

**The Kaiser/HRET 2002 National Survey of  
Employers: What Are Its Implications for  
Health Insurance?**

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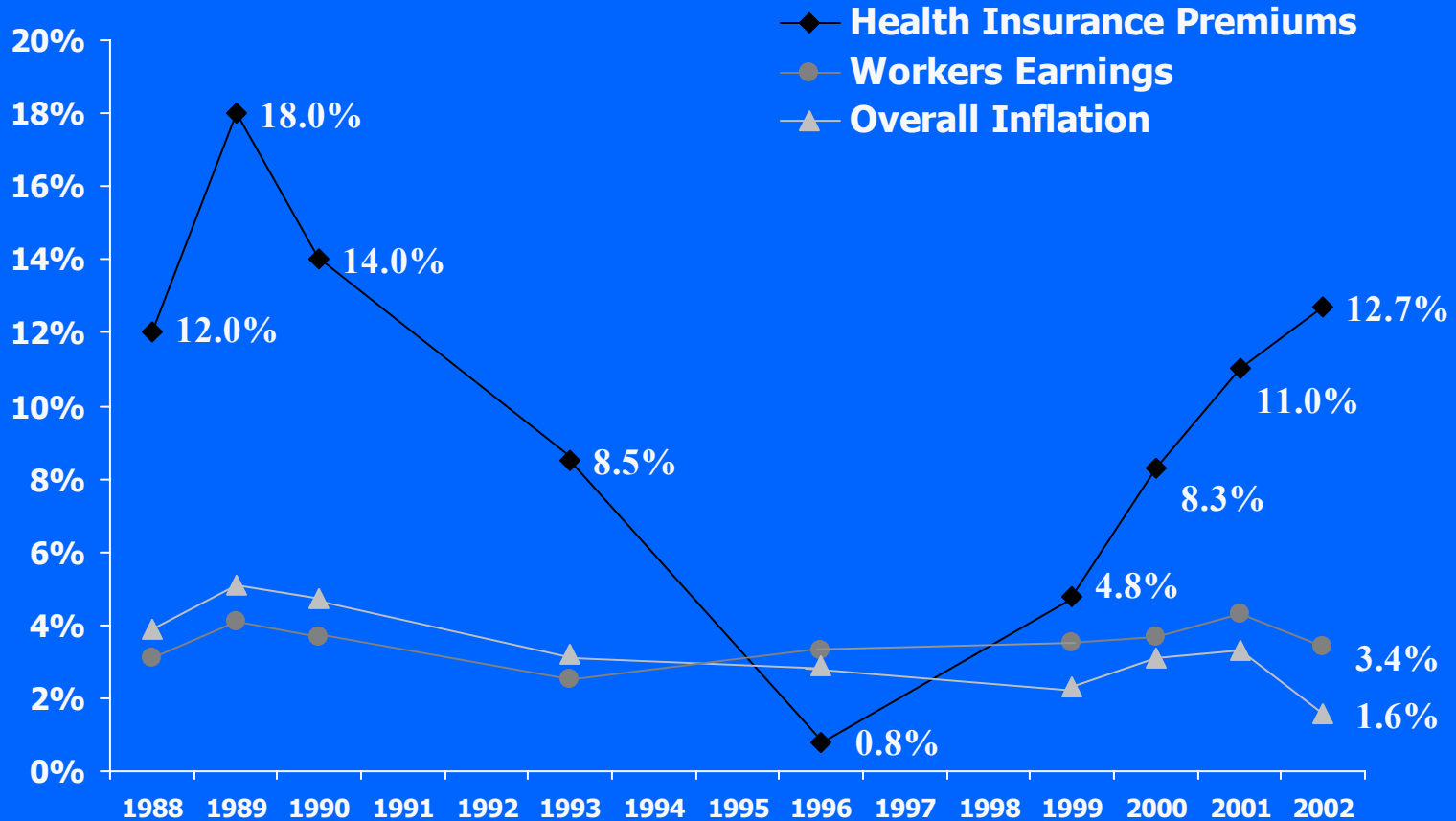
# Objectives

- Review recent changes in job-based insurance
- Examine consumer-driven health care
- Forecast likely changes in next few years

# KFF/HRET Health Benefits Survey

- Telephone survey of 3,262 randomly selected public and private employers
- Interviews with employee benefit managers from Jan. 2002 to May 2002.
- Response rate of 50 percent in 2002
- Survey conducted by HIAA 1987-1991 and KPMG 1991-1998

# Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2002



Source: KFF/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1989, 1990, 1993, 1996.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

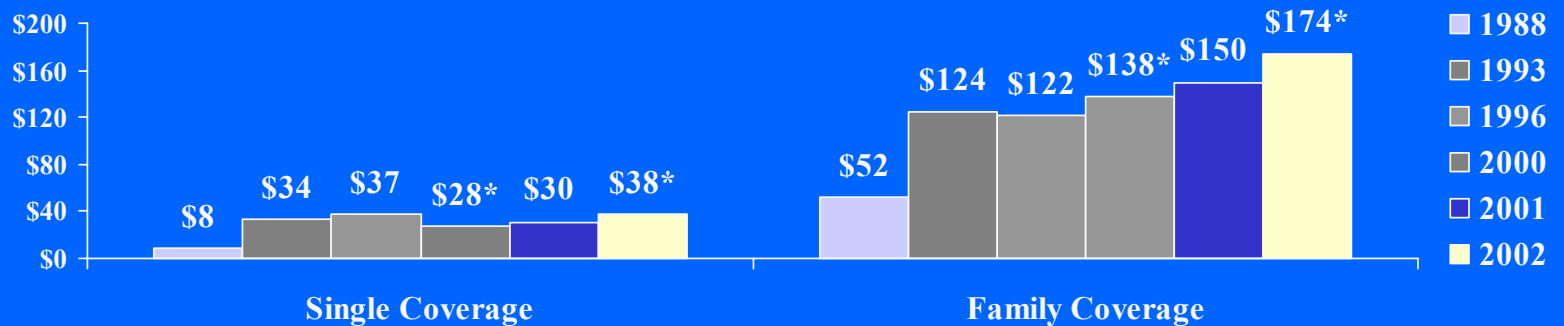
# Average Annual Premium Costs for Covered Workers, by Plan Type, 2002



\* Estimate is statistically different from All Plans by coverage type.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

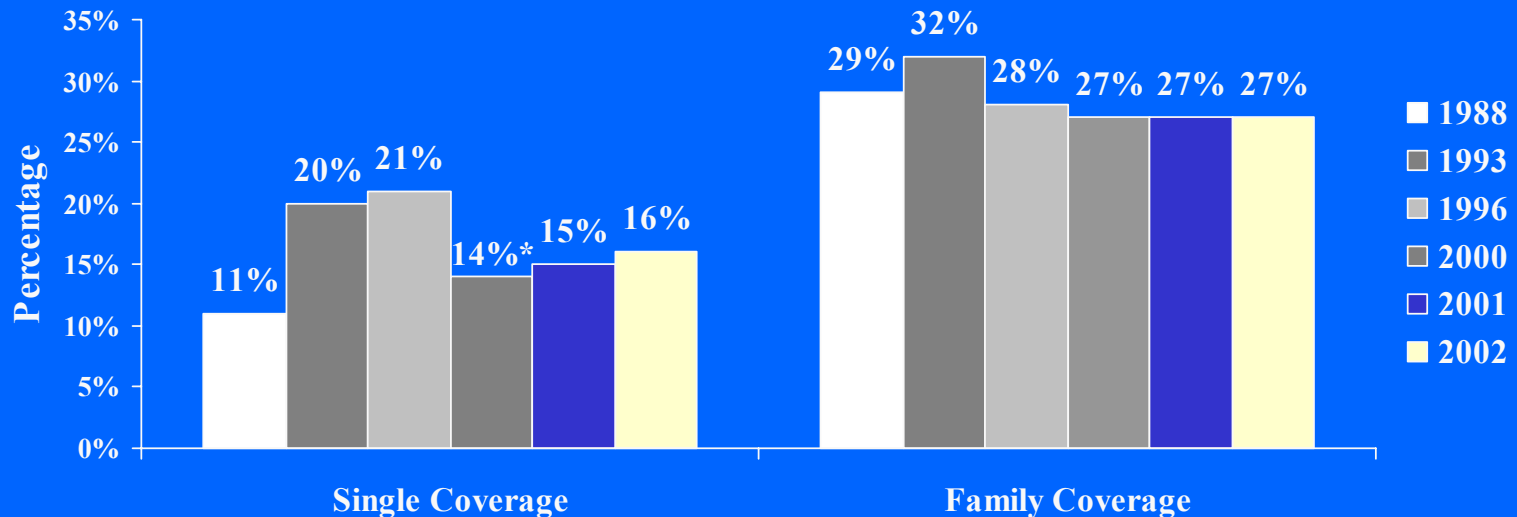
# Average Monthly Worker Contribution, 1988-2002



\* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

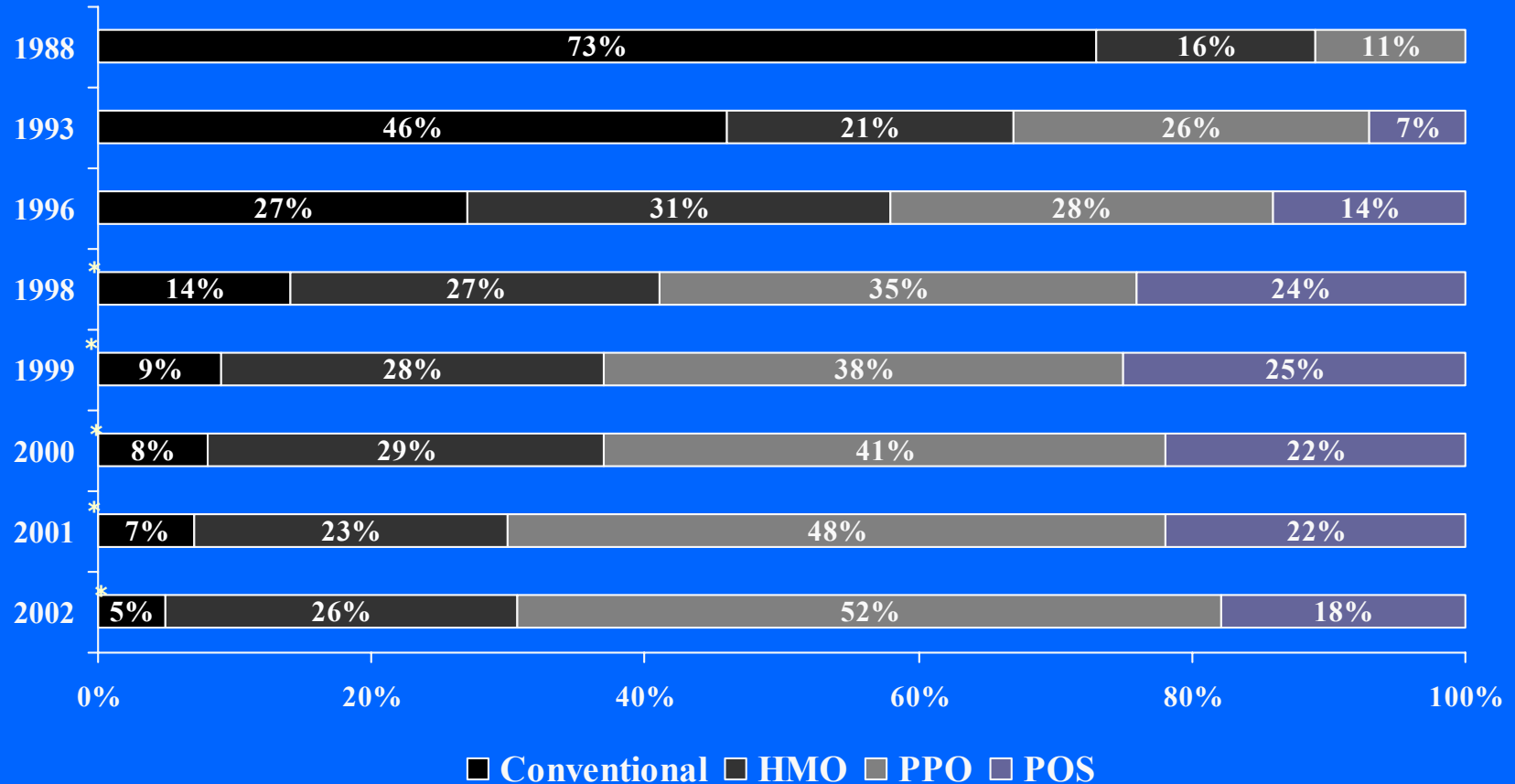
# Percentage of Premium Paid by Covered Workers, 1988-2002



\* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

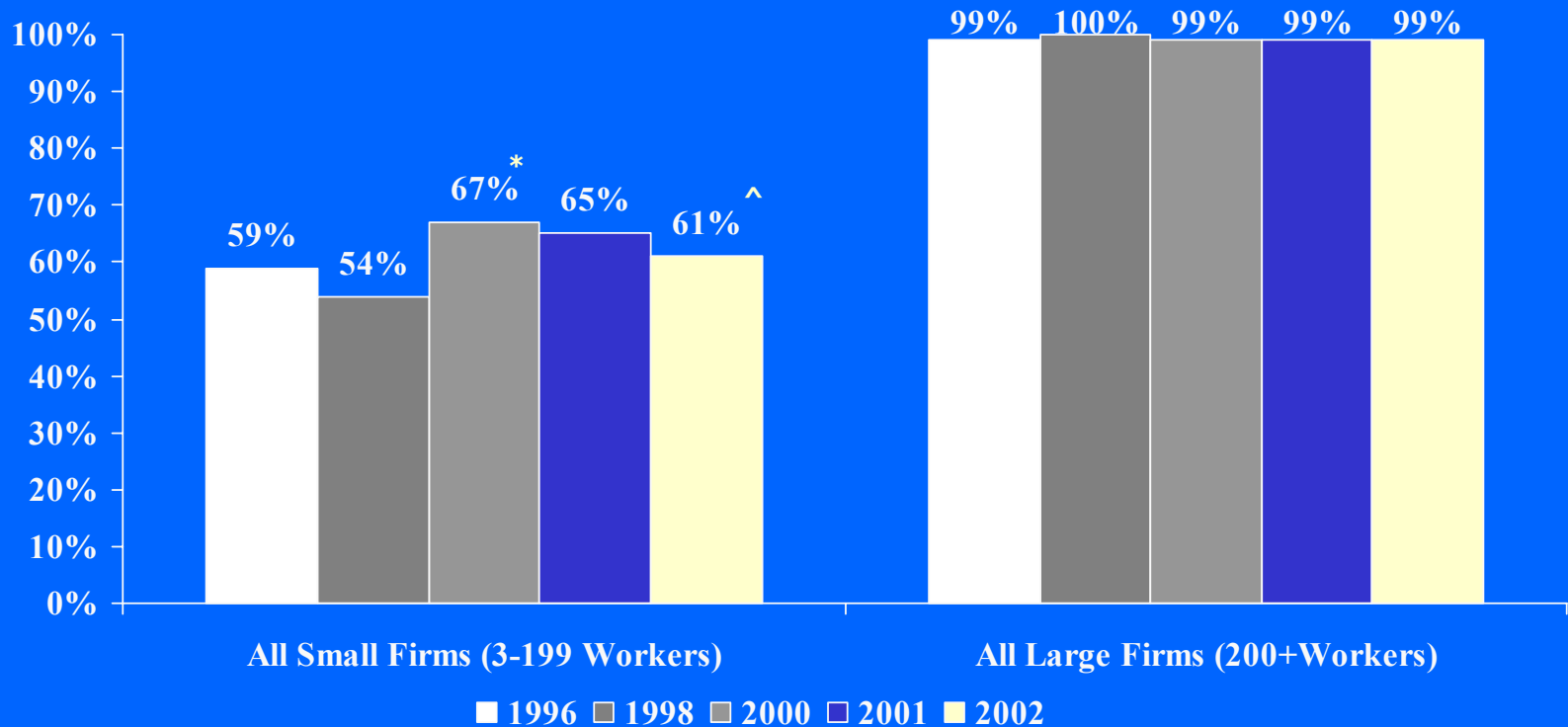
# Health Plan Enrollments for Covered Workers, by Plan Type, 1988-2002



\* Distribution is statistically different from the previous year shown: 1996-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

# Percentage of Firms Offering Health Benefits, by Firm Size, 1996-2002



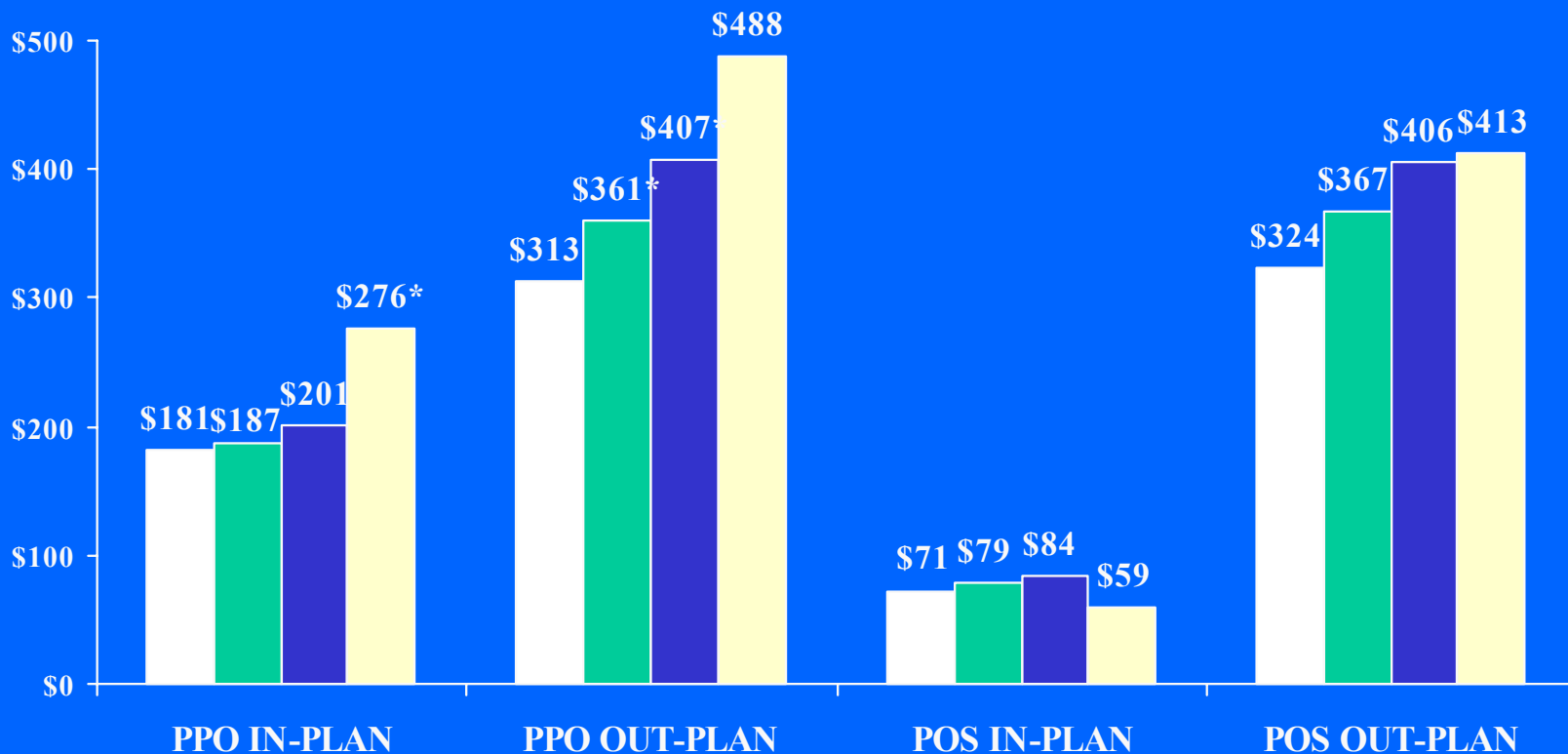
Note: Nationwide, there are about 6,290,665 firms with 3-199 workers and 85,448 with 200+ workers.

\* Estimate is statistically different from the previous year shown: 1996-1998, 1998-2000, 2000-2001, 2001-2002.

^ Estimate is statistically different from the previous year shown: 2000-2002 at  $p < 0.1$ .

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1996, 1998.

# Average Annual Deductibles for Single Coverage in PPO and POS Plans, 1996 - 2002

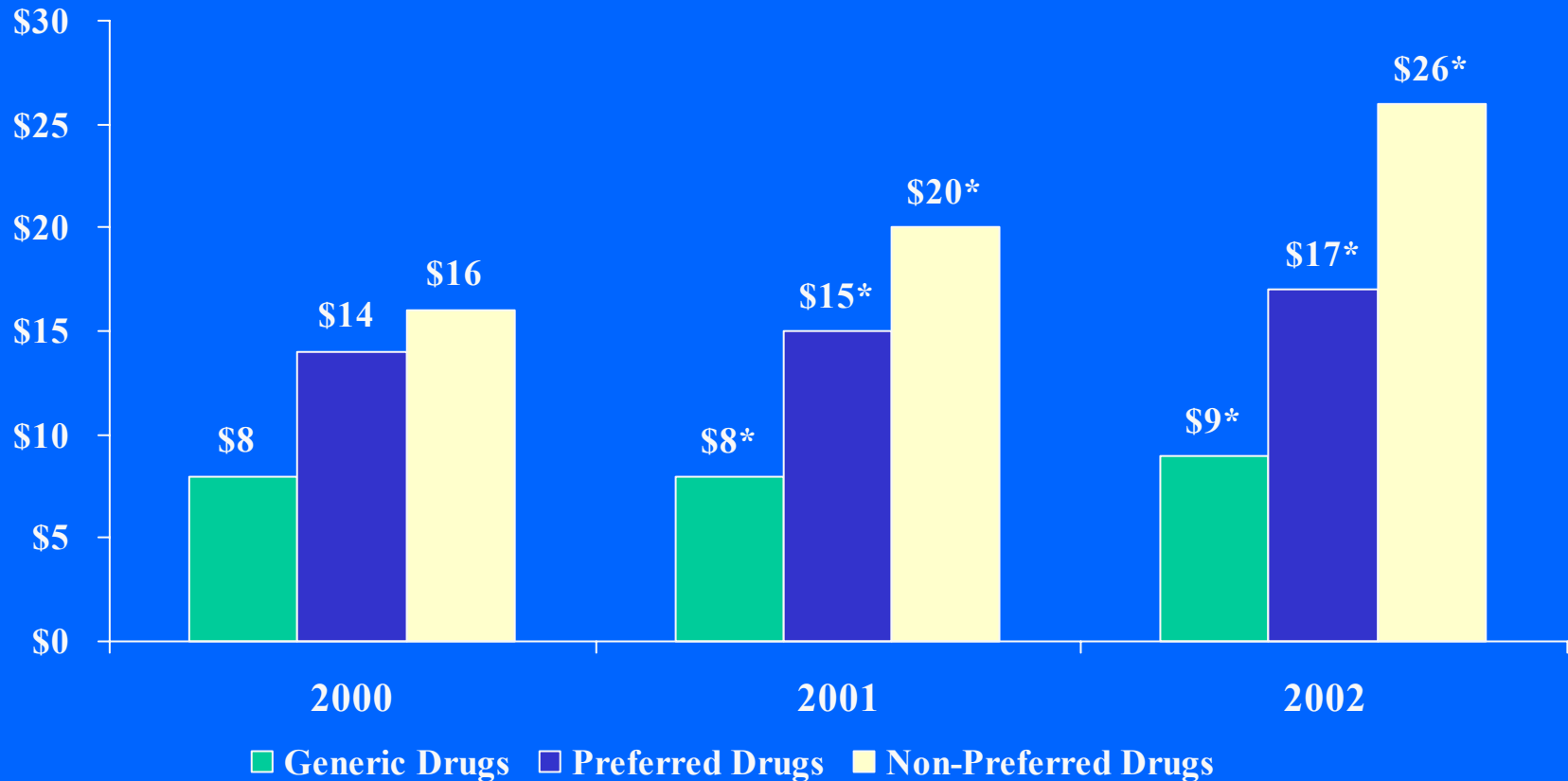


■ 1996 ■ 2000 ■ 2001 ■ 2002

\* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer Sponsored Health Benefits: 1996.

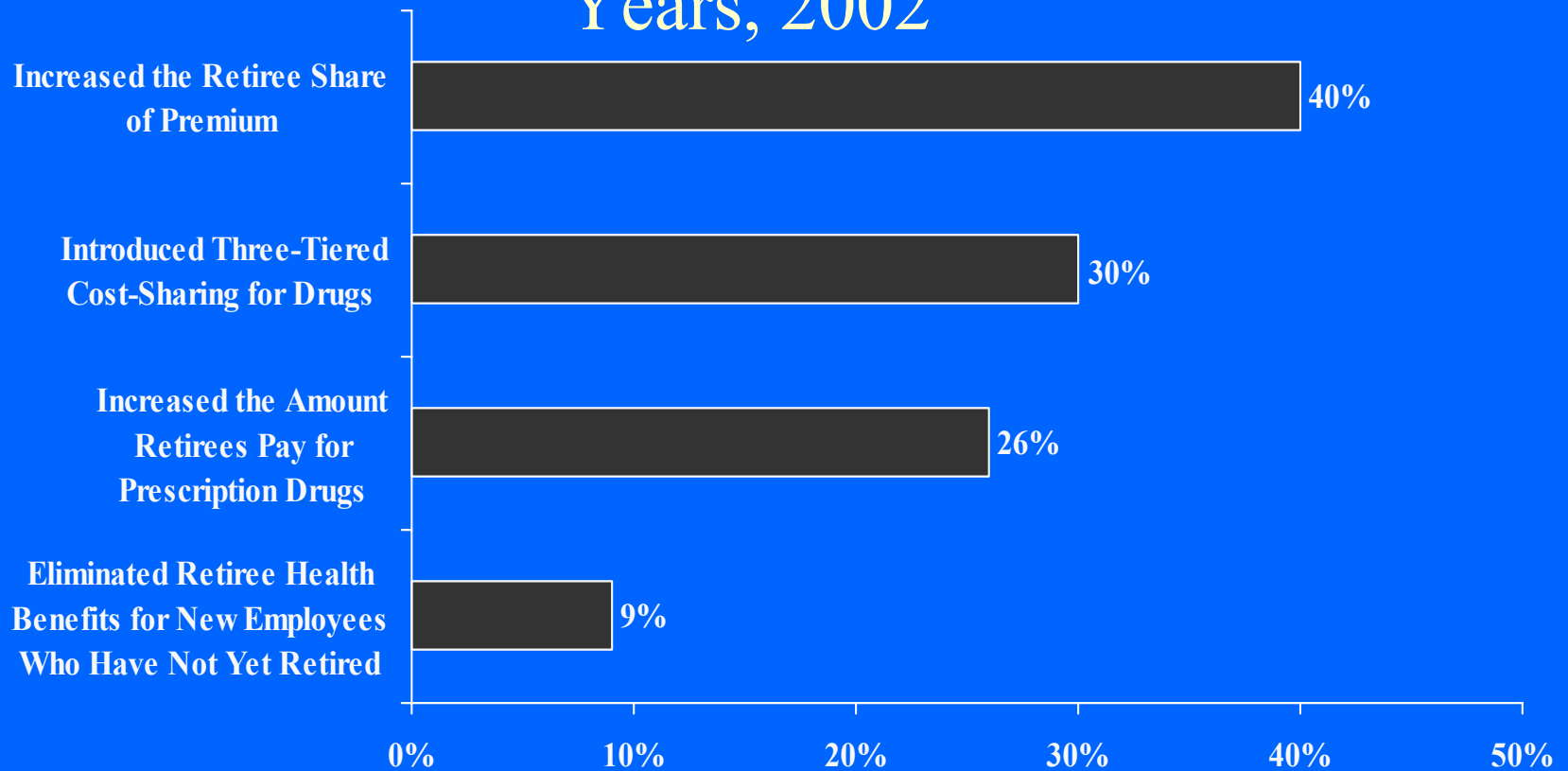
# Average Copayments for Generic Drugs, Preferred Drugs, and Non-Preferred Drugs, 2000, 2001, and 2002



\* Estimate is statistically different from the previous year shown by drug tier: 2000-2001, 2001-2002.

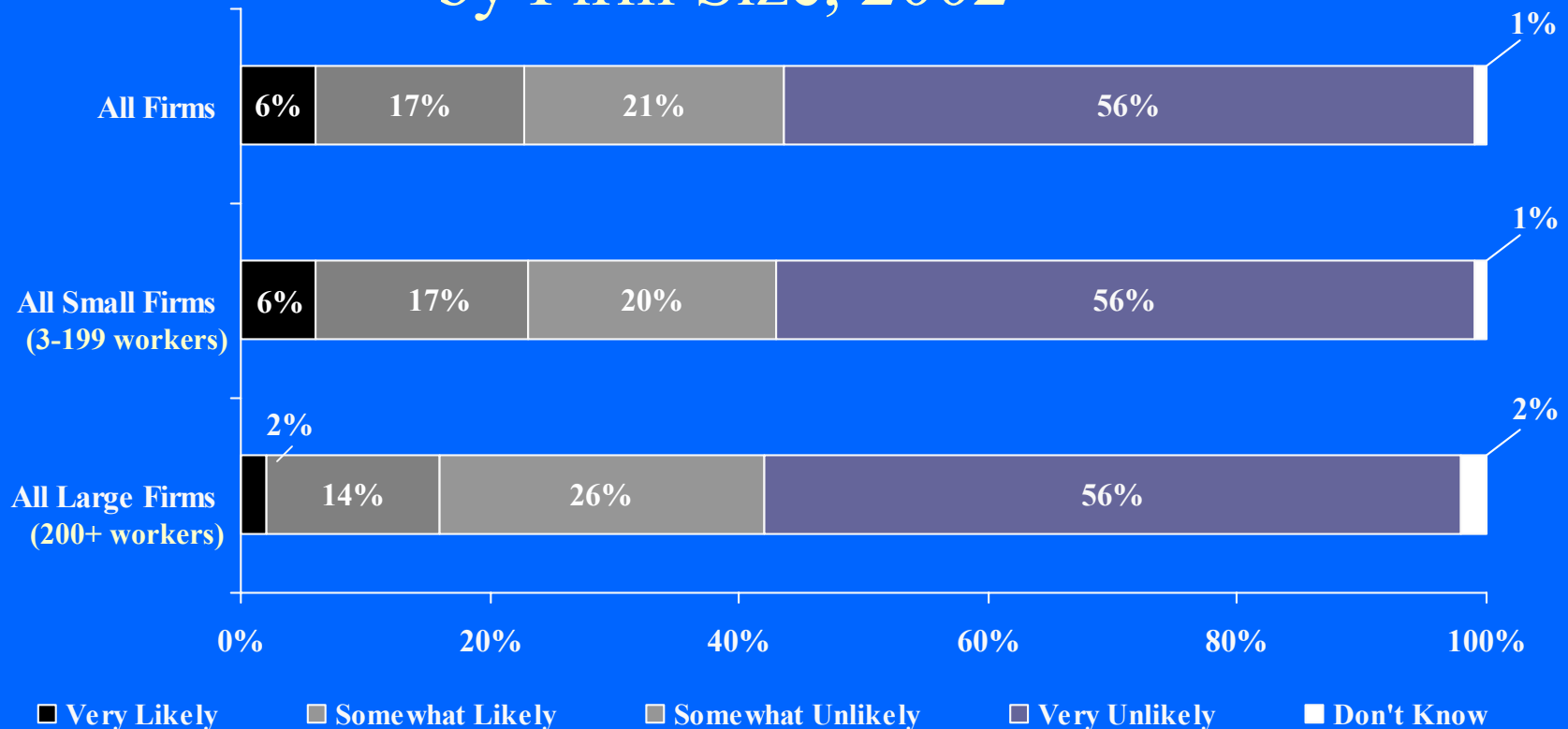
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.

# Among Firms Offering Retiree Health Benefits, Percentage of Large Firms (200 or more workers) Reporting the Following Changes in the Past Two Years, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

# Likelihood Employers Will Switch to Defined Contribution<sup>1</sup> in the Next Five Years, by Firm Size, 2002\*



Note <sup>1</sup>: Firms were asked whether or not they are likely to switch to a type of defined contribution where employees are given cash to buy health insurance on their own rather than selecting among plans the employer contracts for.

\* Tests found no statistically different distribution by Firm Size.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

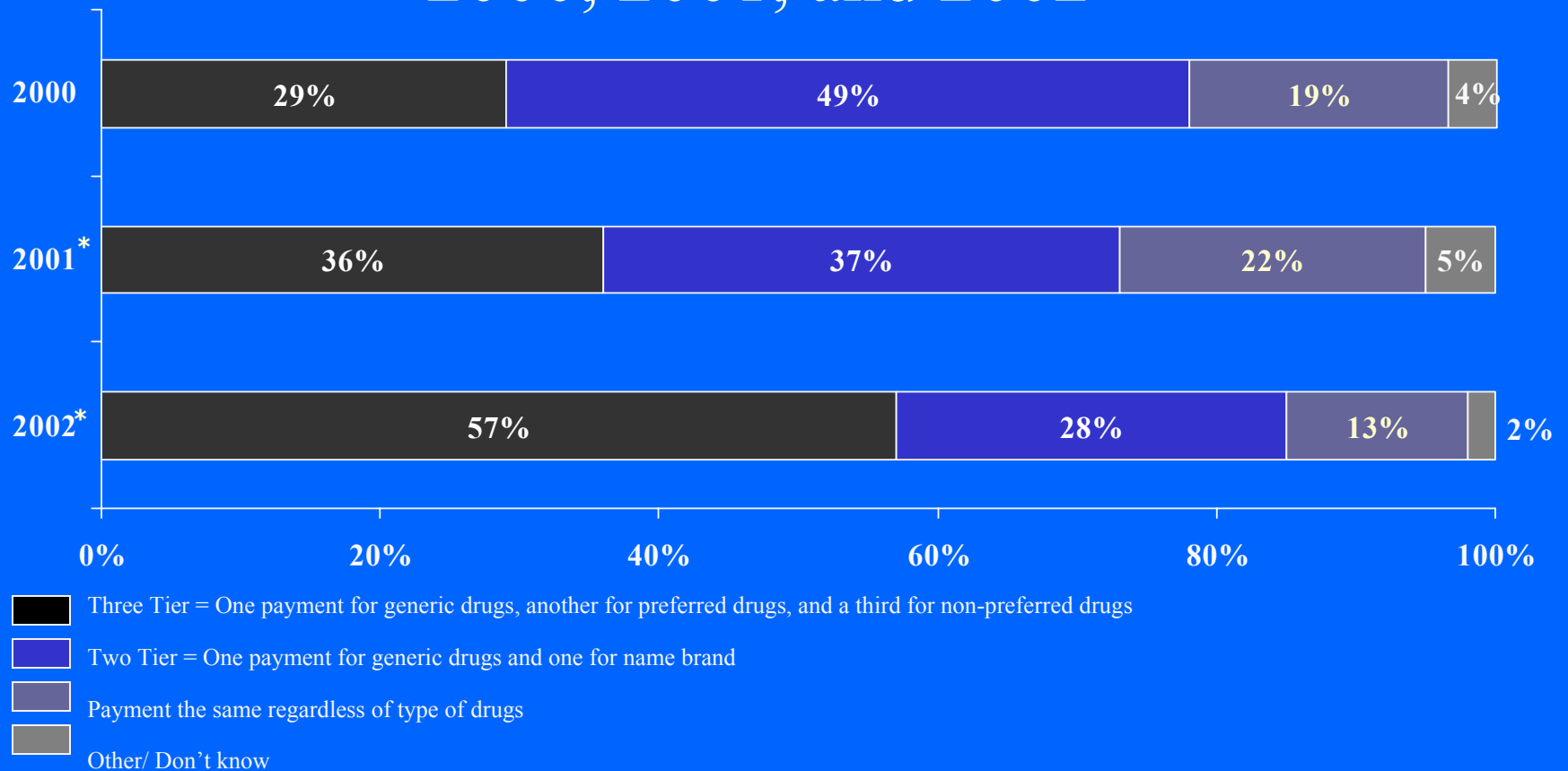
# The Immediate Future – More of the Same

- Double-digit increases in premiums
- Increased employee contributions, copays, deductibles and coinsurance
- Heavily managed care as a niche product
- Consumer-driven care as a niche product
- A soft economy will make employees more vulnerable to rising costs
- More uninsured Americans

# Consumer Driven Health Care

- Three models
  - MSA type plans
  - Personalized plans i.e., Vivius
  - Customized plans i.e., Health Partners
- More than start-ups today
- Cash-out is a non-starter
- Tiered networks are showing up in our survey of employers.

# Percentage of Covered Workers Facing Different Cost Sharing Formulas for Prescription Drugs, 2000, 2001, and 2002



\* Distribution is statistically different from the previous year shown: 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.