



benefitNEWS

Kaiser Foundation Issues Annual Benefits Survey Results

The Kaiser Family Foundation/Health Research & Educational Trust (HRET) has issued their 2012 Employer Health Benefits Survey. Now in its 14th year, the survey is a joint project of the Kaiser Family Foundation and the Health Research & Educational Trust. The survey was conducted between January and May of 2012 and included 3,326 randomly-selected, non-federal, public and private firms with three or more employees (2,121 of which responded to the full survey and 1,205 of which responded to a single question about offering coverage). A research team at Kaiser, HRET and NORC at the University of Chicago, conducted and analyzed the survey which is among the most thorough in the industry for employers and plan sponsors. The survey covers every major area for benefit plans including cost, trends and coverage issues by employer size, region and industry.

The 2012 survey includes valuable data for employers to consider:

- Annual premiums for employer-sponsored family health coverage reached \$15,745 this year, up 4% from last year, with workers on average paying \$4,316 toward the cost of their coverage. According to the survey, this year's premium increase is moderate by historical standards, but outpaced the growth in workers' wages (1.7%) and general inflation (2.3%). Since 2002, premiums have increased 97%, three times as fast as wages (33%) and inflation (28%).
- The survey reveals significant differences in the benefits and worker contributions toward family premiums between firms with many lower-wage workers (at least 35% of workers earn \$24,000 or less a year) and firms with many higher-wage workers (at least 35% of their workers earn \$55,000 or more a year).
- Workers at lower-wage firms on average pay \$1,000 more each year out of their paychecks for family coverage than workers at higher-wage firms (\$4,977 and \$3,968, respectively). This occurs even though the firms with many lower-wage workers on average pay less in total premiums for family coverage than firms with many higher-wage workers (\$14,694 and \$16,427, respectively).
- Workers at lower-wage firms are also more likely to face high deductibles than those at higher-wage firms. Specifically, 44% of covered workers at firms with many low-wage workers face an annual deductible of \$1,000 or more, compared with 29% of those at firms with many high-wage workers. Across all employers, a third of covered workers (34%) face a deductible of that size, including 14% with deductibles of at least \$2,000 annually.
- The survey estimates that 2.9 million young adults are currently covered by employer plans this year as a result of a provision in the 2010 Affordable Care Act that allows young adults up to age 26 without employer coverage of their own to be covered as dependents on their parents' plan. That's up from the 2.3 million in the 2011 survey.

- The survey also finds that 48% of covered workers are in “grandfathered” plans as defined under healthcare reform, down from 56% last year. Grandfathered plans are exempt from some health reform requirements, including covering preventive benefits with no cost sharing and having an external appeals process. To retain this status, employers must not make significant changes to their plans to reduce benefits or increase employee costs.
- The average increase reported by employers who had received information for their current plan is 7%.
- More than half (54%) of employers who offer health benefits reported that they had shopped around for new coverage. Of that group, a significant number switched carriers (18%) or changed the type of plans they offer (27%).
- Premiums for single health coverage increased 3% in 2012 to reach \$5,615 annually. Workers on average pay \$951 toward this coverage.
- 61% of firms offer health benefits to their workers – statistically unchanged from last year.
- Covered workers facing co-payments for in-network physician office visits on average pay \$23 for primary care and \$33 for specialty care. For emergency-room visits, average co-pays are \$118. For drug plans with three or more tiers, average co-pays are \$10 for generic drugs, \$29 for preferred brand-name drugs, \$51 for non-preferred brand-name drugs, and \$79 for specialty drugs.
- In 2012, 31% of employers offer health benefits to same-sex domestic partners, up from 21% three years earlier. This year, 37% of firms offer such benefits to unmarried, opposite-sex partners, up from 31% in 2009.
- Large employers are more likely than small ones to allow workers to pay their share of premiums with pre-tax income (9%, compared to 41%) and to contribute pre-tax dollars to Flexible Spending Accounts (76%, compared to 17%).

Conner Strong & Buckelew regularly uses the data from the Kaiser benchmarking study based on its objective methodology and results. You may access the full report at <http://ehbs.kff.org/>. For questions about how to properly benchmark your benefit plans, contact your Conner Strong & Buckelew account representative.



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