



benefitNEWS

## Continued Cost Escalations in 2017 According to New Survey Data

According to [UBA's 2017 group benefit survey](#) results, premium renewal rates for employer-sponsored health plans increased at an average of 6.5% for 2017 plans. Their prior year survey results revealed this was a significant increase from the five-year average increase of 5.6%. The UBA is a national network of independent benefit consulting firms that shares industry data. In this most recent survey, the UBA looked at group health plans sponsored by 11,221 employers of all sizes throughout the US. A large portion of their survey respondents are in the middle-market so their data is representative and useful for a large portion of group plan sponsors. Below are the highlights from their most recent survey results:

- Employee contributions are up, while employer contributions toward total costs remained nearly the same on a percentage basis.
- Copays that are often between \$20-\$50 that plan enrollees pay for health services after satisfying any deductible are holding steady. However, out-of-network deductibles and out-of-pocket maximums are rising.
- Pharmacy benefits have even more tiers and co-insurance levels than ever before (the percentage of costs that employees pay after satisfying the deductible) which are shifting more prescription drug costs to employees. This is the result of the continued increases in pharmacy benefits --- especially in the area of specialty pharmacy --- that are being felt across nearly all benefit segments.
- Self-funding, particularly among small groups, continued to be on the rise.

Other key findings are below:

### Employee Premium Cost Sharing

- Average employee premiums for all employer-sponsored plans rose to \$532 in 2017 from \$509 in 2016 for single coverage and to \$1,272 from \$1,236 for family coverage (a 4.5% and 3% increase, respectively).
- Average annual total costs per employee increased to \$9,935 from \$9,727. However, the employee share of total costs rose 5% to \$3,550 from \$3,378, while the employer's share rose less than 1%, to \$6,401 from \$6,350.

### Prescription Drug Plans

- Employers have reduced prescription drug coverage to defray increasing costs.
- For a second consecutive year, there are more prescription drug plans with four or more

tiers than there are plans with one to three tiers. 73% of prescription drug plans now have four or more tiers, while 27% percent have three or fewer tiers. Six-tier drug plans now account for 32% of all plans, charging employees the most for drugs such as biologics, which are produced using recombinant DNA technology.

### Out-of-Pocket Costs

- Out-of-network median deductibles for singles saw a 13% increase in 2016 and an 18% increase in 2017, to \$4,000 from \$3,400, the survey found.
- Both singles and families are facing continued increases in median in-network out-of-pocket maximums (up by \$560 and \$1,000, respectively, to \$5,000 and \$10,000).

### Self-Funding

- The number of employers using self-funding grew 48% for employers with 25 to 49 employees in 2017 (5.8% of plans), and 13.4% for employers with 50 to 99 employees (9.3% of plans).
- 61% of all large-employer (1,000+ employees) plans are self-funded.

The findings from the UBA's 2017 survey reflect a continued need for employers and plan sponsors to focus on long-term, sustainable approaches to deal with rising healthcare costs. Contemporary solutions like referenced-based pricing, tiered provider networks, personalized health coaching, transparency tools around cost and quality for provider selection and micro-targeted large claims management are just a few approaches that must be on plan sponsor's radar for dealing with the challenges of cost and quality in the health and pharmacy delivery systems. We'll continue to share information about these and other techniques to help employers and plan sponsors navigate through these complex times.

Please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 with any questions.



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