

## Survey Shows Health Insurance Premium Increase is Lowest in Recent Years

A recent survey released by the Kaiser Family Foundation and the Health Research and Educational Trust shows that premiums for employer-based health insurance rose an average of 6.1 percent in 2007, less than the 7.7 percent increase reported for 2006.

The 6.1 percent average increase is the lowest since 1999, when premiums rose 5.3 percent. It also represents a 56 percent decrease from the 13.9 percent rise in premiums experienced in 2003. The reduction is significant for employers as health care benefits for their workers represent one of the highest costs of doing business.

The survey found that the number of employers offering health coverage is statistically unchanged at 60 percent but remains significantly lower than it was in 2000 when 69 percent of firms surveyed indicated they provided benefits. Based on the findings, nearly all (99 percent) of large businesses with at least 200 workers offer health benefits, but less than half (45 percent) of the smallest firms with three to nine workers do so.

Despite the growing attention paid to consumer-driven health plans, the survey found that such plans cover only 5 percent of all covered workers, which is not statistically different from the 4 percent recorded in 2006. The number of firms offering a consumer-driven plan to their workers rose from 7 percent in 2006 to 10 percent in 2007.

The survey found that covered workers on average pay 16 percent of the overall premiums for single coverage and 28 percent for family coverage—shares that have remained relatively stable in recent years. Workers in small firms pay significantly more, on average, toward the cost of family coverage (\$4,236 annually) compared to larger firms (\$2,831 annually).

Among firms offering benefits, 6 percent report varying premium contributions based on an employee's participation in wellness programs, up 3 percent since 2005. Nearly half of all firms that offer health coverage provide domestic partner benefits.

According to the survey findings, Preferred Provider Organizations continue to dominate the employer market, enrolling 57 percent of covered workers. Health Maintenance Organizations cover another 21 percent of workers, with 13 percent in Point-of-Service plans, 5 percent in consumer-driven plans, and 3 percent in conventional indemnity plans.

Twenty-one percent of the firms surveyed say they are "very likely" to raise workers premium contributions next year. Thirteen percent say they are "very likely" to increase office visit cost-sharing and 11 percent say they are "very likely" to increase prescription drug cost-sharing.

The survey findings are based on a telephone survey of 3,078 randomly selected public and private employers.

## Health Quiz

1. Based on a recent report by the Centers for Disease Control and Prevention, how many states have a higher percentage of childhood immunizations than Texas?  
  
(a) 42  
(b) 33  
(c) 20  
(d) 5
2. According to Trust for America's Health, Texas has the 12<sup>th</sup> highest number of obese adults in the country.  
  
(a) True  
(b) False
3. A recent study by Milliman Inc. shows that state adoption of "guarantee issue" and "community rating" laws have negatively impacted cost and access to health insurance.  
  
(a) True  
(b) False
4. According to a recent national survey, only 45 percent of small employers offer health benefits.  
  
(a) True  
(b) False
5. A recent survey shows that the number of employers offering health benefits has declined from 69 percent to 60 percent since 2000.  
  
(a) True  
(b) False



## Some State Reforms Having Unintended Consequences by Reducing Access to Coverage

A recent study by Milliman, Inc., on behalf of America's Health Insurance Plans (AHIP) found that a number of state "insurance reforms" adopted in an attempt to expand access to health coverage have resulted in unintended consequences leading to their repeal or change. Specifically, the report examined eight states that enacted various forms of "guarantee issue" and "community rating" in the 1990s, including Kentucky, Maine, Massachusetts, New Hampshire, New York, Vermont, and Washington. The report found that these initiatives can have unexpectedly negative consequences for consumers and can limit access to coverage.

Guarantee issue requires insurers to sell an individual health insurance policy without regard to a person's health, and community rating requires that all consumers pay the same or similar premiums without regard to age or gender. According to the report, these initiatives have the potential to cause individuals to wait until they have health problems to buy insurance. This could cause premiums to increase for all policyholders, increasing the likelihood that lower-risk individuals leave the market, which could lead to further rate increases. If this continues, the pool or market could essentially collapse or shrink to include only the high-risk population.

Overall, the report found that states that implemented guarantee issue and community rating saw a rise in insurance premiums, a reduction of individual insurance enrollment, and an exodus of health insurers from the individual insurance market. In addition, the report found no significant decrease in the uninsured population in states that implemented these initiatives, often a stated goal of legislators.

## Report: Nation's Obesity Epidemic Worsens

A recent report released by Trust for America's Health indicates that obesity rates have increased in 31 states. The report showed that Texas had the 12<sup>th</sup> highest rate in the country with 26.3 percent of its adults considered obese. That number is up from the 25.8 percent that was reported in 2004. Mississippi leads the nation with the highest number of obese adults (30.6 percent) with the lowest number being recorded by Colorado (17.6 percent).

At 19.1 percent, Texas had the sixth highest total of obese children between the ages of 10 and 17. That number compared with a high of 22.8 percent in the District of Columbia and a low of 8.5 percent in Utah.

## Texas Drops from 24<sup>th</sup> to 34<sup>th</sup> in Childhood Immunization Rankings

A survey conducted by the Centers for Disease Control and Prevention shows the vaccination rate among Texas children has decreased 2.1 percent from 2005 to 2006 dropping Texas from 24<sup>th</sup> to 34<sup>th</sup> among states. According to the Associated Press, the vaccination rate for children between the ages of 19 and 35 months fell from 76.8 percent in 2005 to 74.7 percent in 2006. The 2005 vaccination rate represented an increase of 7.5 percent over the previous year and marked the first time Texas had risen above the national average in childhood immunizations.

Trivia answers: 1. b (33 states) 2. a (True) 3. a (True) 4. a (True) 5. a (True)

## Birthdays

### October

2 – Rep. Scott Hochberg  
4 – Rep. Jimmie Aycock  
5 – Sen. Jane Nelson  
5 – Rep. Ruth Jones McClendon  
6 – Rep. Geanie Morrison  
9 – Rep. Buddy West  
10 – Rep. Patrick Rose  
14 – Rep. John Otto  
15 – Rep. Debbie Riddle  
18 – Rep. David Leibowitz  
21 – Rep. Leo Berman  
22 – Rep. Charlie Geren  
25 – Rep. Donna Howard  
27 – Rep. Ryan Guillen  
27 – Rep. Brian McCall  
27 – Rep. Richard Raymond  
29 – Rep. Abel Herrero  
29 – Rep. Borris Miles  
30 – Rep. Yvonne Gonzalez Toureilles  
31 – Sen. Kip Averitt  
31 – Rep. Burt Solomons