

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

Cost of
Health
Insurance

SECTION

1

COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUMS IN 2013 ARE \$5,884 FOR SINGLE COVERAGE AND \$16,351 FOR FAMILY COVERAGE. AVERAGE PREMIUMS INCREASED 5% FOR SINGLE COVERAGE AND 4% FOR FAMILY COVERAGE IN THE LAST YEAR. FAMILY PREMIUMS HAVE INCREASED 80% SINCE 2003 AND HAVE MORE THAN DOUBLED SINCE 2002. AVERAGE FAMILY PREMIUMS FOR WORKERS IN SMALL FIRMS (3–199 WORKERS) (\$15,581) ARE SIGNIFICANTLY LOWER THAN AVERAGE FAMILY PREMIUMS FOR WORKERS IN LARGER FIRMS (200 OR MORE WORKERS) (\$16,715).

PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average premium for single coverage in 2013 is \$490 per month or \$5,884 per year (Exhibit 1.1). The average premium for family coverage is \$1,363 per month or \$16,351 per year (Exhibit 1.1).
- ▶ The average annual premiums for covered workers in HDHP/SOs are lower for single (\$5,306) and family coverage (\$15,227) than the overall average premiums for covered workers. Average annual premiums for all other plan types, including PPO plans, HMOs, and POS plans, are similar to 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) (\$15,581) is lower than the average premium for covered workers in large firms (200 or more workers) (\$16,715) (Exhibit 1.2). The average single premium for covered workers 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 (\$6,117 and \$17,411) and lower in the Midwest (\$5,613 and \$15,724) than the average premiums for covered workers in all other regions (Exhibit 1.3). Covered workers in the West also face higher premiums for single coverage (\$6,140).
- ▶ Covered workers in firms where 35% or more of the workers are age 26 or younger have lower average single and family premiums (\$5,166 and \$14,645) than covered workers in firms where a lower percentage of workers are age 26 or younger (\$5,929 and \$16,457). Covered workers in firms where 35% or more of the workers are age 50 or older have higher average single and family premiums (\$6,263 and \$17,424) than covered workers in firms where a lower percentage of workers are age 50 or older (\$5,622 and \$15,612) (Exhibits 1.5 and 1.6).
- ▶ Covered workers in firms with a large percentage of lower-wage workers (at least 35% of workers earn \$23,000 per year or less) have lower average single and family premiums (\$5,450 and \$15,225) than covered workers in firms with a smaller percentage of lower-wage workers (\$5,922 and \$16,450). Covered worker in firms with a large percentage of higher-wage workers (at least 35% of workers earn \$56,000 per year or more) have higher average single and family premiums (\$6,025 and \$16,989) than covered workers in firms with a smaller percentage of higher-wage workers (\$5,760 and \$15,789) (Exhibits 1.5 and 1.6).

- ▶ There is considerable variation in premiums for both single and family coverage.
 - Twenty-one percent of covered workers are employed by firms that have a single premium at least 20% higher than the average single premium, while 22% of covered workers are in firms that have a single premium less than 80% of the average single premium (Exhibits 1.7 and 1.8).
 - For family coverage, 21% of covered workers are employed in a firm that has a family premium at least 20% higher than the average family premium, and another 21% of covered workers are in firms that have a family premium less than 80% of the average family premium (Exhibits 1.7 and 1.8).
- PREMIUM CHANGES OVER TIME**
- ▶ The average annual single premium (\$5,884) in 2013 is 5% higher than the average annual single premium in 2012 (\$5,615), and the average annual family premium (\$16,351) is 4% higher than the average annual family premium last year (\$15,745) (Exhibit 1.11).
 - The \$16,351 average annual family premium in 2013 is 29% higher than the average family premium in 2008 and 80% higher than the average family premium in 2003 (Exhibit 1.11).
 - Premiums for both small and large firms have seen a similar increase since 2008 (29%). For small firms (3–199 workers), the average family premium rose from \$12,091 in 2008 to \$15,581 in 2013. For large firms (200 or more workers), the average family premium rose from \$12,973 in 2008 to \$16,715 in 2013 (Exhibit 1.13).
 - Since 2003, premiums for small firms (3 to 199 workers) have increased 74% (\$15,581 in 2013 vs. \$8,946 in 2003). The premiums for large firms have increased 83% (\$16,715 in 2013 vs. \$9,127 in 2003) (Exhibit 1.13).
 - ▶ 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 2008 to 2013 (28% in fully insured firms vs. 29% in self-funded firms) and from 2003 to 2013 (84% in fully insured firms vs. 83% 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, 2013

	Monthly	Annual
HMO		
Single Coverage	\$502	\$6,029
Family Coverage	\$1,379	\$16,543
PPO		
Single Coverage	\$503	\$6,031
Family Coverage	\$1,389	\$16,671
POS		
Single Coverage	\$498	\$5,972
Family Coverage	\$1,369	\$16,429
HDHP/SO		
Single Coverage	\$442*	\$5,306*
Family Coverage	\$1,269*	\$15,227*
ALL PLAN TYPES		
Single Coverage	\$490	\$5,884
Family Coverage	\$1,363	\$16,351

SOURCE:

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

* 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, 2013

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$503	\$1,319	\$6,032	\$15,826
All Large Firms (200 or More Workers)	502	1,410	6,027	16,923
ALL FIRM SIZES	\$502	\$1,379	\$6,029	\$16,543
PPO				
All Small Firms (3–199 Workers)	\$484	\$1,347	\$5,809	\$16,163
All Large Firms (200 or More Workers)	509	1,405	6,112	16,854
ALL FIRM SIZES	\$503	\$1,389	\$6,031	\$16,671
POS				
All Small Firms (3–199 Workers)	\$491	\$1,336	\$5,896	\$16,027
All Large Firms (200 or More Workers)	507	1,419	6,085	17,024
ALL FIRM SIZES	\$498	\$1,369	\$5,972	\$16,429
HDHP/SO				
All Small Firms (3–199 Workers)	\$427	\$1,144*	\$5,122	\$13,732*
All Large Firms (200 or More Workers)	450	1,335*	5,404	16,015*
ALL FIRM SIZES	\$442	\$1,269	\$5,306	\$15,227
ALL PLANS				
All Small Firms (3–199 Workers)	\$476	\$1,298*	\$5,711	\$15,581*
All Large Firms (200 or More Workers)	497	1,393*	5,967	16,715*
ALL FIRM SIZES	\$490	\$1,363	\$5,884	\$16,351

SOURCE:

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

* 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, 2013

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$537	\$1,473*	\$6,444	\$17,670*
Midwest	495	1,334	5,936	16,012
South	498	1,441	5,982	17,294
West	491	1,306*	5,893	15,668*
ALL REGIONS	\$502	\$1,379	\$6,029	\$16,543
PPO				
Northeast	\$537*	\$1,516*	\$6,445*	\$18,194*
Midwest	494	1,388	5,931	16,659
South	482*	1,317*	5,790*	15,799*
West	526	1,438	6,306	17,252
ALL REGIONS	\$503	\$1,389	\$6,031	\$16,671
POS				
Northeast	\$519	\$1,515*	\$6,228	\$18,177*
Midwest	422	1,157	5,069	13,890
South	513	1,387	6,157	16,639
West	540	1,423	6,478	17,081
ALL REGIONS	\$498	\$1,369	\$5,972	\$16,429
HDHP/SO				
Northeast	\$411*	\$1,222	\$4,929*	\$14,670
Midwest	422	1,200	5,066	14,396
South	450	1,310	5,402	15,721
West	490	1,356	5,874	16,277
ALL REGIONS	\$442	\$1,269	\$5,306	\$15,227
ALL PLANS				
Northeast	\$510*	\$1,451*	\$6,117*	\$17,411*
Midwest	468*	1,310*	5,613*	15,724*
South	481	1,333	5,772	16,001
West	512*	1,389	6,140*	16,670
ALL REGIONS	\$490	\$1,363	\$5,884	\$16,351

SOURCE:

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

* 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, 2013

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$431*	\$1,291	\$5,170*	\$15,496
Transportation/Communications/Utilities	532	1,506	6,385	18,069
Wholesale	NSD	NSD	NSD	NSD
Retail	420*	1,268	5,040*	15,216
Finance	491	1,436	5,889	17,236
Service	513	1,335	6,154	16,023
State/Local Government	563*	1,520*	6,758*	18,243*
Health Care	490	1,332	5,877	15,981
ALL INDUSTRIES	\$502	\$1,379	\$6,029	\$16,543
PPO				
Agriculture/Mining/Construction	\$480	\$1,353	\$5,761	\$16,239
Manufacturing	440*	1,281*	5,281*	15,369*
Transportation/Communications/Utilities	528	1,474	6,338	17,691
Wholesale	445*	1,316	5,340*	15,789
Retail	428*	1,238*	5,137*	14,852*
Finance	495	1,440	5,945	17,283
Service	521	1,412	6,253	16,940
State/Local Government	517	1,316	6,205	15,798
Health Care	553*	1,504*	6,633*	18,044*
ALL INDUSTRIES	\$503	\$1,389	\$6,031	\$16,671
POS				
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	\$534	\$1,418	\$6,414	\$17,019
State/Local Government	NSD	NSD	NSD	NSD
Health Care	534	1,418	6,405	17,015
ALL INDUSTRIES	\$498	\$1,369	\$5,972	\$16,429

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EXHIBIT 1.4 *Continued from previous page*

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2013

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HDHP/SO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$424	\$1,292	\$5,088	\$15,502
Transportation/Communications/Utilities	489	1,486	5,864	17,832
Wholesale	442	1,240	5,303	14,880
Retail	403	1,007*	4,842	12,079*
Finance	373*	1,103*	4,473*	13,235*
Service	470	1,310	5,637	15,724
State/Local Government	446	1,260	5,348	15,120
Health Care	455	1,334	5,454	16,003
ALL INDUSTRIES	\$442	\$1,269	\$5,306	\$15,227
ALL PLANS				
Agriculture/Mining/Construction	\$460	\$1,284	\$5,517	\$15,410
Manufacturing	427*	1,257*	5,125*	15,082*
Transportation/Communications/Utilities	520	1,476*	6,237	17,709*
Wholesale	453*	1,334	5,435*	16,008
Retail	428*	1,222*	5,139*	14,667*
Finance	462	1,354	5,545	16,253
Service	510*	1,379	6,117*	16,546
State/Local Government	531*	1,375	6,366*	16,501
Health Care	524*	1,438*	6,292*	17,258*
ALL INDUSTRIES	\$490	\$1,363	\$5,884	\$16,351

SOURCE:

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

* Estimate is statistically different within plan type from estimate for all firms not in the indicated industry ($p < .05$).

NSD: Not Sufficient Data.

EXHIBIT 1.5

Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2013

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Low Wage Level			
Less Than 35% Earn \$24,000 a Year or Less	\$5,735	\$6,011*	\$5,922*
35% or More Earn \$24,000 a Year or Less	\$5,448	\$5,452*	\$5,450*
High Wage Level			
Less Than 35% Earn \$55,000 a Year or More	\$5,622	\$5,851	\$5,760*
35% or More Earn \$55,000 a Year or More	\$5,881	\$6,070	\$6,025*
Unions			
Firm Has At Least Some Union Workers	\$6,646*	\$6,104	\$6,151*
Firm Does Not Have Any Union Workers	\$5,614*	\$5,845	\$5,742*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$5,728	\$6,023*	\$5,929*
35% or More Workers Are Age 26 or Younger	\$5,480	\$4,984*	\$5,166*
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$5,470*	\$5,698*	\$5,622*
35% or More Workers Are Age 50 or Older	\$6,096*	\$6,336*	\$6,263*
Funding Arrangement			
Fully Insured	\$5,572*	\$6,008	\$5,703*
Self-Funded	\$6,456*	\$5,958	\$5,999*
Firm Ownership			
Private For-Profit	\$5,319*	\$5,583*	\$5,490*
Public	\$6,669*	\$6,602*	\$6,612*
Private Not-For-Profit	\$6,401*	\$6,371*	\$6,382*
ALL FIRMS	\$5,711	\$5,967	\$5,884

SOURCE:

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

* 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, 2013

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Low Wage Level			
Less Than 35% Earn \$23,000 a Year or Less	\$15,629	\$16,836*	\$16,450*
35% or More Earn \$23,000 a Year or Less	\$15,047	\$15,313*	\$15,225*
High Wage Level			
Less Than 35% Earn \$56,000 a Year or More	\$15,234	\$16,151*	\$15,789*
35% or More Earn \$56,000 a Year or More	\$16,237	\$17,222*	\$16,989*
Unions			
Firm Has At Least Some Union Workers	\$18,640*	\$17,043	\$17,184*
Firm Does Not Have Any Union Workers	\$15,257*	\$16,425	\$15,905*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$15,583	\$16,864*	\$16,457*
35% or More Workers Are Age 26 or Younger	\$15,551	\$14,121*	\$14,645*
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$14,703*	\$16,070*	\$15,612*
35% or More Workers Are Age 50 or Older	\$17,003*	\$17,604*	\$17,424*
Funding Arrangement			
Fully Insured	\$15,248*	\$16,694	\$15,687*
Self-Funded	\$17,371*	\$16,719	\$16,773*
Firm Ownership			
Private For-Profit	\$14,856*	\$16,227*	\$15,747*
Public	\$16,534	\$16,789	\$16,749
Private Not-For-Profit	\$17,085*	\$17,924*	\$17,620*
ALL FIRMS	\$15,581	\$16,715	\$16,351

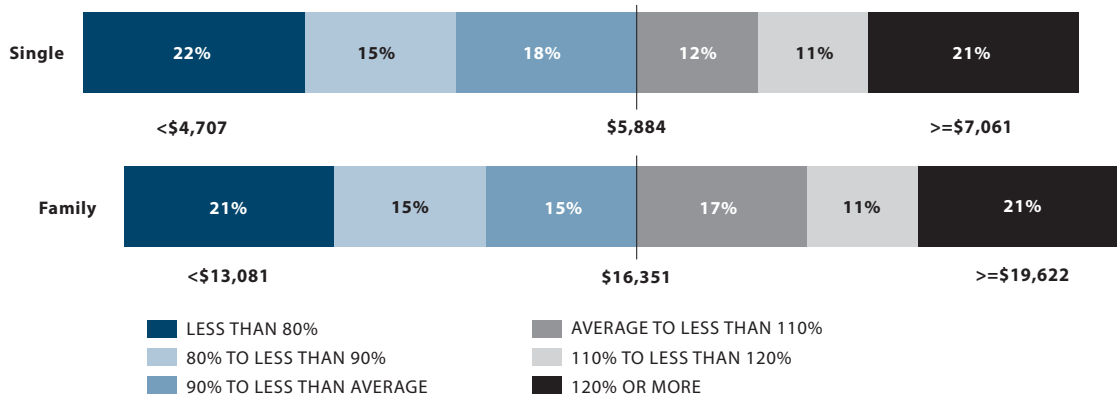
SOURCE:

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

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

EXHIBIT 1.7

Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2013



SOURCE:

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

NOTE: The average annual premium is \$5,884 for single coverage and \$16,351 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,707 is 80% of the average single premium, \$5,296 is 90% of the average single premium, \$6,473 is 110% of the average single premium, and \$7,061 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, 2013

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 \$4,707	22%	Less Than \$13,081	21%
80% to Less Than 90%	\$4,707 to <\$5,296	15%	\$13,081 to <\$14,716	15%
90% to Less Than Average	\$5,296 to <\$5,884	18%	\$14,716 to <\$16,351	15%
Average to Less Than 110%	\$5,884 to <\$6,473	12%	\$16,351 to <\$17,986	17%
110% to Less Than 120%	\$6,473 to <\$7,061	11%	\$17,986 to <\$19,622	11%
120% or More	\$7,061 or More	21%	\$19,622 or More	21%

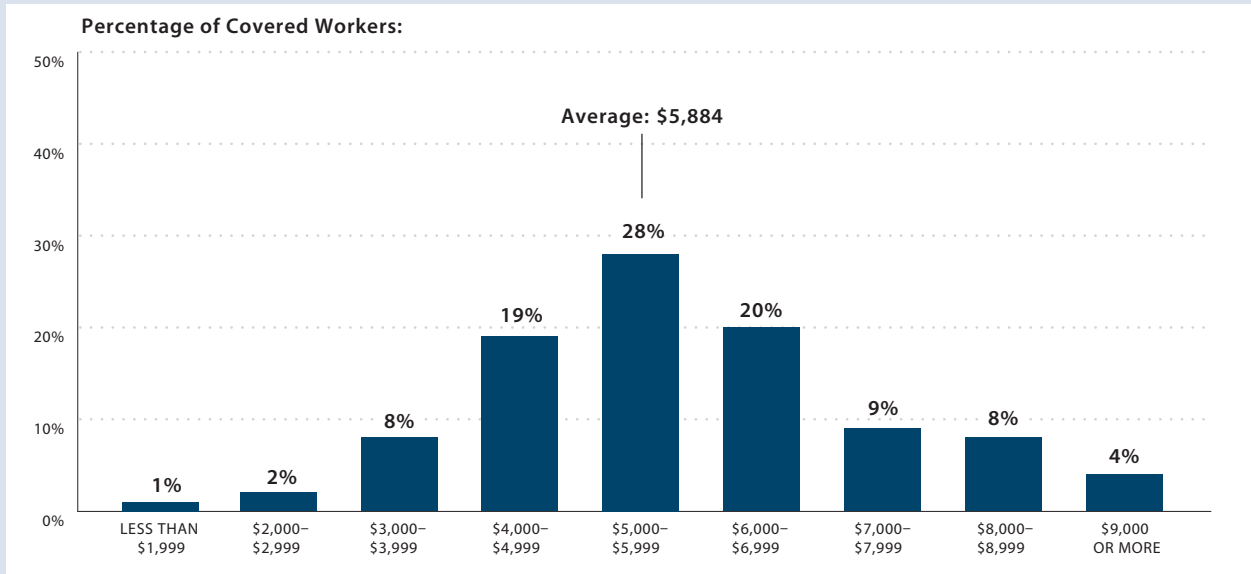
SOURCE:

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

Note: The average annual premium is \$5,884 for single coverage and \$16,351 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,707 is 80% of the average single premium, \$5,296 is 90% of the average single premium, \$6,473 is 110% of the average single premium, and \$7,061 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, 2013

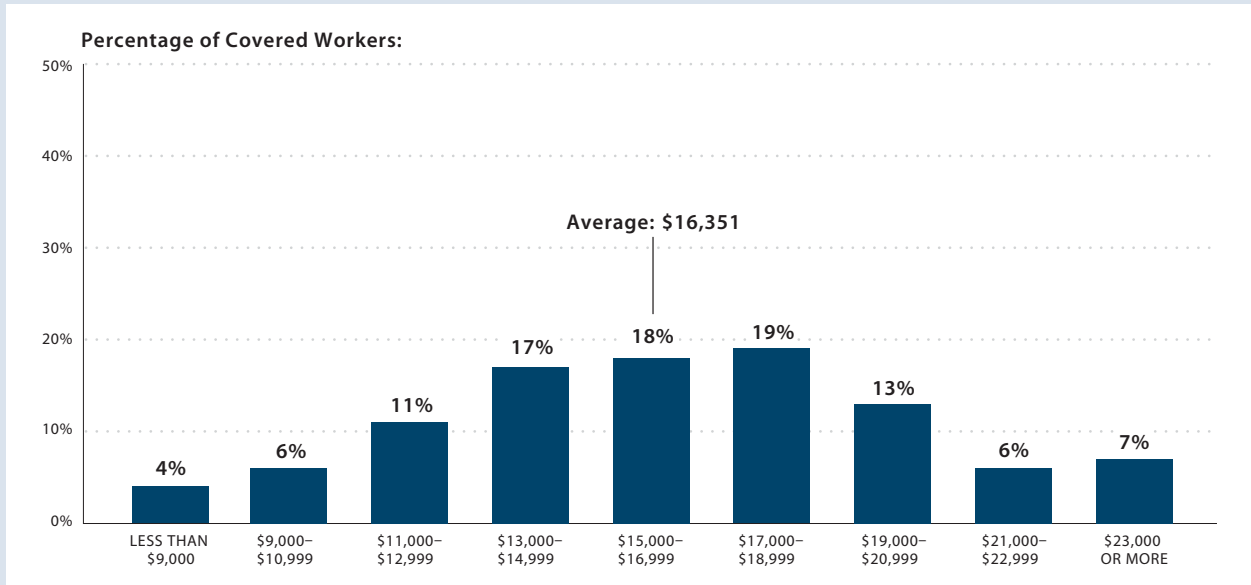


SOURCE:

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

EXHIBIT 1.10

Distribution of Annual Premiums for Covered Workers with Family Coverage, 2013

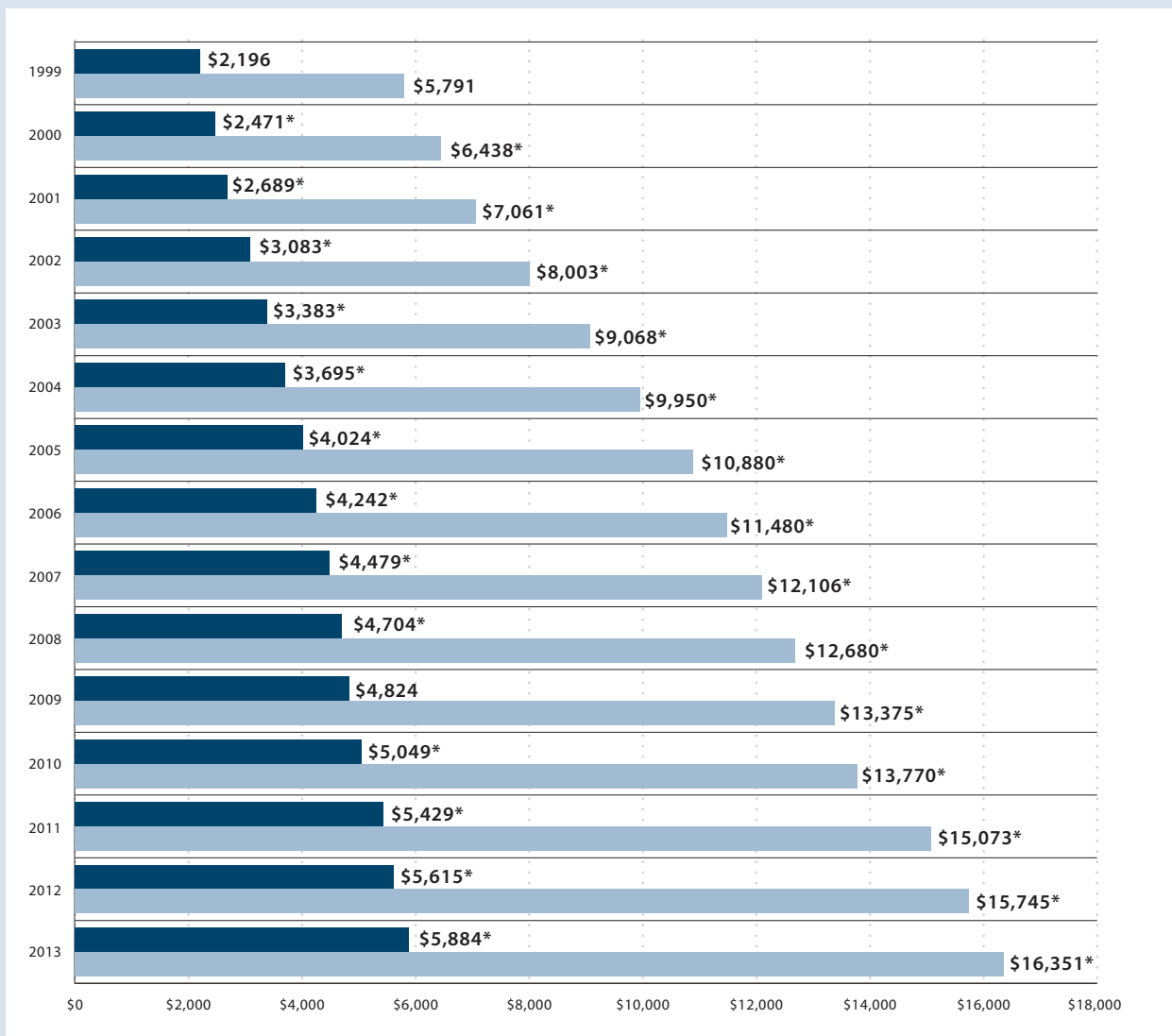


SOURCE:

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

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, 1999–2013



SOURCE:

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

■ 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, 1999–2013

	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
2013*	\$15,581	\$16,715

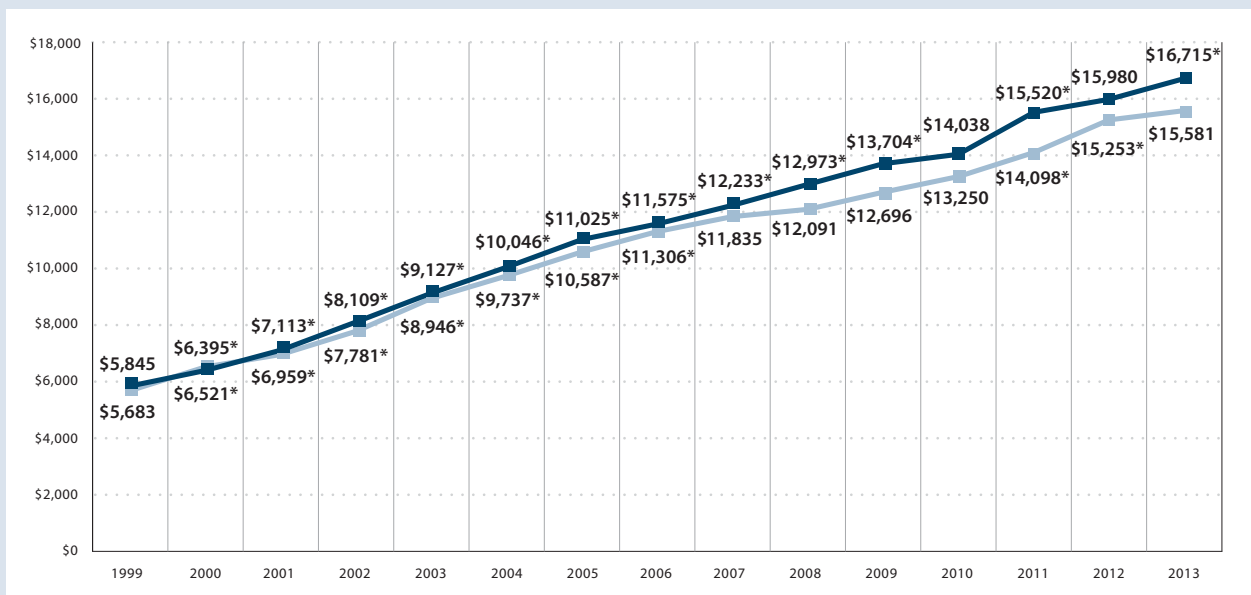
SOURCE:

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

* 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, 1999–2013



SOURCE:

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

* 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, 1999–2013

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
2013	\$16,694	\$16,719*

SOURCE:

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

* 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.

