

BENEFITS INSIGHTS

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Summary of the 2015 Employer Health Benefits Annual Survey

In 2015, the Kaiser Family Foundation and the Health Research & Educational Trust (HRET) conducted their annual survey to examine employer-sponsored health benefits trends. This document briefly summarizes some of the main takeaways from the 2015 survey and what the information means for employers.

Employer-sponsored Coverage

Approximately 57 percent of employers offered health benefits to some of their employees, and 63 percent of workers at those companies elected coverage. Despite the Affordable Care Act's (ACA) "pay or play" penalties, this figure has remained largely unchanged from 2014 (55 percent of employers) and from 2005 (60 percent of employers).

Only 47 percent of businesses that have three to nine workers offered health coverage, while almost all employers with 1,000 or more workers offered coverage to at least some of their workers. Of the companies with 50 or more full-time employees, only 4 percent indicated that they switched employees from full- to part-time status in 2015 so they would **not** be eligible for benefits, while 10 percent did the opposite—switching employees from part- to full-time so they **would** be eligible.

Premiums and Worker Contributions

For single coverage, the average annual premiums for employer-sponsored health insurance was \$6,251, and \$17,545 for family coverage in 2015—marking a 4 percent increase from the prior year.

Covered workers contributed about 18 percent of the premium for single coverage, while employees paid, on average, 29 percent of the premium for family coverage. These figures have remained consistent with percentages reported in 2014 and 2010.

This article summarizes the key takeaways from Kaiser and HRET's 2015 employer health benefits survey—examining trends such as annual deductibles, plan enrollment, health and wellness programs, and more.



Plan Enrollment

Preferred provider organization (PPO) plan enrollment remained the most popular plan type with 52 percent of covered workers enrolling in this type of plan—a slight decline from 2014. PPO plan enrollment continued to be more common at large firms (those with 200 or more employees) where 56 percent of covered workers were enrolled compared to 41 percent at small firms.

High deductible health plans (HDHPs) continue to grow in popularity with 24 percent of employees choosing this type of plan in 2015 (a 4 percent increase from 2014). For 2015, deductibles under an HDHP must have been at least \$1,300 for individual coverage and \$2,600 for family coverage.

Of the remaining covered workers, 14 percent were enrolled in a health maintenance organization (HMO), 10 percent in a point of service (POS) plan and 1 percent in an indemnity plan. POS plans remained more popular at small firms than at larger firms (19 percent versus 6 percent).

Cost-sharing

While deductibles vary based on a company's size, the average deductible for single coverage in 2015 was \$1,318—up slightly from \$1,217 in 2014. Nearly all covered employees (99 percent) were enrolled in a plan that offers some prescription drug coverage—perhaps due, in part, to the ACA's requirement that prescription drugs be considered an essential health benefit.

The amount of cost-sharing for prescription drugs, though, varies based on the type of drug being prescribed. Some plans will include drug formularies, three or four tiers of copayments, or require participants to try generic drugs first in an effort to control prescription drug costs.

Health Assessments

As employers work to rein in health care costs, interest in wellness and health screening programs remains high. In 2015, 50 percent of large employers offered or required employees to complete a health risk assessment, a tool that asks a series of questions about one's medical history and lifestyle to identify health risks. The results of these assessments can then be used to drive company wellness efforts.

Health risk assessments were more popular at large firms, with only 18 percent of small firms offering health risk assessments in 2015. To encourage participation, 62 percent of large businesses offered employees incentives for completing the assessment (up from 51 percent in 2014).

Another wellness tool some companies are using is biometric screenings, which evaluate health by measuring one's body mass index (BMI), blood pressure, blood cholesterol, blood glucose, etc. Biometric tests were more common among large employers than small employers (50 percent compared to 13 percent). Fifty-six percent of large employers offered employees financial incentives to complete biometric screenings.

Wellness and Disease Management Programs

In 2015, 81 percent of large employers and 49 percent of small employers used wellness programs to encourage employees to live healthier, stop smoking and lose weight. To motivate employees, 38 percent of large firms and 15 percent of small businesses offered employees a monetary incentive for completing or participating in wellness programs.

While not quite as popular as wellness programs, disease management programs also gained traction in 2015. The goal of disease management programs is to help people with chronic conditions (like diabetes and heart disease) live healthier lives and reduce their health care expenses. Sixty-eight percent of large employers and 32 percent of small businesses had disease management programs in 2015.

Other Benefit Trends

To help employees manage their medical expenses, many companies are offering flexible spending accounts (FSAs). FSAs let employees pay for medical care expenses that are not covered by their insurance plans with pre-tax dollars. Seventy-four percent of large employers gave workers the opportunity to contribute to an FSA, while only 17 percent of small firms did.

The percentage of workers covered under self-funded plans remained similar from past years. In 2015, 63 percent of workers were enrolled in plans that were self-funded (either partially or fully). Of these individuals, 60 percent were covered by stop-loss insurance, which helps reduce the amount of risk associated with large individual claims or high claims for the entire plan.

Furthermore, interest in private exchanges continues to grow. Private exchanges are marketplaces created by an outside party that allow companies to offer their employees access to health plans from various insurers—permitting employees to choose a plan that best meets their needs. While only 2 percent of employers with more than 50 employees used this option in 2015, 17 percent of employers indicated they are considering using private exchanges in the future.

ACA Response

In general, in 2015, employer-sponsored health benefits remained consistent with years prior. According to this study, “Even with these new [ACA] requirements, most market fundamentals have stayed consistent with prior trends, suggesting that the implementation [of the ACA] has not caused significant disruption for most market participants.”

However, it remains to be seen whether this stability will continue. Market forces such as rising specialty drug prices, narrowing networks and the Cadillac tax implementation in 2020 could force employers to adjust their plan offerings and possibly increase cost-sharing to employees.

For more information on benefit offerings or on what you can do to control your health care costs, contact The Alpha Group today.