



California Employer Health Benefits: Workers Shoulder More Costs

JUNE 2018

Executive Summary

From 2000 to 2017, the percentage of employers offering health insurance coverage has declined from 69% to 56%. At the same time, workers are shouldering more of the costs for their health care with increasing premiums and higher deductibles and copays.

California Employer Health Benefits: Workers Shoulder More Costs presents data compiled from the 2017 California Employer Health Benefits Survey.

KEY FINDINGS INCLUDE:

- From 2016 to 2017, health insurance premiums for family coverage increased by 4.6%, slightly higher than the 3.0% inflation rate.
- Average monthly premiums, including the employer portion, were significantly higher in California than the national average. In 2017, the average premium was \$604 for single coverage and \$1,643 for family coverage.
- California workers paid an average of 17% of the total premium for single coverage and 27% for family coverage.
- One in 4 workers had an annual deductible of at least \$1,000 for single coverage. Large deductibles were more common among workers in small firms (3 to 199 workers) than larger firms. Nearly 60% of workers had no deductible.
- In 2017 25% of California firms reported increasing cost sharing for workers in the past year, and 37% reported that they are very or somewhat likely to increase their workers' share of premiums in the next year.

CONTENTS

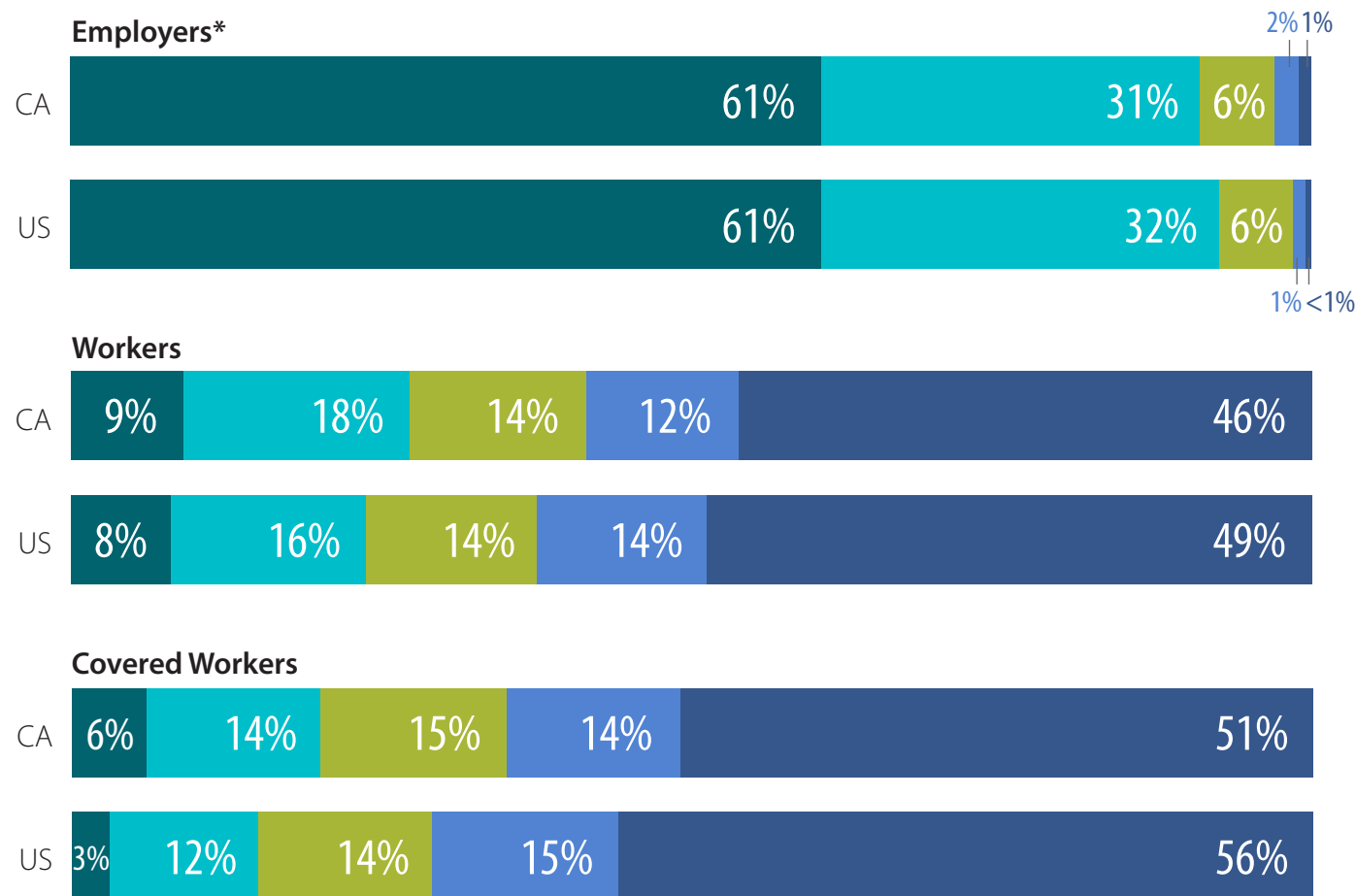
Overview.....	3
Coverage.....	4
Cost of Health Insurance.....	11
Benefits and Cost Sharing	22
Plan Choice and Enrollment	37
Employer Views and Practices	41
Methodology.....	44

Employers, Workers, and Covered Workers, by Firm Size

California vs. United States, 2017

NUMBER OF WORKERS

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



*Estimates are statistically different between California and US.

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

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; author analysis of Survey of Employer-Sponsored Health Benefits public use file: 2017, Kaiser/HRET.

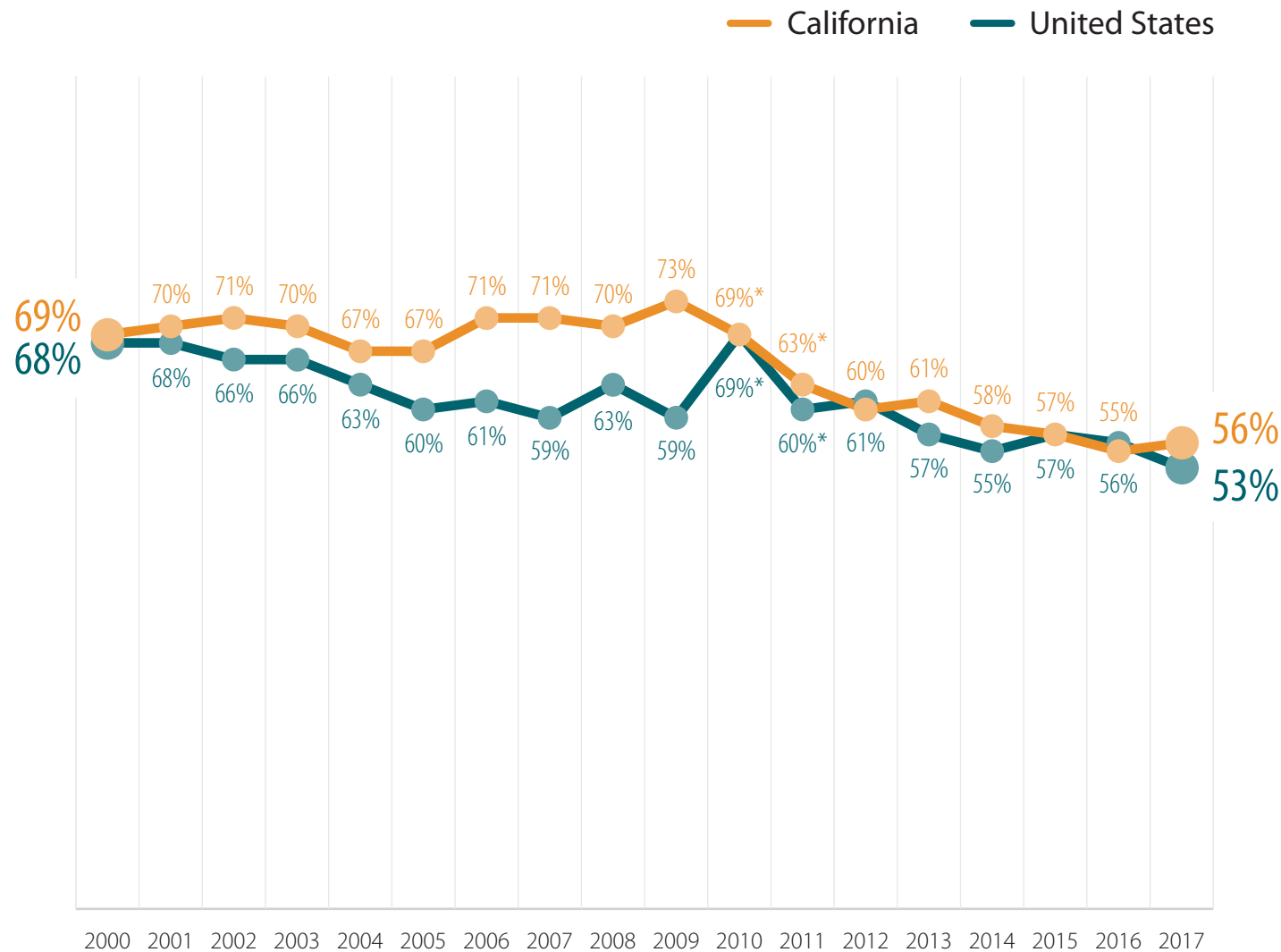
California Employer Health Benefits

Overview

In 2017, California firms with 3 to 49 workers accounted for 92% of all employers, but just 27% of all workers, and 20% of workers with health coverage, similar to national firms.

Employers Offering Coverage

California vs. United States, 2000 to 2017



*Estimates are statistically different from the previous year shown.

Sources: California Employer Health Benefits Survey: 2007–2017, 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: 2000–2017, Kaiser/HRET.

California Employer Health Benefits Coverage

The percentage of California employers offering health insurance in 2017 (56%) was similar to the overall US rate of 53%. The offer rate among California firms has been fairly stable since 2012.

Employers Offering Coverage, by Firm Characteristics

California, 2017

All Firms



Many Lower-Wage Workers*



Fewer Lower-Wage Workers*



Many Part-Time Workers*



Fewer Part-Time Workers*



At Least Some Union Workers



No Union Workers



*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: 2017, CHCF/NORC.

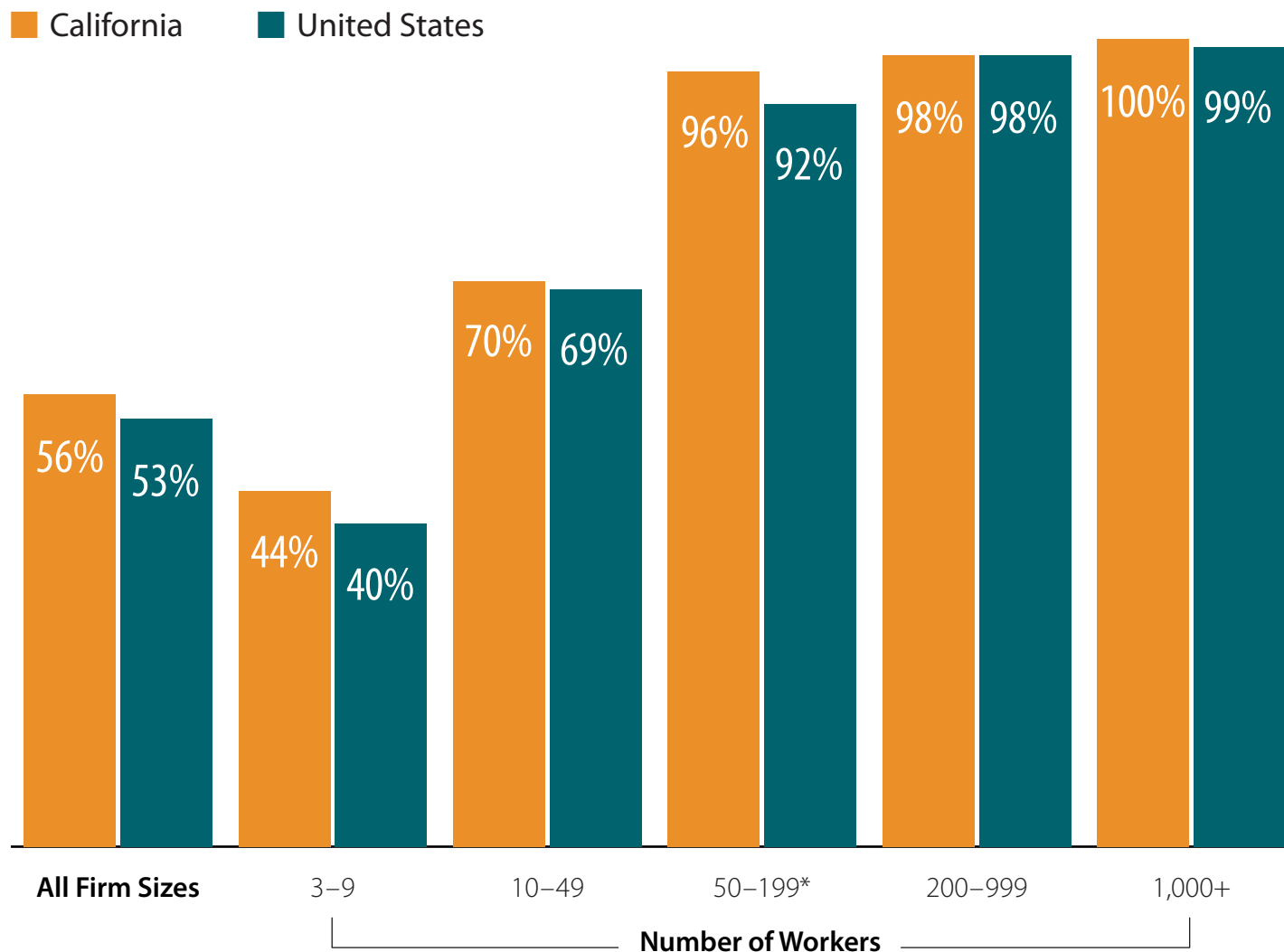
California Employer Health Benefits

Coverage

Whether a firm offers health insurance coverage to their employees varies widely by firm characteristics. Firms that employ many lower-wage or part-time workers were much less likely to offer health insurance than those that employ fewer of these workers. Most companies with union workers (83%) also offered coverage.

Employers Offering Coverage, by Firm Size

California vs. United States, 2017



California Employer Health Benefits Coverage

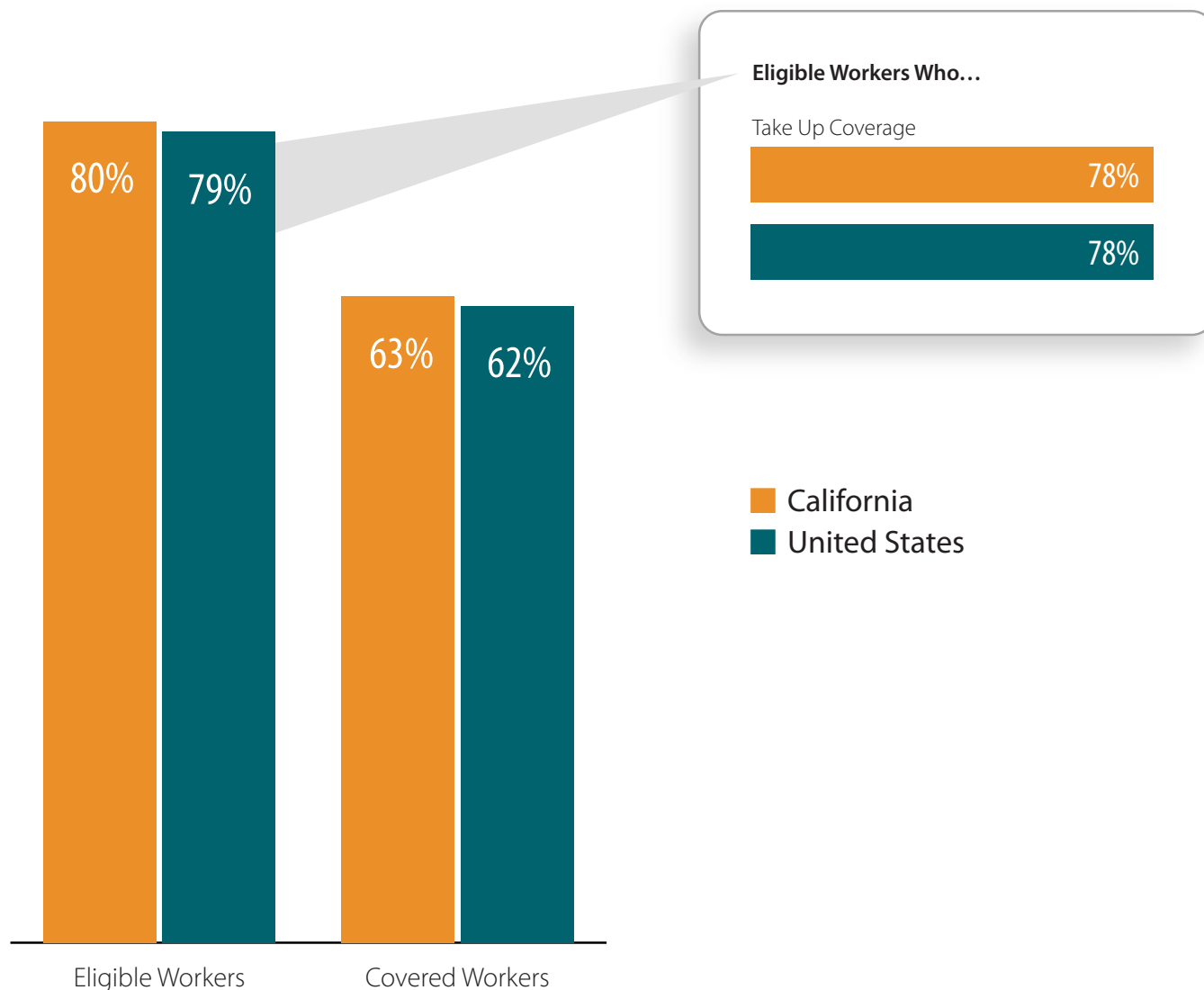
Slightly less than half (44%) of California's smallest firms (three to nine workers) offered coverage in 2017, while the vast majority of larger firms did so. Offer rates for California employers were similar to national figures.

*Estimates are statistically different between California and US.

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; author analysis of Survey of Employer-Sponsored Health Benefits public use file: 2017, Kaiser/HRET.

Employee Eligibility, Take-Up Rates, and Coverage

California vs. United States, 2017



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

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Survey of Employer-Sponsored Health Benefits: 2017, Kaiser/HRET.

California Employer Health Benefits

Coverage

Not all employees are eligible for health insurance offered by their firm, and not all who are eligible elect to participate. Eighty percent of people working in California firms offering coverage were eligible for health benefits in 2017. Of those eligible, 78% elected to enroll, resulting in a 63% coverage rate.

Worker Coverage Rates Among Firms Offering Health Benefits

by Firm Size, California, 2009 to 2017, Selected Years

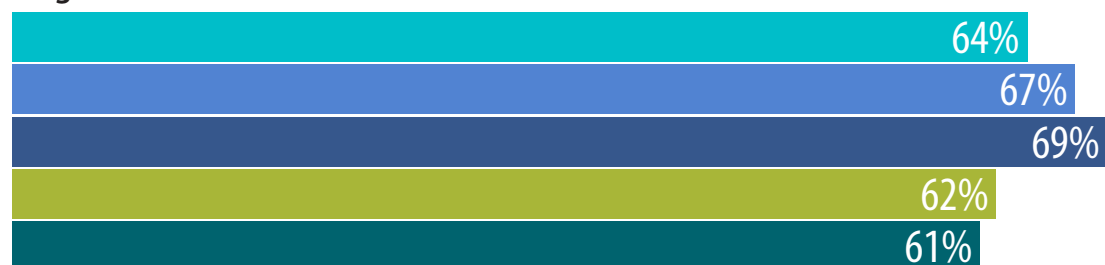
All Firms



Small Firms (3–199 workers)



Large Firms (200+ workers)



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

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

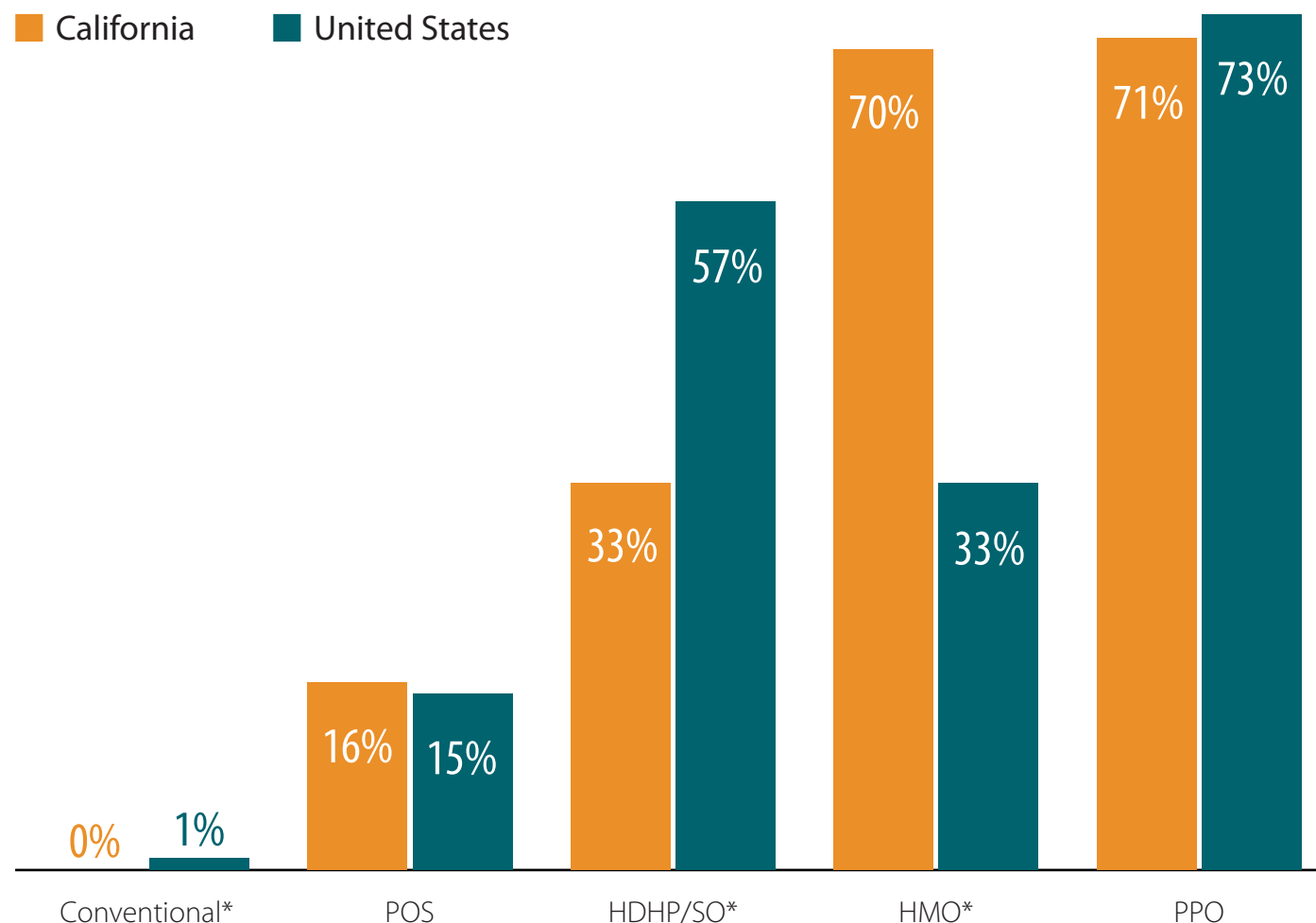
California Employer Health Benefits

Coverage

Insurance coverage rates among California employers offering health benefits have been fairly stable since 2009, with year-to-year changes not statistically significant. Large and small firms had similar coverage rates.

Plan Options Available to Covered Workers, by Type

California vs. United States, 2017



*Estimates are statistically different between California and US.

Notes: *Conventional* is fee-for-service plans. *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: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

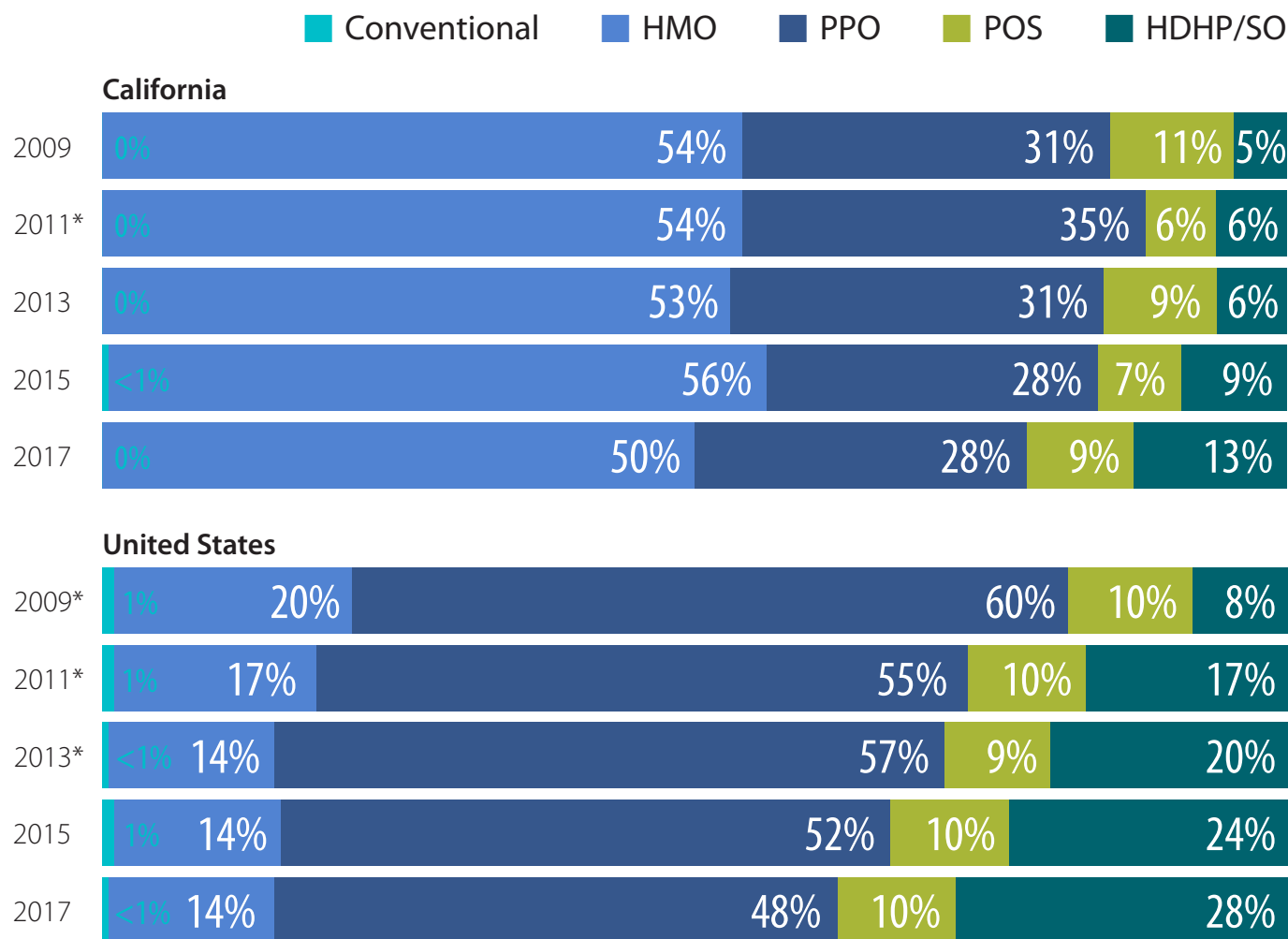
California Employer Health Benefits

Coverage

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

Enrollment of Covered Workers, by Plan Type

California vs. United States, 2009 to 2017, Selected Years



*Distribution is statistically different from previous year shown.

Notes: *Conventional* is fee-for-service plans. *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.

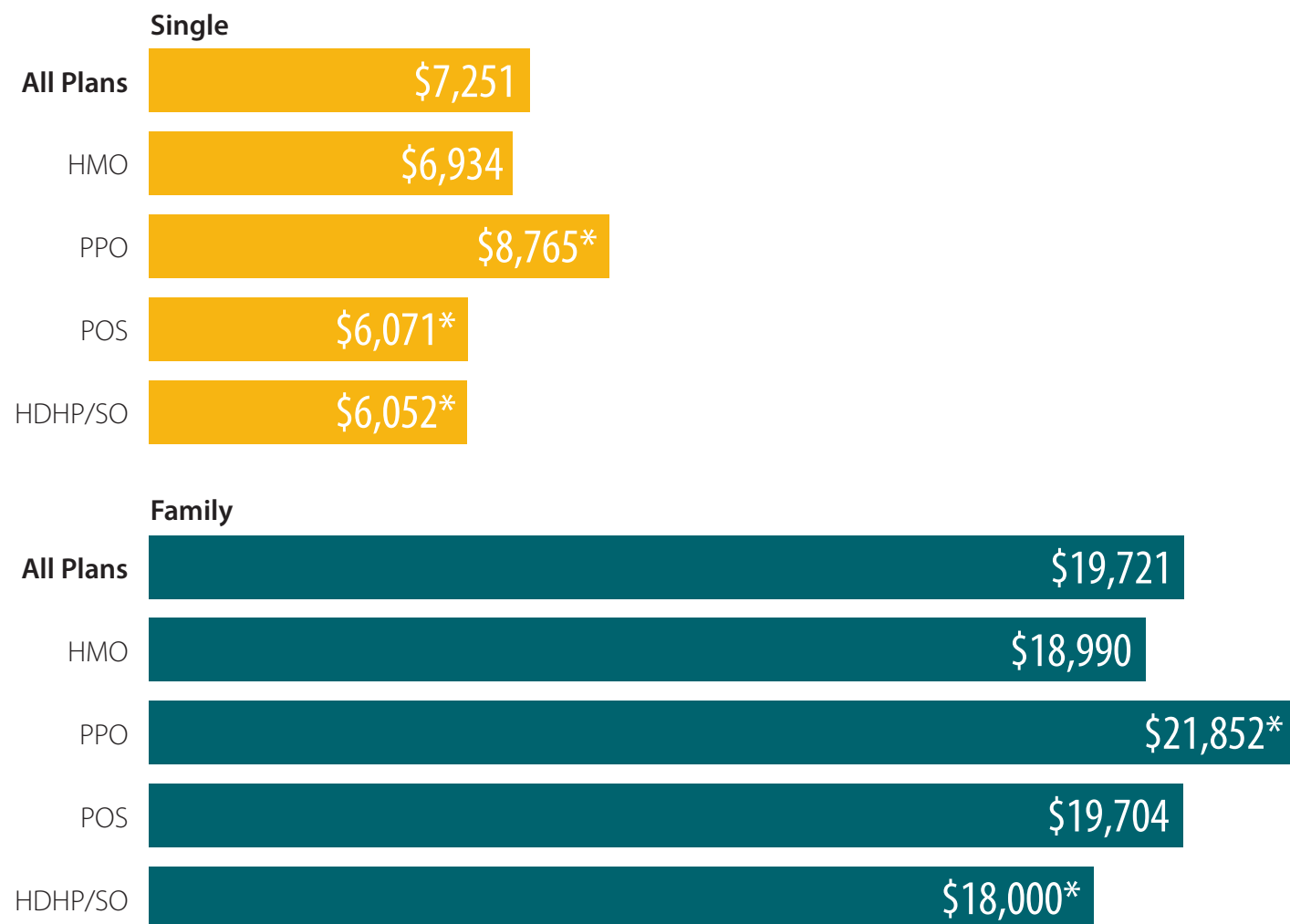
Sources: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC; author analysis of data from the Employer Health Benefits Survey public use files: 2009–2017, Kaiser/HRET.

California Employer Health Benefits Coverage

California workers were more likely to enroll in HMOs, while workers nationally were more likely to enroll in PPO plans. The percentage of California workers enrolled in high-deductible health plans more than doubled between 2009 to 2017 in California to 13%, and the national percentage more than tripled.

Average Annual Premiums, by Plan Type

Single vs. Family Coverage, California, 2017



*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 and at least \$2,000 for family coverage.

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

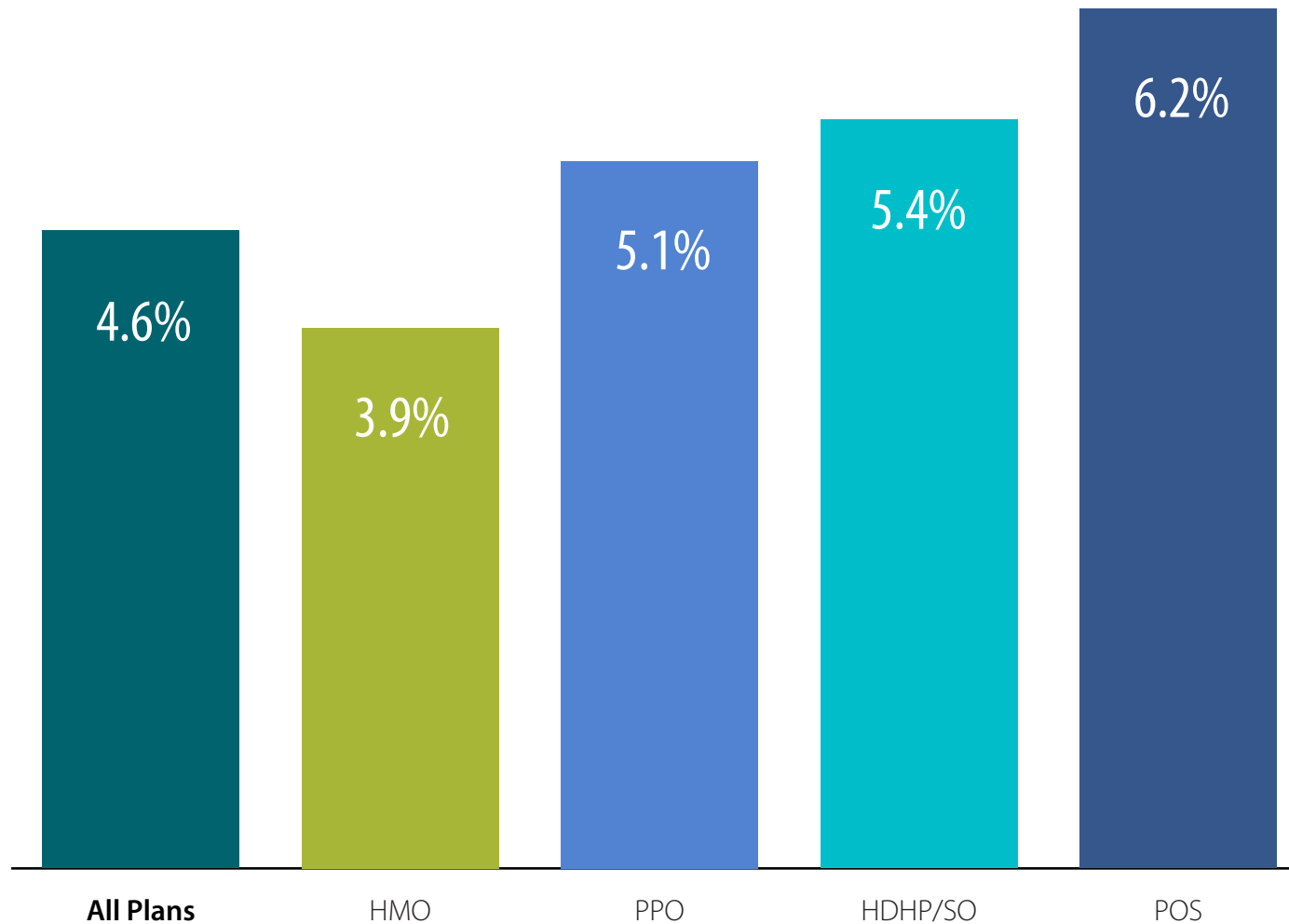
California Employer Health Benefits

Cost of Health Insurance

In California, the average annual premiums were \$7,251 for single coverage and \$19,721 for family coverage. PPO premiums were the highest of all plan types.

Average Increase in Annual Premiums, by Plan Type

California, 2017



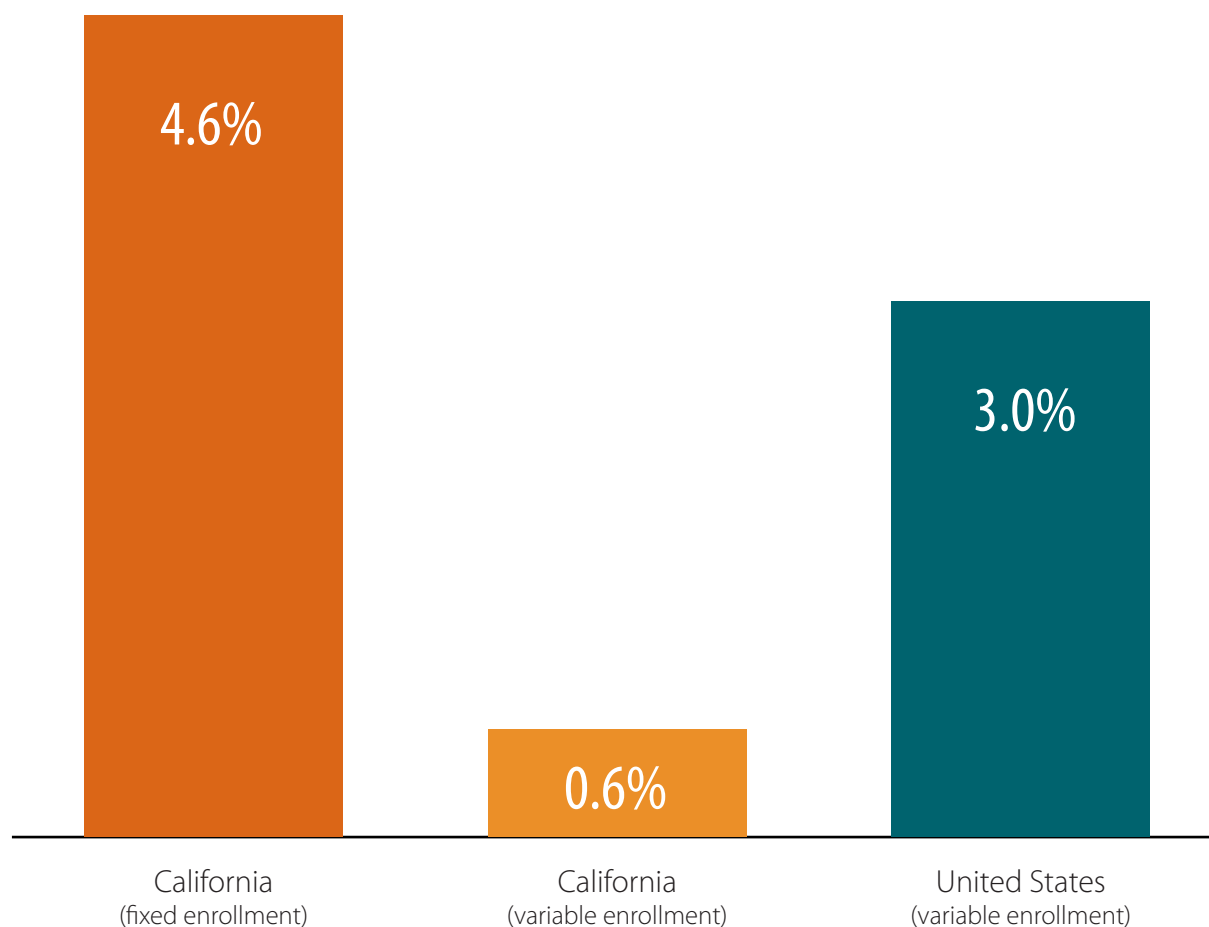
Overall premiums increased by 4.6% from 2016 to 2017. HMO plans experienced the smallest increase at 3.9%.

Notes: Tests found no significantly different estimates between *all plans* and specific plan types. *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: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

Average Increases in Premiums, Family Coverage

Fixed vs. Variable Enrollment, California vs. United States, 2017

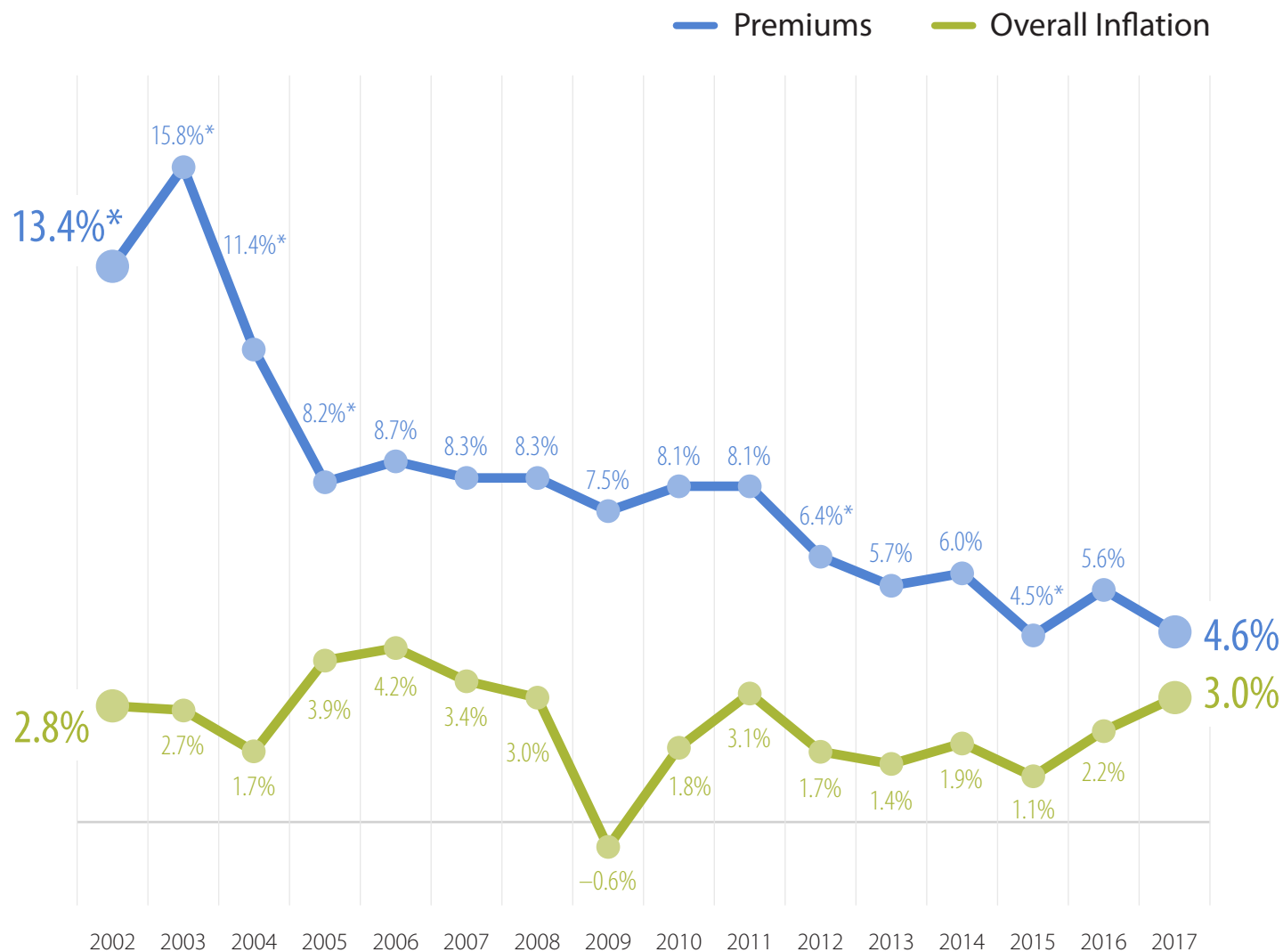


Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Survey of Employer-Sponsored Health Benefits: 2017, Kaiser/HRET.

Among California firms that offered the same health plan or plans in 2016 and 2017 (fixed enrollment), the average premium increase for family coverage was 4.6%. For those firms that changed plans or had workers who switched plans (variable enrollment), the average family premium increase was substantially less, at 0.6%.

Annual Premium Growth Compared to Inflation

Family Coverage, California, 2002 to 2017



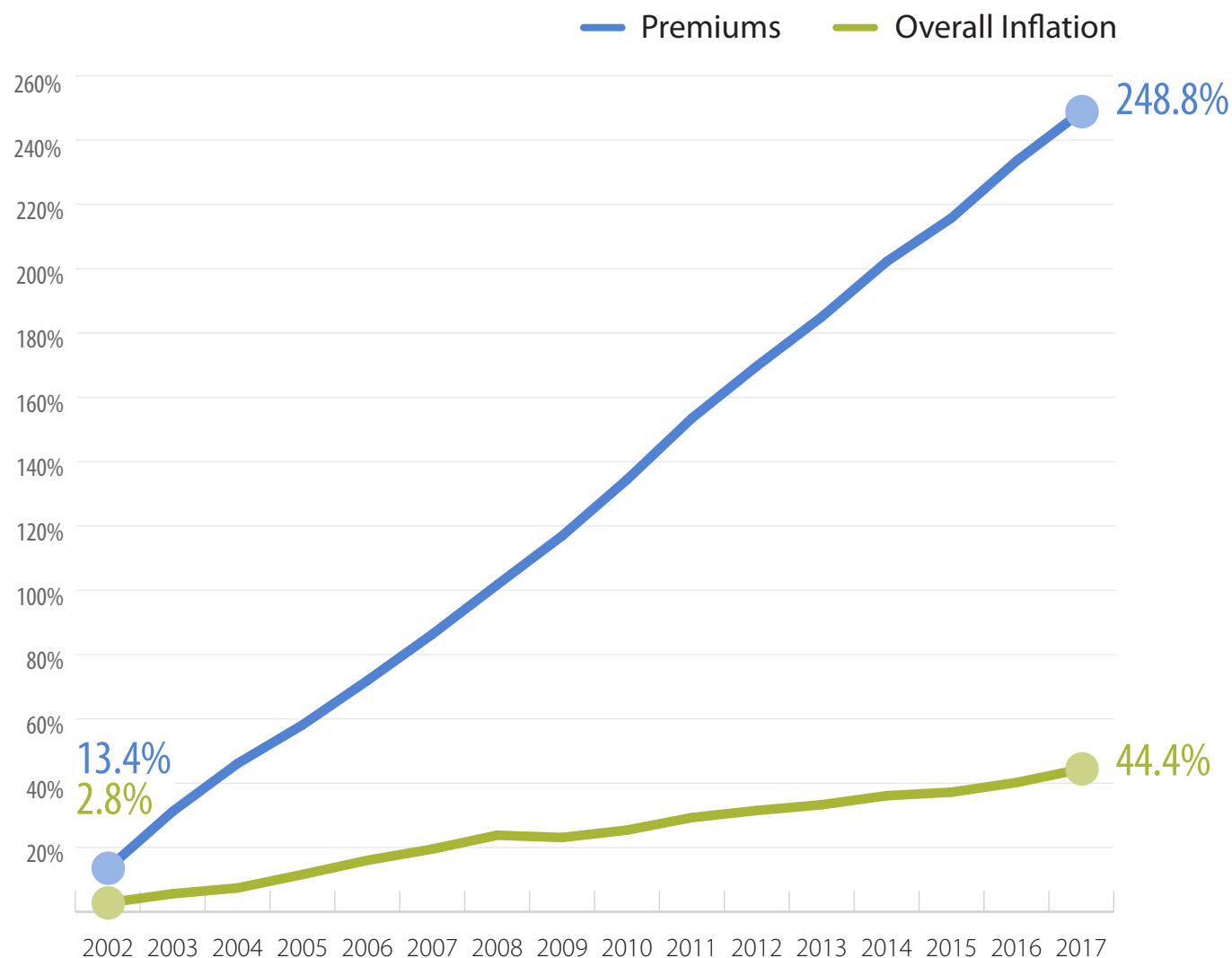
*Estimates are statistically different from the previous year shown.

Sources: California Employer Health Benefits Survey: 2002–2003, Kaiser/HRET; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 2005–2006, CHCF/HSC; California Employer Health Benefits Survey: 2007–2017, CHCF/NORC; California Average of Annual Inflation (April to April): 2002–2017, California Division of Labor Statistics and Research.

Health insurance premiums for family coverage in California grew by 4.6% in 2017. Premiums continued to rise faster than the California rate of inflation.

Cumulative Premium Growth Compared to Inflation

Family Coverage, California, 2002 to 2017



California Employer Health Benefits

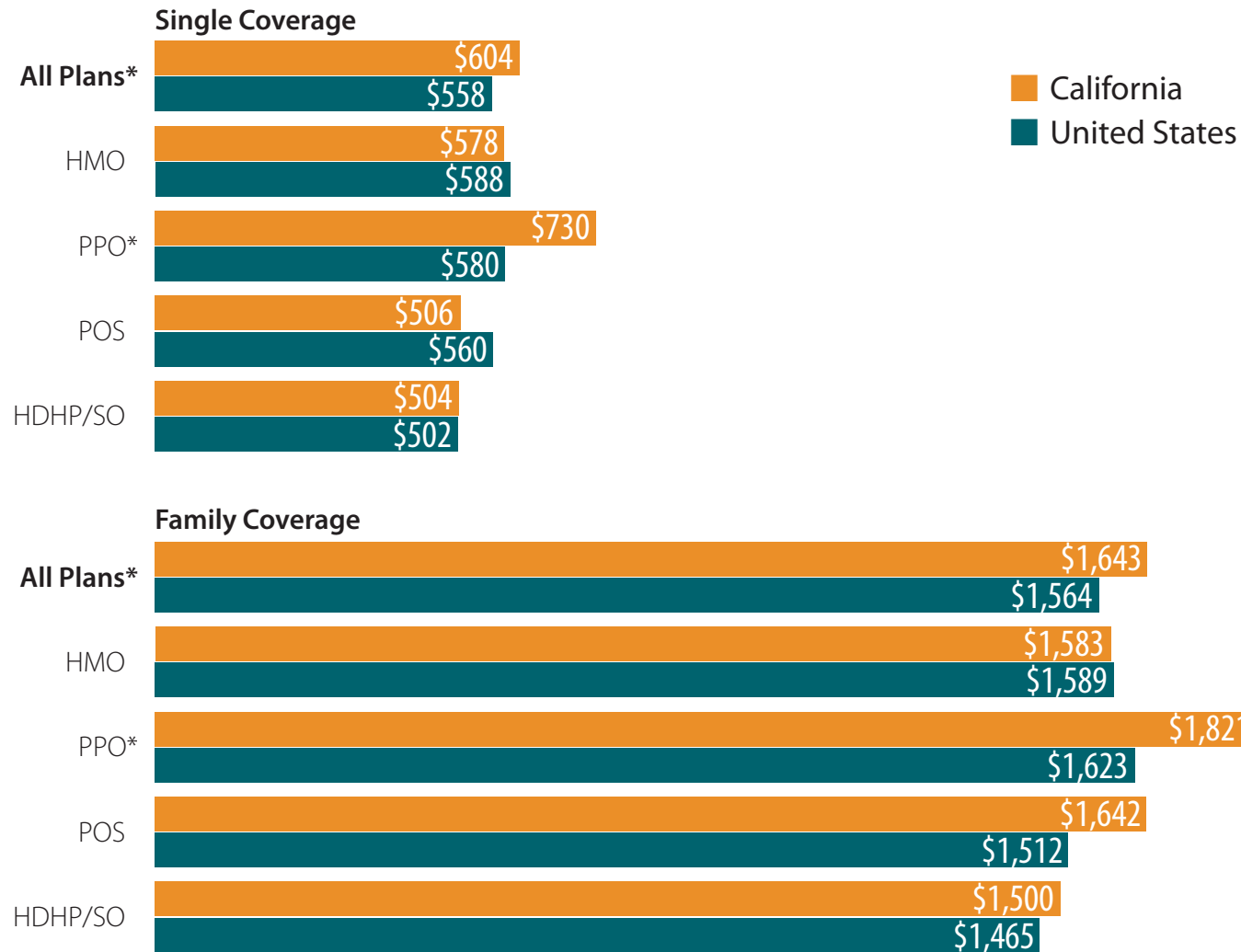
Cost of Health Insurance

Since 2002, health insurance premiums in California have increased by 249%, nearly six times the increase in the state's overall inflation rate.

Sources: California Employer Health Benefits Survey: 2002–2003, Kaiser/HRET; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 2005–2006, CHCF/HSC; California Employer Health Benefits Survey: 2007–2017, CHCF/NORC; California Average of Annual Inflation (April to April): 2002–2017, California Division of Labor Statistics and Research.

Average Monthly Premiums, by Plan Type

California vs. United States, 2017



*Estimates are statistically different between California and US.

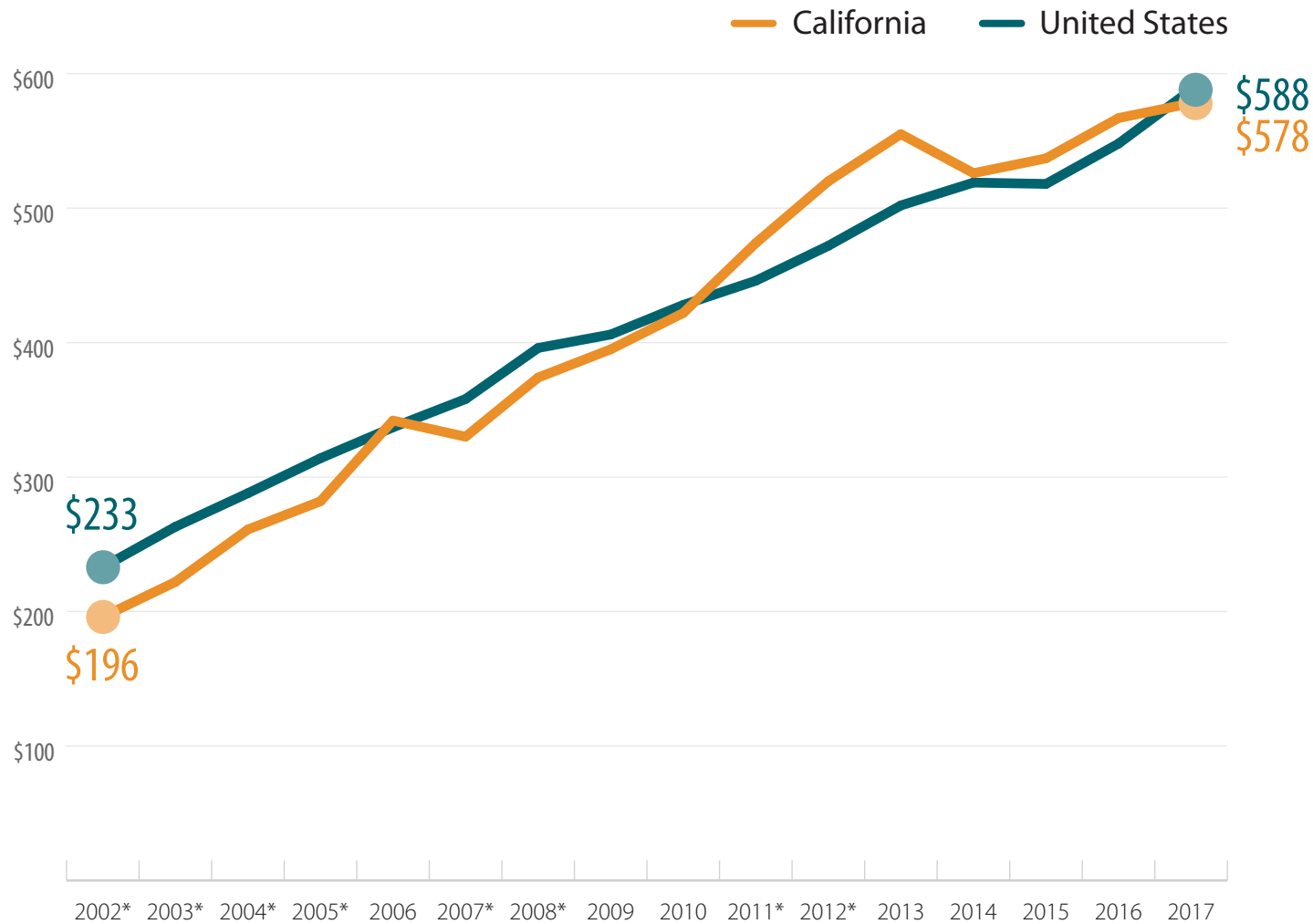
Notes: POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage and at least \$2,000 for family coverage.

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

Overall average monthly premiums for single and family coverage were significantly higher in California than nationally. Differences in plan design may account for some of the differences. For HMOs, the most common plan type in California, premiums were similar. In California, average monthly premiums for single PPO plans were 25% higher than the national average.

Average Monthly HMO Premiums, Single Coverage

California vs. United States, 2002 to 2017



From 2002 to 2010, California's average monthly HMO premium for single coverage stayed below that of the US except in 2006. In 2011, however, it exceeded the national rate. In 2017, California's single HMO premium was similar to the national figure.

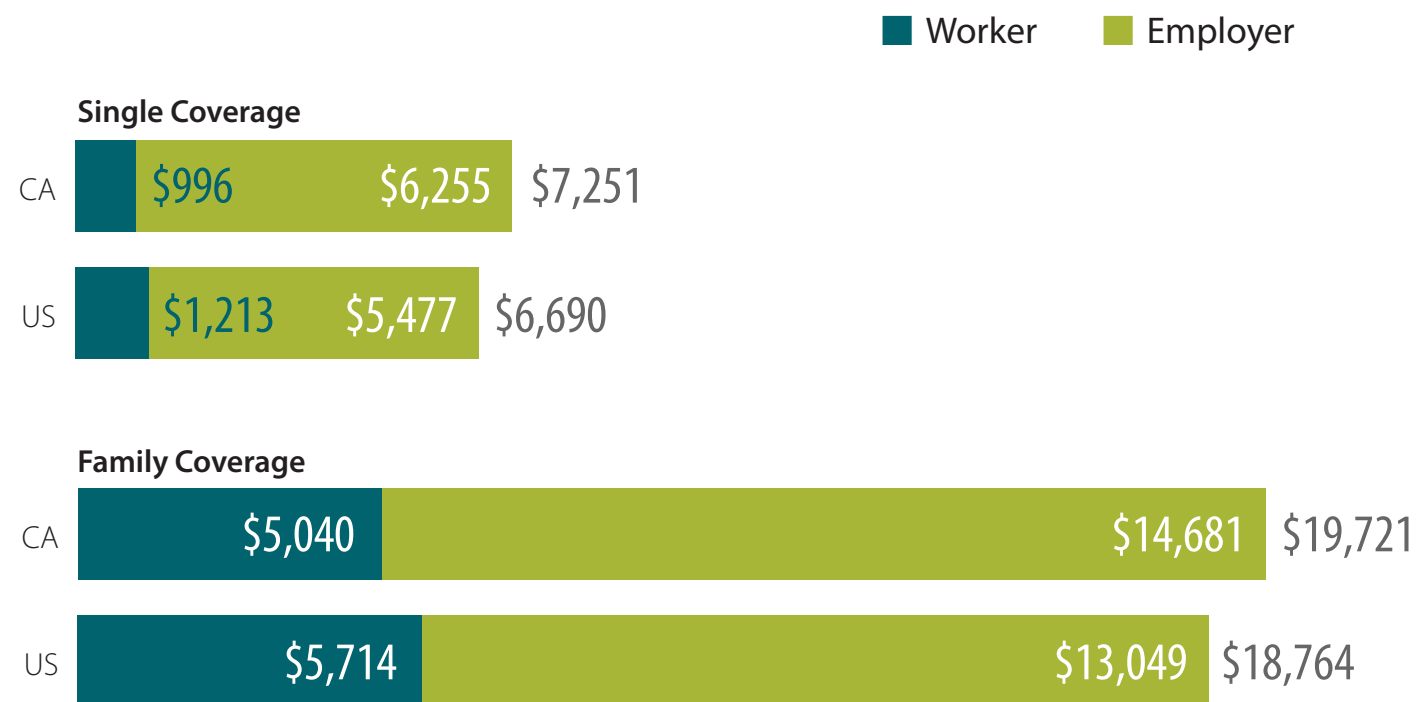
*Estimates are statistically different between California and US.

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: 2007–2017, CHCF/NORC; California Employer Health Benefits Survey: 2005–2006, CHCF/HSC; California Employer Health Benefits Survey: 2004, CHCF/HRET; California Employer Health Benefits Survey: 2002–2003, Kaiser/HRET; Employer Health Benefits Survey: 2002–2017, Kaiser/HRET.

Annual Worker and Employer Premium Contributions

California vs. United States, 2017



California Employer Health Benefits

Cost of Health Insurance

California workers contributed an average of \$996 annually for single coverage and \$5,040 for family coverage in 2017. Employer contributions to single and family premiums were higher in California than nationally.

Notes: Estimates are statistically different between California and US within both coverage types and both contributors. Segments may not add to totals due to rounding.

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

Worker Share of Premium

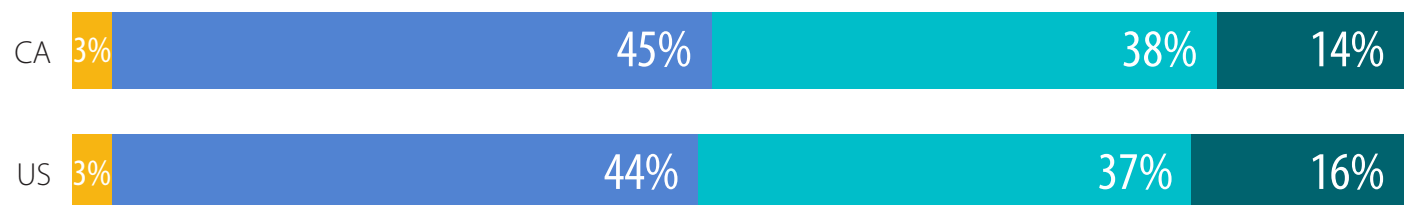
California vs. United States, 2017

■ No Contribution
 ■ 1%–25%
 ■ 26%–50%
 ■ >50%

Single Coverage



Family Coverage



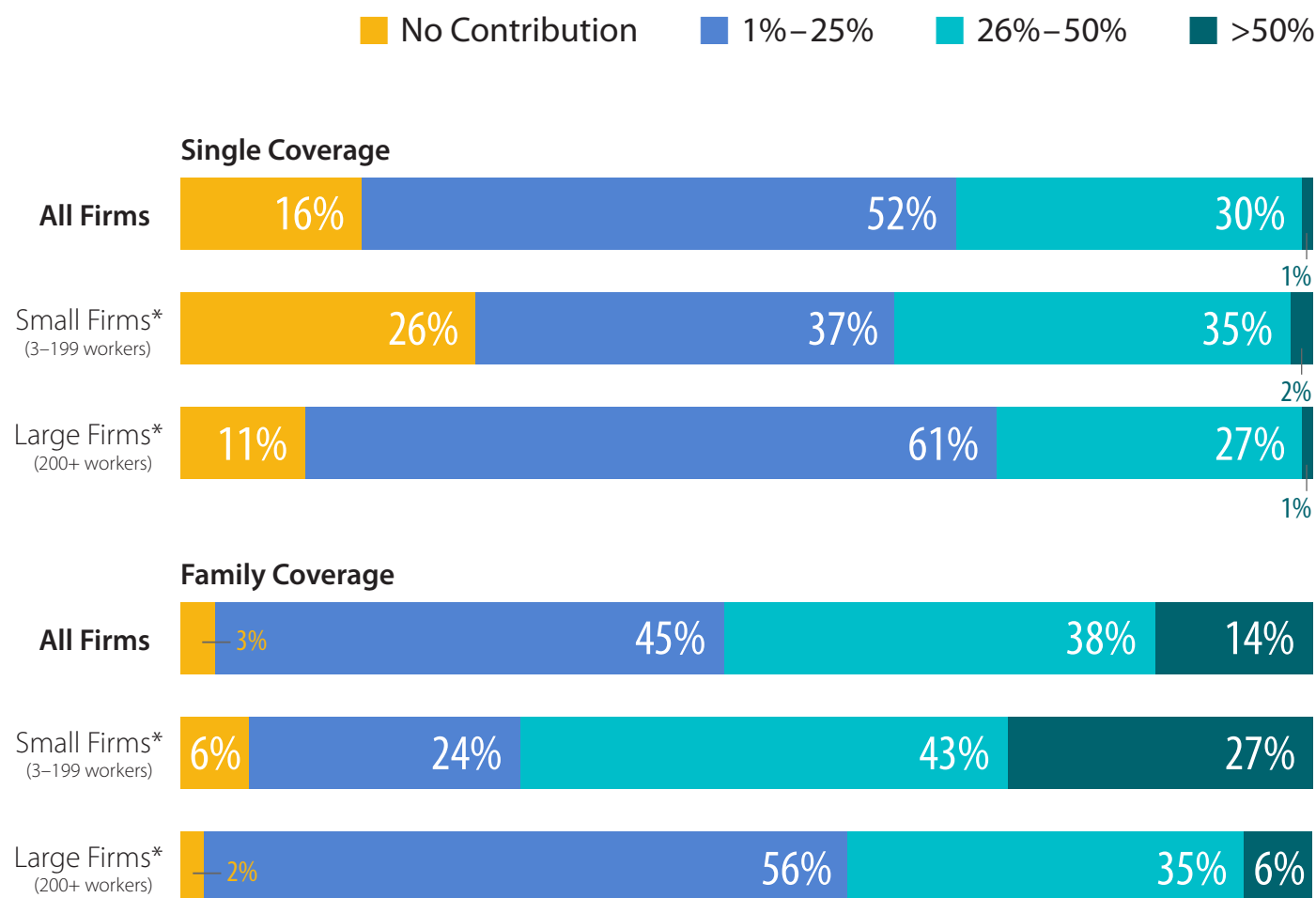
Distribution of workers' share of premium was similar for California and the nation. Fourteen percent of California workers paid more than half of the premium for family coverage.

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

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

Worker Share of Premium, by Firm Size

California, 2017



*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: 2017, CHCF/NORC.

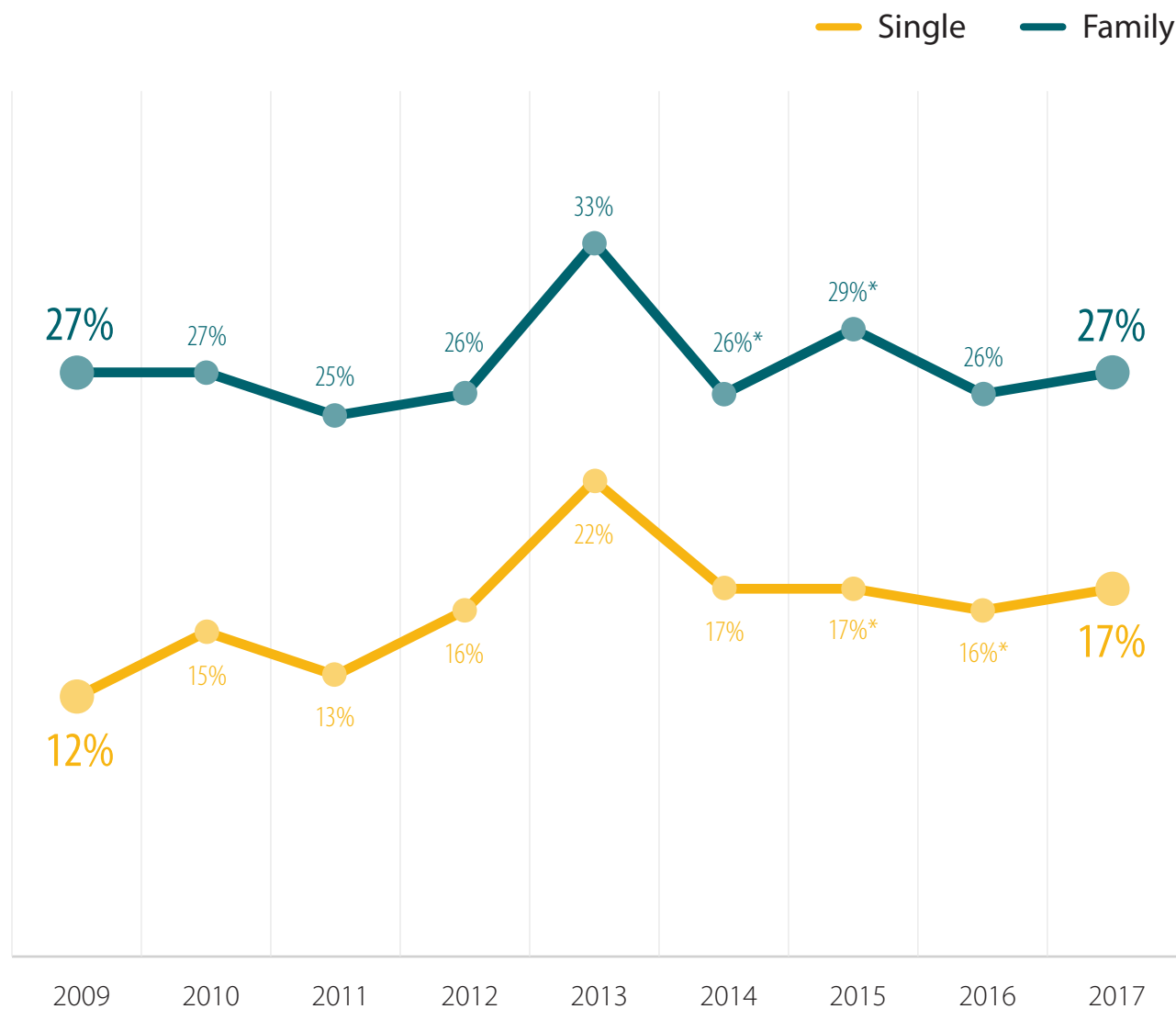
California Employer Health Benefits

Cost of Health Insurance

Workers' share of premium differed significantly by size of firm. For family coverage, 27% of workers in small firms paid more than half of the premium, compared to only 6% of workers in large firms. For single coverage, small firms were more likely to pay for the entire premium than large firms.

Worker Share of Premium, Single and Family Coverage

California, 2009 to 2017



*Estimates are significantly different from previous year shown.

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

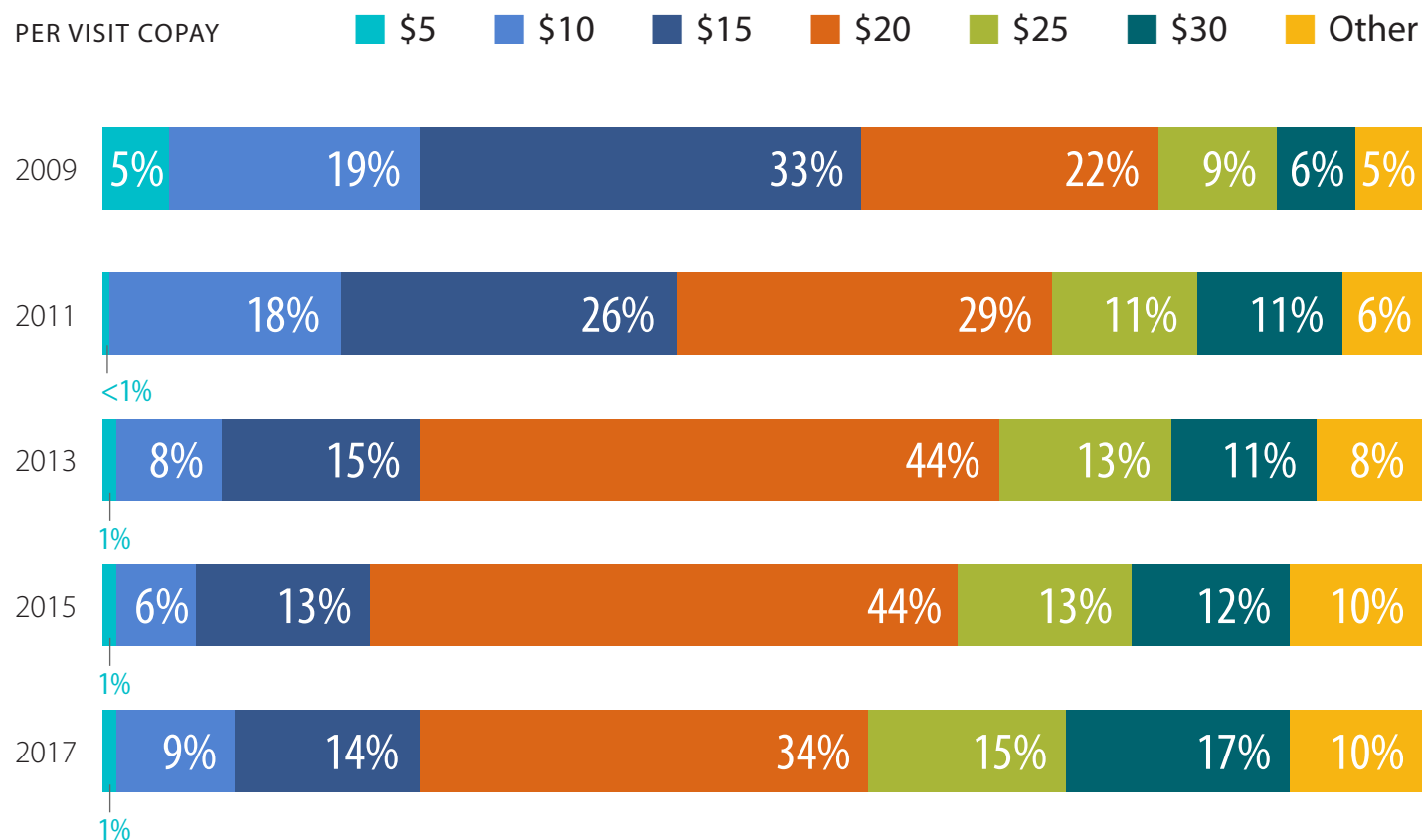
California Employer Health Benefits

Cost of Health Insurance

California workers paid an average of 17% of the total premium for single coverage and 27% for family coverage in 2017. The corresponding annual premium contributions were \$996 and \$5,040 for single and family, respectively (not shown).

Workers with Office Visit Copayments

California, 2009 to 2017, Selected Years



California Employer Health Benefits

Benefits and Cost Sharing

About 84% of workers in California had a copay for office visits (not shown). The percentage of workers with a copayment of \$25 or \$30 increased from 24% in 2013 to 32% in 2017. A copay of \$20 was the most common in 2017.

Notes: Tests found no significantly different estimates from previous year shown. Segments may not add to 100% due to rounding.

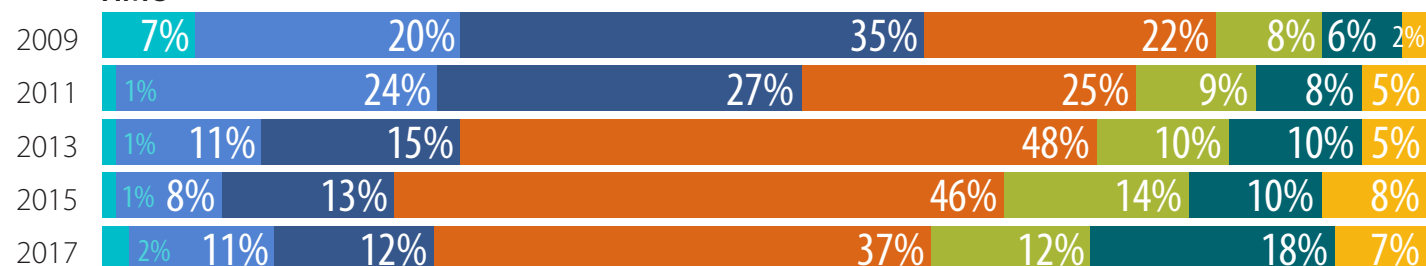
Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

Workers with Office Visit Copayments, by Plan Type

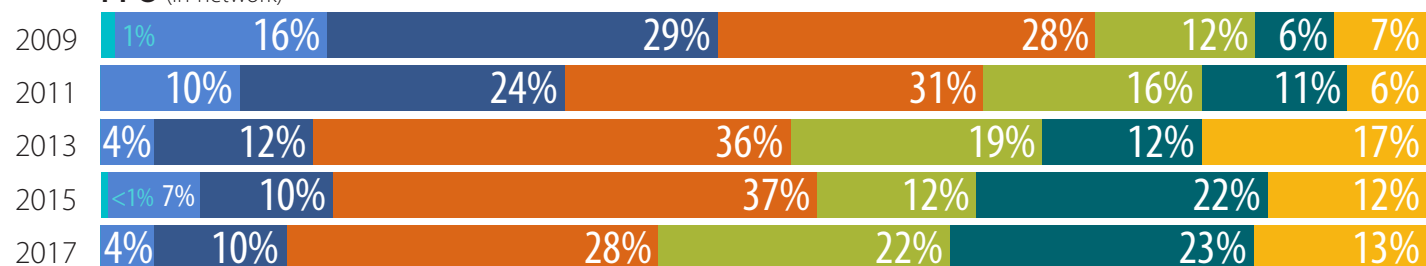
California, 2009 to 2017, Selected Years

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

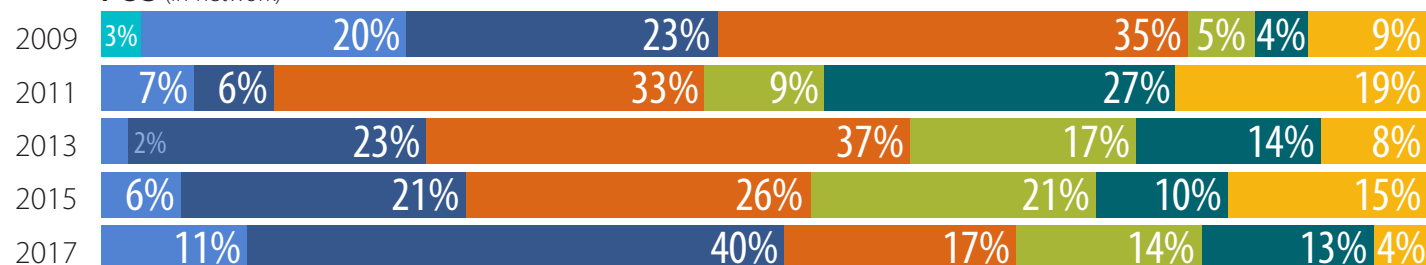
HMO



PPO (in-network)



POS (in-network)



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

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

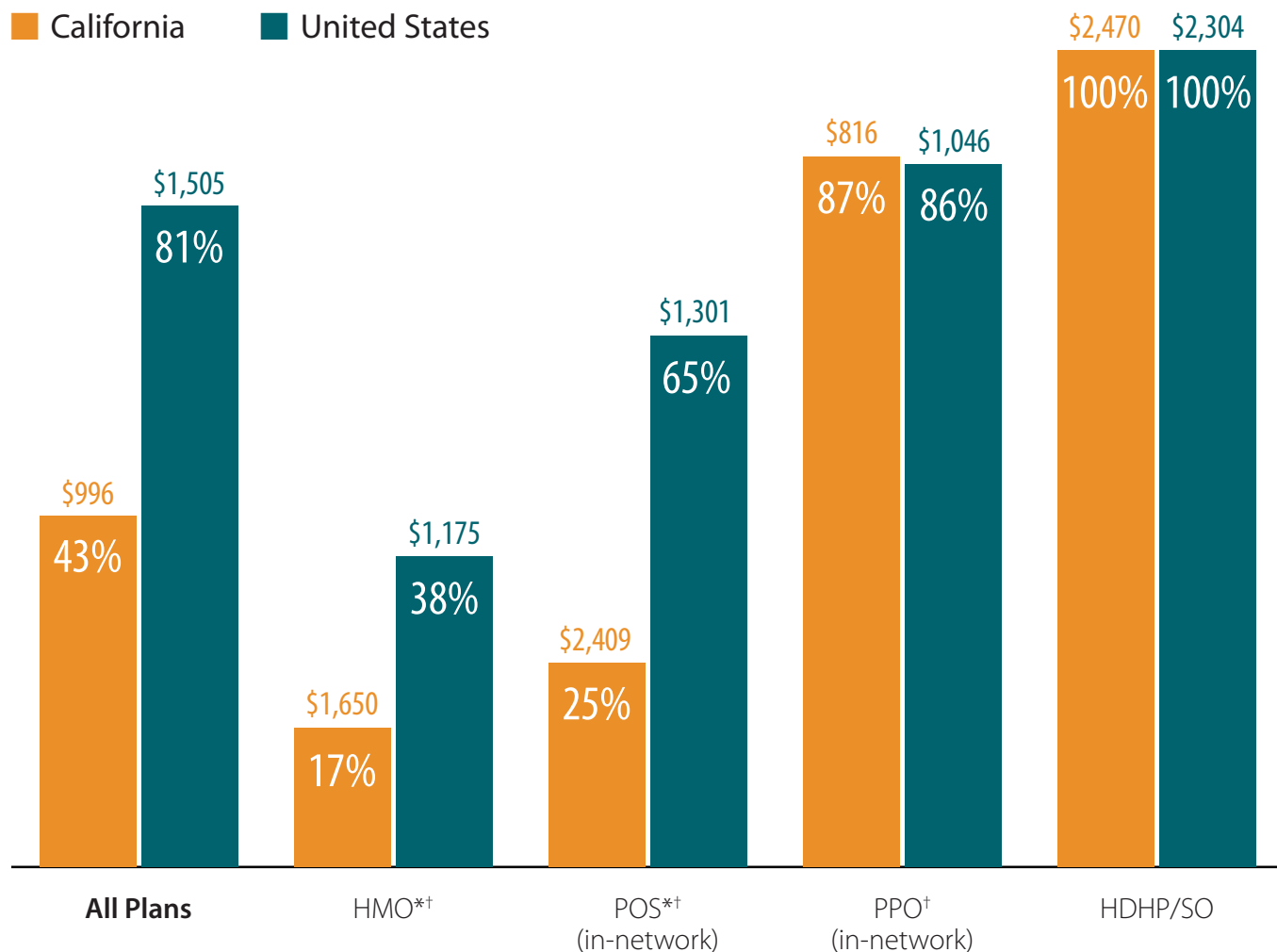
California Employer Health Benefits

Benefits and Cost Sharing

Distribution of copayments for primary care office visits has shifted since 2009, with far fewer workers having copayments of \$5 or \$10.

Workers with Annual Deductible, Single Coverage

by Plan Type, California vs. United States, 2017



*Percentages are significantly different between California and US.

†Average deductibles are significantly 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. Dollar figures represent average annual deductibles.

Sources: California Employer Health Benefits Survey: 2017, CHCF/NORC; Employer Health Benefits Survey: 2017, Kaiser/HRET.

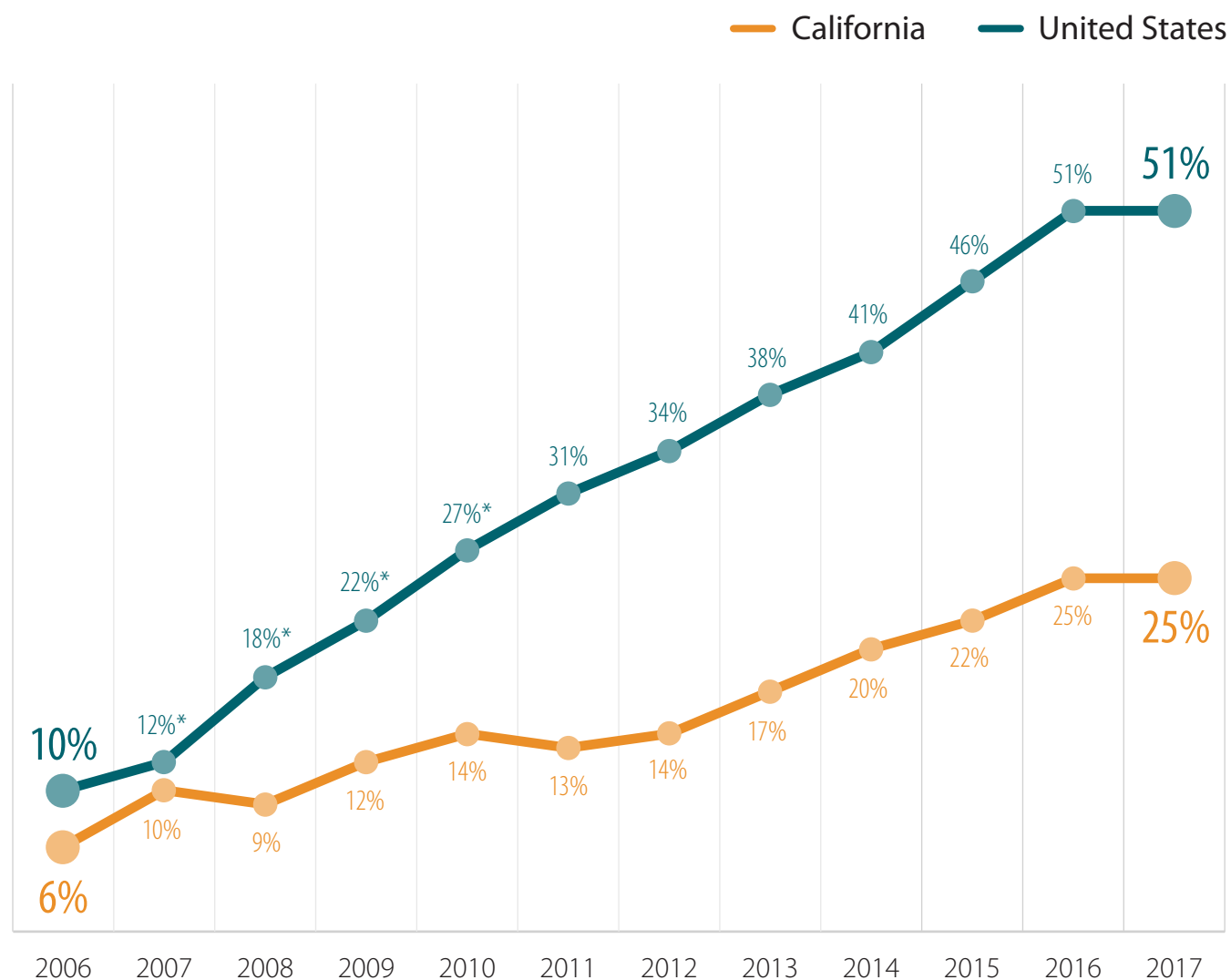
California Employer Health Benefits

Benefits and Cost Sharing

In California, 43% of workers with single coverage were likely to have a deductible compared to 81% in the nation as a whole. Those enrolled in HMO and POS plans were less likely to have a deductible in California (17% and 25%, respectively) than in the nation (38% and 65%, respectively).

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

California vs. United States, 2006 to 2017



*United States estimate is statistically different from previous year shown.

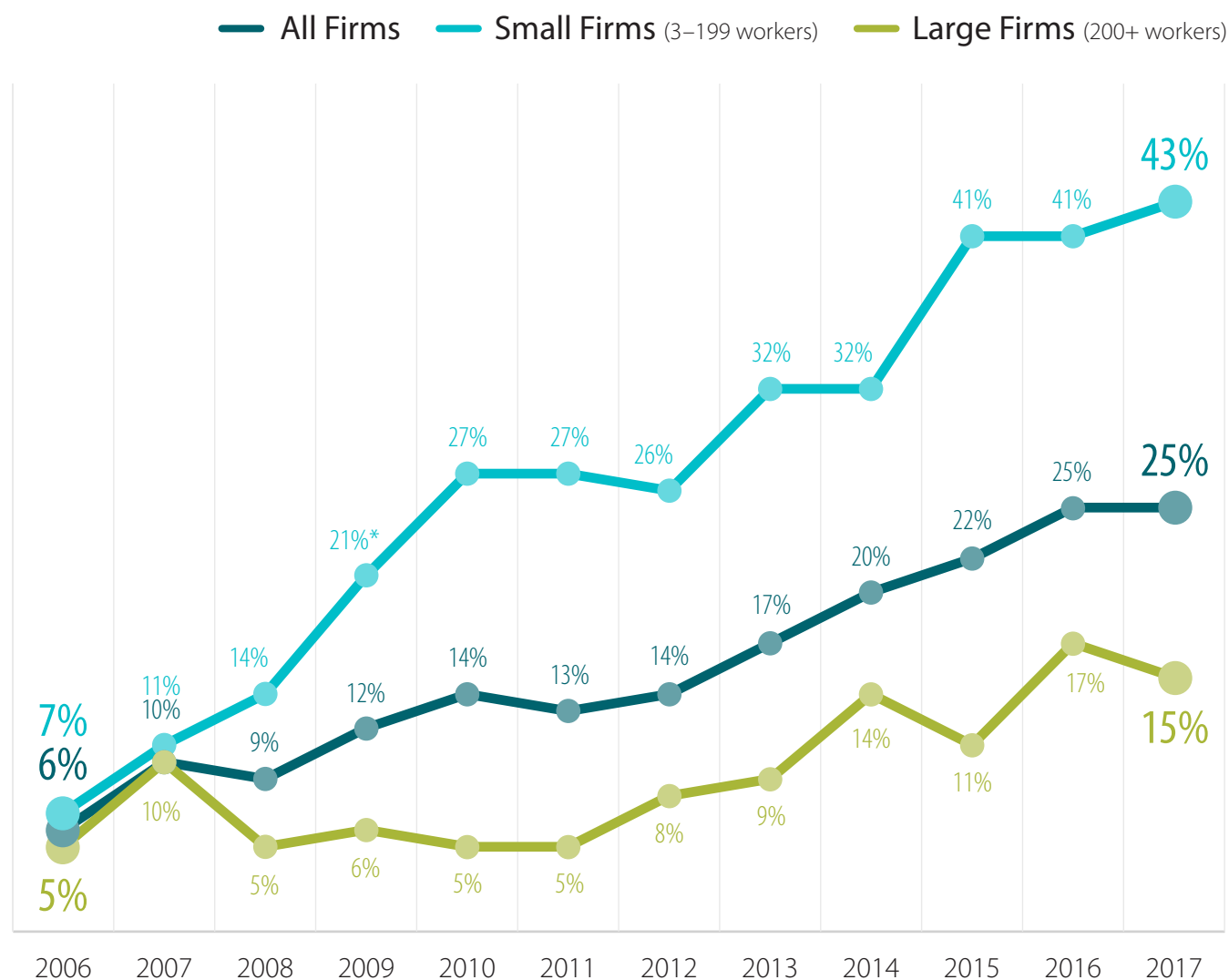
Sources: California Employer Health Benefits Survey: 2007–2017, CHCF/NORC; California Employer Health Benefits Survey: 2006, CHCF/HSC; Employer Health Benefits Survey: 2006–2017, Kaiser/HRET.

California Employer Health Benefits

Benefits and Cost Sharing

One in four workers with single coverage was likely to have an annual deductible of \$1,000 or more, compared to one in two nationwide. The share of California workers with a large deductible increased from 6% in 2006 to 25% in 2017.

Workers with a Large Deductible (\$1,000+), Single Coverage by Firm Size, California, 2006 to 2017



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

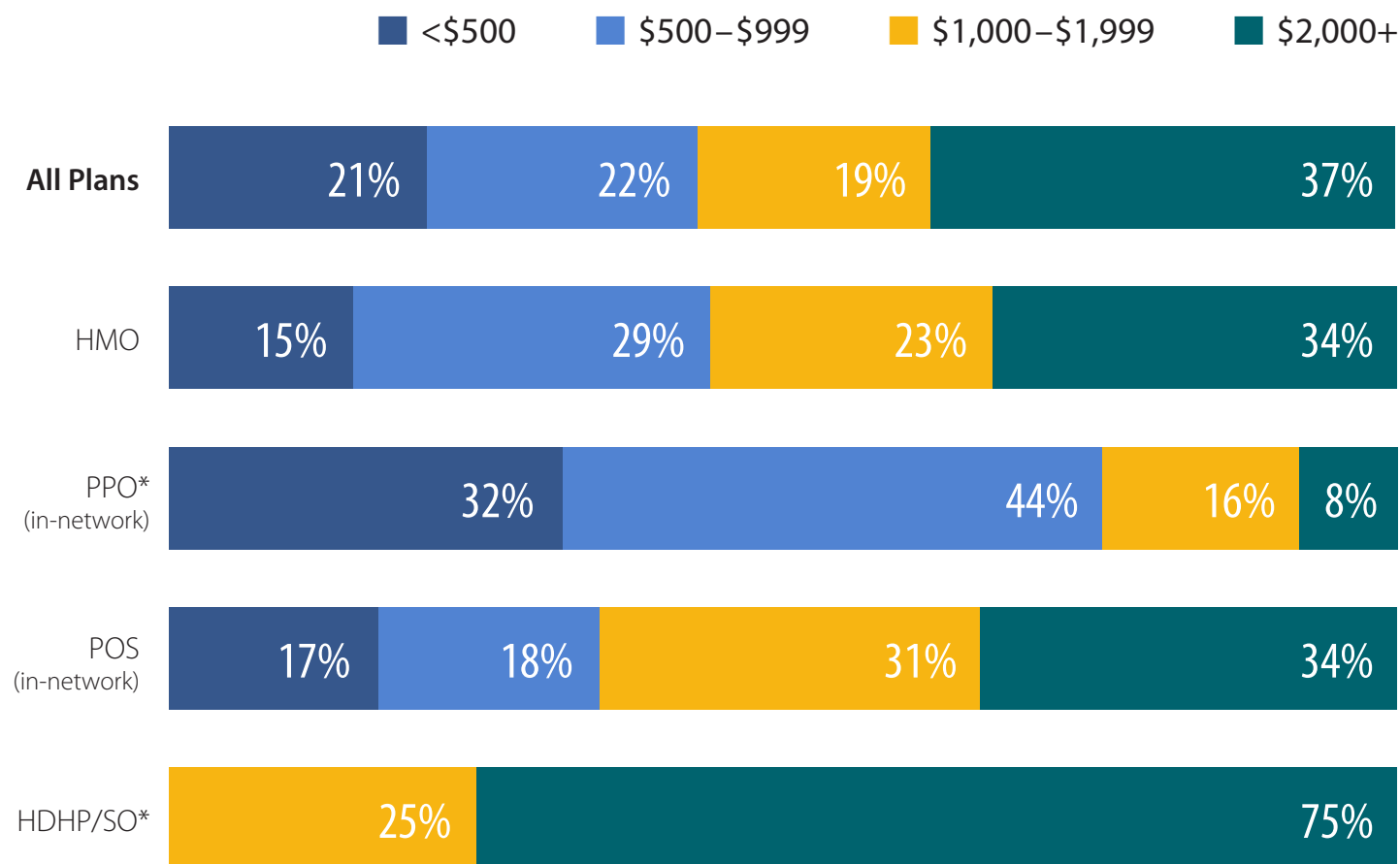
Sources: California Employer Health Benefits Survey: 2007–2017, CHCF/NORC; California Employer Health Benefits Survey: 2006, CHCF/HSC; Employer Health Benefits Survey: 2006–2017, Kaiser/HRET.

California Employer Health Benefits Benefits and Cost Sharing

Large deductible (\$1,000+) plans were more common among workers in smaller firms. Forty-three percent of workers in small firms (3 to 199 workers) had an annual deductible of \$1,000 or more for single coverage in 2017, compared to 15% in larger firms. The percentage of workers in small firms with large-deductible plans has increased substantially since 2006.

Deductibles for Single Coverage, by Plan Type

California, 2017



*Distribution is statistically different from all plans.

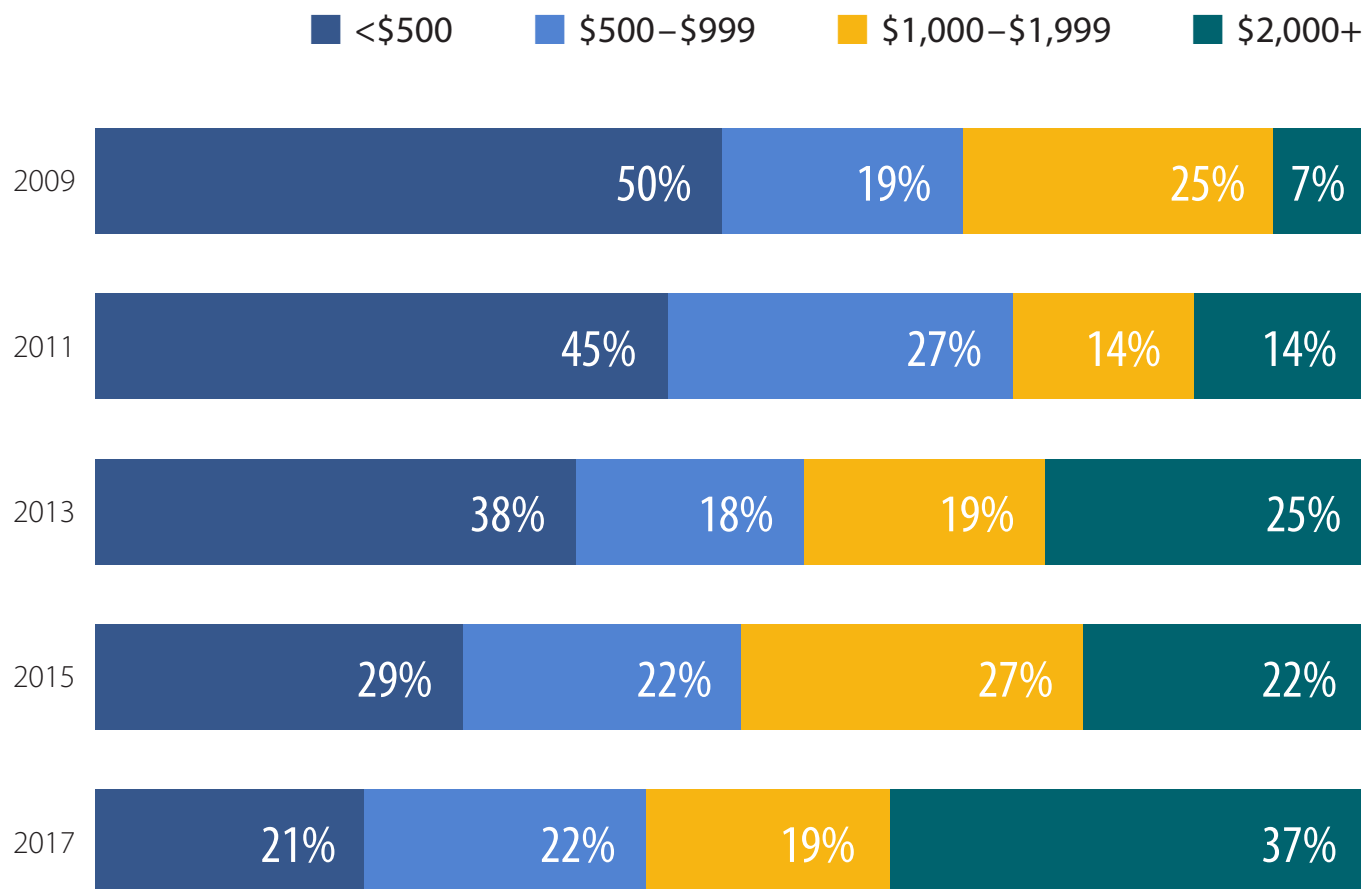
Notes: Data based on workers with a deductible. POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$1,000 for single coverage. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

Among the 43% of California workers who faced a deductible for single coverage (not shown), 37% had a deductible of \$2,000 or more. This figure nearly doubled since 2016, perhaps due in part to increasing enrollment in HDHP/SO plans (not shown).

Deductibles for Single Coverage, All Plans

California, 2009 to 2017, Selected Years



Notes: Data based on workers with a deductible. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

California Employer Health Benefits

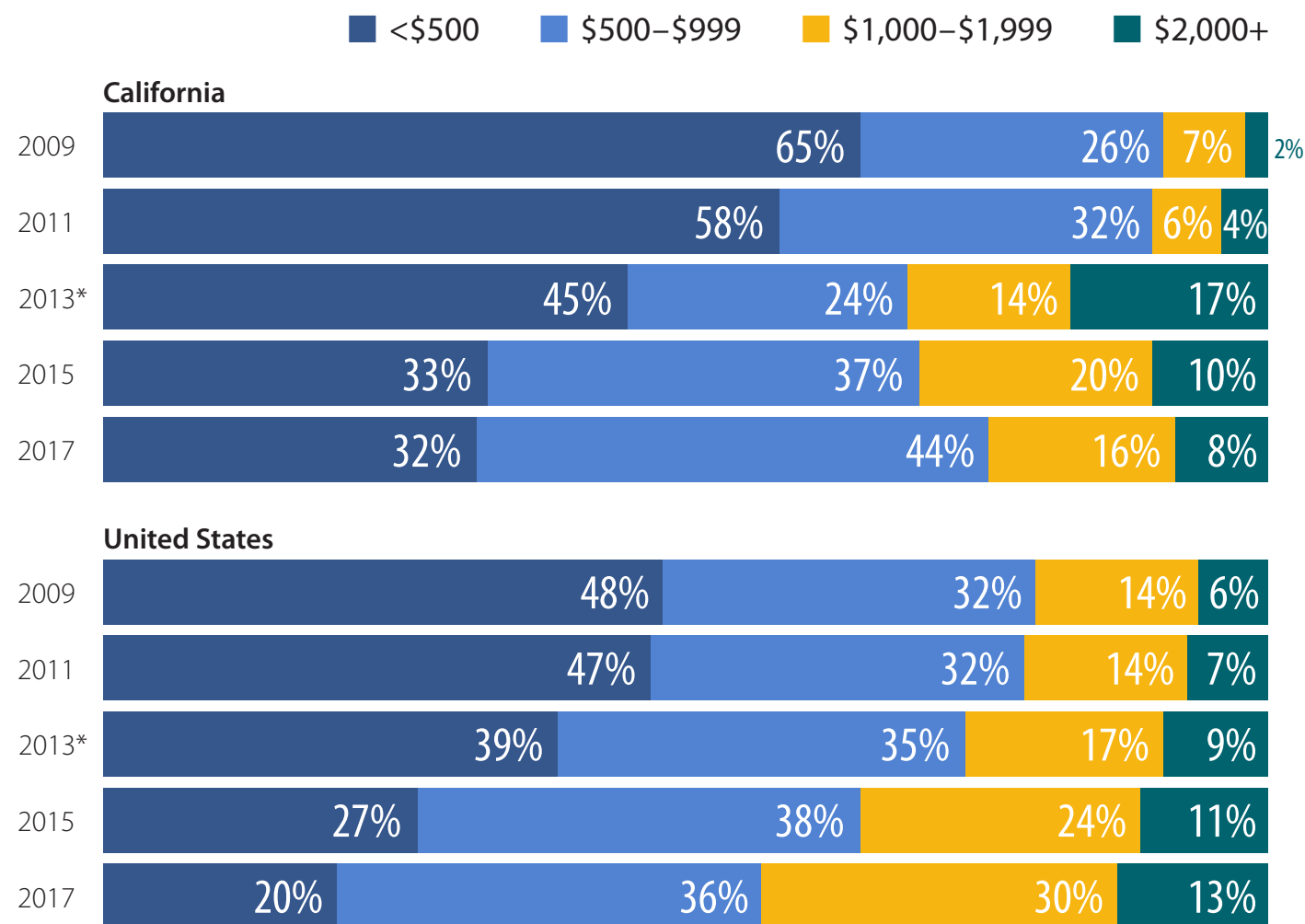
Benefits and Cost Sharing

The distribution of deductible amounts has changed since 2009.

Of workers with single coverage and a deductible, the percentage with a deductible of \$2,000 or more was five times more in 2017 than it was in 2009. During the same period, the percentage of workers with no deductible decreased from 68% to 57% (not shown).

Deductibles for Single PPO Coverage

California vs. United States, 2009 to 2017, Selected Years



*Distribution is statistically different from previous year shown.

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

Sources: California Employer Health Benefits Survey: 2007–2017, CHCF/NORC; Employer Health Benefits Survey, 2007–2017, Kaiser/HRET.

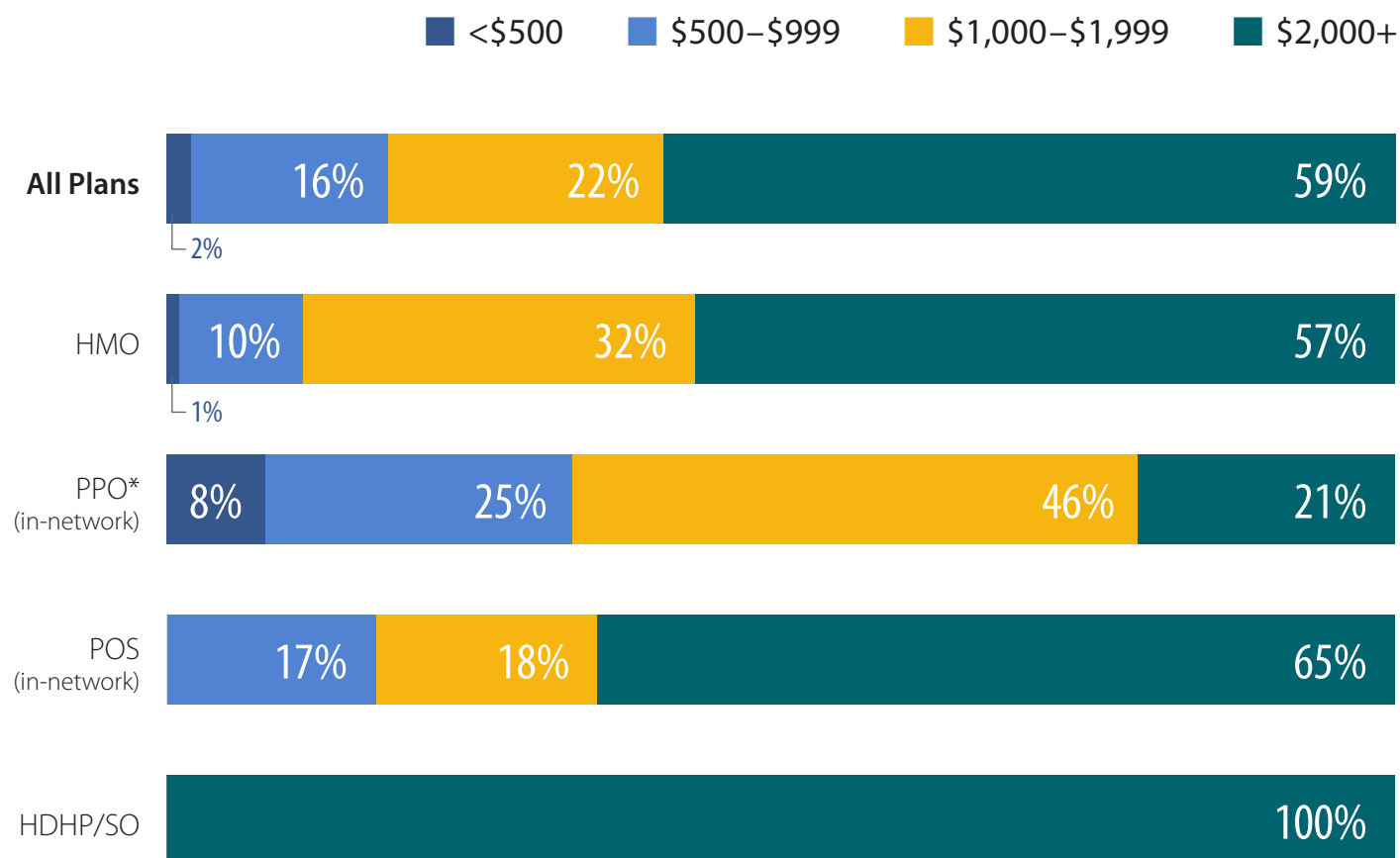
California Employer Health Benefits

Benefits and Cost Sharing

Since 2009, California workers have been faced with increasing deductibles for single PPO coverage. In 2017, 24% of California workers in PPO plans with a deductible faced deductibles of \$1,000 or more, compared to 9% in 2009. Nationally, the percentage of workers with deductibles of \$1,000 or more increased from 20% in 2009 to 43% in 2017.

Deductibles for Family Coverage, by Plan Type

California, 2017



*Distribution is statistically different from all plans.

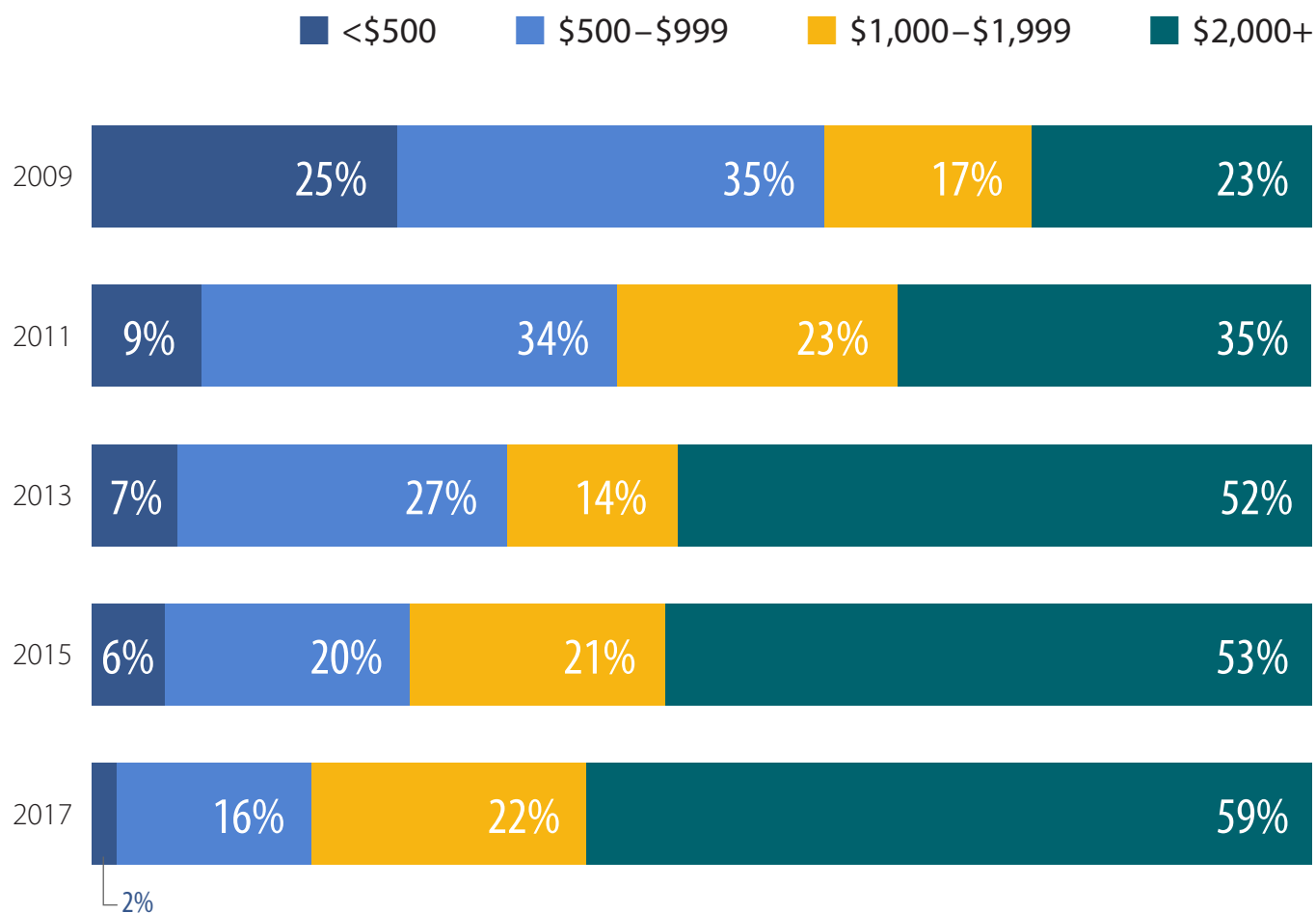
Notes: Data based on workers with an aggregate family deductible. Approximately 938,000 workers who had a separate per-person deductible were not included. POS means point-of-service plan. HDHP/SO means high-deductible plan with savings option. HDHPs have a deductible of at least \$2,000 for family coverage. 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: 2017, CHCF/NORC.

Among California workers with an aggregate family deductible in 2017, 59% faced a deductible of \$2,000 or more.

Deductibles for Family Coverage, All Plans

California, 2009 to 2017, Selected Years



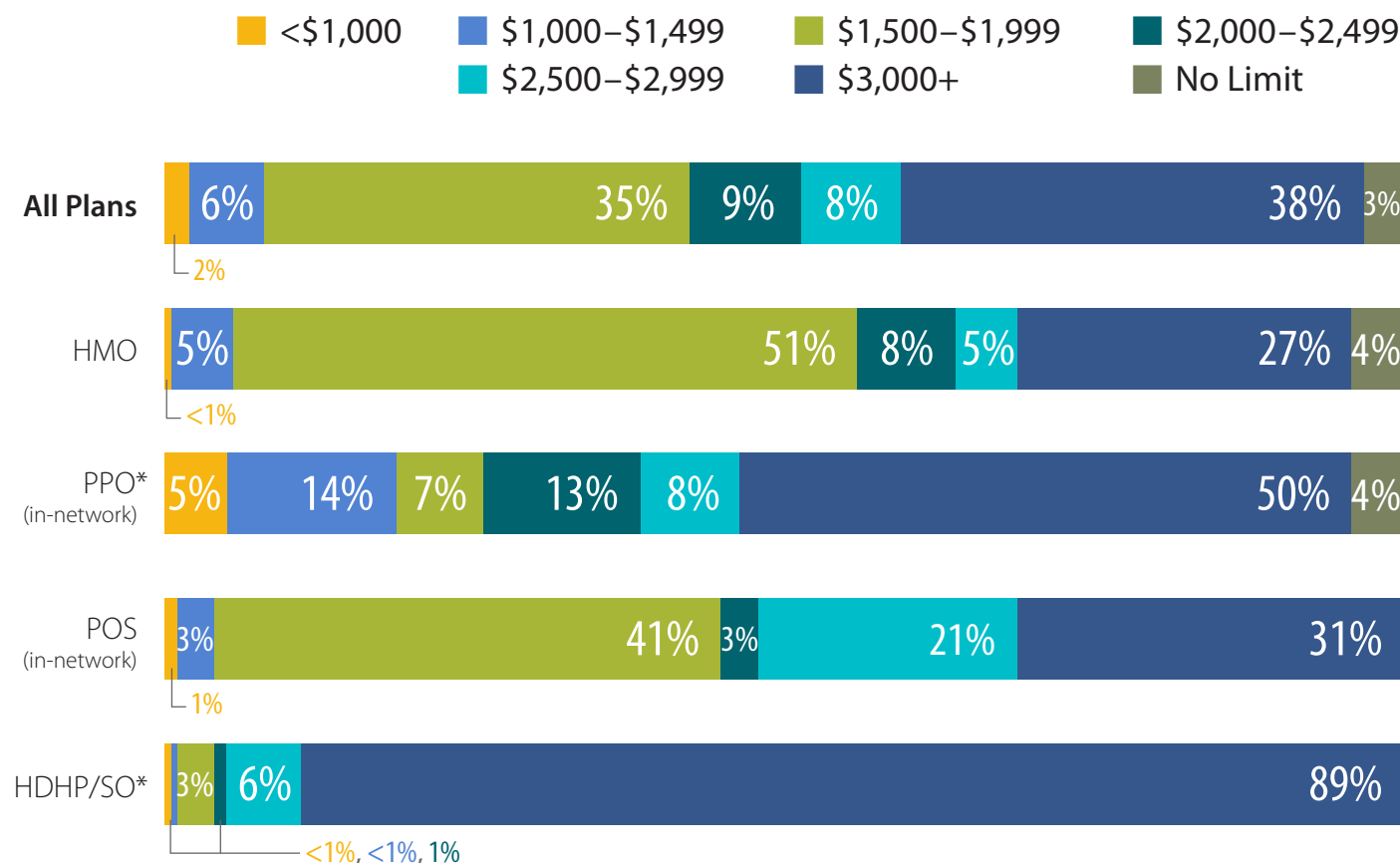
Notes: Data based on workers with an aggregate family deductible. Workers who had a separate per-person deductible were not included. Segments may not add to 100% due to rounding.

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

For workers with an aggregate family deductible, a much larger percentage faced a deductible of \$1,000 or more in 2017 than in 2009.

Annual Out-of-Pocket Limits, Single Coverage

by Plan Type, California, 2017



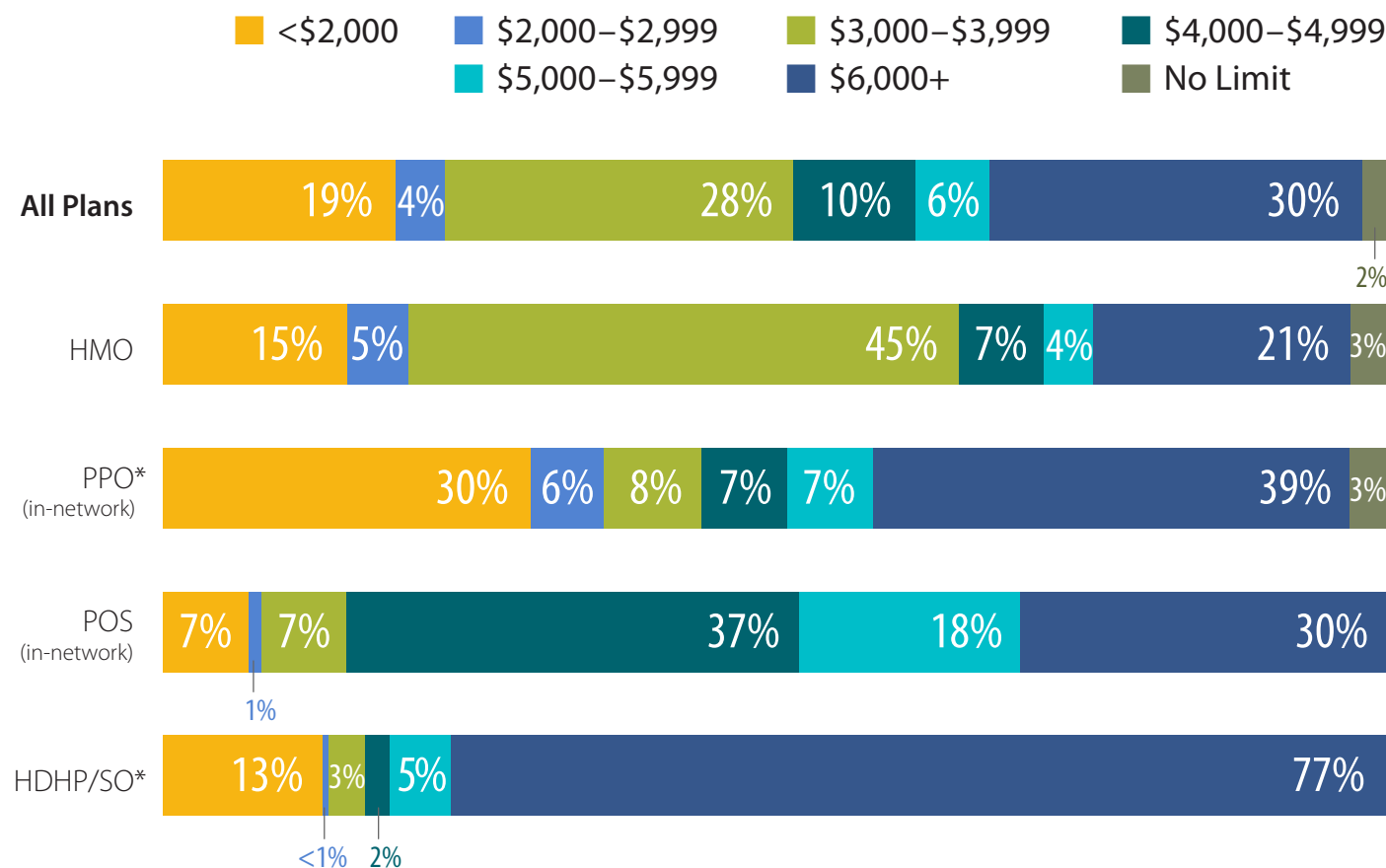
*Distribution is statistically different from all plans.

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: 2017, CHCF/NORC.

Out-of-pocket limits, a plan feature that helps limit costs for consumers, can vary greatly and are limited by the Affordable Care Act. While nearly all covered workers with single coverage had an out-of-pocket limit, for 38% 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, 2017



*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.

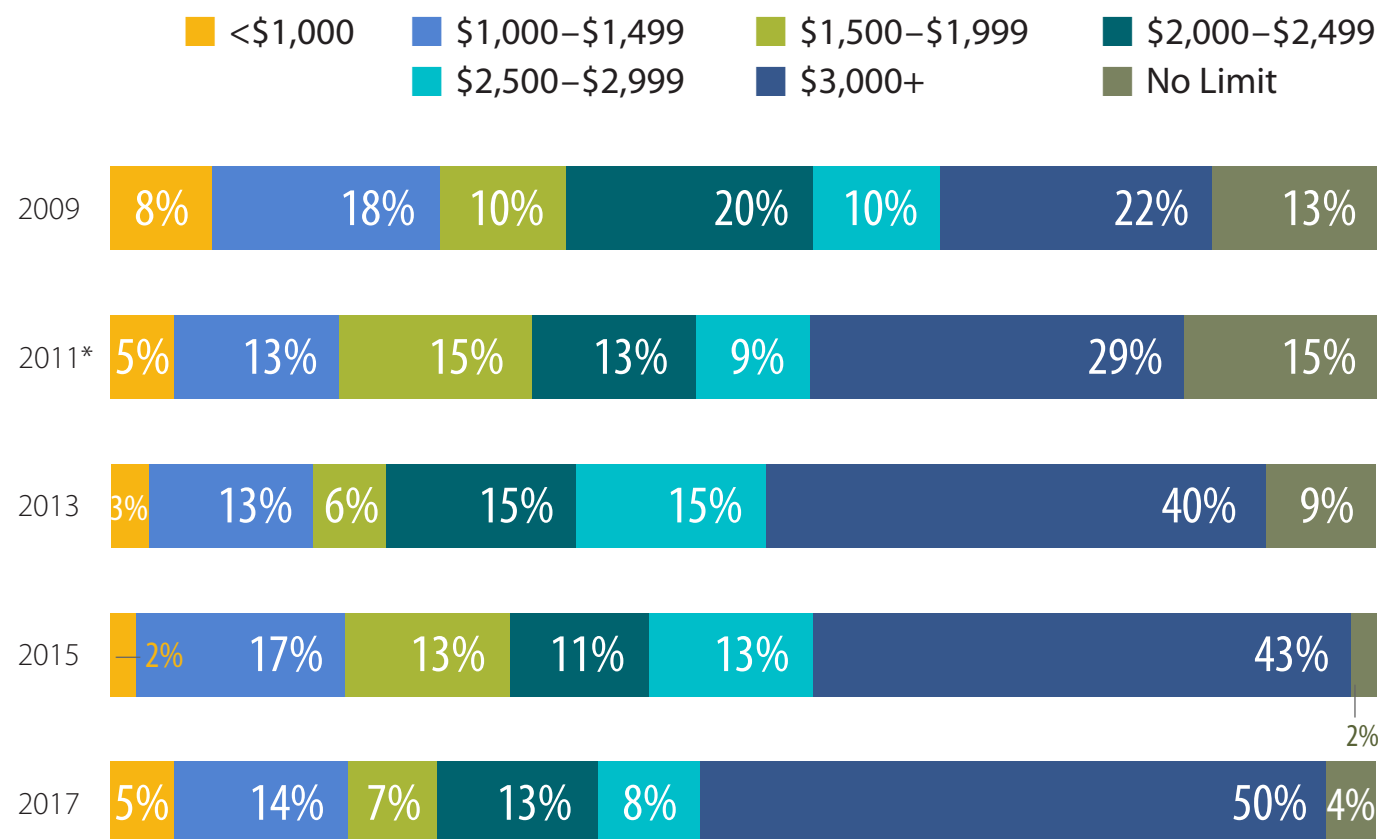
Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

California Employer Health Benefits Benefits and Cost Sharing

Only 19% of covered California workers with family coverage had an annual aggregate out-of-pocket limit of less than \$2,000, while 30% had a limit of \$6,000 or more. Two percent of covered workers had no out-of-pocket limit.

Annual Out-of-Pocket Limits, Single PPO Coverage

California, 2009 to 2017, Selected Years



California Employer Health Benefits

Benefits and Cost Sharing

The proportion of California workers in PPOs with an out-of-pocket limit of \$3,000 or more for single coverage increased from 22% in 2009 to 50% in 2017. Only five percent had a deductible of less than \$1,000.

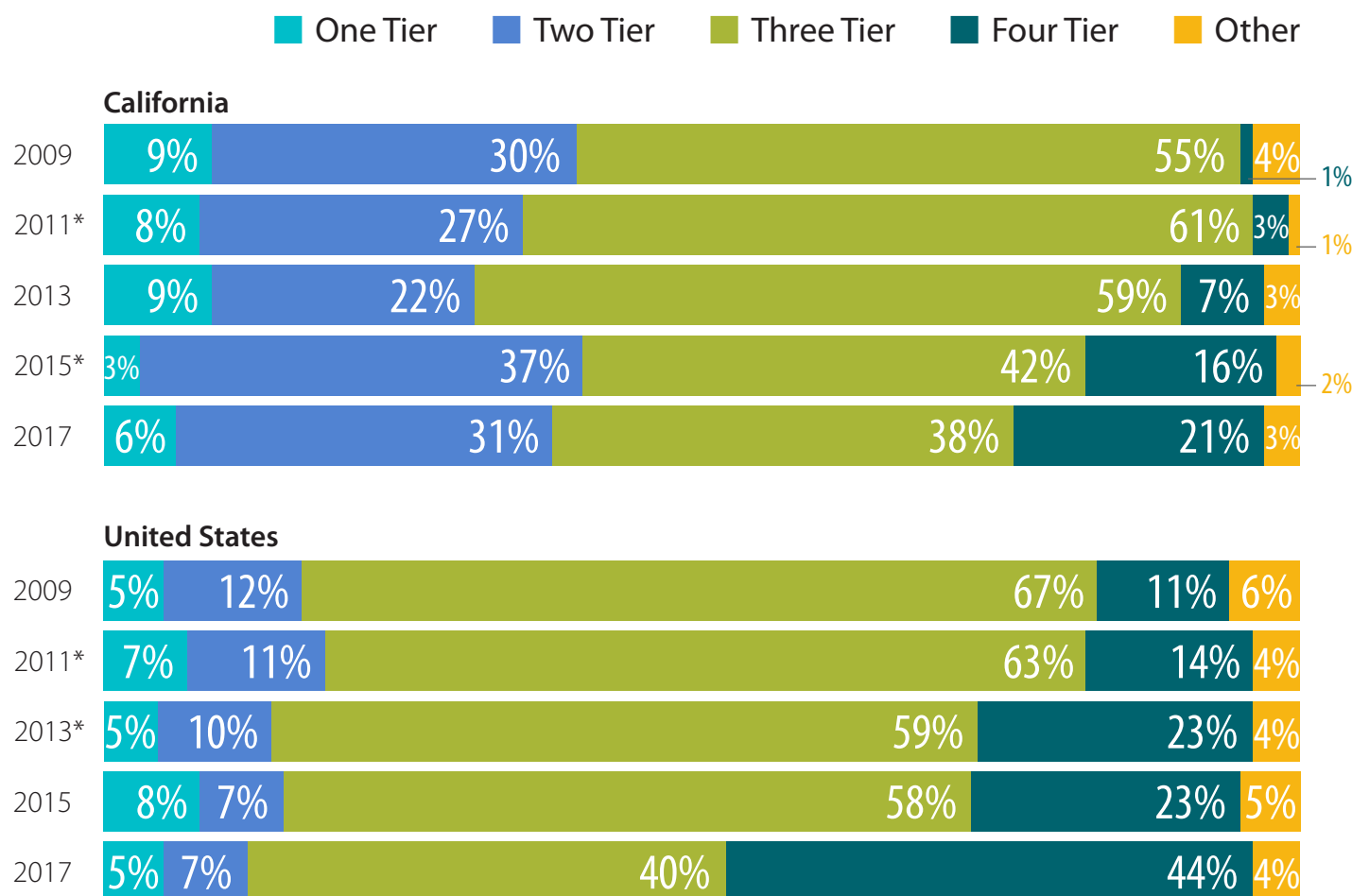
*Distribution is statistically different from previous year shown.

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

Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

Workers' Cost Sharing for Prescription Drugs

California vs. United States, 2009 to 2017, Selected Years



*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: 2009–2017, CHCF/NORC; author analysis of data from the Survey of Employer-Sponsored Health Benefits: 2007–2017, Kaiser/HRET.

California Employer Health Benefits

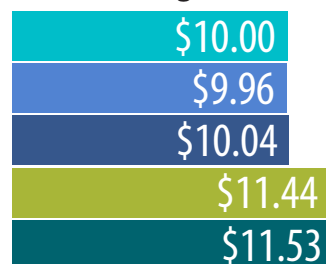
Benefits and Cost Sharing

In 2017, 59% 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 substantially over time, from 1% in 2009 to 21% in 2017.

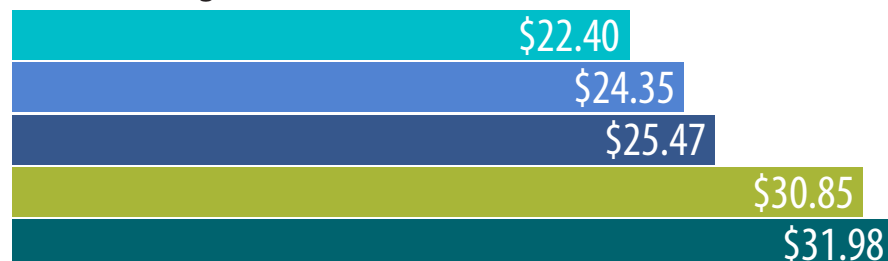
Average Prescription Drug Copayments, by Drug Type

California, 2009 to 2017, Selected Years

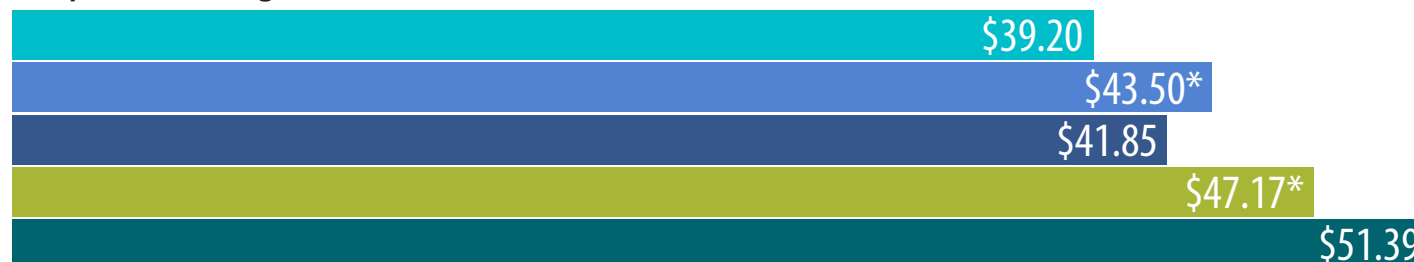
Generic Drugs



Preferred Drugs



Nonpreferred Drugs



*Estimate is statistically different from previous year shown.

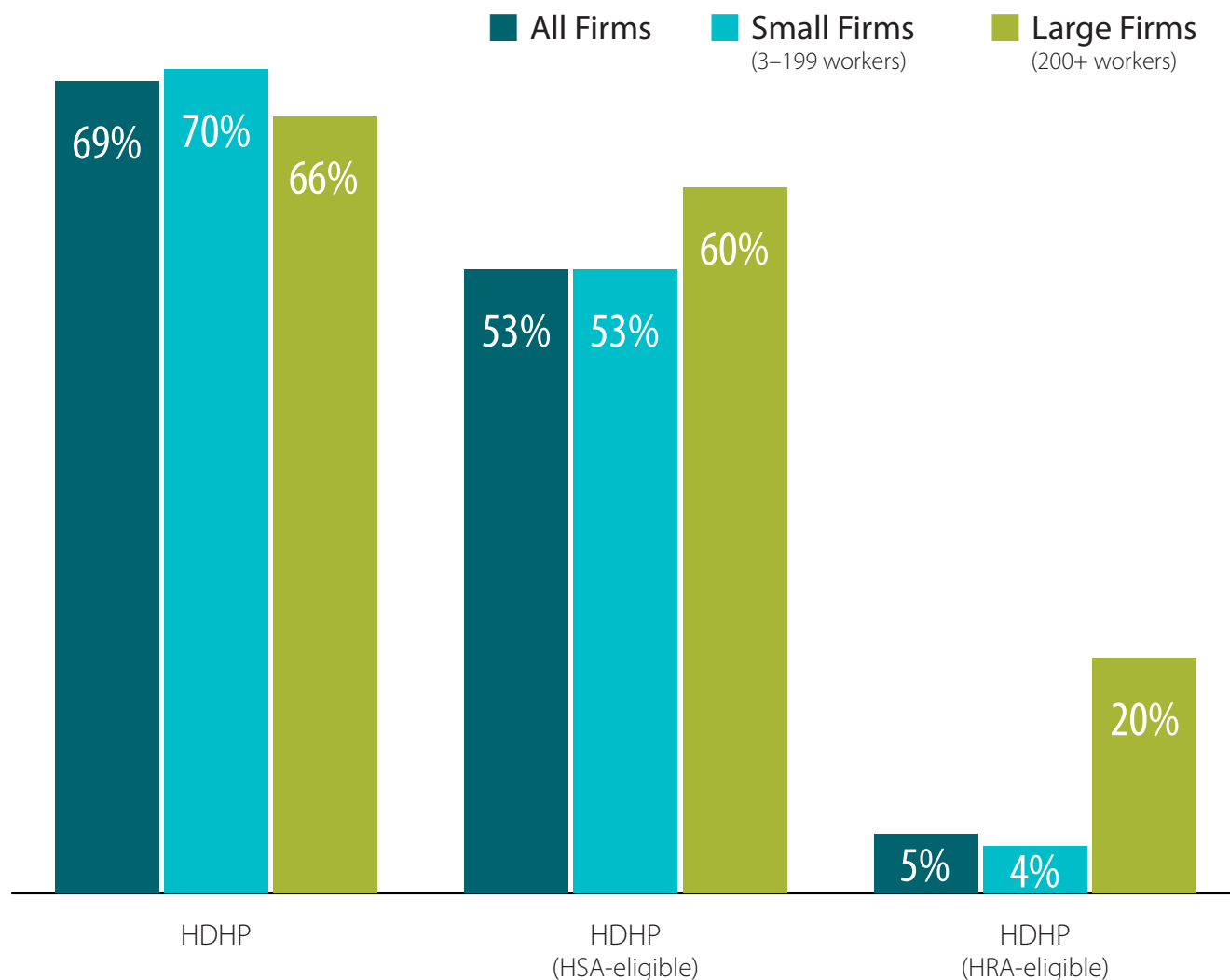
Notes: Preferred drugs are listed in a plan's formulary. Nonpreferred drugs are not listed in the formulary.

Source: California Employer Health Benefits Survey: 2009–2017, 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 a quarter what they were for nonpreferred drugs. Copayments for preferred and nonpreferred drugs increased between 2009 and 2017.

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

California, 2017



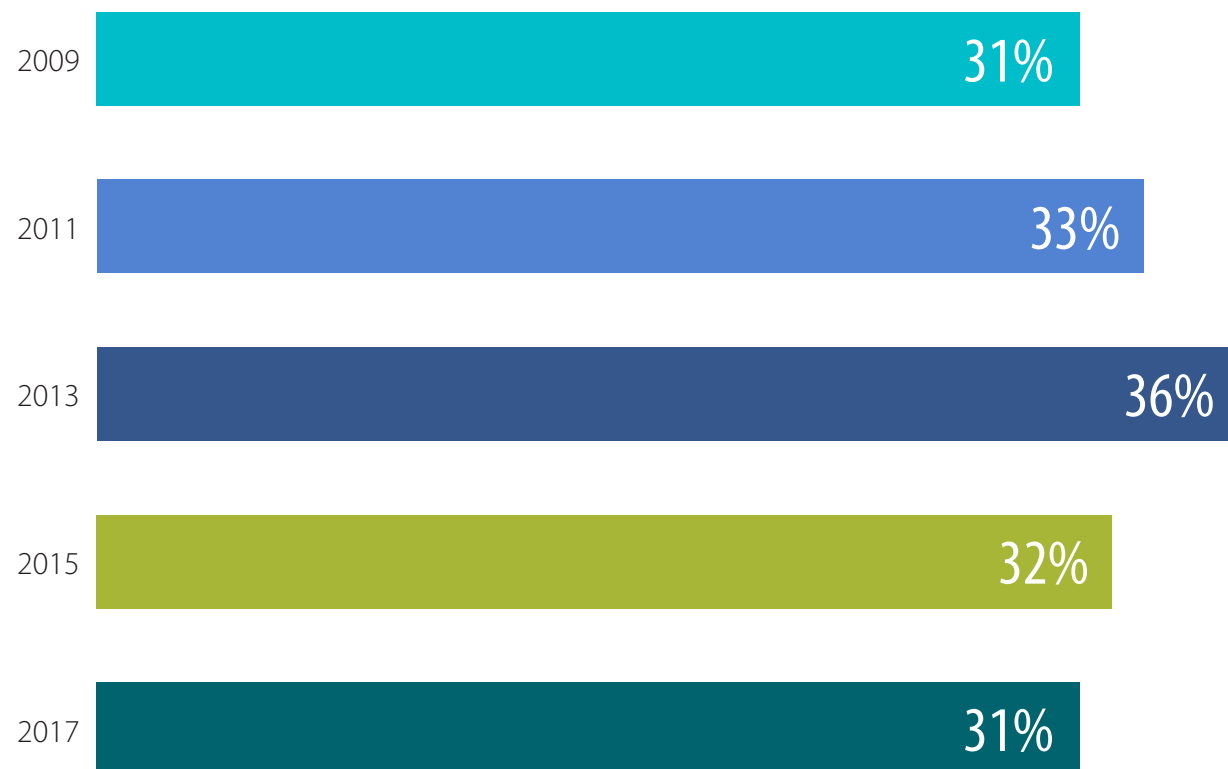
Notes: Tests found no significant differences between small firms and large firms. *HDHPs* (high-deductible health plans) have a deductible of at least \$1,000 for single coverage, and at least \$2,000 for family coverage. *HRAs* (health reimbursement arrangements) are employer-sponsored accounts that 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 that can be used to pay for IRS-approved health care expenses.

Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

Compared to other plan types, HDHPs typically expose workers to higher out-of-pocket costs. Sixty-nine percent of all California firms offered a high-deductible health plan (HDHP) in 2017. Of these firms, 5% offered an HDHP with a health reimbursement agreement (HRA), while 53% offered an HDHP with a health savings account (HSA).

Enrollment in Self-Insured Plans

California, 2009 to 2017, Selected Years

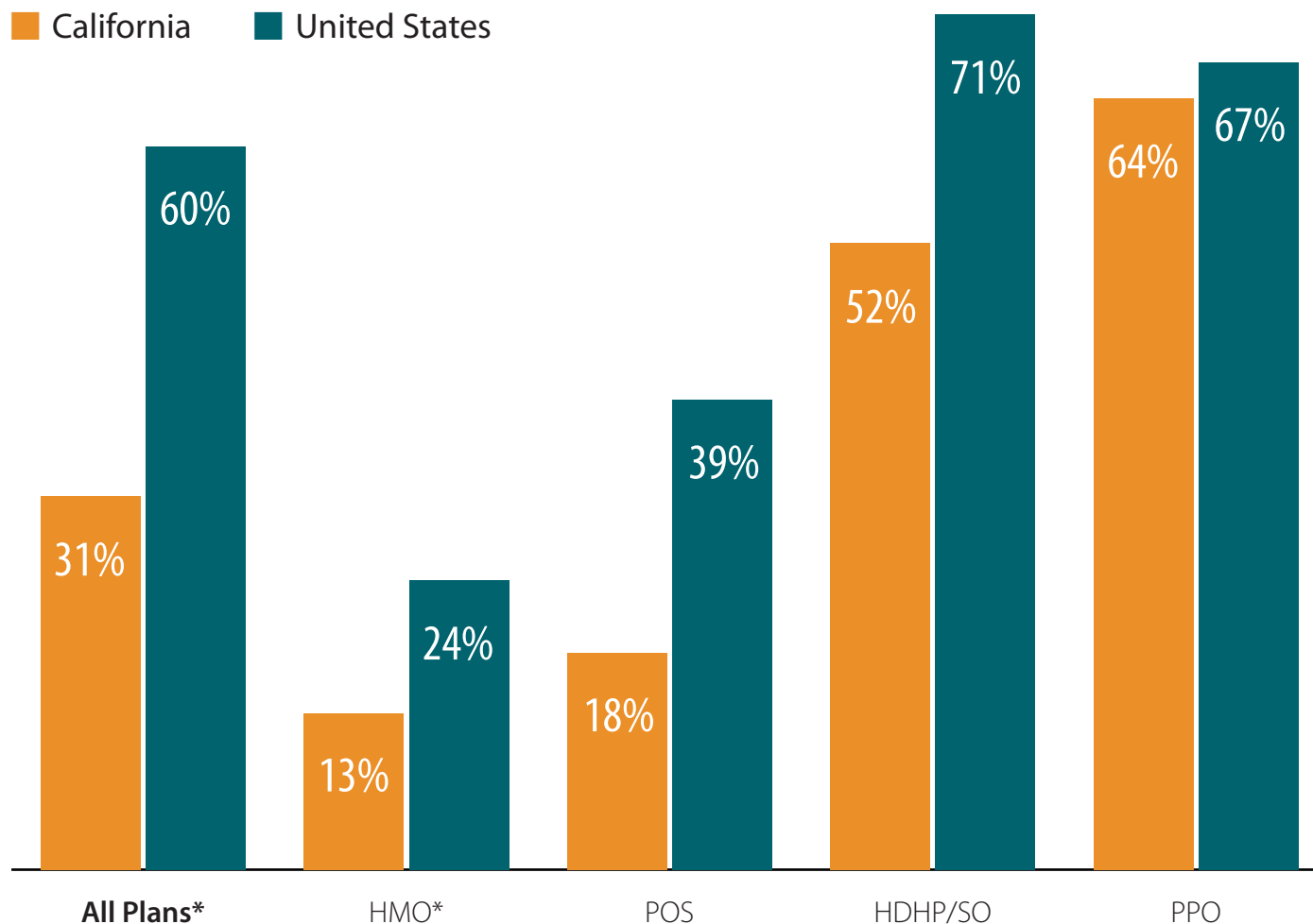


The percentage of workers enrolled in employer self-insured plans has remained relatively stable.

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. Tests found no significantly different estimates from the previous year shown.
Source: California Employer Health Benefits Survey: 2009–2017, CHCF/NORC.

Workers in Self-Insured Plans, by Plan Type

California vs. United States, 2017



*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: 2017; Employer Health Benefits Survey: 2017, Kaiser/HRET.

California Employer Health Benefits

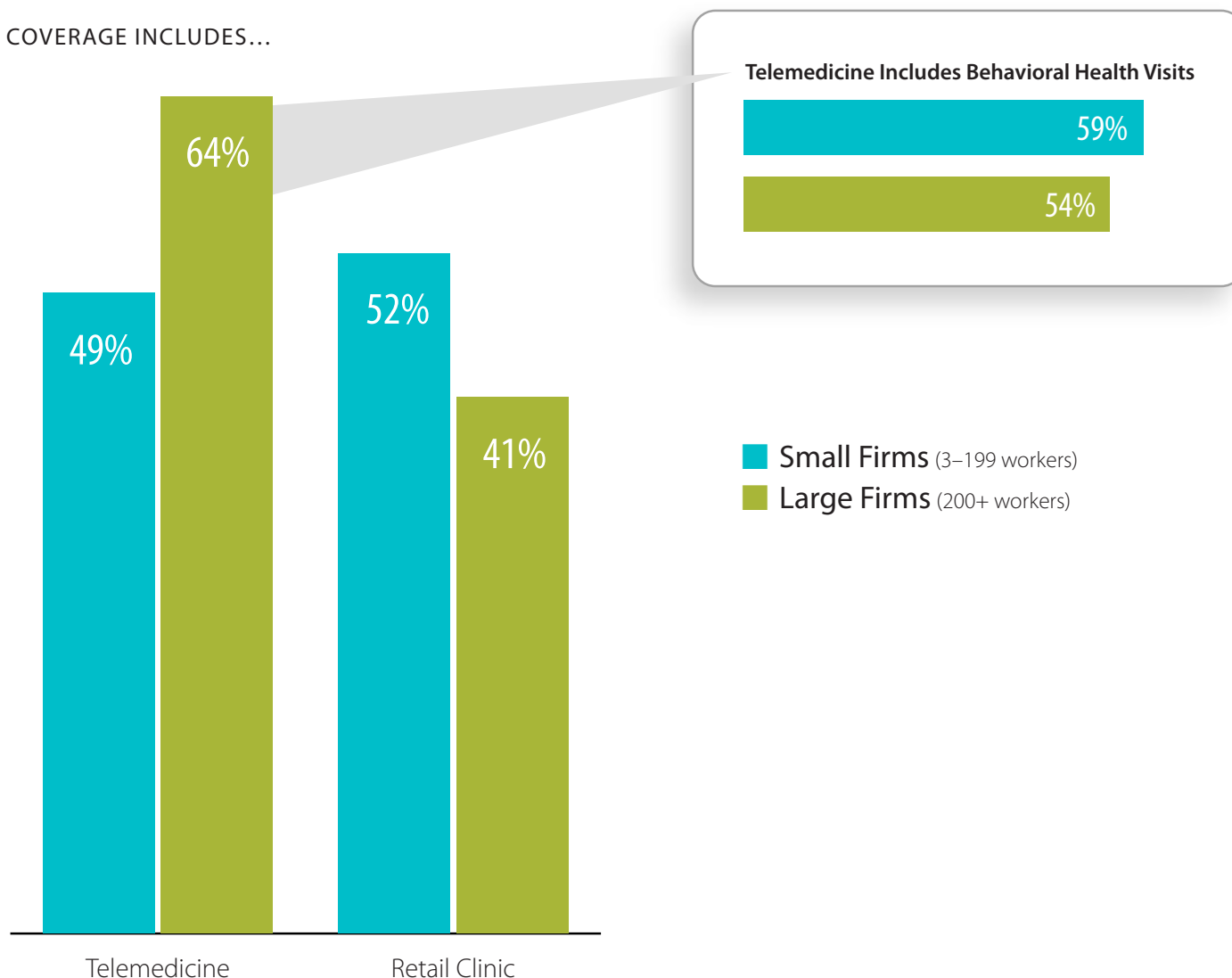
Plan Choice and Enrollment

Thirty-one percent of covered workers in California were enrolled in a partly or completely self-insured plan in 2017, compared with 60% nationally. The difference 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.

Firms Covering Telemedicine and Retail Clinics

Plans with Largest Enrollment, California, 2017

COVERAGE INCLUDES...



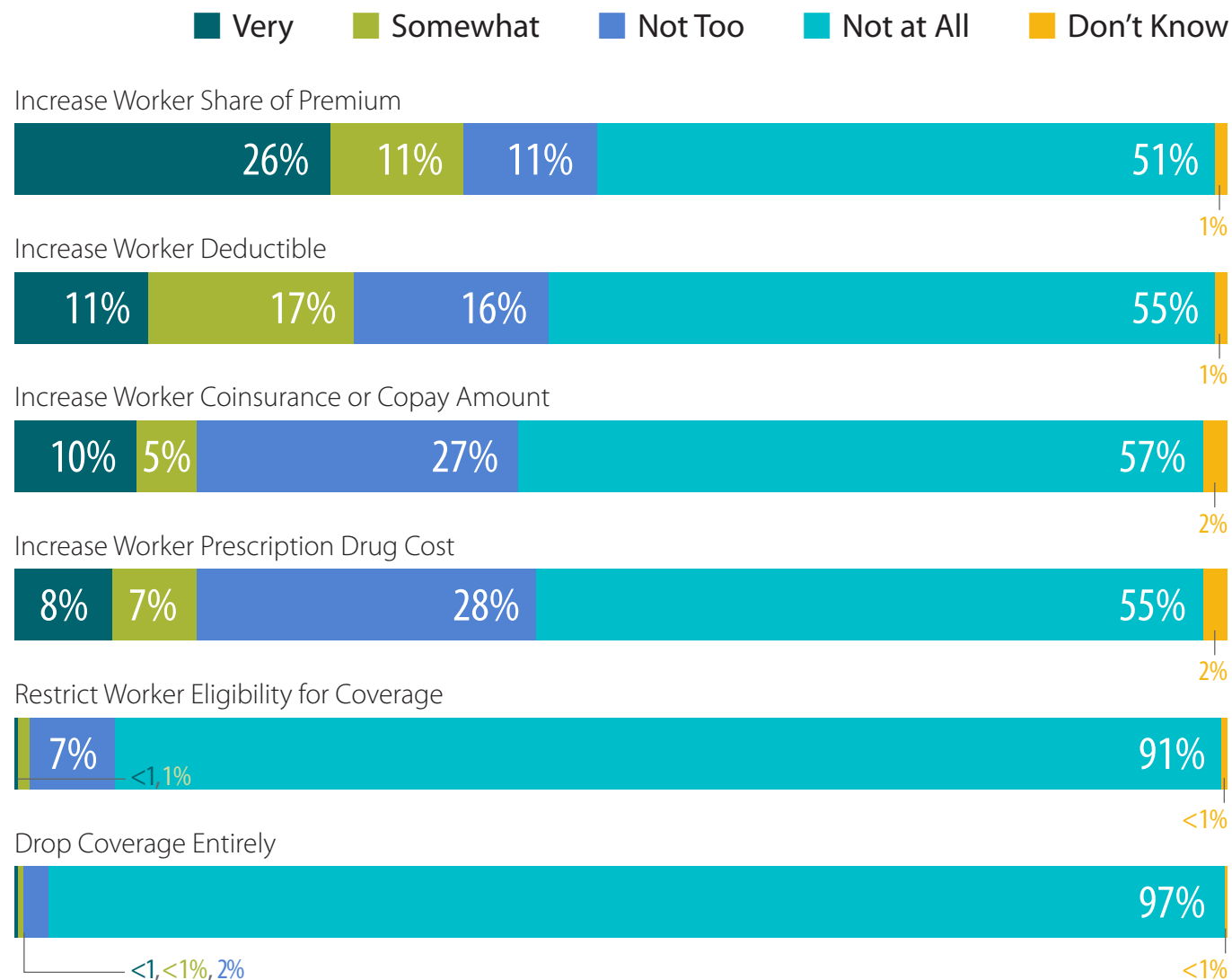
Note: Tests found no significant differences between small firms and large firms.

Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

Nearly two-thirds of large firms offered coverage for telemedicine services, and over half of these firms also included coverage for behavioral health telemedicine visits. About half of small firms covered care received at a retail clinic.

Likelihood of Firms Making Changes in the Next Year

by Type of Change, California, 2017



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

Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

California Employer Health Benefits

Employer Views and Practices

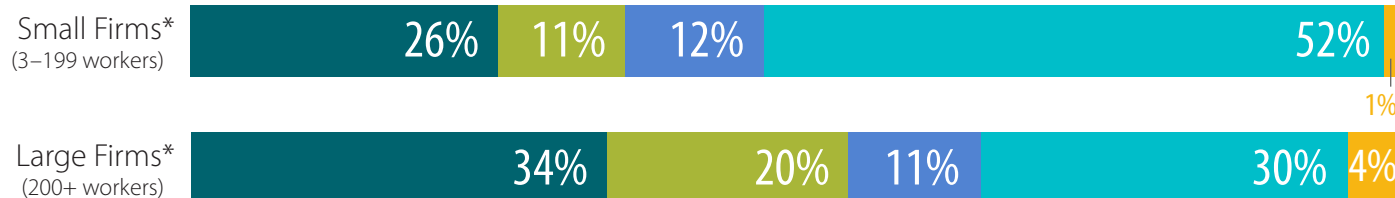
Thirty-seven percent of California firms reported they are very likely or somewhat likely to increase the amount that workers pay for premiums in the next year. Twenty-eight percent of firms stated that they are very likely or somewhat likely to increase employees' deductibles, and 15% stated that they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

Likelihood of Firms Making Selected Changes in the Next Year

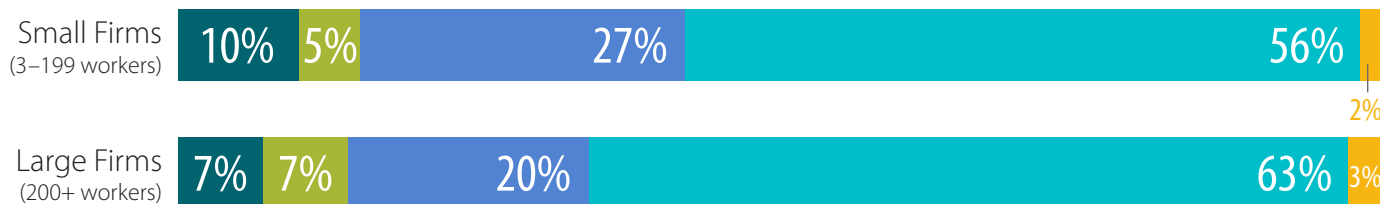
by Firm Size, California, 2017

Very Somewhat Not Too Not at All Don't Know

Increase Worker's Share of Premium



Increase Worker's Coinsurance or Copay Amount



*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: 2017, CHCF/NORC.

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.

Firms That Made Selected Changes in the Past Year

by Firm Size and Region, California, 2017

	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)	25%	40%	4%	7%
Large Firms	23%	15%	2%	12%
• 200–999 workers	25%	15%	2%	13%
• 1,000+ workers	19%	14%	1%	11%
REGION				
Los Angeles	10%	17%	<1%	12%
San Francisco	50%	79% [†]	<1%	1% [†]
Rest of State	25%	19% [†]	8%	7%
All Firms	25%	39%	4%	7%

*Asked only of firms offering an HDHP/SO option.

[†]Estimates are statistically different from all other firms.

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

Source: California Employer Health Benefits Survey: 2017, CHCF/NORC.

California Employer Health Benefits

Employer Views and Practices

In the past year, 25% of California firms increased cost sharing for workers and 4% reduced covered benefits. Of firms offering an HDHP/SO, 39% reported that they moved their benefit options to an HRA or HSA within the last year.

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 688 interviews with employee benefit managers in private firms in California. NR conducted interviews from August to December 2017. 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 $\pm 3.8\%$, for responses among employers with 3 to 199 workers it is $\pm 5.0\%$, and among employers with 200 or more workers it is $\pm 5.9\%$. Some exhibits do not sum to 100% due to rounding effects.

The Kaiser Family Foundation (KFF) 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 KFF 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 KFF 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 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 nonresponse adjustment. Next, the weights are trimmed to reduce the influence of weight outliers. Finally, a post-stratification adjustment is applied.

All statistical tests in this report compare either changes over time, a plan-specific estimate with an overall estimate, or subcategories versus all other firms (e.g., firms with three to nine 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.

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

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.

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