

Survey: Health insurance premium increases moderate, wellness grows

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By **Mark Sanchez | Business Review West Michigan**

The cost of a family health plan surpassed \$1,000 per month this year, even as annual premium increases moderated after a large increase the prior year, according to new survey data.

Monthly premiums for a family health plan grew to an average \$1,007 for 2011, an increase of 2.4 percent from 2010. Premiums for a two-person plan increased an average of 4.7 percent to \$799 per month and decreased by 2.9 percent to \$360 for an individual health policies, according to the annual cost survey conducted by The Employers' Association and Alliance for Health in Grand Rapids.

Average cost changes are across all products lines — HMOs, PPOs and point-of-service plans — and reflect the premiums after employers altered benefit packages with their 2011 policy renewals. Actual premium increases may vary widely from the average, depending on the kind of adjustments employers made in their benefit packages, if any.

The increases for 2011 compare with premium hikes in 2010 that averaged 16.1 percent for a family plan, 9.9 percent for a two-person plan and 15.9 percent for a one-person policy.

Changes in benefit packages — with more high-deductible plans in place, plus increased co-pays and more employees sharing the cost of premiums — could partly account for the moderating increases, Alliance for Health President Lody Zwarenstejn said.

"The amount paid may be different, but the amount (of coverage) purchased may be different, too," Zwarenstejn said.

Among the changes employers continue to make — as they have for many years — is requiring employees to pay a higher share of the premium. The percentage of the employee contribution to the premium increased to 27 percent in 2011 from 24 percent in 2010 for both family two-person plans.

The moderation in premium increases in West Michigan follows national trends. Thomson Reuters in late July reported that health care inflation in the U.S. ran at an annualized rate of 3.8 percent for the first quarter, versus 6.3 percent in the same period of 2010.

Blue Cross Blue Shield of Michigan and its HMO subsidiary, Blue Care Network, recently said premium increases averaged 7.4 percent for fourth-quarter group policy renewals, which compares with 13.1 percent a year ago and represents the smallest increase in six years.

Maggie McPhee, director of information services at The Employers' Association, also credits the growth in wellness with contributing to moderating premium increases.

The 2011 cost survey shows 40 percent of responding employers report they have some form of a wellness program, up from 33 percent in 2010.

A growing number of employers have incorporated wellness programs into their health plans to improve employee health and curtail rising medical claims the drive up premiums, though return on investment is tough to gauge and it takes three to five years of tracking, McPhee said.

Health plans are also offering more products and incentives for wellness participation today, she said.