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Healthcare: Bigger bite from paychecks

Insurance benefits to cost more for companies and their employees.

September 19, 2002: 3:30 PM EDT

Leslie Haggin Geary, CNN/Money Staff Writer

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New York (CNN/Money) - Americans' primary healthcare safety net -- employer-sponsored health insurance -- is quickly unraveling, according to several studies released in the past two weeks. This is forcing individuals to dig deeply into their own pockets to pay for care or simply go without any healthcare at all. These conditions are not expected to improve soon.

More than half of employers, 53 percent, report that health-insurance costs are their "greatest cost concern" and as many as eight in 10 will require workers to shoulder more of the cost of premiums, prescriptions and deductibles in the coming year, according to the most recent survey by [Kaiser Family Foundation](#), which each year tracks health care benefits.

Four out of five workers have health insurance through their jobs. This year, premiums hit a 12-year high -- \$3,060 for individuals and \$7,954 for families, according to the Kaiser survey, which includes small-, medium- and large-sized firms.

The [Miami-Dade County school district](#), for example, is now facing triple-digit per-person increases in health care costs for its 40,000 employees and their 11,000 dependents, according to local press reports. As a result the district, the fourth biggest in the country, must weigh trimming benefits or freezing salary increases in 2003.

In the past, a booming stock market and tight labor market encouraged employers to shoulder most of these costs. But now they're starting to share expenses with their employees.

Typically, workers' portion of overall premiums runs \$454 a year for a single employee and \$2,084 for a family. Those are increases of \$95 and \$283 respectively since 2001.

Meanwhile, patients are paying more for deductibles, the portion of the healthcare tab they're responsible for before insurance kicks in. The annual deductible for so-called PPO plans, the most common plan today, rose 37 percent, to \$276 a year.

Co-payments for prescription drugs are getting slightly more expensive, too. More employers are moving to a "tiered" system of pricing, charging employees more for name-brand drugs than generics to encourage them to use cheaper alternatives. Generic drug co-payments average \$9, up \$1 from last year. Co-payments for name-brand drugs for which no generic substitute is available rose \$2 to \$17. And name-

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brand prescriptions that have generic substitutes have, on average, a \$26 co-payment, \$10 higher than a year ago.

More going it alone

In the face of in premium hikes and higher out-of-pocket costs, 14 percent of workers who qualify for health insurance through their jobs now decline coverage because they can't afford it, Kaiser found.

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Today, roughly 38 million Americans are uninsured and at least one in five homes has at least one uninsured family member, the [Institute of Medicine](#), a division of the National Academy of Sciences, found in a study released on Wednesday. The effect on the entire family, including members who are covered through some program, can be devastating, the NAS researchers said.

"The stress of having even one uninsured family member can ripple through the household as other family members cope with their relative's illness, high medical bills and financial distress," explained Arthur Kellermann, a professor at Emory University School of Medicine in Atlanta and one of the authors of the study.

Not surprisingly, uninsured individuals get less care than those who are insured, often waiting for care until their health conditions are more severe. Their children also receive less medical care. For example, 51 percent of uninsured kids saw a physician in the past year compared to the 76 percent of insured children who did. And only two in 10 kids without insurance went to the dentist for a regular checkup compared to the 50 percent of insured children who did. ■

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