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# Employers Shift Benefits as Health Costs Jump 6.9% in 2010

# More adopt consumer-directed plans and wellness incentives, drop retiree health benefits

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 Growth in the average total health benefit cost per employee in the U.S., which had slowed to 5.5 percent in 2009, picked up steam in 2010, rising 6.9 percent to $9,562, the biggest increase since 2004, according to the 2010 *National Survey of Employer-Sponsored Health Plans* by consulting firm Mercer. Health benefit cost rose three times faster than the U.S. consumer price index in 2010.Employers are expecting high cost increases again in 2011. They predicted that cost would rise by about 10 percent if they made no health program changes, with roughly 2 percentage points of this increase coming from changes mandated by the Patient Protection and Affordable Care Act (PPACA) for 2011. However, employers expect to hold their cost increase to 6.4 percent by making changes to plan design or changing plan vendors.Mercer’s survey was conducted in late summer 2010 using a national probability sample of U.S. public and private organizations with 10 or more employees. More than 2,800 employers completed the survey.“Employers did a little bit of everything to hold down cost increases in 2010,” said Beth Umland, Mercer’s director of health and benefits research. The average individual preferred provider organization (PPO) deductible rose by about $100, she said. Among the key trends noted:**• Employers dropped health maintenance organizations** (HMOs), which were more costly than PPOs in 2010.**• Large employers added low-cost consumer-directed health plans** (CDHPs) and found ways to encourage more employees to enroll in them—increasingly dropping all other plan options.**• More employers provided employees with financial incentives** to take better care of their health. |

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