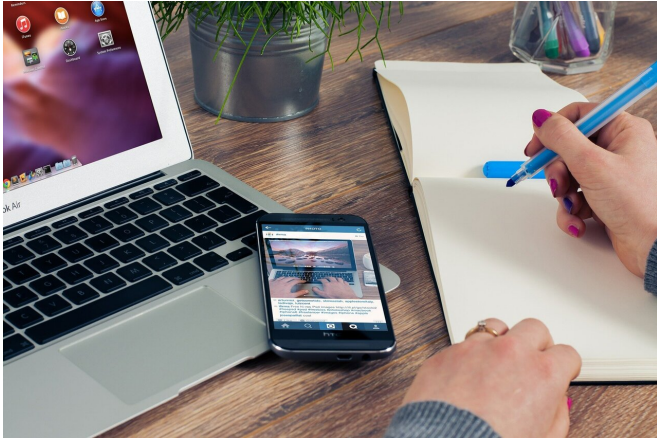


US family health insurance premiums surpass \$21,000 before the pandemic

8 October 2020, by Christopher Snowbeck, Star Tribune (Minneapolis)



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The average premium for family coverage in employer health plans is up about 4% this year to more than \$21,000—and employers are picking up more of the tab.

Workers on average aren't being asked to pay more in premiums for [family coverage](#) and those with individual coverage through their work aren't seeing increases in deductibles, according survey results Thursday from the California-based Kaiser Family Foundation.

The findings speak to the stability of [health](#) benefits in the pre-pandemic economy when employers were competing for talent in a tight labor market, said Matthew Rae, an associate director at the foundation, which has surveyed employers on health plan [costs](#) for 22 years. Obviously, the current labor market is vastly different, Rae noted, with last month's unemployment rate roughly twice the comparable figure last year.

"The premiums and [health plans](#) that we were asking about were plans that employers were setting a year ago when we had historically low

unemployment," Rae said.

"I would expect that not that many employers are going to make huge changes in the generosity of their plans over the next couple of months," he said. "But the economic situation is really hard to put your finger on. It could be that employers will have to think about the generosity of their plans if they are really facing a lot of other costs."

The Kaiser Family Foundation survey tracks trends in the market for [employer](#)-sponsored health plans, which provide coverage for more than 150 million Americans. Employer coverage is the largest single source of insurance in the U.S., with more enrollees than the federal Medicare program.

When Kaiser first surveyed employers on premium costs in 1999, the average premium for family coverage was \$5,791—a fraction of this year's average cost of \$21,342. Just since 2010, family premiums have increased 55%, a much faster rate than wages (27%) and inflation (11%).

This year, employers are shouldering the increase in family premiums, the survey found, contributing an average of \$15,754, for an increase of 8%, or \$1,193. The amount contributed by workers to premiums declined to \$5,588, according to the survey, although the change was not statistically significant.

"Twenty-one thousand dollars each year just to cover a family of four—it's an unbelievable amount of money," Rae said.

Deductibles are up sharply over the past decade, but didn't change much this year.

Among those facing a deductible with single coverage, the amount workers must pay before full benefits kick in now stands at \$1,644, according to the survey. In 2006, the comparable figure in employer plans was \$584.

The share of employers offering health benefits held steady at about 56%. Nearly all firms with 200 or more workers are offering coverage, the survey found.

Separate research by the foundation shows that many with employer coverage have been struggling with "surprise" medical bills related to mental health treatment, Rae said. So, the annual employer survey asked for the first time this year for employers to assess the quality of their health plan networks for [mental health care](#).

"I think employers were recognizing that their networks were a lot narrower for [mental health services](#) than they are for general medical services," Rae said. "But we don't have any trend data yet."

The finding is particularly noteworthy given concerns about mental and behavioral health care needs with the pandemic, said Gary Claxton, a [senior vice president](#) at the Kaiser Family Foundation.

"Some plans have been able to increase access by supporting telehealth, though it's unclear whether such options will become a permanent feature," Claxton said in a statement.

The COVID-19 pandemic dramatically sapped demand for many [health care services](#) during the spring, leaving many health insurers with large profits. How the second half of the year and 2021 will play out financially is unclear, as at least some people who delayed care come back for treatment. Care costs related to the coronavirus are increasing, as well.

A survey earlier this month from the benefits consultant Mercer found that about 18% of employers say they will make changes for 2021 that shift more health care costs to employees. Even so, the Mercer survey found that an unusually large number of employers said they won't be making changes.

The New York-based consulting firm projects that premiums in employers plans next year will rise 4.4% on average.

"Different assumptions about cost for COVID-related care, including a possible vaccine, and whether people will continue to avoid care or catch up on delayed care, are driving wide variations in cost projections for next year," said Tracy Watts, a senior consultant with Mercer, in a statement.

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