

**Hewitt**

# **The Changing Health Insurance Safety-Net**

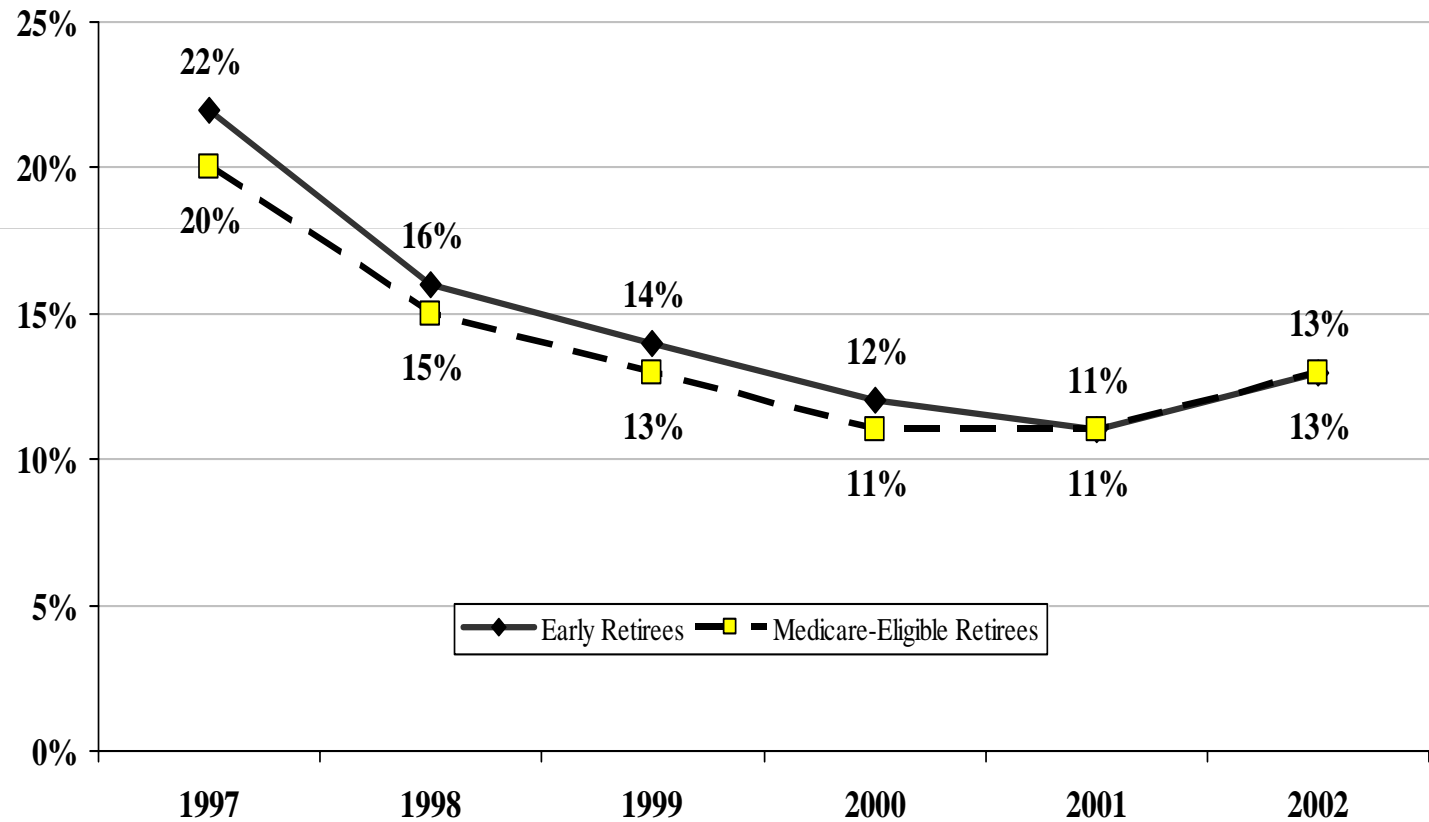
National Academy of Social Insurance  
May 15, 2006

Dale H. Yamamoto

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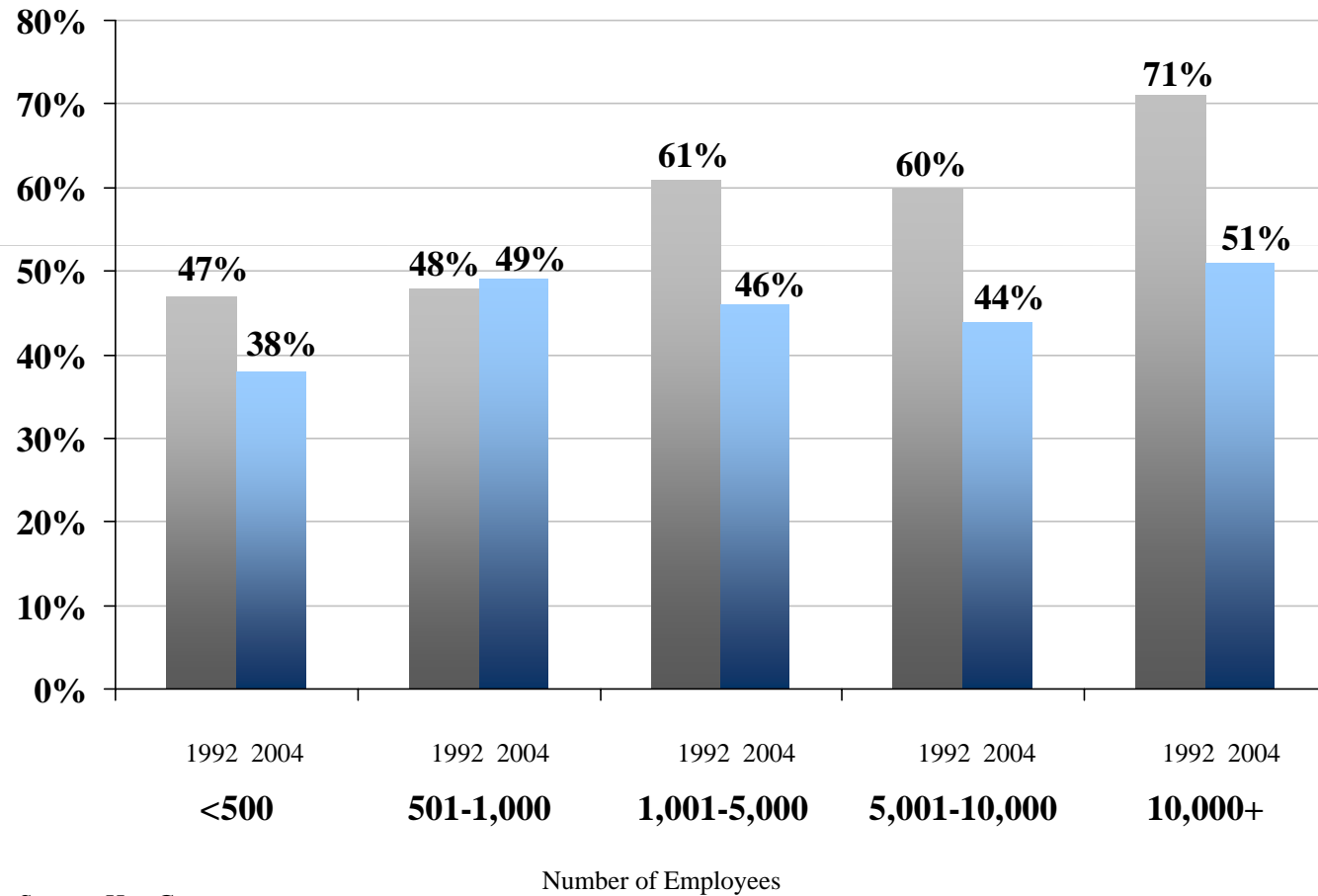
## Percentage Offering Retiree Health Benefits From 1997–2002



Source: EBRI from various tables at [www.meps.ahrp.gov/Data\\_Pub/IC\\_Tables.htm](http://www.meps.ahrp.gov/Data_Pub/IC_Tables.htm)



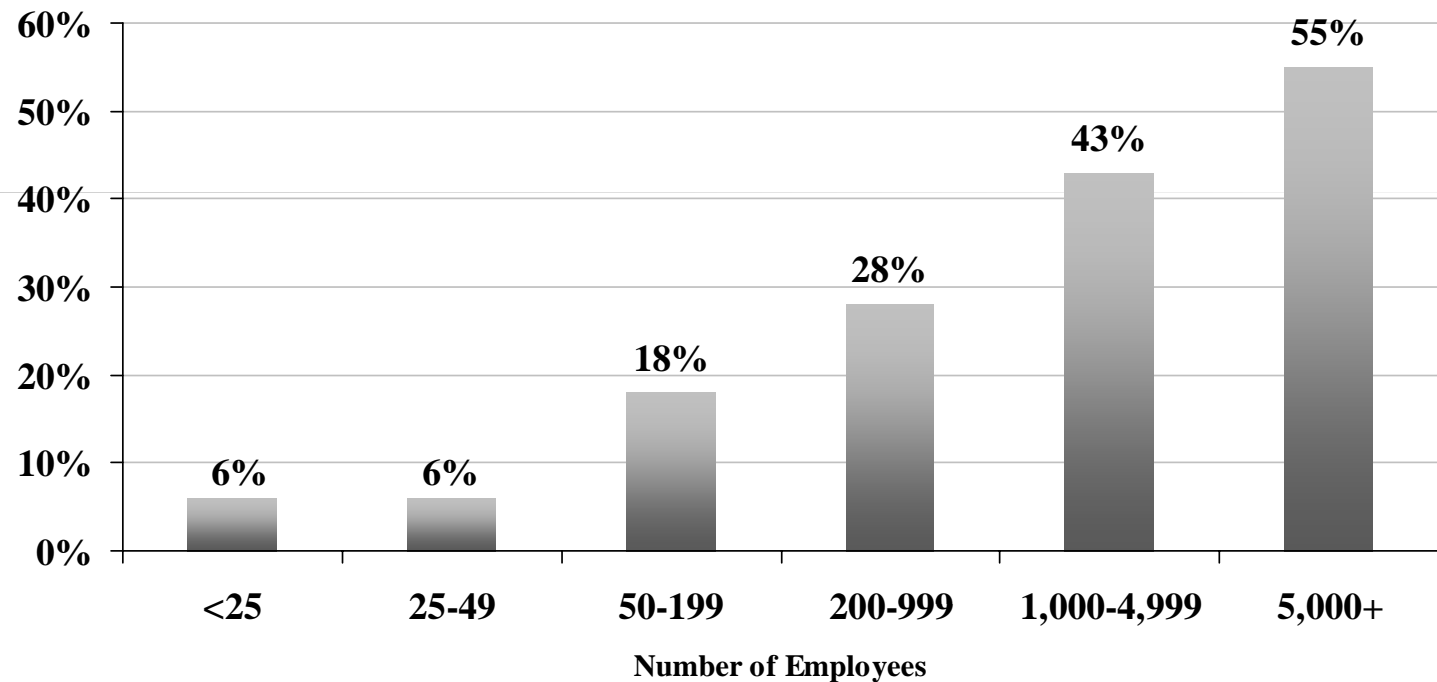
## Percentage of Firms Offering Retiree Health Benefits by Size and 1992/2004—Post-65



Source: Hay Group



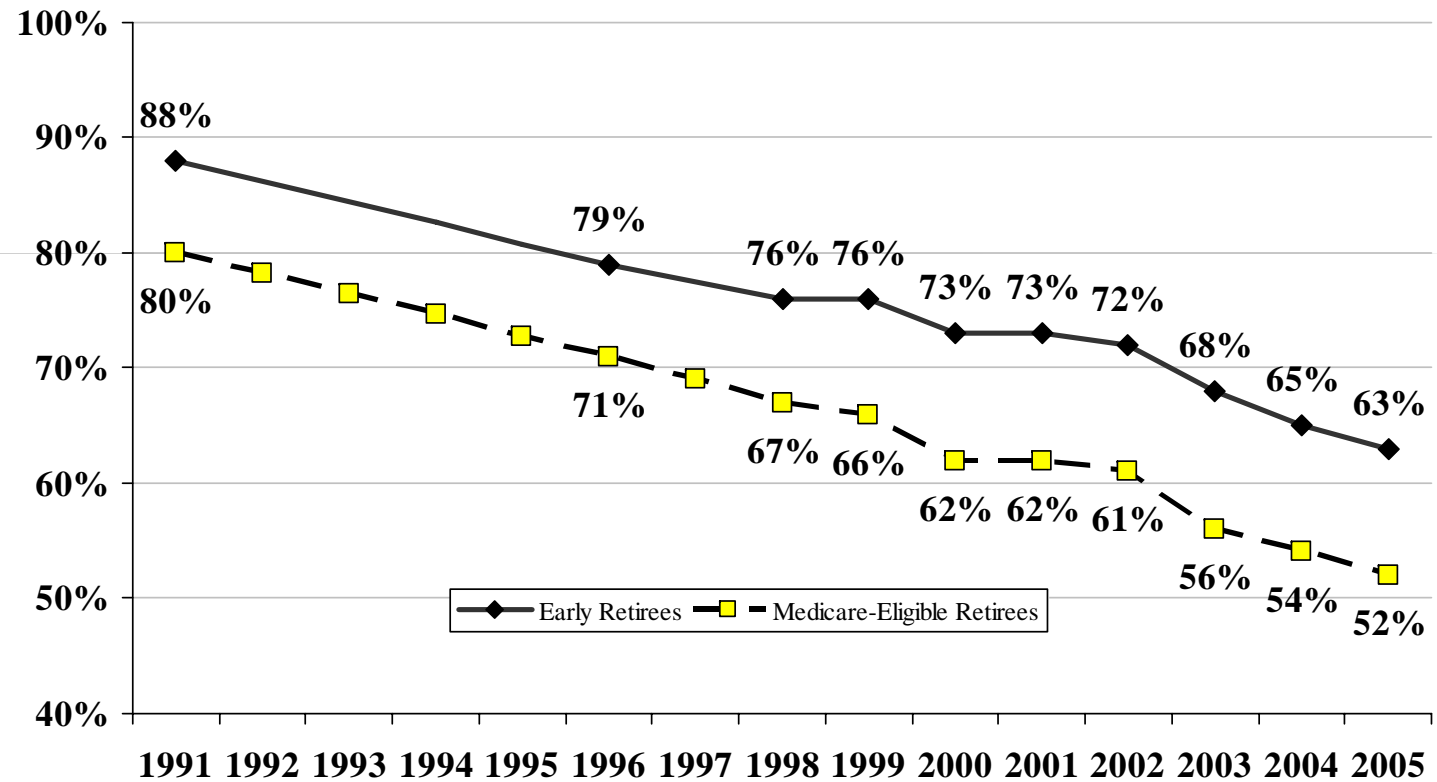
## Percentage of Firms Offering Retiree Health Benefits by Size of Firm in 2005



Source: Kaiser Family Foundation/Health Research and Educational Trust, *Employer Health Benefits: 2005 Annual Survey*, 2,013 respondents



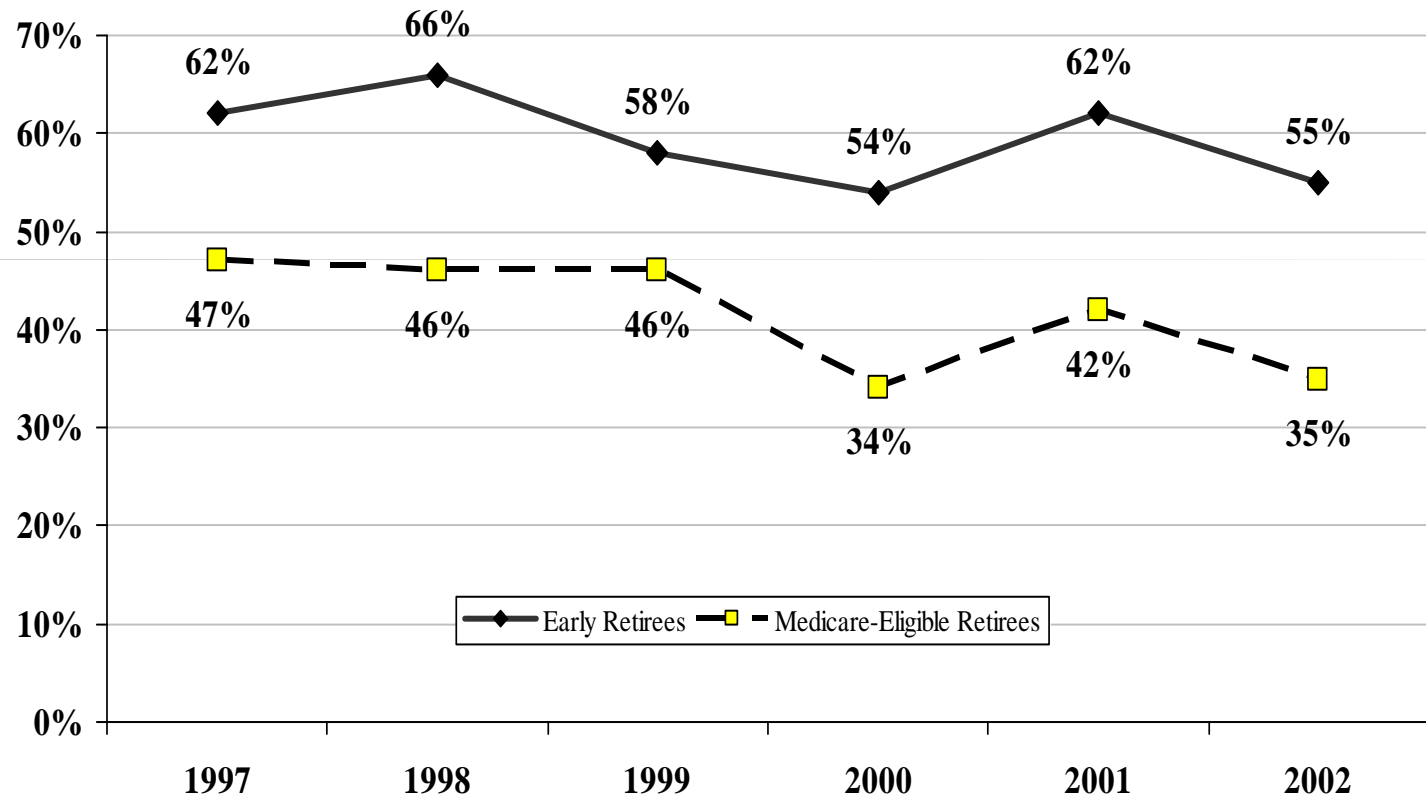
## Percentage of Large Firms Offering Retiree Health Benefits, 1991–2005



Source: Hewitt Associates



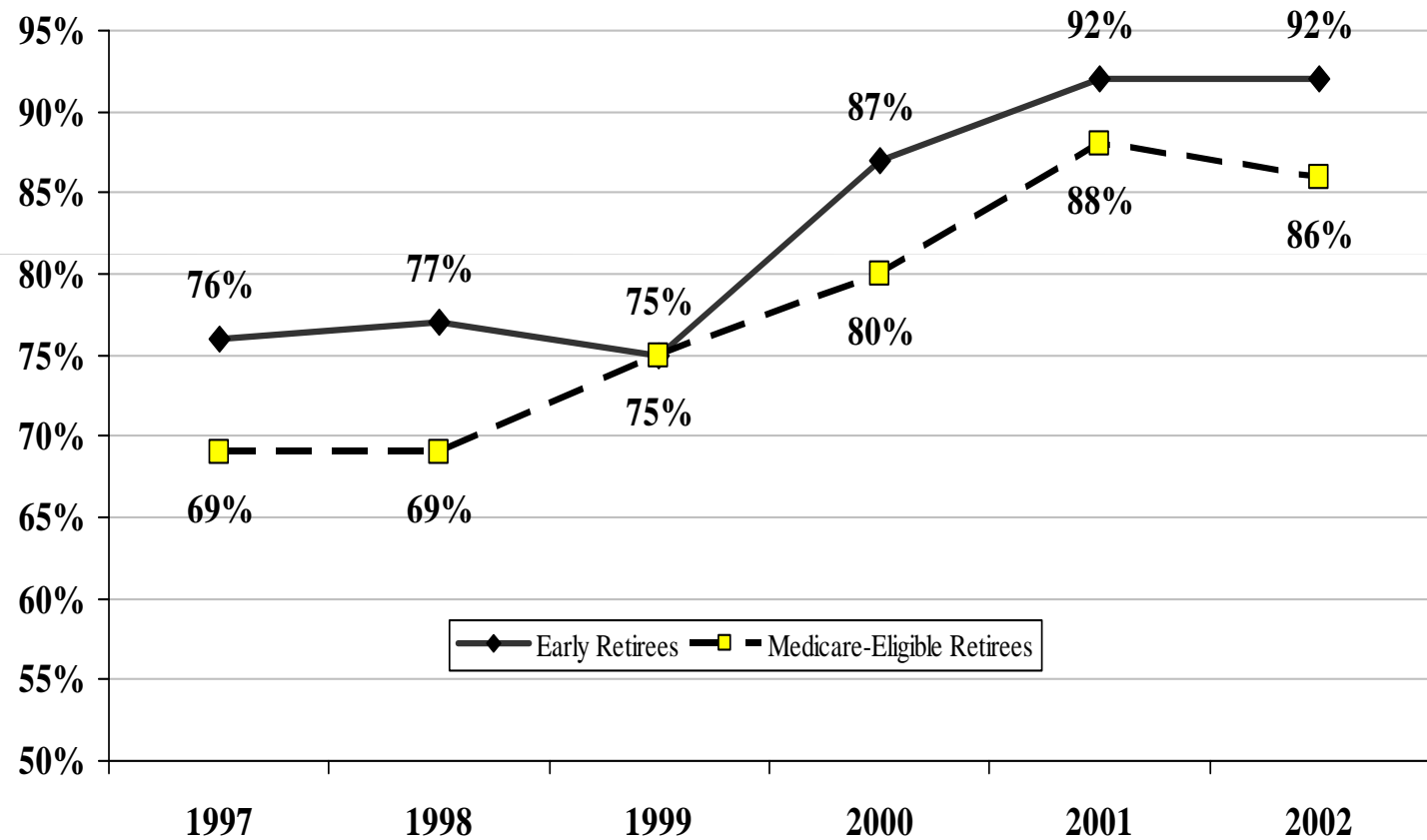
## Percentage of Local Governments Offering Retiree Health Benefits, 1997–2002



Source: EBRI from various tables at [www.meeps.ahcpr.gov/Data\\_Pub/IC\\_Tables.htm](http://www.meeps.ahcpr.gov/Data_Pub/IC_Tables.htm)



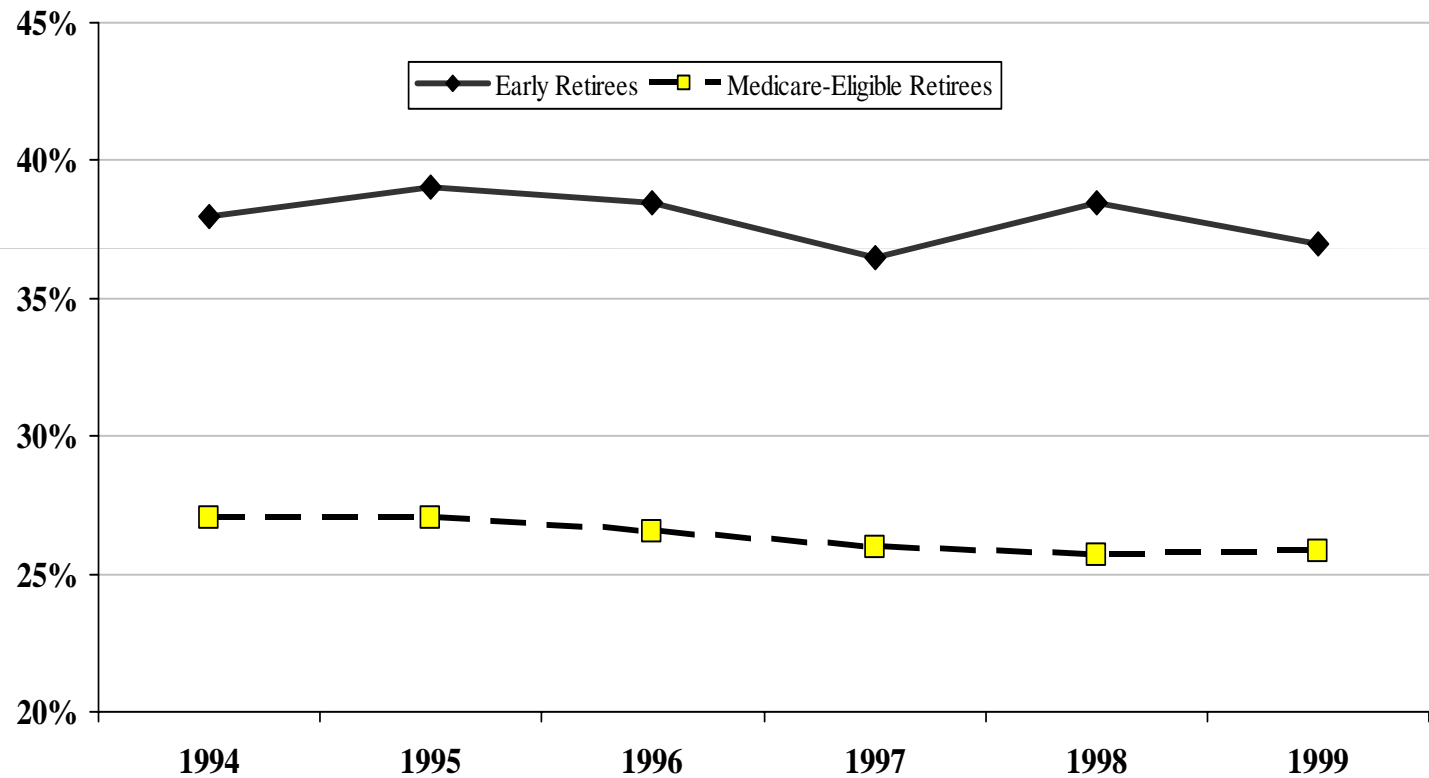
## Percentage of State Governments Offering Retiree Health Benefits, 1997–2002



Source: EBRI from various tables at [www.meeps.ahcpr.gov/Data\\_Pub/IC\\_Tables.htm](http://www.meeps.ahcpr.gov/Data_Pub/IC_Tables.htm)



## Percentage of Retirees With Employer-Sponsored Health Benefits

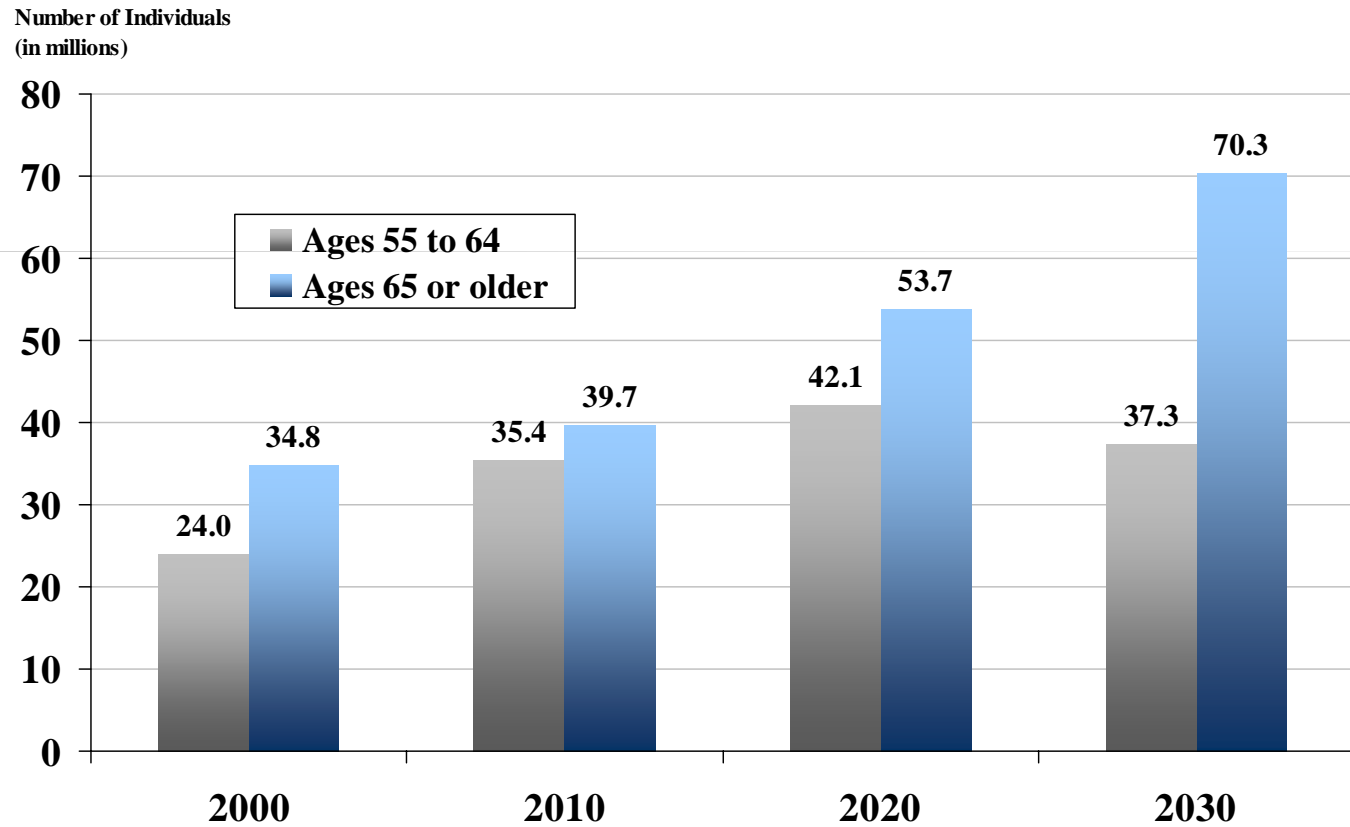


Source: GAO analysis of Current Population Survey, March Supplements 1995-2000





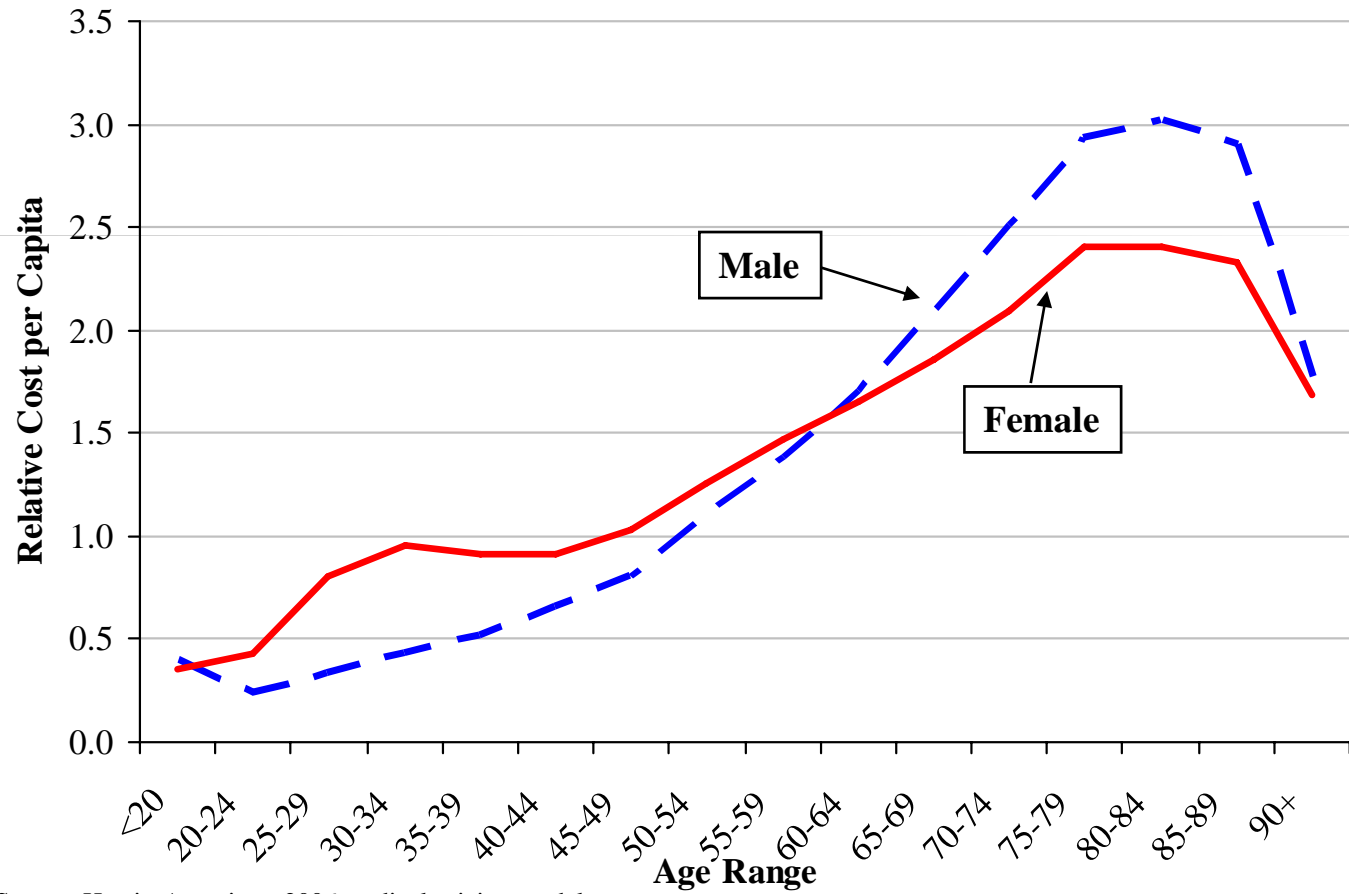
# Baby Boom Generation Will Increase Elderly Population



Source: GAO report. U.S. Census Bureau, "Projections of the Total Resident Population by 5-Year Age Groups and Sex With Special Age Categories: Middle Series," selected years 2000 to 2030, January 2000



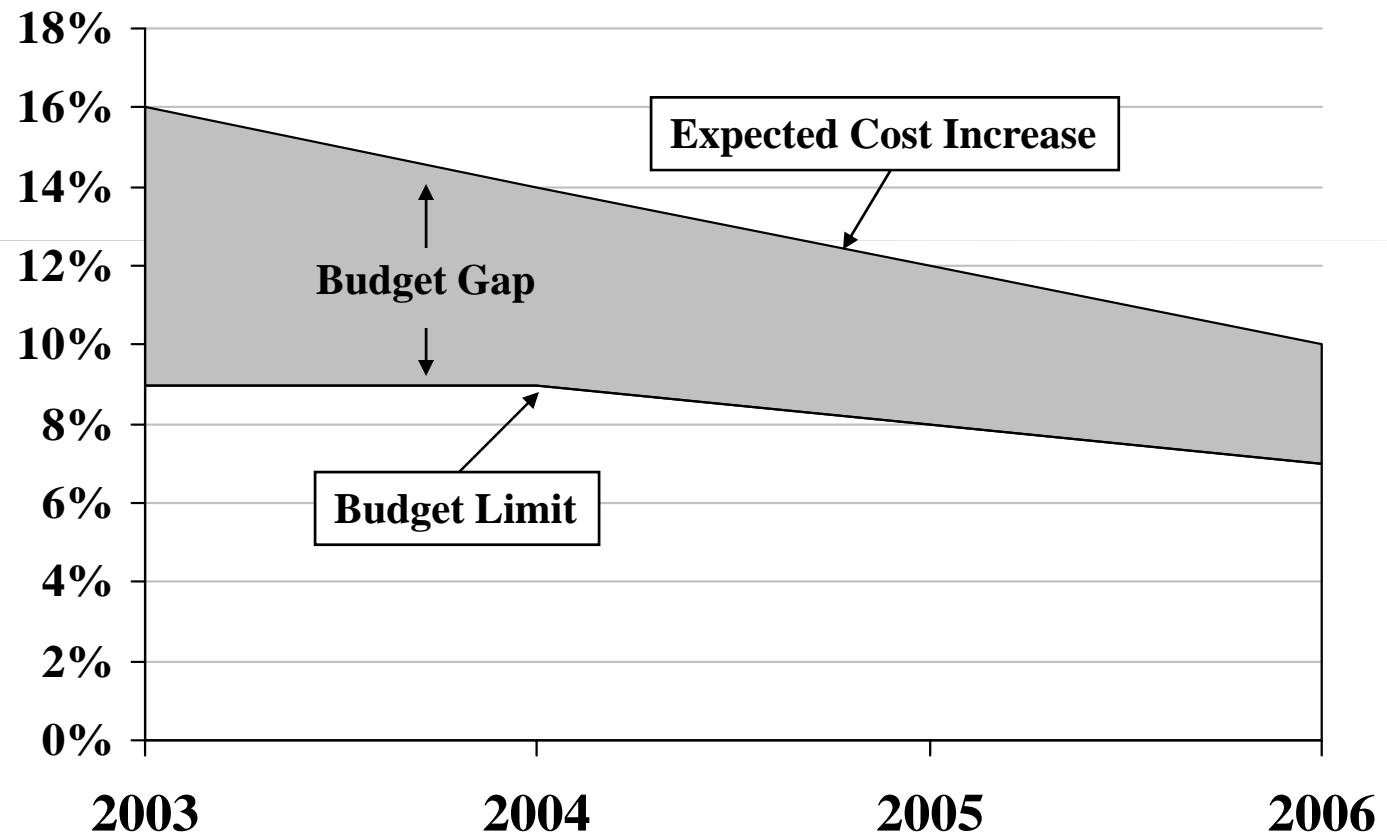
# Total Medical Costs by Age



Source: Hewitt Associates 2006 medical pricing model



# Health Care Costs Exceed Employer Budgets

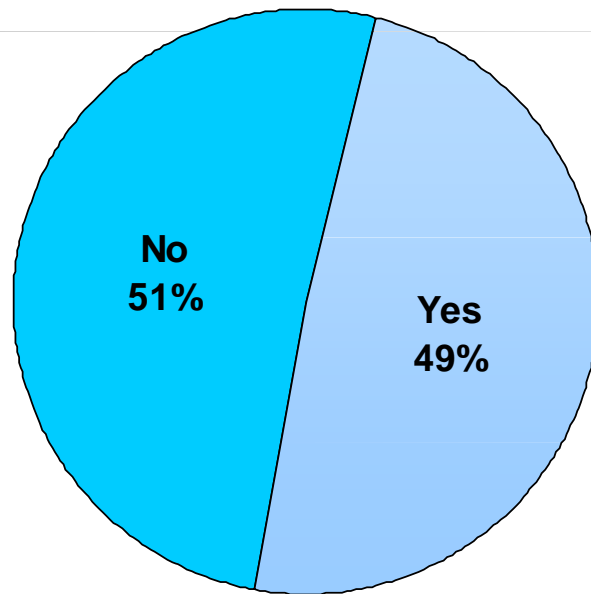


Source: Hewitt Health Care Expectations Survey, 2006

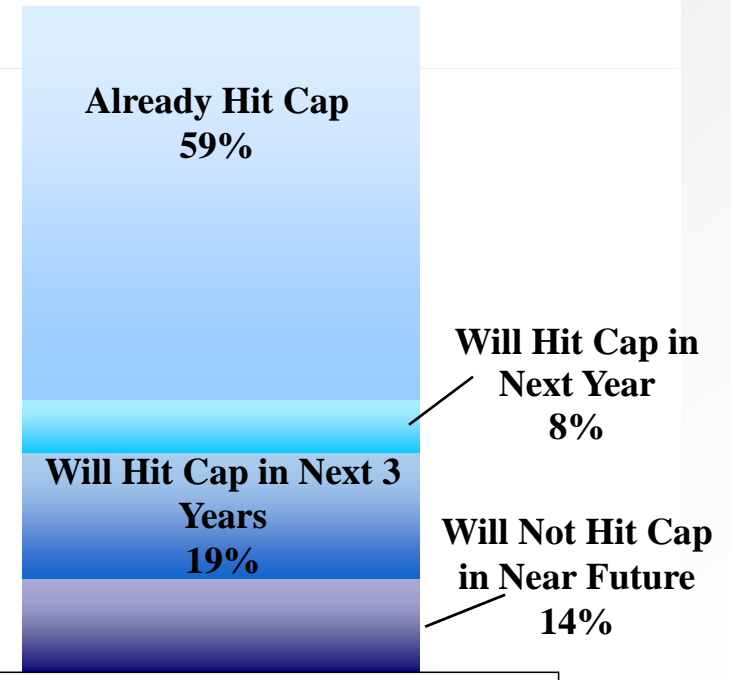


# Employers With a Cap on Retiree Health Benefits for Post-65 Retirees

Of large private-sector employers with a cap, percentage with a cap on their largest plan:



Of large private-sector employers with a cap on their largest plan, percentage that anticipate hitting the cap:

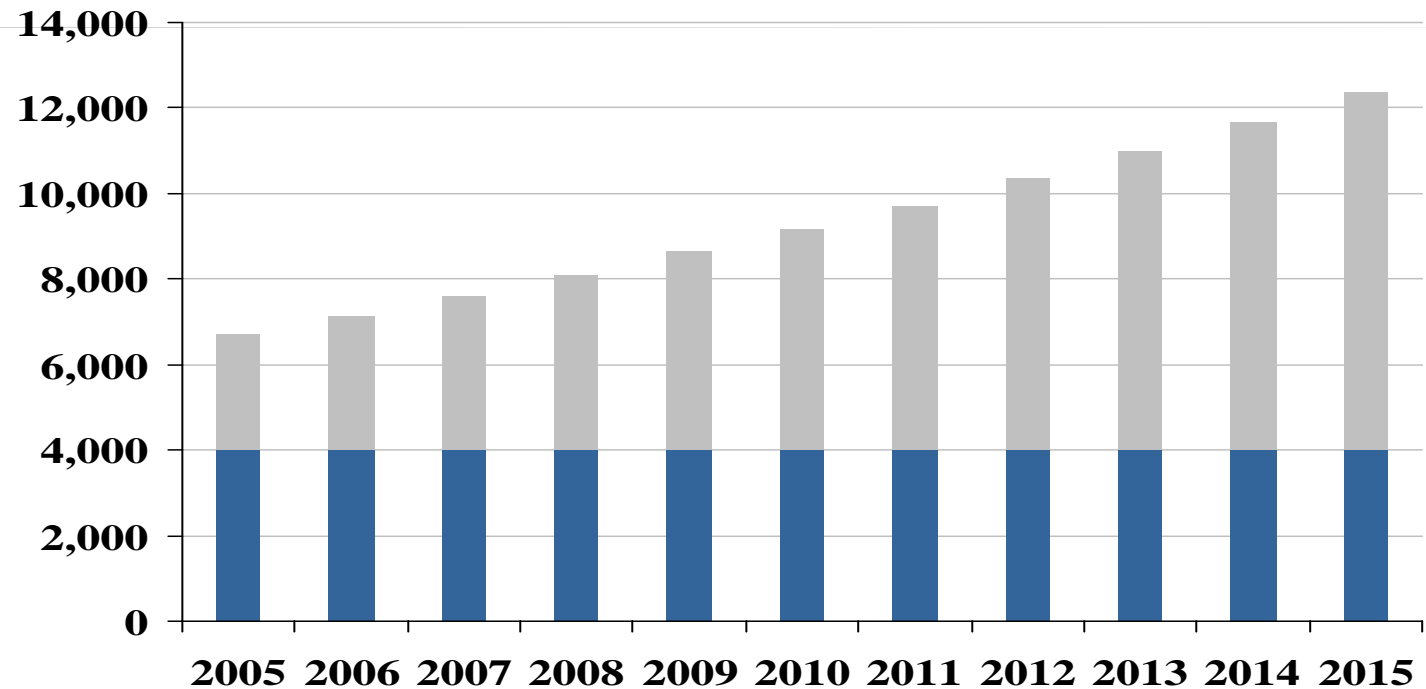


Source: Kaiser/Hewitt 2005 Survey on Retiree Health Benefits, December 2005.



## Illustration of Cap on Employer Plan

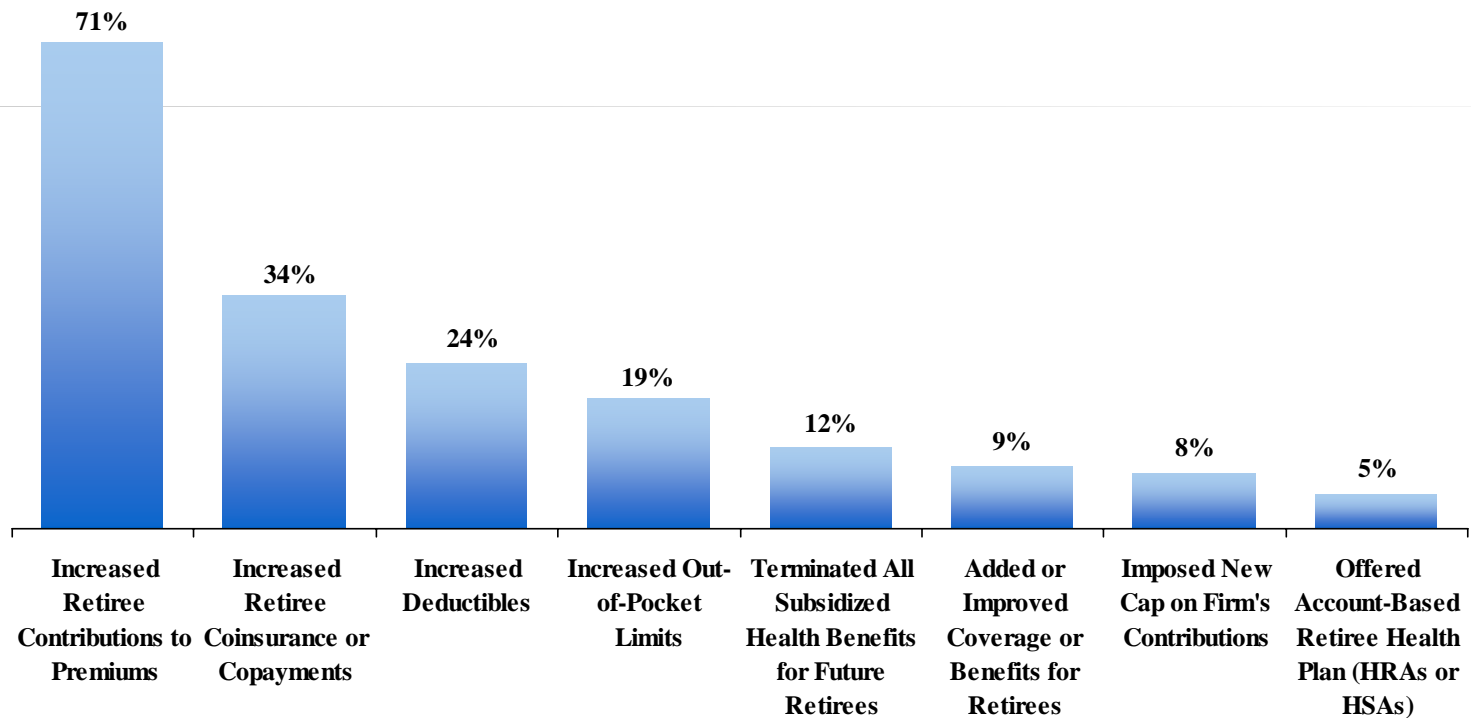
- **Costs equal to average NHE per capita**
- **Cap at \$4,000**





# Percentage That Made Changes to Retiree Health Benefits Between 2004 and 2005

Percentage of large private-sector employers making the following changes:

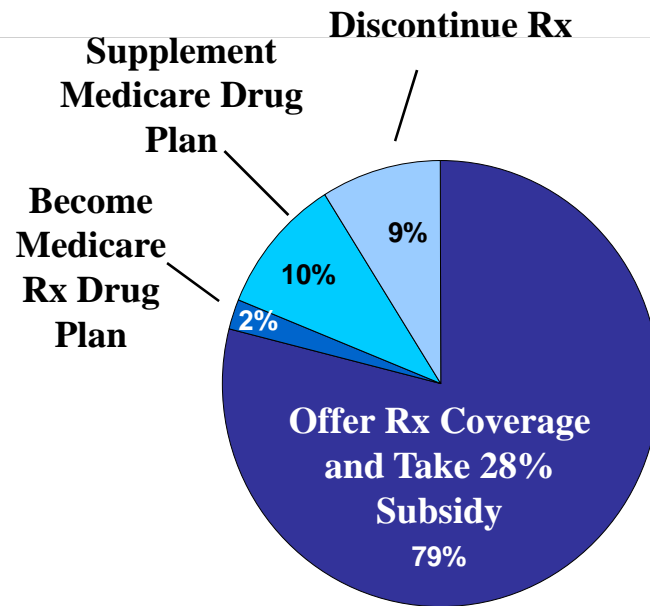


Source: Kaiser/Hewitt 2005 Survey on Retiree Health Benefits, December 2005.

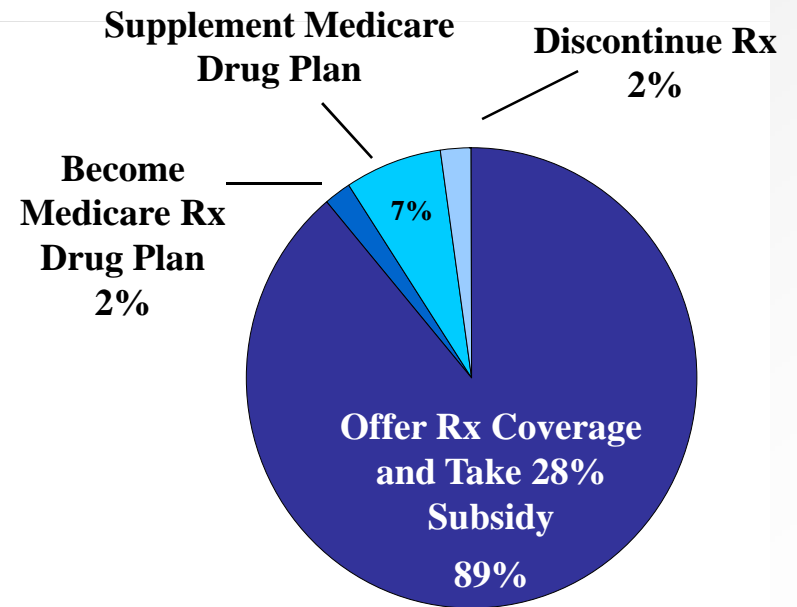


# Likely Employer Strategy for 2006 in Response to the Medicare Drug Benefit

Strategies firms are likely to choose under the Medicare drug law for largest 65+ plan:



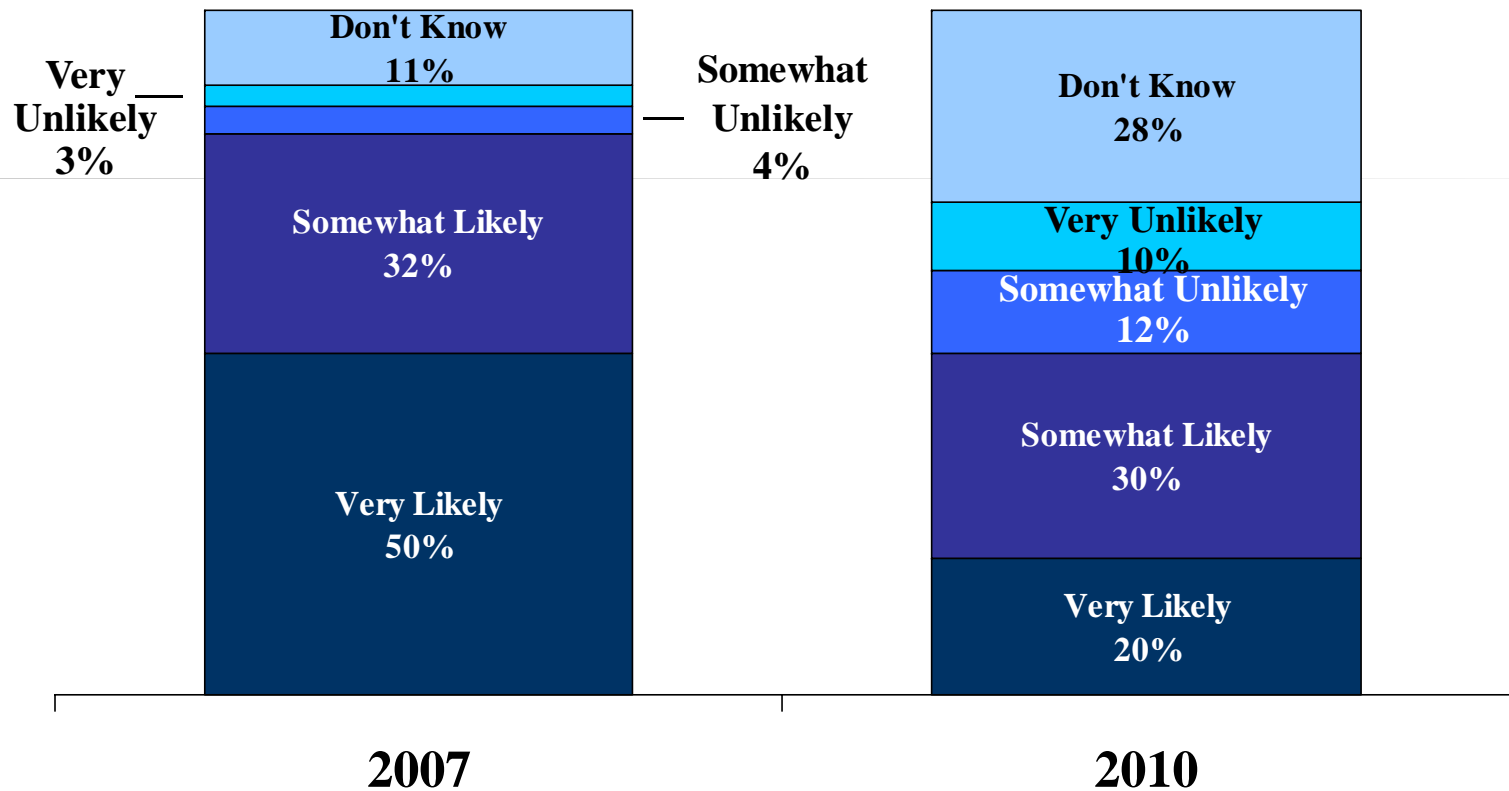
Percent of retirees in largest 65+ retiree plan:



Source: Kaiser/Hewitt 2005 Survey on Retiree Health Benefits, December 2005.



# Likelihood of Maintaining Drug Benefits and Accepting RDS in 2007 and 2010



Source: Kaiser/Hewitt 2005 Survey on Retiree Health Benefits, December 2005.