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# 2021 Employer Health Insurance Report

Survey of 1,000 Health Insurance Decision Makers at Small and Medium Businesses



# Table of Contents

About This Report .....	2
Executive Summary .....	4
Trends .....	5
Resources .....	8

## About this report

Offering health insurance as a small- or medium-sized business in the United States is rarely a straightforward decision.

It can be expensive for both employers offering health insurance and for employees using their plans. The average cost of employee health insurance can make up [8% of a company's annual operating budget](#) — even more so for small businesses that can only access one or two insurers that dominate the market and charge a higher premium. And a [2020 Kaiser Family Foundation survey](#) found that the annual family premiums of employer-sponsored health insurance costs \$21,342 on average.

Those costs add up for employers. [When asked to state their biggest challenges](#), small businesses cited the cost

of providing health coverage (37%) and attracting new customers (33%).

In recent years, offering health insurance can feel like it has only gotten more expensive and time-consuming. As the healthcare landscape continues to change, we wanted to conduct a survey to better understand the broader trends across the industry.

These survey results set a benchmark for industry trends and allow you to understand how your own health care costs and options stack up to national norms.

## In this report, we'll share our findings from surveying 1,015 health insurance decision-makers on:

- ✓ Health-related benefits companies offer in addition to standard health insurance
- ✓ The main factors businesses consider when choosing a health plan for employees
- ✓ How much health insurance rates are increasing for businesses
- ✓ How satisfied businesses are with their insurance plans

## Who's included in the survey:

- **Employers who offer health insurance plans** – All respondents offer some form of health insurance to employees. 40% of companies surveyed use Blue Cross Blue Shield/Anthem, with United Healthcare coming in second at 22%. Cigna and Humana made up 9% and 8%, respectively.
- **Small- to medium-sized businesses** – All companies surveyed had between 1 to 500 employees, with 10 to 200 employees making up 63% of respondents.
- **Business leaders and HR** – 40% of those surveyed included executive leaders, owners, founders, and C suite individuals, most of whom belong to smaller companies. A little over 40% were represented by human resources, mostly in companies of 100 employees or more. Ten percent of those surveyed are operational leaders, and 9% are financial leaders.
- **Many of whom work with brokers** – 58% of those surveyed work with an insurance broker to provide health insurance plans for their employees. The remaining 42% use alternative options, such as working directly with insurers.



## Summary

Our survey identified the following trends and insights in offering health insurance as a small- or medium-sized business:

- **Trend 1**

41% of survey respondents insurance rates increased 5 to 10% over the past year.

- **Trend 2**

73% of companies consider the value of premium versus coverage as the main factor in choosing a health plan for their employees.

- **Trend 3**

The vast majority of companies offer dental and vision in addition to basic health care benefits, while other benefits are less certain to be offered.

- **Trend 4**

54% of those surveyed are unsatisfied with their insurance plans — but have different reasons for not yet switching to a new one.

- **Trend 5**

Employers are often under the incorrect assumption that they're locked into a plan and can't switch until their renewal date.

- **Trend 6**

Less companies are working with health insurance brokers in 2021 than in the past, but those that do still report a high level of satisfaction.

# Trends

Our survey identified the following trends and insights in offering health insurance as a small- or medium-sized business:

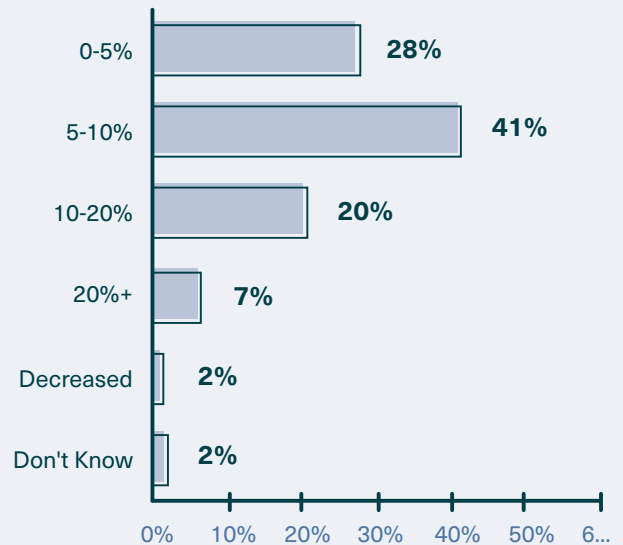
## 1. 41% of survey respondents insurance rates increased 5 to 10% over the past year.

Most companies are dealing with moderate year-over-year rate increases, but that doesn't paint the complete picture. Seven percent of people surveyed said their company insurance rates increased more than 20% over the past year, and 20% of respondents said their rates increased 10-20%. Twenty-eight percent of companies managed a lesser 0 to 5% increase.

The large variation in numbers reveals a somewhat unpredictable market, where increases can greatly depend on the insurance provider or plan itself. In today's market, [healthcare inflation rates](#) swing between 2 and 5% inflation — outpacing inflation in the U.S., which [currently falls at 1.7%](#).

What's certain is that most companies should prepare themselves for yearly hikes, which could range between 5 to 20% on average.

### How much did your insurance rates go up in the last year?





## 2. 73% of companies consider the value of premium versus coverage as the main factor in choosing a health plan for their employees.

When it comes down to it, the value of premium versus coverage is largely the deciding factor for companies across sizes and industries. Companies want to know that their employees have an affordable range of options with health insurance options that are practical and accessible.

The size of the insurance network and customer support were basically tied for second place in consideration, but at a drastically smaller rate (12% and 10% respectively). This shows that small businesses still care about insurer networks and support, but only after pricing and coverage needs have been met.

## 3. The vast majority of companies offer dental

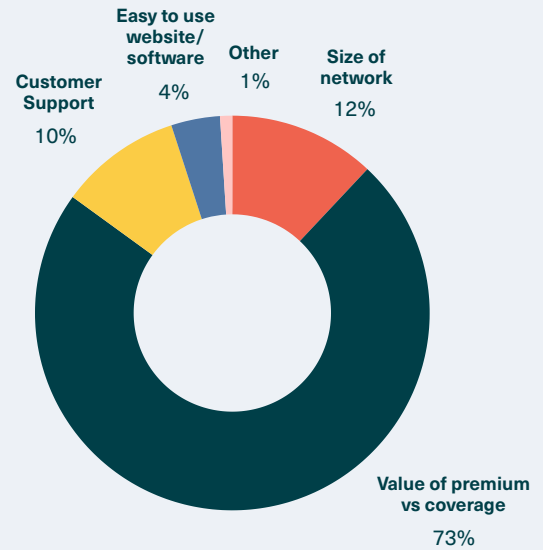
and vision in addition to basic health care benefits, while other benefits are less certain to be offered.

Offering dental and vision to employees is a general best practice for most employers in this survey. Seventy-nine percent of the employers surveyed offer dental, while 70% offer vision. Nearly half of all surveyed employers also offer short-term and long-term disability benefits (49% and 45%, respectively). Some states like California and New York require these benefits, which could account for part of that rate.

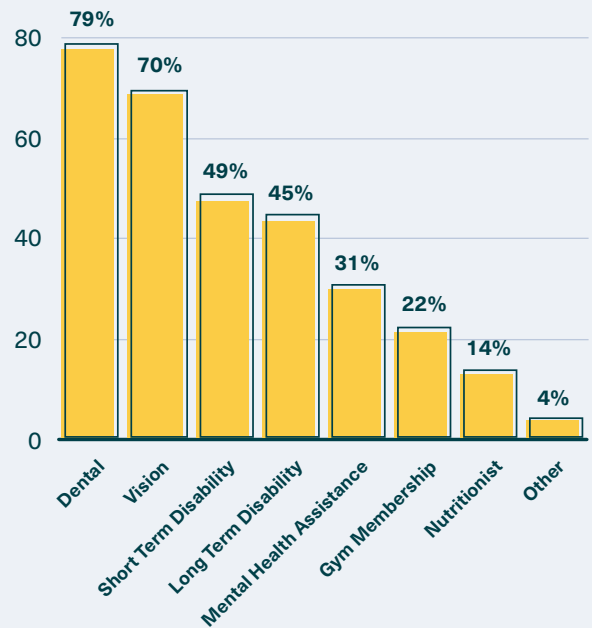
The least popular health-related benefits offered include a free or discounted gym membership (22%) and a nutritionist (15%). Only 30% of companies offer mental health assistance. As more employees come to expect and push for mental health advocacy, it's plausible those rates could increase over the coming years.

## 6. Most companies who work with insurance

### What is the main factor when finding a health plan for your employees?



### What other additional health-related benefits do you offer?



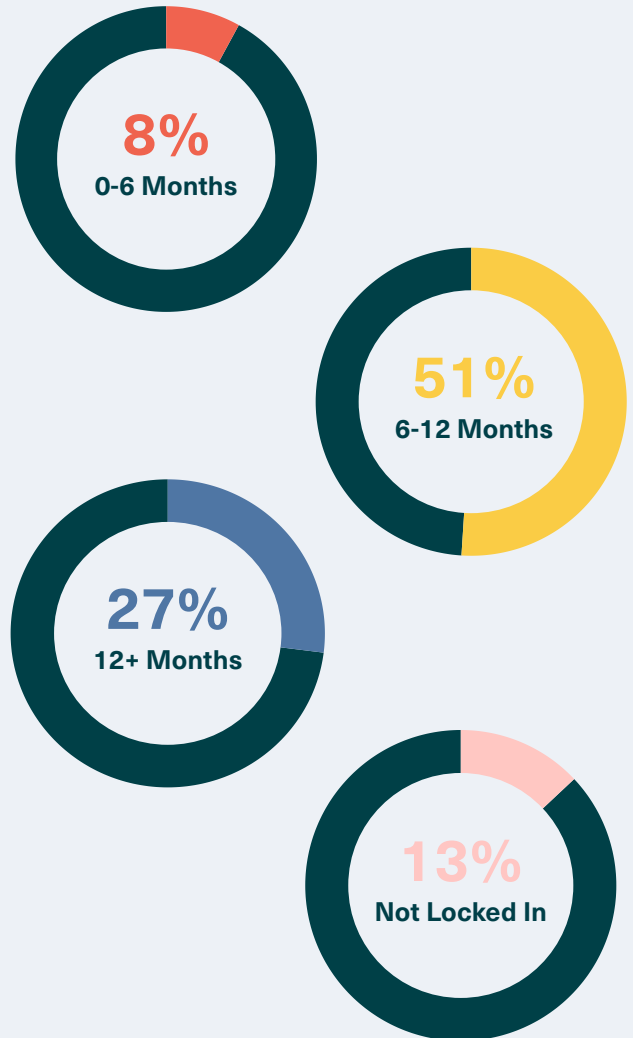
#### 4. 54% of those surveyed are unsatisfied with their insurance plans — but have different reasons for not yet switching to a new one.

As it turns out, while most people don't hate their current health insurance company, less than half are actually satisfied. Twenty-six percent of respondents have received quotes for alternative plans but didn't find any of them to be better. Another 18% have a current plan that hasn't yet come up for renewal, so they haven't been looking despite their dissatisfaction.

#### 5. Employers are often under the assumption that they're locked into a plan and can't switch

Despite 54% of respondents being dissatisfied with their health insurance carrier, many don't switch. Among all respondents, 87% stated they were locked into their plan. **In reality, you have only locked in the rate and can switch to a new insurer at any time of in the year.** Being locked into a contract only happens in very rare circumstances, such as being part of a captive of several businesses getting health insurance together.

#### How long are you locked into your current plan?

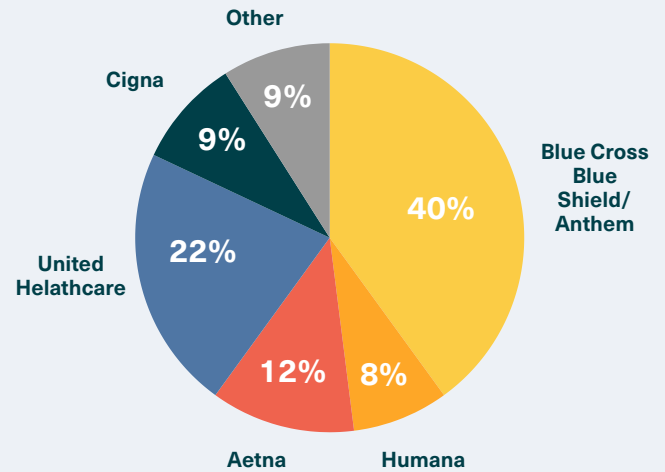


## brokers report a high level of satisfaction.

Sixty percent of companies surveyed work with an insurance broker, which is lower than in previous years. In 2014, [almost 80% of small businesses](#) purchased health insurance through a broker.

But that sixty percent has had a good experience overall. Of those working with an insurance broker, 76% rate them from 8 to 10 on a scale of 10. That means while some people may be unhappy with their insurance options, the majority of those who work with brokers feel satisfied with the results.

### Insurance Companies used by respondents:



## Resources

Considering changing your health care offerings for your employees? These resources may be a good place to start.

- [eBook: The Small Business Guide to Offering Employee Benefits](#)
- [Sana's Blog: We cover insurance 101 for small businesses to help you feel informed.](#)
- [Healthcare.gov: Small business insurance resources for you and your employees](#)

If you're interested in learning more about Sana's value-based care approach to health insurance, click [here](#).

