



March
of Dimes
Saving babies, together

October 2001

Dear Interested Party:

As policy makers continue to explore ways to build on private health insurance as a means of improving access to coverage for the uninsured, the scope of benefits available under employer based health plans remains an issue of ongoing public policy interest. Small employers are of particular interest because coverage is less likely to be offered and if offered, more likely to be limited in scope.

In order to learn more about the scope of benefits in small employer plans, the March of Dimes contracted with the William M. Mercer, Incorporated to ask additional questions as part of the Mercer/Foster Higgins National Survey of Employer-sponsored Health Plans. These questions related to maternity benefits, were asked of employers with fewer than 500 employees. The Mercer/Foster Higgins Survey excludes employers with fewer than 10 employees. The survey was fielded in the summer of 2000.

About 160 million Americans are covered by employer-based health insurance plans. While the vast majority of plans cover prenatal care and delivery, this benefit is sometimes excluded and plans often omit coverage of other services important to the health of pregnant women and newborns.

Findings from the survey identify significant gaps in coverage for some pregnant women and newborns. Key findings for firms with 10-499 employees:

- **Not all small employer plans provide coverage for maternity care, defined as prenatal care and delivery.**
 - The smallest firms were most likely to exclude maternity coverage. Seven percent of firms with 10-24 employees do not cover basic maternity care, compared with only 1 percent of those with 200-499 employees.
 - Indemnity plans are more likely to exclude maternity coverage – 12 percent of these plans did not cover maternity care compared with only 1 percent of health maintenance organization (HMO) plans.
- **Coverage exclusions and higher cost sharing specific to maternity or newborn care apply in some small employer plans.**
 - About 12 percent of plans in firms 10-499 have some type of coverage exclusions specific to maternity or newborn care.
 - Cost sharing is higher for maternity and newborn care than for other services in 7 percent of firms with 10-24 employees, while 2 percent of firms of this size have lower cost sharing for maternity and newborn care.
- **In many cases (27%), maternity benefits available to employees and spouses are excluded for dependent daughters.**

- **Some small employer plans (22%) do not cover prenatal vitamins.**
- **Most small employer plans (72%) do not cover genetic testing.**
- **Most small employer plans (74%) require a waiting period for coverage, averaging 3 months, which may limit access to care for new employees (or their spouses and dependents) who are pregnant.**

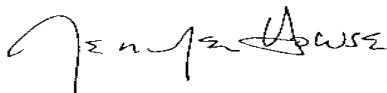
Basic maternity benefits are almost always included in small employer plans, but there are exceptions, especially among the smallest firms surveyed (10-24 employees). Although the Pregnancy Discrimination Act of 1978 amended the Civil Rights Act to require employers with 15 or more employees to cover maternity-related health services to the extent that such services are otherwise covered, this protection does not apply to the smallest groups or to individual policies. In addition, extended waiting periods for employee health coverage and exclusion of coverage for dependent daughters can limit access to needed prenatal care.

As part of prenatal care, most health care providers recommend that pregnant women take a prenatal vitamin supplement, which is not covered by one in five small employer plans. Advances in genetics underscore the importance of access to voluntary genetic testing provided with informed consent, confidentiality, and appropriate counseling. Only 28 percent of small employers reported covering genetic testing.

Gaps in maternity benefits are of interest because lack of health insurance can be a barrier to needed care for pregnant women as it is for other uninsured Americans. Other March of Dimes sponsored research found that about 18.1 percent of pregnant women in 1996 reported going without needed medical care during the year in which they gave birth. That compares with less than 7.6 percent of privately insurance pregnant women.¹ And vital statistics data shows that prenatal care matters. Babies (singletons) born to mothers who receive late or no prenatal care are about twice as likely to be low birthweight as those born to mothers who received early prenatal care -- 10.3 percent of births compared with 5.6 percent in 1998.²

Attached for your review are tables detailing the survey results. We hope you find this information of interest.

Sincerely,



Jennifer L. Howse
President

Founded in 1938 by President Franklin Delano Roosevelt, the March of Dimes is a national voluntary health agency whose mission is to improve the health of infants and children by preventing birth defects and infant mortality.

¹ Bernstein, A. 1999. *Insurance Status and Use of Health Services by Pregnant Women*. March of Dimes. www.modimes.org/heathlibrary2/pubpolicystudies/default.htm

² National Center for Health Statistics, 1998 final natality data. Prepared by the March of Dimes Perinatal Data Center, 2000.

March of Dimes Questions on Maternity Benefits from Mercer/Foster Higgins Survey of Employer Sponsored Health Plans, 2000

Results for Primary Health Plan*
Employers 10-499

DOES PLAN COVER:

	Percent	
	Yes	No
10- 499 employees	95	5
10-24 employees	93	7
25-49 employees	98	2
50-199 employees	98	2
200-499 employees	99	1

** (doctor visits, hospital delivery, newborn care)

	Percent	
	Yes	No
10- 499 employees	94	6
10-24 employees	92	8
25-49 employees	96	4
50-199 employees	98	2
200-499 employees	98	2

	Percent	
	Yes	No
10- 499 employees	78	22
10-24 employees	76	24
25-49 employees	81	19
50-199 employees	80	20
200-499 employees	87	13

	Percent	
	Yes	No
10- 499 employees	23	77
10-24 employees	22	78
25-49 employees	20	80
50-199 employees	28	72
200-499 employees	27	73

	Percent	
	Yes	No
10- 499 employees	72	28
10-24 employees	69	31
25-49 employees	76	24
50-199 employees	77	23
200-499 employees	79	21

	Percent	
	Yes	No
10- 499 employees	73	27
10-24 employees	69	31
25-49 employees	80	20
50-199 employees	77	23
200-499 employees	84	16

Source: March of Dimes, 2001. Questions included as part of the Mercer/Foster Higgins National Survey of Employer-sponsored Health Plans, 2000 conducted by William M. Mercer, Incorporated.

* An employer's primary plan is the one that has the largest enrollment

March of Dimes Questions on Maternity Benefits from Mercer/Foster Higgins Survey of Employer Sponsored Health Plans, 2000

Results for Primary Health Plan*
Employers 10-499

	Percent	
	Yes	No
10- 499 employees	96	4
10-24 employees	97	3
25-49 employees	97	3
50-199 employees	94	6
200-499 employees	97	3

	Percent	
	Yes	No
10- 499 employees	28	72
10-24 employees	27	73
25-49 employees	34	66
50-199 employees	26	74
200-499 employees	33	67

	Percent	
	Yes	No
10- 499 employees	86	14
10-24 employees	84	16
25-49 employees	88	12
50-199 employees	89	11
200-499 employees	90	10

	Percent	
	Yes	No
10- 499 employees	67	33
10-24 employees	62	38
25-49 employees	75	25
50-199 employees	74	26
200-499 employees	73	27

	Percent	
	Yes	No
10- 499 employees	11	89
10-24 employees	13	87
25-49 employees	9	91
50-199 employees	8	92
200-499 employees	5	95

	Percent	
	Yes	No
10-499 employees	12	88
10-24 employees	14	86
25-49 employees	5	95
50-199 employees	12	88
200-499 employees	4	96

Source: March of Dimes, 2001. Questions included as part of the Mercer/Foster Higgins National Survey of Employer-sponsored Health Plans, 2000 conducted by William M. Mercer, Incorporated.

* An employer's primary plan is the one that has the largest enrollment

**March of Dimes Questions on Maternity Benefits from Mercer/Foster
Higgins Survey of Employer Sponsored Health Plans, 2000**

Results for Primary Health Plan*
Employers 10-499

Is cost sharing for maternity and newborn care the same as for other medical care?

	Percent		
	Yes	No, higher	No, lower
10- 499 employees	94	5	1
10-24 employees	92	7	2
25-49 employees	96	3	1
50-199 employees	98	1	1
200-499 employees	97	1	2

When does coverage for newly hired, full-time employees begin?

	Percent		Average waiting period, in months	
	At date of hire	After waiting period	Mean	Median
10- 499 employees	26	74	3	3
10-24 employees	23	77	3	3
25-49 employees	30	70	3	3
50-199 employees	30	70	3	3
200-499 employees	41	59	2	3
500 or more employees	47	53	3	3

Employee Plan Participation, by Type of Plan, in percent

	Indemnity	Point of Service	PPO	HMO	Total
10- 499 employees	10	14	49	27	100
10-24 employees	7	13	38	41	100
25-49 employees	8	15	46	31	100
50-199 employees	11	14	52	23	100
200-499 employees	9	15	53	23	100

Source: March of Dimes, 2001. Questions included as part of the Mercer/Foster Higgins National Survey of Employer-sponsored Health Plans, 2000 conducted by William M. Mercer, Incorporated.

* An employer's primary plan is the one that has the largest enrollment

March of Dimes Questions on Maternity Benefits from Mercer/Foster Higgins Survey of Employer-sponsored Health Plans, 2000

Results by Type of Health Plan
Employers 10-499

DOES PLAN COVER:

Basic Maternity Care*		
	Percent	
	Yes	No
Indemnity plans	88	12
PPOs	96	4
Point of Service Plans	91	9
HMOs	99	1

*(doctor visits, hospital delivery, newborn care)

Prenatal testing		
	Percent	
	Yes	No
Indemnity plans	90	10
PPOs	93	7
Point of Service Plans	90	10
HMOs	99	1

Prenatal vitamins		
	Percent	
	Yes	No
Indemnity plans	74	26
PPOs	79	21
Point of Service Plans	70	30
HMOs	84	16

Home delivery		
	Percent	
	Yes	No
Indemnity plans	24	76
PPOs	27	73
Point of Service Plans	19	81
HMOs	20	80

Birthing center delivery		
	Percent	
	Yes	No
Indemnity plans	78	22
PPOs	76	24
Point of Service Plans	64	36
HMOs	71	29

Prenatal care & delivery for teen dependents		
	Percent	
	Yes	No
Indemnity plans	63	37
PPOs	78	22
Point of Service Plans	62	38
HMOs	81	19

Annual gynecological exam		
	Percent	
	Yes	No
Indemnity plans	90	10
PPOs	97	3
Point of Service Plans	95	5
HMOs	99	1

Genetic testing		
	Percent	
	Yes	No
Indemnity plans	26	74
PPOs	30	70
Point of Service Plans	26	74
HMOs	34	66

March of Dimes Questions on Maternity Benefits from Mercer/Foster Higgins Survey of Employer-sponsored Health Plans, 2000

Results by Type of Health Plan
Employers 10-499

Prenatal consultation with pediatrician or certified provider of pediatric care		
	Percent	
	Yes	No
Indemnity plans	87	13
PPOs	87	13
Point of Service Plans	76	24
HMOs	90	10

Prenatal care by midwives and nurse practitioners		
	Percent	
	Yes	No
Indemnity plans	73	27
PPOs	71	29
Point of Service Plans	59	41
HMOs	69	31

Are there limits on coverage for maternity and newborn care separate from overall coverage limits?		
	Percent	
	Yes	No
Indemnity plans	14	86
PPOs	9	91
Point of Service Plans	11	89
HMOs	10	90

Are there coverage exclusions specific to maternity or newborn care?		
	Percent	
	Yes	No
Indemnity plans	22	78
PPOs	7	93
Point of Service Plans	13	87
HMOs	9	91

Is cost sharing for maternity and newborn care the same as for other medical care?			
	Percent		
	Yes	No, higher	No, lower
Indemnity plans	90	9	1
PPOs	94	4	2
Point of Service Plans	93	7	0
HMOs	97	1	1