Health Care and Business: The Bottom Line

The High Cost of Doing Nothing
• **Health insurance premiums soar.**
  Between 2000 and 2005, Colorado businesses saw their health premiums increase nearly 60%. Premiums have grown, on average, more than five times faster than the rate of inflation.

• **The cost of coverage eats up an increasing share of business expenses and employees’ wages.**
  Nationally, among firms offering coverage, average health insurance costs per employee hour rose 62% between 1999 and 2005. Employees also see a greater portion of their earnings going to health insurance. For those with coverage, Colorado employee contributions to family premiums grew 85% between 2000 and 2005, from an average of $1,536 to $2,845. During the same period, average wage growth was just 12%.

• **Small businesses are especially hard hit.**
  If your small business is hurting due to rising insurance costs, you are not alone. Between 2000 and 2005, the proportion of Colorado employers with 50 or fewer employees offering health benefits dropped from 53.0% to 40.6%. At the same time, the percentage of small business employees who take coverage, when offered, dropped from 57.2% to 51.4%.

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“Lack of affordable health care is a major barrier to business development for some entrepreneurs and contributes to an estimated 35% of delinquencies and defaults on our micro-loans.”

Kersten M. Hostetter, CEO/President, Micro Business Development, Denver
If current trends continue...

**Colorado Insurance Premium Projections**

- **Coverage will be unaffordable for more businesses.**
  At the current 10% average annual rate of growth in premiums, by 2012 employee-only coverage will cost $7,600 and family coverage will cost $21,000.

- **Health insurance will cost more and cover less.**
  In order to keep premium costs down so they can continue to offer coverage, many employers have substantially increased the copay and deductible amounts on their plans. This has meant higher out-of-pocket costs for employees. Even so, premiums continue to escalate.

- **The cost problem will just get worse as more and more workers are priced out of coverage.**
  A decade ago, nearly 70% of workers whose employers offered coverage enrolled. By 2005, this proportion had declined to 58.9%. Today, nearly 70% (546,000) of Colorado’s uninsured are working adults or their dependents.

  The growth in the uninsured affects the cost of coverage for those who are insured. In 2005, an estimated $934 of the average annual premium for family coverage went to cover costs for the uninsured—an amount projected to climb to $1,570 by 2010.

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“Because of cost shifting, every time one employer drops health coverage, another employer has to pay more. Costs just keep growing for those who pay, so fewer people are covered and that’s bad for everyone.”

Susan E. Birch, CEO, Northwest Colorado Visiting Nurse Association, and member, Club 20 Health Advisory Committee
Get Involved. Join the Conversation.

- Go to www.bizhealthforum.org or www.ColoradoHEALTHonline.org for more information about:
  - Business groups around Colorado seeking affordable health solutions
  - Steps businesses are taking to control costs and promote employee wellness
  - Value-based purchasing initiatives
  - State and local efforts to control costs and expand access to affordable care

“Affordable, comprehensive coverage and predictability of premium costs—that’s what Colorado businesses want.”

Reeves Brown, Executive Director, Club 20

“Employers value health insurance because it helps them retain highly qualified workers and improves employee health and morale. But they have businesses to run and many feel squeezed by escalating costs.”

Kelly Esselman, Human Resource Services Staff, Mountain States Employers Council, Inc.

Data Sources:
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Blue Ribbon Commission for Health Care Reform:
Final Report to the Colorado General Assembly, January 31, 2008,
http://www.colorado.gov/208commission/

Colorado Department of Labor and Employment,
“Annual Quarterly Census of Employment and Wages,”

Families USA, “Paying a Premium: The Increased Cost of Care for the Uninsured,”
Publication No. 05-101, June 2005.
http://www.familiesusa.org/assets/pdfs/Paying_a_Premium_rev_July_13731e.pdf

Kaiser Family Foundation,
www.kff.org/insurance/snapshot/chcm030808oth.cfm

http://www.coloradoeconomy.com/data/dinflate.html
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Copies of the brochure may be downloaded by going to www.bizhealthforum.org or www.coloradohealthonline.org. Hard copies may be ordered by contacting Kristen Berg, Colorado Business Group on Health, kristen.berg@cbghealth.org.

The Colorado Business Group on Health is a non-profit coalition representing Colorado employers that purchase health services for their employees. By working together, we can assure that consumers have the best possible information on health care quality.
“Affordable, comprehensive coverage and predictability of premium costs—that’s what Colorado businesses want.”

There must be a better way.