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You could be paying more for coverage next year

Report: 42% of employers will raise workers' share

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American workers and employers soon will find themselves faced with another hefty increase in the price they pay for health insurance.

According to a new report from PricewaterhouseCoopers' Health Research Institute, 42 percent of employers surveyed said they would increase the share of the premium their workers pay in 2010. That's up from 38 percent last year.

Medical costs are expected to rise by about 9 percent next year. That jump is lower than increases in previous years. But the report notes that medical costs continued to grow even as the U.S. economy in late 2008 and early 2009 recorded its worst contraction of the past 25 years.

For already struggling workers and employers, higher costs likely will mean significantly higher health-insurance premiums.

Paying for health coverage is an ongoing issue for large and small employers.

"When people jack up my premiums, I shop around again," said Kristin Kohn, owner of Silver in the City, an independent jewelry and gift store on Massachusetts Avenue.

Kohn provides health benefits to two full-time workers. She called health insurance one of her business's higher monthly expenses.

"We have really great employees, and we want to take care of them," she said. "Having health insurance is a very important thing."

It also has become a very expensive thing.

Health insurance premiums for family coverage in Indiana rose an estimated 116 percent from 2000 through 2009, according to a separate report released Wednesday by Families USA, a Washington-based consumer-advocacy group. During that same period, the median earnings of Indiana workers rose by about 15 percent.

Family coverage in Indiana now carries an average annual premium of \$14,355, up from about \$6,628 in 2000, the group said.

Employers typically pay the majority of those premiums -- about 80 percent in Indiana, according to Families USA.

Kim McCarson, principal with Indianapolis insurance broker **Benefit Strategies**, said his business clients are facing premium increases in 2010 ranging from roughly 6 percent to 14 percent.

"Employers are having a tough time absorbing it. Employees are having a tough time absorbing it," McCarson said. "There's pain out there, no doubt about it."

He said some employers are considering shifting more costs to their workers by offering health plans with higher deductibles. That means workers pay for more of their medical care out-of-pocket before coverage kicks in.

Such cost shifting could dissuade people from going to the doctor, in an effort to save money. However, PricewaterhouseCoopers said there could be an opposite effect: Workers worried about losing their jobs could seek more care while they still have insurance.

Kohn, the owner of Silver in the City, would like to see changes that allow her to offer coverage to part-time workers and to offer her workers the same premium choices regardless of their age or health risks.

Less complexity also would be nice: "Simplicity should be a factor, because I don't have time to work on researching and administering a plan," she said.

But offering health insurance is still something Kohn said she wants to do. "I believe it's an investment in my employees."