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Realizing Health Reform's Potential

State Trends in Premiums and Deductibles, 2003–2011: Eroding Protection and Rising Costs Underscore Need for Action

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Abstract: Rapidly rising health insurance premiums and higher cost-sharing continue to strain the budgets of U.S. working families and employers. Analysis of state trends in private employer-based health insurance from 2003 to 2011 reveals that premiums for family coverage increased 62 percent across states—rising far faster than income for middle- and low-income families. At the same time, deductibles more than doubled in large and small firms. Workers are thus paying more but getting less-protective benefits. If trends continue at their historical rate, the average premium for family coverage will reach nearly $25,000 by 2020. The Affordable Care Act's reforms should begin to moderate costs while improving coverage. But with private insurance costs projected to increase faster than incomes over the next decade, further efforts are needed. If annual premium growth slowed by one percentage point, by 2020 employers and families would save $2,029 annually for family coverage.

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OVERVIEW

Across the United States, middle-income individuals and families have been losing ground as the cost of health insurance has risen faster than incomes.[1] National surveys find that annual premium increases for families insured through their employers have far exceeded wage growth for more than a decade—with premiums rising three times faster than wages, adding to the stress of a weak economy.[2] Many working families have seen little or no growth in their income, as they have effectively traded away wage increases to hold onto health benefits.[3]

This issue brief examines state trends in private employer-sponsored insurance from 2003 to 2011, the latest state-level data available. Its findings show that health insurance is expensive and has become less affordable, no matter where one lives. Insurance premiums rose sharply in all states during these eight

years and, because wages failed to keep pace, increased as a share of median household income.

The rising share of premiums paid for by workers has been taking an ever greater cut out of paychecks, especially for those with family plans. At the same time, job-based insurance provides less financial protection: per-person deductibles more than doubled in most states over the eight-year period. Deductibles have increased in health plans offered by large as well as small firms. The net result is that it is more difficult for many insured workers and their families to save for education or retirement—or simply to meet day-to-day living expenses.[4]

Across states, the total average premium reached $15,022 per year in 2011 for family coverage, an increase of 62 percent since 2003. If insurance premiums for employer-sponsored health plans in each state continue to grow at the average annual rate for 2003–2011, the average premium for family coverage would rise to $24,740 by 2020, an increase of 65 percent from 2011.

The Affordable Care Act includes several important coverage and delivery system reforms designed to reduce cost growth and improve financial protection, while also enhancing the quality of health care. The creation of state-based health insurance exchanges, introduction of new insurance market rules and consumer protections, and expansion of state and federal oversight of industry practices provide a foundation for efforts to increase value in U.S. health insurance markets.[5] Together, such provisions should begin to curb rising health insurance costs and make care and coverage more affordable.

But the findings of this analysis indicate that further action is needed to address the underlying drivers of cost growth in medical care. Although premiums are rising more slowly than they were before enactment of the recent reforms, private insurance spending per person is projected to continue to grow more rapidly than incomes over the next decade. Broad evidence of poorly coordinated care, duplicative services, and administrative waste, as well as rising prices charged to those privately insured, signal that greater efforts are needed to slow cost growth in both private and public insurance markets. Such efforts will require all payers, public and private, to join together to achieve better value—that is, higher quality at lower costs.[6]

Some states are already beginning to take action, and early discussions are taking place at the national level to respond to the forces driving up costs in all markets. Much is at stake, given the erosion in benefits and projections that spending on private health coverage will continue to outstrip general economic growth and the incomes of working families. If national and state reforms succeed in slowing the annual rate of growth of private insurance premium costs by one percentage point, while also protecting benefits, then by 2020 annual savings on family health coverage would average $2,029 per year compared with projected costs if growth rates observed over the past eight years continue. If growth could be slowed by 1.5 percentage points, the savings would be $2,986 per year.

The national debate on health care costs often centers on the federal deficit and on Medicare's future. Less attention is focused on the costs of private insurance spending per person, which have been rising faster than Medicare spending per person and are projected to continue to do so over the next decade.[7] The mounting stresses on businesses and families underscore the need for action on behalf of the private sector as well.

Absent a significant change in the way private insurance and health care markets function, cost pressures will continue to push up private insurance costs and out-of-pocket medical expenses, if the past two decades are any guide. The reform provisions in the Affordable Care Act establish a platform for further action. Moving forward will require focused policies to improve health outcomes and, at the same time, lower costs for families, businesses, and public programs.

HOW THIS STUDY WAS CONDUCTED

The issue brief analyzes state-by-state trends in private-sector health insurance premiums and deductibles for the under-65 population from 2003 to 2011. The data on insurance premiums and deductibles

come from the federal government's annual surveys of employers, conducted for the insurance component of the Medical Expenditure Panel Survey (MEPS). To assess the affordability of coverage for middle-income families, we compare total premiums with median household incomes for the under-65 population in each state, utilizing a weighted average of single and family premiums compared with single and family median household incomes. Income data come from the U.S. Census Bureau's Current Population Survey of households.

The premiums presented represent the average total annual cost of private group health insurance premiums for employer-sponsored coverage, including both the employer and employee shares. We also examine trends in the share of premiums that employees pay and average deductibles. The data on deductibles and employees' share of premiums are stratified by firm size.

We estimated potential total premium costs by 2015 and 2020 for each state if the historical average annual rate of increase seen across states from 2003 to 2011 were to continue. The projections assume the same inflation rate for all states. To illustrate the potential gains if reforms succeed in lowering the rate of growth, we estimated the potential savings in the cost of premiums if annual increases in premiums slowed by 1 percentage point or 1.5 percentage points, compared with the historical rate of increase. We show the potential average savings in each state. It is important to note that these estimates are presented for illustrative purposes only; we did not attempt to model the impact of reform at the state level, nor did we vary estimates for relatively higher- or lower-cost states.

The tables at the end of this brief provide state-specific data. This analysis updates a previous Commonwealth Fund study of state health insurance premium and deductible trends.[8] A companion fact sheet presents recent trends for major U.S. cities.[9]

FINDINGS

Private Health Insurance Premiums Rose 62 Percent from 2003 to 2011

Average health insurance premiums for employer-sponsored family coverage reached $15,022 in 2011 across states, up by an average of 62 percent since 2003 (Exhibit 1). By 2011, the majority of states had average premiums of $14,000 or more and seven states and the District of Columbia exceeded $16,000 a year (Exhibit 1 and Table 1).

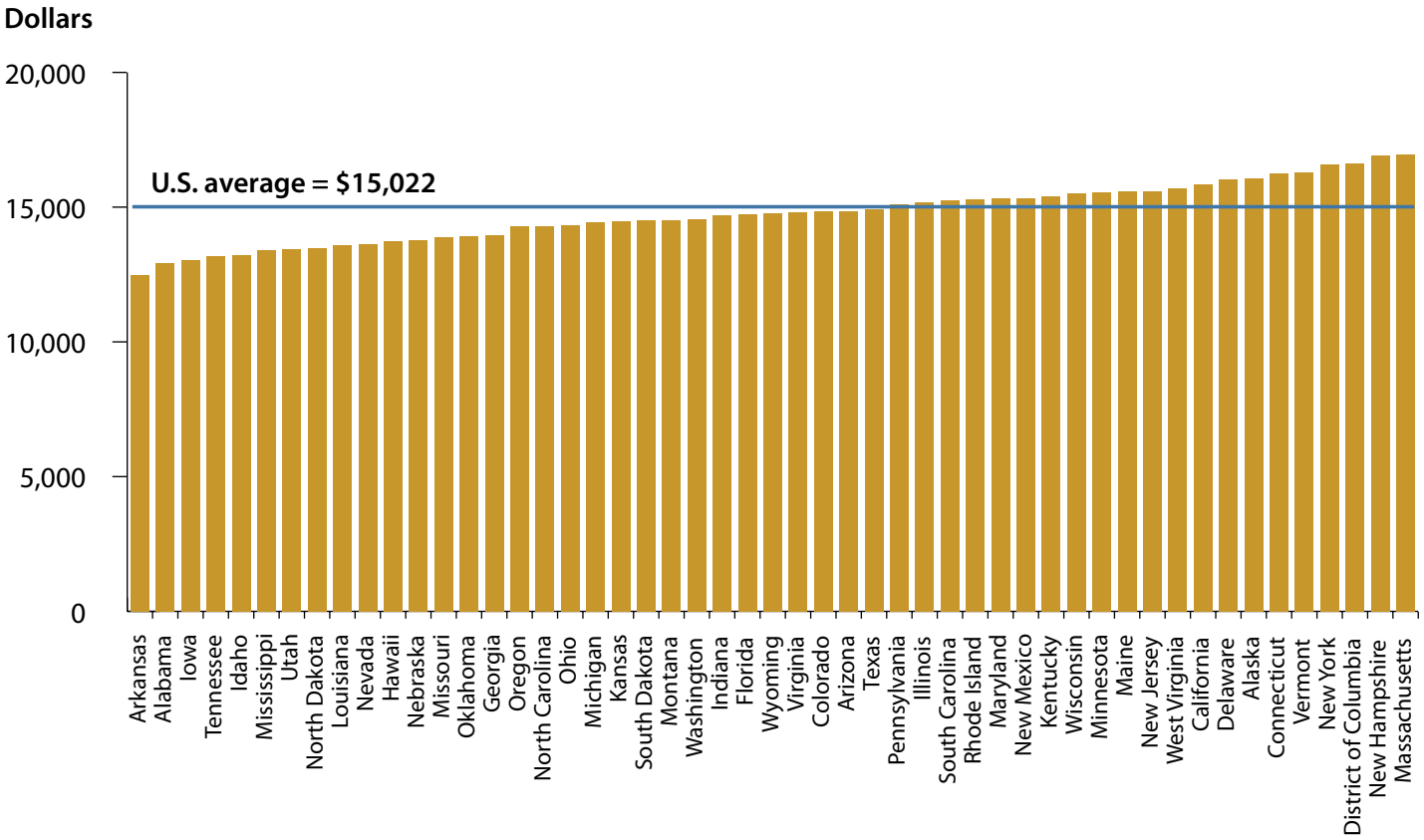
Health insurance is expensive no matter where one lives. In 2011, the annual total costs of employer-sponsored family premiums ranged from $12,474 to $13,211 in the five states with the lowest costs (Arkansas, Alabama, Iowa, Tennessee, and Idaho) and from $16,273 to $16,953 in the five highest-cost areas (Massachusetts, New Hampshire, District of Columbia, New York, and Vermont) (Exhibit 1). Average premiums in the highest-cost states were about 30 percent above premiums in the lowest-cost states.

In all states, health insurance premiums for employer-based coverage have risen rapidly and far faster than wages for the middle-income, under-65 population. The eight-year increase ranged from 42 percent in the lowest-growth state (Tennessee) to 76 percent in the highest-growth state (New York) for average family premiums. Twenty-seven states saw premium increases of 60 percent or more (Table 1). Although patterns were similar for the average premiums for single-person, employee-only coverage, in some states the costs of family coverage have risen faster than the costs of employee-only plans.

Premium Increases Outpace Incomes in All States

Across the country, insurance premiums have risen far faster than median (middle) incomes for the under-65 population. As a result, total premiums (including the employer and employee shares) relative to income are up for middle-income working-age families in all states. By 2011, there were 35 states in which the annual premium equaled 20 percent or more of income,

Exhibit 1. Premiums for Family Coverage, by State, 2011



Source: 2011 Medical Expenditure Panel Survey–Insurance Component.

compared with just one state in 2003 (Exhibit 2 and Table 3). And there are now no states where premiums amount to less than 14 percent of median incomes, compared with 13 such states in 2003.

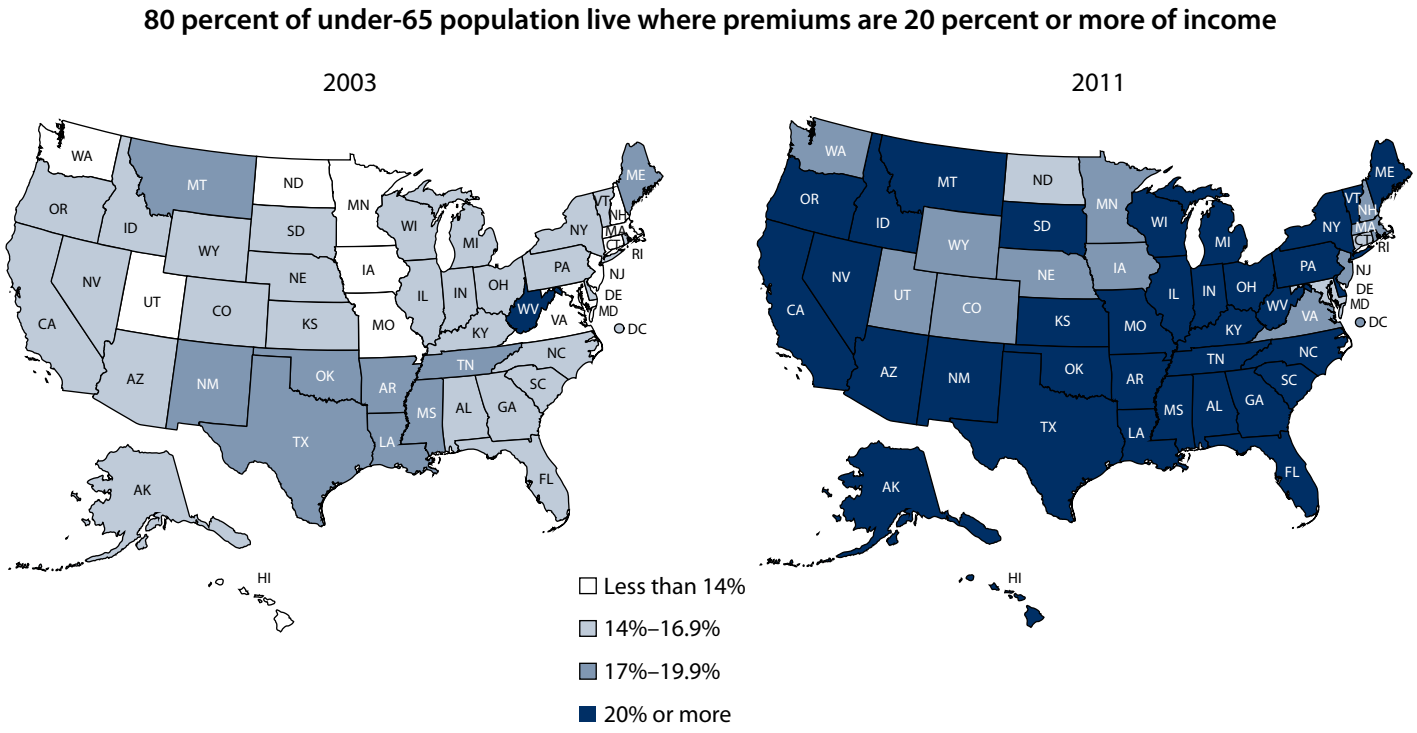
Cost pressures are particularly acute in the South and South-Central United States, where premium costs are high relative to incomes in all states in the region. In three states, New Mexico, South Carolina, and West Virginia, average premiums by 2011 exceeded 25 percent of median incomes (Table 3). Notably, many states with premiums above the national average have household incomes below the national average. In these lower-income states, the pressure from the rising costs of health insurance is especially acute.

At the same time, premium growth is outstripping income growth in higher- as well as lower-income states. Relatively high-income states where premiums now equal or exceed 20 percent of income include New York, Pennsylvania, Michigan, and Illinois.

As a result of the rapid increase in health insurance costs and slow or stagnant growth in incomes, 80 percent of the nation's population now lives in states where total premiums are equal to or exceed 20 percent or more of median incomes. In effect, premium growth has been consuming resources that employers might otherwise have earmarked for salary or wage increases, for other benefits, or for hiring additional workers. Such a rapid increase in the cost of employer-sponsored health benefits has forced difficult choices at workplaces across the country. Studies indicate that the slower growth in wages and lower savings for retirement experienced during the past decade or more have been part of a trade-off to preserve health benefits.[10]

The stress on businesses and families trying to hold on to health insurance has intensified in recent years as the recession and weak economic growth have depressed incomes. From 2008 to 2011, average premiums for employee-only coverage increased 19 percent. Although the 5.7 percent increase from 2010 to 2011 was slower than in earlier years, the rate of increase stands in sharp contrast to recent trends in median

Exhibit 2. Employer Premiums as Percentage of Median Household Income for Under-65 Population, 2003 and 2011



Sources: 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component (for total average premiums for employer-based health insurance plans, weighted by single and family household distribution); 2003–04 and 2011–12 Current Population Surveys (for median household incomes for under-65 population).

household income, which has declined or changed little in most states. Higher premiums coupled with stagnant or declining incomes have led to less-affordable health insurance across the country—especially as workers are now paying a greater share of premiums for plans with increased cost-sharing for medical care.

Annual Cost of Employee Premium Shares Up 80 Percent

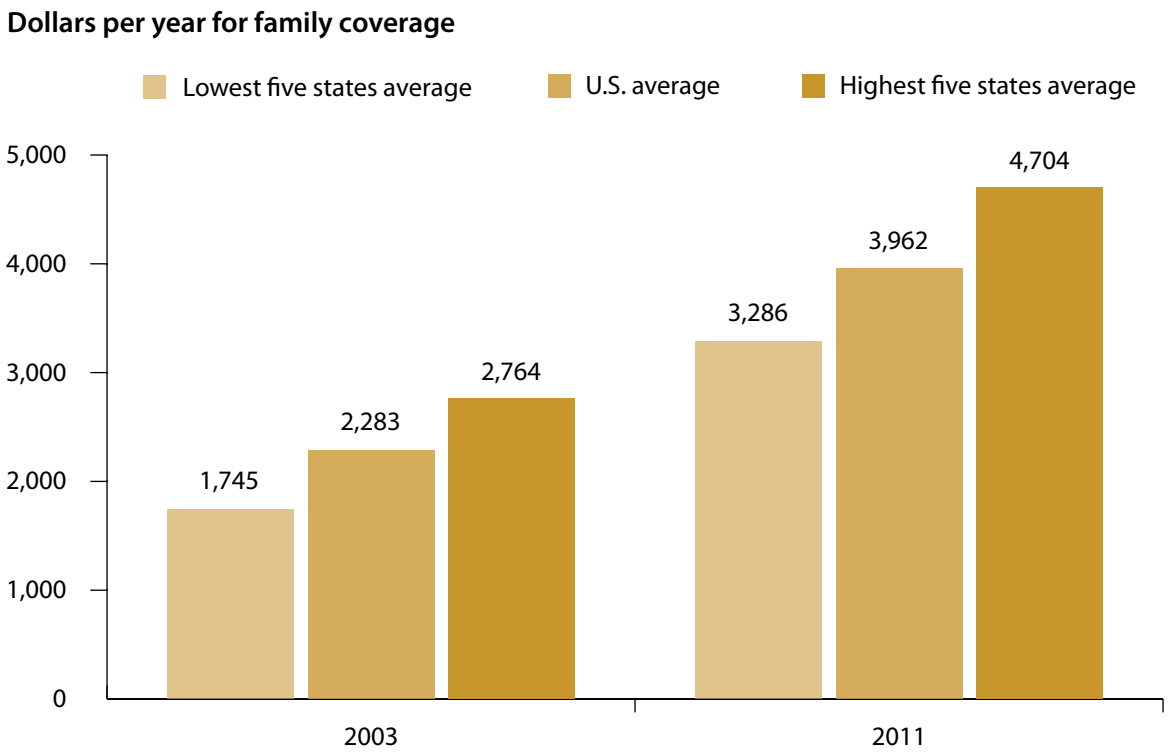
In an effort to moderate annual premium growth and reduce business costs, employers increasingly have been asking employees to pay a higher share of premiums and a greater share of health care costs in the form of higher deductibles and copayments or reductions in the generosity of benefits. Across states, the result has been a rapid increase in employees' share of insurance premiums for plans that provide less financial protection.

By 2011, the employee share of employer-sponsored health insurance averaged 26 percent for family coverage and 21 percent for employee-only coverage across states—an increase in most states compared with 2003 (Table 4). Combined with rising premiums, this has resulted in an 80 percent increase in the annual costs of the employees' share for a single-person plan and a 74 percent increase in employee costs for a family plan from 2003 to 2011. In 2003, annual costs for employees' share of family plan premiums averaged $2,283. By 2011, employees' annual costs for their share of family plan premiums averaged $3,962 (all-state median of $3,981), ranging from an average of $3,286 in the five states with the lowest costs (Indiana, Hawaii, Ohio, West Virginia, and Wisconsin) to an average of $4,704 in the five states with the highest costs (Arizona, South Carolina, New Mexico, Colorado, and Mississippi) (Exhibit 3).

Premiums Buy Less Protection: Deductibles More Than Doubled from 2003 to 2011

Although workers are paying more for insurance, their premiums are buying them less financial protection because of the rapid increase in deductibles from 2003 to 2011. The resulting shift of medical care costs

Exhibit 3. Employee Contribution for Family Coverage, Average Annual Employee Premium Share, 2003 and 2011



Source: Medical Expenditure Panel Survey–Insurance Component (employee premium share for 2003 and 2011).

onto workers and their families has led to higher out-of-pocket costs for medical bills—on top of higher premium costs. By 2011, 78 percent of workers faced a deductible, compared with about half (52 percent) in 2003. Over the same time period, average single-person deductibles for private-employer health plans more than doubled, increasing by 117 percent from 2003 to 2011 (Exhibit 4). In 34 states, deductibles increased by more than 100 percent (Table 5). From 2010 to 2011—in just one year—deductibles increased by more than 20 percent in 12 states. As a result of the rapid increase, average single-person deductibles exceeded $1,000 in 35 states by 2011. Among states, Hawaii stands out for having little change in deductibles and comparatively low average rates. Across states, average single-person deductibles by 2011 ranged from a low of $577 in Hawaii to a high of $1,622 in Tennessee (Exhibit 5).

Notably, deductibles are up for people working in larger firms (50 or more employees) as well as small firms (fewer than 50 employees). In both sectors, the single deductibles per person more than doubled between 2003 and 2011, on average (Exhibit 4 and Table 6).

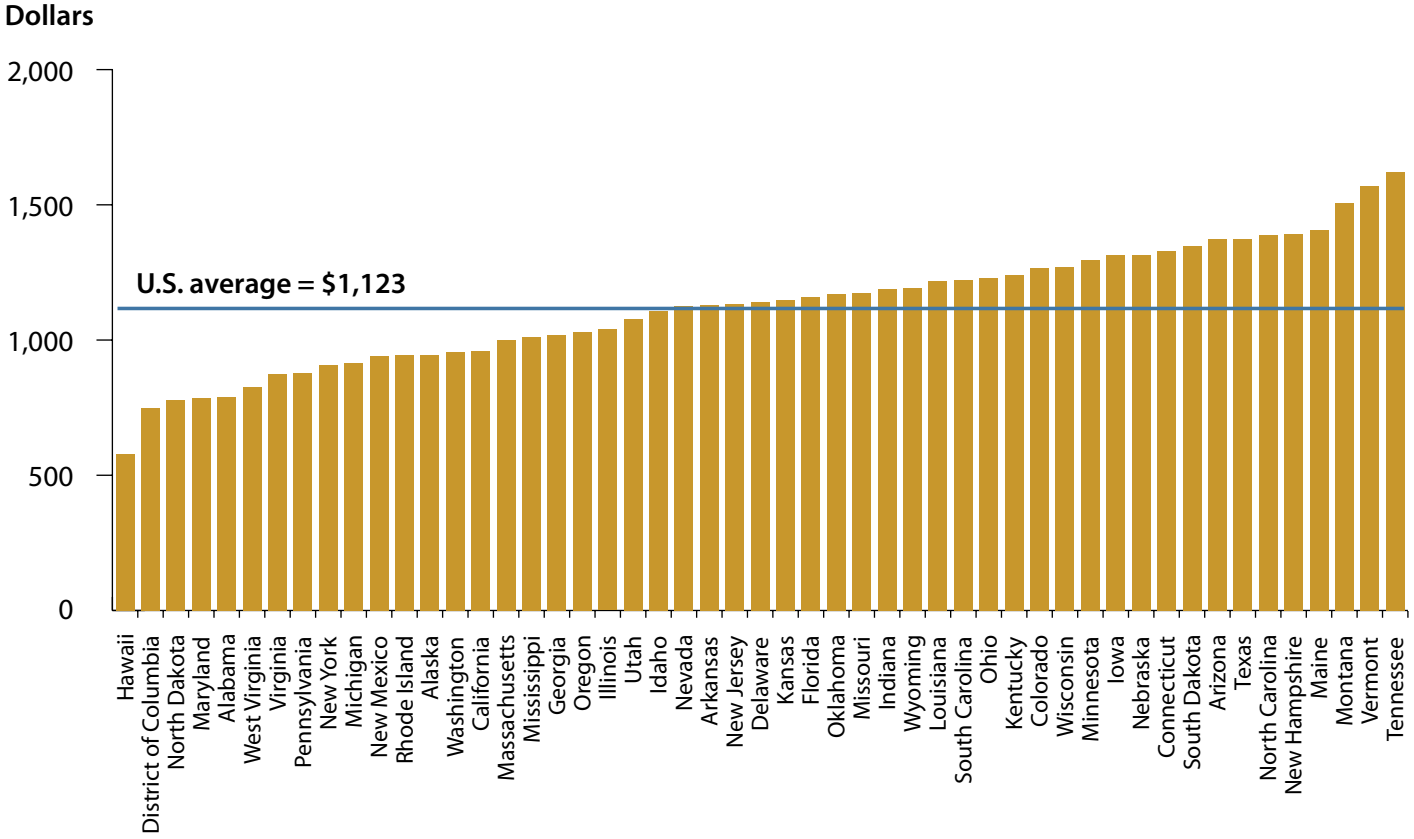
Workers in small firms, however, remain more likely to face high deductibles: in small firms the average single health plan deductible was $1,561 by 2011. In all but four states and the District of Columbia, the small-firm single deductible averaged $1,000 or more. In 26 states, the small-firm deductible averaged $1,500 or more (Table 6), up from 19 states in 2010. Although deductibles have been increasing in larger firms, they still tend to be lower than in small firms: in 22 states and the District of Columbia, the average deductible for single coverage in 2011 was below $1,000 for firms with 50 or more employees. Similarly, family deductibles were lower for those insured through larger firms than in small firms. Thus, although deductibles are up sharply on average, there continues to be a wide spread in deductible size between small and large firms.

Exhibit 4. Private Health Insurance Deductibles: State Averages by Firm Size and Household Type, 2003–2011

	2003	2011	Percent change
Average, all firms			
Single-person plan	$518	$1,123	117%
Family plan	$1,079	$2,220	106%
Average, small firms			
Single-person plan	$703	$1,561	122%
Family plan	$1,575	$3,329	111%
Average, large firms			
Single-person plan	$452	$1,010	123%
Family plan	$969	$2,052	112%

Note: Small firms = firms with fewer than 50 employees; large firms = firms with 50 or more employees.
Source: Medical Expenditure Panel Survey–Insurance Component, 2003 and 2011.

Exhibit 5. Single-Person Deductibles, by State, 2011



Source: 2011 Medical Expenditure Panel Survey–Insurance Component.

Projected Increases over the Next Decade if Historical Trends Continue

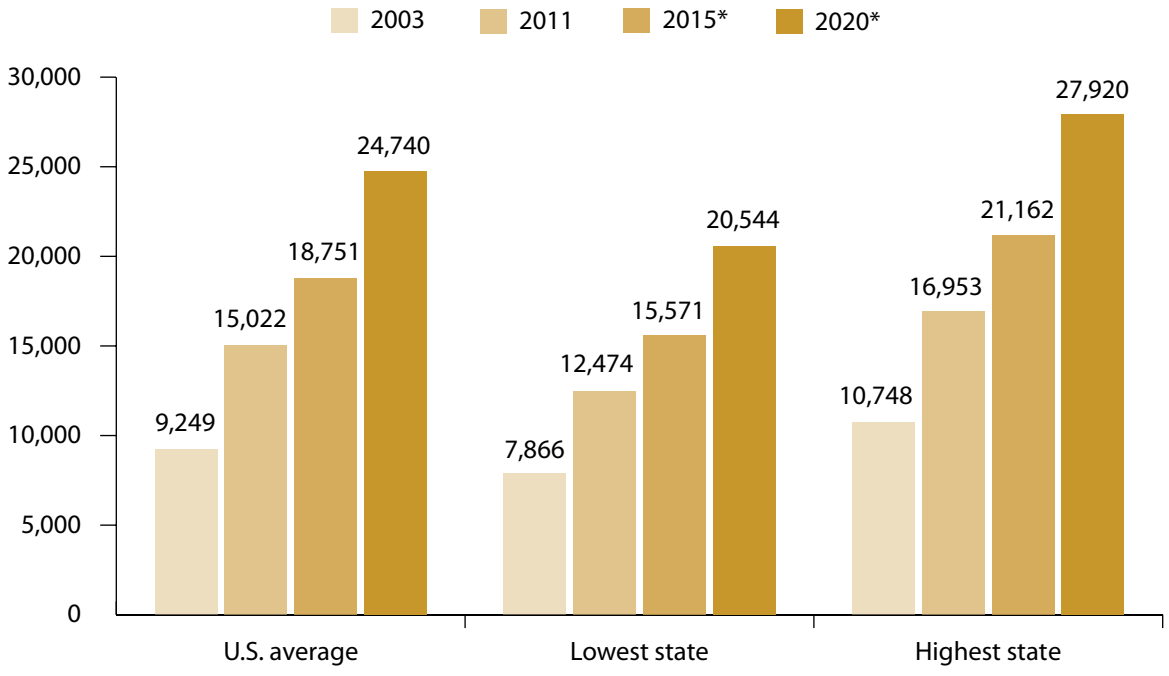
The increases from 2003 to 2011 in premiums for private employer-sponsored health insurance largely occurred before the implementation of the Affordable Care Act reforms. The law was enacted in March 2010 and is being phased in, with major provisions scheduled for implementation in 2014. Looking forward, if historical trends seen during 2003–2011 continue—with premiums increasing at the same 5.7 percent average annual rate—the cumulative impact would be a 65 percent increase in the average cost of employer-sponsored health insurance premiums from 2011 to 2020 (Exhibit 6).

Using this historical rate of annual increase and applying the same rate to all states, average total family premiums would reach $18,751 by 2015 and $24,740 by 2020 (Exhibit 6). Based on the current range of premiums across states, estimated family premiums by 2020 would range from more than $20,000 in the lowest-cost state (Arkansas) to more than $27,000 in Massachusetts, New Hampshire, New York, and Washington, D.C., if premiums continue to rise in all states at the average annual rate observed in the past eight years (Table 7).

RISING HEALTH CARE COSTS THREATEN ECONOMIC SECURITY

Middle- and lower-income working families were already in a precarious position when the recession began in December 2007. Our findings indicate that across all regions of the country, for most of the past decade people who have health insurance through their jobs have been facing increased financial pressure from rising premium shares and higher cost-sharing when obtaining medical care. With the recent recession, millions of workers lost their jobs or were otherwise unable to afford coverage and, as a result, joined the ranks of the uninsured. From 2008 to 2010, the percentage of people with employment-based insurance fell from 58.9 percent to 55.3 percent.[11] An estimated 9 million adults ages 19 to 64 lost a job with health benefits and became uninsured during this period.[12]

Exhibit 6. Total Premiums for Family Coverage, 2003, 2011, 2015, and 2020



* Premium estimates for 2015 and 2020 using 2003–11 historical average national growth rate.
Source: Medical Expenditure Panel Survey–Insurance Component (premiums for 2003 and 2011).

Along with rising numbers of uninsured, the nation has seen a rapid increase in the number of underinsured, those at risk of high out-of-pocket costs for medical care although insured all year. As of 2010, estimates indicate 81 million adults under age 65 (44% of all adults) were either uninsured during the year or underinsured, up from 61 million in 2003.[13]

The effect of higher premiums and higher out-of-pocket medical costs has been aggravated by the fact that median incomes have generally failed to keep up with the costs of living. From 2003 to 2010, median family incomes increased by only 10 percent, on average, not enough to keep up with an inflation rate that has increased by 18.5 percent over these seven years.[14] And since 2007 as a result of the recession, median incomes have fallen in many states. Stagnant or declining incomes have left workers and their families with less money available for rent, mortgage payments, education, or daily living expenses, much less health care costs.[15]

At the lower end of the income range, rising health care costs and restricted incomes have pushed more people into poverty. New alternative poverty measures from the Census Bureau that incorporate medical spending find that an additional 3.3 percent of the population (16 percent compared with 12.7 percent)—or 10 million more people—would have been counted as poor in 2010 if their out-of-pocket medical care and premium expenses were deducted from their incomes.[16]

Together, these economic pressures and concern about health care affordability and access served as motivation for the most sweeping set of national health reforms since the establishment of Medicare and Medicaid more than four decades ago.

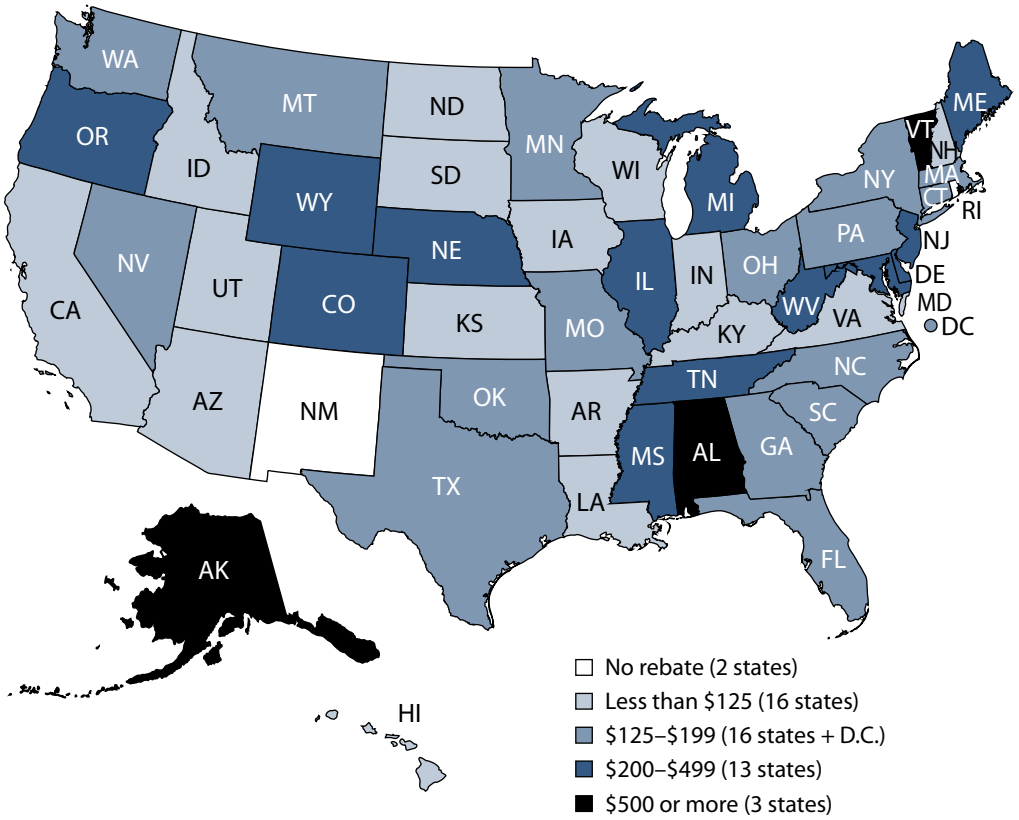
HEALTH REFORM: A NEW PLATFORM FOR ACTION

The Affordable Care Act includes several significant coverage and delivery system reform provisions that when fully implemented could help moderate premium growth, make premiums more affordable, and provide improved financial protection for insured individuals and families.[17] The law's major insurance expansions, which go into effect in 2014, will help individuals and families hold on to coverage that has proven increasingly difficult to afford. One early provision enabled an estimated 6.6 million young adults to remain on or enroll in their parents' insurance policies in 2011.[18] As a result of this early expansion, the percentage of young adults (ages 19 to 26) who were uninsured declined by nearly 4 percentage points over the past two years (from 31.4% to 27.7%), a dramatic departure from the steady increases over the early part of the decade.[19] Insurance market reforms that went into effect in 2011–2012 aim to reduce administrative costs in the private insurance industry and increase the share of premiums that insurers spend on medical care, as opposed to administrative costs and profits. The law also includes a provision for independent review of the rate of growth in premiums. In addition to these reforms, the law includes provisions that should begin to curb the rising costs of medical care that, in turn, have fueled increases in the costs of coverage. Following are key reforms that focus on private insurance markets and affordability and provide leverage for further action to address cost and quality concerns.

New Restrictions on Insurers' Administrative Costs. The health reform law created standards for what health plans must spend on medical care, as opposed to administration and profits. Health plans are now required to report the proportion of premiums spent on medical care (i.e., for medical claims and health care quality improvement activities) and nonmedical costs, including marketing and underwriting, claims processing, executive and administrative staff, and net profits. These reports are publicly available.[20] Beginning in August 2012, health plans in the large-group market that spent less than 85 percent of their premiums on medical care and health plans in the small-group and individual markets that spent less than 80 percent on medical care are required to provide rebates to enrollees and businesses.

Nearly 13 million people received rebates totaling $1.1 billion in 2012, an average of $151 per household.[21] Residents in all but two states (New Mexico

Exhibit 7. Average Rebate per Family, by State, 2011



Source: Authors' analysis. Data: http://www.healthcare.gov/law/resources/reports/mlr-rebates06212012a.html.

and Rhode Island) received rebates. Average rebates range from $100 to $500 or more in Alabama, Alaska, and Vermont (Exhibit 7).

State and Federal Review of Premium Increases. Under the law, the Secretary of Health and Human Services (HHS) and states are now reviewing "unreasonable" premium increases by health plans in the individual and small-group markets.[22] The law authorizes states and the federal government to review proposed premium increases of 10 percent or more in those markets and provides support to states to enhance their ability to perform rate reviews. As yet, the provision does not apply to grandfathered plans (i.e., those in existence when the Affordable Care Act was signed into law) or plans in the large-group market. Health insurers must submit a justification for any increase that exceeds the threshold prior to implementation, with the information to be posted on HHS, state, and insurers' Web sites.[23] Beginning in 2014, states can recommend that health plans be excluded from participation in the new state insurance exchanges if they have demonstrated a pattern of excessive or unjustified premium increases. HHS estimates that as of September, people had saved $1 billion on their premiums as a result of rate review. [24]

Medicaid Expansion and Premium and Cost-Sharing Credits for Essential Benefits. Beginning in 2014, people in households with low and moderate incomes will be offered new subsidized health plan options that will reduce both their premiums and out-of-pocket expenses. Those with household incomes up to 400 percent of poverty ($44,680 for an individual and $92,200 for a family of four) who lack an offer of affordable employer coverage will be eligible for Medicaid or federal tax credits to defray premium costs for private health plans sold through the new insurance exchanges. People with incomes up to 133 percent of poverty ($14,856 for an individual and $30,657 for a family of four) will be eligible to enroll in Medicaid, though the Supreme Court decision this

summer allows states to decide whether to participate in the expansion.[25] For plans sold through the insurance exchanges, premium tax credits will cap the contributions required of individuals and families at 2 percent of income for those with incomes of 100 percent of poverty or more ($11,170 for an individual and $23,050 for a family of four); the cap will gradually increase to 9.5 percent for households with incomes of 400 percent of poverty.[26] In addition, those with low or modest incomes will benefit from cost-sharing credits and caps on out-of-pocket spending. A new essential health benefit standard will limit out-of-pocket costs for insured individuals and families of all income levels.[27]

State Health Insurance Exchanges and Insurance Market Rules. The Affordable Care Act requires states or the federal government to operate health insurance exchanges in each state. The exchanges will serve as new marketplaces for small employers and individuals without employer coverage to purchase insurance. States that elect to run their own exchanges may offer all plans that meet minimum federal requirements for participation in the exchanges, or they may establish higher standards. States may, for example, use competitive bidding or selective contracting processes; limit health plan participation to those ranked highest on a set of criteria established by the exchange, such as achievement of health care quality and cost value; or negotiate rates with insurance carriers.[28] Of the 13 states and the District of Columbia that so far have given themselves the legal authority to establish an exchange, six have already decided to take the more "active purchaser" route in certifying qualified health plans and two others are studying the issue.[29]

Whether sold through a state exchange or outside of it, all health insurance plans will have to follow new market rules that prohibit them from turning down anyone for coverage or increasing premiums because of poor health or gender. The exchanges will offer a choice of health plans, all of which must include a comprehensive set of essential health benefits, similar to those covered under employer-based plans. In addition, small businesses will be able to decide to offer a range of choices to their employees, with the exchange handling the premium payments to participating insurers.[30] In 2014, state exchanges will be open to companies with up to 100 employees or, at state option, up to 50 employees until 2016.[31] States may open exchanges to employers with more than 100 employees beginning in 2017.[32]

Payment and System Reforms. In addition to insurance market reforms, the Affordable Care Act creates new incentives and support for physicians and hospitals to join together to provide better care and use resources more prudently. These include support for primary care physicians and community-based care to ensure timely access to medical services, with special emphasis on preventive care and improving health outcomes for people with chronic diseases. New payment incentives place a premium on safety and avoidance of hospital readmissions. Payment reforms being tested by the federal government, states, and health care delivery systems hold providers accountable for reducing the total costs of care while improving outcomes. The reforms authorize public programs to partner with private insurers, states, and health systems to achieve the triple aim of better health, better care, and lower costs.

Together, these provisions provide a foundation on which to build further cost-control efforts that could slow the rate of health care and health insurance cost growth. Once fully implemented, the insurance market reforms will significantly change the operations of private insurance markets, and the payment and delivery system reforms will begin to promote health care quality and value.

As of 2012, the most recent national data on employer-based health insurance costs finds a slowdown in the rate of increase, with premiums for family plans increasing by just 4 percent from 2011 to 2012, compared with the near–double-digit rates at the start of the decade.[33] Health reforms, including new medical loss ratio standards that require insurers to return excess administrative costs as rebates, likely contributed to this moderation in premium growth.

The dynamics of private insurance markets and health care markets indicate, however, that further

challenges lie ahead, as health care and insurance costs continue to grow faster than incomes and the economy. Recent developments also point to the potential benefits of all payers—private insurers and public programs—acting together to achieve more affordable coverage and care for U.S. families and businesses.

Insurance Market Concentration and the Role of Private Insurers

One of the challenges facing states will be how to work with dominant insurance carriers and at the same time allow new regional care systems to develop that could offer better value through more integrated, community care systems. In all states, the insurance market has become ever more concentrated, both as a result of mergers and as larger employers have restricted the range of employee plan choices to national plans with broad provider networks. At the same time, small companies are rarely able to offer a choice of plans and instead select statewide or national plans with broad networks to ensure all employees have access. These market developments have made it harder for innovative regional health systems and plans to survive or spread and have led to increased insurance market concentration.

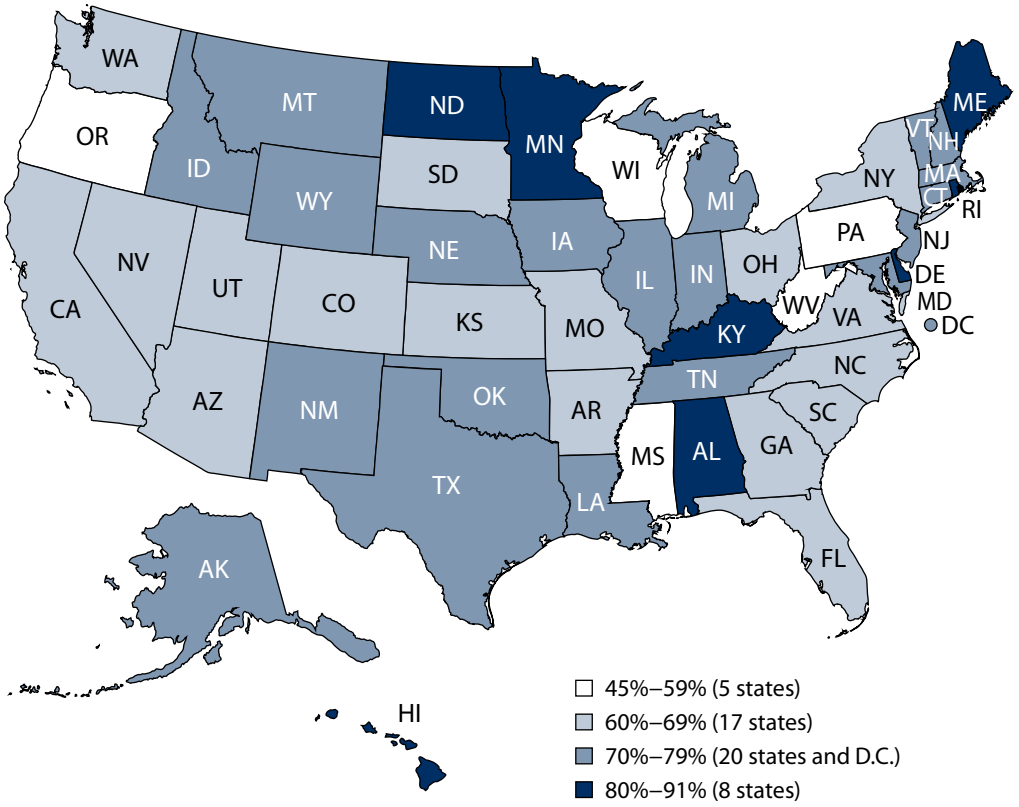
In most states, the top two or three private insurance carriers now account for the majority of privately insured lives. As illustrated in Exhibit 8, in 28 states plus the District of Columbia, the top three firms account for 70 percent or more of the health insurance market.[34] Within states, insurance markets are also highly concentrated, although smaller regional plans may emerge among the leaders.[35] Where regional plans are able to provide high value, exchanges have the potential to expand plan choices for small-business owners and their employees.

At the same time, exchanges and state authorities also will need to work with dominant carriers to slow the increase of premiums by lowering administrative costs, limiting profit margins, and using innovative payment policies to spur health care delivery reforms that reduce the costs of care while at the same time ensuring access, quality, and better health outcomes. To date, with highly concentrated insurance markets, the path of least resistance for insurers has been to simply pass on the rising costs of medical care and higher prices, while adding insurance administrative costs and profit margins. In fact, the major national private insurance companies have done well throughout the recession years, with strong pretax profit margins and administrative costs that have largely kept pace with increases in medical care costs. Recent corporate analyst reports cite high profit margins for commercial insurers such as United and Wellpoint, each of which now insure more than 30 million people, and the accumulation of reserves by nonprofit Blue Cross Blue Shield plans in many states.[36]

Several recent private-sector initiatives indicate that dominant carriers can make a positive difference for the entire marketplace if they focus on improving quality and lowering costs—and pass on savings to businesses and families. For example, Blue Cross Blue Shield of Massachusetts launched the Alternative Quality Contract (AQC) in 2009. The AQC features per-patient global prospective budgets with performance incentives to improve the quality of care and patient experiences, plus shared savings from reduced costs.[37] A recent evaluation found that the initiative slowed spending growth by 1.9 percent and 3.3 percent in its first and second years, respectively, while maintaining or improving the quality of care.[38] The model is gaining momentum in Massachusetts, with each of the state's other major insurers (including Harvard Pilgrim Healthcare, Tufts Health Plan, and Fallon Community Health Plan) adopting similar provider payment models.

Similarly, Blue Cross and Blue Shield of Michigan, the dominant insurer in that state, has leveraged its market position to widely deploy its Physician Group Incentive Program. As of July 2012, the initiative included 17,500 participating physicians providing care for 1.5 million plan members, with incentive payments for population-based improvement in health outcomes and cost.[39] Preliminary analysis suggests that the patient-centered medical home teams and networks have improved care and led to more efficient

Exhibit 8. Market Share of Three Largest Health Plans, by State, 2011



Source: Authors' analysis of Managed Market Surveyor, Healthleaders-Interstudy data on health insurance enrollment as of January 2011.

resource use, including lower hospital admissions and readmissions and fewer visits to the emergency department. To date, the savings have largely been reinvested in the care system to reward and support innovative teams. Over time, efforts such as those under way in Massachusetts and Michigan have the potential to translate into lower overall cost trends and lower premiums for businesses and families.

Realizing such potential, however, will likely require collective action across all payers to focus payment and other reforms on achieving better health outcomes, better quality and access, and lower costs. Signaling agreement on the need for concerted action, Massachusetts in July 2012 enacted legislation aimed directly at controlling health care costs. Building on a foundation of near-universal coverage as a result of earlier expansions, the new law sets a global target to hold total health spending growth (public and private) to the level of state economic growth through 2017, and after that to grow 0.5 percent slower than the state economy. Achieving this target would result in substantial savings compared with projected state costs.[40] The legislation passed with the support of stakeholders across the state, including providers, insurers, businesses, and community leaders.

The Need for Action: Potential Savings for Businesses and Families

In Massachusetts, prior insurance expansions have laid a foundation for the state's current health care cost control efforts. Similarly, the Affordable Care Act will establish a platform—including near-universal coverage—on which private insurers can build to lower overhead costs, innovate, and partner with providers to improve health care quality and value. But the overall success of the law will be contingent on public and private stakeholders working together to ensure

that markets operate in the public interest to slow cost growth while improving care. Achieving these goals will require the spread of innovative payment and delivery system reforms across all markets and more unified action among payers.

Early analysis concluded that the payment, delivery system, and insurance market reforms of the Affordable Care Act could slow the rate of health care spending growth by at least 1 percent compared with projected trends without reform.[41] Reforms in the Medicare program already have slowed projected rates of increase per beneficiary, while improving Medicare prescription drug and preventive care benefits. As a result of reforms that reduced Medicare's excess payments to private insurance companies and productivity incentives for providers, Medicare spending per enrollee is projected to increase at annual rates well below private insurance spending per enrollee over the next decade.[42] As illustrated in Exhibit 9, the projections of relatively slow annual increases in Medicare spending per enrollee from 2011 to 2021, compared with those for private employer-sponsored coverage, continue the pattern observed from 2008 through 2011.

Concerted action across payers could ensure future savings for those insured through private insurers as well through public programs. To illustrate the potential savings in each state, we calculated the differences in premiums using two scenarios: 1) if premium growth slowed by 1 percent a year compared with historical trends; and 2) if premium growth slowed by 1.5 percent. For simplicity, we project potential savings in each state by 2015 and 2020 using the same historical growth rates and alternative growth rates.

As illustrated in Exhibit 10, reducing the rate of premium increase to either target would yield substantial savings compared with projected trends. If premium growth were to slow to 1 percentage point below projected levels if recent rates of increase continue, the cost of family coverage would drop an average of $700 annually by 2015 and $2,029 by 2020 (Exhibit 10 and Table 9). The reduction represents real savings for families and employers. Average savings for family coverage premiums by 2020 would range from $1,684 in the lowest-cost state, Arkansas, to $2,289 in the highest-cost state, Massachusetts.

Even greater amounts could be saved if the annual premium growth rates were to slow by 1.5 percentage points. An average of $1,042 could be saved annually on family coverage by 2015. The savings would more than double to $2,986 annually by 2020. Savings from family coverage premiums would range from $2,480 in Arkansas in 2020 to more than $3,300 in Massachusetts, New Hampshire, and the District of Columbia.

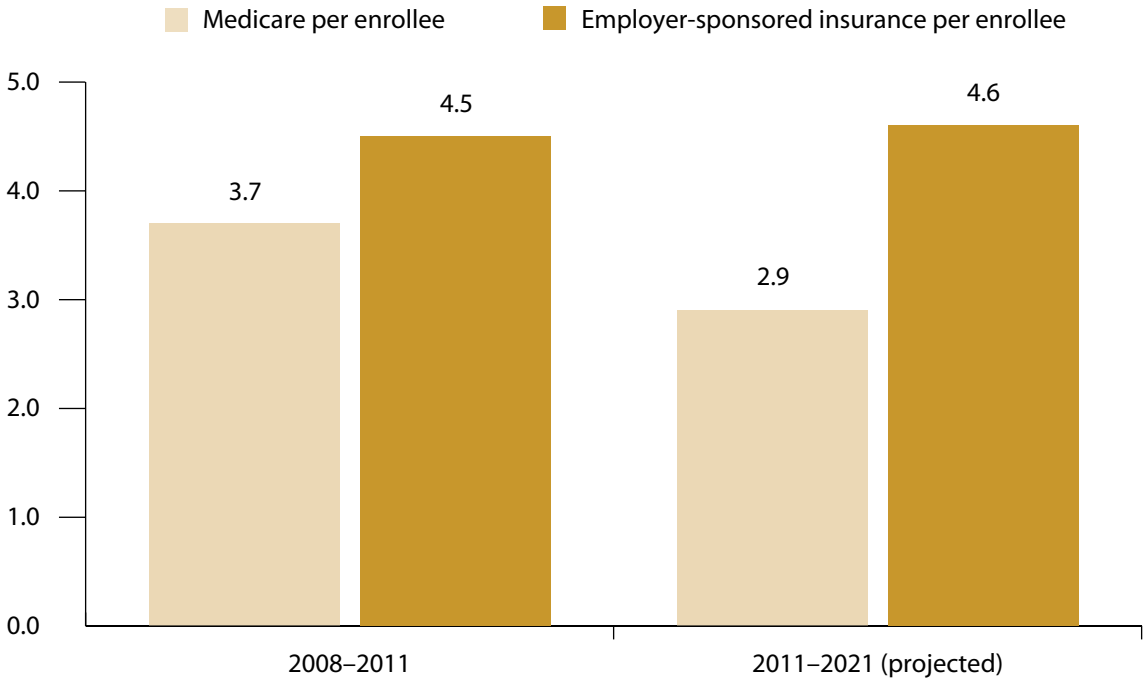
The result would be much lower premium increases as well as potential increases in incomes if savings accrued to working families in the form of higher wages. Employers could use savings from slower growth in health insurance premium costs to increase wages, contribute to retirement savings plans, or add jobs.

Because this analysis did not model the impact of potential reforms at the state level, the projected savings for each state are for illustrative purposes only. To the extent that there might be further room to achieve savings from delivering more cost-effective care in higher-cost states, the potential gains would be greater compared with those states that started the decade with relatively lower costs. Regardless of the starting point, however, the estimates of future premium costs illustrate the high risk the nation faces if current premium cost trends persist, as well as the potential gains for families and employers in all states if public- and private-sector leaders join together to realize the potential of reform.

DISCUSSION

Over the past several years, the combination of rising health care costs and decline in real incomes has left individuals and working families spending a greater percentage of their income and total compensation from work on health insurance premiums, often with greater out-of-pocket cost-sharing and less comprehensive benefits. With rising costs and eroding

Exhibit 9. Employer-Sponsored Insurance Costs per Enrollee Increasing Faster Than Medicare Spending per Enrollee



Source: CMS Office of the Actuary, National Health Expenditure Projections, 2011–2021, updated June 2012.

Exhibit 10. Projected Annual Savings in Family Premiums, 2015 and 2020

	2015	2020	2015	2020
U.S. average premium at 2003–11 historical rate of increase	$18,751	$24,740	$18,751	$24,740
	1% slower growth		**1.5% slower growth**	
U.S. average premium with savings	$18,052	$22,712	$17,709	$21,754
U.S. average savings	–$700	–$2,029	–$1,042	–$2,986
Average savings for lowest 10 premium states (AR, AL, IA, TN, ID, MS, UT, ND, LA, NV)	–$617	–$1,788	–$918	–$2,632
Average savings for highest 10 premium states (WV, CA, DE, AK, CT, VT, NY, DC, NH, MA)	–$760	–$2,204	–$1,132	–$3,244

Source: Medical Expenditure Panel Survey–Insurance Component; Premium estimates for 2015 and 2020 using 2003–11 historical average national growth rate.

coverage, much is at stake for the insured and uninsured alike as the nation looks forward.

Reducing costs and improving affordability will require approaches that confront the underlying factors contributing to high and rising health care costs. The U.S. health insurance system remains highly fragmented, marked by elevated spending on administration and an inability or unwillingness to combat high health care costs in private insurance markets. Our system includes Medicare coverage for those 65 and older and some disabled individuals, state-operated Medicaid programs, and an array of competing private insurance plans. Each has separate payment policies, reporting requirements, and other provisions related to physicians, hospitals, and other health care providers. Recent reports in multiple states indicate that within the private insurance market, prices paid for care have been rising rapidly and vary widely for the same service across states, and often for the same provider, depending on the source of insurance.[43] Prices for care provided by physicians have also gone up rapidly, in the wake of hospitals' purchases of practices.[44] Without more coherent action that addresses costs across insurance markets, the national office of the actuary projects that private insurance spending per person will increase faster than public programs over the next decade—repeating the pattern that has persisted in recent years.[45]

Slowing growth in health care costs for private as well as public payers will thus require a focus on private sector insurance and health care markets, not just on Medicare or Medicaid. People covered by private insurance, as well as public program beneficiaries, stand to gain from policies that accelerate delivery system innovation and that hold health care systems accountable for providing accessible and high-quality care while using resources prudently.

Across the country, evidence abounds of wasteful, duplicative, poorly coordinated, and, at times, unsafe care. Improvement in health system performance, with greater accountability for the total costs of care, will depend on policies that further the public interest by promoting better, more affordable care for all families, whether insured through employers, insurance exchanges, or public programs. The Affordable Care Act enables private insurers to lower their overhead costs and provides incentives to improve the value of care. The law gives states new tools and authority to steer insurance markets toward higher value, and it establishes essential benefit standards that apply to all Americans, wherever they live.

The Affordable Care Act's effectiveness in tackling costs, however, will require collaboration among public and private stakeholders to ensure that markets operate in the broad national interest of better health, more positive health care experiences, and lower future costs. Concerted action by private insurers and multipayer public and private initiatives will be essential to constrain rising prices for medical care and provide incentives for clinicians and hospitals to improve care, innovate, and use resources wisely.

In other words, we need a systemic approach to reducing health care spending, one that targets the fundamental reasons for the high costs of health insurance and care in the United States.[46] It is in everyone's interest to slow health care cost growth, rather than continuing to shift costs onto family budgets. If the nation builds on and strengthens reforms, and private and public payers act together, focused strategic action could propel the country along the path to rising family income, higher savings for education and retirement, and greater health security for the nation.

For state-specific data: See Tables 1 and 2, starting on page 20, for average premiums for single and family coverage and average premiums by firm size, by state, for 2003 and 2011. Single and family share of total premiums and average premiums as percent of median household income for nonelderly households by state are shown in Tables 3 and 4. See Tables 5 and 6 for average single and family deductibles by state and firm size in 2003 and 2011. Projected premium increases for 2015 and 2020 by state are included in Table 7. Tables 8 and 9 show potential savings for single and family coverage by state in 2015 and 2020 if reforms successfully moderate cost growth.

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Table 1. Single and Family Average Health Insurance Premiums, by State, 2003 and 2011

	2003		2011		Percent increase, 2003–2011	
State	**Single**	**Family**	**Single**	**Family**	**Single**	**Family**
United States	**$3,481**	**$9,249**	**$5,222**	**$15,022**	**50%**	**62%**
Alabama	3,156	8,045	4,828	12,940	53	61
Alaska	4,011	10,564	6,477	16,074	61	52
Arizona	3,209	8,972	4,880	14,854	52	66
Arkansas	3,127	7,977	4,392	12,474	40	56
California	3,293	9,091	5,255	15,837	60	74
Colorado	3,645	9,522	5,212	14,850	43	56
Connecticut	3,676	10,119	5,592	16,265	52	61
Delaware	3,854	10,499	5,603	16,015	45	53
District of Columbia	3,740	10,748	5,783	16,606	55	55
Florida	3,592	9,331	5,216	14,732	45	58
Georgia	3,624	8,641	5,109	13,963	41	62
Hawaii	3,020	7,887	4,868	13,738	61	74
Idaho	3,331	8,563	4,553	13,211	37	54
Illinois	3,692	9,693	5,375	15,167	46	56
Indiana	3,493	9,315	5,132	14,713	47	58
Iowa	3,270	8,436	4,742	13,030	45	54
Kansas	3,401	8,907	5,004	14,459	47	62
Kentucky	3,437	9,118	5,059	15,417	47	69
Louisiana	3,317	8,735	4,681	13,572	41	55
Maine	3,852	10,308	5,477	15,585	42	51
Maryland	3,427	9,217	5,225	15,315	52	66
Massachusetts	3,496	9,867	5,823	16,953	67	72
Michigan	3,671	9,449	5,061	14,458	38	53
Minnesota	3,679	10,066	5,426	15,539	47	54
Mississippi	3,305	8,075	4,846	13,420	47	66
Missouri	3,305	8,984	5,019	13,888	52	55
Montana	3,506	8,542	5,591	14,514	59	70
Nebraska	3,506	9,139	4,965	13,776	42	51
Nevada	3,578	8,831	4,528	13,633	27	54
New Hampshire	3,563	9,776	5,818	16,902	63	73
New Jersey	3,814	10,168	5,673	15,589	49	53
New Mexico	3,361	9,299	5,205	15,326	55	65
New York	3,592	9,439	5,717	16,572	59	76
North Carolina	3,411	8,463	5,230	14,304	53	69
North Dakota	2,999	7,866	5,179	13,461	73	71
Ohio	3,416	9,136	5,025	14,327	47	57
Oklahoma	3,285	8,739	4,807	13,906	46	59
Oregon	3,362	8,861	5,055	14,283	50	61
Pennsylvania	3,449	9,133	5,244	15,096	52	65
Rhode Island	3,725	9,460	5,924	15,273	59	61
South Carolina	3,371	8,918	5,281	15,252	57	71
South Dakota	3,361	8,499	5,364	14,510	60	71

	2003		2011		Percent increase, 2003–2011	
State	Single	Family	Single	Family	Single	Family
Tennessee	$3,597	$9,261	$4,799	$13,189	33%	42%
Texas	3,400	9,575	5,198	14,903	53	56
Utah	3,352	8,349	4,597	13,455	37	61
Vermont	3,596	9,483	5,582	16,273	55	72
Virginia	3,322	9,176	4,962	14,822	49	62
Washington	3,520	9,212	5,144	14,559	46	58
West Virginia	3,809	9,164	5,720	15,694	50	71
Wisconsin	3,749	9,562	5,444	15,505	45	62
Wyoming	3,706	9,612	5,337	14,779	44	54

Note: Premiums are for insurance policies offered by private-sector employers in the United States.
Data: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 2. Single and Family Average Health Insurance Premiums, by Firm Size and State, 2003 and 2011

	Small firms (<50 employees)				Large firms (50 or more employees)				Percent increase			
	2003		2011		2003		2011		Small-firm increase, 2003–11		Large-firm increase, 2003–11	
State	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
United States	**$3,623**	**$9,321**	**$5,222**	**$14,086**	**$3,438**	**$9,235**	**$5,213**	**$15,175**	**44%**	**51%**	**52%**	**64%**
Alabama	3,257	7,442	5,136	11,820	3,123	8,189	4,738	13,187	58	59	52	61
Alaska	4,286	10,461	7,629	18,303	3,847	10,583	6,250	15,966	78	75	62	51
Arizona	3,390	9,208	4,928	13,919	3,156	8,943	4,869	14,944	45	51	54	67
Arkansas	3,338	8,484	4,226	11,736	3,078	7,929	4,425	12,574	27	38	44	59
California	3,237	8,716	5,146	13,861	3,310	9,172	5,293	16,168	59	59	60	76
Colorado	3,933	10,349	5,418	13,334	3,558	9,358	5,158	15,089	38	29	45	61
Connecticut	3,944	10,086	6,089	16,039	3,585	10,128	5,461	16,310	54	59	52	61
Delaware	3,810	10,242	6,374	15,159	3,869	10,538	5,423	16,124	67	48	40	53
District of Columbia	3,877	11,380	5,606	16,528	3,699	10,572	5,830	16,616	45	45	58	57
Florida	3,967	9,732	5,391	14,698	3,483	9,266	5,176	14,736	36	51	49	59
Georgia	3,367	8,529	5,278	12,529	3,680	8,654	5,080	14,170	57	47	38	64
Hawaii	3,440	8,423	4,974	13,271	2,809	7,759	4,815	13,829	45	58	71	78
Idaho	3,210	8,246	4,706	11,130	3,375	8,671	4,504	13,635	47	35	33	57
Illinois	3,652	9,488	5,521	14,830	3,702	9,727	5,342	15,221	51	56	44	56
Indiana	3,467	9,062	4,754	13,364	3,500	9,353	5,201	14,910	37	47	49	59
Iowa	3,114	7,216	4,720	11,494	3,310	8,690	4,746	13,277	52	59	43	53
Kansas	3,503	8,580	5,209	13,230	3,371	8,982	4,939	14,739	49	54	47	64
Kentucky	3,260	9,073	4,396	12,201	3,492	9,127	5,209	15,874	35	34	49	74
Louisiana	3,427	8,567	4,968	12,459	3,275	8,777	4,591	13,823	45	45	40	57
Maine	4,093	10,066	5,260	14,698	3,727	10,362	5,532	15,734	29	46	48	52
Maryland	3,703	8,871	5,059	12,999	3,329	9,292	5,276	15,745	37	47	58	69
Massachusetts	3,678	10,129	6,231	16,677	3,439	9,804	5,722	17,003	69	65	66	73
Michigan	3,944	9,534	5,096	13,553	3,588	9,430	5,052	14,671	29	42	41	56
Minnesota	3,125	9,285	5,267	14,609	3,844	10,246	5,460	15,645	69	57	42	53
Mississippi	3,555	9,061	4,692	11,851	3,231	7,932	4,878	13,588	32	31	51	71
Missouri	3,202	8,241	4,991	13,241	3,339	9,137	5,026	14,018	56	61	51	53
Montana	3,297	7,381	5,393	12,938	3,611	9,125	5,675	14,954	64	75	57	64

	Small firms (<50 employees)				Large firms (50 or more employees)				Percent increase			
	2003		2011		2003		2011		Small-firm increase, 2003–11		Large-firm increase, 2003–11	
State	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family	Single	Family
Nebraska	3,560	9,137	4,705	13,003	3,486	9,140	5,018	13,894	32	42	44	52
Nevada	3,610	10,246	5,095	12,517	3,569	8,583	4,406	13,795	41	22	23	61
New Hampshire	3,831	11,078	5,649	15,187	3,424	9,333	5,869	17,174	47	37	71	84
New Jersey	3,972	10,956	5,869	15,613	3,754	9,983	5,607	15,585	48	43	49	56
New Mexico	3,525	8,376	5,673	15,267	3,293	9,555	5,087	15,336	61	82	54	61
New York	4,103	10,115	6,007	16,969	3,448	9,286	5,626	16,480	46	68	63	77
North Carolina	3,801	9,384	4,932	11,705	3,293	8,336	5,306	14,633	30	25	61	76
North Dakota	2,945	7,539	4,769	12,728	3,020	7,979	5,341	13,675	62	69	77	71
Ohio	3,399	8,600	5,101	12,488	3,420	9,227	5,010	14,659	50	45	46	59
Oklahoma	3,772	8,875	5,041	12,935	3,136	8,717	4,733	14,120	34	46	51	62
Oregon	3,671	8,597	5,074	13,058	3,226	8,922	5,048	14,583	38	52	56	63
Pennsylvania	3,818	10,195	5,166	14,692	3,327	8,879	5,267	15,157	35	44	58	71
Rhode Island	3,946	10,159	5,710	14,826	3,618	9,220	6,012	15,369	45	46	66	67
South Carolina	3,461	9,634	5,135	13,350	3,340	8,833	5,321	15,496	48	39	59	75
South Dakota	3,546	8,476	4,914	12,755	3,289	8,506	5,521	14,996	39	50	68	76
Tennessee	3,857	9,332	4,976	11,289	3,540	9,255	4,757	13,416	29	21	34	45
Texas	3,793	9,831	5,247	14,598	3,310	9,545	5,186	14,940	38	48	57	57
Utah	3,054	7,861	4,451	12,738	3,411	8,515	4,622	13,582	46	62	36	60
Vermont	3,739	9,398	5,488	13,321	3,512	9,508	5,621	17,130	47	42	60	80
Virginia	3,251	8,678	5,062	13,847	3,348	9,312	4,936	14,973	56	60	47	61
Washington	3,453	8,880	4,591	12,048	3,548	9,299	5,338	14,838	33	36	50	60
West Virginia	3,477	8,803	5,685	14,625	3,906	9,233	5,728	15,795	64	66	47	71
Wisconsin	3,941	9,854	5,257	15,232	3,693	9,492	5,481	15,539	33	55	48	64
Wyoming	3,654	10,255	5,645	14,574	3,734	9,396	5,194	14,829	54	42	39	58

Data: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 3. Average Health Insurance Premiums as Percent of Median Household Income, by State, 2003 and 2011

	Median income for single-person household (under age 65)		Median income for family household (all under age 65)		Single premiums as percent of median income for single-person household (under age 65)		Family premiums as percent of median income for family household (all under age 65)		Average premiums as percent of median household income for under-65 population*	
State	**2002–03**	**2010–11**	**2002–03**	**2010–11**	**2003**	**2011**	**2003**	**2011**	**2003**	**2011**
United States	**$24,400**	**$26,000**	**$61,000**	**$68,000**	**14.3%**	**20.1%**	**15.2%**	**22.1%**	**14.9%**	**21.5%**
Alabama	20,952	22,800	58,000	62,900	15.1	21.2	13.9	20.6	14.2	20.7
Alaska	25,082	30,000	66,634	78,034	16.0	21.6	15.9	20.6	15.9	20.9
Arizona	20,800	26,000	55,536	61,000	15.4	18.8	16.2	24.4	16.0	23.0
Arkansas	19,788	21,000	45,000	56,000	15.8	20.9	17.7	22.3	17.3	21.9
California	25,400	25,500	58,548	60,800	13.0	20.6	15.5	26.0	14.9	24.4
Colorado	27,540	30,000	65,797	84,000	13.2	17.4	14.5	17.7	14.1	17.6
Connecticut	26,520	33,609	80,450	98,002	13.9	16.6	12.6	16.6	12.9	16.6
Delaware	26,520	30,000	68,340	70,250	14.5	18.7	15.4	22.8	15.1	21.7
District of Columbia	32,464	40,000	50,811	71,860	11.5	14.5	21.2	23.1	16.5	18.8
Florida	23,529	26,000	56,770	60,000	15.3	20.1	16.4	24.6	16.1	23.2
Georgia	24,024	25,999	58,707	62,676	15.1	19.7	14.7	22.3	14.8	21.6
Hawaii	25,000	29,035	63,638	63,100	12.1	16.8	12.4	21.8	12.3	20.0
Idaho	21,442	22,000	52,577	60,000	15.5	20.7	16.3	22.0	16.1	21.7
Illinois	24,960	27,291	64,276	69,250	14.8	19.7	15.1	21.9	15.0	21.3
Indiana	24,000	25,000	65,001	63,741	14.6	20.5	14.3	23.1	14.4	22.5
Iowa	24,480	26,200	64,480	71,621	13.4	18.1	13.1	18.2	13.1	18.2
Kansas	23,912	27,003	63,775	65,135	14.2	18.5	14.0	22.2	14.0	21.3
Kentucky	21,425	22,188	54,078	62,858	16.0	22.8	16.9	24.5	16.7	24.1
Louisiana	23,500	23,000	46,257	60,000	14.1	20.4	18.9	22.6	17.7	22.1
Maine	23,000	25,000	56,886	71,915	16.7	21.9	18.1	21.7	17.8	21.7
Maryland	28,560	32,000	78,044	90,000	12.0	16.3	11.8	17.0	11.9	16.8
Massachusetts	28,000	30,500	77,750	96,629	12.5	19.1	12.7	17.5	12.6	18.0
Michigan	24,391	23,850	65,514	73,600	15.1	21.2	14.4	19.6	14.6	20.0
Minnesota	27,040	30,000	79,272	88,040	13.6	18.1	12.7	17.6	12.9	17.8
Mississippi	20,000	21,000	45,103	54,400	16.5	23.1	17.9	24.7	17.6	24.3
Missouri	24,480	25,000	64,273	68,719	13.5	20.1	14.0	20.2	13.9	20.2
Montana	20,000	25,000	49,552	62,000	17.5	22.4	17.2	23.4	17.3	23.1

	Median income for single-person household (under age 65)		Median income for family household (all under age 65)		Single premiums as percent of median income for single-person household (under age 65)		Family premiums as percent of median income for family household (all under age 65)		Average premiums as percent of median household income for under-65 population*	
State	**2002–03**	**2010–11**	**2002–03**	**2010–11**	**2003**	**2011**	**2003**	**2011**	**2003**	**2011**
Nebraska	$23,582	$27,500	$65,607	$76,515	14.9%	18.1%	13.9%	18.0%	14.1%	18.0%
Nevada	25,000	27,000	55,029	60,800	14.3	16.8	16.0	22.4	15.6	20.7
New Hampshire	26,849	31,410	80,910	95,422	13.3	18.5	12.1	17.7	12.4	17.9
New Jersey	29,355	30,000	85,000	91,300	13.0	18.9	12.0	17.1	12.2	17.6
New Mexico	18,972	23,000	45,000	54,000	17.7	22.6	20.7	28.4	19.9	26.8
New York	25,013	29,000	61,380	68,080	14.4	19.7	15.4	24.3	15.1	22.9
North Carolina	20,565	24,941	53,043	63,000	16.6	21.0	16.0	22.7	16.1	22.3
North Dakota	22,524	28,100	57,144	82,212	13.3	18.4	13.8	16.4	13.7	16.9
Ohio	23,970	25,000	63,397	67,000	14.3	20.1	14.4	21.4	14.4	21.0
Oklahoma	20,420	25,000	50,150	60,000	16.1	19.2	17.4	23.2	17.1	22.2
Oregon	21,846	25,000	57,477	66,510	15.4	20.2	15.4	21.5	15.4	21.1
Pennsylvania	24,000	26,600	66,111	74,668	14.4	19.7	13.8	20.2	14.0	20.1
Rhode Island	26,000	25,200	65,280	84,000	14.3	23.5	14.5	18.2	14.4	19.7
South Carolina	21,000	22,000	55,200	59,780	16.1	24.0	16.2	25.5	16.1	25.1
South Dakota	20,617	25,000	58,855	68,000	16.3	21.5	14.4	21.3	14.9	21.4
Tennessee	21,624	23,081	52,000	60,006	16.6	20.8	17.8	22.0	17.5	21.7
Texas	22,112	25,000	48,000	58,100	15.4	20.8	19.9	25.7	18.9	24.4
Utah	22,710	26,051	61,200	73,460	14.8	17.6	13.6	18.3	13.9	18.2
Vermont	24,480	27,765	65,740	75,646	14.7	20.1	14.4	21.5	14.5	21.1
Virginia	25,149	29,988	75,000	86,029	13.2	16.5	12.2	17.2	12.5	17.0
Washington	25,000	30,000	66,788	74,435	14.1	17.1	13.8	19.6	13.9	18.9
West Virginia	19,992	22,000	43,860	57,181	19.1	26.0	20.9	27.4	20.5	27.1
Wisconsin	25,500	27,040	64,016	75,774	14.7	20.1	14.9	20.5	14.9	20.4
Wyoming	23,002	26,350	57,002	74,548	16.1	20.3	16.9	19.8	16.7	19.9

* Weighted by single and family household distribution in state.
Data: Median household incomes—2003, 2004, 2011, and 2012 Current Population Surveys; Total average premiums for employer-based single and family health insurance plans—2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 4. Single and Family Share of Total Premiums, Average Annual Employee Premium Share by State, 2003 and 2011

	2003				2011				Percent increase ($): 2003–11	
	Single		Family		Single		Family		Single	Family
United States	**17.4%**	**$606**	**24.7%**	**$2,283**	**20.9%**	**$1,090**	**26.4%**	**$3,962**	**80%**	**74%**
Alabama	20.2	636	28.5	2,290	23.4	1,128	27.5	3,560	77	55
Alaska	10.8	433	16.6	1,759	16.7	1,082	26.4	4,244	150	141
Arizona	17.5	560	30.1	2,697	23.4	1,141	32.1	4,767	104	77
Arkansas	20.6	644	29.4	2,347	22.1	971	29.0	3,623	51	54
California	14.4	475	25.1	2,282	18.5	974	25.1	3,970	105	74
Colorado	15.9	581	25.5	2,430	20.3	1,059	31.3	4,646	82	91
Connecticut	21.5	789	22.5	2,282	21.5	1,202	23.4	3,801	52	67
Delaware	18.4	711	21.3	2,233	19.9	1,117	27.3	4,378	57	96
District of Columbia	19.0	710	23.0	2,474	20.2	1,166	26.1	4,328	64	75
Florida	20.9	750	30.1	2,810	21.8	1,135	31.0	4,562	51	62
Georgia	19.3	699	26.9	2,327	24.3	1,241	30.4	4,239	78	82
Hawaii	8.3	251	26.0	2,048	11.2	546	23.8	3,273	118	60
Idaho	16.2	540	28.0	2,395	19.4	884	30.2	3,996	64	67
Illinois	16.9	625	22.8	2,212	22.5	1,207	25.1	3,809	93	72
Indiana	21.0	732	24.7	2,301	20.2	1,037	22.1	3,257	42	42
Iowa	20.8	682	25.9	2,188	22.7	1,078	27.6	3,597	58	64
Kansas	23.1	786	28.8	2,566	19.8	989	24.4	3,526	26	37
Kentucky	20.0	688	25.3	2,303	21.9	1,108	23.4	3,610	61	57
Louisiana	19.1	633	29.6	2,587	26.0	1,217	32.5	4,416	92	71
Maine	18.1	698	27.9	2,872	20.3	1,113	29.1	4,534	59	58
Maryland	23.1	791	29.5	2,714	23.7	1,237	28.5	4,364	56	61
Massachusetts	20.4	713	24.2	2,385	24.7	1,438	25.6	4,340	102	82
Michigan	14.7	538	17.6	1,661	21.8	1,101	24.0	3,470	105	109
Minnesota	16.4	604	24.7	2,488	20.0	1,087	26.2	4,077	80	64
Mississippi	15.2	503	28.8	2,328	20.4	987	34.6	4,646	96	100
Missouri	17.3	572	25.4	2,286	23.0	1,155	29.2	4,054	102	77
Montana	13.5	475	28.0	2,388	14.7	823	25.6	3,710	73	55

	2003				2011				Percent increase ($): 2003–11	
	Single		Family		Single		Family		Single	Family
Nebraska	25.0%	$875	29.0%	$2,646	21.1%	$1,049	28.7%	$3,947	20%	49%
Nevada	13.3	474	23.8	2,100	22.8	1,032	30.9	4,216	118	101
New Hampshire	21.1	753	24.9	2,435	21.3	1,237	24.9	4,205	64	73
New Jersey	16.0	611	19.7	2,007	21.3	1,209	21.9	3,417	98	70
New Mexico	17.6	593	26.9	2,506	24.4	1,271	30.8	4,724	114	89
New York	17.4	625	19.2	1,812	20.1	1,150	23.1	3,824	84	111
North Carolina	15.8	541	27.9	2,359	20.3	1,061	32.0	4,584	96	94
North Dakota	19.0	571	27.2	2,136	19.1	987	28.7	3,858	73	81
Ohio	16.9	579	21.3	1,946	22.4	1,126	23.0	3,296	94	69
Oklahoma	19.0	625	27.8	2,426	21.5	1,035	32.0	4,446	66	83
Oregon	13.0	438	24.4	2,159	17.3	873	25.8	3,685	99	71
Pennsylvania	15.4	533	22.5	2,055	20.3	1,064	24.6	3,709	100	80
Rhode Island	22.0	820	26.8	2,533	23.4	1,388	22.9	3,492	69	38
South Carolina	19.8	668	29.1	2,596	23.2	1,226	31.1	4,736	84	82
South Dakota	22.9	771	27.4	2,326	20.9	1,124	28.5	4,130	46	78
Tennessee	21.1	760	27.7	2,569	21.5	1,031	30.2	3,981	36	55
Texas	16.1	548	26.8	2,568	19.2	999	29.0	4,318	82	68
Utah	19.0	638	27.7	2,309	20.8	956	26.4	3,549	50	54
Vermont	18.2	653	21.3	2,020	21.9	1,221	26.1	4,255	87	111
Virginia	19.1	634	29.7	2,728	21.8	1,081	30.6	4,533	71	66
Washington	10.9	385	22.3	2,058	16.8	866	23.7	3,451	125	68
West Virginia	14.1	538	17.0	1,554	17.3	990	21.0	3,296	84	112
Wisconsin	22.1	830	23.6	2,258	20.1	1,096	21.3	3,308	32	47
Wyoming	15.5	574	20.2	1,941	16.4	876	25.9	3,833	53	97

Note: Premiums are for insurance policies offered by private-sector employers in the United States.
Data: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 5. Single and Family Average Deductible, 2003 and 2011

	2003			2011			Percent increase: 2003–11	
State	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family
United States	**52%**	**$518**	**$1,079**	**78%**	**$1,123**	**$2,220**	**117%**	**106%**
Alabama	71	386	929	86	788	1,492	104	61
Alaska	85	463	974	97	946	1,991	104	104
Arizona	46	484	976	85	1,373	2,506	184	157
Arkansas	84	619	1,377	95	1,130	2,131	83	55
California	39	517	1,093	61	960	2,015	86	84
Colorado	54	549	1,108	84	1,268	2,614	131	136
Connecticut	32	412	995	78	1,331	2,615	223	163
Delaware	38	356	768	84	1,140	2,063	220	169
District of Columbia	32	408	874	55	748	1,635	83	87
Florida	44	576	1,218	83	1,159	2,361	101	94
Georgia	57	457	1,042	85	1,017	2,378	123	128
Hawaii	16	674	1,188	30	577	1,909	–14	61
Idaho	78	620	1,337	93	1,107	2,107	79	58
Illinois	61	542	1,102	80	1,039	2,116	92	92
Indiana	75	569	1,067	93	1,187	2,124	109	99
Iowa	75	581	1,039	90	1,314	2,496	126	140
Kansas	66	601	1,315	91	1,147	2,367	91	80
Kentucky	70	499	973	86	1,241	2,139	149	120
Louisiana	69	623	1,348	89	1,219	2,503	96	86
Maine	49	824	1,393	88	1,408	2,654	71	91
Maryland	45	389	885	75	787	1,630	102	84
Massachusetts	26	555	1,067	54	1,000	2,177	80	104
Michigan	42	365	744	80	914	1,976	150	166
Minnesota	53	473	1,191	83	1,296	2,436	174	105
Mississippi	86	619	1,343	96	1,012	2,039	63	52
Missouri	58	494	922	90	1,173	2,183	137	137
Montana	76	629	1,322	92	1,508	2,911	140	120

State	2003			2011			Percent increase: 2003–11	
	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family
Nebraska	80%	$531	$1,155	95%	$1,315	$2,576	148%	123%
Nevada	55	479	1,145	81	1,125	2,081	135	82
New Hampshire	41	515	1,217	89	1,393	2,887	170	137
New Jersey	48	538	1,004	65	1,133	1,993	111	99
New Mexico	45	511	1,396	81	942	1,823	84	31
New York	33	485	1,048	52	908	1,918	87	83
North Carolina	66	618	1,265	86	1,390	2,756	125	118
North Dakota	73	437	981	94	780	1,592	78	62
Ohio	58	399	879	85	1,228	2,560	208	191
Oklahoma	75	486	1,074	95	1,171	2,408	141	124
Oregon	52	430	906	81	1,031	2,135	140	136
Pennsylvania	36	375	854	74	879	1,702	134	99
Rhode Island	32	368	885	74	943	1,888	156	113
South Carolina	71	584	1,153	91	1,222	2,371	109	106
South Dakota	87	662	1,287	98	1,348	2,576	104	100
Tennessee	69	532	1,140	90	1,622	2,735	205	140
Texas	63	624	1,294	86	1,374	2,517	120	95
Utah	65	371	958	90	1,078	2,516	191	163
Vermont	58	562	1,184	83	1,570	2,897	179	145
Virginia	41	500	1,078	73	873	1,681	75	56
Washington	63	389	983	86	956	2,021	146	106
West Virginia	73	423	740	90	827	1,467	96	98
Wisconsin	75	490	1,012	87	1,271	2,609	159	158
Wyoming	80	643	1,221	97	1,192	2,081	85	70

Note: Deductibles are for insurance policies offered by private-sector employers in the United States that had a deductible.
Data: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 6. Single and Family Average Deductible, by Firm Size and State, 2003 and 2011

	Small firms (<50 employees)						Large firms (50 or more employees)									
	2003			2011			2003			2011			Small-firm increase: 2003–11		Large-firm increase: 2003–11	
State	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family	Single	Family
United States	**60%**	**$703**	**$1,575**	**76%**	**$1,561**	**$3,329**	**50%**	**$452**	**$969**	**78%**	**$1,010**	**$2,052**	**122%**	**111%**	**123%**	**112%**
Alabama	83	258	851	88	632	1,442	68	433	949	86	834	1,501	145	69	93	58
Alaska	94	536	1,377	93	1,594	3,162	82	412	889	97	822	1,928	197	130	100	117
Arizona	66	579	1,330	78	1,929	4,472	42	443	902	86	1,259	2,306	233	236	184	156
Arkansas	92	742	2,008	86	1,050	2,714	83	587	1,308	96	1,145	2,068	42	35	95	58
California	43	698	1,790	59	1,332	3,078	38	452	949	62	836	1,854	91	72	85	95
Colorado	64	803	2,345	87	1,717	4,170	51	453	812	83	1,145	2,394	114	78	153	195
Connecticut	28	741	1,600	73	2,045	4,084	33	319	873	79	1,166	2,343	176	155	266	168
Delaware	27	535	1,622	69	1,280	3,217	41	314	683	87	1,115	1,937	139	98	255	184
District of Columbia	29	437	669	56	718	1,703	33	398	904	55	756	1,626	64	155	90	80
Florida	57	801	2,050	88	1,606	3,268	41	492	1,050	82	1,051	2,245	100	59	114	114
Georgia	61	657	1,571	84	1,572	3,287	56	414	970	86	928	2,259	139	109	124	133
Hawaii	17	540	804	20	655	1,031	15	743	1,319	34	555	2,022	21	28	–25	53
Idaho	96	804	2,008	96	1,530	3,502	73	531	1,082	92	967	1,813	90	74	82	68
Illinois	84	792	1,756	87	1,493	3,106	56	456	930	79	927	1,939	89	77	103	108
Indiana	91	913	1,356	90	1,609	3,349	72	456	1,013	94	1,111	1,955	76	147	144	93
Iowa	86	851	1,630	94	1,324	3,239	72	494	909	89	1,312	2,373	56	99	166	161
Kansas	80	721	1,581	98	1,445	3,280	62	555	1,242	89	1,043	2,150	100	107	88	73
Kentucky	83	595	1,147	94	1,597	3,340	67	462	934	84	1,152	1,954	168	191	149	109
Louisiana	71	824	1,664	81	1,644	3,552	69	545	1,257	91	1,096	2,306	100	113	101	83
Maine	63	1,323	2,310	96	2,135	4,661	43	487	1,059	87	1,201	2,265	61	102	147	114
Maryland	44	443	649	71	1,295	2,322	45	371	939	75	641	1,516	192	258	73	61
Massachusetts	23	773	1,343	57	1,181	2,863	26	493	1,020	54	955	2,054	53	113	94	101
Michigan	55	515	884	80	1,241	2,642	38	303	696	80	834	1,843	141	199	175	165
Minnesota	51	586	1,471	85	1,621	3,219	53	443	1,131	83	1,225	2,350	177	119	177	108
Mississippi	95	777	2,220	97	1,266	2,969	84	567	1,202	96	958	1,926	63	34	69	60
Missouri	67	775	1,453	89	1,448	2,921	56	384	789	90	1,110	2,062	87	101	189	161
Montana	91	741	1,666	97	1,672	3,326	69	557	1,117	91	1,434	2,797	126	100	157	150

	Small firms (<50 employees)						Large firms (50 or more employees)									
	2003			2011			2003			2011			Small-firm increase: 2003–11		Large-firm increase: 2003–11	
State	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	% with deductible	Single	Family	Single	Family	Single	Family
Nebraska	95%	$690	$1,346	98%	$1,957	$4,157	75%	$459	$1,080	95%	$1,181	$2,327	184%	209%	157%	115%
Nevada	70	615	1,228	86	1,368	2,942	52	434	1,128	81	1,068	1,970	122	140	146	75
New Hampshire	59	567	1,335	88	2,006	5,175	34	474	1,138	89	1,214	2,520	254	288	156	121
New Jersey	47	723	1,367	71	1,629	3,450	48	458	946	63	941	1,691	125	152	105	79
New Mexico	53	680	2,054	72	1,131	2,599	42	439	1,158	83	900	1,710	66	27	105	48
New York	33	638	1,289	43	1,174	2,817	33	439	1,003	55	841	1,778	84	119	92	77
North Carolina	70	875	2,427	94	2,206	4,320	65	532	1,096	85	1,158	2,560	152	78	118	134
North Dakota	81	598	1,326	86	867	1,804	70	368	859	97	749	1,547	45	36	104	80
Ohio	78	570	1,205	91	1,831	3,935	54	340	793	84	1,099	2,300	221	227	223	190
Oklahoma	82	772	2,304	93	1,740	3,941	73	391	859	96	994	2,097	125	71	154	144
Oregon	65	598	1,512	83	1,681	3,209	48	324	716	81	785	1,883	181	112	142	163
Pennsylvania	37	422	987	56	1,245	2,196	35	359	823	78	802	1,653	195	122	123	101
Rhode Island	31	393	903	83	996	2,127	32	358	879	71	920	1,820	153	136	157	107
South Carolina	82	772	1,781	98	1,734	3,363	69	506	1,060	90	1,071	2,232	125	89	112	111
South Dakota	96	875	2,311	99	1,797	3,607	85	570	955	98	1,193	2,350	105	56	109	146
Tennessee	86	904	2,364	92	1,875	4,186	67	430	978	90	1,559	2,533	107	77	263	159
Texas	78	890	2,165	91	2,349	5,093	60	547	1,157	86	1,124	2,193	164	135	105	90
Utah	80	491	1,305	97	1,104	2,632	61	340	821	89	1,074	2,494	125	102	216	204
Vermont	67	832	1,875	85	2,201	4,614	54	362	892	82	1,310	2,402	165	146	262	169
Virginia	49	574	1,643	68	1,073	2,023	38	461	910	74	828	1,632	87	23	80	79
Washington	75	421	1,321	97	1,203	3,119	59	373	862	84	855	1,867	186	136	129	117
West Virginia	87	627	1,152	93	1,311	2,305	69	346	648	89	707	1,376	109	100	104	112
Wisconsin	83	704	1,638	91	1,694	4,016	73	420	840	86	1,185	2,408	141	145	182	187
Wyoming	95	799	1,689	95	1,425	2,621	74	533	1,043	98	1,086	1,973	78	55	104	89

Note: Deductibles are for insurance policies offered by private-sector employers in the United States that had a deductible.
* Number does not meet standard of reliability or precision.
Data: Agency for Healthcare Research and Quality, 2003 and 2011 Medical Expenditure Panel Survey–Insurance Component.

Table 7. Average Total Premium (in dollars) for Employer-Sponsored Health Insurance by State, at Historical Growth Rate, 1% Below Historical Growth Rate, and 1.5% Below Historical Growth Rate, 2015 and 2020

	At historical growth rate				At 1% below historical growth rate				At 1.5% below historical growth rate			
	Single		Family		Single		Family		Single		Family	
State	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
United States	**$6,518**	**$8,600**	**$18,751**	**$24,740**	**$6,275**	**$7,895**	**$18,052**	**$22,712**	**$6,156**	**$7,562**	**$17,709**	**$21,754**
Alabama	6,027	7,951	16,152	21,311	5,802	7,299	15,550	19,564	5,692	6,992	15,255	18,739
Alaska	8,085	10,667	20,064	26,473	7,783	9,793	19,316	24,302	7,636	9,380	18,949	23,277
Arizona	6,091	8,037	18,541	24,463	5,864	7,378	17,850	22,458	5,753	7,067	17,511	21,511
Arkansas	5,482	7,233	15,571	20,544	5,278	6,640	14,990	18,859	5,178	6,360	14,705	18,064
California	6,560	8,655	19,768	26,082	6,315	7,945	19,031	23,944	6,195	7,610	18,670	22,934
Colorado	6,506	8,584	18,536	24,457	6,263	7,880	17,845	22,452	6,144	7,548	17,506	21,505
Connecticut	6,980	9,210	20,303	26,787	6,720	8,454	19,545	24,591	6,592	8,098	19,175	23,554
Delaware	6,994	9,228	19,991	26,376	6,733	8,471	19,245	24,213	6,605	8,114	18,880	23,192
District of Columbia	7,219	9,524	20,728	27,349	6,949	8,743	19,955	25,106	6,817	8,375	19,577	24,048
Florida	6,511	8,590	18,389	24,263	6,268	7,886	17,703	22,273	6,149	7,553	17,367	21,334
Georgia	6,377	8,414	17,429	22,996	6,139	7,724	16,779	21,111	6,023	7,399	16,461	20,220
Hawaii	6,076	8,017	17,148	22,626	5,850	7,360	16,509	20,770	5,739	7,050	16,196	19,894
Idaho	5,683	7,498	16,491	21,758	5,471	6,884	15,875	19,974	5,367	6,593	15,574	19,131
Illinois	6,709	8,852	18,932	24,979	6,459	8,126	18,226	22,931	6,336	7,784	17,880	21,964
Indiana	6,406	8,452	18,365	24,231	6,167	7,759	17,680	22,244	6,050	7,432	17,345	21,306
Iowa	5,919	7,810	16,265	21,459	5,698	7,169	15,658	19,700	5,590	6,867	15,361	18,869
Kansas	6,246	8,241	18,048	23,813	6,013	7,565	17,375	21,860	5,899	7,246	17,045	20,939
Kentucky	6,315	8,332	19,244	25,391	6,079	7,649	18,526	23,309	5,964	7,326	18,175	22,326
Louisiana	5,843	7,709	16,941	22,352	5,625	7,077	16,309	20,519	5,518	6,779	16,000	19,654
Maine	6,837	9,020	19,454	25,667	6,582	8,281	18,728	23,563	6,457	7,931	18,373	22,569
Maryland	6,522	8,605	19,117	25,223	6,279	7,900	18,404	23,155	6,160	7,567	18,055	22,178
Massachusetts	7,269	9,590	21,162	27,920	6,997	8,804	20,372	25,631	6,865	8,432	19,986	24,550
Michigan	6,317	8,335	18,047	23,811	6,082	7,652	17,374	21,859	5,966	7,329	17,044	20,937
Minnesota	6,773	8,936	19,396	25,592	6,520	8,204	18,673	23,493	6,397	7,858	18,319	22,503
Mississippi	6,049	7,981	16,751	22,102	5,823	7,327	16,126	20,290	5,713	7,018	15,821	19,434
Missouri	6,265	8,266	17,336	22,873	6,031	7,588	16,689	20,997	5,917	7,268	16,372	20,112
Montana	6,979	9,208	18,117	23,904	6,719	8,453	17,441	21,944	6,591	8,097	17,110	21,018

	At historical growth rate				At 1% below historical growth rate				At 1.5% below historical growth rate			
	Single		Family		Single		Family		Single		Family	
State	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020	2015	2020
Nebraska	$6,198	$8,177	$17,196	$22,688	$5,966	$7,507	$16,554	$20,828	$5,853	$7,190	$16,240	$19,950
Nevada	5,652	7,457	17,017	22,453	5,441	6,846	16,382	20,612	5,338	6,557	16,072	19,742
New Hampshire	7,262	9,582	21,098	27,836	6,991	8,796	20,311	25,554	6,859	8,425	19,925	24,476
New Jersey	7,081	9,343	19,459	25,674	6,817	8,577	18,733	23,569	6,688	8,215	18,378	22,575
New Mexico	6,497	8,572	19,131	25,241	6,255	7,869	18,417	23,171	6,136	7,538	18,068	22,194
New York	7,136	9,415	20,686	27,293	6,870	8,643	19,914	25,055	6,740	8,279	19,536	23,999
North Carolina	6,528	8,613	17,855	23,558	6,285	7,907	17,189	21,626	6,166	7,574	16,863	20,714
North Dakota	6,465	8,529	16,803	22,169	6,223	7,830	16,176	20,352	6,105	7,500	15,869	19,493
Ohio	6,272	8,276	17,884	23,596	6,038	7,597	17,216	21,661	5,924	7,277	16,890	20,747
Oklahoma	6,000	7,917	17,358	22,902	5,776	7,268	16,710	21,024	5,667	6,961	16,394	20,138
Oregon	6,310	8,325	17,829	23,523	6,074	7,643	17,164	21,594	5,959	7,320	16,838	20,684
Pennsylvania	6,546	8,636	18,844	24,862	6,302	7,928	18,140	22,823	6,182	7,594	17,796	21,861
Rhode Island	7,395	9,756	19,064	25,154	7,119	8,956	18,353	23,091	6,984	8,579	18,005	22,117
South Carolina	6,592	8,697	19,038	25,119	6,346	7,984	18,328	23,059	6,226	7,648	17,980	22,087
South Dakota	6,696	8,834	18,112	23,897	6,446	8,110	17,436	21,938	6,324	7,768	17,106	21,012
Tennessee	5,990	7,904	16,463	21,721	5,767	7,256	15,849	19,940	5,657	6,950	15,548	19,099
Texas	6,488	8,561	18,603	24,544	6,246	7,859	17,909	22,532	6,128	7,527	17,569	21,582
Utah	5,738	7,571	16,795	22,159	5,524	6,950	16,169	20,342	5,419	6,657	15,862	19,485
Vermont	6,968	9,193	20,313	26,800	6,708	8,439	19,555	24,603	6,581	8,083	19,184	23,566
Virginia	6,194	8,172	18,501	24,411	5,963	7,502	17,811	22,409	5,850	7,186	17,473	21,464
Washington	6,421	8,472	18,173	23,978	6,181	7,777	17,495	22,012	6,064	7,449	17,163	21,083
West Virginia	7,140	9,420	19,590	25,847	6,874	8,648	18,859	23,728	6,743	8,283	18,501	22,727
Wisconsin	6,795	8,966	19,354	25,536	6,542	8,231	18,632	23,442	6,418	7,884	18,279	22,453
Wyoming	6,662	8,790	18,448	24,340	6,413	8,069	17,760	22,344	6,292	7,729	17,423	21,402

Data: Calculated based on Agency for Healthcare Research and Quality, 2011 Medical Expenditure Panel Survey–Insurance Component; Premium estimates for 2015 and 2020 based on 2003–2011 national historical growth rate of 5.7%.

Table 8. Annual Amount Saved on Single Premiums, at 1% and 1.5% Below Historical Growth Rate, 2015 and 2020

	Amount saved annually with 1% savings			Amount saved annually with 1.5% savings	
State	**2015**	**2020**		**2015**	**2020**
United States	**$243**	**$705**		**$362**	**$1,038**
Alabama	225	652		335	960
Alaska	302	875		449	1,288
Arizona	227	659		338	970
Arkansas	205	593		305	873
California	245	710		364	1,045
Colorado	243	704		362	1,036
Connecticut	260	755		388	1,112
Delaware	261	757		389	1,114
District of Columbia	269	781		401	1,150
Florida	243	704		362	1,037
Georgia	238	690		354	1,016
Hawaii	227	657		338	968
Idaho	212	615		316	905
Illinois	250	726		373	1,069
Indiana	239	693		356	1,020
Iowa	221	640		329	943
Kansas	233	676		347	995
Kentucky	236	683		351	1,006
Louisiana	218	632		325	931
Maine	255	740		380	1,089
Maryland	243	706		362	1,039
Massachusetts	271	786		404	1,158
Michigan	236	683		351	1,006
Minnesota	253	733		376	1,079
Mississippi	226	654		336	963
Missouri	234	678		348	998
Montana	260	755		388	1,111
Nebraska	231	670		344	987
Nevada	211	611		314	900
New Hampshire	271	786		404	1,157
New Jersey	264	766		393	1,128
New Mexico	242	703		361	1,035
New York	266	772		397	1,136
North Carolina	244	706		363	1,040
North Dakota	241	699		359	1,030
Ohio	234	679		349	999
Oklahoma	224	649		333	956
Oregon	235	683		351	1,005

	Amount saved annually with 1% savings			Amount saved annually with 1.5% savings	
State	**2015**	**2020**		**2015**	**2020**
Pennsylvania	$244	$708		$364	$1,042
Rhode Island	276	800		411	1,178
South Carolina	246	713		366	1,050
South Dakota	250	724		372	1,066
Tennessee	223	648		333	954
Texas	242	702		361	1,033
Utah	214	621		319	914
Vermont	260	754		387	1,110
Virginia	231	670		344	986
Washington	240	695		357	1,023
West Virginia	266	772		397	1,137
Wisconsin	254	735		378	1,082
Wyoming	249	721		370	1,061

Data: Authors' calculations.

Table 9. Annual Amount Saved on Family Premiums, at 1% and 1.5% Below Historical Growth Rate, 2015 and 2020

	Amount saved annually with 1% savings		Amount saved annually with 1.5% savings	
State	**2015**	**2020**	**2015**	**2020**
United States	**$700**	**$2,029**	**$1,042**	**$2,986**
Alabama	603	1,747	898	2,572
Alaska	749	2,171	1,115	3,195
Arizona	692	2,006	1,030	2,953
Arkansas	581	1,684	865	2,480
California	738	2,139	1,098	3,148
Colorado	692	2,005	1,030	2,952
Connecticut	757	2,196	1,128	3,233
Delaware	746	2,163	1,111	3,184
District of Columbia	773	2,242	1,152	3,301
Florida	686	1,989	1,022	2,929
Georgia	650	1,886	968	2,776
Hawaii	640	1,855	953	2,731
Idaho	615	1,784	916	2,626
Illinois	706	2,048	1,052	3,015
Indiana	685	1,987	1,021	2,925
Iowa	607	1,760	904	2,590
Kansas	673	1,953	1,003	2,874
Kentucky	718	2,082	1,069	3,065
Louisiana	632	1,833	941	2,698
Maine	726	2,105	1,081	3,098
Maryland	713	2,068	1,062	3,045
Massachusetts	790	2,289	1,176	3,370
Michigan	673	1,952	1,003	2,874
Minnesota	724	2,098	1,078	3,089
Mississippi	625	1,812	931	2,668
Missouri	647	1,875	963	2,761
Montana	676	1,960	1,007	2,885
Nebraska	642	1,860	956	2,739
Nevada	635	1,841	946	2,710
New Hampshire	787	2,282	1,172	3,360
New Jersey	726	2,105	1,081	3,099
New Mexico	714	2,070	1,063	3,047
New York	772	2,238	1,149	3,294
North Carolina	666	1,932	992	2,844
North Dakota	627	1,818	934	2,676
Ohio	667	1,935	994	2,848
Oklahoma	648	1,878	965	2,764
Oregon	665	1,929	991	2,839

	Amount saved annually with 1% savings		Amount saved annually with 1.5% savings	
State	**2015**	**2020**	**2015**	**2020**
Pennsylvania	$703	$2,039	$1,047	$3,001
Rhode Island	711	2,062	1,059	3,036
South Carolina	710	2,060	1,058	3,032
South Dakota	676	1,959	1,006	2,884
Tennessee	614	1,781	915	2,622
Texas	694	2,012	1,034	2,963
Utah	627	1,817	933	2,675
Vermont	758	2,197	1,129	3,235
Virginia	690	2,002	1,028	2,947
Washington	678	1,966	1,010	2,894
West Virginia	731	2,119	1,089	3,120
Wisconsin	722	2,094	1,075	3,082
Wyoming	688	1,996	1,025	2,938

Data: Authors' calculations.

About the Authors

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