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BUSINESS DAY

Workers Pay More
Finds

By REED ABELSON SEPT. 14, 2016

State health insurance exchanges created under the new health care law are in turmoil. By contrast, the employer market — where the majority of Americans still get their coverage — seems like a bastion of stability.

An analysis by the Kaiser Family Foundation released on Wednesday shows that the share of employers offering coverage remained steady this year, and that the cost of premiums for health plans remained largely unchanged.

“We see historic moderation in premiums and health spending and costs,” said Drew Altman, the chief executive of the Kaiser foundation, a nonprofit in Menlo Park, Calif., that closely tracks the health insurance markets.

But underneath some of those figures, some important changes are underway. The biggest shift is that workers continue to pay an ever-greater share of their medical bills, a trend for several years now. That is why Mr. Altman said that despite the overall moderation in costs, “it doesn’t feel that way to average people.”

Kaiser’s annual survey of employer health benefits represents a yearly snapshot of the coverage companies offer their workers, and highlights from the survey are being published online in Health Affairs, an academic journal. About 150 million people are covered by an employer, a much larger group than the 11 million or so who buy coverage on the exchanges created under the federal health care law. On Tuesday, the Census Bureau reported that the percentage of uninsured Americans fell last year, to 9.1 percent, in part because of the strength of the employer market.

The latest survey helps shed some light on the quickly evolving insurance industry. Here are a few highlights.

Slow Rise in Premiums

Annual family premiums rose an average of 3 percent, about in line with the average increase in workers’ wages, to $18,142 a year, according to Kaiser, which surveyed more than 1,900 employers.

This continued a significant slowdown in price increases. In the period since 2011, the premiums for plans covering a family rose 20 percent, compared with 31 percent from 2006 to 2011, and a 63 percent increase from 2001 to 2006.

How long will this last? Mr. Altman says he is doubtful that the reprieve from sharply rising costs is permanent and that he thinks rates will go up again, especially if the economy heats up. “I don’t think we’re living in a new world,” he said.

Exactly why the increases have been so modest in recent years is up for debate. The Obama administration argues that some measures in the federal health care law have helped slow the rise in health care costs. Some other experts tend to point to the lingering effects of a sluggish economy as well as the push by employers to shift more costs onto workers.

Increasing Deductibles

While employer-sponsored plans typically have much lower deductibles than the most popular plans found on the exchanges, more employees have deductibles, and those deductibles are increasing.

Over all, employees have deductibles that are about 50 percent higher than they were five years ago. Four out of five covered employees pay a deductible, which averages about $1,500 each, Kaiser found. Employees who get insurance through a smaller company have deductibles that now average $2,100.

Workers are also paying a greater share of the premiums, contributing $5,277 annually toward a family plan, nearly a third of the total cost.

The move by employers and insurers to push more health costs onto workers is significant, said Mr. Altman, who describes it as a stealth move to "skimpier insurance." Proponents of higher cost sharing say that asking people to pay more of their medical bills causes them to be more discriminating about what health care they use.

Networks Shrinking

Remember the days of being able to go to any doctor or hospital of your choice? Many employers still choose plans that let workers visit a doctor out of network, although employees are paying increasingly more for the privilege.

But more companies are opting for less choice for their employees. This year, slightly fewer than half of workers are enrolled in so-called preferred provider organization plans, or P.P.O.s, compared with 58 percent in 2014. While you pay more when you go outside the plan's network, you are still covered if you go to a doctor or hospital that does not belong.

Employers started turning to these plans in the 1990s, when resistance to health maintenance organizations, or H.M.O.s, grew. Employers and insurers tend to favor more restrictive plans because they usually contain costs better.

The tide may be reversing somewhat. The H.M.O. has been rethought in new forms that are without some of the drawbacks of the old-style health maintenance organizations, like requiring people to get permission to go to a specialist.

As a result, some employers are dropping P.P.O.s in favor of the more restrictive plans, Mr. Altman said. "We're beginning to see that reverse," he said.

The trend toward narrower networks is also seen in plans offered on the exchanges, where the McKinsey Center for U.S. Health System Reform recently estimated that two-thirds were H.M.O.s offering a sharply limited choice of doctors and hospitals this year.

Employers Staying Put

The recent Kaiser survey also emphasizes the endurance of the employer market, despite earlier predictions that the health care law would usher in its demise. Most companies are still offering health benefits to their employees, with the percentage virtually unchanged from last year at 56 percent.

"We're just not seeing a big impact on employers," Mr. Altman said.

There is also little proof that companies are cutting workers' hours to avoid the law's requirement that they offer full-time workers health insurance. Employers with at least 50 full-time workers are required to offer benefits or pay a penalty. More than 90 percent of companies with at least 50 workers are offering coverage.

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