

Californians' Costs For Employer-Based Health Insurance Soar

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Dec. 03--Working Californians have seen the cost of their employer-based health insurance shoot up about 40% over the last six years, but they may be surprised to find that workers in many other states fared even worse.

The average cost for an employer to provide its workers with family coverage reached \$12,631 in the Golden State last year. That put California below the national average of \$13,027, according to a new study that found higher prices in Florida, Connecticut, Illinois and more than two dozen other states.

Still, researchers from the nonprofit Commonwealth Fund called California's numbers troubling. They said the results underscored a nationwide pattern of employers and workers shouldering higher insurance costs for increasingly skimpy coverage that often requires large out-of-pocket spending.

"Regardless of where you live, families and businesses are under pressure to hold on to health benefits," said Cathy Schoen, a Commonwealth Fund senior vice president and the study's lead author.

From 2003 to 2009, prices for family policies in California rose 39%, outpacing increases in personal income, the study showed. Average costs rose 45% in Pennsylvania during that time, 50% in Maryland and 59% in Louisiana, which experienced the biggest jump.

Individuals with job-based insurance in California saw their rates climb 41% over the six years -- to \$4,631 -- well ahead of the national increase of 34%.

Employers say the relentless rise in U.S. healthcare costs is forcing them to shift more of the financial burden for coverage to employees or abandon benefits altogether. Companies typically cover about three-quarters of the cost of premiums and require workers to pay the rest. Businesses say that continuing to contribute at such levels threatens their viability.

"This is a continuation of an absolutely unsustainable trend that has been going on for years," said John Arensmeyer, chief executive of the Small Business Majority, a national small business advocacy group headquartered in Northern California.

"Until the rate of increase starts to bend downward, you're going to see businesses continue to drop insurance," Arensmeyer added.

Thursday's report underscored the pressure on businesses and their workers, citing huge increases in the deductibles paid by individuals and families for medical care.

Workers at small businesses saw the biggest increases: Average individual deductibles rose 83% from 2003-09, to \$1,283. Family deductibles rose 68%, to \$2,652.

Those costs, and the monthly insurance premiums paid by workers, are expected to continue to climb. The report predicted that premiums for family policies would, if unchecked, cost an average of \$23,342 nationwide by 2020. Individual plans would run \$8,366 by that time.

Commonwealth Fund researchers predicted that the nation's new healthcare overhaul would slow the rise of costs by, among other things, allowing state and federal officials to review rate increases and by encouraging greater coordination between hospitals and doctors -- an approach designed to curb the price of medical care and thus insurance premiums.

But the new healthcare law faces an uncertain future amid legal challenges in several states where opponents question the constitutionality of requiring most Americans to obtain health insurance, starting in 2014.

Schoen, the author of Thursday's report, said she believed the new law would help ensure affordable coverage for American companies and their workers.

"This rapid increase in healthcare costs has meant ... stress on businesses to maintain jobs with decent pay and benefits," Schoen said. "Middle- as well as low-income households are at risk of finding themselves priced out of the insurance market or joining the ranks of the underinsured unless we get behind reforms."

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