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New Health Benefits Survey Shows Continued Employer Focus on Containing Costs

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

Harrisburg, PA – May 25, 2016 – **Conrad Siegel Actuaries**, delivering comprehensive [employee benefits](#) services, today announced the results of its annual [Medical and Prescription Drug survey](#), an employee benefits survey measuring how Central PA businesses manage health benefits.

The survey, which was conducted in December 2015, indicates that employers are turning to consumer directed health care and are tightening spousal rules as cost containment strategies.

“As employers’ health insurance costs rise, they are continuing to drop or put restrictions around spousal coverage. Limiting working spousal coverage is an attempt to shift a portion of these increasing costs back to the spouse’s employer, as opposed to making even more drastic cuts to benefit levels for all of their own employees,” said Rob Glus, partner at **Conrad Siegel Actuaries**. “We also continue to see employers offering more consumer directed health care plans as a natural course for cost containment.”

Continued Cutbacks & Surcharges on Spousal Coverage

Thirty-three percent of employers have some form of spousal coverage provision for medical and prescription drug insurance. Of those who have a provision, 52 percent of employers do not allow spousal coverage if a spouse has health insurance access through their own employer. This percentage increased from 31 percent in 2014 and 25 percent in 2013. Of employers who do offer spousal coverage, 27 percent required a surcharge to cover the spouse, compared to 16 percent in 2014. The average surcharge in 2015 was \$2,288, which increased from \$1,730 in 2014.

Employer Premium Sharing Remains Steady

The survey revealed that employer premium sharing remains steady (as a percentage of overall premiums), as employers change the benefit plan design instead of shifting more premium costs to employees. In 2015, only 11 percent of surveyed companies did not require employees to pay any amount of plan premiums. The average percentage of the medical premium that employees paid for single coverage in 2015 was 15 percent, which has remained relatively constant over the past several years. The average premium share for family coverage was 20 percent in 2015.

Consumer Directed Health Care Plans Increase

Consumer directed health care plans are generally high-deductible health plans that include Health Savings Accounts (HSA), Health Reimbursement Accounts (HRA), Medical Expense Reimbursement Plans (MERP) and Flexible Spending Accounts (FSA). The HSA programs are tax-preferred medical savings accounts where employees can contribute and withdraw money for out-of-pocket medical, prescription, dental and

vision costs. The HRA programs, commonly offered with high-deductible health plans, are tax-advantaged plans where employers set aside pre-tax dollars for employees to pay for health care expenses.

- Overall, 50 percent of employers offer a plan with either an HSA or an HRA account option. This is up significantly from last year at 41 percent.
- In 2015, 24 percent of employers offered a HSA to their employees. This increased from 2014, when 20 percent of employers offered an HSA.
- Of employers who offer a HSA, 79 percent fund at least part of the account.
- The average employer funding for individuals in an HSA account is approximately \$769, and the average funding for families is \$1,337. This is down from \$847 and \$1,560 in 2014, respectively.
- In 2015, 26 percent of employers offered a HRA or a MERP to employees. This increased from 2014, when twenty-one percent of employers offered an HRA.
- The average employer funding for individuals in an HRA account is approximately \$1,743, and the average funding for families is \$3,204. This is down from \$1,916 and \$3,194 in 2014, respectively.
- In 2015, 47 percent of employers offered a FSA to employees, the exact same figure as the prior year.

Over 110 companies of all sizes responded to the survey with 65 percent coming from organizations with more than 100 employees. Companies that responded to the survey were from both not-for-profit and for-profit organizations in a wide range of industries including Education, Healthcare, Social Assistance, Government, Manufacturing, and Finance.

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

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

About **Conrad Siegel**

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