

Statistical Brief #18

Employer-Sponsored Single and Family Health Insurance Coverage: Selection and Cost, 2000

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Introduction

Health insurance provided by employers is a key source of coverage for both employees and their families. In 2000, more private-sector employees obtained family coverage health insurance through their employers than single, self-only coverage. According to the Medical Expenditure Panel Survey, conducted by the Agency for Healthcare Research and Quality, those employees with family coverage contributed both a larger dollar amount and a larger percent of the total premium for their coverage than did employees with single coverage.

The statistics in this report are taken from the Insurance Component of the 2000 Medical Expenditure Panel Survey (MEPS-IC), an annual survey that was initiated in 1996. The MEPS-IC collects information on job-related health insurance obtained through employers and unions. Data collected in the MEPS-IC include the number and types of plans offered, benefits associated with these plans, premiums, contributions by employers and employees, and employer characteristics.

All of the information in this analysis comes from tables that are available on the MEPS-IC Internet site at http://www.meps.ahrq.gov/Data_Pub/IC_Tables.htm. While this report is limited to a discussion of private-sector statistics, tables are also published containing information on health insurance for state and local government employees.

Only differences that are statistically significant at the 0.05 level are discussed in the text.

Briefly Stated

- In the year 2000, 53.8 percent of private-sector employees with health insurance through their employer were enrolled in family coverage plans, versus 46.2 percent who were enrolled in single coverage plans.
- On average, annual family coverage premiums (\$6,772) were much higher than single coverage premiums (\$2,655). Compared to those with single coverage, employees with family coverage contributed a larger amount toward their premium both in terms of dollars and percentage of total premium cost.
- For both large and small employers, employees with single coverage were much more likely to not have to contribute toward their plan's premium than employees with family coverage. Overall, almost one-third of those enrolled in single plans did not contribute toward the premium cost versus about 18 percent of those in family plans.

Findings

Among employees obtaining health insurance through their private-sector employers in the year 2000, more were enrolled in a family coverage plan than in a single coverage plan. Of those employees enrolled in health insurance plans, 53.8 percent (34.5 million persons) had a family policy while 46.2 percent (29.7 million persons) had single coverage (**Figure 1**).

Employees in larger private-sector firms, those with 50 or more employees, were more likely to have enrolled in family coverage (56.4 percent) than in single coverage (43.6 percent) (**Figure 1**). However, the reverse was true for smaller firms, those with less than 50 employees. The portion of enrollments in single plans (55.7 percent) was larger than in family plans (44.3 percent) (**Figure 1**).

There was a large difference between the average total premium costs for single versus family plans. Single coverage premiums averaged \$2,655 per year compared to \$6,772 for family premiums (**Figure 2**). Single premiums were about nine percent higher in smaller firms than in larger firms. The average family premium in small firms was not significantly different than that for large firms.

Premium costs for employer-based coverage may be paid completely by the employee, paid in part by the employer and in part by the employee, or paid completely by the employer. While almost one-third of private-sector employees with single coverage were enrolled in a plan that did not require them to contribute toward the premium cost, only about 18 percent of employees with family coverage were in such a plan (**Figure 3**). For both large and small employers, employees with single coverage were much less likely to contribute toward their plan premium than those with family coverage.

In 2000, employees of smaller firms were much less likely to contribute to their premium than those in larger firms. In smaller firms, 57.7 percent of those with single coverage did not contribute to their premium (**Figure 3**). For larger firms, that was true for only 24.4 percent of employees (**Figure 3**). The comparable figures for family coverage were 38.8 percent (smaller firms) versus 13.5 percent (larger firms) (**Figure 3**).

As with total premium costs, the average annual contribution by an employee in a small firm toward that premium was much larger for family coverage (\$1,614) than for single coverage (\$450) (**Figure 4**). These averages include all employees who enrolled in these employer sponsored plans. Employee contributions toward family coverage in smaller private-sector firms were almost 22 percent higher than family plan contributions in larger firms. In contrast, single plan employee contributions were greater in larger firms than smaller firms by about 12 percent.

Employees with family coverage not only contribute a larger dollar amount toward their health insurance premium than do employees with single coverage, they also pay a greater percentage of the total premium cost. Those with family coverage contributed 23.8 percent of the cost of their premium, while those with single plans contributed 16.9 percent (**Figure 5**). Larger firms' employees paid 23.0 percent of the family premium, with smaller firms' employees paying a higher 27.6 percent (**Figure 5**). For single coverage, the reverse was true. The larger firms recorded a 17.8 percent contribution toward single plans versus 14.6 percent for smaller firms (**Figure 5**).

Definitions

Health insurance plan – An insurance contract that provides hospital and/or physician coverage to an employee or retiree for an agreed-upon fee (premium) for a defined benefit period.

Employee – A person on the actual payroll. Excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

Firm – A business entity consisting of one or more business establishments under common ownership or control. A firm represents the entire organization, including the company headquarters and all divisions, subsidiaries, and branches. A firm may consist of a single-location establishment, in which case the establishment and firm are identical.

Premium – Agreed-upon fee paid for coverage of medical benefits for a defined benefit period, usually a calendar year. Premiums can vary based on a variety of factors such as services covered, amounts of deductibles and co-pays, location of firm, and demographics of the workforce.

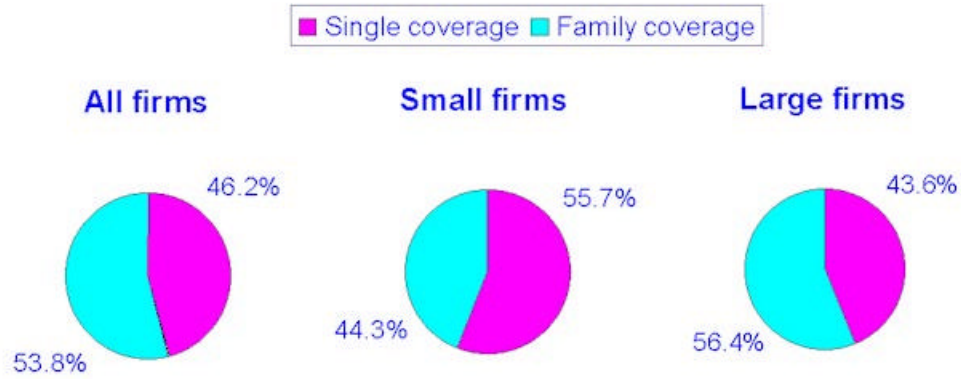
Single coverage – Health insurance that covers the employee only.

Family coverage – Health insurance that covers the employee and the employee's family. If a plan offers more than one arrangement for family coverage, premium information for a family of four is used.

About the MEPS-IC

The MEPS-IC is a survey of business establishments and governments which collects information on employer-sponsored health insurance, such as whether insurance is offered, enrollments, types of plans and premiums. The survey is conducted annually by the United States Bureau of the Census under the sponsorship of the Agency for Healthcare Research and Quality (AHRQ). The yearly response rate has averaged 78 percent for in-scope sample units. Approximately 4 percent of the original sample has been out-of-scope in a typical year. A total sample of 42,000 establishments was selected for the 2000 survey, prior to accounting for losses due to non-response and out-of-scope cases. For more information on this survey, see MEPS Methodology Reports #6, #8 and #10 under MEPS publications at <http://www.meps.ahrq.gov/PrintProducts/PrintProdSearch.asp> and the MEPS-IC Technical Appendix at <http://www.meps.ahrq.gov/MEPSDATA/ic/techappendix.htm>.

Figure 1: Percent of enrolled employees with single and family health insurance coverage, by firm size, private sector, 2000



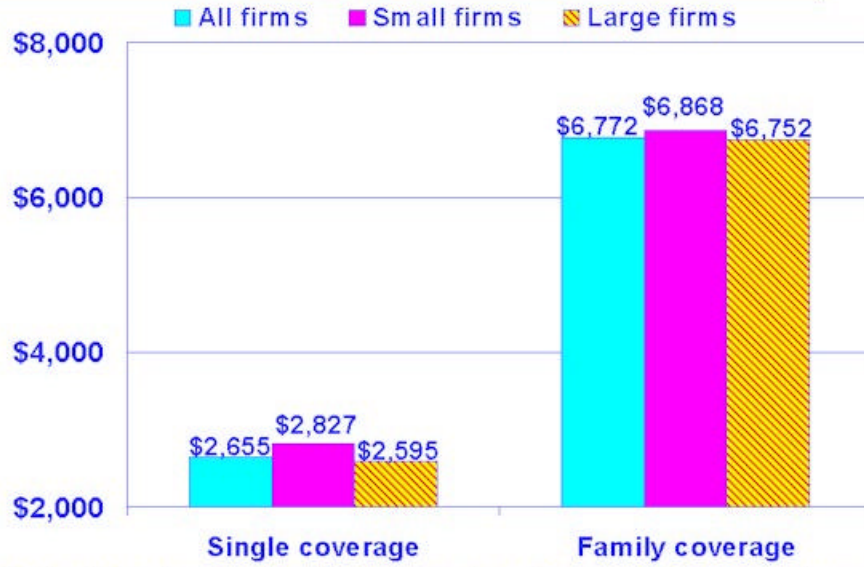
NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, 2000



Figure 2: Average total premium per enrolled employee, by firm size, private sector, 2000



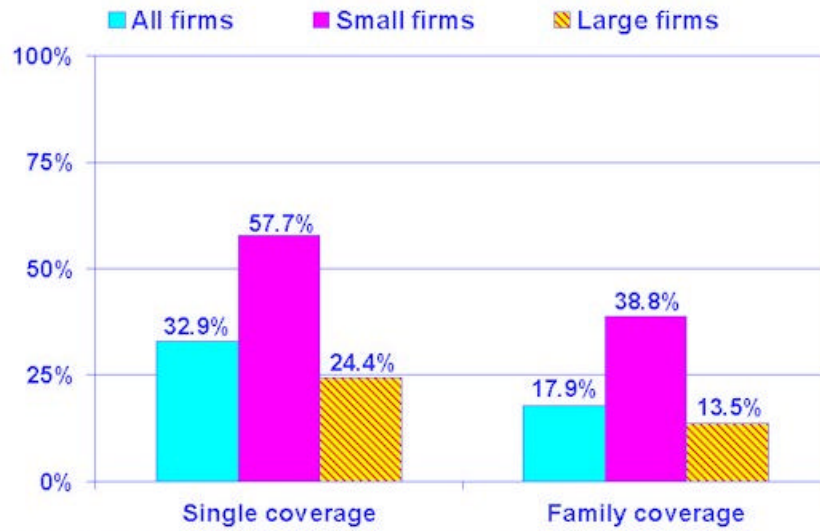
NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, 2000



Figure 3: Percent of enrolled employees making no contribution toward health insurance premium, by firm size, private sector, 2000



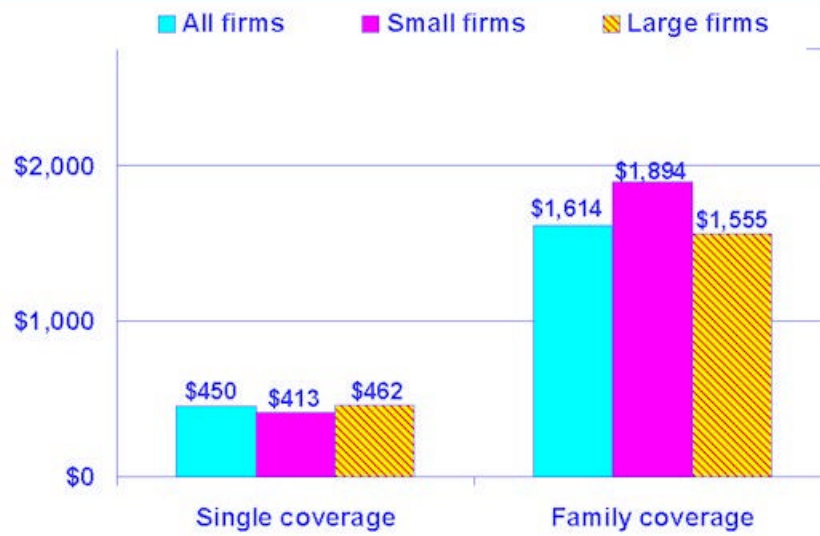
NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, 2000



Figure 4: Average employee contribution per enrolled employee, by firm size, private sector, 2000



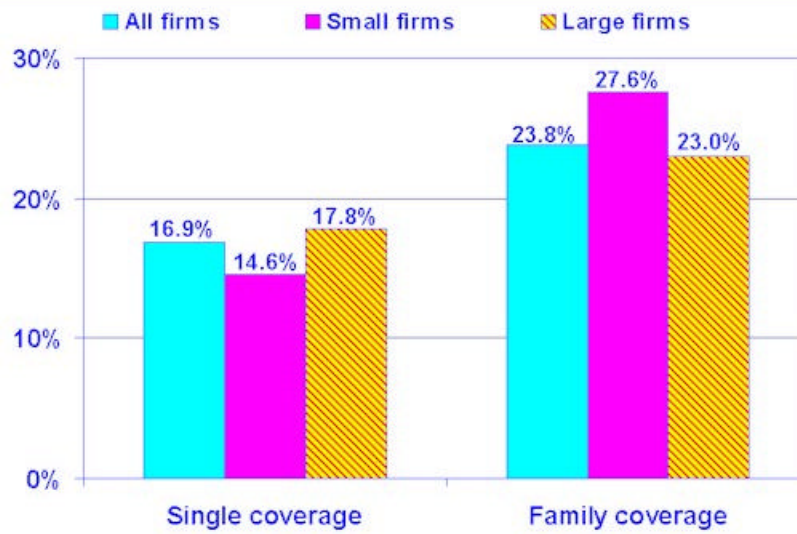
NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, 2000



Figure 5: Percent of total premium paid by enrolled employees, by firm size, private sector, 2000



NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, 2000

