

MASSACHUSETTS HEALTH AND HUMAN SERVICE EMPLOYERS  
HEALTH INSURANCE SURVEY RESULTS  
*Survey Conducted Spring 2003*

**SECTION I: BACKGROUND & METHODOLOGY**

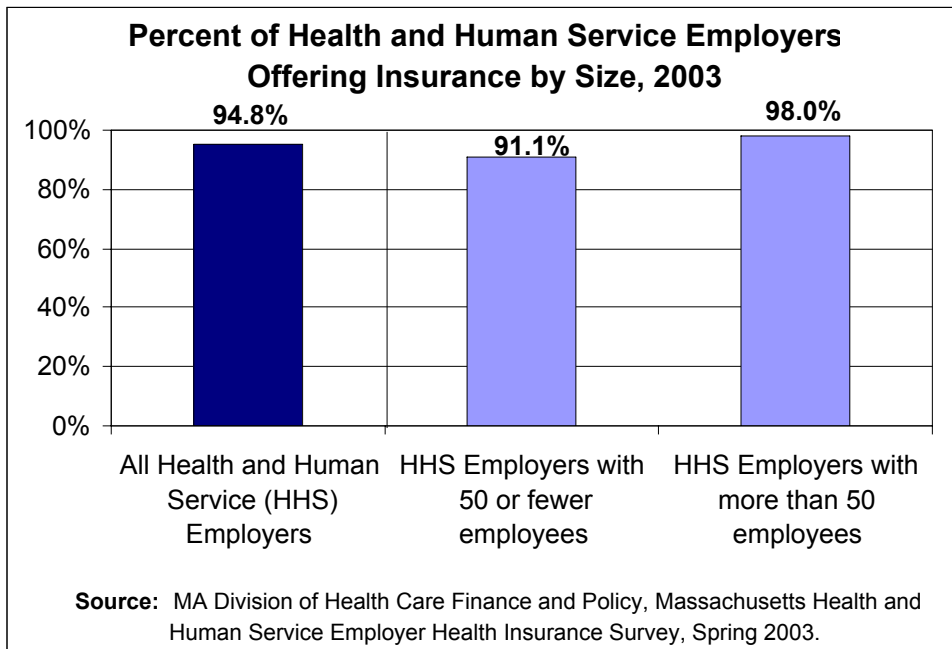
***Background:*** The Massachusetts Division of Health Care Finance and Policy (DHCFP) was awarded a planning grant in October 2002 from The Robert Wood Johnson Foundation's State Coverage Initiatives program to study health insurance affordability for health and human service employers and employees. As part of the grant work, the DHCFP sponsored a survey of health and human service organizations to learn, among other things, 1) the percent of employers that offer insurance, 2) the percent of eligible employees who enroll in employer-sponsored coverage, and 3) the cost of premiums, including the employee share.

***Survey Methodology:*** The Division of Health Care Finance and Policy sponsored the survey, which was conducted by the University of Massachusetts Center for Survey Research in Spring 2003. The survey was mailed to 790 employers and 582 responded (74% response rate). The sample included health and human service employers who receive funds from the state through the Medicaid program or a contract with the state; therefore, we excluded hospitals. We weighted responses according to the response rate and the type of employer (nursing home or non-nursing home.) The survey addressed aggregate employee characteristics including salary and age as well as questions about health insurance coverage and the employer's most popular health plan (i.e. if more than one plan is offered, the plan with the largest number of members.)

## SECTION II: EMPLOYER AND EMPLOYEE CHARACTERISTICS

### Percent of Health and Human Service Employers Offering Insurance by Size

The percent of health and human service employers offering health insurance (94.8%) is very high compared to the statewide offer rate, which in 2001 was 69%. The 2001 statewide offer rate for all employers with between 2 and 50 employees was 67% and for employers with more than 50 employees was 95%.



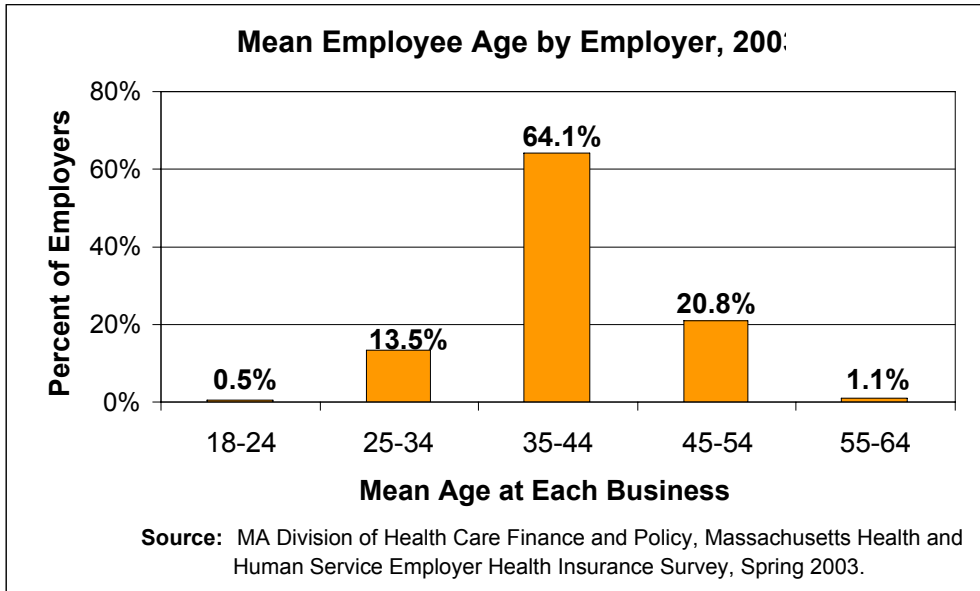
97.7% of nursing homes offer health insurance and 93.3% of employers excluding nursing homes offer insurance. Analysis of offer rate by employer/employee characteristics such as percent of employees that are female, length of employment, etc, yielded similar results.

### Employer size

Excluding contract and per diem employees, health and human service employers surveyed had a mean of 118 employees and a median of 64, with 47% of employers having 50 or fewer employees and 53% having more than 50 employees. Sixty-five percent of the employers surveyed had 100 or fewer employees, and 90.9% had 250 or fewer employees. Nursing homes had a median of 110 employees and a mean of 145 and all other health and human service employers had a smaller median of 30 employees but a mean of 105 (there were a few large employers with over 2000 employees).

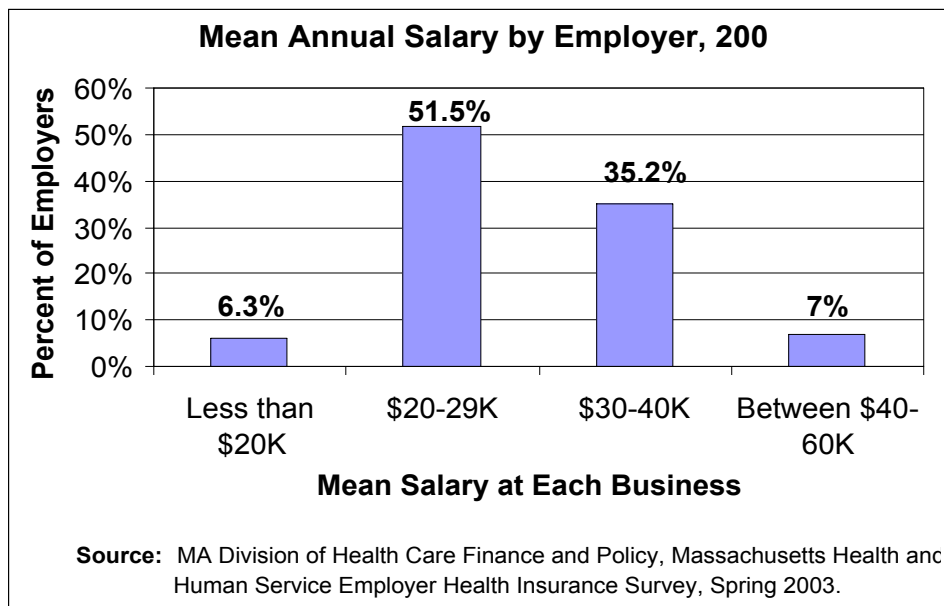
## Age of Employees

Most businesses had an average age that fell between 35-44 years old. Data from 322 employers was analyzed for this question. (Excludes contract and per diem staff.)



## Salary of Employees

Over half of the businesses surveyed had a mean annual salary that fell between \$20,000 and \$29,999. Data from 400 employers was analyzed for this question. (Excludes contract and per diem staff.)



### **Percent of Employees Part-time/Full-time**

The mean percent of employees working full-time was 66.6%. There was a small difference in the percent of employers that offer insurance by the percent of full-time workers they employ. 97% of employers whose staff is 50% or more full-time offer health coverage while 90.5% of employers whose staff is less than 50% full-time offer coverage.

### **Length of Staff's Employment**

An average of 22.2% of employees at organizations surveyed were employed for one year or less. Most employees at organizations surveyed were employed for more than one year.

### **Gender of Employees**

The majority of employees at health and human service organizations are women. The average percent of female staff (excluding contract or per diem employees) is 76%. 91% of the employers surveyed had a staff that was 50% or more female and 58.7% employed a staff that was 75% or more female. Finally, 25% of the employers reported that 90% or more of their staff was female.

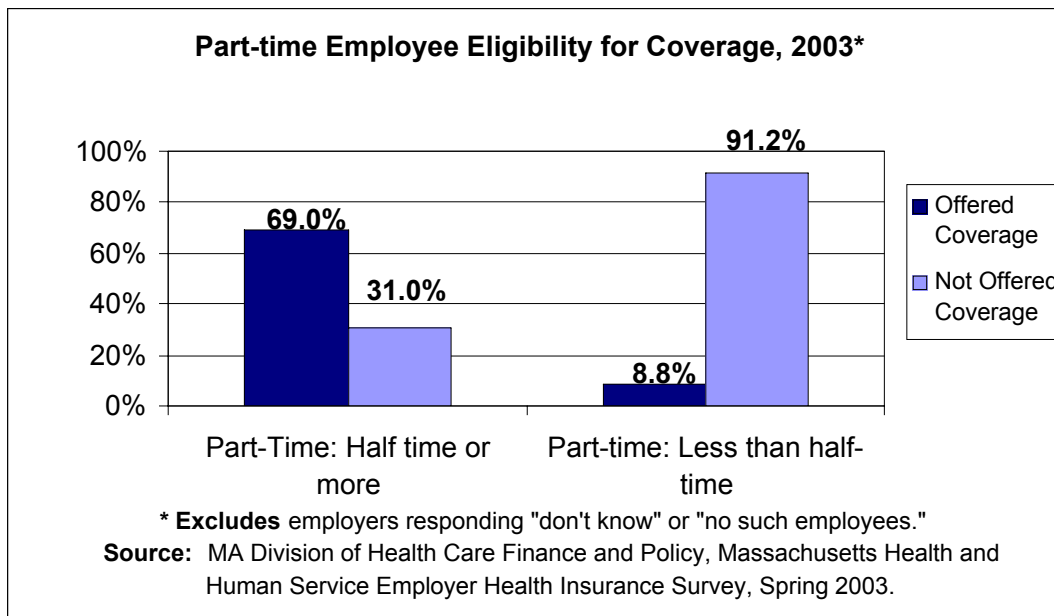
### **Percent of Employers' Revenue from the State**

The average percent of revenue the organizations surveyed receive from the Commonwealth of Massachusetts is 59.6%, including Medicaid funds, state contracts or other state funding. The median percent revenue from the state is higher, at 70%. Some employers surveyed reported that they do not receive any money from the state although they were on a list of employers the state contracted with in the previous fiscal year. They were included in the results presented in this report.

### SECTION III: INFORMATION OBTAINED FROM HEALTH AND HUMAN SERVICE EMPLOYERS THAT OFFER HEALTH INSURANCE COVERAGE

#### Employee Eligibility for Coverage

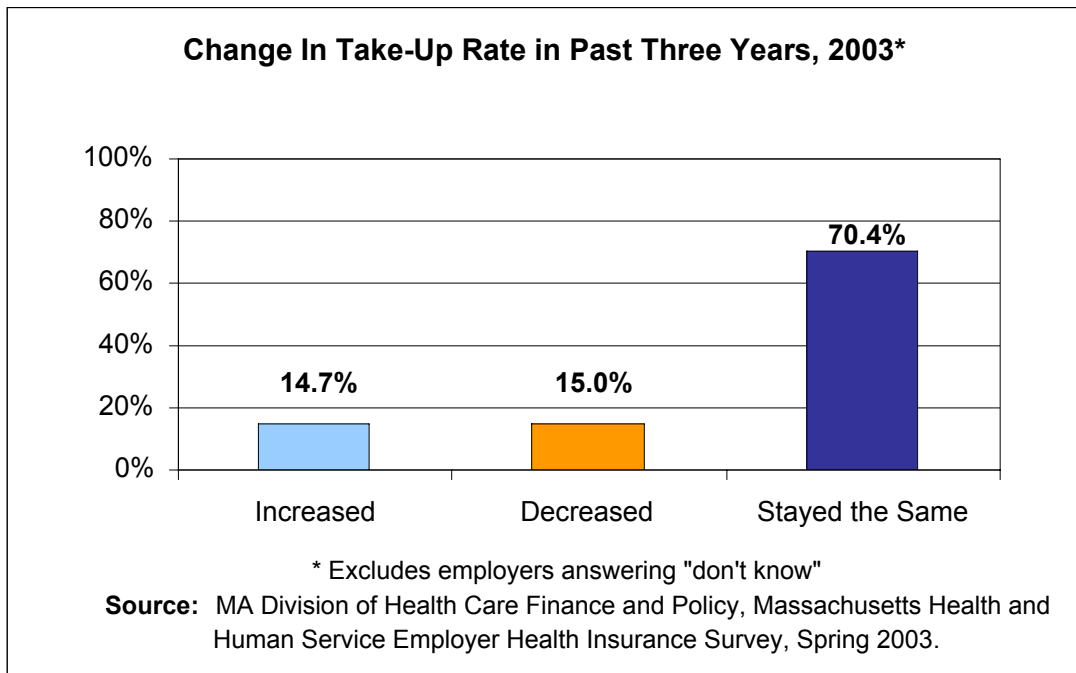
Most employers (96.5%) surveyed require employees to work a minimum number of hours to be eligible for health insurance; the average was 25.7 hours. Part-time employees that work half time or more are much more likely to be offered coverage (see graph below). The median percent of full- and part-time employees eligible for health insurance is 80%. Nearly all health and human service employers offering coverage provide coverage to spouses (95.9%) and dependent children (96.2%) of employees.



## **Take-Up Rate**

Employers report that of the 80% of employees eligible for health coverage, a median of 65.4% choose to enroll, a lower rate than the state's median take-up rate in 2001, which was 80%.<sup>1</sup> However, it is necessary to compare the take-up rate for this employer population to the 2003 statewide employer survey (results from that survey will be available in the fall). The take-up rate was lower for nursing homes (median=59%) and a bit higher when nursing homes were excluded (median=69.6%).

7.7% of employers surveyed didn't know if the take-up rate had changed compared to the previous three years. However, of those who answered the question, most employers reported that, compared to the previous three years, the take-up rate essentially stayed the same. 14.7% of employers reported that the rate actually increased.



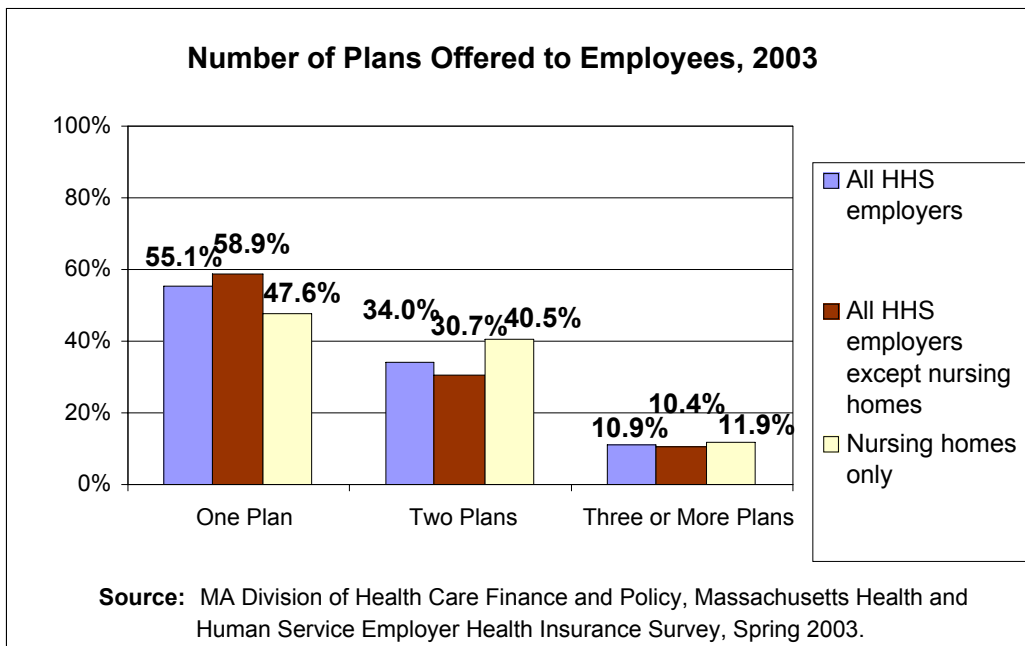
<sup>1</sup> The take-up rate was determined by calculating an individual take-up rate for each employer to arrive at a median rate.  
September 12, 2003

## Waiting Period

Many employers impose a waiting period for eligibility for health insurance coverage. 68.5% of health and human service employers offering insurance required a waiting period in 2003 while 58% of all employers statewide required a waiting period in 2001. According to the 2003 survey, 61.7% of health and human service employers with a waiting period had one that was over a month long. Most nursing homes had a waiting period (91.8%) and 70.5% of those with a waiting period had one that was over a month long. Finally, 56.8% of non-nursing homes had a waiting period and 54.4% of those with a waiting period had one of over a month.

## Number of Health Plans Offered by Employers

Fifty-five percent of employers offering health insurance only offer employees one plan choice. Thirty-four percent offer 2 plans and only 10.9% offer three or more. Large employers usually offer more choices. 45.5% of employers with more than 50 employees offered only 1 plan and 40.4% offered 2 plans, while 67.2% of employers with 50 or fewer employees offered 1 plan and only 25.9% offered 2 plans. The survey also included a question regarding whether the employer was ever denied coverage or turned down by an insurance carrier. 13.4% of health and human service employers had been denied coverage at some point in the past.



## **CHARACTERISTICS OF HEALTH PLAN WITH MOST MEMBERS**

Respondents provided details on plan specifics for the plan with the most employees enrolled.

### **Carrier & Plan Type**

The top three insurance carriers of employers' most popular health plans were Tufts (26.9%), Harvard Pilgrim (25.2%), and Blue Cross and Blue Shield (21.2%). For 89.6% of employers who offer coverage, the most popular plan was a health maintenance organization (HMO); 10.2% of the employers' most popular plans were a PPO and only .15% named an indemnity plan as the most popular.

### **Fully-insured vs. Self-funded**

91.3% of employers had their most popular plan fully-insured and 8.7% self-funded.<sup>2</sup> Larger companies are generally more financially capable of self-funding health coverage than small ones; thus, self-funded plans are more common at companies with many employees. The percent of employers self-funding may be low because this industry is made up of small employers (only 35% of the employers surveyed had more than 100 employees and 12% had more than 200.)<sup>3</sup>

### **Most Popular Plan the Least Expensive for Employee?**

Surprisingly, of employers that offered more than one health plan, only 52 percent of the most popular health plans were also the least expensive ones offered to the employee. Hence, employees are not overwhelmingly choosing the least expensive health plan available to them.

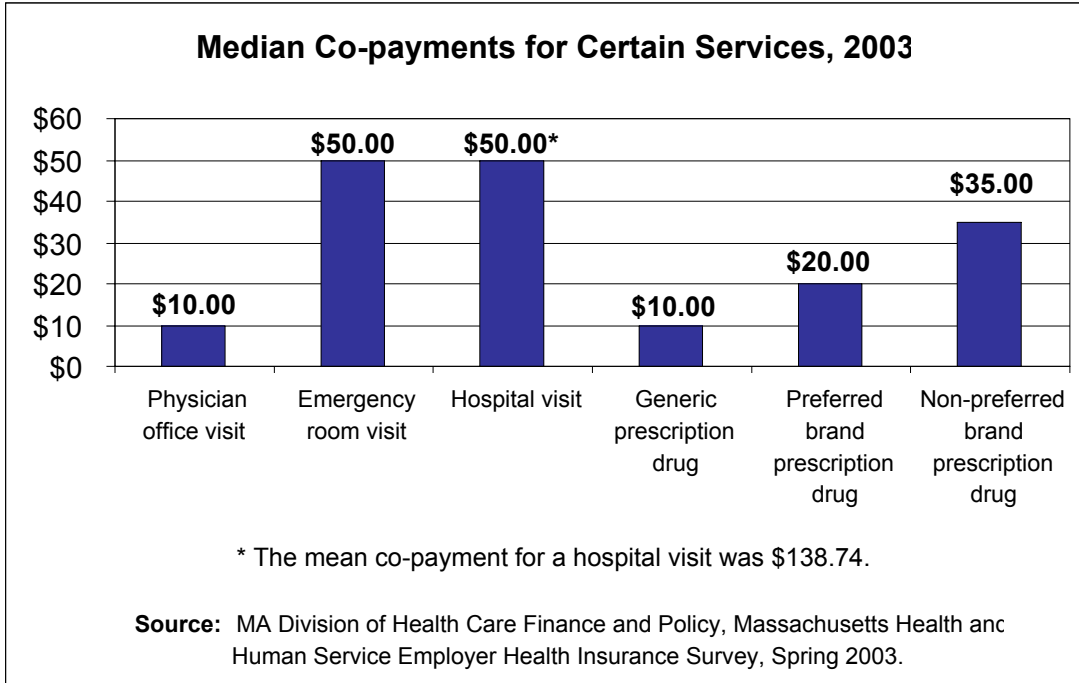
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<sup>2</sup> A health plan is fully-insured if it is purchased from an insurance company or other underwriter that assumes full risk for medical expenses. Many large employers and even some with relatively few employees self-fund or self-insure health plans offered to employees, meaning that the employer assumes the financial risk of covering its employees, paying medical claims from its own resources.

<sup>3</sup> A national survey in 2001 found that 28.6% of private-sector Massachusetts businesses self-fund at least one plan while 30.7% of US businesses self-fund at least one plan. (Medical Expenditure Panel Survey, 2001)

**Benefits and Co-payments**

Most (98.3%) health and human service employers offering health insurance include prescription drug coverage in their benefit package. The survey also asked employers about co-payment and deductible amounts for certain services; results are shown in the following table.



Co-payments for employees at nursing homes were, on average, higher: physician office visit median co-payment = \$15, emergency room median co-payment = \$50, and hospital visit median co-payment = \$250.00 (mean = \$191.27). For non-nursing homes, the median physician office visit co-payment was \$10, emergency room median co-payment was \$50 and hospital visit median co-payment was much lower at \$5. Median prescription co-payments for nursing homes and non-nursing homes were exactly the same as those for all health and human service employers.

<b>Detailed Co-payment Information for All Health and Human Service Employers</b>			
	<i>Median</i>	<i>25% of employers have a median co-payment of:</i>	<i>10% of employers have a median co-payment of:</i>
Physician office visit co-payment	\$10	\$15 or more	\$20 or more
Emergency room visit	\$50	\$50 or more	\$75 or more
Hospital visit	\$50	\$250 or more	\$300 or more
Generic prescription drug	\$10	\$10 or more	\$15 or more
Preferred brand prescription drug	\$20	\$20 or more	\$30 or more
Non-preferred brand prescription drug	\$35	\$35 or more	\$40 or more

## **Maximum Annual Hospital Deductible**

Employers were asked if they had a maximum annual hospital deductible. Approximately 27% of employers did not know if they had one for individual coverage, 31.3% didn't know for family coverage. Of those who knew, approximately 30% had no deductible for individual, two person, or family hospital coverage and 70% had a deductible.

The median deductible amounts for three types of coverage (individual, two person coverage, and family) are shown in the table below.

<b>Detailed Maximum Annual Hospital Deductible Information for All Health and Human Service Employers</b>			
	<i>Median</i>	<i>25% of employers have a median deductible of:</i>	<i>10% of employers have a median deductible of:</i>
Individual coverage	\$250	\$1000 or more	\$1500 or more
Two-person policy coverage	\$500	\$1000 or more	\$2000 or more
Family coverage	\$500	\$2000 or more	\$4000 or more

## Premiums

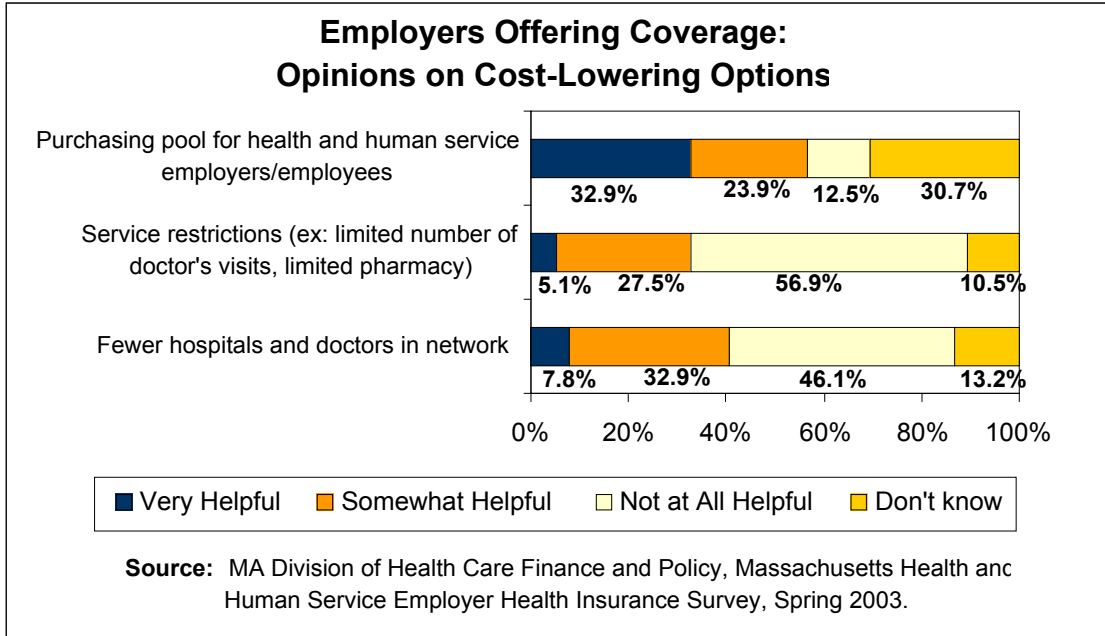
Employers were asked to provide the total premium and employee share, per month, for a full-time employee for coverage for an individual, a family, and coverage for 2 people (64% of employers surveyed who offered coverage, offered this type of coverage). Responses are shown in the following table for three categories of employers: all employers, employers excluding nursing homes and nursing homes only. 69.5% of all employers require part-time workers to contribute more money toward coverage than full-time workers (excludes those answering “don’t know.”)

<b>Health and Human Service Employers: Monthly Health Insurance Premiums for 2003*</b>						
	<b>INDIVIDUAL COVERAGE</b>		<b>COVERAGE FOR TWO PERSON FAMILY</b>		<b>COVERAGE FOR FAMILY</b>	
<b><i>All Health and Human Service Employers</i></b>						
Median Monthly Full-time <u>Employee Contribution</u> (Annual contribution)	\$68 (\$816)	23.5%	\$207 (\$2,484)	31.1%	\$263 (\$3,156)	32.2%
Median <u>Total</u> Monthly Premium (Annual premium)	\$292 (\$3,504)	100%	\$642 (\$7,704)	100%	\$798 (\$9,576)	100%
<b><i>Health and Human Service Employers Excluding Nursing Homes</i></b>						
Median Monthly Full-time <u>Employee Contribution</u> (Annual contribution)	\$64 (\$768)	23.1%	\$188.50 (\$2,262)	30%	\$239 (\$2,868)	30%
Median <u>Total</u> Monthly Premium (Annual premium)	\$289 (\$3,468)	100%	\$649.50 (\$7,794)	100%	\$781 (\$9,372)	100%
<b><i>Nursing Homes Only</i></b>						
Median Monthly Full-time <u>Employee Contribution</u> (Annual contribution)	\$76.50 (\$918)	25%	\$235 (\$2,820)	31.9%	\$298.50 (\$3,582)	36.2%
Median <u>Total</u> Monthly Premium (Annual premium)	\$304 (\$3,648)	100%	\$629.50 (\$7,554)	100%	\$841.50 (\$10,098)	100%

\* Note: We determined the median monthly full-time employee contribution (%) by calculating the employee contribution (as a percent) required by each employer, then determining a median percent employee contribution (**not** by using the dollar amounts in the table above and dividing employee contribution by total premium).

**Options to Lower Premium Rates**

In an effort to obtain employer input on methods to lower health insurance premium rates, respondents offering insurance were asked how helpful they thought each of three options would be in trying to lower premium rates. Employer and employee focus groups will be conducted this fall to receive more feedback on different options that might make premiums more affordable.



Nursing homes were less interested in a purchasing pool for health and human service workers, although almost half (46.8%) responded that they didn't know if it would help to reduce premiums. 15.2% said it would be very helpful in reducing premiums, 22.8% said it would be somewhat helpful and 15.2% responded that it would not be at all helpful.

**Educational Information about Public Programs**

The survey inquired as to whether the employer provided educational materials to employees about public coverage options such as MassHealth (Medicaid). Of the employers that answered the question, results indicated that 37.7% of all health and human service employers provided those materials and 62.4% did not. Nursing homes were less likely to provide these materials with 26.8% of nursing homes reporting that they provided them while 43% of all other health and human service employers provided them.

## SECTION IV: INFORMATION OBTAINED FROM HEALTH AND HUMAN SERVICE EMPLOYERS THAT DO NOT OFFER HEALTH INSURANCE COVERAGE

\* Note: Since so few employers surveyed did not offer health insurance, the N (number of respondents) is small.

### Background Information

Approximately one-third of the employers not offering coverage had offered it to employees in the past, and 82.5% of those employers stopped offering the coverage within the last year. All employers not offering coverage responded that they had never been denied coverage by an insurer.

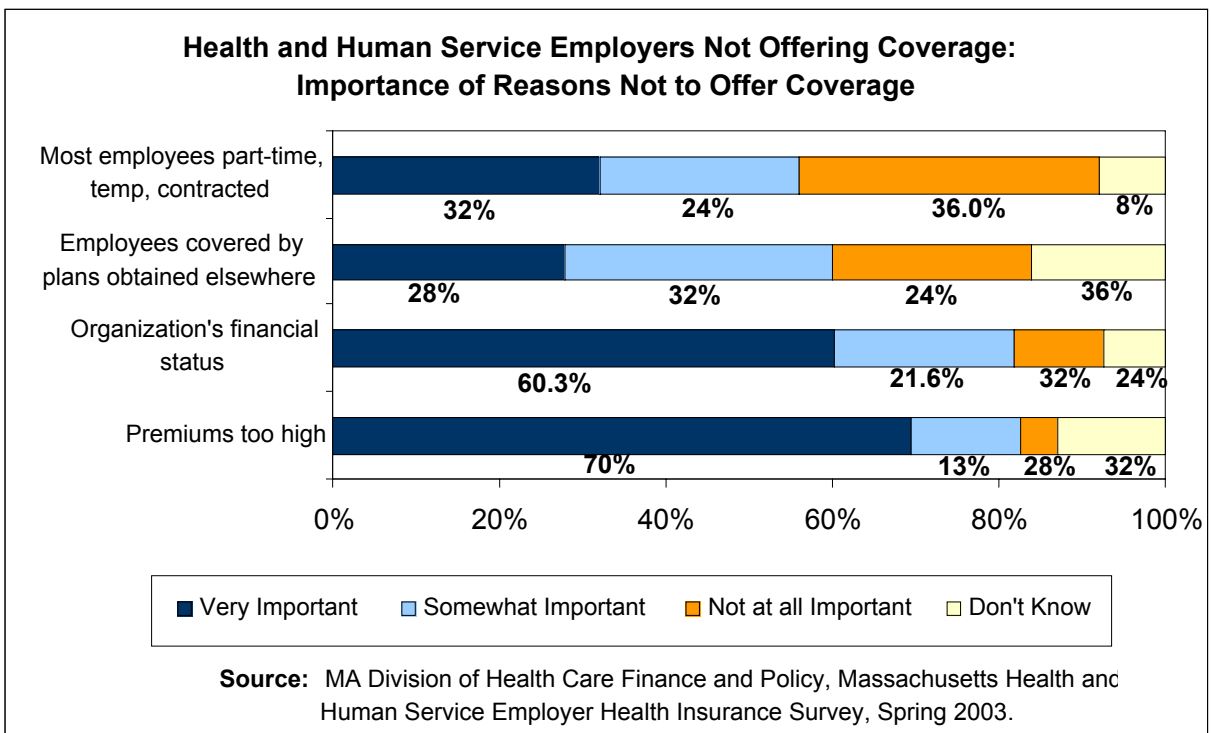
75.9% of employers not offering coverage thought some of their employees were buying health insurance independently, while 24.1% did not think employees were doing this (27.6% did not know and were excluded from the analysis).

### Voucher/Stipend

Only 16.8% of employers not offering coverage offer a voucher or stipend, a specific amount of cash or a check, to employees to purchase health insurance. The average value of this stipend was \$126 per month.

### Reasons for Not Offering Coverage

Employers not offering coverage responded that the most important reason for not offering it was premium cost, followed by the financial status of the organization. The following graph shows the importance of the top four reasons employers gave for not offering coverage.



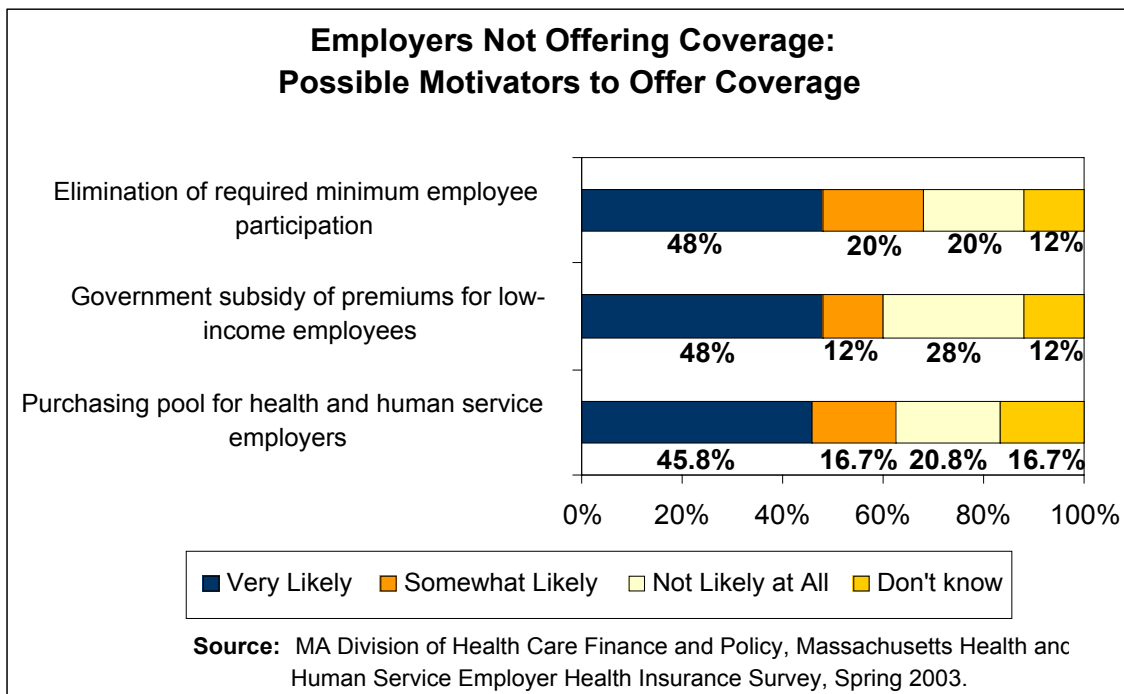
**Insurance Partnership**

The Insurance Partnership (IP) is a Massachusetts public-private program that helps businesses and their low-income employees (200% of the federal poverty level and lower) pay for health insurance coverage as long as the business has 50 or fewer employees, offers health insurance and covers at least 50% of the cost.

The health and human service employer survey inquired about the IP, asking if employers were aware of the program and if so, why they weren't enrolled. Of the organizations not offering coverage that employ 50 or fewer people, only 40% were aware of the Insurance Partnership program. Only 5 of the employers who had 50 or fewer employees responded to a question asking why they weren't using the IP and the majority of those 5 said they were not making use of the program because the income limit for employee participation is too low.

**Incentives that might Motivate an Organization to Offer Coverage**

The survey asked employers not offering coverage what might motivate them to start offering coverage. The following graph shows the top three most likely motivators.

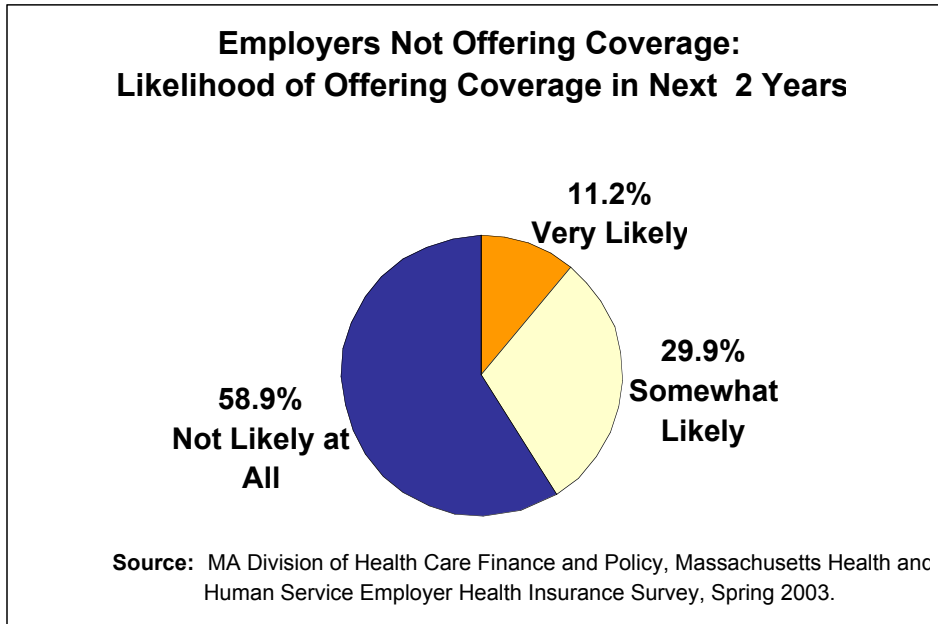


Note: Minimum employee participation is 100% for employers with 5 or fewer employees and 75% for employers with 6-50 employees.

The survey also asked whether lowering premiums by offering a plan with only basic hospital coverage, offering a plan with fewer hospitals and doctors in the network or offering a plan with service restrictions (such as limited number of doctor's visits per year, limited pharmacy, etc) would motivate them to offer coverage. These options were less popular with employers surveyed, although 20.8% of the respondents said that a plan with only basic hospital coverage would very likely motivate them to offer coverage [33.3% said it was somewhat likely and 29.2% said it was not likely at all to motivate them (16.7% said they didn't know)]. Regarding the other two ways

that might lower premiums, the responses were identical with 8.3% saying very likely, 29.2% saying somewhat likely and 50% answering not likely at all (12.5% didn't know).

**Likelihood of Offering Insurance in the Future**



## SECTION V: SUMMARY

This survey was largely conducted to answer three primary questions.

- 1) What percent of health and human service employers offer insurance?
- 2) What percent of their employees take-up insurance and what is their salary?
- 3) What is the cost of premiums for these employers, including the employee share?

We will compare these data with data from a statewide employer survey being conducted in summer 2003 (results expected in fall 2003) to determine whether this employer and employee population experiences greater barriers to offering and taking-up affordable health insurance than Massachusetts employers in general.

### **1. Offer Rate**

Nearly all health and human service employers surveyed offer health insurance (94.8%). The offer rate was slightly lower for employers with 50 or fewer employees, yet it was still over 90% (91.1%). The statewide offer rate in 2001 was 69%, and employers statewide are being surveyed again in 2003, with results expected in the fall.

### **2. Take-up Rate and Salary**

The median percent of eligible employees working for health and human service employers who take-up health insurance was 65.4%.<sup>4</sup> The take-up rate was lower for nursing homes (median=59%) and a little higher for non-nursing homes (median=69.6%). Both of these rates are lower than the median statewide 2001 rate of 80%. However, due to the economic slowdown, the statewide rate might have decreased since 2001; therefore, comparison to 2003 Massachusetts employer survey results is necessary. This analysis will be completed during fall 2003.

Possible explanations for fewer health and human service employees taking-up insurance include that they may earn less and cannot afford their contribution toward the premium (survey results indicated that 51.5% of the businesses surveyed had a mean employee salary between \$20,000 and \$29,999). However, an average of approximately a third of the employees at these organizations work part-time, which could partially explain the lower average salary.

### **3. Premium Cost and Employee Contribution**

Health insurance premium cost, if high, can serve as a barrier to employers offering coverage and to employees purchasing the coverage. Since most employers in this survey offer coverage, this discussion will focus on employee contribution to premium. The survey found that employees were required to contribute an average of 23.5% of the premium for individual coverage and 32.2% for family coverage, slightly higher than the 2001 average contribution all Massachusetts employers required which was 19% for individual and 27% for family. It will be more telling to compare the 2003 Massachusetts employer survey data to the 2003 health and human service employer survey data because employee contribution might have increased statewide since 2001.

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<sup>4</sup> The take-up rate was determined by calculating an individual rate for each employer and then averaging those rates to calculate the mean and median rates for all employers.  
September 12, 2003

Employees working for health and human service organizations were required to contribute a median of \$68 monthly (\$816 annually) for individual coverage and \$263 monthly (\$3,156 annually) for family coverage. Total annual premium for individual coverage was \$3,504 and total annual premium for family coverage was \$9,576.

#### **4. Next Steps**

The data from this employer survey will be used to fine-tune policy options to increase this population's access to affordable health insurance. We are also conducting focus groups of employers and employees to elicit some qualitative information as to what cost-lowering options are the most palatable.