



NEW STATE-BY-STATE REPORT: In 37 States, Workers' Health Insurance Premiums and Deductibles Take Up 10 Percent or More of Median Income

Working Families Shoulder an Increasing Share of Health Insurance Costs as Premiums and Deductibles Continue to Rise

Although employer health insurance coverage has proved to be relatively stable during the COVID-19 pandemic, the costs of that insurance consume a greater share of working families' incomes in every state than they did a decade ago, a new Commonwealth Fund report finds. According to the report, *State Trends in Employer Premiums and Deductibles, 2010–2020*, median incomes have not kept pace with rising health insurance costs and deductibles, which are fueled by high health care and drug prices.

The report is part of the Commonwealth Fund's ongoing series that looks at state-level trends in the overall cost of employer health insurance. It provides a state-by-state analysis of how much insurance is costing workers in premiums, deductibles, and as a share of income, from 2010 to 2020.

Key findings include:

- **Premium contributions and deductibles totaled 11.6 percent of median income in 2020, up from 9.1 percent in 2010.** On average, employees' premium costs amounted to 6.9 percent of income in 2020, an increase from 5.8 percent in 2010. The average annual deductible for a middle-income household amounted to 4.7 percent of income, compared to 3.3 percent in 2010.

Together, the average total cost of premiums and potential deductible spending across single and family insurance policies climbed to \$8,070. Costs ranged from a low of \$6,528 in Hawaii to a high of more than \$9,000 in Florida, Kansas, Missouri, South Dakota, and Texas.

EMBARGOED
NOT FOR RELEASE BEFORE
12:01 a.m. E.T.,
Wednesday,
January 12, 2022

For further information,
contact:

Bethanne Fox
212.606.3853
bf@cmwf.org

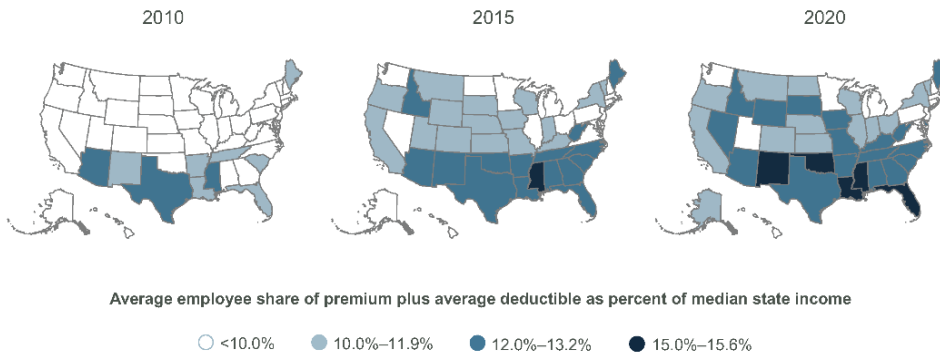
Lowell Dempsey
301.437.9525
ldempsey@burness.com

 [@commonwealthfnd](https://twitter.com/commonwealthfnd)

The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system.

- **In a growing number of states, workers are at risk of spending 10 percent or more of their earnings on health insurance premiums and deductibles.** In 2020, workers in 37 states passed that threshold, up from 10 states in 2010. Middle-income workers in Mississippi and New Mexico faced the highest potential costs relative to income (19% and 18%, respectively).

Employee Premium Contributions and Deductibles Exceeded 10% of Median Income in 37 states by 2020



- **In nearly half of states, middle-income households faced average deductibles that left them underinsured and exposed to high out-of-pocket costs.** That's up from only one state in 2010. The Commonwealth Fund defines one measure of “underinsured” as having a deductible equivalent to 5 percent or more of income. Underinsured people are more likely to struggle to pay medical bills and more likely to skip care because of costs. The highest average deductible relative to median income in 2020 was 7.4 percent, in New Mexico.
- **Workers in lower-wage companies contribute more to family premiums than workers in higher-wage firms do.** Workers in companies with lower average wages paid a larger share of their overall premium for family coverage, on average—and consequently a larger dollar amount—than workers in companies with higher average wages.

IMPLICATIONS

Only about 6 percent of U.S. working-age adults reported losing their employer health insurance during the COVID-19 pandemic and few became uninsured—largely because of the critical supports provided by the Affordable Care Act’s (ACA) marketplace subsidies and expansions in Medicaid eligibility.

However, the financial burden of commercial insurance is an enduring problem that is undermining Americans’ economic well-being and causing many to forgo necessary medical treatment. If passed, Build Back Better Act would make the most sweeping enhancements to the ACA since its passage in 2010. These include a substantial increase in marketplace premium subsidies, a lower affordability threshold for employer plans, and a new zero premium marketplace coverage option for Medicaid-eligible adults without access to Medicaid in their states. However, these improvements only last through 2025.

FROM THE EXPERTS:

Sara Collins, lead author of the study and Commonwealth Fund Vice President for Health Care Coverage, Access, and Tracking

“Employer health insurance is taking a big bite out of many working families’ incomes, leaving them with less money to spend on housing and food, and saddling millions with medical debt. But policy solutions are available, including making the Build Back Better Act’s temporary coverage enhancements permanent and fixing the Affordable Care Act’s family coverage glitch. It’s time for policymakers to find ways to reduce the financial burden of health insurance coverage on working families.”

David Blumenthal, M.D.,
Commonwealth Fund President

“Middle-class workers in a majority of states now spend 10 percent or more of their family budgets on health insurance premiums and deductibles. That’s a burden that many families are finding increasingly difficult to shoulder, as their incomes fail to keep pace with rising health care prices. There are also health implications: people who are worried about costs are less likely to get the health care they need. Solving this problem will require policy actions to extend affordable health insurance coverage to all Americans. But we also need to get at the root, which are the high costs that make health care so expensive for everyone.”

The study authors suggest additional reforms to improve health insurance for U.S. workers, including:

- Addressing the high health care prices that are driving up employer premiums and deductibles; for example, by adding a public plan option to the marketplaces and other approaches.
- Informing workers with employer coverage about their options to enroll in subsidized marketplace plans or in Medicaid.
- Reining in deductibles and out-of-pocket costs in marketplace plans by enhancing cost-sharing reduction subsidies.

HOW WE CONDUCTED THIS STUDY

This Commonwealth Fund report uses data from the federal Medical Expenditure Panel Survey–Insurance Component (MEPS–IC) to look at two trends in employer coverage over the last decade: how much workers are paying, on average, in premiums and deductibles, and the size of these costs relative to median income in each state. The MEPS–IC is the most comprehensive national survey of U.S. employer health plans, surveying more than 40,000 private sector employers in 2020 with an overall response rate of 56.1 percent.

Total premium and deductibles are compared with median household incomes for the under-65 population in each state. Income data come from the U.S. Census Bureau’s Current Population Survey (CPS) of households; analysis of CPS data performed by Mikaela Springsteen and Sherry Glied of New York University for the Commonwealth Fund.