

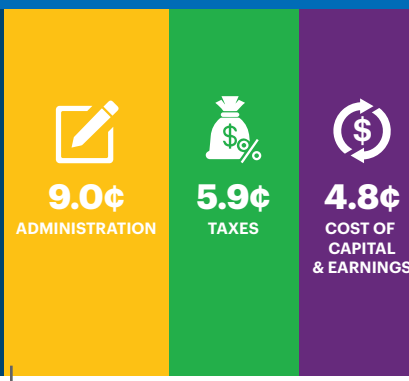
What Is Driving Increases in Health Care Premiums?

Over 80 cents of each health insurance premium dollar is dedicated to medical spending, which pays directly for health care benefits for members and their families.¹ Increases in the cost of these benefits – notably prescription drugs and outpatient services – are driving premium increases. Importantly, federal, state, and local taxes account for a substantial and growing share of health insurance premiums.

The Health Insurance Premium Dollar


80.3¢
Medical Spending
 (HEALTH CARE BENEFITS)

23.9¢ OUTPATIENT SERVICES
 18.4¢ HOSPITAL INPATIENT SERVICES
 16.8¢ PHYSICIAN SERVICES
 16.5¢ PRESCRIPTION DRUGS
 4.7¢ OTHER



Non-Medical Spending

Prescription Drugs and Outpatient Services are Driving Health Insurance Premium Increases

Between 2013 and 2018, the cost of health care benefits grew by an annual average of 5.5 percent.

8
PERCENT ANNUAL GROWTH


OUTPATIENT SERVICES
 Driven largely by the rising cost of hospital emergency department visits and outpatient surgeries

7
PERCENT ANNUAL GROWTH

PRESCRIPTION DRUGS
 Driven largely by the rising cost of specialty medications

The Growing Impact of Taxes on Health Insurance Premiums

In 2018, taxes accounted for 5.9 cents of each premium dollar, 30 percent of all non-medical spending. **Taxes increased nearly 20 percent from 2017 to 2018, due to the reinstatement of the Health Insurance Tax.**



4.2¢ FEDERAL TAXES [2.1¢ ACA Health Insurance Tax, 2.1¢ Income and payroll taxes]
 + **1.7¢ STATE & LOCAL TAXES**
 = **5.9¢ TOTAL TAXES**

An annual family premium of \$18,000 included over **\$1,000 IN TAXES.**

For a business covering 1,000 workers and their families, \$18 million in premiums included over **\$1 MILLION IN TAXES.**