



June 6, 2013

New Survey Reveals Cost of Medical and Prescription Drug Benefits Rise for Central PA Employees and Families

Conrad Siegel Actuaries Releases Results from Annual Medical and Prescription Drug Benefits Survey

Harrisburg, PA – June 6, 2013 – Conrad Siegel Actuaries, celebrating its 50th year delivering comprehensive employee benefits services, announced today the results of its annual Medical and Prescription Drug Benefits survey, an employee benefits survey for the Central PA region.

Overall, the survey found that medical and prescription drug benefit costs continue to rise for employees and their families. The employee benefits survey found that 88 percent of the companies who responded now require employees to share in the cost of their health premiums. Results from a similar survey in 2009 found that 77 percent of employees shared in the cost of their health premiums.

“As healthcare reform begins to affect group health plans, many employers are faced with the challenge of preparing their plans for several new regulations, while still dealing with the ever-present challenge of trying to contain the growth of healthcare costs,” said Rob Glus, partner at Conrad Siegel Actuaries. “Companies continue to look for ways to do this by adding and increasing plan deductibles, passing on more of the premium cost to employees and their families, tightening eligibility provisions, and greater emphasis on health and wellness.”

Over 125 companies of all sizes responded to the survey with 60 percent coming from organizations having greater than 100 employees. Companies that responded to the survey were from many different industry types, with the most common being Education, Healthcare, Social Assistance, Manufacturing, and Government.

What Type of Medical Plans Do Employers Offer?

In line with national surveys, the most common type of plan offered continues to be the preferred provider organization (PPO). Over the last few years, POS, HMO and traditional plans have become less common in the marketplace. As these plans have gotten less popular, many employers have started offering Qualified High Deductible Health Plans (QHDHP) as a way to reduce the cost of coverage. However, Central PA lags significantly with 11 percent in QHDHP compared with 26 percent nationally¹. In addition:

- Only 21 percent of plans were “grandfathered”, compared to 32 percent of plans from last year’s survey.
- Approximately 20 percent of respondents do not cover spouses who have coverage available through their own employer.
- Approximately 40 percent of respondents self-fund their medical benefits (vs. only 26 percent as recently as 2009), and 45 percent of respondents self-fund their prescription coverage. This



trend is expected to continue as the impact of healthcare reform, and specifically the health insurer tax, is fully implemented.

How Have Plan Deductibles Changed Over the Past Four Years?

Plan deductibles have also changed as more employers offer higher deductibles to employees. The number of plans offered with a deductible of \$500 or greater increased from 41 percent in 2009 to 52 percent. The percentage of plans with deductibles in excess of \$1,000 increased from 6 percent in 2006 to 36 percent. National averages¹ for deductibles greater than \$1,000 also increased, from 10 percent to 34 percent during the same time. Meanwhile, the amount of plans with a \$0 deductible decreased from 40 percent in 2008 to 22 percent in 2012.

What Percentage of the Medical Premium Does the Employee Pay?

In the employee benefits survey conducted in 2004, 46 percent of those surveyed offered medical and prescription drug plans where employees did not share in the cost of their medical premiums. By 2009, only 23 percent of survey respondents offered such plans and in 2012, that percentage dropped to 12 percent. The average percentage of the premium cost paid by employees for single coverage is 15 percent, while family coverage is an average of 25 percent, slightly lower than national averages¹.

Conrad Siegel Actuaries maintains one of the largest, most comprehensive regional employee benefit databases available today in central Pennsylvania. Through its regional employee benefits survey program, Conrad Siegel Actuaries is able to benchmark the best practices surrounding local employer benefit programs.

For more information about the Conrad Siegel Actuaries Health & Welfare Survey or to participate, please contact the Benefit Survey Team at benefitsurvey@conradsiegel.com.

¹National average comparisons are made to the Kaiser/HRET Employer Health Benefits, 2012 Annual Survey.

About Conrad Siegel

Celebrating its 50th year, **Conrad Siegel Actuaries** is one of the largest and most respected employee benefits firms in Pennsylvania. Recognized as both an industry leader and a trusted advisor, the firm stands apart by offering unbiased, fee-based services backed by careful attention to detail. **Conrad Siegel** partners with its clients to offer a comprehensive source for all employee benefit needs. For more information, please visit www.conradsiegel.com.

Media Contact:

Gina Zuk

Abel Communications for **Conrad Siegel Actuaries**

Phone: 410-843-3816

gina@abelcommunications.com