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NEW STUDY: EMPLOYER PREMIUM AND DEDUCTIBLE COST GROWTH SLOWED POST-ACA, BUT EMPLOYER HEALTH INSURANCE STILL CLAIMING BIGGER SHARE OF WORKERS' INCOME

New Commonwealth Fund Report Finds 93% Increase in Workers' Premium Contributions Over 10 Years

New York, NY, December 9, 2014—Premiums for employer-sponsored health insurance grew 4.1 percent per year between 2010 and 2013, following passage of the Affordable Care Act, compared to 5.1 percent per year between 2003 and 2010, before the law was passed, according to a new Commonwealth Fund report. But since U.S. family incomes have grown even more slowly, workers are spending more of their income on their employer health insurance. Since 2003, premium increases have greatly exceeded income growth. While premiums rose 60 percent between 2003 and 2013, incomes grew only 11 percent. Employee premium contributions, meanwhile, increased 93 percent over this period.

The report, *National Trends in the Cost of Employer Health Insurance Coverage, 2003–2013*, analyzes changes in employer-sponsored health insurance over a 10-year period. It finds that deductibles also rose more slowly between 2010 and 2013, growing 7.5 percent per year compared to more than 10 percent per year between 2003 and 2010.

“As employers struggle to keep health insurance premium costs manageable, they are asking their workers to pay a larger share of their insurance costs,” said Commonwealth Fund President David Blumenthal, M.D. “The recent slowdowns in overall health care costs are promising, but clearly they have not translated into relief for workers, who are spending more of their incomes on health coverage.”

Rising Health Insurance Costs For Workers

According to the report, with increases in health insurance cost growth far outpacing increases in wages, workers are spending more on their health insurance:

- **Premiums are consuming a higher share of workers' incomes.** Average total premiums for family coverage, including both employer and employee contributions, reached \$16,029 in 2013, or 23 percent of median family income, up from 15 percent in 2003. In 2010 and 2013, employee contributions to their premiums for employee-only, single coverage were 4 percent of median income, compared to 2 percent in 2003.
- **Workers are spending more on premiums.** Workers contributed 21 percent on average to their employer health plan premiums in 2013 for employee-only coverage—unchanged from 2010, but up from 17 percent since 2003. Even though the percentages employees contributed were the same between 2010 and 2013, the actual dollar amounts rose, because premium costs went up. In 2010, employees contributed \$1,021 on average to their health insurance premium; in 2013, they spent \$1,170. Over the 10 years between 2003 and 2013, the report found a 93 percent increase in the dollar amount that workers contributed to their insurance premiums.
- **More workers are paying deductibles, and deductibles are higher.** In 2013, 81 percent of workers had deductibles, compared to only 52 percent in 2003. During this time, average deductibles also more than doubled, rising from \$518 in 2003 to \$1,025 in 2010 and \$1,273 in 2013. Deductibles comprised 2 percent of median income in 2003, rising to 4 percent in 2010 and 5 percent in 2013.

“These recent slowdowns in health care cost growth are encouraging because they are happening even as the Affordable Care Act has given workers better health insurance coverage,” said Sara Collins, Commonwealth Fund Vice President for Health Care Coverage and Access and the study’s lead author. “However, health care costs are still growing faster than median income, and more clearly needs to be done to keep health insurance affordable for U.S. families.”

The full report will be available after the embargo has lifted at <http://www.commonwealthfund.org/publications/issue-briefs/2014/Dec/National-Trends-Employer-Coverage>.

Methodology

The issue brief analyzes national trends in private-sector health insurance premiums, employee premium shares, and deductibles for the under-65 population from 2003 to 2013, based on the Medical Expenditure Panel Survey (MEPS) of private employers in all states. Data on premiums and deductibles come from the annual federal surveys of employers, with representative state samples. The researchers also compared total premiums with median household incomes for the under-65 population. Income data were obtained from the U.S. Census Bureau's Current Population Survey of households. In calculating premiums as a share of median income, the study used the average total annual cost of private group health insurance premiums for employer-sponsored coverage, including both the employer and employee shares. This analysis updates previous Commonwealth Fund studies of state health insurance premium and deductible trends. A forthcoming issue brief will focus on state-specific findings.

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