

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

Employer
Opinions and
Health Plan
Practices

SECTION

14

EMPLOYER OPINIONS AND HEALTH PLAN PRACTICES

EMPLOYERS PLAY A SIGNIFICANT ROLE IN HEALTH INSURANCE COVERAGE – SO THEIR OPINIONS AND EXPERIENCES ARE IMPORTANT FACTORS IN HEALTH POLICY DISCUSSIONS.

EMPLOYER OPINIONS ON COST CONTAINMENT

Firms offering health benefits were asked to rate how effective several different strategies, such as wellness programs, tighter managed care restrictions, consumer-driven health plans, higher employee cost sharing, and disease management programs, would be in reducing the growth of health insurance costs.

- ▶ Thirty-five percent of firms offering health benefits stated that wellness programs would be very effective at containing health insurance costs, more than any of the other strategies. There was no statistical difference in the distribution of opinions between small (3 to 199 workers) and larger firms towards the effectiveness of wellness programs (Exhibit 14.1).
- ▶ Eight percent of firms offering health benefits stated that tighter managed care restrictions would be “very effective” at containing health insurance costs, fewer than any of the other strategies (Exhibit 14.1). Larger firms were more likely than smaller firms to state that tighter managed care restrictions were “very effective”.

SHOPPING FOR HEALTH COVERAGE

More than one-half (54%) of firms offering health benefits reported shopping for a new health plan or a new insurance carrier in the past year, suggesting that the market is quite dynamic (Exhibit 14.2). Among firms that offer health benefits and shopped for a new plan or carrier, 18% changed insurance carriers and 15% reported changing the type of health plan provided to employees. A firm is considered to have changed health plan types when they switch between conventional, HMO, PPO, POS or HDHP/SO plans. There were no significant differences between small firms (3 to 199 workers) and larger firms on either these measures (Exhibit 14.3).

The majority of firms offering health benefits use a broker or consultant to assist in choosing a health plan (82%) (Exhibit 14.8). Large firms offering health benefits (200 or more workers) are more likely than smaller firms to use a broker or consultant (90% versus 82%).

RETAIL CLINICS AND NURSE HOTLINES

Among firms offering health benefits, over half (56%) cover care received at retail clinics in their plan with the largest enrollment. Retail clinics treat minor illness and provide preventive care at locations such as retail stores, pharmacies, and supermarkets. Among these firms covering care at retail clinics, 17% offer financial incentives to receive care at a retail clinic location rather than at a physician’s office. There is no significant difference between small firms (3 to 199 workers) and larger firms covering care received at a retail clinic or for offering financial incentives to do so (Exhibit 14.5).

Among plans with the largest enrollment in firms offering health benefits, over half include a nurse hotline (55%). Large firms offering health benefits (200 or more workers) are more likely than smaller firms to have a nurse hotline (74% vs. 54%) (Exhibit 14.7).

TIERED NETWORKS

A tiered or high performance network is one that groups providers into the network based on quality, cost, and/or the efficiency of the care they deliver. These networks encourage patients to visit more efficient doctors by either restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network.

► Twenty-three percent of firms that offer health benefits include a high performance or tiered provider network in the health plan with the largest enrollment (Exhibit 14.4). This is similar to the 20% reported in 2011 (the last time these questions were asked).

OFFERING HEALTH BENEFITS THROUGH A PRIVATE EXCHANGE

Recently, several large consulting firms have created private exchanges to offer health benefit options for mid-sized and larger employers. While models vary, the general idea is that the exchange contracts with different health plan vendors and offers a number of different health plan options to the employees of participating employers. This permits an employer to offer a larger variety of health plans to employees, and to structure contributions or other rules to encourage employees to choose more efficient plans.

► Nine percent of large firms (200 or more workers) offering health benefits are considering offering benefits through a private exchange. Among offering firms with at least 5,000 workers, 29% are considering offering benefits through the exchange (Exhibit 14.6).

EXHIBIT 14.1

Among Firms Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, by Firm Size, 2013

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
Wellness Programs					
All Small Firms (3–199 Workers)	35%	32%	24%	9%	1%
All Large Firms (200 or More Workers)	36	40	17	6	1
ALL FIRMS	35%	32%	24%	9%	1%
Tighter Managed Care Restrictions*					
All Small Firms (3–199 Workers)	7%	37%	27%	25%	5%
All Large Firms (200 or More Workers)	15	40	28	14	3
ALL FIRMS	8%	37%	27%	24%	4%
Consumer-Driven Health Plans (Ex: High-Deductible Plan Combined with a Health Savings Account)					
All Small Firms (3–199 Workers)	20%	42%	21%	14%	4%
All Large Firms (200 or More Workers)	31	37	19	11	2
ALL FIRMS	20%	41%	21%	14%	4%
Higher Employee Cost Sharing					
All Small Firms (3–199 Workers)	17%	33%	26%	21%	4%
All Large Firms (200 or More Workers)	16	43	26	13	1
ALL FIRMS	17%	33%	26%	20%	4%
Disease Management Programs*					
All Small Firms (3–199 Workers)	22%	32%	29%	16%	2%
All Large Firms (200 or More Workers)	36	38	18	5	2
ALL FIRMS	22%	32%	29%	15%	2%

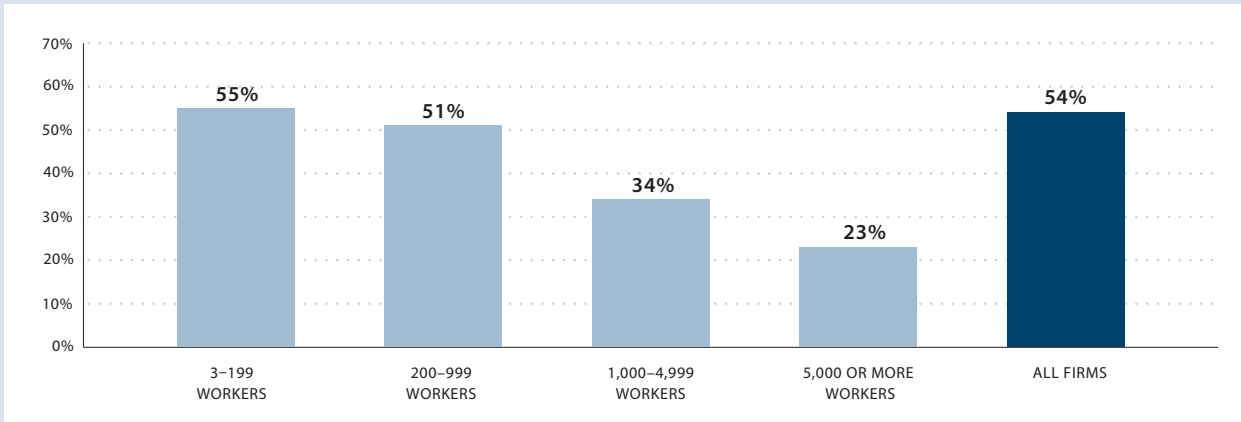
SOURCE:

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

* Distributions are statistically different between All Small Firms and All Large Firms within category ($p < .05$).

EXHIBIT 14.2

Among Firms Offering Health Benefits, Percentage of Firms That Shopped For a New Plan or Health Insurance Carrier in the Past Year, by Firm Size, 2013



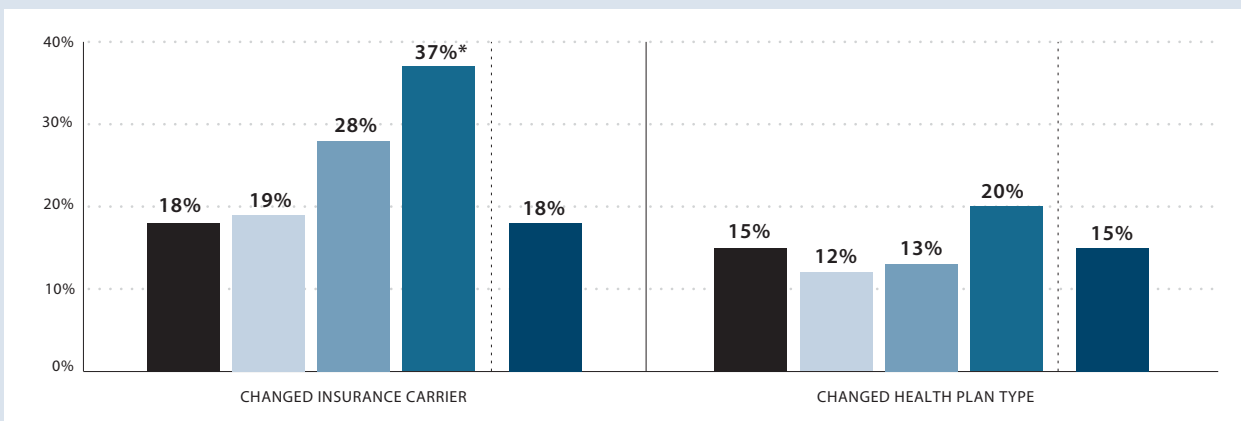
SOURCE:

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

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

EXHIBIT 14.3

Among Firms Offering Health Benefits That Shopped for a New Plan or Insurance Carrier, Percentage Reporting That They Changed Insurance Carriers and Health Plan Type in the Past Year, by Firm Size, 2013



SOURCE:

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

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

Note: The survey considers a firm to have changed health plan types when the plan switches one of the following categories: Conventional, HMO, PPO, POS, HDHP/SO. Fifty-four percent of firms offering health benefits shopped for a new plan or carrier in the past year (Exhibit 14.2).

- 3-199 WORKERS
- 200-999 WORKERS
- 1,000-4,999 WORKERS
- 5,000 OR MORE WORKERS
- ALL FIRMS

EXHIBIT 14.4

Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a High-Performance Provider Network, by Firm Size and Region, 2007, 2010, 2011, and 2013

Health Plan Includes High-Performance Network/Tiered Provider Network	2007	2010	2011	2013
FIRM SIZE				
200–999 Workers	9%	16%	17%	22%
1,000–4,999 Workers	13	21	19	32
5,000 or More Workers	16	30*	24	33*
All Small Firms (3–199 Workers)	15%	16%	20%	23%
All Large Firms (200 or More Workers)	10%	17%	18%	24%
REGION				
Northeast	15%	15%	19%	29%
Midwest	13	17	12	15
South	18	16	16	23
West	13	18	33	25
ALL FIRMS	15%	16%	20%	23%

SOURCE:

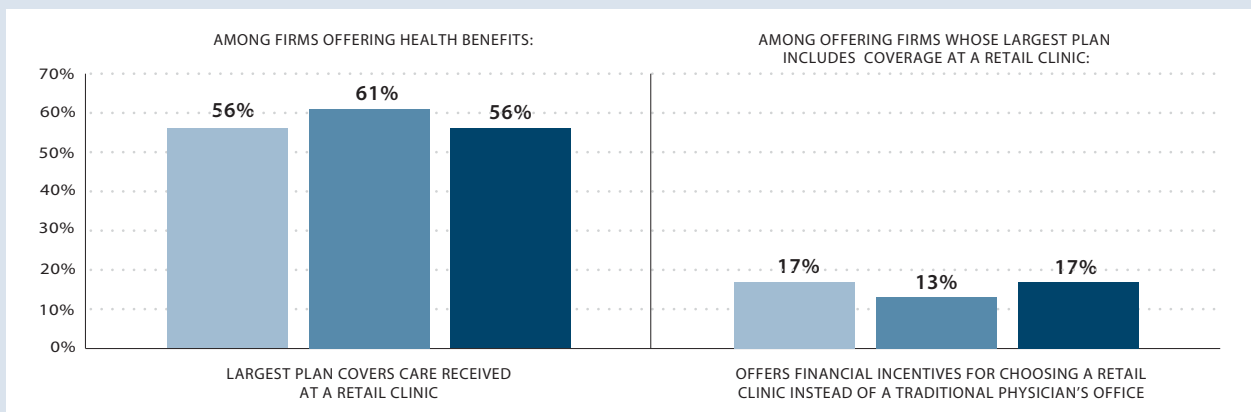
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007, 2010, 2011, and 2013.

* Estimates are statistically different from estimate for all other firms not in the indicated size or region (p<.05).

Note: The overall percentage of firms whose largest plan includes a high performance provider network is not significantly different between 2013 and previous years the question was included in the survey (2007, 2010, 2011) (p<.05). A high performance network is one that groups providers within the network based on quality, cost, and/or efficiency of care they deliver.

EXHIBIT 14.5

Percentage of Firms whose Largest Plan Covers Care Received at Retail Clinics and, of Those, Percentage of Firms who Offer a Financial Incentive to do so, by Firm Size, 2013



SOURCE:

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

NOTE: Tests found no statistical difference between All Small Firms and All Large Firms within category. A retail clinic is a health care clinic located in retail stores, supermarkets and pharmacies that treats minor illnesses and provides preventive health care services, such as flu shots.

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

EXHIBIT 14.6

Among Large Firms (200 or More Employees) Offering Health Benefits, the Percentage of Firms Considering Offering Benefits Through a Private Exchange, by Firm Size, Region and Industry, 2013

	Yes	No	Don't Know
FIRM SIZE			
200–999 Workers	7%	91%	2%
1,000–4,999 Workers	13	85	2
5,000 or More Workers	29	69	2
REGION			
Northeast	12%	84%	4%
Midwest	8	91	<1
South	9	90	1
West	8	88	4
INDUSTRY			
Agriculture/Mining/Construction	8%	92%	0%
Manufacturing	15	84	1
Transportation/Communications/Utilities	11	89	0
Wholesale	6	91	3
Retail	16	84	<1
Finance	3	96	<1
Service	9	87	4
State/Local Government	5	85	10
Health Care	9	91	<1
ALL LARGE FIRMS (200 or More Workers)	9%	89%	2%

SOURCE:

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

Note: A private exchange is created by a private company or consulting company where employers offer a defined contribution to their employees and the employees then choose among different health plan options from different health insurers selected by the exchange. The employee pays the difference between the defined contribution and the cost of the health insurance option they chose.

EXHIBIT 14.7

Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a Nurse Hotline, by Firm Size, Region and Industry, 2013

	Firm's Largest Plan Includes Nurse Hotline
FIRM SIZE	
3–24 Workers	49%*
25–199 Workers	70*
200–999 Workers	71*
1,000–4,999 Workers	84*
5,000 or More Workers	85*
All Small Firms (3–199 Workers)	54%*
All Large Firms (200 or More Workers)	74%*
REGION	
Northeast	55%
Midwest	62
South	46
West	59
INDUSTRY	
Agriculture/Mining/Construction	58%
Manufacturing	26*
Transportation/Communications/Utilities	46
Wholesale	72
Retail	75
Finance	73
Service	55
State/Local Government	77
Health Care	44
ALL FIRMS	55%

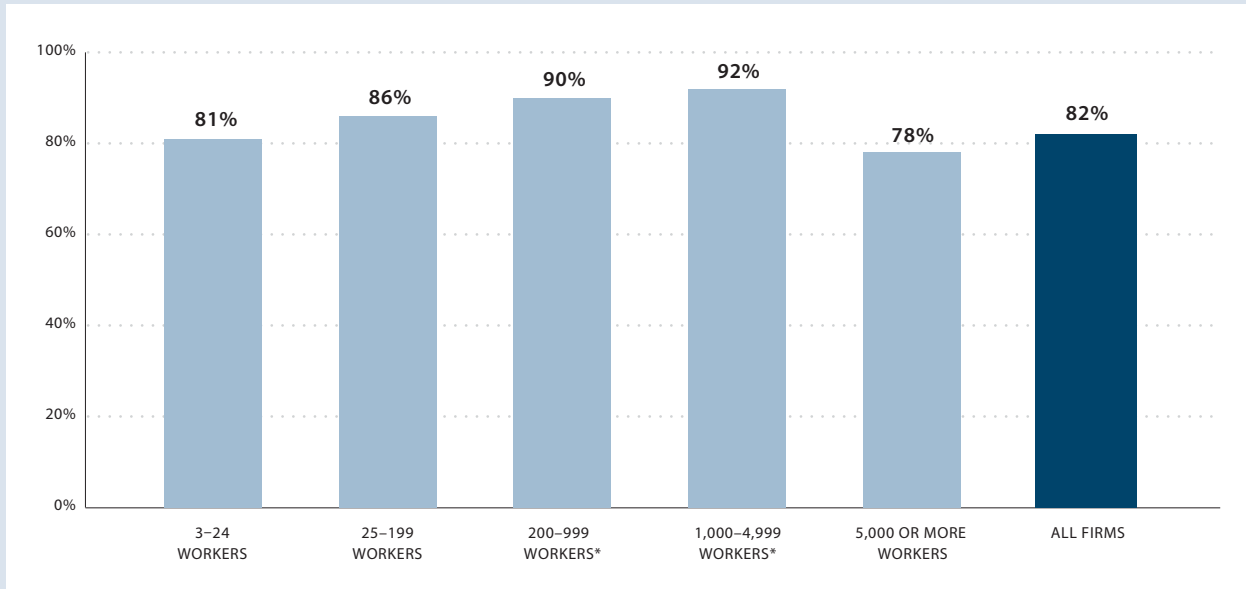
SOURCE:

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

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

EXHIBIT 14.8

Among Firms Offering Health Benefits, Percentage that Use a Broker or Consultant to Assist in Choosing a Health Plan, by Firm Size, 2013



SOURCE:

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

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

