



Results from the 2009 Massachusetts Employer Survey

January 2010

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Commonwealth of Massachusetts

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Massachusetts Employer Survey

Employers Who Offer Health Insurance Coverage

More than three-quarters (76%) of employers with three or more employees offered health insurance coverage to their employees in 2009 compared to 60% of employers nationwide.

The smallest employers (ten or fewer employees) were less likely to offer health insurance (67%) than employers with more than fifty employees (98%). Most employers that offer health insurance also offer to employees’ spouses, and about 40% of employers that offer health insurance also offer to their employees’ unmarried partners.

Nearly all large firms offering health insurance offer at least one plan through a pre-tax IRS Section 125 Plan compared with about half of firms with 50 or fewer employees.

Employers Who Do Not Offer Health Insurance Coverage

Most firms that do not offer health insurance coverage to their employees choose not to do so because premiums are too high, their firm is too small, or they think their employees have access to coverage through some other means.

Nearly three-quarters (74%) of Massachusetts employers report that their part-time employees are not eligible for their employer-offered health insurance. Small employers with 50% or more of their employees working part time are the least likely to offer health insurance.

Employees Who Take Up their Employer’s Health Insurance Coverage

The majority of employees who are eligible for their employer’s health insurance coverage enroll in the plan (80%). This rate is similar among employers of all sizes. Firms with fewer part-time employees have higher take up rates than do firms with more part-time employees.

Health Care Reform

37% of all employers are familiar with the Massachusetts Health Connector. However, 97% are aware of Minimum Creditable Coverage (MCC).

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Massachusetts Employer Survey

Employers' Percent Contribution to Health Plan Premiums

Employers' contribution to health plan premiums declined for both individual and family health plans in 2009 compared with 2007. The median monthly employer contribution percent was 72% for an individual health plan and 68% for a family health plan in 2009. In 2007 the employer contribution percent was 75% for both individual and family health plans.

Employees' Share of Health Plan Premium Costs

Employees' contribution to health plan premiums increased for both individual and family health plans. The median monthly employee contribution for individual health plans was \$116 in 2009 and \$101 in 2007, a 15% increase; for family health plans, the median monthly employee share increased 17% in the same time period (from \$298 in 2007 to \$350 in 2009).

Individual Health Plan Premiums

Health plan premiums have been steadily increasing. The median total monthly premium for individual health plans rose to \$442 in 2009 from \$412 (7%) compared with 2007.

For small firms (fifty or fewer employees), the median individual health plan premium rose to \$442 from \$418 (6%), and for large firms it rose to \$426 from \$406 (5%) in the same time period.

Family Health Plan Premiums

The median total monthly premium for family health plans rose to \$1,189 in 2009 from \$1,080 (10%) compared with 2007.

Small firms experienced especially large increases in their family health plan premiums. For small firms (fifty or fewer employees), the family health plan premium rose to \$1,194 from \$1,068 (12%), whereas for large firms it rose to \$1,159 from \$1,099 (5%) in 2009 compared with 2007.

Note on Comparing 2009 Results to Previous Years' Survey Results

Because of a change in sample stratification methodology, comparisons of estimates for the smallest size firms should be used with caution. In 2009, the smallest firms included in the sample are firms with three employees. In prior years, firms with two employees were also included. This change was made to make results comparable to national surveys.

Massachusetts Employer Survey

The Massachusetts Employer Survey (MES) provides information on employer health insurance offer rates, employee take up rates, health insurance premiums, employer contribution amounts and employee cost sharing requirements. The survey is conducted by the Center for Survey Research at the University of Massachusetts at Boston, on behalf of the Massachusetts Division of Health Care Finance and Policy. This survey has taken place on a biennial basis since 2001.

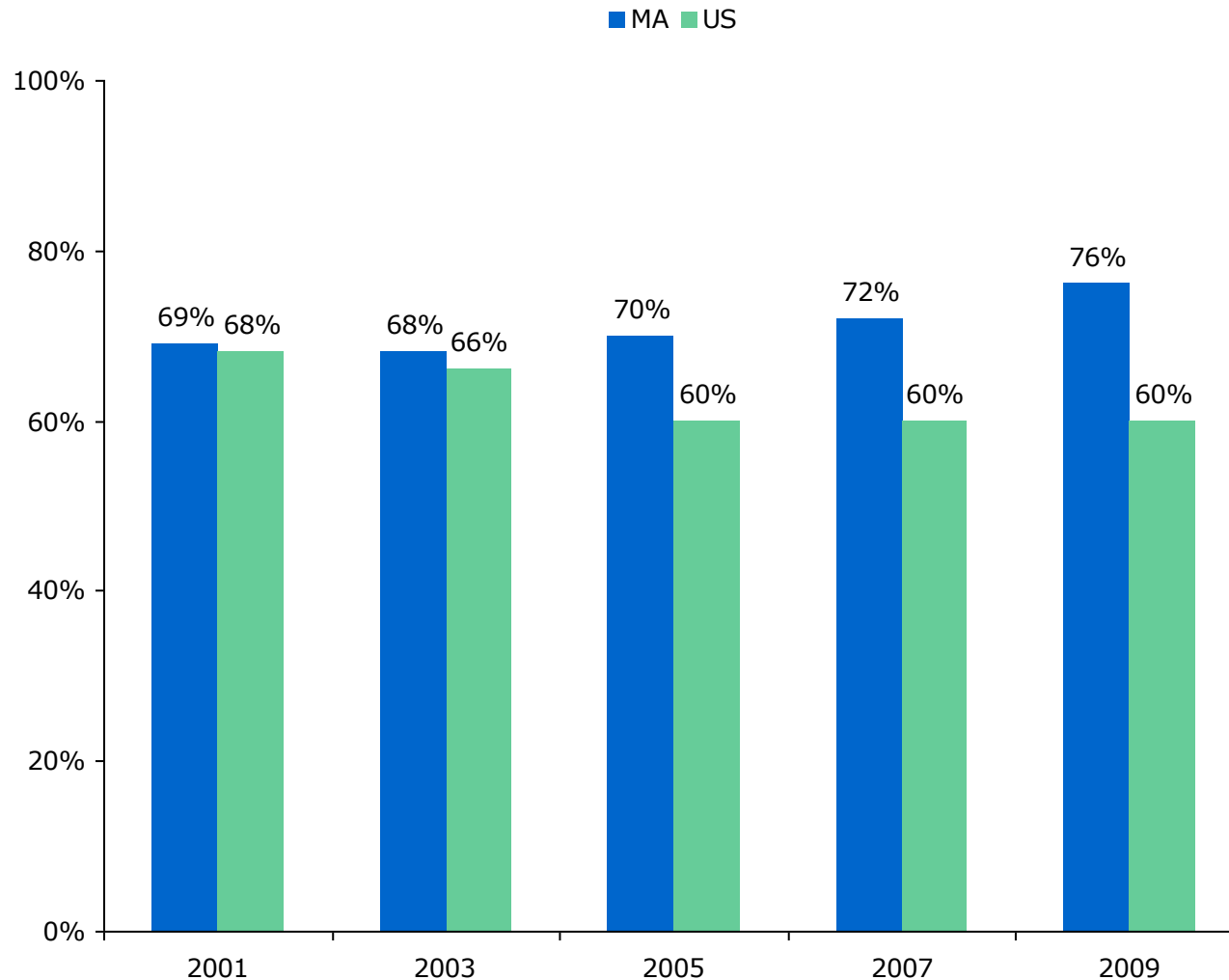
The survey sample was drawn from Dun & Bradstreet employer listings for all Massachusetts employers excluding federal and state government employers and firms employing two or fewer employees. Surveys prior to 2009 included firms with two employees in the sample. This change was made to allow comparison with national employer survey samples. An employer worksite, defined as a particular site or location, is the designated primary sampling unit. The survey sample is stratified into five groups based on employer size.

The MES is conducted by mail, and for the first time in 2009, a web-based option was also available. Questionnaires were mailed out in April 2009 to 1,567 worksites. The survey was returned from 793 employers, a 54% response rate. About 12% of respondents used the web-based option.

The survey has relied on the same survey questionnaire design with modifications to questions each year. In 2009, a number of questions were modified or added to reflect the growing complexity of insurance market products such as health reimbursement arrangements and health savings accounts, and to gather information regarding some Massachusetts health care reform activities.

Additional information on the MES is available at www.mass.gov/dhcfp.

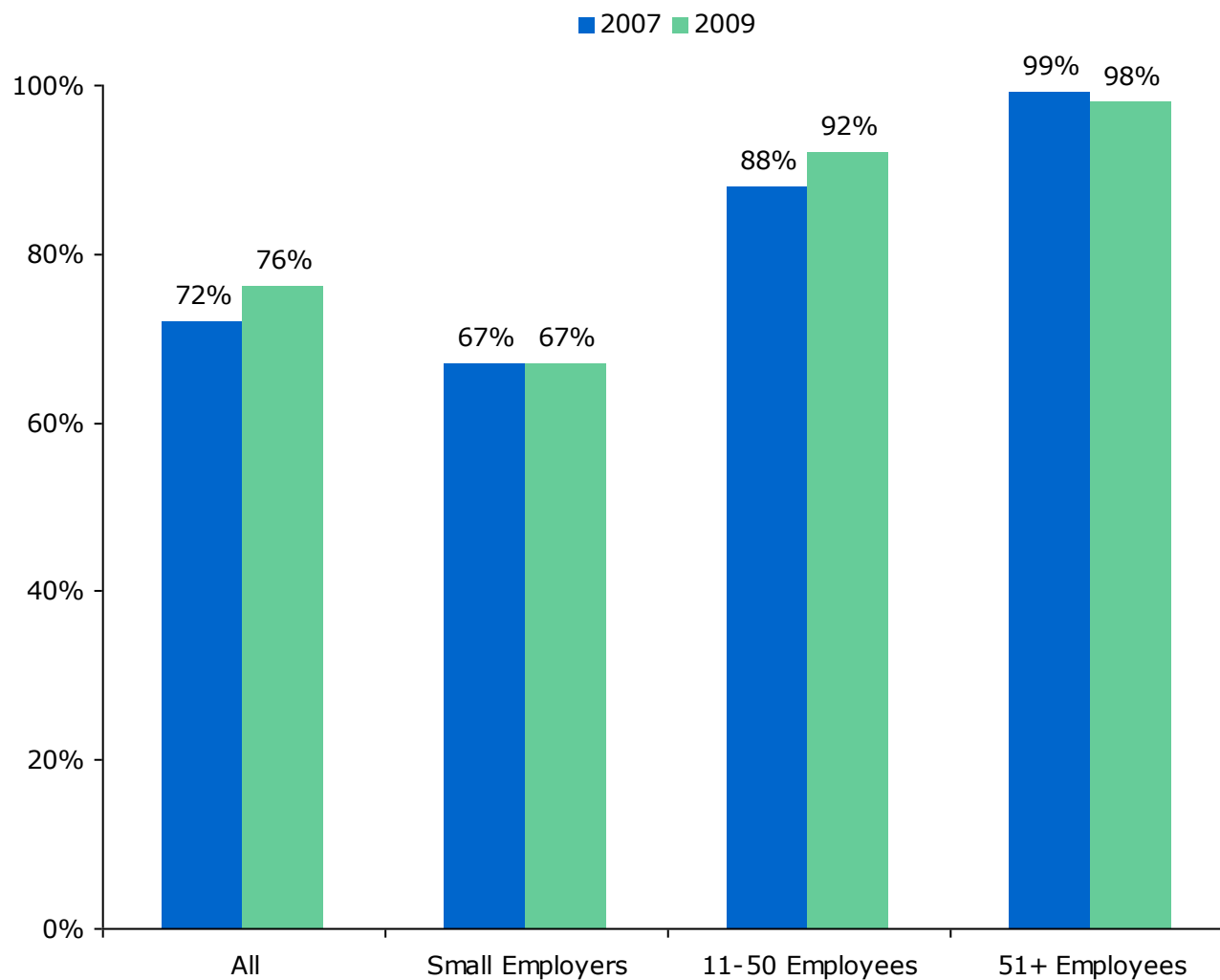
Employers Offering Health Insurance: Massachusetts Compared to the Nation



More than three-quarters of Massachusetts employers offer health insurance to their employees. The Massachusetts offer rate increased to 76% in 2009 from 69% in 2001 as the national offer rate declined to 60% from 68% during the same time period.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data. National data source: Kaiser/HRET Survey of Employer Sponsored Benefits

Employer Offer Rates by Employer Size

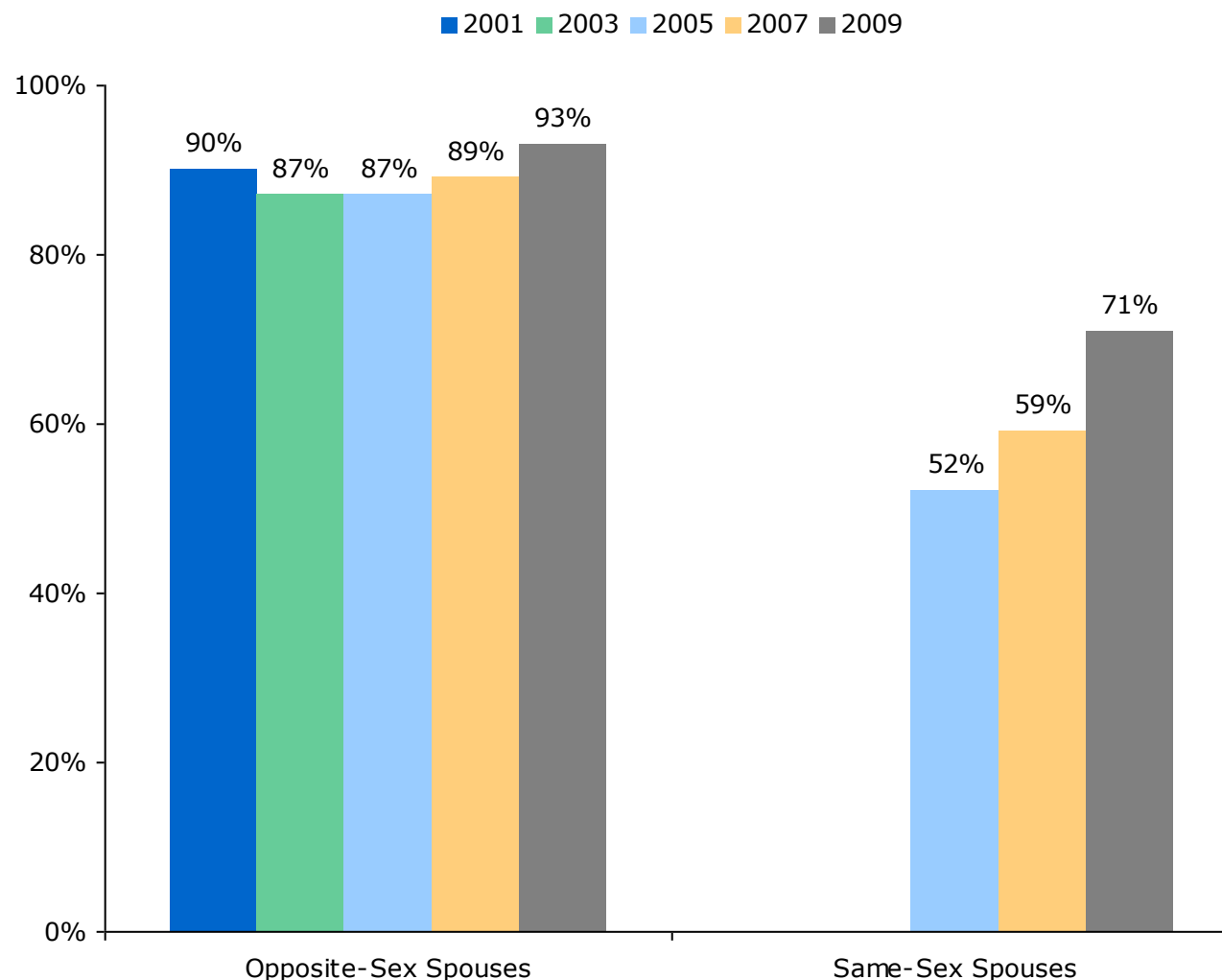


Very small employers are much less likely to offer health insurance. Virtually all employers with more than 50 employees offer health insurance.

Note: In 2007 "small employers" consisted of 2 to 9 employees; in 2009 this category is 3 to 10 employees.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

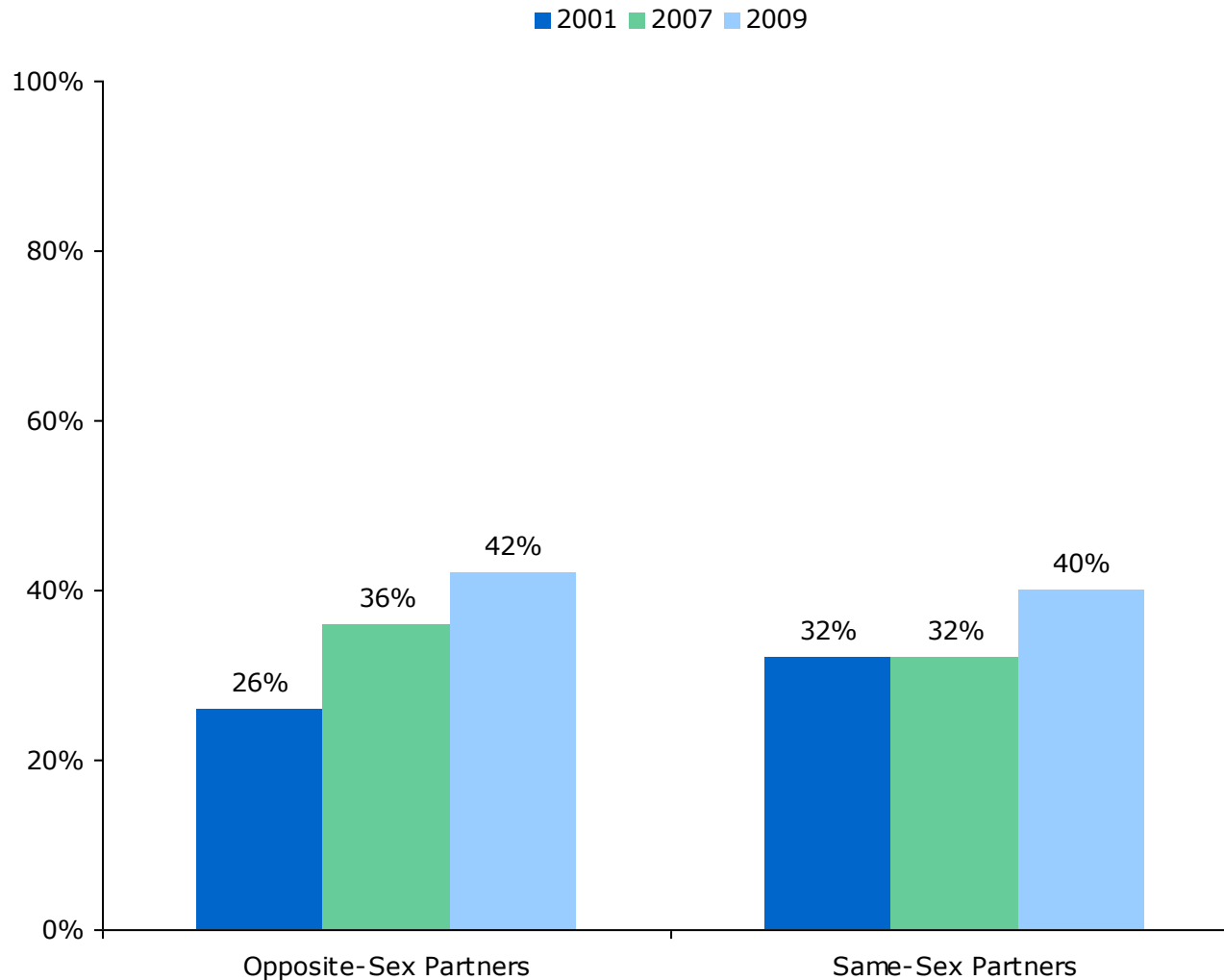
Employers Offering Health Insurance to Spouses



Most employers who offer health insurance to their employees also include opposite- and same-sex spouses. Same-sex marriage was legalized in Massachusetts in 2004. Although more employers who offer health insurance are including same-sex spouses, offer rates for same-sex spouses remains below that of opposite-sex spouses because self-insured employers do not have to follow state rules, but rather are governed by federal rules.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Offer rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Employers Offering Health Insurance to Unmarried Partners



About 40% of Massachusetts employers offer health insurance to unmarried partners. Employers are nearly equally likely to offer to opposite-sex partners as to same-sex partners.

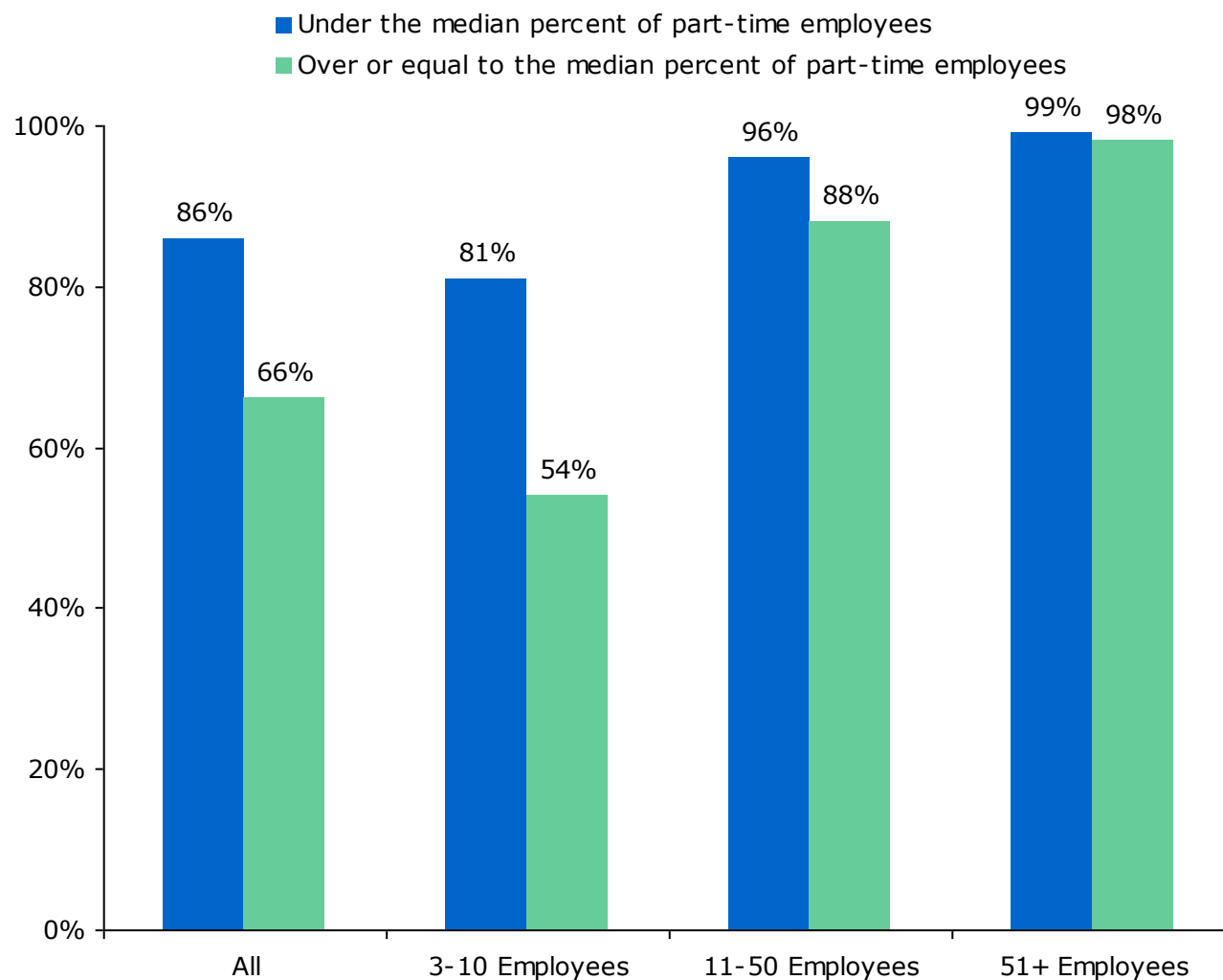
Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Offer rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Employer Offer Rates to Part-Time Employees

- In 2009, nearly three-quarters (74%) of Massachusetts employers offering health insurance offer it only to employees that the employer defined as working full-time.
- Of the 26% who do offer to part-time employees, 89% offer health insurance to employees who work 20 hours or more per week and 11% offer it to employees who work fewer than 20 hours per week.

Source: Center for Survey Research tabulations on the 2009 MES data.

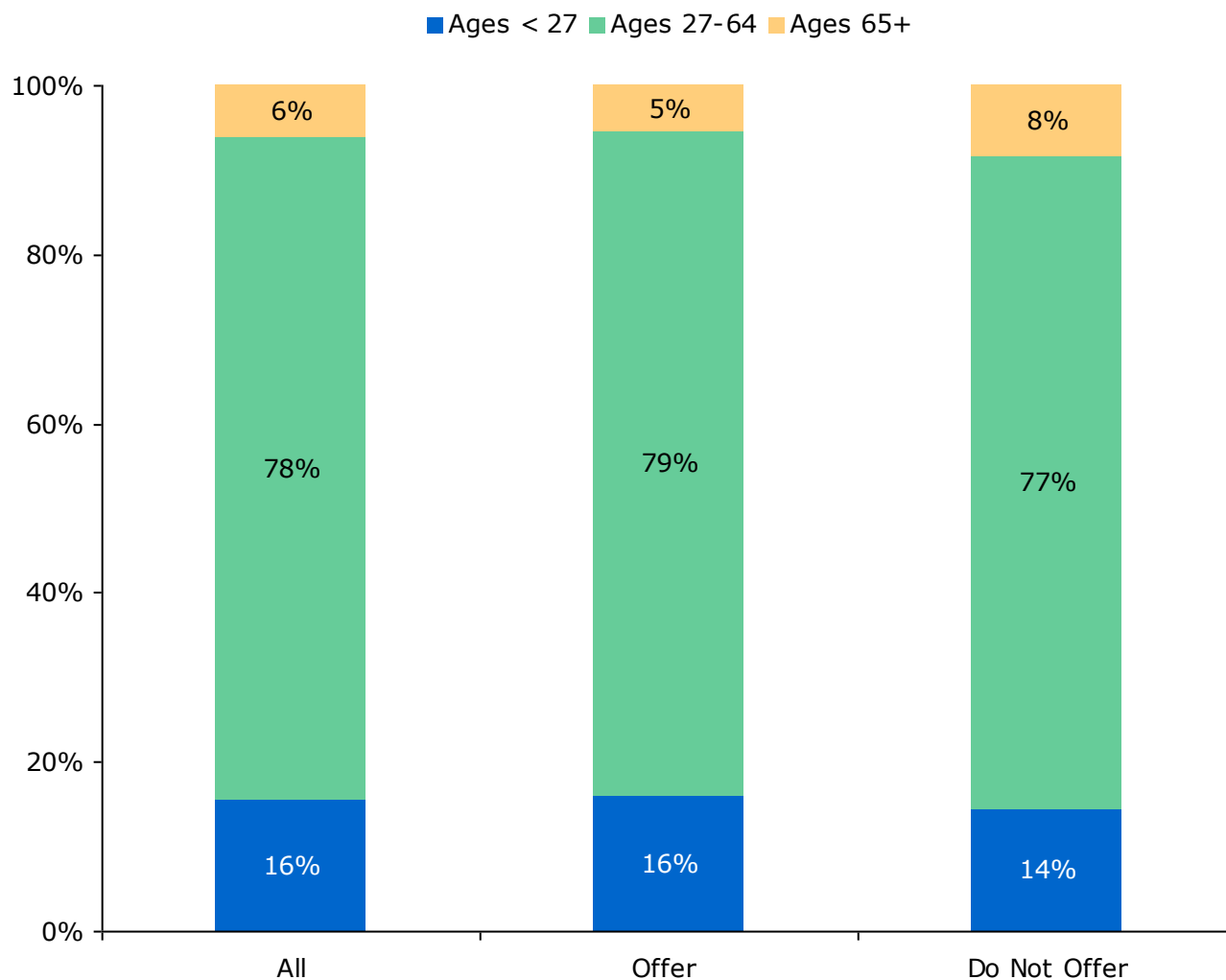
Offer Rates by Percent of Part-Time Employees at Firm (2009)



Employers with a greater proportion of part-time employees are less likely to offer health insurance to employees. This differential is most apparent among the smallest employers, and virtually disappears among larger employers.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Offer rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data.

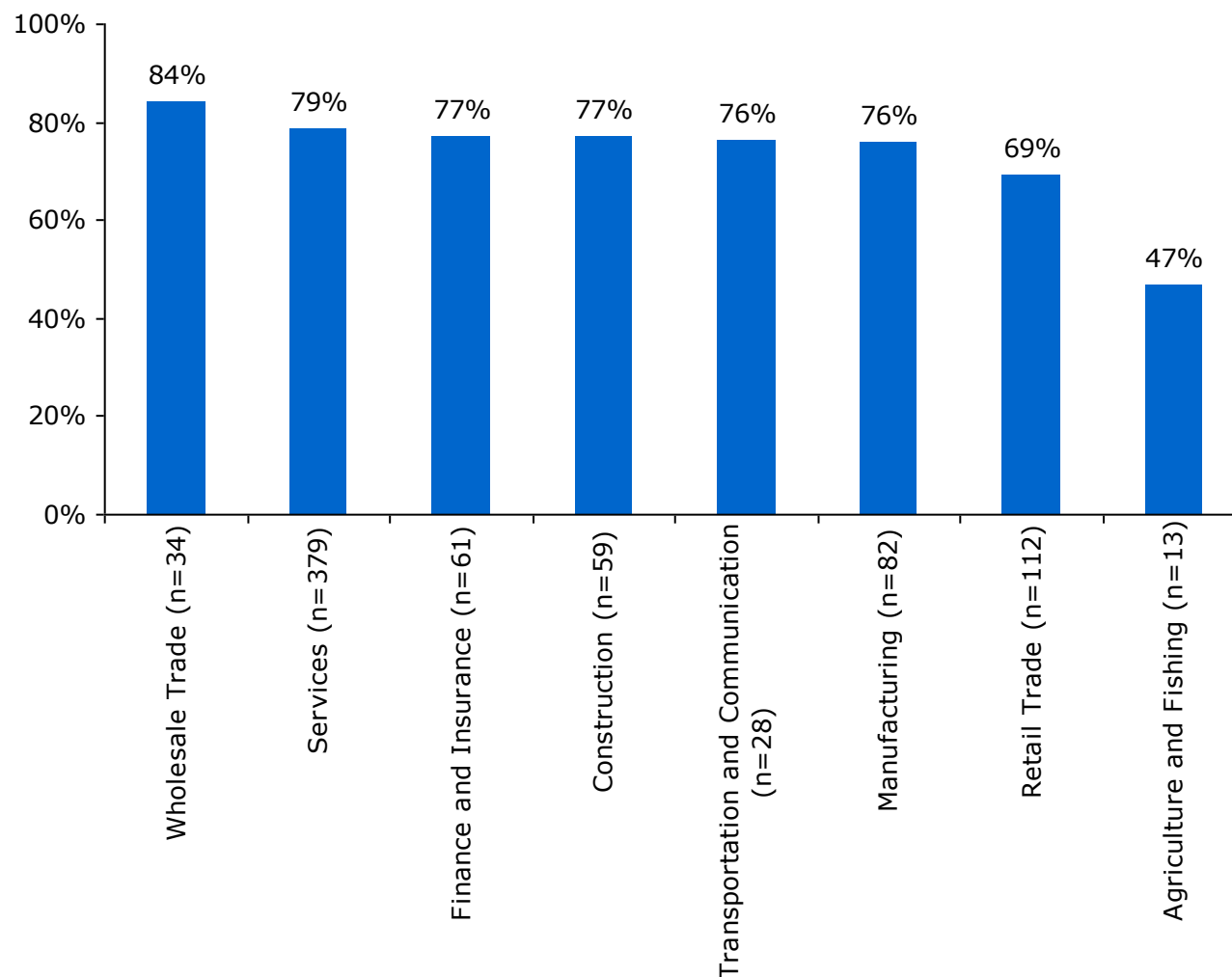
Employee Age by Employers Offering Health Insurance (2009)



Employers that do not offer health insurance to their employees are more likely to have a slightly higher proportion of workers ages 65 and older.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Offer rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data.

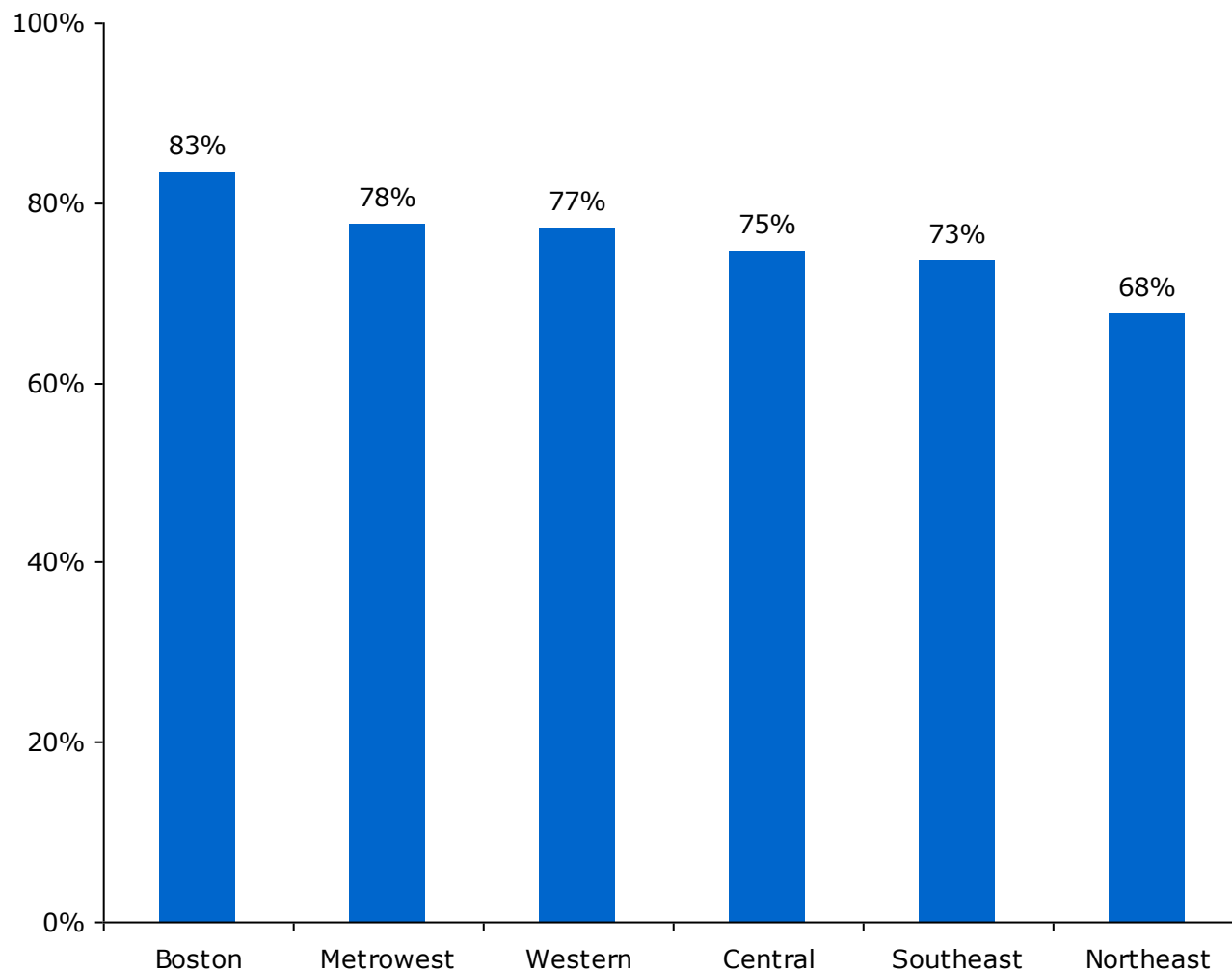
Employer Offer Rates by Industry (2009)



Offer rates vary by industry. This variation may reflect differences in employer size across industries, the proportion of part-time employees, and the nature of the industry's workforce.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.
 Industry categories follow the North American Industry Classification System (NAICS), the standard used by federal statistical agencies.
Source: Center for Survey Research tabulations on the 2009 MES data.

Employer Offer Rates by Region (2009)

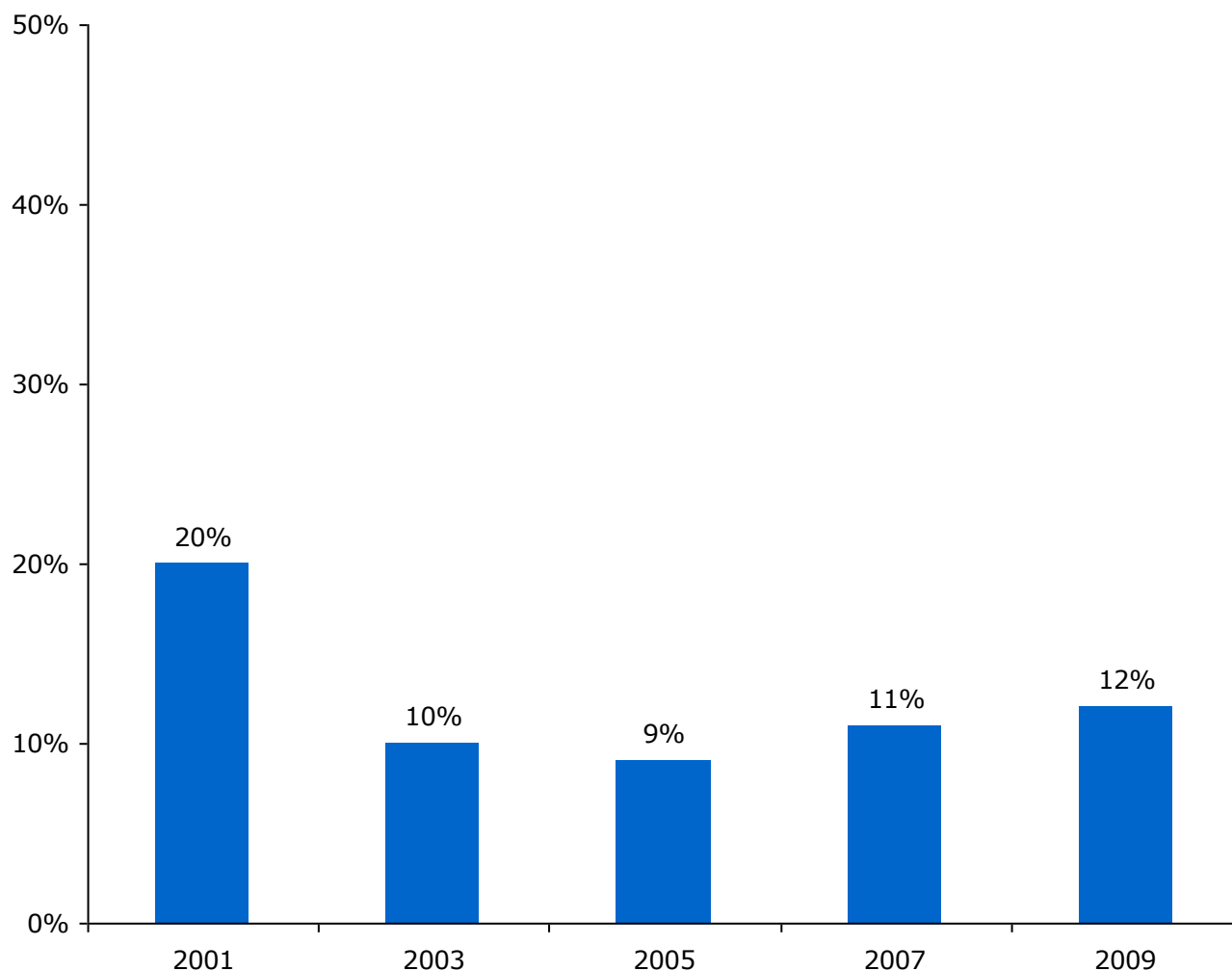


Some of the variation in offer rates by region reflects the distribution and concentration of various employer sizes geographically (e.g., the northeast region has more small employers).

Source: Center for Survey Research tabulations on the 2009 MES data.

Note: Offer rates displayed are medians.

Employers Offering Health Insurance to their Retirees Ages 65 and Older



About 12% of employers offered health insurance to their retirees in 2009, far fewer than in 2001.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Note: Offer rates displayed are medians.

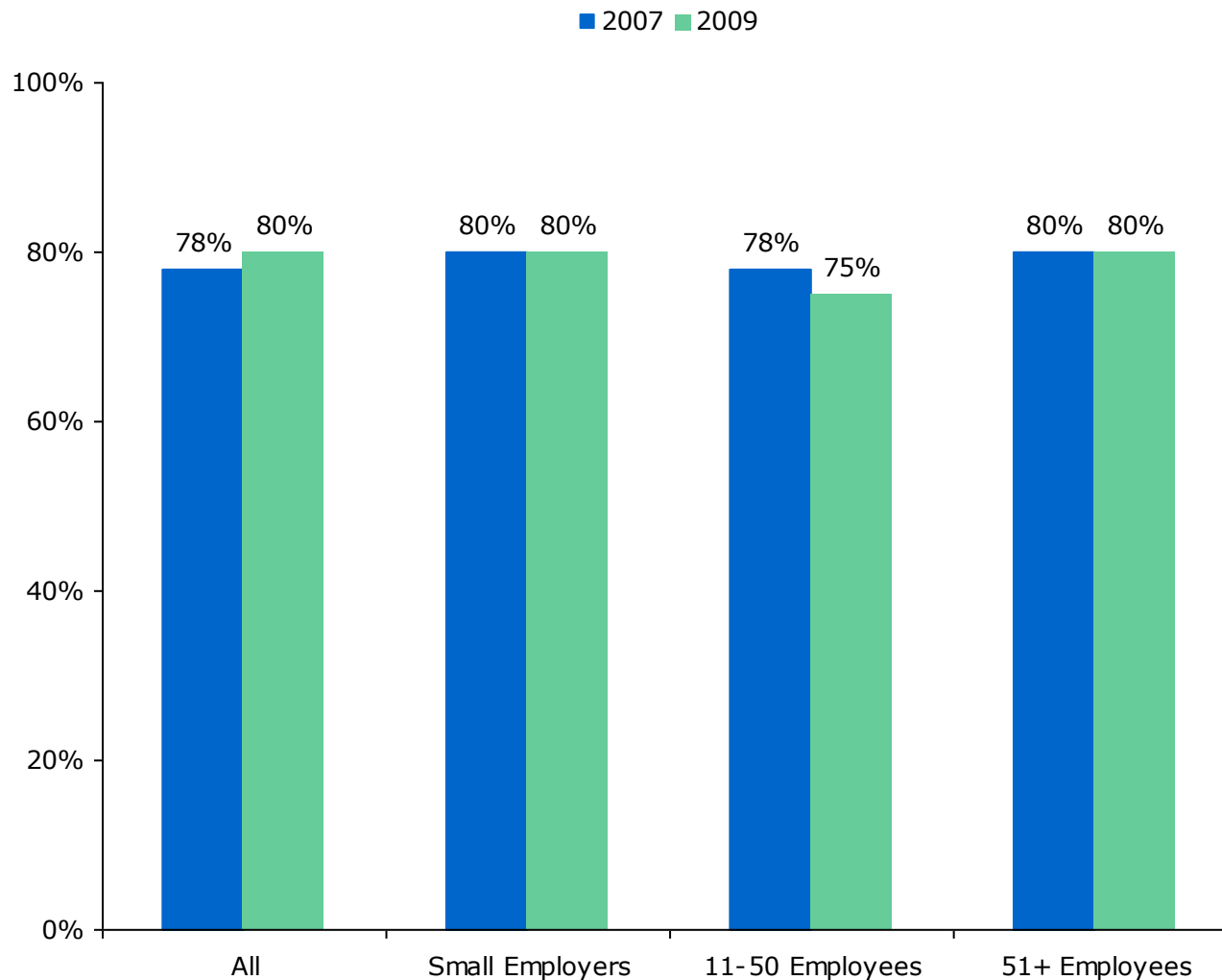
Employers' Reasons for Not Offering Health Insurance

Reason	2007	2009
Premiums too high	92%	91%
Firm is too small	—	91%
Financial status prohibits offering insurance/too expensive	79%	89%
Employees generally covered elsewhere	78%	88%
Employees have access to insurance through Commonwealth Health Connector's insurance plans	21%	60%
Most employees are part-time/temporary/contracted employees	60%	56%
Can attract good employees without offering	43%	55%
Administrative hassle	36%	42%
Turnover too great	34%	25%
Organization too newly established	20%	11%

Note: Reasons are not mutually exclusive. Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Firm too small question was not asked in 2007.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Employee Take Up Rate by Employer Size for Employers Offering Health Insurance

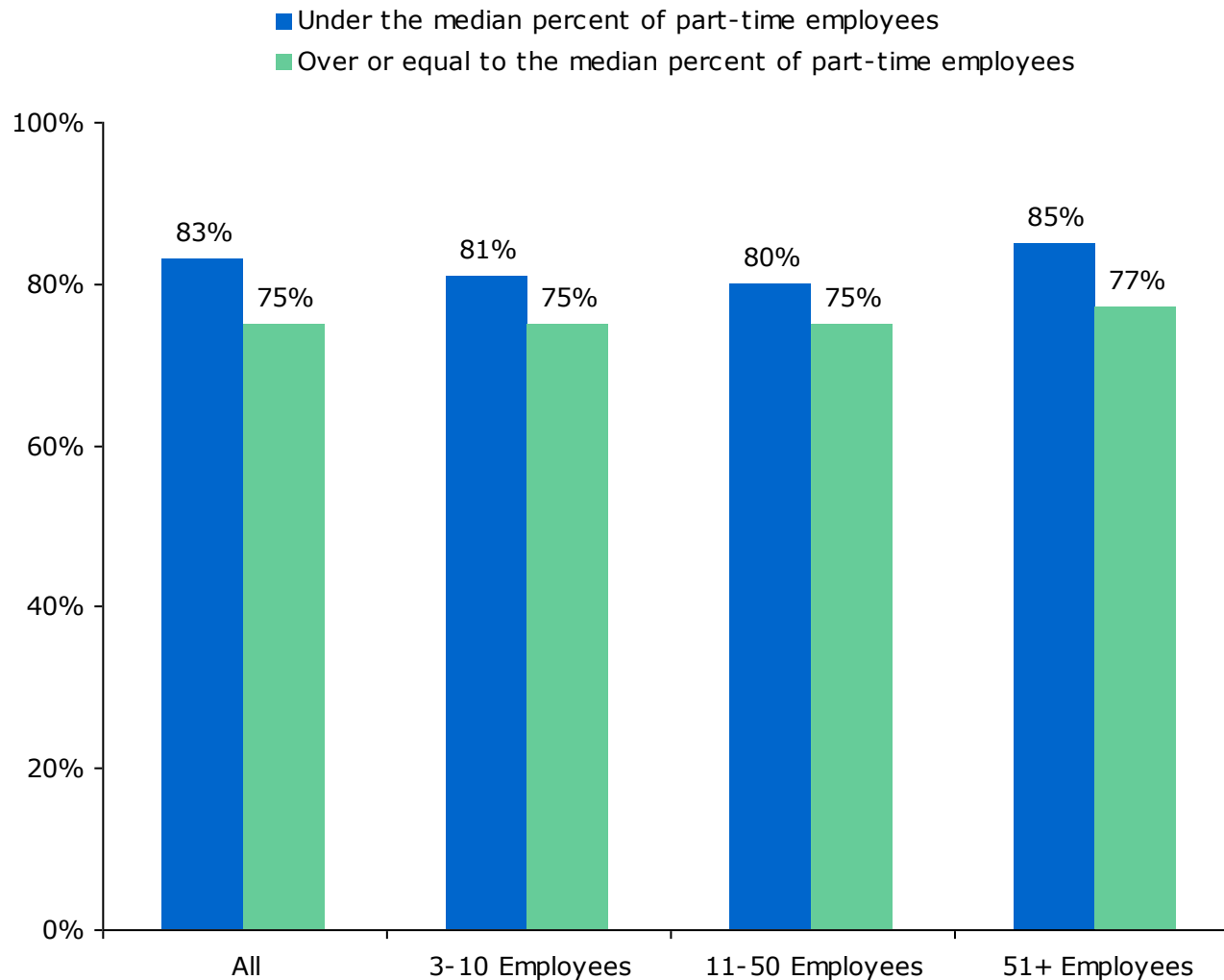


Most employees who are eligible for their employer's coverage enroll in the plan (80%). This rate is similar for employers of all sizes, possibly reflecting the impact of the individual mandate.

Note: In 2007 "small employers" consisted of 2 to 9 employees; in 2009 this category is 3 to 10 employees.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Take-up rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Employee Take Up Rates by Employer Percent of Part-Time Employees (2009)

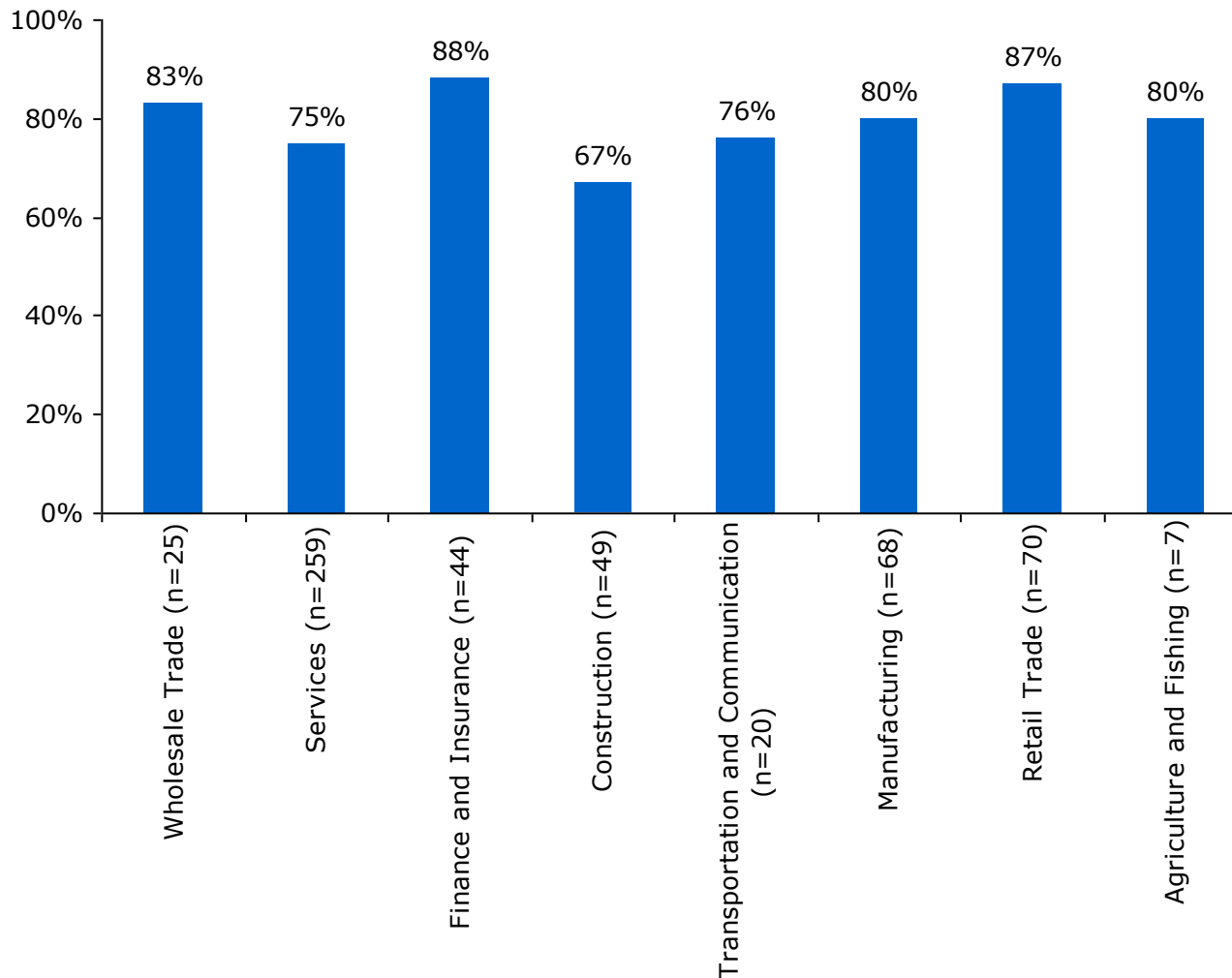


Firms with fewer part-time employees experience a higher take up rate of their offered insurance.

These figures reflect the median percentage of eligible employees who enroll.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Take-up rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data.

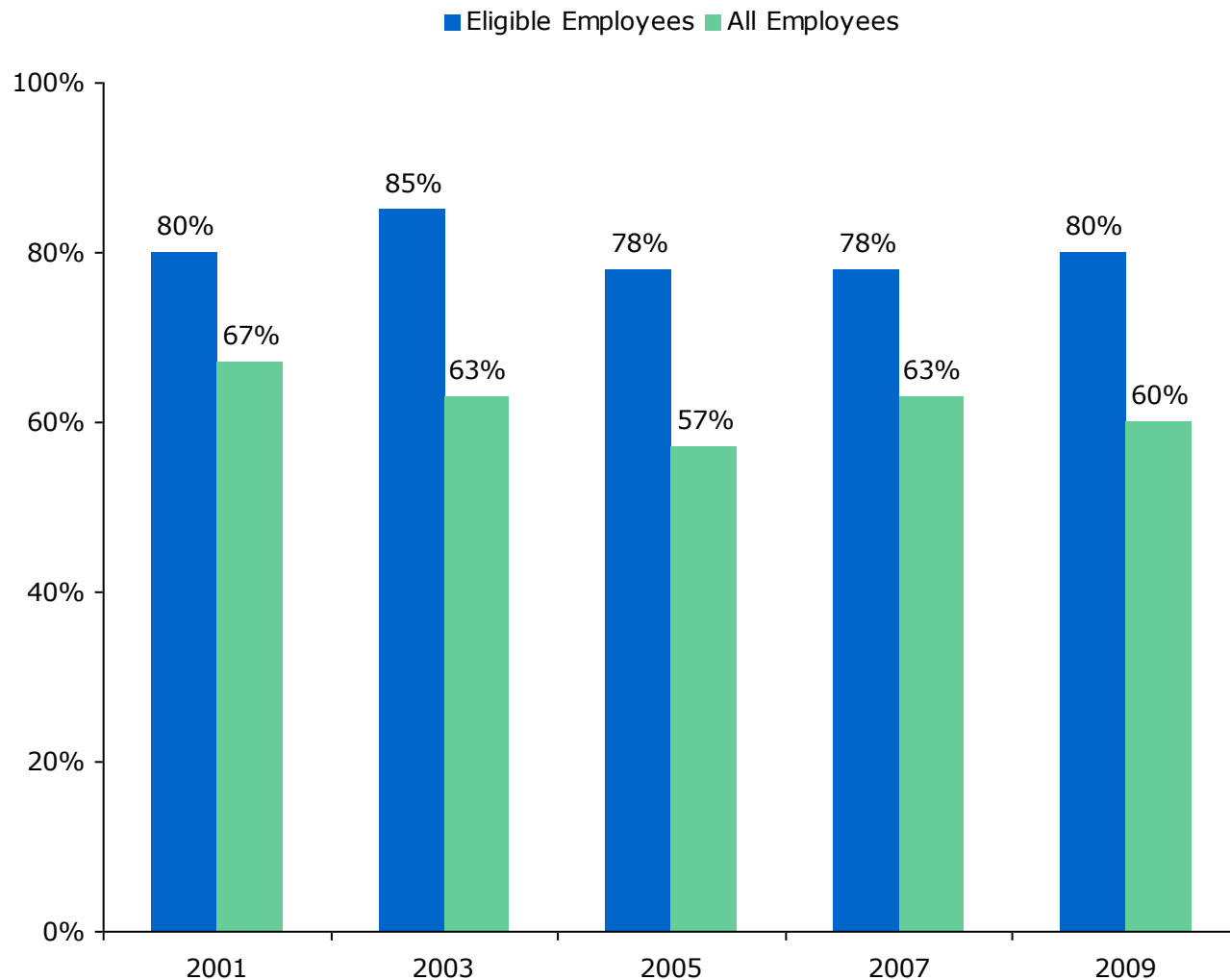
Employee Take Up Rates by Industry (2009)



Industries with relatively lower take up rates are not necessarily the same as those with low offer rates. This chart is sorted from the industry with the highest to the lowest offer rate (see page 11).

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Industry categories follow the North American Industry Classification System (NAICS), the standard used by Federal statistical agencies. **Source:** Center for Survey Research tabulations on the 2009 MES data.

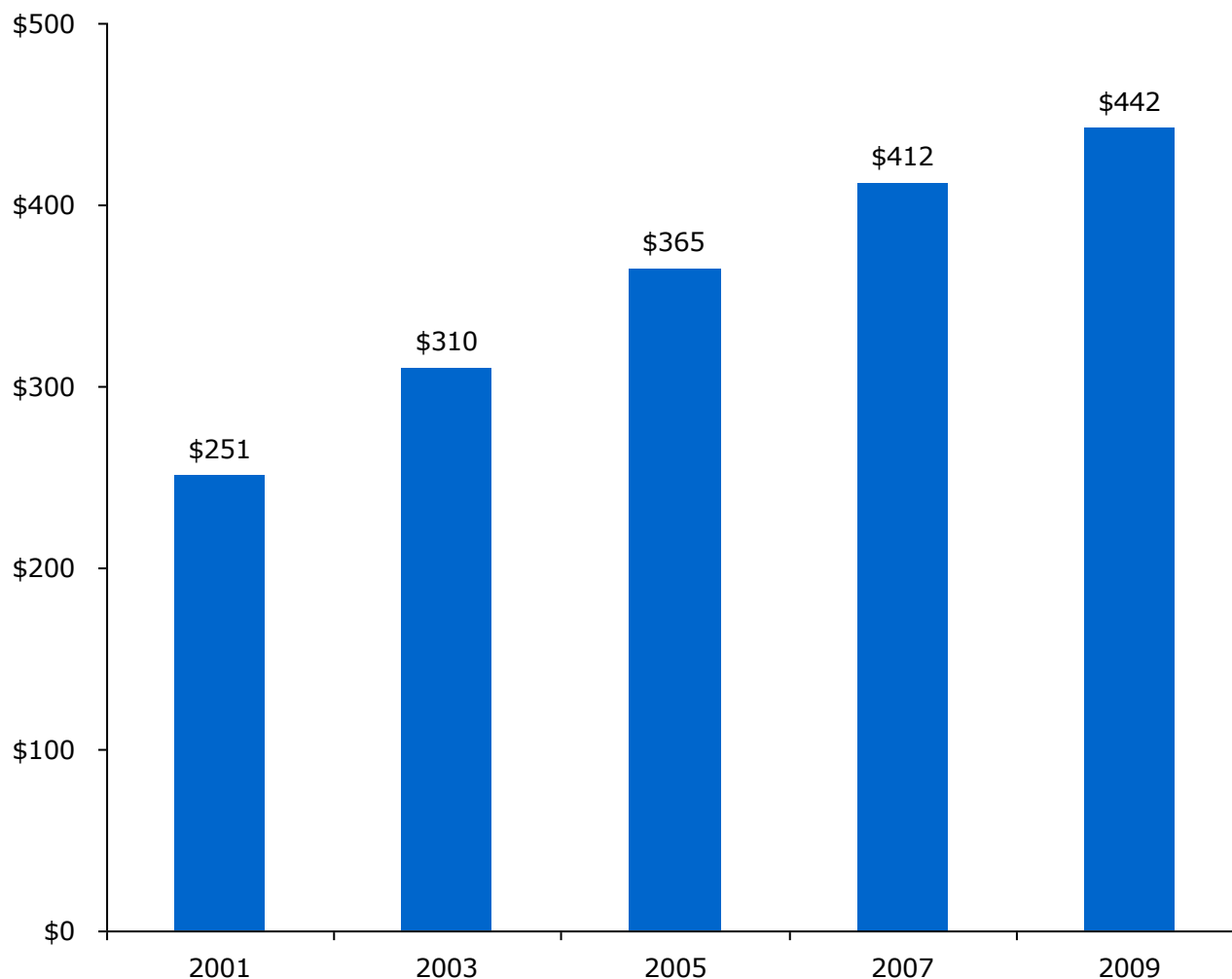
Employees Covered by their Employer's Health Insurance



The majority of eligible employees enroll in their employer-sponsored health insurance. However, not all employees are eligible; three-quarters of employers offer health insurance only to full-time employees.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise. Coverage rates displayed are medians.
Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

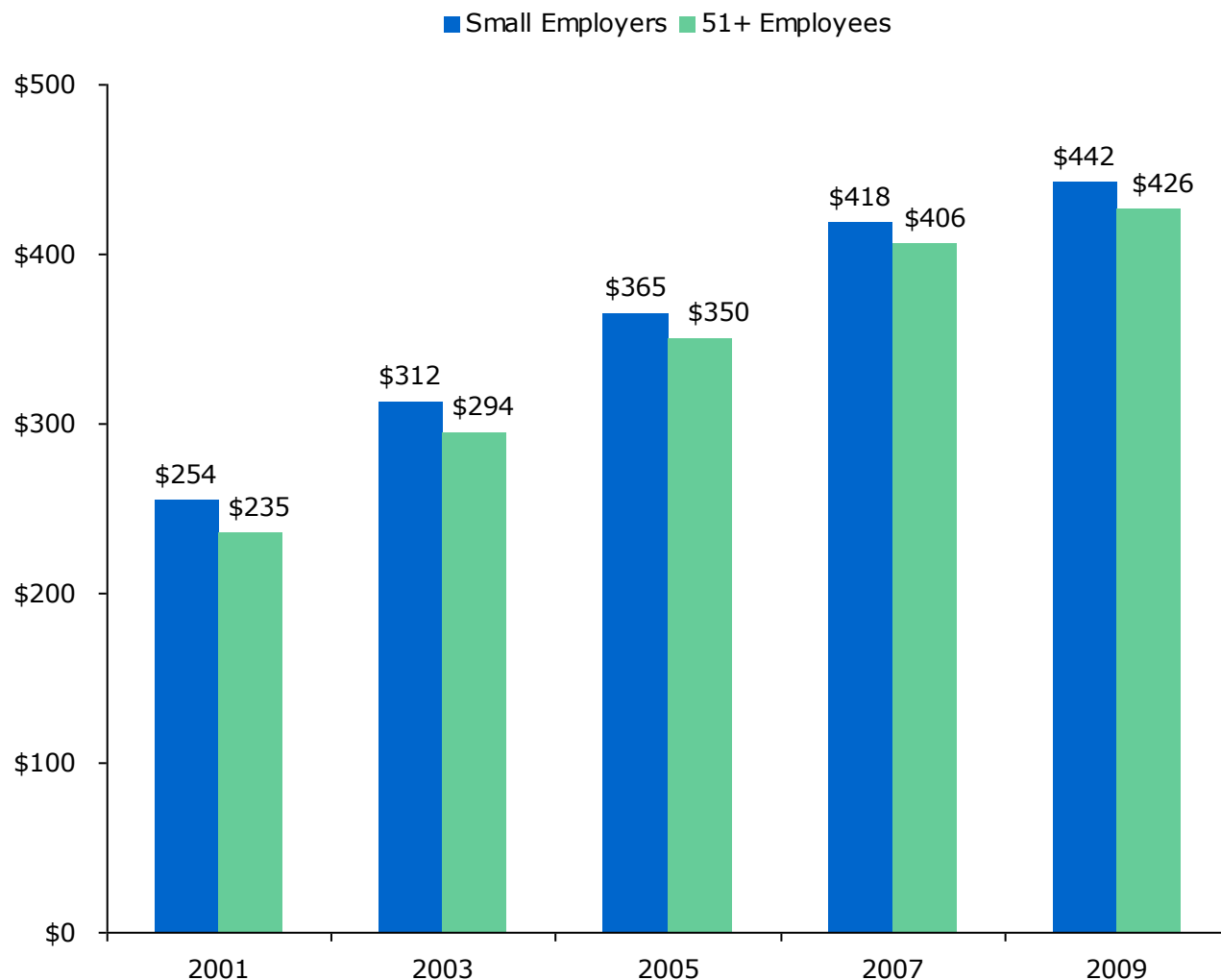
Total Median Monthly Premium for Individual Health Insurance Plans



The median monthly premium for individual health plans has increased steadily since 2001. In 2009, the median monthly premium increased 7% compared with 2007. Since 2001, the median monthly premium for individual health plans has increased by 76%.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Total Median Monthly Premium for Individual Health Plans by Firm Size



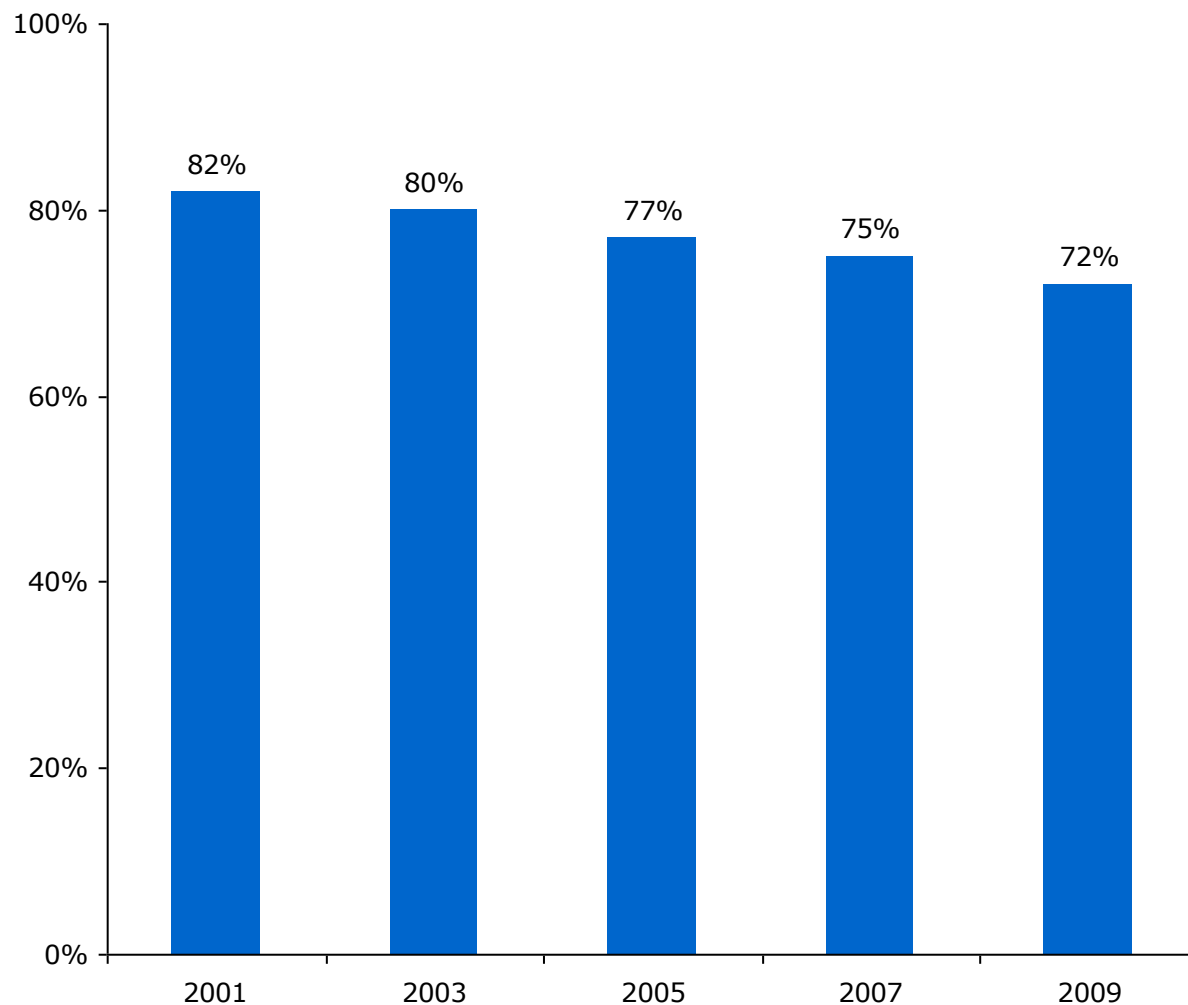
Small firms pay higher premiums than large firms. Small firms' median monthly premium costs for an individual plan have increased by 6% since 2007 and by 74% since 2001.

Large firms' median monthly premium costs for an individual plan have increased by 5% since 2007 and by 81% since 2001.

Note: Small employers in 2009 had 3 to 50 employees; prior years it was 2 to 50 employees.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

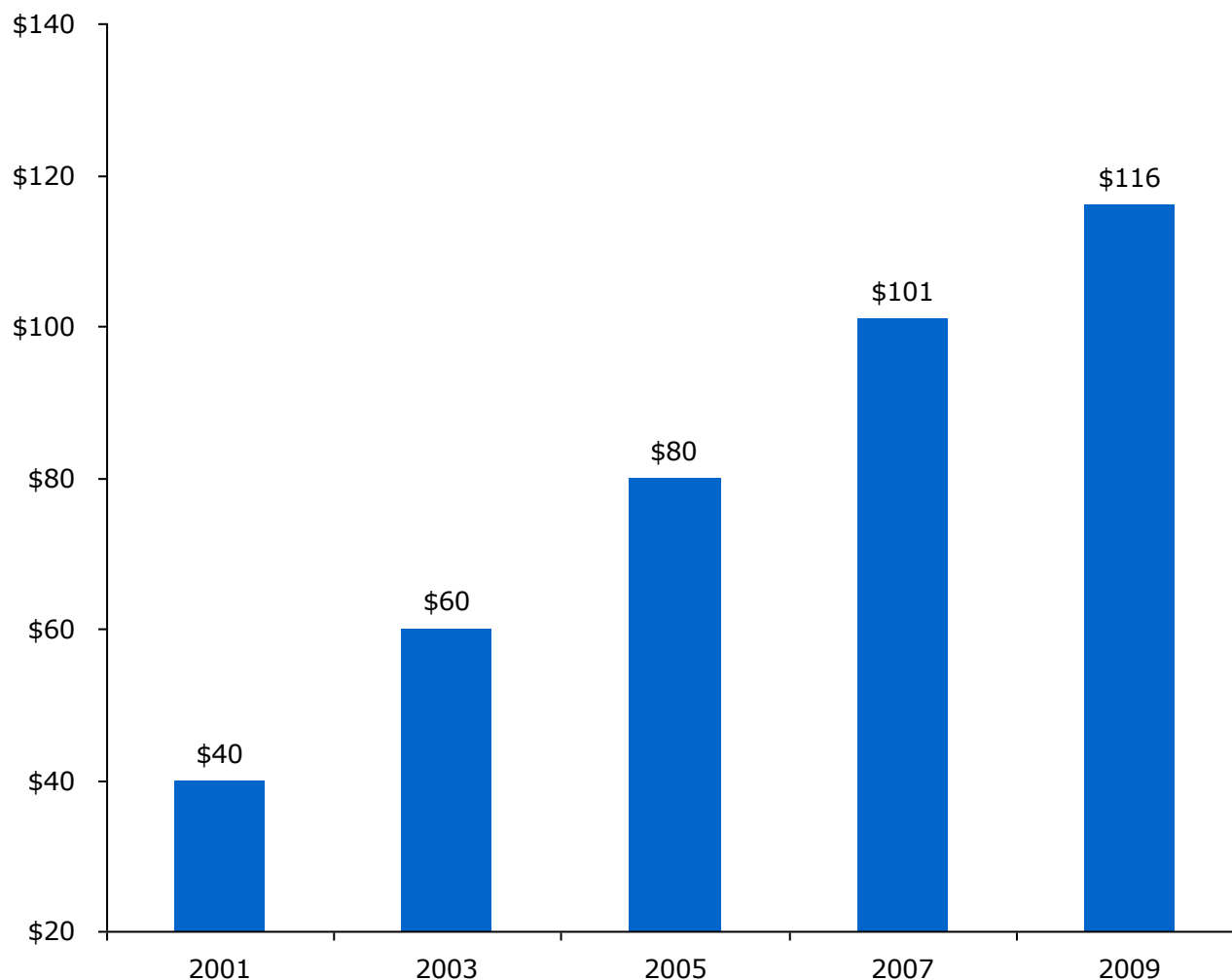
Employer Percentage Contribution to Individual Plan Premiums



Employers' percentage contribution to the cost of individual plan premiums has steadily declined. As the total cost for individual plan premiums has increased, the employer contribution level has declined to 72% in 2009 compared with 75% in 2007.

Note: Calculations are based on the median monthly plan premium.

Median Monthly Employee Contribution to Individual Plan Premiums

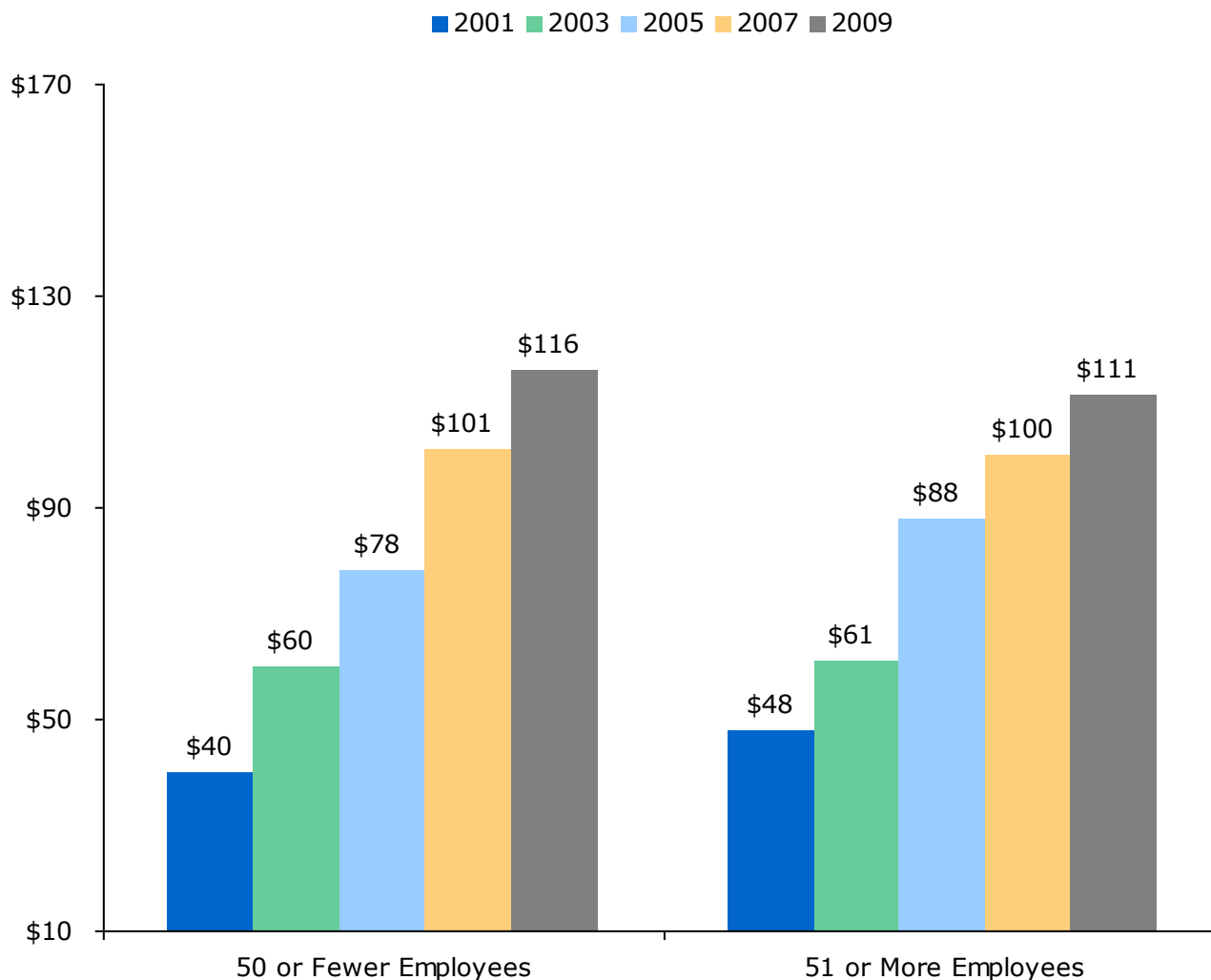


Employees' median monthly share of individual plan premiums increased by \$15 between 2009 and 2007 (15%). It is nearly three times as high as the median employee contribution in 2001.

Note: Calculations are based on the median monthly plan premium.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Median Monthly Employee Contribution to Individual Premiums by Employer Size

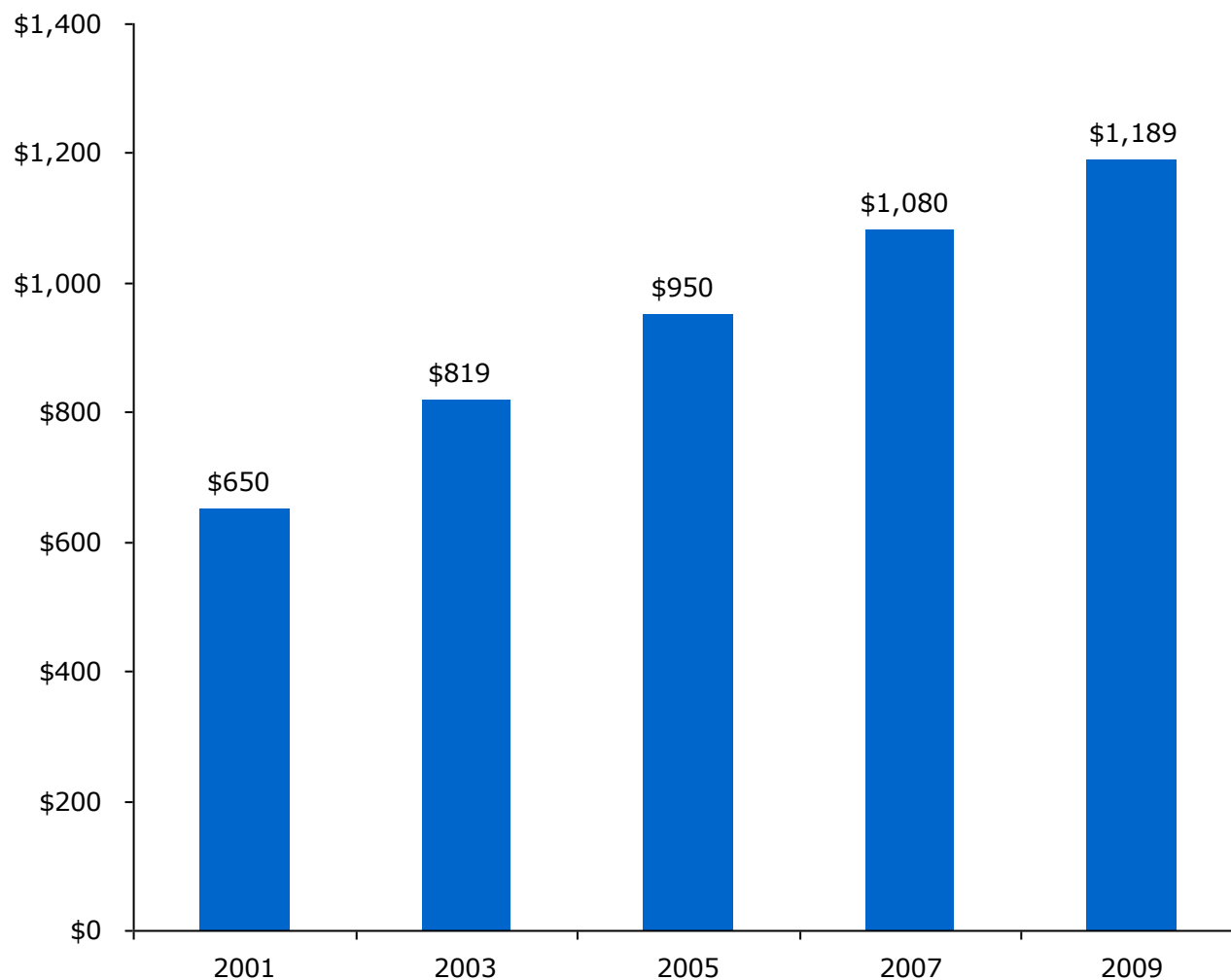


Employees working for small firms have experienced a larger increase in their share of an individual plan premium than employees working for large firms. The median monthly employee contribution to individual plan premiums increased 15% for employees of small firms and 11% for employees of large firms in 2009 compared with 2007. The median payment by employees of small firms was \$5 higher than the median payment of employees of large firms in 2009.

Note: Calculations are based on the median monthly plan premium. Small employers in 2009 had 3 to 50 employees; prior years it was 2 to 50 employees.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Total Median Monthly Premium for Family Health Insurance Plans

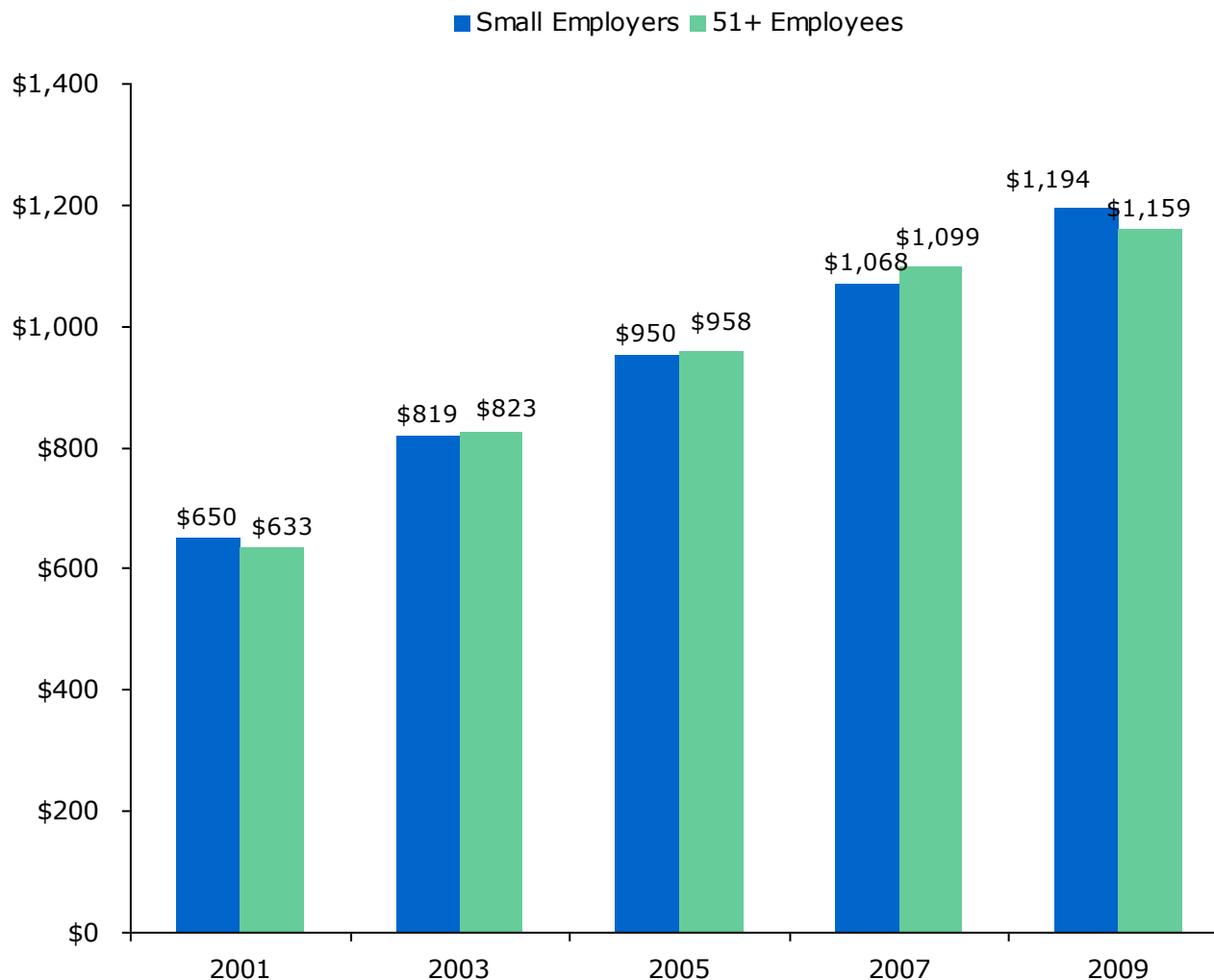


The total median monthly premium for family health insurance plans in 2009 increased by 10% compared with 2007 and by 83% compared with 2001.

Note: Calculations are based on the median monthly plan premium.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Total Median Monthly Premium for Family Health Insurance Plans by Firm Size

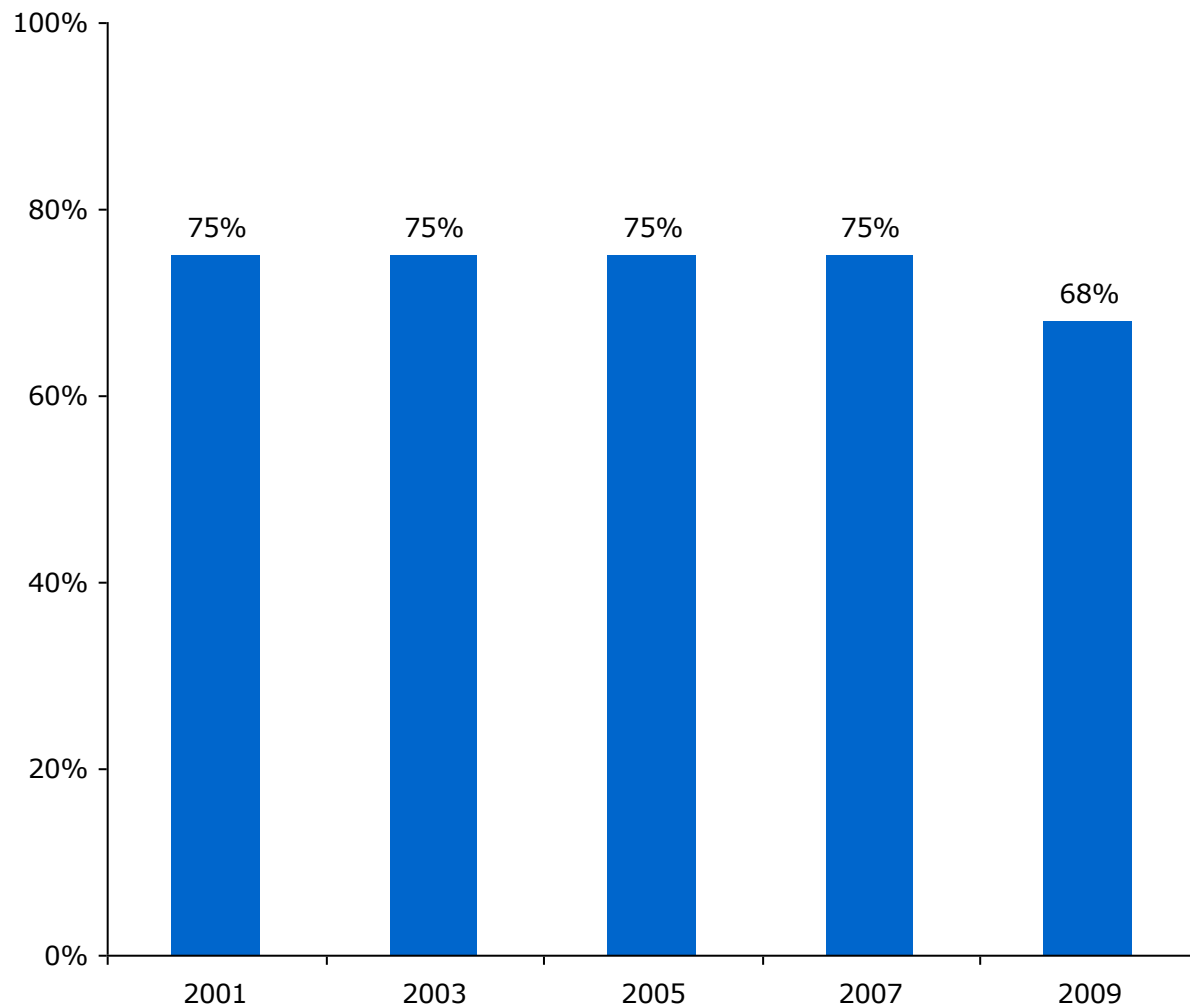


Small firms' median monthly premium costs for a family plan in 2009 have increased 12% since 2007 and 84% since 2001. Large firms' median monthly premium costs for a family plan have increased 5% since 2007 and 83% since 2001.

Note: Calculations are based on the median monthly plan premium. Small employers in 2009 had 3 to 50 employees; prior years it was 2 to 50 employees.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

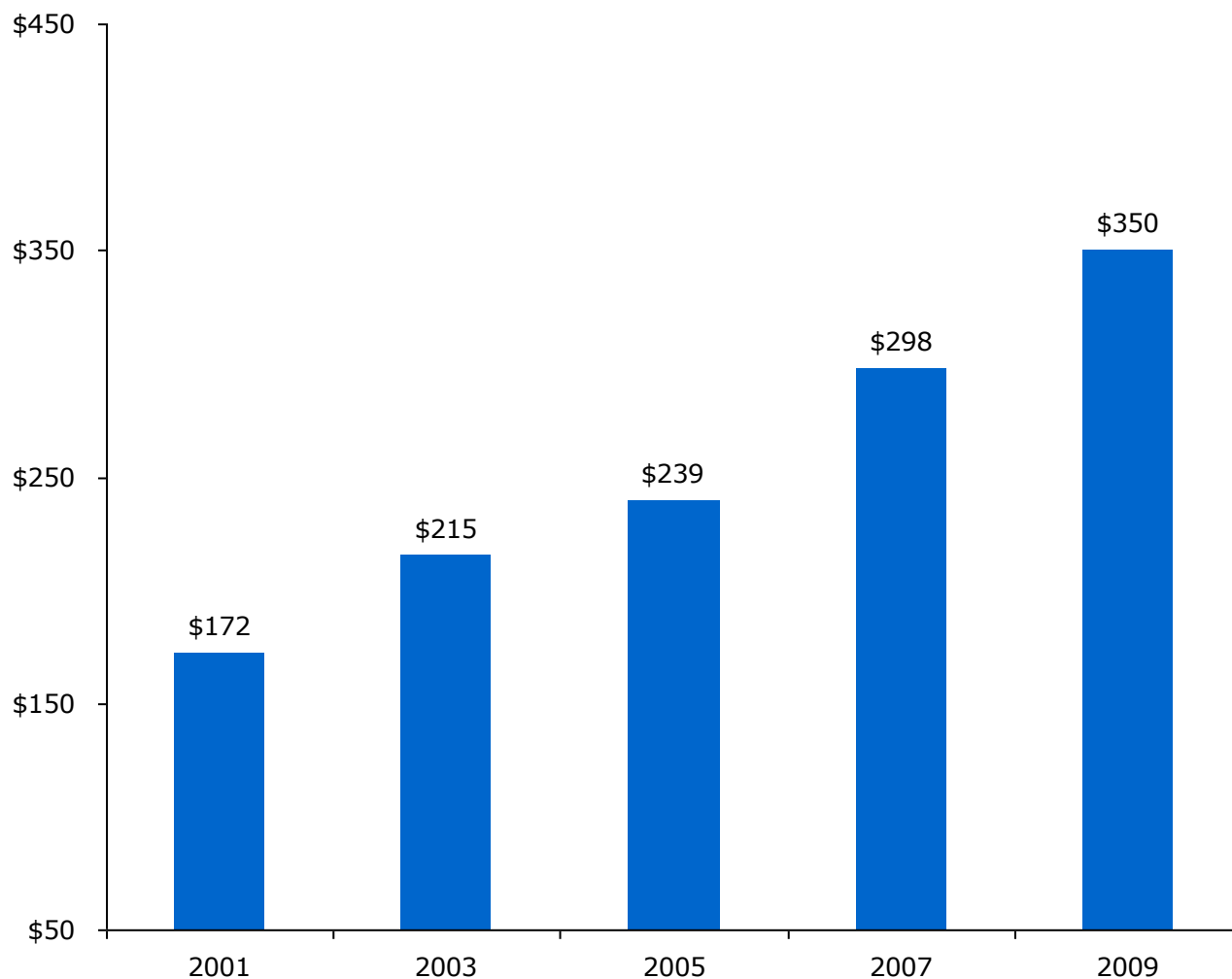
Employer Percentage Contribution to Family Plan Premiums



Employers' share of the cost of family plan premiums has declined for the first time since 2001 to 68% from 75%.

Note: Calculations are based on the median monthly plan premium.

Median Monthly Employee Contribution to Family Plan Premiums

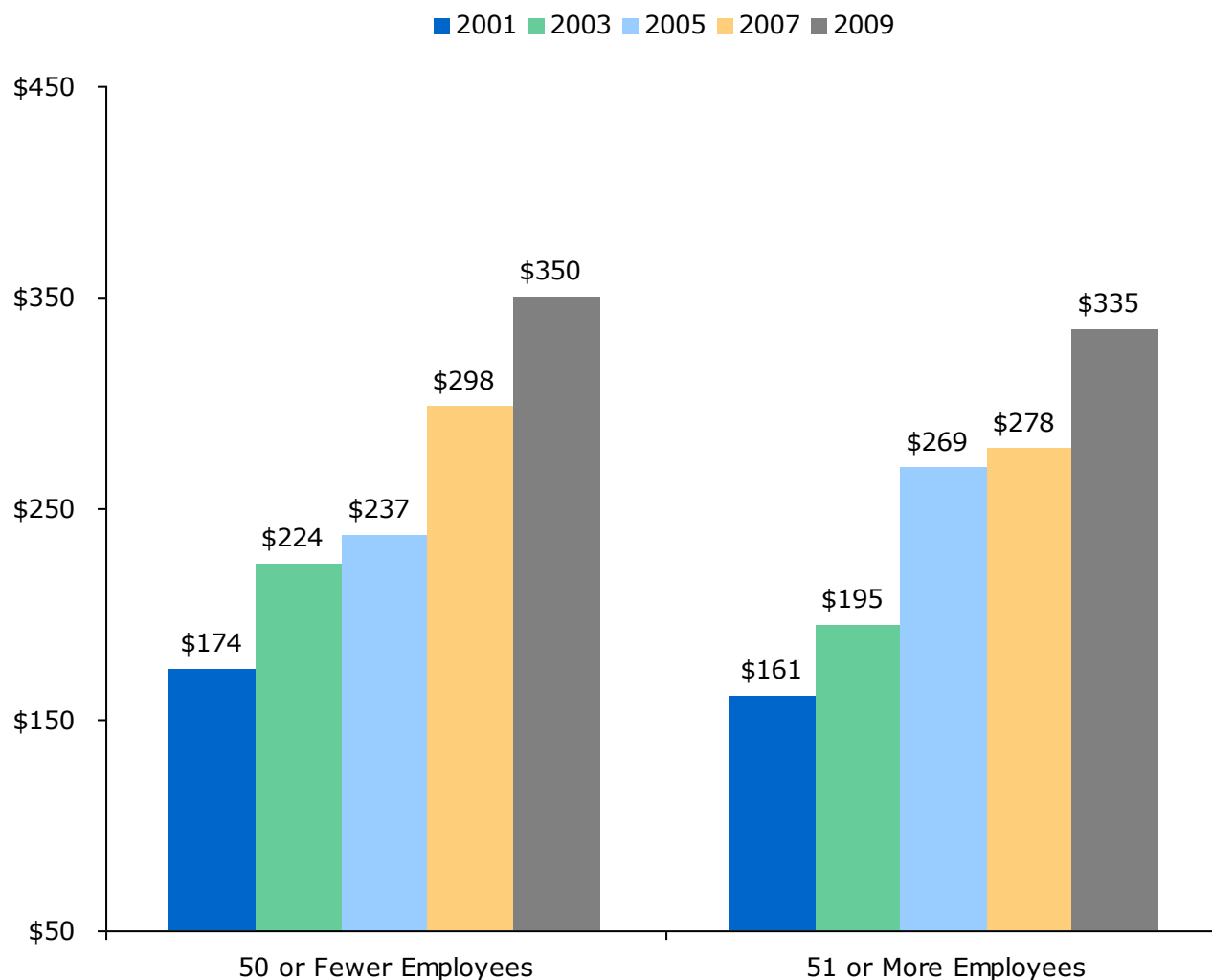


Employees' median monthly share of family plan premiums increased by \$52 between 2009 and 2007 (17%). It has more than doubled compared with the median employee contribution in 2001.

Note: Calculations are based on the median monthly plan premium.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Median Monthly Employee Contribution to Family Plan Premiums by Firm Size



Employees working for large firms experienced a slightly larger increase in their share of family plan premiums than employees working for small firms. The median monthly employee contribution to family plan premiums increased 21% for employees of large firms and 17% for employees of small firms in 2009 compared with 2007. However, the median employee payment at small firms was \$15 higher than the median payment of employees of large firms for family coverage in 2009.

Note: Calculations are based on the median monthly plan premium. Small employers in 2009 had 3 to 50 employees; prior years it was 2 to 50 employees

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

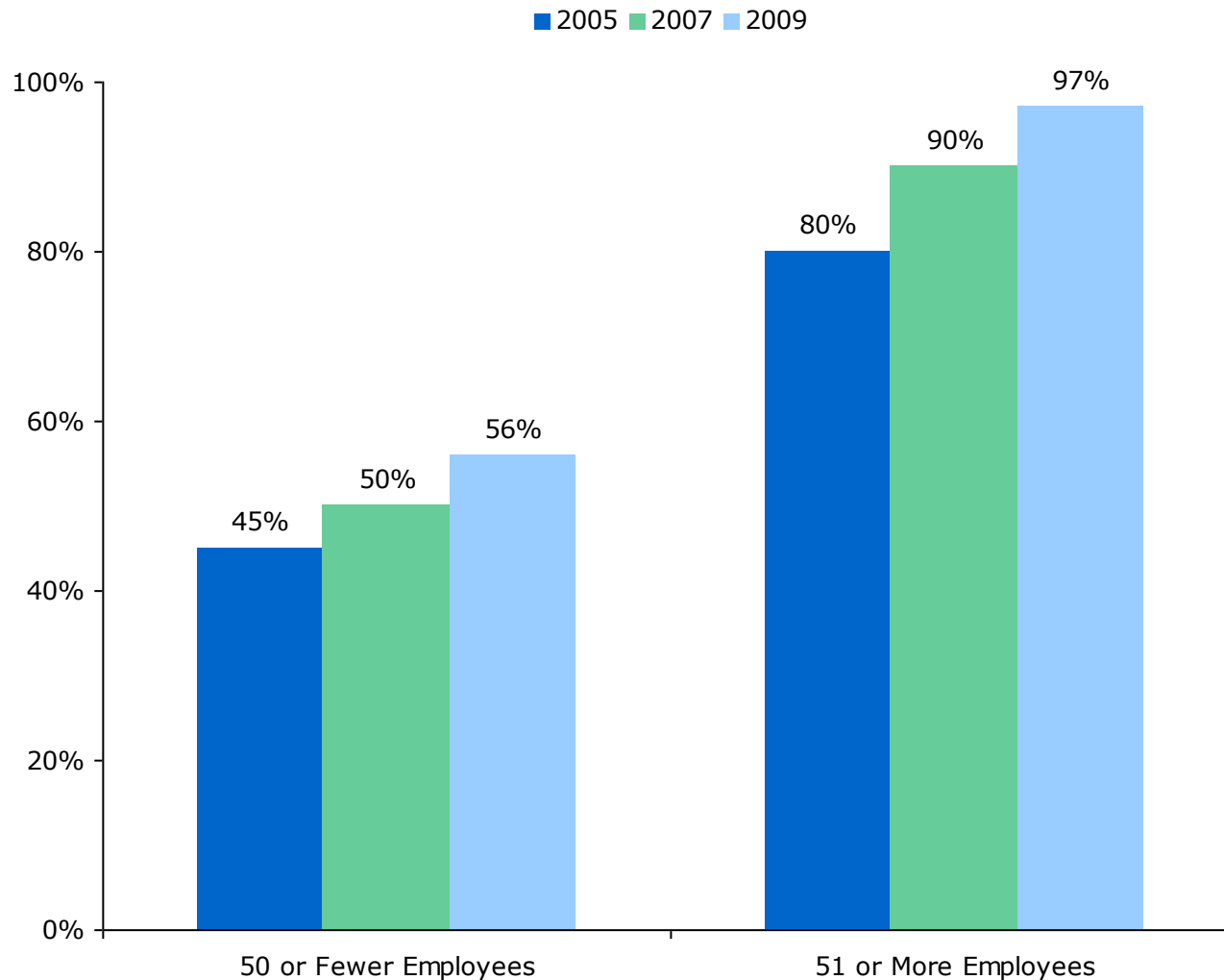
Median Copayment/Deductible by Service Type and Year

	2001	2003	2005	2007	2009
Physician Office Visit	\$10	\$15	\$15	\$15	\$20
Emergency Room	\$30	\$50	\$50	\$50	\$75
Inpatient Hospitalization	-	\$50	\$250	\$250	\$250
Outpatient Mental Health	-	\$15	\$15	\$20	\$20
Tier 1 Drugs	\$8	\$10	\$10	\$10	\$10
Tier 2 Drugs	\$15	\$20	\$25	\$25	\$25
Tier 3 Drugs	\$25	\$35	\$40	\$45	\$45

Copayments and inpatient deductibles have remained fairly stable since 2007 with increases in physician office and emergency room visits in 2009.

Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

Employers Offering Pre-Tax IRS Section 125 Plans by Firm Size



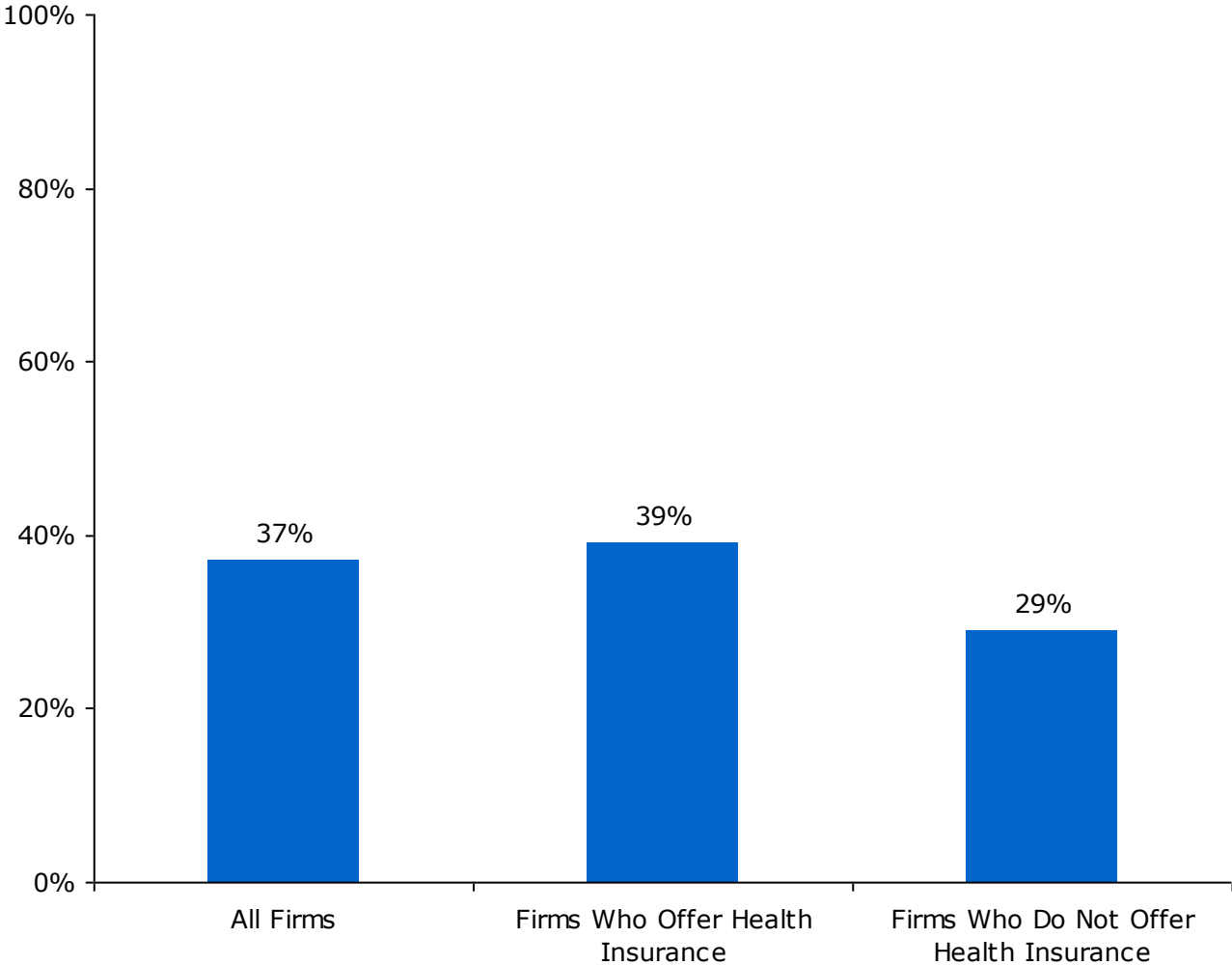
An IRS Section 125 Plan allows employees to contribute their portion of the health insurance premium on a pre-tax basis. Massachusetts health care reform requires employers with 11 or more full-time equivalents to offer this type of plan.

Nearly all large employers offered this benefit to their employees in 2009 compared with 56% of small employers.

Small employers in 2009 had three to 50 employees; prior years it was two to 50 employees.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.
Source: Center for Survey Research tabulations on the 2009 MES data; Division of Health Care Finance and Policy tabulations on the prior year MES data.

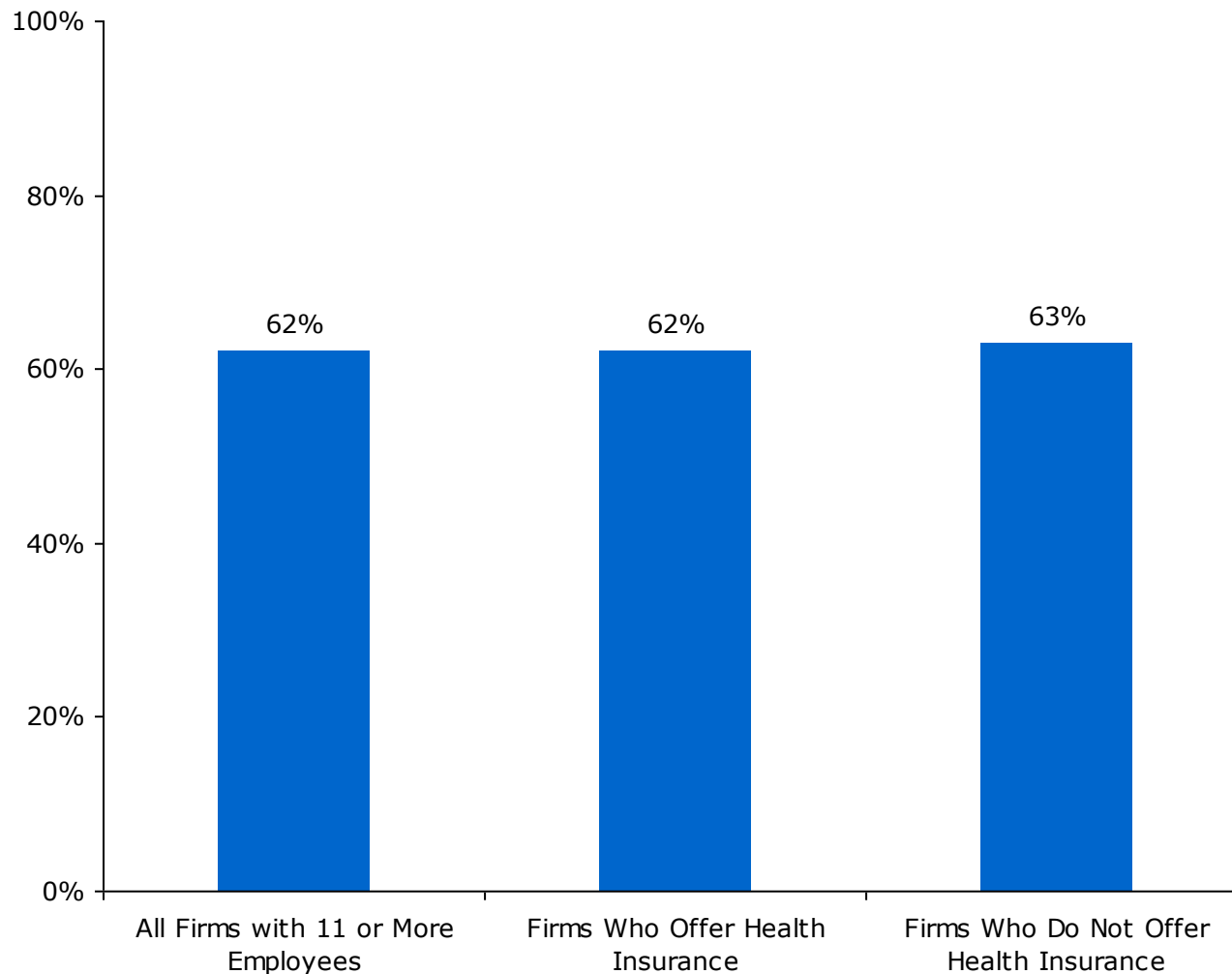
Firms Familiar with the Health Connector (2009)



A greater proportion of employers that offer health insurance coverage to their employees are familiar with the Massachusetts Health Connector than are employers who do not offer health insurance.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.
Source: Center for Survey Research tabulations on the 2009 MES data.

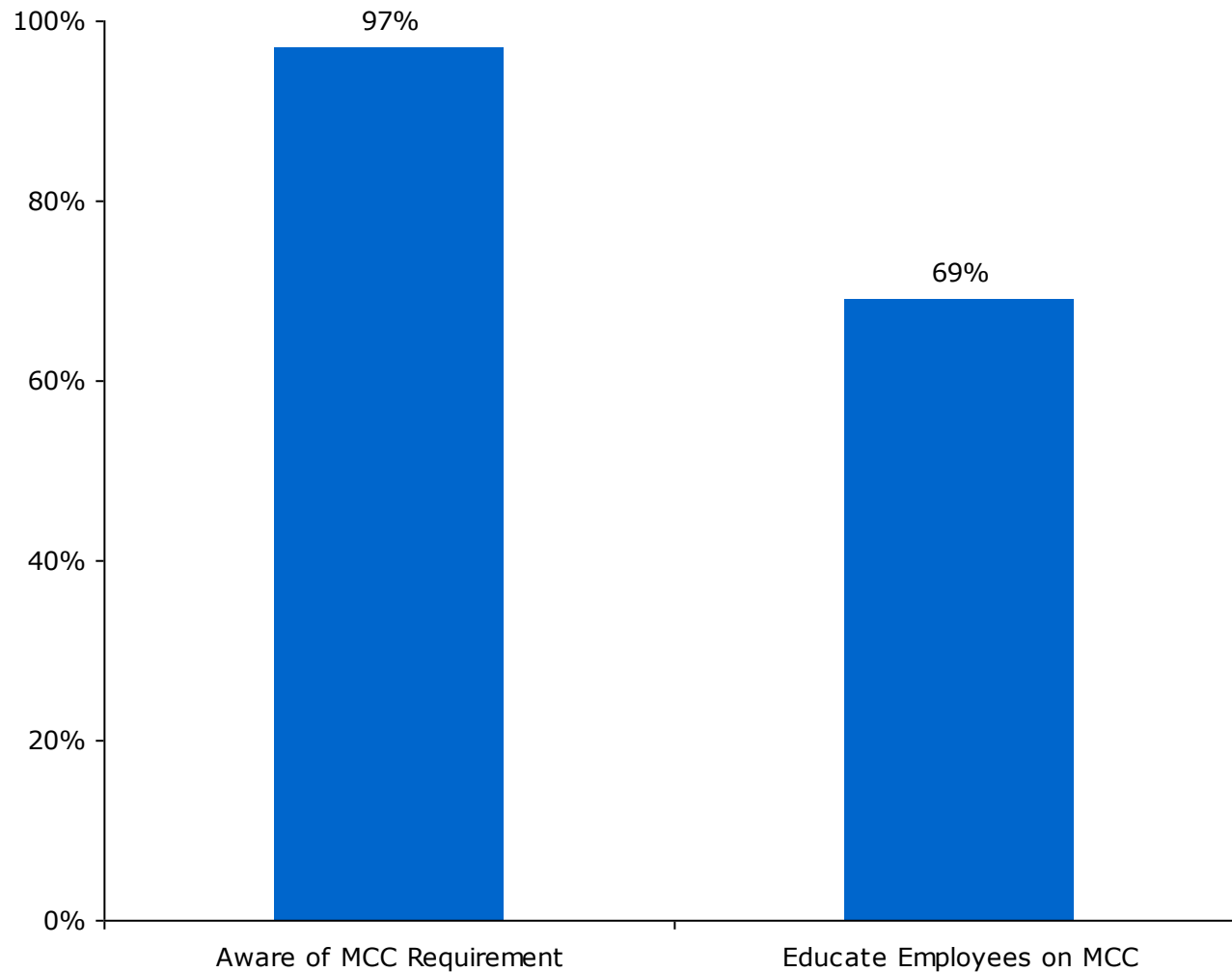
Familiar with “Fair Share” Rules, Firms with 11 or More Employees (2009)



The Massachusetts health care reform plan includes a “fair share” employer contribution for firms with 11 or more full-time equivalents who may be subject to the “fair share” if they don’t meet certain criteria related to employer premium contribution percents and/or the percent of employees enrolling in the employer’s health insurance coverage. For firms with 11 or more employees, just over three-fifths are familiar with the fair share contribution.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.
Source: Center for Survey Research tabulations on the 2009 MES data.

Firms Aware of Minimum Creditable Coverage Requirements (2009)



Individuals in Massachusetts are required to have health insurance that includes certain levels of benefits and limits on cost sharing. This is known as minimum creditable coverage (MCC). Most firms are aware of the MCC requirement that employees must meet, and 69% of employers have talked about this requirement with their employees.

Note: Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.
Source: Center for Survey Research tabulations on the 2009 MES data.

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