

Massachusetts Employers

How do your medical plans stack up?

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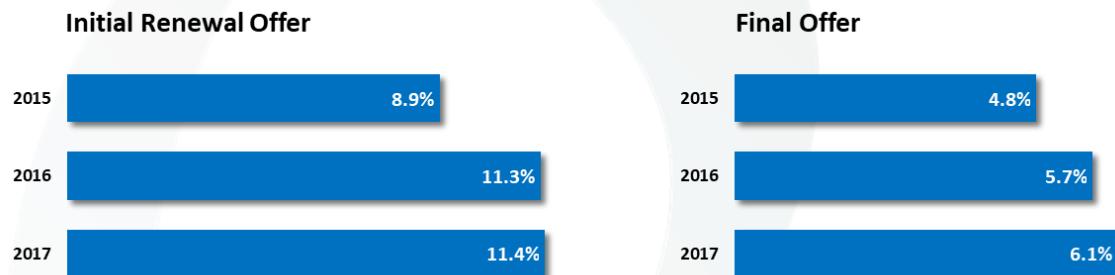
Whether you're a stakeholder in making decisions around your company's health (medical) plan offering, or an employee enrolled in your company medical plan, some of this information may be eye-opening to you.

What are other Massachusetts employers offering and seeing with regards to their health plan(s)? Have you heard rates are increasing, deductibles are getting larger, and Consumer Driven plans are all the rave? If that's the extent of the message you're receiving, here's a deeper dive into what is actually going on, as told by the data.

Overall Medical Costs

Looking at data from over 350 Massachusetts based employers offering health insurance¹, average increases to medical premiums continue to go up as shown below. The "Initial" increase is what was initially proposed to the employer and the "Final" average renewal increase is where the employer ended up after negotiation and/or plan changes (for example, increasing deductible).

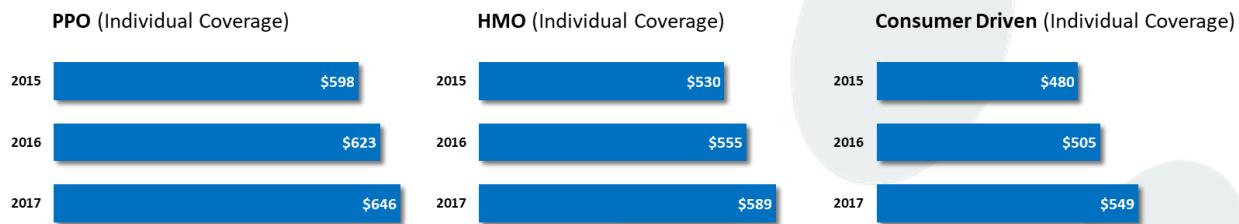
Initial and Final Average Renewal Percentage Increase/Decrease by Year



There are many employers who have seen renewal increases far beyond or below these numbers. Employers that have some transparency for how their medical claims experience compares to the premium they pay should always have an understanding for why their renewal may be either high or low – if you do not, please give us a call.

If your renewal increases have been in the 0% range for a number of years, make sure your monthly premium rates are in line with what you see on the next page (by plan type), otherwise you could be paying too much!

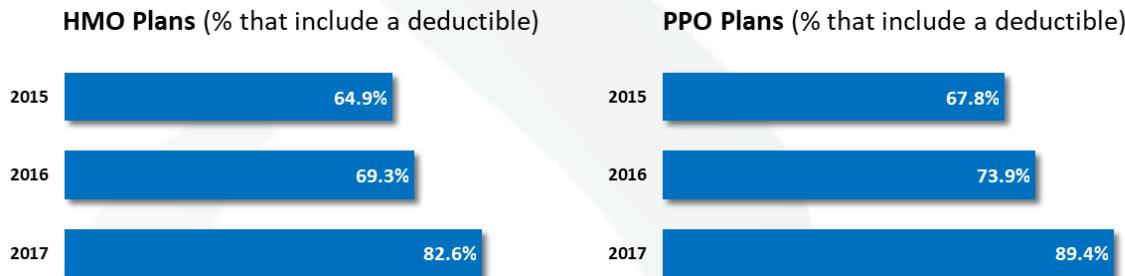
Total Monthly Premium Rates by Year (for Individual Coverage)



A Shift from Traditional to Consumer Driven Plans

There has been a shift from what we refer to as “Traditional” health plans to “Consumer Driven” health plans. If you looked back 15 years, the majority of employer health plans were traditional plans that did not include a deductible – “first dollar” plans. As health care costs rose, carriers began looking for opportunities to shift risk exposure to consumers. At the same time, employers facing persistent rate increases began buying down benefits in an effort to maintain reasonable cost for the company and its employees – deductible plans became increasingly popular. Today, first dollar traditional plans are on the verge of extinction. As you can see below, virtually all traditional HMO and PPO plans now include a deductible.

Percentage of Traditional HMO/PPO Plans that Include a Deductible by Year



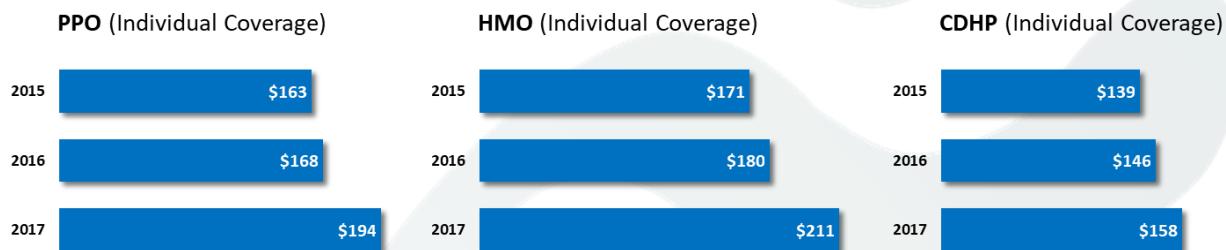
Consumer Driven Health Plans (CDHPs)

Consumer Driven plans have grown exponentially in popularity over the past 10 years. These plans still run on either a PPO or HMO network, include a deductible, but also include a side fund. A CDHP plan incorporates either a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA) provided to partially fund the employee’s deductible exposure. The premium cost for these plans is typically lower (as shown above), but an analysis of how much the funding of the HRA or HSA plus the actual premium can bring the cost of these plans close to that of traditional plan offerings.

The premise of the Consumer Driven model is to engage employees to become better consumers when accessing health services. The higher the deductible, the greater the out of pocket expense to the employee – the hope has been this would create a shopping experience where employees would seek out quality providers at a reasonable price. Of the 371 MA employers in the survey in 2017, 41.5% of them had a CDHP as their Core or Primary health plan offering, a percentage that has climbed steadily.

Employee Contributions

Interested in how your employee contributions stack up against similar plan types? The graphs below highlight the average monthly employee contribution by plan type. If you are an employer that has been able to offer health coverage at no cost to your employees, kudos to you! In 2017, only 6.3% of the health plans in the survey did not include a monthly contribution from employees.



The UBA Survey¹

The data referenced in this article is derived from medical plan data compiled by [United Benefit Advisors](#) (UBA) Partner Firms. Sullivan Benefits is a UBA “Owner” Partner Firm. Each year, Sullivan Benefits along with 130+ other partner firms across the country pool client data to build the largest, most comprehensive health plan survey available in the country. The 2017 survey results, include data from 11,221 companies nationally. Here in Massachusetts, there are 4 other partner firms along with those in neighboring states that have business headquartered in MA. The 2017 survey included client data from 371 Massachusetts based employers. This survey represents the largest available Massachusetts health plan benchmark available, to our knowledge.

If you’re interested in learning more about how your plans compare to a truly relevant, local benchmark, contact us for a no cost custom report, specific to your company’s size and industry. For more information, contact Doug Goodhile at 508-278-1736 or dgoodhile@sullivan-benefits.com.