



# Decade of Decline: A Survey of Employer Health Insurance Coverage in New York State

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# Executive Summary

**E**mployer-sponsored health insurance is the main pillar of the United States' health coverage system. Nearly two of every three Americans under the age of 65, including active workers, early retirees, and their dependents, rely on employer-sponsored coverage. Over the past 30 years, however, employer-based insurance has slowly and continually eroded. Increases in health insurance premiums have outpaced wage and national income growth, making health insurance less affordable with the passage of time.

To understand the current and future state of employer coverage in New York State, the New York State Health Foundation commissioned NORC at the University of Chicago to survey a random sample of 805 New York-based firms about their provision of health insurance. Conducted in late 2009 and early 2010, this survey provides the first evidence as to how New York employers are responding to the economic downturn and high unemployment rates. NORC conducted extensive telephone interviews with representatives of firms located within New York City, in adjacent suburban counties, and across the rest of the State.

The survey was designed to reveal trends over time within New York State by comparing the results to similar surveys conducted in New York State in both 2001 and 2003. In addition, the survey allows for some comparisons between New York State employers and employers nationwide.

## SURVEY HIGHLIGHTS

**The percentage of workers in New York State with employer-sponsored health insurance has declined sharply since the beginning of the decade. The employer coverage rate in New York State now lags the national average.**

- ▶ The percentage of New York workers covered by employer-sponsored insurance fell significantly, from 69% in 2003 to 58% in 2009. The decline in coverage rates has occurred among firms of all sizes.
- ▶ The percentages of workers in New York firms who are eligible for or who take up coverage have fallen since 2001. Among firms offering coverage, the percentage of workers eligible for coverage has fallen from 85% to 74%. Among eligible workers, the percentage taking up coverage has declined from 82% to 78%.
- ▶ The percentage of New York employers offering health benefits in 2009 remained steady since 2001 at 70%. Nationwide, the offer rate was 60% in 2009, down from earlier in the decade.

## Executive Summary *(continued)*

- ▶ 40% of New York employers offered health benefits to unmarried same-sex couples in 2009. Nearly as many employers in New York—36%—offered coverage to unmarried opposite-sex couples. Employers in New York were significantly more likely than employers nationally to offer coverage to opposite-sex domestic partners.

### **Health insurance in New York, always expensive, is growing even more costly.**

- ▶ Annual premiums for family coverage sponsored by New York employers averaged nearly \$15,000 in 2009.
- ▶ Employer-based insurance in New York was about 10% more expensive than nationally. Monthly premiums for family coverage in New York State averaged \$1,226, compared with \$1,115 nationally.
- ▶ Monthly premiums for single coverage in New York State averaged \$452 monthly, compared with \$402 nationally.
- ▶ In 2009, premiums increased 7.3% in New York State.

### **The cost of health insurance is a financial burden on New York's employers and has adverse consequences for the State's economy.**

- ▶ Two-thirds (66%) of firms reported that they are struggling “a great deal” or “somewhat” to afford health insurance.
- ▶ One in four New York employers reported that they had reduced or frozen wages in response to rising health insurance costs.
- ▶ More than one in five firms has avoided hiring more workers because of rising health insurance costs.
- ▶ One in five firms reported reducing benefits because of rising costs.

### **Employees are paying considerably more in premium contributions and co-pays than at the start of the decade.**

- ▶ Average employee contributions for family coverage increased from \$1,628 in 2001 to \$3,753 in 2009, more than doubling.
- ▶ On average, New York employees contributed \$986 annually toward premiums for single coverage in 2009, significantly more than the national average of \$779.
- ▶ The average co-pay for using a non-preferred drug rose from \$19 in 2001 to \$46 in 2009. Average copayments when using preferred drugs rose from \$15 in 2001 to \$25 in 2009.
- ▶ In 2001, 98% of employees enrolled in HMOs had a co-pay of \$20 or less for an office visit. By 2009, only 56% did so.

## Executive Summary *(continued)*

- ▶ 44% of large firms indicate they are “very likely” to raise the amount employees pay for premiums next year, and another 22% of large firms are “somewhat likely” to do so. More than half (55%) of medium-sized firms report they are “very or somewhat likely” to raise employee contributions for health insurance in the next year.

### **New York’s employers are providing fewer choices of coverage to their workers than in the past. Enrollment has shifted toward preferred provider organization (PPO) and high-deductible plans and away from health maintenance organization (HMO) and point of service (POS) plans.**

- ▶ In 2003, nearly two-thirds of employers offered their workers a choice of at least two health plan types. By 2009, less than half (42%) offered that amount of choice.
- ▶ HMO/POS market share fell from 66% to 40% of enrollment from 2001 to 2009, while PPO market share rose from 29% to 55% in the same time period.

### **New York employers support a wide variety of measures that could make coverage more available and affordable to their employees.**

- ▶ 80% of New York employers would be willing to help employees who qualify to use a tax credit through payroll deductions to help pay for health insurance premiums.
- ▶ 79% of New York employers support a variety of possible changes to health insurance coverage, including allowing individuals to buy the same health insurance policies as small businesses to get lower premiums.
- ▶ Nearly two-thirds of employers support being able to purchase health insurance coverage across State lines, being able to purchase coverage through an insurance exchange, and creating government subsidies to help low-income employees buy health insurance.

## **CONCLUSION**

Employer-based insurance in New York State is less attractive and more fragile than it was at the beginning of the decade. Employers in New York State continue to offer health insurance coverage at a rate that exceeds the national average and that is comparable to the beginning of the decade. Underneath the offer of coverage, however, employers have restricted eligibility, shifted a growing share of costs to workers, and limited choice. As a result, fewer workers are taking up coverage and the percentage of workers in New York with job-based health insurance has declined to a point that now lags the national average.

Health insurance is expensive in New York State and its cost has increased greatly over the past decade. A large majority of firms are struggling to pay for coverage while believing that offering coverage to their workers “is the right thing to do.” For some businesses, health insurance has become a crippling expense. Rising premiums have led a substantial

## Executive Summary *(continued)*

number of firms in New York to avoid hiring more workers or to reduce or freeze wages. The most common response by employers to rising insurance costs is to ask employees to shoulder a greater share of the burden.

The survey was conducted during a severe economic downturn, meaning that employer-sponsored coverage may further erode as a result of the lingering effects of the recession. Employers are more likely to endure health care cost inflation when competition for workers is fierce. During periods of high unemployment, employers are more likely to cut back on benefits, reduce the generosity of coverage, or expect workers to absorb higher costs. An ongoing economic slump, combined with further increases in insurance premiums and health care costs, could cause employer-sponsored coverage to deteriorate.

The implementation of Federal health reform could provide much-needed relief to New York's employers and workers, especially those in small firms. The Affordable Care Act (ACA) makes it easier for employers to provide health benefits. Beginning in 2010, some small businesses (those with fewer than 25 employees) may be eligible for tax credits to offset the costs of coverage. New York employers appear eager and willing to take advantage of programs like these to help low-income workers. For example, 80% of employers would be willing to help employees who qualify to use a tax credit through payroll deductions to help pay for health insurance premiums. Beginning in 2014, businesses with up to 100 workers will also have access to exchanges that could expand their purchasing power and reduce administrative expenses. A large majority of New York's employers support being able to purchase coverage through an exchange; maximizing the potential of these exchanges should be a priority for New York State.

Despite erosion over time, employer-sponsored coverage remains the single largest source of health insurance in New York State. Employer-sponsored coverage must be affordable, comprehensive, and high-quality. Preserving and strengthening the foundation of our insurance system should be a priority for public and private sector leaders.

# Methods

The NYSHealth/NORC Survey of Employer-Sponsored Health Benefits in New York is a joint product of the New York State Health Foundation (NYSHealth) and the National Opinion Research Center (NORC). The survey consisted of telephone interviews with a random sample of 805 private and public firm-level employers in New York State. NORC drew its sample of private employers from a Dun & Bradstreet list of the nation's employers with three or more workers, provided by Survey Sampling Incorporated. NORC drew its sample of public employers from the 2007 Census of Governments. To increase precision, NORC stratified the sample by the number of workers in the firm and the region of the State where the firm's headquarters is located. Interviews were conducted from September 2009 to January 2010.

Throughout the report, exhibits compare findings by size of firm, region, and wage level. Firm size definitions are as follows: small (3-49 workers), medium (50-199 workers), and large (200 or more workers). The distributions by size of firm of employers, workers, and covered workers are similar between New York and the United States (Exhibit M1).

41% of all firms surveyed are located in the five boroughs of New York City. Another 28% of surveyed firms are located in one of the suburbs of New York City (Nassau, Orange, Rockland, Suffolk, and Westchester Counties), and the remaining 31% of surveyed firms are located in the rest of the State.

Exhibits also divide New York firms by wage group. Low-wage firms are defined as those where 35% or more of their workers earn \$23,000 per year or less. Non-low-wage firms are those with fewer than 35% of workers earning \$23,000 or less per year.

The questionnaire included many items that are identical to ones used in 2001 and 2003 when The Commonwealth Fund sponsored surveys of employers in New York State. Those previous surveys permit comparisons of current findings with historical estimates in the New York health insurance marketplace. In addition, the questionnaire included many new items specific to New York, as well as some questions based on the national 2009 Kaiser Family Foundation/Health Research and Educational Trust Employer Health Benefits Survey (Kaiser/HRET). The New York survey included questions on the cost of health insurance, coverage, eligibility, health plan choice, enrollment patterns, employee cost-sharing, prescription drug benefits, and employers' views on certain policy-related questions relevant to New York State. To provide national comparisons, some findings from the 2009 *Kaiser/HRET Employer Health Benefits Annual Survey* are reported.

The margin of error for responses among all employers is +/- 3.5%; for responses among employers with 3-49 workers is +/- 6.0%; for responses among employers with 50-199 workers is +/- 7.6%; and for responses among employers with 200 or more workers is +/- 5.1%. Some exhibits do not sum to 100% because of rounding effects.

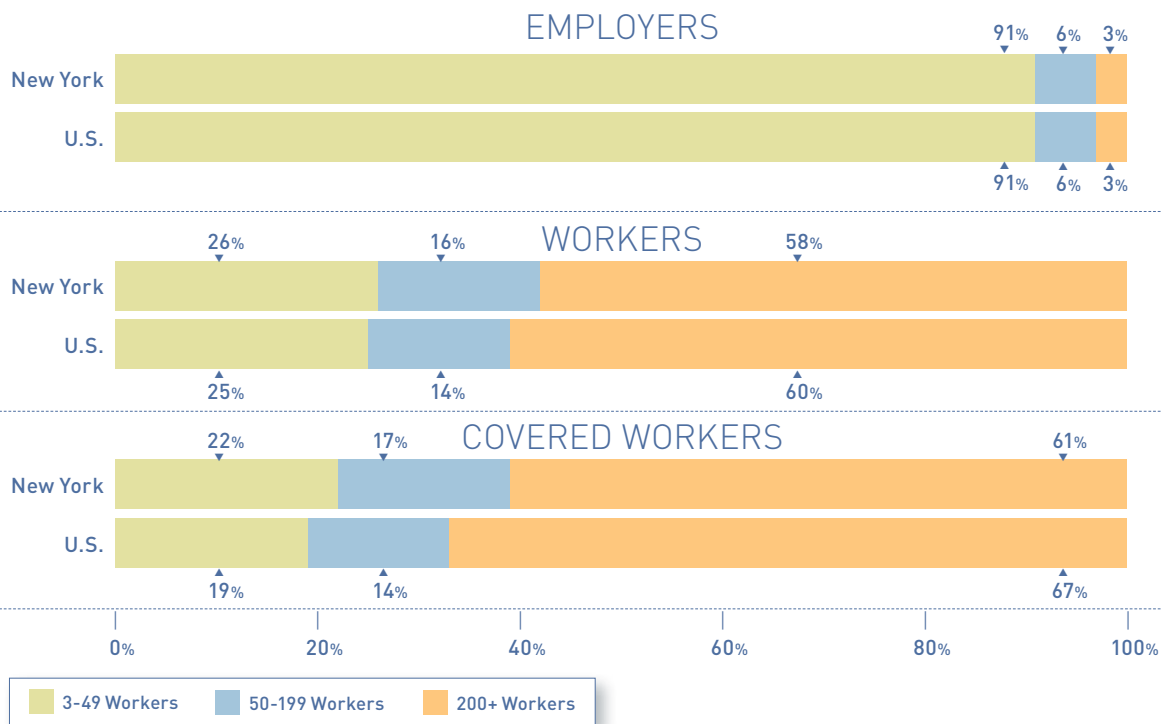
All statistical tests in this report compare either change over time, a plan-specific estimate with an overall estimate, or subcategories compared to all other firms (e.g., firms with 3-49 workers

Methods (continued)

vs. all other firms). Tests include t-tests and chi-square tests; significance was determined at  $p < 0.05$  level. Owing to the complex nature of the design, standard errors are calculated in SUDAAN.

**A note about the methodology:** Rates of change for total premiums, rates of change for worker or employer contributions to premiums, and other variables calculated by comparing dollar values in this report to data reported in past Commonwealth Fund publications should be used with caution, owing to both the survey’s sampling design and the way in which plan information is collected. Rates calculated in this fashion not only reflect a change in the dollar values but also a change in enrollment distribution, thus creating a variable enrollment estimate. However, rates of change in premiums are collected directly as a question in the New York survey. This rate of change holds enrollment constant between the current year and the previous year, thus creating a fixed enrollment estimate. Because the survey does not collect information on the rate of change in other variables, additional rates are not reported. The national survey conducted by Kaiser/HRET, however, stopped collecting directly the rates of change in premiums in its 2008 survey. Therefore, the rate of change in total premiums in the U.S. provided in this report uses a variable enrollment estimate.

**EXHIBIT M.1** Distribution of Employers, Workers, and Workers Covered by Employer Health Insurance in New York and Nationally, by Firm Size, 2009<sup>^</sup>



<sup>^</sup> Tests found no statistically different distributions between New York and U.S.	Base: all employer surveyed, employer weighted, worker weighted, and covered worker weighted.	Source for U.S. Statistics: Author calculations from Exhibit in Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009
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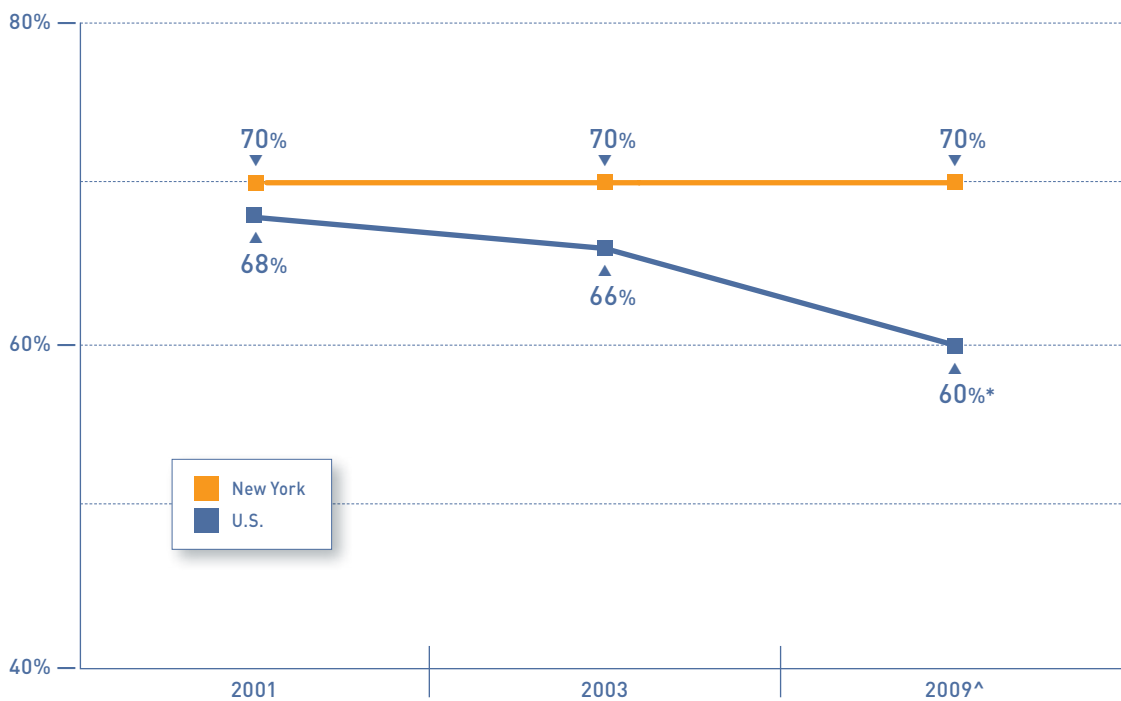


# Offer Rates, Eligibility, Take-up, and Coverage

The percentage of workers in New York State with employer-sponsored health insurance has declined sharply since the beginning of the decade. While New York's employers remain just as likely now to offer coverage as they were in 2001 and are more likely than employers nationally to offer coverage, the generosity and choice of the coverage offered has declined. Small and low-wage firms are less likely than larger and higher-wage firms to offer coverage to their employees. Among New York firms that do offer coverage, the proportions of workers that are eligible for that coverage and take it up have fallen, resulting in employer coverage levels that are somewhat lower than the nation's. According to employers, workers who decline coverage do so either because they can't afford it or have coverage through a spouse; almost no one declines health insurance because they don't want it or need it.

- ▶ The percentage of New York employers offering health benefits has remained steady since 2001 at 70%. Nationwide, the offer rate was 60% in 2009, down from earlier in the decade (Exhibit 1).

**EXHIBIT 1. Percentage of All Firms Offering Health Benefits, New York and Nationwide, 2001, 2003, and 2009**

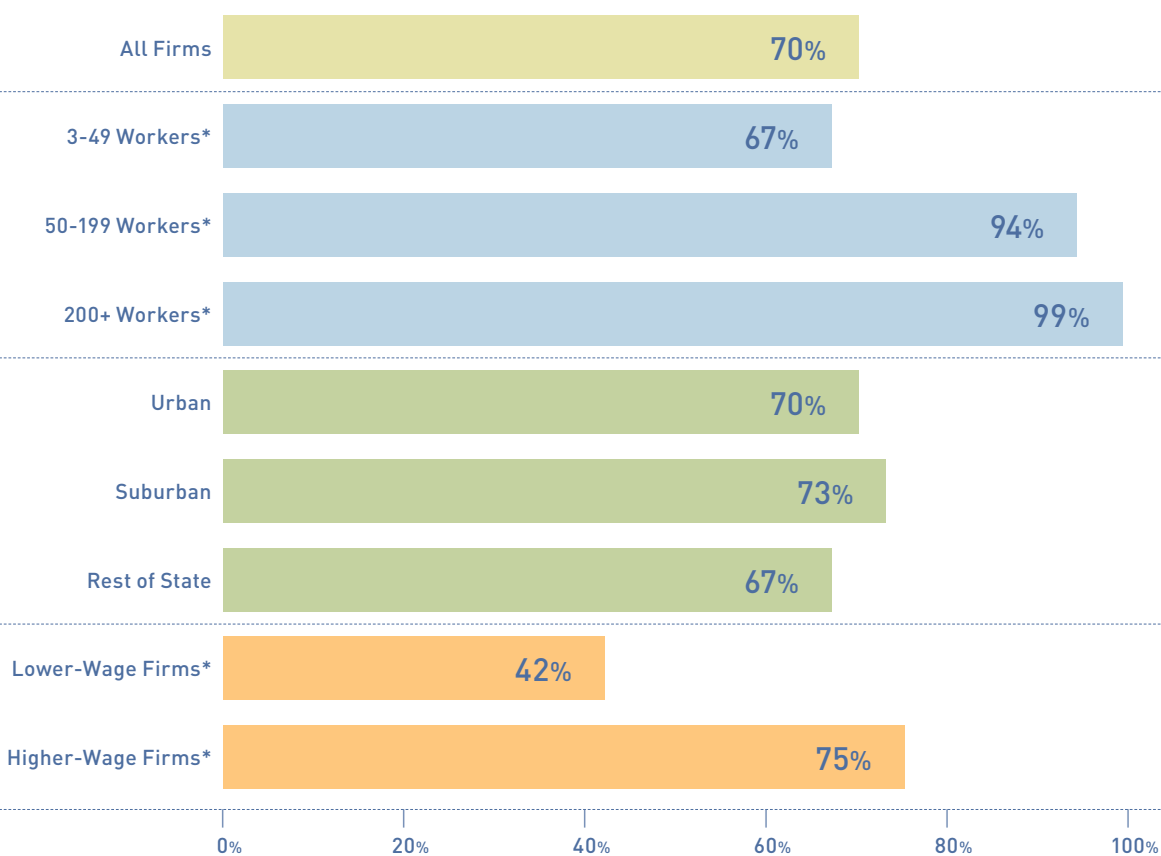


* Estimate is statistically different from the previous year shown.	<sup>^</sup> Estimates are statistically different between New York and U.S.
Base: employer weight.	Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009

## Offer Rates, Eligibility, Take-up, and Coverage *(continued)*

- ▶ Larger firms in New York are significantly more likely to offer health benefits than are smaller firms. 99% of firms with 200 or more workers do so, versus just 67% of firms with 3-49 workers (Exhibit 2).
- ▶ Higher-wage firms are significantly more likely to offer health benefits, at 75%, than are lower-wage firms (42%) (Exhibit 2).

**EXHIBIT 2. Percentage of New York Firms Offering Health Benefits, by Firm Characteristics, 2009**



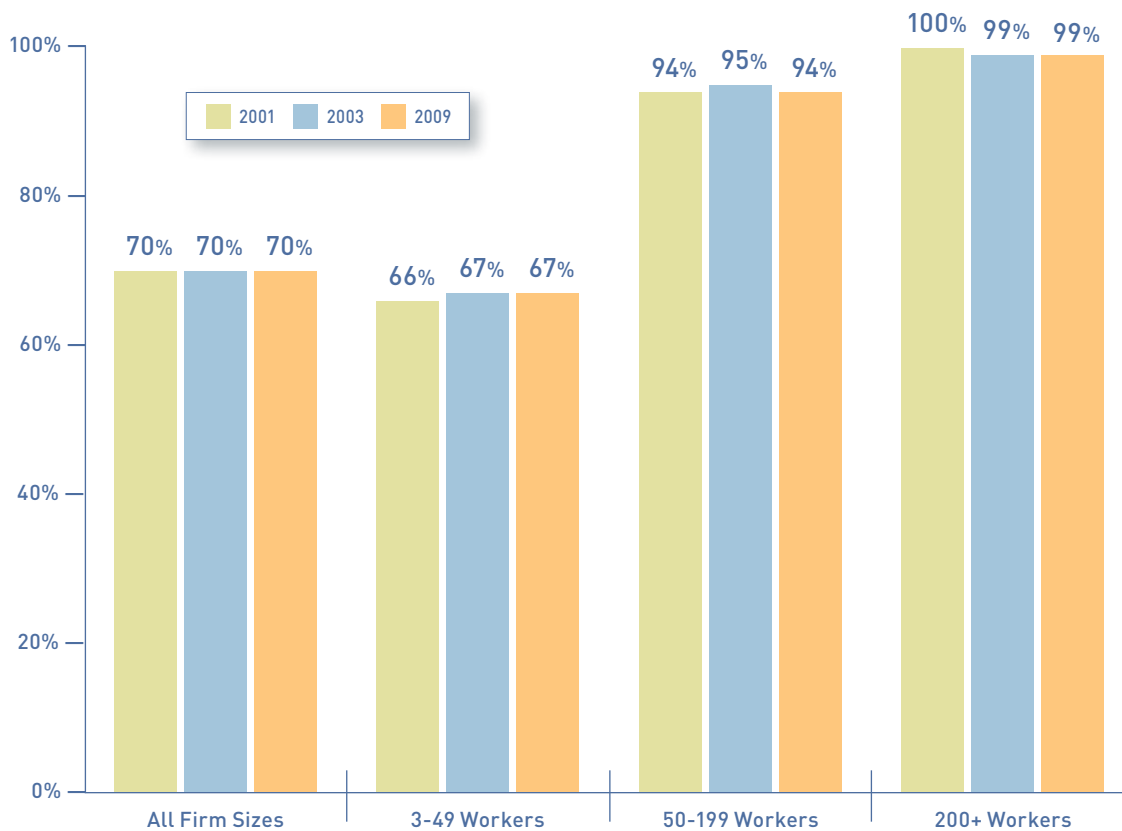
\* Estimate is statistically different from all other firms.

Note: See methods section for definitions of regions, lower-wage, and higher-wage firms.

Base: employer weight.

## Offer Rates, Eligibility, Take-up, and Coverage *(continued)*

**EXHIBIT 3. Percentage of New York Employers Offering Health Benefits, by Firm Size, 2001, 2003, and 2009<sup>^</sup>**



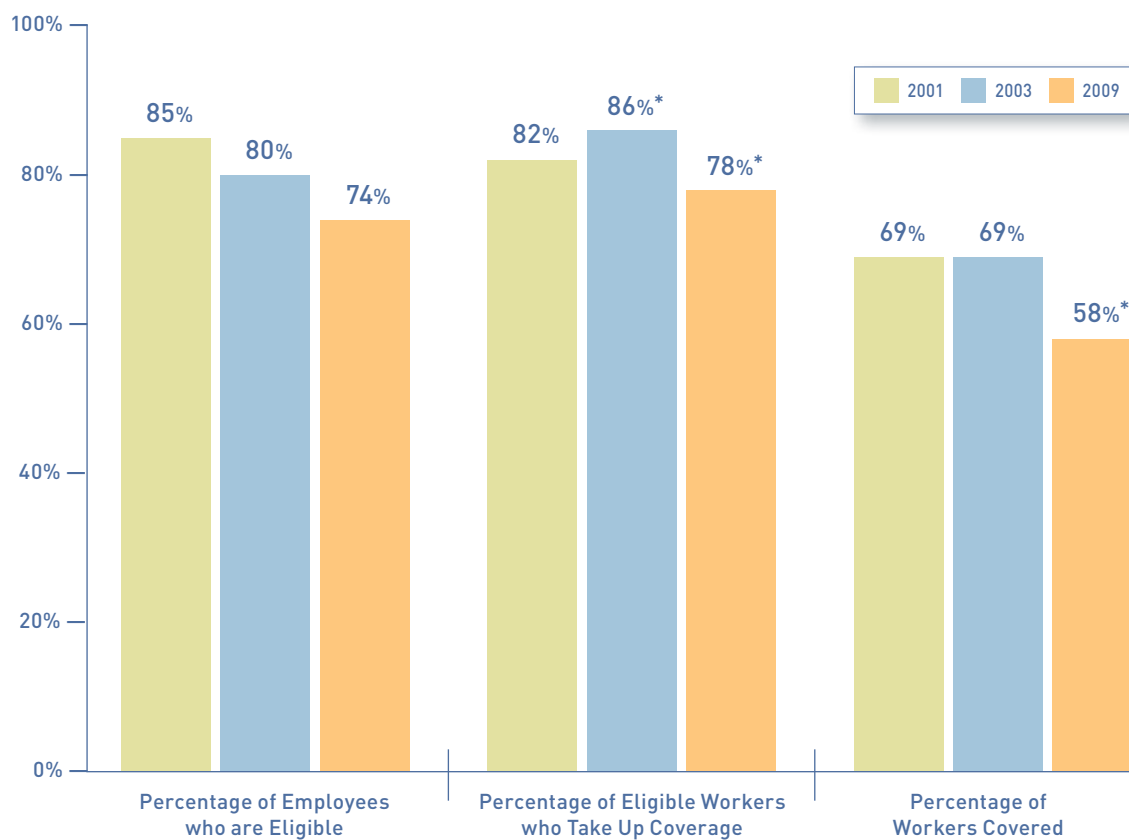
<sup>^</sup> Tests found no statistically different estimates from previous year shown.

Base: employer weight.

## Offer Rates, Eligibility, Take-up, and Coverage *(continued)*

- ▶ The percentages of workers in New York firms who are eligible for or take up coverage have fallen since 2001. The percentage of New York workers covered by employer-sponsored insurance fell significantly, from 69% in 2003 to 58% in 2009 (Exhibit 4).

**EXHIBIT 4. Among New York Firms Offering Health Benefits, Eligibility, Take-Up Rates, and Coverage, 2001, 2003, and 2009**



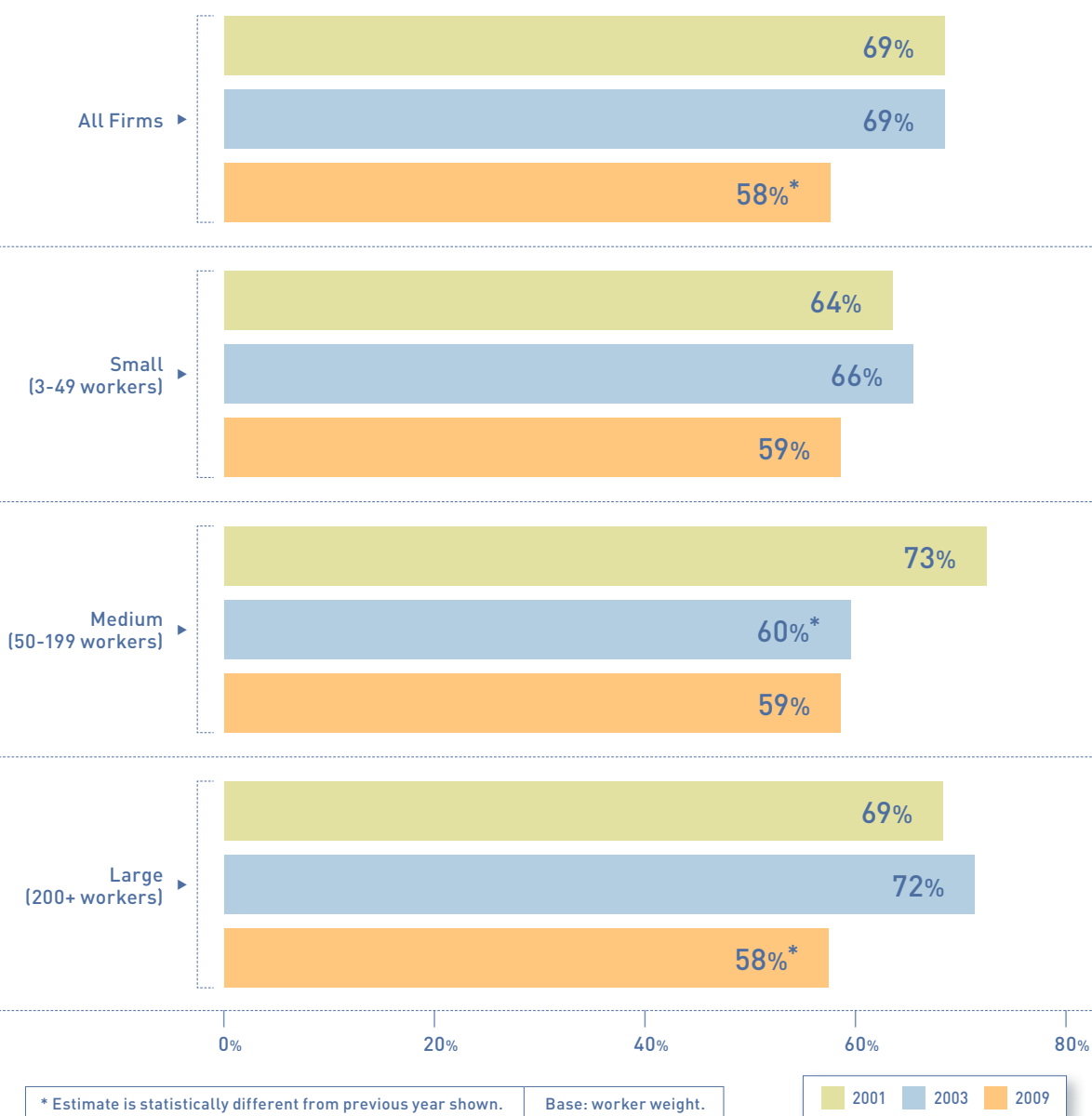
\* Estimate is statistically different from previous year shown.

Base: worker weight.

## Offer Rates, Eligibility, Take-up, and Coverage (continued)

- ▶ The percentage of New York workers covered by their own employers' health benefits has fallen across all firm sizes since 2003 (Exhibit 5).

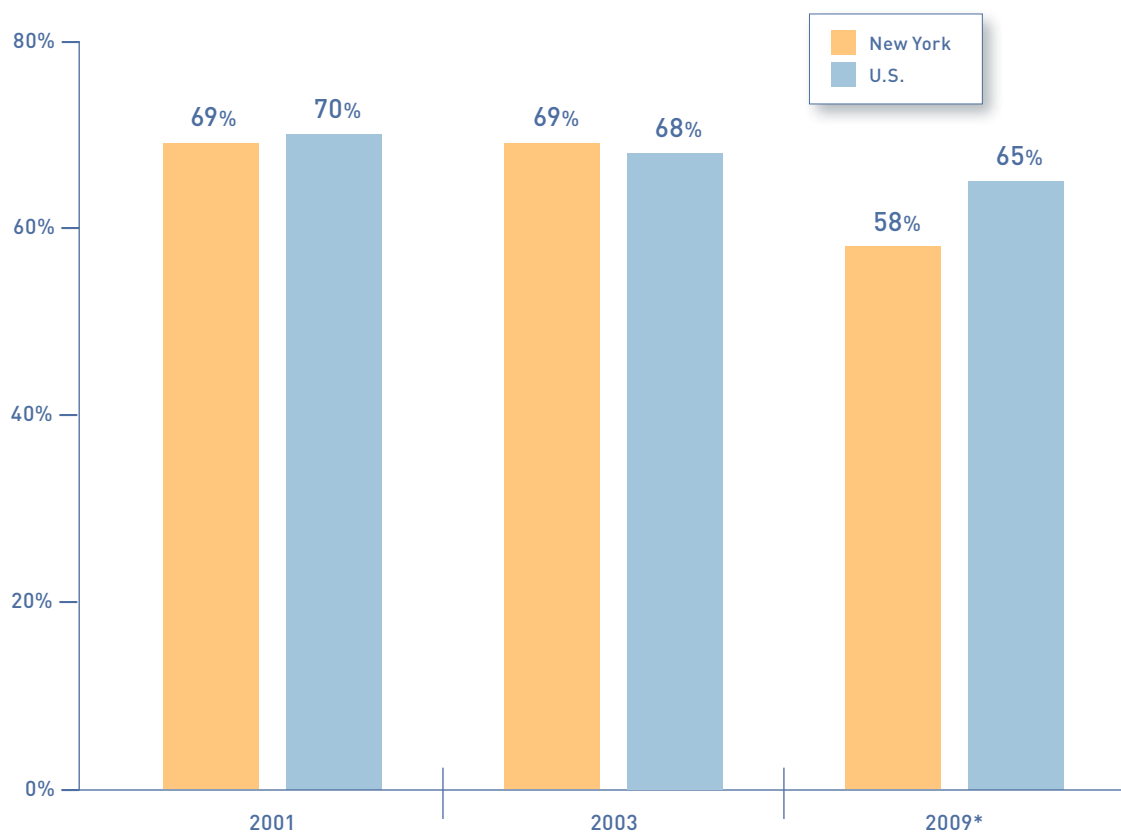
**EXHIBIT 5. Among New York Firms Offering Health Benefits, Insurance Coverage Rates, by Firm Size, 2001, 2003, and 2009**



## Offer Rates, Eligibility, Take-up, and Coverage (continued)

- ▶ Compared to the nation, the percentage of New York workers covered by their own employers' health benefits in 2009 was significantly lower (58% versus 65% nationally). In contrast, the New York State and national rates were similar in 2001 and 2003 (Exhibit 6).

**EXHIBIT 6. Among Firms Offering Health Benefits, Insurance Coverage Rates, New York and Nationwide, 2001, 2003, and 2009**



\* Estimates are statistically different between New York and U.S.

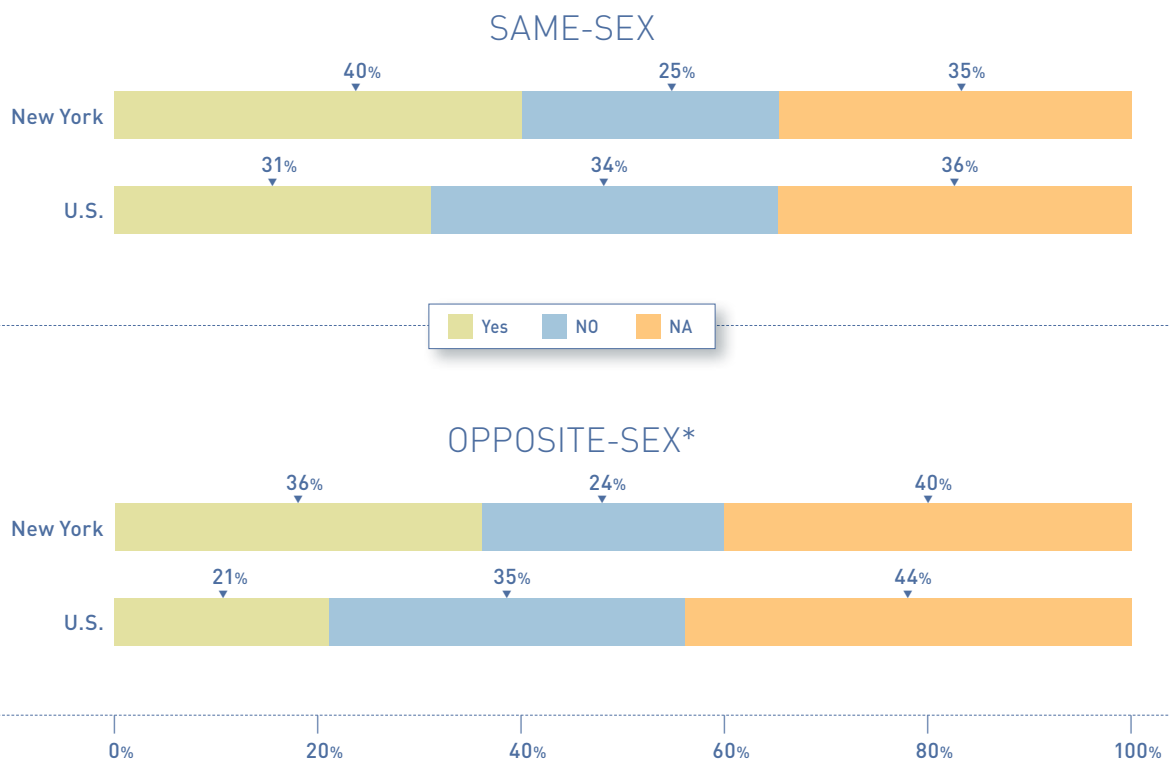
Base: worker weight.

Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

## Offer Rates, Eligibility, Take-up, and Coverage *(continued)*

- ▶ 40% of New York employers offered health benefits to unmarried same-sex couples in 2009. Nearly as many employers in New York—36%—offered coverage to unmarried opposite-sex couples. Employers in New York were significantly more likely than employers nationally to offer coverage to opposite-sex domestic partners (Exhibit 7).

**EXHIBIT 7. Percentage of Employers Offering Coverage to Same-Sex and Opposite-Sex Domestic Partners, New York and Nationwide, 2009**



\* Distribution is statistically different between New York and U.S.

Base: employer weight.

Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

## Offer Rates, Eligibility, Take-up, and Coverage *(continued)*

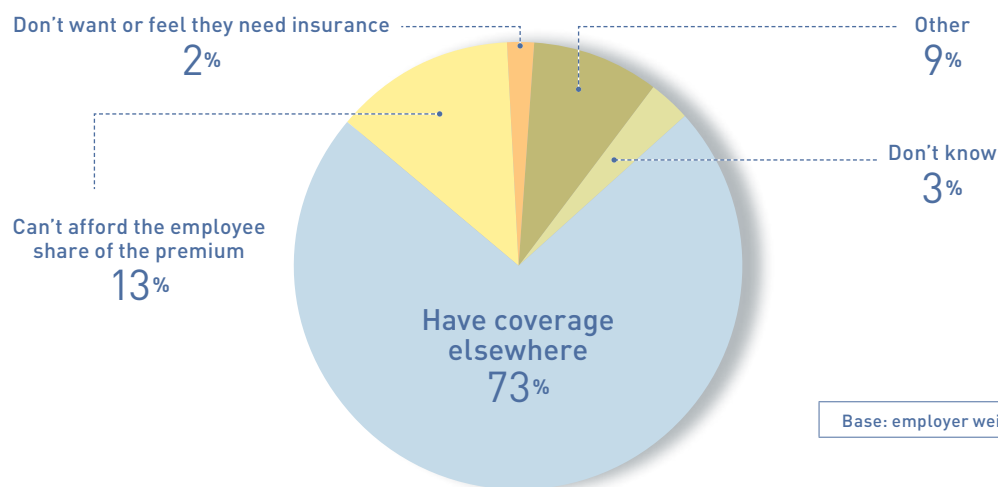
- ▶ The most common reason New York employers cite for offering health benefits is because “it is the right thing to do,” with 76% of employers stating that factor to be very important. 70% rated “employee health” as very important, and 67% cited “employee morale and satisfaction” as very important (Exhibit 8).
- ▶ By far the most common reason (73%) workers turn down coverage for which they are eligible, according to New York employers, is because they have coverage elsewhere. The second most common reason (13%) for doing so is employees being unable to afford the employee share of the premium. Employers say that only 2% of workers turn down coverage because they don’t want or need it (Exhibit 9).

**EXHIBIT 8. Primary Reasons Why New York Employers Offer Coverage, 2009**

	VERY IMPORTANT	SOMEWHAT IMPORTANT	SOMEWHAT NOT IMPORTANT	NOT AT ALL IMPORTANT	DON'T KNOW
It's the right thing to do	76%	17%	5%	1%	2%
Employee health	70%	20%	3%	6%	1%
Employee morale and satisfaction	67%	22%	4%	6%	1%
Retention of good employees	65%	24%	4%	6%	1%
The ability to attract the best employees	50%	27%	12%	10%	1%
Employee performance and productivity	37%	26%	20%	17%	0%
Competitors offer health benefits	25%	21%	19%	32%	3%

Base: employer weight.

**EXHIBIT 9. Reasons Workers in New York Turn Down Coverage for Which They Are Eligible, 2009**



Base: employer weight.

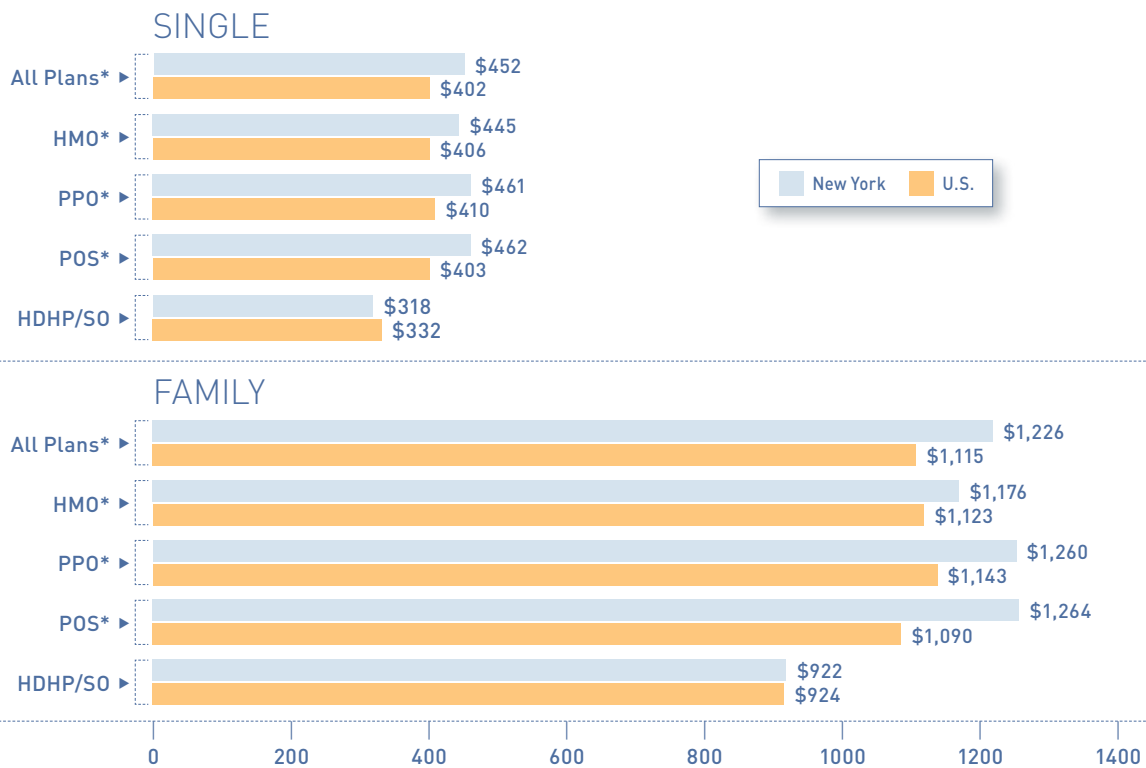


# Cost of Health Insurance

New York is a high-cost state for health insurance and cost increases are exceeding national rates. Health insurance in 2009 was about 10% more expensive in New York State than nationally. Annual premiums for family coverage sponsored by employers averaged \$14,718 and annual premiums for single coverage averaged \$5,418 in New York State. In 2009, premiums increased 7.3% in New York, compared with a national increase of 5%.<sup>1</sup> The cost of health insurance is a burden on employers and has adverse consequences for New York’s economy. About one in four New York employers report struggling “a great deal” to afford health insurance. In response to rising health insurance costs, some employers have reduced or frozen wages, and avoided hiring more workers.

- ▶ The average monthly premium for employer-sponsored family coverage in New York State is \$1,226. For single coverage, the average monthly premium is \$452. These rates are significantly higher than national averages. The average costs of HMO, PPO, and POS coverage in the State are roughly equivalent (Exhibit 10).

**EXHIBIT 10. Average Monthly Premiums, by Plan and Coverage Type, New York and Nationwide, 2009**



\*Estimate is statistically different between New York and U.S.

Base: covered worker weight.

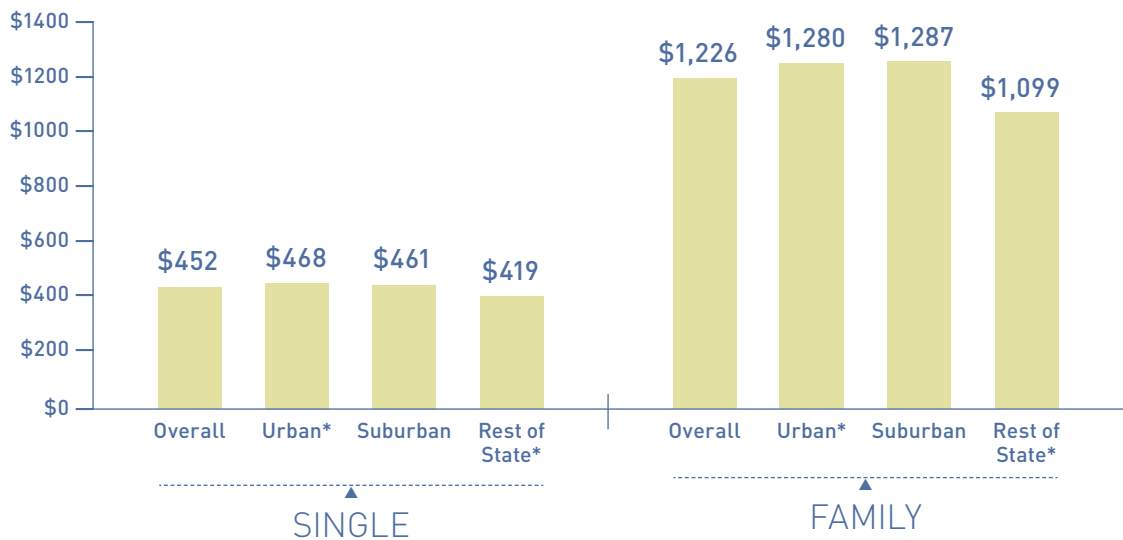
Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

<sup>1</sup> Different methods were used to measure the changes in New York and nationally for 2009, so the figures cannot be compared directly.

## Cost of Health Insurance *(continued)*

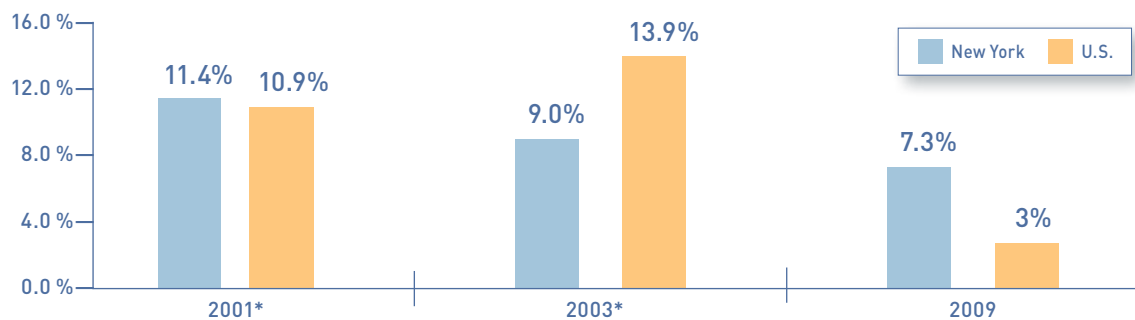
- ▶ Premiums in the rest of New York State were significantly less than in urban or suburban areas of the State (Exhibit 11).
- ▶ Annual premium increases in 2009 averaged 7.3% for New York employers, a rate of increase that has moderated over time (Exhibit 12). Large firms (200 or more workers)

**EXHIBIT 11. Average Monthly New York Premiums, by Region, 2009**



\* Estimate is statistically different from all other firms by region. Base: covered worker weight.

**EXHIBIT 12. Annual Percentage Increases in Family Health Insurance Premiums, New York and Nationwide, 2001, 2003, and 2009**



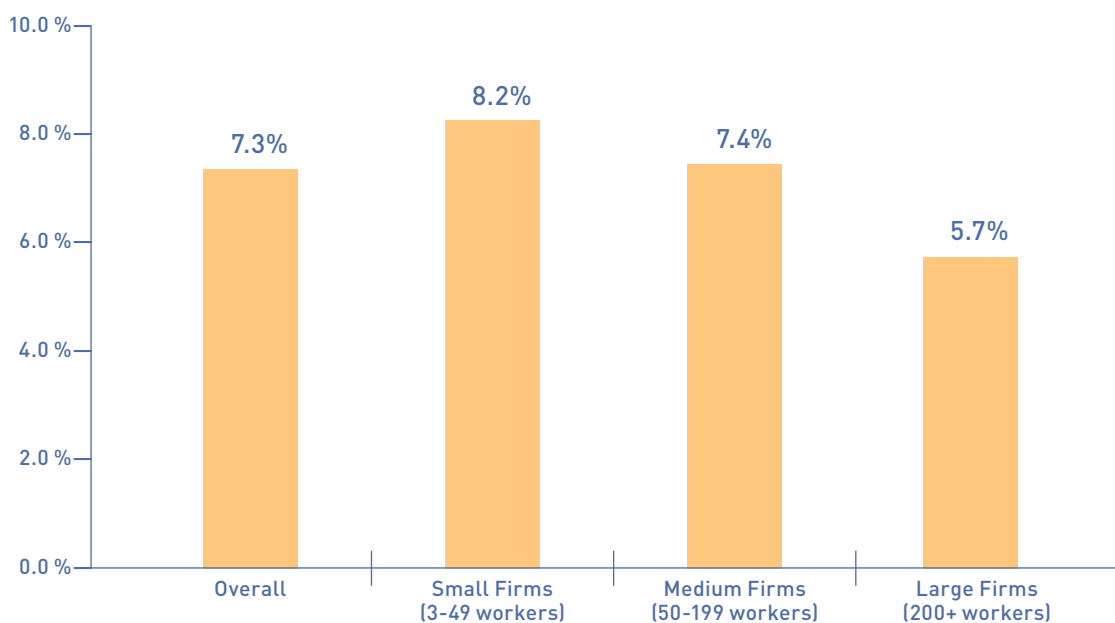
\* Estimate is statistically different between New York and U.S. Nationwide premium change in 2009 was calculated by a different method, so direct comparisons to New York are not possible.  
 Base: covered worker weight. Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001, 2003, 2009

## Cost of Health Insurance *(continued)*

experienced lower premium increases (5.7%) than smaller firms (8.2%), although the difference was not statistically significant (Exhibit 13).

- ▶ Considerable variation exists around these averages, however. Approximately 44% of New York firms experienced premium increases of 5% or less, while 13% experienced increases greater than 15% in 2009 (Exhibit 14).

**EXHIBIT 13. Annual Percentage Increases in Family Health Insurance Premiums, New York and Nationwide, 2001, 2003, and 2009<sup>^</sup>**



<sup>^</sup> Tests found no statistically different estimates from all other firms.

Base: covered worker weight.

**EXHIBIT 14. Distribution of New York Family Premium Increases, by Firm Size, 2009<sup>^</sup>**

	Less than or equal to 5%	Greater than 5%, less than or equal to 10%	Greater than 10%, less than or equal to 15%	Greater than 15%, less than or equal to 20%	Greater than 20%
All Firms	44%	27%	16%	9%	4%
Small Firms	45%	18%	16%	11%	10%
Medium Firms	48%	27%	16%	5%	3%
Large Firms	42%	30%	15%	10%	3%

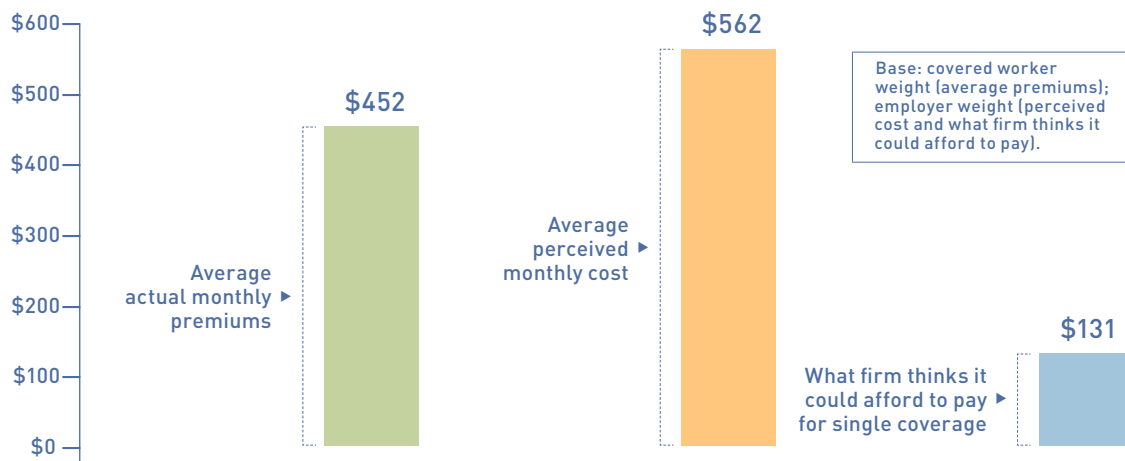
<sup>^</sup> Tests found no statistically different distributions from all other firms.

Base: covered worker weight.

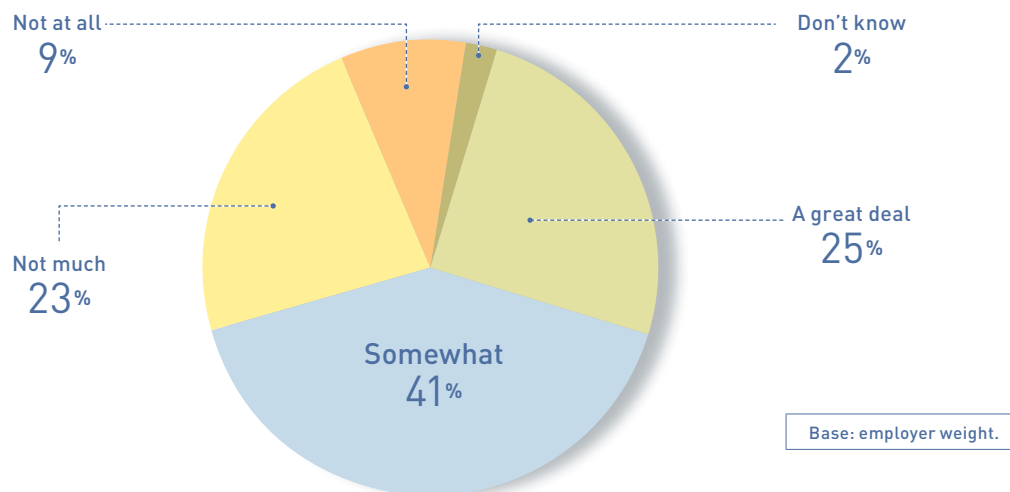
## Cost of Health Insurance *(continued)*

- ▶ New York firms not offering health benefits perceived the actual cost of single coverage to be somewhat higher than it actually is, at \$562 monthly versus an actual cost of \$452 monthly. Moreover, these firms say they could afford to pay only approximately one-third of what insurance actually costs (Exhibit 15).
- ▶ Two-thirds (66%) of firms report that they are struggling “a great deal” or “somewhat” to afford health insurance (Exhibit 16).

**EXHIBIT 15. Average Actual Monthly Premiums for Offering Firms in New York, Average Perceived Cost by Non-Offering Firms, and Amount These Firms Think They Could Afford, 2009**



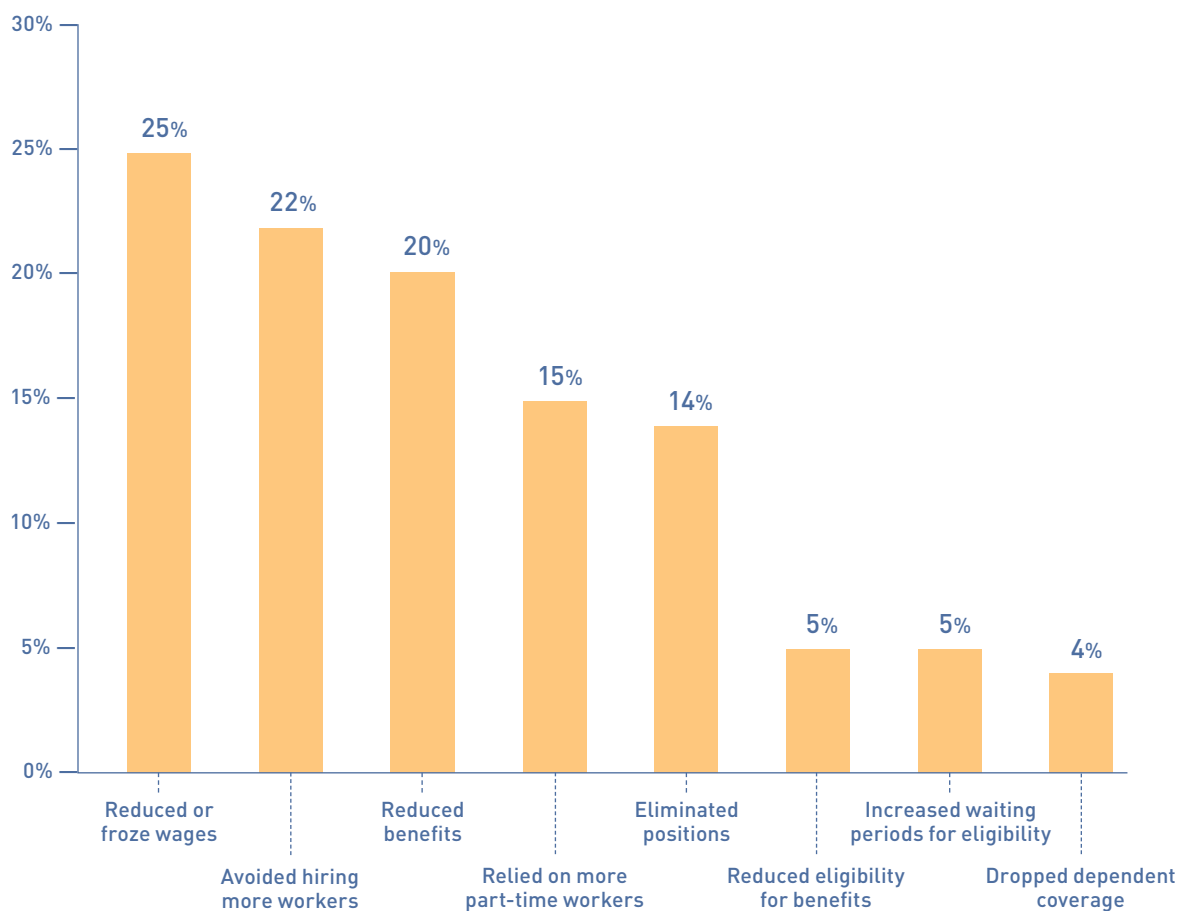
**EXHIBIT 16. Percentage of New York Firms Struggling to Afford Health Insurance, 2009**



## Cost of Health Insurance *(continued)*

- ▶ One in four New York employers indicated they had reduced or frozen wages in response to rising health insurance costs. More than one in five firms responded the firm had avoided hiring more workers because of rising costs, and 20% indicated that they had reduced benefits (Exhibit 17).

**EXHIBIT 17. Employer Responses to Cost of Health Insurance in New York, 2009**



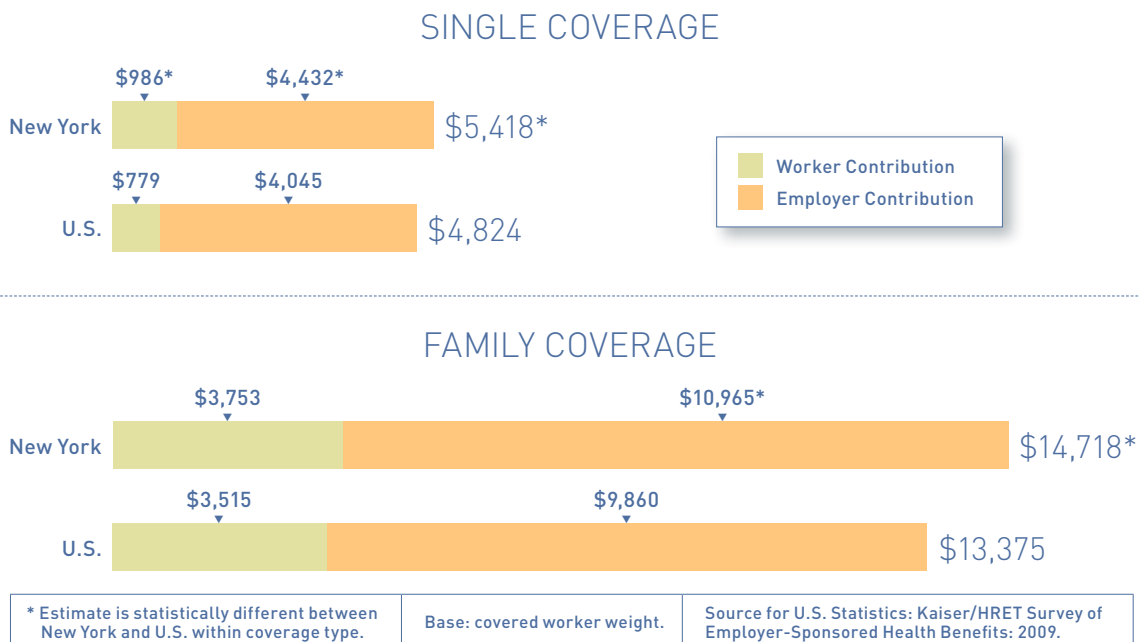
Base: employer weight.

# Employee Contributions for Premiums and Employee Cost-Sharing

**E**mployers are shifting more costs to workers. By most measures, employees paid considerably more out-of-pocket for premiums and medical services in 2009 than they did in 2003 or 2001. From 2001 to 2009, employees' monthly contributions for single coverage more than doubled from \$399 to \$986 annually, while employees' monthly contributions for family coverage grew from \$1,628 to \$3,753. Workers are also more likely now to face co-pays of at least \$20 per visit than they were in the past. Higher monthly contributions for premiums can reduce the percentage of employees taking up coverage, and higher co-pays for office visits can reduce the number of visits to physicians. An increasing percentage of New Yorkers faces strong financial incentives to use generic drugs instead of non-preferred or brand name drugs. The average co-pay for using a non-preferred drug has more than doubled since 2001.

- ▶ On average, New York employees contributed \$986 annually toward premiums for single coverage in 2009, and \$3,753 for family coverage. The amount for single coverage was significantly higher than nationally (Exhibit 18).

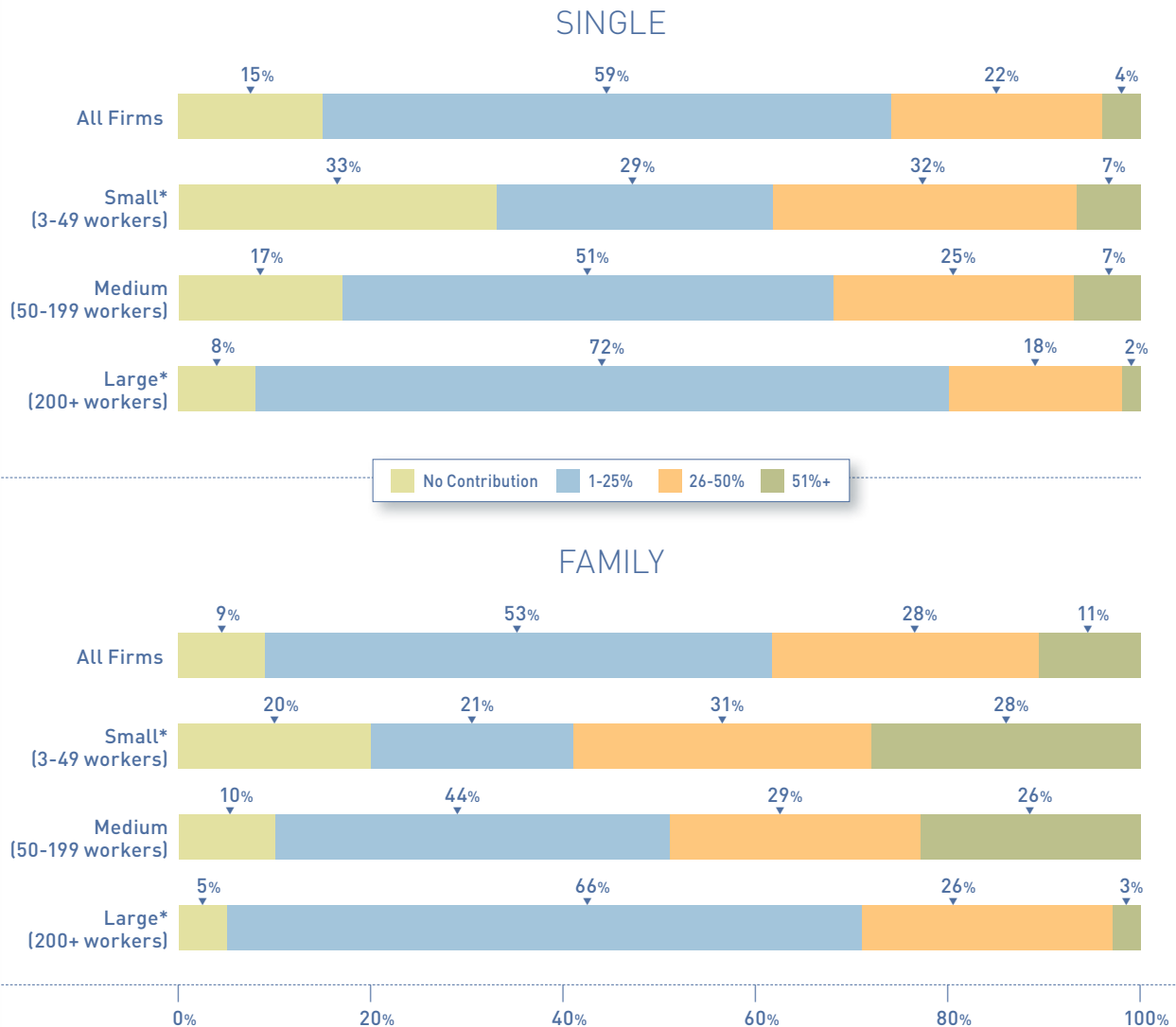
**EXHIBIT 18. Average Annual Worker and Employer Premium Contributions, New York and Nationwide, 2009**



## Employee Contributions for Premiums and Employee Cost-Sharing *(continued)*

- Employee contributions toward premiums varied considerably by firm size, however. For single coverage, workers in small firms were more likely to have no contribution compared with workers in medium and large firms. However, they were also more likely to have a contribution of 26% or more. The same patterns hold for family coverage premium contributions (Exhibit 19).

**EXHIBIT 19. Distribution of Worker Share of Premium in New York, by Firm Size, 2009**

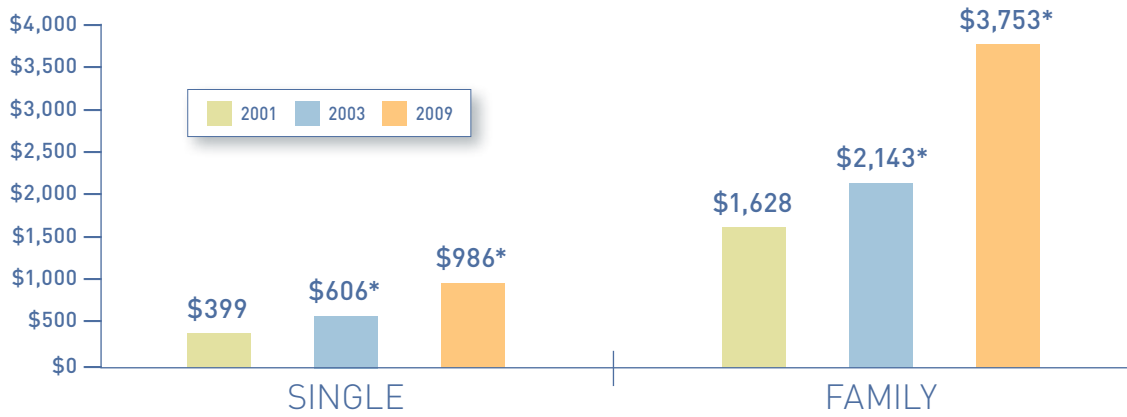


\* Distribution is statistically different from all other firms within coverage type. Base: covered worker weight.

## Employee Contributions for Premiums and Employee Cost-Sharing *(continued)*

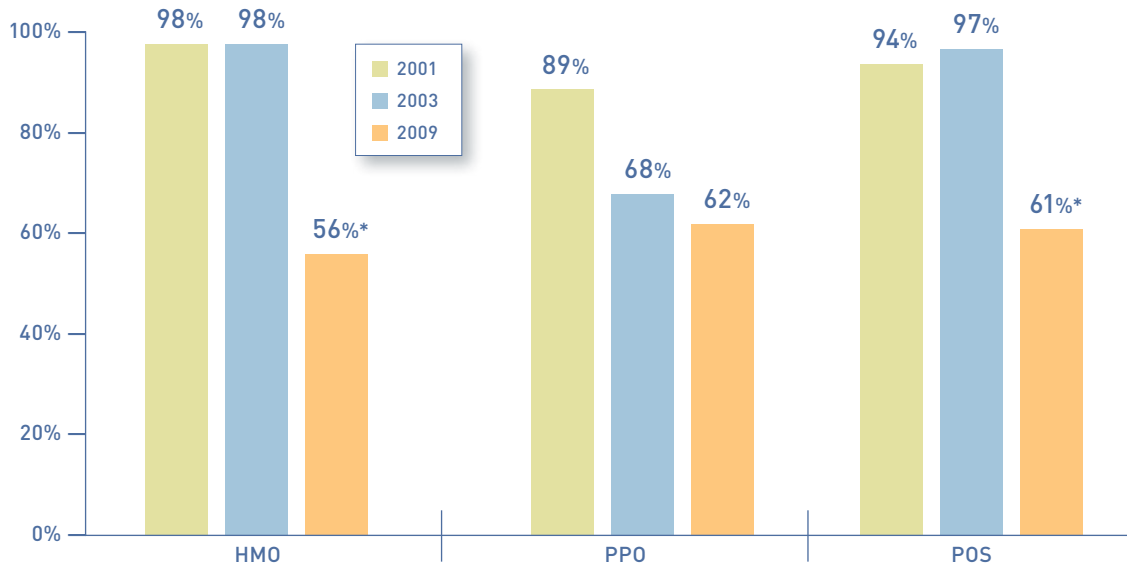
- ▶ Average employee contributions for family coverage increased from \$1,628 in 2001 to \$3,753 in 2009, more than doubling (Exhibit 20).
- ▶ In 2001, 98% of employees enrolled in HMOs had a co-pay of \$20 or less for an office visit, compared to 56% by 2009 (Exhibit 21).

**EXHIBIT 20. Average Annual Employee Premium Contributions in New York, 2001, 2003, and 2009**



\* Estimate is statistically different previous year shown. Base: covered worker weight.

**EXHIBIT 21. Percentage of New York Workers with Copayments of \$20 or Less for Office Visits, by Plan Type, 2001, 2003, and 2009**



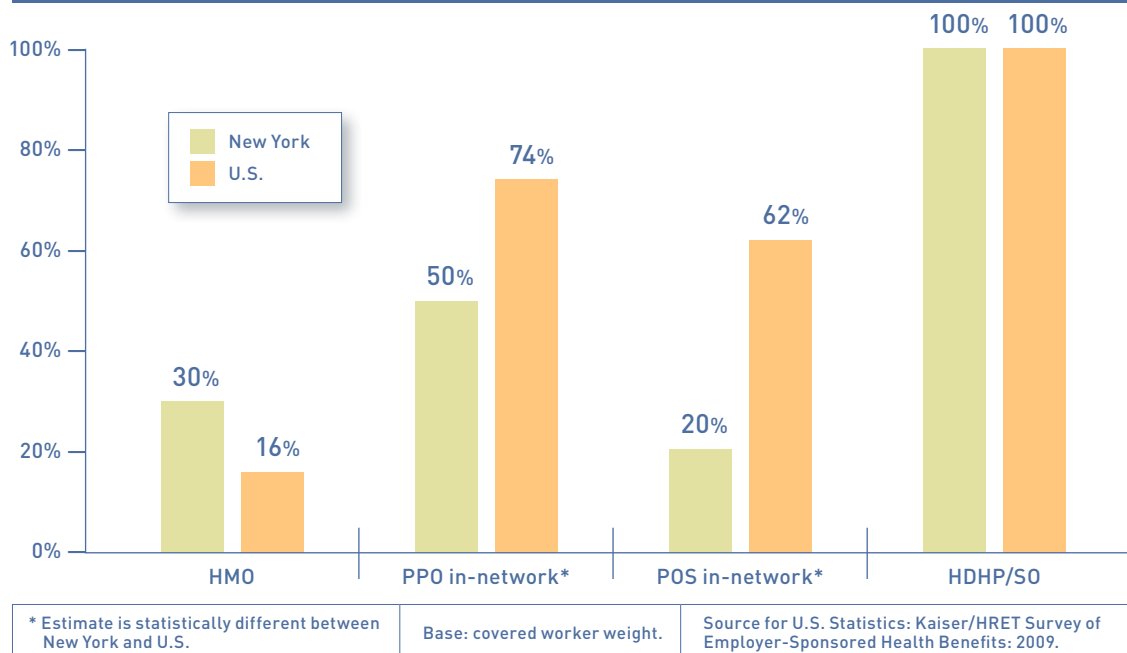
\* Estimate is statistically different from previous year shown. Base: covered worker weight.



## Employee Contributions for Premiums and Employee Cost-Sharing *(continued)*

- ▶ Compared to the nation, in most plan types a larger percentage of New Yorkers are enrolled in plans without deductibles (HMOs being the exception) (Exhibit 22).
- ▶ For plans with annual out-of-pocket limits, approximately one-third of employees face limits less than \$1,500 per year. Another one-third have out-of-pocket limits of \$3,000 or more annually (Exhibit 23).

**EXHIBIT 22. Percentage of Covered Workers Facing a General Annual Deductible for Single Coverage, by Plan Type, New York and Nationwide, 2009**



**EXHIBIT 23. Distribution of Covered Workers with Various Annual Out-of-Pocket Limits for Single Coverage in New York, by Plan Type, 2009**

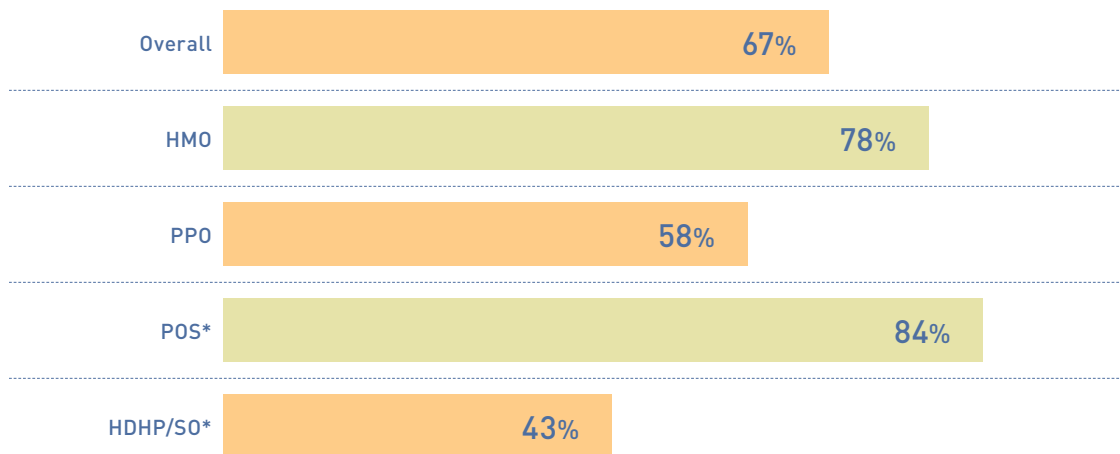
	\$999 or less	\$1000-\$1499	\$1500-\$1999	\$2000-\$2499	\$2500-\$2999	\$3000 or more
All Plans	12%	20%	16%	16%	5%	32%
HMO*	17%	35%	22%	3%	5%	19%
PPO	11%	21%	19%	13%	5%	32%
POS*	16%	26%	18%	17%	5%	18%
HDHP/SO*	1%	2%	1%	17%	13%	67%

\* Distribution is statistically different from all plans.

## Employee Contributions for Premiums and Employee Cost-Sharing *(continued)*

- ▶ Nearly two-thirds of covered employees in New York had no lifetime maximum benefit in their health plan in 2009. Workers in a high-deductible health plan with a savings option (HDHP/SO) were the least likely to have no lifetime maximum benefit, at 43%, while workers in POS plans were the most likely to have no limit, at 84% (Exhibit 24).

**EXHIBIT 24. Percentage of Covered Workers with Unlimited Maximum Lifetime Benefit by Plan Type, New York, 2009**



\* Estimate is statistically different from all plans.

Base: covered worker weight.

- ▶ Another way in which cost-sharing has increased in New York results from the shift in enrollment from lower cost-sharing plans such as HMO and POS plans to higher cost-sharing plans such as PPO and HDHP/SO plans. For example, less than one-third of employees covered by HMO and POS plans have deductibles, whereas 50% of workers covered by PPO plans have deductibles (Exhibit 22). HMO/POS market share fell from 66% to 40% of enrollment from 2001 to 2009 (Exhibit 29).
- ▶ 89% of employees in New York faced three- or four-tiered cost-sharing for prescription drugs (meaning that employees experience different copayments for using generic, preferred, and non-preferred drugs) in 2009, compared to only 44% of employees in 2001 (Exhibit 25).

## Employee Contributions for Premiums and Employee Cost-Sharing *(continued)*

- ▶ Between 2001 and 2009, the average co-pay for using a non-preferred drug rose from \$19 to \$46. Average copayments when using preferred drugs rose from \$15 to \$25, whereas co-pays for generic drugs increased only modestly, from \$7 to \$10 (Exhibit 26).

**EXHIBIT 25. Distribution of Covered Workers Facing Different Cost-Sharing Formulas for Prescription Drugs in New York, 2001, 2003, and 2009**

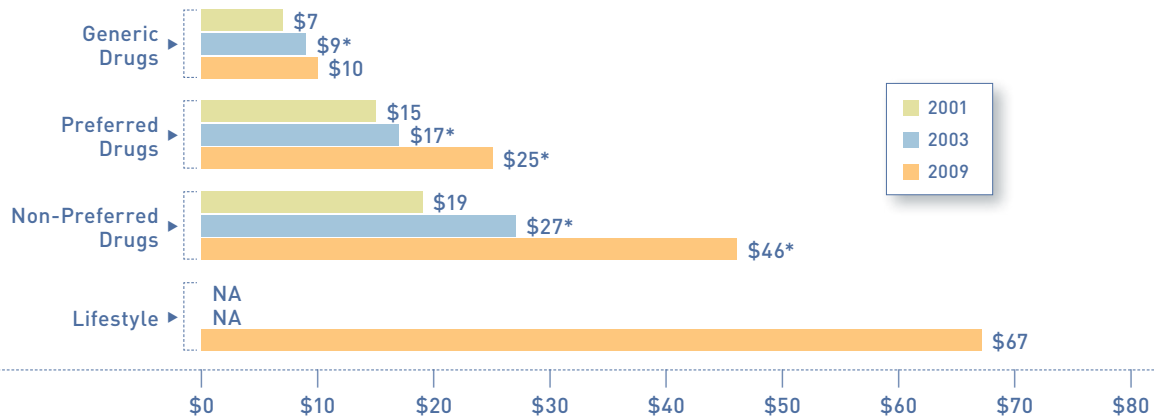
LOCATION	YEAR	FOUR OR THREE TIERS	TWO TIERS	COST-SHARING THE SAME REGARDLESS OF DRUG TYPE	OTHER
New York	2001	44%	42%	9%	5%
	2003*	56%	28%	15%	0%
	2009*	89%	5%	3%	3%
U.S.	2001	41%	41%	18%	1%
	2003*	63%	23%	13%	2%
	2009*	78%	12%	5%	5%

- Four Tier = Three Tier Cost-Sharing plus a fourth tier for lifestyle and other specified drugs. In 2009, 3% of covered workers in NY and 11% in the U.S. had a Four Tier formula.
- Three Tier = One payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs.
- Two Tier = One payment for generic drugs and one for name brand.

\* Distribution is statistically different from previous year shown.

Source for U.S. Statistics: Author calculations from Exhibit in Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

**EXHIBIT 26. Among Workers with Copayments for Prescription Drugs, Average Copayments by Drug Type in New York, 2001, 2003, and 2009**



\* Estimates are statistically different from previous year shown.

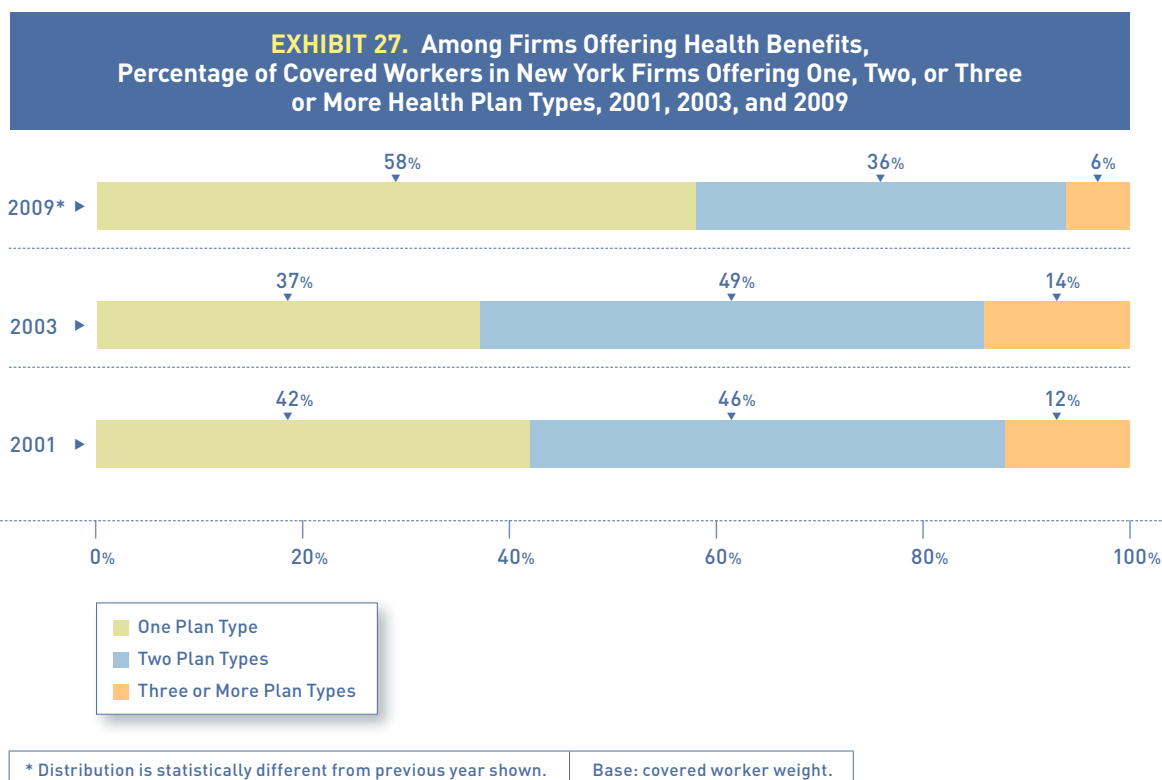
NOTE: Lifestyle prescription drug data were not collected in 2001 or 2003.

Base: covered worker weight.

# Plan Choice and Market Shares of Health Plans

New York's employers are providing fewer choices of coverage to their workers than in the past. Among firms that offer health coverage to employees, the majority now offers only a single type of plan. In 2003, a solid majority of firms offered a choice of at least two types of plans. Preferred provider organizations (PPOs) are the most commonly offered type of coverage, followed by health maintenance organizations (HMOs). Consistent with national trends, health plan enrollment in New York State has shifted from point-of-service (POS) plans and HMOs to PPOs and high-deductible plans with savings options (HDHP/SO).

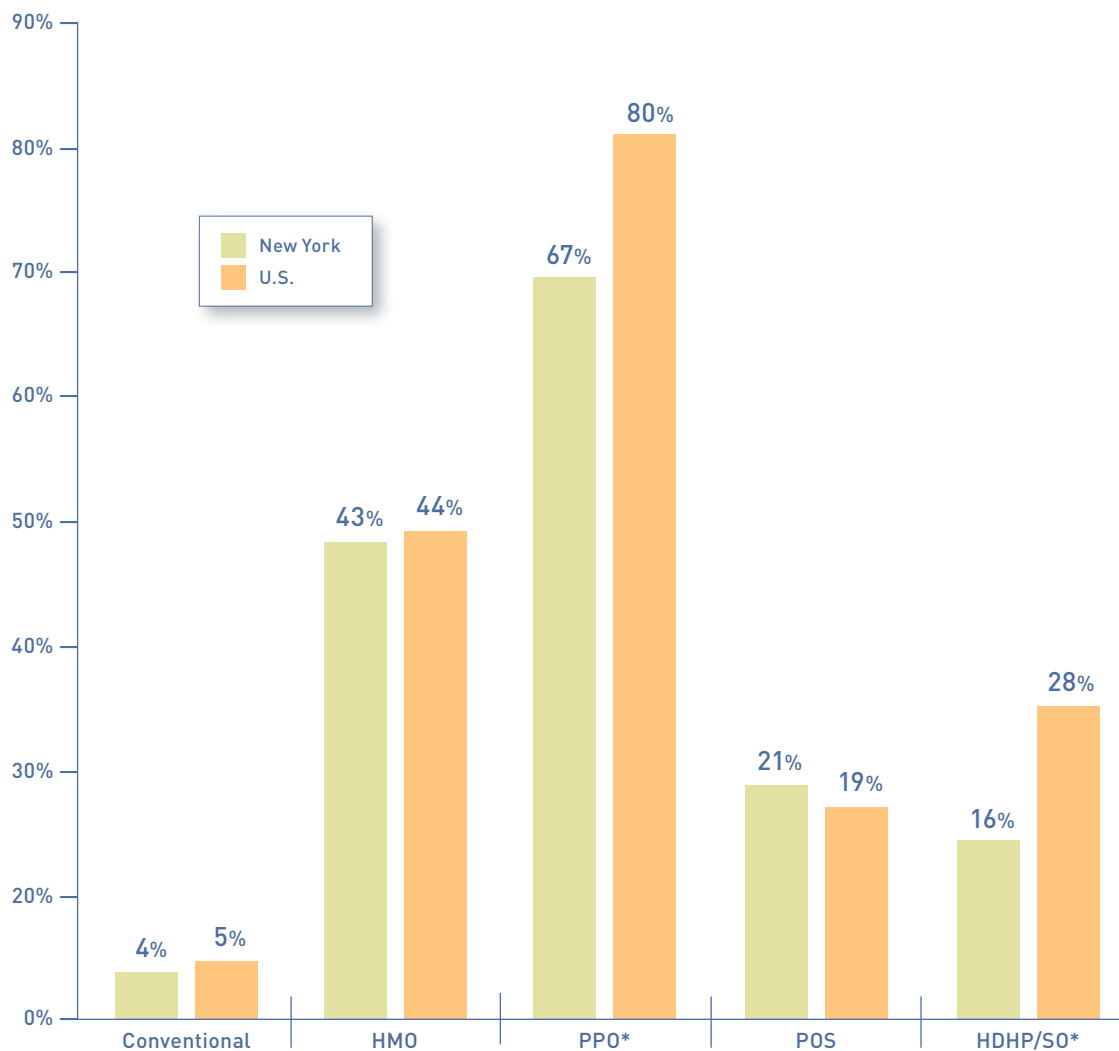
- ▶ Only 6% of New York employers providing health insurance offered workers a choice of three or more plan types in 2009, down from 14% in 2003 (Exhibit 27).



## Plan Choice and Market Shares of Health Plans *(continued)*

- ▶ Approximately two in three New Yorkers with employer-based insurance were offered a PPO plan by their employer in 2009, and more than four in 10 were offered an HMO plan. About one of every six New Yorkers with employer-based insurance could choose an HDHP/SO plan. Nationally, eight of 10 employees could choose a PPO plan (Exhibit 28).

**EXHIBIT 28. Percentage of Covered Workers with a Choice of Various Plan Types, New York and Nationwide, 2009**



\* Estimates are statistically different between New York and U.S.

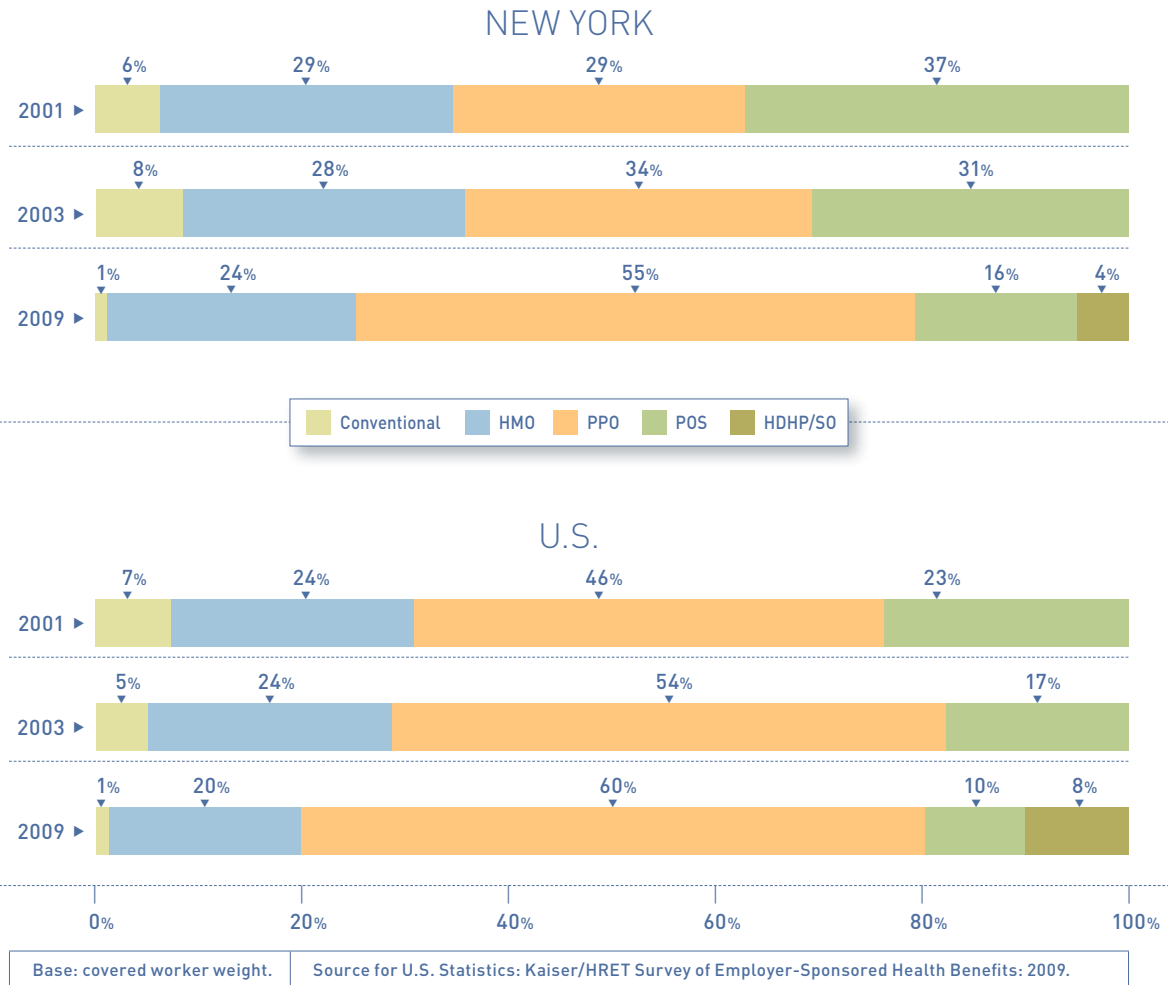
Base: covered worker weight.

Source for U.S. Statistics: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2009.

## Plan Choice and Market Shares of Health Plans *(continued)*

- ▶ Despite the growth in PPO enrollment and decline in HMOs, a smaller share of New Yorkers was enrolled in a PPO plan than nationally, and larger shares were enrolled in HMO and POS plans (Exhibit 29).

**EXHIBIT 29. Health Plan Enrollment for Covered Workers, by Plan Type, New York and Nationwide, 2001, 2003, and 2009**

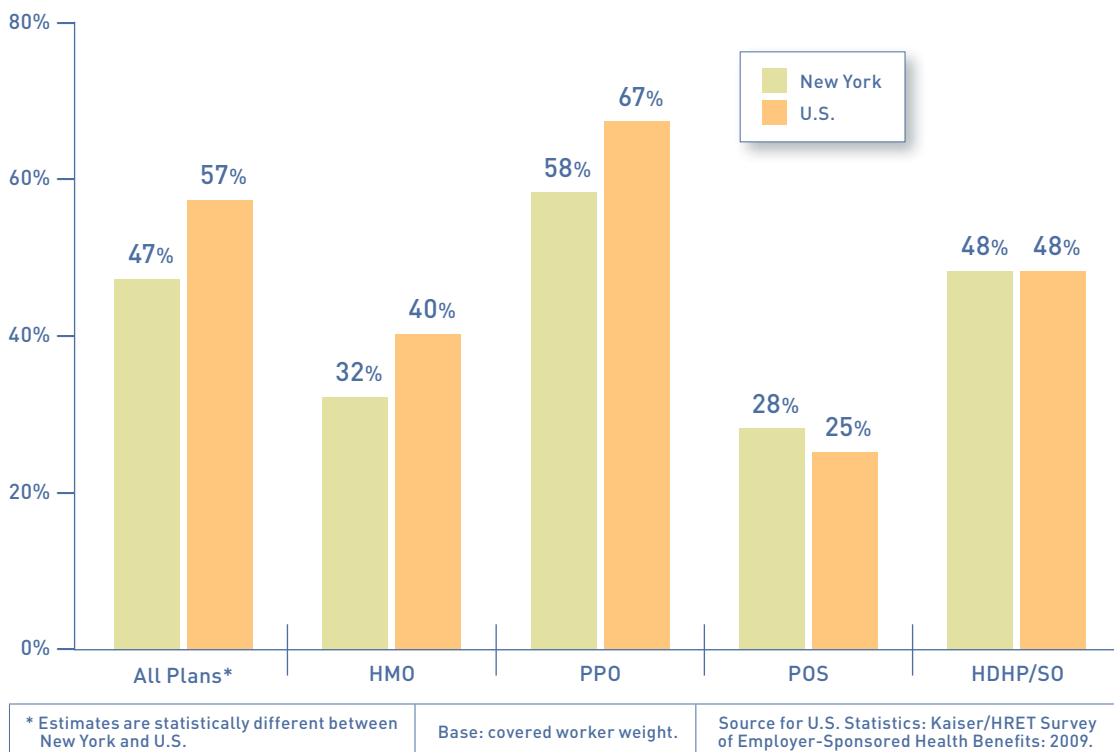


# Plan Funding and Retiree Health Benefits

Self-insured plans are exempt from state regulation of health insurance. In New York State, approximately half of covered employees (47%) are enrolled in self-insured plans, 10 percentage points lower than the national average. The percentage of firms in New York State offering retiree health benefits has remained relatively small but stable. Firms that offer retiree health benefits plan to keep doing so.

- ▶ PPO plans are more likely to be self-insured than HMO or POS plans. This is a common pattern nationally. Approximately one in three New York employees is enrolled in an HMO not subject to State regulation, as opposed to approximately 58% of New Yorkers enrolled in a PPO plan (Exhibit 30).

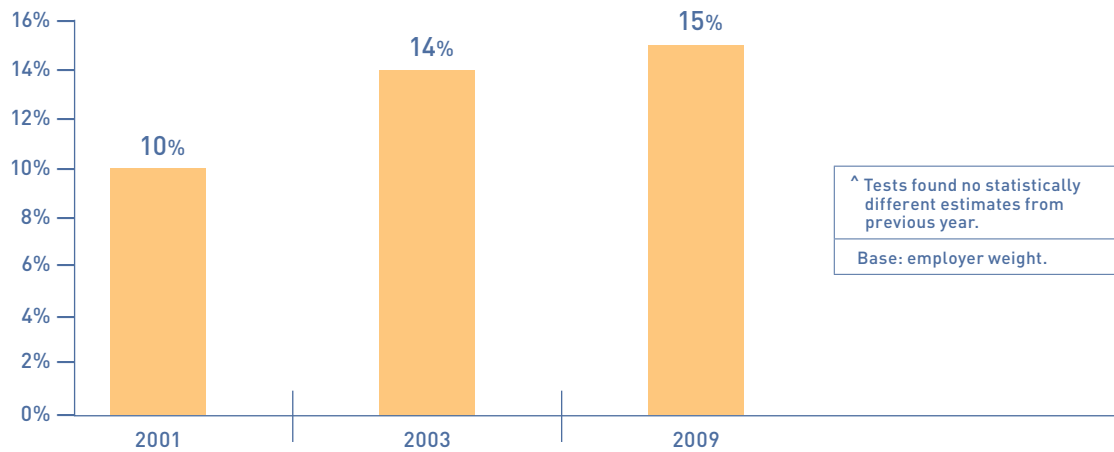
**EXHIBIT 30. Percentage of New York Employees in Partly or Completely Self-Insured Plans, by Plan Type, 2009**



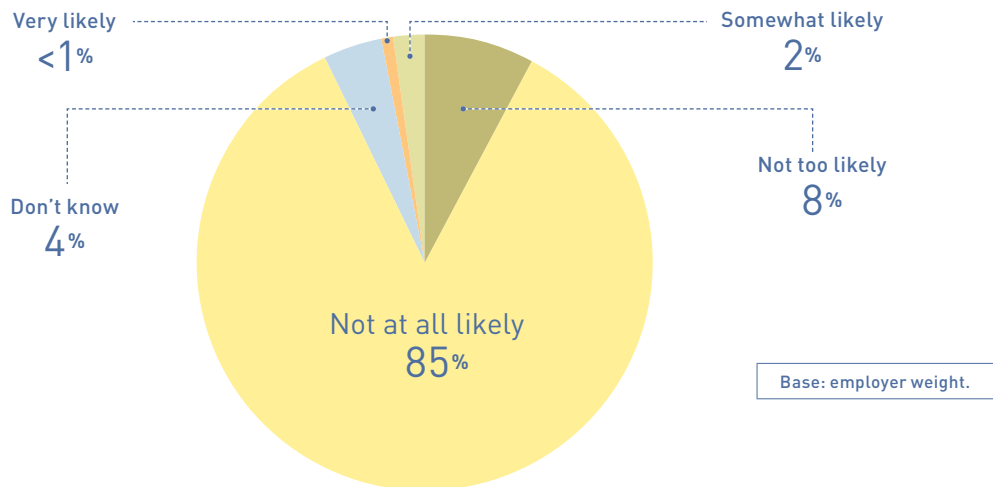
## Plan Funding and Retiree Health Benefits *(continued)*

- ▶ The percentage of New York firms offering retiree health benefits has remained stable in recent years, at 15% in 2009 (Exhibit 31).
- ▶ Among New York employers currently offering retiree health benefits in 2009, the vast majority were either not at all or not too likely to stop offering these benefits in the next year (Exhibit 32).

**EXHIBIT 31. Percentage of New York Employers Offering Retiree Health Benefits, 2001, 2003, and 2009<sup>^</sup>**



**EXHIBIT 32. Percentage of New York Employers Reporting They are Likely to Stop Offering Retiree Coverage in the Next Year, 2009**



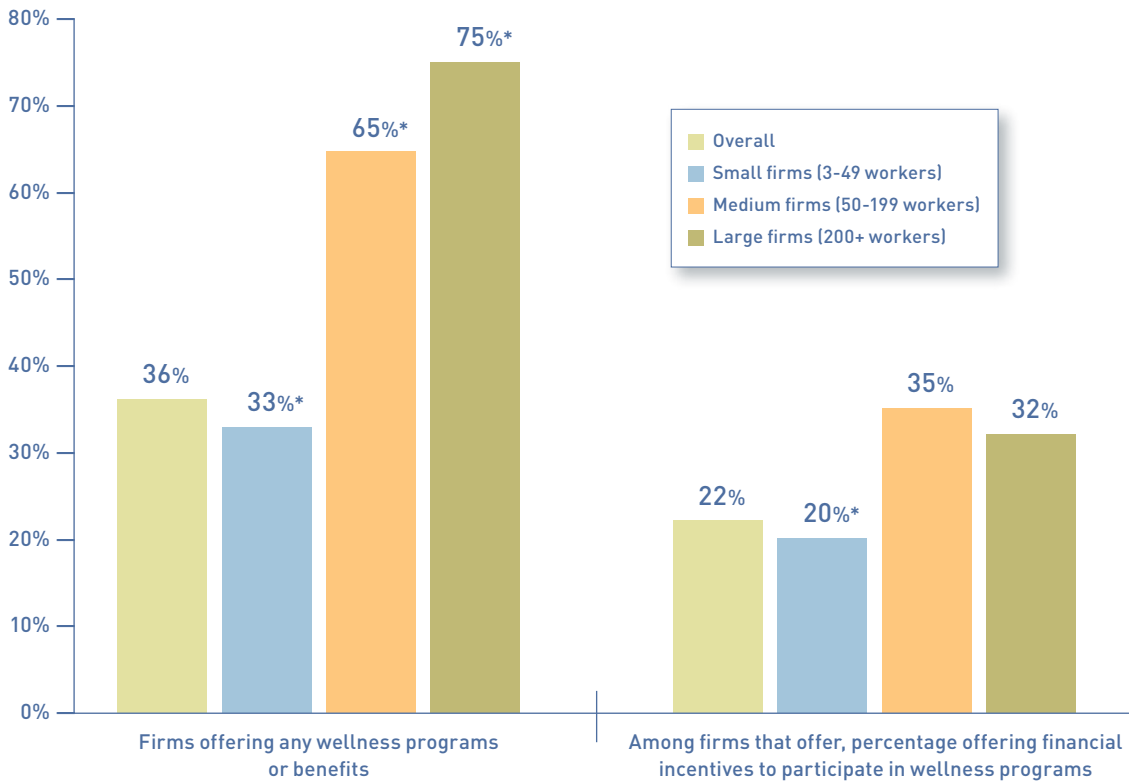


# Employer Wellness Benefits

**W**ellness benefits, such as weight loss programs, gym membership discounts, or on-site exercise facilities, smoking cessation programs, personal health coaching, classes in nutrition or healthy living, or wellness newsletters, are common among medium-sized and larger employers. Among the firms that do offer these benefits, it is less common to provide a financial incentive to encourage worker participation. Few firms ask their employees to complete health risk appraisals.

- ▶ 36% of New York employers offered wellness benefits in 2009, although the offer rate varied dramatically by firm size. 75% of large firms offered some sort of wellness benefit, as did 65% of medium-sized firms and 33% of small firms (Exhibit 33).
- ▶ Among firms that offered a wellness benefit, 22% offered financial incentives to their workers to participate in wellness programs. Large and medium-sized firms were more likely than small firms to offer financial incentives (Exhibit 33).

**EXHIBIT 33. Percentage of New York Firms Offering Wellness Programs, and Percentage of These Firms Offering Financial Incentives to Participate, by Firm Size, 2009**



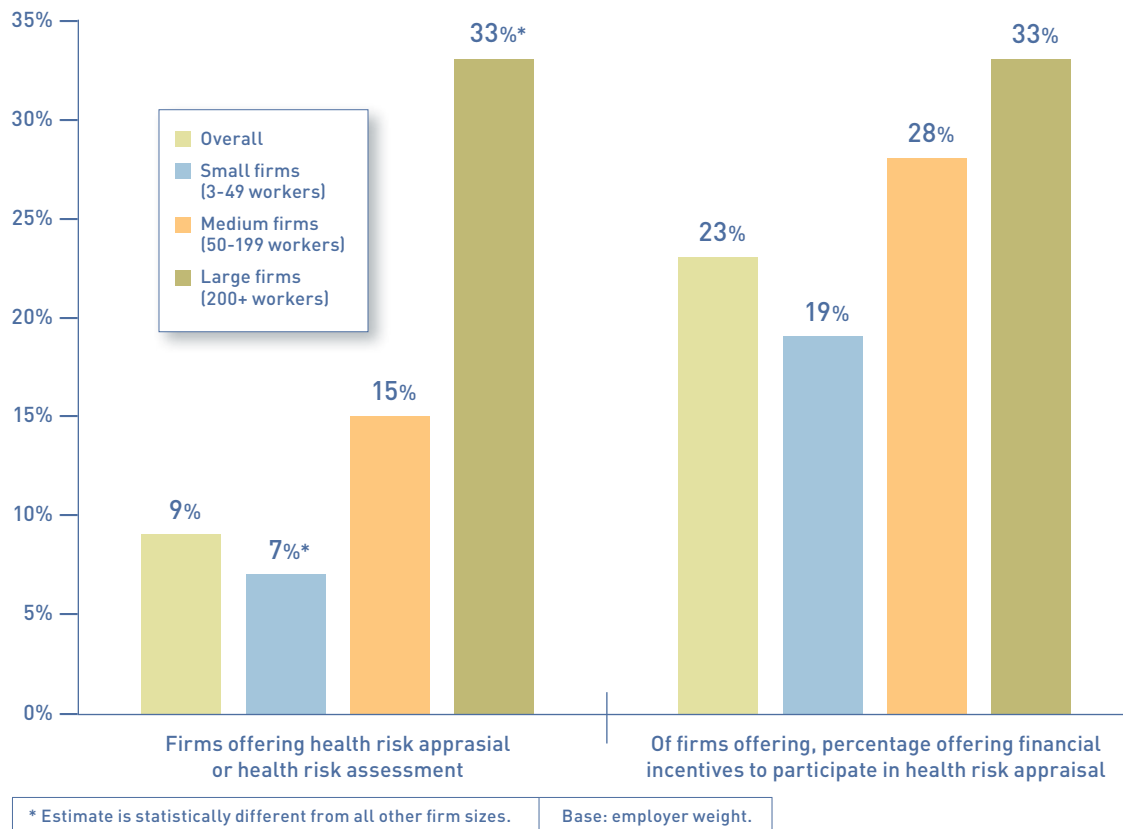
\* Estimate is statistically different from all other firm sizes.

Base: employer weight.

## Employer Wellness Benefits *(continued)*

- ▶ Only 9% of New York employers asked workers to complete a health risk appraisal or health risk assessment in 2009, although the prevalence varied significantly by firm size. 33% of the largest employers (200 or more workers) did so, versus just 7% of smaller firms (3-49 workers) (Exhibit 34).
- ▶ Among firms offering a health risk appraisal, 23% offered workers a financial incentive to participate (similar to the percentage offering financial incentives for wellness programs). Larger firms were more likely to offer a financial incentive for this feature than smaller firms, at 33% for the largest and 19% for the smallest (Exhibit 34).

**EXHIBIT 34. Percentage of New York Firms Asking Workers to Complete a Health Risk Appraisal, and Percentage of These Firms Offering a Financial Incentive to do so, by Firm Size, 2009**



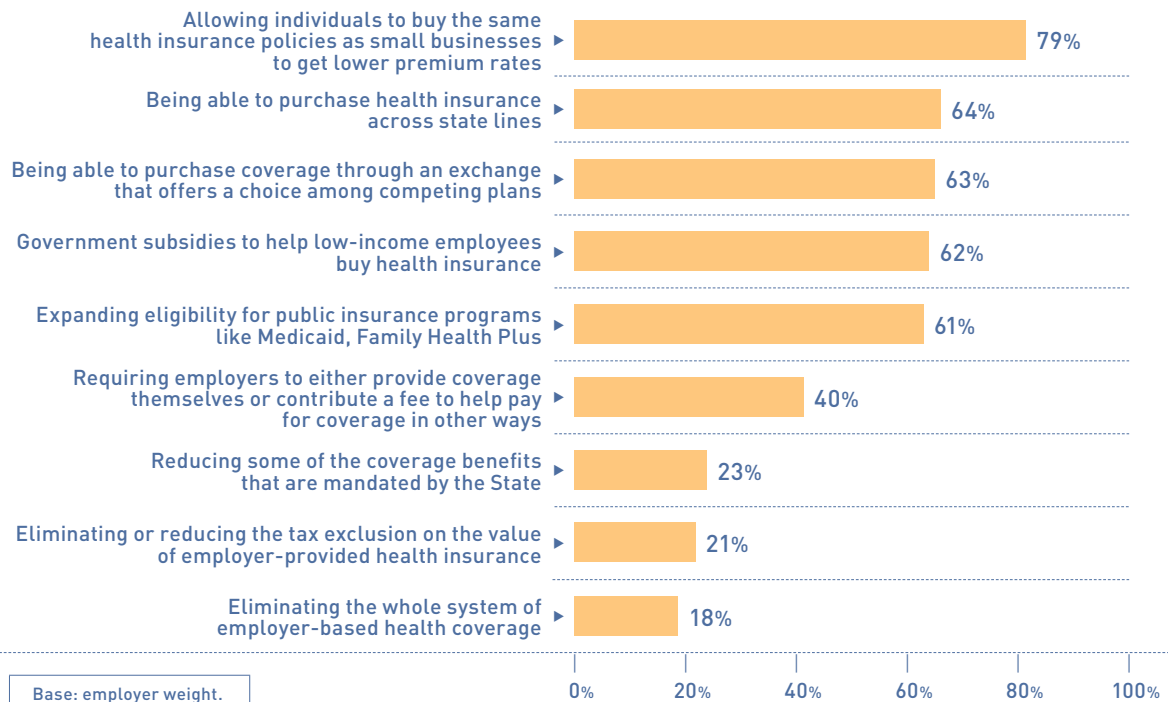
# Employer Views on Policy Issues

New York employers support a wide variety of measures that could make coverage more available and affordable to their employees. For example, they support allowing individuals to purchase the same policies as small businesses, being able to purchase coverage across state lines, being able to purchase coverage through an exchange, and creating government subsidies to help low-income workers buy insurance. They have varying levels of knowledge about the availability of various public coverage programs; larger firms are more likely to know about them and to provide information about them to employees. A large majority of employers would be willing to help qualified employees to use a tax credit, through payroll deductions, to help pay for health insurance premiums.

- ▶ New York employers express a wide range of views in terms of their support for a variety of possible changes to health insurance coverage. For example, 79% of employers either strongly or somewhat support allowing individuals to buy the same health insurance policies as small businesses to get lower premiums. 63% strongly or somewhat support being able to purchase coverage through an insurance exchange; a similar percentage strongly or somewhat supports government subsidies to help low-income employees buy health insurance (Exhibit 35).

**EXHIBIT 35. New York Employer Support for Various Changes to Health Insurance Coverage, 2009**

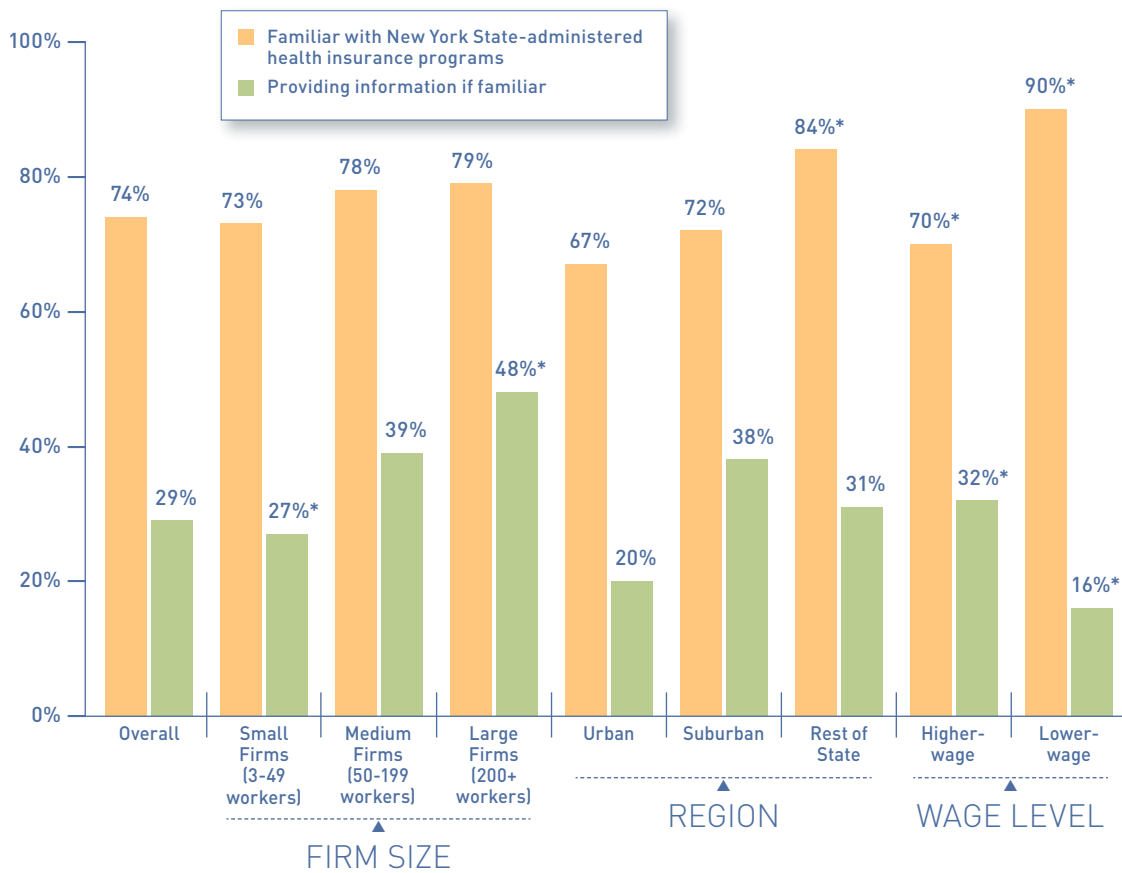
## STRONGLY OR SOMEWHAT SUPPORT



## Employer Views on Policy Issues *(continued)*

- ▶ A smaller percentage of New York employers (40%) strongly or somewhat supports requiring employers either to provide coverage themselves or contribute a fee to help pay for coverage in other ways. Another 17% are neutral on the issue (Exhibit 35).
- ▶ Just 21% of New York employers strongly or somewhat support eliminating or reducing the tax exclusion on the value of employer-provided health insurance; 35% are opposed; and 23% do not know (Exhibit 35).
- ▶ 74% of New York employers are familiar with State-administered health insurance programs, such as Medicaid and Child Health Plus, that are available to working adults and their children if their incomes are low enough. However, in 2009, only 29% of the firms that are familiar with the programs provide information about them to their employees (Exhibit 36).

**EXHIBIT 36. Percentage of New York Employers Familiar with State-Administered Health Insurance Programs, and Percentage Providing Information if Familiar, by Firm Size, Region, and Wage Level, 2009**

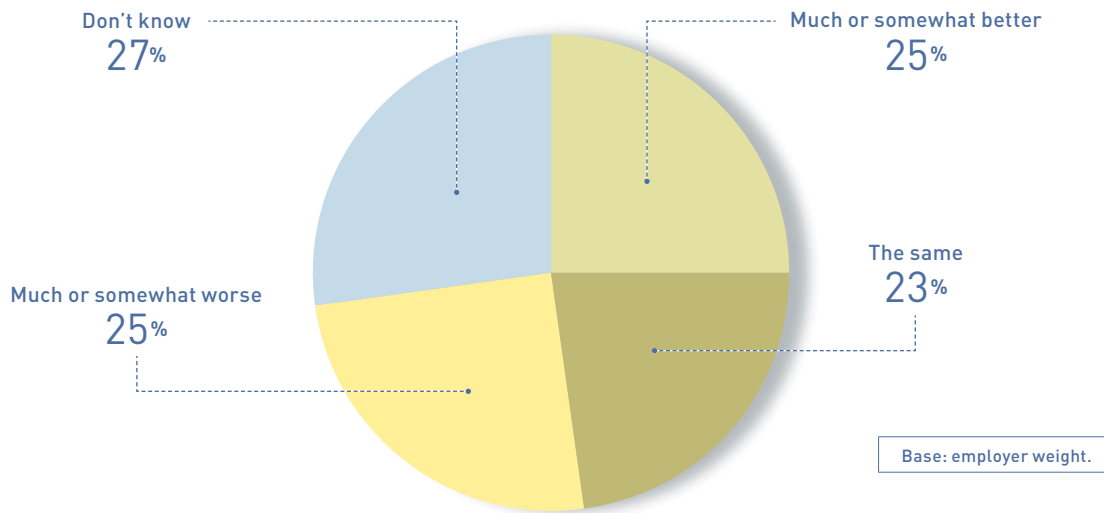


\* Estimate is statistically different from all other firms. Base: employer weight.

## Employer Views on Policy Issues *(continued)*

- ▶ Just more than half of New York employers (52%) are aware of the State's Child Health Plus program. Very few employers report that the program would make it more likely that they would stop offering family coverage as a result (Exhibit 38).

**EXHIBIT 37. New York Employer Perceptions of Quality of Medicaid, Family Health Plus, and Child Health Plus Health Insurance Compared to the Benefits Provided by the Firm to its Workers, 2009**



**EXHIBIT 38. New York Employer Awareness of New York State's Child Health Plus Program, by Wage Level, 2009<sup>^</sup>**

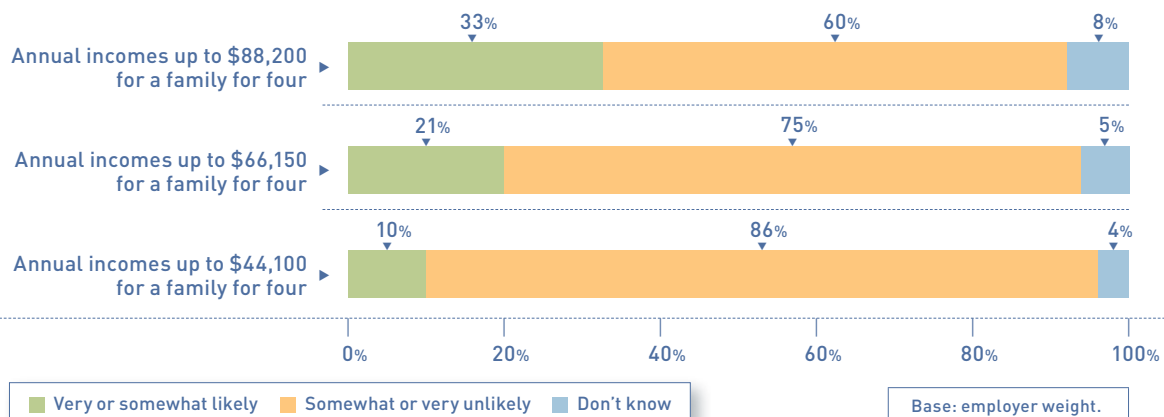
	Awareness about the Child Health Plus Program	Likelihood of firm to stop offering family coverage because of the availability of the children's program		
	Yes	Much more or somewhat likely	Somewhat or much less likely	Don't know
Overall	52%	5%	85%	10%
Higher-wage firms	52%	4%	86%	10%
Lower-wage firms	54%	15%	82%	3%

<sup>^</sup> Tests found no statistically different estimates or distributions within wage level of firm. Base: employer weight.

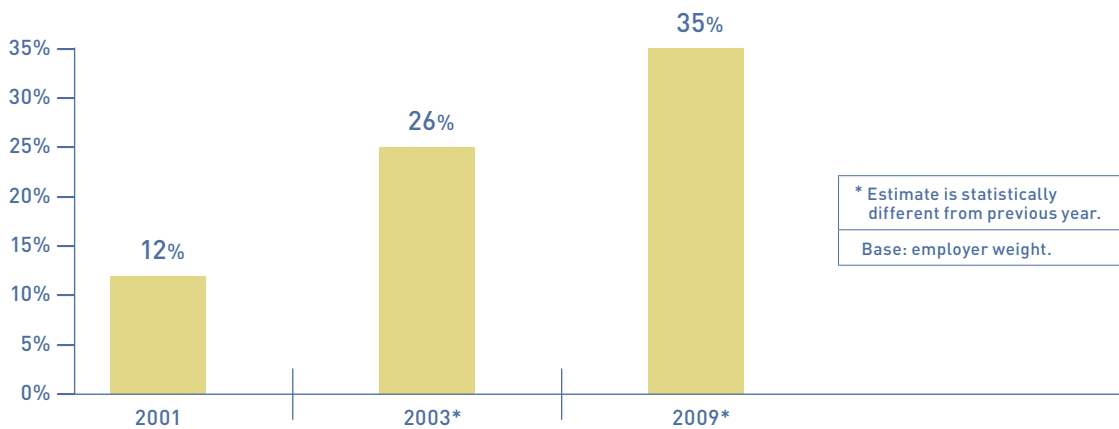
## Employer Views on Policy Issues *(continued)*

- ▶ The survey asked employers how they would respond if New York State were to expand eligibility for programs like Medicaid and Family Health Plus to people with annual incomes up to various amounts for a family of four. 33% of employers indicate they would be very or somewhat likely to stop offering health benefits if the State were to expand eligibility to those with annual incomes up to \$88,200 for a family of four. At \$66,150, 21% are very or somewhat likely to drop coverage, while at \$44,100, just 10% are very or somewhat likely to do so (Exhibit 39).
- ▶ Just over one-third of New York employers are familiar with the Healthy New York program, an increase from one-quarter in 2003 (Exhibit 40).

**EXHIBIT 39. Likelihood of New York Firms' Terminating Health Coverage if New York State Expands Eligibility for Public Insurance Programs, up to Various Income Levels, 2009**



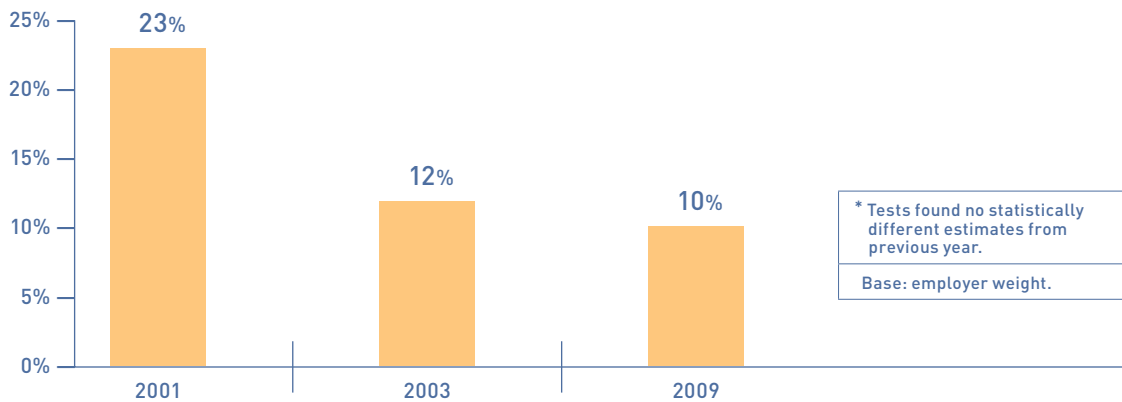
**EXHIBIT 40. New York Employers Familiarity with the Healthy New York Program, 2001, 2003, and 2009**



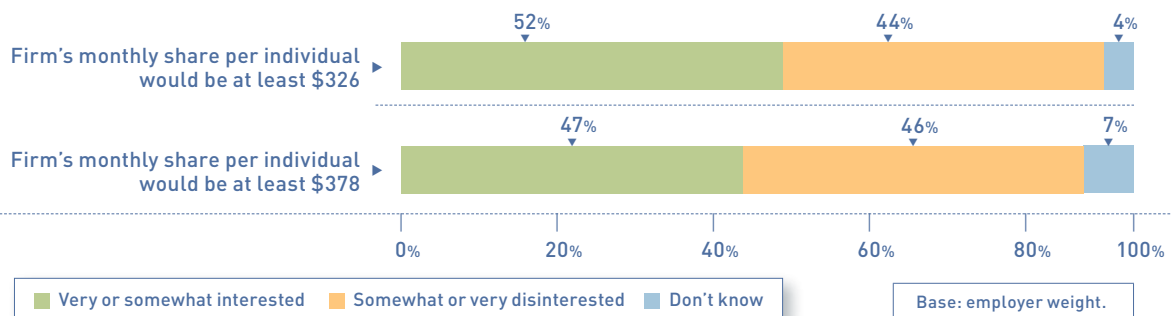
## Employer Views on Policy Issues *(continued)*

- ▶ Half of employers are “very or somewhat” interested in “buying in” to the Family Health Plus program at various hypothetical premium contribution levels. If employer costs were lower, employers’ interest in participating would presumably be even higher (Exhibit 42).
- ▶ 80% of New York employers would be willing to help employees who qualify to use a tax credit through payroll deductions to help pay for health insurance premiums (Exhibit 43). Interest is high across all firm sizes, wage levels, and regions of the State.

**EXHIBIT 41. New York Employer Familiarity with a Purchasing Group for Small Firms called Health Pass, 2001, 2003, and 2009\***

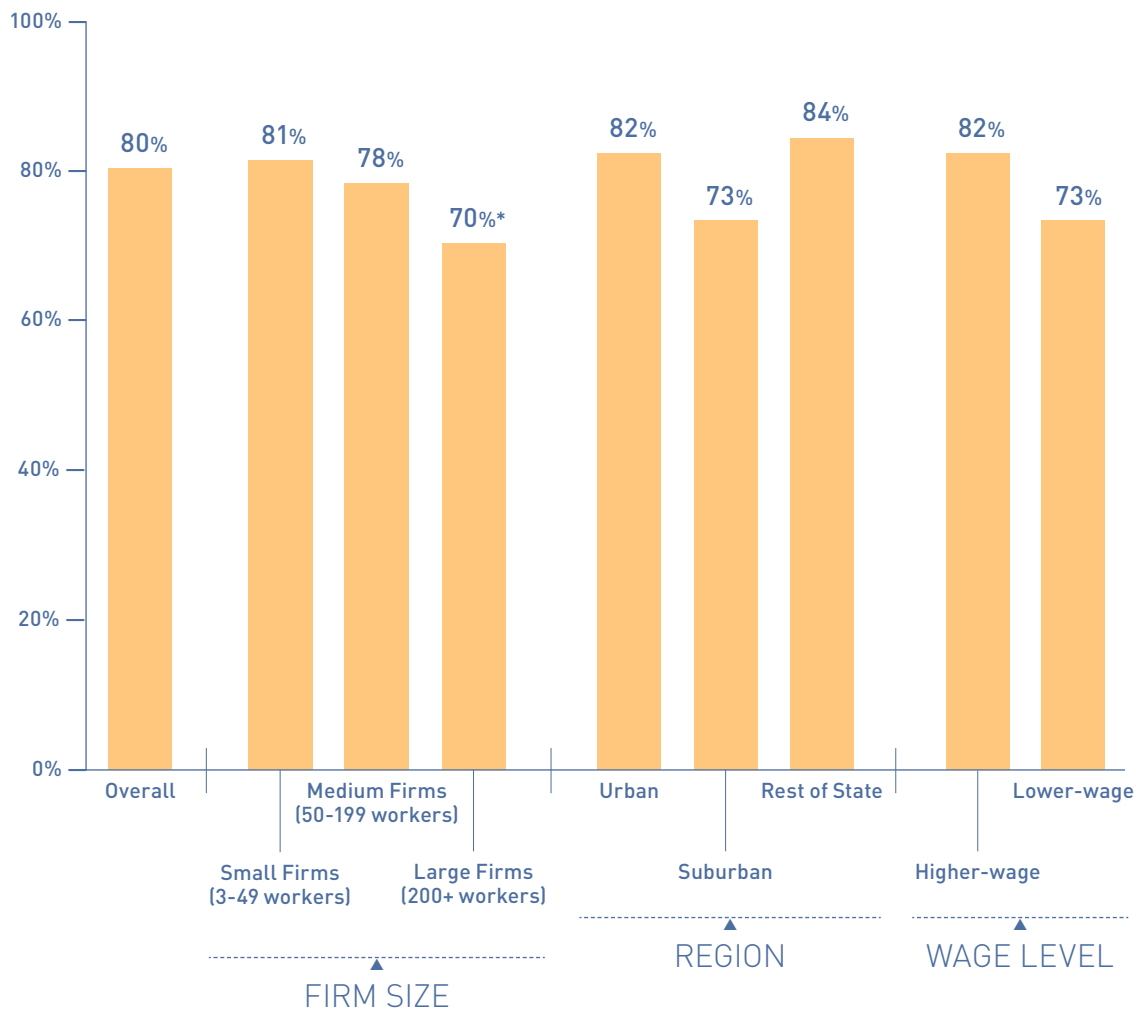


**EXHIBIT 42. New York Employer Level of Interest in Participating in the Family Health Plus Program, at Various Premium Contribution Levels, 2009**



## Employer Views on Policy Issues *(continued)*

**EXHIBIT 43.** Percentage of New York Employers Willing to Help Employees Who Qualify to Use Tax Credit Through a Payroll Deduction, by Firm Size, Region, and Wage Level, 2009



\* Estimate is statistically different from all other firms. Base: employer weight.



# Future Plans

New York employers reported in 2009 that they plan to further increase employee cost-sharing or reduce benefits in the next year. However, few New York employers plan to reduce eligibility or drop coverage. Only 2% of small firms indicate their firm is “very likely” to drop coverage and only 5% of midsize firms reported they are “somewhat likely” to drop coverage. One-quarter of employers report plans to reduce benefits or increase cost-sharing as a result of the economic downturn.

- ▶ 44% of large firms indicate they plan to raise the amount employees pay for premiums next year, and 22% of large firms are “somewhat likely” to do so (Exhibit 44).
- ▶ For midsize firms, 55% responded the firm was either “very likely” or “somewhat likely” to raise the amount employees pay for health insurance in the next year (Exhibit 44).

**EXHIBIT 44. Likelihood of New York Employers Making Select Changes in the Next Year**

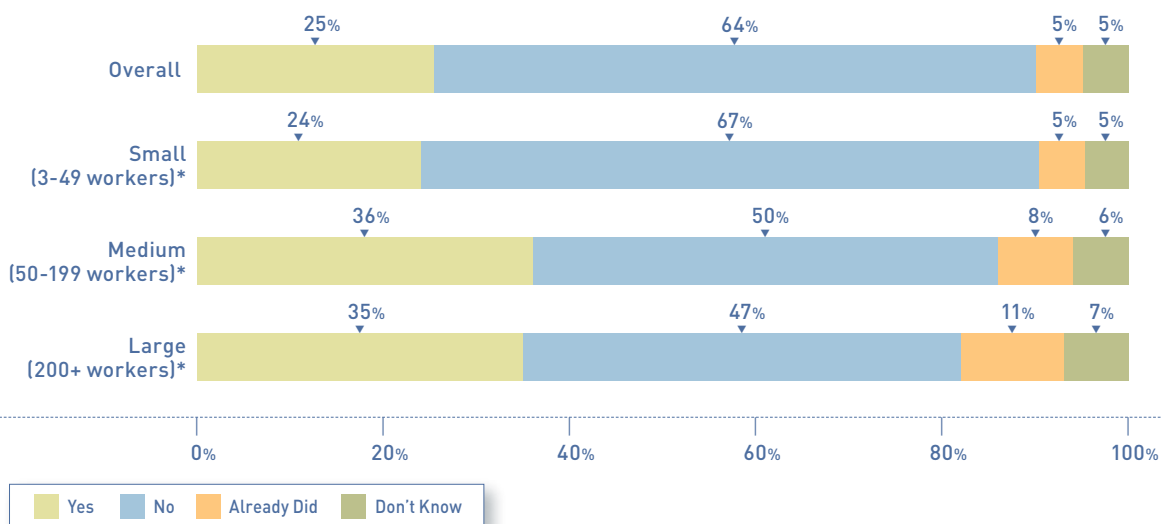
SELECT CHANGES/FIRM SIZE		VERY LIKELY	SOMEWHAT LIKELY	NOT TOO LIKELY	NOT AT ALL LIKELY	DON'T KNOW
Increase the Amount Employees Pay for Premiums	ALL FIRMS	17%	26%	17%	39%	2%
	SMALL FIRMS (3-49 WORKERS)*	14%	26%	17%	41%	1%
	MEDIUM FIRMS (50-199 WORKERS)*	31%	24%	16%	25%	5%
	LARGE FIRMS (200+ WORKERS)*	44%	22%	11%	20%	3%
Reduce Eligibility	ALL FIRMS	3%	3%	11%	82%	1%
	SMALL FIRMS (3-49 WORKERS)	3%	3%	10%	83%	1%
	MEDIUM FIRMS (50-199 WORKERS)	4%	4%	13%	77%	1%
	LARGE FIRMS (200+ WORKERS)	3%	3%	11%	80%	2%
Drop Coverage Entirely	ALL FIRMS	1%	2%	3%	93%	1%
	SMALL FIRMS (3-49 WORKERS)	2%	2%	3%	93%	1%
	MEDIUM FIRMS (50-199 WORKERS)	0%	5%	3%	91%	1%
	LARGE FIRMS (200+ WORKERS)	0%	1%	3%	94%	1%

\* Distribution is statistically different from all other firms.

## Future Plans *(continued)*

- ▶ 40% of small firms are “very likely” or “somewhat likely” to increase the amount employees pay for health insurance next year (Exhibit 44).
- ▶ Approximately 35% of midsize and large firms plan to increase cost-sharing or reduce the scope of benefits because of the economic downturn, and 11% of large firms indicate they already have done so (Exhibit 45).

**EXHIBIT 45. Among New York Firms Offering Health Benefits, Percentage of Firms Planning to Reduce the Scope of Health Benefits or Increase Cost-Sharing as a Result of Economic Downturn, by Firm Size, 2009**



\* Distribution is statistically different from all other firms.

Base: employer weight.



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