

STATISTICAL BRIEF #51

July 2004

State Differences in the Cost of Job-Related Health Insurance, 2002

James M. Branscome, MS

Introduction

Health insurance provided by employers is the primary source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance coverage varies considerably depending upon where one lives and on the number of persons covered by the plan.

This Statistical Brief presents state variations from the national average of the cost of job-related health insurance and how these costs are shared by employers and their employees. The brief specifically examines the average premiums and employee contributions for private sector establishments in the 10 most populous states in 2002, using the most recent data available from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure at the 0.05 significance level are noted in the text. These estimates are also shaded in the tables, with those below the national average shown in light gray and those above the national average shown in dark gray.

Findings

The percentage of employees enrolled in single, employee-plus-one, or family coverage can vary by state based on such factors as the number of one- and two-person households in the state, the number of multiple-worker families in which each person takes single coverage from his or her employer, the prevalence of unions, and the additional cost to an employee to insure his or her family beyond the cost for single coverage.

From table 1:

- In the United States, employees enrolled in health insurance coverage through their employer were slightly more likely to take non-single coverage (a plan covering the employee and at least one other person) than just single, self-only coverage.

Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2002, 47.7 percent took single coverage, 17.3 percent took employee-plus-one coverage, and 35.0 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 42.6 percent in Ohio to 56.5 percent in Georgia, for employee-plus-one coverage from 13.8 percent in New York to 19.5 percent in Texas, and for family coverage from 27.8 percent in Georgia to 41.4 percent in Ohio.
- Nationwide, the average premiums were \$3,189 for single coverage, \$6,043 for employee-plus-one coverage, and \$8,469 for family coverage. Among the 10 largest states, single premiums ranged from \$2,936 in California to \$3,458 in Illinois, employee-plus-one premiums ranged from \$5,306 in Georgia to \$6,778 in New Jersey, and family premiums ranged from \$7,944 in Georgia to \$9,424 in New Jersey.

- The percentage of employees enrolled in single coverage in the states of Georgia (56.5 percent) and New York (50.2 percent) were higher than the national average of 47.7 percent. Ohio (42.6 percent) and Michigan (43.9 percent) were lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was lower than the national average of 17.3 percent in New York (13.8 percent).
- The percentage of employees enrolling in family coverage was higher than the national average of 35.0 percent in Ohio (41.4 percent) and lower in Georgia (27.8 percent).

Job-related health insurance premiums can vary for many reasons, such as the type of health insurance plan offered, the generosity of the plan, the size of the firm offering the plan, various workforce characteristics, state health insurance regulations, and the local cost of health care. All of these factors can contribute to differences in the average health insurance premiums between states.

From table 2:

- The average annual health insurance premiums in the United States in 2002 were \$3,189 for single coverage, \$6,043 for employee-plus-one coverage, and \$8,469 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in Illinois (\$3,458) and New Jersey (\$3,453), and below the national average in California (\$2,936).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New Jersey (\$6,778), Illinois (\$6,712), Pennsylvania (\$6,590), and Michigan (\$6,538), and below the national average in Georgia (\$5,306) and California (\$5,643).
- The average state health insurance premiums for family coverage were above the national average in New Jersey (\$9,424) and below the national average in Georgia (\$7,944).

Health insurance premiums can be paid totally by the employer or the employee, or the cost can be shared by both parties. While cost sharing between employers and employees is the most common arrangement, a significant number of employees pay no contribution towards their health insurance premium.

From table 3:

- Nationwide, 26.6 percent of employees with single coverage, 11.7 percent with employee-plus-one coverage, and 14.8 percent with family coverage made no contribution towards their premiums.
- Employees in California (37.8 percent) were more likely to make no contribution towards single-coverage premiums than the national average of 26.6 percent.
- Employees in Pennsylvania (26.4 percent) were more likely to make no contribution to employee-plus-one coverage premiums than the national average of 11.7 percent, while employees were less likely to make no contribution in the states of Texas (2.8 percent) and Georgia (5.4 percent).
- Employees in Texas (6.4 percent) and Georgia (7.3 percent) were less likely to make no contribution towards family coverage when compared to the national average of 14.8 percent.

The average employee contributions to health insurance premiums (including the zero contributions noted in table 3) can vary significantly between states. In table 4 above, the average employee contributions for

Highlights

- Nationwide, 26.6 percent of employees with single coverage, 11.7 percent with employee-plus-one coverage, and 14.8 percent with family coverage made no contribution towards their premiums. Among the 10 largest states, the percentage of employees with single coverage who made no contribution towards premiums ranged from 18.8 percent in Georgia to 37.8 percent in California, for those with employee-plus-one coverage from 2.8 percent in Texas to 26.4 percent in Pennsylvania, and for those with family coverage from 6.4 percent in Texas to 23.6 percent in Michigan.
- Contributions towards health insurance premiums made by employees nationwide averaged \$565 for single coverage, \$1,220 for employee-plus-one coverage, and \$1,987 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$446 in California to \$687 in Georgia, for employee-plus-one coverage from \$949 in Michigan to \$1,437 in Texas, and for family coverage from \$1,361 in Michigan to \$2,298 in Texas.

single, employee-plus-one, and family coverage per enrolled employee are displayed for the 10 largest states—both in dollar amounts and as a percentage of the average premium in each state.

From table 4:

- The average annual employee contributions to health insurance premiums per enrolled employee in the United States in 2002 were \$565 for single coverage (17.7 percent of the average single premium), \$1,220 for employee-plus-one coverage (20.2 percent of the average employee-plus-one premium), and \$1,987 for family coverage (23.5 percent of the average family premium).
- Employees in California contributed less (\$446) than the national average of \$565 towards their single coverage health insurance premiums, while employees in New York contributed more (\$648).
- Employee contributions (in dollars) for employee-plus-one coverage were not statistically significantly different from the national average of \$1,220 in any of the 10 largest states. However, as a percentage of the premium for that coverage, the employee contributions to employee-plus-one coverage were above the national average in Georgia (26.1 percent) and Texas (24.5 percent), and below the national average in Michigan (14.5 percent), Pennsylvania (14.8 percent), and New Jersey (16.6 percent).
- Employee contributions for family premiums were above the national average—both in dollars and as a percentage of the average family premium—in Texas (\$2,298 or 26.0 percent of the premium). As a percentage of the average family premium, Georgia (28.3 percent) was also higher than the national average.
- Employee contributions for family premiums in Michigan (\$1,361 or 16.1 percent of the premium) and Pennsylvania (\$1,656 or 20.2 percent of the premium) were lower than the national average of \$1,987 or 23.5 percent of the premium.

Data Source

The statistics in this brief are estimates based upon the 2002 MEPS-IC. All information comes from tables that are available on the MEPS Web site at http://www.meps.ahrq.gov/Data_Pub/IC_Tables.htm. Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in every year.

Definitions

Employer

A particular workplace or physical location where business is conducted or services or industrial operations are performed. In this brief, only private sector employer estimates are reported.

Employee

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

Enrollee

An employee that is enrolled in a health insurance plan offered by the employer. Enrollees do not include any dependents covered by the plan.

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee for a defined benefit period, usually a year.

Premium

Agreed-upon fees paid for coverage of medical benefits for a defined benefit period. Premiums can be paid by employers, unions, employees, or shared by the insured individual and the plan sponsor.

Single coverage

Health insurance that covers the employee only.

Employee-plus-one coverage

Health insurance that covers the employee plus one family member at a lower premium level than family coverage. This family member could be a spouse or a child. If premiums differed for employee-plus-spouse and employee-plus-child coverage, information for employee-plus-child coverage was reported.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offers more than one pricing level for family coverage, information for a family of four was reported.

About MEPS-IC

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 2002 survey, prior to accounting for losses due to non-response and out-of-scope cases.

For more information on MEPS-IC, see MEPS Methodology Reports 6, 8, and 10 under MEPS publications at http://www.meps.ahrq.gov/Data_Public.htm and the MEPS-IC Technical Appendix at <http://www.meps.ahrq.gov/MEPSDATA/ic/2002/techappendix.htm>.

Suggested Citation

Branscome, J.M. *State Differences in the Cost of Job-Related Health Insurance, 2002*. Statistical Brief #51. July 2004. Agency for Healthcare Research and Quality, Rockville, MD. <http://www.meps.ahrq.gov/papers/st51/stat51.htm>

Table 1. Percentage of private sector employees enrolled in employer-based health insurance plans that have single, employee-plus-one, or family coverage: United States and 10 largest states, 2002

State	Single coverage (percentage)	Employee-plus-one coverage (percentage)	Family coverage (percentage)
United States	47.7%	17.3%	35.0%
California	48.9%	18.4%	32.7%
Texas	49.0%	19.5%	31.6%
New York	50.2%	13.8%	36.1%
Florida	49.6%	18.6%	31.7%
Illinois	45.4%	16.5%	38.1%
Pennsylvania	48.0%	17.7%	34.3%
Ohio	42.6%	16.0%	41.4%
Michigan	43.9%	18.8%	37.2%
New Jersey	47.0%	16.9%	36.1%
Georgia	56.5%	15.8%	27.8%

Note: Percentages may not add to 100 percent due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002, Tables II.C.4, II.D.4, and II.E.4.

Table 2. Average annual health insurance premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2002

State	Single coverage	Employee-plus-one coverage	Family coverage
United States	\$3,189	\$6,043	\$8,469
California	\$2,936	\$5,643	\$8,380
Texas	\$3,268	\$5,854	\$8,837
New York	\$3,326	\$6,225	\$8,691
Florida	\$3,258	\$5,941	\$8,748
Illinois	\$3,458	\$6,712	\$9,067
Pennsylvania	\$3,311	\$6,590	\$8,217
Ohio	\$3,087	\$5,860	\$8,163
Michigan	\$3,250	\$6,538	\$8,452
New Jersey	\$3,453	\$6,778	\$9,424
Georgia	\$3,047	\$5,306	\$7,944

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002, Tables II.C.1, II.D.1, and II.E.1

Table 3. Percentage of private sector employees enrolled in single, employee-plus-one, and family health insurance coverage that required no contribution from the employee: United States and 10 largest states, 2002

State	Single coverage (percentage)	Employee-plus-one coverage (percentage)	Family coverage (percentage)
United States	26.6%	11.7%	14.8%
California	37.8%	9.8%	14.5%
Texas	26.1%	2.8%	6.4%
New York	22.5%	17.2%	20.4%
Florida	26.2%	8.0%	10.1%
Illinois	20.8%	8.5%	13.5%
Pennsylvania	26.8%	26.4%	19.7%
Ohio	22.1%	13.7%	19.2%
Michigan	27.3%	22.7%	23.6%
New Jersey	26.9%	17.8%	16.8%
Georgia	18.8%	5.4%	7.3%

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002, Tables II.C.4.a, II.D.4.a, and II.E.4.a

Table 4. Average annual employee contribution towards the premium per enrolled employee at private sector establishments offering health insurance in 2002: United States and 10 largest states

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
United States	\$565	17.7%	\$1,220	20.2%	\$1,987	23.5%
California	\$446	15.2%	\$1,158	20.5%	\$1,996	23.8%
Texas	\$530	16.2%	\$1,437	24.5%	\$2,298	26.0%
New York	\$648	19.5%	\$1,205	19.4%	\$1,886	21.7%
Florida	\$569	17.4%	\$1,238	20.8%	\$2,178	24.9%
Illinois	\$615	17.8%	\$1,358	20.2%	\$2,016	22.2%
Pennsylvania	\$580	17.5%	\$972	14.8%	\$1,656	20.2%
Ohio	\$604	19.6%	\$1,115	19.0%	\$1,841	22.5%
Michigan	\$502	15.4%	\$949	14.5%	\$1,361	16.1%
New Jersey	\$621	18.0%	\$1,127	16.6%	\$2,128	22.6%
Georgia	\$687	22.6%	\$1,383	26.1%	\$2,250	28.3%

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3