BAY AREA EMPLOYER HEALTH BENEFITS SURVEY

Health Benefits Report 2009

University of California, Berkeley

William H. Dow
Arindrajit Dube
Carrie Hoverman Colla

May 2010
Introduction

From June to December 2009, the University of California, Berkeley collected data from 1,010 Bay Area employers on the health benefit offerings of firms in 2009 and changes to those benefit plans in the past year. This report, the second 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.

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 2009 for single enrollees was $430. This was higher than the nationwide average, which stood at $402 in the same year. Employer contributions towards premium costs were higher in the Bay Area as compared to the nation overall, while the employee contributions were slightly lower. Employer, worker and overall premium contributions increased in the Bay Area by 17% between 2007 and 2009. In comparison, for the United States as a whole the overall increase in premium was 8%, composed of a 12% increase in worker contributions and a 7% increase in employer contributions.
**Health Insurance Premiums, by Group**

Premium levels differed by firm size and geographic area. On average, larger firms had higher premiums than did medium size firms, with the smallest firms (not shown) in-between. Premiums were higher in the city of San Francisco than in surrounding areas.
Health Insurance Offering and Take-up

Most firms in San Francisco and surrounding counties offered health insurance in 2009 (89% of firms in our overall sample). Larger firms with 100+ employees were more likely to offer insurance (99%) and the proportion who offered decreased with firm size. The proportion offering health benefits among firms that completed our entire survey (N=1,010) 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 2009 (N=1,093). Among responding firms that offered insurance in 2009, about 84% of workers were eligible for health benefits. Among eligible workers, about 84% actually took up coverage. Take-up rates were somewhat higher in San Francisco (86%) than in surrounding counties (79%).
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 among large firms than in surrounding counties, and part time workers needed to work fewer hours per week to become eligible for health benefits. San Francisco firms were also much more likely to offer health benefits to temp workers in 2009, which was not the case in 2007, and possibly due to the 2008 implementation of San Francisco’s Health Care Security Ordinance.

![Waiting Period for Health Benefit Eligibility](image1)
![Part-Time Threshold for Health Benefit Eligibility](image2)

Proportion of Employers Where Temp Workers are Eligible for Health Benefits

<table>
<thead>
<tr>
<th>Employees Size</th>
<th>SF 100+ Employees</th>
<th>Non-SF 100+ Employees</th>
<th>SF 20-99 Employees</th>
<th>Non-SF 20-99 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Firms Eligible</td>
<td>18.4%</td>
<td>10.0%</td>
<td>30.3%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Number of Health Plans Offered

Bay Area firms offered an average of 2 health plans to their employees in 2009. Larger firms in San Francisco offered a greater choice of health benefits than did other firms.

![Number of Health Plans](image3)
Health Insurance Type

Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) were the most common types of health plans in the Bay Area, with 72% of firms offering an HMO plan and 61% offering a PPO plan. Many firms, particularly large firms, operated a Section 125 Cafeteria plan for electing benefits. High deductible health plans were more common in medium and small size firms than in larger firms. In 2009, about 13% of firms offered a Health Reimbursement Account and 21% offered a Health Savings Account. This represents a substantial increase over the 2007 offer rates of these types of spending accounts and related high deductible plans.
**Health Insurance Deductibles**

At the majority of firms the most popular health plan had no annual deductible. Larger firms were more likely than smaller firms to have no deductible in their most popular plan. Similarly, smaller firms were much more likely than larger firms to have a high deductible (>=$1,000) in their most popular plan. The proportion of high deductible plans has increased markedly since 2007.

<table>
<thead>
<tr>
<th>Distribution of Deductible of Most Popular Plan, by Firm Size 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>SF 100+ Employees (N=218)</td>
</tr>
<tr>
<td>Non-SF 100+ Employees (N=111)</td>
</tr>
<tr>
<td>SF 20-99 Employees (N=250)</td>
</tr>
<tr>
<td>Non-SF 20-99 Employees (N=153)</td>
</tr>
<tr>
<td>SF 4-19 Employees (N=259)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Firms</th>
<th>$0 Deductible</th>
<th>$1-$250</th>
<th>$250-$500</th>
<th>$501-$1000</th>
<th>&gt;$1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SF 100+ Employees (N=218)</td>
<td>54%</td>
<td>16%</td>
<td>17%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Non-SF 100+ Employees (N=111)</td>
<td>55%</td>
<td>18%</td>
<td>12%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>SF 20-99 Employees (N=250)</td>
<td>47%</td>
<td>11%</td>
<td>9%</td>
<td>6%</td>
<td>26%</td>
</tr>
<tr>
<td>Non-SF 20-99 Employees (N=153)</td>
<td>52%</td>
<td>8%</td>
<td>9%</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>SF 4-19 Employees (N=259)</td>
<td>46%</td>
<td>9%</td>
<td>13%</td>
<td>30%</td>
<td></td>
</tr>
</tbody>
</table>
Reductions in Health Benefit Offerings from 2007 to 2009

Many firms made changes to their health benefit plans since 2007, but less than 1% have stopped offering insurance. About 13% of firms in the Bay Area increased the premium paid by the employee by 25% or more. Many firms raised the deductible on a popular plan to over $1,100 (the deductible level to be HSA qualified): 12% of medium firms and 8% of large firms.
Expansions in Health Benefit Offerings from 2007 to 2009

A substantial proportion of firms in the Bay Area began offering a new high deductible health plan in the past two years, particularly among medium sized firms. A smaller but still substantial proportion began offering a Health Reimbursement Account since 2007. Large San Francisco firms were more likely than other firms to begin offering a mini-medical plan (a plan with fewer benefits than a typical insurance plan), 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, 2009

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 to December 2009 National Research completed full interviews with 1,010 firms. The overall response rate for the complete survey was 19% among eligible phone numbers attempted, with 727 San Francisco firms and 283 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 2,103 firms responded to this question (including 1,010 who responded to the full survey and 1,093 who only responded to this one question). Survey non-responders were more likely to offer health insurance, but the difference is minor (89.7% for non-responders and 87.4% for responders), 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.

Author contact information:
William H. Dow, Ph.D.
Associate Professor of Health Economics
School of Public Health
University of California – Berkeley
Berkeley, CA 94720-7360
baehbs@berkeley.edu