

Iowa employers' health insurance costs jump 7.7 percent

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Iowa employers continue to face rising health insurance premiums, but few have been dissuaded from offering the benefit, a new survey shows.

On average, Iowa employers faced 7.7 percent price increases for 2015 health insurance coverage for their workers, according to the study from the David P. Lind Benchmark research firm. Just 1 percent of employers said they dropped coverage this year. Most of those were companies with fewer than 10 employees.

David Lind, owner of the Clive firm that does the annual study, noted that many employers were able to tamp down the increased premiums by altering the insurance policies they purchase. For example, many continued to increase the deductible amounts employees must pay toward their medical bills before the insurance kicks in. For single coverage, the average annual deductible rose 18 percent to \$1,662. For family coverage, the average annual deductible rose 12 percent to \$3,381.

Although this year's price increases were a bit higher than 2014's 6.8 percent, they were significantly lower than what Iowa employers faced a decade or more ago. For example, in 2002, Iowa employers faced an average premium increase of nearly 19 percent, Lind's survey shows.

More than half of Iowans obtain health insurance via an employer. The rest get it from a public program, such as Medicare or Medicaid, buy their own coverage or go uninsured.

Lind's survey of 1,001 employers is considered one of the best measures of health insurance issues facing Iowa companies.

Small employers are not required to provide health insurance under the federal Affordable Care Act. Because of a quirk in the law, some workers could be better off if their small employers drop coverage. That's because many moderate-income Americans can qualify for federal subsidies to help pay for policies they buy on their own — but such subsidies aren't available to most people whose employers offer coverage.

That fact, combined with rising premiums, could encourage some small employers to drop coverage, Lind said in an interview. “They might say, ‘You know what? Enough is enough. We’re just going to have the employees go out and shop on the public exchange.’”

However, Lind found few employers who have made that choice. The 1 percent of employers dropping coverage this year conflicts a bit with the percent of employers who said they offered coverage — which dropped from 81 percent to 76 percent, the survey found. In explanation of the contradiction, Lind noted the findings have a 3.1 percent margin of error. He added that small employers, who account for most of the variation, are the hardest to study over time. That’s partly because many of them start new businesses or fold from year to year.

Michael Ralston, president of the Iowa Association of Business and Industry, said he wasn’t surprised to hear that few employers are dropping health insurance coverage. His members’ main concern is their struggle to find and retain qualified workers, he said. Dropping insurance would make that worse.

“If you’re an employer, and you want to keep good people, boy, you need to provide good benefits,” he said.

Ralston said he heard more complaints about insurance costs years ago, when employers’ health insurance prices were rising at more than double the current clip. He still hears grumbling about the complex requirements of the Affordable Care Act, but not as often as in the years after it passed in 2010.

“I don’t hear the panic that we did in the beginning,” he said.

One of the study’s most striking findings was that employees who want single coverage were asked to pay 22 percent higher premiums this year than last year. For those people, the average premium is now \$93. The average employee’s premium for family coverage climbed less than 6 percent, to \$417 monthly.

Lind pointed out that since he began the survey in 1999, employee contributions to their health insurance have risen 140 percent for single coverage and 132 percent for family coverage. That’s roughly triple the increase in Iowans’ average incomes, he said.

Although employees are paying more toward their health insurance, they still pay less than half the cost. Employers pay an average of 82 percent of the premiums for single coverage and 68 percent of the premiums for family coverage, Lind found. The average total premium is \$6,143 for single coverage and \$15,668 for family coverage.

Under the federal Affordable Care Act, employers with more than 100 full-time workers are required to offer health insurance or pay a penalty this year. Almost all large Iowa employers already did so before the law took effect. Lind’s survey found that 97 percent of employers with 101 to 200 workers offer coverage this year, and 98 percent of companies with more than 200 workers did so. Next year, employers with more than 50 employees will face the requirement.

But among Iowa companies with 51 to 100 workers, 94 percent already offer coverage, Lind's study found.

Smaller Iowa employers are less likely to offer health insurance. Among those with 2 to 10 workers, about 52 percent offered coverage this year.

Employers that small are not required to offer health insurance, although the Affordable Care Act offers subsidies to encourage them to do so.

<http://www.desmoinesregister.com/story/news/health/2015/09/07/iowa-employers-health-insurance-costs-jump-77-percent/71637712/>