

A Post-Pandemic Look at the Cost of Employer-Sponsored Insurance (ESI) Coverage: Data from the 2023 Medical Expenditure Panel Survey (MEPS)

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COMPANION PIECES

All State Tables

Detailed 50-state data tables allow for easy cross-state and national comparisons of ESI access from 2019-2023.

Blog and Infographic

National-level infographic and blog highlighting trends in ESI coverage and cost.

Introduction

Over the past five years, the makeup of the health insurance coverage marketplace in the United States has changed thanks to a number of factors. The COVID-19 pandemic was the cause of an unprecedented spike in unemployment which, for those affected, led to a resultant [loss of employer-sponsored health insurance coverage](#) – also commonly referred to as simply employer-sponsored insurance, or ESI. These losses were at least partially offset by [rising enrollment in and retention of public health insurance coverage like Medicaid](#) under the continuous coverage requirement in the Families First Coronavirus Response Act (FFCRA).

However, this requirement has now ended, and states have officially completed the 14-month transition from continuous coverage to restart standard redetermination procedures. This period of time, from April 1, 2023, to June 30, 2024, is commonly referred to as the “Medicaid unwinding,” or simply, the “unwinding.”¹ Looking at preliminary data from [states](#) and [federal sources like the Household Pulse Survey \(HPS\)](#) suggests a potential recovery for ESI enrollment in the coming years, a trend that SHADAC will be monitoring closely.

Regardless of the fluctuations caused by the pandemic, ESI is still the dominant source of health insurance coverage in the United States. In total, 54.7% of Americans get insurance from an employer, or the employer of a family member (e.g., a spouse or parent).² For private-sector workers, ESI plays an even larger role – 68.8% of eligible private-sector workers, roughly 63,767,000 individuals, in the U.S. were enrolled in ESI in 2023.

In this new analysis from SHADAC, we examine trends in ESI coverage and, most importantly, cost, primarily at national and state-level data for 2023 with 2022 as a comparison. These analyses use estimates from the Medical Expenditure Panel Survey-Insurance Component (MEPS-IC), produced by the Agency for Healthcare Research and Quality (AHRQ). The data are representative of private-sector establishments and workers.

Key Cost Findings in 2023

Given the concentration of coverage in this market, it is extremely important to monitor trends in ESI. Understanding and examining the cost-related components is a great way to understanding overall rising health care costs impacting the population through an analysis of ESI’s key cost-related components: **premiums** – and the portion of that cost that is contributed by employees, as well as **deductibles** – and the portion of employees who are enrolled in high-deductible health plans (HDHPs).

KEY DEFINITIONS

A **premium** is the amount paid each month to maintain health insurance coverage. In employer-sponsored insurance (ESI), the cost of premiums is often split between employee and employers, with the latter typically paying a larger portion of the share. The portion that employees are expected to pay is commonly known as the “employee contribution.”

A **deductible** is the amount that individuals and/or families (depending on plan type) must pay out of pocket before their health insurance begins to cover the cost of medical expenses.

¹ It is important to note that full-year 2023 health insurance coverage estimates from all federal surveys, like the ACS or CPS, the NHIS, and the MEPS, all of which are included in SHADAC’s annual Survey Data Season coverage, will not be fully reflective of a Medicaid unwinding process that began mid-year.

² SHADAC analysis of the 2023 American Community Survey (ACS) data.

Premiums Are Rising Across the US and in the States

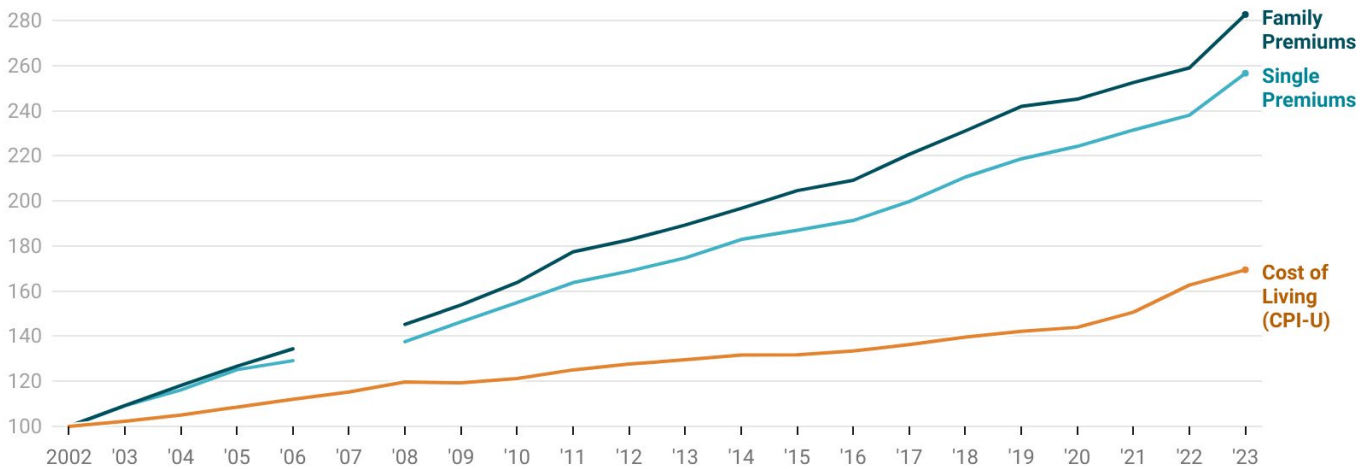
Among private sector workers with ESI, average annual premiums increased nationally and in many states between 2022 and 2023. At the national level, single coverage premiums rose by \$600 to \$8,182 in 2023. This marked an 8.0% increase from the previous year. The increase in family coverage premiums from 2022 to 2023 was just over \$2,000 (a 9.0% increase), making it almost \$24,000 – roughly the cost of a new compact SUV such as the Chevrolet Trailblazer.

These increases were greater than in past years, when they averaged closer to 3.0%. These increases have significant impacts on individual and family budgets. For example, the \$600 increase in single premiums is equivalent to buying two weeks’ worth of groceries for a family of four and the \$2,000 increase in family premiums is the equivalent of a new cell phone or laptop purchase.

As we have seen in past analyses, and as shown in the graph below, the increasing cost of ESI premiums have consistently outpaced increases in the overall cost of living, growing two-and-a-half to three times faster.

Premiums grew faster than the cost of living

Average premiums vs. cost of living, 2002-2023 – Values indexed to 2002



Data on premiums is unavailable in 2007. The cost of living are measured by Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, seasonally adjusted

Source: SHADAC Analysis of 2002–2023 MEPS-IC • Created with Datawrapper

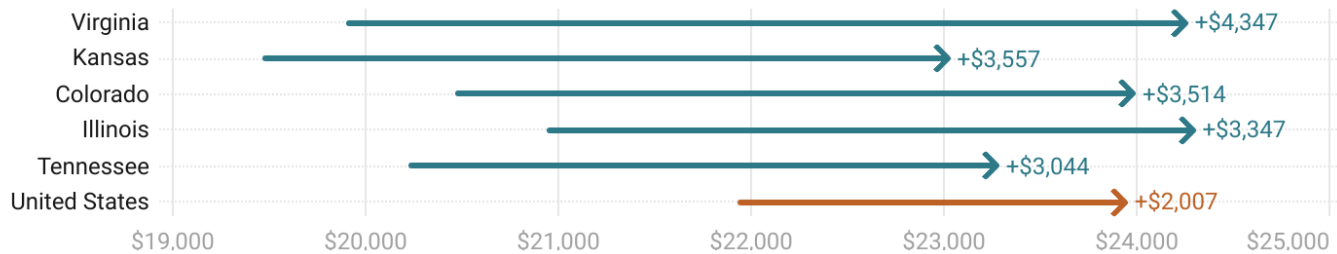
Beyond the national average increase in premiums, over half of U.S. states (26) also saw statistically significant increases in average single premiums from 2022 to 2023, and no states saw decreases. Nineteen states saw increases in average family premiums from 2022 to 2023, and, again, no states saw decreases.

New Jersey had the largest increase in average single ESI premiums between 2022 and 2023, increasing by 18.1% or \$1,479, from \$8,183 to \$9,662. Virginia had the largest increase in average family ESI premiums between 2022 and 2023, rising significantly by 21.8% or \$4,347, from \$19,904 to \$24,251.

Top 5 increases in average single premiums, 2022 vs. 2023



Source: SHADAC Analysis of 2022–2023 MEPS-IC • Created with Datawrapper

Top 5 increases in average family premiums, 2022 vs. 2023

Source: SHADAC Analysis of 2022–2023 MEPS-IC • Created with Datawrapper

As the name suggests, ESI is supported by, but not fully paid for by employers. The vast majority of covered workers make contributions towards the cost of their coverage. In 2023, the average employee contribution for single coverage was 20.0% and 28.8% for family coverage, making the average premium out-of-pocket cost \$1,636 for individual coverage or \$6,192 for family coverage.

Deductibles Are Holding Steady Across the States

Looking at the national average, neither single ESI coverage nor family ESI coverage deductibles significantly changed in 2023 – remaining stable at \$1,930 (from \$1,992 in 2022) and \$3,733 (from \$3,811 in 2022), respectively.

Most states mirrored this stability with deductibles remaining significantly unchanged, while five states (California, Maine, Missouri, Nevada, and Tennessee) saw increases in single ESI deductibles from 2022 to 2023 and just three states (Kansas, North Dakota, and Virginia) saw decreases.

Family ESI deductibles saw similarly small changes across the states. Only four – Mississippi, Pennsylvania, Virginia, and Wyoming – saw decreases in average family deductibles from 2022 to 2023 and no states experienced increases.

Another Look at Deductibles: Who is Enrolling in High-Deductible Health Plans (HDHP)

Like the name suggests, a high deductible health plan (HDHP) is an insurance plan that has a deductible high enough to qualify for a Health Savings Account (HSA)³, a tax-advantaged account that helps covered workers save to meet their out-of-pocket medical expenses. HDHPs and other high deductible plans can be financially risky if substantial medical care is needed and individuals do not have money saved to meet their deductibles. However, higher deductibles are typically offset by lower monthly premiums, which can be a financial savings for healthy individuals and/or those who do not often need to see a health care provider.

Nationally, the share of employees enrolled in a high-deductible health plan (HDHP) was 49.7% in 2023, a significant drop from an enrollment figure of 53.6% in 2022. This is also the first time that HDHP enrollment has fallen since 2019.

HDHP enrollment also fell among the states, with seven (California, Hawaii, Massachusetts, Montana, Pennsylvania, Virginia, and Wisconsin) seeing significant decreases from 2022 to 2023. Montana HDHP enrollment saw the highest decrease, dropping 20.9% from 60.2% in 2022 to just 39.3% in 2023.

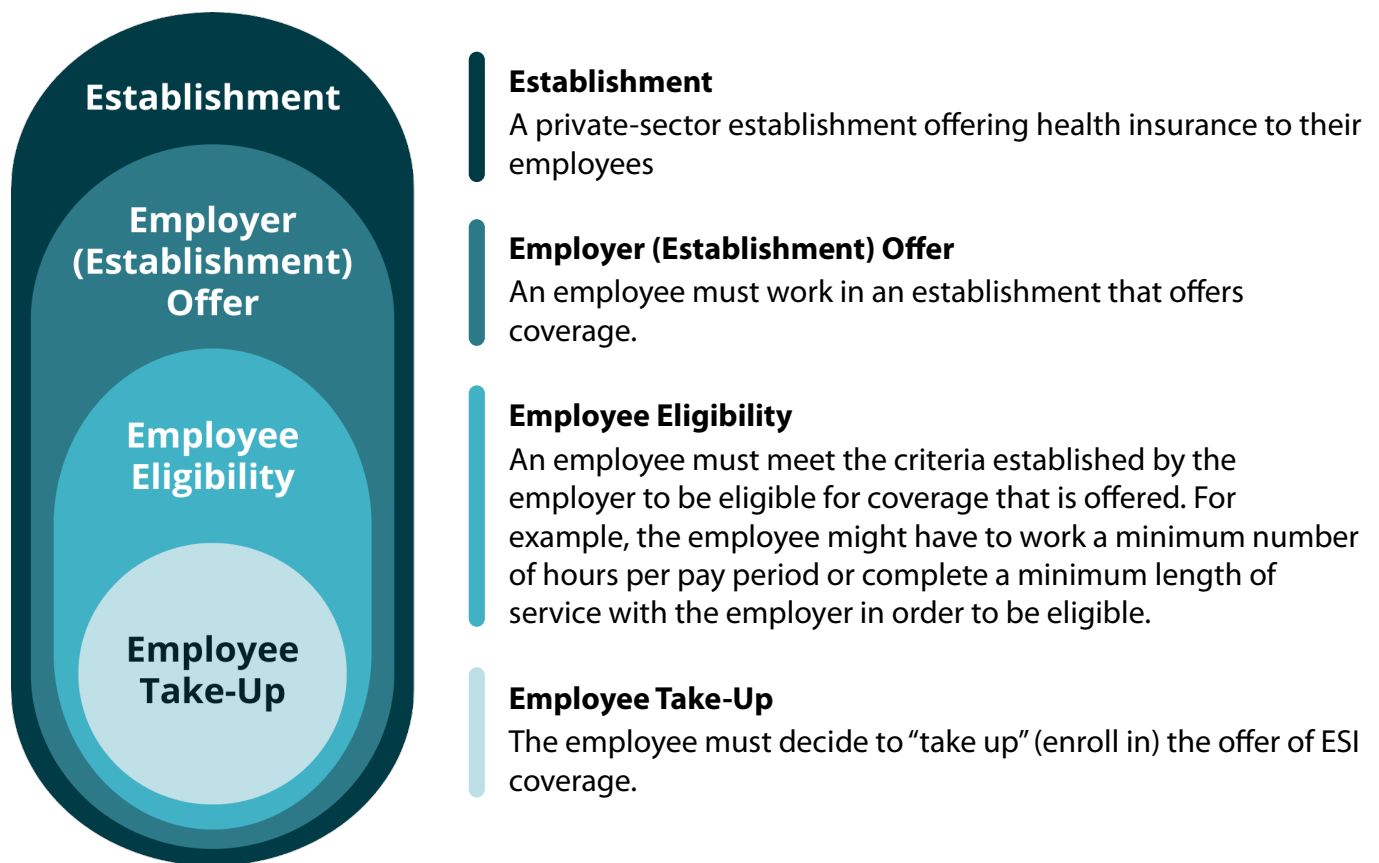
³ The minimum deductible amount required for Health Savings Account (HSA) eligibility was \$1,600 for an individual and \$3,200 for a family in 2023.

Key Coverage Findings in 2023

ESI coverage has undergone several important and related shifts in the past few years, between the occurrence of the COVID-19 pandemic and the Medicaid unwinding. While ESI coverage data in 2023 suggests an overall decrease in availability, eligibility, and enrollment, the impact of the Medicaid unwinding that occurred mid-year, and the potential rebound for ESI as individuals are disenrolled from Medicaid, is not fully reflected in these numbers. SHADAC will continue to monitor ESI coverage in the longer term to understand if the decreases discussed in this next section are part of longer-term trends or are reflective only of these recent events.

Employee Access to ESI

Essentially, access to ESI coverage has four components:



Employers Offering ESI

The share of private-sector establishments in the U.S. that offered health insurance to their employees fell to 46.3% in 2023, down from 48.3% in 2022. Across the states, the share of establishments offering health insurance in 2023 ranged from a low of 31.3% in Alaska to a high of 76.9% in Hawaii.⁴

Employee Eligibility for ESI

At a national level, the percentage of employees who were eligible for any type of ESI coverage decreased in 2023, falling to 78.8% from 80.8% in 2022. Seven states also experienced decreases in employee eligibility - Colorado, Hawaii, Louisiana, Minnesota, Tennessee, Wisconsin, and Wyoming - with Minnesota seeing the largest, falling 9.9% from 80.1% in 2022 to 70.2% in 2023.

⁴ Hawaii has had broad employer mandate since 1974, The Hawaii Prepaid Health Care Act, requires private employers to provide health insurance for employees who work at least 20 hours (some exceptions apply).

Employee Take-Up of ESI

The national percentage of ESI enrollment in 2023 was statistically unchanged from 2022 (68.8% and 69.0%, respectively), and a majority of states followed suit. Just four states – Iowa, Massachusetts, Minnesota, and Missouri – saw significant reductions in ESI enrollment between the two years.

Conclusion

In the wake of the COVID-19 pandemic and the ending of the related continuous coverage requirement, it is crucial to remember that while the coronavirus and its related effects had an outsized effect on the makeup of the health insurance marketplace, employer-sponsored insurance has quietly and steadily remained the leading source of coverage for all Americans.

Given ESI's enrollment majority across different types of health insurance coverage options in the U.S., and combined with the reality of overall rising health care spending and costs, it is important to understand and monitor the accelerating increases in ESI premiums, while looking to hopeful data points such as steady deductibles and potentially decreasing rates of enrollment in HDHPs.

For more detailed information on ESI findings at the national and 50-state level, SHADAC has produced companion tables that include estimates from 2019 through 2023. And further data on trends in ESI premiums, deductibles, employee contribution, and high-deductible health plans starting in 2002 and running through 2023 are available on SHADAC's State Health Compare at <https://statehealthcompare.shadac.org/>.

Notes and Sources

All changes and differences described in this report are statistically significant at the 95% confidence level, unless otherwise specified. The data found in this analysis and other related ESI-based products only pertain to employers, establishments, and employees in the private sector.

SHADAC analysis of 2023 Medical Expenditure Panel Survey–Insurance Component (MEPS-IC), produced by the Agency for Healthcare Research and Quality (AHRQ).