
REGION			
Northeast	54%*	19%	27%*
Midwest	34	24	42
South	15*	24	61*
West	36	27	37
INDUSTRY			
Agriculture/Mining/Construction	39%	23%	38%
Manufacturing	25	41	34
Transportation/Communications/Utilities	23	42	35
Wholesale	14*	21	65
Retail	30	4*	66
Finance	43	40	17*
Service	33	29	38
State/Local Government	25	15	60
Health Care	33	7*	60
ALL FIRMS	31%	24%	45%

SOURCE:

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

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

Note: In 2008, we changed the response options because during early tests of the survey, several firms noted that they had not encountered the issue, indicating that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, for the 2008 and 2009 surveys we included the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue. This response is distinguished from firms that report “no” since those firms have a set policy on the issue.

EXHIBIT 2.13

Among Firms Offering Health Benefits, Percent of Employers That Offer Health Benefits to Unmarried Opposite-Sex and Same-Sex Domestic Partners, by Firm Size, 2008, 2009 & 2012

Opposite-Sex Domestic Partners			
	2008	2009	2012
All Small Firms (3–199 Workers)	24%	31%	37%
All Large Firms (200 or More Workers)	32%	34%	39%
ALL FIRMS	24%	31%	37%
Same-Sex Domestic Partners			
	2008	2009	2012
All Small Firms (3–199 Workers)	22%	21%	31%
All Large Firms (200 or More Workers)	32%	34%	42%*
ALL FIRMS	22%	21%	31%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008, 2009 & 2012.

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

Note: In 2008, we changed the response options because during early tests of the survey, several firms noted that they had not encountered the issue, indicating that the responses of “yes,” “no,” and “don’t know” were insufficient. Therefore, for the 2008, 2009, and 2012 surveys we included the response option “not applicable/not encountered” to better capture the number of firms that report not having a policy on the issue. This response is distinguished from firms that report “no” since those firms have a set policy on the issue. In 2012, 36% of firms had not encountered opposite-sex domestic partners and 45% had not encountered same-sex domestic partners.

EXHIBIT 2.14

Among Small Firms (3–199 Workers) Not Offering Health Benefits, the Most Important Reason for Not Offering, 2012

	Most Important Reason
Cost of health insurance is too high	48%
The firm is too small	15
Employees are generally covered under another plan	21
Employee turnover is too great	3
No interest/Employees don't want it	6
Other	5
Don't know	1

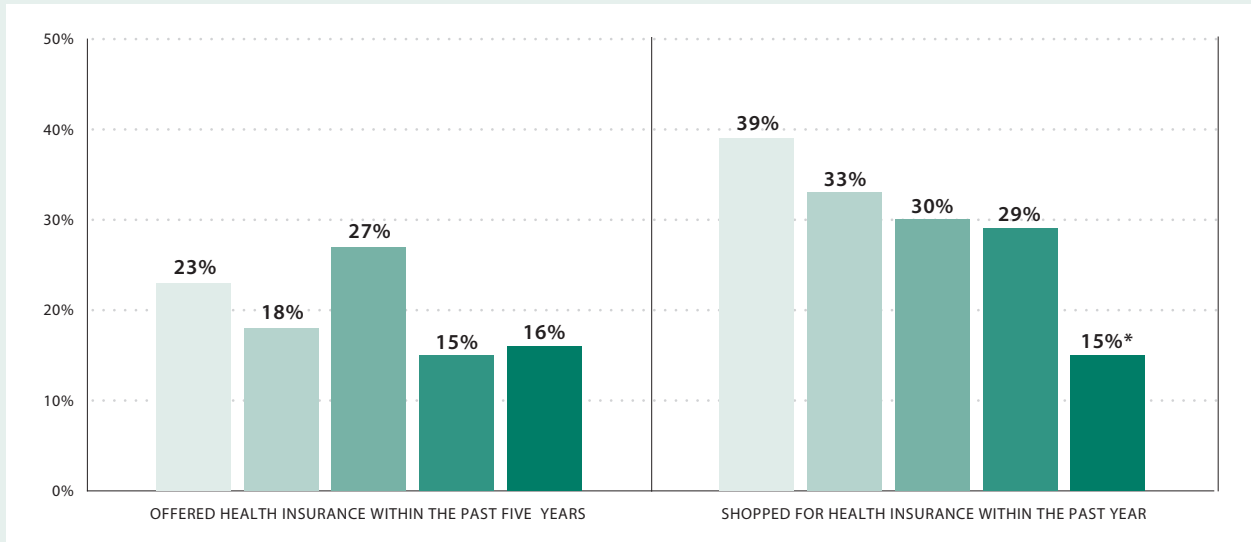
SOURCE:

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

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

EXHIBIT 2.15

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, 2007–2012



SOURCE:

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

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

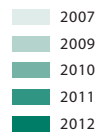


EXHIBIT 2.16

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Provide Employees Funds to Purchase Non-Group Insurance, 2012

FIRM SIZE	Percentage
3–9 Workers	9%
10–199 Workers	11
All Small Firms (3–199 Workers)	9%

SOURCE:

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

Note: Tests found no statistical difference from estimate for all firms not in the indicated size category ($p < .05$).