



Eroding private-sector employer sponsored health insurance and rising costs: 2003 Medical Expenditure Panel Survey (MEPS) results

Introduction

According to the most recent 2003 federal Medical Expenditure Panel Survey (MEPS), private-sector employer sponsored insurance (ESI) remains widely available in Connecticut, despite recent downward trends. Since 2001, the share of Connecticut businesses offering ESI fell slightly. Consequently, the portion of employees working for establishments offering ESI also fell, while eligibility and enrollment also weakened.¹

Compared with the U.S. as a whole, more Connecticut employers offered ESI (65 percent versus 56 percent). Yet, in a departure from past years, Connecticut's labor force more closely mirrored national averages in access to, eligibility for and enrollment in ESI (Table 1). While premiums were about 10 percent higher in Connecticut for the three types of coverage (single, employee-plus-one and family), national premiums increased faster than state rates over the last three years.

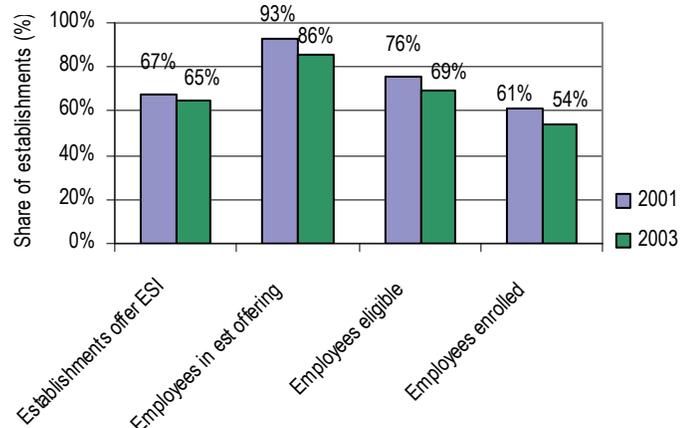
Table 1: Summary Statistics of Private-Sector ESI, 2003

	CT	US
Employees in ESI offering establishments	86%	87%
Employees eligible for ESI coverage	69%	68%
Employees enrolled in own employer's ESI	54%	55%
Premiums		
Single coverage	\$ 3,676	\$ 3,481
Employee-plus-one coverage	\$ 7,507	\$ 6,647
Family coverage	\$10,119	\$ 9,249
Employee Contributions		
Single coverage	\$ 789	\$ 606
Employee-plus-one coverage	\$ 1,876	\$ 1,577
Family coverage	\$ 2,282	\$ 2,283

Changes in access to ESI, 2001 to 2003

- From 2001 to 2003, the share of Connecticut establishments offering ESI fell from 67 percent to 65 percent (Figure 1).
- In 2003, fewer employees worked in establishments that offered ESI, were eligible for their employers' coverage and had enrolled in this coverage.
- There was also a slight decline in the share of establishments offering insurance plans with no employee contribution.
- More employers in 2003 required a waiting period for new employees to be eligible for coverage (79 percent versus 72 percent in 2001).

Figure 1: Change in access to ESI, FYs 2001 and 2003



Establishment characteristics related to ESI offer rates, 2003

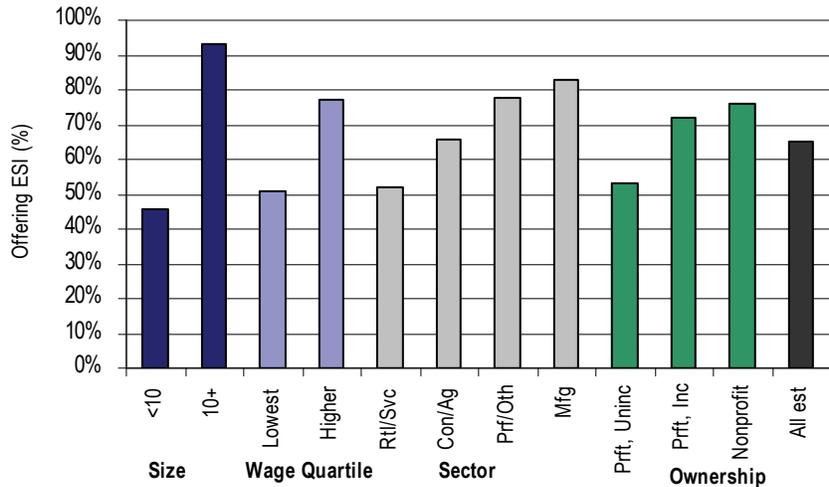
Establishment Size: *Most establishments with 10 or more employees offered coverage (Figure 2). Ten employees appeared to be a threshold, as offer rates for those with 10 to 24 employees (88 percent) did not differ markedly from those with 1,000+ (97 percent).*

Average Wage Quartile:² *Most higher wage employers (quartiles 2, 3 and 4) offered ESI. Employees in higher wage establishments were more likely to be eligible for and enroll in their employers' coverage.*

Business Sector:³ *Manufacturing (Mfg), along with professional and all other services (Prf/Oth), had higher than average ESI offer rates. This may be related to their need to attract and retain skilled labor, as well as unionization.*

Ownership:⁴ *Non-profits and for-profit corporations (5 percent and 52 percent of all Connecticut's businesses, respectively) were the most likely to offer ESI.*

Figure 2: Share of establishments offering ESI, 2003



Share of establishments not offering ESI, 2003

Smallest establishments accounted for 91 percent of employers not offering ESI. The Office of Health Care Access' (OHCA) 2004 Small Employer Survey found a similar result (88 percent) and its 2004 Household Survey showed that these establishments employed nearly half of all uninsured workers (Figure 3).

Lowest wage employers comprised nearly two-thirds of establishments not offering coverage. As a result, only a small portion of employees in low wage establishments obtained ESI through their employer.

Retail/other service economic sector establishments accounted for most of the employers not offering ESI, the highest share of part-time labor and the lowest eligibility and enrollment rates.

For-profit establishments comprised the majority (87 percent) of all non-ESI companies, but unincorporated for-profit establishments were overrepresented compared to their share of Connecticut businesses.⁵

Figure 3: Share of establishments not offering ESI, 2003

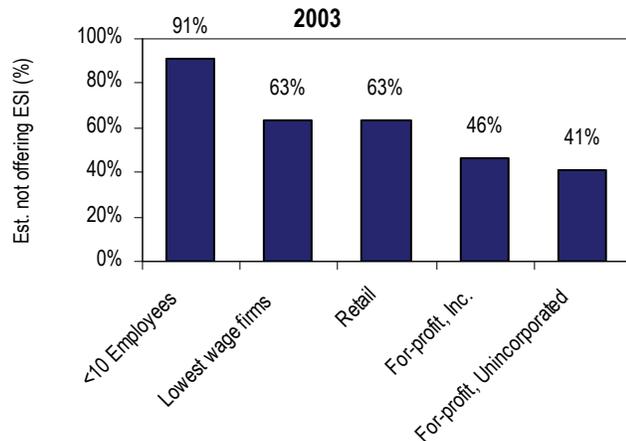
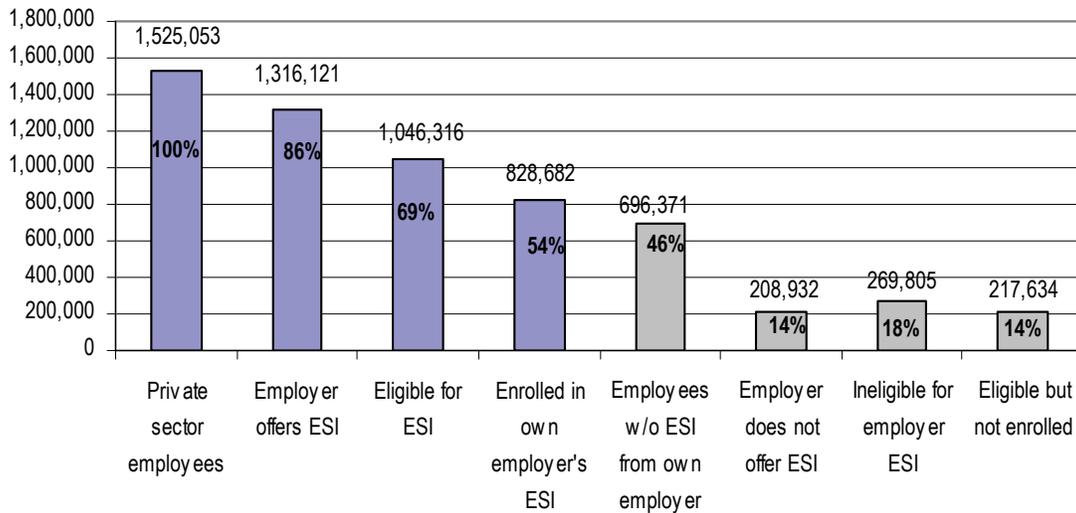


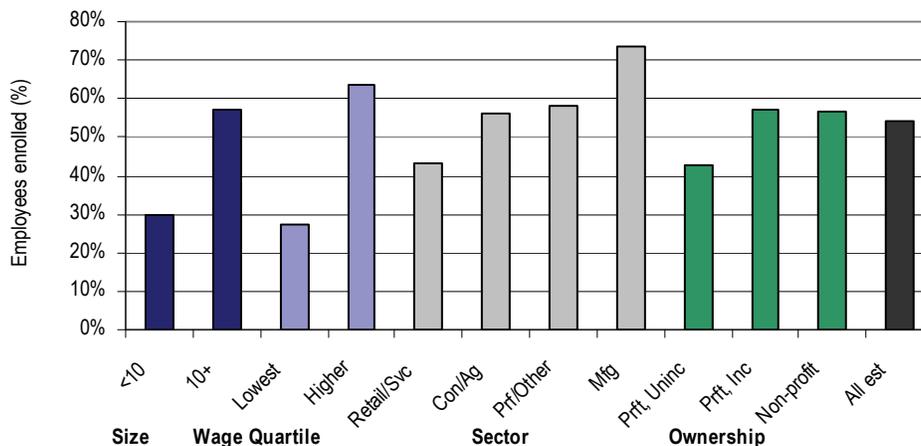
Figure 4: Employee access to ESI, 2003



Employee access to ESI, 2003

- Most Connecticut private sector employees worked for an establishment offering coverage to at least some of their employees and were eligible for this coverage (Figure 4).
- Over half of all employees were enrolled in their employers' health coverage.
- About one-third of the workforce did not have access to ESI, either because their employer did not offer it or they were ineligible.
- A segment of the work force eligible for ESI declined it (14 percent).
- Job status was strongly related to ESI access. Nearly all full-time employees worked for establishments offering ESI.⁶ Most were eligible and opted to enroll. In contrast, only ten percent of part-time workers had coverage through their employers. Fewer worked in establishments offering coverage and only one-third were eligible.

Figure 5: Share of employees enrolled in own employer ESI, 2003



Employee ESI enrollment, 2003

- The share of employees with healthcare benefits through their own employer depended upon establishment offer rates and employee eligibility.⁷
- Employees in manufacturing/mining and higher wage establishments were significantly more likely to have health care benefits through their employer (Figure 5).
- Workers in low wage, retail, or the smallest establishments were much less likely to have ESI through their own employer.

Table 2: Average ESI Premiums and Employee Contributions by Type of Coverage, 2001 and 2003

Type of Coverage ⁸	Premiums (\$)			Employee Contributions (\$)			Employee Share of Premium (%)		
	2001	2003	Change (%)	2001	2003	Change (%)	2001	2003	Change (%)
Single	3,260	3,676	13	629	789	25	19	21	11
Exclusive-provider	3,053	3,729	22	630	840	33	21	23	9
Mixed-provider	3,261	3,740	15	586	798	36	18	21	19
Any-provider	3,959	2,903	-27	833	479	-42	21	17	-22
Employee-Plus-One	6,293	7,507	19	860	1,876	118	14	25	83
Family	8,781	10,119	15	2,112	2,282	8	24	23	-6
Exclusive-provider	8,577	10,075	17	2,384	2,840	19	28	28	1
Mixed-provider	8,702	10,199	17	1,850	2,077	12	21	20	-4
Any-provider	9,782	9,036	-8	2,994	2,133	-29	31	24	-23

Change (%) may vary due to rounding.

Average ESI premiums and employee contributions

In Connecticut from 2001 to 2003:

- Premiums for nearly all coverage types increased.
- Employee contributions toward health insurance premiums increased faster than the overall growth in premiums, except for single and family “any provider” plans.⁸

Compared to the U.S. in 2003, Connecticut:

- Businesses paid moderately higher premiums: single (6 percent), employee plus one (13 percent), and family (9 percent).
- Employees’ contributions were greater for single (30 percent) and employee-plus-one plans (19 percent) but the same for family coverage.
- Connecticut’s premiums rose **slower** than the national average for all plan types. Similarly, Connecticut employee contributions for family coverage were **smaller** than national averages, while their contributions for single and employee-plus-one coverage were greater.

Summary

MEPS data show that despite a slight decline from 2001 to 2003, nearly two-thirds of Connecticut businesses offered health insurance benefits to at least some of their employees. Most of the labor force worked in establishments that offered coverage and over half enrolled in their employers’ coverage. Health insurance premiums rose, though at a slower rate than for the U.S. as whole. Employee contributions rose more steeply than the overall increase in premiums. Businesses with fewer than ten workers, those in the retail/service sector, and low wage establishments were the least likely to offer ESI and thus significantly fewer of their employees were likely to obtain coverage through their workplace.

Recent OHCA surveys have found results similar to MEPS findings. OHCA is currently fielding two surveys to obtain more specific detail on characteristics of those least likely to have or offer employee coverage, e.g., low wage employees and traditionally low wage employers.

ENDNOTES

¹“Establishment” refers to a particular workplace or physical location where business is conducted or services or industrial operations are performed.

²Average wage quartile” refers to the average wage per establishment. “Lowest quartile” refers to establishments whose average wage is among the lowest quarter in Connecticut.

³MEPS category “Manufacturing” includes Mining, “Construction/Agriculture” includes “Forestry and Fishing,” and “Retail/Other Services” includes “Unknown.” Separate MEPS categories “Professional services” and “All others” were merged.

⁴“Unknown” ownership type not shown— 61.3% of this type offered ESI.

⁵For-profit incorporated establishments were underrepresented among those not offering ESI compared to their share of all Connecticut employers (46 percent versus 57 percent).

⁶“Full-time” refers to employees working at least 35 hours per week. “Part-time employees” included all people on the actual payroll except for temporary and contract workers who worked less than 35 hours.

⁷OHCA’s 2001 and 2004 household and employer surveys found that individual decisions made by those eligible for coverage were influenced by personal circumstances, cost, other coverage options, etc.

⁸Exclusive-provider plan: covered person must receive all non-emergency care within provider network in order for costs to be covered (e.g., Health Maintenance Organization). Mixed-provider plan: allows covered person to go to any provider but there is a cost incentive to stay within network providers (e.g., Preferred Provider Organization or Point of Service plan). Any-provider plan: allows covered person to go to any provider without any cost incentives or to use affiliated providers (e.g., indemnity plans).

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