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Health Insurance Premiums Now Cost \$24,000 a Year, Survey Says

- Annual increase jumped to 7% this year from 1% a year ago
- Insurance costs 'what a new car costs' each year: researcher

By [Cailley LaPara](#)

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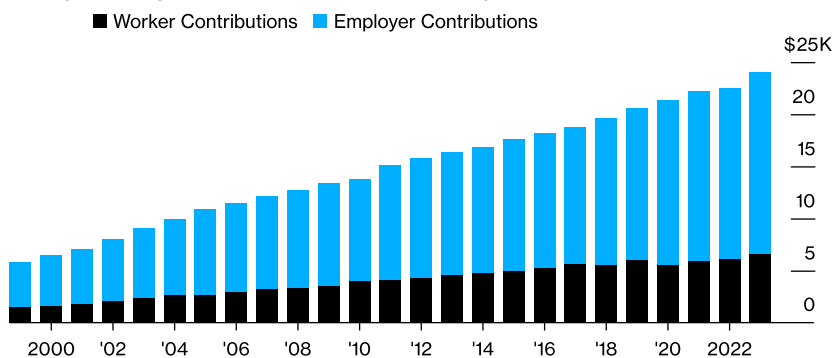
Health insurance premiums jumped this year amid a post-pandemic spike in costs of care, adding to the burden on employers and workers as inflation erodes broader buying power.

The average employer-sponsored health insurance premium for US families rose 7% to almost \$24,000 this year, according to an annual [KFF survey](#) of more than 2,000 US companies, compared with a 1% increase last year. Premiums for individual employer coverage rose at the same rate.

Premiums for the estimated 153 million people in the US who get coverage through their employers go up each year, but the acceleration in 2023 is particularly threatening to employers amid rising prices for other goods and services. The cost of premiums is typically shared between employers and workers, with companies paying 71% on average for family coverage in KFF's survey.

Employer-Sponsored Health Insurance Premiums Jump

Family coverage costs reached \$24,000 this year



Source: KFF

“There’s no way to cut it other than to say that’s a huge number,” said Matthew Rae, associate director of KFF’s Health Care Marketplace Program and a co-author of the report. “To a family of four, you’re basically spending pretty close to what a new car costs, just for the year, to keep everybody covered.”

The 7% increase was the biggest the survey reported since 2011, though Rae cautioned that it’s not statistically higher than some years, given the survey’s margin of error. High inflation throughout 2022 drove this year’s hike, he said.

“Clearly inflation is being passed on to premiums,” through elements like higher wages for health-care workers, Rae said.

Even as companies grappled with new costs for Covid testing, treatment and vaccines during the pandemic, employers’ health-care spending moderated as some people put off surgeries or other medical care. Some companies have [increased scrutiny](#) their health spending, wary of potential [legal exposure](#) if they fail to properly oversee money going out the door.

It's too soon to say whether the spike in premiums is a short-term effect driven by pandemic-era forces or the start of a new period of skyrocketing health costs, Rae said. Industry watchers are keeping an eye on factors like prescription drug coverage, the tight labor market and long-term price increases across the industry.

Employers and workers both feel the pressure of higher costs. Premium contributions have increased about 20% over the past five years for both groups.

“Employers spend all this money on health insurance because they want to recruit and retain the best staff they can.” Rae said. And as the labor market remains hot, “it’s not the time, if you want to do that, to pinch pennies on the coverage you offer.”

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