THE KAISER FAMILY FOUNDATION -AND- HEALTH RESEARCH & EDUCATIONAL TRUST

Employer Health Benefits

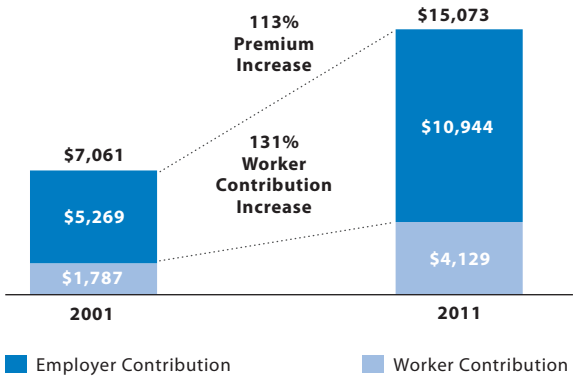
2011 Summary of Findings

Employer-sponsored insurance is the leading source of health insurance, covering about 150 million nonelderly people in America.[1] To provide current information about the nature of employer-sponsored health benefits, the Kaiser Family Foundation (Kaiser) and the Health Research & Educational Trust (HRET) conduct an annual national survey of nonfederal private and public employers with three or more workers. This is the thirteenth Kaiser/HRET survey and reflects health benefit information for 2011.

The key findings from the 2011 survey, conducted from January through May 2011, include increases in the average single and family premiums, as well higher enrollment in high deductible health plans with savings options (HDHP/SOs). The 2011 survey includes new questions on the percentage of firms with grandfathered health plans, changes in benefits for preventive care, enrollment of adult children due to the new health reform law, and the use of stoploss coverage by firms with self-funded plans.

EXHIBIT A

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2001–2011



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2011.

HEALTH INSURANCE PREMIUMS AND WORKER CONTRIBUTIONS

The average annual premiums for employer-sponsored health insurance in 2011 are $5,429 for single coverage and $15,073 for family coverage. Compared to 2010, premiums for single coverage are 8% higher and premiums for family coverage are 9% higher. The 9% growth rate in family premiums for 2011 is significantly higher than the 3% growth rate in 2010.[2] Since 2001, average premiums for family coverage have increased 113% (Exhibit A). Average premiums for family coverage are lower for workers in small firms (3–199 workers) than for workers in large firms (200 or more workers) ($14,098 vs. $15,520). Average premiums for high-deductible health plans with a savings option (HDHP/SOs) are lower than the overall average for all plan types for both single and family coverage (Exhibit B).

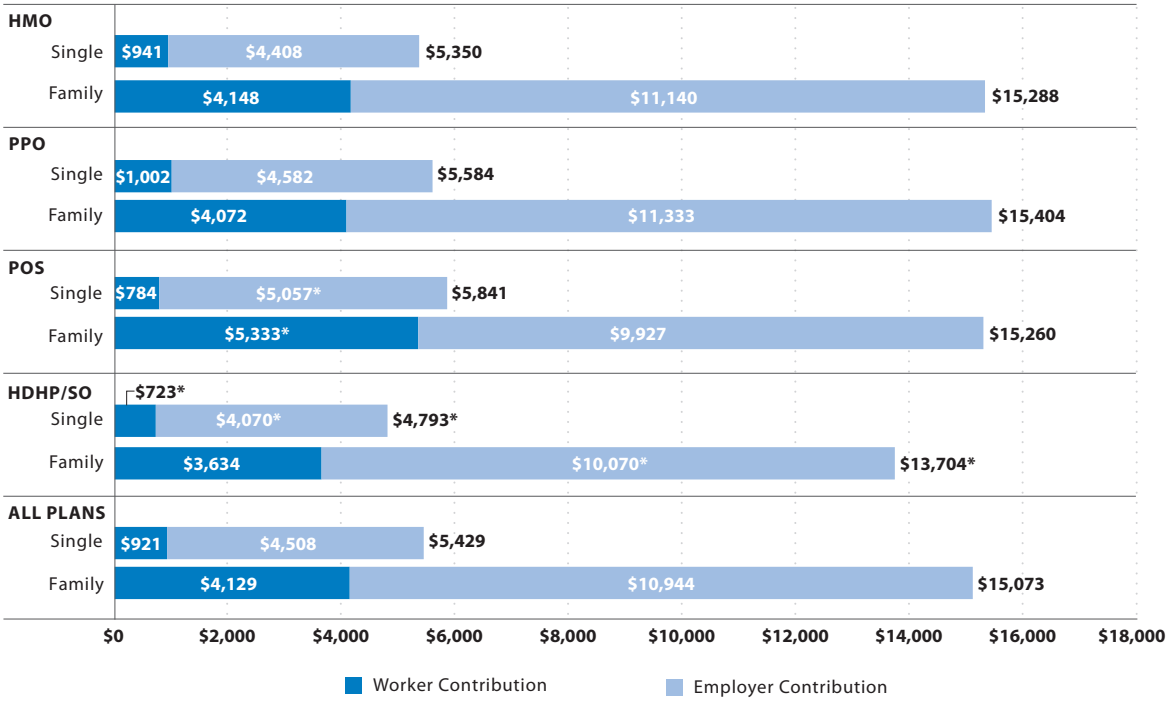
There is significant variation around the average annual premiums as a result of factors such as benefits, cost sharing, and geographic cost differences. Nineteen percent of covered workers are in plans with an annual total premium for family coverage of at least $18,087 (120% of the average family premium), while 21% of covered workers are in plans where the family premium is less than $12,058 (80% of the average premium) (Exhibit C).

Covered workers contribute on average 18% of the premium for single coverage and 28% of the premium for family coverage, similar to the percentages they contributed in 2010. Workers in small firms (3–199 workers) contribute a significantly lower average percentage for single coverage compared to workers in larger firms (15% vs. 19%), but a higher average percentage for family coverage (36% vs. 25%). As with total premiums, the share of the premium contributed by workers varies considerably around these averages. For single coverage, 59% of covered workers are in plans that require them to pay more than 0% but less than or equal to 25% of the total premium, and 3% are in plans that require more than 50% of the premium; 16% are in plans that require them to make no contribution. For family coverage, 47% of covered workers are in plans that require them to pay more than 0% but less than or equal to 25% of the total premium, and 15% are in plans that require more than 50% of the premium; only 6% are in plans that require no contribution (Exhibit D).

Looking at the dollar amounts that workers contribute, the average annual contributions in 2011 are $921 for single coverage and $4,129 for family coverage.[3] Neither amount is a statistically significant increase over the 2010 values. Workers in small firms (3–199 workers) have lower average contributions for single coverage than workers in larger firms ($762 vs. $996), and higher average contributions for family coverage ($4,946 vs. $3,755). Compared to the overall average contributions, workers in HDHP/SOs have lower average contributions for single coverage ($723 vs. $921), while workers in point of service (POS) plans have higher average contributions for family coverage ($5,333 vs. $4,129).

EXHIBIT B

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2011



*Estimate is statistically different from All Plans estimate by coverage type (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

PLAN ENROLLMENT

Overall, PPOs are by far the most common plan type, enrolling 55% of covered workers. Seventeen percent of covered workers are enrolled in an HMO, 10% are enrolled in a POS plan, and 1% are enrolled in a conventional plan. Enrollment in HDHP/SOs continues to rise, with 17% of covered workers in an HDHP/SO in 2011, up from 13% of covered workers in 2010, and 8% in 2009. The enrollment distribution varies by firm size, with PPOs and HMOs relatively more popular among large firms (200 or more workers) and PPOs and HDHP/SOs relatively more popular in smaller firms.

EMPLOYEE COST SHARING

Most covered workers face additional costs when they use health care services. A large share of workers in PPOs (81%) and POS plans (69%) have a general annual deductible for single coverage that must be met before all or most services are reimbursed by the plan. In contrast, only 29% of workers in HMOs have a general annual deductible. Many workers with no general annual deductible still face other types of cost sharing when they use covered services.

Among workers with a general annual deductible, the average deductible amount for single coverage is $675 for workers in PPOs, $911 for workers in HMOs, $928 for workers in POS plans, and $1,908 for workers in HDHP/SOs (which by definition have high deductibles). As in recent years, workers with single coverage in small firms (3–199 workers) have higher deductibles than workers in large firms (200 or more workers); for example, the average deductibles for single coverage in PPOs, the most common plan type, are $1,202 for workers in small firms (3–199 workers) compared to $505 for workers in larger firms. Overall, 31% of covered workers are in a plan with a deductible of at least $1,000 for single coverage, similar to the 27% reported in 2010, but significantly more than the 22% reported in 2009 (Exhibit E). Covered workers in small firms (3–199 workers) remain more likely than covered workers in larger firms (50% vs. 22%) to be in plans with deductibles of at least $1,000.

The majority of workers also have to pay a portion of the cost of physician office visits. About three-in-four covered workers pay a copayment (a fixed dollar amount) for office visits with a primary care physician (74%) or a specialist physician (73%), in addition to any general annual deductible a plan may have. Smaller shares of workers pay coinsurance (a percentage of the covered amount) for primary care office visits (17%) or specialty care visits (18%). Most covered workers in HMOs, PPOs, and POS plans face copayments, while covered workers in HDHP/SOs are more likely to have coinsurance requirements or no cost sharing after the deductible is met. For in-network office visits, covered workers with a copayment pay an average of $22 for primary care and $32 for specialty care. For covered workers with coinsurance, the average coinsurance is 18% for both primary care and specialty care. While the survey collects information on only in-network cost sharing, we note that out-of-network cost sharing is often higher.

EXHIBIT C

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2011

Premium Range, Relative to Average Premium	Single Coverage		Family Coverage	
	Premium Range, Dollar Amount	Percentage of Covered Workers in Range	Premium Range, Dollar Amount	Percentage of Covered Workers in Range
Less than 80%	Less Than $4,344	21%	Less Than $12,058	21%
80% to Less Than 90%	$4,344 to <$4,886	15%	$12,058 to <$13,565	14%
90% to Less Than Average	$4,886 to <$5,429	20%	$13,565 to <$15,073	16%
Average to Less Than 110%	$5,429 to <$5,972	15%	$15,073 to <$16,580	16%
110% to Less Than 120%	$5,972 to <$6,515	11%	$16,580 to <$18,087	14%
120% or More	$6,515 or More	18%	$18,087 or More	19%

Note: The average annual premium is $5,429 for single coverage and $15,073 for family coverage.

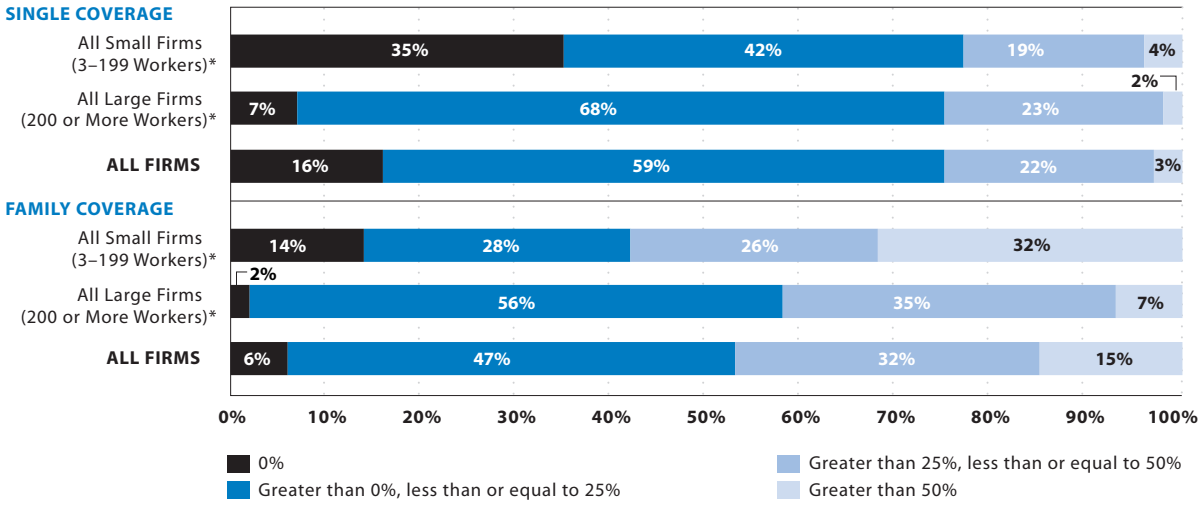
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

Almost all covered workers (98%) have prescription drug coverage, and nearly all face cost sharing for their prescriptions. Over three-quarters (77%) of covered workers are in plans with three or more tiers of cost sharing. Copayments are more common than coinsurance for each tier of cost sharing. Among workers with three- or four-tier plans, the average copayments in these plans are $10 for first-tier drugs, $29 for second-tier drugs, $49 for third-tier drugs, and $91 for fourth-tier drugs. These amounts are not significantly higher than the amounts reported last year. HDHP/SOs have a somewhat different cost-sharing pattern for prescription drugs than other plan types: 57% of covered workers are enrolled a plan with three or more tiers of cost sharing while 17% are in plans that pay 100% of prescription costs once the plan deductible is met. Covered workers in these plans are also more likely to pay coinsurance than workers in other plan types.

Most workers also face additional cost sharing for a hospital admission or an outpatient surgery episode. After any general annual deductible, 55% of covered workers have coinsurance and 17% have a copayment for hospital admissions. Lower percentages have per day (per diem) payments (6%), a separate hospital deductible (3%), or both copayments and coinsurance (9%). The average coinsurance rate for hospital admissions is 17%, the average copayment is $246 per hospital admission, the average per diem charge is $246, and the average separate hospital deductible is $627. The cost-sharing provisions for outpatient surgery are similar to those for hospital admissions, as most covered workers have either coinsurance (57%) or copayments (18%). For covered workers with cost sharing

EXHIBIT D

Distribution of the Percentage of Total Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2011



*Distributions for All Small Firms and All Large Firms within coverage types are statistically different (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

for each outpatient surgery episode, the average coinsurance is 17% and the average copayment is $145.

Most plans limit the amount of cost sharing workers must pay each year, generally referred to as an out-of-pocket maximum. Eighty-three percent of covered workers have an out-of-pocket maximum for single coverage, but the limits differ considerably. For example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 38% are in plans with an annual out-of-pocket maximum of $3,000 or more, and 14% are in plans with an out-of-pocket maximum of less than $1,500. Even in plans with a specified out-of-pocket limit, not all spending is counted towards meeting the limit. For example, among workers in PPOs with an out-of-pocket maximum, 77% are in plans that do not count physician office visit copayments, 35% are in plans that do not count spending for the general annual deductible, and 84% are in plans that do not count prescription drug spending when determining if an enrollee has reached the out-of-pocket limit.

AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Sixty percent of firms offer health benefits to their workers in 2011 – a significant reduction from the 69% reported in 2010, but much more in line with the levels for years prior to 2010 (Exhibit F). The large increase in 2010 was primarily driven by a significant (12 percentage points) increase in offering among firms with 3 to 9 workers (from 47% in 2009 to 59% in 2010). This year, 48% of firms with 3 to 9 employees offer health benefits, a level which is more consistent with levels from recent years (2010 excluded).[4] These figures suggest that the 2010 results may be an aberration.

Even in firms that offer health benefits, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or minimum work-hour rules. Other workers do not enroll in coverage offered to them because, for example, of the cost of coverage or because they have access to coverage through a spouse. Among firms that offer coverage, an average of 79% of workers are eligible for the health benefits offered by their employer. Of those eligible, 81% take up their employer's coverage, resulting in 65% of workers in offering firms having coverage through their employer. Among both firms that offer and do not offer health benefits, 58% of workers are covered by health plans offered by their employer, similar to the percentage in 2010.

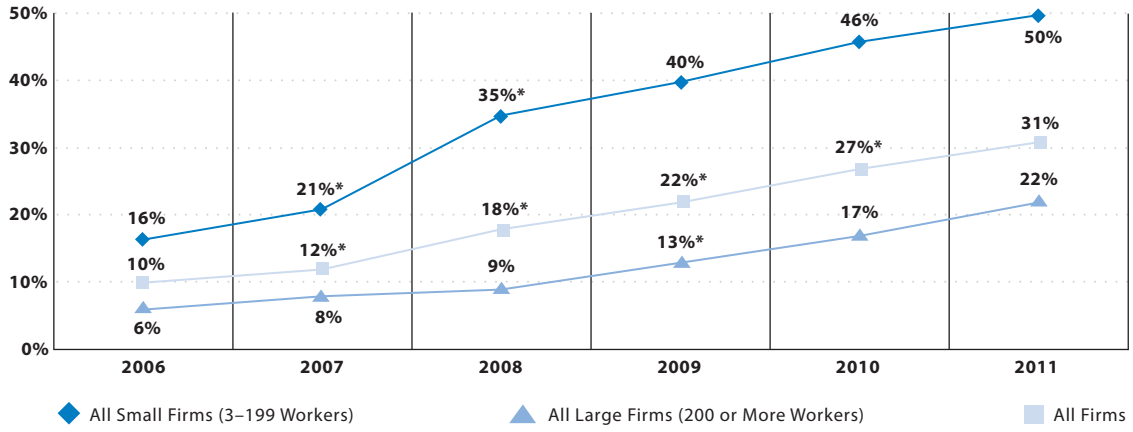
HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION

HDHP/SOs include (1) health plans with a deductible of at least $1,000 for single coverage and $2,000 for family coverage offered with an Health Reimbursement Arrangement (HRA), referred to as "HDHP/HRAs," and (2) high-deductible health plans that meet the federal legal requirements to permit an enrollee to establish and contribute to a Health Savings Account (HSA), referred to as "HSA-qualified HDHPs."

Twenty-three percent of firms offering health benefits offer an HDHP/SO, up from 15% in 2010. Firms with 1,000 or more workers are more likely to offer an HDHP/SO than smaller firms (3–199 workers) (41% vs. 23%). Seventeen percent of covered workers are enrolled in HDHP/SOs, up from 13% in 2010, and 8% in 2009. Eight percent of covered workers are enrolled in HDHP/HRAs and 9% are enrolled in an HSA-qualified HDHP. Twenty-three percent of covered workers in small firms (3–199 workers) are enrolled in HDHP/SOs, compared to 15% of workers in large firms (200 or more workers) (Exhibit G).

EXHIBIT E

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of $1,000 or More for Single Coverage, by Firm Size, 2006–2011



*Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of $1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006–2011.

The distinguishing aspect of these high deductible plans is the savings feature available to employees. Workers enrolled in an HDHP/HRA receive an average annual contribution from their employer of $861 for single coverage and $1,539 for family coverage (Exhibit H). The average HSA annual contribution is $611 for single coverage and $1,069 for family coverage. In contrast to HRAs, not all firms contribute to HSAs. Sixty percent of employers offering single coverage and 57% offering family coverage through HSA-qualified HDHPs make contributions towards the HSAs that their workers establish. The average employer contributions to HSAs in these contributing firms are $886 for single coverage and $1,559 for family coverage.

The average premiums for single coverage for workers in HSA-qualified HDHPs and HDHP/HRAs are lower than the average premiums for workers in plans that are not HDHP/SOs (Exhibit H). For family coverage, the average premium for HSA-qualified HDHPs is lower than the average family premium for workers in plans that are not HDHP/SOs. For single and family coverage, the average worker contributions to HSA-qualified HDHPs are also lower than the average worker contributions to non-HDHP/SO plans.

RETIREE COVERAGE

Twenty-six percent of large firms (200 or more workers) offer retiree health benefits in 2011, which is the same percentage that offered retiree health benefits in 2010. The offer rate has fallen slowly over time, with significantly fewer large employers offering retiree health benefits in 2011 than in 2007 and years prior.

Among large firms (200 or more workers) that offer retiree health benefits, 91% offer health benefits to early retirees (workers retiring before age 65) and 71% offer health benefits to Medicare-age retirees.

EXHIBIT F

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*
10–24 Workers	74	80	77	70*	76*	74	72	73	76	78	72	76	71
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93
All Small Firms (3–199 Workers)	**65%**	**68%**	**67%**	**65%**	**65%**	**62%**	**59%**	**60%**	**59%**	**62%**	**59%**	**68%***	**59%***
All Large Firms (200 or More Workers)	**99%**	**99%**	**99%**	**98%***	**97%**	**98%**	**97%**	**98%**	**99%**	**99%**	**98%**	**99%**	**99%**
ALL FIRMS	**66%**	**68%**	**68%**	**66%**	**66%**	**63%**	**60%**	**61%**	**59%**	**63%**	**59%**	**69%***	**60%***

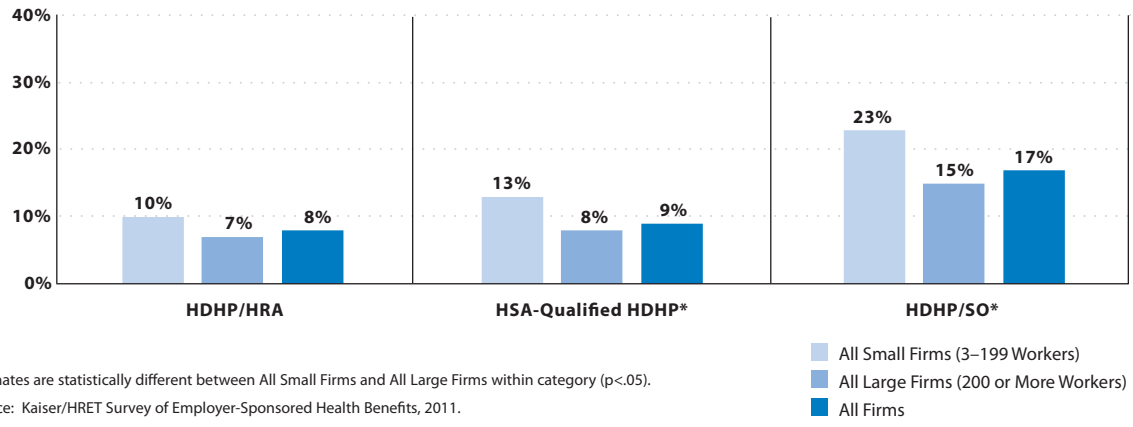
*Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits. In 2011 changes were made to the survey's firm weights decreasing estimates of the overall offer rate by 1% in 2000, 2007 and 2009. Please consult the Survey Design and Methods section for additional information on changes made to the 2011 survey.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

EXHIBIT G

Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2011



*Estimates are statistically different between All Small Firms and All Large Firms within category (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

HEALTH REFORM

While many of the most significant provisions of the Patient Protection and Affordable Care Act (ACA) will take effect in 2014, important provisions became effective in 2010 and others will take effect over the next few years. The 2011 survey asked employers about some of these early provisions.

Grandfathered Health Plans. The ACA exempts "grandfathered" health plans from a number of its provisions, such as the requirements to cover preventive benefits without cost sharing or to have an external appeal process. An employer-sponsored health plan can be grandfathered if it covered a worker when the ACA became law (March 23, 2010) and if the plan does not make significant changes that reduce benefits or increase employee costs.[5] Seventy-two percent of firms had at least one grandfathered health plan when they were surveyed (January through May of 2011). Small firms (3–199 workers) were more likely than larger firms to have a grandfathered health plan (72% vs. 61%). Looking at enrollment, 56% of covered workers were in grandfathered health plans when the survey was conducted.

The percentage of covered workers in grandfathered plans is higher in small firms (3–199 workers) than in larger firms (63% vs. 53%).

Firms with plans that were not grandfathered were asked to respond to a list of potential reasons why each plan is not a grandfathered plan. Twenty-eight percent of covered workers are in plans that were not in effect when the ACA was enacted. Roughly similar percentages of workers are in plans where the deductibles (37%), employee premium contributions (35%), or plan benefits (29%) changed more than was permitted for plans to maintain grandfathered status. The reasons plans were not grandfathered varied by firm size, with workers in small firms (3–199 workers) much more likely than workers in large firms to be in a new plan that was not in effect when the ACA was enacted (63% vs. 18%) and generally less likely to be affected by plan changes.

Preventive Benefits. The ACA requires non-grandfathered plans to provide certain preventive benefits without cost sharing. Firms were asked whether changes were made to their cost sharing for preventive services or the services that were classified as preventive because of health reform. Twenty-three percent of covered workers are in a plan where the employer reported changing the cost-sharing requirements because of health reform (Exhibit I). Workers in large firms (200 or more employees) are more likely than workers in smaller firms to be in such a plan (28% vs. 13%). Thirty-one percent of covered workers are in a plan where the employer reported changing the services that are considered preventive services because of health reform.

Coverage for Adult Children to Age 26. The ACA requires firms offering health coverage to extend benefits to children of covered workers until the child reaches age 26. The child does not need to be a legal dependent, but until 2014, grandfathered plans do not have to enroll children of employees if those children are offered employer-sponsored health coverage at their own job.[6] The survey asked firms whether any adult children who would not have been eligible for the plan prior to the change in law had enrolled in health coverage under this provision. Nineteen percent of small firms (3–199 workers) and 70% of larger firms enrolled at least one adult child under this provision.

EXHIBIT H

Average Annual Premiums and Contributions to Savings Accounts for Covered Workers in HDHP/HRAs or HSA-Qualified HDHPs, Compared to All Non-HDHP/SO Plans, 2011

	HDHP/HRA		HSA-Qualified HDHP		Non-HDHP/SO Plans[§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	$5,227*	$14,909	$4,427*	$12,655*	$5,565	$15,363
Worker Contribution to Premium	$881	$4,253	$589*	$3,076*	$964	$4,234
Firm Contribution to Premium	$4,347	$10,657	$3,837*	$9,579*	$4,601	$11,129
Annual Firm Contribution to the HRA or HSA[‡]	$861	$1,539	$611	$1,069	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	$5,208*	$12,196*	$4,449	$10,649	$4,601	$11,129
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	$6,088*	$16,449*	$5,038*	$13,724*	$5,565	$15,363

*Estimate is statistically different from estimate for All Non-HDHP/SO Plans (p<.05).

[‡] When those firms that do not contribute to the HSA (40% for single and 43% for family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is $886 for single coverage and $1,559 for family coverage. For HDHP/HRAs, we refer to the amount that the employer commits to make available to an HRA as a contribution for ease of discussion. HRAs are notional accounts, and employers are not required to actually transfer funds until an employee incurs expenses. Thus, employers may not expend the entire amount that they commit to make available to their employees through an HRA. Therefore, the employer contribution amounts to HRAs that we capture in the survey may exceed the amount that employers will actually spend.

[§] In order to compare costs for HDHP/SOs to all other plans that are not HDHP/SOs, we created composite variables excluding HDHP/SO data.

NA: Not Applicable.

Note: Values shown in the table may not equal the sum of their component parts. The averages presented in the table are aggregated at the firm level and then averaged, which is methodologically more appropriate than adding the averages. This is relevant for Total Annual Premium, Total Annual Firm Contribution, and Total Annual Cost.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

The numbers of children who enroll under this provision are closely related to the number of workers in the firm. Smaller firms (3–24 workers) on average enroll two adult children due to the provision, while the largest firms (5,000 or more workers) enroll an average of 492 adult children. In total, an estimated 2.3 million adult children were enrolled in their parent's employer sponsored health plan due to the Affordable Care Act.

Small Employer Tax Credit. The ACA provides a temporary tax credit for small employers that offer insurance, have fewer than 25 full-time equivalent employees, and have average annual wages of less than $50,000.[7] The survey included several questions for both offering and non-offering employers about their awareness of the tax credit and whether they considered claiming it.

Because our survey gathers information on the total number of full-time and part-time employees in a firm, we cannot calculate the number of full-time equivalent employees and therefore could not limit survey responses only to firms within the size range eligible for the credit.[8] To ensure that we included employers that may have a number of part-time or temporary employees but could still qualify for the tax credit, we directed these questions to employers with fewer than 50 total employees. This approach allowed us to capture some employers with more than 25 employees who would nonetheless be eligible for the tax credit, but this also means some employers who are unlikely to be eligible for the tax credit (because they have more than 25 full-time equivalent employees) were asked these questions.

Among firms with fewer than 50 employees that offer coverage, 29% said they have made an attempt to determine if the firm is eligible for the small employer tax credit. Of the firms which attempted to determine eligibility, 30% said that they intend to claim the credit for both 2010 and 2011, 21% said they do not intend to claim the credit for either year, 41% are not sure, and small percentages said they do not know if they will claim the credit or they intend to claim it for only one of the two years. The vast majority of those saying they do not intend to claim the tax credit indicated they were not eligible to receive it.

Firms with fewer than 50 workers that do not offer health insurance were asked if they were aware of the small business tax credit. One-half (50%) of these firms said they were aware of the credit, and of those aware, 15% are considering offering coverage as a result of the credit.

OTHER TOPICS

Stoploss Coverage. Many firms that have self-funded health plans purchase insurance, often called "stoploss" coverage, to limit the amount they may have to pay in claims either overall, or for any particular plan enrollee. Fifty-eight percent of workers in self-funded health plans are enrolled in plans covered by stoploss insurance. Workers in self-funded plans in small firms (3–199 workers) are more likely than workers in self-funded plans in larger firms to be in a plan with stoploss protection (72% vs. 57%). About four in five (81%) workers in self-funded plans that have stoploss protection are in plans where the stoploss insurance limits the amount the plan spends on each employee. The average per employee claims cost at which stoploss insurance begins paying benefits is $78,321 for workers in small firms (3–199 workers) with self-funded plans, and $208,280 for workers in larger firms with self-funded plans.

High-Performance Networks. Some plans offer tiered or high-performance networks, which group providers in the network based on quality, cost, and/or efficiency of the care they deliver. Plans encourage patients to visit higher performing providers either by restricting networks to efficient providers, or by having different copayments or coinsurance for providers in different tiers in the network. Twenty percent of firms offering coverage in 2011 include a high-performance or tiered provider network in their health plan with the largest enrollment. Small firms (3–199 workers) and larger firms are equally likely to offer a plan that includes a high-performance or tiered network.

CONCLUSION

The 2011 survey saw an upturn in premium growth, as the average premiums for family coverage increased 9% between 2010 and 2011, significantly higher than the 3% increase between 2009 and 2010. The percentage of workers in HDHP/SOs continues to rise as employers seek more affordable coverage options and are potentially seeking to shift increased costs to workers. In 2011, 17% of covered workers were enrolled in an HDHP/SO, compared to 13% in 2010 and 8% in 2009.

Changes from the new health reform law are beginning to have an impact on the marketplace. Significant percentages of firms made changes in their preventive care benefits

EXHIBIT 1

Among Covered Workers, Changes to Cost Sharing for Preventive Services Because of the Affordable Care Act (ACA), by Firm Size, 2011

	Percentage of Workers in a Plan Where Cost Sharing Changed for Preventive Services Because of the ACA	Percentage of Workers in a Plan Where the Services Considered Preventive Changed Because of the ACA
FIRM SIZE		
All Small Firms (3–199 Workers)	13%*	25%*
All Large Firms (200 or More Workers)	28%*	34%*
ALL FIRMS	**23%**	**31%**

*Estimate is statistically different between All Small Firms and All Large Firms (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

and enrolled adult children in their benefits plans in response to provisions in the new health reform law. Most employees with employment-sponsored insurance are in grandfathered plans that are exempt from some of the law's new provisions, but this may change over time as firms adjust benefits and cost sharing or change plan design to incorporate new features. The survey will continue to monitor employer responses to health reform as firms adapt to early provisions in the law and as new provisions take effect.

METHODOLOGY

The Kaiser Family Foundation/Health Research & Educational Trust 2011 Annual Employer Health Benefits Survey (Kaiser/HRET) reports findings from a telephone survey of 2,088 randomly selected public and private employers with three or more workers. Researchers at the Health Research & Educational Trust, NORC at the University of Chicago, and the Kaiser Family Foundation designed and analyzed the survey. National Research, LLC conducted the fieldwork between January and May 2011. In 2011 our overall response rate is 47%, which includes firms that offer and do not offer health benefits. Among firms that offer health benefits, the survey's response rate is 47%.

From previous years' experience, we learned that firms that decline to participate in the study are less likely to offer health coverage. Therefore, we asked one question to all firms with which we made phone contact, but the firm declined to participate. The question was, "Does your company offer a health insurance program as a benefit to any of your employees?" A total of 3,184 firms responded to this question (including 2,088 who responded to the full survey and 1,096 who responded to this one question). Their responses are included in our estimates of the percentage of firms offering health coverage. The response rate for this question was 71%. Since firms are selected randomly, it is possible to extrapolate from the sample to national, regional, industry, and firm size estimates using statistical weights. In calculating weights, we first determined the basic weight, then applied a nonresponse adjustment, and finally applied a post-stratification adjustment. We used the U.S. Census Bureau's Statistics of U.S. Businesses as the basis for the stratification and the post-stratification adjustment for firms in the private sector, and we used the Census of Governments as the basis for post-stratification for firms in the public sector. This year, we modified the method used to calculate firm-based weights resulting in small changes to some current and past results. For more information on the change consult the Survey Design and Methods section of the 2011 report. Some exhibits in the report do not sum up to totals due to rounding effects and, in a few cases, numbers from distribution exhibits referenced in the text may not add due to rounding effects. Unless otherwise noted, differences referred to in the text use the 0.05 confidence level as the threshold for significance.

For more information on the survey methodology, please visit the Survey Design and Methods section at http://ehbs.kff.org/?page=charts&id=2&sn=15&p=1. The 2011 Employer Health Benefit Survey is available at http://ehbs.kff.org/.

[1] Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, The *Uninsured: A Primer*, December 2010. www.kff.org/uninsured/upload/7451-06.pdf. 57% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.

[2] The average annual premiums for employer-sponsored health insurance in 2010 were $5,049 for single coverage and $13,770 for family coverage. Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010.

[3] The average worker contribution includes those workers with no contribution.

[4] In 2011 changes were made to the survey's firm weights decreasing estimates of the overall offer rate by 1% in 2000, 2007 and 2009. Please consult the Survey Design and Methods section for additional information on changes made to the 2011 survey.

[5] *Federal Register*, Vol. 75, No. 116, June 17, 2010. www.gpo.gov/fdsys/pkg/FR-2010-06-17/pdf/2010-14614.pdf. Federal Register, Vol. 7, No. 221, November 17, 2010. http://edocket.access.gpo.gov/2010/pdf/2010-28861.pdf. For more information please consult: United States. Congressional Research Service CRS. Open CRS. By Bernadette Fernandez. Grandfathered Health Plans Under the Patient Protection and Affordable Care Act (PPACA), 2 Jan. 2011. Web. 3 Aug. 2011. <http://assets.opencrs.com/rpts/R41166_20110103.pdf>.

[6] *Federal Register*. Vol 75, No 92, May 13, 2010, www.gpo.gov/fdsys/pkg/FR-2010-05-13/pdf/2010-11391.pdf#page=15.

[7] Internal Revenue Service, Notice 2010-82, Part III – Administrative, Procedural and Miscellaneous, Section 45R – Tax Credit for Employee Health Insurance Expenses of Small Employers, www.irs.gov/pub/irs-drop/n-10-82.pdf.

[8] In addition, because the number of full-time equivalent employees and average wages are determined over the entire year, firms during a year may not know if they will be eligible for the credit.

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The Kaiser Family Foundation, a leader in health policy analysis, health journalism and communication, is dedicated to filling the need for trusted, independent information on the biggest health issues facing our nation and its people. The Foundation is a non-profit private operating foundation, based in Menlo Park, California.

The Health Research & Educational Trust is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. Founded in 1944, HRET, an affiliate of the American Hospital Association, collaborates with health care, government, academic, business, and community organizations across the United States to conduct research and disseminate findings that help shape the future of health care.

The full report of survey findings (#8225) is available on the Kaiser Family Foundation's website at www.kff.org.
This summary (#8226) is also available at www.kff.org.