

A New Car vs. Health Insurance?

Average Family Job-Based Coverage Hits \$27K

For people with employer-provided health coverage, the cost for a family of four has risen by 6% or more for three consecutive years.

October 24, 2025 By Phil Galewitz and KFF Health News

With the federal shutdown entering its fourth week, spurred by a stalemate over the cost of health insurance for 22 million Americans on Affordable Care Act plans, a [new report shows](#) that over 154 million people with coverage through an employer also face steep price hikes — and that the situation is likely to get worse.

Premiums for job-based health insurance rose 6% in 2025 to an average of \$26,993 a year for family coverage, according to an annual survey of employers released October 22 by KFF, a health information nonprofit that includes KFF Health News.

It's the first time in two decades that the cost of covering a family of four has risen by 6% or more for three consecutive years, data from KFF shows.

Over the last five years, the average premium for family coverage has increased by 26%, compared with a 29% increase in workers' wages and nearly 24% growth in inflation. The average cost for family coverage is now about the same as [a new Toyota Corolla hybrid](#).

The average annual premium for an individual health plan provided by employers increased by 5% to \$9,325 — nearly \$3,000 higher than in 2016, according to the survey.

"It's a concern as health costs just keep going up," said Eric Trump, controller at Steve Reiff Inc., a small company in South Whitley, Indiana, that specializes in sandblasting and painting heavy equipment.

Trump, who is not related to President Donald Trump, said his company's health insurance costs rose 8% for the 2026 fiscal year — roughly the same as they have in the last few years.

Workers at Reiff pay about half the cost of their health coverage. About half of its 20 current employees decline the insurance because they get coverage through a family member or choose

to go uninsured, he said. “There’s not a lot we can do as we don’t have enough employees to spread out the costs.”

Most people with job-based insurance contribute to the cost of their premiums, with the average worker this year contributing \$1,440 for individual coverage or \$6,850 for family coverage.

Over time, more workers have paid increasingly higher deductibles, the amount they must spend out-of-pocket on medical services before their insurer pitches in. More than one-third of covered workers are enrolled in a plan with a deductible of \$2,000 or more for an individual. The share of workers with such a plan has increased 32% over the last five years and 77% over the last 10 years, the report said.

Rising drug and hospital costs [are often cited](#) as major culprits for rising health insurance costs, and neither shows signs of ebbing.

“Early reports suggest that cost trends will be higher for 2026, potentially leading to higher premium increases unless employers and plans find ways to offset higher costs through changes to benefits, cost sharing, or plan design,” the KFF survey said.

One big concern among employers is the high price of GLP-1 drugs for weight loss, which a growing number of companies cover. Their high prices, combined with strong demand, have led some workplaces to tighten or eliminate coverage for weight loss.

“Large employers know these new high-priced weight-loss drugs are an important benefit for their workers, but their costs often exceed their expectations,” study author Gary Claxton, a KFF senior vice president, said in a press release. “It’s not a surprise that some are rethinking access to the drugs for weight loss.”

Employers typically respond to higher health costs by shifting costs to their workers, but it’s unclear how much more financial pain workers can take. The survey found nearly half of large employers said their employees have “moderate” or “high” concerns about their level of cost sharing.

While the rising cost of employer-sponsored insurance has outpaced general inflation, the issue received scant attention in recent months on Capitol Hill. To help pay for extending tax cuts, Trump’s tax and spending law reduces by billions of dollars the amount the government spends on Medicaid, the state-federal health insurance program for 70 million low-income and disabled people. Congressional budget scorekeepers predict the cuts to Medicaid will lead to millions more people becoming uninsured over the next decade.

The federal government has been shut down since Oct. 1 as Democrats refuse to vote for a new spending measure unless Republicans agree to extend tax credits that help about 22 million people buy health coverage through the ACA marketplaces. Without congressional action, the tax credits will expire, and premiums will double for many consumers, starting in January.

The KFF report is based on a survey this year of 1,862 randomly selected nonfederal public and private employers with 10 or more workers.

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