

The 50-State Survey 2008 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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Columbia, South Carolina 29201

www.eip.sc.gov

From the Publishers of:

TRENDS

South Carolina
Budget & Control Board
Division of Insurance & Grants Services

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

dependents, resulting in employees covering only a spouse or dependents paying higher rates than equivalently priced plans with a four-tier structure.

Composite Calculation

To conduct our comparative analysis of plan rates, we calculated composite employer, employee, and total contribution rates for each state. 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 2008 coverage levels when comparing the 2008 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 2008, are:

- Employee Only (EO) – 58.416%
- Employee/Spouse (E/S) – 15.762%
- Employee/Children (E/C) – 14.201%
- Full Family (FF) – 11.620%

2008 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, 2008 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

RETIREE DRUG SUBSIDY

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 2008? _____

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

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

PLAN DESIGN

South Carolina's Plan vs. Southern States' Plans

The State Health Plan (SHP) Standard Plan kept its plan design unchanged from 2007. In order to compensate for increased costs, employer contributions were increased.

We reviewed the plan design of other regional states and noted the following:

Annual Deductibles

The SHP's annual individual deductible of \$350 in 2008 was higher than 9 of the regional states and was higher than the regional average of \$284. Only 4 regional states had a higher individual deductible than the SHP.

South Carolina's annual family deductible of \$700 was lower than that of 6 regional states and was actually lower than the regional average family deductible of \$714 in 2008. A total of 7 regional states had a lower annual family deductible.

Coinsurance (In-Network)

Regional states have differing coinsurance ratios, the percentage of in-network costs after deductibles and copays that both the employer and employee will pay. In South Carolina, the plan pays 80% of those costs, leaving employees responsible for the remaining 20%. While 7 other regional states utilize an 80/20 coinsurance ratio like the SHP, 6 states utilized a 90/10 or higher coinsurance ratio.

State employees in South Carolina also benefit from a coinsurance maximum of \$2,000 for individuals and \$4,000 for families, designed to limit the impact of health care costs before the SHP pays 100% of covered costs.

A total of 10 other states had a lower individual coinsurance maximum than the SHP. The regional average individual coinsurance maximum was \$1,507 in 2008, \$2,925 for families.

2008 Southern Region Plan Design Comparison

Plan Design on January 1, 2008	South Carolina	Regional State Comparisons		
		Lower Benefit	Same Benefit	Higher Benefit
Deductible – Individual	\$350	4 states	None	9 states
Deductible – Family	\$700	6 states	None	7 states
Coinsurance (In-network)	80% plan 20% subscriber	None	7 states	6 states
Coinsurance Max – Individual (In-Network)	\$2,000	2 states	1 state	10 states
Coinsurance Max – Family (In-Network)	\$4,000	3 states	None	10 states
Office Visits	\$10 per visit deductible plus 20% subscriber coinsurance	None	None	13 states
Retail Prescription Drug Copays (31-day supply)				
Generic	\$10	5 states	5 states	3 states
Preferred Brand	\$25	5 states	3 states	5 states
Non-Preferred Brand	\$40	8 states	2 states	3 states
Prescription Drug Copay Maximum	\$2,500	None	2 states	11 states
Prescription Drug Deductible	\$0	4 states	9 states	None
PER OCCURRENCE DEDUCTIBLES:				
Hospital Inpatient Deductible	\$0	8 states	5 states	None
Hospital Outpatient Deductible	\$75	4 states	1 state	8 states
Emergency Room Deductible	\$125	2 states	None	11 states
Lifetime Maximum	\$1 million	None	4 states	9 states

Prescription Drug Copays

The SHP's three-tier prescription drug copay program for retail prescriptions calls for insured to pay \$10 for generics, \$25 for preferred brands, and \$40 for non-preferred brand drugs. In terms of generic copays, 5 states had identical generic copays while only 3 states had lower generic copays. The SHP's preferred brand copay matched 3 states and was lower than 5 regional states. Eight other 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. 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 11 of the other 13 regional states.

Office Visits

South Carolina pays office visits at the 80/20 coinsurance ratio after a \$10 per occurrence deductible. Other states utilize a copay without in-network coinsurance or no copay or per occurrence deductible but coinsurance.

SOUTH CAROLINA COMPOSITES

South Carolina continued to offer several health plans to eligible subscribers in 2008. While health plans varied, the State Health Plan Standard Plan (SHP) remained the plan of choice for the vast majority of active subscribers. In 2008, the percentage of active subscribers enrolled in the SHP climbed to 76.1% from 74.6% in 2007.

As was the case in 2007, the SHP passed along premium increases to employers instead of employees. Employers paid, on average, 9.7% more in premiums across coverage levels in 2008.

Total Composite Rate

The SHP's total composite rate grew 6.7% in 2008 to \$502.47. The growth noted in 2008 was slightly above the 5-year annual average growth trend of 6.3%.

Regionally, the SHP's total composite ranked as the lowest in the region, only 79.8% of the regional total composite of \$629.52.

From a national perspective, the SHP had the fourth lowest total composite rate in the nation. The SHP comprised 73.2% of the national total composite rate.

Employer Composite

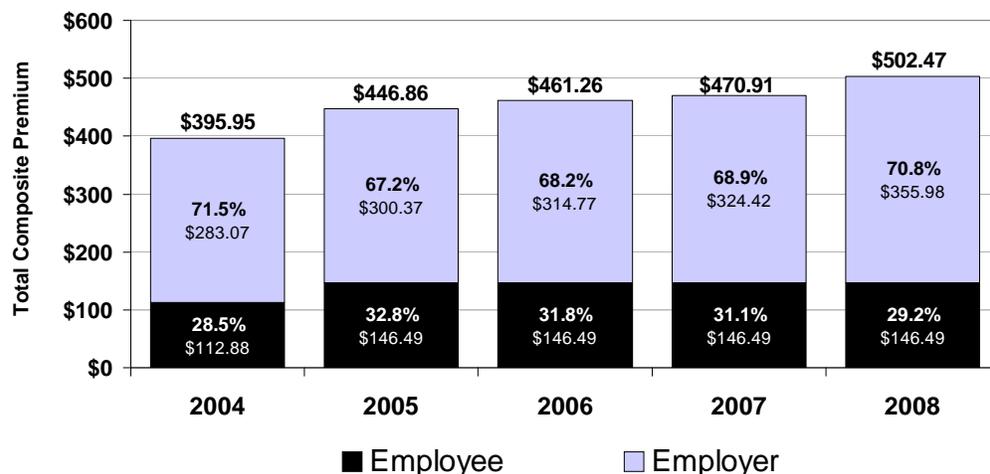
Employer groups in the SHP continue to pay a growing share of the total composite rate in 2008, the fourth straight year of

2008 State Health Plan Standard Plan Premiums

	Employee	Employer	Total Rate
Employee Only	\$ 93.46	\$260.90	\$354.36
Employee/Spouse	\$237.50	\$514.70	\$752.20
Employee/Children	\$142.46	\$369.14	\$511.60
Full Family	\$294.58	\$602.56	\$897.14
Composite Rate	\$146.49	\$ 355.98	\$502.47

growth in the employer composite share of the total composite rate. The 2008 SHP employer composite rate of \$355.98 made up 70.8% of the total composite rate, a 9.7% increase from 2007.

South Carolina Employee/Employer Sharing of Total Composite



The SHP's employer composite was the second lowest cited in the South region, only 71.0% of the regional employer composite. The SHP's employer composite's 5-year growth trend annual average rate of 4.7%

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SOUTH CAROLINA COMPOSITES

South Carolina

Continued from Page 4

was only half the regional 5-year growth trend of 9.4%

Nationally, only 2 states had a lower employer composite than the SHP's employer composite. The SHP's employer composite was 39.4% lower than the national employer composite.

South Carolina Composites Regional/National Rankings

	From Lowest to Highest	
	Regional (14 States)	National (50 States)
SHP Total Composite	1st	4th
SHP Employer Composite	2nd	3rd
SHP Employee Composite	8th	39th

Employee Composite Rate

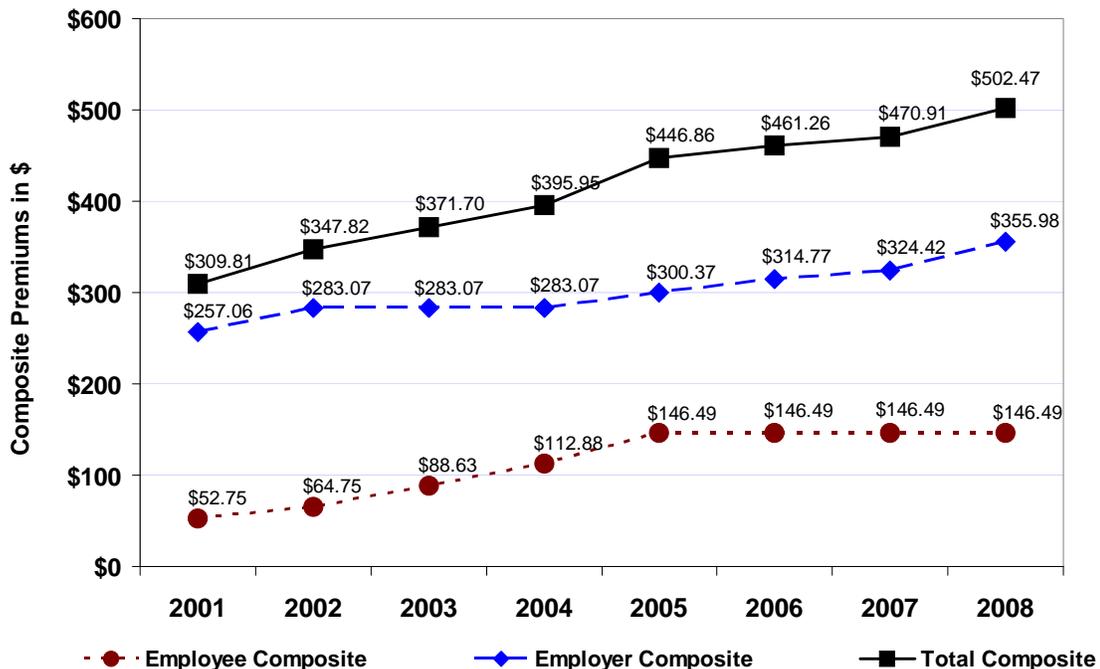
The employee composite rate of \$146.49 remained steady from 2007, composing 29.2% of the SHP total composite.

Regionally, the SHP's employee composite was 14.2% higher than the regional employee composite while still being lower than 6 of the 14 regional states. While the SHP's employee

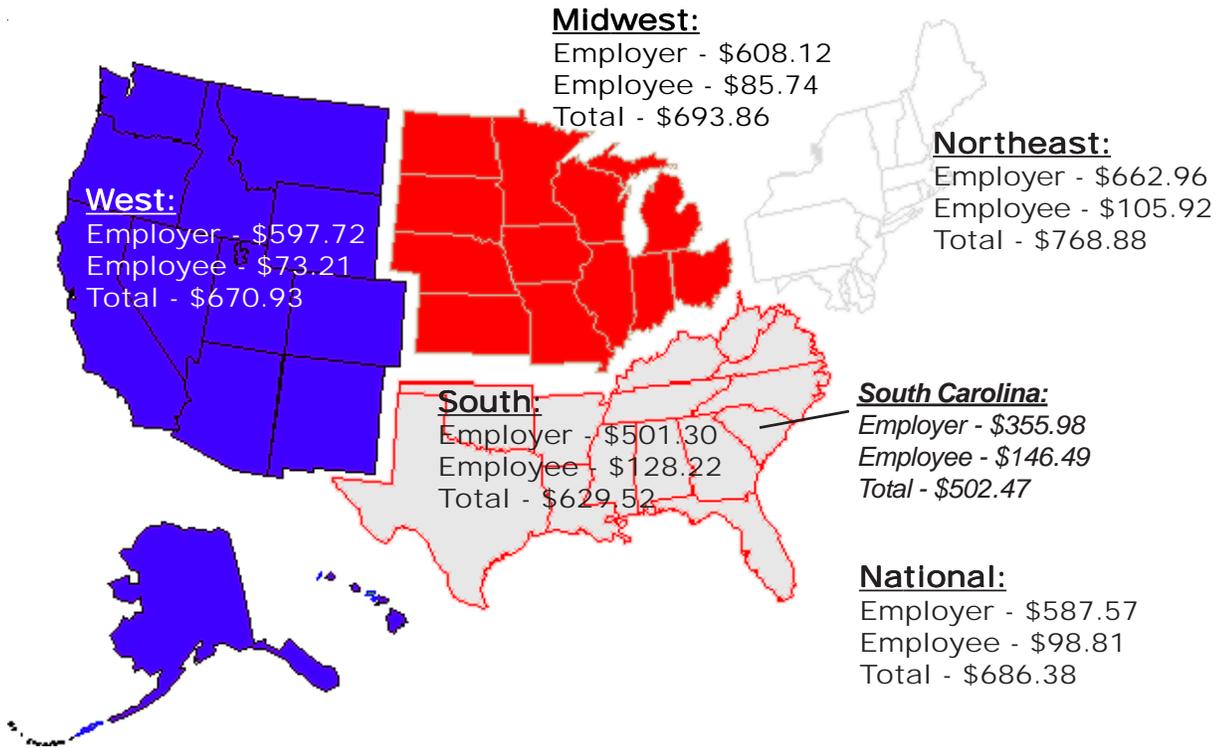
composite rate remained steady, the regional average grew 5.2% in 2008.

Nationally, the SHP employee composite was 48.3% higher than the national employee composite rate of \$98.81.

South Carolina Composite Rates History: 2001 - 2008



REGIONAL COMPOSITES



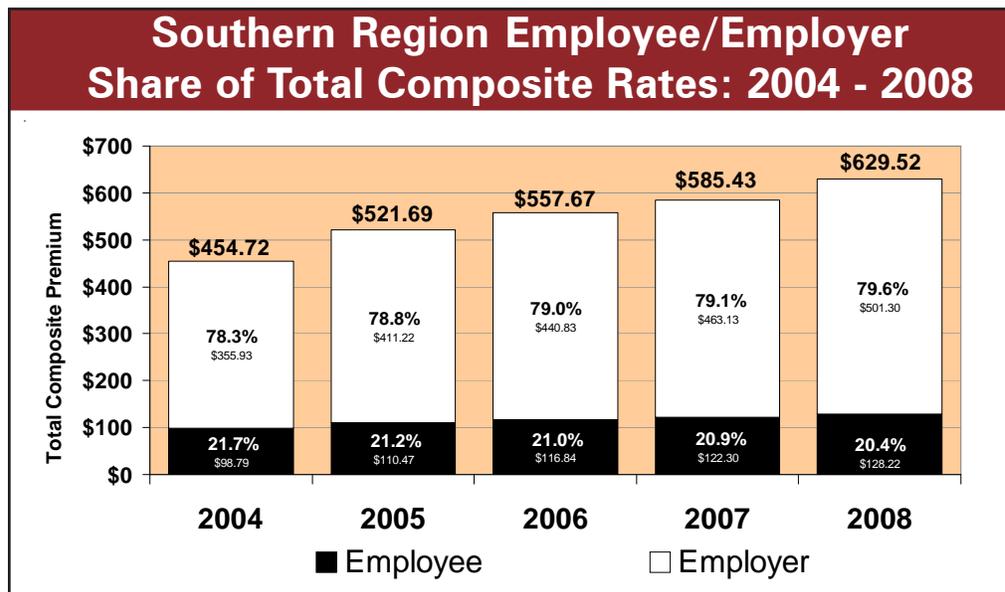
Health insurance costs continued to grow across the nation in 2008 as a whole. However, certain regional trends can be observed. For the purpose of our analysis, we divided the nation into four regions: Northeast, South, Midwest, and West.

11.0% increase, the largest percentage growth noted among regions. The South continued to post the lowest regional total

See REGIONAL on Page 7

Regional Total Composite

The Northeast has consistently posted the highest regional total composite in the nation for more than 7 years. The Northeast's regional total composite of \$768.88 in 2008 represented an



REGIONAL COMPOSITES

Regional

Continued from Page 6

composite at \$629.52 in 2008, a trend that began in 2003.

Regional Employer Composite

The Northeast's employer composite once again was the highest in the nation at \$662.96 in 2008, up a national high 10.7% from 2007. The Midwest's \$608.12 regional employer composite, up a national low 4.5%, ranked second in 2008. The South remained the lowest regional employer composite at \$501.30 in 2008.

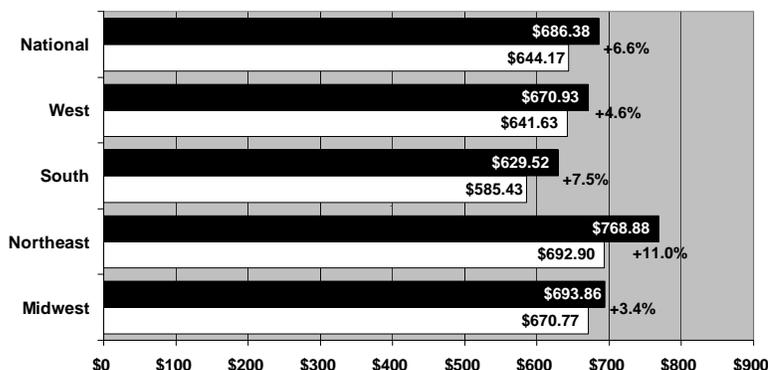
Regional Employee Composite

Employees in the South paid the largest regional employee composite in 2008 at \$128.22, up 4.8% from 2007. This has been the case for more than 7 years. In fact, the South's employee composite is nearing double that of the West's regional employee composite of \$73.21 in 2008. The second ranked Northeast region has been gaining on the South as its 5-year average annual growth of 10.8% has surpassed the South's 5-year growth trend of 5.2%. The Northeast employee composite was \$105.92 in 2008.

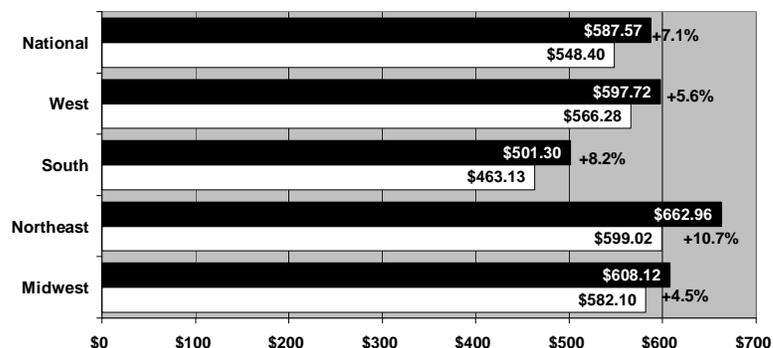
2008 & 2007 Regional Composite Averages

■ 2008 Rates □ 2007 Rates

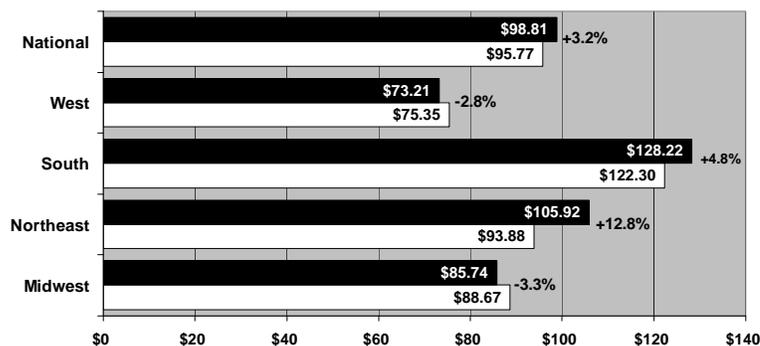
Total Composite Rates



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 - \$597.72
Employee - \$73.21
Total - \$670.93

Midwest

12 States:

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



Midwest:

Employer - \$608.12
Employee - \$85.74
Total - \$693.86

The West region had a total composite rate of \$670.93 in 2008, up 4.6% from \$641.63 in 2007. The region consistently has posted the third lowest regional total composites in this survey for the past 5 years. During that 5-year period, the total composite rate grew an average 9.3% annually, the highest regional 5-year average annual growth rate seen.

The West's regional employer composite for 2008 was \$597.72, up 5.6% from \$566.28 in 2007. The employer composite rate has grown an average 11.1% annually the past 5 years. Employers in the West continued a 3-year trend of paying the largest share of a regional employer composite rate in 2008, at 89.1%.

While employers continued to pay more of the regional total composite rate, employees paid a lesser share in 2008 than noted in 2007. Employees in the West paid 10.9% of the regional total composite as compared to employees in the South region who paid a regional high of 20.4% in 2008. The West's employee composite for 2008 was \$73.21, a 2.8% decline from \$75.35 in 2007.

The Midwest region continues to post the second highest regional total composite rate in 2008, at \$693.86, which represents a 3.4% increase from 2007. The total composite rate's growth more than doubled the 1.5% seen in 2007 behind growth in the employer composite rate.

The employer composite rate in the Midwest region grew 4.5% to \$608.12 from \$582.10 in 2007. In comparison to other regions, the Midwest's regional employer composite's 87.6% share of the total composite rate ranked second among the 4 regions. The employer composite has grown an average of 6.4% annually the last 5 years.

Employees in the Midwest saw their share of the total regional composite decline to 12.4% in 2008 from 13.2% in 2007. The employee composite rate of \$85.74 for 2008 was down 3.3%. The employee composite rate grew an average 3.4% annually the past 5 years.

REGIONAL COMPOSITES

Northeast

11 States:

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



Northeast:	
Employer -	\$662.96
Employee -	\$105.92
Total -	\$768.88

The Northeast region has typically posted the largest regional total composite rate. The region also has historically also posted the largest regional employer composite rates.

The Northeast's total composite rate of \$768.88 was a 11.0% increase from 2007, the largest regional total composite percentage growth rate noted in 2008. During the past 5 years, the region's annual growth rate has averaged 7.4%.

The regional employer composite rate for the Northeast also ranked first among regions at \$662.96 in 2008, a 10.7% increase from 2007. Employers in the Northeast paid on average 86.2% of the region's total composite rate. The region's employer composite grew on average 7.0% annually the past 5 years.

While both the total and employer composites ranked first in the nation, the Northeast's employee composite rate ranked second at \$105.92, a 12.8% increase from 2007. For the second year in a row, the employee composite rate's growth rate has exceeded other regions. In fact, the Northeast's employee composite rate's growth rate has averaged a national high 10.8% annually the past 5 years.

South

14 States:

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



South:	
Employer -	\$501.30
Employee -	\$128.22
Total -	\$629.52

The South continued the trend of posting the lowest total composite and employer composite regional rates in the nation.

The South's total composite rate of \$629.52 in 2008 represents a 7.5% increase from \$585.43 in 2007. The region's total composite rate has grown an average 8.4% annually during the past 5 years. Only the West region has seen a higher average annual growth rate.

Employers in the South continued to pay a smaller share of the total composite rate as compared to employers in other regions. In 2008, employers paid 79.6% of the regional total composite rate as compared to the Northeast's 86.2%, the second lowest regional share. The employer composite rate of \$501.30 in 2008 was up 8.2% from 2007. As with the total composite rate, the employer composite rate posted the second largest average annual growth rate the past 5 years at 9.4%.

While employees in the South pick up a larger share of the total composite rate, they are also paying the largest dollar amount amongst the regional employee composite rates. The South's regional employee composite rate ranked the highest in the nation at \$128.22, up 4.8% from 2007. During the past 5 years, the region's employee composite has grown an average of 5.2% annually.

NATIONAL COMPOSITES

National Total Composite

The national total composite rate was \$686.38 in 2008, representing a 6.6% increase from \$644.17 in 2007. During the past 5 years, the national total composite has grown an average 7.7% annually.

National Employer Composite

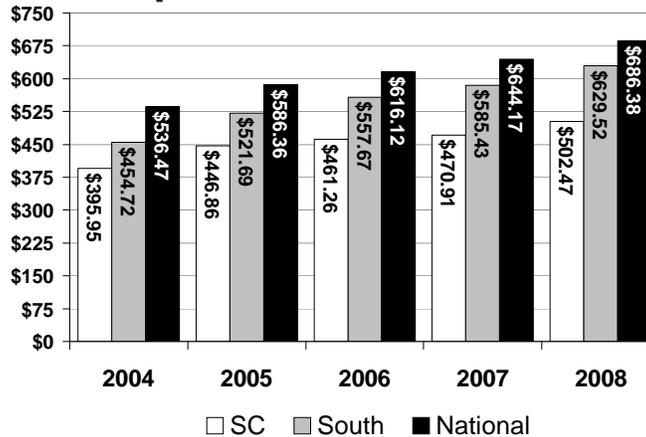
As health insurance rates climb, employers are paying more of the increases. The national employer composite rate grew 7.1% to \$587.57 in 2008. While employers continued to pay a larger share of the national total composite rate, their composite rate grew an average 8.4% annually the past 5 years.

National Employee Composite

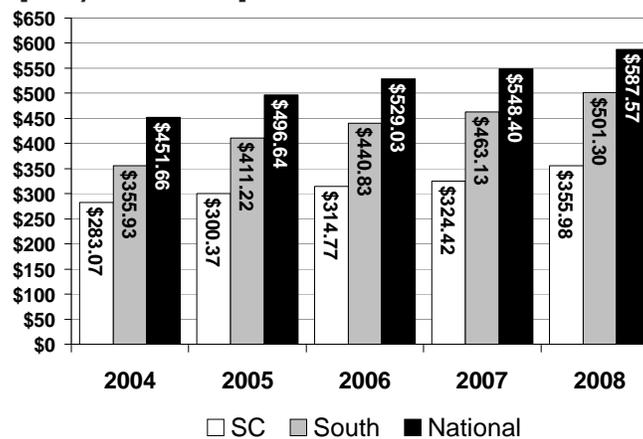
The national employee composite rate rose 3.2% to \$98.81 in 2008. Yet, employees paid a smaller share of the national total composite rate, paying 14.4% as compared to 14.9% in 2007. The national employee composite rate grew an average 4.4% annually the past 5 years.

Composite Rate Trends: 2004 - 2008

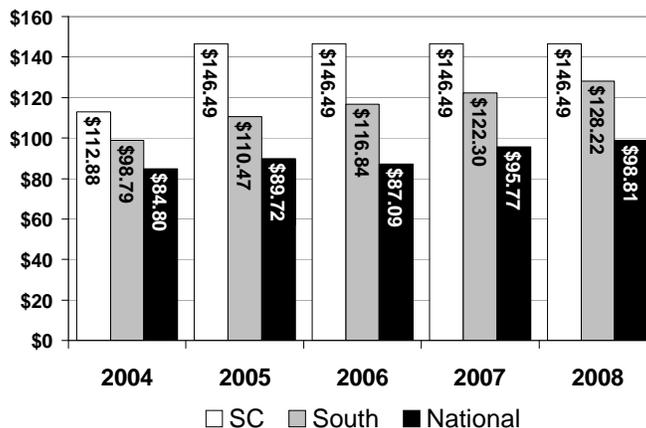
Total Composite Rates



Employer Composite Rates

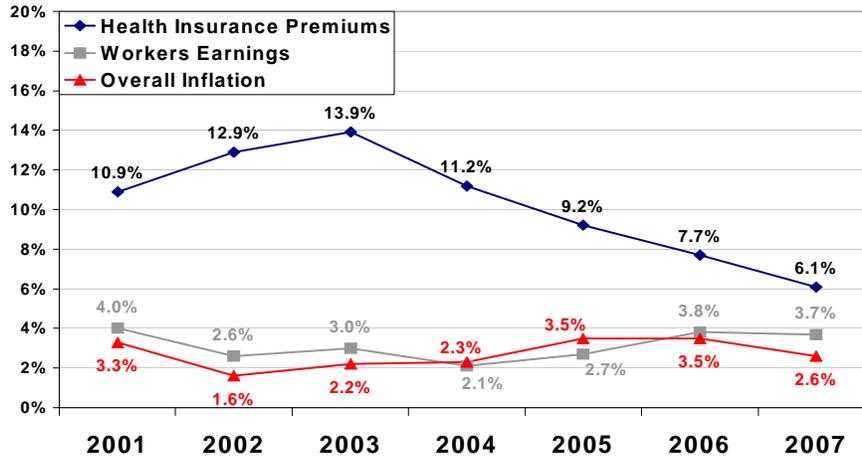


Employee Composite Rates



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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