



Data Brief

Trends in Employer-Sponsored Health Insurance Premiums and Employee Contributions in Major Metropolitan Areas, 2003–2011

JACOB A. LIPPA AND CATHY SCHOEN
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.

ABSTRACT: Analysis of employer-sponsored health insurance costs in 41 U.S. metropolitan areas shows a 61 percent average increase in premiums for family coverage from 2003 to 2011, and a 21 percent increase over the past three years. Growth in family coverage premiums ranged from 35 percent in Sacramento, Calif., to 87 percent in Columbia, S.C. A similar trend was observed for individual insurance coverage: in 20 of the metro areas, single-person premiums increased at least 50 percent. If the average rate of growth seen over the past eight years continues to the year 2020, the cost of family coverage in 18 of these 41 metro areas will exceed \$25,000.

★ ★ ★ ★ ★

OVERVIEW

Across the United States, premiums for employer-sponsored health insurance reached an all-time high in 2011, rising far faster than incomes in all states.

This data brief, a companion to The Commonwealth Fund report *State Trends in Premiums and Deductibles, 2003–2011: Eroding Protection and Rising Costs Underscore Need for Action*, examines trends in 41 major metropolitan statistical areas (MSAs), home to some 148 million people, over the period 2003 to 2011.

Based on our analysis of federal Medical Expenditure Panel Survey data, we find that employers and working families have seen the costs of health insurance increase by 61 percent over the past eight years and 21 percent over the past three years (2008 to 2011). All metro areas reported on here saw a marked increase in costs since 2003, ranging from 35 percent in Sacramento, Calif., to 87 percent in Columbia, S.C., for family coverage (Table 1). By 2011, average total premiums for employer-sponsored family coverage in the 41 MSAs ranged from

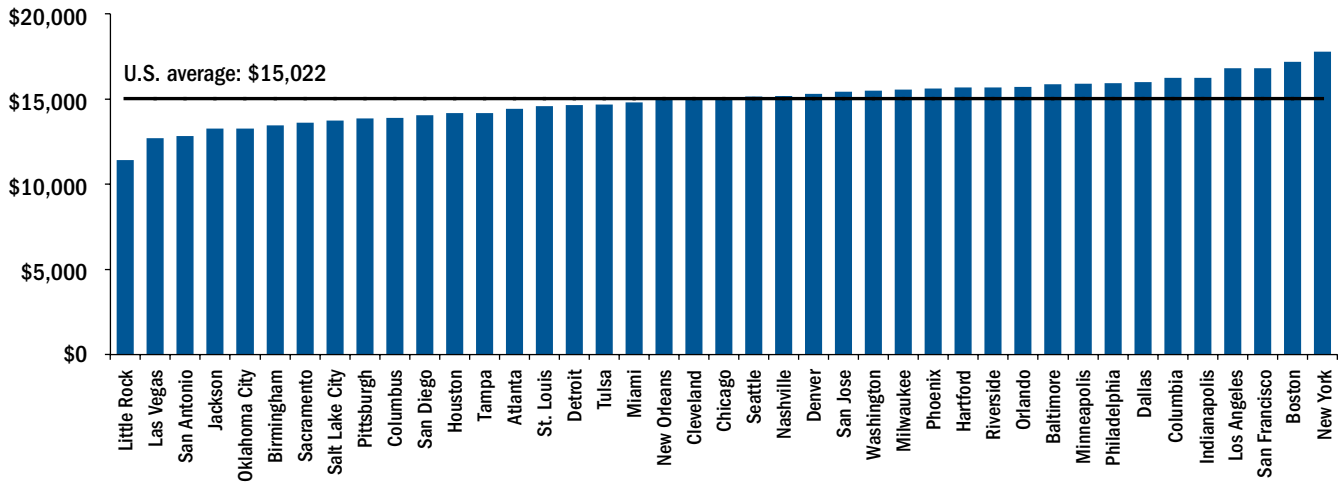
For more information about this study, please contact:

Jacob A. Lippa
Senior Research Associate
jal@cmwf.org
Cathy Schoen
Senior Vice President
Policy, Research, and Evaluation
cs@cmwf.org
The Commonwealth Fund

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. 1649
Vol. 32

Exhibit 1. Average Total Premiums for Family Coverage, 2011



Source: Agency for Healthcare Research and Quality, 2011 Medical Expenditure Panel Survey—Insurance Component.

\$11,398 in Little Rock, Ark., to \$17,772 in New York, N.Y. (Exhibit 1), with relatively small variation in premiums for most MSAs.

Between 2003 and 2011, three-quarters (31) of the MSAs experienced an increase in insurance premiums of at least 50 percent. Differences in premiums, particularly for family coverage, widened over this period: in 2003, the difference between the lowest- and highest-cost areas was \$3,068, but by 2011, it had more than doubled to \$6,374.

The story for individual insurance coverage was similar. In half (20) of the metro areas, single-person premiums increased at least 50 percent. By 2011, average premiums for individual policies ranged from

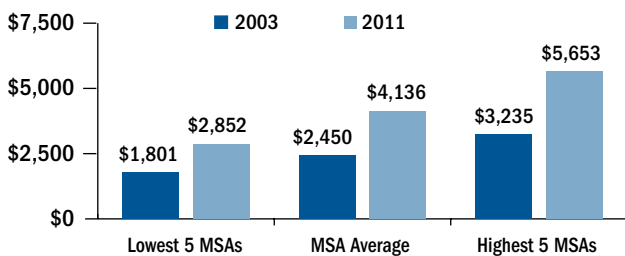
\$4,190 in Las Vegas, Nev., to \$6,072 in New York, N.Y. (with a median of \$5,230).

A SHARP RISE IN EMPLOYEE AND FAMILY OUT-OF-POCKET PREMIUM COSTS

As employers seek to control their rising costs for health benefits, many have required their employees to pay a higher share of premiums. As a result, out-of-pocket premium costs for workers and their families have increased sharply in city after city (Tables 2 and 3). Between 2003 and 2011, the average annual employee share of premiums for family coverage increased by 69 percent, from \$2,450 to \$4,136 (Exhibit 2). In the five cities where the employee share was highest, average annual costs for family coverage paid by the employee reached \$5,653, up 75 percent since 2003.

The share of premiums paid by workers for single coverage also rose markedly in many metro areas. Between 2003 and 2011, employee contributions for single coverage more than doubled in 12 of the 41 MSAs; the average increase was 78 percent. Workers’ contributions toward single coverage in Riverside, Calif., climbed 165 percent between 2003 and 2011, to \$1,126 per year, while the highest contribution was in Orlando, Fla. (\$1,581).

Exhibit 2. Employee Share of Average Total Premiums for Family Coverage, 2003 and 2011



Source: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey—Insurance Component.

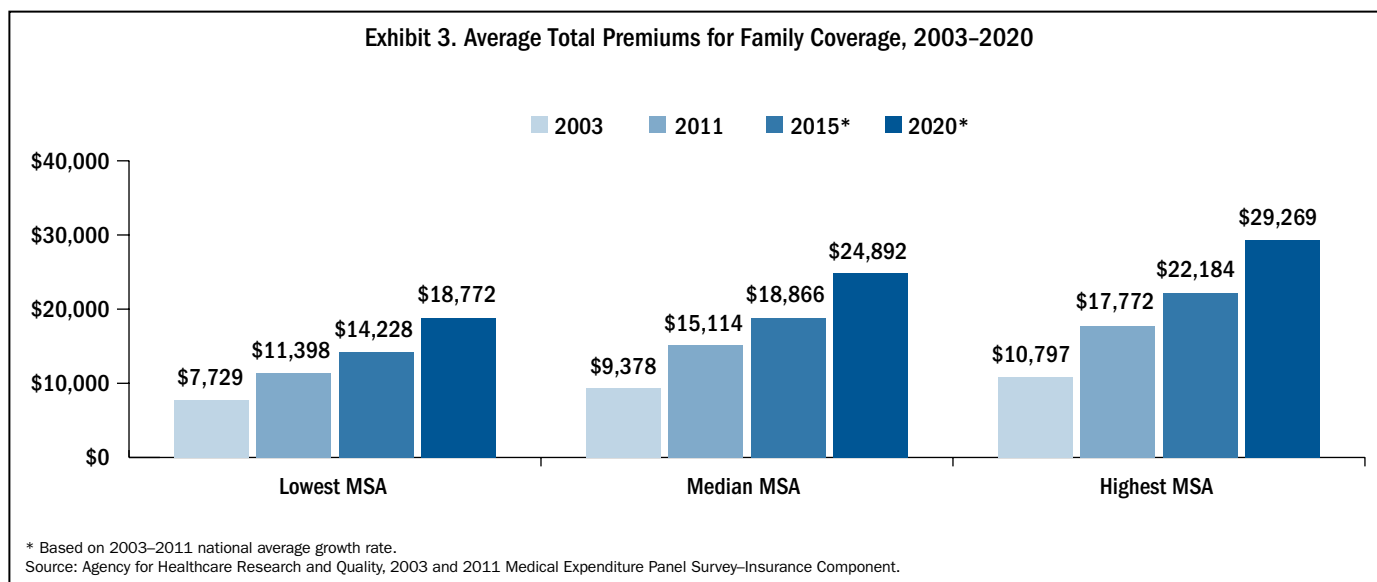
RATES FOR METRO AREAS LARGELY REFLECT STATE RATES

Given that the 41 metropolitan areas in this study are major population centers in their respective states, it is not surprising that their premium costs generally align with those observed at the state level. In fact, in 35 of these MSAs, average total premiums for family coverage were within 10 percent of the state rate, while in 15 MSAs they were below the state rate (Table 4). Similarly, in 39 of the 41 MSAs, single premiums were within 10 percent of the state rate, and in half (19) of these MSAs, the cost of single coverage was equal to or lower than the state rate.

Yet, the cost of employer-sponsored insurance also varies across cities within the same state, based on two large states for which data for multiple cities are available. Across six MSAs in California, family premiums varied by more than \$3,000 per year in 2011, from a low of \$13,614 in Sacramento to a high of \$16,802 in nearby San Francisco. Similarly, in Texas, average total family premiums in Dallas were 25 percent higher than those in San Antonio in 2011 (\$15,977 vs. \$12,813).

NEED FOR ACTION TO CONTROL HEALTH CARE COSTS

The steady increase in the costs of employer-sponsored coverage has meant that less money is available for workers’ wages or for investing in, and expanding, businesses. The trend speaks to the urgent need to address the underlying factors driving up health insurance costs. If the average rate of growth seen over the past eight years continues to the year 2020, the cost of family coverage in 18 of these urban areas will exceed \$25,000, if the same rate of growth applied to all areas (Exhibit 3 and Table 5).



METHODOLOGICAL NOTES

Data for this analysis were taken from the insurance component of the 2003, 2008, and 2011 Medical Expenditure Panel Survey (MEPS–IC), an annual survey of employers conducted by the Agency for Healthcare Research and Quality (AHRQ), a division the U.S. Department of Health and Human Services. A subset of metropolitan statistical areas (MSAs) was selected based on population size and data availability. MEPS data are only available for cities with sufficient employer sample size to draw statistically valid inferences. We selected all available MSAs with 1 million or more people for which MEPS data are available, and also included several other MSAs with populations between 500,000 and 1 million to achieve geographic spread. Many of the MSAs are composed of multiple municipalities. For simplicity, we have abbreviated these MSA names to best represent the area of analysis. For example, we refer to the Washington–Arlington–Alexandria MSA as “Washington.” The appendix tables display average annual total premiums and employee share of annual premiums for single and family policies. Data presented are limited to private-sector establishments. To illustrate future costs if the historical trend continues, we applied the historical average annual rate of growth to all cities and projected rates by 2015 and 2020.

**Table 1. Average Total Premiums for Single and Family Coverage
Across 41 Major Metropolitan Areas, 2003 and 2011**

Sorted alphabetically by state and metropolitan statistical area

State	MSA	Single			Family		
		2003	2011	Percent change	2003	2011	Percent change
AL	Birmingham	\$3,169	\$4,895	54%	\$7,729	\$13,447	74%
AZ	Phoenix	3,159	4,961	57	9,047	15,615	73
AR	Little Rock	3,106	4,444	43	7,758	11,398	47
CA	Los Angeles	3,211	5,230	63	9,469	16,790	77
	Riverside	3,508	5,055	44	8,782	15,677	79
	Sacramento	2,914	5,397	85	10,099	13,614	35
	San Diego	3,384	4,774	41	8,476	14,052	66
	San Francisco	3,402	5,698	67	9,323	16,802	80
	San Jose	3,374	5,594	66	8,376	15,411	84
CO	Denver	3,710	5,159	39	9,752	15,296	57
CT	Hartford	3,504	5,446	55	9,705	15,666	61
DC	Washington	3,501	5,205	49	9,682	15,492	60
FL	Miami	3,572	5,168	45	10,390	14,793	42
	Orlando	3,564	5,409	52	9,872	15,695	59
	Tampa	3,821	5,006	31	8,823	14,162	61
GA	Atlanta	3,488	5,256	51	9,825	14,416	47
IL	Chicago	3,747	5,359	43	9,877	15,114	53
IN	Indianapolis	3,715	5,342	44	9,919	16,254	64
LA	New Orleans	3,360	5,478	63	8,890	15,077	70
MD	Baltimore	3,404	5,408	59	9,513	15,879	67
MA	Boston	3,524	5,809	65	9,955	17,188	73
MI	Detroit	3,755	5,215	39	9,790	14,639	50
MN	Minneapolis	3,547	5,426	53	10,105	15,888	57
MS	Jackson	3,145	5,140	63	8,743	13,253	52
MO	St. Louis	3,309	5,294	60	9,292	14,593	57
NV	Las Vegas	3,604	4,190	16	8,635	12,683	47
NY	New York	3,838	6,072	58	9,922	17,772	79
OH	Cleveland	3,211	5,273	64	9,097	15,103	66
	Columbus	3,321	4,692	41	8,862	13,892	57
OK	Oklahoma City	3,162	4,589	45	8,972	13,266	48
	Tulsa	3,603	4,894	36	8,965	14,673	64
PA	Philadelphia	3,719	5,557	49	9,378	15,930	70
	Pittsburgh	3,189	4,889	53	9,193	13,850	51
SC	Columbia	3,266	4,921	51	8,692	16,246	87
TN	Nashville	3,847	5,300	38	10,247	15,175	48
TX	Dallas	3,635	5,397	48	9,516	15,977	68
	Houston	3,339	5,034	51	10,204	14,158	39
	San Antonio	3,231	4,283	33	8,846	12,813	45
UT	Salt Lake City	3,463	4,576	32	8,120	13,729	69
WA	Seattle	3,530	5,273	49	9,451	15,147	60
WI	Milwaukee	4,043	5,405	34	10,797	15,563	44

Source: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

**Table 2. Average Employee Contributions and Share of Total Premium for Single Coverage
Across 41 Major Metropolitan Areas, 2003 and 2011**

Sorted alphabetically by state and metropolitan statistical area

State	MSA	2003		2011		Percent change (\$) 2003-2011
		Average employee contribution	Share of total premium	Average employee contribution	Share of total premium	
AL	Birmingham	\$465	15%	\$1,125	23%	142%
AZ	Phoenix	573	18	1,134	23	98
AR	Little Rock	663	21	798	18	20
CA	Los Angeles	449	14	929	18	107
	Riverside	425	12	1,126	22	165
	Sacramento	421	14	1,030	19	145
	San Diego	593	18	901	19	52
	San Francisco	429	13	1,009	18	135
	San Jose	729	22	1,147	21	57
	CO	Denver	613	17	1,141	22
CT	Hartford	877	25	1,301	24	48
DC	Washington	750	21	1,278	25	70
FL	Miami	791	22	1,009	20	28
	Orlando	858	24	1,581	29	84
	Tampa	648	17	1,029	21	59
GA	Atlanta	650	19	1,314	25	102
IL	Chicago	620	17	1,201	22	94
IN	Indianapolis	791	21	1,175	22	49
LA	New Orleans	639	19	1,139	21	78
MD	Baltimore	749	22	1,229	23	64
MA	Boston	745	21	1,391	24	87
MI	Detroit	538	14	1,193	23	122
MN	Minneapolis	638	18	1,180	22	85
MS	Jackson	474	15	1,098	21	132
MO	St. Louis	561	17	1,340	25	139
NV	Las Vegas	433	12	1,093	26	152
NY	New York	632	16	1,159	19	83
OH	Cleveland	624	19	1,103	21	77
	Columbus	627	19	965	21	54
OK	Oklahoma City	661	21	1,028	22	56
	Tulsa	712	20	1,117	23	57
PA	Philadelphia	621	17	1,200	22	93
	Pittsburgh	646	20	1,011	21	57
SC	Columbia	691	21	1,059	22	53
TN	Nashville	885	23	1,301	25	47
TX	Dallas	536	15	1,106	20	106
	Houston	549	16	1,016	20	85
	San Antonio	527	16	1,036	24	97
UT	Salt Lake City	643	19	932	20	45
WA	Seattle	355	10	717	14	102
WI	Milwaukee	827	20	1,114	21	35

Source: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey-Insurance Component.

**Table 3. Average Employee Contributions and Share of Total Premium for Family Coverage
Across 41 Major Metropolitan Areas, 2003 and 2011**

Sorted alphabetically by state and metropolitan statistical area

State	MSA	2003		2011		Percent change (\$) 2003-2011
		Average employee contribution	Share of total premium	Average employee contribution	Share of total premium	
AL	Birmingham	\$2,112	27%	\$3,328	25%	58%
AZ	Phoenix	2,942	33	5,216	33	77
AR	Little Rock	2,186	28	3,557	31	63
CA	Los Angeles	2,755	29	4,858	29	76
	Riverside	1,588	18	2,588	17	63
	Sacramento	2,345	23	4,605	34	96
	San Diego	1,917	23	2,743	20	43
	San Francisco	1,963	21	3,969	24	102
	San Jose	2,623	31	3,506	23	34
CO	Denver	2,611	27	4,681	31	79
CT	Hartford	2,790	29	3,885	25	39
DC	Washington	2,808	29	4,573	30	63
FL	Miami	3,395	33	4,486	30	32
	Orlando	2,998	30	5,846	37	95
	Tampa	2,582	29	4,264	30	65
GA	Atlanta	2,417	25	4,341	30	80
IL	Chicago	2,215	22	3,822	25	73
IN	Indianapolis	3,918	39	3,773	23	-4
LA	New Orleans	2,193	25	4,666	31	113
MD	Baltimore	2,592	27	4,287	27	65
MA	Boston	2,322	23	4,160	24	79
MI	Detroit	1,774	18	3,472	24	96
MN	Minneapolis	2,539	25	4,367	27	72
MS	Jackson	2,549	29	5,568	42	118
MO	St. Louis	2,058	22	4,335	30	111
NV	Las Vegas	2,050	24	4,431	35	116
NY	New York	1,761	18	3,887	22	121
OH	Cleveland	2,055	23	3,332	22	62
	Columbus	2,449	28	2,836	20	16
OK	Oklahoma City	2,924	33	4,146	31	42
	Tulsa	1,994	22	4,701	32	136
PA	Philadelphia	2,564	27	4,003	25	56
	Pittsburgh	2,029	22	3,433	25	69
SC	Columbia	2,908	33	4,665	29	60
TN	Nashville	2,772	27	6,778	45	145
TX	Dallas	2,527	27	4,435	28	76
	Houston	2,655	26	4,840	34	82
	San Antonio	2,691	30	3,695	29	37
UT	Salt Lake City	2,390	29	3,154	23	32
WA	Seattle	2,224	24	3,393	22	53
WI	Milwaukee	2,267	21	2,937	19	30

Source: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey-Insurance Component.

**Table 4. Average Total Premiums for Single and Family Coverage
Across 40 Major Metropolitan Areas, State vs. MSA Rates, 2011**

Sorted alphabetically by state and metropolitan statistical area

State	MSA	Single		Family	
		State	MSA	State	MSA
AL	Birmingham	\$4,828	\$4,895	\$12,940	\$13,447
AZ	Phoenix	4,880	4,961	14,854	15,615
AR	Little Rock	4,392	4,444	12,474	11,398
CA	Los Angeles	5,255	5,230	15,837	16,790
	Riverside		5,055		15,677
	Sacramento		5,397		13,614
	San Diego		4,774		14,052
	San Francisco		5,698		16,802
	San Jose		5,594		15,411
CO	Denver	5,212	5,159	14,850	15,296
CT	Hartford	5,592	5,446	16,265	15,666
	Miami				
FL	Orlando	5,216	5,409	14,732	15,695
	Tampa				
GA	Atlanta	5,109	5,256	13,963	14,416
IL	Chicago	5,375	5,359	15,167	15,114
IN	Indianapolis	5,132	5,342	14,713	16,254
LA	New Orleans	4,681	5,478	13,572	15,077
MD	Baltimore	5,225	5,408	15,315	15,879
MA	Boston	5,823	5,809	16,953	17,188
MI	Detroit	5,061	5,215	14,458	14,639
MN	Minneapolis	5,426	5,426	15,539	15,888
MS	Jackson	4,846	5,140	13,420	13,253
MO	St. Louis	5,019	5,294	13,888	14,593
NV	Las Vegas	4,528	4,190	13,633	12,683
NY	New York	5,717	6,072	16,572	17,772
OH	Cleveland	5,025	5,273	14,327	15,103
	Columbus		4,692		13,892
OK	Oklahoma City	4,807	4,589	13,906	13,266
	Tulsa		4,894		14,673
PA	Philadelphia	5,244	5,557	15,096	15,930
	Pittsburgh		4,889		13,850
SC	Columbia	5,281	4,921	15,252	16,246
TN	Nashville	4,799	5,300	13,189	15,175
	Dallas				
TX	Houston	5,198	5,034	14,903	14,158
	San Antonio				
UT	Salt Lake City	4,597	4,576	13,455	13,729
WA	Seattle	5,144	5,273	14,559	15,147
WI	Milwaukee	5,444	5,405	15,505	15,563

Source: Agency for Healthcare Research and Quality, 2011 Medical Expenditure Panel Survey-Insurance Component.

**Table 5. Average Total Family Premiums Across 41 Major Metropolitan Areas:
Actual and Projected Amounts Through 2020**

Sorted alphabetically by state and metropolitan statistical area

State	MSA	Actual		Projected	
		2003	2011	2015	2020
AL	Birmingham	\$7,729	\$13,447	\$16,785	\$22,146
AZ	Phoenix	9,047	15,615	19,491	25,717
AR	Little Rock	7,758	11,398	14,228	18,772
CA	Los Angeles	9,469	16,790	20,958	27,652
	Riverside	8,782	15,677	19,569	25,819
	Sacramento	10,099	13,614	16,994	22,421
	San Diego	8,476	14,052	17,540	23,143
	San Francisco	9,323	16,802	20,973	27,672
	San Jose	8,376	15,411	19,237	25,381
CO	Denver	9,752	15,296	19,093	25,191
CT	Hartford	9,705	15,666	19,555	25,801
DC	Washington	9,682	15,492	19,338	25,514
FL	Miami	10,390	14,793	18,465	24,363
	Orlando	9,872	15,695	19,591	25,849
	Tampa	8,823	14,162	17,678	23,324
GA	Atlanta	9,825	14,416	17,995	23,742
IL	Chicago	9,877	15,114	18,866	24,892
IN	Indianapolis	9,919	16,254	20,289	26,769
LA	New Orleans	8,890	15,077	18,820	24,831
MD	Baltimore	9,513	15,879	19,821	26,152
MA	Boston	9,955	17,188	21,455	28,307
MI	Detroit	9,790	14,639	18,273	24,109
MN	Minneapolis	10,105	15,888	19,832	26,166
MS	Jackson	8,743	13,253	16,543	21,827
MO	St. Louis	9,292	14,593	18,216	24,034
NV	Las Vegas	8,635	12,683	15,831	20,888
NY	New York	9,922	17,772	22,184	29,269
OH	Cleveland	9,097	15,103	18,852	24,874
	Columbus	8,862	13,892	17,341	22,879
OK	Oklahoma City	8,972	13,266	16,559	21,848
	Tulsa	8,965	14,673	18,316	24,165
PA	Philadelphia	9,378	15,930	19,885	26,236
	Pittsburgh	9,193	13,850	17,288	22,810
SC	Columbia	8,692	16,246	20,279	26,756
TN	Nashville	10,247	15,175	18,942	24,992
TX	Dallas	9,516	15,977	19,943	26,313
	Houston	10,204	14,158	17,673	23,317
	San Antonio	8,846	12,813	15,994	21,102
UT	Salt Lake City	8,120	13,729	17,137	22,611
WA	Seattle	9,451	15,147	18,907	24,946
WI	Milwaukee	10,797	15,563	19,426	25,631

Source: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

ABOUT THE AUTHORS

Jacob A. Lipka, M.P.H., is senior research associate for The Commonwealth Fund's Health System Scorecard and Research Project, a team based at the Institute for Healthcare Improvement in Cambridge, Mass. Mr. Lipka has primary responsibility for conducting analytic work to update the ongoing series of health system scorecard reports. Prior to joining the Fund, he was a senior research analyst at HealthCare Research, Inc., in Denver, where for more than six years he designed, executed, and analyzed customized research for health care payer, provider, and government agency clients. Mr. Lipka has an undergraduate degree from the University of Colorado at Boulder and received an M.P.H. with a concentration in health care policy and management from Columbia University's Mailman School of Public Health. He can be e-mailed at jal@cmwf.org.

Cathy Schoen, M.S., is senior vice president at The Commonwealth Fund, a member of the Fund's executive management team, and research director of the Fund's Commission on a High Performance Health System. Her work includes strategic oversight of surveys, research, and policy initiatives to track health system performance. Previously Ms. Schoen was on the research faculty of the University of Massachusetts School of Public Health and directed special projects at the UMass Labor Relations and Research Center. During the 1980s, she directed the Service Employees International Union's research and policy department. Earlier, she served as staff to President Carter's national health insurance task force. Prior to federal service, she was a research fellow at the Brookings Institution. She has authored numerous publications on health policy and insurance issues, and national/international health system performance, including the Fund's 2006 and 2008 National Scorecards on U.S. Health System Performance and the 2007 and 2009 State Scorecards, and coauthored the book *Health and the War on Poverty*. She 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.

Editorial support was provided by Chris Hollander.

