

## Workers bear brunt of rising health care in '03

By Julie Appleby, USA TODAY

12/8/2003

Health care costs didn't hurt employers as much as had been forecast this year, mainly because so many shifted costs to their employees, according to a survey out Monday.

Spending on health care by employers in 2003 rose 10.1%, compared with a 15% rise in 2002, according to a survey of 3,000 small and large employers by Mercer Human Resource Consulting.

While that increase was lower than expected, "We can't declare victory at 10%," says Blaine Bos, one of the study's authors. "That is unsustainable."

Mercer found that a surprising 30% of employers held their per-employee health benefit cost constant or even reduced it from 2002 to 2003, a feat achieved by only 22% of employers in 2002. That's because worker contributions, especially for family coverage, rose sharply, the study found.

Not only did workers pay more, but they also paid an increasing percentage of the premium and saw increases in deductibles and co-payments. Workers at small companies were hit the hardest. Average monthly contribution for family coverage was \$389 at small firms vs. \$224 at large firms.

Forecasts are that health costs will continue to rise in the double digits next year, but the underlying inflation trend appears to be slowing slightly.

"Cost trends have been lower than expected," says economist Paul Ginsburg at the Center for Studying Health System Change.

Jon Gabel, an economist who provides a study to the Kaiser Family Foundation, says the Mercer numbers seem low, although he agrees many employers did shift costs to workers. Without such changes, Gabel says, his figures show employers would have averaged a 17% increase this year. As it was, they saw about a 14% rise, according to his analysis.

Shifting costs to workers makes for unhappy employees, Bos says. But he expects to see the trend continue unless employers find ways to lower overall medical spending. Those efforts include offering workers financial incentives — such as charging them more if they choose more expensive drugs — or programs aimed at preventing or controlling disease.

Such changes could help lower costs, Ginsburg says, but need to be done carefully. Simple cost shifting, he says, "has very large impacts on people with chronic diseases and those with low incomes." Still, done correctly, the right incentives could continue to slow health care cost increases.

"Ten years ago, we had managed care plans telling people what they could and could not have," he says. "This is the alternative, leaving it to the individual to make the decision, but giving them financial incentives to economize."

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