

CENTER FOR HEALTH INFORMATION AND ANALYSIS

---

**2018 MASSACHUSETTS  
EMPLOYER SURVEY  
SUMMARY OF RESULTS**

---

JUNE 2019

---





# Executive Summary

As part of the Center for Health Information and Analysis's (CHIA) Continuing Program of Study on Insurance Coverage, Underinsurance and Uninsurance, the Massachusetts Employer Survey (MES) provides a valuable lens on the employer health insurance market in Massachusetts.

Employer-sponsored insurance shapes the health insurance markets in the state and impacts the demand for the state's public insurance programs, including MassHealth. The MES, a biennial survey of Massachusetts employers, tracks and monitors employer health insurance offerings, employee take-up rates, health insurance premiums, employer contribution amounts, plan characteristics, and employer decision making.

In order to provide a better understanding of the employer health insurance market in the Commonwealth, the 2018 MES has several key updates: inclusion of a panel sample to allow for longitudinal data analysis, additional questions regarding part-time workers' health insurance benefits, and improved comparability to national data with regard to plan type information, particularly premiums, deductibles, and out-of-pocket limits.

This report highlights key findings from the 2018 MES. It is accompanied by a [databook](#), a [field report](#) with technical details, the [survey questionnaire](#) and an [infographic](#).

## Employer Insurance Offer Rates

Overall, the majority of Massachusetts employers (71%) offered health insurance to their employees in 2018. This is in comparison to the 2016 offer rate of 65%. Massachusetts firms offered health insurance at a higher rate than firms nationally in 2018 (71% vs. 57%). Seventy percent of small firms (3-199 employees) offered insurance versus 99% of large firms (200 or more employees).

Massachusetts employers were more likely to offer insurance to part-time workers than employers nationally (36% vs. 22%). However, small firms were less likely than large firms to offer coverage to part-time workers in Massachusetts (34% vs. 57%).

## Employee Take-Up and Coverage Rates

Sixty-seven percent of Massachusetts employees who were eligible for their employer's health insurance chose to enroll in a plan (take-up rate), which was lower than the national take-up rate of 76%, and followed the national decline in take-up rate between 2016 and 2018. Among Massachusetts firms that offered health insurance, about half of all employees (51%) received health coverage from their employers (coverage rate).

Among firms who offered health insurance to any part-time workers, only 35% of part-time workers were eligible for insurance. Among eligible part-time employees, 26% enrolled in their employer's health plans. These low eligibility and take-up rates of part-time employees led to an overall coverage rate among part-time workers of just 10% and may be attributed to several factors, including employers setting eligibility requirements for insurance coverage and employees choosing not to enroll in their employer-sponsored insurance as a result of alternative options or lack of affordability.

## Cost-Sharing<sup>1</sup>

The 2018 average total monthly premium was \$617 for single coverage and \$1,687 for family coverage. In 2018, the average percent employee contribution was 26% for single coverage and 30% for family coverage. Total monthly premiums for health maintenance organization (HMO) coverage were \$637 and \$1,724 for single and family coverage, respectively. In comparison, total monthly premiums for preferred provider organization (PPO) plans were \$587 and \$1,625 for single and family coverage, respectively.

Among firms offering plans with deductibles, the average annual deductible for single coverage in 2018 was \$1,508, slightly lower than the national average of \$1,573. Average annual deductibles were higher for small firms than for large firms in Massachusetts, though lower than that of small firms nationally.

In 2018, almost three-quarters (70%) of Massachusetts employees were offered a high deductible health plan (HDHP), and 39% were offered an HDHP with a savings option—Health Reimbursement Accounts (HRAs) or Health Savings Accounts (HSAs). While employees at small and large firms were offered HDHPs at similar rates, those at large firms were offered HDHPs with a savings option at slightly greater rates than those at small firms (41% vs. 36%). Small firms had a higher rate of enrollment in HDHPs than large firms (51% vs. 34%).

<sup>1</sup> The MES reports cost-sharing information for the health plan with the firm's highest enrollment within each plan type of HMO, PPO, POS, and Indemnity, and therefore is not directly comparable to the 2016 MES or to cost sharing data from other CHIA reports.

Across firm sizes, Massachusetts employees faced lower out-of-pocket limits for single coverage than their national counterparts.

### **Plan Enrollment<sup>2</sup>**

The majority of firms in Massachusetts (77%) offered only one health plan type (e.g., HMO, PPO, POS and Indemnity) in 2018. This was true for 78% of small firms and 58% of large firms. Approximately half (53%) of all Massachusetts employees were enrolled in a PPO plan. The majority of all other employees were enrolled in an HMO plan (42%).

### **Employer Decision Making**

The most common reason given for firms not offering health insurance was that the firm was not required to offer health insurance due to small size (48%). Massachusetts employers most commonly cited employee retention (66%) and employee recruitment (63%) as important reasons for offering health insurance. The primary ways that Massachusetts employers purchased health insurance were through brokers or consultants (60%), directly through insurance carriers (14%), and through private exchanges (11%). Purchasing through a private or public exchange was much more prevalent among small firms than large firms (15% vs. 4%). Nearly one-third (30%) of employers increased member cost-sharing (copays/coinsurance/deductibles) in health plans as a way to control costs.

### **Firms with Fewer than 50 Employees**

Firms with 25 to 49 employees had a much higher offer rate (84%) than firms with three to nine or 10 to 24 employees (60% and 62%, respectively). Among firms with fewer than 50 employees, firms with 10 to 24 employees had the highest eligibility, take-up, and coverage rates.

Among firms with three to nine employees, more than one in three purchased their health plans through a private or public exchange.

---

<sup>2</sup> Enrollment data presented in this report is based on covered employees and does not include dependents, and therefore is not directly comparable to enrollment data from other CHIA reports.

# Table of Contents

<b>Employer Insurance Market: Offer, Take-Up, and Coverage Rates</b> .....	<b>1</b>
2018 Distribution of Firms, Number of Employees, and Covered Employees by MA-based Firm Size ...	2
2018 Employer Offer Rates: MA vs. U.S. ....	3
Massachusetts Employer Offer Rates: 2016 vs. 2018 .....	4
2018 Employee Take-Up and Coverage Rates: MA vs. U.S. ....	5
Massachusetts Employee Take-Up and Coverage Rates: 2016 vs. 2018 .....	6
2018 Offer, Take-Up, and Coverage Rates among Employees at Lower-Wage Firms in MA .....	7
2018 Offer, Take-Up, and Coverage Rates among Part-Time Employees: MA vs. US .....	8
<b>Cost-Sharing Among Employers and Employees</b> .....	<b>9</b>
2018 Health Insurance Premiums .....	10
2018 Health Insurance Premiums by Health Plan Type .....	11
2018 Annual Deductibles, Out-of-Pocket Limits, and Copayments for Single Coverage .....	12
2018 High Deductible Health Plan (HDHP) Employee Offering and Enrollment .....	13
<b>Plan Offering and Enrollment</b> .....	<b>14</b>
2018 Number of Health Plan Types Offered by Employer .....	15
2018 Enrollment by Health Plan Type .....	16
<b>Health Insurance Decision Making Among Employers</b> .....	<b>17</b>
2018 Employer Reasons for NOT Offering Insurance .....	18
2018 Employer Reasons for Offering Insurance .....	19
2018 Employer Reasons for Selecting a Health Insurance Carrier or Plan .....	20
2018 Employer Primary Ways to Purchase Health Insurance .....	21
2018 Cost Control Strategies Enacted by Employers .....	22

# Table of Contents (Continued)

<b>Firms with Fewer Than 50 Employees</b> .....	<b>23</b>
Firms with Fewer Than 50 Employees: 2018 Employer Offer Rates .....	24
Firms with Fewer Than 50 Employees: 2018 Massachusetts Employee Take-Up and Coverage Rates .....	25
Firms with Fewer Than 50 Employees: 2018 Employer Reasons for NOT Offering Insurance .....	26
Firms with Fewer Than 50 Employees: 2018 Primary Ways to Purchase Health Insurance .....	27
Firms with Fewer Than 50 Employees: Awareness of Health Connector Opportunities for Small Employers .....	28
<b>About the Methodology</b> .....	<b>29</b>
<b>Glossary of Terms</b> .....	<b>30</b>

# Employer Insurance Market: Offer, Take-Up, and Coverage Rates

Most Massachusetts residents receive health insurance through their own or a family member's employer. With the implementation of Massachusetts health care reforms such as Chapter 58 in 2006, as well as the federal reforms of the Affordable Care Act, continuous changes have occurred in the state's health insurance marketplace, which have impacted both the offering and take-up of employer-sponsored health insurance. To provide a better understanding of the current market landscape, this section examines offer, take-up, and coverage rates by firm size and employee type. Take-up and coverage rates are of Massachusetts employees at firms who reported offering health insurance to eligible employees in 2018. In this report, small firms refer to employers with three to 199 employees and large firms refer to employers with 200 or more employees. In 2018, while large firms make up only 4% of firms, they employ over 57% of the workforce and provide insurance coverage to nearly 60% of employees in Massachusetts. More detailed information of these rates and others are presented in the last section of this report focusing on small firms of three to nine, 10 to 24, and 25 to 49 employees.

## Key Findings:

- In 2018, 71% of Massachusetts employers offered health insurance to their employees, in comparison to the offer rate of 65% in 2016, and higher than the national offer rate of 57%.
- In Massachusetts, the offer rate among small firms (three to 199 employees) was 70% compared to nearly 100% for large firms (200 or more employees).
- More than three-quarters (77%) of Massachusetts employees in firms offering health insurance were eligible to enroll in their employers' health plans, and two-thirds (67%) of these eligible employees enrolled (take-up rate).
- Small firms in Massachusetts had an eligibility rate of 82% compared to 73% for large firms. The take-up rate was 61% for small firms and 72% for large firms.
- Among Massachusetts firms that offered health insurance in 2018, more than half of all employees (51%) were enrolled in their firms' health insurance (coverage rate).
- Among Massachusetts firms that offered health insurance, 36% offered insurance to their part-time employees. Overall, one in ten part-time employees enrolled in their employer's health plan.



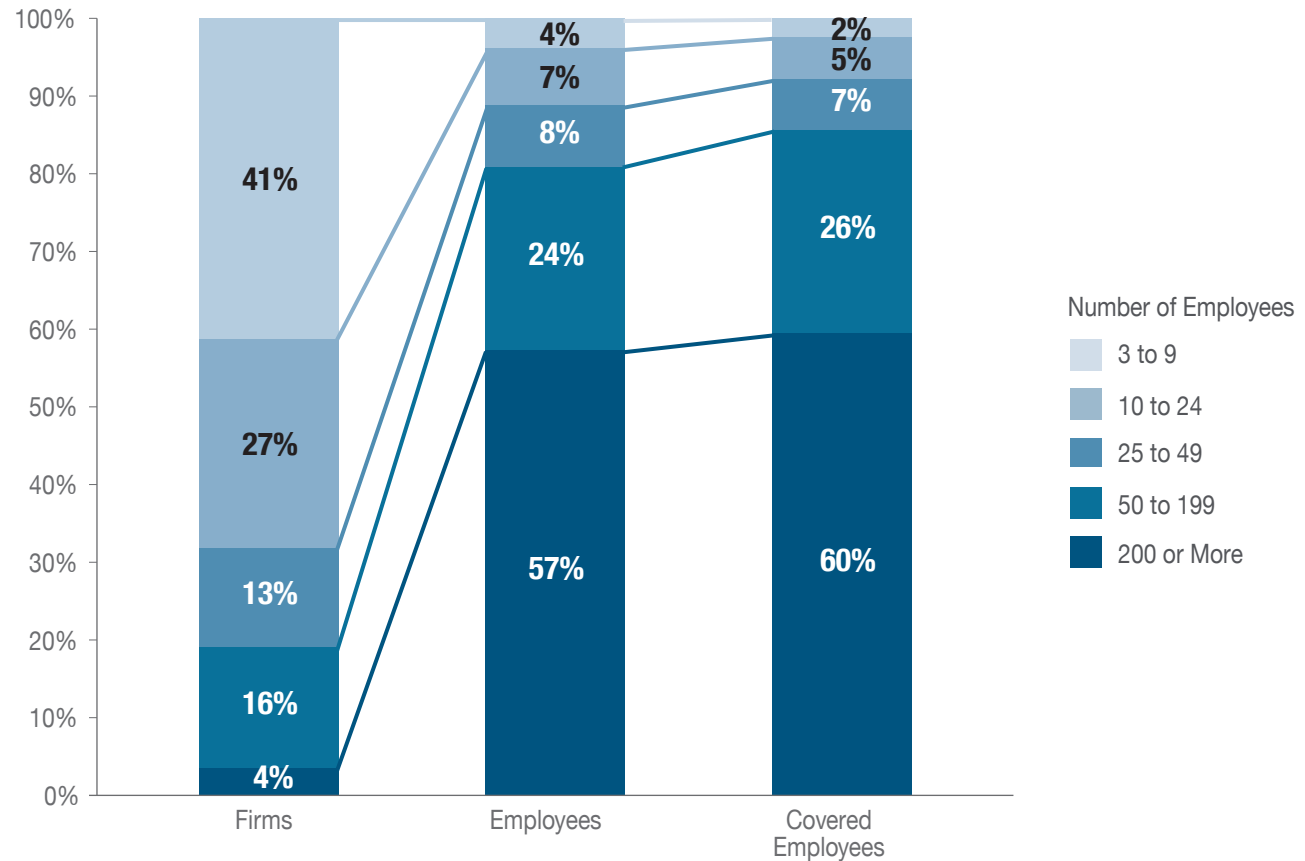
# EMPLOYER INSURANCE MARKET

## 2018 Distribution of Firms, Number of Employees, and Covered Employees by MA-based Firm Size

In 2018, over 80% of firms in Massachusetts were comprised of fewer than 50 employees. While these small firms made up the largest proportion of employers in the state, the workers in these firms accounted for only 19% of all workers in Massachusetts. Furthermore, workers in firms with fewer than 50 employees accounted for only 14% of all covered employees in the state.

Firms with 50 to 199 employees accounted for 16% of all firms in Massachusetts and about a quarter of all employees (24%) and covered employees (26%) in the state.

Firms with 200 or more employees made up 4% of firms but accounted for 57% of all workers and 60% of all covered workers in Massachusetts.



**Notes:** The sampling frame was drawn from Dun's Market Identifiers (DMI) business database available from Survey Sampling International (SSI). The Census Bureau's Statistics of US Businesses (2015) was used as an external benchmark for post-stratification. Additional details on sampling and weighting methodology are available in the [field report](#). Percentages may not add to 100% due to rounding. Public employees and firms with fewer than three employees were not included in this data.

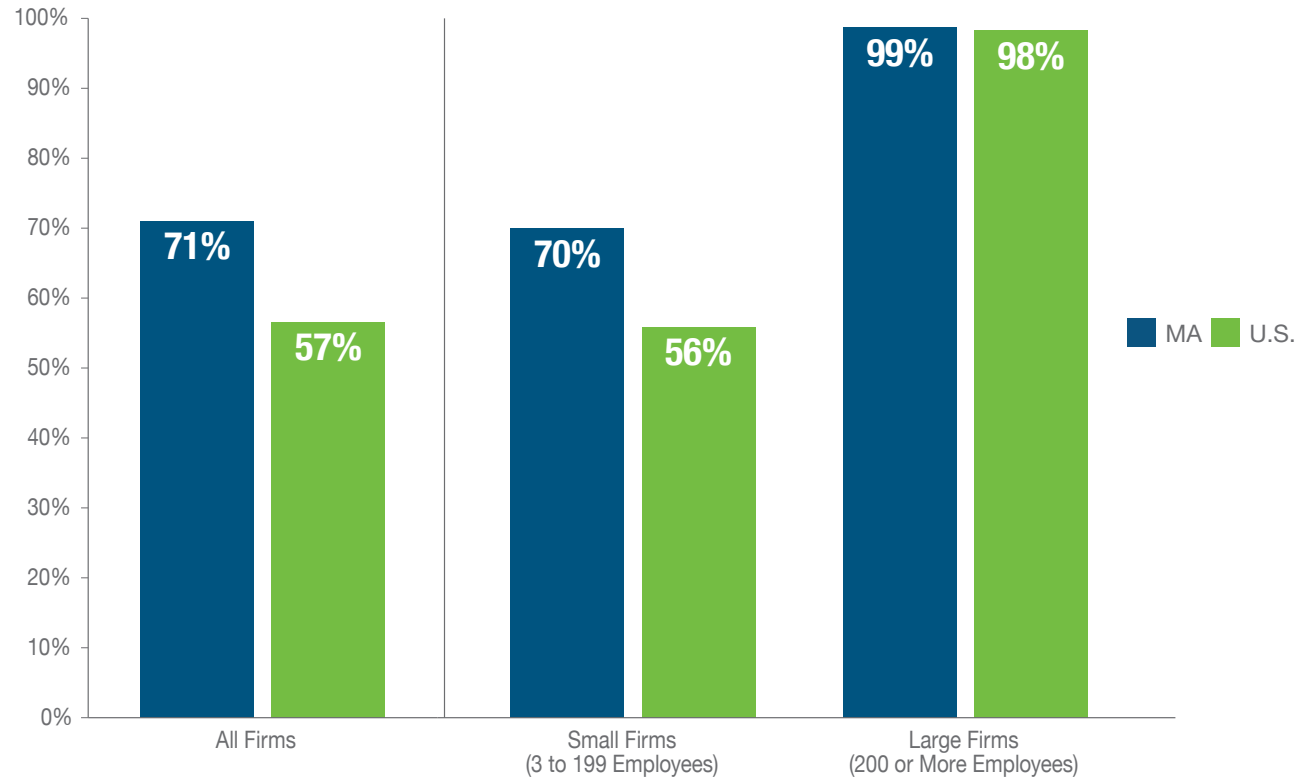
# EMPLOYER INSURANCE MARKET

## 2018 Employer Offer Rates: MA vs. U.S.

In 2018, 71% of all Massachusetts firms offered health insurance. The offer rate among small firms was 70% compared to 99% for large firms.

Compared to the U.S., Massachusetts's offer rates were notably higher, particularly for small firms.

### Offer Rates by Firm Size



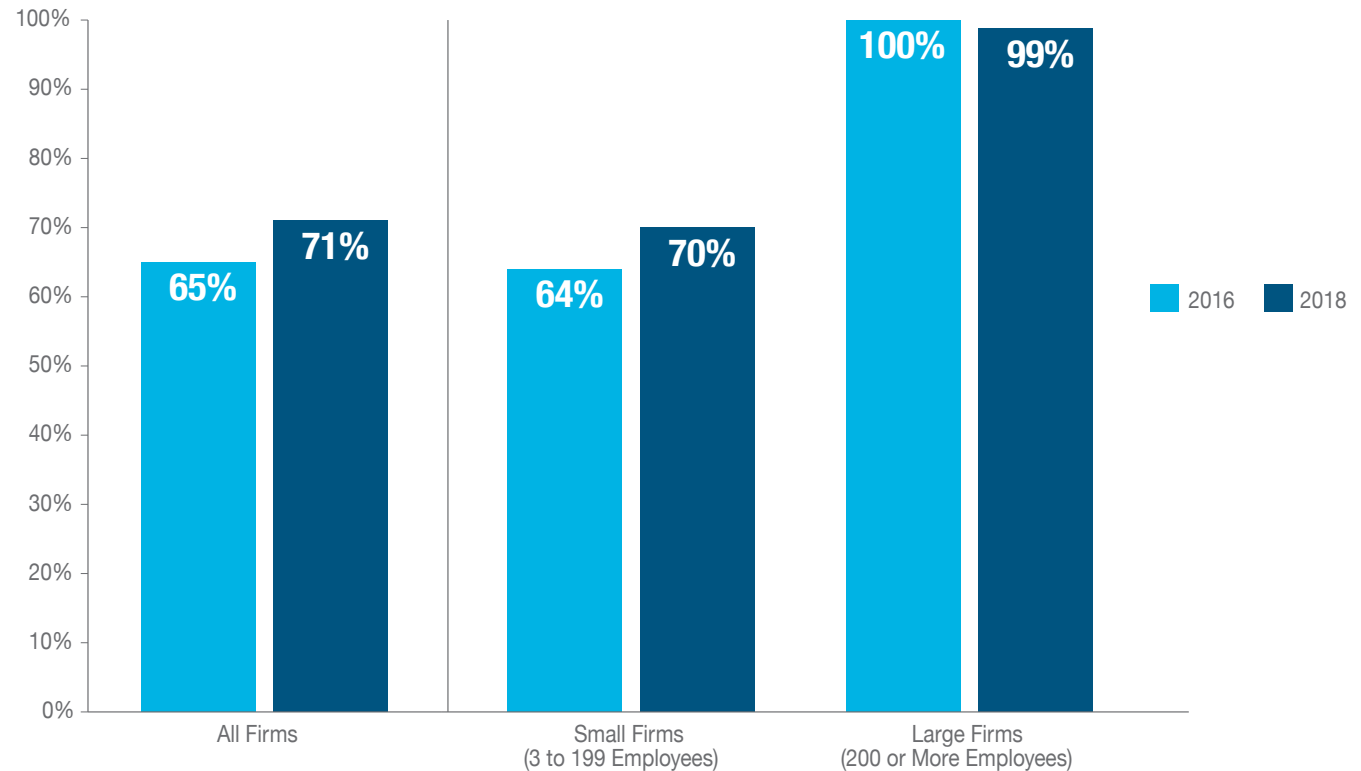
**Offer rate is the percentage of firms that offer their eligible employees some form of health insurance.**

**Notes:** U.S. data was drawn from the 2018 Kaiser Employer Health Benefits Survey. Offer rates were adjusted by firm weights. Public employees and firms with fewer than three employees were not included in this data.

The offer rate for Massachusetts firms was 71% in 2018 compared to 65% in 2016. The offer rate among large firms remained steady at nearly 100%.

## Massachusetts Employer Offer Rates: 2016 vs. 2018

Offer Rates by Firm Size



**Notes:** Offer rates were adjusted by firm weights. Public employees and firms with fewer than three employees were not included in this data.

# EMPLOYER INSURANCE MARKET

## 2018 Employee Take-Up and Coverage Rates: MA vs. U.S.

While the offer rate is determined by decisions made by firms, the take-up rate is decided by the number of eligible employees who enroll in insurance. Ineligible employees tend to be part-time or in a waiting period for health benefit eligibility.

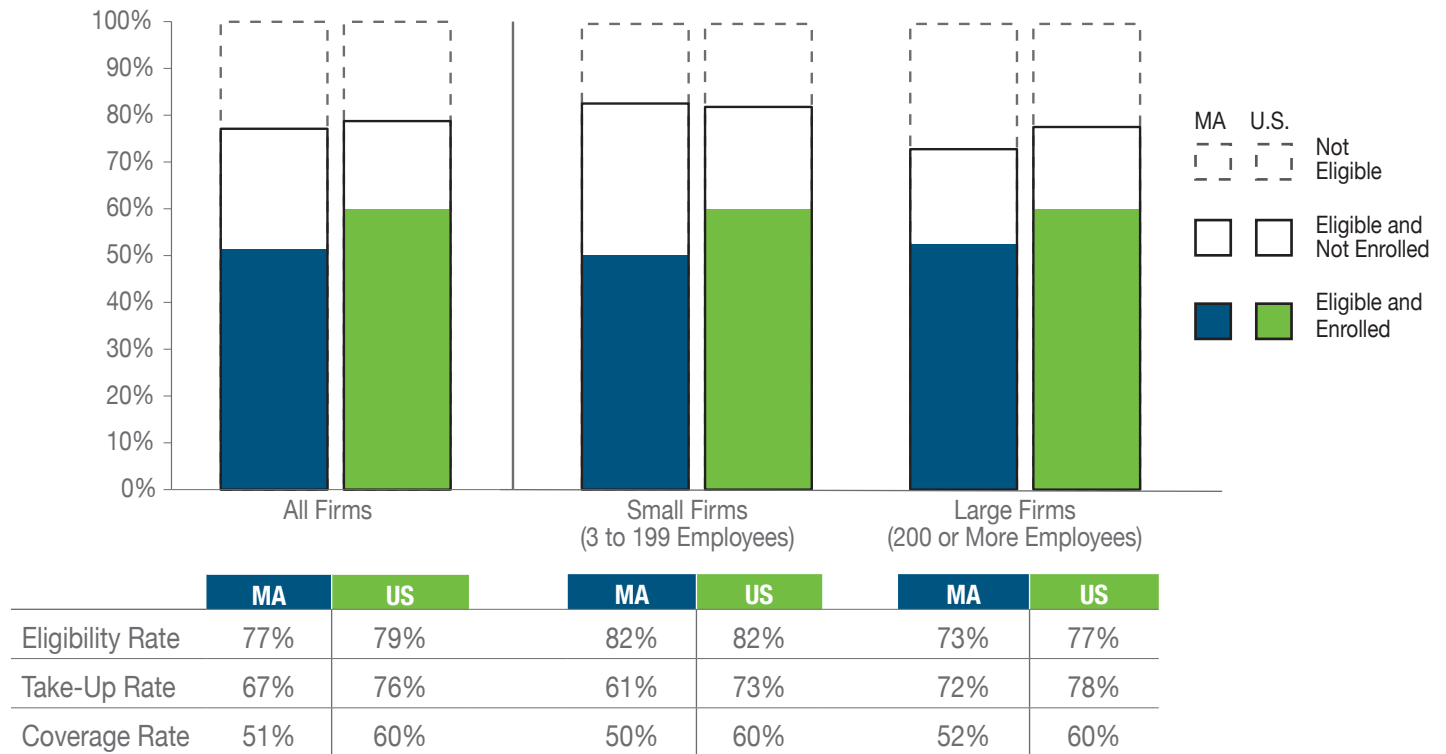
In 2018, 77% of Massachusetts employees were eligible for their firms' health insurance, and 67% of these eligible employees enrolled in their employer's health plans. This was lower than the national take-up rate of 76%. This difference from the national average was particularly true for small firms.

Among Massachusetts firms that offered health insurance, about half of all employees (51%) received health coverage from their employer (coverage rate).

Both in Massachusetts and nationally, take-up rates were lower among eligible employees at small firms than large firms.

Workers who do not enroll in their employer's health plan may receive coverage either through a family member's employer, unsubsidized non-group coverage, MassHealth, or may be uninsured.

### Take-Up and Coverage Rates Among Firms Offering Health Benefits by Firm Size



**Eligibility rate is the percentage of employees eligible for health benefits offered by their employer. Take-up rate is the percentage of eligible employees that enrolled in their employer's offered health insurance plans. Coverage rate is the percentage of all employees covered by their employer's offered health insurance plans.**

**Notes:** Eligibility rates are average rates for surveyed employers offering health insurance, weighted by all employees. Take-up rates are average rates for surveyed employers offering health insurance, weighted by eligible employees. Coverage rates are average rates for surveyed employers offering health insurance, weighted by all employees. U.S. data was drawn from the 2018 Kaiser Employer Health Benefits Survey. Public employees and firms with fewer than three employees were not included in this data.

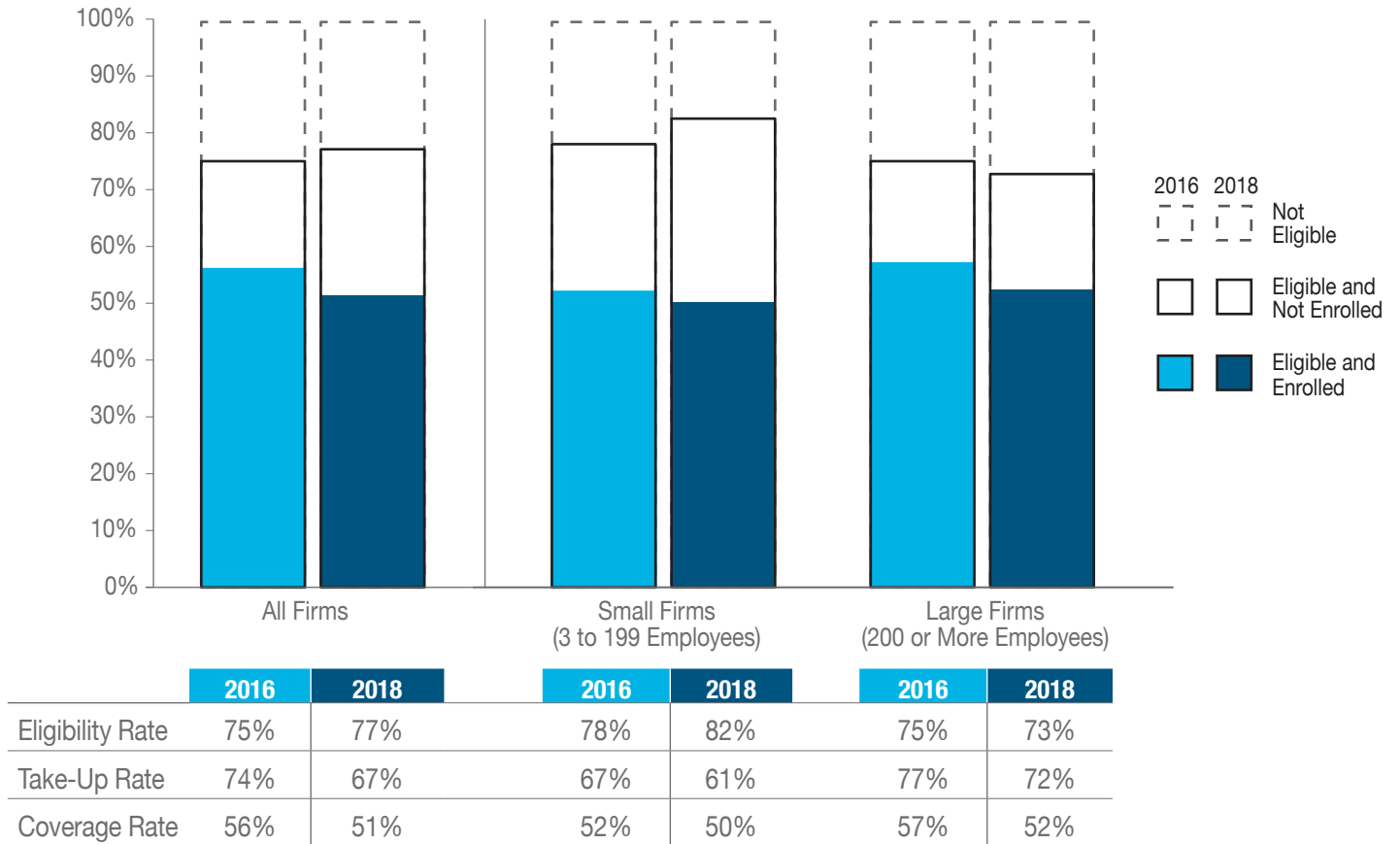
# EMPLOYER INSURANCE MARKET

## Massachusetts Employee Take-Up and Coverage Rates: 2016 vs. 2018

The eligibility rate among all employees was similar between 2016 and 2018. Among small firms, the eligibility rate was 82% in 2018 compared to 78% in 2016.

Take-up rates among employees at small and large firms were low in 2018, thereby resulting in a 51% coverage rate among all employees offered insurance by their firms.

Take-Up and Coverage Rates Among Firms Offering Health Benefits by Firm Size



**Notes:** Eligibility rates are average rates for surveyed employers offering health insurance, weighted by all employees. Take-up rates are average rates for surveyed employers offering health insurance, weighted by eligible employees. Coverage rates are average rates for surveyed employers offering health insurance, weighted by all employees. Public employees and firms with fewer than three employees were not included in this data.

# EMPLOYER INSURANCE MARKET

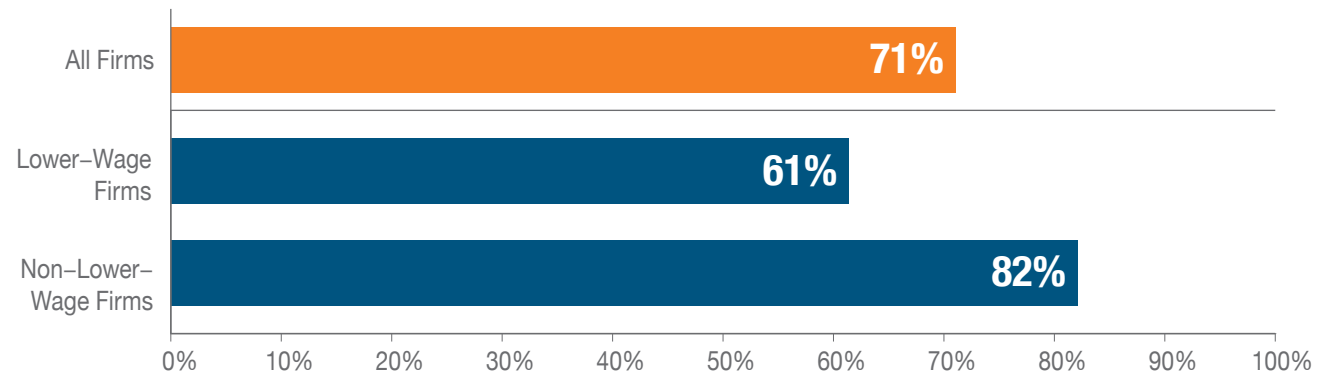
## 2018 Offer, Take-Up, and Coverage Rates among Employees at Lower-Wage Firms in MA

Lower-wage firms, defined as firms with at least 35% of their full-time employees earning an annual income of \$29,000\* or less, were less likely than non-lower-wage firms to offer health insurance to their employees (offer rates of 61% vs. 82%).

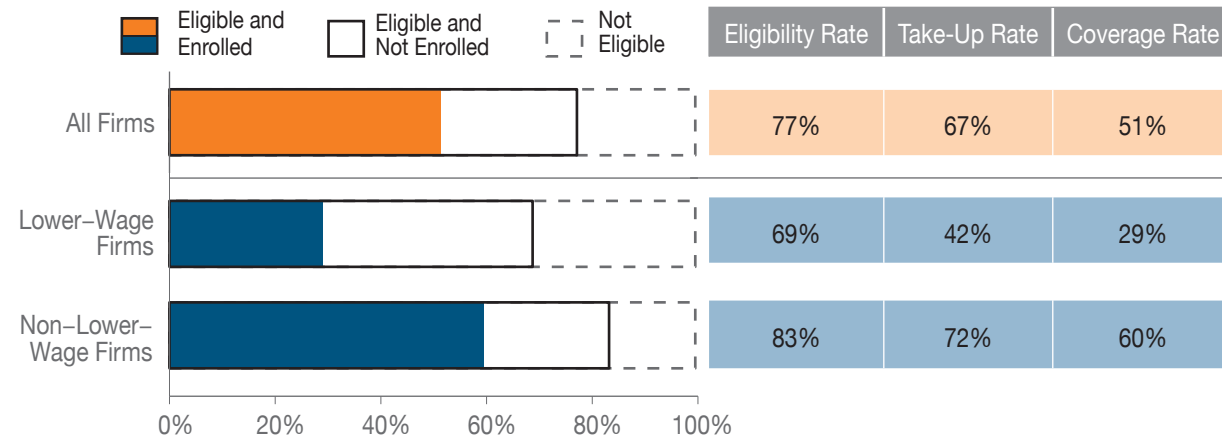
In 2018, 69% of employees at lower-wage firms were eligible for their firm's health insurance, and 42% of these eligible employees took up insurance with their employer's health plans. Among these lower-wage firms, 29% of all employees received health coverage from their employers.

In contrast, 83% of employees at non-lower-wage firms were eligible for their firm's health insurance, and 72% of these eligible employees took up insurance with their employer's health plans. Among these non-lower-wage firms, 60% of all employees received health coverage from their employers.

Offer Rates at Lower Wage Firms by Firm Type



Take-Up and Coverage Rates Among Firms Offering Health Benefits by Firm Type



\*Following the approach developed by the Kaiser Family Foundation Employer Health Benefits Survey, the earning threshold is based on the 25th percentile of Massachusetts full-time workers' earnings as reported by the Bureau of Labor Statistics using data from the Occupational Employment Statistics (OES) in 2018. <https://www.bls.gov/oes/tables.htm>

**Notes:** The employer offer rate is the percentage of firms that offered their employees some form of health insurance, weighted by firms. Eligibility rates are average rates for surveyed employers offering health insurance, weighted by all employees. Take-up rates are average rates for surveyed employers offering health insurance, weighted by eligible employees. Coverage rates are average rates for surveyed employers offering health insurance, weighted by all employees. Public employees and firms with fewer than three employees were not included in this data.

# EMPLOYER INSURANCE MARKET

## 2018 Offer, Take-Up, and Coverage Rates among Part-Time Employees: MA vs. US

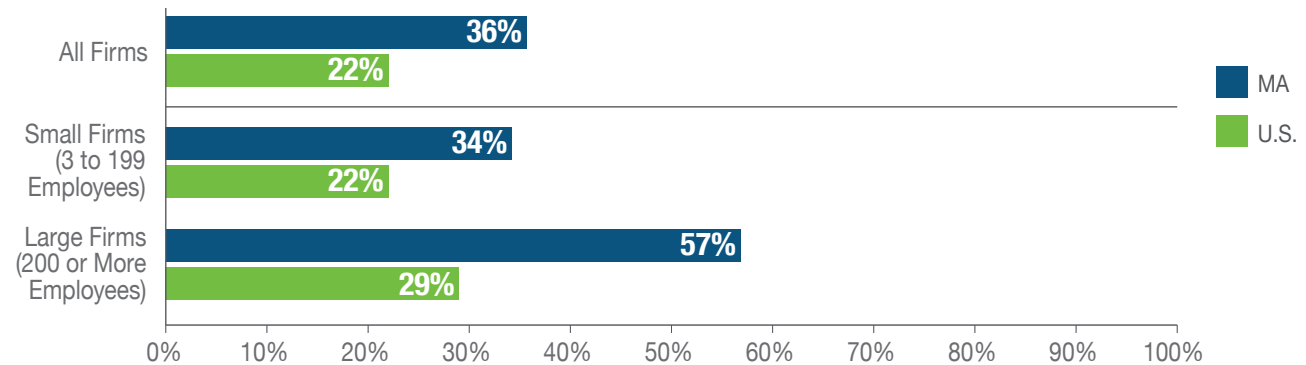
In 2018, 30% of Massachusetts workers were employed part-time.\*

In 2018, 36% of Massachusetts firms offering health insurance offered insurance to their part-time employees, compared to 22% of firms nationally. Among Massachusetts part-time workers, 35% were eligible\*\* for their firms' health insurance and 26% of those eligible employees enrolled in their firm's health plan. Overall, one in ten part-time workers received health coverage from their employers.

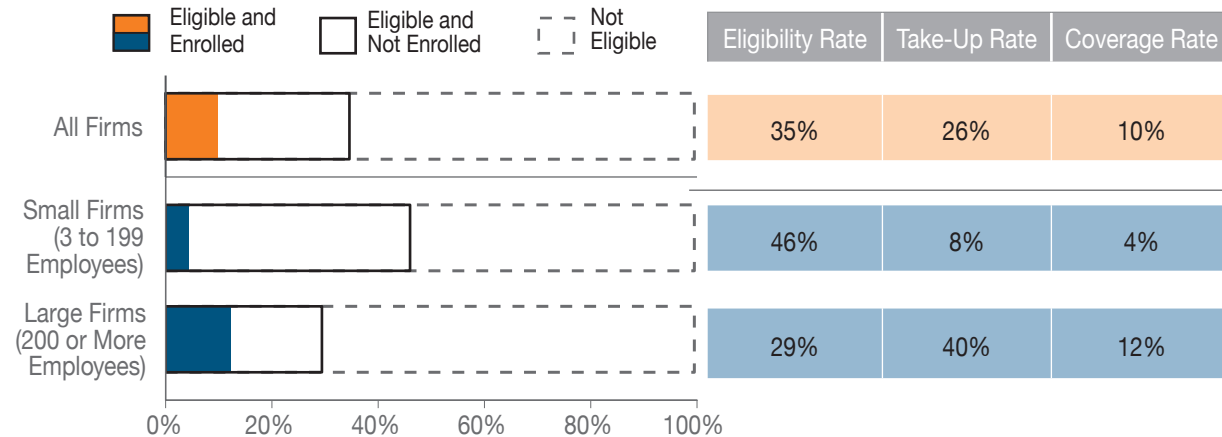
While a majority of large firms (57%) offered health insurance to part-time workers, only 29% of part-time workers at large firms were eligible for insurance. Among those eligible employees, 40% took-up insurance with their employer's health plans. Among large firms, 12% of part-time workers were enrolled in their firm's health plans.

In contrast, 34% of small firms offered health insurance to their part-time workers and nearly half (46%) of their part-time workers were eligible for their firms' health insurance. However, only 8% of these eligible workers enrolled in their employer's health plan. The overall coverage rate was 4% at small firms.

Offer Rates to Part-Time Employees Among Firms Offering Insurance by Firm Size



Take-Up and Coverage Rates Among Part-Time Employees by Firm Size



\* A part-time employee is classified as someone who works on average fewer than 30 hours per week.

\*\* A part-time worker could be ineligible for insurance if they do not work the minimum number of hours required for eligibility by their employer or if they are in a waiting period for health benefit eligibility.

**Notes:** The employer offer rate is the percentage of firms that offered their employees some form of health insurance, weighted by firms. Eligibility rates are average rates for surveyed employers offering health insurance, weighted by all employees. Take-up rates are average rates for surveyed employers offering health insurance, weighted by eligible employees. Coverage rates are average rates for surveyed employers offering health insurance, weighted by all employees. The U.S. data was drawn from the 2018 Kaiser Employer Health Benefits Survey. Public employees and firms with fewer than three employees were not included in this data.

# Cost-Sharing Among Employers and Employees

In this section, information is reported on total average premium costs both overall and by plan type, employer and employee contribution towards premium cost, average annual deductibles, out-of-pocket limits, and copayment amounts. The MES reports cost-sharing information for the health plan with the firm's highest enrollment<sup>3</sup> within each plan type of HMO, PPO, POS, and Indemnity, and therefore is not directly comparable to cost sharing data from other CHIA reports.<sup>4</sup>

## Key Findings:

- In Massachusetts, the 2018 average total monthly premium was \$617 for single coverage and \$1,687 for family coverage.
- In 2018, the average employee contribution was 26% for single coverage and 30% for family coverage.
- Total monthly premiums for HMO coverage were \$637 and \$1,724 for single and family coverage, respectively. In comparison, total monthly premiums for PPO plans were \$587 and \$1,625 for single and family coverage, respectively.
- The average annual deductible for single coverage<sup>5</sup> in 2018 was \$1,508, lower than the average annual deductible nationally (\$1,573). Average annual deductibles were 29% higher for small firms in Massachusetts than for large firms (\$1,747 vs. \$1,355), though 18% less expensive than that of small firms nationally (\$1,747 vs. \$2,132). Average deductibles for large firms were the same in Massachusetts and nationally.
- In 2018, almost three-quarters (70%) of Massachusetts employees were offered an HDHP, and 39% were offered an HDHP with a savings option.
- Among Massachusetts employees enrolled in their employer's health plan, 42% were enrolled in an HDHP, with approximately half enrolled in an HDHP with a savings option. Roughly half of employees (51%) in small firms were enrolled in HDHPs compared to 34% in large firms.
- Across firm sizes, Massachusetts employees faced lower out-of-pocket limits for single coverage<sup>6</sup> than their national counterparts.

<sup>3</sup> Cost-sharing data is based on a weighted average of the plan with the highest enrollment within each plan type of HMO, PPO, POS, and Indemnity, and therefore is not directly comparable to the 2016 MES which reports enrollment information based on the highest enrollment within the largest carrier of the single largest plan type.

<sup>4</sup> Center for Health Information and Analysis, 2018 Annual Report on the Performance of the Massachusetts Health Care System (Boston, September 2018), <http://www.chiamass.gov/assets/2018-annual-report/2018-Annual-Report.pdf>

<sup>5</sup> Survey respondents are only asked to report data for annual deductibles and out-of-pocket limits for their single coverage health plans.

<sup>6</sup> See note 5.



# COST-SHARING

## 2018 Health Insurance Premiums

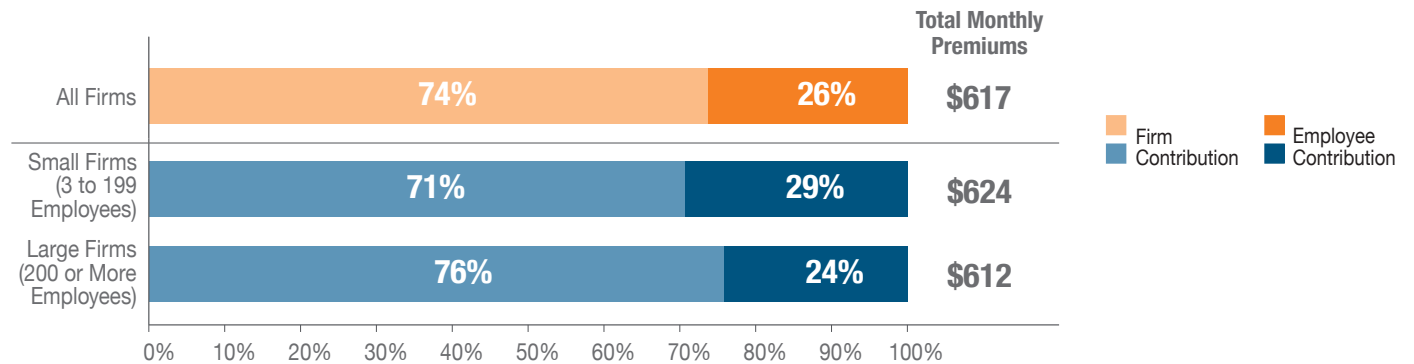
In 2018, the average monthly premiums for single and family coverage in Massachusetts were \$617 and \$1,687, respectively. The average percent employee contribution for single coverage was 26% compared to 30% for family coverage.

Among Massachusetts firms who offered single coverage health plans, the average employee contribution was 29% at small firms, versus 24% at large firms.

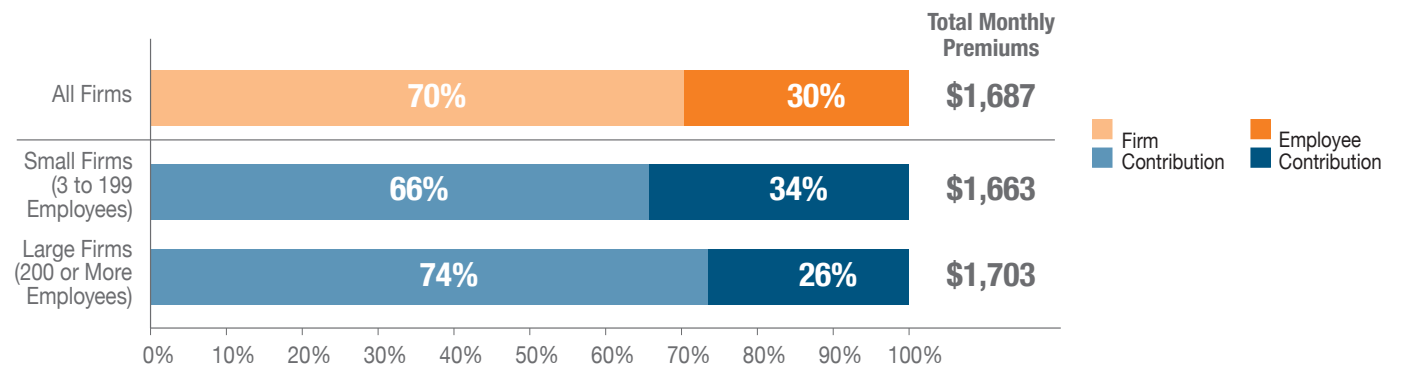
Among Massachusetts firms who offered family coverage health plans, the average employee contribution was 34% at small firms, versus 26% at large firms.

Premium differences across firm sizes are influenced by many factors, including differences in benefit design structures.

### MA Premium Contributions for Single Coverage by Firm Size



### MA Premium Contributions for Family Coverage by Firm Size



**Notes:** MA average premium costs are based on a weighted average of all plans with the highest enrollment of each plan type of HMO, PPO, POS, and Indemnity at a firm. Premiums are weighted by covered employees. More information on premium contributions is available in the [field report](#). Public employees and firms with fewer than three employees were not included in this data.

# COST-SHARING

## 2018 Health Insurance Premiums by Health Plan Type

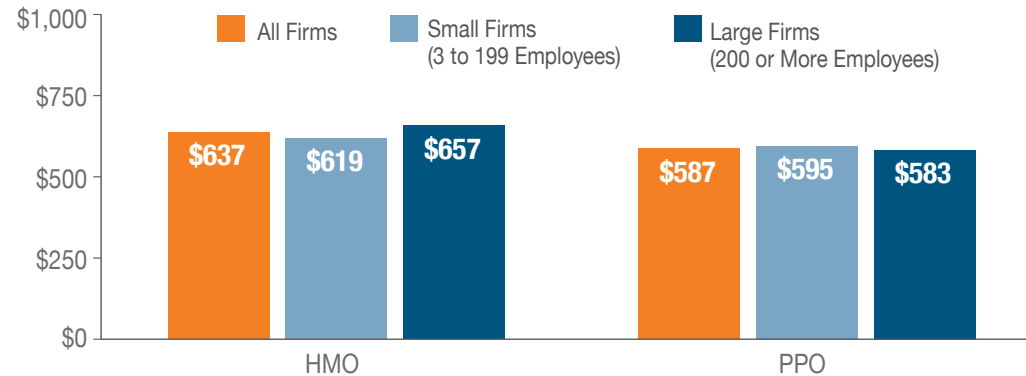
Total average monthly premiums for HMO plans were \$637 for single coverage and \$1,724 for family coverage. Comparatively, average premiums for PPO plans were \$587 for single coverage and \$1,625 for family coverage.

Within HMO plans, monthly premiums for single coverage were \$619 at small firms compared to \$657 at large firms. For family coverage, premiums were \$1,634 at small firms vs. \$1,818 at large firms.

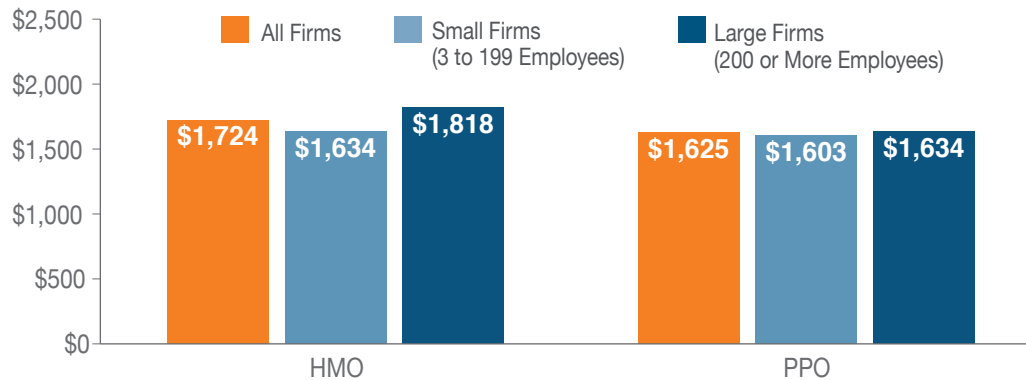
Within PPO plans, monthly premiums for single coverage were \$595 at small firms compared to \$583 at large firms. For family coverage, premiums were \$1,603 at small firms vs. \$1,634 at large firms.

Premium differences across plan types are influenced by many factors, including differences in benefit design structures.

Average Total Monthly Premiums for Single Coverage by Plan Type



Average Total Monthly Premiums for Family Coverage by Plan Type



**Notes:** Premiums are weighted by covered employees within each respective plan type. Estimates are not shown for POS or Indemnity plans due to small sample sizes. Public employees and firms with fewer than three employees were not included in this data.

# COST-SHARING

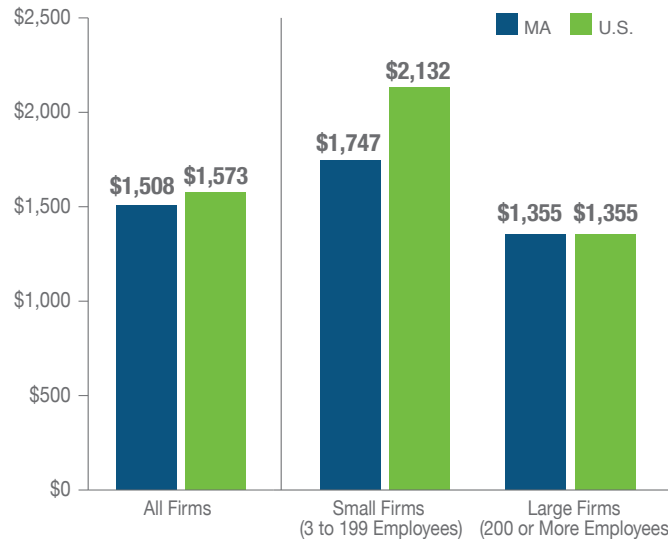
## 2018 Annual Deductibles, Out-of-Pocket Limits, and Copayments for Single Coverage

In 2018, the average annual deductible for single coverage was \$1,508, lower than the average annual deductible nationally (\$1,573). Massachusetts annual deductibles were 29% higher at small firms relative to large firms (\$1,747 vs. \$1,355), though 18% less expensive than that of small firms nationally (\$1,747 vs. \$2,132). Average deductibles for large firms were the same in Massachusetts and nationally.

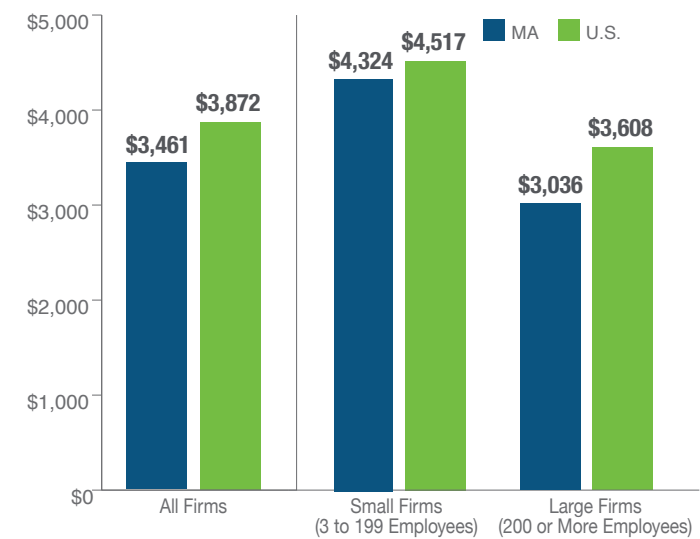
Overall, Massachusetts employees faced lower out-of-pocket limits than their national counterparts. The average out-of-pocket limit for single coverage in Massachusetts was \$3,461 compared to \$3,872 nationally.

Copayments for all medical services for small firms were higher than those for large firms, particularly for emergency department (ED) and inpatient visits.

**Average Annual Deductibles for Single Coverage by Firm Size**



**Average Annual Out-Of-Pocket Limits for Single Coverage by Firm Size**



**Copayments by Firm Size**

	All Firms	Small Firms (3 to 199 Employees)	Large Firms (200 or more Employees)
PCP Office Visit	\$24	\$26	\$22
Mental Health Office Visit	\$25	\$28	\$23
ED Visit	\$169	\$198	\$148
Inpatient Visit	\$482	\$528	\$440
Generic Drug	\$14	\$16	\$12
Non-Preferred Brand Drug	\$56	\$65	\$48
Preferred Brand Drug	\$32	\$37	\$28
Specialty Drug	\$85	\$96	\$70

**Notes:** The cost sharing amounts shown are based on in-network providers of single coverage health plans. Deductibles are reported for plans that have covered workers enrolled in a single coverage plan that includes a deductible. Average deductibles and out-of-pocket limits are based on a weighted average of covered employees in plans with the highest enrollment of each plan type of HMO, PPO, POS, and Indemnity at a firm. Out-of-pocket limit is the most that an enrollee has to pay for covered services in a plan year. After the enrollee spends this amount on deductibles, copayments, and coinsurance, the health plan pays 100% of the costs of covered benefits. Copayments/coinsurance is based on the amount for in-network providers and is of the single most popular plan at the firm. U.S. data was drawn from the 2018 Kaiser Employer Health Survey. Public employees and firms with fewer than three employees were not included in this data.

# COST-SHARING

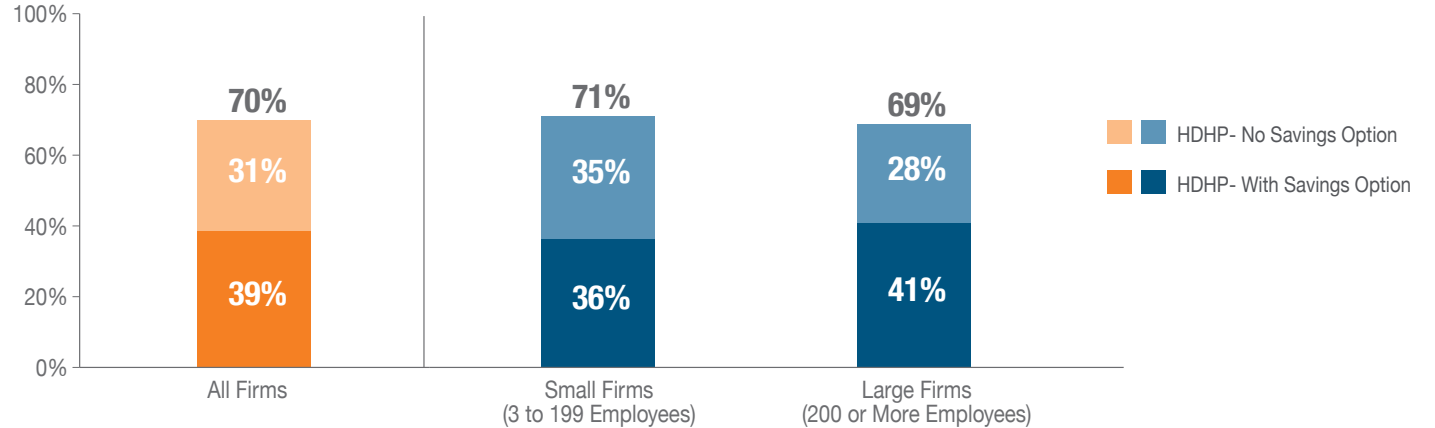
In 2018, almost three-quarters of employees (70%) were offered a high deductible health plan (HDHP). More than a third of all employees (39%) were offered an HDHP with a savings option—Health Reimbursement Accounts (HRAs) or Health Savings Accounts (HSAs). Employees at small and large firms were offered HDHP plans at similar rates. Two in five employees (41%) at large firms were offered HDHPs with a savings option compared to 36% of employees at small firms.

Approximately 42% of Massachusetts employees were enrolled in an HDHP, 51% of employees at small firms vs. 34% at large firms.

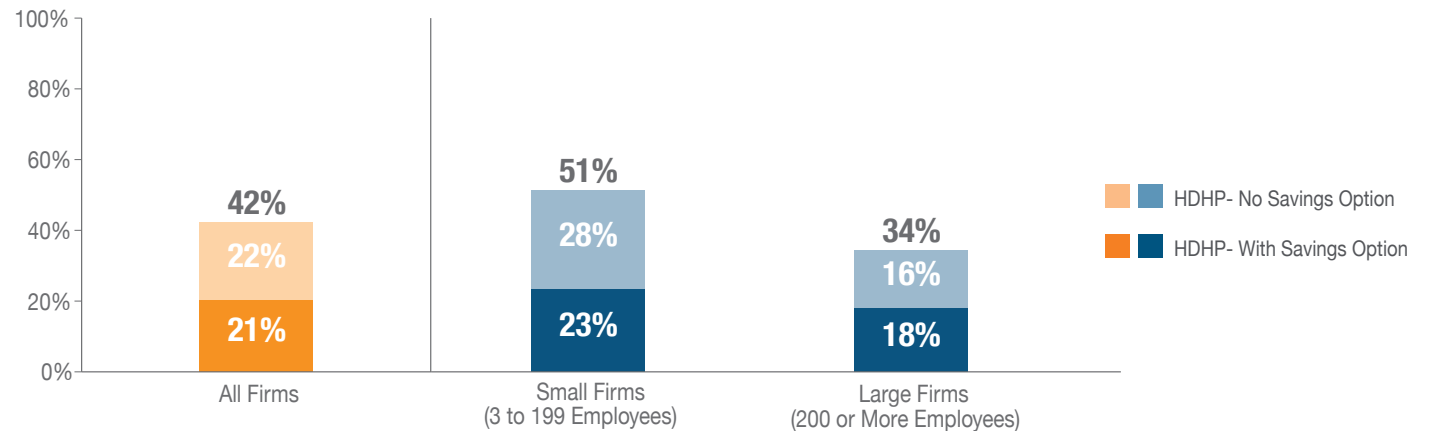
For both small and large firms, approximately half of employees who enrolled in an HDHP were enrolled in one that offered a savings option.

## 2018 High Deductible Health Plan (HDHP) Employee Offering and Enrollment

Percent of Employees Offered a High Deductible Health Plan (HDHP) by Firm Size, Among Firms Offering Health Insurance



Percent of Employees Enrolled in a High Deductible Health Plan (HDHP) by Firm Size, Among Firms Offering Health Insurance



**Notes:** The 2018 IRS deductible thresholds for HDHPs were \$1,350 for single coverage and \$2,700 for family coverage. Offer rates were weighted by employee weights. Enrollment rates were weighted by covered employees and do not include dependents. Percentages may not add to totals due to rounding. Public employees and firms with fewer than three employees were not included in this data.

## Plan Offering and Enrollment

This section provides information on the characteristics of insurance plans that are available to and adopted by employees, including offer rates and enrollment rates by plan type. Note that all enrollment estimates presented in this report are based on covered employees and do not include dependents, and therefore are not directly comparable to enrollment estimates that are based on administrative data and include all covered lives.<sup>7,8</sup>

More information is available in the [field report](#).

### Key Findings:

- Most firms in Massachusetts (77%) offered only one of the four health plan types (HMO, PPO, POS and Indemnity) in 2018. This was true for 78% of small firms and 58% of large firms.
- Approximately half (53%) of all Massachusetts employees were enrolled in a PPO plan. The majority of all other employees were enrolled in an HMO plan (42%).
- Plan enrollment varied by firm size, with more employees of small firms enrolled in HMOs (58%), and more employees of large firms enrolled in PPOs (65%).

<sup>7</sup> Center for Health Information and Analysis, *2018 Annual Report on the Performance of the Massachusetts Health Care System* (Boston, September 2018), <http://www.chiamass.gov/assets/2018-annual-report/2018-Annual-Report.pdf>.

<sup>8</sup> Center for Health Information and Analysis, *Enrollment Trends* (Boston, February 2019), <http://www.chiamass.gov/assets/Uploads/enrollment/2019-february/Enrollment-Trends-February-2019-Report.pdf>.

# PLAN OFFERING AND ENROLLMENT

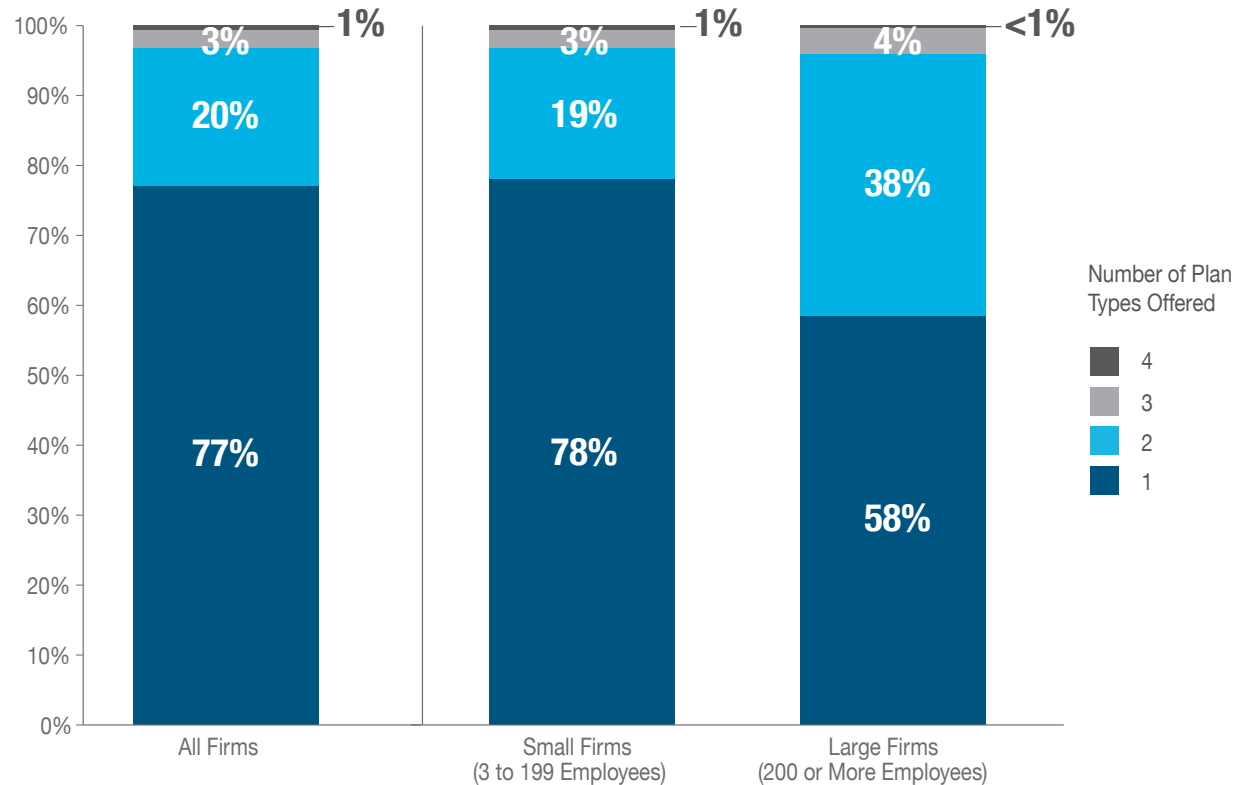
## 2018 Number of Health Plan Types Offered by Employer

Health plan type offering is defined by a firm's offering of at least one of the following health plan types: HMO, PPO, POS, and Indemnity plan types (e.g., a firm that offered multiple HMO plans but no other plan type would be considered as offering only one plan type).

In 2018, the majority of firms in Massachusetts (77%) offered only one type of health plan to their employees. A fifth of firms (20%) offered two plan types, while very few firms offered three or four types of health plans (3% and 1%, respectively).

More than three-quarters (78%) of small firms offered just one plan type compared to 58% of large firms. Offering two or more plan types was more prevalent among large firms than small firms.

Number of Health Plan Types Offered by Firm Size



**Notes:** Rates were adjusted by firm weights. Percentages may not add to 100% due to rounding. Public employees and firms with fewer than three employees were not included in this data.

# PLAN OFFERING AND ENROLLMENT

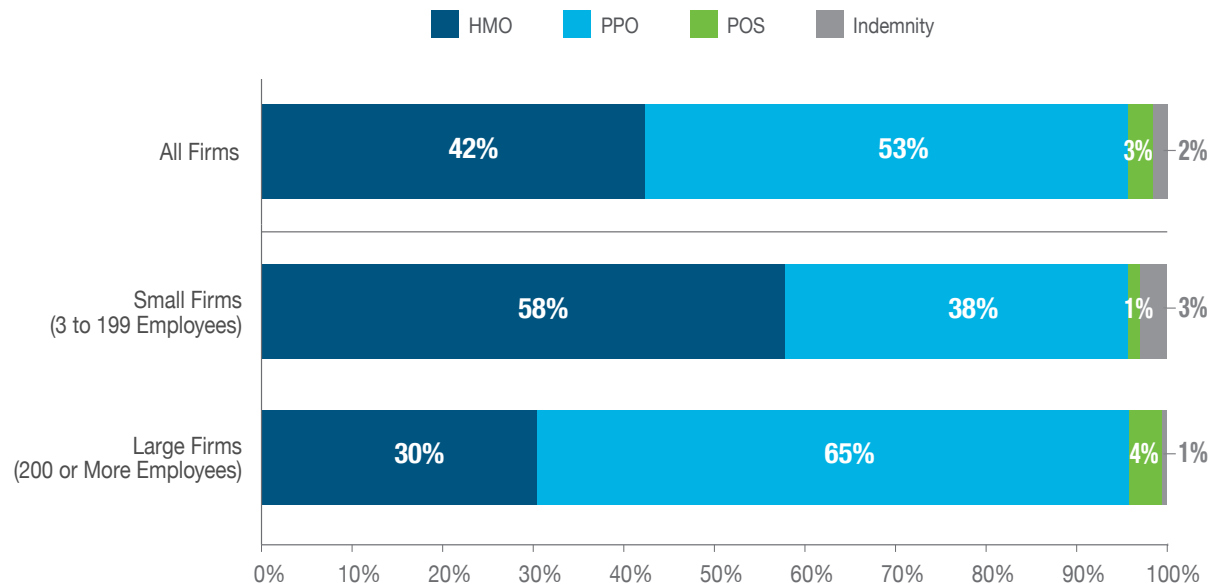
Over half of Massachusetts employees (53%) in firms offering health insurance were enrolled in a PPO plan. The majority of the remainder of employees (42%) were enrolled in HMO plans. Three percent of employees were enrolled in a POS plan, and 2% were enrolled in an Indemnity plan.

Enrollment in health plan types differed by firm size. Among small firms, most employees (58%) were enrolled in an HMO plan, and close to two-fifths of employees at small firms were enrolled in a PPO plan.

The majority of employees in large firms were enrolled in a PPO plan (65%) and nearly a third of employees were enrolled in an HMO plan. Enrollment in POS and Indemnity plans was collectively 5% or less for both small and large firms.

## 2018 Enrollment by Health Plan Type

Plan Type Enrollment by Firm Size



**Notes:** Enrollment data presented in this report is based on covered employees and does not include dependents, and therefore is not directly comparable to enrollment data from other CHIA reports. Random variance inherent in survey data may also contribute to incomparability of enrollment estimates to other CHIA reports. Percentages may not add to 100% due to rounding. Public employees and firms with fewer than three employees were not included in this data.

# Health Insurance Decision Making Among Employers

The decisions made by Massachusetts employers about whether to offer health insurance and in selecting carriers and health plans have important implications for the health care marketplace. The MES highlights some of the primary factors influencing employers' decisions. The 2018 MES asked employers about the most important reasons for offering and not offering insurance, primary methods for purchasing health insurance, reasons for selecting health insurance carriers/plan, and cost control strategies that were enacted within the past year.

## Key Findings:

- The most common reason given by firms for not offering health insurance was that the firm was not required to offer health insurance due to small size (48%).
- Massachusetts employers most commonly cited employee retention (66%) and employee recruitment (63%) as important reasons for offering health insurance.
- The most important factors reported in selecting a carrier and health plan were the cost of the plan and provider network.
- The primary ways that Massachusetts employers reported purchasing health insurance were through brokers or consultants (60%), directly through insurance carriers (14%), and through private exchanges (11%). Purchasing through a private or public exchange was much more prevalent among small firms compared to large firms (15% vs. 4%).
- Nearly one-third (30%) of employers increased member cost-sharing (copays/coinsurance/deductibles) in health plans as a way to control costs.
- Controlling costs by cutting firm contributions to premiums was more often enacted at large firms than small firms (10% vs. 3%).



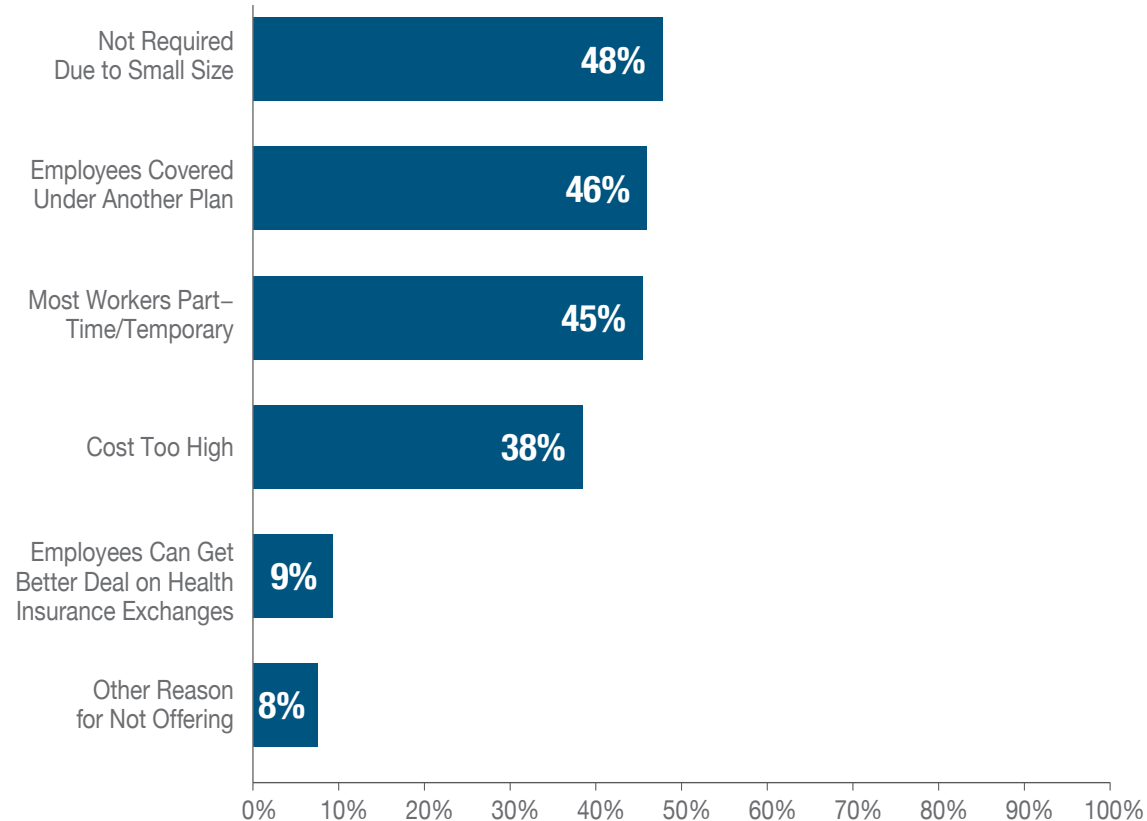
# DECISION MAKING

In 2018, 48% of firms not offering insurance cited that they were not required to offer health insurance due to their small size. Firms with more than 50 full-time equivalent employees (FTEs) are assessed a penalty if employees receive subsidized coverage through the Affordable Care Act.

The next most common reason for not offering health insurance is that employees are covered under another plan (46%). This could include other employer-sponsored coverage through a spouse's plan, insurance from a private or public exchange, or public insurance such as Medicaid or Medicare.

## 2018 Employer Reasons for NOT Offering Insurance

### Reasons Why Firms Do Not Offer Insurance



**Notes:** Rates were adjusted by firm weights. Because survey respondents were allowed to report up to three reasons, percentages do not add up to 100%. Public employees and firms with fewer than three employees were not included in this data.

# DECISION MAKING

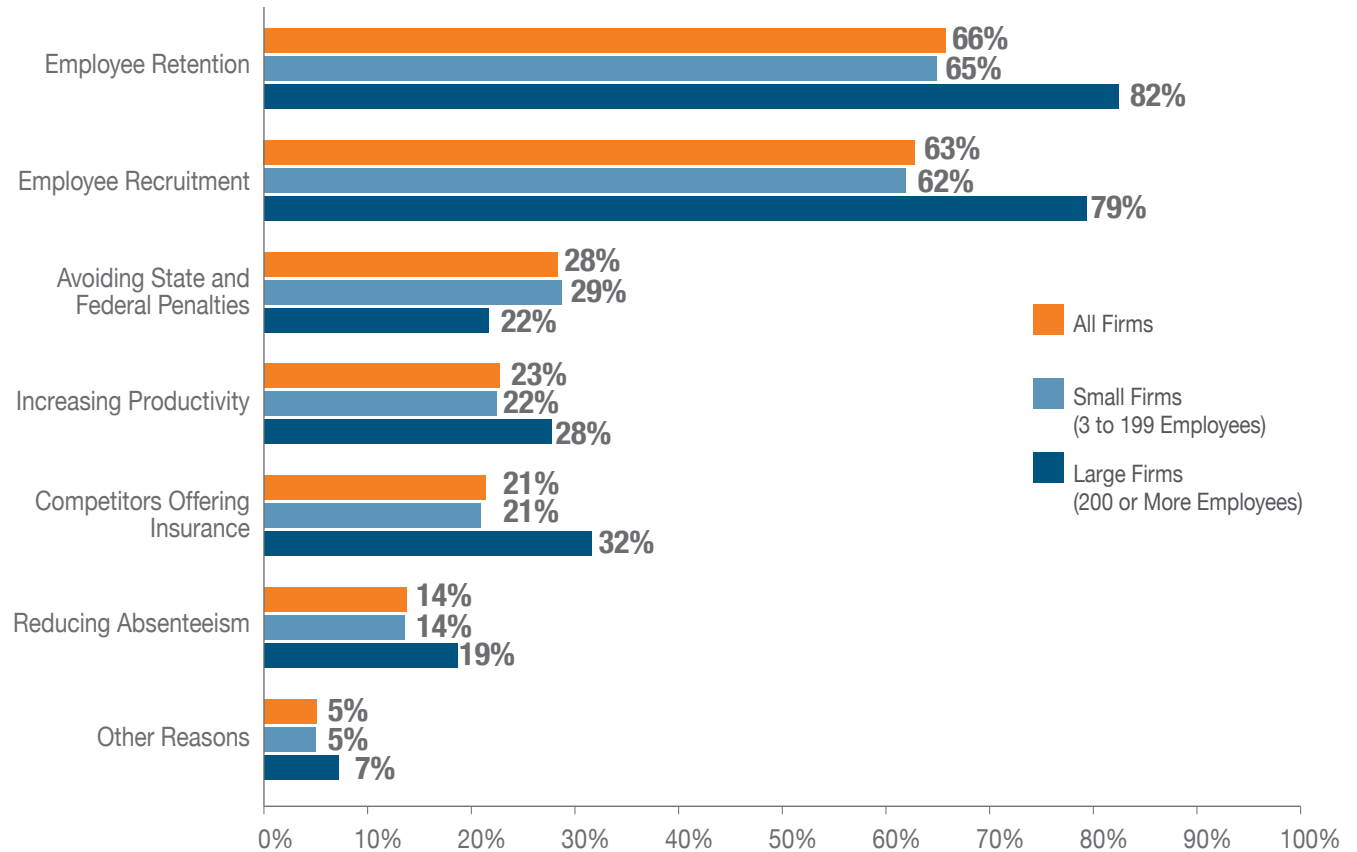
## 2018 Employer Reasons for Offering Insurance

In 2018, Massachusetts employers most commonly cited employee retention (66%) and employee recruitment (63%) as reasons for offering health insurance. Large firms were even more likely than small firms to cite these reasons for offering insurance.

Among small firms, avoiding state and federal penalties was the next most common reason for offering insurance.

For large firms, competitors offering insurance was the next most popular reason for offering insurance to their employees.

Reasons Employers Offer Insurance by Firm Size



**Notes:** Rates were adjusted by firm weights. Because survey respondents were allowed to report up to three reasons, percentages do not add up to 100%. Public employees and firms with fewer than three employees were not included in this data.

# DECISION MAKING

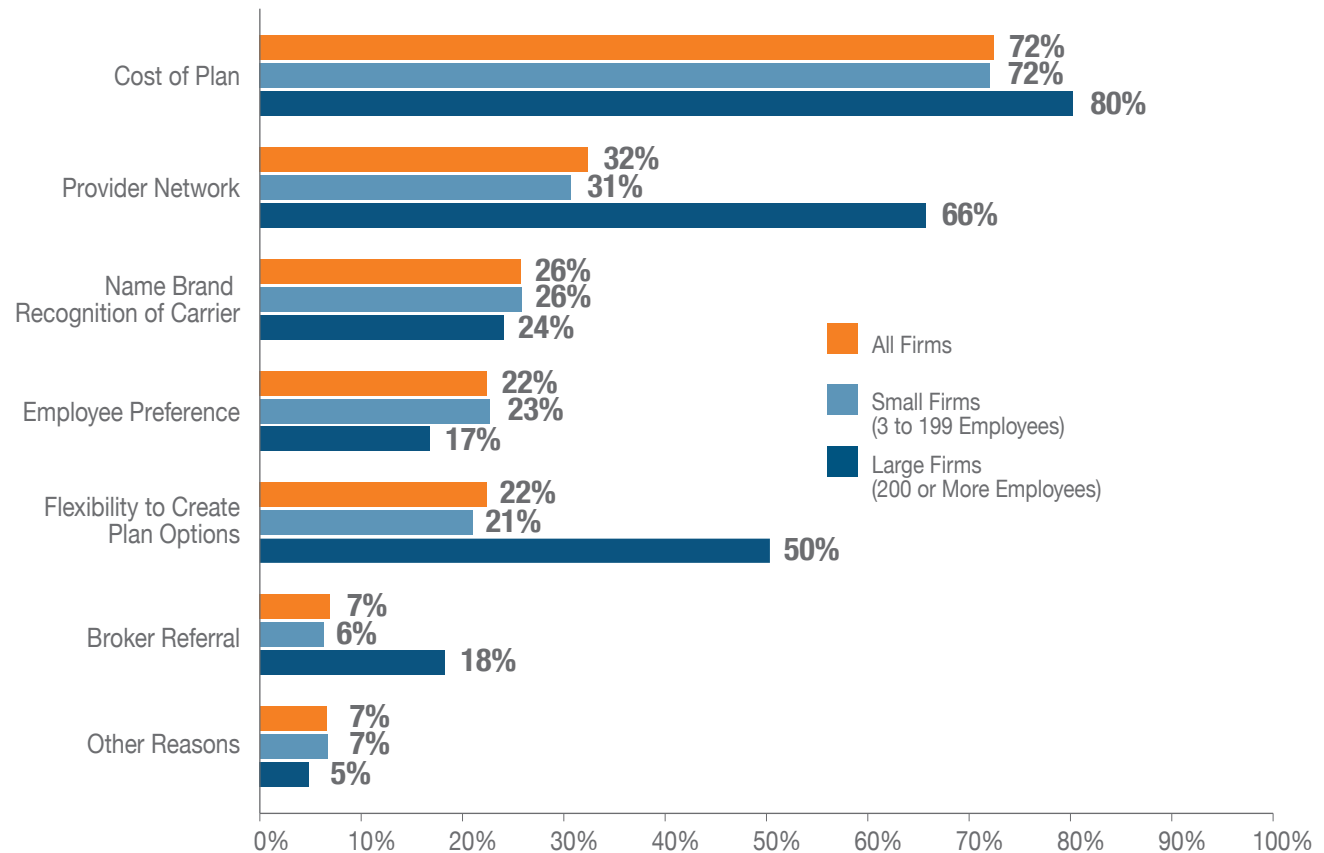
## 2018 Employer Reasons for Selecting a Health Insurance Carrier or Plan

In 2018, Massachusetts employers reported cost of plan (72%), provider network (32%), and brand recognition of carrier (26%) as the most common reasons for selecting a health insurance carrier or plan.

The most common reasons for selecting plans cited by small firms were cost of plan (72%), provider network (31%), and brand recognition of carrier (26%).

The most commonly cited factors by large employers were cost of plan (80%), provider network (66%), and flexibility to create plan options (50%).

Reasons Employers Select Certain Carriers/Plans by Firm Size



**Notes:** Rates were adjusted by firm weights. Because survey respondents were allowed to report up to three reasons, percentages do not add up to 100%. Public employees and firms with fewer than three employees were not included in this data.

# DECISION MAKING

## 2018 Employer Primary Ways to Purchase Health Insurance

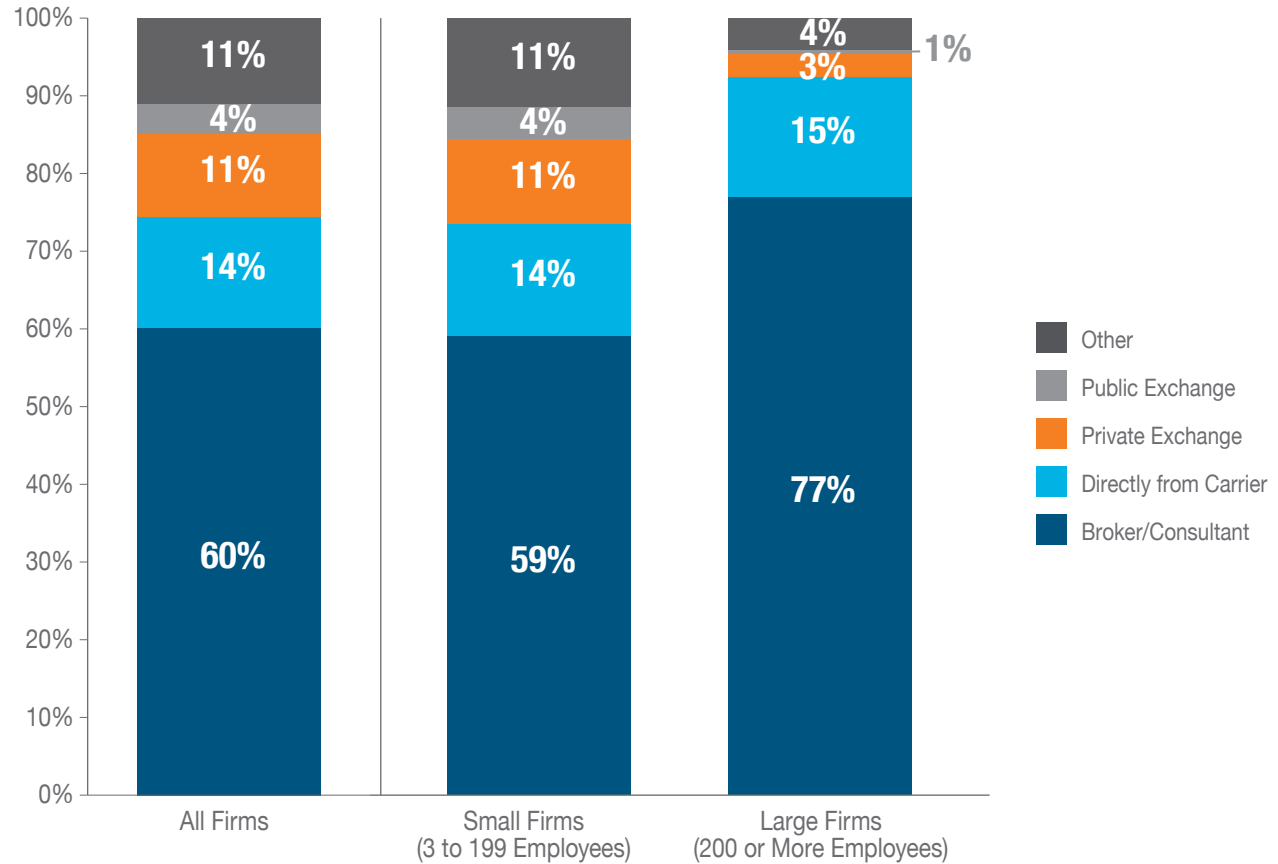
In 2018, the primary ways that Massachusetts employers reported purchasing health insurance were through brokers or consultants (60%), directly through insurance carriers (14%), and through private exchanges\* (11%).

Among small firms, more than half (59%) reported purchasing their health insurance through a broker or consultant, 14% directly from insurance carriers, 11% through private exchanges, and 4% through a public exchange.\*\*

Among large firms, over three-quarters (77%) reported purchasing health insurance through a broker or consultant, 15% directly from insurance carriers, and 3% through a private exchange.

Compared to large firms, purchasing through a private or public exchange was much more prevalent among small firms (15% vs. 4%).

Primary Ways Employers Purchase Insurance by Firm Size



\* Health insurance exchanges are virtual marketplaces where employers can choose health plans and products to offer to their employees. Private exchanges are generally created by insurers or brokers, whereas public exchanges are run by state or federal governments, though both provide insurance benefits through private carriers.

\*\* Estimates based on self-reported survey data. For actual Health Connector enrollment numbers and participation, please see <https://www.mahealthconnector.org/about/board-meetings>.

**Notes:** Rates were adjusted by firm weights. Percentages may not add to 100% due to rounding. Public employees and firms with fewer than three employees were not included in this data.

# DECISION MAKING

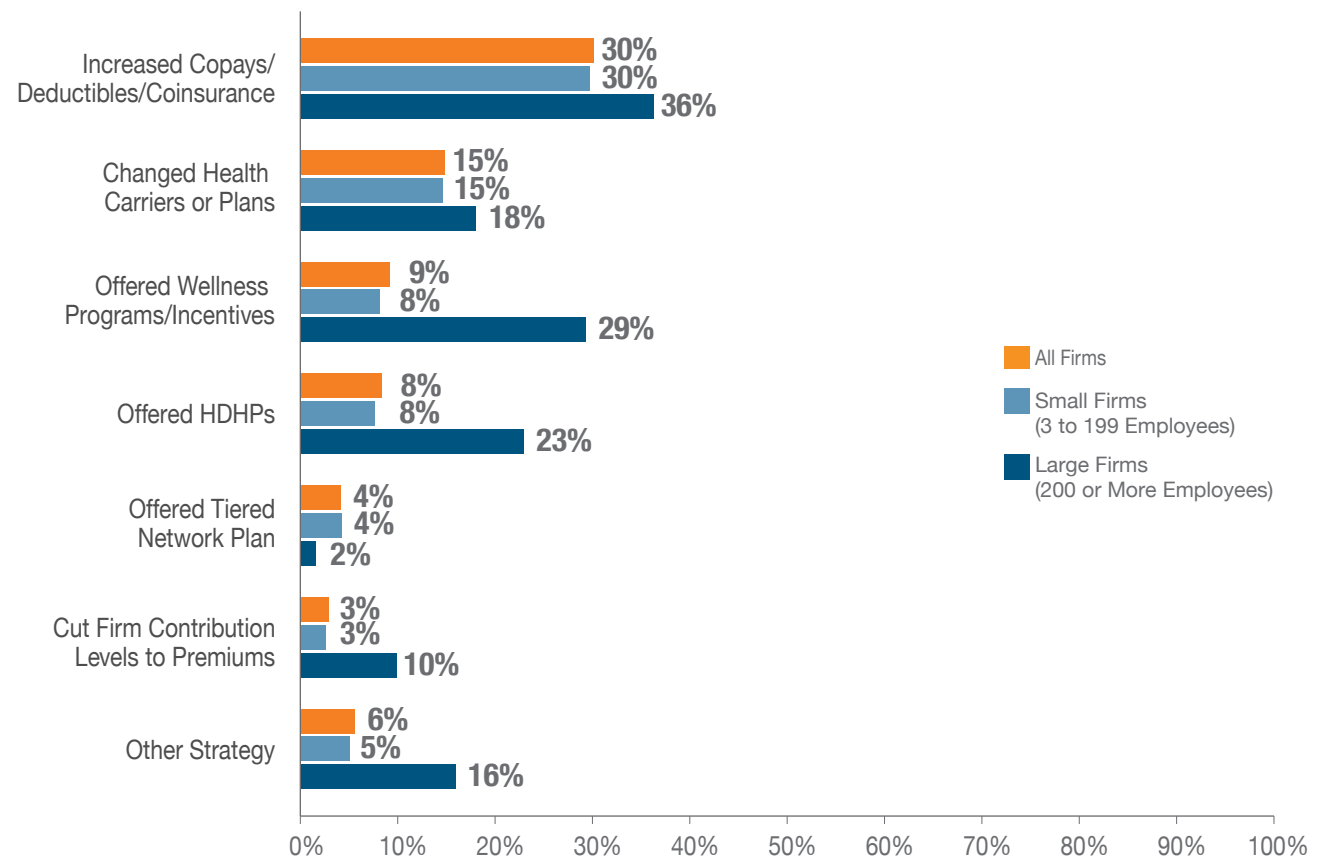
## 2018 Cost Control Strategies Enacted by Employers

In 2018, nearly one-third of all Massachusetts employers increased member cost-sharing (deductibles/copays/coinsurance) to control health care costs. Changing health carriers or plans was enacted by 15% of employers, and nearly one in ten employers (9%) offered wellness programs or incentives. Eight percent of firms offered an HDHP as a cost control strategy.

Among small firms, the most commonly enacted cost control strategies were increasing member cost-sharing (30%), changing health carriers or plans (15%), and offering wellness programs (8%).

Among large firms, the most commonly enacted cost control strategies were increasing member cost-sharing (36%), offering wellness programs (29%), and offering HDHPs (23%).

Cost Control Strategies Enacted by Employers by Firm Size



**Notes:** The MES asked employers about what cost control strategies they had enacted within the past year. Because survey respondents were allowed to report more than one reason, percentages do not add up to 100%. Rates were adjusted by firm weights. Public employees and firms with fewer than three employees were not included in this data.

## Firms with Fewer Than 50 Employees

Firms with fewer than 50 employees make up an important subset of Massachusetts employers as they comprise over 80% of all firms in the state. This section provides detailed information on firms with three to 49 employees including health insurance offering, eligibility, take-up, coverage, and decision making.

### Key Findings:

- While firms with three to nine and 10 to 24 employees had similar offer rates (60% and 62%), firms with 25 to 49 employees had a much higher offer rate in comparison (84%).
- Eligibility, take-up, and coverage rates varied by firm size. Among firms with fewer than 50 employees, firms with 10 to 24 employees had the highest eligibility, take-up, and coverage rates.
- For Massachusetts firms with fewer than 50 employees that did not offer health insurance to their employees, the most commonly cited reason for not offering insurance was not required due to small firm size (48%).
- Among firms with fewer than 50 employees, nearly one in five reported purchasing health insurance through a private or public exchange. This share is higher for employers with three to nine employees at 35%.

# FIRMS WITH FEWER THAN 50 EMPLOYEES

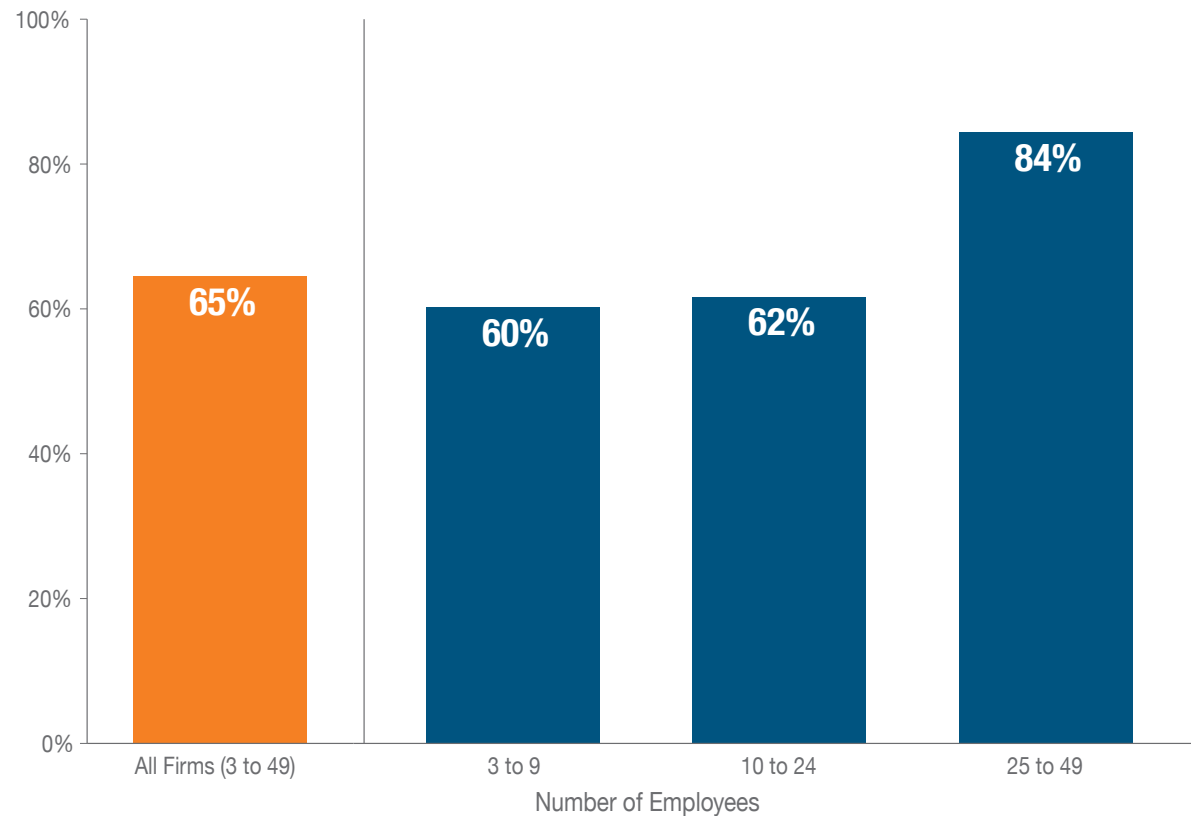
## Firms with Fewer Than 50 Employees: 2018 Employer Offer Rates

In 2018, 65% of firms with fewer than 50 employees offered health insurance to their employees.

Offer rates for firms with three to nine, 10 to 24, and 25 to 49 employees were 60%, 62%, and 84%, respectively.

For comparison, the offer rate for firms with 50 or more employees was 99%. Additional information is available in our [databook](#).

Offer Rates for Firms with Fewer than 50 Employees by Firm Size



**Notes:** Offer rates were adjusted by firm weights. Public employees and firms with fewer than three employees were not included in this data.

# FIRMS WITH FEWER THAN 50 EMPLOYEES

## Firms with Fewer Than 50 Employees: 2018 Massachusetts Employee Take-Up and Coverage Rates

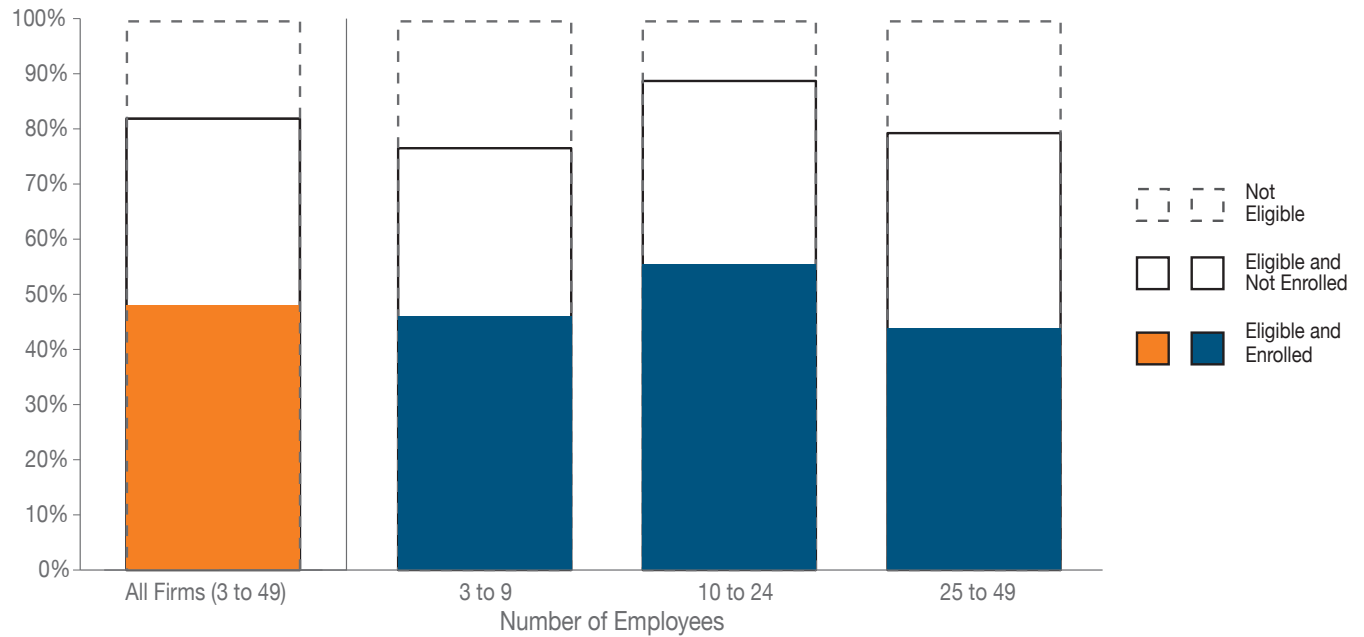
In 2018, among employees at firms with fewer than 50 employees, 82% were eligible for their employer's health insurance.

Fifty-nine percent of eligible employees at firms with fewer than 50 employees enrolled in health insurance, resulting in a coverage rate of 48%.

Within firm groups of fewer than 50 employees, eligibility, take-up, and coverage rates varied by firm size. Firms with 10 to 24 employees had the highest eligibility, take-up, and coverage rates.

For comparison, the eligibility, take-up, and coverage rates for firms with 50 or more employees were 76%, 68%, 52%, respectively. Additional information is available in our [databook](#).

Take-Up and Coverage Rates for Firms with Fewer than 50 Employees by Firm Size



	All Firms (3 to 49)	3 to 9	10 to 24	25 to 49
Eligibility Rate	82%	76%	89%	79%
Take-Up Rate	59%	60%	62%	55%
Coverage Rate	48%	46%	55%	44%

**Notes:** Eligibility rates are average rates for surveyed employers offering health insurance, weighted by all employees. Take-up rates are average rates for surveyed employers offering health insurance, weighted by eligible employees. Coverage rates are average rates for surveyed employers offering health insurance, weighted by all employees. Public employees and firms with fewer than three employees were not included in this data.



# FIRMS WITH FEWER THAN 50 EMPLOYEES

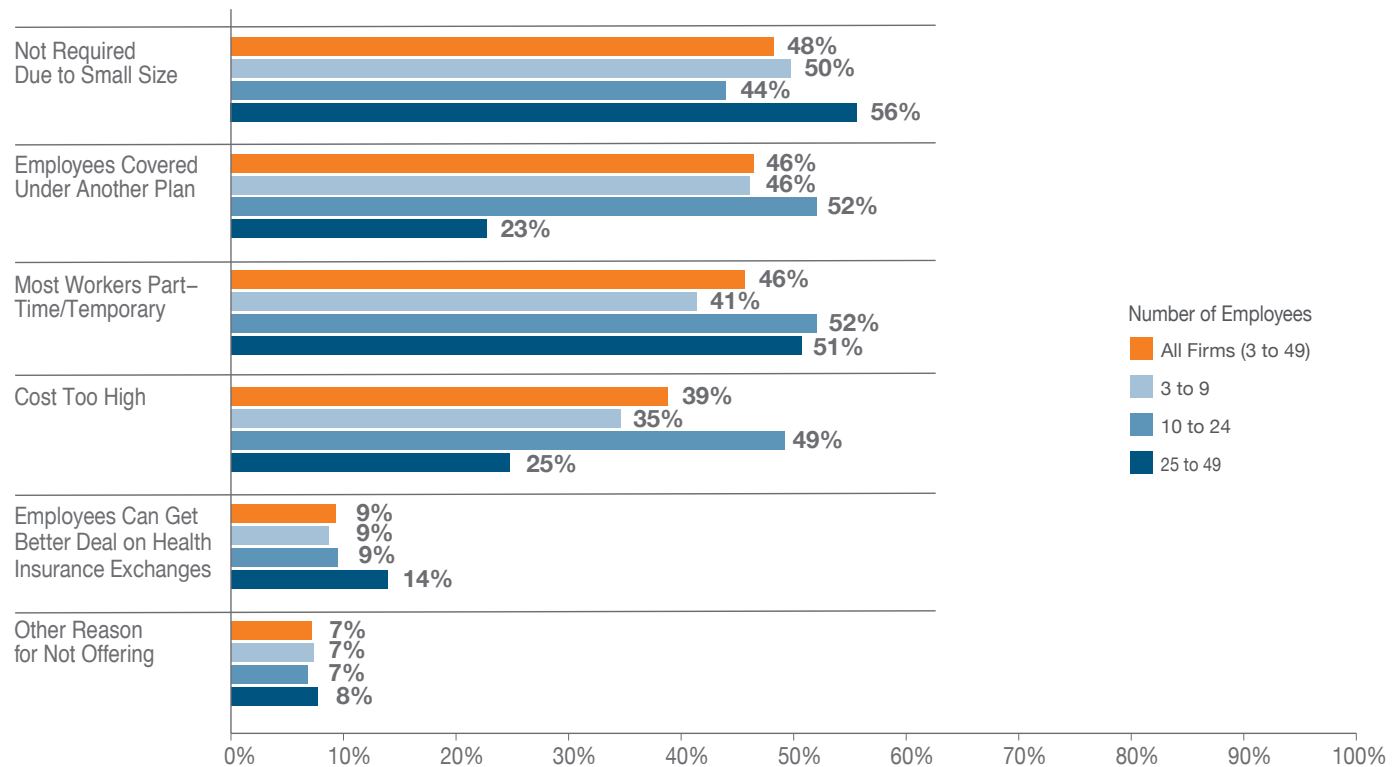
## Firms with Fewer Than 50 Employees: 2018 Employer Reasons for NOT Offering Insurance

For Massachusetts firms with fewer than 50 employees who did not offer health insurance to their employees, the most commonly cited reason for not offering insurance was not required due to small firm size (48%).

The second most commonly cited reason was that their employees were covered under another health plan (46%). This reason was more common among the smallest firms.

Similarly, almost half of firms with fewer than 50 employees who did not offer insurance (46%) cited that most of their employees were part-time or temporary employees as a reason for not offering insurance. This reason was more commonly cited by small firms with 10 or more employees.

Reasons for Not Offering Insurance Among Firms with Fewer than 50 Employees by Firm Size



**Notes:** Rates were adjusted by firm weights. Because survey respondents were allowed to select up to three reasons for these questions, percentages do not add up to 100%. Public employees and firms with fewer than three employees were not included in this data.

# FIRMS WITH FEWER THAN 50 EMPLOYEES

## Firms with Fewer Than 50 Employees: 2018 Primary Ways to Purchase Health Insurance

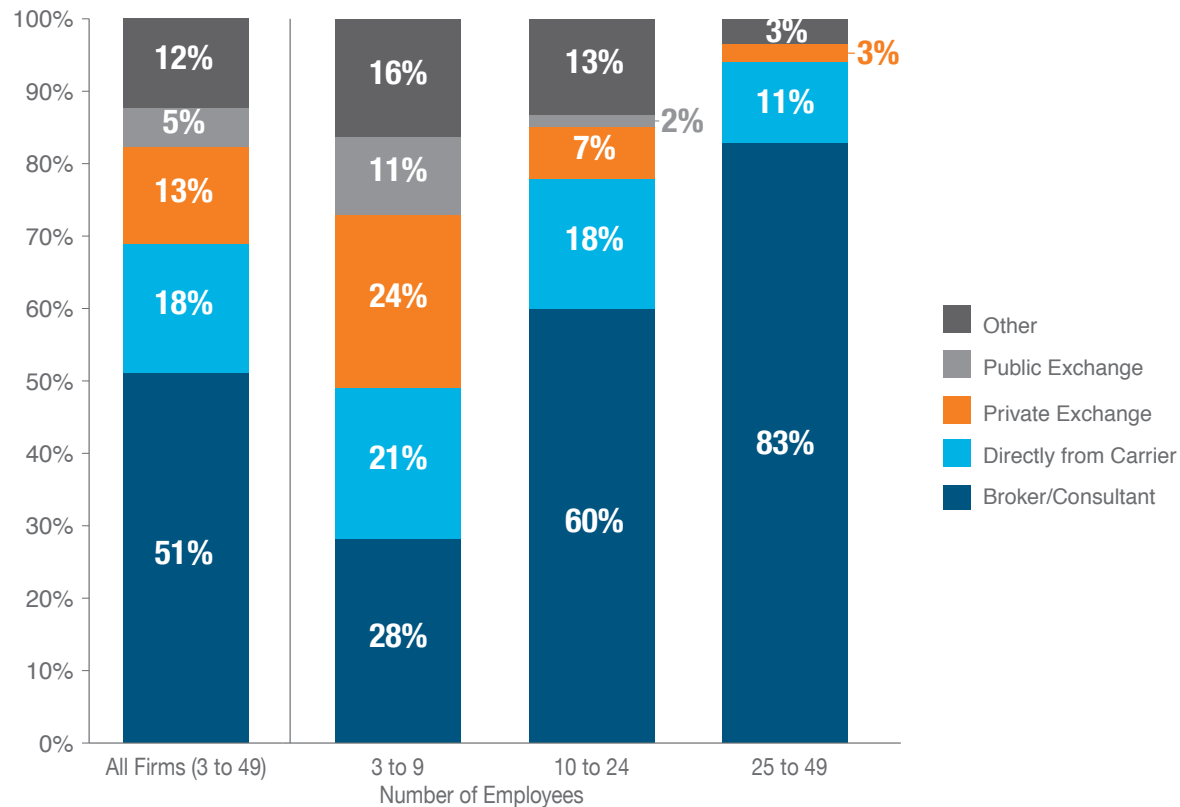
In 2018, roughly half of firms with fewer than 50 employees reported purchasing health insurance through a broker or a consultant. Nearly one in five firms reported purchasing insurance directly from a carrier, 13% reported purchasing through a private exchange, and 5% reported purchasing through a public exchange.\*

Nearly half of firms with three to nine employees reported purchasing health insurance through brokers or directly from carriers. Over one-third reported purchasing through either a private or public exchange.

Firms with 10 to 24 employees most often reported purchasing health insurance through a broker (60%). About a fifth (18%) reported purchasing insurance directly from a carrier, and 7% reported purchasing through a private exchange.

The majority of firms with 25 to 49 employees (83%) reported using a broker/consultant to purchase health insurance. Eleven percent reported purchasing directly through a carrier. Very few firms of 25 to 49 employees used private or public exchanges.

Primary Ways Employers Purchase Insurance Among Firms with Fewer than 50 Employees by Firm Size



\*Health insurance exchanges are virtual marketplaces where employers can choose health plans and products to offer to their employees. Private exchanges are generally created by insurers or brokers, whereas public exchanges are run by state or federal governments, though both provide insurance benefits through private carriers. Estimates based on self-reported survey data. For actual Health Connector enrollment numbers and participation, please see <https://www.mahealthconnector.org/about/board-meetings>.

**Notes:** Rates were adjusted by firm weights. Percentages may not add up to 100% because of rounding. Public employees and firms with fewer than three employees were not included in this data.

# FIRMS WITH FEWER THAN 50 EMPLOYEES

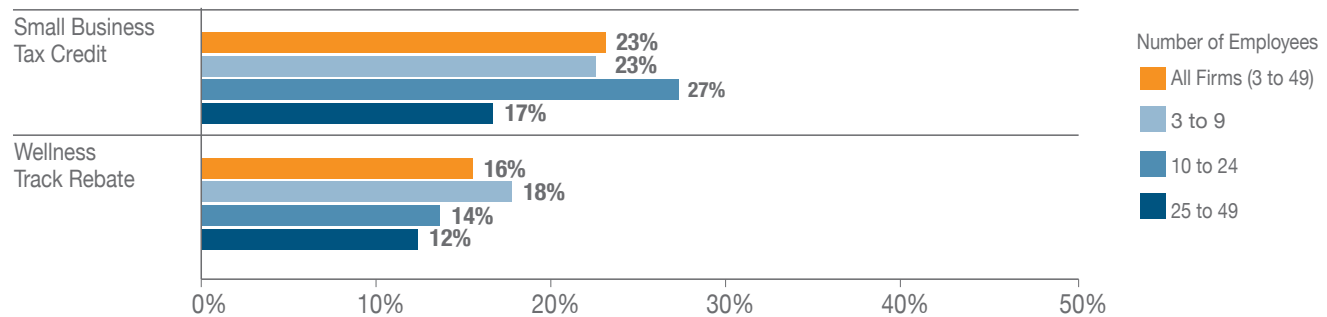
The Massachusetts Health Connector is a state-based marketplace (or “exchange”) designed to make shopping for health insurance more understandable and affordable. Small groups enrolled through the Health Connector have access to federal Small Business Tax Credits, premium rebates for participating in a wellness program, and a unique shopping option that allows employees to choose from a variety of plans with no additional administrative burden on employers. In 2018, 4% of firms with fewer than 50 employees reported currently using the Health Connector, compared with 2% of these firms in 2016.\*

In 2018, about a quarter of firms with fewer than 50 employees were aware of the Small Business Tax Credit, and 16% were aware of the Wellness Track Rebate offered through the Health Connector.

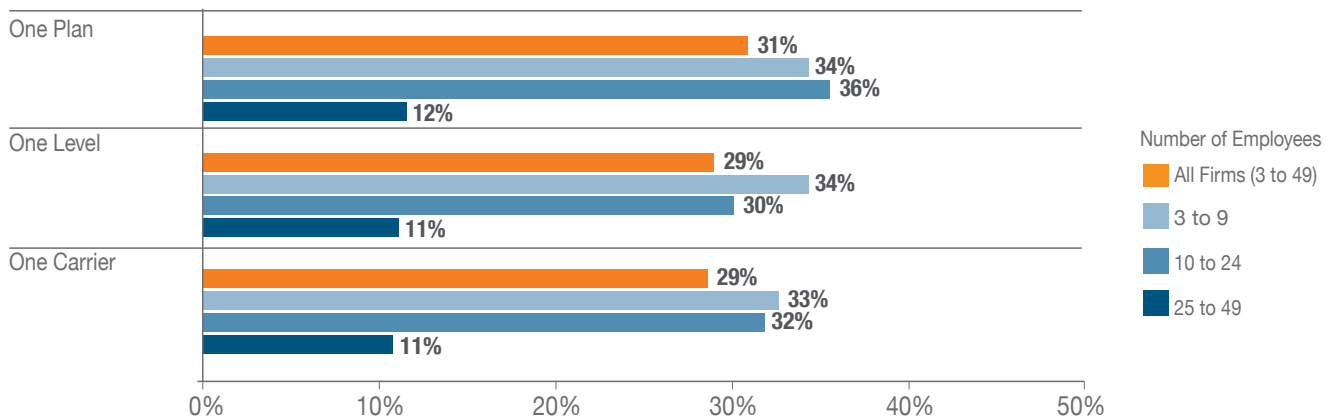
Approximately a third of firms with less than 50 employees were aware of the Employee Choice Options available through the Health Connector: One Plan, One Level, and One Carrier.

## Firms with Fewer Than 50 Employees: Awareness of Health Connector Opportunities for Small Employers

### Awareness of Health Connector Small Business Tax Credit and Wellness Track Rebate



### Awareness of Health Connector Employee Choice Options



\* Estimates based on self-reported survey data. For actual Health Connector enrollment numbers and participation, please see <https://www.mahealthconnector.org/about/board-meetings>.

**Notes:** All firms with fewer than 50 employees were asked to report on awareness of Health Connector options, regardless of whether or not they offered health insurance. Rates were adjusted by firm weights. Public employees and firms with fewer than three employees were not included in this data.

## About the Methodology

The Massachusetts Employer Survey (MES) has been conducted on a biennial basis from 2001 through 2009; annually in 2010 and 2011; and resumed on a biennial basis in 2014. The 2018 questionnaire was based on previous CHIA survey instruments. The central components of the survey have remained over time, though changes to the questionnaire have been documented in field reports from each of the survey years, and can be found at <http://www.chiamass.gov/massachusetts-employer-survey/>.

Like the 2016 MES, the 2018 MES uses firms (e.g., CVS as an organization) rather than establishments (e.g., an individual CVS worksite) as the sampling unit. Because of this difference, estimates from MES reports published prior to 2016 are not directly comparable to 2016 or 2018 estimates. The target population for the survey contained firms, standalone and headquarters only, with establishments located in the state of Massachusetts. This includes firms fully located in the state, as well as firms headquartered outside but with establishments inside the state. The firm size categories for analyses presented in this report were based on the self-reported number of employees in Massachusetts. We excluded federal, state, and other public employers, as well as employers with fewer than three employees in the state.

The sample of employers was drawn from Dun's Market Identifiers (DMI) business database available from Survey Sampling International (SSI). The sample was stratified by six employer size categories (3-9, 10-24, 25-49, 50-199, 200-999, 1000+ employees). Note that the last two strata in the 2016 MES, stratum six with 1,000-4,999 employees and stratum seven with 5,000 or more employees, were combined to form stratum six in the 2018 MES. Another major change in the 2018 MES is that the sample included most 2016 MES respondents, the so-called panel sample. The purpose of retaining the panel sample is to improve survey completion rate and longitudinal data analysis. A total of 1064 surveys, 480 from panel firms and 584 from non-panel firms, were completed by health benefits managers over mail, telephone, or online, with a 43% response rate.<sup>9</sup> Weighting adjustments were applied to address differences in sample selection and response rates. Post-stratification by firm size and industry was also implemented.

Sampling, data collection, and preparation of an analytic datafile were conducted by John Snow Inc. (JSI) and the National Opinion Research Council (NORC) at the University of Chicago in collaboration and under contract with CHIA. Additional information on the survey methodology can be found in the [field report](#).

<sup>9</sup> The response rate varied significantly by firm size, with the lowest response rates among firms with three to nine employees and 1,000 or more employees. All other firm size categories had response rates ranging from 48% to 58%.

# Glossary of Terms

**Coinsurance:** The proportion of costs the member pays for a covered health care service.

**Copayment:** A fixed amount defined in an insurance policy and paid by a member each time an eligible medical service is accessed.

**Cost-sharing:** The amount of an allowed claim the member is responsible for paying. This includes any deductibles, copayments, and coinsurance payments for the services rendered.

**Deductible:** A fixed dollar amount a member must pay each year before the health plan begins paying benefits for the member. Some services may be exempt from a deductible. This is a separate charge from any copayments or coinsurance.

**Family coverage:** A health plan that covers the employee and family members (e.g., spouse/domestic partner, and/or children).

**Health Connector:** The Commonwealth's state-based health insurance marketplace where individuals, families, and small businesses can purchase health plans from insurers.

**Health Maintenance Organizations (HMOs):** Insurance plans that have a closed network of providers, outside of which coverage is not provided, except in emergencies. These plans generally require members to coordinate care through a primary care physician.

**Health Reimbursement Account (HRA):** A savings account funded on a pre-tax basis by an employer, with no contribution from the employee; the funds are not portable from job to job. Employees may use the funds for medical care or services.

**Health Savings Account (HSA):** Medical savings accounts available to employees enrolled in a high deductible health plan. Pre-tax contributions can be made by both employees and employers and can be used to pay for qualified medical expenses. Unspent funds roll over year to year and job to job.

**High Deductible Health Plans (HDHPs):** As defined by the Internal Revenue Service, health plans with an annual single deductible of at least \$1,350 and a family deductible of at least \$2,700 for in-network or preferred providers in 2018.

**Indemnity Plans:** Insurance plans which have no preferred provider networks and members incur the same cost-sharing regardless of where they seek care. Indemnity plans generally do not require enrollees to select a primary care physician and referrals are not required to see a doctor or specialist. Indemnity plans are also sometimes referred to as "fee-for-service" plans.

**Out-of-pocket limit:** The maximum amount that an enrollee has to pay for covered services in a plan year. After the enrollee spends this amount on deductibles, copayments, and coinsurance, the health plan pays 100% of the costs of covered benefits.

## Glossary of Terms (Continued)

**Point of Service (POS):** Insurance plans that generally require members to coordinate care through a primary care physician and offer both in-network and out-of-network coverage options.

**Preferred Provider Organizations (PPOs):** Insurance plans that identify a network of “preferred providers” while allowing members to obtain coverage outside of the network, though at typically higher levels of cost-sharing. PPO plans generally do not require enrollees to select a primary care physician.

**Premium:** The full amount the policy-holder and/or their sponsor (e.g., employer) pays to the health plan to purchase health coverage.

**Private Exchange:** A virtual marketplace where employers choose and at least partially fund the health benefit plans and products they wish to offer to their employees. Private exchanges generally are created by insurers or brokers, and are different from the public exchanges run by the states or the federal government.

**Public Exchange:** Public exchanges are similar to private exchanges in that they are online marketplaces where employers and employees can shop for health insurance coverage, though public exchanges are run by state or federal governments. Though public exchanges are government-led, the health plans offered in public exchanges are run by private health insurance companies.

**Single coverage:** A health plan that covers the employee only.

**Tiered Network Health Plans:** Insurance plans that segment their provider networks into tiers, with tiers typically based on differences in the quality and/or the cost of care provided. Tiers are not considered separate networks, but rather sub-segments of a payer’s HMO or PPO network. A tiered network is different than a plan simply splitting benefits by in-network vs. out-of-network; a tiered network will have varying degrees of payments for in-network providers.



*For more information, please contact:*

**CENTER FOR HEALTH INFORMATION AND ANALYSIS**

501 Boylston Street  
Boston, MA 02116

[www.chiamass.gov](http://www.chiamass.gov)  
[@Mass\\_chia](https://twitter.com/Mass_chia)

617.701.8100

*Publication Number: 19-177-CHIA-01*