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Health plan costs to rise 6% in 2010

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Health care costs will continue to increase in 2010 as workers throughout Greater Cincinnati and Northern Kentucky can expect to pay an average \$2,211 in premiums and \$2,430 in co-payments.

Combined, that's \$411 more in total health care costs for the average worker than last year, according to a new study from Hewitt Associates, a consulting firm that also helps companies manage their health-care plans. It also is about \$600 more than the national average.

Hundreds of thousands of workers at companies throughout the region will face those costs head-on during the next month as they start to sign up for 2010 health benefits through their employers.

Hewitt projects total health care costs for workers here, combining company and individual payments, will increase 5.9 percent compared to 2009. That's about the average increase of the last five years after routine increases of 15 percent or more earlier in the decade.

Another consultant, PricewaterhouseCoopers, says 42 percent of employers plan to reduce company contributions to the benefit plan in 2010.

Those increasing health care costs are consistently cited by small-business owners as among the biggest problems they face and are helping to drive the national momentum toward reform of the \$2.24 trillion industry.

The pressure is most intense on the smallest companies where a smaller pool of employees means more risk and potentially higher premiums.

At STK Industries, which operates 13 Bagel Stop and Straus stores, mostly in downtown Cincinnati, President Gary Fisher faced a 25 percent increase to renew benefits for only about 10 workers on the plan, several of them part-timers.

The company paid about \$32,000 in premiums last with employees paying nearly the same amount.

Then last week, Fisher got a letter from his insurer dropping his company from coverage as of Oct. 31 because not enough workers participate. He's still searching for coverage and unsure if he'll be able to offer benefits next year.

"They treat my company like a drunken teenage driver," Fisher said. "That's how they rate my company."

The total premium for one employee insuring his entire family, counting the company portion, would have increased \$300 per month to about \$1,500, while costs for a woman insuring only herself would have jumped \$91 per month to \$496, Fisher said.

Even for companies with full coverage, workers should expect more pressure from their employers to lose weight and quit smoking. The companies looking to cut costs most aggressively could impose higher premiums for those with high blood pressure or high cholesterol levels, said Sandy Chochola, a principal in the Health Management Practice at Hewitt.

By keeping employees healthy, those plans can start cutting costs within five years, she said.

"I think we've really only scratched the surface in what's possible with wellness programs," Chochola

said. "At the same time they're putting those penalties in their programs, they're hopefully putting in support programs as well."

Most companies in this region have instituted wellness programs to try to shave health-care costs, offering employees incentives to exercise regularly or take health screenings.

Most also charge higher premiums for workers who smoke and some have started refusing to hire smokers.

For workers whose employer might not offer benefits, one option is searching on the Internet for an individual policy. One vendor, California-based eHealthInsurance.com, says a typical head of household in Ohio can save as much as \$100 a month by choosing the single policy at work and then buying coverage for a spouse and children on the Web.

But many of those plans will exclude people with pre-existing conditions.

"If you're healthy you can save a tremendous amount of money," said Sam Gibbs, senior vice president at the company. "You can pick and choose plans that match your needs. If you're a 22-year-old man, you don't need a plan with a maternity benefit in it."

Additional Facts

Average employee premium contribution

2010: \$2,211 (projected)

2009: \$2,006

2008: \$1,939

2007: \$1,634

2006: \$1,422

2005: \$1,212

2004: \$1,078

2003: \$807

2002: \$693

Source: Hewitt Associates.

Data for average worker in Greater Cincinnati and Northern Kentucky.
