

EMPLOYER HEALTH BENEFITS
2013 ANNUAL SURVEY

Retiree Health
Benefits

SECTION

11

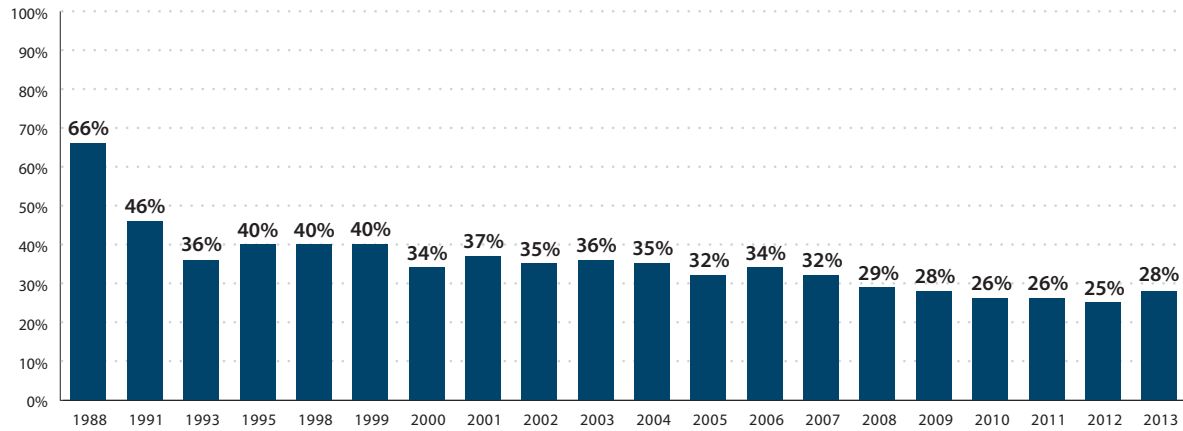
RETIREE HEALTH BENEFITS

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 TO AT LEAST SOME OF THEIR FORMER EMPLOYEES.

- ▶ Twenty-eight percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2013, similar to 25% in 2012. There has been a downward trend in the percentage of firms offering retirees coverage, from 34% in 2006 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 – 28% vs. 5% (Exhibit 11.2).
 - Among large firms that offer health benefits, state and local governments (78%) and firms in the finance (52%) industry are more likely than large firms in other industries to offer retiree health benefits. In contrast, large firms in the wholesale industry are less likely (6%) 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 \$23,000 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 \$23,000 or less annually) (32% vs. 6%). A comparable pattern exists in firms with a larger proportion of higher-wage workers (35% or more earn \$56,000 or more annually) (Exhibit 11.3).
 - Large firms with union workers are more likely to offer retiree health benefits than large firms without union workers – 45% vs. 22% (Exhibit 11.3).
 - Large, publicly owned employers are more likely to offer retiree benefits than large private for-profits firms or private not-for-profits employers. (61% vs. 24% and 20%, respectively) (Exhibit 11.3).
- ▶ Among all large firms (200 or more workers) offering retiree health benefits, most firms offer them to early retirees under the age of 65 (90%). A lower percentage (67%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4). These percentages are similar to 2012 and have remained stable over time.
- ▶ Among all large firms (200 or more workers) offering retiree health benefits, 4% offer coverage which exclusively covers prescription drugs (Exhibit 11.6).

EXHIBIT 11.1

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers,
Percentage of Firms Offering Retiree Health Benefits, 1988–2013



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2013; 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, 2013

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
FIRM SIZE		
3–199 Workers	5%	–
200–999 Workers	–	26%*
1,000–4,999 Workers	–	34
5,000 or More Workers	–	48*
REGION		
Northeast	9%	29%
Midwest	5	32
South	5	26
West	2*	23
INDUSTRY		
Agriculture/Mining/Construction	<1%*	29%
Manufacturing	1*	22
Transportation/Communications/Utilities	NSD	46*
Wholesale	4	6*
Retail	1*	14
Finance	5	52*
Service	5	26
State/Local Government	NSD	78*
Health Care	7	19*
ALL FIRMS	5%	28%

SOURCE:

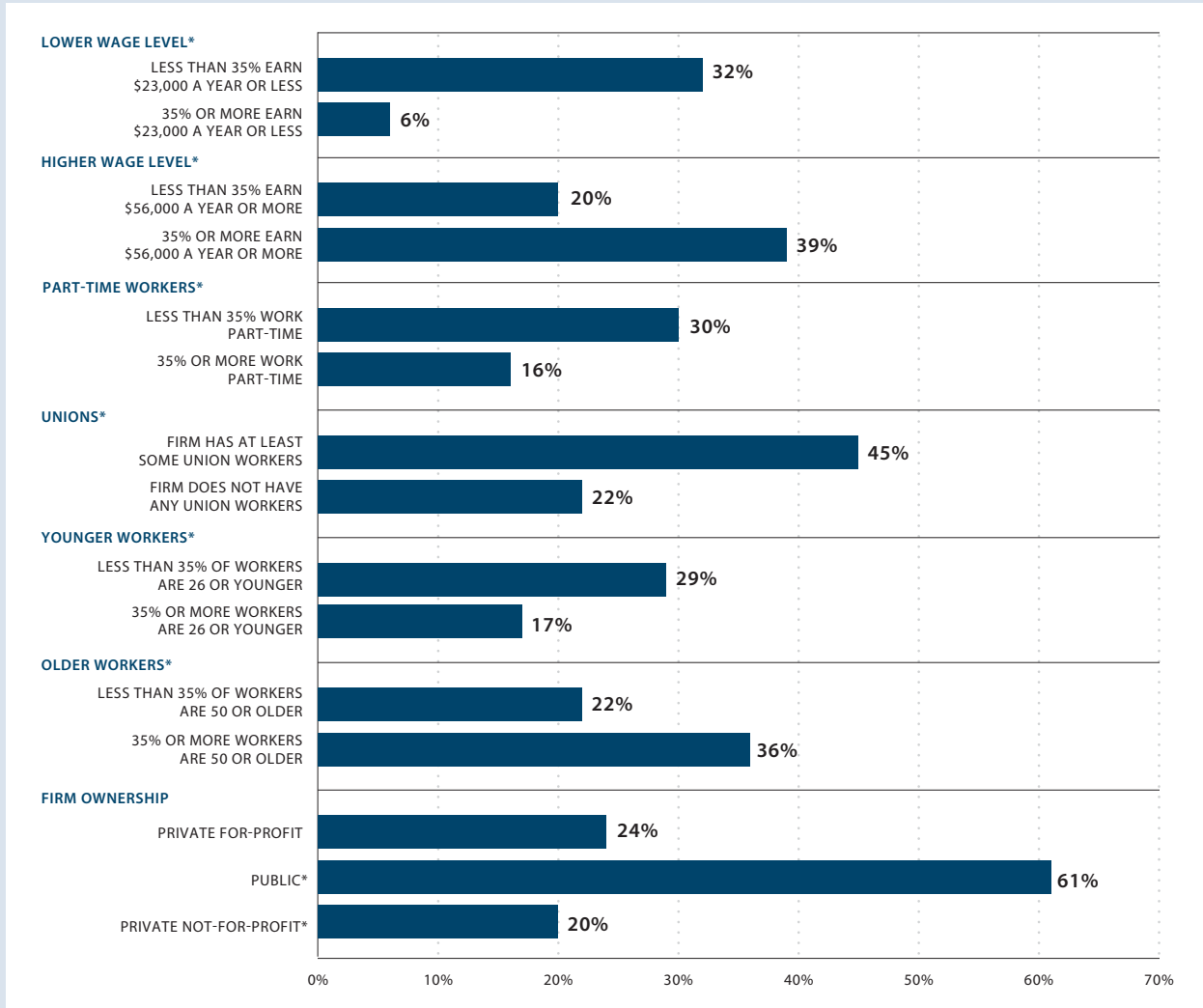
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 2013



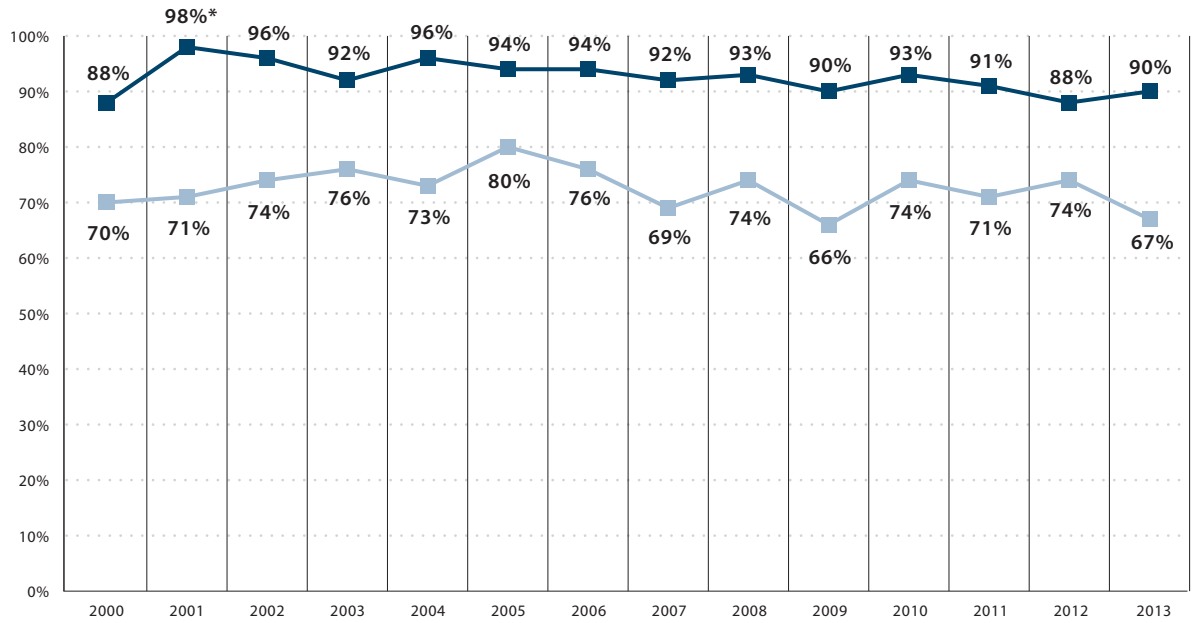
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

*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, 2000–2013



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2013.

* 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, 2013

	Percentage of Large Employers Offering Retiree Health Benefits to Early Retirees	Percentage of Large Employers Offering Retiree Health Benefits to Medicare-Age Retirees
FIRM SIZE		
200–999 Workers	89%	66%
1,000–4,999 Workers	94	68
5,000 or More Workers	95	73
REGION		
Northeast	85%	78%
Midwest	94	53*
South	91	68
West	90	77
INDUSTRY		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	100%*	71%
Transportation/Communications/Utilities	95	85*
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	90	62
Service	87	69
State/Local Government	93	74
Health Care	84	53
ALL LARGE FIRMS (200 or More Workers)	90%	67%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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.

Note: Early Retirees are workers retiring before age 65.

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, 2013

	Percentage of Large Employers Offering Retiree Health Benefits That Exclusively Cover Prescription Drugs
FIRM SIZE	
200–999 Workers	4%
1,000–4,999 Workers	6
5,000 or More Workers	6
REGION	
Northeast	6%
Midwest	4
South	3
West	4
INDUSTRY	
Agriculture/Mining/Construction	NSD
Manufacturing	5%
Transportation/Communications/Utilities	5
Wholesale	NSD
Retail	NSD
Finance	<1*
Service	4
State/Local Government	4
Health Care	11
ALL LARGE FIRMS (200 or More Workers)	4%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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.