

Employee health-insurance costs going up in 2009

by Tampa-Bay-Biz-Journal

North Carolina companies expect the cost of providing health insurance for employees will again increase in 2009. And most expect those employees to help pick up more of the tab next year.

The anticipated cost hikes and likely reaction were revealed last month in consulting firm Mercer's National Survey of Employer-Sponsored Health Plans. N.C. employers anticipate health benefits costs will climb 7.1% in 2009 if they don't change their offerings.

Half of employers surveyed intend to pass more costs to employees, including 40% that plan to raise workers' share of premium costs. The average employee will see payroll deductions for premiums climb between 5% and 7%.

Additionally, more than one-third of employers intend to shift costs to employees by raising deductibles, copays/coinsurance or out-of-pocket maximums.

"I think employers will try to provide an affordable option," says Steve Graybill, Mercer principal in Charlotte. "I think that what may end up happening is when folks go to access services, they may have to pay more out of their pocket."

Mercer surveyed 92 companies in North Carolina as part of the national study that was completed this summer. Employers have consistently seen premiums rise about 6% annually since 2005. The median deductible for preferred-provider plans is \$1,000, up from \$250 in 2000.

Companies still need to offer health insurance as part of benefits package to be competitive, says Cathy Graham, director of benefit services for The Employers Association, an 825-member human-resources advisory group. High-deductible plans allow employers to offer a more affordable option, she says.

Aetna Inc., one of the state's largest health insurers, expects premium costs will rise between 10% and 13% next year on average. Aetna has 300,000 members in North Carolina, the majority of which are in preferred-provider plans. Employers are raising deductibles on traditional plans and more are beginning to offer high-deductible plans as an option, says Brian Shields, vice president of sales for Aetna in North Carolina. "It really is a process of educating and getting people to start thinking a little bit differently about how they utilize their care and cost components."

Employers are also encouraging participation in wellness and other health-care related initiatives to combat the effects of chronic diseases, such as diabetes, says Charles Pitts, president and general manager of Cigna HealthCare-Carolinas. About 10% of the 450,000 members Cigna covers in North Carolina have consumer-directed plans. A 2007 survey by the health insurer found members saved 12% on health-care costs the first year of participation when compared to more traditional plans.

Blue Cross and Blue Shield of North Carolina has seen membership in its health-savings account plan double over the past year to 79,000, says spokesman Mark Stinneford. Those accounts allow consumers to save money to pay for health-related costs and are commonly linked to high-deductible plans.

He says preferred-provider plans still make up nearly 90% of the insurer's 3.7 million customers, most of whom are in North Carolina.

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