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Big employers spend more, pass on less in health coverage

Kansas City Business Journal - by [Rob Roberts](#) Staff Writer

The nation's largest health plan survey reports that Kansas and Missouri's largest employers are spending more for coverage and passing less of the cost on to employees than their national counterparts.

According to the recently released 2007 **United Benefit Advisors** Health Plan Survey, Kansas and Missouri companies with 1,000 or more employees spent an average of \$7,265 an employee for health insurance plans this year.

That was \$27 more than the national average, said Ron Dutton, president of **R.J. Dutton Inc.**, an Overland Park employee benefits advisory firm that belongs to the United Benefit Advisors network.

But what's far more striking, Dutton said, is this survey finding: The largest employers in the two-state area passed along an average of only \$1,563, or 21.5 percent, of their cost to employees.

Nationally, employers with 1,000 or more employees passed on an average of \$2,156, or 29.8 percent, of their average \$7,238 plan cost, the survey found.

Mark Avery, vice president of Power Group Benefits in Overland Park, said he thinks large local employers are picking up more of the cost of employee benefits than their national counterparts because of the region's lower cost of living.

"It's cheaper for them to pay competitive wages in Kansas City than it is in Washington, D.C., or Boston," Avery said. "So they probably are able to absorb a higher level of benefits."

Among other national findings of the United Benefit Advisors survey were the following:

- The average health plan cost for all sizes of businesses was \$6,881, with an average employee cost of \$3,110 and average employer cost of \$3,771.
- Average premiums for all plans were \$347 for single coverage and \$848 for families.
- 32.7 percent of all plans required no employee contributions, and 8.3 percent required no family contributions. Of plans requiring contributions, employees contributed an average of 26.6 percent of the premium, or \$90, for single coverage and 46.8 percent, or \$385, for family coverage.
- Average premiums increased 7.2 percent, after any plan adjustments, for all plans, versus 8.6 percent last year.
- Consumer-driven plans with health reimbursement or health savings accounts now represent 8.8 percent of all plans offered by employers, versus 5.8 percent last year. Notably, 6 percent of all covered employees now

are enrolled in such plans, up from 3.4 percent last year.

- The average employer contribution to an HRA (Health Reimbursement Arrangement) increased to \$1,138 for single and \$2,105 for family. The average employer contributions to an HSA (Health Savings Account) were \$688 for single and \$1,089 for family.
- The majority of increased adoption of consumer-driven plans continues to come from employers with fewer than 1,000 employees, with the highest segment being employers with 25-100 employees.

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