

Ask the Advisor

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How does my employee health coverage compare?

Each year, the Kaiser Family Foundation conducts a survey to examine employer-sponsored health benefits trends. Here are some important takeaways from the 2020 survey.

Health Insurance Premiums

In 2020, the average premium rose by 4% for both single coverage and family coverage. The average premiums were \$7,470 and \$21,342, respectively. However, premiums for single coverage under high deductible health plans with a savings option (HDHP/SOs) were noticeably lower than the average single coverage premium. HDHP/SOs' annual premiums for single and family coverage were \$6,890 and \$20,359, respectively.

Worker Contributions

The average worker contribution toward the premium was 17% for single coverage and 27% for family coverage. In terms of dollar amounts, workers contributed \$1,243 and \$5,588 toward their premiums for single coverage and family coverage, respectively. Workers enrolled in HDHP/SOs contributed less on average, paying \$1,061 for single coverage and \$4,852 for family coverage.

Plan Enrollment

The following were the most common plan types in 2020: Preferred provider organizations (PPOs)—47% of workers covered; HDHP/SOs—31% of workers covered; Health maintenance organizations (HMOs)—13% of workers covered; Point-of-service (POS) plans—8% of workers covered.

Employee Cost Sharing

Most workers must pay a share of their health care costs, and the average deductible for all workers was \$1,644 in 2020. The percentage of covered workers with a general deductible of \$2,000 or greater has increased to 26% in the last five years.

Beyond deductibles, the vast majority of workers cover some portion of the costs from their health care services. For example, 65% of covered workers have coinsurance, and 13% have a copay for hospital admissions.

In addition, nearly all workers are covered by a plan with an out-of-pocket maximum (OOPM), but the costs vary

considerably. Among covered workers with single coverage, 11% have an OOPM of less than \$2,000, and 18% have an OOPM of \$6,000 or more.

Availability of Employer-sponsored Coverage

Similar to the last few years, 56% of employers offer health benefits to at least some workers. Only 48% of very small employers (three to nine employees) offer coverage, while nearly every large employer (1,000 or more employees) offers coverage.

Health and Wellness Promotion Programs

Fifty-three percent of small employers and 81% of large employers offer at least one wellness program in the areas of smoking cessation, weight management and lifestyle coaching. Of these large employers, 44% offer participation incentives like gift cards or merchandise.

Telemedicine

Within the last year, telemedicine offerings have increased significantly, with the large majority (85%) of employers with 50 or more workers embracing the technology.

Self-funding

Twenty-three percent of workers with small employers are enrolled in plans that are either partially or entirely self-funded, compared to 84% of workers with large employers. In the past few years, level-funded plans have become more popular. These options can be confusing, so please discuss with a benefits advisor.

Conclusion

This year continues a period of a stable market, characterized by relatively low-cost growth for employer-sponsored coverage. While premium growth continues to exceed earnings and inflation increases, the differences are moderately small. Additionally, while there have been some changes in terms of employer-sponsored health benefits, no trends have gained significant traction.

It is still unclear how the COVID-19 pandemic will affect employer health plans in 2021. Given the economic impact, employers may need to shift more costs to employees than they have in the past. Alternatively, employers may look to other funding models to provide competitive health benefits. A benefits advisor can help you weigh your options.