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Enterprise Bank & Trust Survey Tackles the Rising Cost of Health Insurance for Small and Midsize Companies

St. Louis (Oct. 24, 2019) –The rising cost of providing health insurance to employees is one of the top financial pressures facing owners of small and midsize companies, according to a recent Enterprise Bank & Trust Think Tank survey. Enterprise surveyed 230 businesses to understand issues and trends regarding the ever-growing cost of health insurance.

For most, health insurance is a top line-item expense, next to payroll, and the only expense companies generally don't have much control over. John Wennemann, Vice President of Human Resources at St. Louis-based Duke Manufacturing, says his company strives to make their insurance program more attractive. "One of the steps we've taken is to offer a narrow network option, with lower premiums, to make it more affordable."

In the survey, the top three concerns of smaller businesses in relation to providing health insurance are:

1. Impact of the cost on the company's profitability
2. Increase in premiums would make it unaffordable
3. High cost limits the ability to award raises and bonuses

Reducing Premium Costs: Three Big Levers

Benefits Plan Design – Self-funded insurance can lower premiums for employees and save companies money through reduced operational costs, but this comes with risk of a huge bill if something catastrophic happens. Thus, it must be weighed carefully by small companies less likely to absorb the cost.

Another option is to choose a narrow network insurance plan, offering low out-of-pocket costs and monthly premiums in exchange for a smaller provider network.

A popular choice is a High Deductible Health Plan (HDHP) which lowers premiums by increasing deductibles. A HDHP makes insurance more affordable for both the employee and the company.

Finally, a Health Savings Account (HSA) whereby the money is deposited tax-free and used for qualifying expenses, is a solid option, but despite HSA benefits, only 42% of survey respondents offer an HSA.



Preventative Care Incentives – Studies show more than 50% of American businesses offer a wellness program.

Michelle H. Schmidt, Owner of PACE Nutrition Coaching, said, “Employers have the ability, through a comprehensive health and wellness program, to contribute notably to their employees’ well-being.”

Although 93% of small businesses said that employee well-being is critical to their bottom line, only 22% currently have a wellness program.

Cost – Research shows prescription drugs drive up the cost in medical care. In the survey, the response “pharmacy coverage is more of an issue than health care” ranked fourth on the list of top concerns. Only 16% ranked it in the top three.

Checking to see if employees qualify for the Patient Assistance Program (PAP) may also help reduce drug costs.

Enterprise has the complete Think Tank survey report available upon request.

About Enterprise Bank & Trust

Enterprise Financial Services Corp (NASDAQ: EFSC), with approximately \$7 billion in assets, is a bank holding company headquartered in Clayton, Mo. Enterprise operates 34 branch offices in Arizona, Kansas, Missouri and New Mexico. Enterprise offers a range of business and personal banking services and wealth management services. Enterprise Trust, a division of Enterprise Bank & Trust, provides financial planning, estate planning, investment management and trust services to businesses, individuals, institutions, retirement plans and non-profit organizations. Member FDIC.