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

Employer Health Benefits

2008 Summary of Findings

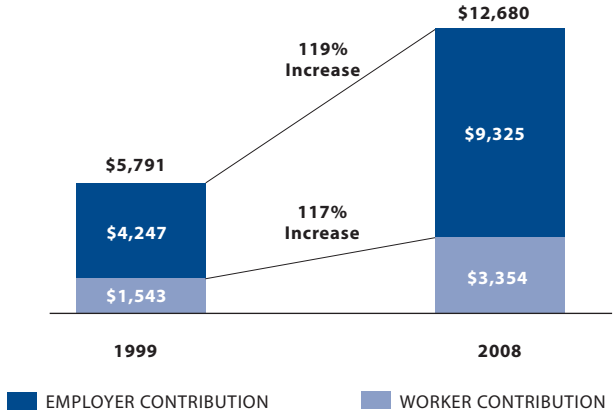
EMPLOYER-SPONSORED INSURANCE IS THE LEADING SOURCE OF HEALTH INSURANCE, COVERING ABOUT 158 MILLION NONELDERLY PEOPLE IN AMERICA.[1] TO PROVIDE CURRENT INFORMATION ABOUT THE NATURE OF EMPLOYER-SPONSORED HEALTH BENEFITS, THE KAISER FAMILY FOUNDATION (KAISER) AND THE HEALTH RESEARCH & EDUCATIONAL TRUST (HRET) CONDUCT AN ANNUAL NATIONAL SURVEY OF NONFEDERAL PRIVATE AND PUBLIC EMPLOYERS WITH THREE OR MORE WORKERS.

The key findings from the 2008 survey include increases in the average single and family premiums and an increase in the percentage of workers enrolled in high-deductible health plans with a savings option (HDHP/SO). Cost sharing for medical services has also increased in recent years. The percentage of employers sponsoring insurance and the percentage of workers covered by employer-sponsored insurance remained stable over the past year.

Fifty-four percent of firms offering health benefits offer at least one wellness program. Among large firms offering retiree health benefits, a large percentage report that some current workers would be eligible for health benefits when they retire.

EXHIBIT A

Average Health Insurance Premiums and Worker Contributions for Family Coverage, 1999–2008



Note: The average worker contribution and the average employer contribution do not add to the average total premium due to rounding.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2008.

HEALTH INSURANCE PREMIUMS

In 2008, the average annual premiums for employer-sponsored health insurance are $4,704 for single coverage and $12,680 for family coverage, up about 5% from the 2007 average premiums.[2] Since 1999, average premiums for family coverage have increased 119% (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). Premiums are higher in self-funded plans than fully insured plans for single and family coverage. Average premiums for HDHP/SOs are lower than the overall average for all plan types for both single and family coverage (Exhibit B).

As a result of factors such as benefit differences and geographical location, there is significant variation around the average annual premium (Exhibit C). For family coverage averaging $12,680, 18% of covered workers are in plans with an annual total premium greater than 120% of the average, and 20% of covered workers are in plans where premiums are less than 80% of the average.

About 80% of workers with single coverage and 93% of workers with family coverage contribute to the total premium for their coverage (Exhibit D). The average annual worker contributions for single and family coverage are $721 and $3,354,[3] respectively, which are not significantly different from the amounts reported in 2007. For single coverage, workers in small firms (3–199 workers) contribute less on average than workers in large firms (200 or more workers) ($624 vs. $769), but for family coverage, workers in small firms contribute significantly more than workers in large firms ($4,101 vs. $2,982). The average percentage of the premium paid by covered workers is 16% for single coverage and 27% for family coverage, similar to the percentages reported for the last several years. For single coverage, over one-fifth of workers pay greater than 25% of the total premium while another fifth make no contribution. For family coverage, 47% pay greater than 25% of the total premium and only 7% have no contribution.

The majority (58%) of covered workers are enrolled in preferred provider organizations (PPOs). Health maintenance organizations (HMOs) cover 20%, followed by point-of-service (POS) plans (12%), HDHP/SOs (8%), and conventional plans (2%).

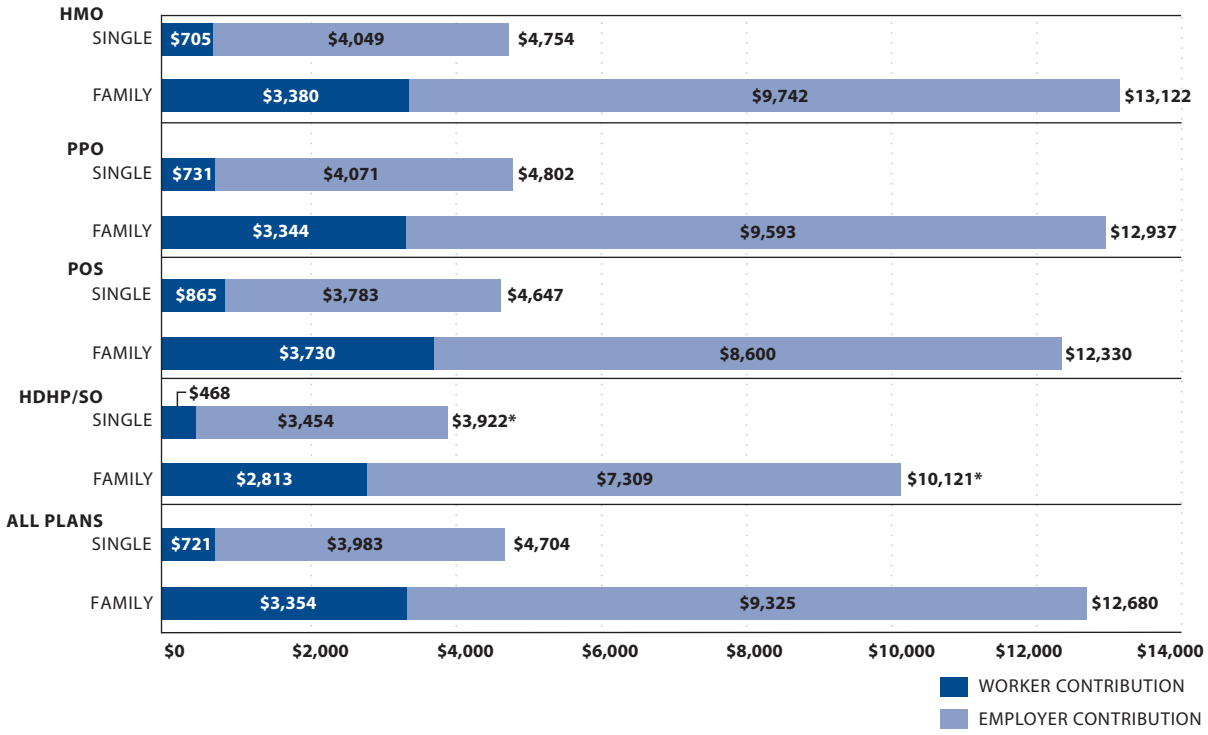
EMPLOYEE COST SHARING

In addition to any premium contributions they may have, most covered workers face additional payments when they use health care services. Most (68%) workers in PPO plans have a general annual deductible for single coverage that must be met before all or most services are payable by the plan. Half of workers in POS plans and only 20% of workers in HMOs have a general annual deductible for single coverage. Many workers with no deductible have other forms of cost sharing for office visits or other services.

The average general annual deductible for workers with a deductible for single

EXHIBIT B

Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2008

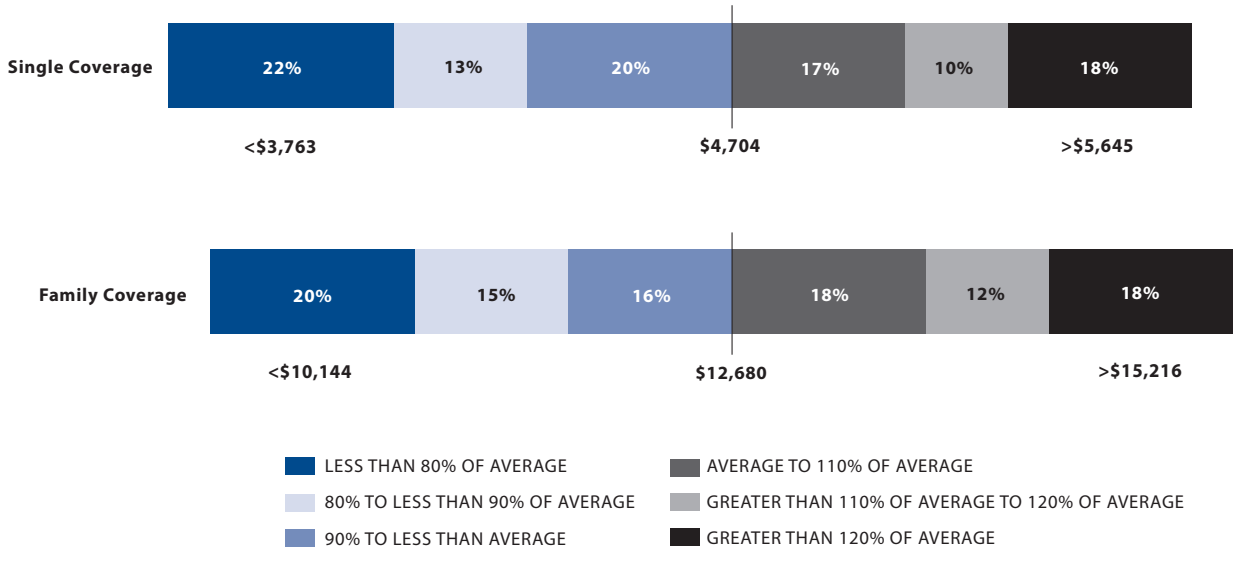


* Estimate of Total Premium is statistically different from All Plans estimate by coverage type (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008.

EXHIBIT C

Distribution of Premiums for Single and Family Coverage Relative to the Average Annual Single or Family Premium, 2008



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008.

coverage is $560 for workers in PPOs, $503 for workers in HMOs, $752 for workers in POS plans, and $1,812 for workers in HDHP/SOs (who by definition have high deductibles). From 2007 to 2008, the general annual deductible for workers in PPOs with a deductible increased from $461 to $560 for single coverage and from $1,040 to $1,344 for workers with an aggregate deductible for family coverage.[4] As in recent years, workers in small firms (3–199 workers) have higher deductibles than workers in large firms (200 or more workers) for PPOs, POS plans, and HDHP/SOs.[5] Overall, the percentage of covered workers in a plan with a deductible of at least $1,000 for single coverage has grown from 10% to 18% over the last two years and, among small firms, the percentage of covered workers with a deductible of at least $1,000 has increased from 16% to 35%.

Some plans cover certain services before the deductible is met. For example, 89% of covered workers with a general annual deductible enrolled in PPOs, the most common plan type, do not have to meet the deductible before preventive care is covered. Ninety-two percent of workers in PPOs do not have to meet the deductible before prescription drugs are covered.

The majority of workers have to pay a portion of the cost of physician office visits. Seventy-nine percent of covered workers have a copayment for a physician office visit and 11% have coinsurance. Covered workers in HMOs, PPOs, and POS plans are more likely to face copayments, while covered workers in HDHP/SOs are more likely to have coinsurance requirements or no cost sharing after any deductibles are met. Among covered workers with a copayment for in-network office visits, the average copayment is $19 for primary care and $26 for specialty physicians. For covered workers with coinsurance, the average coinsurance is 17%.

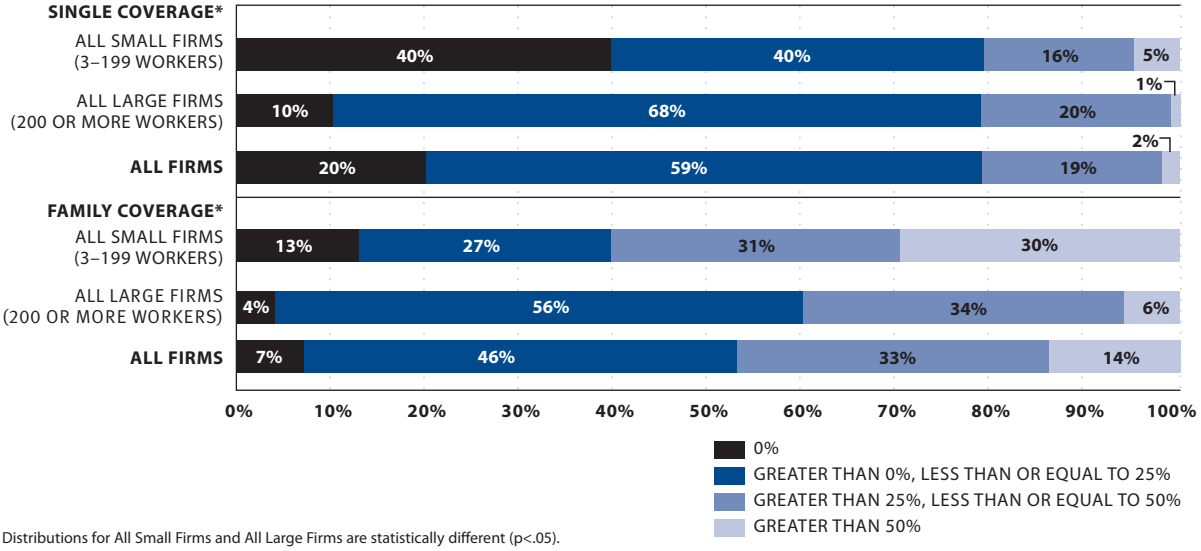
Most covered workers also must pay a portion of the cost for prescription drugs. Over three-quarters of covered workers are in plans with three or more levels or tiers of cost sharing that generally are based on the type or cost of the drug. Copayments are more common than coinsurance for the first three tiers. For the fourth tier, comparable percentages of workers have copayments or coinsurance. Among workers with three- or four-tier plans, the average copayments are $10 for first-tier drugs, often called generics, $26 for second-tier drugs, often called preferred, and $46 for third-tier drugs, often called nonpreferred. The average copayment for fourth-tier drugs is $75 and the average coinsurance is 28%. Cost sharing for prescription drugs varies by plan type, with covered workers in HDHP/SOs being less likely to be in plans with three or more tiers of cost sharing. Instead, they are more likely than workers in other plans to be in plans with no cost sharing after the deductible is met and in plans where the cost sharing is the same regardless of the type of drug, where they are also more likely to face coinsurance than workers in PPOs.[6]

Most covered workers face cost sharing when they are admitted to the hospital or they have outpatient surgery, in addition to any general plan deductible. Cost sharing may include a separate deductible, copayments, coinsurance, or a per diem charge for hospital admissions. Thirty-seven percent of covered workers have coinsurance for hospital admissions and the average coinsurance rate is 17%. For the 24% of workers with copayments, the average copayment is $216 per hospital admission. About 3% of covered workers have a per day (per diem) fee for hospital admissions, and the average per diem charge is $193. Another 3% of covered workers have a separate annual hospital deductible, and the average separate annual hospital deductible is $401.[7]

While covered workers are responsible for a variety of forms of cost sharing, often there are limits to the amount of cost sharing workers must pay under their health plan each year, generally referred to as an out-of-pocket maximum. Eighty percent of covered workers with single

EXHIBIT D

Distribution of Percentage of Premium Paid by Covered Workers for Single and Family Coverage, by Firm Size, 2008



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

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008.

coverage and 79% of covered workers with family coverage have an out-of-pocket maximum. However, it should be noted that some workers with no out-of-pocket maximum may have low cost sharing. For example, of the 44% of workers in HMOs with no out-of-pocket maximum for single coverage, 89% have no general annual deductible. Out-of-pocket maximums vary considerably; for example, among covered workers in plans that have an out-of-pocket maximum for single coverage, 23% are in plans with an annual out-of-pocket maximum of $3,000 or more, and 29% are in plans with an out-of-pocket maximum of less than $1,500. However, not all spending counts toward the out-of-pocket maximum. For example, among workers in PPOs with an out-of-pocket maximum, 77% are in plans that do not count office visit copayments and 33% are in plans that do not count spending for the general annual deductible when determining if an enrollee has reached the out-of-pocket limit.

AVAILABILITY OF EMPLOYER-SPONSORED COVERAGE

Sixty-three percent of employers offer health benefits in 2008, which is not statistically different from 60% reported last year (Exhibit E). Just under half (49%) of firms with 3 to 9 workers offer coverage, compared to 78% of firms with 10 to 24 workers, 90% of firms with 25 to 49 workers, and over 95% of firms with 50 or more workers.

As we have seen in past years, the offer rate is higher for firms with at least some union workers, compared to firms with no union workers (99% vs. 60%). Firms with a lower proportion of lower-wage workers (less than 35% of workers earn $22,000 or less annually) are also more likely to offer benefits compared to firms with a higher proportion of lower-wage employees (35% or more earn $22,000 or less annually) (68% vs. 40%).

Even in firms that offer coverage, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods or minimum work-hour rules, and others choose not to enroll, perhaps because they must pay a share of the premium or can get coverage through a spouse. Among firms that offer coverage, an average of 80% of workers are eligible for the health benefits offered by their employer. Of those eligible, 82% take up coverage, resulting in 65% of workers in firms offering health benefits having coverage through their employer. Among both firms that offer and do not offer health benefits, 60% of workers are covered by health plans offered by their employer.

DOMESTIC PARTNER BENEFITS

The 2008 survey provides information on the percentage of employers offering health benefits to unmarried domestic partners that differs from our previously reported estimates. This year we added the response option "not applicable/not encountered" to better capture the number of firms that report not having a policy on the issue.[8] Small firms (3–199 workers) are much more likely than large firms (200 or more workers) to report that they have not encountered the issue or that the question was not applicable for both the opposite-sex (44% vs. 7%) and same-sex (46% vs. 6%) domestic partner benefit questions. Among the remaining firms, 42% report offering health benefits to unmarried opposite-sex domestic partners and 39% report offering health benefits to unmarried same-sex domestic partners.

HIGH-DEDUCTIBLE HEALTH PLANS WITH SAVINGS OPTION

High-deductible health plans with a savings option 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."

Thirteen percent of firms offering health benefits offer an HDHP/SO in 2008 (Exhibit F). While there is no statistical difference from the 10% reported in 2007, there has been a statistically significant increase from 7% in 2006. Firms with 1,000 or more workers are more likely to offer HDHP/SOs (22%) than firms with 3 to 199 workers (13%) or 200 to 999 workers (15%). Among firms offering health benefits, 3% offer an HDHP/HRA and 11% offer an HSA-qualified HDHP; neither estimate is a significant increase from the percentages reported in 2007.

EXHIBIT E

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2008*

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
3–9 Workers	56%	57%	58%	58%	55%	52%	47%	48%	45%	49%
All Small Firms (3–199 Workers)	**65%**	**68%**	**68%**	**66%**	**65%**	**63%**	**59%**	**60%**	**59%**	**62%**
All Large Firms (200 or More Workers)	**99%**	**99%**	**99%**	**98%**	**98%**	**99%**	**98%**	**98%**	**99%**	**99%**
ALL FIRMS	**66%**	**69%**	**68%**	**66%**	**66%**	**63%**	**60%**	**61%**	**60%**	**63%**

* Tests found no statistical difference 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.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2008.

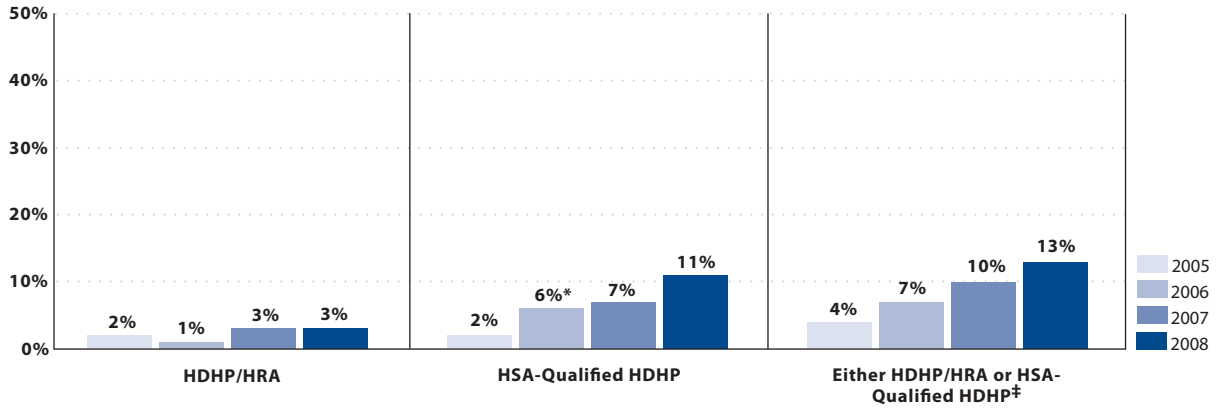
Enrollment by covered workers in HDHP/SOs reached 8% in 2008, up from 5% in 2007. The increase occurred mainly within small firms (3–199 workers), where enrollment grew from 8% in 2007 to 13% in 2008. There was no statistically significant increase in enrollment in HDHP/SOs among workers in large firms. The eight percent of workers enrolled in HDHP/SOs amounts to about 5.5 million workers with about 4% of covered workers (about 3.2 million) enrolled in HSA-qualified HDHPs and about 3% (about 2.2 million) enrolled in HDHP/HRAs (Exhibit G).[9]

Annual deductibles for single coverage for HDHP/HRAs and HSA-qualified HDHPs average $1,552 and $2,010, respectively. However these deductibles vary considerably; for example, 33% of workers enrolled in an HSA-qualified HDHP for single coverage have a deductible between $1,100 and $1,499, while 11% have a deductible of $3,000 or more. The average aggregate annual deductible for family coverage for HDHP/HRAs is $3,057 and $3,911 for HSA-qualified HDHPs. Similar to the other plan types, many HDHP/SOs cover preventive services before the deductible is met: 97% of workers in HDHP/HRAs and 86% of workers in HSA-qualified HDHPs have preventive care covered before having to meet the deductible.

Average total premiums for HSA-qualified HDHPs are lower than the average premiums for workers in plans that are not HDHP/SOs for both single and family coverage (Exhibit H). HDHP/HRA average total premiums, in contrast, are lower only for family coverage. The average worker contribution to HSA-qualified HDHP premiums is lower than the average worker premium contribution for both single and family coverage for workers not in HDHP/SOs. When the

EXHIBIT F

Among Firms Offering Health Benefits, Percentage That Offer an HDHP/HRA and/or an HSA-Qualified HDHP, 2005–2008



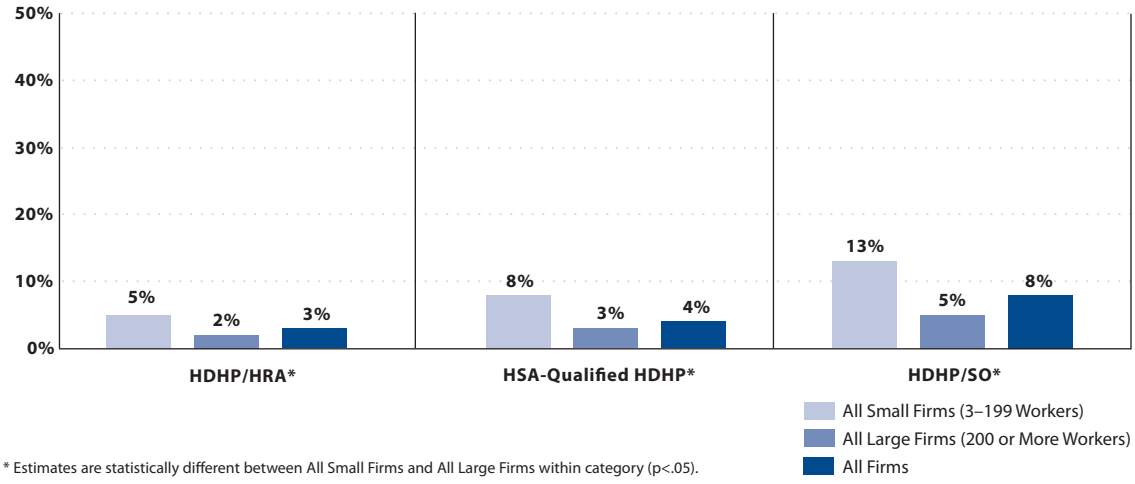
* Estimate is statistically different from estimate for the previous year shown (p<.05).

‡ The 2008 estimate includes 0.3% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for 2005, 2006, and 2007 are 0.3%, 0.4%, and 0.2%, respectively.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2008.

EXHIBIT G

Percentage of Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, by Firm Size, 2008



* 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, 2008.

employer contribution to the HSA or HRA is included in the total cost, the average total cost for workers in HSA-qualified HDHPs is lower than the total cost for the average of all non-HDHP/SO plans for both single and family coverage. The total cost for workers in HDHP/HRAs with single coverage is more than the total cost for workers in other plans.

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 $1,249 for single coverage and $2,073 for family coverage.[10] The average contributions to HSAs are $838 for single coverage and $1,522 for family coverage, roughly double the average contribution in 2007. This increase may be in part due to a change in legislation passed by Congress in December 2006 that increased the maximum allowable annual HSA contribution. Although the increased amounts were allowed in 2007, due to the timing of the legislation, employers may not have been able to introduce higher contributions in 2007. It is important to note that not all firms offering HSA-qualified HDHPs contribute to the HSAs established by their workers. For example, among firms offering an HSA-qualified HDHP, about 28% of firms do not make a contribution to the HSA for single or family coverage (covering 26% of workers in these plans). If workers with no employer contribution to their HSA are excluded from the calculation, the average employer HSA contributions are $1,139 and $2,067 for single and family coverage, respectively.

RETIREE COVERAGE

The percentage of large firms (200 or more workers) offering retiree health benefits in 2008 is 31%, similar to the 2007 offer rate of 33%. Among large firms (200 or more workers) that offer retiree health benefits, 93% offer health benefits to early retirees and 75% offer health benefits to Medicare-age retirees. These percentages are similar to the percentages reported in 2007.

This year we added several questions for those firms offering retiree health benefits on the eligibility of active workers for retiree benefits should they retire from the firm. Among large firms (200 or more workers) offering retiree health benefits, 69% reported that at least some active workers would be eligible for retiree health benefits after they retire at age 65 or older, and 90% reported that at least some active employees would be eligible for retiree health benefits if they retire from the firm before the age of 65. These large firms report that 78% of active workers would be eligible for Medicare-age retiree health benefits and 72% of active workers would be eligible for retiree health benefits prior to the age of 65.

We also asked employers currently offering retiree benefits about the retiree health benefit eligibility for workers hired in the past 12 months. Among large firms (200 or more workers) that currently offer retiree health coverage, 61% report that at least some workers hired in the past 12 months would be eligible for retiree health benefits if they remain employed by the firm until retirement at age 65 or older, and 71% report that at least some workers hired in the past 12 months would be eligible for early retiree health benefits.

WELLNESS BENEFITS

In 2008, the survey included new questions on wellness programs offered by employers. More than half (53%) of small firms (3–199 workers) and 88% of large firms (200 or more workers) offering health benefits offer at least one of the following wellness programs: weight loss program, gym membership discounts or on-site exercise facilities, smoking cessation program, personal health coaching, classes in nutrition or healthy living, web-based resources for healthy living, or a wellness newsletter. Firms offering health coverage and wellness benefits report that most wellness benefits (70%) are provided through the health plan rather than by the firm directly. Few firms are offering employees incentives such as gift cards, travel, merchandise, or cash (7%), a smaller share of the premium (4%), or a lower deductible (1%) to participate in wellness programs.

Ten percent of firms offering health benefits give their employees the option of completing a health risk assessment to help employees identify potential health risks (Exhibit I).[11] Large firms (200 or more workers) are more likely to offer a health risk assessment to employees than small firms (3–199 workers) (49% vs. 9%). Twelve percent of firms offering health risk assessments offer financial incentives for workers to complete them, with large firms being more likely than small firms to offer financial incentives (33% vs. 7%).

OUTLOOK FOR THE FUTURE

Each year we ask employers what changes they plan to make to their health plans in the next year. Among those that offer benefits, large percentages of firms report that in the next year they are very or somewhat likely to increase the amount workers contribute to premiums (40%), increase deductible amounts (41%), increase office visit cost sharing (45%), or increase the amount that employees have to pay for prescription drugs (41%). Although firms report planning to increase the amount employees have to pay when they have insurance, few firms report they are very likely or somewhat likely to drop coverage (6%). One percent of firms offering coverage say that they are very likely to restrict eligibility for coverage next year, and an additional 12% say that they are somewhat likely to do so. About one in four firms offering health benefits but not offering an HSA-qualified HDHP say that they are very likely (4%) or somewhat likely (21%) to do so. A similar share of offering firms not currently offering an HDHP/HRA report that they are very likely (5%) or somewhat likely (21%) to offer that plan type next year.

In 2008, the survey finds that premiums increased only moderately for both single and family coverage, and that most employees continue to have PPO coverage. The percentage of covered workers in HDHP/SOs rose, particularly among workers in small firms (3–199 workers), where 13% of covered workers are now enrolled in these arrangements. The percentage of covered workers in larger firms enrolled in HDHP/SOs is much lower at 5%, similar to the percentage enrolled last year. Larger firms are more likely to offer HDHP/SOs, but their workers are less likely to be enrolled in them. Since a significant majority of covered workers are employed in large firms, tracking future enrollment within larger firms will be important to understanding the potential impact that these arrangements may have in the health care marketplace.

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, 2008

	HDHP/HRA		HSA-Qualified HDHP		All Non-HDHP/SO Plans[§]	
	Single	Family	Single	Family	Single	Family
Total Annual Premium	$4,468	$11,571*	$3,527*	$9,101*	$4,769	$12,892
Worker Contribution to Premium	$533*	$3,455	$420*	$2,332*	$742	$3,397
Firm Contribution to Premium	$3,935	$8,117	$3,107*	$6,769*	$4,027	$9,495
Annual Firm Contribution to the HRA or HSA[‡]	$1,249	$2,073	$838	$1,522	NA	NA
Total Annual Firm Contribution (Firm Share of Premium Plus Firm Contribution to HRA or HSA)	$5,184*	$10,190	$3,945	$8,291*	$4,027	$9,495
Total Annual Cost (Total Premium Plus Firm Contribution to HRA or HSA, if Applicable)	$5,717*	$13,645	$4,365*	$10,623*	$4,769	$12,892

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

‡ When those firms that do not contribute to the HSA (28% for single and family coverage) are excluded from the calculation, the average firm contribution to the HSA for covered workers is $1,139 for single coverage and $2,067 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.

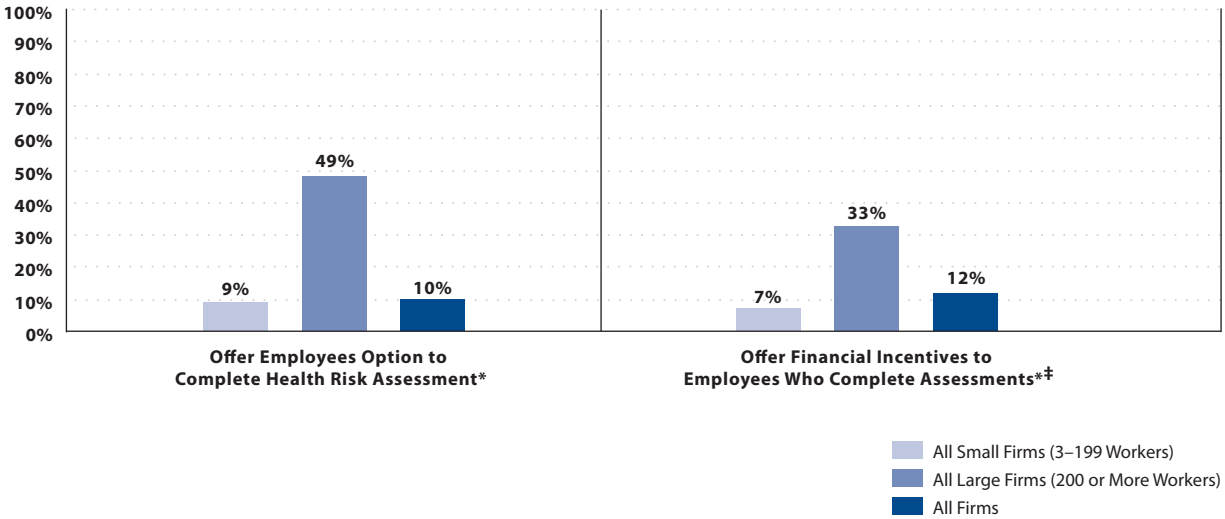
NA: Not Applicable.

Note: For definitions of HDHP/HRAs and HSA-qualified HDHPs, see the introduction to Section 8. 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, 2008.

EXHIBIT I

Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees Health Risk Assessments and Offer Incentives to Complete Assessments, by Firm Size, 2008



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

‡ Among Firms Offering Employees Option to Complete a Health Risk Assessment.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008.

METHODOLOGY

The Kaiser Family Foundation/Health Research & Educational Trust 2008 Annual Employer Health Benefits Survey (Kaiser/HRET) reports findings from a telephone survey of 1,927 randomly selected public and private employers with three or more workers. Researchers at the Health Research & Educational Trust, the National Opinion Research Center 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 2008. In 2008 our overall response rate is 48%, which includes firms that offer and do not offer health benefits. Among firms that offer health benefits, the survey's response rate is 50%.

From previous years' experience, we have learned that firms that decline to participate in the study are less likely to offer health coverage. Therefore, we asked one question of all firms with which we made phone contact where the firm declined to participate. The question was, "Does your company offer or contribute to a health insurance program as a benefit to your employees?" A total of 2,832 firms responded to this question (including 1,927 who responded to the full survey and 905 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. Some exhibits in the report do not sum 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.

This year we changed the method used to report the annual percentage premium increase. In prior years, the reported percentage was based on a series of questions that asked responding firms the percentage increase or decrease in premiums from the previous year to the current year for a family of four in the largest plan of each plan type (e.g., HMO, PPO). The reported premium increase was the average of the reported percentage changes (i.e., 6.1% for 2007) weighted by covered workers. In order to track premium values and increases with greater consistency, this year, we started calculating the overall percentage increase in premiums from year to year for family coverage using the average of the premium dollar amounts for a family of four in the largest plan of each plan type reported by respondents and weighted by covered workers (i.e., $12,106 for 2007 and $12,680 for 2008, an increase of 5%).

For more information on the survey methodology, please visit the Survey Design and Methods Section at www.kff.org/insurance/7790.

***The Kaiser Family Foundation** is a non-profit private operating foundation, based in Menlo Park, California, dedicated to producing and communicating the best possible information, research and analysis on health issues.*

*Founded in 1944, the **Health Research & Educational Trust (HRET)** is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. An affiliate of the American Hospital Association (AHA), HRET collaborates with health care, government, academic, business, and community organizations across the United States to conduct research and disseminate findings that shape the future of health care. For more information about HRET, visit www.hret.org.*

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[1] Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *Health Insurance Coverage in America, 2006 Data Update*, October 2007.

[2] In 2007, the average annual premiums were $4,479 for single coverage and $12,106 for family coverage.

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

[4] Data presented are for workers with a family aggregate deductible where spending by any covered person in the family counts toward the deductible.

[5] For HMO coverage, there are insufficient data to report the result.

[6] For HMOs and POS plans, there are insufficient data for the percentage of workers with coinsurance to make the comparison.

[7] In 2008, we changed the structure of the hospital and outpatient surgery cost-sharing questions. See the introduction to Section 7 for more information, available at http://www.kff.org/insurance/7790.

[8] In an effort to improve the quality of information collected, this question has undergone many changes in the past several years. See the introduction to Section 2 for more information, available at http://www.kff.org/insurance/7790.

[9] The percentage of workers enrolled in HDHP/HRA or HSA-qualified HDHP do not add to the percentage of workers enrolled in HDHP/SO due to rounding. These estimates include workers enrolled in the plans offered by their employer and do not include any dependents that may be covered by the plan. The survey is based on a sample of non federal firms with 3 or more workers.

[10] In 2007, some firms with HRA contributions were inadvertently reduced to the 2007 annual limit for HSAs. This affected 2 observations for single coverage (out of 91 total) and 3 observations for family coverage (out of 88 total). Removing the cap from these observations resulted in increased average HRA contribution estimates for 2007. The average annual HRA contribution for workers with single coverage increased from a reported $915 to a corrected $964, while family contributions increased from a reported $1,800 to a corrected $1,934. Neither of these increases are statistically significant. Using the corrected HRA contribution estimates, there is no statistical difference between the 2007 and 2008 average HRA contributions for single and family coverage.

[11] Health risk assessments generally include questions on medical history, health status, and lifestyle.

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The full report of survey findings (#7790)
is available on the Kaiser Family Foundation's website at www.kff.org.
This summary (#7791) is also available at www.kff.org.