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Healthcare Costs Rising in Midwest in Conjunction with Increasing Deductibles

Average increase in deductibles across health plans is 18 percent

[CINCINNATI, OH – July 26, 2011] Employers Resource Association (ERA), a Cincinnati-based organization specializing in human resources consulting, training, development, legal updates, news and information, announced the results of its 2011 Health and Welfare Benefits Survey today. The annual survey revealed healthcare costs continue to rise in the Midwest, and at a greater rate than in previous years. More than 75 percent of the local employers surveyed experienced an increase in their healthcare costs including 22 percent of respondents that saw an increase of more than 12 percent, a higher rate than in previous years. Also, deductibles rose, on average, by 18 percent from 2010 to 2011 across all health plans.

The 2011 Health and Welfare Benefits Survey was conducted during April and May of 2011. It contains data from 201 ERA member companies, ranging in size from fewer than 50 employees to more than 1,000, who provided data on over 245 health plans.

“Many HR professionals in the Midwest are now reviewing policy proposals from health insurers for the 2012 calendar year,” said Doug Matthews, survey manager for ERA. “This 2011 survey provides local benchmarks and data that HR and benefits managers may utilize in evaluating new policies. With the political uncertainty surrounding health care reform and the Patient Protection and Affordable Care Act (PPACA) legislation, companies are reluctant to make major changes in their policies, despite dramatic increases in costs.”

The health plans included in the survey data represent a full spectrum of industries, including manufacturing (31 percent), non-profit (14 percent), service/financial (14 percent), wholesale/distribution/retail (12 percent), health (5 percent), construction (5 percent) and other (17 percent).

The most popular health plan offered by employers in the Midwest is the Preferred Provider Organization or PPO (67.6 percent). The PPO is followed by High Deductible Health Plans (HDHP) (40.6 percent), Point of Sale (POS) (8.8 percent) and HMO (3 percent).

The survey found that deductibles are continuing to rise across all traditional medical plans. Compared to the 2010 Survey, deductibles rose 21 percent for single coverage (\$1,011), 21.5 percent for employee plus 1 coverage (\$2,184), 13 percent for employee and children (\$2,308) and 17.1 percent for family coverage (\$2,395).

HDHP deductibles continue to rise and are at an all-time high of \$5,381 for family coverage, \$5,063 for employee plus children, \$4,996 for employee plus one coverage and single coverage at \$2,606. Of the survey respondents, 53 percent indicated that they have implemented an HDHP or other consumer driven health plan, 10 percent plan to in the future and 37 percent said they are not considering offering an HDHP plan.

Of the companies that have implemented an HDHP, 76 percent said it was in order to contain costs, 64 percent said it was done to encourage consumer driven healthcare, 44 percent answered that it provides more cost-effective alternatives for healthy employees and 4 percent stated other reasons.

A range of companies participated in the survey. 11 percent have more than 500 employees, 24 percent have less than 50 employees, 22 percent have between 50 and 100 employees and 43 percent have 100 – 500 employees.

About Employers Resource Association

ERA's team of human resources experts and specialists work with a membership of more than 1,300 companies in Ohio, Kentucky and Indiana on all manner of HR issues. From traditional concerns – such as compensation, hiring/firing, performance appraisals and employee relations – to tougher challenges like Affirmative Action Plan audits, sexual harassment and social media policies in the workplace, ERA helps companies of all sizes with offices in Cincinnati and Columbus. For more information, visit www.hrxperts.org or call 888.237.9554.

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