

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

Employer
Health
Benefits

2010
ANNUAL SURVEY



-and-



PERFORMANCE INDICATORS

- ▶ The survey asked employers if they review performance indicators for their health plan's service or clinical quality.
 - Overall, 6% of employers review performance indicators for their health plan's service or clinical quality. Large firms (200 or more workers) are more likely to review performance indicators than small firms (3–199 workers) (34% vs. 5%) (Exhibit 13.8).
 - Large firms that review performance indicators report reviewing the following types of information: hospital outcomes data (76%), NCQA accreditation (58%), CAHPS or another measure of consumer satisfaction (57%), HEDIS measures (33%), and URAC accreditation (23%) (Exhibit 13.8).
 - When those firms that review performance measures were asked how influential the performance measures were to the firm's decision to select their health plan or plans, 16% said "very influential" and 34% said "somewhat influential." In terms of satisfaction, 18% of firms said they are "very satisfied" with the level of information available on health plan quality, and an additional 56% said "somewhat satisfied" (Exhibit 13.9).

TAX-PREFERRED HEALTH SPENDING

- ▶ Fifty-five percent of firms that offer health benefits allow employees to use pre-tax dollars to pay for health insurance premiums as allowable under Section 125 of the Internal Revenue Code. Virtually all large firms (200 or more workers) do so, at 92%, versus 54% of small firms (3–199 workers) (Exhibit 13.10).³
- ▶ Eighteen percent of firms that offer health benefits offer a flexible spending account (FSA). A FSA allows employees to set aside funds on a pre-tax basis to pay for medical expenses not covered by health insurance. Typically, employees decide at the beginning of the year how much to set aside in a FSA, and their employer deducts that amount from the employee's paycheck over the year. Funds set aside in a FSA must be used by the end of the year

or are forfeited by the employee. FSAs are different from HRAs and HSAs. Substantial differences exist by firm size: 77% of large firms (200 or more workers) offer FSAs, compared with just 15% of small firms (3–199 workers) (Exhibit 13.10).

ANNUAL BENEFIT MAXIMUMS

- ▶ Few covered workers are in plans with an annual limit on the amount of benefits a plan will pay for an employee.
 - Overall, 12% of covered workers are in plans with an annual maximum on benefits for single coverage (Exhibit 13.11).
 - By plan type, 20% of covered workers in HDHP/SOs, 12% of covered workers in PPOs, 4% of covered workers in HMOs, and 9% of covered workers in POS plans have an annual benefit maximum for single coverage (Exhibit 13.11).

CONTRACEPTIVE AND ELECTIVE ABORTION COVERAGE

- ▶ The 2010 survey included questions about coverage for prescription contraceptives and elective abortions.
 - The majority of firms (63%) report that their plan with the largest enrollment covers prescription contraceptives, such as birth control pills, patches, implants, shots, IUDs, or diaphragms. However, an additional 31% responded "Don't Know" (Exhibit 13.12). More large firms report that their largest plan covers prescription contraceptives than small firms (85% vs. 62%). Large firms were also less likely to say "Don't Know" when asked whether their largest plan covers prescription contraceptives than small firms (4% vs. 32%).
 - The majority of firms (71%) responded "Don't Know" to a question on whether the plan with the largest enrollment covers elective abortions, while an additional 9% said that elective abortions are covered (Exhibit 13.12). Large firms are more likely than small firms to report that their largest plan covers elective abortions (19% vs. 9%) and are less likely to say "Don't Know" (31% vs. 72%).

NOTE:

³ Fifteen percent of firms responded "not applicable;" for example, the firm pays for 100% of the cost of coverage.