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STATE HEALTH ACCESS DATA ASSISTANCE CENTER

State-Level Trends in Employer-Sponsored Health Insurance, 2019-2021

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COMPANION PIECES

50-state Comparison Tables
Detailed 50-state data tables allow for easy cross-state and national comparisons of ESI access from 2017-2021.

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

Introduction

The COVID-19 pandemic has altered long-standing patterns of life and work in the United States and internationally. The pandemic, along with the associated policy response, led to (at least temporary) changes in Americans' primary source of health insurance coverage, with more Americans enrolled in public coverage and fewer in private. Despite these shifts, employer-sponsored health insurance (ESI) remains the largest single source of coverage for most Americans, with 62.2 million private-sector workers enrolled in ESI in 2021. This report considers how trends in ESI coverage and cost have evolved over the past three years, since the pre-pandemic baseline (2019), since the first year of the pandemic (2020), and in 2021, as the country emerges from pandemic-related restrictions and economic dislocation. These analyses use estimates from the Medical Expenditure Panel Survey-Insurance Component (MEPS-IC), recently produced by the Agency for Healthcare Research and Quality (AHRQ).

This narrative also provides an overview of the 2021 MEPS-IC private-sector ESI estimates, covering changes in market composition, ESI access, and cost. Because changes in the labor market caused by COVID-19 likely had a large influence on measures of ESI access in 2020, the ***analysis of ESI access*** will compare 2021 estimates against a pre-pandemic baseline of 2019. However, the pandemic likely had a smaller impact on long-running cost trends, so the ***analysis of ESI costs*** will compare 2021 estimates against 2020.

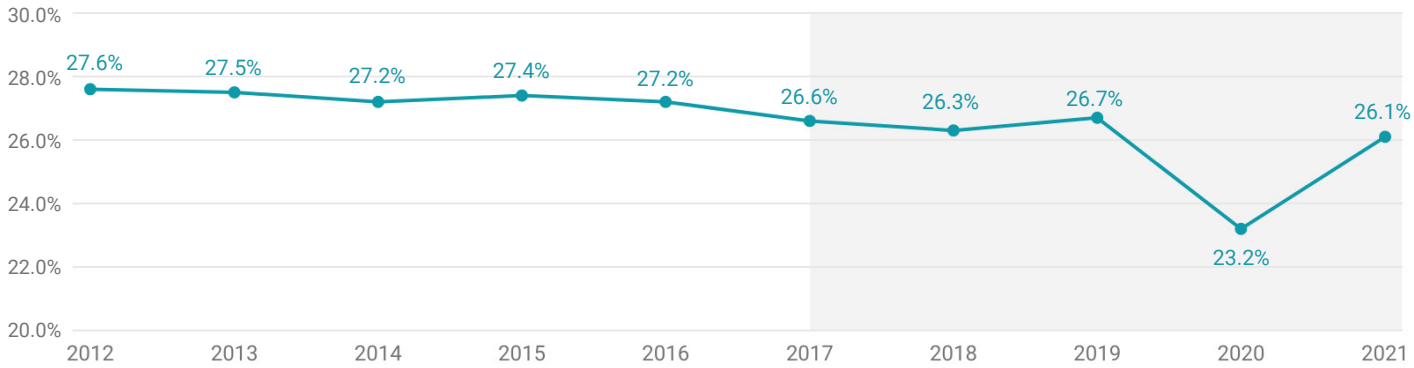
After a decline in 2020, more workers were in small firms in 2021

The pandemic caused a large shift in the composition of private-sector businesses and employees. Because an employer's size (number of workers) is closely tied to their ability to offer coverage and the cost of that coverage, changes in the underlying market composition can be a substantial driver of changes in ESI coverage and cost.

Though the share of private-sector workers employed in small establishments (<50 employees) fell dramatically in 2020 (23.2%), this number recovered substantially in 2021 (26.1%), rising to within a percentage point of pre-pandemic levels. Though caution should be used when comparing pre- and post-pandemic ESI trends, the similarity in the mix of employment at small vs. large employers gives reason to believe that these periods are generally comparable.

Employment in small establishments largely recovered in 2021

Share of workers employed by small establishments, 2012–2021



Note: Small establishments are those with fewer than 50 employees.
Source: SHADAC analysis of 2012–2021 MEPS-IC.

Employee Access: 2019 to 2021

Access to employer-sponsored insurance largely recovered to pre-pandemic levels

Employee access to ESI has four components:

Establishment
A private-sector establishment offering health insurance to their employees.

Employee Offer
An employee must work in an establishment that offers coverage.

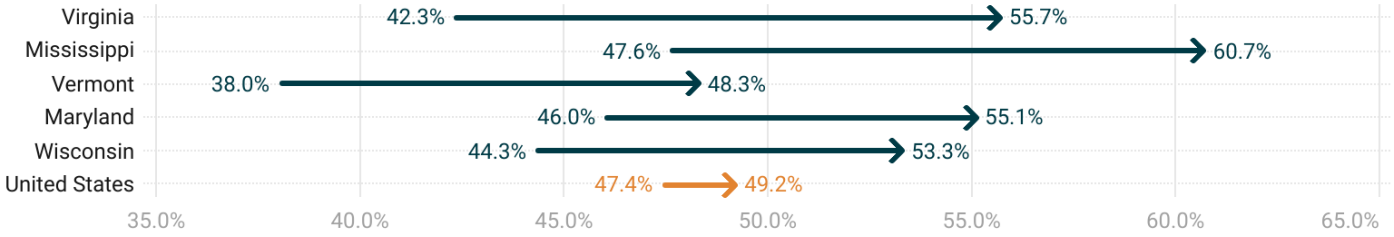
Employee Eligibility
An employee must meet the criteria established by the employer to be eligible for coverage that is offered. For example, the employee might have to work a minimum number of hours per pay period or complete a minimum length of service with the employer in order to be eligible.

Employee Take-Up
The employee must decide to enroll in ("take up") the offer of ESI coverage.

Five states and the U.S. saw significant increases in establishment offer rates

The share of private-sector establishments offering health insurance to their employees rose to 49.2% in 2021, up from 47.4% in 2019. Five states—Maryland, Mississippi, Vermont, Virginia, and Wisconsin—saw statistically significant increases in rates of employer offer; none saw decreases. Across the states, the share of establishments offering health insurance in 2021 ranged from a low of 34.3% in Alaska to a high of 81.9% in Hawaii.

Percent of private-sector establishments offering health insurance coverage, 2019 vs. 2021



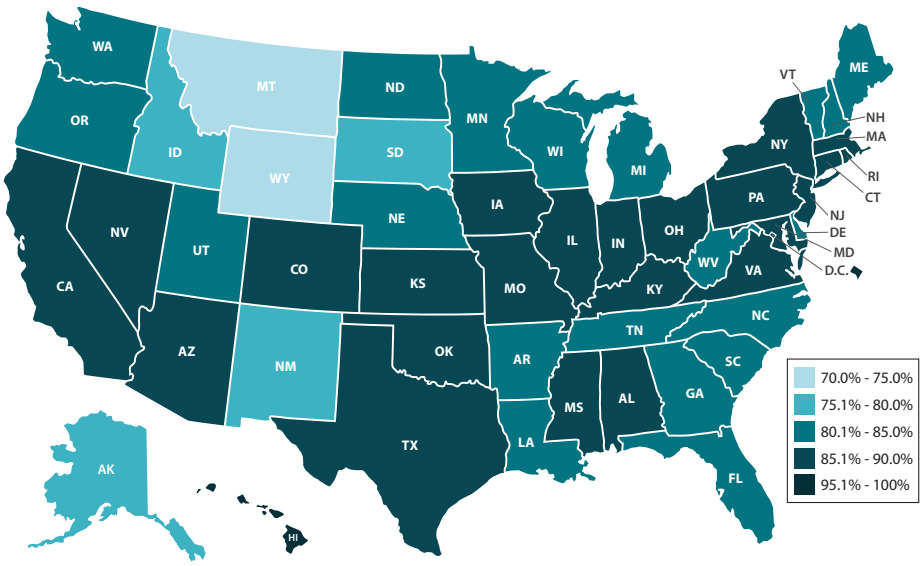
Source: SHADAC analysis of 2019–2021 MEPS-IC.

Changes in employees' access to coverage varied by state

In 2021, 85.7% of private-sector employees worked at establishments that offered coverage to their employees. This was statistically unchanged from the pre-pandemic rate of 85.3%. Among the states, the District of Columbia and Mississippi experienced statistically significant increases, and South Carolina and South Dakota saw decreases. State rates ranged from 70.2% in Wyoming to 97.2% in Hawaii.

Among employees working at an offering establishment, 80.3% were eligible for ESI coverage in 2021, which represented a statistically significant increase from 77.7% in 2019. Seven states—Arkansas, Indiana, Mississippi, Tennessee, Virginia, Washington, and Wyoming—saw statistically significant increases while no states saw decreases.

Percent of employees in establishments that offered ESI, 2021



Source: SHADAC analysis of 2021 MEPS-IC.

Among employees eligible for coverage, 69.8% enrolled in ESI in 2021, a decrease of two percentage points from 2019 (71.9%). Seven states—Kansas, New Hampshire, Pennsylvania, Rhode Island, South Dakota, Tennessee, and Wisconsin—and the District of Columbia experienced statistically significant decreases. No states experienced increases.

Employee Coverage Costs: 2020 to 2021

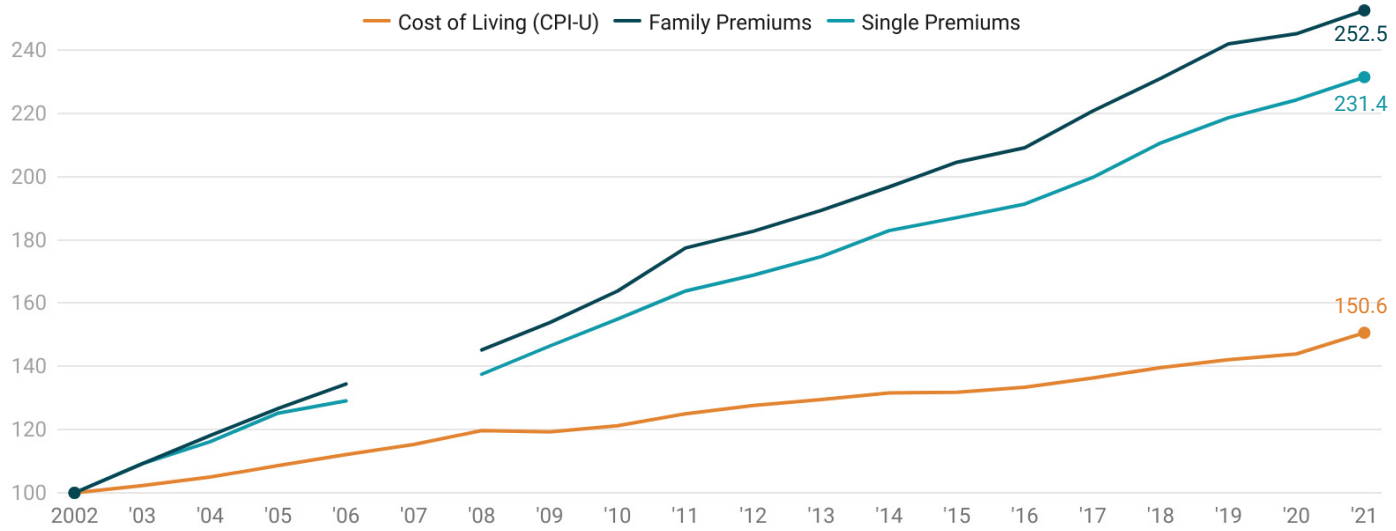
Premiums increased modestly in 2021

Among private-sector workers who receive ESI, average annual premiums increased modestly between 2020 and 2021. Nationally, average premiums for single coverage and family coverage each rose by roughly three percent between 2020 and 2021, rising to $7,380 for individuals and $21,381 for families. Though the rise in average premiums from 2020 to 2021 was statistically significant, it was smaller than the increase in the overall cost of living over the same period.

Over the long run, however, increases in the cost of premiums have consistently outpaced increases in the overall cost of living. Over the past two decades, the cost of ESI premiums has grown two-and-a-half to three times as fast as the overall cost of living.

Premiums are growing faster than the cost of living

Cost of living vs. average annual premiums, 2002–2021 (Values indexed to 2002)



Data on premiums is unavailable in 2007. The cost of living is measured by Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, seasonally adjusted.
Source: SHADAC analysis of 2002–2021 MEPS-IC; CPI-U via FRED.

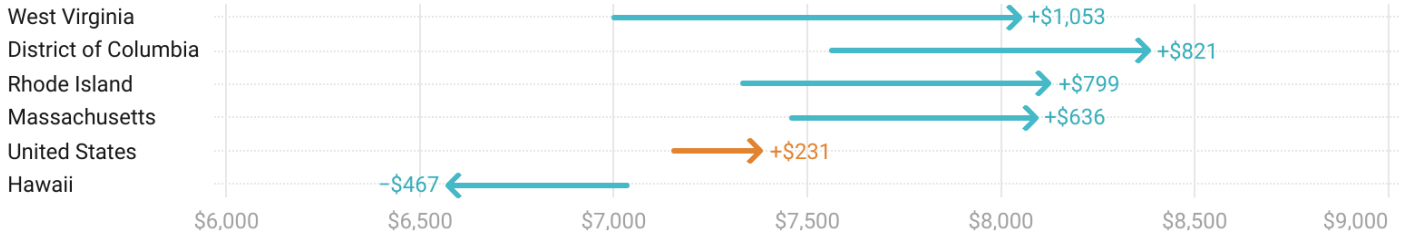
More states saw premium increases than decreases

Three states—Massachusetts, Rhode Island, and West Virginia—and the District of Columbia experienced statistically significant increases in average single premiums, while Hawaii was the only state to see a decrease in average single premiums. Eight states saw increases in average family premiums, and South Carolina was the only state to see a decrease in family premiums.

West Virginia had the largest increase in average single premiums between 2020 and 2021, increasing by 15.1%, from $6,993 in 2020 to $8,046 in 2021. North Carolina had the largest increase in average family premiums between 2020 and 2021, increasing by 12.8%, from $20,152 in 2020 to $22,737 in 2021.

Four states, D.C., and the U.S. experienced significant changes in single premiums in 2021

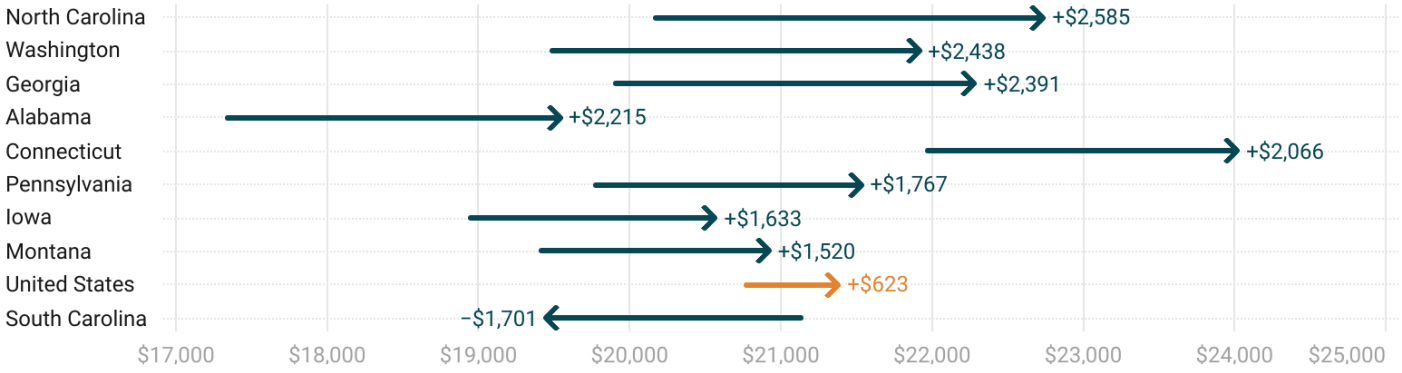
Average annual premiums for single coverage, 2020 vs. 2021



Source: SHADAC analysis of 2020–2021 MEPS-IC.

Nine states and the U.S. had significant changes in family premiums in 2021

Average annual premiums for family coverage, 2020 vs. 2021



Source: SHADAC analysis of 2020–2021 MEPS-IC.

Average premiums also varied significantly across the states, from a low of $6,340 in Arkansas to a high of $9,037 in Alaska for single coverage and from a low of $18,339 in Arkansas to a high of $24,455 in the District of Columbia for family coverage.

Deductibles increased in 2021

Among private-sector workers with ESI at the national level in 2021, average individual deductibles for single coverage were $2,004, an increase of 3.0% ($59) from 2020 ($1,945). Average family deductibles per employee enrolled with family coverage were $3,868, an increase of 3.9% ($146) from 2020 ($3,722).

No states saw significant increases in deductibles for single coverage. Alaska saw a 16.9% decrease in average deductibles, falling from $2,102 in 2020 to $1,746 in 2021.

Four states—Maine, New York, Ohio, and Virginia—experienced significant increases in average deductibles for family coverage; no states experienced a significant decrease. Maine had the largest increase, with average family deductibles rising 39.4% to $4,459 in 2021, up from $3,198 in 2020.

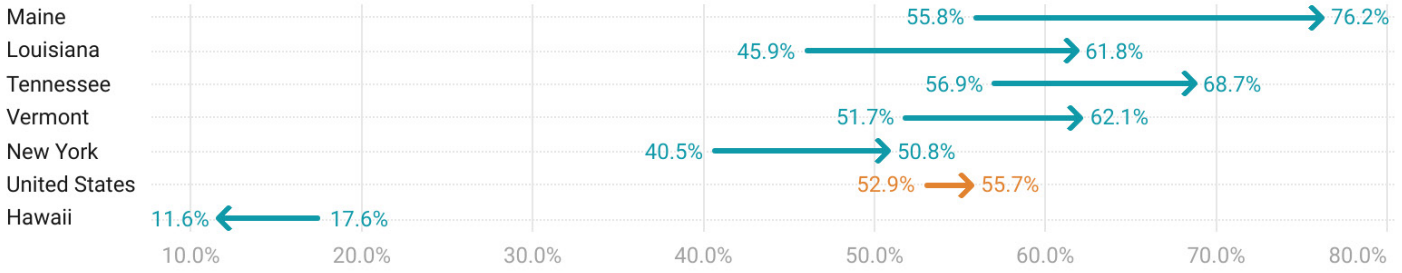
The share of employees in high-deductible health plans increased substantially

Nationally, the share of employees enrolled in a high-deductible health plan (HDHP) was 55.7% in 2021, a 5.3 percentage point increase from 2020 (52.9%). An HDHP is defined as a plan that meets the minimum deductible amount required by the Internal Revenue Service (IRS) for Health Savings Account eligibility (e.g. $1,400 for an individual and $2,800 for a family in 2021).

Five states—Louisiana, Maine, New York, Tennessee, and Vermont—saw statistically significant increases in the share of employees enrolled in a HDHP, all of which had increases of at least 20 percentage points. Among those states that experenced increases, Maine saw the largest increase, rising to 76.2% in 2021 from 55.8% in 2020. Hawaii was the ony state to experience a statistically significant decrease in the share of employees enrolled in a HDHP, falling to 11.6% 2021 from 17.6% in 2020.

Six states and the nation had significant changes in HDHP enrollment in 2021

Percent of employees enrolled in a High-Deductible Health Plan (HDHP), 2020 vs. 2021



Source: SHADAC analysis of 2020–2021 MEPS-IC.

Conclusion

Despite the turbulence of the COVID-19 pandemic throughout recent years, certain ESI trends appear to be recovering. This is visible within the composition of employees in small firms, with the number of employees in these establishments increasing in 2021 following a significant dip in 2020. Access to ESI also stabilized in 2021, largely returning to pre-pandemic levels. And while access to ESI varied by state, many parts of the nation experienced rising costs for premiums and deductibles as well as significant shifts in HDHP enrollment.

For more detailed information on ESI findings from SHADAC, see the following products:

- Companion blog and infographic highlighting key findings at the national level
- 50-state comparison tables including 2017-2021 ESI estimates

Notes

All changes and differences described in this report are statistically significant at the 95 percent confidence level, unless otherwise specified. This analysis and companion products only pertain to employers, establishments, and employees in the private sector. Average premium prices have not been adjusted to account for variation in actuarial value.

Source

SHADAC analysis of 2019-2021 Medical Expenditure Panel Survey–Insurance Component (MEPS-IC), produced by the Agency for Healthcare Research and Quality (AHRQ).

Data are available on SHADAC's State Health Compare at statehealthcompare.shadac.org

Suggested citation

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