



Paying the Price: How Health Insurance Premiums Are Eating Up Middle-Class Incomes

State Health Insurance Premium Trends and the Potential of National Reform

CATHY SCHOEN, JENNIFER L. NICHOLSON, AND SHEILA D. RUSTGI
THE COMMONWEALTH FUND

The mission of The Commonwealth Fund is to promote a high performance health care system. The Fund carries out this mandate by supporting independent research on health care issues and making grants to improve health care practice and policy. Support for this research was provided by The Commonwealth Fund. The views presented here are those of the authors and not necessarily those of The Commonwealth Fund or its directors, officers, or staff.

For more information about this study, please contact:

Cathy Schoen, M.S.
Senior Vice President
Research & Evaluation
The Commonwealth Fund
cs@cmwf.org

To learn more about new publications when they become available, visit the Fund's [Web site](#) and register to receive e-mail alerts.

Commonwealth Fund pub. 1313
Vol. 17

ABSTRACT: The rapid rise in health insurance premiums has severely strained U.S. families and employers in recent years. This analysis of federal data finds that if premiums for employer-sponsored insurance grow in each state at the projected national rate of increase, then the average premium for family coverage would rise from \$12,298 (the 2008 average) to \$23,842 by 2020—a 94 percent increase. However, if health system reforms were able to slow premium growth by 1 percentage point in all states, by 2020 employers and families together would save \$2,571 per premium for family coverage, compared with projected trends. If growth could be slowed by 1.5 percentage points—a target recently agreed to by a major industry coalition—yearly savings would equal \$3,759. The analysis presents state-by-state data on premium costs for 2003 and 2008, as well as projections, using various assumptions, for costs in 2015 and 2020.

★ ★ ★ ★ ★

OVERVIEW

Across the United States, middle-income individuals and families have been losing ground as the cost of health insurance continues to rise at a faster rate than incomes. Rising employer insurance premiums have forced many working families to trade off increases in their wages just to hold onto their health benefits. The expanding share of health insurance premiums paid by workers themselves has also taken a greater cut out of paychecks. In state after state, premiums are up as a share of median household income, making it difficult for many U.S. families to save for education or retirement—or simply to meet day-to-day living expenses—and for employers to maintain the level of health benefits they provide.

This data brief examines recent trends in health insurance premiums and projects future premium increases state by state if the nation continues on its current course. It also projects the potential savings for families and employers—money on the table—if national health reform is enacted and succeeds in reducing annual growth in health care costs by up to 1.5 percentage points per year in each state—the same target set by an industry coalition as part of a recent pledge to slow health spending over the next decade.¹ The analysis finds that if insurance premiums for employer-sponsored health plans in each state grow at the projected national rate of increase, then the average premium for family coverage would rise from \$12,298 (the average for 2008) to \$23,842 by 2020. This is an increase of 94 percent.

On the other hand, if health system reforms were able to slow the annual rate of growth by 1 percentage point in all states, by 2020 an average of \$2,571 could be saved annually on family health plans, compared with projected trends. If growth could be slowed by 1.5 percentage points, the savings would be even larger—\$3,759 per year.

HOW THIS STUDY WAS CONDUCTED

This data brief first presents recent premium and income trends by state for the under-65 population. The data for these trends come from the federal government's most recent annual surveys of employers—conducted for the insurance component of the Medical Expenditure Panel Survey (MEPS)—and from U.S. Census surveys of households. The premiums presented include the total costs of the average private group health insurance premium for employer-sponsored coverage, including both the employer and employee shares. For each state, we compared the total premium with median household income for the under-65 population.

To calculate the potential costs over the next decade, we estimated premiums if all states experienced increases that conformed to projected trends in national per capita health expenditures in the absence of health reform. We also assumed the same inflation

rate for all states. Next, we estimated the potential savings in the cost of family premiums if reforms were enacted that slowed the increase by 1 or 1.5 percentage points in each state. The tables at the end of this brief provide state-specific data.

It is important to note that these estimates are presented for illustrative purposes only; we did not attempt to model the impact of reforms at the state level, nor did we vary estimates for relatively higher- or lower-cost states.

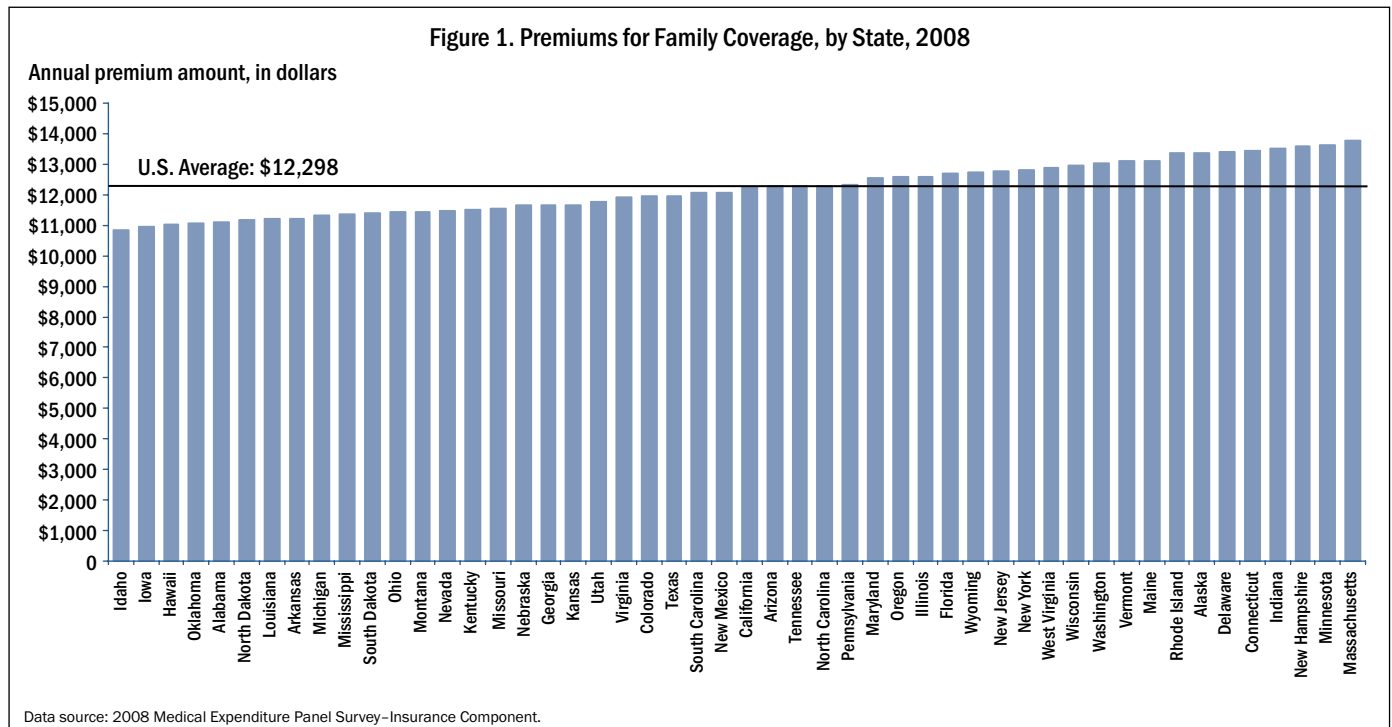
FINDINGS

Recent Trends

Between 1999 and 2008, employer-sponsored family health insurance premiums rose by 119 percent nationally, while median family income rose by 29 percent.² 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.³ Despite such trade-offs, 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.⁴

At the state level, premiums have risen rapidly, and far faster than average incomes. In the five years from 2003 to 2008, total premiums for family coverage under employer-sponsored plans rose a cumulative average of 33 percent. The five-year increase in family premiums ranged from about 25 percent in the three lowest-growth states (Michigan, Texas, and Ohio) to 45 percent in the two highest-growth states (Indiana and North Carolina). Twelve states saw increases of 40 percent or more and 36 states saw increases of 30 percent or more—well above the rate of income growth.

By 2008, the average employer-sponsored family premium across all states was \$12,298, ranging from more than \$13,500 in Massachusetts, Minnesota, New Hampshire, and Indiana to \$11,000–\$11,500 in the 14 states with the lowest average premium costs (Figure 1 and Table 1).⁵ Average family premiums in



the highest-premium-cost states were about 25 percent above the lowest-cost states.

People with employer-sponsored insurance typically do not see the total annual cost of the premium, since most employers pay a substantial share of it. Nevertheless, the steady increase in premiums has been consuming resources that employers might otherwise have earmarked for salary or wage increases, or for other benefits. When viewed as a percentage of workers’ income, health insurance premiums (including both the employer and employee shares) are up for middle-income families across the country. By 2008, annual family premiums were 18 percent or more of median income in 18 states, compared with just three states in 2003 (Figure 2 and Table 2). In three states—Mississippi, Tennessee, and West Virginia—family premiums averaged 20 percent or more of median income for middle-income households within the under-65 population.

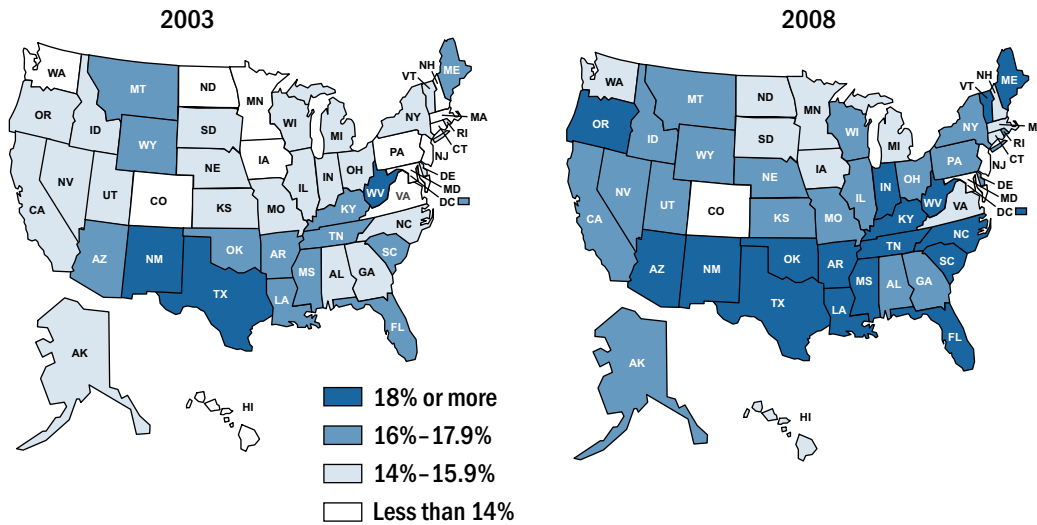
By 2008, average premiums were at or above 16 percent of median income in 37 of the 50 states and the District of Columbia. And only three states had premiums averaging less than 14 percent of median income, down from 13 states in 2003. As illustrated in Figure

2, cost pressures are particularly acute in states in the South and the south-central U.S., where premium costs are high relative to incomes. The high ratio of premiums to income often reflects both high premiums and median incomes that are below the national average (see Table 2 for median incomes). Many states with premiums above the national average have family incomes below the national average.

With premiums increasing faster than incomes in low- as well as higher-income states, health insurance has become ever less affordable. Premium increases have occurred despite the fact that employers have been raising cost-sharing or limiting benefits in an effort to moderate annual premium growth. Thus, as of 2008, premiums are often buying less in scope of benefits or financial protection than they had been at the start of the decade, and families are paying not only higher premiums but higher out-of-pocket costs for medical bills.⁶ Deductibles for employer-sponsored plans overall have tripled between 2000 and 2008, and those for plans offered by firms with fewer than 200 employees have more than quadrupled during this period.⁷ Heading into the recession that began in 2008, middle- and lower-income working families were in a

Figure 2. Employer Premiums as Percentage of Median Household Income for Under-65 Population, 2003 and 2008

Number of referrals, by state fiscal year



Data sources: 2003 and 2008 Medical Expenditure Panel Survey—Insurance Component (for average premiums for employer-based health insurance plans, weighted by single and family household distribution); 2004–2005 and 2008 Current Population Surveys (for median household incomes).

precarious position, with millions at risk of joining the ranks of the uninsured.

Underscoring the consequences of higher premiums for living standards, median incomes have generally failed to keep up with the costs of living, not counting health care costs. From 2003 to 2007, before the onset of the current severe recession, median incomes increased by less than 11 percent on average, failing to keep up with the general inflation rate in 25 states (Table 2).⁸ Stagnant incomes have left workers and their families with less money available for mortgage expenses, education, or the daily cost of living.⁹

Projected Increases over the Next Decade

Absent significant reforms, current projections estimate that national per-person spending on health insurance premiums will increase by 94 percent from 2009 to 2020, increasing an average of 5.7 percent annually. In recent years, per-person spending increases in most states have followed national trends.

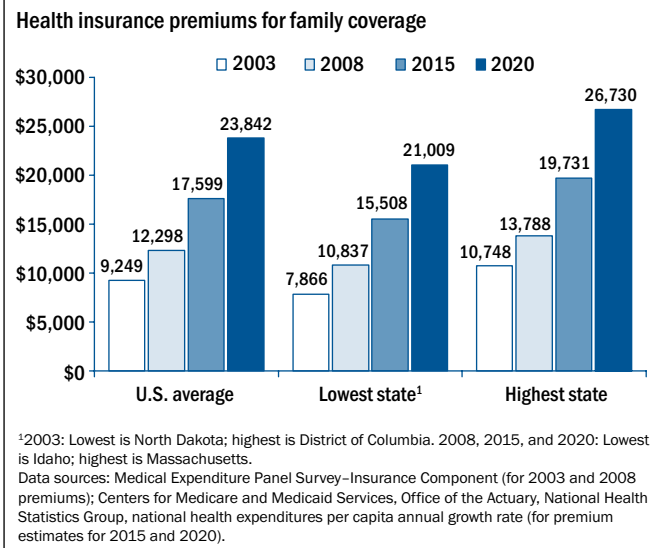
Using these national projections, and applying the same rate of increase to all states, average total family premiums would reach \$17,599 by 2015 and \$23,842 by 2020 (Figure 3 and Table 3). Projections for family premiums in 2020 range from \$21,009 in Idaho to \$26,730 in Massachusetts.

Potential Savings with National Reforms

The current debate over national health reform is centered on how to ensure affordable coverage for everyone, slow the increase in costs, and enhance quality and value for those with insurance. Recent estimates indicate that a combination of insurance market reforms, payment incentives that reward high-value care, and other health system reforms to bring about more patient-centered, coordinated care could reduce national costs by an average of 1 to 1.5 percentage points per year over the next decade.¹⁰ These targets are also consistent with a recent pledge made by an industry coalition to slow spending by 1.5 percentage points annually over the next decade.¹¹ If reforms were to succeed in “bending 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 project the potential savings in each state, we calculated the differences in premiums under the following three scenarios: 1) if premium growth continues at current rates; 2) if premium growth slowed to 1 percentage point lower than current rates; and 3) if premium growth slowed to 1.5 percentage points lower

Figure 3. Premiums for Family Coverage, 2003, 2008, 2015, and 2020



than current rates. Rather than projecting 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 percentage reductions for all states.

In all states, reducing the rate of premium increase by 1 or 1.5 percent per year would yield substantial savings compared with projected trends. If premium growth were to slow to 1 percentage point lower than the projected national growth rate, an average of \$1,138 would be saved annually on family coverage by 2015 (Figure 4 and Table 5). The annual savings for families and employers would increase to \$2,571 by 2020. Average savings from family coverage premiums would range from \$2,265 in Idaho in 2020 to \$2,882 in Massachusetts (Table 5). These savings could be used by employers to increase wages, contribute to retirement savings plans, or add workers.

Even greater amounts could be saved if the annual premium growth rates were to slow by 1.5 percentage points over the decade. An average \$1,682 could be saved annually on family coverage by 2015 with a 1.5-percentage-point-lower growth rate in premiums (Figure 4 and Table 5). The savings would more than double to \$3,759 annually by 2020. Savings from

family coverage premiums would range from \$3,312 in Idaho in 2020 to \$4,214 in Massachusetts (Tables 4 and 5) compared with premium costs by 2020 if trends continue as projected.

Because this analysis did not model the impact of potential reforms at the state level, the projected savings for each state must be viewed with caution. To the extent that there might be more room to achieve savings from delivering more cost-effective and efficient care in higher-cost states, the potential gains might be greater in these states than those starting the decade with relatively lower costs. Regardless of the starting point, however, the contrast in the cost consequences of possible premium growth rates illustrate the high risk the nation faces if current trends persist, as well as the potential gains for families and employers in all states if comprehensive reforms are enacted.

For state-specific data: Starting on page 8, see Tables 1 and 2, for average premiums for single and family coverage and premiums as a percentage of median household income for nonelderly households, by state, for 2003 and 2008. See Table 3 for projected increases by state and Tables 4 and 5 for potential savings if reforms successfully moderate cost growth.

CONCLUSIONS AND POLICY IMPLICATIONS

Over the last several years, the combination of rising health care costs and slow growth 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 debates health care reform.

To ensure that coverage is more affordable now and in the future, it is critical that any reforms enacted address long-term growth in health care costs. Proposals in Congress include several measures that would provide insurance coverage for everyone and

significantly slow the rate of cost increases, while at the same time improving quality. For example, having the choice of a publicly sponsored insurance option that competes with private insurance plans—in addition to reforms that support a more patient-centered, effective, and efficient health care delivery system—could yield gains for people in every state. Commonwealth Fund analysis indicates that reorienting the health insurance market so that it fosters greater value in health care—higher quality at lower cost—could result in \$2 trillion to \$3 trillion in health system savings between 2010 and 2020 (a reduction in annual spending growth of 1 to 1.5 percent), if paired with provider payment and health system reforms.¹² These reforms include leveraging public purchasing power, reducing administrative waste, creating incentives for better health and cost outcomes, and having insurance companies work in the public interest. The bulk of the savings would benefit families and individuals, who would see slower growth in their health insurance

premiums and out-of-pocket health care spending. The Congressional Budget Office estimates that premiums under a public health plan would be 10 percent lower than those of typical private plans—a cost break that would provide much-needed relief to families and businesses, with greater potential gains in future years.¹³

The stakes are high in the health reform debate. Without a change in course, projections of premium trends indicate that middle- as well as lower-income families may well be priced out of the insurance market, or forced to sacrifice future wage increases to hold onto shrinking health benefits.

There is now an opportunity for comprehensive health reform—focused on better access, better quality, and slower cost growth—to put the country on a path of rising family income, savings for education and retirement, and health security. Our analysis suggests that in every state—regardless of size or geographic region—insured people stand to gain when reform is truly in the public interest.

Figure 4. Projected Annual Savings in Family Premiums, 2015 and 2020

	2015		2020	
	1% Savings	1.5% Savings	1% Savings	1.5% Savings
Average of highest 10 premium states (MA, MN, NH, IN, CT, DC, DE, AK, RI, ME)	\$1,245	\$1,842	\$2,814	\$4,114
U.S. average	\$1,138	\$1,682	\$2,571	\$3,759
Average of lowest 10 premium states (ID, IA, HI, OK, AL, ND, LA, AR, MI, MS)	\$1,029	\$1,522	\$2,327	\$3,401

Data sources: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2008 Medical Expenditure Panel Survey—Insurance Component (2008 premiums); Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, national health expenditures per capita annual growth rate (premium estimates for 2015 and 2020).

NOTES

- ¹ The coalition comprises the American Hospital Association (AHA), the American Medical Association (AMA), America's Health Insurance Plans (AHIP), the Pharmaceutical Research and Manufacturers of America (PhRMA), the Advanced Medical Technology Association (AdvaMed), and the Service Employees International Union (SEIU). Letter to President Obama, May 11, 2009. Accessed at http://www.whitehouse.gov/assets/documents/05-11-09_Health_Costs_Letter_to_the_President.pdf. For discussion, see fact sheet at http://www.whitehouse.gov/assets/documents/Fact_Sheet-Health_Reform_Stakeholders_5-11-09.pdf.
- ² Family premiums from Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2008; median family income from U.S. Census Bureau, Current Population Survey.
- ³ K. Baicker and A. Chandra, *The Labor Market Effects of Rising Health Insurance Premiums*, NBER Working Paper No. 11160 (Cambridge, Mass.: National Bureau of Economic Research, Feb. 2005); D. Goldman, N. Sood, and A. Leibowitz, *Wage and Benefit Changes in Response to Rising Health Insurance Costs*, NBER Working Paper No. 11063 (Cambridge, Mass.: National Bureau of Economic Research, Jan. 2005); N. Sood, A. Ghosh, and J. J. Escarce, "Employer-Sponsored Insurance, Health Care Cost Growth, and the Economic Performance of U.S. Industries," *Health Services Research*, published online June 3, 2009.
- ⁴ Analysis of data from Henry J. Kaiser Family Foundation/Health Research and Educational Trust Survey of Employer-Sponsored Health Benefits.
- ⁵ Idaho, Iowa, Hawaii, Oklahoma, Alabama, North Dakota, Louisiana, Arkansas, Michigan, Mississippi, South Dakota, Ohio, Montana, and Nevada.
- ⁶ C. Schoen, S. R. Collins, J. L. Kriss, and M. M. Doty, "How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007," *Health Affairs* Web Exclusive, June 10, 2008:w298–w309; D. Rowland, C. Hoffman, and M. McGinn-Shapiro, *Health Care and the Middle Class: More Costs and Less Coverage*, (Menlo Park, Calif.: Henry J. Kaiser Family Foundation, July 2009).
- ⁷ The Kaiser Family Foundation and Health Research & Educational Trust Employer Health Benefits 2008 Annual Survey. Available at: <http://ehbs.kff.org/>.
- ⁸ General inflation between 2003 and 2007 was 12.7 percent. *Economic Report of the President* (Washington, D.C.: United States Government Printing Office, Jan. 2009).
- ⁹ R. Helman, C. Copeland, and J. VanDerhei, *The 2009 Retirement Confidence Survey: Economy Drives Confidence to Record Lows; Many Looking to Work Longer*, EBRI Issue Brief #328 (Washington, D.C.: Employee Benefit Research Institute, April 2009).
- ¹⁰ C. Schoen, K. Davis, S. Guterman, and K. Stremikis, *Fork in the Road: Alternative Paths to a High Performance U.S. Health System* (New York: The Commonwealth Fund, June 2009).
- ¹¹ See note 1.
- ¹² Schoen et al., *Fork in the Road*, 2009.
- ¹³ D. W. Elmendorf (Congressional Budget Office), letter to Charles B. Rangel, July 14, 2009; accessed at http://www.cbo.gov/ftpdocs/104xx/doc10430/House_Tri-Committee-Rangel.pdf.

[Click here to see Table 1 ranked by 2008 family premium](#)

Table 1. Single and Family Average Health Insurance Premiums, by State, 2003 and 2008

	2003		2008		Percent Increase: 2003–08	
	Single	Family	Single	Family	Single	Family
United States	3,481	9,249	4,386	12,298	26%	33%
Alabama	3,156	8,045	4,139	11,119	31%	38%
Alaska	4,011	10,564	5,293	13,383	32%	27%
Arizona	3,209	8,972	4,214	12,292	31%	37%
Arkansas	3,127	7,977	3,923	11,220	25%	41%
California	3,293	9,091	4,280	12,254	30%	35%
Colorado	3,645	9,522	4,303	11,952	18%	26%
Connecticut	3,676	10,119	4,740	13,436	29%	33%
Delaware	3,854	10,499	4,733	13,386	23%	27%
District of Columbia	3,740	10,748	4,890	13,427	31%	25%
Florida	3,592	9,331	4,517	12,697	26%	36%
Georgia	3,624	8,641	4,160	11,659	15%	35%
Hawaii	3,020	7,887	3,831	11,044	27%	40%
Idaho	3,331	8,563	4,104	10,837	23%	27%
Illinois	3,692	9,693	4,643	12,603	26%	30%
Indiana	3,493	9,315	4,495	13,504	29%	45%
Iowa	3,270	8,436	4,146	10,947	27%	30%
Kansas	3,401	8,907	4,197	11,662	23%	31%
Kentucky	3,437	9,118	4,009	11,506	17%	26%
Louisiana	3,317	8,735	4,055	11,207	22%	28%
Maine	3,852	10,308	4,910	13,102	27%	27%
Maryland	3,427	9,217	4,360	12,541	27%	36%
Massachusetts	3,496	9,867	4,836	13,788	38%	40%
Michigan	3,671	9,449	4,388	11,321	20%	20%
Minnesota	3,679	10,066	4,432	13,639	20%	35%
Mississippi	3,305	8,075	4,124	11,363	25%	41%
Missouri	3,305	8,984	4,124	11,557	25%	29%
Montana	3,506	8,542	4,355	11,438	24%	34%
Nebraska	3,506	9,139	4,392	11,648	25%	27%
Nevada	3,578	8,831	3,927	11,487	10%	30%
New Hampshire	3,563	9,776	5,247	13,592	47%	39%
New Jersey	3,814	10,168	4,798	12,789	26%	26%
New Mexico	3,361	9,299	4,074	12,071	21%	30%
New York	3,592	9,439	4,638	12,824	29%	36%
North Carolina	3,411	8,463	4,460	12,308	31%	45%
North Dakota	2,999	7,866	3,830	11,178	28%	42%
Ohio	3,416	9,136	4,089	11,425	20%	25%
Oklahoma	3,285	8,739	4,072	11,053	24%	26%
Oregon	3,362	8,861	4,384	12,585	30%	42%
Pennsylvania	3,449	9,133	4,499	12,339	30%	35%

Rhode Island	3,725	9,460	4,930	13,363	32%	41%
South Carolina	3,371	8,918	4,477	12,068	33%	35%
South Dakota	3,361	8,499	4,233	11,382	26%	34%
Tennessee	3,597	9,261	4,276	12,302	19%	33%
Texas	3,400	9,575	4,205	11,967	24%	25%
Utah	3,352	8,349	4,197	11,783	25%	41%
Vermont	3,596	9,483	4,900	13,091	36%	38%
Virginia	3,322	9,176	4,202	11,935	26%	30%
Washington	3,520	9,212	4,404	13,036	25%	42%
West Virginia	3,809	9,164	4,892	12,887	28%	41%
Wisconsin	3,749	9,562	4,777	12,956	27%	35%
Wyoming	3,706	9,612	4,622	12,734	25%	32%

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

Data: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2003 and 2008 Medical Expenditure Panel Survey-Insurance Component.

[Click here to see Table 2 ranked by 2008 premium as a percentage of median household income](#)

Table 2. Health Insurance Premiums as Percentage of Median Household Income, 2003 and 2008

	Median household income for under-65 population		Employer premiums as percent of median household income for under-65 population	
	2003-04	2007	2003	2008
United States	\$48,442	\$53,685	15.0	17.2
Alabama	46,000	48,000	14.9	17.5
Alaska	56,108	65,850	15.5	16.2
Arizona	42,500	49,600	16.3	18.9
Arkansas	37,899	49,090	17.3	18.8
California	46,030	52,000	14.8	17.1
Colorado	53,430	64,830	13.8	13.9
Connecticut	65,032	69,150	12.6	14.3
Delaware	52,000	60,000	15.4	16.7
District of Columbia	40,000	42,904	16.9	19.0
Florida	45,000	50,000	16.2	18.5
Georgia	45,000	54,202	14.9	16.1
Hawaii	48,084	53,680	12.1	14.1
Idaho	47,322	56,834	15.5	16.1
Illinois	52,016	57,000	14.7	16.9
Indiana	50,000	56,611	15.0	18.1
Iowa	53,650	58,050	13.1	14.8
Kansas	51,082	55,000	14.5	16.0
Kentucky	42,419	46,000	16.8	19.5
Louisiana	38,700	45,000	17.8	18.7
Maine	45,840	55,045	17.7	19.0
Maryland	60,000	69,500	11.8	13.3
Massachusetts	60,432	63,867	12.4	15.6
Michigan	52,490	60,000	14.7	15.3
Minnesota	63,510	68,000	12.9	15.4
Mississippi	39,018	43,094	16.8	20.0
Missouri	50,967	50,000	14.1	17.3
Montana	37,457	50,000	17.8	17.4
Nebraska	52,082	57,000	14.4	16.5
Nevada	45,000	52,000	15.0	16.9
New Hampshire	66,078	74,317	12.3	14.9
New Jersey	65,000	69,560	12.2	13.9
New Mexico	36,300	45,000	19.7	19.0
New York	47,000	51,101	15.1	17.6
North Carolina	43,662	46,002	15.6	19.9
North Dakota	49,750	56,250	13.3	15.9
Ohio	51,084	55,025	14.5	16.1
Oklahoma	42,162	48,000	17.1	18.3
Oregon	45,350	52,305	15.1	18.1
Pennsylvania	52,178	56,500	13.8	16.5

	Median household income for under-65 population		Employer premiums as percent of median household income for under-65 population	
	2003–04	2007	2003	2008
Rhode Island	52,031	58,800	14.2	16.8
South Carolina	44,488	50,000	16.2	18.6
South Dakota	49,818	54,922	14.6	15.8
Tennessee	44,064	46,000	17.4	20.3
Texas	40,050	45,640	18.4	19.3
Utah	52,033	60,090	14.0	16.5
Vermont	52,606	55,506	14.1	18.5
Virginia	56,000	61,000	12.9	14.7
Washington	54,400	62,300	13.7	15.7
West Virginia	38,400	46,066	19.3	23.1
Wisconsin	52,760	62,485	14.8	17.3
Wyoming	51,560	59,136	16.0	17.4

Data: Average premiums for employer-based health insurance plans (weighted by single and family household distribution)—2003 and 2008 Medical Expenditure Panel Survey-Insurance Component; Median household incomes—2004-2005 and 2008 Current Population Surveys.

Table 3. Average Total Premium (in dollars) for Employer-Sponsored Health Insurance at Current Growth Rate and at 1% and 1.5% Below Current Growth Rate, 2015 and 2020

State	At Current Growth Rate				At 1% Below Current Growth Rate				At 1.5% Below Current Growth Rate			
	Single		Family		Single		Family		Single		Family	
	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
United States	\$6,289	\$8,519	\$17,599	\$23,842	\$5,882	\$7,601	\$16,461	\$21,271	\$5,688	\$7,176	\$15,917	\$20,083
Alabama	5,934	8,039	15,912	21,556	5,551	7,173	14,883	19,232	5,367	6,772	14,391	18,158
Alaska	7,589	10,281	19,152	25,945	7,099	9,172	17,914	23,147	6,864	8,660	17,321	21,855
Arizona	6,042	8,185	17,590	23,830	5,651	7,303	16,453	21,260	5,464	6,895	15,909	20,073
Arkansas	5,625	7,620	16,056	21,752	5,261	6,798	15,018	19,406	5,087	6,419	14,521	18,323
California	6,137	8,313	17,536	23,756	5,740	7,417	16,403	21,195	5,550	7,003	15,860	20,011
Colorado	6,170	8,358	17,104	23,171	5,771	7,457	15,998	20,672	5,580	7,040	15,469	19,518
Connecticut	6,796	9,207	19,228	26,048	6,357	8,214	17,985	23,239	6,147	7,755	17,390	21,941
Delaware	6,786	9,193	19,156	25,951	6,347	8,202	17,918	23,153	6,137	7,744	17,325	21,860
District of Columbia	7,011	9,498	19,215	26,030	6,558	8,474	17,973	23,224	6,341	8,001	17,378	21,927
Florida	6,476	8,774	18,170	24,615	6,058	7,828	16,995	21,961	5,857	7,391	16,433	20,735
Georgia	5,964	8,080	16,685	22,603	5,579	7,209	15,606	20,166	5,394	6,807	15,090	19,040
Hawaii	5,493	7,441	15,805	21,411	5,138	6,639	14,783	19,102	4,968	6,268	14,294	18,035
Idaho	5,884	7,971	15,508	21,009	5,504	7,112	14,506	18,744	5,322	6,715	14,026	17,697
Illinois	6,657	9,018	18,036	24,433	6,227	8,046	16,870	21,798	6,021	7,597	16,311	20,581
Indiana	6,445	8,731	19,325	26,180	6,028	7,790	18,076	23,357	5,829	7,355	17,478	22,052
Iowa	5,944	8,053	15,666	21,223	5,560	7,185	14,653	18,934	5,376	6,784	14,168	17,877
Kansas	6,018	8,152	16,689	22,609	5,629	7,273	15,610	20,171	5,442	6,867	15,094	19,044
Kentucky	5,748	7,787	16,466	22,306	5,377	6,947	15,401	19,901	5,199	6,559	14,892	18,790
Louisiana	5,814	7,876	16,038	21,727	5,438	7,027	15,001	19,384	5,258	6,635	14,505	18,301
Maine	7,040	9,537	18,750	25,400	6,585	8,509	17,538	22,661	6,367	8,034	16,957	21,396
Maryland	6,251	8,469	17,947	24,313	5,847	7,556	16,787	21,691	5,654	7,134	16,231	20,480
Massachusetts	6,934	9,393	19,731	26,730	6,486	8,380	18,456	23,848	6,271	7,913	17,845	22,516
Michigan	6,291	8,523	16,201	21,948	5,885	7,604	15,154	19,581	5,690	7,180	14,652	18,488
Minnesota	6,354	8,609	19,518	26,441	5,944	7,680	18,256	23,590	5,747	7,252	17,652	22,273
Mississippi	5,913	8,010	16,261	22,029	5,531	7,147	15,210	19,654	5,348	6,748	14,707	18,556

State	At Current Growth Rate				At 1% Below Current Growth Rate				At 1.5% Below Current Growth Rate			
	Single		Family		Single		Family		Single		Family	
	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
Missouri	5,913	8,010	16,539	22,405	5,531	7,147	15,470	19,989	5,348	6,748	14,958	18,873
Montana	6,244	8,459	16,368	22,174	5,841	7,547	15,310	19,783	5,647	7,126	14,804	18,679
Nebraska	6,297	8,531	16,669	22,582	5,890	7,611	15,591	20,147	5,695	7,186	15,075	19,022
Nevada	5,630	7,628	16,438	22,269	5,267	6,805	15,376	19,868	5,092	6,425	14,867	18,759
New Hampshire	7,523	10,192	19,451	26,350	7,037	9,093	18,193	23,509	6,804	8,585	17,591	22,196
New Jersey	6,879	9,319	18,302	24,794	6,435	8,315	17,119	22,120	6,222	7,850	16,552	20,885
New Mexico	5,841	7,913	17,274	23,402	5,464	7,060	16,158	20,878	5,283	6,666	15,623	19,712
New York	6,650	9,009	18,352	24,861	6,220	8,037	17,165	22,181	6,014	7,589	16,597	20,942
North Carolina	6,395	8,663	17,613	23,861	5,981	7,729	16,475	21,288	5,783	7,297	15,930	20,099
North Dakota	5,491	7,439	15,996	21,670	5,136	6,637	14,962	19,334	4,967	6,267	14,467	18,254
Ohio	5,863	7,942	16,350	22,149	5,484	7,086	15,293	19,761	5,302	6,690	14,787	18,657
Oklahoma	5,838	7,909	15,817	21,428	5,461	7,057	14,795	19,117	5,280	6,663	14,305	18,050
Oregon	6,286	8,515	18,010	24,398	5,879	7,597	16,846	21,767	5,685	7,173	16,288	20,552
Pennsylvania	6,451	8,739	17,658	23,921	6,034	7,796	16,516	21,342	5,834	7,361	15,970	20,150
Rhode Island	7,068	9,576	19,123	25,906	6,612	8,543	17,887	23,113	6,393	8,066	17,295	21,822
South Carolina	6,419	8,696	17,270	23,396	6,004	7,758	16,154	20,873	5,806	7,325	15,619	19,707
South Dakota	6,069	8,222	16,288	22,066	5,677	7,336	15,235	19,686	5,489	6,926	14,731	18,587
Tennessee	6,131	8,305	17,605	23,849	5,735	7,410	16,467	21,278	5,545	6,996	15,922	20,090
Texas	6,029	8,168	17,125	23,200	5,639	7,287	16,018	20,698	5,453	6,880	15,488	19,542
Utah	6,018	8,152	16,862	22,843	5,629	7,273	15,772	20,380	5,442	6,867	15,250	19,242
Vermont	7,025	9,518	18,734	25,379	6,571	8,491	17,523	22,642	6,354	8,017	16,943	21,378
Virginia	6,025	8,162	17,080	23,138	5,635	7,282	15,976	20,643	5,449	6,875	15,447	19,490
Washington	6,314	8,554	18,655	25,272	5,906	7,632	17,449	22,547	5,711	7,206	16,872	21,288
West Virginia	7,014	9,502	18,442	24,984	6,561	8,478	17,250	22,290	6,344	8,004	16,679	21,045
Wisconsin	6,849	9,279	18,541	25,117	6,407	8,278	17,342	22,409	6,195	7,816	16,768	21,158
Wyoming	6,627	8,978	18,223	24,687	6,199	8,010	17,045	22,025	5,994	7,562	16,481	20,795

Data: Calculated based on 2008 premium data from Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2008 Medical Expenditure Panel Survey-Insurance Component; Premium estimates for 2015 and 2020 based on Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, national health expenditures per capita annual growth rate.

**Table 4. Annual Amount Saved on Single Premiums, at 1% and 1.5%
Below Current 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	\$406	\$919	\$601	\$1,343
Alabama	384	867	567	1,267
Alaska	490	1,108	725	1,621
Arizona	390	882	577	1,290
Arkansas	363	822	538	1,201
California	397	896	586	1,310
Colorado	399	901	590	1,317
Connecticut	439	993	649	1,451
Delaware	439	991	649	1,449
District of Columbia	453	1,024	670	1,497
Florida	419	946	619	1,383
Georgia	385	871	570	1,274
Hawaii	355	802	525	1,173
Idaho	380	859	562	1,257
Illinois	430	972	636	1,422
Indiana	416	941	616	1,376
Iowa	384	868	568	1,269
Kansas	389	879	575	1,285
Kentucky	371	840	549	1,227
Louisiana	376	849	556	1,242
Maine	455	1,028	673	1,503
Maryland	404	913	597	1,335
Massachusetts	448	1,013	663	1,481
Michigan	407	919	601	1,343
Minnesota	411	928	607	1,357
Mississippi	382	864	565	1,263
Missouri	382	864	565	1,263
Montana	404	912	597	1,333
Nebraska	407	920	602	1,345
Nevada	364	822	538	1,202
New Hampshire	486	1,099	719	1,606
New Jersey	445	1,005	657	1,469
New Mexico	377	853	558	1,247
New York	430	971	636	1,420
North Carolina	413	934	611	1,366
North Dakota	355	802	525	1,173
Ohio	379	856	560	1,252
Oklahoma	377	853	558	1,247
Oregon	406	918	601	1,342
Pennsylvania	417	942	616	1,377

State	Amount Saved Annually with 1% Savings		Amount Saved Annually with 1.5% Savings	
	2015	2020	2015	2020
Rhode Island	457	1,032	676	1,509
South Carolina	415	938	613	1,371
South Dakota	392	886	580	1,296
Tennessee	396	895	586	1,309
Texas	390	881	576	1,287
Utah	389	879	575	1,285
Vermont	454	1,026	671	1,500
Virginia	389	880	576	1,287
Washington	408	922	603	1,348
West Virginia	453	1,024	670	1,498
Wisconsin	443	1,000	655	1,463
Wyoming	428	968	633	1,415

Data: Calculated based on 2008 premium data from Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2008 Medical Expenditure Panel Survey-Insurance Component; Premium estimates for 2015 and 2020 based on Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, national health expenditures per capita annual growth rate.

**Table 5. Annual Amount Saved on Family Premiums, at 1% and 1.5%
Below Current 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	\$1,138	\$2,571	\$1,682	\$3,759
Alabama	1,029	2,324	1,521	3,398
Alaska	1,238	2,798	1,831	4,090
Arizona	1,137	2,570	1,682	3,757
Arkansas	1,038	2,346	1,535	3,429
California	1,134	2,562	1,676	3,745
Colorado	1,106	2,499	1,635	3,653
Connecticut	1,243	2,809	1,838	4,107
Delaware	1,238	2,798	1,831	4,091
District of Columbia	1,242	2,807	1,837	4,104
Florida	1,175	2,654	1,737	3,881
Georgia	1,079	2,437	1,595	3,563
Hawaii	1,022	2,309	1,511	3,375
Idaho	1,002	2,265	1,483	3,312
Illinois	1,166	2,635	1,724	3,852
Indiana	1,249	2,823	1,847	4,127
Iowa	1,013	2,288	1,498	3,346
Kansas	1,079	2,438	1,595	3,564
Kentucky	1,064	2,405	1,574	3,517
Louisiana	1,037	2,343	1,533	3,425
Maine	1,212	2,739	1,792	4,004
Maryland	1,160	2,622	1,716	3,833
Massachusetts	1,275	2,882	1,886	4,214
Michigan	1,047	2,367	1,549	3,460
Minnesota	1,262	2,851	1,866	4,169
Mississippi	1,051	2,375	1,554	3,473
Missouri	1,069	2,416	1,581	3,532
Montana	1,058	2,391	1,565	3,496
Nebraska	1,077	2,435	1,593	3,560
Nevada	1,063	2,401	1,571	3,511
New Hampshire	1,257	2,841	1,859	4,154
New Jersey	1,183	2,674	1,750	3,909
New Mexico	1,117	2,523	1,651	3,689
New York	1,186	2,681	1,754	3,919
North Carolina	1,139	2,573	1,684	3,762
North Dakota	1,034	2,337	1,529	3,416
Ohio	1,057	2,388	1,563	3,492
Oklahoma	1,022	2,311	1,512	3,378
Oregon	1,164	2,631	1,722	3,846

State	Amount Saved Annually with 1% Savings		Amount Saved Annually with 1.5% Savings	
	2015	2020	2015	2020
Pennsylvania	1,141	2,579	1,688	3,771
Rhode Island	1,236	2,794	1,828	4,084
South Carolina	1,116	2,523	1,651	3,688
South Dakota	1,053	2,379	1,557	3,479
Tennessee	1,138	2,572	1,683	3,760
Texas	1,107	2,502	1,637	3,658
Utah	1,090	2,463	1,612	3,601
Vermont	1,211	2,737	1,791	4,001
Virginia	1,104	2,495	1,633	3,648
Washington	1,206	2,725	1,783	3,984
West Virginia	1,192	2,694	1,763	3,939
Wisconsin	1,198	2,708	1,772	3,960
Wyoming	1,178	2,662	1,742	3,892

Data: Calculated based on 2008 premium data from Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2008 Medical Expenditure Panel Survey-Insurance Component; Premium estimates for 2015 and 2020 based on Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group, national health expenditures per capita annual growth rate.

METHODOLOGY

Data for single and family premiums for 2003 and 2008 by state are from the Medical Expenditure Panel Survey–Insurance Component, which is reported by private and public sector employers and is representative by state. State median incomes for 2003–04 and 2007 are from the Current Population Survey. We estimated average premiums from 2008 to 2020 for each state, applying the same rate to all states. To estimate premiums by 2010, we used the average growth rate for single and family insurance premiums over the 2006–08 period from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits and applied this average rate to inflate to 2009 and 2010. We estimated potential premiums from 2011 through 2020 using the average annual growth rate in the Centers for Medicare and Medicaid Services’ estimates of growth in national health expenditures per capita. We then estimated potential savings with slower growth by projected annual growth rates minus 1 percentage point and minus 1.5 percentage points for each year through 2020.

ABOUT THE AUTHORS

Cathy Schoen, M.S., is senior vice president for research and evaluation at The Commonwealth Fund and research director for The Commonwealth Fund Commission on a High Performance Health System, overseeing the Commission's Scorecard project and surveys. From 1998 through 2005, she directed the Fund's Task Force on the Future of Health Insurance. She has authored numerous publications on policy issues, insurance, and health system performance (national and international), and coauthored the book *Health and the War on Poverty*. She has also served on many federal and state advisory and Institute of Medicine committees. Ms. Schoen holds an undergraduate degree in economics from Smith College and a graduate degree in economics from Boston College. She can be e-mailed at cs@cmwf.org.

Jennifer L. Nicholson, M.P.H., is associate program officer for the Affordable Health Insurance program at The Commonwealth Fund, where she is responsible for project development and grants management, and is also involved in researching emerging policy issues regarding the extent and quality of health insurance coverage and access to care in the United States, researching and writing reports and articles, and survey development and analysis. She holds a B.S. in public health from the University of North Carolina at Chapel Hill and an M.P.H. in epidemiology from Columbia University's Mailman School of Public Health.

Sheila D. Rustgi is program associate for the Affordable Health Insurance program at The Commonwealth Fund. She is a graduate of Yale University with a B.A. in economics. While in school, she volunteered in several local and international health care organizations, including Yale New Haven Hospital and a Unite for Sight eye clinic. Prior to joining the Fund, she worked as an analyst at a management consulting firm.

ACKNOWLEDGMENTS

The authors thank Sabrina How for initial analysis of premiums compared with median incomes and Bisundev Mahato and Nicholas Tilipman of Columbia University for providing median income data by state based on analysis of CPS data.

Editorial support was provided by Christopher Hollander.

Table 1. Single and Family Average Health Insurance Premiums, by State, 2003 and 2008, Ranked by 2008 Family Premium

	2003		2008		Percent Increase: 2003–08	
	Single	Family	Single	Family	Single	Family
United States	3,481	9,249	4,386	12,298	26%	33%
Massachusetts	3,496	9,867	4,836	13,788	38%	40%
Minnesota	3,679	10,066	4,432	13,639	20%	35%
New Hampshire	3,563	9,776	5,247	13,592	47%	39%
Indiana	3,493	9,315	4,495	13,504	29%	45%
Connecticut	3,676	10,119	4,740	13,436	29%	33%
District of Columbia	3,740	10,748	4,890	13,427	31%	25%
Delaware	3,854	10,499	4,733	13,386	23%	27%
Alaska	4,011	10,564	5,293	13,383	32%	27%
Rhode Island	3,725	9,460	4,930	13,363	32%	41%
Maine	3,852	10,308	4,910	13,102	27%	27%
Vermont	3,596	9,483	4,900	13,091	36%	38%
Washington	3,520	9,212	4,404	13,036	25%	42%
Wisconsin	3,749	9,562	4,777	12,956	27%	35%
West Virginia	3,809	9,164	4,892	12,887	28%	41%
New York	3,592	9,439	4,638	12,824	29%	36%
New Jersey	3,814	10,168	4,798	12,789	26%	26%
Wyoming	3,706	9,612	4,622	12,734	25%	32%
Florida	3,592	9,331	4,517	12,697	26%	36%
Illinois	3,692	9,693	4,643	12,603	26%	30%
Oregon	3,362	8,861	4,384	12,585	30%	42%
Maryland	3,427	9,217	4,360	12,541	27%	36%
Pennsylvania	3,449	9,133	4,499	12,339	30%	35%
North Carolina	3,411	8,463	4,460	12,308	31%	45%
Tennessee	3,597	9,261	4,276	12,302	19%	33%
Arizona	3,209	8,972	4,214	12,292	31%	37%
California	3,293	9,091	4,280	12,254	30%	35%
New Mexico	3,361	9,299	4,074	12,071	21%	30%
South Carolina	3,371	8,918	4,477	12,068	33%	35%
Texas	3,400	9,575	4,205	11,967	24%	25%
Colorado	3,645	9,522	4,303	11,952	18%	26%
Virginia	3,322	9,176	4,202	11,935	26%	30%
Utah	3,352	8,349	4,197	11,783	25%	41%
Kansas	3,401	8,907	4,197	11,662	23%	31%
Georgia	3,624	8,641	4,160	11,659	15%	35%
Nebraska	3,506	9,139	4,392	11,648	25%	27%
Missouri	3,305	8,984	4,124	11,557	25%	29%
Kentucky	3,437	9,118	4,009	11,506	17%	26%
Nevada	3,578	8,831	3,927	11,487	10%	30%
Montana	3,506	8,542	4,355	11,438	24%	34%
Ohio	3,416	9,136	4,089	11,425	20%	25%
South Dakota	3,361	8,499	4,233	11,382	26%	34%

Mississippi	3,305	8,075	4,124	11,363	25%	41%
Michigan	3,671	9,449	4,388	11,321	20%	20%
Arkansas	3,127	7,977	3,923	11,220	25%	41%
Louisiana	3,317	8,735	4,055	11,207	22%	28%
North Dakota	2,999	7,866	3,830	11,178	28%	42%
Alabama	3,156	8,045	4,139	11,119	31%	38%
Oklahoma	3,285	8,739	4,072	11,053	24%	26%
Hawaii	3,020	7,887	3,831	11,044	27%	40%
Iowa	3,270	8,436	4,146	10,947	27%	30%
Idaho	3,331	8,563	4,104	10,837	23%	27%

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

Data: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2003 and 2008 Medical Expenditure Panel Survey-Insurance Component.

**Table 2. Health Insurance Premiums as Percentage of Median Household Income, 2003 and 2008,
Ranked by 2008 Premium as Percentage of Median Household Income**

	Median household income for under-65 population		Employer premiums as percent of median household income for under-65 population	
	2003–04	2007	2003	2008
United States	\$48,442	\$53,685	15.0	17.2
West Virginia	38,400	46,066	19.3	23.1
Tennessee	44,064	46,000	17.4	20.3
Mississippi	39,018	43,094	16.8	20.0
North Carolina	43,662	46,002	15.6	19.9
Kentucky	42,419	46,000	16.8	19.5
Texas	40,050	45,640	18.4	19.3
District of Columbia	40,000	42,904	16.9	19.0
Maine	45,840	55,045	17.7	19.0
New Mexico	36,300	45,000	19.7	19.0
Arizona	42,500	49,600	16.3	18.9
Arkansas	37,899	49,090	17.3	18.8
Louisiana	38,700	45,000	17.8	18.7
South Carolina	44,488	50,000	16.2	18.6
Florida	45,000	50,000	16.2	18.5
Vermont	52,606	55,506	14.1	18.5
Oklahoma	42,162	48,000	17.1	18.3
Indiana	50,000	56,611	15.0	18.1
Oregon	45,350	52,305	15.1	18.1
New York	47,000	51,101	15.1	17.6
Alabama	46,000	48,000	14.9	17.5
Montana	37,457	50,000	17.8	17.4
Wyoming	51,560	59,136	16.0	17.4
Missouri	50,967	50,000	14.1	17.3
Wisconsin	52,760	62,485	14.8	17.3
California	46,030	52,000	14.8	17.1
Illinois	52,016	57,000	14.7	16.9
Nevada	45,000	52,000	15.0	16.9
Rhode Island	52,031	58,800	14.2	16.8
Delaware	52,000	60,000	15.4	16.7
Nebraska	52,082	57,000	14.4	16.5
Pennsylvania	52,178	56,500	13.8	16.5
Utah	52,033	60,090	14.0	16.5
Alaska	56,108	65,850	15.5	16.2
Georgia	45,000	54,202	14.9	16.1
Idaho	47,322	56,834	15.5	16.1
Ohio	51,084	55,025	14.5	16.1
Kansas	51,082	55,000	14.5	16.0
North Dakota	49,750	56,250	13.3	15.9
South Dakota	49,818	54,922	14.6	15.8
Washington	54,400	62,300	13.7	15.7
Massachusetts	60,432	63,867	12.4	15.6

	Median household income for under-65 population		Employer premiums as percent of median household income for under-65 population	
	2003–04	2007	2003	2008
Minnesota	63,510	68,000	12.9	15.4
Michigan	52,490	60,000	14.7	15.3
New Hampshire	66,078	74,317	12.3	14.9
Iowa	53,650	58,050	13.1	14.8
Virginia	56,000	61,000	12.9	14.7
Connecticut	65,032	69,150	12.6	14.3
Hawaii	48,084	53,680	12.1	14.1
Colorado	53,430	64,830	13.8	13.9
New Jersey	65,000	69,560	12.2	13.9
Maryland	60,000	69,500	11.8	13.3

Data: Average premiums for employer-based health insurance plans (weighted by single and family household distribution)—2003 and 2008 Medical Expenditure Panel Survey-Insurance Component; Median household incomes—2004-2005 and 2008 Current Population Surveys.

