

HEALTH CARE

Health costs shift to workers

Survey: Health insurance costs outpace wage gains.

By Randy Tucker
Staff Writer

Employers in Ohio and across the country continue to shift more of the cost of health insurance onto their employees, but moderating premium costs have helped soften the bite out of workers' paychecks, according to a national employee benefits survey released Tuesday.

So far this year, workers have seen premium costs for employer-sponsored health benefits rise 4 percent for family plans and 5 percent for individual coverage, according to the survey from the nonprofit Kaiser Family Foundation and the Health Research & Educational Trust.

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Insurance

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The average premium for single coverage in 2013 is \$490 per month or \$5,884 per year, while the average premium for family coverage is \$1,363 per month or \$16,351 per year, according to the report.

While premiums still increased at a faster rate than inflation or wages, the United States is "continuing to see striking moderation in premium increases by historical stan-

dards," Kaiser president and CEO Drew Altman said in a conference call with reporters.

Just three years ago, the average cost of a family plan surged 9.5 percent and premiums for single coverage rose 7.5 percent, according to a previous survey from Kaiser. Over the past 10 years, the average worker's contribution toward family health insurance premiums has climbed 89 percent, while wages grew 31 percent.

Those averages mean that someone who made \$50,000 in 2003 now makes \$65,500. But nearly 7 percent of that worker's pay now covers the cost of health insurance when about 4.8 percent did in 2003.

"It's true that premium increases are not as sharp as they have been in the past," said Grant Bailey, an insurance broker at Bailey & Company Benefits Group in Cincinnati. "But that's going to change in 2014. We're starting to see the numbers coming in for what it's going to look like after Jan. 1 in the small group market, and premium increases are going to be significant for many employers."

Bailey was referring to the impact of the Affordable Care Act, which begins full implementation next year and is expected to drive premium costs up for many employers who will be required to offer richer benefit plans.

A provision of the law requiring businesses with 50 or more full-time workers to offer health insurance or pay a fine has been delayed for a year, but employers already offering health insurance will still be required to meet minimum benefits standards.

Fear of those cost increases was expected to lead many employers to drop insurance coverage altogether, but there was little evidence of that in the Kaiser survey.

The survey found that 57 percent of U.S. firms with at least three employees offered health benefits in 2013 — "statistically unchanged" from 2012, when 61 percent of employers offered health benefits, and 2011, when 60 percent of employers did so.

In Ohio, about 60 percent of employers offer health coverage to their workers, according to state Department of Insurance figures.

Rising rates

The cost of insurance continues to rise faster than average wages, which were up 1.8 percent this year, Kaiser found. While workers generally faced similar premium contributions and cost-sharing requirements in 2013 as in 2012, more employees are facing deductibles.

The Kaiser survey found that the percentage of workers facing deductibles rose to 78 percent this year, up from 72 percent in 2012.

And while the average deductible for individual coverage remained relatively stable at \$1,135 this year, more workers are facing higher deductibles, especially at smaller companies.

For example, 58 percent of employees at small firms with under 200 employees now have a deductible of at least \$1,000, with almost a third facing a \$2,000 deductible.

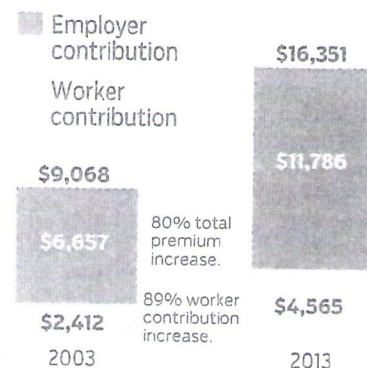
"Workers are definitely paying more out-of-pocket for insurance than they were in the past," said John Bowblis, a Miami University economics professor and health care expert. "If you think about the cost-sharing and out-of-pocket maximums, they (employers) are making the employee pay a lot more to go see a doctor, or if they get hospitalized they have to pay a lot more up front than they did 10 years ago or even last year."

Starting in October, Americans who do not receive health benefits through their employer will be able to shop for health plans on new website-based marketplaces created by the Affordable Care Act. Low- and moderate-income consumers will qualify for federal subsidies to offset their premiums.

Contact this reporter at
937-225-2437 or email
Randy.Tucker@coxinc.com.

Employer-sponsored insurance

Average annual health premiums and workers contributions for family coverage, 2003-2013.



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2003-2013

STEVE LOPEZ/STAFF