

The Economic Toll of Rising Private Health Insurance Costs

Private health insurance costs in New York have risen dramatically over the past three decades, far outpacing wage growth and inflation.

This surge has depressed worker wages, increased unemployment, and strained both household and employer budgets.

The Fiscal Policy Institute's analysis reveals that unchecked healthcare cost growth has become a major driver of economic inequality and labor market instability across New York.

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Key Findings

Premium Explosion

- The average annual premium for a family plan offered through private employers in New York rose from **\$5,300 in 1996 to \$27,000 in 2024—a 440% increase** over 28 years, or roughly **6% annual growth**.

Wages Lag Behind

- While average household income roughly **doubled** between 2001 and 2024, health insurance premiums **tripled** for single plans and **nearly quadrupled** for family plans.

Lost Compensation

- If premiums had grown at the same rate as wages, workers would have earned an additional:
 - \$45,300 (single plan)
 - \$133,200 (family plan)
- If cost growth had been limited to 2% annually, those figures would rise to \$55,700 and \$149,400, respectively.

Rising Deductibles

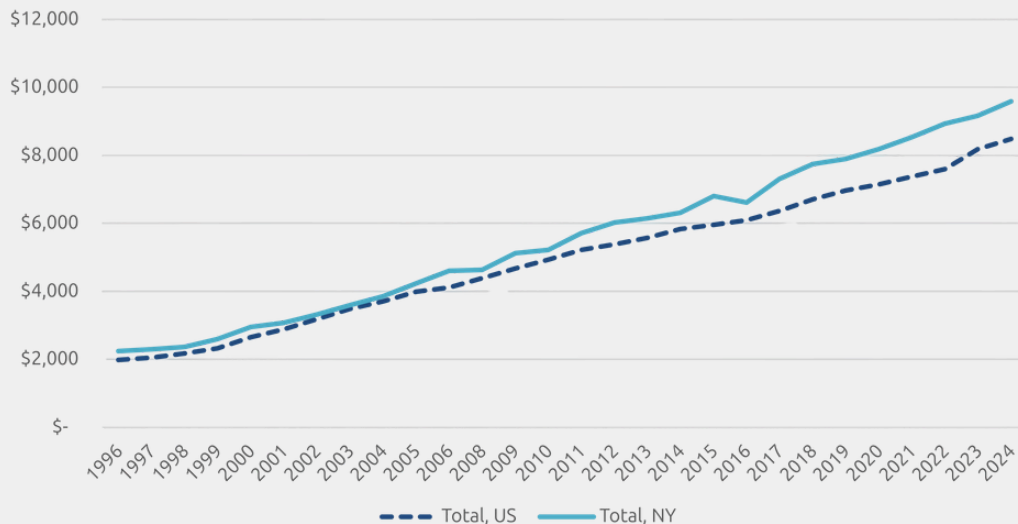
- The average family plan deductible increased from **\$900 in 2002 to \$3,400 in 2024**, growing **nearly 5% per year**, well above inflation.

Employment Impacts

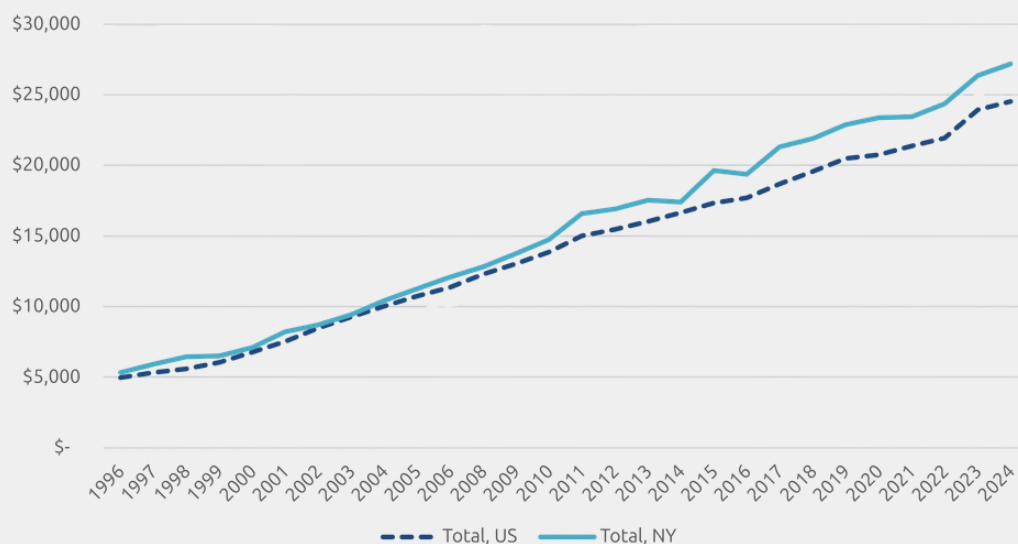
- If healthcare costs had tracked wage growth, New York's employment rate would be **8 percentage points higher**, adding **1.3 million jobs**.
- Each year of 6% healthcare cost growth leads to **51,000 additional job losses** statewide.

Healthcare costs have increased dramatically faster than inflation and wages

Average total premiums from private employers, single person plans



Average total premiums from private employers, family plans

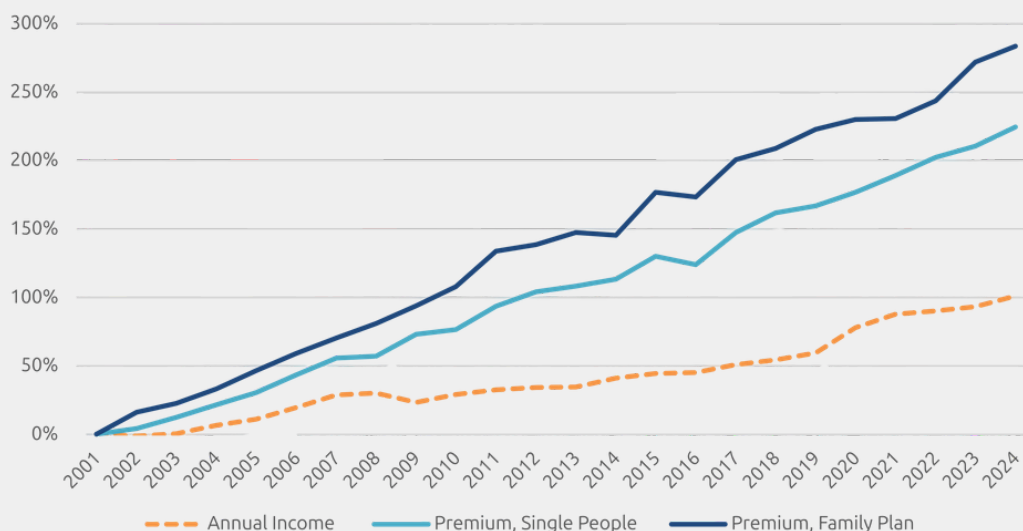


The cost of single-person plan premiums has climbed steadily from **under \$3,000** in 1996 to **nearly \$10,000 by 2024**. For family plans, the situation is even more extreme—rising from **\$5,300 in 1996**, to **more than \$27,000 in New York**.

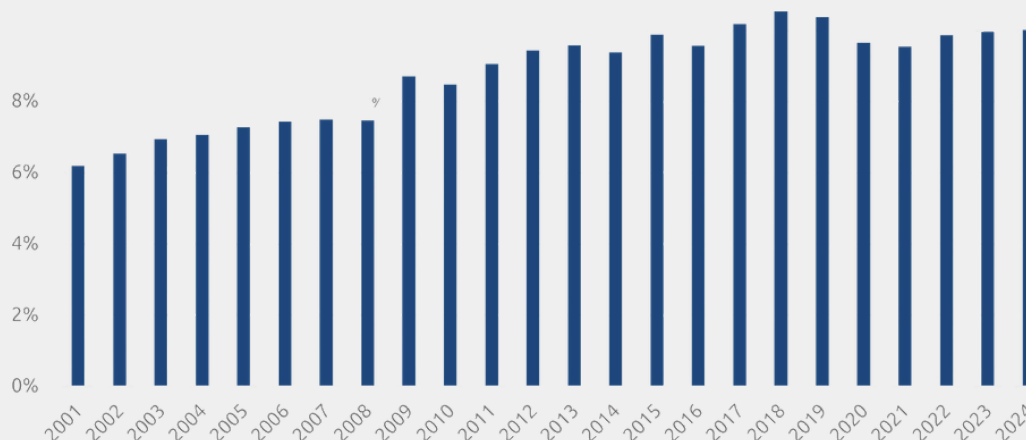
The New York growth rate—about **6% annually**—is more than double that of US prices and wages generally.

Rising Healthcare Costs Squeeze Workers

Average total premiums from private employers and average annual income



Premiums as percent of average income (single person plan), NY



Comparing the growth of wages and premiums, we find health insurance costs have **grown 3x faster than wages**, eroding take-home pay and limiting economic mobility.

Individuals with private-employer coverage now spend roughly **10% of their annual income** on premiums, up from 6.2% in 2001.

Rising healthcare costs now consume a larger portion of workers' earnings, functioning as a **hidden tax on labor**.

Economic Consequences

Cumulative additional compensation per health plan under different cost growth models, 2001–2024

Health cost growth model	Single Plan	Family Plan
Costs grow at same rate as wages	\$45,297	\$133,244
Costs grow at 2%	\$55,694	\$149,403
Costs stay constant	\$74,677	\$202,236

Wage Suppression: Employers offset rising insurance costs by reducing wage growth.

Job Losses: High healthcare costs discourage hiring and push employers toward part-time or contract labor.

Inequality: Low- and middle-income workers bear a disproportionate burden, as premiums represent a larger share of their income.

Household Strain: Out-of-pocket costs and deductibles have surged, further reducing disposable income.

Conclusion

Private-sector healthcare costs in New York have reached unsustainable levels. Rising premiums and deductibles have suppressed wages, reduced employment, and deepened inequality. Without policy intervention to control cost growth—such as **hospital price regulation** and **stronger oversight of private insurance markets**—New York’s affordability crisis will continue to worsen.