
Employer-based Health Insurance Premiums Outpace Income

April, 2008

Compiled from information provided by the Robert Wood Johnson Foundation, State Health Access Data Assistance Center, & the National Coalition on Health Care

According to an analysis of government statistics released by the Robert Wood Johnson Foundation (RWJF), employer-based health insurance premiums have skyrocketed at a pace that far exceeds the rate of American wage increases since 2000. The study reveals employees family health coverage went up by 30 percent from 2001 to 2005, while incomes rose by just 3 percent.

According to Michael Berman, a RWJF spokesman, insurance premium costs are going up ten times faster than people's incomes all across the country. The state-by-state analysis of coverage costs relative to income from the State Health Access Data Assistance Center (SHADAC) was aimed at highlighting what we already know: it's getting harder and harder to afford health insurance in America. RWJF estimates that currently 47 million Americans are uninsured, of whom almost 9 million are children.

National health-care costs are estimated to have risen by 6.9 percent in 2007 -- or two times the rate of inflation, according to the nonprofit National Coalition on Health Care (NCHC). NCHC also indicates that in 2007, employer health insurance premiums also rose at twice the rate of inflation -- by 6.1 percent.

According to the report, employees with health coverage carry a 24 percent burden of the full cost. In total, the average employee must now shell out \$2,585 for family coverage, with Oklahoma, Idaho, Texas, Oregon and Pennsylvania showing higher-than-average premium increases.

Employers have seen their share per family policy rise 28 percent. The result: 30,000 fewer employers offered their workers health coverage in 2005 than in 2001, translating into more than 4 million fewer private-sector workers with jobs that offer health benefits.

Berman states that employers and employees are paying more and acknowledges that with one in six Americans uninsured, it places a greater burden on all of us.