



---

## Press Release

### **Scott Benefit Services 2016 Mid-Market Benefits Survey: Healthcare Costs Increase 4.7 Percent in 2016 for a Family of Four**

*Employers Migrating to High Deductible Health Plans to Manage Rising Costs*

Lynchburg, Va., August 25, 2016 – For the ninth consecutive year, healthcare costs climbed for a family of four in the Southeast as reported in the recently released results of the 2016 Mid-Market Benefits Benchmarking Survey conducted by Scott Benefit Services. Regionally, families continue to contribute an increasing amount for coverage, with annual medical expenditures up 8 percent in Virginia and 10 percent in North Carolina.

Nationally, healthcare costs climbed to \$25,826 for a family of four in 2016. This national cost is anticipated to rise to \$30,632 by 2020. As costs escalate, the survey results indicate that employers are increasingly utilizing cost control methods and strategies that can have a major impact on minimizing increases and providing quality healthcare benefits for their employees.

“Employers can no longer afford to accept the status quo when it comes to healthcare benefits; it is essential to explore plan options and alternative funding strategies to meet their organizational goals,” noted Josh McGee, Vice President of Financial Risk Management for Scott Benefit Services. “Survey results highlight the trend that more employers are leveraging High Deductible Health Plans (HDHPs) to better manage financial risks and benefits utilization. With HDHPs, employers are able to pass cost savings onto their employees, which lowers the employees’ associated plan costs and helps maintain employee satisfaction.”

#### **High Deductible Health Plans (HDHP)**

In 2016, HDHPs experienced rapid growth and continue to capture a larger role in the market. HDHPs have lower premiums and higher deductibles than traditional health insurance plans. HDHPs cover 100 percent of preventative services and allow members to pay other healthcare costs using a health savings account, or similar payment product, versus a fixed health insurance benefit.

Survey results illustrate that the Southeast has a higher concentration of HDHPs than other areas of the U.S.

- Virginia exceeds the national with 61 percent of organizations surveyed offering a HDHP, compared to 41 percent nationally. An additional 13 percent of Virginia employers are considering transitioning to a HDHP.
- North Carolina follows closely behind with 40 percent of participating employers currently offering HDHPs and an additional 15 percent evaluating HDHPs as a future option.

## **Additional Survey Insights**

- **Exchange Plan Premiums** - Currently 12.7 million people are participating in the government-sponsored exchange. Data shows that 2016 ACA premiums are rising by an average of 11 percent.
- **Self-Funding** - To manage rising costs, more companies are migrating to self-insured options. Companies leveraging this alternative funding strategy are saving an average of 5-10 percent over traditional plans. In 2016, 40 percent of Virginia companies surveyed have self-insured plans with a higher percentage in North Carolina at 44 percent.
- **Wellness Programs** – Employers offering wellness programs in Virginia and North Carolina exceed the national average by 2-4%. Improvement of an employee's health continues to be the primary reason that companies surveyed offer a wellness program, followed by the need to reduce healthcare costs.

### ***About Scott Benefit Services' Mid-Market Benefits Benchmarking Survey***

For the twelfth year, Scott Benefit Services has offered its annual mid-market benefits survey with the help of a highly respected actuarial consulting firm. The survey provides customized benchmarking data for mid-market companies' benefit plans (50 – 1,000 employees) on regional and national levels. It is the largest benefits survey of its kind in the U.S. with ~250 participating mid-market companies in North Carolina, South Carolina, Tennessee and Virginia, and 3,000 companies nationally.

### ***About Scott Insurance***

Scott Insurance is one of the largest independent providers of Property and Casualty, Employee Benefits, Bonds and Private Risk in the Southeast. The company has offices in Greensboro, Raleigh and Charlotte, North Carolina; Greenville, South Carolina; Knoxville and Nashville, Tennessee; and Lynchburg, Roanoke and Richmond, Virginia, as well as Captive Insurance operations in the Grand Cayman and Vermont.

Scott Insurance and Scott Benefit Services, divisions of James A. Scott & Son, Inc.

SOURCE: 2016 Scott Benefit Services Mid-Market Benefits Benchmarking Survey and Milliman Medical Index

CONTACT: Sallie Anthony, Scott Insurance, 434-832-2151, [santhony@scottins.com](mailto:santhony@scottins.com),  
1301 Old Graves Mill Road • PO Box 10489 • Lynchburg, VA 24506 • [www.scottins.com](http://www.scottins.com)