Many insurers are signaling high premium increases for 2014, blaming increased medical costs. However, that claim is inconsistent with recent data indicating that overall health care spending is continuing its recent pattern of record low growth. Also, Hospital cost and price growth is at near record lows.

“There are many other reasons for a modest increase in premium rates – the prohibition on coverage limits for pre-existing conditions, limits on age rating and other coverage requirements of the Patient Protection and Affordable Care Act – but increased health care costs do not appear to be the dominant factor. However, premium increases have exceeded both overall health care and hospital growth trends over the past decade.

“There is no reason to expect a return to double-digit increases in health insurance premiums anytime soon, if at all.”

- Drew Altman, President and CEO
Kaiser Family Foundation

Hospitals are contributing to reduced health care spending, with hospital cost and price growth at their lowest rates in more than a decade.

Between 2009 and 2012, spending on health care grew at its lowest rate in decades.

Average Annual Change in National Health Expenditures, 1960-2012


Continued on reverse
Projections of High Premium Increases at Odds with Low Growth in Health Spending

Premium growth is outstripping what insurers actually spend on health care.

Annual Change in Health Insurance Premiums and Private Health Insurance Spending on Personal Health Care, 2002-2011

Growth in hospital prices has been below that of health insurance premiums over the past decade.

Annual Change in Health Insurance Premiums and Hospital Producer Price Index, 2002-2012
