

## The Washington Post

# Employers plan to shift more health-care costs to workers, survey reports

By David S. Hilzenrath  
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Most big employers plan to shift a larger share of health-care costs to their workers next year, according to a survey released Thursday.

Many say they may charge more to cover spouses, tighten eligibility standards for their health plans and dispense financial rewards or penalties based on the results of certain lab tests. At some companies, overweight employees could be excluded from the most desirable plans.

Meanwhile, employees at many companies can expect significantly higher premiums, deductibles and co-payments, according to the annual survey by the National Business Group on Health, a coalition of big employers, and Towers Watson, a consulting firm that advises companies on employee benefits.

"This shows that the constant, unrelenting increases in health-care costs are going to cost employees and their families more and more," said Helen Darling, president of the business group. Faced with rapidly rising medical expenses, "employers are going to have to do something," she said.


People who work for large corporations

have some of the most stable and comprehensive medical coverage in the nation. They are insulated from insurance industry practices at the heart of the Washington health-care debate, such as having their policies rescinded after getting sick or being denied coverage based on preexisting conditions. However, the new survey is a reminder that even people who are satisfied with their insurance plans cannot count on a continuation of the status quo.

With or without reform, coverage at big corporations is likely to become less affordable, and it could become more restrictive.

The survey, which involved 507 employers with at least 1,000 employees each, was conducted in November, December and January.

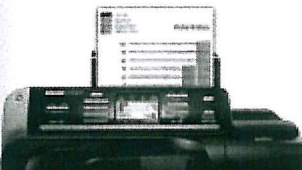
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It found anxiety among employers about the government's plans to revamp the health-care system. Although the substance of the pending legislation has been a moving target, more than two-thirds of those surveyed said they expected it to make their plans more costly; 2 percent said the opposite. Twenty-seven percent of firms predicted it would prompt them to make coverage less generous, while 14 percent said it would make them more generous.

Darling's view of the legislation, though, is that it would do "very little" to affect large employers and that it should do more to help control the cost of corporate health benefits.

Meanwhile, employers continue to take matters into their own hands. Fifty-six percent plan to hold employees responsible for a larger share of the costs next year, the survey found.

Towers Watson consultant Ted Nussbaum said he doubts employers will follow through on that prediction.

One of the survey's more surprising findings is that, during economic hard times, the share of premiums borne by employees at big companies has not risen more. On average, employees are paying 21 percent of total premiums this year, up from 20 percent last year, Nussbaum

noted.

He predicts that employers will use other approaches.

So-called spousal surcharges impose a fee if an employee's spouse enrolls in the company plan, despite having the option of getting coverage through his or her own job. The theory is that spouses who take advantage of the company plan are likely to be heavier consumers of health care. Twenty-eight percent of employers plan to use spousal surcharges next year, up from 21 percent this year, the survey found.

Although only 3 or 4 percent of employers give employees financial incentives to meet targets for blood pressure, weight and cholesterol, 13 to 14 percent are considering doing so, the survey found. Six to 7 percent are considering declaring that only

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employees who meet targets can enroll in "preferred" health-care plans, up from 1 percent now.

Nineteen percent of large employers are considering giving workers incentives to undergo biometric screening and health-risk appraisals, on top of 22 percent that already do.

In addition, employers are increasingly moving toward high-deductible plans, which carry lower premiums while leaving workers responsible for higher out-of-pocket expenses. Next year, 12 percent of employers plan to offer only high-deductible coverage, the survey found.

Employers and insurers have placed great hope in high-deductible plans, but the survey found that although companies can save money by switching to such plans, it now appears that over time their costs rise as fast as those for other types of coverage.

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