BENEFITS INSIGHTS

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Summary of the 2017 Employer Health Benefits Annual Survey

This article summarizes the key takeaways from Kaiser and HRET's 2017 employer health benefits survey—examining trends such as annual deductibles, plan enrollment, and health and wellness programs.

Each year, the Kaiser Family Foundation and the Health Research & Educational Trust (HRET) conduct a survey to examine employer-sponsored health benefit trends. This document summarizes the main points of the 2017 survey and suggests how they could affect employers.

Health Insurance Premiums

In 2017, the average premium rose 4 percent for single coverage and 3 percent for family coverage. The average premiums were $6,690 and $18,764, respectively.

However, premiums for high deductible health plans with a savings option (HDHP/SOs) were noticeably lower than the average premiums. The HDHP/SO annual premiums for single and family coverage were $6,024 and $17,581, respectively.

The premium for family coverage was, on average, lower at small employers (3-199 employees) than at large employers—$17,615 compared to $19,235. Yet, premium costs varied widely across industry and regions in 2017. Around 17 percent of workers with family coverage had an annual premium of $22,517, compared to 21 percent of workers who enrolled in family plans that cost $15,011 annually.

Worker Contributions

The average worker contribution toward the premium was 18 percent for single coverage and 31 percent for family coverage. Although, employees at organizations with a high percentage of lower-wage workers (where over one-third make $24,000 or less annually) made above average contributions—23 percent and 37 percent of the premium for single coverage and family coverage, respectively.

In terms of dollar amounts, workers contributed $1,213 and $5,714 toward their premiums for single coverage and family coverage, respectively. Workers enrolled in HDHP/SOs contributed less on average, paying $1,020 for single coverage and $4,599 for family coverage.

Plan Enrollment

The following were the most common plan types in 2017:

- Preferred provider organizations (PPOs)—48 percent of workers covered
- HDHP/SOs—28 percent of workers covered
- Health maintenance organizations (HMOs)—14 percent of workers covered
- Point of service (POS) plans—10 percent of workers covered
- Indemnity plans—under 1 percent

PPO enrollment has decreased by 8 percent over the last five years, and enrollment in HDHP/SOs has risen by 9 percent over the same period.

Employee Cost Sharing

Most workers must pay a share of their health care costs, and 81 percent had a general annual deductible for single coverage in 2017. Fifty-one percent of workers had a deductible of $1,000 or more for single coverage. The average deductible for all workers was $1,221. The prevalence of HDHP/SOs has contributed to the increase of deductible amounts.

Even without a deductible, the vast majority of workers cover some portion of the costs from their in-network physician visits. For instance, 71 percent have a copayment for primary doctor visits and 22 percent have coinsurance.

Nearly all workers are covered by a plan with an out-of-pocket maximum (OOPM), but the costs vary considerably. Over half (57 percent) of workers with single coverage have an OOPM over $3,000, and 18 percent have an OOPM of $6,000 or more.

Availability of Employer-sponsored Coverage

Similar to the last few years, employers offer health benefits to at least some workers. Only 40 percent of very small employers (three to nine employees) offer benefits, while virtually every large employer (1,000 or more employees) offers coverage.

Health and Wellness Promotion Programs

Wellness programs help employees improve their lifestyles and avoid unhealthy habits. Small and large employers both offer wellness programs, with 58 percent of small employers and 85 percent of large employers offering at least one. Programs vary in topic and include subjects like smoking cessation, weight management and lifestyle coaching.

Of these large employers, 32 percent offer participation incentives like gift cards or merchandise. Only a portion of employers reported using wearable devices like Fitbits or Apple Watches to gather health data—8 percent of small employers and 14 percent of large employers.

Telemedicine

Over half of large employers have embraced telemedicine, with 63 percent offering health care services through this method. Of these employers, 33 percent offer financial incentives to receive health care services this way, opposed to an in-person physician visit.

Self-funding

Similar to the previous year, 15 percent of workers with small employers are elected in plans either partially or entirely self-funded plans, compared to 79 percent of workers with large employers. Despite conversations about insurers offering more self-funded plans to small employers, there has not been a noticeable increase in their enrollment.

Supplemental and Voluntary Benefits

Many employers offering health benefits also offer supplemental benefits, like dental or vision insurance. Here is the breakdown of offered benefits:

- Dental—67 percent of small employers, 97 percent of large employers
- Vision—47 percent of small employers, 82 percent of large employers
- Critical illness—23 percent of small employers, 46 percent of large employers
- Hospital indemnity—16 percent of small employers, 28 percent of large employers
- Long-term care—16 percent of small employers, 25 percent of large employers

Across all employers, dental and vision benefits are much more likely to be subsidized, with employers contributing 67 percent and 54 percent of costs, respectively. By comparison, only 3 percent of employers contribute to critical illness and 5 percent contribute toward hospital indemnity.

Conclusion

As this summary indicates, the market has been stable over the past few years and remains that way. The Affordable Care Act repeal effort is something to monitor—as well as the Cadillac tax, as the 2020 deadline approaches—but the market is stable despite these disruptions. Cost increases have pressured employers to make adjustments, but current modeling seems poised to continue. Employers continue to offer health benefits at high rates and that seems likely to be the future trend as well.

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