

## U.S. NEWS

# Cost of Employer Health Plans Jumps

BY ANNA WILDE MATHEWS

The average total cost of employer-provided health coverage passed \$20,000 for a family plan this year, according to a new survey, a landmark that will likely resonate politically as health care has become an early focus of the presidential campaign.

Annual premiums rose 5% to hit \$20,576 for an employer-provided family plan in 2019, according to the yearly poll of employers by the nonprofit Kaiser Family Foundation. On average, employers bore 71% of that cost, while employees paid the rest.

"It's a milestone," said Drew Altman, chief executive of the foundation. "It's the cost of buying an economy car, just buying it every year."

Employees' costs rose at an even faster clip—the average annual amount workers paid toward premiums for the family plans grew 8%, to \$6,015 this year. The average deductible for single coverage, which employees pay out of their pockets before insurance kicks in, went up as well, to \$1,655,

though that didn't factor in plans with no deductible at all.

For an individual employer plan, the average total premium cost was \$7,188 in the 2019 survey, or 4% higher than last year.

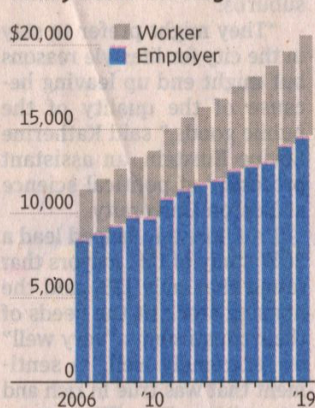
At Elkay Manufacturing Co., a company in Oak Brook, Ill., with around 1,500 U.S. employees, the cost of coverage has been going up around 5% to 6% a year, said Carol Partington, senior manager of total benefits. For 2019, the company introduced its first high-deductible plan and put in place a new \$250 penalty for employees who get imaging scans without checking prices through a price-transparency program.

Elkay tries to keep workers' share of health costs at roughly 20%, with the company bearing the rest, Ms. Partington said. "If our costs go up, theirs is going to go up in that same proportion."

The rate of growth in coverage costs, including those borne by employees, continued to outstrip rises in inflation and wages, according to the Kaiser foundation.

The average cost of employer health coverage for a family rose above \$20,000 this year and the average deductible for single coverage went up as well.

Contributions to premiums for family health coverage

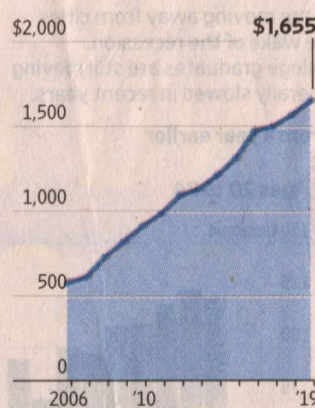


\*Only includes plans with deductibles  
Source: Kaiser Family Foundation

"For some workers, employer-based coverage isn't such a great deal," because of the high costs they have to bear, said Gary Claxton, a senior vice president of the Kaiser foundation.

The survey also showed that companies with a large share of lower-wage workers

Average employee deductible\*



tended to require them to pay a larger amount toward their premiums on average, and many of their employees remained uncovered.

"Health-care affordability is generally the No. 1 issue for voters," said Dan Mendelson, a founder of a health-care consulting company and former

federal official who is now an operating partner at a private-equity firm.

"The issue is the costs that consumers actually see, including deductibles, copays and the cost of prescription drugs."

Health care has played a prominent role in the Democratic presidential debates, with candidates sparring over how to expand coverage and bring down consumers' costs. Vermont Sen. Bernie Sanders, who has made a national government health-coverage program billed as "Medicare for All" a signature issue, recently introduced a plan he said would eliminate medical debt.

Other Democrats, like former Vice President Joe Biden, want to let people buy into a public program like Medicare.

A major driver of the cost of coverage has been the rising prices that insurers and employers pay for health care, said Niall Brennan, chief executive of the Health Care Cost Institute, a nonprofit. "The vast majority of this can be explained by prices," particularly for hospital care, he said.

Consolidation by hospital systems has in many cases given them a larger share of their local markets, which "enables them to engage in pretty unconstrained pricing behavior," he said.

A report earlier this year from the Health Care Cost Institute tracked health spending by examining insurer claims from employer-sponsored coverage between 2013 and 2017 and found that over that time health-care utilization declined 0.2% and average prices increased 17.1%.

Melinda Hatton, general counsel of the American Hospital Association, pointed to research funded by the group that found hospital mergers tended to increase quality of care and reduce costs.

"What you see is revenues consistently going down," which shows that merged hospitals aren't raising their rates, she said.

The Kaiser survey was conducted between January and July of this year and included 2,012 randomly selected employers that responded to the full telephone survey.