

## Job-Based Health Insurance—1987 and 1996

### Estimates for the U.S. Civilian Noninstitutionalized Population

#### Introduction

Two national medical expenditure surveys reveal that an increasing number of workers are turning down job-based health insurance coverage. Although the number of workers offered health insurance grew from 1987 to 1996, the number of workers who declined this coverage increased even more. Data from the 1987 National Medical Expenditure Survey and the 1996 Medical Expenditure Panel Survey (MEPS) also show that while access to job-based insurance—through a worker's own job or that of a family member—remained stable over time, the rate at which workers took advantage of this coverage fell from 93 percent in 1987 to 89 percent in 1996 (Figure 1). Overall, the number of workers with access to job-based coverage who declined it grew from 2.6 million in 1987 to 6.3 million in 1996.

In addition to not having access to health insurance, there are likely to be many factors associated with workers' decisions to decline coverage when it is offered. Health insurance premiums have increased much more than wages, and workers are also facing higher employee contributions to health insurance. Aside from cost, other factors that may have contributed to declining rates of job-based insurance coverage include a change in the generosity of insurance plans over time and the possibility that expansions to the

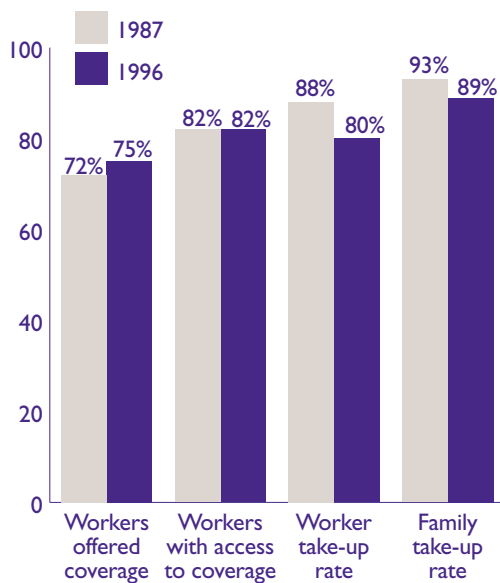
#### Briefly stated:

- The rate at which workers were offered health insurance through their job increased slightly from 1987 to 1996, but a growing proportion of workers turned down the coverage. The proportion of workers with access to any job-based health insurance (through their own or a family member's job) did not change.
- Some workers—notably Hispanics, workers under age 25, and low-wage workers—faced declines in access to job-based coverage. These groups also were more likely to turn it down if it was available and to be uninsured.
- From 1987 to 1996, the number of workers who turned down job-based health insurance jumped from 2.6 million to 6.3 million, an increase of 140 percent.
- Of the 6.3 million workers who declined job-based health insurance in 1996, 4.6 million were uninsured.

#### Definitions:

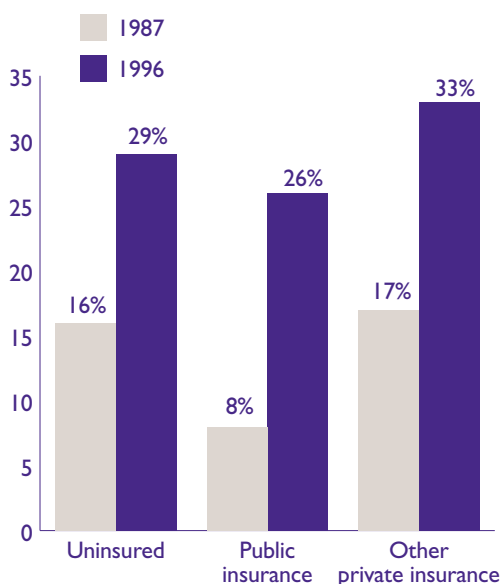
**Offer rate:** The proportion of workers offered health insurance by their primary employer. **Take-up rate:** The proportion of workers offered health insurance by their primary employer who took the coverage. **Access rate:** The proportion of workers who could have obtained health insurance either through their own job or a family member's job. **Family take-up rate:** The proportion of workers with access to job-based health insurance coverage who were covered by such a plan.

**Figure 1. Offer, access, and take-up rates for job-based health insurance: 1987 and 1996**



Although the rate at which employees were offered health insurance grew slightly from 1987 to 1996, access to job-based coverage remained stable. Declines in job-based coverage primarily result from workers turning down available coverage.

**Figure 2. Access rates for workers without job-based health insurance coverage by actual insurance status: 1987 and 1996**



Increasing proportions of workers without job-based health insurance had access to—but were not covered by—such insurance.

Medicaid program may have encouraged some workers to rely on Medicaid instead of job-based coverage.

The data indicate that increasing proportions of workers without job-based health insurance had access to it (Figure 2). For example, of uninsured workers, only 16 percent had access to job-based coverage in 1987, compared to 29 percent in 1996. Of workers who had health coverage under public insurance, only 8 percent had access to job-based coverage in 1987, compared to 26 percent in 1996.

### Who Is Affected?

There is substantial variation in access rates and take-up rates across population subgroups. For example, workers earning \$7.00 or less per hour had significantly lower take-up rates than other wage earners in both 1987 and 1996 (Figure 3). Low-wage earners have also become increasingly likely to turn down available coverage: In 1987, 89 percent of the lowest wage workers with access to job-based coverage were covered by it; in 1996, this number fell 13 percentage points to 76 percent. In contrast, comparable rates for those earning more than \$15.00 per hour remained unchanged. In both 1987 and 1996, workers earning \$10.00 or less per hour, particularly those earning \$7.00 or less per hour, were less likely to have access to job-based health insurance than better paid workers. Access rates for workers earning \$7.00 or less per hour declined from 60 percent in 1987 to 55 percent in 1996.

Workers under age 25 faced lower access rates than other age groups and were less likely to take up available coverage (Figure 4). For example, workers under age 25 faced an 8 percentage point decline in their access rate to job-based insurance from 1987 to 1996, while access rates for workers ages 25 and over were stable or increased slightly. Similarly, the take-up rates for these young workers fell by 13 percentage points, compared to only 3 percentage points for workers ages 35-54.

Racial and ethnic minorities, particularly Hispanics, also were more likely to lack access to job-based coverage and to turn it down when it was available. The rate of access to job-based insurance for Hispanic workers fell from 71 percent in 1987 to 67 percent in 1996, although it remained stable for other groups. Take-up rates declined from 1987 to 1996 for all racial/ethnic groups, and take-up rates for Hispanic workers were significantly lower than those of white workers in both years.

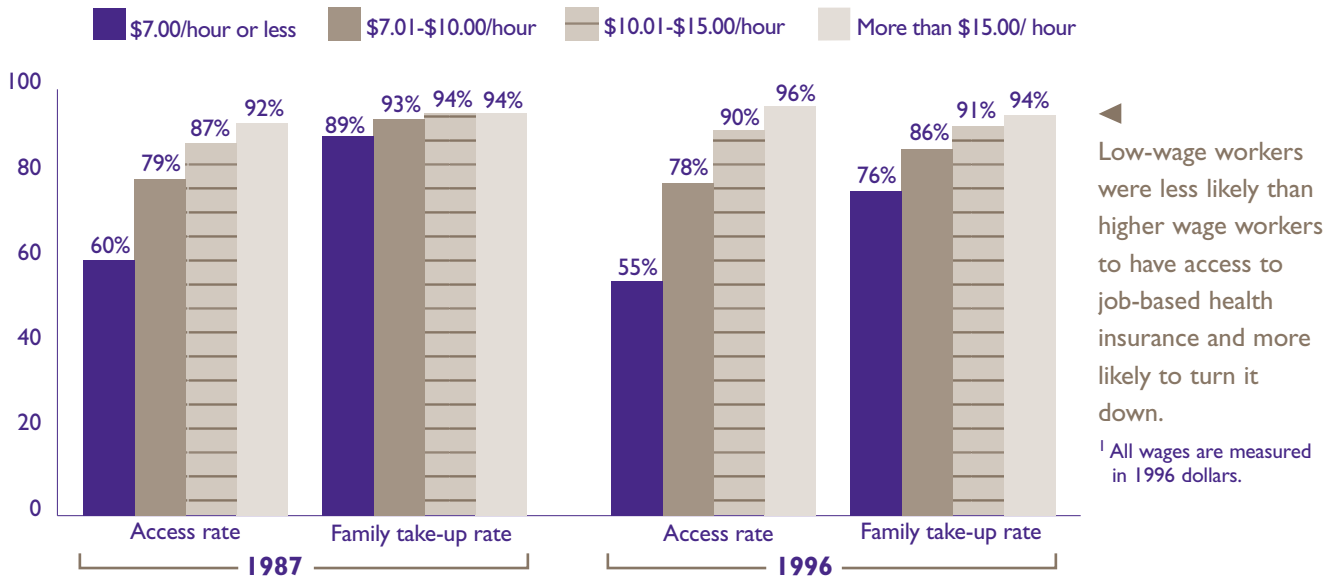
**DATA SOURCE: 1987 National Medical Expenditure Survey and 1996 Medical Expenditure Panel Survey Household Component.**

### About MEPS and NMES

The Medical Expenditure Panel Survey (MEPS) collects nationally representative data on health care use, expenditures, source of payment, and insurance coverage for the U.S. civilian noninstitutionalized population. MEPS is cosponsored by the Agency for Health Care Policy and Research (AHCPR) and the National Center for Health Statistics. MEPS' precursor,

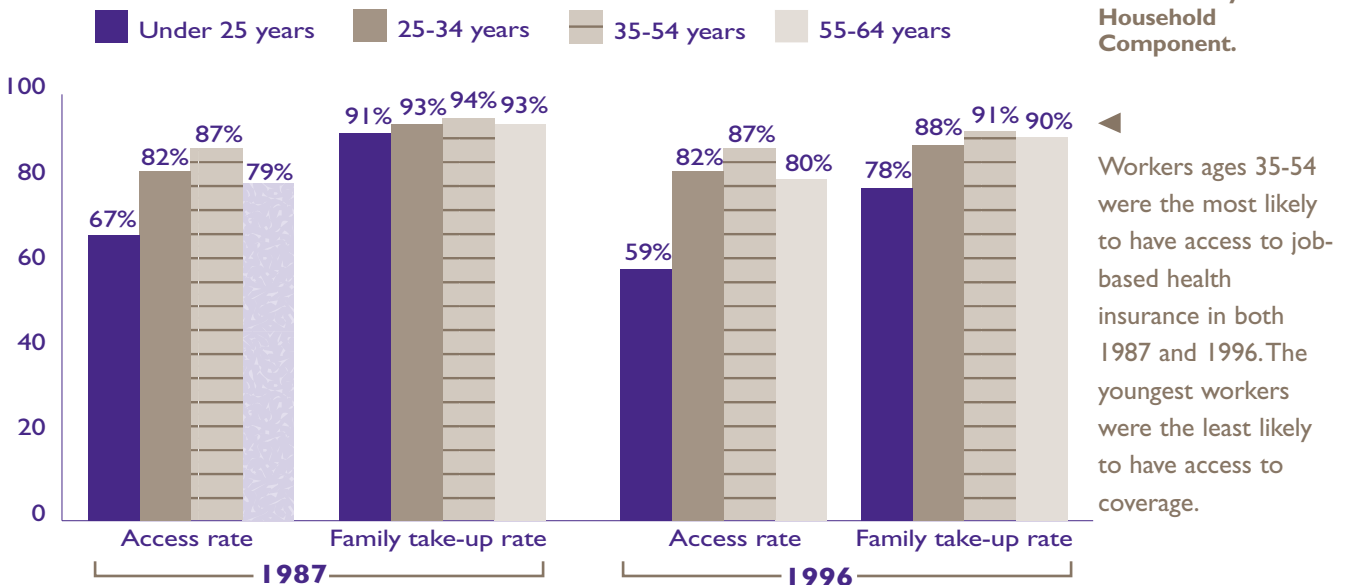
the National Medical Expenditure Survey (NMES), was a longitudinal survey conducted in four rounds covering January 1 through December 31, 1987. This *Highlights* shows information from samples drawn from the first round of data collection of both the 1996 MEPS Household Component and NMES Household Survey, which consisted of persons ages 21-64 who were employed but not self-employed

**Figure 3. Rates of job-based health insurance by wage:<sup>1</sup> 1987 and 1996**



**DATA SOURCE:**  
1987 National Medical Expenditure Survey and 1996 Medical Expenditure Panel Survey Household Component.

**Figure 4. Rates of job-based health insurance by age group: 1987 and 1996**





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For more information on MEPS, call the MEPS information coordinator at AHCPR (301/594-1406) or visit the MEPS section of the AHCPR Web site at

<http://www.ahcpr.gov/>

For a detailed description of the MEPS survey design, sample design, and methods used to minimize sources of nonsampling error, see the following publications:

Cohen J. Design and methods of the Medical Expenditure Panel Survey Household Component. Rockville (MD): Agency for Health Care Policy and Research; 1997. *MEPS Methodology Report No. 1*. AHCPR Pub. No. 97-0026.

Cohen S. Sample design of the 1996 Medical Expenditure Panel Survey Household Component. Rockville (MD): Agency for

Health Care Policy and Research; 1997. *MEPS Methodology Report No. 2*. AHCPR Pub. No. 97-0027.

For more information about the NMES survey design, see the following publication:

Edwards W, Berlin M. Questionnaires and data collection methods for the Household Survey and the Survey of American Indians and Alaska Natives. Rockville (MD): Public Health Service; 1989. DHHS Pub. No. 89-3450.

The estimates in this *Highlights* are drawn from the following publication:

Cooper PF, Schone BS. More offers, fewer takers for job-based health insurance: 1987 and 1996. *Health Affairs* 1997;16(6):142-149. AHCPR Pub. No. 98-R008.



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### U.S. Department of Health and Human Services

Public Health Service  
Agency for Health Care Policy and Research  
2101 East Jefferson Street, Suite 501  
Rockville, MD 20852

Look for the MEPS Web site at:

<http://www.ahcpr.gov/>