

Employers Charging More for Spousal Coverage

Source: Business Insurance, Shelby Livingston, 3/9/16

In 2015, 27% of employers surveyed reported using spousal surcharges for health care coverage when other employer-provided health insurance is available, according to the 2015 Willis Towers Watson/National Business Group on Health "Best Practices in Health Care Employer Survey."

That number is expected to rise to 56% in the next two years, according to the survey of 487 employers with at least 1,000 employees conducted in June and July of last year.

The survey found that the average spousal surcharge across all employers surveyed is \$1,200 per year.

More than half of employers have increased employee contributions to health care coverage for spouses at 56%, with another 25% planning to do so by 2018, the surveyed showed.

And 3% of employers don't offer or have eliminated subsidies altogether for spousal coverage and another 10% plan to by 2018.

Children are not immune to the health plan surcharge: Forty-six percent of employers have increased employee contributions for children's health care benefits more than for employee-only coverage, and an additional 15% plan to by 2018.

Total health care costs for the employer and employee reached \$12,041 per employee per year in 2015 and are expected to rise nearly 5% to \$12,643 in 2016, the survey showed.

"Given the high cost of health care, companies no longer want their plans to be spouse magnets, which may incur thousands of dollars a year in additional health care expenses when spouses have access to coverage through their own employers," Randall Abbott, senior health and benefit strategist at Willis Towers Watson in Boston, said in a statement Wednesday. "Assessing the actual costs for spouses and determining how to best manage them can help create more efficient health care plans and avoid or reduce additional across-the-board increases in employee contributions."