

Benefits Insights

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Summary of the 2021 Employer Health Benefits Annual Survey

Each year, the Kaiser Family Foundation conducts a survey to examine employer-sponsored health benefits trends. This document summarizes the main points of the [2021 survey](#) and suggests how they could affect employers.

Health Insurance Premiums

In 2021, the average premium rose by 4% for both single coverage and family coverage. The average premiums were \$7,739 and \$22,221, respectively.

The Kaiser report notes that average premiums have risen 22% over the last five years and 47% over the decade.

Premiums under high deductible health plans with savings options (HDHP/SOs) were noticeably lower than the average premium. HDHP/SOs' annual premiums for single and family coverage were \$7,016 and \$20,802, respectively.

Conversely, the premiums for workers enrolled in preferred provider organization (PPO) plans were higher than others, on average. The average PPO premium was \$8,092 for single coverage and \$23,312 for family coverage in 2021.

Worker Contributions

The average worker contribution toward the premium was 17% for single coverage and 28% for family coverage in 2021.

In terms of dollar amounts, workers contributed \$1,299 and \$5,969 toward their premiums for single coverage and family coverage in 2021, respectively. These average worker contributions (for family coverage) have increased 45% over the past 10 years.

Plan Enrollment

The following were the most common plan types in 2021:

- Preferred provider organizations (PPOs)—46% of workers covered
- HDHP/SOs—28% of workers covered
- Health maintenance organizations (HMOs)—16% of workers covered
- Point-of-service (POS) plans—9% of workers covered

These enrollment figures are similar to last year's percentages.

Employee Cost Sharing

Most workers must pay a share of their health care costs, and the average deductible for single coverage was \$1,669 in 2021. The average annual deductible has increased by 13% over the past five years and nearly 68% over the past decade. The percentage of covered workers with a general deductible of \$2,000 or greater has increased to 6% over the last five years.

Beyond deductibles, most workers cover some portion of the costs from their health care services. For example, 68% of covered workers have coinsurance, and 12% have a copay for hospital admissions. The average hospital admission coinsurance rate was 20% in 2021.

In addition, nearly all workers are covered by a plan with an out-of-pocket maximum (OOPM), but the costs vary considerably. Among covered workers with single coverage, 13% have an OOPM of less than \$2,000, and 27% have an OOPM of \$6,000 or more.

Availability of Employer-sponsored Coverage

Similar to the last few years, 59% of employers offer health benefits to at least some workers. Only 49% of very small employers (three to nine employees) offer coverage, while nearly every large employer (1,000 or more employees) offers coverage.

Notably, in 2021, 91% of employees worked for an organization that offered health coverage to at least some workers.

Health and Wellness Promotion Programs

Wellness programs help employees improve their lifestyles and avoid unhealthy habits. Most employers—58% of small employers and 83% of large—offer a program in one of the following areas:

- Smoking cessation
- Weight management
- Behavioral or lifestyle coaching

Additionally, in 2021, employers with at least 50 workers were asked if they modified their wellness programs to contend with the COVID-19 pandemic. Among smaller employers (50-199 workers), 50% made changes. Among larger employers, 68% made some type of change.

Telemedicine

The large majority of employers with 50 or more workers have embraced telemedicine, especially during the COVID-19 pandemic. In 2021, 95% of these employers offered health care services through telemedicine. Within the last three years, telemedicine adoption has increased nearly 30%.

Self-funding

In 2021, 21% of workers in small organizations were enrolled in plans that were either partially or entirely self-funded, compared to 82% of workers in large organizations. In the past few years, level-funded plans have become more popular. Level-funded plans are health plans provided by insurers that include a nominally self-funded option for small or mid-sized employers that incorporates stop-loss insurance with relatively low attachment points.

Conclusion

Year over year, health benefits figures haven't changed much. While premium growth continues to exceed earnings and inflation increases, the differences are moderately small. Additionally, while there have been some changes in terms of employer-sponsored health benefits, only telemedicine has gained significant traction.

Interestingly, it seems the COVID-19 pandemic didn't impact health benefits as much as some experts originally predicted—enrollment, contributions and cost sharing have remained more or less the same. It remains to be seen whether employers will attempt to recoup losses through increased cost sharing in 2022; however, such plans may be affected by the current tight labor market.

Looking forward, employers should begin to identify tools and resources they can use to offset higher premiums, be it through cost sharing or another method.

For more information on benefits offerings or on what you can do to control your health care costs, contact Centurion Insurance Services today.