



Health Care Costs Continue to Rise, But Not for All

Most Americans saw their health care bills rise faster than inflation again in 2019, and can expect more of the same in 2020. But those enrolled in plans offered through the federal health care exchange could see a drop.

Average premiums for employer-sponsored plans increased to \$7,188 for single coverage and \$20,576 for family coverage in 2019, up 4% and 5%, respectively, from 2018.

It's that time of year again. Whether you get your health insurance through your employer, the federal health care exchange, or Medicare, now is the time enroll, or re-enroll, in a health care plan for 2020. In keeping with a long-term trend, most people are likely to encounter higher premiums, deductibles, and co-pays. But not all. In fact, health care costs -- and increases -- vary widely, depending upon where you get your coverage. Below is a brief summary of costs in the three areas to help you get a better perspective on how your plan's costs stack up as you enroll for the coming year.

Employer-sponsored coverage

In keeping with a long-term trend, average costs of workplace plans rose again in 2019, outpacing both inflation and workers' earnings. According to the Kaiser Family Foundation (KFF), total premiums average \$7,188 for single coverage and \$20,576 for family coverage in 2019, up 4% and 5%, respectively, from 2018. Of these amounts, workers contribute an average of \$1,242 (\$103 per month) for single coverage and \$6,015 (\$501 per month) for family coverage.¹

Of course, premiums are only one part of health care costs. There is also the matter of deductibles. For the 82% of covered workers in a plan with a general deductible for single coverage, the average annual deductible is \$1,655 in 2019, up from \$1,573 last year. But over a quarter of covered workers are enrolled in a plan with a deductible of \$2,000 or more. Family coverage deductibles vary widely, as many family plans have per-person deductibles. Also note that many plans waive some or all of the deductible for certain services, such as visits to a primary care physician, although a copayment may apply.

Most plans also have an out-of-pocket maximum. In 2019, 12% of workers in plans with an out-of-pocket maximum for single coverage have an out-of-pocket maximum of less than \$2,000, while 20% have an out-of-pocket maximum of \$6,000 or more.

Federal health care exchange

For those who buy their health insurance through the federal health care exchange set up under the Affordable Care Act (ACA), there's good news. The average

premium for benchmark plans offered through healthcare.gov will drop by 4% next year -- the second year in a row of lower rates. What's more, six of the states that use healthcare.gov will see double-digit declines.²

Overall, the average benchmark plan premium for an unsubsidized 27-year-old will drop to \$388 a month, down from \$406 in 2019. For an unsubsidized family of four, the benchmark premium will decrease to \$1,520 a month, from \$1,591 in 2019. Keep in mind, however, that the majority of people who buy their insurance through healthcare.gov also receive some sort of subsidy. The same 27-year-old who meets eligibility criteria for the maximum subsidy would pay only \$65 per month, and the family of four would reduce their monthly bill to \$445 per month. Subsidies are not available to individuals who earn more than \$49,960 and families of four who earn more than \$103,000 a year for 2020.

Of course, there are different options with lower or higher premiums, depending upon coverage and other factors.

Medicare

Medicare rates for 2020 have not yet been announced, but they are expected to increase slightly from 2019. Here is a quick look at what they are for 2019.³

Part A: Most people don't pay a Part A premium. But those who did not pay Medicare taxes while working pay up to \$437 per month for Part A in 2019. There is an inpatient hospital deductible of \$1,364 in 2019 before coverage begins.

Part B: The standard Part B premium is \$135.50 per month in 2019. However, most people who get Social Security benefits pay less than this -- \$130 on average. Single beneficiaries with 2017 incomes above \$85,000 and couples who earned more than \$170,000 pay up to \$460.50 per month in 2019. A deductible of \$185 (for 2019) also applies.

Part C: Costs and levels of coverage vary according to the plan and specific coverage.

Part D: Pricing for prescription drug coverage is complex and typically includes a monthly premium, an annual deductible, and copayments.

Keep in mind that all of the costs quoted above are averages or for typical enrollees. Your own costs could vary significantly, depending upon your specific coverage and other factors.

¹KFF, [2019 Employer Health Benefits Survey](#), September 25, 2019.

²Centers for Medicare and Medicaid Services, [Premiums for HealthCare.gov Plans are down 4 percent but remain unaffordable to non-subsidized consumers](#), October 22, 2019

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³ Medicare, Centers for Medicare and Medicaid Services, Medicare.gov, [2019 Medicare Costs](#), June 2019.