

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

Employer
Health
Benefits

2002
ANNUAL SURVEY



-AND-



Overview

The Kaiser Family Foundation/Health Research and Educational Trust 2002 Annual Employer Health Benefits Survey (Kaiser/HRET) reports findings from a survey of 3,262 randomly selected public and private employers, including 2,014 who responded to the full survey and 1,248 who indicated whether or not they provide health coverage. Firms range in size from small enterprises with as few as 3 workers to corporations with more than 300,000 employees. The Kaiser/HRET Employer Benefits Survey is based on previous surveys sponsored by the Health Insurance Association of America from 1987–1991 and KPMG from 1991–1998. Researchers at the Kaiser Family Foundation and the Health Research and Educational Trust designed and analyzed the survey and National Research LLC conducted the field work between January and May 2002. The overall response rate for the survey was 50%. All statistical tests are performed at the 0.05 levels except where otherwise noted. A select set of data were tested at the 0.10 level to explore the possibility of emerging changes in the health care offer rate, employee share of premium, premium growth among small firms, coverage rates, and prescription drug carve-outs.

These Charts present a summary of findings from the 2001 Kaiser/HRET Employer Health Benefits Survey: individual copies of the full report of survey findings (#3251) are available on the Kaiser Family Foundation's website at www.kff.org or by calling the Foundation's Publication Request Line. Multiple copies may be obtained from HRET by calling 1-800-242-2626 (order #XXXXXX).

The Henry J. Kaiser Family Foundation is an independent, national health care philanthropy dedicated to providing information and analysis on health issues to policymakers, the media, and the general public. The Foundation is not associated with Kaiser Permanente or Kaiser Industries.

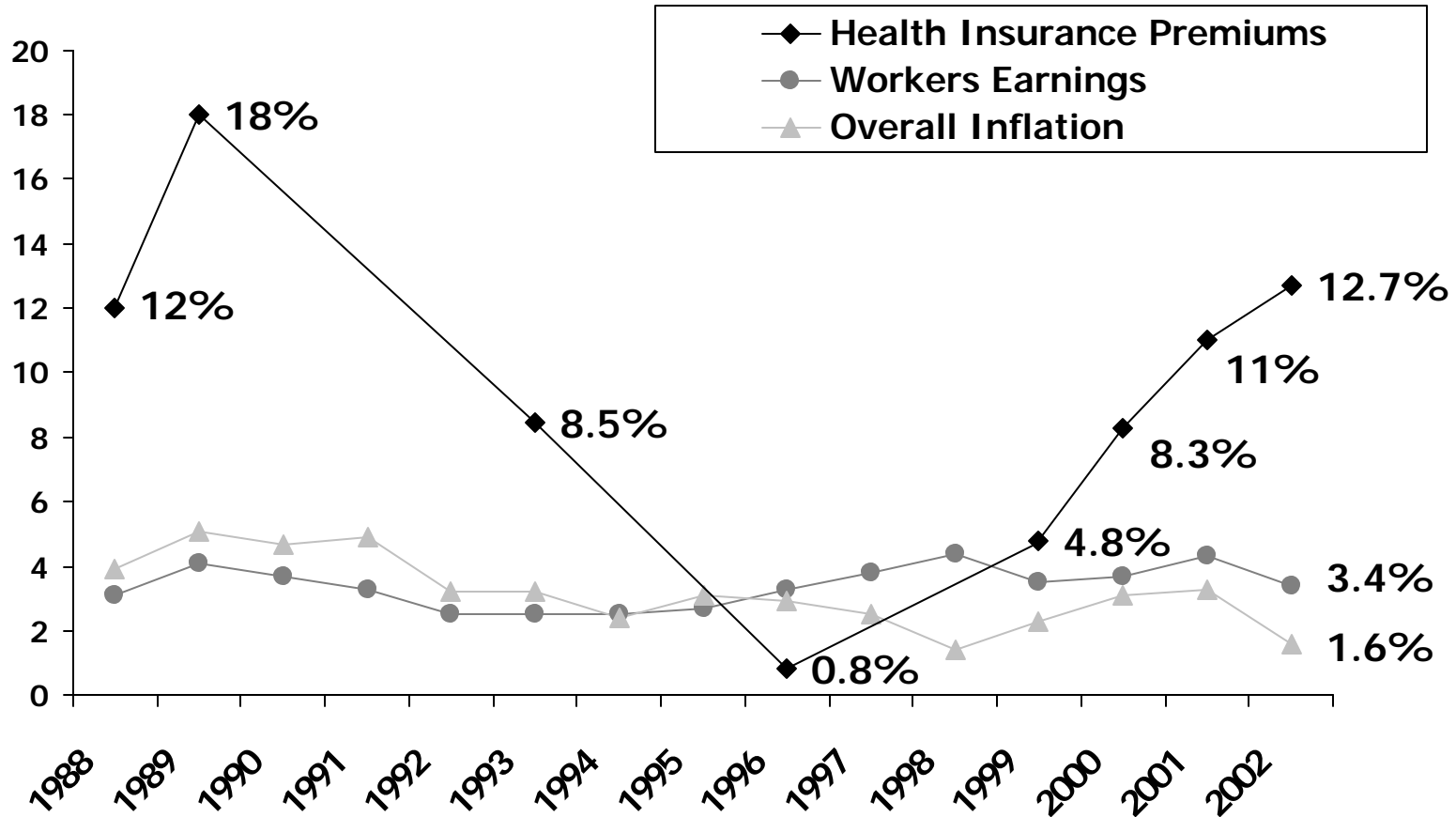
The **Health Research and Educational Trust** is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. Founded in 1944, HRET collaborates with health care, government, academic, business, and community organizations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

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Cost and Enrollment Trends

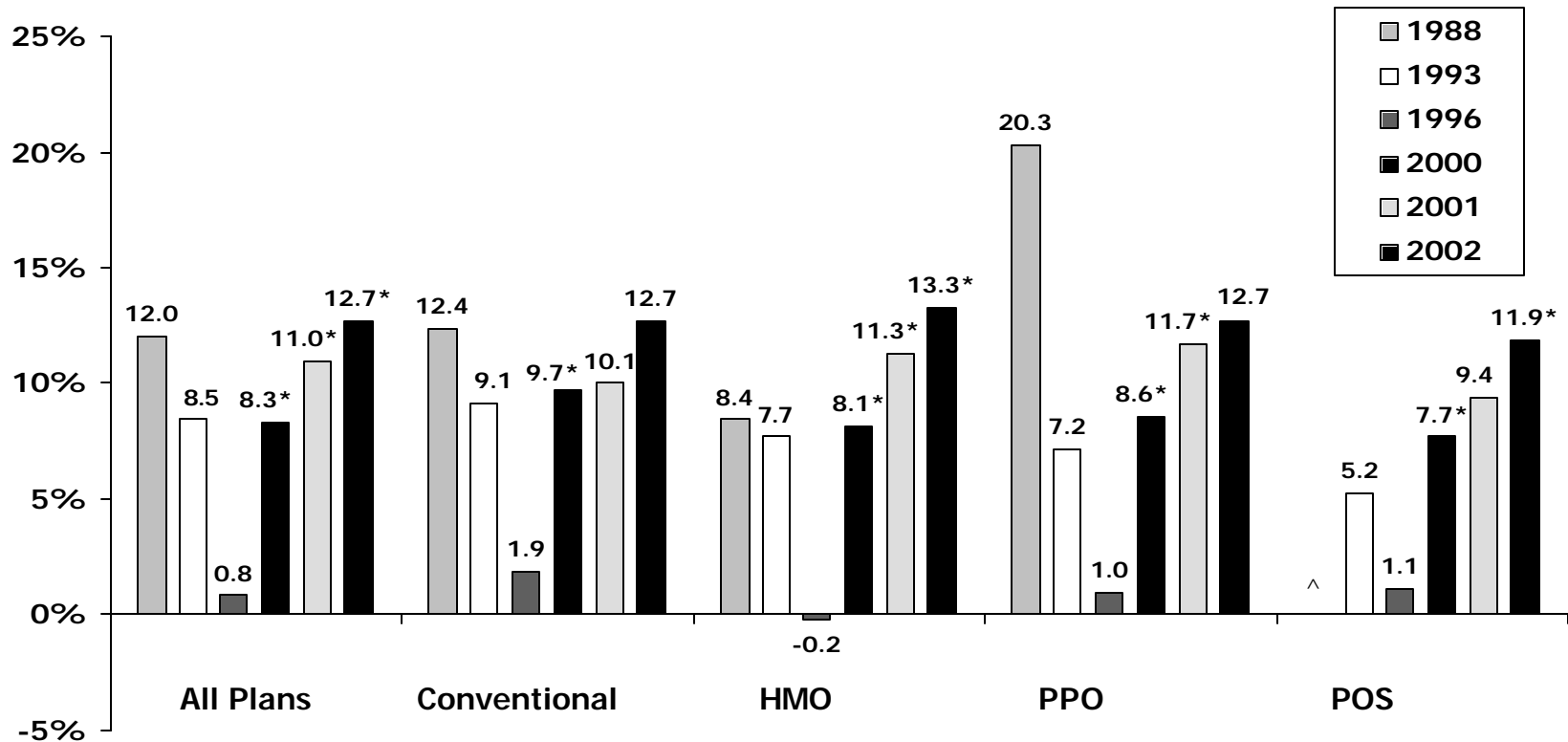
Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2002



Source: KFF/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

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

Percentage of Change in Health Insurance Premiums from Previous Year, by Plan Type, 1988-2002



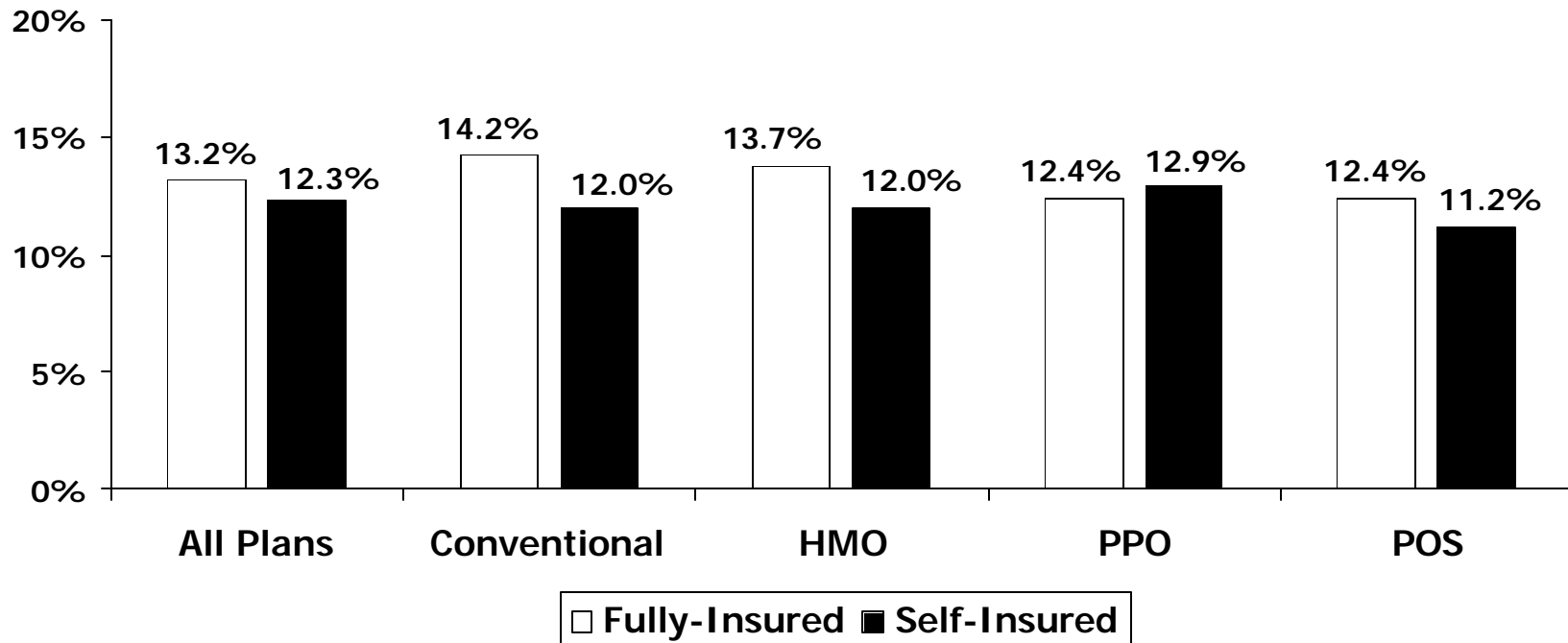
^ Information was not obtained for POS plans in 1988.

* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: KFF/HRET Survey of Employer-Sponsored Health Benefits, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

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

Premium/Cost Increases¹ by Plan Type and Funding Arrangement, 2002*

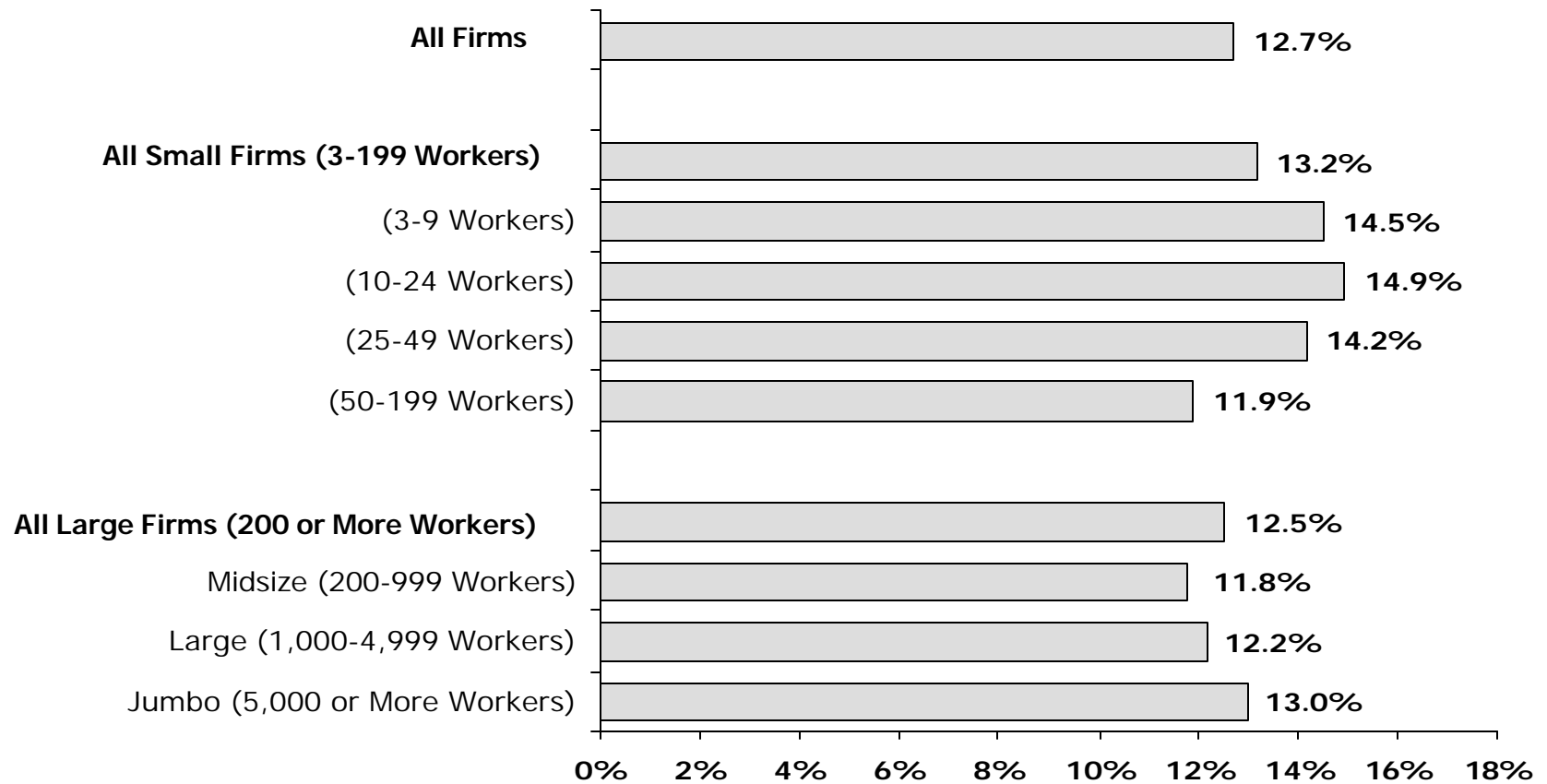


Note¹: Fully insured plans measure premium increases, self-insured measures cost increases.

* Tests found no statistically different estimates between Fully Insured and Self-Insured within a plan type.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

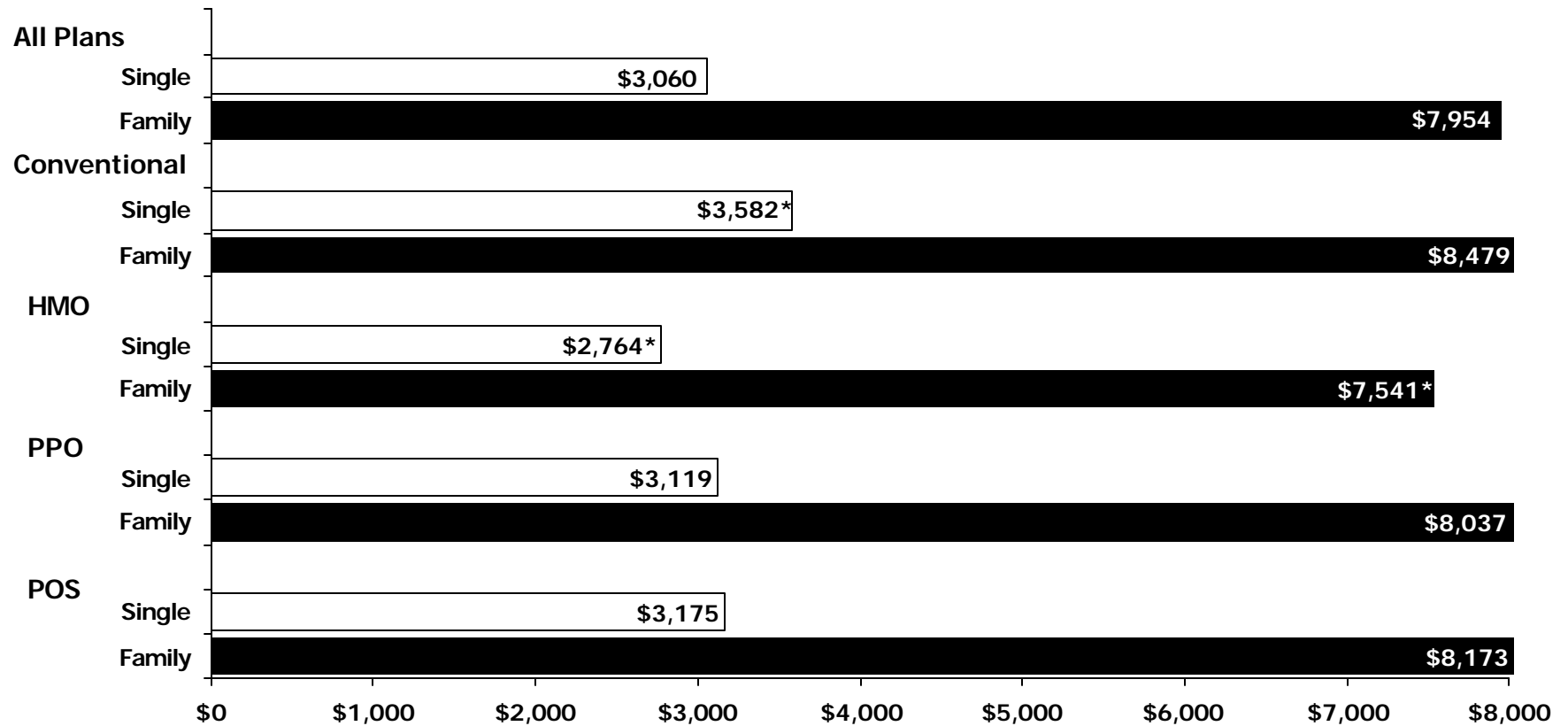
Percentage Change in Premiums, by Firm Size, 2002*



* Tests found no statistically different estimates from All Firms.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

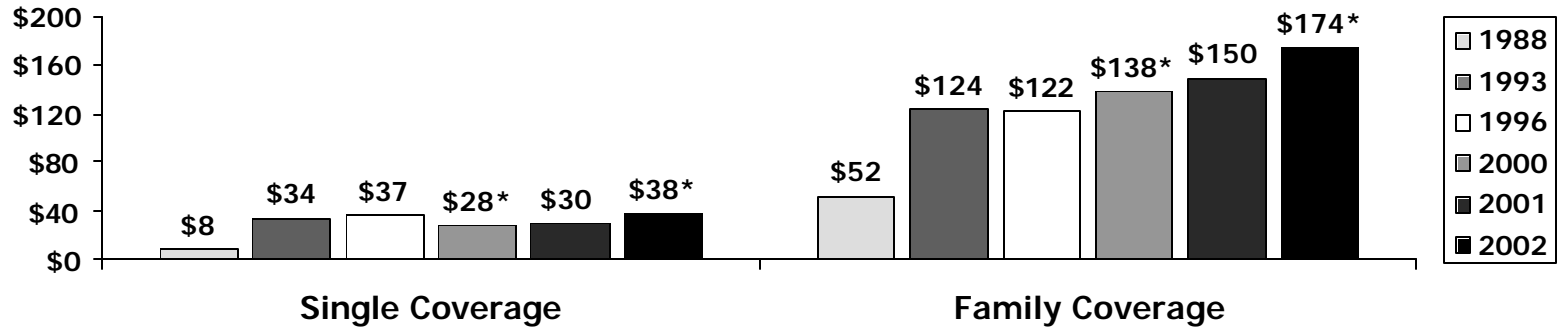
Average Annual Premium Costs for Covered Workers, 2002



* Estimate is statistically different from All Plans by coverage type.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

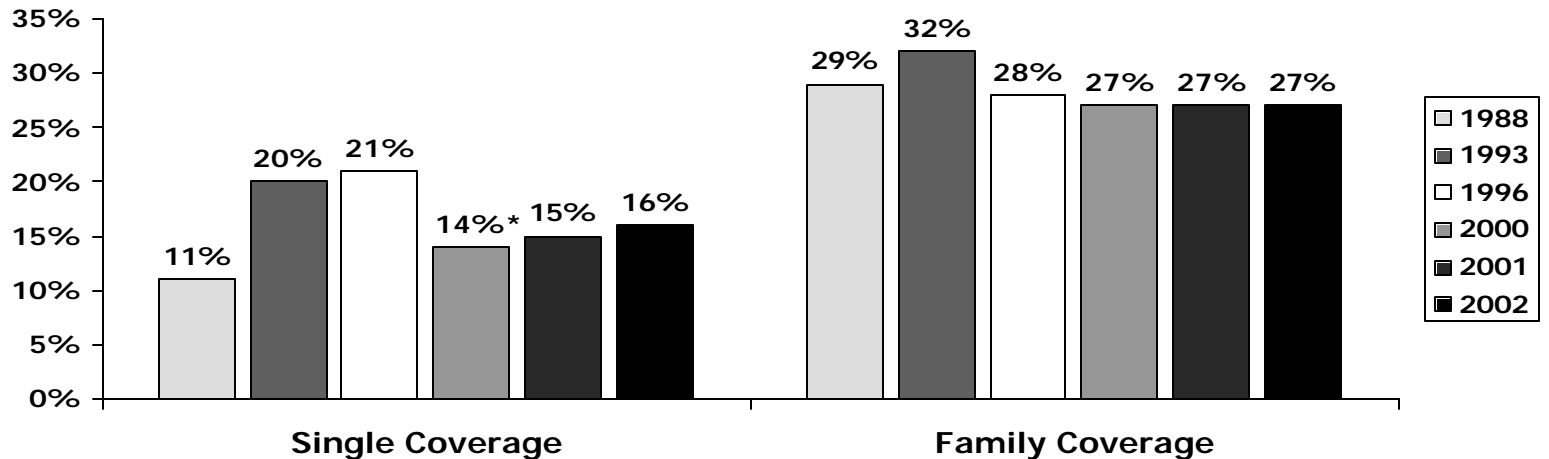
Average Monthly Worker Contribution, 1988-2002



* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996

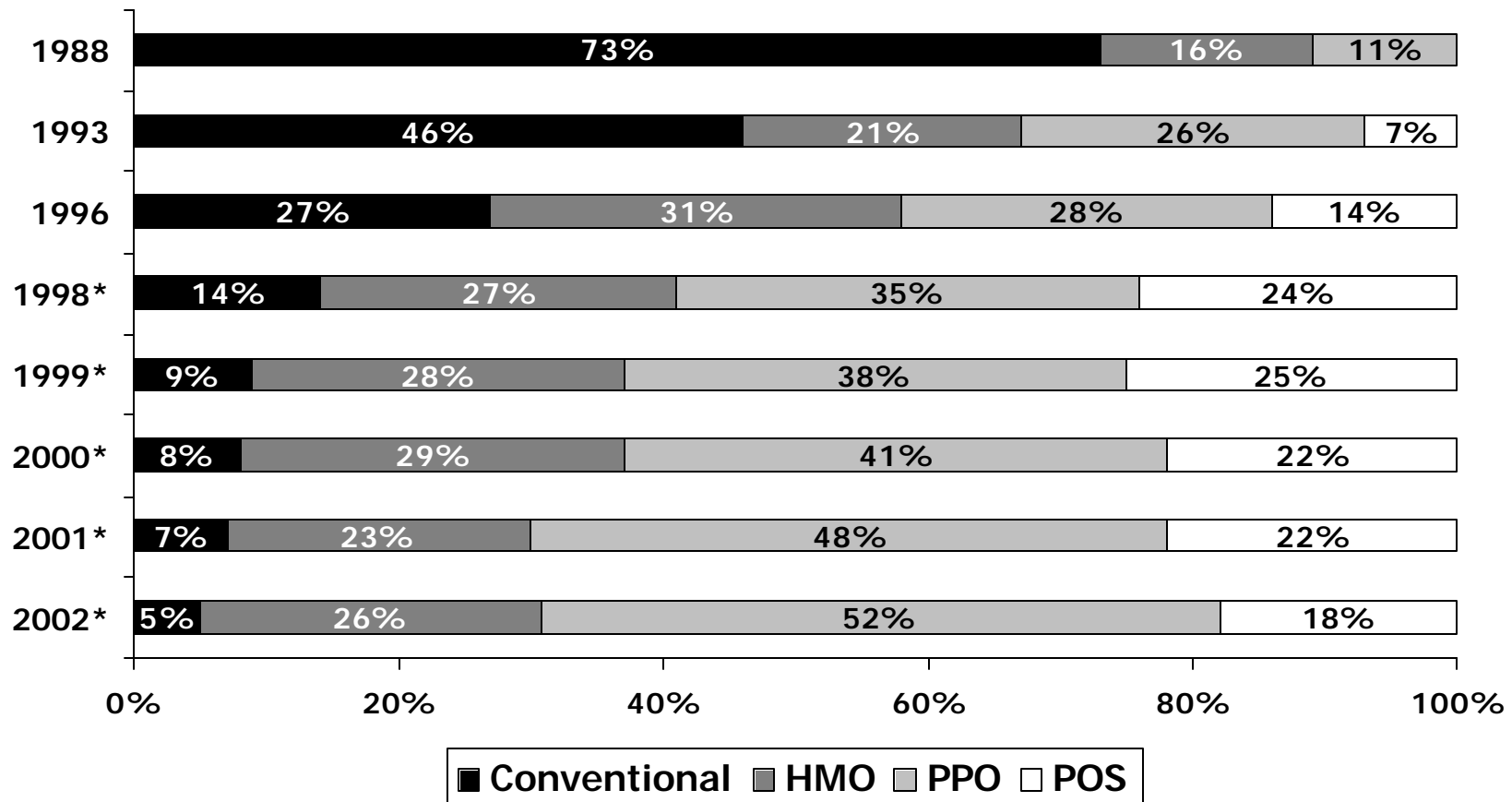
Percentage of Premium Paid by Covered Workers, 1988-2002



* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

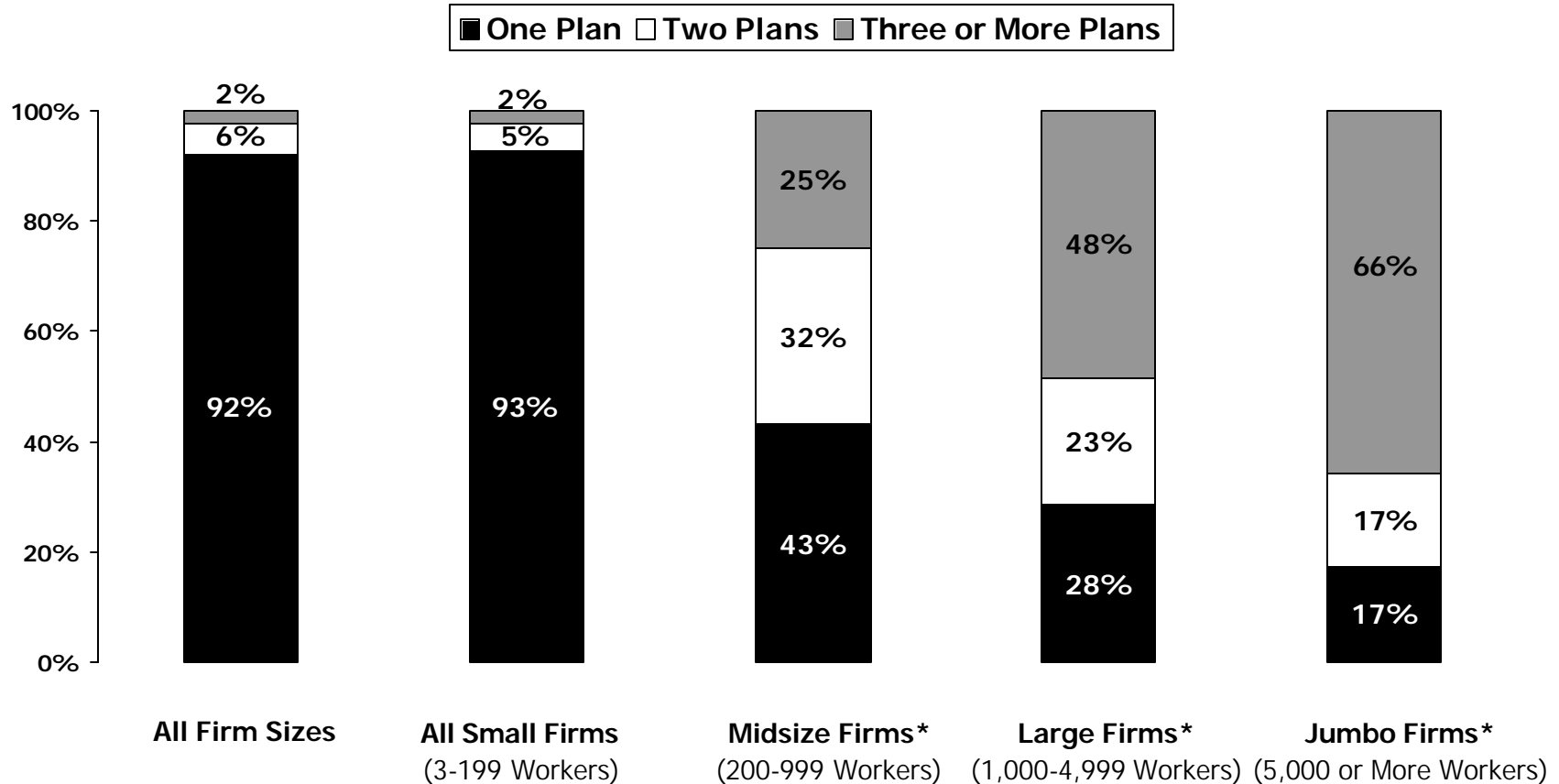
Health Plan Enrollments for Covered Workers by Plan Type, 1988-2002



* Distribution is statistically different from the previous year shown: 1996-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

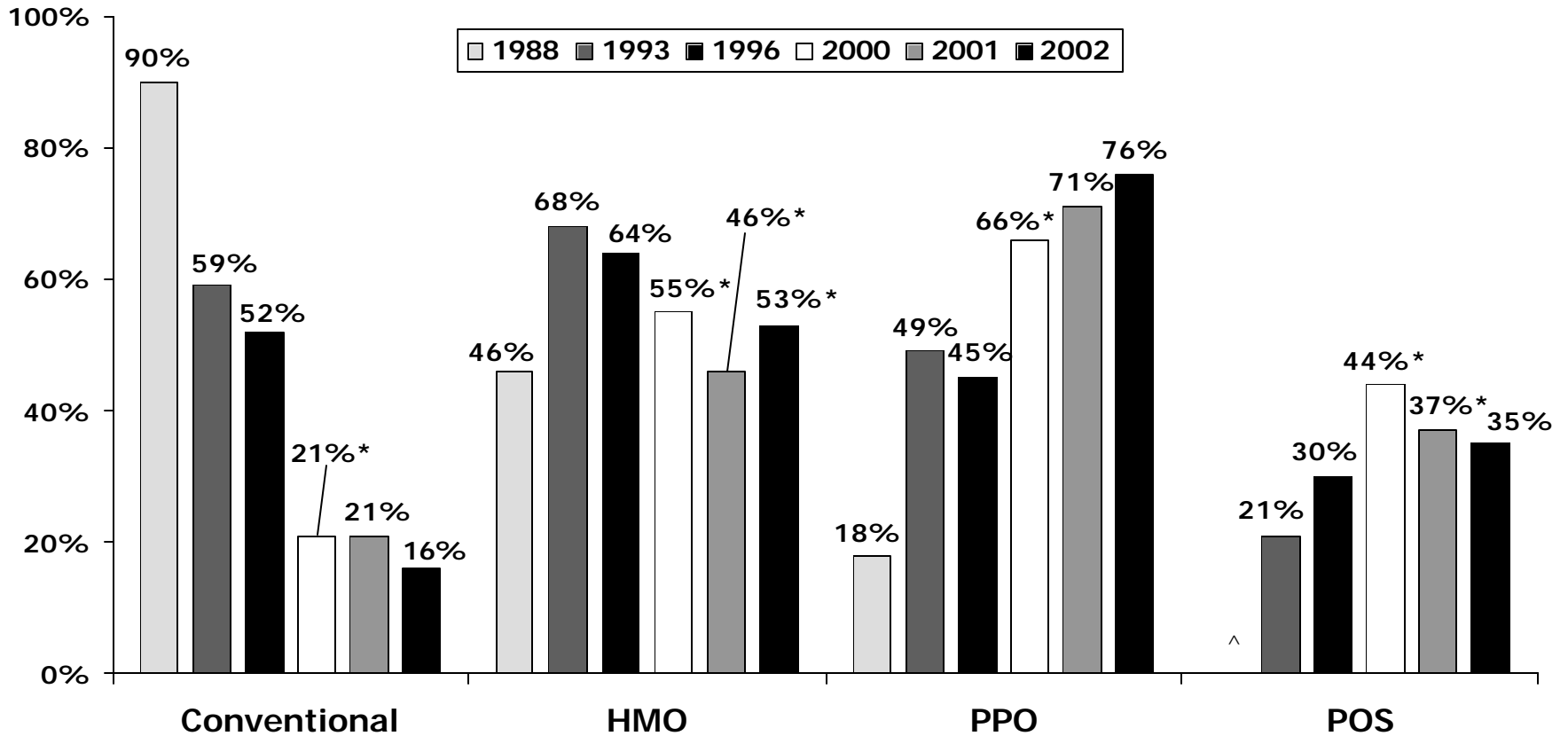
Percentage of Employers Providing a Choice of Health Plans, by Firm Size, 2002



* Distribution is statistically different from All Firms.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

Percentage of Covered Workers With a Choice of Conventional, HMO, PPO, or POS Plans, 1988-2002



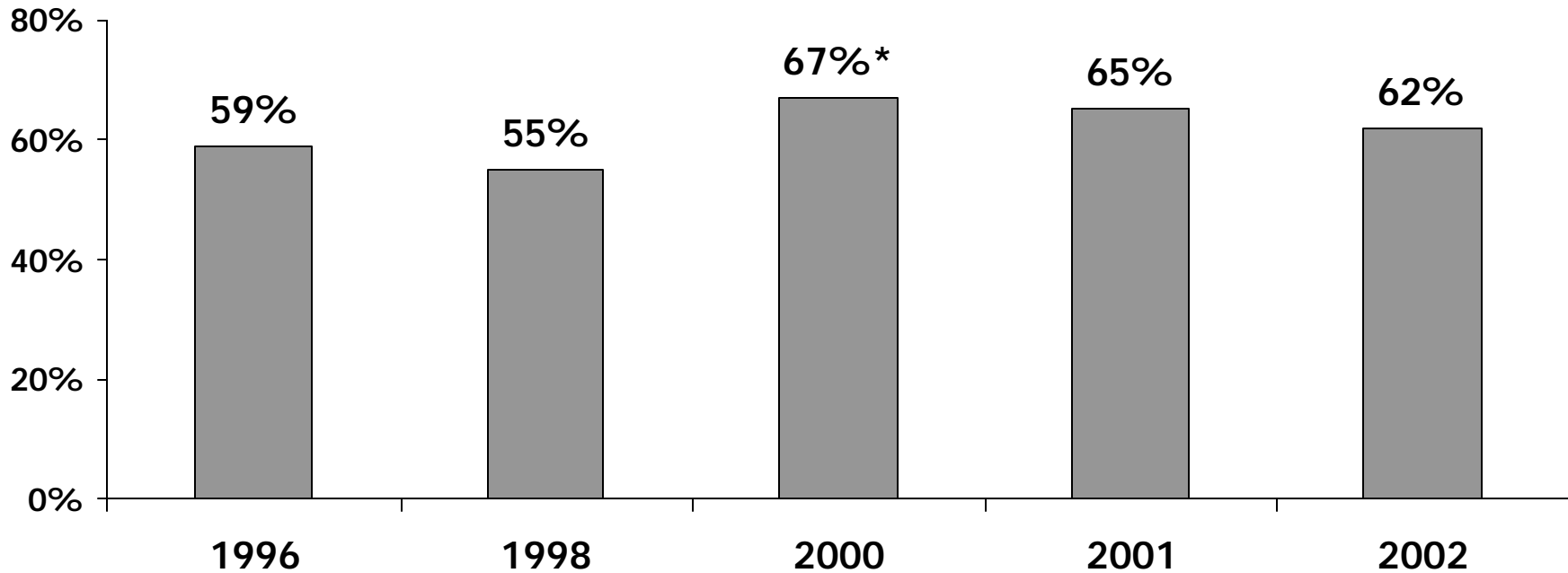
* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

^ Information was not obtained for POS plans in 1988.

Source: KFF/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1993, 1996.

Coverage and Benefit Trends

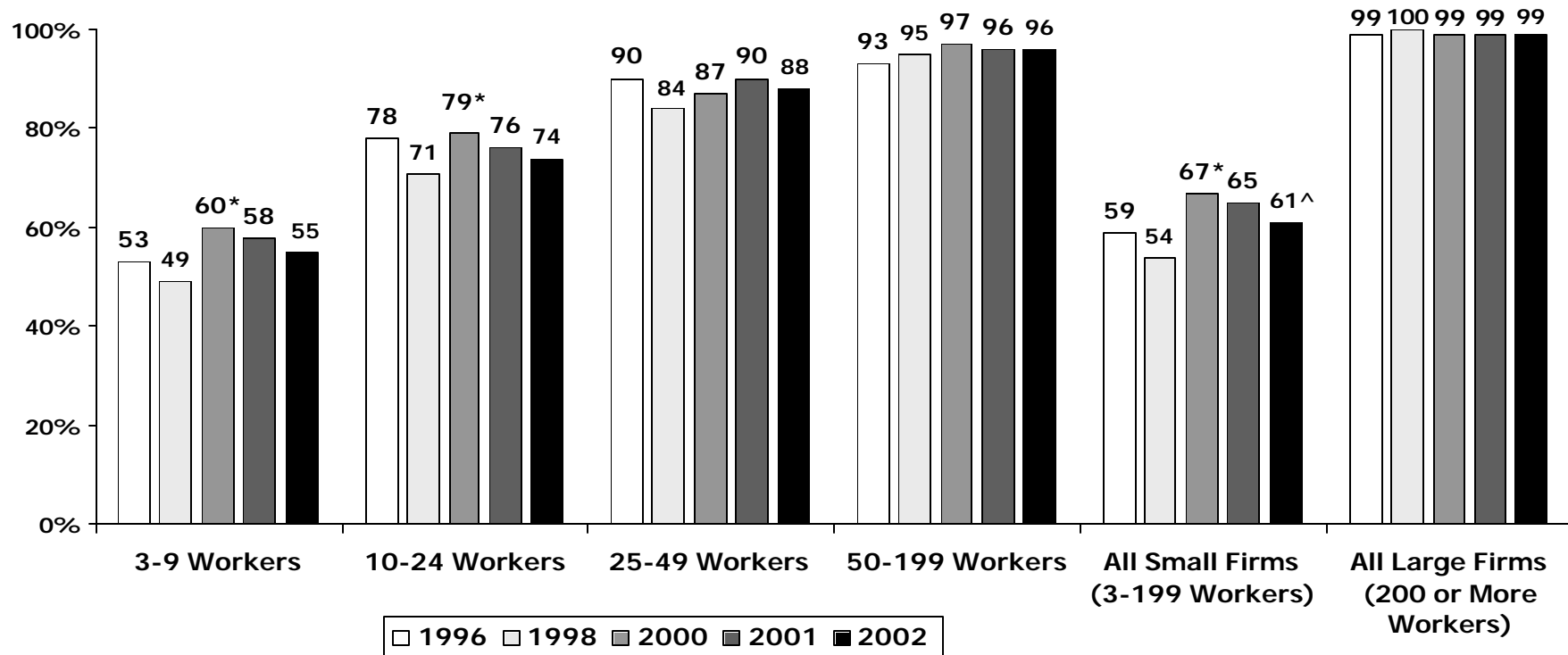
Percentage of All Firms Offering Health Benefits, 1996-2002



* Estimate is statistically different from the previous year shown: 1996-1998, 1998-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1996, 1998.

Percentage of Firms Offering Health Benefits, by Firm Size, 1996-2002



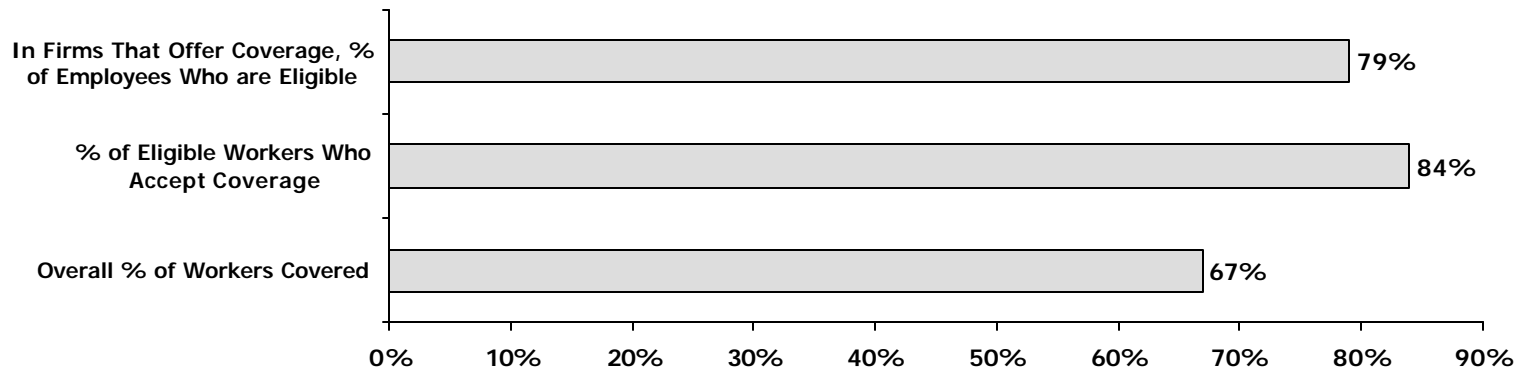
Note: Nationwide, there are about 6,290,665 firms with 3-199 workers and 85,448 with 200+ workers.

* Estimate is statistically different from the previous year shown: 1996-1998, 1998-2000, 2000-2001, 2001-2002.

^ Estimate is statistically different (p<0.1) from the previous year shown: 2000-2002.

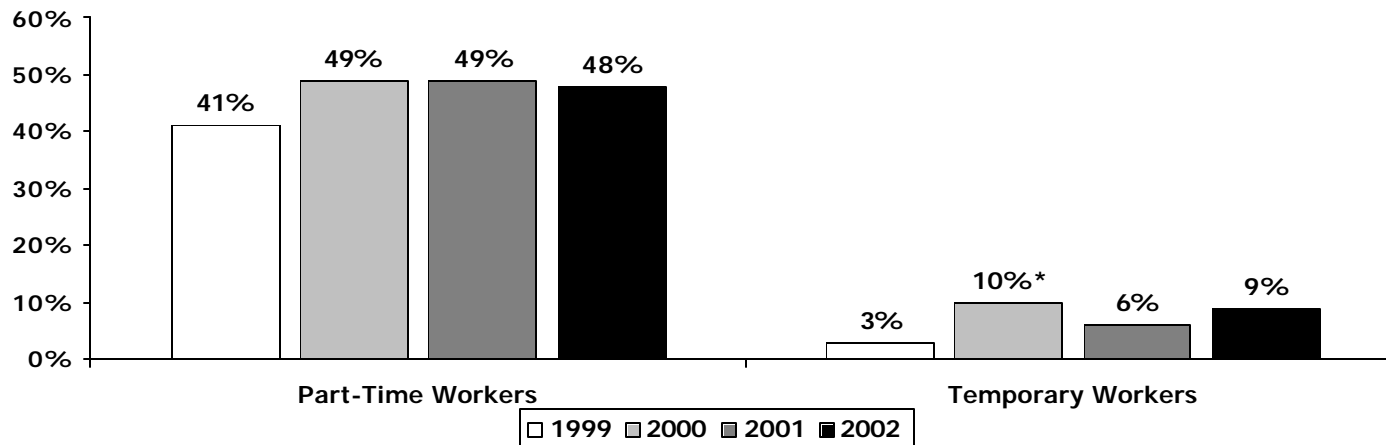
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1996, 1998.

Even When a Firm Offers Health Benefits, Not All Workers Are Covered, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

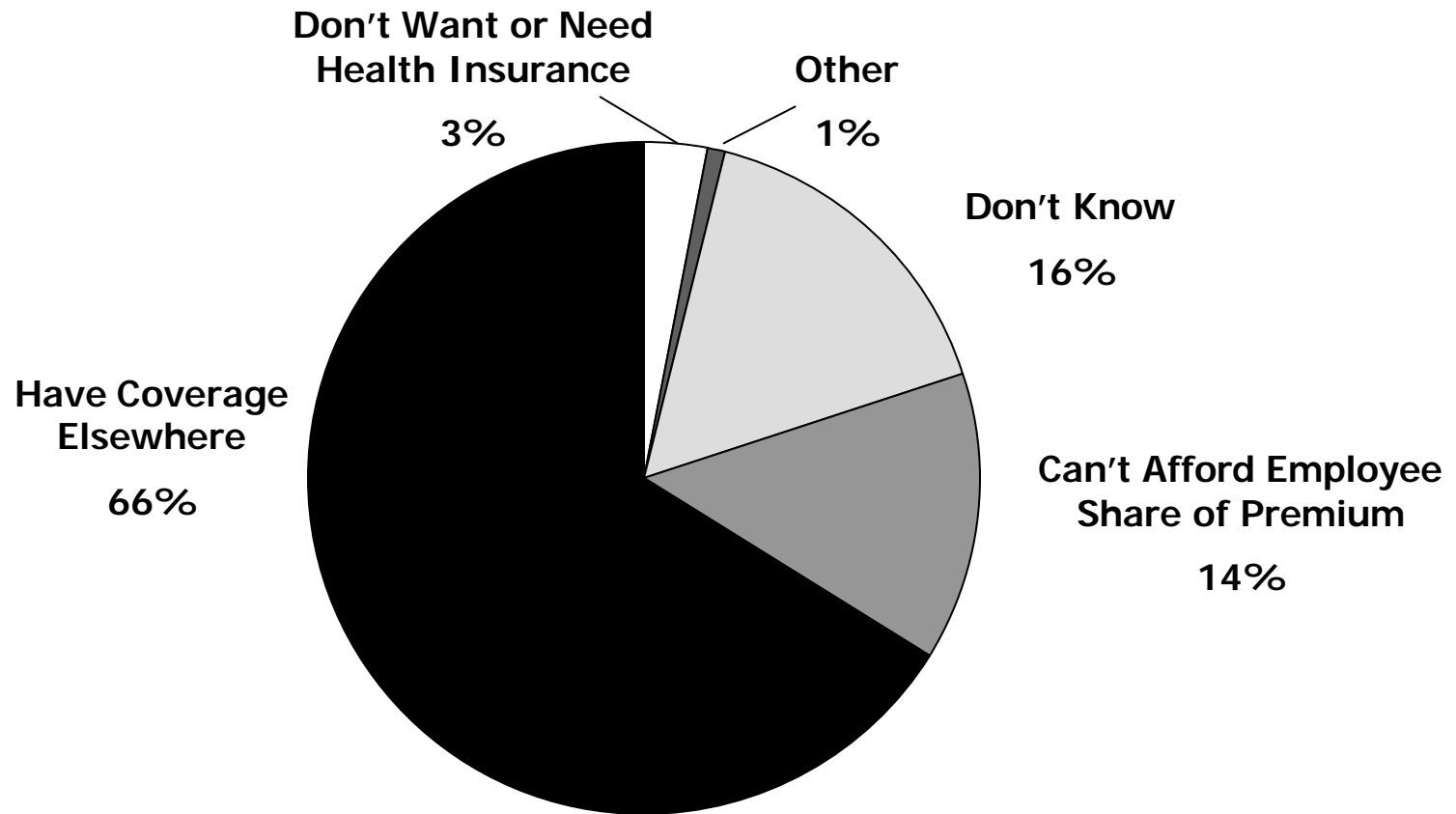
Percentage of Workers Employed in Firms That Offer Part-Time and Temporary Workers Health Coverage, 1999-2002



* Estimate is statistically different from the previous year shown: 1999-2000, 2000-2001, 2001-2002.

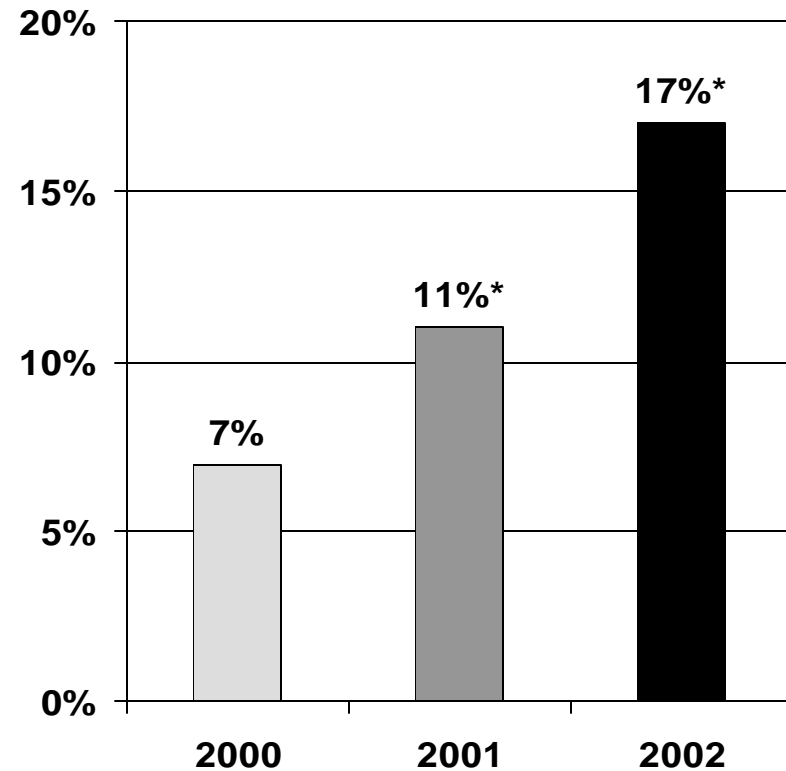
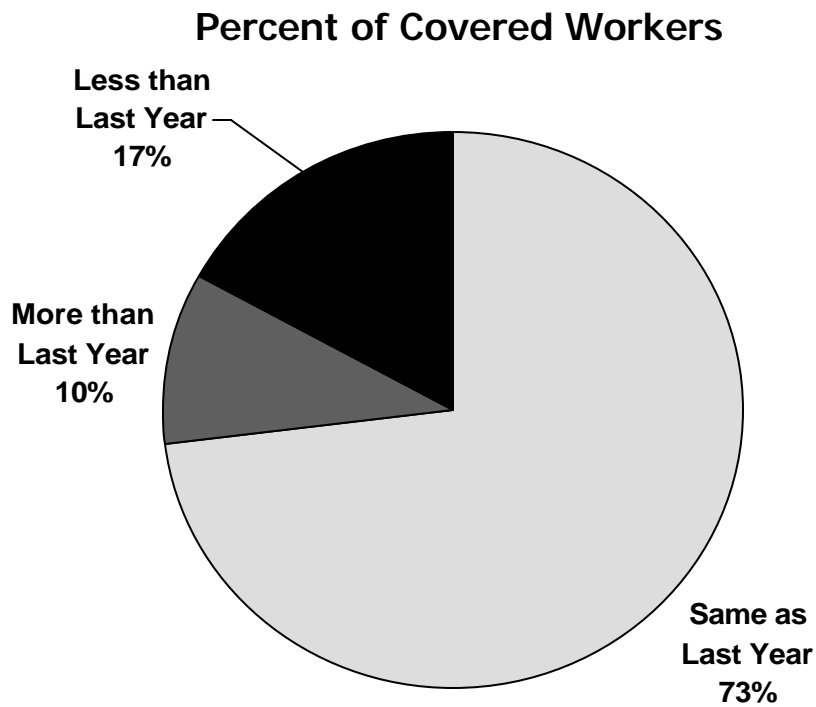
Sources: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002.

Most Common Reasons Cited by Firms as to Why Workers Decline Coverage for Which They are Eligible, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

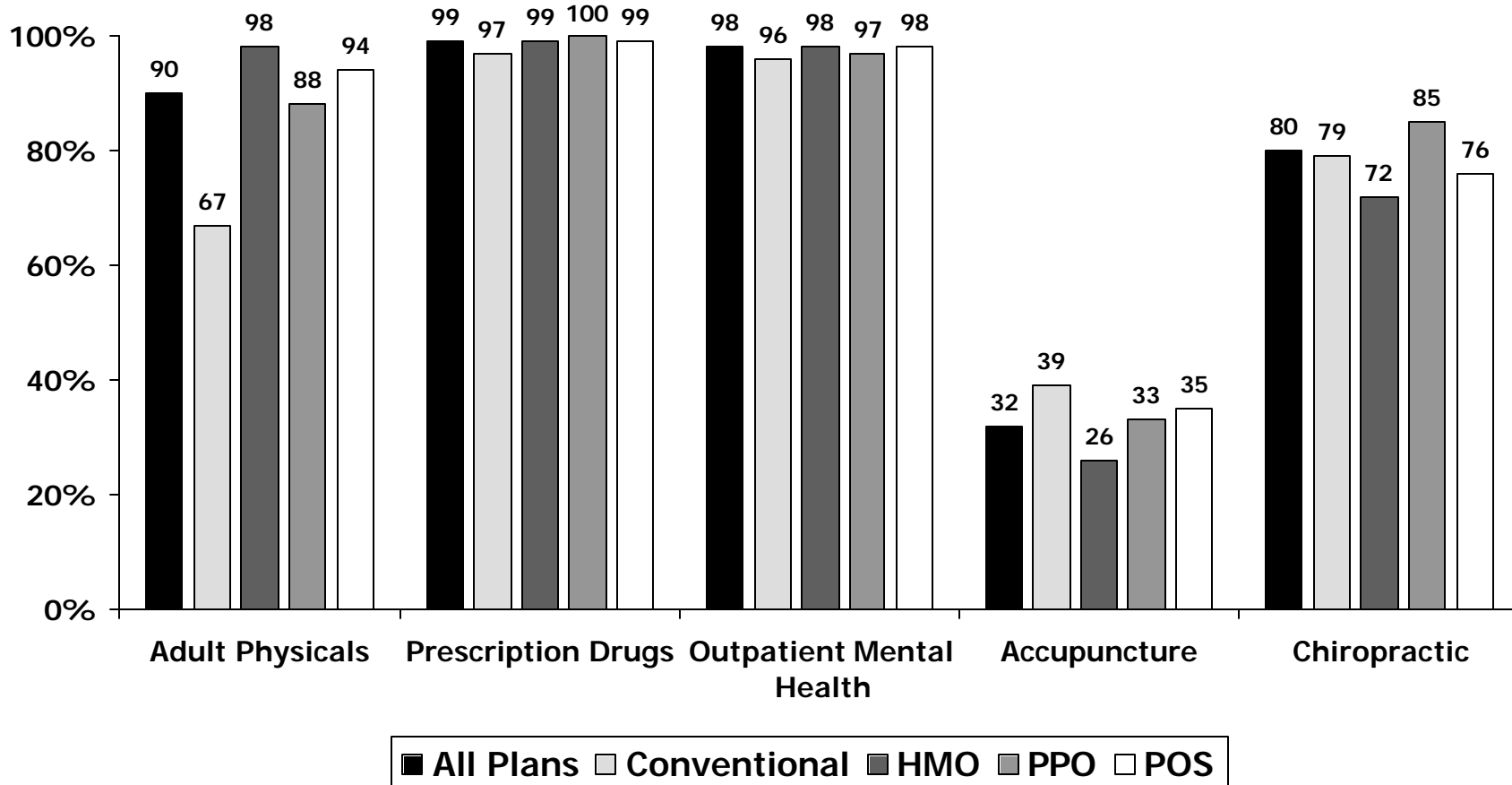
Percent of Covered Workers With Benefit Changes in 2002; Percent of Covered Workers With Benefit Declines, 2000-2002



* Estimate is statistically different from the previous year shown: 2000-2001, 2001-2002.

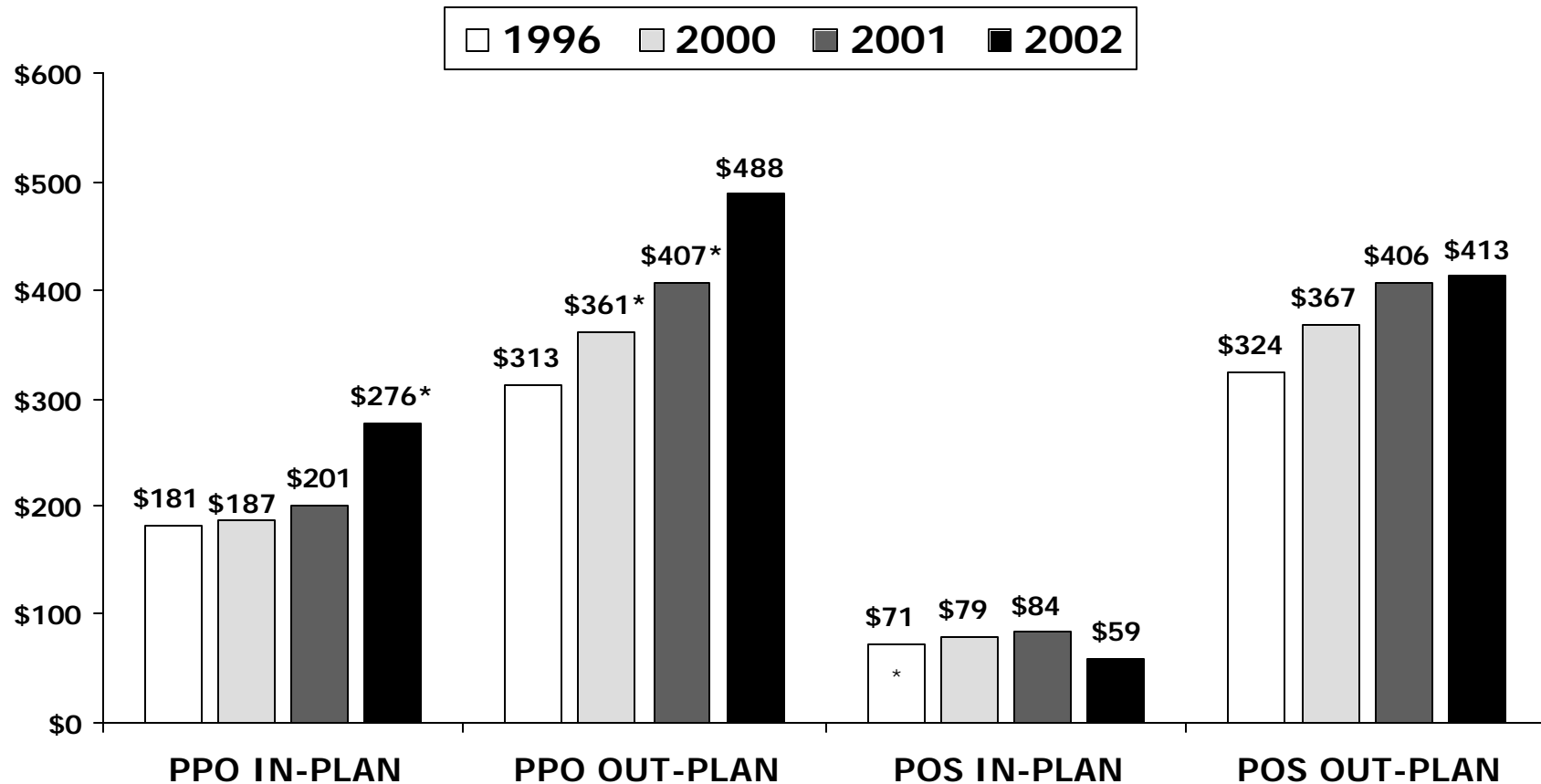
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.

Percentage of Workers Covered for Selected Benefits, by Plan Type, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

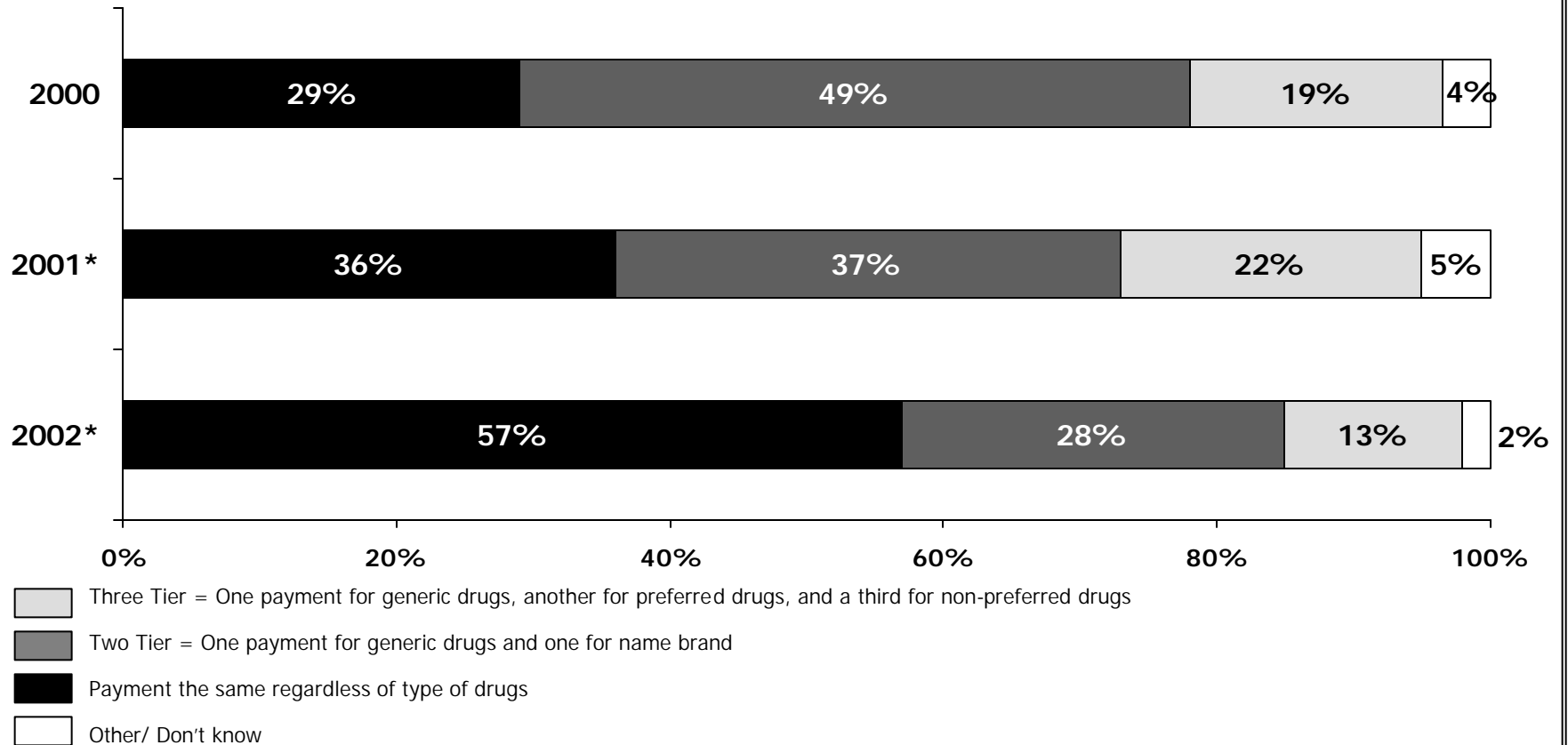
Average Annual Deductibles for Coverage in PPO and POS Plans, 1996, 2000, 2001, and 2002



* Estimate is statistically different from the previous year shown: 1996-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002; KPMG Survey of Employer Sponsored Health Benefits: 1996.

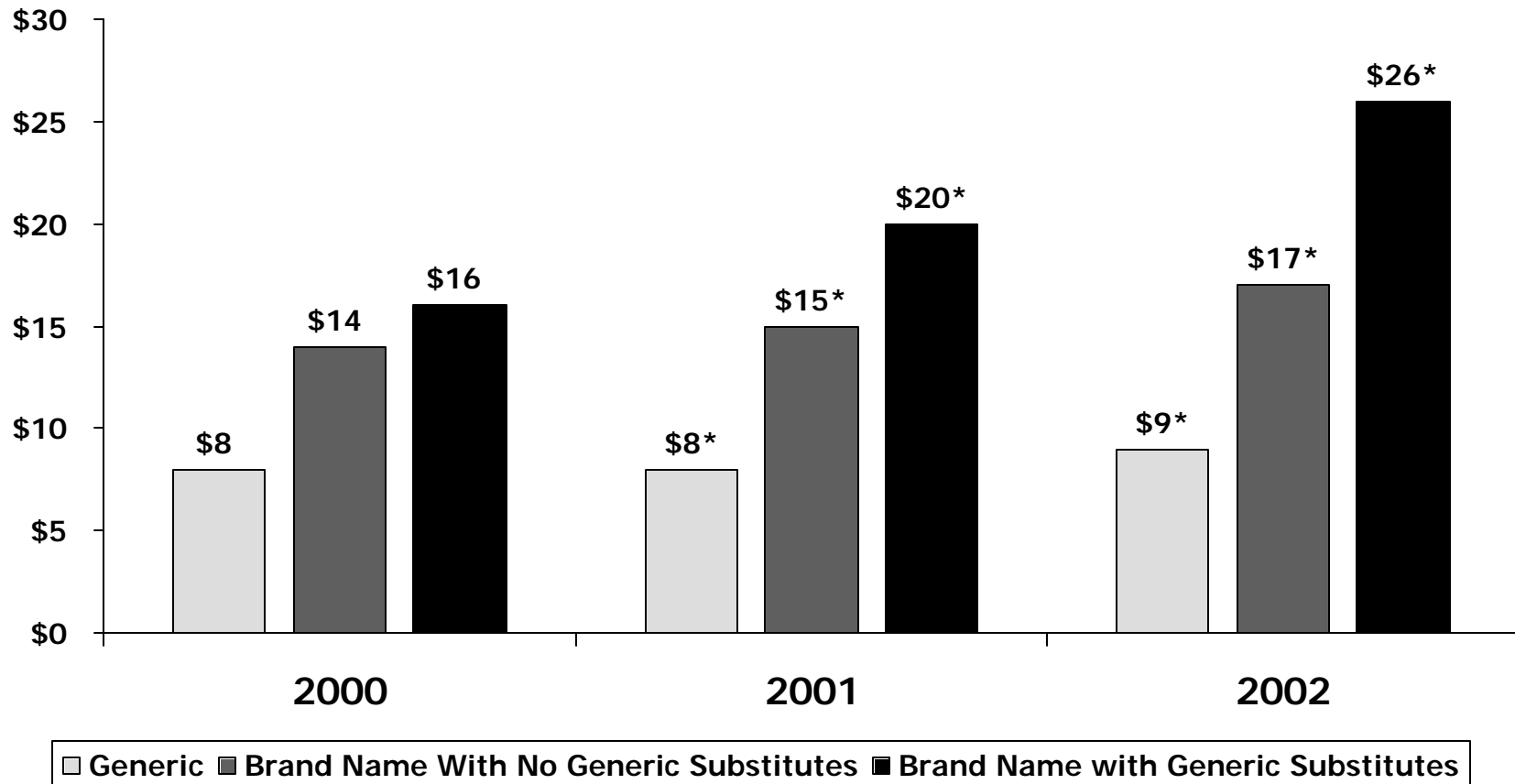
Percentage of Covered Workers Facing Different Cost Sharing Formulas for Prescription Drugs, 2000, 2001, and 2002



* Distribution is statistically different from the previous year shown: 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.

Average Copays for Generic Drugs, Preferred Drugs, and Non Preferred Drugs, 2000, 2001, and 2002

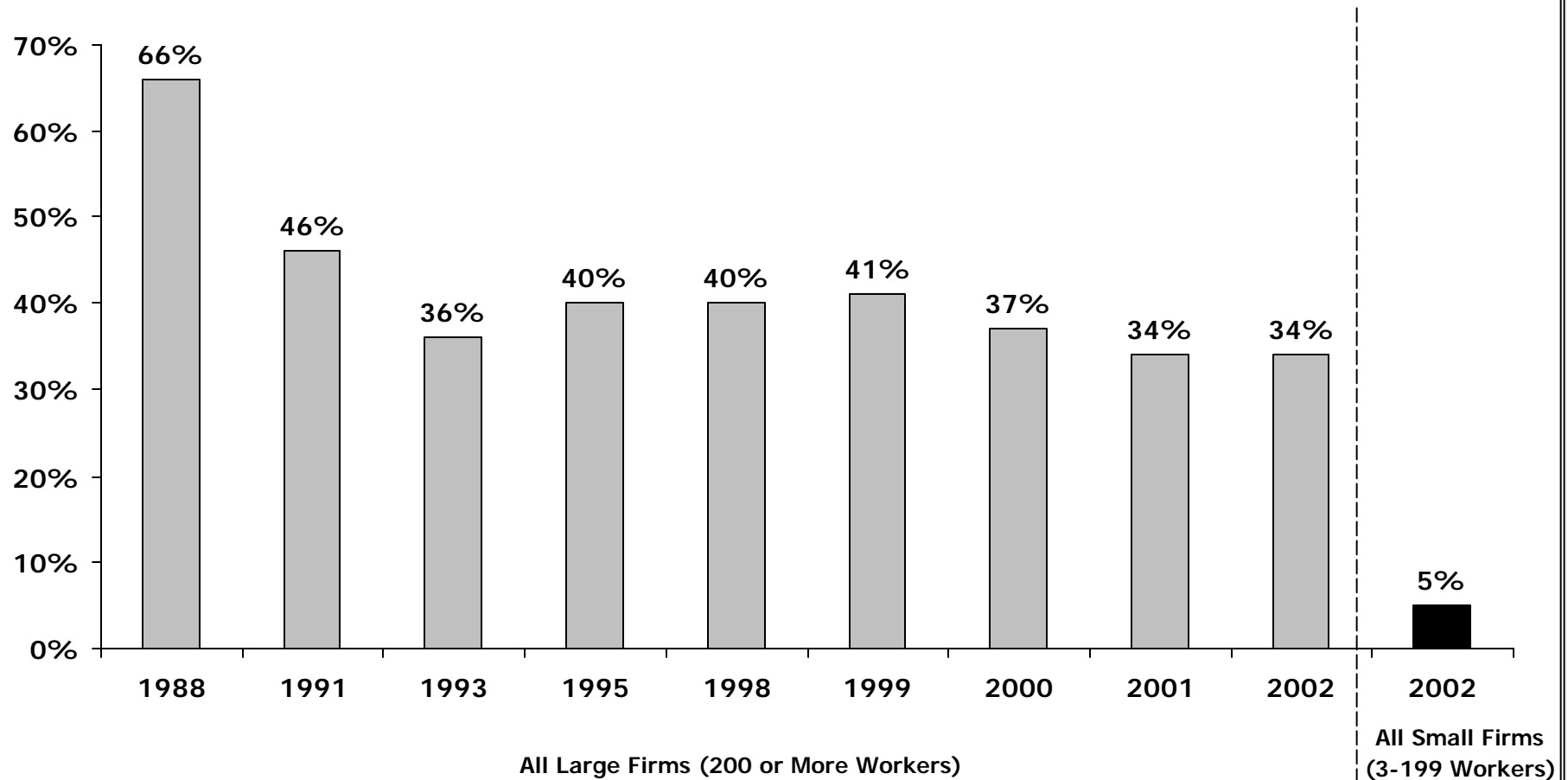


* Estimate is statistically different from the previous year shown by drug tier: 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000, 2001, 2002.

Retiree Coverage

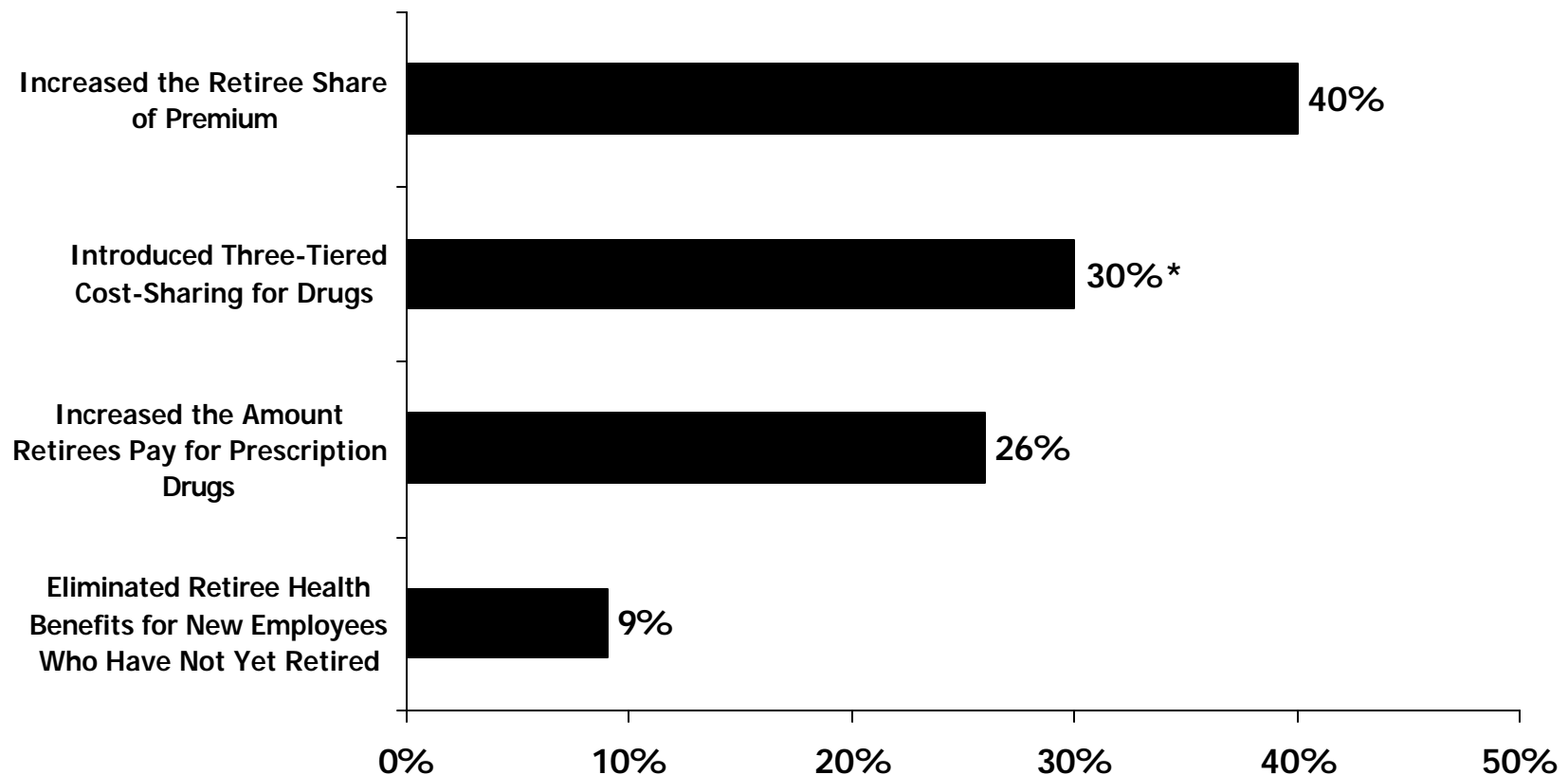
Percentage of Large Firms Offering Retiree Health Benefits, by Firm Size, 1988-2002*



* Test found no significantly different estimates from the previous year shown: 1998-1999, 1999-2000, 2000-2001, 2001-2002.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999, 2000, 2001, 2002; KPMG Survey of Employer-Sponsored Health Benefits: 1988, 1991, 1993, 1995, 1998.

Among Firms Offering Retiree Health Benefits, Percentage of Large Firms Reporting the Following Changes in the Past Two Years, 2002

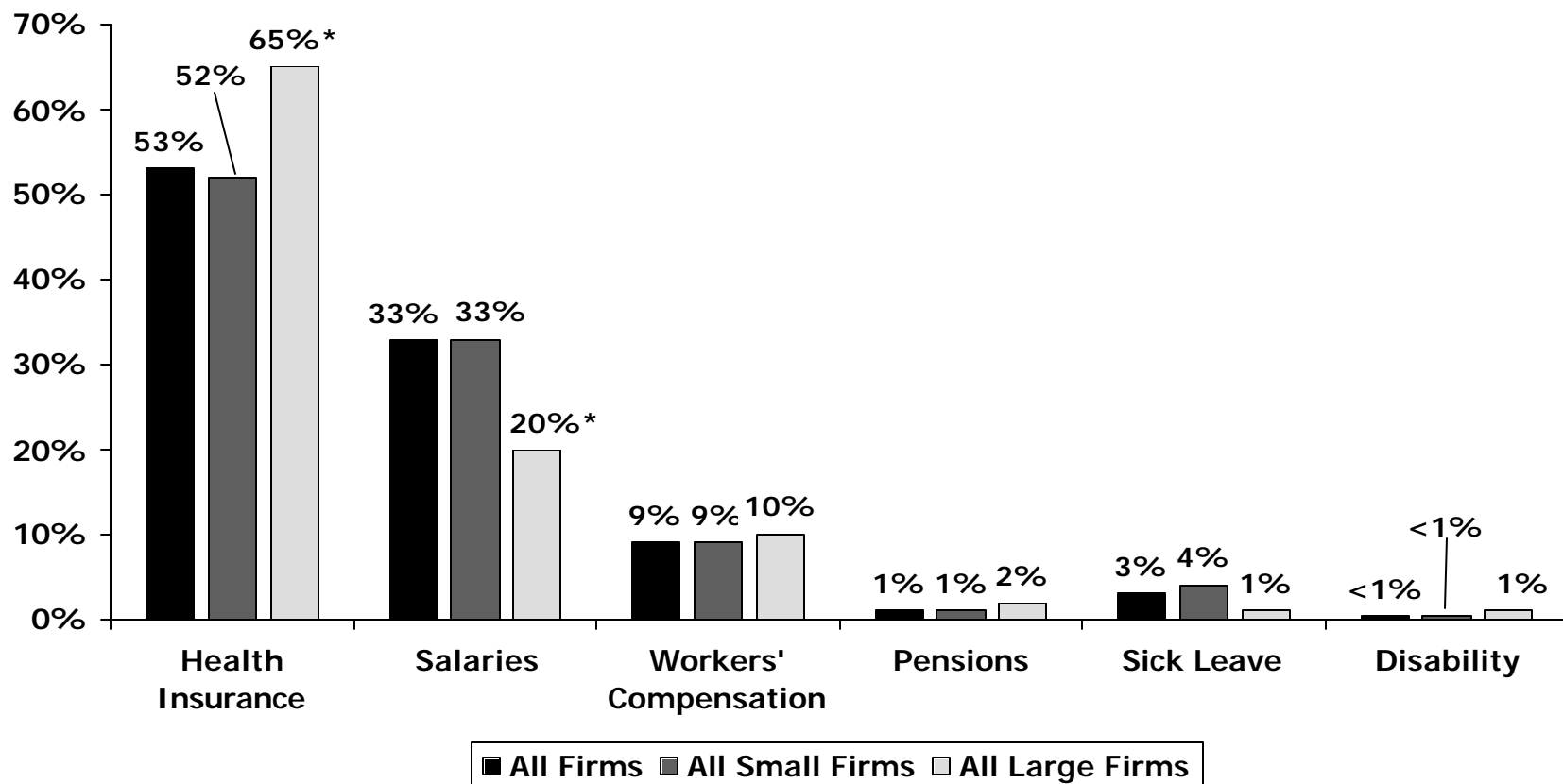


* Estimate is statistically different from All Firms.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

Employer Attitudes

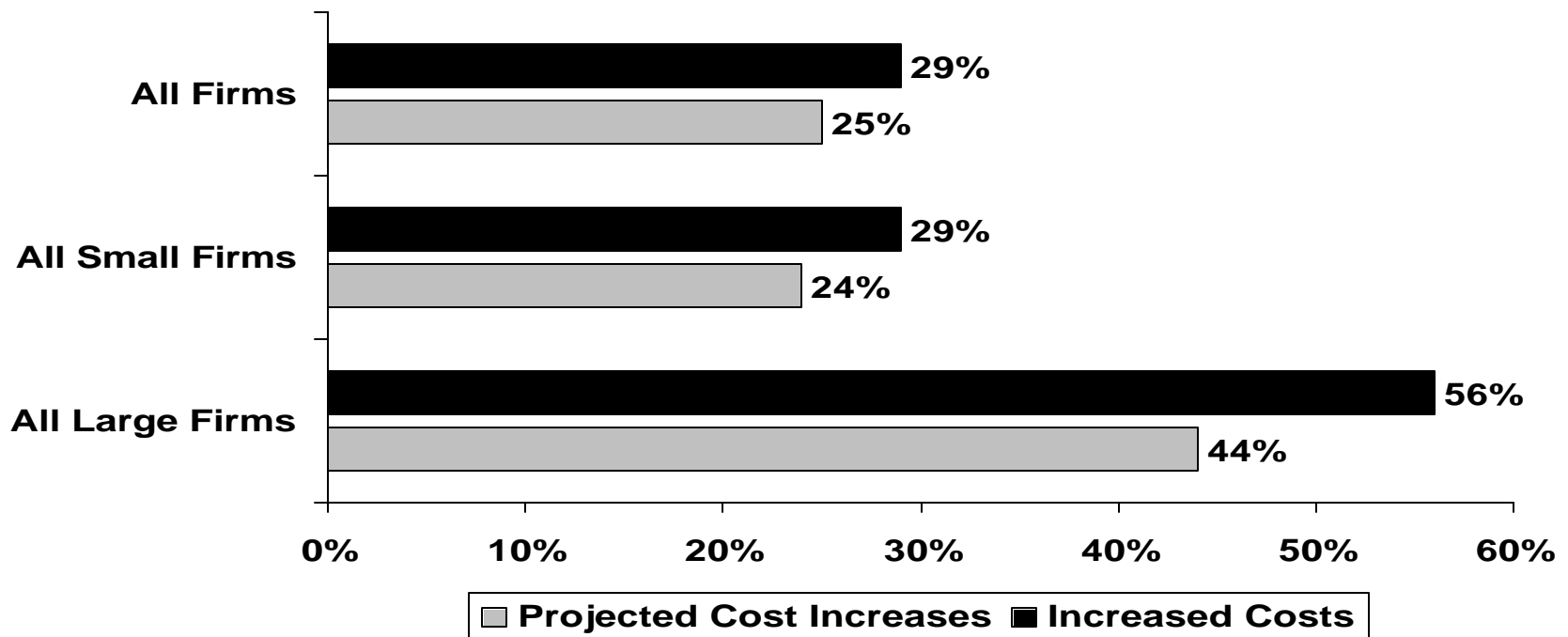
Percentage of All Firms That Report the Following Benefits Cause the 'Greatest' Cost Concern for Their Company, 2002



* Estimate is statistically different from All Firms.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

Percentage of Firms That Reported They Were Very Likely to Increase Employee Cost for Coverage in 2001¹ Compared to Those Who Reported They Increased Employee Costs in 2002, by Firm Size

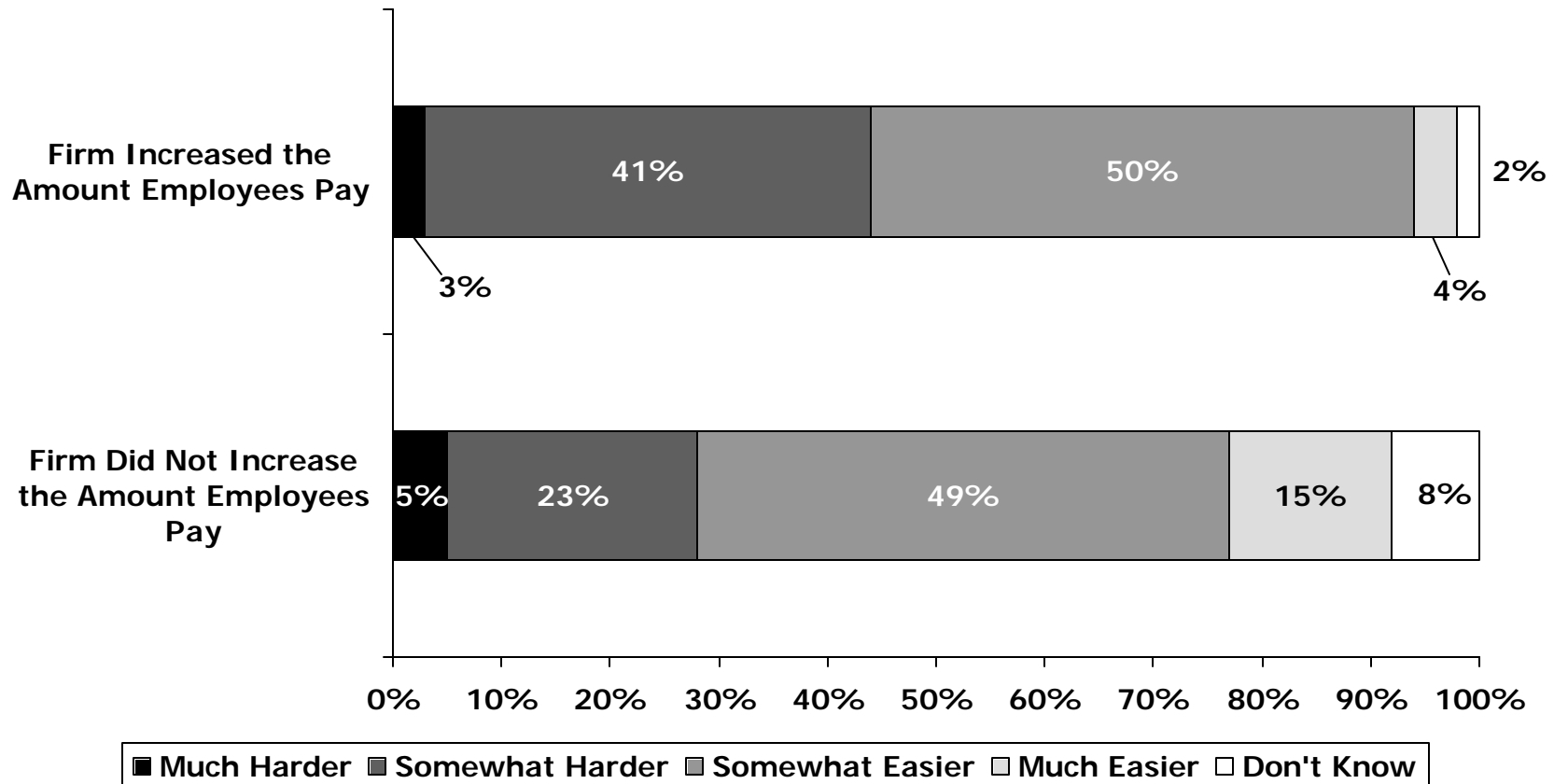


Note: ¹ In 2001, 19% of all firm reported that they were 'somewhat likely' to increase the employee's share of cost in the next year. Eighteen percent of all small firms said they were 'somewhat likely' to increase costs compared to 31% of large firms.

* Estimates are statistically different within firm size.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2002.

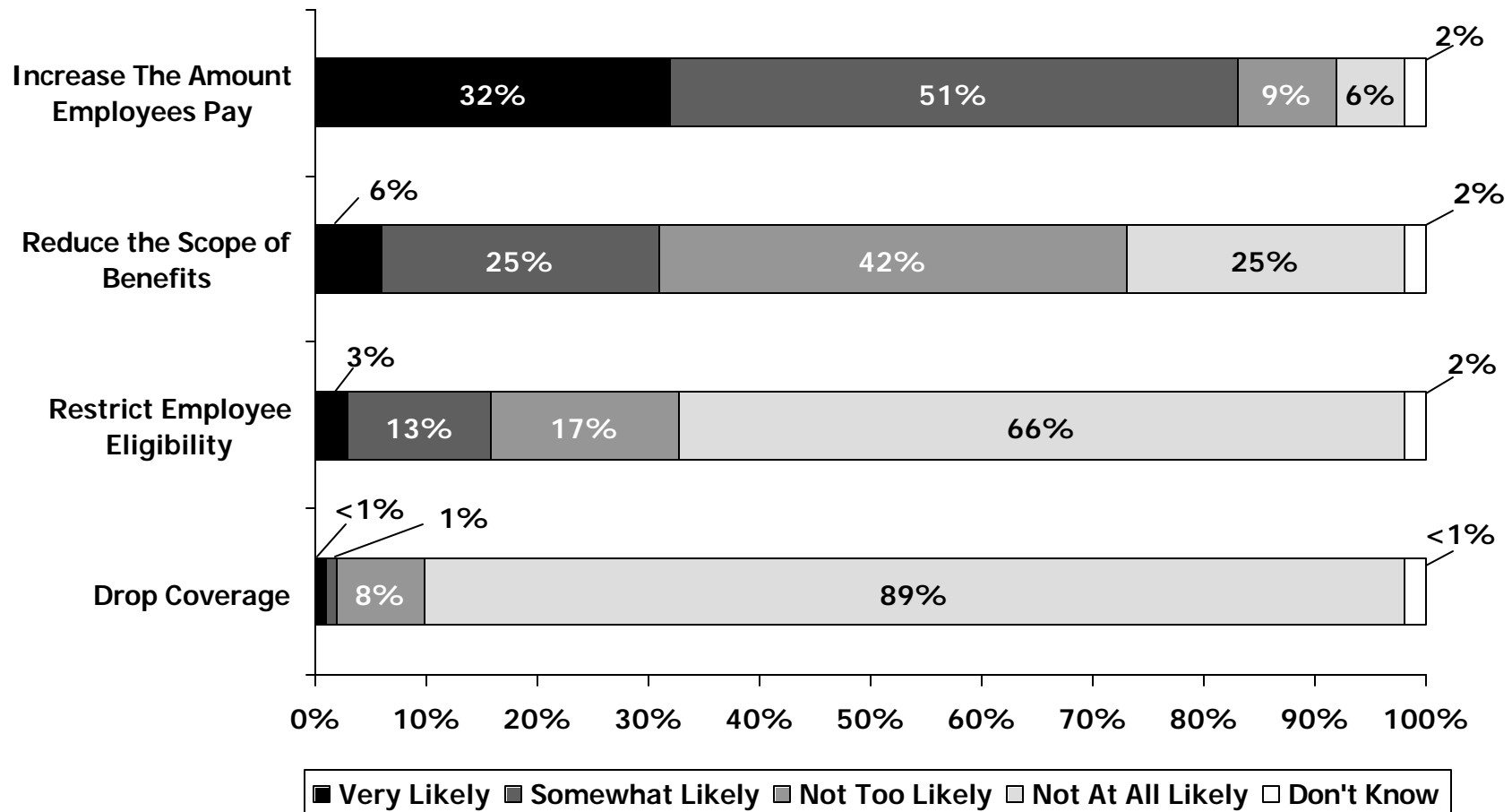
Percentage of Firms That Report the Level of Difficulty Attracting and Retaining Qualified Workers Is Harder or Easier Than One Year Ago, by Whether or Not the Firm Increased the Amount Employees Pay for Health Insurance, 2002*



* Distributions are statistically different from one another.

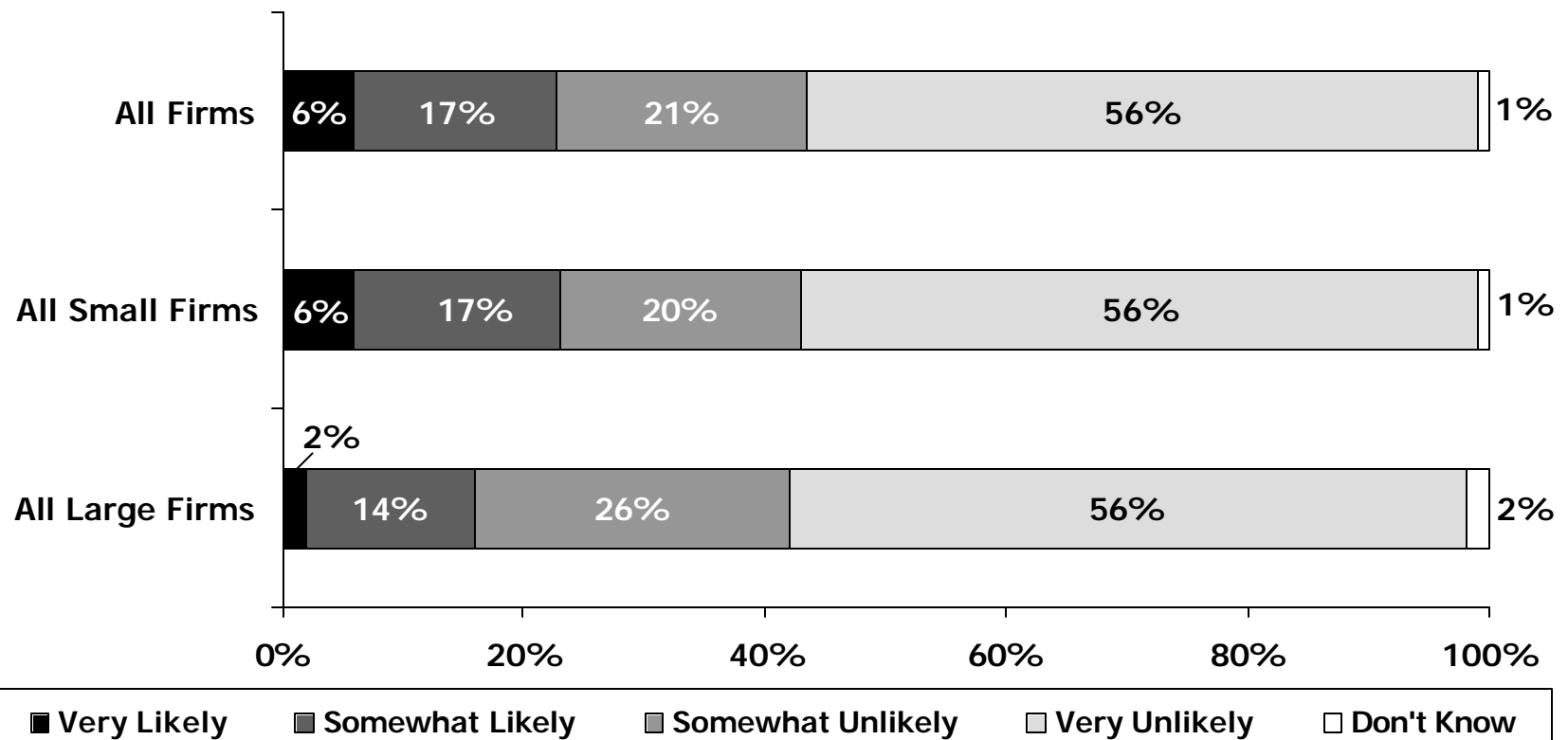
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

Likelihood of Large Employers Making the Following Changes to Employer Health Benefits If the Economic Downturn Continues, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

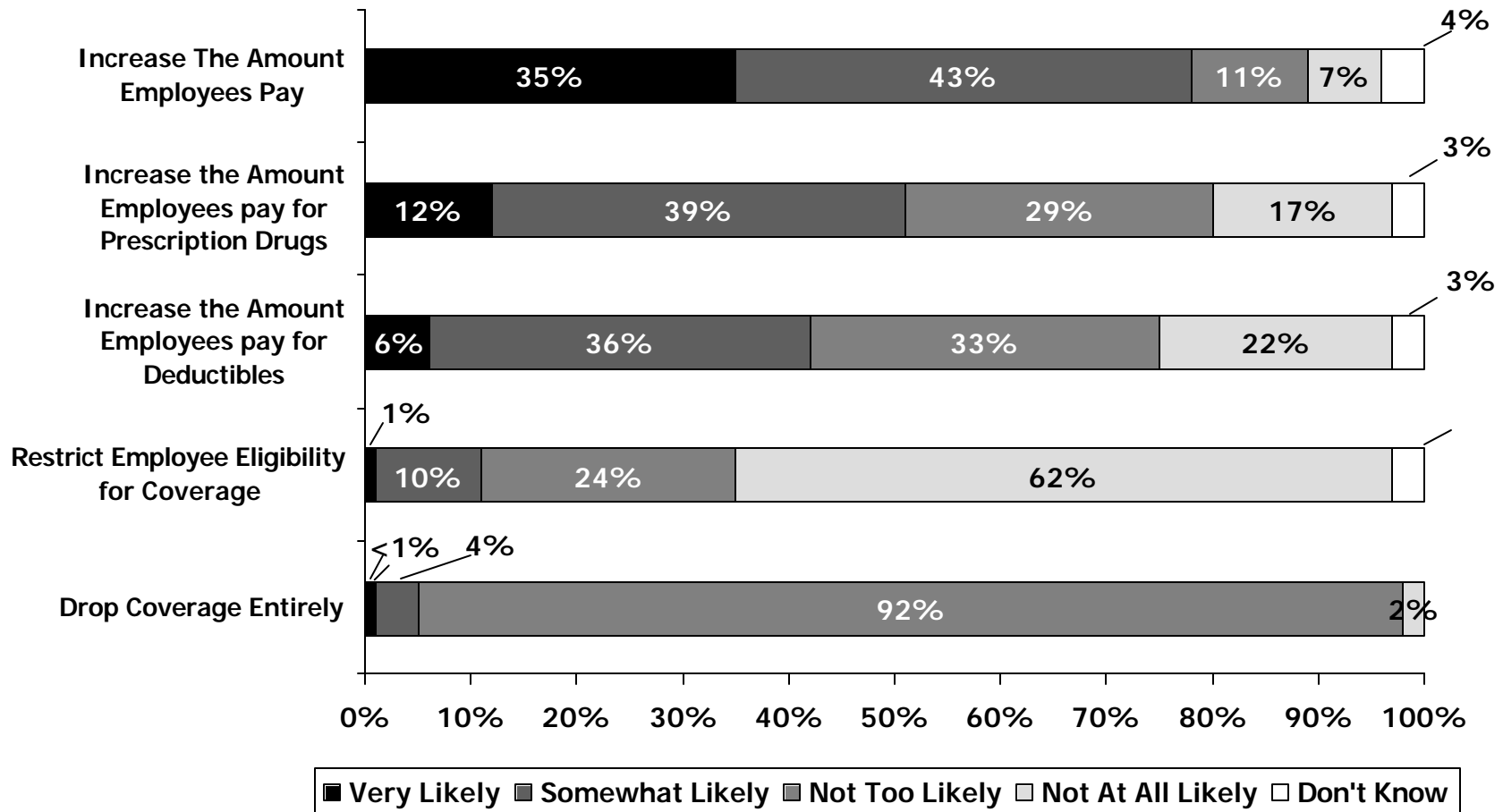
The Likelihood Employers Will Switch to Cash-Out Defined Contribution in the Next Five Years, by Firm Size, 2002*



* Tests found no statistically different distribution by Firm Size.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.

Likelihood of Large Employers Making the Following Changes in the Next Year, 2002



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2002.