

# Health Cost Update

## Survey: Good News, Bad News for Employers

### By Compdata Surveys

The good news is health insurance premiums in Indiana are increasing at a lower rate for the fifth straight year. The bad news is health insurance premiums are still increasing. In Indiana, the average health insurance premium increased by 12.8% this past year. This is down from 13.8% last year and 16.3% in 2004.

This is according to the Compensation Data 2006 – Indiana survey results released earlier this year. (Refer to the “Indiana Premiums” chart to view increases over the past five years).

More good news for employers is HMO plans had the lowest increase of any plan at 12.5%, and nearly a quarter of Indiana employers offer a HMO plan. The bad news is that with 72.7% of employers paying between 70% and 99% of their employees’ health care premiums, companies have engaged in cost-saving activities such as increased cost-sharing, increasing deductibles and co-insurance amounts, and decreasing benefits offered. In fact, 40.9% of Indiana companies increased the employee’s portion of the health premium, 33.6% increased deductible levels and 5.9% reduced benefits offered in an effort to save on health care costs.

“Employers who have refrained from cost-sharing or decreasing benefits over the past couple of years are the exception, not the rule,” says Amy Kaminski, manager of marketing programs for Compdata Surveys. “But companies understand the financial burden this places on its employees and are turning to alternative methods such as encouraging healthy lifestyles in order to control costs.”

In a recent poll on Compdata Surveys’ web site ([www.compdatasurveys.com](http://www.compdatasurveys.com)), 40% of respondents said they have plans to expand their current wellness program in the next 12

months. More companies are attempting to control health care costs through prevention of illness. Some of the new tactics include providing on-site fitness facilities, physicians and pharmacies. Companies are also providing education regarding healthy eating habits and decreased reliance on unhealthy behaviors such as

Indiana Premiums	2002	2003	2004	2005	2006
Average premium increase	18.2%	17.6%	16.3%	13.8%	12.8%
Increased employee portion of health insurance premium	40.3%	49.7%	51.1%	44.0%	40.9%

smoking. This is to aid employees in taking control of their own health in hopes it will result in lower costs for everyone.

Indiana employers are spending an average of 22% of their total payroll dollars on voluntary benefits. Half of this amount (11%) is spent on health insurance alone, while 4.5% is spent on pension plans and 3.7% is spent on other non-mandated benefits. In addition, 1.4% is spent on dental insurance, 0.9% on disability insurance and 0.8% on life insurance.

#### INFORMATION LINK

**Resource:** Compensation Data 2006 — Indiana contains data on 500 job titles ranging from entry level to top executives. Information was collected on more than 300,000 employees across the state. Compdata Surveys has been partnering with the Indiana Chamber of Commerce for 19 years to provide accurate, reliable data at affordable prices. For further information about the compensation and benefits surveys, contact Compdata Surveys at (800) 300-9570 or visit [www.compdatasurveys.com](http://www.compdatasurveys.com)