



Health Care Hooyey

Student Handout #5: Kaiser Family Foundation, “Cost of Health Insurance”

The average annual premium for single coverage in 2008 is \$4,704 and the average annual premium for family coverage is \$12,680. These amounts are each about 5% higher than the premium amounts reported in 2007.

Smaller firms (3-199 workers) have a lower average family premium (\$12,091) than larger firms (200 or more workers) (\$12,973).

This year we changed the method used to report the annual percentage premium increase. In prior years, the reported percentage was based on a series of questions that asked responding firms the *percentage increase or decrease in premiums* from the previous year to the current year for a family of four in the largest plan of each plan type (e.g., HMO, PPO). The reported premium increase was the average of the reported percentage changes (i.e., 6.1% for 2007) weighted by covered workers. This year, we calculate the overall percentage increase in premiums from year to year for family coverage using the average of the *premium dollar amounts* for a family of four in the largest plan of each plan type reported by respondents and weighted by covered workers (i.e., \$12,106 for 2007 and \$12,680 for 2008, an increase of 5%). For more information, refer to the [Survey Design and Methods](#) section.

Premium Costs for Single and Family Coverage

- The average cost of premiums for single coverage in 2008 is \$392 per month or \$4,704 per year ([Exhibit 1.1](#)). The average cost of premiums for family coverage is \$1,057 per month or \$12,680 per year ([Exhibit 1.1](#)).
- The average premiums for covered workers in HDHP/SOs are lower for single and family coverage than the overall average premiums for covered workers ([Exhibit 1.1](#)).
- The average premium for family coverage for covered workers in small firms (3-199 workers) is lower than the average premium for workers in large firms (200 or more workers) ([Exhibit 1.2](#)). The average single premiums are similar for covered workers in small and large firms.
- Average single and family premiums for covered workers in the Northeast are higher than the average premiums for covered workers in other regions. Average

premiums for single and family coverage are lower in the South than in other regions ([Exhibit 1.3](#)).

- Premiums also vary significantly by plan funding and workforce attributes.
 - Average single and family premiums are higher for covered workers in partially or fully self-funded plans than in fully insured plans ([Exhibits 1.5](#) and [1.6](#)).
 - Covered workers in firms where less than 35% of workers earn \$22,000 or less annually have higher average single and family premiums than covered workers in firms with a higher percentage of workers earning \$22,000 or less annually ([Exhibits 1.5](#) and [1.6](#)).
 - Average family premiums are higher for covered workers in firms with at least some union workers than for covered workers in firms with no union employees ([Exhibit 1.6](#)).
 - Covered workers in firms where less than 35% of workers are age 26 or younger have higher average family premiums than covered workers in firms with a higher percentage of workers age 26 or younger ([Exhibit 1.6](#)).
- There is a great deal of variation in premiums across workers and firms for both single and family coverage.
 - Eighteen percent of covered workers are employed in firms that have a single premium that is more than 20% higher than the average single premium of \$4,704, and another 22% of covered workers are in firms that have a single premium that is more than 20% less than the average single premium ([Exhibit 1.7](#)).
 - For family coverage, 18% of covered workers are employed in a firm that have a family premium that is more than 20% higher than the average family premium of \$12,680, and another 20% of covered workers are in firms that have a family premium that is more than 20% less than the average family premium ([Exhibit 1.7](#)).

Source: Kaiser Family Foundation, "Employer Health Benefits 2008 Annual Survey"
<<http://ehbs.kff.org/?page=charts&id=1&sn=6&p=1>>