

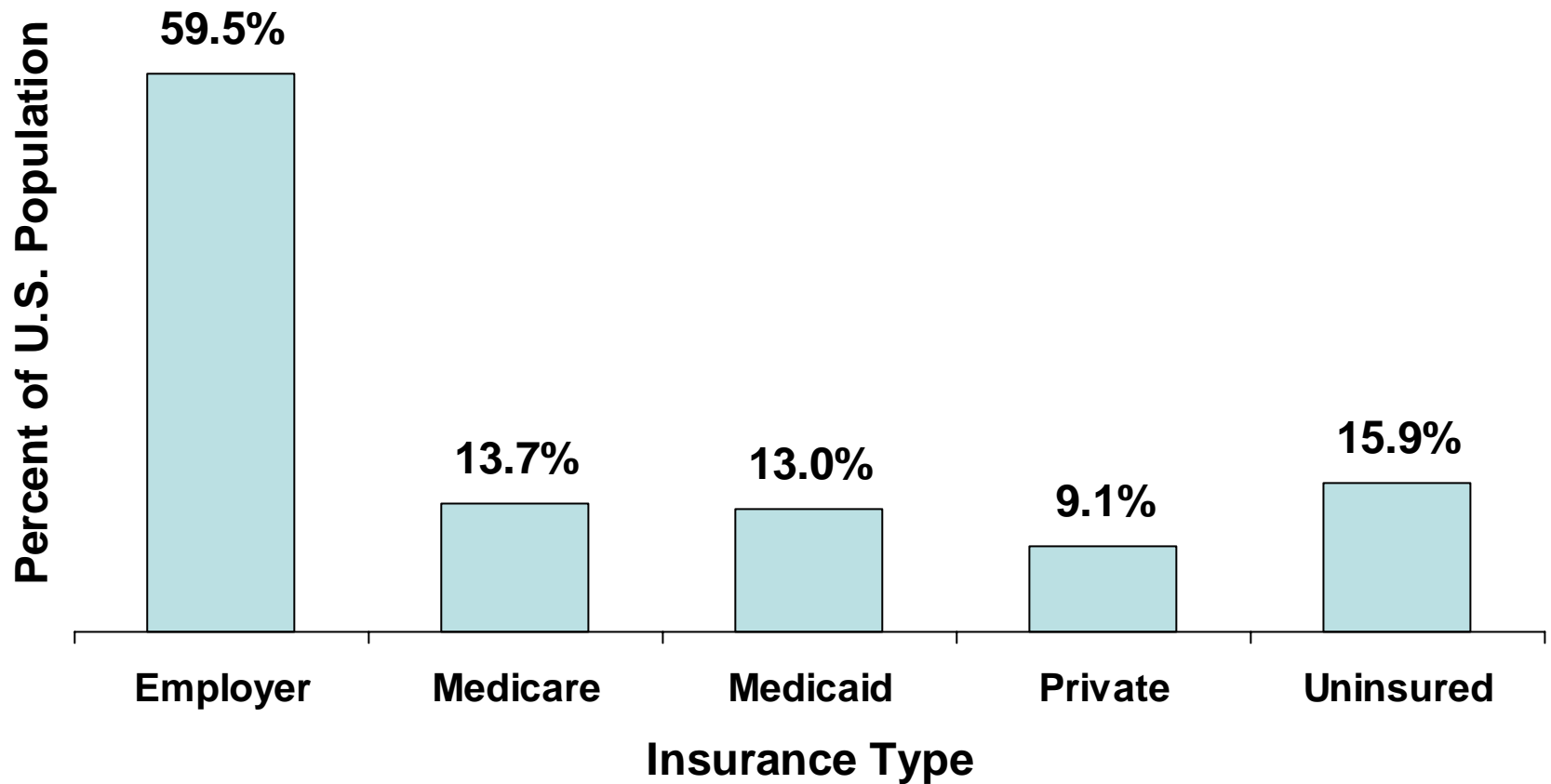
# Trends in Employer-Sponsored Health Insurance

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# Distribution of Insurance, 2005



Source: Current Population Survey, 2005

# Who Offers Health Insurance?

- 61% of firms offer health benefits in 2006
- The percentage has decreased from 69% in 2000

# Trends in Cost

- Cost of health insurance increased 9.2% in 2005 but only increased 7.7% in 2006
- Overall rate of inflation was 3.5% in 2006
- Increase in workers' earnings was 3.8% in 2006

# Key Types of Health Insurance

- Conventional health plan
- Health maintenance organization (HMO)
- Preferred provider organization (PPO)
- Point-of-service (POS)
- High deductible health plan with savings option (HDHP)

# Conventional Health Insurance

- Not managed care
- Providers paid fee-for-service
- Example: Blue Cross/Blue Shield

# Health Maintenance Organization (HMO)

- Need to pick a primary care physician from the network
- Can only see specialists in the network
- Often the cheapest but most restrictive

# Preferred Provider Organization (PPO)

- Can visit out-of-network providers
- No referral required from primary care physician
- Will pay more to see out-of-network providers

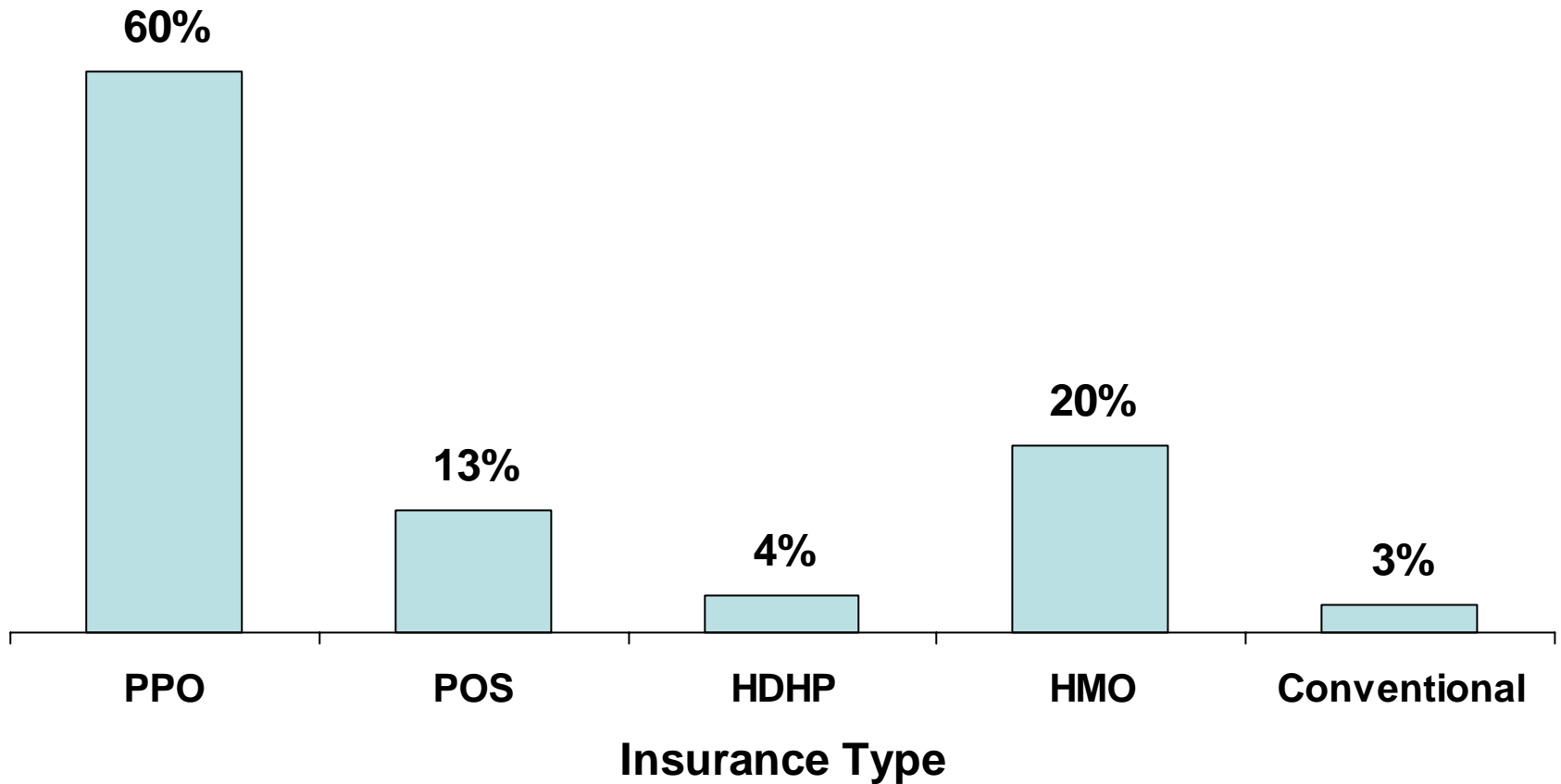
# Point-of-Service (POS)

- Need to pick a primary care physician from the network
- Can visit out-of-network providers but will have to pay most of the cost
- May cover out-of-network services if your primary care physician referred you

# High Deductible Health Plan (HDHP)

- Lower monthly premiums but high deductible
- Includes a health reimbursement account (HRA) or health savings account (HSA)
- Could use in-network or out-of-network providers

# Distribution of Insurance Type, 2006



Source: Kaiser Family Foundation, Employer Health Benefits, 2006 Annual Survey

# Total Average Monthly Premiums, 2006

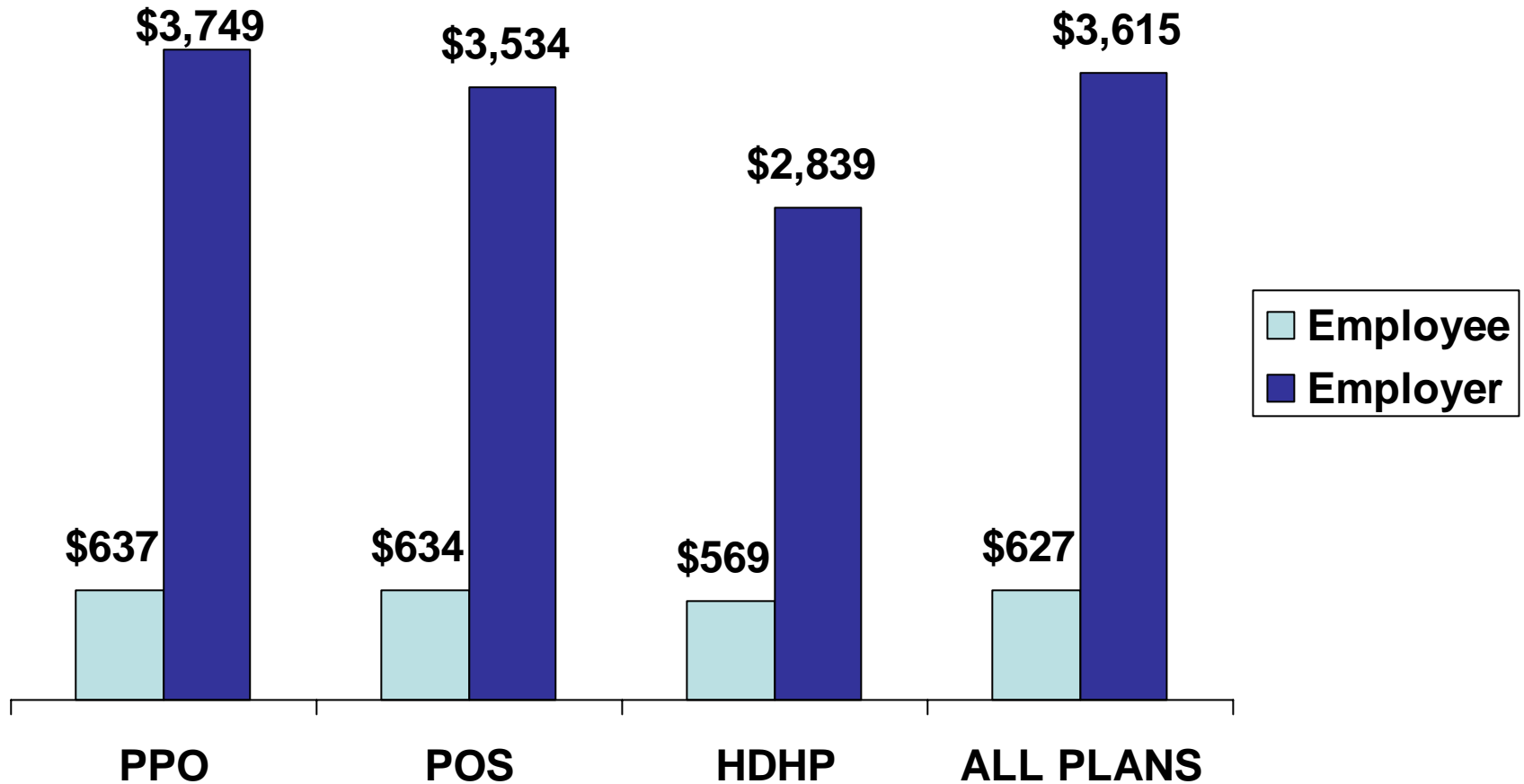
		PPO	POS	HDHP	ALL PLANS
All industries	Single	\$365	\$347	\$284	\$354
	Family	\$980	\$926	\$790	\$957
State/local govt.	Single	\$407	\$396	Not avail.	\$382
	Family	\$994	\$994	Not avail.	\$977

Source: Kaiser Family Foundation, Employer Health Benefits, 2006 Annual Survey

# Who Pays the Premium?

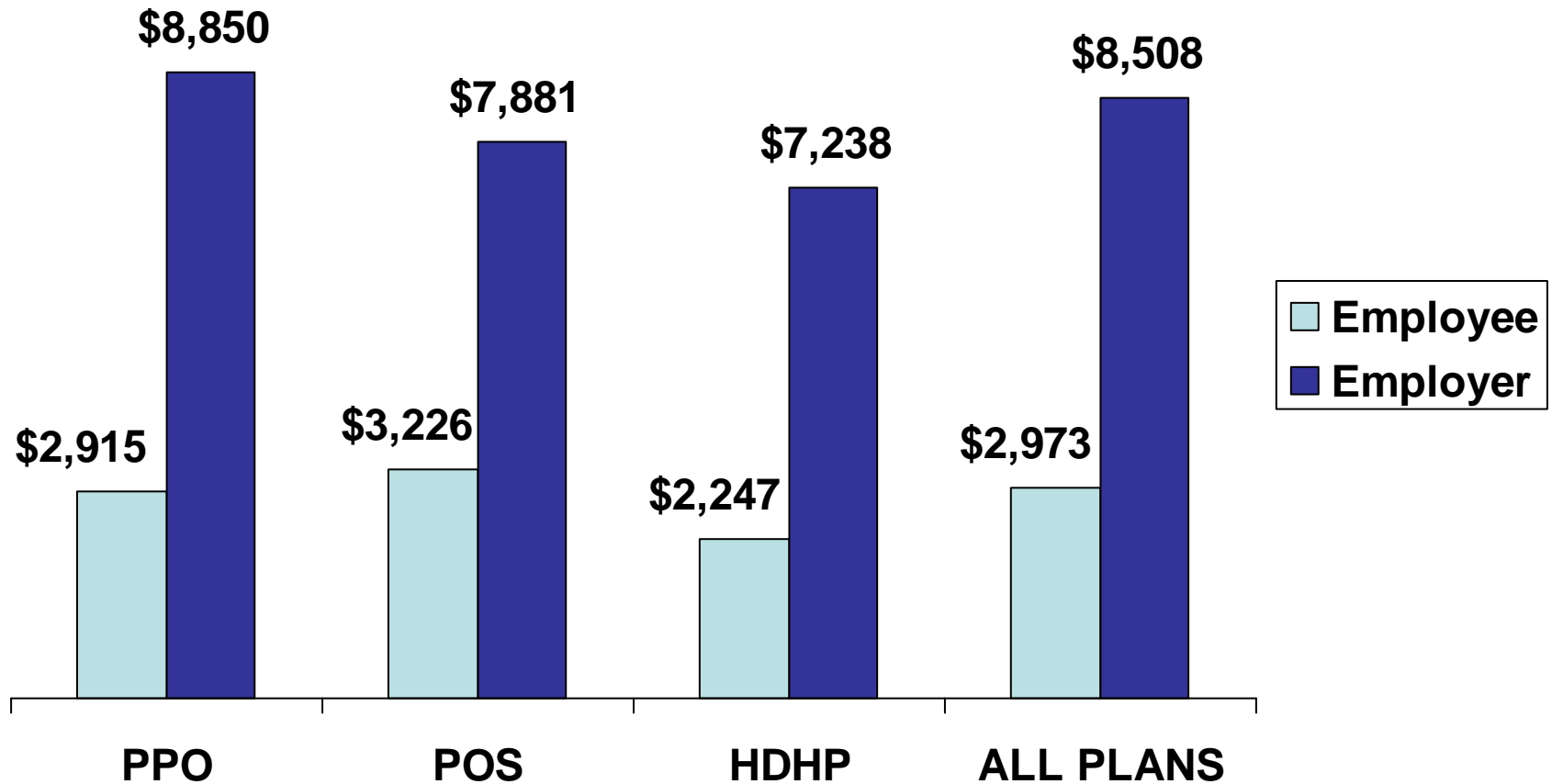
- For single coverage
  - Employee pays 16%
  - Employer pays 84%
- For family coverage
  - Employee pays 27%
  - Employer pays 73%

# Annual Cost for Single Coverage, 2006



Source: Kaiser Family Foundation, Employer Health Benefits, 2006 Annual Survey

# Annual Cost for Family Coverage, 2006

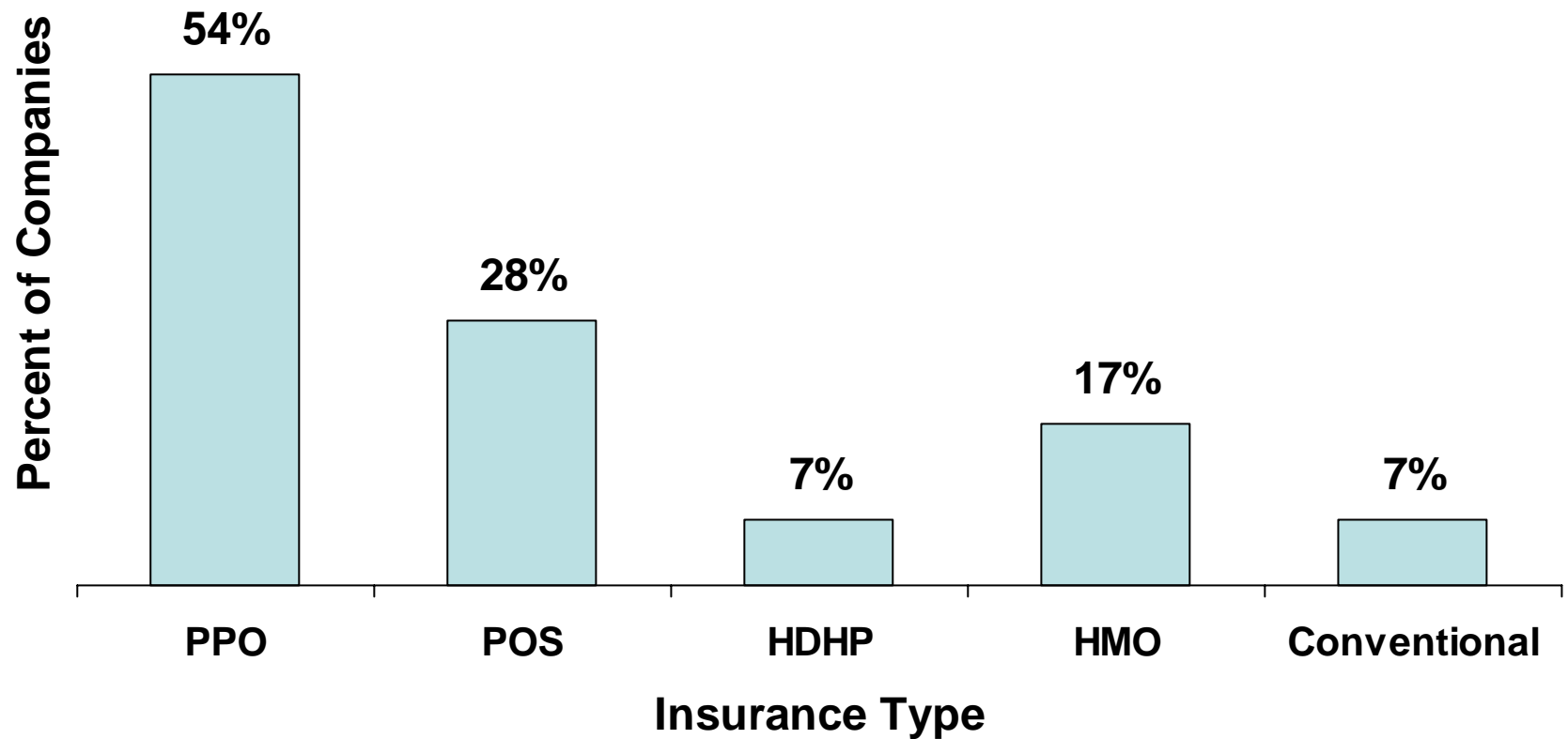


Source: Kaiser Family Foundation, Employer Health Benefits, 2006 Annual Survey

# Choice of Health Plans

- 88% of firms offer only one type
- Have at least two choices
  - 21% of workers in small firms (<200 workers)
  - 57% of workers in large firms (1000-4999 workers)
  - 78% of workers in largest firms (>5000 workers)
- Have at least three choices
  - 2% of workers in small firms
  - 20% of workers in large firms
  - 38% of workers in largest firms

# Choice of Health Plan Type, 2006



Source: Kaiser Family Foundation, Employer Health Benefits, 2006 Annual Survey

# Future Changes in Large Firms

- Results for firms with 200+ workers
- Percent of firms reporting very likely or somewhat likely increases
  - 75% to increase amount that employees pay
  - 41% to increase deductibles
  - 39% to increase copays or coinsurance
  - 10% to restrict eligibility for coverage
  - 2% to drop coverage entirely