



CALIFORNIA
HEALTHCARE
FOUNDATION

HRET
HEALTH RESEARCH &
EDUCATIONAL TRUST
In Partnership with AHA

California Employer Health Benefits Survey

2004



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Methods

The California Employer Health Benefits Survey is a joint product of the California HealthCare Foundation (CHCF) and Health Research and Educational Trust (HRET). The survey was designed and analyzed by researchers at HRET, and administered by National Research LLC (NR).

The findings are based on a random sample of 790 interviews with employee benefit managers in private firms in California. NR conducted interviews from May to September 2004. As with prior years, the sample of firms was drawn from the Dun & Bradstreet list of private employers with three or more workers. The chart on the next page provides an overview of the sample distribution by firm size. **The margin of error for responses among all employers is +/-3.5%; for responses among employers with 3 to 199 workers is +/-4.7%; and among employers with 200 or more workers is +/-5.2%.** Some exhibits do not sum to 100% due to rounding effects.

The Kaiser Family Foundation sponsored this survey of California employers from 2000 to 2003. A similar employer survey was also conducted in 1999 in California, in conjunction with the Center for Health and Public Policy Studies at the University of California, Berkeley. This survey is based on a national employer survey conducted

annually by HRET and the Kaiser Family Foundation. The U.S. results presented here are based on that survey, and are available on the Foundation's web site at www.kff.org. Prior to 1999, the national survey was conducted by KPMG Peat Marwick LLP.

The survey asked questions about the following types of health plans: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), and Point-of-Service (POS) plans. Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they comprise such a small share of the California market.

Important Note About Methodology: In prior years, the sample of employers was post stratified using frequency distributions from Dun & Bradstreet. Concerns about the volatility of counts in recent years led Kaiser/HRET to use the Statistics of U.S. Businesses conducted by the U.S. Census as the basis for the post-stratification adjustment in 2003. Due to this change, Kaiser/HRET recalculated the weights for survey years 1999 to 2002 and modified estimates published in the survey where appropriate. The majority of these estimates are not statistically different. However, please note that the survey data published from the old estimates in this chart pack may vary slightly from previously published reports.

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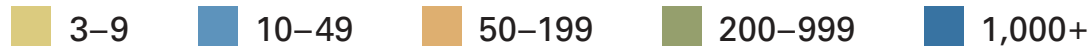
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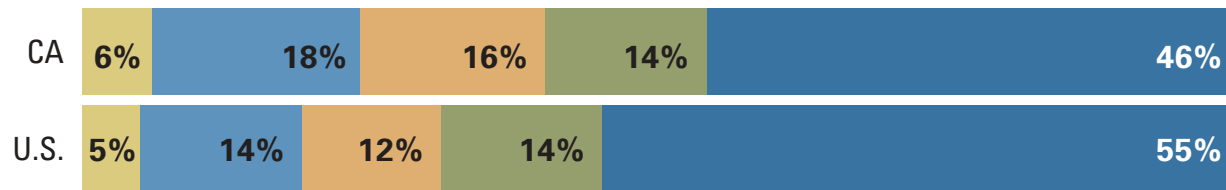
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Covered Workers, Workers, and Employers, by Firm Size, 2004

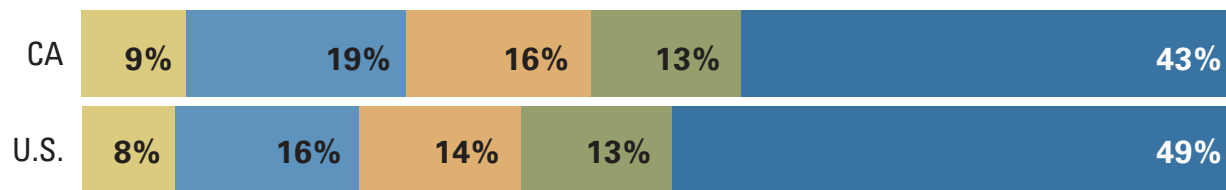
Number of Workers



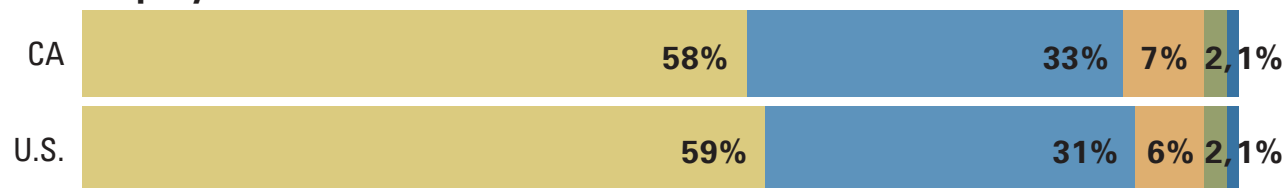
Covered Workers



Workers



Employers



Note: Firms that employ more than 1,000 workers comprise less than 2% of the total number of firms.
Sources: CHCF/HRET 2004 California Employer Health Benefits Survey; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004

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- The percentage of California employers offering health insurance to their workers declined between 2003 and 2004, from 70% to 67%. As with prior years, firms cited the high cost of coverage as the primary reason they did not offer health benefits.
 - The portion of California employers offering health insurance in 2004 was down three percentage points from 2003. This figure is slightly higher than nationally (63%) (Chart 1).
 - Nearly all large California employers — those with 200 or more workers — offered health insurance, although fewer small businesses do so. Fifty-five percent of the smallest companies, those with 3 to 9 workers, provided coverage in California in 2004. This is slightly higher than nationally (52%) (Chart 2).
 - The most common reason cited by employers in California for not offering coverage was high premiums (77%). Employees having coverage elsewhere was also cited by employers as a main reason for not offering coverage (37%) (Chart 3).
 - Only 20% of California employers offered coverage to part-time employees, and a very small percentage (5%) of firms offered coverage to temporary workers in 2004 (Chart 4).
- **Even in firms that offered health insurance in 2004, not all workers were covered.**
 - Overall, approximately two-thirds of workers (67%) in California firms that offered health insurance in 2004 actually received coverage from that firm. Seventy-nine percent of these workers were eligible for coverage offered by their firm, and 84% of those elected to take it (Chart 5).

Cost of Health Insurance

- **Health insurance premiums in California grew at a slower rate in 2004 than in 2003.**
 - Premiums in California grew by 11.4% in 2004, a smaller increase than the 15.8% in 2003. It was the fourth consecutive year of double-digit premium increases. Premium increases in California in 2004 were over six times the California inflation rate of 1.7% (Chart 6). Small businesses (from 3 to 199 employees) experienced average premium increases of 10.9% in 2004. Firms of all sizes experienced premium growth of at least 10% (Chart 7).
 - In 2004, HMOs experienced slightly higher premium growth (12.3%) than did PPO plans (10.6%) or POS plans (10.1%) (Chart 8). In spite of this, HMOs remained the least expensive type of health plan, costing nearly 30% less for single coverage than PPO plans, which often provide greater choice of providers and fewer restrictions on access to care. HMO plans were, on average, less expensive in California than nationally (Chart 9). However, over the past several years, premiums in California have steadily approached the U.S. average. This year, the average cost for a family PPO plan in California exceeds that in the U.S. by 15%. With the cost of HMO plans still lower than the U.S. average, the overall average premium in California is about the same as nationally.
 - Annual premiums in 2004 for employer-sponsored health insurance in California averaged \$3,685 for single coverage and \$10,013 for family coverage, compared with \$3,695 for single coverage and \$9,950 for family coverage nationwide (Chart 10).

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Cost of Health Insurance, cont.

- The share of health insurance premiums paid by workers increased substantially in 2004, a trend that is likely to continue as premiums rise.
 - Nationally, workers contribute more for health coverage than workers in California—on average, \$558 a year for a single policy and \$2,661 for a family policy (Chart 10).
 - On average, workers in California contributed \$474 annually for single coverage and \$2,580 for family coverage in 2004, an increase of 13% and 5%, respectively, over 2003 contribution levels (Chart 11). Workers' average share of the premium for single coverage in 2004 stayed relatively constant at 13%, while family coverage experienced a slight decline from 30% in 2003 to 27% in 2004 (Chart 11).
- About 30% of California workers are not required to contribute toward their monthly premium for single coverage, while 22% contribute more than \$60 per month. Workers in small firms are less likely to make any contribution towards single coverage than those in large firms, but much more likely to contribute substantially (more than \$60 per month) to family coverage (Chart 12).
- The majority of California firms (52%) contribute between 75 and 99% of the single premium; small firms are more likely to pay the full premium for single coverage (39%) than are large firms (25%), but are less likely to pay the full premium for family coverage (9%) than are large firms (19%) (Chart 13).

Benefits and Cost Sharing

- Employee costs have increased over the past year.
 - HMO copayments for office visits increased in 2004. The percentage of California HMO enrollees with a \$5 per visit copayment for a physician office visit fell from 11% in 2003 to 7% in 2004, while the percentage of enrollees with a copayment of \$15 per visit increased from 24% in 2003 to 27% in 2004 (Chart 14). In California, the most common copayment for a physician office visit in 2004 was \$10 (about 44% of HMO enrollees in California), while nationally the most common copayment in 2004 was \$15 for a physician office visit (about 40% of HMO enrollees nationally).
 - Twenty-seven percent of covered workers in large firms (200+ employees) had no out-of-pocket maximum in their health plans, compared with 18% of covered workers in all small firms (3 to 199 employees). Workers in HMO plans were the most likely to have no cap on their out-of-pocket expenditures, while those in PPO plans were the least likely (Chart 15).
 - Nearly half (49%) of all covered workers faced some form of cost sharing for hospital admissions in 2004. The most common was a deductible or copayment per admission (38% of covered workers), followed by coinsurance (8%). The average copayment per admission was \$209 in 2004, while the average coinsurance rate was 16% (Chart 16).

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Benefits and Cost Sharing, cont.

- While nearly all active workers with insurance coverage had drug coverage in 2004, many faced tiered cost sharing, with higher copayments for brand name drugs than generics.
- The use of tiered copayments for prescription drugs grew rapidly in an attempt to control drug costs. The percentage of California workers in plans that used three-tiered drug benefits — with one copayment for generic drugs, a higher copayment for preferred drugs (such as drugs in the formulary), and an even higher copayment for non-preferred drugs (drugs not in the formulary) — is now 46%. The percentage of covered workers with the same level of cost sharing regardless of drug type fell from 20% in 2003 to 11% in 2004. Despite the high rate of growth in tiered cost sharing, the percentage of California workers whose plans required three-tier payments for drugs in 2004 was lower than the national average (65% of workers) (Chart 17).
- Eighty-one percent of covered workers in California in 2004 were enrolled in a health plan that used a two, three, or four tier cost sharing formula. Nationally, 88% enrollees in 2004 were enrolled in a plan that used a tiered cost sharing formula (Chart 17).
- The average copayment for a non-preferred drug rose from \$22.49 in 2003 to \$25.90 in 2004, an increase of over 15% (Chart 18). Despite this increase, the average copayment in California for a non-preferred drug was lower than the national average of \$33 (not shown).
- All small firms (3 to 199 employees) were more likely than other firm sizes to offer a high-deductible health plan — one with an annual deductible of more than \$1,000 for single coverage. Approximately 18% of all small firms offered a high-deductible health plan, compared with just 8% of all large firms (200+ employees) (Chart 19).

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- Health plan enrollment in California has shifted somewhat to PPOs over the past year. The percentage of covered workers enrolled in HMOs in California was higher than the percentage nationally. Conversely, enrollment in PPOs in 2004 remained lower.
 - The percentage of California workers enrolled in HMOs and of Point-of-Service (POS) plans fell slightly, while the market share of PPOs increased from 29% in 2003 to 36% in 2004 (Chart 20).
 - Enrollment patterns in California were very different from the rest of the country. Fifty percent of Californians were enrolled in HMOs in 2004, double the 25% national average, while only 36% of California workers were enrolled in PPOs, compared with 55% nationally (Chart 20).
- California employees were more likely than those nationally to have a choice of plans.
 - In 2004, 93% of covered workers in large firms (200 or more workers) in California had a choice of health plans, compared with 82% of large employers nationally (Chart 21).
 - Both in California and nationally, workers in smaller businesses (3 to 199 workers) were much less likely than those in larger firms to have a choice of health plans. In California, 64% of workers in small firms had a choice of health plans in 2004, versus just 27% nationally (Chart 21).
- California workers were much less likely than employees nationwide to be in “self-insured” health plans, where the employer provides health coverage directly rather than purchasing it through an insurer or HMO.
 - Thirty-one percent of Californians with employer-sponsored coverage were in a self-insured plan in 2004, compared to 54% nationally (Chart 22). This difference results in large part from the fact that more Californians are enrolled in HMOs than employees nationally. HMOs are less likely than other types of plans to be self-insured. Since federal law prohibits states from regulating the practices of self-insured health plans, the number of workers enrolled in such plans determines the reach of state legislation governing patients’ rights and benefit requirements.

Retiree Coverage

- Large firms in California (200 or more workers) were as likely as large firms nationally to offer retiree health benefits. Smaller firms (3 to 199 workers) in California and nationally were less likely than large firms to offer retiree health benefits.
 - Thirty-five percent of large firms in California offered retiree coverage in 2004, nearly identical to the percentage of large firms nationally (36%) (Chart 23).
 - Small businesses were much less likely than large firms to offer health benefits to retirees in 2004 (2% in California and 5% nationally).
 - The proportion of firms offering retiree coverage in both California and the U.S. has held relatively steady over the last several years, showing little change since 2001.

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- Nearly half of large employers (200 or more workers) reported that they were “very likely” to increase the amount employees pay for premiums in the next year. In addition, 18% of California employers reported that they are very or somewhat likely to offer a high-deductible plan with a health reimbursement arrangement (HRA) within the next two years.
 - Forty-four percent of large employers in California reported that they were “very likely” to increase the amount employees pay for health insurance premiums in 2005, with another 33% being “somewhat likely” to do so. Fifteen percent of large employers cited that they were “very likely” to increase the amount employees pay for prescription drugs in 2005 (Chart 24).
 - Ten percent of large firms reported that they were either very or somewhat likely to restrict employee eligibility for coverage, while virtually none reported they were likely to drop coverage entirely (Chart 24).
 - Twelve percent of employers reported that they were “very likely” to offer a high-deductible plan with an HRA in the next two years. Large firms were more likely to report being “very likely” to introduce such a plan than smaller firms (3 to 199 workers), at 20% versus 5% (Chart 25).
- Many California firms that shopped for a new plan changed health plan types or insurance carriers in 2004.
 - In 2004, 45% of firms in California shopped for a new plan. Of these, 22% changed plan types and 24% changed insurance carriers. (Chart 26).

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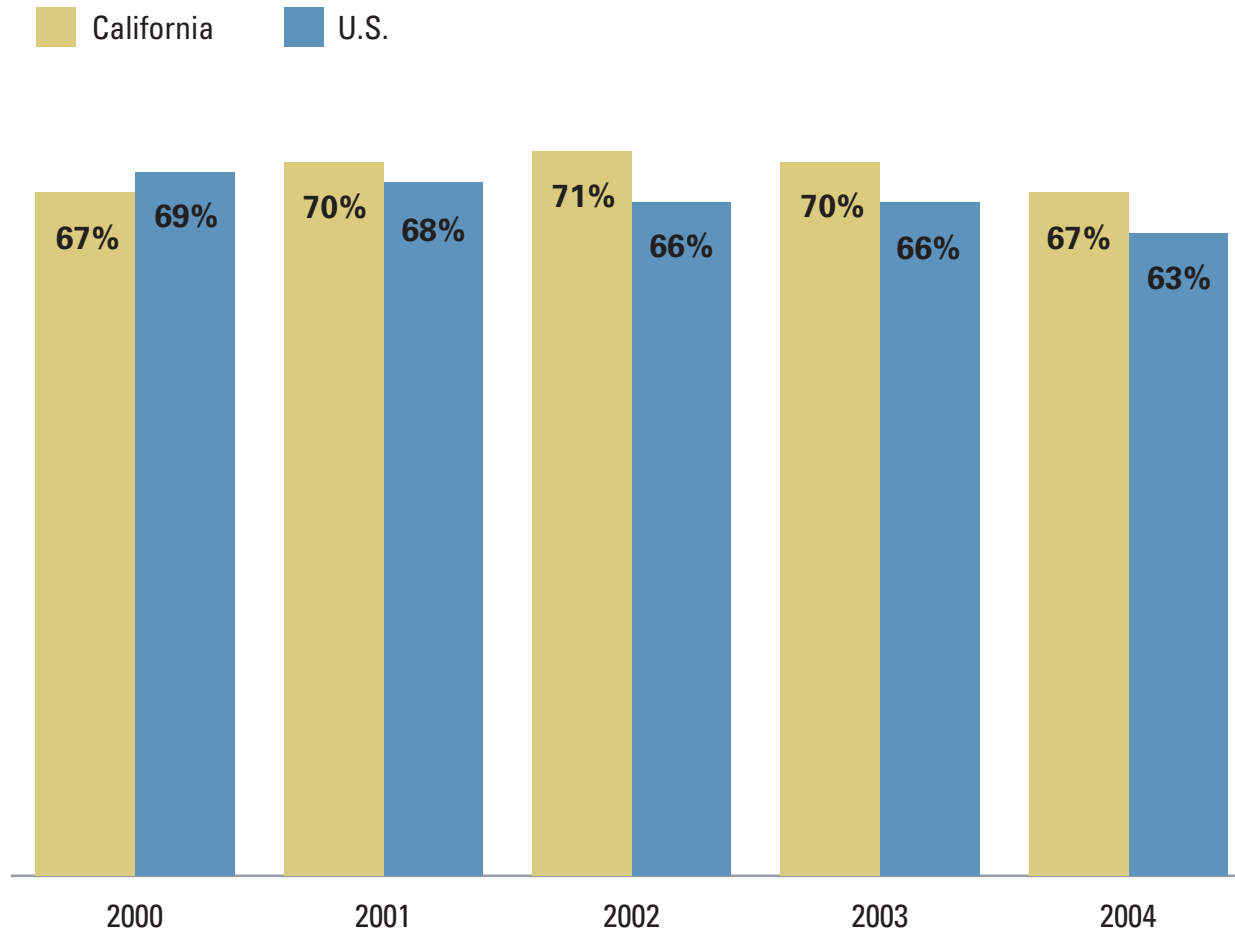
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- **Few firms viewed current strategies as highly effective at reducing premium increases.**
 - Similar percentages (13% to 15%) of California firms reported that disease management, higher employee cost sharing, and tighter managed care networks were “very effective” at containing costs. Only 8% of firms believed consumer driven health plans were “very effective” at containing costs (Chart 27). In general, California firms seem more pessimistic about the effectiveness of these cost containment strategies when compared to their opinions in 2003.
- **For the first time, the survey asked employers about any incentives or contribution approaches they were using that might affect the take-up of family coverage.**
 - Thirteen percent of California firms reported that they vary the contribution for family coverage based on whether an employee’s family member has the option of obtaining coverage elsewhere. A similar percentage (12%) reported providing additional compensation or benefits to employees if they elected not to participate in the firm’s health benefits. Very few firms (3%) provided additional compensation or benefits to employees if they selected single rather than family coverage (Chart 28).

1. Firms Offering Health Benefits



Note: Tests found no statistically different estimates from the previous year.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002, 2003, 2004

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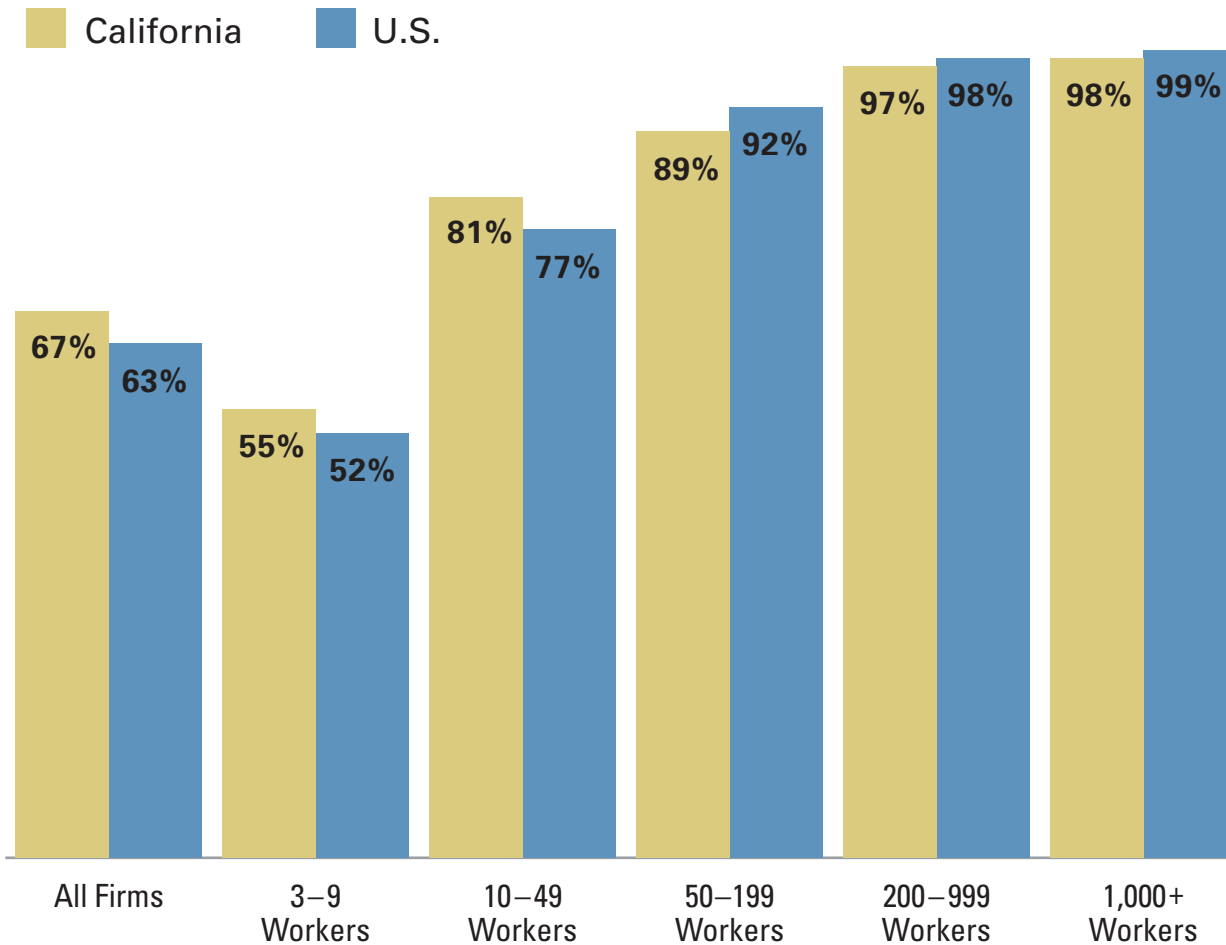
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2. Employers Offering Coverage, by Firm Size



Note: Estimates for individual firm sizes are statistically different from All Firms for both California and the U.S.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004

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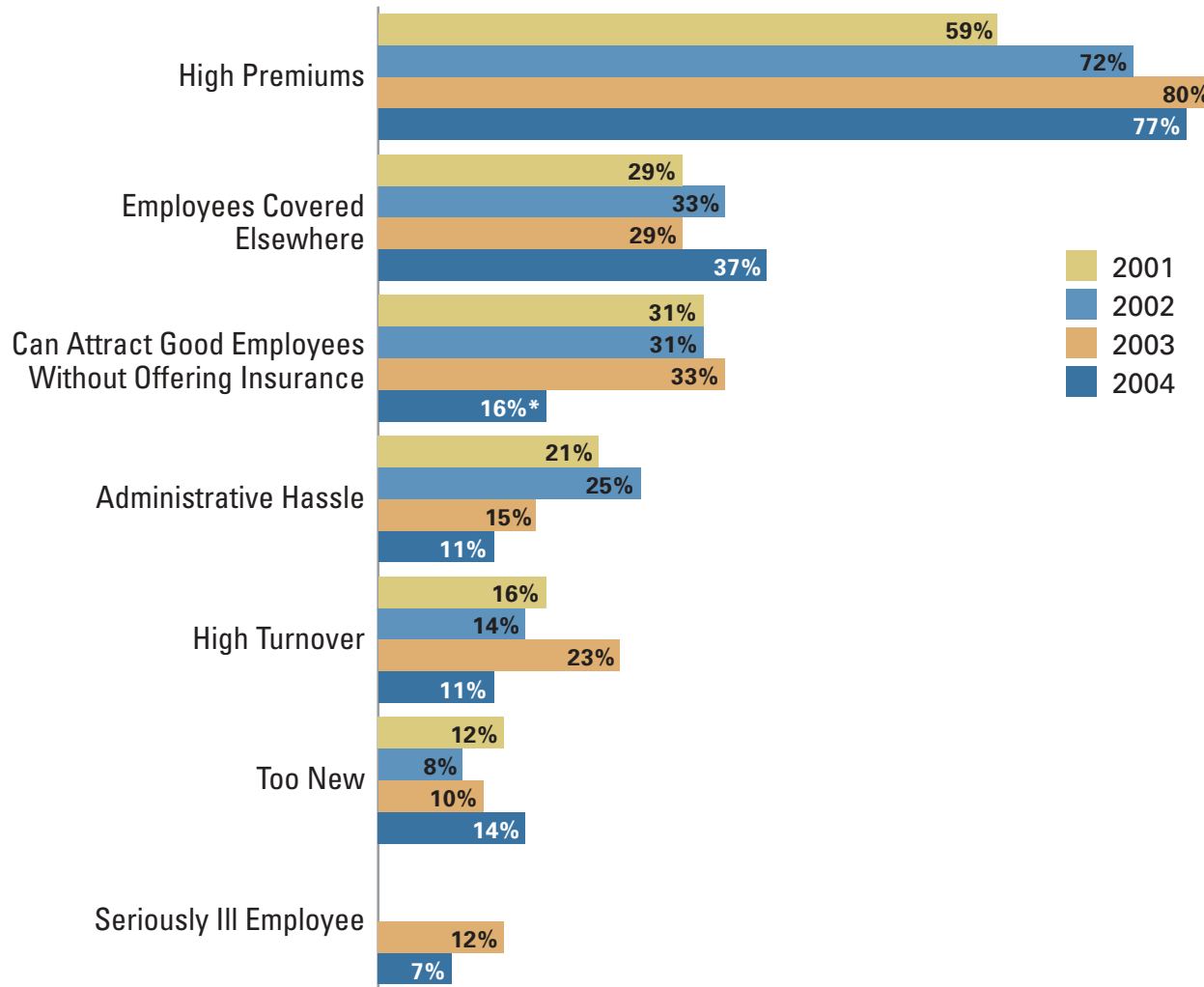
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3. Firms Report “Very Important” Reasons to Not Offer Coverage



*Estimate is statistically different from the previous year.

Source: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003.

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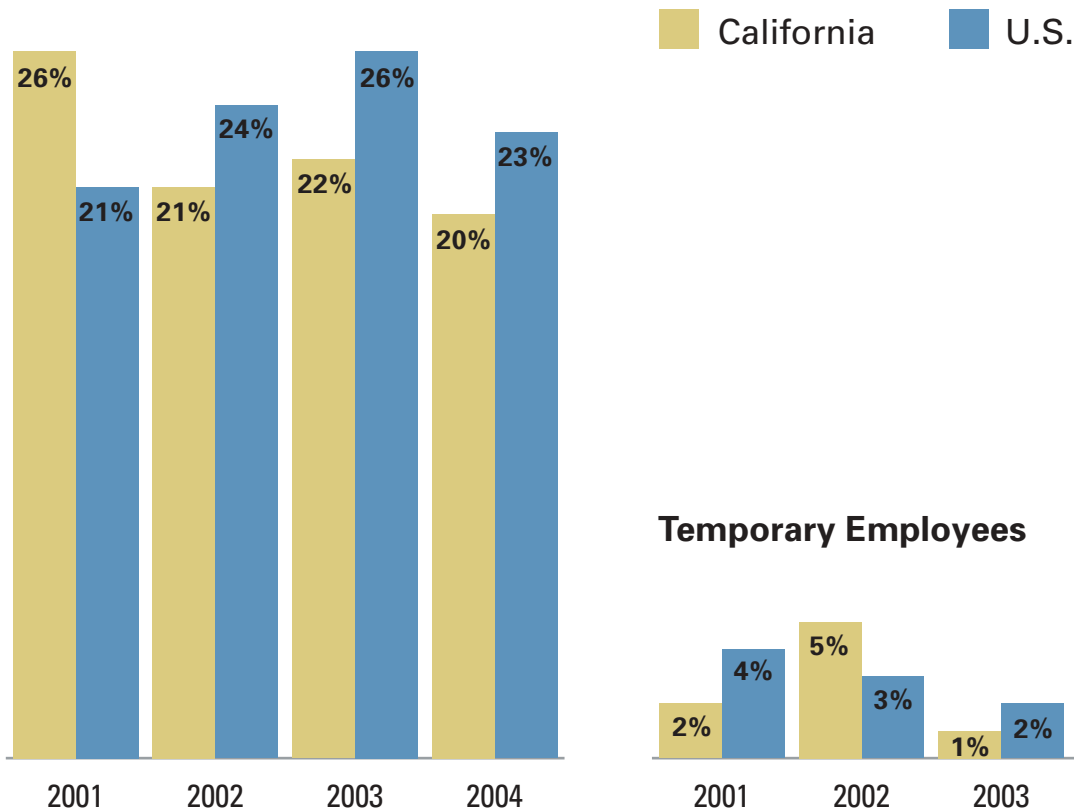
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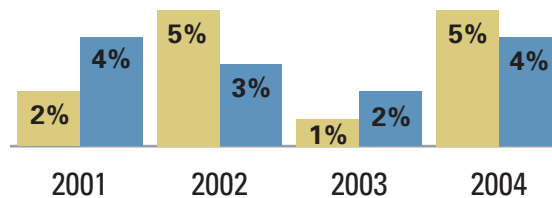
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4. Firms Offering Benefits to Part-time and Temporary Employees

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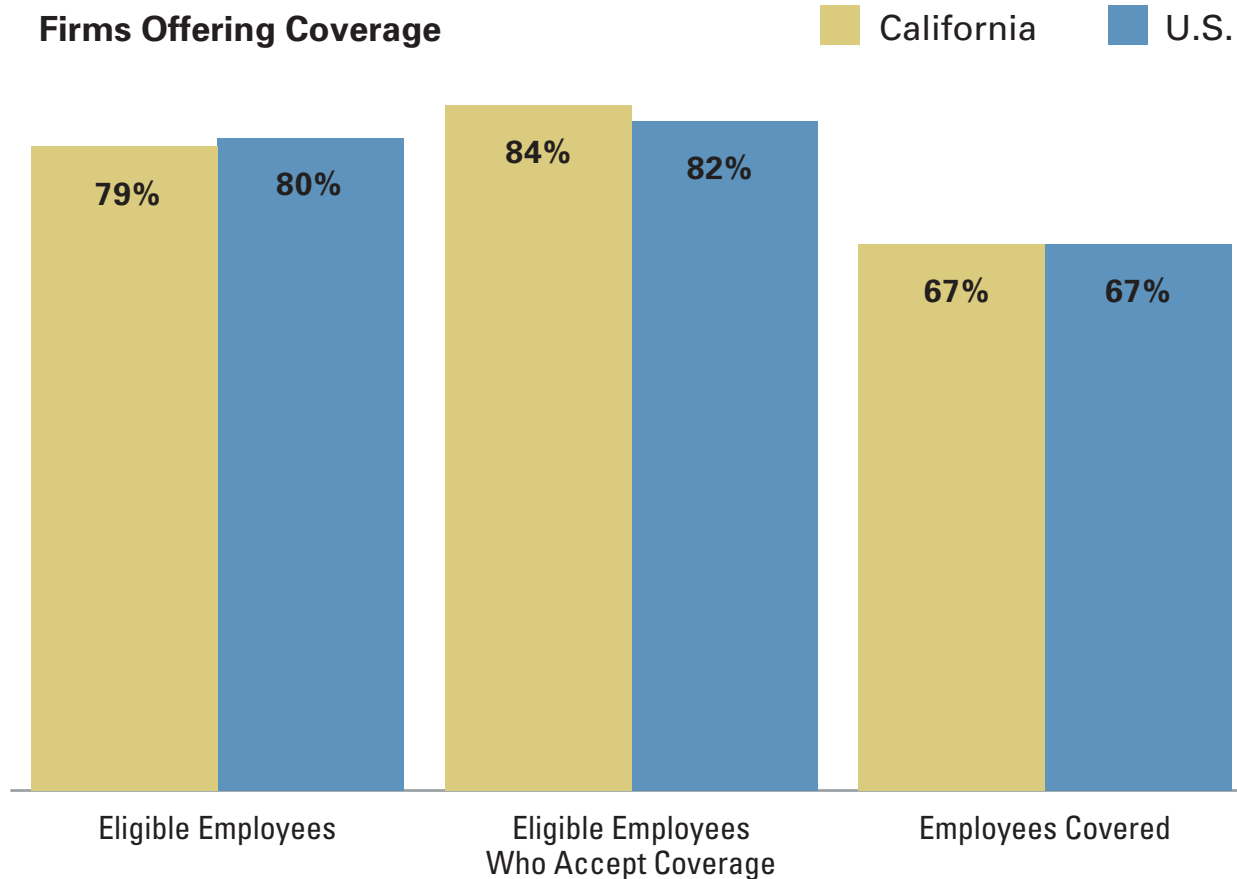
Temporary Employees



Note: Tests found no statistically different estimates from the previous year.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2001, 2002, 2003, 2004

5. Employee Eligibility, Take-up Rates, and Coverage



Note: Tests found no statistically different estimates between California and the U.S.

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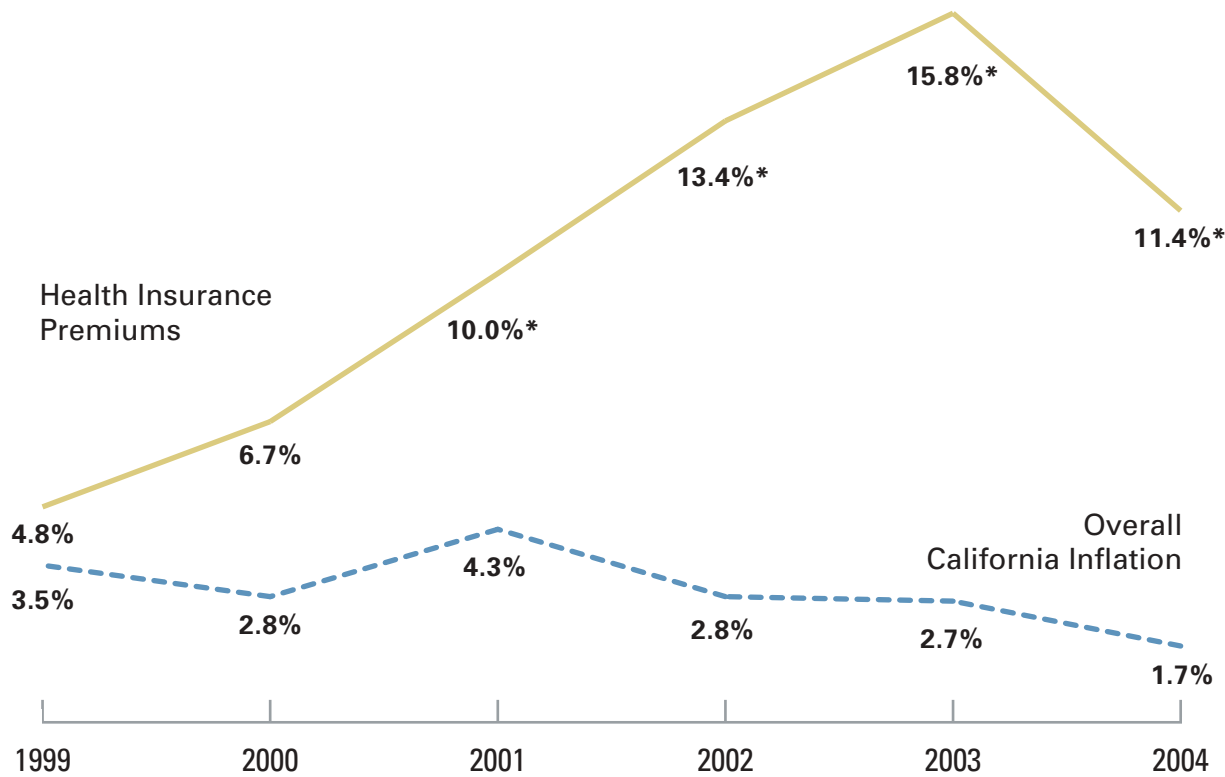
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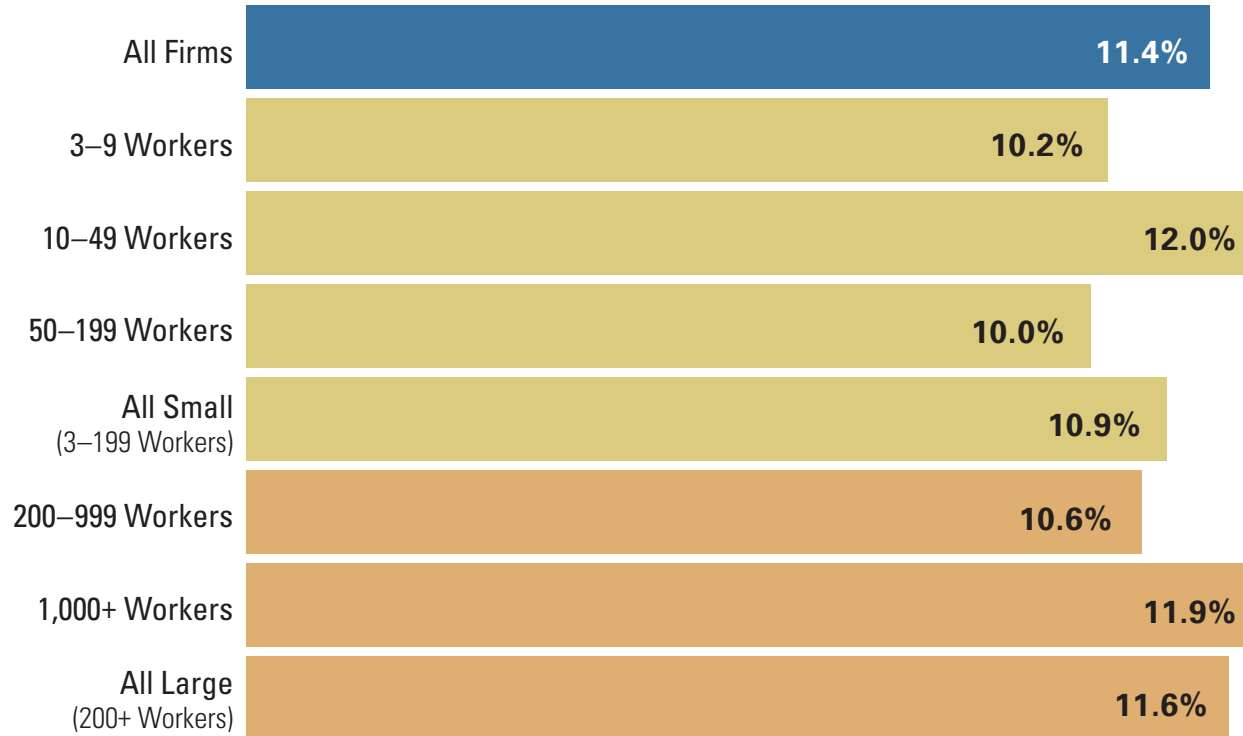
6. Increases in Premiums Compared to Other Indicators



*Estimates are statistically different from the previous year.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 1999, 2000, 2001, 2002, 2003; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1999–2004; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics, 1999–2004.

7. Change in Premiums, by Firm Size, 2004



Note: Tests found no statistical difference between estimates for individual firm sizes and those for All Firms.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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- 6. Increases in Premiums Compared to Other Indicators
- 7. Change in Premiums**
- 8. Increases in Premiums from Previous Year, by Plan Type
- 9. Average Monthly Premiums
- 10. Average Annual Worker and Employer Contributions
- 11. Percentage of Premiums Paid by Workers
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Benefits and Cost Sharing

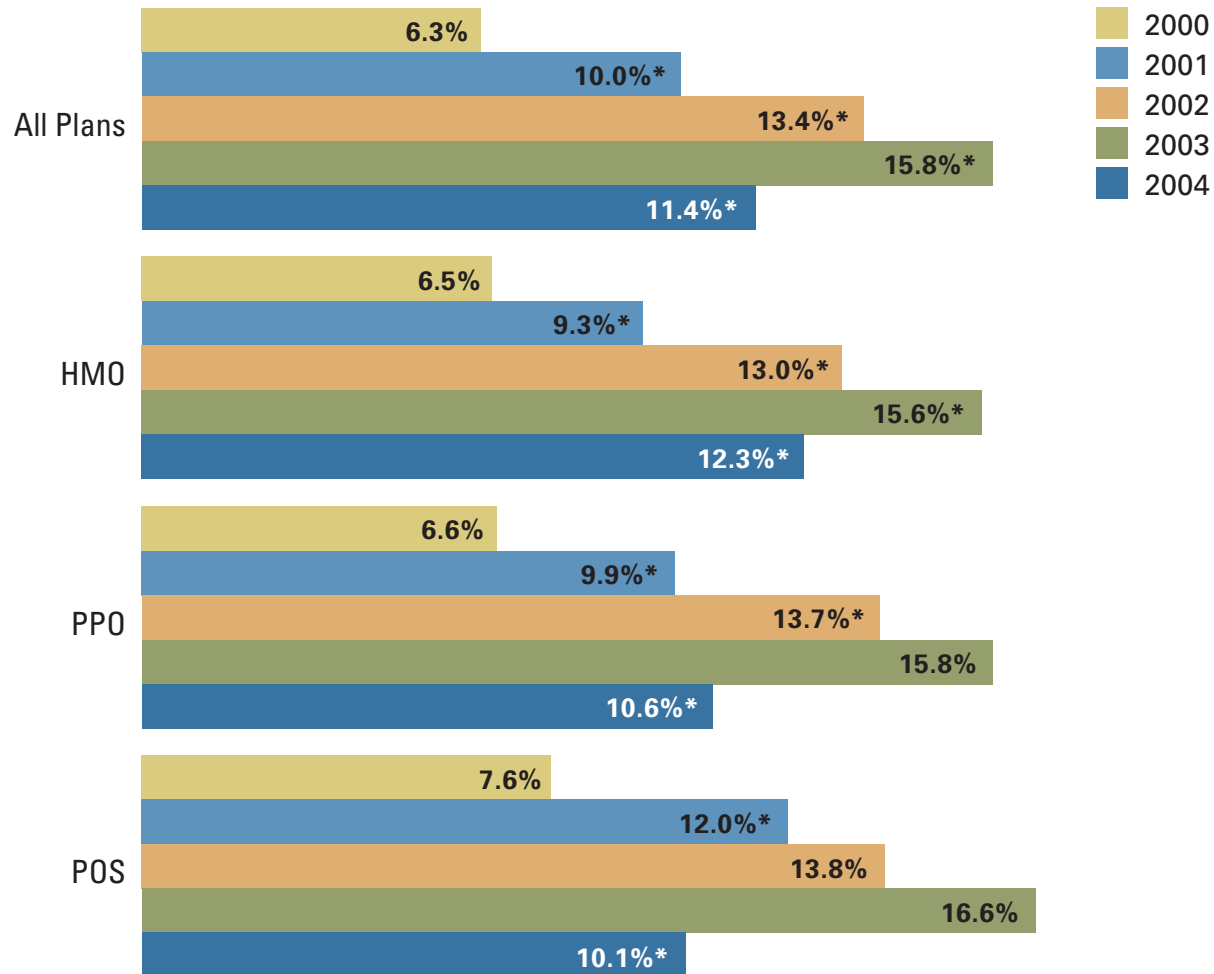
Enrollment, Choice, and Type

Retiree Coverage

Employer Attitudes

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8. Increases in Premiums from Previous Year by Plan Type



*Estimates are statistically different from the previous year.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003

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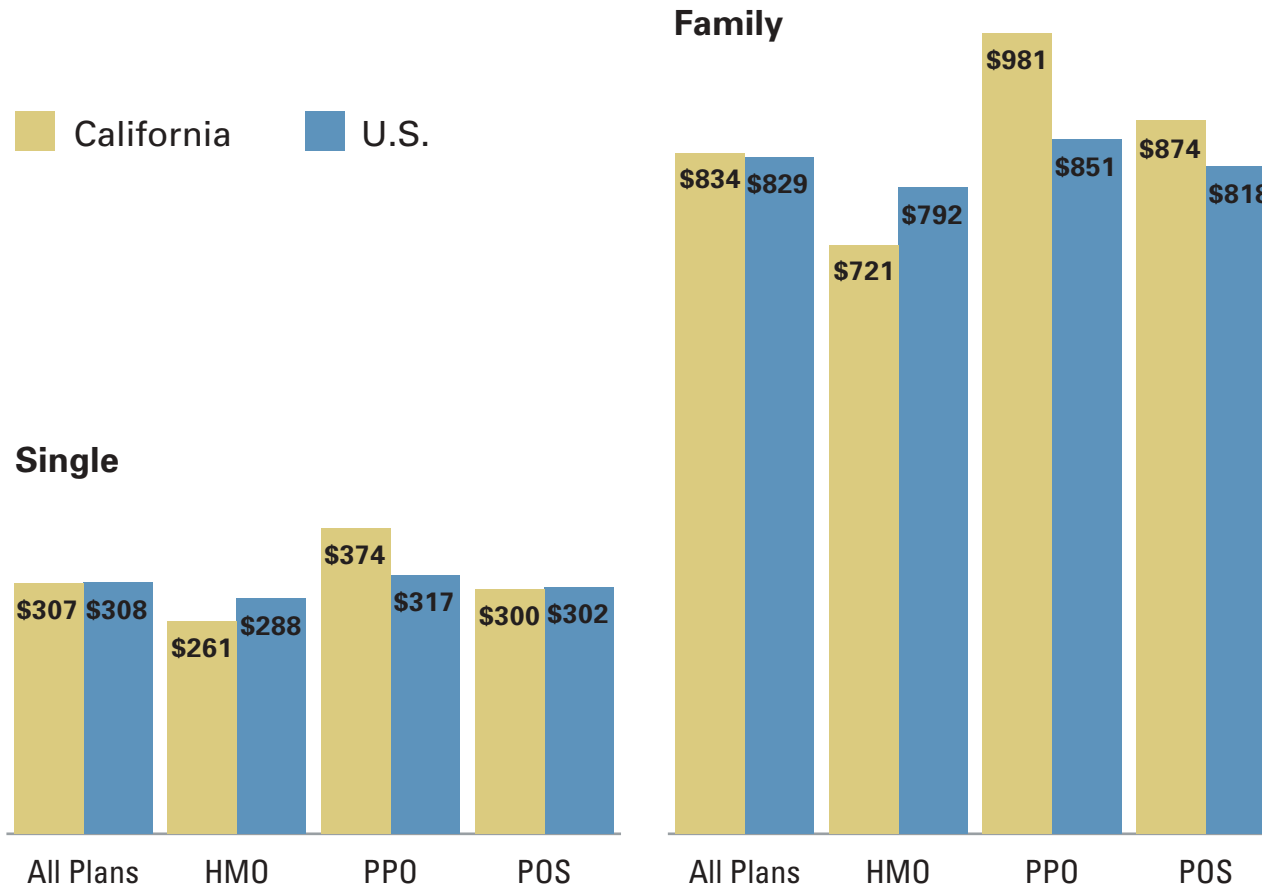
Enrollment, Choice, and Type

Retiree Coverage

Employer Attitudes

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9. Average Monthly Premiums, by Plan Type, 2004



Note: Estimates for HMOs and PPOs are statistically different from All Plans, for both Single and Family coverage.

Source: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004

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10. Average Annual Worker and Employer Contributions

California

■ Worker Contribution ■ Employer Contribution

Single

2003	\$418	\$2,683	\$3,101
2004	\$474	\$3,211	\$3,685

Family

2003	\$2,452	\$6,052	\$8,504
2004	\$2,580	\$7,433	\$10,013

U.S.

■ Worker Contribution ■ Employer Contribution

Single

2003	\$508	\$2,875	\$3,383
2004	\$558	\$3,137	\$3,695

Family

2003	\$2,412	\$6,656	\$9,068
2004	\$2,661	\$7,289	\$9,950

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Employer Health Benefits Survey: 2003, 2004

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Benefits and Cost Sharing

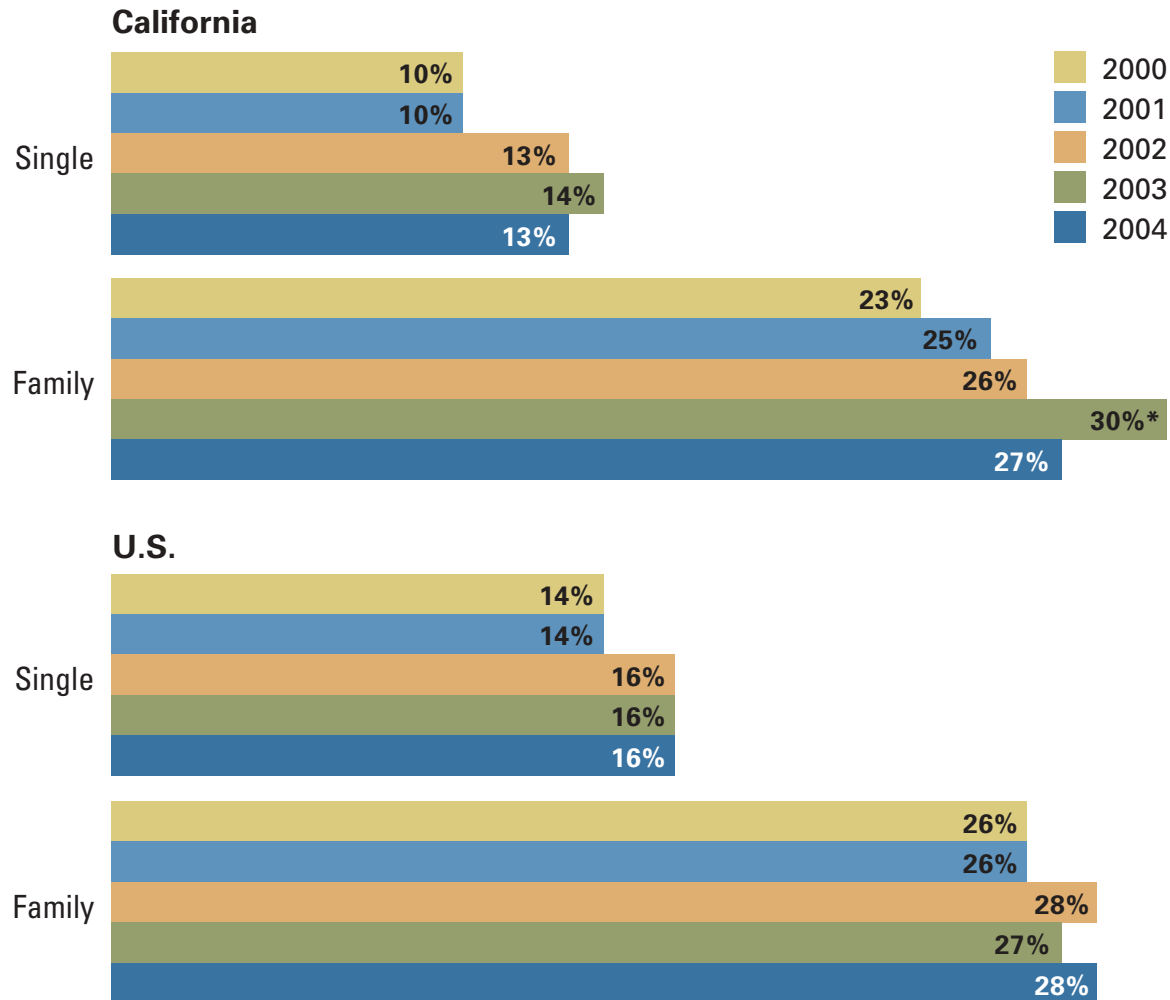
Enrollment, Choice, and Type

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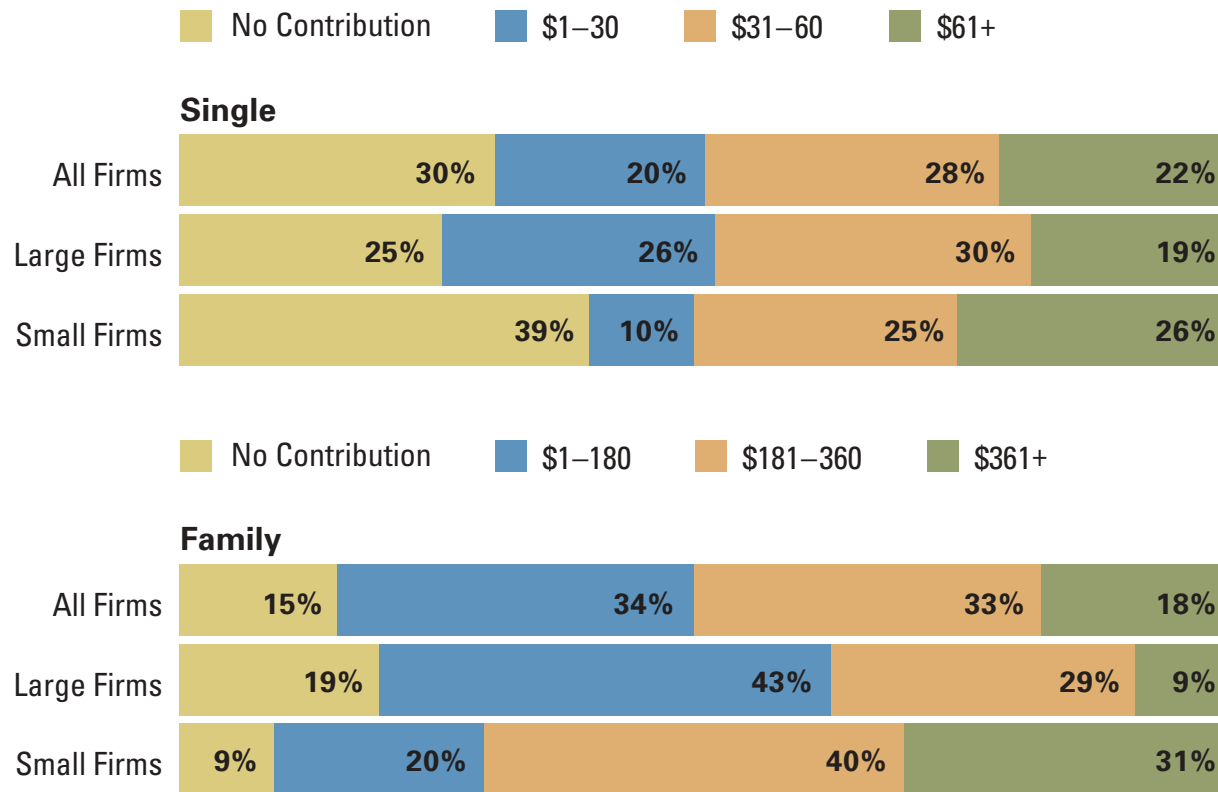
11. Percentage of Premiums Paid by Workers



*Estimate is statistically different from previous year.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2000, 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2000, 2001, 2002, 2003, 2004

12. Worker Contribution to Monthly Premium, by Firm Size, 2004



Sources: CHCF/HRET California Employer Health Benefits Survey: 2004

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Benefits and Cost Sharing

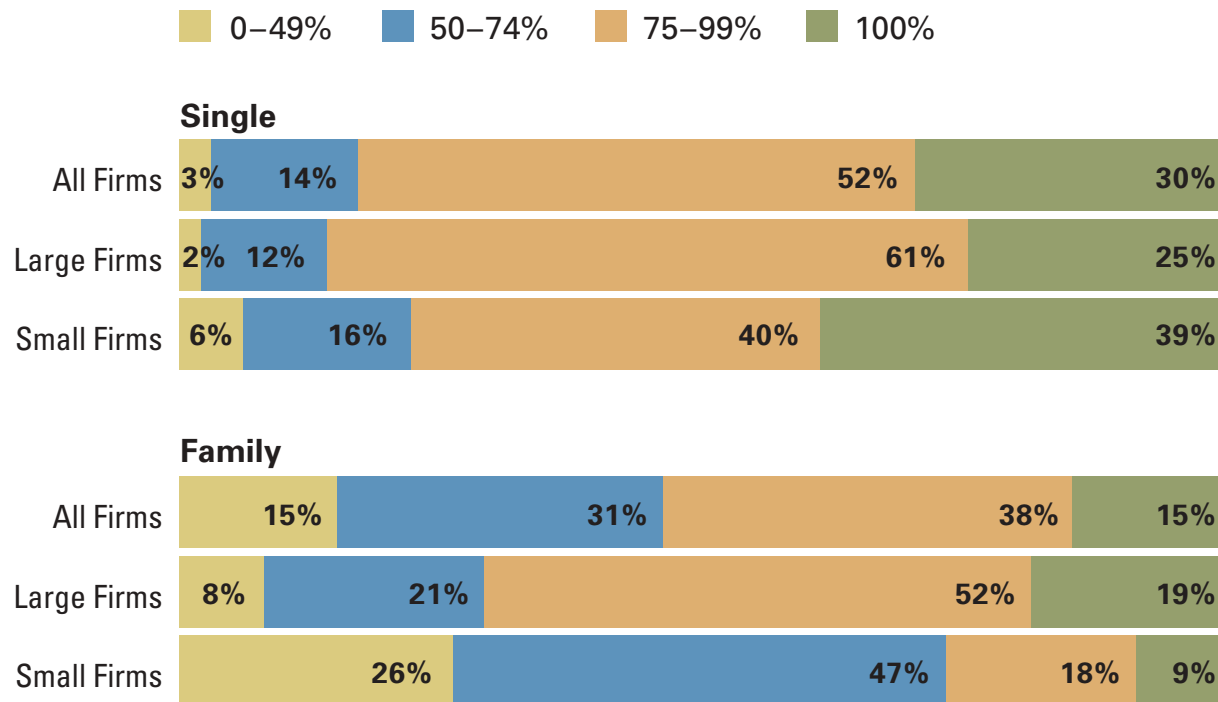
Enrollment, Choice, and Type

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13. Employer Share of Premium, by Firm Size, 2004



Note: Numbers may not add up to 100% due to rounding.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET Employer Health Benefits Survey: 2004

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- 17. Workers Facing Cost Sharing Formulas for Prescription Drugs
- 18. Average Prescription Drug Copayments, by Drug Type
- 19. Firms Offering Employees a High-deductible Plan, by Firm Size

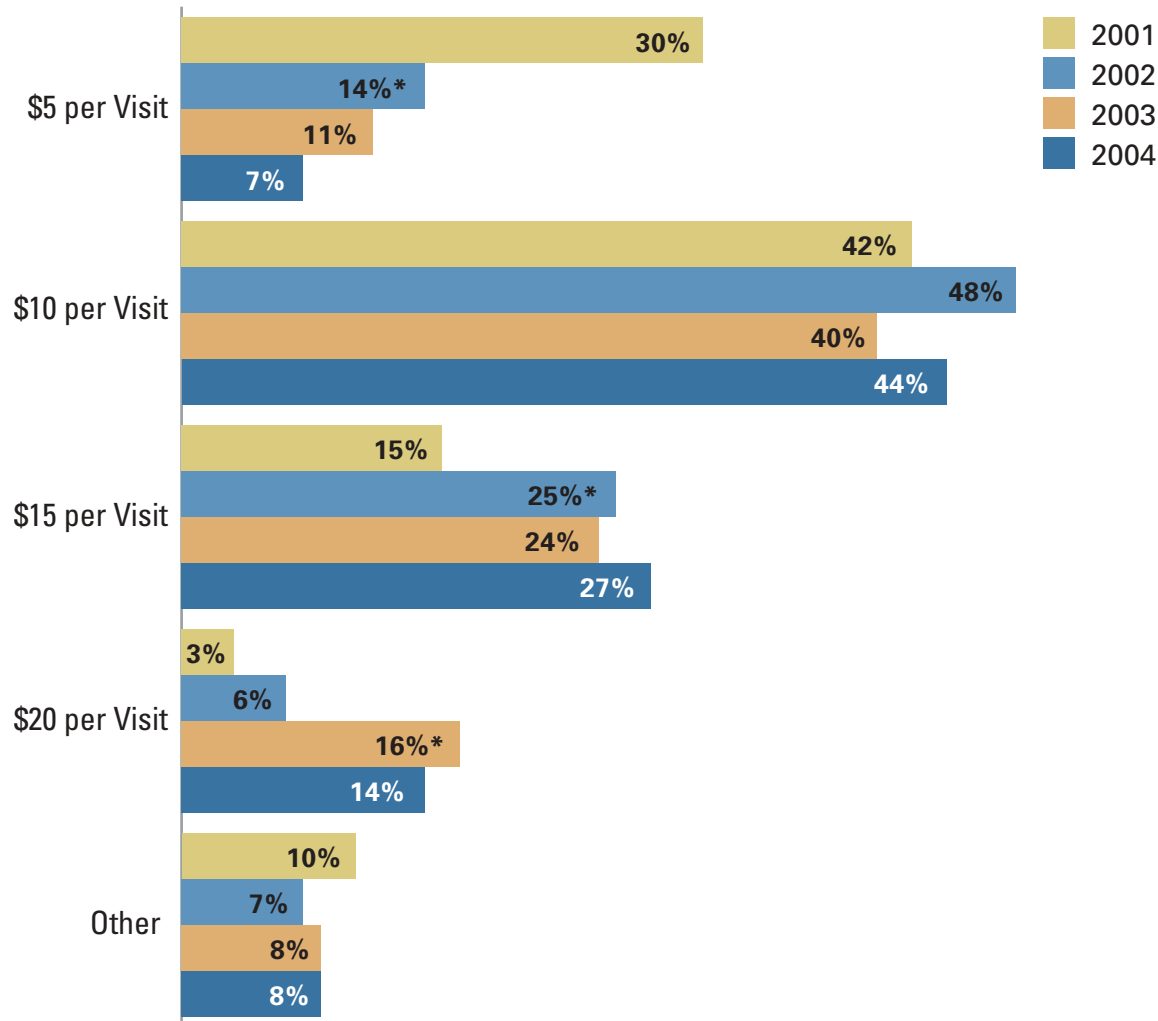
Enrollment, Choice, and Type

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14. HMO Enrollees with Specified Copayments per Office Visit



*Estimate is statistically different from previous year.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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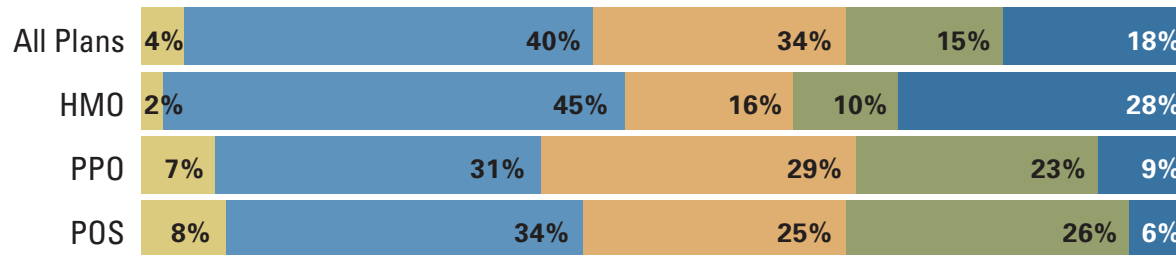
About CHCF and HRET

15. Workers with Out-of-Pocket Limits for Single Coverage, 2004

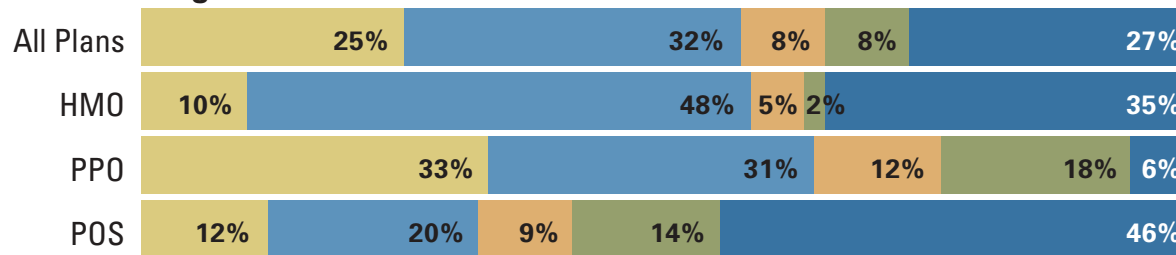
Annual Out-of-Pocket Limits

■ < \$1,000
 ■ \$1,000–1,999
 ■ \$2,000–2,999
 ■ \$3,000+
 ■ No Limit

Small Firms (3–199 Workers)



Large Firms (200+ Workers)



Notes: Numbers may not add up to 100% due to rounding. \$3,000+ includes any fixed out-of-pocket cost above that amount. No Limit indicates no limit on out-of-pocket costs.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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16. Covered Workers with Select Hospital Cost Sharing Types, by Plan Type, 2004

PLAN	Deductible or Copay per Admission	Coinsurance	Both	Charge per Day	Annual Deductible	None
HMO	38%	2%	0%	2%	0%	58%
PPO	32%	17%	5%	0%	1%	46%
POS	25%	6%	3%	1%	1%	65%
All Plans	38%	8%	2%	1%	0%	51%

Among workers with a deductible or copay, the average across all plans is \$209.

Among workers with coinsurance, the average across all plans is 16%.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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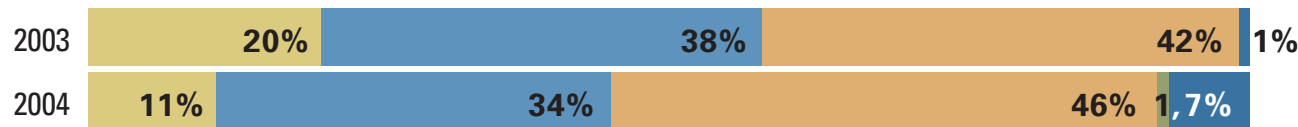
About CHCF and HRET

17. Workers Facing Cost Sharing Formulas for Prescription Drugs

Cost Sharing Formula

- Cost sharing the same regardless of drug type
- Two Tier: One payment for generic drugs and one for name brand
- Three Tier: One payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs
- Four Tier: Three tier plus a fourth tier for lifestyle or other specified drug
- Other

California



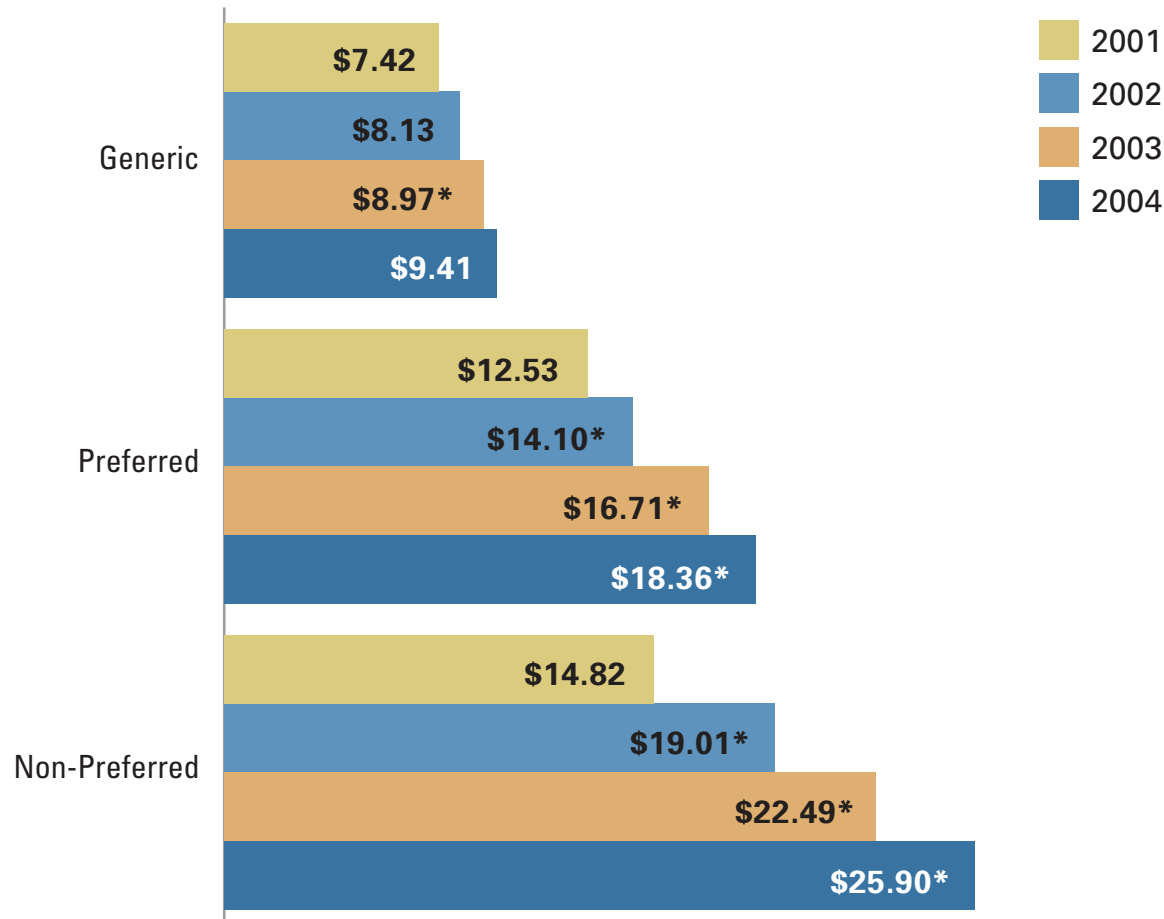
U.S.



Note: Numbers may not add up to 100% due to rounding.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2003; Kaiser/HRET Employer Health Benefits Survey: 2003, 2004

18. Average Prescription Drug Copayments, by Drug Type



*Estimate is statistically different from previous year.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003

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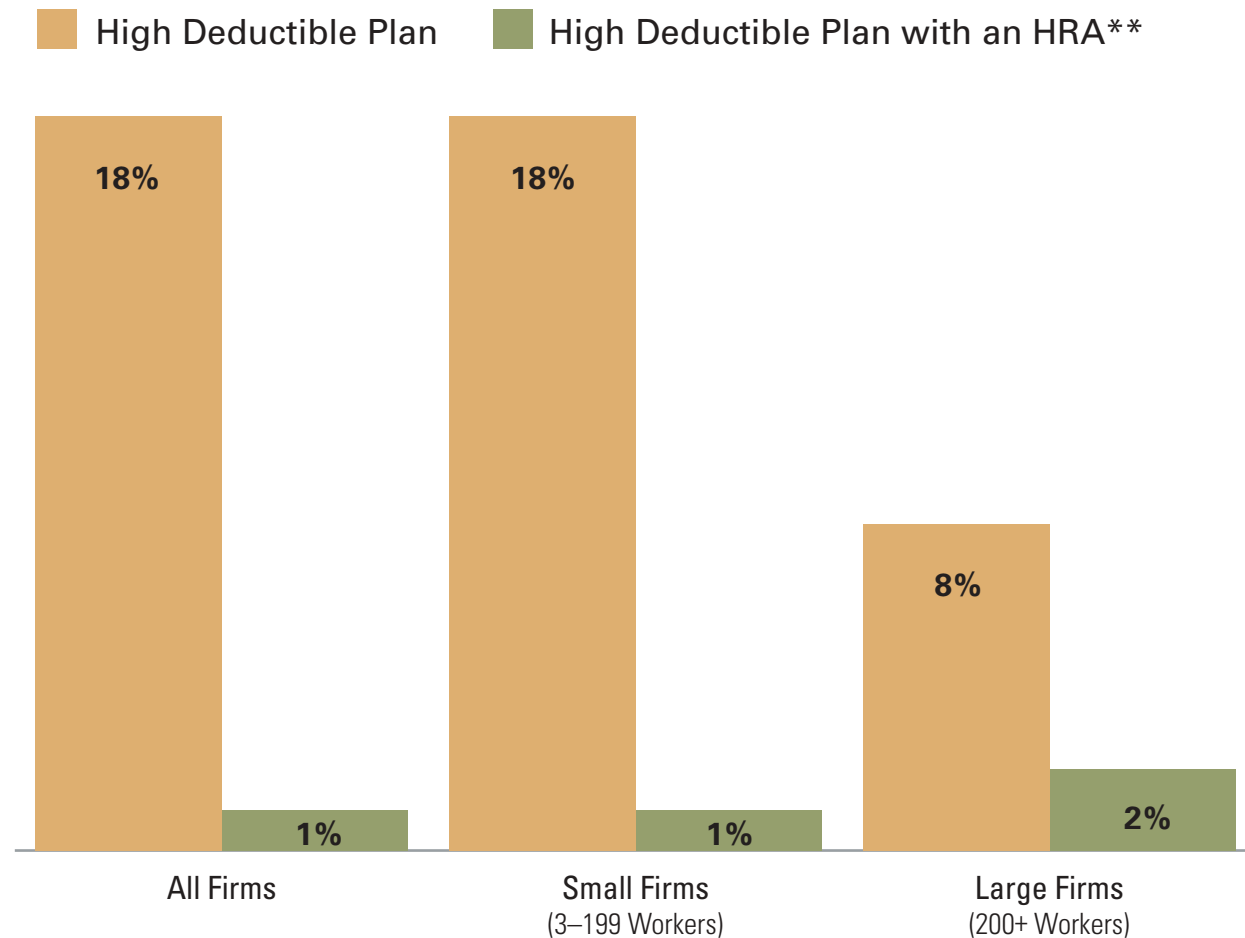
Enrollment, Choice, and Type

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Employer Attitudes

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19. Firms Offering Employees a High-deductible Plan* by Firm Size



*Defined as having a deductible greater than \$1,000 for single coverage.

**Health Reimbursement Arrangement

Note: Tests found no statistical difference between estimates for individual firm sizes and those for All Firms.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004.

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- 20. Health Plan Enrollments for Covered Workers, by Plan Type
- 21. Covered Workers with a Choice of Health Plans, by Firm Size
- 22. Employees in Partly or Entirely Self-insured Plans, by Plan Type

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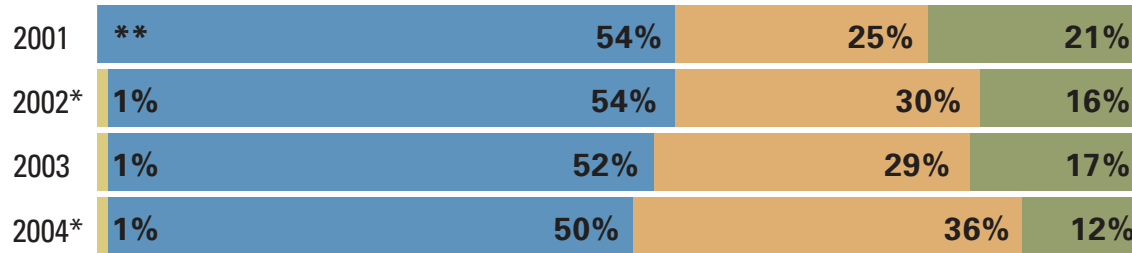
Employer Attitudes

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20. Health Plan Enrollments for Covered Workers, by Plan Type

Conventional
 HMO
 PPO
 POS

California



U.S.



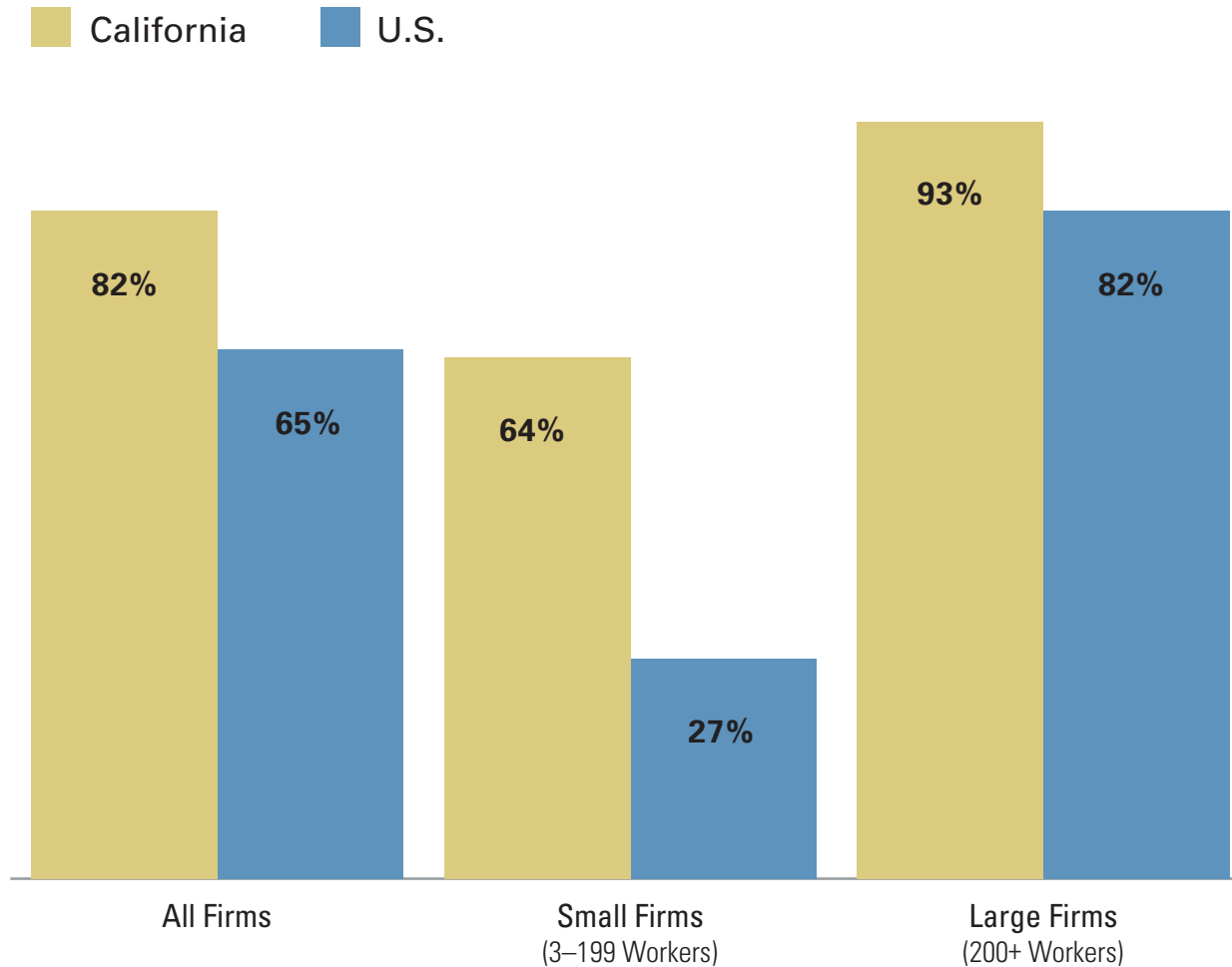
*Distribution is statistically different from previous year.

**California conventional plan enrollment in 2001 was less than 1%.

Note: Numbers may not add up to 100% due to rounding.

Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Employer Health Benefits Survey: 2001, 2002, 2003, 2004

21. Covered Workers with a Choice of Health Plans, by Firm Size, 2004



Note: Individual firm size estimates are statistically different from All Firms.

Sources: CHCF/HRET 2004 California Employer Health Benefits Survey; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004

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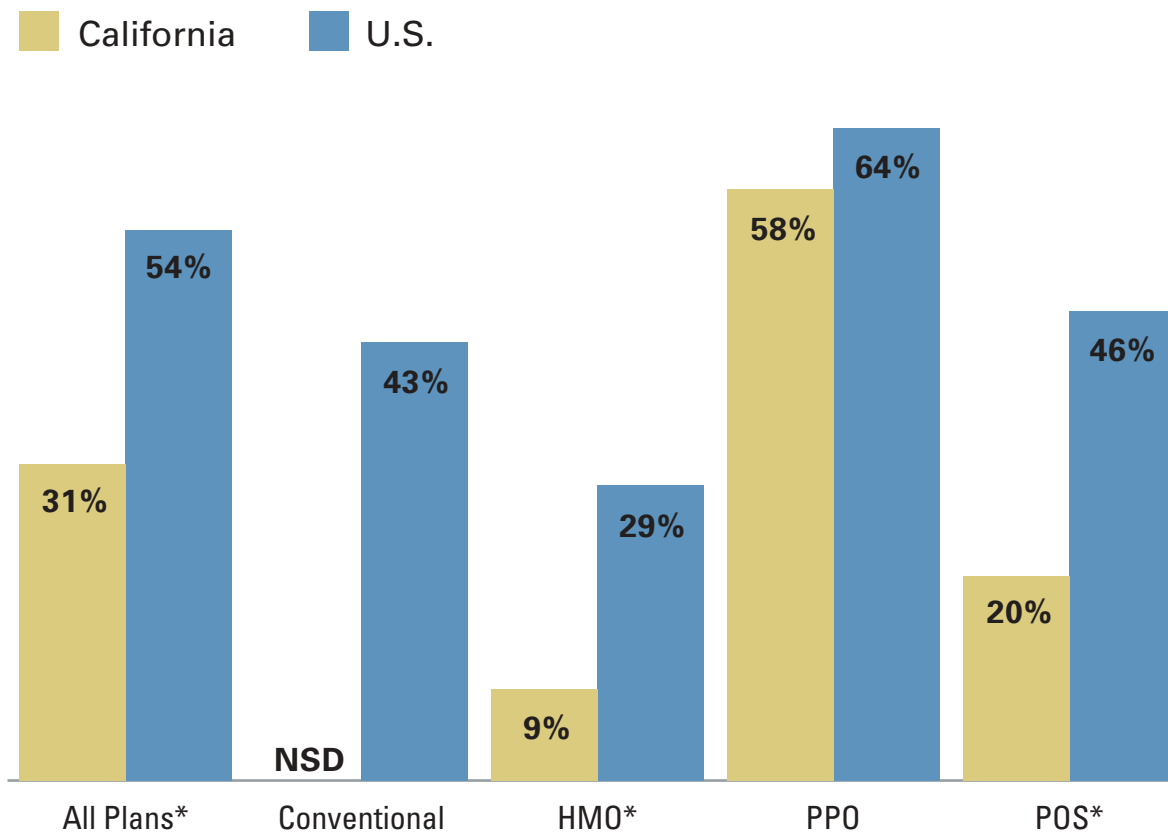
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- 21. Covered Workers with a Choice of Health Plans, by Firm Size
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22. Employees in Partly or Entirely Self-insured Plans, 2004



*Estimate is statistically different between California and the U.S.

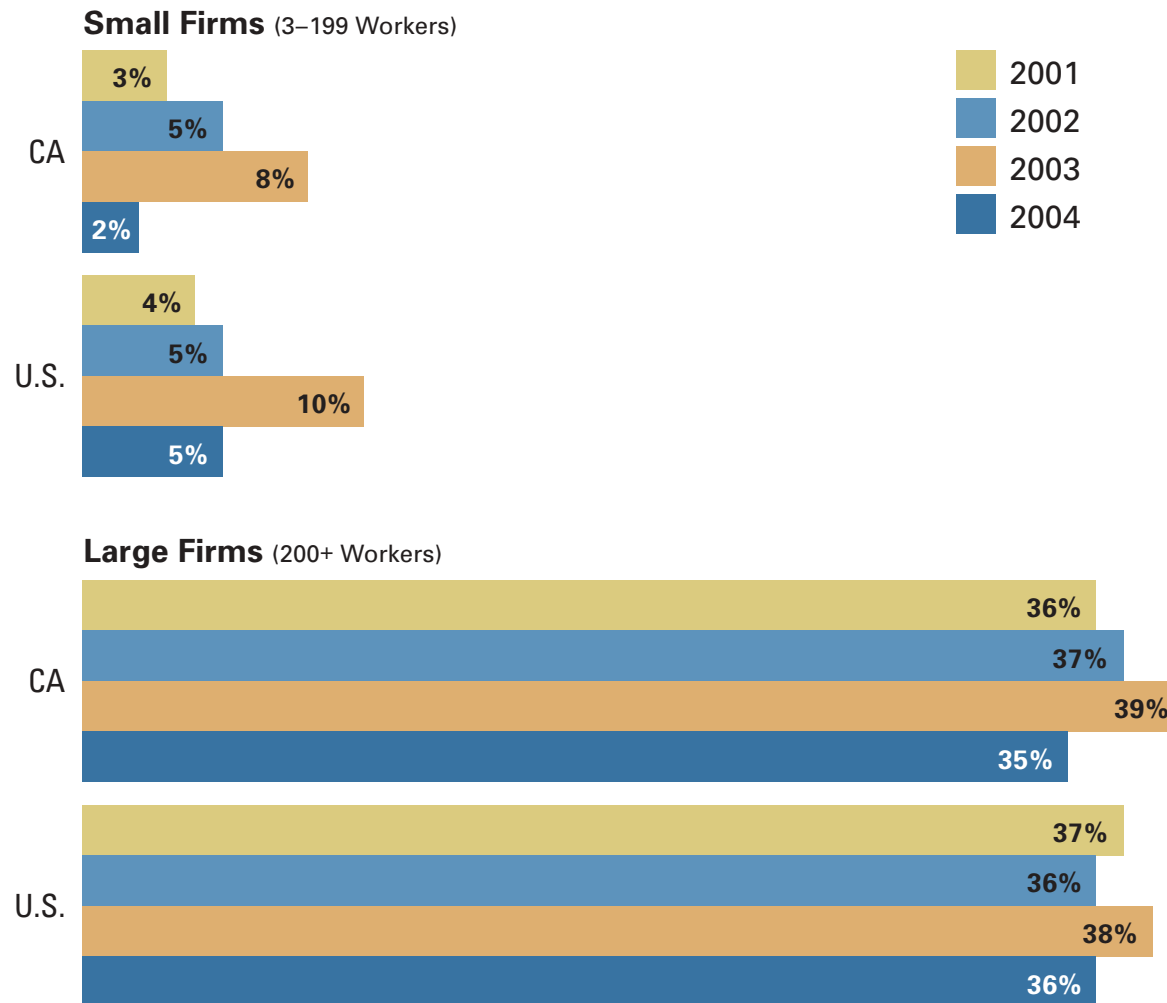
Notes: There are not enough employees enrolled in conventional plans in California to break out enrollment by self-insured plans (NSD=not sufficient data).

Self-insured plans are plans where an employer assumes responsibility for paying health care claims rather than buying coverage from an insurer.

Sources: CHCF/HRET 2004 California Employer Health Benefits Survey; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2004

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23. Firms that Offer Retiree Benefits



Sources: CHCF/HRET California Employer Health Benefits Survey: 2004; Kaiser/HRET California Employer Health Benefits Survey: 2001, 2002, 2003; Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002, 2003, 2004

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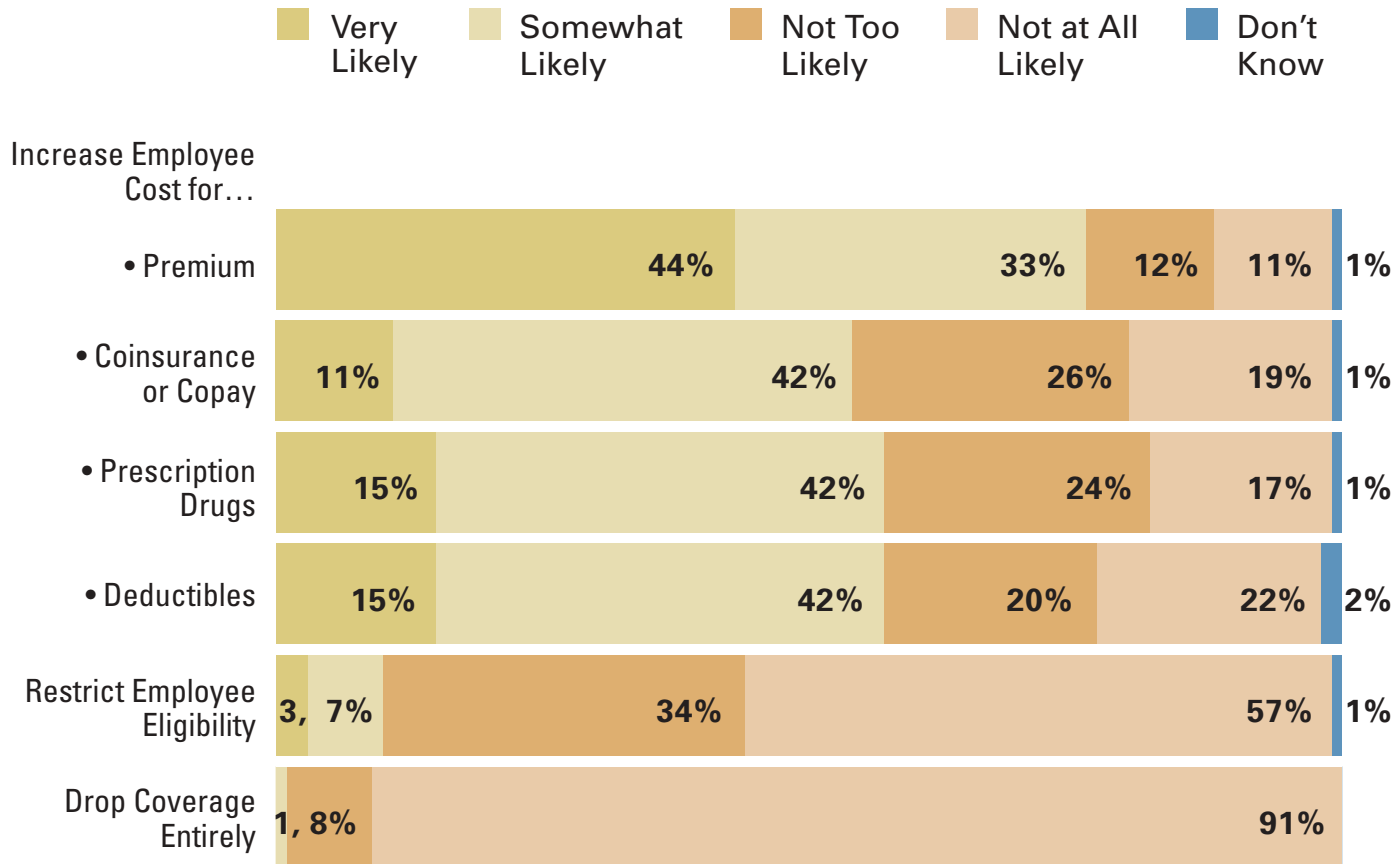
Retiree Coverage

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- 24. Likelihood of Large Employers Making Select Changes in 2005
- 25. Firms Likely to Begin Offering a High-deductible Plan with HRA in the Next Two Years
- 26. Firms that Shopped for a New Plan, Changed Types or Carriers
- 27. Opinions on Effectiveness of Cost Containment Strategies
- 28. Firms That Use Select Contribution Incentives

About CHCF and HRET

24. Likelihood of Large Employers Making Select Changes in 2005



Notes: Less than 1% of Large Firms reported that they were "Very Likely" to Drop Coverage Entirely. Numbers may not add up to 100% due to rounding.

Source: CHCF/HRET California Employer Health Benefits Survey: 2004

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Enrollment, Choice, and Type

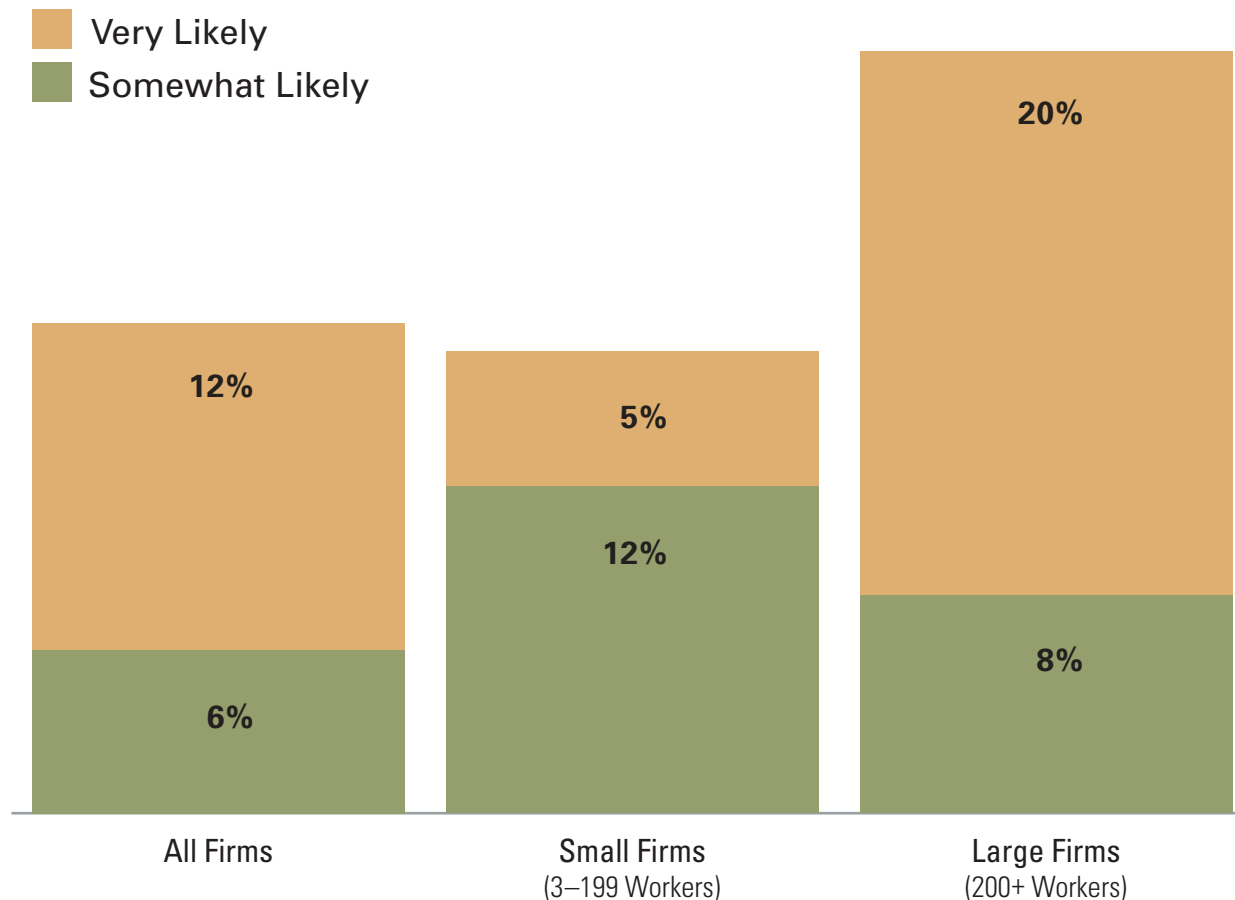
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- 24. Likelihood of Large Employers Making Select Changes in 2005
- 25. Firms Likely to Begin Offering a High-deductible Plan with HRA in the Next Two Years**
- 26. Firms that Shopped for a New Plan, Changed Types or Carriers
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25. Firms Likely to Begin Offering a High-deductible Plan* with HRA in the Next Two Years



*Defined as having a deductible greater than \$1,000 for single coverage.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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26. Firms that Shopped for a New Plan, Changed Type or Carrier



Note: Tests found no statistical difference between estimates for individual firm sizes and those for All Firms.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

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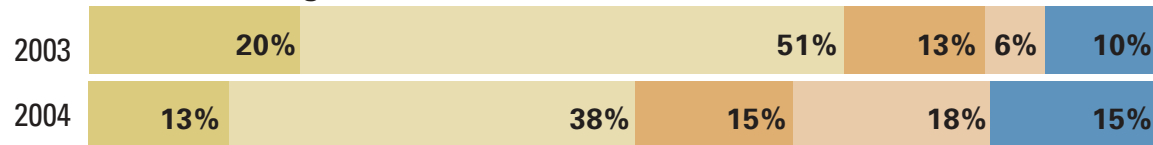
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27. Opinions on Effectiveness of Cost Containment Strategies, 2004

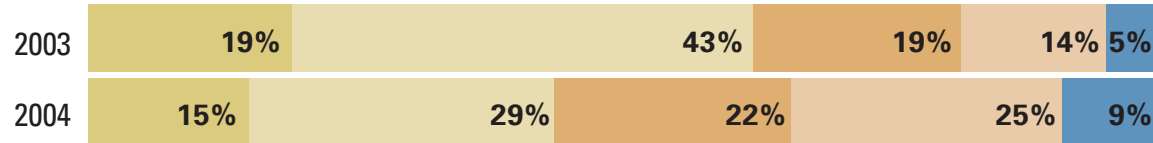
Effectiveness

Very Somewhat Not Too Not at All Don't Know

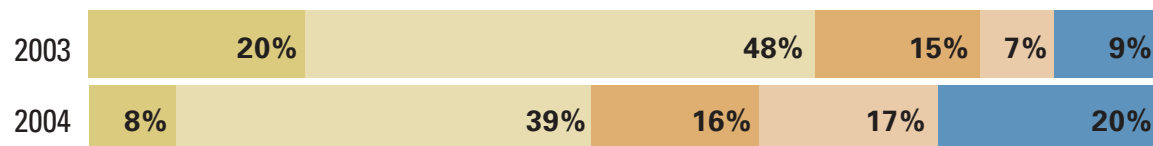
Disease Management



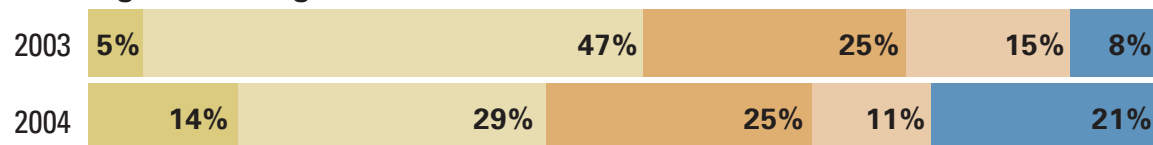
Higher Employee Cost Sharing



Consumer Driven Health Plans*



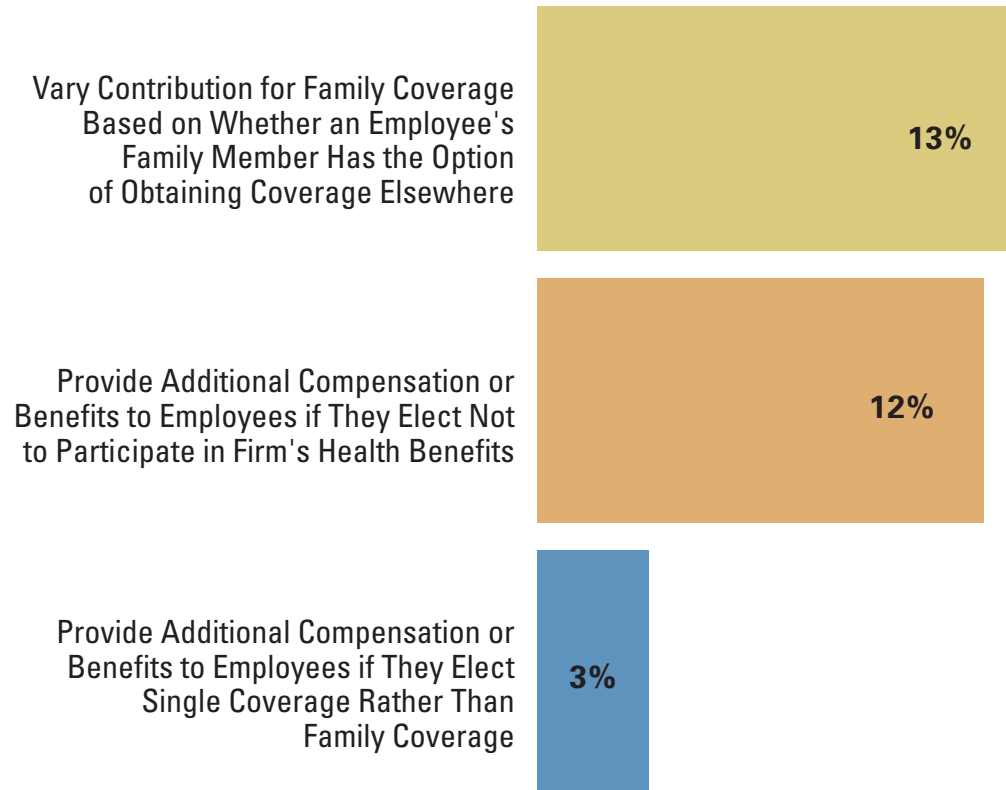
Tighter Managed Care Networks



*For example, a high-deductible plan with an HRA.

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

28. Firms That Use Select Contribution Incentives, 2004



Health Benefits Survey CONTENTS

Methods

Overview

- Sample Distribution by Firm Size
- Availability of Coverage
- Cost of Health Insurance
- Benefits and Cost Sharing
- Enrollment, Choice, and Type
- Retiree Coverage
- Employer Attitudes

Availability of Coverage

Cost of Health Insurance

Benefits and Cost Sharing

Enrollment, Choice, and Type

Retiree Coverage

Employer Attitudes

- 24. Likelihood of Large Employers Making Select Changes in 2005
- 25. Firms Likely to Begin Offering a High-deductible Plan with HRA in the Next Two Years
- 26. Firms that Shopped for a New Plan, Changed Types or Carriers
- 27. Opinions on Effectiveness of Cost Containment Strategies
- 28. Firms That Use Select Contribution Incentives

About CHCF and HRET

Source: CHCF/HRET 2004 California Employer Health Benefits Survey

About the Foundation

The California HealthCare Foundation, based in Oakland, is an independent philanthropy committed to improving California's health care delivery and financing systems. Formed in 1996, our goal is to ensure that all Californians have access to affordable, quality healthcare.

For more information about CHCF, visit us online at www.chcf.org.

About HRET

The Health Research and Educational Trust (HRET) is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. Founded in 1944, HRET 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.

More information about the trust can be found at www.hospitalconnect.com/hret/about.

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