

Study shows employers shifting more medical costs to workers

September 22 2015, by Tom Murphy



This 2009 photo provided by the Kaiser Family Foundation shows CEO Drew Altman. Most companies now offer health coverage that requires employees to pay an annual deductible before insurance kicks in, and the size of that deductible has soared in the past decade, according to a survey released Tuesday, Sept. 22, 2015, by the Kaiser Family Foundation and Health Research & Educational Trust. (Robin Holland/Kaiser Family Foundation via AP)

Employers are leaving a bigger chunk of the bill for care to workers who

use their health insurance, and benefits experts see few signs of this trend slowing.

Most companies now offer [health coverage](#) that requires employees to pay an annual deductible before insurance kicks in, and the size of that deductible has soared in the past decade, according to a survey released Tuesday by the Kaiser Family Foundation and Health Research & Educational Trust.

The average general deductible for workers with single coverage totaled \$1,077 this year, compared to only \$303 in 2006. That deductible has climbed nearly seven times faster than wages, on average, over the past five years.

"That has an impact on family budgets," Kaiser CEO Drew Altman said.

The study also found that 46 percent of workers with single coverage have a deductible of \$1,000 or more. That's up from only 10 percent in 2006. Kaiser's study didn't measure family coverage deductibles, which can be more complex, but researchers say they those have grown as well.

Altman calls this cost shift a "quiet revolution in [health insurance](#)," obscured in recent years by the [health care](#) overhaul's coverage expansion for people who don't have coverage through work.

"It's funny, we used to think of \$1,000 as a very high deductible, and now it's almost commonplace," he said. "Consumers have much more skin in the game, and that may be fine if you're healthier and don't use a lot of health care. That could be a real problem if you're chronically ill."

Employer-sponsored health insurance is the most common form of coverage in the United States, with about 147 million people enrolled. Companies of all sizes offer coverage as a way to keep workers and

make sure they stay healthy. But years of rising costs have forced many businesses to scale back their coverage. One of the quickest ways they have to control the growth in premiums, or cost of coverage, without significantly changing the insurance is to raise an employee's deductible.

Altman said the increase in deductibles has helped restrain premium growth for the past several years. In 2015, premiums rose an average of 4 percent for single and family coverage.

The employer generally pays most of the premium and has the remaining share taken out of the employee's pay check before taxes.

Kaiser's research found that the size of a health plan's deductible can depend on the employer. Small firms had an average of \$1,836, while big businesses had \$1,105. Many companies pair that coverage with accounts that let employees set aside money before taxes for medical expenses.

Commercial painting company Steve Reiff Inc. offers single coverage with a deductible of \$5,950. The South Whitley, Indiana, company also helps cover about half the cost of that deductible with contributions to an employee health reimbursement arrangement account, Controller Eric Trump said.

The business switched to a high-deductible plan several years ago to help restrain premium growth. That move helped, but Trump worries about leaving the roughly 30 people on their coverage with the high deductible.

"It's really hard to like a lot of health insurance options right now," he said. "It's still a big expense for people that are making \$10 to \$15 an hour."

Paducah, Kentucky, resident Emmett Krall says the annual deductible of

\$3,500 on his employer-sponsored health insurance makes him think about cost more than he wants to, especially since his 10-year-old son was diagnosed with Type 1 diabetes last year.

Krall said he has to come up with about \$200 a month to cover his son's insulin, needles and pump. The 46-year-old carpet manufacturer sales representative said he has cut down on going out to eat, and he's watching where he spends his money.

"It causes an anxiety and a stress on my part, because I do get stressed about it, and I don't want him to know about it," he said.

College professor Bill Cantor said he's seen his premium fall to only \$95 a month for family coverage from around \$300 since he switched to a high-deductible health plan a few years ago. He uses a health savings account to set aside money for expenses, and he likes how the plan has made him more aware of costs.

The 53-year-old said he caught a \$200 mistake on a medical bill that he might have missed if insurance had just covered the claim.

"I think it would hold down insurance rates more if people thought about their spending," said Cantor, who teaches information science and technology at Penn State's York, Pennsylvania, campus.

Kaiser's survey focused on benefits for this year and doesn't predict what will happen in 2016, something many workers will learn about in a couple of months when their employers detail coverage plans for the new year.

Kaiser Vice President Gary Claxton said he doesn't expect the trend toward higher deductibles to ease much in 2016. He noted that employers tend to make their coverage more generous as the economy

improves. But companies still will be intent on controlling costs to prepare for an overhaul-imposed tax on expensive benefit plans that starts in 2018.

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