



FACT SHEET

Employer Health Benefit Survey

HEALTH CARE COSTS CONTINUE TO RISE

New Employer Health Benefits Survey Spotlights Problem

Summary:

The continuing rise of employer health costs, as demonstrated in California Health Care Foundation’s (CHCF) “California Employer Health Benefits Survey” (Dec. 2007), shows the need for attacking the underlying costs of health care.

“The California Health Care Foundation survey is further evidence that health care costs are rising 2-to-3 times faster than the rate of inflation. We need sound policies to address those growing costs in order to make health care more affordable for Californians,” said CAHP President and CEO Christopher Ohman.

Currently, 86 cents out of every \$1 paid in health insurance premiums goes to doctors, hospitals, prescription drugs and outpatient care. CAHP seeks to hold the line on medical bills so more Californians can afford the care they need. But health care costs continue to rise. Some 6.6 million Californians have no health insurance and their numbers are expected to grow if health care costs continue to rise.

CHCF Survey Highlights

Health insurance premiums in California **continued to increase** at a rate outpacing the national average and double California’s inflation rate of 3.4 percent.

Premium Increases		
	CA	U.S.
2006	8.7%	7.7%
2007	8.3%	6.1%

The cost of family coverage continued to rise nationally and in California.

Monthly Cost of Family Coverage		
	CA	U.S.
2006	\$988	\$957
2007	\$1,025	\$1,009

An increased percentage of workers pay annual deductibles of \$2,000 or more for family coverage.

Annual deductible of \$2,000 or more for family coverage	
2006	15%
2007	27%

We Must Attack the Costs Driving Up Health Care

Physician Services*

- **Unnecessary treatments:** Up to \$666 billion of the over \$2 trillion spent annually on health care is squandered on unnecessary treatments.
- **Chronic disease:** Nationally, 83% of health care spending comes from the 38% of our population that suffers from chronic diseases. It is estimated that nearly **40 million cases of chronic diseases could be avoided** if modest improvements are made in the prevention and treatment of disease.

Hospital Costs*

- **Price Increases:** Hospital costs are rising faster than the rate of inflation.
- **Balance billing:** More than 1.76 million insured Californians visiting emergency rooms in the last two years received balance bills from hospitals and physicians on top of co-pays and deductibles. The average bill was \$300—a **\$528 million burden** on patients.
- **“Hidden Tax”:** The average California family pays a nearly \$1,200 “hidden tax” to fund health care for the uninsured.

* Source: CAHP “Affordability Causes,” December 2007

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