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“State Employee Health Plan Spending”

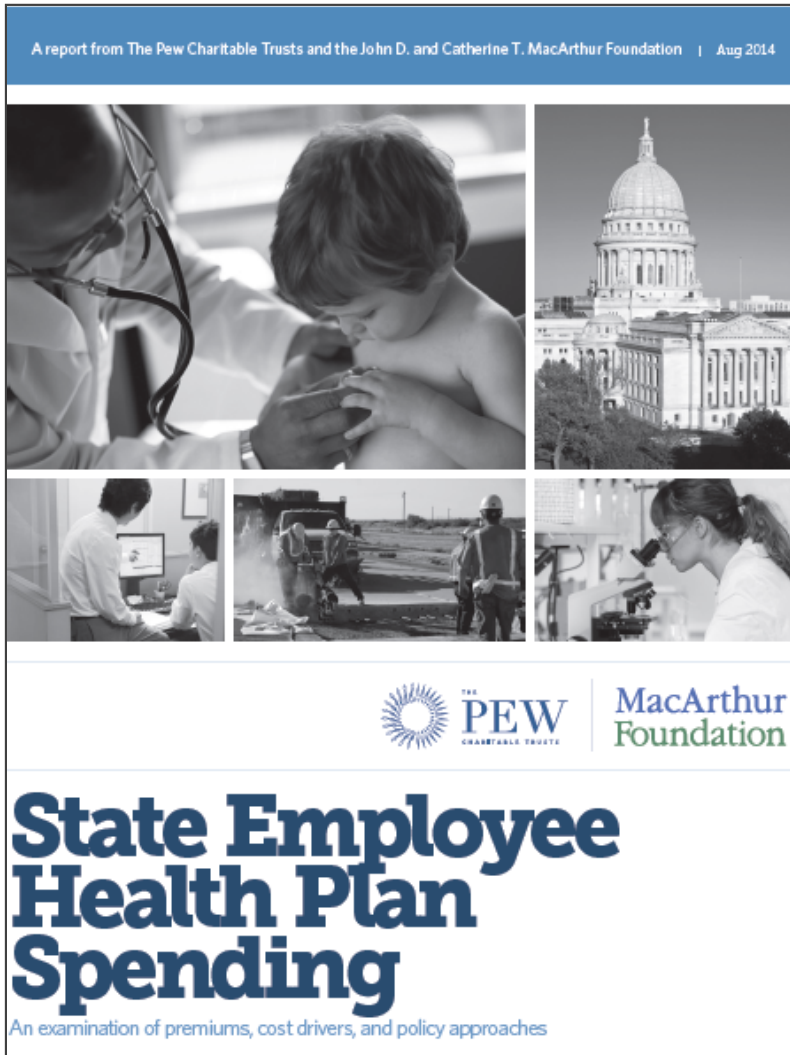
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August 13, 2014

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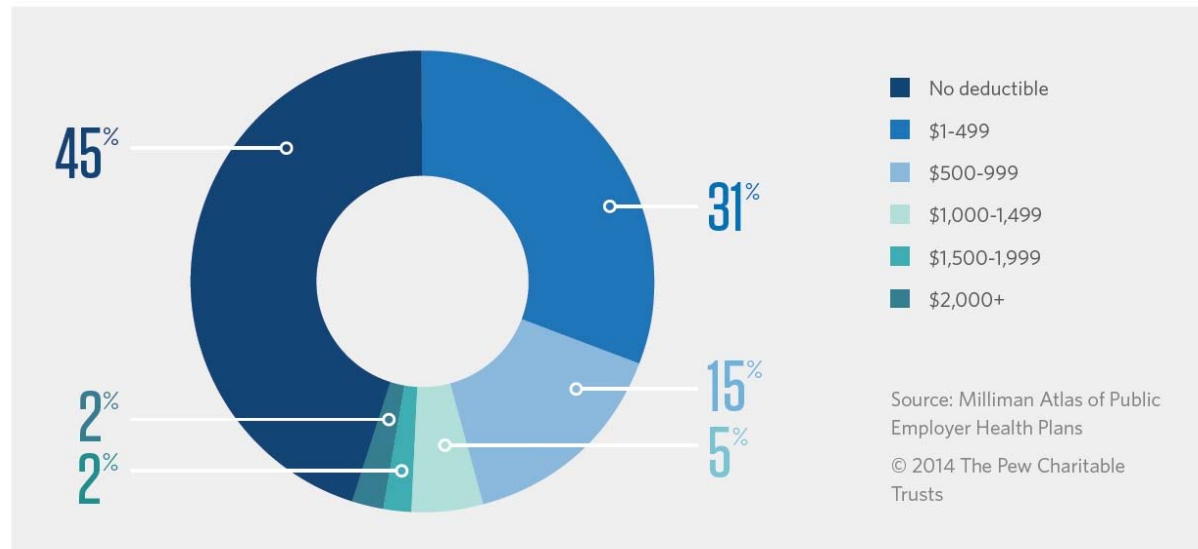
www.pewtrusts.org/healthcarespending



- 49 states spent \$31 billion to insure 2.7 million state employee households in 2013
- \$963: Average per-employee per-month premium
- States paid \$808 (84 percent)
- Employees paid \$155 (16 percent)

Most State Employees Enrolled in Plans With Annual Deductible of \$500 or Less

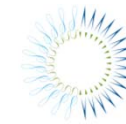
Percentage of state employees by deductible, 2013



- Plan “richness” is an important factor underlying premium variation
- Health plans paid 92 percent, on average, of the typical enrollee’s health care costs in 2013
- 76% of state employees were in plans with an annual deductible of less than \$500 in 2013

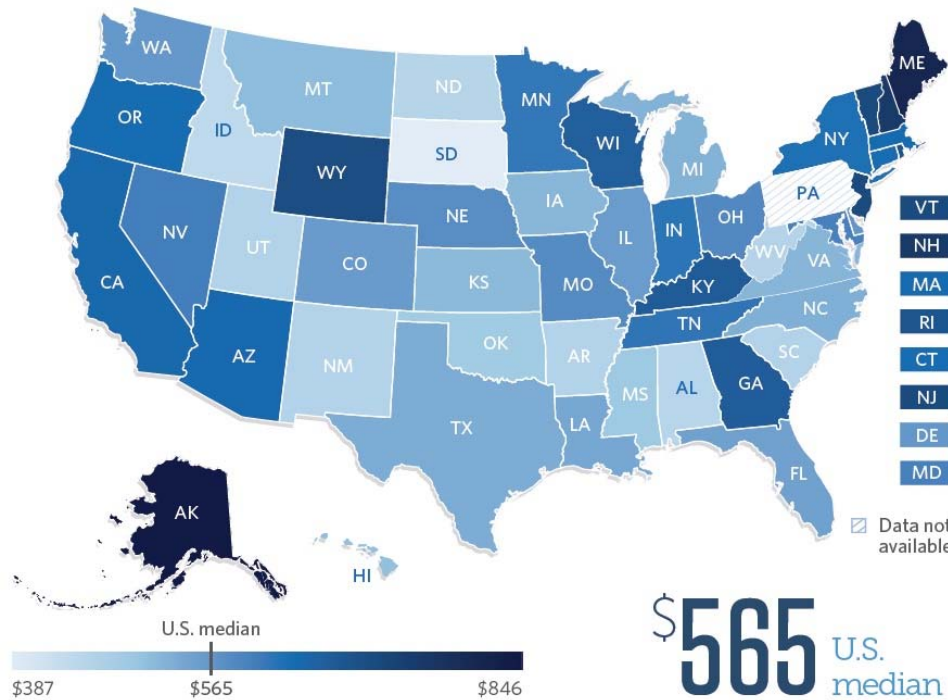
Per-Employee Premiums Vary Widely, Even After Controlling for Richness, Household Size

Adjusted average state health plan employee-only premiums by state, 2013



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- After controlling for differences in health plan richness and households size, a large range in premiums remained.

Notes: Plan richness was controlled for by adjusting premiums per employee to reflect a hypothetical premium in which each plan offered included no employee cost-sharing. In other words, each plan's premium was adjusted proportionately as though its actuarial value was equal to a hypothetical 100 percent.

Tier slopes were normalized using a standard Milliman tier slope representative of large employers nationwide.

Average enrollee household size was controlled for using Milliman's standard distribution for states' employee-only tier premiums, thereby removing the effects of differences in dependent tier enrollment.

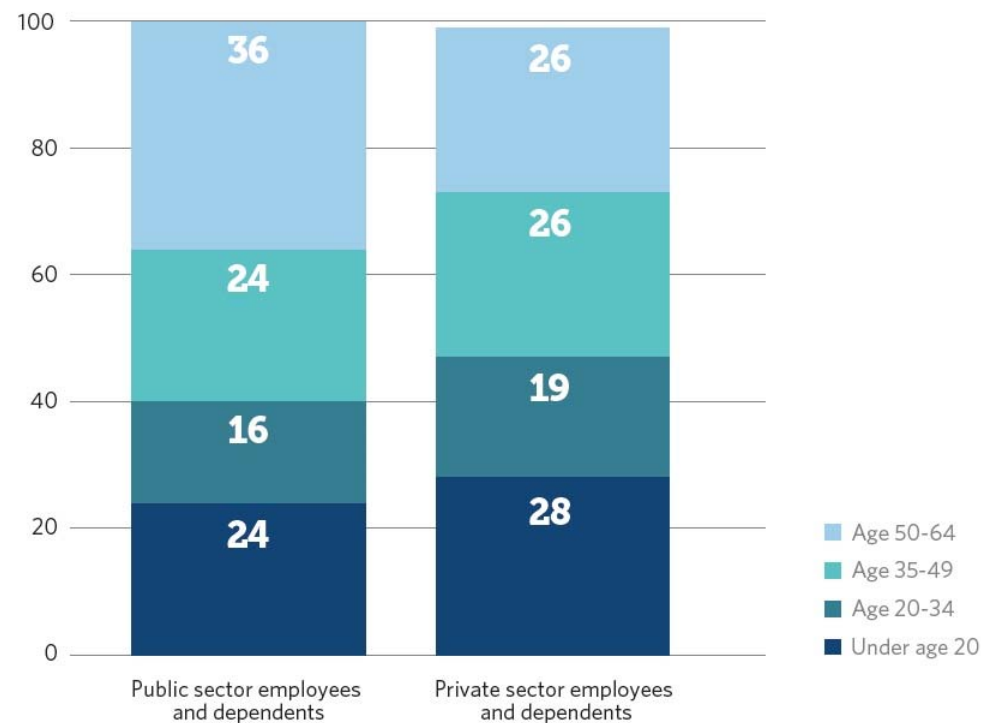
Data for Pennsylvania were not available.

Source: Milliman Atlas of Public Employer Health Plans

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Enrollees in State, Local Government Health Plans Are Older Than in Private Sector Plans

Age distribution, 2010

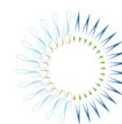


Note: Due to rounding, the sum of private sector percentages do not total 100 percent.

Source: Truven Health Analytics

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Premium contribution arrangements

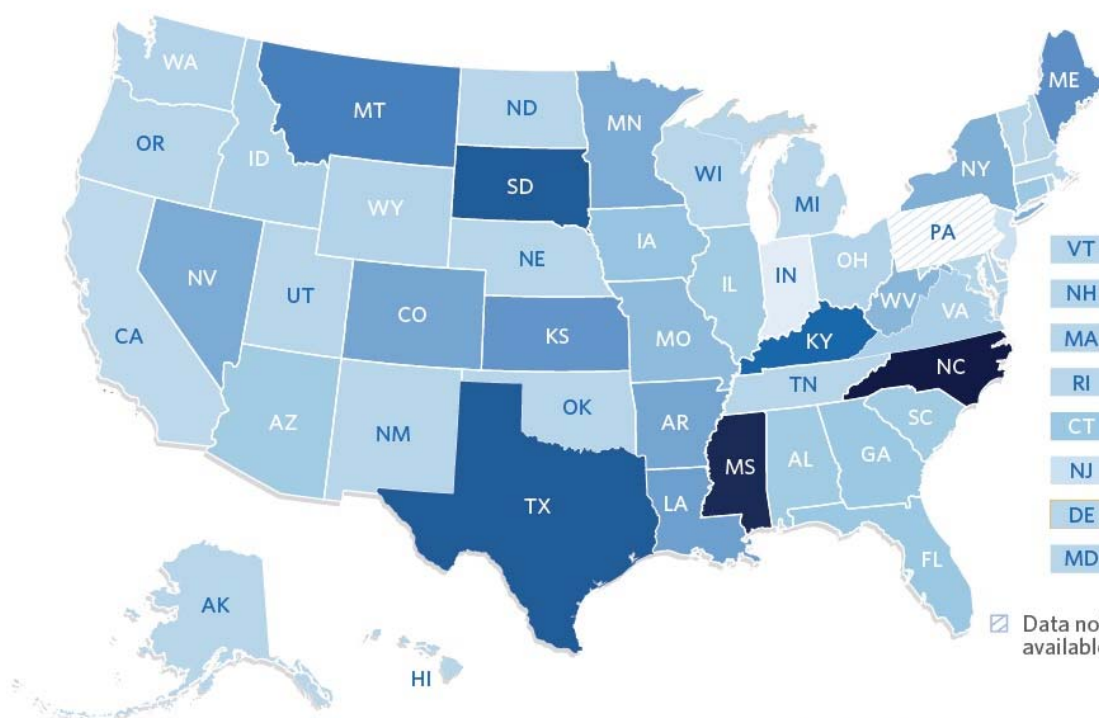


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Difference in Employees' Share of Premiums Between Employee-Only Coverage and Family Coverage Varies Significantly

Average percentage difference of premiums paid by employees, 2013



Notes: Each state's average is weighted by enrollment across its plans.

Alaska offers only one tier; therefore, it uses a composite rate for all employees. Single employees and employees with dependent coverage pay the same rate.

Data for Pennsylvania were not available.

Source: Milliman Atlas of Public Employer Health Plans

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7.0% U.S. average

Tier structure



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Most States Offer 2–4 Health Plan Tiers

Tier structure by state, 2013

Coverage tiers	States
One tier: All employees	AK
Two tiers: Employee only; Employee plus family	AL, FL, IA, IN, MA, MN, ND, NY, OH, PA, RI, WI
Three tiers: Employee only; Employee plus one dependent; Employee plus two or more dependents	CA, CT, HI, IL, NH, UT, VA, VT, WV
Four tiers: Employee only; Employee plus spouse; Employee plus child(ren); Employee plus family	AR, AZ, CO, DE, GA, KS, KY, LA, MD, ME, MI, MT, NC, NE, NJ, NM, NV, OR, SC, TN, TX, WA, WY
Five tiers: Employee only; Employee plus spouse; Employee plus one child; Employee plus two children; Employee plus family	MS
Six tiers: Employee only; Employee plus spouse; Employee plus one child; Employee plus two or more children; Employee plus spouse and one child; Employee plus spouse and two or more children	ID, MO, OK, SD

Source: Milliman Atlas of Public Employer Health Plans

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Early retiree premium rate



A Majority of States Enroll Early Retirees in Active Employee Plans at Same Premium Rate

Early retiree health plan enrollment arrangements by state, 2013

	States		
Does not allow early retirees to enroll	AK, CO, NH, NM, OH, WV		
Early retirees enroll at the same premium rate	AR, AZ, CA, DE, FL, IA, IN, KS, KY, MA, MD, MN, MT, NC, NE, NV, NY, OK, OR, SC, SD, TN, TX, UT, VA, VT, WA, WI, WY		
Early retirees enroll at a higher premium rate but less than necessary to cover their additional cost	CT, ID, MS		
Early retirees enroll at a higher premium rate reflective of their additional cost	AL, GA, HI, IL, LA, ME, MI, MO, ND, NJ, RI		
	California Kaiser HMO Plan	Idaho PPO Plan	Louisiana HMO Plan
	Employee-only coverage	Employee-only coverage	Employee-only coverage
Active employee premium	\$609	\$476	\$544
Early retiree premium	\$609	\$568	\$1,015
Percentage difference	0%	19%	87%

Notes: Data were not available for Pennsylvania.

In some states identified as not allowing early retiree enrollment, the population is eligible for some state-financed health insurance provided by a different program, such as the state retirement system.

Some states that employ the same rate for active employees and early retirees charge the latter a slightly higher rate that may be used for administrative costs. States were considered to use the same rate if the published early retiree rates were no more than 105 percent of the published active employee rate.

Milliman determined that premiums were higher than for active employees but below what was necessary to cover the entire additional cost to insure early retirees by analyzing states' annual financial reports. The Governmental Accounting Standards Board's Statement No. 45 established standards for the reporting of retiree health care and other nonpension benefits expenditures and related liabilities.

Source: Milliman Atlas of Public Employer Health Plans

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Cost-sharing

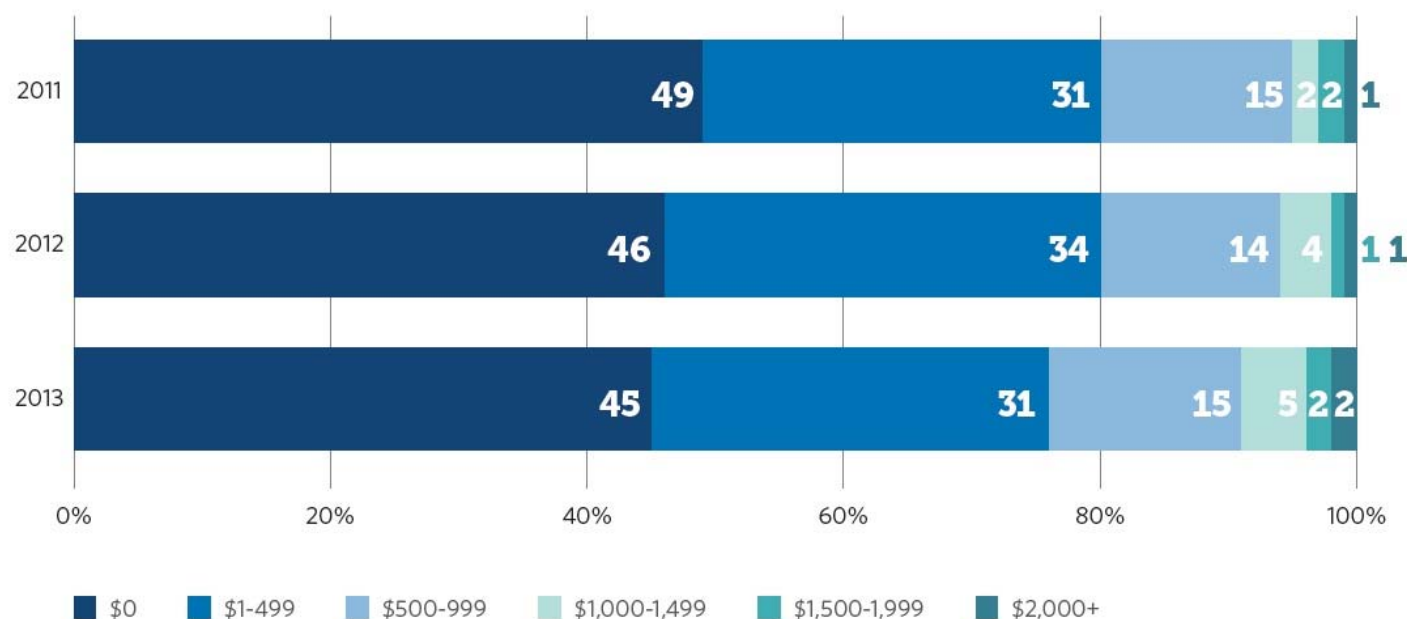


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State Employees Have Consistently Enrolled in Health Plans With Annual Deductible of \$500 or Less

Percentage of state employees by deductible, 2011-13



Source: Milliman Atlas of Public Employer Health Plans

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Other research

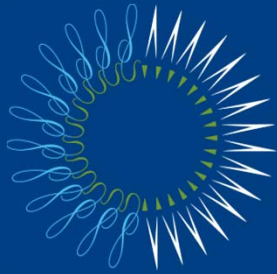


The State Health Care Spending Project is releasing a series that will map out where state dollars are going across the complex and shifting health care landscape.

The series will examine several spending areas, including:

- State retiree health care
- Medicaid
- State prison health care
- The Children's Health Insurance Program
- Mental health services
- Substance abuse treatment and prevention programs

The project has also put this spending in context by tracking key health indicators in each state.



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