

THE KAISER FAMILY FOUNDATION  
- AND -  
HEALTH RESEARCH &  
EDUCATIONAL TRUST

Employer  
Health  
Benefits

2013  
ANNUAL SURVEY



-and-



EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

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Survey Design  
and  
Methods

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57%

\$5,884

\$16,351

2013

## Survey Design and Methods

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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 pays for the cost of the survey. 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 2013, NR completed full interviews with 2,067 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).<sup>1</sup> 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, in 2013, plan information for conventional (or indemnity) plans was collected within the PPO battery following a similar approach. 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,<sup>2</sup> 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 2011 or the 2012 survey, or both. As a result, 1,622 of the 2,067 firms that completed the full survey

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<sup>1</sup> 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.

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

also participated in either the 2011 or 2012 surveys, or both.<sup>3</sup> The overall response rate is 49%.<sup>4</sup>

The vast majority of questions are asked only of firms that offer health benefits. A total of 1,865 of the 2,067 responding firms indicated that they offered health benefits. The response rate for firms that offer health benefits is 50%.

We asked one question of all firms in the study that we made phone contact with but 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 2,948 firms responded to this question (including 2,067 who responded to the full survey and 881 who responded to this one question). These responses are included in our estimates of the percentage of firms offering health benefits.<sup>5</sup> 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.

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 60.8% are firms employing 3 to 9 workers; such firms employ 8.2% of workers, and 3.6% of workers covered by health insurance. In contrast, less than one percent of firms employ 1,000 or more workers; these firms employ 48% of workers and 53% 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

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<sup>3</sup> In total, 163 firms participated in 2011 and 2013, 359 firms participated in 2012 and 2013, and 1,100 firms participated in 2011, 2012, and 2013.

<sup>4</sup> 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.

<sup>5</sup> 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.

relatively low wages. This year, the income threshold is \$23,000 per year for low-wage workers and \$56,000 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)<sup>6</sup>. The cutoffs were inflation adjusted and rounded to the nearest thousand. In previous years wage cuts offs 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. 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 2013, there were 14 variables where the imputation rate exceeded 20%. For these cases, the unimputed variable is compared with the imputed variable. 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). 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.

### **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

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<sup>6</sup> General information on the OES can be found at : [http://www.bls.gov/oes/oes\\_emp.htm#scope](http://www.bls.gov/oes/oes_emp.htm#scope). A comparison between the OES and the NCS is available at: [http://www.bls.gov/oes/oes\\_ques.htm](http://www.bls.gov/oes/oes_ques.htm)

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 2013 Employer Health Benefits sample frame include the U.S. Census' 2009 Statistics of U.S. Businesses and the 2007 Census of Governments. At the time of the sample design (December 2012), 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 2010 update to the Census of U.S. Businesses was purchased during the survey field period). The Census of Governments is conducted every five years; this is the fifth year the data from the 2007 Census of Governments has been available for use.

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, geography, 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, less than one percent of the weight values were trimmed. Finally, we calibrated the weights to U.S. Census Bureau's 2009 Statistics of U.S. Businesses for firms in the private sector, and the 2007 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.<sup>7,8</sup> 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 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

<sup>7</sup> 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.

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

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 2013 Survey**

In 2012, average coinsurance rates for prescription drugs, primary care office visits, specialty office visits, and emergency room visits include firms that have a minimum and/or maximum attached to the rate. In years prior to 2012, we did not ask firms the structure of their coinsurance rate. For most prescription drug tiers, and most services, the average coinsurance rate is not statistically different depending on whether the plan has a minimum or maximum.

### **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.

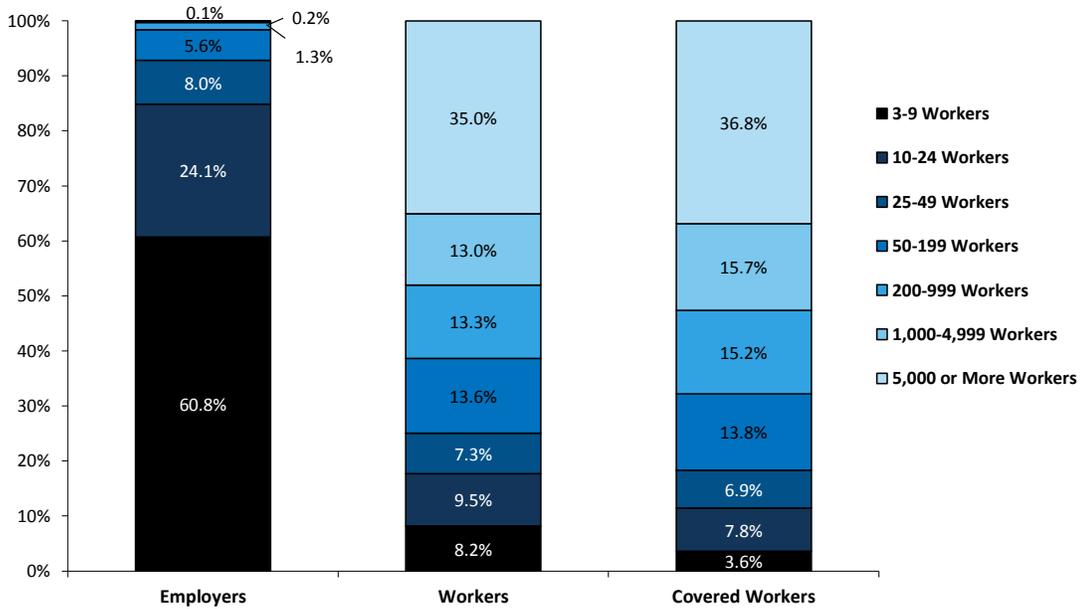
This report uses historical data from the 1993, 1996, and 1998 KPMG Surveys of Employer-Sponsored Health Benefits and the 1999-2013 Kaiser/HRET Survey of Employer-Sponsored Health Benefits. For a longer-term perspective, we also use the 1988 survey of the nation's employers conducted by the HIAA, on 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, 2013**

	Sample Size	Sample Distribution After Weighting	Percentage of Total for Weighted Sample
<b>FIRM SIZE</b>			
3-9 Workers	123	1,893,836	60.8%
10-24 Workers	192	749,099	24.1
25-49 Workers	166	247,976	8.0
50-199 Workers	301	172,925	5.6
200-999 Workers	476	39,393	1.3
1,000-4,999 Workers	475	7,454	0.2
5,000 or More Workers	334	1,965	0.1
<b>ALL FIRM SIZES</b>	<b>2,067</b>	<b>3,112,648</b>	<b>100%</b>
<b>REGION</b>			
Northeast	420	616,941	19.8%
Midwest	592	708,965	22.8
South	681	1,065,628	34.2
West	374	721,114	23.2
<b>ALL REGIONS</b>	<b>2,067</b>	<b>3,112,648</b>	<b>100%</b>
<b>INDUSTRY</b>			
Agriculture/Mining/Construction	96	325,969	10.5%
Manufacturing	200	180,515	5.8
Transportation/Communications/Utilities	128	114,923	3.7
Wholesale	100	172,139	5.5
Retail	181	380,592	12.2
Finance	124	202,706	6.5
Service	762	1,275,926	41
State/Local Government	150	50,587	1.6
Health Care	326	409,292	13.1
<b>ALL INDUSTRIES</b>	<b>2,067</b>	<b>3,112,648</b>	<b>100%</b>

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

### Exhibit M.2 Distribution of Employers, Workers, and Workers Covered by Health Benefits, by Firm Size, 2013



NOTES: 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.

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



**Exhibit M.3  
States by Region, 2013**

<b>Northeast</b>	<b>Midwest</b>	<b>South</b>	<b>West</b>
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, 2013. From U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, available at [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf).

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

Cost of  
Health  
Insurance

SECTION

1

## Section One: Cost of Health Insurance

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The average annual premiums in 2013 are \$5,884 for single coverage and \$16,351 for family coverage. Average premiums increased 5% for single coverage and 4% for family coverage in the last year. Family premiums have increased 80% since 2003 and have more than doubled since 2002. Average family premiums for workers in small firms (3-199 workers) (\$15,581) are significantly lower than average family premiums for workers in larger firms (200 or more workers) (\$16,715).

### Premium Costs for Single and Family Coverage

- The average premium for single coverage in 2013 is \$490 per month or \$5,884 per year (Exhibit 1.1). The average premium for family coverage is \$1,363 per month or \$16,351 per year (Exhibit 1.1).
- The average annual premiums for covered workers in HDHP/SOs are lower for single (\$5,306) and family coverage (\$15,227) than the overall average premiums for covered workers. Average annual premiums for all other plan types, including PPO plans, HMOs, and POS plans, are similar to the overall average premiums for covered workers (Exhibit 1.1).
- The average premium for family coverage for covered workers in small firms (3-199 workers) (\$15,581) is lower than the average premium for covered workers in large firms (200 or more workers) (\$16,715) (Exhibit 1.2). The average single premium for covered workers in small firms (3-199 workers) and larger firms do not differ significantly.
- Average single and family premiums for covered workers are higher in the Northeast (\$6,117 and \$17,411) and lower in the Midwest (\$5,613 and \$15,724) than the average premiums for covered workers in all other regions (Exhibit 1.3). Covered workers in the West also face higher premiums for single coverage (\$6,140).
- Covered workers in firms where 35% or more of the workers are age 26 or younger have lower average single and family premiums (\$5,166 and \$14,645) than covered workers in firms where a lower percentage of workers are age 26 or younger (\$5,929 and \$16,457). Covered workers in firms where 35% or more of the workers are age 50 or older have higher average single and family premiums (\$6,263 and \$17,424) than covered workers in firms where a lower percentage of workers are age 50 or older (\$5,622 and \$15,612) (Exhibits 1.5 and 1.6).
- Covered workers in firms with a large percentage of lower-wage workers (at least 35% of workers earn \$23,000 per year or less) have lower average single and family premiums (\$5,450 and \$15,225) than covered workers in firms with a smaller percentage of lower-wage workers (\$5,922 and \$16,450). Covered worker in firms with a large percentage of higher-wage workers (at least 35% of workers earn

\$56,000 per year or more) have higher average single and family premiums (\$6,025 and \$16,989) than covered workers in firms with a smaller percentage of higher-wage workers (\$5,760 and \$15,789) (Exhibits 1.5 and 1.6).

- There is considerable variation in premiums for both single and family coverage.
  - Twenty-one percent of covered workers are employed by firms that have a single premium at least 20% higher than the average single premium, while 22% of covered workers are in firms that have a single premium less than 80% of the average single premium (Exhibit 1.7 and 1.8).
  - For family coverage, 21% of covered workers are employed in a firm that has a family premium at least 20% higher than the average family premium, and another 21% of covered workers are in firms that have a family premium less than 80% of the average family premium (Exhibit 1.7 and 1.8).

### Premium Changes Over Time

- The average annual single premium (\$5,884) in 2013 is 5% higher than the average annual single premium in 2012 (\$5,615), and the average annual family premium (\$16,351) is 4% higher than the average annual family premium last year (\$15,745) (Exhibit 1.11).
  - The \$16,351 average annual family premium in 2013 is 29% higher than the average family premium in 2008 and 80% higher than the average family premium in 2003 (Exhibit 1.11).
  - Premiums for both small and large firms have seen a similar increase since 2008 (29%). For small firms (3 to 199 workers), the average family premium rose from \$12,091 in 2008 to \$15,581 in 2013. For large firms (200 or more workers), the average family premium rose from \$12,973 in 2008 to \$16,715 in 2013 (Exhibit 1.13).
  - Since 2003, premiums for small firms (3 to 199 workers) have increased 74% (\$15,581 in 2013 vs. \$8,946 in 2003). The premiums for large firms have increased 83% (\$16,715 in 2013 vs. \$9,127 in 2003) (Exhibit 1.13).
- For large firms (200 or more workers), the average family premium for covered workers in firms that are fully insured has grown at a similar rate to premiums for workers in fully or partially self-funded firms from 2008 to 2013 (28% in fully insured firms vs. 29% in self-funded firms) and from 2003 to 2013 (84% in fully insured firms vs. 83% in self-funded firms) (Exhibit 1.14).

**Exhibit 1.1**  
**Average Monthly and Annual Premiums for Covered Workers, Single and Family Coverage, by Plan Type, 2013**

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

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

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

**Exhibit 1.2**  
**Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Firm Size, 2013**

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

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

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

**Exhibit 1.3**  
**Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Region, 2013**

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

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

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

Exhibit 1.4 Average Monthly and Annual Premiums for Covered Workers, by Plan Type and Industry, 2013				
	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$431*	\$1,291	\$5,170*	\$15,496
Transportation/Communications/Utilities	532	1,506	6,385	18,069
Wholesale	NSD	NSD	NSD	NSD
Retail	420*	1,268	5,040*	15,216
Finance	491	1,436	5,889	17,236
Service	513	1,335	6,154	16,023
State/Local Government	563*	1,520*	6,758*	18,243*
Health Care	490	1,332	5,877	15,981
<b>ALL INDUSTRIES</b>	<b>\$502</b>	<b>\$1,379</b>	<b>\$6,029</b>	<b>\$16,543</b>
<b>PPO</b>				
Agriculture/Mining/Construction	\$480	\$1,353	\$5,761	\$16,239
Manufacturing	440*	1,281*	5,281*	15,369*
Transportation/Communications/Utilities	528	1,474	6,338	17,691
Wholesale	445*	1,316	5,340*	15,789
Retail	428*	1,238*	5,137*	14,852*
Finance	495	1,440	5,945	17,283
Service	521	1,412	6,253	16,940
State/Local Government	517	1,316	6,205	15,798
Health Care	553*	1,504*	6,633*	18,044*
<b>ALL INDUSTRIES</b>	<b>\$503</b>	<b>\$1,389</b>	<b>\$6,031</b>	<b>\$16,671</b>
<b>POS</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	NSD	NSD	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD	NSD	NSD
Wholesale	NSD	NSD	NSD	NSD
Retail	NSD	NSD	NSD	NSD
Finance	NSD	NSD	NSD	NSD
Service	\$534	\$1,418	\$6,414	\$17,019
State/Local Government	NSD	NSD	NSD	NSD
Health Care	534	1,418	6,405	17,015
<b>ALL INDUSTRIES</b>	<b>\$498</b>	<b>\$1,369</b>	<b>\$5,972</b>	<b>\$16,429</b>
<b>HDHP/SO</b>				
Agriculture/Mining/Construction	NSD	NSD	NSD	NSD
Manufacturing	\$424	\$1,292	\$5,088	\$15,502
Transportation/Communications/Utilities	489	1,486	5,864	17,832
Wholesale	442	1,240	5,303	14,880
Retail	403	1,007*	4,842	12,079*
Finance	373*	1,103*	4,473*	13,235*
Service	470	1,310	5,637	15,724
State/Local Government	446	1,260	5,348	15,120
Health Care	455	1,334	5,454	16,003
<b>ALL INDUSTRIES</b>	<b>\$442</b>	<b>\$1,269</b>	<b>\$5,306</b>	<b>\$15,227</b>
<b>ALL PLANS</b>				
Agriculture/Mining/Construction	\$460	\$1,284	\$5,517	\$15,410
Manufacturing	427*	1,257*	5,125*	15,082*
Transportation/Communications/Utilities	520	1,476*	6,237	17,709*
Wholesale	453*	1,334	5,435*	16,008
Retail	428*	1,222*	5,139*	14,667*
Finance	462	1,354	5,545	16,253
Service	510*	1,379	6,117*	16,546
State/Local Government	531*	1,375	6,366*	16,501
Health Care	524*	1,438*	6,292*	17,258*
<b>ALL INDUSTRIES</b>	<b>\$490</b>	<b>\$1,363</b>	<b>\$5,884</b>	<b>\$16,351</b>

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

NSD: Not Sufficient Data.

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

<b>Exhibit 1.5</b>			
<b>Average Annual Premiums for Covered Workers with Single Coverage, by Firm Characteristics, 2013</b>			
	<b>All Small Firms (3-199 Workers)</b>	<b>All Large Firms (200 or More Workers)</b>	<b>All Firms</b>
<b>Low Wage Level</b>			
Less Than 35% Earn \$23,000 a Year or Less	\$5,735	\$6,011*	\$5,922*
35% or More Earn \$23,000 a Year or Less	\$5,448	\$5,452*	\$5,450*
<b>High Wage Level</b>			
Less Than 35% Earn \$56,000 a Year or More	\$5,622	\$5,851	\$5,760*
35% or More Earn \$56,000 a Year or More	\$5,881	\$6,070	\$6,025*
<b>Unions</b>			
Firm Has At Least Some Union Workers	\$6,646*	\$6,104	\$6,151*
Firm Does Not Have Any Union Workers	\$5,614*	\$5,845	\$5,742*
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	\$5,728	\$6,023*	\$5,929*
35% or More Workers Are Age 26 or Younger	\$5,480	\$4,984*	\$5,166*
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	\$5,470*	\$5,698*	\$5,622*
35% or More Workers Are Age 50 or Older	\$6,096*	\$6,336*	\$6,263*
<b>Funding Arrangement</b>			
Fully Insured	\$5,572*	\$6,008	\$5,703*
Self-Funded	\$6,456*	\$5,958	\$5,999*
<b>Firm Ownership</b>			
Private For-Profit	\$5,319*	\$5,583*	\$5,490*
Public	\$6,669*	\$6,602*	\$6,612*
Private Not-For-Profit	\$6,401*	\$6,371*	\$6,382*
<b>ALL FIRMS</b>	<b>\$5,711</b>	<b>\$5,967</b>	<b>\$5,884</b>
*Estimates are statistically different from each other within firm size category (p<.05).			
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.			

**Exhibit 1.6**  
**Average Annual Premiums for Covered Workers with Family Coverage, by Firm Characteristics, 2013**

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

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

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

## Exhibit 1.7 Distribution of Annual Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2013



NOTE: The average annual premium is \$5,884 for single coverage and \$16,351 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,707 is 80% of the average single premium, \$5,296 is 90% of the average single premium, \$6,473 is 110% of the average single premium, and \$7,061 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

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



**Exhibit 1.8****Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2013**

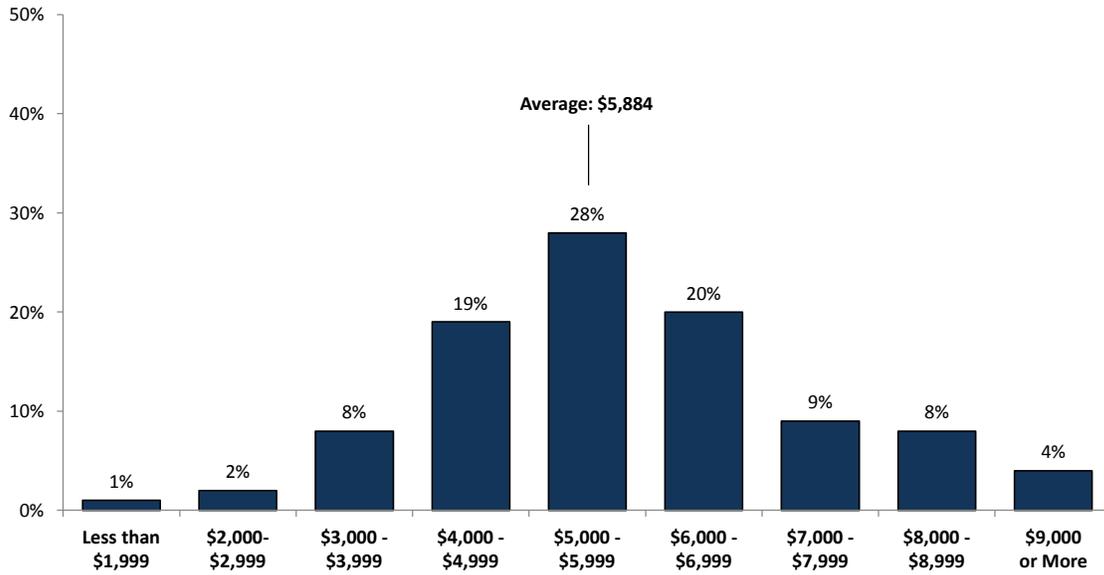
Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less Than \$4,707	22%	Less Than \$13,081	21%
80% to Less Than 90%	\$4,707 to <\$5,296	15%	\$13,081 to <\$14,716	15%
90% to Less Than Average	\$5,296 to <\$5,884	18%	\$14,716 to <\$16,351	15%
Average to Less Than 110%	\$5,884 to <\$6,473	12%	\$16,351 to <\$17,986	17%
110% to Less Than 120%	\$6,473 to <\$7,061	11%	\$17,986 to <\$19,622	11%
120% or More	\$7,061 or More	21%	\$19,622 or More	21%

Note: The average annual premium is \$5,884 for single coverage and \$16,351 for family coverage. The premium distribution is relative to the average single or family premium. For example, \$4,707 is 80% of the average single premium, \$5,296 is 90% of the average single premium, \$6,473 is 110% of the average single premium, and \$7,061 is 120% of the average single premium. The same break points relative to the average are used for the distribution for family coverage.

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

### Exhibit 1.9 Distribution of Annual Premiums for Covered Workers with Single Coverage, 2013

Percentage of Covered Workers:

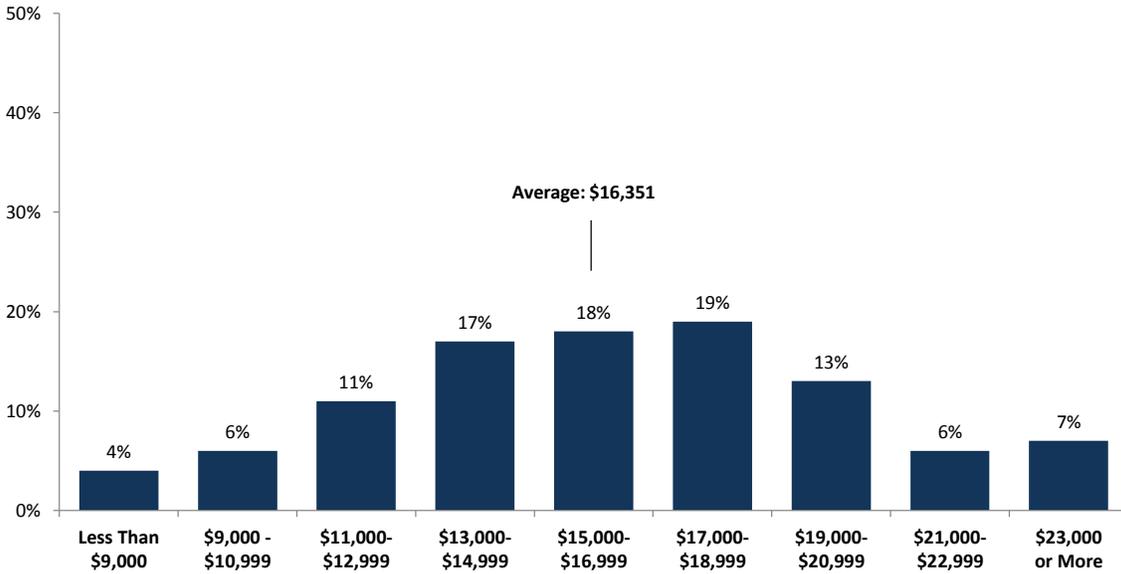


SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.



### Exhibit 1.10 Distribution of Annual Premiums for Covered Workers with Family Coverage, 2013

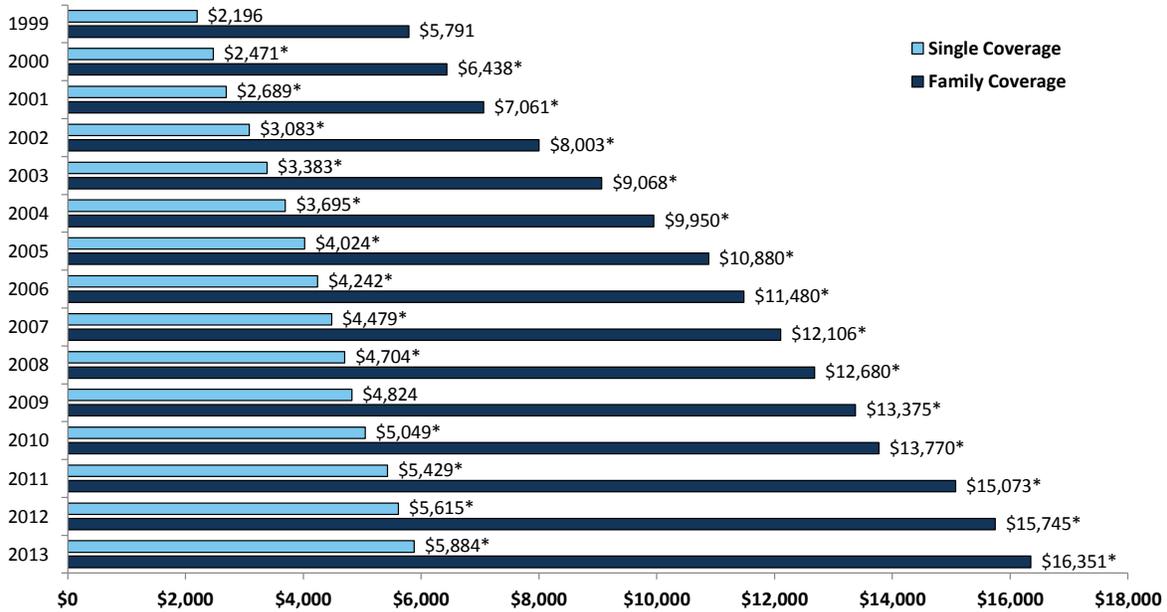
Percentage of Covered Workers:



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



### Exhibit 1.11 Average Annual Premiums for Single and Family Coverage, 1999-2013



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

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



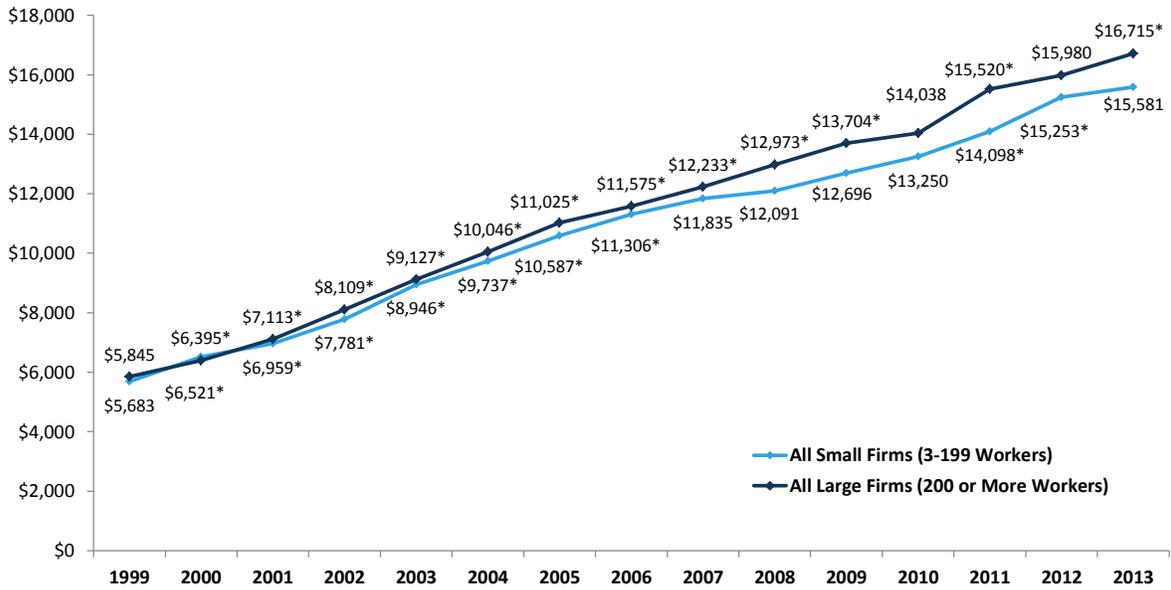
**Exhibit 1.12**  
**Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999-2013**

	All Small Firms (3-199 Workers)	All Large Firms (200 or More Workers)
1999	\$5,683	\$5,845
2000	\$6,521	\$6,395
2001	\$6,959	\$7,113
2002*	\$7,781	\$8,109
2003	\$8,946	\$9,127
2004	\$9,737	\$10,046
2005*	\$10,587	\$11,025
2006	\$11,306	\$11,575
2007	\$11,835	\$12,233
2008*	\$12,091	\$12,973
2009*	\$12,696	\$13,704
2010*	\$13,250	\$14,038
2011*	\$14,098	\$15,520
2012*	\$15,253	\$15,980
2013*	\$15,581	\$16,715

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

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

**Exhibit 1.13**  
**Average Annual Premiums for Covered Workers with Family Coverage, by Firm Size, 1999-2013**



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

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



**Exhibit 1.14**  
**Among Workers in Large Firms (200 or More Workers), Average Annual Health Insurance Premiums for Family Coverage, by Funding Arrangement, 1999-2013**

Funding Arrangement	Fully Insured	Self-Funded
1999	\$5,769	\$5,896
2000	\$6,315*	\$6,430*
2001	\$7,169*	\$7,086*
2002	\$7,950*	\$8,192*
2003	\$9,070*	\$9,149*
2004	\$10,217*	\$9,984*
2005	\$10,870*	\$11,077*
2006	\$11,222	\$11,673*
2007	\$11,968*	\$12,315*
2008	\$13,029*	\$12,956*
2009	\$13,870*	\$13,655*
2010	\$14,678*	\$13,903
2011	\$15,533*	\$15,517*
2012	\$16,292*	\$15,907
2013	\$16,694	\$16,719*

\* 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.

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

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Health  
Benefits  
Offer Rates

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SECTION

2

## Section Two: Health Benefits Offer Rates

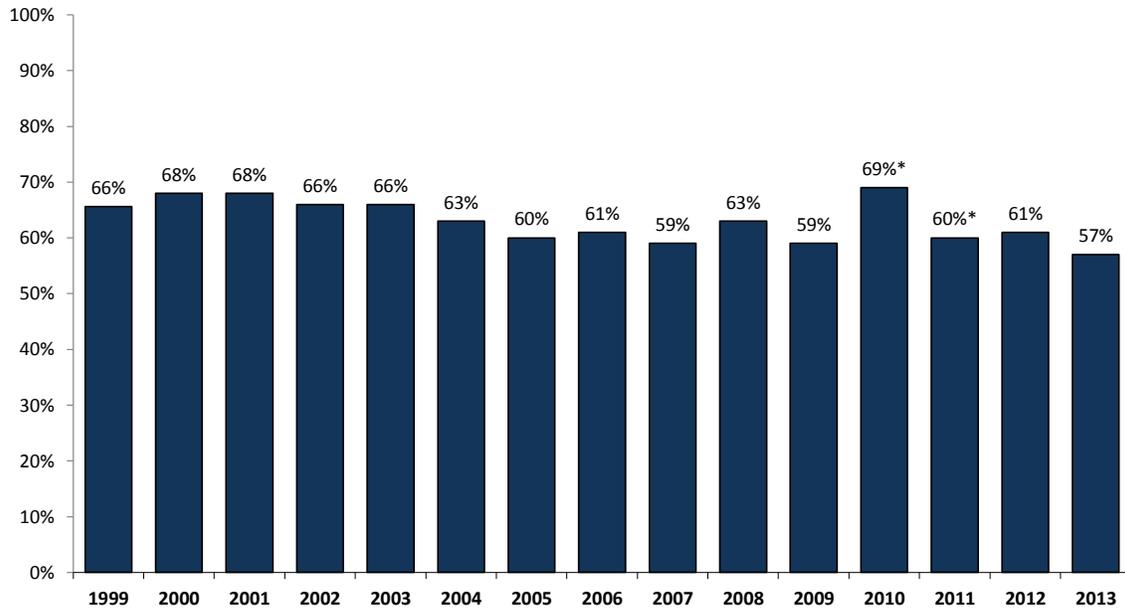
While nearly all large firms (200 or more workers) offer health benefits, small firms (3-199 workers) are significantly less likely to do so. The percentage of all firms offering health benefits in 2013 (57%) is statistically unchanged from 2012 and 2011 (61% and 60%).

- In 2013, 57% of firms offer health benefits, statistically unchanged from the 61% reported in 2012 (Exhibit 2.1).
  - Similar to 2012, 99% of large firms (200 or more workers) offer health benefits to at least some of their workers (Exhibit 2.2). In contrast, only 57% of small firms (3-199 workers) offer health benefits in 2013.
  - Between 1999 and 2013, the offer rate for large firms (200 or more workers) has consistently remained at or above 97%. Since most firms in the country are small, variation in the overall offer rate is driven primarily by changes in the percentages of the smallest firms (3-9 workers) offering health benefits.
- Offer rates vary across different types of firms.
  - Smaller firms are less likely to offer health insurance: 45% of firms with 3 to 9 workers offer coverage, compared to 68% of firms with 10 to 24 workers, 85% of firms with 25 to 49 workers, and 91% of firms with 50 to 199 employees (Exhibit 2.3).
  - Offering rates throughout different firm size categories in 2013 remained similar to those in 2012 (Exhibit 2.2).
  - Firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are significantly more likely to offer health insurance than firms with many lower-wage workers (35% or more of workers earn \$23,000 or less annually) (60% vs. 23%) (Exhibit 2.4). The offer rate for firms with many lower-wage workers is not significantly different from the 28% reported in 2012. We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$56,000 or more annually) (Exhibit 2.4).
  - The age of the workforce significantly affects the probability of a firm offering health benefits. Firms where 35% or more of its workers are age 26 or younger are less likely to offer health benefits than firms where less than 35% of workers are age 26 or younger (23% and 59%, respectively) (Exhibit 2.4).
- Among firms offering health benefits, relatively few offer benefits to their part-time and temporary workers.

- In 2013, 25% of all firms that offer health benefits offer them to part-time workers, similar to the 28% reported in 2012 (Exhibit 2.5). Offering firms with 200 or more workers are more likely to offer health benefits to part-time employees than firms with 3 to 199 workers (47% vs. 25%) (Exhibit 2.7).
- Consistently, a very small percentage (3% in 2013) of firms offering health benefits have offered them to temporary workers (Exhibit 2.6). The percentage of firms offering temporary workers benefits is similar for small firms (3-199 workers) and large firms (200 or more workers) (3% vs. 6%) (Exhibit 2.8). The percentage of firms offering health benefits to temporary workers has been stable over time.

### Firms Not Offering Health Benefits

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

**Exhibit 2.1****Percentage of Firms Offering Health Benefits, 1999–2013**

\* 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.

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



**Exhibit 2.2**  
**Percentage of Firms Offering Health Benefits, by Firm Size, 1999-2013**

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

\* 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.

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

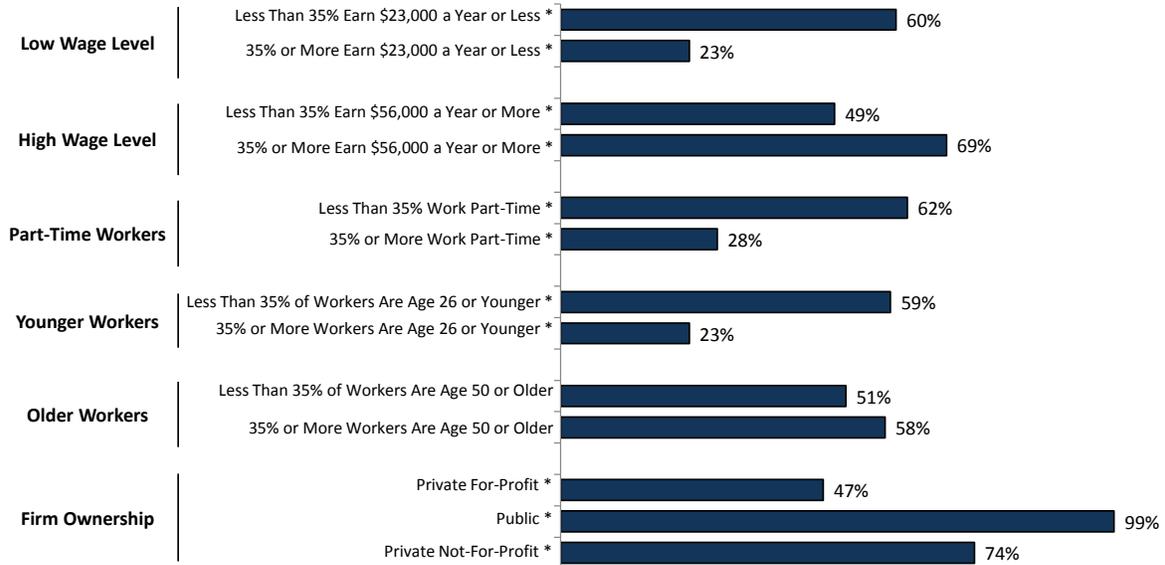
**Exhibit 2.3**  
**Percentage of Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2013**

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

\* 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.

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

**Exhibit 2.4****Percentage of Firms Offering Health Benefits, by Firm Characteristics, 2013**

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

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

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



**Exhibit 2.5****Among Firms Offering Health Benefits, Percentage that Offer Health Benefits to Part-Time Workers, by Firm Size, 1999-2013**

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

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

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

Exhibit 2.6

## Among Firms Offering Health Benefits, Percentage that Offer Health Benefits to Temporary Workers, by Firm Size, 1999-2013

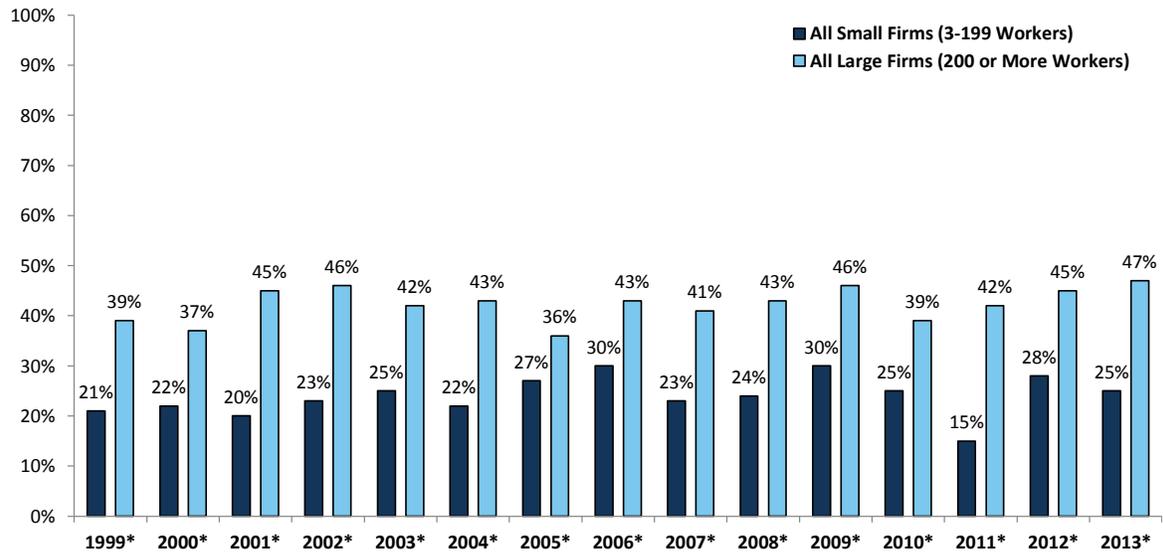
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>FIRM SIZE</b>															
3-24 Workers	5%	2%	4%	3%	1%	4%	2%	3%	2%	3%	4%	1%	4%	2%	2%
25-199 Workers	3	7	3	4	4	3	5	4	4	3	3	4	4	2	5
200-999 Workers	3	9	6	5	9	8	5	5	7	4	4	6	6	6	6
1,000-4,999 Workers	7	8	9	8	7	6	5	9	9	7	7	8	5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

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

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

### Exhibit 2.7

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



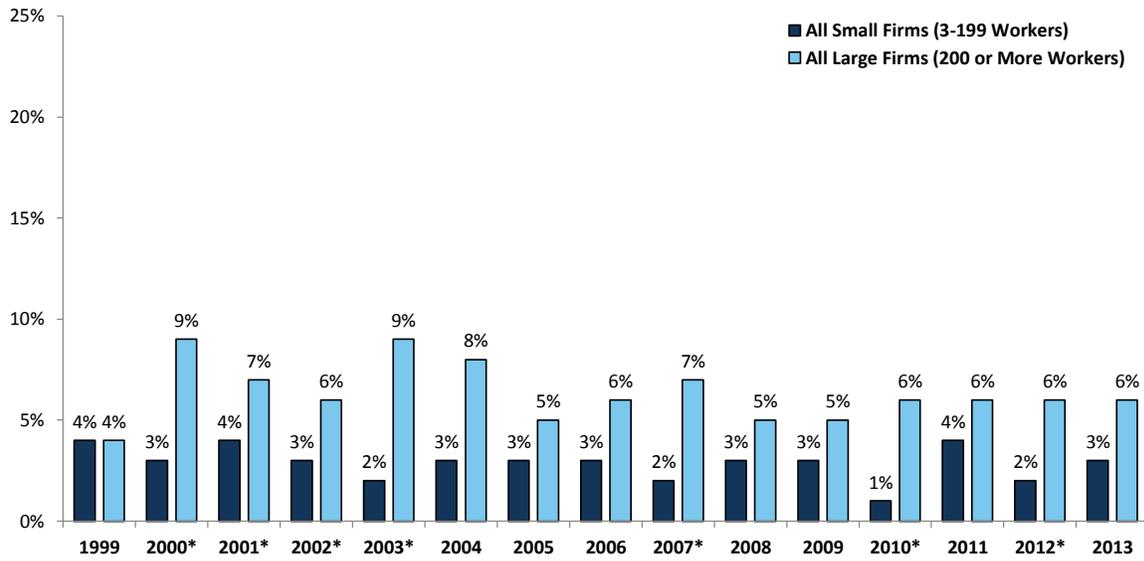
\* Estimate is statistically different between All Small Firms and All Large Firms within year ( $p < .05$ ).

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



### Exhibit 2.8

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



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

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

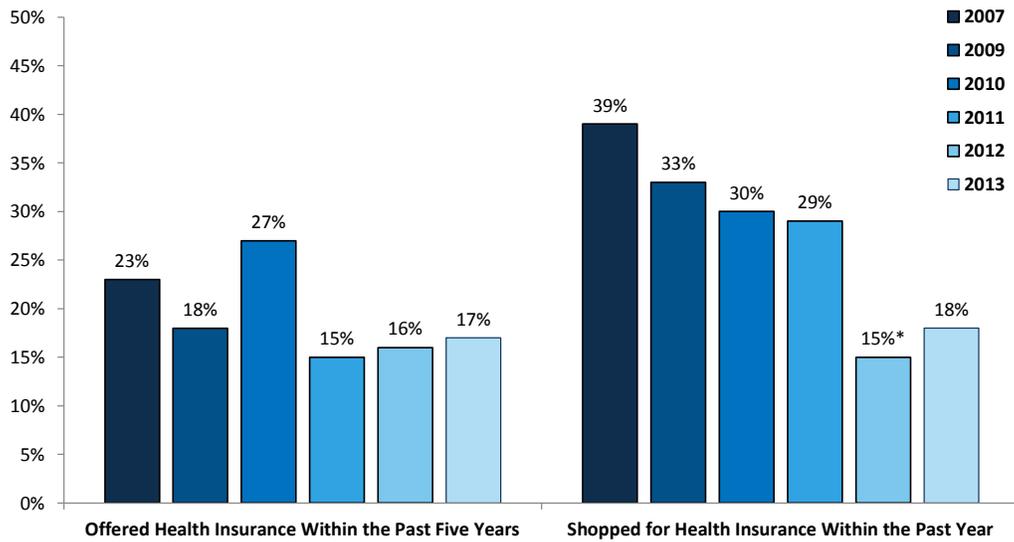


**Exhibit 2.9**  
**Among Small Firms (3-199 Workers) Not Offering Health Benefits, the Most Important Reason for Not Offering, 2013**

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

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

### Exhibit 2.10 Among Small Firms (3-199 Workers) Not Offering Health Benefits, Percentage That Report the Following Activities Regarding Health Benefits, 2007-2013



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

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



**Exhibit 2.11**  
**Among Small Firms (3-199 Workers) Not Offering Health Benefits,**  
**Percentage That Provide Employees Funds to Purchase Non-Group**  
**Insurance, 2013**

<b>FIRM SIZE</b>	
3-9 Workers	8%
10-199 Workers	16
<b>All Small Firms (3-199 Workers)</b>	<b>10%</b>

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

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

EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

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Employee  
Coverage,  
Eligibility, and  
Participation

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SECTION

3

## Section Three: Employee Coverage, Eligibility, and Participation

Employers are the principal source of health insurance in the United States, providing health benefits for about 149 million nonelderly people in America.<sup>1</sup> 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 choose to elect coverage through their spouse's employer, or they may refuse coverage from their firm.

- 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, 56% of workers are covered under their employer's plan (Exhibit 3.1). This coverage rate has remained stable over time.

### Eligibility

- Not all employees are eligible for the health benefits offered by their firm, and not all eligible employees take up 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" (i.e., elect to participate in) 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 (80% vs. 61%). We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$56,000 or more annually) (84% 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 are workers in firms with many younger workers, at 78% versus 63% (Exhibit 3.3).

<sup>1</sup> Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, The Uninsured: A Primer: Key Facts About Americans Without Health Insurance, October 2012. <http://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.

## Take-up Rate

- Employees who are offered health benefits generally elect to take up the coverage. In 2013, 80% of eligible workers take up coverage when it is offered to them, which is similar to the 81% reported last year (Exhibit 3.2).<sup>2</sup>
  - The likelihood of a worker accepting a firm's offer of coverage also varies by workforce 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) (68%) (Exhibit 3.4). Similar patterns are seen in firms with a higher proportion of younger workers, with workers in these firms being less likely to take up coverage than those in firms with a smaller share of younger workers (70% vs. 81%).
  - Almost nine out of ten workers at public employers who offer health benefits take up coverage (89%). However, workers at private for-profit employers are significantly less likely to do so – only 77% of these workers take up coverage (Exhibit 3.4).

## 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 74% 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 (68% vs. 38%) (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 (65% vs. 41%) (Exhibit 3.5). A comparable pattern exists in firms with a larger proportion of higher wage workers (35% or more earn \$56,000 or more annually) offering health benefits.
- 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 workers in firms with many younger workers (63% vs. 44%) (Exhibit 3.5).

<sup>2</sup> 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.

### Average Waiting Periods

- Seventy-seven 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 74% (Exhibit 3.7). Workers in the Northeast are less likely to face a wait for coverage than all other regions (70%).
- The average waiting period among covered workers who face a waiting period is 1.8 months (Exhibit 3.7). While 30% of covered workers face a waiting period of 3 months or more, only 9% 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 3.8).
- Ninety-one percent of covered workers at firms with many lower wage workers (firms where more than 35% of the workforce makes \$23,000 or less) compared to 76% at firms with few lower-wage workers face a waiting period before coverage is available.

**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, 1999-2013**

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

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

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

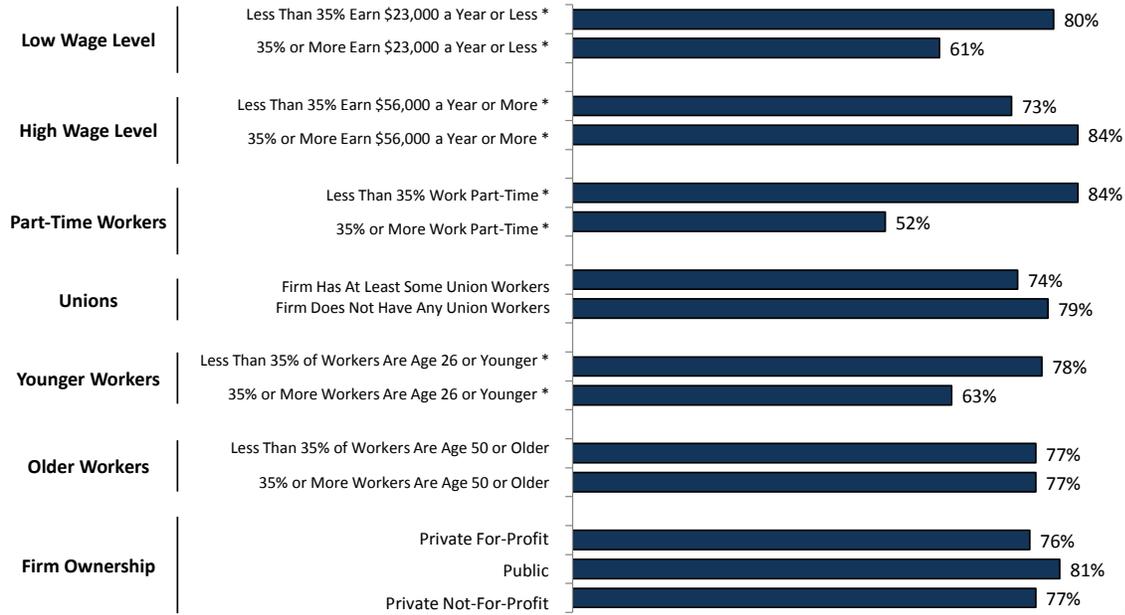
**Exhibit 3.2**  
**Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2013**

	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
<b>FIRM SIZE</b>			
3-24 Workers	84%*	75%*	63%
25-49 Workers	81	77	63
50-199 Workers	77	80	61
200-999 Workers	79	82	64
1,000-4,999 Workers	81	83*	67*
5,000 or More Workers	73	80	59
<b>All Small Firms (3-199 Workers)</b>	<b>80%*</b>	<b>77%*</b>	<b>62%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>76%*</b>	<b>81%*</b>	<b>62%</b>
<b>REGION</b>			
Northeast	75%	77%*	58%
Midwest	75	78*	58
South	78	82	64
West	80%	82%	65%
<b>INDUSTRY</b>			
Agriculture/Mining/Construction	77%	78%	60%
Manufacturing	89*	82	73*
Transportation/Communications/Utilities	84	88*	74*
Wholesale	90*	78	71*
Retail	56*	67*	37*
Finance	88*	84*	74*
Service	75	78*	58*
State/Local Government	80	91*	73
Health Care	78%	80%	62%
<b>ALL FIRMS</b>	<b>77%</b>	<b>80%</b>	<b>62%</b>

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

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

### Exhibit 3.3 Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2013

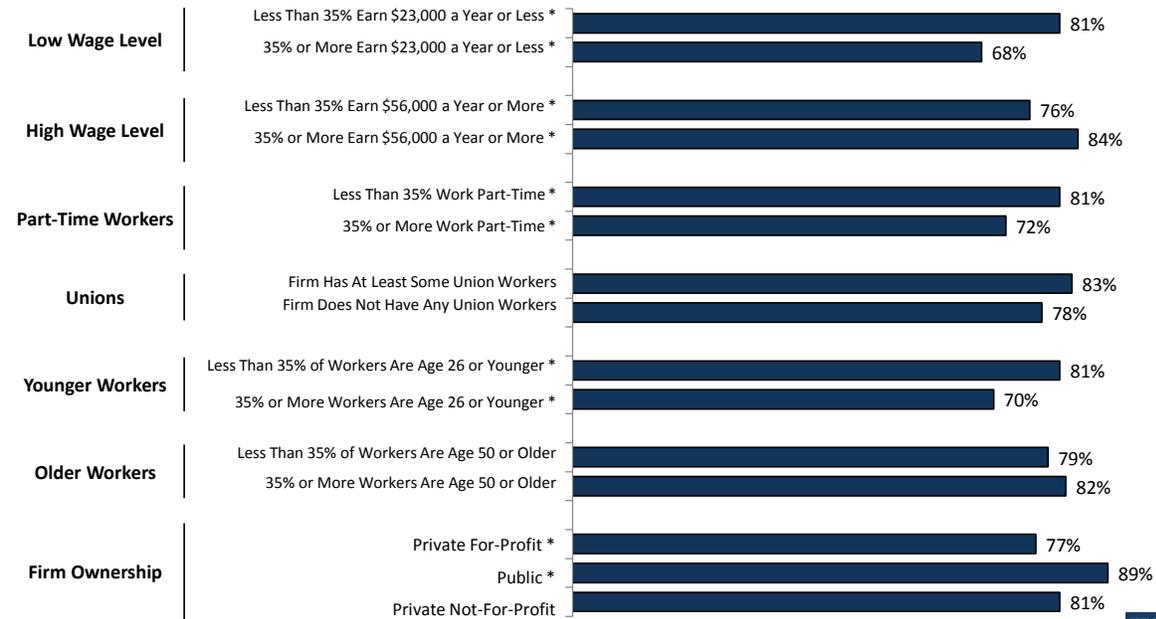


\* Estimates are statistically different from each other within category (p<.05).

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



### 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, 2013

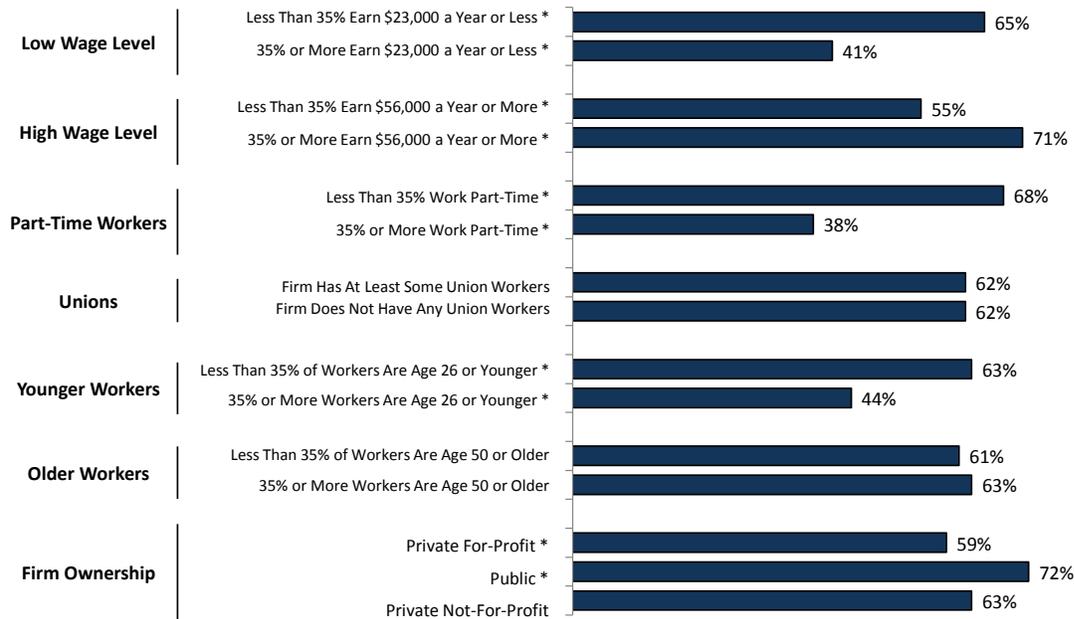


\* Estimates are statistically different from each other within category (p<.05).

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



### Exhibit 3.5 Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2013



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

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



**Exhibit 3.6**  
**Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999-2013**

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

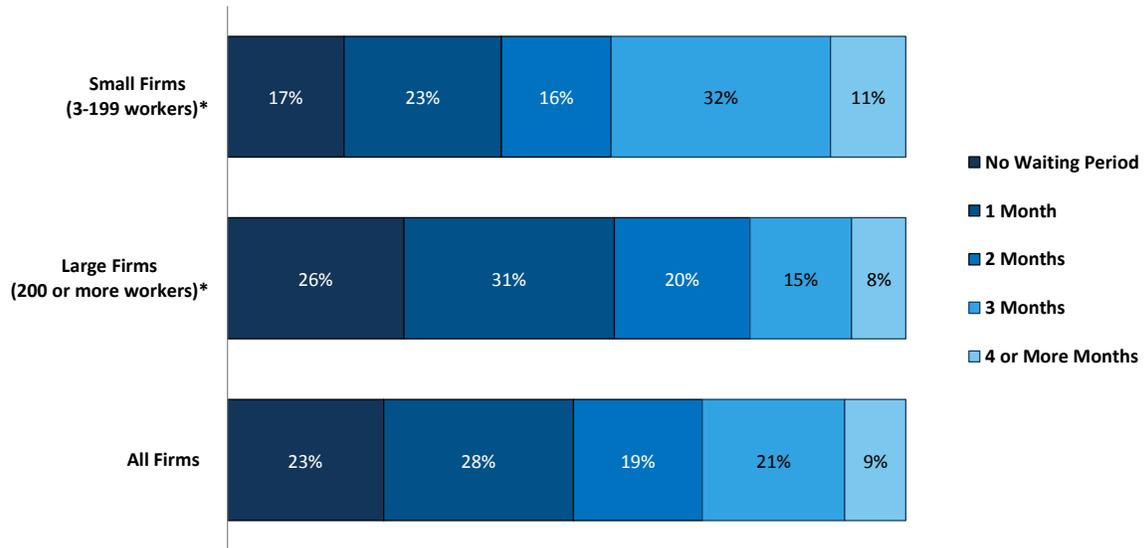
\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

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.

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

<b>Exhibit 3.7</b>		
<b>Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2013</b>		
	Percentage of Covered Workers in Firms with a Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
<b>FIRM SIZE</b>		
All Small Firms (3-199 Workers)	83%*	2.1*
All Large Firms (200 or More Workers)	74%*	1.6*
<b>REGION</b>		
Northeast	70%*	1.8
Midwest	80	1.6
South	78	1.7
West	78	2.0
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	84%	2.3*
Manufacturing	75	1.5
Transportation/Communications/Utilities	64	1.1*
Wholesale	85	1.9
Retail	94*	3.8
Finance	72	1.3*
Service	76	1.7
State/Local Government	54*	1.0*
Health Care	89*	1.9
<b>ALL FIRMS</b>	<b>77%</b>	<b>1.8</b>
* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category (p<.05).		
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.		

### Exhibit 3.8 Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2013



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

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



EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Types of  
Plans  
Offered

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SECTION

4

## Section Four: Types of Plans Offered

Most firms that offer health benefits offer only one type of health plan (87%) (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.

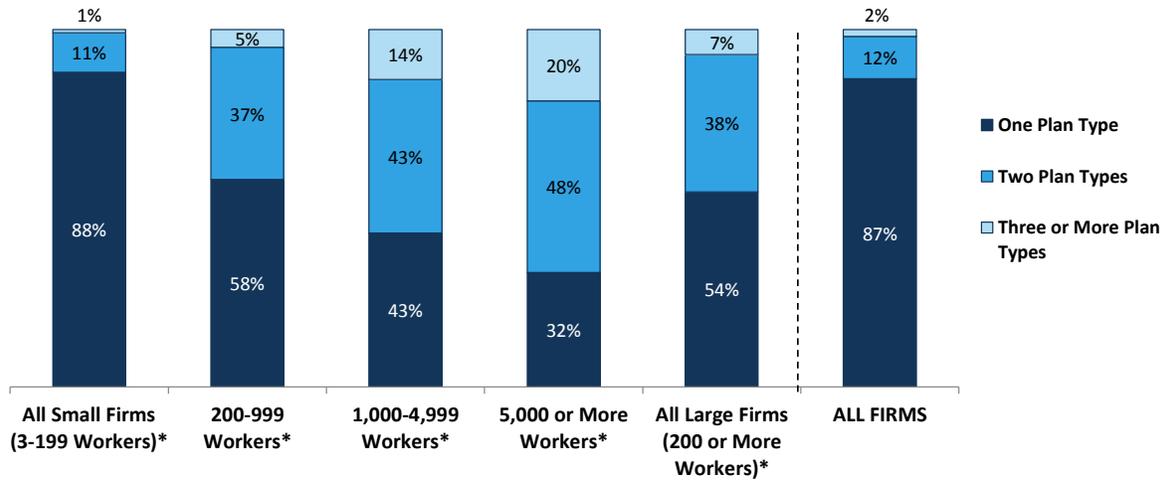
- Eighty-seven percent of firms offering health benefits in 2013 offer only one type of health plan. Large firms (200 or more workers) are more likely to offer more than one plan type than small firms (3-199 workers): 46% vs. 12%.
- Over half (52%) of covered workers are employed in a firm that offers more than one health plan type. Sixty-five 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).
- Three quarters (76%) of covered workers in firms offering health benefits work in a firm that offers one or more PPO plans; 43% work in firms that offer one or more HDHP/SOs; 34% work in firms that offer one or more HMO plans; 13% work in firms that offer one or more POS plans; and 4% work in firms that offer one or more conventional plans (Exhibit 4.4).<sup>1</sup>

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.

<sup>1</sup> 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, 2013



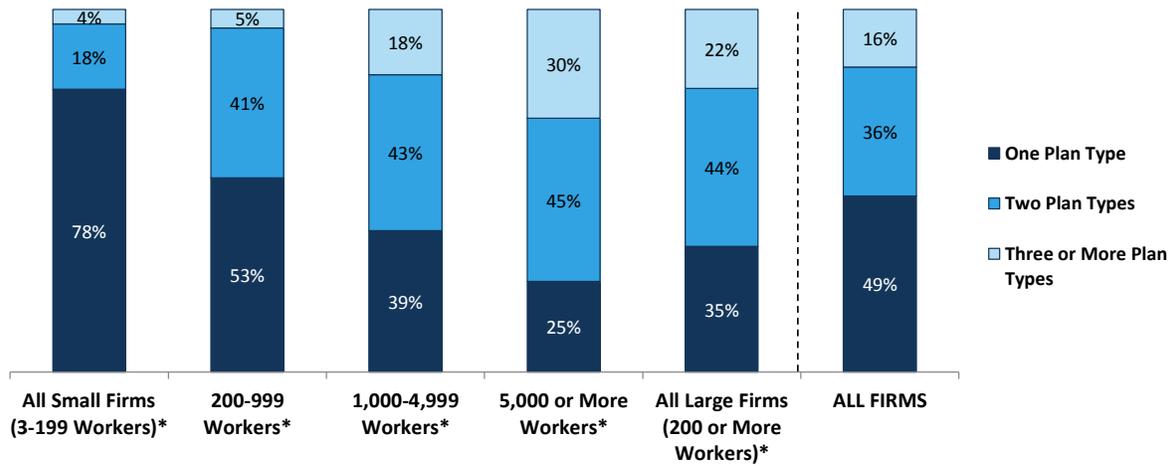
\*Distribution is statistically different from distribution for all other firms not in the indicated size category ( $p < .05$ ).

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.

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



### Exhibit 4.2 Percentage of Covered Workers in Firms Offering One, Two, or Three or More Plan Types, by Firm Size, 2013



\*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.

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



**Exhibit 4.3**  
**Among Firms Offering Health Benefits, Percentage of Firms That Offer the Following Plan Types, by Firm Size, 2013**

<b>FIRM SIZES</b>	<b>Conventional</b>	<b>HMO</b>	<b>PPO</b>	<b>POS</b>	<b>HDHP/SO</b>
3-24 Workers	2%	15%	48%	25%	20%*
25-199 Workers	2	24	53	19	30*
200-999 Workers	<1	23	72*	14*	39*
1,000-4,999 Workers	2	30*	86*	11*	41*
5,000 or More Workers	7	39*	86*	8*	51*
<b>All Small Firms (3-199 Workers)</b>	<b>2%</b>	<b>17%*</b>	<b>49%*</b>	<b>24%*</b>	<b>22%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>1%</b>	<b>25%*</b>	<b>75%*</b>	<b>13%*</b>	<b>40%*</b>
<b>ALL FIRMS</b>	<b>2%</b>	<b>17%</b>	<b>50%</b>	<b>23%</b>	<b>23%</b>

\* 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.

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

**Exhibit 4.4**  
**Among Firms Offering Health Benefits, Percentage of Covered Workers in Firms That Offer the**  
**Following Plan Types, by Firm Size, 2013**

<b>FIRM SIZES</b>	<b>Conventional</b>	<b>HMO</b>	<b>PPO</b>	<b>POS</b>	<b>HDHP/SO</b>
3-199 Workers	2%	21%*	55%*	19%*	29%*
200-999 Workers	<1*	24*	79	11	39
1,000-4,999 Workers	2	33	87*	13	44
5,000 or More Workers	9*	49*	89*	7*	57*
<b>All Small Firms (3-199 Workers)</b>	<b>2%</b>	<b>21%*</b>	<b>55%*</b>	<b>19%*</b>	<b>29%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>5%</b>	<b>40%*</b>	<b>86%*</b>	<b>9%*</b>	<b>50%*</b>
<b>ALL FIRMS</b>	<b>4%</b>	<b>34%</b>	<b>76%</b>	<b>13%</b>	<b>43%</b>

\* 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.

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

**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, 2013**

<b>FIRM SIZES</b>	Conventional	HMO	PPO	POS	HDHP/SO
All Small Firms (3-199 Workers)	1%*	10%*	49%*	17%*	22%
All Large Firms (200 or More Workers)	0%*	3%*	72%*	6%*	18%
<b>ALL FIRMS</b>	<b>&lt;1%</b>	<b>7%</b>	<b>60%</b>	<b>12%</b>	<b>20%</b>

\* 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.

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

EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

Market  
Shares of  
Health Plans

SECTION

5

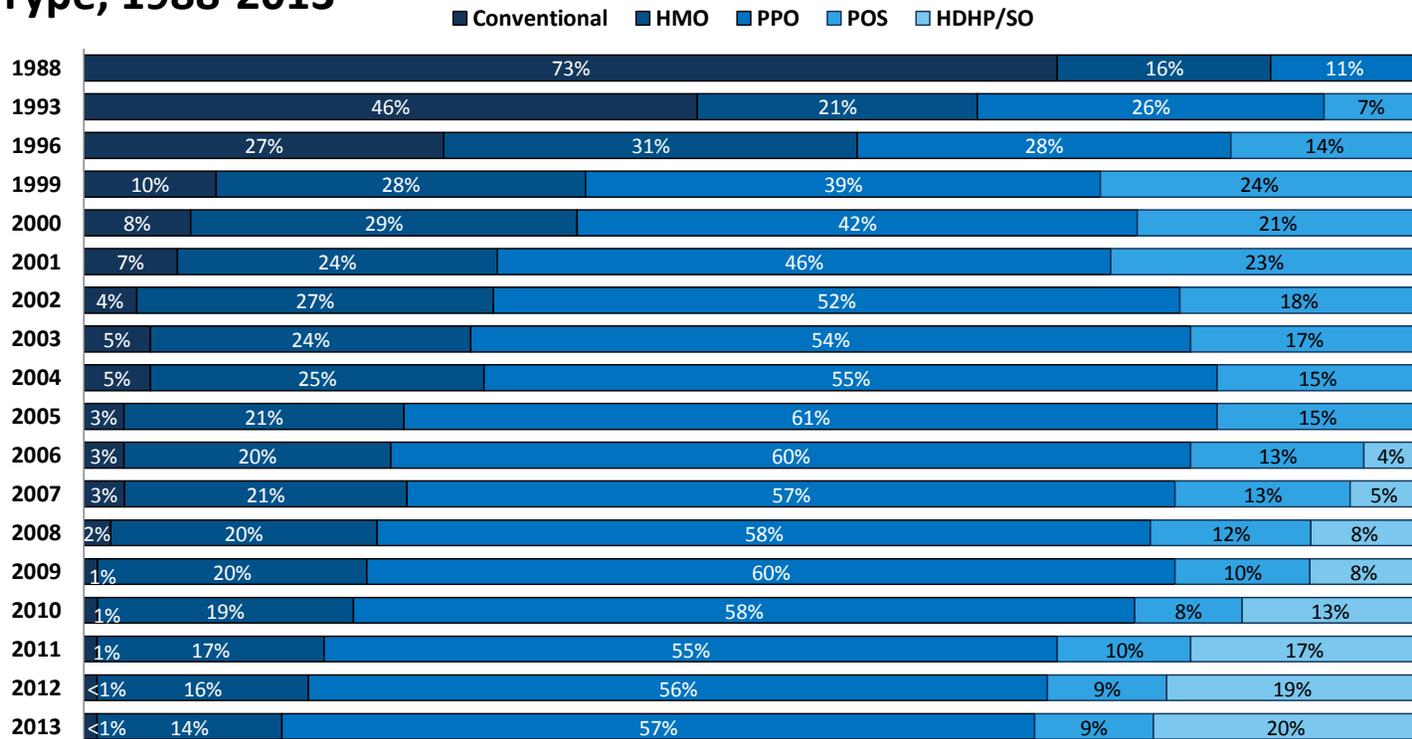
## Section Five: Market Shares of Health Plans

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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 (62% vs. 47%) and POS plans are relatively more popular among smaller firms than large firms (16% vs. 5%).

- Fifty-seven percent of covered workers are enrolled in PPOs, followed by HDHP/SOs (20%), HMOs (14%), POS plans (9%), 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), there has been a similar level of enrollment over the past two years (19% in 2012 and 20% in 2013) (Exhibit 5.1).
- Enrollment in HMO plans is similar to 2012, but has declined significantly since 2011.
- Plan enrollment patterns vary by firm size. Workers in large firms (200 or more workers) are more likely than workers in small firms (3-199 workers) to enroll in PPOs (62% vs. 47%). Workers in small firms are more likely than workers in large firms to enroll in POS plans (16% vs. 5%) (Exhibit 5.3).
- Plan enrollment patterns also differ across regions.
  - HMO enrollment is significantly higher in the West (25%) and significantly lower in the South (10%) and Midwest (7%) (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 (49%) 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).

## Exhibit 5.1 Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988-2013

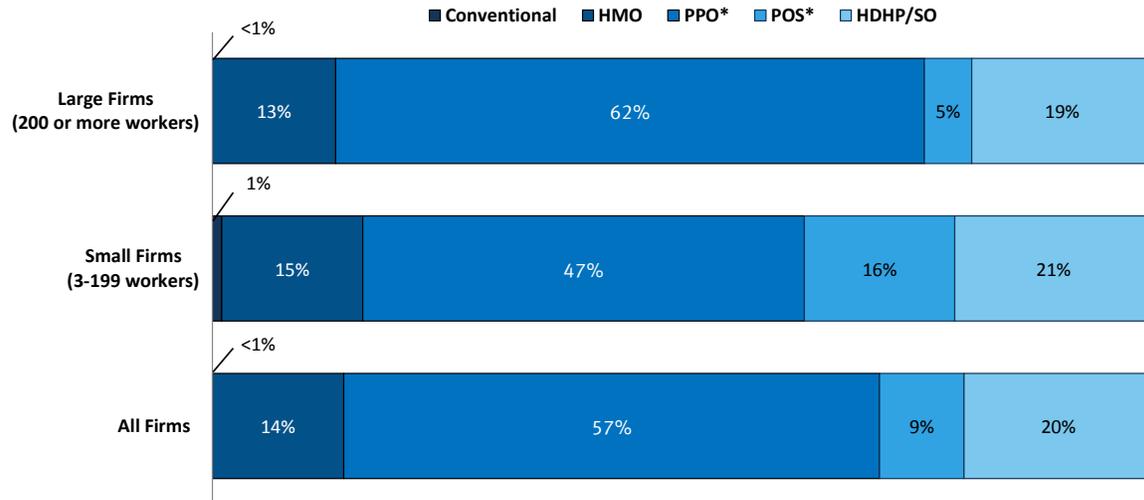


NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey 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, 1999-2013; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.



### Exhibit 5.2 Distribution of Health Plan Enrollment for Covered Workers, by Plan Type and Firm Size, 2013



\*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 and All Firms are enrolled in a conventional plan.

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



**Exhibit 5.3**  
**Distribution of Health Plan Enrollment for Covered Workers, by Firm Size, Region, and Industry, 2013**

	Conventional	HMO	PPO	POS	HDHP/SO
<b>FIRM SIZE</b>					
3-24 Workers	1%	13%	44%*	19%*	23%
25-49 Workers	0*	24*	41*	10	25
50-199 Workers	1	12	53	17*	17
200-999 Workers	<1*	15	61	7	18
1,000-4,999 Workers	1	14	63	6	17
5,000 or More Workers	<1	13	63*	4*	20
<b>All Small Firms (3-199 Workers)</b>	<b>1%</b>	<b>15%</b>	<b>47%*</b>	<b>16%*</b>	<b>21%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>&lt;1%</b>	<b>13%</b>	<b>62%*</b>	<b>5%*</b>	<b>19%</b>
<b>REGION</b>					
Northeast	<1%	15%	53%	12%	20%
Midwest	<1	7*	56	10	27*
South	<1	10*	66*	7	16
West	1	25*	49*	8	17
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	1%	10%	54%	19%	16%
Manufacturing	<1	6*	55	13	26
Transportation/Communications/Utilities	1	18	62	2*	17
Wholesale	0*	10	55	10	25
Retail	<1*	12	65	7	15
Finance	<1*	12	54	6	28
Service	1	15	55	8	22
State/Local Government	<1*	17	70*	8	5*
Health Care	1	18	56	10	16
<b>ALL FIRMS</b>	<b>&lt;1%</b>	<b>14%</b>	<b>57%</b>	<b>9%</b>	<b>20%</b>

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

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

EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

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Worker and  
Employer  
Contributions  
for Premiums

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SECTION

6

## Section Six: Worker and Employer Contributions for Premiums

Premium contributions by covered workers average 18% for single coverage and 29% for family coverage.<sup>1</sup> The average monthly worker contributions are \$83 for single coverage (\$999 annually) and \$380 for family coverage (\$4,565 annually). These percentage and dollar values are similar to the values reported in 2012.

- In 2013, covered workers on average contribute 18% of the premium for single coverage and 29% of the premium for family coverage, similar to the contribution percentages reported for 2012 (Exhibit 6.1). The premium contributions have remained stable over the last three years for both single and family coverage.
- On average, workers with single coverage contribute \$83 per month (\$999 annually), and workers with family coverage contribute \$380 per month (\$4,565 annually), towards their health insurance premiums, similar to the amounts reported in 2012 (Exhibit 6.2, Exhibit 6.3, and Exhibit 6.4).
  - Worker contributions in HDHP/SOs are lower than the overall average worker contributions for family coverage (\$3,649 vs. \$4,565) (Exhibit 6.5). Similarly, covered workers enrolled in HDHP/SO plans contribute less on average for family coverage than covered workers enrolled in other plan types (\$3,649 vs. \$4,787).
  - Worker contributions in POS plans are higher for family coverage (\$5,590) compared to the overall worker contribution for 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), \$862 vs. \$1,065. In contrast, workers in small firms with family coverage contribute significantly more annually than workers with family coverage in large firms (\$5,284 vs. \$4,226) (Exhibit 6.8).
- There is a great deal of variation in worker contributions to premiums.
  - Twenty-seven percent of covered workers contribute \$1,399 or more annually (140% or more of the average worker contribution) for single coverage, while 15% of covered workers have an annual worker contribution of less than \$600 (less than 60% of the average worker contribution) (Exhibit 6.14).

<sup>1</sup> 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.

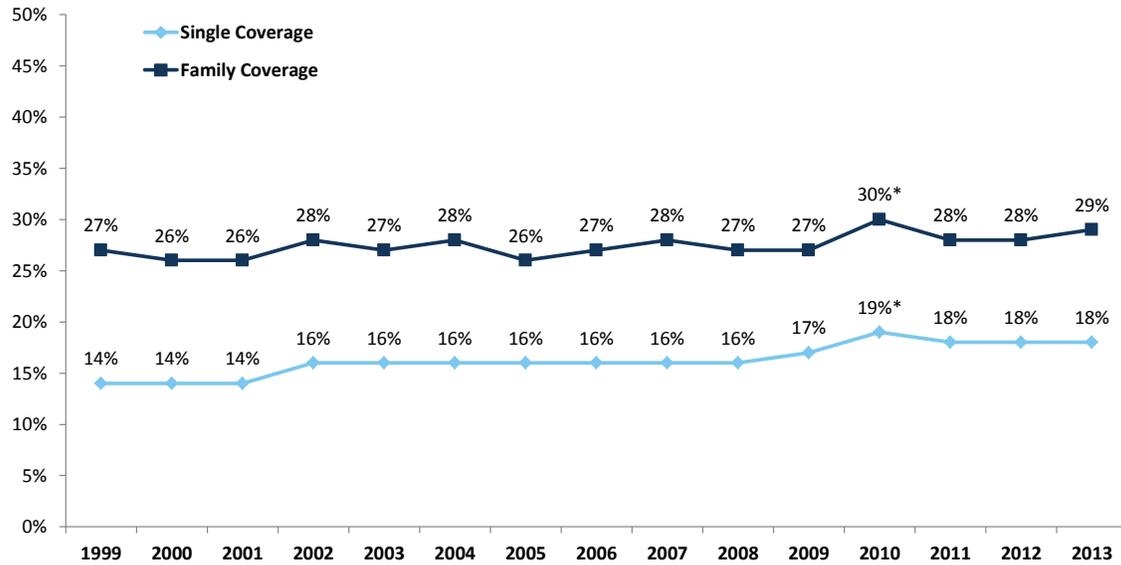
- For family coverage, 21% of covered workers contribute \$6,392 or more annually (140% or more of the average worker contribution), while 20% of covered workers have an annual worker contribution of less than \$2,739 (less than 60% of the average worker contribution) (Exhibit 6.14).
- The majority of 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 6.15).
  - 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 6.16). For family coverage, 14% percent 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).
  - Four percent of covered workers in small firms (3-199 workers) contribute more than 50% of the premium for single coverage, compared to less than one percent of covered workers in large firms (200 or more workers) (Exhibit 6.16). 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 6% of covered workers in large firms (Exhibit 6.17).
- 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 (39% vs. 29%).
  - 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 (23% vs. 33%) (Exhibit 6.20).
  - 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 (25% vs. 32%)<sup>2</sup> (Exhibit 6.20).
- Among firms offering health benefits with fewer than 20 employees, 41% contribute different dollar amounts toward premiums for different employees (Exhibit 6.25). Employer may contribute different amounts to different employees based for a variety of reasons, including workers' age, smoking status, seniority, job title or location.

<sup>2</sup> 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 97 percent since 2003 and 39% since 2008. Covered workers' contributions to family coverage have increased 89% since 2003 and 36% since 2008.

**Exhibit 6.1**  
**Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 1999-2013**

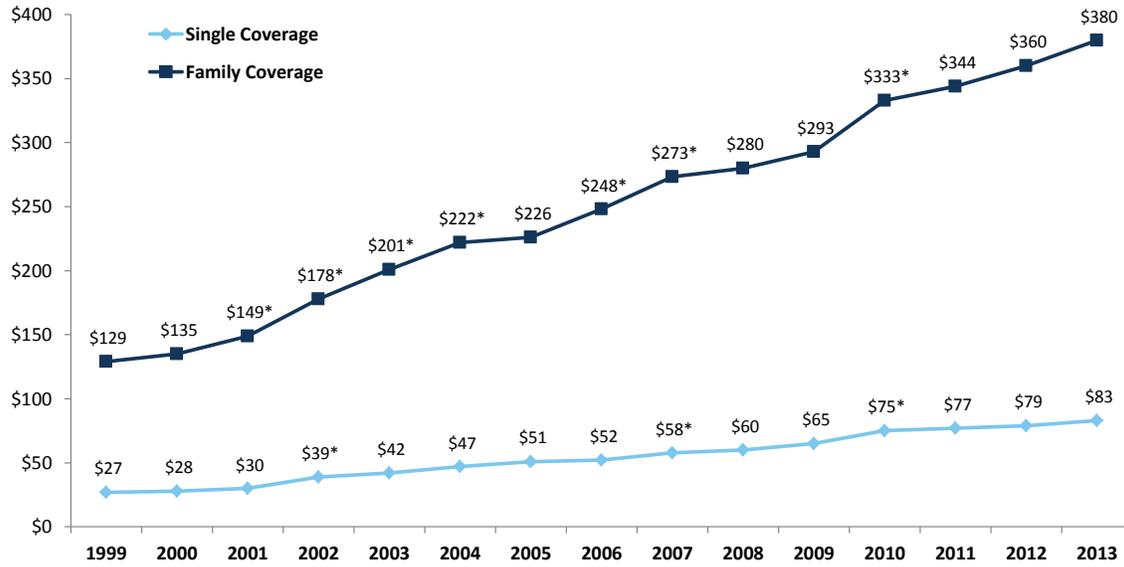


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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



### Exhibit 6.2 Average Monthly Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999-2013

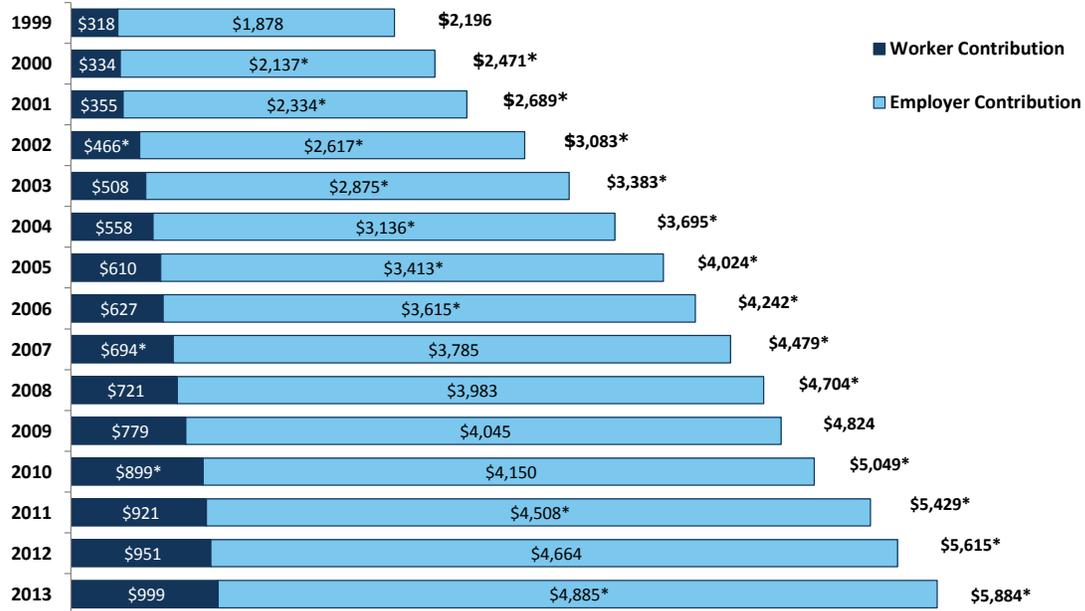


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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



### Exhibit 6.3 Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999-2013

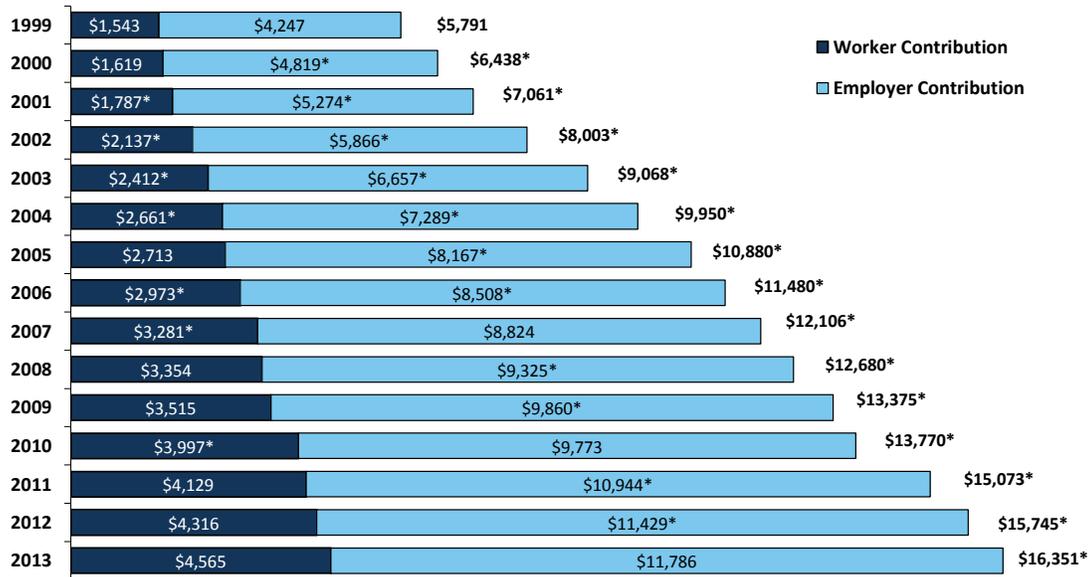


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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



### Exhibit 6.4 Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2013

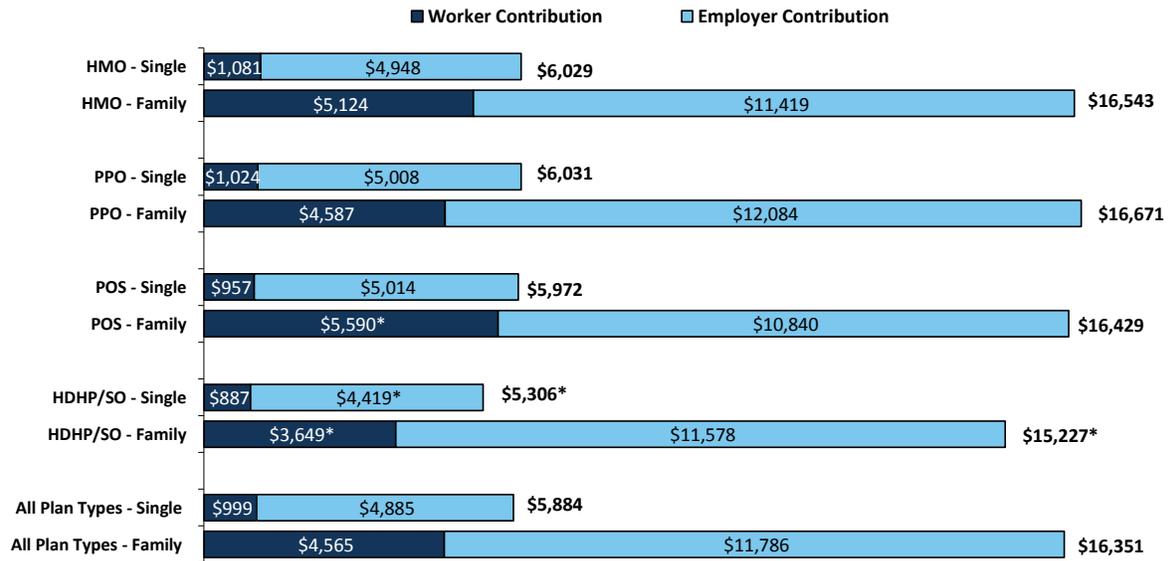


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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



### Exhibit 6.5 Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2013

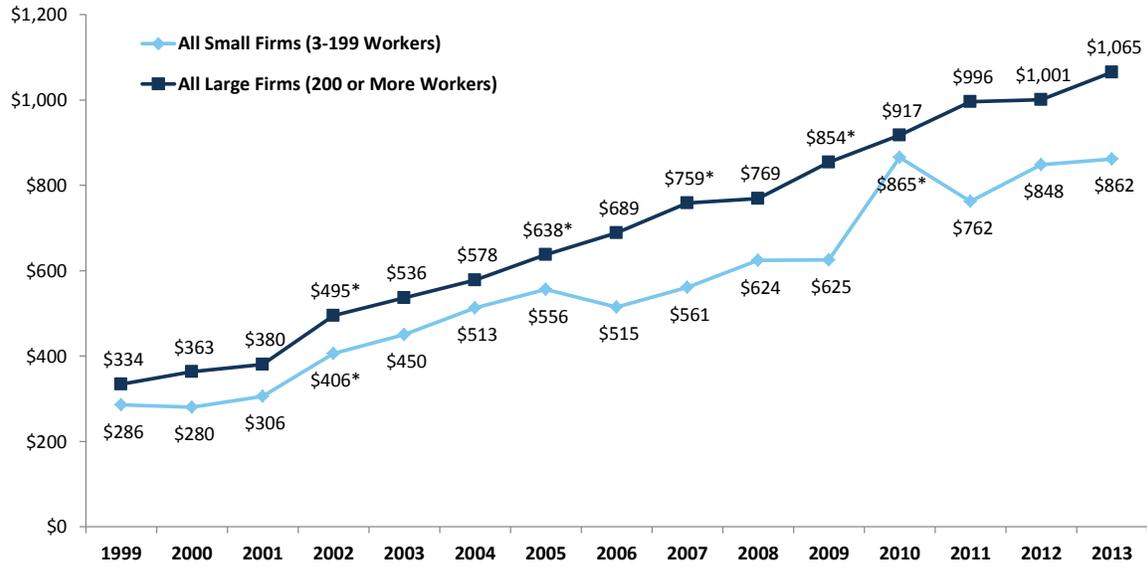


\* Estimate is statistically different from All Plans estimate by coverage type (p<.05).

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



**Exhibit 6.6**  
**Average Annual Worker Contributions for Covered Workers with Single Coverage, by Firm Size, 1999-2013**

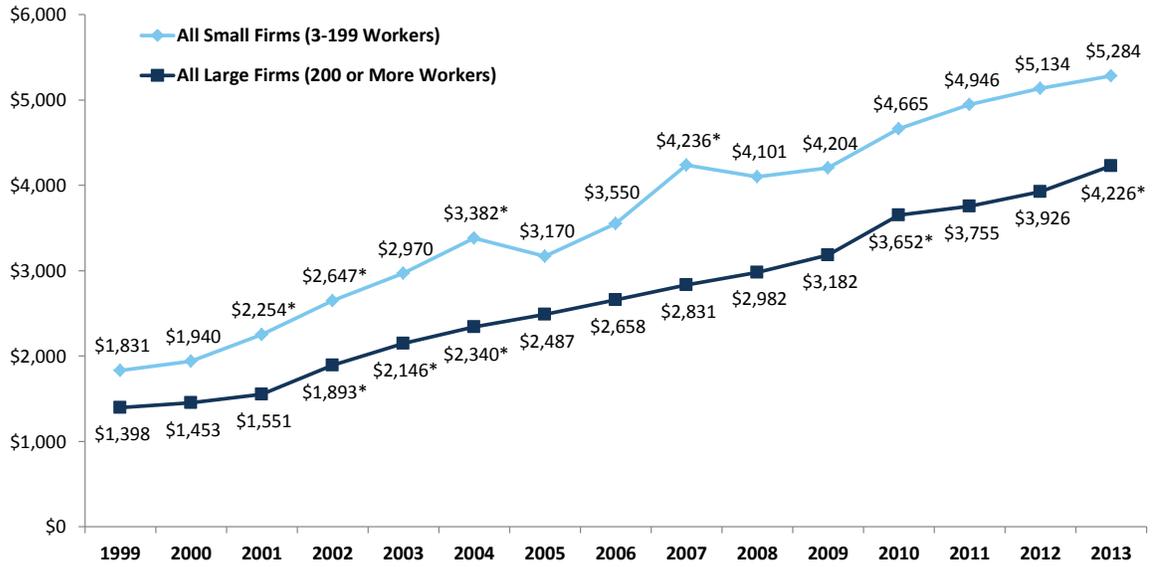


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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



**Exhibit 6.7**  
**Average Annual Worker Contributions for Covered Workers with Family Coverage, by Firm Size, 1999-2013**



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

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



**Exhibit 6.8**  
**Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, by Firm Size, 1999-2013**

	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*

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

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

**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, 2013**

	Worker Contribution	Employer Contribution	Total Premium
<b>HMO</b>			
All Small Firms (3-199 Workers)	\$1,063	\$4,969	\$6,032
All Large Firms (200 or More Workers)	\$1,091	\$4,936	\$6,027
<b>PPO</b>			
All Small Firms (3-199 Workers)	\$849*	\$4,960	\$5,809
All Large Firms (200 or More Workers)	\$1,087*	\$5,025	\$6,112
<b>POS</b>			
All Small Firms (3-199 Workers)	\$877	\$5,018	\$5,896
All Large Firms (200 or More Workers)	\$1,077	\$5,008	\$6,085
<b>HDHP/SO</b>			
All Small Firms (3-199 Workers)	\$736	\$4,386	\$5,122
All Large Firms (200 or More Workers)	\$967	\$4,437	\$5,404
<b>ALL PLANS</b>			
All Small Firms (3-199 Workers)	\$862*	\$4,850	\$5,711
All Large Firms (200 or More Workers)	\$1,065*	\$4,902	\$5,967

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

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

**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, 2013**

	Worker Contribution	Employer Contribution	Total Premium
<b>HMO</b>			
All Small Firms (3-199 Workers)	\$6,573*	\$9,253*	\$15,826
All Large Firms (200 or More Workers)	\$4,356*	\$12,567*	\$16,923
<b>PPO</b>			
All Small Firms (3-199 Workers)	\$5,185*	\$10,978*	\$16,163
All Large Firms (200 or More Workers)	\$4,371*	\$12,484*	\$16,854
<b>POS</b>			
All Small Firms (3-199 Workers)	\$6,345*	\$9,682*	\$16,027
All Large Firms (200 or More Workers)	\$4,473*	\$12,551*	\$17,024
<b>HDHP/SO</b>			
All Small Firms (3-199 Workers)	\$3,776	\$9,957*	\$13,732*
All Large Firms (200 or More Workers)	\$3,583	\$12,432*	\$16,015*
<b>ALL PLANS</b>			
All Small Firms (3-199 Workers)	\$5,284*	\$10,296*	\$15,581*
All Large Firms (200 or More Workers)	\$4,226*	\$12,489*	\$16,715*

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

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

**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, 2013**

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
All Small Firms (3-199 Workers)	\$89	\$548*	\$1,063	\$6,573*
All Large Firms (200 or More Workers)	91	363*	1,091	4,356*
<b>ALL FIRM SIZES</b>	<b>\$90</b>	<b>\$427</b>	<b>\$1,081</b>	<b>\$5,124</b>
<b>PPO</b>				
All Small Firms (3-199 Workers)	\$71*	\$432*	\$849*	\$5,185*
All Large Firms (200 or More Workers)	91*	364*	1,087*	4,371*
<b>ALL FIRM SIZES</b>	<b>\$85</b>	<b>\$382</b>	<b>\$1,024</b>	<b>\$4,587</b>
<b>POS</b>				
All Small Firms (3-199 Workers)	\$73	\$529*	\$877	\$6,345*
All Large Firms (200 or More Workers)	90	373*	1,077	4,473*
<b>ALL FIRM SIZES</b>	<b>\$80</b>	<b>\$466</b>	<b>\$957</b>	<b>\$5,590</b>
<b>HDHP/SO</b>				
All Small Firms (3-199 Workers)	\$61	\$315	\$736	\$3,776
All Large Firms (200 or More Workers)	81	299	967	3,583
<b>ALL FIRM SIZES</b>	<b>\$74</b>	<b>\$304</b>	<b>\$887</b>	<b>\$3,649</b>
<b>ALL PLANS</b>				
All Small Firms (3-199 Workers)	\$72*	\$440*	\$862*	\$5,284*
All Large Firms (200 or More Workers)	89*	352*	1,065*	4,226*
<b>ALL FIRM SIZES</b>	<b>\$83</b>	<b>\$380</b>	<b>\$999</b>	<b>\$4,565</b>

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

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

	Monthly		Annual	
	Single Coverage	Family Coverage	Single Coverage	Family Coverage
<b>HMO</b>				
Northeast	\$111*	\$442	\$1,329*	\$5,308
Midwest	88	286*	1,056	3,434*
South	95	461	1,143	5,531
West	78*	436	933*	5,232
<b>ALL REGIONS</b>	<b>\$90</b>	<b>\$427</b>	<b>\$1,081</b>	<b>\$5,124</b>
<b>PPO</b>				
Northeast	\$105*	\$344*	\$1,266*	\$4,134*
Midwest	99*	384	1,183*	4,611
South	79*	414*	951*	4,968*
West	67*	344	798*	4,127
<b>ALL REGIONS</b>	<b>\$85</b>	<b>\$382</b>	<b>\$1,024</b>	<b>\$4,587</b>
<b>POS</b>				
Northeast	\$66	\$423	\$794	\$5,073
Midwest	63	421	756	5,057
South	94	548	1,125	6,571
West	97	456	1,166	5,477
<b>ALL REGIONS</b>	<b>\$80</b>	<b>\$466</b>	<b>\$957</b>	<b>\$5,590</b>
<b>HDHP/SO</b>				
Northeast	\$77	\$318	\$929	\$3,818
Midwest	69	260*	832	3,125*
South	89	360*	1,069	4,324*
West	54*	270	649*	3,240
<b>ALL REGIONS</b>	<b>\$74</b>	<b>\$304</b>	<b>\$887</b>	<b>\$3,649</b>
<b>ALL PLANS</b>				
Northeast	\$96*	\$363	\$1,151*	\$4,353
Midwest	86	347*	1,037	4,165*
South	84	419*	1,002	5,031*
West	70*	364	836*	4,366
<b>ALL REGIONS</b>	<b>\$83</b>	<b>\$380</b>	<b>\$999</b>	<b>\$4,565</b>

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

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

**Exhibit 6.13**  
**Average Monthly Worker Premium Contributions Paid by**  
**Covered Workers for Single and Family Coverage, by Plan Type, 1999-2013**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Single Coverage</b>															
HMO	\$29	\$26	\$32	\$38	\$42	\$46	\$47	\$49	\$59	\$59	\$68	\$86*	\$78	\$93*	\$90
PPO	\$26	\$28	\$29	\$39*	\$44	\$48	\$50	\$53	\$60*	\$61	\$67*	\$75*	\$84*	\$84	\$85
POS	\$26	\$28	\$29	\$40*	\$41	\$45	\$61*	\$53	\$52	\$72*	\$62	\$81	\$65	\$62	\$80
HDHP/SO	^	^	^	^	^	^	^	\$47	\$43	\$39	\$45	\$53	\$60	\$64	\$74
<b>ALL PLANS</b>	<b>\$27</b>	<b>\$28</b>	<b>\$30</b>	<b>\$39*</b>	<b>\$42</b>	<b>\$47</b>	<b>\$51</b>	<b>\$52</b>	<b>\$58*</b>	<b>\$60</b>	<b>\$65</b>	<b>\$75*</b>	<b>\$77</b>	<b>\$79</b>	<b>\$83</b>
<b>Family Coverage</b>															
HMO	\$124	\$132	\$150	\$164	\$179	\$223*	\$217	\$257*	\$276	\$282	\$307	\$363*	\$346	\$380	\$427
PPO	\$125	\$142	\$153	\$188*	\$210*	\$224	\$220	\$243*	\$270*	\$279	\$289	\$319*	\$339	\$367	\$382
POS	\$137	\$137	\$143	\$180*	\$206	\$218	\$271*	\$269	\$305	\$311	\$346	\$433*	\$444	\$381	\$466
HDHP/SO	^	^	^	^	^	^	^	\$187	\$238	\$234	\$223	\$294*	\$303	\$310	\$304
<b>ALL PLANS</b>	<b>\$129</b>	<b>\$135</b>	<b>\$149*</b>	<b>\$178*</b>	<b>\$201*</b>	<b>\$222*</b>	<b>\$226</b>	<b>\$248*</b>	<b>\$273*</b>	<b>\$280</b>	<b>\$293</b>	<b>\$333*</b>	<b>\$344</b>	<b>\$360</b>	<b>\$380</b>

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

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

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

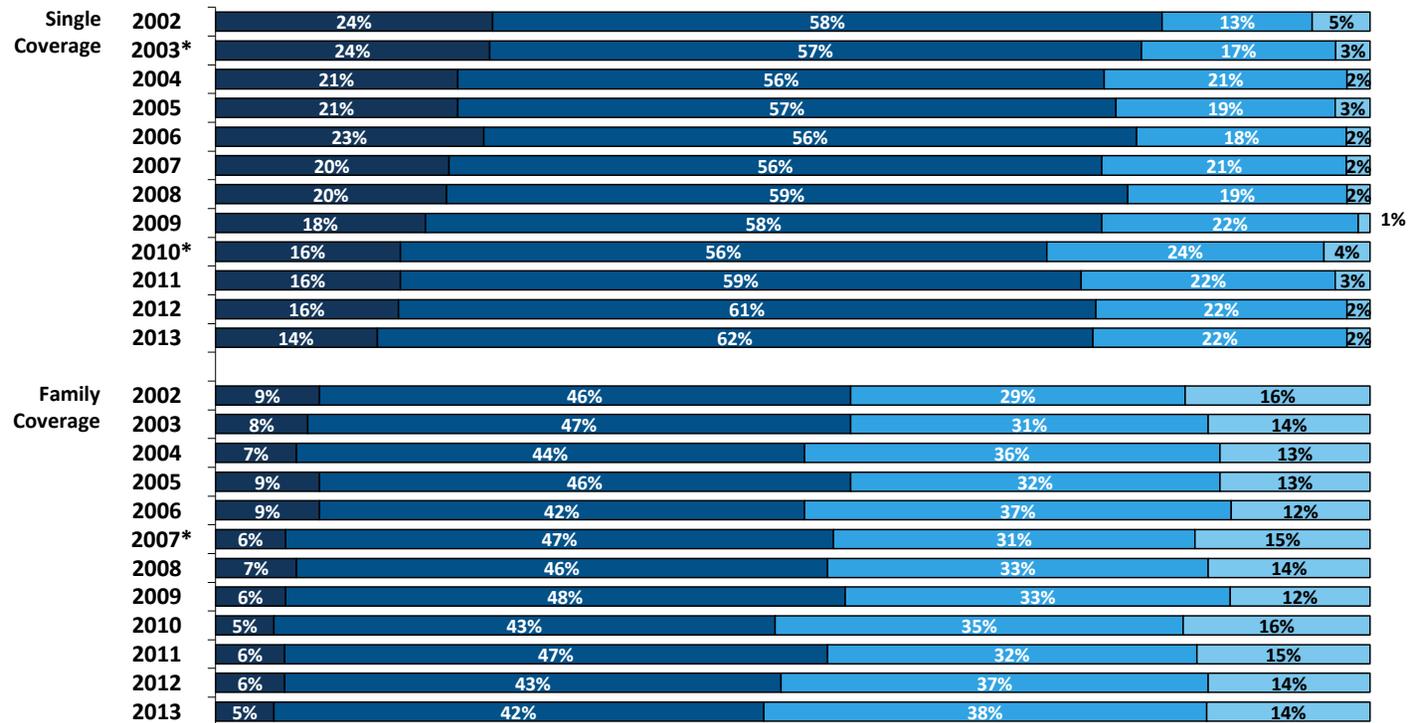
**Exhibit 6.14**  
**Distribution of Worker Premium Contributions for Single and Family Coverage Relative to the Average Annual Worker Premium Contribution, 2013**

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 \$600	15%	Less than \$2,739	20%
60% to Less than 80%	\$600 to <\$799	13%	\$2,739 to < \$3,652	17%
80% to Less than Average	\$799 to < \$999	15%	\$3,652 to < \$4,565	18%
Average to Less than 120%	\$999 to <\$1,199	16%	\$4,565 to < \$5,479	15%
120% to Less than 140%	\$1,199 to <\$1,399	13%	\$5,479 to <\$6,392	9%
140% or More	\$1,399 or More	27%	\$6,392 or More	21%

Note: The average annual worker contribution is \$999 for single coverage and \$4,565 for family coverage. The worker contribution distribution is relative to the average single or family worker contribution. For example, \$799 is 80% of the average single worker contribution and \$1,199 is 120% of the average single worker contribution. 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, 2013.

## Exhibit 6.15 Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, 2002-2013



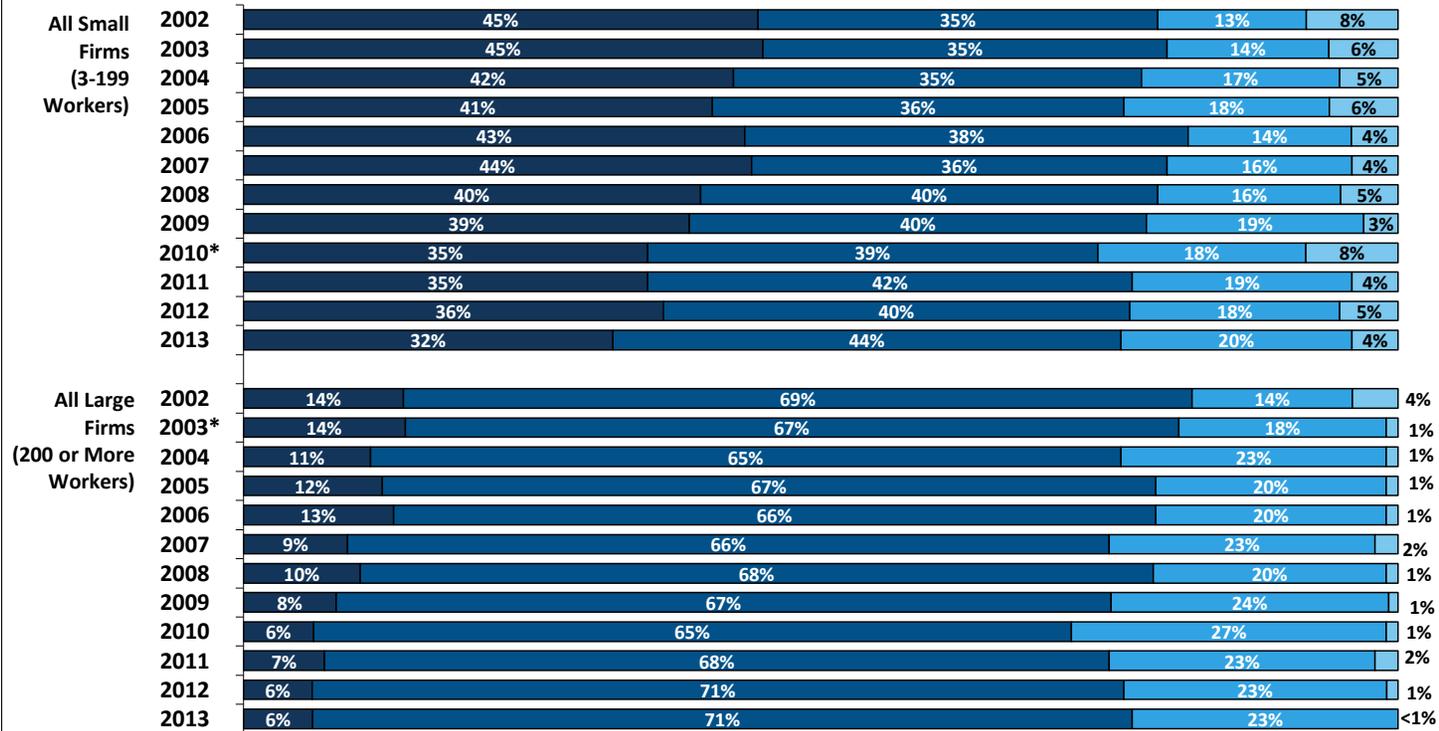
\* Distribution is statistically different within coverage type from distribution for the previous year shown (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2013.

- 0%
- Greater Than 0%, Less Than Or Equal To 25%
- Greater Than 25%, Less Than Or Equal To 50%
- Greater Than 50%



## Exhibit 6.16 Distribution of Percentage of Premium Paid by Covered Workers for Single Coverage, by Firm Size, 2002-2013



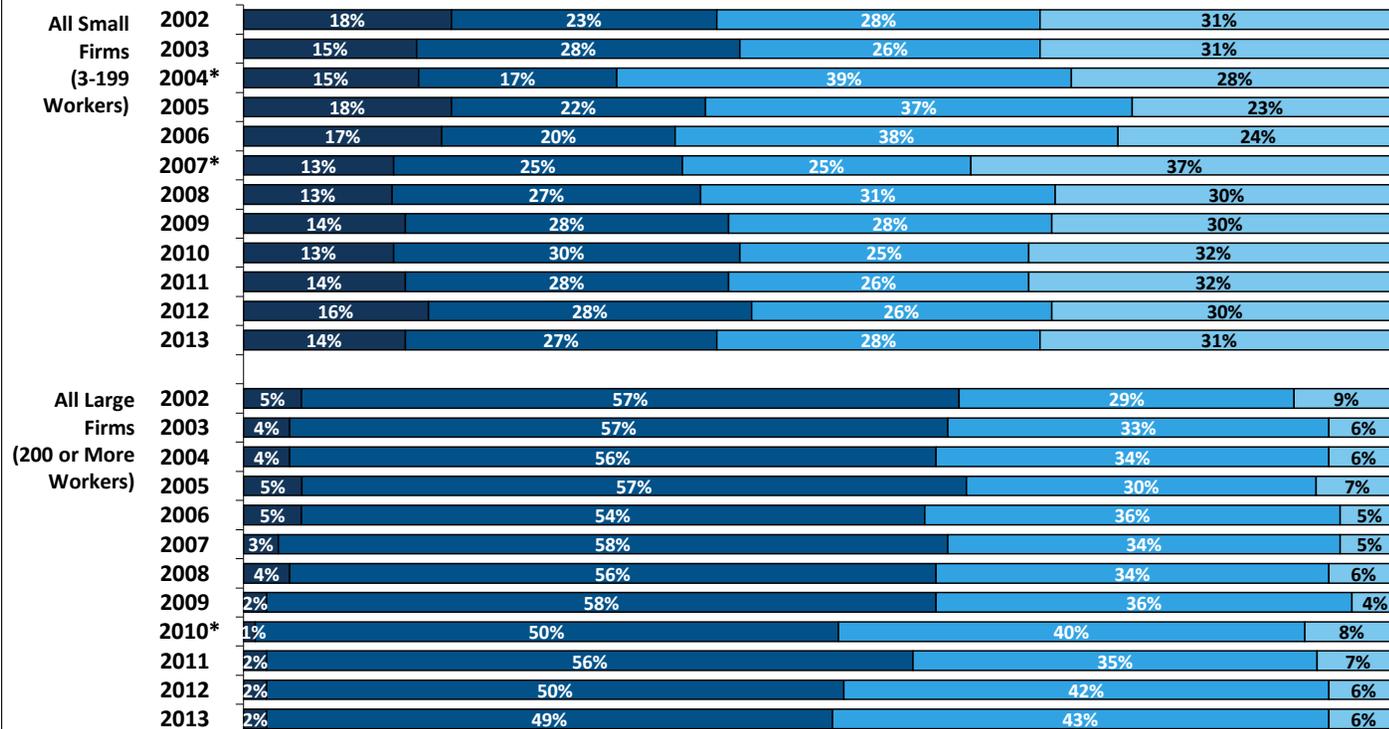
\* Distribution is statistically different within firm size from distribution for the previous year shown (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2013.

- 0%
- Greater Than 0%, Less Than Or Equal To 25%
- Greater Than 25%, Less Than Or Equal To 50%
- Greater Than 50%



## Exhibit 6.17 Distribution of Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Size, 2002-2013



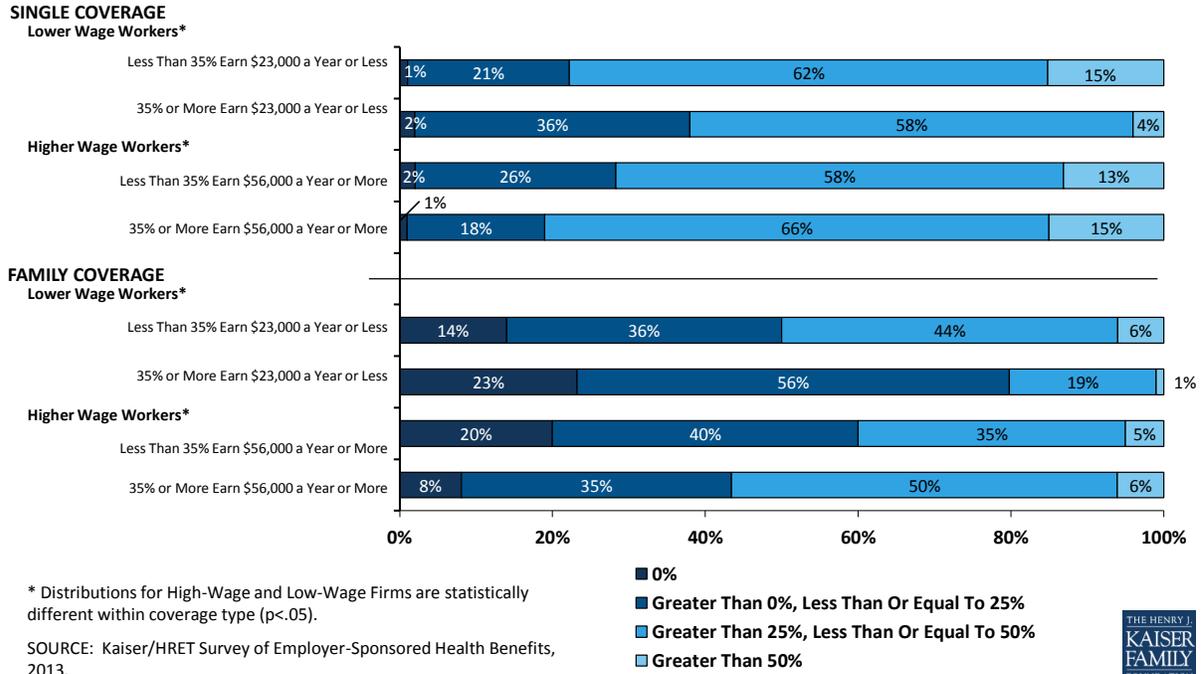
\* Distribution is statistically different within firm size from distribution for the previous year shown (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2013.

- 0%
- Greater Than 0%, Less Than Or Equal To 25%
- Greater Than 25%, Less Than Or Equal To 50%
- Greater Than 50%



### Exhibit 6.18 Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Wage Level, 2013



	<b>All Small Firms (3-199 Workers)</b>	<b>All Large Firms (200 or More Workers)</b>	<b>All Firms</b>
<b>Lower Wage Level</b>			
Less Than 35% Earn \$23,000 a Year or Less	16%*	18%*	17%*
35% or More Earn \$23,000 a Year or Less	22%*	24%*	23%*
<b>Higher Wage Level</b>			
Less Than 35% Earn \$56,000 a Year or More	18%*	20%	19%*
35% or More Earn \$56,000 a Year or More	12%*	18%	16%*
<b>Unions</b>			
Firm Has At Least Some Union Workers	11%	18%	17%
Firm Does Not Have Any Union Workers	17%	19%	18%
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	16%	18%*	18%
35% or More Workers Are Age 26 or Younger	13%	23%*	19%
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	15%	19%	18%
35% or More Workers Are Age 50 or Older	17%	18%	18%
<b>Funding Arrangement</b>			
Fully Insured	16%	17%	17%
Self-Funded	15%	19%	19%
<b>Firm Ownership</b>			
Private For-Profit	19%*	21%*	20%*
Public	9%*	13%*	12%*
Private Not-For-Profit	12%*	16%*	15%*
<b>ALL FIRMS</b>	16%	19%	18%

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

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

**Exhibit 6.20**  
**Average Percentage of Premium Paid by Covered Workers for Family Coverage, by Firm Characteristics and Size, 2013**

	All Small Firms (3-199 Workers)	All Large Firms (200 or More Workers)	All Firms
<b>Lower Wage Level</b>			
Less Than 35% Earn \$23,000 a Year or Less	35%*	26%*	29%*
35% or More Earn \$23,000 a Year or Less	47%*	34%*	39%*
<b>Higher Wage Level</b>			
Less Than 35% Earn \$56,000 a Year or More	40%*	29%*	33%*
35% or More Earn \$56,000 a Year or More	28%*	24%*	25%*
<b>Unions</b>			
Firm Has At Least Some Union Workers	26%	22%*	23%*
Firm Does Not Have Any Union Workers	37%	30%*	33%*
<b>Younger Workers</b>			
Less Than 35% of Workers Are Age 26 or Younger	36%	26%	29%
35% or More Workers Are Age 26 or Younger	41%	29%	33%
<b>Older Workers</b>			
Less Than 35% of Workers Are Age 50 or Older	39%*	28%*	32%*
35% or More Workers Are Age 50 or Older	31%*	23%*	26%*
<b>Funding Arrangement</b>			
Fully Insured	37%*	32%*	36%*
Self-Funded	28%*	25%*	25%*
<b>Firm Ownership</b>			
Private For-Profit	37%	27%	31%*
Public	23%*	26%	26%
Private Not-For-Profit	37%	24%*	29%
<b>ALL FIRMS</b>	36%	26%	29%

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

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

<b>Exhibit 6.21</b>		
<b>Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Firm Size, 2013</b>		
	Single Coverage	Family Coverage
<b>HMO</b>		
All Small Firms (3-199 Workers)	19%	42%*
All Large Firms (200 or More Workers)	19%	26%*
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>31%</b>
<b>PPO</b>		
All Small Firms (3-199 Workers)	16%	35%*
All Large Firms (200 or More Workers)	19%	27%*
<b>ALL FIRM SIZES</b>	<b>18%</b>	<b>29%</b>
<b>POS</b>		
All Small Firms (3-199 Workers)	16%	42%
All Large Firms (200 or More Workers)	18%	31%
<b>ALL FIRM SIZES</b>	<b>17%</b>	<b>37%</b>
<b>HDHP/SO</b>		
All Small Firms (3-199 Workers)	15%	29%*
All Large Firms (200 or More Workers)	18%	23%*
<b>ALL FIRM SIZES</b>	<b>17%</b>	<b>25%</b>
<b>ALL PLANS</b>		
All Small Firms (3-199 Workers)	16%*	36%*
All Large Firms (200 or More Workers)	19%*	26%*
<b>ALL FIRM SIZES</b>	<b>18%</b>	<b>29%</b>

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

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

**Exhibit 6.22**  
**Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type, 1999-2013**

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

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

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

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

**Exhibit 6.23**  
**Average Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Plan Type and Region, 2013**

	Single Coverage	Family Coverage
<b>HMO</b>		
Northeast	21%	30%
Midwest	19	22*
South	19	31
West	18	35
<b>ALL REGIONS</b>	<b>19%</b>	<b>31%</b>
<b>PPO</b>		
Northeast	21%*	24%*
Midwest	21*	29
South	17	33*
West	14*	27
<b>ALL REGIONS</b>	<b>18%</b>	<b>29%</b>
<b>POS</b>		
Northeast	15%	30%
Midwest	13	45
South	21	41
West	18	33
<b>ALL REGIONS</b>	<b>17%</b>	<b>37%</b>
<b>HDHP/SO</b>		
Northeast	20%	28%
Midwest	17	22*
South	19	28*
West	12*	21
<b>ALL REGIONS</b>	<b>17%</b>	<b>25%</b>
<b>ALL PLANS</b>		
Northeast	20%*	26%*
Midwest	19	28
South	18	33*
West	15*	28
<b>ALL REGIONS</b>	<b>18%</b>	<b>29%</b>

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

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

Exhibit 6.24 Average Percentage of Premium Paid by Covered Workers, by Plan Type and Industry, 2013		
	Single Coverage	Family Coverage
<b>HMO</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	25%	29%
Transportation/Communications/Utilities	12*	18*
Wholesale	NSD	NSD
Retail	29*	35
Finance	21	32
Service	19	37*
State/Local Government	16	20*
Health Care	16	32
<b>ALL INDUSTRIES</b>	<b>19%</b>	<b>31%</b>
<b>PPO</b>		
Agriculture/Mining/Construction	18%	32%
Manufacturing	20	26
Transportation/Communications/Utilities	17	23*
Wholesale	20	36*
Retail	23	30
Finance	22*	31
Service	17	33*
State/Local Government	12*	27
Health Care	17	26*
<b>ALL INDUSTRIES</b>	<b>18%</b>	<b>29%</b>
<b>POS</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	NSD	NSD
Transportation/Communications/Utilities	NSD	NSD
Wholesale	NSD	NSD
Retail	NSD	NSD
Finance	NSD	NSD
Service	18%	36%
State/Local Government	NSD	NSD
Health Care	14	34
<b>ALL INDUSTRIES</b>	<b>17%</b>	<b>37%</b>
<b>HDHP/SO</b>		
Agriculture/Mining/Construction	NSD	NSD
Manufacturing	19%	21%
Transportation/Communications/Utilities	15	20
Wholesale	14	28
Retail	20	29
Finance	14	22
Service	19	27*
State/Local Government	11*	16*
Health Care	17	31*
<b>ALL INDUSTRIES</b>	<b>17%</b>	<b>25%</b>
<b>ALL PLANS</b>		
Agriculture/Mining/Construction	17%	30%
Manufacturing	19	28
Transportation/Communications/Utilities	16	22*
Wholesale	18	34*
Retail	23*	30
Finance	19	29
Service	18	32*
State/Local Government	13*	24
Health Care	16	29
<b>ALL INDUSTRIES</b>	<b>18%</b>	<b>29%</b>

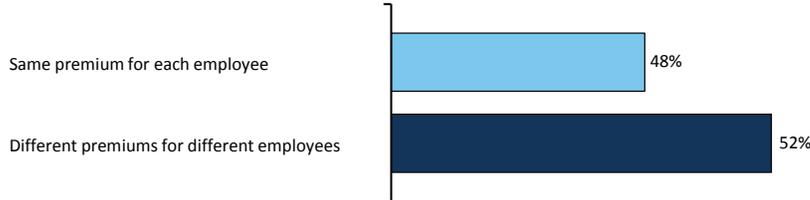
\* Estimate is statistically different within plan and coverage type from estimate for all other firms not in the indicated industry (p<.05).

NSD: Not Sufficient Data.

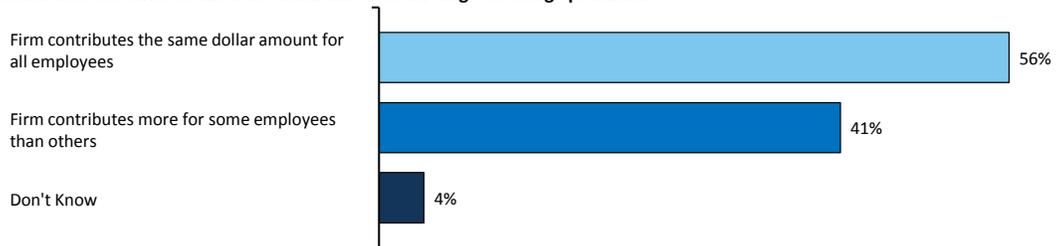
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

## Exhibit 6.25 Among Firms Offering Health Benefits with Fewer Than 20 Employees, Variations in Premiums and Firm Premium Contributions for Single Coverage, 2013

Firm is charged the same or different premiums for single coverage\*:



Firm contributes the same or different dollar amounts for single coverage premium:



\*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.

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



EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Employee  
Cost Sharing

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SECTION

7

## Section Seven: 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 some or all 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. 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. Federal law requires that some services such as preventative care are covered by some plans without cost sharing.
  - Seventy-eight percent of covered workers are enrolled in a plan with a general annual deductible for single coverage. More covered workers are enrolled in a plan with a general annual deductible in 2013 than in 2012 (78% vs. 72%) (Exhibit 7.2). Since 2006, the percent of covered workers with a general annual deductible has increased from 55% to 78%.
  - The percent of covered workers enrolled in a plan with a general annual deductible is similar for small (3-199 workers) and larger firms (77% and 78%) (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. Fifty-nine percent of workers in HMOs do not have a general annual

deductible, compared to 34% of workers in POS plans and 19% 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, 81% in HMOs, 83% in PPOs, and 73% 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 is \$1,135. There are differences in the average general annual deductible by plan type. The average annual deductibles among those covered workers with a deductible for single coverage are \$729 for HMOs, \$799 for PPOs, \$1,314 for POS plans, and \$2,003 for HDHP/SOs (Exhibit 7.5). Overall, the average general annual deductible for all covered workers is \$1,135.
  - There is no statistically significant change in deductible amounts from 2012 to 2013 for any plan type (Exhibit 7.7).
  - 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 (\$1,488 vs. \$563). On average, covered workers at small firms face higher general annual deductibles than covered workers at large firms (\$1,715 vs. \$884) (Exhibit 7.5).
- 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 56% for workers in HMOs, 58% for workers in PPOs, 77% for workers in POS plans and 84% for workers in HDHP/SOs (Exhibit 7.13).
  - The average amounts for workers with an aggregate deductible for family coverage are \$1,743 for HMOs, \$1,854 for PPOs, \$2,821 for POS plans, and \$4,079 for HDHP/SOs (Exhibit 7.14).
  - The average aggregate deductible amounts for family coverage are similar to last year for each plan type (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 deductible amounts are \$609

for HMOs, \$782 for PPOs, \$1,080 for POS plans, and \$2,033 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).<sup>1</sup> 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 three for HMO and PPO plans, and two for POS plans (Exhibit 7.19).
- Thirty-eight percent of covered workers are in plans with a deductible of \$1000 or more for single coverage, similar to the percentage (34%) in 2012 (Exhibit 7.9).
  - Over the last five years, the percentage of covered workers with a deductible of \$1,000 or more for single coverage has increased from 18% to 38% (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) (58% vs. 28%) (Exhibit 7.8). The percent of covered workers at small firms (3-199 workers) who have a deductible of a \$1,000 or more increased from 49% in 2012 to 58% in 2013 (Exhibit 7.9).
  - Fifteen percent of covered workers are enrolled in a plan with a deductible of \$2,000 or more. Thirty-one percent of covered workers at small firms (3-199 workers) have a general annual deductible of \$2,000 or more (Exhibit 7.8).
- 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 (77% in HMOs, 78% in PPOs, and 72% 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 (91%), and POS plans (87%) 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

<sup>1</sup> 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.

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, 61% of covered workers have coinsurance and 16% have copayments. Lower percentages of workers have per day (per diem) payments (7%), a separate hospital deductible (3%), or both copayments and coinsurance (8%), while 17% 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 (37%) and coinsurance (26%) is less common than in other plan types.
  - The percent of covered workers in a plan which requires coinsurance for hospital admission has increased from 53% in 2010 to 61% in 2013.
  - The average coinsurance rate is 18%; the average copayment is \$278 per hospital admission; the average per diem charge is \$264; and the average separate annual hospital deductible is \$436 (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-two percent of covered workers have coinsurance and 18% have copayments for an outpatient surgery episode. In addition, 2% have a separate annual deductible for outpatient surgery, and 5% have both copayments and coinsurance, while 19% have no additional cost sharing after any general annual deductible has been met (Exhibit 7.23).
  - For covered workers with cost sharing, the average coinsurance is 18%, the average copayment is \$140, and the average separate annual outpatient surgery deductible is \$726 (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.<sup>2</sup>

<sup>2</sup> 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.

- The most common form of physician office visit cost sharing for in-network services is copayments. Seventy-four percent of covered workers have a copayment for a primary care physician office visit and 20% have coinsurance. For office visits with a specialty physician, 72% of covered workers have copayments and 20% 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. For example, the majority of workers in HDHP/SOs have coinsurance (55%) or no cost sharing after the general annual plan deductible is met (22%) 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 \$23 for primary care and \$35 for specialty physicians (Exhibit 7.26), similar to \$23 and \$33 reported in 2012.
- 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. Enrollee cost sharing, such as deductibles, office visit cost sharing, or spending on prescription drugs, may or may not apply to the out-of-pocket maximum. Therefore, the survey asks what types of out-of-pocket expenses count when determining whether a covered worker has met the plan out-of-pocket maximum. When a plan does not count certain types of spending, it effectively increases the amount a worker may pay out-of-pocket.
- Twelve 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 with single or family coverage in HMOs (25%) are more likely to be enrolled in a plan that does not limit the amount of cost sharing than workers in PPOs (11%) (Exhibit 7.31).
  - Covered workers without an out-of-pocket maximum, however, may not have large cost-sharing responsibilities. For example, 76% of covered workers in HMOs with no out-of-pocket maximum for single coverage have no general annual deductible, only 2% have coinsurance for a hospital admission and less than 1% have coinsurance for outpatient surgery episodes.
  - 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 2013. HDHP/HRAs have no such requirement, and among workers enrolled in these plans, 9% have no out-of-pocket maximum for single or family coverage.
- For covered workers with out-of-pocket maximums, there is wide variation in spending limits.
  - Twenty-nine 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 12% have an out-

of-pocket maximum of \$5,000 or more (Exhibit 7.33). 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 (52% vs. 39%).

- 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-three percent of covered workers in a plan with an out-of-pocket maximum are in a plan with an aggregate limit (Exhibit 7.34).
- For covered workers with an aggregate out-of-pocket maximum for family coverage, 29% have an out-of-pocket maximum of less than \$4,000 and 24% have an out-of-pocket maximum of \$8,000 or more (Exhibit 7.35). Among workers with separate per-person out-of-pocket limits for family coverage, 85% have out-of-pocket maximums of less than \$4,000 (Exhibit 7.36).
- As noted above, covered workers with an out-of-pocket maximum may be enrolled in a plan where not all spending counts toward the out-of-pocket maximum, potentially exposing workers to higher out-of-pocket spending.
  - Among workers enrolled in PPO plans with an out-of-pocket maximum for single or family coverage, 34% are in plans that do not count spending for the general annual plan deductible toward the out-of-pocket limit (Exhibit 7.32).
  - It is more common for covered workers to be in plans that do not count prescription drug cost sharing toward the out-of-pocket limit. Eighty-four percent of workers enrolled in PPO plans and 71% enrolled in HMO plans with an out-of-pocket maximum for single or family coverage are in plans that do not count prescription drug spending towards the out-of-pocket maximum (Exhibit 7.32). In 2014 some plans will need to change these plan provisions because the ACA requires that all non-grandfathered plans have an OOP maximum that counts all cost-sharing towards the limit.

**Exhibit 7.1**  
**Percent of Covered Workers with No General Annual Health Plan**  
**Deductible for Single and Family Coverage, by Plan Type and Firm**  
**Size, 2013**

	Single Coverage	Family Coverage
<b>HMO</b>		
200-999 Workers	64%	64%
1,000-4,999 Workers	70	70
5,000 or More Workers	54	54
<b>All Small Firms (3-199 Workers)</b>	<b>56%</b>	<b>55%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>60%</b>	<b>60%</b>
<b>ALL FIRM SIZES</b>	<b>59%</b>	<b>59%</b>
<b>PPO</b>		
200-999 Workers	14%	14%
1,000-4,999 Workers	17	17
5,000 or More Workers	19	19
<b>All Small Firms (3-199 Workers)</b>	<b>22%</b>	<b>23%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>18%</b>	<b>18%</b>
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>19%</b>
<b>POS</b>		
200-999 Workers	30%	30%
1,000-4,999 Workers	59	59
5,000 or More Workers	NSD	NSD
<b>All Small Firms (3-199 Workers)</b>	<b>22%</b>	<b>23%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>51%</b>	<b>51%</b>
<b>ALL FIRM SIZES</b>	<b>34%</b>	<b>34%</b>

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 2013 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 ( $p < .05$ ).

NSD: Not Sufficient Data.

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

**Exhibit 7.2**  
**Percent of Covered Workers in a Plan which Includes a General Annual Deductible for Single Coverage, By Plan Type, 2006-2013**

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

\*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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

Exhibit 7.3

## Percent of Covered Workers in a Plan which Includes a General Annual Deductible and Average Deductible, By Firm Characteristics, 2013

	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
<b>Low Wage Level</b>		
Less Than 35% Earn \$23,000 a Year or Less	78%	\$1,128
35% or More Earn \$23,000 a Year or Less	82%	\$1,213
<b>High Wage Level</b>		
Less Than 35% Earn \$56,000 a Year or More	80%	\$1,216*
35% or More Earn \$56,000 a Year or More	76%	\$1,041*
<b>Unions</b>		
Firm Has At Least Some Union Workers	76%	\$776*
Firm Does Not Have Any Union Workers	79%	\$1,326*
<b>Younger Workers</b>		
Less Than 35% of Workers Are Age 26 or Younger	78%	\$1,136
35% or More Workers Are Age 26 or Younger	77%	\$1,115
<b>Older Workers</b>		
Less Than 35% of Workers Are Age 50 or Older	79%	\$1,178
35% or More Workers Are Age 50 or Older	76%	\$1,072
<b>Firm Ownership</b>		
Private For-Profit	82%*	\$1,269*
Public	71%	\$740*
Private Not-For-Profit	72%*	\$1,038
<b>ALL FIRMS</b>	78%	\$1,135

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

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

**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, 2013**

	Single Coverage	Family Coverage
<b>Separate Cost Sharing for a Hospital Admission<sup>‡</sup></b>		
HMO	81%	81%
PPO	83	83
POS	73	73
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>		
HMO	78%	78%
PPO	78	78
POS	61	61

<sup>‡</sup> 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 2013 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.

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

**Exhibit 7.5**  
**Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type and Firm Size, 2013**

	Single Coverage
<b>HMO</b>	
All Small Firms (3-199 Workers)	\$1,231*
All Large Firms (200 or More Workers)	\$436*
<b>ALL FIRM SIZES</b>	<b>\$729</b>
<b>PPO</b>	
All Small Firms (3-199 Workers)	\$1,488*
All Large Firms (200 or More Workers)	\$563*
<b>ALL FIRM SIZES</b>	<b>\$799</b>
<b>POS</b>	
All Small Firms (3-199 Workers)	\$1,575*
All Large Firms (200 or More Workers)	\$696*
<b>ALL FIRM SIZES</b>	<b>\$1,314</b>
<b>HDHP/SO</b>	
All Small Firms (3-199 Workers)	\$2,379*
All Large Firms (200 or More Workers)	\$1,802*
<b>ALL FIRM SIZES</b>	<b>\$2,003</b>
<b>ALL PLANS</b>	
All Small Firms (3-199 Workers)	\$1,715*
All Large Firms (200 or More Workers)	\$884*
<b>ALL FIRM SIZES</b>	<b>\$1,135</b>

\*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.

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

**Exhibit 7.6**  
**Among Covered Workers with a General Annual Health Plan**  
**Deductible for Single Coverage, Average Deductible, by Plan Type**  
**and Region, 2013**

	Single Coverage
<b>HMO</b>	
Northeast	\$739
Midwest	\$571
South	\$821
West	NSD
<b>ALL REGIONS</b>	<b>\$729</b>
<b>PPO</b>	
Northeast	\$572*
Midwest	\$810
South	\$840
West	\$862
<b>ALL REGIONS</b>	<b>\$799</b>
<b>POS</b>	
Northeast	NSD
Midwest	\$1,535
South	\$1,253
West	NSD
<b>ALL REGIONS</b>	<b>\$1,314</b>
<b>HDHP/SO</b>	
Northeast	\$1,823
Midwest	\$2,222*
South	\$1,881
West	\$2,026
<b>ALL REGIONS</b>	<b>\$2,003</b>
<b>All Plans</b>	
Northeast	\$1,020
Midwest	\$1,282*
South	\$1,104
West	\$1,107
<b>ALL REGIONS</b>	<b>\$1,135</b>

\* 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.

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

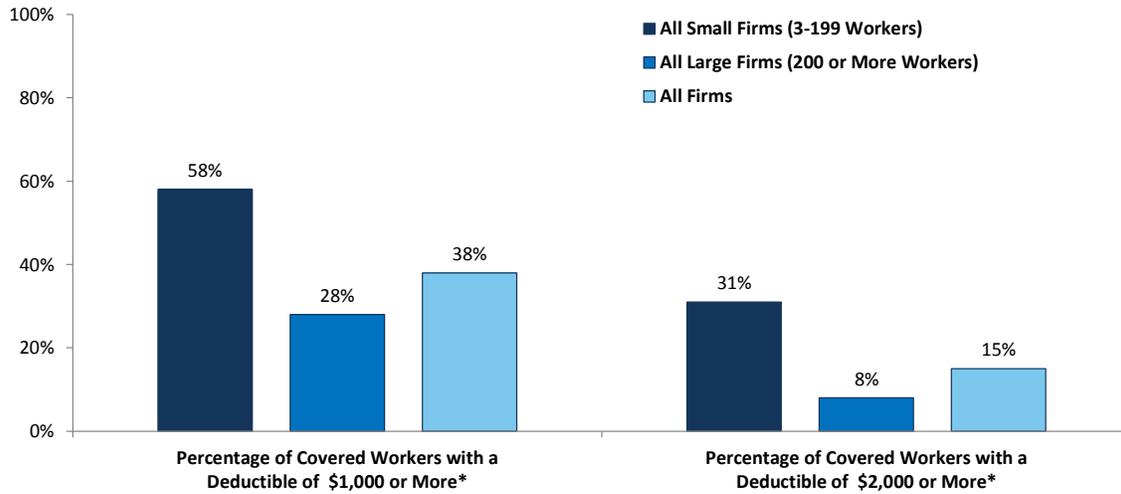
**Exhibit 7.7**  
**Among Covered Workers with a General Annual Health Plan Deductible for Single Coverage, Average Deductible, by Plan Type, 2006-2013**

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

\*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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

**Exhibit 7.8****Percentage of Covered Workers Enrolled in a Plan with a High General Annual Deductible for Single Coverage, By Firm Size, 2013**

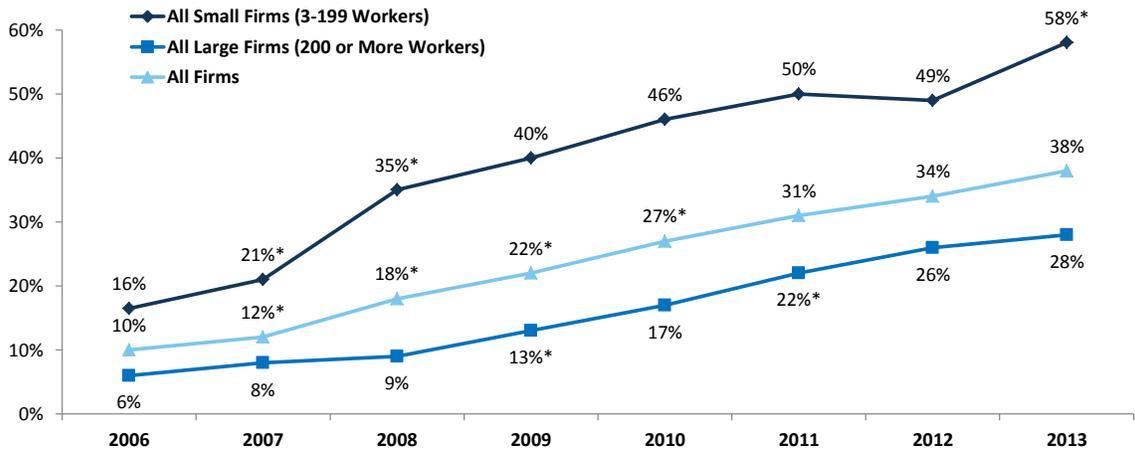
\* Estimate is statistically different between All Small Firms and All Large Firms within category ( $p < .05$ ).

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.

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



### 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, 2006-2013



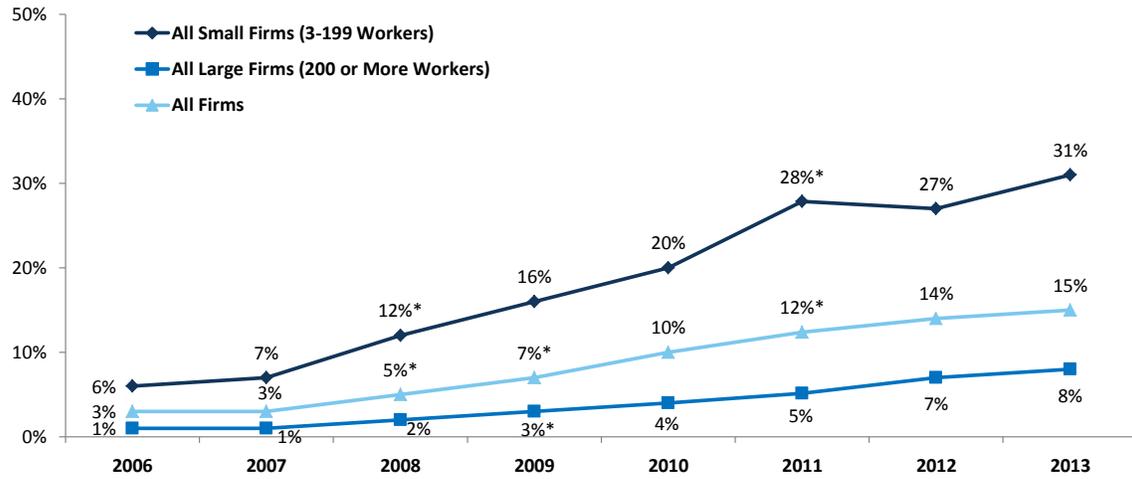
\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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, 2006-2013.



### 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, 2006-2013



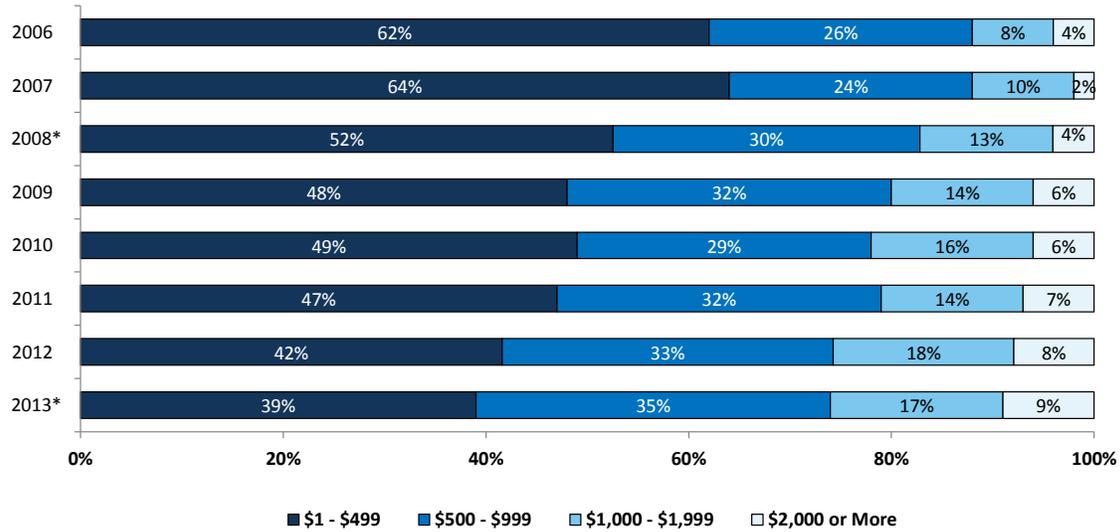
\* Estimate is statistically different from estimate for the previous year shown (p<.05).

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, 2006-2013.



### Exhibit 7.11 Among Covered Workers with a General Annual Health Plan Deductible for Single PPO Coverage, Distribution of Deductibles, 2006-2013



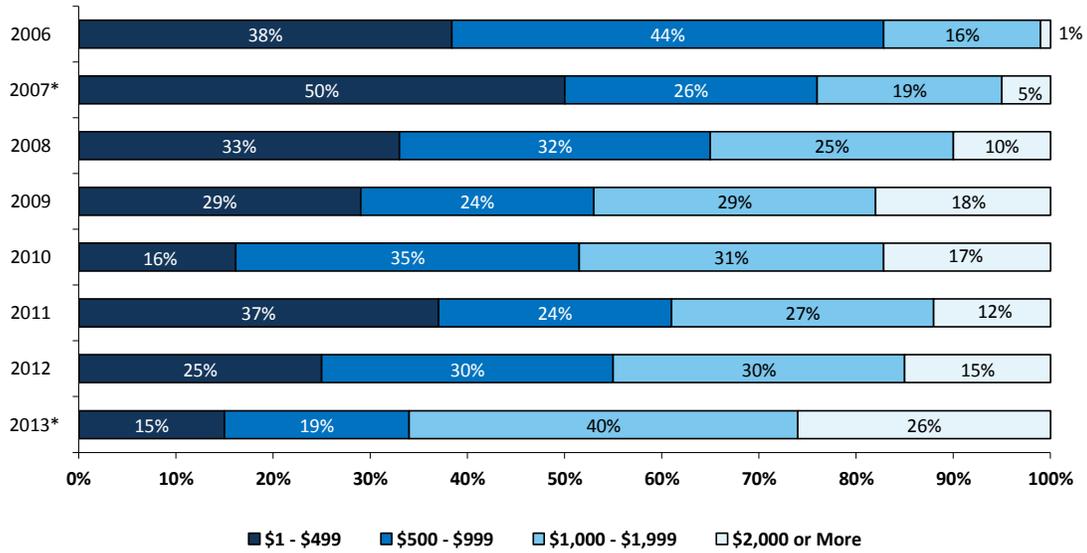
\* Distribution is statistically different from distribution for the previous year shown (p<.05).

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

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.



### Exhibit 7.12 Among Covered Workers With a General Annual Health Plan Deductible for Single POS Coverage, Distribution of Deductibles, 2006-2013



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

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

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.



<b>Exhibit 7.13</b>			
<b>Distribution of Type of General Annual Deductible for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2013</b>			
	No Deductible	Aggregate Amount	Separate Amount per Person
<b>HMO</b>			
All Small Firms (3-199 Workers)	55%	27%	17%
All Large Firms (200 or More Workers)	60	21	19
<b>ALL FIRM SIZES</b>	<b>59%</b>	<b>23%</b>	<b>18%</b>
<b>PPO</b>			
All Small Firms (3-199 Workers)	23%	49%	28%
All Large Firms (200 or More Workers)	18	46	36
<b>ALL FIRM SIZES</b>	<b>19%</b>	<b>47%</b>	<b>34%</b>
<b>POS</b>			
All Small Firms (3-199 Workers)	23%*	59%	19%
All Large Firms (200 or More Workers)	51*	40	9
<b>ALL FIRM SIZES</b>	<b>34%</b>	<b>51%</b>	<b>15%</b>
<b>HDHP/SO</b>			
All Small Firms (3-199 Workers)	NA	85%	15%
All Large Firms (200 or More Workers)	NA	83	17
<b>ALL FIRM SIZES</b>	<b>NA</b>	<b>84%</b>	<b>16%</b>

\* 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 2013 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, 56% of workers in HMOs, 58% in PPOs, and 77% 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.

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

**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, 2013**

	Aggregate Amount	Separate Amount per Person
<b>HMO</b>		
All Small Firms (3-199 Workers)	NSD	NSD
All Large Firms (200 or More Workers)	\$1,043	\$392
<b>ALL FIRM SIZES</b>	<b>\$1,743</b>	<b>\$609</b>
<b>PPO</b>		
All Small Firms (3-199 Workers)	\$3,393*	\$1,414*
All Large Firms (200 or More Workers)	\$1,264*	\$605*
<b>ALL FIRM SIZES</b>	<b>\$1,854</b>	<b>\$782</b>
<b>POS</b>		
All Small Firms (3-199 Workers)	\$3,359*	NSD
All Large Firms (200 or More Workers)	\$1,650*	NSD
<b>ALL FIRM SIZES</b>	<b>\$2,821</b>	<b>\$1,080</b>
<b>HDHP/SO</b>		
All Small Firms (3-199 Workers)	\$4,706*	NSD
All Large Firms (200 or More Workers)	\$3,740*	\$1,759
<b>ALL FIRM SIZES</b>	<b>\$4,079</b>	<b>\$2,033</b>

\* 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.

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

**Exhibit 7.15**  
**Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage,**  
**Average Deductibles, by Plan Type, 2006-2013**

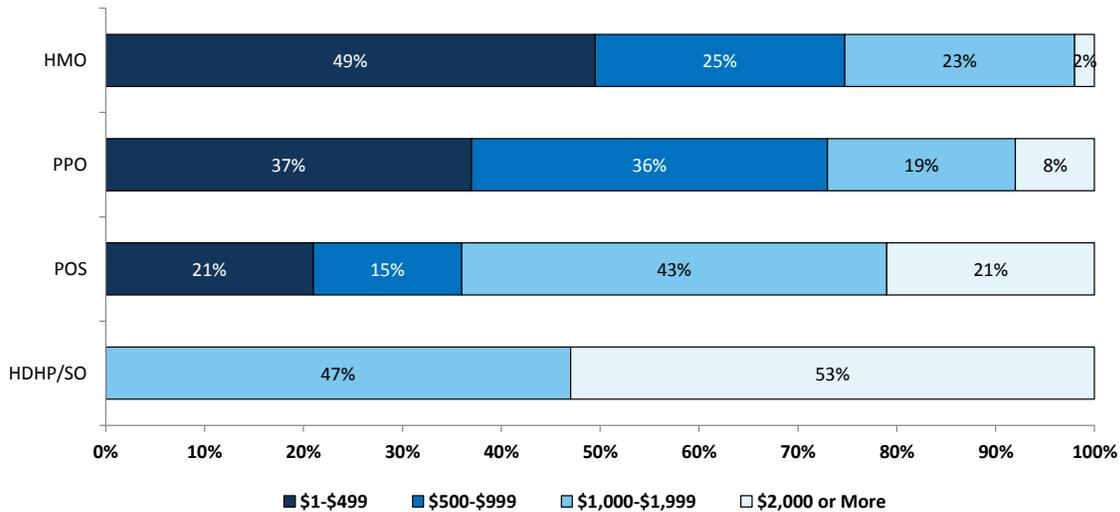
	2006	2007	2008	2009	2010	2011	2012	2013
<b>HMO</b>	\$751	\$759	\$1,053	\$1,524*	\$1,321	\$1,487	\$1,329	\$1,743
<b>PPO</b>	\$1,034	\$1,040	\$1,344*	\$1,488	\$1,518	\$1,521	\$1,770	\$1,854
<b>POS</b>	\$1,227	\$1,359	\$1,860	\$2,191	\$2,253	\$1,769	\$2,163	\$2,821
<b>HDHP/SO</b>	\$3,511	\$3,596	\$3,559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

\* 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

### 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, 2013

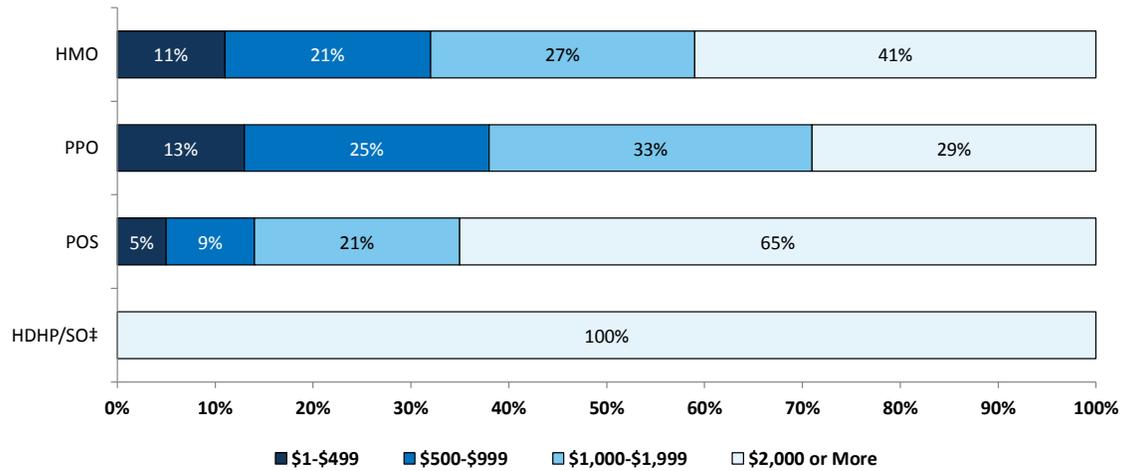


NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguished between plans that have an aggregate deductible amount in which all family members' out-of-pocket expenses count toward the deductible and plans that have a separate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

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



### Exhibit 7.17 Among Covered Workers with an Aggregate General Annual Health Plan Deductible for Family Coverage, Distribution of Deductibles, By Plan Type, 2013



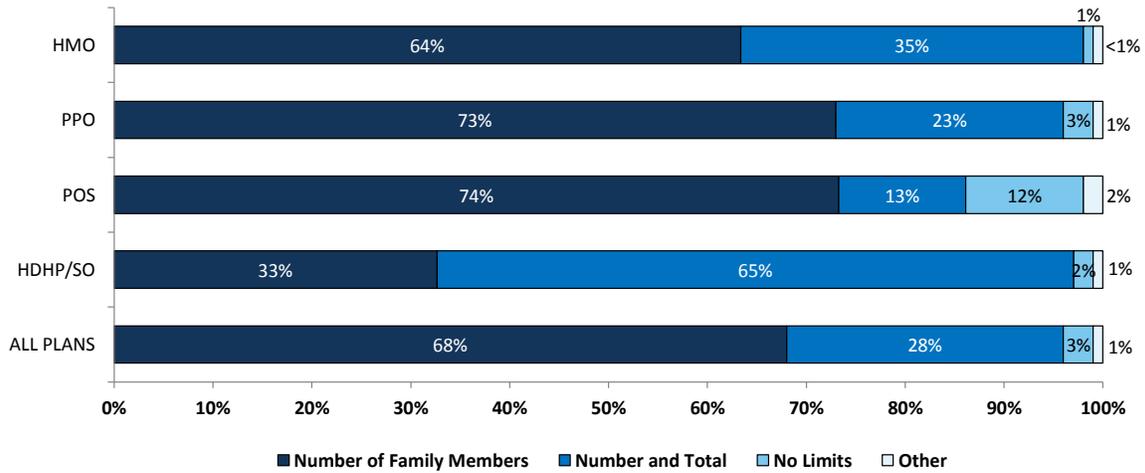
† By definition, 100% of covered workers in HDHP/SOs with an aggregate deductible have a family deductible of \$2,000 or more.

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.

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



### 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, 2013

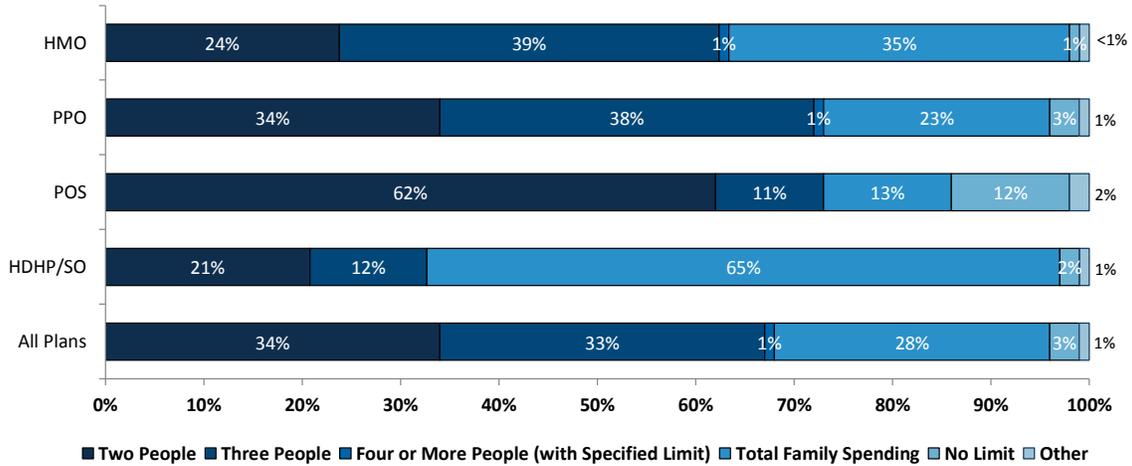


NOTE: Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services. The survey distinguishes between plans that have an aggregate family deductible that applies to spending by any covered person in the family or a separate family deductible that applies 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 consider 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.

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



### 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, 2013



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 consider 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.



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

**Exhibit 7.20**  
**Among Covered Workers With an Aggregate General Annual Health Plan**  
**Deductible for Family Coverage, Distribution of Aggregate Deductibles, by Plan**  
**Type, 2006-2013**

	\$1-\$499	\$500-\$999	\$1,000-\$1,999	\$2,000 or More
<b>HMO</b>				
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
<b>PPO</b>				
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
<b>POS</b>				
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

\* 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

**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, 2013**

	HMO	PPO	POS	HDHP/HRA <sup>§</sup>
<b>Physician Office Visits For Primary Care</b>	77%	78%	72%	56%
<b>Prescription Drugs</b>	95%	91%	87%	74%

<sup>§</sup> 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.

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

**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, 2013**

<b>Separate Cost Sharing for a Hospital Admission</b>	HMO	PPO	POS	HDHP/SO <sup>§</sup>	<b>ALL PLANS</b>
Separate Annual Deductible for Hospitalizations	3%	4%	6%	0%*	<b>3%</b>
Copayment and/or Coinsurance					
Copayment	37*	14	31*	3*	<b>16</b>
Coinsurance	26*	69*	42*	68	<b>61</b>
Both Copayment and Coinsurance <sup>‡</sup>	5	10	9	2*	<b>8</b>
Charge Per Day	20*	4	15	2*	<b>7</b>
None	19	13	16	28*	<b>17</b>

\* 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.

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

**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, 2013**

<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>	<b>HMO</b>	<b>PPO</b>	<b>POS</b>	<b>HDHP/SO<sup>§</sup></b>	<b>ALL PLANS</b>
Separate Annual Deductible for Outpatient Surgery Copayment and/or Coinsurance	1%	3%	5%	0%*	<b>2%</b>
Copayment	49*	12*	35*	4*	<b>18</b>
Coinsurance	28*	71*	37*	69	<b>62</b>
Both Copayment and Coinsurance <sup>‡</sup>	5	7	6	1*	<b>5</b>
None	21	15	26	27*	<b>19</b>

\* 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.

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

**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, 2013**

	Average Copayment	Average Coinsurance	Charge Per Day
<b>Separate Cost Sharing for a Hospital Admission</b>			
HMO	\$348	19%	\$276
PPO	255	18	178*
POS	246	21*	350*
HDHP/SO	NSD	18	NSD
<b>ALL PLANS</b>	<b>\$278</b>	<b>18%</b>	<b>\$264</b>
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>			
HMO	\$148	19%	NA
PPO	119	18	NA
POS	177	20*	NA
HDHP/SO	NSD	19	NA
<b>ALL PLANS</b>	<b>\$140</b>	<b>18%</b>	<b>NA</b>

\* 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 \$436 and the average separate annual deductible for outpatient surgery is \$726. 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.

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

**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, 2013**

	Copay Only	Coinsurance Only	No Cost Sharing	Other Type of Cost Sharing
<b>Primary Care</b>				
HMO	96%*	3%*	1%*	1%
PPO	82*	15	2*	1
POS	89*	4*	4	3
HDHP/SO	22*	55*	22*	0
<b>ALL PLANS</b>	<b>74%</b>	<b>20%</b>	<b>6%</b>	<b>1%</b>
<b>Specialty Care</b>				
HMO	94%*	4%*	0%*	2%
PPO	80*	15	2*	2
POS	90*	5*	3	2
HDHP/SO	18*	56*	22*	5
<b>ALL PLANS</b>	<b>72%</b>	<b>20%</b>	<b>6%</b>	<b>2%</b>

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

Note: In 2013, 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.

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

**Exhibit 7.26**  
**Among Covered Workers with Copayments and/or Coinsurance for In-Network Physician Office Visits, Average Copayments and Coinsurance, by Plan Type, 2013**

<b>In-Network Office Visits</b>	HMO	PPO	POS	HDHP/SO	<b>ALL PLANS</b>
<b>Primary Care Office Visit</b>					
Average Copay	\$22*	\$23	\$24	\$24	<b>\$23</b>
Average Coinsurance ‡	NSD	19%	NSD	18%	<b>18%</b>
<b>Specialty Care Office Visit</b>					
Average Copay	\$32*	\$35	\$38	\$36	<b>\$35</b>
Average Coinsurance ‡	NSD	19%	NSD	18%	<b>19%</b>

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

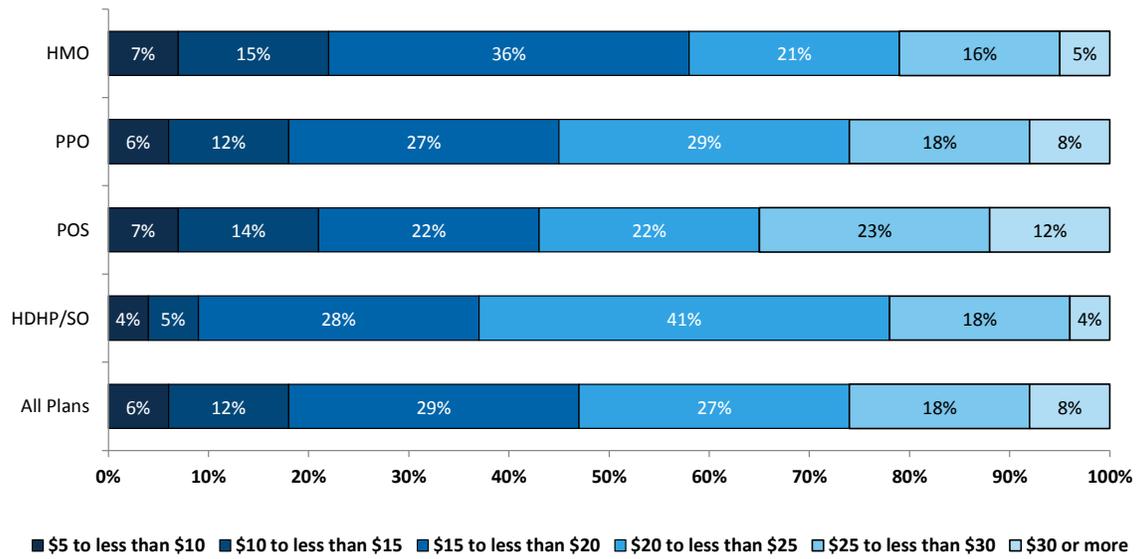
NSD: Not Sufficient Data.

‡ 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: 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.

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

**Exhibit 7.27**  
**Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, by Plan Type, 2013**

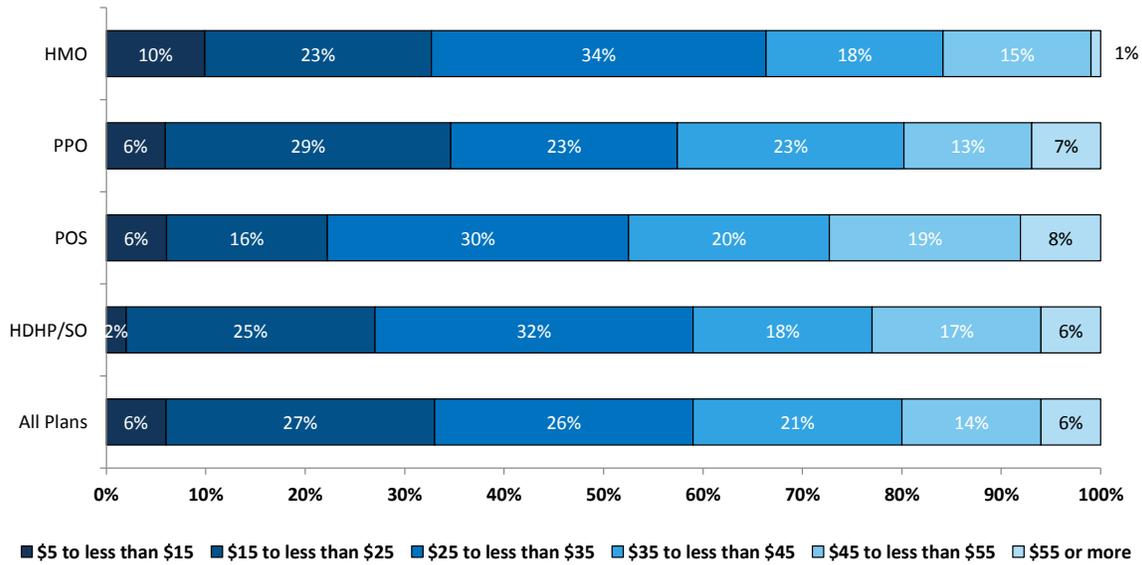


NOTE: Copayments for PPOs, POS plans, and HDHP/SOs are for in-network providers.

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



### Exhibit 7.28 Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, by Plan Type, 2013

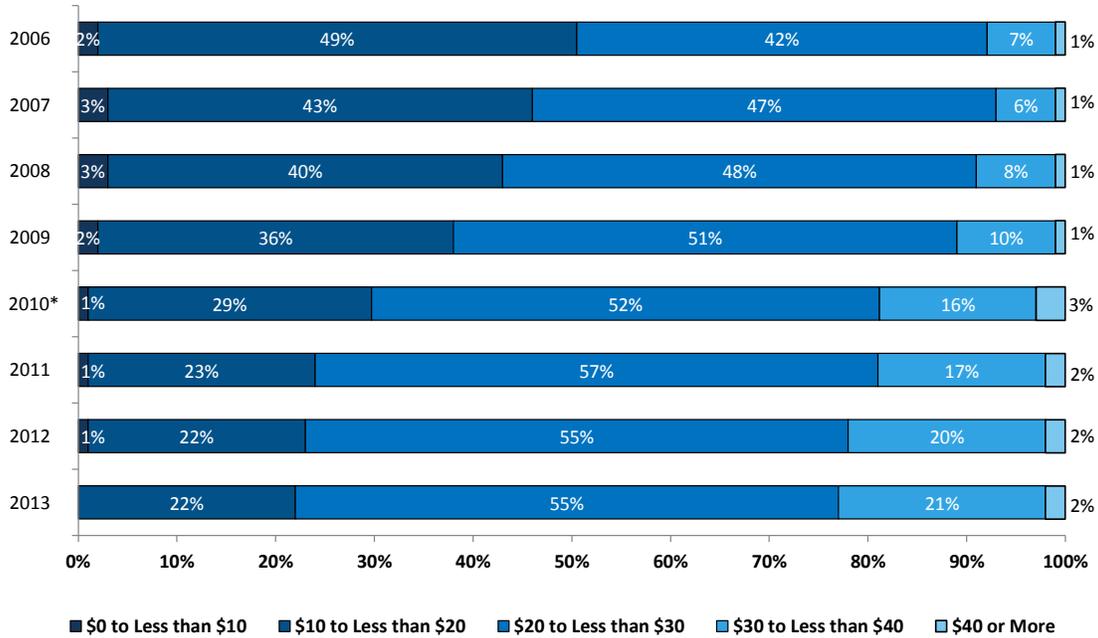


NOTE: Copayments for PPOs, POS plans, and HDHP/SOs are for in-network providers.

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



### Exhibit 7.29 Among Covered Workers with Copayments for a Physician Office Visit with a Primary Care Physician, Distribution of Copayments, 2006-2013

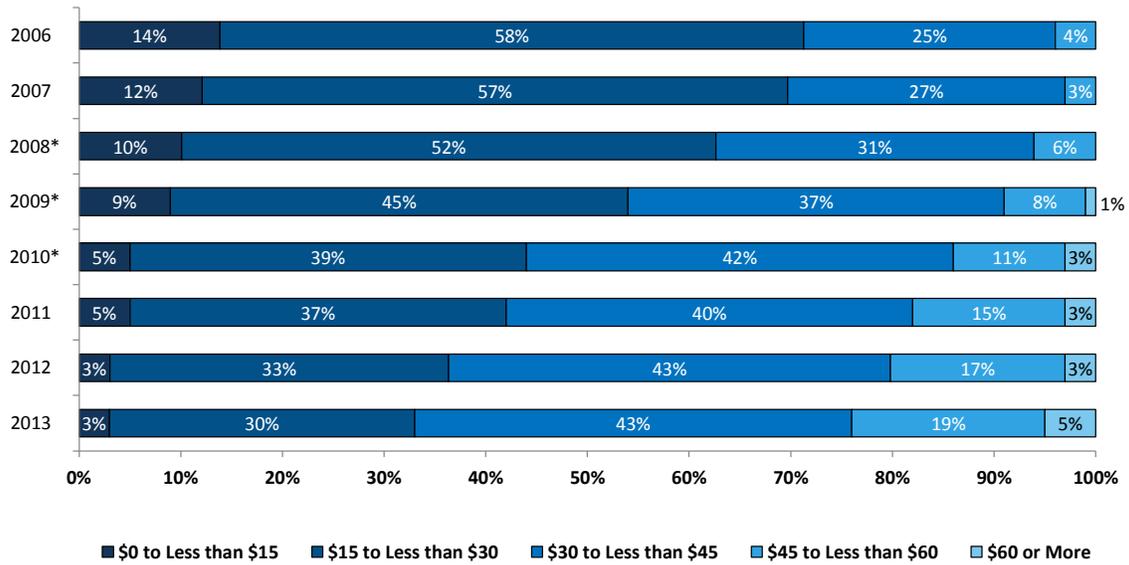


\* Distribution is statistically different from distribution for the previous year shown (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.



### Exhibit 7.30 Among Covered Workers with Copayments for a Physician Office Visit with a Specialty Care Physician, Distribution of Copayments, 2006-2013



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

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.



**Exhibit 7.31**  
**Percentage of Covered Workers without an Annual Out-of-Pocket Maximum for Single and Family Coverage, by Plan Type, 2013**

	Single Coverage	Family Coverage
HMO	25%*	25%*
PPO	11	11
POS	15	16
<b>ALL PLANS</b>	<b>12%</b>	<b>12%</b>

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

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 9%.

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

**Exhibit 7.32**  
**Among Covered Workers with an Annual Out-of-Pocket Maximum,**  
**Percentage Whose Spending on Various Services Does Not Count Towards**  
**the Out-of-Pocket Maximum, by Plan Type, 2013**

	HMO	PPO	POS	HDHP/SO <sup>‡</sup>
<b>General Annual Plan Deductible</b>	45%	34%	16%	17%
<b>Any Additional Plan Deductibles</b>	NSD	68	NSD	NSD
<b>Physician Office Visit Copayments</b>	44	76	47	88
<b>Physician Office Visit Coinsurance</b>	NSD	3	NSD	<1
<b>Prescription Drug Cost Sharing</b>	71	84	66	60

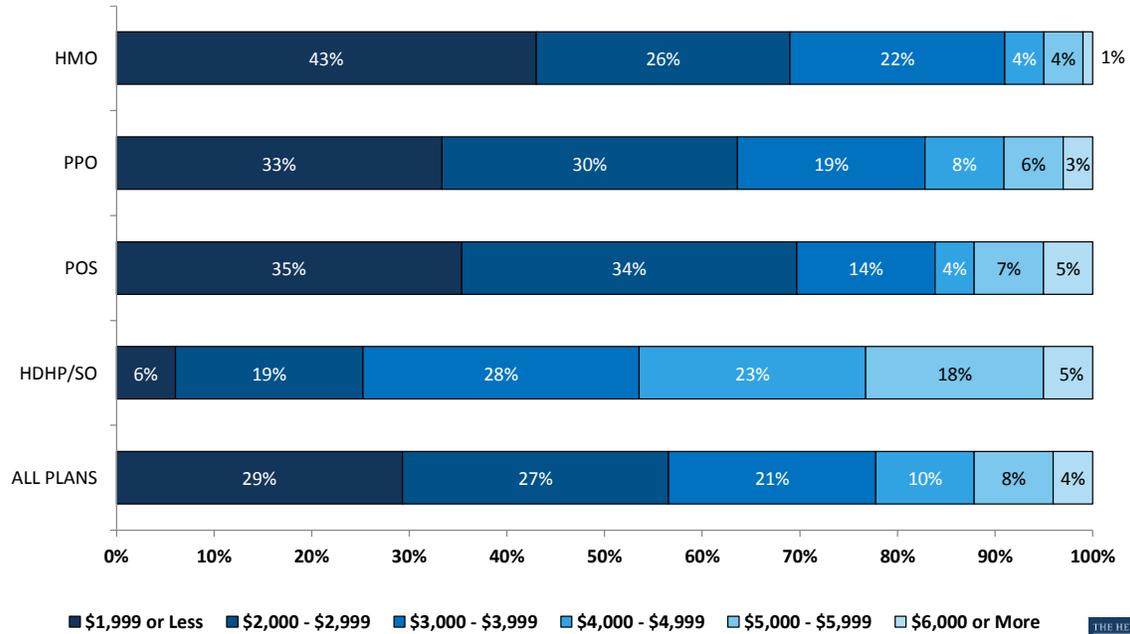
<sup>‡</sup> Among HDHP/SO plans, questions other than “overall plan deductible” were asked only of HDHP/HRAs and not of HSA-qualified HDHPs. HSA-qualified HDHPs are required to apply most cost sharing to the out-of-pocket maximum. When HDHP/HRAs are considered exclusively, among covered workers with an annual out-of-pocket maximum, the percentage whose out-of-pocket maximum does not include certain services is as follows: any additional plan deductibles is NSD, office visit copayments is 88%, office visit coinsurance is <1%, and prescription drug cost sharing is 60%.

NSD: Not Sufficient Data.

Note: This series of questions is asked if the plan has an out-of-pocket maximum for single or family coverage.

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

**Exhibit 7.33**  
**Among Covered Workers with an Out-of-Pocket Maximum for Single Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2013**



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



**Exhibit 7.34**  
**Distribution of Type of Out-of-Pocket Maximum for Covered Workers with Family Coverage, by Plan Type and Firm Size, 2013**

	No Limit	Aggregate Amount	Separate Amount per Person
<b>HMO</b>			
All Small Firms (3-199 Workers)	22%	65%	13%
All Large Firms (200 or More Workers)	27	51	22
<b>ALL FIRM SIZES</b>	<b>25%</b>	<b>56%</b>	<b>19%</b>
<b>PPO</b>			
All Small Firms (3-199 Workers)*	17%	63%	20%
All Large Firms (200 or More Workers)*	9	58	32
<b>ALL FIRM SIZES</b>	<b>11%</b>	<b>60%</b>	<b>29%</b>
<b>POS</b>			
All Small Firms (3-199 Workers)	10%	71%	20%
All Large Firms (200 or More Workers)	24	64	11
<b>ALL FIRM SIZES</b>	<b>16%</b>	<b>68%</b>	<b>16%</b>
<b>HDHP/SO<sup>‡</sup></b>			
All Small Firms (3-199 Workers)*	7%	86%	7%
All Large Firms (200 or More Workers)*	3	78	19
<b>ALL FIRM SIZES</b>	<b>4%</b>	<b>81%</b>	<b>15%</b>
<b>ALL FIRMS</b>			
All Small Firms (3-199 Workers)*	14%	70%	16%
All Large Firms (200 or More Workers)*	11	60	28
<b>ALL FIRM SIZES</b>	<b>12%</b>	<b>63%</b>	<b>24%</b>

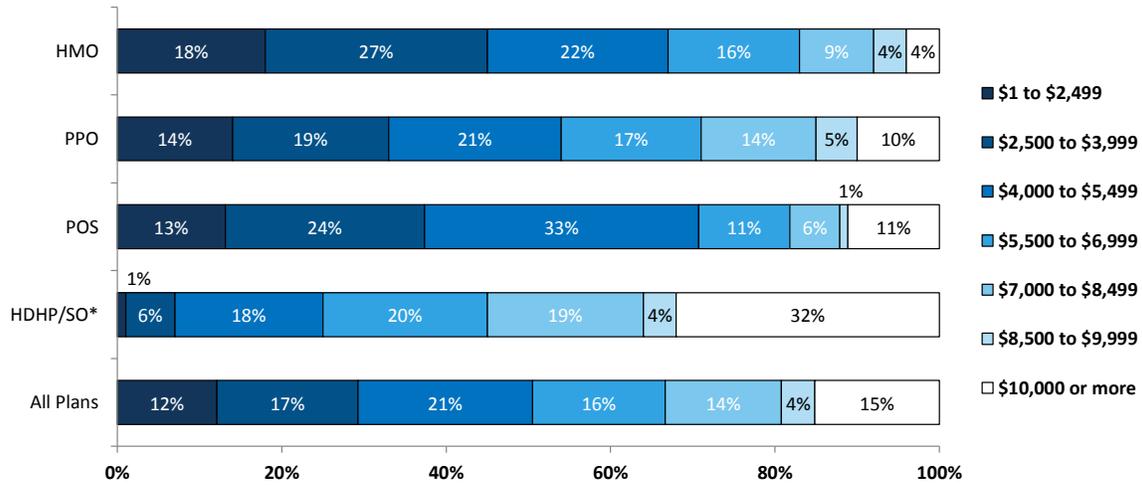
\* Distributions are statistically different between All Small Firms and All Large Firms within plan type ( $p < .05$ ).

‡ HSA-qualified HDHPs are required by law to have an annual maximum out-of-pocket liability of no more than \$6,250 for single coverage and \$12,500 for family coverage in 2013. 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 – 18% No Limit, 73% Aggregate Amount, and 9% Separate Amount per Person; All Large Firms – 5% No Limit, 70% Aggregate Amount, and 25% Separate Amount per Person; All Firm Sizes – 9% No Limit, 71% Aggregate Amount, and 20% 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, 75% of workers in HMOs, 67% in PPOs, 81% in POS plans, and 72% in All Plans have an aggregate out-of-pocket maximum.

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

### Exhibit 7.35 Among Covered Workers with an Aggregate Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2013



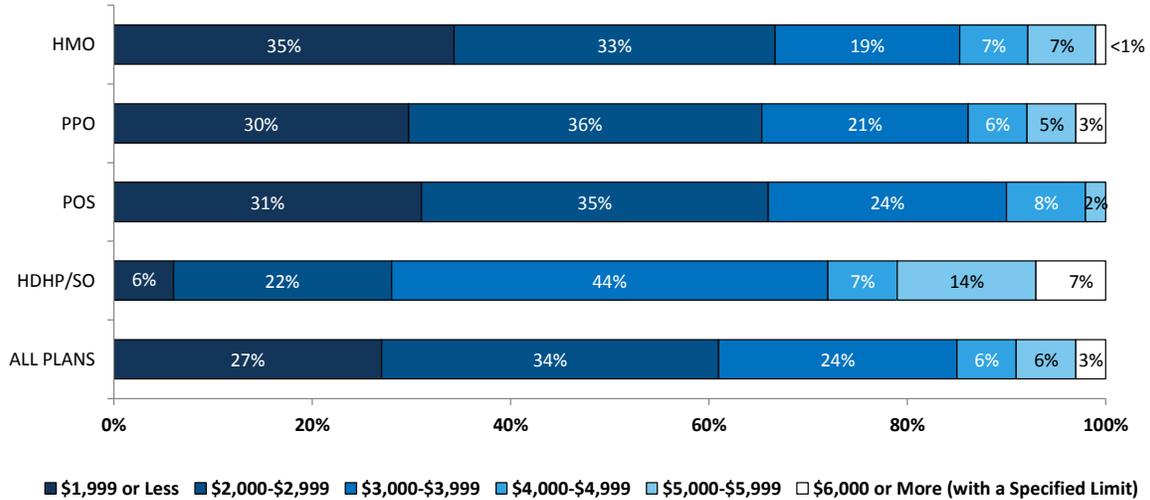
\* Distribution is statistically different from All Plans distribution (p<.05).

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 2013. 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.

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



### Exhibit 7.36 Among Covered Workers with a Separate Per Person Out-of-Pocket Maximum for Family Coverage, Distribution of Out-of-Pocket Maximums, by Plan Type, 2013

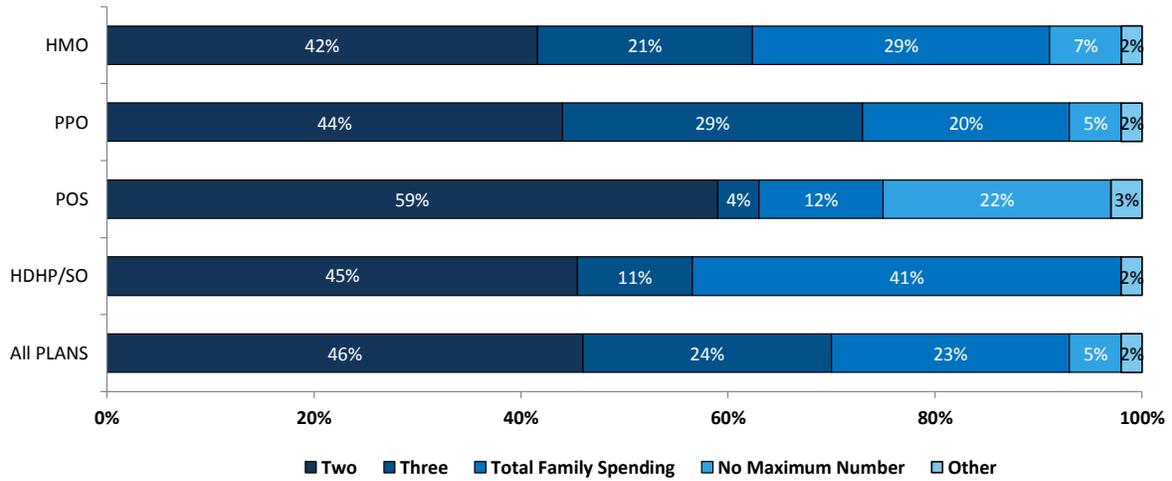


NOTE: Distributions were not statistically different from the All Plans distribution. Distributions are among covered workers facing a specified limit for out-of-pocket maximum amounts. The survey distinguished between plans that have a family aggregate out-of-pocket maximum that applies to spending 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.

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



### Exhibit 7.37 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, 2013



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.

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



EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

High-Deductible  
Health Plans  
with Savings  
Option

SECTION

8

## Section Eight: High-Deductible Health Plans with Savings Option

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Changes in law over the past few years have permitted the establishment of new types of savings arrangements for health care. The two most common are health reimbursement arrangements (HRAs) and health savings accounts (HSAs). HRAs and HSAs are both 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 that can be 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 coverage<sup>1</sup> 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).<sup>2</sup>

### Percentage of Firms Offering HDHP/HRAs and HSA-Qualified HDHPs, and Enrollment

- Twenty-three percent of firms offering health benefits offer an HDHP/HRA or an HSA-qualified HDHP. Among firms offering health benefits, 6% offer an HDHP/HRA and 17% offer an HSA-qualified HDHP (Exhibit 8.1).
  - Firms with 5,000 or more workers are significantly more likely to offer an HDHP/SO than smaller firms. Forty-three percent of firms with 1,000 or more

<sup>1</sup> 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 2013. See the Text Box for more information on HDHP/HRAs and HSA-qualified HDHPs.

<sup>2</sup> 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.

workers offer an HDHP/SO, compared to 22% of firms with 3 to 199 workers, 39% of firms with 200-999 workers (Exhibit 8.2).

**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 typically 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” which is 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 2013) that also meets other requirements. 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 \$3,250 for single coverage and \$6,450 for family coverage in 2013. 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.

<sup>1</sup> See U.S. Department of the Treasury, *Health Savings Accounts*, available at <http://www.irs.gov/pub/irs-drop/rp-12-26.pdf>

- Twenty percent of covered workers are enrolled in an HDHP/SO in 2013, similar to the 19% enrolled last year (Exhibit 8.5). Enrollment in HDHP/SOs had increased significantly in previous years (17% in 2011; 13% in 2010; 8% in 2009).
  - Nine percent of covered workers are enrolled in HDHP/HRAs in 2013, and 11% percent of covered workers are enrolled in HSA-qualified HDHPs (Exhibit 8.5).

### Plan Deductibles

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

- The average general annual deductible for single coverage is \$1,854 for HDHP/HRAs and \$2,098 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). Eighteen percent of covered workers are enrolled in a HDHP/SO with a deductible of \$3,000 or more.
- 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).
  - The average aggregate deductibles for workers with family coverage are \$4,059 for HDHP/HRAs and \$4,037 for HSA-qualified HDHPs (Exhibit 8.7). There is wide variation around these average amounts for family coverage (Exhibit 8.1). Almost a third of covered workers enrolled in HDHP/So plans have an aggregate family deductible of \$5,000 dollars or more.

### Out-of-Pocket Maximum Amounts

- HSA-qualified HDHPs are legally required to have a maximum annual 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 similar requirement.
  - The average annual out-of-pocket maximum for single coverage is \$4,093 for HDHP/HRAs<sup>3</sup> and \$3,509 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 \$8,886 for HDHP/HRAs and \$7,077 for HSA-qualified HDHPs (Exhibit 8.7).

### Premiums

- In 2013, the average annual premiums for HDHP/HRAs are \$5,655 for single coverage and \$16,477 for family coverage (Exhibit 8.8).

<sup>3</sup> The average out-of-pocket maximum for HDHP/HRAs is calculated for plans with an out-of-pocket maximum. About 9% 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.

- The average annual premium for workers in HSA-qualified HDHPs is \$5,006 for single coverage and \$14,155 for family coverage. These amounts are lower than the average single and family premium for workers in plans that are not HDHP/SOs (Exhibit 8.7).

### Worker Contributions to Premiums

- The average annual worker contributions to premiums for workers enrolled in HDHP/HRAs are \$1,058 for single coverage and \$4,087 for family coverage (Exhibit 8.8).
- The average annual worker contributions to premiums for workers in HSA-qualified HDHPs are \$726 for single coverage and \$3,241 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 8.7).

### Employer Contributions to Premiums and Savings Options

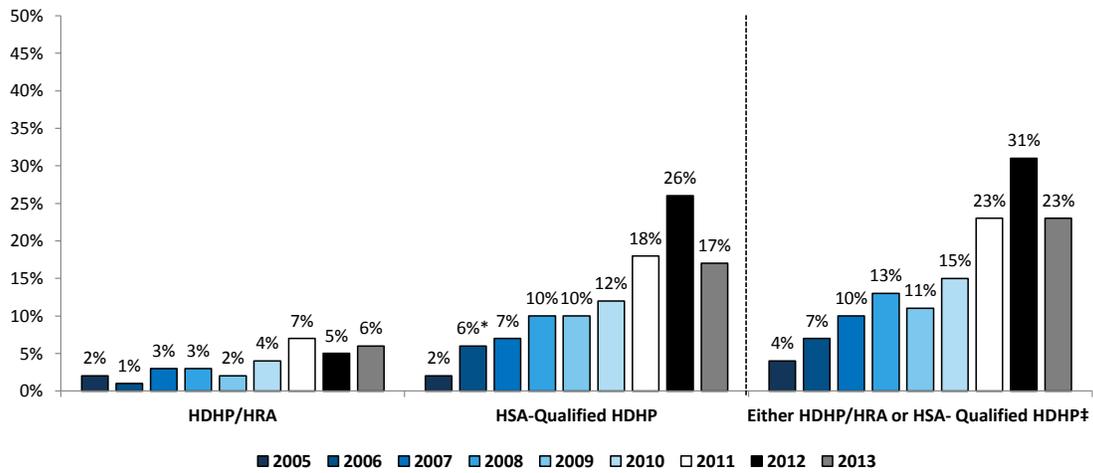
- Employers contribute to HDHP/SOs in two ways: through their contributions toward the premium for the health plan and through their contributions (if any, in the case of HSAs) to the savings account option (i.e., the HRAs or HSAs themselves).
  - Looking just at the annual employer contributions to premiums, covered workers in HDHP/HRAs on average receive employer contributions of \$4,597 for single coverage and \$12,390 for family coverage. The average employer contribution for single coverage in HDHP/HRAs is significantly less than the average employer premium contribution for plans that are not HDHP/SOs (Exhibit 8.8).
  - The average annual employer contributions to premiums for workers in HSA-qualified HDHPs are \$4,280 for single coverage and \$10,914 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 \$947 for single coverage and \$1,800 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.<sup>4</sup> 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 job. Thus, the employer

<sup>4</sup> 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.

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 \$653 for single coverage and \$1,150 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. Fifty-one percent of employers offering single coverage and fifty percent offering family coverage through HSA-qualified HDHPs do not make contributions towards the HSAs that their workers establish (Exhibit 8.8). Thirty-one percent of workers with single coverage and thirty-two 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).
  - The percent of covered workers enrolled in a plan where the employer makes no HSA contribution for single coverage is similar to 34% last year and 26% 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 \$950 for single coverage and \$1,680 for family coverage (Exhibit 8.7).
- 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 \$5,544 for single coverage and \$14,190 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 \$4,931 for single coverage and \$12,065 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).

### Exhibit 8.1 Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005-2013

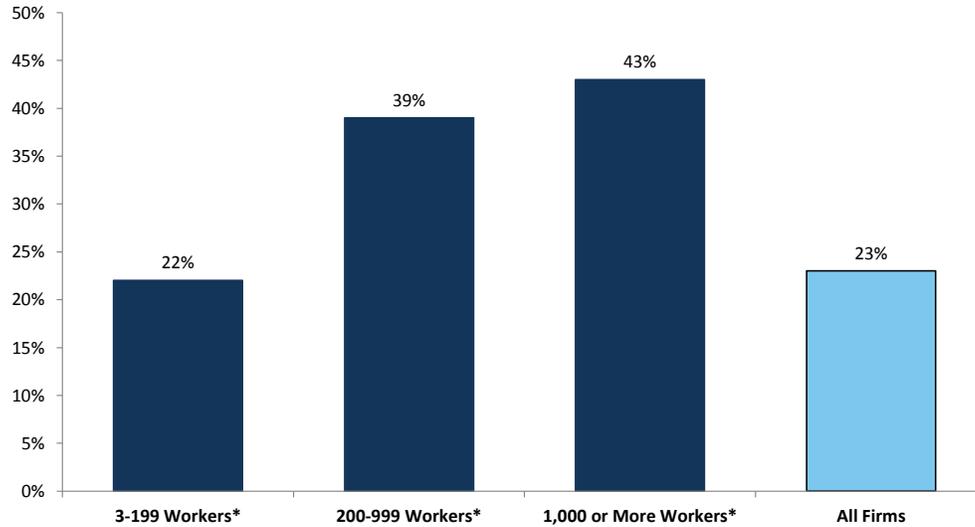


\* Estimate is statistically different from estimate for the previous year shown (p<.05).

‡ The 2013 estimate includes 1.0% 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%], and 2012[0.6%].

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2013.



**Exhibit 8.2****Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2013**

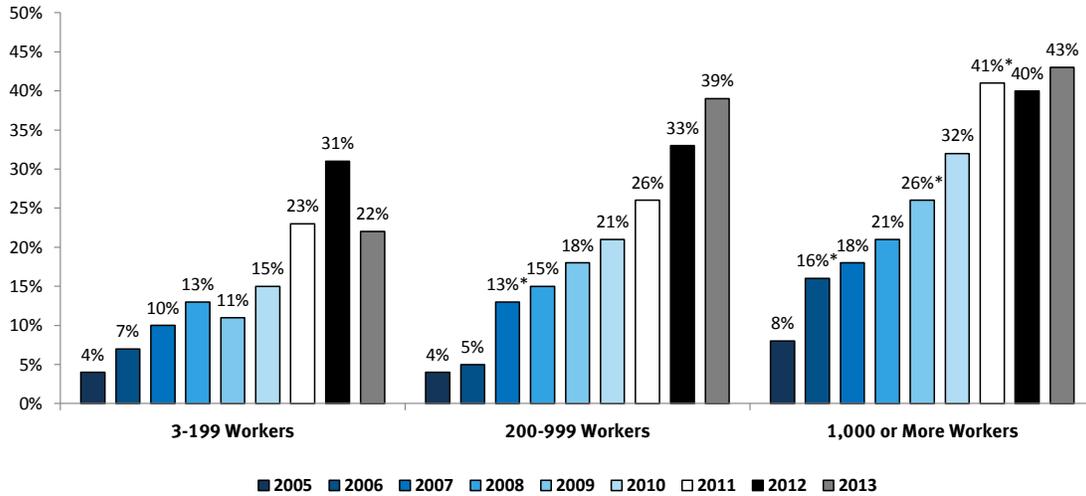
\* Estimates are statistically different from all other firms not in the indicated size category ( $p < .05$ ).

NOTE: The 2013 estimate includes 1.0% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP.

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



### Exhibit 8.3 Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005-2013



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

NOTE: The 2013 estimate includes 1.0% 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%], and 2012[0.6%].

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2013.



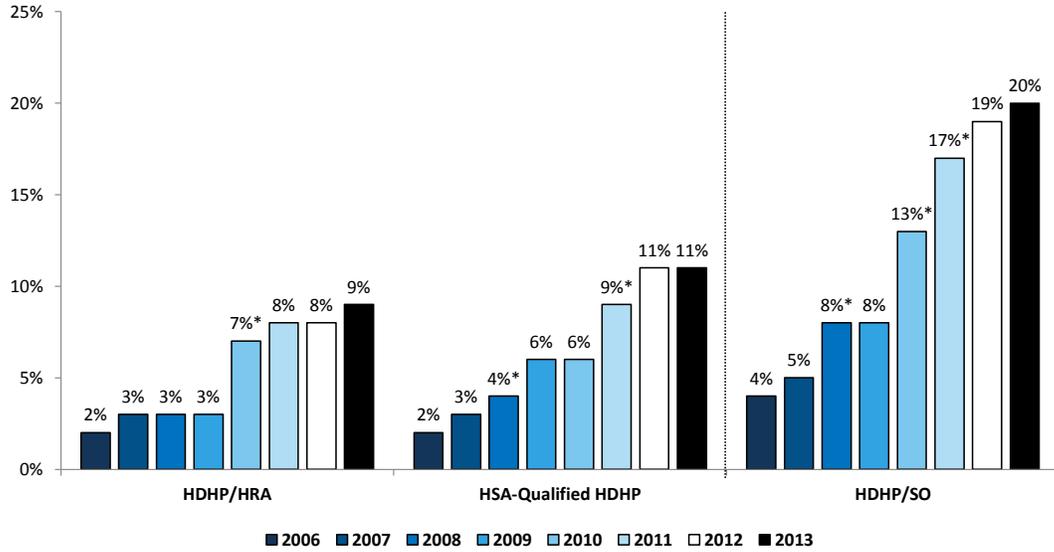
**Exhibit 8.4**  
**Percentage of Covered Workers Enrolled in an HDHP/SO, 2006-2013**

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

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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

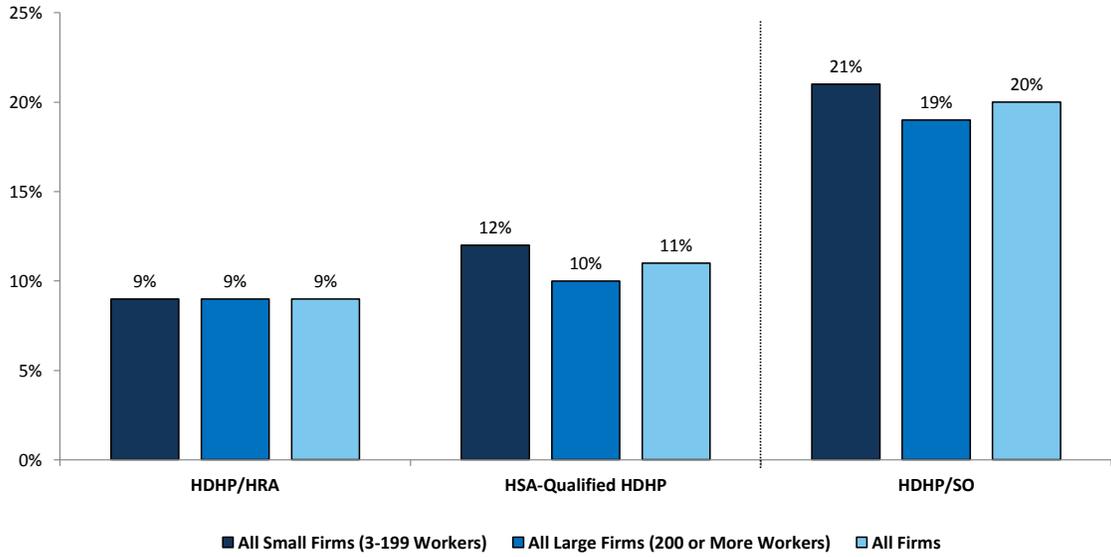
### Exhibit 8.5 Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA- Qualified HDHP, 2006-2013



\* Estimate is statistically different from estimate for the previous year shown (p<.05).  
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.



**Exhibit 8.6**  
**Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-  
 Qualified HDHP, by Firm Size, 2013**



\* Estimates are statistically different between All Small Firms and All Large Firms within each category (p<.05).  
 SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.



**Exhibit 8.7**  
**HDHP/HRA and HSA-Qualified HDHP Features for Covered Workers, 2013**

Annual Plan Averages for:	HDHP/HRA		HSA-Qualified HDHP	
	Single	Family	Single	Family
Premium	\$5,655	\$16,477	\$5,006	\$14,155
Worker Contribution to Premium	\$1,058	\$4,087	\$726	\$3,241
General Annual Deductible <sup>‡</sup>	\$1,854	\$4,059	\$2,098	\$4,037
Out-of-Pocket Maximum Liability <sup>‡</sup>	\$4,093	\$8,886	\$3,509	\$7,077
Firm Contribution to the HRA or HSA <sup>§</sup>	\$947	\$1,800	\$653	\$1,150

<sup>‡</sup> Nine 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, 20% are in plans whose family deductible is a separate per person amount and 20% 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 14% for deductibles and 12% for out-of-pocket maximums.

<sup>§</sup> When those firms that do not contribute to the HSA (51% for single coverage and 50% for family) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$950 for single coverage and \$1,680 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.

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

**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, 2013**

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans <sup>§</sup>	
	Single	Family	Single	Family	Single	Family
<b>Total Annual Premium</b>	\$5,655	\$16,477	\$5,006*	\$14,155*	\$6,025	\$16,623
Worker Contribution to Premium	\$1,058	\$4,087*	\$726*	\$3,241*	\$1,027	\$4,787
Firm Contribution to Premium	\$4,597*	\$12,390	\$4,280*	\$10,914*	\$4,998	\$11,836
<b>Annual Firm Contribution to the HRA or HSA<sup>‡</sup></b>	\$947	\$1,800	\$653	\$1,150	NA	NA
<b>Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)</b>	\$5,544*	\$14,190*	\$4,931	\$12,065	\$4,998	\$11,836
<b>Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)</b>	\$6,601*	\$18,277*	\$5,656	\$15,305*	\$6,025	\$16,623

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

‡ When those firms that do not contribute to the HSA (51% for single coverage and 50% for family) are excluded from the calculation, the average firm contribution to the HSA for covered workers is \$950 for single coverage and \$1,680 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.

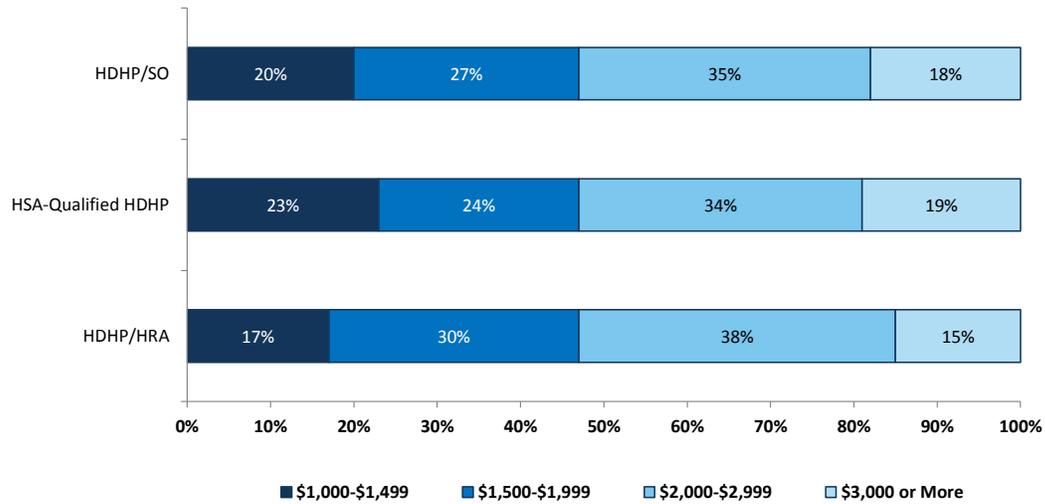
§ In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

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.

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

### Exhibit 8.9 Distribution of Covered Workers with the Following General Annual Deductible Amounts for Single Coverage, HSA-Qualified HDHPs and HDHP/HRAs, 2013



NOTE: The minimum annual single deductible for workers enrolled in HSA-qualified HDHPs is \$1,250 in 2013 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$1,250.

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



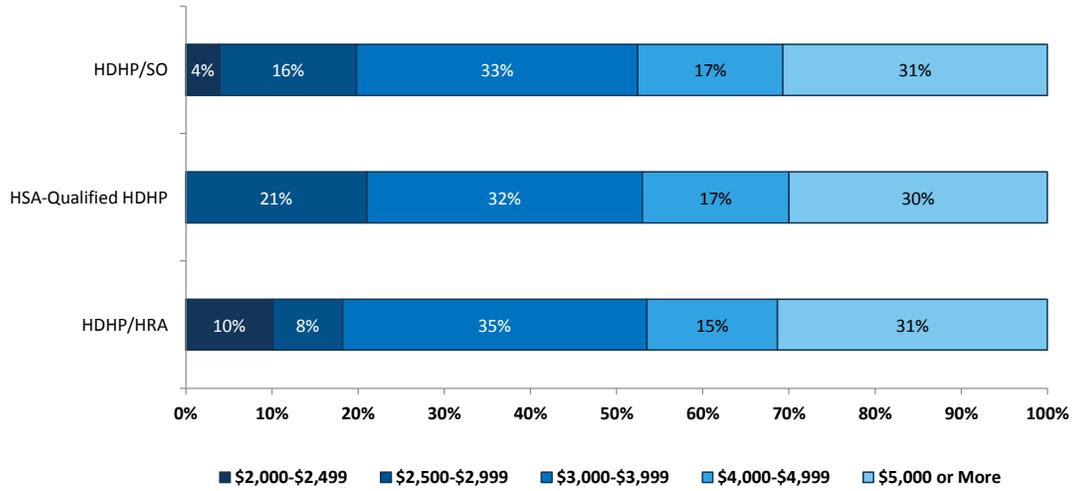
**Exhibit 8.10**  
**Among Covered Workers, Distribution of Type of General Annual Deductible for Family Coverage, HDHP/HRAs and HSA-Qualified HDHPs, 2013**

	Aggregate Amount	Separate Amount per Person
HDHP/HRA	80%	20%
HSA-Qualified HDHP	86	14
<b>HDHP/SO</b>	<b>84%</b>	<b>16%</b>

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.

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

### Exhibit 8.11 Distribution of Covered Workers with the Following Aggregate Family Deductible Amounts, HDHP/HRAs and HSA-Qualified HDHPs, 2013



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 2013 according to federal regulation. Therefore, the distribution for HSA-qualified HDHPs starts at \$2,500.

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



**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, 2013**

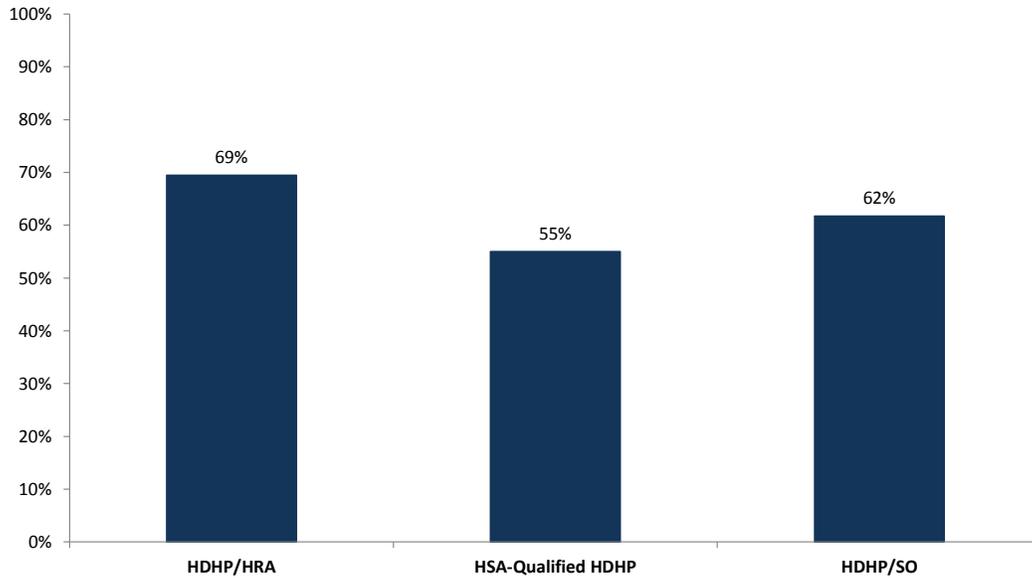
	Physician Office Visits for Primary Care	Prescription Drugs
All Small Firms (3-199 Workers)	72%	77%
All Large Firms (200 or More Workers)	49%	73%
<b>ALL FIRMS</b>	<b>56%</b>	<b>74%</b>

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.

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

### Exhibit 8.13

#### Percentage of Covered Workers in Partially or Fully Self-Funded HDHP/HRAs and HSA-Qualified HDHPs, 2013

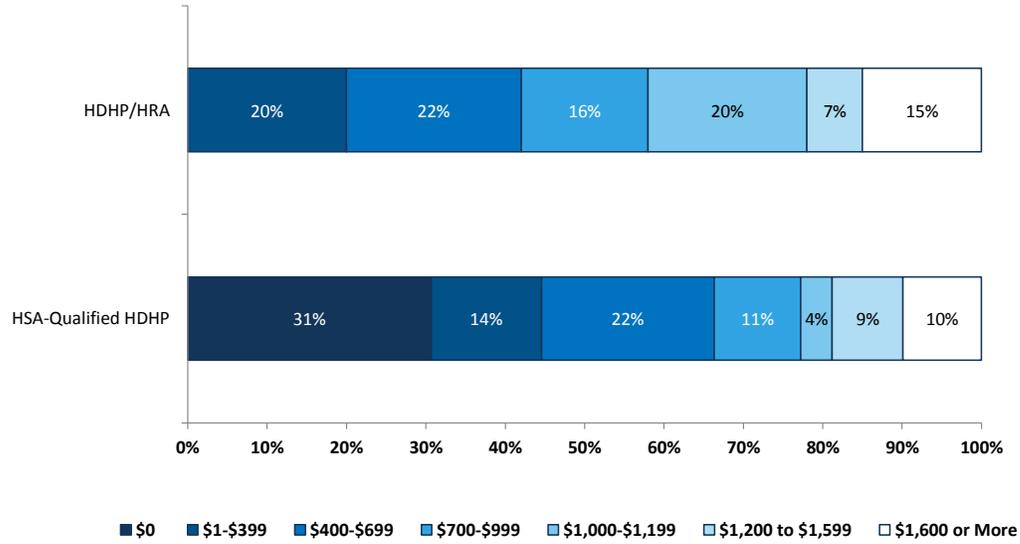


NOTE: For definitions of Self-Funded and Fully Insured Plans, see the introduction to Section 10.

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



**Exhibit 8.14**  
**Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Single Coverage, 2013**

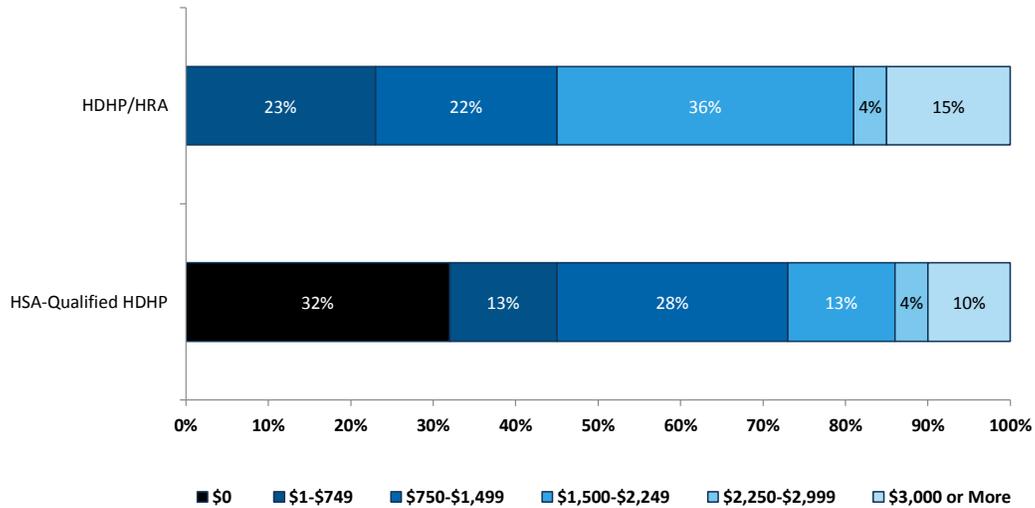


NOTE: For single coverage, 51% of employers offering HSA-qualified HDHPs (covering 31% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.

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



### Exhibit 8.15 Distribution of Covered Workers with the Following Annual Employer Contributions to their HRA or HSA, for Family Coverage, 2013



NOTE: For family coverage, 50% of employers offering HSA-qualified HDHPs (covering 32% of workers enrolled in these plans) do not make contributions towards the HSAs that their workers establish.

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



**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, 2013**

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 80%	Less than \$757	52%	Less than \$1,440	45%
80% to Less Than Average	\$757 to <\$947	5%	\$1,440 to <\$1,800	16%
Average to Less Than 120%	\$947 to <\$1,136	20%	\$1,800 to <\$2,160	19%
120% or More	\$1,136 or more	23%	\$2,160 or More	21%

Note: The average annual firm contribution to the HRA is \$947 for single coverage and \$1,800 for family coverage. The HRA account contribution distribution is relative to the average single or family account contribution. For example, \$757 is 80% of the average single HRA account contribution and \$1,136 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.

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

**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, 2013**

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 80%	Less than \$526	57%	Less than \$923	50%
80% to Less Than Average	\$526 to <\$658	8%	\$923 to <\$1,154	10%
Average to Less Than 120%	\$658 to <\$790	5%	\$1,154 to <\$1,385	12%
120% or More	\$790 or More	30%	\$1,385 or More	29%

Note: The average annual firm contribution to the HSA is \$658 for single coverage and \$1,154 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, \$526 is 80% of the average single HSA account contribution and \$790 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 \$951 for single coverage and \$1,675 for family coverage.

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

**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, 2013**

<b>Separate Cost Sharing for a Hospital Admission</b>	<b>HDHP/HRA</b>	<b>HSA-Qualified HDHP</b>	<b>HDHP/SO<sup>§</sup></b>
Separate Annual Deductible	0%	NA	0%
Copayment and/or Coinsurance			
Copayment	3	2%	3
Coinsurance	74	64	68
Both Copay and Coinsurance <sup>‡</sup>	3	<1	2
Charge Per Day	1	2	2
None	22	33	28
<b>Separate Cost Sharing for an Outpatient Surgery Episode</b>			
Separate Annual Deductible	<1%	NA	<1%
Copayment and/or Coinsurance			
Copayment	4	3%	4
Coinsurance	76	65	69
Both Copay and Coinsurance <sup>‡</sup>	2	<1	1
None	20	32	27
<b>Separate Cost Sharing for Primary Care Physician Office Visits</b>			
Copayment	44%	5%	22%
Coinsurance	48	62	55
None	7	33	22
Other	1	<1	<1
<b>Separate Cost Sharing for Specialty Care Physician Office Visits</b>			
Copayment	33%	5%	18%
Coinsurance	49	62	56
None	7	33	22
Other	11	<1	5

<sup>‡</sup> This includes enrollees who are required to pay the higher amount of either the copayment or coinsurance under the plan.

<sup>§</sup> 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. Beginning in 2012, the questions on primary care office visits and specialty office visits cost sharing were revised to ensure that firms that had a coinsurance with a minimum or maximum dollar amount were included in the coinsurance category. 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.

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

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Prescription  
Drug Benefits

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SECTION

9

## Section Nine: 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. Copayments, rather than coinsurance, continue to be the preferred form of cost sharing in most drug tiers.

- As in prior years, nearly all (98%) covered workers in employer-sponsored plans have a prescription drug benefit.
- A large majority of covered workers (92%) in 2013 have a tiered cost-sharing formula for prescription drugs (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 past 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.
- Eighty-one percent of covered workers are enrolled in plans with three, four, or more tiers of cost sharing for prescription drugs, similar to 77% of covered workers in 2012 (Exhibit 9.1). The percentage of covered workers enrolled in a plan with four or more tiers for prescription drugs has increased from 14% in 2012 to 23% in 2013.
  - HDHP/SOs have different cost-sharing patterns for prescription drugs than other plan types. Only 45% of covered workers in HDHP/SOs are in a plan with three or more tiers of cost sharing for prescription drugs; 12% are in plans that pay 100% of prescription costs once the plan deductible is met (Exhibit 9.2).
- Twenty-three percent of covered workers are in a plan that has four or more tiers of cost sharing for prescription drugs (Exhibit 9.1). 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 48% 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 first-tier drugs (\$10), second-tier drugs (\$29), third-tier drugs (\$52), and fourth-tier (\$80) are comparable to the amounts reported in 2012 (\$10, \$29, \$51, and \$79, respectively) (Exhibit 9.4).
  - 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 16% for first-tier drugs, 25% for second-tier drugs, 38% for third-tier drugs, and 32% for fourth-tier drugs. All of the estimates are similar to last year except for the average coinsurance for first-tier drugs (16%) which is statistically different from 2012 (20%) (Exhibit 9.4).

- 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 \$31. The average coinsurance rate for the second tier is 30% (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, 19% have copayments and 81% have coinsurance (Exhibit 9.7).
- For those workers with the same cost sharing regardless of the type of drug, the average copayment is \$12 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. Twenty-three percent of workers with a coinsurance rate have a maximum dollar amount attached to the coinsurance rate, 6% have a minimum, and 17% have both for first-tier drugs (Exhibit 9.9).

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

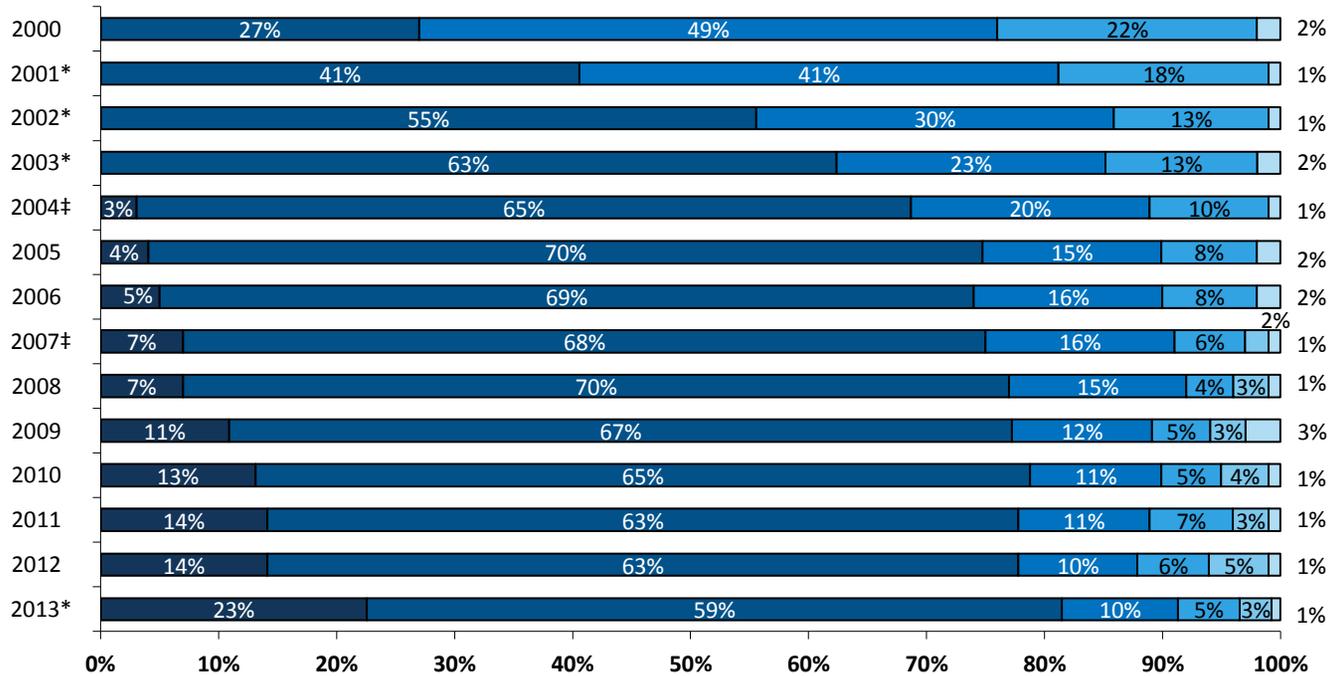
**Preferred drugs:** Drugs included on a formulary or preferred drug list; for example, a brand-name drug without a generic substitute.

**Nonpreferred 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.

**Brand-name drugs:** Generally, a drug product that is covered by a patent and is thus manufactured and sold exclusively by one firm. Cross-licensing occasionally occurs, allowing an additional firm to market the drug. After the patent expires, multiple firms can produce the drug product, but the brand name or trademark remains with the original manufacturer's product.

## Exhibit 9.1 Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drug Benefits, 2000-2013



\* 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.

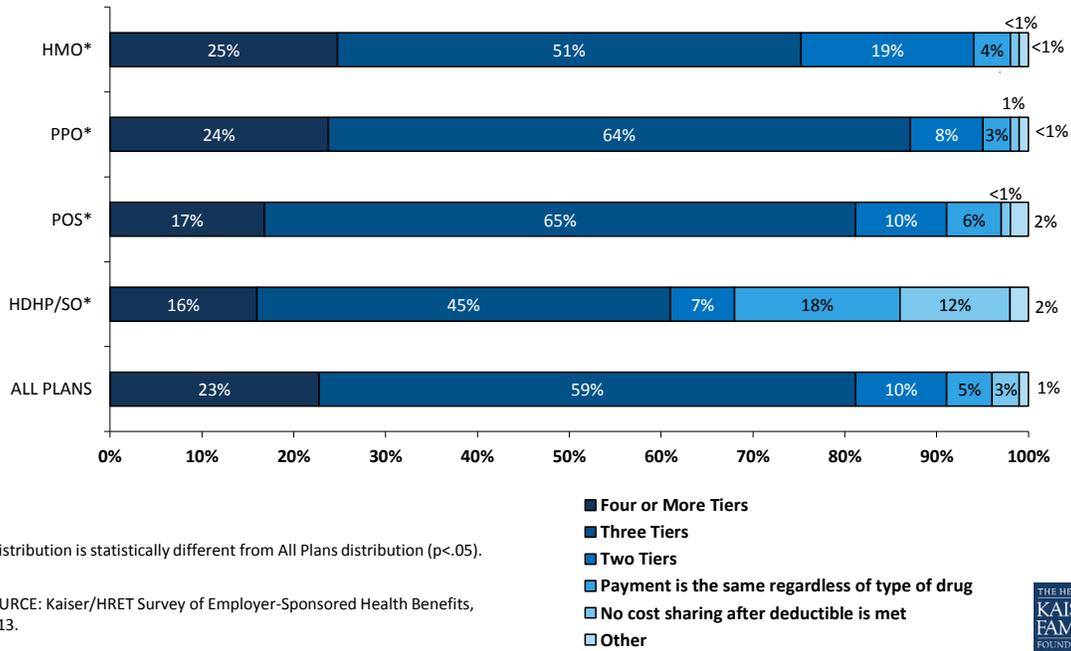
NOTE: Fourth-tier drug cost-sharing information was not obtained prior to 2004.

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

- 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, 2013



**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, 2013**

<b>First-Tier Drugs, Often Called Generic Drugs</b>	Copay	Coinsurance <sup>‡</sup>	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO	95%	3%	2%	0%
PPO	89	9	1	<1
POS	93	4	2	1
HDHP/SO	83	13	3	1
<b>ALL PLANS</b>	<b>89%</b>	<b>9%</b>	<b>2%</b>	<b>&lt;1%</b>
<b>Second-Tier Drugs, Often Called Preferred Drugs</b>			Copay or Coinsurance Plus Any Difference <sup>§</sup>	
HMO	88%	11%	<1%	1%
PPO	75	22	1	1
POS	89	4	5	2
HDHP/SO	67	29	<1	3
<b>ALL PLANS</b>	<b>76%</b>	<b>21%</b>	<b>1%</b>	<b>1%</b>
<b>Third-Tier Drugs, Often Called Nonpreferred Drugs</b>				
HMO	82%	17%	<1%	1%
PPO	70	27	1	1
POS	87	9	3	2
HDHP/SO	65	31	1	4
<b>ALL PLANS</b>	<b>71%</b>	<b>25%</b>	<b>2%</b>	<b>2%</b>
<b>Fourth-Tier Drugs</b>				
HMO	44%	42%	0%	14%
PPO	40	49	2	9
POS	39	52	0	9
HDHP/SO	41	44	0	16
<b>ALL PLANS</b>	<b>39%</b>	<b>48%</b>	<b>1%</b>	<b>11%</b>

<sup>‡</sup> 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.

<sup>§</sup> 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.

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

**Exhibit 9.4****Among Covered Workers with Three, Four, or More Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance by Drug Type, 2000-2013**

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

\* 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.

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

**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, 2013**

<b>First-Tier Drugs, Often Called Generic Drugs</b>	Copay	Coinsurance <sup>‡</sup>	Plan Pays Entire Cost After Any Deductibles Are Met	Some Other Amount
HMO	91%	8%	0%	<1%
PPO	65	29	5	1%
POS	NSD	NSD	0	NSD
HDHP/SO	59	28	11	1%
<b>ALL PLANS</b>	<b>71%</b>	<b>24%</b>	<b>4%</b>	<b>1%</b>
<b>Second-Tier Drugs, Often Called Preferred Drugs</b>	Copay	Coinsurance <sup>‡</sup>	Copay or Coinsurance Plus Difference <sup>§</sup>	Some Other Amount
HMO*	88%	12%	0%	1%
PPO	54	41	2	3
POS	NSD	NSD	0	NSD
HDHP/SO	39	59	3	0
<b>ALL PLANS</b>	<b>60%</b>	<b>36%</b>	<b>3%</b>	<b>2%</b>

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

<sup>‡</sup> 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.

<sup>§</sup> 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: 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.

NSD: Not Sufficient Data.

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

**Exhibit 9.6**  
**Among Covered Workers with Two Tiers of Prescription Cost Sharing, Average Copayments and Average Coinsurance, by Drug Type, 2000-2013**

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

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

NSD: Not Sufficient Data.

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

**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, 2013**

	Copay	Coinsurance <sup>‡</sup>	Some Other Amount
HMO	NSD	NSD	NSD
PPO	23%	77%	0%
POS	NSD	NSD	NSD
HDHP/SO*	6	94	<1
<b>ALL PLANS</b>	<b>19%</b>	<b>81%</b>	<b>&lt;1%</b>

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

<sup>‡</sup> 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.

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

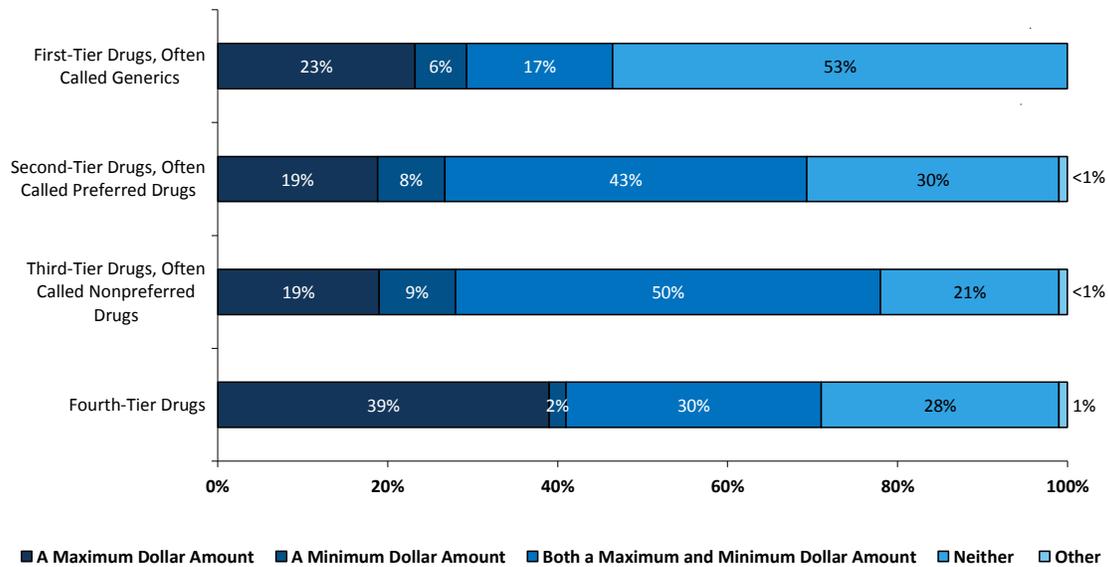
**Exhibit 9.8**  
**Among Covered Workers with the Same Cost Sharing Regardless of Type of Drug, Average Copayments and Average Coinsurance, 2000-2013**

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

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

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

### Exhibit 9.9 Distribution of Coinsurance Structures for Covered Workers Facing a Coinsurance for Prescription Drugs, by Drug Tier, 2013



NOTE: In 2013 we asked firms that indicated they had a coinsurance for prescription drugs if the coinsurance included any minimum or maximum.

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



EMPLOYER HEALTH BENEFITS  
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Plan  
Funding

SECTION

10

## Section Ten: Plan Funding

Federal law (the Employee Retirement Income Security Act of 1974, or ERISA) exempts self-funded plans from 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. Almost three in five covered workers in self-funded plans are in plans with stoploss protection.

- Sixty-one percent of covered workers are in a self-funded plan, similar to the percentage reported in 2012 (Exhibit 10.1). The percentage of covered workers who are in a plan that is completely or partially self-funded has increased over time from 49% in 2000 to 54% in 2005 and to 59% in 2010.
  - The percentage of covered workers differs by plan type: 70% of covered workers in PPOs, 62% in HDHP/SOs, 31% in HMOs, and 31% in POS plans are in a self-funded plan (Exhibit 10.5).
  - 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) (83% vs. 16%) (Exhibit 10.4). The percentage of covered workers in self-funded plans increases as the number of employees in a firm increases. Seventy-nine percent of covered workers in firms with 1,000 to 4,999 workers and 94% of covered workers in firms with 5,000 or more workers are in self-funded plans in 2013 (Exhibit 10.4).
- Fifty-nine 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.

**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 stop-loss 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.

- Eighty-eight 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).<sup>1</sup>
- 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 small firms (50-199 workers) is about \$96,000. For larger firms (200 or more workers), the average attachment point is about \$317,000 (Exhibit 10.11).
- In anticipation of major provisions of the Affordable Care Act (ACA) going into effect in 2014, firms offering health benefits were asked whether they plan to self-insure. Self-funded plans are not required to comply with the medical loss ratio or the essential health benefits rules that apply to some fully insured plans.
  - Six percent of firms offering fully-insured plans reported they plan to self-insure, 83% reported that they did not plan to self-insure, and 11% did not know (Exhibit 10.13). There were no significant differences between small and large firms.

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<sup>1</sup> 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.

**Exhibit 10.1**  
**Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999-2013**

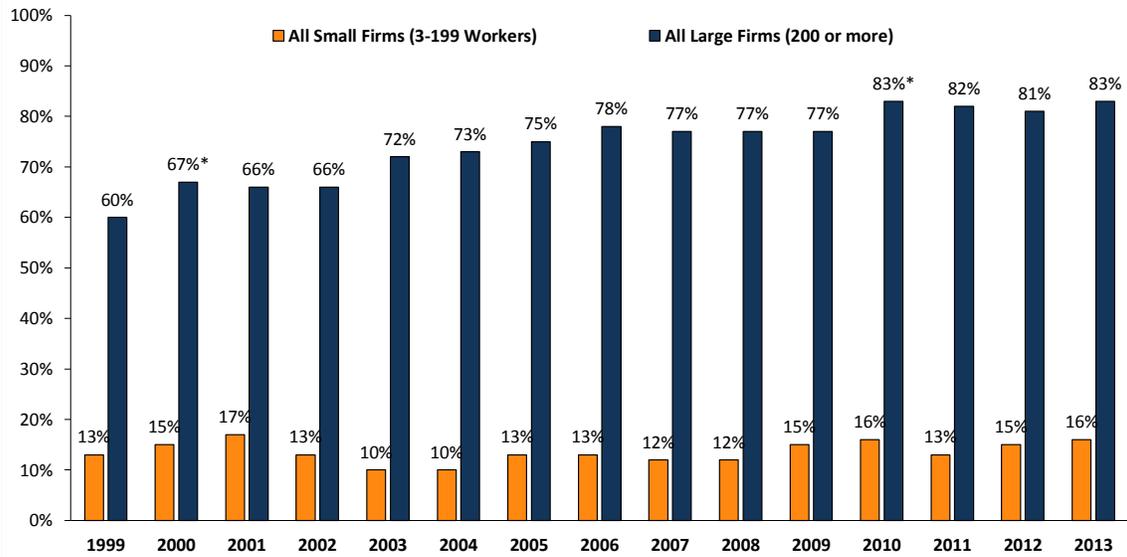
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3-199 Workers	13%	15%	17%	13%	10%	10%	13%	13%	12%	12%	15%	16%	13%	15%	16%
200-999 Workers	51	53	52	48	50	50	53	53	53	47	48	58*	50	52	58
1,000-4,999 Workers	62	69	66	67	71	78	78	77	76	76	80	80	79	78	79
5,000 or More Workers	62	72	70	72	79	80	82	89	86	89	88	93	96	93	94
<b>ALL FIRMS</b>	<b>44%</b>	<b>49%</b>	<b>49%</b>	<b>49%</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>57%</b>	<b>59%</b>	<b>60%</b>	<b>60%</b>	<b>61%</b>

\* 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.

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

**Exhibit 10.2**  
**Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, 1999-2013**



\* 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 2013. 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.

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



**Exhibit 10.3**  
**Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Plan Type, 1999-2013**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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%
PPO	60	63	61	61	61	64	65	63	65	64	67	67	70	70	70
POS	42	45	42	40	44	46	36	32	34	29	25	32	26	29	31
HDHP/SO	^	^	^	^	^	^	^	50	41	35	48*	61*	54	54	62
<b>ALL PLANS</b>	<b>44%</b>	<b>49%</b>	<b>49%</b>	<b>49%</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>55%</b>	<b>55%</b>	<b>55%</b>	<b>57%</b>	<b>59%</b>	<b>60%</b>	<b>60%</b>	<b>61%</b>

\* 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.

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

**Exhibit 10.4**  
**Percentage of Covered Workers in Partially or Completely Self-Funded Plans, by Firm Size, Region, and Industry, 2013**

	Self-Funded (Employer Bears Some or All of Financial Risk)
<b>FIRM SIZE</b>	
200-999 Workers	58%
1,000-4,999 Workers	79*
5,000 or More Workers	94*
<b>All Small Firms (3-199 Workers)</b>	<b>16%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>83%*</b>
<b>REGION</b>	
Northeast	63%
Midwest	64
South	67*
West	47*
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	45%*
Manufacturing	65
Transportation/Communications/Utilities	82*
Wholesale	39*
Retail	78*
Finance	69
Service	46*
State/Local Government	78*
Health Care	69*
<b>ALL FIRMS</b>	<b>61%</b>

\* 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.

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

**Exhibit 10.5**  
**Percentage of Covered Workers in Partially or Completely Self-Funded Plans,**  
**by Plan Type and Firm Size, 2013**

	HMO	PPO	POS	HDHP/SO
3-199 Workers	10%*	18%*	10%*	17%*
200-999 Workers	12*	69	55	57
1,000-4,999 Workers	50*	87*	32	83*
5,000 or More Workers	52*	98*	NSD	97*
<b>ALL FIRMS</b>	<b>31%</b>	<b>70%</b>	<b>31%</b>	<b>62%</b>

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

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

NSD: Not Sufficient Data.

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

**Exhibit 10.6**  
**Percentage of Covered Workers in Partially or Completely Self-Funded HMO Plans, by Firm Size, 1999-2013**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3-199 Workers	5%	4%	14%	10%	5%	4%	10%	3%	1%	10%	6%	9%	5%	13%	10%
200-999 Workers	14	13	23	16	21	18	17	29	19	22	26	23	16	14	12
1,000-4,999 Workers	22	27	32	31	37	49	50	54	44	48	50	59	54	45	50
5,000 or More Workers	19	35*	40	38	44	40	44	47	58	66	61	65	67	60	52
<b>ALL HMO PLANS</b>	<b>16%</b>	<b>23%*</b>	<b>31%*</b>	<b>27%</b>	<b>29%</b>	<b>29%</b>	<b>32%</b>	<b>33%</b>	<b>34%</b>	<b>40%</b>	<b>40%</b>	<b>41%</b>	<b>41%</b>	<b>37%</b>	<b>31%</b>

\* 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.

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

**Exhibit 10.7**  
**Percentage of Covered Workers in Partially or Completely Self-Funded PPO Plans, by Firm Size, 1999-2013**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3-199 Workers	19%	23%	23%	15%	13%	13%	18%	19%	17%	15%	21%	18%	19%	20%	18%
200-999 Workers	69	72	66	63	60	63	67	61	65	55	55	69*	65	63	69
1,000-4,999 Workers	84	89	87	83	85	88	88	85	87	85	87	85	84	84	87
5,000 or More Workers	87	88	87	93	93	93	95	97	90*	94	93	96	98	97	98
<b>ALL PPO PLANS</b>	<b>60%</b>	<b>63%</b>	<b>61%</b>	<b>61%</b>	<b>61%</b>	<b>64%</b>	<b>65%</b>	<b>63%</b>	<b>65%</b>	<b>64%</b>	<b>67%</b>	<b>67%</b>	<b>70%</b>	<b>70%</b>	<b>70%</b>

\* 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.

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

**Exhibit 10.8**  
**Percentage of Covered Workers in Partially or Completely Self-Funded POS Plans, by Firm Size, 1999-2013**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3-199 Workers	10%	10%	10%	10%	8%	9%	9%	6%	14%	9%	5%	9%	6%	7%	10%
200-999 Workers	35	39	40	21*	42*	42	31	36	33	20	39	53	39	56	55
1,000-4,999 Workers	62	71	60	67	73	63	48	62	47	52	53	60	40	50	32
5,000 or More Workers	75	77	76	67	71	77	74	80	89	65	76	85	NSD	91	86
<b>ALL POS PLANS</b>	<b>42%</b>	<b>45%</b>	<b>42%</b>	<b>40%</b>	<b>44%</b>	<b>46%</b>	<b>36%</b>	<b>32%</b>	<b>34%</b>	<b>29%</b>	<b>25%</b>	<b>32%</b>	<b>26%</b>	<b>29%</b>	<b>31%</b>

\* 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.

NSD: Not Sufficient Data.

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

**Exhibit 10.9**  
**Percentage of Covered Workers in Partially or Completely Self-Funded HDHP/SOs, by Firm Size, 2006-2013**

	2006	2007	2008	2009	2010	2011	2012	2013
3-199 Workers	7%	4%	7%	18%	24%	11%	14%	17%
200-999 Workers	57	27	48	36	53	45	39	57
1,000-4,999 Workers	81	86	72	81	88	89	85	83
5,000 or More Workers	100	97	91	96	99	98	98	97
<b>ALL HDHP/SOs</b>	<b>50%</b>	<b>41%</b>	<b>35%</b>	<b>48%*</b>	<b>61%*</b>	<b>54%</b>	<b>54%</b>	<b>62%</b>

\* 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2013.

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, 2013**

	Percentage of Covered Workers in a Self-Funded Plan Covered by Stoploss Insurance
<b>FIRM SIZE</b>	
50-199	73%
200-999 Workers	94*
1,000-4,999 Workers	85*
5,000 or More Workers	40*
<b>All Small Firms (3-199 Workers)</b>	<b>62%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>59%</b>
<b>REGION</b>	
Northeast	58%
Midwest	73*
South	55
West	52
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	71%
Manufacturing	62
Transportation/Communications/Utilities	41*
Wholesale	63
Retail	47
Finance	64
Service	73*
State/Local Government	23*
Health Care	70
<b>ALL SELF-FUNDED FIRMS</b>	<b>59%</b>

\* 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.

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

**Exhibit 10.11**  
**Prevalence and Average Attachment Points of Stoploss Insurance, by Firm Size and Region, 2013**

	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 <sup>‡</sup>	Average Per Employee Claims Cost at which Stoploss Insurance Pays Benefit (Attachment Point) <sup>‡</sup>
<b>FIRM SIZE</b>				
50-199 Workers	26%*	73%	93%	\$80,850*
200-999 Workers	58	94*	87	139,790*
1,000-4,999 Workers	79*	85*	91	245,144*
5,000 or More Workers	94*	40*	87	478,518*
<b>All Large Firms (200 or More Workers)</b>	<b>83%*</b>	<b>59%</b>	<b>88%</b>	<b>\$316,988*</b>
<b>REGION</b>				
Northeast	63%	58%	92%	\$267,528
Midwest	64	73*	89	325,701
South	67*	55	86	311,571
West	47*	52	87	253,579
<b>ALL FIRMS</b>	<b>61%</b>	<b>59%</b>	<b>88%</b>	<b>\$298,256</b>

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

<sup>‡</sup> 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.

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

**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, 2013**

	Stoploss Insurance Limits Per Employee Spending	Stoploss Insurance Limits Total Spending	Stoploss Insurance Limits both Per Employee and Total Spending	Other
50-199 Workers	64%	4%	29%	3%
200-999 Workers	57	10	31	3
1,000-4,999 Workers	71	7	20	2
5,000 or More Workers	79	5	9	8
<b>All Small Firms (3-199 Workers)</b>	<b>60%</b>	<b>11%</b>	<b>24%</b>	<b>6%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>71%</b>	<b>7%</b>	<b>18%</b>	<b>5%</b>
<b>ALL FIRMS</b>	<b>70%</b>	<b>7%</b>	<b>18%</b>	<b>5%</b>

Note: There was insufficient data to report estimates for firms with 3 to 50 employees.

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

Exhibit 10.13

**Among Firms which Purchase Insurance Underwritten By an Insurer, The Percentage of Firms which Plan to Self-Insure because of Any Provision of the Affordable Care Act, by Firm Size and Region, 2013**

	Yes, Planning to Self Insure Because of the ACA	No, Not Planning to Self Insure Because of the ACA	Don't Know
<b>FIRM SIZE</b>			
3-24 Workers	7%	81%	12%
25-49 Workers	1	92	6
50-199 Workers	1	86	13
200-999 Workers	1	85	14
1,000-4,999 Workers	6	74	20
5,000 or More Workers	NSD	NSD	NSD
<b>All Small Firms (3-199 Workers)</b>	<b>6%</b>	<b>83%</b>	<b>11%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>1%</b>	<b>84%</b>	<b>15%</b>
<b>REGION</b>			
Northeast	6%	81%	14%
Midwest	<1	90	10
South	12	79	9
West	3	83	14
<b>ALL FIRMS OFFERING FULLY-INSURED PLANS</b>	<b>6%</b>	<b>83%</b>	<b>11%</b>

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

EMPLOYER HEALTH BENEFITS

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Retiree Health  
Benefits

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SECTION

11

## Section Eleven: Retiree Health Benefits

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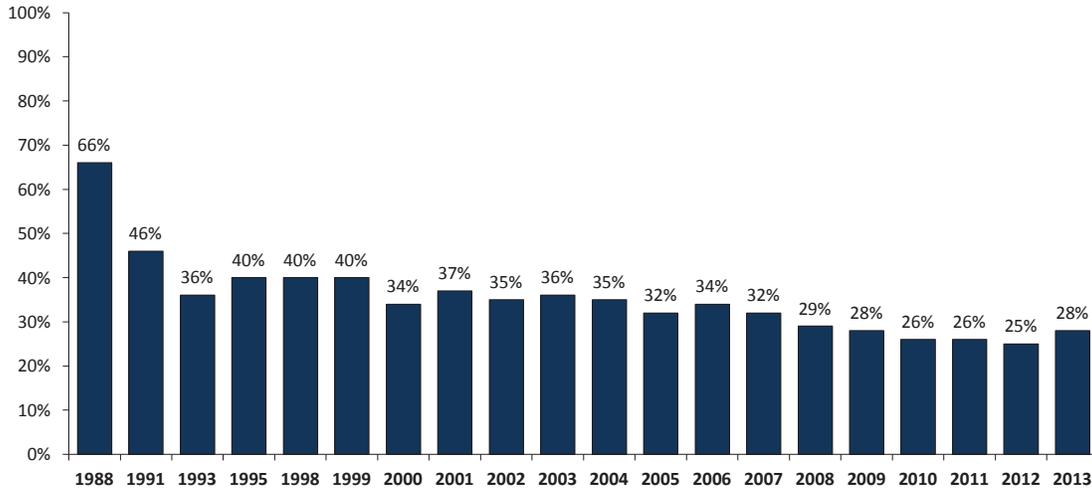
Retiree health benefits are an important consideration for older workers making decisions about their retirement. Health benefits for retirees provide an important supplement to Medicare for retirees age 65 or older. Among firms offering health benefits to their workers, large firms (200 or more workers) are much more likely than small firms (3-199 workers) to offer retiree health benefits to at least some of their former employees.

- Twenty-eight percent of large firms (200 or more workers) that offer health benefits to their employees offer retiree coverage in 2013, similar to 25% in 2012. There has been a downward trend in the percentage of firms offering retirees coverage, from 34% in 2006 and 66% in 1988 (Exhibit 11.1).
- The offering of retiree health benefits varies considerably by firm characteristics.
  - Large firms are much more likely to offer retiree health benefits than small firms – 28% vs. 5% (Exhibit 11.2).
  - Among large firms that offer health benefits, state and local governments (78%) and firms in the finance (52%) industry are more likely than large firms in other industries to offer retiree health benefits. In contrast, large firms in the wholesale industry are less likely (6%) to offer retiree health benefits when compared to large firms in other industries (Exhibit 11.2).
  - Large firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to offer retiree health benefits than large firms with many lower-wage workers (35% or more of workers earn \$23,000 or less annually) (32% vs. 6%). A comparable pattern exists in firms with a larger proportion of higher-wage workers (35% or more earn \$56,000 or more annually) (Exhibit 11.3).
  - Large firms with union workers are more likely to offer retiree health benefits than large firms without union workers – 45% vs. 22% (Exhibit 11.3).
  - Large, publicly owned employers are more likely to offer retiree benefits than large private for-profits firms or private not-for-profits employers. (61% vs. 24% and 20%, respectively) (Exhibit 11.3).
- Among all large firms (200 or more workers) offering retiree health benefits, most firms offer them to early retirees under the age of 65 (90%). A lower percentage (67%) of large firms offering retiree health benefits offer them to Medicare-age

retirees (Exhibit 11.4). These percentages are similar to 2012 and have remained stable over time.

- Among all large firms (200 or more workers) offering retiree health benefits, 4% offer coverage which exclusively covers prescription drugs (Exhibit 11.6).

**Exhibit 11.1**  
**Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988-2013**



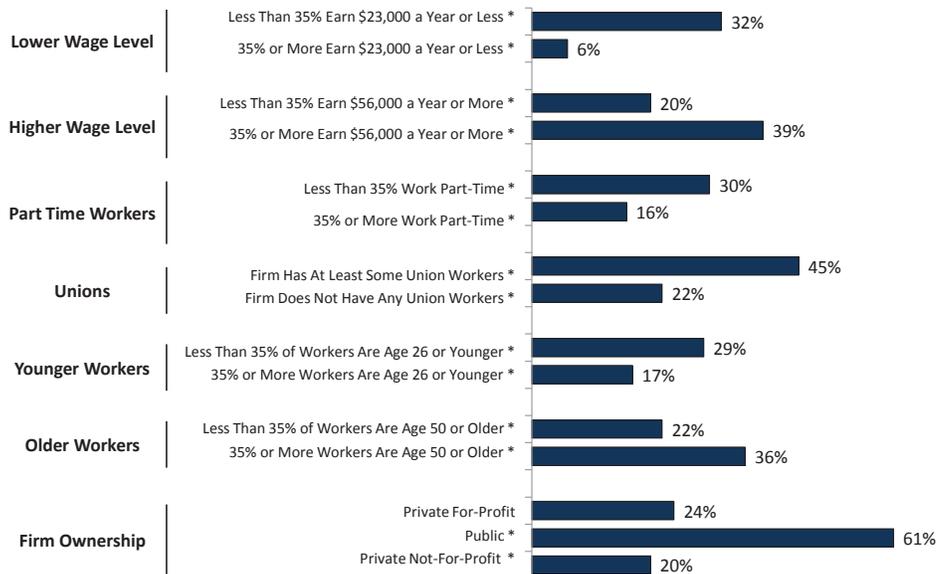
NOTE: Tests found no statistical difference from estimate for the previous year shown (p<.05). No statistical tests are conducted for years prior to 1999.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.



	All Small Firms (3-199 Workers)	All Large Firms (200 or More Workers)
<b>FIRM SIZE</b>		
3-199 Workers	5%	-
200-999 Workers	-	26%*
1,000-4,999 Workers	-	34
5,000 or More Workers	-	48*
<b>REGION</b>		
Northeast	9%	29%
Midwest	5	32
South	5	26
West	2*	23
<b>INDUSTRY</b>		
Agriculture/Mining/Construction	<1%*	29%
Manufacturing	1*	22
Transportation/Communications/Utilities	NSD	46*
Wholesale	4	6*
Retail	1*	14
Finance	5	52*
Service	5	26
State/Local Government	NSD	78*
Health Care	7	19*
<b>ALL FIRMS</b>	<b>5%</b>	<b>28%</b>
* Estimate is statistically different within Small or Large Firm category from estimate for all other firms not in the indicated size, region, or industry category (p<.05).		
NSD: Not Sufficient Data.		
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.		

### Exhibit 11.3 Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, by Firm Characteristics, 2013

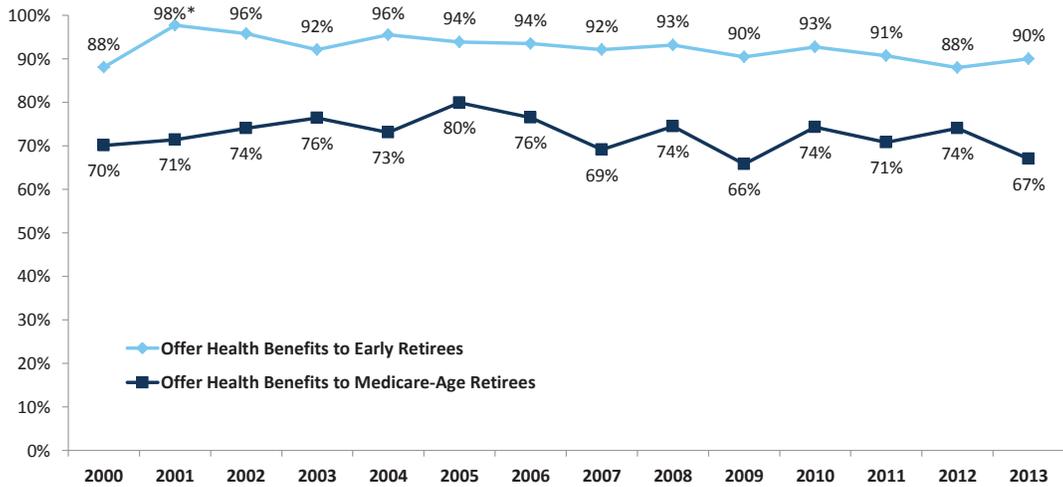


\*Estimates are statistically different from each other within category (p<.05).

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



**Exhibit 11.4**  
**Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Health Benefits to Early and Medicare-Age Retirees, 2000–2013**



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

NOTE: Early Retirees are workers retiring before the age of 65.

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



**Exhibit 11.5****Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Offering Retiree Health Benefits to Early and Medicare-Age Retirees, by Firm Size, Region, and Industry, 2013**

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

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

Note: Early Retirees are workers retiring before age 65.

NSD: Not Sufficient Data.

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

**Exhibit 11.6**  
**Among All Large Firms (200 or More Workers) Offering Health Benefits to Active Workers and Offering Retiree Coverage, Percentage of Firms Whose Retiree Health Benefits Cover Exclusively Prescription Drugs, by Firm Size, Region, and Industry, 2013**

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

\* 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.

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

EMPLOYER HEALTH BENEFITS

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Wellness  
Programs and  
Health Risk  
Assessments

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SECTION

12

## Section Twelve: Wellness Programs and Health Risk Assessments

A majority of firms offering health benefits offers 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 8% of small firms offering at least one wellness benefit offer financial incentives to employees who participate in wellness programs. Twenty-four 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. Disease management programs remain common among firms offering health benefits with over half of these firms and more than three-quarters of large firms (200 or more workers) having at least one of the specified 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-seven 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
  - In the 2012 survey, offering firms were not asked if they offered an “EAP” or “flu shots and vaccinations”. Excluding these two categories, 69% of all firms offering health benefits also offered one of the listed wellness programs in 2013, similar to the amount in 2012 (63%).
  - 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 (99% vs. 76%) (Exhibit 12.2).

- About half of firms offering health benefits offer flu shots or vaccinations (54%), a wellness newsletter (48%) or web-based resources for healthy living (47%). 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.
- Forty-eight percent of firms offering health benefits and at least one wellness benefit offer wellness benefits to spouses or dependents. Large firms (200 or more workers) offering at least one wellness benefit are more likely than smaller firms to offer wellness benefits to spouses or dependents (65% vs. 47%) (Exhibit 12.4).
- Among firms offering health benefits and at least one wellness program, 80% report that most of the wellness benefits they offer are provided by the health plan (Exhibit 12.4).<sup>1</sup> Small firms (3 to 199 workers) are more likely than larger firms to report that most wellness programs are provided by the health plan (81% vs. 56%) (Exhibit 12.4).

### Incentives for Wellness benefits:

- In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.<sup>2</sup>
  - Eight percent of firms offering health benefits and at least one of the listed wellness programs offer gift cards, travel, merchandise, or cash to workers who participate in wellness programs. Large firms (200 or more workers) are more likely to offer these incentives than smaller firms (26% vs. 7%) (Exhibit 12.5).
  - A small percentage of firms offering health benefits and at least one of the listed wellness programs offers lower worker premium contributions (3%) 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, one percent offers workers who participate in wellness programs higher HSA or HRA contributions (Exhibit 12.5).
- Employers use a variety of strategies to promote wellness programs. Large employers (200 or more employees) offering health benefits and at least one wellness program are more likely than smaller employers to use one of the following strategies to promote wellness (79% vs. 55%) (exhibit 12.11):
  - Assigning an employee to promote wellness
  - Access to a benefits counselor
  - Incentives
  - Personalized communication
  - Team competitions
  - Social media tools

<sup>1</sup> 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.

<sup>2</sup> Firms that offer only web-based resources or a wellness newsletter were not asked questions about any financial incentives provided.

- Nearly half of large firms (200 or more workers) offering health benefits and at least one wellness program use personalized communication (49%) or assign an employee (45%) to promote wellness programs.
- Employers use a range of strategies to evaluate wellness programs. Seventy-two percent of large firms (200 or more workers) offering health benefits and at least one wellness program and 34% of smaller firms use at least one of the following evaluation methods (Exhibit 12.12):
  - Return on investment
  - Health outcomes
  - Employee retention
  - Employee participation
  - Employee satisfaction
- For large firms (200 or more workers) offering health benefits and at least one wellness benefit, employee participation is the most common metric (65%) (Exhibit 12.12).

### 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, 24% of firms offering health benefits ask their employees to complete a health risk assessment. Large firms (200 or more workers) are more likely than smaller firms to offer employees this option (55% vs. 23%) (Exhibit 12.6).
- Some firms offer financial incentives to encourage employees to complete health risk assessments.
  - Fifty-four percent of large firms (200 or more workers) offering health benefits and health risk assessments give financial incentives to employees who complete a health risk assessment.
  - Five percent of large firms (200 or more workers) who offer health benefits and health risk assessments require employees to complete a health risk assessment in order to enroll in a health plan.
  - Nine percent of large firms (200 or more workers) that offer health benefits and 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 12.7).

### 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 55% 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 health benefits and biometric screenings, eleven percent reward or penalize employees for meeting biometric outcomes and eleven percent require employees to complete biometric screenings in order to enroll in a health plan (Exhibit 12.14).

### Disease Management

- Disease management programs try to improve the health of and reduce the associated costs of people with chronic illnesses by teaching patients about their disease, suggesting treatment options, and assessing the treatment process and outcomes.
  - Fifty-seven percent of firms offering health benefits offers one or more of the following disease management programs in their largest plan<sup>3</sup> (Exhibit 12.8):
    - Diabetes
    - Asthma
    - Hypertension
    - High cholesterol
    - Lower back pain
    - Depression
    - Obesity
  - Large firms (200 or more workers) offering health benefits are more likely than smaller firms to have a disease management program (77% vs. 57%) (Exhibit 12.9). Seventy-three percent of large firms offering health benefits have a disease management program for diabetes.
  - To encourage participation, two percent of firms offering health benefits and at least one of the specified disease management programs also offer financial incentives to employees who participate in these programs (Exhibit 12.10). Large, offering firms (200 or more workers) that offer disease management programs are more likely than smaller firms to have an incentive for participating in a disease management program (8% vs. 2%).

<sup>3</sup> In 2013, firms were asked if they offer each of the specified disease management programs. In previous years, firms were asked if they offered a disease management program and then were accordingly asked about specified programs. For this reasons, the estimate of the number of firms offering a disease management program in 2013 is not comparable to the estimates from 2010 and 2008.

**Exhibit 12.1**  
**Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2013**

	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 <sup>^</sup>	Weight Loss Programs
<b>FIRM SIZE</b>							
3-24 Workers	15%*	36%*	41%*	44%*	30%*	24%	29%*
25-199 Workers	42*	49*	64*	59*	40	33	39
200-999 Workers	67*	69*	76*	60*	54*	52*	56*
1,000-4,999 Workers	75*	76*	87*	61*	69*	67*	67*
5,000 or More Workers	84*	91*	93*	66*	78*	77*	82*
<b>All Small Firms (3-199 Workers)</b>	<b>21%*</b>	<b>39%*</b>	<b>47%*</b>	<b>47%*</b>	<b>33%*</b>	<b>26%*</b>	<b>31%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>69%*</b>	<b>71%*</b>	<b>78%*</b>	<b>60%*</b>	<b>57%*</b>	<b>55%*</b>	<b>58%*</b>
<b>REGION</b>							
Northeast	35%*	41%	44%	48%	37%	23%	42%
Midwest	28	30	51	58	32	30	33
South	14*	38	46	40	33	24	26
West	17	51	49	48	32	31	29
<b>INDUSTRY</b>							
Agriculture/Mining/Construction	17%	25%	31%	46%	25%	10%*	23%
Manufacturing	20	35	46	25*	21	14*	21
Transportation/Communications/Utilities	15	25	41	75*	69*	20	16
Wholesale	17	68	62	39	28	10*	56
Retail	35	30	59	53	17	16	50
Finance	22	61	86*	63	53	77*	36
Service	23	40	48	47	37	32	33
State/Local Government	18	35	27	45	8*	8*	14*
Health Care	30	44	32	53	25	21	32
<b>ALL FIRMS</b>	<b>22%</b>	<b>40%</b>	<b>47%</b>	<b>48%</b>	<b>33%</b>	<b>27%</b>	<b>32%</b>

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

<sup>^</sup> 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.

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

**Exhibit 12.2**  
**Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2013**

	Employee Assistance Program (EAP)	Flu Shots or Vaccinations	Class in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program ‡	Other Wellness Program
<b>FIRM SIZE</b>					
3-24 Workers	15%*	48%*	17%*	72%*	9%
25-199 Workers	45*	68*	30*	89*	13
200-999 Workers	77*	86*	48*	99*	26*
1,000-4,999 Workers	87*	91*	56*	99*	26*
5,000 or More Workers	95*	96*	72*	100*	33*
<b>All Small Firms (3-199 Workers)</b>	<b>22%*</b>	<b>53%*</b>	<b>20%*</b>	<b>76%*</b>	<b>10%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>79%*</b>	<b>87%*</b>	<b>50%*</b>	<b>99%*</b>	<b>26%*</b>
<b>REGION</b>					
Northeast	34%	48%	28%	70%	15%
Midwest	19	56	21	82	13
South	22	46	13*	71	10
West	20	67	26	84	5
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	28%	39%	25%	62%	3%
Manufacturing	19	51	11*	61	11
Transportation/Communications/Utilities	21	72	14	97*	5
Wholesale	14	59	15	80	4
Retail	18	74	26	91*	5
Finance	41	69	37	96*	8
Service	23	46	21	72	12
State/Local Government	12	36	8*	78	26
Health Care	27	83*	21	95*	12
<b>ALL FIRMS</b>	<b>23%</b>	<b>54%</b>	<b>21%</b>	<b>77%</b>	<b>10%</b>

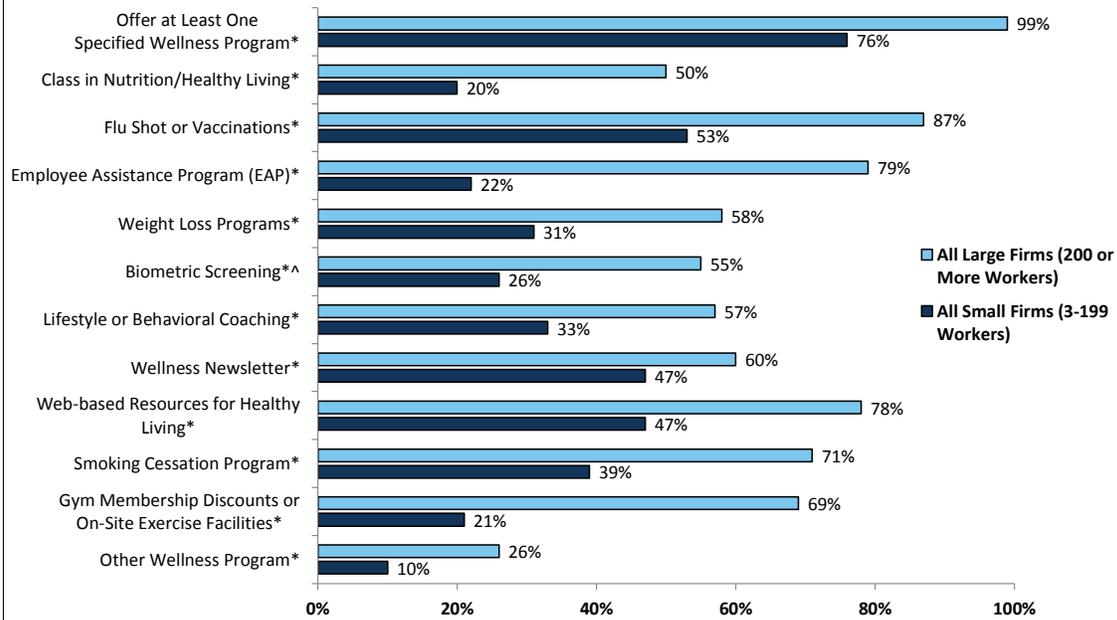
\* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category (p<.05).

‡ 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. In 2012 firms were not asked if they offered an EAP or flu shots and vaccinations. Excluding these two categories 69% of all firms offered one of the listed wellness programs in 2013.

Note: The offer rates for additional types of wellness programs are presented in Exhibit 12.1.

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

### Exhibit 12.3 Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, 2013



\* 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.

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



**Exhibit 12.4**  
**Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2013**

	Wellness Benefits Offered to Spouses or Dependents	Most Wellness Benefits Are Provided By the Health Plan instead of Firm
<b>FIRM SIZE</b>		
3-24 Workers	42%*	85%*
25-199 Workers	61*	71*
200-999 Workers	64*	59*
1,000-4,999 Workers	65*	46*
5,000 or More Workers	73*	44*
<b>All Small Firms (3-199 Workers)</b>	<b>47%*</b>	<b>81%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>65%*</b>	<b>56%*</b>
<b>REGION</b>		
Northeast	59%	89%
Midwest	67*	76
South	35	74
West	36	86
<b>ALL FIRMS</b>	<b>48%</b>	<b>80%</b>

\* 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".

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

**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, 2013**

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Receive Higher HRA or HSA Contributions <sup>‡</sup>	Receive Gift Cards, Travel, Merchandise, or Cash	Any Financial Incentive to Participate in Wellness Program ~
<b>FIRM SIZE</b>					
3-24 Workers	2%	<1%	0%*	4%*	5%*
25-199 Workers	4	2	2	16*	19*
200-999 Workers	10*	2*	5*	24*	32*
1,000-4,999 Workers	22*	5*	19*	34*	53*
5,000 or More Workers	27*	6*	26*	38*	64*
<b>All Small Firms (3-199 Workers)</b>	<b>3%*</b>	<b>1%*</b>	<b>1%*</b>	<b>7%*</b>	<b>8%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>12%*</b>	<b>3%*</b>	<b>8%*</b>	<b>26%*</b>	<b>36%*</b>
<b>REGION</b>					
Northeast	2%	<1%*	1%	10%	11%
Midwest	8	1	2	15	19*
South	1	1	1	3*	4*
West	2	<1	<1	4	6
<b>ALL FIRMS</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>8%</b>	<b>10%</b>

\* 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.

<sup>‡</sup> 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.

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

**Exhibit 12.6**  
**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, 2013**

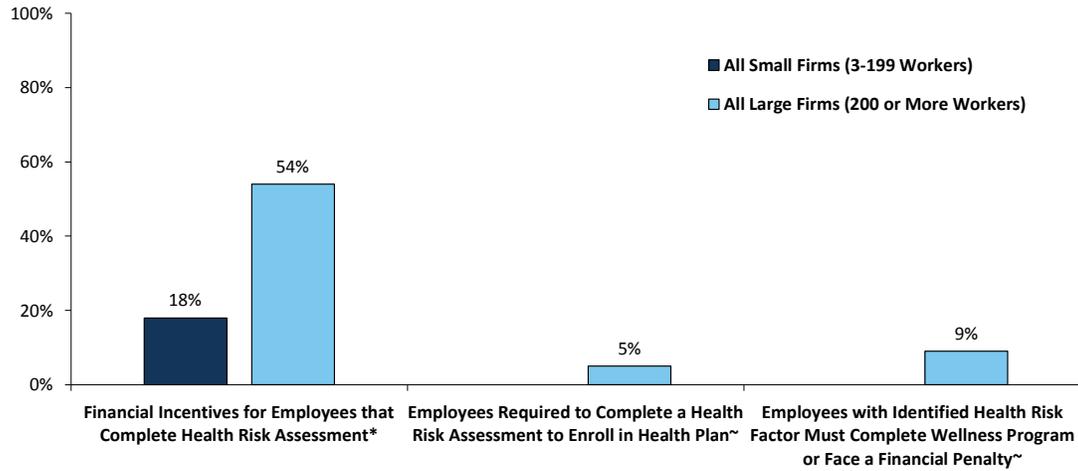
	Offer Employees Opportunity to Complete Health Risk Assessment
<b>FIRM SIZE</b>	
3-24 Workers	21%*
25-199 Workers	32*
200-999 Workers	49*
1,000-4,999 Workers	75*
5,000 or More Workers	81*
<b>All Small Firms (3-199 Workers)</b>	<b>23%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>55%*</b>
<b>REGION</b>	
Northeast	19%
Midwest	28
South	19
West	33
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	13%
Manufacturing	30
Transportation/Communications/Utilities	23
Wholesale	37
Retail	17
Finance	48
Service	21
State/Local Government	8*
Health Care	31
<b>ALL FIRMS</b>	<b>24%</b>

\* Estimate is statistically different from all firms not in the indicated size, region or industry 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.

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

**Exhibit 12.7**  
**Among Firms That Offer Health Benefits and Provide Employees the Opportunity to Complete a Health Risk Assessment, The Percentage of Firms who have Incentives and Penalties for Various Employee Actions, by Firm Size, 2013**



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

~ All Small Firms are not shown due to large relative standard errors, indicating a high level of variability.

NOTE: Twenty-four percent of firms which offer health benefits offer their employees the opportunity to complete a health risk assessment (See Exhibit 12.6).

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



**Exhibit 12.8**  
**Among Firms Offering Health Benefits, Percentage with a Particular Disease Management Program, by Firm Size, Region, and Industry, 2013**

	Diabetes	Asthma	Hyper-tension	High Cholesterol	Lower Back Pain	Depression	Obesity	Any Disease Management Program~
<b>FIRM SIZE</b>								
3-24 Workers	38%*	32%*	24%*	33%	24%	31%	28%	54%
25-199 Workers	51	43	43*	41	26	37	37	65
200-999 Workers	71*	58*	63*	59*	23	39	44*	75*
1,000-4,999 Workers	81*	71*	73*	67*	31	45*	51*	84*
5,000 or More Workers	88*	75*	77*	67*	46*	45*	54*	88*
<b>All Small Firms (3-199 Workers)</b>	<b>41%*</b>	<b>35%*</b>	<b>29%*</b>	<b>35%*</b>	<b>25%</b>	<b>32%</b>	<b>30%*</b>	<b>57%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>73%*</b>	<b>61%*</b>	<b>66%*</b>	<b>61%*</b>	<b>25%</b>	<b>40%</b>	<b>46%*</b>	<b>77%*</b>
<b>REGION</b>								
Northeast	55%	32%	39%	40%	25%	33%	32%	70%
Midwest	48	40	36	46	30	32	37	62
South	33	33	16*	27	21	28	20*	49
West	38	37	33	34	25	38	36	53
<b>INDUSTRY</b>								
Agriculture/Mining/Construction	40%	31%	17%	9%*	9%*	13%*	11%*	68%
Manufacturing	22*	29	11*	21	32	18	22	40
Transportation/Communications/Utilities	27	27	16	22	14	20	16	36
Wholesale	49	63	62*	58	16	52	50	70
Retail	54	49	58*	67*	34	59*	54	79*
Finance	68	57	51	56	65*	55	74*	88*
Service	41	33	26	37	22	31	27	54
State/Local Government	49	48	44	50	35	47	22	60
Health Care	48%	24%	34%	29%	22%	31%	34%	56%
<b>ALL FIRMS</b>	<b>42%</b>	<b>36%</b>	<b>30%</b>	<b>36%</b>	<b>25%</b>	<b>32%</b>	<b>30%</b>	<b>57%</b>

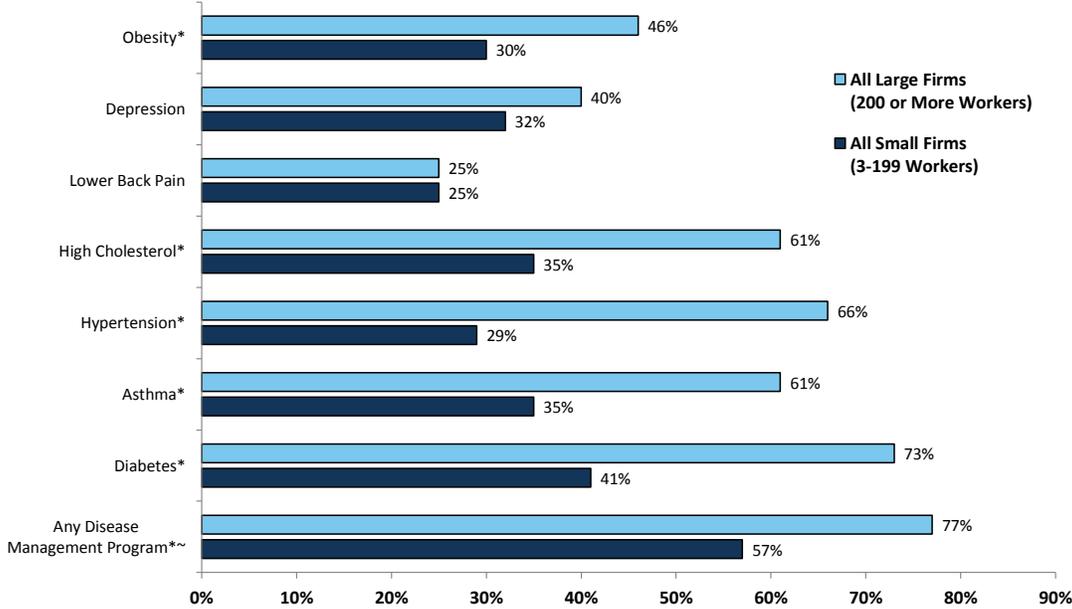
\* Estimate is statistically different within type of disease management program from estimate for all other firms not in the indicated size, region, or industry category (p<.05).

~ Includes firms which offer any of the listed disease management programs.

Note: In 2013 firms were asked if they offered any of the listed disease management programs. In previous years, firms were asked if they offered a disease management program before being asked about particular programs.

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

### Exhibit 12.9 Among Firms Offering Health Benefits, Percentage of Firms with a Particular Disease Management Program, by Firm Size, 2013



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

\*\* Includes firms which offer any of the disease management programs indicated in this exhibit.

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



**Exhibit 12.10**  
**Among Firms Offering Health Benefits and a Disease Management Program for Their Plan with the Largest Enrollment, The Percentage of these Firms Offering Financial Incentives to Participate, by Firm Size, 2013**

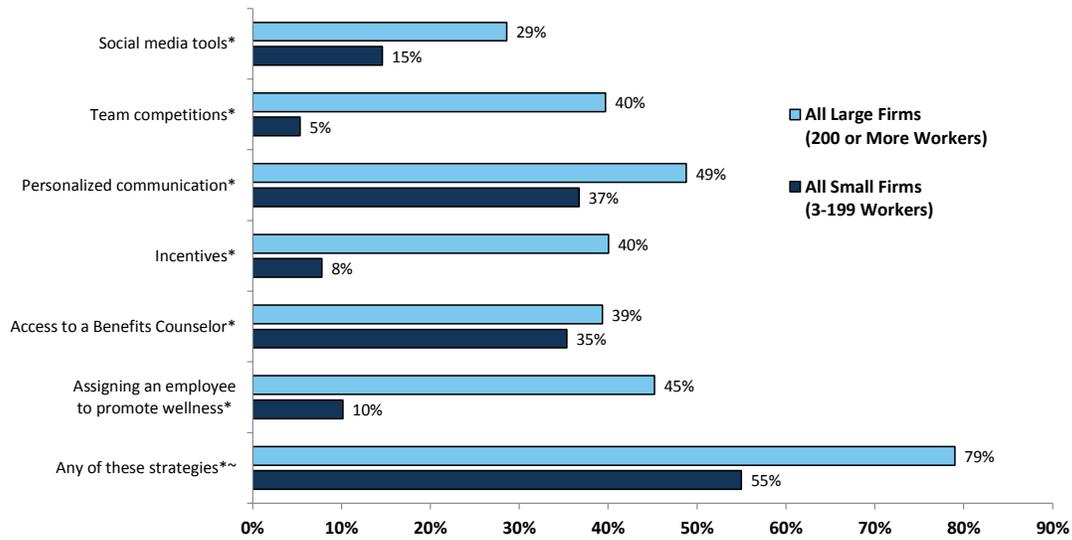
	Firm Offers Financial Incentives to Participate in a Disease Management Program
<b>FIRM SIZE</b>	
200-999 Workers	5%
1,000-4,999 Workers	17*
5,000 or More Workers	27*
<b>All Small Firms (3-199 Workers)</b>	<b>2%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>8%*</b>
<b>ALL FIRMS</b>	<b>2%</b>

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

Note: The standard error for All Small Firms is 1.1% indicating considerable volatility around the estimate. See Exhibit 12.9 for information on the percent of firms offering a disease management program.

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

### Exhibit 12.11 Among Firms Offering Health Benefits and Wellness Programs, Percentage Using the Following Strategies to Promote Wellness Programs, by Firm Size, 2013



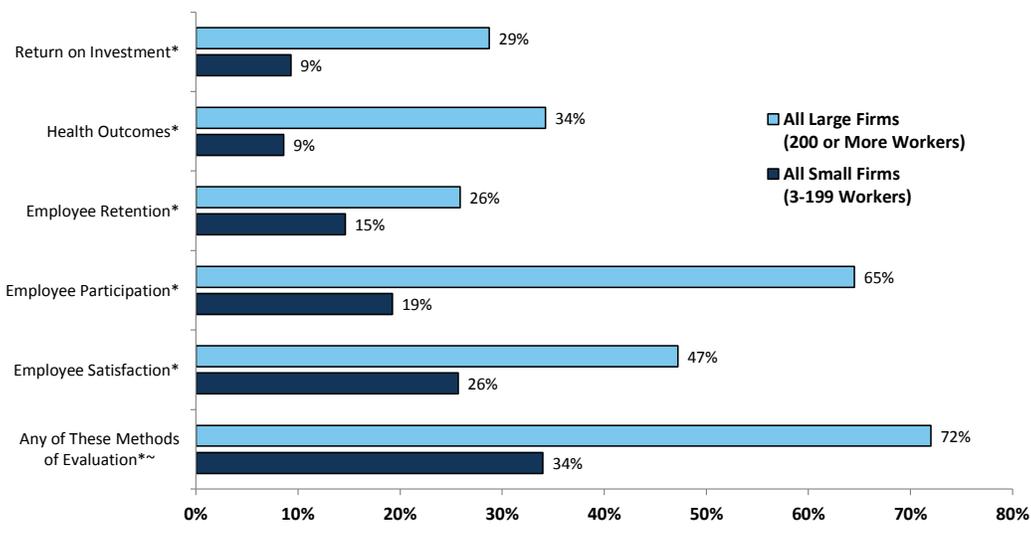
\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

~ Includes firms that use any of the strategies indicated in this exhibit.

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



**Exhibit 12.12**  
**Among Firms Offering Health Benefits and Wellness Programs,**  
**Percentage of Firms Using the Following Methods to Evaluate Wellness**  
**Programs, By Firm Size, 2013**



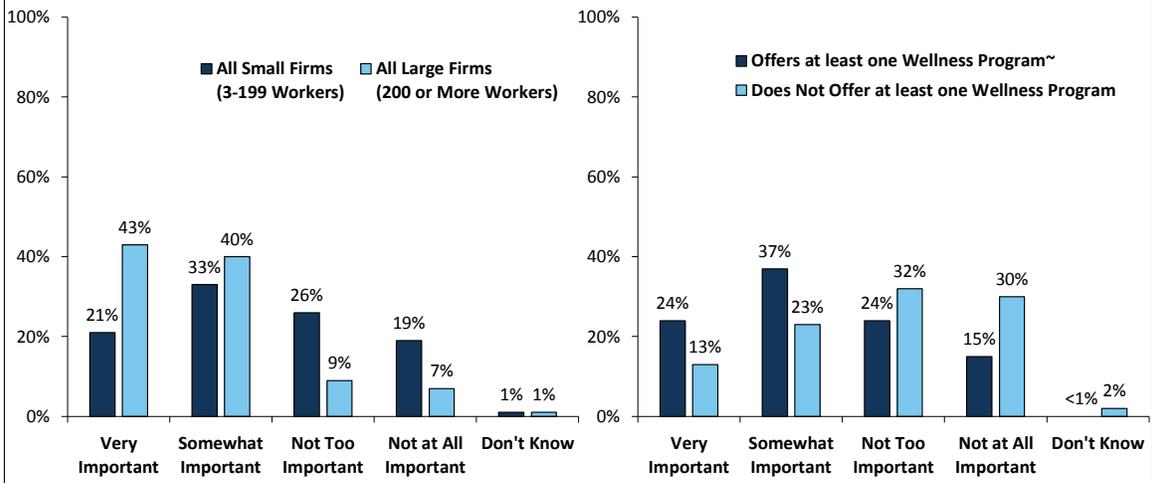
\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

~ Includes firms that use any of the methods of evaluation indicated in this exhibit.

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



### Exhibit 12.13 Among Firms Offering Health Benefits, Importance of Selecting a Plan that Includes a Wellness Program, by Firm Size and Whether Firm Offers Wellness Programs, 2013

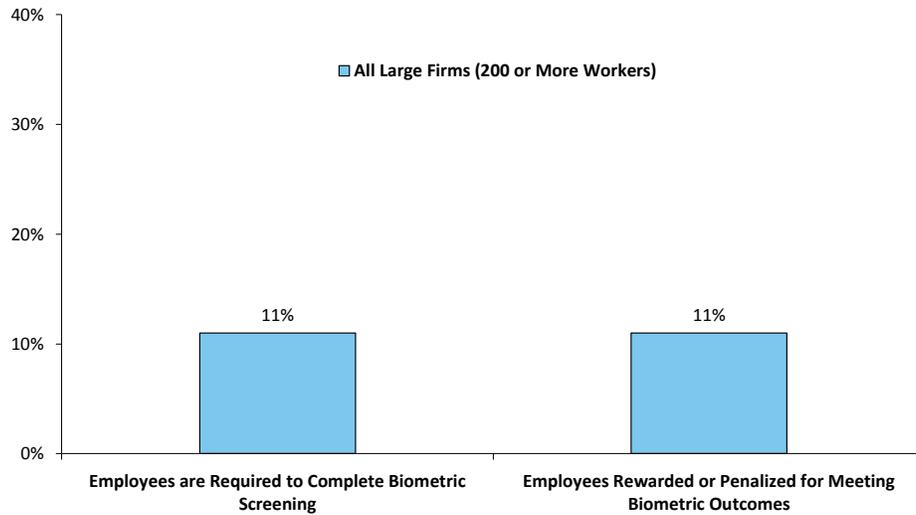


~ Firms offering at least one of the following wellness programs: "weight loss programs", "gym membership discounts or on-site exercise facilities", "smoking cessation programs", "personal health coaching", "classes in nutrition or healthy living", "biometric screening", "flu shots or vaccinations", or "Employee Assistance Programs".

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



**Exhibit 12.14**  
**Among Large Firms (200 or More Workers) Offering Health Benefits and Biometric Screenings, the Use of Incentives or Penalties for Various Activities, by Firm Size, 2013**



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 55% of Large Firms offer biometric screening as a wellness benefit (Exhibit 12.1). The small firm estimates for the percent of firms which rewarded employees for meeting biometric outcomes has a standard error of 2.4% indicating a high level of variability.

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



EMPLOYER HEALTH BENEFITS  
2013 ANNUAL SURVEY

Grandfathered  
Health Plans

SECTION

13

## Section Thirteen: Grandfathered Health Plans

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The Affordable Care Act (ACA) is bringing about a number of meaningful changes for the American health care system, including for the employer-sponsored health insurance market. While many of the most significant provisions of the ACA will begin in 2014, some are already in effect (for more information, see the health reform implementation timeline at <http://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. Overall, 54% of firms offering health benefits have at least one health plan that is a grandfathered plan in 2013.

Although some important provisions of the ACA will become effective sometime in 2014, we generally did not ask employers in the 2013 survey how they planned to respond to the new requirements. In many cases, rules were not finalized until after the interview process began, so employers did not have all the information necessary to formulate proper responses. We will track employer responses to changes in the market in future surveys.

### **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.<sup>1</sup> New employees can enroll in a grandfathered plan as long as the firm has maintained consecutive enrollment in the plan.

<sup>1</sup> *Federal Register*. Vol. 75, No. 116, June 17, 2010, <http://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>.

While grandfathered plans are exempted from many of the ACA's new requirements, they must comply with many 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.<sup>2</sup> 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.

- Fifty-four percent of firms offering health benefits have at least one health plan that is a grandfathered plan in 2013 (Exhibit 13.1), similar to the 58% of offering firms with at least one grandfathered plan in 2012, but lower than the 64% in 2011.
- Worker enrollment in grandfathered plans has decreased, with 36% of covered workers enrolled in a grandfathered health plan in 2013, down from 48% in 2012 and 56% in 2011 (Exhibit 13.3).
- There are differences in the percentage of covered workers enrolled in grandfathered plans by firm size and region.
  - Fewer covered workers at large firms (200 or more workers) are enrolled in a grandfathered health plan than covered workers at smaller firms (30% vs. 49%).
  - Fewer covered workers in the Northeast region (27%) are enrolled in grandfathered health plans than covered workers in other regions.

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<sup>2</sup> 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](http://assets.opencrs.com/rpts/R41166_20110103.pdf).

<b>Exhibit 13.1</b>	
<b>Percentage of Firms with At Least One Plan Grandfathered under the Affordable Care Act (ACA), by Size, Region and Industry, 2013</b>	
	Percentage of Firms with At Least One Grandfathered Plan
<b>FIRM SIZE</b>	
3-24 Workers	56%
25-49 Workers	52
50-199 Workers	43*
200-999 Workers	44
1,000-4,999 Workers	39*
5,000 or More Workers	30*
<b>All Small Firms (3-199 Workers)</b>	<b>54%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>43%*</b>
<b>REGION</b>	
Northeast	35%*
Midwest	52
South	63
West	59
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	36%
Manufacturing	51
Transportation/Communications/Utilities	73
Wholesale	69
Retail	19*
Finance	58
Service	57
State/Local Government	49
Health Care	58
<b>ALL FIRMS</b>	<b>54%</b>
* 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.	
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.	

<b>Exhibit 13.2</b> <b>Percentage of Covered Workers Enrolled in Plans</b> <b>Grandfathered under the Affordable Care Act (ACA), by Size,</b> <b>Region, and Industry, 2013</b>	
	Percentage of Covered Workers in a Grandfathered Health Plan
<b>FIRM SIZE</b>	
3-24 Workers	53%*
25-49 Workers	52*
50-199 Workers	44
200-999 Workers	42
1,000-4,999 Workers	34
5,000 or More Workers	23*
<b>All Small Firms (3-199 Workers)</b>	<b>49%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>30%*</b>
<b>REGION</b>	
Northeast	27%*
Midwest	31
South	40
West	40
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	41%
Manufacturing	30
Transportation/Communications/Utilities	38
Wholesale	33
Retail	26
Finance	28
Service	45*
State/Local Government	33
Health Care	29
<b>ALL FIRMS</b>	<b>36%</b>
<p>* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry (p&lt;.05).</p> <p>Note: For definitions of grandfathered health plans, see the introduction to Section 13.</p> <p>Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.</p>	

**Exhibit 13.3**  
**Percentage of Covered Workers Enrolled in Plans Grandfathered under the Affordable Care Act (ACA), by Firm Size, 2011 to 2013**

	2011	2012	2013
<b>FIRM SIZE</b>			
3-24 Workers	69%	57%	53%
25-49 Workers	52	45	52
50-199 Workers	63	55	44
200-999 Workers	61	60	42*
1,000-4,999 Workers	54	41*	34
5,000 or More Workers	49	42	23*
<b>All Small Firms (3-199 Workers)</b>	<b>63%</b>	<b>54%*</b>	<b>49%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>53%</b>	<b>46%</b>	<b>30%*</b>
<b>ALL FIRMS</b>	<b>56%</b>	<b>48%*</b>	<b>36%*</b>

\* 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011-2013.

EMPLOYER HEALTH BENEFITS

2013 ANNUAL SURVEY

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Employer  
Opinions and  
Health Plan  
Practices

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SECTION

14

## Section Fourteen: Employer Opinions and Health Plan Practices

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Employers play a significant role in health insurance coverage – so their opinions and experiences are important factors in health policy discussions.

### Employer Opinions on Cost Containment

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

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

### Shopping for Health Coverage

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

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

### **Retail Clinics and Nurse Hotlines**

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

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

### **Tiered Networks**

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

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

### **Offering Health Benefits through a Private Exchange**

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

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

Exhibit 14.1

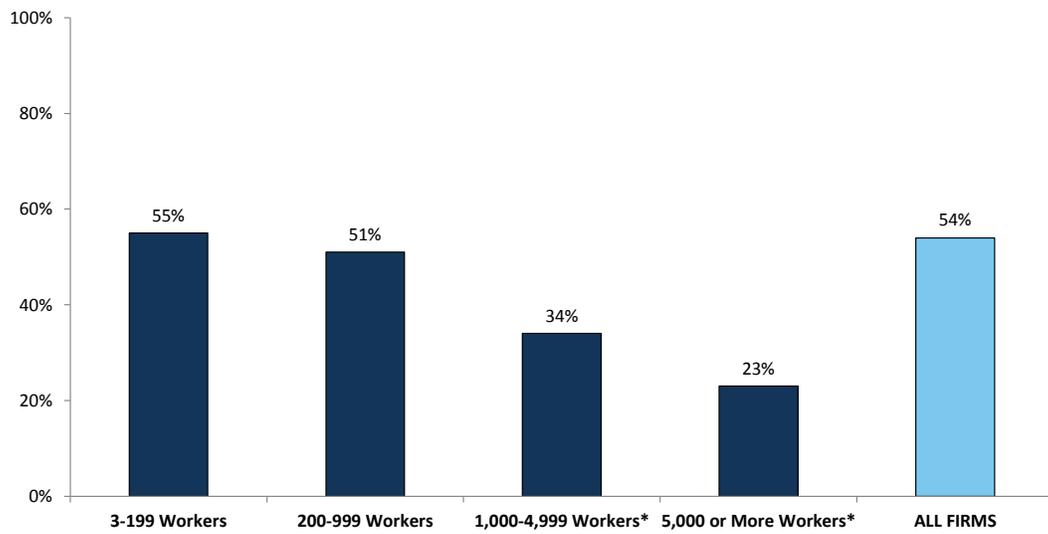
**Among Firms Offering Health Benefits, Distribution of Firms' Opinions on the Effectiveness of the Following Strategies to Contain Health Insurance Costs, by Firm Size, 2013**

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

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

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

**Exhibit 14.2**  
**Among Firms Offering Health Benefits, Percentage of Firms That Shopped For a New Plan or Health Insurance Carrier in the Past Year, by Firm Size, 2013**



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

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



**Exhibit 14.3**  
**Among Firms Offering Health Benefits That Shopped for a New Plan or Insurance Carrier, Percentage Reporting That They Changed Insurance Carriers and Health Plan Type in the Past Year, by Firm Size, 2013**

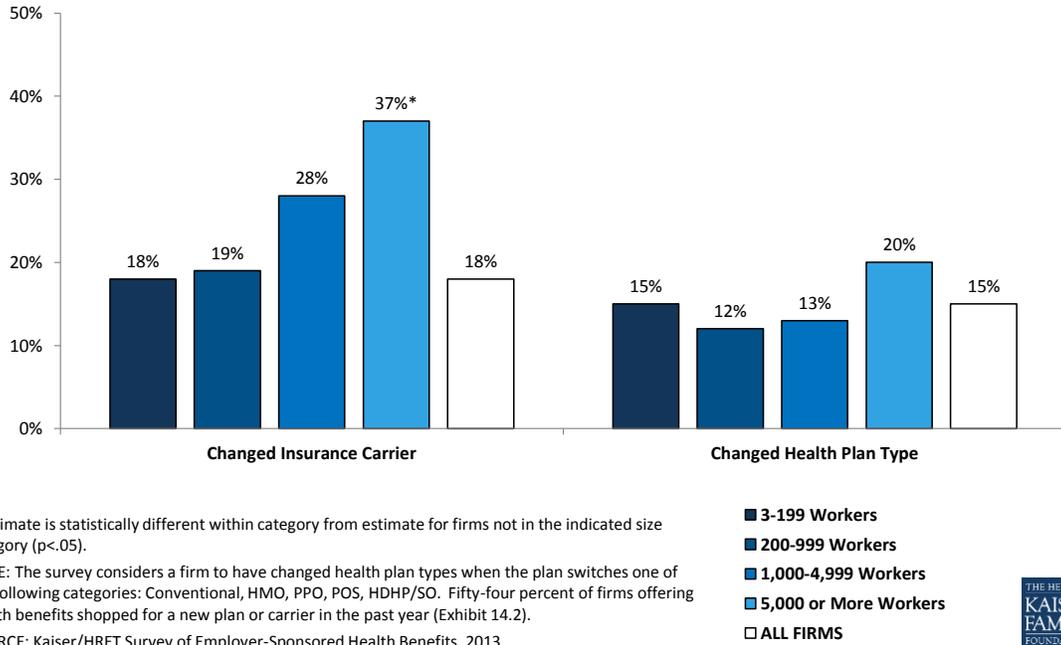


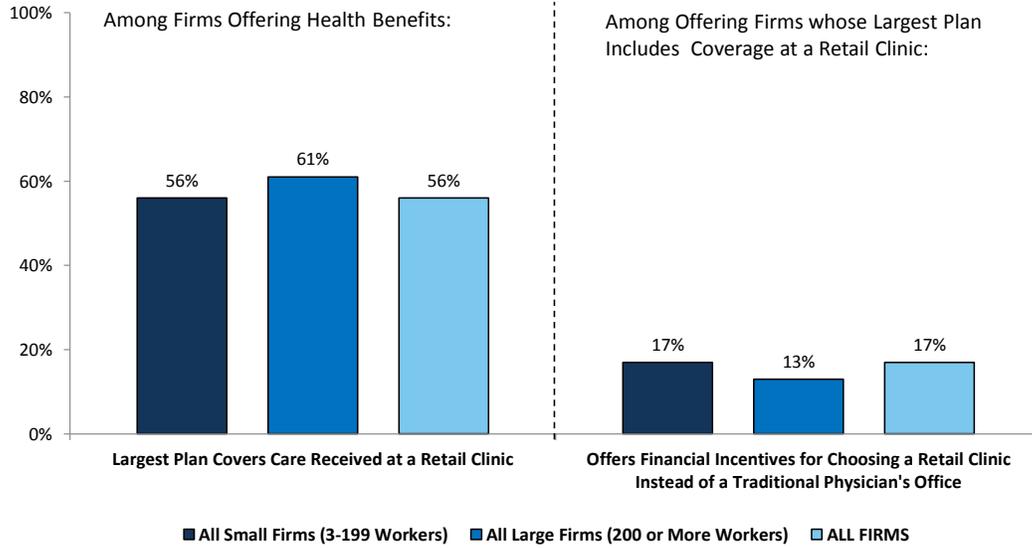
Exhibit 14.4				
Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a High-Performance Provider Network, by Firm Size and Region, 2007, 2010, 2011, and 2013				
Health Plan Includes High-Performance Network/Tiered Provider Network	2007	2010	2011	2013
<b>FIRM SIZE</b>				
200-999 Workers	9%	16%	17%	22%
1,000-4,999 Workers	13	21	19	32
5,000 or More Workers	16	30*	24	33*
<b>All Small Firms (3-199 Workers)</b>	<b>15%</b>	<b>16%</b>	<b>20%</b>	<b>23%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>10%</b>	<b>17%</b>	<b>18%</b>	<b>24%</b>
<b>REGION</b>				
Northeast	15%	15%	19%	29%
Midwest	13	17	12	15
South	18	16	16	23
West	13	18	33	25
<b>ALL FIRMS</b>	<b>15%</b>	<b>16%</b>	<b>20%</b>	<b>23%</b>

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

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

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

**Exhibit 14.5**  
**Percentage of Firms whose Largest Plan Covers Care Received at Retail Clinics and, of Those, Percentage of Firms who Offer a Financial Incentive to do so, by Firm Size, 2013**



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

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



**Exhibit 14.6**  
**Among Large Firms (200 or More Employees) Offering Health Benefits, the Percentage of Firms Considering Offering Benefits Through a Private Exchange, by Firm Size, Region and Industry, 2013**

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

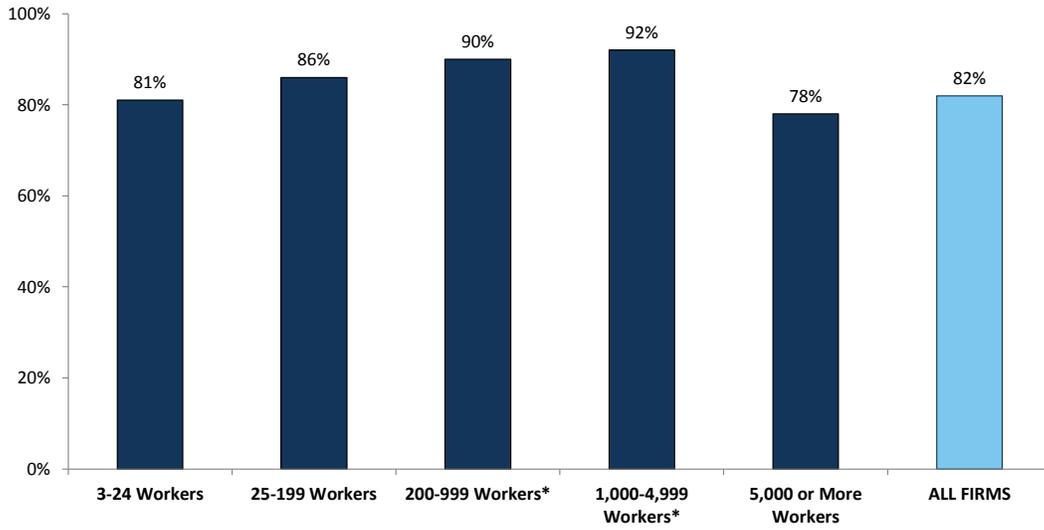
Note: A private exchange is created by a private company or consulting company where employers offer a defined contribution to their employees and the employees then choose among different health plan options from different health insurers selected by the exchange. The employee pays the difference between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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits,

**Exhibit 14.7**  
**Among Firms Offering Health Benefits, Percentage of Firms Whose Largest Plan Includes a Nurse Hotline, by Firm Size, Region and Industry, 2013**

	Firm's Largest Plan Includes Nurse Hotline
<b>FIRM SIZE</b>	
3-24 Workers	49%*
25-199 Workers	70*
200-999 Workers	71*
1,000-4,999 Workers	84*
5,000 or More Workers	85*
<b>All Small Firms (3-199 Workers)</b>	<b>54%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>74%*</b>
<b>REGION</b>	
Northeast	55%
Midwest	62
South	46
West	59
<b>INDUSTRY</b>	
Agriculture/Mining/Construction	58%
Manufacturing	26*
Transportation/Communications/Utilities	46
Wholesale	72
Retail	75
Finance	73
Service	55
State/Local Government	77
Health Care	44
<b>ALL FIRMS</b>	<b>55%</b>
* Estimates are statistically different from estimate for all other firms not in the indicated size, region or industry (p<.05).	
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.	

**Exhibit 14.8**  
**Among Firms Offering Health Benefits, Percentage that Use a Broker or Consultant to Assist in Choosing a Health Plan, by Firm Size, 2013**



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

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

