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HEALTH RESEARCH &
EDUCATIONAL TRUST

Employer Health Benefits

2014
ANNUAL SURVEY



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Primary Authors:

KAISER FAMILY FOUNDATION

Gary Claxton

Matthew Rae

Nirmita Panchal

Anthony Damico

HEALTH RESEARCH & EDUCATIONAL TRUST

Nathan Bostick

Kevin Kenward

NORC AT THE UNIVERSITY OF CHICAGO

Heidi Whitmore

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SUMMARY OF FINDINGS

EMPLOYER-SPONSORED INSURANCE COVERS ABOUT 149 MILLION NONELDERLY PEOPLE.¹ TO PROVIDE CURRENT INFORMATION ABOUT EMPLOYER-SPONSORED HEALTH BENEFITS, THE KAISER FAMILY FOUNDATION (KAISER) AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (HRET) CONDUCT AN ANNUAL SURVEY OF PRIVATE AND NONFEDERAL PUBLIC EMPLOYERS WITH THREE OR MORE WORKERS. THIS IS THE SIXTEENTH KAISER/HRET SURVEY AND REFLECTS EMPLOYER-SPONSORED HEALTH BENEFITS IN 2014.

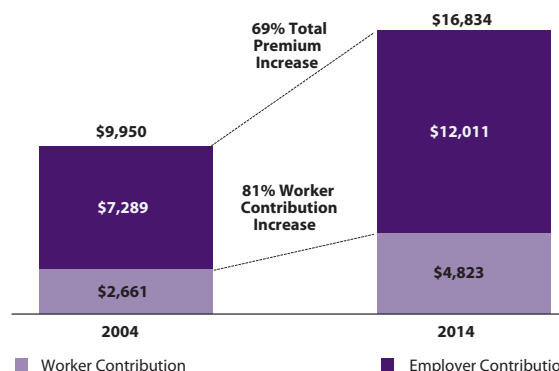
The key findings from the survey, conducted from January through May 2014, include a modest increase in the average premiums for family coverage (3%). Single coverage premiums are 2% higher than in 2013, but the difference is not statistically significant. Covered workers generally face similar premium contributions and cost-sharing requirements in 2014 as they did in 2013. The percentage of firms (55%) which offer health benefits to at least some of their employees and the percentage of workers covered at those firms (62%) are statistically unchanged from 2013. The percentage of covered workers enrolled in grandfathered health plans - those plans exempt from many provisions of the Affordable Care Act (ACA) - declined to 26% of covered workers from 36% in 2013. Perhaps in response to new provisions of the ACA, the average length of the waiting period decreased for those with a waiting period and the percentage with an out-of-pocket limit increased. Although employers continue to offer coverage to spouses, dependents and domestic partners, some employers are instituting incentives to influence workers' enrollment decisions, including nine percent of employers who attach restrictions for spouses' eligibility if they are offered coverage at another source, or nine percent of firms who provide additional compensation if employees do not enroll in health benefits.

HEALTH INSURANCE PREMIUMS AND WORKER CONTRIBUTIONS

In 2014, the average annual premiums for employer-sponsored health insurance are \$6,025 for single coverage and \$16,834 for family coverage. The average family premium rose 3% over the 2013 average premium. Single coverage premiums rose 2% in 2014 but are not statistically different than the 2013 average premium. During the same period, workers' wages increased 2.3% and inflation increased 2%. Over the last ten years, the average premium for family coverage has increased 69% (Exhibit A).

EXHIBIT A

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2004–2014



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004–2014.

Premiums have increased less quickly over the last five years (2009 to 2014), than the preceding five year period (2004 to 2009) (26% vs. 34%).

Average premiums for high-deductible health plans with a savings option (HDHP/SOs) are lower than the overall average for all plan types for both single and family coverage (Exhibit B), at \$5,299 and \$15,401, respectively. There are important differences in premiums by firm size: the average premium for family coverage is lower for covered workers in small firms (3–199 workers) than for workers in larger firms (\$15,849 vs. \$17,265).

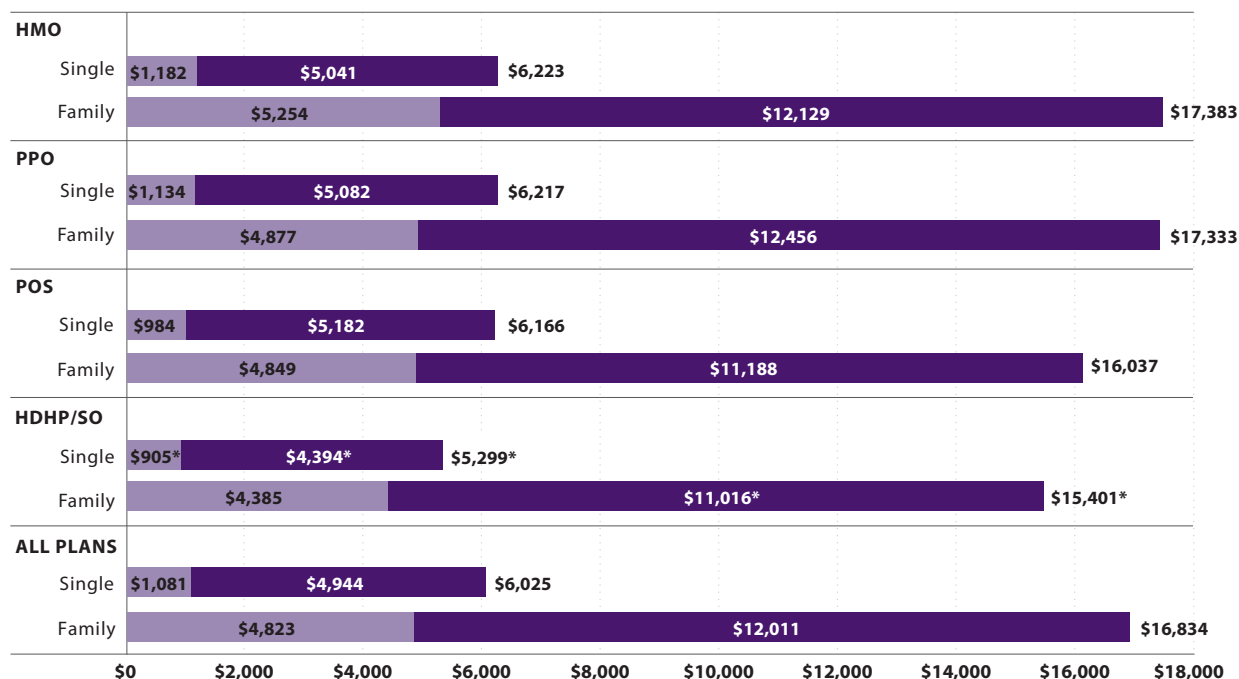
Premiums vary significantly around the averages for single and family coverage, resulting from differences in benefits, cost sharing, covered populations, and geographical location. Twenty percent of covered workers are in plans with an annual total premium for family coverage of at least \$20,201 (120% of the average family premium), and 20% of covered workers are in plans where the family premium is less than \$13,467 (80% of the average family premium). The distribution is similar around the average single premium (Exhibit C).

Most often, employers require that workers make a contribution towards the cost of the premium. Covered workers contribute on average 18% of the premium for single coverage and 29% of the premium for family coverage, the same percentages as 2013. Workers in small firms (3–199 workers) contribute a lower average percentage for single coverage compared to workers in larger firms (16% vs. 19%), but they contribute a higher average percentage for family coverage (35% vs. 27%). Workers in firms with a higher percentage of lower-wage workers (at least 35% of workers earn \$23,000 or less) contribute higher percentages of the premium for single coverage (27% vs. 18%) and for family coverage (44% vs. 28%) than workers in firms with a smaller share of lower-wage workers.

As with total premiums, the share of the premium contributed by workers varies considerably among firms. For single coverage, 57% of covered workers are in plans that require them to make a contribution of less than or equal to a quarter of the total premium, 2% are in plans that require a contribution of more than half of the premium, and 14% are in plans that require no contribution at all. For family coverage, 42% of covered

EXHIBIT B

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2014



* Estimate is statistically different from All Plans estimate by coverage type ($p < .05$).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Worker Contribution
Employer Contribution

workers are in plans that require them to make a contribution of less than or equal to a quarter of the total premium and 15% are in plans that require more than half of the premium, while only 5% are in plans that require no contribution at all for family coverage (Exhibit D).

Looking at the dollar amounts that workers contribute, the average annual premium contributions in 2014 are \$1,081 for single coverage and \$4,823 for family coverage. Covered workers' average dollar contribution to family coverage has increased 81% since 2004 and 37% since 2009 (Exhibit A). Workers in small firms (3–199 workers) have lower average contributions for single coverage than workers in larger firms (\$902 vs. \$1,160), but higher average contributions for family coverage (\$5,508 vs. \$4,523). Workers in firms with a higher percentage of lower-wage workers (at least 35% of workers earn \$23,000 or less) have higher average contributions for family coverage (\$6,472 vs. \$4,693) than workers in firms with lower percentages of lower-wage workers.

PLAN ENROLLMENT

PPO plans remain the most common plan type, enrolling 58% of covered workers in 2014. Twenty percent of covered workers are enrolled in a high-deductible plan with a savings options (HDHP/SO), 13% in an HMO, 8% in a POS plan, and less than 1% in a conventional (also known as an indemnity plan) (Exhibit E). Enrollment in HDHP/SOs increased significantly between 2009 and 2011, from 8% to 17% of covered workers, but has plateaued since then (Exhibit E). In 2014, twenty-seven percent of firms offering health benefits offer a high-deductible health plan with a health reimbursement arrangement (HDHP/HRA) or a health savings account (HSA) qualified HDHP.

Enrollment distribution varies by firm size; for example, PPOs are relatively more popular for covered workers at large firms (200 or more workers) than smaller firms (63% vs. 46%) and POS plans are relatively more popular among smaller firms than large firms (17% vs. 4%).

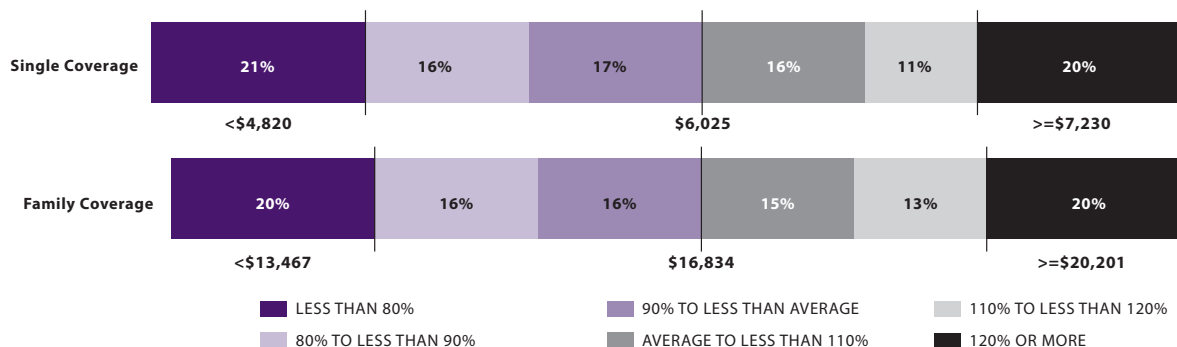
EMPLOYEE COST SHARING

Most covered workers face additional out-of-pocket costs when they use health care services. Eighty percent of covered workers have a general annual deductible for single coverage that must be met before most services are reimbursed by the plan. Even workers without a general annual deductible often face other types of cost sharing when they use services, such as copayments or coinsurance for office visits and hospitalizations.

Among covered workers with a general annual deductible, the average deductible amount for single coverage is \$1,217. The average annual deductible is unchanged from last year (\$1,135), but has increased from \$826 in 2009 (Exhibit F). Deductibles differ by firm size: for workers in plans with a deductible, the average deductible for single coverage is \$1,797 in small firms (3–199 workers), compared to \$971 for workers in larger firms. Covered workers in small firms are significantly more likely to have high general annual deductibles compared to those in larger firms. Sixty-one percent of covered workers in small firms are in a plan with a deductible of at least \$1,000

EXHIBIT C

Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2014



NOTE: The average annual premium is \$6,025 for single coverage and \$16,834 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,820 is 80% of the average single premium, \$5,423 is 90% of the average single premium, \$6,628 is 110% of the average single premium, and \$7,230 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

for single coverage compared to 32% in larger firms; a similar pattern is seen for those in plans with a deductible of at least \$2,000 (34% for small firms vs. 11% for larger firms) (Exhibit G).

The large majority of workers also have to pay a portion of the cost of physician office visits. Almost three-in-four covered workers pay a copayment (a fixed dollar amount) for office visits with a primary care physician (73%) or a specialist physician (72%), in addition to any general annual deductible their plan may have. Smaller shares of workers pay coinsurance (a percentage of the covered amount) for primary care office

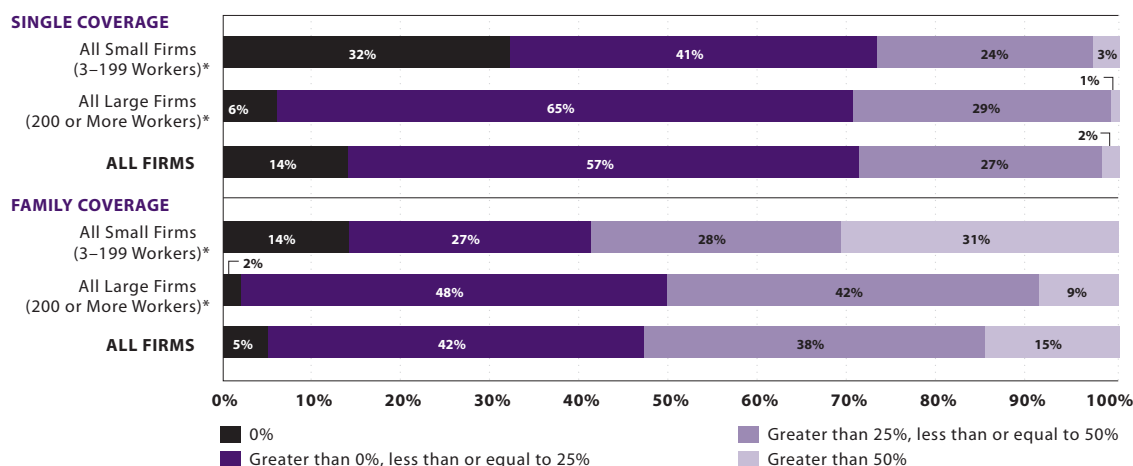
visits (18%) or specialty care visits (21%). For in-network office visits, covered workers with a copayment pay an average of \$24 for primary care and \$36 for specialty care. For covered workers with coinsurance, the average coinsurance for office visits is 18% for primary and 19% for specialty care. While the survey collects information only on in-network cost sharing, it is generally understood that out-of-network cost sharing is higher.

The cost sharing that a person pays when they fill a prescription usually varies with the type of drug – for example whether it is a generic, brand-name, or specialty

drug – and whether the drug is considered preferred or not on the plan's formulary. These factors result in each drug being assigned to a tier that represents a different level, or type, of cost sharing. Eighty percent of covered workers are in plans with three-or-more tiers of cost sharing. Copayments are the most common form of cost sharing for tiers one through three and coinsurance is the most common form of cost sharing for drugs on the fourth or higher tier of formularies. Among workers with three-or-more tier plans, the average copayments in these plans are \$11 for first-tier drugs, \$31 for second-tier drugs, \$53 for third-tier drugs, and \$83 for fourth-tier drugs. Apart

EXHIBIT D

Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2014



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

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

from first-tier drugs, the average copayment amounts are similar to those reported last year. HDHP/SOs have a somewhat different cost-sharing pattern for prescription drugs than other plan types: just 62% of covered workers are enrolled in a plan with three-or-more tiers of cost sharing, while 15% are in plans that pay the full cost of prescriptions once the plan deductible is met, and 17% are in a plan with the same cost sharing for all prescription drugs.

Most workers also face additional cost sharing for a hospital admission or an outpatient surgery episode. After any general annual deductible is met, 62% of covered workers have a coinsurance and 15% have a copayment for hospital admissions. Lower percentages have per day (per diem) payments (5%), a separate hospital deductible (3%), or both copayments and coinsurance (10%). The average coinsurance rate for hospital admissions is 19%, the average copayment is \$280 per hospital admission, the average per diem charge is \$297, and the average separate annual hospital deductible is \$490. The cost-sharing provisions for outpatient surgery

are similar to those for hospital admissions, as most covered workers have either coinsurance (64%) or copayments (16%). For covered workers with cost sharing for each outpatient surgery episode, the average coinsurance is 19% and the average copayment is \$157.

Most plans limit the amount of cost sharing workers must pay each year, generally referred to as an out-of-pocket maximum. The ACA, requires that non-grandfathered health plans, with a plan year starting in 2014 have an out-of-pocket maximum of \$6,350 or less for single coverage and \$12,700 for family coverage or less. In 2014, 94% percent of covered workers have an out-of-pocket maximum for single coverage, significantly more than 88% in 2013. While most workers have out-of-pocket limits, the actual dollar limits differ considerably. For example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 54% are in plans with an annual out-of-pocket maximum of \$3,000 or more, and 10% are in plans with an out-of-pocket maximum of less than \$1,500.

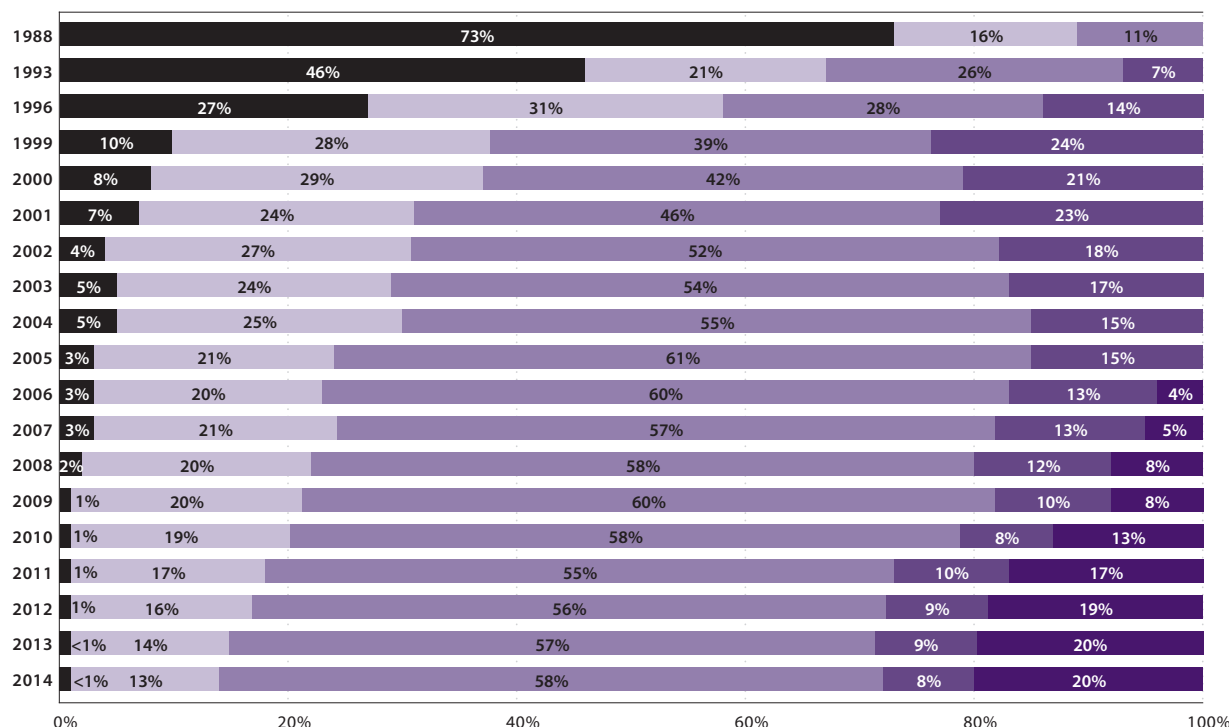
AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Fifty-five percent of firms offer health benefits to their workers, statistically unchanged from 57% last year and 61% in 2012. The likelihood of offering health benefits differs significantly by size of firm, with only 44% of employers with 3 to 9 workers offering coverage, but virtually all employers with 1,000 or more workers offering coverage to at least some of their employees. Ninety percent of workers are in a firm that offers health benefits to at least some of its employees, similar to 2013 (90%). Offer rates also differ by other firm characteristics; 53% of firms with relatively fewer younger workers (less than 35% of the workers are age 26 or younger) offer health benefits compared to 30% of firms with a higher share of younger workers.

Even in firms that offer health benefits, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or minimum work-hour rules. Other workers do not enroll in coverage offered to them because of the

EXHIBIT E

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2014



NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

cost of coverage or because they are covered through a spouse. Among firms that offer coverage, an average of 77% of workers are eligible for the health benefits offered by their employer. Of those eligible, 80% take up their employer's coverage, resulting in 62% of workers in offering firms having coverage through their employer. Among both firms that offer and do not offer health benefits, 55% of workers are covered by health plans offered by their employer, similar to 2013 (56%).

RETIREE COVERAGE

Twenty-five percent of large firms (200 or more workers) that offer health benefits in 2014 also offer retiree health benefits, similar to the percentage (28%) in 2013 but down from 35% in 2004. Among large firms (200 or more workers) that offer retiree health benefits, 92% offer health benefits to early retirees (workers retiring before age 65), 72% offer health benefits to Medicare-age retirees, and 3% offer a plan that covers only prescription drugs. There

may continue to be evolution in the way that employers structure and deliver retiree benefits. Among large firms offering health benefits, 25% of firms are considering changing the way they offer retiree coverage because of the new public health insurance exchanges established by the ACA. In addition to the public exchanges, there is considerable interest in exchange options offered by private firms. Four percent of large employers currently offer their retiree benefits through a private exchange.

EXHIBIT F

Among Covered Workers the Prevalence and Average Value of General Annual Health Plan Deductible for Single Coverage, 2006–2014

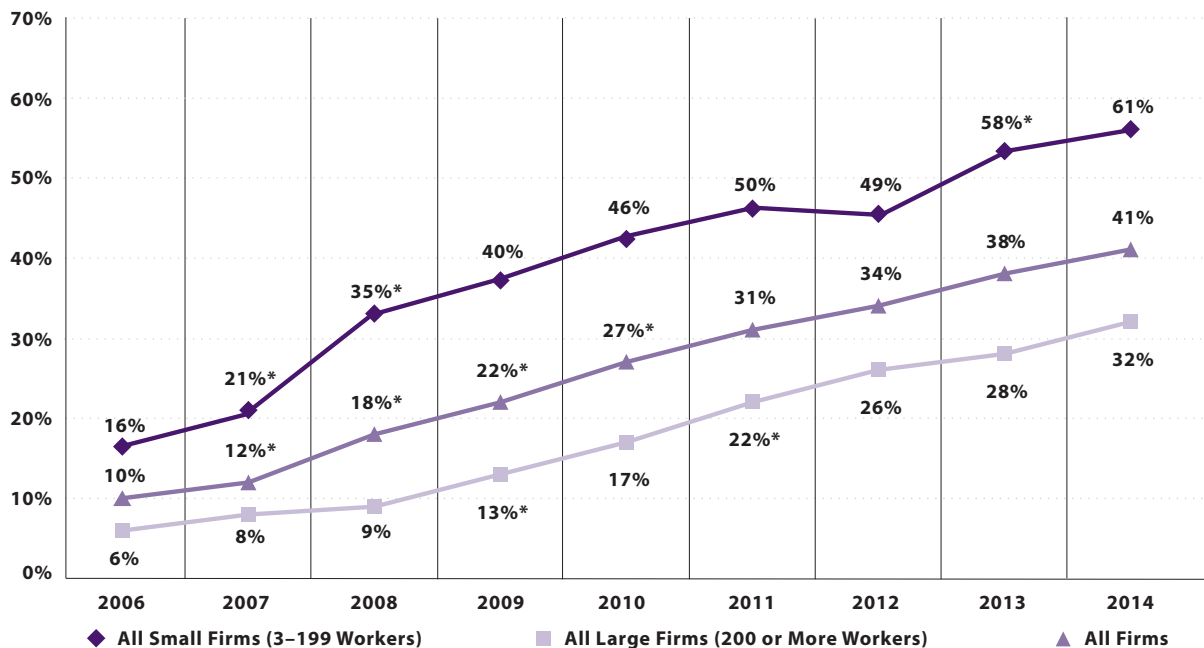
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Percent of Covered Workers with A General Annual Deductible for Single Coverage	55%	59%*	59%	63%	70%*	74%	72%	78%*	80%
Average General Annual Deductible for Single Coverage	\$584	\$616	\$735*	\$826*	\$917*	\$991	\$1,097*	\$1,135	\$1,217

* Estimates are significantly different from estimate for the previous year shown ($p < .05$).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

EXHIBIT G

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, By Firm Size, 2006–2014



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

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

WELLNESS, HEALTH RISK ASSESSMENTS AND BIOMETRIC SCREENINGS

Employers continue to offer programs in large numbers that help employees identify issues with their health and engage in healthier behavior. These include offering their employees the opportunity to complete a health risk assessment, and offering a variety of wellness programs that promote healthier lifestyles, including better diet and more exercise. Some employers collect biometric information from employees (e.g., cholesterol levels and body mass index) to use as part of their wellness and health promotion programs.

Almost one-third of employers (33%) offering health benefits provide employees with an opportunity to complete a health risk assessment. A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed. Large firms (200 or more workers) are more likely than smaller firms to ask employees to complete a health risk assessment (51% vs. 32%). Among these

firms, 51% of large firms (200 or more workers) report that they provide a financial incentive to employees that complete the assessment. Thirty-six percent of firms with a financial incentive for completing a health risk assessment reported that the maximum value of the incentive is \$500 or more.

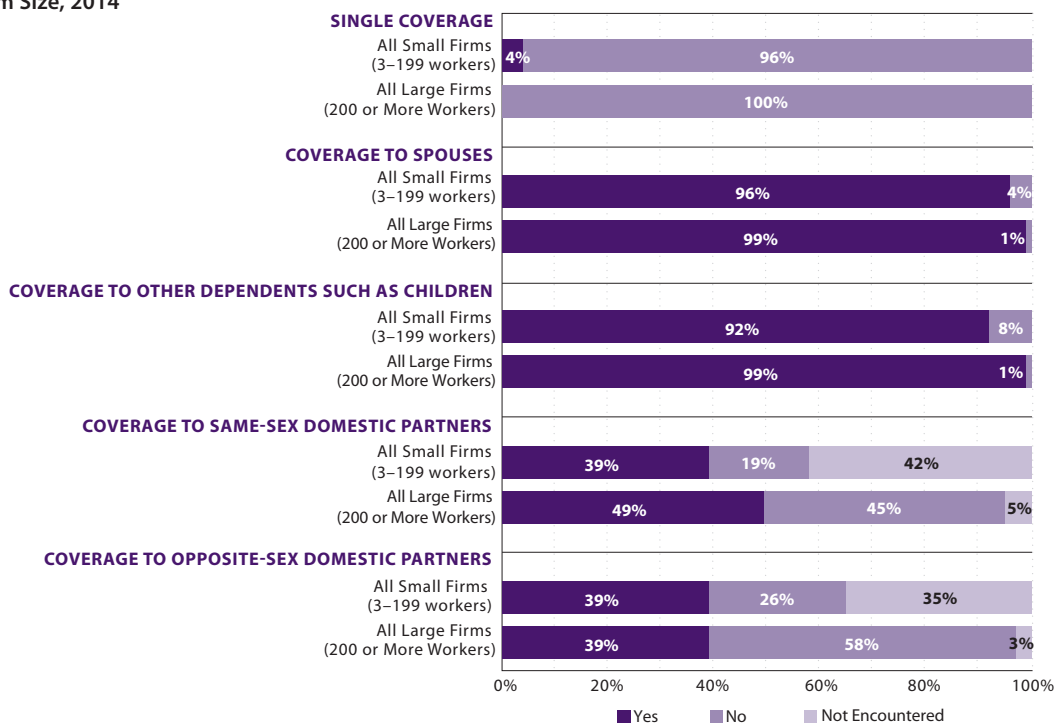
Fifty-one percent of large firms (200 or more workers) and 26% of smaller firms offering health benefits report offering biometric screening to employees. A biometric screening is a health examination that measures an employee's risk factors, such as body weight, cholesterol, blood pressure, stress, and nutrition. Of these firms, one percent of large firms require employees to complete a biometric screening to enroll in the health plan; and 8% of large firms report that employees may be financially rewarded or penalized based on meeting biometric outcomes.

Virtually all large employers (200 or more workers) and most smaller employers offer at least one wellness program. Seventy-four percent of employers offering health benefits offer at least one of the following wellness programs in 2014: 1) *weight loss programs*,

2) *gym membership discounts or on-site exercise facilities*, 3) *biometric screening*, 4) *smoking cessation programs*, 5) *personal health coaching*, 6) *classes in nutrition or healthy living*, 7) *web-based resources for healthy living*, 8) *flu shots or vaccinations*, 9) *Employee Assistance Programs (EAP)*, or a 10) *wellness newsletter*. Large firms (200 or more workers) are more likely to offer one of these programs than smaller firms (98% vs. 73%). Of firms offering health benefits and a wellness program, 36% of large firms (200 or more workers) and 18% of smaller firms offer employees a financial incentive to *participate* in a wellness program, such as smaller premium contributions, smaller deductibles, higher HSA/HRA contributions or gift cards, travel, merchandise or cash. Among firms with an incentive to participate in wellness programs, only 12% of small firms and 33% of large firms believe that incentives are "very effective" at encouraging employees to participate. In lieu of or in addition to incentives for participating in wellness programs, 12% of large firms have an incentive for *completing* wellness programs.

EXHIBIT H

Among Firms Offering Benefits, Percent of Firms Which Offer Coverage to Spouses, Dependents and Domestic Partners, by Firm Size, 2014



NOTE: In 2008, we changed the response options to account for firms which had not encountered the issue because they have no workers in the category and have corporate policy. This response is distinguished from firms that report "no" since those firms have a set policy on the issue.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

PROVIDER NETWORKS

High Performance or Tiered Networks.

Nineteen percent of employers offering health benefits have high performance or tiered networks in their largest health plan. These programs identify providers that are more efficient or have higher quality care, and may provide financial or other incentives for enrollees to use the selected providers. Employers may use different criteria to determine which providers are in which tiers. Fifty-nine percent of firms whose largest plan includes a high performance or tiered provider network stated that the network tiers were determined both by providers' "quality and cost/efficiency", followed by 33% who selected "cost-efficiency".

Narrow Networks. Some employers are limiting their provider networks to reduce the cost. Six percent of employers with 50 or more employees reported that their plan eliminated hospitals to reduce cost and eight percent offer a plan considered a narrow network plan. Only six percent of employers with 50 or more workers offering health benefits stated that "narrow networks" are a very effective strategy to contain cost, less than other strategies such as "wellness program" (28%) and "consumer drive health plans" (22%).

Retail Health Clinics. Fifty-seven percent of employers offering health benefits cover services provided by retail health clinics. These may be health clinics located in grocery stores or pharmacies to treat minor illnesses or provide preventive services, such as vaccines or flu shots. Among firms

covering services in these settings, eight percent provide a financial incentive to receive services in a retail clinic instead of a physician's office.

EMPLOYEE AND DEPENDENT ELIGIBILITY

Waiting Period. The ACA limits waiting periods to no more than 90 days for non-grandfathered plans with plan years beginning after January 1, 2014. The average length of waiting periods for covered workers who face a waiting period decreased from 2.3 months in 2013 to 2.1 months in 2014. Twenty-three percent of large firms and 10% of small firms with a waiting period indicated that they decreased the length of their waiting period during the last year. As more firms renew their plans in 2014 and lose grandfathering status more firms will be subject to this provision.

Dependent Coverage. The overwhelming majority of firms which offer coverage to at least some employees offer coverage to dependents (96%) (Exhibit H). Thirty-nine percent of firms offer coverage to same-sex domestic partners, the same percentage that offers coverage to opposite-sex domestic partners. Both percentages are similar to 2012, the last time the survey included this question. Some employers are requiring additional cost sharing (5%) or restricting eligibility for spouses (9%) to enroll if they have an offer of coverage from another source. Eighteen percent of large firms provide compensation or benefits to employees who do not enroll in coverage.

OTHER TOPICS

Grandfathered Health Plans. The ACA exempts "grandfathered" health plans from a number of its provisions, such as the requirements to cover preventive benefits without cost sharing or the new rules for small employers' premiums ratings and benefits. An employer-sponsored health plan can be grandfathered if it covered a worker when the ACA became law (March 23, 2010) and if the plan has not made significant changes that reduce benefits or increase employee costs. Thirty-seven percent of firms offering health benefits offer at least one grandfathered health plan in 2014, less than 54% in 2013. Looking at enrollment, 26% of covered workers are enrolled in a grandfathered health plan in 2014, down from 36% in 2013 (Exhibit I).

Self-Funding. Fifteen percent of covered workers at small firms (3–199 workers) and 81% of covered workers at larger firms are enrolled in plans which are either partially or completely self-funded. The percent of covered workers enrolled in self-funded plans has increased for large firms since 2004, but has remained stable for both large and small firms over the last couple of years.

Private Exchanges for Large Employers. While relatively few covered workers at large employers currently receive benefits through a private or corporate health insurance exchange (3%), many firms are looking at this option. Private exchanges allow employees to choose from several health benefits options offered on the exchange. A private exchange is created by a consulting company or insurer, rather than

EXHIBIT I

Grandfathering Under the Affordable Care Act (ACA), by Firm Size, 2011–2014

Percentage of Covered Workers in a Grandfathered Health Plan	2011	2012	2013	2014
All Small Firms (3–199 Workers)	63%	54%*	49%	35%*
All Large Firms (200 or More Workers)	53%	46%	30%*	22%*
ALL FIRMS	56%	48%*	36%*	26%*

Percentage of Firms with At Least One Grandfathered Plan	2011	2012	2013	2014
All Small Firms (3–199 Workers)	72%	58%*	54%	37%*
All Large Firms (200 or More Workers)	61%	57%	43%*	34%*
ALL FIRMS	72%	58%*	54%	37%*

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

NOTE: For definitions of Grandfathered health plans, see the introduction to Section 13 at <http://ehbs.kff.org>.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011–2014.

a governmental entity. Thirteen percent of large firms are considering offering benefits through a private exchange and 23% are considering using a defined contribution method. This interest may signal a significant change in the way that employers approach health benefits and the way employees get coverage.

CONCLUSION

The 2014 survey found considerable stability among employer-sponsored plans. Similar percentages of employers offered benefits to at least some employees and a similar percentage of workers at those firms were covered by benefits compared to last year. Family premiums increased at a modest rate and single premiums are not statistically different than those reported last year. On average, covered workers contribute the same percentage of the premium for single and family coverage as they did last year.

The relatively quiet period in 2014 may give way to bigger changes in 2015 as the employer shared-responsibility provision in the ACA takes effect for large employers. This provision requires firms with more than 100 full time equivalent employees (FTEs) in 2015 and more than 50 FTEs in 2016 to provide coverage to their full-time workers or possibly pay a penalty if workers seek subsidized coverage in health care exchanges. While most large employers provide coverage to workers, not all do, and not all cover all of their full-time workers. In addition, the coverage offered by these larger employers must meet a certain value and must be offered at an affordable amount to workers. We expect some employers to revise eligibility and contributions for benefits in response to the new provisions.

The continued implementation of major reforms in the non-group market also may affect employer strategies going forward. For smaller firms not subject to the employer-responsibility requirement, the ability of their employees to receive subsidized nongroup coverage in health insurance exchanges may be an attractive alternative which would relieve the employer of the

burden of sponsoring coverage. Small firms that have struggled to offer good coverage options may decide to stop offering now that other alternatives are available. In addition, a quarter of large firms offering retiree coverage to active workers indicated they were considering changes to the way they offered retiree coverage because of the implementation of the public exchanges. We may see shifts in the coverage options offered by some employers in response to these new options and new tax incentives.

Employer-sponsored coverage also will continue to evolve for reasons that are not related to the ACA. Employers and insurers continue to develop more integrated approaches to assessing individuals' personal health risks and offering programs to address them. Wellness programs present enrollees with opportunities and challenges, including the possibility of much higher out-of-pocket costs if their health profile is a potentially costly one. Narrow networks and provider networks and new tools like reference pricing can lower premiums but also require enrollees to have a more active role in ensuring that they have access to the providers they want to use. And the development of private marketplaces for larger employers, if it continues, may signal a new direction where individual employers are less engaged in plan design and management and where more decisions and economic responsibility is shifted to employees.

Finally, the continuing improvement in the economy is likely to put new cost pressure on employers and insurers. Costs grew at low levels while the economy struggled, but are likely to rebound if the growth in the economy is sustained. The potential of higher premiums may push employers and insurers to accelerate some of the changes we already are seeing.

METHODOLOGY

The Kaiser Family Foundation/Health Research & Educational Trust 2014 Annual Employer Health Benefits Survey (Kaiser/HRET) reports findings from a telephone survey of 2,052 randomly selected public

and private employers with three or more workers. Researchers at the Health Research & Educational Trust, NORC at the University of Chicago, and the Kaiser Family Foundation designed and analyzed the survey. National Research, LLC conducted the fieldwork between January and May 2014. In 2014 the overall response rate is 46%, which includes firms that offer and do not offer health benefits. Among firms that offer health benefits, the survey's response rate is also 46%.

We ask all firms with which we made phone contact, even if the firm declined to participate in the survey: "Does your company offer a health insurance program as a benefit to any of your employees?" A total of 3,139 firms responded to this question (including the 2,052 who responded to the full survey and 1,087 who responded to this one question). Their responses are included in our estimates of the percentage of firms offering health coverage. The response rate for this question is 70%.

Since firms are selected randomly, it is possible to extrapolate from the sample to national, regional, industry, and firm size estimates using statistical weights. In calculating weights, we first determine the basic weight, then apply a nonresponse adjustment, and finally apply a post-stratification adjustment. We use the U.S. Census Bureau's Statistics of U.S. Businesses as the basis for the stratification and the post-stratification adjustment for firms in the private sector, and we use the Census of Governments as the basis for post-stratification for firms in the public sector. Some numbers in the exhibits in the report do not sum up to totals due to rounding effects, and, in a few cases, numbers from distribution exhibits referenced in the text may not add due to rounding effects. Unless otherwise noted, differences referred to in the text and exhibits use the 0.05 confidence level as the threshold for significance. In 2014 we adjusted the premiums for a small number of firms which gave a composite family/single amount.

For more information on the survey methodology, please visit the Survey Design and Methods Section at <http://ehbs.kff.org/>.

- ¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer: Key Facts About Americans Without Health Insurance*, October 2012. www.kff.org/uninsured/issue-brief/the-uninsured-a-primer/. 56% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.
- ² Kaiser/HRET surveys use the April-to-April time period, as do the sources in this and the following note. The inflation numbers are not seasonally adjusted. Bureau of Labor Statistics, *Consumer Price Index - All Urban Consumers* [Internet]. Washington (DC): Department of Labor; 2012 [cited 2013 June 16]. Available from: http://data.bls.gov/timeseries/CUUR0000SA0?output_view=pct_1mth. Wage data are from the Bureau of Labor Statistics and based on the change in total average hourly earnings of production and nonsupervisory employees. Employment, hours, and earnings from the Current Employment Statistics survey [Internet]. Washington (DC): Department of Labor; 2013 [cited 2013 June 16]. Available from: <http://data.bls.gov/timeseries/CES0500000008>.
- ³ Federal Register. Vol. 75, No 221, November 17, 2010, www.gpo.gov/fdsys/pkg/FR-2010-11-17/pdf/2010-28861.pdf.
- ⁴ Birhanzel R, Brown S, Tauber J. Are you ready? Private health insurance exchanges are looming. Washington, DC: Accenture; 2013 [cited 2013 Jul 19]. Available from: www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Are-You-Ready-Private-Health-Insurance-Exchanges-Are-Looming.pdf.
- ⁵ Fronstin P. Private health insurance exchanges and defined contribution health plans: is it déjà vu all over again? Washington, DC: Employee Benefit Research Institute; 2012 Jul [cited 2013 Jul 19]. (Issue Brief No. 373). Available from: www.ebri.org/pdf/briefspdf/EBRI_IB_07-2012_No373_Exchgs2.pdf.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Survey Design
and
Methods

SURVEY DESIGN AND METHODS

THE KAISER FAMILY FOUNDATION AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (KAISER/HRET) CONDUCT THIS ANNUAL SURVEY OF EMPLOYER-SPONSORED HEALTH BENEFITS. HRET, A NONPROFIT RESEARCH ORGANIZATION, IS AN AFFILIATE OF THE AMERICAN HOSPITAL ASSOCIATION. THE KAISER FAMILY FOUNDATION DESIGNS, ANALYZES, AND CONDUCTS THIS SURVEY IN PARTNERSHIP WITH HRET, AND ALSO FUNDS THE STUDY. KFF CONTRACTS WITH RESEARCHERS AT NORC AT THE UNIVERSITY OF CHICAGO (NORC) TO WORK WITH FOUNDATION AND HRET RESEARCHERS IN CONDUCTING THE STUDY. KAISER/HRET RETAINED NATIONAL RESEARCH, LLC (NR), A WASHINGTON, D.C.-BASED SURVEY RESEARCH FIRM, TO CONDUCT TELEPHONE INTERVIEWS WITH HUMAN RESOURCE AND BENEFITS MANAGERS USING THE KAISER/HRET SURVEY INSTRUMENT. FROM JANUARY TO MAY 2014, NR COMPLETED FULL INTERVIEWS WITH 2,052 FIRMS.

SURVEY TOPICS

As in past years, Kaiser/HRET asked each participating firm as many as 400 questions about its largest health maintenance organization (HMO), preferred provider organization (PPO), point-of-service (POS) plan, and high-deductible health plan with a savings option (HDHP/SO).¹ We treat EPOs and HMOs as one plan type and report the information under the banner of “HMO”; if an employer sponsors both an HMO and an EPO, they are asked about the attributes of the plan with the larger enrollment. Similarly, starting in 2013, plan information for conventional (or indemnity) plans was collected within the PPO battery. Less than one percent of firms which completed the PPO section had more enrollment in a conventional plan than a PPO plan.

As in past years, the survey includes questions on the cost of health insurance, health benefit offer rates, coverage, eligibility, enrollment patterns, premiums,² employee cost sharing, prescription drug benefits, retiree health benefits, wellness benefits, and employer opinions.

RESPONSE RATE

After determining the required sample from U.S. Census Bureau data, Kaiser/HRET drew its sample from a Survey Sampling Incorporated list (based on an original Dun and Bradstreet list) of the nation’s private employers and from the Census Bureau’s Census of Governments list of public employers with three or more workers. To increase precision, Kaiser/HRET stratified the sample by ten industry categories and six size categories. Kaiser/HRET attempted to repeat interviews with prior years’ survey respondents (with at least ten employees) who participated in either the 2012 or the 2013 survey, or both. Firms with 3–9 employees are not include in the panel to minimize the impact of panel effects on the offer rate statistic. As a result, 1,587 of the 2,052 firms that completed the full survey also participated in either the 2012 or 2013 surveys, or both.³ The overall response rate is 46%.⁴

The vast majority of questions are asked only of firms that offer health benefits. A total of 1,827 of the 2,052 responding firms indicated that they offered health benefits. The response rate for firms that offer health benefits is also 46%.

NOTES:

¹ HDHP/SO includes high-deductible health plans offered with either a Health Reimbursement Arrangement (HRA) or a Health Savings Account (HSA). Although HRAs can be offered along with a health plan that is not an HDHP, the survey collected information only on HRAs that are offered along with HDHPs. For specific definitions of HDHPs, HRAs, and HSAs, see the introduction to Section 8.

² HDHP/SO premium estimates do not include contributions made by the employer to Health Savings Accounts or Health Reimbursement Arrangements.

³ In total, 175 firms participated in 2012, 291 firms participated in 2013 and, and 1,121 firms participated in 2012, and 2013.

⁴ Response rate estimates are calculated by dividing the number of completes over the number of refusals and the fraction of the firms with unknown eligibility to participate estimated to be eligible. Firms determined to be ineligible to complete the survey are not included in the response rate calculation.

We asked one question of all firms in the study with which we made phone contact, but where the firm declined to participate. The question was, “Does your company offer a health insurance program as a benefit to any of your employees?” A total of 3,139 firms responded to this question (including 2,052 who responded to the full survey and 1,087 who responded to this one question). These responses are included in our estimates of the percentage of firms offering health benefits.⁵ The response rate for this question is 70%. In 2012 the calculation of the response rates was adjusted to be slightly more conservative than previous years.

FIRM SIZE CATEGORIES AND KEY DEFINITIONS

Throughout the report, exhibits categorize data by size of firm, region, and industry. Firm size definitions are as follows: small firms: 3 to 199 workers; and large firms: 200 or more workers. Exhibit M.1 shows selected characteristics of the survey sample. A firm's primary industry classification is determined from SSI's designation on the sampling frame. A firm's ownership category and other firm characteristics used in exhibits such as 3.2 and 6.19 are based on respondents' answers. While there is considerable overlap in firms in the "State/Local Government" industry category and those in the "public" ownership category they are not identical. For example, public school districts are included in the service industry even though they are publically owned.

Exhibit M.2 displays the distribution of the nation's firms, workers, and covered workers (employees receiving coverage from their employer). Among the over three million firms nationally, approximately 61.2% are firms employing 3 to 9 workers; such firms employ 8.2% of workers, and 3.4% of workers covered by health insurance. In contrast, less than one percent of firms employ 1,000 or more workers; these firms employ 48.2% of workers and 54.6% of covered workers. Therefore, the smallest firms dominate any statistics weighted by the number of employers. For this reason, most statistics about firms are broken out

by size categories. In contrast, firms with 1,000 or more workers are the most important employer group in calculating statistics regarding covered workers, since they employ the largest percentage of the nation's workforce.

Throughout this report, we use the term “in-network” to refer to services received from a preferred provider. Family coverage is defined as health coverage for a family of four.

Each year, the survey asks firms for the percentage of their employees who earn less than a specified amount in order to identify the portion of a firm's workforce that has relatively low wages. This year, the income threshold is \$23,000 per year for low-wage workers and \$57,000 for high-wage workers. These thresholds are based on the 25th and 75th percentile of workers' earnings as reported by the Bureau of Labor Statistics using data from the Occupational Employment Statistics (OES) (2011).⁶ The cutoffs were inflation adjusted and rounded to the nearest thousand. Prior to 2013 wage cutoffs were calculated using the now eliminated National Compensation Survey.

ROUNDING AND IMPUTATION

Some exhibits in the report do not sum to totals due to rounding effects. In a few cases, numbers from distribution exhibits may not add to the numbers referenced in the text due to rounding. Although overall totals and totals for size and industry are statistically valid, some breakdowns may not be available due to limited sample sizes or a high relative standard error. Where the unweighted sample size is fewer than 30 observations, exhibits include the notation “NSD” (Not Sufficient Data).

To control for item nonresponse bias, Kaiser/HRET imputes values that are missing for most variables in the survey. On average, 3% of observations are imputed. All variables are imputed following a hotdeck approach. In 2014, there were 15 variables where the imputation rate exceeded 20%. For these cases, the unimputed variable is compared with the imputed

NOTES:

⁵ Estimates presented in Exhibits 2.1, 2.2 and 2.3 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.

⁶ General information on the OES can be found at www.bls.gov/oes/oes_emp.htm#scope. A comparison between the OES and the NCS is available at www.bls.gov/oes/oes_ques.htm

variable. Also, most of these cases were for individual plan level statistics – when aggregate variables were constructed for all of the plans the imputation rate is much lower. There are a few variables that Kaiser/HRET has decided not to impute; these are typically variables where “don’t know” is considered a valid response option (for example, firms’ opinions about effectiveness of various strategies to control health insurance costs or whether the firm is considering private exchanges.). In addition, there are several variables in which missing data is calculated based on respondents’ answers to other questions (for example, when missing employer contributions to premiums are calculated from the respondent’s premium and the ratio of contributions to premiums).

In 2012 the method to calculate missing premiums and contributions was revised; if a firm provides a premium for single coverage or family coverage, or a worker contribution for single coverage or family coverage, that information was used in the imputation. For example, if a firm provided a worker contribution for family coverage but no premium information, a ratio between the family premium and family contribution was imputed and then the family premium was calculated. In addition, in cases where premiums or contributions for both family and single coverage were missing, the hotdeck procedure was revised to draw all four responses from a single firm. The change in the imputation method did not make a significant impact on the premium or contribution estimates.

Starting in 2014, we elected to estimate separate single and family coverage premiums for firms that provided premium amounts as the average cost for all covered workers, instead of differentiating between single and family coverage. This method will more accurately account for the portion that each type of coverage contributes to the total cost for the 1 percent of covered workers who are enrolled at firms affected by this adjustment.

SAMPLE DESIGN

We determined the sample requirements based on the universe of firms obtained from the U.S. Census. Prior to the 2010 survey, the sample requirements were based on the total counts provided by Survey Sampling Incorporated (SSI) (which obtains data from Dun and Bradstreet). Over the years, we found the Dun and Bradstreet frequency counts to be volatile due to duplicate listings of firms, or firms that are no longer in business. These inaccuracies vary by firm size and industry. In 2003, we began using the more

consistent and accurate counts provided by the Census Bureau’s Statistics of U.S. Businesses and the Census of Governments as the basis for post-stratification, although the sample was still drawn from a Dun and Bradstreet list. In order to further address this concern at the time of sampling, starting in 2009 we use Census data as the basis for the sample.

Starting in 2010, we also defined Education as a separate sampling category, rather than as a subgroup of the Service category. In the past, Education firms were a disproportionately large share of Service firms. Education is controlled for during post-stratification, and adjusting the sampling frame to also control for Education allows for a more accurate representation of both the Education and Service industries.

In past years, both private and government firms were sampled from the Dun and Bradstreet database. Beginning in 2009, Government firms were sampled from the 2007 Census of Governments. This change was made to eliminate the overlap of state agencies that were frequently sampled from the Dun and Bradstreet database. The sample of private firms is screened for firms that are related to state/local governments, and if these firms are identified in the Census of Governments, they are reclassified as government firms and a private firm is randomly drawn to replace the reclassified firm. The federal government is not included in the sample frame.

Finally, the data used to determine the 2014 Employer Health Benefits sample frame include the U.S. Census’ 2010 Statistics of U.S. Businesses and the 2007 Census of Governments. At the time of the sample design (December 2013), these data represented the most current information on the number of public and private firms nationwide with three or more workers. As in the past, the post-stratification is based on the most up-to-date Census data available (the 2011 update to the Census of U.S. Businesses was purchased during the survey field period). This year we used the 2012 Census of Governments to post-stratify.

In 2012, the method for calculating the size of the sample was adjusted. Rather than using a combined response rate for panel and non-panel firms, separate response rates were used to calculate the number of firms to be selected in each strata. In addition, the Mining stratum was collapsed into the Agriculture and Construction industry grouping. In sum, changes to the sampling method required more firms to be included and may have reduced the response rate in order to provide more balanced power within each strata.

WEIGHTING AND STATISTICAL SIGNIFICANCE

Because Kaiser/HRET selects firms randomly, it is possible through the use of statistical weights to extrapolate the results to national (as well as firm size, regional, and industry) averages. These weights allow Kaiser/HRET to present findings based on the number of workers covered by health plans, the number of total workers, and the number of firms. In general, findings in dollar amounts (such as premiums, worker contributions, and cost sharing) are weighted by covered workers. Other estimates, such as the offer rate, are weighted by firms. Specific weights were created to analyze the HDHP/SO plans that are offered with an HRA or that are HSA-qualified. These weights represent the proportion of employees enrolled in each of these arrangements.

Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a nonresponse adjustment. As part of this nonresponse adjustment, Kaiser/HRET conducted a small follow-up survey of those firms with 3 to 49 workers that refused to participate in the full survey. Just as in years passed, Kaiser/HRET conducted a McNemar test to verify that the results of the follow-up survey are comparable to the results from the original survey. Next, we trimmed the weights in order to reduce the influence of weight outliers. First, we identified common groups of observations. Within each group, we identified the median and the interquartile range of the weights and calculated the trimming cut point as the median plus six times the interquartile range ($M + [6 * IQR]$). Weight values larger than this cut point are trimmed to the cut point. In all instances, very few weight values were trimmed. Finally, we calibrated the weights to U.S. Census Bureau's 2011 Statistics of U.S. Businesses for firms in the private sector, and the 2012 Census of Governments as the basis for calibration / post-stratification for public sector firms. Historic employer weighted statistics were updated in 2011.

Between 2006 and 2012 only limited information was collected on conventional plans. Starting in 2013, information on conventional plans was collected under the PPO section and therefore the covered worker weight was representative of all plan types.

The survey contains a few questions on employee cost sharing that are asked only of firms that indicate in a previous question that they have a certain cost-sharing provision. For example, the copayment amount for prescription drugs is asked only of those that report they have copayments for prescription drugs. Because the composite variables (using data from across all plan types) are reflective of only those plans with the provision, separate weights for the relevant variables were created in order to account for the fact that not all covered workers have such provisions.

To account for design effects, the statistical computing package R and the library package "survey" were used to calculate standard errors.^{7,8} All statistical tests are performed at the .05 confidence level, unless otherwise noted. For figures with multiple years, statistical tests are conducted for each year against the previous year shown, unless otherwise noted. No statistical tests are conducted for years prior to 1999. In 2012 the method to test the difference between distributions across years was changed to use a Wald test which accounts for the complex survey design. In general this method was more conservative than the approach used in prior years. Exhibits such as 7.9, 7.10, 7.16 etc. are affected by the change.

Statistical tests for a given subgroup (firms with 25–49 workers, for instance) are tested against all other firm sizes not included in that subgroup (all firm sizes NOT including firms with 25–49 workers, in this example). Tests are done similarly for region and industry; for example, Northeast is compared to all firms NOT in the Northeast (an aggregate of firms in the Midwest, South, and West). However, statistical tests for estimates compared across plan types (for example, average premiums in PPOs) are tested

NOTES:

⁷ Analysis of the 2011 survey data using both R and SUDAAN (the statistical package used prior to 2012) produced the same estimates and standard errors. Research Triangle Institute (2008). SUDAAN Software for the Statistical Analysis of Correlated Data, Release 10.0, Research Triangle Park, NC: Research Triangle Institute.

⁸ A supplement with standard errors for select estimates can be found online at Technical Supplement: Standard Error Tables for Selected Estimates, www.kff.org/insurance/8345.cfm.

against the “All Plans” estimate. In some cases, we also test plan-specific estimates against similar estimates for other plan types (for example, single and family premiums for HDHP/SOs against single and family premiums for HMO, PPO, and POS plans); these are noted specifically in the text. The two types of statistical tests performed are the t-test and the Wald test.

The small number of observations for some variables resulted in large variability around the point estimates. These observations sometimes carry large weights, primarily for small firms. The reader should be cautioned that these influential weights may result in large movements in point estimates from year to year; however, often these movements are not statistically significant.

ADDITIONAL NOTES ON THE 2014 SURVEY

Several provisions of the ACA took effect on January 1, 2014 which impacted non-grandfathered plans as well as plans renewing in calendar year 2014, such as the requirement to have an out of pocket limit and a waiting period of not more than three months. As a result, firms with non-grandfathered plans that reported that they did not have out-of-pocket limits, or waiting periods exceeding three months, were contacted during our data-confirmation calls. We did not have information on the month in which a firm’s plan or plans was renewed. Many of these firms indicated that they had a plan year starting prior to January 2014, so these ACA provision were not yet in effect for these plans.

Firms with 200 or more workers were asked: “Does your firm offer health benefits for current employees through a private or corporate exchange? A private exchange is one created by a consulting firm or an insurance company, not by either a federal or state government. Private exchanges allow employees to choose from several health benefit options offered on the exchange.” Employers were still asked for plan information about their HMO, PPO, POS and HDHP/SO plan regardless of whether they purchased health benefits through a private exchange or not.

HISTORICAL DATA

Data in this report focus primarily on findings from surveys jointly authored by the Kaiser Family Foundation and the Health Research & Educational Trust, which have been conducted since 1999. Prior to 1999, the survey was conducted by the Health Insurance Association of America (HIAA) and KPMG using a similar survey instrument, but data are not available for all the intervening years. Following the survey’s introduction in 1987, the HIAA conducted the survey through 1990, but some data are not available for analysis. KPMG conducted the survey from 1991-1998. However, in 1991, 1992, 1994, and 1997, only larger firms were sampled. In 1993, 1995, 1996, and 1998, KPMG interviewed both large and small firms. In 1998, KPMG divested itself of its Compensation and Benefits Practice, and part of that divestiture included donating the annual survey of health benefits to HRET.

This report uses historical data from the 1993, 1996, and 1998 KPMG Surveys of Employer-Sponsored Health Benefits and the 1999-2013 Kaiser/HRET Survey of Employer-Sponsored Health Benefits. For a longer-term perspective, we also use the 1988 survey of the nation’s employers conducted by the HIAA, on which the KPMG and Kaiser/HRET surveys are based. The survey designs for the three surveys are similar.

EXHIBIT M.1

Selected Characteristics of Firms in the Survey Sample, 2014

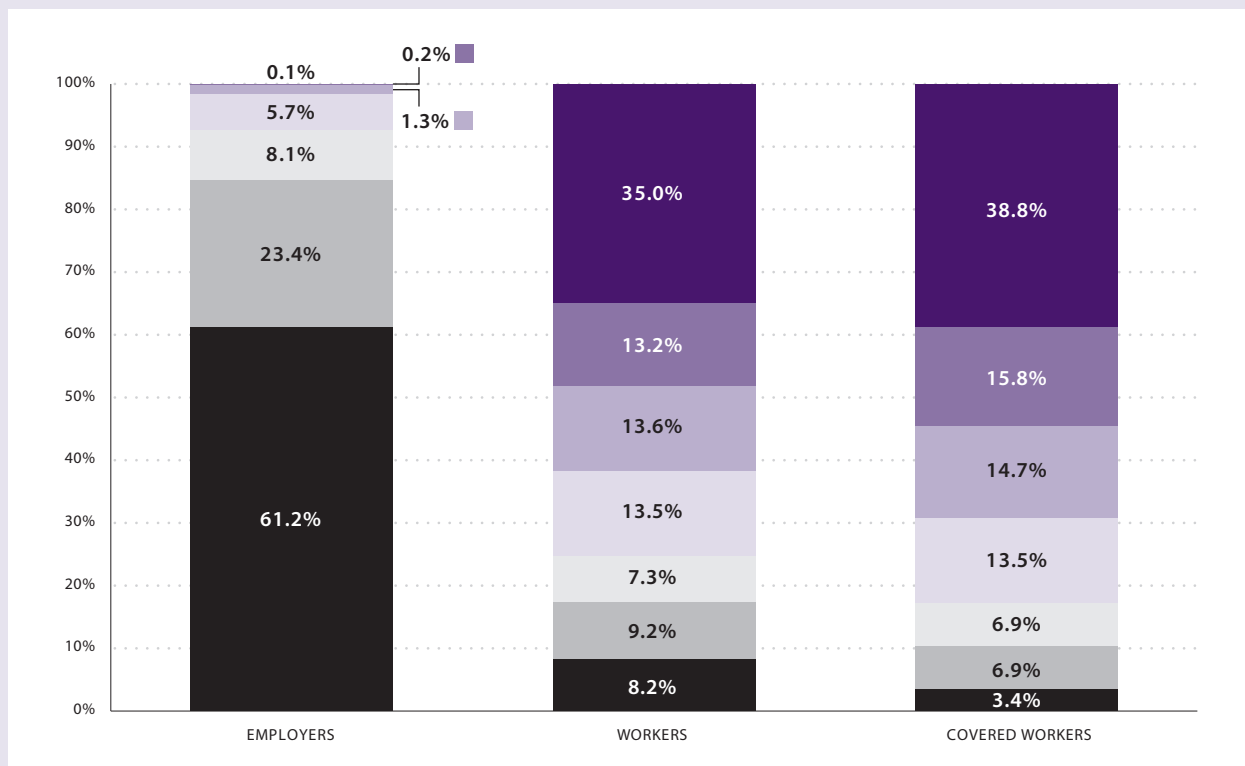
	Sample Size	Sample Distribution After Weighting	Percentage of Total for Weighted Sample
FIRM SIZE			
3–9 Workers	113	1,896,982	61.2%
10–24 Workers	201	726,668	23.4
25–49 Workers	182	250,857	8.1
50–199 Workers	282	175,278	5.7
200–999 Workers	459	40,471	1.3
1,000–4,999 Workers	496	7,593	0.2
5,000 or More Workers	319	1,979	0.1
ALL FIRM SIZES	2,052	3,099,828	100%
REGION			
Northeast	410	616,437	19.9%
Midwest	600	702,264	22.7
South	659	1,062,326	34.3
West	383	718,801	23.2
ALL REGIONS	2,052	3,099,828	100%
INDUSTRY			
Agriculture/Mining/Construction	105	316,375	10.2%
Manufacturing	200	179,830	5.8
Transportation/Communications/Utilities	101	115,800	3.7
Wholesale	101	170,639	5.5
Retail	179	377,391	12.2
Finance	125	199,722	6.4
Service	759	1,280,540	41.3
State/Local Government	148	48,954	1.6
Health Care	334	410,577	13.2
ALL INDUSTRIES	2,052	3,099,828	100%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EXHIBIT M.2

Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Note: Data are based on a special data request to the U.S. Census Bureau for their most recent (2010) Statistics of U.S. Businesses data on private sector firms. State and local government data are from the Census Bureau's 2007 Census of Governments.

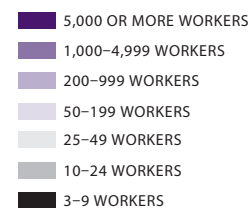


EXHIBIT M.3

States by Region, 2014

Northeast	Midwest	South	West
Connecticut	Illinois	Delaware	Arizona
Maine	Indiana	District of Columbia	Colorado
Massachusetts	Michigan	Florida	Idaho
New Hampshire	Ohio	Georgia	Montana
Vermont	Wisconsin	Maryland	Nevada
Rhode Island	Iowa	North Carolina	New Mexico
New Jersey	Kansas	South Carolina	Utah
New York	Minnesota	Virginia	Wyoming
Pennsylvania	Missouri	West Virginia	Alaska
	Nebraska	Alabama	California
	North Dakota	Kentucky	Hawaii
	South Dakota	Mississippi	Oregon
		Tennessee	Washington
		Louisiana	
		Oklahoma	
		Texas	
		Arkansas	

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014. From U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, available at www.census.gov/geo/www/us_regdiv.pdf.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Cost of
Health
Insurance

SECTION

1

COST OF HEALTH INSURANCE

THE AVERAGE ANNUAL PREMIUMS IN 2014 ARE \$6,025 FOR SINGLE COVERAGE AND \$16,834 FOR FAMILY COVERAGE. THE AVERAGE FAMILY PREMIUM INCREASED 3% IN THE LAST YEAR; THE AVERAGE SINGLE PREMIUM, HOWEVER, IS SIMILAR TO THE VALUE REPORTED IN 2013 (\$5,884). FAMILY PREMIUMS HAVE INCREASED 69% SINCE 2004 AND HAVE MORE THAN DOUBLED SINCE 2002. HOWEVER, THE AVERAGE FAMILY PREMIUM HAS GROWN LESS QUICKLY OVER THE LAST FIVE YEARS THAN IT DID BETWEEN 2004 AND 2009 OR BETWEEN 1999 AND 2004. AVERAGE FAMILY PREMIUMS FOR WORKERS IN SMALL FIRMS (3–199 WORKERS) (\$15,849) ARE SIGNIFICANTLY LOWER THAN AVERAGE FAMILY PREMIUMS FOR WORKERS IN LARGER FIRMS (200 OR MORE WORKERS) (\$17,265).

PREMIUM COSTS FOR SINGLE AND FAMILY COVERAGE

- ▶ The average premium for single coverage in 2014 is \$502 per month, or \$6,025 per year (Exhibit 1.1). The average premium for family coverage is \$1,403 per month or \$16,834 per year (Exhibit 1.1).
- ▶ The average annual premiums for covered workers in HDHP/SOs are lower for single (\$5,299) and family coverage (\$15,401) than the overall average premiums for covered workers. Average annual premiums for all other plan types, including PPOs, HMOs, and POS plans, are similar to the overall average premiums for covered workers (Exhibit 1.1).
- ▶ The average annual premium for family coverage for covered workers in small firms (3–199 workers) (\$15,849) is lower than the average premium for covered workers in large firms (200 or more workers) (\$17,265) (Exhibit 1.2). The average annual single premium for covered workers in small firms (3–199 workers) also is significantly lower than for workers in larger firms (\$5,788 vs. \$6,130).
- ▶ Average single and family premiums for covered workers are higher in the Northeast (\$6,369 and \$17,772) and lower in the South (\$5,720 and \$16,170) than the average premiums for covered workers in all other regions (Exhibit 1.3).
- ▶ Average single and family premiums for covered workers in the Wholesale (\$5,189 and \$15,599) and Retail (\$5,355 and \$14,979) industries are lower than the average premiums for covered workers in all other industries (Exhibit 1.4).
- ▶ Covered workers in firms where 35% or more of the workers are age 26 or younger have lower average single and family premiums (\$5,292 and \$15,182) than covered workers in firms where a lower percentage of workers are age 26 or younger (\$6,079 and \$16,955). Covered workers in firms where 35% or more of the workers are age 50 or older have higher average single and family premiums (\$6,313 and \$17,425) than covered workers in firms where a lower percentage of workers are age 50 or older (\$5,759 and \$16,286) (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 (\$5,175 and \$14,177) than covered workers in firms with a smaller percentage of lower-wage workers (\$6,093 and \$17,044). Covered worker in firms with a large percentage of higher-wage workers (at least 35% of workers earn \$57,000 per year or more) have higher average single and family premiums (\$6,244 and \$17,582) than covered workers in firms with a smaller percentage of higher-wage workers (\$5,819 and \$16,124) (Exhibits 1.5 and 1.6).
- ▶ There is considerable variation in premiums for both single and family coverage.
 - Twenty percent of covered workers are employed by firms that have a single premium at least 20% higher than the average single premium, while 21% 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, 20% of covered workers are employed in a firm that has a family premium at least 20% higher than the average family premium, and another 20% 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 premiums for covered workers in 2014 are \$6,025 annually, or \$502 per month, for single coverage and \$16,834 annually, or \$1,403 per month, for family coverage. The 2014 average single premium is similar to the 2013 average premium (the 2 percent increase is not significant). However, the 2014 average family premium is 3 percent higher than the 2013 average premium (Exhibit 1.11).
- The \$16,834 average annual family premium in 2014 is 26% higher than the average family premium in 2009 and 69% higher than the average family premium in 2004 (Exhibit 1.11). The 26% premium growth seen in the last five years (2009 to 2014) is significantly lower than the 34% premium growth seen in the previous five year period, from 2004 to 2009 (Exhibit 1.16).
- Premiums for both small and large firms have seen a similar increase since 2009 (25% for small and 26% for large). For small firms (3 to 199 workers), the average family premium rose from \$12,696 in 2009 to \$15,849 in 2014. For large firms (200 or more workers), the average family premium rose from \$13,704 in 2009 to \$17,265 in 2014 (Exhibit 1.13).
- Since 2004, premiums for small firms (3 to 199 workers) have increased 63% (\$15,849 in 2014 vs. \$9,737 in 2004). The premiums for large firms have increased 72% (\$17,265 in 2014 vs. \$10,046 in 2004) (Exhibit 1.13).
- Average family premiums for firms with fewer low-wage workers (less than 35% of workers earn \$23,000 per year or less) grew in the last year (\$17,044 vs. \$16,450), while premiums for family coverage for firms with many low-wage workers were similar to 2013 (\$14,177 vs. \$15,225) (Exhibit 1.15). Overall, premiums for family coverage have grown faster for firms with fewer low-wage workers than firms with many low-wage workers over the last year (4% vs. -7%), as well as the last five years (27% vs. 9%). A similar pattern is observed for single coverage, where average premiums have grown faster for firms with fewer lower-wage workers than firms with many lower wage workers over the last five years (26% vs. 12%).
- 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 2009 to 2014 (26% in both fully insured and self-funded firms) and from 2004 to 2014 (71% in fully insured firms vs. 73% in self-funded firms) (Exhibit 1.17).

EXHIBIT 1.1

Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2014

	Monthly	Annual
HMO		
Single Coverage	\$519	\$6,223
Family Coverage	\$1,449	\$17,383
PPO		
Single Coverage	\$518	\$6,217
Family Coverage	\$1,444	\$17,333
POS		
Single Coverage	\$514	\$6,166
Family Coverage	\$1,336	\$16,037
HDHP/SO		
Single Coverage	\$442*	\$5,299*
Family Coverage	\$1,283*	\$15,401*
ALL PLAN TYPES		
Single Coverage	\$502	\$6,025
Family Coverage	\$1,403	\$16,834

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$513	\$1,413	\$6,157	\$16,952
All Large Firms (200 or More Workers)	\$521	\$1,463	\$6,250	\$17,558
ALL FIRM SIZES	\$519	\$1,449	\$6,223	\$17,383
PPO				
All Small Firms (3–199 Workers)	\$489*	\$1,368	\$5,868*	\$16,420
All Large Firms (200 or More Workers)	\$528*	\$1,469	\$6,331*	\$17,625
ALL FIRM SIZES	\$518	\$1,444	\$6,217	\$17,333
POS				
All Small Firms (3–199 Workers)	\$514	\$1,276*	\$6,171	\$15,318*
All Large Firms (200 or More Workers)	\$513	\$1,440*	\$6,157	\$17,274*
ALL FIRM SIZES	\$514	\$1,336	\$6,166	\$16,037
HDHP/SO				
All Small Firms (3–199 Workers)	\$430	\$1,213*	\$5,161	\$14,561*
All Large Firms (200 or More Workers)	\$448	\$1,322*	\$5,374	\$15,863*
ALL FIRM SIZES	\$442	\$1,283	\$5,299	\$15,401
ALL PLANS				
All Small Firms (3–199 Workers)	\$482*	\$1,321*	\$5,788*	\$15,849*
All Large Firms (200 or More Workers)	\$511*	\$1,439*	\$6,130*	\$17,265*
ALL FIRM SIZES	\$502	\$1,403	\$6,025	\$16,834

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$566*	\$1,578*	\$6,794*	\$18,938*
Midwest	\$543	\$1,422	\$6,516	\$17,066
South	\$467*	\$1,368	\$5,599*	\$16,420
West	\$514	\$1,432	\$6,171	\$17,188
ALL REGIONS	\$519	\$1,449	\$6,223	\$17,383
PPO				
Northeast	\$546	\$1,548*	\$6,555	\$18,578*
Midwest	\$538	\$1,487	\$6,453	\$17,839
South	\$495*	\$1,378*	\$5,937*	\$16,531*
West	\$515	\$1,428	\$6,176	\$17,130
ALL REGIONS	\$518	\$1,444	\$6,217	\$17,333
POS				
Northeast	\$564*	\$1,392	\$6,773*	\$16,708
Midwest	\$484	\$1,341	\$5,805	\$16,096
South	\$430*	\$1,169*	\$5,158*	\$14,026*
West	\$605	\$1,507	\$7,257	\$18,083
ALL REGIONS	\$514	\$1,336	\$6,166	\$16,037
HDHP/SO				
Northeast	\$435	\$1,271	\$5,215	\$15,254
Midwest	\$432	\$1,233	\$5,186	\$14,792
South	\$434	\$1,294	\$5,214	\$15,530
West	\$478	\$1,364	\$5,733	\$16,365
ALL REGIONS	\$442	\$1,283	\$5,299	\$15,401
ALL PLANS				
Northeast	\$531*	\$1,481*	\$6,369*	\$17,772*
Midwest	\$505	\$1,400	\$6,060	\$16,800
South	\$477*	\$1,347*	\$5,720*	\$16,170*
West	\$514	\$1,422	\$6,163	\$17,067
ALL REGIONS	\$502	\$1,403	\$6,025	\$16,834

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$490	\$1,344	\$5,877	\$16,129
Transportation/Communications/Utilities	\$539	\$1,569	\$6,463	\$18,824
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	\$541	\$1,453	\$6,487	\$17,438
Service	\$512	\$1,421	\$6,145	\$17,055
State/Local Government	\$576*	\$1,546*	\$6,913*	\$18,546*
Health Care	\$524	\$1,492	\$6,285	\$17,898
ALL INDUSTRIES	\$519	\$1,449	\$6,223	\$17,383
PPO				
Agriculture/Mining/Construction	\$450*	\$1,348	\$5,395*	\$16,170
Manufacturing	\$511	\$1,451	\$6,129	\$17,410
Transportation/Communications/Utilities	\$537	\$1,516	\$6,447	\$18,187
Wholesale	\$471*	\$1,417	\$5,647*	\$17,009
Retail	\$463*	\$1,280*	\$5,558*	\$15,356*
Finance	\$522	\$1,439	\$6,262	\$17,264
Service	\$518	\$1,459	\$6,221	\$17,507
State/Local Government	\$530	\$1,317*	\$6,361	\$15,802*
Health Care	\$566*	\$1,564*	\$6,786*	\$18,765*
ALL INDUSTRIES	\$518	\$1,444	\$6,217	\$17,333
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	\$544	\$1,400	\$6,523	\$16,797
State/Local Government	NSD	NSD	NSD	NSD
Health Care	\$501	\$1,310	\$6,017	\$15,717
ALL INDUSTRIES	\$514	\$1,336	\$6,166	\$16,037

Continued on next page

EXHIBIT 1.4 *Continued from previous page*

Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HDHP/SO				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$400	\$1,191	\$4,801	\$14,297
Transportation/Communications/Utilities	\$476	\$1,424	\$5,718	\$17,093
Wholesale	\$385*	\$1,126	\$4,617*	\$13,507
Retail	\$376*	\$1,103*	\$4,515*	\$13,237*
Finance	\$434	\$1,291	\$5,212	\$15,491
Service	\$436	\$1,275	\$5,235	\$15,295
State/Local Government	\$501*	\$1,307	\$6,017*	\$15,678
Health Care	\$491*	\$1,403*	\$5,894*	\$16,834*
ALL INDUSTRIES	\$442	\$1,283	\$5,299	\$15,401
ALL PLANS				
Agriculture/Mining/Construction	\$454*	\$1,306	\$5,454*	\$15,672
Manufacturing	\$485	\$1,378	\$5,815	\$16,538
Transportation/Communications/Utilities	\$525	\$1,507	\$6,296	\$18,080
Wholesale	\$432*	\$1,300*	\$5,189*	\$15,599*
Retail	\$446*	\$1,248*	\$5,355*	\$14,979*
Finance	\$510	\$1,401	\$6,125	\$16,809
Service	\$502	\$1,410	\$6,027	\$16,915
State/Local Government	\$539*	\$1,373	\$6,470*	\$16,480
Health Care	\$538*	\$1,491*	\$6,454*	\$17,896*
ALL INDUSTRIES	\$502	\$1,403	\$6,025	\$16,834

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014

	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	\$5,829	\$6,208*	\$6,093*
35% or More Earn \$23,000 a Year or Less	\$5,331	\$5,094*	\$5,175*
High Wage Level			
Less Than 35% Earn \$57,000 a Year or More	\$5,551*	\$5,984	\$5,819*
35% or More Earn \$57,000 a Year or More	\$6,207*	\$6,254	\$6,244*
Unions			
Firm Has At Least Some Union Workers	\$6,333	\$6,463*	\$6,453*
Firm Does Not Have Any Union Workers	\$5,737	\$5,863*	\$5,810*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$5,827	\$6,194*	\$6,079*
35% or More Workers Are Age 26 or Younger	\$5,062	\$5,359*	\$5,292*
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$5,614	\$5,837*	\$5,759*
35% or More Workers Are Age 50 or Older	\$6,038	\$6,412*	\$6,313*
Funding Arrangement			
Fully Insured	\$5,730	\$6,200	\$5,886
Self-Funded	\$6,122	\$6,114	\$6,115
Firm Ownership			
Private For-Profit	\$5,400*	\$5,770*	\$5,646*
Public	\$6,503*	\$6,777*	\$6,727*
Private Not-For-Profit	\$6,650*	\$6,556*	\$6,587*
ALL FIRMS	\$5,788	\$6,130	\$6,025

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014

	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	\$16,011	\$17,490*	\$17,044*
35% or More Earn \$23,000 a Year or Less	\$13,987	\$14,272*	\$14,177*
High Wage Level			
Less Than 35% Earn \$57,000 a Year or More	\$15,042*	\$16,776*	\$16,124*
35% or More Earn \$57,000 a Year or More	\$17,246*	\$17,681*	\$17,582*
Unions			
Firm Has At Least Some Union Workers	\$17,594	\$18,011*	\$17,978*
Firm Does Not Have Any Union Workers	\$15,682	\$16,667*	\$16,255*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	\$15,926	\$17,418*	\$16,955*
35% or More Workers Are Age 26 or Younger	\$14,371	\$15,411*	\$15,182*
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	\$15,485	\$16,705*	\$16,286*
35% or More Workers Are Age 50 or Older	\$16,363	\$17,802*	\$17,425*
Funding Arrangement			
Fully Insured	\$15,740	\$17,423	\$16,301*
Self-Funded	\$16,473	\$17,229	\$17,173*
Firm Ownership			
Private For-Profit	\$14,945*	\$16,744*	\$16,144*
Public	\$16,495	\$17,585	\$17,388
Private Not-For-Profit	\$18,360*	\$18,452*	\$18,423*
ALL FIRMS	\$15,849	\$17,265	\$16,834

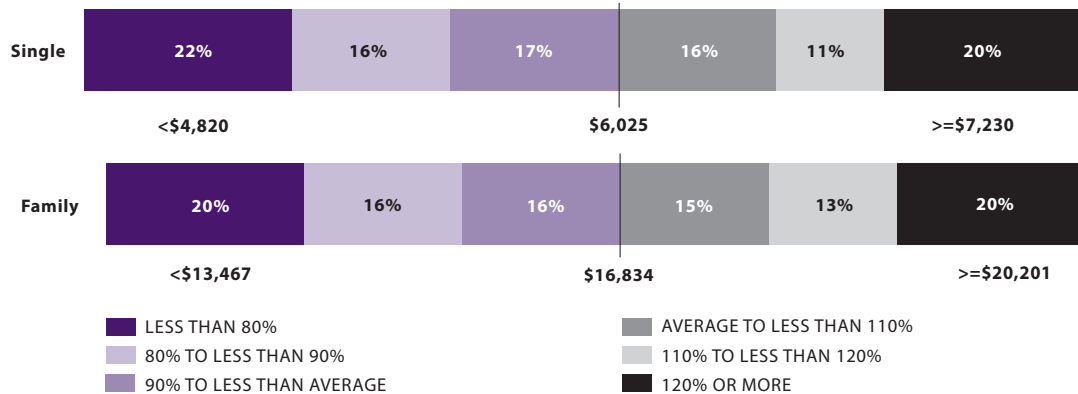
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The average annual premium is \$6,025 for single coverage and \$16,834 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,820 is 80% of the average single premium, \$5,423 is 90% of the average single premium, \$6,628 is 110% of the average single premium, and \$7,230 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, 2014

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 \$4,820	21%	Less Than \$13,467	20%
80% to Less Than 90%	\$4,820 to <\$5,423	16%	\$13,467 to <\$15,151	16%
90% to Less Than Average	\$5,423 to <\$6,025	17%	\$15,151 to <\$16,834	16%
Average to Less Than 110%	\$6,025 to <\$6,628	16%	\$16,834 to <\$18,517	15%
110% to Less Than 120%	\$6,628 to <\$7,230	11%	\$18,517 to <\$20,201	13%
120% or More	\$7,230 or More	20%	\$20,201 or More	20%

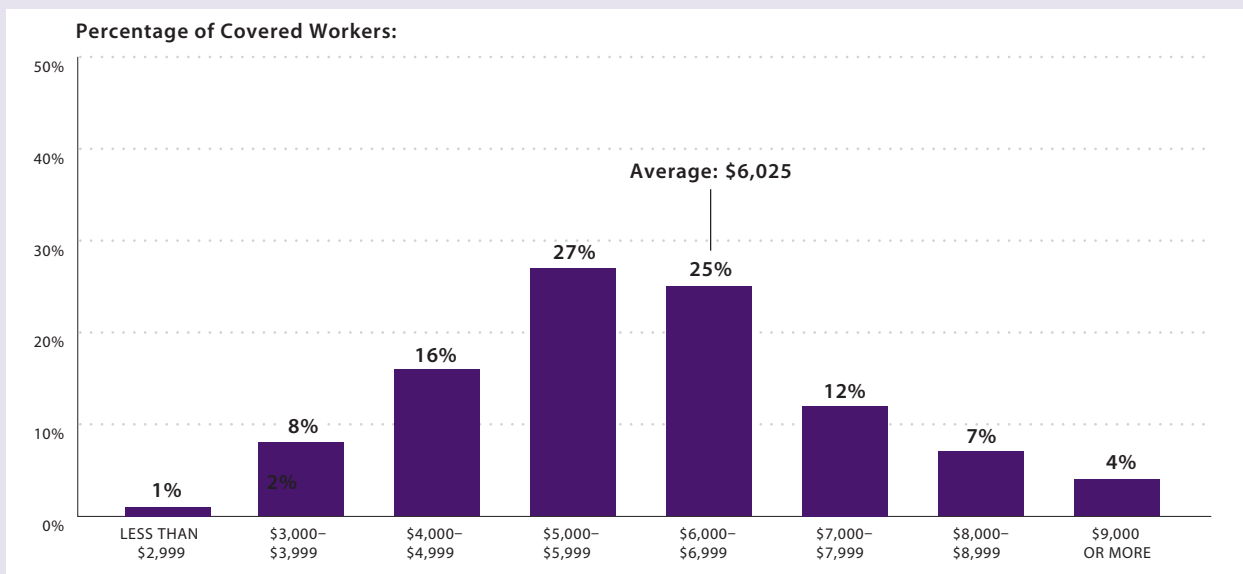
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The average annual premium is \$6,025 for single coverage and \$16,834 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,820 is 80% of the average single premium, \$5,423 is 90% of the average single premium, \$6,628 is 110% of the average single premium, and \$7,230 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, 2014

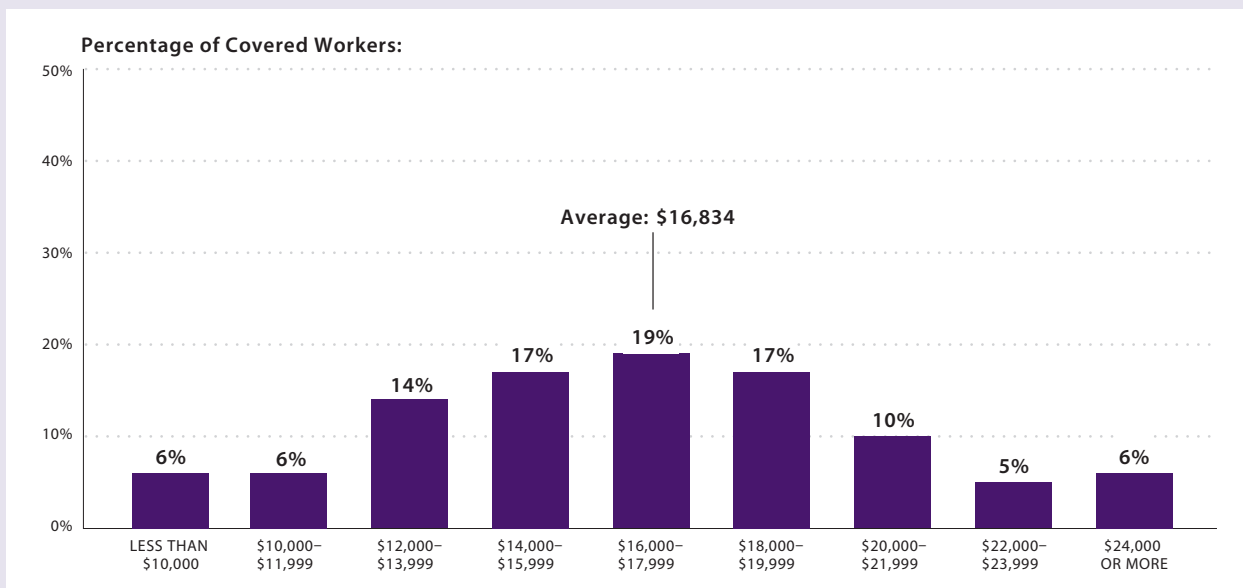


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EXHIBIT 1.10

Distribution of Annual Premiums for Covered Workers with Family Coverage, 2014

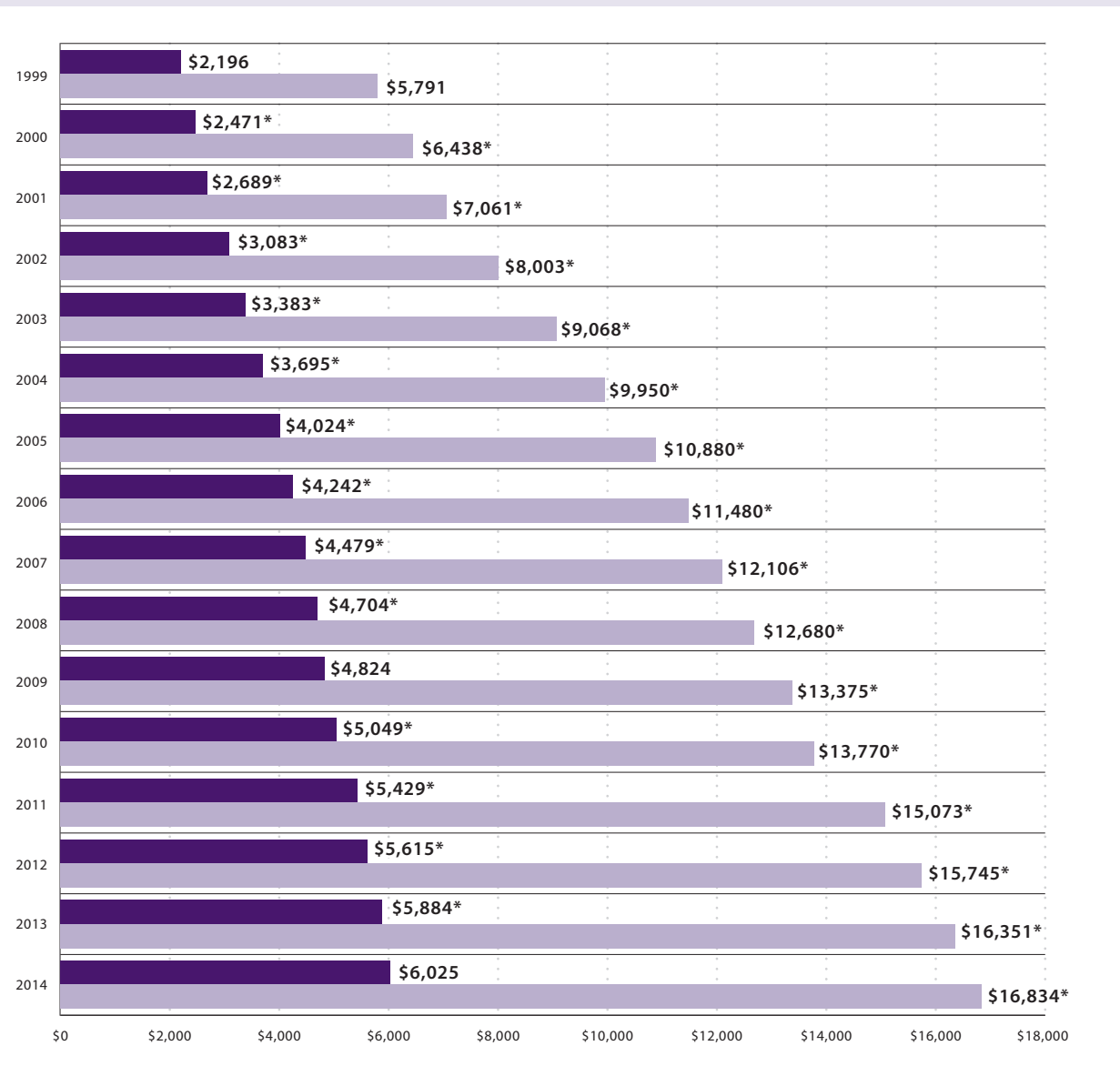


SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EXHIBIT 1.11

Average Annual Premiums for Single and Family Coverage, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

■ 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, 1999–2014

	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
2014*	\$15,849	\$17,265

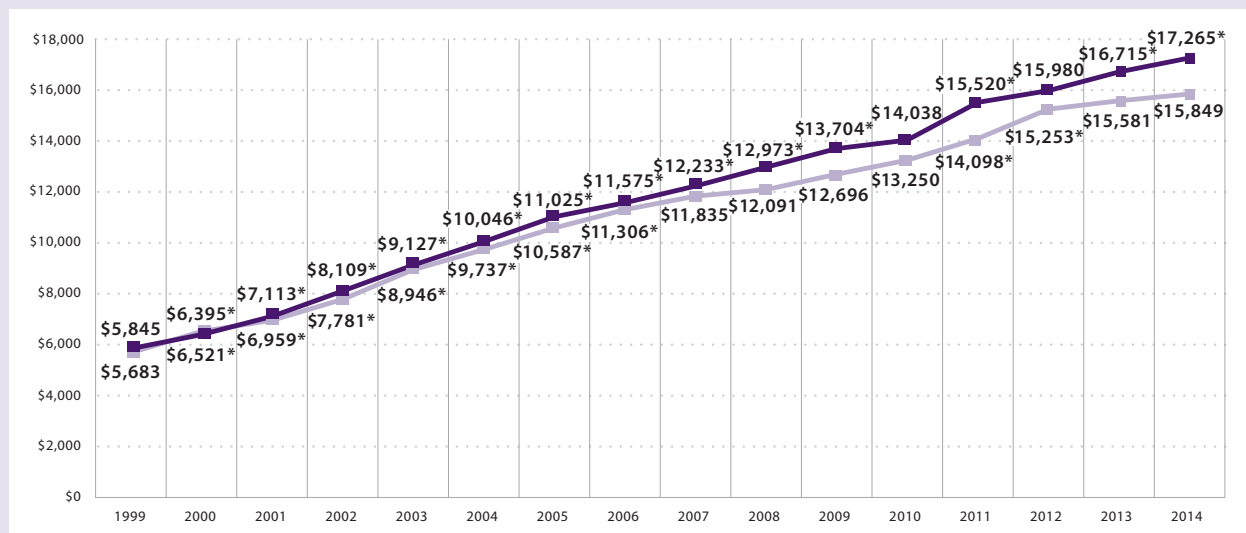
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

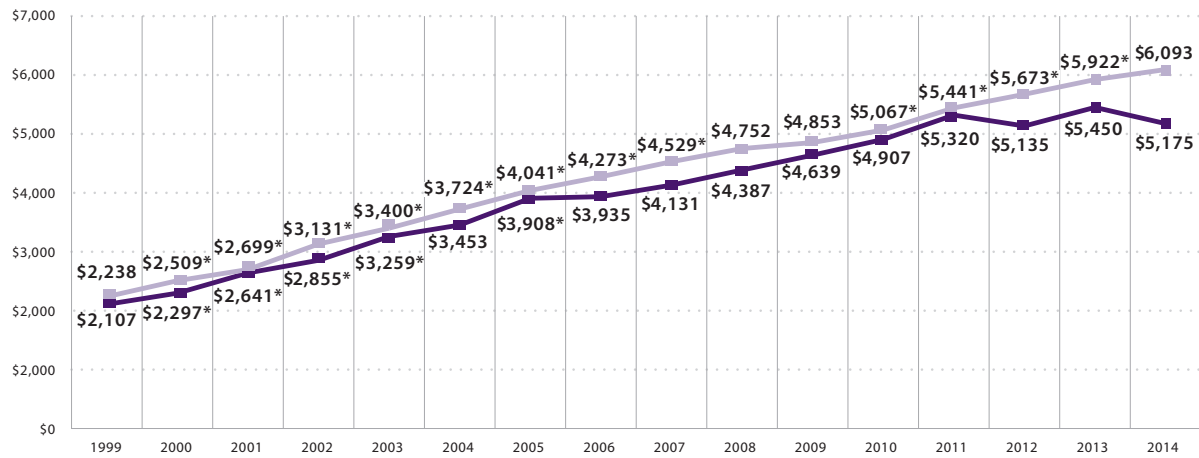
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

— ALL SMALL FIRMS
(3–199 WORKERS)

— ALL LARGE FIRMS
(200 OR MORE WORKERS)

EXHIBIT 1.14

Average Annual Premiums for Covered Workers with Single Coverage, by Income Level, 1999-2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014.

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

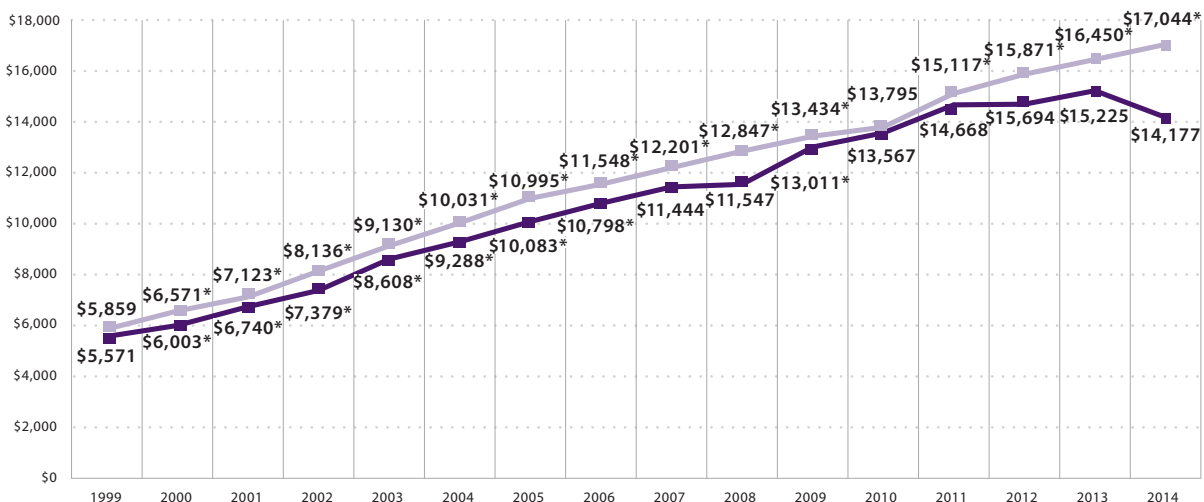
NOTE: Low-Wage Level is defined as the 25th percentile of workers' earnings for the indicated year. Firms with many lower-wage workers were those where 35% or more earn \$23,000 a year or less.

— LESS THAN 35% ARE LOW-WAGE LEVEL

— MORE THAN 35% ARE LOW-WAGE LEVEL

EXHIBIT 1.15

Average Annual Premiums for Covered Workers with Family Coverage, by Income Level, 1999-2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014.

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

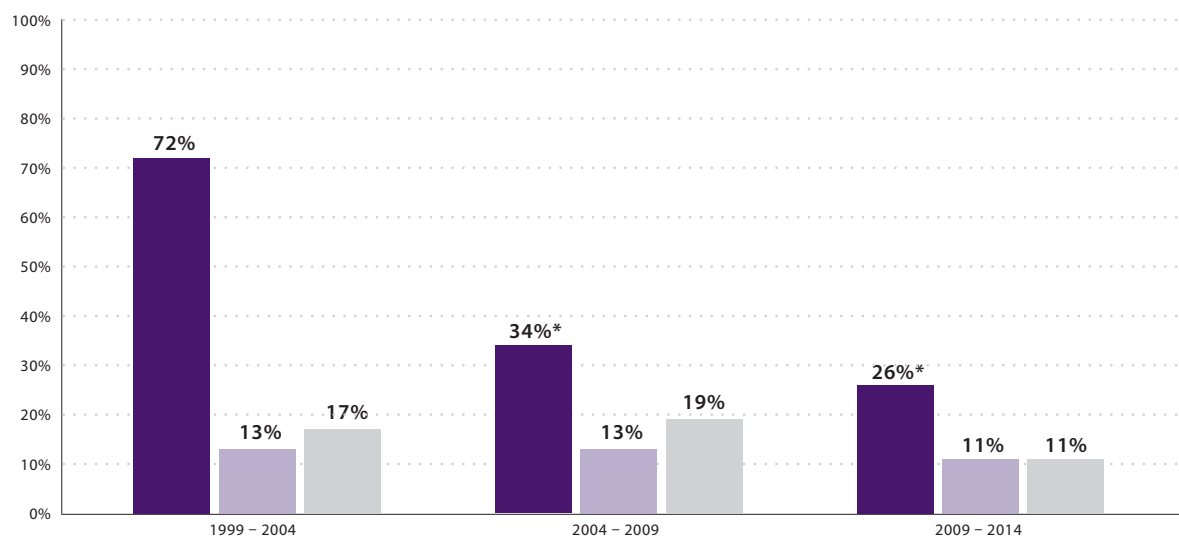
NOTE: Low-Wage Level is defined as the 25th percentile of workers' earnings for the indicated year. Firms with many lower-wage workers were those where 35% or more earn \$23,000 a year or less in 2014.

— LESS THAN 35% ARE LOW-WAGE LEVEL

— MORE THAN 35% ARE LOW-WAGE LEVEL

EXHIBIT 1.16

Average Premium Increases for Covered Workers with Family Coverage, 1999-2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2000-2014; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2000-2014 (April to April).

■ PREMIUM INCREASES
■ OVERALL INFLATION
■ WORKERS' EARNINGS

* Premium change is statistically different from previous period shown ($p < .05$).

EXHIBIT 1.17

Among Workers in Large Firms (200 or More Workers), Average Annual Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999–2014

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*
2014	\$17,423	\$17,229

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Health
Benefits
Offer Rates

SECTION

2

HEALTH BENEFITS OFFER RATES

WHILE NEARLY ALL LARGE FIRMS (200 OR MORE WORKERS) OFFER HEALTH BENEFITS TO AT LEAST SOME EMPLOYEES, SMALL FIRMS (3–199 WORKERS) ARE SIGNIFICANTLY LESS LIKELY TO DO SO. THE PERCENTAGE OF ALL FIRMS OFFERING HEALTH BENEFITS IN 2014 (55%) IS NOT STATISTICALLY DIFFERENT FROM 2013 AND 2012 (57% AND 61%, RESPECTIVELY). OVER A THIRD OF FIRMS OFFERING HEALTH BENEFITS COVER (39%) SAME-SEX DOMESTIC PARTNERS; THE SAME PERCENTAGE WHICH COVERS OPPOSITE-SEX DOMESTIC PARTNERS. NINE PERCENT OF FIRMS WHICH OFFER FAMILY COVERAGE RESTRICT ELIGIBILITY TO A SPOUSE WHEN HE/SHE HAS ANOTHER OFFER OF COVERAGE. AMONG LARGE EMPLOYERS OFFERING HEALTH BENEFITS 88% OFFER OR CONTRIBUTE TO SEPARATE DENTAL BENEFITS AND 63% DO SO FOR SEPARATE VISION BENEFITS. FIRMS NOT OFFERING HEALTH BENEFITS CONTINUE TO CITE “COST” AS THE MOST IMPORTANT REASON THEY DO NOT OFFER HEALTH BENEFITS (32%).

- ▶ In 2014, 55% of firms offer health benefits not statistically different from the 57% reported in 2013 (Exhibit 2.1).¹
 - Ninety-eight percent of large firms (200 or more workers) offer health benefits to at least some of their workers (Exhibit 2.3). In contrast, only 54% of small firms (3–199 workers) offer health benefits in 2014. The percentage of both small and large firms offering health benefits to at least some of their workers is similar to last year (Exhibit 2.2).
 - Between 1999 and 2014, 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. For more information on the distribution of firms in the country, see the Survey Design and Methods Section and Exhibit M1.
- ▶ Offer rates vary across different types of firms.
 - Smaller firms are less likely to offer health insurance: 44% of firms with 3 to 9 workers offer coverage, compared to 64% of firms with 10 to 24 workers, 83% of firms with 25 to 49 workers, and 91% of firms with 50 to 199 employees (Exhibit 2.3).
 - Offer rates throughout different firm size categories in 2014 remained similar to those reported in 2013 (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 (55% vs. 33%) (Exhibit 2.4). The offer rate for firms with many lower-wage workers is not significantly different from the 23% reported in 2013.
 - We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$57,000 or more annually) being more likely to offer coverage to employees (69% versus 47%) (Exhibit 2.4).
 - The age of the workforce correlates with 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 (30% and 53%, respectively) (Exhibit 2.4). The percentage of firms with many younger workers that offer health benefits is similar to the 23% reported in 2013.

NOTE:

¹ Because surveys only collect information from a portion of the total number of firms in the country there is uncertainty in any estimate. Since there are so many small firms, sometimes even seemingly large differences are not statistically different. For more information on the Employer Health Benefits Survey's weighting and design please see the methods section.

► As the “employer shared responsibility” provision takes effect in 2015, some employers may adjust their workforce’s employment status to mitigate the provision’s impact. Starting in 2015, employers with more than 100 full time equivalents² who do not offer their full-time employees coverage will pay a penalty if one of their employees receives a premium subsidy on a health insurance exchange. Employers will be charged a penalty of \$2,000 for each employee beyond their first 30 employees if they do not offer coverage. For example, a firm with 65 employees would be charged \$70,000 annually for not offering coverage (35 employees multiplied by \$2,000 per employee). Employers that offer coverage may still be assessed a penalty if the coverage is either too expensive or does not meet minimum standards. Coverage offered by an employer must pay for 60% of a population’s covered medical expenses. In addition, the worker contribution to the premium cannot exceed 9.5% of the household’s income. In 2016 employers with 50 or more full time-equivalents will be subject to these penalties.

- Ninety-four percent of firms with 100 or more employees offered health benefits to at least some of their employees in 2014. Ninety percent of firms with between 50 and 99 workers offered benefits to at least some workers. Since the survey does not ask employers how many full-time equivalents they have, these firm size categories are determined by the number of workers at a firm and may include both full-time and part-time employees.

PART-TIME AND TEMPORARY WORKERS

- Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.
- In 2014, 24% of all firms that offer health benefits offer them to part-time workers, similar to the 25% reported in 2013 (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 (46% vs. 24%) (Exhibit 2.7).

- A small percentage (5% in 2014) of firms offering health benefits have offered them to temporary workers (Exhibit 2.6). The percentage of firms offering temporary workers benefits are similar for small firms (3–199 workers) and larger firms (5% vs. 9%) (Exhibit 2.8). The percentage of firms offering health benefits to temporary workers has remained stable over time.

DENTAL AND VISION BENEFITS

- Fifty-three percent of firms offering health benefits offer or contribute to a dental insurance benefit for their employees that is separate from any dental coverage the health plans might include. This is not statistically different from the 54% reported in 2012, which is the last time the survey asked about dental benefits (Exhibit 2.10). Large firms (200 or more workers) are far more likely than smaller firms to offer or contribute to a separate dental health benefit (88% vs. 52%) (Exhibit 2.9).
- Thirty-five 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 not statistically different than the 27% we reported in 2012 but higher than 17% in 2010 (Exhibit 2.10).
- Large firms (200 or more workers) are more likely than smaller firms to offer or contribute to a separate vision care benefit, at 63% versus 34% (Exhibit 2.9).

SPOUSES, DEPENDENTS AND DOMESTIC PARTNER BENEFITS

The vast majority of firms offering health benefits offer benefits to spouses and dependents, such as children.

- In 2014, 96% of small firms (3 to 199 workers) and 99% of larger firms offering health benefits offer coverage to spouses. Similarly, in 2014, 92% of small firms and 99% of large firms offering health benefits cover other dependents, such as children. Four percent of small firms offering health benefits do not offer coverage to any dependents (Exhibit 2.11).

NOTE:

² A full-time equivalent accounts for one employee working thirty hours or more a week, therefore two employees working half a full workload account for one FTE.

- ▶ This year we asked employers whether same-sex and opposite-sex domestic partners were allowed to enrolled in a firm's coverage. While definitions may vary, employers often define domestic partners as an unmarried couple who have lived together for a specified period of time. Firms may define domestic partners separate from any legal requirements a state may have. Employers may have a different policy in different parts of the country.
 - In 2014, 39% of firms offering health benefits offered coverage to unmarried opposite-sex partners, similar to the 37% who did so in 2012, the last time this question was asked. In 2014, 39% of firms offering benefits covered same-sex domestic partners, unchanged from the 31% in 2012 (Exhibit 2.13).
 - The rates at which firms have offered domestic partner benefits have increased over a longer period of time. For example, in 2014, 39% of firms offered benefits to same-sex domestic partners, a significant increase from the 22% that did so in 2008. The percentage of offering firms which covered opposite-sex domestic partner benefits has also increased from 24% in 2008 to 39% in 2014.
 - When we ask employers if they offer health benefits to opposite or same-sex domestic partners, many firms report that they have not encountered the issue of whether benefits would be offered to domestic partners. At many small firms (3–199 workers), the firm may not have formal HR policies on domestic partners simply because none of the firm's employees have asked to cover a domestic partner. Regarding health benefits for opposite-sex domestic partners, 34% of firms report in 2014 that they have not encountered this need or that the question was not applicable. The vast majority of firms in the United States are small business; 61% of firms have between 3 and 9 employees and 98% have between 3 and 199 employees. Therefore statistics about the percentage of firms that offer domestic partner benefits is largely controlled by small businesses. More small firms (35%) compared to large firms (3%) indicate that they have not encountered this need or that the question was not applicable (Exhibit 2.12). Regarding health benefits for same-sex domestic partners, 41% of firms report that they have not encountered the need or that the question was not applicable. More small firms (3–199 workers) (42%) than larger firms (5%) report that they have not encountered the issue of offering benefits to same-sex domestic partners (Exhibit 2.12).
 - Firms in the Northeast are more likely (60%) and firms in the South are less likely (25%) to offer health benefits to unmarried same-sex domestic partners than firms in other regions (Exhibit 2.12). Firms in the Northeast are more likely (50%) to offer health benefits to unmarried opposite-sex domestic partners than firms in other regions (Exhibit 2.12).
 - Firms in the state and local government industry are less likely to offer either same sex or opposite sex domestic partner benefits than firms in other industries (Exhibit 2.12).
- ▶ Firms may adjust their eligibility for some dependents based on whether the dependent has another offer of coverage.
 - Among firms offering coverage to spouses, spouses are not eligible to enroll for coverage if they are offered health insurance from another source at nine percent of firms (Exhibit 2.14).
 - Five percent of firms offering coverage to spouses require a greater contribution for coverage if a spouse is offered health insurance from another source. Large employers (200 or more workers) are more likely than small employer to have this requirement (9% vs. 5%) (Exhibit 2.14).

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 coverage. Because such a small percentage of large firms report not offering health benefits, we present responses for smaller firms (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, 32% cite high cost as “the most important reason” for not doing so, followed by “employees are generally covered under another plan” (24%) (Exhibit 2.15). This year we asked employers whether the launch of

the health insurance exchanges for individuals was the primary reason for not offering benefits; nine percent of employers cited "employees have other options, including exchanges" and one percent said "employees will get a better deal on the health insurance exchanges" (Exhibit 2.15). More small firms indicated they did not offer because of "cost" and "employees are generally covered under another plan" than "employees have other options, including exchanges".

- ▶ Many non-offering, small firms have either offered health benefits in the past five years, or shopped for alternative coverage options recently.
 - Eighteen percent of non-offering, small firms (3–199 workers) have offered health benefits in the past five years, while 24% have shopped for coverage in the past year (Exhibit 2.16). The 24% of non-offering small firms which have shopped for coverage in the past year is similar to the 18% who did so last year.
- ▶ Among non-offering, small firms (3–199 workers), 7% report that they provide funds to their employees to purchase health insurance through the individual, or non-group, market, such as on an individual health insurance marketplace (Exhibit 2.17). The percentage of firms offering funds to purchase non-group coverage is similar to last year (10%).
- ▶ Three-quarters of small firms (3–199 employees) not offering health benefits believed that their employees would prefer a two dollar per hour increase in wages rather than health insurance. (Exhibit 2.18). The percentage of small employers who believe that their employees would prefer a wage increase is the same as 2011 the last time the survey asked this question (75%).
- ▶ Small firms (3–199 workers) not offering health insurance gave a variety of estimates regarding the amount they believe the firm could afford to pay for health insurance for an employee with single coverage. Thirty-nine percent reported that they could pay less than \$100 per month; 6% reported that they could pay \$400 or more per month (Exhibit 2.19).

- ▶ Small firms (3–199 workers) not offering health benefits were asked to estimate what percentage of their employees had coverage from another source. Fifty percent of small employers estimated that three quarters or more of their employees were covered (Exhibit 2.20). On average, non-offering firms with between 3–9 employees believed that 75% of their employees had another source of coverage, 58% at firms with 10 to 24 employees, and 44% at firms with 25 to 199 employees.

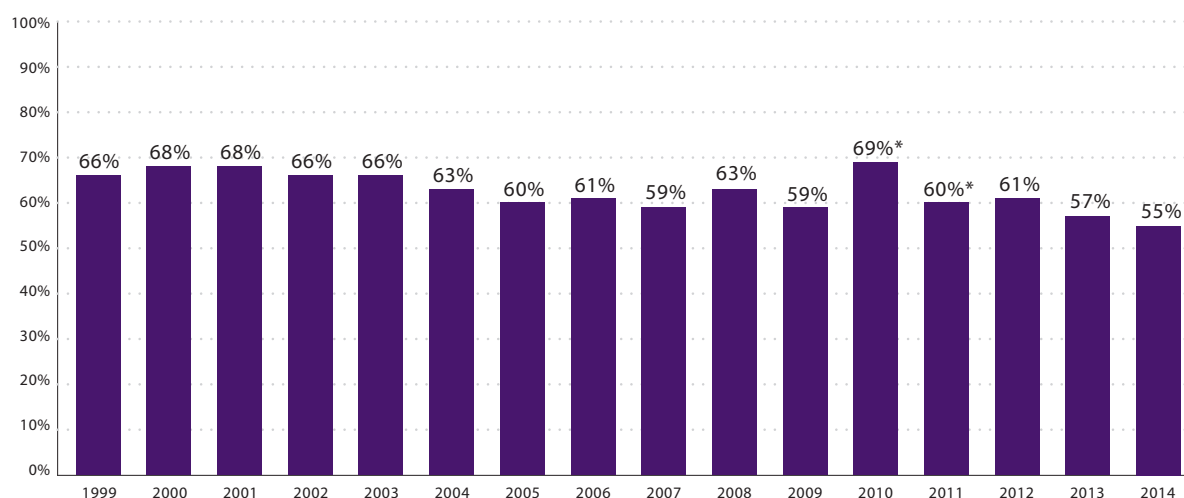
SHOP EXCHANGES

Small Business Health Options Program (SHOP) are federal or state sponsored exchanges in which employers may offer and contribute to health insurance provided to their employees. In many states SHOP exchanges were not fully implemented and many employers experience technical difficulties when trying to enroll. Small employers may qualify for the small business health care tax credit when purchase coverage through the SHOP exchanges. In 2014, firms with 50 or fewer full-time equivalents are eligible to participate in a SHOP exchange.

- ▶ Because our survey gathers information about the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the SHOP marketplaces. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify, we directed questions to employers with 3 to 75 total employees. This approach allowed us to capture some employers with more than 50 employees who would nonetheless be eligible, but it also means that some employers who are unlikely to be eligible were asked these questions.
- ▶ Thirteen percent of firms with 3 to 75 employees who do not offer health benefits said they looked at purchasing coverage on a SHOP exchange. Similarly, twelve percent of firms with 3 to 75 employees that do offer health benefits looked at coverage on the SHOP exchanges (Exhibit 2.21).
- ▶ Among non-offering firms with 3 to 75 employees that chose not to purchase coverage on a SHOP exchange, 40% reported they did not do so because they were not interested and 28% said it was too expensive (Exhibit 2.22).

EXHIBIT 2.1

Percentage of Firms Offering Health Benefits, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

NOTE: The 55% offer rate in 2014 is statistically unchanged from the 2013 and 2012 estimates (61% and 57%, respectively). 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, 1999–2014

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*	50%	45%	44%
10–24 Workers	74	80	77	70*	76	74	72	73	76	78	72	76	71	73	68	64
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*	87	85	83
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93	94	91	91
All Small Firms (3–199 Workers)	65%	68%	67%	65%	65%	62%	59%	60%	59%	62%	59%	68%*	59%*	61%	57%	54%
All Large Firms (200 or More Workers)	99%	99%	99%	98%	97%	98%	97%	98%	99%	99%	98%	99%	99%	98%	99%	98%
ALL FIRMS	66%	68%	68%	66%	66%	63%	60%	61%	59%	63%	59%	69%*	60%*	61%	57%	55%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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, 2014

	Percentage of Firms Offering Health Benefits
FIRM SIZE	
3–9 Workers	44%*
10–24 Workers	64*
25–49 Workers	83*
50–199 Workers	91*
200–999 Workers	98*
1,000–4,999 Workers	100*
5,000 or More Workers	100*
All Small Firms (3–199 Workers)	54%*
All Large Firms (200 or More Workers)	98%*
REGION	
Northeast	57%
Midwest	58
South	48*
West	60
INDUSTRY	
Agriculture/Mining/Construction	48%
Manufacturing	61
Transportation/Communications/Utilities	66
Wholesale	42
Retail	37*
Finance	68
Service	57
State/Local Government	92*
Health Care	59
ALL FIRMS	55%

SOURCE:

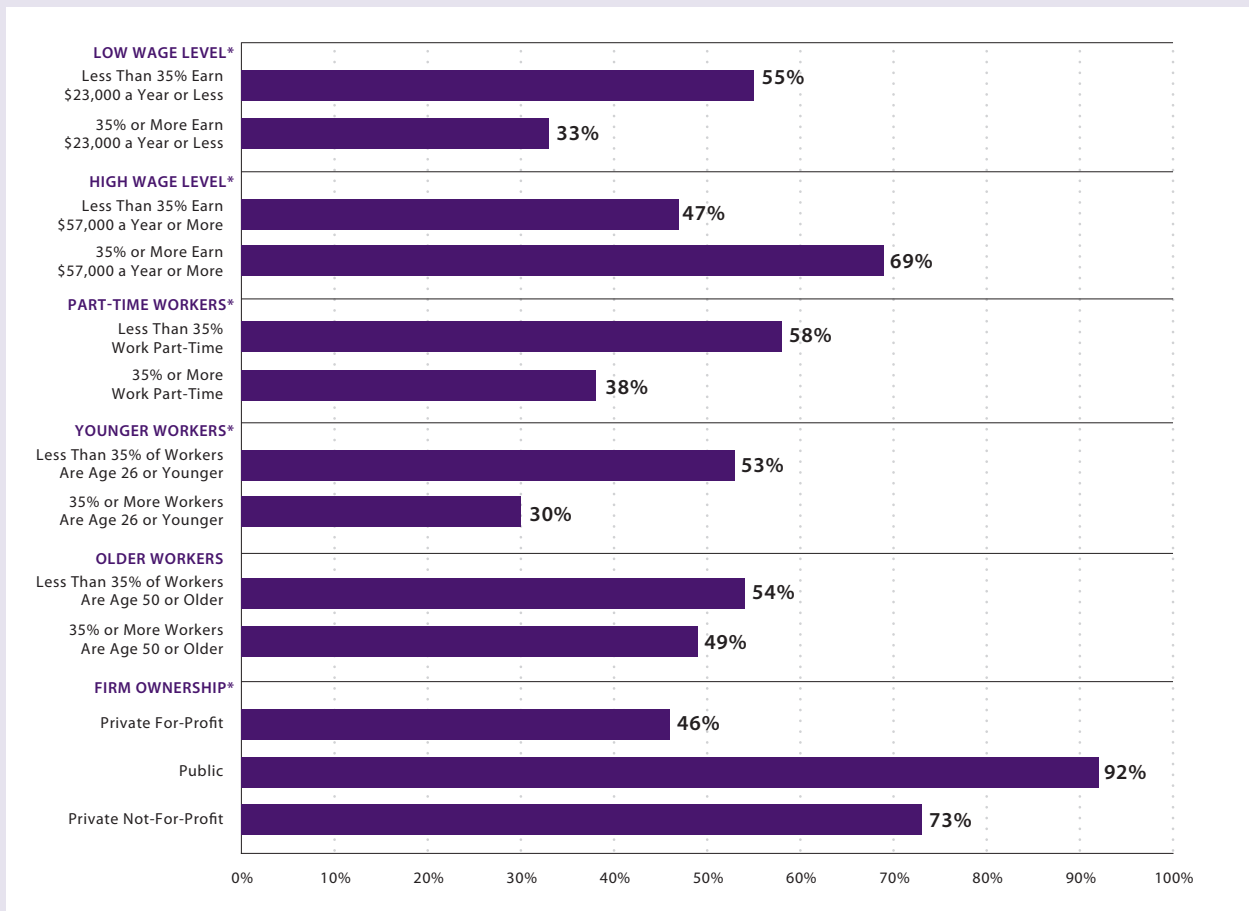
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 2.5

Among Firms Offering Health Benefits, Percentage That Offer Health Benefits to Part-Time Workers, by Firm Size, 1999–2014

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–24 Workers	20%	21%	17%	22%	24%	20%	27%	31%	23%	22%	31%	24%	12%	27%*	24%	22%
25–199 Workers	25	24	31	28	29	29	28	28	25	30	27	28	26	30	28	28
200–999 Workers	35	34	42	43	38	41	33	40*	38	40	44	35*	40	41	45	44
1,000–4,999 Workers	52	48	55	60	57	51	46	55*	54	53	55	55	50	61*	55	55
5,000 or More Workers	61	52	60	58	57	60	61	63	63	67	60	61	59	66	68	58*
All Small Firms (3–199 Workers)	21%	22%	20%	23%	25%	22%	27%	30%	23%	24%	30%	25%	15%	28%*	25%	24%
All Large Firms (200 or More Workers)	39%	37%	45%	46%	42%	43%	36%*	43%*	41%	43%	46%	39%*	42%	45%	47%	46%
ALL FIRMS	21%	22%	20%	24%	26%	23%	27%	31%	24%	25%	31%	25%	16%	28%*	25%	24%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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, 1999–2014

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–24 Workers	5%	2%	4%	2%	1%	4%	2%	3%	2%	3%	4%	1%	4%	2%	2%	6%
25–199 Workers	3	7	3	4	4	3	5	4	4	3	3	4	4	2	5	4
200–999 Workers	3	9	6	5	9	8	5	5	7	4	4	6	6	6	6	8
1,000–4,999 Workers	7	8	9	8	7	6	5	9	9	7	7	8	5	5	5	11*
5,000 or More Workers	9	8	8	7	10	7	9	11	6*	8	9	8	4	8	8	8
All Small Firms (3–199 Workers)	4%	3%	4%	3%	2%	3%	3%	3%	2%	3%	3%	1%	4%	2%	3%	5%
All Large Firms (200 or More Workers)	4%	9%	7%	6%	9%	8%	5%	6%	7%	5%	5%	6%	6%	6%	6%	9%
ALL FIRMS	4%	3%	4%	3%	2%	4%	3%	3%	2%	3%	3%	1%	4%	2%	3%	5%

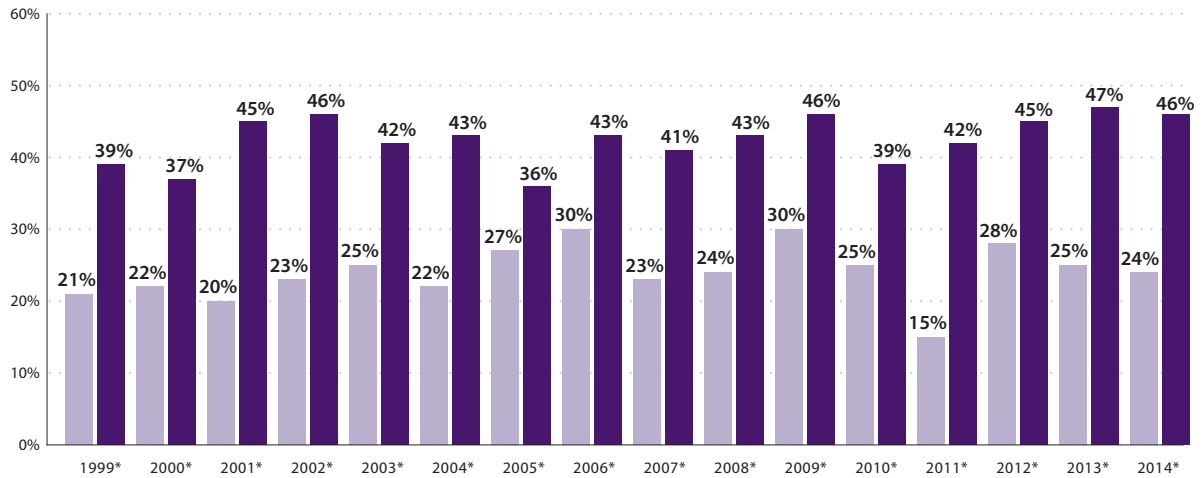
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

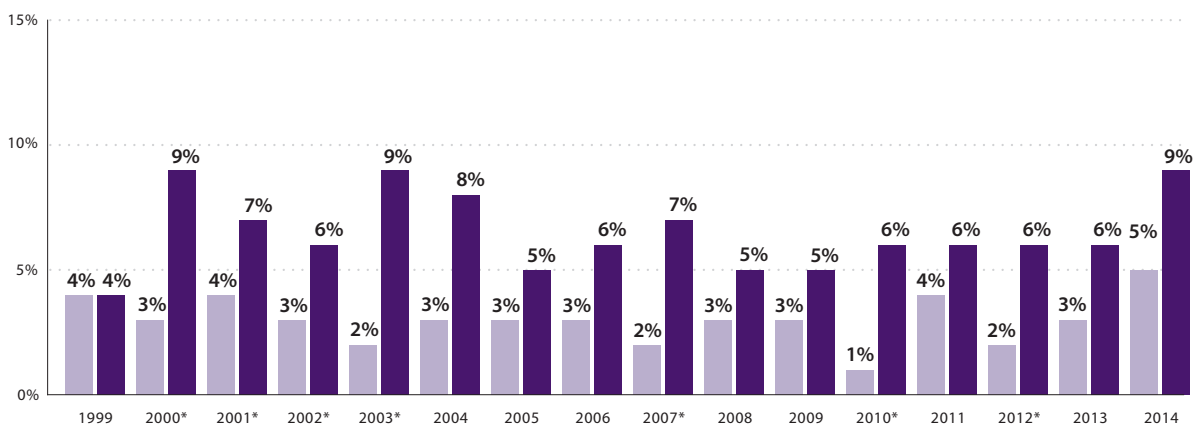
ALL SMALL FIRMS (3–199 WORKERS)

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, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

Percentage of Firms Offering Health Benefits That Offer or Contribute to a Separate Benefit Plan Providing Dental or Vision Benefits, by Firm Size and Region, 2014

	Separate Dental Benefits	Separate Vision Benefits
FIRM SIZE		
200-999 Workers	88%*	60%*
1,000-4,999 Workers	91*	76*
5,000 or More Workers	91*	75*
All Small Firms (3-199 Workers)	52%*	34%*
All Large Firms (200 or More Workers)	88%*	63%*
REGION		
Northeast	46%	30%
Midwest	60	41
South	59	39
West	45	30
ALL FIRMS	53%	35%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from estimate for all other 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 their 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, 2000-2014

	2000	2003	2006	2008	2010	2012	2014
Dental Benefits							
All Small Firms (3-199 Workers)	30%	37%	49%*	42%	45%	53%	52%
All Large Firms (200 or More Workers)	60%	78%*	79%	81%	87%*	89%	88%
ALL FIRMS	31%	38%	50%*	43%	46%	54%	53%
Vision Benefits							
All Small Firms (3-199 Workers)	-	-	20%	15%	16%	27%*	34%*
All Large Firms (200 or More Workers)	-	-	42%	47%	53%	62%*	63%*
ALL FIRMS	-	-	20%	16%	17%	27%*	35%*

SOURCE:

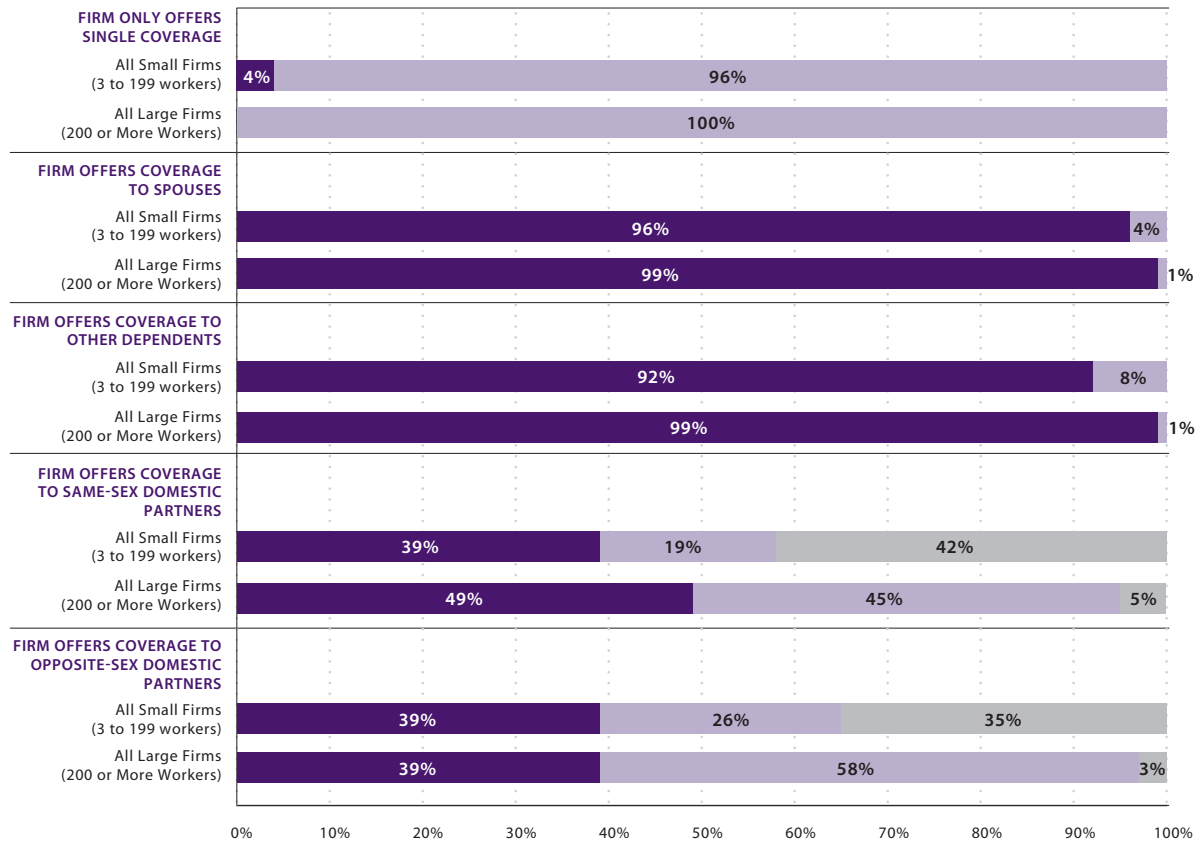
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2014.

* 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 their health plans might include.

EXHIBIT 2.11

Among Firms Offering Benefits, Percent of Firms Which Offer Coverage to Spouses, Dependents and Partners, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: "Not encountered" refers to firms where no workers requested domestic partner benefits and there is no corporate policy on coverage for that classification of domestic partners.

■ YES
■ NO
■ NOT ENCOUNTERED

EXHIBIT 2.12

Among Firms Offering Benefits, Percent of Firms Which Offer Coverage to Same-Sex and Opposite-Sex Domestic Partners, by Firm Size, Region and Industry, 2014

	Firm Offers Coverage to Same-Sex Domestic Partners			Firm Offers Coverage to Opposite-Sex Domestic Partners		
	Yes	No	Not Encountered	Yes	No	Not Encountered
FIRM SIZE						
3–24 Workers	37%	14%*	49%*	38%	20%*	42%*
25–199 Workers	44	33*	23*	41	43*	16*
200–999 Workers	47	46*	6*	38	59*	4*
1,000–4,999 Workers	54*	45*	2*	42*	57*	1*
5,000 or More Workers	70*	29*	<1*	52*	48*	0*
All Small Firms (3–199 Workers)	39%	19%*	42%*	39%	26%*	35%*
All Large Firms (200 or More Workers)	49%	45%*	5%*	39%	58%*	3%*
REGION						
Northeast	60%*	21%	19%*	50%*	31%	19%*
Midwest	28	25	47	27	37	37
South	25*	22	53	32*	25	42
West	48	11	41	47	16	36
INDUSTRY						
Agriculture/Mining/Construction	29%	19%	52%	29%	23%	48%
Manufacturing	69*	20	12*	53*	38	9*
Transportation/Communications/Utilities	32	17	51	17	33	50
Wholesale	38	36	25	19	60	21
Retail	25	12	63	22	17	62
Finance	55	22	23	55	37	8
Service	38	21	41	36	26	38
State/Local Government	16*	27	57	35*	29	36
Health Care	51	15	34	68	19	13
ALL FIRMS	39%	20%	41%	39%	27%	34%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: "Not encountered" refers to firms where no workers requested domestic partner benefits and there is no corporate policy on coverage for that classification of domestic partners.

EXHIBIT 2.13

Among Firms Offering Health Benefits, Percent of Employers That Offer Health Benefits to Unmarried Same-Sex and Opposite-Sex Domestic Partners, by Firm Size, 2008-2014

	2008	2010	2012	2014
Same-Sex Domestic Partners				
All Small Firms (3–199 Workers)	22%	21%	31%	39%
All Large Firms (200 or More Workers)	32%	34%	42%*	49%
ALL FIRMS	22%	21%	31%	39%
Opposite-Sex Domestic Partners				
All Small Firms (3–199 Workers)	24%	31%	37%	39%
All Large Firms (200 or More Workers)	32%	34%	39%	39%
ALL FIRMS	24%	31%	37%	39%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008–2014.

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

NOTE: "Not encountered" refers to firms where no workers requested domestic partner benefits and there is no corporate policy on coverage for that classification of domestic partners. See Exhibit 2.12 for the percent of firms indicating 'no' and 'not encountered'.

EXHIBIT 2.14

Among Firms Offering Benefits to Dependents, Limits on the Coverage Eligibility of Spouses, by Firm Size, 2014

	Percent of Firms Which Do Not Allow Spouses Who Are Offered Coverage from Another Source to Enroll in Coverage	Percent of Firms which Require Spouses Offered Coverage from Another Source to Contribute More to the Coverage Either in the Form of Premiums or Cost Sharing
FIRM SIZE		
3–24 Workers	9%	4%*
25–199 Workers	6	9
200–999 Workers	7	8
1,000–4,999 Workers	10	14*
5,000 or More Workers	12	23*
All Small Firms (3–199 Workers)	9%	5%*
All Large Firms (200 or More Workers)	8%	9%*
ALL FIRMS	9%	5%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 2.15

Among Small Firms (3–199 Workers) Not Offering Health Benefits, the Most Important Reason the Firm Does Not Offer, 2014

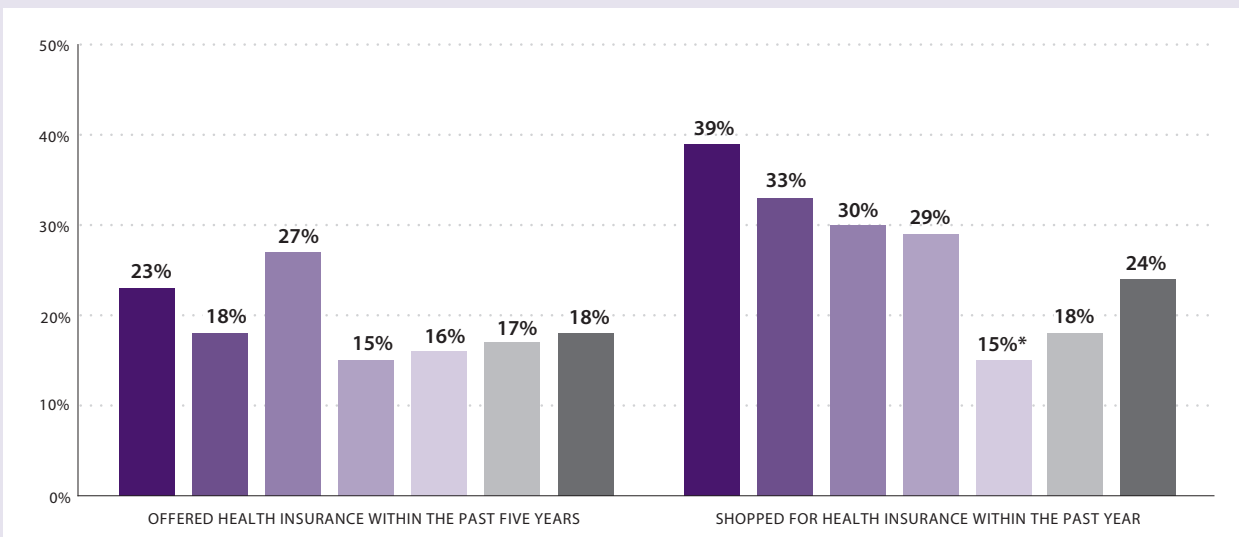
	Most Important Reason
Cost of health insurance is too high	32%
Employees are generally covered under another plan	24
The firm is too small	17
Employees have other options, including exchanges	9
Most employees are part-time or temporary workers	7
No interest/employees don't want it	4
Employee will get a better deal on health insurance exchange	1
Employee turnover is too great	0
Other	6
Don't know	0

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EXHIBIT 2.16

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, 2007–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007–2014.

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

NOTE: In 2014, we asked firms which offered health insurance within the past five years why they stopped offering coverage. Most respondents indicated that “cost” was the primary factor.

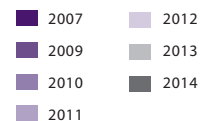


EXHIBIT 2.17

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Percentage That Provide Employees Funds to Purchase Non-Group Insurance, 2012–2014

	2012	2013	2014
3–9 Employees	9%	8%	5%*
10–199 Employees	11%	16%	17%*
ALL SMALL FIRMS	9%	10%	7%

SOURCE:

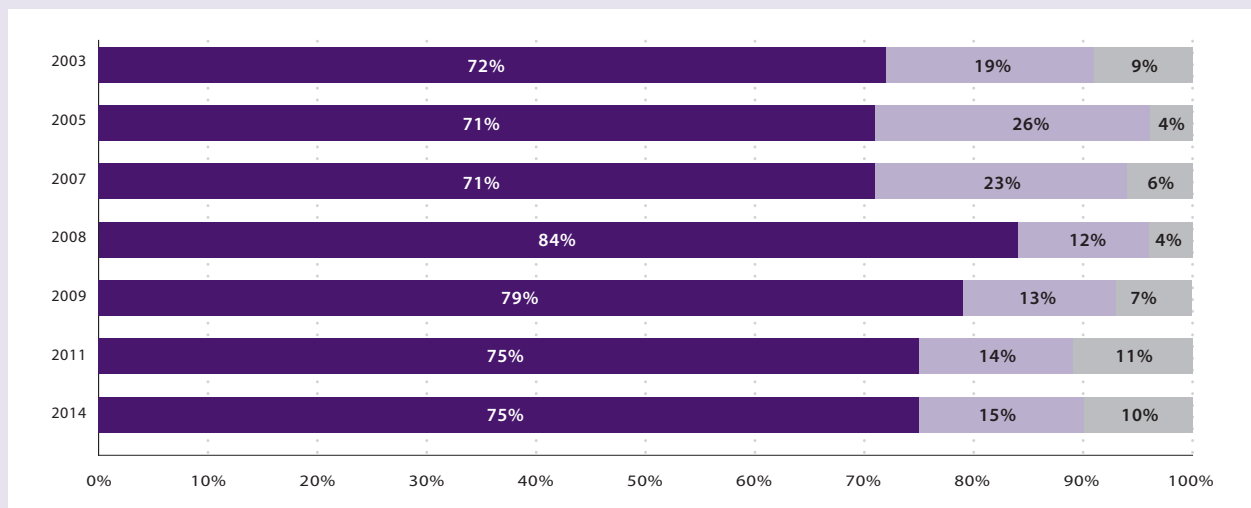
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012–2014.

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

NOTE: Starting in 2014, this question was modified to “Does your firm provide funds for employees to purchase insurance on their own in the individual market, or through a health insurance exchange.”

EXHIBIT 2.18

Among Small Firms (3–199 Workers) Not Offering Health Benefits, Employees’ Preference for Higher Wages or Health Insurance Benefits, 2003–2014



SOURCE:

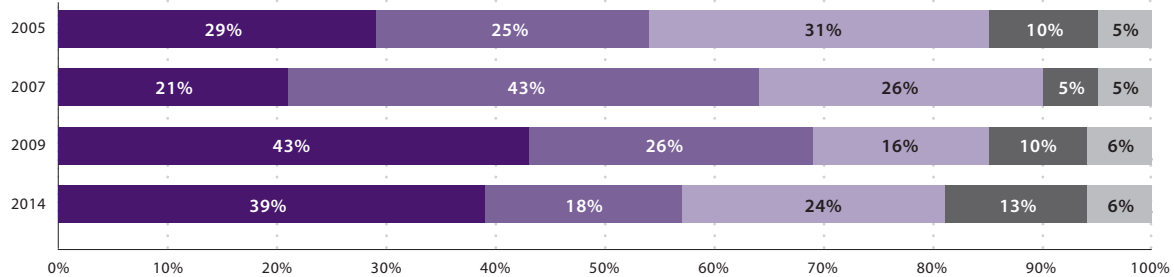
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2003–2014.

NOTE: The question asks firms whether they believe employees would rather receive an additional \$2 per hour (approximately the cost of health insurance for single coverage) in the form of higher wages or health insurance.

■ HIGHER WAGES
■ HEALTH INSURANCE
■ DON'T KNOW

EXHIBIT 2.19

Among Small Firms (3–199 Workers) Not Offering Benefits, Amount the Firm Believes That It Could Afford to Pay Monthly for Health Insurance Coverage for an Employee with Single Coverage, 2005–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2014.

NOTE: Respondents were given the opportunity to indicate “Don’t Know.” In 2005, 24% of firms selected “Don’t Know”; 21% in 2007; 43% in 2009; and 39% in 2014.

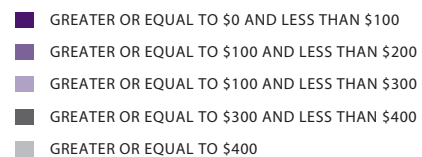
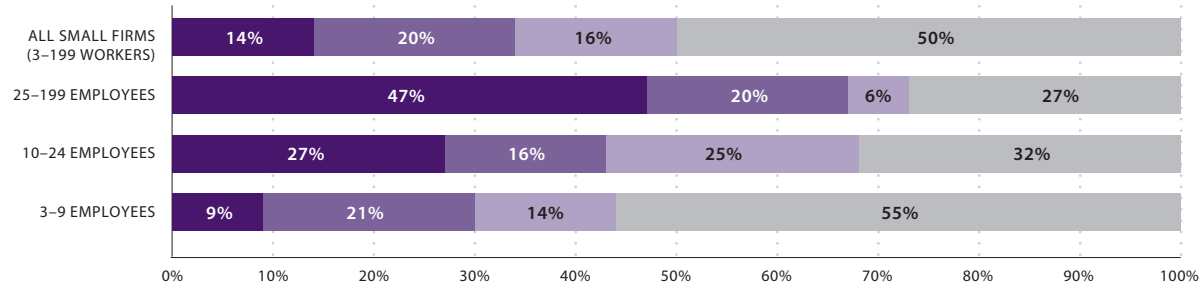


EXHIBIT 2.20

Among Small Firms (3–199 Workers) Not Offering Benefits, Percent of the Firm’s Employees which the Firm Believes are Covered from Another Source, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

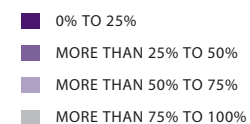


EXHIBIT 2.21

Among Small Firms (3 to 75 Workers) Not Offering and Offering Health Benefits, Percentage of Firms Who Looked At Purchasing Coverage through a SHOP Exchange, by Firm Size and Region, 2014

	Among Non-Offering Firms			Among Offering Firms		
	Yes	No	Don't Know	Yes	No	Don't Know
FIRM SIZE						
3–9 Workers	13%	86%	1%	NSD	NSD	NSD
10–75 Workers	15	79	6	10%	86%	4%
ALL SMALL FIRMS (3 to 75 Workers)	13%	85%	2%	12%	81%	6%

SOURCE:

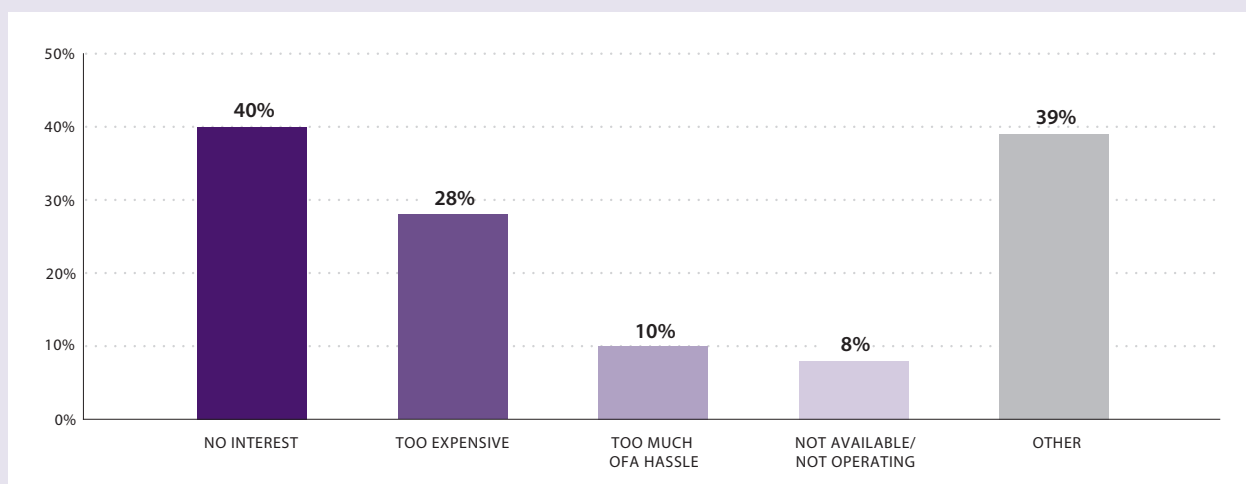
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Among the 12% of offering firms with 3 to 75 workers that looked at purchasing coverage through a SHOP exchange, 2% did purchase, 97% did not, and 1% did not know.

Small Business Health Options Program (SHOP) are federal or state sponsored exchanges in which employers may offer and contribute to health insurance provided to their employees. Because our survey gathers information about the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the SHOP marketplaces. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify, we directed questions to employers with 3 to 75 total employees.

EXHIBIT 2.22

Among Small Firms (3 to 75 Workers) Not Offering Health Benefits Who Determined They Were Eligible to Purchase Coverage on a SHOP Exchange, Reasons Why They Did Not Select a Plan, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Estimates are not statistically different within size category from estimates for firms not in the indicated size category ($p < .05$). Small Business Health Options Program (SHOP) are federal or state sponsored exchanges in which employers may offer and contribute to health insurance provided to their employees. Because our survey gathers information about the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the SHOP marketplaces. To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify, we directed questions to employers with 3 to 75 total employees.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Employee
Coverage,
Eligibility, and
Participation

SECTION

3

EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION

EMPLOYERS ARE THE PRINCIPAL SOURCE OF HEALTH INSURANCE IN THE UNITED STATES, PROVIDING HEALTH BENEFITS FOR ABOUT 149 MILLION NON-ELDERLY PEOPLE IN AMERICA.¹ MOST WORKERS ARE OFFERED HEALTH COVERAGE AT WORK, AND THE MAJORITY OF WORKERS WHO ARE OFFERED COVERAGE TAKE IT. WORKERS MAY NOT BE COVERED BY THEIR OWN EMPLOYER FOR SEVERAL REASONS: THEIR EMPLOYER MAY NOT OFFER COVERAGE, THEY MAY BE INELIGIBLE FOR BENEFITS OFFERED BY THEIR FIRM, THEY MAY ELECT TO RECEIVE COVERAGE THROUGH THEIR SPOUSE'S EMPLOYER, OR THEY MAY REFUSE COVERAGE FROM THEIR FIRM. IN 2015, NEW COVERAGE REQUIREMENTS WILL BE IMPLEMENTED THAT MAY AFFECT EMPLOYERS' DECISIONS ABOUT OFFERING HEALTH CARE COVERAGE GOING FORWARD.

- ▶ Among firms offering health benefits, 62% percent of workers are covered by health benefits through their own employer (Exhibit 3.2).
- ▶ When considering both firms that offer health benefits and those that don't, 55% of workers are covered under their employer's plan (Exhibit 3.1). This coverage rate has slowly decreased over time, down from 59% in 2009 and 61% in 2004.

ELIGIBILITY

- ▶ Not all employees are eligible for the health benefits offered by their firm, and not all eligible employees "take up" (i.e., elect to participate in) the offer of coverage. The share of workers covered in a firm is a product of both the percentage of workers who are eligible for the firm's health insurance and the percentage who choose to take up the benefit.
 - Seventy-seven percent of workers in firms offering health benefits are eligible for the coverage offered by their employer (Exhibit 3.2).
 - Eligibility varies considerably by wage level. Employees in firms with a lower proportion of lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to be eligible for health benefits than employees in firms with a higher proportion of lower-wage workers (79% vs. 63%). We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$57,000 or more annually) (83% vs. 73%) (Exhibit 3.3).

- Eligibility also varies by the age of the workforce. Those in firms with fewer younger workers (less than 35% of workers are age 26 or younger) are more likely to be eligible for health benefits than those in firms with many younger workers, at 79% versus 59% (Exhibit 3.3).

TAKE-UP RATE

- ▶ Employees who are offered health benefits generally elect to take up the coverage. In 2014, 80% of eligible workers take up coverage when it was offered to them, the same rate as last year (Exhibit 3.2).²
 - The likelihood of a worker accepting a firm's offer of coverage also varies with the workforces' wage level. Eligible employees in firms with a lower proportion of lower-wage workers are more likely to take up coverage (81%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$23,000 or less annually) (67%) (Exhibit 3.4). Similar patterns are seen in firms with a larger proportion of higher-wage workers, with workers in these firms being more likely to take up coverage than those in firms with a smaller share of higher wage workers (83% vs. 77%).
 - Ninety-one percent of workers at public employers who offer health benefits take up coverage. Workers at private-for-profit employers are significantly less likely to do so – only 77% of these workers take up coverage (Exhibit 3.4).

NOTES:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, The Uninsured: A Primer: Key Facts About Americans Without Health Insurance, October 2013. kff.org/uninsured/report/the-uninsured-a-primer-key-facts-about-health-insurance-on-the-eve-of-coverage-expansions/. 56% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.

² In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

COVERAGE

- ▶ There is significant variation by industry in the coverage rate among workers in firms offering health benefits. For example, only 37% of workers in retail firms offering health benefits are covered by the health benefits offered by their firm, compared to 74% of workers in finance, and 80% of workers in the transportation/communications/utilities industry category (Exhibit 3.2).
- ▶ Among workers in firms offering health benefits, those in firms with relatively few part-time workers (less than 35% of workers are part-time) are much more likely to be covered by their own firm than workers in firms with a greater percentage of part-time workers (69% vs. 35%) (Exhibit 3.5).
- ▶ Among workers in firms offering health benefits, those in firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to be covered by their own firm than workers in firms with many lower-wage workers (64% vs. 42%) (Exhibit 3.5). A comparable pattern exists in firms with a larger proportion of higher wage workers (35% or more earn \$57,000 or more annually) offering health benefits (69% vs. 56%).
- ▶ Among workers in firms offering health benefits, those in firms with fewer younger workers (less than 35% of workers are age 26 or younger) are more likely to be covered by their own firm than those in firms with many younger workers (64% vs. 45%) (Exhibit 3.5).
- ▶ Ninety-eight percent of firms offering health benefits reported that they did not change eligibility criteria by either increasing or decreasing the share of workers eligible for health benefits in the last year (Exhibit 3.7).

WAITING PERIODS

- ▶ Waiting periods are a specified length of time after beginning employment before employees are eligible to enroll in health benefits. The ACA requires that waiting periods cannot exceed 90 days for non-grandfathered plans for plan years that begin on or after January 1, 2014. This survey is conducted from January to May annually, at which time many firms report information on their current plans.

In some cases those plan years may have started in the previous calendar year (in this case, 2013). Some employers may have renewed their plan year in 2013 in order to delay implementing provisions of the ACA slated to take effect on January 1 2014. Also, many covered workers are enrolled in grandfathered health which are exempt from certain provisions of the ACA including the requirement to have a waiting period of less than 90 days (for more information see Section 13). If an employee is eligible to enroll on the 1st of the month, after two months this survey "rounds-up" and say the firm's waiting period is three months. For these reasons some employers still have waiting periods exceed the 90 day maximum.

- ▶ Seventy-five percent of covered workers face a waiting period before coverage is available. Covered workers in small firms (3-199 workers) are more likely than those in large firms to have a waiting period, at 83% versus 72% (Exhibit 3.8). Workers in the West are more likely to face a wait for coverage than all other regions (82%).
- ▶ The average waiting period among covered workers who face a waiting period is 2.1 months (Exhibit 3.8). While 27% of covered workers face a waiting period of 3 months or more, only 4% face a waiting period of 4 months or more. Workers in small firms (3-199 workers) generally have longer waiting periods than workers in larger firms (Exhibit 3.9).
- ▶ In 2014, 11% of firms offering health benefits reported that they reduced the duration of the waiting period, significantly higher than the 2% that increased it (Exhibit 3.10).
- ▶ Ninety-one percent of covered workers at firms with many lower-wage workers (firms where 35% or more of the workforce makes \$23,000 or less) face a waiting period before coverage is available compared to 76% at firms with few lower-wage workers.
- ▶ The percentage of covered workers who face a waiting period is similar to last year. The average length of the waiting period for covered workers who face a waiting period decreased, however, from 2.3 months to 2.1 months (Exhibit 3.11).

EXHIBIT 3.1

Percentage of All Workers Covered by Their Employers' Health Benefits, in Firms Both Offering and Not Offering Health Benefits, by Firm Size, 1999–2014

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–24 Workers	50%	50%	49%	45%	44%	43%	41%	45%	42%	43%	39%	44%	38%	36%	36%	33%
25–49 Workers	56	63	62	57	59	56	55	55	51	57	54	59	49	54	53	52
50–199 Workers	61	62	67	64	61	56	59	62	59	60	59	60	59	58	57	55
200–999 Workers	69	69	71	69	68	69	65	66	65	67	63	61	63	61	63	60
1,000–4,999 Workers	68	68	69	70	69	68	69	68	69	69	67	66	66	66	67	66
5,000 or More Workers	64	66	69	68	68	67	66	60	63	64	65	63	64	61	58	61
All Small Firms (3–199 Workers)	55%	57%	58%	54%	53%	50%	50%	53%	50%	52%	49%	52%	48%*	47%	46%	44%
All Large Firms (200 or More Workers)	66%	67%	69%	69%	68%	68%	66%	63%	65%	66%	65%	63%	64%	62%	61%	62%
ALL FIRMS	62%	63%	65%	63%	62%	61%	60%	59%	59%	60%	59%	59%	58%	56%	56%	55%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* Estimates are significantly different from estimate for the previous year shown ($p < .05$).

EXHIBIT 3.2

Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2014

	Percentage of Workers Eligible For Health Benefits Offered By Their Employer	Percentage of Eligible Workers Who Participate in Their Employers' Plan (Take-Up Rate)	Percentage of Workers Covered by Their Employers' Health Benefits
FIRM SIZE			
3–24 Workers	82%	75%*	61%
25–49 Workers	82*	77	64
50–199 Workers	76	79	60
200–999 Workers	78	78	61
1,000–4,999 Workers	80	82	66*
5,000 or More Workers	74	82*	61
All Small Firms (3–199 Workers)	79%	77%*	61%
All Large Firms (200 or More Workers)	76%	81%*	62%
REGION			
Northeast	79%	81%	64%
Midwest	77	80	61
South	80	79	63
West	72*	82	59
INDUSTRY			
Agriculture/Mining/Construction	75%	75%	56%
Manufacturing	92*	83*	77*
Transportation/Communications/Utilities	91*	87*	80*
Wholesale	80	79	63
Retail	52*	71*	37*
Finance	90*	82	74*
Service	75	78	59
State/Local Government	84	90*	76*
Health Care	78	78	61
ALL FIRMS	77%	80%	62%

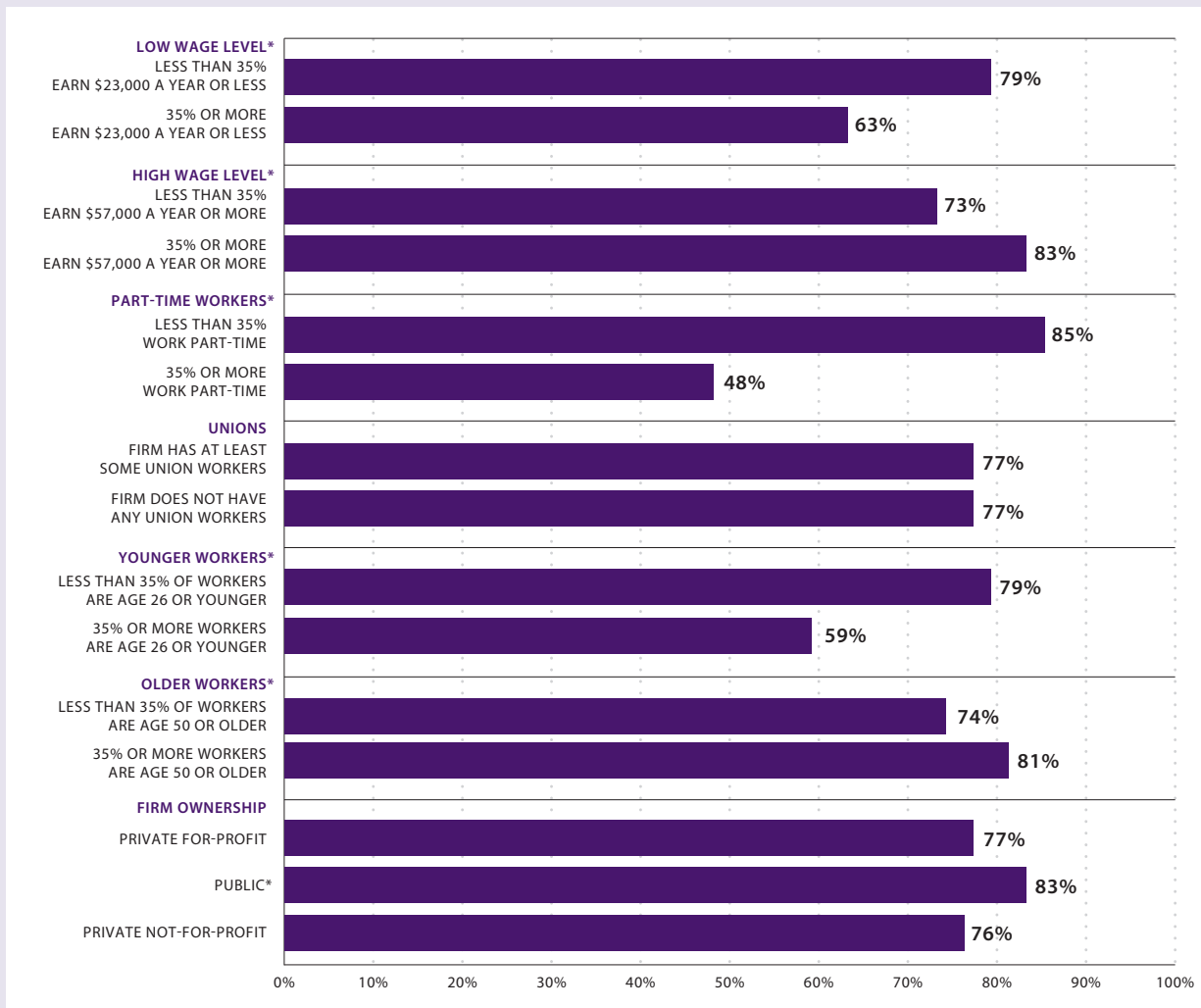
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate for eligibility, take-up rate, or coverage is statistically different from all other firms not in the indicated size, region, or industry category ($p < .05$).

EXHIBIT 3.3

Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2014



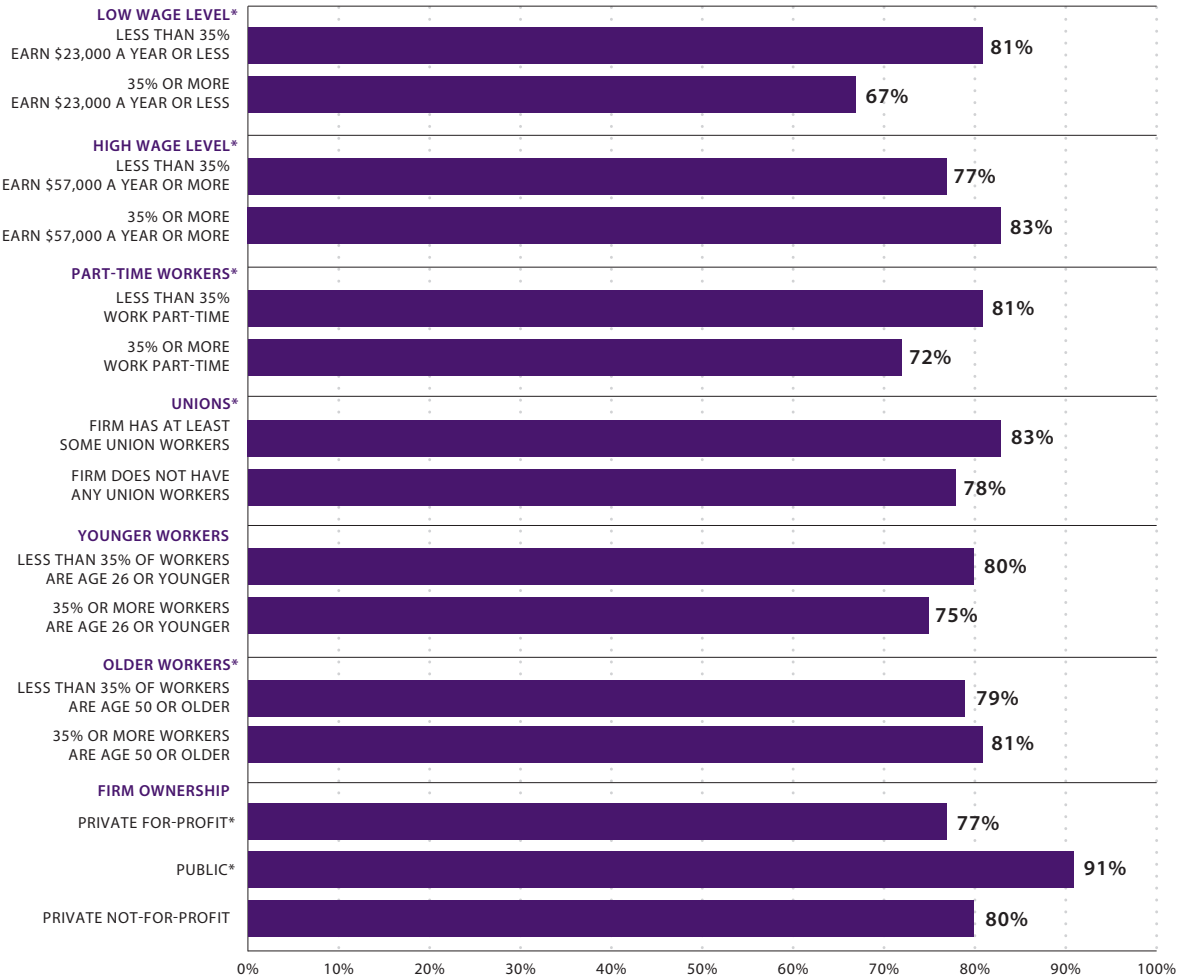
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.4

Among Workers in Firms Offering Health Benefits, Percentage of Eligible Workers Who Take Up Health Benefits Offered by Their Firm, by Firm Characteristics, 2014



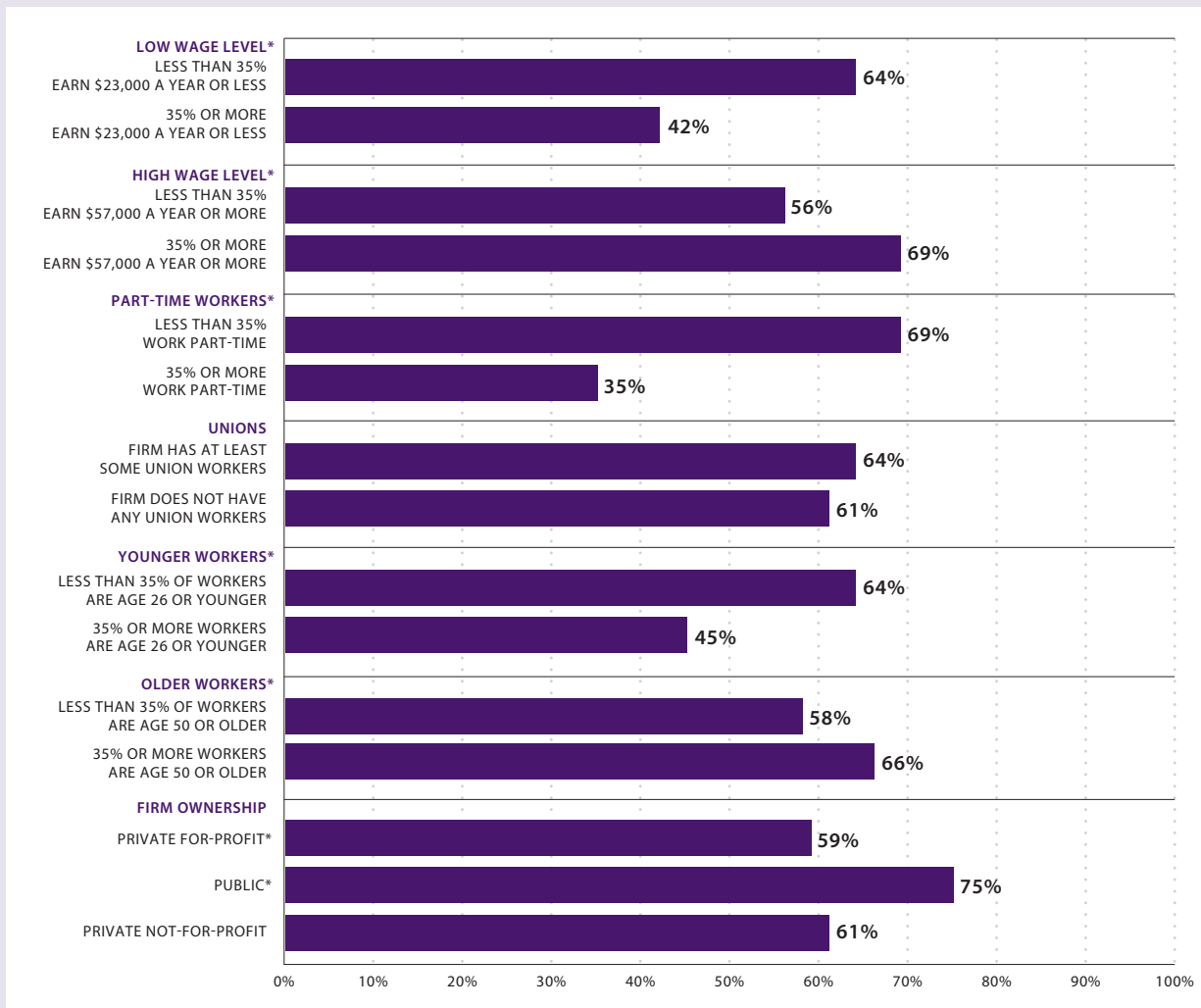
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.5

Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.6

Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Percentage Eligible																
All Small Firms (3–199 Workers)	81%	82%	85%	82%*	84%	80%	81%	83%	80%	81%	81%	82%	83%	78%*	80%	79%
All Large Firms (200 or More Workers)	78	80	82	80	80	81	79	76	78	79	79	77	78	76	76	76
ALL FIRMS	79%	81%	83%	81%*	81%	80%	80%	78%	79%	80%	79%	79%	79%	77%	77%	77%
Percentage of Eligible that Take Up																
All Small Firms (3–199 Workers)	83%	83%	83%	82%	81%	80%	81%	81%	80%	80%	79%	77%	78%	78%	77%	77%
All Large Firms (200 or More Workers)	86	84	85	86	85	84	85	84	84	84	82	82	83	82	81	81
ALL FIRMS	85%	84%	84%	85%	84%	83%	83%	83%	82%	82%	81%	80%	81%	81%	80%	80%
Percentage Covered																
All Small Firms (3–199 Workers)	67%	68%	71%	67%*	68%	64%	65%	67%	64%	65%	64%	63%	65%	61%	62%	61%
All Large Firms (200 or More Workers)	66	67	69	69	68	68	67	63	65	66	65	63	65	62	62	62
ALL FIRMS	66%	68%	70%	68%	68%	67%	66%	65%	65%	65%	65%	63%	65%	62%	62%	62%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

NOTE: In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take-up estimates have also been updated. See the Survey Design and Methods section for more information.

EXHIBIT 3.7

Among Firms Offering Health Benefits, the Percent of Firms that Changed Their Eligibility Criteria for Coverage in the Last Year, by Firm Size, Region, and Industry, 2014

	Yes, More Workers Are Eligible	Yes, Fewer Workers Are Eligible	No
FIRM SIZE			
3–24 Workers	1%	<1%*	99%*
25–199 Workers	4	1	95
200–999 Workers	6*	3	91*
1,000–4,999 Workers	4*	1	95*
5,000 or More Workers	5*	3*	92*
All Small Firms (3–199 Workers)	1%*	<1%*	98%*
All Large Firms (200 or More Workers)	6%*	2%*	92%*
REGION			
Northeast	1%	<1%	98%
Midwest	1	<1	99
South	3	1	97
West	1	<1	99
INDUSTRY			
Agriculture/Mining/Construction	2%	<1%	98%
Manufacturing	<1*	<1*	100*
Transportation/Communications/Utilities	1	1	99
Wholesale	<1*	0*	100*
Retail	2	<1	98
Finance	2	4	94
Service	<1	<1	99
State/Local Government	<1*	<1	100*
Health Care	5	1	94
ALL FIRMS	1%	<1%	98%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.8

Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2014

	Percentage of Covered Workers in Firms with a Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
FIRM SIZE		
All Small Firms (3–199 Workers)	83%*	2.3*
All Large Firms (200 or More Workers)	72%*	2.0*
REGION		
Northeast	72%	2.4*
Midwest	75	1.9*
South	74	2.1
West	82*	2.1
INDUSTRY		
Agriculture/Mining/Construction	83%	2.7*
Manufacturing	76	2.0
Transportation/Communications/Utilities	75	2.1
Wholesale	88*	2.0
Retail	92*	2.7*
Finance	74	1.9
Service	69*	2.1
State/Local Government	60	1.7*
Health Care	83*	2.0
ALL FIRMS	75%	2.1

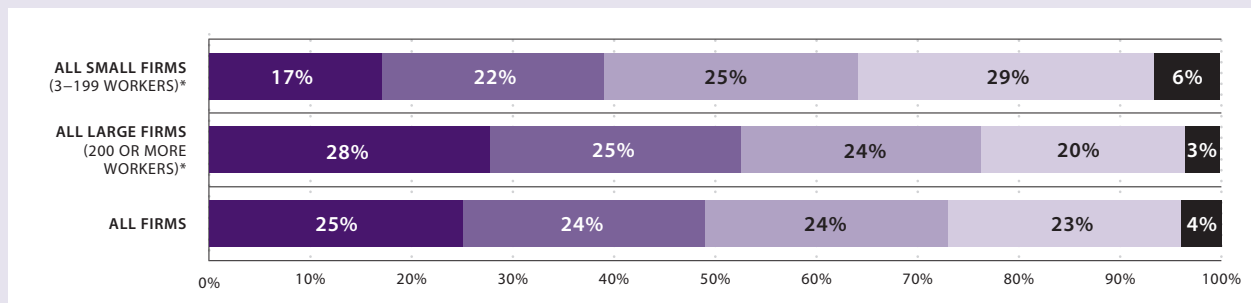
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.9

Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.10

Among Firms with a Waiting Period the Percentage of Firms Who Changed the Length of Their Waiting Period During the Last Year, 2014

	Yes, Increased the Length of Waiting Times	Yes, Decreased the Length of Waiting Times	No, Did Not Change the Waiting Period
FIRM SIZE			
3–24 Workers	2%	7%*	91%*
25–199 Workers	3	19*	78*
200–999 Workers	1	22*	77*
1,000–4,999 Workers	2	24*	75*
5,000 or More Workers	3	23*	73*
All Small Firms (3–199 Workers)	2%	10%*	87%*
All Large Firms (200 or More Workers)	1%	23%*	76%*
REGION			
Northeast	<1%	13%	87%
Midwest	7	5*	89
South	3	10	87
West	<1	15	85
INDUSTRY			
Agriculture/Mining/Construction	<1%	4%*	96%*
Manufacturing	<1	12	88
Transportation/Communications/Utilities	5	42	53
Wholesale	1	16	83
Retail	<1	6	94
Finance	<1	18	82
Service	5	7	89
State/Local Government	<1	4*	96*
Health Care	<1	13	87
ALL FIRMS	2%	11%	87%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 3.11

Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, 2002-2014

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Percentage of Covered Workers in Firms with a Waiting Period													
All Small Firms (3-199 Workers)	86%	82%	82%	80%	81%	78%	78%	81%	76%	79%	81%	83%	83%
All Large Firms (200 or More Workers)	71	77	65*	72	69	73	73	70	73	68	70	74	72
ALL FIRMS	76%	78%	70%*	75%	73%	75%	75%	74%	74%	72%	74%	77%	75%
Among Covered Workers with a Waiting Period, Average Waiting Period (Months)													
All Small Firms (3-199 Workers)	2.6	2.8	2.6	2.5	2.5	2.6	2.5	2.5	2.5	2.5	2.7	2.6	2.3*
All Large Firms (200 or More Workers)	2.0	1.9	2.0	2.1	2.0	2.0	1.9	2.0	2.0	2.0	2.1	2.1	2.0
ALL FIRMS	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.2	2.2	2.2	2.3	2.3	2.1*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2014.

* Estimates are significantly different from estimate for the previous year shown ($p < .05$).

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Types of
Plans
Offered

SECTION

4

TYPES OF PLANS OFFERED

MOST FIRMS THAT OFFER HEALTH BENEFITS OFFER ONLY ONE TYPE OF HEALTH PLAN (85%) (SEE TEXT BOX). LARGE FIRMS (200 OR MORE WORKERS) ARE MORE LIKELY TO OFFER MORE THAN ONE TYPE OF HEALTH PLAN THAN SMALLER FIRMS. EMPLOYERS ARE MOST LIKELY TO OFFER THEIR WORKERS A PPO OR HDHP/SO PLAN AND ARE LEAST LIKELY TO OFFER A CONVENTIONAL PLAN (SOMETIMES KNOWN AS INDEMNITY INSURANCE).

- ▶ Eighty-five percent of firms offering health benefits in 2014 offer only one type of health plan. Large firms (200 or more workers) are more likely to offer more than one plan type than small firms (3–199 workers): 44% vs. 14% (Exhibit 4.1).

The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

HMO is health maintenance organization.

PPO is preferred provider organization.

POS is point-of-service plan.

HDHP/SO is high-deductible health plan with a savings option such as an HRA or HSA

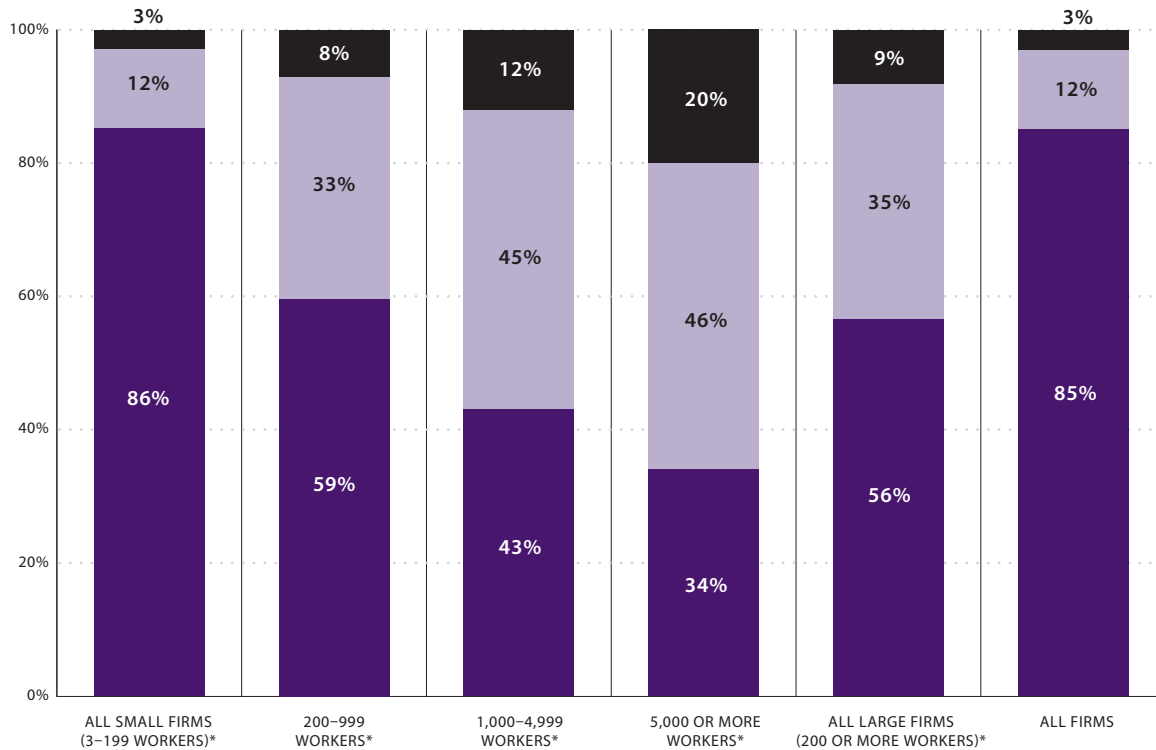
- ▶ In addition to looking at the percentage of firms which offer multiple plan types, the percent of covered workers at firms which offer multiple plan types can be analyzed. Half (50%) of covered workers are employed in a firm that offers more than one health plan type. Sixty-three percent of covered workers in large firms (200 or more workers) are employed by a firm that offers more than one plan type, compared to 22% in small firms (3–199 workers) (Exhibit 4.2).
- ▶ Three quarters (77%) of covered workers in firms offering health benefits work in a firm that offers one or more PPO plans; 45% work in firms that offer one or more HDHP/SOs; 31% work in firms that offer one or more HMO plans; 13% work in firms that offer one or more POS plans; and 3% work in firms that offer one or more conventional plans (Exhibit 4.4).¹
- ▶ Among firms offering only one type of health plan, large firms (200 or more workers) are more likely to offer PPO plans than small firms (3–199 workers) (71% versus 49%), while small firms are more likely to offer HMO (8%) and POS (20%) plans than larger firms (2% and 5%, respectively) (Exhibit 4.5).
- ▶ Eleven percent of covered workers are covered at firm which only offers an HDHP/SO.

NOTE:

¹ Starting in 2010 we included firms that said they offer a plan type even if there are no covered workers in that plan type.

EXHIBIT 4.1

Among Firms Offering Health Benefits, Percentage of Firms That Offer One, Two, or Three or More Plan Types, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

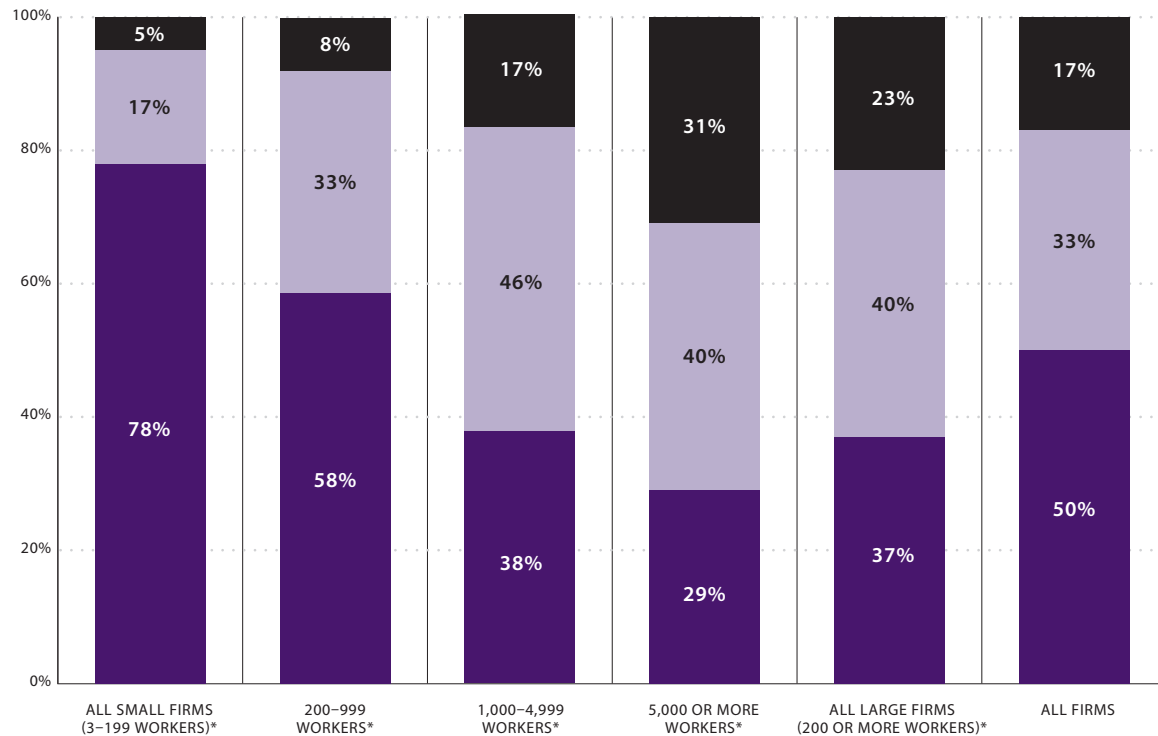
* Distribution is statistically different from distribution for all other firms not in the indicated size category ($p < .05$).

NOTE: The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan. Although firms may offer more than one of each plan type, the survey asks how many are offered among the following types: conventional, HMO, PPO, POS, and HDHP/SO.

THREE OR MORE PLAN TYPES
TWO PLAN TYPES
ONE PLAN TYPE

EXHIBIT 4.2

Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Distribution is statistically different from distribution for all other firms not in the indicated size category ($p < .05$).

NOTE: The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers.

For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan. Although firms may offer more than one of each plan type, the survey asks how many are offered among the following types: conventional, HMO, PPO, POS, and HDHP/SO.

THREE OR MORE PLAN TYPES
TWO PLAN TYPES
ONE PLAN TYPE

EXHIBIT 4.3

Among Firms Offering Health Benefits, Percentage of Firms That Offer the Following Plan Types, by Firm Size, 2014

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
3–24 Workers	<1%	10%*	55%	24%	26%
25–199 Workers	<1	21*	54	22	32
200–999 Workers	1	25*	70*	14*	38*
1,000–4,999 Workers	1	31*	86*	8*	43*
5,000 or More Workers	4%*	40%*	85%*	9%*	50%*
All Small Firms (3–199 Workers)	<1%*	12%*	54%*	23%*	27%*
All Large Firms (200 or More Workers)	2%*	26%*	73%*	13%*	39%*
ALL FIRMS	<1%	13%	55%	23%	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

EXHIBIT 4.4

Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms That Offer the Following Plan Types, by Firm Size, 2014

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
3–199 Workers	<1%*	16%*	57%*	20%*	33%*
200–999 Workers	1	24*	76	11	37*
1,000–4,999 Workers	2	36	91*	6*	47
5,000 or More Workers	5	46*	86*	12	57*
All Small Firms (3–199 Workers)	<1%*	16%*	57%*	20%*	33%*
All Large Firms (200 or More Workers)	3%*	38%*	85%*	10%*	50%*
ALL FIRMS	3%	31%	77%	13%	45%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

EXHIBIT 4.5

Among Firms Offering Only One Type of Health Plan, Percentage of Covered Workers in Firms That Offer the Following Plan Type, by Firm Size, 2014

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZES					
All Small Firms (3–199 Workers)	<1%	8%*	49%*	20%*	23%
All Large Firms (200 or More Workers)	<1%	2%*	71%*	5%*	22%
ALL FIRMS	<1%	5%	60%	12%	22%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: The survey collects information on a firm's plan with the largest enrollment in each of the plan types. While we know the number of plan types a firm has, we do not know the total number of plans a firm offers. In addition, firms may offer different types of plans to different workers. For example, some workers might be offered one type of plan at one location, while workers at another location are offered a different type of plan.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Market
Shares of
Health Plans

SECTION

5

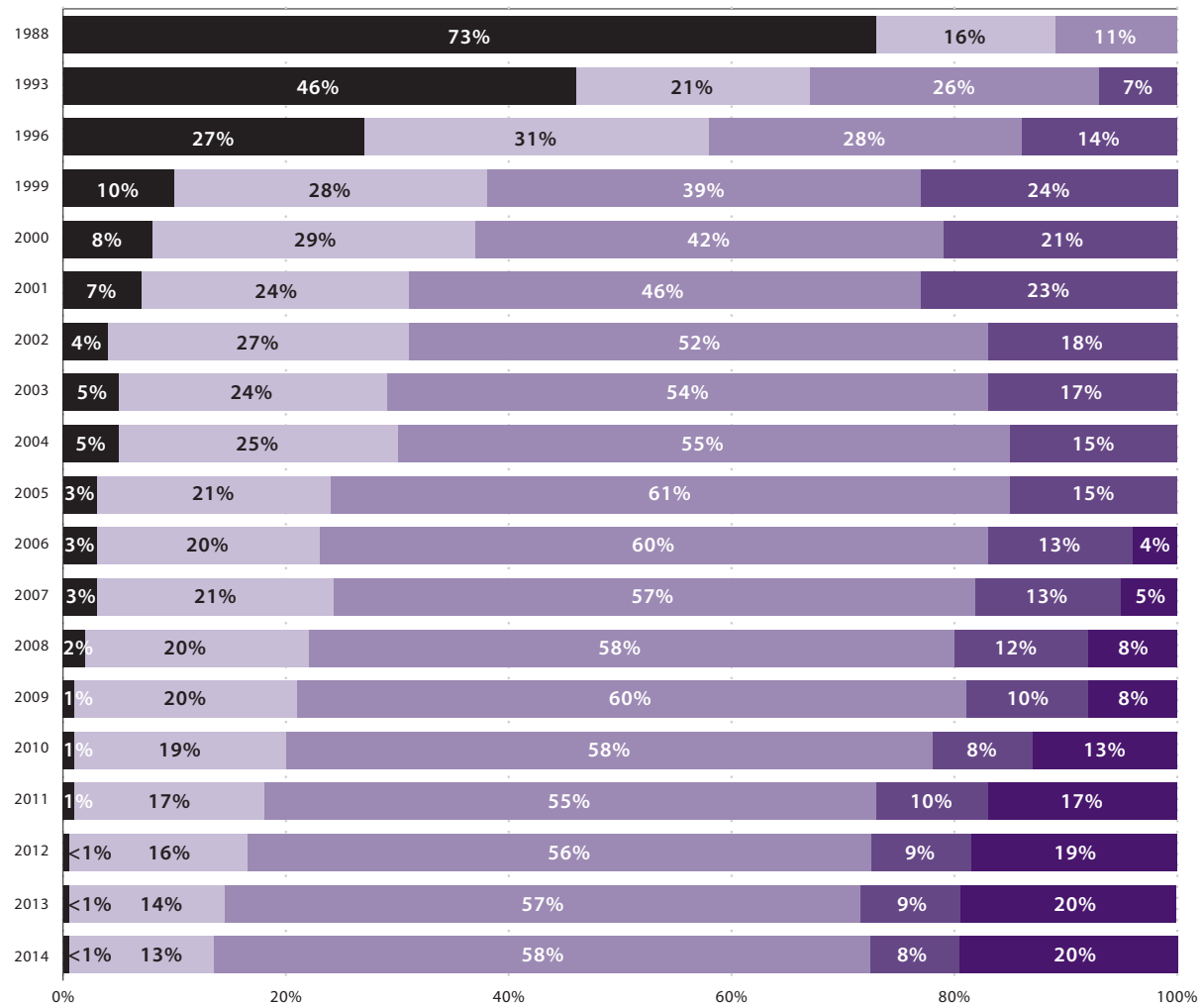
MARKET SHARES OF HEALTH PLANS

ENROLLMENT REMAINS HIGHEST IN PPO PLANS, COVERING MORE THAN HALF OF COVERED WORKERS, FOLLOWED BY HDHP/SOs, HMO PLANS, POS PLANS, AND CONVENTIONAL PLANS. ENROLLMENT DISTRIBUTION VARIES BY FIRM SIZE, FOR EXAMPLE, PPOs ARE RELATIVELY MORE POPULAR FOR COVERED WORKERS AT LARGE FIRMS (200 OR MORE WORKERS) THAN SMALLER FIRMS (63% VS. 46%) AND POS PLANS ARE RELATIVELY MORE POPULAR AMONG SMALLER FIRMS THAN LARGE FIRMS (17% VS. 4%). ENROLLMENT IN HDHP/SO PLANS (20%) REMAINS STATISTICALLY UNCHANGED FROM 2012 (19%).

- ▶ Fifty-eight percent of covered workers are enrolled in PPOs, followed by HDHP/SOs (20%), HMOs (13%), POS plans (8%), and conventional plans (<1%) (Exhibit 5.1).
- ▶ After years of significant annual increases in the percentage of covered workers enrolled in HDHP/SO plans (8% in 2009, 13% in 2010, and 17% in 2011), enrollment has remained steady over the past three years (19% in 2012, and 20% in 2013 and 2014) (Exhibit 5.1). The percentage of covered workers enrolled in HDHP/SO plans at both large firms (200 or more workers) and smaller firms is similar to last year.
- ▶ Enrollment in HDHP/SOs is similar for firms with many lower wage workers (at least 35% of workers earn \$23,000 per year or less) and those with fewer lower wage workers as well as between large firms (200 or more workers) and smaller firms.
- ▶ Enrollment in HMO plans is similar to 2013 but declined significantly from two years ago (16% in 2012) and five years ago (20% in 2009).
- ▶ Plan enrollment patterns vary by firm size. Workers in large firms (200 or more workers) are more likely than workers in smaller firms to enroll in PPOs (63% vs. 46%). Workers in small firms are more likely than workers in large firms to enroll in POS plans (17% vs. 4%) (Exhibit 5.2).
- ▶ Plan enrollment patterns also differ across regions.
 - HMO enrollment is significantly higher in the West (25%) and significantly lower in the South (9%) and Midwest (8%) (Exhibit 5.3).
 - Workers in the South (66%) are more likely to be enrolled in PPO plans than workers in other regions; workers in the West (51%) are less likely to be enrolled in a PPO (Exhibit 5.3).
 - Enrollment in HDHP/SOs is higher among workers in the Midwest (27%) than in other regions (Exhibit 5.3).
- ▶ Plan enrollment patterns differ by industry as well.
 - Covered workers in the state/local government industry (11%) are significantly less likely to be enrolled in an HDHP/SO plan than covered workers in other industries (Exhibit 5.3).

EXHIBIT 5.1

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2014



SOURCE:

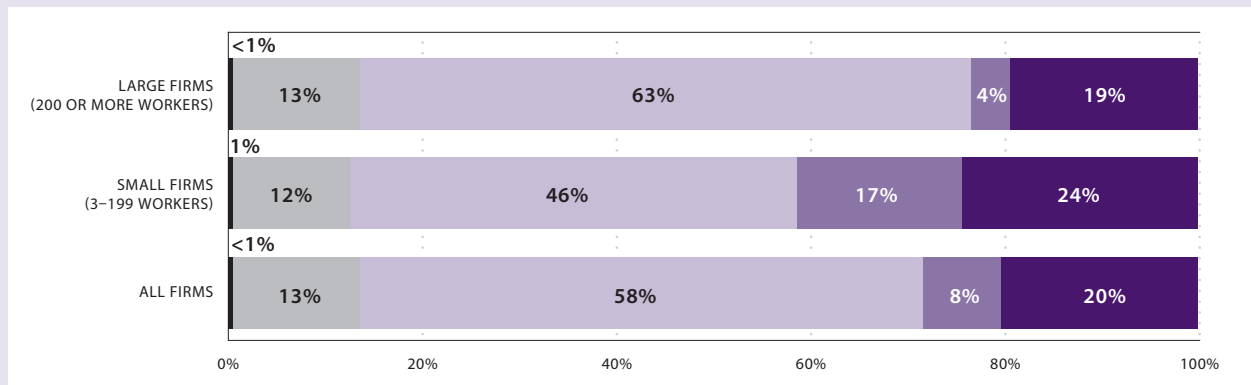
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

CONVENTIONAL
HMO
PPO
POS
HDHP/SO

EXHIBIT 5.2

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type and Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Enrollment in plan type is statistically different between Large and Small Employers ($p < .05$).

NOTE: HMO is health maintenance organization. PPO is preferred provider organization. POS is point-of-service plan. HDHP/SO is high-deductible health plan with a savings option, such as health reimbursement arrangements (HRAs) and health savings accounts (HSAs). Less than 1% of covered workers in Large Firms, Small Firms, and All Firms are enrolled in a conventional plan.

CONVENTIONAL
 HMO
 PPO*
 POS*
 HDHP/SO

EXHIBIT 5.3

Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2014

	Conventional	HMO	PPO	POS	HDHP/SO
FIRM SIZE					
3–24 Workers	<1%	8%	48%	21%*	23%
25–49 Workers	0*	16	44*	17	22
50–199 Workers	1	14	47*	15*	25
200–999 Workers	<1	14	59	7	19
1,000–4,999 Workers	<1	13	68*	3*	16*
5,000 or More Workers	<1	13	63*	4*	20
All Small Firms (3–199 Workers)	<1%	12%	46%*	17%*	24%
All Large Firms (200 or More Workers)	<1%	13%	63%*	4%*	19%
REGION					
Northeast	1%	14%	54%	13%	19%
Midwest	<1*	8*	56	9	27*
South	<1	9*	66*	6	19
West	<1	25*	51*	6	18
INDUSTRY					
Agriculture/Mining/Construction	0%*	3%*	60%	21%*	15%
Manufacturing	<1*	8*	64	5*	23
Transportation/Communications/Utilities	1	20*	58	1*	21
Wholesale	<1*	12	57	7	24
Retail	<1	8*	64	9	18
Finance	0*	10	53	10	27
Service	<1	16*	55	8	21
State/Local Government	<1	18	63	8	11*
Health Care	<1	11	56	13	20
ALL FIRMS	<1%	13%	58%	8%	20%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Worker and
Employer
Contributions
for Premiums

SECTION

6

WORKER AND EMPLOYER CONTRIBUTIONS FOR PREMIUMS

PREMIUM CONTRIBUTIONS BY COVERED WORKERS AVERAGE 18% FOR SINGLE COVERAGE AND 29% FOR FAMILY COVERAGE.¹ THE AVERAGE MONTHLY WORKER CONTRIBUTIONS ARE \$90 FOR SINGLE COVERAGE (\$1,081 ANNUALLY) AND \$402 FOR FAMILY COVERAGE (\$4,823 ANNUALLY). ON AVERAGE COVERED WORKERS CONTRIBUTE A SIMILAR AMOUNT FOR FAMILY COVERAGE IN 2014 AS THEY DID IN 2013 BUT MORE FOR SINGLE COVERAGE (\$90 VS. \$83). THERE CONTINUES TO BE IMPORTANT DIFFERENCES BY FIRM SIZE; COVERED WORKERS IN SMALL FIRMS (3–199 WORKERS) CONTRIBUTE A LOWER PERCENTAGE OF THE PREMIUM FOR SINGLE COVERAGE (16 PERCENT VERSUS 19 PERCENT) BUT A MUCH HIGHER PERCENTAGE OF THE PREMIUM FOR FAMILY COVERAGE THAN COVERED WORKERS IN LARGER FIRMS (35 PERCENT VERSUS 27 PERCENT).

- ▶ In 2014, covered workers on average contribute 18% of the premium for single coverage and 29% of the premium for family coverage the same contribution percentages reported in 2013 (Exhibit 6.1). These contributions have remained stable since 2010 for both single and family coverage.
- ▶ On average, workers with single coverage contribute \$90 per month (\$1,081 annually), and workers with family coverage contribute \$402 per month (\$4,823 annually), towards their health insurance premiums, similar to the amounts reported in 2013 for family coverage, but significantly higher for single coverage (Exhibit 6.2, Exhibit 6.3, and Exhibit 6.4).
 - Worker contributions in HDHP/SOs are lower than the overall average worker contributions for single coverage (\$905 vs. \$1,081) (Exhibit 6.5). While employers contribute less for family coverage in HDHP/SO plans, the worker contribution is similar to the overall average.
 - Worker contributions in other plan types are not statistically different from the overall average for either single or family coverage (Exhibit 6.5).
- ▶ In addition to differences between plan types, there are differences in worker contributions by type of firm. As in previous years, workers in small firms (3–199 workers) contribute a lower amount annually for single coverage than workers in large firms (200 or more workers), \$902 vs. \$1,160. In contrast, workers in small firms with family coverage contribute significantly more annually than workers with family coverage in large firms (\$5,508 vs. \$4,523) (Exhibit 6.8). One reason small firms may contribute a higher percentage for single coverage and a lower percentage for family coverage, compared to large firms, is to incentivize enrollment. Many insurers impose participation requirements on firms purchasing small-group coverage.
 - The average worker contribution for family coverage in the South is higher than the average for covered workers in all other regions (Exhibit 6.12). The average employer contribution is higher for covered workers in large firms (\$12,742 vs. \$10,341) (Exhibit 6.10).

VARIATION IN WORKER CONTRIBUTIONS TO THE PREMIUM

- ▶ There is a great deal of variation in worker contributions to premiums.
 - Thirty-one percent of covered workers contribute \$1,513 or more annually (140% or more of the average worker contribution) for single coverage, while 20% of covered workers have an annual worker contribution of less than \$649 (less than 60% of the average worker contribution) (Exhibit 6.15).

NOTE:

¹ Estimates for premiums, worker contributions to premiums, and employer contributions to premiums presented in Section 6 do not include contributions made by the employer to Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs). See Section 8 for estimates of employer contributions to HSAs and HRAs.

- For family coverage, 22% of covered workers contribute \$6,752 or more annually (140% or more of the average worker contribution), while 24% of covered workers have an annual worker contribution of less than \$2,894 (less than 60% of the average worker contribution) (Exhibit 6.15).
- The majority of covered workers are employed by a firm that contributes at least half of the premium for single and family coverage.
 - Fourteen percent of covered workers with single coverage and 5% of covered workers with family coverage work for a firm that pays 100% of the premium (Exhibit 6.16)
 - Covered workers in small firms (3–199 workers) are more likely to work for a firm that pays 100% of the premium for single coverage than workers in large firms (200 or more workers). Thirty-two percent of covered workers in small firms have an employer that pays the full premium for single coverage, compared to 6% of covered workers in large firms (Exhibit 6.17). For family coverage, 14% of covered workers in small firms have an employer that pays the full premium, compared to 2% of covered workers in large firms (Exhibit 6.17 and 6.18).
 - Three percent of covered workers in small firms (3–199 workers) contribute more than 50% of the premium for single coverage, compared to one percent of covered workers in large firms (200 or more workers) (Exhibit 6.17). For family coverage, 31% of covered workers in small firms work in a firm where they must contribute more than 50% of the premium, compared to 9% of covered workers in large firms (Exhibit 6.17 and 6.18).
- Looking at dollar amounts, covered workers in firms with many lower-wage workers (35% or more earn \$23,000 or less annually) on average contribute \$6,472 for family coverage versus \$4,693 for covered workers in firms with fewer lower-wage workers (Exhibit 6.13). Forty-two percent of covered workers at firms with many lower wage workers pay more than 50% of the premium for family coverage in contrast to 13% at firms with fewer lower wage workers (Exhibit 6.19).
- Covered workers with family coverage in firms that have at least some union workers contribute a significantly lower percentage of the premium than those in firms without any unionized workers (21% vs. 34%) (Exhibit 6.21).
- For workers with family coverage in large firms (200 or more workers), the average percentage contribution for workers in firms that are partially or completely self-funded is lower than the average percentage contributions for workers in firms that are fully insured (26% vs. 31%)² (Exhibit 6.21).
- Covered workers in private, for profit firms contribute a significantly higher percentage of the premium for single coverage (21%) than do workers in private not-for-profit firms (16%) and public organizations such as state or local governments (13%) (Exhibit 6.20).

OTHER TOPICS

DIFFERENCE BY FIRM CHARACTERISTICS

- The percentage of the premium paid by covered workers varies by several firm characteristics.
 - For family coverage, covered workers in firms with many lower-wage workers (35% or more earn \$23,000 or less annually) contribute a greater percentage of the premium than those in firms with fewer lower-wage workers (44% vs. 28%) (Exhibit 6.21).
- Among firms offering health benefits with fewer than 20 employees, 45% contribute different dollar amounts toward premiums for different employees (Exhibit 6.26). Employer may contribute different amounts to different employees based for a variety of reasons, including workers' age, smoking status, seniority, job title or location.
- Among firms offering health benefits, one percent of small firms (3 to 199 workers) and 10% of larger firms have a policy where lower wage workers contribute a lower percentage of the premium than higher wage workers (Exhibit 6.27).

NOTE:

² For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

CHANGES OVER TIME

- ▶ The amount which workers contribute to single coverage premiums has increased 94% since 2004 and 39% since 2009. Covered workers' contributions to family coverage have increased 81% since 2004 and 37% since 2009. Over the last five years the average worker contribution for single and family coverage has risen at a similar rate.
- ▶ Over the last ten years the average worker contribution for family coverage has risen faster for large firms (200 or more workers) than smaller firms (63% vs. 93%). The average worker contribution for family coverage has risen at a similar rate for firms with many low income workers (35% or more earn \$23,000 or less annually) and those with fewer low income workers over the past ten years.

EXHIBIT 6.1

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999–2014



SOURCE:

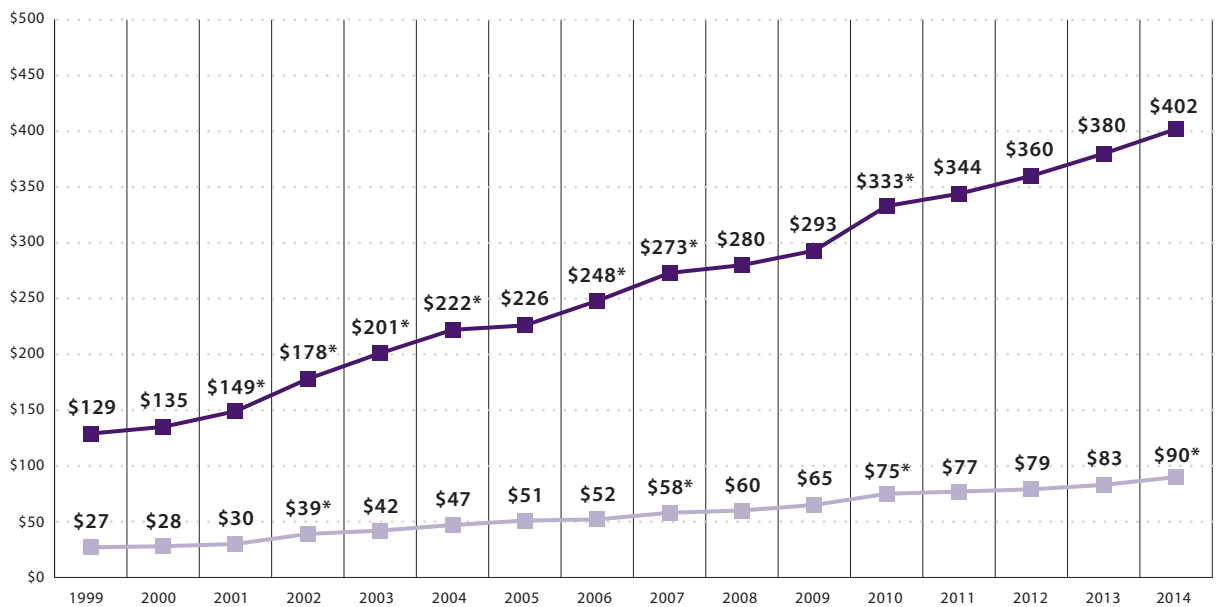
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

— FAMILY COVERAGE
— SINGLE COVERAGE

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

EXHIBIT 6.2

Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999–2014



SOURCE:

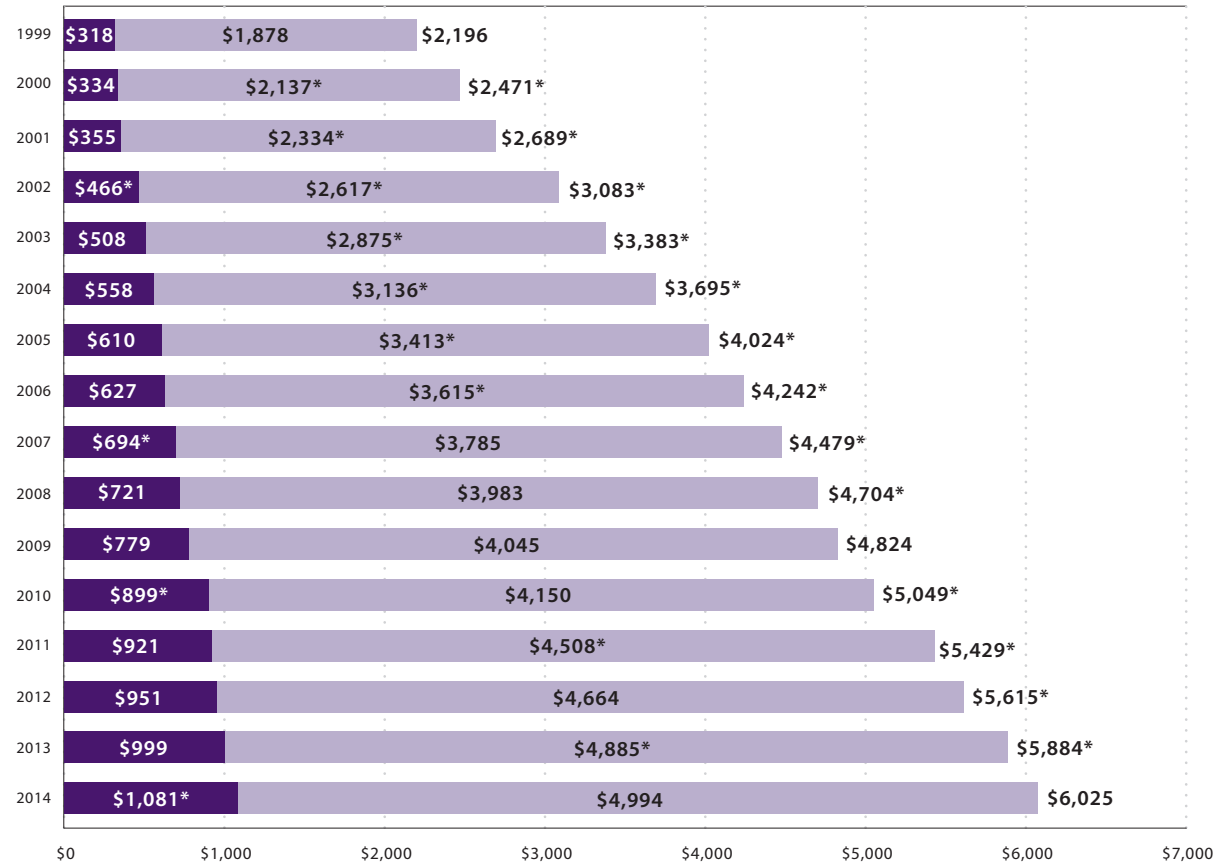
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

— FAMILY COVERAGE
— SINGLE COVERAGE

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

EXHIBIT 6.3

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999–2014



SOURCE:

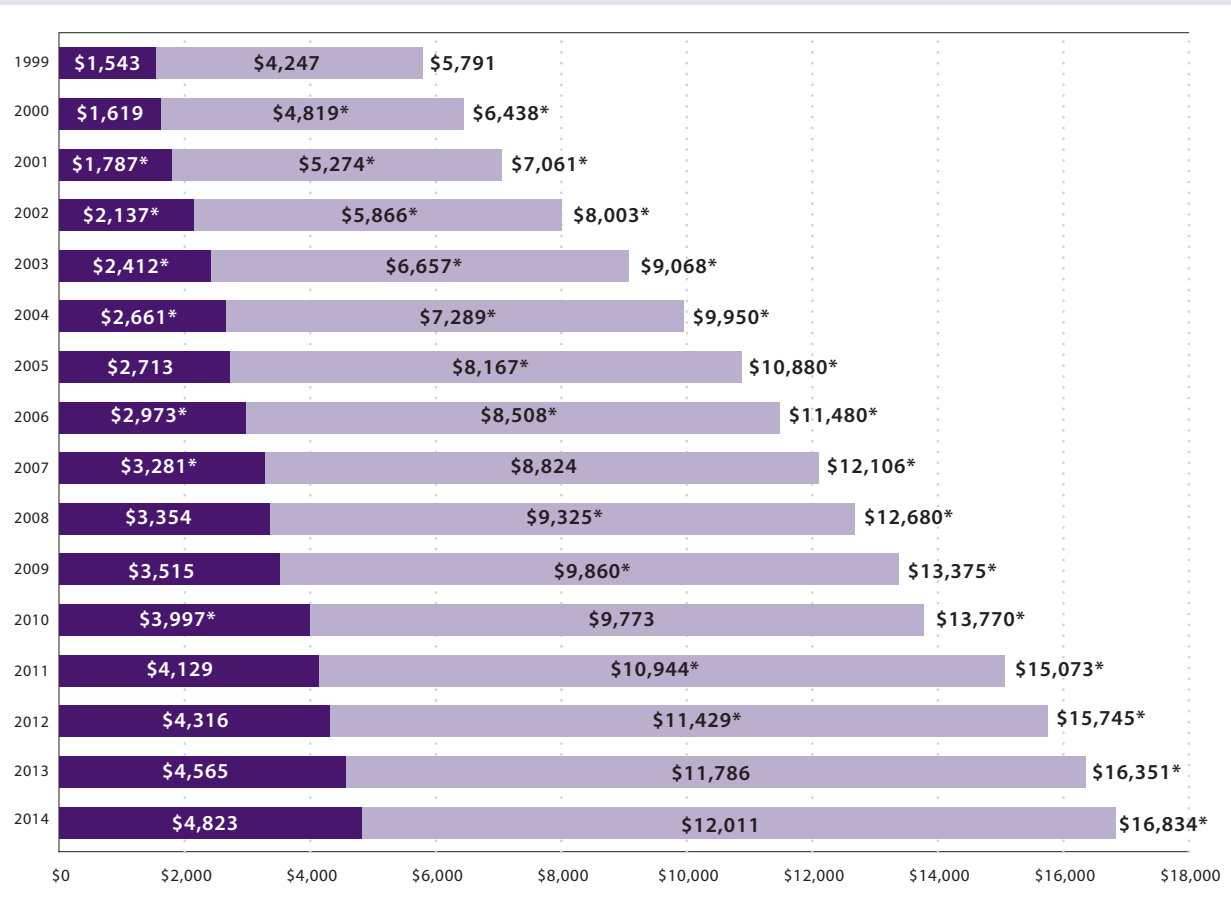
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

WORKER CONTRIBUTION
EMPLOYER CONTRIBUTION

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

EXHIBIT 6.4

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999–2014



SOURCE:

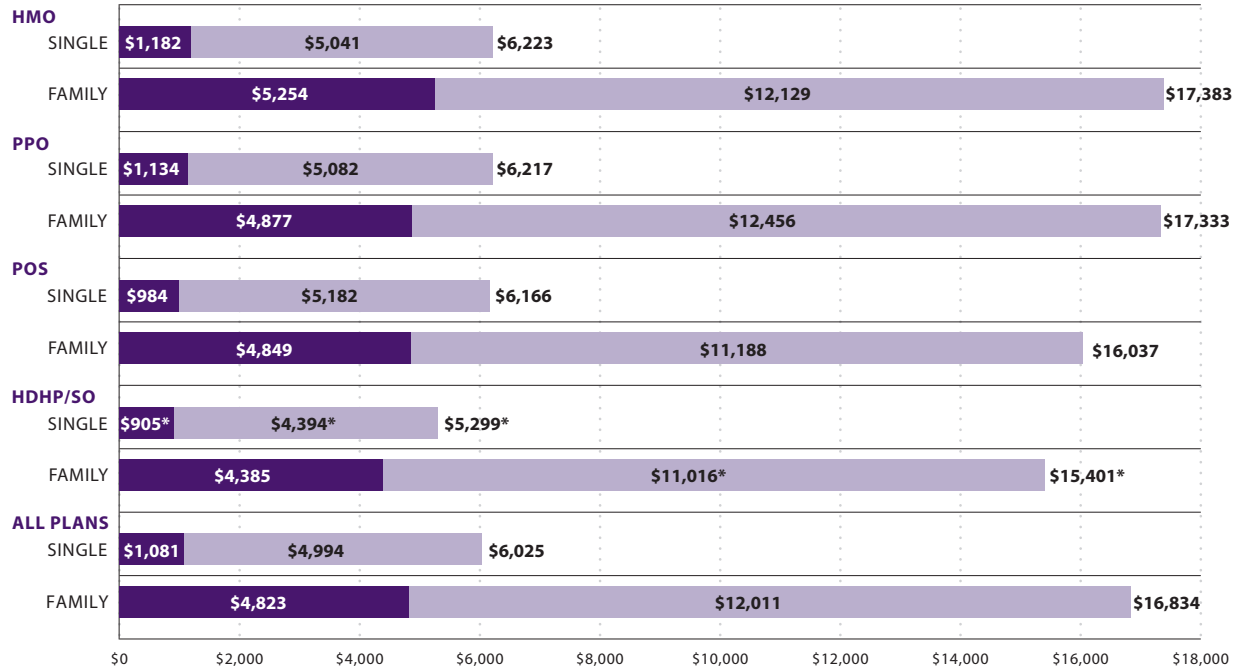
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

■ WORKER CONTRIBUTION
 ■ EMPLOYER CONTRIBUTION

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

EXHIBIT 6.5

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2014



SOURCE:

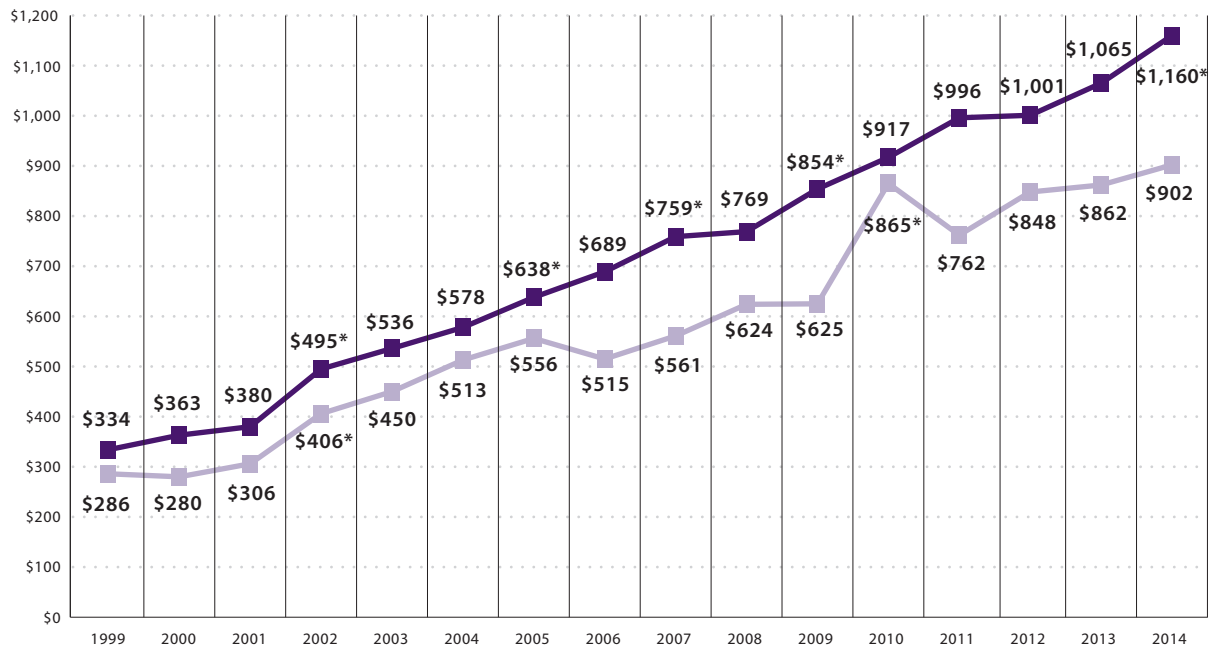
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from All Plans estimate by coverage type ($p < .05$).

WORKER CONTRIBUTION
EMPLOYER CONTRIBUTION

EXHIBIT 6.6

Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

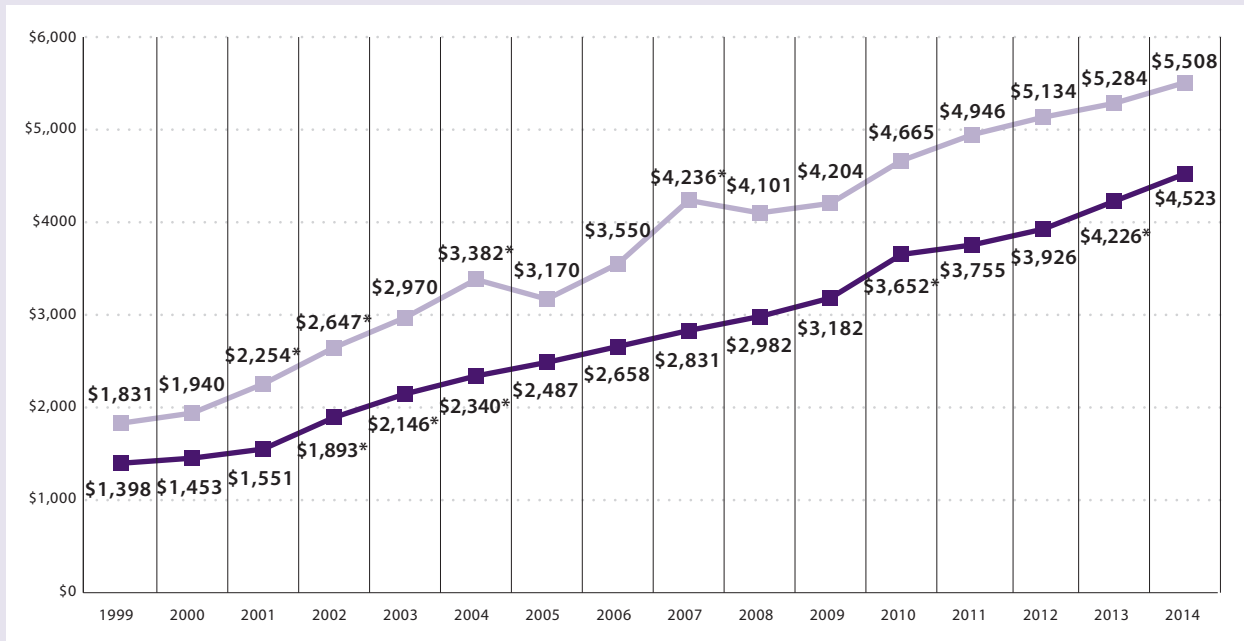
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

— ALL SMALL FIRMS
(3–199 WORKERS)

— ALL LARGE FIRMS
(200 OR MORE WORKERS)

EXHIBIT 6.7

Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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 6.8

Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Firm Size, 1999–2014

	Single Coverage		Family Coverage	
	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)
1999	\$286	\$334	\$1,831*	\$1,398*
2000	\$280*	\$363*	\$1,940*	\$1,453*
2001	\$306*	\$380*	\$2,254*	\$1,551*
2002	\$406*	\$495*	\$2,647*	\$1,893*
2003	\$450	\$536	\$2,970*	\$2,146*
2004	\$513	\$578	\$3,382*	\$2,340*
2005	\$556	\$638	\$3,170*	\$2,487*
2006	\$515*	\$689*	\$3,550*	\$2,658*
2007	\$561*	\$759*	\$4,236*	\$2,831*
2008	\$624*	\$769*	\$4,101*	\$2,982*
2009	\$625*	\$854*	\$4,204*	\$3,182*
2010	\$865	\$917	\$4,665*	\$3,652*
2011	\$762*	\$996*	\$4,946*	\$3,755*
2012	\$848*	\$1,001*	\$5,134*	\$3,926*
2013	\$862*	\$1,065*	\$5,284*	\$4,226*
2014	\$902*	\$1,160*	\$5,508*	\$4,523*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

EXHIBIT 6.9

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single Coverage, by Plan Type and Firm Size, 2014

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$1,268	\$4,890	\$6,157
All Large Firms (200 or More Workers)	\$1,147	\$5,103	\$6,250
PPO			
All Small Firms (3–199 Workers)	\$873*	\$4,995	\$5,868*
All Large Firms (200 or More Workers)	\$1,220*	\$5,111	\$6,331*
POS			
All Small Firms (3–199 Workers)	\$953	\$5,218	\$6,171
All Large Firms (200 or More Workers)	\$1,038	\$5,119	\$6,157
HDHP/SO			
All Small Firms (3–199 Workers)	\$733*	\$4,428	\$5,161
All Large Firms (200 or More Workers)	\$1,000*	\$4,375	\$5,374
ALL PLANS			
All Small Firms (3–199 Workers)	\$902*	\$4,886	\$5,788*
All Large Firms (200 or More Workers)	\$1,160*	\$4,970	\$6,130*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan type between All Small Firms and All Large Firms ($p < .05$).

EXHIBIT 6.10

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Family Coverage, by Plan Type and Firm Size, 2014

	Worker Contribution	Employer Contribution	Total Premium
HMO			
All Small Firms (3–199 Workers)	\$7,524*	\$9,428*	\$16,952
All Large Firms (200 or More Workers)	\$4,331*	\$13,227*	\$17,558
PPO			
All Small Firms (3–199 Workers)	\$5,297	\$11,123*	\$16,420
All Large Firms (200 or More Workers)	\$4,742	\$12,883*	\$17,625
POS			
All Small Firms (3–199 Workers)	\$5,444*	\$9,874*	\$15,318*
All Large Firms (200 or More Workers)	\$3,826*	\$13,448*	\$17,274*
HDHP/SO			
All Small Firms (3–199 Workers)	\$4,915	\$9,646*	\$14,561*
All Large Firms (200 or More Workers)	\$4,094	\$11,769*	\$15,863*
ALL PLANS			
All Small Firms (3–199 Workers)	\$5,508*	\$10,341*	\$15,849*
All Large Firms (200 or More Workers)	\$4,523*	\$12,742*	\$17,265*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan type between All Small Firms and All Large Firms ($p < .05$).

EXHIBIT 6.11

Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
All Small Firms (3–199 Workers)	\$106	\$627*	\$1,268	\$7,524*
All Large Firms (200 or More Workers)	96	361*	1,147	4,331*
ALL FIRM SIZES	\$99	\$438	\$1,182	\$5,254
PPO				
All Small Firms (3–199 Workers)	\$73*	\$441	\$873*	\$5,297
All Large Firms (200 or More Workers)	102*	395	1,220*	4,742
ALL FIRM SIZES	\$95	\$406	\$1,134	\$4,877
POS				
All Small Firms (3–199 Workers)	\$79	\$454*	\$953	\$5,444*
All Large Firms (200 or More Workers)	87	319*	1,038	3,826*
ALL FIRM SIZES	\$82	\$404	\$984	\$4,849
HDHP/SO				
All Small Firms (3–199 Workers)	\$61*	\$410	\$733*	\$4,915
All Large Firms (200 or More Workers)	83*	341	1,000*	4,094
ALL FIRM SIZES	\$75	\$365	\$905	\$4,385
ALL PLANS				
All Small Firms (3–199 Workers)	\$75*	\$459*	\$902*	\$5,508*
All Large Firms (200 or More Workers)	97*	377*	1,160*	4,523*
ALL FIRM SIZES	\$90	\$402	\$1,081	\$4,823

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms ($p < .05$).

EXHIBIT 6.12

Average Monthly and Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2014

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
HMO				
Northeast	\$117*	\$426	\$1,405*	\$5,106
Midwest	98	307*	1,176	3,681*
South	92	478	1,103	5,737
West	92	467	1,104	5,606
ALL REGIONS	\$99	\$438	\$1,182	\$5,254
PPO				
Northeast	\$98	\$356*	\$1,175	\$4,275*
Midwest	101	386	1,212	4,632
South	96	444*	1,152	5,330*
West	80*	402	955*	4,826
ALL REGIONS	\$95	\$406	\$1,134	\$4,877
POS				
Northeast	\$78	\$313	\$931	\$3,751
Midwest	69	356	831	4,270
South	99	528*	1,191	6,331*
West	82	458	983	5,500
ALL REGIONS	\$82	\$404	\$984	\$4,849
HDHP/SO				
Northeast	\$69	\$364	\$829	\$4,372
Midwest	81	314*	971	3,767*
South	87	420	1,039	5,046
West	52*	354	627*	4,250
ALL REGIONS	\$75	\$365	\$905	\$4,385
ALL PLANS				
Northeast	\$93	\$362*	\$1,111	\$4,342*
Midwest	93	358*	1,110	4,292*
South	94	448*	1,129	5,377*
West	78*	413	935*	4,961
ALL REGIONS	\$90	\$402	\$1,081	\$4,823

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.13

Average Premium Contribution Paid by Covered Workers for Single and Family Coverage, by Firm Characteristics, 2014

	Single Coverage	Family Coverage
Lower Wage Level		
Less Than 35% Earn \$23,000 a Year or Less	\$1,063	\$4,693*
35% or More Earn \$23,000 a Year or Less	\$1,304	\$6,472*
Higher Wage Level		
Less Than 35% Earn \$57,000 a Year or More	\$1,057	\$5,132*
35% or More Earn \$57,000 a Year or More	\$1,106	\$4,497*
Unions		
Firm Has At Least Some Union Workers	\$1,107	\$3,675*
Firm Does Not Have Any Union Workers	\$1,068	\$5,404*
Younger Workers		
Less Than 35% of Workers Are Age 26 or Younger	\$1,079	\$4,766
35% or More Workers Are Age 26 or Younger	\$1,114	\$5,603
Older Workers		
Less Than 35% of Workers Are Age 50 or Older	\$1,102	\$5,167*
35% or More Workers Are Age 50 or Older	\$1,058	\$4,452*
Funding Arrangement		
Fully Insured	\$993*	\$5,594*
Self-Funded	\$1,137*	\$4,333*
Firm Ownership		
Private For-Profit	\$1,163*	\$4,817
Public	\$833*	\$3,893*
Private Not-For-Profit	\$1,034	\$5,566*
ALL FIRMS	\$1,081	\$4,823

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.14

Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Single Coverage																
HMO	\$28	\$26	\$32	\$38	\$42	\$46	\$47	\$49	\$59	\$59	\$68	\$86*	\$78	93*	\$90	\$99
PPO	27	29	29	39*	44	48	50	53	60*	61	67*	75*	84*	84	\$85	95*
POS	27	28	29	40*	41	45	61*	53	52	72*	62	81	65	62	\$80	82
HDHP/SO	^	^	^	^	^	^	^	47	43	39	45	53	60	64	\$74	75
ALL PLANS	\$27	\$28	\$30	\$39*	\$42	\$47	\$51	\$52	\$58*	\$60	\$65	\$75*	\$77	\$79	\$83	\$90*
Family Coverage																
HMO	\$124	\$131	\$150	\$164	\$179	\$223*	\$217	\$257*	\$276	\$282	\$307	\$363*	\$346	\$380	\$427	\$438
PPO	128	141	153	188*	210*	224	220	243*	270*	279	289	319*	339	367	\$382	406
POS	141	136	143	180*	206	218	271*	269	305	311	346	433*	444	381	\$466	404
HDHP/SO	^	^	^	^	^	^	^	187	238	234	223	294*	303	310	\$304	365*
ALL PLANS	\$129	\$135	\$149*	\$178*	\$201*	\$222*	\$226	\$248*	\$273*	\$280	\$293	\$333*	\$344	\$360	\$380	\$402

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

^ Information was not obtained for HDHP/SOs prior to 2006.

EXHIBIT 6.15

Distribution of Worker Premium Contributions for Single and Family Coverage Relative to the Average Annual Worker Premium Contribution, 2014

Premium Contribution Range, Relative to Average Premium Contribution	Single Coverage		Family Coverage	
	Premium Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 60%	Less than \$649	20%	Less than \$2,894	24%
60% to Less than 80%	\$649 to <\$865	11%	\$2,894 to <\$3,858	13%
80% to Less than Average	\$865 to <\$1,081	13%	\$3,858 to <\$4,283	20%
Average to Less than 120%	\$1,081 to <\$1,297	13%	\$4,283 to <\$5,787	14%
120% to Less than 140%	\$1,297 to <\$1,513	12%	\$5,787 to <\$6,752	7%
140% or More	\$1,513 or More	31%	\$6,752 or More	22%

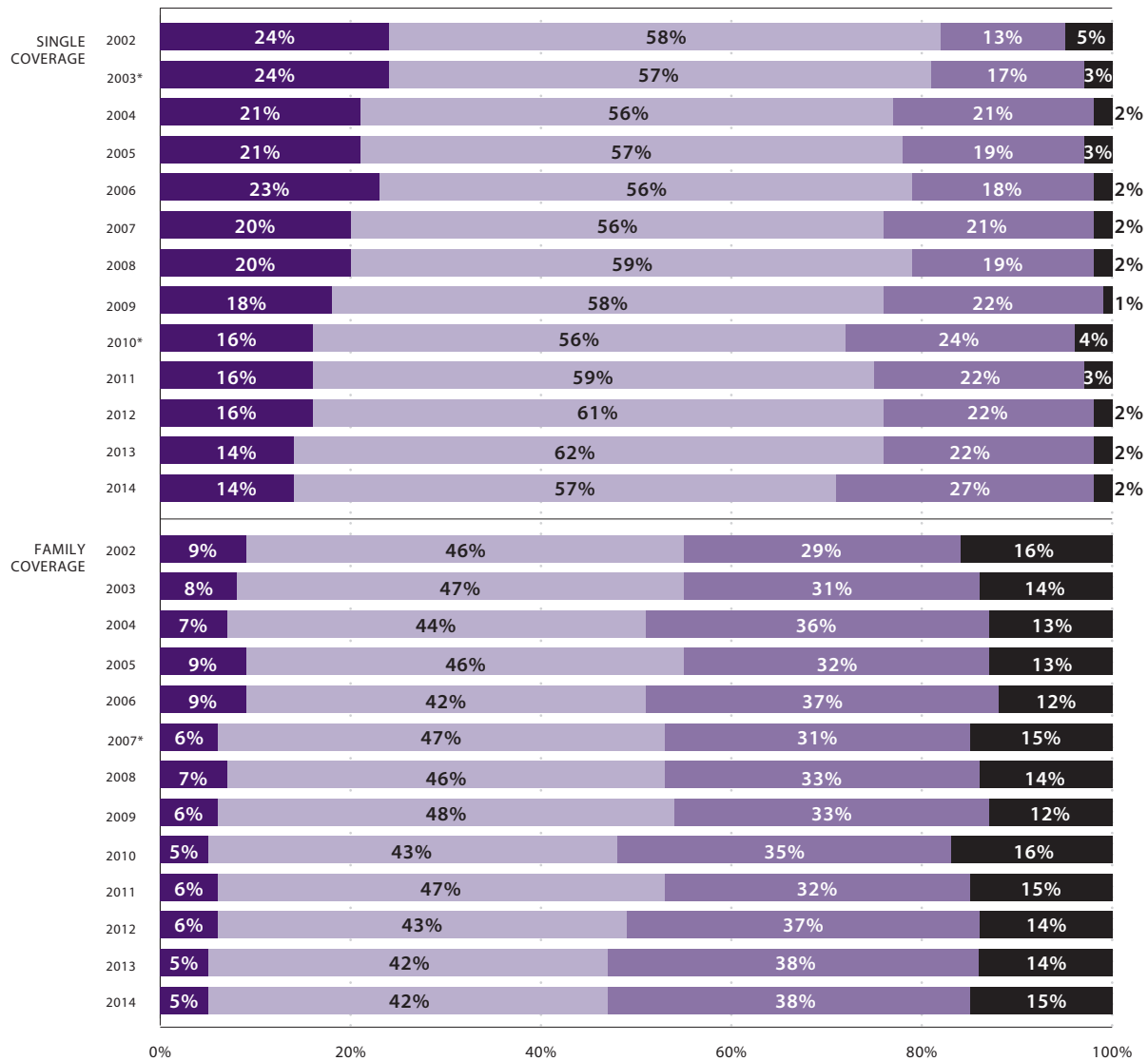
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The average annual worker contribution is \$1,081 for single coverage and \$4,823 for family coverage. The worker contribution distribution is relative to the average single or family worker contribution. For example, \$865 is 80% of the average single worker contribution and \$1,297 is 120% of the average single worker contribution. The same break points relative to the average are used for the distribution for family coverage.

EXHIBIT 6.16

Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2014.

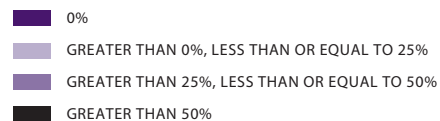
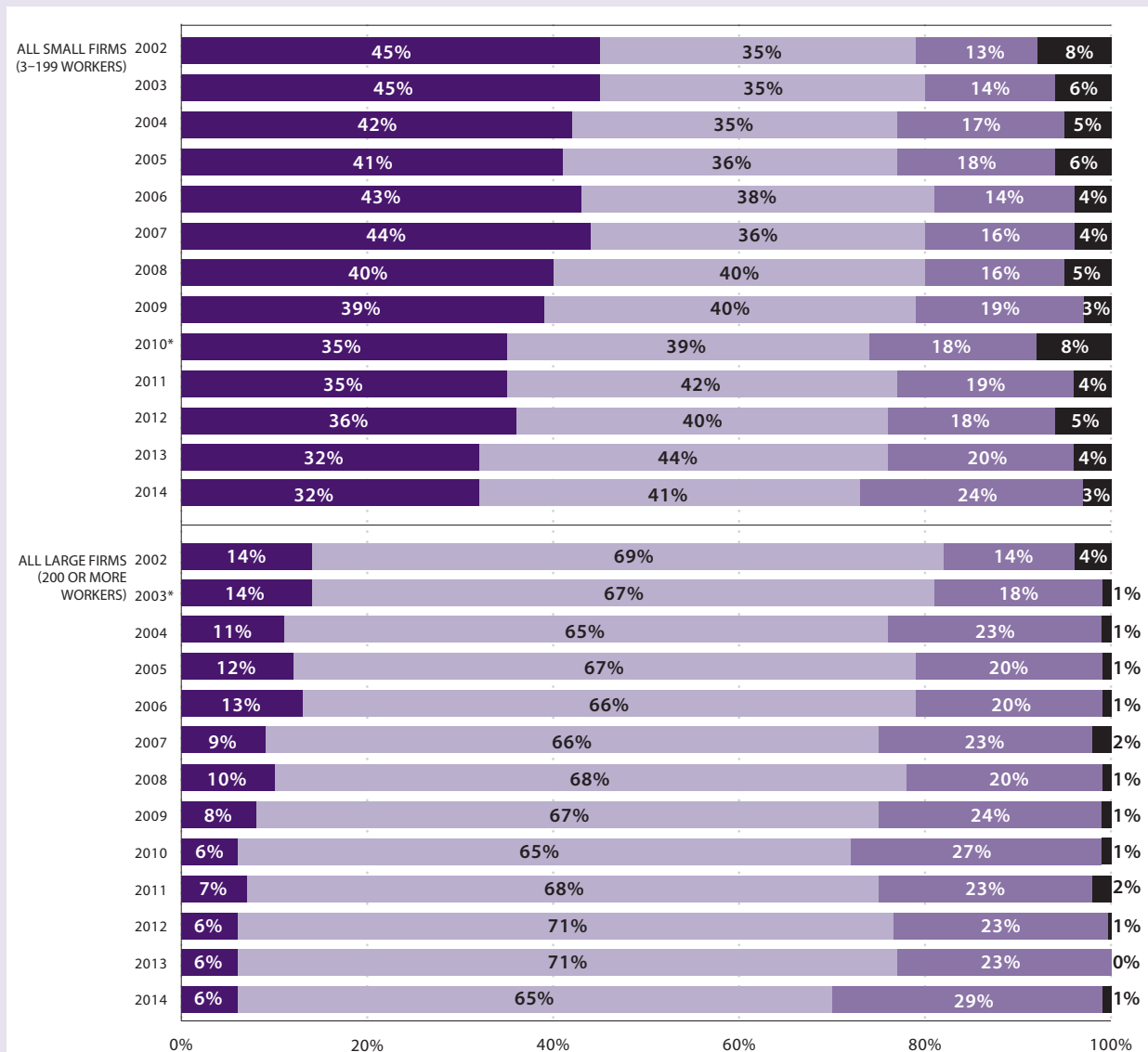
* Distribution is statistically different within coverage type from distribution for the previous year shown ($p < .05$).

EXHIBIT 6.17

Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2014.

* Distribution is statistically different within size category from distribution for the previous year shown ($p < .05$).

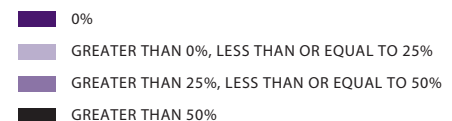
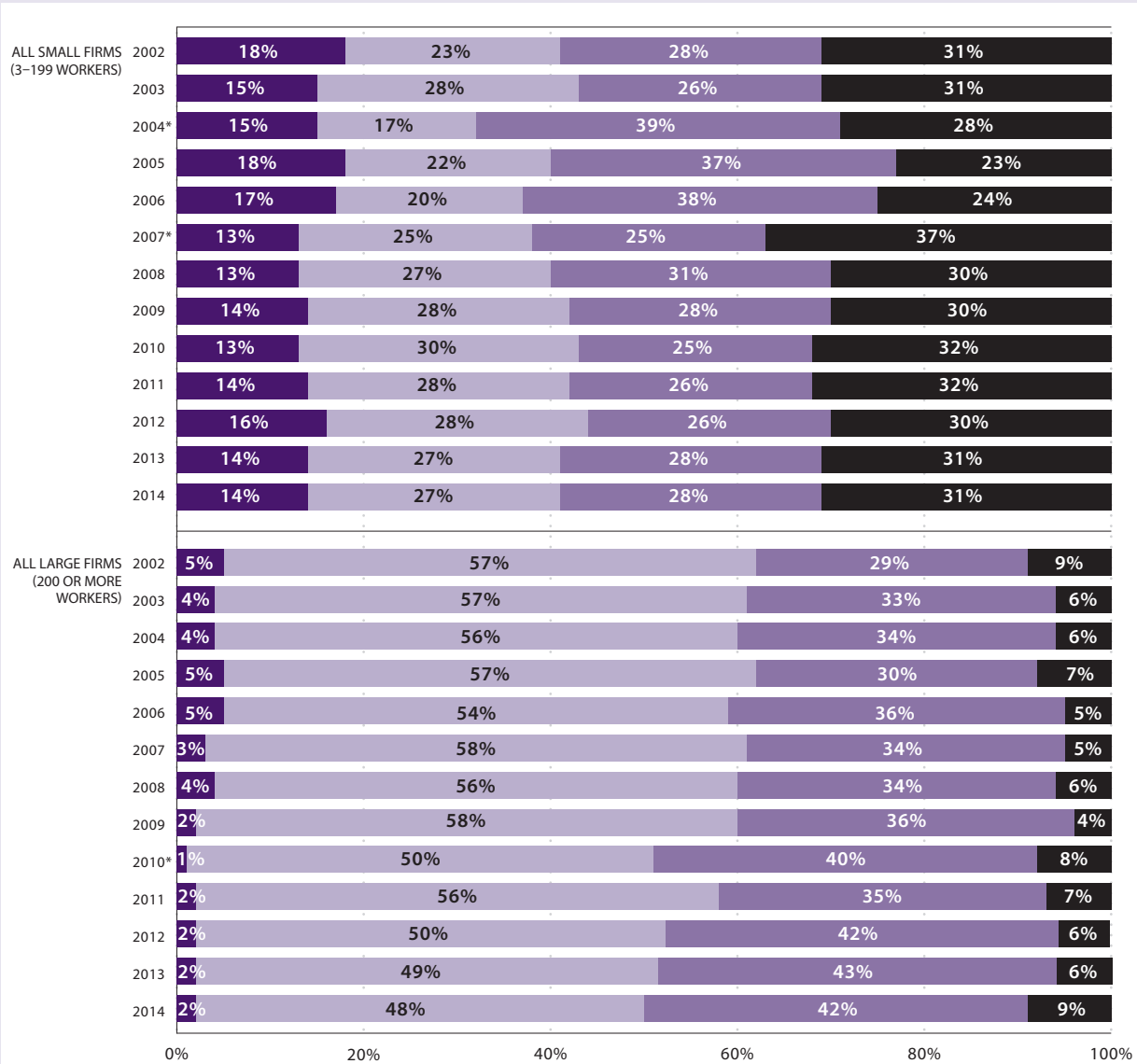


EXHIBIT 6.18

Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002–2014.

* Distribution is statistically different within size category from distribution for the previous year shown ($p < .05$).

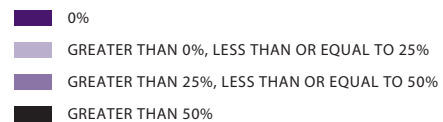
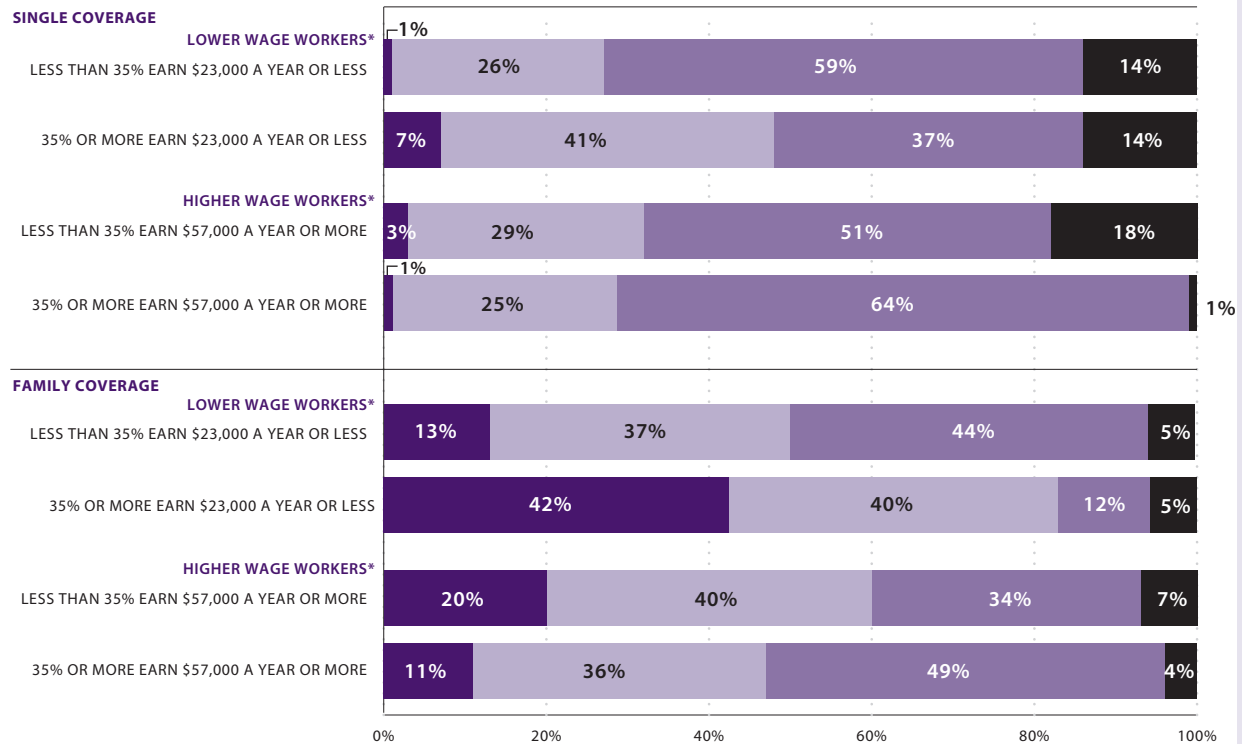


EXHIBIT 6.19

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage Level, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

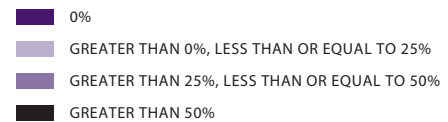
* Distributions for High-Wage and Low-Wage Firms are statistically different within coverage type ($p < .05$).

EXHIBIT 6.20

Average Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Characteristics and Size, 2014

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Lower Wage Level			
Less Than 35% Earn \$23,000 a Year or Less	16%	19%*	18%*
35% or More Earn \$23,000 a Year or Less	17%	31%*	27%*
Higher Wage Level			
Less Than 35% Earn \$57,000 a Year or More	16%	20%	19%
35% or More Earn \$57,000 a Year or More	15%	19%	18%
Unions			
Firm Has At Least Some Union Workers	13%	18%*	17%
Firm Does Not Have Any Union Workers	16%	21%*	19%
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	16%*	19%	18%
35% or More Workers Are Age 26 or Younger	10%*	25%	22%
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	16%	22%*	20%*
35% or More Workers Are Age 50 or Older	16%	17%*	17%*
Funding Arrangement			
Fully Insured	16%	20%	17%
Self-Funded	16%	19%	19%
Firm Ownership			
Private For-Profit	17%*	23%*	21%*
Public	11%*	13%*	13%*
Private Not-For-Profit	14%	17%*	16%*
ALL FIRMS	16%	19%	18%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.21

Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics and Size, 2014

	All Small Firms (3–199 Workers)	All Large Firms (200 or More Workers)	All Firms
Lower Wage Level			
Less Than 35% Earn \$23,000 a Year or Less	34%	26%*	28%*
35% or More Earn \$23,000 a Year or Less	43%	44%*	44%*
Higher Wage Level			
Less Than 35% Earn \$57,000 a Year or More	37%	29%*	32%*
35% or More Earn \$57,000 a Year or More	31%	25%*	26%*
Unions			
Firm Has At Least Some Union Workers	19%*	21%*	21%*
Firm Does Not Have Any Union Workers	36%*	32%*	34%*
Younger Workers			
Less Than 35% of Workers Are Age 26 or Younger	35%	26%*	29%*
35% or More Workers Are Age 26 or Younger	32%	39%*	38%*
Older Workers			
Less Than 35% of Workers Are Age 50 or Older	38%*	29%*	32%*
35% or More Workers Are Age 50 or Older	30%*	25%*	27%*
Funding Arrangement			
Fully Insured	36%*	31%*	35%*
Self-Funded	27%*	26%*	26%*
Firm Ownership			
Private For-Profit	35%	28%	30%
Public	24%*	24%	24%*
Private Not-For-Profit	40%*	27%	31%
ALL FIRMS	35%	27%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.22

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2014

	Single Coverage	Family Coverage
HMO		
All Small Firms (3–199 Workers)	21%	46%*
All Large Firms (200 or More Workers)	19%	25%*
ALL FIRM SIZES	19%	31%
PPO		
All Small Firms (3–199 Workers)	15%*	32%
All Large Firms (200 or More Workers)	20%*	28%
ALL FIRM SIZES	19%	29%
POS		
All Small Firms (3–199 Workers)	17%	36%*
All Large Firms (200 or More Workers)	18%	23%*
ALL FIRM SIZES	17%	31%
HDHP/SO		
All Small Firms (3–199 Workers)	15%	34%*
All Large Firms (200 or More Workers)	19%	26%*
ALL FIRM SIZES	18%	29%
ALL PLANS		
All Small Firms (3–199 Workers)	16%*	35%*
All Large Firms (200 or More Workers)	19%*	27%*
ALL FIRM SIZES	18%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan and coverage types between All Small Firms and All Large Firms ($p < .05$).

EXHIBIT 6.23

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Single Coverage																
HMO	16%	14%	18%	16%	17%	16%	16%	15%	17%	16%	18%	21%*	18%	21%	19%	19%
PPO	13	14	13	16*	16	16	15	15	17	16	17	19	19	18	18	19
POS	15	14	13	16*	16	16	19	16	14	18	16	19	14	14	17	17
HDHP/SO	^	^	^	^	^	^	^	17	15	11	14	14	15	16	17	18
ALL PLANS	14%	14%	14%	16%	16%	16%	16%	16%	16%	16%	17%	19%*	18%	18%	18%	18%
Family Coverage																
HMO	28%	26%	29%	27%	26%	29%	26%	28%	28%	26%	28%	31%	28%	30%	31%	31%
PPO	26	27	26	29*	28	27	25	26	27	27	26	28	28	28	29	29
POS	28	26	25	28	28	28	31	30	32	31	32	39	36	29	37*	31
HDHP/SO	^	^	^	^	^	^	^	25	27	29	25	28	27	27	25	29*
ALL PLANS	27%	26%	26%	28%	27%	28%	26%	27%	28%	27%	27%	30%*	28%	28%	29%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

^ Information was not obtained for HDHP/SOs prior to 2006.

EXHIBIT 6.24

Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2014

	Single Coverage	Family Coverage
HMO		
Northeast	21%	28%
Midwest	19	23*
South	20	34
West	18	34
ALL REGIONS	19%	31%
PPO		
Northeast	18%	24%*
Midwest	19	26*
South	20	33*
West	16	29
ALL REGIONS	19%	29%
POS		
Northeast	15%	22%*
Midwest	13	26
South	24*	45*
West	15	33
ALL REGIONS	17%	31%
HDHP/SO		
Northeast	17%	30%
Midwest	19	25
South	20	33
West	11*	26
ALL REGIONS	18%	29%
ALL PLANS		
Northeast	18%	25%*
Midwest	19	26*
South	20*	34*
West	16*	30
ALL REGIONS	18%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.25

Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2014

	Single Coverage	Family Coverage
HMO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	23%	37%
Transportation/Communications/Utilities	10*	17*
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	22	39
Service	20	37*
State/Local Government	14*	18*
Health Care	21	30
ALL INDUSTRIES	19%	31%
PPO		
Agriculture/Mining/Construction	22%	31%
Manufacturing	19	24*
Transportation/Communications/Utilities	17	18*
Wholesale	21	30
Retail	22	29
Finance	21	35*
Service	19	32*
State/Local Government	14*	28
Health Care	17	31
ALL INDUSTRIES	19%	29%
POS		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	19%	34%
State/Local Government	NSD	NSD
Health Care	16	28
ALL INDUSTRIES	17%	31%

Continued on next page

EXHIBIT 6.25 *Continued from previous page***Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2014**

	Single Coverage	Family Coverage
HDHP/SO		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	18%	23%
Transportation/Communications/Utilities	13*	20*
Wholesale	19	24
Retail	24*	32
Finance	15	26
Service	20	34*
State/Local Government	6*	17*
Health Care	18	31
ALL INDUSTRIES	18%	29%
ALL PLANS		
Agriculture/Mining/Construction	21%	32%
Manufacturing	19	26*
Transportation/Communications/Utilities	15*	18*
Wholesale	20	27
Retail	24*	31
Finance	18	33
Service	19	33*
State/Local Government	13*	24
Health Care	18	30
ALL INDUSTRIES	18%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

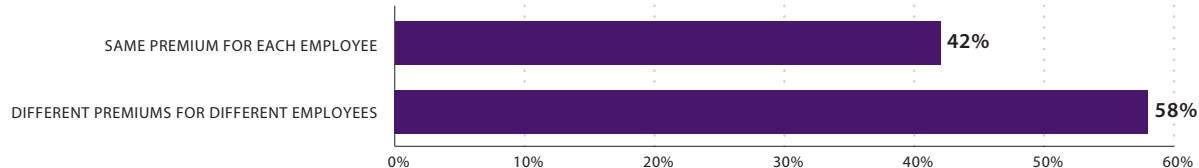
* Estimate is statistically different within plan and coverage type from estimate for all other firms not in the indicated industry ($p < .05$).

NSD: Not Sufficient Data.

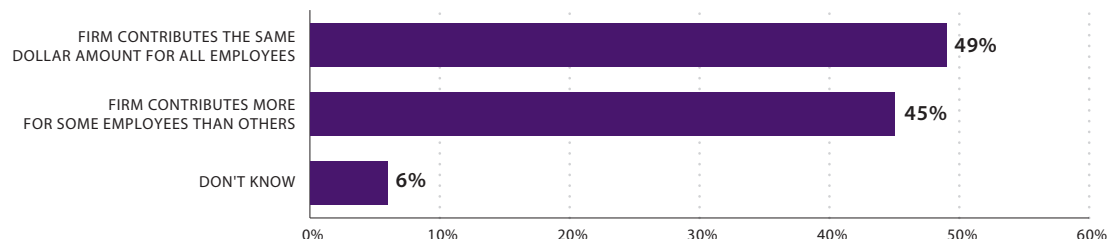
EXHIBIT 6.26

Among Firms Offering Health Benefits with Fewer Than 20 Employees, Variations in Premiums and Firm Premium Contributions for Single Coverage, 2014

FIRM IS CHARGED THE SAME OR DIFFERENT PREMIUMS FOR SINGLE COVERAGE:*



FIRM CONTRIBUTES THE SAME OR DIFFERENT DOLLAR AMOUNTS FOR SINGLE COVERAGE PREMIUM:



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Among firms that receive a bill itemizing the per employee cost. Eighty-six percent of firms with fewer than 20 employees have at least one plan that provides a bill itemizing per employee premium costs.

EXHIBIT 6.27

Among Firms Offering Health Benefits, Percentage of Firms with a Policy Where Lower-Wage Workers Contribute a Lower Percentage of the Premium than Higher-Wage Workers, by Firm Size, 2014

Lower-Wage Workers Contribute a Lower Percentage of the Premium than Higher-Wage Workers	
FIRM SIZE	
3–24 Workers	<1%*
25–199 Workers	4*
200–999 Workers	8*
1,000–4,999 Workers	18*
5,000 or More Workers	21*
All Small Firms (3–199 Workers)	1%*
All Large Firms (200 or More Workers)	10%*
ALL FIRMS	1%

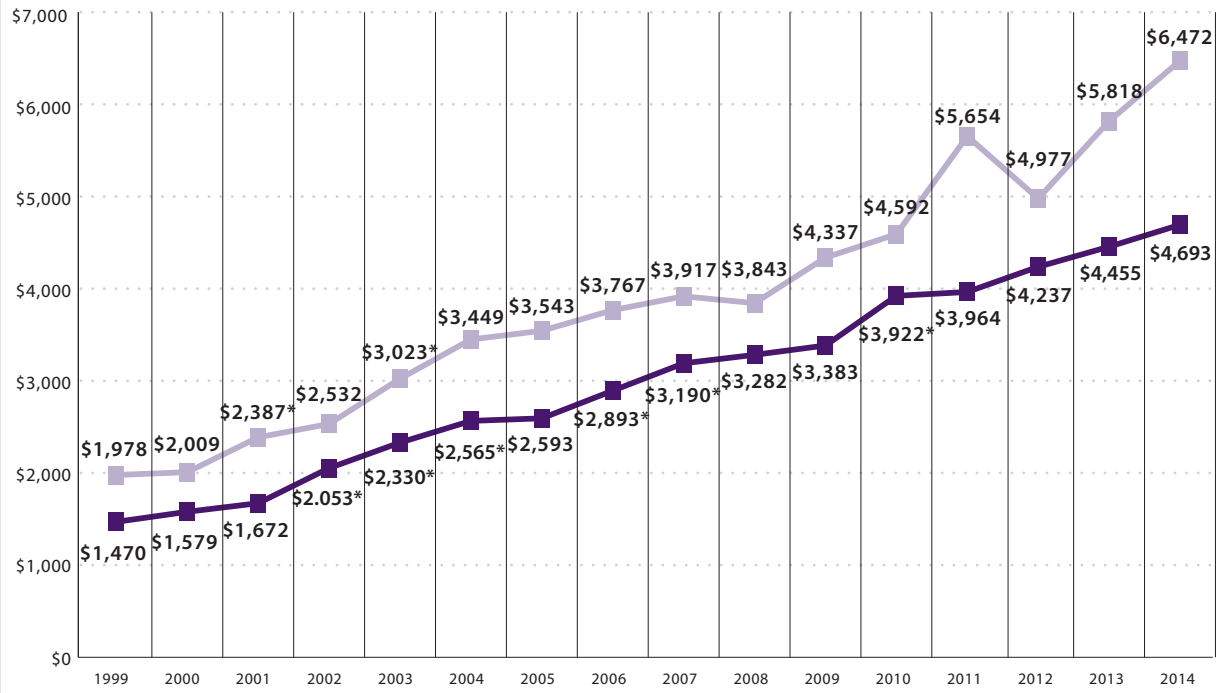
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 6.28

Average Annual Worker Contributions for Covered Workers with Family Coverage, by Income Level, 1999-2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014.

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

NOTE: Low-Wage Level is defined as the 25th percentile of workers' earnings for the indicated year – firms with many lower wage workers were those where 35% or More Earn \$23,000 a Year or Less in 2014.

— LESS THAN 35% ARE LOW-WAGE LEVEL

— MORE THAN 35% ARE LOW-WAGE LEVEL

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Employee
Cost Sharing

SECTION

7

EMPLOYEE COST SHARING

IN ADDITION TO ANY REQUIRED PREMIUM CONTRIBUTIONS, MOST COVERED WORKERS FACE COST SHARING FOR THE MEDICAL SERVICES THEY USE. COST SHARING FOR MEDICAL SERVICES CAN TAKE A VARIETY OF FORMS, INCLUDING DEDUCTIBLES (AN AMOUNT THAT MUST BE PAID BEFORE MOST SERVICES ARE COVERED BY THE PLAN), COPAYMENTS (FIXED DOLLAR AMOUNTS), AND/OR COINSURANCE (A PERCENTAGE OF THE CHARGE FOR SERVICES). THE TYPE AND LEVEL OF COST SHARING OFTEN VARY BY THE TYPE OF PLAN IN WHICH THE WORKER IS ENROLLED. COST SHARING MAY ALSO VARY BY THE TYPE OF SERVICE, SUCH AS OFFICE VISITS, HOSPITALIZATIONS, OR PRESCRIPTION DRUGS.

THE COST-SHARING AMOUNTS REPORTED HERE ARE FOR COVERED WORKERS USING SERVICES PROVIDED IN-NETWORK BY PARTICIPATING PROVIDERS. PLAN ENROLLEES RECEIVING SERVICES FROM PROVIDERS THAT DO NOT PARTICIPATE IN PLAN NETWORKS OFTEN FACE HIGHER COST SHARING AND MAY BE RESPONSIBLE FOR CHARGES THAT EXCEED PLAN ALLOWABLE AMOUNTS. THE FRAMEWORK OF THIS SURVEY DOES NOT ALLOW US TO CAPTURE ALL OF THE COMPLEX COST-SHARING REQUIREMENTS IN MODERN PLANS, PARTICULARLY FOR ANCILLARY SERVICES (SUCH AS DURABLE MEDICAL EQUIPMENT OR PHYSICAL THERAPY) OR COST-SHARING ARRANGEMENTS THAT VARY ACROSS DIFFERENT SETTINGS (SUCH AS TIERED NETWORKS). THEREFORE, WE DO NOT COLLECT INFORMATION ON ALL PLAN PROVISIONS AND LIMITS THAT AFFECT ENROLLEE OUT-OF-POCKET LIABILITY.

GENERAL ANNUAL DEDUCTIBLES

- ▶ A general annual deductible is an amount that must be paid by the enrollee before most services are covered by their health plan. Non-grandfathered health plans are required to have some services such as preventative care available to enrollees without cost-sharing. Some plans require enrollees to meet a service specific deductible such as on prescription drugs or hospital admissions in lieu of or in addition to a general deductible.
 - Eighty percent of covered workers are enrolled in a plan with a general annual deductible for single coverage; this is similar to 78% in 2013 (Exhibit 7.2). Since 2009, the percentage of covered workers with a general annual deductible has increased from 63% to 80%.
 - The percentage of covered workers enrolled in a plan with a general annual deductible is similar for small (3–199 workers) and larger firms (82% and 80%) (Exhibit 7.2).
 - The likelihood of having a deductible varies by plan type. Workers in HMOs are less likely to have a general annual deductible for single coverage compared to workers in other plan types. Sixty-three percent of workers in HMOs do not have a general annual deductible, compared to 30% of workers in POS plans and 15% of workers in PPOs (Exhibit 7.1).
- Workers without a general annual plan deductible often have other forms of cost sharing for medical services. For workers without a general annual deductible for single coverage, 85% in HMOs, 78% in PPOs, and 77% in POS plans are in plans that require cost sharing for hospital admissions. The percentages are similar for family coverage (Exhibit 7.4).
- ▶ The dollars amounts of general annual deductibles vary greatly by plan type and firm size.
 - The average annual deductible for covered workers across all plan types is \$1,217. However, average deductibles vary considerably by plan type. The average annual deductibles among those covered workers with a deductible for single coverage are \$1,032 for HMOs, \$843 for PPOs, \$1,215 for POS plans, and \$2,215 for HDHP/SOs (Exhibit 7.5).
 - The average general annual deductible for covered workers enrolled in single coverage has increased over time from \$826 five years ago (Exhibit 7.7).

- Deductible amounts for HMOs and HDHP/SOs are higher compared to 2013 (\$1,032 vs. \$729 for HMOs and \$2,215 vs. \$2,003 for HDHP/SOs) (Exhibit 7.7). Covered workers enrolled at small firms (3–199 workers) have a similar deductible for HMO plans as they did in 2013. Covered workers at large firms enrolled in an HMO plan on average have a deductible of \$726,¹ significantly more than the amount reported in 2013.
- Deductibles are generally higher for covered workers in small firms (3–199 workers) than for covered workers in large firms (200 or more workers) across plan types (Exhibit 7.5). For covered workers in PPOs, deductibles in small firms are more than twice as large as deductibles in large firms (\$1,420 vs. \$657). On average, covered workers at small firms face higher general annual deductibles than covered workers at large firms (\$1,797 vs. \$971) (Exhibit 7.5).
- ▶ There is considerable variation in the dollar values of general annual deductibles for workers at different firms. For example 33% of covered workers enrolled in a PPO plan with a general annual deductible for single coverage have a deductible of less than \$500 and 10% have a deductible of \$2,000 or more (Exhibit 7.11).
- ▶ For family coverage, the majority of workers with general annual deductibles have an aggregate deductible, meaning all family members' out-of-pocket expenses count toward meeting the deductible amount. Among those with a general annual deductible for family coverage, the percentage of covered workers with an average aggregate general annual deductible is 65% for workers in HMOs, 53% for workers in PPOs, 86% for workers in POS plans and 85% for workers in HDHP/SOs (Exhibit 7.13).
- The average amounts for workers with an aggregate deductible for family coverage are \$2,328 for HMOs, \$1,947 for PPOs, \$2,470 for POS plans, and \$4,522 for HDHP/SOs (Exhibit 7.14).
- The average aggregate deductible amount for family coverage for HDHP/SOs is higher compared to 2013 (\$4,522 vs. \$4,079). Deductible amounts are similar to last year for all other plan types (Exhibit 7.15).
- ▶ The other type of family deductible, a separate per-person deductible, requires each family member to meet a separate per-person deductible amount before the plan covers expenses for that member. Most plans with separate per-person family deductibles consider the deductible met for all family members if a prescribed number of family members each reach their separate deductible amounts. Plans may also require each family member to meet a separate per-person deductible until the family's combined spending reaches a specified dollar amount.
- For covered workers in health plans that have separate per-person general annual deductible amounts for family coverage, the average plan deductibles are \$870 for HMOs, \$821 for PPOs, \$1,153 for POS plans, and \$2,126 for HDHP/SOs (Exhibit 7.14).
- Most covered workers in plans with a separate per-person general annual deductible for family coverage have a limit to the number of family members required to meet the separate deductible amounts (Exhibit 7.18).² Among those workers in plans with a limit on the number of family members, the most frequent number of family members required to meet the separate deductible amounts is two for HMO and HDHP/SO plans, and three for POS plans (Exhibit 7.19).
- ▶ Forty-one percent of covered workers are in plans with a deductible of \$1,000 or more for single coverage, similar to the percentage (38%) in 2013 (Exhibit 7.9).

NOTES:

¹ Some workers with separate per-person deductibles or out-of-pocket maximums for family coverage do not have a specific deductible amount. This estimate has a relative standard error of 15%.

² Some workers with separate per-person deductibles or out-of-pocket maximums for family coverage do not have a specific number of family members that are required to meet the deductible amount and instead have another type of limit, such as a per-person amount with a total dollar amount limit. These responses are included in the averages and distributions for separate family deductibles and out-of-pocket maximums.

- Over the last five years, the percentage of covered workers with a deductible of \$1,000 or more for single coverage has nearly doubled, increasing from 22% to 41% (Exhibit 7.9). Workers in small firms (3–199 workers) are more likely to have a general annual deductible of \$1,000 or more for single coverage than workers in large firms (200 or more workers) (61% vs. 32%) (Exhibit 7.8).
 - Eighteen percent of covered workers are enrolled in a plan with a deductible of \$2,000 or more. Thirty-four percent of covered workers at small firms (3–199 workers) have a general annual deductible of \$2,000 or more, in contrast to just 11% in large firms (Exhibit 7.8). The percentage of covered workers at large firms who face a deductible of \$2,000 or more is significantly higher than last year (Exhibit 7.10).
- The majority of covered workers with a deductible are in plans where the deductible does not have to be met before certain services, such as physician office visits or prescription drugs, are covered.
- Large majorities of covered workers (76% in HMOs, 78% in PPOs, and 68% in POS plans) with general plan deductibles are enrolled in plans where the deductible does not have to be met before physician office visits for primary care are covered (Exhibit 7.21).
 - Similarly, among workers with a general annual deductible, large shares of covered workers in HMOs (95%), PPOs (93%), and POS plans (89%) are enrolled in plans where the general annual deductible does not have to be met before prescription drugs are covered (Exhibit 7.21).
- #### HOSPITAL AND OUTPATIENT SURGERY COST SHARING
- In order to better capture the prevalence of combinations of cost sharing for inpatient hospital stays and outpatient surgery, the survey was changed to ask a series of yes or no questions beginning in 2009. The new format allowed respondents to indicate more than one type of cost sharing for these services, if applicable. Previously, the questions asked respondents to select just one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. In addition, the average copayment and coinsurance rates for hospital admissions include workers who may have a combination of these types of cost sharing.
- Whether or not a worker has a general annual deductible, most workers face additional types of cost sharing when admitted to a hospital or having outpatient surgery (such as a copayment, coinsurance, or a per diem charge).
- For hospital admissions, 62% of covered workers have coinsurance and 15% have copayments. Lower percentages of workers have per day (per diem) payments (5%), a separate hospital deductible (3%), or both copayments and coinsurance (10%), while 15% have no additional cost sharing for hospital admissions after any general annual deductible has been met (Exhibit 7.22). For covered workers in HMO plans, copayments are more common (38%) and coinsurance (28%) is less common than in other plan types.
 - The percentage of covered workers in a plan which requires coinsurance for hospital admission has increased from 55% in 2011 to 62% in 2014.
 - The average coinsurance rate is 19%; the average copayment is \$280 per hospital admission; the average per diem charge is \$297; and the average separate annual hospital deductible is \$490 (Exhibit 7.24).
 - The cost-sharing provisions for outpatient surgery are similar to those for hospital admissions, as most workers have coinsurance or copayments. Sixty-four percent of covered workers have coinsurance and 16% have copayments for an outpatient surgery episode. In addition, 1% have a separate annual deductible for outpatient surgery, and 7% have both copayments and coinsurance, while 18% have no additional cost sharing after any general annual deductible has been met (Exhibit 7.23).
 - For covered workers with cost sharing for outpatient surgery, the average coinsurance is 19% and the average copayment is \$157 (Exhibit 7.24).

COST SHARING FOR PHYSICIAN OFFICE VISITS

► The majority of covered workers are enrolled in health plans that require cost sharing for an in-network physician office visit, in addition to any general annual deductible.³

- The most common form of physician office visit cost sharing for in-network services is copayments. Seventy-three percent of covered workers have a copayment for a primary care physician office visit and 18% have coinsurance. For office visits with a specialty physician, 72% of covered workers have copayments and 21% have coinsurance. Workers in HMOs, PPOs, and POS plans are much more likely to have copayments than workers in HDHP/SOs for both primary care and specialty care physician office visits. The majority of workers in HDHP/SOs have coinsurance (56%) or no cost sharing after the general annual plan deductible is met (24%) for primary care physician office visits (Exhibit 7.25).
- Among covered workers with a copayment for in-network physician office visits, the average copayment is \$24 for primary care and \$36 for specialty physicians (Exhibit 7.26), similar to \$23 and \$35 reported in 2013.
- Among workers with coinsurance for in-network physician office visits, the average coinsurance rates are 18% for a visit with a primary care physician and 19% for a visit with a specialist (Exhibit 7.26).

OUT-OF-POCKET MAXIMUM AMOUNTS

► Most covered workers are in a plan that partially or totally limits the cost sharing that a plan enrollee must pay in a year. These limits are generally referred to as out-of-pocket maximum amounts. The ACA requires that non-grandfathered health plans with a plan year starting in 2014 have an out-of-pocket maximum of \$6,350 or less for single coverage and \$12,700 for family coverage. Firms that either renewed their plan prior to January 1st (known as “early renewals”) or plans which are grandfathered

are not required to comply with this provision. As plans lose their grandfathered status, more firms will be subject to this provision. Many plans have complex out-of-pocket structures, increasing the difficulty of accurately collecting information on this element of plan design.

- In 2014, 94% percent of covered workers have an out-of-pocket maximum for single coverage, significantly more than 88% in 2013 (Exhibit 7.37). Six percent of covered workers are in a plan that does not limit the amount of cost sharing enrollees have to pay for either single or family coverage (Exhibit 7.31).
- Covered workers without an out-of-pocket maximum, however, may not have large cost-sharing responsibilities. For example, 57% of covered workers in PPOs with no out-of-pocket maximum for single coverage have no general annual deductible compared to 86% of covered workers in PPOs who have an out-of-pocket limit. Among covered workers enrolled in a PPO plan without an out-of-pocket limit, less than one percent have a coinsurance for hospital admission and three percent for outpatient surgery.
- For covered workers with out-of-pocket maximums, there is wide variation in spending limits.
- Twenty-one percent of covered workers with an out-of-pocket maximum for single coverage have an out-of-pocket maximum of less than \$2,000, while 9% have an out-of-pocket maximum of \$6,000 or more (Exhibit 7.32).
- Covered workers with an out-of-pocket maximum in small firms (3 to 199 workers) are more likely than such workers in larger firms to be covered by a plan with an out-of-pocket maximum of \$3,000 or more (61% vs. 51%).
- The percentage of covered workers who either do not have an out-of-pocket limit or have an out of pocket limit of more than \$6,350 dollars for single coverage decreased from 14% in 2013 to 7% in 2014 (Exhibit 7.37).

NOTE:

³ Starting in 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and coinsurance for visits with a specialist physician. The changes made in 2010 allow for variations in the type of cost sharing for primary care and specialty care. This year the survey includes cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing.

- Like deductibles, some plans have an aggregate out-of-pocket maximum amount for family coverage that applies to cost sharing for all family members, while others have a per-person out-of-pocket maximum that limits the amount of cost sharing that the family must pay on behalf of each family member. Sixty-eight percent of covered workers in a plan with an out-of-pocket maximum are in a plan with an aggregate limit (Exhibit 7.33).
 - For covered workers with an aggregate out-of-pocket maximum for family coverage, 21% have an out-of-pocket maximum of less than \$4,000 and 21% have an out-of-pocket maximum of \$10,000 or more (Exhibit 7.34). Among workers with separate per-person out-of-pocket limits for family coverage, 72% have out-of-pocket maximums of less than \$4,000 (Exhibit 7.35).
- ▶ The ACA requires that most in-network deductibles, copays, and coinsurances are counted towards the out-of-pocket limit for non-grandfathered plans for plan years starting after January 1st, 2014. As discussed above some covered workers remain in plans that are not subject to this provision.

EXHIBIT 7.1

Percentage of Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, by Plan Type and Firm Size, 2014

	Single Coverage	Family Coverage
HMO		
200–999 Workers	75%	75%
1,000–4,999 Workers	72	72
5,000 or More Workers	71	71
All Small Firms (3–199 Workers)	41%	41%
All Large Firms (200 or More Workers)	72%	72%
ALL FIRM SIZES	63%	63%
PPO		
200–999 Workers	17%	17%
1,000–4,999 Workers	20	20
5,000 or More Workers	12	12
All Small Firms (3–199 Workers)	17%	17%
All Large Firms (200 or More Workers)	15%	15%
ALL FIRM SIZES	15%	15%
POS		
200–999 Workers	24%	24%
1,000–4,999 Workers	37	37
5,000 or More Workers	NSD	NSD
All Small Firms (3–199 Workers)	31%	31%
All Large Firms (200 or More Workers)	28%	28%
ALL FIRM SIZES	30%	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NSD: Not Sufficient Data.

NOTE: HDHP/SOs are not shown because all covered workers in these plans face a minimum deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2014 is \$1,250 for single coverage and \$2,500 for family coverage. Average general annual health plan deductibles for PPO and POS plans are for in-network services. Tests found no statistical differences within plan and coverage type from estimate for all other firms not in the indicated size category ($p < .05$).

EXHIBIT 7.2

Percent of Covered Workers in a Plan which Includes a General Annual Deductible for Single Coverage, by Plan Type and Firm Size, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
HMO									
All Small Firms (3–199 Workers)	17%	14%	25%	27%	34%	38%	33%	44%	59%
All Large Firms (200 or More Workers)	10%	20%*	18%	12%	25%*	27%	29%	40%	28%
ALL FIRM SIZES	12%	18%	20%	16%	28%*	29%	30%	41%	37%
PPO									
All Small Firms (3–199 Workers)	69%	72%	73%	74%	80%	76%	76%	78%	83%
All Large Firms (200 or More Workers)	69%	71%	66%	74%	76%	83%	77%	82%	85%
ALL FIRM SIZES	69%	71%	68%	74%	77%	81%	77%	81%	85%
POS									
All Small Firms (3–199 Workers)	35%	53%*	59%	63%	64%	68%	58%	78%*	69%
All Large Firms (200 or More Workers)	28%	41%	41%	58%	70%	71%	63%	49%	72%*
ALL FIRM SIZES	32%	48%*	50%	62%	66%	69%	60%	66%	70%
ALL PLANS									
All Small Firms (3–199 Workers)	56%	60%	65%	67%	73%	75%	72%	77%	82%
All Large Firms (200 or More Workers)	54%	59%	56%	61%	68%*	74%	73%	78%	80%
ALL FIRM SIZES	55%	59%*	59%	63%	70%*	74%	72%	78%*	80%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

* Estimate is statistically different from estimate for the previous year shown by plan type and firm size ($p < .05$).

NOTE: Average general annual health plan deductibles for PPO and POS plans are for in-network services. By definition, all HDHP/SOs have a deductible.

EXHIBIT 7.3

Percent of Covered Workers in a Plan which Includes a General Annual Deductible and Average Deductible, by Firm Characteristics, 2014

	Percent of Covered Workers in a Plan which Includes a General Annual Deductible	Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible
Low Wage Level		
Less Than 35% Earn \$23,000 a Year or Less	80%	\$1,204
35% or More Earn \$23,000 a Year or Less	86%	\$1,370
High Wage Level		
Less Than 35% Earn \$57,000 a Year or More	82%	\$1,354*
35% or More Earn \$57,000 a Year or More	79%	\$1,076*
Unions		
Firm Has At Least Some Union Workers	75%*	\$803*
Firm Does Not Have Any Union Workers	83%*	\$1,411*
Younger Workers		
Less Than 35% of Workers Are Age 26 or Younger	80%*	\$1,206
35% or More Workers Are Age 26 or Younger	89%*	\$1,348
Older Workers		
Less Than 35% of Workers Are Age 50 or Older	83%	\$1,285
35% or More Workers Are Age 50 or Older	78%	\$1,139
Firm Ownership		
Private For-Profit	85%*	\$1,306*
Public	70%*	\$850*
Private Not-For-Profit	74%*	\$1,213
ALL FIRMS	80%	\$1,217

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 7.4

Among Covered Workers with No General Annual Health Plan Deductible for Single and Family Coverage, Percent Who Have the Following Types of Cost Sharing, by Plan Type, 2014

	Single Coverage	Family Coverage
Separate Cost Sharing for a Hospital Admission[‡]		
HMO	85%	85%
PPO	78%	78%
POS	77%	77%
Separate Cost Sharing for an Outpatient Surgery Episode		
HMO	79%	79%
PPO	81%	81%
POS	66%	66%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[‡] Separate cost sharing for each hospital admission includes the following types: separate annual deductible, copayment, coinsurance, and/or a charge per day (per diem). Cost sharing for each outpatient surgery episode includes the following types: separate annual deductible, copayment, and/or coinsurance.

NOTE: HDHP/SOs are not shown because all covered workers in these plans face a deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2014 is \$1,250 for single coverage and \$2,500 for family coverage. Average general annual health plan deductibles for PPO and POS plans are for in-network services.

EXHIBIT 7.5

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage,
Average Deductible, by Plan Type and Firm Size, 2014

	Single Coverage
HMO	
All Small Firms (3–199 Workers)	\$1,384*
All Large Firms (200 or More Workers)	\$726*
ALL FIRM SIZES	\$1,032
PPO	
All Small Firms (3–199 Workers)	\$1,420*
All Large Firms (200 or More Workers)	\$657*
ALL FIRM SIZES	\$843
POS	
All Small Firms (3–199 Workers)	\$1,527*
All Large Firms (200 or More Workers)	\$704*
ALL FIRM SIZES	\$1,215
HDHP/SO	
All Small Firms (3–199 Workers)	\$2,769*
All Large Firms (200 or More Workers)	\$1,909*
ALL FIRM SIZES	\$2,215
ALL FIRMS	
All Small Firms (3–199 Workers)	\$1,797*
All Large Firms (200 or More Workers)	\$971*
ALL FIRM SIZES	\$1,217

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan type between All Small Firms and All Large Firms ($p < .05$).

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.6

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Region, 2014

	Single Coverage
HMO	
Northeast	\$946
Midwest	\$619*
South	\$1,159
West	\$1,168
ALL REGIONS	\$1,032
PPO	
Northeast	\$689
Midwest	\$742
South	\$893
West	\$1,011
ALL REGIONS	\$843
POS	
Northeast	NSD
Midwest	\$1,260
South	\$1,319
West	NSD
ALL REGIONS	\$1,215
HDHP/SO	
Northeast	\$2,115
Midwest	\$2,465*
South	\$2,031
West	\$2,228
ALL REGIONS	\$2,215
ALL PLANS	
Northeast	\$1,099
Midwest	\$1,294
South	\$1,172
West	\$1,307
ALL REGIONS	\$1,217

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NSD: Not Sufficient Data.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.7

Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
HMO	\$352	\$401	\$503	\$699*	\$601	\$911	\$691	\$729	\$1,032*
PPO	\$473	\$461	\$560*	\$634*	\$675	\$675	\$733	\$799	\$843
POS	\$553	\$621	\$752	\$1,061	\$1,048	\$928	\$1,014	\$1,314	\$1,215
HDHP/SO	\$1,715	\$1,729	\$1,812	\$1,838	\$1,903	\$1,908	\$2,086	\$2,003	\$2,215*
ALL PLANS	\$584	\$616	\$735*	\$826*	\$917*	\$991	\$1,097*	\$1,135	\$1,217

SOURCE:

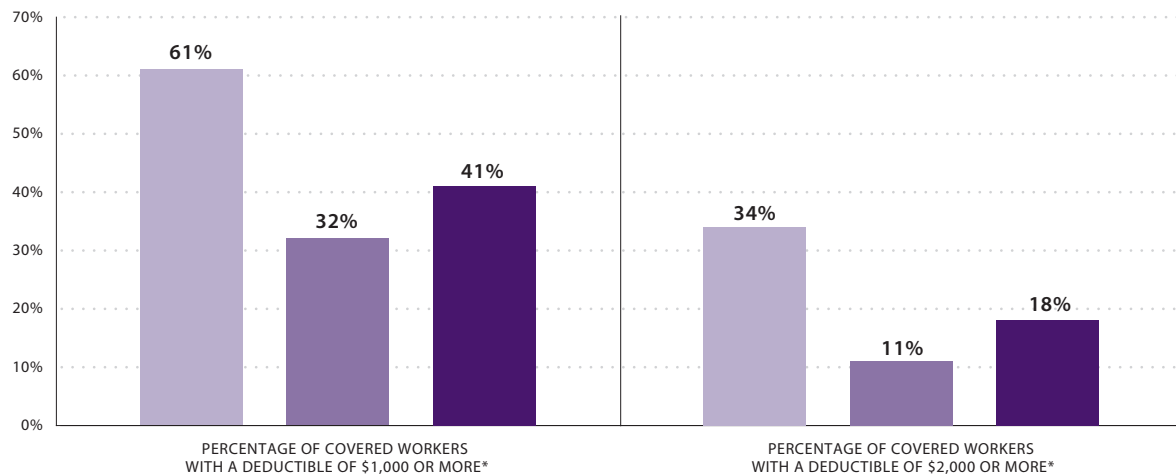
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.8

Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

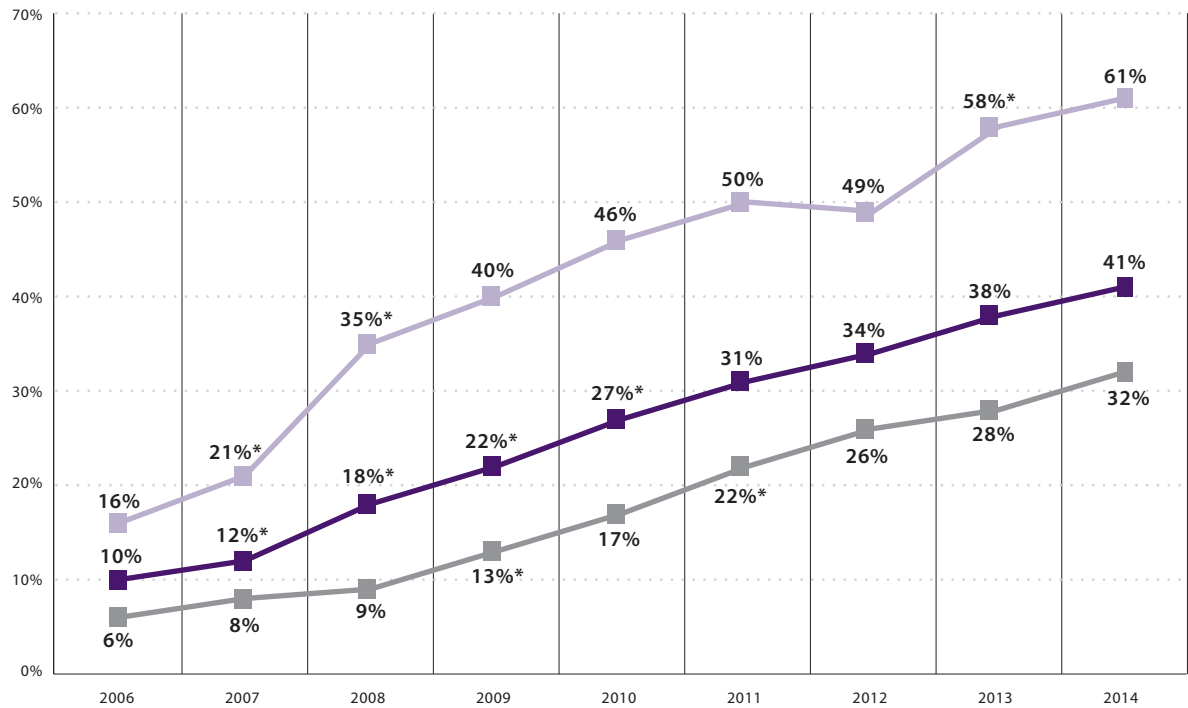
* Estimate is statistically different between All Small Firms and All Large Firms within category ($p < .05$).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of \$1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

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

EXHIBIT 7.9

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$1,000 or More for Single Coverage, by Firm Size, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

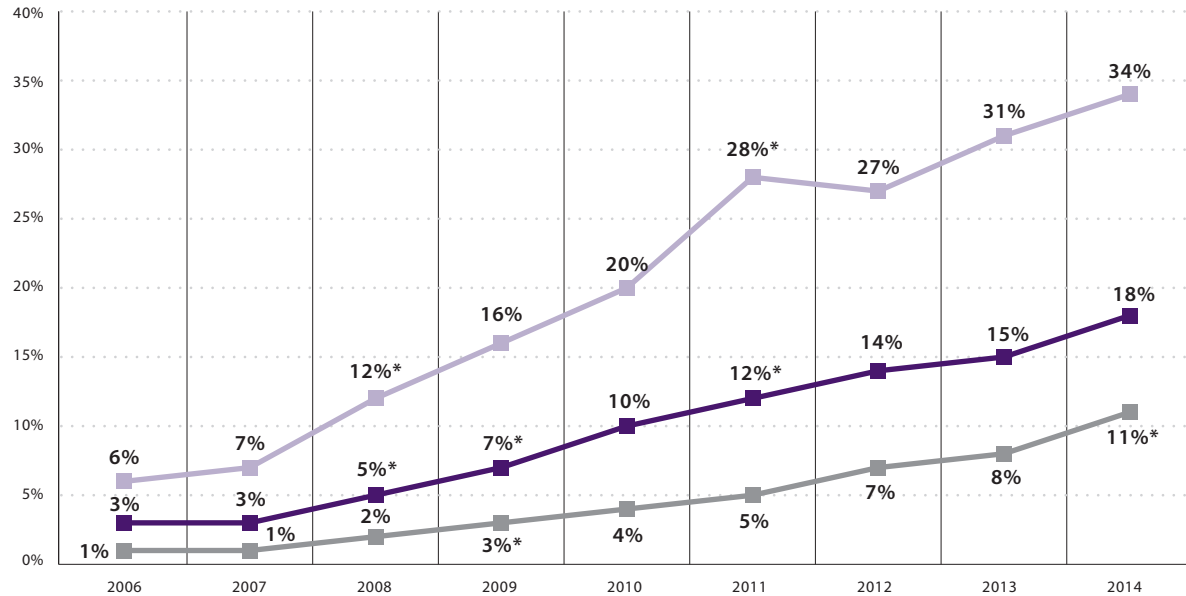
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

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

EXHIBIT 7.10

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of \$2,000 or More for Single Coverage, by Firm Size, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

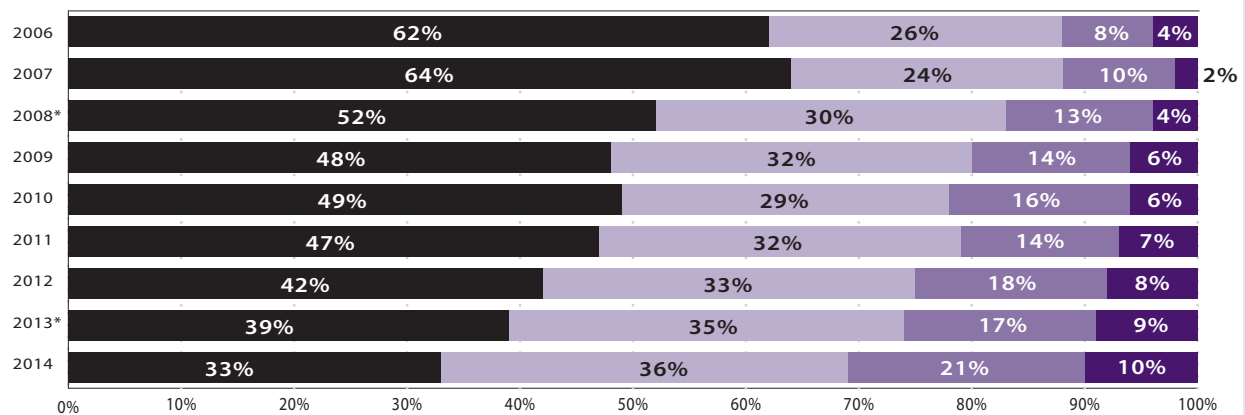
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: These estimates include workers enrolled in HDHP/SO and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

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

EXHIBIT 7.11

Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: Deductibles for PPO plans are for in-network services.

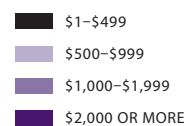
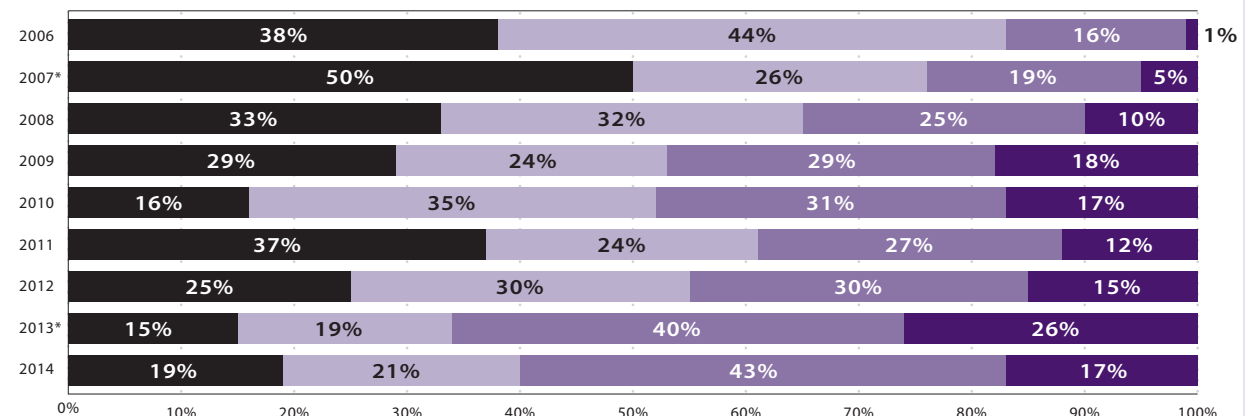


EXHIBIT 7.12

Among Covered Workers With a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: Deductibles for POS plans are for in-network services.

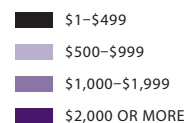


EXHIBIT 7.13

Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2014

	No Deductible	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)	41%*	41%*	18%
All Large Firms (200 or More Workers)	72*	17*	11
ALL FIRM SIZES	63%	24%	13%
PPO			
All Small Firms (3–199 Workers)	17%	51%	33%
All Large Firms (200 or More Workers)	15	43	42
ALL FIRM SIZES	15%	45%	40%
POS			
All Small Firms (3–199 Workers)	31%	59%	10%
All Large Firms (200 or More Workers)	28	62	10
ALL FIRM SIZES	30%	60%	10%
HDHP/SO			
All Small Firms (3–199 Workers)	NA	88%	12%
All Large Firms (200 or More Workers)	NA	83	17
ALL FIRM SIZES	NA	85%	15%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different from within plan type between All Small Firms and All Large Firms ($p < 0.05$).

NA: Not Applicable. All covered workers in HDHP/SOs face a general annual deductible. In HDHP/HRA plans, as defined by the survey, the minimum deductible is \$1,000 for single coverage and \$2,000 for family coverage. In HSA-qualified HDHPs, the legal minimum deductible for 2014 is \$1,250 for single coverage and \$2,500 for family coverage.

NOTE: The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. Among workers with a general annual family deductible, 65% of workers in HMOs, 53% in PPOs, and 86% in POS plans have an aggregate deductible. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.14

Among Covered Workers with a General Annual Health Plan Deductible, Average Deductibles for Family Coverage, by Deductible Type, Plan Type, and Firm Size, 2014

	Aggregate Amount	Separate Amount per Person
HMO		
All Small Firms (3–199 Workers)	\$2,817	NSD
All Large Firms (200 or More Workers)	\$1,845	\$482
ALL FIRM SIZES	\$2,328	\$870
PPO		
All Small Firms (3–199 Workers)	\$3,231*	\$1,282*
All Large Firms (200 or More Workers)	\$1,463*	\$708*
ALL FIRM SIZES	\$1,947	\$821
POS		
All Small Firms (3–199 Workers)	\$3,079*	NSD
All Large Firms (200 or More Workers)	\$1,481*	NSD
ALL FIRM SIZES	\$2,470	\$1,153
HDHP/SO		
All Small Firms (3–199 Workers)	\$5,602*	NSD
All Large Firms (200 or More Workers)	\$3,894*	\$1,818
ALL FIRM SIZES	\$4,522	\$2,126

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different within plan and deductible type between All Small Firms and All Large Firms ($p < .05$).

NSD: Not Sufficient Data.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

EXHIBIT 7.15

Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Average Deductibles, by Plan Type, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
HMO	\$751	\$759	\$1,053	\$1,524*	\$1,321	\$1,487	\$1,329	\$1,743	\$2,328
PPO	\$1,034	\$1,040	\$1,344*	\$1,488	\$1,518	\$1,521	\$1,770	\$1,854	\$1,954
POS	\$1,227	\$1,359	\$1,860	\$2,191	\$2,253	\$1,769	\$2,163	\$2,821	\$2,470
HDHP/SO	\$3,511	\$3,596	\$3,559	\$3,626	\$3,780	\$3,666	\$3,924	\$4,079	\$4,522*

SOURCE:

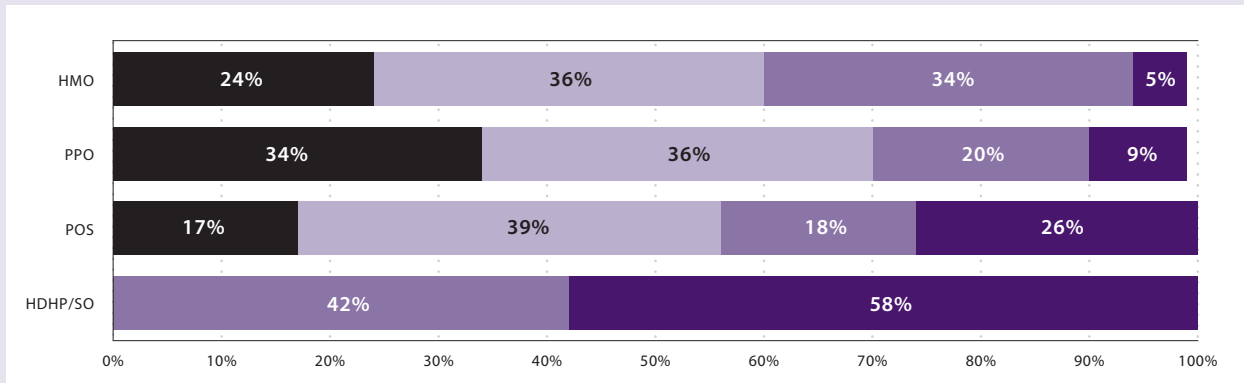
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.16

Among Covered Workers with a Separate Per Person General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

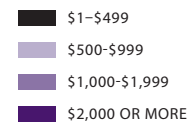
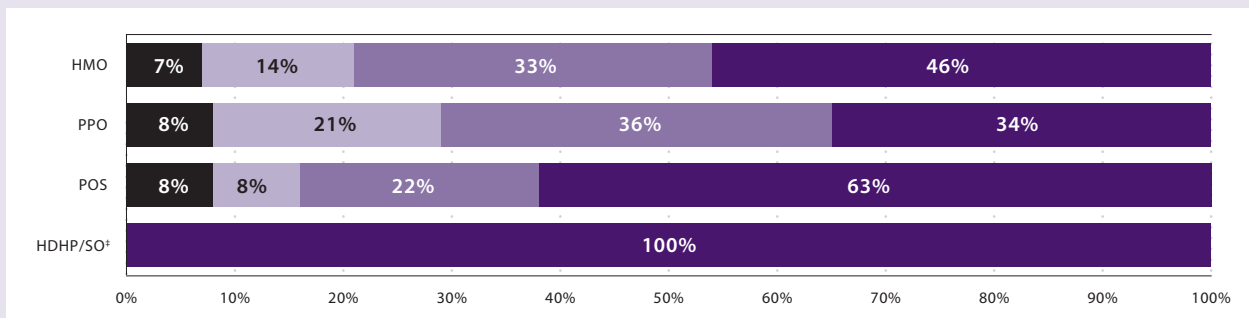


EXHIBIT 7.17

Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[†] By definition, 100% of covered workers in HDHP/SOs with an aggregate deductible have a family deductible of \$2,000 or more.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

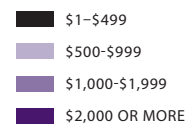
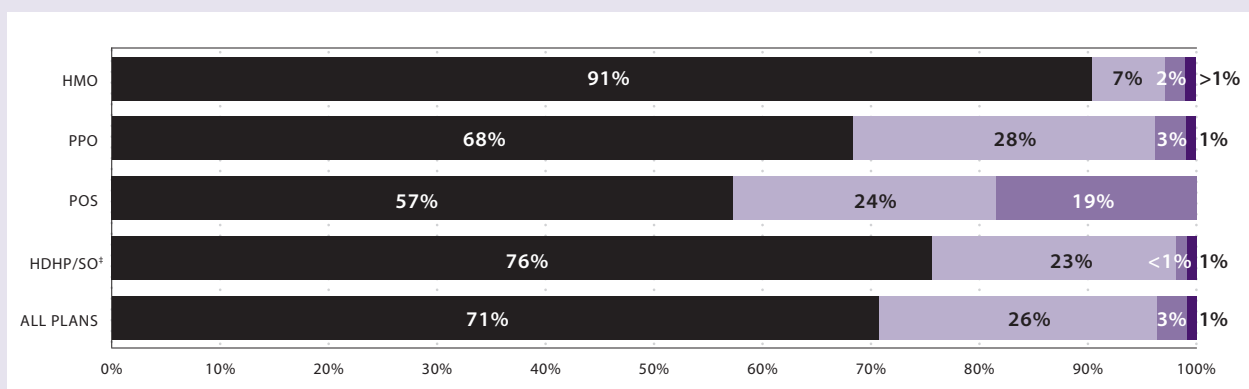


EXHIBIT 7.18

Among Covered Workers With a Separate Per Person General Annual Health Plan Deductible for Family Coverage, Structure of Deductible Limits, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguishes between plans that have an aggregate family deductible that applies to spending by any covered person in the family or a separate family deductible that applies to spending by each family member or a limited number of family members. Beginning in 2012, the survey's skip logic was edited so that firms who selected a separate family deductible were asked if they had a combined limit or if the limit was considered met when a specified number of family members reached their separate per-person limit. The "other" category refers to workers that have another type of limit on per-person deductibles, such as a per-person amount with a total dollar cap.

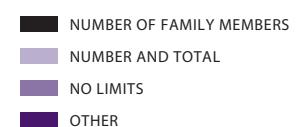
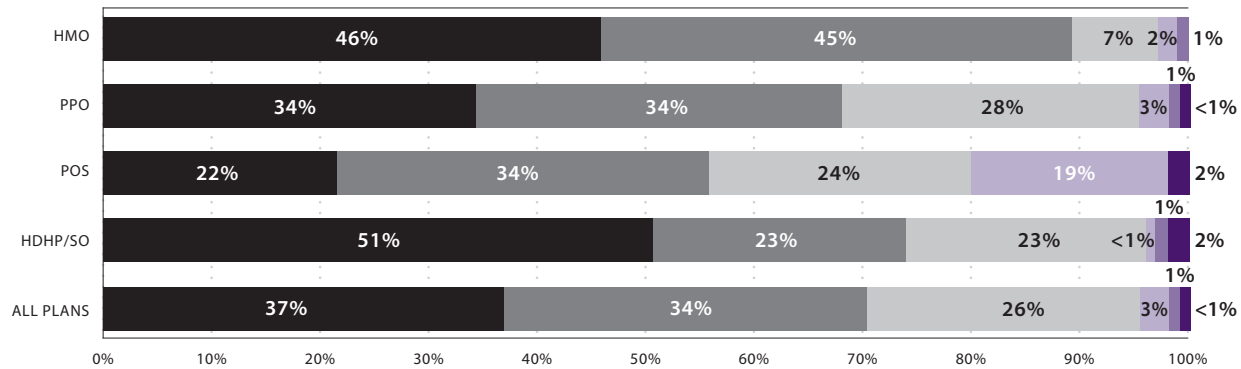


EXHIBIT 7.19

Among Covered Workers With a Separate Per Person General Annual Health Plan Deductible for Family Coverage, Distribution of Maximum Number of Family Members Required to Meet the Deductible, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguishes between plans that have an aggregate family deductible that applies to spending by any covered person in the family or a separate family deductible that applies to spending by each family member or a limited number of family members. Beginning in 2012, the survey's skip logic was edited so that firms who selected a separate family deductible were asked if they had a combined limit or if the limit was considered met when a specified number of family members reached their separate per-person limit. The "other" category refers to workers that have another type of limit on per-person deductibles, such as a per-person amount with a total dollar cap.

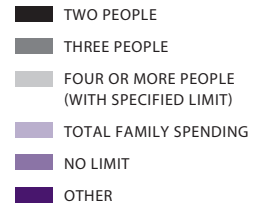


EXHIBIT 7.20

Among Covered Workers With an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan Type, 2006–2014

	\$1–\$499	\$500–\$999	\$1,000–\$1,999	\$2,000 or More
HMO				
2006	27%	42%	23%	7%
2007	22	48	23	8
2008	31	26	20	23
2009	7	22	33	38
2010	28	9	36	27
2011	35	14	28	23
2012	18	35	25	22
2013*	11	21	27	41
2014	7	14	33	46
PPO				
2006	20%	42%	27%	12%
2007	14	49	25	12
2008*	11	38	32	19
2009	12	30	35	23
2010	7	33	35	24
2011	12	28	36	24
2012	10	27	31	33
2013*	13	25	33	29
2014	8	21	36	34
POS				
2006	12%	26%	45%	18%
2007	32	13	29	25
2008	23	14	24	39
2009	3	18	30	49
2010	7	9	21	63
2011	6	26	36	33
2012	11	10	36	42
2013*	5	9	21	65
2014	8	8	22	63

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: By definition, 100% of covered workers in HDHP/SOs with an aggregate deductible have a family deductible of \$2,000 or more. Average general annual health plan deductibles for PPOs and POS plans are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

EXHIBIT 7.21

Among Covered Workers with a General Annual Health Plan Deductible, Percentage with Coverage for the Following Services Without Having to First Meet the Deductible, by Plan Type, 2014

	HMO	PPO	POS	HDHP/HRA [§]
Physician Office Visits for Primary Care	76%	78%	68%	51%
Prescription Drugs	95%	93%	89%	78%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[§] By definition, HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all services.

NOTE: These questions are asked of firms with a deductible for single or family coverage. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

EXHIBIT 7.22

Distribution of Covered Workers With Separate Cost Sharing for a Hospital Admission in Addition to Any General Annual Deductible, by Plan Type, 2014

Separate Cost Sharing for a Hospital Admission	HMO	PPO	POS	HDHP/SO [§]	ALL PLANS
Separate Annual Deductible for Hospitalizations	3%	2%	11%	0%*	3%
Copayment and/or Coinsurance					
Copayment	38*	10	28*	6*	15
Coinsurance	28*	74*	30*	64	62
Both Copayment and Coinsurance [†]	5*	14	4*	2*	10
Charge Per Day	16*	4	14*	1*	5
None	16	11*	20	28*	15

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from All Plans estimate ($p < .05$).

[†] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] Information on separate deductibles for hospital admissions was collected only for HDHP/HRAs because federal regulations for HSA-qualified HDHPs make it unlikely these plans would have a separate deductible for specific services.

NOTE: As in past years, we collected information on the cost-sharing provisions for hospital admissions that are in addition to any general annual plan deductible. However, beginning with the 2009 survey, in order to better capture the prevalence of combinations of cost sharing, the survey was changed to ask a series of yes or no questions. Previously, the question asked respondents to select one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. Zero percent of covered workers have an "other" type of cost sharing for a hospital admission.

EXHIBIT 7.23

Distribution of Covered Workers with Separate Cost Sharing for an Outpatient Surgery Episode in Addition to Any General Annual Deductible, by Plan Type, 2014

Separate Cost Sharing for an Outpatient Surgery Episode	HMO	PPO	POS	HDHP/SO [§]	ALL PLANS
Separate Annual Deductible for Outpatient Surgery	3%	1%	1%	0%*	1%
Copayment and/or Coinsurance					
Copayment	48*	12*	33*	4*	16
Coinsurance	29*	74*	32*	65	64
Both Copayment and Coinsurance [‡]	2*	9	6	2*	7
None	21	12*	33*	31*	18

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from All Plans estimate ($p < .05$).[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.[§] Information on separate deductibles for outpatient surgery was collected only for HDHP/HRAs because federal regulations for HSA-qualified HDHPs make it unlikely these plans would have a separate deductible for specific services.

NOTE: As in past years, we collected information on the cost-sharing provisions for outpatient surgery that are in addition to any general annual plan deductible. However, beginning with the 2009 survey, in order to better capture the prevalence of combinations of cost sharing, the survey was changed to ask a series of yes or no questions. Previously, the question asked respondents to select one response from a list of types of cost sharing, such as separate deductibles, copayments, coinsurance, and per diem payments (for hospitalization only). Due to the change in question format, the distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. Less than 1% of covered workers have an "other" type of cost sharing for an outpatient surgery.

EXHIBIT 7.24

Among Covered Workers with Separate Cost Sharing for a Hospital Admission or Outpatient Surgery Episode in Addition to Any General Annual Deductible, Average Cost Sharing, by Plan Type, 2014

	Average Copayment	Average Coinsurance	Charge Per Day
Separate Cost Sharing for a Hospital Admission			
HMO	\$371*	20%	\$291
PPO	244	18	243
POS	277	20	NSD
HDHP/SO	272	19	NSD
ALL PLANS	\$280	19%	\$297
Separate Cost Sharing for an Outpatient Surgery Episode			
HMO	\$166	20%	NA
PPO	142	19	NA
POS	183	18	NA
HDHP/SO	192	19	NA
ALL PLANS	\$157	19%	NA

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from All Plans estimate ($p < .05$).

NSD: Not Sufficient Data.

NA: Not Applicable. The survey did not offer "Charge Per Day" (per diem) as a response option for questions about separate cost sharing for each outpatient surgery episode.

NOTE: The average separate annual deductible for hospital admission is \$490 (there are too few observations to report the average separate annual deductible for outpatient surgery). In most cases there were too few observations to present the average estimates by plan type. The average amounts include workers who may have a combination of types of cost sharing. All Plans estimates are weighted by workers in firms that reported cost sharing. See the Survey Design and Methods section for more information on weighting.

EXHIBIT 7.25

In Addition to Any General Annual Plan Deductible, Percentage of Covered Workers with the Following Types of Cost Sharing for Physician Office Visits, by Plan Type, 2014

	Copay Only	Coinsurance Only	No Cost Sharing	Other Type of Cost Sharing
Primary Care				
HMO	89%*	5%*	5%	1%
PPO	83*	12*	3*	2
POS	94*	1*	5	0
HDHP/SO	20*	56*	24*	1
ALL PLANS	73%	18%	8%	1%
Specialty Care				
HMO	90%*	6%*	3%	1%
PPO	82*	16*	1*	1
POS	94*	2*	3	1
HDHP/SO	18*	58*	23*	1
ALL PLANS	72%	21%	6%	1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from All Plans estimate ($p < .05$).

NOTE: In 2014, the survey includes questions on cost sharing for in-network services only. See the 2007 survey for information on out-of-network office visit cost sharing. Starting in 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey, if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and a coinsurance for visits with a specialist physician. The changes made in 2010 allowed for variations in the type of cost sharing for primary care and specialty care.

EXHIBIT 7.26

Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office Visits, Average Copayments and Coinsurance, by Plan Type, 2014

In-Network Office Visits	HMO	PPO	POS	HDHP/SO	ALL PLANS
Primary Care Office Visit					
Average Copay	\$23	\$24	\$25	\$24	\$24
Average Coinsurance [‡]	NSD	18%	NSD	19%	18%
Specialty Care Office Visit					
Average Copay	\$34	\$36	\$39	\$41	\$36
Average Coinsurance [‡]	NSD	19%	NSD	19%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

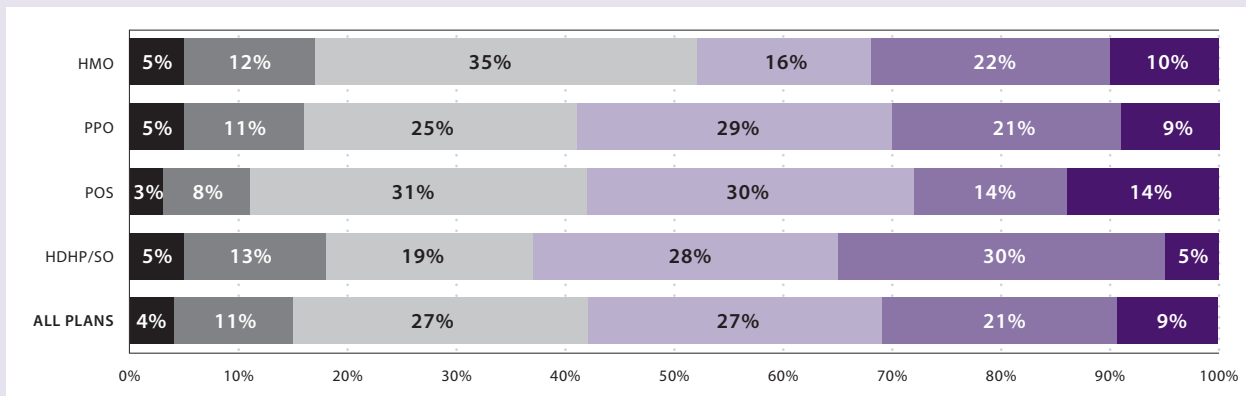
NSD: Not Sufficient Data.

[‡] In the 2012 survey, the structure of cost-sharing questions was revised to include coinsurance rates with a minimum or maximum dollar amount. For most plan types, the average coinsurance rate is not significantly different depending on whether it included a minimum, maximum, or neither. See the Survey Design and Methods section for more information.

NOTE: Tests found no statistical differences from plan types to the All Plans estimate ($p < .05$). The survey asks respondents if the plan has cost sharing for in-network office visits. In 2010, the survey asked about the prevalence and cost of physician office visits separately for primary care and specialty care. Prior to the 2010 survey if the respondent indicated the plan had a copayment for office visits, we assumed the plan had a copayment for both primary and specialty care visits. The survey did not allow for a respondent to report that a plan had a copayment for primary care visits and a coinsurance for visits with a specialist physician. The changes made in 2010 allowed for variations in the type of cost sharing for primary care and specialty care.

EXHIBIT 7.27

Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Copayments for PPOs, POS plans, and HDHP/SOs are for in-network providers.

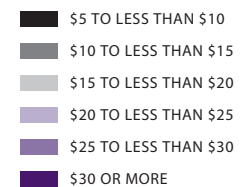
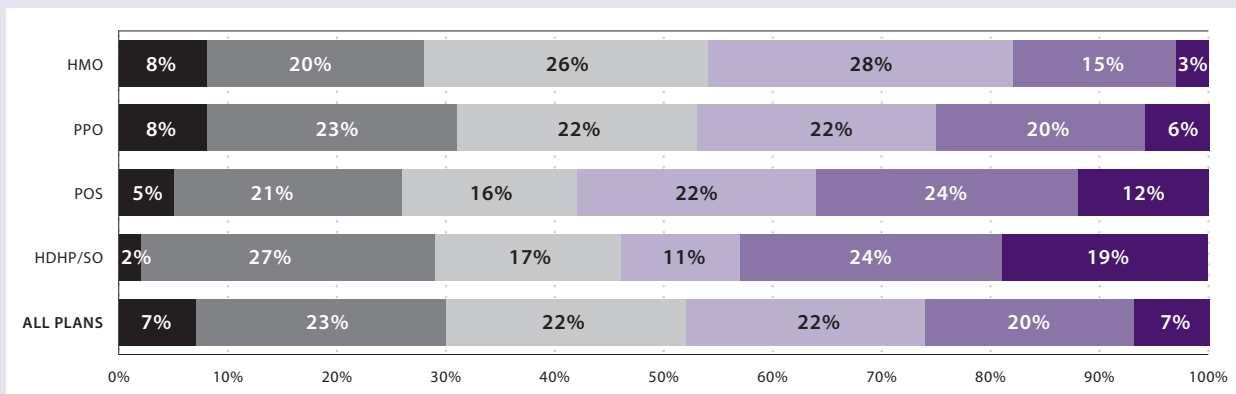


EXHIBIT 7.28

Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Copayments for PPO, POS, and HDHP/SO plans are for in-network providers.

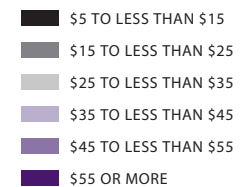
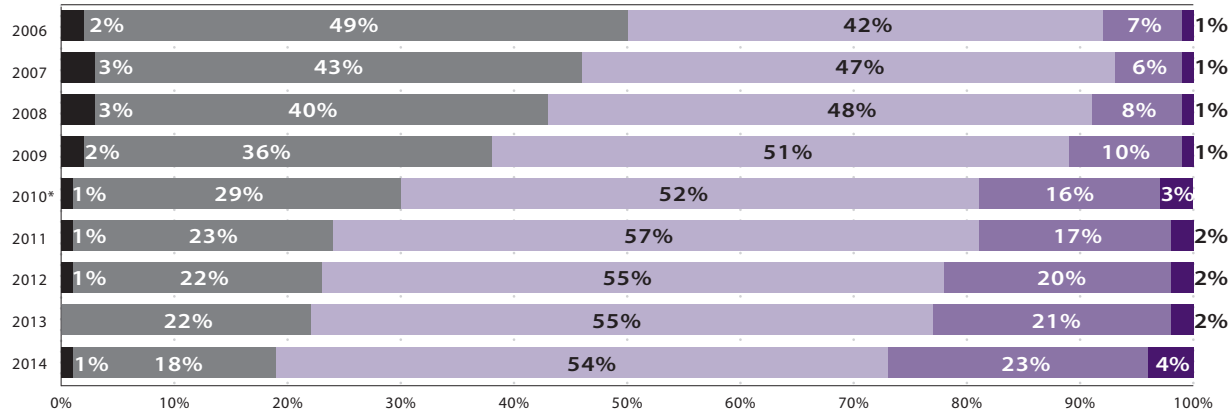


EXHIBIT 7.29

Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, 2006–2014



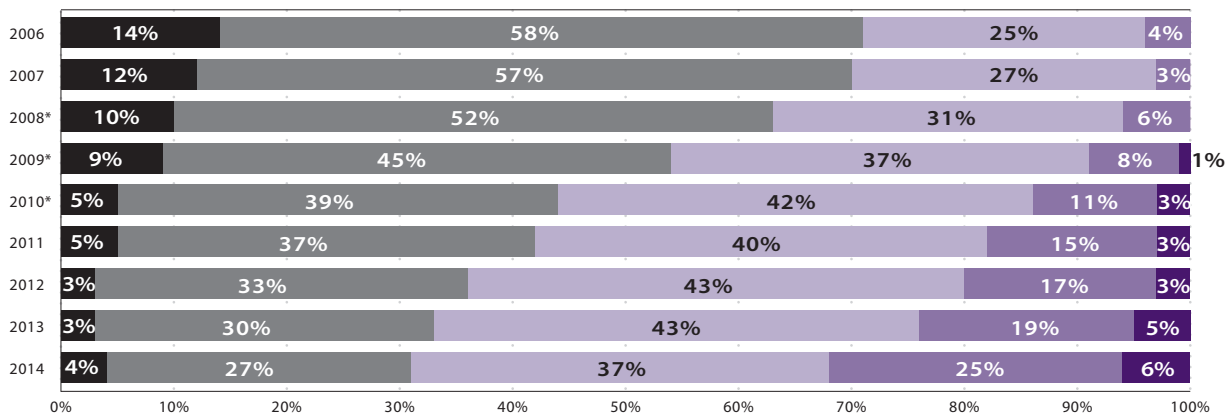
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

EXHIBIT 7.30

Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

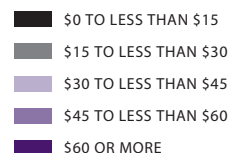
* Distribution is statistically different from distribution for the previous year shown ($p < .05$).

EXHIBIT 7.31

Percentage of Covered Workers without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2014

	Single Coverage	Family Coverage
HMO	10%	10%
PPO	6	6
POS	12	12
ALL PLANS	6%	6%

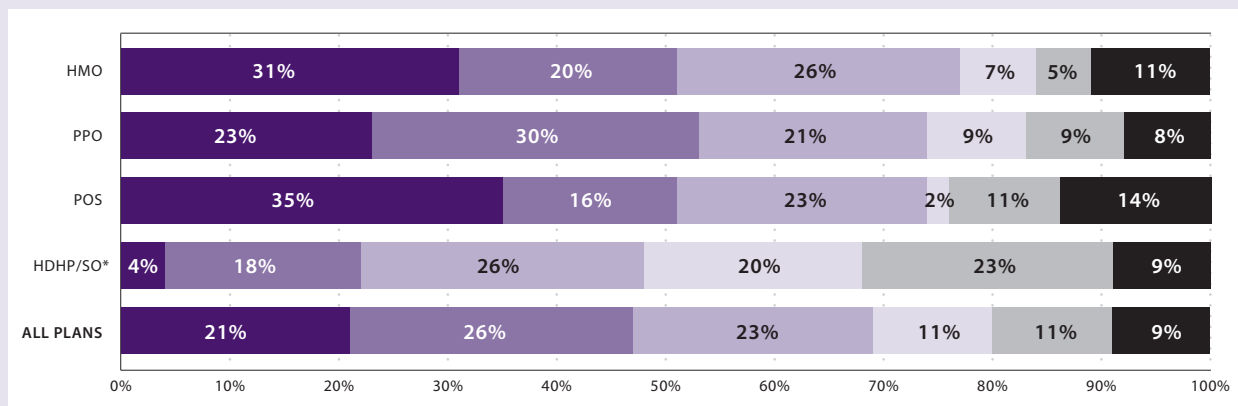
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: HSA-qualified HDHPs are required to have an annual maximum out-of-pocket liability of no more than \$6,250 for single coverage and \$12,500 for family coverage in 2013. HDHP/HRAs have no such requirement, and the percentages of covered workers in HDHP/HRAs with "No Limit" for annual out-of-pocket maximum for both single and family coverage are 3%.

EXHIBIT 7.32

Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

\$1,999 OR LESS
 \$2,000-\$2,999
 \$3,000-\$3,999
 \$4,000-\$4,999
 \$5,000-\$5,999
 \$6,000 OR MORE

EXHIBIT 7.33

Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2014

	No Limit	Aggregate Amount	Separate Amount per Person
HMO			
All Small Firms (3–199 Workers)	4%	71%	25%
All Large Firms (200 or More Workers)	13	61	26
ALL FIRM SIZES	10%	64%	25%
PPO			
All Small Firms (3–199 Workers)	10%	70%	20%
All Large Firms (200 or More Workers)	4	61	35
ALL FIRM SIZES	6%	63%	31%
POS			
All Small Firms* (3–199 Workers)	14%	84%	2%
All Large Firms* (200 or More Workers)	10	79	11
ALL FIRM SIZES*	12%	82%	5%
HDHP/SO			
All Small Firms (3–199 Workers)	2%	88%	10%
All Large Firms (200 or More Workers)	<1	86	14
ALL FIRM SIZES	1%	86%	13%
ALL FIRMS			
All Small Firms (3–199 Workers)	8%	77%	15%
All Large Firms (200 or More Workers)	5	64	31
ALL FIRM SIZES	6%	68%	26%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

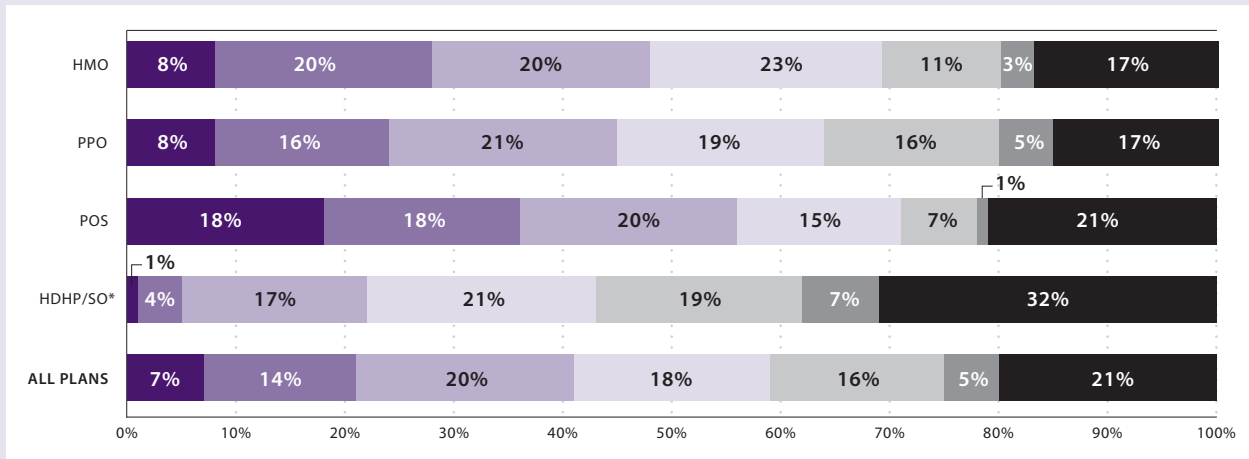
* Distributions are statistically different between All Small Firms and All Large Firms within plan type ($p < .05$).

† HSA-qualified HDHPs are required by law to have an annual maximum out-of-pocket liability of no more than \$6,350 for single coverage and \$12,700 for family coverage in 2014. When they are excluded from the calculation, the distribution of type of out-of-pocket maximum for HDHP/HRAs only is as follows: All Small Firms – 6% No Limit, 76% Aggregate Amount, and 18% Separate Amount per Person; All Large Firms – 1% No Limit, 69% Aggregate Amount, and 30% Separate Amount per Person; All Firm Sizes – 3% No Limit, 72% Aggregate Amount, and 26% Separate Amount per Person.

NOTE: The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members. Among workers with an out-of-pocket maximum for family coverage, 72% of workers in HMOs, 67% in PPOs, 94% in POS plans, and 73% in All Plans have an aggregate out-of-pocket maximum.

EXHIBIT 7.34

Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage,
Distribution of Out-of-Pocket Maximums, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Distribution is statistically different from All Plans distribution ($p < .05$).

NOTE: Distributions are among covered workers facing a specified limit for out-of-pocket maximum amounts. HSA-qualified HDHPs are required by law to have an out-of-pocket maximum of no more than \$6,250 for single coverage and \$12,500 for family coverage in 2014. The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members.

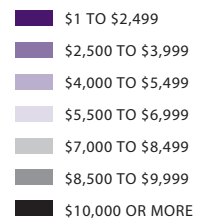
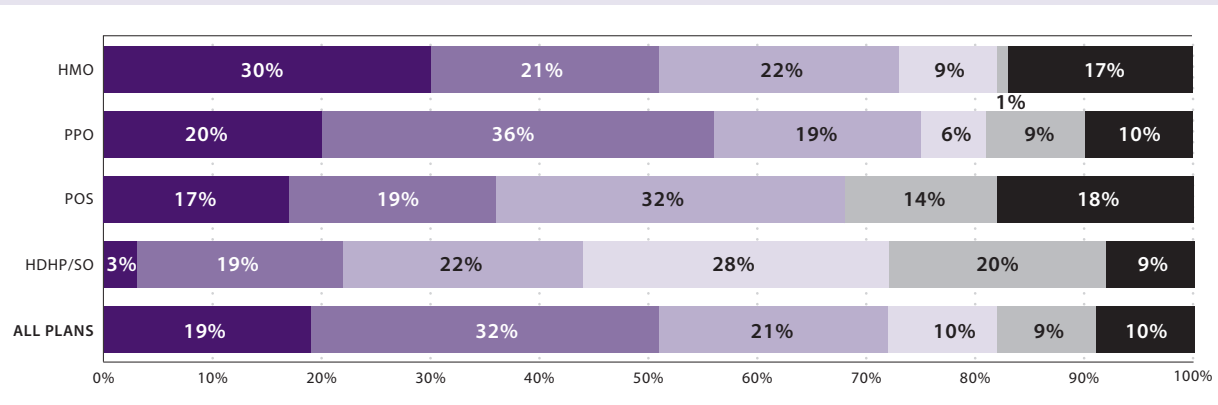


EXHIBIT 7.35

Among Covered Workers with a Separate Per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Distributions were not statistically different from the All Plans distribution. Distributions are among covered workers facing a specified limit for out-of-pocket maximum amounts. The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate per person out-of-pocket maximum that applies to spending by each family member or a limited number of family members.

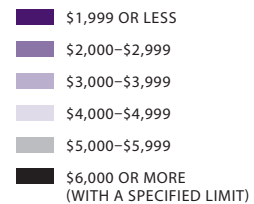
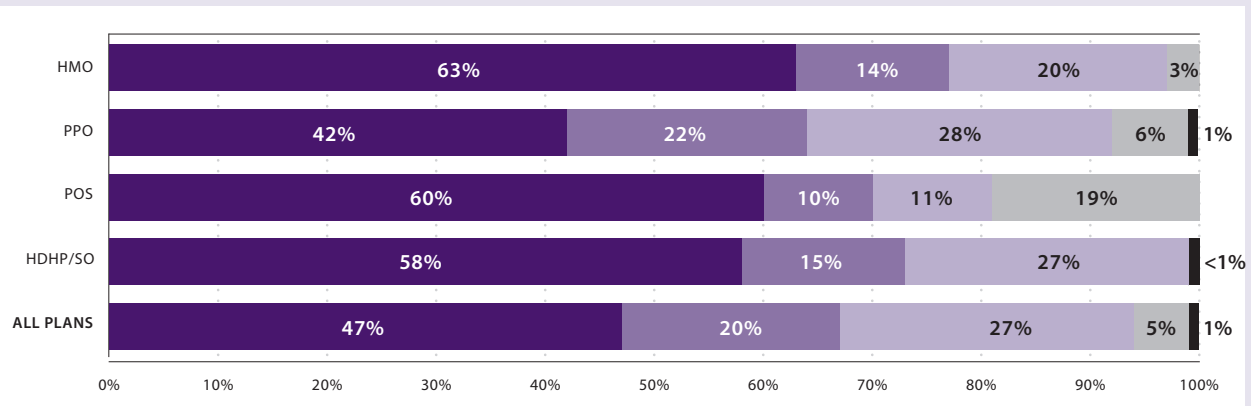


EXHIBIT 7.36

Among Covered Workers with a Separate Per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Number of Family Members Required to Meet the Maximum, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The survey distinguishes between plans that have a family aggregate out-of-pocket maximum that applies to spending by any covered person in the family or a separate out-of-pocket maximum that applies to spending by each family member or a limited number of family members. In 2012, the survey's skip logic was edited so that firms who selected a separate out-of-pocket maximum were asked if they had a combined limit or if the limit was considered met when a specified number of family members reached their separate per-person limit.

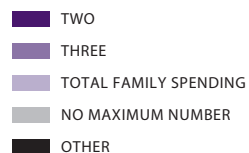


EXHIBIT 7.37

Among Covered Workers, The Prevalence and Value of Out-of-Pocket Maximums for Single Coverage, 2006-2014

	Percent of Covered Workers with an Out-of-Pocket Maximum for Single Coverage	Among Covered Workers Average Out-of-Pocket Maximum for Single Coverage	Percent of Covered Workers Enrolled in a Plan with an Out-Pocket-Maximum Above \$6,350 or in a Plan Without an Out-of-Pocket Limit
2006	79%	\$1,510	22%
2007	71%*	\$1,447	29%*
2008	80%*	\$1,665*	20%*
2009	81%	\$1,791	19%
2010	82%	\$2,134*	19%
2011	83%	\$2,191	19%
2012	87%	\$2,300	15%*
2013	88%	\$2,480	14%
2014	94%*	\$3,011*	7%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

High-Deductible
Health Plans
with Savings
Option

SECTION

8

HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION

TO COVER OUT-OF-POCKET EXPENSES NOT COVERED BY THE PLAN, SOME EMPLOYERS OFFER HIGH DEDUCTIBLE PLANS WHICH ARE PAIRED WITH AN ACCOUNT WHICH ALLOWS ENROLLEES TO USE TAX-PREFERRED SAVINGS TO PAY PLAN COST SHARING AND OTHER OUT-OF-POCKET MEDICAL EXPENSES. THE TWO MOST COMMON ARE HEALTH REIMBURSEMENT ARRANGEMENTS (HRAs) AND HEALTH SAVINGS ACCOUNTS (HSAs). HRAs AND HSAs ARE FINANCIAL ACCOUNTS THAT WORKERS OR THEIR FAMILY MEMBERS CAN USE TO PAY FOR HEALTH CARE SERVICES. THESE SAVINGS ARRANGEMENTS ARE OFTEN (OR, IN THE CASE OF HSAs, ALWAYS) PAIRED WITH HEALTH PLANS WITH HIGH DEDUCTIBLES. THE SURVEY TREATS HIGH-DEDUCTIBLE PLANS PAIRED WITH A SAVINGS OPTION AS A DISTINCT PLAN TYPE – HIGH-DEDUCTIBLE HEALTH PLAN WITH SAVINGS OPTION (HDHP/SO) – EVEN IF THE PLAN WOULD OTHERWISE BE CONSIDERED A PPO, HMO, POS PLAN, OR CONVENTIONAL HEALTH PLAN. SPECIFICALLY FOR THE SURVEY, HDHP/SOs ARE DEFINED AS (1) HEALTH PLANS WITH A DEDUCTIBLE OF AT LEAST \$1,000 FOR SINGLE COVERAGE AND \$2,000 FOR FAMILY COVERAGE¹ OFFERED WITH AN HRA (REFERRED TO AS HDHP/HRAs); OR (2) HIGH-DEDUCTIBLE HEALTH PLANS THAT MEET THE FEDERAL LEGAL REQUIREMENTS TO PERMIT AN ENROLLEE TO ESTABLISH AND CONTRIBUTE TO AN HSA (REFERRED TO AS HSA-QUALIFIED HDHPs).²

PERCENTAGE OF FIRMS OFFERING HDHP/HRAs AND HSA-QUALIFIED HDHPs, AND ENROLLMENT

- ▶ Twenty-seven percent of firms offering health benefits offer an HDHP/HRA or an HSA-qualified HDHP. Among firms offering health benefits, 4% offer an HDHP/HRA and 24% offer an HSA-qualified HDHP (Exhibit 8.1). The percentage of firms offering a HDHP/SO is similar to last year but has increased over time.
 - Firms with 5,000 or more workers are significantly more likely to offer an HDHP/SO than smaller firms. Forty-five percent of firms with 1,000 or more workers offer an HDHP/SO, compared to 27% of firms with 3 to 199 workers, and 38% of firms with 200-999 workers (Exhibit 8.2). Not all covered workers enrolled at a firm which offers an HDHP/SO may be eligible to enroll in the plan; for example the HDHP/SO plan may only be offered in one location (see Section 4 for more information).

- ▶ In addition to looking at the percentage of firms which offer an HDHP/SO the survey can analyze the percentage of workers who are enrolled in this plan type. Twenty percent of covered workers are enrolled in an HDHP/SO in 2014, the same as last year (Exhibit 8.5). Enrollment in HDHP/SOs had increased significantly for several years (17% of covered workers in 2011 from 13% in 2010 and 8% in 2009) but has plateaued since 2012.

- Seven percent of covered workers are enrolled in HDHP/HRAs in 2014, and 14% percent of covered workers are enrolled in HSA-qualified HDHPs (Exhibit 8.6). Enrollment in both HSA-qualified HDHPs and HDHP/HRAs is similar to last year (Exhibit 8.5).

PLAN DEDUCTIBLES

- ▶ As expected, workers enrolled in HDHP/SOs have higher deductibles than workers enrolled in HMOs, PPOs, or POS plans.

NOTES:

¹ There is no legal requirement for the minimum deductible in a plan offered with an HRA. The survey defines a high-deductible HRA plan as a plan with a deductible of at least \$1,000 for single coverage and \$2,000 for family coverage. Federal law requires a deductible of at least \$1,250 for single coverage and \$2,500 for family coverage for HSA-qualified HDHPs in 2014. See the Text Box for more information on HDHP/HRAs and HSA-qualified HDHPs.

² The definitions of HDHP/SOs do not include other consumer-driven plan options, such as arrangements that combine an HRA with a lower-deductible health plan or arrangements in which an insurer (rather than the employer as in the case of HRAs or the enrollee as in the case of HSAs) establishes an account for each enrollee. Other arrangements may be included in future surveys as the market evolves.

Health Reimbursement Arrangements (HRAs)

are medical care reimbursement plans established by employers that can be used by employees to pay for health care. HRAs are funded solely by employers. Employers may commit to make a specified amount of money available in the HRA for premiums and medical expenses incurred by employees or their dependents. HRAs are accounting devices, and employers are not required to expend funds until an employee incurs expenses that would be covered by the HRA. Unspent funds in the HRA usually can be carried over to the next year (sometimes with a limit). Employees cannot take their HRA balances with them if they leave their job, although an employer can choose to make the remaining balance available to former employees to pay for health care.

HRAs often are offered along with a high-deductible health plan (HDHP). In such cases, the employee pays for health care first from his or her HRA and then out-of-pocket until the health plan deductible is met. Sometimes certain preventive services or other services such as prescription drugs are paid for by the plan before the employee meets the deductible.

Health Savings Accounts (HSAs) are savings accounts created by individuals to pay for health care. An individual may establish an HSA if he

or she is covered by a “qualified health plan” – a plan with a high deductible (i.e., a deductible of at least \$1,250 for single coverage and \$2,500 for family coverage in 2014) that also meets other requirements.¹ Employers can encourage their employees to create HSAs by offering an HDHP that meets the federal requirements. Employers in some cases also may assist their employees by identifying HSA options, facilitating applications, or negotiating favorable fees from HSA vendors.

Both employers and employees can contribute to an HSA, up to the statutory cap of \$3,300 for single coverage and \$6,550 for family coverage in 2014. Employee contributions to the HSA are made on a pre-income tax basis, and some employers arrange for their employees to fund their HSAs through payroll deductions. Employers are not required to contribute to HSAs established by their employees but, if they elect to do so, their contributions are not taxable to the employee. Interest and other earnings on amounts in an HSA are not taxable. Withdrawals from the HSA by the account owner to pay for qualified health care expenses are not taxed. The savings account is owned by the individual who creates the account, so employees retain their HSA balances if they leave their job.

¹ See U.S. Department of the Treasury, Health Savings Accounts, available at www.irs.gov/pub/irs-drop/rp-13-25.pdf

- The average general annual deductible for single coverage is \$2,265 for HDHP/HRAs and \$2,205 for HSA-qualified HDHPs (Exhibit 8.7). These averages are similar to the amounts reported in recent years. There is wide variation around these averages (Exhibit 8.9). Twenty-three percent of covered workers are enrolled in a HDHP/SO with a deductible of \$3,000 or more.
 - The average aggregate deductibles for workers with family coverage are \$4,909 for HDHP/HRAs and \$4,391 for HSA-qualified HDHPs (Exhibit 8.7). There is wide variation around these average amounts for family coverage (Exhibit 8.11). A quarter of covered workers enrolled in HDHP/SO plans have an aggregate family deductible of \$6,000 dollars or more.
- OUT-OF-POCKET MAXIMUM AMOUNTS**
- ▶ Since 2006, the survey has collected information on two types of family deductibles. The survey asks employers whether the family deductible amount is (1) an aggregate amount (i.e., the out-of-pocket expenses of all family members are counted until the deductible is satisfied), or (2) a per-person amount that applies to each family member (typically with a limit on the number of family members that would be required to meet the deductible amount) (for more information see Section 7).
 - ▶ HSA-qualified HDHPs are legally required to have a maximum annual out-of-pocket liability of no more than \$6,350 for single coverage and \$12,700 for family coverage in 2014. After January 1, 2014 non-grandfathered HDHP/HRA plans will be required to comply with the same requirements.

- The average annual out-of-pocket maximum for single coverage is \$3,825 for HDHP/HRAs³ and \$3,953 for HSA-qualified HDHPs (Exhibit 8.7).
 - As with deductibles, the survey asks employers whether the family out-of-pocket maximum liability is (1) an aggregate amount that applies to spending by any covered person in the family, or (2) a separate per person amount that applies to spending by each family member or a limited number of family members. The survey also asks whether spending by enrollees on various services counts towards meeting the plan out-of-pocket maximum.
 - Among covered workers with family coverage whose out-of-pocket maximum is an aggregate amount that applies to spending by any covered person in the family, the average annual out-of-pocket maximums are \$7,592 for HDHP/HRAs and \$7,791 for HSA-qualified HDHPs (Exhibit 8.7). The out of pocket limits are similar between HDHP/HRAs and HSA-qualified HDHPs for single and family coverage.
- ▶ The average annual worker contributions to premiums for workers in HSA-qualified HDHPs are \$780 for single coverage and \$4,126 for family coverage (Exhibit 8.8). The average contribution for single coverage for workers in HSA-qualified HDHPs is significantly less than the average premium contribution made by covered workers in plans that are not HDHP/SOs (Exhibit 8.8).

EMPLOYER CONTRIBUTIONS TO PREMIUMS AND SAVINGS OPTIONS

- ▶ Employers contribute to HDHP/SOs in two ways: through their contributions toward the premium for the health plan and through their contributions (if any, in the case of HSAs) to the savings account option (i.e., the HRAs or HSAs themselves).
 - Looking at only the annual employer contributions to premiums, covered workers in HDHP/HRAs on average receive employer contributions of \$4,875 for single coverage and \$12,346 for family coverage (Exhibit 8.8).
 - The average annual employer contributions to premiums for workers in HSA-qualified HDHPs are \$4,169 for single coverage and \$10,388 for family coverage. These amounts are lower than the average contributions for single or family coverage for workers in plans that are not HDHP/SOs (Exhibit 8.8).
- ▶ When looking at employer contributions to the savings option, workers enrolled in HDHP/HRAs receive, on average, an annual employer contribution to their HRA of \$1,390 for single coverage and \$2,781 for family coverage (Exhibit 8.8).
 - HRAs are generally structured in such a way that employers may not actually spend the whole amount that they make available to their employees' HRAs.⁴ Amounts committed to an employee's HRA that are not used by the employee generally roll over and can be used in future years, but any balance may revert back to the employer if the employee leaves his or her

PREMIUMS

- ▶ In 2014, the average annual premiums for HDHP/HRAs are \$6,040 for single coverage and \$17,279 for family coverage (Exhibit 8.8).
- ▶ The average annual premium for workers in HSA-qualified HDHPs is \$4,949 for single coverage and \$14,514 for family coverage. These amounts are significantly lower than the average single and family premium for workers in plans that are not HDHP/SOs (Exhibit 8.8).
- ▶ The average single and family coverage premium for an HSA-qualified HDHP is less than the amounts for covered workers enrolled in HDHP/HRAs.

WORKER CONTRIBUTIONS TO PREMIUMS

- ▶ The average annual worker contributions to premiums for workers enrolled in HDHP/HRAs are \$1,165 for single coverage and \$4,933 for family coverage (Exhibit 8.8).

NOTES:

³ The average out-of-pocket maximum for HDHP/HRAs is calculated for plans with an out-of-pocket maximum. About 3% of covered workers in HDHP/HRAs with single coverage or family coverage are in plans that reported having no limit on out-of-pocket expenses.

⁴ In the survey, we ask, "Up to what dollar amount does your firm promise to contribute each year to an employee's HRA or health reimbursement arrangement for single coverage?" We refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. As discussed, HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Some employers may make their HRA contribution contingent on other factors, such as completing wellness programs.

job. Thus, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

- ▶ Workers enrolled in HSA-qualified HDHPs on average receive an annual employer contribution to their HSA of \$769 for single coverage and \$1,347 for family coverage (Exhibit 8.8).
 - In some cases, employers that sponsor HSA-qualified HDHP/SOs do not make contributions to HSAs established by their employees. Thirty-three percent of employers offering single coverage and twenty-seven percent offering family coverage through HSA-qualified HDHPs do not make contributions towards the HSAs that their workers establish (Exhibit 8.8). Twenty-four percent of workers with single coverage and twenty-three percent of workers with family coverage in an HSA-qualified HDHP do not receive an account contribution from their employer (Exhibit 8.14 and Exhibit 8.15). Many employers are beginning to incorporate more complex structures to fund savings accounts, including providing a higher contribution if workers complete wellness or other health promotion activities.
 - The percentage of covered workers enrolled in a plan where the employer makes no HSA contribution for single coverage is similar to 31% last year and five years ago.
 - The average HSA contributions reported above include the portion of covered workers whose employer contribution to the HSA is zero. When those firms that do not contribute to the HSA are excluded from the calculation, the average employer contribution for covered workers is \$1,006 for single coverage and \$1,744 for family coverage (Exhibit 8.8).
- ▶ Employer contributions to savings account options (i.e., the HRAs and HSAs themselves) for their employees can be added to their health plan premium contributions to calculate total employer contributions toward HDHP/SOs.
 - For HDHP/HRAs, the average annual total employer contribution for covered workers is \$6,265 for single coverage and \$15,127 for family coverage. The average total employer contribution amounts for single and family coverage in HDHP/HRAs are higher than the average

amount that employers contribute towards single and family coverage in health plans that are not HDHP/SOs (Exhibit 8.8).

- For HSA-qualified HDHPs, the average annual total employer contribution for covered workers is \$4,937 for single coverage and \$11,762 for workers with family coverage. The total amounts contributed for workers in HSA-qualified HDHPs for single and family coverage are similar to the amounts contributed for workers not in HDHP/SOs (Exhibit 8.8).

VARIATION IN EMPLOYER CONTRIBUTIONS TO SAVINGS OPTIONS

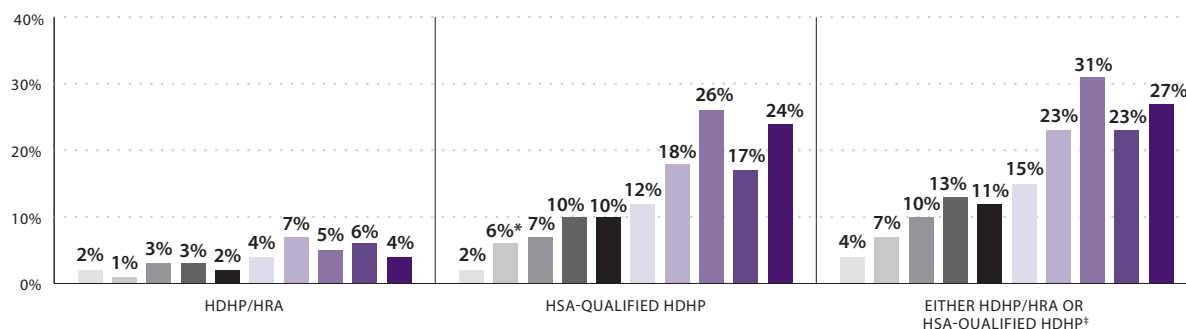
- ▶ There is considerable variation in the amount that employers contribute to savings accounts.
 - Forty-four percent of covered workers are enrolled in a plan with an HRA annual contribution of less than \$834 and 23% are enrolled in a plan with a contribution of \$1,946 or more for single coverage (Exhibit 8.16)
 - Thirty-four percent of covered workers are enrolled in a plan with an HSA annual contribution of less than \$462 and 24% are enrolled in a plan with a contribution of \$1,077 or more for single coverage (Exhibit 8.17).
 - Twenty-four percent of covered workers in an HSA-qualified HDHP work for an employer who does not make a contribution towards their employees HSA account (Exhibit 8.14). The percent of covered workers enrolled in an HSA-qualified HDHP without an employer contribution has remained consistent across time.

COST SHARING FOR OFFICE VISITS, OUTPATIENT SURGERY AND HOSPITAL SURGERY

- ▶ The cost-sharing pattern for primary care office visits differs for workers enrolled in HDHP/HRA and HSA Qualified HDHPs. Forty-six percent of covered workers enrolled in HDHP/HRAs have a copayment for primary care physician office visits compared to 7% enrolled in an HSA-qualified HDHP (Exhibit 8.18). Covered workers in HDHP/HRAs are less likely to have a coinsurance (38%) for a primary care physician office visits than those in a HSA Qualified HDHPs (64%) (Exhibit 8.18).

EXHIBIT 8.1

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2014.

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

† The 2014 estimate includes 0.6% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for previous years are: 2005 [0.3%], 2006 [0.4%], 2007 [0.2%], 2008 [0.3%], 2009 [$<0.1\%$], 2010 [0.3%], 2011 [1.8%], 2012 [0.6%], and 2013 [1.0%].

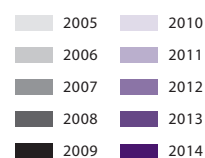
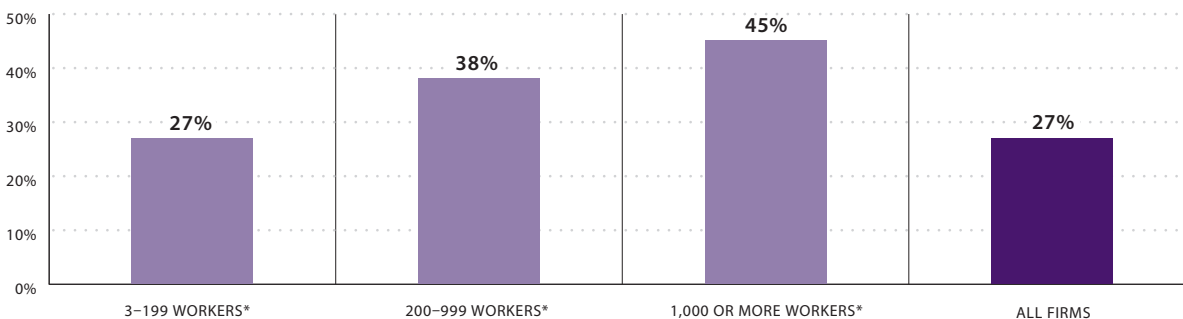


EXHIBIT 8.2

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2014



SOURCE:

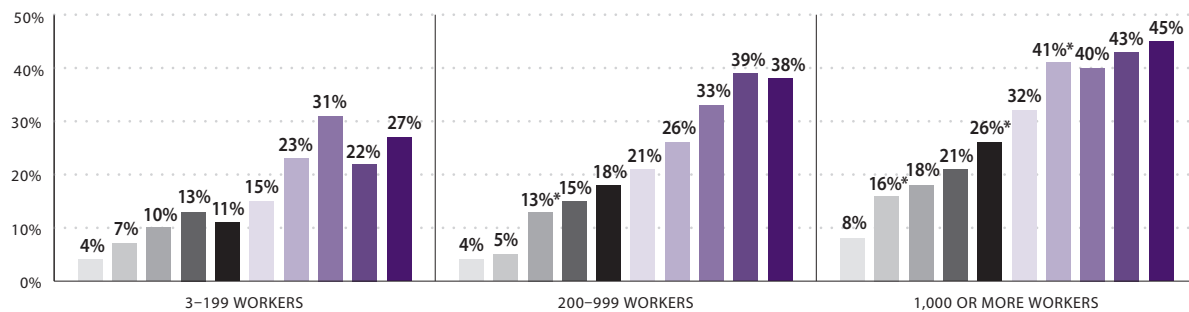
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimates are statistically different from all other firms not in the indicated size category ($p < .05$).

NOTE: The 2014 estimate includes 0.6% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP.

EXHIBIT 8.3

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2014.

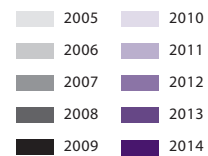
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).NOTE: The 2014 estimate includes 0.6% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for previous years are: 2005 [0.3%], 2006 [0.4%], 2007 [0.2%], 2008 [0.3%], 2009 [$<0.1\%$], 2010 [0.3%], 2011 [1.8%], 2012 [0.6%], and 2013 [1.0%].

EXHIBIT 8.4

Percentage of Covered Workers Enrolled in an HDHP/SO, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
FIRM SIZE									
3–24 Workers	6%	6%	11%	9%	16%	24%	25%	23%	23%
25–199 Workers	4	9*	14	15	16	23	23	20	24
200–999 Workers	2	4*	5	7	10	14	19	18	19
1,000–4,999 Workers	3	5	5	8	10	14	14	17	16
5,000 or More Workers	4	4	4	5	13*	16	17	20	20
All Small Firms (3–199 Workers)	5%	8%	13%*	13%	16%	23%*	24%	21%	24%
All Large Firms (200 or More Workers)	3%	4%	5%	6%	12%*	15%	17%	19%	19%
ALL FIRMS	4%	5%	8%*	8%	13%*	17%*	19%	20%	20%

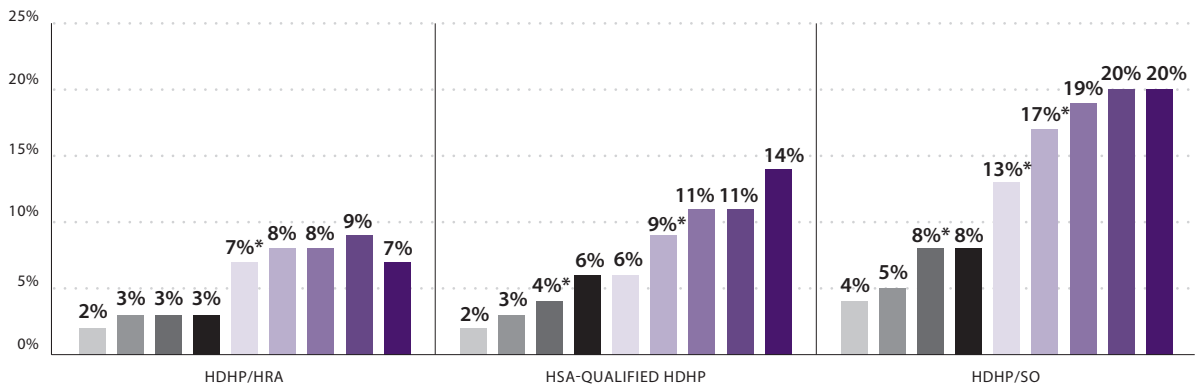
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

EXHIBIT 8.5

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

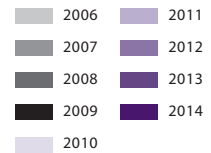
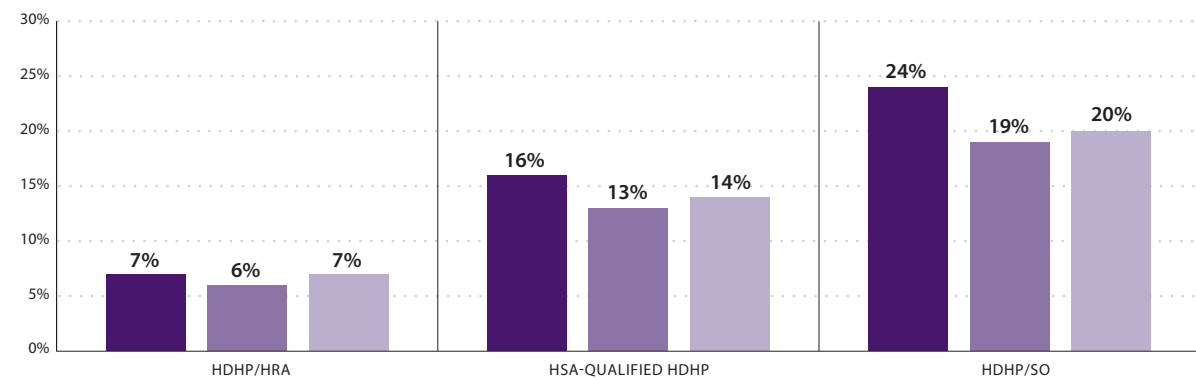
* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

EXHIBIT 8.6

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

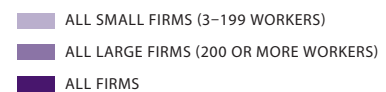
NOTE: Tests found no statistical differences between All Small Firms and All Large Firms within each category ($p < .05$).

EXHIBIT 8.7

HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2014

Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$6,040	\$17,279	\$4,949	\$14,514
Worker Contribution to Premium	\$1,165	\$4,933	\$780	\$4,126
General Annual Deductible [‡]	\$2,265	\$4,909	\$2,205	\$4,391
Out-of-Pocket Maximum Liability [‡]	\$3,825	\$7,592	\$3,953	\$7,791
Firm Contribution to the HRA or HSA [§]	\$1,390	\$2,781	\$769	\$1,347

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[‡] Three percent of workers enrolled in HDHP/HRAs have employers that reported no out-of-pocket maximum for single coverage and family coverage. These workers are excluded from the HDHP/HRA out-of-pocket maximum liability calculation. The deductible and out-of-pocket maximum averages shown for both HDHP/HRAs and HSA-qualified HDHPs for family coverage are for covered workers whose firms report that they face an aggregate amount. Among covered workers in HDHP/HRAs, 33% are in plans whose family deductible is a separate per person amount and 26% are in a plan where the family out-of-pocket maximum is a separate per person amount. Among covered workers in HSA-qualified HDHPs, the percentages are 7% for deductibles and 6% for out-of-pocket maximums.

[§] When those firms that do not contribute to the HSA (33% for single coverage and 27% for family) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,006 for single coverage and \$1,744 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

EXHIBIT 8.8

Average Annual Premiums and Contributions to Savings Accounts for Covered Workers in HDHP/HRAs or HSA-Qualified HDHPs, Compared to All Non-HDHP/SO Plans, 2014

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans [§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	\$6,040	\$17,279	\$4,949*	\$14,514*	\$6,212	\$17,204
Worker Contribution to Premium	\$1,165	\$4,933	\$780*	\$4,126*	\$1,126	\$4,936
Firm Contribution to Premium	\$4,875	\$12,346	\$4,169*	\$10,388*	\$5,086	\$12,268
Annual Firm Contribution to the HRA or HSA[‡]	\$1,390	\$2,781	\$769	\$1,347	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	\$6,265*	\$15,127*	\$4,937	\$11,762	\$5,086	\$12,268
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	\$7,430*	\$20,060*	\$5,721*	\$15,874*	\$6,212	\$17,204

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from estimate for All Non-HDHP/SO Plans ($p < .05$).

[‡] When those firms that do not contribute to the HSA (33% for single coverage and 27% for family) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$1,006 for single coverage and \$1,744 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

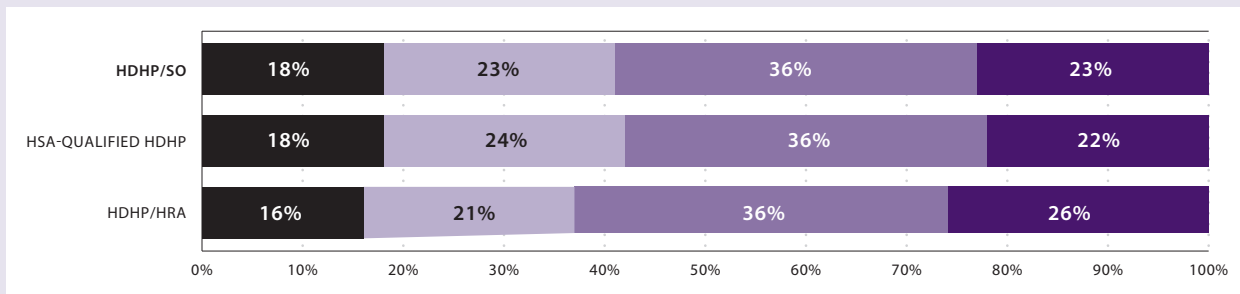
[§] In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

NA: Not Applicable.

NOTE: Values shown in the table may not equal the sum of their component parts. The averages presented in the table are aggregated at the firm level and then averaged, which is methodologically more appropriate than adding the averages. This is relevant for Total Annual Premium, Total Annual Firm Contribution, and Total Annual Cost.

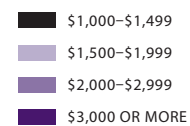
EXHIBIT 8.9

Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2014

**SOURCE:**

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The minimum annual single deductible for workers enrolled in HSA-qualified HDHPs is \$1,250 in 2014 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$1,250.

**EXHIBIT 8.10**

Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2014

	Aggregate Amount	Separate Amount Per Person
HDHP/HRA	67%	33%
HSA-Qualified HDHP	93	7
HDHP/SO	85%	15%

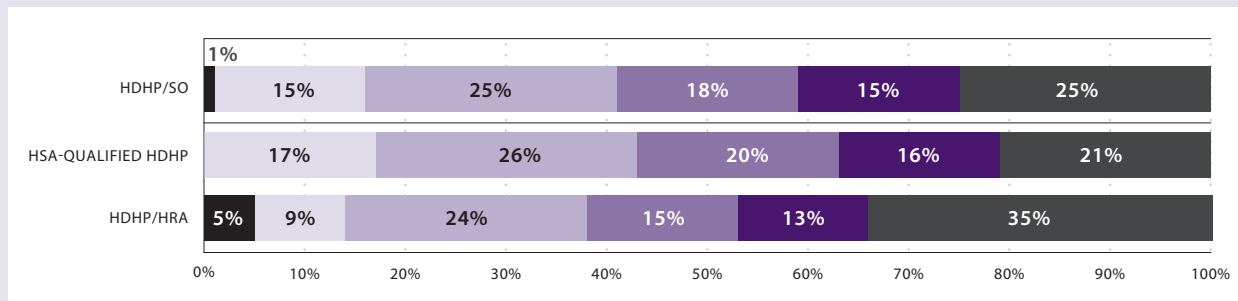
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible, and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount.

EXHIBIT 8.11

Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The survey distinguished between family deductibles that are an aggregate amount in which all family members' out-of-pocket expenses count toward the deductible, and plans that have a separate amount for each family member, typically with a limit on the number of family members required to reach that amount. The minimum annual family deductible for workers enrolled in HSA-qualified HDHP is \$2,500 in 2014 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$2,500.

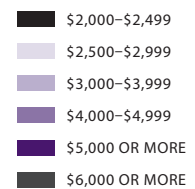


EXHIBIT 8.12

Percentage of Covered Workers with Coverage for the Following Services Without Having to First Meet the Deductible, HDHP/HRAs, by Firm Size, 2014

	Physician Office Visits for Primary Care	Prescription Drugs
All Small Firms (3-199 Workers)	66%	69%
All Large Firms (200 or More Workers)	43%	82%
ALL FIRMS	51%	78%

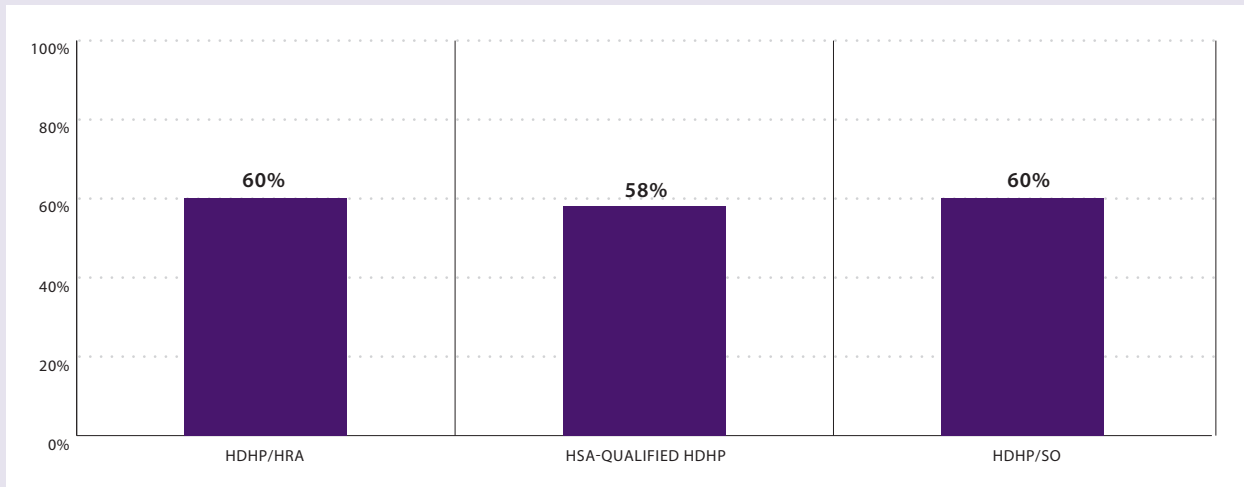
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Only firms with HDHP/HRAs were asked about physician office visits for primary care or prescription drugs. HSA-qualified HDHPs are required by law to apply the plan deductible to nearly all services.

EXHIBIT 8.13

Percentage of Covered Workers in Partially or Fully Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2014



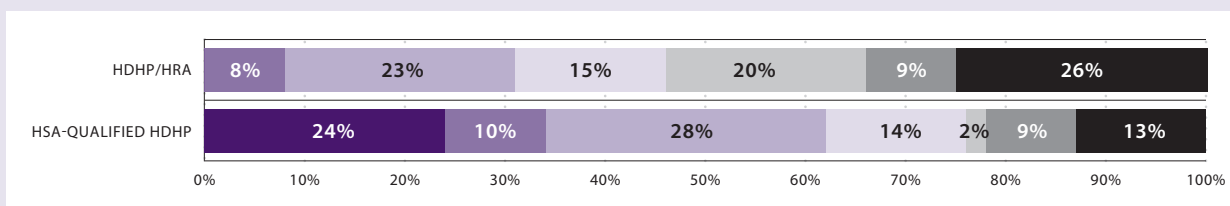
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: For definitions of Self-Funded and Fully Insured Plans, see the introduction to Section 10.

EXHIBIT 8.14

Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: For single coverage, 33% of employers offering HSA-qualified HDHPs (covering 24% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.

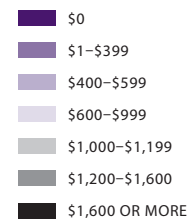
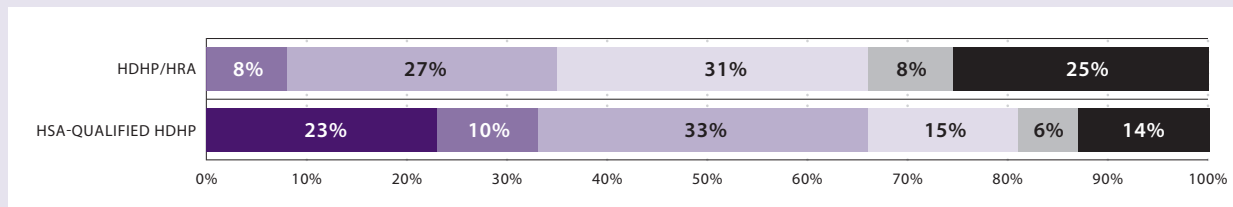


EXHIBIT 8.15

Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: For family coverage, 27% of employers offering HSA-qualified HDHPs (covering 23% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.

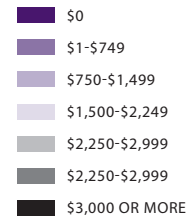


EXHIBIT 8.16

Distribution of Firm Contributions to the HRA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HRA, 2014

Contribution Range, Relative to Average HRA Contribution	Single Coverage		Family Coverage	
	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less Than 60%	Less than \$834	44%	Less than \$1,668	51%
60% to Less Than 80%	\$834 to <\$1,112	22%	\$1,668 to <\$2,225	16%
80% to Less Than Average	\$1,112 to <\$1,390	4%	\$2,225 to <\$2,781	8%
Average to Less Than 120%	\$1,390 to <\$1,668	6%	\$2,781 to <\$3,337	2%
120% to Less Than 140%	\$1,668 to <\$1,946	1%	\$3,337 to <\$3,893	3%
140% or More	\$1,946 or More	23%	\$3,893 or More	21%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The average annual firm contribution to the HRA is \$1,390 for single coverage and \$2,781 for family coverage. The HRA account contribution distribution is relative to the average single or family account contribution. For example, \$1,112 is 80% of the average single HRA account contribution and \$1,668 is 120% of the average single HRA account contribution. The same break points relative to the average are used for the distribution for family coverage.

EXHIBIT 8.17

Distribution of Firm Contributions to the HSA for Single and Family Coverage Relative to the Average Annual Firm Contribution to the HSA, 2014

Contribution Range, Relative to Average HSA Contribution	Single Coverage		Family Coverage	
	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range	Contribution Range, Dollar Amount	Percentage of Covered Workers in Range
Less Than 60%	Less than \$462	34%	Less than \$808	37%
60% to Less Than 80%	\$462 to <\$615	26%	\$808 to <\$1,077	17%
80% to Less Than Average	\$615 to <\$769	5%	\$1,077 to <\$1,346	10%
Average to Less Than 120%	\$769 to <\$923	2%	\$1,346 to <\$1,616	5%
120% to Less Than 140%	\$923 to <\$1,077	8%	\$1,616 to <\$1,885	1%
140% or More	\$1,077 or More	24%	\$1,885 or More	30%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: The average annual firm contribution to the HSA is \$769 for single coverage and \$1,346 for family coverage. The distribution includes workers in firms who do not make any contribution. The HSA account contribution distribution is relative to the average single or family account contribution. For example, \$615 is 80% of the average single HSA account contribution and \$923 is 120% of the average single HSA account contribution. The same break points relative to the average are used for the distribution for family coverage.

The average annual firm contribution to an HSA, for covered workers at firms who make a contribution is \$1,006 for single coverage and \$1,744 for family coverage.

EXHIBIT 8.18

Distribution of Covered Workers in HDHP/HRAs and HSA-Qualified HDHPs with the Following Types of Cost Sharing in Addition to the General Annual Deductible, 2014

Separate Cost Sharing for a Hospital Admission	HDHP/HRA	HSA-Qualified HDHP	HDHP/SO [§]
Separate Annual Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	12	3%	6
Coinsurance	59	66	64
Both Copay and Coinsurance [‡]	2	2	2
Charge Per Day	2	<1	1
None	26	30	28
Separate Cost Sharing for an Outpatient Surgery Episode			
Separate Annual Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	7	2%	4
Coinsurance	57	68	65
Both Copay and Coinsurance [‡]	1	2	2
None	35	29	31
Separate Cost Sharing for Primary Care Physician Office Visits			
Copayment	46%	7%	20%
Coinsurance	38	64	56
None	14	29	24
Other	2	<1	1
Separate Cost Sharing for Specialty Care Physician Office Visits			
Copayment	43%	7%	18%
Coinsurance	42	65	58
None	14	28	23
Other	2	<1	1

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[‡] This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

[§] Information on separate deductibles for hospital admissions or outpatient surgery was collected for HDHP/HRAs only.

NA: Not Applicable. Information on separate annual deductibles for hospital admissions or outpatient surgery was not collected for HSA-qualified HDHPs because federal regulations make it unlikely the plan would have a separate deductible for specific services.

NOTE: The distribution of workers with types of cost sharing does not equal 100% as workers may face a combination of types of cost sharing. The survey asks firms about the characteristics of either their largest HRA or HSA Qualified HDHP. The HDHP/SO category is the aggregate of both the HRA and HSA plans; for more information see the methods section.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Prescription
Drug Benefits

SECTION

9

PRESCRIPTION DRUG BENEFITS

ALMOST ALL COVERED WORKERS HAVE COVERAGE FOR PRESCRIPTION DRUGS. MORE THAN THREE IN FOUR COVERED WORKERS ARE IN PLANS WITH THREE OR MORE COST-SHARING TIERS FOR PRESCRIPTION DRUGS. FOR THESE WORKERS COPAYMENTS, RATHER THAN COINSURANCE, CONTINUE TO BE THE MORE COMMON FORM OF COST SHARING.

- ▶ As in prior years, nearly all (more than 99%) covered workers in employer-sponsored plans have a prescription drug benefit.
- ▶ An overwhelming majority of covered workers (90%) have a tiered cost-sharing formula for prescription drugs in 2014 (Exhibit 9.1). Cost-sharing tiers generally refer to a health plan placing a drug on a formulary or preferred drug list, which classifies drugs as generic, preferred, or non-preferred. Over the last few years, an increasing number of plans have created a fourth or even higher tier of drug cost sharing, which may be used for lifestyle drugs or expensive biologics. Employers often place various drugs in generic, preferred, or non-preferred tiers to encourage enrollees to select cheaper alternatives or to pass on to enrollees the higher costs of more expensive drugs. Sometimes employers will place high initial cost sharing for higher tier drugs but then include a coinsurance maximum to limit an enrollees total liability.
- ▶ Eighty percent of covered workers are enrolled in plans with three, four, or more tiers of cost sharing for prescription drugs, similar to 82% of covered workers in 2013 (Exhibit 9.1).
 - HDHP/SOs have different cost-sharing patterns for prescription drugs than other plan types. Only 43% of covered workers in HDHP/SOs are in a plan with three tiers of cost sharing for prescription drugs; 15% are in plans that pay 100% of prescription costs once the plan deductible is met (Exhibit 9.2).

THREE OR MORE TIERS

- ▶ Twenty percent of covered workers are in a plan that has four or more tiers of cost sharing for prescription drugs (Exhibit 9.1).

Generic drugs: Drugs product that are no longer covered by patent protection and thus may be produced and/or distributed by multiple drug companies.

Preferred drugs: Drugs included on a formulary or preferred drug list; for example, a brand-name drug without a generic substitute.

Non-preferred drugs: Drugs not included on a formulary or preferred drug list; for example, a brand-name drug with a generic substitute.

Fourth-tier drugs: New types of cost-sharing arrangements that typically build additional layers of higher copayments or coinsurance for specifically identified types of drugs, such as lifestyle drugs or biologics.

- ▶ Among workers covered by plans with three or more tiers of cost sharing for prescription drugs, copayments are far more common than coinsurance in the first three tiers (Exhibit 9.3). For covered workers in plans with three or more cost-sharing tiers, 39% face a copayment for fourth-tier drugs and 49% face coinsurance (Exhibit 9.3).
- For covered workers in plans with three, four, or more tiers of cost sharing for prescription drugs, the average drug copayments for second-tier drugs (\$31), third-tier drugs (\$53), and fourth-tier drugs (\$83) are comparable to the amounts reported in 2013 (\$29, \$52, and \$80, respectively) (Exhibit 9.4). However, for first-tier drugs, copayments increased slightly from \$10 in 2013 to \$11 in 2014.

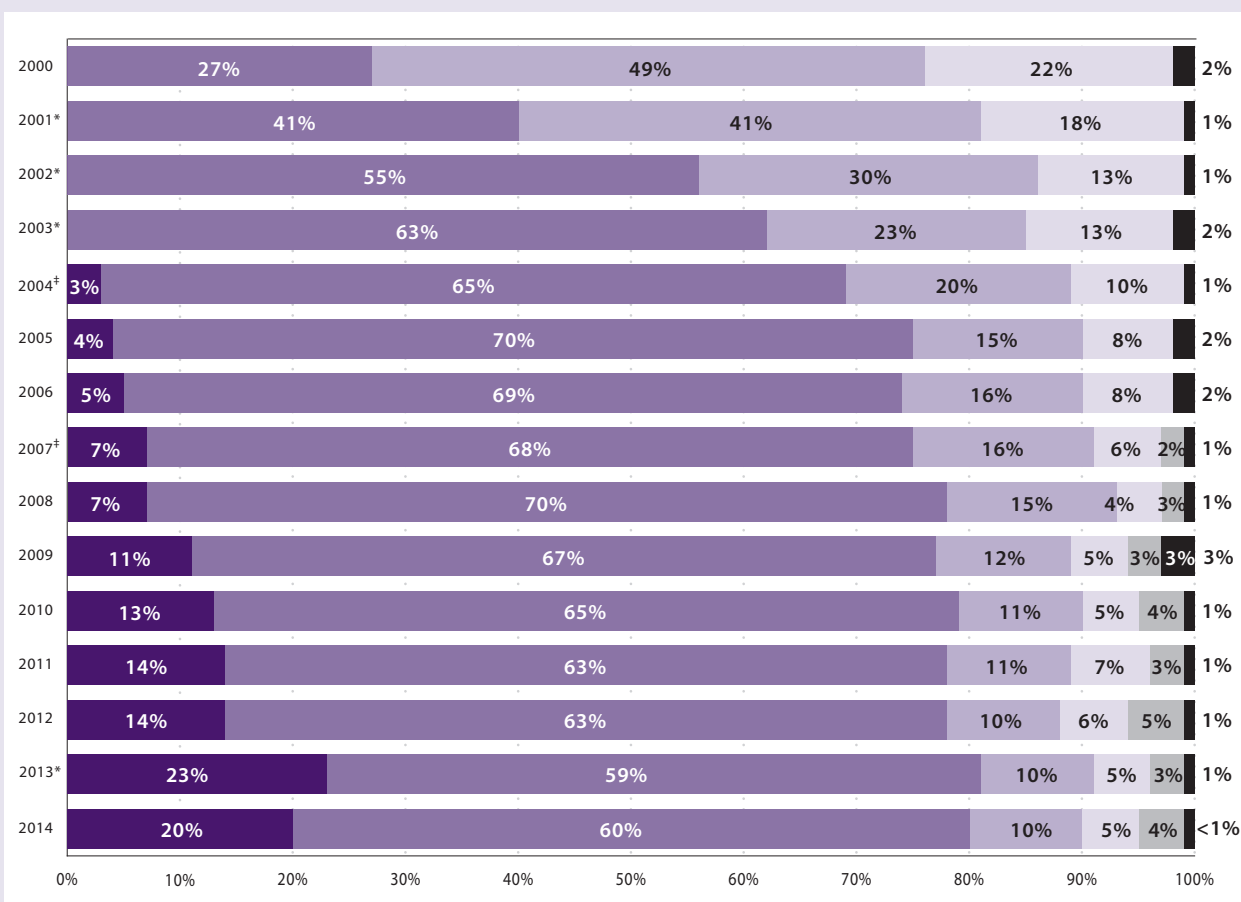
- For covered workers in plans with three, four, or more tiers of cost sharing for prescription drugs who face coinsurance rather than copayments, coinsurance levels average 19% for first-tier drugs, 24% for second-tier drugs, 37% for third-tier drugs, and 29% for fourth-tier drugs. These estimates are similar to last year (16%, 25%, 38%, and 32%, respectively) (Exhibit 9.4).

SINGLE AND TWO TIERS

- ▶ Ten percent of covered workers are in a plan that has two tiers for prescription drug cost sharing (Exhibit 9.1). Similar to workers in plans with more cost-sharing tiers, copayments are more common than coinsurance for workers in plans with two tiers (Exhibit 9.5). The average copayment for the first tier is \$11, and the average copayment for the second tier is \$30. The average coinsurance rate for the second tier is 27% (Exhibit 9.6).
- ▶ Five percent of covered workers are covered by plans in which cost sharing is the same regardless of the type of drug chosen (Exhibit 9.1). Among these covered workers, 22% have copayments and 77% have coinsurance (Exhibit 9.7).
- ▶ For those workers with the same cost sharing regardless of the type of drug, the average copayment is \$15 and the average coinsurance is 22% (Exhibit 9.8).
- ▶ Coinsurance rates for prescription drugs often have maximum or minimum dollar amounts associated with the coinsurance rate; for example for generic or first tier drugs, 21% of workers with a coinsurance rate have only a maximum dollar amount attached to the coinsurance rate, 10% have only a minimum dollar amount, 27% have both, and 42% have neither (Exhibit 9.9).

EXHIBIT 9.1

Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2014.

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

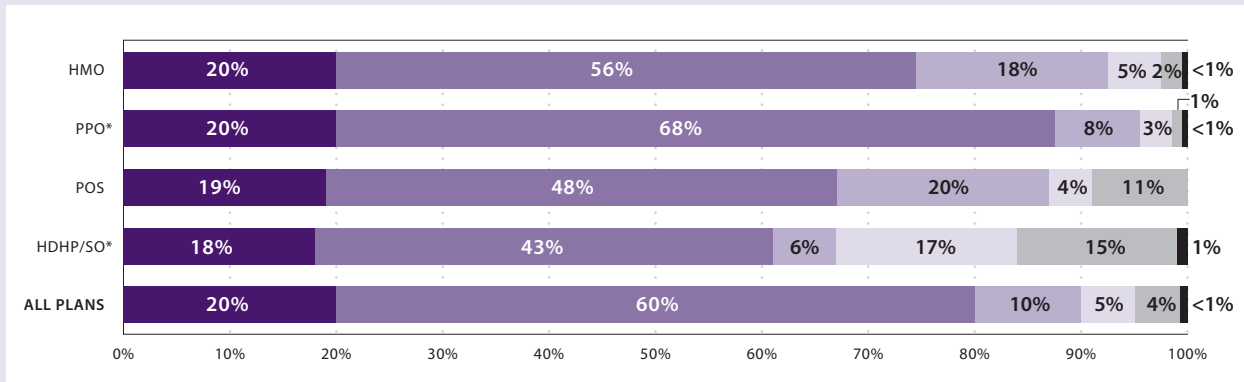
† No statistical tests are conducted between 2003 and 2004 or between 2006 and 2007 due to the addition of a new category.

NOTE: Fourth-tier drug cost-sharing information was not obtained prior to 2004.

- FOUR OR MORE TIERS
- THREE TIERS
- TWO TIERS
- PAYMENT IS THE SAME REGARDLESS OF TYPE OF DRUG
- NO COST SHARING AFTER DEDUCTIBLE IS MET
- OTHER

EXHIBIT 9.2

Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, by Plan Type, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Distribution is statistically different from All Plans distribution ($p < .05$).

- FOUR OR MORE TIERS
- THREE TIERS
- TWO TIERS
- PAYMENT IS THE SAME REGARDLESS OF TYPE OF DRUG
- NO COST SHARING AFTER DEDUCTIBLE IS MET
- OTHER

EXHIBIT 9.3

Among Workers with Three, Four, or More Tiers of Cost Sharing, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug Tier and Plan Type, 2014

First-Tier Drugs, Often Called Generic Drugs	Copay	Coinsurance [‡]	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO	92%	6%	<1%	2%
PPO	85	10	2	2
POS	96	2	1	<1
HDHP/SO	73	22	2	3
ALL PLANS	85%	11%	2%	2%
Second-Tier Drugs, Often Called Preferred Drugs			Copay or Coinsurance Plus Any Difference [§]	
HMO	90%	10%	<1%	<1%
PPO	76	23	1	1
POS	97	3	0	<1
HDHP/SO	61	37	1	2
ALL PLANS	77%	22%	1%	1%
Third-Tier Drugs, Often Called Nonpreferred Drugs				
HMO	82%	17%	<1%	1%
PPO	72	25	1	2
POS	90	9	0	<1
HDHP/SO	59	38	1	2
ALL PLANS	73%	25%	1%	2%
Fourth-Tier Drugs				
HMO	34%	54%	0%	12%
PPO	41	48	5	7
POS	30	37	1	31
HDHP/SO	40	56	0	4
ALL PLANS	39%	49%	3%	9%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

[‡] Beginning with the 2012 survey, the structure of cost-sharing questions was revised to include coinsurance rates with a minimum or maximum dollar amount. For most tiers, and most plan types, the average coinsurance rate is not significantly different depending on whether it included a minimum, maximum, both, or neither. See the 2012 Survey Design and Methods section for more information.

[§] Category includes workers who pay a copayment or coinsurance plus the difference between the cost of the prescription and the cost of a comparable generic drug.

NOTE: Tests found no statistical difference from All Plans distribution within drug type ($p < .05$). These distributions do not include the 1% of covered workers whose employers report "none of the above" to the survey question about the type of prescription drug cost-sharing formula. For definitions of Generic, Preferred, Nonpreferred, and Fourth-Tier Drugs, see the Text Box in the introduction to Section 9.

EXHIBIT 9.4

Among Covered Workers with Three, Four, or More Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance by Drug Type, 2000–2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Copayments															
First-Tier Drugs, Often Called Generic	\$8	\$8	\$9	\$9*	\$10*	\$10	\$11*	\$11	\$10	\$10	\$11	\$10	\$10	\$10	\$11*
Second-Tier Drugs, Often Called Preferred	\$15	\$16*	\$18*	\$20*	\$22*	\$23*	\$25*	\$25	\$26	\$27	\$28*	\$29	\$29	\$29	\$31
Third-Tier Drugs, Often Called Nonpreferred	\$29	\$28	\$32*	\$35*	\$38*	\$40*	\$43*	\$43	\$46*	\$46	\$49*	\$49	\$51	\$52	\$53
Fourth-Tier Drugs	^	^	^	^	\$59	\$74	\$59	\$71*	\$75	\$85	\$89	\$91	\$79	\$80	\$83
Average Coinsurance															
First-Tier Drugs, Often Called Generic	18%	18%	18%	18%	18%	19%	19%	21%	21%	20%	17%	18%	20%*	16%*	19%
Second-Tier Drugs, Often Called Preferred	NSD	23%	24%	23%	25%	27%	26%	26%	25%	26%	25%	25%	26%	25%	24%
Third-Tier Drugs, Often Called Nonpreferred	28%	33%	40%	34%*	34%	38%	38%	40%	38%	37%	38%	39%	39%	38%	37%
Fourth-Tier Drugs	^	^	^	^	30%	43%*	42%	36%	28%	31%	36%	29%	32%	32%	29%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2014.

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

^ Fourth-tier drug copayment or coinsurance information was not obtained prior to 2004.

NSD: Not Sufficient Data.

EXHIBIT 9.5

Among Workers with Two Tiers of Cost Sharing for Prescription Drugs, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Drug and Plan Type, 2014

First-Tier Drugs, Often Called Generic Drugs	Copay	Coinsurance [‡]	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO	97%	3%	<1%	0%
PPO	54	31	11	4
POS	93	0	7	0
HDHP/SO	42	41	14	2
ALL PLANS	70%	20%	8%	2%
Second-Tier Drugs, Often Called Preferred Drugs	Copay	Coinsurance [‡]	Copay or Coinsurance Plus Difference [§]	Some Other Amount
HMO*	86%	6%	0%	7%
PPO	47	41	10	2
POS	99	1	0	<1
HDHP/SO	39	61	0	0
ALL PLANS	65%	24%	8%	3%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Distribution is statistically different from All Plans distribution ($p < .05$).

[‡] Beginning with the 2012 survey, the structure of cost-sharing questions was revised to include coinsurance rates with a minimum or maximum dollar amount. For most tiers, and most plan types, the average coinsurance rate is not significantly different depending on whether it included a minimum, maximum, both or neither. See the Survey Design and Methods section for more information.

[§] Category includes workers who pay a copayment or coinsurance plus the difference between the cost of the prescription and the cost of a comparable generic drug.

NSD: Not Sufficient Data.

NOTE: These distributions do not include the 1% of covered workers whose employers report "none of the above" to the survey question about the type of prescription drug cost-sharing formula. For definitions of Generic and Preferred Drugs, see the Text Box in the introduction to Section 9.

EXHIBIT 9.6

Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, by Drug Type, 2000–2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Copayments															
First-Tier Drugs, Often Called Generic	\$7	\$8*	\$9*	\$9	\$10	\$10	\$11	\$10	\$11	\$10	\$10	\$11	\$11	\$11	\$11
Second-Tier Drugs, Often Called Preferred	\$14	\$15*	\$18*	\$20*	\$22*	\$22	\$23	\$23	\$24	\$26	\$28	\$28	\$29	\$31	\$30
Average Coinsurance															
First-Tier Drugs, Often Called Generic	19%	17%	20%	21%	17%	16%	22%	21%	19%	NSD	NSD	NSD	NSD	NSD	NSD
Second-Tier Drugs, Often Called Preferred	28%	25%	25%	28%	25%	24%	27%	28%	32%	28%	27%	30%	27%	30%	27%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2014.

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

NSD: Not Sufficient Data.

EXHIBIT 9.7

Among Workers with the Same Cost Sharing Regardless of Type of Drug, Distribution of Covered Workers with the Following Types of Cost Sharing for Prescription Drugs, by Plan Type, 2014

	Copay	Coinsurance [‡]	Some Other Amount
HMO	NSD	NSD	NSD
PPO	37%	62%	1%
POS	NSD	NSD	NSD
HDHP/SO*	5%	94%	<1%
ALL PLANS	22%	77%	1%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Distribution is statistically different from All Plans distribution ($p < .05$).

[‡] Beginning with the 2012 survey, the structure of cost-sharing questions was revised to include coinsurance rates with a minimum or maximum dollar amount. For most tiers, and most plan types, the average coinsurance rate is not significantly different depending on whether it included a minimum, maximum, both or neither. See the Survey Design and Methods section for more information.

NSD: Not Sufficient Data.

NOTE: These distributions do not include the 2% of covered workers whose employers report “none of the above” to the survey question about the type of prescription drug cost-sharing formula.

EXHIBIT 9.8

Among Covered Workers with the Same Cost Sharing Regardless of Type of Drug, Average Copayments and Average Coinsurance, 2000–2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Average Copayments	\$8	\$10*	\$10	\$10	\$14*	\$10*	\$13*	\$13	\$15	\$15	\$13	\$14	\$13	\$12	\$15
Average Coinsurance	22%	20%	23%	22%	25%	23%	23%	22%	24%	22%	24%	23%	22%	22%	22%

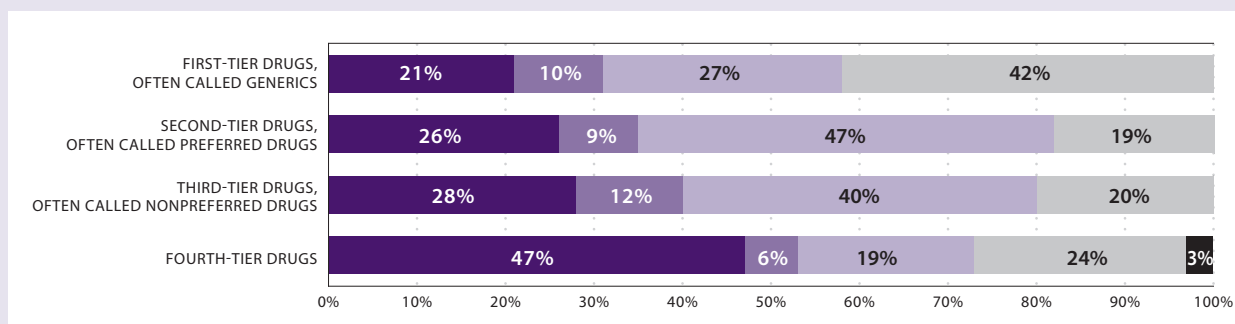
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2014.

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

EXHIBIT 9.9

Distribution of Coinsurance Structures for Covered Workers Facing a Coinsurance for Prescription Drugs, by Drug Tier, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

A MAXIMUM DOLLAR AMOUNT
 A MINIMUM DOLLAR AMOUNT
 BOTH A MAXIMUM AND MINIMUM DOLLAR AMOUNT
 NEITHER
 OTHER

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Plan
Funding

SECTION

10

PLAN FUNDING

FEDERAL LAW (THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, OR ERISA) EXEMPTS SELF-FUNDED PLANS FROM MOST STATE INSURANCE LAWS, INCLUDING RESERVE REQUIREMENTS, MANDATED BENEFITS, PREMIUM TAXES, AND CONSUMER PROTECTION REGULATIONS. THREE IN FIVE COVERED WORKERS ARE IN A SELF-FUNDED HEALTH PLAN. SELF-FUNDING IS COMMON AMONG LARGER FIRMS BECAUSE THEY CAN SPREAD THE RISK OF COSTLY CLAIMS OVER A LARGE NUMBER OF EMPLOYEES AND DEPENDENTS. MANY SELF-FUNDED PLANS USE INSURANCE, OFTEN CALLED STOPLOSS COVERAGE, TO LIMIT THE PLAN SPONSOR'S LIABILITY FOR VERY LARGE CLAIMS OR AN UNEXPECTED LEVEL OF EXPENSES. MORE THAN THREE IN FIVE COVERED WORKERS IN FULLY OR PARTIALLY SELF-FUNDED PLANS ARE IN PLANS WITH STOPLOSS PROTECTION.

► Sixty-one percent of covered workers are in a plan that is completely or partially self-funded, the same percentage reported in 2013 (Exhibit 10.1). The percentage of covered workers who are in a self-funded plan has increased over time from 49% in 2000 and 54% in 2004, but has remained steady in the last five years (57% in 2009).

- The percentage of covered workers in self-funded plans in small (3-199 workers) and larger firms (15% and 81%) is unchanged from 2009 (15% and 77%, respectively) (Exhibit 10.2).
- The percentage of covered workers differs by plan type: 71% of covered workers in PPOs, 60% in HDHP/SOs, 32% in HMOs, and 22% in POS plans are in a self-funded plan (Exhibit 10.3). Plan enrollment varies by firm size.
- As expected, covered workers in large firms (200 or more workers) are significantly more likely to be in a self-funded plan than covered workers in small firms (3-199 workers) (81% vs. 15%) (Exhibit 10.4). The percentage of covered workers in self-funded plans increases as the number of employees in a firm increases. Eighty-three percent of covered workers in firms with 1,000 to 4,999 workers and 91% of covered workers in firms with 5,000 or more workers are in self-funded plans in 2014 (Exhibit 10.4).
- The percentage of covered workers at small firms who are enrolled in a self-funded plan is similar to last year and has remained stable over the last couple of years (Exhibit 10.2).

Self-Funded Plan: An insurance arrangement in which the employer assumes direct financial responsibility for the costs of enrollees' medical claims. Employers sponsoring self-funded plans typically contract with a third-party administrator or insurer to provide administrative services for the self-funded plan. In some cases, the employer may buy stoploss coverage from an insurer to protect the employer against very large claims.

Fully Insured Plan: An insurance arrangement in which the employer contracts with a health plan that assumes financial responsibility for the costs of enrollees' medical claims.

- Sixty-five percent of workers in self-funded health plans are in plans that have stoploss insurance (Exhibit 10.10). Stoploss coverage limits the amount that a plan sponsor has to pay in claims. Stoploss coverage may limit the amount of claims that must be paid for each employee or may limit the total amount the plan sponsor must pay for all claims over the plan year.
- The percent of workers in self-funded health plans that are in plans with stoploss insurance is unchanged from 2011, when the survey first asked about stoploss insurance (65% in 2014 vs. 58%).

- Ninety-two percent of covered workers in self-funded plans that have stoploss protection are in plans where the stoploss insurance limits the amount that the plan must spend on each employee (Exhibit 10.11). This includes stoploss insurance plans that limit a firm's per employee spending as well as plans that limit both a firm's overall spending and per employee spending.
- Firms with per enrollee stoploss coverage were asked for the dollar amount where the stoploss coverage would start to pay for most or all of the claim (called an attachment point). The average attachment point in firms with 3-199 workers is about \$134,000. For larger firms (200 or more workers) with a per-person limit, the average attachment point is about \$328,000 (Exhibit 10.11).

EXHIBIT 10.1

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–199 Workers	13%	15%	17%	13%	10%	10%	13%	13%	12%	12%	15%	16%	13%	15%	16%	15%
200–999 Workers	51	53	52	48	50	50	53	53	53	47	48	58*	50	52	58	55
1,000–4,999 Workers	62	69	66	67	71	78	78	77	76	76	80	80	79	78	79	83
5,000 or More Workers	62	72	70	72	79	80	82	89	86	89	88	93	96	93	94	91
ALL FIRMS	44%	49%	49%	49%	52%	54%	54%	55%	55%	55%	57%	59%	60%	60%	61%	61%

SOURCE:

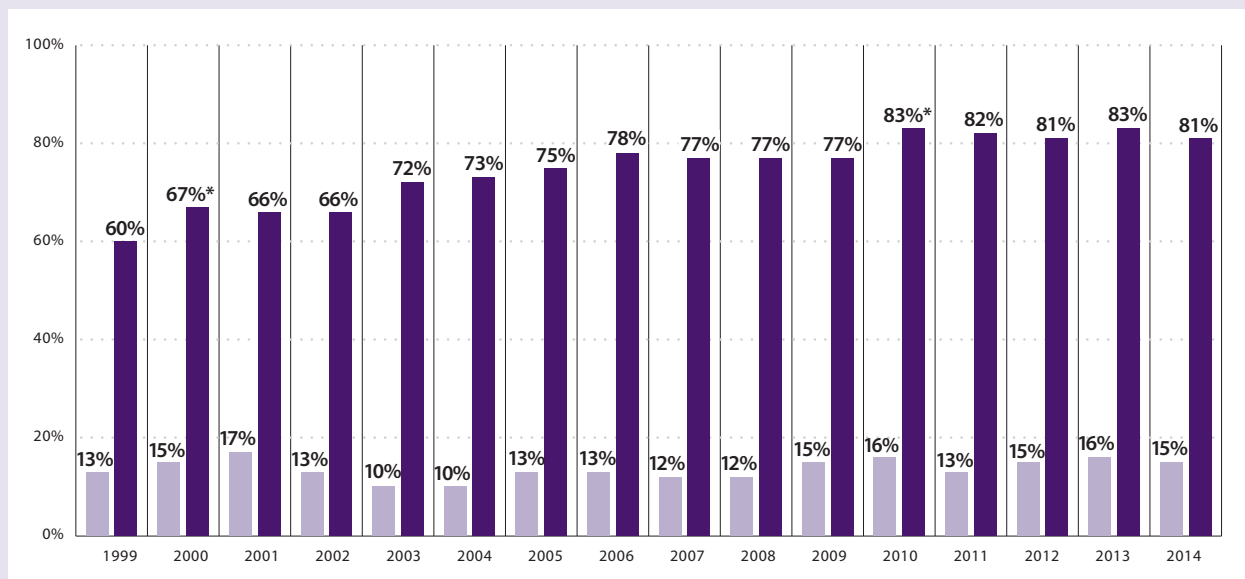
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

NOTE: 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 in this exhibit for 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.2

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

NOTE: Sixty-one percent of covered workers are in a partially or completely self-funded plan in 2014. 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 this exhibit for 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

ALL SMALL FIRMS
(3–199 WORKERS)

ALL LARGE FIRMS
(200 OR MORE WORKERS)

EXHIBIT 10.3

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Conventional	65%	64%	65%	58%	49%	43%	53%	^	53%	47%	48%	61%	53%	38%	^^	^^
HMO	16	23*	31*	27	29	29	32	33	34	40	40	41	41	37	31%	32%
PPO	60	63	61	61	61	64	65	63	65	64	67	67	70	70	70	71
POS	42	45	42	40	44	46	36	32	34	29	25	32	26	29	31	22
HDHP/SO	^	^	^	^	^	^	^	50	41	35	48*	61*	54	54	62	60
ALL PLANS	44%	49%	49%	49%	52%	54%	54%	55%	55%	55%	57%	59%	60%	60%	61%	61%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

^ Information was not obtained for conventional plans in 2006 and HDHP/SO plans prior to 2006.

^^ Starting in 2013, information on Conventional plans was included in the PPO estimate. For more information please see the Survey Design and Methods section.

NOTE: 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 this exhibit for 2006. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10. Insured plans, see the introduction to Section 10.

EXHIBIT 10.4

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, Region, and Industry, 2014

	Self-Funded (Employer Bears Some or All of Financial Risk)
FIRM SIZE	
200–999 Workers	55%
1,000–4,999 Workers	83*
5,000 or More Workers	91*
All Small Firms (3–199 Workers)	15%*
All Large Firms (200 or More Workers)	81%*
REGION	
Northeast	60%
Midwest	65
South	64
West	51*
INDUSTRY	
Agriculture/Mining/Construction	48%
Manufacturing	69*
Transportation/Communications/Utilities	70
Wholesale	51
Retail	68
Finance	65
Service	51*
State/Local Government	69
Health Care	67
ALL FIRMS	61%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.5

Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type and Firm Size, 2014

	HMO	PPO	POS	HDHP/SO
3–199 Workers	1%*	21%*	7%*	15%*
200–999 Workers	22	67	34	49
1,000–4,999 Workers	59*	86*	74*	85*
5,000 or More Workers	47*	96*	NSD	97*
ALL FIRMS	32%	71%	22%	60%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NSD: Not Sufficient Data.

NOTE: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.6

Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
200–999 Workers	14%	13%	23%	16%	21%	18%	17%	29%	19%	22%	26%	23%	16%	14%	12%	22%
1,000–4,999 Workers	22	27	32	31	37	49	50	54	44	48	50	59	54	45	50	59
5,000 or More Workers	19	35*	40	38	44	40	44	47	58	66	61	65	67	60	52	47
ALL HMO PLANS	16%	23%*	31%*	27%	29%	29%	32%	33%	34%	40%	40%	41%	41%	37%	31%	32%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

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

NOTE: Estimates for All Small Firms (3–199 Workers) are not shown due to high relative standard errors. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.7

Percentage of Covered Workers in Partially or Completely Self-Funded PPO Plans, by Firm Size, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–199 Workers	19%	23%	23%	15%	13%	13%	18%	19%	17%	15%	21%	18%	19%	20%	18%	21%
200–999 Workers	69	72	66	63	60	63	67	61	65	55	55	69*	65	63	69	67
1,000–4,999 Workers	84	89	87	83	85	88	88	85	87	85	87	85	84	84	87	86
5,000 or More Workers	87	88	87	93	93	93	95	97	90*	94	93	96	98	97	98	96
ALL PPO PLANS	60%	63%	61%	61%	61%	64%	65%	63%	65%	64%	67%	67%	70%	70%	70%	71%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

* 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.

EXHIBIT 10.8

Percentage of Covered Workers in Partially or Completely Self-Funded POS Plans, by Firm Size, 1999–2014

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All Small Firms (3–199 Workers)	10%	10%	10%	10%	8%	9%	9%	6%	14%	9%	5%	9%	6%	7%	10%	7%
All Large Firms (200 or More Workers)	64%	68%	66%	57%	66%	69%	61%	64%	60%	48%	58%	72%	54%	71%	61%	46%
ALL POS PLANS	42%	45%	42%	40%	44%	46%	36%	32%	34%	29%	25%	32%	26%	29%	31%	22%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014.

NSD: Not Sufficient Data.

NOTE: Tests found no statistical difference from estimate for the previous year shown ($p < .05$).
For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.9

Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/SOs, by Firm Size, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
3–199 Workers	7%	4%	7%	18%	24%	11%	14%	17%	15%
200–999 Workers	57	27	48	36	53	45	39	57	49
1,000–4,999 Workers	81	86	72	81	88	89	85	83	85
5,000 or More Workers	100	97	91	96	99	98	98	97	97
ALL HDHP/SOs	50%	41%	35%	48%*	61%*	54%	54%	62%	60%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2014.

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

NOTE: Information on funding status for HDHP/SOs was not collected prior to 2006.
For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.10

Percentage of Covered Workers Enrolled in a Partially or Completely Self-Funded Plan Covered by Stoploss Insurance, by Firm Size, Region, and Industry, 2014

	Percentage of Covered Workers in a Self-Funded Plan Covered by Stoploss Insurance
FIRM SIZE	
50–199 Workers	79%
200–999 Workers	90*
1,000–4,999 Workers	91*
5,000 or More Workers	48*
All Small Firms (3–199 Workers)	75%
All Large Firms (200 or More Workers)	64%
REGION	
Northeast	56%
Midwest	67
South	66
West	70
INDUSTRY	
Agriculture/Mining/Construction	82%*
Manufacturing	68
Transportation/Communications/Utilities	40*
Wholesale	67
Retail	58
Finance	80*
Service	65
State/Local Government	39*
Health Care	81*
ALL SELF-FUNDED FIRMS	65%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10.

EXHIBIT 10.11

Prevalence and Average Attachment Points of Stoploss Insurance, by Firm Size and Region, 2014

	Percentage of Covered Workers in Partially or Completely Self-Funded Plans	Percentage of Covered Workers Enrolled in a Self-Funded Plan that Purchased Stoploss Insurance	Percentage of Covered Workers Enrolled in a Self-Funded Plan that Purchases Stoploss Insurance which Includes a Limit on Per Employee Spending [‡]	Average Per Employee Claims Cost at which Stoploss Insurance Pays Benefit (Attachment Point) [‡]
FIRM SIZE				
50–199 Workers	25%*	79%	87%	\$137,000*
200–999 Workers	55	90*	95	148,000*
1,000–4,999 Workers	83*	91*	93	262,000*
5,000 or More Workers	91*	48*	92	463,000*
All Small Firms (3–199 Workers)	15%*	75%	89%	\$134,000*
All Large Firms (200 or More Workers)	81%*	64%	93%	\$328,000*
REGION				
Northeast	60%	56%	92%	\$287,000
Midwest	65	67	93	348,000
South	64	66	94	333,000
West	51*	70	89	233,000*
ALL FIRMS	61%	65%	92%	\$312,000

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* Estimate is statistically different from estimate for all other firms not in the indicated size or region category ($p < .05$).[‡] This includes stoploss insurance plans that limit a firm's per employee spending as well as plans that limit both a firm's overall spending and per employee spending.

NOTE: There was insufficient data to report estimates for firms with 3 to 50 employees. For definitions of Self-Funded and Fully Insured plans, see the introduction to Section 10. Attachment points refer to the dollar amount at which stoploss coverage begins to pay for most or all of a claim.

EXHIBIT 10.12

Percentage of Covered Workers Enrolled in Partially or Completely Self-Insured Plans which Purchase Different Types of Stoploss Insurance, by Firm Size, 2014

	Stoploss Insurance Limits Per Employee Spending	Stoploss Insurance Limits Total Spending	Stoploss Insurance Limits both Per Employee and Total Spending	Other
50–199 Workers	53%	8%	34%	6%
200–999 Workers	57	3	38	3
1,000–4,999 Workers	68	2	25	5
5,000 or More Workers	76	4	15	4
All Small Firms (3–199 Workers)	63%	6%	27%	5%
All Large Firms (200 or More Workers)	69%	3%	23%	4%
ALL FIRMS	69%	3%	24%	4%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: There was insufficient data to report estimates for firms with 3 to 50 employees.

EMPLOYER HEALTH BENEFITS
2014 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. OVER TIME, THE PERCENTAGE OF FIRMS OFFERING RETIREE COVERAGE HAS DECREASED.

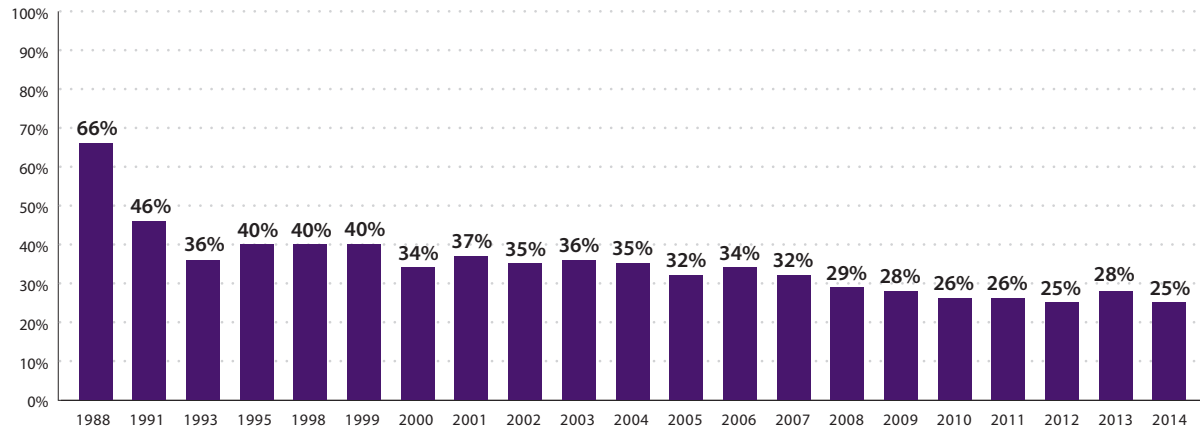
- ▶ Twenty-five percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2014, similar to 28% in 2013. There has been a downward trend in the percentage of firms offering retirees coverage, from 34% in 2006 and 66% in 1988 (Exhibit 11.1).
- ▶ The offering of retiree health benefits varies considerably by firm characteristics.
 - Very large firms (5,000 or more workers) are more likely to offer retiree health benefits than firms with 200-999 workers – 49% vs. 23% (Exhibit 11.2).
 - Among large firms (200 or more workers) that offer health benefits, state and local governments (83%) 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 (5%) 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 (28% vs. 6%). A comparable pattern exists in firms with a larger proportion of higher-wage workers (35% or more earn \$57,000 or more annually) versus firms with a small proportion of higher-wage workers (37% vs. 18%) (Exhibit 11.3).
 - Large firms with at least some union workers are more likely to offer retiree health benefits than large firms without any union workers – 45% vs. 19% (Exhibit 11.3).
 - Large, public employers such as state or local governments are more likely to offer retiree benefits than large private for-profit firms or private not-for-profit employers. (67% vs. 16% and 22%, 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 (92%). A lower percentage (72%) of large firms offering retiree health benefits offer them to Medicare-age retirees (Exhibit 11.4). These percentages are similar to 2013 and have remained stable over time.
- ▶ Among all large firms (200 or more workers) offering health benefits to active workers and offering retiree coverage, 65% offer health benefits to both early and Medicare-age retirees.
- ▶ Among all large firms (200 or more workers) offering retiree health benefits, 3% offer coverage which covers only prescription drugs (Exhibit 11.6).

PRIVATE EXCHANGES AND PUBLIC EXCHANGES

- ▶ A private exchange is created by a consulting company or insurer, not by either a federal or state government. Private exchanges allow employees or retirees to choose from several health benefit options offered on the exchange. Four percent of large employers offering retiree health benefits do so through a private exchange (Exhibit 11.7). For more information on the use of private exchanges for active employees, please see Section 14.
- ▶ Starting in 2014, households with an income between 100% and 400% of the federal poverty line and without an offer of employer coverage may be eligible for subsidized health insurance on federal and state exchanges. Some current retirees may be eligible for premium tax credits for coverage provided through these marketplaces.
 - Twenty-five percent of large firms (200 or more workers) offering retiree health coverage say they are considering changes in the way they offer retiree health benefits because of the new marketplaces (Exhibit 11.8).

EXHIBIT 11.1

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers,
Percentage of Firms Offering Retiree Health Benefits, 1988–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014; 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 Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Size, Region, and Industry, 2014

	All Large Firms (200 or More Workers)
FIRM SIZE	
200–999 Workers	23%*
1,000–4,999 Workers	34*
5,000 or More Workers	49*
REGION	
Northeast	29%
Midwest	25
South	26
West	21
INDUSTRY	
Agriculture/Mining/Construction	29%
Manufacturing	13*
Transportation/Communications/Utilities	65*
Wholesale	5*
Retail	10*
Finance	39
Service	19*
State/Local Government	83*
Health Care	23
ALL FIRMS	25%

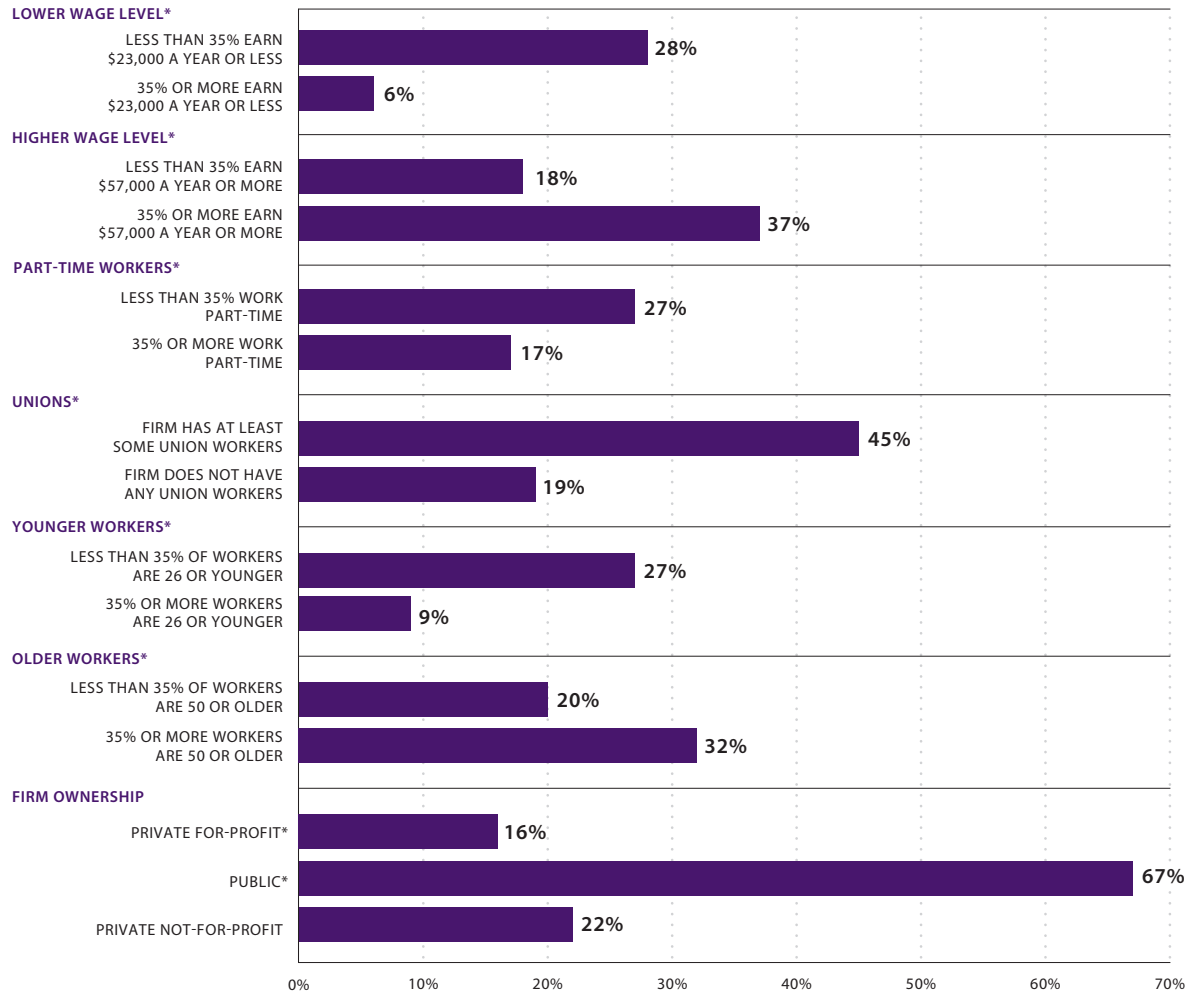
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

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, 2014



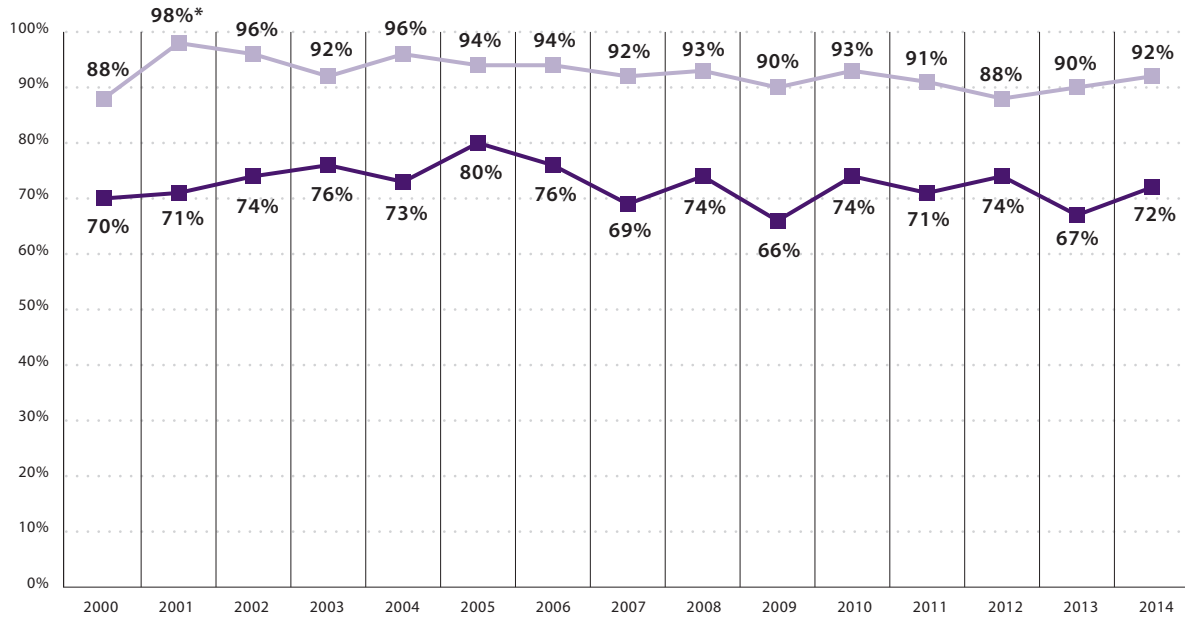
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

*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, 2000–2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000–2014.

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

NOTE: Early Retirees are workers retiring before the age of 65. Among All Large Firms (200 or More Workers) offering health benefits to active workers and offering retiree coverage, 65% offer health benefits to both early and Medicare-age retirees.

— 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, 2014

	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	91%	71%
1,000–4,999 Workers	96	73
5,000 or More Workers	94	83*
REGION		
Northeast	83%	78%
Midwest	97	71
South	96	61*
West	92	87*
INDUSTRY		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	90%	88%*
Transportation/Communications/Utilities	99*	95*
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	92	62
Service	94	67
State/Local Government	94	72
Health Care	88	69
ALL LARGE FIRMS (200 or More Workers)	92%	72%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

* 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 Only Prescription Drugs, by Firm Size, Region, and Industry, 2014

	Percentage of Large Employers Offering Retiree Health Benefits That Only Cover Prescription Drugs
FIRM SIZE	
200–999 Workers	3%
1,000–4,999 Workers	1
5,000 or More Workers	5
REGION	
Northeast	2%
Midwest	2
South	6
West	1
INDUSTRY	
Agriculture/Mining/Construction	NSD
Manufacturing	0%
Transportation/Communications/Utilities	0
Wholesale	NSD
Retail	NSD
Finance	1
Service	<1
State/Local Government	2
Health Care	2
ALL LARGE FIRMS (200 or More Workers)	3%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NSD: Not Sufficient Data.

NOTE: Tests found no statistical differences from estimates for firms not in the indicated size, region, or industry category.

EXHIBIT 11.7

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Retirees, Percentage of Firms Who Offer Retiree Coverage through a Private Exchange, by Firm Size and Region, 2014

	Among All Large Firms (200 or More Workers) Percentage of Large Employers Offering Retiree Health Benefits Through a Private Exchange
FIRM SIZE	
200–999 Workers	2%*
1,000–4,999 Workers	6
5,000 or More Workers	8
REGION	
Northeast	1%*
Midwest	4
South	6
West	1*
ALL LARGE FIRMS (200 or More Workers)	4%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 11.8

Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Retirees, Percentage of Firms Considering Changing the Way They Offer Retiree Coverage Because of Healthcare Exchanges, by Firm Size and Region, 2014

	Yes, Considering Changing	No, Not Considering Changing	Don't Know
FIRM SIZE			
200–999 Workers	20%	79%	2%
1,000–4,999 Workers	34	60	6
5,000 or More Workers	49	48	3
REGION			
Northeast	21%	77%	2%
Midwest	35	65	1
South	28	69	3
West	12	82	5
ALL LARGE FIRMS (200 or More Workers)	25%	72%	3%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Wellness
Programs and
Health Risk
Assessments

SECTION

12

WELLNESS PROGRAMS AND HEALTH RISK ASSESSMENTS

A LARGE MAJORITY OF FIRMS OFFERING HEALTH BENEFITS OFFER SOME TYPE OF WELLNESS PROGRAM, WITH LARGE FIRMS (200 OR MORE WORKERS) BEING MORE LIKELY THAN SMALLER FIRMS (3-199 WORKERS) TO DO SO. THIRTY-SIX PERCENT OF LARGE FIRMS AND 18% OF SMALL FIRMS OFFERING AT LEAST ONE WELLNESS BENEFIT OFFER FINANCIAL INCENTIVES TO EMPLOYEES WHO PARTICIPATE IN WELLNESS PROGRAMS. THIRTY-THREE PERCENT OF FIRMS OFFER EMPLOYEES THE OPPORTUNITY TO COMPLETE HEALTH RISK ASSESSMENTS, WITH SOME OF THESE FIRMS TYING FINANCIAL PENALTIES OR REWARDS TO EMPLOYEES WHO DO SO. SOME EMPLOYERS HAVE INCREASED THE COMPLEXITY OF THEIR INCENTIVE PROGRAMS, AND ARE PROVIDING REWARDS AND/OR PENALTIES TO WORKERS WHO COMPLETE A RANGE OF ACTIVITIES INCLUDING HEALTH RISK ASSESSMENTS, BIOMETRIC SCREENING AND WELLNESS PROGRAMS. THE INTERACTIONS AMONG THESE PROGRAMS ARE DIFFICULT TO CAPTURE IN A SURVEY. ONLY FIRMS OFFERING HEALTH BENEFITS WERE ASKED ABOUT THEIR WELLNESS AND HEALTH PROMOTION PROGRAMS.

WELLNESS BENEFITS

For a variety of reasons, including efforts to improve health and lower costs, many employers and health plans offer wellness programs. Wellness programs may range from classes in nutrition or healthy living to a wellness newsletter.

- ▶ Seventy-four percent of firms offering health benefits offer at least one of the following wellness programs:
 - Weight loss programs
 - Biometric screenings
 - Gym membership discounts or on-site exercise facilities
 - Smoking cessation program
 - Lifestyle or behavioral coaching
 - Classes in nutrition or healthy living
 - Web-based resources for healthy living
 - Flu shot or vaccinations
 - Employee assistance program (EAP)
 - Wellness newsletter
- ▶ Large firms (200 or more workers) offering health benefits are more likely to offer each of the listed wellness programs than smaller firms. In addition, large firms (200 or more workers) offering health benefits are more likely to offer at least one of the listed wellness programs than smaller firms (98% vs. 73%) (Exhibit 12.3).
- ▶ The percent of large firms (200 or more workers) and small firms offering wellness programs is similar to last year.
- ▶ About half of firms offering health benefits offer flu shots or vaccinations (53%), a wellness newsletter (34%) or web-based resources for healthy living (39%). The offer rate for each type of wellness benefit included in the survey is presented in Exhibit 12.1, Exhibit 12.2 and Exhibit 12.3.
- ▶ Among firms offering health benefits and at least one wellness program, 74% report that most of the wellness benefits they offer are provided by the health plan (Exhibit 12.4).¹ Small firms (3 to 199 workers) are more likely than larger firms to report that most wellness programs are provided by the health plan (75% vs. 55%) (Exhibit 12.4). Some employers may have wellness programs offered by both the firm and their plan.

NOTE:

¹ The survey asks firms offering at least one wellness program if most of the wellness benefits are provided by the health plan or by the firm.

INCENTIVES FOR WELLNESS BENEFITS

- ▶ In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.²
 - Nineteen percent of firms offering wellness benefits offer at least one of the following financial incentives for participating in a wellness program:
 - Lower premiums
 - Reduced cost sharing
 - Higher health reimbursement arrangement or HSA contributions
 - Gift cards, travel, merchandise, or cash
 - Large firms (200 or more workers) are more likely to offer these incentives for participating than smaller firms (36% vs. 18%) (Exhibit 12.5).
 - A small percentage of firms offering health benefits and at least one of the listed wellness programs offers *gift cards, travel, merchandise, or cash* (14%), *lower worker premium contributions* (8%) or *cost sharing (such as lower deductibles)* (1%) as an incentive to encourage employees to participate. Among firms that offer a high-deductible health plan paired with a HRA or HSA, 2% offer workers who participate in wellness programs receive higher HSA or HRA contributions (Exhibit 12.5).
- ▶ In addition to offering employees incentives to participate in wellness program, some employers offer incentives to employees who complete programs or activities. The Affordable Care Act allows employers to increase the size of their financial incentives for completing wellness programs. Under new rules, firms can increase an employee's premium contribution up to 30% of the cost of the plan for not completing wellness programs provided that the wellness program is reasonably designed and there are alternatives for employees who cannot meet the standard.

- Twelve percent of large firms offer a financial incentive to employees who complete a wellness program (Exhibit 12.7). Of these firms, 32% of employers reported that the maximum incentive an employee can be awarded for completing a wellness program is \$500 or more.

- ▶ Firms with one of the listed incentives above for participating in wellness programs (*lower premiums, reduced cost-sharing, higher HRA/HSA contributions or gift cards, travel, merchandise, or cash*) were asked how effective they believed incentives were for encouraging participation. Only 14% of firms offering health benefits and at least one of the listed wellness programs think that financial incentives are "very effective" in encouraging employees to participate. Large firms (200 or more workers) offering incentives for participating in wellness programs are more likely than smaller ones to believe incentives are "very effective" (33% versus 12%) (Exhibit 12.6).

HEALTH RISK ASSESSMENTS

Some firms give their employees the opportunity to complete a health risk assessment to identify potential health issues. Health risk assessments generally include questions about medical history, health status, and lifestyle.

- ▶ Overall, 33% of firms offering health benefits offer their employees the opportunity to complete a health risk assessment. Large firms (200 or more workers) are more likely than smaller firms to offer employees this option (51% vs. 32%) (Exhibit 12.8).
- ▶ Some firms offer financial incentives to encourage employees to complete health risk assessments.
 - Fifty-one percent of large firms (200 or more workers) offering health risk assessments give financial incentives to employees who complete a health risk assessment, and 36% of these offer a financial incentive that may be worth more than or equal to \$500 (Exhibit 12.10).

NOTE:

² Firms that offer only web-based resources or a wellness newsletter were not asked questions about any financial incentives provided.

- Three percent of large firms (200 or more workers) that offer health risk assessments require employees to complete a health risk assessment in order to enroll in a health plan (Exhibit 12.9).
 - Seven percent of large firms (200 or more workers) that provide employees the opportunity to complete a health risk assessment penalize employees with identified health risks factors who do not complete a wellness program (9%) (Exhibit 12.9).
- Among firms offering health benefits, the percentage of large firms (200 or more workers) who offer their employees the opportunity to complete a health risk assessment is similar to last year (Exhibit 12.14).

BIOMETRIC SCREENING

Biometric screening is a health examination that measures an employee's risk factors, such as cholesterol, blood pressure, stress, and nutrition. Biometric outcomes may include meeting a target body mass index (BMI) or cholesterol level.

- Twenty-six percent of small firms (3 to 199 workers) and 51% of larger firms offering health benefits offer biometric screenings as a wellness benefit (Exhibit 12.1).
- Firms which offer their employees biometric screenings may include additional incentives for those employees who complete screenings. Among large firms (200 or more workers) offering biometric screenings, one percent require employees to complete biometric screenings in order to enroll in a health plan (Exhibit 12.12).
- Among large firms (200 or more workers) offering biometric screenings, eight percent reward or penalize employees for meeting biometric outcomes. Of these firms 42% offer a maximum financial incentive of \$500 or more (Exhibit 12.13).

EXHIBIT 12.1

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2014

	Gym Membership Discounts or On-Site Exercise Facilities	Smoking Cessation Program	Web-based Resources for Healthy Living	Wellness Newsletter	Lifestyle or Behavioral Coaching	Biometric Screening [^]	Weight Loss Programs
FIRM SIZE							
3–24 Workers	22%*	19%*	30%*	28%*	15%*	23%*	14%*
25–199 Workers	41*	47*	63*	52*	43*	33	29*
200–999 Workers	61*	62*	76*	60*	55*	47*	46*
1,000–4,999 Workers	74*	71*	80*	63*	68*	66*	54*
5,000 or More Workers	80*	83*	89*	59*	76*	69*	69*
All Small Firms (3–199 Workers)	26%*	26%*	38%*	33%*	22%*	26%*	18%*
All Large Firms (200 or More Workers)	64%*	64%*	77%*	60%*	58%*	51%*	48%*
REGION							
Northeast	37%	33%	47%	29%	19%	24%	28%
Midwest	41*	32	57*	41	31	43*	19
South	17*	19	25*	24	23	13*	12
West	20	25	33	44	17	29	18
INDUSTRY							
Agriculture/Mining/Construction	23%	9%*	20%*	40%	12%*	59%*	5%*
Manufacturing	43	42	50	43	18	30	35
Transportation/Communications/Utilities	38	25	36	42	22	57	13
Wholesale	28	50	45	50	39	43	3*
Retail	8*	8*	27	12*	28	9*	5*
Finance	35	28	43	35	33	12	13
Service	28	29	41	39	18	19	23
State/Local Government	24	25	76*	46	58*	41	19
Health Care	34	34	42	19*	31	29	24
ALL FIRMS	28%	27%	39%	34%	23%	27%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

[^] Biometric screening is a health examination that measures an employee's risk factors such as cholesterol, blood pressure, stress, and nutrition.

NOTE: The offer rates for additional types of wellness programs are presented in Exhibit 12.2.

EXHIBIT 12.2

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2014

	Employee Assistance Program (EAP)	Flu Shots or Vaccinations	Class in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program ‡	Other Wellness Program
FIRM SIZE					
3–24 Workers	21%*	46%*	18%	68%*	2%*
25–199 Workers	45*	70*	23	90*	11*
200–999 Workers	77*	86*	45*	97*	14*
1,000–4,999 Workers	86*	91*	54*	100*	19*
5,000 or More Workers	92*	90*	66*	100*	24*
All Small Firms (3–199 Workers)	27%*	52%*	19%*	73%*	4%*
All Large Firms (200 or More Workers)	79%*	87%*	47%*	98%*	15%*
REGION					
Northeast	25%	45%	17%	72%	4%
Midwest	41	65	22	81	5*
South	18*	53	18	63	5
West	32	48	23	80	4*
INDUSTRY					
Agriculture/Mining/Construction	36%	29%*	8%*	79%	4%
Manufacturing	21	55	15	67	6*
Transportation/Communications/Utilities	38	48	19	84	12*
Wholesale	38	50	28	76	4
Retail	21	44	8*	71	5
Finance	36	61	22	71	3
Service	25	45	17	65	4
State/Local Government	54	77	28	85	8
Health Care	30	92*	44	99*	4
ALL FIRMS	29%	53%	20%	74%	5%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

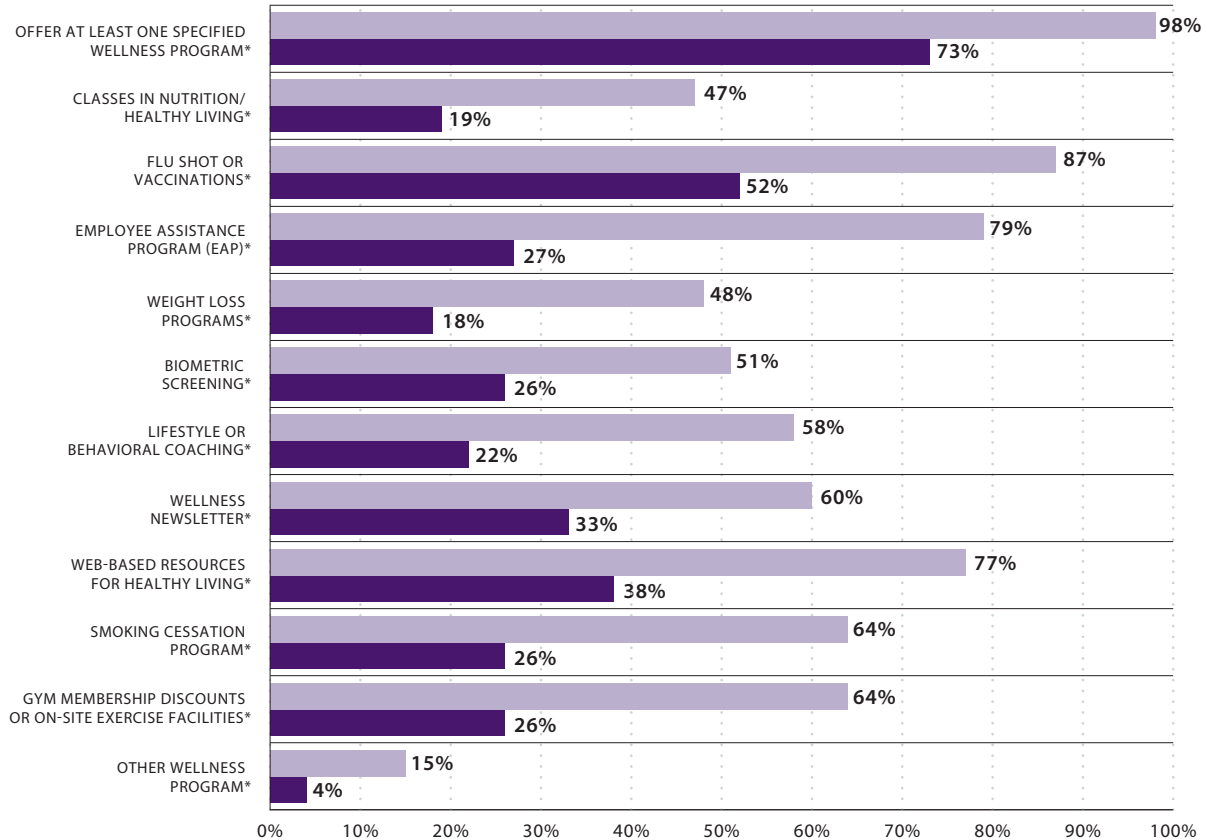
* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category ($p < .05$).

‡ Includes the following wellness programs: weight loss programs, biometric screenings, gym membership discounts or on-site exercise facilities, smoking cessation program, lifestyle or behavioral coaching, classes in nutrition or healthy living, web-based resources for healthy living, flu shot or vaccination, employee assistance program (EAP), or a wellness newsletter. Respondents were given the option to reply that they offer another type of wellness benefit through an open-ended question.

NOTE: The offer rates for additional types of wellness programs are presented in Exhibit 12.1.

EXHIBIT 12.3

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

^ Biometric screening is a health examination that measures an employee's risk factors such as cholesterol, blood pressure, stress, and nutrition.

ALL LARGE FIRMS (200 OR MORE WORKERS)

ALL SMALL FIRMS (3-199 WORKERS)

EXHIBIT 12.4

Among Firms Offering Health and Wellness Benefits, Percentage of Firms Providing Wellness Benefits Through the Plan or Firm, by Firm Size and Region, 2014

	Most Wellness Benefits Are Provided by the Health Plan or Firm
FIRM SIZE	
3–24 Workers	74%
25–199 Workers	77
200–999 Workers	56*
1,000–4,999 Workers	47*
5,000 or More Workers	46*
All Small Firms (3–199 Workers)	75%*
All Large Firms (200 or More Workers)	55%*
REGION	
Northeast	82%
Midwest	78
South	48*
West	86*
ALL FIRMS	74%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: The survey asked these questions to firms offering at least one of the following wellness programs: “weight loss programs”; “gym membership discounts or on-site exercise facilities”; “smoking cessation programs”; “personal health coaching”; “classes in nutrition or healthy living”; “biometric screening”; “flu shots or vaccinations”; or “Employee Assistance Programs.”

EXHIBIT 12.5

Among Firms Offering Health and Wellness Benefits, Percentage of Firms That Offer Specific Incentives to Employees Who Participate in Wellness Programs, by Firm Size and Region, 2014

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Receive Higher HRA or HSA Contributions [†]	Receive Gift Cards, Travel, Merchandise, or Cash	Any Financial Incentive to Participate in Wellness Program ~
FIRM SIZE					
3–24 Workers	8%	1%	0%*	12%*	16%*
25–199 Workers	6	2	9*	23	28
200–999 Workers	11	3	6*	22	32*
1,000–4,999 Workers	24*	3*	14*	31*	51*
5,000 or More Workers	23*	6*	17*	34*	55*
All Small Firms (3–199 Workers)	8%	1%*	2%*	13%*	18%*
All Large Firms (200 or More Workers)	14%	3%*	8%*	24%*	36%*
REGION					
Northeast	3%	1%	1%	18%	19%
Midwest	3	1	4	18	22
South	4	3	1	5*	10
West	18	<1*	1	15	23
ALL FIRMS	8%	1%	2%	14%	19%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

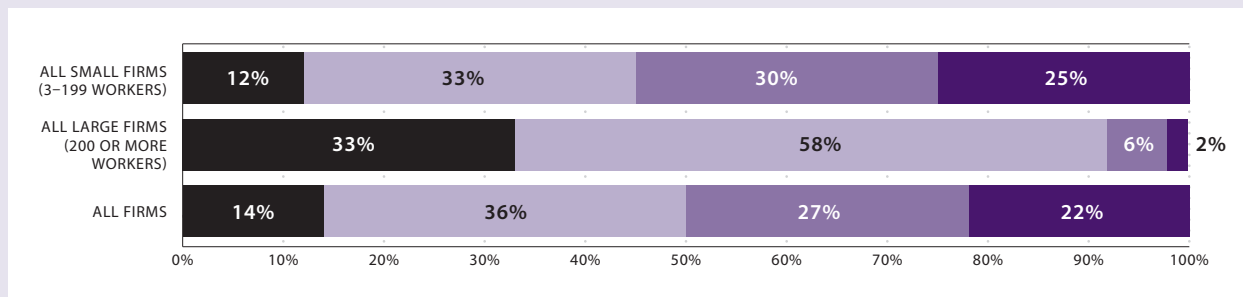
* Estimate is statistically different within type of incentive from estimate for all other firms not in the indicated size or region ($p < .05$).

~ Any financial incentive indicates firms that offer employees who participate in wellness programs one of the following incentives: smaller premium contributions, smaller deductibles, higher HRA or HSA contributions, or gift cards, travel, merchandise, or cash.

[†] Only firms that offer an HDHP/HRA or HSA-qualified HDHP were asked if participating employees receive higher HRA/HSA contributions as an incentive to participate in wellness programs.

EXHIBIT 12.6

Among Offering Firms that Provide Incentives to Employees Who Participate in Wellness Programs, Firms' Opinions on How Effective Incentives are for Employee Participation, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

■ VERY EFFECTIVE
 ■ SOMEWHAT EFFECTIVE
 ■ NOT AT ALL EFFECTIVE
 ■ DON'T KNOW

EXHIBIT 12.7

Among Large Firms (200 or More Workers) that Offer Health and Wellness Benefits, the Percentage that Offer Incentives for Completing Wellness Programs and the Maximum Value of the Incentive, by Firm Size, 2014

	Percentage of Large Firms (200 or More Workers) with an Incentive for Completing Wellness Programs	Among Large Firms (200 or More Workers) with an Incentive for Completing Wellness Programs, Maximum Value of Incentive	
		Less Than \$500	More Than or Equal to \$500
FIRM SIZE			
200-999 Workers	11%*	66%*	34%*
1,000-4,999 Workers	15*	73	27
5,000 or More Workers	16*	73	27
ALL LARGE FIRMS (200 or More Workers)	12%*	68%*	32%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 12.8

Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees the Opportunity to Complete a Health Risk Assessment, by Firm Size, Region and Industry, 2014

	Offer Employees Opportunity to Complete Health Risk Assessment
FIRM SIZE	
3–24 Workers	31%
25–199 Workers	34
200–999 Workers	47*
1,000–4,999 Workers	66*
5,000 or More Workers	77*
All Small Firms (3–199 Workers)	32%*
All Large Firms (200 or More Workers)	51%*
REGION	
Northeast	36%
Midwest	41
South	44
West	10*
INDUSTRY	
Agriculture/Mining/Construction	34%
Manufacturing	32
Transportation/Communications/Utilities	45
Wholesale	54
Retail	27
Finance	43
Service	29
State/Local Government	28
Health Care	35
ALL FIRMS	33%

SOURCE:

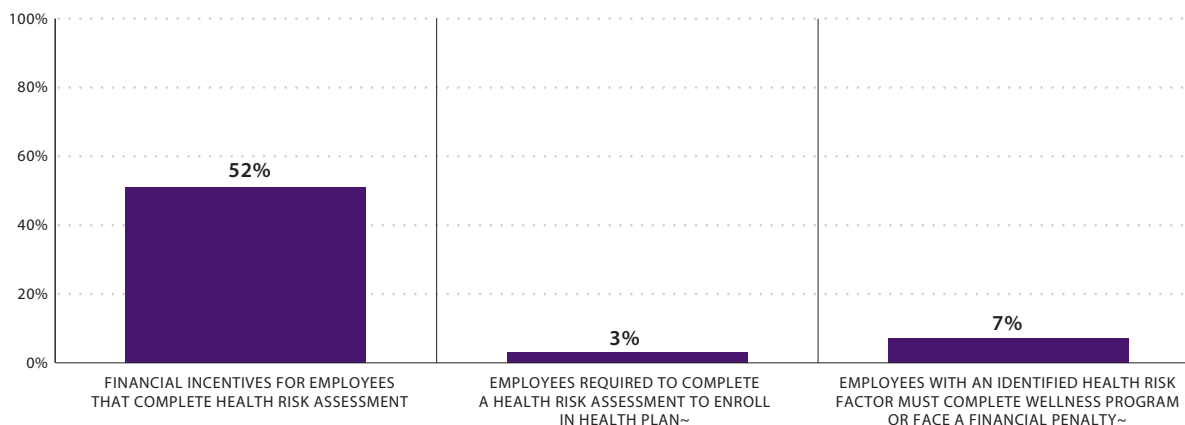
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: A health risk assessment or appraisal includes questions on medical history, health status, and lifestyle and is designed to identify the health risks of the person being assessed.

EXHIBIT 12.9

Among Large Firms (200 or More Workers) That Offer Health Benefits and Provide Employees the Opportunity to Complete a Health Risk Assessment, the Percentage of Firms that Have Incentives and Penalties for Various Employee Actions, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

~ All Small Firms (3-199 Workers) estimates for these categories have large relative standard errors, indicating a high level of variability.

EXHIBIT 12.10

Among Large Firms (200 or More Workers) That Offer Health Benefits and Provide Employees the Opportunity to Complete a Health Risk Assessment, the Percent that Offer Financial Incentives Upon Completion and the Maximum Value of the Incentive, 2014

	Percentage of Large Firms (200 or More Workers) Offering Financial Incentives to Employees that Complete a Health Risk Assessment	Among Large Firms (200 or More Workers) Offering Financial Incentives for Completing Health Risk Assessment, Maximum Value of Incentive	
		Less Than \$500	More Than or Equal to \$500
FIRM SIZE			
200–999 Workers	46%*	63%	37%
1,000–4,999 Workers	64*	67	33
5,000 or More Workers	64*	52	48
ALL LARGE FIRMS (200 or More Workers)	51%*	64%	36%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: All Small Firms (3–199 Workers) are not shown due to large relative standard errors, indicating a high level of variability.

EXHIBIT 12.11

Among Large Firms That Offer Health Benefits and Provide Employees the Opportunity to Complete a Health Risk Assessment, the Percent that Require Employees with an Identified Health Risk Factor to Complete a Wellness Program or Face a Financial Penalty and the Maximum Value of the Penalty, by Firm Size, 2014

	Percentage of Large Firms Requiring Employees with Identified Health Risk Factors to Complete a Wellness Program or Face a Financial Penalty	Among Large Firms that Require Financial Penalties, Maximum Value of Penalty	
		Less Than \$500	More Than or Equal to \$500
FIRM SIZE			
1,000–4,999 Workers	9%	33%*	67%*
5,000 or More Workers	12	43*	57*
ALL LARGE FIRMS (200 or More Workers)	7%	29%*	71%*

SOURCE:

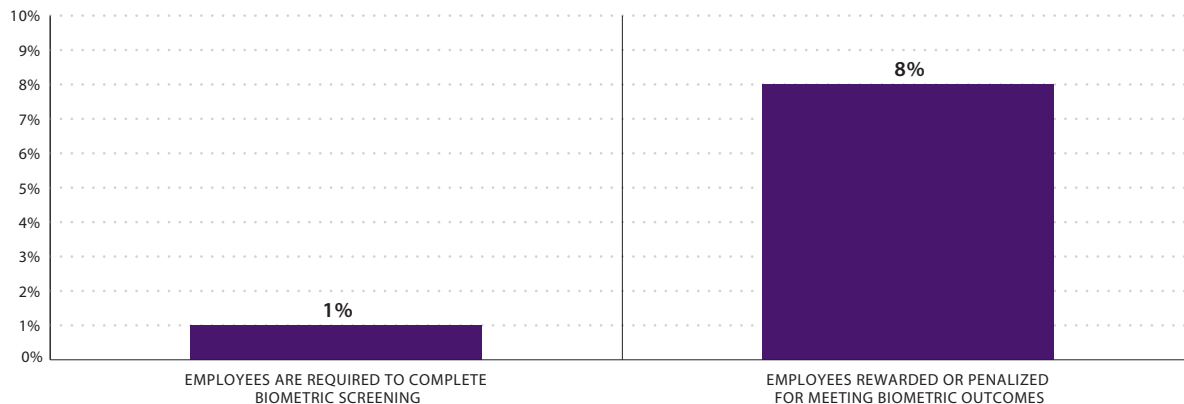
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: Estimates for firms with 200 to less than 1,000 employees are not shown due to large relative standard errors, indicating a high level of variability.

EXHIBIT 12.12

Among Large Firms (200 or More Workers) Offering Health Benefits and Biometric Screenings, the Use of Incentives or Penalties for Various Activities, 2014



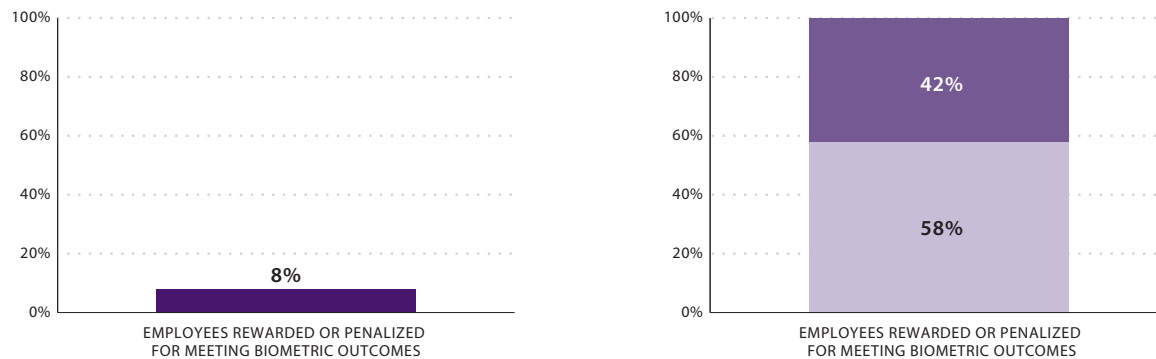
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Biometric screening is a health examination that measures an employee's risk factors. Biometric outcomes could include meeting a target body mass index (or BMI) or cholesterol level but not goals related to smoking. Twenty-six percent of Small Firms and 51% of Large Firms offer biometric screening as a wellness benefit (Exhibit 12.1).

EXHIBIT 12.13

Among Large Firms (200 or More Workers) Offering Health Benefits and Biometric Screenings, the Use and Value of Incentives, 2014



SOURCE:

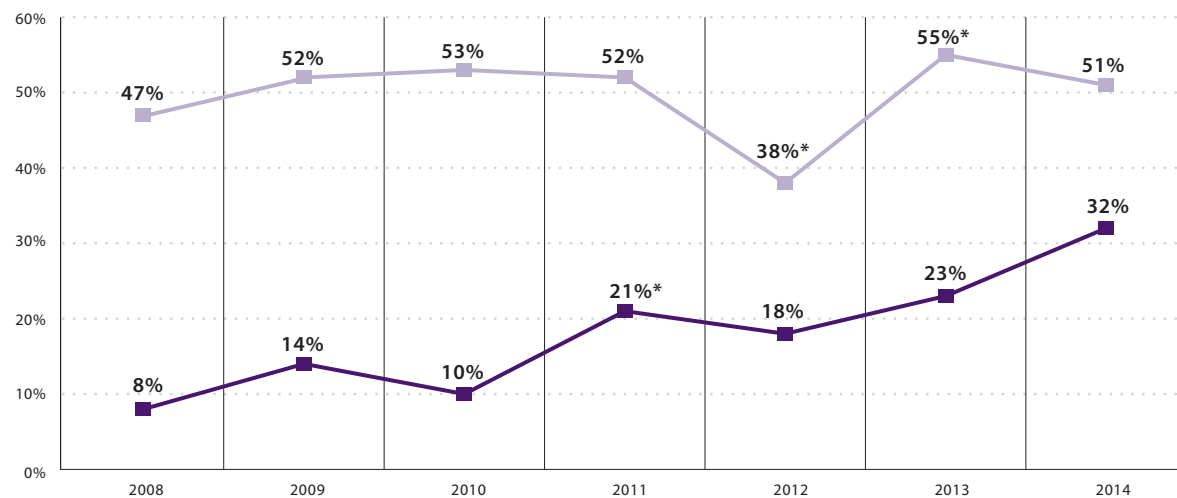
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Biometric screening is a health examination that measures an employee's risk factors. Biometric outcomes could include meeting a target body mass index (or BMI) or cholesterol level but not goals related to smoking.

■ FINANCIAL INCENTIVE WORTH MORE THAN OR EQUAL TO \$500
 ■ FINANCIAL INCENTIVE WORTH LESS THAN \$500

EXHIBIT 12.14

Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees the Opportunity to Complete a Health Risk Assessment, by Firm Size, 2008-2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2014.

* 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)

EMPLOYER HEALTH BENEFITS
2014 ANNUAL SURVEY

Grandfathered
Health Plans

SECTION

13

GRANDFATHERED HEALTH PLANS

THE AFFORDABLE CARE ACT (ACA) IS BRINGING ABOUT A NUMBER OF CHANGES FOR THE AMERICAN HEALTH CARE SYSTEM, INCLUDING FOR EMPLOYER-SPONSORED HEALTH INSURANCE. IN 2014 MANY NEW PROVISIONS TOOK EFFECT FOR GROUP COVERAGE INCLUDING LIMITS ON WAITING PERIODS, OUT-OF-POCKET MAXIMUMS, AND MANY REFORMS FOR THE SMALL EMPLOYER MARKET. OTHER KEY PROVISIONS OF THE ACA, SUCH AS THE NON-DISCRIMINATION REQUIREMENTS AND THE EMPLOYER SHARED RESPONSIBILITY PROVISION, WERE DELAYED UNTIL 2015. IN SOME CASES SMALL EMPLOYERS WERE GIVEN NEW COVERAGE OPTIONS THROUGH SHOP EXCHANGES, ALTHOUGH THE IMPLEMENTATION WAS LIMITED. SHOP MARKETPLACES WERE AVAILABLE FOR SHOPPING FOR COVERAGE, BUT FIRMS COULD NOT COMPLETE THE TRANSACTION ONLINE AND HAD TO BUY DIRECTLY FROM THE ISSUER OR THROUGH A BROKER. (FOR MORE INFORMATION, SEE SECTIONS 2, 7, AND 11, AND THE HEALTH REFORM IMPLEMENTATION TIMELINE AT WWW.KFF.ORG/INTERACTIVE/IMPLEMENTATION-TIMELINE/.) THE ACA EXEMPTS CERTAIN HEALTH PLANS THAT WERE IN EFFECT WHEN THE LAW WAS PASSED, REFERRED TO AS GRANDFATHERED PLANS, FROM SOME OF THE NEW STANDARDS IN THE LAW; THESE INCLUDE REQUIREMENTS TO COVER PREVENTIVE BENEFITS WITHOUT COST SHARING, HAVE AN EXTERNAL APPEALS PROCESS, OR COMPLY WITH THE NEW BENEFIT AND RATING PROVISIONS IN THE SMALL GROUP MARKET.

GRANDFATHERING

For the employer-sponsored market, health plans that were in place when the ACA was enacted (March 2010) can be grandfathered health plans. Interim final rules released by the Department of Health and Human Services on June 17, 2010, and amended on November 17, 2010, stipulate that firms cannot significantly change cost sharing, benefits, employer contributions, or access to coverage in grandfathered plans.¹ New employees can enroll in a grandfathered plan as long as the firm has maintained consecutive enrollment in the plan.

Grandfathered plans are exempted from many of the ACA's new requirements, but still must comply with other provisions as they become effective, including: (1) provide a uniform explanation of coverage, (2) report medical loss ratios and provide premium rebates if medical loss ratios are not met, (3) prohibit lifetime and annual limits on essential health benefits, (4) extend dependent coverage to age 26, (5) prohibit health plan rescissions, (6) prohibit waiting periods greater than 90 days, and (7) prohibit coverage exclusions for pre-existing health conditions.² Firms must decide whether to grandfather their insurance

plans, which limits the changes they can make to their plans, or whether to comply with the full set of new health reform requirements.

- ▶ There is a decline in the percentage of offering firms that have at least one health plan that is a grandfathered plan. Thirty-seven percent of offering firms have at least one grandfathered plan in 2014, down from 54% in 2013, 58% in 2012, and 72% in 2011.
- ▶ Worker enrollment in grandfathered plans also has decreased, with 26% of covered workers enrolled in a grandfathered health plan in 2014, down from 36% in 2013, 48% in 2012 and 56% in 2011 (Exhibit 13.3).
- ▶ A similar decrease is seen by firm size. In 2014, 35% of covered workers in small firms (3-199 workers) enrolled in a grandfathered health plan, down from 49% in 2013, 54% in 2012, and 63% in 2011. For larger firms, 22% of covered workers enrolled in a grandfathered health plan, down from 30% in 2013, 46% in 2012, and 53% in 2011 (Exhibit 13.3).

NOTES:

¹ *Federal Register*. Vol. 75, No. 116, June 17, 2010, www.gpo.gov/fdsys/pkg/FR-2010-06-17/pdf/2010-14614.pdf, and No. 221, Nov. 17, 2010, <http://edocket.access.gpo.gov/2010/pdf/2010-28861.pdf>.

² United States. Congressional Research Service CRS. Open CRS. By Bernadette Fernandez. Grandfathered Health Plans Under the Patient Protection and Affordable Care Act (PPACA), Jan. 3, 2011. http://assets.opencrs.com/rpts/R41166_20110103.pdf.

EXHIBIT 13.1

Percentage of Firms with At Least One Plan Grandfathered Under the Affordable Care Act (ACA), by Size, Region and Industry, 2014

	Percentage of Firms with at Least One Grandfathered Plan
FIRM SIZE	
3–24 Workers	37%
25–49 Workers	41
50–199 Workers	36
200–999 Workers	36
1,000–4,999 Workers	27
5,000 or More Workers	25*
All Small Firms (3–199 Workers)	37%
All Large Firms (200 or More Workers)	34%
REGION	
Northeast	29%
Midwest	49
South	32
West	39
INDUSTRY	
Agriculture/Mining/Construction	45%
Manufacturing	43
Transportation/Communications/Utilities	28
Wholesale	35
Retail	25
Finance	56
Service	32
State/Local Government	76*
Health Care	40
ALL FIRMS	37%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: For definitions of grandfathered health plans, see the introduction to Section 13.

EXHIBIT 13.2

Percentage of Covered Workers Enrolled in Plans Grandfathered Under the Affordable Care Act (ACA), by Size, Region, and Industry, 2014

	Percentage of Covered Workers in a Grandfathered Health Plan
FIRM SIZE	
3–24 Workers	36%
25–49 Workers	40
50–199 Workers	31
200–999 Workers	33
1,000–4,999 Workers	21
5,000 or More Workers	18
All Small Firms (3–199 Workers)	35%
All Large Firms (200 or More Workers)	22%
REGION	
Northeast	22%
Midwest	25
South	25
West	31
INDUSTRY	
Agriculture/Mining/Construction	29%
Manufacturing	21
Transportation/Communications/Utilities	30
Wholesale	30
Retail	17
Finance	20
Service	27
State/Local Government	37*
Health Care	23
ALL FIRMS	26%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: For definitions of grandfathered health plans, see the introduction to Section 13.

EXHIBIT 13.3

Percentage of Covered Workers Enrolled in Plans Grandfathered Under the Affordable Care Act (ACA), by Firm Size, 2011 to 2014

	2011	2012	2013	2014
FIRM SIZE				
3–24 Workers	69%	57%	53%	36%*
25–49 Workers	52	45	52	40
50–199 Workers	63	55	44	31*
200–999 Workers	61	60	42*	33
1,000–4,999 Workers	54	41*	34	21*
5,000 or More Workers	49	42	23*	18
All Small Firms (3–199 Workers)	63%	54%*	49%	35%*
All Large Firms (200 or More Workers)	53%	46%	30%*	22%*
ALL FIRMS	56%	48%*	36%*	26%*

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011–2014.

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

NOTE: For definitions of grandfathered health plans, see the introduction to Section 13.

EMPLOYER HEALTH BENEFITS
2014 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. EMPLOYERS CONTINUE TO INNOVATE ON HOW THEY OFFER, STRUCTURE, AND DELIVER THEIR BENEFITS. A CONSIDERABLE NUMBER OF EMPLOYERS HAVE DEVELOPED STRATEGIES TO REDUCE COST OR IMPROVE QUALITY THROUGH CHANGES TO THEIR PLAN'S PROVIDER NETWORKS.

EMPLOYER OPINIONS ON COST CONTAINMENT

Firms offering health benefits were asked to rate how effective several different strategies would be in reducing the growth of health insurance costs.

- ▶ Twenty-eight percent of firms offering health benefits stated that "wellness programs" would be very effective at containing health insurance costs, more than the percentage of firms indicating "tighter managed care restrictions", "higher employee cost sharing", "disease management programs", "tiered provider networks" and "narrow networks". The percentage of firms offering health benefits who thought that wellness programs would be very effective at containing health insurance costs was similar to the percentage who thought that consumer driven health plans would be very effective (28% and 22%, respectively) (Exhibit 14.1).
- ▶ Just six percent of firms offering health benefits stated that narrow networks would be very effective at containing health insurance costs (Exhibit 14.1). More firms offering health benefits indicated that narrow networks would be not at all effective at containing costs than any other strategy.
- ▶ Ten percent of firms offering health benefits thought that "tighter managed care restrictions" and 11% stated that "tiered provider networks" would be very effective at containing health care costs. Fewer employers offering health benefits thought these strategies would be very effective than either "Consumer-Driven Health Plans" or "Wellness Programs" (Exhibit 14.1).

SHOPPING FOR HEALTH COVERAGE

More than one-half (58%) 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 14.3). The largest firms, those with a 1,000 to 4,999 employees or firms were with more than 5,000 workers, were less likely to shop for a new plan or carrier.

- ▶ Among firms that offer health benefits and shopped for a new plan or carrier, 27% changed insurance carriers. There were no significant differences between small firms (3 to 199 workers) and larger firms (Exhibit 14.4).

TIERED NETWORKS

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

- ▶ Nineteen percent of firms that offer health benefits include a high performance or tiered provider network in the health plan with the largest enrollment (Exhibit 14.5). This is similar to the 23% reported in 2013 and the 20% reported in 2011.
- ▶ Employers may use different criteria to determine which providers are included in which tiers. Fifty-nine percent of offering firms whose largest plan includes a high performance or tiered provider network stated that the network tiers were determined both by providers' "quality and cost/efficiency". Large firms (200 or more workers) were most likely to indicated that the tiers are determined by both "quality and cost/efficiency" than any other response option, including "cost/efficiency" alone (15%) (Exhibit 14.6).

NARROW NETWORK PLANS

Firms with 50 or more employees offering health benefits were asked about the prevalence of narrow or skinny networks. Narrow networks are plans which limit the number of providers who can participate to reduce costs. Typically narrow network plans include fewer providers than a typical PPO or HMO network.

- Eight percent of offering firms with 200 or more workers indicated that they offered a plan they considered to be a narrow network plan (Exhibit 14.8).
- Six percent of offering firms with 200 or more employees said that the carrier (or firm) eliminated a hospital or health system from a provider network in order to reduce costs (Exhibit 14.8).

REFERENCE PRICING

Reference pricing is a system in which plans pay a set amount for a service and the enrollee is responsible for paying the difference between the service and the cost the provider charges. Reference pricing is intended to encourage enrollees to shop among providers for lower cost and/or higher value care. The survey asked employers with 50 or more employees if their plan with the largest enrollment used reference pricing for ANY service.

- The largest health plan at 13% of offering firms with 50 or more employees includes reference pricing for at least a service (Exhibit 14.7).

RETAIL CLINICS

Retail clinics treat minor illnesses and provide preventive care at locations such as retail stores, pharmacies, and supermarkets. Among firms offering health benefits, over half (57%) cover care received at retail clinics in their plan with the largest enrollment. Among these firms covering care at retail clinics, 8% offer financial incentives to receive care at a retail clinic location rather than at a physician's office (Exhibit 14.9).

- Large firms (200 or more workers) are more likely than small firms to both cover care received at a retail clinic and offer financial incentives to seek care at retail locations (Exhibit 14.9).
- The percentage of firms offering health benefits whose largest plan covers care at a retail clinic and who offer financial incentives for doing so is statistically unchanged from 2013.

PRIVATE EXCHANGES AND DEFINED CONTRIBUTIONS

Recently there has been considerable interest in private exchanges. An exchange is a marketplace for health insurance. Private exchanges allow employees

to choose from several health benefit options offered on the exchange. A private exchange is created by a consulting company, rather than a governmental entity. There is considerable variation in the types of exchanges currently offered; some exchanges allow workers to choose between multiple plans offered by the same carrier, while in other cases multiple carriers participate. The exchange operator may establish strict standards for the plans offered or allow the insurers more flexibility in determining their plan offerings.

Private exchanges may or may not include a defined contribution for premiums. A defined contribution is a set dollar amount offered to the employee by the employer. Employees may then select one of several plans, paying the difference between the defined contribution and the cost of their chosen health insurance plan. 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.

- Three percent of covered workers at large firms (200 or more workers) are enrolled at a firm which is currently offering health benefits through a private exchange (Exhibit 14.12).
- Thirteen 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, 20% are considering offering benefits through the exchange (Exhibit 14.11).
- The percentage of large firms (200 or more workers) offering health benefits that are considering offering benefits through a private exchange is unchanged from last year. The percentage of firms with at least 5,000 workers considering a private exchange is down from 29% last year.
- Currently 12% of covered workers are employed at a firm that is considering moving to a private exchange.
- Twenty-three percent of large firms (200 or more workers) offering health benefits are considering using a defined contribution approach (Exhibit 14.11).

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, 2014

	Very Effective	Somewhat Effective	Not Too Effective	Not At All Effective	Don't Know
Wellness Programs*					
All Small Firms (3–199 Workers)	28%	43%	17%	10%	2%
All Large Firms (200 or More Workers)	25	59	13	3	1
ALL FIRMS	28%	43%	17%	10%	2%
Tighter Managed Care Restrictions*					
All Small Firms (3–199 Workers)	10%	42%	21%	20%	7%
All Large Firms (200 or More Workers)	6	59	24	9	2
ALL FIRMS	10%	43%	21%	20%	7%
Consumer-Driven Health Plans (Ex: High-Deductible Plan Combined with a Health Savings Account)					
All Small Firms (3–199 Workers)	22%	46%	14%	12%	5%
All Large Firms (200 or More Workers)	21	57	12	7	3
ALL FIRMS	22%	47%	14%	12%	5%
Higher Employee Cost Sharing*					
All Small Firms (3–199 Workers)	13%	34%	27%	19%	7%
All Large Firms (200 or More Workers)	13	50	25	10	1
ALL FIRMS	13%	34%	27%	19%	7%
Disease Management Programs*					
All Small Firms (3–199 Workers)	17%	52%	13%	12%	7%
All Large Firms (200 or More Workers)	29	53	13	3	1
ALL FIRMS	17%	52%	13%	12%	7%
Tiered Provider Networks*					
All Small Firms (3–199 Workers)	11%	43%	16%	20%	10%
All Large Firms (200 or More Workers)	15	52	20	6	7
ALL FIRMS	11%	43%	16%	19%	10%
Narrow Networks*					
All Small Firms (3–199 Workers)	6%	27%	19%	43%	6%
All Large Firms (200 or More Workers)	7	27	38	24	5
ALL FIRMS	6%	27%	19%	43%	6%

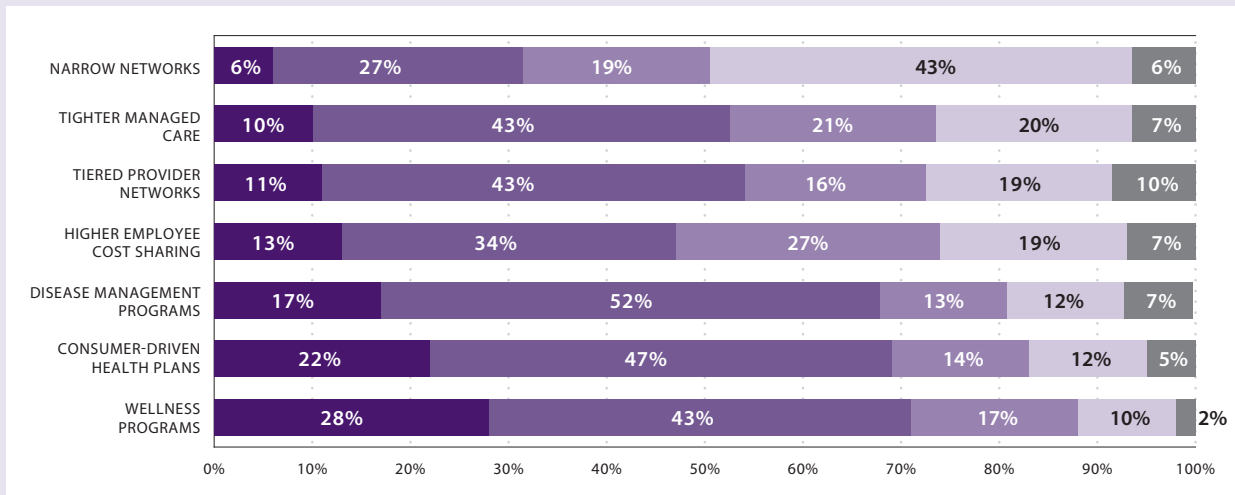
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 14.2

Among Firms Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, 2014



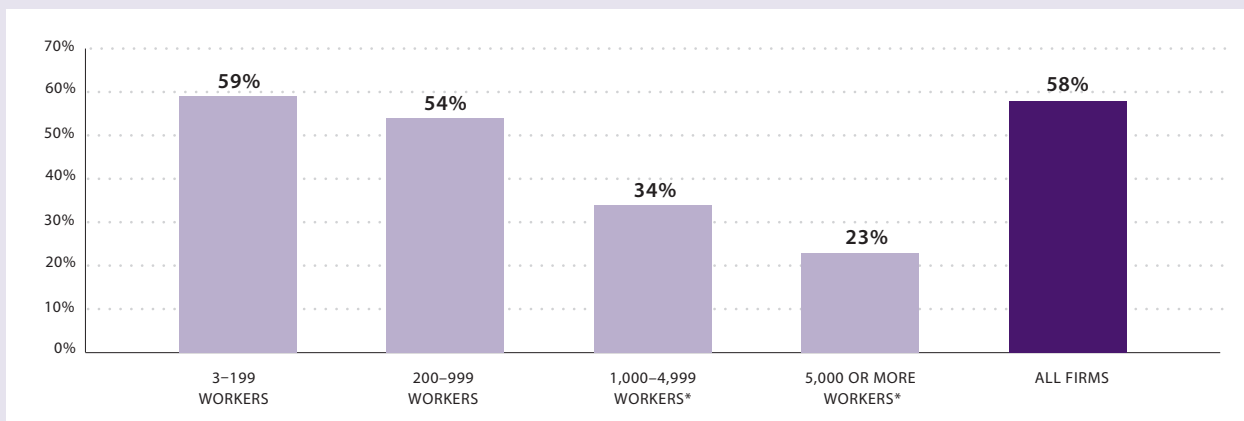
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

VERY EFFECTIVE
 SOMEWHAT EFFECTIVE
 NOT TOO EFFECTIVE
 NOT AT ALL EFFECTIVE
 DON'T KNOW

EXHIBIT 14.3

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, 2014



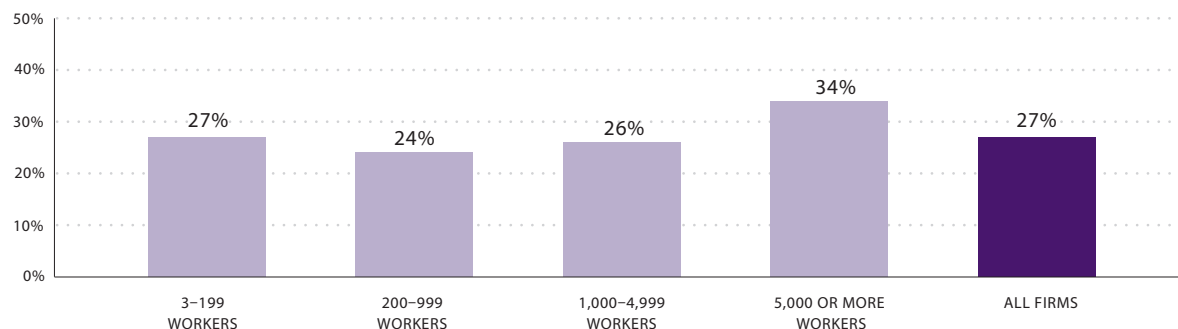
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 14.4

Among Firms Offering Health Benefits That Shopped for a New Plan or Insurance Carrier, Percentage Reporting That They Changed Insurance Carriers, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Testing found no statistical difference between size categories ($p < .05$).

EXHIBIT 14.5

Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a High-Performance Provider Network, by Firm Size and Region, 2007–2014

Health Plan Includes a High-Performance Network/Tiered Provider Network	2007	2010	2011	2013	2014
FIRM SIZE					
200–999 Workers	9%	16%	17%	22%	17%
1,000–4,999 Workers	13	21	19	32	20
5,000 or More Workers	16	30*	24	33*	23
All Small Firms (3–199 Workers)	15%	16%	20%	23%	19%
All Large Firms (200 or More Workers)	10%	17%	18%	24%	18%
REGION					
Northeast	15%	15%	19%	29%	27%
Midwest	13	17	12	15	8*
South	18	16	16	23	17
West	13	18	33	25	24
ALL FIRMS	15%	16%	20%	23%	19%

SOURCE:

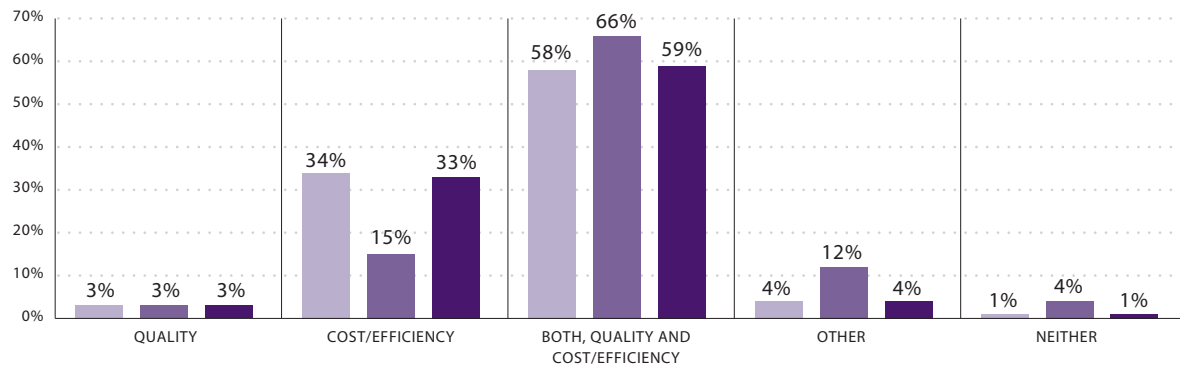
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007–2014.

* 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 2014 and 2013 ($p < .05$). A high performance network is one that groups providers within the network based on quality, cost, and/or efficiency of care they deliver.

EXHIBIT 14.6

Among Offering Firms Whose Largest Plan Includes a High-Performance Provider Network, What Criteria Determines Tiers, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: Tests found no statistical difference for estimates by firm size ($p < .05$).

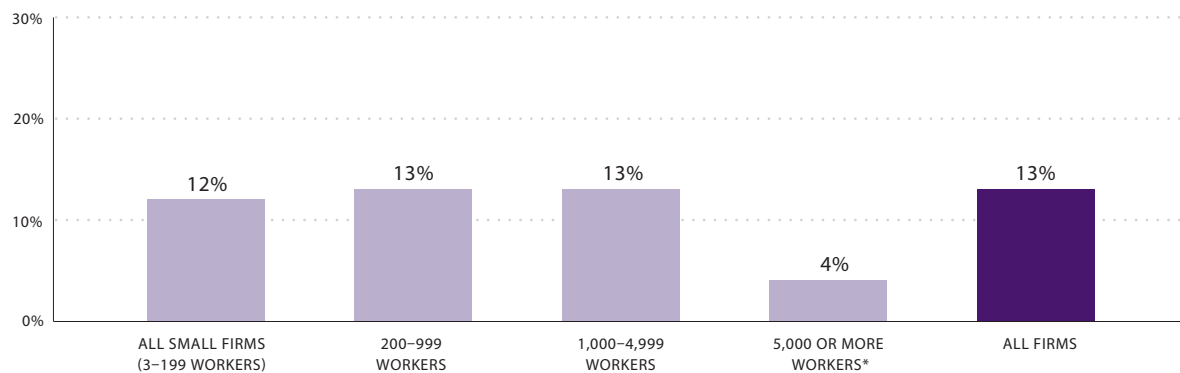
ALL SMALL FIRMS
(3-199 WORKERS)

ALL LARGE FIRMS
(200 OR MORE WORKERS)

ALL FIRMS

EXHIBIT 14.7

Among Firms Offering Health Benefits With More than 50 Employees, Percentage of Firms Whose Largest Plan Includes Reference Pricing for Any Service, by Firm Size, 2014



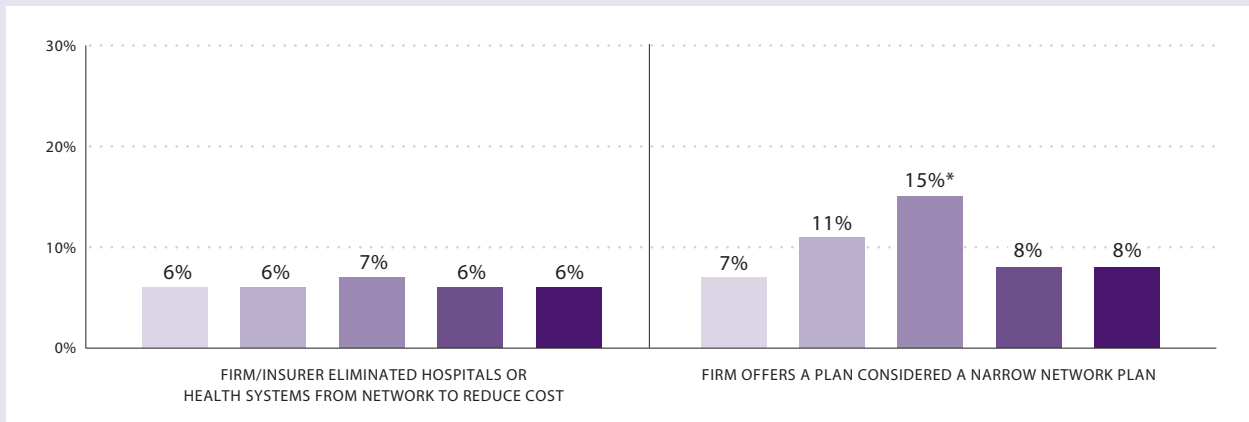
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

EXHIBIT 14.8

Among Firms Offering Health Benefits With 200 or More Employees, Percentage of Firms Who Offer a Narrow Network Plan, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

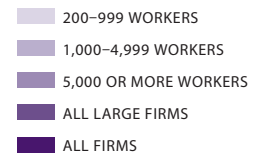
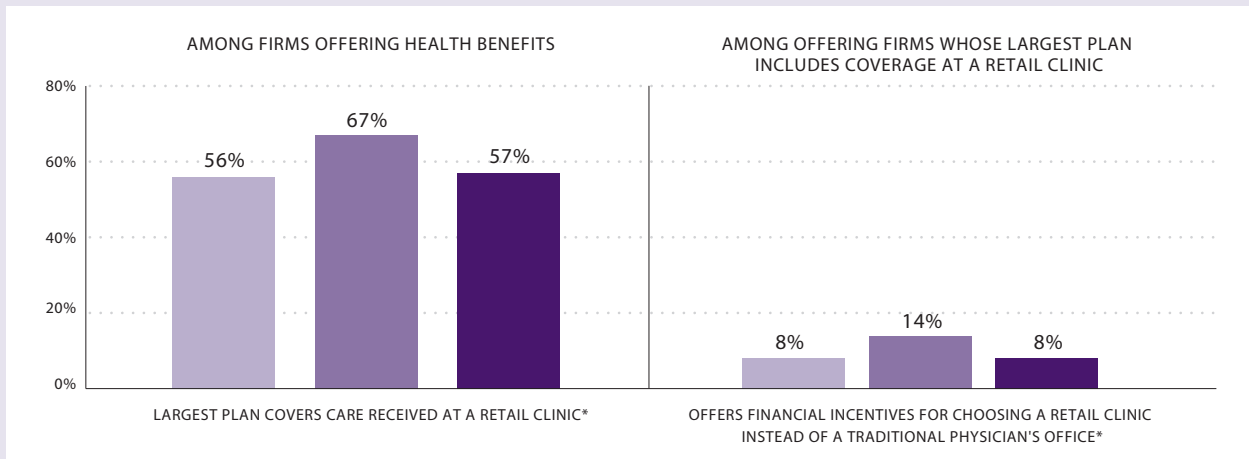


EXHIBIT 14.9

Percentage of Offering 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, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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

NOTE: 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. The percent of firms whose largest plan covers care at a retail clinic and who offer financial incentives is statistically unchanged from 2013.

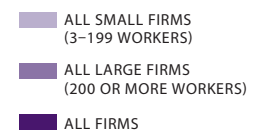
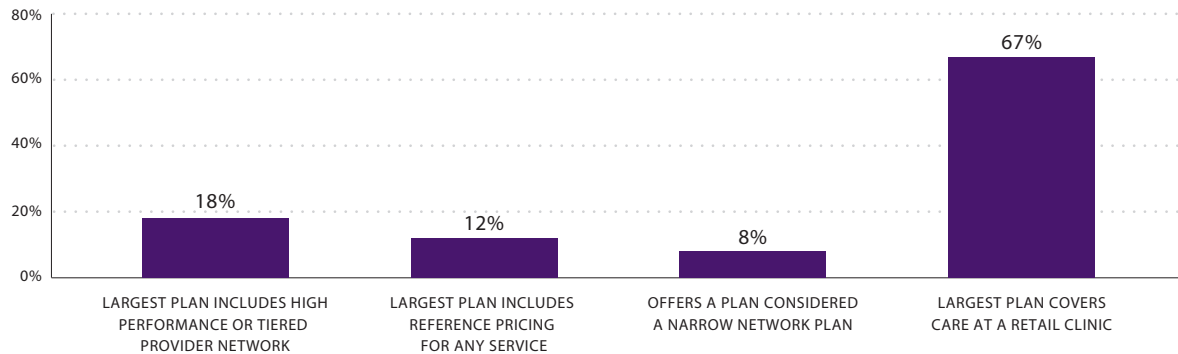


EXHIBIT 14.10

Among Large (200 or More Employees), Offering Firms, Percentage of Firms Whose Largest Plan Has Various Features, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

EXHIBIT 14.11

Among Large (200 or More Employees) Offering Firms, Percentage Considering Offering Benefits Through a Private Exchange, by Firm Size and Region, 2014

	Yes, Considering Offering Benefits through a Private Exchange	No, Not Considering Offering Benefits through a Private Exchange	Don't Know	Yes, Considering a Defined Contribution	No, Not Considering a Defined Contribution	Don't Know
FIRM SIZE						
200–999 Workers	12%	86%	2%	23%	73%	3%
1,000–4,999 Workers	18	80	2	24	74	2
5,000 or More Workers	20	77	4	25	74	1
REGION						
Northeast	17%	82%	1%	25%	75%	1%
Midwest	10	86	4	18	79	3
South	17	79	3	30	65	5
West	7	92	1	20	77	3
ALL LARGE FIRMS (200 or More Workers)	13%	84%	2%	23%	73%	3%

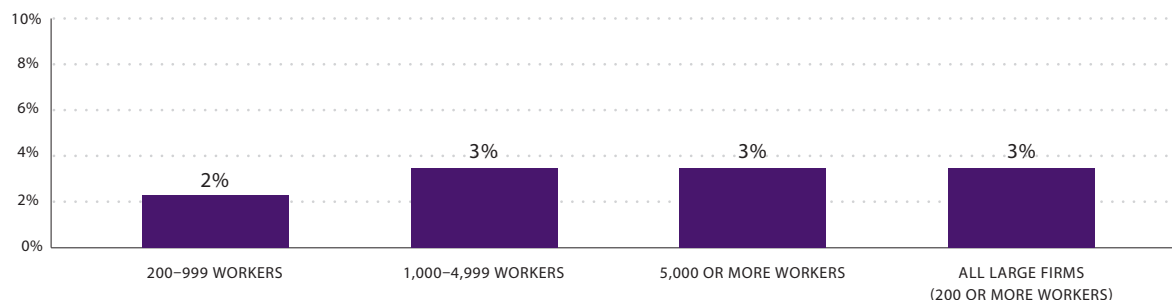
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: A private exchange is one created by a consulting company, not by either a state or federal government. Private exchanges allow employees to choose from several health benefit options offered on the exchange. A defined premium contribution is a set dollar amount offered to the employee. Employees may then select one of several plans and the employee pays the difference between the defined contribution and the cost of the health insurance option that they choose. Tests found no statistical differences within by firm size or region category ($p < .05$).

EXHIBIT 14.12

Among Large Firms (200 or More Workers), Percentage of Covered Workers Enrolled at a Firm Offering Benefits Through a Private or Corporate Exchange, by Firm Size, 2014



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

NOTE: A private exchange is one created by a consulting company, not by either a federal or state government. Private exchanges allow employees to choose from several health benefit options offered on the exchange. Two percent of large firms (200 or more workers) offered health benefits through a private or corporate exchange.

EXHIBIT 14.13

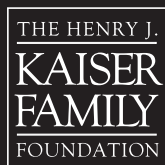
Among Firms Offering Health Benefits, Percentage of Firms Which Provide Additional Incentives to Employees Based on Their Enrollment Decisions, by Firm Size and Region, 2014

	Additional Incentives if Employees Do Not Participate in Benefits	Additional Incentives if Employees Enroll on a Spouses' Plan
FIRM SIZE		
200-999 Workers	19%*	14%*
1,000-4,999 Workers	16*	11
5,000 or More Workers	17	9
All Small Firms (3-199 Workers)	9%*	7%*
All Large Firms (200 or More Workers)	18%*	14%*
REGION		
Northeast	9%	8%
Midwest	14	10
South	3*	5
West	13	5
ALL FIRMS	9%	7%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

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



-and-



The Henry J. Kaiser Family Foundation

Headquarters
2400 Sand Hill Road
Menlo Park, CA 94025
Phone 650-854-9400 Fax 650-854-4800

Washington Offices and
Barbara Jordan Conference Center
1330 G Street, NW
Washington, DC 20005
Phone 202-347-5270 Fax 202-347-5274

www.kff.org

Health Research & Educational Trust

155 North Wacker
Suite 400
Chicago, IL 60606
Phone 312-422-2600 Fax 312-422-4568

www.hret.org

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