

Statistical Brief #30

Employer-Sponsored Health Insurance for Small Employers in the Private Sector by Census Division, 2001

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Introduction

Employer-sponsored health insurance for current workers is one of the primary sources of health insurance coverage in the United States. According to data from the 2001 Medical Expenditure Panel Survey-Insurance Component (MEPS-IC), approximately 101 million of the 114 million employees from the private sector worked in firms where the employer offered health insurance. Of those who worked where health insurance was offered, approximately 63 million were enrolled in a health insurance plan.

Although a large percentage (88.6 percent) of private sector employees worked where health insurance was offered in 2001, small private sector employers (firms with fewer than 50 employees) were much less likely to offer health insurance than other firms or governments. Among these small employers, the offer and enrollment rates varied considerably by different regions of the country as defined using census divisions. Furthermore, the employee contributions toward costs for employer-sponsored health insurance also varied by census division among small private sector employers. Only those differences that are statistically significant at the .05 level are discussed below.

Brief Statement of Findings

- In 2001, 64.5 percent of employees of small private sector employers worked where health insurance was offered.
- In 2001, 60.5 percent of employees who worked at small employers where health insurance was offered enrolled in a health insurance plan. The enrollment rates varied substantially by census division.
- The average annual employee premium contribution per enrolled employee for single coverage across small private sector employers was \$452.
- The average annual employee premium contribution per enrolled employee for family coverage (for a family of four) across small private sector employers was \$2,035.

Discussion

In 2001, among the 31.8 million employees who worked for small private sector employers, 64.5 percent worked where the employer offered health insurance (Figure 1). This rate varied

considerably by census division. The percentage of employees who worked for small employers who offered health insurance was higher than the national average in the New England, Middle Atlantic, and East North Central states. The rates for these census divisions were 74.1 percent, 71.1 percent, and 70.0 percent, respectively. The West South Central states had a lower than average percentage of employees (52.1 percent) who worked where health insurance was offered.

As shown in Figure 2, 60.5 percent of employees, who worked for small employers, enrolled in health insurance if it was offered. Among the census divisions, the New England states, which had the highest percentage of persons who worked where health insurance was offered, had a lower than average enrollment rate (55.6 percent). The Pacific states had a higher than average enrollment rate among employees who worked where insurance was offered (67.6 percent).

Across census divisions, as shown in Figures 3 and 4, annual contributions toward premiums required of enrolled employees varied considerably from the national average for both single coverage (\$452) and family coverage (\$2,035). The average contributions required of employees in the New England states (\$744) and South Atlantic states (\$563) for single coverage were both higher than national average (Figure 3). The contributions for single coverage in the Mountain states (\$370) and Pacific states (\$291) were lower than average.

Among employees of small firms, as shown in Figure 4, the annual contributions for family coverage were higher than the national average in the New England states (\$2,489) and South Atlantic states (\$2,619). The Middle Atlantic and East North Central states had lower than average employee contributions for family coverage, with values of \$1,554 and \$1,580, respectively.

Definitions

In this analysis, an employer is defined as a private sector firm. A firm is defined as a business entity that controls one or more business establishments or locations. Consequently, an employer can have multiple work locations. Only small employers with fewer than 50 employees across all of their locations were included in this analysis.

The states were grouped into nine census divisions as follows:

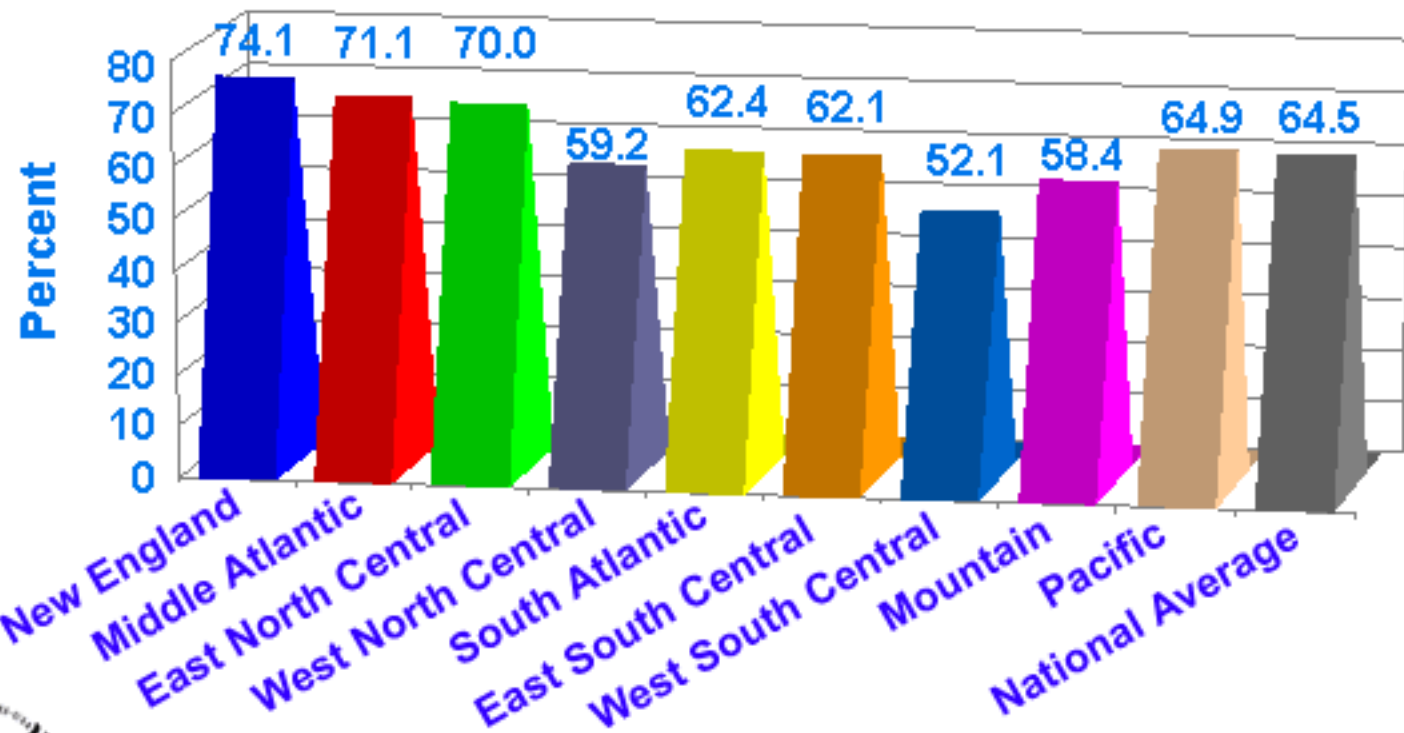
- New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- Middle Atlantic: New Jersey, New York, Pennsylvania
- East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin
- West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
- East South Central: Alabama, Kentucky, Mississippi, Tennessee
- West South Central: Arkansas, Louisiana, Oklahoma, Texas

- Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- Pacific: Alaska, California, Hawaii, Oregon, Washington

About the MEPS-IC

The MEPS-IC is a survey of business establishments and governments that 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 U.S. 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 2001 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://meps/Data_Public.htm and the *MEPS-IC Technical Appendix* at <http://meps/MEPSDATA/ic/techappendix.htm>.

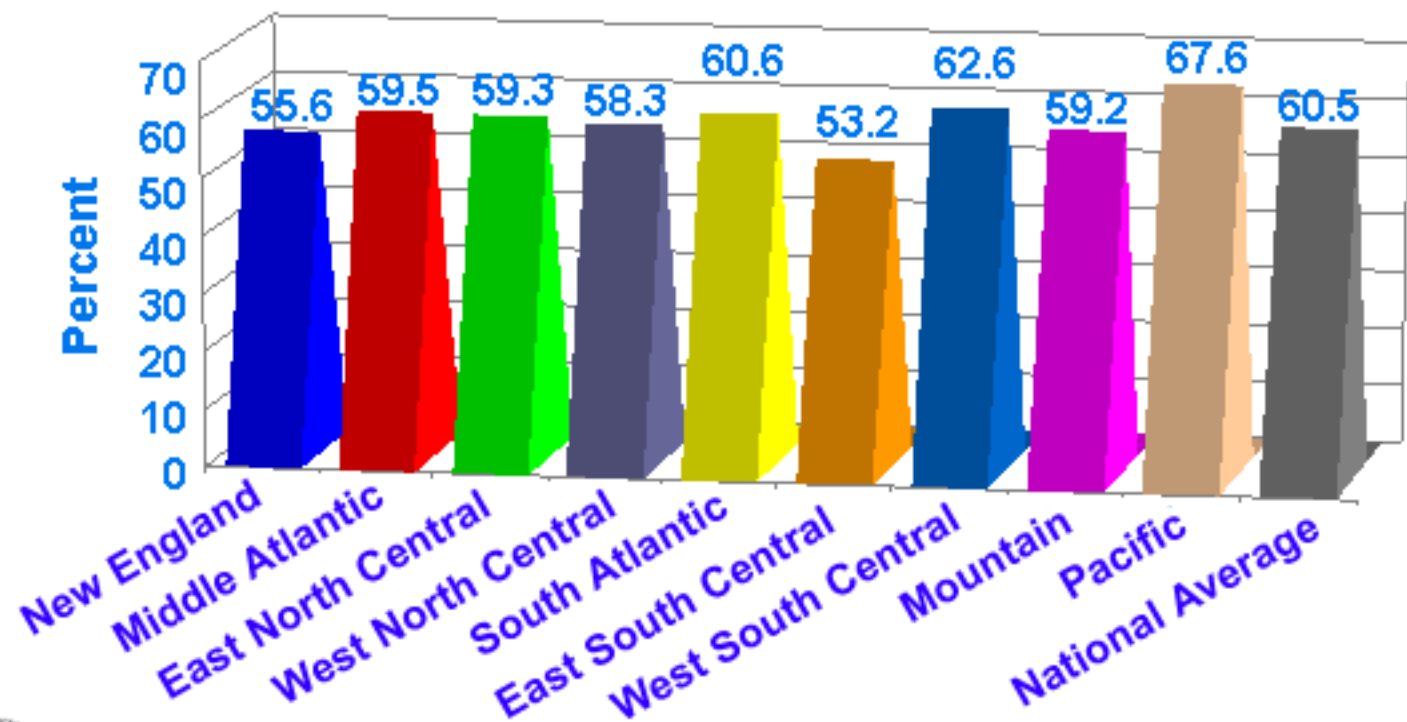
Figure 1: Percentage of employees who work for small employers (fewer than 50 employees) that offer health insurance, by census division, 2001



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, Year 2001



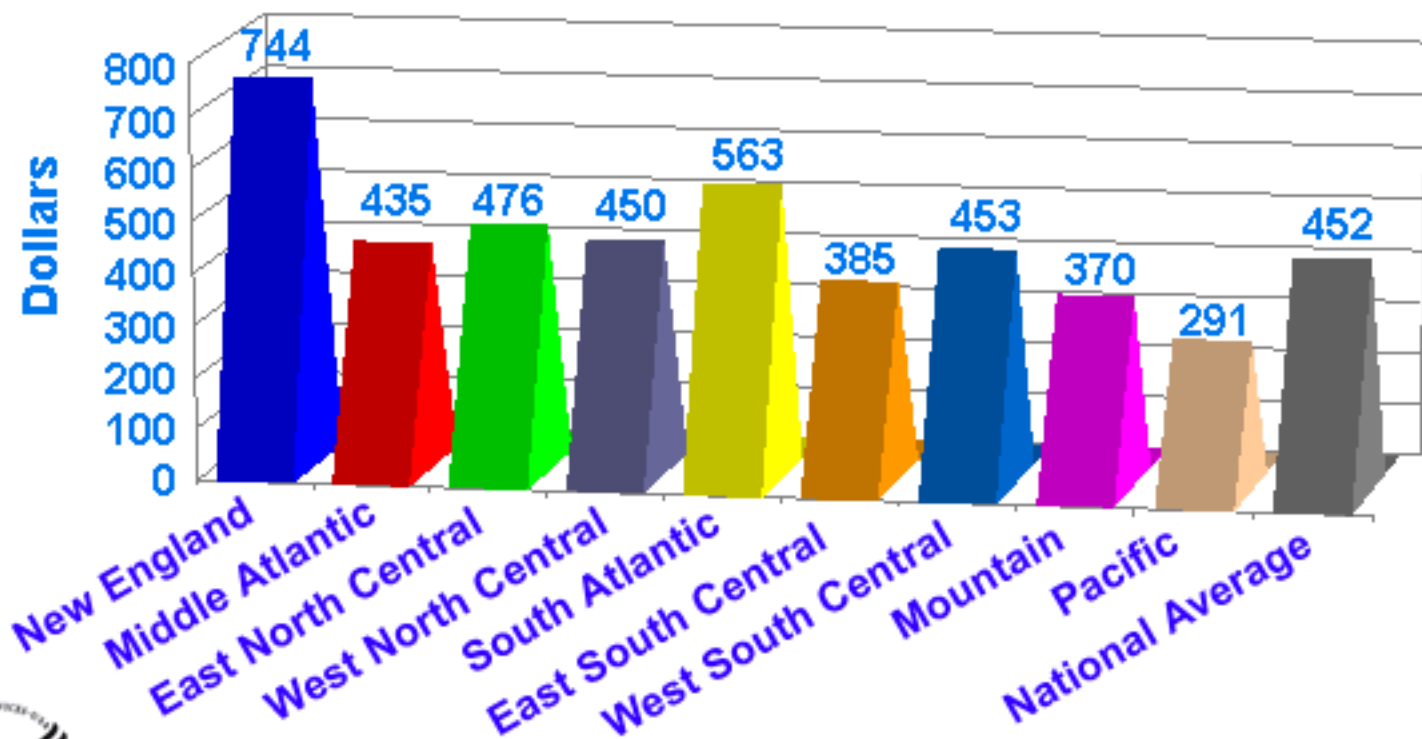
Figure 2: Percentage of employees who enroll in employer-sponsored health insurance at small employers (fewer than 50 employees) that offer health insurance, by census division, 2001



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, Year 2001



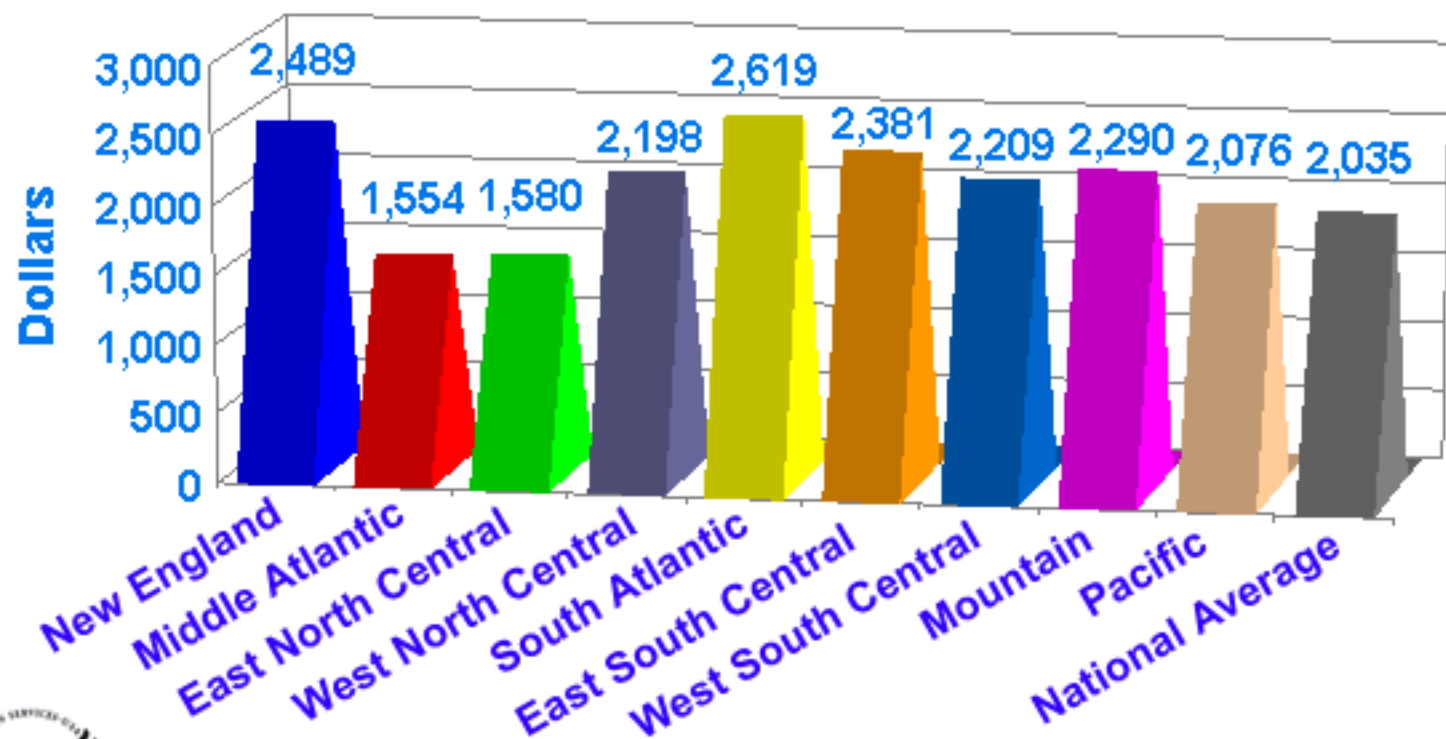
Figure 3: Average annual contribution per enrolled employee for single coverage at small employers (fewer than 50 employees) that offer health insurance, by census division, 2001



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, Year 2001



Figure 4: Average annual contribution per enrolled employee for family coverage at small employers (fewer than 50 employees) that offer health insurance, by census division, 2001



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey - Insurance Component, Year 2001

