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**Average Annual Premiums for Family Health Benefits Top \$15,000 in 2011, Up 9 Percent, Substantially More than the Growth in Worker's Wages, Benchmark Employer Survey Finds**

*About 2.3 Million Young Adults Added to Parents' Plan As a Result of Health Reform*

*At Small Firms, One in Four Covered Workers Face Annual Deductible of \$2,000 or More*

MENLO PARK, Calif. –After several years of relatively modest premium increases, annual premiums for employer-sponsored family health coverage increased to \$15,073 this year, up 9 percent from last year, according to the Kaiser Family Foundation/Health Research & Educational Trust 2011 Employer Health Benefits Survey released today. On average, workers pay \$4,129 and employers pay \$10,944 toward those annual premiums.

Premiums increased significantly faster than workers' wages (2.1 percent) and general inflation (3.2 percent). Since 2001, family premiums have increased 113 percent, compared with 34 percent for workers' wages and 27 percent for inflation.

“This year's nine percent increase in premiums is especially painful for workers and employers struggling through a weak recovery,” Kaiser President and CEO Drew Altman, Ph.D. said.

According to Maulik Joshi, Dr.P.H., president of HRET and senior vice president for research at the American Hospital Association, “survey findings related to the impact of early provisions in health reform provide valuable insight for employers, providers, consumers, and policymakers as they prepare for additional provisions to take effect by 2014.”

The 13<sup>th</sup> annual Kaiser/HRET survey of small and large employers provides a detailed picture of trends in private health insurance costs and coverage. This year's survey also looked at employers' experiences with several already implemented provisions of the 2010 health reform law affecting employer coverage.

In particular, the survey estimates that employers added 2.3 million young adults to their parents' family health insurance policies as a result of the health reform provision that allows young adults

up to age 26 without employer coverage on their own to be covered as dependents on their parents' plan. Young adults historically are more likely to be uninsured than any other age group.

“The law is helping millions of young adults to obtain health coverage. In the past, many of these young adults would have lost coverage when they left home or graduated college,” said study lead author Gary Claxton, a Kaiser vice president and co-executive director of the Kaiser Initiative on Health Reform and Private Insurance.

The study also finds 31 percent of covered workers are in high-deductible health plans, facing deductibles for single coverage of at least \$1,000, including 12 percent facing deductibles of at least \$2,000. Covered workers in smaller firms (3-199 workers) are more likely to face such high deductibles, with half of workers in smaller firms facing deductibles of at least \$1,000, including 28 percent facing deductibles of \$2,000 or more.

These numbers in part reflect the rise of consumer-driven plans, which are high-deductible plans that include a tax-preferred savings options such as a Health Savings Account or Health Reimbursement Arrangement. Over the past two years, more firms have started to offer these plans, and the share of covered workers enrolled in this type of plan has doubled, from 8 percent in 2009 to 17 percent in 2011. Plans that can be used with a Health Savings Account have lower premiums than other plan types, but must have annual deductibles of at least \$1,200 for an individual and \$2,400 for a family this year.

### **Other Findings Related to Health Reform**

The survey finds that 56 percent of covered workers are in “grandfathered” plans as defined under health reform. Grandfathered plans are exempted from some health reform requirements, including covering preventive benefits with no cost sharing and having an external appeals process. To obtain this status, employers cannot make significant changes to their plans that reduce benefits or increase employee cost.

One in four covered workers (23 percent) are in plans that changed their cost-sharing requirements for preventive services as a result of a requirement of the health reform law that non-grandfathered plans provide certain preventive benefits without cost sharing. In addition, 31 percent of covered workers are in plans that changed the list of preventive services due to health reform.

Other findings from the study include:

- **Worker-only coverage.** Premiums for worker-only health coverage increased 8 percent in 2011 to reach \$5,429 annually. Workers on average pay \$921 toward this coverage.
- **Offer rate.** The share of firms offering health insurance to their workers is 60 percent this year, comparable to the levels in 2009 and earlier years. Last year's survey found an

unexplained sharp increase in the share of the smallest firms (3-9 workers) offering coverage, boosting the overall offer rate; this year's results suggest that the one-year bump did not reflect a change in the long-term trend.

- **Cost-sharing for office visits and drugs.** Covered workers facing copayments for in-network physician office visits on average pay \$22 for primary care and \$32 for specialty care. For covered workers with three- and four-tier drug plans, average copayments are \$10 for generic drugs, \$29 for preferred brand-name drugs, \$49 for non-preferred brand-name drugs, and \$91 for specialty drugs.
- **Retiree health benefits.** Among large firms (200 or more workers), about one in four (26 percent) offer retiree health benefits in 2011, unchanged from last year and down significantly from 32 percent in 2007.

Full survey results will be available online today at <http://ehbs.kff.org>.

Now in its 13<sup>th</sup> year, the survey is a joint project of the Kaiser Family Foundation and the Health Research & Educational Trust. The survey was conducted between January and May of 2011 and included 3,184 randomly selected, non-federal public and private firms with three or more employees (2,088 of which responded to the full survey and 1,096 of which responded to a single question about offering coverage). A research team at Kaiser and HRET conducted and analyzed the survey, led by Kaiser's Gary Claxton and including researchers at the NORC at the University of Chicago (working on the project under contract to HRET). For more information on the survey methodology, please visit the Survey Design and Methods Section at <http://ehbs.kff.org>.

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*The Kaiser Family Foundation, a leader in health policy analysis, health journalism and communication, is dedicated to filling the need for trusted, independent information on the biggest health issues facing our nation and its people. The Foundation is a non-profit private operating foundation, based in Menlo Park, California.*

*Founded in 1944, the Health Research & Educational Trust (HRET) is a private, not-for-profit organization involved in research, education, and demonstration programs addressing health management and policy issues. An affiliate of the American Hospital Association (AHA), HRET collaborates with health care, government, academic, business, and community organizations across the United States to conduct research and disseminate findings that shape the future of health care. For more information about HRET, visit [www.hret.org](http://www.hret.org).*