

The 50-State Survey 2009 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

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 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 2009 coverage levels when comparing the 2009 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.

2009 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, 2009 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 2009? _____

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

The percentages for each coverage level, as of January 2009, are:

- Employee Only (EO) – 58.607%
- Employee/Spouse (E/S) – 15.843%
- Employee/Children (E/C) – 14.042%
- Full Family (FF) – 11.507%

PLAN DESIGN

South Carolina's Plan vs. Southern States' Plans

We reviewed the plan design of the 13 Southern states and noted the following:

Annual Deductibles

The SHP's annual individual deductible of \$350 in 2009 was higher than 8 of the regional states and was higher than the regional average of \$288. One state's deductible was increased to that of the SHP. 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 \$759 in 2009. 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 these costs, leaving employees responsible for the remaining 20%. While 7 other regional states utilize an 80/20 coinsurance ratio like the SHP, 6 other states utilized an 85/15 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 \$2,111 in 2009, \$4,264 for families.

2009 Southern Region Plan Design Comparison

| Plan Design on January 1, 2009 | South Carolina | Regional State Comparisons | | |
|----------------------------------------------------|--------------------------------------------------------------|----------------------------|--------------|----------------|
| | | Lower Benefit | Same Benefit | Higher Benefit |
| Deductible – Individual | \$350 | 4 states | 1 state | 8 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 | 3 states | None | 10 states |
| Coinsurance Max – Family (In-Network) | \$4,000 | 4 states | None | 9 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 | 10 states | 2 states | 1 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 | 3 states | None | 10 states |
| Lifetime Maximum | \$1 million | None | 3 states | 10 states |

Prescription Drug Copays

The SHP's three-tier prescription drug copay program for retail prescriptions calls for insureds 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 in 5 regional states. Ten 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 while 8 regional states do.

In terms of hospital outpatient deductibles, 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 10 of the other 13 regional states.

Note: See page 9 for list of states composing the South region.

SOUTH CAROLINA COMPOSITES

South Carolina offered eligible subscribers several plan options in 2009 as the State Health Plan Standard Plan (SHP) once again showed its dominance as the plan of choice for most active subscribers. Active subscribers chose the SHP by more than 3 to 1 as 77.6% chose the SHP, up from 76.1% in 2008.

The SHP held both employee and employer contributions toward total plan rates unchanged in 2009.

2009 State Health Plan Standard Plan Premiums

| | <u>Employee</u> | <u>Employer</u> | <u>Total Rate</u> |
|-------------------|-----------------|-----------------|-------------------|
| 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 | \$146.30 | \$ 355.62 | \$501.92 |

Total Composite Rate

The SHP's total composite remained unchanged in 2009 at \$501.92. This was in contrast to the 5-year annual average growth trend of 5.0%.

Regionally, the SHP's total composite ranked as the lowest in the region, only

76.9% of the regional total composite of \$653.22.

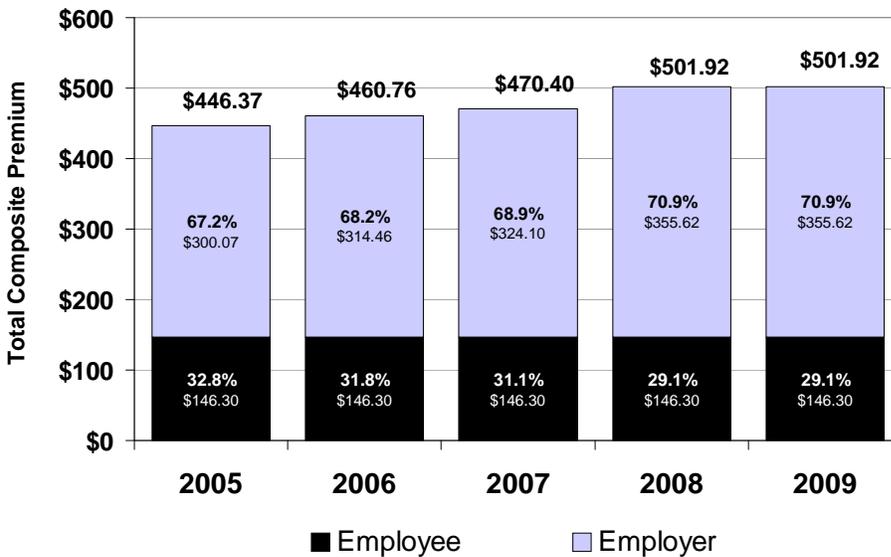
From a national perspective, the SHP had the second lowest total composite rate in the nation. The SHP comprised 69.7% of the national total composite rate.

Employer Composite

The 2009 SHP employer composite rate of \$355.62 was 70.9% of the total composite rate, unchanged from 2008.

The SHP's employer composite was the second lowest cited in the South region, only 68.4% of the regional employer composite. The SHP's employer composite's 5-year growth trend annual average rate of

South Carolina Employee/Employer Sharing of Total Composite



See SOUTH CAROLINA on Page 5

SOUTH CAROLINA COMPOSITES

South Carolina

Continued from Page 4

4.7% was less than the regional 5-year growth trend of 8.0%

Nationally, only 2 states had a lower employer composite than the SHP's employer composite. The SHP's employer composite was 42.1% lower than the national employer composite.

South Carolina Composites Regional/National Rankings

| | <i>From Lowest to Highest</i> | |
|-------------------------------|-----------------------------------------------|-----------------------------------------------|
| | Regional <small>(14 States)</small> | National <small>(50 States)</small> |
| SHP Total Composite | 1st | 2nd |
| SHP Employer Composite | 2nd | 3rd |
| SHP Employee Composite | 7th | 38th |

Employee Composite Rate

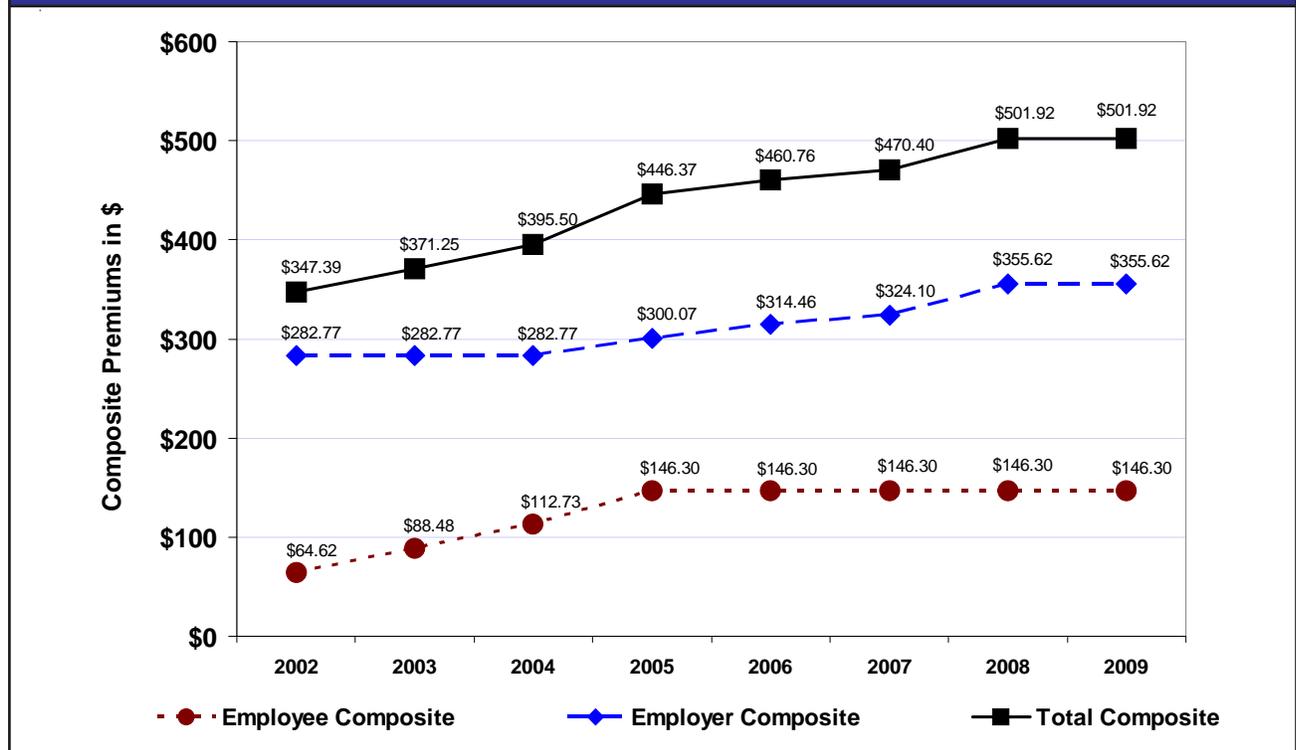
The employee composite rate of \$146.30 remained steady from 2008, composing 29.1% of the SHP total composite.

Regionally, the SHP's employee composite was 10.1% higher than the regional employee composite while still lower than 7 of the 14

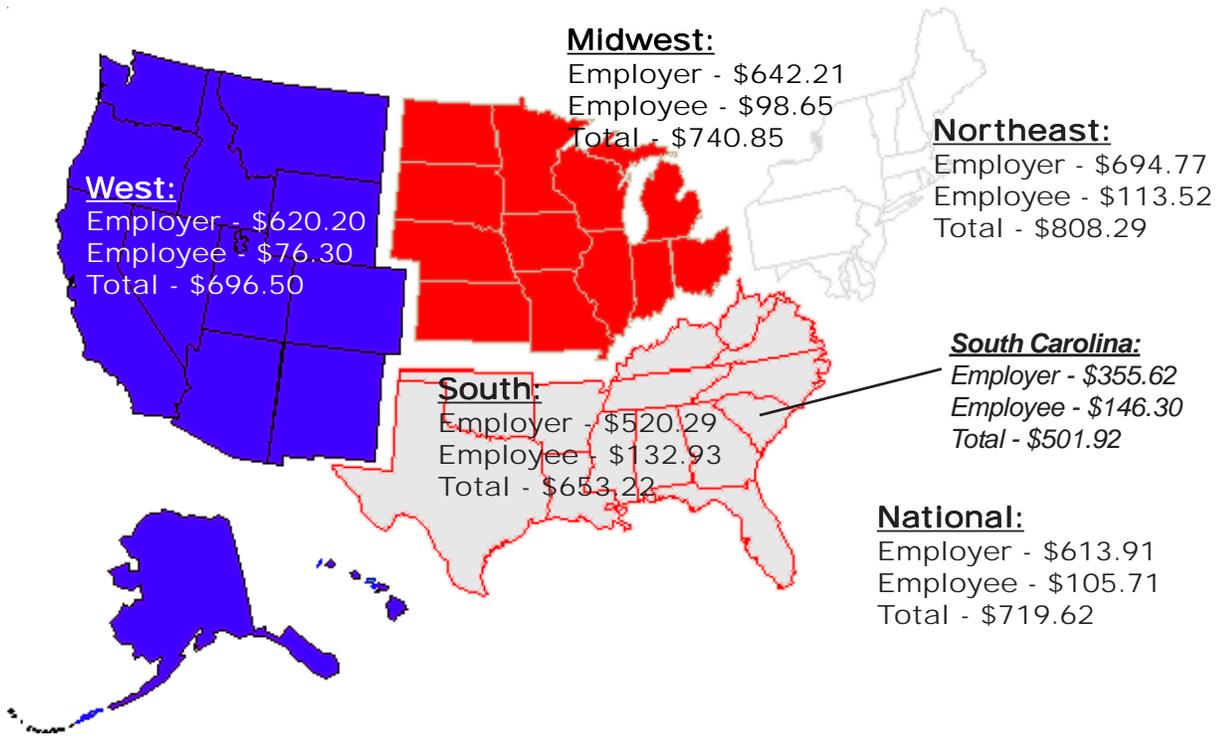
regional states. While the SHP's employee composite rate remained steady, the regional average grew 3.9% in 2009.

Nationally, the SHP employee composite was 38.4% higher than the national employee composite rate of \$105.71.

South Carolina Composite Rates History: 2001 - 2009



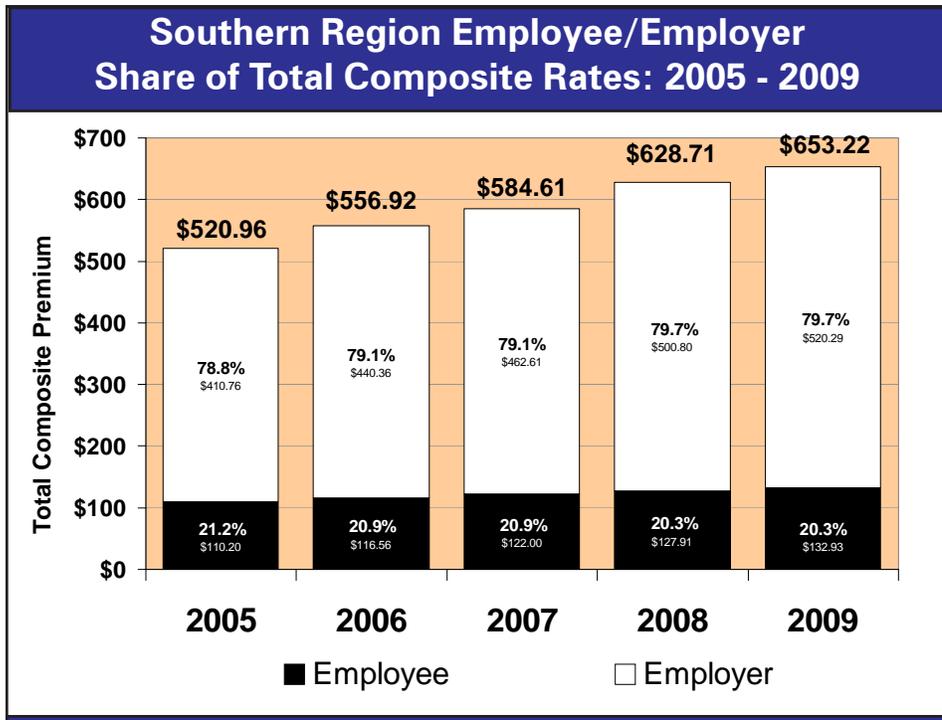
REGIONAL COMPOSITES



Growth in health insurance premiums affects the entire nation. As our analysis shows, there are regional differences in cost growth. For the purpose of our analysis, we divided the nation into four regions: Northeast, South, Midwest and West.

Regional Total Composite

The Northeast total composite rate has been highest for more than 8 years. Up an average 6.2% annually the past 5 years, the Northeast's regional total composite of \$808.29 in 2009 represented a 5.3% increase from 2008. At the same time, the South continued to post the lowest



See REGIONAL on Page 7

REGIONAL COMPOSITES

Regional

Continued from Page 6

regional total composite at \$653.22 in 2009, continuing a trend that began in 2003.

Regional Employer Composite

The Northeast's employer composite again ranked first among regional employer composites at \$694.77 in 2009, up 5.0% from 2008. The Midwest region's employer composite ranked second at \$642.21, up 5.8% from 2008. The South continued to post the lowest employer composite rate at \$520.29, a 3.9% increase from 2008

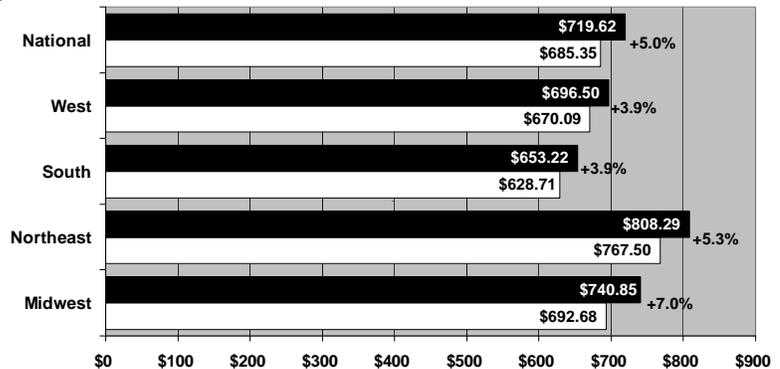
Regional Employee Composite

The South regional employee composite of \$132.93 in 2009 is, for the eighth straight year, the largest regional employee composite in the nation and represents a 3.9% increase from 2008. The South's employee composite has grown an average 6.2% annually the past 5 years. In contrast, the West's regional employee composite of \$76.30 was the lowest noted in 2009. Employees in the West have had the lowest regional employee composite since 2006.

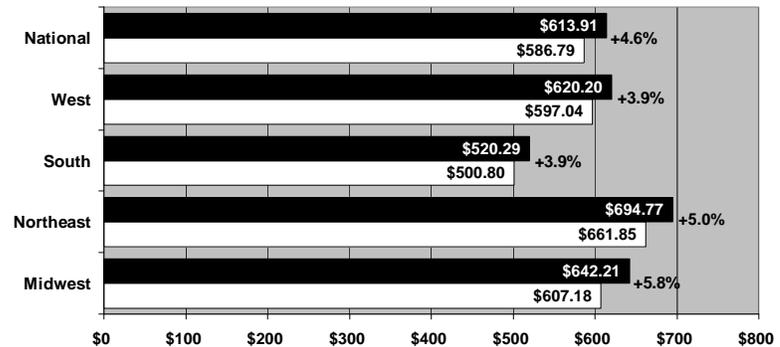
2009 & 2008 Regional Composite Averages

2009 Rates 2008 Rates

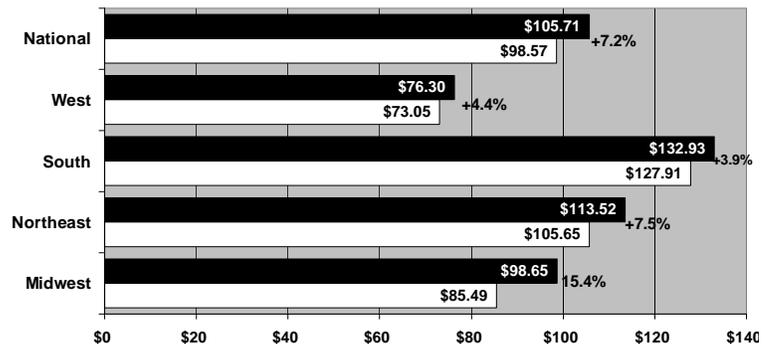
Total Composite Rates



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 - \$620.20
Employee - \$76.30
Total - \$696.50

Midwest

12 States:

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



Midwest:

Employer - \$642.21
Employee - \$98.65
Total - \$740.85

The West region's total composite rate of \$696.50 increased 3.9% from \$670.09 in 2008. For more than 7 years, the West region has had one of the lowest regional total composite rates in the nation, consistently ranking third. The region's total composite rates grew an average 6.4% annually during the past 5 years.

The West's regional employer composite grew 3.9% in 2009 to \$620.20 from \$597.04 in 2008. The West's employer composite has grown an average 7.6% annually the past 5 years. The West's employers paid the largest share of their region's total composite rate than any other region at 89.0%.

The West posted the lowest regional employee composite at \$76.30 in 2009, up 4.4% from \$73.05 in 2008. As employers in the West continued to pay the largest share of the region's total composite, the employee composite rate has declined an average 1.1% annually the past 5 years.

The Midwest region had a regional total composite rate of \$740.85 in 2009, representing a 7.0% increase from \$692.68 in 2008. The increase represented the largest regional total composite growth rate in 2009 and ranked as the second highest regional total composite. The Midwest regional total composite has grown an average 4.5% annually the past 5 years.

The region's employer composite rate rose 5.8% in 2009 to \$642.21, outpacing the region's employer composite annual average of 4.7% the past 5 years. Employers in the Midwest paid 86.7% of the region's total composite. The Midwest's employer composite has consistently ranked as the second highest regional composite.

The Midwest region's employee composite saw the largest growth rate among regional employee composites in 2009 with a 15.4% increase to \$98.65. Despite the double-digit growth rate, the region's employee composite still ranked as the second lowest behind the South. The region's employee composite has grown an average 3.7% 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 - | \$694.77 |
| Employee - | \$113.52 |
| Total - | \$808.29 |

The Northeast region continued to post the largest regional total composite rate in 2009 at \$808.29, a 5.3% increase from \$767.50 in 2008. The region's total composite has ranked first nationally for more than 10 years and has grown an average 6.2% annually the past 5 years.

While the Northeast's total composite has ranked first for more than 10 years, so has its regional employer composite. In 2009, the Northeast's regional employer composite totaled \$694.77, up 5.0% from \$661.85 in 2008. Employers in the Northeast paid on average 86.0% of the region's total composite rate.

Employees in the Northeast region had the second largest employee composite rate in 2009 at \$113.52, a 7.5% increase from 2008. The regional employee composite's growth rate ranked second only to the Midwest. However, the Northeast still ranked first in terms of regional 5-year annual average employee composite growth rates at 10.2%.

South

14 States:

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



| | |
|-------------------|-----------------|
| South: | |
| Employer - | \$520.29 |
| Employee - | \$132.93 |
| Total - | \$653.22 |

The South region's total composite rate was still the lowest regional total composite rate in 2009. The South's total composite rate of \$653.22 in 2009 reflected the smallest regional total composite growth rate of 3.9% from \$628.71 in 2008. The region's total composite rate, like the West, has grown an average 7.6% annually the past 5 years, the largest regional 5-year growth trend cited.

Employers in the South region typically pay a smaller share of the total composite rate than in other regions. This trend continued in 2009 as the South's regional employer composite of \$520.29 accounted for 79.7% of the regional total composite, as compared to the next highest percentage, 86.0% in the Northeast. The South's regional employer composite grew 3.9% in 2009, below the 5-year average annual growth trend of 8.0%.

The South posted a regional employee composite rate of \$132.93 in 2009, the largest regional employee composite rate in the nation. The region's employee composite grew 3.9% from \$127.91 in 2008, below the 5-year average annual growth trend of 6.2%.

Employees in the South continue to pay the highest share of the total composite rate at 20.3% in 2009. The Northeast ranked second in employee total composite share at 14.0%.

NATIONAL COMPOSITES

National Total Composite

The national total composite rate rose 5.0% in 2009 to \$719.62 from \$685.35 in 2008. The growth in 2009 was lower than the 5-year average annual growth rate of 6.1%.

National Employer Composite

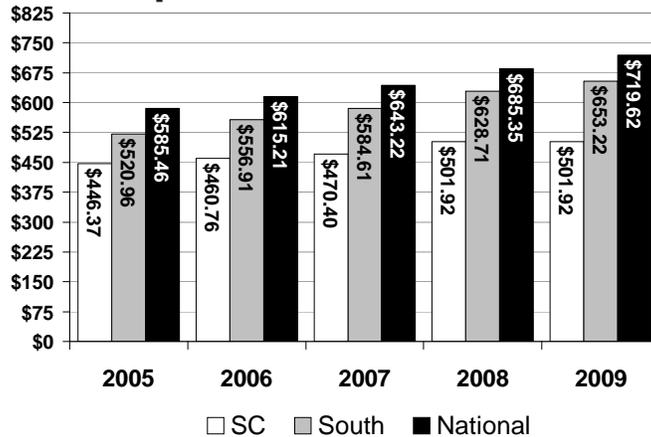
The national employer composite made up 85.3% of the national total composite in 2009. At \$613.91 in 2009, the national employer composite grew 4.6% from \$586.79 in 2008. The national employer composite has grown an average 6.4% annually during the past 5 years.

National Employee Composite

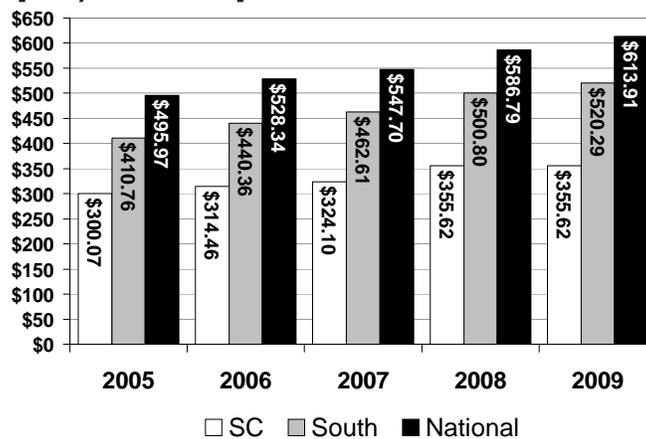
The national employee composite rate was \$105.71 in 2009, representing a 7.2% increase from \$98.57 in 2008. During the past 5 years, the employee composite has grown an average 4.7% annually.

Composite Rate Trends: 2005 - 2009

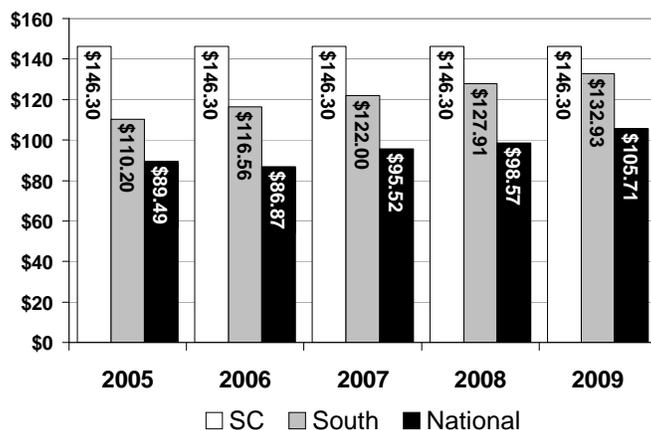
Total Composite Rates



Employer Composite Rates

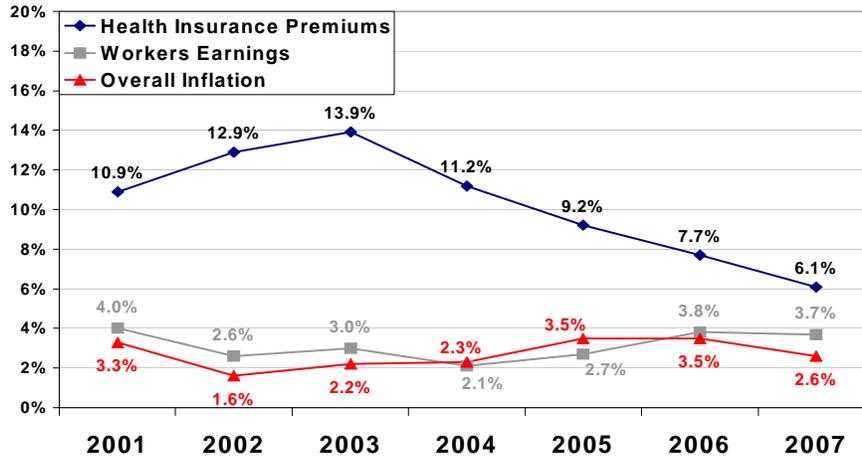


Employee Composite Rates



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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2009 Edition

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