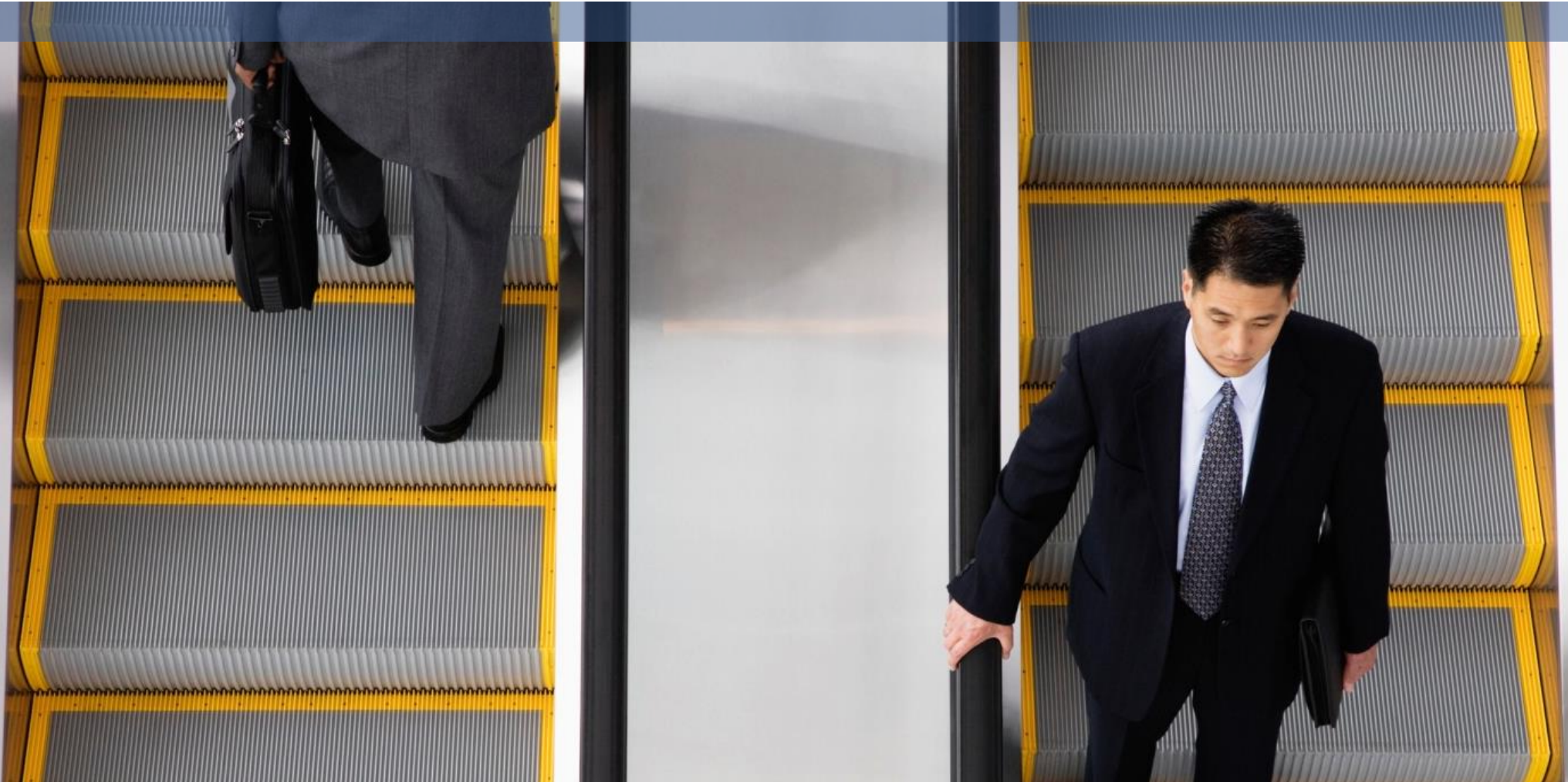


CALIFORNIA HEALTH CARE ALMANAC



California
Health Care
Foundation



California Employer Health Benefits: Prices Up, Coverage Down

MARCH 2017

Introduction

Since 2000, the percentage of employers offering health benefits has declined in California and nationwide, although coverage rates among offering firms have remained stable. Only 55% of firms reported offering health insurance to employees in 2016, down from 69% in 2000. Nineteen percent of California firms reported that they increased cost sharing in the past year, and 27% of firms reported that they were very or somewhat likely to increase employees' premium contribution in the next year. The prevalence of plans with large deductibles also continues to increase.

California Employer Health Benefits: Prices Up, Coverage Down presents data compiled from the 2016 California Employer Health Benefits Survey.

KEY FINDINGS INCLUDE:

- Health insurance premiums for family coverage grew by 5.6%. Family coverage premiums have seen a cumulative 234% increase since 2002, compared to a 40% increase in the overall inflation rate.
- The average monthly health insurance premium, including the employer contribution, was \$597 for single coverage and \$1,634 for family coverage in California, and was significantly higher than the national average.
- Forty-one percent of workers in small firms faced an annual deductible of at least \$1,000 for single coverage, compared to 17% of workers in larger firms. The prevalence of these higher deductibles in small firms has increased substantially in the past five years.
- Only one in four firms with many low-wage workers (those earning \$23,000 or less) offered health coverage to employees in 2016.
- In the past year, 24% of large firms extended eligibility for health benefits to workers not previously eligible.

California Employer Health Benefits

CONTENTS

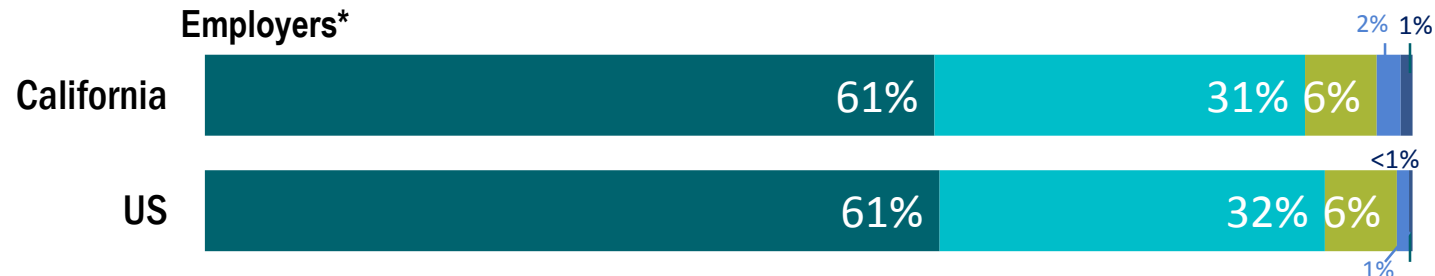
Overview.....	3
Coverage Availability.....	4
Cost of Health Insurance.....	9
Benefits and Cost Sharing.....	18
Plan Choice and Enrollment..	31
Employer Views and Practices.....	35
Methodology.....	41

Employers, Workers, and Covered Workers, by Firm Size

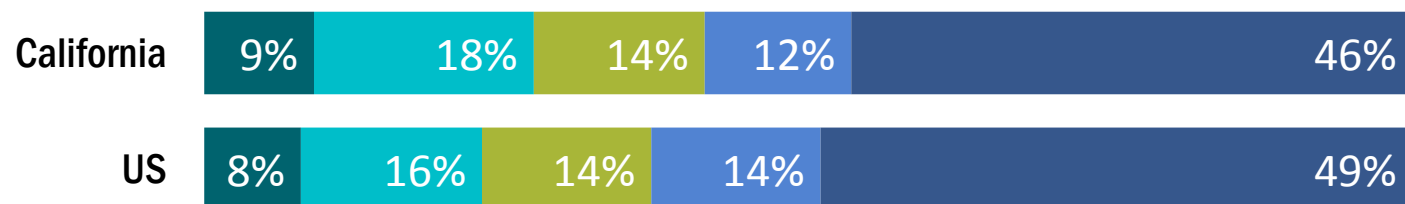
California vs. United States, 2016

NUMBER OF WORKERS ■ 3-9 ■ 10-49 ■ 50-199 ■ 200-999 ■ 1,000+

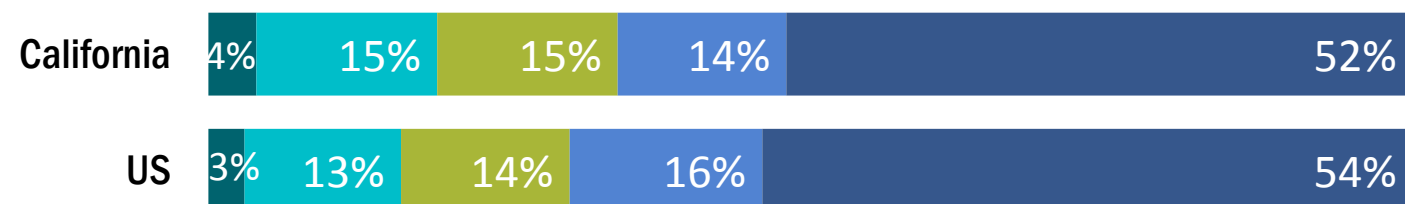
Employers*



Workers



Covered Workers



*Estimates are statistically different between California and US.

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

Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; author analysis of Survey of Employer-Sponsored Health Benefits public use file: 2016, Kaiser/HRET.

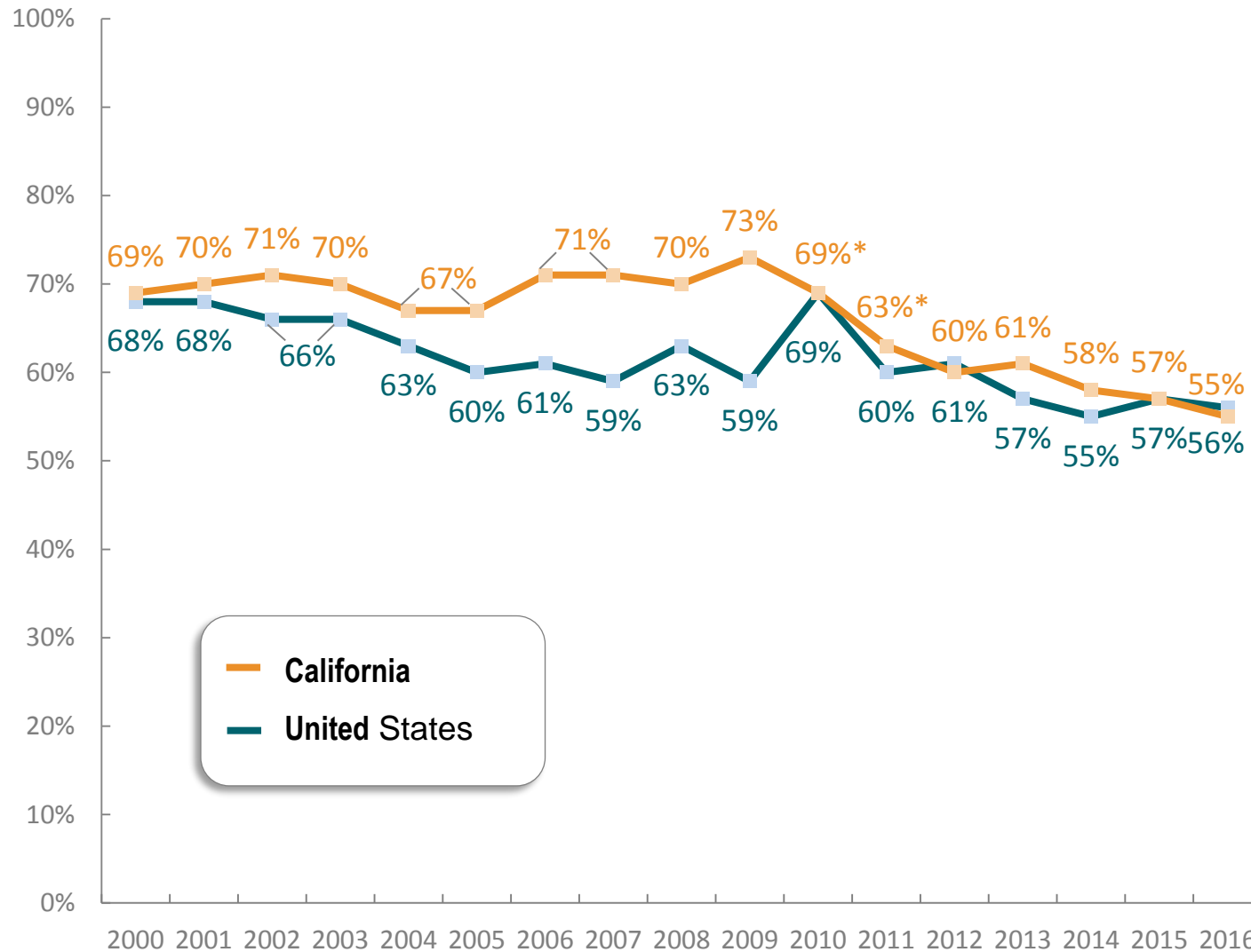
California Employer Health Benefits Overview

In 2016, California firms with 3 to 49 workers accounted for 92% of all employers, but just 27% of all workers, and 19% of workers with health coverage, a dynamic similar to national firms.

Employers Offering Coverage

California vs. United States, 2000 to 2016

California Employer Health Benefits Coverage Availability



The percentage of California employers offering health insurance in 2016 (55%) was similar to the overall US rate of 56%. The recent decline in California's offer rate was largely due to fewer small firms offering coverage.

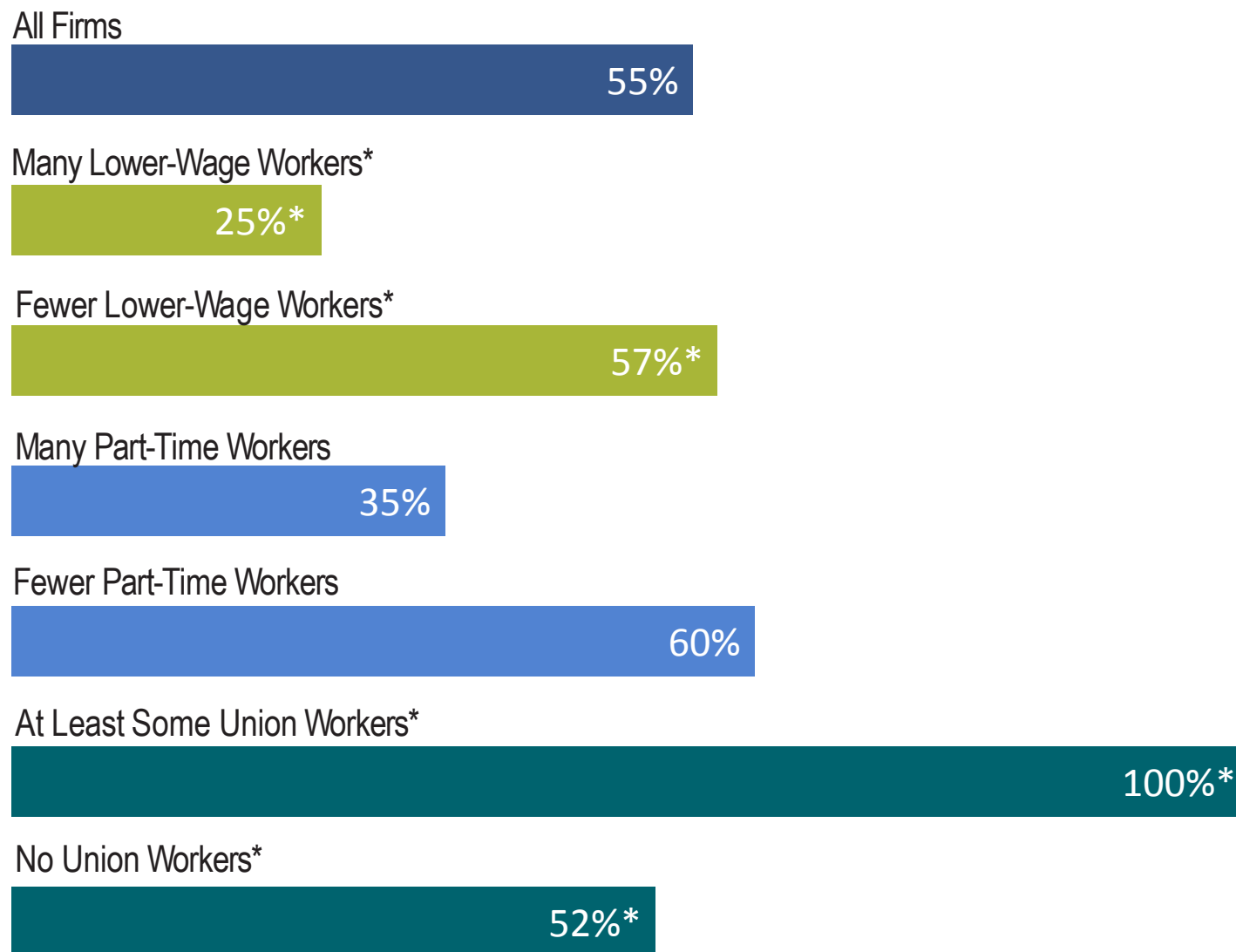
*Estimates are statistically different from the previous year shown.

Sources: California Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2005-2006, CHCF/HSC; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 2000-2003, Kaiser/HRET; Survey of Employer-Sponsored Health Benefits: 2000-2016, Kaiser/HRET.

Employers Offering Coverage, by Firm Characteristics

California, 2016

California Employer Health Benefits Coverage Availability



*Estimate is statistically different from all other firms.

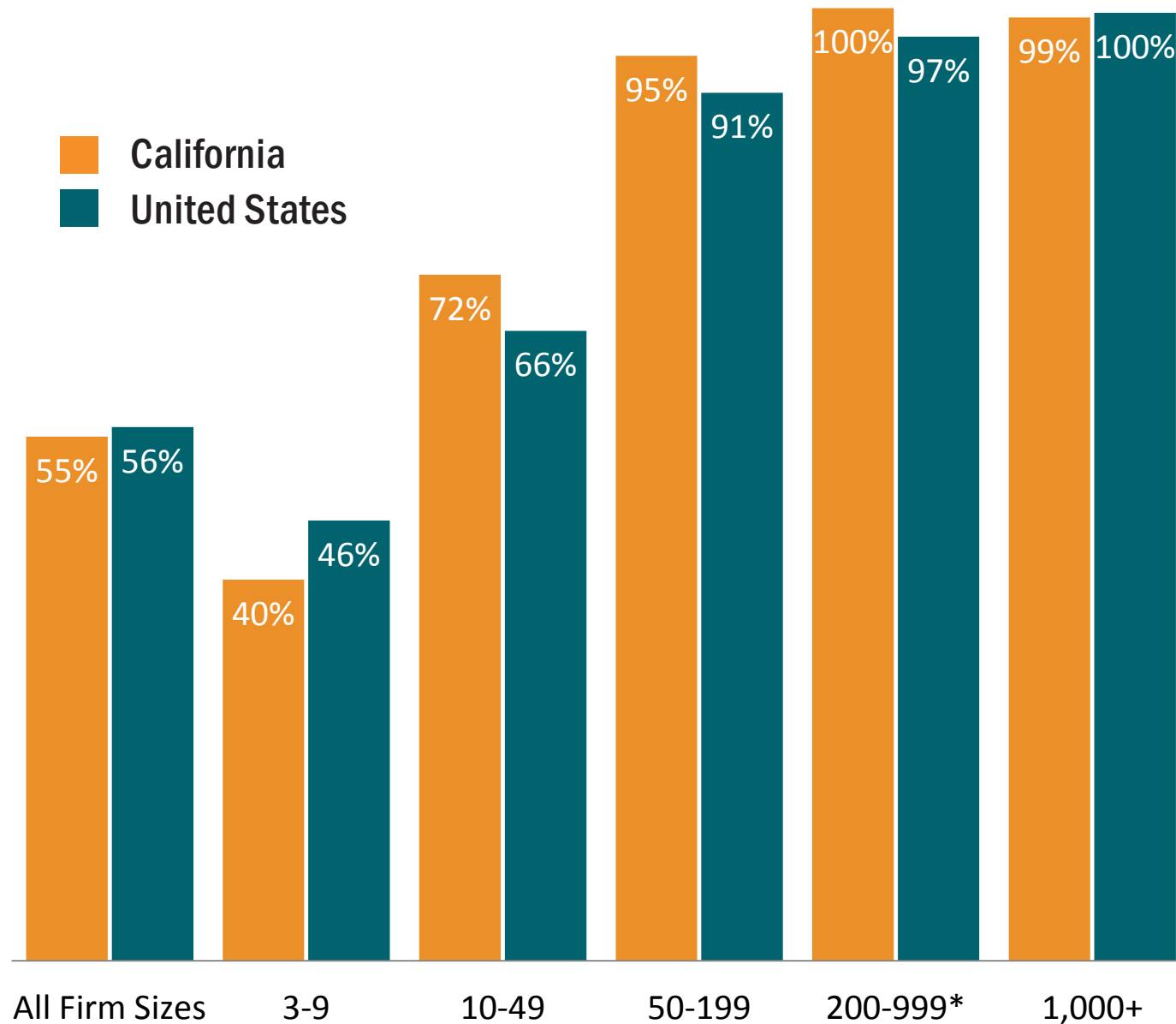
Notes: Firms with *many lower-wage workers* are defined as firms with 35% or more of workers earning \$23,000 or less per year. Firms with *fewer lower-wage workers* are those with less than 35% of workers earning that amount. *Many part-time workers* is defined as 35% or more of the workforce working part-time. *Fewer part-time workers* is the inverse.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Whether a company offers coverage varies widely by firm characteristics. Firms that employ many lower-wage workers were less likely to offer health insurance than those that employ fewer lower-wage workers. All companies with union workers (100%) offered coverage, versus only 52% of those with no union workers.

Employers Offering Coverage, by Firm Size

California vs. United States, 2016



*Estimates are statistically different between California and US.

Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; author analysis of Survey of Employer-Sponsored Health Benefits public use file: 2016, Kaiser/HRET.

California Employer Health Benefits

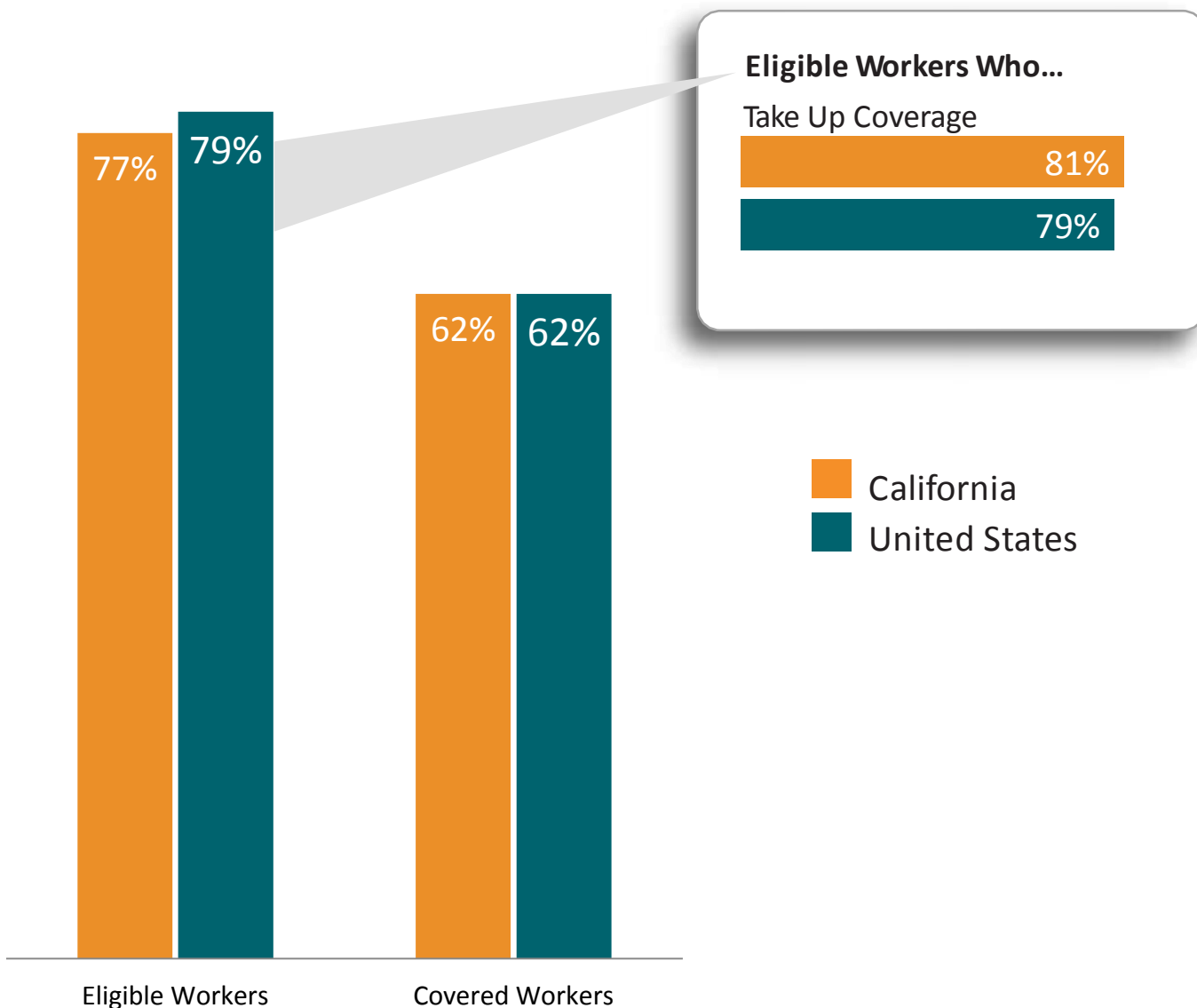
Coverage Availability

California's smallest employers (three to nine workers) were much less likely to offer coverage than larger firms. Less than half (40%) of California's smallest firms offered coverage in 2016, compared to 53% in 2011 (not shown). Offer rates for California were similar to those nationwide.

Employee Eligibility, Take-Up Rates, and Coverage California vs. United States, 2016

California Employer Health Benefits Coverage Availability

Not all employees are eligible for health insurance offered by their firm, and not all who are eligible elect to participate. Seventy-seven percent of people working in California firms offering coverage were eligible for health benefits. Of those eligible, 81% elected to enroll, resulting in a 62% coverage rate.



Note: Tests found no statistically different estimates between California and US.

Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Survey of Employer-Sponsored Health Benefits: 2016, Kaiser/HRET.

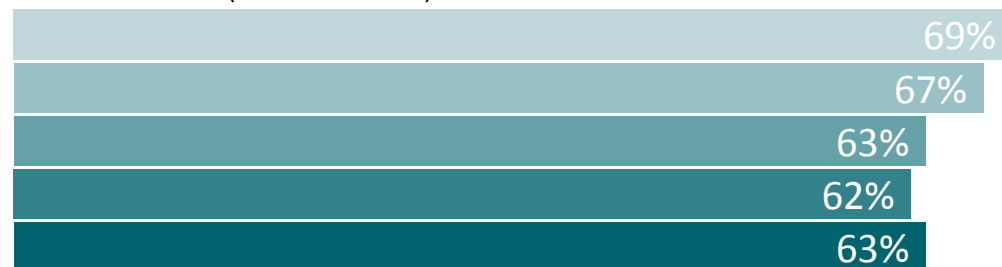
Worker Coverage Rates Among Firms Offering Health Benefits

by Firm Size, 2008 to 2016, Selected Years

All Firms



Small Firms (3-199 workers)



Large Firms (200+ workers)



California Employer Health Benefits Coverage Availability

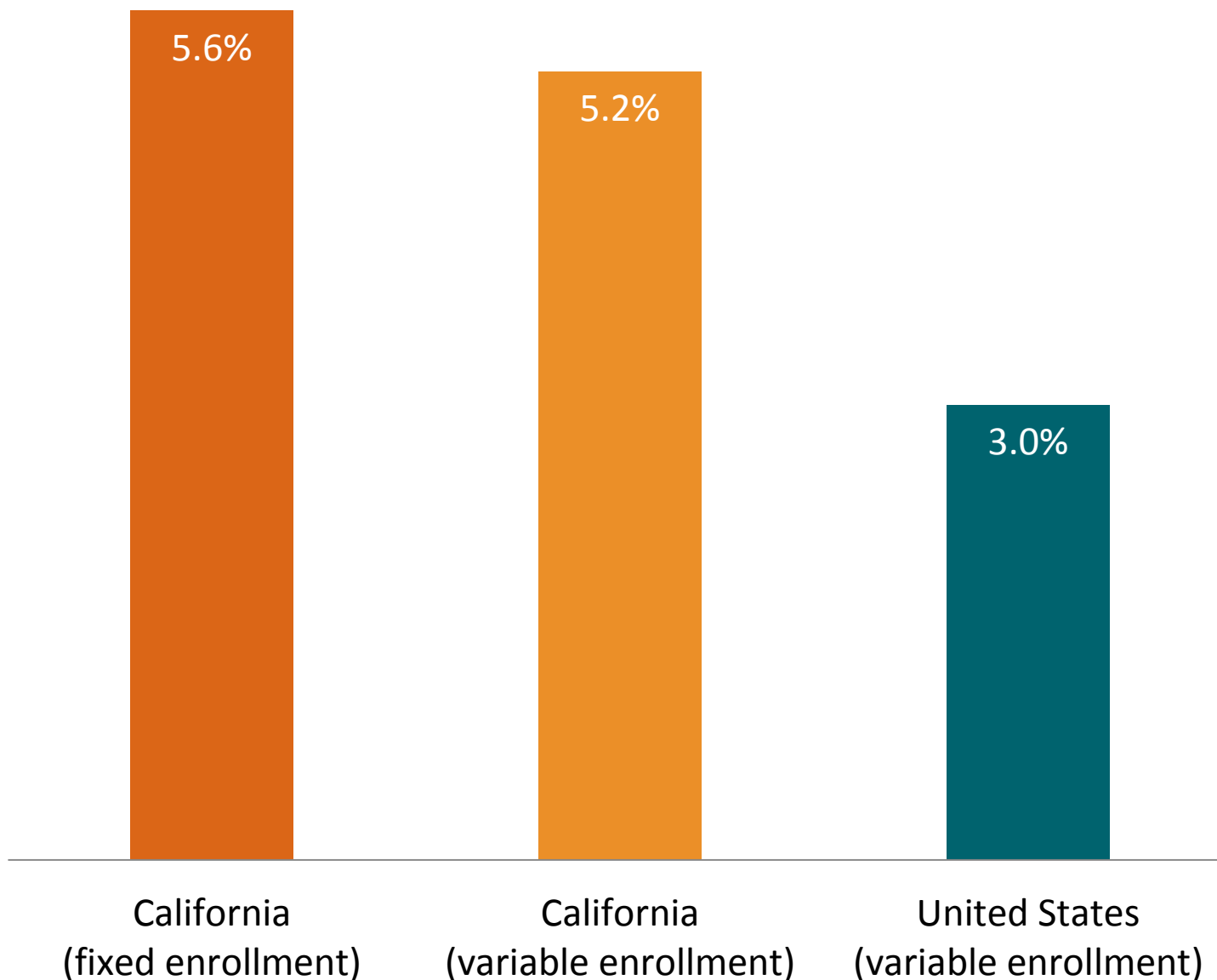
Insurance coverage rates among California employers offering health benefits have been fairly stable since 2008, with year-to-year changes not statistically significant. Large and small firms had comparable coverage rates.

Note: Tests found no statistically different estimates from previous year shown within firm size.

Source: California Employer Health Benefits Survey: 2008-2016, CHCF/NORC.

Average Increases in Premiums, Family Coverage

Fixed vs. Variable Enrollment, California vs. United States, 2016

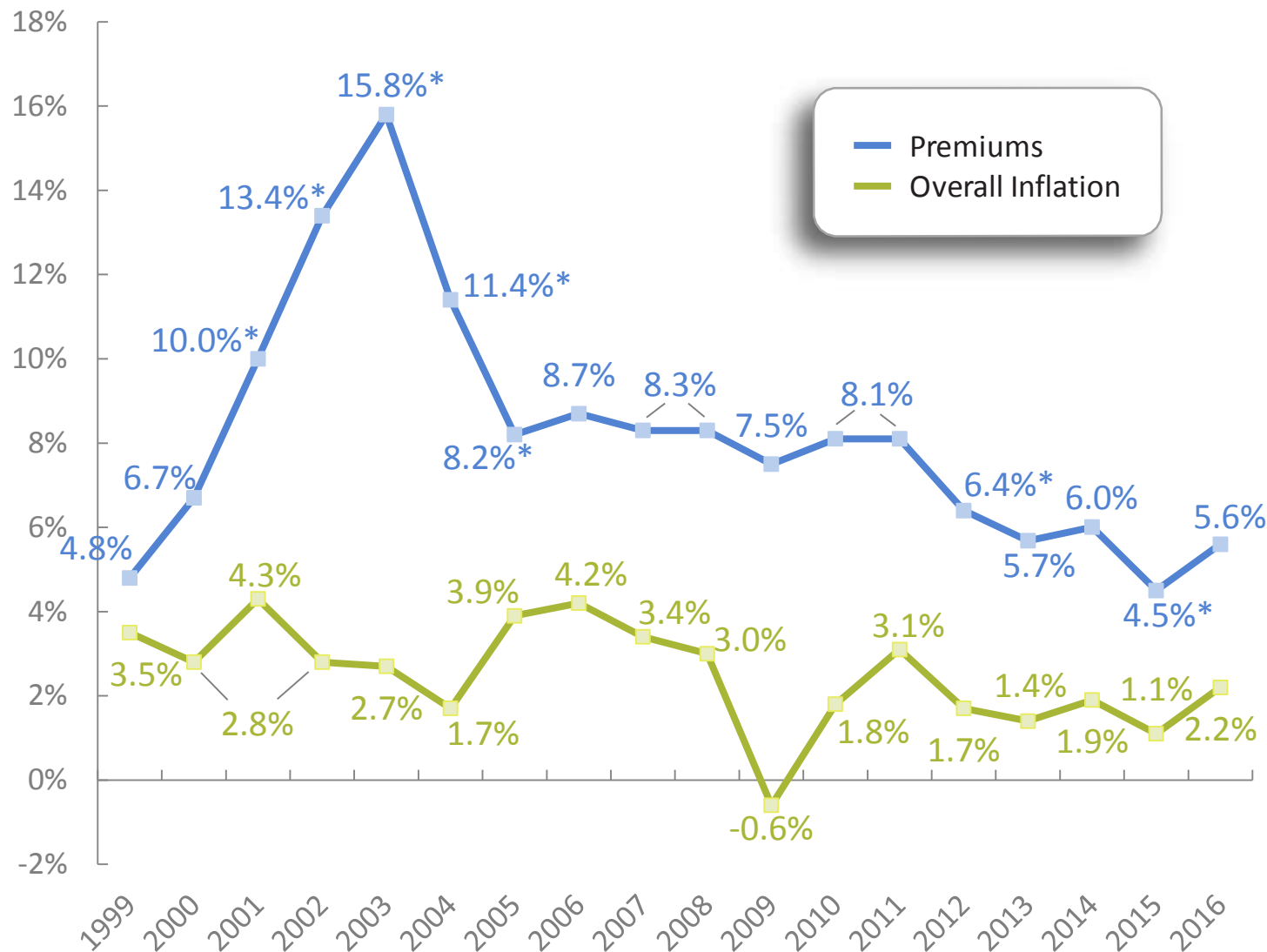


Among California firms that offered the same health plan or plans in 2015 and 2016 (fixed enrollment), the average premium increase for family coverage was 5.6%. For those firms that changed plans or had workers who switched plans (variable enrollment), the average family premium increase was 5.2%.

Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Survey of Employer-Sponsored Health Benefits: 2016, Kaiser/HRET.

Annual Premium Growth Compared to Inflation

Family Coverage, 1999 to 2016



*Estimates are statistically different from the previous year shown.

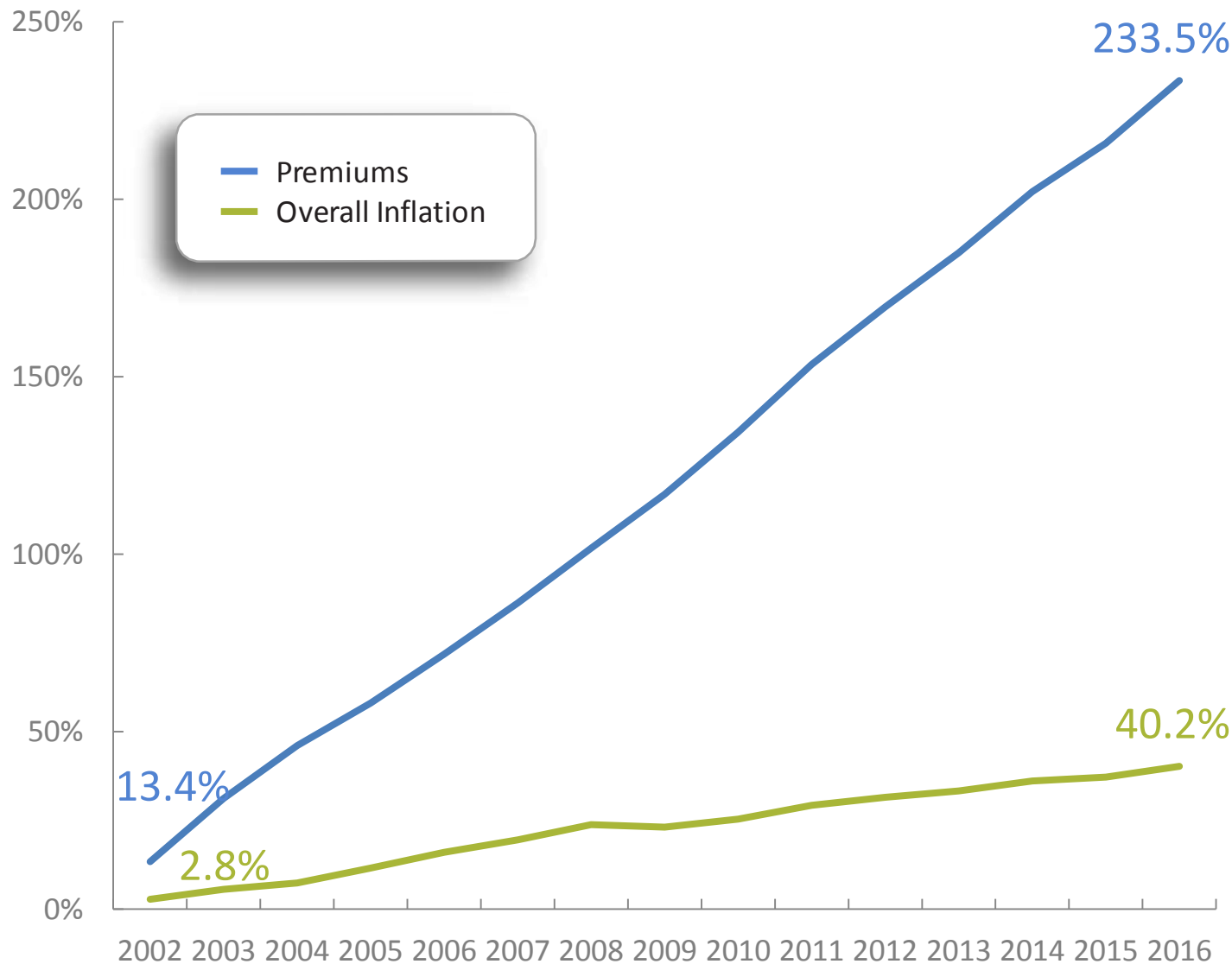
Sources: California Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2005-2006, CHCF/HSC; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 1999-2003, Kaiser/HRET; California Average of Annual Inflation (April to April): 1999-2016, California Division of Labor Statistics and Research.

Health insurance premiums for family coverage in California grew by 5.6% in 2016. While modest by historic standards, premiums continued to rise faster than the California rate of inflation.

Cumulative Premium Growth Compared to Inflation

Family Coverage, California, 2002 to 2016

California Employer Health Benefits Cost of Health Insurance

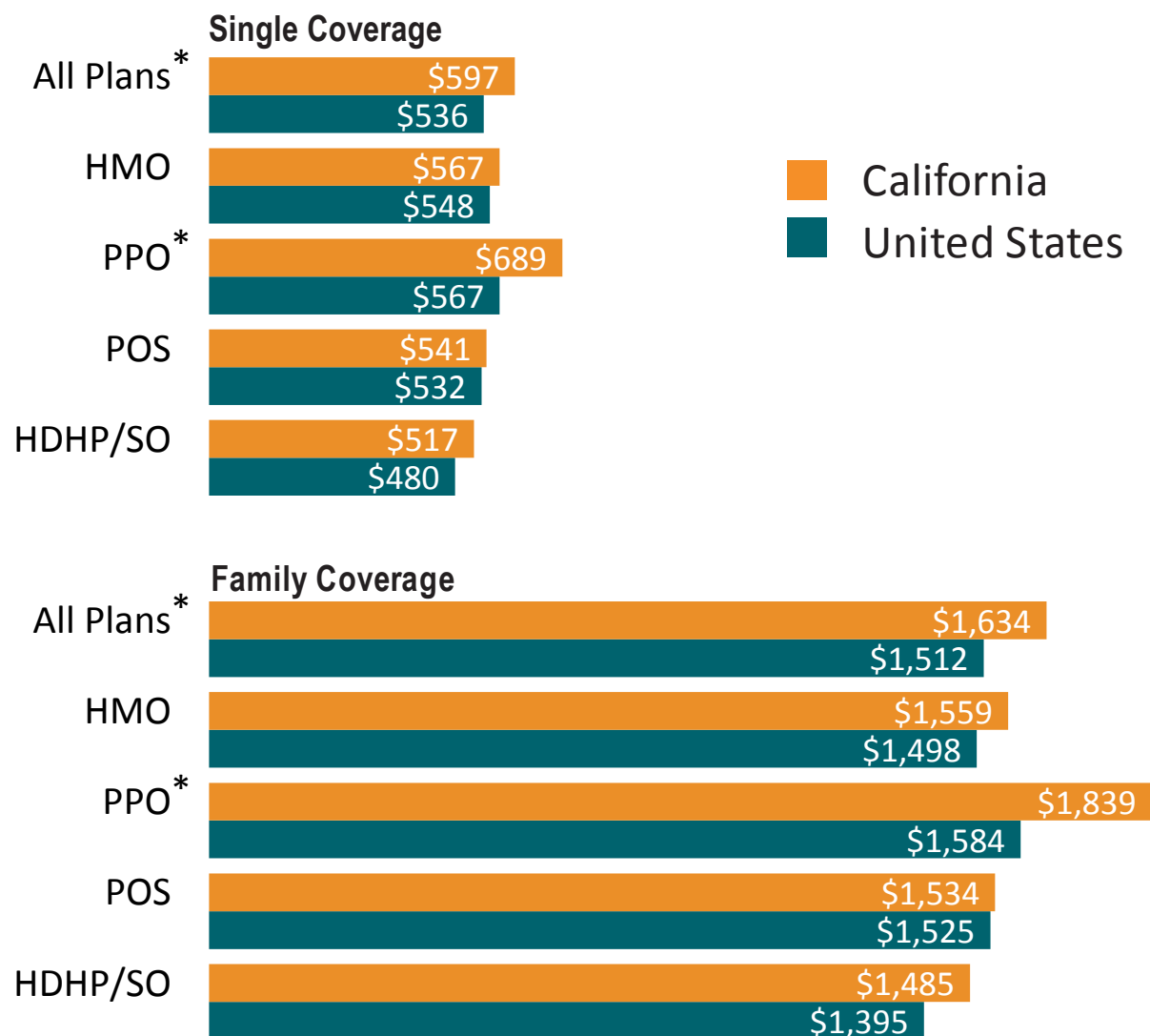


Since 2002, health insurance premiums in California have increased by 234%, nearly six times the increase in the state's overall inflation rate.

Sources: California Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2005-2006, CHCF/HSC; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 1999-2003, Kaiser/HRET; California Average of Annual Inflation (April to April): 2002-2016, California Division of Labor Statistics and Research.

Average Monthly Premiums, by Plan Type

California vs. United States, 2016



Overall average monthly premiums for single and family coverage were significantly greater in California than nationally. Differences in plan design may account for some of the differences.

*Estimates are statistically different between California and US.

Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage.

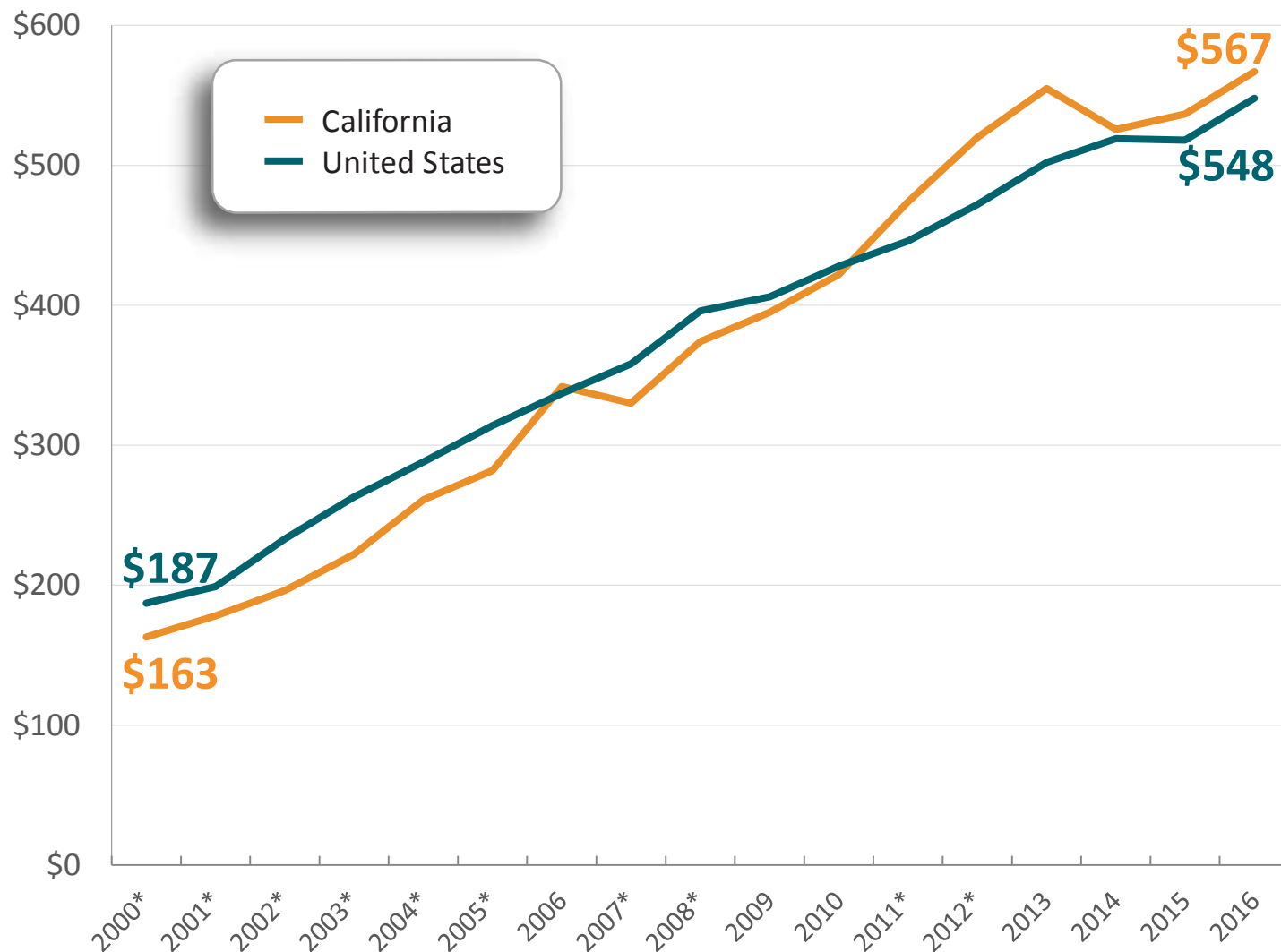
Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Employer Health Benefits Survey: 2016, Kaiser/HRET.

Average Monthly HMO Premiums, Single Coverage

California, 2000 to 2016

California Employer Health Benefits

Cost of Health Insurance



From 2000 to 2010, California's average monthly HMO premium for single coverage stayed below that of the US. In 2011, however, it exceeded the national rate. In 2016, California's single HMO premium was similar to the national figure.

*Estimates are statistically different between California and US.

Notes: 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 Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2005-2006, CHCF/HSC; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 2000-2003, Kaiser/HRET; Employer Health Benefits Survey: 2000-2016, Kaiser/HRET.

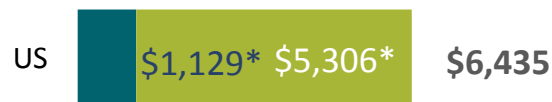
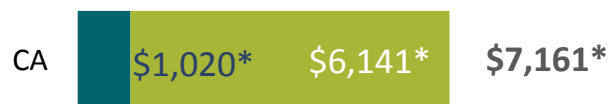
Annual Worker and Employer Premium Contributions

California vs. United States, 2016

Contribution by:

■ Worker ■ Employer

Single Coverage



Family Coverage



California workers contributed an average of \$1,020 annually for single coverage and \$4,918 for family coverage in 2016. Employer contributions to single and family premiums were higher in California than nationally.

*Estimates are statistically different between California and US within coverage type.

Note: Segments may not add to totals due to rounding.

Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Employer Health Benefits Survey: 2016, Kaiser/HRET.

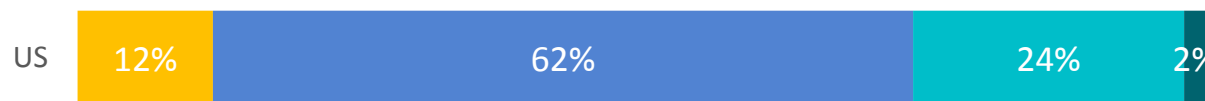
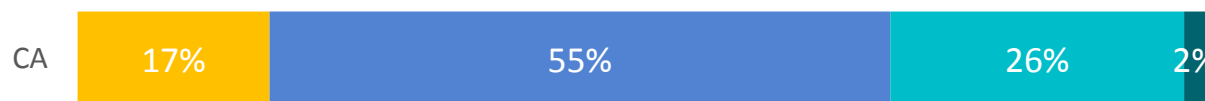
Worker Share of Premium

California vs. United States, 2016

The distribution of the percentage of the premium paid by workers was similar for California and the nation.

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

Single Coverage



Family Coverage



Notes: Segments may not add to 100% due to rounding. Tests found no statistically different estimates between California and US.

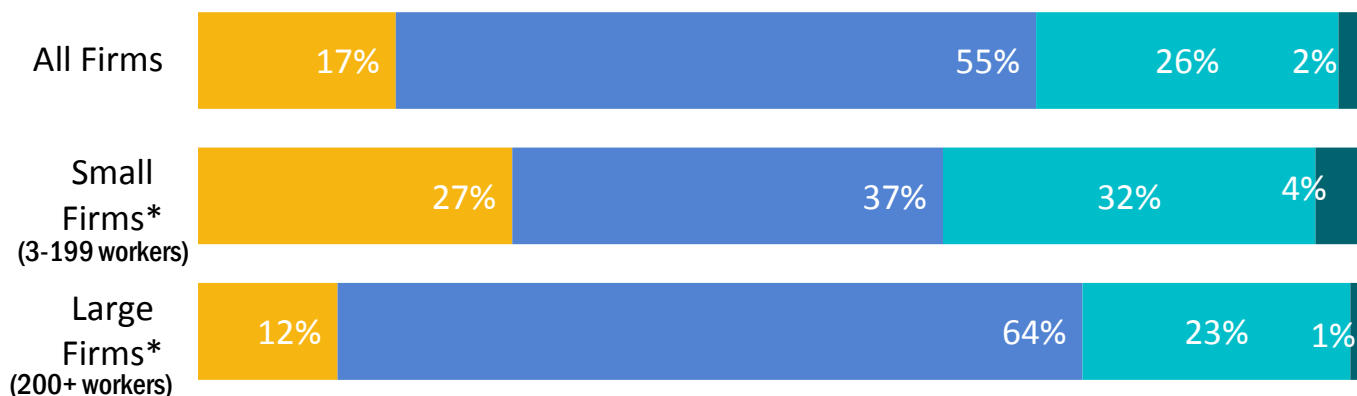
Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Employer Health Benefits Survey: 2016, Kaiser/HRET.

Worker Share of Premium, by Firm Size

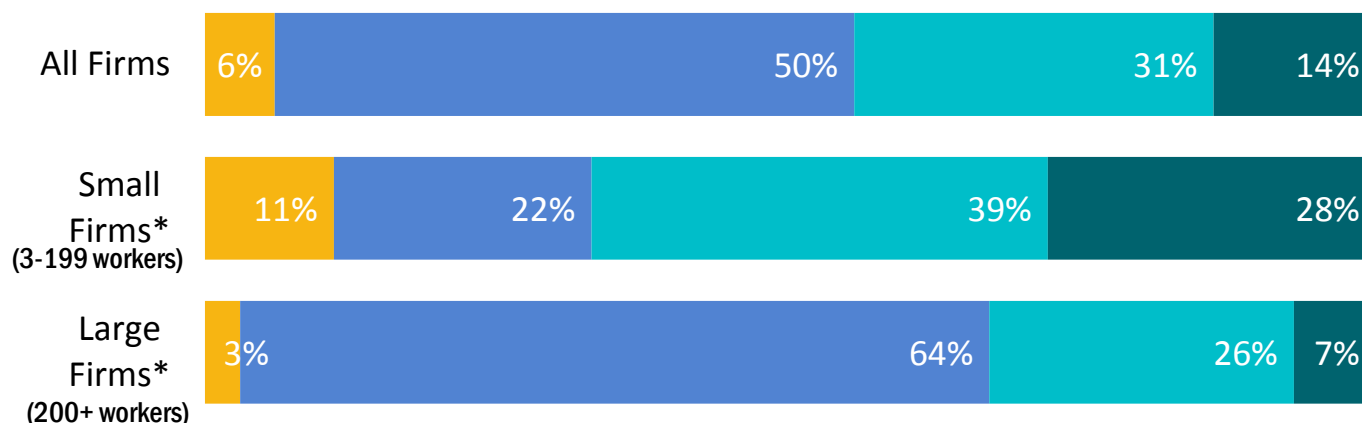
California, 2016

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

Single Coverage



Family Coverage



*Difference is statistically different between small and large firms within coverage type.

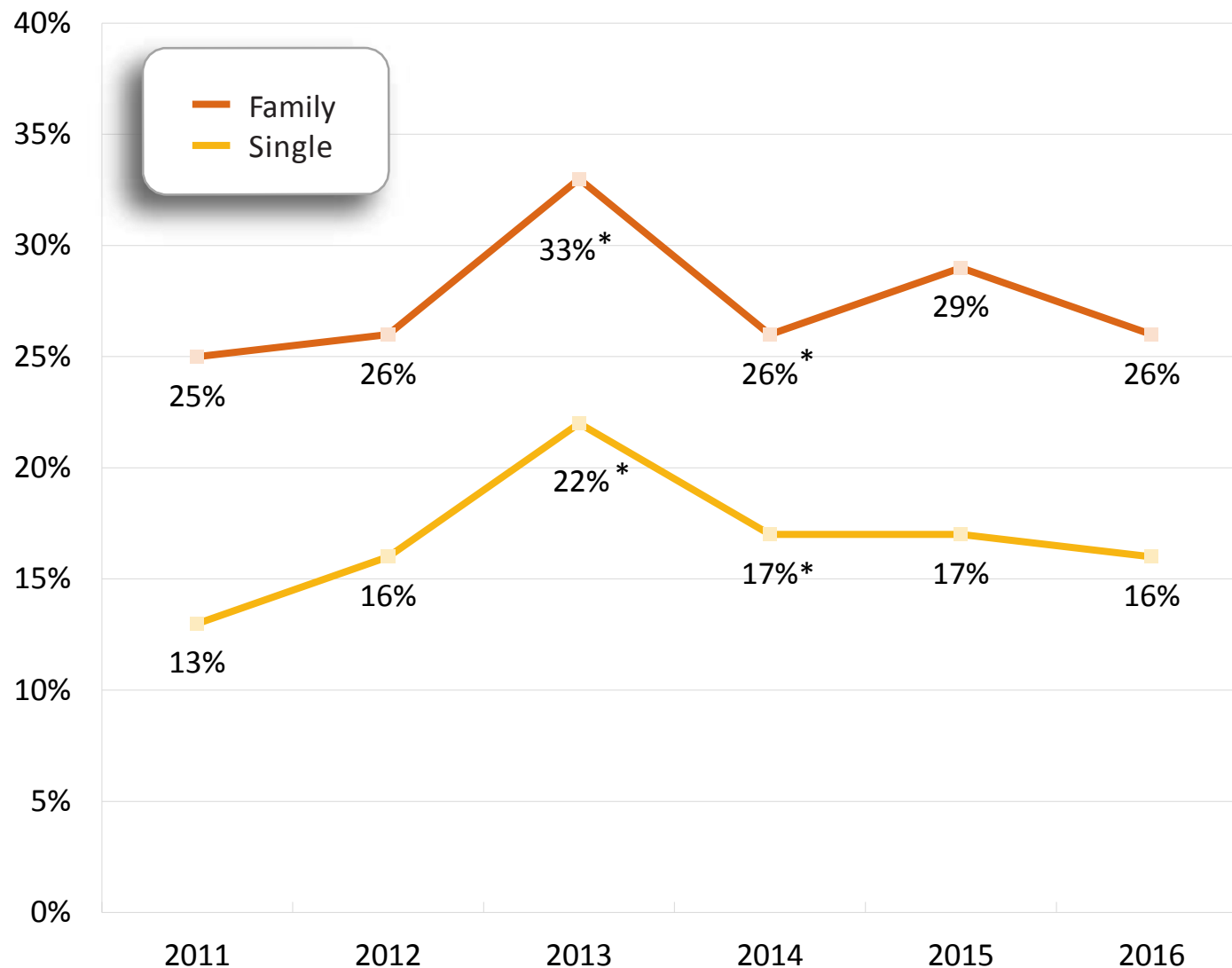
Note: Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Workers' share of premium differs significantly by size of firm. For single coverage, about one in four workers in small firms did not have to contribute to the premium, compared to one in eight workers in large firms. For family coverage, 28% of workers in small firms pay more than half of the premium, compared to only 7% of workers in large firms.

Worker Share of Premium, Single and Family Coverage

California, 2011 to 2016



*Estimates are significantly different from previous year shown.

Source: California Employer Health Benefits Survey: 2011-2016, CHCF/NORC.

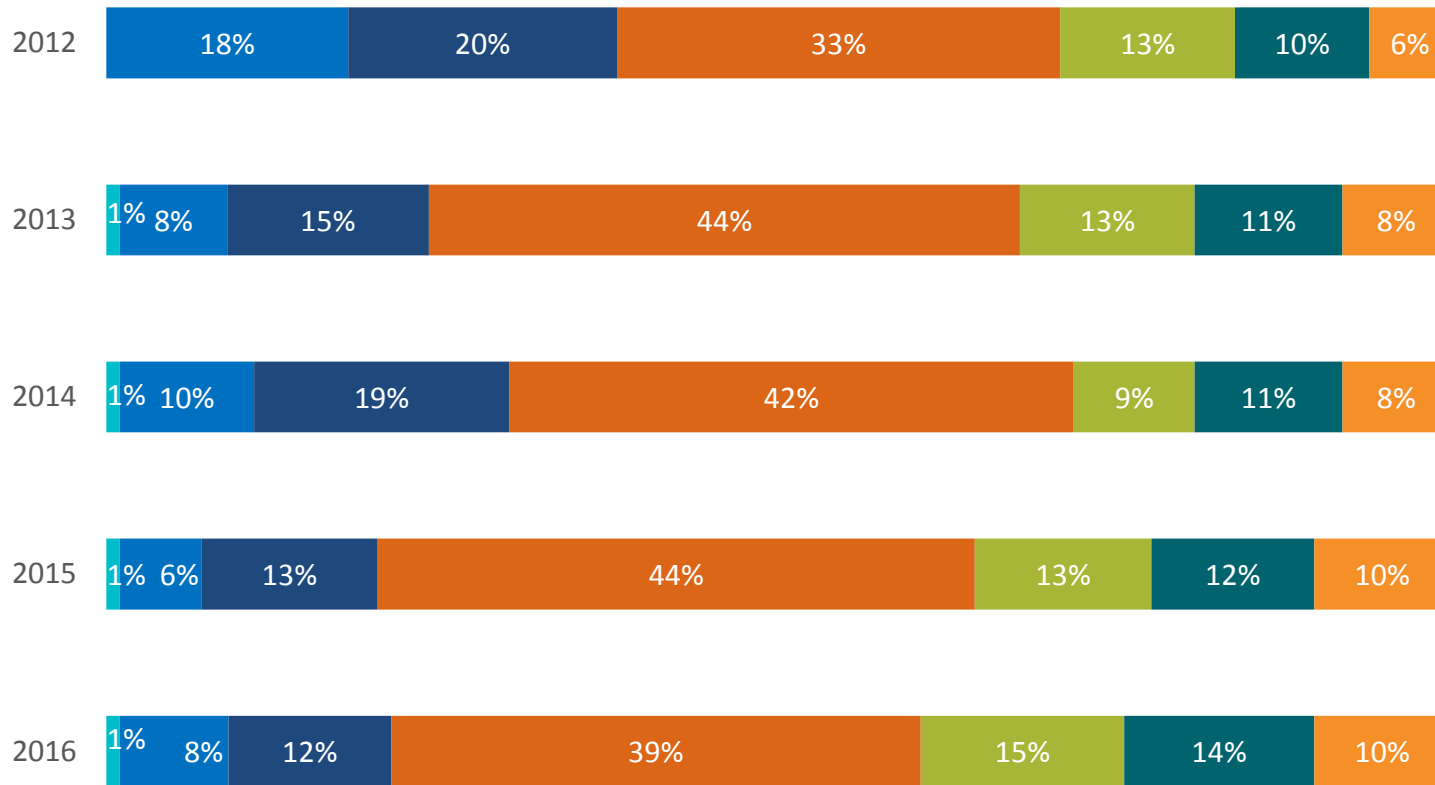
California Employer Health Benefits Cost of Health Insurance

California workers paid an average of 16% of the total premium for single coverage and 26% for family coverage in 2016. The corresponding annual premium contributions were \$1,020 and \$4,918 for single and family, respectively (not shown).

Workers with Office Visit Copayments

California, 2012 to 2016

PER VISIT COPAY \$5 \$10 \$15 \$20 \$25 \$30 Other



The percentage of workers with a copayment of \$10 or less declined from 18% in 2012 to 9% in 2016.

Notes: Tests found no statistically different estimates from previous year shown within coverage type. POS means point-of-service plan. Segments may not add to 100% due to rounding.

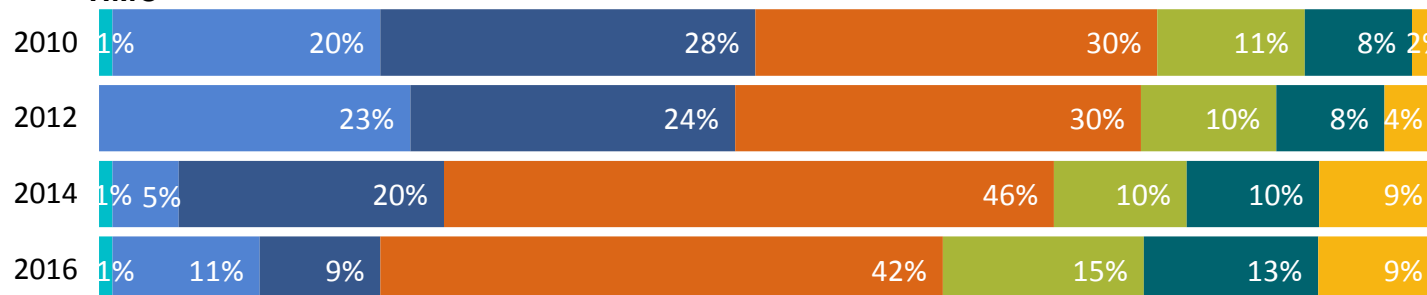
Source: California Employer Health Benefits Survey: 2012-2016, CHCF/NORC.

Workers with Office Visit Copayments, by Plan Type

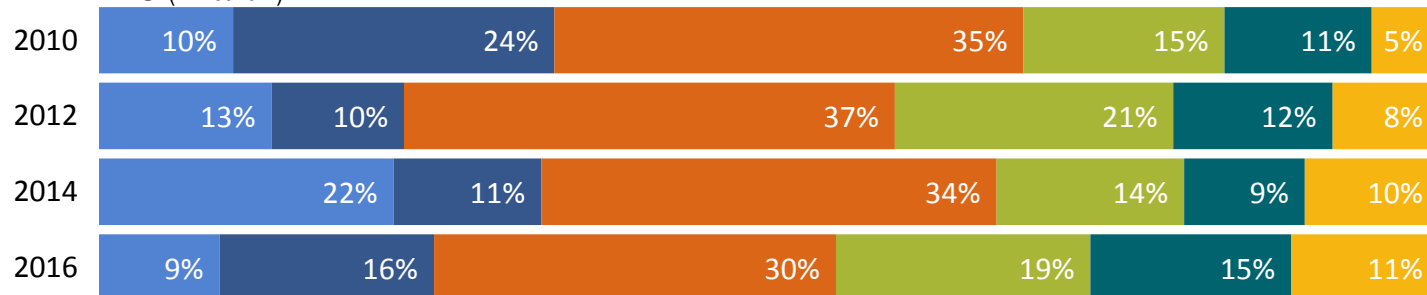
California, 2010 to 2016, Selected Years

PER VISIT COPAY \$5 \$10 \$15 \$20 \$25 \$30 Other

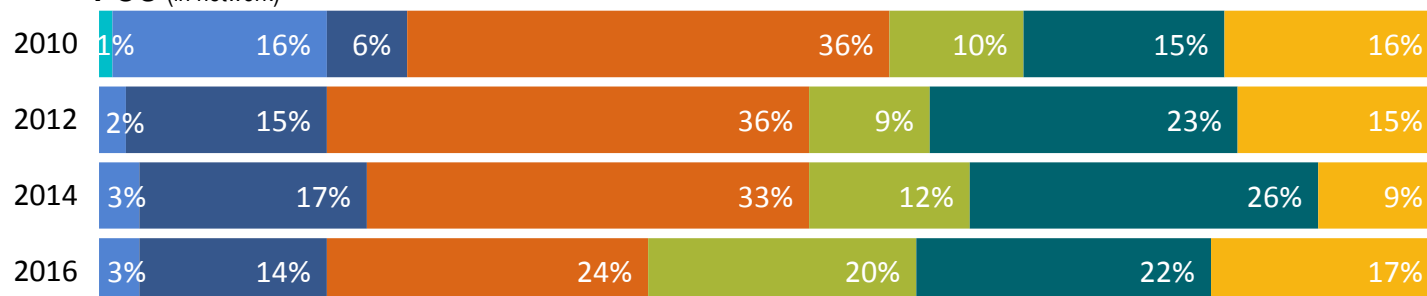
HMO



PPO (in-network)



POS (in network)

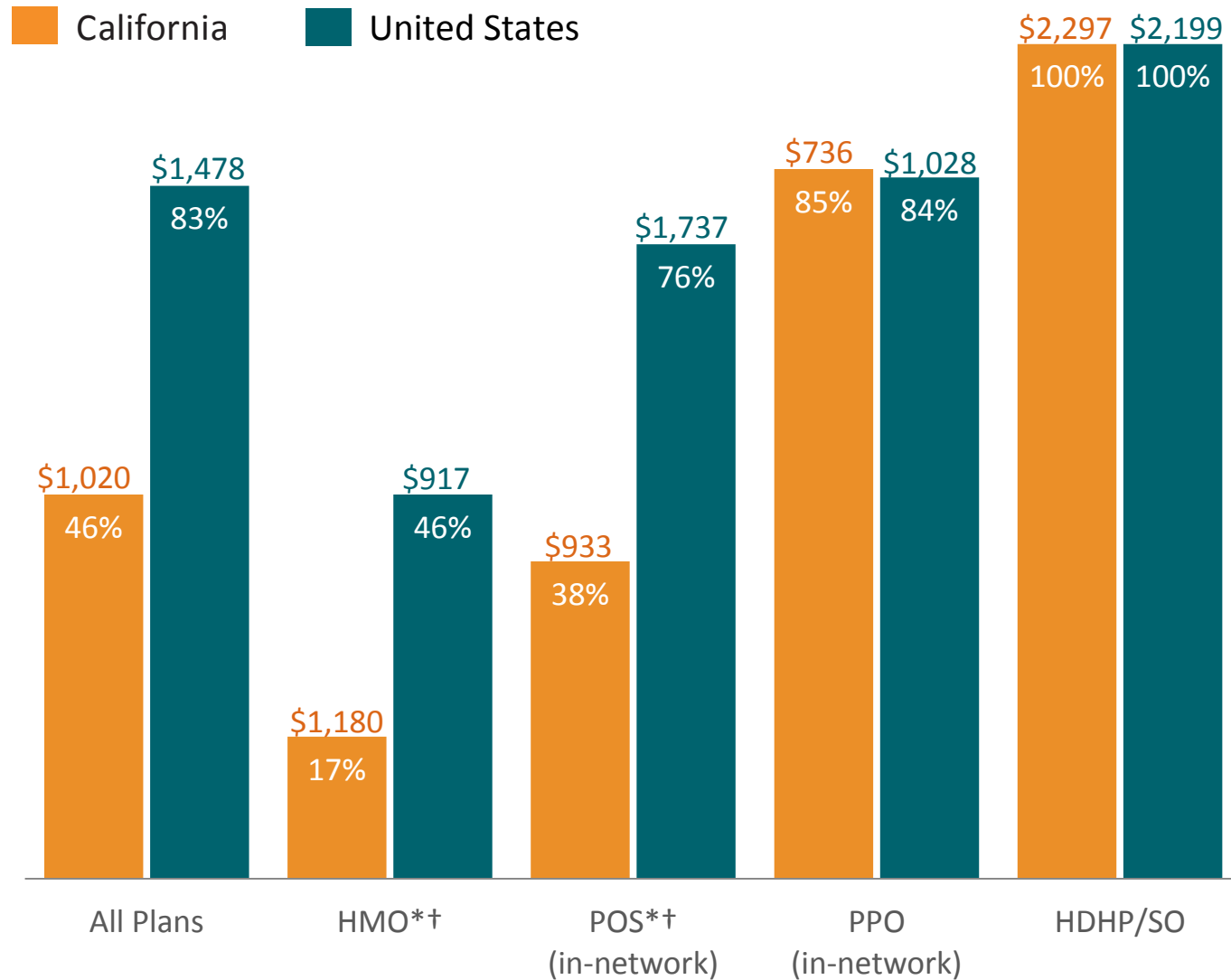


Notes: Tests found no statistically different estimates from previous year shown within coverage type. POS means point-of-service plan. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2010-2016, CHCF/NORC.

The distribution of copayments for primary care office visits has shifted since 2010, with far fewer workers having copayments of \$5 or \$10. The most common amount in 2016 was \$20 across all types of plans.

Workers with Annual Deductible, Single Coverage by Plan Type, California vs. United States, 2016



California workers enrolled in HMOs and POS plans were less likely to have a deductible in 2016 than those in the nation as a whole. The prevalence of deductibles in other types of plans was comparable.

*Percentages are significantly different between California and US.

†Average deductibles are significantly different between California and U.S.

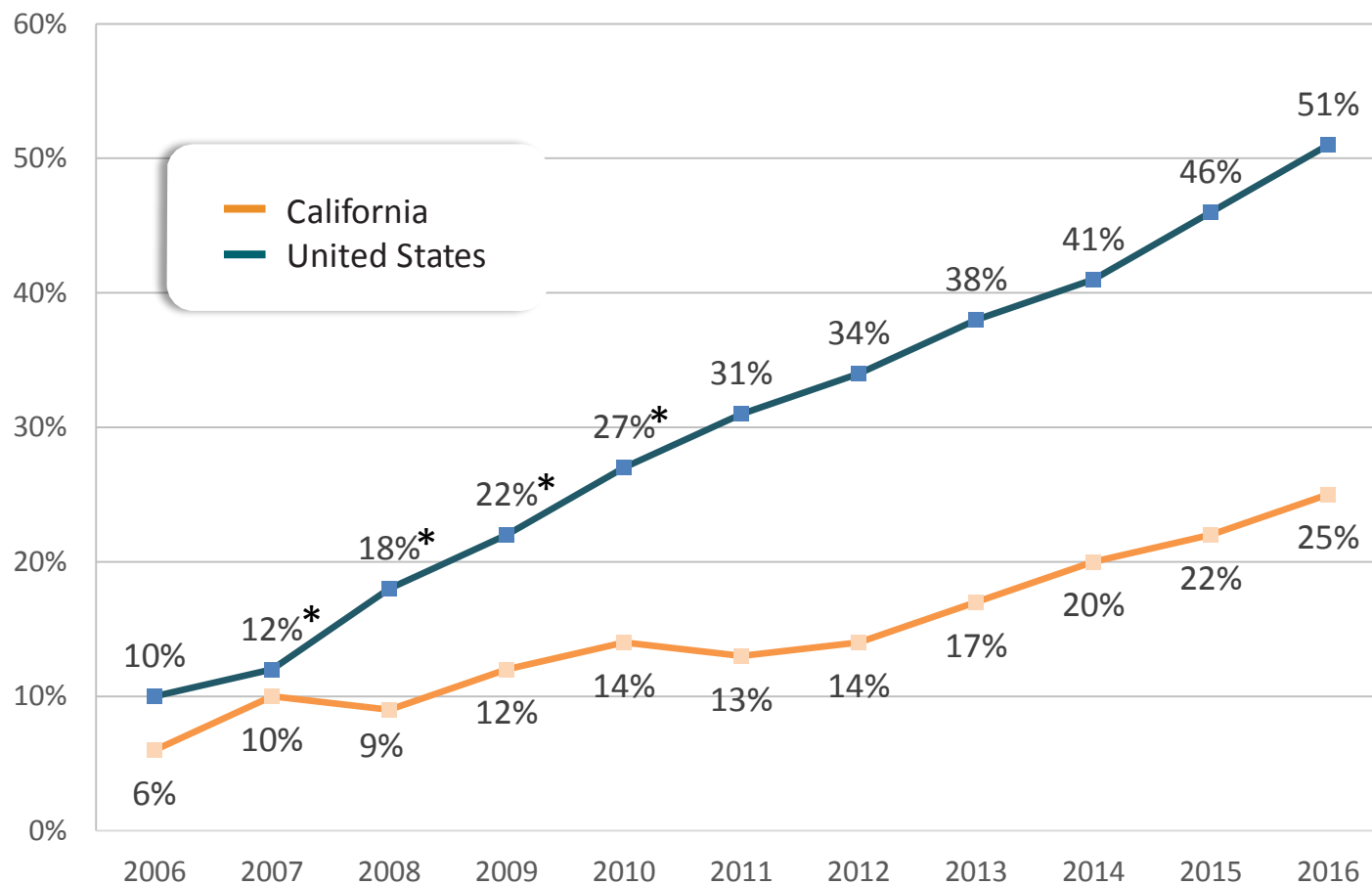
Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage. Dollar figures represent average annual deductibles.

Sources: California Employer Health Benefits Survey: 2016 CHCF/NORC; Employer Health Benefits Survey: 2016, Kaiser/HRET.

Workers with a Large Deductible (\$1,000+), Single Coverage

by Firm Size, California vs. United States, 2006 to 2016

Workers in the United States were more likely than those in California to have a deductible of \$1,000 or more. In 2016, one in two workers nationally had a large deductible compared to one in four in California.

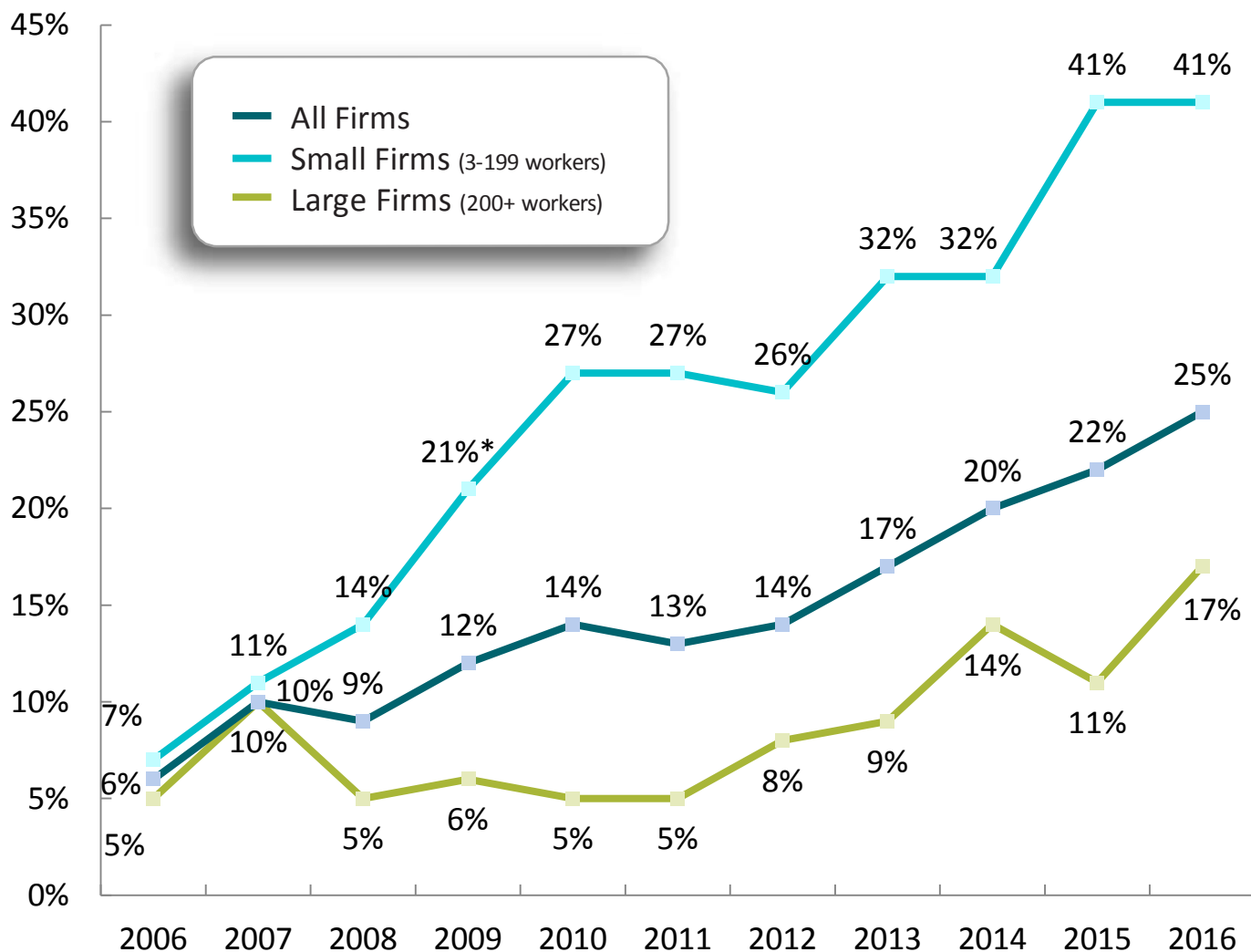


*Estimate is statistically different from previous year shown.

Sources: California Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2006, CHCF/HSC; Kaiser/HRET Survey of Employer-Sponsored Benefits, 2006-2016.

Workers with a Large Deductible (\$1,000+), Single Coverage

by Firm Size, California, 2006 to 2016



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

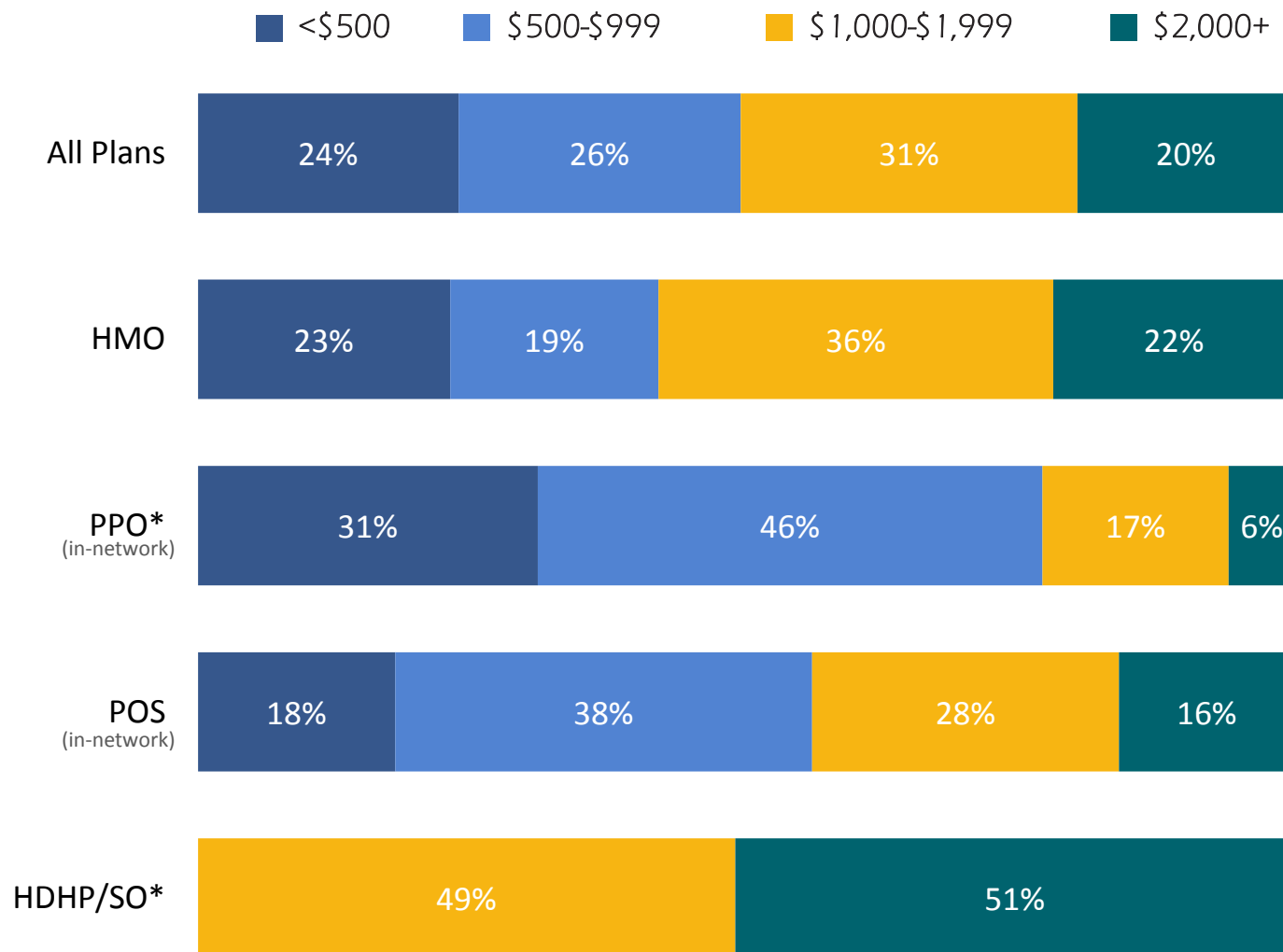
Sources: California Employer Health Benefits Survey: 2007-2016, CHCF/NORC; California Employer Health Benefits Survey: 2006, CHCF/HSC.

California Employer Health Benefits Benefits and Cost Sharing

Large-deductible plans were more common among small firms. Forty-one percent of workers in small firms (3-199 workers) had an annual deductible of \$1,000 or more for single coverage in 2016, compared to 17% in large firms. The prevalence of large-deductible plans in small firms has increased substantially since 2010.

Deductibles for Single Coverage

by Plan Type, California, 2016



*Distribution is statistically different from All Plans.

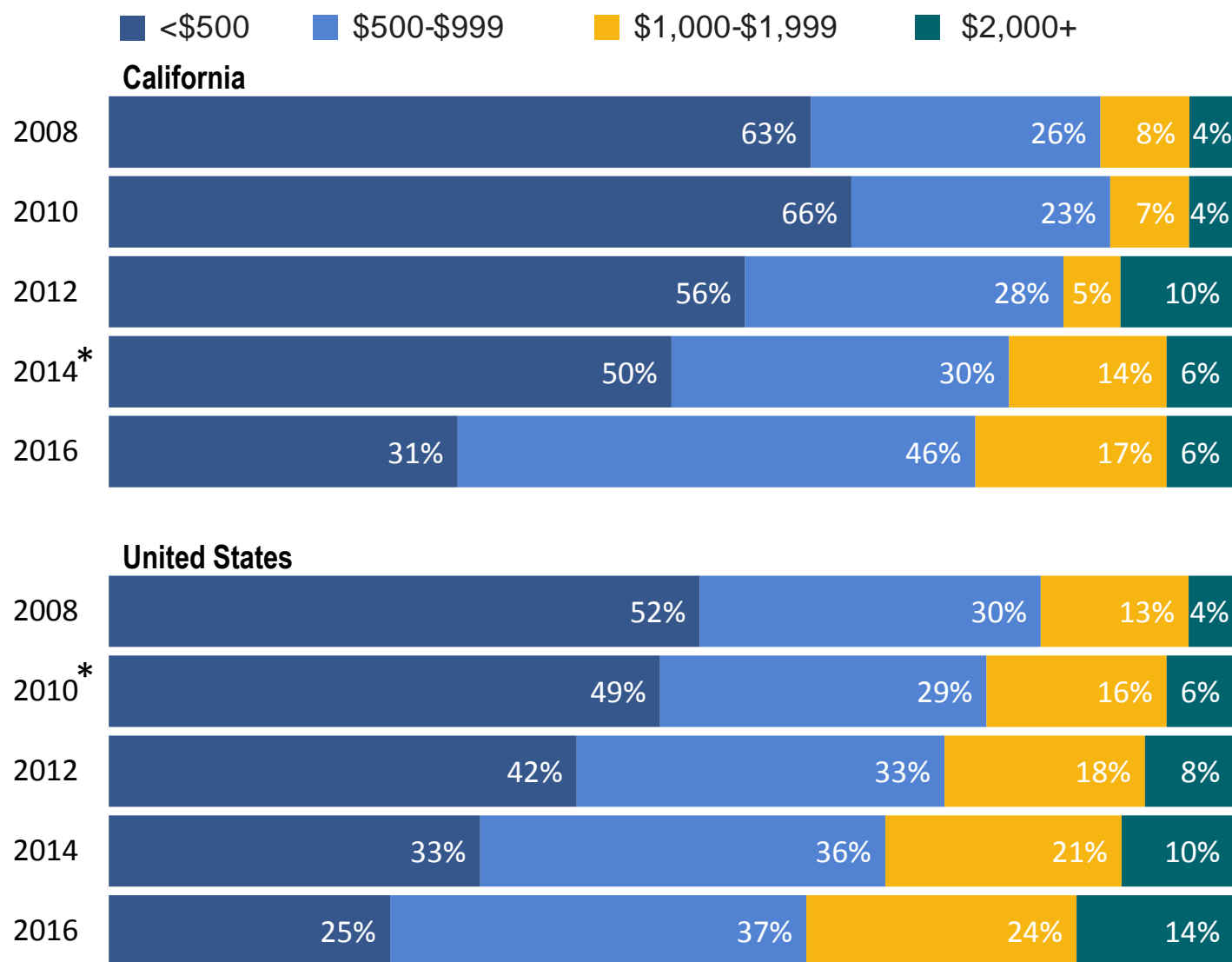
Notes: Data based on workers with a deductible. POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Among California workers who faced a deductible for single coverage, over half (51%) had a deductible of \$1,000 or more, and 20% had a deductible of \$2,000 or more.

Deductibles for Single PPO Coverage

California vs. United States, 2008 to 2016, Selected Years



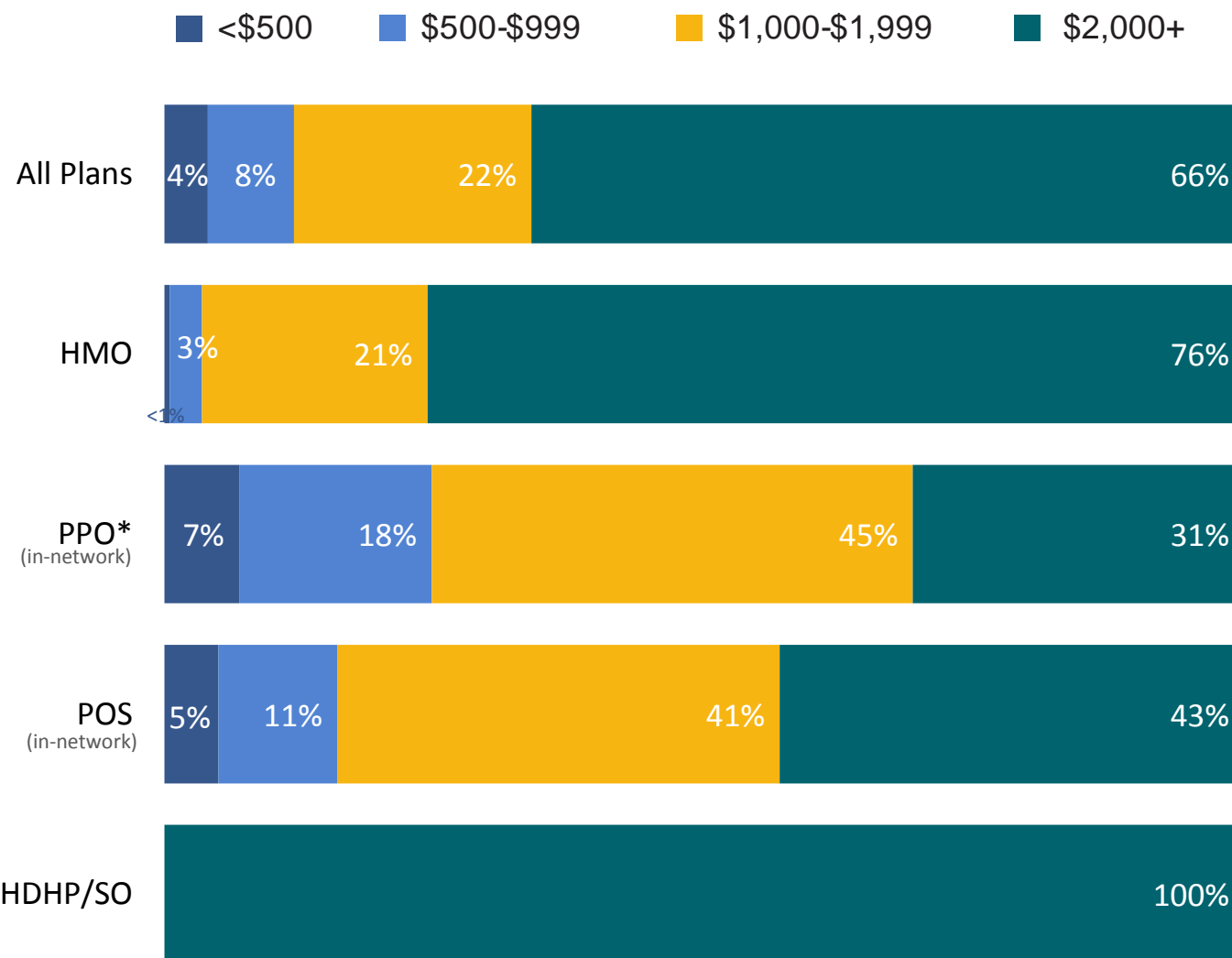
Since 2008, California workers have been faced with increasing deductibles. In 2016, 23% of California workers in single PPO coverage plans with a deductible faced deductibles of \$1,000 or more, compared to 12% in 2008. Nationally, the percentage of workers with deductibles of \$1,000 or more increased from 17% in 2008 to 38% in 2016.

*Distribution is statistically different from previous year shown.

Note: Data based on workers with a deductible. Includes in-network use only.

Sources: California Employer Health Benefits Survey: 2008-2016, CHCF/NORC; author analysis of Employer Health Benefits Survey public use files, 2008-2016, Kaiser/HRET.

Deductibles for Family Coverage by Plan Type, California, 2016



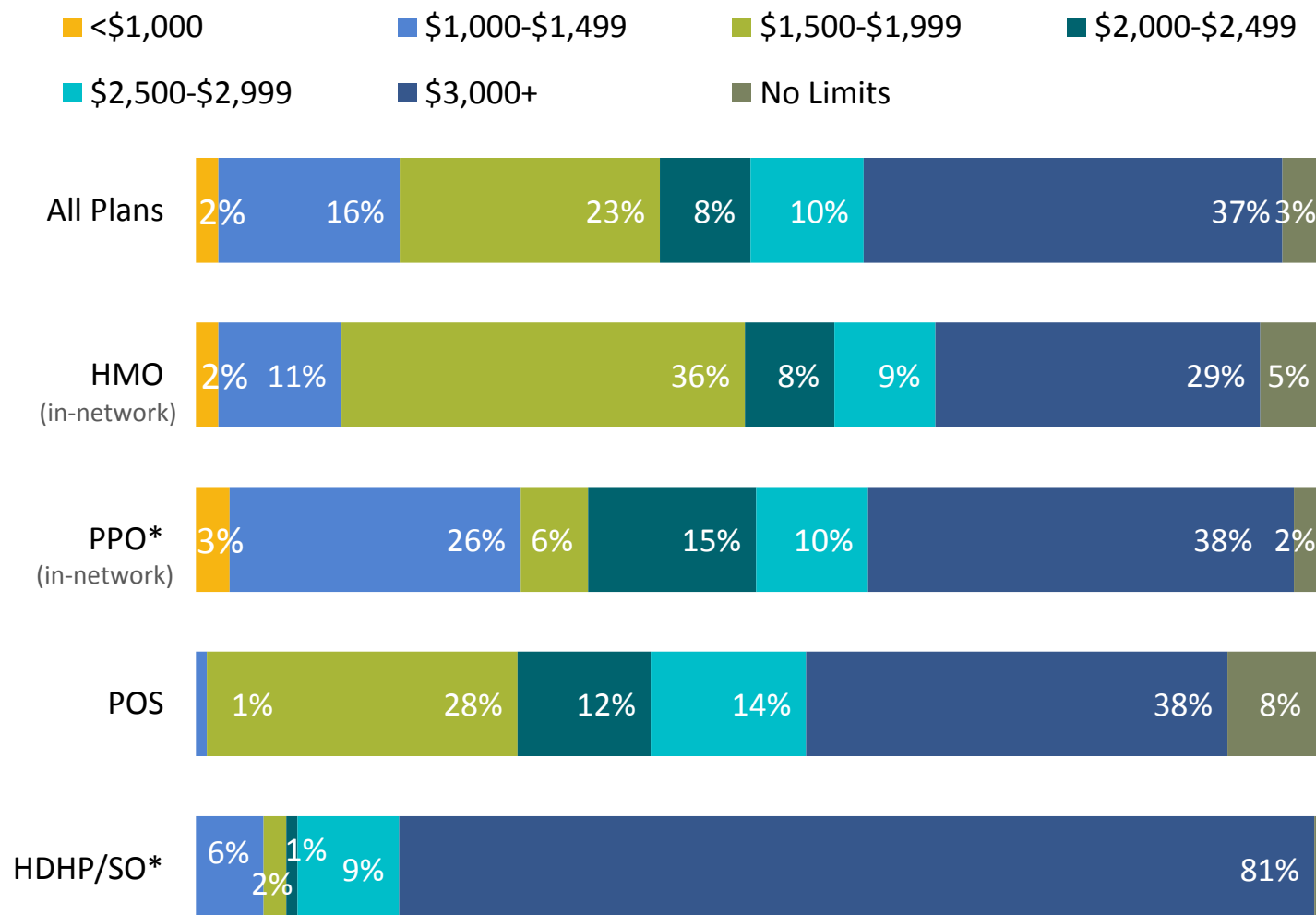
Among California workers with an aggregate family deductible, 66% of workers faced a deductible of \$2,000 or more in 2016.

*Distribution is statistically different from All Plans.

Notes: Data based on workers with a deductible. POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$2,000 for family coverage. No test was done comparing HDHP/SO with All Plans. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Annual Out-of-Pocket Limits, Single Coverage by Plan Type, California, 2016



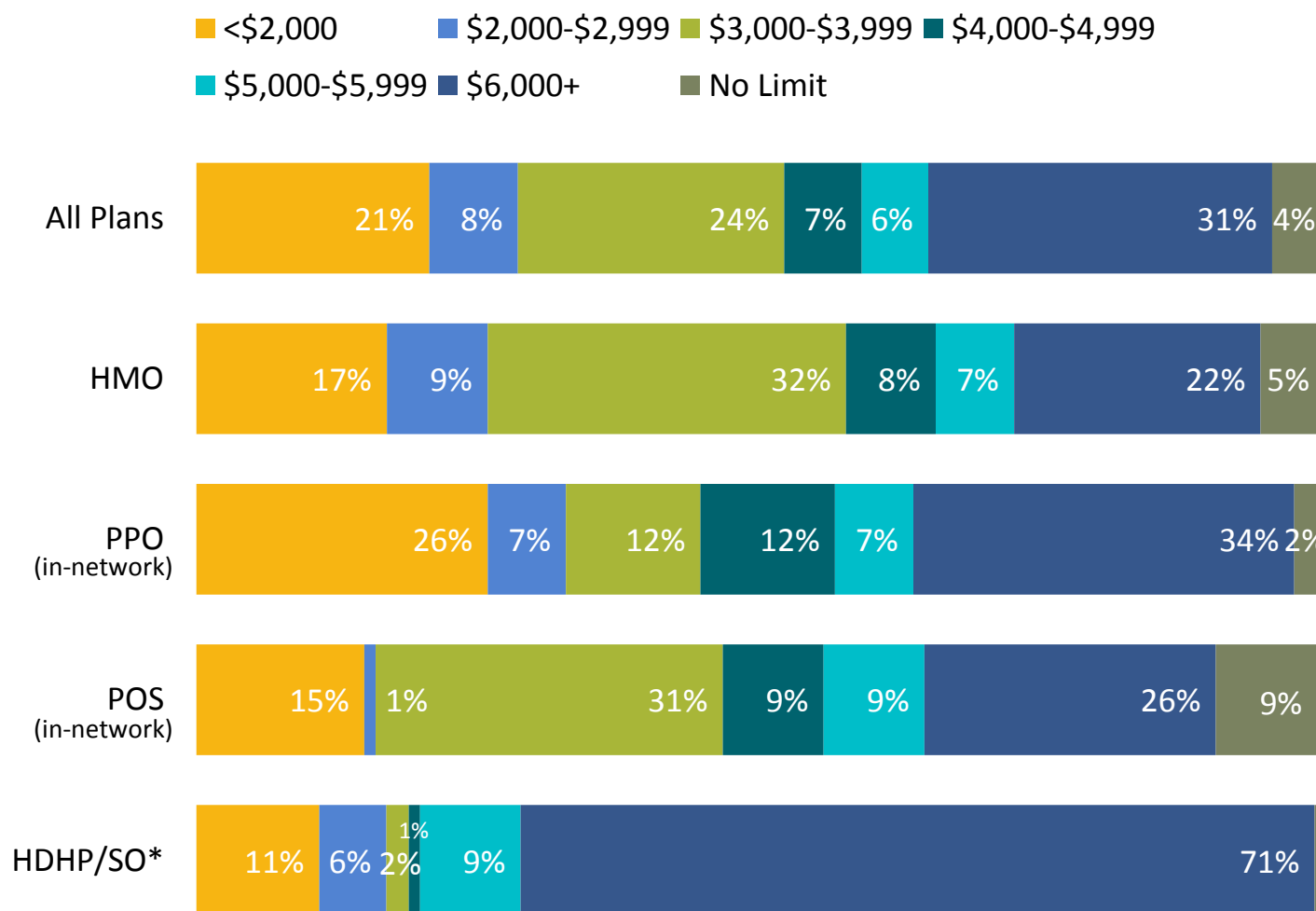
*Distribution is statistically different from All Plans.

Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage. 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 Employer Health Benefits Survey: 2016, CHCF/NORC.

Out-of-pocket limits, a plan feature that helps curb costs for consumers, can vary substantially. While the large majority of covered workers (97%) with single coverage had an out-of-pocket limit, for 37% of workers that limit was \$3,000 or more, and 3% of workers had no limit.

Annual Out-of-Pocket Limits, Family Coverage by Plan Type, California, 2016



*Distribution is statistically different from All Plans.

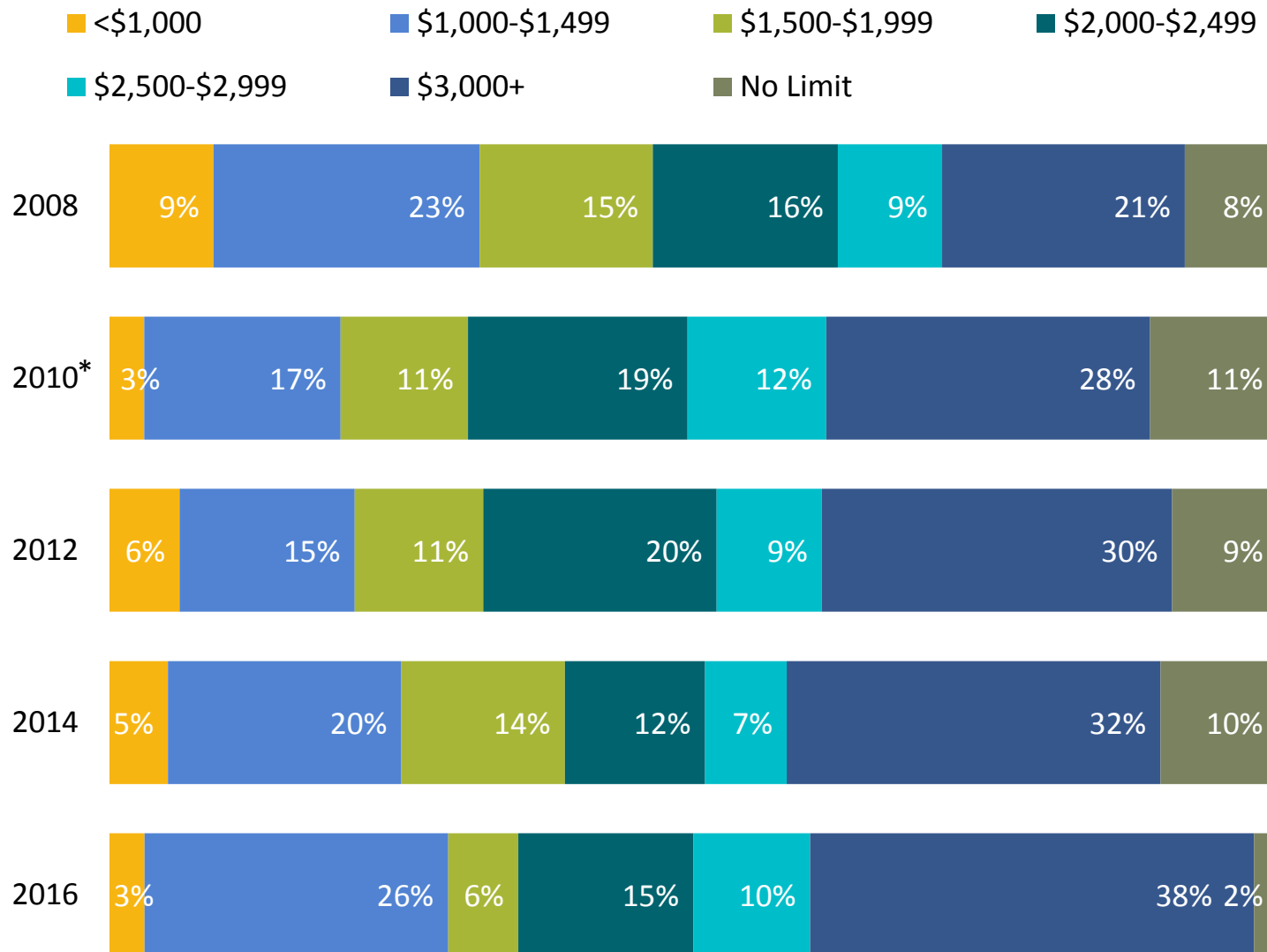
Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$2,000 for family coverage. Since HMOs typically provide very comprehensive coverage, not having a limit on out-of-pocket expenditures does not expose enrollees to the same financial risk as it could in other plan types. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Only 21% of covered California workers with family coverage had an annual aggregate out-of-pocket limit of less than \$2,000, while 31% had a limit of \$6,000 or more. Four percent of covered workers had no out-of-pocket limit. The Affordable Care Act generally limits the amount of out-of-pocket expenses. In 2016 that limit was \$6,850 for an individual plan and \$13,700 for a family plan.

Annual Out-of-Pocket Limits, Single PPO Coverage

California, 2008 to 2016, Selected Years



The proportion of California workers in PPOs with an out-of-pocket limit of \$3,000 or more for single coverage increased from 21% in 2008 to 38% in 2016.

*Distribution is statistically different from previous year shown.

Notes: Includes in-network use only. Segments may not add to 100% due to rounding.

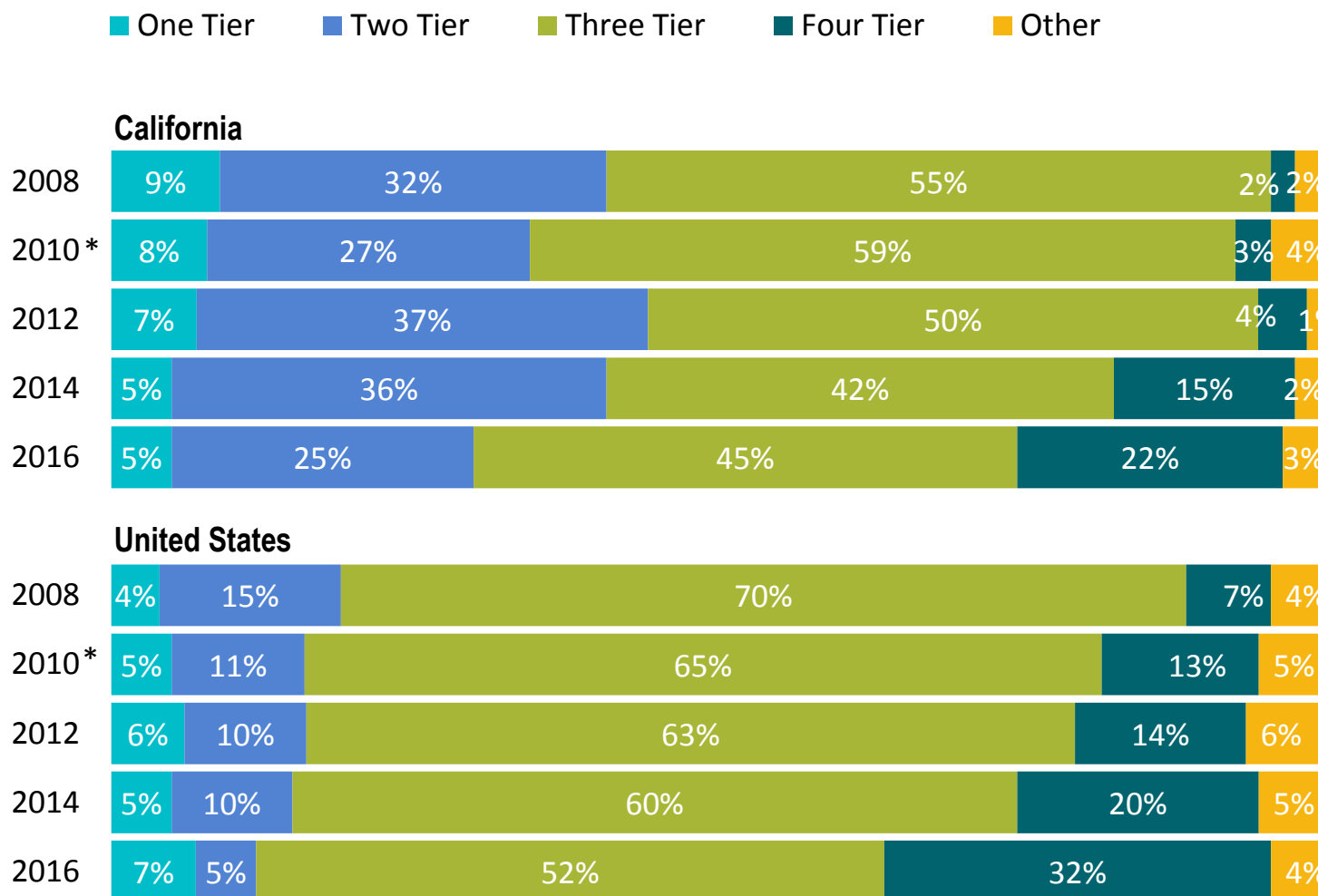
Source: California Employer Health Benefits Survey: 2008-2016, CHCF/NORC.

Workers' Cost Sharing for Prescription Drugs

California vs. United States, 2008 to 2016, Selected Years

California Employer Health Benefits Benefits and Cost Sharing

In 2016, 67% of covered California workers had a three- or four-tier cost-sharing formula for prescription drugs, compared to 84% nationally. The share of California workers with four tiers has increased from 2% in 2008 to 22% in 2016. During the same time, the percentage of workers with four tiers in the United States increased from 7% to 32%.



*Distribution is statistically different from previous year shown.

Notes: *One tier* is the same cost share regardless of drug type. *Two tier* is one payment for generic drugs and one for brand name. *Three tier* is one payment for generic drugs, another for preferred drugs, and a third for nonpreferred drugs. *Four tier* is three-tier cost sharing plus a fourth tier for lifestyle or other specified drugs. *Other* includes no cost sharing. *Preferred drugs* are listed in a plan's formulary. *Nonpreferred drugs* are not listed in the formulary. Segments may not add to 100% due to rounding.

Sources: California Employer Health Benefits Survey: 2008-2016, CHCF/NORC; author analysis of data from the Survey of Employer-Sponsored Health Benefits public use files: 2008-2016, Kaiser/HRET.

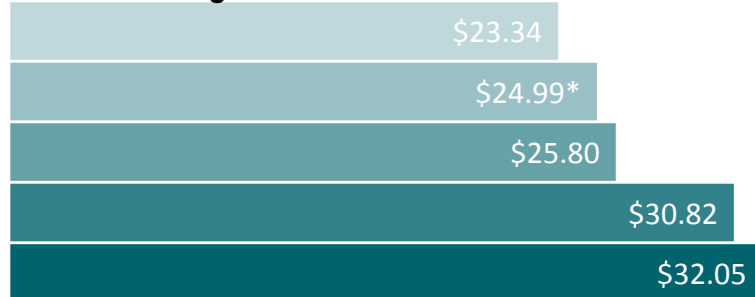
Average Prescription Drug Copayments, by Drug Type

California, 2008 to 2016, Selected Years

Generic Drugs



Preferred Drugs



Nonpreferred Drugs



*Estimate is statistically different from previous year shown.

Notes: Preferred drugs are listed in a plan's formulary. Nonpreferred drugs are not listed in the formulary.

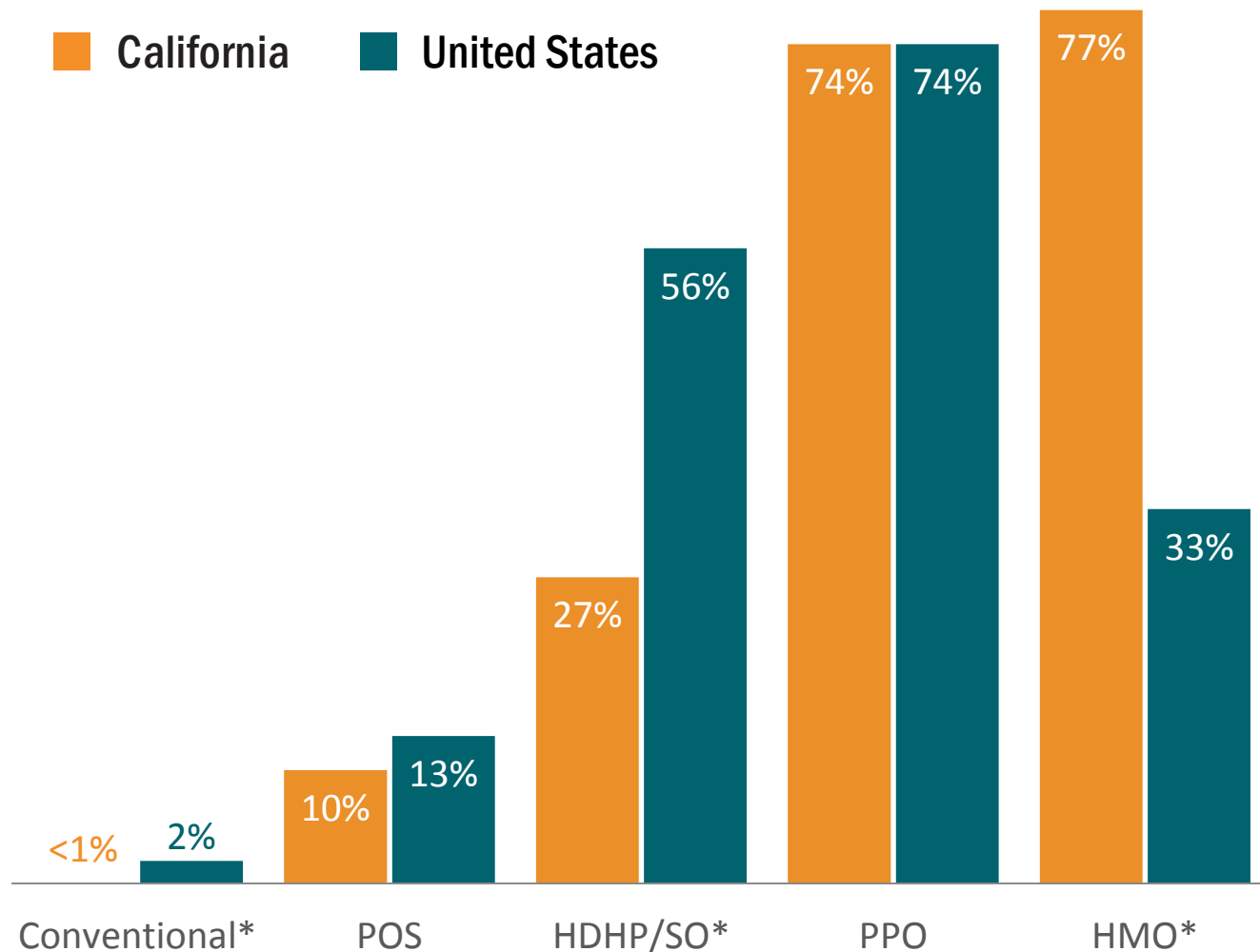
Source: California Employer Health Benefits Survey: 2008-2016, CHCF/NORC.

Among firms with four-tier prescription cost sharing, average copayments for generic drugs were less than half what they were for preferred drugs, and less than one-fourth what they were for nonpreferred drugs. Copayments for all drugs increased between 2008 and 2016.

Plan Options Available to Covered Workers, by Type

California vs. United States, 2016

California Employer Health Benefits Plan Choice and Enrollment



Compared to workers nationally, California workers were significantly less likely to have an HDHP/SO option and significantly more likely to have an HMO option. Seventy-seven percent of covered California workers had an HMO option, compared to only 33% of covered workers nationally.

*Estimates are statistically different between California and US.

Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage.

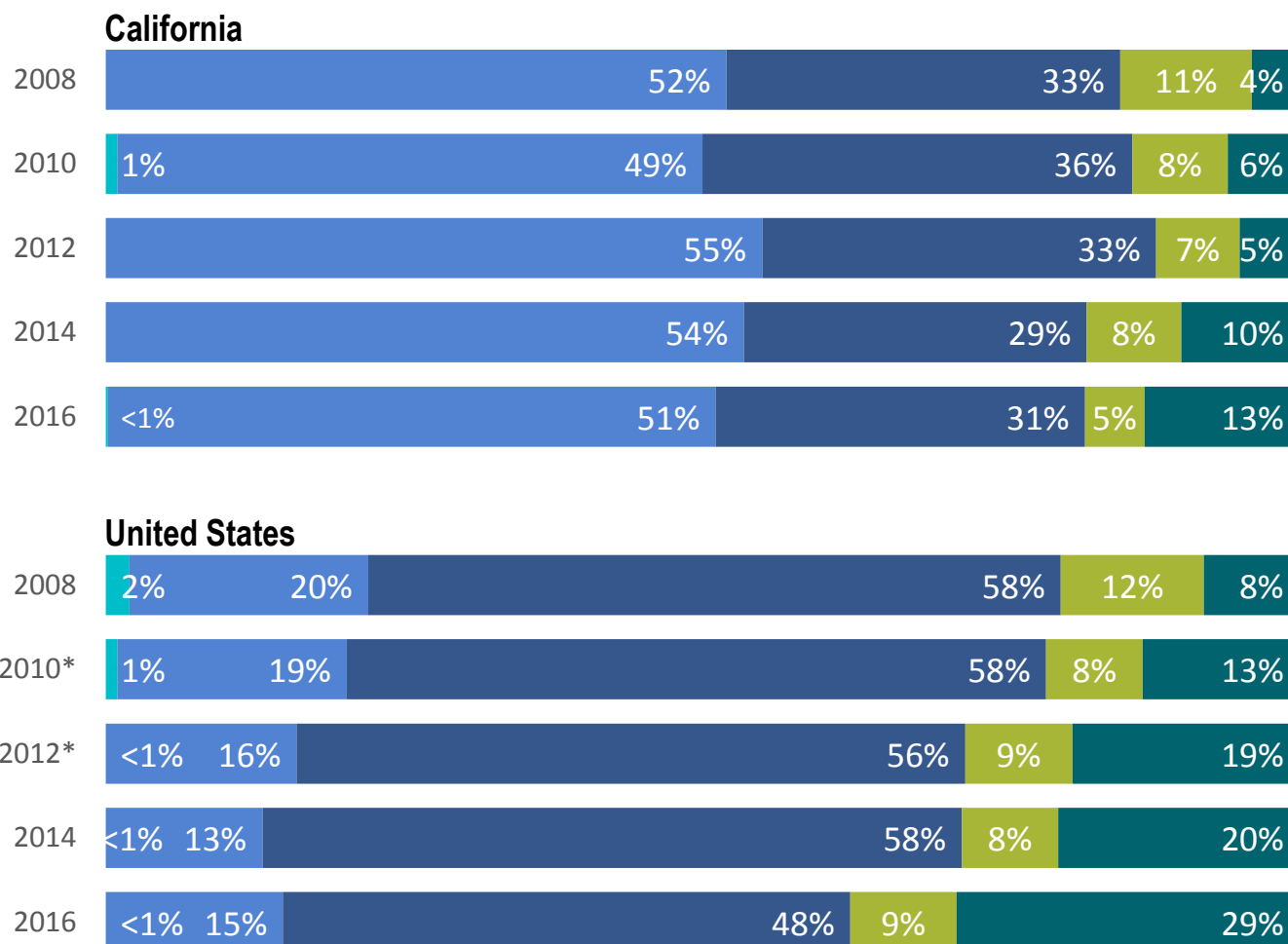
Sources: California Employer Health Benefits Survey: 2016, CHCF/NORC; Employer Health Benefits Survey: 2016, Kaiser/HRET.

Enrollment of Covered Workers, by Plan Type

California vs. United States, 2008 to 2016, Selected Years

California workers were more likely to enroll in HMOs. Nationally, workers were more likely to enroll in PPO plans. The percentage of workers enrolled in high-deductible health plans tripled from 2008 to 2016, in California and nationally.

Conventional HMO PPO POS HDHP/SO



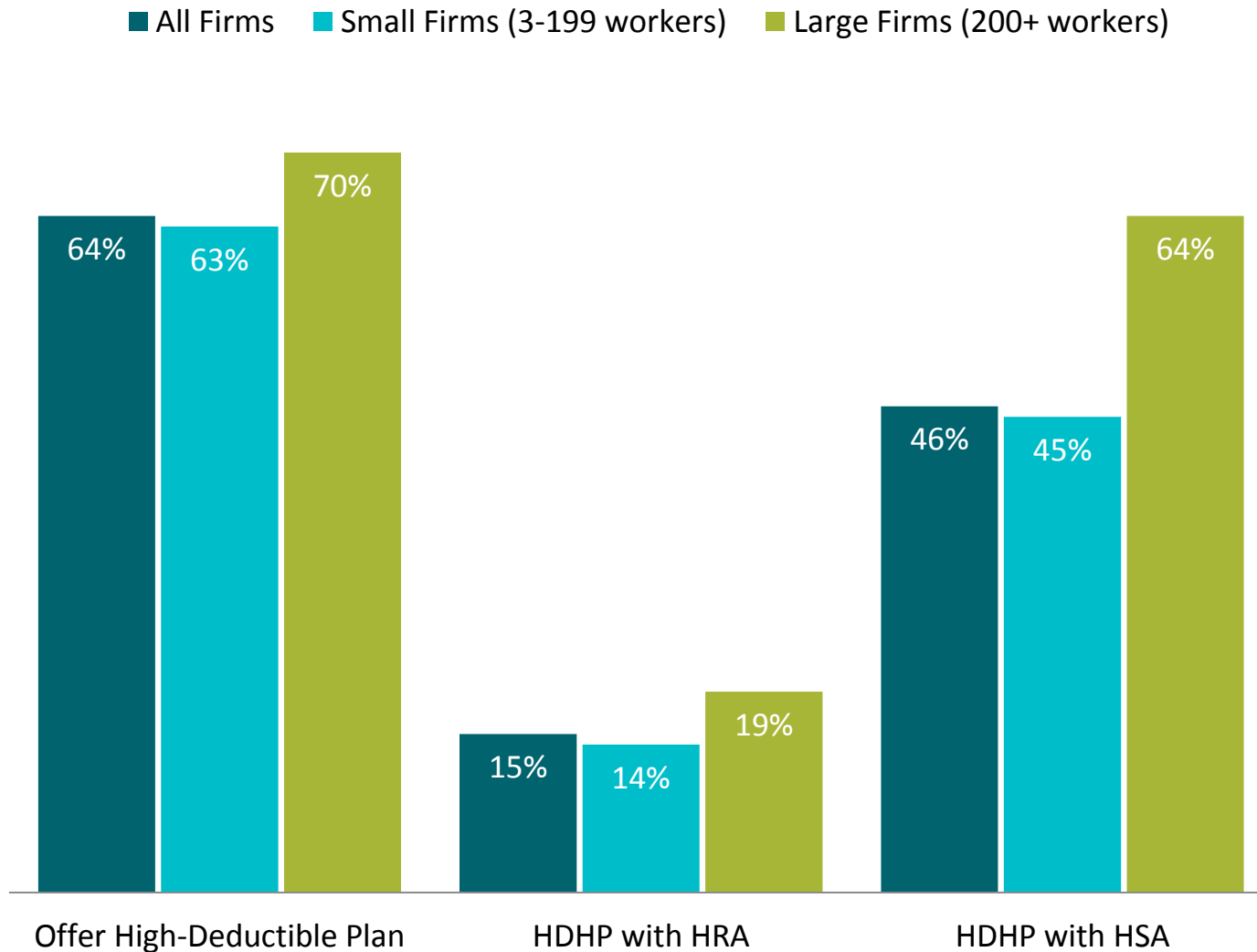
*Distribution is statistically different from previous year shown.

Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage. Segments may not add to 100% due to rounding. Conventional plan enrollment in California was less than 1% in 2008, 2012, 2014, and 2016. Conventional plan enrollment in the US was less than 1% in 2012-2016.

Sources: California Employer Health Benefits Survey: 2008, 2010, 2012, 2014, and 2016, CHCF/NORC; author analysis of data from the Survey of Employer-Sponsored Health Benefits: 2008-2016, Kaiser/HRET.

Firms Offering a High-Deductible Health Plan, by Firm Size

California, 2016



*Tests found no significant difference between small firms and large firms.

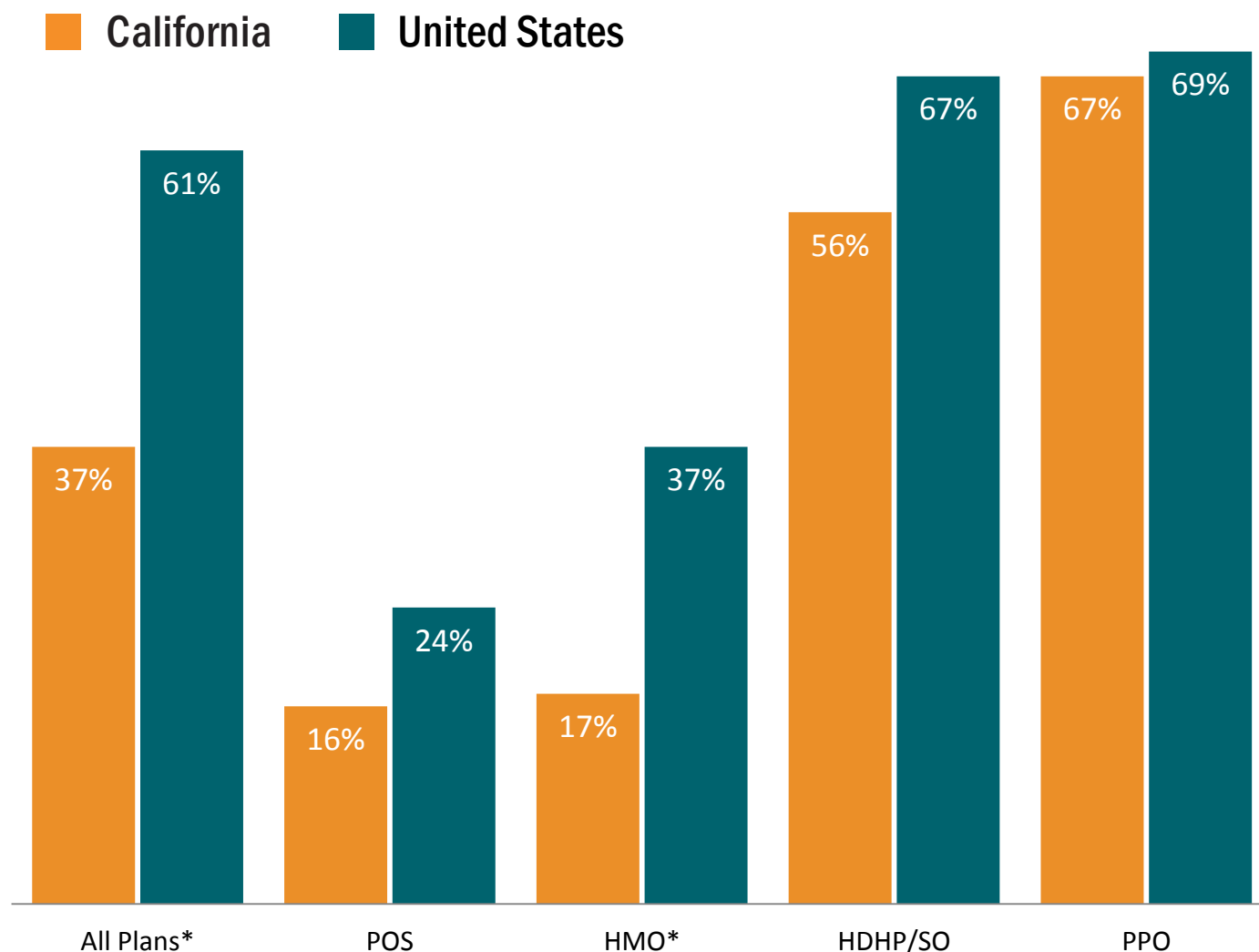
Notes: *HDHPs* (high-deductible health plans) have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage. *HRAs* (health reimbursement arrangements) are employer-sponsored accounts that provide financial assistance for out-of-pocket health care expenses, and *HSAs* (health savings accounts) allow employers or employees (and their families) to contribute to a tax-advantaged account, which can be used to provide financial assistance for IRS-approved health care expenses.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Compared to other plan types, HDHPs expose workers to higher out-of-pocket costs. Sixty-four percent of all California firms offered a high-deductible health plan (HDHP) in 2016. Of these firms, 15% offered an HDHP with a health reimbursement agreement (HRA), while 46% offered an HDHP with a health savings account (HSA).

Employees in Self-Insured Plans, by Plan Type

California vs. United States, 2016



*Estimates are statistically different between California and US.

Notes: *Self-insured plans* are plans for which an employer assumes some or most responsibility for paying health care claims rather than buying coverage from an insurer. *POS* means point-of-service plan. *HDHP/SO* means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage.

Sources: California Employer Health Benefits Survey, CHCF/NORC: 2016; Employer Health Benefits Survey: 2016, Kaiser/HRET.

Thirty-seven percent of employees in California were enrolled in a partly or completely self-insured plan in 2016, compared with 61% nationally. The gap between the state and national figures is associated with California's high HMO enrollment, since HMOs are less likely than other plans to be self-insured.

Likelihood of Firms Making Changes in the Next Year

California, 2016

■ Very Likely ■ Somewhat Likely ■ Not Too Likely ■ Not At All Likely ■ Don't Know

Increase the Amount Employees Pay for Premiums



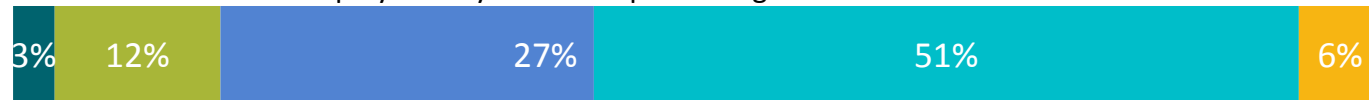
Increase the Amount Employees Pay for Deductibles



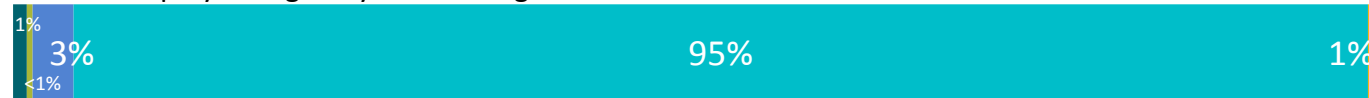
Increase the Amount Employees Pay for Coinsurance or Copays



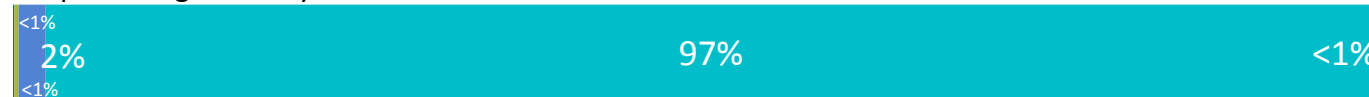
Increase the Amount Employees Pay for Prescription Drugs



Restrict Employee Eligibility for Coverage



Drop Coverage Entirely



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

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Twenty-seven percent of California employers reported they are very likely or somewhat likely to increase the amount that workers pay for premiums in the next year. Seventeen percent of employers stated that they are very likely or somewhat likely to increase employees' deductibles, and 15% stated that they are very likely or somewhat likely to increase what employees pay for prescriptions.

Likelihood of Firms Making Selected Changes in the Next Year

by Firm Size, California, 2016

Compared to small firms, larger firms in California were more likely to report that they are very likely or somewhat likely to increase the amount employees pay for health insurance premiums in the coming year.

■ Very Likely ■ Somewhat Likely ■ Not Too Likely ■ Not At All Likely ■ Don't Know

Increase Worker Share of Premiums

Small Firm*
(3-199 workers)



Large Firm*
(200+ workers)



Increase Amount Worker Pays for Coinsurance or Copayments

Small Firm
(3-199 workers)



Large Firm
(200+ workers)



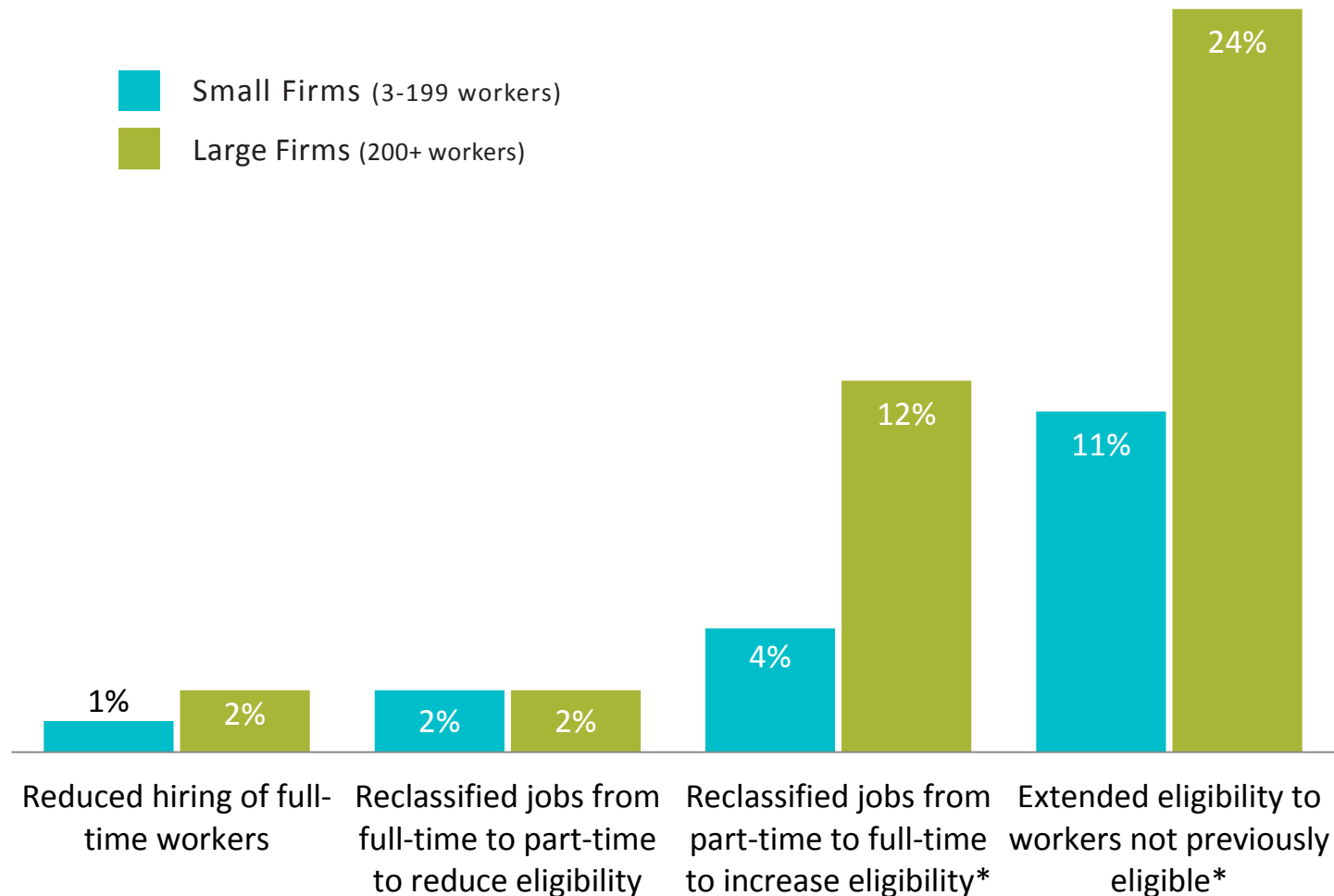
*Estimate is statistically different between small and large firms.

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

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Firms That Made Selected Changes in the Past Year

by Firm Size, California, 2016



In 2016, employers offering health insurance were more likely to take actions that increased worker eligibility for health benefits, such as reclassifying jobs from part-time to full-time, or extending coverage to workers not previously eligible, than to take actions to reduce eligibility.

*Estimate is statistically different between small and large firms.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Firms That Made Selected Changes in the Past Year

by Firm Size and Region, California, 2016

	INCREASED COST SHARING	MOVED BENEFIT OPTIONS TO HRA OR HSA	REDUCED SCOPE OF COVERED BENEFITS	INCREASED INCENTIVES TO USE LESS COSTLY PROVIDERS
FIRM SIZE				
Small Firms (3-199 workers)	19%	12%	4%	3%
Large Firms (200+ workers)	21%	14%	2%	8%
200-999 workers	18%	15%	2%	4%
1,000+ workers	26%	13%	<1%	15%
REGION				
Los Angeles	18%	15%	2%	5%
San Francisco	17%	2%	9%	1%
Rest of State	21%	24%	1%	4%
All Firms	19%	12%	4%	4%

In the past year, 19% of California firms increased cost sharing, 12% moved benefit options to an HRA or HSA, and 4% reduced the scope of covered benefits.

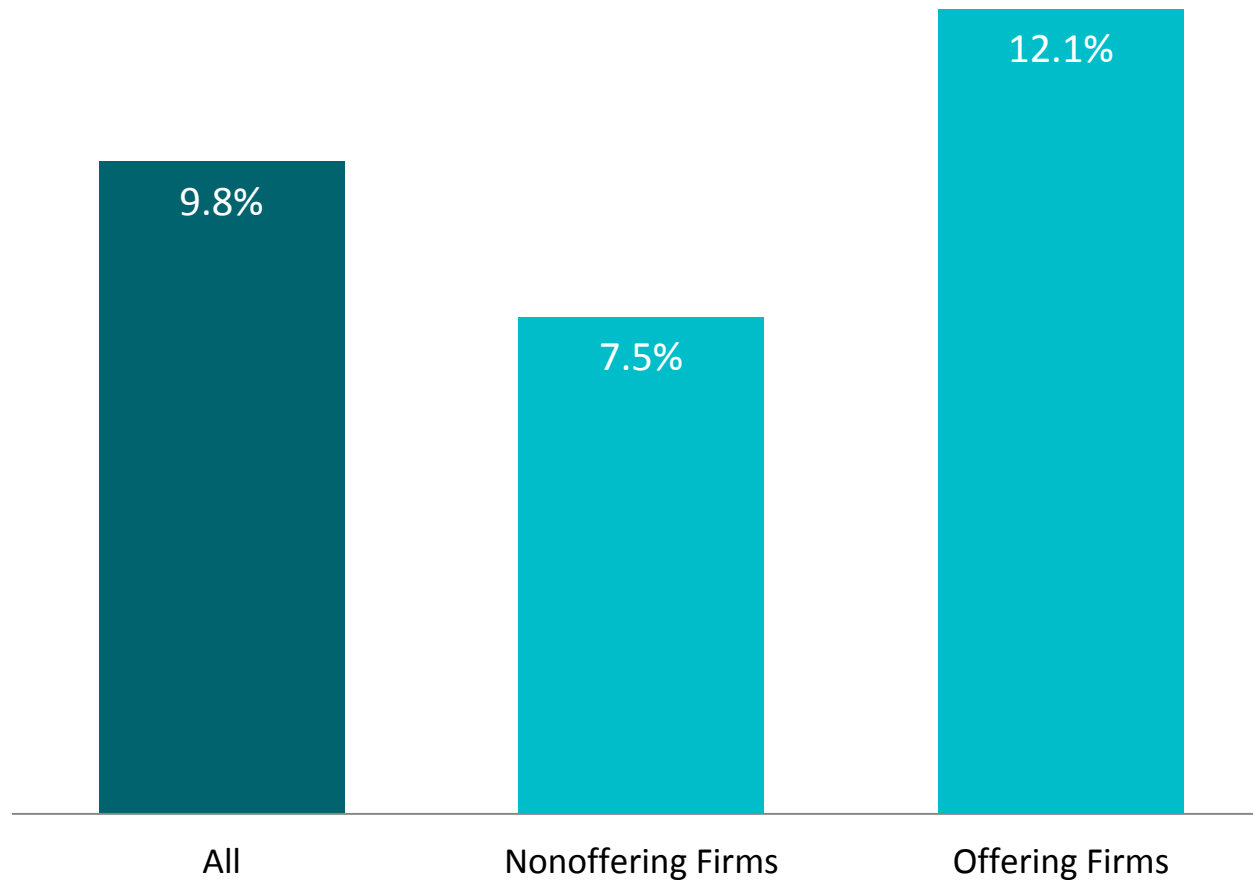
Notes: Tests found no statistically significant differences for any subgroups. *Los Angeles* and *San Francisco* are defined as the metropolitan statistical area (MSA).

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Looked at SHOP Exchange, Selected Small Firms

Offering and Nonoffering, California, 2016

In 2016, 7.5% of small firms that did not offer health coverage said they looked for a health plan on the exchange, compared to 12% of offering small firms.

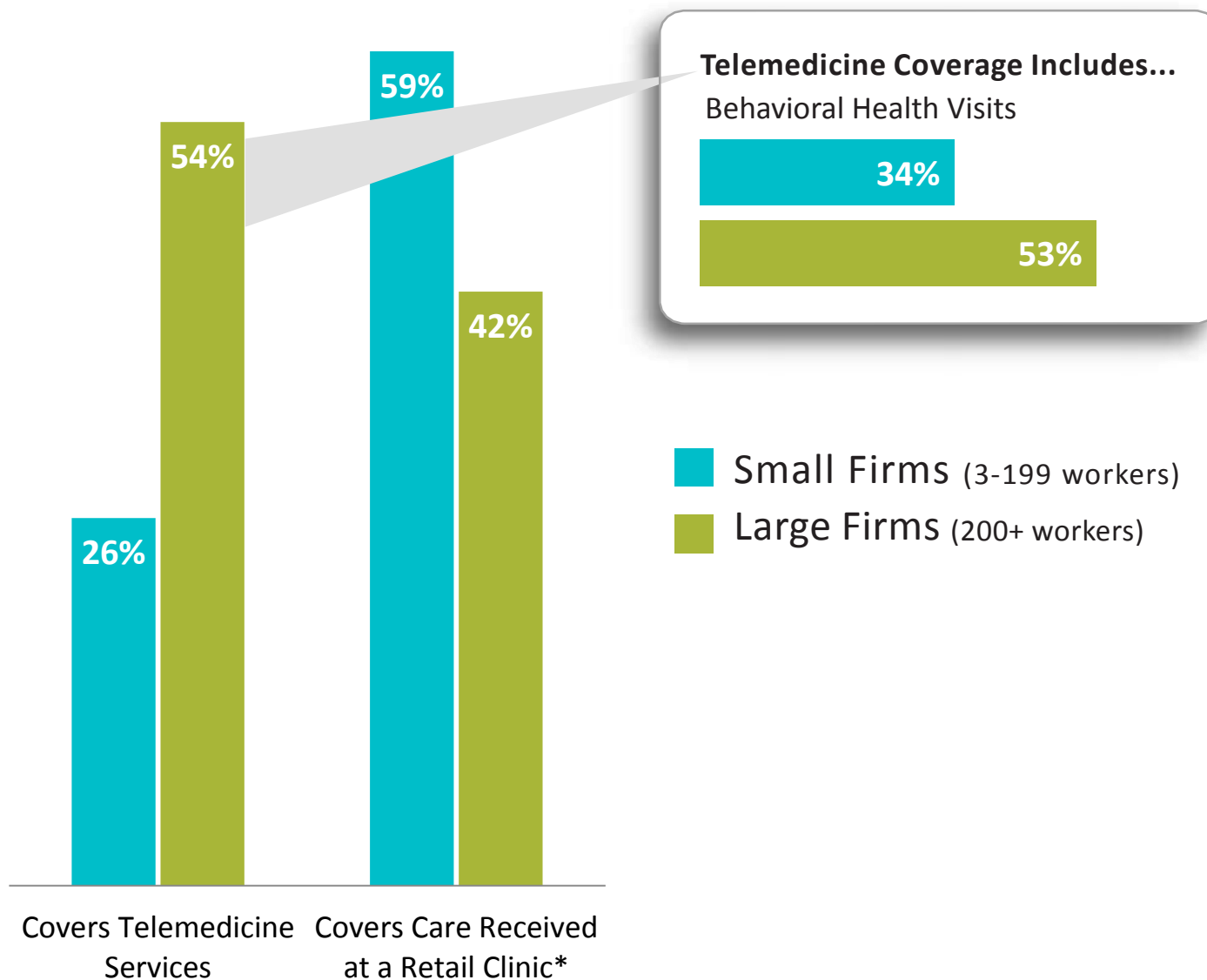


Notes: Tests found no significant difference between offering and nonoffering firms. Small firms with fewer than 75 employees. The Small Business Health Options Program (SHOP) includes federal- or state-sponsored exchanges (Covered California for Small Business in California) in which small employers may offer and contribute to health insurance provided to their employees. Some employers are eligible for tax credits when purchasing coverage on the exchanges.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Firms Covering Telemedicine and Retail Clinics in Plan with Largest Enrollment

by Firm Size, 2016



*Estimate is statistically different between small and large firms.

Source: California Employer Health Benefits Survey: 2016, CHCF/NORC.

Large firms were more likely than small firms to offer coverage for telemedicine services, and to offer behavioral health telemedicine visits. Over half of small offering firms covered care received at a retail clinic.

Methodology

The California Employer Health Benefits Survey is a joint product of the California Health Care Foundation (CHCF) and the National Opinion Research Center (NORC). The survey was designed and analyzed by researchers at NORC and administered by National Research (NR). The findings are based on a random sample of 705 interviews with employee benefit managers in private firms in California. NR conducted interviews from June to October 2016. 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 +/- 3.8%, for responses among employers with 3 to 199 workers it is +/- 5.0%, and among employers with 200 or more workers it is +/- 5.9%. 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 are either 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 data set is available on the foundation's website at www.kff.org. Both the California and US surveys asked questions about health maintenance organizations (HMOs), preferred provider organizations (PPOs), point-of-service (POS) plans, and high-deductible health plans with a savings option (HDHP/SOs). Conventional (fee-for-service) plans are generally excluded from the plan type analyses because they compose 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 nonresponse 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 nonresponse 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 chart pack 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 $p < .05$ level. Due to the complex nature of the design, standard errors are 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 collecting directly 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.

California Employer Health Benefits

ABOUT THIS SERIES

The California Health Care Almanac is an online clearinghouse for data and analysis examining the state's health care system. It focuses on issues of quality, affordability, insurance coverage and the uninsured, and the financial health of the system with the goal of supporting thoughtful planning and effective decisionmaking. Learn more at www.chcf.org/almanac.

AUTHORS

Heidi Whitmore, Principal Research Scientist
Jon Gabel, Senior Fellow
NORC at the University of Chicago

FOR MORE INFORMATION



California Health Care Foundation
1438 Webster Street, Suite 400
Oakland, CA 94612
510.238.1040
www.chcf.org