

New State-by-State Report: Employer Health Insurance Costs Are Growing Burden for Families, Especially in South; Workers' Premium Contributions and Deductibles Grew in 2017

Commonwealth Fund Shows Eliminating ACA's Family Insurance Glitch, and Other Measures, Could Reduce Cost Burden for Millions

Key findings from the Commonwealth Fund report *The Cost of Employer Insurance Is a Growing Burden for Middle-Income Families*, released today:

- ▶ **Workers and their families are spending a bigger share of their income on health care, especially in the South.** Average employee premium contributions for single and family plans amounted to nearly 7 percent of U.S. median income in 2017, up from 5 percent in 2008. In 11 states (Arizona, Delaware, Florida, Georgia, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, Texas), premium contributions were 8 percent of median income or more, with a high of 10.2 percent in Louisiana.
- ▶ **Premium and deductible costs amounted to nearly 12 percent of median income in 2017.** Added together, the total cost of premiums to workers and potential spending on deductibles for both single and family policies climbed to \$7,240 a year in 2017. This combined cost ranged from a low of \$4,664 in Hawaii to a high of more than \$8,000 in eight states (Alaska, Arizona, Delaware, New Hampshire, North Carolina, South Dakota, Texas, Virginia).

For people with incomes at the midrange of the income distribution, total spending on employer plan premiums and potential out-of-pocket costs amounted to 11.7 percent of their income in 2017. This is up from 7.8 percent a decade earlier. In two states, Mississippi and Louisiana, these combined costs rose to 15 percent or more of median income.

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

- ▶ **Premiums for employer health plans rose sharply in nearly every state in 2017.** After climbing modestly between 2011 and 2016, overall premiums for employer health plans (employer and employee share) grew more sharply in 2017, by 4.4 percent for single plans and 5.5 percent for family plans. Annual single person premiums rose above \$7,000 in eight states (Alaska, Connecticut, Delaware, Massachusetts, New Jersey, New York, Rhode Island, Wyoming) and family premiums were \$20,000 or higher in seven states (Alaska, Connecticut, Massachusetts, New Jersey, New York, West Virginia, Wyoming) and the District of Columbia. Average premiums for families increased overall in 44 states and the District of Columbia.
- ▶ **As employer premiums have risen, so have workers' contributions.** Between 2016 and 2017, employee premium contributions rose by 6.8 percent to \$1,415 for single-person plans and by 5.3 percent to \$5,218 for family plans.
 - **Premiums:** Contributions for single plans increased in 32 states, ranging from a low of \$675 in Hawaii to a high of \$1,747 in Massachusetts. Contributions for family plans rose in 35 states and the District of Columbia, with the lowest increase in Michigan (\$3,646) and the highest in Delaware (\$6,533).
 - **Deductibles:** The average deductible for single policies rose to \$1,808 in 2017, a 6.6 percent increase. Average deductibles rose in 35 states and the District of Columbia, ranging from a low of \$863 in Hawaii to a high of about \$2,300 in Maine and New Hampshire.

From the experts:

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

“The cost of employer health insurance premiums and deductibles continues to outpace growth in workers’ wages. This is concerning, because it may put both coverage and health care out of reach for people who need it most — people with low incomes and those with health problems. Policies that would reduce health care burdens on employees include fixing the Affordable Care Act’s family coverage glitch, requiring employers to exclude some services from the deductible, and increasing the required minimum value of employer plans.”

David Blumenthal, M.D., Commonwealth Fund President

“The vast majority of people under age 65 in the U.S., 152 million, get their health insurance through an employer, and many of them can barely afford to pay for it. Several bipartisan policy fixes have the potential to reduce health care burdens for workers and families struggling to afford the health care they need, while also making our health system work better for everyone.”

ADDITIONAL REPORT BACKGROUND

The Commonwealth Fund report uses data from the federal Medical Expenditure Panel Survey – Insurance Component (MEPS-IC) to examine trends in employer premiums at the state level and how much workers and their families are paying for employer coverage, both in premium contributions and in deductibles. The MEPS-IC is the most comprehensive national survey of U.S. employer health plans, surveying more than 40,000 business establishments in 2017. It has an overall response rate of 65.8 percent.

IMPLICATIONS

Several policy options could help make employer health care more affordable for workers and families, the Commonwealth Fund report finds. These include:

- Fixing the so-called family coverage glitch, which has left many families ineligible for marketplace subsidies. That's because, under the ACA, affordability and access to subsidies are based on a single plan instead of the higher-cost family plan.
- Providing refundable tax credits to offset out-of-pocket costs.
- Excluding more services from plan deductibles in employer plans.
- Increasing the required minimum value of employer plans.

In addition to these options, policymakers must address rising health care costs, the authors note. Doing so will be critical for keeping down employer premiums and deductibles.

The full report will be available after the embargo lifts at:

<https://www.commonwealthfund.org/publications/issue-briefs/2018/dec/cost-employer-insurance-growing-burden-middle-income-families>

ADDITIONAL PERTINENT RESEARCH

<https://www.commonwealthfund.org/publications/issue-briefs/2018/nov/excluding-preexisting-conditions-impact-on-out-of-pocket-costs>

<https://www.commonwealthfund.org/blog/2018/health-care-coverage-and-access-your-state>

<https://interactives.commonwealthfund.org/2018/state-scorecard/>