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State Trends in Premiums and Deductibles, 2003–2010: The Need for Action to Address Rising Costs

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Abstract: Rapidly rising health insurance costs continue to strain the budgets of U.S. families and employers. This issue brief analyzes changes in private employer-based health premiums and deductibles for all states from 2003 to 2010, and finds total premiums for family coverage increased 50 percent across states and employee annual share of premiums increased by 63 percent over these seven years. At the same time, per-person deductibles doubled in large, as well as small, firms. If premium trends continue at the rate prior to enactment of the Affordable Care Act, the average premium for family coverage will rise 72 percent by 2020, to nearly \$24,000. Health reform offers the potential to reduce insurance cost growth while improving financial protections. If efforts succeed in slowing annual premium growth by 1 percentage point, by 2020 employers and families together would save \$2,161 annually for family coverage, compared with projected premiums at historical rates of increase.



OVERVIEW

Across the United States, middle-income individuals and families have been losing ground as the cost of health insurance continues to grow faster than incomes.¹ A recent national survey of employers that examined employer-sponsored health insurance found annual premiums increased by 9 percent between 2010 and 2011—adding to the stress of an otherwise weak economy.² Rising employer insurance premiums have meant that many working families have seen little or no growth in wages as they have, in effect, traded off wage increases just to hold onto their health benefits.³ In addition, the expanding share of premiums paid for by workers has taken a greater cut out of paychecks.⁴

Examining state trends in private employer-sponsored insurance, this issue brief finds that in state after state, premiums have increased as a share of median household income, making it difficult for many families to save for

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education or retirement—or simply to meet day-to-day living expenses.⁵ At the same time, job-based insurance affords less financial protection than before, with per-person deductibles up sharply in almost all states, in health plans offered by large as well as small firms.

Across states, the average total premium in 2010 was \$13,871 a year for family coverage, an increase of 50 percent over the past seven years. If insurance premiums for employer-sponsored health plans in each state continue to grow at the same average annual rate experienced from 2003 to 2010—a period before enactment of health reforms—the average premium for family coverage would rise to \$23,793 by 2020, an increase of 72 percent from 2010.

The Affordable Care Act contains a number of significant coverage and delivery system reform provisions designed to reduce cost growth and improve financial protection, while improving the quality of health care. The creation of state-based health insurance exchanges, the introduction of new insurance market rules and consumer protections, and the expansion of state and federal oversight of industry practices will begin to increase value in U.S. health insurance markets.⁶

Yet, concerted effort will be needed to build on this foundation to slow the rate of health care cost increases and reduce the administrative overhead of private health insurance. This includes efforts by all payers—public and private—to join together with a focus on achieving better value (i.e., higher quality at lower costs) over the next decade.⁷ If national and state reforms succeed in slowing the annual rate of growth of private insurance premium costs by 1 percentage point in all states, by 2020 annual savings on family health coverage would average \$2,161 per year compared with premium levels if growth rates over the past seven years continue. If growth could be slowed by 1.5 percentage points, the savings would be even larger—\$3,173 per year.

Much of the recent national debate has focused on the federal deficit and Medicare's future. However, costs of private insurance spending per person have been rising faster than public spending per person and are projected to continue to do so over the next

decade.⁸ The mounting stress on businesses and families underscores the need for action on behalf of private, as well as public, sectors. The past two decades provide strong evidence that cost pressures will continue, absent a significant change in the way private insurance and health care markets function. The reform provisions in the Affordable Care Act establish a foundation for such change and provide a platform for further action.

HOW THIS STUDY WAS CONDUCTED

This issue brief analyzes private sector health insurance premium and deductible trends for the under-65 population from 2003 to 2010, state by state. The data on insurance trends come from the federal government's annual surveys of employers, conducted for the insurance component of the Medical Expenditure Panel Survey (MEPS). To assess the affordability of coverage for middle-income families, we compare total premiums with median household income for the under-65 population in each state, utilizing a weighted average of single and family premiums compared with single and family median household incomes. Income data come from the U.S. Census Bureau's Current Population Survey of households.

The premiums presented represent the total costs of the average private group health insurance premiums for employer-sponsored coverage, including both the employer and employee shares. We also examine trends in the annual costs of the share of premiums that employees pay and average deductibles. The data on deductibles and employee-share of premiums include trends by firm size.

We estimate potential total premium costs by 2015 and 2020 for each state if the historical average annual rate of increase seen across states from 2003 to 2010 continues. The projections assume the same inflation rate for all states. To illustrate the potential gains if reforms succeed in lowering the rate of growth, we estimated the potential savings in the cost of family premiums if reforms spread to private and public insurers alike and slow annual increases by 1 or 1.5 percentage points in each state. It is important to note that these estimates are presented for illustrative purposes only;

we did not attempt to model the impact of reform at the state level, nor did we vary estimates for relatively higher- or lower-cost states.

The tables at the end of this brief provide state-specific data. This analysis updates and expands on previous Commonwealth Fund analysis of state health insurance premium and deductible trends.⁹

FINDINGS

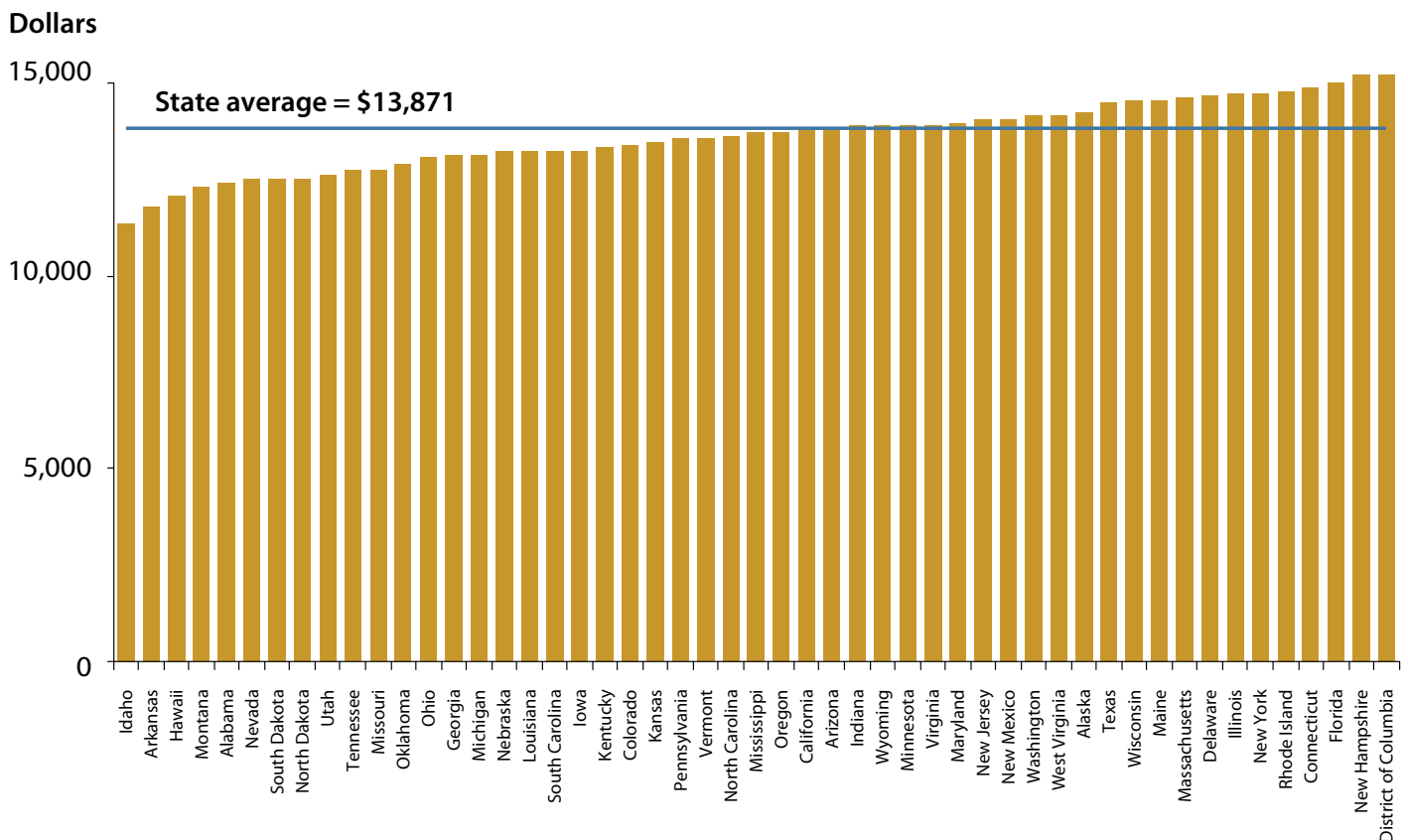
Private Health Insurance Premiums Rose 50 Percent from 2003 to 2010

National surveys find that employer-based health insurance costs have risen three times faster than wages since the start of the decade.¹⁰ Across states, the average private employer premium for family coverage reached \$13,871 by 2010, with 16 states averaging more than \$14,000 a year and two states and the District of Columbia exceeding \$15,000 a year. Such a rapid increase in the cost of employer-sponsored health

benefits has forced difficult choices at workplaces across the country. Studies indicate that slower growth in wages and lower savings for retirement (worker and employer contributions) have been part of the trade-off to preserve health benefits.¹¹ Despite such trade-offs, national surveys find that the monthly cost of premiums paid by workers and their families is up, consuming an ever-greater share of any wage increases they might receive.

The trends observed at the national level have affected working families and businesses across states. In state after state, health insurance premiums in private firms have risen rapidly and far faster than incomes for the middle-income, under-65 population. In the seven years from 2003 to 2010, total family premiums for employer-sponsored plans rose a cumulative average of 50 percent (Table 1). The increase ranged from 33 percent in the lowest-growth state (Idaho) to 70 percent in the highest-growth state (Mississippi). Twenty-five states saw premium increases of more than

Exhibit 1. Premiums for Family Coverage, by State, 2010



Source: 2010 Medical Expenditure Panel Survey—Insurance Component.

50 percent, and all but six states saw an increase of 40 percent or more.

As a result of the rapid increase in premiums, by 2010, the annual costs of employer-sponsored family premiums across all states averaged \$13,871 (with a median of \$13,740), ranging from \$11,379 to \$12,409 in the five states with the lowest private-employer family premium costs (Idaho, Arkansas, Hawaii, Montana, and Alabama) to \$14,730 to \$15,206 in the five highest cost states (New York, Rhode Island, Connecticut, Florida, New Hampshire) and District of Columbia (Exhibit 1). Average family premiums in the highest-premium-cost states were about 25 percent above those in the lowest-cost states.

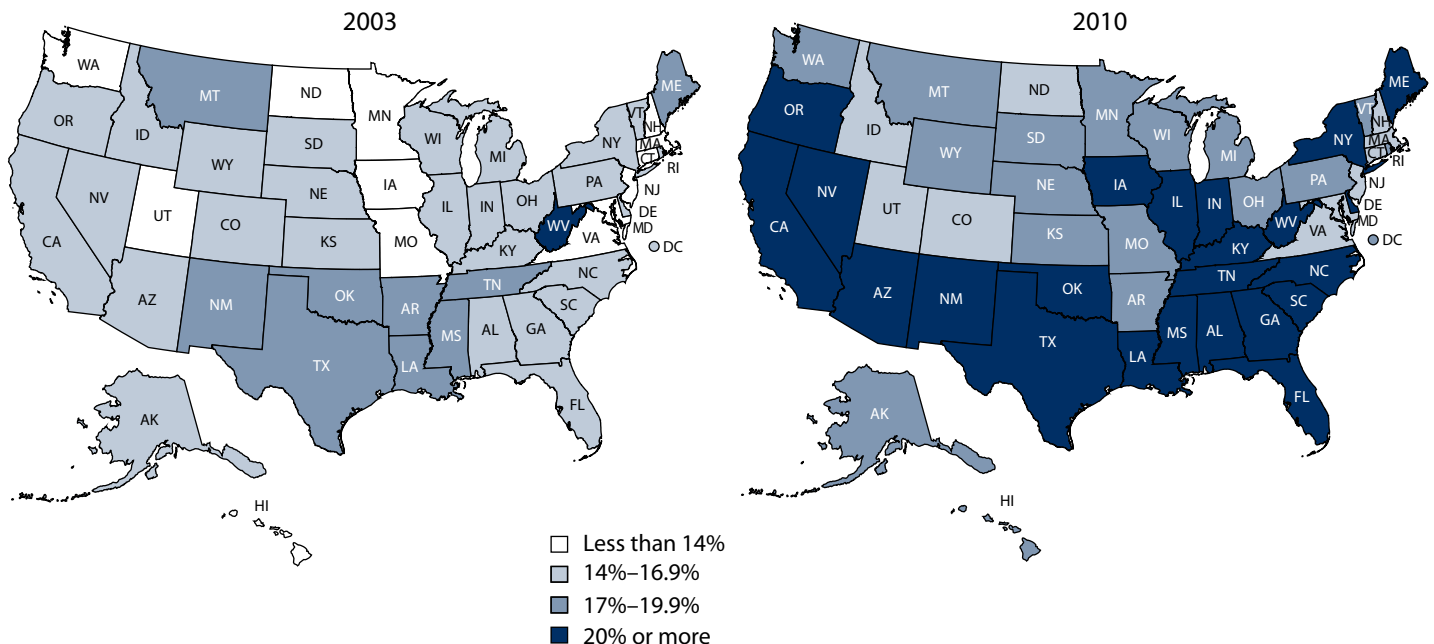
Premium Increases Outpace Incomes in All States

In all states, insurance premiums rose far faster than middle incomes for the under-65 population. As a

result, total premiums (including both the employer and employee shares) relative to income are up for middle-income families across the country. By 2010, there were 23 states in which the average annual premium equaled 20 percent or more of median household income for the under-65 population, compared with just one state in 2003 (Exhibit 2 and Table 4). And there are now no states where premiums were relatively low compared with middle incomes. By 2010, there were no states where average premiums were less than 14 percent of median incomes in 2010, compared with 13 states in 2003. As a result of this shift, by 2010, 62 percent of the population lived in states where total premiums amounted to 20 percent or more of middle incomes. In effect, the steady increase in premiums has been consuming resources that employers might otherwise have earmarked for salary or wage increases, for other benefits, or for hiring new workers.

Exhibit 2. Employer Premiums as Percentage of Median Household Income for Under-65 Population, 2003 and 2010

62 percent of under-65 population live where premiums are 20 percent or more of income



Sources: 2003 and 2010 Medical Expenditure Panel Survey—Insurance Component (for total average premiums for employer-based health insurance plans, weighted by single and family household distribution); 2003–04 and 2009–2010 Current Population Surveys (for median household incomes for under-65 population).

As illustrated in Exhibit 2, cost pressures are particularly acute in the South and south-central United States, where premium costs are high relative to incomes in all states in the region. Notably, many states with premiums above the national average have family incomes below the national average. Across the country, premium growth is outstripping income growth in higher- as well as lower-income states. States where premiums equaled or exceeded 20 percent of median incomes now include California, Oregon, and New York.

The stress on businesses and families to hold onto health insurance has intensified in recent years, as the recession has depressed incomes. While family premiums rose an average 6 percent across states between 2009 and 2010, median household income declined in 34 states and the District of Columbia and was either stagnant or changed little in most states. Higher premiums coupled with declining incomes have led to less-affordable health insurance in higher- and lower-income states.

In an effort to moderate annual premium growth and reduce business costs, employers have been increasingly asking employees to pay a higher share of premiums and a greater share of health care costs—in the form of higher deductibles and copayments or reductions in the generosity of benefits. Across states, the result has been a rapid increase in the annual costs of the employee share of premiums for plans with less financial protection.¹²

Annual Cost of Employee Premium Shares Up 63 Percent for Families

Despite often stagnant or declining incomes, the annual cost of the employee share of premiums is up sharply, consuming an ever-greater share of any wage increases employees might have received over the past seven years. By 2010, the employer share of employer-sponsored health insurance averaged 73 percent for family coverage and 79 percent for single coverage across states—a decrease in most states compared with 2003. The resulting increase in employee shares of premiums combined with rising premiums resulted in an average 68 percent increase in annual costs of

premiums for employees for a single-person plan and 63 percent increase for a family plan across states from 2003 to 2010 (Table 3). In 2003, employee annual costs for their share of family plan premiums averaged \$2,283. By 2010, employee annual costs for their share of family plan premiums averaged \$3,721 (median of \$3,685), ranging from an average of \$2,988 in the five states with the lowest employee annual premium costs of family coverage (Michigan, Montana, Vermont, Pennsylvania, and Kentucky) to an average of \$4,479 in the five states with the highest employee annual premium costs for family coverage (Delaware, Maine, Virginia, Texas, and Florida) (Exhibit 3 and Table 3).

Premiums Buy Less Protection as Deductibles Double from 2003 to 2010

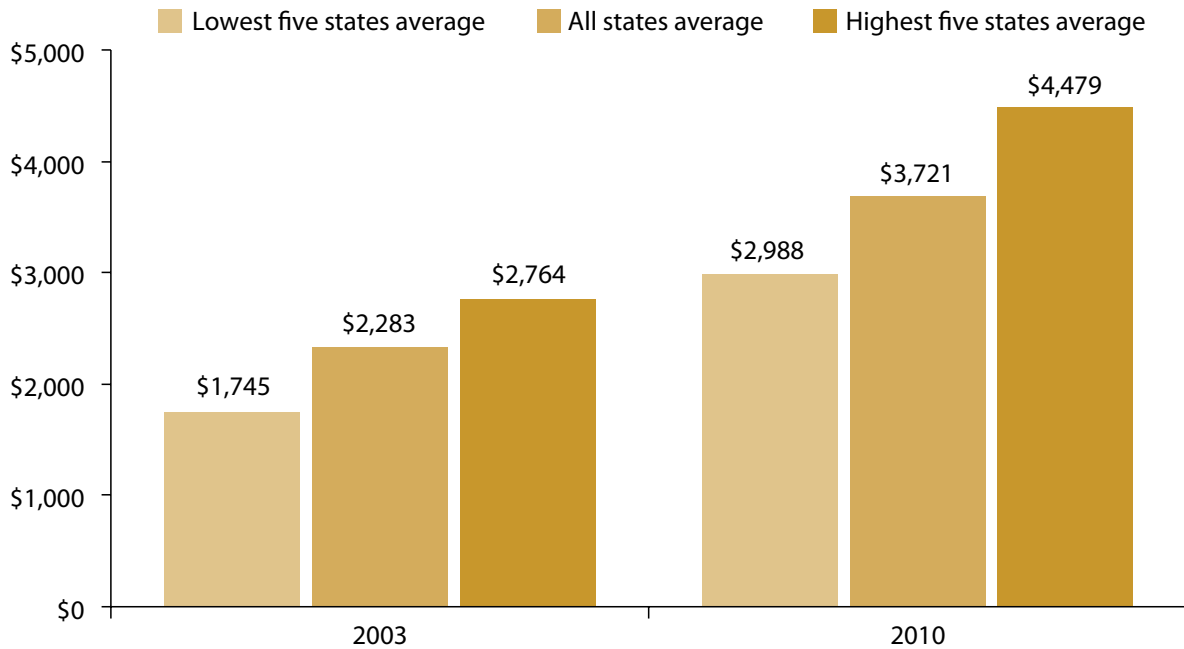
By 2010, premiums were paying for less in terms of financial protection than they had been at the start of the decade. Families were paying not only higher premiums but higher out-of-pocket costs for medical bills. By 2010, 74 percent of workers faced a deductible, compared with 52 percent in 2003. At the same time, state average single-person deductibles for private-employer health plans increased by 98 percent on average from 2003 to 2010 (Exhibit 4). In 25 states, those deductibles increased by more than 100 percent (Table 5). From 2009 to 2010—just one year—single-person deductibles increased by more than 20 percent in 14 states. As a result of the rapid increase, average single-person deductibles exceeded \$1,000 in 29 states by 2010. Across states, deductibles ranged from a low of \$519 in Hawaii to a high of \$1,479 in Wyoming (Exhibit 5).

Notably, deductibles are up for people working in larger firms (50 employees or more) as well as small firms (fewer than 50 employees). In both sectors, the single deductibles per person doubled between 2003 and 2010, on average (Exhibit 4 and Table 6).

Workers in small firms, however, are more likely to face high deductibles: in small firms across the states, the average single health plan deductible was \$1,447 by 2010. In all but four states and the District of Columbia, the small-firm single deductible averaged

Exhibit 3. Employee Contribution for Family Coverage, Average Annual Employee Premium Share, 2003 and 2010

Dollars per year for family coverage



Source: Medical Expenditure Panel Survey–Insurance Component (employee premium share for 2003 and 2010).

Exhibit 4. Private Health Insurance Deductibles: State Averages by Firm Size and Household Type, 2003–2010

	2003	2010	Percent change
Average, all firms			
Single-person plan	\$518	\$1,025	98%
Family plan	\$1,079	\$1,975	83%
Average, small firms			
Single-person plan	\$703	\$1,447	106%
Family plan	\$1,575	\$2,857	81%
Average, large firms			
Single-person plan	\$452	\$917	103%
Family plan	\$969	\$1,827	89%

Note: Small firms = firms with fewer than 50 employees; large firms = firms with 50 or more employees.

Source: Medical Expenditure Panel Survey–Insurance Component, 2003 and 2010.

more than \$1,000. In 19 states, the small-firm deductible averaged more than \$1,500 (Table 6), up from nine states in 2009. In contrast—although deductibles have been increasing in larger firms—in two-thirds of states, the average deductible for single coverage was below \$1,000 for firms with 50 or more employees. Similarly, family deductibles were lower for those insured through larger firms than in small firms. Thus, although deductibles are up sharply on average, there continues to be a wide spread between small and large firms in the size of deductibles.

Rising Health Care Costs Threaten Economic Security

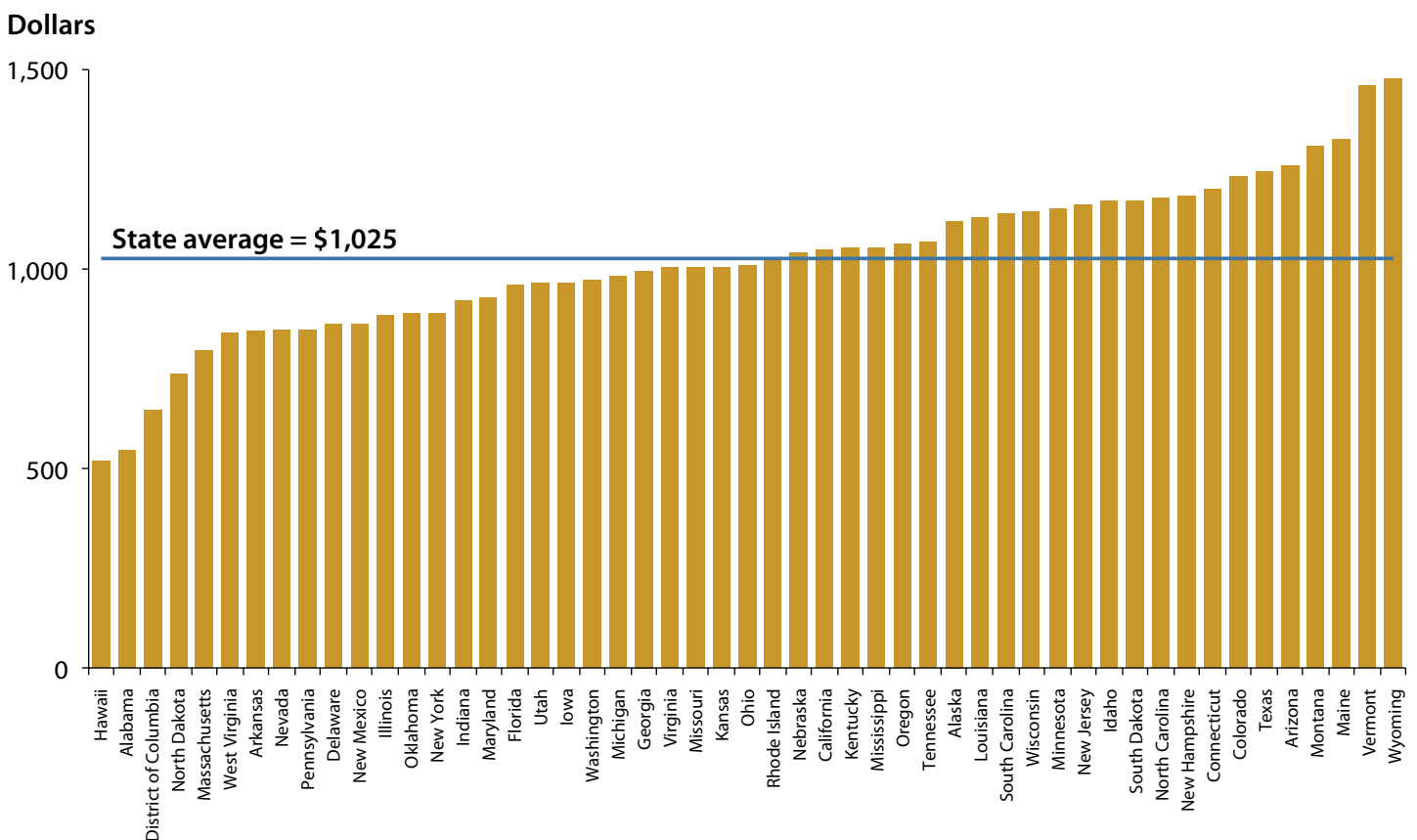
Middle- and lower-income working families were in a precarious position when the recession began in December 2007. People with coverage through employers faced rising premium shares and higher cost-sharing when they needed medical care. At the

same time, millions of workers who lost their jobs or were otherwise unable to afford coverage joined the ranks of the uninsured. From 2008 to 2010, the percentage of people with employment-based insurance fell from 58.9 percent to 55.3 percent.¹³ During that same period, an estimated 9 million adults ages 19 to 64 lost a job with health benefits and became uninsured.¹⁴

Along with rising numbers of uninsured, the nation has seen a rapid increase in the number of underinsured—those at risk of high out-of-pocket costs for medical care although insured all year. As of 2010, estimates indicate 81 million adults under age 65 (44% of all adults) were either uninsured during the year or underinsured, up from 61 million in 2003.¹⁵

The effect of higher premiums and out-of-pocket costs for health care has been aggravated by median incomes that have generally failed to keep up with the costs of living. From 2003 to 2010, median

Exhibit 5. Single-Person Deductibles, by State, 2010



Source: 2010 Medical Expenditure Panel Survey—Insurance Component.

family incomes increased by only 10 percent, on average, not enough to keep up with an inflation rate that has increased by 18.5 percent over the last seven years.¹⁶ Stagnant incomes have left workers and their families with less money available for rent, mortgage payments, education, or daily living expenses, much less health care costs.¹⁷

At the lower end of the income range, rising health care costs and restricted incomes have pushed more people into poverty. New supplemental poverty measures from the Census Bureau that incorporate medical spending show that 10 million more people would have been counted as poor in 2010 if their out-of-pocket medical care and premium expenses were deducted from their incomes.¹⁸

Projected Increases over the Next Decade if Historical Rates Continue

The increases from 2003 to 2010 in premiums for private employer-sponsored health insurance all occurred before the implementation of any reforms included in the Affordable Care Act, which was enacted in March 2010. If historical trends continue at the same

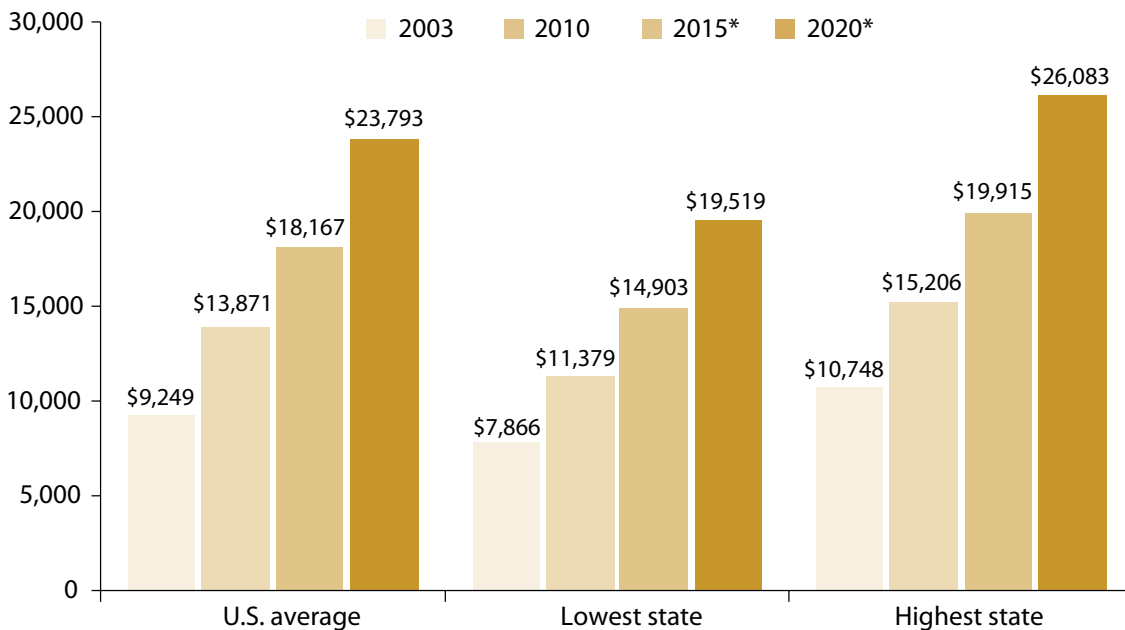
5.5 percent average annual rate of increase observed over the past seven years, the cumulative impact would result in a 72 percent increase in health insurance premiums from 2010 to 2020.

Using this historical rate of annual increase and applying the same rate of increase to all states, average total family premiums would reach \$18,167 by 2015 and \$23,793 by 2020 (Exhibit 6). If historical rates before reform continue, with the same average rate of increase in all states, estimated family premiums by 2020 would range from \$19,519 in Idaho to \$26,083 in Washington, D.C. (Table 7).

Rapid health care cost increases and the erosion of coverage were the impetus for national legislation to reform insurance markets, expand and improve coverage, and begin to move the U.S. health care system toward delivering higher quality of care, better and safer outcomes, and lower costs. In addition to expanding insurance coverage and setting standards that will ensure financial protection, the Affordable Care Act, once fully implemented, includes provisions that will significantly change the way private insurance markets operate and reforms that begin to address the quality

Exhibit 6. Total Premiums for Family Coverage, 2003, 2010, 2015, and 2020

Health insurance premiums for family coverage (dollars)



* Premium estimates for 2015 and 2020 using 2003–10 historical average national growth rate.
Source: Medical Expenditure Panel Survey–Insurance Component (premiums for 2003 and 2010).

and costs of care. Together, these provide a foundation to build on, with the potential to slow the rate of future cost growth.

REALIZING THE POTENTIAL OF HEALTH REFORM

The Affordable Care Act includes several significant coverage and delivery system reform provisions that could help moderate premium growth, make premiums more affordable, and provide improved financial protection for insured individuals and families who have benefit gaps, high deductibles, or limits on covered medical care expenses.¹⁹ The law's insurance expansions that will go into effect in 2014 will help individuals and families hold on to coverage that has increasingly become difficult to afford.

Young adults are already reaping the benefits of an expansion that went into effect in 2010. This provision required all insurance plans that offer dependent coverage to offer the same level of coverage at the same price to enrollees' adult children up to their 26th birthday.²⁰ Early results from the National Health Interview Survey reveal that by the first three months of 2011, more than 1 million adults ages 19 to 25 gained health insurance coverage.²¹

Health reform also changes the way private insurance markets operate, including provisions that will limit the share of premiums spent on administrative costs or profits, with the potential to reduce private insurance overhead costs still more in the future.

Key Health Insurance Reforms

New restrictions on insurer administrative costs. The new law creates standards for what health plans must spend on medical care, as opposed to administration and profits. Since 2010, health plans are required to report the proportion of premiums accounted for by medical care (claims and quality improvement) and by items other than medical care—including marketing and underwriting costs, claims processing, executive and administrative staff, and net profits. The Department of Health and Human Services (HHS) will make these reports publicly available and, beginning in 2014,

state insurance exchanges will provide the reports to consumers choosing plans through the exchanges. Beginning in August 2012, health plans in the large-group market that spend less than 85 percent of their premiums on medical care and health plans in the small-group and individual markets that spend less than 80 percent on medical care will be required to offer rebates to enrollees.

Based on current financial reports, many of the largest private insurance companies would be required to pay rebates if the law were in effect in 2011. Private insurer financial reports for 2010 through the first half of 2011 document that premium revenues have been well above payments for medical claims, with profit margins at historic highs and rapid accumulation of reserves well beyond state insurance requirements.²² Financial analyst reports indicate that, in some states, rebates from nonprofit carriers would amount to a rebate of \$100 per person at current premium rates.²³ Indeed, in a press release, Blue Shield in California announced it would cap profit margins and return excess premiums in the form of rebates to beneficiaries.²⁴ Moving beyond voluntary action by a few insurers, Affordable Care Act provisions will give all states the authority to enforce such rebates in 2012. An estimated 74.8 million privately insured people are in plans affected by these new provisions. Recent estimates indicate that up to 9 million might be eligible for rebates in 2012.²⁵

State and federal review of premium increases.

The law also requires the Secretary of HHS and states to establish a process for annually reviewing "unreasonable" premium increases. The law enables HHS and states to review all proposed premium increases of 10 percent or more and provides financial support to states to enhance their rate review processes. A health insurer will be required to submit to the secretary and the relevant state a justification for any such increase prior to implementation, with the information to be posted on HHS, state, and insurance carrier Web sites. If HHS and/or a state determines that an increase is unreasonable, that information will also be posted on each Web site. Starting in 2014, states can recommend that

health plans be excluded from participation in insurance exchanges if they have demonstrated a pattern of excessive or unjustified premium increases.²⁶

Medicaid expansion and premium and cost-sharing credits for comprehensive benefits. Beginning in 2014, low- and moderate-income households will benefit from new and affordable coverage options. Members of households with incomes up to \$29,726 (for a family of four) will be eligible to enroll in Medicaid, while those in households earning up to \$89,400 who lack employer coverage will, for the first time, be eligible for a federal subsidy to defray premium costs for plans sold through the new insurance exchanges. Premium tax credits will cap the contributions required of individuals and families at 2 percent of income for those earning just above \$29,726 for a family of four; the cap will gradually increase to 9.5 percent for households with income of \$67,050 to \$89,400.²⁷ In addition, people in this income range will benefit from cost-sharing credits and caps on out-of-pocket spending. Benefit standards will limit out-of-pocket costs for insured individuals and families of all income levels. For the first time, there will be a national standard for essential health benefits to ensure financial protection and access.²⁸

State health insurance exchanges and insurance market rules. The Affordable Care Act requires states to establish health insurance exchanges to serve as a marketplace where individuals and small employers can buy insurance. Whether sold through the exchange or outside the exchange, all health insurance plans will have to follow new market rules that prohibit them from turning down anyone for coverage or increasing premiums because of poor health. All plans will also have to meet standards for essential benefits. Plans sold through the exchanges and individual and small-group markets will offer a standardized choice of plans, putting small businesses on more equal footing with larger employers in terms of offering a choice of high-quality plans to their workers. In 2014, states will open exchanges to individuals, with premium subsidies, and to companies with up to 100 employees or, at state option, up to 50 employees. States may open exchanges to larger employers starting in 2017.²⁹

States will have considerable flexibility in operating exchanges, including working with insurance carriers to innovate with new provider payment arrangements that support provision of better quality of care at lower costs. States will also have the authority to restrict participation in the exchanges to plans that offer better value for premiums paid and for those that meet high quality standards. Further, states may choose to further standardize the range of benefit plan designs to reduce complexity and insurance-related administrative costs and to make it easier for families to compare and choose plans. The Affordable Care Act also requires that each state exchange offer two multi-state health plans, one of which must be nonprofit, and allocates \$3.8 billion in grant funding to encourage the creation of nonprofit consumer-operated and -oriented plans.

One of the challenges facing states will be how to work with dominant insurance carriers and at the same time allow new regional care systems to develop that could offer better value through more integrated community care systems. In all states, the insurance market has become ever more concentrated, both as a result of mergers and as larger employers have restricted the range of employee plan choices to national plans with broad provider networks. At the same time, small companies are rarely able to offer a choice of plans and instead select statewide or national plans with broad networks to ensure all employees have access. These market developments have made it harder for innovative regional health systems and plans to survive or spread and have led to increased insurance market concentration.

In most states, the top two or three private insurance carriers now account for the majority of privately insured lives. As illustrated in Exhibit 7, in 34 states and the District of Columbia, the top three firms account for 70 percent or more of the health insurance market.³⁰ Within states, insurance markets are also highly concentrated—although here smaller regional plans may emerge as among the leaders.³¹ Where regional plans are able to provide high value, exchanges have the potential to expand plan choices

these goals will require the spread of innovative payment and delivery system reforms.

Previous estimates suggest that, if widely adopted, a combination of insurance market reforms, payment incentives, and delivery system changes could reduce national costs by an average of 1 to 1.5 percentage points per year over the next decade. This reduction is similar to one adopted by a coalition of hospitals, physicians, insurers, and other industry providers in 2009.³²

Examining the potential of Affordable Care Act payment, delivery system, and insurance reforms, recent analysis indicates the potential of the reforms to slow the rate of cost growth, once fully implemented.³³ If the enacted health reforms succeed in providing a platform for private as well as public payers to “bend the cost curve” within this range, the result would be much-lower premium increases and potentially substantial increases in incomes, if savings accrued to families in the form of higher wages or salaries.

To illustrate the potential savings in each state, we calculated the differences in premiums under two scenarios: 1) if premium growth slowed to 1 percentage point lower than projected historical rates of increase if historical trends continue; and 2) if premium growth slowed to 1.5 percentage points lower than historical

rates of increase. Rather than estimating the premium savings to households and employers that might be possible in each state given its particular starting point, savings in each state were projected for both 2015 and 2020 using the same slower growth rates for all states.

As illustrated in Exhibit 8, in all states, reducing the rate of premium increase to either target would yield substantial savings compared with projected trends. If premium growth were to slow to 1 percentage point below the projected national growth rate, the cost of family coverage would drop an average of \$844 annually by 2015 (Exhibit 8 and Table 9). Annual savings for families and employers would increase to \$2,161 by 2020. Average savings on family coverage premiums would range from \$1,772 in Idaho in 2020 to nearly \$2,400 in New Hampshire and the District of Columbia. Employers could use these savings to increase wages, contribute to retirement savings plans, or add jobs.

Even greater amounts could be saved if the annual premium growth rates were to slow by 1.5 percentage points. An average of \$1,255 could be saved annually on family coverage by 2015. The savings would more than double to \$3,173 annually by 2020. Savings from family coverage premiums would range from \$2,603 in Idaho in 2020 to more than \$3,400 in

Exhibit 8. Projected Annual Savings in Family Premiums, 2015 and 2020

	2015	2020	2015	2020
U.S. average premium at 2003–10 historical rate of increase	\$18,167	\$23,793	\$18,167	\$23,793
	1% slower growth		1.5% slower growth	
U.S. average premium with savings*	\$17,322	\$21,633	\$16,912	\$20,620
U.S. average savings	–\$844	–\$2,161	–\$1,255	–\$3,173
Average savings for lowest 10 premium states (ID, AR, HI, MT, AL, NV, SD, ND, UT, TN)	–\$748	–\$1,914	–\$1,112	–\$2,812
Average savings for highest 10 premium states (ME, MA, DE, IL, NY, RI, CT, FL, NH, DC)	–\$904	–\$2,312	–\$1,343	–\$3,396

* Some dollar amounts may not sum because of rounding.

Source: Medical Expenditure Panel Survey–Insurance Component; Premium estimates for 2015 and 2020 using 2003–10 historical average national growth rate.

Connecticut, Florida, New Hampshire and the District of Columbia.

Because this analysis did not model the impact of potential reforms at the state level, the projected savings for each state are only for illustrative purposes. To the extent that there might be further room to achieve savings from delivering more cost-effective care in higher-cost states, the potential gains would be greater compared with those states that started the decade with relatively lower costs. Regardless of the starting point, however, the comparison of future premium costs illustrate the high risk the nation faces if current premium cost trends persist, as well as the potential gains for families and employers in all states, if state and private sector leaders join together to realize the promise of reform.

DISCUSSION

Over the last several years, the combination of rising health care costs and decline in real incomes has left individuals and working families spending a greater percentage of their income and total compensation from work on health insurance premiums, often with greater out-of-pocket cost-sharing and less-comprehensive benefits. With rising costs and eroding coverage, much is at stake for the insured and uninsured alike as the nation looks forward.

Reducing costs and improving affordability in the future, however, will require approaches that confront underlying factors contributing to high and rising costs. The U.S. health insurance system remains highly fragmented. It includes Medicare coverage for those 65 and older and some disabled, state-operated Medicaid programs, and an array of competing private insurance plans. Each has separate payment policies, reporting requirements, and other provisions related to physicians, hospitals, and other health care providers. Recent reports in multiple states indicate that within the private insurance market, prices paid for care have been rising rapidly and vary widely for the same service across states, and often for the same provider, depending on source of insurance.³⁴ Currently, the national office of the actuary projects that private insurance

spending per person will increase faster than public programs over the next decade—repeating the pattern that has persisted since 2000.³⁵

Slowing the growth of costs of care for private as well as public payers will thus require a focus on the private sector and not just on Medicare or Medicaid. Success will depend on more coherent policies that focus public interest of better health and affordable costs for all families, whether insured through employers, insurance exchanges, or public programs.

The Affordable Care Act provides private insurers with an opportunity to lower overhead costs and incentives to innovate to improve value by requiring insurers to justify cost increases and lower wasteful overhead in all states. It provides states with new tools and authority, coupled with federal oversight, and establishes essential benefit standards that offer protection to all, regardless of state of residence.

Yet, overall success of the reforms will be contingent on public and private stakeholders working together to ensure that markets operate in the broad national interest of better health, more positive health care experiences, and lower costs. Concerted action by private insurers and multipayer public and private initiatives will be essential to address rising prices and to spread reforms that provide incentives to clinicians and hospitals to improve care and use resources prudently. If reforms are implemented well and creatively and spread to private as well as public payers, they may help propel the country along the path to rising family income, higher savings for education and retirement, and greater health security.

For state-specific data: See Tables 1 and 2, starting on page 17, for average premiums for single and family coverage and average premiums by firm size, by state, for 2003 and 2010. Single and family share of total premiums and average premiums as percent of median household income for nonelderly households by state are shown in Tables 3 and 4. See Tables 5 and 6 for average single and family deductibles by state and firm size in 2003 and 2010. Projected premium increases for 2015 and 2020 by state are included in Table 7. Tables 8 and 9 show potential savings for single and family coverage by state in 2015 and 2020 if reforms successfully moderate cost growth.

NOTES

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Table 1. Single and Family Average Health Insurance Premiums, by State, 2003 and 2010

State	2003		2010		Percent increase, 2003–10	
	Single	Family	Single	Family	Single	Family
United States	\$3,481	\$9,249	\$4,940	\$13,871	42%	50%
Alabama	3,156	8,045	4,571	12,409	45	54
Alaska	4,011	10,564	6,085	14,232	52	35
Arizona	3,209	8,972	4,958	13,871	55	55
Arkansas	3,127	7,977	4,178	11,816	34	48
California	3,293	9,091	4,811	13,819	46	52
Colorado	3,645	9,522	4,630	13,393	27	41
Connecticut	3,676	10,119	5,302	14,888	44	47
Delaware	3,854	10,499	5,653	14,671	47	40
District of Columbia	3,740	10,748	5,644	15,206	51	41
Florida	3,592	9,331	5,120	15,032	43	61
Georgia	3,624	8,641	4,786	13,114	32	52
Hawaii	3,020	7,887	4,294	12,062	42	53
Idaho	3,331	8,563	4,502	11,379	35	33
Illinois	3,692	9,693	5,067	14,703	37	52
Indiana	3,493	9,315	5,015	13,884	44	49
Iowa	3,270	8,436	4,440	13,240	36	57
Kansas	3,401	8,907	4,710	13,460	38	51
Kentucky	3,437	9,118	4,683	13,352	36	46
Louisiana	3,317	8,735	5,310	13,230	60	51
Maine	3,852	10,308	5,554	14,576	44	41
Maryland	3,427	9,217	4,799	13,952	40	51
Massachusetts	3,496	9,867	5,413	14,606	55	48
Michigan	3,671	9,449	4,713	13,148	28	39
Minnesota	3,679	10,066	4,964	13,903	35	38
Mississippi	3,305	8,075	4,694	13,740	42	70
Missouri	3,305	8,984	4,603	12,754	39	42
Montana	3,506	8,542	4,822	12,312	38	44
Nebraska	3,506	9,139	4,992	13,221	42	45
Nevada	3,578	8,831	4,771	12,496	33	42
New Hampshire	3,563	9,776	5,162	15,204	45	56
New Jersey	3,814	10,168	5,153	14,058	35	38
New Mexico	3,361	9,299	4,787	14,083	42	51
New York	3,592	9,439	5,220	14,730	45	56
North Carolina	3,411	8,463	4,980	13,643	46	61
North Dakota	2,999	7,866	4,719	12,544	57	59
Ohio	3,416	9,136	4,669	13,083	37	43
Oklahoma	3,285	8,739	4,658	12,900	42	48
Oregon	3,362	8,861	5,186	13,756	54	55
Pennsylvania	3,449	9,133	4,959	13,550	44	48
Rhode Island	3,725	9,460	5,557	14,812	49	57
South Carolina	3,371	8,918	4,835	13,234	43	48
South Dakota	3,361	8,499	4,735	12,542	41	48

State	2003		2010		Percent increase, 2003–10	
	Single	Family	Single	Family	Single	Family
Tennessee	\$3,597	\$9,261	\$4,753	\$12,729	32%	37%
Texas	3,400	9,575	4,951	14,526	46	52
Utah	3,352	8,349	4,501	12,618	34	51
Vermont	3,596	9,483	5,170	13,588	44	43
Virginia	3,322	9,176	4,960	13,907	49	52
Washington	3,520	9,212	4,981	14,188	42	54
West Virginia	3,809	9,164	4,935	14,194	30	55
Wisconsin	3,749	9,562	5,384	14,542	44	52
Wyoming	3,706	9,612	5,204	13,899	40	45

Note: Premiums are for insurance policies offered by private-sector employers in the U.S.

Data: Agency for Healthcare Research and Quality, 2003 and 2010 Medical Expenditure Panel Survey–Insurance Component.

Table 2. Single and Family Average Premium by Firm Size and State, 2003 and 2010

State	Small firms (<50 employees)				Large firms (50 or more employees)				Percent increase			
	2003		2010		2003		2010		Small-firm increase, 2003–10		Large-firm increase, 2003–10	
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
United States	\$3,623	\$9,321	\$4,956	\$13,170	\$3,438	\$9,235	\$4,935	\$13,999	37%	41%	44%	52%
Alabama	3,257	7,442	4,711	11,615	3,123	8,189	4,535	12,602	45	56	45	54
Alaska	4,286	10,461	7,090	15,623	3,847	10,583	5,702	13,864	65	49	48	31
Arizona	3,390	9,208	4,656	11,392	3,156	8,943	5,017	14,140	37	24	59	58
Arkansas	3,338	8,484	4,273	9,574	3,078	7,929	4,159	12,191	28	13	35	54
California	3,237	8,716	4,608	12,700	3,310	9,172	4,875	14,053	42	46	47	53
Colorado	3,933	10,349	4,807	13,033	3,558	9,358	4,583	13,481	22	26	29	44
Connecticut	3,944	10,086	5,899	15,306	3,585	10,128	5,136	14,818	50	52	43	46
Delaware	3,810	10,242	5,916	14,467	3,869	10,538	5,587	14,703	55	41	44	40
District of Columbia	3,877	11,380	5,850	15,052	3,699	10,572	5,589	15,227	51	32	51	44
Florida	3,967	9,732	5,090	13,775	3,483	9,266	5,128	15,186	28	42	47	64
Georgia	3,367	8,529	4,785	11,454	3,680	8,654	4,786	13,379	42	34	30	55
Hawaii	3,440	8,423	4,544	12,505	2,809	7,759	4,166	11,952	32	48	48	54
Idaho	3,210	8,246	3,976	9,891	3,375	8,671	4,644	11,821	24	20	38	36
Illinois	3,652	9,488	5,553	15,130	3,702	9,727	4,959	14,613	52	59	34	50
Indiana	3,467	9,062	4,936	12,652	3,500	9,353	5,032	14,079	42	40	44	51
Iowa	3,114	7,216	4,134	12,158	3,310	8,690	4,526	13,453	33	68	37	55
Kansas	3,503	8,580	4,352	12,890	3,371	8,982	4,806	13,587	24	50	43	51
Kentucky	3,260	9,073	4,271	12,724	3,492	9,127	4,781	13,421	31	40	37	47
Louisiana	3,427	8,567	4,905	12,338	3,275	8,777	5,443	13,529	43	44	66	54
Maine	4,093	10,066	4,814	12,172	3,727	10,362	5,813	15,190	18	21	56	47
Maryland	3,703	8,871	5,004	13,500	3,329	9,292	4,739	14,040	35	52	42	51
Massachusetts	3,678	10,129	5,673	15,132	3,439	9,804	5,351	14,480	54	49	56	48
Michigan	3,944	9,534	5,098	12,852	3,588	9,430	4,609	13,197	29	35	28	40
Minnesota	3,125	9,285	4,751	13,396	3,844	10,246	5,021	13,979	52	44	31	36
Mississippi	3,555	9,061	4,744	11,796	3,231	7,932	4,677	13,931	33	30	45	76
Missouri	3,202	8,241	4,743	12,997	3,339	9,137	4,570	12,706	48	58	37	39
Montana	3,297	7,381	4,809	11,361	3,611	9,125	4,827	12,703	46	54	34	39

State	Small firms (<50 employees)				Large firms (50 or more employees)				Percent increase			
	2003		2010		2003		2010		Small-firm increase, 2003–10		Large-firm increase, 2003–10	
	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
Nebraska	\$3,560	\$9,137	\$4,822	\$11,546	\$3,486	\$9,140	\$5,036	\$13,562	35%	26%	44%	48%
Nevada	3,610	10,246	4,475	12,034	3,569	8,583	4,836	12,569	24	17	36	46
New Hampshire	3,831	11,078	5,524	15,976	3,424	9,333	5,049	15,031	44	44	47	61
New Jersey	3,972	10,956	5,650	14,659	3,754	9,983	4,987	13,963	42	34	33	40
New Mexico	3,525	8,376	5,303	13,697	3,293	9,555	4,667	14,142	50	64	42	48
New York	4,103	10,115	5,272	14,388	3,448	9,286	5,203	14,807	28	42	51	59
North Carolina	3,801	9,384	4,984	12,884	3,293	8,336	4,980	13,752	31	37	51	65
North Dakota	2,945	7,539	4,492	11,464	3,020	7,979	4,801	12,967	53	52	59	63
Ohio	3,399	8,600	4,678	12,244	3,420	9,227	4,667	13,246	38	42	36	44
Oklahoma	3,772	8,875	5,182	12,052	3,136	8,717	4,509	13,006	37	36	44	49
Oregon	3,671	8,597	4,826	11,492	3,226	8,922	5,323	14,163	31	34	65	59
Pennsylvania	3,818	10,195	5,140	12,581	3,327	8,879	4,905	13,716	35	23	47	54
Rhode Island	3,946	10,159	5,607	14,668	3,618	9,220	5,539	14,843	42	44	53	61
South Carolina	3,461	9,634	4,959	10,873	3,340	8,833	4,802	13,470	43	13	44	52
South Dakota	3,546	8,476	4,684	11,245	3,289	8,506	4,751	12,929	32	33	44	52
Tennessee	3,857	9,332	4,705	11,987	3,540	9,255	4,764	12,821	22	28	35	39
Texas	3,793	9,831	4,829	13,755	3,310	9,545	4,978	14,623	27	40	50	53
Utah	3,054	7,861	4,336	10,994	3,411	8,515	4,535	12,991	42	40	33	53
Vermont	3,739	9,398	5,257	13,763	3,512	9,508	5,131	13,522	41	46	46	42
Virginia	3,251	8,678	4,878	12,684	3,348	9,312	4,983	14,138	50	46	49	52
Washington	3,453	8,880	4,711	11,828	3,548	9,299	5,085	14,620	36	33	43	57
West Virginia	3,477	8,803	5,306	13,351	3,906	9,233	4,854	14,363	53	52	24	56
Wisconsin	3,941	9,854	5,209	14,864	3,693	9,492	5,419	14,472	32	51	47	52
Wyoming	3,654	10,255	5,644	13,695	3,734	9,396	4,998	13,971	54	34	34	49

Data: Agency for Healthcare Research and Quality, 2003 and 2010 Medical Expenditure Panel Survey—Insurance Component.

Table 3. Single and Family Share of Total Premiums, Average Annual Employee Premium Share by State, 2003 and 2010

	2003				2010				Percent increase (\$): 2003–10	
	Single		Family		Single		Family		Single	Family
United States	17.4%	\$606	24.7%	\$2,283	20.7%	\$1,021	26.8%	\$3,721	68%	63%
Alabama	20.2	636	28.5	2,290	23.9	1,092	30.3	3,758	72	64
Alaska	10.8	433	16.6	1,759	13.7	832	21.6	3,079	92	75
Arizona	17.5	560	30.1	2,697	18.0	891	29.8	4,133	59	53
Arkansas	20.6	644	29.4	2,347	21.2	885	33.6	3,967	37	69
California	14.4	475	25.1	2,282	21.8	1,048	27.8	3,845	121	68
Colorado	15.9	581	25.5	2,430	19.1	883	27.0	3,618	52	49
Connecticut	21.5	789	22.5	2,282	23.3	1,234	25.7	3,824	56	68
Delaware	18.4	711	21.3	2,233	20.9	1,180	29.1	4,267	66	91
District of Columbia	19.0	710	23.0	2,474	19.1	1,080	25.1	3,822	52	54
Florida	20.9	750	30.1	2,810	21.0	1,073	31.2	4,685	43	67
Georgia	19.3	699	26.9	2,327	20.2	965	28.2	3,702	38	59
Hawaii	8.3	251	26.0	2,048	10.2	436	26.2	3,155	74	54
Idaho	16.2	540	28.0	2,395	18.5	832	32.5	3,701	54	55
Illinois	16.9	625	22.8	2,212	22.1	1,120	26.7	3,928	79	78
Indiana	21.0	732	24.7	2,301	22.5	1,127	24.9	3,462	54	50
Iowa	20.8	682	25.9	2,188	21.0	930	28.6	3,781	36	73
Kansas	23.1	786	28.8	2,566	19.6	925	24.2	3,257	18	27
Kentucky	20.0	688	25.3	2,303	18.9	886	22.9	3,060	29	33
Louisiana	19.1	633	29.6	2,587	23.4	1,241	29.9	3,962	96	53
Maine	18.1	698	27.9	2,872	21.7	1,207	30.6	4,465	73	55
Maryland	23.1	791	29.5	2,714	22.5	1,080	26.7	3,728	37	37
Massachusetts	20.4	713	24.2	2,385	22.2	1,200	23.6	3,444	68	44
Michigan	14.7	538	17.6	1,661	20.2	951	21.9	2,879	77	73
Minnesota	16.4	604	24.7	2,488	20.6	1,023	23.3	3,233	69	30
Mississippi	15.2	503	28.8	2,328	21.9	1,030	29.9	4,105	105	76
Missouri	17.3	572	25.4	2,286	21.0	965	25.7	3,280	69	43
Montana	13.5	475	28.0	2,388	21.6	1,043	24.3	2,992	120	25
Nebraska	25.0	875	29.0	2,646	21.7	1,084	28.0	3,703	24	40
Nevada	13.3	474	23.8	2,100	16.1	767	27.0	3,379	62	61

	2003				2010				Percent increase (\$): 2003–10	
	Single		Family		Single		Family		Single	Family
New Hampshire	21.1%	\$753	24.9%	\$2,435	21.0%	\$1,086	25.3%	\$3,849	44%	58%
New Jersey	16.0	611	19.7	2,007	21.3	1,098	28.5	4,010	80	100
New Mexico	17.6	593	26.9	2,506	24.6	1,179	28.1	3,952	99	58
New York	17.4	625	19.2	1,812	20.8	1,086	24.6	3,630	74	100
North Carolina	15.8	541	27.9	2,359	18.6	926	25.6	3,492	71	48
North Dakota	19.0	571	27.2	2,136	18.9	891	27.8	3,492	56	63
Ohio	16.9	579	21.3	1,946	20.4	952	25.1	3,286	64	69
Oklahoma	19.0	625	27.8	2,426	22.4	1,043	28.8	3,715	67	53
Oregon	13.0	438	24.4	2,159	16.3	848	28.3	3,888	94	80
Pennsylvania	15.4	533	22.5	2,055	19.2	954	22.2	3,013	79	47
Rhode Island	22.0	820	26.8	2,533	20.6	1,147	22.3	3,308	40	31
South Carolina	19.8	668	29.1	2,596	20.8	1,006	27.5	3,641	51	40
South Dakota	22.9	771	27.4	2,326	20.0	948	30.2	3,793	23	63
Tennessee	21.1	760	27.7	2,569	20.4	970	27.2	3,461	28	35
Texas	16.1	548	26.8	2,568	20.9	1,036	31.0	4,500	89	75
Utah	19.0	638	27.7	2,309	24.1	1,086	28.1	3,545	70	54
Vermont	18.2	653	21.3	2,020	21.3	1,099	22.1	2,997	68	48
Virginia	19.1	634	29.7	2,728	22.5	1,114	32.2	4,477	76	64
Washington	10.9	385	22.3	2,058	15.0	746	26.0	3,685	94	79
West Virginia	14.1	538	17.0	1,554	18.9	933	22.1	3,139	73	102
Wisconsin	22.1	830	23.6	2,258	21.8	1,174	23.1	3,359	41	49
Wyoming	15.5	574	20.2	1,941	15.4	802	22.9	3,178	40	64

Note: Premiums are for insurance policies offered by private-sector employers in the U.S.

Data: Agency for Healthcare Research and Quality, 2003 and 2010 Medical Expenditure Panel Survey–Insurance Component.

Table 4. Average Health Insurance Premiums as Percent of Median Household Income, by State, 2003 and 2010

State	Median income for single person household (under age 65)		Median income for family household (all under age 65)		Single premiums as percent of median income for single person household (under age 65)		Family premiums as percent of median income for family household (all under age 65)		Average premiums as percent of median household income for under-65 population*	
	2002–03	2009–10	2002–03	2009–10	2003	2010	2003	2010	2003	2010
United States	\$24,400	\$25,345	\$61,000	\$67,357	14.3%	19.5%	15.2%	20.6%	14.9%	20.3%
Alabama	20,952	21,400	58,000	60,000	15.1	21.4	13.9	20.7	14.2	20.9
Alaska	25,082	30,000	66,634	78,000	16.0	20.3	15.9	18.2	15.9	18.8
Arizona	20,800	20,052	55,536	53,088	15.4	24.7	16.2	26.1	16.0	25.8
Arkansas	19,788	25,000	45,000	60,100	15.8	16.7	17.7	19.7	17.3	18.9
California	25,400	25,200	58,548	61,162	13.0	19.1	15.5	22.6	14.9	21.5
Colorado	27,540	28,300	65,797	80,901	13.2	16.4	14.5	16.6	14.1	16.5
Connecticut	26,520	30,940	80,450	100,000	13.9	17.1	12.6	14.9	12.9	15.5
Delaware	26,520	29,000	68,340	70,060	14.5	19.5	15.4	20.9	15.1	20.5
District of Columbia	32,464	38,000	50,811	62,610	11.5	14.9	21.2	24.3	16.5	19.5
Florida	23,529	25,001	56,770	61,642	15.3	20.5	16.4	24.4	16.1	23.2
Georgia	24,024	24,746	58,707	64,500	15.1	19.3	14.7	20.3	14.8	20.1
Hawaii	25,000	28,200	63,638	63,100	12.1	15.2	12.4	19.1	12.3	17.8
Idaho	21,442	25,000	52,577	72,000	15.5	18.0	16.3	15.8	16.1	16.4
Illinois	24,960	27,000	64,276	70,050	14.8	18.8	15.1	21.0	15.0	20.4
Indiana	24,000	21,982	65,001	63,096	14.6	22.8	14.3	22.0	14.4	22.2
Iowa	24,480	24,860	64,480	62,000	13.4	17.9	13.1	21.4	13.1	20.5
Kansas	23,912	27,290	63,775	65,760	14.2	17.3	14.0	20.5	14.0	19.6
Kentucky	21,425	22,400	54,078	60,000	16.0	20.9	16.9	22.3	16.7	21.9
Louisiana	23,500	23,000	46,257	64,402	14.1	23.1	18.9	20.5	17.7	21.1
Maine	23,000	24,500	56,886	71,650	16.7	22.7	18.1	20.3	17.8	21.0
Maryland	28,560	32,000	78,044	90,170	12.0	15.0	11.8	15.5	11.9	15.3
Massachusetts	28,000	30,500	77,750	96,016	12.5	17.7	12.7	15.2	12.6	15.9
Michigan	24,391	24,010	65,514	70,780	15.1	19.6	14.4	18.6	14.6	18.8
Minnesota	27,040	29,020	79,272	80,877	13.6	17.1	12.7	17.2	12.9	17.2
Mississippi	20,000	19,203	45,103	48,900	16.5	24.4	17.9	28.1	17.6	27.3
Missouri	24,480	24,425	64,273	65,000	13.5	18.8	14.0	19.6	13.9	19.4
Montana	20,000	25,000	49,552	69,991	17.5	19.3	17.2	17.6	17.3	18.1

State	Median income for single person household (under age 65)		Median income for family household (all under age 65)		Single premiums as percent of median income for single person household (under age 65)		Family premiums as percent of median income for family household (all under age 65)		Average premiums as percent of median household income for under-65 population*	
	2002–03	2009–10	2002–03	2009–10	2003	2010	2003	2010	2003	2010
Nebraska	\$23,582	\$26,010	\$65,607	\$72,400	14.9%	19.2%	13.9%	18.3%	14.1%	18.5%
Nevada	25,000	25,863	55,029	60,400	14.3	18.4	16.0	20.7	15.6	20.0
New Hampshire	26,849	30,251	80,910	95,000	13.3	17.1	12.1	16.0	12.4	16.3
New Jersey	29,355	30,000	85,000	95,962	13.0	17.2	12.0	14.6	12.2	15.4
New Mexico	18,972	23,800	45,000	55,131	17.7	20.1	20.7	25.5	19.9	24.1
New York	25,013	28,500	61,380	67,986	14.4	18.3	15.4	21.7	15.1	20.6
North Carolina	20,565	23,500	53,043	60,680	16.6	21.2	16.0	22.5	16.1	22.2
North Dakota	22,524	28,011	57,144	75,400	13.3	16.8	13.8	16.6	13.7	16.7
Ohio	23,970	25,000	63,397	66,140	14.3	18.7	14.4	19.8	14.4	19.5
Oklahoma	20,420	25,000	50,150	59,010	16.1	18.6	17.4	21.9	17.1	21.1
Oregon	21,846	24,000	57,477	67,056	15.4	21.6	15.4	20.5	15.4	20.8
Pennsylvania	24,000	27,000	66,111	72,000	14.4	18.4	13.8	18.8	14.0	18.7
Rhode Island	26,000	26,010	65,280	81,261	14.3	21.4	14.5	18.2	14.4	19.2
South Carolina	21,000	22,000	55,200	63,659	16.1	22.0	16.2	20.8	16.1	21.1
South Dakota	20,617	24,501	58,855	66,000	16.3	19.3	14.4	19.0	14.9	19.1
Tennessee	21,624	21,000	52,000	60,000	16.6	22.6	17.8	21.2	17.5	21.6
Texas	22,112	24,000	48,000	56,029	15.4	20.6	19.9	25.9	18.9	24.5
Utah	22,710	27,240	61,200	75,012	14.8	16.5	13.6	16.8	13.9	16.8
Vermont	24,480	26,010	65,740	75,500	14.7	19.9	14.4	18.0	14.5	18.5
Virginia	25,149	30,000	75,000	86,922	13.2	16.5	12.2	16.0	12.5	16.1
Washington	25,000	30,000	66,788	76,500	14.1	16.6	13.8	18.5	13.9	18.0
West Virginia	19,992	21,947	43,860	57,715	19.1	22.5	20.9	24.6	20.5	24.1
Wisconsin	25,500	27,000	64,016	73,230	14.7	19.9	14.9	19.9	14.9	19.9
Wyoming	23,002	27,000	57,002	73,466	16.1	19.3	16.9	18.9	16.7	19.0

* Weighted by single and family household distribution in state.

Data: Median household incomes—2003, 2004, 2009, and 2010 Current Population Surveys; Total average premiums for employer-based single and family health insurance plans—2003 and 2010 Medical Expenditure Panel Survey—Insurance Component.

Table 5. Single and Family Average Deductible, 2003 and 2010

State	2003			2010			Percent increase: 2003–10	
	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family
United States	52%	\$518	\$1,079	74%	\$1,025	\$1,975	98%	83%
Alabama	71	386	929	76	544	1,274	41	37
Alaska	85	463	974	95	1,122	2,036	142	109
Arizona	46	484	976	83	1,259	2,371	160	143
Arkansas	84	619	1,377	87	846	1,827	37	33
California	39	517	1,093	58	1,051	1,942	103	78
Colorado	54	549	1,108	78	1,232	2,262	124	104
Connecticut	32	412	995	58	1,201	2,308	192	132
Delaware	38	356	768	59	860	1,997	142	160
District of Columbia	32	408	874	61	648	1,371	59	57
Florida	44	576	1,218	77	961	1,862	67	53
Georgia	57	457	1,042	77	998	1,890	118	81
Hawaii	16	674	1,188	31	519	1,709	-23	44
Idaho	78	620	1,337	91	1,171	2,750	89	106
Illinois	61	542	1,102	84	885	1,943	63	76
Indiana	75	569	1,067	85	920	1,860	62	74
Iowa	75	581	1,039	94	967	1,859	66	79
Kansas	66	601	1,315	85	1,007	1,750	68	33
Kentucky	70	499	973	85	1,054	1,980	111	103
Louisiana	69	623	1,348	75	1,131	2,083	82	55
Maine	49	824	1,393	84	1,327	2,281	61	64
Maryland	45	389	885	56	929	1,677	139	89
Massachusetts	26	555	1,067	43	793	1,639	43	54
Michigan	42	365	744	73	983	1,763	169	137
Minnesota	53	473	1,191	88	1,155	2,182	144	83
Mississippi	86	619	1,343	85	1,054	2,011	70	50
Missouri	58	494	922	74	1,005	2,146	103	133
Montana	76	629	1,322	94	1,309	2,295	108	74

State	2003			2010			Percent increase: 2003–10	
	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family
Nebraska	80%	\$531	\$1,155	92%	\$1,042	\$1,938	96%	68%
Nevada	55	479	1,145	74	849	1,498	77	31
New Hampshire	41	515	1,217	82	1,184	2,302	130	89
New Jersey	48	538	1,004	61	1,161	2,128	116	112
New Mexico	45	511	1,396	79	864	1,867	69	34
New York	33	485	1,048	51	891	1,728	84	65
North Carolina	66	618	1,265	88	1,181	1,932	91	53
North Dakota	73	437	981	91	737	1,435	69	46
Ohio	58	399	879	86	1,008	2,121	153	141
Oklahoma	75	486	1,074	88	890	1,977	83	84
Oregon	52	430	906	81	1,065	2,250	148	148
Pennsylvania	36	375	854	64	849	1,647	126	93
Rhode Island	32	368	885	61	1,024	1,999	178	126
South Carolina	71	584	1,153	90	1,139	2,396	95	108
South Dakota	87	662	1,287	93	1,172	2,034	77	58
Tennessee	69	532	1,140	88	1,066	2,038	100	79
Texas	63	624	1,294	86	1,247	2,283	100	76
Utah	65	371	958	86	965	1,846	160	93
Vermont	58	562	1,184	71	1,463	2,765	160	134
Virginia	41	500	1,078	67	1,004	1,866	101	73
Washington	63	389	983	89	975	1,888	151	92
West Virginia	73	423	740	88	838	1,365	98	84
Wisconsin	75	490	1,012	93	1,145	2,572	134	154
Wyoming	80	643	1,221	90	1,479	2,171	130	78

Note: Deductibles are for insurance policies offered by private-sector employers in the U.S. that had a deductible.

Data: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2003 and 2010 Medical Expenditure Panel Survey–Insurance Component.

Table 6. Single and Family Average Deductible, by Firm Size and State, 2003 and 2010

State	Small firms (<50 employees)						Large firms (50 or more employees)						Small-firm increase: 2003–10		Large-firm increase: 2003–10	
	2003			2010			2003			2010			Single	Family	Single	Family
	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family				
United States	60%	\$703	\$1,575	74%	\$1,447	\$2,857	50%	\$452	\$969	74%	\$917	\$1,827	106%	81%	103%	89%
Alabama	83	258	851	77	609	1,518	68	433	949	76	527	1,232	136	78	22	30
Alaska	94	536	1,377	97	1,737	2,654	82	412	889	95	883	1,897	224	93	114	113
Arizona	66	579	1,330	90	1,563	2,638	42	443	902	82	1,192	2,335	170	98	169	159
Arkansas	92	742	2,008	94	1,191	2,586	83	587	1,308	86	777	1,718	61	29	32	31
California	43	698	1,790	62	1,484	2,637	38	452	949	58	920	1,793	113	47	104	89
Colorado	64	803	2,345	86	1,859	3,387	51	453	812	76	1,060	2,057	132	44	134	153
Connecticut	28	741	1,600	60	1,592	3,524	33	319	873	58	1,087	2,125	115	120	241	143
Delaware	27	535	1,622	66	1,419	2,822	41	314	683	57	720	1,891	165	74	129	177
District of Columbia	29	437	669	42	697	1,548*	33	398	904	65	640	1,349	59	131	61	49
Florida	57	801	2,050	79	1,437	3,478	41	492	1,050	76	837	1,679	79	70	70	60
Georgia	61	657	1,571	89	1,700	3,199	56	414	970	75	852	1,656	159	104	106	71
Hawaii	17	540	804	19	522*	1,044	15	743	1,319	35	518	1,789	-3	30	-30	36
Idaho	96	804	2,008	96	1,337	3,676	73	531	1,082	89	1,127	2,527	66	83	112	134
Illinois	84	792	1,756	82	1,189	2,731	56	456	930	84	817	1,794	50	56	79	93
Indiana	91	913	1,356	90	1,545	3,722	72	456	1,013	85	775	1,611	69	174	70	59
Iowa	86	851	1,630	95	1,322	2,705	72	494	909	93	866	1,711	55	66	75	88
Kansas	80	721	1,581	89	1,348	2,354	62	555	1,242	84	905	1,601	87	49	63	29
Kentucky	83	595	1,147	93	1,383	3,120	67	462	934	83	976	1,840	132	172	111	97
Louisiana	71	824	1,664	83	1,383	2,693	69	545	1,257	73	1,040	1,899	68	62	91	51
Maine	63	1,323	2,310	94	1,943	3,653	43	487	1,059	81	1,088	1,887	47	58	123	78
Maryland	44	443	649	60	1,445	2,484	45	371	939	55	760	1,501	226	283	105	60
Massachusetts	23	773	1,343	50	1,085	2,319	26	493	1,020	41	735	1,505	40	73	49	48
Michigan	55	515	884	72	1,216	2,158	38	303	696	73	911	1,681	136	144	201	142
Minnesota	51	586	1,471	83	1,590	3,176	53	443	1,131	89	1,035	2,042	171	116	134	81
Mississippi	95	777	2,220	98	1,459	3,337	84	567	1,202	83	928	1,859	88	50	64	55
Missouri	67	775	1,453	85	1,416	2,603	56	384	789	72	918	2,071	83	79	139	162

State	Small firms (<50 employees)						Large firms (50 or more employees)						Small-firm increase: 2003–10		Large-firm increase: 2003–10	
	2003			2010			2003			2010			Single	Family	Single	Family
	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family				
Montana	91%	\$741	\$1,666	97%	\$1,677	\$2,732	69%	\$557	\$1,117	93%	\$1,155	\$2,128	126%	64%	107%	91%
Nebraska	95	690	1,346	97	1,705	3,035	75	459	1,080	91	873	1,725	147	125	90	60
Nevada	70	615	1,228	87	1,299	3,123	52	434	1,128	72	757	1,303	111	154	74	16
New Hampshire	59	567	1,335	85	1,738	3,699	34	474	1,138	81	1,003	2,004	207	177	112	76
New Jersey	47	723	1,367	52	1,511	2,979	48	458	946	64	1,056	2,011	109	118	131	113
New Mexico	53	680	2,054	66	959	2,522	42	439	1,158	82	844	1,779	41	23	92	54
New York	33	638	1,289	41	1,370	2,260	33	439	1,003	54	778	1,624	115	75	77	62
North Carolina	70	875	2,427	86	2,037	3,985	65	532	1,096	88	975	1,674	133	64	83	53
North Dakota	81	598	1,326	84	824	1,757	70	368	859	93	709	1,338	38	33	93	56
Ohio	78	570	1,205	84	1,475	2,836	54	340	793	86	912	1,979	159	135	168	150
Oklahoma	82	772	2,304	95	1,233	3,286	73	391	859	86	792	1,799	60	43	103	109
Oregon	65	598	1,512	86	1,240	2,569	48	324	716	80	998	2,184	107	70	208	205
Pennsylvania	37	422	987	58	1,113	2,287	35	359	823	66	793	1,560	164	132	121	90
Rhode Island	31	393	903	63	993	1,879	32	358	879	60	1,035	2,033	153	108	189	131
South Carolina	82	772	1,781	96	1,584	3,647	69	506	1,060	88	1,021	2,275	105	105	102	115
South Dakota	96	875	2,311	91	1,621	2,952	85	570	955	94	1,028	1,820	85	28	80	91
Tennessee	86	904	2,364	84	1,378	2,869	67	430	978	89	994	1,936	52	21	131	98
Texas	78	890	2,165	93	1,821	3,912	60	547	1,157	85	1,112	2,086	105	81	103	80
Utah	80	491	1,305	92	1,170	2,466	61	340	821	85	919	1,697	138	89	170	107
Vermont	67	832	1,875	86	2,117	3,918	54	362	892	65	1,155	2,345	154	109	219	163
Virginia	49	574	1,643	57	1,209	2,844	38	461	910	70	953	1,729	111	73	107	90
Washington	75	421	1,321	87	1,122	2,147	59	373	862	89	915	1,840	167	63	145	113
West Virginia	87	627	1,152	95	1,045	2,008	69	346	648	87	792	1,249	67	74	129	93
Wisconsin	83	704	1,638	85	1,683	3,315	73	420	840	94	1,036	2,409	139	102	147	187
Wyoming	95	799	1,689	95	1,645	2,796	74	533	1,043	89	1,402	1,972	106	66	163	89

Note: Deductibles are for insurance policies offered by private-sector employers in the U.S. that had a deductible.

* Number does not meet standard of reliability or precision.

Data: Agency for Healthcare Research and Quality, 2003 and 2010 Medical Expenditure Panel Survey–Insurance Component.

Table 7. Average Total Premium (in dollars) for Employer-Sponsored Health Insurance by State, at Historical Growth Rate, 1% Below Historical Growth Rate, and 1.5% Below Historical Growth Rate, 2015 and 2020

State	At historical growth rate				At 1% below historical growth rate				At 1.5% below historical growth rate			
	Single		Family		Single		Family		Single		Family	
	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
United States	\$6,470	\$8,474	\$18,167	\$23,793	\$6,169	\$7,704	\$17,322	\$21,633	\$6,023	\$7,344	\$16,912	\$20,620
Alabama	5,987	7,841	16,252	21,285	5,708	7,129	15,497	19,353	5,573	6,795	15,130	18,447
Alaska	7,970	10,438	18,640	24,412	7,599	9,490	17,773	22,196	7,419	9,046	17,352	21,157
Arizona	6,494	8,505	18,167	23,793	6,192	7,732	17,322	21,633	6,045	7,370	16,912	20,620
Arkansas	5,472	7,167	15,475	20,268	5,218	6,516	14,756	18,428	5,094	6,211	14,407	17,565
California	6,301	8,252	18,099	23,704	6,008	7,503	17,257	21,552	5,866	7,152	16,849	20,543
Colorado	6,064	7,942	17,541	22,973	5,782	7,221	16,725	20,887	5,645	6,883	16,329	19,909
Connecticut	6,944	9,095	19,499	25,538	6,621	8,269	18,592	23,219	6,464	7,882	18,152	22,132
Delaware	7,404	9,697	19,215	25,165	7,060	8,816	18,321	22,880	6,892	8,403	17,888	21,809
District of Columbia	7,392	9,681	19,915	26,083	7,048	8,802	18,990	23,715	6,881	8,390	18,540	22,605
Florida	6,706	8,782	19,687	25,785	6,394	7,985	18,772	23,443	6,243	7,611	18,328	22,346
Georgia	6,268	8,210	17,175	22,495	5,977	7,464	16,377	20,452	5,835	7,115	15,989	19,495
Hawaii	5,624	7,366	15,798	20,690	5,362	6,697	15,063	18,811	5,235	6,383	14,707	17,931
Idaho	5,896	7,722	14,903	19,519	5,622	7,021	14,210	17,746	5,489	6,692	13,874	16,915
Illinois	6,636	8,692	19,257	25,220	6,328	7,902	18,361	22,930	6,178	7,532	17,927	21,857
Indiana	6,568	8,602	18,184	23,816	6,263	7,821	17,339	21,653	6,115	7,455	16,928	20,639
Iowa	5,815	7,616	17,340	22,711	5,545	6,924	16,534	20,649	5,413	6,600	16,143	19,682
Kansas	6,169	8,079	17,629	23,088	5,882	7,346	16,809	20,992	5,743	7,002	16,411	20,009
Kentucky	6,133	8,033	17,487	22,903	5,848	7,303	16,674	20,823	5,710	6,962	16,279	19,848
Louisiana	6,955	9,108	17,327	22,694	6,631	8,281	16,522	20,633	6,474	7,894	16,131	19,667
Maine	7,274	9,527	19,090	25,003	6,936	8,662	18,203	22,732	6,772	8,256	17,772	21,668
Maryland	6,285	8,232	18,273	23,932	5,993	7,484	17,424	21,759	5,851	7,134	17,011	20,740
Massachusetts	7,089	9,285	19,130	25,054	6,760	8,442	18,240	22,779	6,600	8,047	17,808	21,713
Michigan	6,173	8,084	17,220	22,553	5,886	7,350	16,420	20,505	5,746	7,006	16,031	19,545
Minnesota	6,501	8,515	18,209	23,848	6,199	7,742	17,362	21,683	6,052	7,379	16,951	20,668
Mississippi	6,148	8,052	17,995	23,568	5,862	7,321	17,159	21,428	5,723	6,978	16,752	20,425
Missouri	6,029	7,896	16,704	21,877	5,748	7,179	15,927	19,891	5,612	6,843	15,550	18,959
Montana	6,315	8,271	16,125	21,119	6,022	7,520	15,375	19,201	5,879	7,168	15,011	18,302

State	At historical growth rate				At 1% below historical growth rate				At 1.5% below historical growth rate			
	Single		Family		Single		Family		Single		Family	
	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
Nebraska	\$6,538	\$8,563	\$17,316	\$22,678	\$6,234	\$7,785	\$16,511	\$20,619	\$6,086	\$7,421	\$16,120	\$19,654
Nevada	6,249	8,184	16,366	21,435	5,958	7,441	15,605	19,488	5,817	7,092	15,236	18,576
New Hampshire	6,761	8,854	19,913	26,080	6,446	8,050	18,987	23,711	6,294	7,674	18,537	22,602
New Jersey	6,749	8,839	18,412	24,114	6,435	8,036	17,556	21,924	6,283	7,660	17,140	20,898
New Mexico	6,270	8,211	18,445	24,157	5,978	7,466	17,587	21,963	5,837	7,116	17,171	20,935
New York	6,837	8,954	19,292	25,267	6,519	8,141	18,395	22,972	6,364	7,760	17,959	21,897
North Carolina	6,522	8,542	17,868	23,402	6,219	7,767	17,038	21,277	6,072	7,403	16,634	20,281
North Dakota	6,180	8,095	16,429	21,517	5,893	7,360	15,665	19,563	5,754	7,015	15,294	18,647
Ohio	6,115	8,009	17,135	22,442	5,831	7,282	16,338	20,404	5,693	6,941	15,951	19,449
Oklahoma	6,101	7,990	16,895	22,128	5,817	7,264	16,110	20,118	5,679	6,924	15,728	19,177
Oregon	6,792	8,896	18,016	23,596	6,476	8,088	17,179	21,453	6,323	7,709	16,772	20,449
Pennsylvania	6,495	8,506	17,746	23,243	6,193	7,734	16,922	21,132	6,046	7,372	16,521	20,143
Rhode Island	7,278	9,532	19,399	25,407	6,940	8,666	18,498	23,100	6,775	8,261	18,059	22,019
South Carolina	6,332	8,294	17,333	22,701	6,038	7,540	16,527	20,639	5,895	7,187	16,135	19,673
South Dakota	6,201	8,122	16,426	21,514	5,913	7,384	15,663	19,560	5,773	7,039	15,292	18,644
Tennessee	6,225	8,153	16,671	21,834	5,936	7,413	15,896	19,852	5,795	7,066	15,520	18,922
Texas	6,484	8,493	19,025	24,917	6,183	7,721	18,140	22,654	6,036	7,360	17,711	21,594
Utah	5,895	7,721	16,526	21,644	5,621	7,020	15,758	19,678	5,488	6,691	15,384	18,757
Vermont	6,771	8,868	17,796	23,308	6,456	8,063	16,969	21,191	6,303	7,685	16,567	20,199
Virginia	6,496	8,508	18,214	23,855	6,194	7,735	17,367	21,689	6,047	7,373	16,956	20,673
Washington	6,524	8,544	18,582	24,337	6,220	7,768	17,718	22,127	6,073	7,405	17,299	21,091
West Virginia	6,463	8,465	18,590	24,347	6,163	7,696	17,726	22,136	6,017	7,336	17,306	21,100
Wisconsin	7,051	9,235	19,046	24,944	6,724	8,397	18,160	22,679	6,564	8,004	17,730	21,617
Wyoming	6,816	8,927	18,204	23,841	6,499	8,116	17,357	21,676	6,345	7,736	16,946	20,662

Data: Calculated based on Agency for Healthcare Research and Quality, 2010 Medical Expenditure Panel Survey–Insurance Component; Premium estimates for 2015 and 2020 based on 2003-2010 national historical growth rate of 5.5%.

Table 8. Annual Amount Saved on Single Premiums, at 1% and 1.5% Below Historical Growth Rate, 2015 and 2020

State	Amount saved annually with 1% savings		Amount saved annually with 1.5% savings	
	2015	2020	2015	2020
United States	\$301	\$769	\$447	\$1,130
Alabama	278	712	413	1,046
Alaska	370	948	550	1,392
Arizona	302	772	448	1,134
Arkansas	254	651	378	956
California	293	749	435	1,101
Colorado	282	721	419	1,059
Connecticut	323	826	480	1,213
Delaware	344	881	511	1,293
District of Columbia	344	879	511	1,291
Florida	312	798	463	1,171
Georgia	291	745	433	1,095
Hawaii	261	669	388	982
Idaho	274	701	407	1,030
Illinois	308	789	458	1,159
Indiana	305	781	454	1,147
Iowa	270	692	402	1,016
Kansas	287	734	426	1,077
Kentucky	285	729	424	1,071
Louisiana	323	827	480	1,215
Maine	338	865	502	1,271
Maryland	292	748	434	1,098
Massachusetts	330	843	490	1,238
Michigan	287	734	426	1,078
Minnesota	302	773	449	1,136
Mississippi	286	731	425	1,074
Missouri	280	717	416	1,053
Montana	294	751	436	1,103
Nebraska	304	778	452	1,142
Nevada	290	743	432	1,091
New Hampshire	314	804	467	1,181
New Jersey	314	803	466	1,179
New Mexico	291	746	433	1,095
New York	318	813	472	1,194
North Carolina	303	776	450	1,139
North Dakota	287	735	427	1,080
Ohio	284	727	422	1,068
Oklahoma	284	726	421	1,066
Oregon	316	808	469	1,186

State	Amount saved annually with 1% savings			Amount saved annually with 1.5% savings	
	2015	2020		2015	2020
Pennsylvania	\$302	\$772		\$449	\$1,134
Rhode Island	338	866		503	1,271
South Carolina	294	753		437	1,106
South Dakota	288	738		428	1,083
Tennessee	289	740		430	1,087
Texas	301	771		448	1,133
Utah	274	701		407	1,030
Vermont	315	805		468	1,183
Virginia	302	773		449	1,135
Washington	303	776		451	1,139
West Virginia	300	769		446	1,129
Wisconsin	328	839		487	1,232
Wyoming	317	811		471	1,191

Data: Authors' calculations.

Table 9. Annual Amount Saved on Family Premiums, at 1% and 1.5% Below Historical Growth Rate, 2015 and 2020

State	Amount saved annually with 1% savings		Amount saved annually with 1.5% savings	
	2015	2020	2015	2020
United States	\$844	\$2,161	\$1,255	\$3,173
Alabama	755	1,933	1,123	2,839
Alaska	866	2,217	1,287	3,256
Arizona	844	2,161	1,255	3,173
Arkansas	719	1,841	1,069	2,703
California	841	2,153	1,250	3,161
Colorado	815	2,086	1,212	3,064
Connecticut	906	2,319	1,347	3,406
Delaware	893	2,285	1,327	3,356
District of Columbia	926	2,369	1,376	3,479
Florida	915	2,341	1,360	3,439
Georgia	798	2,043	1,186	3,000
Hawaii	734	1,879	1,091	2,759
Idaho	693	1,772	1,029	2,603
Illinois	895	2,290	1,330	3,364
Indiana	845	2,163	1,256	3,176
Iowa	806	2,062	1,198	3,029
Kansas	819	2,097	1,218	3,079
Kentucky	813	2,080	1,208	3,055
Louisiana	805	2,061	1,197	3,027
Maine	887	2,270	1,319	3,335
Maryland	849	2,173	1,262	3,192
Massachusetts	889	2,275	1,321	3,341
Michigan	800	2,048	1,189	3,008
Minnesota	846	2,166	1,258	3,181
Mississippi	836	2,140	1,243	3,143
Missouri	776	1,987	1,154	2,918
Montana	750	1,918	1,114	2,817
Nebraska	805	2,059	1,196	3,025
Nevada	761	1,946	1,130	2,859
New Hampshire	926	2,368	1,375	3,478
New Jersey	856	2,190	1,272	3,216
New Mexico	857	2,194	1,274	3,222
New York	897	2,294	1,332	3,370
North Carolina	831	2,125	1,234	3,121
North Dakota	764	1,954	1,135	2,870
Ohio	797	2,038	1,183	2,993
Oklahoma	785	2,009	1,167	2,951
Oregon	837	2,143	1,244	3,147

State	Amount saved annually with 1% savings		Amount saved annually with 1.5% savings	
	2015	2020	2015	2020
Pennsylvania	\$825	\$2,111	\$1,226	\$3,100
Rhode Island	902	2,307	1,340	3,389
South Carolina	806	2,061	1,197	3,028
South Dakota	764	1,954	1,135	2,869
Tennessee	775	1,983	1,151	2,912
Texas	884	2,263	1,314	3,323
Utah	768	1,965	1,141	2,887
Vermont	827	2,117	1,229	3,108
Virginia	847	2,166	1,258	3,181
Washington	864	2,210	1,283	3,246
West Virginia	864	2,211	1,284	3,247
Wisconsin	885	2,265	1,315	3,327
Wyoming	846	2,165	1,257	3,180

Data: Authors' calculations.

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