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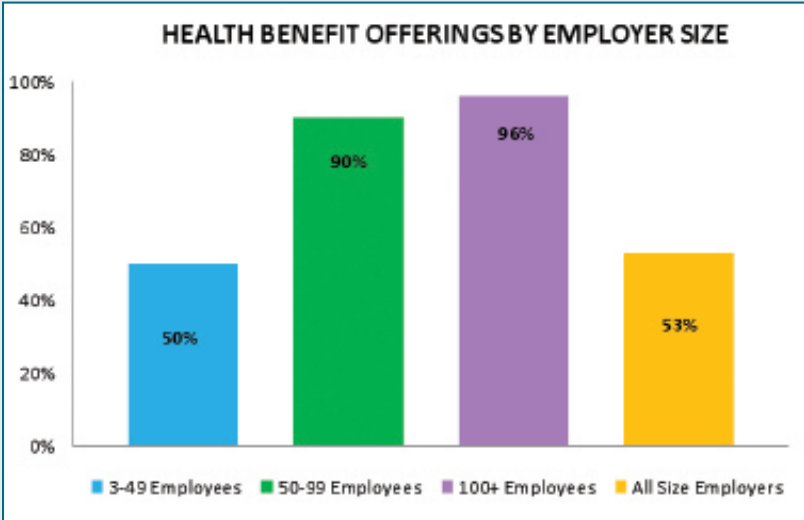
HOW DO YOUR Company's Health Insurance Benefits Compare?

During a recent client visit, the employer asked me how his company's health insurance benefits compared to benefit plans offered by other companies. This particular employer wanted information about the average deductible offered by other companies, the percentage of the employee premium other companies generally pay, how much (if any) of the premium they pay toward the health insurance of dependents, and what level of cost sharing is required by insured individuals and their families when they visit a doctor or go to the hospital. These are all great questions, but as you might expect, simple and definitive answers are elusive.

Although I did my best to answer those questions on the spot, I promised I would do some additional research when I returned to the office and report back to the client. Since many employers share the same concerns and have asked me similar questions over the years, I've decided to publish my findings so everyone can get a sense of how their company's health insurance benefits stack up. For the purpose of this article, I've relied in large part on the research and findings published by the Kaiser Family Foundation ("KFF") in their annual employee benefit survey ("the KFF survey"). The KFF report is an excellent and detailed summary of employer-sponsored health insurance benefits in the U.S., and it's chock-full of interesting and helpful information. The entire report can be found at <http://files.kff.org/attachment/Summary-of-Findings-Employer-Health-Benefits-2017> (accessed February 6, 2018). In accordance with the KFF citation and reprint policy, I am using their materials freely and with full attribution. Before proceeding, however, I should note that benefit changes and reductions in employer premium contributions will most likely cause plans that are "grandfathered" or "transitional" under the Affordable Care Act ("ACA") to lose that preferential status, so if your plan is currently such a plan, you should take great care to preserve that status before considering any changes that could negatively affect the long-term viability of your benefit program.

Employee Health Insurance Plans: Employer-sponsored health insurance programs cover more than half of the non-elderly population in the U.S. (approximately 151 million Americans). While benefit programs and insurance plans vary significantly; for the most part, they have a couple very important things in common: they are offered by employers to ensure that workers and their families can have meaningful access to health care; and they protect employees from the financial strife or ruin that can result from catastrophic illness or injury.

Health Benefits by Employer Size: One of the most accurate predictors of the type and level of employer-sponsored benefits (and the amount an employer contributes to those benefits) is company size. The KFF study breaks employer groups into three broad categories: small companies with 3-49 workers; mid-sized companies with 50-99 workers; and large companies with 100+ workers. At the risk of overstating the obvious,



Graph 1

* This graph was compiled with information and data from the KFF survey.

companies with more employees are more likely to offer health insurance benefits than smaller companies, and they are more likely to pay a higher share of the premium.

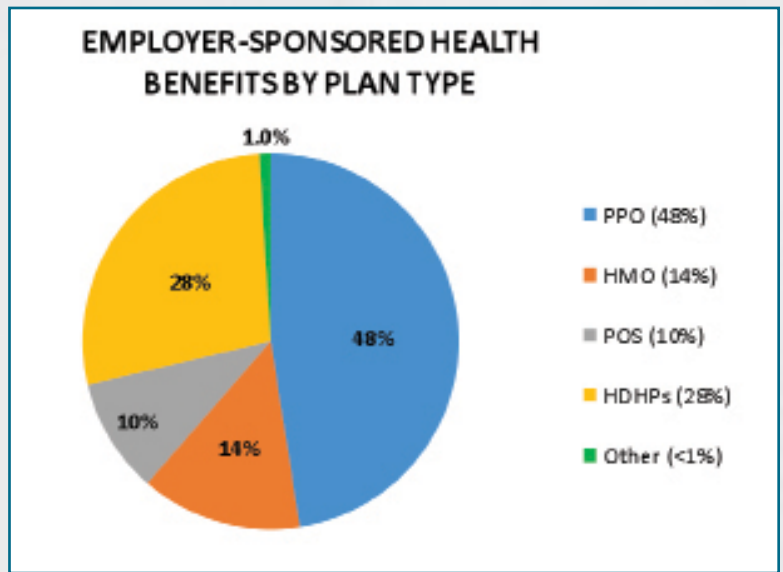
Amongst companies with 100+ workers, 96% offered health benefits. Similarly, 90% of companies with 50-99 employees offered health benefit plans, but that number dropped to a mere 50% amongst companies with 3-49 employees. Overall, 53% of all companies surveyed provide health benefits to their employees. (See, Graph 1)

Health Benefits by Plan Type: As has been the case for decades, Preferred Provider Organization (“PPO”) plans are the most common type of plan offered by U.S. employers. These are the type of plans offered by WMI, and they are generally viewed as the most user friendly because they allow insureds a higher benefit if they utilize preferred providers, but also allow them to receive care outside the network if they desire (albeit in exchange for a lower benefit). Of all benefits offered by employers, 48% are through PPO plans. About 14% of employers provide their benefits through more restrictive Health Maintenance Organization (“HMO”) plans which generally limit members to a closed panel of providers. Various other plan types (e.g., point-of-service (“POS”), High Deductible Health Plans (“HDHP”), and indemnity plans) comprise the balance. (See, Graph 2)

Health Benefit Cost and Employer Contribution:

In 2017, the average annual premiums for employer-sponsored health insurance coverage were \$6,690 for single coverage and \$18,764 for family coverage. On average, workers contributed about \$1,200 (18%) toward the cost of single coverage and \$5,800 (31%) for family coverage. (See, Graph 3 on following page)

For reference and perspective, the amount covered workers pay for family coverage has increased 74% since 2007, and the amount employers contribute to that coverage has increased 48%! By comparison, during the same period, general inflation based on consumer price index (“CPI”) data has risen by 21.63%, and



Graph 2

* This graph was compiled with information and data from the KFF survey.



the national average wage index (according to the Social Security Administration) has increased around 25.8%.

Insurance Deductibles and Other Benefit Levels:

One question all employers seem to have when comparing benefits is how their plan's benefits stack up to the plans offered by other employers. This can be a difficult thing to pin down because some plans control costs through deductibles and co-insurance, while others focus more on channeling to lower-cost providers through limited network access. Nonetheless, the KFF survey offers some helpful insight on deductible variation for those plans with annual deductibles.

According to the KFF survey, 81% of workers are covered under plans that have an annual deductible. The average annual deductible for single coverage is \$1,505. This is generally the amount that must be paid by the insured before insurance benefits kick in (although there are often some benefits (e.g., wellness care) that are covered on a pre-deductible basis). Similar to the benefit distinctions amongst employer sizes, the average deductible for workers who are covered through smaller companies is significantly higher than those who are covered through larger companies (\$2,120 compared to \$1,276). (See, Graph 4)

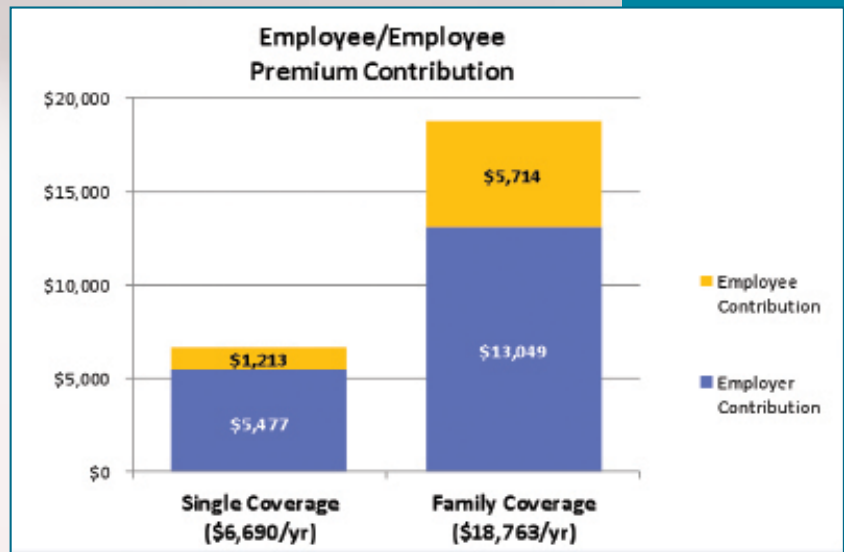
Finally, in an effort to give WMI insured employer groups a more relevant and specific overview of what their peers are doing in this area, we analyzed WMI's data and conducted our own survey. Here's what we found:

Employee Deductibles: The overwhelming majority (77%) of groups insured with WMI have deductibles between \$1,000 and \$1,500. Approximately 17% have deductibles between \$150 and \$500, and about 6% have deductibles of \$2,500 or more.

Premium Contribution - Employee: Approximately 70% of all WMI groups pay 100% of the employee premium rate. Nearly 18% of the companies pay 75-99% of the employee rate, and the rest pay some other combination of employee/dependent rate or a flat dollar amount.

Premium Contribution - Dependent: Only 17% of all WMI groups pay 100% of dependent premium, while 18% pay 50-99% of dependent premium, and 63% pay nothing.

Graph 3



* This graph was compiled with information and data from the KFF survey.

If you have questions about this article or would like to discuss your company's health insurance program, feel free to contact me at (801) 263-8000 or info@wmimutual.com.

Graph 4



* This graph was compiled with information and data from the KFF survey.