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IOWA EMPLOYERS REPORT A 6.8% INCREASE IN HEALTH INSURANCE PREMIUMS Over 69 Percent of Employers Feel it is 'Very Important' to Offer Health Coverage

DES MOINES, IA (September 11, 2014) – Iowa employer health insurance premiums increased an average of 6.8 percent from 2013 to 2014, according to the *2014 Iowa Employer Benefits Study*[®], the 16th annual study conducted by [David P. Lind Benchmark](#) of Clive, an employee benefits research firm. The 6.8 percent increase is an average that factors in employers receiving no change, an increase or decrease in their premiums. During the similar period, wages for Iowans increased by 1.9% (source: Iowa Workforce Development).

The Iowa average represents the increase in premium employers received prior to making design changes to their medical insurance plans. After the health plans were altered by employers, such as increasing cost-sharing arrangements with employees, the increase over the prior year was 6.7 percent for single premiums and 5.3 percent for family premiums.

- The combined average annual premiums for all types of medical plans offered by Iowa employers (HMO, PPO, Traditional Indemnity and Consumer-Driven Health Plans) were \$5,976 (up 6.7% from 2013) for employee-only coverage and \$14,981 (up 5.3%) for employees who include family members.
- Since 1999, the single premium has increased 190 percent while the family premium has increased 172 percent.
- Over the course of 16 years, employee contributions have increased by 105 percent for single coverage and 123 percent for family coverage. In sharp contrast, the Iowa Workforce Development shows the average weekly wage (for all industries) earned in Iowa increased by only 39.4 percent between 2001 and 2013.

As health insurance costs continue to rise, employers vigilantly pursue different approaches to contain their health insurance costs by:

- Passing some or all of the increased costs to employees (58 percent)
- Absorbing the entire cost increase (26 percent)
- Increasing deductibles (19 percent)
- Raising out-of-pocket costs for employees (15 percent)
- Changing insurance companies (11 percent)
- Increasing co-payments for office visits (8 percent)
- Reducing pay raises or bonuses (7 percent)
- Increasing prescription drug co-payments (7 percent)
- Beginning wellness program initiatives (6 percent)
- Hiring fewer new employees (6 percent)
- Offering Consumer-Driven Health Plans (4 percent)



Less than one percent of Iowa employers reported dropping health insurance coverage this past year, a consistent trend throughout the history of this Study. In this year's study, 81 percent of employers reported offering health coverage, an increase from 77 percent from the prior year, which is statistically meaningful. The most apparent reason for this increase is that employers with fewer than 20 employees reported a higher offering of health insurance.

Over two-thirds (69 percent) of Iowa employers report that offering health coverage for recruitment and retention purposes is 'very important,' while another 17.6 percent indicated that it was 'somewhat important.' Only 6.3 percent responded that offering coverage was 'a little' important, and less than seven percent said offering coverage was 'not at all' important. About two percent of employers anticipate discontinuing coverage in 2015.

When asked about alterations employers may make to their health plans in 2015 due to the various provisions of the Affordable Care Act (ACA), 31 percent responded they may consider to institute a wellness program, 25 percent said they would add wellness rewards or penalties, 19 percent may offer tiered provider networks to promote value, 13 percent may add spousal surcharge, and 11 percent may adopt a value-based insurance design.

When asked to grade the overall healthcare in Iowa based on the cost-of-care that is paid by employer and employees, employers mostly graded the state with 'Bs' and 'Cs.' Only 15.4 percent of employers graded Iowa's healthcare delivery an 'A.'

"Despite the challenging cost issues along with the continued uncertainty of the Affordable Care Act, Iowa employers appear resolute about continuing to offer health insurance coverage to their workforce for the foreseeable future," noted David P. Lind Benchmark President, David Lind.

The *2014 Iowa Employer Benefits Study*[®] was conducted during the early spring/late summer of 2014. Results are based on 1,002 responses from 4,347 randomly selected employers with two or more employees. For the overall sample, the results are accurate to within plus or minus 3.1 percent, at a 95 percent confidence level. Data Point Research, Inc., Ames, Iowa, provided the statistical analysis and mathematical basis for the study.

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David P. Lind Benchmark (DPLB) is an independent, for-profit, and non-partisan employee benefits research firm located in Clive, Iowa. Since 1999, DPLB has provided scientifically-based research to assist private and public employers and policy makers in their decision making. The *Iowa Employer Benefits Study*[®] is a comprehensive, statistical review of Iowa employee benefits and healthcare that is conducted annually by David P. Lind Benchmark. Learn more about **David P. Lind Benchmark** at www.dplindbenchmark.com.

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