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IOWA EMPLOYEES WITH SINGLE HEALTH COVERAGE CONTRIBUTE 22% MORE IN 2015 Overall, Employer Health Insurance Premiums Increase 7.7%

DES MOINES, IA (September 8, 2015) – Due to rising health premiums, Iowa employers are asking employees with single (employee-only) coverage to contribute 22.4 percent more in 2015 compared to the previous year. Employees with family coverage must also pay more, with an increase of 5.5 percent. Deductibles paid by employees are also moving upward, with double-digit increases. This is all according to the *2015 Iowa Employer Benefits Study*[®], the 17th annual study conducted by [David P. Lind Benchmark](#) of Clive, an employee benefits research firm. One-thousand-one Iowa employers participated in this year's survey.

The study also found that Iowa employer health insurance premiums increased an average of 7.7 percent from 2014 to 2015. This increase is an average that factors in employers receiving an increase, decrease, or no change in their premiums. The Iowa average represents the premium increase employers received prior to making design changes to their medical insurance plans. After the health plans were modified by employers, such as increasing employee cost-sharing arrangements, the increase over last year was 2.8 percent for single premiums and 4.6 percent for family premiums. During the similar period, wages for Iowans increased by 3.4% (source: Iowa Workforce Development). The study also showed:

- 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 \$6,143 (up 2.8% from 2014) for employee-only coverage and \$15,668 (up 4.6%) for employees who include family members. Since 1999, the year this study began, the single premium has increased by 198 percent while the family premium has increased by 184 percent.
- Employees are asked to contribute over \$93 monthly for employee-only coverage, an increase of 22.4 percent compared to last year. Employees with family members are asked to pay over \$417 a month, a 5.5 percent increase over last year (\$395). Over the course of 17 years (1999-2015), employee contributions have increased by 140 percent for single coverage and 132 percent for family coverage. In sharp contrast, the Iowa Workforce Development shows the average weekly wage (for all industries) earned in Iowa increased by 42.7 percent between 2000 and 2014. It is important to note that employers continue to pay about 82 percent of the total single premium and 68 percent of the family premium - similar to results from past studies.
- The average deductibles that employees are required to pay has surpassed the 2014 deductibles by \$252 for single coverage and \$362 for family coverage, representing increases of 18 percent and 12 percent, respectively. The 2015 average deductibles are now \$1,662 single and \$3,381 family.

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 their employees (54 percent)
- Absorbing the entire cost increase (31 percent)
- Increasing deductibles (18 percent)
- Raising employees' out-of-pocket costs (15 percent)
- Changing insurance companies (13 percent)
- Increasing co-payments for office visits (11 percent)
- Increasing prescription drug co-payments (8 percent)
- Reducing pay raises or bonuses (7 percent)
- Offering Consumer-Driven Health Plans (4 percent)
- Hiring fewer new employees (4 percent)
- Beginning wellness program initiatives (3 percent)

This year, 76 percent of employers reported offering health coverage, a slight decrease from 81 percent from last year. The most apparent reason for this decrease is that fewer employers with less than 10 employees are reportedly offering health insurance.

Using a 6-point scale, where 1 means “not at all important” and 6 means “most important,” Iowa employers were asked to rate the importance of five key healthcare outcomes they hope to achieve. Overall, employers responded that “lowering the health risk of employees” was most important, scoring 4.9. “Reducing long-term healthcare costs” and “increasing employees’ awareness of health issues to enable them to make better decisions” followed closely at 4.8 and 4.7, respectively. The final two outcomes were “increasing participation in wellness and health improvement” at 4.3 and “increasing employee use of tools and information on provider price and quality,” scoring a 4.

As for challenges employers face when providing health coverage, “the unpredictability of healthcare costs” and “motivating employees to accomplish healthier behaviors” were two of the top challenges.

Most Iowa employers - 61 percent - believe that having more insurance companies competing will keep health premiums lower. Interestingly, 80 percent of employers with over 1,000 employees felt more competition is necessary. Asked if hospitals acting as insurance companies would have incentives to control costs, Iowa employers were evenly split, having no clear consensus that this would benefit the marketplace.

“Cost control through additional cost-sharing with employees, having more competition within the marketplace, and driving employee behavioral changes are just a few of the key desires that employers continue to have when offering health coverage,” noted David P. Lind Benchmark President, David Lind.

The *2015 Iowa Employer Benefits Study*[®] was conducted during the spring and summer of 2015. Results are based on 1,001 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., of Ames, 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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