In Second Year of COVID-19, Workers’ Health Premiums Rose 4% as Employers Enhanced Telehealth, Mental Health Benefits

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Premiums for employer-sponsored health insurance rose 4% in 2021, to an average of $22,221 annually for families and an average of $7,739 for a single worker, according to the 2021 Employer Health Survey from the Kaiser Family Foundation (KFF). The survey, which examined trends affecting employer-sponsored coverage, also found that in response to effects of the COVID-19 pandemic, plans offered by employers boosted benefits for telemedicine and mental health services.

Approximately 155 million people in the US have employer-sponsored coverage. The KFF survey, conducted between January and July of 2021, included responses from 1,685 randomly selected, nonfederal public and private firms with 3 or more employees.

Average premiums for families have increased 47% since 2011, more than wages (31%) or inflation (19%), the report notes. In 2021, “there were only modest changes in the cost of employer-provided health benefits,” said Gary Claxton, a KFF senior vice president and director of the Health Care Marketplace Project, in a statement. The increase in premium costs is roughly in line with the year-to-year rise in workers’ wages (5%) and inflation (1.9%), and despite the effects of the COVID-19 pandemic on the US public and economy.

Nearly one-third (32%) of large employers with at least 200 workers reported that use of health care services had been below their expectations, perhaps in part because many people deferred care for various reasons. About half of large employers reported that use was about what they had expected, and 18% said use had been higher than expected.

In addition, the survey findings revealed that workers are contributing, on average, $5,969 toward the cost of family coverage, defined as health coverage for a family of 4; single individuals obtaining coverage through their employer contribute $1,299. Among insured workers with a general annual deductible that must be met before most services are paid for by the plan, the average deductible for single coverage was $1,669, similar to last year.

The report notes that the COVID-19 pandemic and the social and economic disruptions that it has caused have burdened the public with an “unprecedented level of stress.” An increasing percentage of US adults have reported symptoms of anxiety and depression amid the COVID-19 pandemic, according to a study published in April 2021 by the Centers for Disease Control and Prevention.

In response, some employers “adapted their plans to address mental health and other challenges facing their workers due to COVID-19,” said Claxton.

Overall, the KFF survey found, of companies that offer health coverage and have at least 50 workers, 12% reported an increase in their employees’ use of mental health services since the pandemic began. More than one-third of the largest employers (with 1000 or more workers) reported such an increase.

Among companies with at least 50 workers, 39% reported improving their mental health and substance abuse benefits since the beginning of the pandemic. Such changes included offering new mental health resources (such as an employee assistance program), expanding the number of mental health or substance abuse clinicians in their network, and waiving or reducing cost-sharing for mental health or substance abuse services.
In addition, nearly one-third of employers expanded the ways through which enrollees could get mental health or substance abuse services, such as through telemedicine.

"These enhancements were timely, as 12% of employers with at least 50 employees, including 46% of firms with 5000 or more employees, saw an increase in the share of employees using mental health services since the COVID-19 pandemic began," the report's authors note.

Use of telemedicine for delivering a variety of health care services, an increasingly popular benefit before the pandemic, has grown since the pandemic began. "In 2021, 95% of firms with 50 or more workers that offer health benefits cover the provision of some health care services through telemedicine in their largest health plan, higher than the percentages last year (85%) and 3 years ago (67%)," the report said.

After the beginning of the COVID-19 pandemic, about one-third of larger companies (with 200 or more workers) and 19% of smaller companies (with 50-199 workers) that offered telemedicine benefits expanded the number of services covered through telemedicine, the number or type of clinicians who could provide telemedicine services, or both. Some companies also reduced or eliminated cost sharing for such services, and many increased promotion or employee communication of telemedicine resources.

In addition, 24% of employers expanded the settings or locations where enrollees may use telemedicine services, and 31% expanded coverage for additional modes of delivering telemedicine, such as by telephone. Nearly half of employers with 50 or more workers offering health benefits reported they agree that telemedicine will be very important in providing access in the future, with only a small fraction (4%) predicting that telemedicine would not.

"While some of these actions may change when the pandemic ends, employers appear convinced that telemedicine will continue to be important in the future," the report notes.

ARTICLE INFORMATION
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