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Survey reveals workers paying more for health coverage

The Denver Business Journal - May 5, 2006 by [Amy Fletcher](#) Denver Business Journal

As health savings accounts catch on, Colorado employers are paying the same share of health care premiums -- but some out-of-pocket costs are increasing dramatically for employees.

That's according to a survey from the Denver-based [Mountain States Employers Council Inc.](#)

Employers' health insurance costs rose an average of 11 percent in 2006, the same as last year. That's much lower than the 21 percent increase employers faced in 2002.

"Premiums are always going to increase," said Patty Goodwin, director of surveys for Mountain States. "There's too much technology and types of new medical equipment coming on board every day. Somebody's got to pay for it, and it comes from health insurance."

The survey reflects trends at larger companies. Data came from more than 600 employers, only 24 percent of which had fewer than 50 workers.

Insurance broker Steve Roper, who works primarily with small businesses, said some of his customers' premiums have increased 30 percent or higher.

"The sad thing of it is, that's with decreased benefits," he said.

This year, Colorado companies are paying 84 percent of the health care premium for a single employee's coverage, and 66 percent of the cost for family coverage -- basically the same as last year. Compared to the last few years, employers are paying a slightly smaller share of the family cost and a slightly greater share of single coverage.

Health coverage is part of a company's overall benefit package, and at 12 percent, medically related expenses comprise the greatest share of employee benefit costs, according to a study by the U.S. Chamber of Commerce. That's more than payment for time not worked, including paid holidays and vacation, which represent 11 percent of payroll costs.

While employers are maintaining their level of contribution, some consumers still are paying more out of their own pockets, especially those with health savings accounts.

According to the survey, a single employee is paying an average of \$73 a month in premiums, a 7 percent increase from last year. Workers are paying an average of \$364 a month for family coverage, 11 percent more than last year.

Mountain States is a nonprofit member organization that provides employers with legal, management and resource help.

While employers have kept a handle on rising premiums, deductibles for some workers are going way up as more employers shift to health savings accounts.

"That every-month premium that's coming out of their paycheck is less," Goodwin said, "so typically a well employee would like this because ... those monies are going to build up so when I really have an illness, I've got the money to pay for my deductible."

Premiums for HSA plans are about 30 percent less than HMO and PPO plans, but the average deductible for single coverage under an HSA is \$2,000, compared to \$600 for a PPO plan, according to the survey.

"For the business owners and the people who are highly compensated, they are great," Roper said.

But for the average employee, a \$2,000 deductible can be a stretch.

"You might as well ask them for \$30,000 because they don't have it," he said. "But the employers do not have options either. It's either that or not have health insurance."

Health savings accounts have grown in popularity. Each year the Division of Insurance (DOI) surveys insurers that provide coverage to small groups, which includes self-employed individuals and groups of two to 50 people. According to the DOI survey, 1,075 individuals were covered by HSAs in 2004. Last year, that grew to more than 26,000 people.

In 2005, 5 percent of employers in the Denver area said they offered an HSA, according to the Mountain States survey; that grew to 7 percent this year.

"The percentage is still not as large as I thought it would be. It's still in the infancy of 'let someone else do it first, and then we'll come in,'" Goodwin said. "It's just like 401(k)s ... Those didn't take off right away either."

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