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June 4, 2002

Health plan premiums continue double-digit increase

Employers reeling from a third year of double-digit health plan cost increases are once again in sticker shock as preliminary HMO increases for 2003 are averaging 22%.

The preliminary 2003 increases being proposed before negotiations and plan design changes are ranging as high as 94% for some employers, according to data collected by Hewitt Associates for some 140 employers with more than 1 million employees. HMO premiums increased an average of 15.3% this year.

The premium surge will boost out-of-pocket costs for consumers, advises Mindy Kairey of Hewitt's Health Management Practice. "Companies cannot afford these increases and will have to be even more aggressive in making plan design and employee contribution changes for next year," she states.

Kaiser Family Foundation, meanwhile, reports that employees contributed 15% of premium on average for single coverage and 27% of premium for family coverage last year. Single coverage rates averaged \$2,402 for HMOs and \$2,730 for PPO plans, while family coverage averaged \$6,538 for HMOs and \$7,202 for PPO plans.



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Seminar: How to Avoid a 401(k) Meltdown

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QUICKPOLL

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Has your company