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Employer health coverage rate down in Virginia

Rising cost cited for 20-year low

By [David Sherfinski](#)

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The high cost of providing health insurance and a general willingness among businesses to skimp on employee benefits has left Virginia with its lowest rate of workplace health coverage in almost 20 years, according to a new study.

In 2010, 61.4 percent of Virginians had employer-sponsored insurance coverage, down more than 10 percent since 2000, the [Commonwealth Institute for Fiscal Analysis](#) said in a report, “Unaffordable, Unavailable, Uncovered: The State of Working in Virginia,” released Thursday.

The Richmond-based think tank, which analyzes economic policies with a focus on the middle and lower classes, found that in 2010, Virginia residents also paid the third-largest share of their premiums - 32.2 percent - for work-based family health insurance plans, trailing only residents of Arkansas and Idaho.

In 2010, 40 percent of small businesses offered health coverage in Virginia - down from 48 percent in 2000.

One reason for the decline is the rising cost of benefits.

“The high cost of coverage to businesses and families mean that fewer businesses are offering coverage, fewer workers can afford coverage, and more Virginians are going without coverage,” said [Michael Cassidy](#), president of the Commonwealth Institute. “I think it speaks to the strategies that employers in our state have been using during the recession and during the tough economy to hold off on costs and work through different trade-offs that they’re facing. This is a strategy that they’re using much [more] in Virginia.”

Overall, more than 1 million Virginians, or 14 percent of the population, were without insurance in 2010.

The report pointed out that the federal health care overhaul contains a number of provisions, such as small-business tax credits, that, in theory, will help increase coverage for workers at small businesses and reduce costs.

But [Michael D. Tanner](#), a senior fellow at the libertarian Cato Institute, said that since the health care law went into effect, premiums have continued to increase - and they will continue to do so for at least part of the population.

“If you’re older and sicker, your premiums will probably go down,” he said. “If you buy your health insurance on your own, your premiums are going to go up. Overall, it’s probably going to cost people more.”

According to new three-year estimates from the U.S. Census’ American Community Survey (ACS), the rates varied by region in Virginia over the past three years, corresponding roughly to unemployment figures.

About 68 percent of the population in Northern Virginia had employer-based coverage, compared with 64 percent in the Richmond area, 56.4 percent in Virginia Beach-Norfolk-Newport News, and 52 percent in Danville.

Northern Virginia jurisdictions typically have some of the state’s lowest unemployment rates, finishing August with a 4.8 percent jobless rate, while unemployment in the Danville area in the same month stood at 10.3 percent - the highest in the state.

Gov. Bob McDonnell’s Virginia Health Reform Initiative Advisory Council, tasked with developing recommendations for a statewide health insurance exchange, voted in September to recommend that the exchange be created as a quasi-governmental agency, made up of between 11 and 15 members appointed by the governor and the General Assembly.

Delegate Patrick A. Hope, Arlington Democrat and a member of the council, said it’s important that the legislature act on the recommendations during the 2012 General Assembly session.

“By expanding access, expanding coverage, we can do a lot to reduce the cost of health care,” he said.

But while many states are rushing to set up their own exchanges - or trying to find ways to minimize interference from Washington - [Mr. Tanner](#) said the long reach of the federal government would extend outward, whether states like it or not.

“I think it’s a lot of wishful thinking ... if all the experiments in the bill go into effect, and they all work, then it will bring down premiums,” he said. “I see a lot of hope and very little evidence.”