



BAY AREA EMPLOYER HEALTH BENEFITS SURVEY

Health Benefits Report 2007-08

University of California, Berkeley

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Introduction

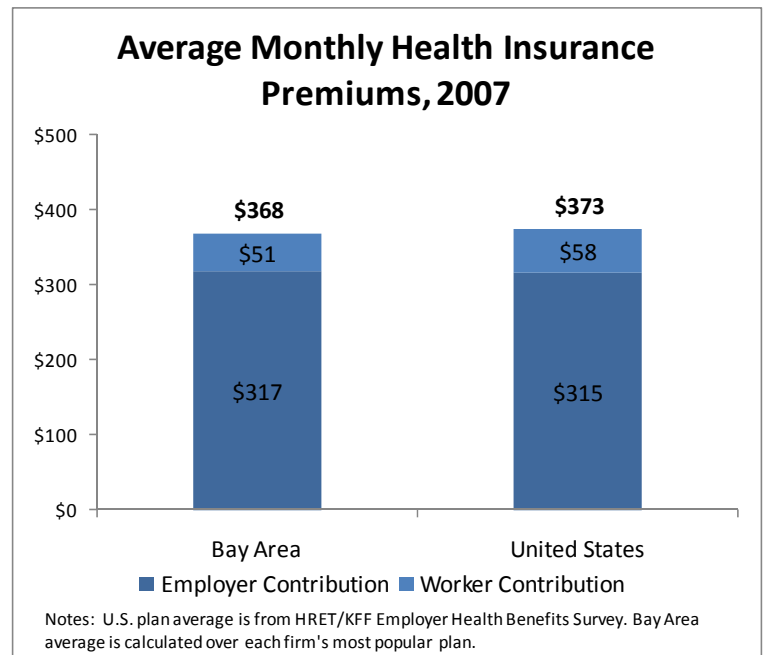
From June 2008 to January 2009, the University of California, Berkeley collected data from 1,043 Bay Area employers on the health benefit offerings of firms in 2007 and changes to those benefit plans in 2008. This report, the first in a series of analyses from the survey, summarizes key dimensions of health insurance offerings. Results are reported for five distinct firm size and geographic groups:

- San Francisco (SF) firms with 100 or more employees.
- Non-SF firms with 100 or more employees.
- SF firms with 20-99 employees.
- Non-SF firms with 20-99 employees.
- SF firms with 4-19 employees.

This last group completed only an abbreviated questionnaire, thus most of the analyses focus on the first four groups.

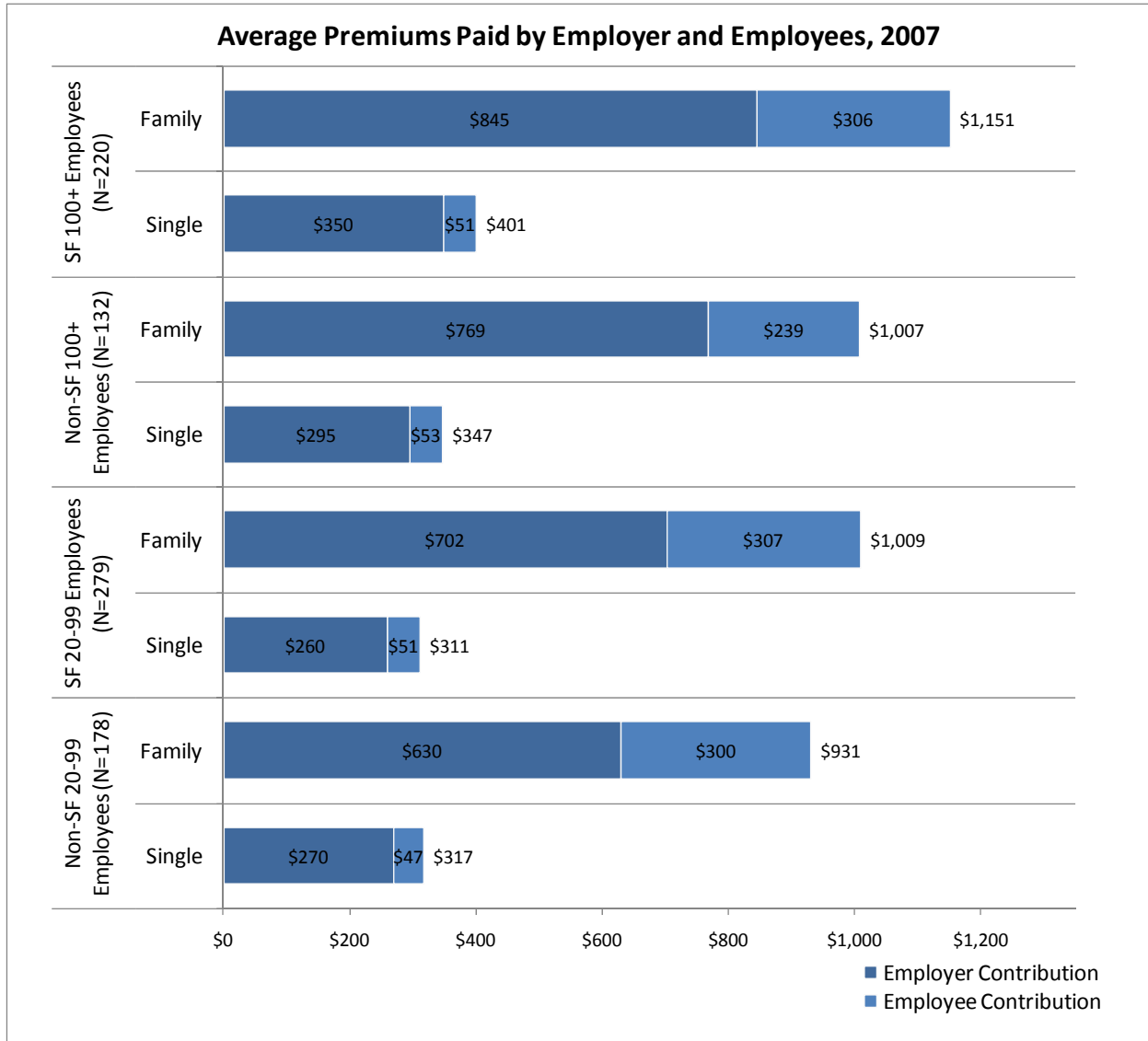
Health Insurance Premiums: Bay Area vs. United States

For San Francisco Bay Area firms participating in the survey, the average monthly health insurance premium in 2007 for single enrollees was \$368. This was similar to the nationwide average, which stood at \$373 in the same year. Employer contributions towards premium costs were similar in the Bay Area as compared to the nation overall, while the employee contributions were slightly lower.



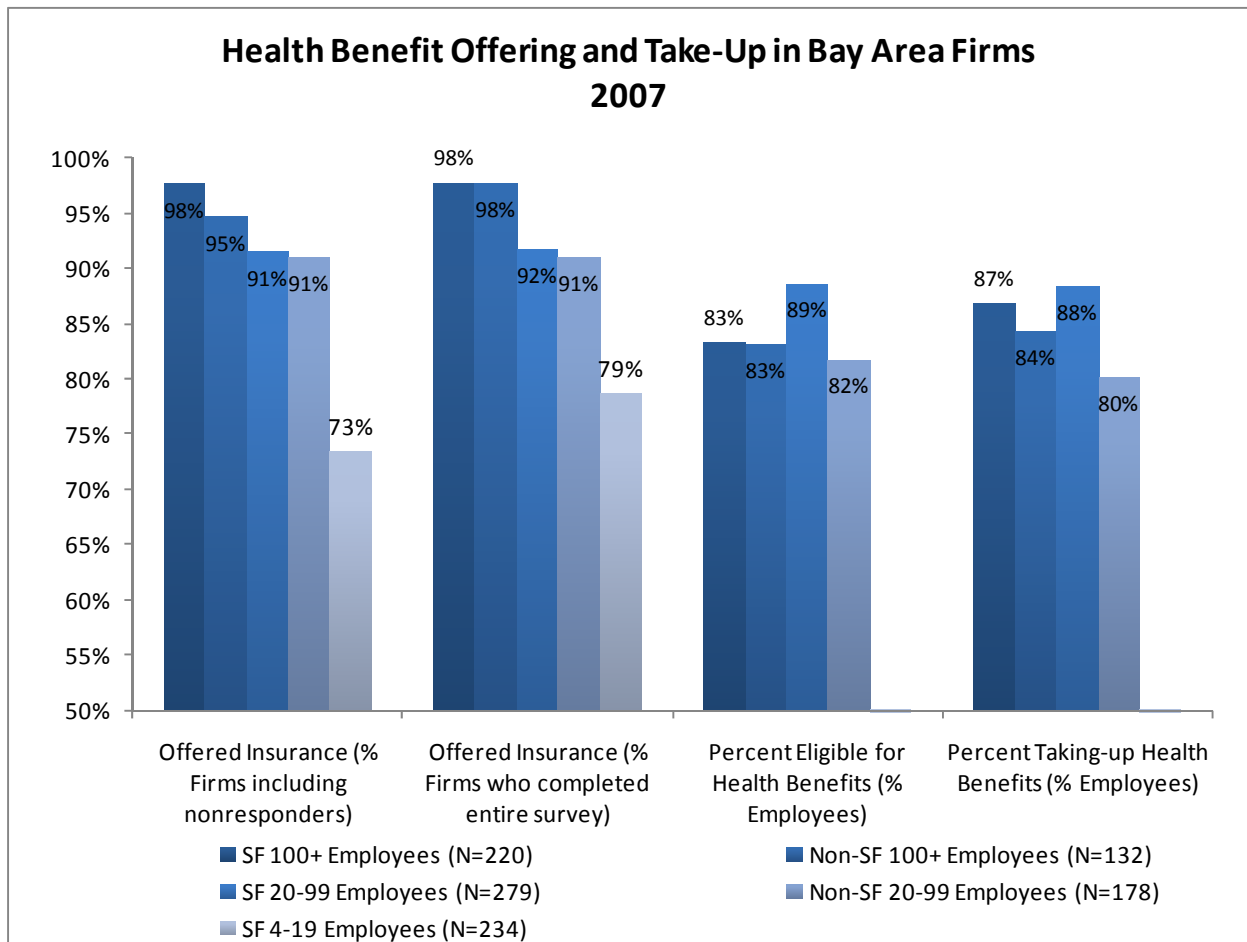
Health Insurance Premiums, by Group

Premium levels differed by firm size and geographic area. On average, premiums were higher in the city of San Francisco than in surrounding areas. Within San Francisco, larger firms had higher average monthly premiums for single enrollees than did smaller firms.



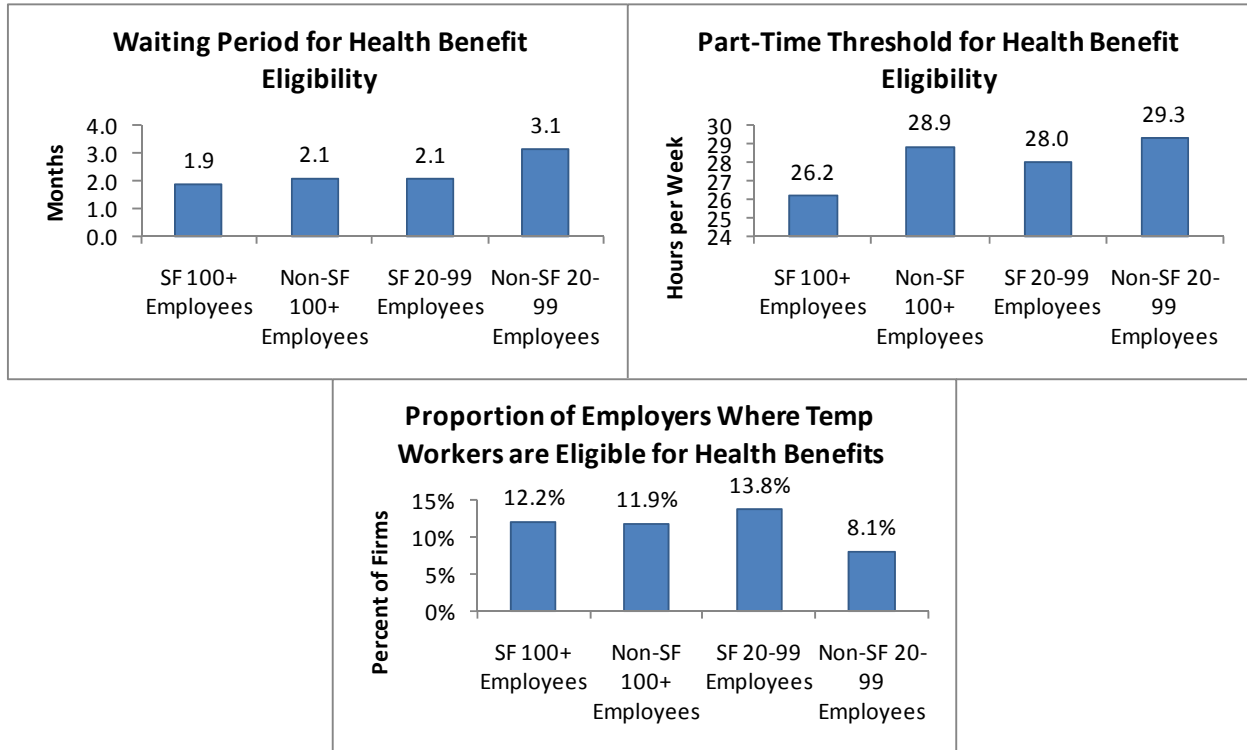
Health Insurance Offering and Take-up

Most firms in San Francisco and surrounding counties offered health insurance in 2007 (about 90% of firms overall). Larger firms with 100+ employees were more likely to offer insurance (98%) and the proportion who offered decreased with firm size. The proportion offering health benefits among firms that completed our entire survey (N=1,043) was similar to the proportion among non-responding firms that refused to complete the survey but instead answered just one question regarding offering insurance in 2007 (N=1,010). Among responding firms that offered insurance in 2007, about 85% of workers were eligible for health benefits. Among eligible workers, about 85% actually took up coverage. Take-up rates were somewhat higher in San Francisco (87%) than in surrounding counties (82%).



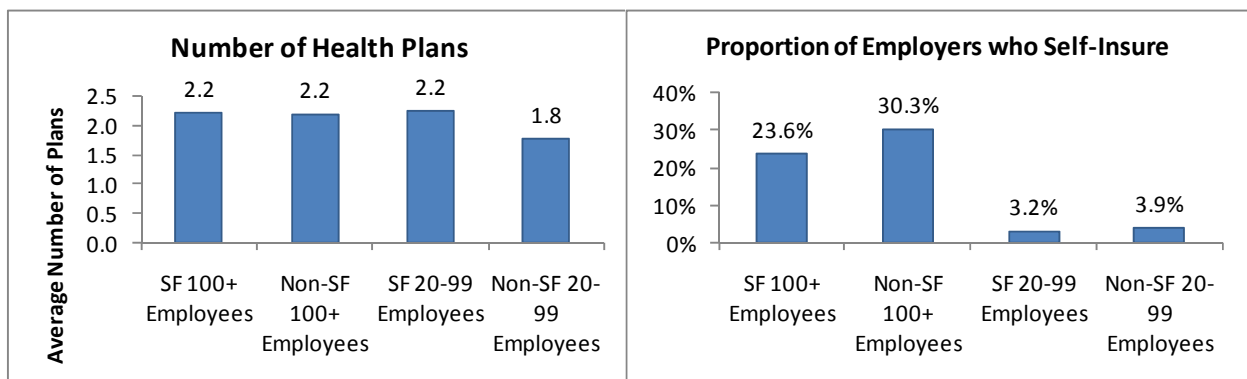
Insurance Eligibility

Eligibility thresholds for health benefits in San Francisco were somewhat more generous as compared to the surrounding counties. In San Francisco, the average waiting period was shorter, and part time workers needed to work fewer hours per week to become eligible for health benefits. San Francisco firms were also more likely to offer health benefits to temp workers.



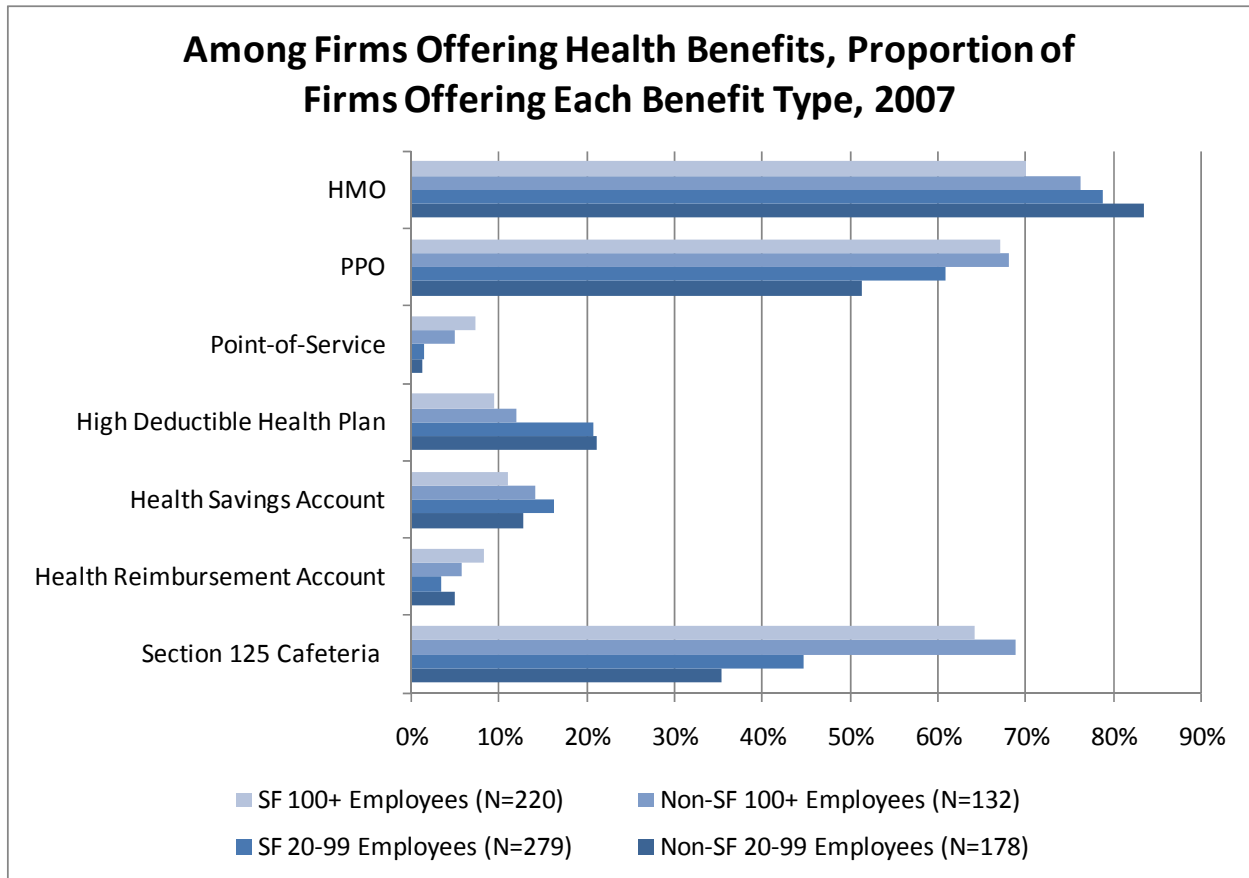
Number of Health Plans Offered, and Self-Insurance Status

Bay Area firms offered an average of 2 health plans to their employees in 2007. A smaller proportion of firms in San Francisco self-insured their employees than in surrounding counties. Generally, larger firms were much more likely to self-insure.



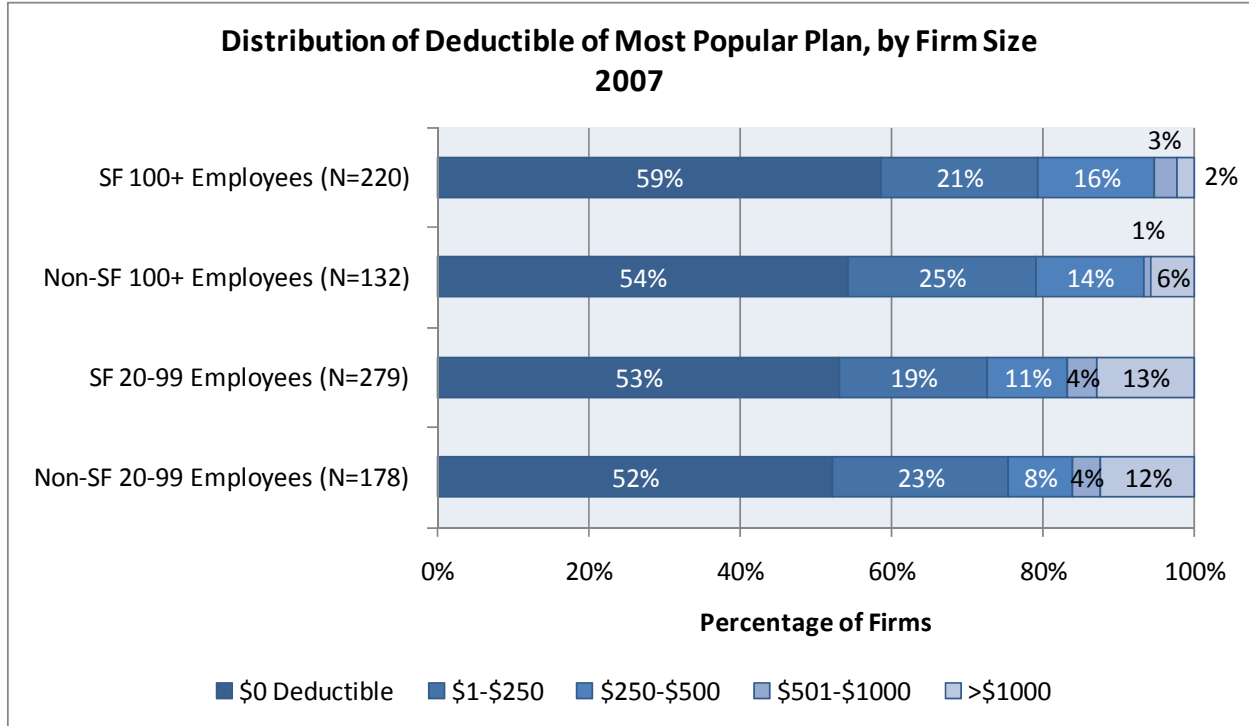
Health Insurance Type

Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) were the most popular types of health plans in the Bay Area, with 77% of firms offering an HMO plan and 62% offering a PPO plan. Many firms, particularly large firms, operated a Section 125 Cafeteria plan for electing benefits. High deductible health plans were more popular in firms with 20-99 employees than in larger firms. In 2007, about 5% of firms offered a Health Reimbursement Account and 14% offered a Health Savings Account.



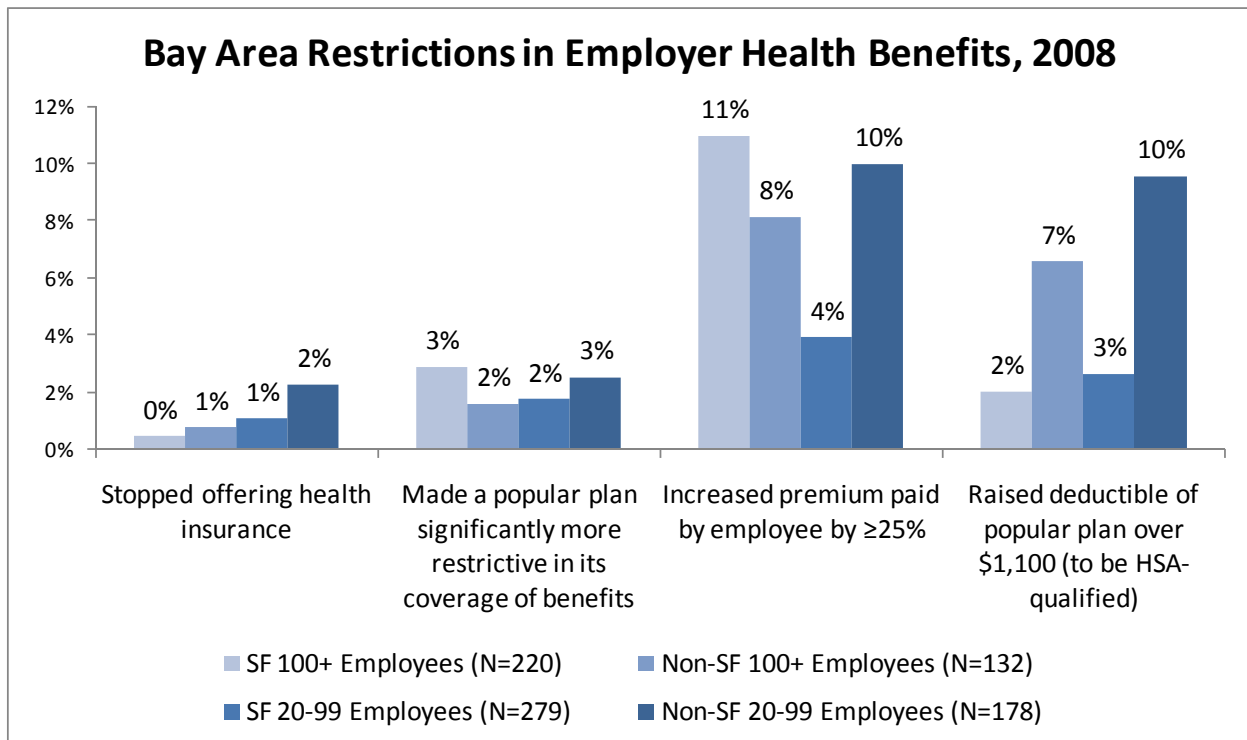
Health Insurance Deductibles

At most firms, the most popular health plan had a no annual deductible, and the proportion with a zero deductible plan increased with firm size. Smaller firms were more likely to have a high deductible health plan (>\$1,000).



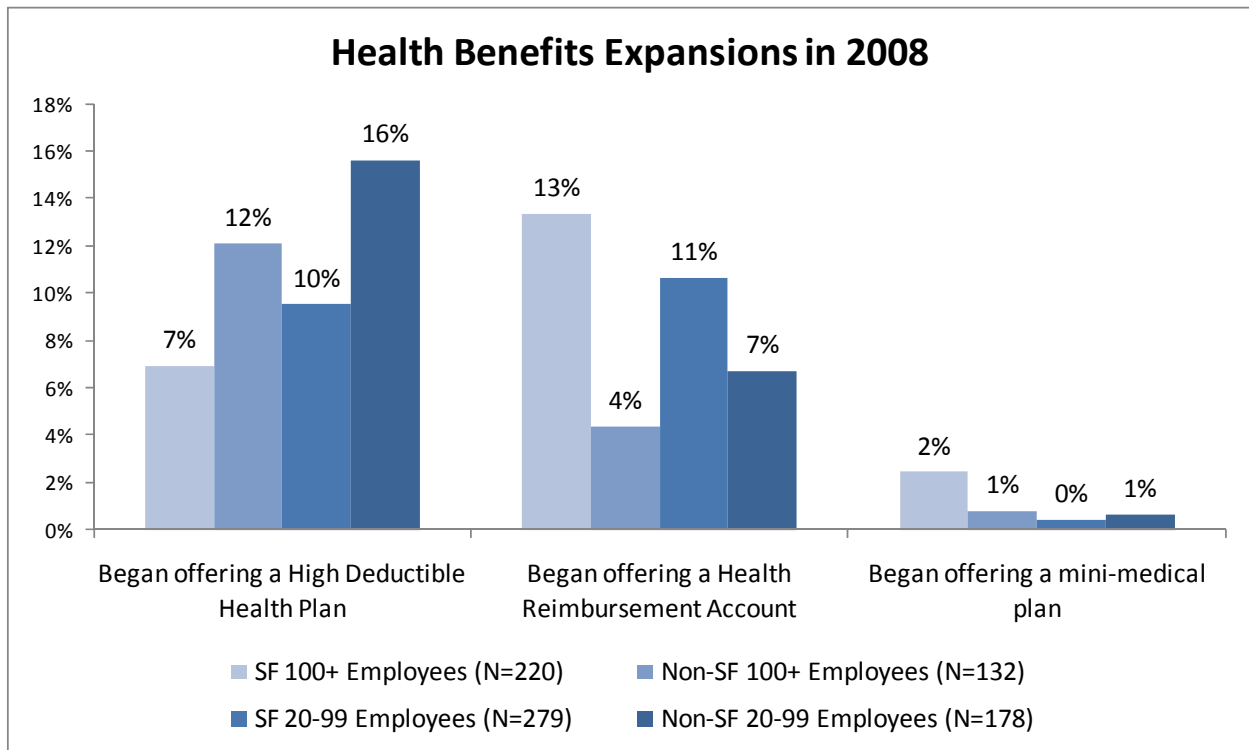
Reductions in Health Benefit Offerings from 2007 to 2008

Many firms made changes to their health benefit plans in 2008. About 2% of medium size firms in the counties surrounding San Francisco stopped offering insurance, and an additional 3% made a popular plan significantly more restrictive in its coverage of benefits. About 8% of firms in the Bay Area increased the premium paid by the employee by 25% or more. More firms in the counties surrounding San Francisco raised the deductible on one of their health plans above \$1,100 (8%) than in San Francisco (2%).



Expansions in Health Benefit Offerings from 2007 to 2008

San Francisco firms were less likely (8%) to begin offering a high deductible health plan than firms in surrounding counties (14%). San Francisco firms were twice as likely to begin offering a Health Reimbursement Account in 2008. Large San Francisco firms were more likely to begin offering a mini-medical plan (a plan with fewer benefits than a typical insurance plan) than their medium-size counterparts, but such plans are still rare. Future analyses will report on the extent to which the different trends in San Francisco compared to other Bay Area counties may be related to San Francisco's Health Care Security Ordinance which in 2008 began requiring firms with 20 or more employees to make minimum health care expenditures on behalf of employees.



Survey Design and Methods

Bay Area Employer Health Benefits Survey, 2008

The Bay Area Employer Health Benefits Survey is supported by grants from the California Program on Access to Care (CPAC), the UC Berkeley Labor and Employment Research Fund and the Robert Wood Johnson Foundation. CPAC is a policy research program administered by the UC Berkeley School of Public Health and has a direct relationship with the University of California Office of the President. CPAC's system-wide role allows it to rally the resources and expertise of one of the nation's most prestigious academic institutions to fund investigative reports on key healthcare issues and make legislative policy recommendations based on research findings. The Labor and Employment Research Fund is a component of the Miguel Contreras Labor Institute and is administered by the Multicampus Research Unit (UCMRU) of the Office of the President and overseen by a system-wide faculty Steering Committee which makes all award and policy decisions. The Robert Wood Johnson Foundation is an independent philanthropy devoted to improving health policy and practice. UC Berkeley retained National Research, LLC, a Washington, D.C.-based survey research firm, to conduct telephone interviews with human resource and benefits managers using the Bay Area Employer Health Benefits survey instrument.

Employers responding to the survey were drawn randomly from a sampling frame of non-governmental Bay Area businesses. The sample was based on a 2007 Dun and Bradstreet database of businesses, as refined by Survey Sampling Incorporated. To increase precision, the sample was stratified by San Francisco/non-San Francisco, non-profit status, and the number of workers in the firm (4-14 workers, 15-19 workers, and 20+ workers, based on national total of employees) and was randomly drawn within these groups. From June 2008 to January 2009 National Research completed full interviews with 1,043 firms. The overall response rate for the complete survey was 21% among eligible phone numbers attempted, with 733 San Francisco firms and 310 firms from Alameda, Contra Costa, Marin, and Santa Clara counties.

To assess the representativeness of the responding firms, interviewers asked one question of all firms who were reached but declined to participate in the study: "Does your company offer or contribute to a health insurance program as a benefit to your employees?" A total of 2,053 firms responded to this question (including 1,043 who responded to the full survey and 1,010 who only responded to this one question). Survey non-responders were less likely to offer health insurance, but the difference is minor (see page 3), suggesting that the sample is broadly representative in this regard. The statistics reported in this document are unadjusted means and proportions; results weighted for non-response are similar. Future publications will report regression adjusted statistics that standardize by firm characteristics such as industry so as to make more detailed comparisons between county groups.

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