

Employee Benefits in Small Private Establishments, 1996



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Preface

This bulletin presents results of a 1996 Bureau of Labor Statistics (BLS) survey of the incidence and detailed provisions of selected employee benefit plans in small private establishments. The survey provides representative data for 54 million employees in the Nation's private nonagricultural industries. Appendix A provides a detailed description of the coverage and statistical procedures used in the survey.

The 1996 Employee Benefits Survey (EBS) reports on benefits provided to employees in establishments with fewer than 100 workers in all private non-farm industries. This is the fourth time this survey was conducted; earlier surveys were conducted in 1990, 1992, and 1994. Between 1979 and 1986, the survey provided benefits data on full-time employees in medium and large establishments, those with either 100 or 250 employees or more, depending on the industry; coverage in the services industries was limited. The 1987 survey examined benefits provided to full-time employees in State and local governments. In 1988, 1989, 1991, 1993, and 1995, expanded surveys of medium and large establishments covered full-time employees in establishments employing 100 workers or more in all private industries.

Beginning in 1990, the Employee Benefits Survey included both full-time and part-time employees in all private industries and State and local governments. In that year, the survey covered small private establishments and governments. At the present time, small private establish-

ments and State and local governments are surveyed in even-numbered years (with the exception of 1996, when only small private establishments were surveyed), and medium and large private establishments are surveyed in odd-numbered years.

The 1996 Employee Benefits Survey provides a "survey highlights" section (chapter 1) with a number of key findings for major benefits, such as time-off benefits; disability benefits; medical, dental, and vision care; life insurance; and defined benefit pension and defined contribution plans. Individual chapters, with general information and details describing the benefit provisions, follow along with the respective tables for each benefit.

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The public may access Employee Benefits Survey data at <http://stats.bls.gov/ebshome.htm>, the Bureau of Labor Statistics website for the Employee Benefits Survey. Questions on the data in this publication should be referred to the staff of the Employee Benefits Survey at (202) 606-6222 or via E-mail: OCLTINFO@bls.gov.

Pictured on the cover of this bulletin is *The Jury Room* by Norman Rockwell, February 14, 1959, The Curtis Publishing Company.

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The Bureau wishes to express its particular appreciation to employers for their continued cooperation in providing data for the small establishment segment of the Employee Benefits Survey.

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Chapter 1. Results of the 1996 Survey

The Bureau's 1996 survey of small private industry establishments provides data on employee work schedules and on the incidence and detailed characteristics of employee benefits paid for, at least in part, by the employer.¹ These benefits include holidays, vacations, and personal, funeral, jury duty, military, family, and sick leave; short-term disability, long-term disability, and life insurance; medical, dental, and vision care, and private retirement plans. Because the survey data are limited to formal plans, this bulletin may understate the extent of such benefits as military and jury duty leave.

Data also are collected on the incidence of several other benefits, including severance pay, child-care assistance, wellness programs, employee assistance programs, and educational assistance. In addition, information is obtained on flexible benefits plans, reimbursement accounts, and unpaid family leave.

For the 1996 survey of benefits in small private establishments, BLS collected information on both full-time and part-time employees. Employees were classified as either full-time or part-time workers in accordance with their employers' practices. Part-time workers typically are scheduled to work fewer hours per week than full-time workers engaged in the same type of work activity. In addition, data were collected on the incidence of employee benefits by union status, broad industry grouping, and broad geographic region.

Major highlights of the survey for full-time employees in small private establishments are reported later in this chapter. Detailed information on the provisions of the benefits studied appears in chapters 2 through 9.

Among the most frequently observed benefits provided to full-time employees in small private establishments in 1996 were medical care, life insurance, holidays, vacations, and paid jury duty leave. The majority of full-time workers in these small establishments received each of these benefits (table 1). In contrast, less prevalent among full-time workers were such benefits as personal leave, dental care, defined benefit pension plans, short-term disability insurance, and long-term disability insurance.

¹ There are a few exceptions to this general rule. The survey provides estimates on the availability of postretirement medical care and life insurance, dependent life insurance, supplemental life insurance, and long-term care insurance even if an employee or retiree must pay for such coverage fully. This is because the guarantee of insurability and availability of coverage at group premium rates can be considered a benefit. In addition, reimbursement accounts, salary reduction plans, and family leave plans are tabulated even if the employer bears no cost beyond administrative expenses.

Work schedules, paid time off, and family leave

Seventy-nine percent of full-time employees had weekly work schedules of 40 hours, based on five 8-hour days. Most other employees worked 7 or 7½ hours a day, 5 days a week. (See chapter 2.)

Vacation leave was the most prevalent type of paid time-off benefit in the survey. Paid vacations, provided to 7 out of 8 full-time employees, averaged 8 days after 1 year of service, 14 days after 10 years of service, and 16 days after 25 years of service. The majority of employees covered by vacation plans were required to work a specified minimum period of time before being able to take a vacation. For just over three-fifths of the workers, the minimum was 1 year. One-fourth of the workers were allowed to carry-over at least some of their unused vacation days into the following year; slightly over one-fifth could cash in some or all of their vacation days at the end of the year.

When other types of leave were provided, data revealed the following:

- Four-fifths of the workers were provided paid holidays, averaging 8 days per year;
- Just over one-half of the workers were eligible for paid leave to attend funerals for family members (usually 3 days); eligibility for funeral leave was more common among white-collar workers than among blue-collar workers;
- Nearly three-fifths of the workers were covered by jury duty leave, the majority on an as needed basis;
- One-seventh of the workers were provided paid personal leave averaging 3 days per year;
- Just under one-fifth of the workers were provided coverage for military leave. This leave averaged 12 days per year.

The Employee Benefits Survey measures the incidence of formal family leave benefits. Prior to 1994, the survey estimated parental leave generally in the form of maternity and paternity leave. The passage of the Family and Medical Leave Act of 1993 created a Federal mandate for employers to provide employees with up to 12 weeks of unpaid leave for the birth or adoption of a child or family illness (employee, child, spouse, or parent). Generally, these pro-

visions apply to employees with 1 year of service who work at least 1,250 hours during the year, and who are employed by companies with 50 or more workers. There is no mandate to provide paid leave. In 1992, prior to passage of the Family and Medical Leave Act, 18 percent of full-time employees in small private establishments had unpaid maternity leave and 8 percent had unpaid paternity leave benefits available to them. In 1996, 48 percent had an unpaid family leave benefits. Paid benefits were rare.

Disability benefits

Employees may be protected from loss of income during illnesses or injuries by sick leave, short-term disability benefits, and long-term disability insurance.² (See chapter 3.) Short-term disability (STD) protection was provided to 29 percent of full-time employees and paid sick leave covered one-half of the full-time workers. Twenty-two percent of full-time employees were covered by long-term disability (LTD) insurance. Sick leave, LTD, and STD were more prevalent among white-collar workers than among blue-collar and service workers.

Almost nine-tenths of covered workers were allowed a fixed number of paid sick days per year, with an average of 8 days after 1 year of service, 10.3 days after 5 years, 10.5 days after 15 years, and 10.9 days after 25 years. Almost two-fifths of full-time employees covered by annual sick leave plans were allowed to carry over and accumulate unused sick leave from year to year, but most of these workers had limits on the amount of sick leave that could be carried over.

Twenty-nine percent of all workers were covered by short-term disability benefits, and among them:

- Close to one-half of covered workers had to meet an eligibility requirement before being able to join the plan, usually 3 months or less.
- Almost four-fifths had their benefits determined by a flat percentage of earnings, usually 50, 60, or 67 percent;
- Benefits were typically available for up to 26 weeks;

Almost all (94 percent) full-time workers with long-term disability (LTD) insurance protection received their benefit as a fixed percent of predisability earnings. For 61 percent, the benefit formula was 60 percent of pre-disability monthly pay. Eighty-four percent of workers with percent of earn-

² The definitions of paid sick leave and short-term disability (previously, sickness and accident insurance) were changed since the last survey of small private establishments. Paid sick leave now only includes plans that either specify a maximum number of days per year or place no limit on the number of days of sick leave available. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per-disability basis as well as the unfunded per-disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to 1995, only included insured, self-insured, and state-mandated plans providing per-disability benefits at less than full pay.

ings benefits had a dollar maximum imposed on their monthly benefit, averaging \$6,973 per month.

Health care

Medical care was among the most widespread benefits for full-time employees in small private establishments—64 percent of workers participated in such plans. Participation in medical plans varied widely across occupational groups—76 percent of professional technical, and related employees were in medical plans compared with 56 percent of blue-collar and service employees.

Other health-related benefits were less widespread—31 percent of full-time employees participated in a dental care plan and 12 percent had vision care coverage. (See chapter 4.)

Just over one-half (52 percent) of all medical care participants had to contribute to the cost of their individual coverage, unchanged since 1994. Three-fourths paid at least part of the cost for family coverage, also the same as in 1994. When workers contributed to the cost of medical care, their fixed monthly premiums averaged \$43 for individual coverage and \$182 for family coverage (\$41 and \$160, respectively in 1994).

Almost two-thirds of medical care participants were covered by non-traditional plans, nearly always health maintenance organizations (HMOs) or preferred provider organizations (PPOs). The remainder of the participants were in traditional fee-for-service plans. In 1994, the last time the small private establishment survey was conducted, just over two-fifths of workers were enrolled in non-traditional plans.

Life insurance

Life insurance protection was available to 62 percent of full-time employees in small private establishments in 1996. (See chapter 5.) Employers paid the full cost of basic life insurance for 4 out of 5 full-time employees with the benefit. Life insurance benefits for full-time employees included the following:

- Almost two-thirds of participants had a flat dollar amount of insurance; averaging \$16,189; this type of benefit was more common among blue-collar workers than among white-collar workers;
- One-third of participants were covered by a multiple-of-earnings formula, most often one or two times earnings; this formula for life insurance benefits was more common for white-collar workers than blue-collar workers;
- One-fourth of participants had life insurance benefits supplementing their basic benefit; the employee almost always paid the full cost of supplemental life insurance;

- Three-tenths had dependent life insurance protection.

Accidental death and dismemberment insurance was available to almost one-half of full-time employees. This insurance provides additional benefits if a worker dies or loses an eye or a limb in an accident.

Defined benefit and defined contribution plans

Forty-six percent of all full-time workers in small private establishments were covered by at least one retirement plan. Defined benefit plans, which specify a formula for determining future benefits, were available to 15 percent of full-time employees. (See chapter 6.)

Defined contribution plans specify employer and employee contributions but do not guarantee future benefits. Such plans are considered to be vehicles for financing retirement benefits because funds usually cannot be withdrawn easily; plans that do allow pre-retirement withdrawals generally place restrictions on withdrawals. Defined contribution plans were available to 38 percent of the full-time workers and were more prevalent among white-collar than blue-collar workers. (See chapter 7.)

The most frequently observed types of defined contribution plans were savings and thrift plans and deferred profit-sharing plans. Savings and thrift plans enrolled 23 percent of full-time workers; 12 percent were covered by a deferred profit-sharing plan. Other less prevalent types of defined contribution plans were money purchase pension plans (4 percent of employees), employee stock ownership plans (1 percent of employees), and simplified employee pension plans (1 percent of employees).

Reimbursement accounts and flexible benefits plans

Reimbursement accounts allow employees to use pretax dollars to pay for certain expenses not covered by benefit plans (for example, employee premium costs and plan deductibles for medical care). Employer-sponsored reimbursement accounts covered 12 percent of full-time employees.

- Nearly 70 percent of employees with reimbursement accounts could use them to pay for health plan premiums;
- Three-fourths of employees with reimbursement accounts could allocate funds for medical care deductibles, coinsurances, and other health expenses not

covered by their medical plan or for dependent care expenses.

Employees in small private establishments occasionally received their benefits as part of a package, complete with options. These benefit packages are known as flexible-benefits or cafeteria plans. (See chapter 8.) Flexible-benefits plans covered 4 percent of full-time employees.

Other benefits

In addition to the major benefit areas just described, the survey estimated the incidence of 21 other benefits (tables 3-4). These data show the percent of workers *eligible* for a specific benefit, but not the proportion of employees actually taking advantage of that benefit.

Among full-time employees in small private establishments:

- Forty-four percent were eligible for cash non-production bonuses, the most prevalent other benefit studied;
- About 38 percent were eligible for job-related educational assistance; assistance for non-job-related training was rare;
- Almost 15 percent were eligible for employee assistance programs (referral or services for alcohol and drug abuse, marital difficulties, and financial, legal, and emotional problems);
- Employee wellness programs, long-term care insurance, and child care benefits were rare.

Plan administration

In addition to collecting the data on individual benefit plans, the survey looked at how insurance and retirement benefits were administered (table 5). At least nine-tenths of full-time participants were in single-employer plans for medical care, life insurance, funded short-term disability benefits, long-term disability insurance, and savings and thrift plans. Three-fourths of defined benefit pension plans were in single-employer plans; nearly all of the remaining employees were in multiemployer plans. Some of the employees with single-employer short-term disability benefits were covered by mandated benefits such as State temporary disability insurance plans in New York and New Jersey.

Table 1. Summary: Participation¹ in selected employee benefit programs, full-time employees, small private establishments, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Paid time off:				
Holidays	80	86	91	71
Vacations	86	90	95	79
Personal leave	14	21	18	8
Funeral leave	51	60	60	42
Jury duty leave	59	74	68	47
Military leave	18	25	22	12
Family leave	2	3	3	1
Unpaid family leave	48	53	52	43
Disability benefits²:				
Paid sick leave	50	66	64	35
Short-term disability	29	32	33	25
Long-term disability insurance	22	39	30	10
Survivor benefits:				
Life insurance	62	72	68	54
Accidental death and dismemberment	49	59	53	42
Survivor income benefits	1	(³)	1	1
Health care benefits:				
Medical care	64	76	69	56
Dental care	31	40	35	24
Vision care	12	14	11	12
Outpatient prescription drug coverage	57	67	61	50

See footnotes at end of table.

Table 1. Summary: Participation¹ in selected employee benefit programs, full-time employees, small private establishments, 1996 (In percent) — Continued

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Retirement income benefits:				
All retirement ⁴	46	56	53	37
Defined benefit	15	12	16	15
Defined contribution ⁵	38	51	46	28
Savings and thrift	23	32	29	16
Deferred profit sharing	12	13	17	9
Employee stock ownership	1	2	2	1
Money purchase pension	4	6	3	3
Stock bonus	(³)	(³)	(³)	(³)
Simplified employee pension ..	1	2	1	1
Other	(³)	(³)	(³)	(³)
Cash or deferred arrangements:				
With employer contributions	24	30	31	17
Salary reduction	24	30	31	17
Savings and thrift ⁶	21	28	26	14
Deferred profit sharing	2	1	3	2
Other	1	1	1	1
Deferral of profit sharing allocation	(³)	-	1	(³)
No employer contributions	4	8	4	3

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employees must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Less than 0.5 percent.

⁴ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁵ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁶ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 2. Summary: Participation¹ in selected employee benefit programs, full-time employees, small private establishments, 1996

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Total number of employees	39,816,173	7,979,698	12,279,707	19,556,767
Paid time off:				
Holidays	31,990,755	6,840,544	11,186,585	13,963,626
Vacations	34,410,319	7,184,567	11,681,675	15,544,077
Personal leave	5,531,089	1,692,639	2,200,006	1,638,444
Funeral leave	20,407,616	4,775,618	7,423,705	8,208,293
Jury duty leave	23,519,087	5,870,493	8,406,422	9,242,172
Military leave	7,019,988	1,994,474	2,760,881	2,264,633
Family leave	731,559	206,768	353,946	170,845
Unpaid family leave	18,940,666	4,193,930	6,331,225	8,415,512
Disability benefits ² :				
Paid sick leave	20,019,511	5,228,362	7,904,648	6,886,501
Short-term disability	11,503,163	2,530,498	4,092,653	4,880,012
Long-term disability insurance	8,773,735	3,092,477	3,726,348	1,954,910
Survivor benefits:				
Life insurance	24,634,985	5,764,413	8,326,943	10,543,630
Accidental death and dismemberment	19,451,093	4,716,268	6,510,266	8,224,560
Survivor income benefits	247,466	28,681	90,144	128,641
Health care benefits:				
Medical care	25,598,746	6,070,350	8,485,809	11,042,587
Dental care	12,223,551	3,153,317	4,296,692	4,773,543
Vision care	4,798,209	1,109,782	1,376,624	2,311,803
Outpatient prescription drug coverage	22,521,609	5,319,629	7,443,664	9,758,316

See footnotes at end of table.

Table 2. Summary: Participation¹ in selected employee benefit programs, full-time employees, small private establishments, 1996 — Continued

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Retirement income benefits:				
All retirement ³	18,328,263	4,479,704	6,518,565	7,329,994
Defined benefit	5,883,296	968,843	2,012,541	2,901,912
Defined contribution ⁴	15,186,989	4,030,764	5,698,729	5,457,495
Savings and thrift	9,313,766	2,584,920	3,550,367	3,178,479
Deferred profit sharing	4,897,063	1,032,154	2,051,822	1,813,086
Employee stock ownership	488,814	152,827	195,436	140,551
Money purchase pension	1,508,457	448,897	395,052	664,507
Stock bonus	8,799	2,288	6,297	214
Simplified employee pension ..	439,254	173,244	108,880	157,129
Other	70,253	37,485	15,363	17,405
Cash or deferred arrangements:				
With employer contributions	9,563,065	2,428,068	3,803,450	3,331,547
Salary reduction	9,501,088	2,428,068	3,757,316	3,315,704
Savings and thrift ⁵	8,220,168	2,232,175	3,183,440	2,804,553
Deferred profit sharing	871,155	87,365	406,689	377,101
Other	409,764	108,528	167,186	134,051
Deferral of profit sharing allocation	127,351	-	68,198	59,153
No employer contributions	1,635,255	634,191	491,123	509,941

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employees must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁴ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁵ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 3. Other benefits: Eligibility for specified benefits, full-time employees, small private establishments, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Income continuation plans:				
Severance pay	15	23	19	9
Supplemental unemployment benefits	(¹)	-	(¹)	(¹)
Family benefits:				
Employer assistance for child care	2	4	2	(¹)
Employer provided funds ..	1	2	2	(¹)
On-site child care	1	2	(¹)	(¹)
Off-site child care	1	2	(¹)	(¹)
Adoption assistance	1	3	2	1
Long-term care insurance	1	2	2	1
Flexible workplace	1	4	1	(¹)
Health promotion programs:				
Wellness programs	8	11	9	5
Employee assistance programs	14	18	19	10
Fitness center	4	6	5	3
Miscellaneous benefits:				
Job-related travel accident insurance	12	17	16	7
Nonproduction bonuses	44	44	46	43
Subsidized commuting	1	3	2	1
Education assistance:				
Job-related	38	56	45	27
Not job-related	5	6	6	4
Section 125 cafeteria benefits ² :	23	31	29	16
Flexible benefit plans	4	6	6	2
Reimbursement plans	12	18	16	7
Premium conversion plans ...	7	7	7	7

¹ Less than 0.5 percent.

² Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 4. Other benefits: Eligibility for specified benefits, full-time employees, small private establishments, 1996

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Total number of employees	39,816,173	7,979,698	12,279,707	19,556,767
Income continuation plans:				
Severance pay	5,841,683	1,800,209	2,366,849	1,674,625
Supplemental unemployment benefits	78,777	-	11,979	66,798
Family benefits:				
Employer assistance for child care	623,793	321,743	218,520	83,529
Employer provided funds ..	399,169	152,057	203,498	43,614
On-site child care	209,231	131,849	26,380	51,002
Off-site child care	241,164	172,357	28,293	40,514
Adoption assistance	579,713	200,189	192,003	187,520
Long-term care insurance	554,769	161,888	215,935	176,946
Flexible workplace	502,908	304,030	172,929	25,948
Health promotion programs:				
Wellness programs	3,076,815	871,846	1,160,018	1,044,951
Employee assistance programs	5,743,592	1,465,409	2,323,173	1,955,010
Fitness center	1,662,245	482,346	665,690	514,209
Miscellaneous benefits:				
Job-related travel accident insurance	4,819,837	1,389,803	1,965,986	1,464,048
Nonproduction bonuses	17,613,211	3,538,712	5,615,899	8,458,600
Subsidized commuting	559,321	218,410	224,937	115,975
Education assistance:				
Job-related	15,191,856	4,442,611	5,556,250	5,192,995
Not job-related	1,994,798	477,924	753,091	763,783
Section 125 cafeteria benefits ¹ :	9,144,521	2,485,893	3,548,225	3,110,403
Flexible benefit plans	1,712,179	475,129	793,717	443,333
Reimbursement plans	4,738,878	1,445,228	1,916,377	1,377,273
Premium conversion plans ...	2,693,464	565,537	838,131	1,289,796

¹ Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 5. Plan administration: Type of plan sponsor for selected employee benefit programs, full-time employees, small private establishments, 1996 (In percent)

Plan sponsor	Medical care	Life insurance	Funded short-term disability ¹	Long-term disability insurance	Defined benefit pension	Savings and thrift
All participants						
Total ²	100	100	100	100	100	100
Single employer	92	95	93	99	73	98
Multiemployer ³	6	4	6	1	27	(⁴)
Employer association ⁵	2	1	(⁴)	(⁴)	(⁴)	1
Professional, technical, and related						
Total ²	100	100	100	100	100	100
Single employer	96	98	99	100	85	97
Multiemployer ³	3	1	1	(⁴)	14	(⁴)
Employer association ⁵	1	1	-	(⁴)	1	3
Clerical and sales						
Total ²	100	100	100	100	100	100
Single employer	95	98	97	99	91	98
Multiemployer ³	3	1	3	(⁴)	8	1
Employer association ⁵	2	1	(⁴)	1	(⁴)	1
Blue-collar and service						
Total ²	100	100	100	100	100	100
Single employer	87	92	87	98	56	99
Multiemployer ³	11	7	12	2	44	-
Employer association ⁵	2	1	(⁴)	(⁴)	1	(⁴)

¹ Includes participants in funded short-term disability plans only. See chapter 3 for further discussion of funded and unfunded short-term disability plans.

² Total may include participants in plans for which the sponsor was not determinable.

³ Individual employers in the same or in a related industry contributing a negotiated amount to a trust fund providing benefits for employees covered under a collective bargaining agreement.

⁴ Less than 0.5 percent.

⁵ Band of small employers in a common trade or business, for example, savings and loan associations. The plan sponsored by the association is not negotiated with the employees.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

A Note On the Tables

The majority of the tables presented throughout this bulletin indicate the percent of all employees, or of a selected group of employees, covered by particular benefits and benefit features. Understanding the group of employees about whom data are being presented is the key to using these tables; this information is contained in the first row of each table. Some tables indicate the percent of all employees covered by the survey who have a certain benefit; other tables show the percent of employees covered by a certain benefit who have a certain plan feature. Rows where there are no participants reported are deleted from the tables.

For example, table 1 indicates that 64 percent of all full-time employees were covered by a medical care plan. In chapter 4, most of the tables present data on the percent of workers with medical care who have certain provisions. Workers with medical care equal 100 percent in these tables, with smaller percentages indicating the availability of plan features. For example, in table 44, 100 percent refers to those workers with medical care plans, and 36 percent indicates those workers with medical care covered by a fee-for-service plan.

Another type of table estimate presented throughout the bulletin displays average benefit values rather than percentages of workers. These averages are presented for all covered workers; averages exclude workers without the plan provision.

Appendix A discusses all of these data calculations in more detail.

Chapter 2. Work Schedules, Paid Time Off, and Family Leave

The majority of full-time employees work a 40-hour week. Time off with pay is available to employees in several different forms—from a few days of personal leave to annual vacations of several weeks. The EBS covers the following paid time-off benefits: Holidays and vacations; and personal, funeral, jury-duty, and military leave. Paid and unpaid family leave are also surveyed (tables 6-20). Information on paid sick leave is discussed under Disability Benefits and appears in chapter 3.

Work schedules

Weekly work schedules of 40 hours are predominant among the full-time employees covered by the survey of small private establishments. However, alternatives, such as 35 or 37½ hours per week, are also found among these workers. Many of full-time employees work five 8-hour days.

A small number of workers studied have either formal flexible work arrangements or some other form of non-fixed schedule, which give employees the opportunity to begin and end work within a range of hours. Limits on the amount of flexibility vary from plan to plan but, generally, employees have to be at work during midday core hours. White-collar workers are more likely to have non-fixed work schedules than are blue-collar workers.

Paid time off

Paid holidays. Paid holidays, commonly 6 to 10 days per year, are provided to most full-time employees. Floating holidays and “personal holidays,” such as employee birthdays, are included in the holiday plans reported.

Among the common paid holidays are: New Year’s Day; Memorial Day; Independence Day; Labor Day; Thanksgiving Day; and Christmas Day. Employers may provide additional days for some holidays, such as the day after Thanksgiving or Christmas. When a holiday falls on a scheduled day off, such as a Saturday or Sunday, another day off is regularly granted to most employees receiving paid holidays.

Paid vacations. Paid vacations are provided to most full-time employees in small private establishments. Common vacation pay provisions for all employees are 5 or 10 days after 1 year of service; 10 or 15 days after 10 years; and 10, 15 and 20 days after 15 years. Plans covering white-collar

employees, on average, provide slightly more vacation days than those for blue-collar employees.

In cases when holiday, vacation, sick, or personal leave are combined under one leave category and cannot be shown separately, the total amount of leave is reported as vacation time. For small employers, this was rare. These consolidated leave plans or “leave banks” have been adopted by a number of establishments, most notably those that must always remain open, such as hospitals and nursing homes.

Almost all full-time employees receive their regular salaries or earnings during vacation periods; the remainder receives either a flat-sum payment or payments based on a percentage of regular earnings. Anniversary-year bonus vacation days, such as an extra week of vacation at 10 and 20 years of service, are included in the count of regular vacation time.

The majority of plans require workers to complete a specified period of time before being able to take a vacation. The most prevalent length-of-service requirement is 1 year.

The survey also examines carryover and cash-in provisions for unused vacation time. Some full-time workers are allowed to carry over at least some of their unused vacation days into the next year; others can cash in some or all of their vacation days at the end of the year. However, the majority of workers does not have carryover or cash-in coverage and lose unused vacation days at the end of the year. White-collar workers are more likely to have carryover provisions than blue-collar workers, who, in turn, are often more likely to receive cash-in provisions.

Paid personal leave. Most small employers provide paid vacations, but few provide formal personal leave. Such leave allows employees to be absent from work with pay for a variety of reasons not covered by other specific leave plans. Most commonly, employees provided personal leave are eligible for 1 to 3 days per year. A few employees are provided as much personal leave as needed.

Paid funeral leave, jury-duty leave, and military leave. Approximately half of full-time workers in small private establishments are eligible for paid leave to attend funerals of family members. Eligible employees usually receive a set number of days, commonly 3 days, per occurrence. However, plans may vary the number of days off by family relationship to the deceased. For example, a plan may pro-

vide 3 days off for the death of a spouse, parent, or child, and 1 day off for the death of other relatives. For employees who do not have a funeral leave plan, some employers may provide an informal benefit or allow employees to use other types of paid leave, such as paid sick leave days, to attend a funeral.

A majority of workers are eligible for paid leave while serving as a juror. Paid time off for jury duty is usually provided "as needed"; employer payments commonly make up the difference between the employee's regular pay and the court's jury allowance.

Military leave, pay for absence from work to fulfill military training or duty commitments, often is not available in small private establishments. When provided, a common provision is 10 days off per year, but some establishments

provide paid military leave as needed. Pay for military leave is either regular pay or the difference between regular pay and military pay.³

Family leave

The Employee Benefits Survey measures the incidence of formal family leave benefits (table 20). Previously, the survey estimated parental leave, generally in the form of maternity and paternity leave. The Family and Medical Leave Act of 1993 created a Federal mandate for employers to provide employees with up to 12 weeks of unpaid leave during any 12-month period for various family matters. Employees are now eligible for parental leave for the birth or adoption of a child and for family illness (employee, child, spouse, or parent).⁴ These provisions apply to employees with 1 year of service who work at least 1,250 hours during the year and who are employed by companies with 50 or more workers. In addition, various States require all employers, regardless of employment size, to provide a minimum amount of unpaid parental leave, such as 6 weeks in Minnesota and 4 months in California.

Paid family leave in small establishments is rare.

³ For further information on leave items in all sectors, see Michael Miller, "Time-off Benefits in Small Establishments," *Monthly Labor Review*, March 1992, pp. 3-8.

⁴ For more information, see *Issues in Labor Statistics: Parental Leave Benefits Provided by Employers*, Summary 93-1, Bureau of Labor Statistics, 1993.

Table 6. Work schedule: Percent of full-time employees by hours scheduled per week and per day,¹ small private establishments, 1996

Work schedule	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with work schedule	39,816	7,980	12,280	19,557
	Percent			
Total	100	100	100	100
Hours per week:				
Under 30	1	(²)	1	1
30	1	1	1	1
Over 30 and under 35 ...	2	1	1	3
35	5	6	5	4
Over 35 and under 37.5	2	2	2	2
37.5	4	5	6	2
Over 37.5 and under 40	1	1	2	1
40	79	77	75	82
Over 40	5	8	6	4
Hours per day:				
Under 5	(²)	(²)	(²)	(²)
5	(²)	(²)	(²)	1
Over 5 and under 6	(²)	2	(²)	(²)
6	1	1	1	1
Over 6 and under 7	1	(²)	1	2
7	4	4	5	4
Over 7 and under 8	6	7	10	4
8	80	78	77	82
Over 8 and under 9	1	1	2	1
9	1	2	2	1
Over 9 and under 10	(²)	(²)	1	(²)
10	2	3	1	2
Over 10	1	2	(²)	1

¹ Work schedule data includes paid lunch and paid rest periods.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 7. Work schedule: Percent of full-time employees by type of work schedule, small private establishments, 1996

Work schedule	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Participants (in thousands)	39,816	7,980	12,280	19,557
	Percent			
Total	100	100	100	100
With fixed work schedule	96	93	97	96
With flexible work schedule ..	1	1	1	1
With rotating work schedule	(¹)	1	(¹)	(¹)
With non-fixed work schedule	2	5	2	2
Other	(¹)	(¹)	(¹)	-
Data not available	(¹)	(¹)	(¹)	(¹)

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 8. Work schedule: Percent of full-time employees by weeks scheduled per year, medium and large private establishments, 1996

Work schedule	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with work schedule	39,816	7,980	12,280	19,557
	Percent			
Total	100	100	100	100
Weeks per year:				
Under 36	1	3	(¹)	2
36 and under 52	3	2	1	4
52	96	95	99	94
Weeks per year not available	(¹)	-	-	(¹)

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 9. Paid holidays and vacations: Average number of days for full-time employees, small private establishments, 1996

Item	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Paid holidays	7.6	8.5	7.7	7.0
Paid vacation by minimum length of service requirement: ¹				
At 1 year ²	8.1	10.0	8.6	6.8
At 3 years	10.2	11.7	10.5	9.2
At 5 years	11.9	13.8	12.3	10.7
At 10 years	13.9	16.0	14.3	12.5
At 15 years	14.8	17.0	15.4	13.4
At 20 years	15.4	17.6	16.1	13.8
At 25 years	15.7	17.8	16.4	14.1
At 30 years ³	15.7	17.9	16.5	14.2

¹ Employees are either granted a specific number of days after completion of the indicated length of service, or accrue days during the next 12-month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

² Employees receiving vacation days, but none at 1 year of service, were included only for the service periods for which they receive vacations.

³ The average (mean) was essentially the same for longer lengths of service.

NOTE: Computation of average included partial days and excluded workers with zero holidays or vacation days. Methods used to calculate the average number of paid holidays were revised in 1994 to count partial holidays more precisely. The average holidays in this table are comparable to those reported in the 1994 survey of small private establishments but are not comparable to those reported in 1992.

Table 10. Paid holidays: Percent of full-time employees by number of paid holidays provided each year, small private establishments, 1996

Number of days	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid holidays	31,991	6,841	11,187	13,964
	Percent			
Total with paid holidays	100	100	100	100
Less than 6 days	12	6	9	18
6 days	26	14	29	29
6.1-6.9 days	1	1	1	1
7 days	16	15	14	19
7.1-7.9 days	1	2	1	(¹)
8 days	12	16	12	9
8.1-8.9 days	1	1	2	1
9 days	8	11	9	6
9.1-9.9 days	1	3	1	1
10 days	10	12	10	8
10.1-10.9 days	1	2	1	(¹)
11 days	5	6	7	3
11.1-11.9 days	1	2	(¹)	(¹)
12 days	3	3	3	2
13 days	1	2	1	1
13.1-13.9 days	(¹)	(¹)	(¹)	-
14 days	(¹)	1	(¹)	(¹)
More than 14 days	1	2	1	(¹)
Number of days not available	(¹)	(¹)	(¹)	(¹)

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 11. Paid vacations: Percent of full-time employees by number of paid vacation days provided for selected periods of service, small private establishments, 1996

Vacation policy	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid vacations	34,410	7,185	11,682	15,544
	Percent			
Total with paid vacations ¹	100	100	100	100
Vacation days by minimum length-of-service requirement ²				
After 1 year of service:				
Under 5 days	3	2	1	4
5 days	47	25	40	62
Over 5 and under 10 days	4	3	3	4
10 days	35	50	44	21
Over 10 and under 15 days	3	5	5	1
15 days	2	6	2	1
Over 15 and under 20 days	1	1	1	(³)
20 days	(³)	1	(³)	(³)
Over 20 days	2	4	2	1
After 3 years of service:				
Under 5 days	1	1	1	2
5 days	15	5	11	24
Over 5 and under 10 days	5	3	3	6
10 days	63	64	69	59
Over 10 and under 15 days	5	7	7	3
15 days	4	10	4	2
Over 15 and under 20 days	1	2	1	(³)
20 days	1	2	(³)	(³)
Over 20 days	3	5	2	2
After 5 years of service:				
Under 5 days	1	1	1	1
5 days	11	3	8	16
Over 5 and under 10 days	3	2	2	5
10 days	45	35	46	49
Over 10 and under 15 days	5	6	6	5
15 days	27	38	31	18
Over 15 and under 20 days	1	2	1	1
20 days	2	4	1	1
Over 20 days	3	6	3	2
After 10 years of service:				
Under 5 days	1	1	1	1
5 days	10	2	8	15

See footnotes at end of table.

Table 11. Paid vacations: Percent of full-time employees by number of paid vacation days provided for selected periods of service, small private establishments, 1996 — Continued

Vacation policy	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
	Percent			
After 10 years of service:				
Over 5 and under 10 days	2	2	1	2
10 days	25	17	24	29
Over 10 and under 15 days	3	3	3	3
15 days	40	45	44	35
Over 15 and under 20 days	3	4	4	3
20 days	10	16	10	7
Over 20 and under 25 days	1	2	1	1
25 days	(³)	1	(³)	(³)
Over 25 days	3	5	3	2
After 15 years of service:				
5 days	10	2	7	15
Over 5 and under 10 days	2	2	1	2
10 days	22	15	22	26
Over 10 and under 15 days	2	2	2	2
15 days	31	36	32	28
Over 15 and under 20 days	3	3	3	3
20 days	21	27	24	16
Over 20 and under 25 days	1	3	2	1
25 days	1	2	2	1
Over 25 and under 30 days	1	2	1	(³)
30 days	(³)	(³)	(³)	1
Over 30 days	2	3	2	1
After 20 years of service:				
5 days	10	2	7	15
Over 5 and under 10 days	2	2	1	2
10 days	22	15	22	26
Over 10 and under 15 days	2	2	2	2
15 days	26	31	26	24
Over 15 and under 20 days	2	1	2	3
20 days	22	27	25	18
Over 20 and under 25 days	2	4	2	1
25 days	5	6	6	4
Over 25 and under 30 days	1	2	1	(³)
30 days	1	1	1	1
Over 30 days	2	4	2	1

See footnotes at end of table.

Table 11. Paid vacations: Percent of full-time employees by number of paid vacation days provided for selected periods of service, small private establishments, 1996 — Continued

Vacation policy	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
After 25 years of service:				
5 days	10	2	7	15
Over 5 and under 10 days	2	2	1	2
10 days	22	15	22	26
Over 10 and under 15 days	2	2	2	2
15 days	25	31	25	23
Over 15 and under 20 days	2	1	2	3
20 days	20	26	21	16
Over 20 and under 25 days	2	4	2	1
25 days	8	8	10	6
Over 25 and under 30 days	1	2	1	(³)
30 days	1	2	1	2
Over 30 days	2	4	2	1
After 30 years of service ⁴				
5 days	10	2	7	15
Over 5 and under 10 days	2	2	1	2
10 days	22	15	22	26
Over 10 and under 15 days	2	2	2	2
15 days	25	31	25	23
Over 15 and under 20 days	2	1	2	3
20 days	19	26	21	15
Over 20 and under 25 days	2	4	2	1
25 days	8	7	10	6
Over 25 and under 30 days	1	2	1	(³)
30 days	2	2	2	2
Over 30 days	2	4	2	1
Vacation policy not available	2	2	1	2

¹ Employees receiving no paid vacations in their early years of service are included in the overall percentage of workers provided paid vacations; however, they are disregarded in computing the distributions by length-of-service up to the service period at which they become eligible for vacations.

² Employees either are granted a specific number of days after completion of the indicated length-of-service, or accrue days during the next 12 month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

³ Less than 0.5 percent.

⁴ Provisions were virtually the same after longer years of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 12. Paid vacations: Percent of full-time employees by method of payment for vacation periods, small private establishments, 1996

Type of plan	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid vacation	34,410	7,185	11,682	15,544
	Percent			
Total	100	100	100	100
Regular salaries or earnings	96	97	98	95
Percent of annual earnings plans	1	(¹)	1	2
Other ²	1	(¹)	(¹)	1
Data not available	2	2	1	2

¹ Less than 0.5 percent.

² Includes flat-sum payments.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 13. Paid vacations: Percent of full-time employees by length of service required to take vacation, small private establishments, 1996

Length-of-service requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid vacations	34,410	7,185	11,682	15,544
	Percent			
Total with paid vacations	100	100	100	100
With service requirement	89	85	89	91
1 month	5	9	6	2
2 months	1	1	1	(¹)
3 months	5	7	4	4
4-5 months	(¹)	(¹)	1	(¹)
6 months	15	21	19	10
7-11 months	(¹)	(¹)	(¹)	(¹)
1 year	62	46	58	72
Over 1 year	1	-	(¹)	1
Without service requirement	9	14	8	7
Service requirement not determinable	2	1	3	2

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 14. Paid vacations: Percent of full-time employees by unused vacation policy, small private establishments, 1996

Type of plan	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid vacations	34,410	7,185	11,682	15,544
	Percent			
Total with paid vacations	100	100	100	100
Carryover only	18	31	18	12
Cash-in only	13	7	11	17
Carryover and cash-in	8	8	7	9
Unused benefit lost	57	50	60	57
Data not available	4	4	4	5

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 15. Paid vacations: Average number of days for full-time employees by carryover and cash-in provisions, small private establishments, 1996

Paid vacation by minimum length of service requirement ¹	All plans	Carryover, cash-in, or both	Carryover only	Cash-in only	Carryover and cash-in	No carryover or cash-in
All employees						
After 1 year ²	8.1	9.1	10.1	7.5	9.5	7.3
After 3 years	10.2	11.2	12.0	10.3	11.2	9.3
After 5 years	11.9	13.3	14.5	11.9	13.0	10.8
After 10 years	13.9	15.5	16.8	14.0	15.2	12.6
After 15 years	14.8	16.5	17.9	14.8	16.0	13.6
After 20 years	15.4	17.0	18.5	15.2	16.8	14.2
After 25 years	15.7	17.4	19.1	15.3	17.0	14.4
After 30 years ³	15.7	17.4	19.1	15.3	17.1	14.5

¹ Employees either are granted a specific number of days after completion of the indicated length of service, or accrue days during the next 12 month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

² Employees receiving vacation days, but none at 1 year of service, were included only for the service periods for which they receive vacations.

³ The average (mean) was essentially the same for longer lengths of service.

Table 16. Paid personal leave: Percent of employees by number of paid personal leave days available per year, small private establishments, 1996

Number of days	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid personal leave	5,531	1,693	2,200	1,638
	Percent			
Total with paid personal leave ..	100	100	100	100
1 day	14	10	20	11
2 days	27	26	30	24
3 days	23	30	18	22
4 days	6	4	6	10
5 days	7	7	7	7
More than 5 days	6	7	7	2
No maximum specified ¹	15	16	11	20
Number of days not available	2	(²)	1	5
	Average			
Average days per year	3.0	3.1	2.9	2.9

¹ Personal leave provided as needed.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 17. Paid funeral leave: Percent of employees by number of paid funeral leave days available per occurrence, small private establishments, 1996

Number of days	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid funeral leave	20,408	4,776	7,424	8,208
	Percent			
Total with paid funeral leave	100	100	100	100
1 day	4	3	4	6
2 days	8	9	7	8
3 days	61	57	61	64
4 days	1	2	2	1
5 days	7	10	8	5
More than 5 days	(¹)	(¹)	(¹)	1
No maximum specified ²	14	15	16	11
Number of days not available	4	4	4	4
Number of days varies by relationship to deceased ³	23	20	23	25
	Average			
Average days per occurrence ..	3.0	3.1	3.0	2.9

¹ Less than 0.5 percent.

² Funeral leave is provided as needed.

³ The maximum number of days for any occurrence was included in the distribution of funeral leave day.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 18. Paid jury-duty leave: Percent of employees by number of paid jury-duty leave days available per occurrence, small private establishments, 1996

Number of days	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid jury-duty leave	23,519	5,870	8,406	9,242
	Percent			
Total	100	100	100	100
Under 10 days	8	5	7	12
10 days	6	5	7	6
Over 10	2	1	2	3
No maximum specified ¹	83	89	84	80
Number of days not available	(²)	(²)	(²)	(²)

¹ Jury-duty leave is provided as needed.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 19. Paid military leave: Percent of employees by number of paid military leave days available per occurrence, small private establishments, 1996

Number of days	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid military leave	7,020	1,994	2,761	2,265
	Percent			
Total	100	100	100	100
Under 10 days	3	1	2	5
10 days	47	46	47	48
Over 10 days	9	5	10	11
No maximum specified ¹	40	48	40	35
Number of days not available	1	-	1	2
	Average			
Average days per year	11.8	11.2	11.4	12.7

¹ Military leave is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 20. Unpaid family leave:¹ Percent of full-time employees by duration of benefits, small private establishments, 1996

Duration	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with unpaid family leave	18,941	4,194	6,331	8,416
	Percent			
Total with unpaid family leave ..	100	100	100	100
Under 12 weeks	10	11	10	9
12 weeks	82	78	83	84
Over 12 weeks	8	11	7	7
	Average			
Average weeks	12.45	12.43	12.60	12.35

¹ The maximum number of weeks available was included in the distribution of unpaid family leave weeks.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Chapter 3. Disability Benefits

This chapter discusses three types of disability benefits: Sick leave, short-term disability coverage, and long-term disability insurance. Paid sick leave and short-term disability plans protect workers against loss of income during temporary absences from work due to illness or accident. During more extended periods of disability, workers' incomes may be continued through long-term disability insurance plans (tables 21-39). Among the disability benefit provisions surveyed by the EBS are:

- Plan eligibility requirements
- Benefits waiting periods¹
- Amount of benefits
- Duration of benefits

Temporary disability protection, through sick leave, or short-term disability benefits, or both, is provided to a majority of full-time employees in small private establishments. Sick leave benefits are designed to replace 100 percent of the worker's usual earnings, whereas short-term disability plans usually replace 50 to 67 percent of pay. (Sick leave plans may also provide days off at partial pay in addition to those at full pay. All sick leave tables shown at the end of this chapter exclude days paid at partial pay.) In small private establishments, paid sick leave is the main method for providing protection against income loss due to brief health-related absences from work.

The definitions of paid sick leave and short-term disability (previously, sickness and accident insurance) were changed since the last survey of small private establishments. Paid sick leave now includes plans that either specify a maximum number of days per year or place no limit on the number of days of sick leave available. Short-term disability now includes all insured, self-insured, and State-mandated plans available on a per-disability basis as well as the unfunded plans previously reported as per disability sick leave benefits. Sickness and accident insurance reported in years prior to 1995 only included insured, self-

insured, and State-mandated plans providing per disability benefits at less than full-pay.

Sick leave is provided to half of full-time employees; short-term disability benefits are available to a smaller number of full-time workers. Workers may have short-term disability coverage in addition to sick leave, with the two benefits coordinated. Coordination can take two forms: Starting short-term disability benefits after sick leave pay has ended, or paying both benefits simultaneously. When payments are made from both sources, sick leave pay is reduced by the amount of the short-term disability benefits so that the total benefit does not exceed full salary.

Long-term disability insurance (LTD), which usually pays 60 percent of earnings, is available to a minority of full-time employees in small private establishments. LTD insurance payments most often begin after 3 or 6 months of disability and continue until retirement age or for a specified number of months, depending on the worker's age at the time of disability.

Disability benefits are more prevalent among white-collar workers than among blue-collar and service workers. Workers in small private establishments, however, are less likely to be covered for all forms of disability protection than are their counterparts in medium and large private establishments.

Paid sick leave

Of the employees covered by paid sick leave plans, the vast majority are allowed a fixed number of days, such as 8 days per year (annual sick leave plans). Others might receive sick leave as needed.

Some employees having annual sick leave plans see an increase in the number of days granted as their length of service increases, such as 8 days after 1 year of service, 10 days after 5 and 10 years, and 11 days after 15 years or longer. Others have fixed benefits regardless of service. Workers covered by annual plans generally receive full pay while they are sick and do not normally have to fulfill a waiting period before benefits begin.

Annual sick leave plans also allow many employees to carry over and accumulate unused sick leave from year to year. However, cumulative plans often limit the amount of sick leave that can be carried over to the next year to 30 days. Other cumulative plans allow workers to accumulate an unlimited amount of sick leave. Noncumulative plans commonly provide a greater number of days per year than cumulative plans. This difference increases as employees stay on the job longer.

¹ Plan eligibility requirements refer to the length of time that must elapse between an employee's first day at work and the day he or she becomes eligible to participate in a benefit plan. Benefits waiting periods refer to the length of time an employee must wait for the benefits to begin after the onset of disability. For example, some employees must wait 8 days after they become disabled for benefits to begin under short-term disability plans.

Workers are often not eligible for sick leave benefits when first employed by small private employers. A majority have to meet service requirements, frequently 3 months, before they are allowed to join sick leave plans.

Although sick leave is commonly used to replace lost income while an employee is ill or injured, the majority of workers use their benefits for other reasons. For example, using sick leave to care for a sick child or to take care of personal business is common.

Short-term disability coverage

Short-term disability plans protect employees against income losses due to disabilities lasting up to several months. The majority of plan participants in small private establishments had their benefits fully paid by their employer through funded plans, usually self-insured or insured by a commercial carrier. Unfunded plans include per-disability plans previously reported as sick leave.

Benefit payments under funded short-term disability plans are either a percent of employee earnings or a flat dollar amount. White-collar participants are more likely to be covered by plans with earnings-based formulas than are blue-collar participants.

Under earnings-based formulas, the percent of earnings is usually fixed—commonly 50, 60, or 67 percent—although some plans may vary the percent by length of service or length of disability. Some participants in earnings-based plans have a dollar limit on the amount of the weekly benefit.

Blue-collar workers are the most frequent recipients of scheduled dollar amount benefits, which provide either a flat weekly amount, for example, \$150 or \$200, or weekly benefits varying by service, earnings, or length of disability.

Short-term disability benefits, unlike sick leave, usually require a waiting period before benefits begin, most commonly 7 days. Waiting periods may be shortened or eliminated entirely for employees who have been involved in an accident or hospitalized. For the duration of waiting periods, employees who are offered both types of benefits may be covered by a sick leave plan.

Virtually all participants were in plans with fixed benefits duration. The maximum number of weeks of coverage was commonly 26 weeks.

Many of the employees with short-term disability insurance have to be on the job for a specified time before the plan will cover them. This service requirement is usually 3 months or less.

Workers in two States, New Jersey and New York, are covered by mandatory temporary disability insurance plans that are at least partially employer financed. Both of these State plans pay benefits based on a proportion of the worker's

earnings for up to 26 weeks with a limit on the weekly benefit.⁶ The State of Hawaii requires that employers provide a minimum level of temporary disability income protection for up to 26 weeks.

Long-term disability insurance

Long-term disability insurance provides a monthly benefit to employees who, due to illness or injury, are unable to work for an extended period of time. Generally, LTD benefit payments begin after 3 or 6 months of disability although for some participants, LTD benefits commence after the expiration of sick leave and short-term disability insurance benefits. Benefits continue until retirement age or some other specified age. If an employee becomes disabled close to or after the age of 60, the LTD benefits may continue until the employee turns 65 and becomes eligible for retirement or Social Security benefits.

Most of the LTD participants in small private establishments have their coverage fully provided by their employers. Those who contribute towards the cost of their LTD plan may be charged a monthly amount per \$100 of covered earnings, for example, \$0.20 per \$100 of coverage.⁷

The degree of LTD availability, low overall, varies widely among employee groups, with white-collar workers more likely to have the insurance than blue-collar workers. However, employees not covered under LTD insurance may be eligible for an immediate disability pension through their retirement plan (chapter 6).

Full-time participants often have to wait 3 or 6 months after the onset of disability before beginning to receive LTD payments. Many LTD plan participants receive their LTD benefit as a fixed percent of predisability earnings, commonly 60 percent of monthly pay.

Most LTD plans have a monthly maximum limit, either a dollar maximum in plans that pay a fixed percent of earnings, a disability income ceiling, or a combination of both. Disability income ceilings affect benefits only if the amount payable from the LTD plan plus income from other sources, such as Social Security payments, exceed a specified percentage (for example, 70 or 75 percent) of predisability earnings.

Many plans impose service requirements before LTD coverage begins, often 1 or 3 months.

⁶ Both States permit an employer to substitute a private plan for the State plan if the benefits provided are at least equivalent. In New York, many employers agree to pay the employee's share of plan costs. California and Rhode Island also have mandated temporary disability insurance plans, but these plans require no employer contribution and, thus, are not included in this survey.

⁷ Covered earnings are that portion of a worker's earnings to which the replacement rate formula is applied. For example, if an LTD plan pays 60 percent of earnings with a maximum monthly benefit of \$3,000, covered earnings would be \$5,000 (\$3,000 is 60 percent of \$5,000).

Table 21. Paid sick leave: Percent of full-time employees by type of provision,¹ small private establishments, 1996

Provision	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid sick leave	20,020	5,228	7,905	6,887
	Percent			
Total with paid sick leave ..	100	100	100	100
Sick leave provision:				
Specified number of days ² ...	87	83	88	88
As needed ³	8	11	8	6
Other basis ⁴	5	5	4	5
Policy not available	1	1	1	1

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Employees earn or accrue a specified number of sick leave days per year. This number may vary by length of service.

³ Plan does not specify maximum number of days.

⁴ Includes formal plans that change from a specified number of days per year to a specified number of days per absence after a certain service period.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 22. Paid annual sick leave: Percent of full-time employees by number of days,¹ small private establishments, 1996

Sick leave policy ²	All employees	White-collar employees	Blue-collar and service employees
Number (in thousands) with paid annual sick leave	17,363	11,281	6,082
	Percent		
Total with paid annual sick leave ³	100	100	100
After 1 year of service:			
Total	98	99	96
Under 5 days	15	13	18
5 and under 10 days	57	58	55
10 and under 15 days	22	25	18
15 and under 30 days	2	2	2
30 and under 60 days	(⁴)	1	(⁴)
60 and under 120 days	(⁴)	1	-
120 and under 180 days	1	(⁴)	2
180 days or more	-	-	-
After 3 years of service:			
Total	99	99	98
Under 5 days	15	12	19
5 and under 10 days	55	56	54
10 and under 15 days	24	26	20
15 and under 30 days	2	2	2
30 and under 60 days	2	2	1
60 and under 120 days	1	1	(⁴)
120 and under 180 days	1	(⁴)	2
180 days or more	-	-	-
After 5 years of service:			
Total	99	99	98
Under 5 days	14	11	18
5 and under 10 days	55	56	54
10 and under 15 days	24	26	20
15 and under 30 days	2	2	2
30 and under 60 days	1	1	1
60 and under 120 days	2	3	1
120 and under 180 days	1	(⁴)	2
180 days or more	-	-	-
After 10 years of service:			
Total	99	99	98
Under 5 days	13	11	17
5 and under 10 days	56	56	54
10 and under 15 days	24	25	21
15 and under 30 days	2	2	2
30 and under 60 days	1	1	1
60 and under 120 days	2	3	1
120 and under 180 days	1	1	2
180 days or more	-	-	-
After 15 years of service:			
Total	99	99	98
Under 5 days	13	11	17
5 and under 10 days	55	56	54
10 and under 15 days	24	25	21

See footnotes at end of table.

Table 22. Paid annual sick leave: Percent of full-time employees by number of days,¹ small private establishments, 1996 — Continued

Sick leave policy ²	All employees	White-collar employees	Blue-collar and service employees
	Percent		
After 15 years of service:			
15 and under 30 days	2	2	2
30 and under 60 days	1	1	1
60 and under 120 days	2	2	1
120 and under 180 days	1	1	2
180 days or more	-	-	-
After 20 years of service:			
Total	99	99	98
Under 5 days	13	11	17
5 and under 10 days	55	56	54
10 and under 15 days	24	25	21
15 and under 30 days	2	2	2
30 and under 60 days	1	1	1
60 and under 120 days	2	2	1
120 and under 180 days	1	1	2
180 days or more	(⁴)	(⁴)	-
After 25 years of service ⁵ :			
Total	99	99	98
Under 5 days	13	11	17
Total	99	99	98
Under 5 days	13	11	17
5 and under 10 days	55	56	54
10 and under 15 days	24	25	21
15 and under 30 days	2	2	2
30 and under 60 days	1	1	1
60 and under 120 days	2	2	1
120 and under 180 days	1	1	2
180 days or more	(⁴)	(⁴)	-

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Employees receiving partial pay only or no sick leave in their early years of service are included in the overall percentages of workers provided sick leave; however, they are disregarded in computing the distributions by length of service up to the service period at which they become eligible for full sick leave pay.

³ Employees are either granted a specific number of days after completion of the indicated length of service, or accrue days during the next 12-month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

⁴ Less than 0.5 percent.

⁵ Provisions were virtually the same after longer periods of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 23: Paid annual sick leave: Average number of days¹ at full pay for full-time employees, small private establishments, 1996

Sick leave policy	All employees	White-collar employees	Blue-collar and service employees
Paid annual sick leave days ² by minimum length-of-service:			
After 1 year	8.0	7.6	8.8
After 3 years	8.7	8.4	9.2
After 5 years	9.5	9.5	9.6
After 10 years	10.3	10.3	10.1
After 15 years	10.5	10.7	10.1
After 20 years	10.8	11.2	10.1
After 25 years ³	10.9	11.3	10.1

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Employees are either granted a specific number of days after completion of the indicated length of service, or accrue days during the next 12-month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

³ The average (mean) was virtually the same after longer years of service.

NOTE: Computation of average excluded days at partial pay and workers with only partial pay days or zero days of sick leave.

Table 24: Paid annual sick leave:¹ Percent of full-time employees by unused sick leave policy and carryover provisions, small private establishments, 1996

Unused sick leave and carryover provisions	All employees	White-collar employees	Blue-collar and service employees
Number (in thousands) with paid annual sick leave	17,363	11,281	6,082
	Percent		
Total with paid annual sick leave	100	100	100
Carryover only	33	37	27
Cash-in only	13	12	17
Carryover and cash-in	5	5	6
Unused benefit lost	46	45	49
Data not available	2	3	1
Total with carryover provisions	100	100	100
Unlimited accumulation	29	29	28
Limit on total number of days accumulated			
Total	70	70	69
Under 10 days	7	6	8
10 days	3	3	3
11-19 days	8	7	10
20 days	6	6	5
21-24 days	1	1	(²)
25 days	2	2	1
26-29 days	(²)	1	-
30-39 days	15	13	18
40-49 days	6	4	9
50 days	2	2	3
51-64 days	8	9	4
65 days	1	1	(²)
66-79 days	2	3	-
80-89 days	(²)	(²)	-
90-99 days	5	6	3
100-109 days	1	1	(²)
120-129 days	1	1	1
130 days	3	3	2
Over 130 days	1	1	1
Other ³	1	(²)	2

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Less than 0.5 percent.

³ Carryover provisions vary by length of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 25: Paid annual sick leave:¹ Average number of days at full pay for full-time employees by accumulation policy, small private establishments, 1996

Sick leave policy	All occupations
Sick leave days by minimum length-of-service requirement: ²	
After 1 year of service:	
Cumulative plan	8.1
Noncumulative plan	8.0
After 3 years of service:	
Cumulative plan	8.4
Noncumulative plan	9.0
After 5 years of service:	
Cumulative plan	8.8
Noncumulative plan	10.1
After 10 years of service:	
Cumulative plan	9.1
Noncumulative plan	11.1
After 15 years of service:	
Cumulative plan	9.2
Noncumulative plan	11.5
After 20 years of service:	
Cumulative plan	9.2
Noncumulative plan	12.0
After 25 years of service: ³	
Cumulative plan	9.2
Noncumulative plan	12.1
Data not available	(⁴)

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Employees are either granted a specific number of days after completion of the indicated length of service, or accrue days during the next 12-month period. The total number of days are assumed available for use immediately upon completion of the described length-of-service interval.

³ The average (mean) was virtually the same at longer years of service.

⁴ Less than 0.5 percent.

NOTE: Computation of average excluded days paid at partial pay and workers with only partial pay days or zero days of sick leave.

Table 26: Paid annual sick leave:¹ Percent of full-time employees by length of service requirement for participation, small private establishments, 1996

Length of service requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid annual sick leave	17,363	4,360	6,921	6,082
Total with paid annual sick leave	100	100	100	100
With service requirement	67	60	66	73
1 month	15	17	14	16
2 months	3	2	3	4
3 months	23	21	24	22
4-5 months	(²)	(²)	(²)	(²)
6 months	11	10	10	13
7-11 months	(²)	-	(²)	-
1 year	14	11	14	18
Over 1 year	1	-	1	2
Without service requirement	32	40	33	26
Data not available	1	(²)	1	(²)

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 27: Paid annual sick leave:¹ Percent of full-time employees in plans allowing use of sick leave for other purposes, small private establishments, 1996

Other purposes	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with paid annual sick leave	17,363	4,360	6,921	6,082
	Percent			
Total with paid annual sick leave	100	100	100	100
Other purposes allowed ²	73	76	74	71
Funerals	20	20	20	21
Doctors' appointments	67	72	66	65
Personal business	21	20	21	23
Care of sick child	58	63	61	52
Other	13	11	14	12
Other purposes not allowed	21	17	21	24
Data not available	6	8	6	5

¹ Beginning in 1995, plans that provide a specified number of days for each disability are included under short-term disability benefits. This change in definition makes comparisons of sick leave between 1994 and later years difficult. Additionally, because changes in the composition of the employer sample occur over time, the user should be cautious when making any inter-year comparisons of table details.

² This total is smaller than the sum of the components because some employees could use sick leave for more than one other purpose.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 28. Short-term disability: Method of funding, full-time employees, small private establishments, 1996

Type of funding	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with short-term disability	11,503	2,530	4,093	4,880
	Percent			
Total with short-term disability ..	100	100	100	100
Unfunded ¹	9	12	13	5
Insured	31	27	32	32
Self-insured	24	32	23	20
Legally required	32	29	29	35
Unknown	2	(²)	2	4
Other	2	(²)	1	4

¹ Includes per disability sick leave plans, formerly reported under sick leave.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 29. Short-term disability: Method of payment, full-time employees, small private establishments, 1996

Method of payment	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with funded short-term disability	100	100	100	100
Flat dollar amount	15	8	8	23
Flat percent of earnings	77	85	80	71
Percent varies ¹	5	6	7	3
Dollar amount varies ¹	2	1	2	2
Other	1	1	2	-
Not determinable	(²)	-	(²)	1

¹ Benefits may vary by earnings, length of service, or length of disability.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 30. Short-term disability: Fixed percent of earnings amounts, full-time employees, small private establishments, 1996

Fixed percent of earnings	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with fixed percent of earnings benefit	8,050	1,895	2,867	3,288
	Percent			
Total with flat percent of earnings benefit	100	100	100	100
Less than 50 percent	1	(¹)	-	2
50 percent	41	32	35	51
51 - 59 percent	2	1	2	3
60 percent	19	32	16	14
61 - 69 percent	26	22	33	21
70 percent	7	5	8	7
71 - 79 percent	1	2	(¹)	-
80 percent or more	4	5	6	2
	Average ²			
Average fixed percent of earnings benefit	60	61	62	57

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 31. Short-term disability: Type of waiting period, full-time employees, small private establishments, 1996

Waiting period provision	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with funded short-term disability	100	100	100	100
Waiting period not dependent on sick leave	85	81	83	89
Waiting period begins after sick leave	5	10	5	2
Later of waiting period or sick leave ¹	2	3	1	2
Earlier of waiting period or sick leave ²	(³)	(³)	1	(³)
Not determinable	8	6	10	7

¹ Benefits begin when sick leave is exhausted or the waiting period is completed, whichever is later.

² Benefits begin when sick leave is exhausted or the waiting period is completed, whichever is earlier.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 32. Short-term disability: Length of waiting period, full-time employees, small private establishments, 1996

Length of waiting period	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with funded short-term disability	100	100	100	100
Immediate	(¹)	—	(¹)	(¹)
Less than 5 days	3	5	2	3
5 days	5	2	6	5
6 days	(¹)	(¹)	1	—
7 days	65	58	58	73
8 days	9	13	10	6
9 days	(¹)	1	(¹)	—
10 days	2	4	2	2
Greater than 10 days	8	12	11	4
Not determinable	8	6	10	7
	Average			
Average waiting period (in days)	8	9	9	7

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 33. Short-term disability: Duration of benefits, full-time employees, small private establishments, 1996

Duration of benefits	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with funded short-term disability	100	100	100	100
Fixed duration	95	94	92	98
Less than 13 weeks	5	7	8	2
13 weeks	12	10	12	13
14 - 25 weeks	5	11	4	2
26 weeks	68	63	63	75
27 - 51 weeks	(¹)	(¹)	(¹)	(¹)
52 weeks	4	3	4	5
Greater than 52 weeks	1	—	(¹)	1
Duration varies	3	2	7	2
Not determinable	1	4	1	1
	Average ²			
Average benefit duration (in weeks)	25	24	24	26

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 34. Short-term disability: Eligibility requirements, full-time employees, small private establishments, 1996

Eligibility requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with funded short-term disability	100	100	100	100
With a service requirement ...	44	41	47	42
1 month	13	16	13	11
2 months	6	3	7	7
3 months	18	15	18	19
4-5 months	(¹)	-	(¹)	-
6 months	4	4	5	4
7-11 months	(¹)	-	-	(¹)
12 months	2	4	3	1
Greater than 12 months	(¹)	(¹)	1	-
Without a service requirement	49	51	46	51
Not determinable	7	8	6	7
	Average ²			
Average service requirement (in months)	3.5	3.4	4.2	2.9

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 35. Short-term disability: Employee contribution provisions, full-time employees, small private establishments, 1996

Employee contribution	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with funded short-term disability	10,446	2,237	3,566	4,643
	Percent			
Total with short-term disability	100	100	100	100
With required employee contribution	26	22	27	27
Dollar amount	11	10	10	13
Percent of earnings	6	3	8	6
Varies	1	3	1	(¹)
Composite rate	5	3	5	5
Flexible benefit	2	2	1	1
Other	1	1	1	(¹)
Contribution, amount unknown	1	(¹)	1	1
No required employee contribution	66	71	65	65
Not determinable	8	7	7	8

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 36. Long-term disability insurance: Benefit waiting period,¹ full-time employees, small private establishments, 1996

Length of waiting period	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with long-term disability insurance	8,774	3,092	3,726	1,955
Percent				
Total with long-term disability insurance	100	100	100	100
Fixed duration month	80	81	78	83
Less than 3 months	5	5	5	3
3 months	34	37	33	30
4 - 5 months	1	1	(²)	2
6 months	36	35	37	35
Greater than 6 months	5	2	3	13
Expiration of short-term disability benefits	14	13	15	13
Other	1	2	1	1
Not determinable	5	5	5	4
Average ³				
Average fixed duration (in months)	5.0	4.6	4.6	6.4

¹ Length of time between onset of disability and beginning of long-term disability insurance payments.

² Less than 0.5 percent.

³ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 37. Long-term disability insurance: Method of payment, full-time employees, small private establishments, 1996

Method of payment	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with long-term disability insurance	8,774	3,092	3,726	1,955
Percent				
Total with long-term disability insurance	100	100	100	100
Fixed percent of earnings	94	95	94	94
Less than 50 percent	2	1	2	2
50 percent	9	7	10	11
51 - 59 percent	(¹)	(¹)	(¹)	(¹)
60 percent	61	66	54	67
61 - 66 percent	3	3	4	1
67 percent	13	10	17	12
70 percent	5	6	7	(¹)
Greater than 70 percent	1	1	(¹)	(¹)
Percent varies by earnings	2	2	2	1
Percent varies by other than earnings	1	(¹)	2	1
Flat dollar amount (per month)	3	2	2	4
Other	(¹)	(¹)	(¹)	-
Dollar amount varies	(¹)	(¹)	-	-
Average ²				
Average fixed percent of earnings	60.5	60.8	60.8	59.4

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 38. Long-term disability insurance: Maximum benefits¹ based on percent of earnings formulas, full-time employees, small private establishments, 1996

Maximum benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with percent of earnings benefit	8,512	3,012	3,623	1,877
	Percent			
Total with percent of earnings benefit	100	100	100	100
With maximum	84	81	87	81
Flat maximum per month ..	82	81	85	78
\$1,500 or less	4	2	2	12
\$1,501 - \$2,000	4	3	4	3
\$2,001 - \$3,000	6	6	6	6
\$3,001 - \$4,000	3	4	2	3
\$4,001 - \$5,000	29	32	25	32
\$5,001 - \$7,500	14	17	13	9
\$7,501 - \$10,000	14	8	22	8
\$10,001 or more	9	8	11	5
Other maximum ²	2	(³)	2	2
No maximum	16	19	13	19
	Average ⁴			
Average flat maximum benefit (per month)	\$6,973	\$6,676	\$7,939	\$5,455

¹ Excludes limits on all disability income, which restrict long-term disability insurance payments if income from all sources exceeds a specified amount.

² Includes maximums that vary by length of service.

³ Less than 0.5 percent.

⁴ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 39. Long-term disability insurance: Eligibility requirements, full-time employees, small private establishments, 1996

Length of service requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with long-term disability insurance	8,774	3,092	3,726	1,955
	Percent			
Total with long-term disability insurance	100	100	100	100
With a service requirement ...	65	58	70	66
1 month	21	20	26	11
2 months	3	2	3	4
3 months	23	20	22	29
4 - 5 months	(¹)	(¹)	(¹)	-
6 months	12	9	13	15
7 - 11 months	(¹)	1	-	-
12 months	5	5	4	6
Greater than 12 months	1	1	2	1
Without a service requirement	28	35	21	28
Not determinable	8	7	10	6
	Average ²			
Average service requirement (in months)	4.1	3.8	4.2	4.5

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Chapter 4. Medical, Dental, and Vision Care

Medical Care

Many full-time employees in small private establishments have medical care benefits. The Employee Benefits Survey covers a number of medical care benefit provisions, discussed throughout this chapter, including:

- Required employee contributions
- Types of plans
- Coverage for hospitalization and surgery
- Plan cost containment features
- Prescription drug benefits
- Mental health and substance abuse treatment benefits
- Coverage for retired workers
- Details of dental and vision care plan provisions

Employee contributions

About one-half of full-time medical care benefit participants had to pay part of the cost for individual coverage; three-fourths of full-time participants were required to contribute toward family coverage (tables 41-43).

Employees required to contribute toward the cost of their medical care coverage may be given the opportunity to do so with pretax dollars. These employees have the advantage of reducing their taxable income when purchasing medical coverage. Pretax contributions may be required or optional, and they may be offered as part of a flexible benefits arrangement. (For definition, see chapter 8.)

Types of medical care plans

Either traditional fee-for-service plans, preferred provider organizations (PPO), or health maintenance organizations (HMO) covered full-time workers having medical benefits (table 44). These plans represent differences in fee arrangements, that is, the method of selecting medical service providers and paying for care.

In a traditional fee-for-service plan, a type of fee arrangement, patients may choose any provider and pay for specific medical procedures as expenses are incurred. There

are three main arrangements for financing plan benefits: Self-insured plans, commercially insured plans, and Blue Cross/Blue Shield plans. Under self-insured plans, the plan sponsor—usually the employer—bears the financial risk of paying for covered medical services. Commercially insured plans and Blue Cross/Blue Shield plans cover most of the other traditional fee-for-service participants. In addition, a small proportion of traditional fee-for-service participants has their benefits financed by more than one source.

Establishments that self-insure their medical care benefits may enter into an “administrative services only” (ASO) contract with a third party to pay claims and handle other administrative details. In such a case, the employer is still responsible for financing all medical care claims. Another arrangement available to self-insured plans is a minimum premium plan, which is insurance coverage to pay claims above a specified amount. Such arrangements limit the employer’s liability in the case of catastrophic expenses.

PPOs, which have become widespread since first studied in the Employee Benefits Survey of medium and large private establishments in 1986, offer a higher level of reimbursement for services rendered by designated health care providers (such as hospitals and physicians), although participants are free to choose any provider. Designated providers agree in advance to a given fee schedule.

Financing arrangements for PPOs are similar to those used for traditional fee-for-service plans. Typically, PPOs are financed through a commercial insurer, a Blue Cross/Blue Shield organization, or are self-insured.

PPOs are a type of fee-for-service plan because care providers are not reimbursed until services are performed. In this way, traditional fee-for-service plans and PPOs can be contrasted with HMOs (described below), which prepay providers a fixed amount for services performed over a given time period. Throughout this chapter, features found in HMOs are contrasted with those found in non-HMOs (both fee-for-service plans and PPOs).

HMOs, another arrangement that increased enrollment during the 1980’s, provide a prescribed set of benefits to enrollees for a fixed payment. The HMO thus bears the risk associated with delivering care.⁸ Commonly, HMOs are classified as either group/staff, with services provided

⁸For a more detailed discussion on HMOs, see Thomas P. Burke and Rita S. Jain, “Trends in Employer-Provided Health Care Benefits,” *Monthly Labor Review*, February 1991, pp. 24-30.

in central facilities, or as individual practice associations (IPAs), with providers working from their own offices. Some HMOs combine features of both of these arrangements.

HMO's may be financed through independent organizations, commercial insurers, or Blue Cross/Blue Shield organizations. Independent organizations, such as Kaiser Permanente, are most prevalent.

Some HMO participants may be in plans with a "point-of-service" option. Such an option allows patients to receive services from a non-HMO provider at a lower reimbursement than if care is received from the designated HMO provider. HMOs nearly always include coverage for hearing care, physical examinations, well-baby care, and immunizations and inoculations. HMOs must include these benefits to qualify under the Health Maintenance Organization Act of 1973, as amended.⁹

Fee-for-service plans

Fee-for-service plans allow patients to choose their own providers and reimburse the patient or the provider after services are received. Benefits are commonly subject to limitations that apply to many or all services, including deductibles, coinsurance, out-of-pocket expense limits, and plan maximums. These limitations come under the major medical coverage of the plan.

Generally, fee-for-service plans require a participant to meet a specified deductible before beginning to reimburse the costs of eligible expenses. This approach is designed to discourage unnecessary use of medical services. Deductibles are usually specified as an annual flat-dollar amount, often \$200 or more per individual.

When medical care plans cover an employee and family, a family deductible is often specified in addition to individual deductibles. There are two general types of family deductibles. In the first type, the family deductible is a multiple amount (two or three times, for example) of the individual deductible. To satisfy this deductible, one family member must meet an individual deductible, then another family member or a combination of family members must meet the remaining amount of the family deductible. In the second type, the plan specifies the number of family members (usually two or three) required to meet separate individual deductibles. After the required number of family members meet individual deductibles, no additional individual deductibles are required during that year.

Once the deductible has been met, the plan usually pays a specified percentage of covered medical expenses—most commonly 80 percent—with the employee paying the remainder (coinsurance). Alternatively, plans may have a different coinsurance rate for certain services, such as hospital room and board and outpatient surgery.

Generally, participants in fee-for-service plans have their

coinsurance increased to 100 percent after they pay a specified dollar amount for covered expenses (out-of-pocket expense limit), for example \$1,000 per individual. Frequently, out-of-pocket expense limits are also specified for family expenses. As used here, the term "out-of-pocket expense limit" refers to the coinsurance amount paid by a plan participant. A deductible, if required, is an additional expense the participant must pay.

A plan's out-of-pocket expense limit protects the participant from catastrophic medical expenses. For example, assume a plan has a \$250 annual deductible and then pays 80 percent of medical expenses up to an out-of-pocket expense limit of \$2,000, above which the plan's share of expenses rises to 100 percent. In this case, the employee pays the first \$250 of expenses and \$2,000 (20 percent) of the next \$10,000 of expenses. Covered expenses above \$10,000 are paid in full by the plan.

Fee-for-service plans frequently place a lifetime ceiling on the amount payable by the plan; a maximum of \$1 million is common. The limits described above apply to all or most medical benefits eligible for reimbursement under fee-for-service plans; they are generally referred to as major medical or overall limits.

Preferred provider organizations (PPOs)

In a preferred provider organization, participants are provided medical services at a higher level of reimbursement if they receive care from designated hospitals, physicians, laboratories, or dentists. Individuals may choose their own provider, although generally at a lower level of reimbursement.

In PPOs, as in traditional fee-for-service plans, benefits are usually subject to limitations including deductibles, coinsurance, out-of-pocket expense limits, and plan maximums that apply to many or all services. These limitations can differ depending on whether the care is provided by a designated provider or someone who provides care outside the network. For example, assume that an individual's total covered medical expenses are \$3,600 in one year. When care is provided within the PPO network, the plan pays 90 percent of expenses, or \$3,240. When care is provided outside the PPO network, the plan imposes a \$100 a year deductible and reimburses 80 percent of the remaining expenses. Thus, outside the PPO network the plan pays \$2,800 of the expenses.

PPOs may also vary the way payments are made, based on the provider used. For example, services received from non-network providers may be subject to a plan deductible and coinsurance. Network services, alternatively, may be subject only to a small copayment, such as \$10 per office visit or \$5 per prescription. The remaining cost of such services is borne by the plan.

Health maintenance organizations (HMOs)

Health maintenance organizations provide a fixed set of medical benefits for a prepaid fee. Generally, medical services are either covered in full or require patients to pay a

² Under this Act, an HMO must provide certain coverage, such as home health care, physical examinations, and children's eye and ear examinations. Under certain circumstances, employers may be required to offer employees medical care coverage through federally qualified HMOs.

minimal copayment. Typical copayments are \$5 or \$10 per physician's office visit or \$5 or more per prescription.

HMOs encourage preventive care, including physical examinations, vision screening, hearing care, well baby care, and immunization and inoculation. A majority of HMO participants are in federally qualified plans; Federal qualification provides advantages when soliciting new participants. HMOs must provide a minimum group of benefits, such as home health care, well baby care, and hearing care, to become federally qualified.

Cost containment

In addition to data on the extent of coverage for specific medical services, the survey captures the details of medical plans with either benefit management programs, managed care plans, or review boards. These programs help make sure that the services rendered are medically necessary and are provided in the most appropriate health care setting.

Generally, medical care participants are in plans that have some form of "managed care." This includes all participants in HMO and PPO plans, in which the plans manage care by directing patients to specific providers or services. In addition, many participants in traditional fee-for-service plans have coverage subject to at least one managed care feature. These features could include preadmission certification for hospitalization, preadmission testing, and mandatory second surgical opinion.

Advanced managed care programs may consist of four or more features. Included among them are preadmission review of all hospital admissions for nonemergency or nonmaternity care, concurrent review to monitor care while hospitalized, discharge planning to coordinate a continued course of treatment in more appropriate health care settings, and mandatory second surgical opinions for selected procedures

Several other cost containment features are common:

- *Utilization review* is the process of reviewing the appropriateness and quality of care provided to patients
- *Higher level of reimbursement* for prehospitalization testing is used as a means of decreasing the length of hospitalization
- *Incentives* for the employee to audit hospital bills may be included in some fee-for-service plans

Medical care plans can also require a separate deductible for hospital admission to discourage unnecessary hospitalization. These deductibles are often between \$100 and \$500 per hospital admission.

In traditional fee-for-service plans and PPOs, second surgical opinion provisions apply to inpatient surgical benefits. Plan enrollees frequently receive lower levels of reimbursement if they do not obtain second opinions.

By their very nature, HMOs emphasize preventive, cost efficient medical care. Built-in forms of utilization review, including second surgical opinions, are automatically provided.

Hospital coverage

All medical plan enrollees covered by the survey have coverage for hospital room and board charges. (Coverage also extends to "miscellaneous" charges while hospitalized, such as routine nursing care, prescription drugs, and surgical dressings.) Many plans cover hospital room and board expenses subject only to major medical or overall limits. The overall coinsurance in such plans applies to the semiprivate hospital room rates. Other plans have hospital room and board expenses covered at the full semiprivate room rate for a specified period (365 days per confinement, for example); the remainder of eligible expenses are paid under the major medical portion of the plan. Some plans reimburse expenses at the full semiprivate room rate for an unlimited number of days without imposing either a deductible or dollar maximum.

Significant differences in hospital room and board coverage are evident by type of medical care provider. HMO participants are much more likely to have hospitalization covered in full by their plans than are their non-HMO counterparts. When there is a limit on room and board coverage in HMOs, it is usually a copayment per admission, often between \$100 and \$300.

Variations in coverage by type of medical care provider for hospital stays, as well as other categories of care, can affect the enrollees' out-of-pocket expenses. Non-HMO plan participants generally pay a higher percentage of total health care expenses than do HMO participants.¹⁰

Alternatives to hospitalization

To help hold down the costs of medical care, plans often provide coverage for less expensive alternatives to a hospital stay. These alternatives include extended care facilities, home health care, and hospices. Coverage patterns differ between HMO and non-HMO participants. HMOs cover extended care and home health care more frequently than do for fee-for-service plans. Hospice care, however, is available more often to non-HMO participants.

Extended care facilities provide skilled nursing care, rehabilitation, and convalescent services to patients requiring less intensive treatment than that provided in a hospital. HMO's and non-HMOs provide coverage for stays in extended care facilities. Plans, especially non-HMOs, often limit the duration of covered stays in extended care facilities. Under non-HMOs, coverage may be limited to 60 or 120 days per confinement; under HMOs, limits are usually 100 days per year.

¹⁰ For more information regarding out-of-pocket expenses for medical services, see Allan P. Blostin, Robert B. Grant, and William J. Wiatrowski, "Employee Payments for Health Care Services," *Monthly Labor Review*, November 1992, pp. 17-32.

Home health care provides skilled nursing and related care to patients in their own homes. Home health care benefits are provided to the majority of HMO participants, while such benefits are available less often to non-HMO participants. Federally qualified HMOs must provide this benefit. When home health care benefits are provided in HMOs, coverage is often unlimited. The most common type of restriction placed on home health care is the number of visits, with 100 visits per year a frequent limit.

Another alternative to hospitalization is hospice care, which offers nursing care and psychological support to terminally ill patients—usually defined as having 6 months or less to live—and to their families. Plans often place ceilings on maximum dollar amounts payable during a hospice stay. Medical care plans cover hospice care less often than other alternatives to hospitalization.¹¹

Surgical coverage

Medical plans base payments for in-hospital surgery on the “usual, customary, and reasonable” (UCR) charges for the specific procedure performed.¹² As is true with hospitalization, in-hospital surgical benefits are typically covered by non-HMOs subject to overall limitations of the plan, with the major medical coinsurance applying to the UCR charges. Alternatively, some non-HMO participants have full coverage of surgical benefits. Others are covered for the full UCR charges or according to a schedule establishing a maximum amount payable for each procedure. Charges exceeding the scheduled maximums, however, may be covered subject to the major medical limits of the plan. For the large majority of HMO enrollees, both inpatient and outpatient surgery are covered in full.

Prompted by rises in costs of medical care during the 1980’s, health care insurers have started encouraging their enrollees to substitute less expensive outpatient services, such as outpatient surgery, for inpatient hospital services. To encourage the use of outpatient surgery, non-HMOs may provide higher reimbursement rates over those provided for inpatient surgery.¹³

Plans with surgical benefits generally require enrollees to satisfy a deductible for in-hospital procedures. When outpatient surgery is needed, however, a deductible requirement may be waived.

Outpatient physicians visits and diagnostic services

Health care participants usually have coverage for physicians’ visits and diagnostic x-ray and laboratory tests (DXL). In fee-for-service plans, expenses for physicians’ office visits and DXL are often covered as a percentage of usual,

customary and reasonable charges and are subject to an annual deductible and a lifetime maximum benefit.

HMOs typically require copayments for office visits, as do some PPOs. Copayments for office visits in HMO and PPO plans are usually minimal, such as \$5 and \$10 per visit.

Prescription drug benefits

Virtually all participants in medical plans have coverage for outpatient prescription drugs; they may be covered under separate provisions of the plan. Inpatient prescription drugs are covered under hospital miscellaneous services, generally in the same fashion as room and board charges.

Coverage for outpatient prescription drugs differs by type of medical plan. Although it is increasingly common to see copayments per individual prescription in non-HMOs, for the majority of HMO participants, outpatient prescription drugs are still covered under major medical limitations. In HMOs, prescriptions are usually subject to a minimal copayment, for example \$5 or \$10 per prescription. It is rare to have prescription drugs covered in full by HMO or non HMO plans.

For reasons similar to those behind the expansion in alternatives to hospitalization, medical care plans offer a variety of alternatives to lower both plan and patient costs for prescription drugs. These alternatives include:

- Encouraging patients to use less expensive generic drugs instead of brand-name drugs
- Setting up mail order programs for drugs needed on a routine basis
- Establishing contracts between plans and selected pharmacies to provide drugs at a lower cost

Plans often have provisions for more generous reimbursement of generic drugs, which cost less than their brand name equivalents. Participants may receive higher reimbursement for obtaining generic rather than brand name prescription drugs, when generic drugs are available.

Mail order drug programs supply prescription medications needed on a continuous basis. In such arrangements, participants may receive a higher reimbursement or pay less than for drugs purchased directly from a pharmacy.

Some participants may receive higher reimbursements if prescriptions are filled at certain pharmacies with discount policies. The plan providers negotiate the price of prescriptions with the pharmacies, usually at cost plus minimal dispensing fees. Group HMO plans may have an in-house pharmacy that charges a minimal copayment for prescriptions. IPA HMO plans, on the other hand, might be affiliated with “discount” pharmacies, that also provide prescriptions with minimal copayments.¹⁴

¹⁴ For a more comprehensive discussion on prescription drug coverage, see Cathy Baker and Natalie Kramer, “Employer-Sponsored Prescription Drug Benefits,” *Monthly Labor Review*, February 1991, pp. 31-35.

¹¹ A more detailed discussion on alternatives to hospitalization is found in Thomas P. Burke, “Alternatives to Hospital Care under Employee Benefit Plans,” *Monthly Labor Review*, December 1991, pp. 9-15.

¹² The “usual, customary, and reasonable” charge is defined as being not more than the physician’s usual charge; within the customary range of fees charged in the locality; and reasonable, based on the medical circumstances.

¹³ Incentives for outpatient surgery are more fully discussed by Robert B. Grant in “Outpatient Surgery: Helping to Contain Health Care Costs,” *Monthly Labor Review*, November 1992, pp. 33-36.

Mental health coverage and substance abuse treatment

Though available to the majority of participants in medical plans, mental health coverage, both in- and outpatient, can be subject to more restrictive limitations than other illnesses. Plans commonly limit the duration of hospital stays. For example, 30 or 60 days per year for mental health care are common, compared to 365 days per confinement or unlimited days for other illnesses. Frequently, plans impose a separate, lower dollar maximum on covered hospital expenses, such as a lifetime maximum of \$50,000 on all mental health benefits.

Even more restrictive is coverage for mental health care outside the hospital (psychiatric office visits). Outpatient mental health care is commonly covered for fewer visits per year than other outpatient services, and it is subject to maximum dollar limits on annual payments. Plans also frequently cover such care at a coinsurance rate of 50 percent rather than the usual 80 percent paid by plans for other illnesses. In addition, expenses for outpatient mental health care often cannot be used to meet the employee's maximum out-of-pocket expense limit. Reimbursement for these expenses thus does not increase to 100 percent even when the out-of-pocket expense limit is met.¹⁵

Alcohol and drug abuse treatment benefits are common for medical plan participants. Virtually always, alcohol abuse treatment benefits are the same as benefits for drug abuse treatment. Benefits provided under substance abuse care include both detoxification and rehabilitation. Detoxification involves supervised care by medical personnel; such care is designed to reduce or eliminate the symptoms of chemical dependency. Rehabilitation provides a variety of services intended to alter the behavior of substance abusers. Such services are generally provided once a person completes detoxification.

Virtually all participants covered by alcohol abuse treatment benefits are eligible for hospital inpatient detoxification; coverage for inpatient rehabilitation is less prevalent. Because detoxification is considered medically necessary, the majority of medical plans cover such services. Outpatient alcohol abuse treatment, generally rehabilitative care, is available to most participants with alcoholism coverage. Coverage patterns are similar for drug abuse treatment benefits.

As is the case with mental health care, plans are more restrictive in covering substance abuse treatment than other illnesses.¹⁶ Participants are more likely to have inpatient detoxification treated the same as any other inpatient confinement than to have inpatient rehabilitation or outpatient

care covered the same as any other illness. Limitations for substance abuse treatment may include:

- Restrictions on the number of days of inpatient hospital care per year
- Restrictions on the number of outpatient visits per year
- Reduced coinsurance levels for outpatient treatment
- Employee's share of the cost of outpatient care not included in out-of-pocket expense limit
- Maximum dollar amounts per year or per lifetime

Inpatient care is usually limited to 30 days per year. Similarly, outpatient care might be restricted to 20 or 30 visits per year at a coinsurance rate of 50 percent. In non-HMO plans, payments are often limited to a dollar maximum for both inpatient and outpatient care with \$50,000 per lifetime a common limit. Limitations on days and dollars are often combined for alcohol and drug abuse care.¹⁷ For example, plans often limit coverage to 30 days per year and to \$50,000 per lifetime for both alcohol and drug abuse treatment.

HMOs frequently impose limits on the number of days of both inpatient and outpatient substance abuse treatment. In addition, an HMO may require a small copayment for outpatient visits, such as \$20 per visit.

Pre-existing condition limitation

Plans may impose restrictions on care provided to individuals who join a plan having a "pre-existing condition." This is a medical condition that existed prior to coverage by the plan. Among the possible restrictions imposed are a limit on the amount the plan will pay for treatment of the condition or a specified time period after joining the plan during which no payment will be made for treatment of the condition.

Coverage for retired workers

Although the Consolidated Omnibus Budget Reconciliation Act of 1985 requires employers to continue health care benefits for employees who are retired, laid off, or otherwise separated from employment, workers may be charged all of the premium costs at group rates. In addition, the continuation period stipulated by the law is limited.¹⁸ The

¹⁵ A detailed examination of mental health care provisions in employer-provided health care plans is provided by Allan P. Blosin in "Mental Health Benefits Financed By Employers," *Monthly Labor Review*, July 1987, pp. 23-27.

¹⁶ The designation of substance abuse coverage as more restrictive than that for other illnesses results from a comparison of types of coverage. For instance, if a plan limits inpatient substance abuse care to 30 days per year but the limit on inpatient care of any other illness exceeds 30 days per year, that plan contains separate, more restrictive, limits.

¹⁷ Employer-provided substance abuse treatment coverage is more completely discussed by Marc E. Kronson in "Substance Abuse Coverage Provided by Employer Medical Plans," *Monthly Labor Review*, April 1991, pp. 3-10. In addition, see *Substance Abuse Provisions in Employee Benefit Plans*, Bulletin 2412 (Bureau of Labor Statistics, August 1992).

¹⁸ The act requires employers who maintain health insurance plans to continue coverage to terminated workers for up to 18 months should they want the coverage. Workers may be charged up to 102 percent of the premium cost. Based on a 1989 change to this law, employees disabled at the time of termination can have benefits continued for up to 29 months, and can be charged up to 150 percent of the premium cost after 18 months.

survey of small private establishments focuses on coverage for retired employees that was financed wholly or partly by the employer.

Full-time medical care participants in small establishments may work for employers who finance, at least in part, medical care protection after retirement (table 59). These workers are usually in plans that provide postretirement coverage regardless of their age. Retirees are typically covered by the same plan as active employees, although benefits are coordinated with Medicare once a retiree reaches age 65. It is more likely for all or part of the cost of coverage to be paid by the retiree than for the employer to finance the benefit.

Dental Care

Dental care benefits may be offered as a part of a comprehensive medical and dental plan, or as a separate plan in addition to medical coverage.

The majority of participants covered by dental care plans receive benefits through a fee-for-service plan, which reimburses patients or providers only after services are received. The remaining participants have their dental benefits provided through either a health maintenance organization or a preferred provider organization.

Dental plans cover preventive and restorative services. Preventive care includes dental examinations, prophylaxis (cleaning), and x rays. Restorative procedures include fillings, periodontal care, endodontic care, prosthetics, and crowns. Periodontal care is the treatment of tissues and bones supporting the teeth. Endodontics involves the treatment of the tooth pulp, such as root canal work. Prosthetics deals with the construction and fitting of bridges and dentures.

Orthodontic care, including straightening and maintaining proper spacing of teeth, is covered less often by dental plans than are other procedures. In addition, plans may limit orthodontic coverage to dependent children only.

Plans use one of four methods to cover dental services:

- Pay a percent of dental charges
- Pay up to a specified dollar amount per procedure
- Require patients to pay an initial copayment, after which the plan pays additional charges
- Pay all of the costs of necessary procedures

Dental payments are commonly based on a proportion of the usual, customary, and reasonable charge for a procedure. The proportion covered by a plan often depends on the type of procedure performed. Less costly procedures such as examinations and x rays may be covered at 100 percent. Fillings, surgery, endodontics, and periodontics are more likely to be covered at 80 percent. The most expensive procedures—crowns, prosthetics, and orthodontia—

are often covered at 50 percent of the usual, customary, and reasonable charge.

Some dental plan participants are offered reimbursement based on a schedule of cash allowances. In this type of arrangement, each procedure is subject to a specified maximum dollar amount that the plan will pay to the participant or the dentist.

Other ways for plans to cover dental benefits are less common. For example, it is not typical for dental plans to require a copayment per procedure. Payments based on incentive schedules are also rare. Under such arrangements, the percent of dental expenses paid by the plan increases each year if the participant regularly gets examinations by a dentist.

Frequently, plans specify a deductible amount before any dental benefits are paid by the plan. Deductibles, such as \$25 and \$50 per year, often apply. Very rarely, a plan may require the participant to pay a one-time deductible (like \$50), rather than a yearly deductible. Deductibles are common for restorative services and less common for preventive services and orthodontia.

Plans frequently limit the amount of payment each year by specifying an annual maximum benefit, for example, \$1,000 per year. Benefits for orthodontic services are often subject to a separate lifetime maximum, commonly ranging between \$1,000 and \$1,500.¹⁹

As a cost containment technique, many dental participants may be required to obtain authorization from the plan before undergoing expensive treatment. Commonly, procedures costing \$200 or more are subject to advance authorization.

Vision Care

Vision care coverage, when available, is usually provided through a fee-for-service plan. Vision benefits may also be available through an HMO or a PPO, which restrict the choice of providers available to participants.

For all of the participants, vision benefits cover eyeglasses and, with a few exceptions, eye examinations. Coverage for contact lenses is somewhat less extensive. To be included in the survey, vision plans must cover contact lenses for cosmetic reasons. Plans that provide coverage limited to medically necessary contact lenses are not included.

Participants with vision care coverage generally have limits placed on their benefits²⁰. Many plans cover eyeglasses and contact lenses subject to scheduled dollar allowances. Other plans may require an employee copayment or offer a discount on the purchase of eyeglasses and contact lenses at specified locations. Eye examinations are commonly subject to either a scheduled allowance or the participant is required to pay a small copayment per visit.

¹⁹ For more details on dental care benefits, see Rita S. Jain, "Employer-Sponsored Dental Insurance Eases The Pain," *Monthly Labor Review*, October 1988, pp. 18-23.

²⁰ For more details on vision care benefits, see Rita S. Jain, "Employer-Sponsored Vision Care Brought Into Focus," *Monthly Labor Review*, September 1988, pp. 19-23.

Table 40. Medical care benefits: Summary of selected features, full-time employees, small private establishments, 1996

Item	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with medical care ¹	25,599	6,070	8,486	11,043
	Percent			
Total with medical care	100	100	100	100
Traditional fee-for-service ² ...	36	31	34	41
Preferred provider organization ³	35	41	36	32
Prepaid health maintenance organization ⁴	27	27	28	25
Retiree coverage available ⁵	16	15	16	16
With a service requirement ...	75	67	75	79

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision or prescription drug coverage.

² The plan pays for specific medical procedures as expenses are incurred.

³ A preferred provider organization (PPO) is a group of hospitals and physicians that contracts to provide comprehensive medical services. To encourage use of organization members, the health care plan limits reimbursement rates when participants use nonmembers' services.

⁴ Includes federally qualified (those meeting standards of the Health Maintenance Act of 1973, as amended) and other HMO's delivering comprehensive health care on a prepayment rather than fee-for-service basis.

⁵ Tabulations cover plans in which insurance was continued for longer than 1 month after retirement. It excludes plans that provide only the retiree's share of premiums for medical insurance under Medicare (Part B).

Table 41. Medical care benefits: Requirements for employee contributions by type of fee arrangement, full-time employees, small private establishments, 1996

Contributory status	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans
Number (in thousands) with medical care coverage	25,599	18,755	6,844	6,070	4,406	1,664	8,486	6,079	2,407	11,043	8,269	2,773
	Percent											
Single coverage												
Total with single coverage for medical care	100	100	100	100	100	100	100	100	100	100	100	100
Employee contributions not required	48	50	42	49	55	32	46	47	44	49	49	48
Employee contributions required	52	50	58	51	45	68	54	53	56	51	51	52
Not determinable	(¹)	(¹)	(¹)	(¹)	(¹)	-	-	-	-	(¹)	(¹)	(¹)
Family coverage												
Total with family coverage for medical care	100	100	100	100	100	100	100	100	100	100	100	100
Employee contributions not required	24	24	25	21	23	18	20	19	22	29	28	31
Employee contributions required	75	76	74	78	77	82	80	81	78	70	71	66
Not determinable	1	(¹)	1	(¹)	(¹)	1	-	-	-	1	1	3

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 42. Medical care benefits: Amount and type of employee contribution for individual coverage, ¹ by fee arrangement, full-time employees, small private establishments, 1996

Type and amount of contribution	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans
Number (in thousands) with contributory coverage	13,336	9,395	3,940	3,117	1,979	1,138	4,561	3,208	1,353	5,658	4,209	1,449
	Percent											
Total with contributory coverage	100	100	100	100	100	100	100	100	100	100	100	100
Flat monthly amount	80	78	86	83	82	84	77	74	83	81	78	91
Less than \$5.00	2	1	5	3	2	5	2	(²)	6	1	1	3
\$5.00 - 9.99	3	2	5	3	3	2	2	2	4	3	1	8
\$10.00 - 14.99	5	4	6	7	5	10	3	3	4	5	4	6
\$15.00 - 19.99	5	5	5	4	3	6	5	6	4	5	5	5
\$20.00 - 29.99	15	16	12	14	18	8	16	18	13	15	15	15
\$30.00 - 39.99	12	12	13	12	12	12	11	10	12	14	14	14
\$40.00 - 49.99	12	11	14	13	13	13	10	9	12	12	11	18
\$50.00 - 59.99	8	8	6	8	8	7	9	10	8	7	7	5
\$60.00 - 69.99	7	7	5	8	9	6	6	7	6	6	7	4
\$70.00 - 79.99	5	3	8	4	2	7	4	3	7	5	4	9
\$80.00 - 89.99	2	1	4	2	1	5	2	(²)	5	2	1	3
\$90.00 - 99.99	2	3	1	3	4	2	1	2	(²)	2	3	1
\$100.00 - 124.99	2	2	1	1	1	1	2	2	1	3	4	(²)
\$125.00 or greater	1	1	1	(²)	(²)	1	1	1	1	1	1	1
Dollar amount unspecified	1	1	(²)	1	2	(²)	1	1	(²)	(²)	1	-
Composite rate ³	5	6	2	1	2	-	6	8	1	5	6	4
Varies ⁴	6	6	5	8	7	10	6	5	6	5	7	1
Other	(²)	(²)	-	1	1	-	(²)	(²)	-	(²)	(²)	-
Flexible benefits ⁵	5	6	5	6	6	5	7	7	7	4	5	2
Percent of earnings	(²)	-	(²)	-	-	-	(²)	-	(²)	-	-	-
Contribution type unknown ...	4	4	2	2	3	1	4	5	3	4	5	3
	Average ⁶											
Average flat monthly contribution in dollars	\$43	\$43	\$41	\$41	\$40	\$42	\$42	\$43	\$42	\$44	\$45	\$41

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision or prescription drug coverage.

² Less than 0.5 percent.

³ A composite rate is a set contribution covering more than one benefit area, for example, health care and sickness and accident insurance. Cost data for individual plans cannot be determined.

⁴ Based on worker attributes. For example, employee contributions

may vary based on earnings, length of service, or age.

⁵ Amount varies by options selected under a "cafeteria plan" or employer-sponsored reimbursement account.

⁶ The average is presented for all covered workers and excludes workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Dashes indicate no employees in this category.

Table 43. Medical care benefits: Amount and type of employee contribution for family coverage,¹ by type of fee arrangement, full-time employees, small private establishments, 1996

Type and amount of contribution	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans	All plans	Non-HMO plans	HMO plans
Number (in thousands) with contributory coverage	19,260	14,194	5,065	4,761	3,404	1,356	6,798	4,915	1,882	7,701	5,875	1,827
	Percent											
Total with contributory coverage	100	100	100	100	100	100	100	100	100	100	100	100
Flat monthly amount	84	83	88	86	85	87	83	82	86	85	83	92
Less than \$20.00	2	1	4	2	1	5	2	1	5	2	2	2
\$20.00 - 29.99	2	2	3	1	1	2	2	2	2	3	2	5
\$30.00 - 39.99	1	1	(²)	(²)	(²)	1	1	1	(²)	(²)	1	-
\$40.00 - 49.99	2	2	2	2	2	1	2	2	2	2	2	2
\$50.00 - 59.99	2	2	2	2	2	1	2	2	1	3	2	4
\$60.00 - 69.99	3	3	2	3	4	2	2	2	3	3	3	2
\$70.00 - 79.99	3	3	4	2	1	4	4	3	4	4	4	5
\$80.00 - 89.99	3	3	5	3	2	4	4	3	5	3	3	6
\$90.00 - 99.99	2	3	1	2	2	(²)	2	2	1	4	4	2
\$100.00 - 124.99	9	10	8	10	11	7	9	9	9	10	11	8
\$125.00 - 149.99	7	6	9	8	7	12	7	6	8	7	6	8
\$150.00 - 174.99	6	6	7	5	5	4	6	5	8	7	6	9
\$175.00 - 199.99	8	9	3	7	8	3	8	10	3	8	9	4
\$200.00 - 224.99	8	8	10	8	6	12	9	9	8	8	7	11
\$225.00 - 249.99	5	6	4	7	9	4	5	6	3	5	4	6
\$250.00 - 274.99	4	3	5	6	5	8	3	3	5	3	3	3
\$275.00 - 299.99	5	5	4	8	9	5	4	4	4	3	3	2
\$300.00 or greater	11	10	13	10	10	12	11	10	16	11	11	11
Composite rate ³	3	4	1	1	1	-	4	5	1	4	4	3
Varies ⁴	6	7	5	8	7	8	6	6	6	6	8	2
Other	(²)	1	-	1	2	-	(²)	(²)	-	(²)	(²)	-
Flexible benefits ⁵	3	3	4	4	3	4	4	4	5	2	3	2
Percent of earnings	(²)	-	(²)	-	-	-	(²)	-	(²)	-	-	-
Contribution type unknown ...	2	2	2	1	1	1	3	3	2	2	3	2
	Average ⁶											
Average flat monthly contribution in dollars	\$182	\$181	\$182	\$190	\$192	\$183	\$181	\$181	\$183	\$177	\$175	\$182

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision or prescription drug coverage. If the amount of contribution varied by either size or composition of family, the rate for an employee with a spouse and one child was used. For a small percentage of employees, the employee contributes the same amount for single and family coverage.

² Less than 0.5 percent.

³ A composite rate is a set contribution covering more than one benefit area, for example, health care and sickness and accident insurance. Cost data for individual plans cannot be determined.

⁴ Based on worker attributes. For example, employee contributions may vary based on earnings, length of service, or age.

⁵ Amount varies by options selected under a "cafeteria plan" or employer-sponsored reimbursement account.

⁶ The average is presented for all covered workers and excludes workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

Table 44. Medical care benefits:¹ Fee arrangement and financial intermediary, full-time employees, small private establishments, 1996

Fee arrangement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with medical care	25,599	6,070	8,486	11,043
	Percent			
Total with medical care	100	100	100	100
Traditional fee-for-service ² ...	36	31	34	41
Self insured ³	12	9	11	15
With administrative services only contract ⁴	6	6	7	6
Without administrative services only contract	3	1	2	5
Not determinable	3	2	2	4
Commercial insurance company	12	11	12	14
Blue Cross/Blue Shield	11	10	11	11
Independent organization ⁵	(⁶)	(⁶)	(⁶)	(⁶)
Combined financing ⁷	(⁶)	1	(⁶)	(⁶)
Preferred provider organization ⁸	35	41	36	32
Self insured ³	11	15	10	8
With administrative services only contract ⁴	6	9	6	4
Without administrative services only contract	3	3	2	3
Not determinable	2	3	2	2
Commercial insurance company	15	14	16	14
Blue Cross/Blue Shield	7	8	6	7

See footnotes at end of table.

Table 44. Medical care benefits:¹ Fee arrangement and financial intermediary, full-time employees, small private establishments, 1996 — Continued

Fee arrangement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
	Percent			
Total with medical care				
Preferred provider organization ⁸				
Independent organization ⁵	3	4	3	3
Combined financing ⁷	(⁶)	(⁶)	(⁶)	(⁶)
Health maintenance organization ⁹	27	27	28	25
Commercial insurance company	4	5	4	4
Blue Cross/Blue Shield	3	3	4	3
Independent organization ⁵	19	19	20	19
Other ¹⁰	2	1	1	2

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision, or prescription drug coverage.

² These plans pay for specific medical procedures as expenses are incurred.

³ Includes plans that are financed on a pay-as-you-go basis, plans financed through contributions to a trust fund established to pay benefits, and plans operating their own facilities if at least partially financed by employer contributions. Includes plans that are administered by a commercial carrier through Administrative Services Only (ASO) contracts.

⁴ An arrangement where an establishment pays the cost of benefits, but hires another establishment to handle administrative services.

⁵ These organizations provide and finance all benefits, but are not affiliated with an insurance company or Blue Cross/Blue Shield.

⁶ Less than 0.5 percent.

⁷ These are plans where the financing comes from two different kinds of financial intermediaries. For example, an establishment contracts with Blue Cross/Blue Shield to pay part of the benefits and a commercial company to pay the other benefits.

⁸ A preferred provider organization (PPO) is a group of hospitals and physicians that contracts to provide comprehensive medical services. To encourage use of organization members, the health care plan limits reimbursement rates when participants use nonmember services.

⁹ Includes federally qualified (those meeting standards of the Health Maintenance Organization Act of 1973, as amended) and other HMO's delivering comprehensive health care on a prepayment rather than fee-for-service basis.

¹⁰ Includes exclusive provider organizations, which are groups of hospitals and physicians that contract to provide comprehensive medical services. Participants are required to obtain services from members of the organization in order to receive plan benefits.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 45. Non-health maintenance organizations: Amount of individual deductible,¹ full-time employees, small private establishments, 1996

Deductible ²	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All non-HMO plans ³	Fee-for-service plans	Pre-ferred pro-vider organi-zations	All non-HMO plans ³	Fee-for-service plans	Pre-ferred pro-vider organi-zations	All non-HMO plans ³	Fee-for-service plans	Pre-ferred pro-vider organi-zations	All non-HMO plans ³	Fee-for-service plans	Pre-ferred pro-vider organi-zations
Number (in thousands) in non-HMO plans	18,756	9,287	9,070	4,406	1,870	2,479	6,079	2,914	3,044	8,271	4,504	3,547
	Percent											
Total in non-HMO plans	100	100	100	100	100	100	100	100	100	100	100	100
Deductible specified	79	94	67	79	96	68	78	95	63	81	92	69
Deductible on an annual basis ⁴	79	94	67	79	96	68	78	95	62	80	92	69
Based on earnings ⁵	1	1	(⁶)	1	1	1	1	2	1	(⁶)	(⁶)	-
Flat dollar amount	79	93	66	79	95	67	76	93	62	80	91	69
Less than \$100	1	1	(⁶)	1	3	-	1	2	(⁶)	1	(⁶)	1
\$100	9	11	7	7	7	8	7	9	6	11	14	7
\$101 - \$149	(⁶)	(⁶)	-	-	-	-	(⁶)	(⁶)	-	-	-	-
\$150	2	2	2	2	4	1	2	2	2	2	2	2
\$200	19	25	14	17	24	12	21	28	14	20	24	15
\$201 - \$249	(⁶)	1	(⁶)	(⁶)	(⁶)	(⁶)	(⁶)	1	(⁶)	(⁶)	1	-
\$250	18	20	16	19	23	16	19	22	16	17	17	17
\$300	10	9	11	12	9	15	10	9	10	9	9	10
Over \$300	19	24	15	19	25	16	17	20	14	21	25	16
Other	(⁶)	(⁶)	(⁶)	(⁶)	-	(⁶)	(⁶)	-	(⁶)	(⁶)	(⁶)	-
No deductible	17	4	29	18	2	28	20	3	34	15	5	26
Not determinable	3	2	4	3	2	4	3	2	4	4	3	5
	Average ⁷											
Average annual deductible	\$306	\$306	\$308	\$318	\$337	\$300	\$298	\$293	\$309	\$304	\$300	\$312

¹ The deductible is the amount of covered expenses that an individual must pay before any charges are paid by the medical care plan. Deductibles that apply separately to a specific category of expense, such as a deductible for each hospital admission, were excluded from this tabulation.

² Amount of deductible described is for each insured person. However, many plans contain a maximum family deductible. In some plans, the individual and the family deductibles are identical. If the deductible applied only to dependents' coverage, it was not tabulated.

³ These plans include fee-for-service, preferred provider organizations, and exclusive provider organizations.

⁴ Deductibles are calculated on an annual basis, with the enrollee responsible for satisfying a new deductible requirement each plan year.

⁵ These plans have deductibles that vary by the amount of the participant's earnings. A typical provision is 1 percent of annual earnings with a maximum deductible of \$150.

⁶ Less than 0.5 percent.

⁷ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 46. Non-health maintenance organizations: Relationship of individual and family deductibles,¹ full-time employees, small private establishments, 1996

Relationship of individual and family deductibles	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All non-HMO plans ²	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ²	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ²	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ²	Fee-for-service plans	Preferred provider organizations
Number (in thousands) in non-HMO plans	18,756	9,287	9,070	4,406	1,870	2,479	6,079	2,914	3,044	8,271	4,504	3,547
	Percent											
Total with non-HMO plans	100	100	100	100	100	100	100	100	100	100	100	100
Individual and family deductibles specified	69	79	60	64	75	58	67	79	57	72	80	65
Family deductible is multiple of individual deductible ³	59	67	52	54	57	52	57	65	50	63	73	53
1 times	2	2	1	1	1	1	2	4	(⁴)	1	1	1
1.1 to 1.9 times	1	2	-	(⁴)	1	-	1	2	-	1	2	-
2 times	27	34	21	25	33	20	26	34	20	29	34	23
2.1 to 2.4 times	1	1	-	(⁴)	1	-	(⁴)	(⁴)	-	1	2	-
2.5 times	2	3	1	1	1	1	1	1	1	3	5	1
2.6 to 2.9 times	(⁴)	-	(⁴)	-	-	-	-	-	-	(⁴)	-	(⁴)
3 times	26	25	28	25	20	29	26	23	29	27	27	27
Greater than 3 times	(⁴)	(⁴)	(⁴)	(⁴)	-	(⁴)	(⁴)	(⁴)	-	(⁴)	(⁴)	-
Specified number of individual deductibles must be met to satisfy family deductible ⁵	10	12	9	11	18	6	10	14	7	9	8	12
Less than 3 individual deductibles	3	4	2	1	2	1	3	6	(⁴)	4	3	4
3 individual deductibles	7	8	7	10	17	5	7	8	6	6	4	8
No individual and/or family deductible	28	19	36	33	23	39	30	19	39	24	17	30
Not determinable	3	2	4	3	2	4	3	2	4	4	3	5

¹ Deductibles are calculated on an annual basis with the enrollee responsible for satisfying a new deductible requirement each plan year.

² These plans include fee-for-service, preferred provider organizations, and exclusive provider organizations.

³ For example, the individual deductible requirement is \$100 while the family deductible requirement is \$300.

⁴ Less than 0.5 percent.

⁵ For example, the individual requirement is \$100 and three individual deductibles must be met to satisfy the family requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 47. Non-health maintenance organizations: Coinsurance rates, full-time employees, small private establishments, 1996

Coinsurance	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations
Number (in thousands) in non-HMO plans	18,756	9,287	9,070	4,406	1,870	2,479	6,079	2,914	3,044	8,271	4,504	3,547
	Percent											
Total with non-HMO plans	100	100	100	100	100	100	100	100	100	100	100	100
With coinsurance ²	85	94	78	83	92	78	83	93	74	88	96	81
Coinsurance rate ³												
80 percent	58	77	39	58	80	42	57	79	37	58	75	38
85 percent	2	2	3	2	1	4	2	1	2	3	3	3
90 percent	17	5	30	16	1	27	17	5	30	17	6	33
Other percent	7	10	4	6	9	5	5	7	3	9	12	5
Varies ⁴	(⁵)	(⁵)	(⁵)	(⁵)	-	(⁵)	1	(⁵)	1	(⁵)	(⁵)	-
Other	(⁵)	(⁵)	(⁵)	1	2	(⁵)	-	-	-	(⁵)	-	1
Without coinsurance ⁶	15	5	22	16	7	22	17	7	26	12	4	19
Not determinable	(⁵)	(⁵)	-	(⁵)	(⁵)	-	-	-	-	(⁵)	(⁵)	-

¹ These plans include fee-for-service, preferred provider organizations, and exclusive provider organizations.

² Represents the initial coinsurance in plans that have 100 percent coverage after the individual pays a specified dollar amount toward expenses. For example, the plan pays 80 percent until the individual's out-of-pocket expenses reach \$1,000, and then coverage is at 100 percent.

³ A few plans have more than one coinsurance rate. In those cases, the coinsurance rate shown is that which applies to the majority of benefits under the plan.

⁴ The overall coinsurance rate varies by specified dollar amount of expenses. For example, 80 percent coverage up to \$5,000 and 90 percent thereafter.

⁵ Less than 0.5 percent.

⁶ Includes plans with overall benefit limitations, such as maximum dollar amounts and deductibles, where the coinsurance rate is 100 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 48. Non-health maintenance organizations: Maximum out-of-pocket expense provisions, full-time employees, small private establishments, 1996

Item	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations
Number (in thousands) with non-HMO plans	18,756	9,287	9,070	4,406	1,870	2,479	6,079	2,914	3,044	8,271	4,504	3,547
	Percent											
Total with non-HMO plans	100	100	100	100	100	100	100	100	100	100	100	100
With limit on out-of-pocket expense	78	83	74	78	87	72	75	82	69	79	82	78
With an annual dollar maximum on out-of-pocket expense ²	75	80	70	76	86	69	73	79	67	76	78	75
Per individual:												
\$1 - \$299	2	2	2	1	1	1	2	2	2	2	3	1
\$300	1	1	(³)	1	2	-	1	1	(³)	1	1	1
\$301 - \$399	(³)	(³)	(³)	(³)	-	1	(³)	-	(³)	(³)	(³)	(³)
\$400	2	2	2	2	2	1	2	2	1	2	2	2
\$401 - \$499	(³)	-	(³)	(³)	-	(³)	(³)	-	1	(³)	-	(³)
\$500	5	6	4	5	6	4	5	7	4	5	6	4
\$501 - \$749	2	3	2	2	2	1	1	3	(³)	3	3	4
\$750 - \$999	5	6	4	3	4	2	5	7	4	6	6	6
\$1,000	22	21	22	23	20	26	19	20	18	22	23	23
\$1,001 - \$1,499	4	4	4	5	6	5	4	4	5	3	3	3
\$1,500 - \$1,999	10	13	8	10	15	7	10	13	8	10	11	9
\$2,000	10	9	10	9	10	9	10	11	9	10	8	11
\$2,000 or greater	12	12	13	15	18	12	12	9	15	11	12	11
Per family:												
\$1 - \$499	(³)	(³)	1	1	(³)	1	(³)	-	1	(³)	1	(³)
\$500 - \$749	1	2	1	1	1	1	1	2	(³)	2	2	1
\$750 - \$999	1	2	1	1	1	1	3	4	2	1	1	(³)
\$1,000	2	3	1	2	3	1	2	4	1	2	2	2
\$1,001 - \$1,249	1	1	2	1	1	1	1	1	1	2	1	3
\$1,250 - \$1,499	1	1	(³)	(³)	(³)	(³)	(³)	(³)	(³)	1	2	(³)
\$1,500	2	2	2	1	1	1	2	2	2	2	2	1
\$1,501 - \$1,999	2	3	1	2	3	1	2	3	(³)	2	2	1
\$2,000	6	5	8	5	3	7	6	7	5	7	4	11
\$2,001 - \$2,999	4	5	3	4	6	3	4	5	3	3	3	2
\$3,000	11	10	12	11	11	11	8	6	10	13	13	13
\$3,001 or greater	16	18	15	17	22	13	19	17	20	14	16	12
No family maximum ..	15	17	13	17	21	14	13	15	11	15	17	14
Family maximum cannot be computed ⁴	12	11	12	13	13	13	11	11	11	11	10	12
Annual maximum on out-of-pocket expense based on earnings	1	1	1	1	(³)	1	1	2	1	(³)	(³)	1
Annual maximum on out-of-pocket expense varies by coinsurance rate ⁵	2	1	2	2	(³)	2	1	1	1	3	2	3
Other	(³)	1	-	(³)	(³)	-	(³)	1	-	1	1	-

See footnotes at end of table.

Table 48. Non-health maintenance organizations: Maximum out-of-pocket expense provisions, full-time employees, small private establishments, 1996 — Continued

Item	All employees			Professional, technical, and related employees			Clerical and sales employees			Blue-collar and service employees		
	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations	All non-HMO plans ¹	Fee-for-service plans	Preferred provider organizations
	Percent											
Total with non-HMO plans												
No out-of-pocket expense required ⁶	6	1	11	5	(³)	8	10	(³)	17	5	1	7
No limit on out-of-pocket expense	8	7	9	8	3	11	8	10	7	8	7	8
Not determinable	8	10	7	9	10	8	7	8	7	8	10	6
	Average ⁷											
Average annual dollar maximum on individual out-of-pocket expense	\$1,529	\$1,509	\$1,553	\$1,657	\$1,743	\$1,576	\$1,560	\$1,495	\$1,640	\$1,438	\$1,411	\$1,471
Average annual dollar maximum on family out-of-pocket expense	3,197	3,058	3,301	3,456	3,301	3,572	3,351	2,973	3,729	2,956	3,010	2,796

¹ These plans include fee-for-service, preferred provider organizations, and exclusive provider organizations.

² Deductible amounts were excluded from computation of the out-of-pocket dollar limits. With rare exceptions, an out-of-pocket limit was specified on an annual basis. Few workers were in plans where the expense limit applied to a disability or a period other than a year. Charges for certain services, such as mental health care, may not be counted toward the out-of-pocket maximum.

³ Less than 0.5 percent.

⁴ These are plans where a family maximum is stated in such a way that it cannot be computed. For example, the individual out-of-pocket expense is limited to \$1,000 per year and the family out-of-pocket expense is limited to three individuals. The family out-of-pocket expense cannot be computed because each of the three individuals must separately reach an out-of-pocket limit of \$1,000. Thus, if two individuals each reach \$1,000 in

their out-of-pocket expenses, and two other family members reach \$900 and \$800 respectively in out-of-pocket expenses, the family out-of-pocket limit would not have been met. A family dollar maximum cannot be computed in this example.

⁵ Some plans reimburse medical expenses at more than one coinsurance rate. They impose a limit on out-of-pocket expenses by specifying a maximum on covered medical expenses beyond which all expenses are paid at 100 percent.

⁶ All covered expenses are paid at 100 percent.

⁷ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 49. Non-health maintenance organizations: Maximum benefit provisions, full-time employees, small private establishments, 1996

Maximum ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with non-HMO plans	18,756	4,406	6,079	8,271
	Percent			
Total with non-HMO plans	100	100	100	100
With maximum limits	65	69	59	68
Lifetime maximum only	64	69	58	66
Less than \$250,000	1	2	1	1
\$250,000	2	(²)	1	5
\$250,001 - \$499,999	(²)	(²)	(²)	(²)
\$500,000	3	3	1	4
\$500,001 - \$999,999	1	(²)	1	1
\$1,000,000	40	43	37	40
More than \$1,000,000 ..	18	21	18	15
Annual or disability maximum only	(²)	(²)	(²)	(²)
Both lifetime and annual or disability maximums ..	1	(²)	1	1
Other maximum	(²)	-	(²)	(²)
Without maximum limits	27	25	33	24
Not determinable	8	6	7	8
	Average ³			
Average lifetime maximum	\$1,369,559	\$1,551,992	\$1,422,949	\$1,235,432

¹ Maximum described is for each insured person. Where the maximum differed for employees and dependents, the employee maximum was tabulated.

² Less than 0.5 percent.

³ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 50. Medical care benefits: Averages for major medical provisions, full-time employees, small private establishments, 1996

Average ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Annual deductible ²				
Individual	\$306	\$318	\$298	\$304
Family	744	782	717	746
Annual out-of-pocket expense maximum ³				
Individual	1,529	1,657	1,560	1,438
Family	3,197	3,456	3,351	2,956
Lifetime maximum ⁴	1,369,559	1,551,992	1,422,949	1,235,432

¹ The average is presented for all covered workers; averages exclude workers without the plan provision.

² The deductible is the amount of covered expenses that an individual or family must pay before any charges are paid by the medical care plan. Deductibles that apply separately to a specific category of expense, such as a deductible for each hospital admission, were excluded from this tabulation.

³ The out-of-pocket expense maximum is the amount an individual or family must pay before the plan will pay 100 percent of additional charges. Deductible amounts were excluded from computation of the out-of-pocket dollar limits. Usually, out-of-pocket limits were specified on an annual basis. Charges for certain services, such as mental health care, may not be counted toward the out-of-pocket maximum.

⁴ The maximum is the total amount of expenses that the plan will pay. Maximum described is for each insured person. Where the maximum differed for employees and dependents, the employee maximum was tabulated.

Table 51. Non-health maintenance organizations: Extent of coverage for surgical services, full-time employees, small private establishments, 1996

Type of surgery and extent of coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) in non-HMO plans with inpatient surgery	18,756	4,406	6,079	8,271
Number (in thousands) in non-HMO plans with outpatient surgery	18,706	4,406	6,054	8,246
Percent				
Inpatient surgery				
Total in non-HMO plans with inpatient surgery	100	100	100	100
Covered in full	11	10	13	10
Subject to limits other than major medical	6	4	3	9
Dollar limit	3	1	1	6
Separate coinsurance ...	(¹)	(¹)	1	-
Separate deductible	2	2	2	2
Other limit	(¹)	(¹)	(¹)	(¹)
Limits not determinable	(¹)	(¹)	(¹)	1
Major medical limits only ²	84	86	84	82
Outpatient surgery³				
Total in non-HMO plans with outpatient surgery	100	100	100	100
Covered in full	10	10	14	7
Subject to limits other than major medical	11	7	7	16
Dollar limit	3	1	1	5
Separate coinsurance ...	1	1	1	1
Separate deductible	6	4	4	8
Other limit	1	(¹)	(¹)	2
Limits not determinable	1	-	(¹)	2
Major medical limits only ²	79	84	80	76

¹ Less than 0.5 percent.

² Major medical limits are expressed only in terms of total benefits payable under the plan, rather than for individual categories of care. Limits are set as deductibles, coinsurance percentages, and overall dollar limits on plan benefits.

³ Charges incurred in the outpatient department of a hospital and outside of the hospital.

NOTE: Sum of individual items may be greater than the total because some participants were in plans with more than one type of limit. Where applicable, dash indicates no employees in this category.

Table 52. Health maintenance organizations: Summary of selected features, full-time employees, small private establishments, 1996

Feature	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) in HMO plans	6,843	1,664	2,407	2,772
Percent				
Total in HMO plans	100	100	100	100
Model type:				
Group/staff ¹	16	15	14	18
Individual practice association ²	60	64	60	57
Mixed model	16	15	15	18
Not determinable	8	6	10	8
Point of service feature ³	13	16	18	7
Federally qualified	59	55	62	59
Limit on copayments ⁴	26	19	26	30
Preventive dental care ⁵	10	10	7	11
Vision screening or examinations	74	69	76	76

¹ Care is provided at centralized locations.

² Care is provided by doctors working out of their offices.

³ Enrollees may obtain care from non-HMO providers, with limited reimbursement.

⁴ In these plans, HMO's limit the dollar amount the individual pays after which coverage is in full. For example, there is a copayment limit of \$1,000 after which the HMO covers all services at 100 percent.

⁵ Includes dental examinations and/or x-rays only.

NOTE: Where applicable, dash indicates no employees in this category.

Table 53. Health maintenance organizations: Coverage for selected categories of care, by type of limitation, small private establishments, 1996

Category of care and extent of coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Hospital room and board				
Total with coverage	100	100	100	100
Covered in full	70	68	68	73
Subject to limits ¹	30	32	32	27
Inpatient surgery				
Total with coverage	100	100	100	100
Covered in full	88	90	88	86
Subject to limits ¹	11	5	12	13
Not determinable	2	5	1	1
Outpatient surgery²				
Total with coverage	100	100	100	100
Covered in full	75	79	72	75
Subject to limits ¹	23	16	28	25
Not determinable	2	5	1	1
Office physician visits				
Total with coverage	100	100	100	100
Covered in full	8	7	9	7
Subject to limits ¹	92	93	91	93
Not determinable	(³)	-	(³)	(³)

¹ Limits may be set in terms of dollar or day ceilings on benefits, a requirement that the participant pay a percentage of costs (coinsurance), or a requirement that the participant pay a specific amount (deductible or copayment) before reimbursement begins or services are rendered.

² Charges incurred in the outpatient department of a hospital and outside of the hospital.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 54. Health maintenance organizations: Extent of coverage for physicians' office visits, full-time employees, small private establishments, 1996

Item	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) in HMO plans with physicians' office visits coverage	6,833	1,662	2,403	2,769
Total in HMO plans with physicians' office visits coverage				
Total in HMO plans with physicians' office visits coverage	100	100	100	100
Covered in full	8	7	9	7
Subject to a copayment	85	88	83	86
\$1 per visit	(¹)	-	(¹)	(¹)
\$2 per visit	3	2	2	4
\$3 per visit	(¹)	(¹)	(¹)	(¹)
\$4 per visit	(¹)	-	(¹)	-
\$5 per visit	22	19	22	24
\$6 - 9 per visit	2	1	2	3
\$10 per visit	38	46	36	35
More than \$10 per visit	15	15	15	15
Unspecified copayment	5	5	6	4
Subject to other limits only	2	1	2	1
Not determinable	5	3	6	6

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 55. Outpatient prescription drug benefits: Summary of coverage, full-time employees, small private establishments, 1996

Provision	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number of employees (in thousands) with outpatient prescription drug coverage	22,522	5,320	7,444	9,758
	Percent			
Total with outpatient prescription drug coverage	100	100	100	100
Coverage for brand name drugs	96	98	95	97
Higher reimbursement for generic drugs	34	39	34	32
Coverage for mail order drugs ¹	23	24	21	23
Higher reimbursement for prescriptions filled at selected pharmacies	18	17	21	17

¹ Programs that provide drugs for maintenance purposes, that is, drugs required on a continuous basis.

NOTE: Sum of individual items may be greater than the total because some participants were in plans with more than one type of coverage. Where applicable, dash indicates no employees in this category.

Table 56. Outpatient prescription drug benefits: Brand name drug provisions in non-health maintenance organizations, full-time employees, small private establishments, 1996

Type of coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number of employees (in thousands) in non-HMO plans with outpatient brand name drug coverage	15,604	3,658	4,973	6,973
	Percent			
Total in non-HMO plans with outpatient brand name drug coverage	100	100	100	100
Covered in full	(¹)	1	1	(¹)
Subject to the major medical limits of plan	60	63	53	63
Subject to copayment per prescription	40	46	45	34
Less than \$5.00	3	4	3	2
\$5.00	8	9	12	5
\$5.01-\$6.99	1	(¹)	1	1
\$7.00	2	2	2	3
\$7.01-\$9.99	3	2	5	2
\$10.00	15	17	16	13
Greater than \$10.00	8	10	6	8
Unspecified copayment	1	1	1	(¹)
Subject to a separate yearly deductible	4	2	5	5
Subject to a separate coinsurance rate	7	6	6	9
Subject to a separate yearly maximum	1	2	2	1
Difference in cost between generic and brand name drugs ²	2	2	3	2
Other	1	(¹)	1	2
Not determinable	3	3	2	4

¹ Less than 0.5 percent.

² These are plans where the individual participant is required to use a generic equivalent when available; if a generic equivalent is not chosen, the individual must pay the difference in total cost between the brand name and generic drug plus the cost to the individual. For example, if an individual is subject to a \$5 copayment for generic drugs and the brand name equivalent is purchased, the individual must pay the difference in total cost between the brand name and generic drug, plus the \$5 copayment.

NOTE: Sum of individual items may be greater than the total because some participants were in plans with more than one type of coverage. Where applicable, dash indicates no employees in this category.

Table 57. Outpatient prescription drug benefits: Brand name drug provisions in health maintenance organization plans, full-time employees, small private establishments, 1996

Type of coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number of employees (in thousands) in HMO plans with outpatient brand name drug coverage	5,926	1,526	2,047	2,353
	Percent			
Total in HMO plans with outpatient brand name drug coverage	100	100	100	100
Covered in full	4	5	5	2
Subject to copayment per prescription	78	77	75	82
Less than \$5.00	7	6	7	7
\$5.00	20	17	22	20
\$5.01-\$6.99	1	1	1	2
\$7.00	7	2	6	10
\$7.01-\$9.99	5	8	3	6
\$10.00	23	30	24	18
Greater than \$10.00	9	7	6	13
Unspecified copayment	6	6	7	5
Subject to a separate yearly deductible	7	8	7	8
Subject to a separate yearly maximum	3	3	3	3
Difference in cost between generic and brand name drugs ¹	5	7	5	3
Other	6	7	7	3
Not determinable	7	4	6	9

¹ These are plans where the individual participant is required to use a generic equivalent when available; if a generic equivalent is not chosen, the individual must pay the difference in total cost between the brand name and generic drug plus the cost to the individual. For example, if an individual is subject to a \$5 copayment for generic drugs and the brand name equivalent is purchased, the individual must pay the difference in total cost between the brand name and generic drug, plus the \$5 copayment.

NOTE: Sum of individual items may be greater than the total because some participants were in plans with more than one type of coverage. Where applicable, dash indicates no employees in this category.

Table 58. Medical care plans: Eligibility requirements, full-time employees, small private establishments, 1996

Eligibility requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with medical care	25,599	6,070	8,486	11,043
	Percent			
Total	100	100	100	100
With a service requirement ...	75	67	75	79
1 month	15	18	15	13
2 months	4	3	5	5
3 months	19	17	21	18
4 -5 months	1	1	(¹)	1
6 months	3	2	3	4
7 - 11 months	11	11	12	9
12 months	2	2	1	3
Greater than 12 months	20	14	17	26
Without a service requirement	21	30	21	17
Not determinable ²	4	3	4	4

¹ Less than 0.5 percent.

² Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision, or prescription drug coverage.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 59. Medical care benefits: Effect of retirement on coverage¹ and source of plan funding, full-time employees, small private establishments, 1996

Retiree coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with medical care	25,599	6,070	8,486	11,043
	Percent			
Total with medical care	100	100	100	100
Under Age 65				
With retiree coverage	16	15	16	16
Employer paid	3	4	4	3
Employee paid	6	6	5	6
Both employee and employer paid	5	4	6	5
Payment available, but unknown	1	2	1	2
Without retiree coverage	76	79	76	75
Not determinable	8	5	8	9
Age 65 and over				
With retiree coverage	15	14	15	15
Employer paid	3	3	4	3
Employee paid	6	5	5	6
Both employee and employer paid	5	4	5	5
Payment available, but unknown	1	1	1	2
Without retiree coverage	77	80	77	76
Not determinable	8	6	8	9

¹ Plans providing services or payments for services rendered in the hospital or by a physician. Excludes plans that provided only dental, vision, or prescription drug coverage.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 60. Dental care benefits: Eligibility requirements, full-time employees, small private establishments, 1996

Eligibility requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with dental care	12,224	3,153	4,297	4,774
	Percent			
Total with dental care	100	100	100	100
With a service requirement ...	73	69	76	73
1 month	13	18	13	9
2 months	4	2	4	4
3 months	17	15	21	15
4-5 months	1	1	1	1
6 months	3	1	2	5
7-11 months	14	15	15	13
12 months	3	2	3	3
Greater than 12 months	19	15	17	24
Without a service requirement	22	27	19	22
Not determinable ¹	5	4	5	5

¹ Plans where service requirements were unknown, usually because plan documents (typically prepared by dental care provider) did not specify the employer's eligibility provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Chapter 5. Life Insurance

Life insurance is provided to a majority of full-time employees in small private establishments (tables 61-70); most of these workers are covered by flat dollar amounts, often \$10,000 to \$25,000. Formulas based on earnings, such as multiple-of-earnings formulas, which commonly provide basic insurance of one or two times annual salary, cover virtually all of the remaining life insurance plan participants. Multiple-of-earnings formulas are more prevalent in medium and large private establishments.

Employers generally pay the entire cost of basic life insurance. When employee contributions are required, it is frequently because life insurance benefits are being offered as part of a cafeteria plan or reimbursement account. (For definitions of these plans, see chapter 8.) These plans allow workers to choose from various benefits options depending on their needs. In such cases, employees may have to contribute, often in the form of pretax dollars, to obtain the benefit package they desire. Another form of employee contribution is a specified flat dollar amount per \$1,000 of coverage, such as 20 cents per \$1,000 of coverage per month.

Types and amounts of benefit formulas

A flat dollar amount of insurance is the most prevalent means of providing life insurance protection for full-time participants in small private establishments. Insurance amounts ranging from \$5,000 to \$25,000 are quite common in such plans. Blue-collar and service workers are much more likely to receive this type of benefit than professional, technical, and related workers or clerical and sales workers. However, when provided, the flat-dollar amount of life insurance coverage is usually highest for the professional, technical, and related workers.

Most of the other full-time life insurance participants have basic coverage linked to their earnings. This link enables the level of protection to increase automatically with a rise in pay. The most prevalent method of tying life insurance protection to earnings is to multiply the employee's annual earnings by a factor of one or two and round the product to the next higher \$1,000. For example, an employee earning \$22,700 would receive \$46,000 of coverage under a plan providing two times earnings ($\$22,700 \times 2 = \$45,400$, which rounds up to \$46,000). Participants covered by these plans may have a limit placed on the amount of coverage available. Such maximums usually range between \$50,000 and \$500,000.

Other methods of providing life insurance protection cover a small percent of participants. These include: flat

dollar amounts that increase as service increases; flat dollar amounts that increase as wages increase; and multiple-of-earnings formulas that increase the multiple at higher salary levels.

Coverage for older active workers and retirees

Many plans reduce benefits for older active workers. Coverage is reduced to minimize the increased cost of insuring older workers.²¹ Plans that reduce coverage commonly make their first reduction at age 65 or 70. Rarely do reductions occur before age 65.

Many plans reduce coverage for older workers only once, typically to 50 percent of the original life insurance amount. Other plans reduce coverage in several stages. For example, at age 65 coverage may be reduced to 65 percent and then at age 70 it may be reduced to 50 percent.

In some instances, basic life insurance coverage continues after retirement for full-time participants in small private establishments. This coverage almost always continues for the rest of the retiree's life, but the amount of the benefit is usually reduced at least once during retirement.²²

Related protection

Additional life insurance, supplementing basic coverage, is sometimes available. In virtually all cases, employees have to pay the full premium for such benefits. The typical supplemental plan provides term life insurance in multiples of one to three times annual pay, at the employee's option. The availability of supplemental coverage is more prevalent for employees who have their basic insurance determined by a multiple-of-earnings formula than for those with a flat dollar amount of coverage.

Life insurance coverage for dependents is also available to many participants. Workers with this coverage are usually required to pay the entire premium. The most prevalent method used to provide dependent coverage is a flat dollar benefit. In such plans, spousal coverage typically provides benefits of \$5,000 or more while coverage for children is often \$1,000, \$2,000, or \$5,000 per child. Among other plans, the employee has the option to select specific benefits.

²¹ Details on life insurance benefits for older workers are discussed by Michael A. Miller in "Age-Related Reductions in Workers' Life Insurance," *Monthly Labor Review*, September 1985, pp. 29-34.

²² For more information on retiree life insurance, see Margaret Simons and Cynthia Thompson, "Life Insurance Benefits for Retired Workers," *Monthly Labor Review*, September 1990, pp. 17-21.

Service requirements

About three-quarters of the participants in life insurance plans have to work a minimum period to qualify for the plan. The most prevalent service requirements for such workers are 1 to 3 months. Many of the other participants do not have to meet any service requirement to qualify for benefits.

Accidental death and dismemberment

Accidental death and dismemberment (AD&D) insurance is available to most life insurance plan participants in small private establishments. This insurance provides additional benefits if a worker dies or loses an eye or a limb in an accident. The AD&D benefit commonly equals the basic life insurance benefit for accidental death, and a portion of that benefit for dismemberment.²³

Survivor income benefits

A few full-time employees in small private establishments are covered by plans that provide a monthly income to surviving members of a deceased employee's family. These survivor income benefits are in addition to other benefits, such as basic life insurance and survivor pension benefits. Survivor income payments are generally a percentage of the employee's pay or a flat dollar amount. Benefits usually continue for 24 months, although some continue until a specific event occurs, such as the surviving spouse remarries or reaches age 65, or surviving children reach a given age.

²³ For more information on accidental death and dismemberment benefits, see Cynthia Thompson, "Compensation for Death and Dismemberment," *Monthly Labor Review*, September 1989, pp. 13-17.

Table 61. Life insurance: Summary of provisions, full-time employees, small private establishments, 1996

Item	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
Multiple of earnings benefit ...	34	43	43	23
Dollar amount benefit	64	55	54	77
With AD&D	77	81	76	77
With survivor coverage	1	(¹)	1	(¹)
Benefits reduced for older active workers	28	31	32	24
Retiree coverage available ...	13	11	14	13
Supplemental coverage available	26	29	31	20
Dependent coverage available	31	31	32	30
Required employee contribution	18	15	17	20

¹ Less than 0.5 percent.

NOTE: Where applicable, dash indicates no employees in this category.

Table 62. Life insurance: Method of determining basic coverage, full-time employees, small private establishments, 1996

Type	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
Multiple of earnings benefit	34	43	43	23
Fixed multiple of earnings ²	34	43	43	23
Multiple varies by earnings	(¹)	1	(¹)	(¹)
Multiple varies by service	(¹)	(¹)	(¹)	-
Dollar amount benefit	64	55	54	77
Flat dollar amount	62	54	53	74
Dollar amount varies by earnings	1	1	1	2
Dollar amount varies by service	(¹)	(¹)	(¹)	1
Other	2	2	3	1

¹ Less than 0.5 percent.

² Includes participants in plans in which insurance equaled a multiple of earnings, plus or minus a specified amount.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 63. Life insurance: Flat dollar benefit amounts, full-time employees, small private establishments, 1996

Amount of insurance	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with dollar amount of basic life insurance	15,778	3,180	4,529	8,068
	Percent			
Total with dollar amount of basic life insurance	100	100	100	100
Flat dollar amount	97	98	98	97
Less than \$5,000	3	1	2	4
\$5,000 - \$9,999	10	4	7	13
\$10,000 - \$14,999	37	32	35	39
\$15,000 - \$19,999	21	23	24	20
\$20,000 - \$24,999	11	15	10	10
\$25,000 - \$29,999	8	11	11	5
\$30,000 - \$49,999	3	3	3	3
\$50,000 - \$99,999	4	8	4	3
\$100,000 and over	1	1	2	-
Dollar amount varies by earnings	2	2	2	2
Dollar amount varies by service	1	(¹)	1	1
	Average ²			
Average flat dollar amount of basic life insurance	\$16,189	\$19,679	\$17,683	\$13,956

¹ Less than 0.5 percent.
² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 64. Life insurance: Multiple of earnings benefit amounts, full-time employees, small private establishments, 1996

Formula	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with multiple of earnings basic life insurance	8,484	2,496	3,585	2,403
	Percent			
Total with multiple of earnings formula	100	100	100	100
Flat multiple-of-earnings ¹	99	99	99	100
Less than 1.0	3	3	2	3
1.0	53	51	49	61
1.1 - 1.9	16	13	18	18
2.0	21	24	25	14
2.1 - 2.9	1	1	2	1
3.0	4	6	3	1
Greater than 3.0	1	(²)	1	2
Multiple varies by earnings	1	1	1	(²)
Multiple varies by service	(²)	(²)	(²)	-
	Average ³			
Average flat multiple of earnings formula	1.4	1.5	1.5	1.3

¹ Includes participants in plans in which insurance equaled a multiple of earnings, plus or minus a specified amount.

² Less than 0.5 percent.

³ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 65. Life insurance: Maximum benefits placed on multiple of earnings formulas, full-time employees, small private establishments, 1996

Maximum	All employe- es	Profes- sional, technical, and related employe- es	Clerical and sales employe- es	Blue-coll- ar and service employe- es
Number (in thousands) with multiple of earnings formula ...	8,484	2,496	3,585	2,403
	Percent			
Total with multiple of earnings formula	100	100	100	100
With maximum benefit amount	59	58	64	53
Less than \$50,000	1	(¹)	2	1
\$50,000 - \$99,999	20	22	20	20
\$100,000	11	12	13	7
\$100,001 - \$249,999	9	11	10	5
\$250,000 - \$499,999	9	7	11	10
\$500,000	3	3	3	4
\$500,001 - \$999,999	4	2	5	6
\$1,000,000 or more	1	(¹)	2	(¹)
No maximum specified	28	29	25	30
Not determinable	13	13	11	17
	Average ²			
Average maximum	\$238,307	\$167,925	\$262,604	\$274,725

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 66. Life insurance: Retiree coverage, full-time employees, small private establishments, 1996

Coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
With retiree coverage	13	11	14	13
Employer paid	6	5	8	6
Jointly paid	2	2	2	1
Retiree paid	5	4	5	6
No retiree coverage	78	80	78	78
Not determinable	9	9	8	9

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 67. Life insurance: Reductions in benefits for retirees, full-time employees, small private establishments, 1996

Reduction policy	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
With retiree coverage	13	11	14	13
No reductions	2	2	2	3
With reductions				
Reduced once	5	4	7	5
Reduced more than once	3	3	5	2
Reduction not determinable	2	2	1	3
No retiree coverage	78	80	78	78
Not determinable	9	9	8	9

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 68. Life insurance: Supplemental coverage, full-time employees, small private establishments, 1996

Coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
With supplemental coverage	26	29	31	20
Employee paid	23	25	28	18
Jointly paid	(¹)	1	(¹)	(¹)
Flexible benefits	2	4	3	2
No supplemental coverage	66	65	61	71
Not determinable	8	6	7	8

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 69. Life insurance: Dependent coverage, full-time employees, small private establishments, 1996

Coverage	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
With dependent coverage	31	31	32	30
Employer paid	8	7	7	9
Employee paid	19	21	20	17
Jointly paid	2	1	3	2
Flexible benefits	2	3	3	2
No dependent coverage	61	62	59	61
Not determinable	8	7	8	9

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 70. Life insurance: Eligibility requirement, full-time employees, small private establishments, 1996

Length-of-service requirement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with basic life insurance	24,635	5,764	8,327	10,544
	Percent			
Total with basic life insurance ...	100	100	100	100
With service requirement	73	65	73	77
1 month	22	24	23	19
2 months	7	4	7	8
3 months	34	27	34	37
4 - 5 months	1	1	1	1
6 months	7	6	6	9
7 - 11 months	(¹)	—	—	(¹)
12 months	2	2	1	3
Greater than 12 months	(¹)	(¹)	(¹)	(¹)
No service requirement	24	31	23	20
Not determinable	3	4	4	3
	Average ²			
Average service requirement (in months)	3.1	3.1	2.9	3.3

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Chapter 6. Defined Benefit Plans

Defined benefit pension plans obligate employers to provide retirement benefits calculated by a formula specified in the plan. Benefits generally are based on salary, years of service, or both. Employer, however, ordinarily have considerable latitude in financing these benefits. Most full-time employees in small private establishments are not offered defined benefit pension plans. However, in recent years defined contribution plans have become increasingly prevalent. Defined contribution plans, which specify employer and—if applicable—employee contributions, but do not guarantee a specific benefit, are discussed in the next chapter.

The Employee Benefits Survey captures data on a variety of defined benefit pension plans provisions, such as:

- Formulas for calculating benefits
- Coordination of benefits with Social Security payments
- Ceilings on benefit payments
- Survivor annuities
- Age and service requirements for retirement
- Availability of supplements to normal and early retirement pension benefits
- Disability retirement benefits
- Vesting schedules
- Postretirement pension increases
- Employee contributions; and
- Plan participation requirements.

Benefit formulas

Earnings-based formulas are frequently used to determine retirement payments for employees covered by defined benefit pension plans. Benefits based on such formulas are usually a flat percent of the employee’s annual earnings per year of service (for example, 1.5 percent of earnings times 30 years of service, or 45 percent of annual earnings), or a percent that varies by service, earnings, or age.

Approaches to calculating annual earnings and the rate paid per year of service vary. For many participants with

earnings-based formulas, pensions are based on earnings in the final years of employment (*terminal-earnings formula*); for the remainder, an average of career earnings is used (*career-earnings formula*).

Terminal earnings often are defined as the average over a 5-year period. Such formulas usually designate the 5 consecutive years with the highest earnings out of the last 10 years before retirement.

Participants in plans with terminal-earnings formulas frequently have benefit formulas that vary according to service, earnings, or a combination of the two factors. As an example of variation by earnings, a terminal-earnings formula might credit an employee with 1 percent of earnings up to the first \$12,000 in each year of service plus 1.5 percent of the earnings exceeding that amount. If total earnings were \$40,000 and service was 30 years, the annual pension payment would be computed as follows:

1 percent times \$12,000	\$120
1.5 percent times \$28,000	\$420
Total credits per year of service	\$540
Credits (\$540) times 30 years	\$16,200

Similarly, formulas based on career earnings can provide participants with percentages that vary, usually by earnings.

The earnings used to compute pension benefits for earnings-based formulas commonly include only “basic” earnings, that is, straight-time earnings. When additional earnings are part of the benefit calculation, they may include overtime pay, shift differentials, bonuses, and commissions.

Most plans that do not use a percent-of-earnings benefit formula specify a *dollar amount* to be paid for each year of service; for example, a plan might pay \$20 monthly for each of an employee’s 30 years of service, thus yielding a pension of \$600 a month. Although the dollar amount in these formulas can vary with an employee’s earnings or service, the usual method is to multiply a uniform (single) dollar amount by years of service.

The basis of pension payments can differ sharply by employee group. Traditionally, white-collar participants are provided earnings-based pensions. Although this basis also is used for blue-collar participants, dollar-amount formulas are more prevalent for them.

In addition, two other types of defined benefit pension formulas are used. *Percent-of-contribution* formulas specify a periodic contribution by an employer, and occasionally by an employee, to a plan. Benefits are a percent of total

contributions, for example, 1 percent of total contributions per month; if career contributions totaled \$40,000, then monthly pension benefits would equal \$400. *Cash account pension* formulas specify an employer contribution and a rate of interest on that contribution. Benefits are computed as a percent of each employee's account balance. Although both percent-of-contribution and cash account pension formulas resemble the formulas in defined contribution plans, the Internal Revenue Service classifies these plans as defined benefit plans because the employer guarantees a certain level of benefits.

In some pension plans, participants are eligible to receive benefits from either primary or alternative formulas, whichever yields a greater benefit. Alternative formulas are often included to provide a minimum level of benefits for persons with short service or low earnings. For example, a plan may have the two following formulas: a primary formula of 1.25 percent of average career earnings times years of service and an alternative formula of \$15 a month (or \$180 a year) for each year of service. In this case, the alternative formula provides a higher benefit for persons with average career earnings of less than \$14,400 a year.

Private benefits and Social Security payments

Regardless of whether they provide private retirement plans, all employers (except certain exempted ones) share the cost of Social Security coverage equally with their employees. Because many plan sponsors feel that private pension and Social Security benefits should not be duplicative, pension plans may contain Social Security integration provisions. Such integration may take the form of an offset provision, under which part of the Social Security benefit is subtracted from the annuity, or a provision to calculate the pension at a lower rate for earnings below the Social Security taxable wage base²⁴ than for earnings above the base.

Social Security offsets are generally applied immediately upon retirement, whether or not the retiree is eligible for Social Security benefits. The offset typically is specified as a small percentage of the Social Security payment, for example, 1 percent times years of service. There may be a maximum offset, for example, 50 percent of the Social Security payment.

Plans that apply lower pension benefit rates to an employee's earnings below a specified level and higher rates above that level are known as "step-rate excess" plans. For example, a plan may provide a benefit equal to 1 percent of earnings up through the Social Security taxable wage base and 1.5 percent of earnings above the base for each year of service.

Benefit formulas are often coordinated with Social Security for pension plan participants. In 1989 and earlier surveys in medium and large private establishments, the offset approach to coordinating private pension plans and

Social Security was more prevalent than the step-rate excess approach, especially among terminal-earnings-based plans. Since 1991, step-rate excess plans in all private sector employee benefit surveys have been the most frequently observed method of coordinating benefits for all earnings-based plans. This change resulted from the Tax Reform Act of 1986, which imposed new rules for pension plans that coordinate with Social Security benefits.

Maximum and minimum benefit provisions

The Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments place ceilings on the size of annual pensions from defined benefit plans. These restrictions largely affect only highly compensated employees. Many plans, however, have provisions that restrict benefit levels for all participants. For example, some participants are in plans that limit the number of years of service included in benefit computations; maximums of 30 or 35 years are typical.

In a few pension plans, participants can be covered by a provision for a minimum retirement benefit, regardless of age or service. Such minimum benefits provide a level of protection, such as a flat amount of \$100 a month, below which retirement benefits cannot fall.

Methods of payment

The benefit formulas just described are used to compute a *straight-life annuity*, that is, a periodic payment for the life of the retiree, with no additional payments to survivors. Defined benefit pension plans offer a variety of additional payment methods, although each is based on the straight-life annuity. For married employees, the standard benefit prescribed by law is the *joint-and-survivor annuity*, which provides payments to a surviving spouse after a retiree dies. Such employees may choose a straight-life annuity or some other form of benefit, but only upon written approval of both the employee and spouse.

Another optional method of payment is for the employee to receive some or all of the pension benefit in a *lump-sum* payment. This lump sum provides the employee with the actuarial equivalent of all or part of the annuity. Commonly, only a full lump-sum option is available. If a participant elects a full lump-sum distribution, he or she receives no further benefits from the pension plan. Where a partial distribution is available, the participant generally receives a reduced annuity for the remainder of her or his life.

Survivor annuities

ERISA requires defined benefit pension plans to provide a spouse with at least 50 percent of the retiree's payments after the retiree's death. When this type of pension is paid, the employee will usually receive a lower benefit during retirement to account for the likely increase in the length of time the plan will have to make payments. When the retiree dies, a pension benefit will be payable for the life of

²⁴ The Social Security taxable wage base increases annually. In 1996 it was \$62,700.

the surviving spouse. All defined benefit pension plan participants have survivor annuity options available to them.²⁵

The prevalent type of survivor benefits—joint-and-survivor annuities—provides a reduced benefit to the retiree and a percentage of that reduced benefit to the spouse upon the retiree's death. The reduction may be a percent of the benefit—for example, 10 percent—or may be actuarially determined based on the life expectancy of the retiree and spouse. Some participants have plans that offer only one joint-and-survivor option that pays a surviving spouse 50 percent of the retiree's adjusted pension. Many participants, however, have a choice of two or more alternative percentages (for example, 50, 67, or 100 percent) to be continued as a spousal benefit, with corresponding reductions in the employees' annuities. In some cases, when the spouse predeceases the retiree, the retiree's unreduced benefit may be restored.

Unlike joint-and-survivor annuities, survivor annuities based on the retiree's accrued benefit do not reduce the employee's pension to adjust for survivor benefits. The retiree receives the straight-life annuity; following the retiree's death, the spouse receives a percent of that annuity—often 50 percent.

Some pension plans provide a lump sum or installment death benefit to the survivor of a deceased retiree. Payments are in the form of a flat amount, such as \$5,000, in addition to the survivor annuity *or* a certain number of monthly payments, such as 60 or 180, less payments already received by the retiree. The latter may occur when the retiree and the spouse do not elect to take the joint-and-survivor annuity option.

A few pension plans provide survivor benefits for children, usually after the retiree dies and there is no surviving spouse. The payment is usually a monthly flat-dollar amount to each child.

Preretirement survivor benefits

Defined benefit pension plans usually offer survivor benefits in case the employee dies before retirement. Participants usually have to be vested, that is, have a permanent right to accrued pension benefits before plans would make such benefits available. Very often, a surviving spouse would receive an annuity equivalent to the amount payable if the employee had retired on the day prior to death with a joint-and-survivor form of payment in effect. Most survivor pensions like these are based on an early retirement benefit and, aside from the joint-and-survivor reduction, are provided at no cost to the employee. For some participants, however, preretirement joint-and-survivor protection may involve an extra cost to the employee and is available only if elected. The retiree normally pays this cost through a small deduction in the pension, ultimately payable to either the retiree or the surviving spouse.

²⁵ Survivor benefits are discussed in more detail in Donald Bell and Avy Graham, "Surviving Spouse's Benefits in Private Pension Plans," *Monthly Labor Review*, April 1984, pp. 23-31.

Other participants have a preretirement survivor annuity calculated as a portion of their accrued benefit (the benefit earned as of the date they died, without a joint-and-survivor reduction). If an active employee dies after completion of the vesting requirement, a typical survivor would receive an annuity equal to 50 percent of the employee's accrued benefit to date. Payments may be reduced by the early retirement adjustment and begin when the employee would have reached early retirement age. If the employee lives to become eligible for early retirement and dies before normal retirement, the survivor benefit in many cases switches to the equivalent of a 50-percent joint-and-survivor benefit calculated as if the employee had retired on the day of death. (When provisions change based on age of the employee, the earliest available preretirement survivor annuity is tabulated.)

Some plans also provide lump-sum death benefits to the survivors of employees who die before retirement. Lump-sum payments are in the form of a flat amount, such as \$3,000 and in addition to any annuity that may be available, or the equivalent of a specified number of monthly retirement payments, such as 60. This is similar to the joint-and-survivor benefits offered to spouses of deceased retirees.

Normal retirement

Many of the defined benefit pension plan participants in small private establishments can retire before age 65 and still receive full pensions (normal retirement benefits). Participants who are required to be age 65 to receive unreduced benefits usually do not have to satisfy a length-of-service requirement; however, some plans may require workers hired after age 60 to complete at least 5 years of service.

When plans permit normal retirement prior to age 65, they often impose a minimum service requirement. For example, normal retirement at age 62 is frequently available, but a service requirement, such as 5 or 10 years might also apply. Participants who can retire with unreduced benefits prior to age 62, including those who can retire at any age, usually have to work longer periods, such as 30 years.

Plans that require combining a worker's age and service to reach a specified sum, such as 80 or 85, for retirement with full benefits cover some participants. This type of arrangement usually specifies a minimum age. Minimum lengths of service are less prevalent.

A few pension plan participants are in plans that provide monthly payments to supplement normal retirement pension benefits. These supplements are usually found in plans where participants can retire before age 62; usually the supplements lasts until the retiree is eligible for Social Security benefits.

Early retirement

It is very common for employees participating in defined benefit pension plans to be allowed to retire before normal

retirement age and receive an immediate, but reduced, pension. Early retirement normally is solely at the employee's option; plans generally do not require employer approval for early retirement benefits. The amount of an early retirement pension is reduced because benefits begin at an earlier age, and the retiree is expected to receive plan payments over a longer period.

Most early retirement benefits are computed based on the normal retirement formula. The benefit is then reduced by a percentage (factor) for each year between the actual and normal retirement ages. If a plan's normal retirement age is 62, for example, and the reduction factor is 6 percent, a person retiring at age 59 would receive 82 percent of the normal formula amount (that is, the person loses 6 percent for every year under the normal age). In addition to the 18-percent reduction for early retirement, the annuity in this example would be based on fewer years of service and possibly lower earnings than at age 62.

The reduction factor may be uniform or may vary by age or service. For example, reduction factors may differ for each year of early retirement, based on the employee's life expectancy at that age (actuarial reductions), or the reduction factor may differ for age brackets of several years instead of changing each year. Many participants with early retirement opportunities have uniform reduction factors, for example, 4 or 6 percent, for each year of early retirement. In plans with a lower uniform reduction, such as 3 percent per year, the employer subsidizes some of the early retirement benefit by making the reduction less severe than if benefits are computed actuarially.

A small number of pension plans provide additional monthly payments to supplement the early retirement pension if employees retire after meeting a specified age or length-of-service requirement generally higher than the minimum needed to retire. Plan sponsors include these supplementary benefits either to induce older workers to retire or as a reward for long service. Supplements generally last until Social Security benefits are payable.

Disability retirement

A career-ending disability may entitle an employee to a pension before retirement age. If the disability satisfies the plan's definition of total disability, pension benefits often begin immediately. When an employer provides other sources of disability income, such as long-term disability insurance, the plan might defer disability retirement benefits until the other forms of income have ceased. Most pension plan participants are covered by some type of disability retirement provision.

While blue-collar workers with disability retirement coverage often are in plans with immediate benefits, many white-collar workers are in plans that defer benefits. Workers with deferred benefits often receive long-term disability insurance (LTD) benefits that commonly provide 50 or 60 percent of earnings at the time of disability; this frequently exceeds the amount that pension plans with immediate dis-

ability retirement provide. Furthermore, deferred retirement benefits are often greater than immediate pensions, primarily because the time during which LTD benefits are paid is typically added to an employee's length of service for computation of pension benefits. (See chapter 3 for details of LTD benefit plans.)

Eligibility for disability retirement benefits usually depends on length of service; often 10 years or more are required. Some participants, however, have no age or service requirement or have to meet the qualifications of their LTD plans, which usually imposes service requirements of 6 months or less.

Vesting

Even when an employee leaves an employer before becoming eligible for either a normal, early, or disability retirement benefit, a plan may ultimately pay a pension. If certain conditions are satisfied at the time of separation, workers have a vested interest in all or a portion of their accrued pension benefits and may begin receiving benefits years later.

Although all pension participants are entitled to vested benefits under ERISA, some variations exist as to when vesting occurs. As a result of the Tax Reform Act of 1986, however, most plan sponsors have shortened their vesting schedules in the past few years.²⁶ The majority of participants in defined benefit pension plans have to complete 5 years of service at any age before benefits are guaranteed (cliff vesting). Most of the remaining participants are in plans requiring 10 years of service. Participants not in plans with cliff vesting are usually covered by a graduated vesting provision, which increases the portion of guaranteed benefits as years of service increase. Full vesting usually occurs after no more than 7 years.

Participants normally accrue years of vested service regardless of age, although a few can be affected by the plan sponsor's right to exclude years of service before a specified age in determining vesting eligibility.

Unreduced vested pension payments begin at the plan's normal retirement age, based on the benefit formula in effect when the employee left the plan. As an alternative, terminated and vested participants may receive a reduced pension prior to normal retirement age if the participant had satisfied the early retirement service requirement before leaving the plan.

For terminated and vested employees who wish to receive a pension beginning prior to normal retirement age, ERISA requires the benefit to be at least the actuarial equivalent of what would have been received starting at age 65. The actuarial equivalent benefit is a reduced amount determined by the life expectancy at the age that pension payments begin. Although under ERISA the reduction factor used in determining the pension for terminated and vested

²⁶ In 1996, multiemployer plans could continue to use 10-year vesting schedules pursuant to a collectively bargained agreement. The Small Business Job Protection Act of 1996 (Publication 104-188) shortened the schedule to 5 years, effective January 1, 1997, but not later than January 1, 1999.

employees can be more severe than for early retirement, the same factor is used in plans covering many participants with early retirement provisions. When reductions differ, it is common to provide actuarial reductions to recipients of deferred vested benefits, eliminating the subsidy employers give to employees choosing early retirement.²⁷

Portability

When employees change employers, the employer frequently holds vested pension benefits until the employee reaches retirement age. Alternatively, a plan may include a *portability* provision, that is, the ability to transfer years of credited service or accumulated benefits from one employer to another. Currently, employees with a defined benefit pension plan are infrequently covered by a portability provision. Most of these participants are covered by either a multiemployer plan established by a union or a single employer plan offered by an establishment that has a portability agreement with related establishments, such as in the utilities industry. In these plans, if a vested employee moves to another employer, benefits from the prior employer, usually in the form of years of credited service, are transferred over to the new employer.

Postretirement pension increases

Inflation can severely erode the purchasing power of a fixed pension over a worker's retirement years. To guard against this, a few pension plans are adjusted either on a discretionary basis or are subject to automatic increases. The Employee Benefits Survey studies automatic increases and discretionary, or ad hoc, increases granted during the 5-year period prior to the survey. Automatic postretirement adjustments are usually annual adjustments based on the

²⁷ For additional details on plan vesting requirements, see Avy D. Graham, "How Has Vesting Changed Since Passage of Employee Retirement Income Security Act?," *Monthly Labor Review*, August 1988, pp. 20-25.

Bureau of Labor Statistics' Consumer Price Index (CPI) changes in the private sector. Adjustments can be restricted, however, by provisions that limit the benefit change to a portion of the CPI change or by ceilings (generally 3 percent or less) on the periodic increase that can be applied. Plans providing cost-of-living increases usually call for annual adjustments.

Ad hoc pension increases are not directly linked to a cost-of-living index. Instead, retirees' current pensions usually increase by a percent of the present benefit, commonly a uniform amount. For example, a plan may provide a 5-percent pension increase to all individuals who retired prior to the survey year. Other plans may provide greater pension increases for individuals retired longer. For instance, a plan might grant a 5-percent pension increase if an employee has been retired less than 10 years, and a 10-percent increase, if 10 years or more.

Employee contributions

The employer usually pays the full cost of defined benefit pension plans for private sector participants. Participants in contributory plans usually pay a flat percent of earnings on a pre-tax basis.

Participation requirements

Some employees with defined benefit pension plans have immediate coverage when they are hired. Others can participate regardless of age but have to meet a service requirement, usually 1 year. However, most employees with eligibility requirements normally cannot enter the pension plan until they reach age 21 and complete 1 year of service; this is the most restrictive requirement permitted under the Internal Revenue Code.²⁸

²⁸ However, some plans, such as those in religious institutions, are exempt from certain restrictions in the Internal Revenue Code and may require employees to meet greater age or length-of-service levels before coverage begins.

Table 71. Defined benefit plans: Summary of plan provisions, full-time employees, small private establishments, 1996

Provision	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with defined benefit plan	5,883	969	2,013	2,902
	Percent			
Total with defined benefit plan ..	100	100	100	100
Basic provisions				
Employee contribution required	3	7	1	3
Benefits based on earnings ..	64	78	82	46
Benefits integrated with Social Security	44	54	61	29
Benefits subject to maximum ¹	39	31	42	39
Early retirement benefits available	92	94	91	93
Disability retirement benefits available	67	66	54	76
Portability provisions	21	10	9	33
Availability of lump sum benefits at retirement	17	21	26	9
Other provisions				
Normal retirement supplement available	1	-	1	1
Early retirement supplement available	3	10	2	(²)
Minimum benefits provision ..	2	3	4	1
Early retirement requires employer approval	4	4	6	3
Deferred vested benefits available prior to normal retirement age	67	53	72	68
Lump-sum postretirement survivor benefits	7	8	3	9
Lump-sum preretirement survivor benefits	4	3	4	4
Full pension restored if spouse predeceases retiree	17	19	7	23
Survivor benefits for children	2	3	3	1

¹ Provisions that restrict benefits, such as limits on the number of years of service included in benefit computations.

² Less than 0.5 percent.

NOTE: Where applicable, dash indicates no employees in this category.

Table 72. Defined benefit plans: Primary formula and availability of alternative formula, full-time employees, small private establishments, 1996

Benefit formula ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with defined benefit plan	5,883	969	2,013	2,902
	Percent			
Total with defined benefit plan ..	100	100	100	100
Percent of terminal earnings	53	68	67	39
With alternative formula	9	15	8	8
Percent of career earnings ...	10	11	15	7
With alternative formula	2	2	2	1
Dollar amount formula	28	15	14	42
With alternative formula	(²)	-	1	(²)
Percent of contribution formula	8	5	3	12
With alternative formula	-	-	-	-
Cash account	(²)	2	(²)	(²)
With alternative formula	-	-	-	-
Other	(²)	(²)	1	-

¹ Alternative formulas are generally designed to provide a minimum benefit for employees with short service or low earnings.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 73. Defined benefit plans: Terminal earnings formula, full-time employees, small private establishments, 1996

Item	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with terminal earnings formula ...	3,138	655	1,353	1,129
	Percent			
Total with terminal earnings formula	100	100	100	100
Flat percent per year of service	47	48	35	61
Less than 1.00 percent	1	-	-	3
1.00 - 1.24 percent	7	8	5	9
1.25 - 1.49 percent	6	7	6	7
1.50 - 1.74 percent	11	14	8	14
1.75 - 1.99 percent	7	10	3	11
2.00 - 2.24 percent	10	8	11	9
2.25 percent or greater	4	(¹)	2	8
Percent per year varies	53	52	65	39
By service	4	7	4	(¹)
By earnings	35	24	40	34
By age	-	-	-	-
By earnings and service ...	15	21	21	5
Other	-	-	-	-
	Average ²			
Average flat percent per year of service	1.66	1.60	1.69	1.67

¹ Less than 0.5 percent.

² The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 74. Defined benefit plans: Definition of terminal earnings, full-time employees, small private establishments, 1996

Definition of earnings	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with terminal earnings formula ...	3,138	655	1,353	1,129
	Percent			
Total with terminal earnings formula	100	100	100	100
Three years	24	27	24	23
Last 3	1	1	(¹)	1
High 3	5	4	4	8
Of last 10	1	1	(¹)	1
Of career	5	3	3	7
High consecutive 3	18	21	20	14
Of last 10	9	8	8	11
Of career	6	5	12	1
Of other time period	3	8	-	3
Five years	68	67	70	67
Last 5	6	4	3	10
High 5	15	16	17	13
Of last 10	7	2	8	8
Of career	6	5	7	4
Of other time period	3	10	2	-
High consecutive 5	48	47	51	44
Of last 10	30	35	38	17
Of career	17	12	12	26
Of other time period	1	-	1	(¹)
Other period ²	4	4	3	5
Not determinable	3	1	3	5

¹ Less than 0.5 percent.

² Formulas based on earnings during period other than 3 or 5 years' service, or period not immediately before retirement (for example, first 5 of last 10 years' service).

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 75. Defined benefit plans: Integration with Social Security, full-time employees, small private establishments, 1996

Integration with Social Security	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with defined benefit pension	5,883	969	2,013	2,902
	Percent			
Total with defined benefit pension	100	100	100	100
With integrated formula	44	54	61	29
Step-rate excess ¹	33	35	53	19
Social Security breakpoint	29	31	48	15
Dollar amount breakpoint	5	4	5	5
Offset by Social Security ²	11	19	9	10
Without integrated formula ...	51	42	35	66
Terminal earnings	15	21	17	11
Other formulas	36	22	18	54
Not determinable	5	4	4	5

¹ Formula applies lower benefit rate to earnings subject to FICA (Social Security) taxes or below a specific dollar breakpoint.

² Benefit as calculated by formula is reduced by portion of primary Social Security payments, for example, 50 percent.

Table 76. Defined benefit plans: Requirements for normal retirement, full-time employees, small private establishments, 1996

Requirements for normal retirement ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with defined benefit plan	5,883	969	2,013	2,902
	Percent			
Total with defined benefit plan ..	100	100	100	100
No age requirement	6	4	5	7
20 - 29 years of service	1	-	-	2
30 years of service	3	4	3	3
35 years of service	(²)	-	-	(²)
More than 35 years of service	2	-	2	2
At age 55	2	4	2	2
No service requirement	1	-	1	1
5 years of service	(²)	(²)	1	-
20 years of service	(²)	(²)	-	-
25 years of service	(²)	-	-	(²)
30 years of service	1	4	(²)	1
At age 56 - 59	1	1	(²)	2
10 years of service	1	1	(²)	1
30 years of service	(²)	-	-	(²)
At age 60	8	10	4	9
No service requirement	2	2	1	2
1 - 4 years of service	(²)	-	-	(²)
5 years of service	(²)	(²)	(²)	(²)
10 years of service	2	3	1	2
15 years of service	1	2	1	-
20 years of service	2	(²)	-	4
30 years of service	1	2	2	1
More than 30 years of service	(²)	(²)	(²)	(²)
At age 62	22	22	26	19
No service requirement	8	13	13	4
5 years of service	6	5	7	6
10 years of service	4	(²)	2	6
15 years of service	(²)	-	1	(²)
20 years of service	1	1	1	2
25 years of service	(²)	1	1	-
30 years of service	2	3	2	2

See footnotes at end of table.

Table 76. Defined benefit plans: Requirements for normal retirement, full-time employees, small private establishments, 1996 — Continued

Requirements for normal retirement ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
	Percent			
Total with defined benefit plan				
At age 63 - 64	1	-	(²)	2
No service requirement	(²)	-	-	1
5 years of service	1	-	(²)	1
25 years of service	(²)	-	-	(²)
At age 65	53	49	55	54
No service requirement	28	30	30	25
1 - 4 years of service	1	1	1	1
5 years of service	18	12	19	19
10 years of service	6	5	5	6
30 years of service	1	1	(²)	2
Sum of age plus service ³	6	10	6	5
Equals 80	1	3	1	1
Equals 81 - 89	2	2	3	2
Equals 90	2	6	2	1

¹ Normal retirement is defined as the point at which the participant could retire and immediately receive all accrued benefits by virtue of service and earnings, without reduction due to age. If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

² Less than 0.5 percent.

³ In some plans, participants must also satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 77. Defined benefit plans: Requirements for early retirement, full-time employees, small private establishments, 1996

Requirements for early retirement ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with defined benefit plan	5,883	969	2,013	2,902
	Percent			
Total with defined benefit plan ..	100	100	100	100
With early retirement available	92	94	91	93
No age requirement	2	3	2	2
20 - 29 years of service	1	1	1	1
30 years of service	2	2	2	1
Less than age 55	8	6	13	6
No service requirement	(²)	-	-	(²)
1 - 4 years of service	(²)	-	-	(²)
10 years of service	2	1	1	3
15 years of service	4	3	8	1
20 years of service	1	-	2	-
25 years of service	2	2	1	1
At age 55	74	74	68	77
No service requirement	3	6	1	3
1 - 4 years of service	(²)	(²)	(²)	(²)
5 years of service	15	13	18	12
6 - 9 years of service	1	1	2	(²)
10 years of service	43	43	40	45
11 - 14 years of service	(²)	2	(²)	(²)
15 years of service	8	7	6	9
20 years of service	4	1	1	8
Between ages 56 - 59	1	-	1	1
10 years of service	(²)	-	-	1
15 years of service	(²)	-	1	(²)

See footnotes at end of table.

Table 77. Defined benefit plans: Requirements for early retirement, full-time employees, small private establishments, 1996 — Continued

Requirements for early retirement ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
	Percent			
Total with defined benefit plan				
With early retirement available				
At age 60	2	3	4	1
No service requirement	(²)	1	1	-
5 years of service	1	1	1	-
10 years of service	1	1	2	1
20 years of service	(²)	(²)	-	-
At age 62	2	-	(²)	4
5 years of service	(²)	-	-	(²)
10 years of service	1	-	-	2
15 years of service	1	-	(²)	2
Sum of age plus service ³ ..	3	9	2	2
Equals less than 80	2	3	1	1
Equals 80	(²)	1	1	(²)
Equals 90	1	5	-	1
Early retirement not available	6	5	7	5
Not determinable	2	(²)	2	2

¹ Early retirement is defined as the point at which a worker could retire and immediately receive accrued benefits based on service and earnings but reduced for each year prior to normal retirement age. If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

² Less than 0.5 percent.

³ In most plans, participants must satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 78. Defined benefit plans: Early retirement reduction, full-time employees, small private establishments, 1996

Early retirement reduction ¹	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with early retirement available ...	5,438	914	1,835	2,690
	Percent			
Total with early retirement available	100	100	100	100
Uniform percentage reduction ²	47	49	38	52
Less than 3.0	1	2	1	1
3.0	9	14	6	9
3.1 - 3.9	2	2	2	1
4.0	7	10	10	4
5.0	8	6	7	10
5.1 - 5.9	(³)	-	-	(³)
6.0	17	16	10	22
6.1 - 6.9	1	(³)	(³)	2
Greater than 7.0	2	(³)	1	2
Reduction varies	50	47	59	46
By service	5	3	4	7
By age	45	43	54	39
Not determinable	3	4	4	2
	Average ⁴			
Average uniform reduction percentage	4.9	4.4	4.6	5.1

¹ Reduction for each year prior to normal retirement.

² In specific cases, uniform percentage reductions may approximate actuarial reductions, such as early retirement at age 55 with a reduction of 6 percent per year between age 55 and the plan's normal retirement age of 62.

³ Less than 0.5 percent.

⁴ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Chapter 7. Defined Contribution Plans

Defined contribution plans specify the level of employer contributions to a plan, but not the formula for determining eventual benefits as in a defined benefit plan. Instead, individual accounts are set up for participants, and benefits depend on amounts credited to these accounts, plus investment earnings. Although employers normally guarantee they will make contributions, the employee bears the risk of fluctuation in investment earnings. Full-time employees in small private establishments are more likely to be covered by a defined contribution plan than a defined benefit plan.

This chapter examines details of defined contribution plans, including:

- Types of defined contribution plans available
- Provisions, such as contributions and distributions, associated with several types of plans
- Pretax arrangements, known as 401(k) plans, and their unique features

Since 1984, the number of active participants in private sector defined contribution plans has risen steadily, while the number of active participants in defined benefit plans has declined. Most of the recent participation growth in defined contribution plans is occurring in new plans, particularly in 401(k) type plans, which offer cash or tax-deferred options on currently taxable compensation.²⁹

Defined contribution plans are primarily designed to provide retirement benefits. Withdrawals of employer contributions usually are not allowed until retirement age, death, disability, separation from service, age 59½, or hardship. However, some plans may impose less stringent restrictions for withdrawal of employer contributions, for example, permitting one or two withdrawals per year, or allowing withdrawal after 2 or 5 years of service.³⁰ Nevertheless, these defined contribution plans may also furnish retirement income because withdrawals of the employer's contributions are voluntary, not mandatory. For purposes of the Employee Benefits Survey, all defined contribution plans are considered retirement plans.

²⁹Data taken from U.S. Department of Labor, Pension and Welfare Benefits Administration, *Private Pension Plan Bulletin*, No. 6, Winter 1997.

³⁰Such withdrawals, while permitted by the plan, may trigger current income tax liability and tax penalties for the recipient.

Plan types

Defined contribution plans may be classified by type of plan (table 1). The survey provides incidence data on the following types: Savings and thrift plans, deferred profit-sharing plans, money purchase pension plans, employee stock ownership plans (ESOP's), simplified employee pensions (SEP's), and stock bonus plans.³¹ Savings and thrift plans and deferred profit-sharing plans are more common among white-collar workers.

Participants in defined contribution plans often make contributions to their plans, especially under savings and thrift plans. In savings and thrift plans, participants are required to make contributions as a condition of joining the plan, with the employer matching some or all of the employee contribution. In contrast, employers make all contributions for nearly all participants in private defined benefit plans.

Employees may receive retirement benefits from defined benefit plans, defined contribution plans, or both. When more than one plan is available, the employer most often provides a defined benefit plan and a savings and thrift plan.

Another common type of plan is the 401(k) plan (named after the applicable section of the Internal Revenue Code). Such plans, also known as cash or deferred arrangement plans, are features of defined contribution plans that give employees the opportunity to defer income and taxes into the future. They are discussed in more detail at the end of this chapter.

Savings and thrift plans

In small private establishments, savings and thrift plans enroll the largest number of participants in defined contribution plans. Under these plans, employees may contribute a predetermined portion of earnings (usually pretax) to an account, all or part of which the employer matches. Contributions are invested in various vehicles, such as stocks, bonds, and money market funds, as directed by the employee or employer, depending upon the provisions of the plan. Although usually designed as a long-term savings vehicle, savings and thrift plans may allow participants to withdraw and to borrow funds from their account. Also, savings and thrift plans may allow participants to transfer or "rollover" amounts received from a plan of a former employer. Such a rollover continues the tax deferral on

³³Information was not collected on stock purchase and stock option plans in the 1996 EBS. They are considered separate employee benefits rather than defined contribution plans designed for retirement purposes.

money that had been sheltered from taxes before the terminated employee received it (tables 79-84).

Employee contributions. Savings and thrift plans allow employees to choose from a range of contribution rates. A plan, for example, might allow employee contributions of any amount from 5 to 20 percent of pay. Maximum contributions of 15 percent are common.

The ability to make employee contributions on a pretax basis, known as salary reduction, has, after only a few years, become a dominant feature of savings and thrift plans. Nearly all participants in savings and thrift plans are allowed to make pretax contributions.

Provisions governing pretax contributions vary widely. For example, many participants in plans allowing pretax contributions are allowed to make only pretax contributions; some have an option to make either pretax or posttax contributions; and others must make at least some of their contributions on a pretax basis.

The tax status of employee contributions is important because of the current deferral of income taxes, and also because an employee may not withdraw pretax contributions from his or her account—except in limited circumstances—without tax penalties.

Employer-matching contributions. Employers give incentives for participating in a savings and thrift plan by matching all or a portion of the employee's contribution (adding the amount of employer contributions to the employee's account). Usually the employer matches a portion of the employee's contribution up to a specified percent of the employee's earnings. For example, an employer may match half of the employee's contribution up to the first 6 percent of earnings. Assuming the employee contributes 8 percent of earnings, the employer would add 3 percent (half of the first 6 percent of the employee's earnings) for a total contribution of 11 percent to the employee's account. In contrast with these straight percentage matches, some participants receive matching contribution rates varying by length of service, level of employee contribution, or company profits.³²

In some savings and thrift plans, the employer may also provide discretionary profit-sharing contributions to the employee's account.

Investment decisions. Participants in savings and thrift plans can often choose how they want their own contributions invested. Investment vehicles offered by these plans include company stock, common stock funds, guaranteed investment contracts, government securities, money market funds, and long-term interest bearing securities such as corporate bonds, and Treasury notes. The number of choices in these

plans varies from 2 to 10 or more. Customarily, employees are allowed to split their contributions among the various options—typically in multiples of 10 or 25 percent. For example, a participant may choose to invest 50 percent in company stock and 50 percent in government securities. In addition, plans often permit participants to change their investment choices periodically, or at any time.

Overall, employees have less flexibility in how employer contributions are invested. When no choice is allowed, plans typically specify that the matching contribution is invested in company stock.

Withdrawals and loans. Prior to normal payout at retirement, disability, or termination of employment, many participants in savings and thrift plans are allowed to withdraw all or a portion of employer contributions.

Many participants in plans permitting withdrawal of employer contributions are only allowed access to funds for hardship reasons, such as medical or educational expenses. The remaining participants can withdraw employer contributions for any reason.

Withdrawals of employer contributions may also be subject to a variety of other restrictions. For example, some participants who are allowed to make withdrawals can only withdraw part of their employer's contribution. Additionally, some who can make withdrawals have a penalty imposed if they do so. Common penalties involve suspending employee contributions, and employer matching contributions, for a given period, such as 6 months or 1 year. Other penalties include suspending employer matching contributions only, or forfeiting nonvested employer contributions.

Another method of accessing an employee's account prior to final payout is a loan. Loans usually have to be repaid within 5 years, but longer payment periods may apply for home purchase or renovation loans.

Interest rates on employee loans are typically determined by a specific economic indicator (such as the prime rate or U.S. Treasury bill rate), are at the discretion of the plan sponsor (employer, employer association, or union), or vary by the reason for the loan. In the last case, loans for the purchase of a home are often available at lower rates than other loans.

Distribution. At retirement, savings and thrift plans normally allow for payout in the form of a lump sum. Many participants can choose from among a lump sum and other options, such as a lifetime annuity or installments over a specified period.

Participation requirements. To begin accumulating benefits, savings and thrift plan participants frequently must complete a minimum amount of service, commonly 1 year.

Vesting. Saving and thrift plans are subject to the same vesting rules under the Employee Retirement Income Security Act as defined benefit plans. Vesting schedules

³² For more information on savings and thrift contributions and benefits, see Michael Bucci, "Contributions to Savings and Thrift Plans," *Monthly Labor Review*, November 1990, pp. 28-36.

vary significantly, however, between defined benefit and savings and thrift plans. Savings and thrift plans often include immediate full vesting, while such vesting provisions are virtually non-existent in defined benefit plans. All vesting schedules apply to employer contributions; employee contributions (including pretax contributions) are always 100-percent vested. Graduated vesting, in which an employee's nonforfeitable percentage increases over time until it reaches 100 percent, commonly after 5 to 7 years, applies to many participants in savings and thrift plans

Deferred profit-sharing plans

Deferred profit-sharing plans are also a popular defined contribution plan. Deferred profit-sharing plans are designed to hold money in employee accounts until retirement or another condition stipulated by the plan (for example, disability or death). The employee, however, may have a choice to receive a portion of the profits in cash, with the remainder placed in a deferred account.³³

Participants in deferred profit-sharing plans may have employer contributions determined by a specified formula, such as 4 percent of profits if annual sales were \$2 million to \$5 million, and 8 percent if sales exceeded \$5 million. The remaining participants may be in plans in which employers determine their contributions at their own discretion.

Once the employer contribution is determined, the plan may allocate it to individual participants in a number of ways. A common method of allocation is as a proportion of salary. Other allocation methods include formulas based on earnings and service, participants' contributions as a percentage of total contributions, and equal allocations to all participants.

Deferred profit-sharing plans may allow employees to contribute to their plan as a means of increasing the value of their account. However, it is not very common for employees to be required to contribute to such plans. Plans typically give employees only limited opportunities to make investment choices. Plan participation and vesting requirements tend to be similar to those found in saving and thrift plans.

Money purchase pension plans

Another type of defined contribution plan, available to a small percent of full-time employees in small private establishments, is a money purchase pension plan. These plans accumulate funds through a fixed contribution to accounts set up for each employee. Under these plans, employer contributions usually are a percent of employee salary, such as 3 percent per year. These contributions, plus earnings, are available at retirement. In general, employee contributions are neither required nor allowed, employees do not partici-

³³ Profit-sharing plans that pay benefits directly to the participants in cash are not considered defined contribution plans; they are included as nonproduction bonuses in table 3.

pate in investment decisions, and accounts may not be accessed—by either withdrawal or loan—prior to retirement.

These plans are referred to as pension plans because they often provide a periodic payment to employees at retirement. This is accomplished by using the funds accumulated in each employee's account to purchase an annuity—often from an insurance company—that guarantees a periodic payment for life. Other payment arrangements may be available, though, including a lump sum or series of installments.

Stock plans

Two types of stock plans are considered defined contribution plans—stock bonus plans and employee stock ownership plans.³⁴ A stock bonus plan specifies employer or employee and employer contributions to a trust fund that invests in various securities. Employee stock ownership plans (ESOP's), however, are generally wholly employer financed and must be designed to invest primarily in company stock. ESOP's may be used as the means by which employees acquire ownership in their company. Stocks are distributed to individual employee accounts periodically as loans used to finance the purchase are repaid. (NOTE: Something seems to be missing from this sentence.)

Both types of stock plans make benefit distributions in either company stock or cash. Stock plans are found infrequently among full-time employees in small private establishments.

Simplified employee pension plans

A simplified employee pension plan, or SEP, is an individual retirement arrangement (IRA) under which a retirement account is established by the employer for each eligible employee. Under this "super-IRA" type of employer-funded pension plan, an employer may make contributions of 15 percent of compensation, up to \$30,000, for each employee, considerably more than the \$2,000 limit on the traditional IRA. Although SEP's are specifically designed for small establishments of 25 employees or fewer, SEP's are rare because they usually cover only the self-employed, who are excluded from the survey.

Cash or deferred arrangements

Plans with a cash or deferred arrangement, also known as 401(k) plans, allow participants to choose between receiving currently taxable income or deferring taxation by placing the money in a retirement account.³⁵ Cash or deferred arrangements usually take the form of salary reduction plans (tables 85 and 86).

Salary reduction plans allow employees to contribute a part of their earnings to a retirement plan, and defer in-

³⁴ Stock purchase plans and stock options are considered separate employee benefits. Currently, they are not being studied.

³⁵ For 401(k) plans with no employer contribution, participants are those workers actually making pretax contributions. For other plans, participants are those workers in plans offering cash or deferred arrangements, whether or not workers actually made pretax contributions.

come taxes on those contributions and their earnings until distribution. Such contributions are referred to as “employee elective deferrals” or “pretax contributions.”

Salary reduction features, more common among white-collar than among blue-collar employees, are available through several types of defined contribution plans. A very common vehicle for salary reduction is a savings and thrift plan. The remainder generally make salary reduction contributions through a profit-sharing plan or a freestanding plan, that is, a plan set up for employee salary reduction with no employer contribution.

Deferrals of profit-sharing allocations give employees the choice of receiving an employer’s profit-sharing contri-

bution immediately in cash, or deferring the contribution and postponing taxation until distribution. Such arrangements are not common.

The growth of 401(k) plans has helped to expand the defined contribution plan as a savings vehicle for retirement. Unlike some defined contribution plans, such as money purchase plans, 401(k) plans generally require employee contributions as a condition of participation and then require the individual employee to decide how much pay to save. Finally, the participant determines where to invest the aggregated funds, including matching employer contributions, to enhance retirement income.

Table 79. Savings and thrift plans: Maximum employee contributions,¹ full-time employees, small private establishments, 1996

Maximum employee contributions	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with savings and thrift plans	9,314	2,585	3,550	3,178
	Percent			
Total with savings and thrift plans	100	100	100	100
Percent of employee earnings	86	82	91	83
5 percent or less	2	3	3	2
6 percent	4	1	4	6
7 percent	(²)	-	(²)	-
8 percent	1	1	1	1
9 percent	(²)	(²)	(²)	(²)
10 percent	9	7	11	9
11 percent	(²)	(²)	(²)	1
12 percent	8	9	8	8
13 percent	1	(²)	1	(²)
14 percent	1	1	1	1
15 percent	40	42	39	39
16 percent	7	6	10	6
17 percent	2	3	3	1
17.01 - 17.99 percent	(²)	1	(²)	-
18 percent	2	2	2	1
18.01 - 19.99 percent	(²)	1	(²)	(²)
20 percent	5	4	5	6
20.01 - 24.99 percent	(²)	(²)	1	(²)
25 percent or more	1	1	1	(²)
Specified dollar amount	1	(²)	1	3
Up to the Internal Revenue Code limit	11	14	8	12
Not determinable	2	4	1	3
	Average ³			
Average maximum contribution (percent of earnings)	13.9	14.3	14.0	13.6

¹ Includes contributions that are not matched by the employer. If maximum contributions vary, such as by length of service, the highest possible contribution was tabulated.

² Less than 0.5 percent.

³ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 80. Savings and thrift plans: Method of determining pretax contribution, full-time employees, small private establishments, 1996

Pretax contributions	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with savings and thrift plans	9,314	2,585	3,550	3,178
	Percent			
Total with savings and thrift plans	100	100	100	100
Pretax contributions allowed	88	86	90	88
All contributions must be pretax	41	37	42	43
All contributions may be pretax	13	11	16	11
Contributions up to specified percent may be pretax	3	4	4	2
Initial contributions must be pretax; additional contributions cannot be pretax	1	1	2	1
Initial contributions must be pretax; all additional contributions may be pretax	1	1	1	(¹)
Pre-tax allowed, options unknown	30	35	25	31
No pretax contributions allowed	3	2	2	4
Not determinable	9	12	8	8

¹ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 81. Savings and thrift plans: Maximum pretax employee contributions,¹ full-time employees, small private establishments, 1996

Maximum pretax contributions	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with savings and thrift plans that allow pretax contributions ...	8,220	2,232	3,183	2,805
	Percent			
Total with savings and thrift plans that allow pretax contributions	100	100	100	100
Percent of employee earnings ²	87	83	91	86
Specified dollar amount	1	1	(³)	2
Up to the Internal Revenue Code limit	11	16	8	11
Not determinable	1	1	1	1

¹ Includes contributions that are not matched by the employer. If maximum contributions vary, such as by length of service, the highest possible contribution was tabulated.

² Includes plans with pretax limits not surveyed.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 82. Savings and thrift plans: Methods of employer matching contributions, full-time employees, small private establishments, 1996

Employer matching rates	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with savings and thrift plans	9,314	2,585	3,550	3,178
	Percent			
Total with savings and thrift plans	100	100	100	100
Specified matching percent ¹	79	80	76	80
Varies by service	2	1	1	3
Varies by amount of contribution	7	9	7	6
Varies by investment choice	(²)	(²)	(²)	-
Varies by profit level	2	3	3	2
Other	7	5	9	5
Not determinable	4	2	4	5

¹ Plans where the employer matches a specified percent of employee contributions. For example, the employer matches 50 percent of employee earnings up to 6 percent.

² Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 83. Savings and thrift plans: Employee contributions by employer specified matching percentage, full-time employees, small private establishments, 1996

Employee contribution ¹	Total ²	Specified matching percentage			
		1 - 49	50	51 - 99	100
All employees					
Total ³	100	31	36	3	28
Under 2 percent	1	-	1	-	1
2 percent	8	1	2	-	6
3 percent	10	2	2	-	5
4 percent	19	6	7	(⁴)	5
5 percent	10	4	3	(⁴)	3
6 percent	38	11	19	3	5
Greater than 6 percent	12	7	2	-	3
Professional, technical, and related					
Total ³	100	27	38	1	33
Under 2 percent	1	-	1	-	(⁴)
2 percent	11	-	1	-	10
3 percent	7	2	1	-	3
4 percent	21	9	6	-	5
5 percent	11	6	2	-	3
6 percent	33	5	23	1	3
Greater than 6 percent	14	5	4	-	5
Clerical and sales					
Total ³	100	30	39	4	25
Under 2 percent	1	-	1	-	(⁴)
2 percent	8	1	3	-	3
3 percent	12	2	3	-	7
4 percent	19	6	7	(⁴)	5
5 percent	9	2	3	(⁴)	3
6 percent	39	10	22	3	4
Greater than 6 percent	9	7	1	-	1
Blue collar and service					
Total ³	100	36	31	4	29
Under 2 percent	1	-	-	-	1
2 percent	7	1	2	-	4
3 percent	9	2	3	-	4
4 percent	16	3	9	-	4
5 percent	10	4	3	1	2
6 percent	43	18	14	4	8
Greater than 6 percent	13	8	1	-	4

¹ Employee may contribute a percent of salary up to a specified maximum; ceilings on contributions to be matched by employers generally are lower.

² Total includes workers with an employer matching percentage of greater than 100 percent, but those matching percentages are not presented separately.

³ Includes other employee contribution rates not shown separately.

⁴ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 84. Savings and thrift plans: Service requirements¹, full-time employees, small private establishments, 1996

Eligibility requirements ²	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with savings and thrift plans	9,314	2,585	3,550	3,178
	Percent			
Total with savings and thrift plans	100	100	100	100
With minimum service requirement	84	79	83	89
3 months or less	16	16	15	18
6 months	10	11	9	11
1 year	57	51	58	60
2 years	(3)	(3)	(3)	(3)
3 years	(3)	(3)	(3)	-
No minimum service requirement	11	16	10	7
Not determinable	6	5	8	4
	Average ⁴			
Average service requirement (in months)	9.7	9.1	10.1	9.7

¹ In many of these plans, there is also an age requirement. For example, some plans have participation requirements of age 21 and 12 months of service. This table's eligibility requirements are based on when the employee can first join the plan, not when the employer first begins contributing. In past surveys the eligibility requirements were based on when the employer first contributes to the plan. Thus this table is not strictly comparable to the same table from past surveys.

² If a plan had alternate eligibility requirements, one of which was service only, the service only requirement was tabulated.

³ Less than 0.5 percent.

⁴ The average is presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 85. 401(k) salary reduction plans: Maximum pretax employee contributions,¹ full-time employees, small private establishments, 1996

Maximum pretax contributions	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with 401(k) salary reduction plans	9,501	2,428	3,757	3,316
	Percent			
Total with 401(k) pretax salary reduction plans	100	100	100	100
Percent of employee earnings ²	84	82	87	81
Specified dollar amount	1	(³)	(³)	1
Up to the Internal Revenue Code limit	15	17	11	17
Not determinable	1	1	1	1

¹ Includes contributions that are not matched by the employer. If maximum contributions vary, such as by length of service, the highest possible contribution was tabulated.

² Includes plans with pretax limits not surveyed.

³ Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table 86. 401(k) salary reduction plans: Service requirements,¹ full-time employees, small private establishments, 1996

Eligibility requirements ²	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with 401(k) salary reduction plans	9,501	2,428	3,757	3,316
	Percent			
Total with 401(k) salary reduction plans	100	100	100	100
With minimum service requirement	87	82	86	92
3 months or less	15	15	14	16
6 months	10	11	9	10
1 year	61	55	61	65
2 years	(³)	(³)	1	(³)
3 years	(³)	(³)	(³)	-
Over 3 years	(³)	-	(³)	1
No minimum service requirement	8	15	7	5
Not determinable	5	3	7	4
	Average ⁴			
Average service requirement (in months)	10.1	9.2	10.3	10.5

¹ In many of these plans, there is also an age requirement. For example, some plans have participation requirements of age 21 and 12 months of service. This table's eligibility requirements are based on when the employee can first join the plan, not when the employer first begins contributing. In past surveys the eligibility requirements were based on when the employer first contributes to the plan. Thus this table is not strictly comparable to the same table from past surveys.

² If a plan had alternate eligibility requirements, one of which was service only, the service only requirement was tabulated.

³ Less than 0.5 percent.

⁴ The averages are presented for all covered workers; averages exclude workers without the plan provision.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Chapter 8. Flexible Benefits Plans and Reimbursement Accounts

Employers have traditionally offered their workers benefit plans in a number of areas, such as medical care, life insurance, and retirement benefits. Employees may have a choice from among a number of plans in a given benefit area. For example, an employee may be offered a choice between a traditional fee-for-service medical plan and a health maintenance organization. In recent years, new approaches to offering benefits have emerged. BLS currently collects data on two of these—flexible benefits plans and reimbursement accounts. Both arrangements are governed by Internal Revenue Code section 125.

Full-time employees in small private establishments are seldom offered flexible benefits plans, unlike their counterparts in medium and large private establishments. These plans, often called cafeteria plans, allow employees to design individual benefit packages by choosing from among several types of benefits. In a flexible benefits plan, employers provide each worker with an amount of “benefits credits.” These credits may equal a fixed dollar amount for each worker, or an amount that varies among workers according to earnings, length of service, size of family, or other characteristics. The employee then chooses from various benefits and benefit levels, using credits to purchase the desired benefits. If the credits are not sufficient to pay for the benefit, employees may have the option to fund the difference with pretax contributions.

Flexible benefits plans may provide several options, including various levels of life insurance, separate dental choices, participation in fee-for-service medical plans (with varying deductibles and out-of-pocket maximums) or in alternative medical plans (such as health maintenance organizations and preferred provider organizations), varying levels of accidental death and dismemberment insurance, and long-term disability insurance coverage. Some employees covered by flexible benefits plans may receive cash in lieu of benefits or deposit unused credits into reimbursement accounts. Other employees may choose to purchase short-term disability coverage, deposit credits in a 401(k) plan, or buy and sell vacation days. Participants are often required to purchase minimum levels of coverage, such as basic life insurance.

Reimbursement accounts are somewhat more prevalent among full-time employees in small private establishments.

These accounts, also called flexible spending accounts, provide funds from which employees pay for expenses not covered by their regular benefits package.

Reimbursement accounts are usually funded solely by employee pretax contributions, although some accounts may be partially funded by employers. Reimbursement accounts may be part of a flexible benefits plan, or they may stand alone.

The majority of employees eligible for reimbursement accounts may allocate funds for health care deductibles, coinsurance costs, and the cost of services not covered by their medical care plan, such as dental expenses and vision exams. Eligible employees often may use money from these accounts to pay for dependent care expenses, generally both child care and care for elderly or disabled relatives. Reimbursement account funds may also be allocated for the payment of the employees’ share of health care premiums, and other insurance premiums, such as life insurance or a spouse’s insurance premiums.

Some accounts, known as premium conversion plans, are established solely to allow medical plan participants to pay required plan premiums with pretax dollars. Although such arrangements differ from the usual reimbursement accounts, where employees are reimbursed with pretax money *after* a payment is made, these arrangements nonetheless meet the Internal Revenue Code requirements for a section 125 plan.

Nearly all employees participating in flexible benefits plans or reimbursement accounts are required to contribute toward the cost of their benefits, or are allowed to contribute to obtain additional benefits. These contributions are usually deducted from an employee’s salary, which results in lower income tax liabilities.

Individual benefit plans offered through a flexible benefits plan are analyzed and included in the tabulations for specific benefit areas in this bulletin.³⁶

³⁶For information on flexible benefits plans in medium and large private establishments, see Joseph R. Meisenheimer and William J. Wiatrowski, “Flexible Benefits Plans: Employees Who Have a Choice,” *Monthly Labor Review*, December 1989, pp. 17-23.

Table 87. Stand-alone reimbursement accounts: Expenses covered, full-time employees, small private establishments, 1996

Expenses	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Number (in thousands) with reimbursement account ¹	4,739	1,445	1,916	1,377
	Percent			
Total with reimbursement account	100	100	100	100
Expenses known	94	97	90	96
Health premiums	69	75	65	69
Other health expenses	78	75	76	84
Dependent care expenses	82	90	82	75
Legal expenses	2	5	1	(²)
Other premiums	20	23	20	18
Other	2	2	2	2
Expense not determinable	6	3	10	4

¹ Total is less than the sum of individual items because many plans allow funds to be used for multiple purposes.

² Less than 0.5 percent.

NOTE: Where applicable, dash indicates no employees in this category.

Chapter 9. Benefits by Selected Characteristics

This chapter presents incidence of employee benefits for five selected characteristics—small independent businesses, geographic region, major industry segment, union status, and part-time employment (tables 92-103).

Full-time employees in small independent businesses usually receive fewer benefits than comparable employees in small operating units of larger companies. Small independent businesses, such as local independent hardware or grocery stores, account for about three-fourths of the total coverage of the small establishments survey; the balance includes the small operating units of larger companies.

The four geographic regions, Northeast, South, North Central, and West,³⁷ show variation in the incidence of employee benefits for full-time employees in small private establishments. For example, the incidence of health care and retirement benefits was 70 percent and 53 percent, respectively, in the Northeast region, while in the South it was 62 and 43 percent, respectively. The incidence of health care and retirement benefits in the North Central and West were similar to that in the South.

The incidence of medical care and outpatient prescription drug benefits provided to workers in goods-producing industries³⁸ was slightly higher than that provided to workers in service-producing industries. While life insurance benefits were offered with the same frequency to workers in goods- and service-producing industries, long-term disability insurance was provided twice as often to workers in the service-producing sector. Defined benefit retirement plans were offered more often to workers in goods-producing industries, while defined contribution plans were slightly more prevalent in service-producing industries. Service-producing industries accounted for about three-fourths of those

employed full time in small private establishments in 1996.

Data on full-time employees covered by collective bargaining agreements were also collected.³⁹ Because of the small percentage of workers in these establishments covered by agreements, only non-union data were published.

Finally, incidence of benefits for part-time workers in small private establishments is available.⁴⁰ Part-time workers within the scope of the Employee Benefits Survey were far less likely to be covered by benefit plans than full-time workers. Part-time workers account for about one-fourth of the 53.9 million employees in small private establishments.

Small, independent businesses

In 1996, the proportion of full-time employees in small independent businesses, which make up about—73 percent of the Employee Benefits Survey of Small Private Establishments, who received specific benefits was lower than that found among full-time employees in all small establishments. For example, retirement benefits were available to 42 percent of full-time employees in small independent businesses and to 46 percent of such employees in all small establishments.

Paid vacations and holidays were the most prevalent benefits available to full-time employees in small independent businesses in 1996, covering 86 and 80 percent of workers, respectively. Paid jury-duty leave was provided to 55 percent of workers, paid sick leave, to 48 percent, and paid funeral leave, to 47 percent. Other paid time-off benefits were less prevalent.

Just over three-fifths of the full-time workers in small independent businesses participated in medical care plans in 1996 and nearly 6 out of 10 had life insurance protection. Other insurance coverage was much less prevalent: dental care and short-term disability benefit plans each cov-

³⁷ Geographic regions are defined as follows: Northeast—Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont; South—Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia; North Central—Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin; West—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming.

³⁸ Goods-producing industries include manufacturing, mining, and construction. Service-producing industries include transportation, communications, electric, gas and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; and services. See Appendix A for additional information on survey scope.

³⁹ Occupations are categorized as union or nonunion at the time of data collection. To be categorized as union, the occupations must meet the following criteria: 1) A labor organization must be recognized as the bargaining agent for workers in the occupation; 2) wage and salary rates must be determined through collective bargaining or negotiations; and, 3) settlement terms must be embodied in a signed, mutually-binding collective bargaining agreement.

⁴⁰ Employees are classified as full-time or part-time in accordance with the practices of surveyed establishments.

ered just over one-fourth of full-time employees in small independent businesses in 1996, while about one-fifth had long-term disability insurance protection. Coverage for these benefits averaged a few percentage points lower than their incidence in all small private establishments.

Among other benefits studied, the most prevalent available to full-time employees in small independent businesses was nonproduction bonuses—48 percent of such workers were eligible for these bonuses. Thirty-four percent of employees in small independent businesses were eligible for job-related educational assistance and 12 percent were eligible for severance pay. Few of the other items studied were widespread even among full-time workers in all small establishments. In small, independent businesses, these benefits, for the most part, were even less prominent.

Geographic region

Workers in the Northeast were more likely than workers in other regions to receive most types of paid leave, including holidays and vacations. They also tended to have a slight edge in insurance and retirement coverage; workers in the South and West had a lower incidence of retirement plans. The significantly higher incidence of short-term disability benefits in the Northeast is due to State mandated coverage in New York and New Jersey (see chapter 3). The incidence of other benefits, such as childcare, employee assistance programs, and reimbursement accounts did not vary in any pattern among geographic regions.

Industry

The incidence of all paid leave benefits provided to full-time workers in service-producing industries was higher than in goods-producing industries. Workers in service-producing industries were significantly more likely to receive unpaid family leave.

Workers in goods-producing industries were more likely to be covered by medical care and prescription drug plans. More than twice the proportion of workers in service-

producing industries as in goods-producing industries had long-term disability insurance. Incidence among other benefits was higher for workers in service-producing industries, with the exception of nonproduction bonuses, which were more commonly provided to workers in goods-producing industries.

Part-time employees

Few part-time workers within the scope of this survey received benefits usually provided to full-time workers, such as medical care, life insurance, or private retirement plans. Full-time employees in small private establishments were about 10 times as likely as part-time employees to have medical care and nearly 9 times as likely to receive life insurance. Full-time employees were more than three times as likely as part-time employees to be covered by retirement plans, and more than twice as likely to have short-term disability protection. Although retirement plans were available to more than 1 out of 7 part-time employees, life insurance, medical care, dental care, and long-term disability insurance were available to less than one-tenth of part-time workers.

Because of both the limited sample size and incidence of benefits among part-time workers, plan provisions could not be examined to the same extent as for full-time workers.

Paid time-off was the most prevalent type of benefit program available to the part-time workforce. Almost one-third of all part-time employees were eligible for paid vacations, and about one-fourth had paid holidays and paid jury duty leave. Other types of leave were less common. One-tenth of part-time employees was eligible for paid sick leave. Paid time-off was commonly prorated based on the work schedule of the part-time employee. For example, an employee working 4 hours per day would receive 4 hours of pay for each vacation day granted.

The incidence of other benefits offered to part-time employees, such nonproduction bonus and job-related education assistance, was also lower than for full-time workers.

Table 88. Summary: Participation¹ in selected employee benefit programs, full-time employees, small independent businesses, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Paid time off:				
Holidays	80	89	91	70
Vacations	86	92	95	78
Personal leave	13	21	18	8
Funeral leave	47	60	55	38
Jury duty leave	55	74	64	42
Military leave	13	22	16	7
Family leave	2	3	3	1
Unpaid family leave	39	47	41	35
Disability benefits ² :				
Paid sick leave	48	66	62	33
Short-term disability	27	32	28	24
Long-term disability insurance	18	36	25	7
Survivor benefits:				
Life insurance	57	70	63	49
Accidental death and dismemberment	46	57	51	39
Survivor income benefits	(³)	(³)	(³)	(³)
Health care benefits:				
Medical care	62	76	67	54
Dental care	27	37	30	22
Vision care	10	12	8	10
Outpatient prescription drug coverage	55	68	59	48

See footnotes at end of table.

Table 88. Summary: Participation¹ in selected employee benefit programs, full-time employees, small independent businesses, 1996 (In percent) — Continued

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Retirement income benefits:				
All retirement ⁴	42	54	48	34
Defined benefit	10	9	11	11
Defined contribution ⁵	35	49	42	26
Savings and thrift	19	28	22	13
Deferred profit sharing	12	14	17	9
Employee stock ownership	(³)	(³)	1	(³)
Money purchase pension	4	6	4	4
Simplified employee pension ..	1	3	1	1
Other	(³)	1	(³)	(³)
Type not available	-	-	-	-
Cash or deferred arrangements:				
With employer contributions	20	27	25	14
Salary reduction	20	27	24	14
Savings and thrift ⁶	17	25	20	12
Deferred profit sharing	2	1	3	2
Deferral of profit sharing allocation	(³)	-	1	(³)
No employer contributions	4	8	4	2

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employees must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Less than 0.5 percent.

⁴ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁵ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁶ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 89. Other benefits: Eligibility for specified benefits, full-time employees, small independent businesses, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Income continuation plans:				
Severance pay	12	20	15	7
Supplemental unemployment benefits	(¹)	-	(¹)	(¹)
Family benefits:				
Employer assistance for child care	1	3	1	(¹)
Employer provided funds ..	1	1	1	(¹)
On-site child care	1	2	(¹)	(¹)
Off-site child care	1	2	(¹)	(¹)
Adoption assistance	1	2	(¹)	(¹)
Long-term care insurance	1	2	1	(¹)
Flexible workplace	1	4	1	(¹)
Health promotion programs:				
Wellness programs	5	9	5	4
Employee assistance programs	9	13	10	6
Fitness center	4	5	5	3
Miscellaneous benefits:				
Job-related travel accident insurance	7	11	10	4
Nonproduction bonuses	48	48	51	45
Subsidized commuting	1	3	2	(¹)
Education assistance:				
Job-related	34	54	40	23
Not job-related	3	5	4	2
Section 125 cafeteria benefits ² :	16	25	19	10
Flexible benefit plans	2	4	3	1
Reimbursement plans	8	14	11	4
Premium conversion plans ...	5	7	5	5

¹ Less than 0.5 percent.

² Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 90. Summary: Participation¹ in selected employee benefit programs, full-time employees, by geographic region, small private establishments, 1996 (in percent)

Benefit	Northeast	South	North Central	West
Paid time off:				
Holidays	90	81	79	73
Vacations	90	88	87	81
Personal leave	26	9	15	10
Funeral leave	67	51	54	34
Jury duty leave	79	61	61	37
Military leave	22	20	18	10
Family leave	3	1	3	1
Unpaid family leave	61	43	46	45
Disability benefits ² :				
Paid sick leave	63	48	47	46
Short-term disability	64	19	29	14
Long-term disability insurance	24	22	23	19
Survivor benefits:				
Life insurance	63	62	68	54
Accidental death and dismemberment	51	52	52	38
Survivor income benefits	(³)	(³)	1	(³)
Health care benefits:				
Medical care	70	62	65	62
Dental care	36	25	27	39
Vision care	19	7	8	18
Outpatient prescription drug coverage	63	54	59	52

See footnotes at end of table.

Table 90. Summary: Participation¹ in selected employee benefit programs, full-time employees, by geographic region, small private establishments, 1996 (in percent) — Continued

Benefit	Northeast	South	North Central	West
Retirement income benefits:				
All retirement ⁴	53	43	47	43
Defined benefit	21	12	14	14
Defined contribution ⁵	42	37	39	35
Savings and thrift	23	24	23	23
Deferred profit sharing	14	10	13	13
Employee stock ownership	1	2	1	1
Money purchase pension	7	3	5	2
Simplified employee pension ..	(³)	1	2	1
Other	1	(³)	(³)	-
Type not available	-	-	-	-
Cash or deferred arrangements:				
With employer contributions	25	24	24	23
Salary reduction	25	24	24	23
Savings and thrift ⁶	22	21	20	20
Deferred profit sharing	2	3	2	2
Deferral of profit sharing allocation	1	(³)	-	(³)
No employer contributions	4	4	6	3

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employee must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Less than 0.5 percent.

⁴ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁵ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁶ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 91. Other benefits: Eligibility for specified benefits, full-time employees, by geographic region, small private establishments, 1996 (In percent)

Benefit	Northeast	South	North Central	West
Income continuation plans:				
Severance pay	19	16	11	13
Supplemental unemployment benefits	1	-	(¹)	(¹)
Family benefits:				
Employer assistance for child care	1	2	2	2
Employer provided funds ..	1	1	1	2
On-site child care	(¹)	(¹)	1	(¹)
Off-site child care	(¹)	1	1	1
Adoption assistance	1	1	2	1
Long-term care insurance	1	1	2	1
Flexible workplace	2	1	2	(¹)
Health promotion programs:				
Wellness programs	7	8	10	6
Employee assistance programs	17	14	12	15
Fitness center	4	4	4	5
Miscellaneous benefits:				
Job-related travel accident insurance	12	12	14	10
Nonproduction bonuses	47	45	47	38
Subsidized commuting	2	1	(¹)	3
Education assistance:				
Job-related	34	39	44	34
Not job-related	5	7	5	2
Section 125 cafeteria benefits ² :	20	27	24	18
Flexible benefit plans	2	4	5	6
Reimbursement plans	9	13	14	11
Premium conversion plans ...	9	11	5	1

¹ Less than 0.5 percent.

² Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 92. Summary: Participation¹ in selected employee benefit programs, full-time employees in goods-producing and service-producing industries, small private establishments, 1996 (In percent)

Benefit	Goods-producing industries	Service-producing industries
Paid time off:		
Holidays	78	81
Vacations	80	89
Personal leave	12	15
Funeral leave	42	54
Jury duty leave	49	63
Military leave	13	19
Family leave	1	2
Unpaid family leave	40	50
Disability benefits ² :		
Paid sick leave	32	56
Short-term disability	31	28
Long-term disability insurance	12	25
Survivor benefits:		
Life insurance	62	62
Accidental death and dismemberment	49	49
Survivor income benefits	1	1
Health care benefits:		
Medical care	67	63
Dental care	29	31
Vision care	13	12
Outpatient prescription drug coverage	63	55

See footnotes at end of table.

Table 92. Summary: Participation¹ in selected employee benefit programs, full-time employees in goods-producing and service-producing industries, small private establishments, 1996 (In percent) — Continued

Benefit	Goods-producing industries	Service-producing industries
Retirement income benefits:		
All retirement ³	48	45
Defined benefit	20	13
Defined contribution ⁴	36	39
Savings and thrift	20	25
Deferred profit sharing	12	12
Employee stock ownership	1	1
Money purchase pension	5	3
Stock bonus	-	(⁵)
Simplified employee pension ..	1	1
Other	(⁵)	(⁵)
Type not available	-	-
Cash or deferred arrangements:		
With employer contributions	19	26
Salary reduction	19	25
Savings and thrift ⁶	18	22
Deferred profit sharing	1	3
Other	1	1
Deferral of profit sharing allocation	-	(⁵)
No employer contributions	3	4

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employee must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁴ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁵ Less than 0.5 percent.

⁶ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 93. Other benefits: Eligibility for specified benefits, full-time employees in goods-producing and service-producing industries, small private establishments, 1996 (In percent)

Benefit	Goods-producing industries	Service-producing industries
Income continuation plans:		
Severance pay	10	16
Supplemental unemployment benefits	1	(¹)
Family benefits:		
Employer assistance for child care	(¹)	2
Employer provided funds	(¹)	1
On-site child care	-	1
Off-site child care	(¹)	1
Adoption assistance	1	2
Long-term care insurance	1	2
Flexible workplace	(¹)	2
Health promotion programs:		
Wellness programs	6	8
Employee assistance programs	10	16
Fitness center	3	4
Miscellaneous benefits:		
Job-related travel accident insurance	8	14
Nonproduction bonuses	51	42
Subsidized commuting	1	1
Education assistance:		
Job-related	29	41
Not job-related	3	6
Section 125 cafeteria benefits ² :	16	25
Flexible benefit plans	1	5
Reimbursement plans	6	14
Premium conversion plans	9	6

¹ Less than 0.5 percent.

² Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 94. Summary: Participation¹ in selected employee benefit programs, nonunion² full-time employees, small private establishments, 1996 (In percent)

Benefit	Nonunion employees			
	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Paid time off:				
Holidays	81	86	91	72
Vacations	87	90	95	80
Personal leave	14	21	18	8
Funeral leave	51	60	60	41
Jury duty leave	59	74	68	46
Military leave	18	25	22	12
Family leave	2	2	3	1
Unpaid family leave	47	52	51	41
Disability benefits ³ :				
Paid sick leave	51	66	64	35
Short-term disability	26	32	33	19
Long-term disability insurance	23	39	31	10
Survivor benefits:				
Life insurance	60	72	67	49
Accidental death and dismemberment	48	59	53	39
Survivor income benefits	1	(⁴)	1	1
Health care benefits:				
Medical care	62	76	69	52
Dental care	28	39	34	19
Vision care	9	13	10	6
Outpatient prescription drug coverage	55	67	60	46

See footnotes at end of table.

Table 95. Other benefits: Eligibility for specified benefits, nonunion¹ full-time employees, small private establishments, 1996 (In percent)

Benefit	Nonunion employees			
	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Income continuation plans:				
Severance pay	14	22	19	8
Supplemental unemployment benefits	-	-	-	-
Family benefits:				
Employer assistance for child care	2	4	2	(²)
Employer provided funds ..	1	2	2	(²)
On-site child care	1	2	(²)	(²)
Off-site child care	1	2	(²)	(²)
Adoption assistance	1	3	1	1
Long-term care insurance	1	2	2	1
Flexible workplace	1	4	1	(²)
Health promotion programs:				
Wellness programs	7	11	9	5
Employee assistance programs	14	18	19	8
Fitness center	4	6	5	2
Miscellaneous benefits:				
Job-related travel accident insurance	12	17	16	7
Nonproduction bonuses	45	45	46	45
Subsidized commuting	1	3	2	(²)
Education assistance:				
Job-related	38	56	45	26
Not job-related	5	6	6	4
Section 125 cafeteria benefits ³ :	24	31	29	17
Flexible benefit plans	4	6	7	2
Reimbursement plans	12	18	16	7
Premium conversion plans ...	7	7	7	7

¹ Data were insufficient to show data for union employees separately.

² Less than 0.5 percent.

³ Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 96. Summary: Participation¹ in selected employee benefit programs, part-time employees, small private establishments, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Paid time off:				
Holidays	24	26	31	19
Vacations	30	24	35	28
Personal leave	5	17	7	2
Funeral leave	16	26	24	10
Jury duty leave	23	30	29	18
Military leave	5	11	6	5
Family leave	1	1	2	(²)
Unpaid family leave	25	15	35	20
Disability benefits ³ :				
Paid sick leave	10	26	12	6
Short-term disability	13	11	14	13
Long-term disability insurance	2	7	2	1
Survivor benefits:				
Life insurance	7	8	11	5
Accidental death and dismemberment	4	4	6	3
Survivor income benefits	(²)	-	(²)	-
Health care benefits:				
Medical care	6	14	9	3
Dental care	4	5	7	2
Vision care	2	2	4	2
Outpatient prescription drug coverage	5	14	7	3

See footnotes at end of table.

Table 96. Summary: Participation¹ in selected employee benefit programs, part-time employees, small private establishments, 1996 (In percent) — Continued

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Retirement income benefits:				
All retirement ⁴	13	22	24	6
Defined benefit	4	4	6	2
Defined contribution ⁵	10	18	19	4
Savings and thrift	4	4	7	1
Deferred profit sharing	5	6	11	1
Employee stock ownership	(²)	-	1	(²)
Money purchase pension	2	5	1	2
Simplified employee pension ..	1	2	2	(²)
Other	-	-	-	-
Type not available	-	-	-	-
Cash or deferred arrangements:				
With employer contributions	5	10	8	3
Salary reduction	5	10	8	3
Savings and thrift ⁶	3	3	6	1
Deferred profit sharing	1	4	1	1
Deferral of profit sharing allocation	-	-	-	-
No employer contributions	2	4	3	(²)

¹ Participants are workers covered by a paid time off, insurance, or retirement plan. Employees subject to a minimum service requirement before they are eligible for benefit coverage are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Except for family leave, benefits for which the employees must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

² Less than 0.5 percent.

³ The definitions for paid sick leave and short-term disability (previously sickness and accident insurance) were changed for the 1996 survey. Paid sick leave now only includes plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

⁴ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

⁵ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

⁶ Participants in savings and thrift plans usually are allowed to make pretax contributions. In the 1996 survey, provisions governing pretax contributions were not determinable for about one-tenth of the employees with savings and thrift plans.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Table 97. Other benefits: Eligibility for specified benefits, part-time employees, small private establishments, 1996 (In percent)

Benefit	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
Income continuation plans:				
Severance pay	2	2	5	1
Supplemental unemployment benefits	(¹)	-	1	(¹)
Family benefits:				
Employer assistance for child care	2	8	1	1
Employer provided funds ..	1	7	1	(¹)
On-site child care	1	6	1	1
Off-site child care	1	3	1	(¹)
Adoption assistance	(¹)	(¹)	1	(¹)
Long-term care insurance	(¹)	(¹)	1	(¹)
Flexible workplace	1	7	1	-
Health promotion programs:				
Wellness programs	6	17	8	3
Employee assistance programs	9	18	11	6
Fitness center	3	13	2	2
Miscellaneous benefits:				
Job-related travel accident insurance	4	5	8	2
Nonproduction bonuses	26	26	31	22
Subsidized commuting	(¹)	1	(¹)	-
Education assistance:				
Job-related	13	30	17	8
Not job-related	2	5	2	1
Section 125 cafeteria benefits ² :				
Flexible benefit plans	1	2	(¹)	1
Reimbursement plans	3	7	2	2
Premium conversion plans ...	1	(¹)	2	1

¹ Less than 0.5 percent.

² Includes all types of plans under Internal Revenue Code Section 125. Flexible benefits plans include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates that no data were reported.

Appendix A: Technical Note

Scope of survey

The Employee Benefits Survey (EBS)—the Bureau of Labor Statistics (BLS) survey of the incidence and characteristics of employee benefit plans—is conducted jointly with the Bureau’s Employment Cost Index (ECI). The portion of the sample from which these EBS estimates are made covers all private-sector establishments¹ in the United States employing fewer than 100 workers at the time of sample selection.² All private-sector industries are covered in the survey with the exception of farms and private households.

The industrial and establishment size coverage of the survey varies on a rotating basis. All surveys cover full-time and part-time workers in all 50 States and the District of Columbia. In even-numbered years, EBS data are collected for small private establishments (those employing fewer than 100 workers) and State and local governments of all sizes. In odd-numbered years, data are collected for medium and large private establishments (those employing 100 workers or more).

The industrial coverage, establishment size coverage, and geographic coverage for the survey were different prior to 1990. The surveys done from 1979 to 1986 covered only medium and large private establishments and excluded most of the service industries. Establishments that employed at least 50, 100, or 250 workers, depending on the industry, were included. The survey conducted in 1987 consisted of State and local governments with 50 or more employees. The surveys carried out in 1988 and 1989 included all private-sector establishments that employed 100 or more employees. All surveys conducted from 1979 to 1989 excluded part-time employees and establishments in Alaska and Hawaii.

Data in Appendix B indicate the estimated number of full- and part-time employees within the scope of the survey, the number of responding sample establishments, and the number of sampled (and responding) occupational

quotes³ within those establishments that are actually studied for each major industry division.

Occupational groups

Each of the narrowly defined occupations selected for study is classified into one of the following three broad occupational groups:

Professional, technical, and related. Includes professional, technical, executive, administrative, managerial, and related occupations.

Clerical and sales. Includes clerical, administrative support, and sales occupations.

Blue-collar and service. Includes precision production, craft, and repair occupations; machine operators and inspectors; transportation and moving occupations; handlers, equipment cleaners, helpers, and laborers; and service occupations.

Excluded from the survey are self-employed persons, proprietors, major stockholders, members of a corporate board who are not otherwise officers of the corporation, volunteers, unpaid workers, family members who are paid token wages, the permanently disabled, partners in unincorporated firms, and U.S. citizens working overseas.

Benefit areas

BLS requests that sampled establishments provide data for a sample of their occupations on work schedules and details of plans in each of the following benefit areas: Paid holidays, paid vacations, paid personal leave, paid funeral leave, paid military leave, paid jury-duty leave, paid and unpaid family leave, paid sick leave, short-term disability benefits, long-term disability insurance, medical care, dental care, vision care, life insurance, defined benefit pension plans, defined contribution plans, flexible benefit plans, and reimbursement accounts.

Data are also collected on the incidence of the following additional benefits: Severance pay, supplemental unemployment benefits, travel accident insurance, nonproduction cash bonuses, child care, adoption assistance, long-term care insurance, flexible workplace, wellness programs, fitness centers, job-related and non-job-related educational assistance, employee assistance programs, and subsidized commuting.

¹ BLS defines an establishment as an economic unit that produces goods or services (such as a factory or a store) at a single location. An establishment is not necessarily a firm; it may be a branch plant, for example, or a warehouse.

² The establishments included in this survey had to be determined in advance of the actual collection because BLS only surveyed the smaller establishments. BLS classified establishments by size as of the reference date of the sampling frame. All establishments of fewer than 100 employees that were sampled are included in the survey, even if they employed more workers at the time of data collection.

³ Data are collected individually for narrowly defined occupations that are sampled within establishments. All of the employees in the detailed occupation selected may not be surveyed. Data for a group (manageable number) of employees in the detailed occupation that included the selected employee position are collected. This group is called a quote.

Sample design

The State Unemployment Insurance (UI) reports for the 50 States and the District of Columbia comprise the list of establishments from which the sample is selected (called the sampling frame). The sample design for this survey and the Employment Cost Index (ECI) is a 2-stage probability sample of detailed occupations. The first stage of sample selection is a probability sample of establishments; the second stage is a probability sample of occupations within those establishments.

The sample of establishments is a subset of the ECI sample that covers establishments having fewer than 100 employees at the time of selection. The ECI sample is updated over a 4-year cycle. Each year, new sample establishments are introduced into the survey in selected industries, replacing previously selected sample units in those same industries. Using this procedure, the entire sample is replaced approximately every 4 years.

To ensure that the sample is representative of all establishments that began business after the various industry samples were selected, a sample of “births” (newly opened establishments) is added to the existing sample each year.

The sample of establishments is selected by first stratifying the sampling frame by industry group, and then by region and establishment employment. The industry groups usually consist of 3-digit Standard Industrial Classification groups, as defined by the Office of Management and Budget.

The number of sample establishments allocated to each stratum (defined by industry) reflects the ratio of employment in the stratum to employment in all sampling frame establishments. Thus, a stratum that contains 1 percent of the total employment within the scope of the survey receives approximately 1 percent of the total sample establishments. Some industries are sampled at a higher rate than other industries because of publication requirements or highly variable data.

Each sampled establishment within an industry group (stratum) has a probability of selection proportional to its employment. For example, consider two establishments, A and B, with respective employment of 5,000 and 1,000. Establishment A is five times more likely to be selected than establishment B.

At the beginning of each visit by a Bureau field economist to a sampled establishment, a second-stage probability sample of occupations is selected from the establishment. Data are then collected for these sampled occupations. The number of occupations selected from an establishment is four or six, depending on the employment size of the establishment. The probability of an occupation being selected is proportional to its employment size within the establishment.

The narrowly defined occupations are based on the Standard Occupational Classification (SOC) system compiled by the Department of Commerce. These narrowly de-

finer occupations are then classified into the three occupational groups shown in this bulletin.

Data collection

Bureau field economists visit or contact sampled establishments by telephone to collect data for the survey. To reduce the reporting burden, respondents are asked to provide documents describing their flexible benefits plans; reimbursement accounts; defined benefit pensions; defined contribution plans; medical, dental, and vision care plans; and insurance plans. BLS analyzes these plans in Washington to garner the required data on plan provisions. When these booklets were unavailable, a few questions about specific benefit provisions were asked directly of the employer. Data on paid leave benefits generally are obtained directly from the employer at the time of the visit.

Data calculation

Tabulations in this bulletin show the percent of all employees who receive specified benefits, such as paid holidays or medical care, as well as information on the provisions of many of these benefits. To present provision data, tabulations generally indicate the percent of all employees receiving a benefit (participants) who are covered by specified features. For example, a tabulation may show the percent of workers with medical care benefits who are covered by a health maintenance organization.

The majority of tables in the bulletin indicate the percent of employees covered by a particular benefit plan or provision. In addition, average benefit provisions—such as the average number of paid holidays per year—are presented. In some cases, tabulations indicate both the percent of employees with a given provision and the average value of that provision. For example, EBS tabulations indicate the percent of employees in fee-for-service medical care plans who must pay selected deductibles (such as \$100, \$150, and \$200 per year), as well as the average deductible. (All tabulations of averages include only those employees actually covered by the provision being averaged.)

Most tables in this bulletin also include the number of employees receiving the benefit. This provides the reader with additional information on the prevalence of various benefit plans and provisions.

Survey estimation methods

The survey design uses an estimator that assigns the inverse of each sample unit's probability of selection as a weight to the unit's data at each of the two stages of sample selection. Three weight-adjustment factors are applied to the establishment data. The first factor is introduced to account for establishment non-response, a second factor for occupational non-response, and a third poststratification factor is introduced to adjust the estimated employment totals to actual counts of the employment by industry for the survey reference date.

The general form of the estimator for a population total Y is:

$$Y = \sum_{i=1}^{n'} \frac{f_2 f_1}{P_i} \sum_{j=1}^{o_i} \frac{Y_{ij} f_{ij}}{P_{ij}}$$

where,

- n' = number of responding sample establishments;
- o_i = occupation sample size selected from the i^{th} establishment;
- Y_{ij} = value for the characteristics of the j^{th} selected occupation in the i^{th} selected establishment;
- P_i = the probability of including the i^{th} establishment in the sample;
- P_{ij} = the probability of including the j^{th} occupation in the sample of occupations from the i^{th} establishment;
- f_{1i} = weight adjustment factor for nonresponse for the i^{th} establishment;
- f_{ij} = weight adjustment factor for nonresponse for the j^{th} occupation in the i^{th} establishment;
- f_{2i} = weight adjustment factor for poststratification totals for the i^{th} establishment.

Appropriate employment or establishment totals are used to calculate the proportion, mean, or percentage that is desired.

Reliability of estimates

The statistics in this bulletin are estimates derived from a

sample of usable occupation quotes selected from the responding establishments. They are not tabulations based on data from all employees in small establishments within scope of the survey. Consequently, the data are subject to sampling and nonsampling errors.

Sampling errors are the differences that can arise between results derived from a sample and those computed from observations of all units in the population being studied. When probability techniques are used to select a sample, as in the Employee Benefits Survey, statistical measures called "standard errors" can be calculated to measure possible sampling errors. No estimates of sample error were calculated for this survey.

Nonsampling errors also affect survey results. They can be attributed to many sources: Inability to obtain information about all establishments in the sample; definitional difficulties; differences in the interpretation of questions; inability or unwillingness of respondents to provide correct information; mistakes in recording or coding the data; and other errors of collection, response, processing, coverage, and estimation for missing data.

Computer edits of the data and professional review of both individual and summarized data reduce the nonsampling errors in recording, coding, and processing the data. However, to the extent that the characteristics of nonrespondents are not the same as those of respondents, nonsampling errors are introduced in the development of estimates. Because the influence of these limitations on the EBS estimates is unknown, reliability measurements are incomplete.

Appendix B: Survey Response

Information on 1996 survey response

Data for the 1996 Employee Benefits Survey were collected from November 1995 to October 1996, reflecting an average reference period of June 1996. A sample of 4,482 establishments was chosen from Unemployment Insurance reports with reference dates from 1986 to 1995; also included was the “birth” sample, which represents establishments beginning operations through 1995. (A description of sampling procedures appears in appendix A.) Respondents were asked for information as of the time of the data collection contact.

The following summary is a composite of establishment responses to the survey:

<i>Establishments</i>	<i>Number</i>
In sample	4,482
Out of business and out of scope	1,198
Refusing to respond	1,082
Responding fully or partially	2,202

The 2,202 responding establishments (tables A1-A2) yielded 5,378 occupational observations (quotes) for which data were collected.

There were four procedures used to adjust for missing data from partial and full refusals. First, imputations for the number of plan participants are made for cases in which this number is not reported (approximately 25 percent of participants in health plans, 14 percent in retirement plans, and less than 1 percent of participants in all other types of plans). Each of these participant values is imputed by selecting a similar plan from another establishment with similar employment in a similar industry. The participant rate from this selected plan is then used to approximate the number of participants for the plan that is missing a participation value.

Second, imputations for plan provisions were made when they are not available in a responding establishment. These plan provisions are imputed by selecting a plan from another establishment with similar characteristics. Provisions from this selected plan are then used to represent the missing data. (This was necessary for about 11 percent of the participants in short-term disability plans; 19 percent of flexible benefits plan participants; 33 percent of medical, dental, and vision care participants; 18 percent of long-term disability insurance participants; 37 percent of retirement plan participants; and 7 percent of life insurance plan participants. Imputations were done for 1 percent of the participants in paid leave plans.) The rates of nonresponse for detailed plan provisions in the health and retirement benefit areas precludes publishing most estimates of their plan features.

For establishments that refuse, or are unable to provide the minimum amount of usable data, a weight adjustment is made using the sample unit employment. This technique assumes that the mean value of the nonrespondents equals the mean value of the respondents at some “detailed” cell level. These cells are defined in a manner that groups establishments together that are homogeneous with respect to the characteristics of interest. In most cases, these cells are the same as those used for sample selection.

For establishments that refuse, or are unable to provide data for a specific occupation, a similar cell approach is used to make adjustments to the sampled occupation weights in responding establishments. The characteristics of interest include the major occupation group of the unreported occupations.

Standard errors

Standard errors are not available for the 1996 survey year.

Table A-1: Number of establishments and full-time occupational quotes studied and estimated number of full-time workers within scope of survey, small private establishments, United States, 1996

Industry division ¹	Number of establishments studied	Number of occupational quotes studied ²			
		Total	Professional, technical, and related	Clerical and sales	Blue-collar and service
All industries	2,202	5,378	1,241	2,001	2,136
Manufacturing	129	418	54	62	302
Nonmanufacturing	2,073	4,960	1,187	1,939	1,834
Mining	15	48	8	9	31
Construction	222	536	68	59	409
Transportation, communications, electric, gas, and sanitary services	132	384	76	130	178
Wholesale trade	259	745	112	372	261
Retail trade	460	826	54	405	367
Finance, insurance, and real estate	330	863	231	545	87
Services	655	1,558	638	419	501
Estimated number of full-time workers within scope of survey					
All industries		39,816,173	7,979,698	12,279,707	19,556,767
Manufacturing		5,346,703	762,875	707,864	3,875,964
Nonmanufacturing		34,469,470	7,216,824	11,571,843	15,680,803
Mining		281,899	30,767	30,176	220,956
Construction		4,286,025	436,791	336,970	3,512,264
Transportation, communications, electric, gas, and sanitary services		2,274,671	339,981	626,639	1,308,050
Wholesale trade		4,442,516	560,771	2,168,376	1,713,368
Retail trade		7,921,644	539,546	3,123,373	4,258,724
Finance, insurance, and real estate		3,513,063	863,605	2,056,235	593,223
Services		11,749,653	4,445,362	3,230,072	4,074,219

¹ As defined in the 1987 edition of the *Standard Industrial Classification Manual*, U.S. Office of Management and Budget. Industry data are shown for informational purposes only and are subject to larger than normal sample error. See section on reliability of estimates.

² These figures refer to all respondents to the survey, whether or

not they provided data for all items studied. See the section on survey response.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Table A-2: Number of establishments and part-time occupational quotes studied and estimated number of part-time workers within scope of survey, small private establishments, United States, 1996

Industry division ¹	Number of establishments studied	Number of occupational quotes studied ²			
		Total	Professional, technical, and related	Clerical and sales	Blue-collar and service
All industries	2,202	1,278	163	535	580
Manufacturing	129	23	1	9	13
Nonmanufacturing	2,073	1,255	162	526	567
Mining	15	1	-	1	-
Construction	222	23	-	15	8
Transportation, communications, electric, gas, and sanitary services	132	38	6	15	17
Wholesale trade	259	78	2	43	33
Retail trade	460	507	4	249	254
Finance, insurance, and real estate	330	83	9	60	14
Services	655	525	141	143	241
Estimated number of part-time workers within scope of survey					
All industries		14,078,841	1,188,306	4,841,526	8,049,009
Manufacturing		292,463	13,656	131,349	147,457
Nonmanufacturing		13,786,377	1,174,650	4,710,176	7,901,552
Mining		1,509	-	1,509	-
Construction		191,680	-	54,478	137,201
Transportation, communications, electric, gas, and sanitary services		525,735	48,737	109,334	367,664
Wholesale trade		458,183	8,628	248,648	200,907
Retail trade		7,496,121	40,928	2,829,466	4,625,727
Finance, insurance, and real estate		431,231	48,925	276,728	105,578
Services		4,681,919	1,027,433	1,190,012	2,464,475

¹ As defined in the 1987 edition of the *Standard Industrial Classification Manual*, U.S. Office of Management and Budget. Industry data are shown for informational purposes only and are subject to larger than normal sample error. See section on reliability of estimates.

² These figures refer to all respondents to the survey, whether or

not they provided data for all items studied. See the section on survey response.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dash indicates no employees in this category.

Appendix C. Availability of Survey Data

The tables published in this bulletin present the major findings of the Employee Benefits Survey of small private establishments. Survey data are also available in research articles, special bulletins and reports, short publications, and electronic media.

Articles based on Employee Benefits Survey data are published periodically in the Bureau's *Monthly Labor Review* and *Compensation and Working Conditions*. The following is a list of recent articles:

Moore, James H. "Hospital room and board benefits," *Compensation and Working Conditions, Summer 1998, pp. 23-30.*

Foster, Ann C. "Dental care benefits, 1995," *Compensation and Working Conditions, Summer 1998, pp. 45-49.*

Blostin, Allan P. and Pfuntner, Jordan N. "Employee Medical Care Contributions on the Rise," *Compensation and Working Conditions, Spring 1998, pp. 46-51.*

Foster, Ann C. "Employee Benefits in the United States, 1994-95," *Compensation and Working Conditions, Spring 1998, pp. 56-61.*

Wiatrowski, William J. "Family Retirement Benefits," *Compensation and Working Conditions Spring 1998, pp. 12-17.*

Weinstein, Harriet G. "Linking Retirement Plan Measures," *Compensation and Working Conditions, Spring 1998, pp. 52-55.*

Foster, Ann C. "Life Insurance" *Compensation and Working Conditions, Winter 1997, pp. 47-50.*

Simpson, Hilery "Paid Personal, Funeral, Jury Duty, and Military Leave: Highlights from the Employee Benefits Survey, 1979-95," *Compensation and Working Conditions, Winter 1997, pp. 35-46.*

Weinstein, Harriet G. "Post-retirement Pension Increases," *Compensation and Working Conditions, Fall 1997, pp. 47-50.*

Foster, Ann C. "Public and Private Sector Defined Benefit Pension Plans: A Comparison," *Compensation and Working Conditions, Summer 1997, pp. 37-43.*

Simpson, Hilery "Short-term Disability Benefits," *Compensation and Working Conditions, Summer 1997, pp. 52-56.*

Foster, Ann C. "Employee Benefits in the United States, 1993-94," *Compensation and Working Conditions, Spring 1997, pp. 46-50.*

Simpson, Hilery "Paid Lunch and Paid Rest Time Benefits: Highlights from the Employee Benefits Survey, 1979-93," *Compensation and Working Conditions, December 1996, pp. 18-23.*

Foster, Ann C. "Early Retirement Provisions in Defined Benefit Pension Plans," *Compensation and Working Conditions, December 1996, pp. 12-17.*

Blostin, Allan P. and Pfuntner, Jordan N. "Changing Survey Strategies in the Evolution of Health Care Plans," *Compensation and Working Conditions, September 1996, pp. 3-10.*

Foster, Ann C. "Employee Contributions for Medical Care Coverage," *Compensation and Working Conditions, September 1996, pp. 51-53.*

Wiatrowski, William J. "Counting the Incidence of Employee Benefits," *Compensation and Working Conditions, June 1996, pp. 10-18.*

Foster, Ann C. "Defined Contribution Retirement Plans Become More Prevalent," *Compensation and Working Conditions, June 1996, pp. 42-44.*

Foster, Ann C. "Employee Participation in Savings and Thrift Plans, 1993," *Monthly Labor Review, March 1996, pp. 17-22.*

Bucci, Michael and Grant, Robert B. "Employer-sponsored Health Insurance: What's Offered, What's Chosen?" *Monthly Labor Review, October 1995, pp. 38-44.*

Wiatrowski, William J. "Who Really Has Access to Employer-provided Health Benefits?" *Monthly Labor Review*, June 1995, pp. 36-44.

Wiatrowski, William J. "Methods of Providing Child-care Benefits to Employees," *Compensation and Working Conditions*, May 1995, pp. 5-6.

Kramer, Natalie. "Employee Benefits for Older Workers," *Monthly Labor Review*, April 1995, pp. 21-27.

Wiatrowski, William J. "Small Businesses and Their Employees," *Monthly Labor Review*, October 1994, pp. 29-35.

Special bulletins and reports focus on a single topic or combine related themes. Recent publications include:

Employee Benefits in Medium and Large Private Establishments, 1995, Bulletin 2496, April 1998.

Employee Benefits in Small Private Establishments, 1996, News Release, June 15, 1998.

Employee Benefits in State and Local Governments, 1994, Bulletin 2477, May 1996.

Employee Benefits Survey: A BLS Reader, Bulletin 2459, February 1995.

Issues in Labor Statistics is one of a series of BLS occasional reports that present information of current interest. Recent reports on employee benefits include:

Employer-sponsored Childcare Benefits, Summary 98-9, August 1998.

Unpaid Family Leave, Summary 95-4, January, 1995.

Parental Leave Benefits Provided by Employers, Summary 93-1, March 1993.

Health Care Benefits Under Close Scrutiny, Summary 93-2, March 1993.

The public may access Employee Benefits Survey data through the Bureau of Labor Statistics' World Wide Web site at: <http://stats.bls.gov/ebshome.htm>

Questions on data in this publication should be referred to the staff of the Employee Benefits Survey at (202) 606-6222; via E-mail: ocltinfo.bls.gov; or by writing the Employee Benefits Survey, Bureau of Labor Statistics, 2 Massachusetts Avenue, NE, Room 4175, Washington, DC 20212-0001. Sensory impaired individuals may obtain information in this publication upon request. Voice phone: (202) 606-STAT; TDD phone: (202) 606-5897; TDD Message Referral phone: 1-800-326-2577.