



National Benefit Plan Costs Pierce \$9,000 for Workers

According to the latest annual benchmarking data from UBA, a national benefits trade group, the average annual health plan cost per employee for all plan types is \$9,504 with an average employer cost of \$6,276 per employee and an average employee cost of \$3,228 (Table 1).

Table. 1 Employer and employee cost for healthcare plans, by plan type, 2014

Plan Type	Total Cost	Employee Cost	Employer Cost
PPO	\$9,828	\$3,339	\$6,489
HMO	\$9,072	\$3,022	\$6,049
POS	\$10,018	\$3,893	\$6,120
Consumer Directed Health Plans (HAS/HRA)	\$8,919	\$2,883	\$6,036
EPO	\$10,346	\$3,747	\$6,599
All Plans (average)	\$9,504	\$3,228	\$6,276

Source: UBA, December 2014

Health maintenance organizations (HMOs) have lower annual costs per employee than the average plan; to be specific, HMOs are 4.7% less expensive. On the other hand, point of service (POS) plans, exclusive provider organizations (EPOs), and preferred provider organizations (PPOs) all have higher annual costs per employee than the average plan. PPO plan costs are 3.4% higher, point of service (POS) plan costs are 5.3% higher, and EPO costs are 8.5% higher. Despite this, PPOs continue to dominate the market in terms of plan distribution and employee enrollment. Other key highlights include:

- **Health plan options.** More than half (55.1%) of all employers offer one health plan to employees, while 28.6% offer two plan options, and 16.3% offer three or more options.
- **Costs and contributions by industry.** Total costs per employee for the construction, retail, and hospitality sectors are 5.5% to 20% lower than the average, making employees in these industries among the least expensive to cover. By contrast, government plans have the highest average cost per employee (\$11,329 or 17.5% higher than average) and employee contributions are 45.1% (\$2,040) less than the average employee contribution of \$3,228. Employees in the construction sector contributed approximately 11.4% (\$3,620) more toward plan costs than average.
- **Out-of-pocket costs.** While average in network deductibles remained fairly level at \$1,901,

out-of-pocket maximums for 2014 increased more than 6% over last year. The median single out-of-pocket maximum is \$3,500 (an increase of \$500), and the median family out-of-pocket maximum is \$8,000 (an increase of \$1,000).

- **Delay tactics.** Premium renewal rates increased an average of 5.6% for all plans – up very slightly from last year’s 5.5% increase. However, there was a nearly 322% increase in the number of plans utilizing an early renewal strategy, which delayed many effects of the Affordable Care Act.
- **Prevalence of plan type by region.** PPO plans are most prevalent in the Central U.S., while consumer-driven health plans (CDHPs) are most prevalent in the Northeast.
- **Enrollment by plan type by region.** PPO plans have the greatest enrollment in the West, while CDHPs see the most enrollment in the North Central U.S.
- **Dependent coverage.** Almost half (47.8%) of all covered employees also elect dependent coverage, with the highest percentage being covered by CDHP, POS, and PPO plans. The dependent coverage percentages have remained essentially the same for the past three years, which means that there hasn’t been a rush to drop family coverage as some pundits have predicted.
- **Spouse/partner coverage.** Just 2.3% of all employers provide no domestic partner benefits (a trend that has remained unchanged for the past three years), 28.4% provide coverage for both same-sex and opposite-sex domestic partners, 5.5% provide same-sex coverage only, and 3.7% provide opposite sex domestic partner benefits only.
- **Infertility services.** In 2014, 34.1% of all plans provided no benefits for infertility services, as opposed to 33.5% in 2013. In 2014, 36.8% of plans provided benefits for evaluation only (which is an increase from last year), and 29.1% provided benefits for evaluation and treatment (a slight decrease from last year).
- **Comprehensive wellness programs.** Only 18.4% of all employers offered comprehensive wellness programs, which is a 0.8% decline from last year. Of these employers, 80.3% include health risk assessments, 67% offered employee incentives for participation, 63.4% offered biometric screening or physical exams, 51.9% included onsite or telephone coaching for high-risk employees, and 40.3% included seminars or workshops.
- **Bonuses to waive coverage.** Just 3.2% of employers offered a bonus to employees to waive medical coverage in 2014; this is a slight drop from 3.5% in 2013. The average annual single bonus in 2014 was \$1,596, which is a slight increase from \$1,524 in 2013.
- **Grandfathering.** Only 8.2% of plans are considered grandfathered plans.
- **Self-funding.** Overall, 11.1% of all plans are self-funded. By contrast, 80% of all large employer (1,000+ employees) plans are self-funded.
- **Prescription drug plans.** More than two-thirds (67.8%) of prescription drug plans utilize copays. Plans with four or more tiers grew 15.2%, with the intention of defraying the cost of more expensive drugs. Median retail copays are: \$10/\$35/\$44/\$100 for four-tier plans. Tier four median copays have grown by 25%.

9,950 employers sponsoring 16,467 health plans nationwide were surveyed.



connerstrong.com



877-861-3220



news@connerstrong.com



[Change My Preferences](#)

CONNER
STRONG &
BUCKLEW

INSURANCE | RISK MANAGEMENT | EMPLOYEE BENEFITS



[Click here to change your email preferences or unsubscribe from all communication.](#)