

## Medical premiums up 7.5 times faster than earnings

Jonathan B. Cox, Staff Writer

Health-care premiums in North Carolina rose 7.5 times faster than family earnings in the past six years, squeezing workers and forcing some to drop coverage.

Since 2000, average annual health-insurance premiums for coverage in the state rose 85.7 percent to \$12,347, according to a report released Wednesday by Families USA, a consumer health advocacy group in Washington. In the same period, median annual earnings rose by 11.4 percent to \$25,701.

Only seven other states had a greater imbalance between incomes and costs.

"North Carolina families have been hit hard in the pocketbooks," said Ron Pollack, executive director of Families USA. "If earnings continue to lag behind fast-rising health-care costs, North Carolinians will face diminishing economic and health security."

Nationwide, health-care costs are becoming a bigger weight on the economy. Businesses, needing to contain expenses, have shifted more of

### WORST-RANKED STATES

States with fastest health-care premiums-to-earnings growth, 2000-2006

1. South Carolina 9.9
2. Michigan 8.6
3. Ohio 8.4
4. Tennessee 8.2
5. Washington 8.1
6. Mississippi 8.0
7. Indiana 7.6
8. North Carolina 7.5
9. Texas 7.4
10. Georgia, Utah 7.3

(FAMILIES USA)

the burden to workers. That's cutting into the disposable income they have to buy other goods and services.

Between 2000 and 2006, for instance, a North Carolina employer's share of the annual premiums on a family health plan rose 79.9 percent to \$8,754, according to the Families USA report. The worker's portion of that same plan increased 101.6 percent to \$3,593.

And they got less for their money. Even as costs have risen, benefits included in health policies have declined, the report said.

"If you're a working person, you know," said Adam Searing, project director for the N.C. Justice Center's Health Access Coalition, a nonprofit consumer health advocacy group. "You might have gotten a raise, but your health-care premium went up more than that.

"That's why more and more people are saying, 'Health care is an issue I'm concerned about,' " he said. "They're seeing more and more directly how health-care costs affect their family budget."

Some can't afford it at all. According to the report, 1.3 million people in the state, excluding the elderly, are uninsured.

The Families USA report is significant because it is the first to evaluate the gap between health-care costs and earnings on a state-by-state basis. It found that on average nationwide, premiums rose 6.4 times faster than earnings.

Premiums increased 73.8 percent during the six-year period, while earnings rose 11.6 percent.

The report did not explain why North Carolina's premiums rose at a faster pace.

Those who follow the industry say a variety of factors are to blame. Many manufacturers that provided lucrative benefits to their employees have closed this decade amid global competition. Other employers pick up less of the health-care tab, increasing the imbalance.

What's more, the underlying costs of health care are rising. That boosts the costs of insurance.

And North Carolina has less competition among insurance companies, especially those serving small and medium businesses, Searing said. Premiums, then, could be higher than they would otherwise be.

Consumer advocates at the federal and state levels want government to step in. They want, for instance, controls on costs of prescription drugs, and expansion of programs to help low-income parents.

But some of the responsibility rests with individuals, said Mark Holmes, vice president of the N.C. Institute of Medicine, an organization chartered by the General Assembly in 1983 to research health issues.

"We all need to get healthier," he said.

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