



# Health Care Premiums Run Amok

## The Cost of Doing Nothing about the Health Care Crisis

By David Cutler July 24, 2009

Health care costs are expected to grow 71 percent over the next decade, which will in turn drive premium increases for health insurance. Unless we take serious steps now to reform our health care system—in particular to reduce the rate of growth in health care costs—health insurance coverage will slip out of reach for even more individuals than the 52 million Americans who today are uninsured.<sup>1</sup>

This analysis shows that without health reform, average family premiums will grow to more than \$22,000 by 2019, up from \$13,100 today. In some states with higher-than-average premiums, family premiums will exceed \$25,000 in 10 years. Of course, a family’s total health care costs will be even higher once co-payments and other out-of-pocket expenses are calculated into the total.

These projections, as alarming as they are, need not come true. We know how to “bend the curve” of growing health care costs, reducing the future costs that will be borne by American families, businesses, and government budgets. In fact, we can save more than \$2 trillion over the next 10 years by promoting cost-saving innovations and reducing waste and inefficiencies.<sup>2</sup> We can significantly reduce health care spending over the long term through a combination of increased research into which treatments work and which do not, improved payment systems that reward efficient and effective care, and the infrastructure we need to enable these elements to work together.

### Methodology

The actuaries at the Centers for Medicare and Medicaid Services forecast that per capita medical costs are expected to increase 71 percent over the next decade. With average family premiums currently a bit over \$13,000, the expected cost of a family policy would be over \$22,000 in 2019. These projections apply expected growth to average premiums in each state, and demonstrate how these projected premiums vary across the country, assuming that current differences across states remain in place.

1 New research released by the North Carolina Institute of Medicine stated that in January 2009 there were an almost 52 million uninsured in the United States. See: Mark Holmes, Thomas C. Ricketts, and Jennifer King, “Updating Uninsured Estimates for Current Economic Conditions: State Specific Estimates” (Chapel Hill: Cecil G. Sheps Center for Health Services Research and North Carolina Institute of Medicine, 2009).

2 Melinda Beeuwkes Buntin and David Cutler, “The Two Trillion Dollar Solution: Saving Money by Modernizing the Health Care System” (Washington: Center for American Progress, June 2009).

### The cost of doing nothing

Without comprehensive health care reform, consumers will experience fast-rising health insurance premiums over the next decade.

State	2006 premiums	Forecast family premiums	
		2009	2019
<b>United States</b>	<b>\$11,381</b>	<b>\$13,150</b>	<b>\$22,440</b>
Alabama	\$10,571	\$12,215	\$20,842
Alaska	\$12,198	\$14,094	\$24,050
Arizona	\$11,549	\$13,345	\$22,771
Arkansas	\$9,928	\$11,472	\$19,575
California	\$11,493	\$13,280	\$22,660
Colorado	\$11,195	\$12,936	\$22,073
Connecticut	\$12,416	\$14,346	\$24,480
Delaware	\$12,601	\$14,560	\$24,845
District of Columbia	\$12,262	\$14,168	\$24,177
Florida	\$11,046	\$12,763	\$21,779
Georgia	\$10,793	\$12,471	\$21,280
Hawaii	\$9,426	\$10,891	\$18,585
Idaho	\$10,775	\$12,450	\$21,245
Illinois	\$11,781	\$13,613	\$23,228
Indiana	\$11,454	\$13,235	\$22,583
Iowa	\$10,550	\$12,190	\$20,801
Kansas	\$11,048	\$12,766	\$21,783
Kentucky	\$9,864	\$11,398	\$19,448
Louisiana	\$10,796	\$12,474	\$21,286
Maine	\$12,363	\$14,285	\$24,376
Maryland	\$11,272	\$13,024	\$22,225
Massachusetts	\$12,290	\$14,201	\$24,232
Michigan	\$11,452	\$13,232	\$22,579
Minnesota	\$11,395	\$13,167	\$22,467
Mississippi	\$9,769	\$11,288	\$19,261
Missouri	\$11,171	\$12,908	\$22,025
Montana	\$11,068	\$12,789	\$21,822
Nebraska	\$10,777	\$12,453	\$21,249
Nevada	\$9,746	\$11,261	\$19,216
New Hampshire	\$12,686	\$14,658	\$25,013
New Jersey	\$12,233	\$14,135	\$24,119
New Mexico	\$11,279	\$13,033	\$22,238
New York	\$12,075	\$13,952	\$23,808
North Carolina	\$10,950	\$12,652	\$21,590
North Dakota	\$10,060	\$11,624	\$19,835
Ohio	\$10,967	\$12,672	\$21,623
Oklahoma	\$10,592	\$12,239	\$20,884
Oregon	\$11,613	\$13,419	\$22,897
Pennsylvania	\$11,794	\$13,628	\$23,254
Rhode Island	\$11,934	\$13,789	\$23,530
South Carolina	\$10,956	\$12,659	\$21,602
South Dakota	\$9,875	\$11,410	\$19,470
Tennessee	\$9,996	\$11,550	\$19,709
Texas	\$11,690	\$13,507	\$23,049
Utah	\$10,975	\$12,681	\$21,639
Vermont	\$11,631	\$13,439	\$22,932
Virginia	\$11,497	\$13,284	\$22,668
Washington	\$11,423	\$13,199	\$22,522
West Virginia	\$11,282	\$13,036	\$22,244
Wisconsin	\$11,658	\$13,471	\$22,986
Wyoming	\$12,087	\$13,966	\$23,832

## A comprehensive 10-year review of health care premiums

State	2006 premiums	Forecast family premiums										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>United States</b>	<b>\$11,381</b>	<b>\$13,150</b>	<b>\$13,631</b>	<b>\$14,263</b>	<b>\$14,957</b>	<b>\$15,740</b>	<b>\$16,618</b>	<b>\$17,612</b>	<b>\$18,691</b>	<b>\$19,862</b>	<b>\$21,111</b>	<b>\$22,440</b>
Alabama	\$10,571	\$12,215	\$12,661	\$13,248	\$13,893	\$14,620	\$15,436	\$16,359	\$17,361	\$18,448	\$19,609	\$20,842
Alaska	\$12,198	\$14,094	\$14,610	\$15,287	\$16,031	\$16,870	\$17,811	\$18,876	\$20,033	\$21,288	\$22,627	\$24,050
Arizona	\$11,549	\$13,345	\$13,832	\$14,474	\$15,178	\$15,972	\$16,864	\$17,872	\$18,967	\$20,155	\$21,423	\$22,771
Arkansas	\$9,928	\$11,472	\$11,891	\$12,442	\$13,048	\$13,731	\$14,497	\$15,364	\$16,305	\$17,326	\$18,416	\$19,575
California	\$11,493	\$13,280	\$13,765	\$14,404	\$15,105	\$15,895	\$16,782	\$17,785	\$18,875	\$20,057	\$21,319	\$22,660
Colorado	\$11,195	\$12,936	\$13,408	\$14,030	\$14,713	\$15,483	\$16,347	\$17,324	\$18,385	\$19,537	\$20,766	\$22,073
Connecticut	\$12,416	\$14,346	\$14,871	\$15,560	\$16,318	\$17,172	\$18,130	\$19,214	\$20,391	\$21,668	\$23,031	\$24,480
Delaware	\$12,601	\$14,560	\$15,092	\$15,792	\$16,561	\$17,427	\$18,400	\$19,500	\$20,694	\$21,991	\$23,374	\$24,845
District of Columbia	\$12,262	\$14,168	\$14,686	\$15,367	\$16,115	\$16,959	\$17,905	\$18,975	\$20,138	\$21,399	\$22,746	\$24,177
Florida	\$11,046	\$12,763	\$13,230	\$13,843	\$14,517	\$15,277	\$16,129	\$17,094	\$18,141	\$19,277	\$20,490	\$21,779
Georgia	\$10,793	\$12,471	\$12,927	\$13,526	\$14,185	\$14,927	\$15,760	\$16,702	\$17,725	\$18,836	\$20,021	\$21,280
Hawaii	\$9,426	\$10,891	\$11,289	\$11,813	\$12,388	\$13,036	\$13,764	\$14,587	\$15,480	\$16,450	\$17,485	\$18,585
Idaho	\$10,775	\$12,450	\$12,905	\$13,504	\$14,161	\$14,902	\$15,733	\$16,674	\$17,696	\$18,804	\$19,987	\$21,245
Illinois	\$11,781	\$13,613	\$14,110	\$14,764	\$15,483	\$16,293	\$17,202	\$18,231	\$19,348	\$20,560	\$21,853	\$23,228
Indiana	\$11,454	\$13,235	\$13,718	\$14,355	\$15,053	\$15,841	\$16,725	\$17,725	\$18,811	\$19,989	\$21,247	\$22,583
Iowa	\$10,550	\$12,190	\$12,636	\$13,222	\$13,865	\$14,591	\$15,405	\$16,326	\$17,326	\$18,412	\$19,570	\$20,801
Kansas	\$11,048	\$12,766	\$13,232	\$13,846	\$14,520	\$15,280	\$16,132	\$17,097	\$18,144	\$19,281	\$20,494	\$21,783
Kentucky	\$9,864	\$11,398	\$11,814	\$12,362	\$12,964	\$13,642	\$14,403	\$15,265	\$16,199	\$17,214	\$18,297	\$19,448
Louisiana	\$10,796	\$12,474	\$12,930	\$13,530	\$14,189	\$14,931	\$15,764	\$16,707	\$17,730	\$18,841	\$20,026	\$21,286
Maine	\$12,363	\$14,285	\$14,807	\$15,494	\$16,248	\$17,098	\$18,052	\$19,132	\$20,304	\$21,576	\$22,933	\$24,376
Maryland	\$11,272	\$13,024	\$13,500	\$14,127	\$14,814	\$15,589	\$16,459	\$17,443	\$18,512	\$19,672	\$20,909	\$22,225
Massachusetts	\$12,290	\$14,201	\$14,720	\$15,402	\$16,152	\$16,997	\$17,946	\$19,019	\$20,184	\$21,448	\$22,797	\$24,232
Michigan	\$11,452	\$13,232	\$13,716	\$14,352	\$15,051	\$15,838	\$16,722	\$17,722	\$18,807	\$19,986	\$21,243	\$22,579
Minnesota	\$11,395	\$13,167	\$13,648	\$14,281	\$14,976	\$15,760	\$16,639	\$17,634	\$18,714	\$19,886	\$21,137	\$22,467
Mississippi	\$9,769	\$11,288	\$11,700	\$12,243	\$12,839	\$13,511	\$14,264	\$15,118	\$16,043	\$17,049	\$18,121	\$19,261
Missouri	\$11,171	\$12,908	\$13,379	\$14,000	\$14,681	\$15,450	\$16,312	\$17,287	\$18,346	\$19,495	\$20,722	\$22,025
Montana	\$11,068	\$12,789	\$13,256	\$13,871	\$14,546	\$15,307	\$16,161	\$17,128	\$18,177	\$19,316	\$20,531	\$21,822
Nebraska	\$10,777	\$12,453	\$12,908	\$13,506	\$14,164	\$14,905	\$15,736	\$16,677	\$17,699	\$18,808	\$19,991	\$21,249
Nevada	\$9,746	\$11,261	\$11,673	\$12,214	\$12,809	\$13,479	\$14,231	\$15,082	\$16,006	\$17,008	\$18,078	\$19,216
New Hampshire	\$12,686	\$14,658	\$15,194	\$15,899	\$16,673	\$17,545	\$18,524	\$19,632	\$20,834	\$22,139	\$23,532	\$25,013
New Jersey	\$12,233	\$14,135	\$14,651	\$15,331	\$16,077	\$16,918	\$17,862	\$18,931	\$20,090	\$21,349	\$22,692	\$24,119
New Mexico	\$11,279	\$13,033	\$13,509	\$14,135	\$14,823	\$15,599	\$16,469	\$17,454	\$18,523	\$19,684	\$20,922	\$22,238
New York	\$12,075	\$13,952	\$14,462	\$15,133	\$15,870	\$16,700	\$17,632	\$18,686	\$19,831	\$21,073	\$22,399	\$23,808
North Carolina	\$10,950	\$12,652	\$13,115	\$13,723	\$14,391	\$15,144	\$15,989	\$16,945	\$17,983	\$19,110	\$20,312	\$21,590
North Dakota	\$10,060	\$11,624	\$12,049	\$12,608	\$13,221	\$13,913	\$14,689	\$15,568	\$16,521	\$17,556	\$18,661	\$19,835
Ohio	\$10,967	\$12,672	\$13,135	\$13,744	\$14,413	\$15,168	\$16,014	\$16,971	\$18,011	\$19,139	\$20,343	\$21,623
Oklahoma	\$10,592	\$12,239	\$12,686	\$13,274	\$13,920	\$14,649	\$15,466	\$16,391	\$17,395	\$18,485	\$19,648	\$20,884
Oregon	\$11,613	\$13,419	\$13,909	\$14,554	\$15,262	\$16,061	\$16,957	\$17,971	\$19,072	\$20,267	\$21,542	\$22,897
Pennsylvania	\$11,794	\$13,628	\$14,126	\$14,781	\$15,500	\$16,311	\$17,221	\$18,251	\$19,369	\$20,583	\$21,877	\$23,254
Rhode Island	\$11,934	\$13,789	\$14,293	\$14,956	\$15,684	\$16,505	\$17,426	\$18,468	\$19,599	\$20,827	\$22,137	\$23,530
South Carolina	\$10,956	\$12,659	\$13,122	\$13,731	\$14,399	\$15,152	\$15,998	\$16,954	\$17,993	\$19,120	\$20,323	\$21,602
South Dakota	\$9,875	\$11,410	\$11,827	\$12,376	\$12,978	\$13,657	\$14,419	\$15,282	\$16,218	\$17,234	\$18,318	\$19,470
Tennessee	\$9,996	\$11,550	\$11,972	\$12,527	\$13,137	\$13,825	\$14,596	\$15,469	\$16,416	\$17,445	\$18,542	\$19,709
Texas	\$11,690	\$13,507	\$14,001	\$14,650	\$15,364	\$16,168	\$17,069	\$18,090	\$19,198	\$20,401	\$21,685	\$23,049
Utah	\$10,975	\$12,681	\$13,145	\$13,754	\$14,424	\$15,179	\$16,025	\$16,984	\$18,024	\$19,153	\$20,358	\$21,639
Vermont	\$11,631	\$13,439	\$13,930	\$14,577	\$15,286	\$16,086	\$16,983	\$17,999	\$19,101	\$20,298	\$21,575	\$22,932
Virginia	\$11,497	\$13,284	\$13,770	\$14,409	\$15,110	\$15,901	\$16,788	\$17,792	\$18,881	\$20,064	\$21,327	\$22,668
Washington	\$11,423	\$13,199	\$13,681	\$14,316	\$15,013	\$15,798	\$16,680	\$17,677	\$18,760	\$19,935	\$21,189	\$22,522
West Virginia	\$11,282	\$13,036	\$13,512	\$14,139	\$14,827	\$15,603	\$16,474	\$17,459	\$18,528	\$19,689	\$20,928	\$22,244
Wisconsin	\$11,658	\$13,471	\$13,963	\$14,610	\$15,321	\$16,123	\$17,023	\$18,041	\$19,146	\$20,345	\$21,625	\$22,986
Wyoming	\$12,087	\$13,966	\$14,477	\$15,148	\$15,885	\$16,717	\$17,649	\$18,705	\$19,850	\$21,094	\$22,421	\$23,832