

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Health  
Benefits  
Offer Rates

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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 2013 (57%) IS STATISTICALLY UNCHANGED FROM 2012 AND 2011 (61% AND 60%).

- ▶ In 2013, 57% of firms offer health benefits, statistically unchanged from the 61% reported in 2012 (Exhibit 2.1).
  - Similar to 2012, 99% of large firms (200 or more workers) offer health benefits to at least some of their workers (Exhibit 2.2). In contrast, only 57% of small firms (3–199 workers) offer health benefits in 2013.
  - Between 1999 and 2013, the offer rate for large firms (200 or more workers) has consistently remained at or above 97%. 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: 45% of firms with 3–9 workers offer coverage, compared to 68% of firms with 10 to 24 workers, 85% of firms with 25 to 49 workers, and 91% of firms with 50 to 199 employees (Exhibit 2.3).
  - Offering rates throughout different firm size categories in 2013 remained similar to those in 2012 (Exhibit 2.2).
  - Firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are significantly more likely to offer health insurance than firms with many lower-wage workers (35% or more of workers earn \$23,000 or less annually) (60% vs. 23%) (Exhibit 2.4). The offer rate for firms with many lower-wage workers is not significantly different from the 28% reported in 2012. We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$56,000 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 (23% and 59%, respectively) (Exhibit 2.4).
- ▶ Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
  - In 2013, 25% of all firms that offer health benefits offer them to part-time workers, similar to the 28% reported in 2012 (Exhibit 2.5). Offering firms with 200 or more workers are more likely to offer health benefits to part-time employees than firms with 3–199 workers (47% vs. 25%) (Exhibit 2.7).
  - Consistently, a very small percentage (3% in 2013) of firms offering health benefits have offered them to temporary workers (Exhibit 2.6). The percentage of firms offering temporary workers benefits is similar for small firms (3–199 workers) and large firms (200 or more workers) (3% vs. 6%) (Exhibit 2.8). The percentage of firms offering health benefits to temporary workers has been stable over time.

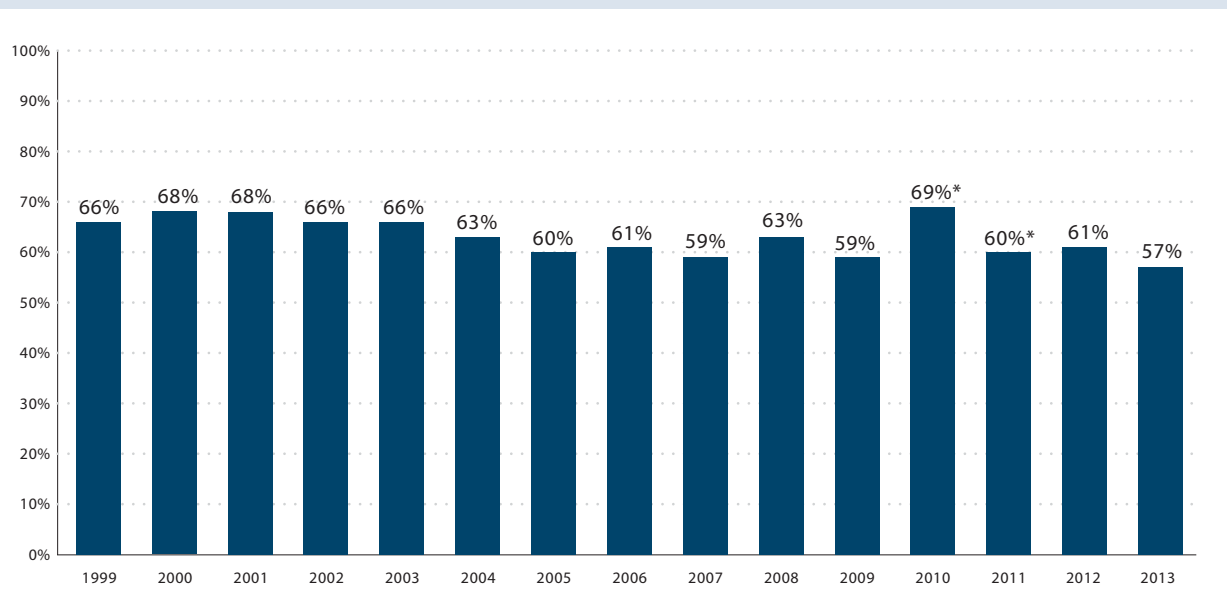
### FIRMS NOT OFFERING HEALTH BENEFITS

- ▶ 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 smaller firms (3–199 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, 50% cite high cost as “the most important reason” for not doing so, followed by: “firm is too small” (16%) and “employees are generally covered under another plan” (15%) (Exhibit 2.9).
- ▶ Many non-offering, small firms have either offered health benefits in the past five years, or shopped for alternative coverage options recently.
- Seventeen percent of non-offering, small firms (3–199 workers) have offered health benefits in the past five years, while 18% have shopped for coverage in the past year (Exhibit 2.10).
- ▶ Among non-offering, small firms (3–199 workers), 10% report that they provide funds to their employees to purchase health insurance through the individual (non-group) market (Exhibit 2.11).

EXHIBIT 2.1

Percentage of Firms Offering Health Benefits, 1999–2013



SOURCE:

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

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

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, 1999–2013

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*	50%	45%
10–24 Workers	74	80	77	70*	76	74	72	73	76	78	72	76	71	73	68
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*	87	85
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93	94	91
<b>All Small Firms (3–199 Workers)</b>	<b>65%</b>	<b>68%</b>	<b>67%</b>	<b>65%</b>	<b>65%</b>	<b>62%</b>	<b>59%</b>	<b>60%</b>	<b>59%</b>	<b>62%</b>	<b>59%</b>	<b>68%*</b>	<b>59%*</b>	<b>61%</b>	<b>57%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>97%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>99%</b>
<b>ALL FIRMS</b>	<b>66%</b>	<b>68%</b>	<b>68%</b>	<b>66%</b>	<b>66%</b>	<b>63%</b>	<b>60%</b>	<b>61%</b>	<b>59%</b>	<b>63%</b>	<b>59%</b>	<b>69%*</b>	<b>60%*</b>	<b>61%</b>	<b>57%</b>

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: 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, 2013

	Percentage of Firms Offering Health Benefits
<b>FIRM SIZE</b>	
3–9 Workers	45%*
10–24 Workers	68*
25–49 Workers	85*
50–199 Workers	91*
200–999 Workers	98*
1,000–4,999 Workers	100*
5,000 or More Workers	99*
<b>All Small Firms (3–199 Workers)</b>	<b>57%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>99%*</b>
<b>REGION</b>	
Northeast	59%
Midwest	57
South	56
West	57
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	60%
Manufacturing	72
Transportation/Communications/Utilities	62
Wholesale	54
Retail	29*
Finance	49
Service	65*
State/Local Government	100*
Health Care	51
<b>ALL FIRMS</b>	<b>57%</b>

## SOURCE:

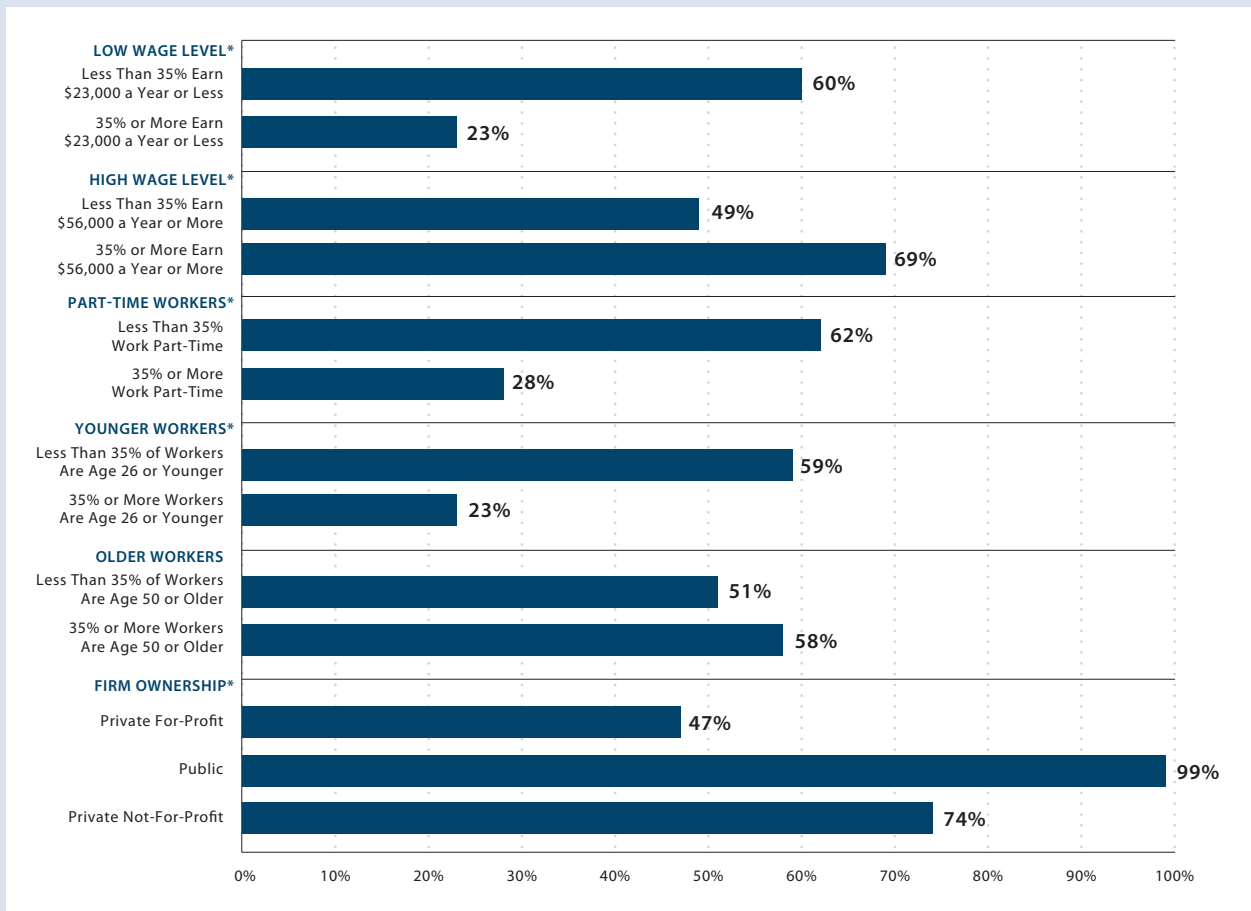
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

\* 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, 2013



SOURCE:

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

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

Note: Only firms that completed the entire survey were included in these statistics. The percent of firms with unionized workers which offer health benefits tends to be volatile because of how few small firms have unionized workers. Therefore, beginning in 2013, data for unionized workers is reported only for firms with 50 or more employees. For firms of this size, the percent that offered health benefits was similar for those with some unionized workers vs. for those with no unionized workers (97% and 92%, respectively) in 2013.

## EXHIBIT 2.5

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2013

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3–24 Workers	20%	21%	17%	22%	24%	20%	27%	31%	23%	22%	31%	24%	12%	27%*	24%
25–199 Workers	25	24	31	28	29	29	28	28	25	30	27	28	26	30	28
200–999 Workers	35	34	42	43	38	41	33	40*	38	40	44	35*	40	41	45
1,000–4,999 Workers	52	48	55	60	57	51	46	55*	54	53	55	55	50	61*	55
5,000 or More Workers	61	52	60	58	57	60	61	63	63	67	60	61	59	66	68
<b>All Small Firms (3–199 Workers)</b>	<b>21%</b>	<b>22%</b>	<b>20%</b>	<b>23%</b>	<b>25%</b>	<b>22%</b>	<b>27%</b>	<b>30%</b>	<b>23%</b>	<b>24%</b>	<b>30%</b>	<b>25%</b>	<b>15%</b>	<b>28%*</b>	<b>25%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>39%</b>	<b>37%</b>	<b>45%</b>	<b>46%</b>	<b>42%</b>	<b>43%</b>	<b>36%*</b>	<b>43%*</b>	<b>41%</b>	<b>43%</b>	<b>46%</b>	<b>39%*</b>	<b>42%</b>	<b>45%</b>	<b>47%</b>
<b>ALL FIRMS</b>	<b>21%</b>	<b>22%</b>	<b>20%</b>	<b>24%</b>	<b>26%</b>	<b>23%</b>	<b>27%</b>	<b>31%</b>	<b>24%</b>	<b>25%</b>	<b>31%</b>	<b>25%</b>	<b>16%</b>	<b>28%*</b>	<b>25%</b>

SOURCE:

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

\* 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, 1999–2013

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3–24 Workers	5%	2%	4%	2%	1%	4%	2%	3%	2%	3%	4%	1%	4%	2%	2%
25–199 Workers	3	7	3	4	4	3	5	4	4	3	3	4	4	2	5
200–999 Workers	3	9	6	5	9	8	5	5	7	4	4	6	6	6	6
1,000–4,999 Workers	7	8	9	8	7	6	5	9	9	7	7	8	5	5	5
5,000 or More Workers	9	8	8	7	10	7	9	11	6*	8	9	8	4	8	8
<b>All Small Firms (3–199 Workers)</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>	<b>2%</b>	<b>3%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>4%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>9%</b>	<b>8%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
<b>ALL FIRMS</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>1%</b>	<b>4%</b>	<b>2%</b>	<b>3%</b>

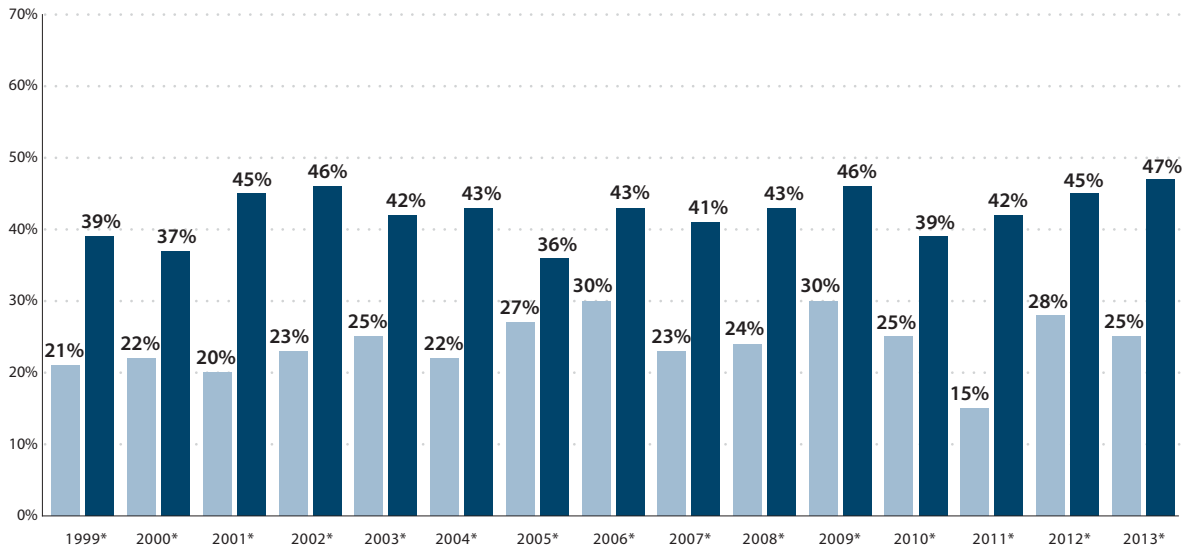
SOURCE:

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

\* 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, 1999–2013



SOURCE:

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

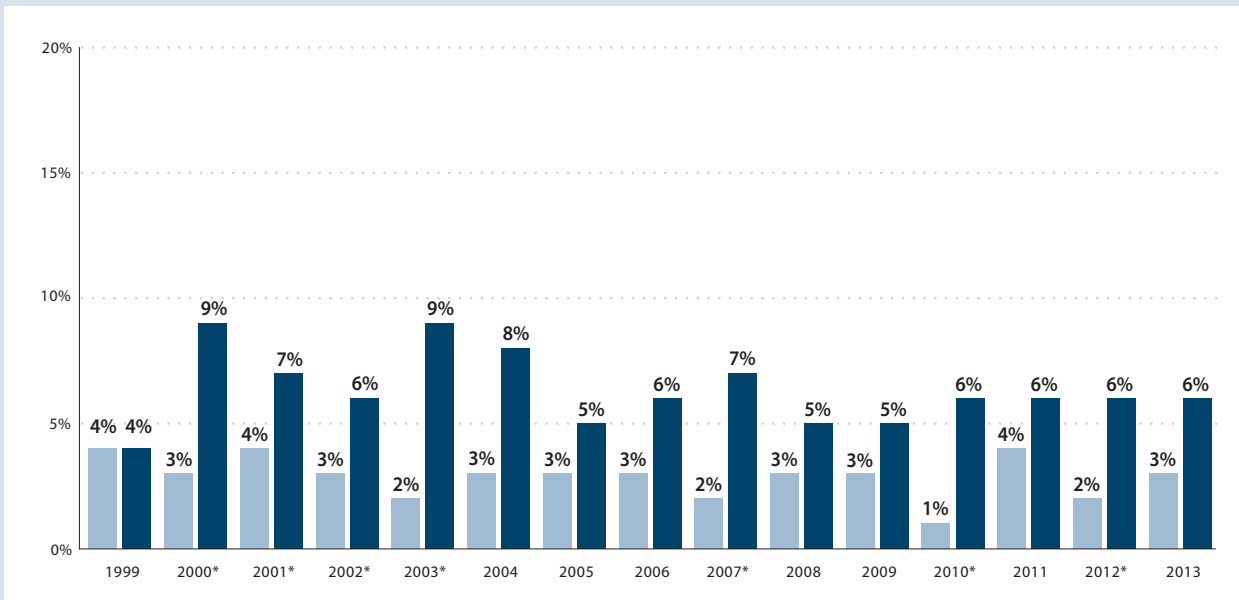
ALL SMALL FIRMS (3-199 WORKERS)  
 ALL LARGE FIRMS (200 OR MORE WORKERS)

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



**EXHIBIT 2.8**

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Temporary Workers, by Firm Size, 1999–2013



SOURCE:

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

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 Small Firms (3–199 Workers) Not Offering Health Benefits, the Most Important Reason for Not Offering, 2013

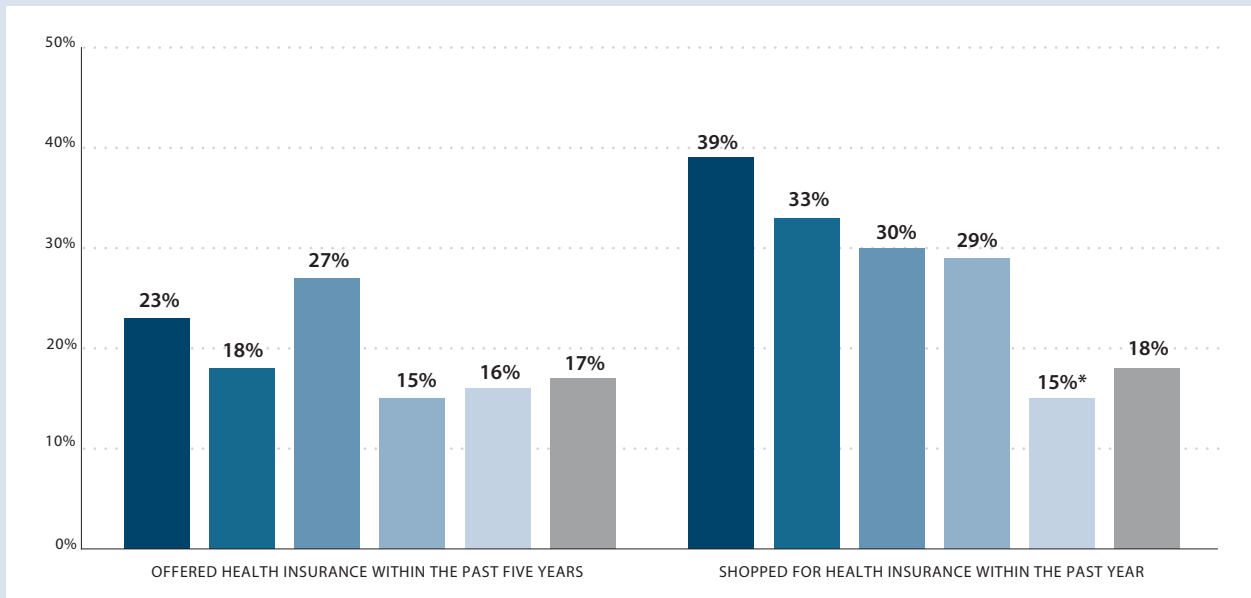
	Most Important Reason
Cost of health insurance is too high	50%
The firm is too small	16
Employees are generally covered under another plan	15
Employee turnover is too great	1
No interest/Employees don't want it	5
Most employees are part-time or temporary workers	8
Other	5
Don't know	1

SOURCE:

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

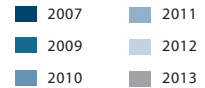
**EXHIBIT 2.10**

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, 2007–2013



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007–2013.



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

**EXHIBIT 2.11**

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Provide Employees Funds to Purchase Non-Group Insurance, 2013

FIRM SIZE	Percentage
3–9 Workers	8%
10–199 Workers	16%
<b>ALL SMALL FIRMS (3–199 Workers)</b>	<b>10%</b>

SOURCE:

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

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