

## HEALTH INSURANCE COSTS SURGE

Jump outstripping any growth in workers' wages, study shows

**TOM MURPHY**

ASSOCIATED PRESS

The cost of employer-sponsored health insurance surged this year, snapping a trend toward moderate growth.

Annual premiums for family coverage climbed 9 percent and surpassed \$15,000 for the first time, according to a report released Tuesday by the Kaiser Family Foundation and the Health Research and Educational Trust. Premiums for single coverage rose 8 percent compared to 2010. Wages are projected to increase 2.1 percent on average this year.

That compares to increases last year of 3 percent and 5 percent for family and single coverage, respectively. The study shows that premiums for both family and single coverage have more than doubled since 2001, when premiums averaged \$7,061, while worker wages have risen 34 percent.

Kaiser CEO Drew Altman said a number of factors may have played a role in this year's per

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**A survey released Tuesday says premiums for family health insurance plans rose by 9 percent this year.**  
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## **INSURANCE • Rise is seen in high-deductible plans**

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centage jump. He noted that health care costs continue to rise, and insurer profits and the health care overhaul also have some impact.

The overhaul, which Congress passed last year, aims to cover millions of uninsured people by 2014. Kaiser said initial provisions of the law that extended coverage in 2010 — such as allowing parents to keep their children on their policies until age 26 and eliminating co-pays or deductibles for preventive care — contributed between 1 and 2 percentage points to this year's premium hikes, as expected by insurance analysts and benefits experts.

Premium increases aren't the result of the health overhaul, White House Deputy Chief of Staff Nancy-Ann DeParle wrote in a blog post. Premiums rose partly because insurers overestimated the new law's effect and the gain in health care spending this year, she wrote. Thirteen of the 14 largest insurers exceeded profit in the first quarter, she wrote.

The insurance industry has supported many aspects of the health reform law, saying that adding millions to the rolls of insured Americans in 2014 ultimately is expected to lower or at least slow the rise in premium costs.

Supporters of the Affordable Care Act say that the insurance exchanges each state is required to launch in 2014 to provide a marketplace for individuals and small companies to buy insurance, is expected to increase competition and control premiums.

Companies and workers split premiums for employer-sponsored coverage, the most common form of health insurance in the United States, and employers generally pick up 70 percent of the bill or more.

Businesses likely reacted to these cost increases by giving a smaller raise or no wage increase to their workers, said Helen Darling, CEO of the National Business Group on Health, a nonprofit organization that represents large employers on health care issues.

"(Workers) basically are giving their pay raise to the health system," said Darling, who was not involved with the Kaiser study. "It's really bad news."

The annual study was conducted earlier this year and includes results from more than 2,000 companies nationwide. It also indicates that many more families than previously believed have benefited from a popular provision in the overhaul that allows young adults to stay on a parent's health plan until they turn 26.

Many workers are about to receive notices from their employers regarding health insurance coverage for next year. Altman said he cannot say whether this year's increase represents a bad omen for 2012 or if it is just a one-year blip.

Insurers have been saying for months that health care use is growing more slowly this year, something industry observers pin on a sluggish economy. Altman and other benefits experts say that could lead to lower premium increases next year, since insurers base their rates in part on how often people use care.

The Kaiser survey shows a steady increase in companies offering high-deductible plans, which come with lower premiums but make consumers pay more out-of-pocket fees for care. This insurance is often paired with health savings accounts that let people save pretax for medical expenses.

U-T writer Janet Lavelle and Bloomberg News contributed to this report.

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