

CALIFORNIA HEALTH CARE ALMANAC



California Employer Health Benefits Survey

DECEMBER 2011

Introduction

Employer-based coverage is the leading source of health insurance in California and nationally. Changes in coverage offerings, worker cost sharing, and benefits have major implications for millions of Californians. This report presents the highlights of the 2011 *California Employer Health Benefits Survey*, annual research that tracks changes in employer-based health benefits in the state over time.

KEY FINDINGS INCLUDE:

- Since 2002, premiums rose 153.5%, more than five times the 29.3% increase in California’s inflation rate.
- The proportion of California employers offering coverage declined from 73% to 63% over the last two years.
- Premiums were higher in California than nationally for both single and family coverage. However, the employer contribution in California was significantly higher than the national average.
 - Annual premiums for single coverage in California were \$5,970, compared to \$5,429 nationally. Family coverage premiums were \$15,724 in California and \$15,073 nationally.
 - Employers in California contributed \$5,213 annually for single coverage and \$11,921 for family coverage.
- Workers in small firms in California were significantly more likely to cover at least half of the premium for family coverage than workers in large firms.
- Enrollment in plans with a deductible of \$1,000 or more for single coverage leveled off for California workers in 2011, but has increased considerably in recent years for small firms. Twenty-seven percent of workers in small firms have a deductible of \$1,000 or more, up from just 7% in 2006.
- Twenty-five percent of California firms either reduced benefits or increased cost sharing for employees in the past year, while 22% increased employees’ share of the premium (compared to 15% in 2010).
- Thirty-six percent of California firms say they are “very” or “somewhat” likely to increase the amount workers pay for premiums in the coming year.

Additional information on the project methodology is available at the end of the presentation on page 41.

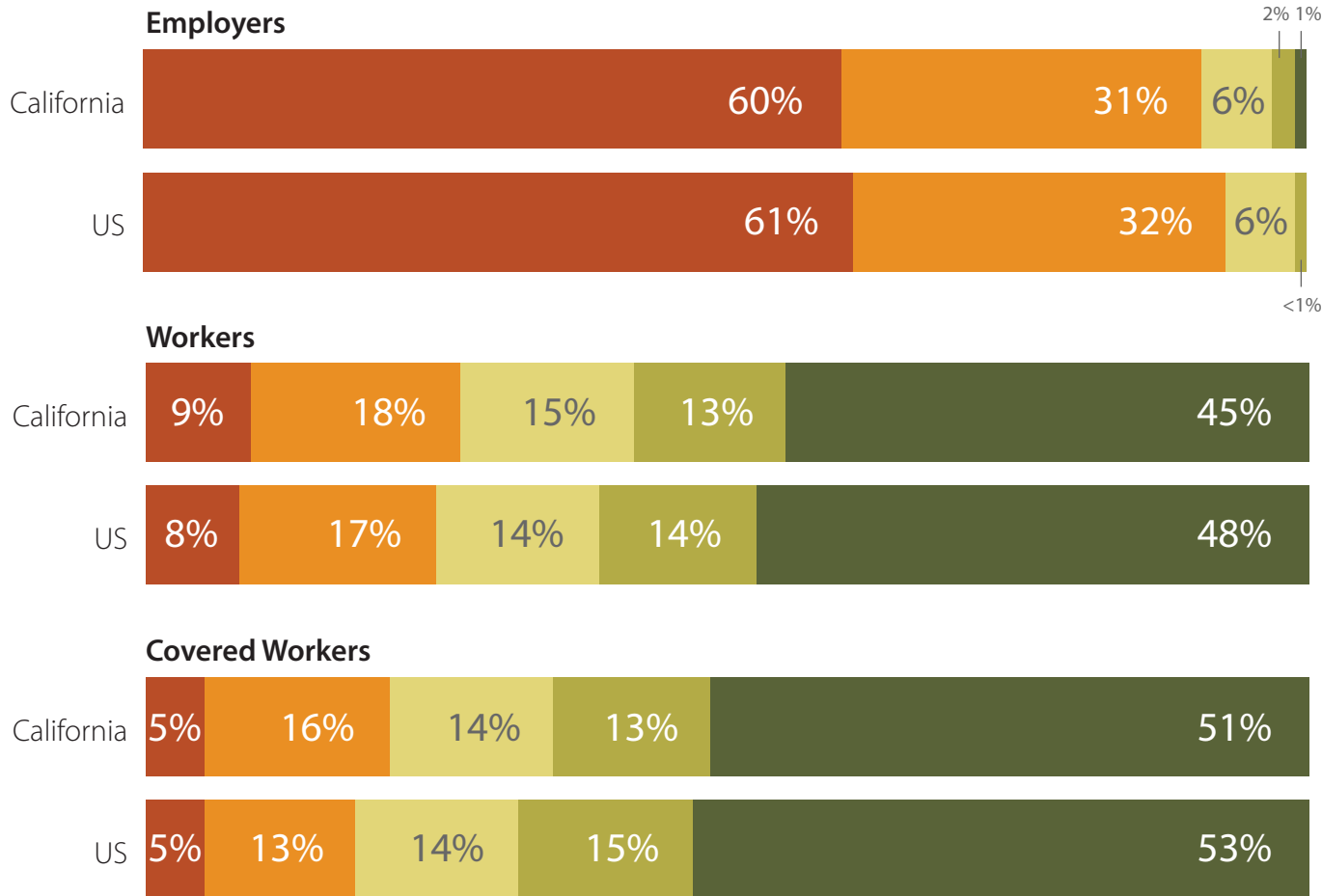
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Employers, Workers, and Covered Workers, by Firm Size, California vs. the United States, 2011*

NUMBER OF WORKERS

■ 3 to 9
 ■ 10 to 49
 ■ 50 to 199
 ■ 200 to 999
 ■ 1,000+



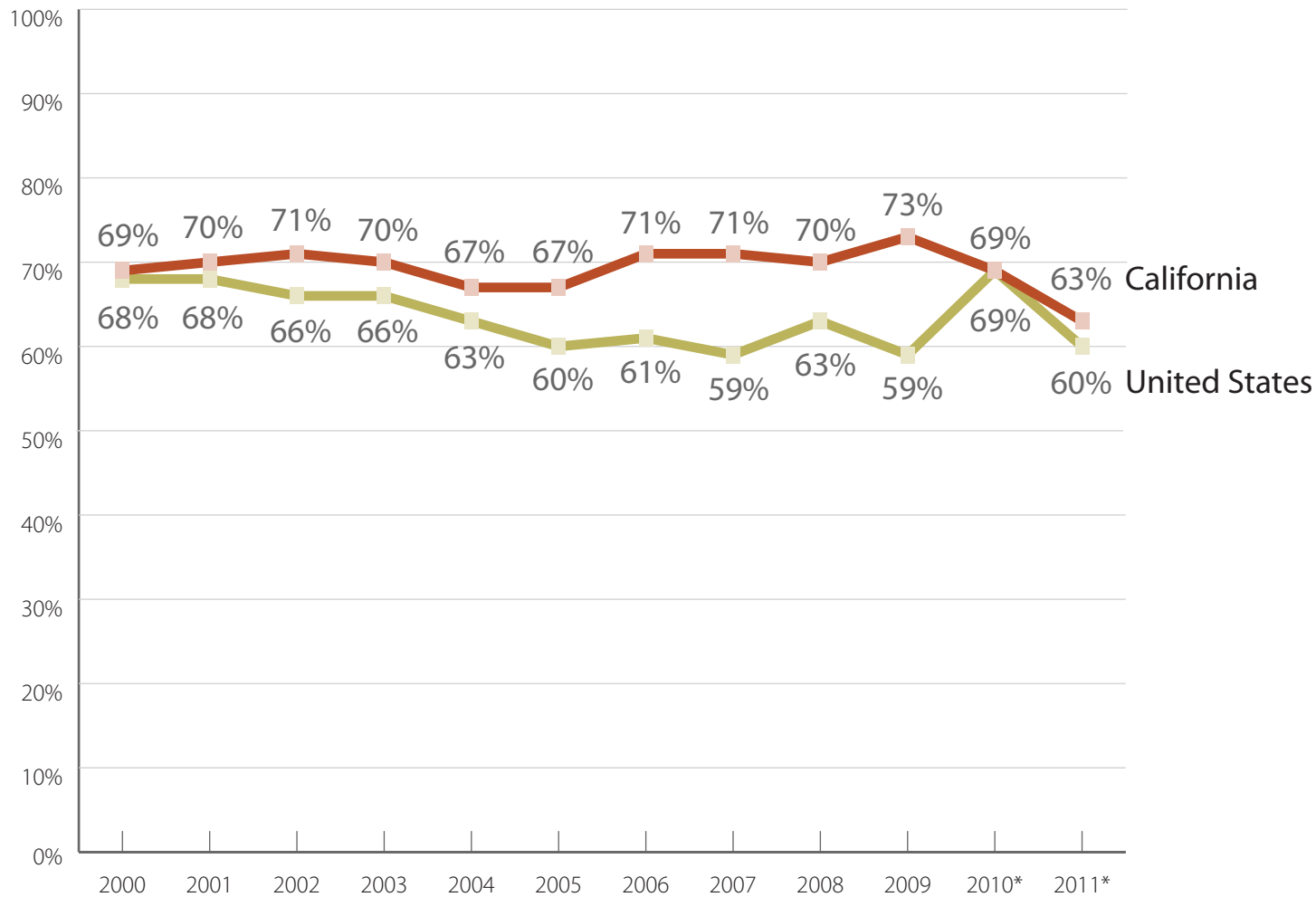
*Tests found no statistically different distributions between California and the United States.

Note: In this report, numbers may not add up to 100% due to rounding.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey; 2011. Author analysis of data from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits; 2011.

California firms with three to 49 workers accounted for 91% of employers but just 27% of all workers and 21% of covered workers.

Employers Offering Coverage, California vs. the United States, 2000 – 2011

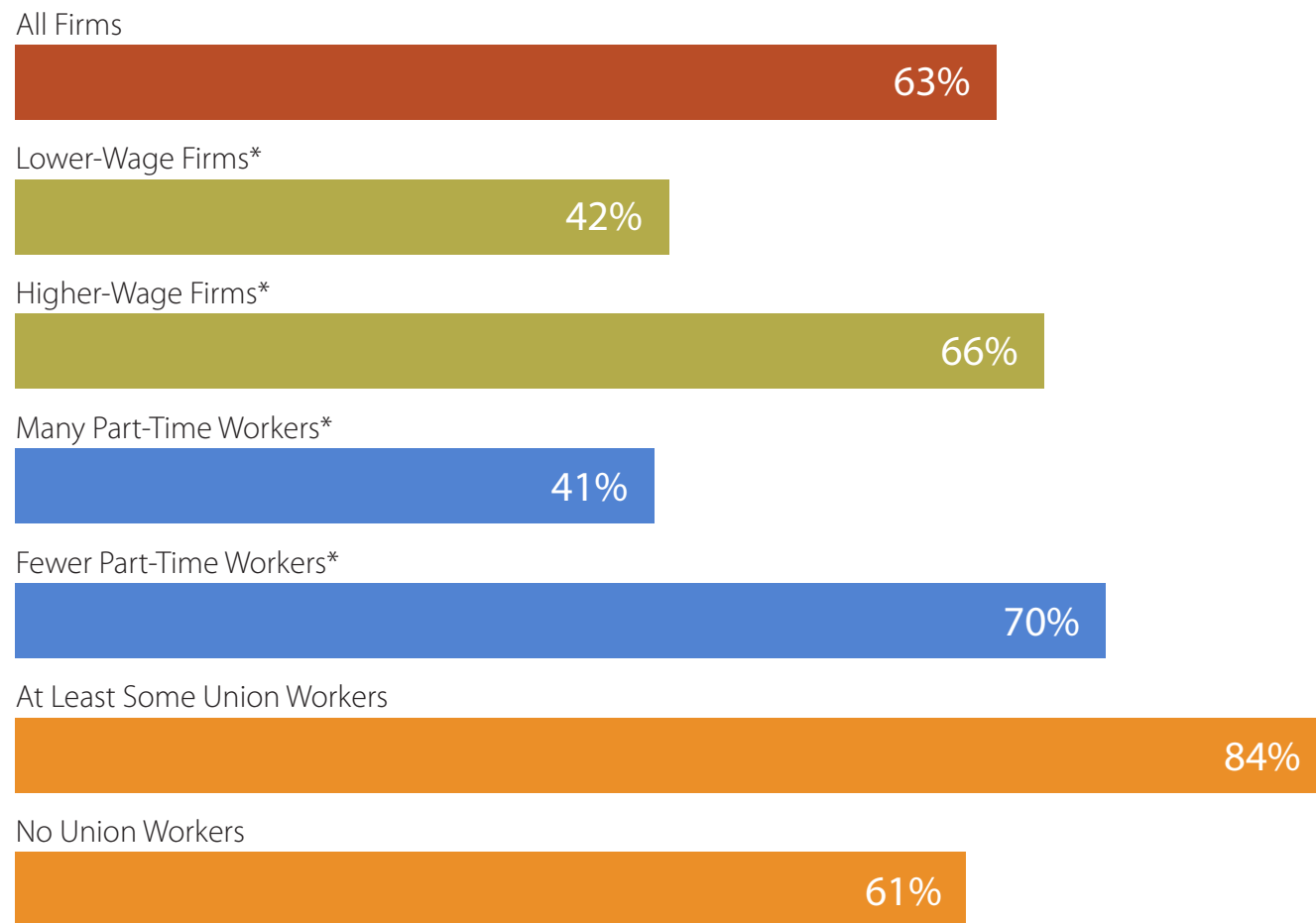


The offer rate for employers declined significantly from 73% to 63% over the last two years. This is a departure from previous years and could be an early sign of future changes.

*US estimates are statistically different from the previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2011. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2000–2011.

Employers Offering Coverage, by Firm Characteristics, California, 2011



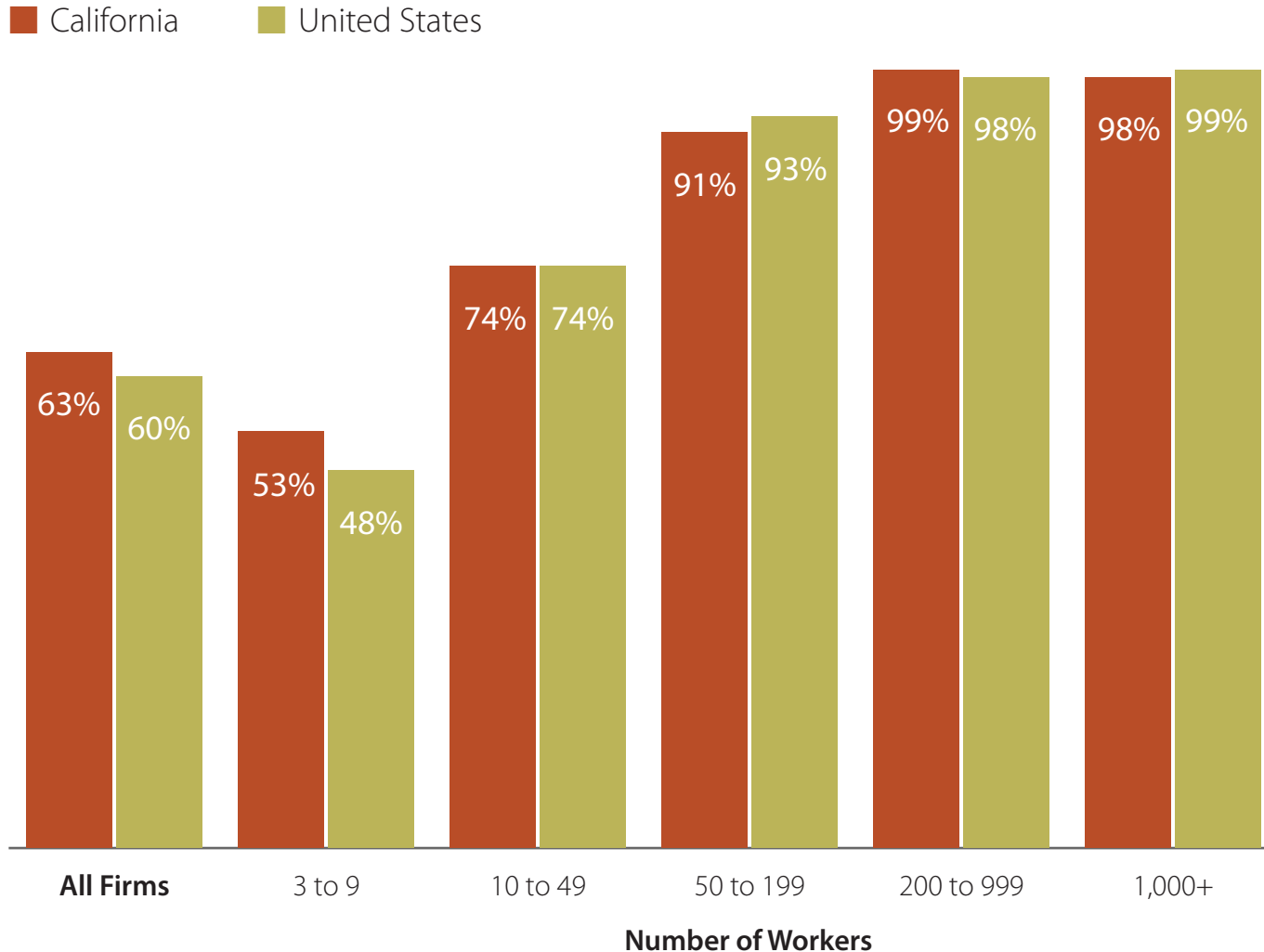
*Estimates are statistically different between lower- and higher-wage firms, and between many and fewer part-time workers.

Notes: Lower-Wage Firms are defined as those in which at least 35% of workers earn \$23,000 or less per year. Higher-Wage Firms are those in which less than 35% of workers earn \$23,000 or less. Many Part-Time Workers are firms in which at least 35% of workers work part-time. Fewer Part-Time Workers are firms in which less than 35% work part-time.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

The probability of employers offering coverage varied widely by firm characteristics. Only 42% of lower-wage firms offered health benefits in 2011, versus 66% of higher-wage ones.

Employers Offering Coverage, by Firm Size, California vs. the United States, 2011*



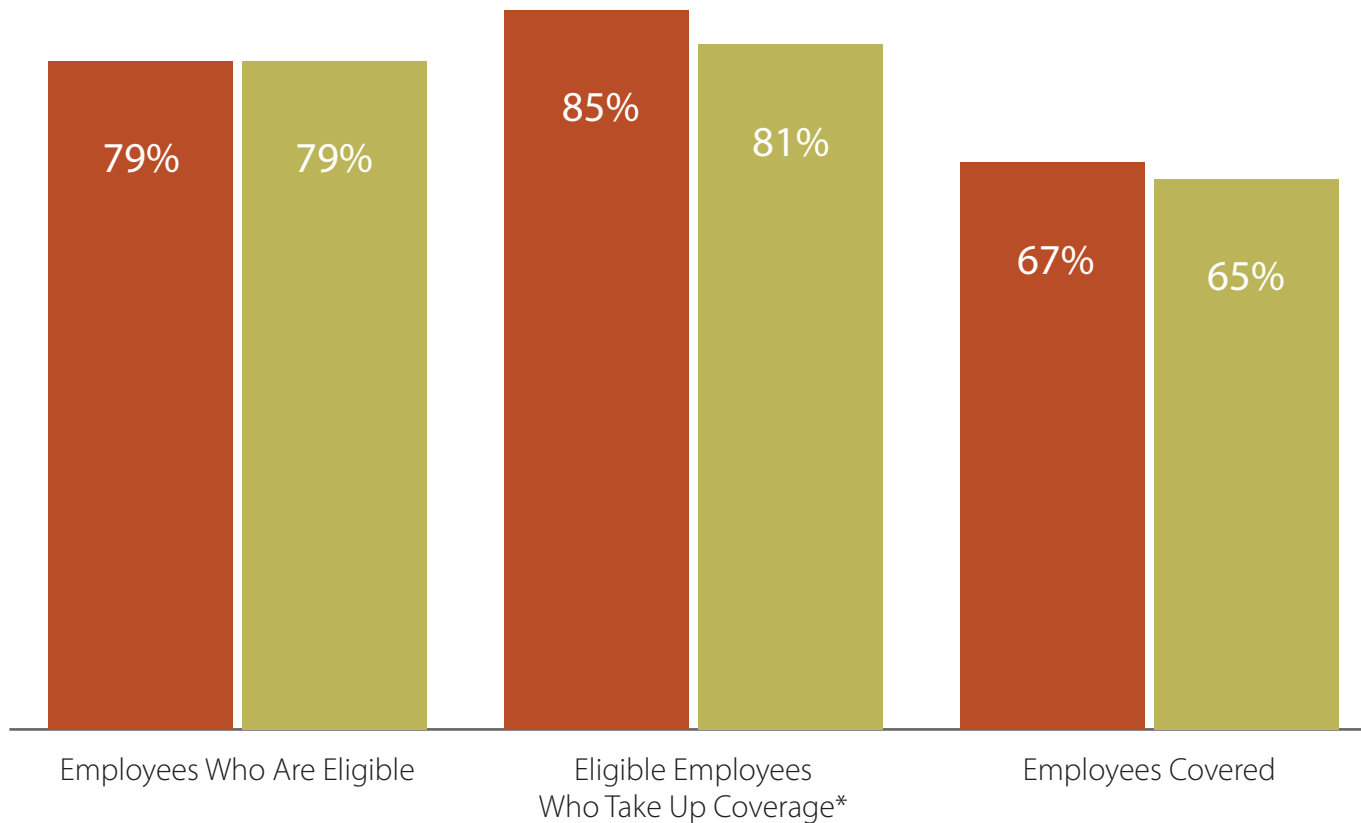
Slightly more than half of California's smaller firms (three to nine workers) provided coverage in 2011, while the vast majority of larger firms did so. Offer rates were generally comparable in California and the nation.

*Tests found no statistically different estimates between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey; 2011. Author analysis of data from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits; 2011.

Employee Eligibility, Take-Up Rates, and Coverage, California vs. the United States, 2011

■ California ■ United States

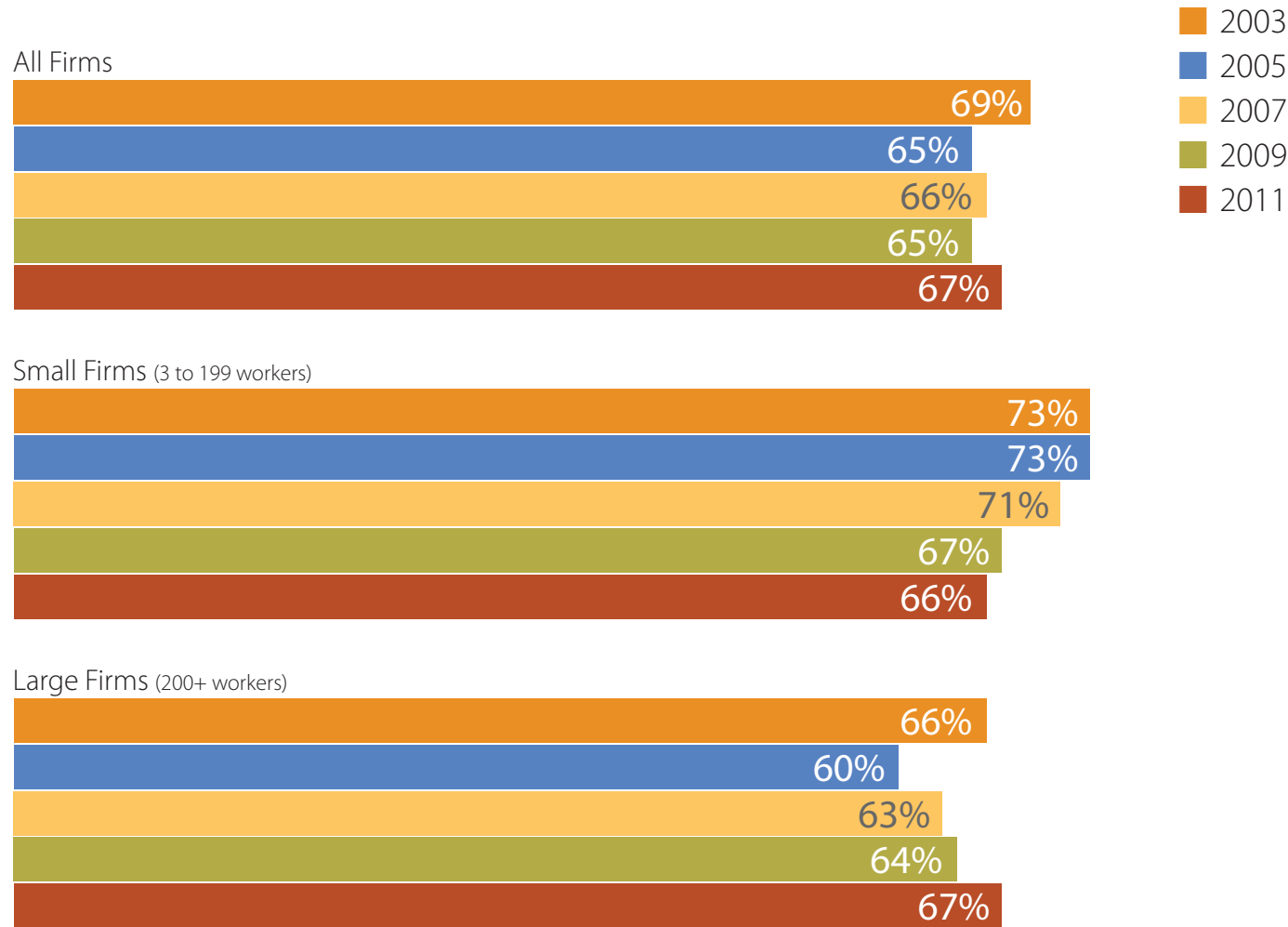


*Estimates are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

Nearly 80% of California employees working in firms offering coverage were eligible for health benefits, and 85% of those elected to enroll. Overall 67% of all employees received coverage from their firm.

Worker Coverage Rates, Among Offering Firms, by Firm Size, California, 2003–2011, Selected Years*

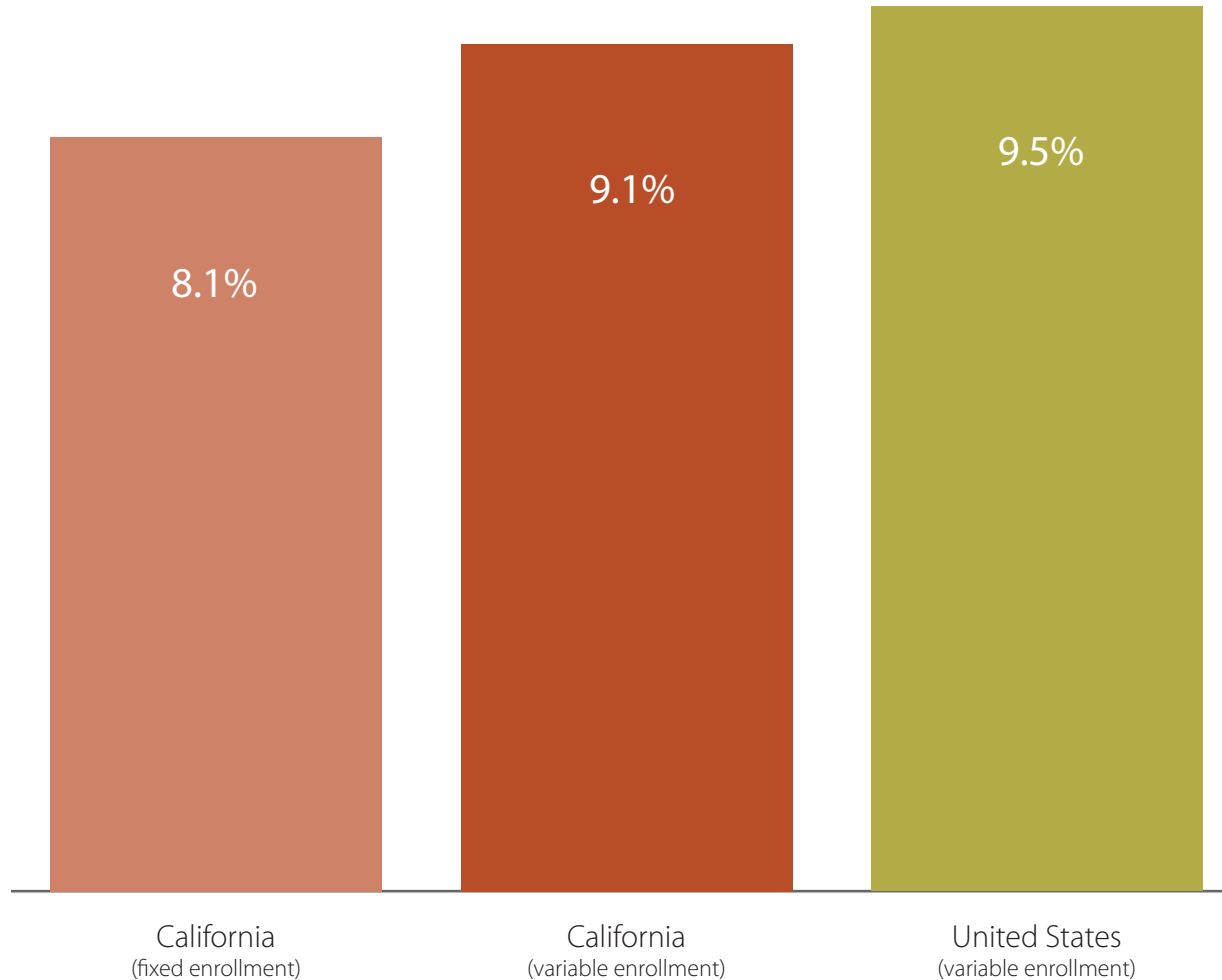


Insurance coverage rates have been fairly stable since 2003.

*Tests found no statistically different estimates from previous year shown within Firm Size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011. CHCF/HSC California Employer Health Benefits Survey: 2005. Kaiser/HRET California Employer Health Benefits Survey: 2003.

Average Increases in Premiums, Family Coverage, by Product Enrollment Status, California vs. the United States, 2011

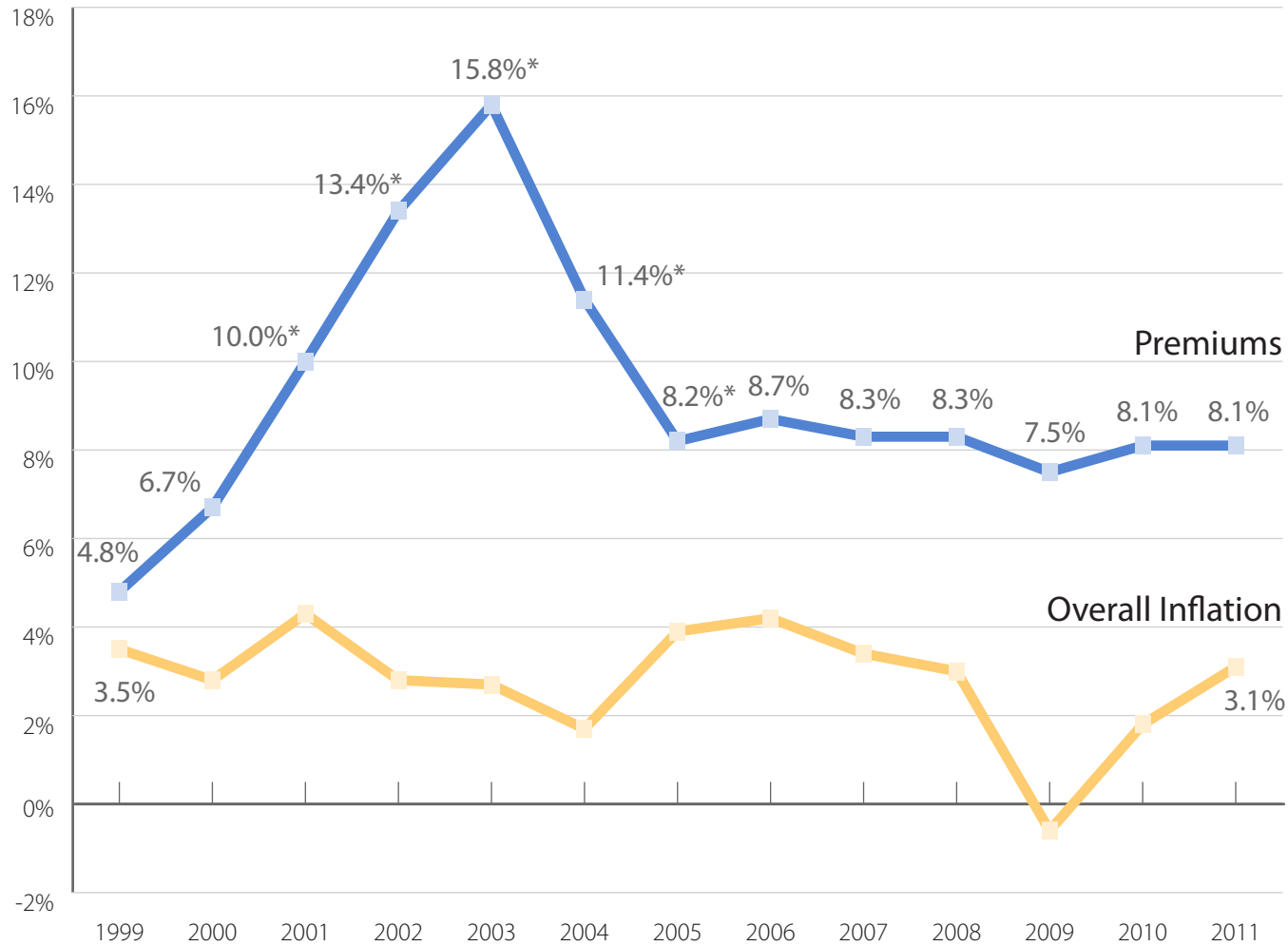


Among California firms that offered the same health plan or plans in 2010 and 2011 (fixed enrollment), the average family coverage premium increase for those plans was 8.1%.

When the calculation includes California firms that changed plans or had workers who switched plans (variable enrollment), the average family premium increase was 9.1%.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

Premium Increases Compared to Inflation, Family Coverage, California, 1999–2011

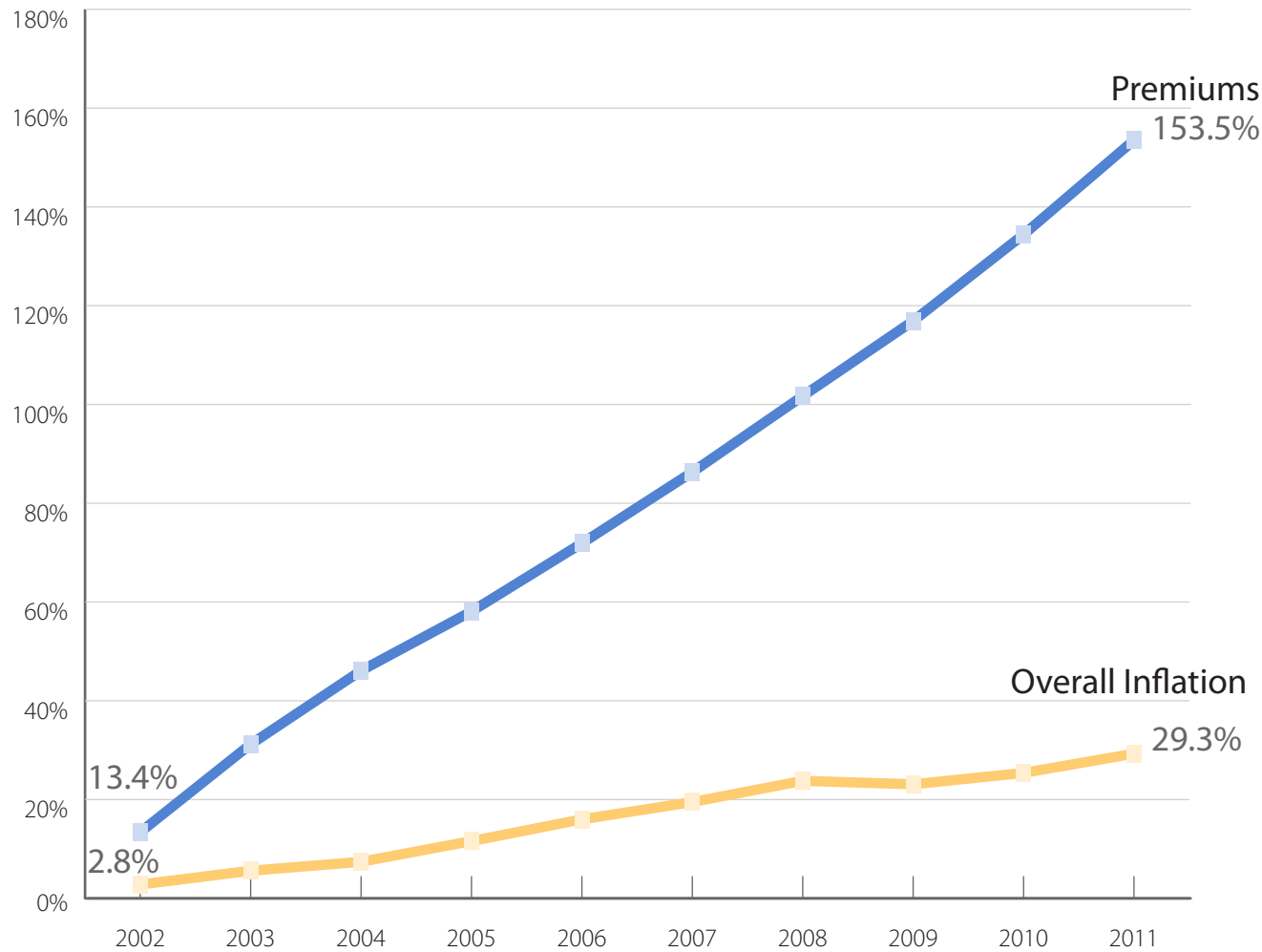


Health insurance premiums for family coverage in California grew by 8.1% in 2011, statistically unchanged in recent years. Premiums continue to rise much faster than the California inflation rate.

*Estimates are statistically different from the previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2011. CHCF/HSC California Employer Health Benefits Survey: 2005–2006; CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 1999–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 1999–2011.

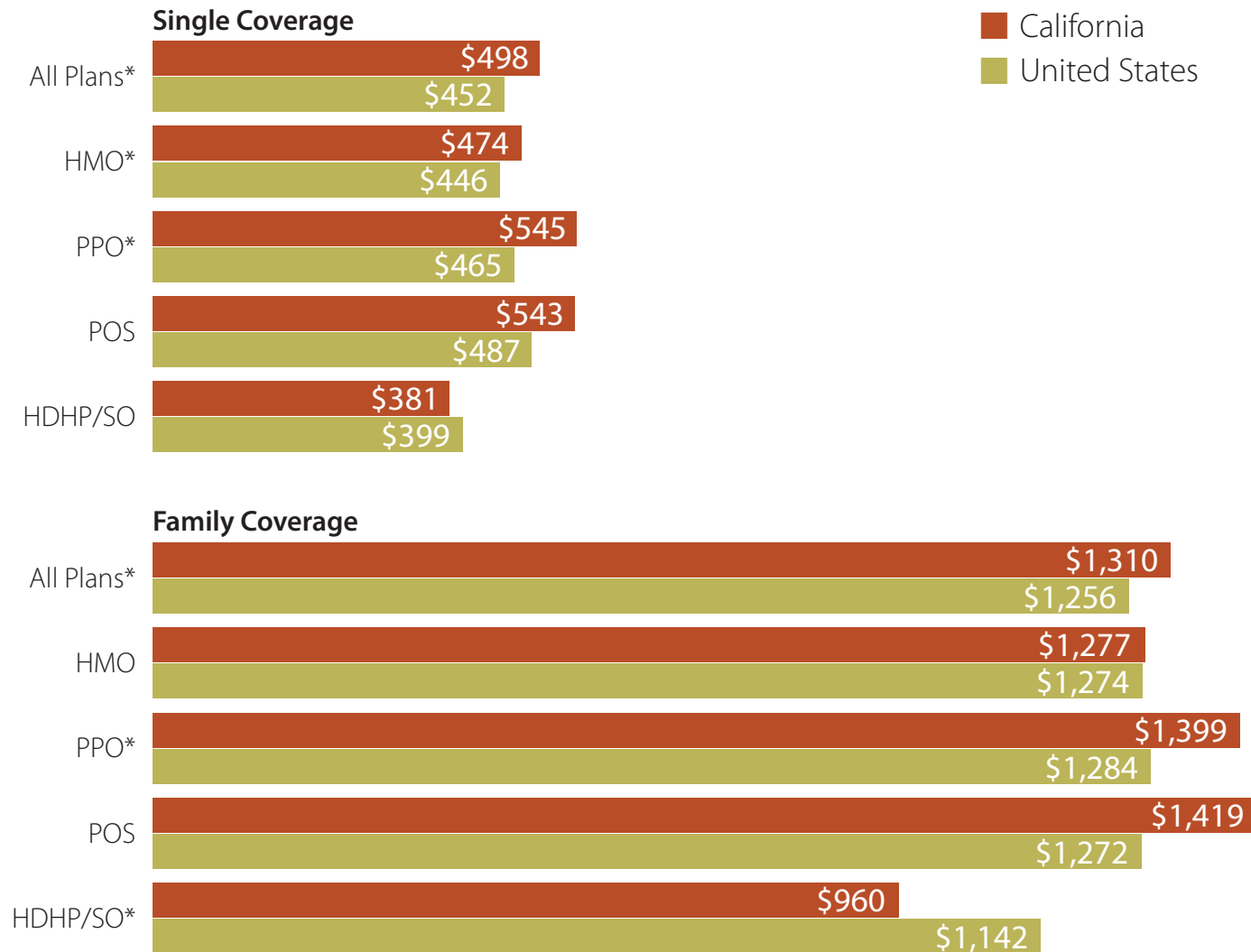
Cumulative Premium Increases Compared to Inflation, Family Coverage, California, 2002–2011



Since 2002, health insurance premiums in California have increased by 153.5%, more than five times the 29.3% increase in the state’s overall inflation rate.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2011. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2002–2003. California Division of Labor Statistics and Research, Consumer Price Index, California Average of Annual Inflation (April to April) 2002–2011.

Average Monthly Premiums, by Plan Type, California vs. the United States, 2011

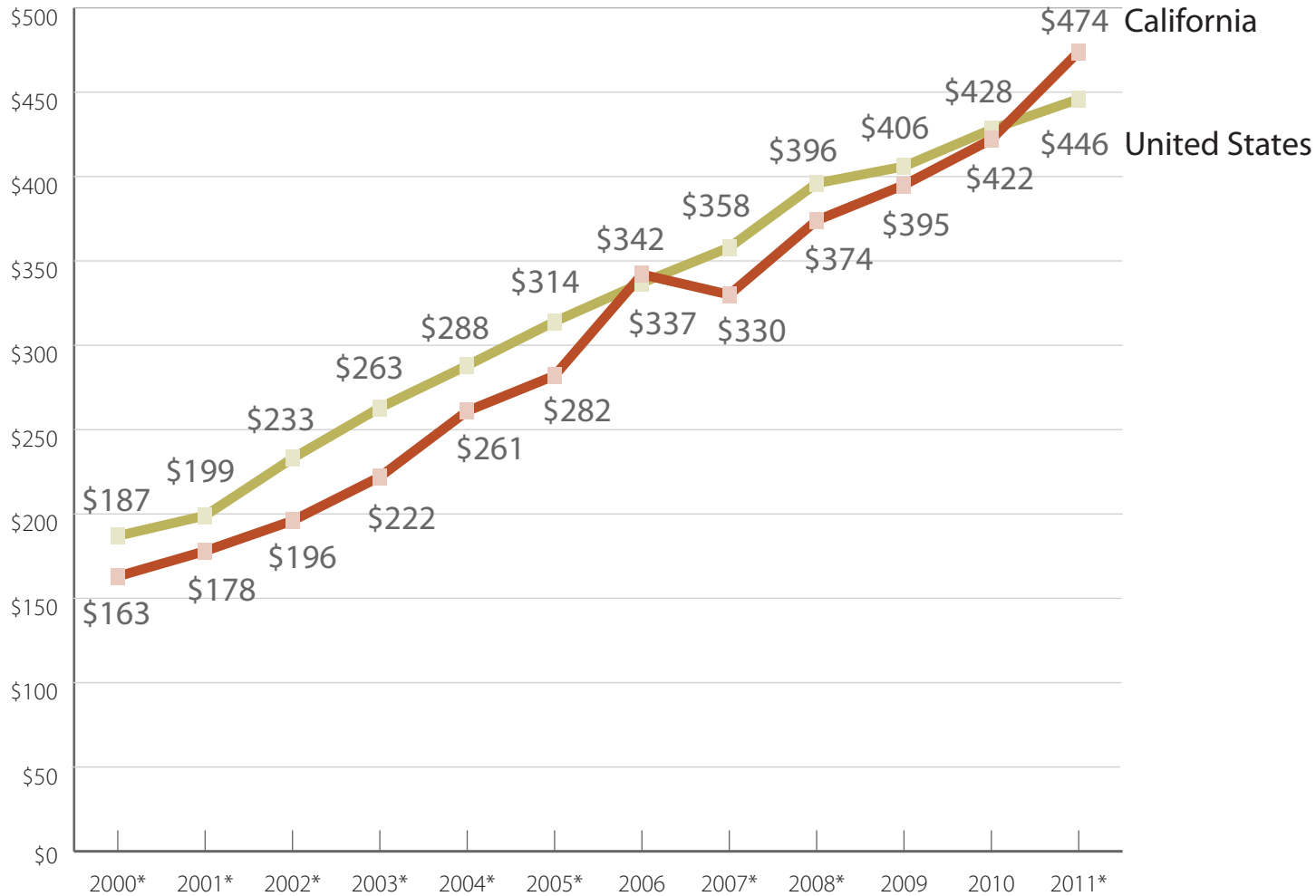


Average monthly premiums for both single and family coverage were significantly greater in California than nationally.

*Estimates are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

Average Monthly HMO Premiums, Single Coverage, California vs. the United States, 2000–2011



Between 2010 and 2011, the monthly HMO premiums for single coverage increased in California. Premiums in California now exceed the national figure.

*Estimates are statistically different between California and the United States.

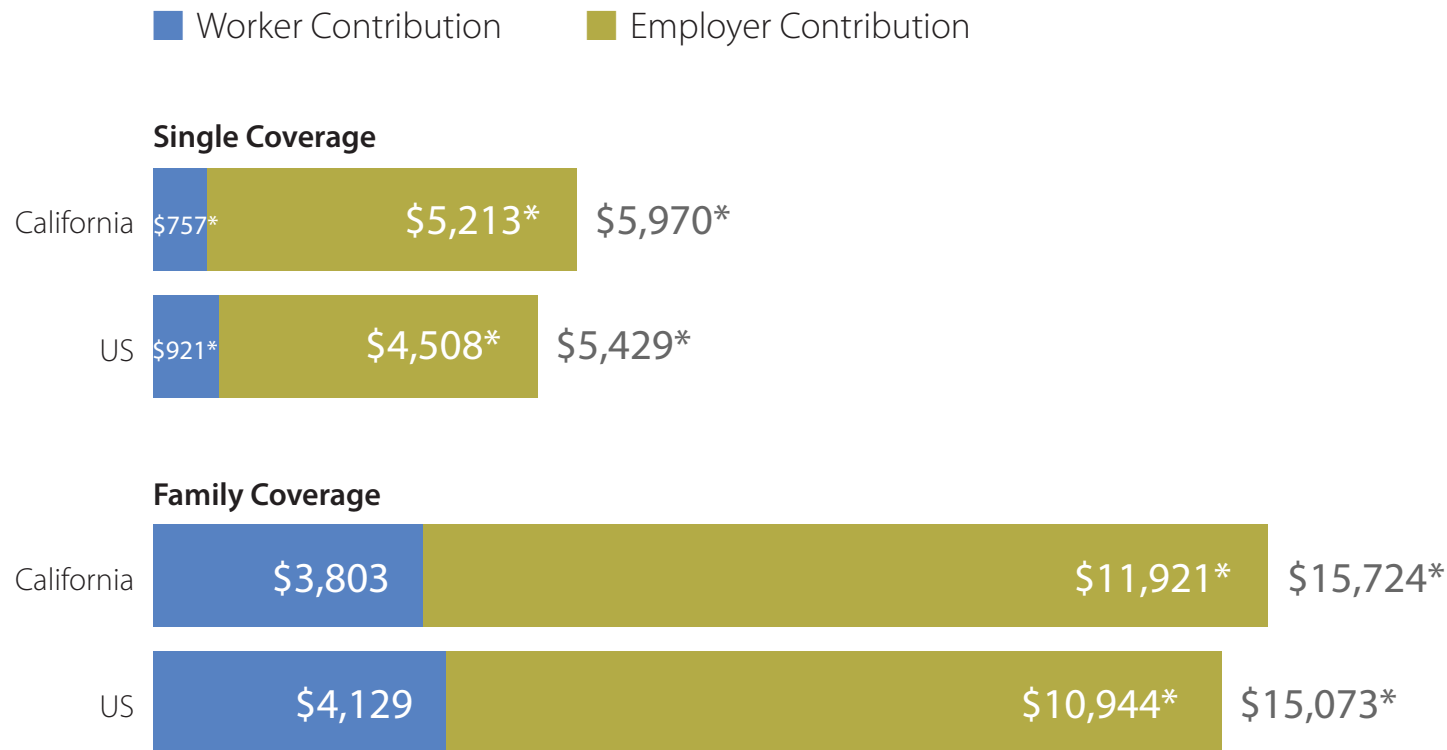
Note: Annual rate of change for HMO single premiums should not be calculated by comparing dollar values from one year with the previous year, due to both the survey's sampling design and the way in which plan information is collected. Rates of change in family premiums are collected directly as a question in the survey (no change data for single premiums are collected).

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2011. CHCF/HSC California Employer Health Benefits Survey: 2005–2006. CHCF/HRET California Employer Health Benefits Survey: 2004. Kaiser/HRET California Employer Health Benefits Survey: 2000–2003. Kaiser/HRET Employer Health Benefits Survey: 2000–2011.

Annual Worker and Employer Premium Contributions, California vs. the United States, 2011

While annual premiums for both single and family coverage were higher in California than the nation, employers in the state contributed more toward the premiums

Employers in California contributed \$5,213 annually for single coverage and \$11,921 for family coverage.



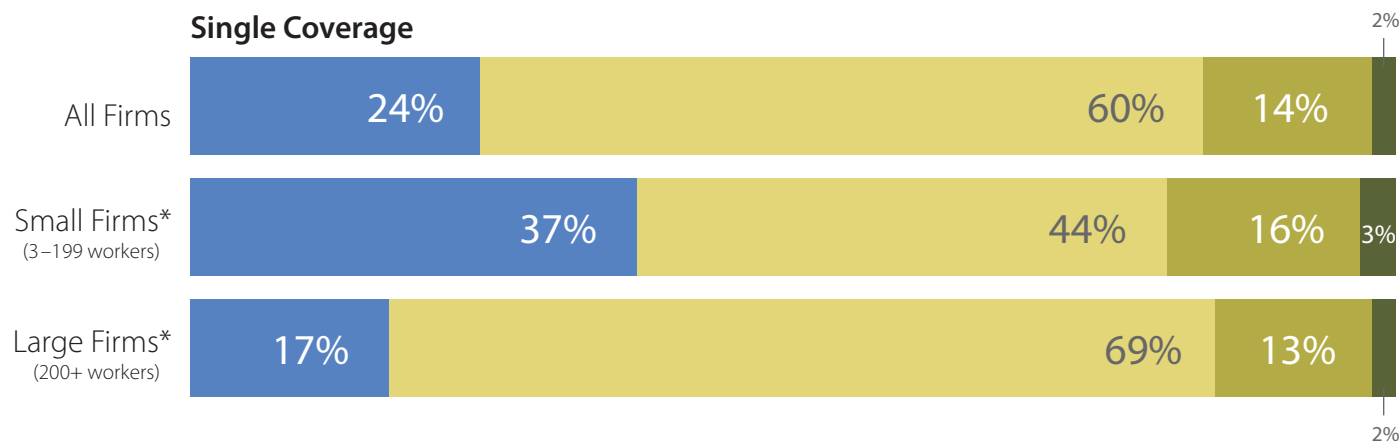
*Estimates are statistically different between California and the United States within coverage type.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

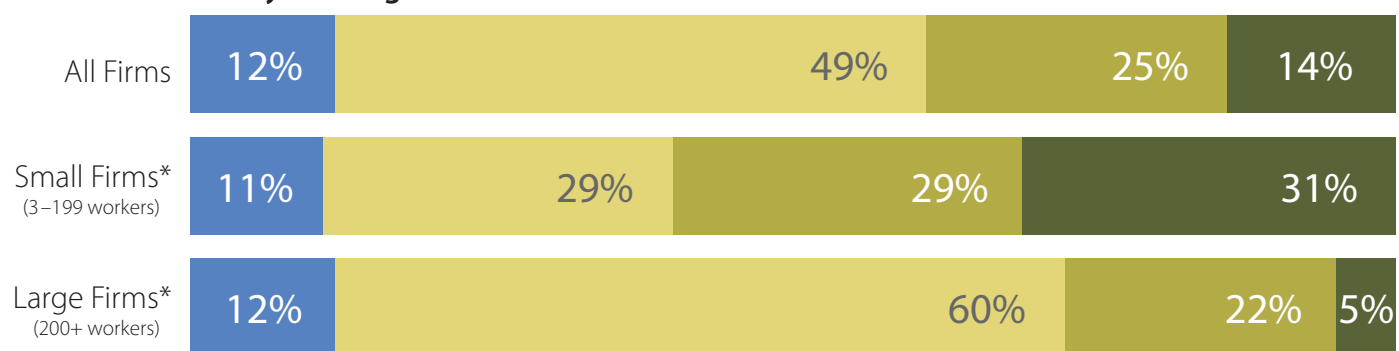
Worker Share of Premium, by Firm Size, California, 2011

■ No Contribution ■ 1–25% ■ 26–50% ■ 51%+

Single Coverage



Family Coverage



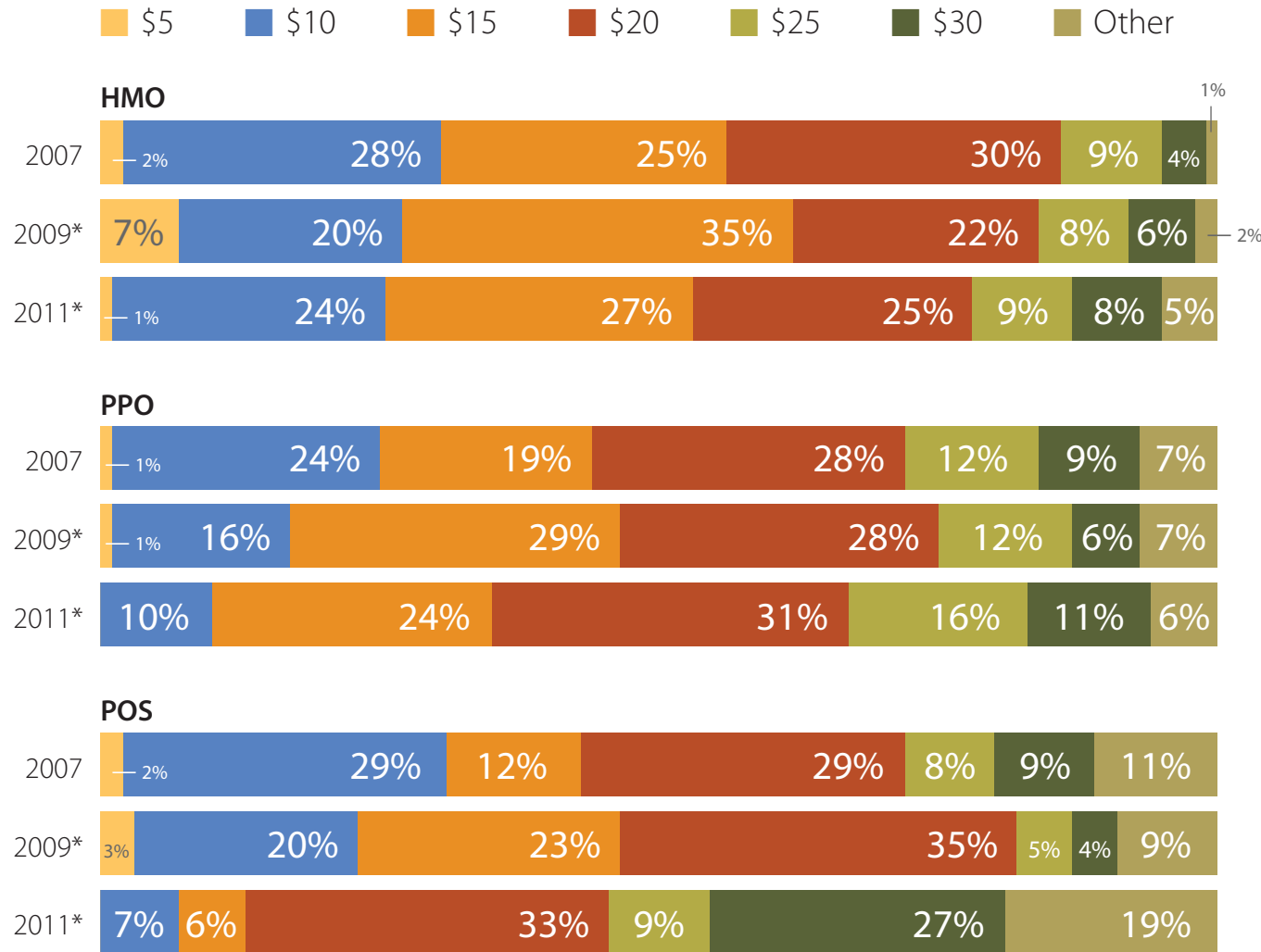
In 2011, almost one in four covered California employees worked for firms that paid the full premium for single coverage.

Employees of small firms were more likely to cover half of the family premium than workers in large firms.

*Distribution is statistically different from All Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Workers with Specified Office Visit Copayments, by Plan Type, California, 2007–2011, Selected Years



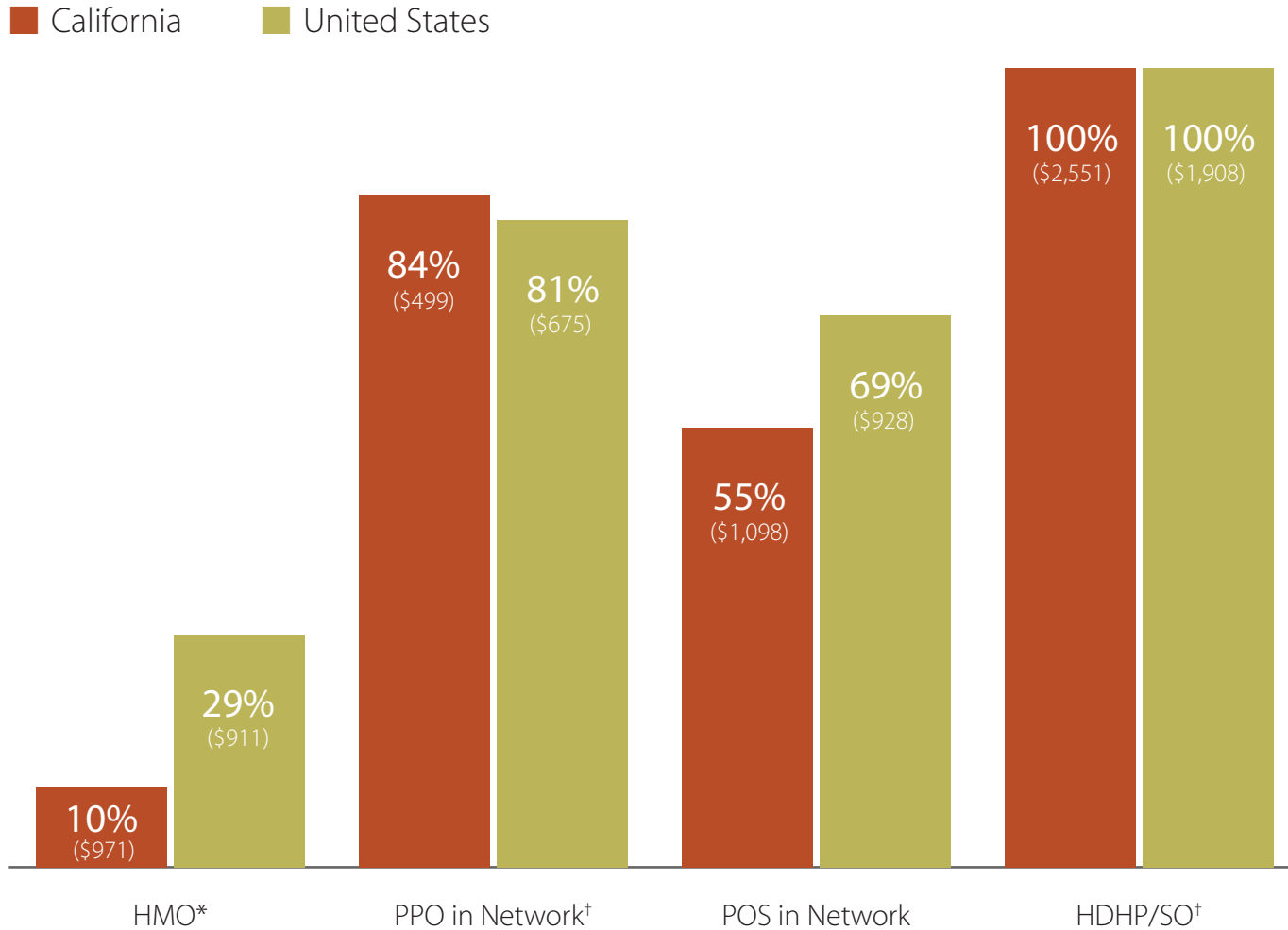
Copayments for office visits increased substantially for all types of plans from 2007 to 2011, with \$15 the most common amount for HMO plans and \$20 the most common amount for PPO and POS plans.

*Distribution is statistically different from previous year shown.

Note: Segments may not add to 100% due to rounding.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011.

Workers with Annual Deductible, Single Coverage, by Plan Type, California vs. the United States, 2011



Workers enrolled in PPOs were much more likely to have an annual deductible than those in HMOs or POS plans.

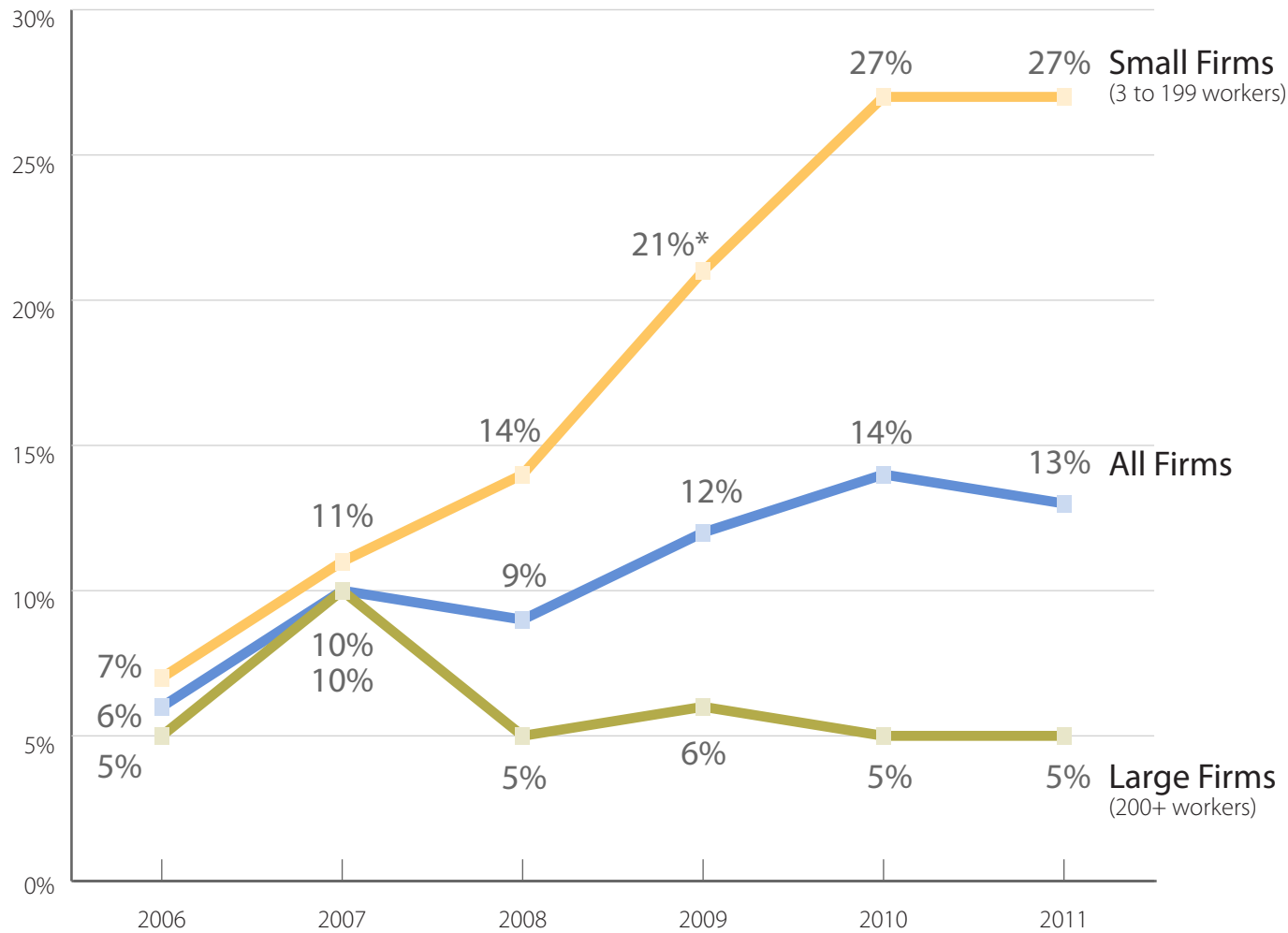
Deductibles averaged \$499 for PPO single coverage in California, versus \$675 in the nation.

*Percentages are statistically different between California and the United States.

†Average deductibles are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

Workers with a Large Deductible (\$1,000+), Single Coverage, by Firm Size, California, 2006–2011

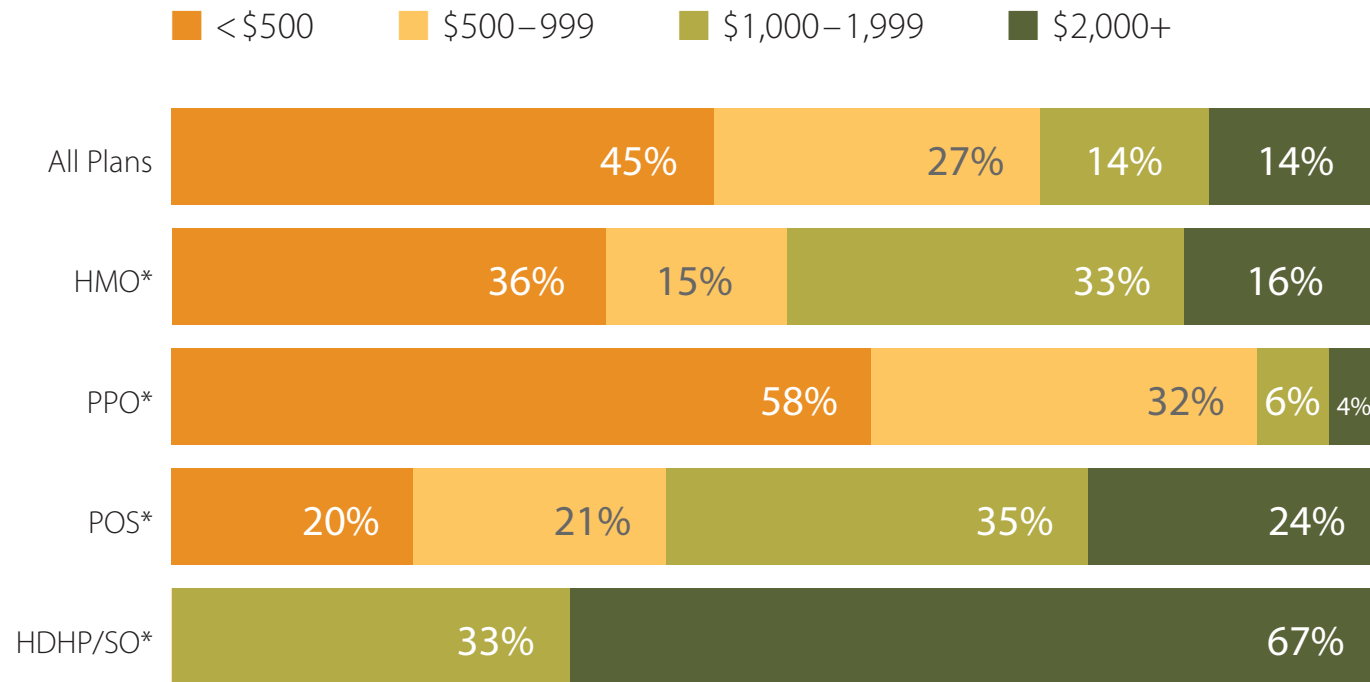


Twenty-seven percent of covered California workers in small firms had a deductible of \$1,000 or more for single coverage in 2011, compared with just 7% in 2006. In large firms, only 5% of covered workers had a deductible of \$1,000 or more.

*Estimate is statistically different from previous year shown by firm size.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007–2011. CHCF/HSC California Employer Health Benefits Survey: 2006.

Workers with Deductible for Single Coverage, by Plan Type, California, 2011



Among California workers with a deductible for single coverage, 45% had a deductible of less than \$500, while 28% had a deductible of \$1,000 or more.

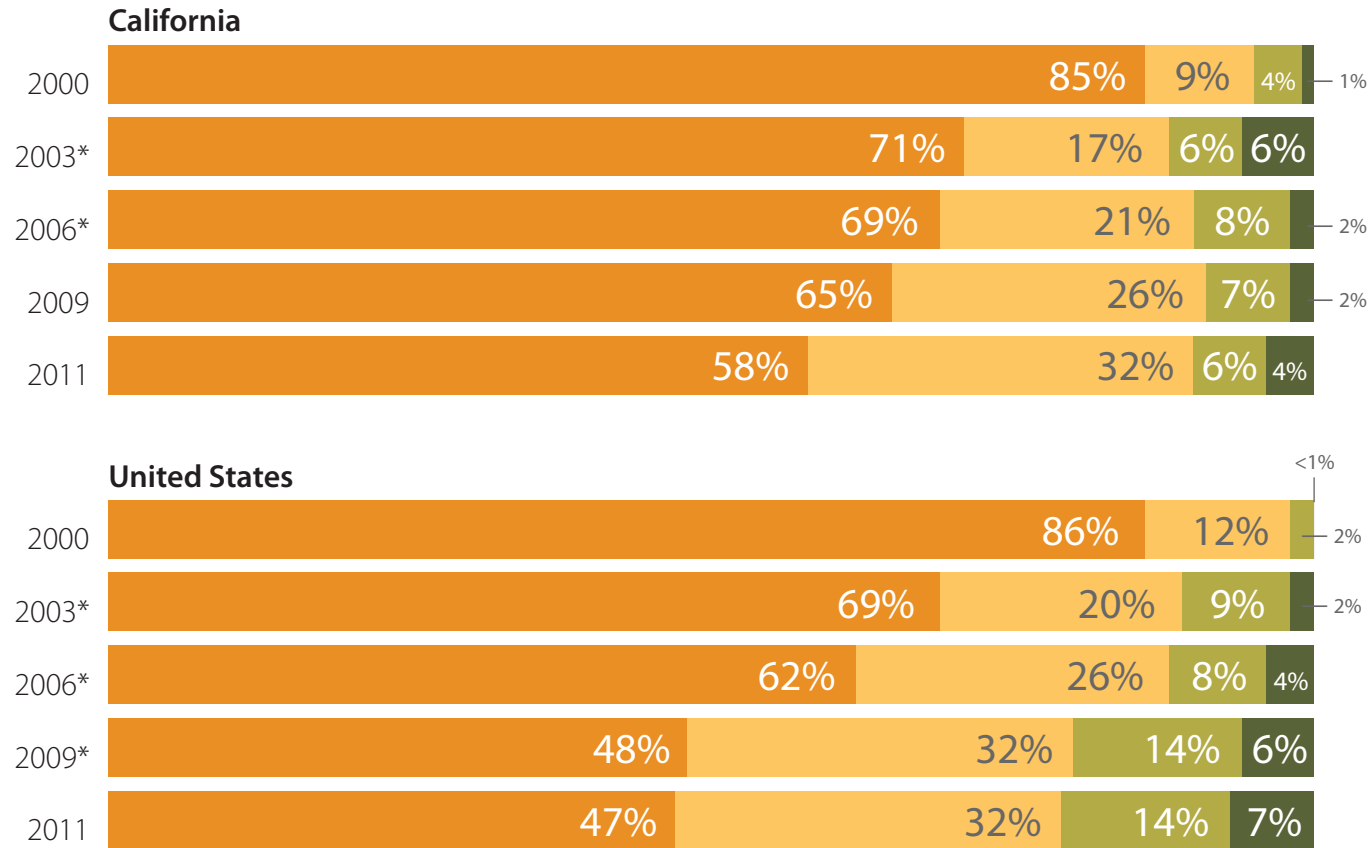
*Distribution is statistically different from All Plans.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Deductible for Single PPO Coverage, California vs. the United States, 2000–2011, Selected Years

PERCENTAGE OF WORKERS WITH SPECIFIED DEDUCTIBLE RANGES

■ < \$500
 ■ \$500–999
 ■ \$1,000–1,999
 ■ \$2,000+



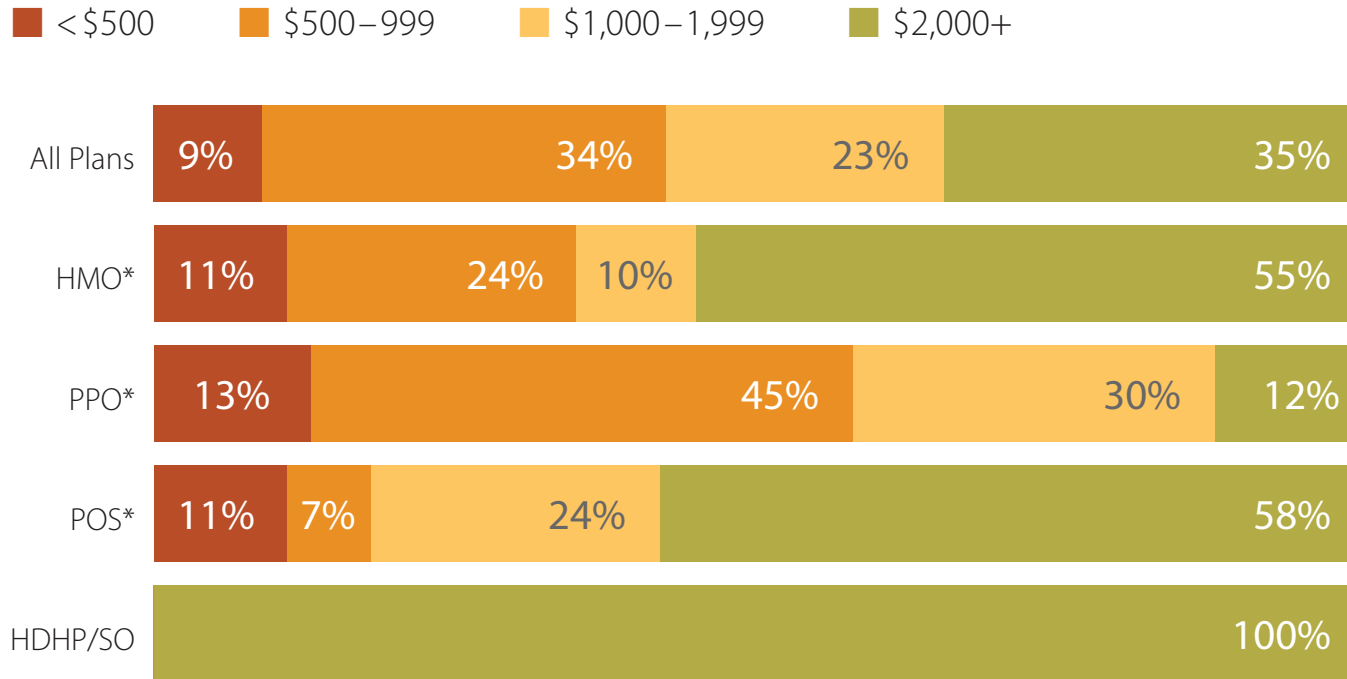
Since 2000, workers in California and the nation have experienced significant increases in deductibles for PPO coverage.

*Distribution is statistically different from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2009, 2011. CHCF/HSC California Employer Health Benefits Survey: 2006. Kaiser/HRET California Employer Health Benefits Survey: 2000, 2003. Kaiser/HRET Employer Health Benefits Survey: 2000, 2003, 2006, 2009, and 2011.

Deductible for Family Coverage, by Plan Type, California, 2011

AMONG WORKERS WITH AN AGGREGATE DEDUCTIBLE, PERCENTAGE WITH SPECIFIED DEDUCTIBLE RANGES



Among California workers with an aggregate family deductible, 43% had a deductible of less than \$1,000 for family coverage, while 35% of workers faced an annual family deductible of \$2,000 or more.

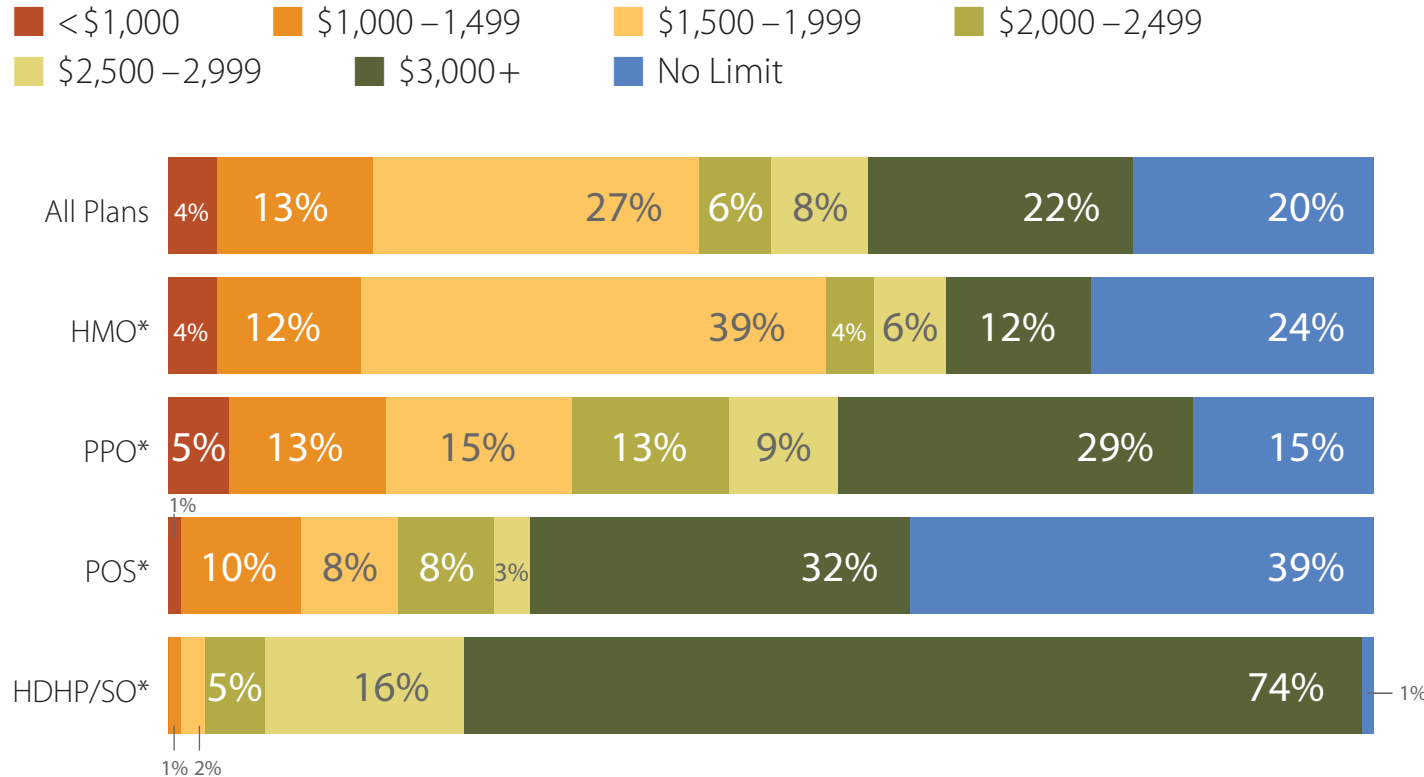
*Distribution is statistically different from All Plans. No test was done comparing HDHP/SO with All Plans.

Notes: An aggregate deductible counts all family members' out-of-pocket expenses toward the deductible limit. Separate deductibles count each family member's expenses separately toward per-person limits. Segments may not add to 100% due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Annual Out-of-Pocket Limits, Single Coverage, by Plan Type, California, 2011

PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



The large majority of covered workers (80%) with single coverage had an annual out-of-pocket limit. Twenty-two percent had a limit of \$3,000 or more.

Those in a high-deductible health plan with a savings option (HDHP/SO) were the most likely to have a limit of \$3,000 or more (74%).

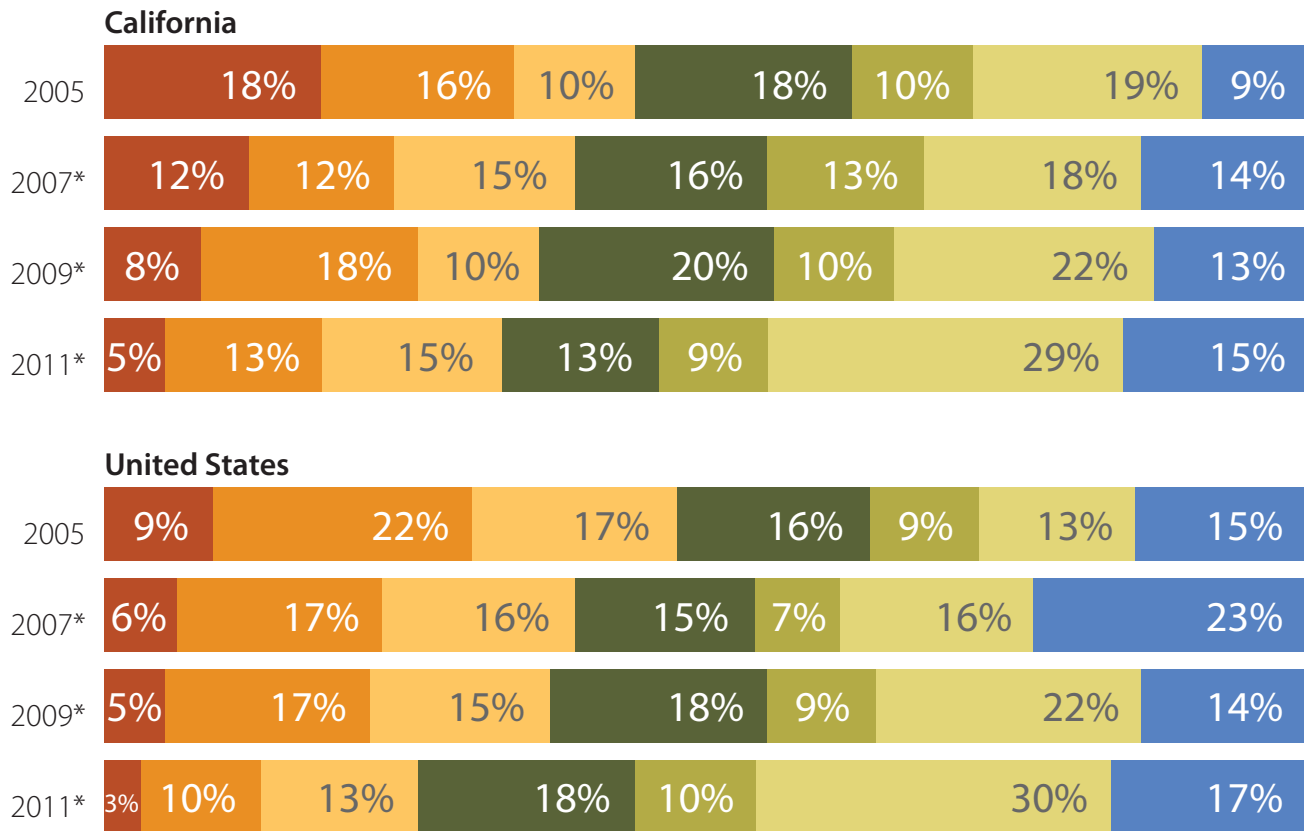
*Distribution is statistically different from All Plans.

Note: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types. Segments may not add to 100% due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Annual Out-of-Pocket Limits, Single PPO Coverage, California vs. the United States, 2005 – 2011, Selected Years

PERCENTAGE OF WORKERS WITH SPECIFIED LIMIT RANGES



*Distribution is statistically different from previous year shown.

Note: Segments may not add to 100% due to rounding.

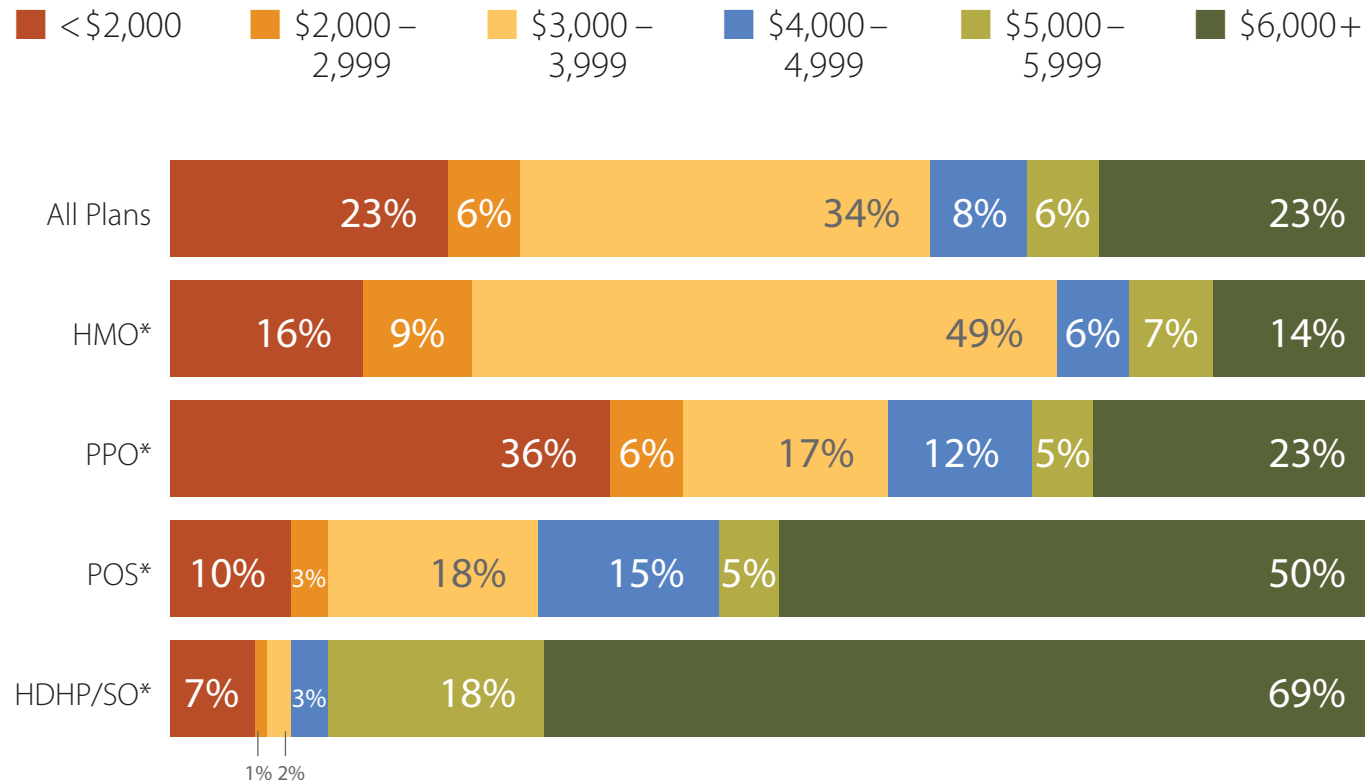
Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011. CHCF/HSC California Employer Health Benefits Survey: 2005. Author analysis of data from Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2005, 2007, 2009, and 2011.

The proportion of California workers in PPOs with an out-of-pocket limit under \$1,500 decreased from 34% in 2005 to 18% in 2011.

A similar pattern of higher out-of-pocket limits was observed nationally.

Annual Out-of-Pocket Limits, Family Coverage, by Plan Type, California, 2011

AMONG WORKERS WITH AGGREGATE LIMIT, PERCENTAGE WITH SPECIFIED RANGES



Only 23% of covered workers in California with an aggregate out-of-pocket limit for family coverage had an annual limit under \$2,000. Almost 30% of workers with family coverage had a limit of \$5,000 or more, compared with 21% in 2009 (not shown).

*Distribution is statistically different from All Plans.

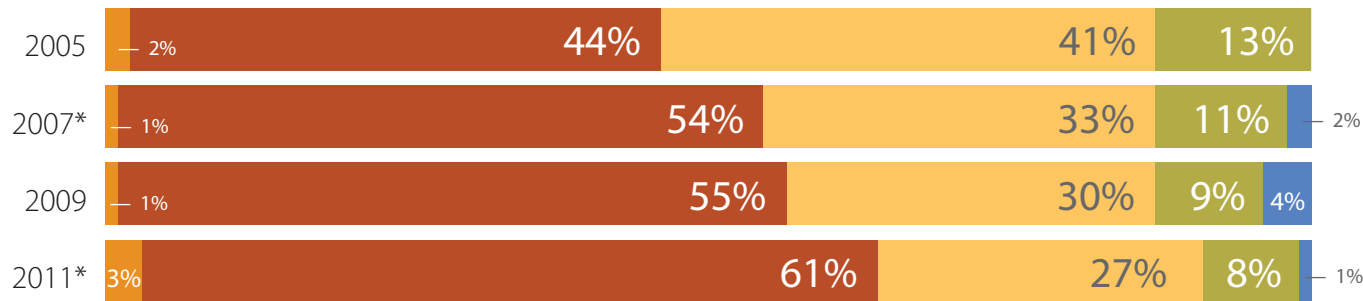
Notes: Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types. Segments may not add to 100% due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Workers' Cost Sharing for Prescriptions, California vs. the United States, 2005 – 2011, Selected Years

- Four-Tier (such as three-tier plus a fourth tier for lifestyle or other specified drugs)
- Three-Tier (such as one payment for generic drugs, another for preferred drugs, and a third for non-preferred drugs)
- Two-Tier (such as one payment for generic drugs and another for name brand)
- One-Tier (such as cost sharing the same regardless of drug type)
- Other

California



United States



In 2011, 64% of covered California workers had a three- or four-tier cost-sharing formula for prescription drugs. Nationally, more than three-fourths of covered workers were subject to three- or four-tier formulas.

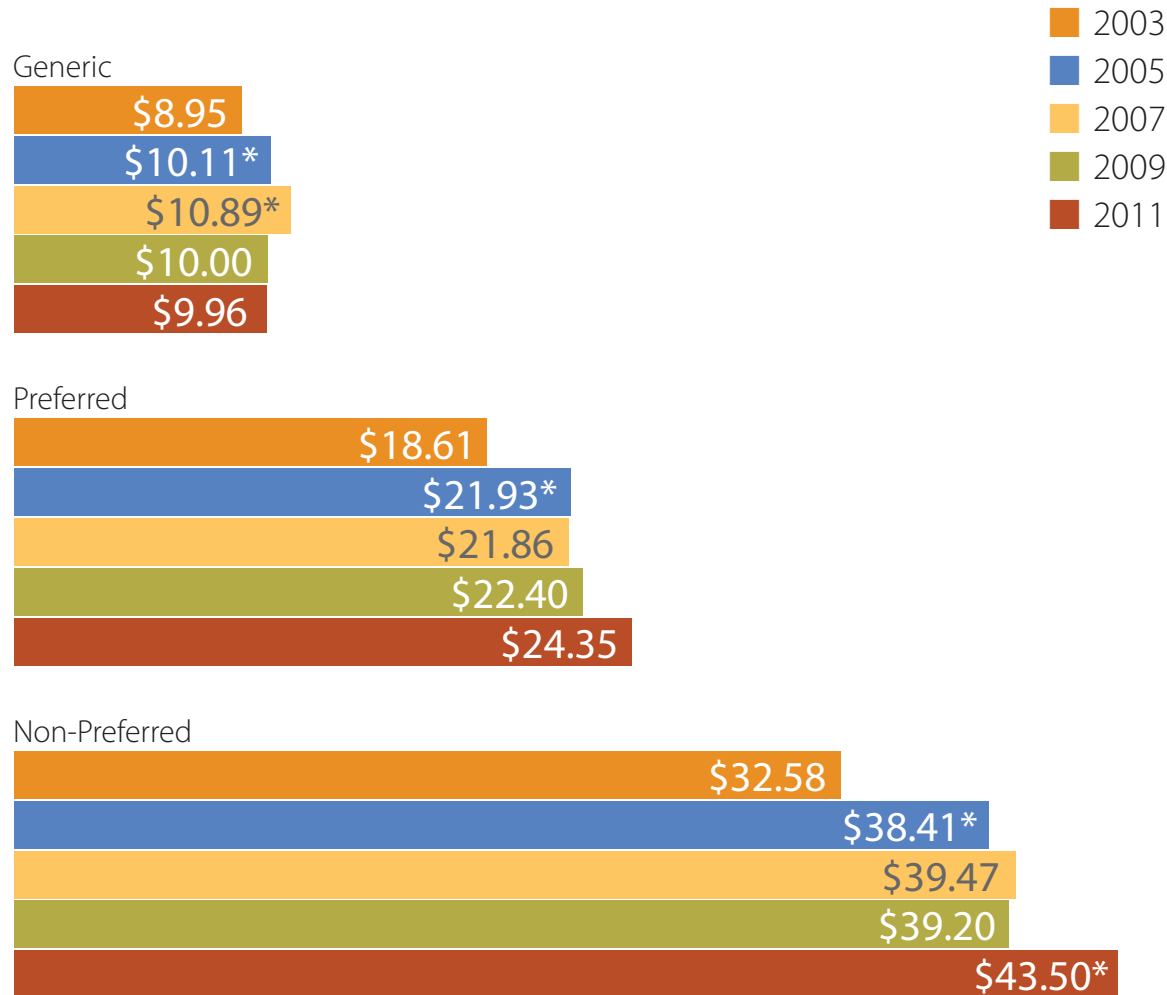
*Distribution is statistically different from previous year shown.

Note: Segments may not add to 100% due to rounding.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011. CHCF/HSC California Employer Health Benefits Survey: 2005.

Author analysis of data from the Kaiser/HRET Employer Health Benefits Survey: 2005, 2007, 2009, and 2011.

Average Prescription Copayments, by Drug Type, California, 2003–2011, Selected Years

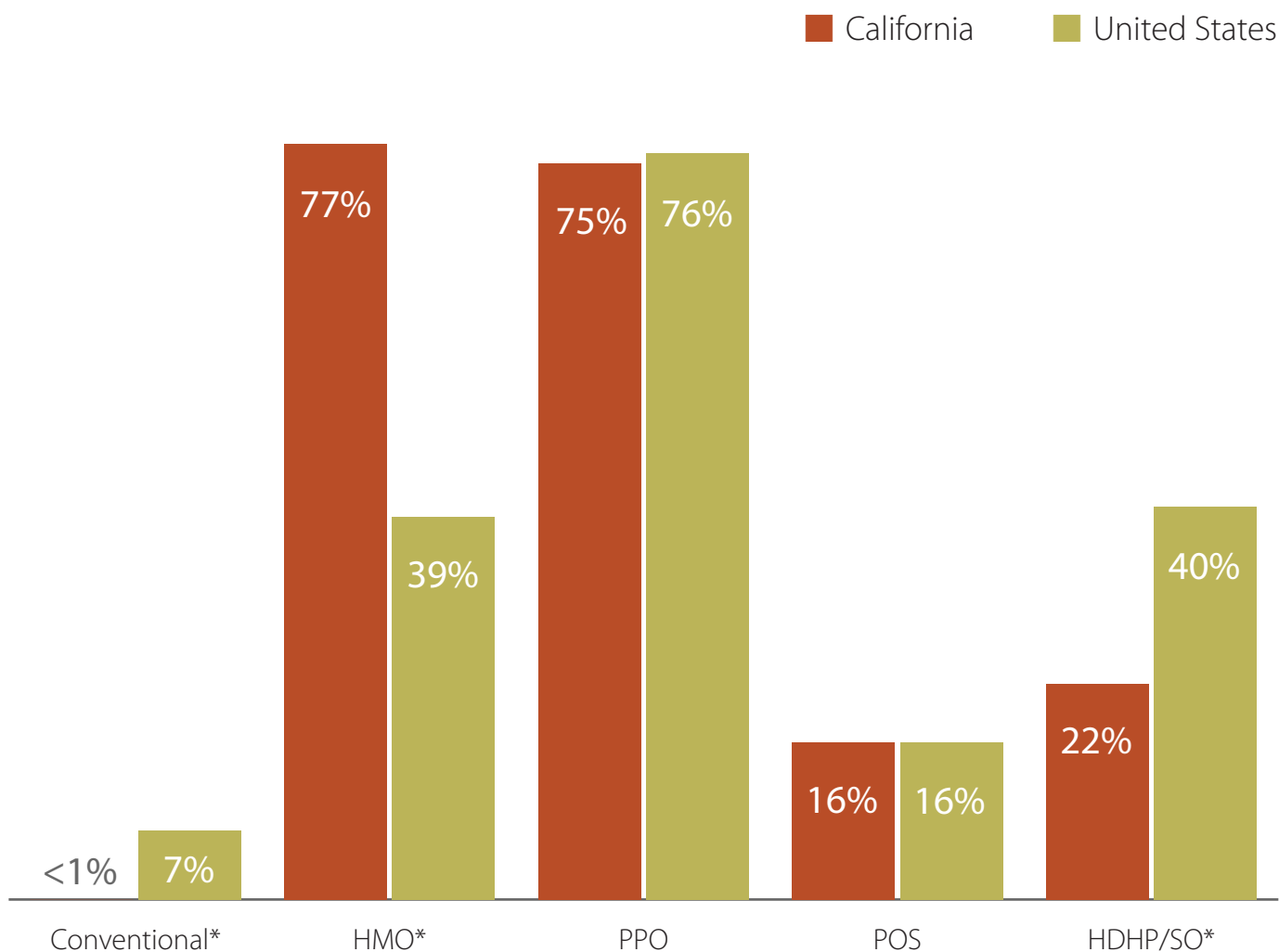


In 2011, average copayments for generic drugs were less than half what they were for preferred drugs, and less than one-fourth what they were for non-preferred drugs.

*Estimate is statistically different from previous year shown.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011. CHCF/HSC California Employer Health Benefits Survey: 2005. CHCF/HRET California Employer Health Benefits Survey: 2003.

Worker Choice of Health Plans, by Type, California vs. the United States, 2011



Seventy-seven percent of covered California workers had an HMO option, compared to only 39% nationally. Workers in California were less likely to have an HDHP/SO option.

The share of California workers able to choose most other types of plans was comparable to national figures.

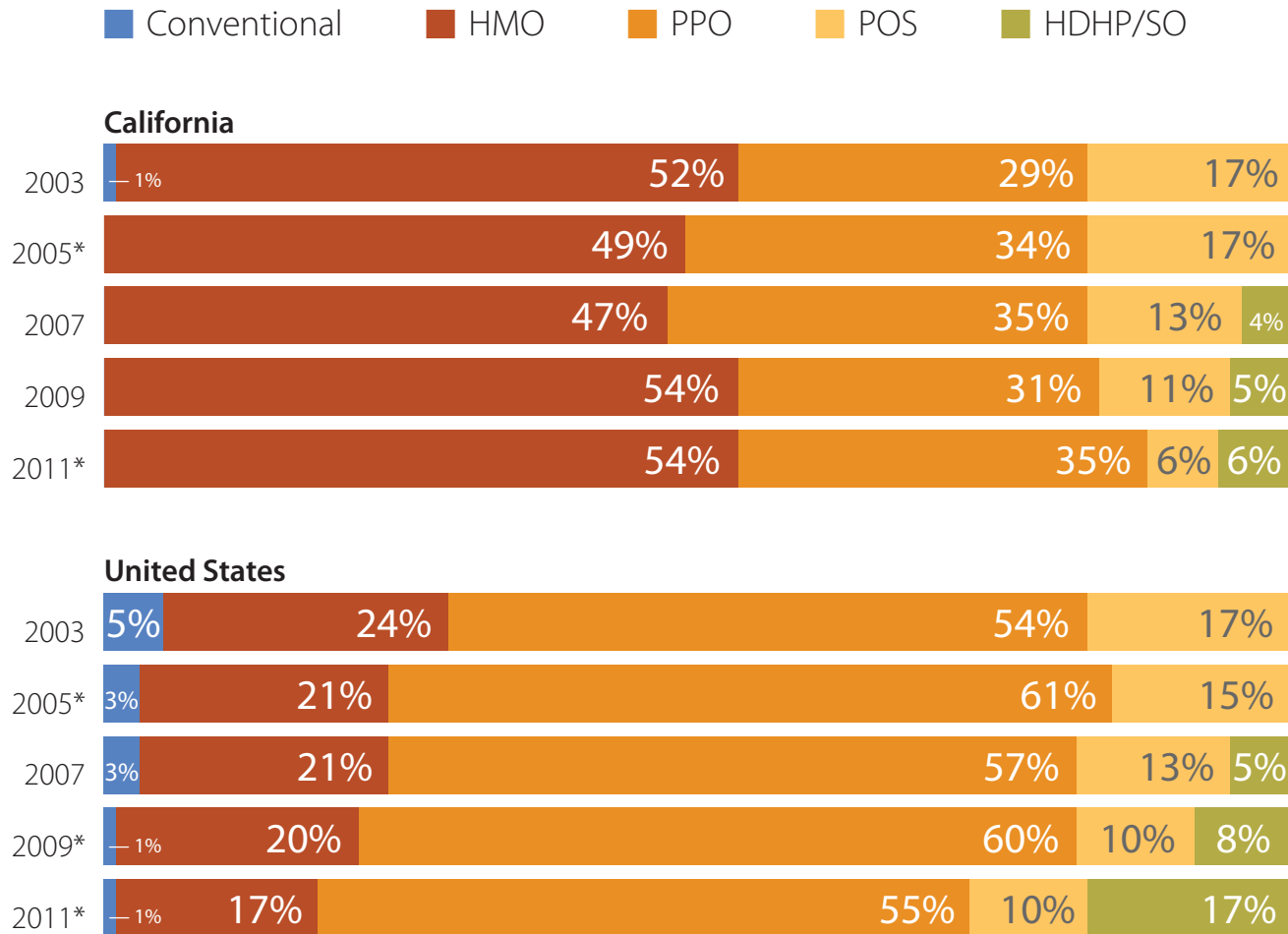
*Estimates are statistically different between California and the United States.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011. Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2011.

Enrollment of Covered Workers, by Plan Type, California vs. the United States, 2003–2011, Selected Years

California workers have been consistently more likely to enroll in HMOs than covered workers nationally. Conversely, PPOs are more popular in the US than in California.

Enrollment in high-deductible plans with a savings option in California has been stable since 2007, contrary to the national trend.

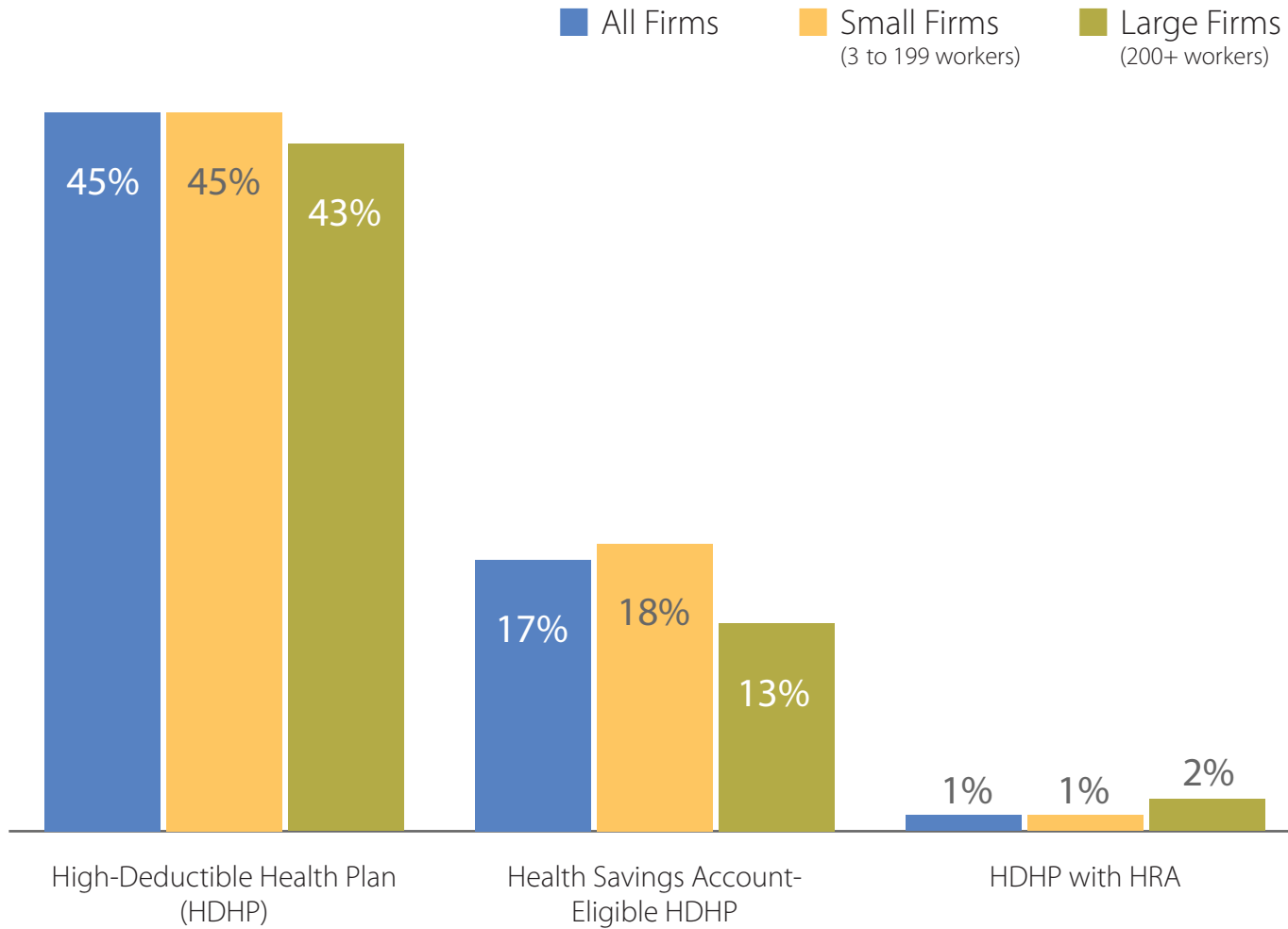


*Distribution is statistically different from previous year shown.

Notes: Conventional plan enrollment in California in 2008 was less than 1%. No test was conducted comparing 2007 with 2005 due to the addition of HDHP in 2006. Segments may not add to 100% due to rounding.

Sources: California HealthCare Foundation (CHCF)/NORC California Employer Health Benefits Survey: 2007, 2009, and 2011. CHCF/HSC California Employer Health Benefits Survey: 2005. CHCF/HRET California Employer Health Benefits Survey: 2003. Kaiser/HRET California Employer Health Benefits Survey: 2003, 2005, 2007, 2009 and 2011.

Firms Offering a High-Deductible Plan, by Firm Size, California, 2011*



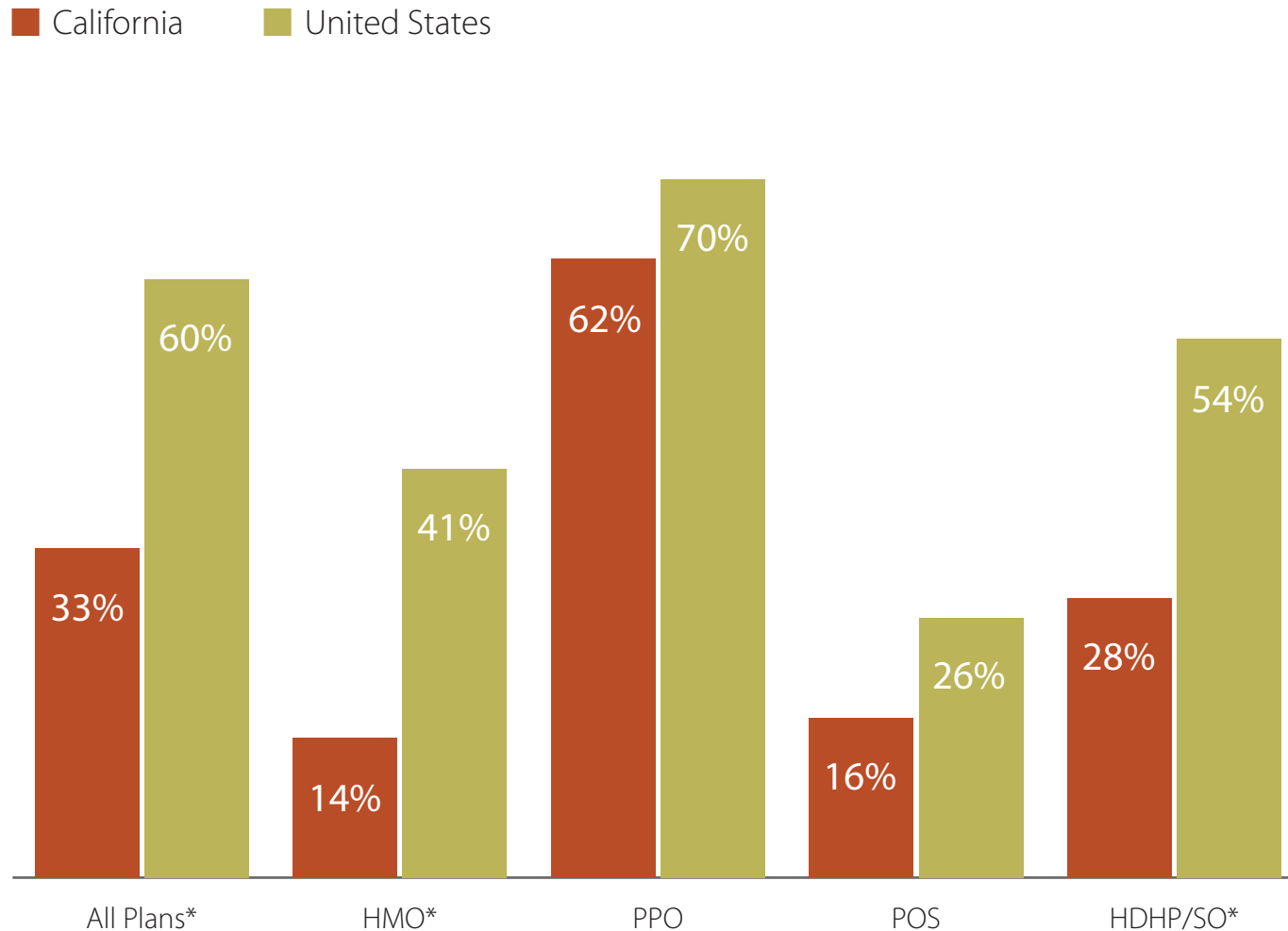
Forty-five percent of all California firms offered a high-deductible plan in 2011.

*Tests found no statistically different estimates between Small Firms and Large Firms.

Notes: High-deductible plans have a deductible of at least \$1,000 for single coverage, and at least \$2,000 for family coverage. HRA stands for Health Reimbursement Arrangement.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Employees in Self-Insured Plans, by Plan Type, California vs. the United States, 2011



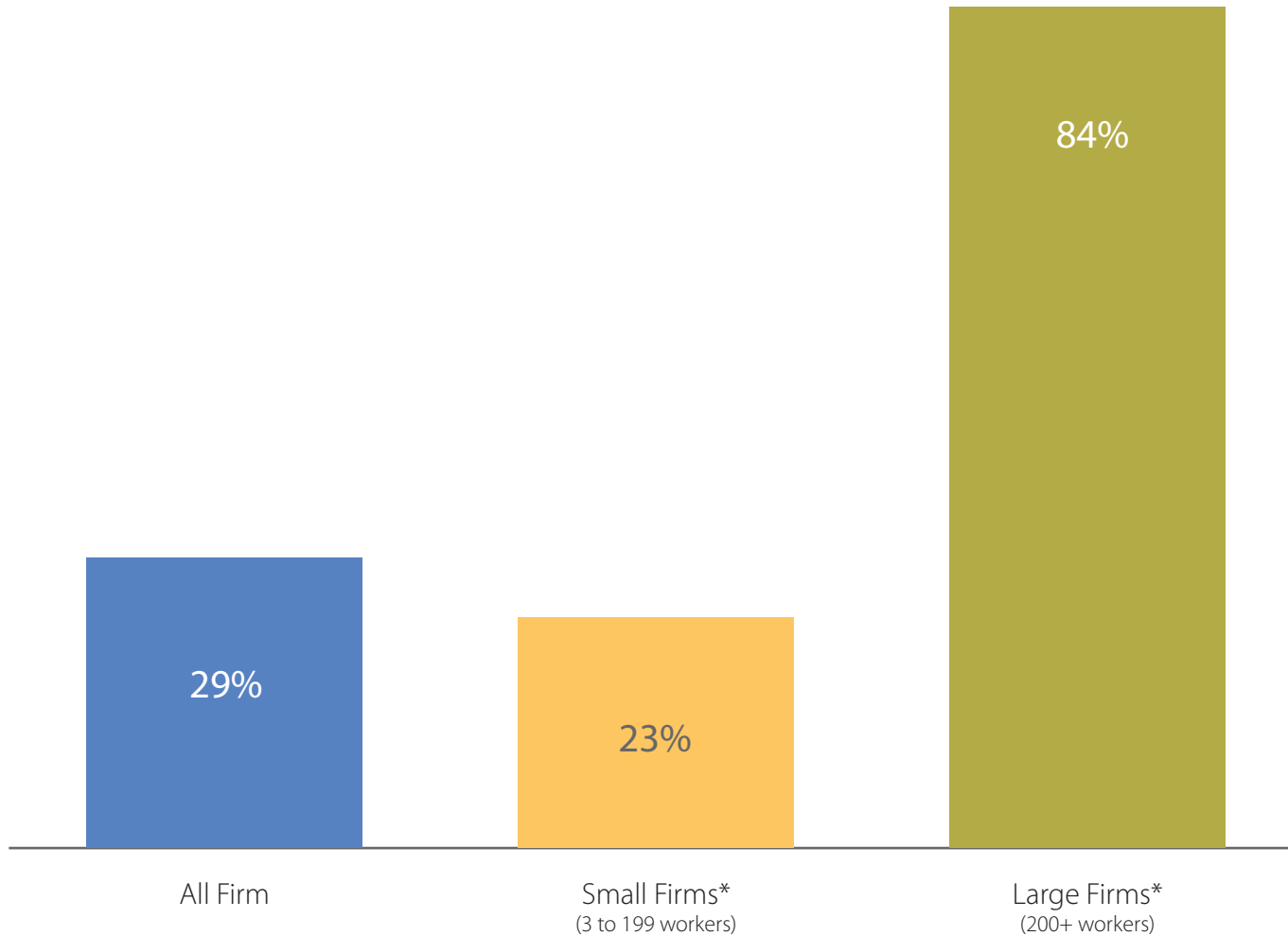
*Estimate is statistically different between California and the United States.

Note: Self-insured plans are those where an employer assumes some or most responsibility for paying health care claims rather than buying coverage from an insurer.

Sources: California HealthCare Foundation/NORC California Employer Health Benefits Survey; 2011 Kaiser/HRET Survey of Employer-Sponsored Health Benefits; 2011.

One-third of Californians were enrolled in a partly or completely self-insured plan in 2011, nearly half of the national average. The gap between the state and national figures is likely associated with California's high HMO enrollment, since HMOs are less likely than other plans to be self-insured.

Self-Insured Firms that Have Purchased Stop Loss Insurance, by Firm Size, California, 2011



Almost 30% of California employers with a self-insured plan purchased stop loss insurance in 2011 to protect them against large claims.

Large firms were significantly more likely than small firms to do so — 84% compared to 23%.

*Estimate is statistically different between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

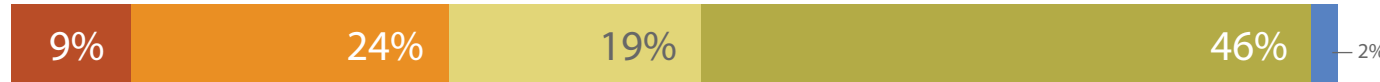
Likelihood of Firms Making Changes in the Next Year, by Type of Change, California, 2011

Very Somewhat Not Too Not at All Don't Know

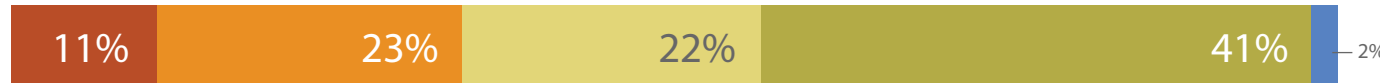
Increase the amount workers pay for premiums



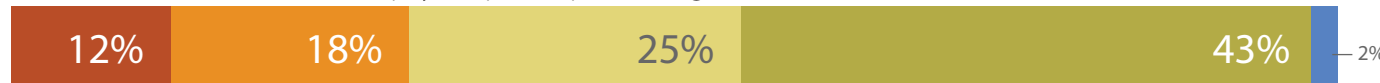
Increase the amount workers pay for deductibles



Increase the amount workers copay



Increase the amount workers pay for prescription drugs



Restrict employee eligibility for coverage



Drop coverage entirely



1%

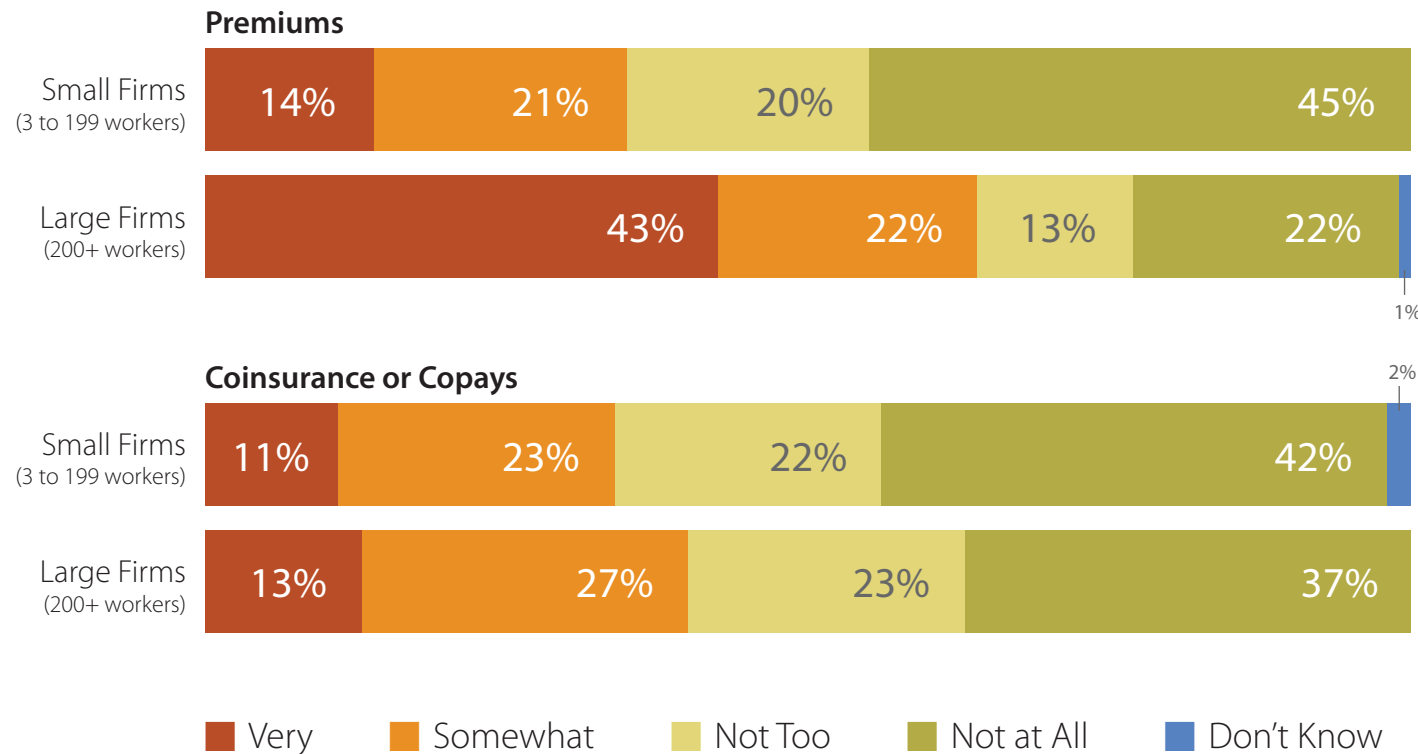
Note: Segments may not add to 100% due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Fifteen percent of California firms said they are “very likely” to increase the amount employees pay for health insurance premiums in the coming year.

Likelihood of Firms Making Select Changes in the Next Year, by Firm Size, California, 2011

INCREASE THE AMOUNT EMPLOYEES PAY FOR...



Forty-three percent of large employers in California said they are “very likely” to increase the amount employees pay for health insurance premiums in the coming year, versus 14% of small firms.

Note: Segments may not add to 100% due to rounding.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Firms that Made Changes in the Past Year, by Firm Size and California Region, 2011

	REDUCED SCOPE OF HEALTH BENEFITS OR INCREASED COST SHARING	INCREASED WORKERS' SHARE OF PREMIUM
FIRM SIZE		
All Small Firms (3 to 199 workers)	25%*	21%*
All Large Firms (200+ workers)	41%*	50%*
• 200 to 999 workers	40%	43%*
• 1,000+ workers	42%*	61%*
REGION		
Los Angeles	26%	18%
San Francisco	25%	7%*
Rest of State	25%	31%
All Firms	25%	22%

Twenty-two percent of California firms increased workers' share of the premium in the past year, compared with just 12% in 2010 (not shown).

The San Francisco region had a significantly lower rate of firms that increased premiums than the rest of the state.

*Estimate is statistically different from all other firms or regions.

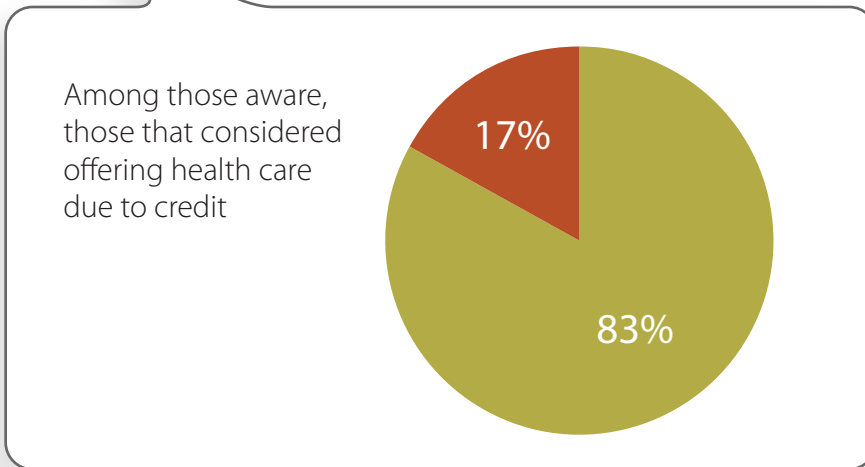
Note: Los Angeles and San Francisco are defined as the metropolitan statistical area (MSA).

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Awareness of Small Firm Tax Credit and Consideration of Offering Health Benefits as a Result, California, 2011

Yes No Don't Know

Aware of small firm tax credit



Just 32% of small California firms not currently offering health benefits were aware of the small firm tax credit that is part of the Affordable Care Act.

Of firms that were aware, 17% have considered offering health insurance due to the tax credit.

Notes: Figures apply to non-offering small firms only. The ACA provides a temporary tax credit for small firms (fewer than 25 FTEs) that offer health insurance and that have average annual wages of less than \$50,000.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

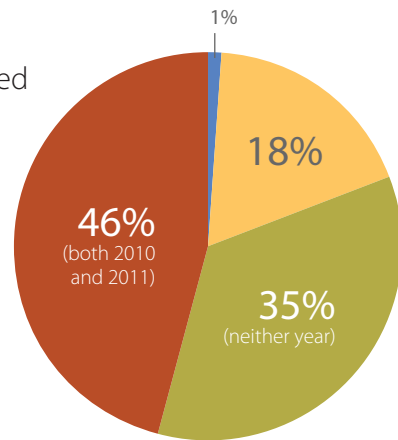
Small Firm Efforts to Determine Eligibility and Intention to Take Advantage of Tax Credit to Offset Premium Contributions, California, 2011

■ Yes ■ No ■ Not Sure Yet ■ Don't Know

Attempted to determine eligibility for small business tax credit



Among firms that attempted to determine eligibility, those that plan to take advantage of the tax credit



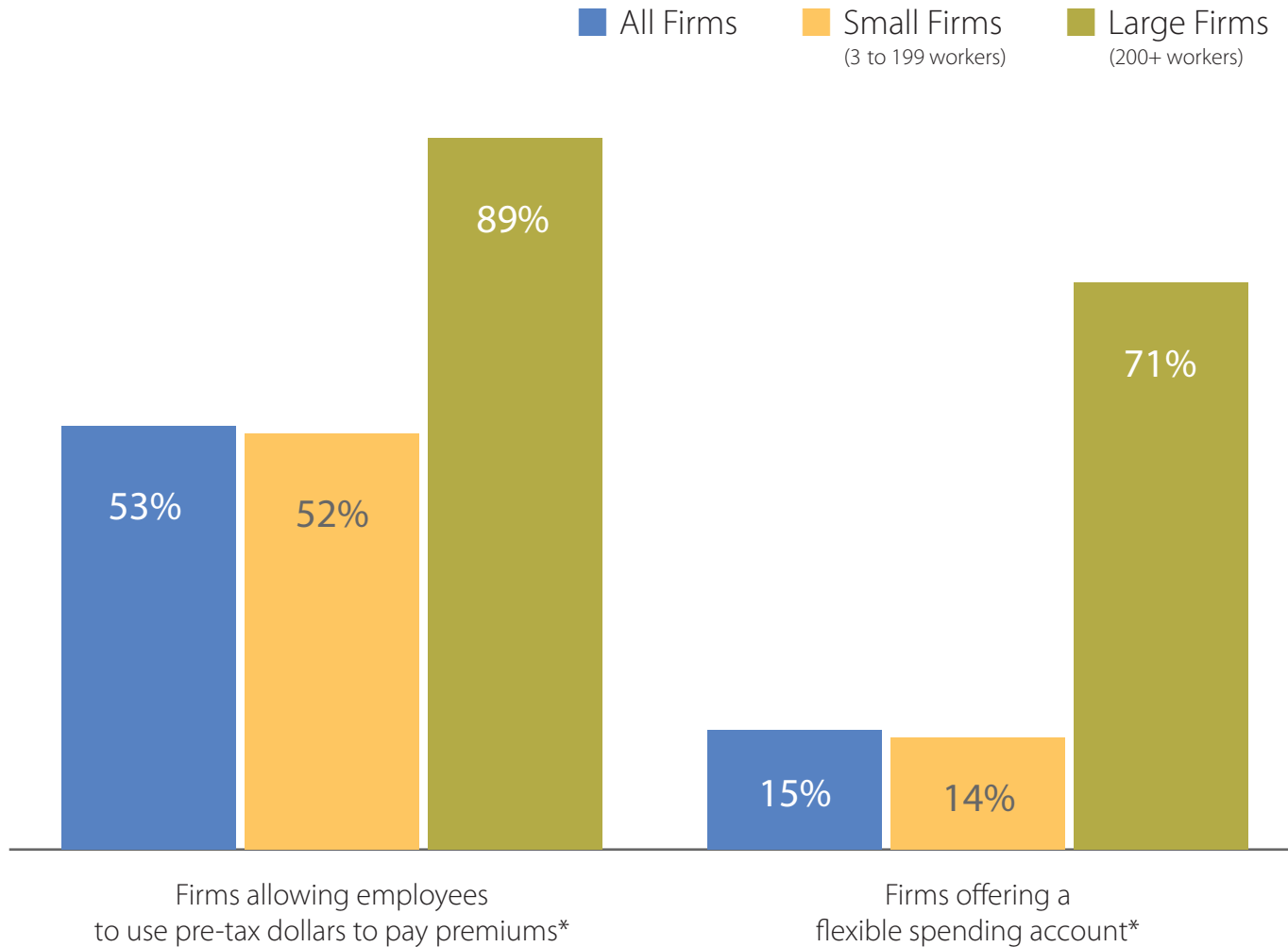
Twenty-one percent of California firms with fewer than 50 workers that offer health benefits attempted to determine whether their firm was eligible for the small business tax credit to offset firms' premium contributions.

Forty-six percent of those firms that attempted to determine eligibility are planning on taking advantage of the tax credit for 2010 and 2011.

Notes: This exhibit refers only to small firms offering health coverage. The ACA provides a temporary tax credit for small firms (fewer than 25 FTEs) that offer health insurance and that have average annual wages of less than \$50,000.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Firms Allowing Employees to Use Pre-Tax Dollars to Pay Premiums or Offering a Flexible Spending Account, by Firm Size, California, 2011



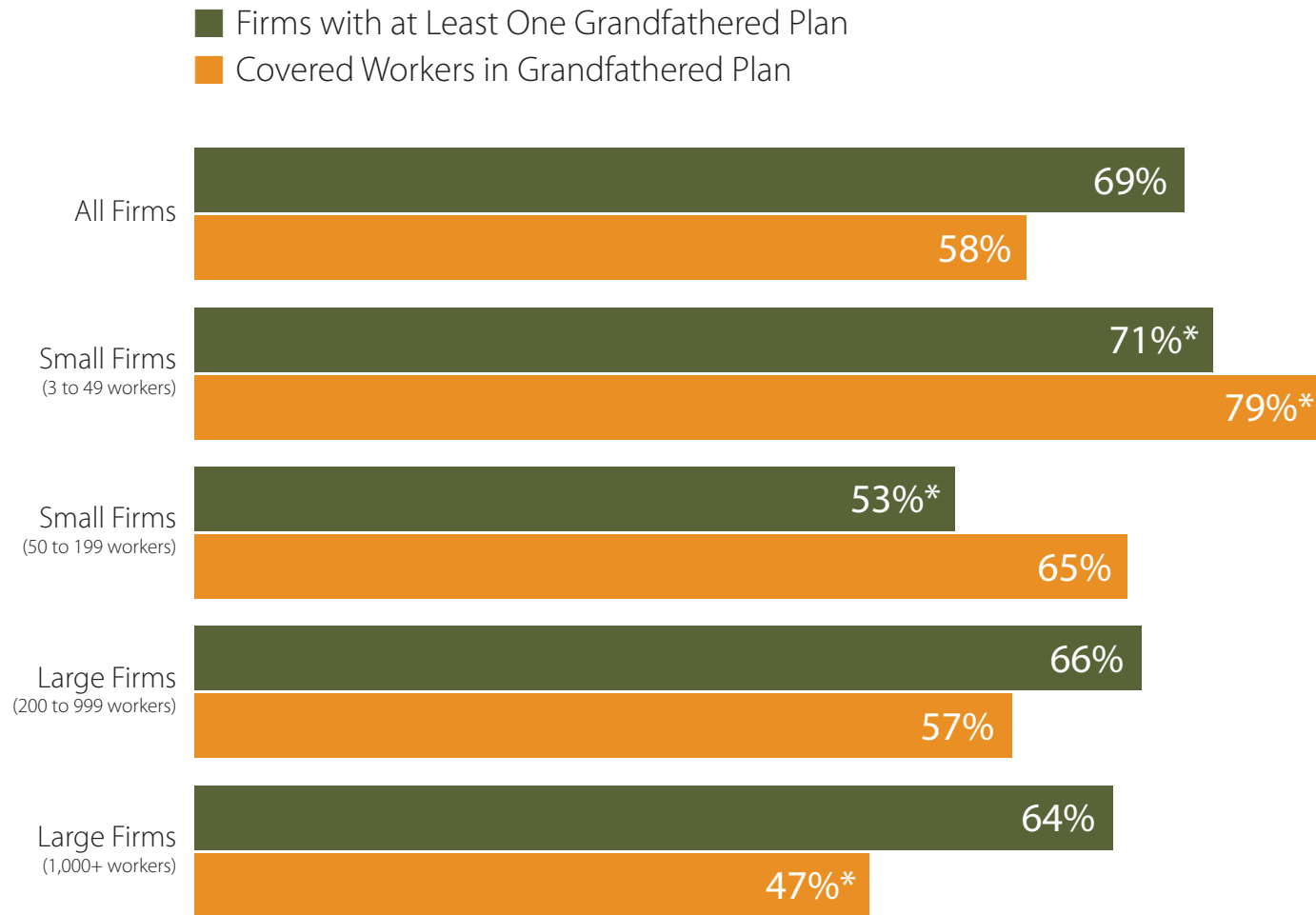
Slightly more than half of California firms allowed employees to use pre-tax dollars to pay for health insurance premiums.

Large firms were significantly more likely than small firms to allow the use of pre-tax dollars and to offer a flexible spending account.

*Estimates are significantly different between Small Firms and Large Firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Firms With at Least One Grandfathered Plan and Percentage of Covered Workers in Those Plans, by Firm Size, California, 2011



More than two-thirds of California firms had at least one grandfathered health plan in 2011, with the smallest firms most likely to do so (71%).

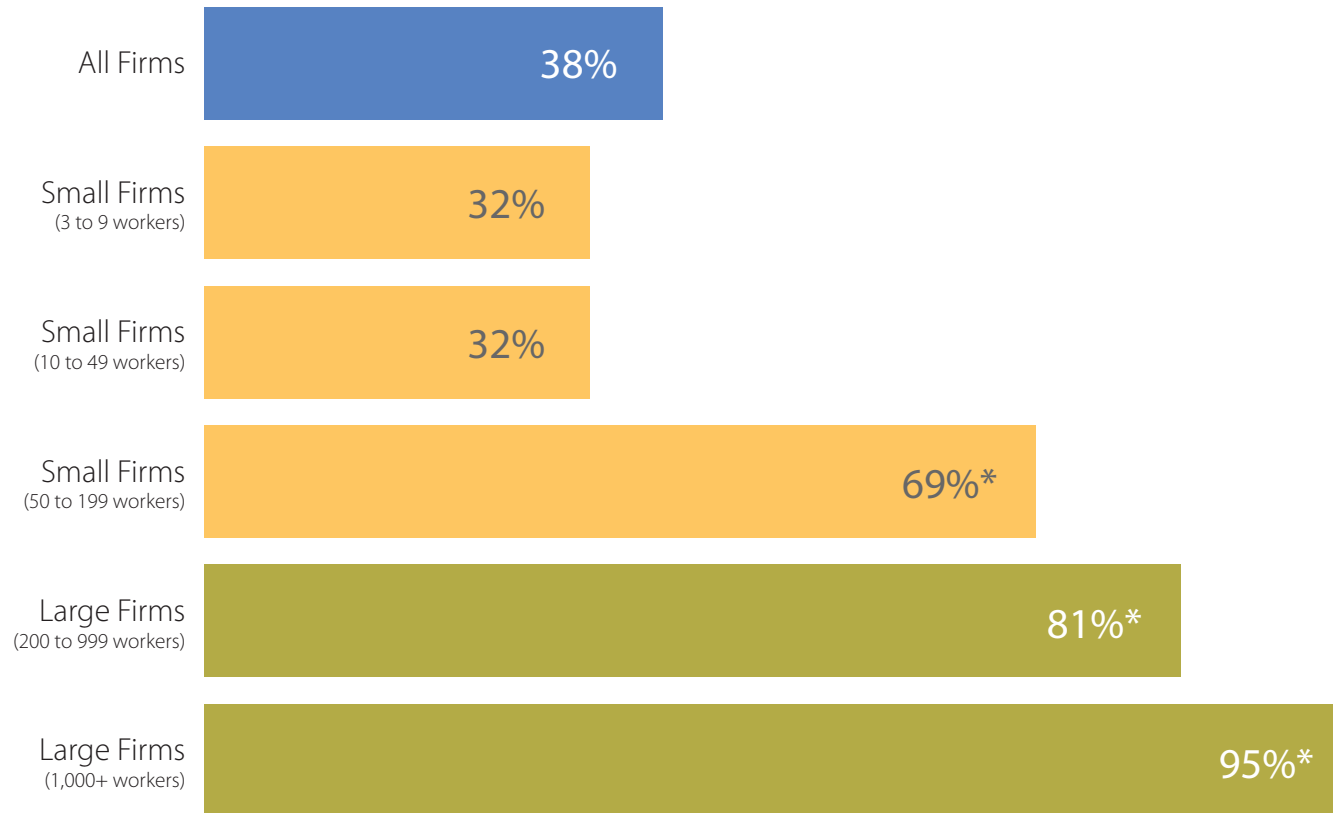
Almost 60% of California workers covered by health insurance through their employers were in a grandfathered plan in 2011.

*Estimate is statistically different from all other firms.

Note: A grandfathered health plan is one that was in effect on March 23, 2010 and to which the insurer or employer has not made significant changes since that time, such as benefit reductions or increases in cost sharing or employee premium contributions.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Firms that Enrolled Adult Dependents Up to Age 26, Who Would Not Previously Have Been Eligible, Through Their Parents' Policy, by Firm Size, California, 2011



Thirty-eight percent of California employers offering health benefits enrolled adult dependents who would not previously have been eligible for coverage due to a provision of the Affordable Care Act.

The largest firms were significantly more likely to do so.

*Estimate is statistically different from all other firms.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Employer Views of Effectiveness of Health Cost Control Measures, California, 2011

■ Very
 ■ Somewhat
 ■ Not Too
 ■ Not at All
 ■ Don't Know

Tighter managed care restrictions



Consumer-driven health plans



Higher employee cost sharing



Disease management program



Changes in care delivery and payment



California employers viewed disease management programs and changes in care delivery and payment as the most effective in controlling health costs.

Source: California HealthCare Foundation/NORC California Employer Health Benefits Survey: 2011.

Methodology

The *California Employer Health Benefits Survey* is a joint product of the California HealthCare Foundation (CHCF) and NORC at the University of Chicago (NORC). The survey was designed and analyzed by researchers at NORC, and administered by National Research LLC (NR). The findings are based on a random sample of 770 interviews with employee benefit managers in private firms in California. NR conducted interviews from July to October 2011. As with prior years, the sample of firms was drawn from the Dun & Bradstreet list of private employers with three or more workers. The margin of error for responses among all employers is +/- 3.5%; for responses among employers with 3 to 199 workers it is +/- 4.8%; among employers with 200 or more workers it is +/- 5.3%. Some exhibits do not sum to 100% due to rounding effects.

The Kaiser Family Foundation sponsored this survey of California employers from 2000 to 2003. A similar employer survey was also conducted in 1999 in California, in conjunction with the Center for Health and Public Policy Studies at the University of California, Berkeley. The Health Research and Educational Trust (HRET) collaborated on these surveys from 1999 to 2004. The Center for Studying Health System Change collaborated on these surveys from 2005 to 2006.

This survey instrument is similar to a national employer survey conducted annually by the Kaiser Family Foundation and HRET. The US results in this study either are from the published reports or, in a few cases, from author calculations from the survey's public use files. A full analysis of the US dataset is available on the foundation's website at www.kff.org. Both the California and US surveys asked questions about: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Point-of-Service (POS) plans, and High-Deductible Health Plan with a Savings Option (HDP). Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they comprise such a small share of the California market.

Many variables with missing information were identified as needing complete information within the database. To control for item non-

response bias, missing values within these variables were imputed using a hot-deck approach. Calculation of the weights follows a common approach. First, the basic weight is determined, followed by a survey non-response adjustment. Next, the weights are trimmed in order to reduce the influence of weight outliers. Finally, a post-stratification adjustment is applied.

All statistical tests in this Almanac compare either changes over time, a plan-specific estimate with an overall estimate, or subcategories versus all other firms (e.g., firms with 3 to 9 workers vs. all other firms). Tests include t-tests and chi-square tests and significance was determined at $p < 0.05$ level. Due to the complex nature of the design, standard errors were calculated in SUDAAN.

An important note about the methodology: Rates of change for total premiums, for worker or employer contributions to premiums, and other variables calculated by comparing dollar values in this report to data reported in past CHCF or KFF publications should be used with caution, due 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 California 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 directly collecting rates of change in premiums in its 2008 survey. Therefore, the rate of change in total premiums in the US provided in this report uses a variable enrollment estimate.

Please note that due to a change in the post-stratification methods applied in 2003, the survey data published in this Almanac may vary slightly from reports published prior to 2003.

FOR MORE INFORMATION



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