

Utah sees health coverage from employers drop 8.8%

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The number of companies and nonprofit organizations in Utah that offer health insurance to their employees dropped 8.8 percent from 2001 to 2005 — a rate that's 11 times the national decrease of 0.8 percent, according to a report released today.

The report by the Robert Wood Johnson Foundation is based on research from the University of Minnesota, with data from the U.S. Census Bureau and the Medicare Expenditure Panel Survey.

The report noted the ongoing increases in the costs for companies to provide health insurance to employees and their families. In 2001, the average Utah family premium at private-sector establishments with health insurance was \$8,460. By 2005, it had increased 21.5 percent, to \$10,282. Nationally, the increase was steeper, at 29.6 percent. The national average family premium in 2001 was \$8,281 and in 2005, it was \$10,728.

In 2001, 25,321 Utah companies offered health insurance to their employees. In 2005, the number was down to 23,093 companies.

The companies in Utah that dropped health insurance benefits were likely small businesses, said Judi Hilman, executive director of the Utah Health Policy Project.

"It's of course deeply troubling but not surprising, given the preponderance of small businesses in Utah," Hilman said. "Our economic growth is driven by small businesses. It's a wonderful thing, but not a good thing when it comes to providing coverage."

Small businesses struggle to pay their employees' health insurance premiums, because the companies don't benefit from the economies of scale that larger businesses have. If a small business, for instance, hires an employee with high cancer risk, the premiums for the whole company could increase to an unaffordable rate.

Five years ago, insurance agent Curtis Arrington of Payson stopped buying health insurance for himself and his family because his wife went to work for a large employer and he was able to get coverage through her insurance plan. When Arrington was self-insured, he had a \$1,000 monthly premium and a \$2,500 deductible. He's paying less than half that through his wife's insurance.

Arrington has been self-employed for 34 years in insurance and construction and says it's hard to find affordable coverage. If an employee has a health issue, the employee and his family are excluded from the group plan.

Arrington recalls a secretary who was unable to get insurance because of diabetes. "We eventually got (health coverage) through a state program," he said.

Utah trumped the national average in the percentage of premiums that employees contributed to their insurance. Utahns paid 23.1 percent of their health-care costs in 2001. In 2005, they paid 25.1 percent, an increase of 8.7 percent.

Nationally, the increase was 3.9 percent, with employees contributing 23.2 percent in 2001 and 24.1 percent in 2005.

When families are asked to pay more of their premiums, "they do without other important things," Hilman said.

To slice down costs of insurance premiums, companies are cutting back on the services covered in policies, Hilman said.

"As a long-term solution for managing costs it's probably unwise, when you have to pay a higher deductible, you end up delaying care that might otherwise be cost-effective care."

Hilman says that the size of groups covered by an insurance plan will need to expand if the government decides to reform health care through the private sector.

"If you look at the states reforming health care like Massachusetts, one of the big changes made is they said, 'We manage risk as one entire community, so all of the risk of illness is spread among the entire population,'" Hilman said. "That's what you have to do to really get underneath the challenges of cost." In Utah, where the majority of the population is healthy children, a health-care policy of grouping the entire population together would be fairly easy and inexpensive, she said.

"The original purpose of insurance, let's not forget, is to share risk and cost," she said. "We need to get back to that very simple concept."

The Utah Legislature this past winter charged a task force with proposing legislation by November to reform Utah's health-care system, for consideration during the next legislative session.