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Health Benefits Gap Between Rhode Island State Employees and Private Sector Continues to Narrow

Wakefield, RI... Bluff Head Enterprises released the findings of its 8th annual *Rhode Island Area Employer-Sponsored Health & Welfare Benefits Survey* today and the results show a dramatic shift. For the first time, state employees are now paying slightly more on average than their private sector counterparts for health insurance coverage.

In 2004, most state employees contributed nothing towards their health insurance premiums at a time when private sector employees paid an average of \$1,389 per employee per year. Five years later, in 2009, state employees are now contributing an average of \$2,012 in health insurance premiums with private sector employees paying \$1,918.

By other measures, state employees still have some advantage over the private sector but that gap is narrowing quickly. Private sector employees are contributing an average of 19 percent of their health care premium in 2009 while State of Rhode Island employees contributed 17 percent of total costs in the same period. Due to the higher cost of state employee health plans compared to private sector plans, the average contribution by state employee is higher than their private sector counterpart even though their percentage of contribution is lower. The average family medical plan premiums for state employees are \$1,342 per month while average private sector family plan premiums are \$1,092 per month.

“We are seeing a major shift in the health benefits landscape for Rhode Island state employees,” said Sam Slade, founder and President of Bluff Head Enterprises, Inc. “Our annual survey has shown the gap between public employees and private sector employees narrowing each year.

Slade called the transformation in state employee health benefits a “success story for the Carcieri administration” not only in terms of the changes in benefits and required contributions of State employees but also in terms of the contract terms negotiated with health insurers.

“We can understand why the changes may not be popular with impacted employees but believe they are extremely reasonable given what we see in the private sector and with other regional State Government plans,” said Slade.

Slade said another source of savings for the State will likely come from the success of a new wellness program that encourages state employees to take preventative steps to avoid chronic illnesses. Of the 7,790 state employees eligible to participate in the Rewards for Wellness program, at least 80 percent have had at least one preventative screening and 68 percent have received blood pressure screenings and certified that they are non tobacco users or have entered a tobacco cessation program.

The total value of state employee contributions towards health insurance premiums since 2005 is estimated at over \$75 million. “If the Carcieri administration had not made the progress it has in getting state employees to begin paying a share of their health care premiums, the condition of the state’s finances would be even more dire,” said Slade.

This year’s Annual Survey detailed employer sponsored health benefits based on 52 responding employers who collectively cover 323,000 employees, of which over 63,000 are located in the Rhode Island area. The Bluff Head survey is the largest and most detailed benefit survey of Rhode Island employers. As in prior years, the 2009 survey includes data on medical and dental benefits, life and disability benefits and it examines wellness initiatives.

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