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# Company Health Insurance Benefits

## HOW DO YOURS COMPARE?

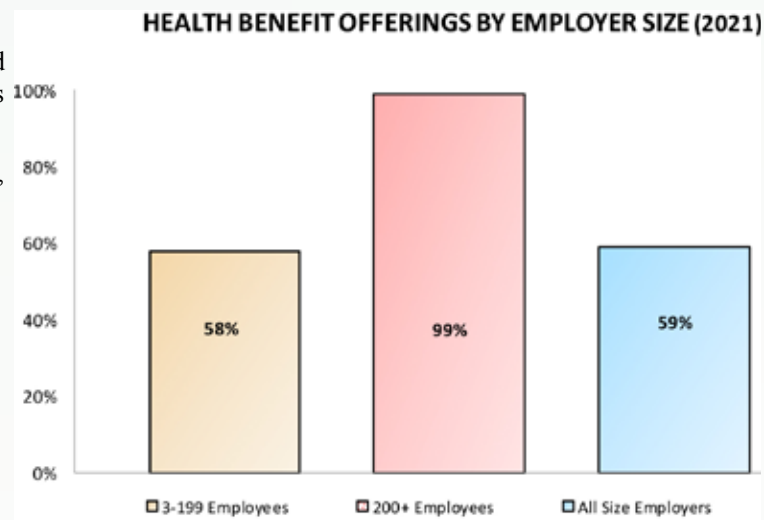
*It's that time again ...* time to review the annual employee benefit survey that was recently published by the Kaiser Family Foundation (“KFF”). As employers struggle to balance inflationary pressures and to attract employee talent, it’s important to know how company health benefits compare to what is being offered by competition. The entire KFF survey can be found at <https://www.kff.org/report-section/ehbs-2021-section-1-cost-of-health-insurance>, but for those of you who want the CliffsNote’s version, here it is.

In accordance with the KFF citation and reprint policy, I am using their materials freely and with full attribution. Important Note: If your company’s benefit plan is “grandfathered” or “transitional” under the Affordable Care Act (“the ACA” or “Obamacare”), you should be aware that any changes to your plan will most likely result in forfeiture of that preferential status. Since I believe grandfathered and transitional status under the ACA is extremely beneficial to employers and employees alike, I would strongly recommend that you preserve your company’s pre-Obamacare status if at all possible.

**Employee Health Insurance Plans:** According to eHealthInsurance.com, employer-sponsored health insurance programs cover 49% of the non-elderly population in the United States (approximately 156 million Americans). While benefit programs and insurance plans vary significantly, they have a few very important features in common: they are offered by employers to ensure that workers and their families can have meaningful access to health care; they protect employees from the financial strife or ruin that can result from catastrophic illness or injury; and they are an extremely important part of the compensation package of most employees.

**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 two main categories: (1) small employers (*i.e.*, those with 3-199 workers); and (2) large employers (*i.e.*, those with 200+ workers). As a general rule, larger companies offer more generous health insurance benefits than smaller companies, and they usually pay a higher portion of the premium.

In the large employer group, 99% offered health benefits in 2021. In contrast, only 58% of small employers offered a health benefit plan (an increase of 3% over the prior year). Overall, 59% of all surveyed companies provide health benefits to their employees. This represents an increase of 2% over the 2020 rate (see Graph 1).



**Graph 1\***

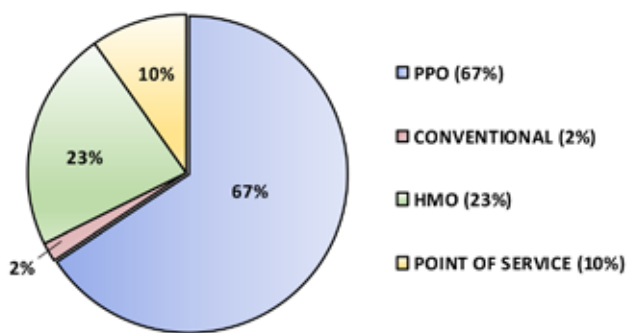
**Health Benefits by Plan Type:** In 2021, 75% of firms that offered health benefits offered only one type of health plan. As has been the case for decades, Preferred Provider Organization (“PPO”) plans remained the most common type of plan covering U.S.

employees. These plans are generally viewed as the most user friendly because they allow members to use any provider they want, but they pay a higher benefit if the member uses a preferred in-network provider. Among firms offering health benefit plans, 67% of all workers are covered by a PPO plan. By comparison, only 23% of workers are covered under a more restrictive Health Maintenance Organization (“HMO”) plan, which generally limits members to a closed panel of providers and only covers out-of-network providers in the event of an emergency. High deductible health plans (which are generally used in conjunction with health savings accounts (“HSAs”)) may be offered in conjunction with PPO plans or HMO plans (or other types of coverage). Approximately 58% of workers are covered under these types of plans (see Graph 2).

**Health Benefit Cost and Employer Contribution:** In 2021, the average annual premium for employer-sponsored health insurance coverage was \$7,739 for single coverage and \$22,221 for family coverage, increases of 3.6% and 4.1% respectively. On average, workers contributed \$1,296 (16.7%) toward the cost of single coverage and \$5,964 (26.8%) for family coverage, both percentages up slightly over 2020. This

**Graph 2\***

**PERCENTAGE OF WORKERS COVERED BY THE FOLLOWING PLAN TYPES (2021)**

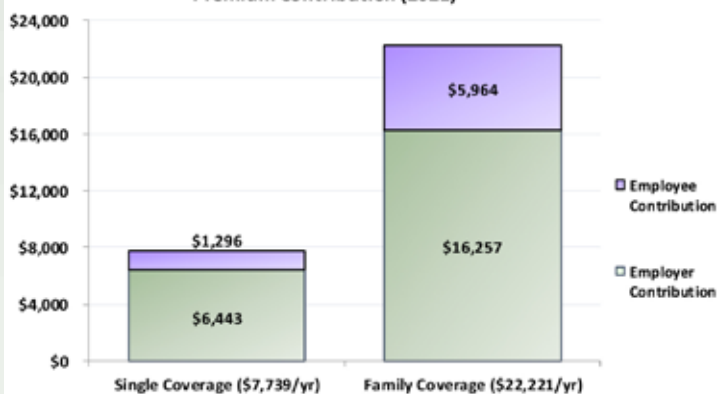


means employers contributed an average of \$6,443 (83.3%) for single coverage and \$16,257 (73.2%) of the cost of family coverage (see Graph 3).

For reference and perspective, the average amount covered workers pay for family coverage has increased 44.6% over the past 10 years, while the amount employers contribute to the coverage has increased 48.5%. It is interesting to note that during the same time period, general inflation based on consumer price index (“CPI”) data has risen by 20.5% (excluding the current year), and the national average wage index (according to the Social Security Administration) has risen by about 40.1%. It’s also interesting to note that since 2010 (the year the Affordable Care Act was passed), average family premiums have increased 57.2%!

**Graph 3\***

**Employee/Employee Premium Contribution (2021)**



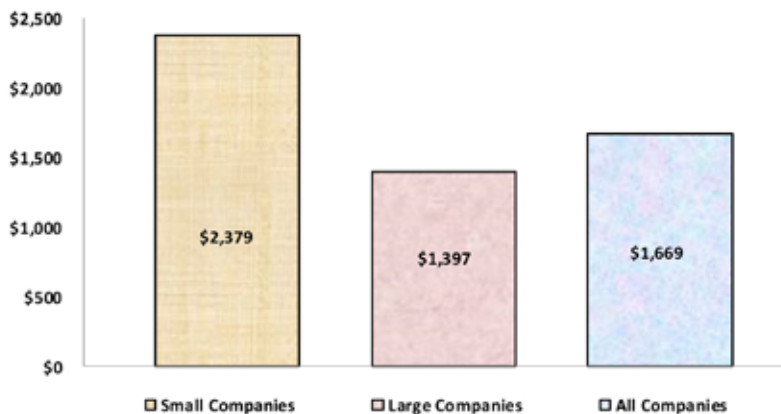
**Insurance Deductibles and Other Benefit Levels:** According to the KFF survey, 85% of workers are covered under plans that have an annual deductible. This is the amount the insured must pay before insurance benefits kick in (although there are often some benefits like wellness care that are covered on a pre-deductible basis). In 2021, the average annual deductible for single coverage was \$1,669. 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 (\$2,379 compared to \$1,397) (see Graph 4).

**Affordable Care Act (“ACA” or “Obamacare”) Premiums, Subsidies, Deductibles and Out-of-Pockets:**

According to eHealthInsurance.com (as visited October 28, 2022), the average premium, deductible, out-of-pocket maximum, advanced premium credit subsidy and cost sharing reduction subsidy for 2020 Obamacare plans were:

**Graph 4\***

**EMPLOYEE DEDUCTIBLES BY EMPLOYER SIZE (2021)**



**Premium:**

- Average Premium (single / unsubsidized) = \$456/month (\$5,472/year)
- Average Premium (family of 4 / unsubsidized) = \$1,152/month (\$13,824/year)

**Deductible:**

- Average Deductible (single) = \$4,364
- Average Deductible (family) = \$8,439

**Out-of-Pocket Limits:**

- Average Annual Maximum Out-of-Pocket Limit (single) = \$8,150 (\$9,100 in 2023)
- Average Annual Maximum Out-of-Pocket Limit (family) = \$16,300 (\$18,200 in 2023)

**Premium Tax Credit Subsidy:**

- In 2020, 87% of the 10.7 million Obamacare insureds received an ACA premium subsidy. The monthly advanced premium tax credit subsidy averaged \$486/month.

**Cost Sharing Reduction Subsidy:**

- Cost sharing reduction subsidies, which are only available in conjunction with ACA silver metal plans sold on a government exchange, reduced the annual deductible by as much as \$4,600.

See [https://news.eHealthInsurance.com/\\_ir/68/20217/ACA\\_Unsubsidized\\_Index\\_Report\\_2021.pdf](https://news.eHealthInsurance.com/_ir/68/20217/ACA_Unsubsidized_Index_Report_2021.pdf) and <https://www.eHealthInsurance.com/resources/individual-and-family/how-much-does-individual-health-insurance-cost>.

\* Graphs were compiled with information and data from the KFF survey. Numbers do not sum to 100% due to rounding.

**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](mailto:info@wmimutual.com).**