

A Family's Health Insurance Cost More Than \$22,000 in 2021, Survey Finds; Covid-19 pandemic appeared to have little impact on cost, but companies expanded mental-health and telemedicine benefits

Anna Wilde Mathews . Wall Street Journal (Online) ; New York, N.Y. [New York, N.Y]. 10 Nov 2021 .

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FULL TEXT

The average cost of employer health coverage for a family plan passed \$22,000 this year, according to a new survey, rising at a rate that indicates the Covid-19 pandemic had little impact on the total expense.

Yet the pandemic did lead to some changes for workplace health benefits, including enhanced access to telemedicine and mental-health services, according to the yearly poll of employers conducted by the nonprofit Kaiser Family Foundation.

Annual family-plan premiums rose 4% to hit \$22,221 for an employer-provided family plan in 2021, up from \$21,342, according to the survey. Employees paid \$5,969 of the total this year, with the rest of the cost borne by the employers. The amount of the employee contribution was statistically unchanged from 2020.

The average cost of an employer health plan for an individual for 2021 was \$7,739, also up about 4% from last year. The rate of increase in premiums in 2021 was the same as that for the previous year, reflecting little overall impact from the pandemic.

The pandemic, however, did have an effect on benefits: 39% of firms with at least 50 workers said that since the emergence of Covid-19, they had made changes aimed at filling workers' mental-health needs.

In addition, 95% of employers with at least 50 workers now offer at least some telemedicine, up from 85% last year and 67% three years ago.

The Kaiser survey also found that employers continued their pause in the expansion of deductibles, which are out-of-pocket charges people must pay toward most care before a health plan begins covering expenses.

The average 2021 general deductible for individual-worker coverage, according to the survey, was \$1,434, which isn't a statistically significant change from last year's figure of \$1,364.

The share of covered workers enrolled in high-deductible plans paired with a savings account was effectively flat. Such plans require workers to pay a significant amount toward care, such as \$1,000 or more, before coverage kicks in. They come with a tax-advantaged savings option—a health savings account or a health reimbursement arrangement—that is used to pay medical expenses.

The pause may reflect that employers didn't want to add to workers' burdens at a time when hiring and retention are challenging. "You're trying to attract employees, not make them unhappy," said Gary Claxton, a senior vice president at the Kaiser foundation.

At Vantage Aging, which provides job training, Meals on Wheels and other services to seniors, nearly all of the approximately 80 employees were already enrolled in a high-deductible plan.

The plan comes with a lower monthly premium cost out of their paychecks, and the nonprofit supplies a \$1,000 contribution to a health-savings account for a single plan, said Claudia Denaro, director of human resources at the Akron, Ohio-based organization.

Yet for its newest benefits year, which began Oct. 1, 2021, Vantage offered three different levels of deductible, to ensure it had options that would appeal to all employees and potential new hires.

"Recruiting is a huge factor right now, because it's so difficult to recruit," Ms. Denaro said.

Vantage has saved money by moving to a new setup, sometimes called a "level-funded" plan, she said. The setup allows smaller employers to be self-insured—meaning these employers pay their workers' health expenses themselves—but offers more predictable payments and uses reinsurance to reduce the risk from unexpected large claims.

The Kaiser survey shows such structures have become very widespread, with 42% of small firms now reporting they have level-funded plans.

The foundation's Mr. Claxton said these setups may attract employers with generally healthier workforces, leaving sicker ones in the more traditional small-business plans offered under the Affordable Care Act. That poses a risk, he said, that premiums for the traditional plans will go up.

The Kaiser survey was conducted between January and July of 2021 and drew responses from 1,686 employers.

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DETAILS

Subject:	Employers; Medical savings accounts; Employees; COVID-19
Business indexing term:	Subject: Employers Employees
Publication title:	Wall Street Journal (Online); New York, N.Y.
Publication year:	2021
Publication date:	Nov 10, 2021
column:	Health
Section:	Business
Publisher:	Dow Jones & Company Inc
Place of publication:	New York, N.Y.
Country of publication:	United States, New York, N.Y.
Publication subject:	Business And Economics
e-ISSN:	25749579
Source type:	Newspaper
Language of publication:	English
Document type:	News

ProQuest document ID: 2595654070

Document URL: <https://www.proquest.com/newspapers/familys-health-insurance-cost-more-than-22-000/docview/2595654070/se-2?accountid=44910>

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Last updated: 2021-11-10

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