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Iowa Employer Health Insurance Premiums Increasing 8% - Similar to 2015 Costs have Moderated since ACA Took Effect in 2010

DES MOINES, IA (October 10, 2016) – Despite rising health premiums, Iowa employers are asking employees with single (employee-only) and family coverage to contribute about the same as they did in 2015. Remarkably similar to previous studies, Iowa employees with single coverage are paying 17.1 percent of the total health premium (employer and worker contributions combined), while employees with family coverage contribute about 31 percent of the family premium. This is according to the **2016 Iowa Employer Benefits Study**[®], the 18th annual study conducted by [David P. Lind Benchmark](#) of Clive, an employee benefits research firm. One-thousand-twenty-five Iowa employers participated in this year's survey.

The study also found that Iowa employer health insurance premiums increased an average of 8.0 percent from 2015 to 2016. This 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 5.9 percent for single premiums and one-half percent for family premiums. During the similar period, wages for Iowans increased by 3.7% (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 \$6,509 (up 5.9% from 2015) for employee-only coverage and \$15,743 (up 0.5%) for employees who include family members. Since 1999, the year this study began, the single premium has increased by 215 percent while the family premium has increased by 186 percent.
- Employees are asked to contribute \$93 monthly for employee-only coverage, similar to last year. Employees with family members are asked to pay over \$403 a month, a slight decrease compared to last year (\$417). Over the course of 18 years (1999-2016), employee contributions have increased by 151 percent for single coverage and 128 percent for family coverage. In sharp contrast, the Iowa Workforce Development shows the average weekly wage (for all industries) earned in Iowa increased by 46.4 percent between 2000 and 2015. It is important to note that employers continue to pay about 83 percent of the total single-health premium and 69 percent of the family premium - similar to results from past studies.



- The average deductibles that Iowa employees are required to pay in 2016 dropped slightly for single coverage (\$1,627) when compared to last year's average (\$1,662). The 2016 family deductible (\$3,382) remained statistically unchanged from 2015. Despite this glacial change, deductibles since 2004 for both single and family have risen by 188 percent and 185 percent, respectively.
- In the six years (2005-2010) prior to the passage of the Affordable Care Act (ACA) in 2010, family health premiums for Iowa employers have increased by almost 31 percent. Since 2010, family premiums increased by only 18.4 percent during 2011-2016.
- From the 2011 - 2016 post-ACA period, contributions by employees with family coverage have increased by only nine percent, compared to 23.5 percent during the 2005-2010 period.
- The percentage change in family deductibles during the same pre-ACA period was 71 percent (from \$1,547 to \$2,644), compared to the family deductible increase of six percent during the post-ACA period.

As health insurance costs continue to rise, employers contain their health insurance costs by:

- Passing some or all of the increased costs to their employees (51 percent)
- Absorbing the entire cost increase (30 percent)
- Increasing deductibles (23 percent)
- Raising employees' out-of-pocket costs (13 percent)
- Increasing co-payments for office visits (10 percent)
- Changing insurance companies (9 percent)
- Reducing pay raises or bonuses (8.5 percent)
- Offering Consumer-Driven Health Plans (7 percent)
- Increasing prescription drug co-payments (5 percent)
- Hiring fewer new employees (5 percent)
- Beginning wellness program initiatives (2 percent)

When asked about important reasons for changing health plans, Iowa employers felt that reducing long-term health costs and complying with government regulations were equally important when making coverage decisions. In addition, encouraging employees to better understand health costs and to become more engaged when seeking care are also important to employers.

In 2016, 79 percent of all Iowa employers reported offering health coverage, a slight increase from 76 percent in 2015. The most apparent reason for this increase is that more employers with fewer than 50 employees are reportedly offering health insurance to attract and retain employees in a seemingly more competitive employment market.

“Reported premium increases by employers this past year does not appear to have meaningfully impacted employee costs through payroll deductions and through higher deductibles. Based on our recent findings, this one year hiatus from such increases has been beneficial to employee cost-sharing responsibilities. It does appear that post-ACA results show that such costs have only moderately increased when compared to pre-ACA results,” noted David P. Lind Benchmark President, David Lind.



The *2016 Iowa Employer Benefits Study*[®] was conducted during the spring and summer of 2016. Results are based on 1,025 responses from 4,798 randomly selected employers with two or more employees. For the overall sample, the results are accurate to within plus or minus 3.0 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.

To access and download printable supporting slides, please visit:
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