

The 50-State Survey 2011 Edition

*A Composite Analysis of South Carolina's
State Health Plan Standard Plan Rates
Compared to State Plans Across The Nation*

Employee Insurance Program

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EMPLOYEE
INSURANCE PROGRAM



SC BUDGET AND CONTROL BOARD

SURVEY METHODOLOGY

The tier structure of health plans varies from state to state. The South Carolina State Health Plan (SHP) operates under a “four-tier” structure, which means that contributions vary according to four different levels of coverage: Employee Only (EO), Employee/Spouse (E/S), Employee/Children (E/C), and Full Family (FF). Many states use two-, three-, or four-tier premium structures. A two-tier structure is defined generally as one with Employee Only and Employee/Dependent coverage levels. A three-tier structure entails Employee Only, Employee/Dependent, and Full Family coverage.

The tier structure has a significant impact on contribution levels. In the case of a two-tier structure, plans typically spread the cost of dependent coverage across all employees with dependents, resulting in employees covering only a spouse or dependents paying higher rates than equivalently priced plans with a four-tier structure.

Composite Calculation

We calculated composite employer, employee, and total contribution rates for the most prevalent plan in each state and compared them to our most prevalent plan, the State Health Plan Standard. To do so, we took the percentage of South Carolina Employee Insurance Program (EIP) health subscribers in each coverage level and applied those percentages to each state’s rate for that coverage level.

It should be noted that our analysis uses the 2011 coverage levels when comparing the 2011 and previous year’s rates. As a result, composite rates for previous years will differ slightly from previous publications.

For states that do not use a four-tier structure, the rate an employee would pay for the equivalent coverage under the four-tier structure was used in calculating the composite rates.

The percentages for each coverage level, as of January 2011, are:

2011 Survey Sample

South Carolina Employee Insurance Program Survey of State Employee Health Insurance Programs CONTACT INFORMATION



Agency/Organization: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact Name/ Title: _____

Phone: _____

Department: _____

PLAN STRUCTURE & RATE INFORMATION

1. What type of structure does your state use to categorize active employee subscribers into different premium groups (tiers)? (2-tier, 3-tier, or 4-tier) For example: (sub. only, sub./spouse, subscriber/children, full family) – 4-tier
2. What will your most populated plan’s rates be as of January 1, 2011 for each of these different tier groups? Please use the plan with the most active subscribers enrolled and indicate the plan’s type below (i.e. PPO, POS, HMO).
3. These rates are in effect from _____ to _____

Tier (for example, subscriber only, full family, etc.)	Employee Contribution	Employer Contribution	Total Monthly

OTHER QUESTIONS

4. Does your office also coordinate drug benefits for retirees? _____
5. If yes, will your state be participating in the CMS Retiree Drug Subsidy program for your plan year 2011? _____
6. Does your state have differing premiums based upon tobacco usage? Please explain. _____

Thank you for participating in this survey. Please fax the completed survey to:
Patrick A. Harvin, Program Coordinator
EIP - Research & Statistics Unit
FAX: (803) 737-0557
PHONE: (803) 734-3577
- OR - Email to: pharvin@eip.sc.gov

If possible, please mail a copy of this plan’s benefits guide to:
Patrick A. Harvin, S.C. Employee Insurance Program, 1201 Main Street-Suite 300, Columbia SC 29201

Employee Only (EO) – 57.3%
Employee/Spouse (E/S) – 16.3%
Employee/Children (E/C) – 14.2%
Full Family (FF) – 12.2%

PLAN DESIGN

South Carolina's Plan vs. Southern States' Plans

Annual Deductibles

The State Health Plan's (SHP) annual individual deductible of \$350 in 2011 was higher than 7 of the South regional states but lower than the regional average of \$389. Only one state has the same individual deductible as the SHP and 5 others had higher individual deductibles.

The SHP's annual family deductible of \$700 was higher than 7 regional states while being lower than 6 regional states. The regional average annual family deductible was \$914.

Coinsurance (In-Network)

South Carolina's coinsurance ratio, the percentage of in-network costs after deductibles and copays that both the employer and employee will pay, was consistent with most regional states. The SHP pays 80% of these costs while employees pay the remaining 20%. A total of 9 regional states utilize this coinsurance ratio. Only 4 regional states offer a more generous coinsurance ratio to their insureds.

The SHP caps the amount of coinsurance individuals and families pay in order to limit their healthcare costs before the plan pays 100% of covered costs. These coinsurance maximums are \$2,000 per individual and \$4,000 per family.

A total of 7 regional states offer a more favorable individual coinsurance max while 6 regional states offer a more favorable family coinsurance max to subscribers. Regionally, the coinsurance max

averages were \$1,864 for individuals and \$4,060 for families.

Prescription Drug Copays

The SHP's three-tier prescription drug copay program for retail prescriptions calls for insureds to pay \$9 for generics, \$30 for preferred brands and \$50 for non-preferred brand drugs. In terms of generic copays, 10 states had higher generic copays while only 3 states had lower generic copays. The SHP's preferred brand copay matched 3 states and was lower than in 4 regional states. A total of 8 regional states had higher non-preferred brand copays than the SHP.

Per Occurrence Deductibles

South Carolina still does not have a per occurrence hospital inpatient deductible while 7 regional states do.

The SHP's \$75 per occurrence outpatient hospital deductible was higher than that of 8 regional states. The ER deductible of \$125 was higher than 7 of the other 13 regional states.

2011 Southern Region Plan Comparison

Plan Design on January 1, 2011	South Carolina	Regional State Comparisons		
		Lower Benefit	Same Benefit	Higher Benefit
Deductible – Individual	\$350	5 states	1 state	7 states
Deductible – Family	\$700	6 states	None	7 states
Coinsurance (In-network)	80% plan 20% subscriber	None	9 states	4 states
Coinsurance Max – Individual (In-Network)	\$2,000	5 states	1 state	7 states
Coinsurance Max – Family (In-Network)	\$4,000	7 states	None	6 states
Office Visits	\$10 per visit deductible plus 20% subscriber coinsurance	None	None	13 states
Retail Prescription Drug Copays (31-day supply)				
Generic	\$9	10 states	None	3 states
Preferred Brand	\$30	6 states	3 states	4 states
Non-Preferred Brand	\$50	8 states	2 states	3 states
Prescription Drug Copay Maximum	\$2,500	9 states	1 state	3 states
Prescription Drug Deductible	\$0	3 states	10 states	None
PER OCCURRENCE DEDUCTIBLES:				
Hospital Inpatient Deductible	\$0	7 states	6 states	None
Hospital Outpatient Deductible	\$75	4 states	1 state	8 states
Emergency Room Deductible	\$125	5 states	1 state	7 states

SOUTH CAROLINA COMPOSITES

The State Health Plan Standard Plan (SHP) is South Carolina's plan of choice among most active employees. Some 86.3% of active subscribers chose the SHP in 2011, continuing an upward trend from 84.4% in 2010.

Total Composite Rate

The SHP's total composite rate was \$550.59 in 2011. The 7.6% growth from \$511.47 in 2010 represents the largest annual SHP total composite growth since 2005. The increase is attributable to the double-digit growth in the employer composite rate. Over the past 5 years, the SHP's total composite grew on average 6.3% annually.

When compared regionally, the SHP's total composite was the lowest in the South, 76.3% of the regional total composite of \$722.04. Nationally, the SHP's total composite was the third lowest and only 66.5% of the national total composite rate.

Employer Composite Rate

The SHP employer composite rate increased 10.1% in 2011 to \$395.67 from \$359.27 in 2010. Prior to the 2011 increase, the employer composite had remained unchanged from 2008 through 2010. Employers paid a slightly larger share of the SHP total composite in 2011 at

2011 State Health Plan Standard Plan Premiums

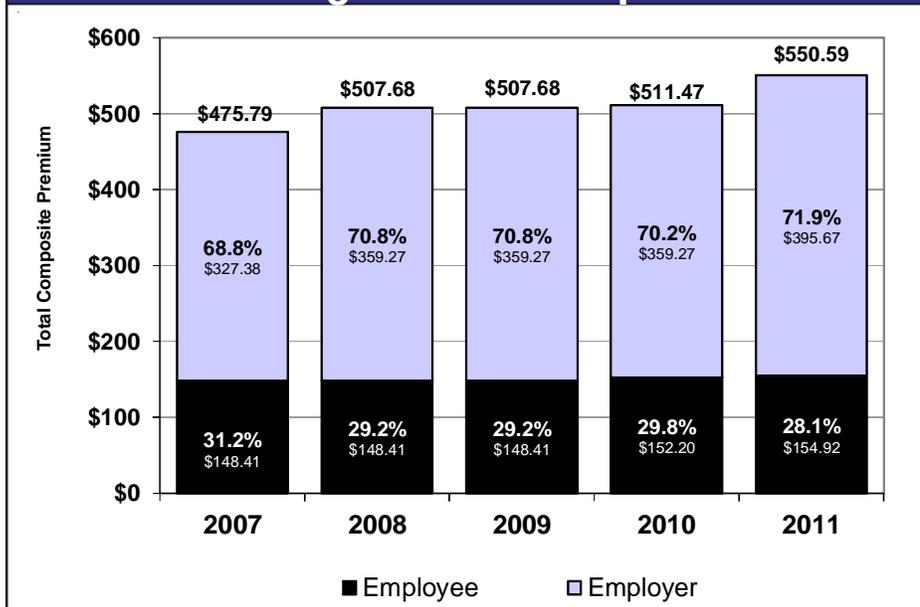
	Employee	Employer	Total Rate
Employee Only	\$ 93.46	\$279.36	\$372.82
Employee/Spouse	\$237.50	\$539.08	\$776.58
Employee/Children	\$142.46	\$443.44	\$585.90
Full Family	\$294.58	\$695.10	\$989.68
Composite Rate	\$154.92	\$ 395.67	\$550.59

71.9%. The 71.9% places the SHP's employer composite share of the total composite as the 5th lowest in the region as employers in 9 states pay a larger share.

Nationally, the SHP's employer composite ranked as the fourth lowest, only 56.5% of the national composite rate. In terms of employer share of the total composite, the national average employer share was 84.5%.

See SOUTH CAROLINA on Page 5

South Carolina Employee/Employer Sharing of Total Composite



SOUTH CAROLINA COMPOSITES

South Carolina

Continued from Page 4

Employee Composite Rate

The employee composite for the SHP was \$154.92 in 2011, up a slight 1.8% from \$152.20 in 2010. While the actual employee rates were unchanged, the increase in the composite is attributable to factoring in the percentage of SHP subscribers that are paying a higher premium as smokers, 13.42% for 2011.

The SHP employee composite composed 28.1% of the total composite rate, down from 29.8% in 2010. Regionally, employees in only 4 states pay

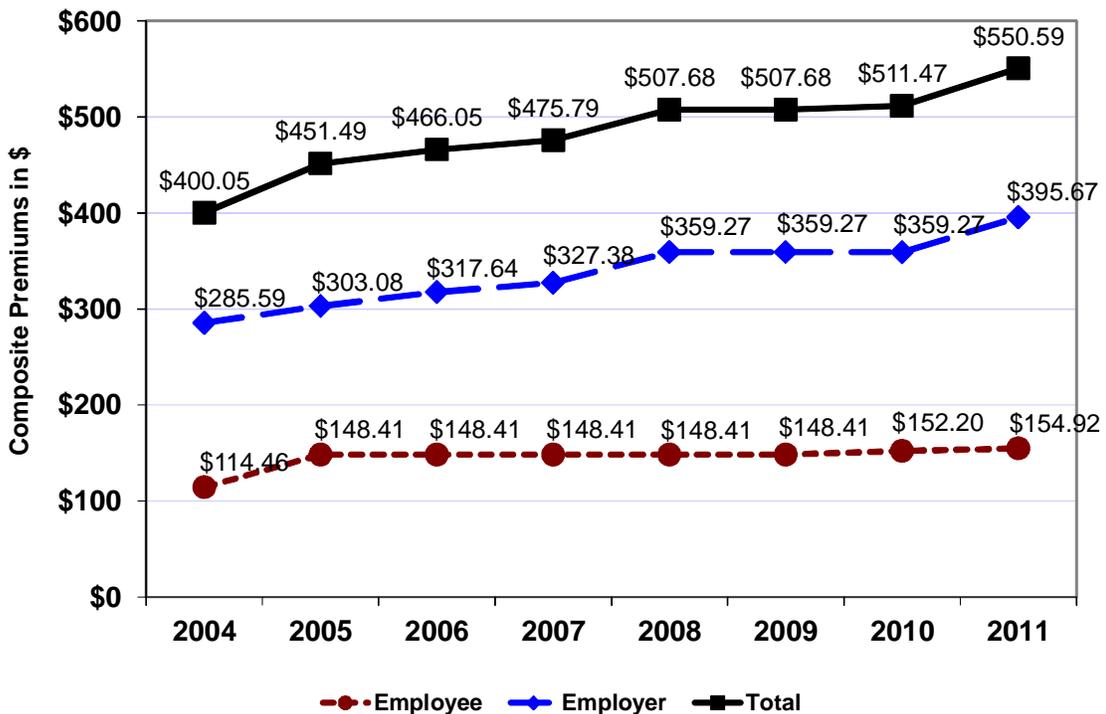
South Carolina Composites Regional/National Rankings

	<i>From Lowest to Highest</i>	
	Regional (14 States)	National (50 States)
SHP Total Composite	1st	3rd
SHP Employer Composite	2nd	4th
SHP Employee Composite	8th	38th

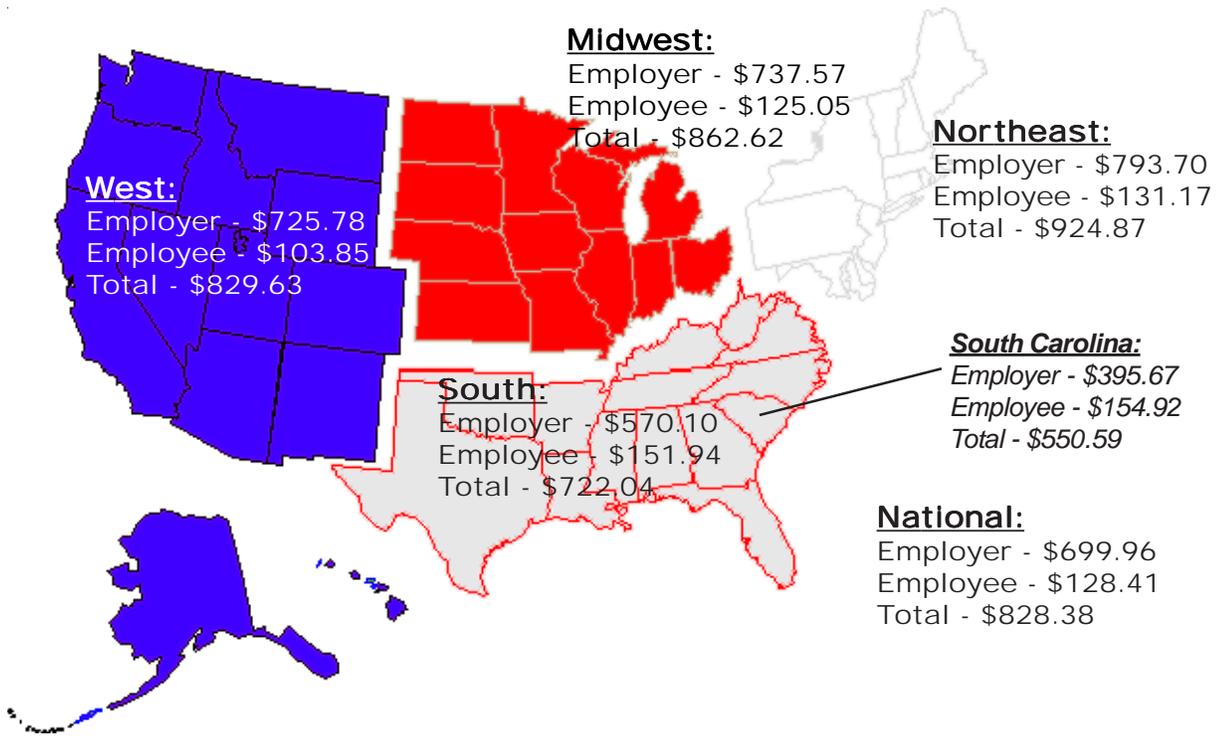
a larger percentage of the total composite rate. The South's average employee composite share was 21%.

Nationally, the SHP's employee composite ranked as the 38th lowest in 2011.

South Carolina Composite Rates History: 2004 - 2011



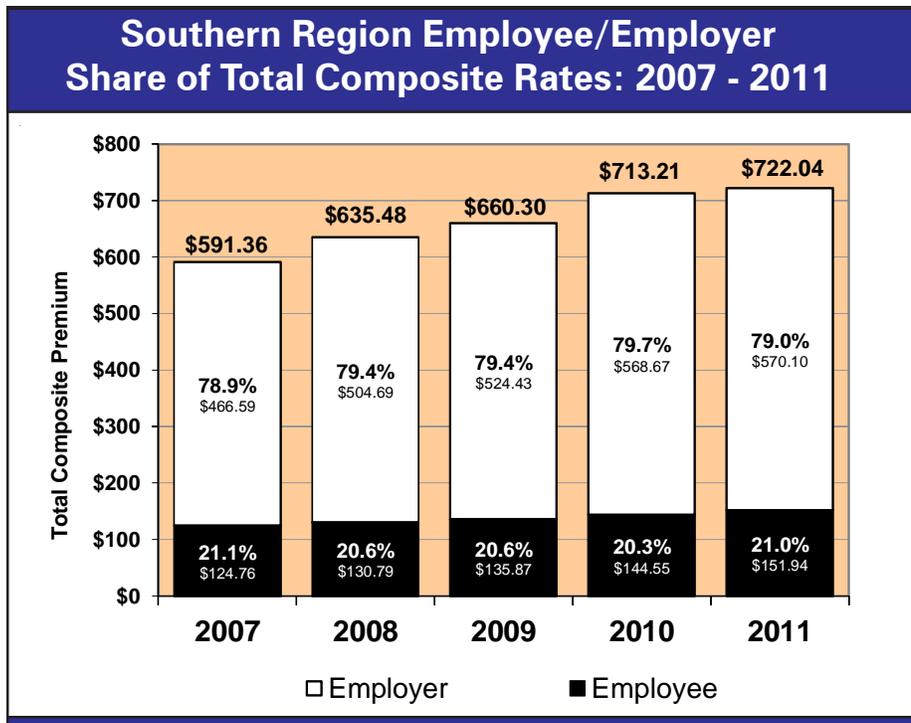
REGIONAL COMPOSITES



Annually we divide the 50 states into four regions: Northeast, South, Midwest and West.

Regional Total Composite

States in the Northeast region of the nation on average continue to have the highest total composite rates. While the region's 2011 total composite rate of \$924.87 reflected a slight decline of 0.3%, the region's total composite rate still was 11.6% higher than the national average. The South region once again posted the lowest regional total composite rate for 2011 at \$722.04, up only 1.2% from \$713.21 in 2010.



See REGIONAL on Page 7

REGIONAL COMPOSITES

Regional

Continued from Page 6

Regional Employer Composite

The Northeast region also had the highest regional employer composite rate in 2011 at \$793.70, down 1.3% from \$804.16 in 2010. The South region had the lowest regional employer composite rate for 2011 at \$570.10, up 0.3% from \$568.67 in 2010.

In terms of share of the total composite rate, the West region's employer composite rate made up the largest share, 87.5%, in 2011. The South region's employer composite rate composed the smallest share at 79.0% in 2011.

Regional Employee Composite

The South regional employee composite of \$151.94, up 5.1% from \$144.55 in 2010, was the highest regional employee composite in the nation as has been the case for more than 10 years. While remaining the highest regional employee composite rate, the South's rate has grown an average 5.0% annually the past 5 years. The West continued to post the lowest regional employee composite at \$103.85.

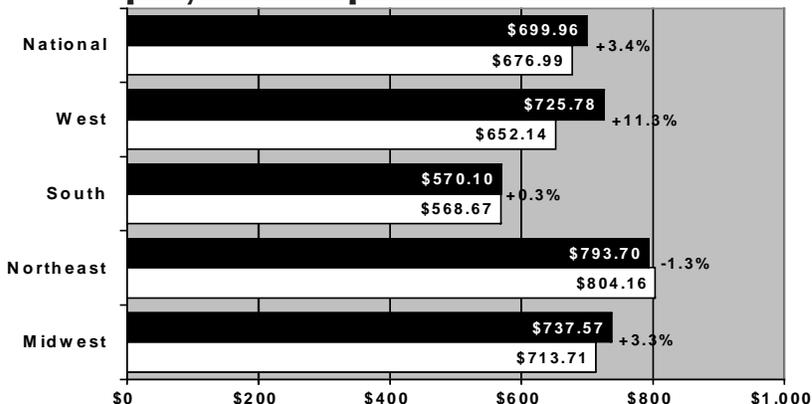
2011 & 2010 Regional Composite Averages

2011 Rates 2010 Rates

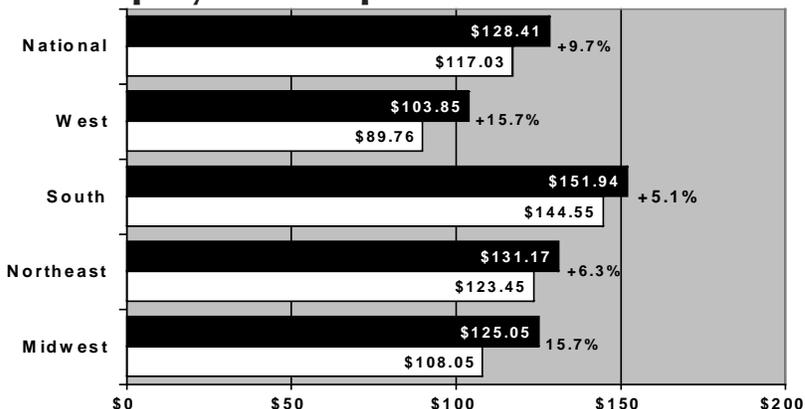
Total Composite Rates



Employer Composite Rates



Employee Composite Rates



REGIONAL COMPOSITES

West

13 States:

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming



West:

Employer - \$725.78
Employee - \$103.85
Total - \$829.63

Midwest

12 States:

Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin



Midwest:

Employer - \$737.57
Employee - \$125.05
Total - \$862.62

In 2011, the West had the nation's largest percentage growth in regional total composite rate, up 11.8% to \$829.63. The growth outpaced the West's 5-year total composite growth rate trend of 7.1%, also the largest 5-year trend.

Growing 11.3% for 2011, the West's employer composite rate had the largest one year growth among regions. The West's employer composite rate of \$725.78 still remained the second lowest regional employer composite in the nation. During the past 5 years, the West's employer composite rate has grown an average 6.9% annually, the largest 5-year regional employer composite growth trend.

In addition, employers in the West continued to pay the largest share of a region's total composite at 87.5% in 2011.

While employers paid more of the region's total composite rate, employees paid 12.5%, or \$103.85 in 2011. This reflects a double digit increase in the employee composite rate, or 15.7%, matching the employee composite rate growth of the Midwest region. Over the past 5 years, the West's regional employee composite has grown an average 8.7% annually.

The regional total composite rate for the Midwest grew in line with its 5-year trend of 5.3%. The region's 2011 total composite rate of \$862.62 was up 5.0% from \$821.76 in 2010. The region continues to have the second largest regional total composite in the nation, continuing a trend that dates more than 10 years.

The Midwest's regional employer composite was \$737.57 in 2011, up 3.3% from \$713.71 in 2010. The region's employer composite grew on average 4.7% annually the past 5 years.

Prior to 2011, employers in the Midwest paid the second largest share of the regional composite rate. That trend ended as employers in the Northeast paid a slightly larger share of their total composite rate than the Midwest's 85.5% share.

Employees in the Midwest saw their share of the region's total composite rate increase from 13.1% in 2010 to 14.5% in 2011. The Midwest's 2011 regional employee composite of \$125.05 was up 15.7% from \$108.05 in 2010.

REGIONAL COMPOSITES

Northeast

11 States:

Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont



Northeast:	
Employer -	\$793.70
Employee -	\$131.17
Total -	\$924.87

South

14 States:

Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia



South:	
Employer -	\$570.10
Employee -	\$151.94
Total -	\$722.04

Health care premiums continued to be highest in the Northeast region with a 2011 total composite rate of \$924.87, down slightly from \$927.61 in 2010. The region's total composite was 11.6% higher than the national total composite rate. The Northeast's total composite rate's 5-year annual growth rate average of 6.4% trend is second only to the West region.

The Northeast's employer composite continues to be the largest regional employer composite in the nation at \$793.70 for 2011. The employer composite rate was 85.8% of the region's total composite rate, once again second only to the West's employer composite in terms of share.

While the Northeast's employer composite declined 1.3% in 2011, the region's employee composite rate rose 6.3% in 2011 to \$131.17. Over a 5-year period, the Northeast's employee composite has grown an average of 10.2% annually, the largest 5-year growth trend noted among regional employee composite rates.

The total composite rate for the South region was \$722.04 in 2011, up 1.2% from \$713.21 in 2010. The South again posted the lowest regional total composite rate in the nation, a ranking it has maintained since 2002. Over the past 5 years, growth in the South's total composite rate averaged 5.1% annually.

The South continues to have the greatest amount of cost sharing between employers and employees. In 2011, employers in the South paid 79.0% of the region's total composite rate with an employer composite rate of \$570.10. In comparison, the next lowest regional employer composite share was the Midwest's 85.5% share of their total composite rate.

Growth in the South's employer composite in 2011 caused it to remain relatively unchanged with a slight 0.3% increase, well below the 5.2% average annual growth rate noted the past 5 years.

Employees in the South had a composite rate of \$151.94 in 2011, up 5.1% from 2010. The South's employee composite was the largest regional composite noted both in terms of actual dollars as well as share of the total composite rate. The region's employee composite's 2011 growth was in line with the average 5.0% annual growth rate the past 5 years.

NATIONAL COMPOSITES

Total Composite

The national total composite rate was \$828.38 in 2011, up 4.3% from \$794.02 in 2010. The rate has grown an average of 5.9% annually the past 5 years.

Employer Composite

The national employer composite grew 3.4% to \$699.96 in 2011 from \$676.99 in 2010. Employers paid 84.5% of the national total composite rate. Over the past 5 years, the national employer composite rate has grown an average of 5.6% annually.

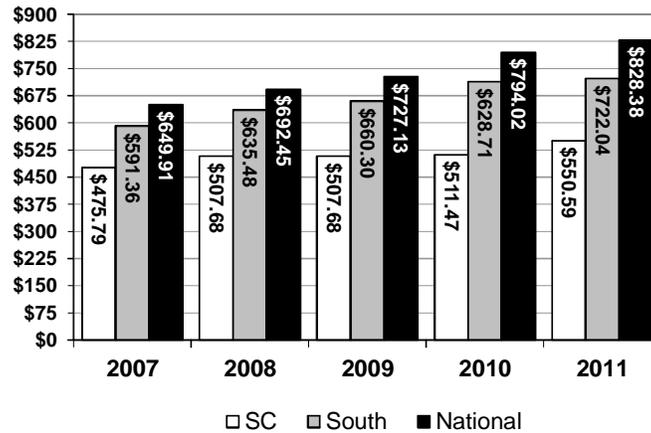
Employee Composite

The national employee composite rate was \$128.41 in 2011, representing a 9.7% increase from \$117.03 in 2010. During the past 5 years, the employee composite has grown an average of 7.7% annually.

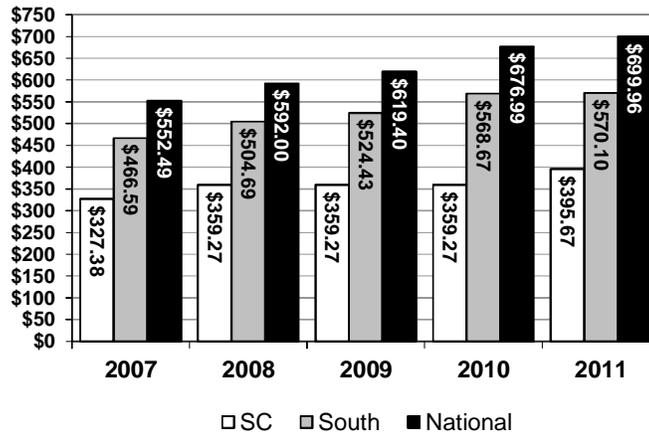
Employees paid a larger share of the total composite rate in 2011, contributing 15.5% of the national total composite rate and up from 14.7% in 2010. The growth seems primarily driven by increases in employee composite share of the total composite rate in the Midwest and Northeast.

Composite Rate Trends: 2007 - 2011

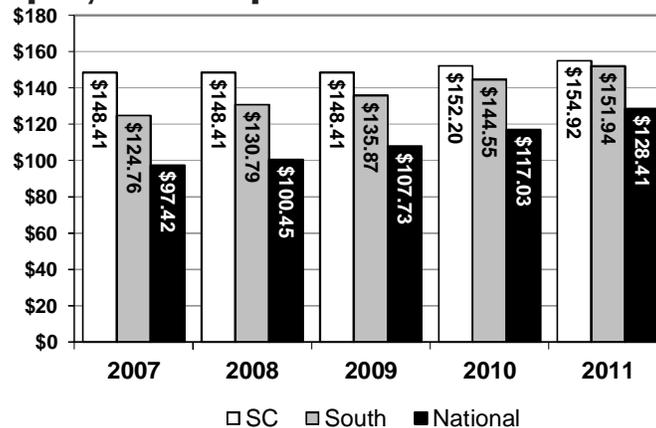
Total Composite Rates



Employer Composite Rates

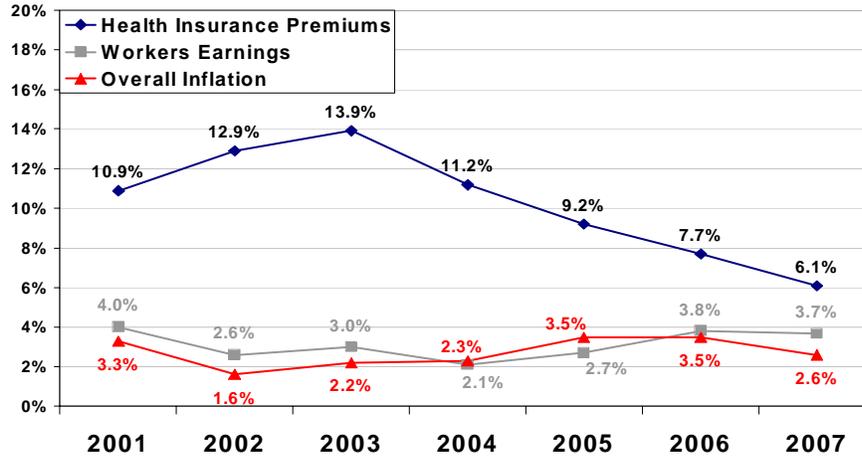


Employee Composite Rates



ACROSS THE NATION

Increases in Health Insurance Premiums Compared to Other Indicators, 2001 - 2007



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 2001-2007

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four.

ACKNOWLEDGEMENT

The Employee Insurance Program would like to thank the dedicated staff members of each state's benefit program for their cooperation in our survey. Because of your assistance, we again had 100 percent participation from the 50 states.

Again, thanks for making this survey a success.



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2011 Edition

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