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Health care costs concern business owners

Survey shows uncertainty affecting employers' decisions

By Victor Epstein

Health care costs are the top factor affecting business decisions ahead of a presidential election that features very different visions for reform, according to a survey released today by the Principal Financial Group.

Fifty-seven percent of respondents in the Principal survey said health care concerns were affecting their business decisions, with 54 percent citing the economy. The Des Moines-based financial services company hired Harris Interactive to survey 604 small- and midsize-business owners in August.

Other issues of concern were taxes, which were cited by 45 percent of respondents; gas prices, which were cited by 43 percent; unemployment, 37 percent; and inflation, 36 percent.

President Barack Obama signed the Patient Protection and Affordable Care Act, commonly known as "Obamacare," in 2010 in a bid to reduce the number of uninsured Americans and to limit costs. Republican challenger Mitt Romney has vowed to repeal the law, which requires health insurers to cover all applicants.

The problem for many employers is one of uncertainty as they try to determine where and how to put their money to work, said Amy Friedrich, a vice president in Principal's specialty benefits division. Two-thirds of the 604 employers said they were holding off on making long-term financial commitments.

"A lot of employers provide health care coverage to their employees, and the election is going to help them understand what they need to do about it," Friedrich said.

Twenty-four percent of employers in the Principal survey said understanding the impact of health care reform on their business was their top concern for the well-being of their business in the upcoming year. Another 24 percent cited managing their health care costs and administrative responsibilities as their biggest worry.

Employer health care premiums have more than doubled in the past decade, according to David P. Lind Benchmark, an employee benefits research firm in Clive.

The Principal Financial Well-Being Index: Business Owners survey found that employers had money to put to work. Forty-two percent indicated they intend to add staff in the next year, and 31 percent said they planned to expand their U.S. business operations.

Many employers are turning to wellness programs to dampen health care costs and encourage healthy lifestyle choices by their workers, such as staying in shape, and to discourage unhealthy choices, such as smoking. Sixty-four percent of those surveyed said that they offered a wellness benefit.

Average premiums for single coverage have surged 164 percent to \$5,456 in Iowa since 1999 and

are up 156 percent to \$5,615 at the national level, according to a survey this year by David P. Lind Benchmark. Average annual premiums for family coverage have surged 146 percent to \$13,557 in Iowa since 1999 and are up 172 percent to \$15,745 at the national level.
