

2012 Employer Health Benefits Survey: Supplementary Survey

Early reports for 2013 indicate that firms are expecting about a seven percent increase in premiums for their current health plan with the largest enrollment. In 2012, half of self-funded firms said their enrollee costs were about the same as they expected.

Methods and Survey Design

In order to provide more information on employer costs, the Kaiser Family Foundation and the Health Research & Educational Trust (Kaiser/HRET) conducted a supplementary survey of firms participating in the 2012 Employer Health Benefit Survey. The Kaiser Family Foundation designed and analyzed the supplementary survey in conjunction with HRET and contractors at NORC at the University of Chicago. The Employer Health Benefits Survey is a national probability survey of over 2,100 private and non-federal public firms with three or more employees. Weights are post stratified to industry; size and regional counts are provided by the Census Bureau's Statistics of U.S. Businesses and the Census of Governments. For more information on the survey design and sampling methodology of the Employer Health Benefit Survey, see the [Survey Design and Methods Section](#).

During the initial interviews conducted between January and May, firms which offer family health benefits to at least some of their employees were asked if they were willing to participate in an additional interview during August. Eighty-eight percent of respondents agreed to the follow-up call. In total, 1,665 firms were eligible to participate in the supplementary survey. During the first two weeks of August, National Research LLC completed interviews with 1,164 of these firms. Self-funded firms were asked about changes in total per-employee costs, and fully-insured firms were asked about changes in premiums. Of those firms, 477 firms already received some information about their 2013 premium, or in the case of self-funded firms, total per-employee costs from a broker, insurance company, third party administrator (TPA) or benefit consultant.

In addition, firms in which the health plan with the largest enrollment was self-funded were asked if their 2012 per employee costs were "higher", "lower", or "about the same" as expected. In a self-funded plan, the plan sponsor pays for most or all of the claims from its own assets rather than purchasing insurance coverage. In total, 607 firms answered this question. For more information on self-funding, see [Section 10](#) of the 2012 Employer Health Benefit Survey.

In order to account for differences in the types of firms who completed the supplementary survey, specific weights were developed for each of the two questions included in the supplementary survey. Weights accounting for the probability that a worker covered by health insurance would be represented in the survey were calculated by expanding the main survey's covered worker weight within size and industry categories. In addition, a non-response adjustment was made to both weights to

account for the types of firms that we were unable to contact during the supplementary survey. In sum, the survey design and the use of both weights allow for extrapolation to national averages.

2013 Changes to Employer's Current Health Plans

Amongst covered workers, the average expected change in premiums (or total costs per employee) for employers' largest current health plan is seven percent. The expected change is similar for small (3-199 workers) and large (200 or more workers) firms as well as for firms whose largest plan is self-funded versus fully insured.

An employer's expected costs many months in advance of the 2013 calendar year may not actually be what the employer ends up paying next year. After receiving estimates for 2013, employers may continue to negotiate with insurers for a more favorable rate. Employers can reduce benefits or increase cost sharing requirements, such as deductibles or copays in order to reduce premiums. In addition, many employers may change plan types or carriers in order to secure more favorable rates. The 2012 Employer Health Benefits Survey indicates that 54% of employers offering health benefits shopped for new coverage within the past year (See [Exhibit 14.4](http://ehbs.kff.org/) at <http://ehbs.kff.org/>). Among firms that shopped, 18% changed insurance carriers and 27% reported changing the type of health plan provided to employees (See [Exhibit 14.5](http://ehbs.kff.org/) at <http://ehbs.kff.org/>).

There is significant variation in the premium changes employers are expecting for 2013. A substantial number of firms are expecting changes of more than five percentage points higher or lower than the seven percent average. For example, 14% of covered workers are at firms that are expecting a change of about 12% or more and 15% of covered workers are at firms that are expecting changes of less than 2%. Five percent of covered workers are at firms that are expecting changes of more than 17% - 10 percentage points above the average (7%). The Employer Health Benefits Survey will continue to track changes in employer costs as firms settle on their 2013 plans.

2012 Employer Costs

Self-funded firms, or their TPAs, compare utilization against their projected costs in order to anticipate future expenses. Firms in which the health plan with the largest enrollment was self-funded were asked how their 2012 utilization compared to prior expectations. One-quarter of covered workers are at firms that reported enrollee costs in 2012 were lower than expected, 25% are in firms where costs were higher than expected, and 51% are in firms where costs were the same as expected.¹ Differences in a firm's expected enrollee costs are similar for covered workers enrolled at small (3-199 workers) and large (200 or more workers) firms.

¹ Total does not sum to 100% due to rounding.