

**CENTER FOR HEALTH
INFORMATION AND ANALYSIS**

MASSACHUSETTS EMPLOYER SURVEY: 2014 SUMMARY OF RESULTS

OCTOBER 2014



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Key Findings

Massachusetts Employer Offer Rates Continue to Lead National Averages

Between 2011 and 2014, the proportion of Massachusetts employers offering health insurance remained steady at 76%, notably higher than the 55% national average.

Three of Four Eligible Massachusetts Employees Enrolled in Employer Health Insurance

73% of benefit-eligible Massachusetts employees enrolled in their employer health plans in 2014, a slight decline from 2011.

“Cost” and “Flexibility” Top Employer Selection Criteria for Health Plans

Employers reported “cost” and “flexibility to create plan options” as their most important factors in selecting health plans to offer their employees. “Flexibility” was the most important factor for self-insuring employers.

Massachusetts Employers Increasingly Offer High-Deductible Health Plans

Nearly half of Massachusetts employers offered High-Deductible Health Plans (HDHPs) in 2014, up 12 percentage points since 2011.

Slower Average Massachusetts Premium Growth Closing Premium Cost Gap with the Nation

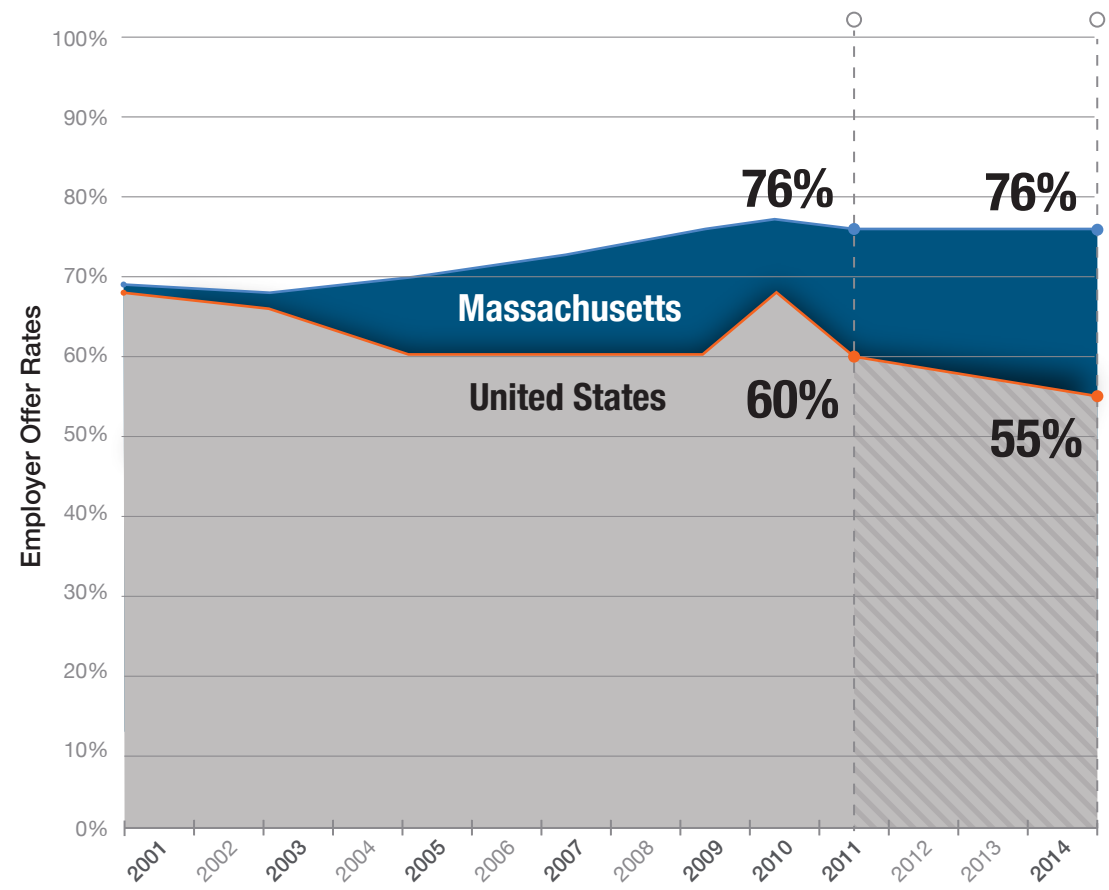
The difference between Massachusetts and United States average premiums narrowed between 2005 and 2014 as Massachusetts experienced slower premium growth than the nation for both Single and Family Coverage plans.

Massachusetts Employers Pay Approximately 70% of Health Insurance Premiums

In 2014, the median employer contributed 72% to Single Coverage premiums and 69% to Family Coverage premiums, down slightly from 2011.

Massachusetts Employers Offering Health Insurance

- Massachusetts employer health insurance offer rates held steady between 2011 and 2014, remaining higher than reported U.S. averages.



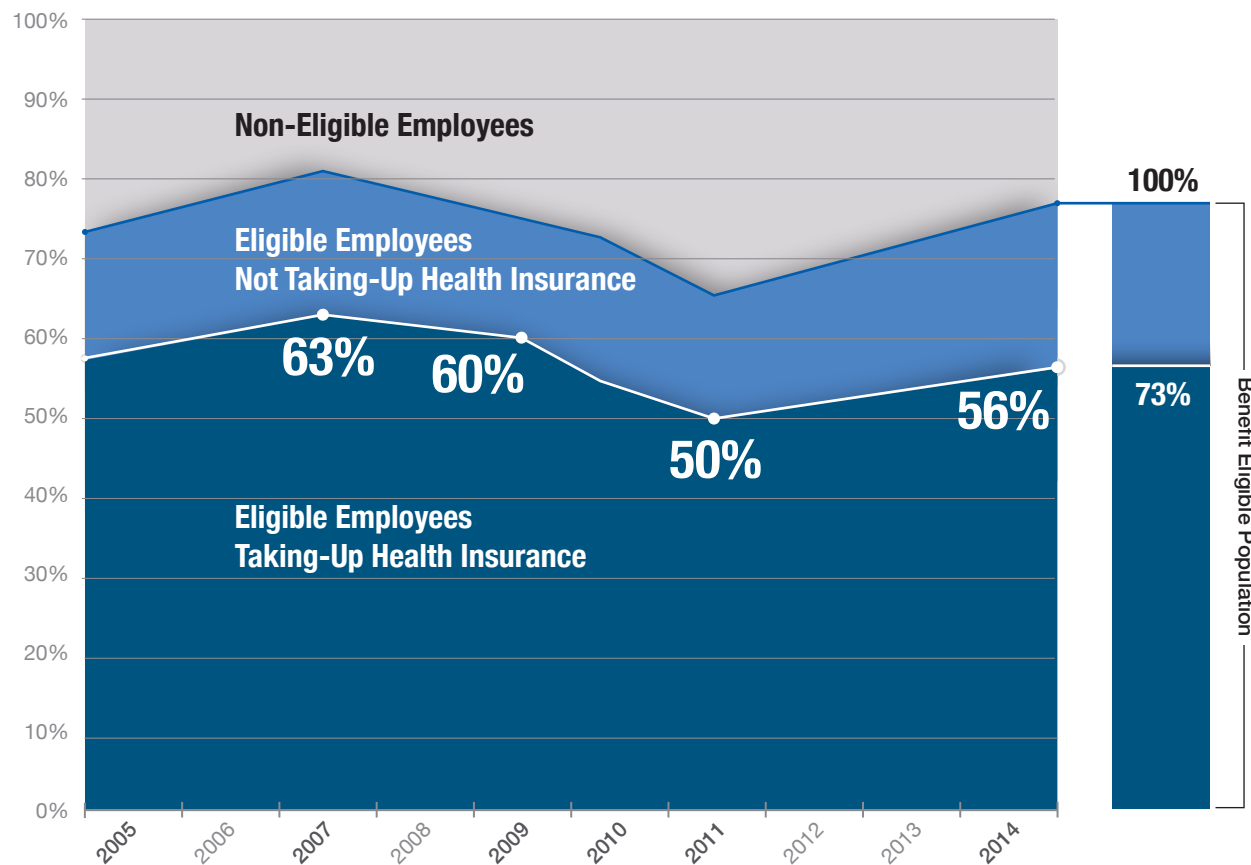
Notes: According to a Kaiser/HRET press release, U.S. 2009-10 increase may be result of changing employer population as the U.S. entered a recession.

Source: Kaiser/ HRET 2014 Employer Health Benefits Survey

The **employer offer rate** is the percentage of surveyed worksites that offered health insurance to at least some employees during the survey period.

Massachusetts Employee Median Take-Up Rates for Employer Health Insurance

- Among employers offering health insurance:
 - The median take-up rate among benefit-eligible employees was 73% in 2014.
 - The estimated proportion of employees who are benefit eligible increased from 65% of all employees in 2011 to 77% in 2014.
 - The median take-up rate for all employees increased from 2011 to 2014, moving back towards pre-recession levels.



The **employee take-up rate** is the percentage of employees at a worksite that subscribe to their employer's offered health insurance plan(s). Not all employees at a worksite may be **eligible** for benefits (e.g. part-time, temporary workers, contract employees, and in-waiting period employees).

Note: Take-up rates are median rates among surveyed employers offering health insurance. Estimates of non-eligible employees and eligible employees not taking-up health insurance were derived from median reported take-up rates. See Databook for more information.

Massachusetts Employer Offer Rates by Employer Size

- Massachusetts employer offer rates increased by employer size in 2014.



Keep in Mind:

While MA has many more small employers than large, larger employers represent more MA employees.

Massachusetts Eligible Employee Median Take-Up Rates by Employer Size

- Massachusetts median take-up rates for benefit-eligible employees did not differ significantly across employer size categories in 2014.



Massachusetts Employers Choosing Not to Offer Health Insurance

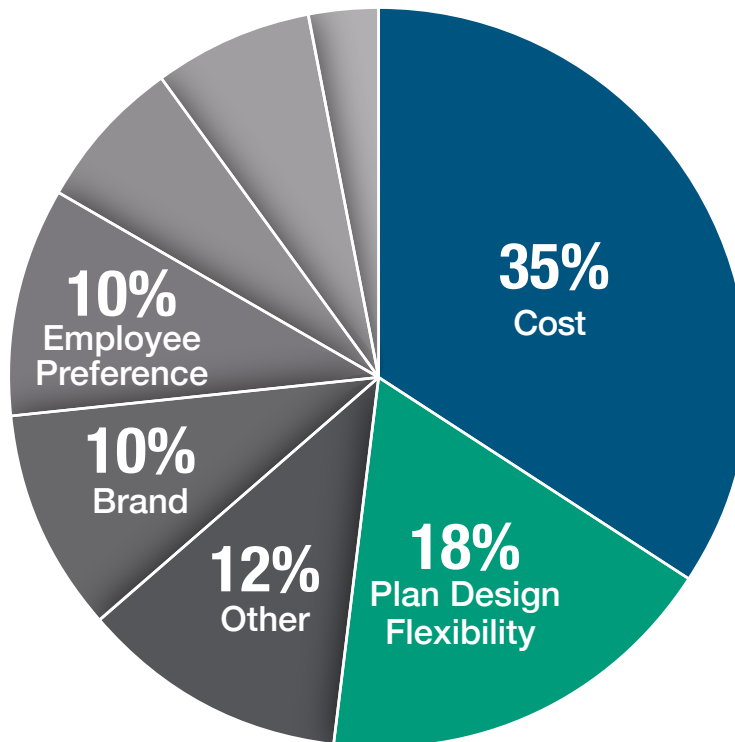
- In 2014, nearly all Massachusetts employers not offering health insurance reported that their employees were covered or had access to coverage from another source:
 - Employees “have insurance options elsewhere” (93%);
 - Employees “have access to insurance through the Health Connector or MassHealth” (78%).
- The cost of providing health insurance remained a top reason for employers choosing not to provide coverage in 2014, with 89% citing that “Premiums [were] too high”.

| Employer Reason for Not Offering Health Insurance | 2014 |
|--|------|
| Employees generally covered elsewhere | 93% |
| Premiums too high | 89% |
| Firm is too small | 84% |
| Employees have access to insurance through Commonwealth Health Connector or MassHealth | 78% |
| Can attract good employees without offering | 76% |
| Most employees are part-time/temporary/contracted employees | 59% |
| Administrative hassle | 53% |
| Turnover too great | 34% |
| Organization too newly established | 19% |

Note: Reasons are not mutually exclusive. Percentages based on employers who do not offer health insurance. Estimates based on small subgroups of the overall population have larger variances, making point estimates less precise.

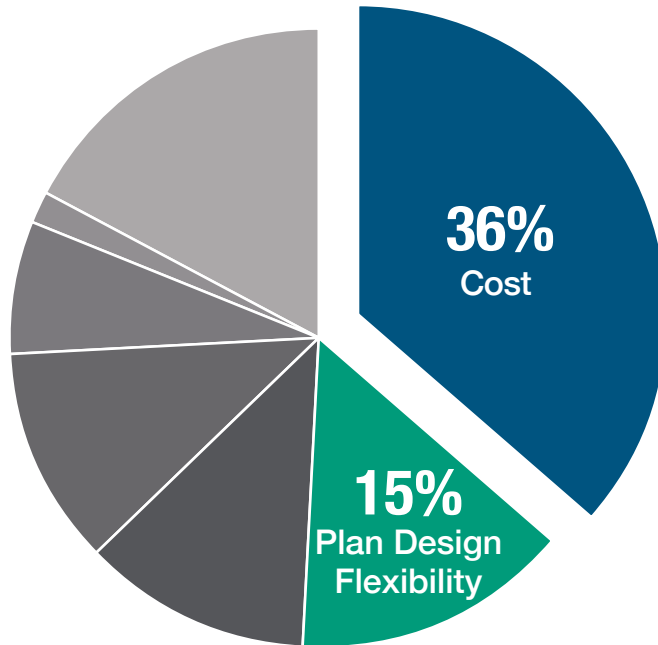
Massachusetts Employer Health Plan Selection Criteria

- For employers offering health insurance in 2014, the most important health plan selection factors were “Cost” (35%) and the “Flexibility to create plan options that meet your needs” (18%).
- “Flexibility” was of particular importance to larger employers (51+ employees), as compared to smaller employers, with 29% of larger employers citing it as their most important health plan selection factor in 2014.



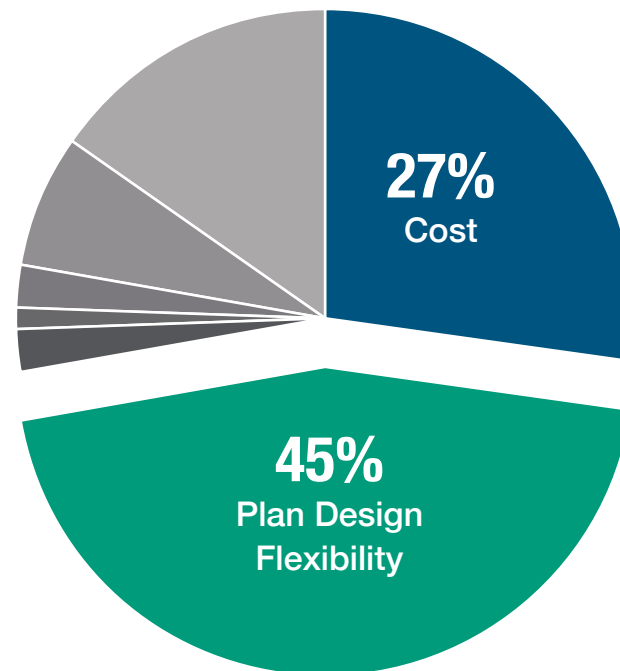
Massachusetts Employer Health Plan Selection Criteria by Funding Source

- In 2014, fully-insured employers most often selected “cost” as the most important health plan selection factor, while self-insured employers most often selected “flexibility” in plan design.



Fully-Insured

A **fully-insured employer** contracts with an insurance company to assume financial responsibility for its employees' (and employee-dependents') medical claims and administrative costs.



Self-Insured

A **self-insured employer** directly assumes the financial responsibility for its employees' (and employee-dependents') medical claims, often contracting with a Third Party Administrator to administer these claims.

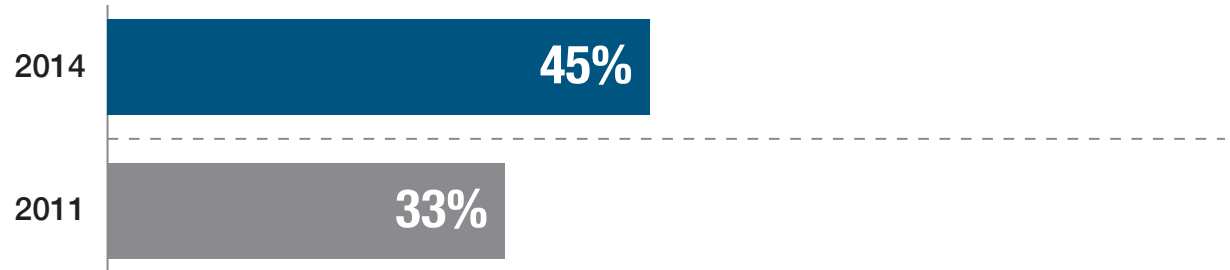
The Role of Massachusetts Brokers

- In 2014, of the Massachusetts employers who used a broker, the majority reported receiving broker assistance with exploring health plan options, finding affordable coverage, and selecting plans with their desired benefits.
- Larger Massachusetts employers (51+ employees) were more likely than smaller employers to report receiving broker assistance with understanding regulations (73%) and participating in open enrollment meetings (67%).

| Brokers helped employers... | All Employers |
|---|---------------|
| Find affordable health insurance coverage | 74% |
| Explore health plan and product options | 73% |
| Determine desired benefits | 71% |
| Explain benefits to employees | 50% |
| Accurately complete forms | 50% |
| Understand insurance regulations and compliance | 46% |
| Participate in open enrollment meetings | 37% |

Employers Offering High-Deductible Health Plans (HDHPs)

- Between 2011 and 2014, there was significant growth in the proportion of employers offering HDHP options to employees. HDHPs offer lower premiums in exchange for higher employee cost-sharing. Nearly half of Massachusetts employers offered HDHPs in 2014, more than double the national average (24%)*.



Note: Employers may also offer options other than High Deductible Health Plans (HDHPs). HDHPs based on IRS deductible levels. See Technical Notes for more information.

*Kaiser/ HRET 2014 Employer Health Benefits Survey

Related Employer-Offered Benefits by Employer Size

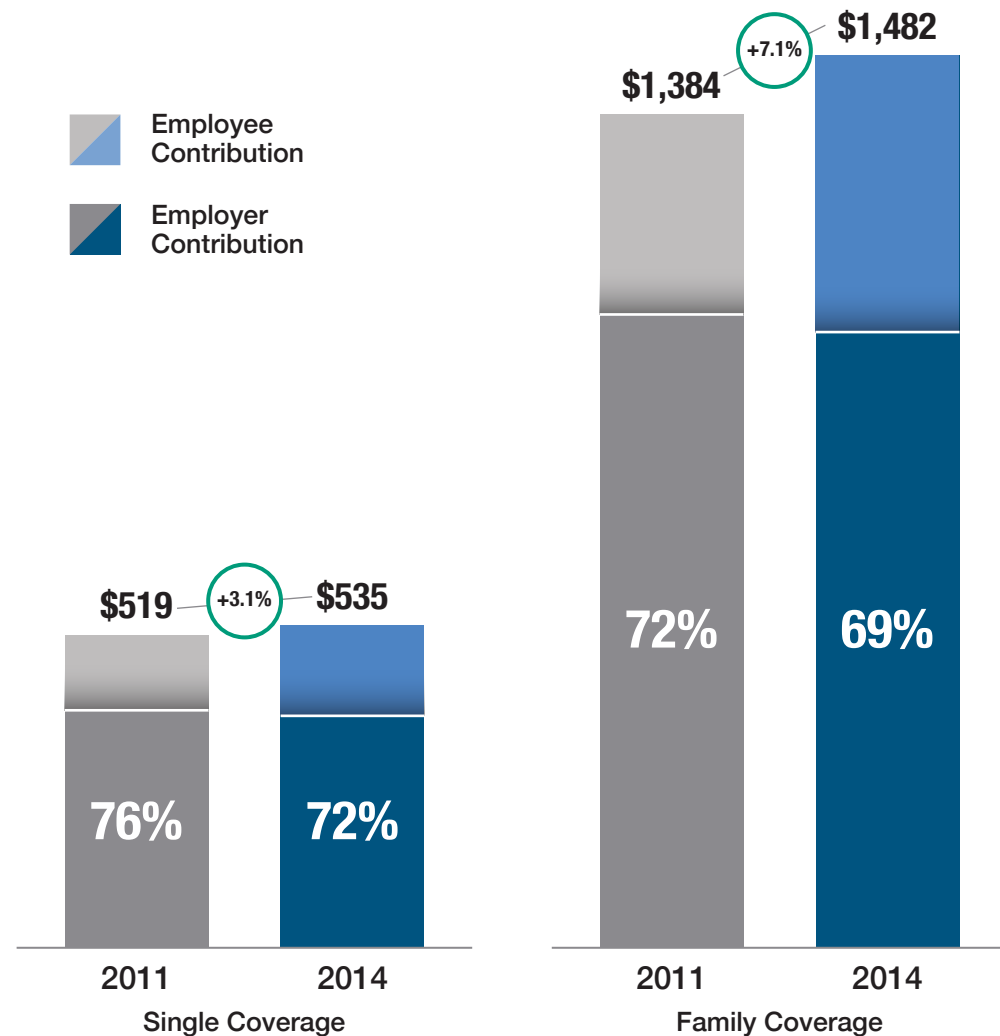
- Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), and Health Savings Accounts (HSAs) are commonly paired with HDHPs to offset member cost-sharing.
- In 2014, employers were more likely to offer FSAs than HRAs or HSAs as employee benefit options.
- Larger employers (51+ employees) were significantly more likely than smaller employers to offer these benefit options to employees.

| Employer Benefit Offerings (2014) | All Employers | 51+ Employees |
|---|---------------|---------------|
| Flexible Spending Accounts (FSA) | 40% | 76% |
| Health Reimbursement Arrangements (HRA) | 16% | 27% |
| Health Savings Accounts (HSA) | 14% | 24% |

Note: See Technical Notes for definitions. To learn more about these pairings, see 2013 Health Policy Commission [report on consumer-driven health plans](#).

Massachusetts Health Insurance Premiums

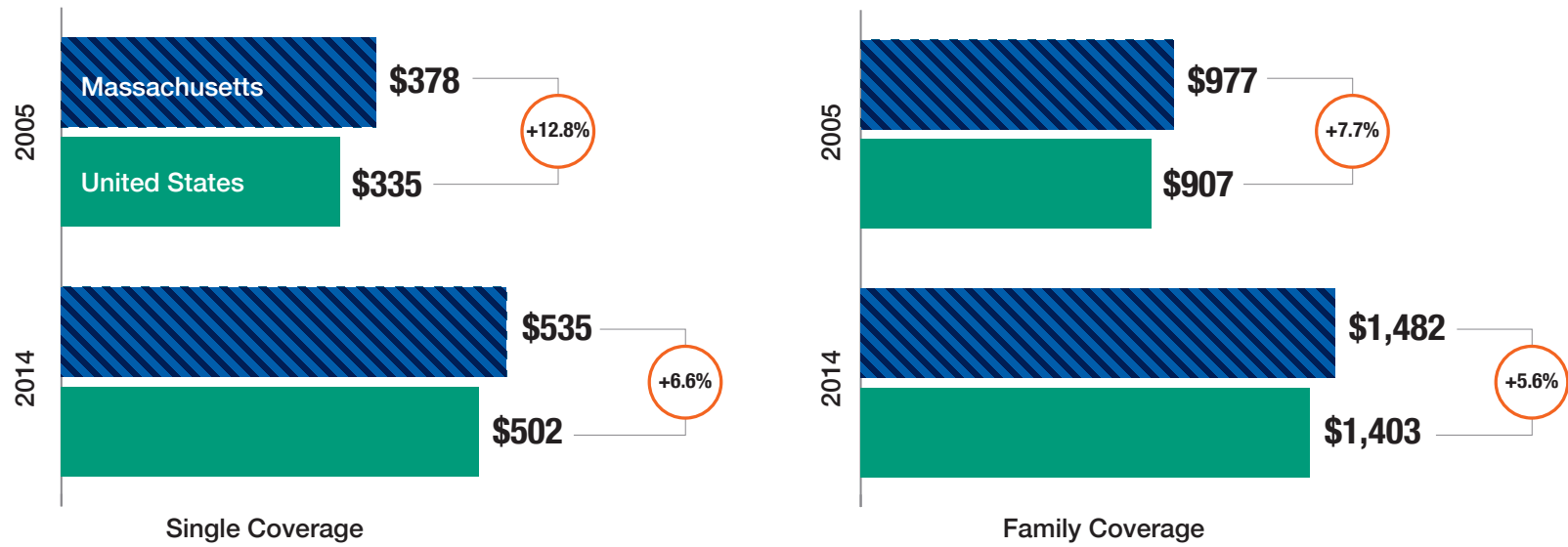
- From 2011 to 2014, average monthly Massachusetts premiums increased for both Single Coverage (+3.1%) and Family Coverage plans (+7.1%).
- Massachusetts employers contributed less in 2014 to both Single and Family Coverage premiums.



Notes: While premiums are based on average employer rates, shown contribution levels are based upon median employer rates. Sampling differences may impact changes from one year to another; long-term average premium trends, however, remain statistically significant.

Massachusetts Health Insurance Premiums Compared to U.S. Averages

- The difference between the **average** Massachusetts and U.S. premiums for Single and Family Coverage narrowed between 2005 and 2014 as Massachusetts premiums grew more slowly than national averages.

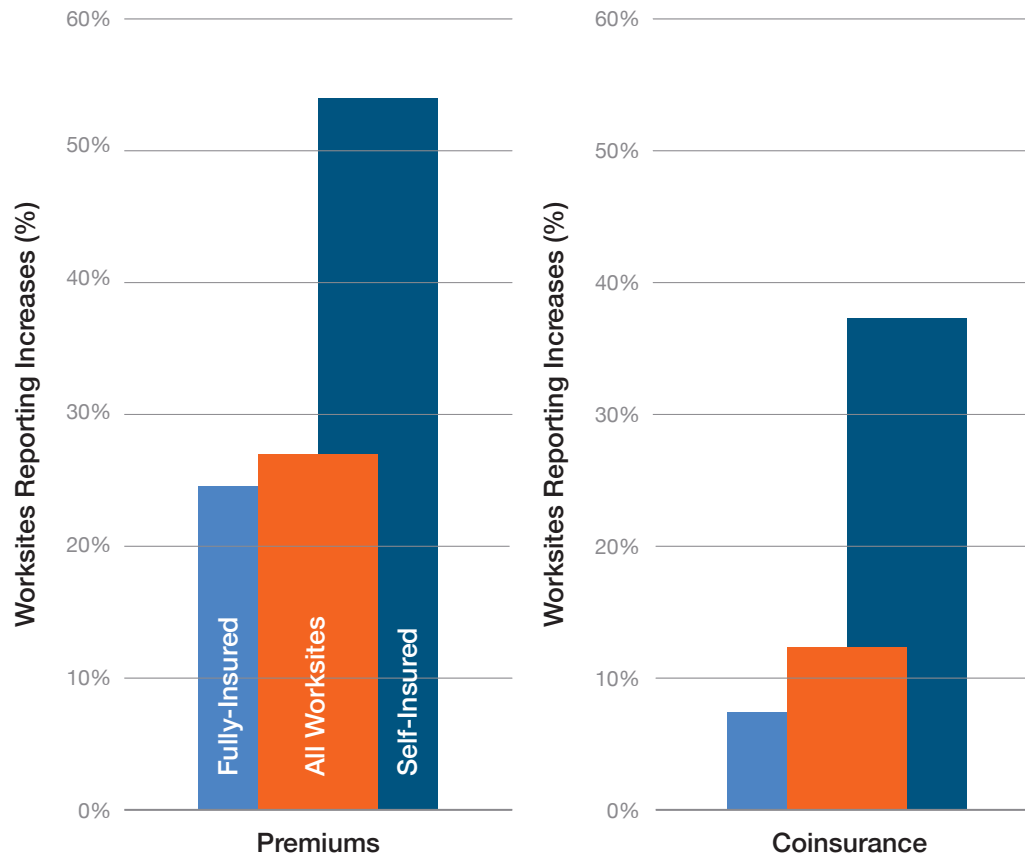


Notes: Sampling differences may impact average premium changes from one year to another; long-term average premium trends remain statistically significant.

Source: Kaiser/HRET 2014 Employer Health Benefits Survey

Trends in Employee Health Plan Contributions

- There are important differences in the proportion of worksites reporting increases in premiums and coinsurance between fully-insured and self-insured employers.
- In 2014, self-insured employers were more than twice as likely as fully-insured employers to report employee health plan premium increases during the plan year (54% vs. 25%).
- Similarly, in 2014, 37% of self-insured employers reported that employee coinsurance increased during the plan year, more than five times the rate reported by fully-insured employers.

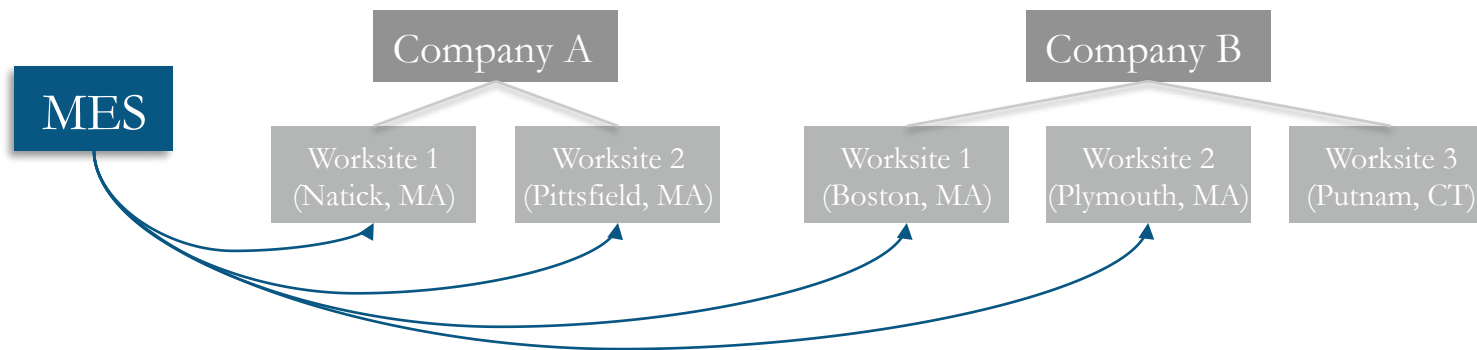


Coinsurance is medical cost-sharing required of a health plan member beyond a deductible amount. It is usually a percentage of the medical expenses, varying by network eligibility and service type.

Survey Design and Methods

The Massachusetts Employer Survey (MES)

- The MES tracks Massachusetts employer offer rates, employee take-up rates, employer plan selection factors, and employer and employee health plan costs, including premiums and contribution amounts during a given year.
- The 2014 MES was conducted from January to April 2014 after the Affordable Care Act went into effect.
- The MES surveys Massachusetts-based “worksites” with more than 3 employees, regardless of corporate and employee residency. Prior to 2009, worksites with 2 employees were also included in the sample.



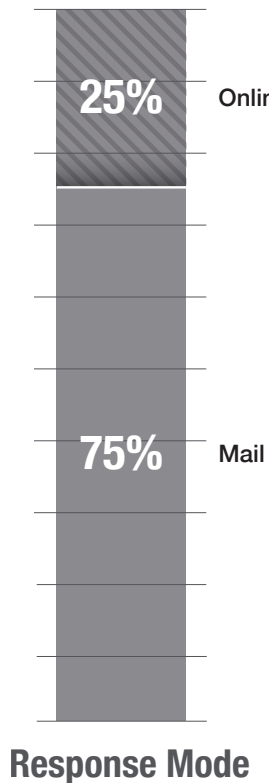
The MES was conducted in:



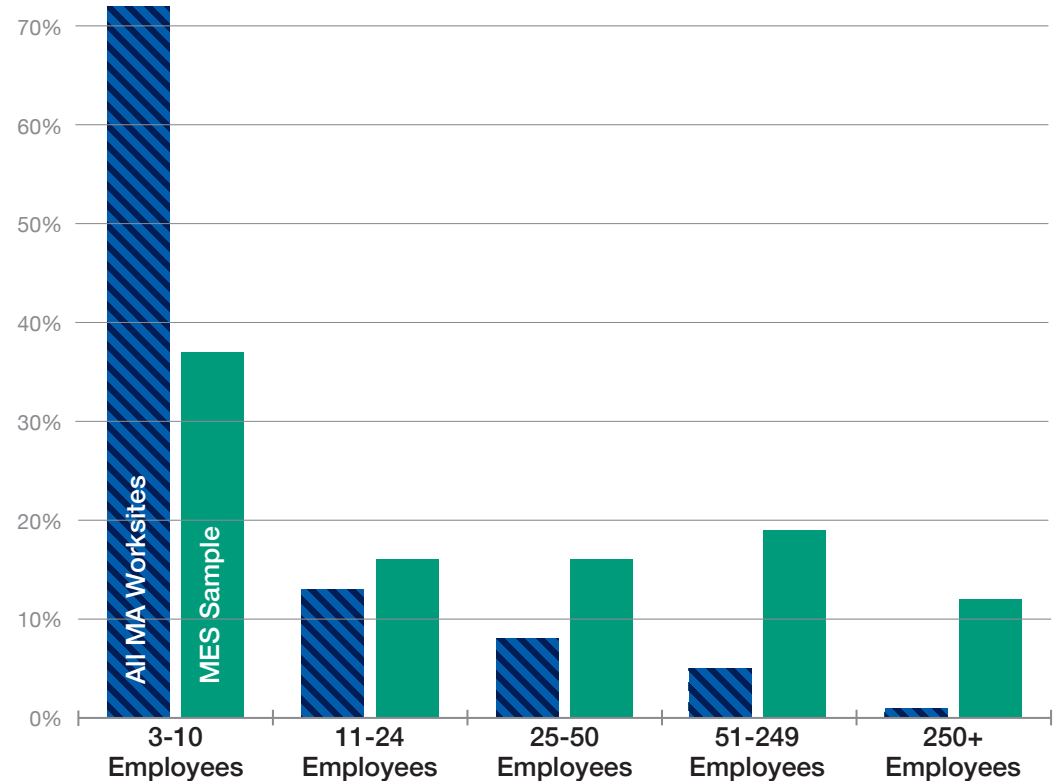
Survey Design and Methods

Response Rate, Sampling and Weighting

- MES respondents were randomly selected from Dun & Bradstreet listings by five worksite size strata to answer up to 52 questions.
- 601 Massachusetts questionnaires were completed by mail or online by worksite human resource and benefit managers, a 42% response rate.



- MES sampling sought representative samples by worksite-size strata, allowing for intra-strata comparisons and state-level reporting.
- Weighting was applied to account for differences in sample selection and response rates.



Source: Dun & Bradstreet; UMass Boston Center for Survey Research

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For More Information

This Summary of Results has been released with Technical Notes, Chartbook, Databook, Field Report, and Survey Questionnaire. Additional 2014 MES products can be found at the link below:

http://www.mass.gov/chia/researcher/chia-publications.html#insurance_surveys

National data from the Kaiser/HRET 2014 Employer Health Benefits Survey can be found at the link below:

<http://www.kff.org/health-costs/report/2014-employer-health-benefits-survey>



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