

Benefit Plan Design and Cost Benchmarking Key Results: 2015 Executive Summary

UBA Health Plan Survey

United Benefit Advisors, November 2015

"More than half (53.7%) of all employers offer one health plan to employees, while 28.7% offer two plan options, and 17.6% offer three or more options. The percentage of employers now offering three or more plans is of particular interest since it represents nearly a 28% increase over the past five years.

The average annual health plan cost per employee for all plan types is \$9,736 (employers pay \$6,403 of this cost, while employees pay \$3,333). Compared to 2014, overall costs, based on all plans surveyed, are up 2.4% and employers passed slightly less than half (45%) of this increase on to employees (**Table 1**).

Plan type and renewal rate increase, 2015	Renewal rate increase
Consumer-directed health plan	6.2%
Preferred-provider organization	6.5%
Health maintenance organization	5.1%
Point-of-service plan	7.9%
Exclusive provider organization	5.3%
Overall average	6.2%

Source: United Benefit Advisors, November 2015

Premium rate increases edged up from 5.6% in 2014 to 6.2%, on average, in 2015. A number of factors contributed to this increase while others kept it in check. Last year, there was an astonishing 322% increase in the number of plans utilizing an early renewal strategy on December 1, 2013, delaying many effects of the Affordable Care Act (ACA) until December 1, 2014. Nearly a third of small employers with 50 or fewer employees saw rate increases of more than 10%, while only a quarter of businesses with more than 50 employees also experienced double-digit increases.

Small businesses in states that allowed 'grandmothering' (such as Nebraska, Michigan, North Carolina and Florida) also were immune from large rate hikes. Grandmothering refers to existing plans that do not meet the 2014 ACA requirements, but which have been allowed by

the federal government and state insurance department to be renewed through October 1, 2016.

In 2015, regulatory agencies confirmed that, regardless of how the plan is structured, it is impermissible for an employer to reimburse or pay for an employee's individual premium.

Employers continue to shift a greater share of expenses to employees through out-of-pocket cost increases and reductions in family benefits. The average annual employee contribution was \$3,333 in 2015, compared to \$3,228 in 2014. Median in-network deductibles for singles jumped from \$1,500 in 2014 to \$2,000 in 2015, while families stayed at \$4,000. Out of network, families got hit hardest, seeing their median deductible go from \$6,000 in 2014 to \$7,000 in 2015; singles stayed at \$3,000. Both singles and families are seeing large increases in median in-network out-of-pocket maximums (up \$500 and \$700, respectively, to \$4,000 and \$8,700). Families bear the brunt of the increase in median out-of-network out-of-pocket maximums, going from \$16,000 in 2014 to \$18,000 in 2015; singles increased from \$8,000 to \$9,000.

Overall cost increases were 2.4%, relatively flat from last year's 2.2% increase. Even with modest increases, a significant difference exists between the cost to insure an employee in the Northeast versus the Central U.S. Plans in the Northeast continue to cost the most since they typically have low or no deductibles, contain more state-mandated benefits, and feature higher in-network coinsurance, among other factors.

Costs by industry also vary, making it important for employers to benchmark by industry (**Table 2**).

Table 2. Average medical plan cost per employee, by industry, 2015.

Financial, Insurance, Real Estate	\$11,426
Government, Education, Utilities	\$11,087
Professional, Scientific, Technology Services	\$9,912
Manufacturing	\$9,706
Health Care, Social Assistance	\$9,298
Construction, Agriculture, Transportation	\$9,124
Wholesale, Retail	\$9,102
Information, Arts, Accommodations and Food	\$8,836
All plans	\$9,736

Source: United Benefit Advisors, November 2015

The number of employers offering consumer-directed health plans (CDHPs) didn't always correlate to the number of employees who chose to enroll in them. Overall, these plans are seeing enrollment increases of more than 39% in the last three years (15.6% to 21.7%). CDHPs see the most enrollment in the Northeast U.S. at 29.2%, an increase of 11.5% over 2014. But the Southeast saw nearly a 23% increase in CDHP enrollment from 2014. (Despite the overall increases, the North Central U.S. saw a 23.5% decrease in CDHP enrollment.)

23.9% of all plans offered a health savings account (HSA) or health reimbursement account (HRA), a 29% decrease from 2014. The average employer contribution for an HRA was \$1,767 for a single employee and \$3,472 for a family, up slightly from 2014. The average employer contribution to an HSA was \$491 for a single employee and \$882 for a family (funding for singles decreased more than families from 2014). The average single contribution to HSA plans decreased 14.6% from three years ago.

The number of plans offering 100% coinsurance in-network has dropped over the last two years by more than 9%. In 2015, only 35.3% of plans offered 100% coinsurance in-network for individuals, and only 1.2% of plans offered 100% coinsurance out-of-network.

[Almost one in five (18.9%)] of all employers offered comprehensive wellness programs, a 2.7% increase over last year. As one might expect, the highest percentage (61.9%) of plans offering wellness benefits came from employers with 1,000 or more employees. The next two largest percentages—53.6% and 33.8%—came from organizations with 500 to 999 employees and 200 to 499 employees, respectively. The lowest percentage (6.8%) of plans offering wellness benefits came from organizations employing fewer than 25 people.

Among employers offering wellness programs, 75.3% included health risk assessments, 67.6% offered employee incentives for participation, 67.5% offered biometric screening or physical exams, 50.8% included on-site or telephone coaching for high-risk employees, and 42.4% included seminars or workshops. Compared to 2014, the use of health risk assessments is down 6.2%, while biometric screenings and physical exams are up 6.5% and seminars are up 5.2%.

For prescription drug plans, 61.5% utilize only copays, 4.2% utilize only coinsurance, and 30.2% use varying combinations of copays and coinsurance. With a 14% increase in blended copay/coinsurance models, the move away from copay-only models is steady.

Almost half (48.9%) of prescription drug plans utilize three tiers (generic, formulary brand, and nonformulary brand); 4.3% retain a two-tier plan; and 44.1% offer four tiers or more. The number of employers offering drug plans with four tiers or more increased 34% from 2014 to 2015. The fourth tier (and additional tiers) pays for biotech drugs, which are the most expensive. By segmenting these drugs into another category with significantly higher copays, employers are able to pass along a little more of the cost of these drugs to employees. Over the

last two years, the number of 4+ tier plans grew 58.1%, making this a rapidly growing strategy to control costs.

Median retail copays are \$10/\$30 for two-tier plans; \$10/\$35/\$55 for three-tier plans; and \$10/\$35/\$60/\$100 for four-tier plans. These amounts have remained largely flat from 2014.

In 61.8% of plans, employees are required to pay more when they elect brand-name drugs over an available generic drug (a 5.5% increase from 2014); 37.9% of those plans require the added cost even if the physician notes 'dispense as written.' Only 1% of plans offer no coverage for brand-name drugs if generics are available and 37.2% offer no added cost coverage.

Data are based on responses from 10,804 employers sponsoring 18,186 health plans nationwide."

The 28-page report summary is available online. Web site: www.thewilsonagency.com/sites/default/files/2015-HPS-Executive-Summary-102815-Final.pdf