

Applied Research

Constructive research to solve *practical* problems that directly and immediately confront people.

Design/Redesign a health insurance plan that

- Attracts/retains high quality employees
- Promotes healthy living among employees and dependents
- Encourages early discovery of health problems
- Provides access to effective (cost and outcomes) care for trauma and chronic conditions

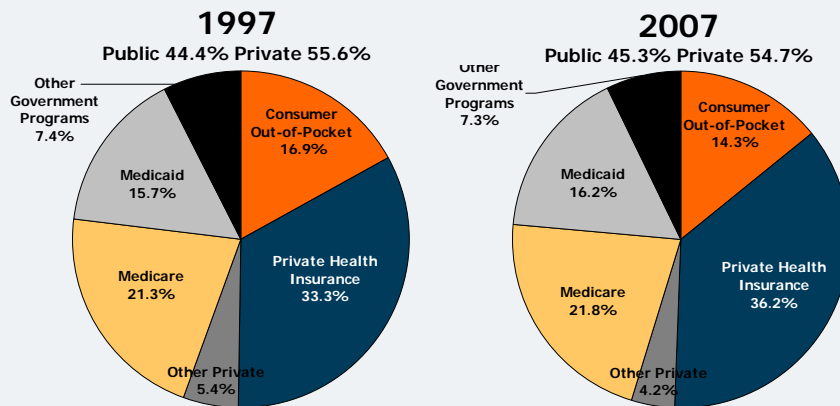
What Accounts for Health

- **Genetics:** body size, disease resistance, robustness
- **Community Environment:** immunization, chlorination, clean air, safe houses, safe workplaces and towns
- **Personal Behaviors:** physical activity; nutrition including micronutrients, tobacco/alcohol consumption
- **Public and Health Policies:** SES, employment and control over work, social support networks
- **Clinical Care:** access, use, and gender differences

Some Factors that Affect MSU Cost and Utilization

- More women employees than average [costs 25% higher for wrkg women]
- 3 yrs older workforce than average [costs about 2% higher for ea. year]
- Higher costs for retail and mail order drugs

Distribution of Personal Health Care Expenditures by Source of Payment, 1997 and 2007



Notes: Personal health care expenditures are spending for health care services, excluding administration and net cost of insurance, public health activity, research, and structures and equipment. Out-of-pocket health insurance premiums paid by individuals are not included in Consumer Out-of-Pocket; they are counted as part of Private Health Insurance. Medicaid spending for the State Children's Health Insurance Program (which began in 1998) is included in Other Government Programs, not in Medicaid.

Source: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical: National Health Expenditures by type of service and source of funds, CY 1960-2007; file nhe2007.zip).



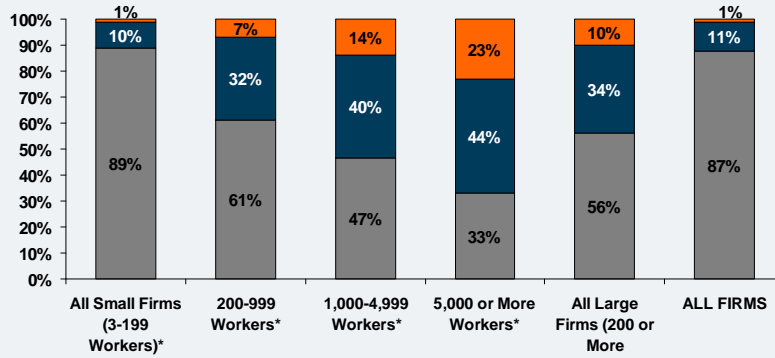
What Groups Pay

- Governments: 40% -- various programs
- Households: 31% -- premiums, out of pocket costs
- **Businesses: 25% -- premiums**
- Other private sources: 4% -- foundations

Insurance Decision Components

1. **Quality of Services available:** Which benefit levels? What networks & provider mechanisms? What quality control?
2. **Quantity of Services available:** Which employees? How many types of coverage? How many different types of plans?
3. **Cost Share Arrangements:** how much should employer and employee pay for premiums, deductibles, co-insurance/copays?

Among Firms Offering Health Benefits, Percentage That Offer One, Two, or Three or More Plan Types, by Firm Size, 2007[‡]

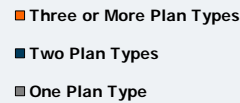


*Distribution is statistically different from distribution for all other firms not in the indicated size category (p < .05).

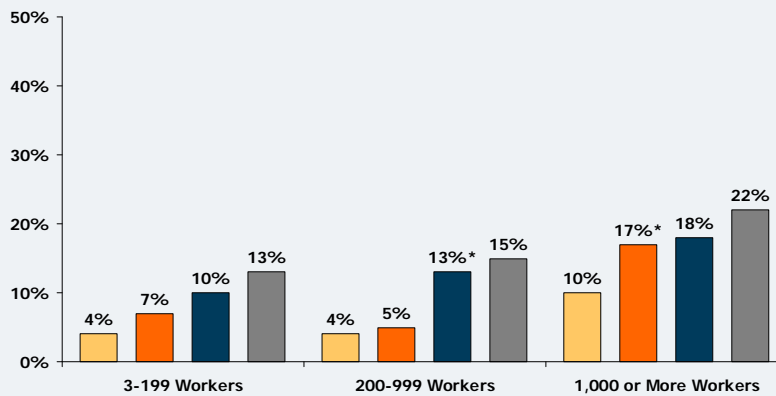
[‡] Although firms may offer more than one of each plan type, the survey asks how many are offered among the following types: Conventional, HMO, PPO, POS, and HDHP/SO.

Note: The survey asks firms how many plans of each given type they offer. However, we do not know if each plan type is offered to all covered workers at the firm. For example, some workers might be offered one type of plan at one location, while at another location they are offered a different type of plan.

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



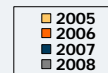
Among Firms Offering Health Benefits, Percentage That Offer an HDHP/SO, by Firm Size, 2005-2008



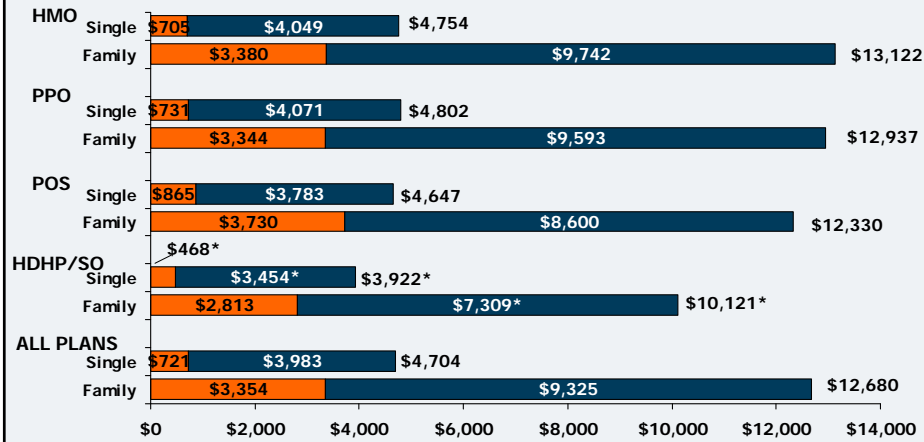
* Estimate is statistically different from estimate for previous year shown (p < .05).

Note: The 2008 estimate includes 0.3% of all firms offering health benefits that offer both an HDHP/HRA and an HSA-qualified HDHP. The comparable percentages for 2005, 2006, and 2007 are 0.3%, 0.4%, and 0.2%, respectively.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2008.



Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2008

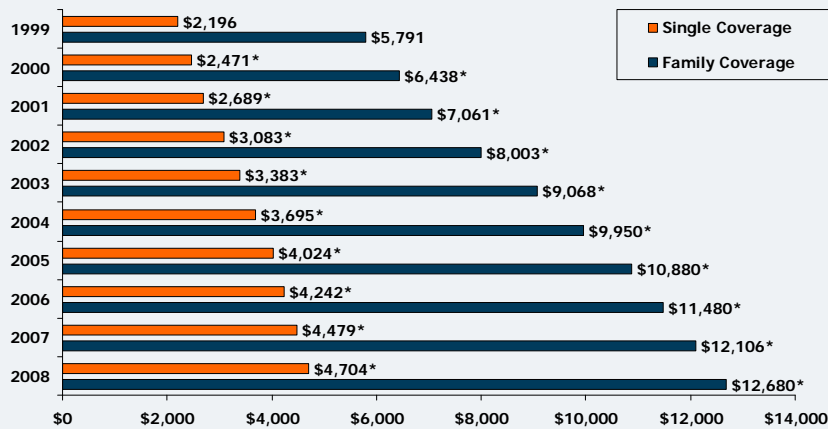


* Estimate is statistically different from All Plans estimate by coverage type (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008.

Worker Contribution
Employer Contribution

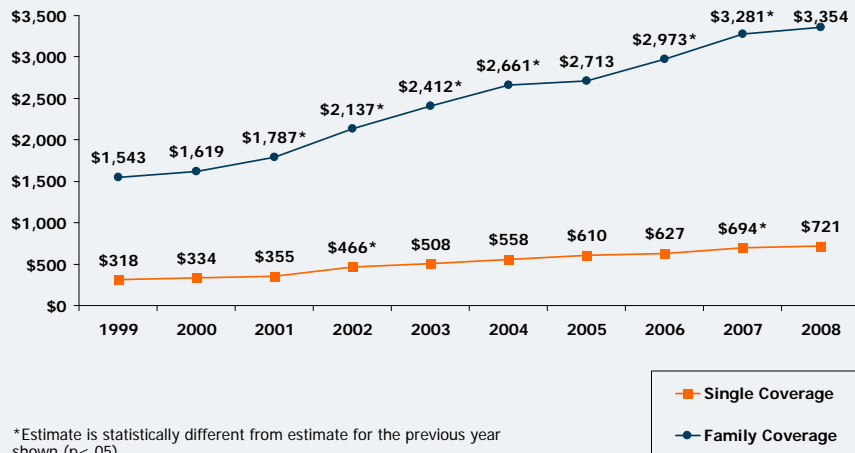
Average Annual Premiums for Single and Family Coverage, 1999-2008



* Estimate is statistically different from estimate for the previous year shown (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2008.

Exhibit 3: Average Annual Worker Premium Contributions Paid by Covered Workers for Single and Family Coverage, 1999-2008



*Estimate is statistically different from estimate for the previous year shown (p<.05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2008.



Annual Average Total Cost of Premiums Comparison – National, Regional and MSU

| | All Health Plans | | PPO Health Plans | |
|-----------------|------------------|-----------------|------------------|-----------------|
| | <i>EE only</i> | <i>Family</i> | <i>EE only</i> | <i>Family</i> |
| NATL (all) 2008 | \$4,704 | \$12,680 | \$4,802 | \$12,937 |
| Regional 2006 | \$4,525 | \$11,354 | | |
| MSU 2008 | \$3,676 | \$10,831 | \$3,676 | \$10,831 |

**Comparison of Annual Average Cost
Sharing of Premiums – National, Regional
and MSU**

| | PPO Plans | |
|-----------------------------|----------------|---------------|
| | <i>EE only</i> | <i>Family</i> |
| US ER share 08 | 84.8% | 74.2% |
| LG ER share 08 | 83.9% | 77.0% |
| MSU ER share 2008 | 86.5% | 80.8% |
| Region share 2006 (MEPS) | 87.5% | 62.3% |

**Benchmark Institutions with
Information Available**

STATE PLANS: Central Connecticut;
Frostburg State (Md); Eastern
Washington U; Western Carolina U,
Eastern and Western Illinois U;
Pittsburg State (KS);

UNIVERSITY SYSTEM PLANS: Plymouth
State (NH); UT Chattanooga and Martin

Benchmark Institutions with Information Available

INDEPENDENT

- U of Nebraska, Omaha; Oakland U (MI); Stephen Austin State (TX); Rhode Island College; U of Central MO; SE MO State; Indiana State

Sister KY Institutions

- UK
- NKU
- ECU
- Morehead
- WKU
- KSU
- U of L