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Employee cost of health plans vary

At the start of a new benefits year, some will pay more, others will not

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Christen Proffitt, a family nurse practitioner, readies a flu shot for Capital One employee Julie Rakes at the company's on-site clinic on the West Creek campus. Employee costs are holding steady there.

JOE MAHONEY/TIMES-DISPATCH

Jahn, benefits director for the VCU Health System, which employs more than 5,000 people.

She said about 4,500 health system authority employees will see a small increase in health insurance costs this year. Prescription co-pays will rise, going from \$5-\$10-\$25 tiered systems to one with \$10-\$20-\$35 co-pays. Premiums will not increase.

The new year means the start of a new benefits year for many employees.

The luckiest employees will see no increases in health insurance costs.

Others face higher monthly premiums, higher co-pays for office visits and drugs, deductibles where there used to be none, co-insurance on top of deductibles and new "consumer driven" health plans that couple high deductibles with health savings accounts.

"It's just not understanding co-pays anymore," said Sharon

"We countered the increase we were going to get from Anthem," Jahn said. "By making a slight modification to benefits, we had such a low drug co-pay, we were able to hold the premium constant." About 1,000 health system employees remained on the state benefits package when the hospital and clinic operations were switched to being run by an authority several years ago.

At Capital One, the area's largest nongovernmental employer, employee costs for health insurance are holding steady, said spokeswoman Julie Rakes. Employees will not see any increases in rates for medical, dental or vision coverage.

"We have also maintained very high levels of associate satisfaction with our benefits," Rakes said.

Some smaller companies are not so lucky.

Workers at Associated Educational Services of Virginia Inc. will pay more for health insurance. The cost for a single employee with no dependents, for instance, will go from about \$173 a month to \$233 a month, said Purcell C. Branch Jr., president and chief executive officer of the Richmond company. He has 78 employees, most of them full time. The firm picks up half the cost of employee health insurance premiums.

"At one point we were contributing 100 percent of costs. We have just hung in there for as long as we could," Branch said. He hires a broker to shop around for a plan.

The differences reflect how the U.S. health system, which depends largely on employers to offer health insurance, results in vast differences in health-care coverage and costs to employees.

The majority of Americans are privately insured and about 58.8 percent have health insurance as a benefit offered through their jobs, according to U.S. Census Bureau data. About 9 percent of those with private health insurance pay for it directly.

Small businesses with 50 or fewer employers are less likely to offer

health insurance benefits than firms with 200 or more employees, a Kaiser Family Foundation and Health Research and Educational Trust 2005 health benefits survey shows. The findings are based on a telephone survey of 2,995 nonfederal employers.

"There are really two employer-based insurance markets," said Louis Rossiter, senior research fellow for the Center for Public Policy Research at the College of William and Mary.

"One is the larger employer. One is the small employer. They are both quite different," said Rossiter, also director of research at the college's Center for Excellence in Aging and Geriatric Health and a former Virginia health and human resources secretary.

About 45 percent of the uninsured work for small employers, said Rossiter, adding, "That's why proposals of the president and the new governor to try to get more small employers to offer insurance is the best way to get the most coverage for the most people quickly."

While campaigning, Gov.-elect Timothy M. Kaine proposed creating small business health insurance purchasing pools and tax credits for small businesses of \$500 per insured employee to be applied against a company's corporate income tax.

The Virginia Department of Health recently published a guide that provides small businesses with information on cost and availability of health plans by locale.

Some state legislatures have considered requiring businesses to offer employees health insurance.

"I think there should be incentives or pressures to do that," Rossiter said. "Whether it should be mandated is another question. Those companies can vote with their feet. You have this competition among states, which could put your state at an economic disadvantage."

Small business owners say they have to offer good salaries and benefits packages to compete for employees.

Elizabeth McLaughlin, co-owner of Southeastern Institute of Research, said health insurance costs increased by double-digits last year for the firm. She and John Martin bought the marketing company in 2003, streamlined from an operation with a 100-person call center to a core group of about 18 full-time and part-time employees. The company health plan renews in the first quarter of the year, so the company is looking at options.

McLaughlin said the firm pays 100 percent of employee health benefits. Employees who want to add coverage for a spouse or child pay extra.

"We have a great group of employees and love the idea of continuing that benefit. But it's very expensive," McLaughlin said. "Every time renewal comes around, we scratch our heads," she said.

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