



Q-C employers adjust to rising health insurance costs

22 HOURS AGO • DOUG SCHORPP

Quad-City employers saw their health insurance premiums increase last year an average of 7.9 percent, according to a study conducted on behalf of Benefit Staff of Bettendorf by David P. Lind Benchmark and Data Point Research Inc.

The 2012 Quad-City Employer Benefits Study involved 113 employers. The 7.9 percent increase is an average that factors in responses of no change, an increase or decrease in employer premiums. Eight percent reported that their rates decreased and 13 percent said their rates stayed the same.

Benchmark did a study for the entire state of Iowa. Benefit Staff used some of that data to complete a survey of Quad-City employers.

Benefit Staff is a Bettendorf consulting firm that specializes in employee benefits, advising businesses in areas such as health-care reform, regulations and benefit costs.

The study, conducted last fall, offers results based on 113 responses from 956 randomly selected employers with two or more employees.

In the Benchmark study, employees across Iowa saw their monthly payroll deductions increase by \$12 per month for single coverage and \$18 per month for family coverage. The average represents the increase in premium employers received before making design changes to their medical insurance plans.

The average monthly premium for all types of medical plans offered by Quad-City area employers (HMO, PPO and Consumer Driven Health Plans) was \$405 for employee-only coverage and \$1,042 for family coverage.

The majority of the premium cost is absorbed by the employer. Employers offering single coverage ask employees to pay, on average, 30 percent of the total premium. Employers offering family coverage ask employees to pay 36 percent of the premium on average.

As health insurance costs rise, only 13 percent of employers elected to absorb the entire premium increase. Other employers responded by selecting one or more of the following options:

- # Increasing employee contributions (55 percent)
- # Increasing deductibles (35 percent)
- # Raising out-of-pocket costs for employees (24 percent)
- # Increasing prescription drug co-payments (20 percent)

Changing insurance companies (13 percent)

Despite premium increases, no Quad-City employers involved in the survey reported dropping health insurance coverage in 2012.

“In spite of the rising costs, Quad-City employers are reluctant to drop health benefits due to the impact it could have on their workforce,” said Brad Johnson, a partner in Benefit Staff LLC.

“When all is said and done, the most common way for employers to mitigate cost increases is by asking employees to pay more to participate, either through increased payroll contributions, changes to plan design, or both.”