



Health care costs to rise in '08

Double-digit bump on the way, says employers survey

By Joyzelle Davis

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Coloradans' health care costs will soar an average of 12.9 percent in 2008, outpacing the national average, forcing companies to shift costs to employees.

It's the seventh consecutive year of double-digit increases in the state, according to a survey of Colorado employers conducted annually by Lockton Benefit Group.

The survey compares itself with national studies showing costs rising from 7 percent to 9 percent next year. The rate increases come even as Colorado often ranks among the healthiest states in terms of physical fitness and lower obesity rates.

"That's one of the key questions - if you have a healthier population, why doesn't that translate into lower health care costs?" said Bill Lindsay, president of Denver-based Lockton Benefit Group.

Colorado's above-average increases make the state less attractive to employers, and the shift of costs to employers "place Colorado workers at a greater disadvantage in terms of higher deductibles, out-of-pocket expense and more significant premium cost-sharing than their counterparts nationally," he said.

Among the factors that might contribute to Colorado's above-average rate increases is the state's concentration of smaller employers, which lack the ability to negotiate lower rates, experts said.

Because companies revise their insurance plans to spread some costs to workers, the actual average cost increase for Colorado employers will be about 10 percent in 2008, the survey said.

About 60 percent of employers are asking workers to pay a higher monthly premium for themselves as well as to insure family members, according to the survey. Employers also are increasingly requiring workers to pay more for each doctor's office visit.

"For employers, health insurance costs are becoming more and more of a burden, and it's beginning to be a challenge, especially for small businesses, to continue to offer the level of benefits that they have in prior years," said Patty Silverstein, president of Development Research Partners.

The typical deductible offered to Colorado employees is \$500, some \$200 more than the national average, according to the survey.

Companies are passing along more health care costs but aren't planning to significantly increase workers' pay. The average salary increase is coming in at 3.5 percent in 2008, down from 3.6 percent this year. This could lead to more employees opting to forgo health insurance because they can't pay for it, Lindsay said.

The survey comes as the Colorado Blue Ribbon Commission for Health Care Reform, which Lindsay heads, is considering ways to provide coverage to the state's uninsured and underinsured as well as to reduce health care costs for all Coloradans.

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