

# Trends in Employer-Sponsored Insurance

Holly Rodin, Ph.D.

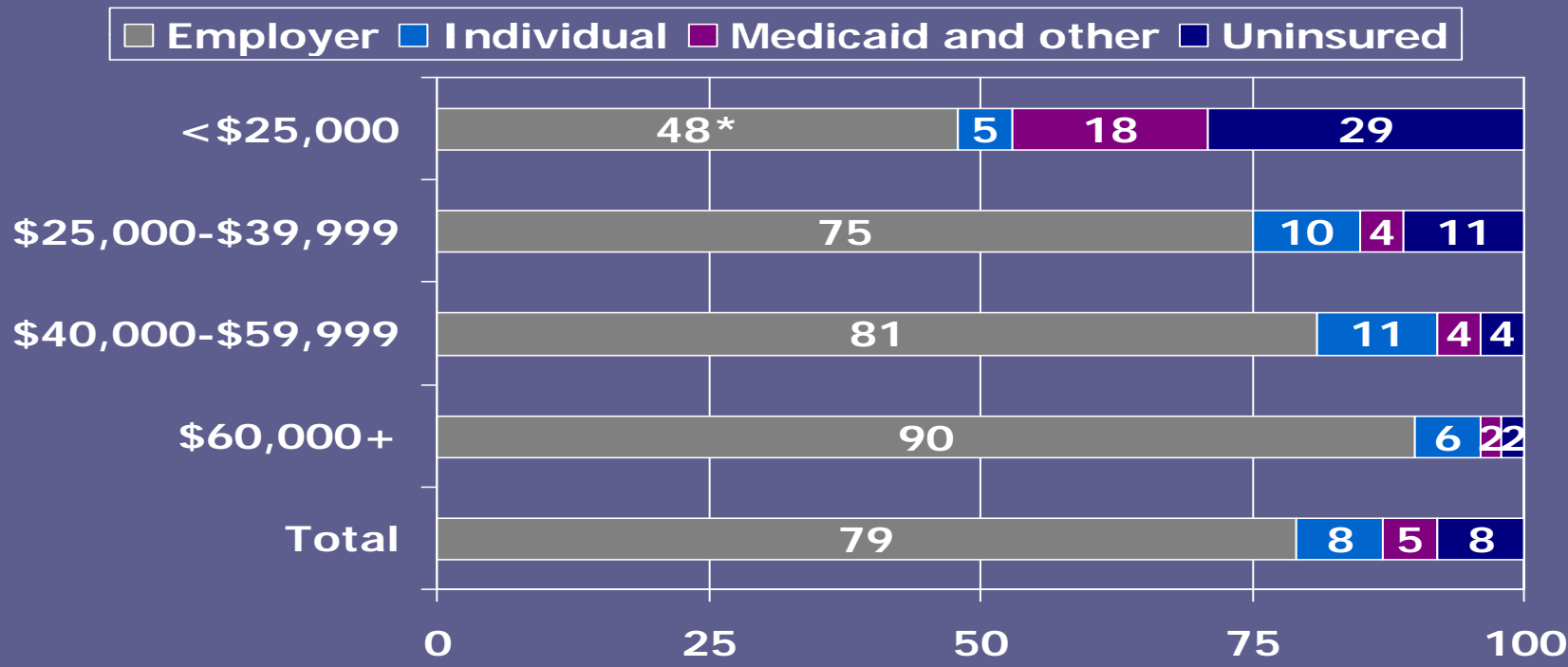
SEIU

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# Nationally, the near elderly rely on employer sponsored coverage, except for those with low incomes

## Source of Insurance Coverage by Income

Percent of adults ages 50-64 not on Medicare who are employed or whose spouse is employed



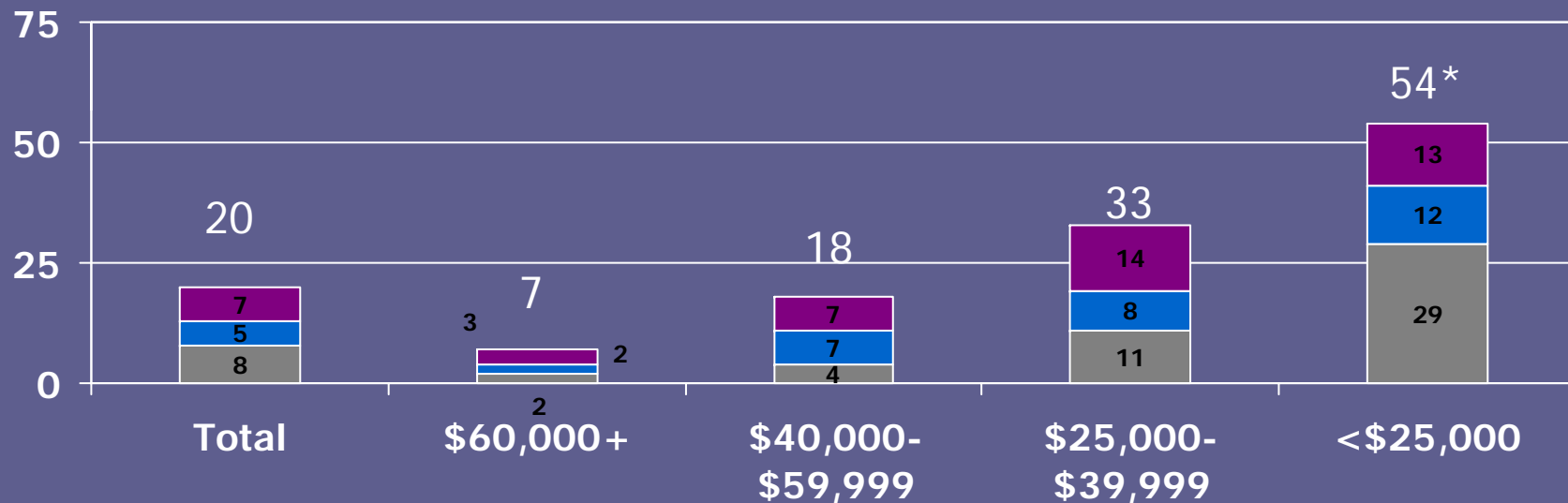
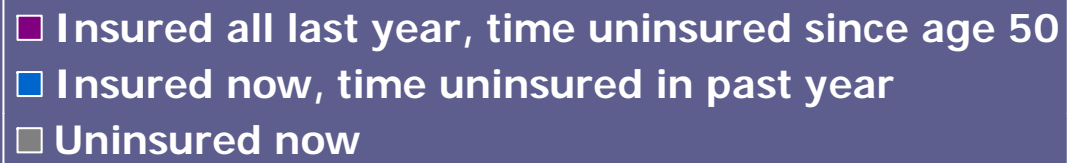
Source: The Commonwealth Fund Survey of Older Adults (2004)

\* Difference across income is statistically significant at  $p \leq 0.05$  or better

# But that coverage is not stable.

## Insurance Instability Among Older Adults in Working Families

Percent of adults age 50-64 not on Medicare who are employed or whose spouse is employed



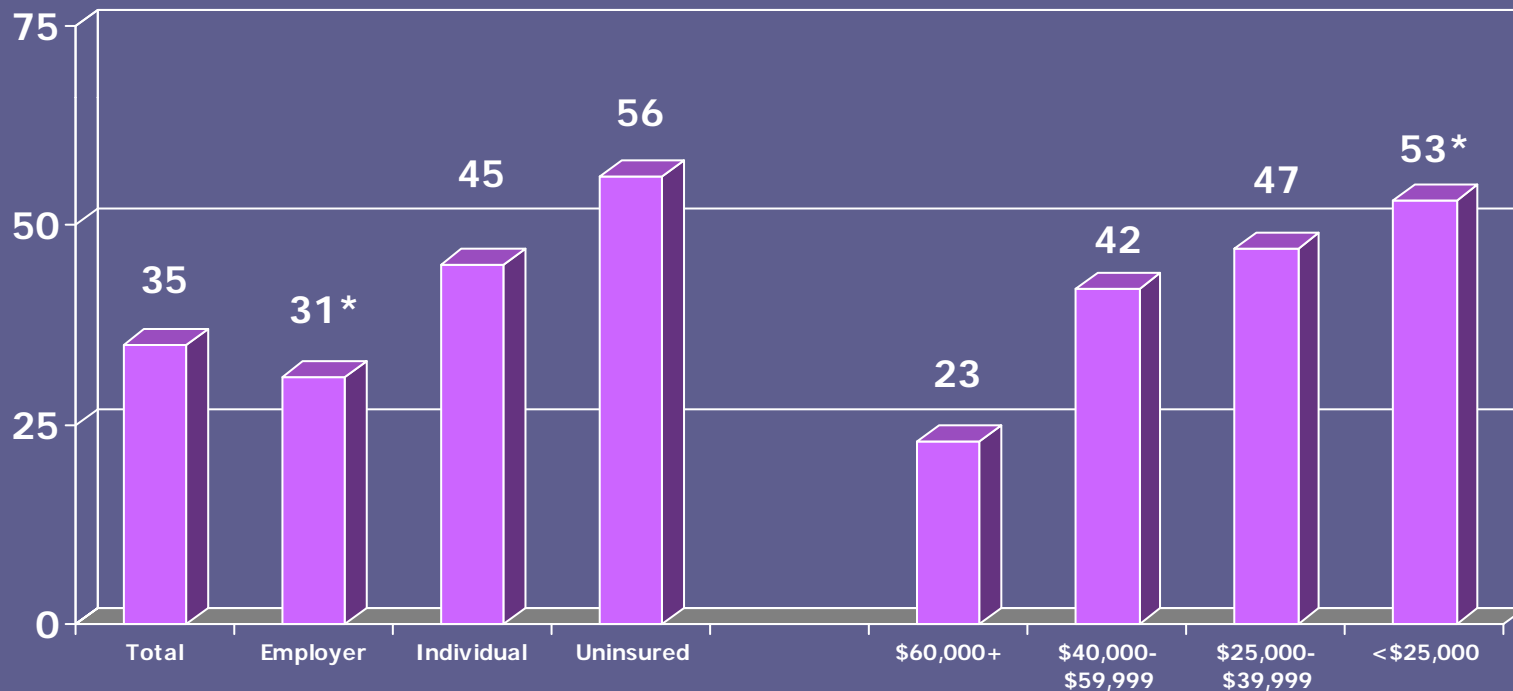
Source: The Commonwealth Fund Survey of Older Adults (2004)

\* Difference across income is statistically significant at  $p \leq 0.05$  or better

# Employer Coverage does not guarantee the near elderly protection from medical debt

Percent of Older Adults with Medical Bill Problems or Accrued Medical Debt by Insurance Status and Income

Percent of adults ages 50-64 not on Medicare who are employed or whose spouse is employed



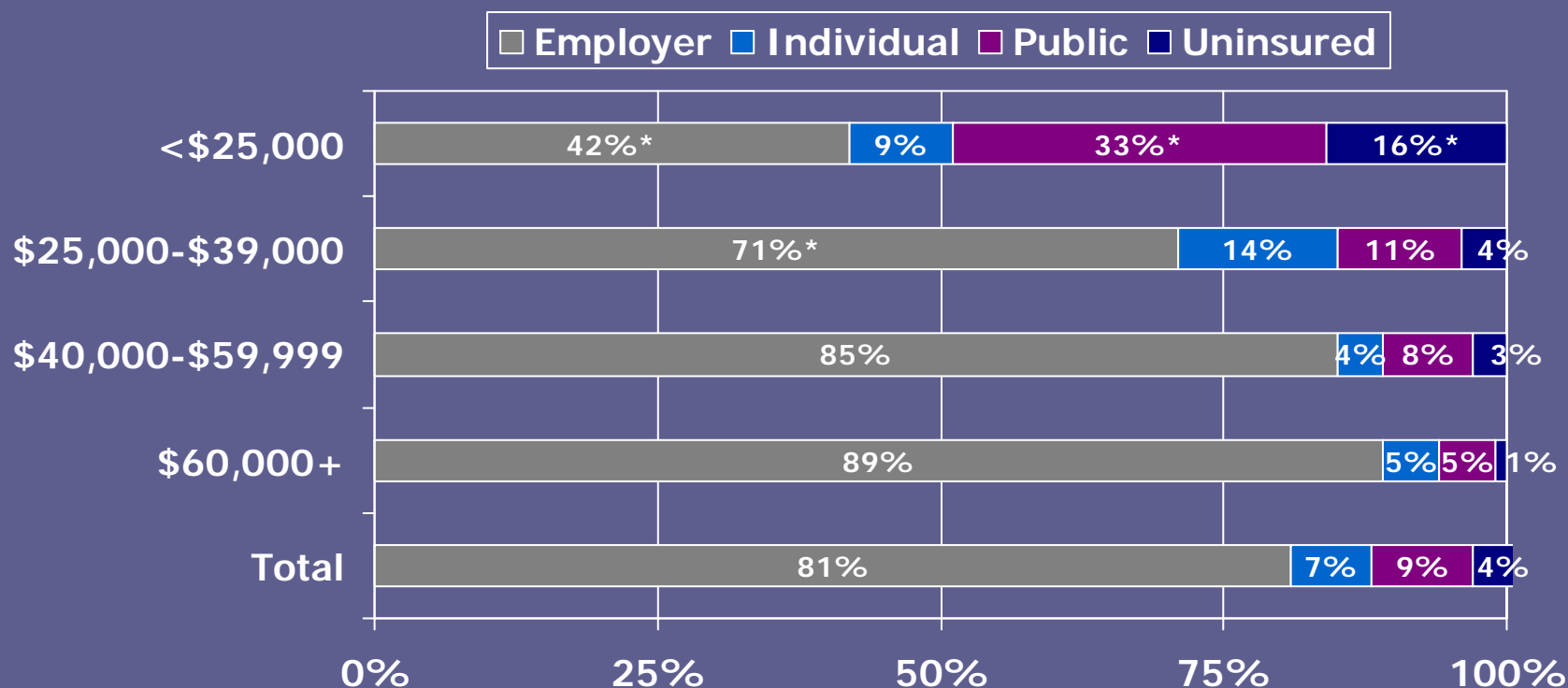
Source: The Commonwealth Fund Survey of Older Adults (2004)

Differences across insurance/income are statistically significant at  $p \leq 0.05$  or better

# Minnesota's near elderly also rely on employer coverage, but not the low-income near-elderly

Source of Insurance Coverage by Income – Minnesota 2004

Percent of adults ages 50-64 who are employed or whose spouse is employed



Source: 2004 Minnesota Health Access Survey. Special analysis performed by SHADAC

\* Differences across income is statistically significant at  $p \leq 0.05$  or better

# The Minnesota trends in employer coverage are not favorable, especially for low-income, near-elderly.

Changes in Employer Sponsored Insurance 55-64 year olds – Minnesota (2001 & 2004)



Source: "Health Insurance Coverage in Minnesota: Trends from 2001-2004", Minnesota Health Economics Program

\*Differences across years are statistically significant at  $p \leq 0.05$  or better ^Differences across income are statistically significant at  $p \leq 0.05$  or better

# Minnesota's uninsured could benefit from expanding employer coverage.

Characteristics of Minnesota's Uninsured Adults (18-64 years) 2004	Uninsured	Total Population
Employed Adults	68% <sup>^</sup>	77%
Working One Job	87%	88%
Working 30 – 40 Hours/week	46%	50%
Permanent Jobs	78% <sup>^</sup>	91%
Work for Employer 500+ employees	18% <sup>^</sup>	40%
Work for Employer 100+ employees	31% <sup>^</sup>	58%
Income below 200% of FPL	56% <sup>^</sup>	22%
Hispanic, African American, Asian, other	30% <sup>^</sup>	12%

Source: Minnesota Health Economics Program, University of Minnesota School of Public Health "Health Insurance Coverage in Minnesota: Trends from 2001-2004. Statistically different from the adult population at  $p \leq 0.05$  or better

# Employers' Responses to Increasing Medical Costs:

- Increase Wait Times for Coverage
- Restrict Eligibility
- Provide Disease Management
- Tier Providers
- Provide Incentives for Quality
- Increase Cost-Shifting to Employees
- Increase Cost-Shifting to Other Employers and Taxpayers



# A Case in Point: Twin Cities Hospitals

	Single		Family	
Percent Premium Increase from 2004-2005	14%		12%	
	<b>Employee share</b>	<b>Total premium</b>	<b>Employee share</b>	<b>Total premium</b>
Annual Premium Costs	\$727	\$4,844	\$4,298	\$14,327
Range of Employee Premium Costs (monthly/annual)	Low \$44/ <b>\$528</b>	High \$97/\$1,164	Low \$260/\$3,120	High \$543/ <b>\$6,516</b>
	<b>In-Network</b>	<b>Out-of-Network</b>	<b>In-Network</b>	<b>Out-of-Network</b>
Average deductible	\$213	\$540	\$425	\$1380
Range of Co-insurance rates	100%-80%	70%-40%	100%-80%	70%-40%
Out-of-Pocket Maximums	\$1,436	\$2,800	\$3,379	\$8,200

Source: information provided by the hospitals to SEIU Local 113

# Plan Design Impacts on Access to and Quality of Care

- New Plan – focus on cost shifting
- Delay seeking care due to cost
- Impact on stay based on original delay
- Tiering based on ownership, not cost or quality
- Increased Out of Pocket Expenses

# Plan Design Changes Increase Out of Pocket Spending

## ■ 2005 Plan

- Co-pay for in patient care at Fairview hospital (\$100)
- 80% coinsurance at other network hospitals (~\$800)

## ■ 2006 Plan

- 90% coinsurance for all services in choice network (~\$1,000 dollars)
- 70% coinsurance for all services in preferred network (~\$1,200)
- This one episode reaches the individual out of pocket maximum of \$1,500, but the family still faces an additional \$1,500 out of pocket before reaching family out of pocket maximum

# Plan Design Impacts Family Take-Up.

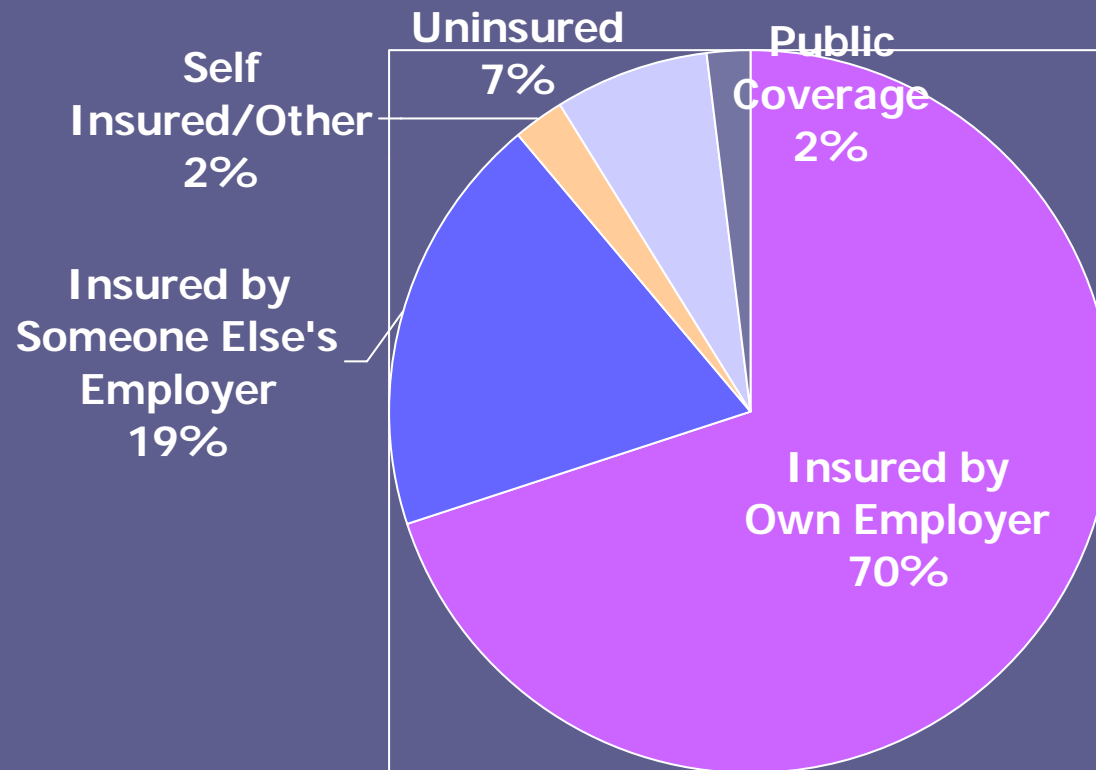
## Insurance Coverage of SEIU Local 113 Hospital Membership – 2005-06

Hospital System	Benefit-Eligible	Total Take-up	Take-up Single	Take-up Family	Not Covered by Own Employer
Children's	97%	70%	72%	28%	32%
North Memorial	75%	80%	69%	31%	40%
Methodist	81%	79%	71%	29%	35%
Fairview	80%	85%	66%	34%	31%
HealthEast	82%	76%	64%	36%	38%
Average Rates	85%	81%	67%	<b>33%</b>	<b>34%</b>

Source: Twin Cities hospital information provided by the Employers to SEIU Local 113

# Plan Design shifts costs from the Hospitals to the Community-at-Large

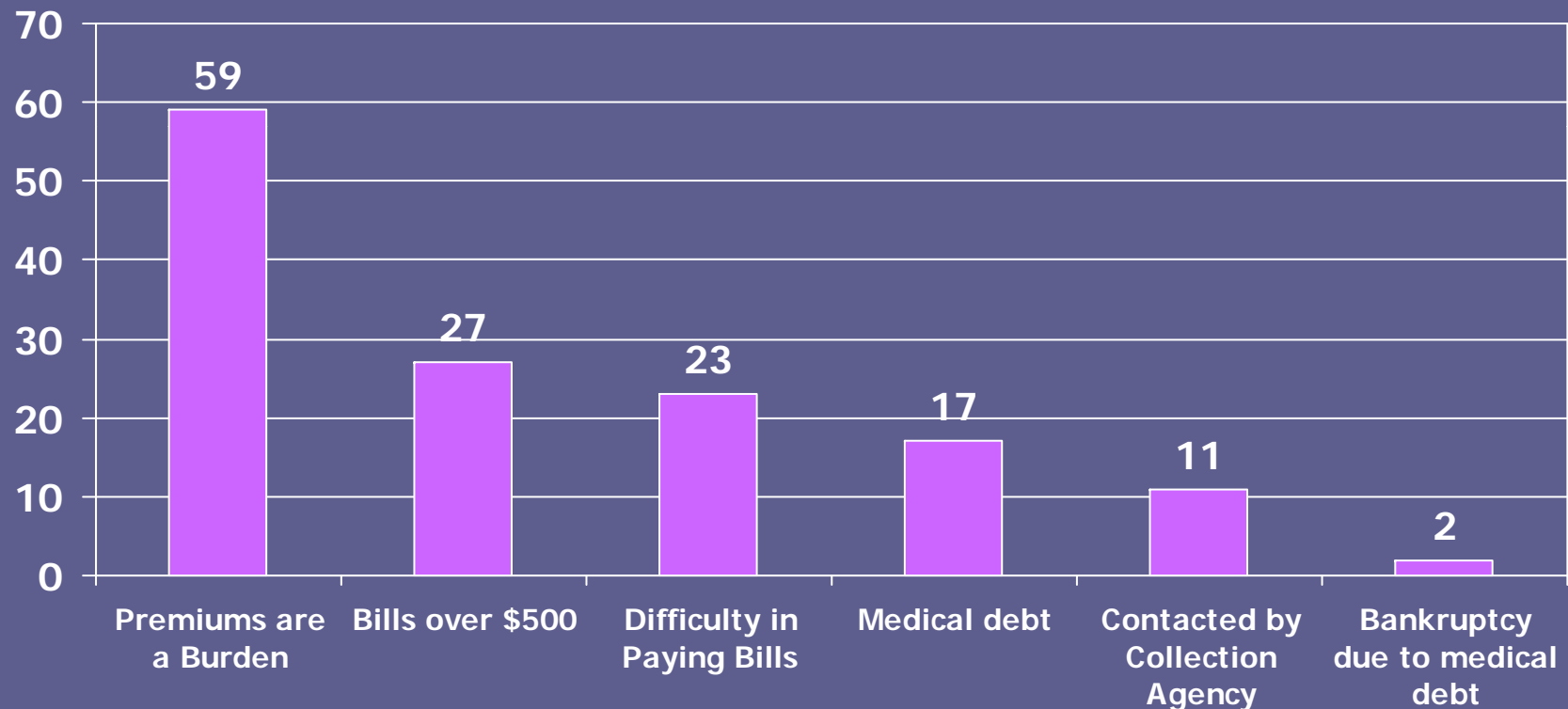
Health Insurance Status of SEIU Local 113 Hospital Membership - 2006



Source: The Feldman Group survey, 2006

# Plan Design Puts Hospital Workers and their Families at Risk

Affordability and Medical Debt for SEIU Local 113 Hospital Membership - 2006



Source: The Feldman Group survey, 2006

# The Future...

Employer coverage is a critical component of the current health care system

The current trends in employer coverage need to be reversed, until such time as a national solution for universal coverage is implemented

Employers need to work with their employees to focus on ways to decrease costs and improve quality, instead of simply cost shifting, in an effort to expand coverage to all workers, especially low and moderate income near elderly

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