

US health insurance deductibles rise sharply, far outpacing wage gains

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The steady increase in health insurance deductibles paid by US workers over the last five years is more than six times the average wage increase, according to a new analysis released Tuesday by the Kaiser Family Foundation.

Businesses are steadily raising the amount employees must pay for health care before their coverage kicks in, resulting in workers and the families foregoing medical care because they cannot afford it. The Affordable Care Act (ACA) is a major contributing factor to this phenomenon through its excise tax on “lavish” health plans set to go into effect in 2018.

Kaiser, a health policy research group that tracks employer and other health insurance plans and benefits, calculates that insurance deductibles have risen more than six times faster than workers’ wages since 2010. Four of five workers with employer-sponsored health insurance now pay a deductible.

Both the share of workers with deductibles and the size of those deductibles have increased sharply in the last five years, according to the study. Deductible amounts have risen by an average 67 percent during this same period, while premiums rose a comparatively moderate 24 percent as more employers shifted the cost of health insurance onto workers.

The 67 percent deductible hike has dwarfed the average rise in workers’ wages, which have increased a miserable 10 percent in the wake of the 2008 financial crisis, according to the Kaiser study.

The 17th annual Kaiser/Health Research & Educational Trust analyzed the responses of nearly 2,000 small and large employers on health insurance coverage, costs and deductibles as well as actions businesses have taken in relation to the ACA, popularly known as Obamacare.

Last year, 98 percent of large firms (200 workers or

more) offered insurance coverage compared to 47 percent of the smallest firms (three to nine workers) offering coverage. The 98 percent statistic, however, is deceptive as what constitutes “coverage” is being continually downgraded by the raising of deductibles and other out-of-pocket costs.

The survey found that the average annual premium for single coverage is \$6,251, of which workers pay on average \$1,071. For a family the average premium is \$17,545, with workers contributing on average \$4,955.

In addition to their portion of the premium workers then must cover the deductible, which must be paid before coverage for all but certain “essential” tests and services can begin. One in five workers has a deductible of \$2,000 or more.

The Kaiser survey also provides an early look at employers’ response to the Obamacare tax on higher-cost health plans, often referred to as the “Cadillac tax.” Beginning in 2018 a 40 percent tax will be levied on individual plans with premiums exceeding \$10,200 or family plans costing more than \$27,500.

This tax is one of the key features of Obama’s health care legislation and is aimed at gutting health care for those receiving coverage through their employers, or close to half of the US population.

Fifty-three percent of large employers surveyed have conducted an analysis to determine whether any of their plans exceed the Cadillac tax thresholds, with about one in five in the group saying their plans with the largest enrollment will exceed it. Thirteen percent of large firms offering health benefits say they have already made changes to their plans to avoid stepping over the limit, while 8 percent say they have switched to a lower cost health plan.

“Our survey finds most large employers are already planning for the Cadillac tax, with some already taking

steps to minimize its impact in 2018,” Kaiser study lead author Gary Claxton said in a statement. “Those changes likely will shift costs to workers, but exactly how and how much will vary for individual workers.”

Steps already taken by employers to lower health care costs include eliminating a hospital or a health system from the network on one of their plans (9 percent of firms) and offering a “narrow network” plan, one generally considered more limited than the standard HMO network (7 percent).

The Kaiser study shows that employers are waging a two-pronged attack on employee health benefits. Workers are required to pay steadily rising out-of-pocket expenses in the form of skyrocketing deductibles, while the coverage they are receiving deteriorates. The specific aim of the costs borne by workers is to discourage them from seeking treatment for themselves and family members.

Some of the “creative” solutions encouraged by employers to help workers self-ration care include offering plans with access to a doctor or nurse over the telephone or Skype as an alternative to a trip to the doctor or emergency room. Employers are also offering online tools to show them the cost of a particular test or doctor visit, the distinct possibility being that sticker shock will keep them from seeking treatment.

The shift being effected in employer-sponsored health care is working in tandem with the central component of Obamacare, the “individual mandate.” Under this provision, individuals and families without insurance through an employer or a government program such as Medicare or Medicaid must obtain insurance or pay a tax penalty.

People can shop for insurance from private insurance companies on the health care exchanges set up by the ACA, where some low- and middle-income individuals receive modest subsidies to offset premium prices.

Customers buying coverage on the federal HealthCare.gov and other state exchanges have already discovered that many of the most affordable Bronze plans come with deductibles in excess of \$5,000. Despite these high out-of-pocket costs, private insurers are already seeking and receiving double-digit premium rate hikes from state insurance commissions.

Workers receiving coverage through either their employers or the Obamacare exchanges find themselves in the increasingly untenable position of

trying to cover mounting health care costs for their families while their wages stagnate or decline in real terms.



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