

Employers, Workers to Pay More for Health Coverage

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Healthcare premiums paid by large U.S. employers have more than doubled over the last decade, but the costs to their employees more than tripled, a study released Monday found.

And next year companies can expect healthcare costs to rise nearly 9% on average — the largest increase in five years — as they confront an aging workforce, large medical claims and changes brought by healthcare reform.

The study by human resources firm Hewitt Associates found that Los Angeles, Sacramento, San Francisco and San Diego were among the metropolitan areas nationwide where employers have experienced the largest cost increases this year.

"Everyone has a strong focus on costs and the need to find solutions," said Jim Winkler, a managing principal in Hewitt's healthcare business line. "It's a very serious concern."

The study is based on census data and insurance information for 350 companies in Hewitt's database. The firms range in size from 1,500 employees to more than 200,000 and have accounted for nearly \$52 billion in healthcare spending this year.

Hewitt projects that such companies will spend \$9,821 per employee on average for insurance next year, up from \$9,028 this year — an 8.8% increase and more than double what they paid in 2001.

Employees will be asked to contribute an average of \$2,209 of the cost, a 12% increase over this year's contribution. Workers also will face higher out-of-pocket costs to see doctors, bringing their total expense on average to \$4,386 — more the three times the amount they paid in 2001.

Employees face higher costs as companies shift an ever-larger share of insurance premiums and healthcare costs to them.

The lingering recession is affecting everyone involved, Hewitt analysts said, as companies hang on to veteran workers and defer new hiring. Older employees, in turn, have higher healthcare costs.

The recently adopted healthcare reform package also is expected to drive up insurance rates and saddle employers with new costs. Hewitt cited new rules that, among other things, allow adult children to remain on their parents' health insurance plans through age 26.