

# US health insurance costs up 9% in year: study

September 27 2011

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Company-provided health insurance, one of the largest costs of US businesses and households alike, rose nine percent over the past year despite the sluggish economy, according to a new study released Tuesday.

The average cost for employer-provided family health care insurance has hit \$15,073 a year, a burden that has more and more companies dropping coverage for employees, according to the Kaiser Family Foundation's annual study of health insurance costs.

Just one to two percentage points of the nine percent increase can be blamed on the Obama administration's sweeping 2010 health care reform act, which increased insurance coverage for preventive medical services and allowed families to keep grown children under 26 on their health plans, according to Kaiser.

In fact, the study pointed out, over 10 years the cost of health insurance provided by an employer has risen 113 percent, compared to national wages just 34 percent higher on average, and inflation of 27 percent.

The employer contribution to insurance costs is more than double that of employees, but worker contributions are increasing faster, and rose 131 percent in the 10 years to 2011, the study showed.

Moreover, the study also said that more companies and employees were agreeing to higher deductibles -- the portion the insured person or family

must pay toward medical treatment before insurance covers the bill -- to cap premium increases.

In 2011 only 59 percent of small firms -- those with fewer than 200 employees -- were offering health benefits, compared to 67 percent in 2001, Kaiser said.

But 99 percent of firms with more than 200 workers continued to provide health benefits.

"Critics of the national health reform law passed in 2010 like to blame everything but the weather on 'Obamacare,' but... regardless of how you feel about the Affordable Care Act, its effect on premiums this year is modest," said Drew Altman, Kaiser Family Foundation chief executive.

"While the conventional wisdom is that private insurance does a better job of controlling costs, the opposite is true."

White House deputy chief of staff Nancy-Ann DeParle called the Kaiser report "a look backwards" and argued that the increase in health insurance premiums is expected to slow sharply in the next year.

Writing on the White House website blog, she said the sharp increase came as insurers made assumptions in 2009 that medical care costs would spike upward and that President Barack Obama's Affordable Care Act would add to insurer costs.

"In the end, both assumptions were wrong -- but insurance companies still charged high premiums and earned impressive profits," she said.

"Key Affordable Care Act policies are starting to take effect that make insurance more affordable," she said.

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Citation: US health insurance costs up 9% in year: study (2011, September 27) retrieved 24 April 2024 from <https://medicalxpress.com/news/2011-09-health-year.html>

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