



***Dear Clients and Friends,***

There is both good news and bad news in the latest Kaiser Family Foundation Employer Health Benefits survey.

The good news is that 160 million Americans get health insurance coverage as a benefit of their employment. And, the average percentage of premium that employees paid has also remained relatively constant.

More good news is that employers can take steps to keep costs from spiraling further out

of control. High deductible health plans are showing savings for employers - even when the employer contributes to the Health Savings Account or the Health Reimbursement Account.

The worst news is that the percentage of all firms offering health benefits to employees has decreased to 60%. This is down 9% in just five years.

*Sincerely yours,  
Jim Lill, President*

## **Employee Benefit Survey**

Three of every five non-elderly Americans are covered by employer-sponsored health insurance according to a new survey by the Kaiser Family Foundation. But, coverage comes at an ever increasing cost.

The rate of growth of health insurance premiums was 9.2% in 2005. While this was a decrease from 2004, it still outstrips the rate of inflation (3.5%) and wage gains (2.7%). In fact, the survey notes that premiums for family coverage have increased by 74% since 2000 while inflation growth was only 14%.

More employers are turning to high deductible health plans to reduce premiums and increase the awareness of employees to health care spending. High deductible health plans, those with at least a \$1,000 deductible for single coverage and \$2,000 per family, are offered by 20% of firms. Larger employers are embracing these plans at a faster pace than

smaller firms. One-third of employers with 5,000 or more workers offer these high deductible plans. Roughly one in five employers of other sizes offers a high deductible plan.

Average annual premiums across all employers and plan types for single coverage are \$4,024. Family coverage averages \$10,880. Qualified high deductible health plans with a health savings account (HSA) are considerably cheaper. Total annual spending for these plans - total premium plus the firm's contribution to the HSA - averages \$3,280 for single and \$9,001 for a family.

The average percentage of premiums paid by employees continues to hold firm. Measuring from 1988 to 2005, the average percentage paid by employees has hovered at 16% for single coverage and 26% for family coverage.

***Ask us about free COBRA and FSA administration!***

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