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Iowa Employer Health Insurance Premiums Increase 7.1% Despite Annual Rate Spikes, Iowa Employers not yet at ‘Cost-Shifting Fatigue’

DES MOINES, IA (August 8, 2019) Iowa employer health insurance premiums increased an average of 7.1 percent from 2018 to 2019, according to the *2019 Iowa Employer Benefits Study*[®], the 20th study conducted by [David P. Lind Benchmark](#) of Clive, an employee benefits research firm. The 7.1 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 3.0% (source: Iowa Workforce Development). There were 999 Iowa employers who participated in this year’s survey.

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 \$7,017 (up 2.0% from 2018) for employee-only coverage and \$19,334 (up 10.8% from 2018) for employees who include family members. Since 1999, the year this study began, the single premium has increased by 240 percent while the family premium has increased by 251 percent.

Other findings in the new survey include:

- Iowa employees are asked to contribute about \$109 monthly for employee-only coverage, which is similar to the previous year (\$113). Employees with family members are asked to pay \$483 a month, a 10.3 percent increase compared to 2018 (\$438). Over the course of 20 years (1999-2019), employee contributions have increased by 195 percent for single coverage and 173 percent for family coverage. In sharp contrast, the Iowa Workforce Development shows the average weekly wage (for all industries) earned in Iowa increased by 53.8 percent between 2001 and 2018. It is important to note that employers continue to pay about 80 percent of the total single-health premium and 70 percent of the family premium - similar to results from past studies.
- The average deductible that Iowa employees are required to pay in 2019 for single coverage (\$2,192) is \$292 higher when compared to the 2018 average (\$1,900), representing a 15 percent increase. The 2019 family deductible (\$3,975) is \$76 higher when compared to the 2018 deductible. Deductibles since 2004 for both single and family have risen by 288 percent and 235 percent, respectively.



- In 2019, 75 percent of all Iowa employers reported an increase to their health insurance premium, a similar finding compared to the previous two studies performed in Iowa.
- For the first time in this study’s history, employers were asked to gauge their ‘cost-shifting fatigue.’ On a 10-point scale, where 1 means the employer has a minimum cost-shifting fatigue and 10 means the employer has reached its limit of shifting costs to employees and is now considering to no longer offer health coverage, Iowa employers reported their fatigue level was 3.5 out of 10, which means they are not yet ready to discontinue offering health coverage.

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 (58 percent)
 - Absorbing the entire cost increase (32 percent)
 - Increasing deductibles (19 percent)
 - Raising employees’ out-of-pocket costs (12 percent)
 - Changing insurance companies (11 percent)
 - Increasing co-payments for office visits (7 percent)
 - Offering Consumer-Driven Health Plans (6 percent)
 - Increasing prescription drug co-payments (5 percent)
 - Hiring fewer new employees (5 percent)
 - Reducing pay raises or bonuses (3.6 percent)
 - Beginning wellness program initiatives (3 percent)
 - No longer provide health insurance coverage (0 percent)
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- Iowa employers were also asked if they offer a number of work-life and convenience benefits in their workplace setting, with the top five benefits being: Jury Duty Leave (89.2 percent), Bereavement/Funeral Leave (87.5 percent), Unpaid Leave (83.7 percent), Maternity Leave (72.6 percent), and Personal Days (63.6 percent).

“Similar to prior results, medical costs in Iowa continue to outpace wages, crowding out the ability for employees and their families to save for retirement and/or make purchases of non-medical goods and services.” noted David P. Lind Benchmark President, David Lind.

The **2019 Iowa Employer Benefits Study**[®] was conducted during the winter and spring of 2019. Results are based on 999 responses from 6,140 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 Port Charlotte, FL, 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 by David P. Lind Benchmark. Learn more about **David P. Lind Benchmark** at dplindbenchmark.com.

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