



# STATE-LEVEL TRENDS IN EMPLOYER- SPONSORED HEALTH INSURANCE, 2011-2015

February 2017



# INTRODUCTION

- With the recent focus on health insurance coverage purchased through Affordable Care Act marketplaces, it is easy to forget that the majority of individuals are enrolled in health insurance through their employer.
- This chartbook summarizes the following analyses<sup>1</sup> that highlight the experiences of private-sector workers with Employer-Sponsored Insurance (ESI).
- This chartbook has companion documents that include:
  - A blog on enrollment increases in High-Deductible Health Plans
  - A blog on the continued rise of ESI premiums
  - 50-state profiles, highlighting ESI trends, 2011 - 2015
  - A 50-state interactive map showing worker enrollment in ESI in 2015 and individual state ESI markets
  - 50-state data tables highlighting ESI trends, 2014 - 2015

**These companion documents are available at: [www.shadac.org/MEPSESIReport2016](http://www.shadac.org/MEPSESIReport2016)**

<sup>1</sup>These analyses used estimates from the Medical Expenditure Panel Survey-Insurance Component (MEPS-IC) recently produced by the Agency for Healthcare Research and Quality (AHRQ).

# TRENDS IN EMPLOYER-SPONSORED INSURANCE: SUMMARY POINTS, 2014-2015

- Nationally, employer offer rates declined from 2014 to 2015, as did the percent of workers enrolled in ESI (, i.e., “take-up”).
- Changes in offer rates varied by firm size: Offer rates decreased among small firms but increased among large firms.
- Nationally, 75.0% of eligible workers were enrolled~ in ESI in 2015, decreasing 1.7 percentage points (pp) from 2014.
- The proportion of workers enrolled~ in a high-deductible health plan\* increased significantly from 2014 to 2015 at the national level (4.2pp).
- Premium increases have continued, but the growth rate of premiums remained stable from 2014 to 2015.^
- State variation in access to and enrollment in ESI plans continued.
- Among the states, Hawaii continued to have the highest percentage of eligible workers enrolled in ESI (81.5%), while Colorado had the lowest rate (67.9%).

~The MEPS/IC has no data on the number of dependents covered and therefore cannot estimate total covered persons; it can only estimate worker enrollment.

\*For the purposes of this analysis, high-deductible plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility — \$1,300 for an individual and \$2,600 for a family in 2015).

^Average premium prices are not adjusted to account for variation in actuarial value.



# ESI ACCESS AND COVERAGE

# EMPLOYER-SPONSORED INSURANCE

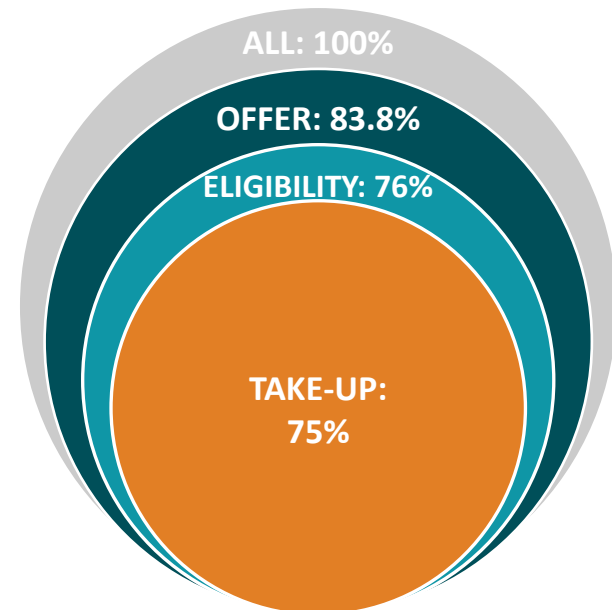
- The majority of non-elderly Americans get their health insurance coverage from an employer, either their own employer or the employer of a family member (e.g., a spouse or parent).
- Worker access to ESI has three components:
  1. **Worker Offer:** A worker must be employed in an establishment that offers coverage.
  2. **Worker Eligibility:** A worker must meet the criteria established by the employer to be eligible for coverage that is offered. (For example, he/she 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).
  3. **Worker Take-Up:** The worker must decide to enroll or “take up” the offer of ESI coverage.



# EMPLOYER-SPONSORED INSURANCE, 2015

- In 2015, there were 120 million private sector workers in the U.S. and 7.2 million establishments.
- Worker access to ESI :
  1. **Worker Offer:** 101 million workers (83.8%) were employed in establishments that offered ESI.
  2. **Worker Eligibility:** 76 million (76.0%) of workers with an offer were eligible to enroll in coverage.
  3. **Worker Take-up:** 57 million (75.0%) of eligible workers enrolled in coverage.

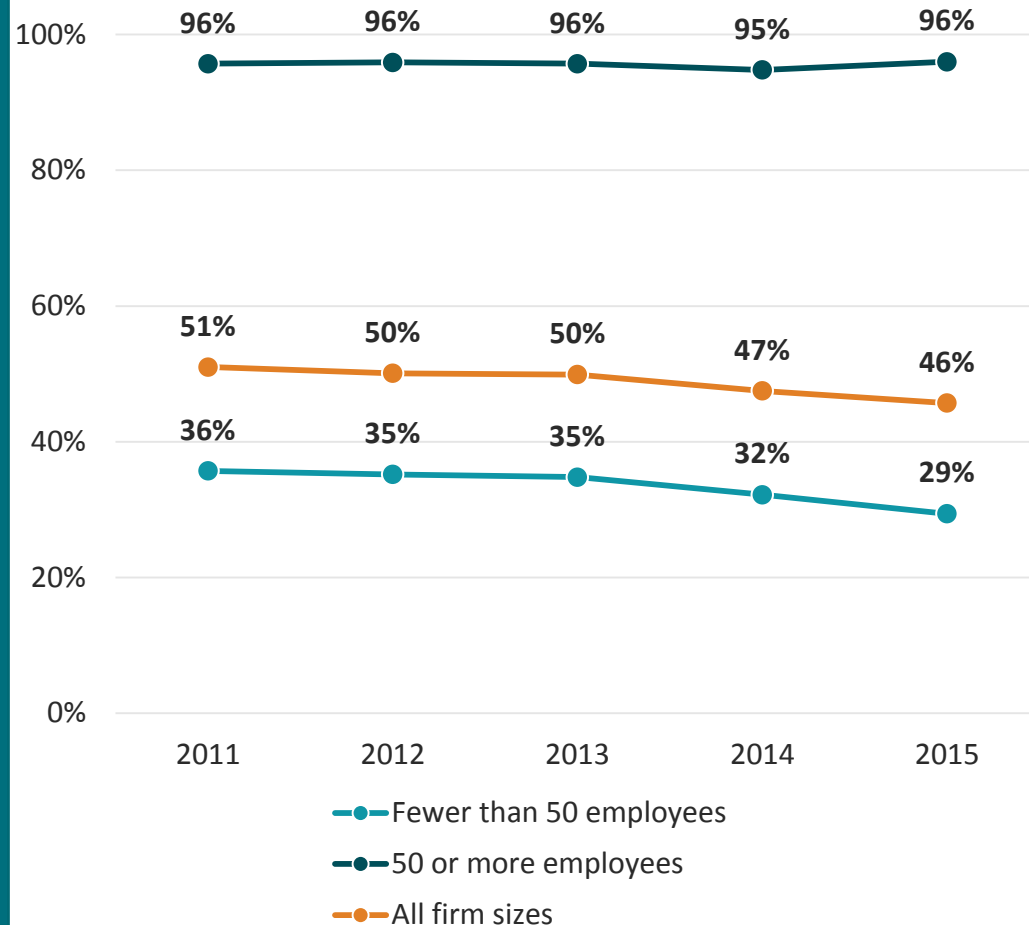
2015 Employer-Sponsored Insurance



# CHANGES IN EMPLOYER OFFER RATES

- There was a 1.8 pp **decline** in the ESI offer rate among **all firms** from 2014 to 2015.
  - The decline was driven by **small firms**, which saw a **decline** of 2.8 pp from 2014 to 2015.
  - Among **large firms**, the offer rate **increased** by 1.2 pp.
- Only **four states saw significant changes** to employer offer rates (among firms of all sizes) from 2014 to 2015:
  - **Arkansas** (↑ 9.9 pp)
  - **Indiana** (↓ 6.2 pp)
  - **Massachusetts** (↓ 6.6 pp)
  - **Virginia** (↓ 6.2 pp)

Establishment ESI Offer Rates By Firm Size, 2011-2015



# WORKERS' ACCESS TO ESI COVERAGE, 2015

- Nationwide, 83.8% of workers were employed by establishments offering health insurance in 2015.
- The percent of workers in establishments that offered ESI varied significantly among states in 2015.
- In 2015, **Hawaii** had the **highest** proportion of workers in establishments offering insurance (97.7%), and **Montana** had the **lowest** proportion (66.6%).

NOTE: Hawaii has a broad employer mandate that preceded the ACA. The Hawaii Prepaid Health Care Act, enacted in 1974, requires private employers to provide health insurance for workers who work at least 20 hours (some exceptions apply).

## PERCENT OF WORKERS IN ESTABLISHMENTS OFFERING COVERAGE, ALL FIRM SIZES

TOP FIVE STATES	1. Hawaii	97.7%
	2. District of Columbia	92.6%
	3. Massachusetts	89.3%
	4. Nevada	89.1%
	5. New Jersey	87.3%
<b>United States</b>		<b>83.8%</b>
BOTTOM FIVE STATES	1. Montana	66.6%
	2. Idaho	71.8%
	3. Wyoming	72.6%
	4. Alaska	76.0%
	5. New Mexico	76.4%



## CHANGES IN WORKER ACCESS TO ESI, 2014-2015

- Nationwide, there was no significant change in the percent of workers in establishments (all sizes) offering ESI from 2014 to 2015.
  - Among **small firms**, the percent of workers in establishments offering coverage **declined** by 2.2 pp.
  - Among **large firms**, the percent of workers in establishments offering coverage **increased** by 1.6 pp.
- Only **two states saw a significant change** in the percent of workers who were offered coverage from 2014 to 2015:
  - **Kansas** (↑ 6.1 pp)
  - **West Virginia** (↑ 5.1 pp)
- Nationwide, among firms of all sizes, the percent of workers who were *eligible* for an offer remained stable from 2014 to 2015 (Florida, Idaho and Nevada had increases).

# ESI ENROLLMENT\*, 2015

- Nationally, 75% of workers eligible for insurance through their employer were enrolled in 2015.
- Among the states, **Hawaii** had the **highest** rate of take-up in 2015 (81.5%), while **Colorado** had the **lowest** rate (67.9%).

## PERCENT OF ESI-ELIGIBLE WORKERS ENROLLED

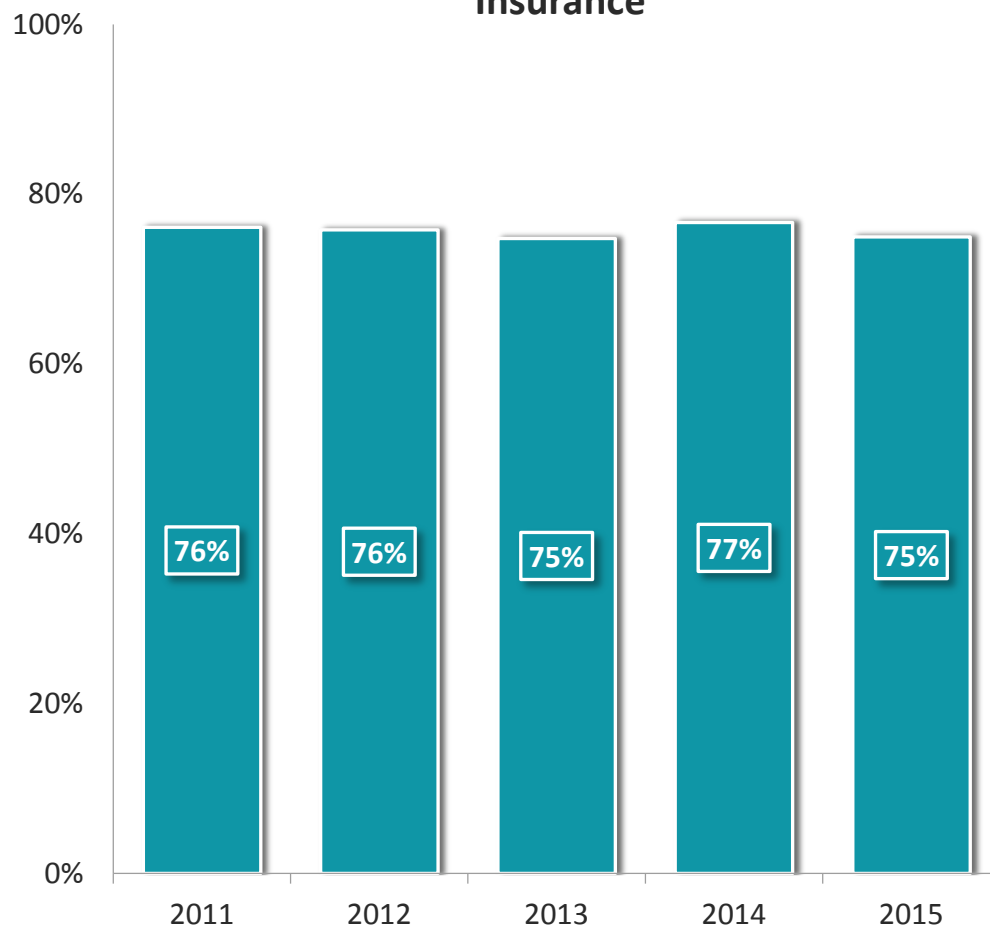
TOP FIVE STATES	1. Hawaii	81.5%
	2. Washington	80.5%
	3. Idaho	79.8%
	4. Pennsylvania	79.2%
	5. Oregon	78.6%
<b>United States</b>		<b>75.0%</b>
BOTTOM FIVE STATES	1. Colorado	67.9%
	2. New Mexico	69.1%
	3. Wisconsin	69.4%
	4. Rhode Island	70.4%
	5. Alabama	70.6%

\*The MEPS/IC has no data on the number of dependents covered and therefore cannot estimate total covered persons; it can only estimate worker enrollment.

# CHANGES IN ESI ENROLLMENT\* RATES

- Nationally, the percent of eligible workers enrolled in ESI coverage at **all firms declined 1.7 pp** from 2014-2015.
  - The decline was driven by **large firms**, which saw a **decline** of 1.8 pp
  - Among small firms, there was no change in the percent of eligible employees enrolled in insurance.
- **Seven states saw a decline** in the percent of eligible employees enrolled in ESI at all firms from 2014 to 2015:
  - **Arizona** (↓ 6.3 pp)
  - **Colorado** (↓ 7.7 pp)
  - **Connecticut** (↓ 5.7 pp)
  - **Illinois** (↓ 4.3 pp)
  - **Nevada** (↓ 4.5 pp)
  - **New York** (↓ 4.4 pp)
  - **North Carolina** (↓ 5.7 pp)
- Only **South Dakota** saw an **increase** in the percent of eligible employees enrolled in ESI (↑ 6.2 pp).

Percent of Eligible Employees Enrolled in Insurance



Note: Of employees eligible for coverage offer, all firms.

\*The MEPS/IC has no data on the number of dependents covered and therefore cannot estimate total covered persons; it can only estimate worker enrollment.



# HDHP ENROLLMENT AND PREMIUMS

# HIGH-DEDUCTIBLE HEALTH PLAN (HDHP) ENROLLMENT, 2015

- Nationally, 39.4% of enrolled employees at all firms were in high-deductible health plans\* in 2015.
- There was wide variation among states on this measure.
- Among states, **New Hampshire** had the **highest** rate of enrolled employees who were in high-deductible plans (61.9%) in 2015, and **Hawaii** had the **lowest** rate (12.9%).

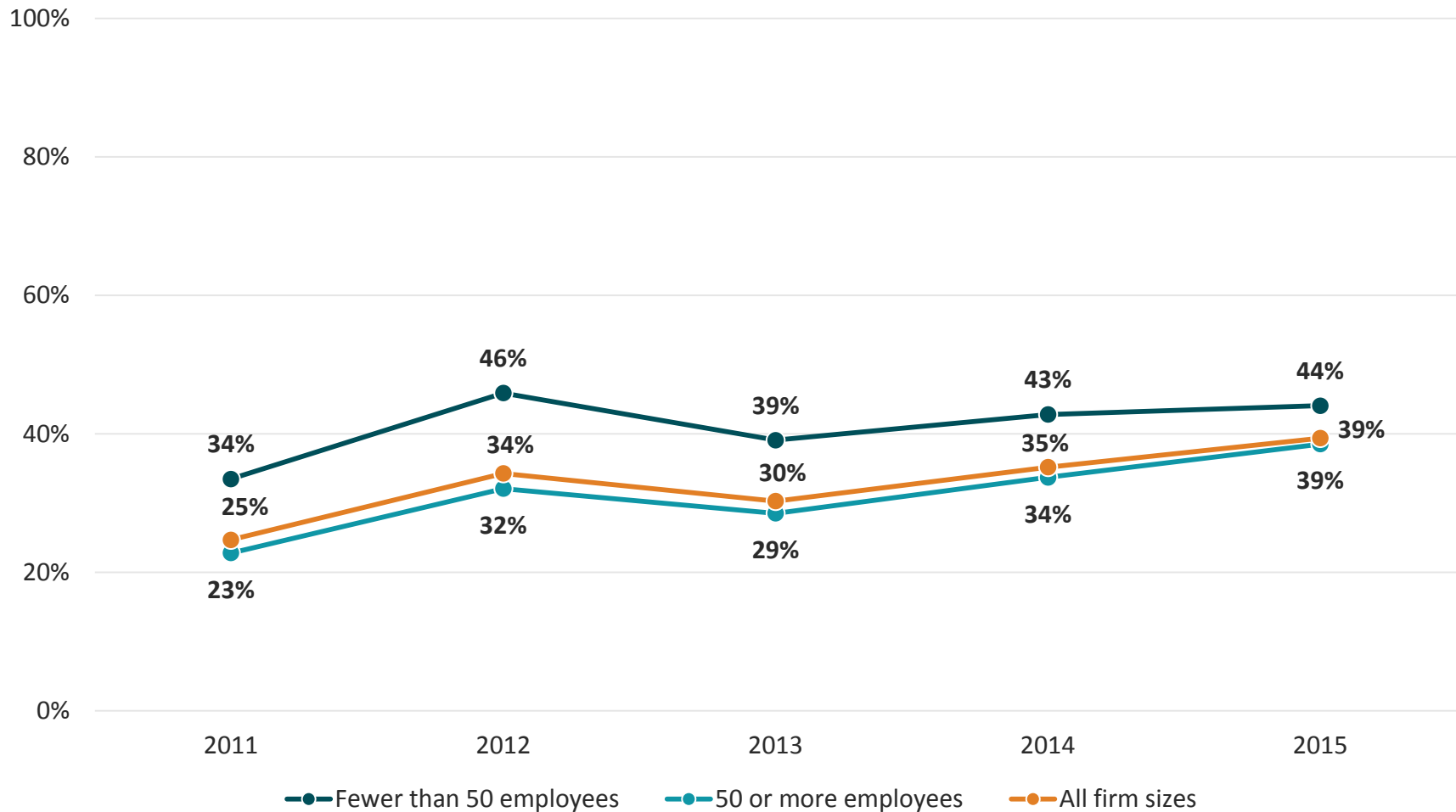
## PERCENT OF ENROLLED WORKERS (*ENROLLED*) IN HIGH-DEDUCTIBLE HEALTH PLANS, 2015

TOP FIVE STATES	1. New Hampshire	61.9%
	2. Utah	58.5%
	3. Maine	55.4%
	4. Florida	53.0%
	5. Indiana	52.1%
<b>United States</b>		<b>75.0%</b>
BOTTOM FIVE STATES	1. Hawaii	12.9%
	2. District of Columbia	19.2%
	3. Alabama	24.0%
	4. Pennsylvania	24.3%
	5. Nevada	24.8%

\*For the purposes of this analysis, high-deductible plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility — \$1,300 for an individual and \$2,600 for a family in 2015).

# NATIONAL CHANGES IN HIGH-DEDUCTIBLE HEALTH PLAN ENROLLMENT

Percent of Enrolled Employees in High-Deductible Health Plans\*, 2011-2015



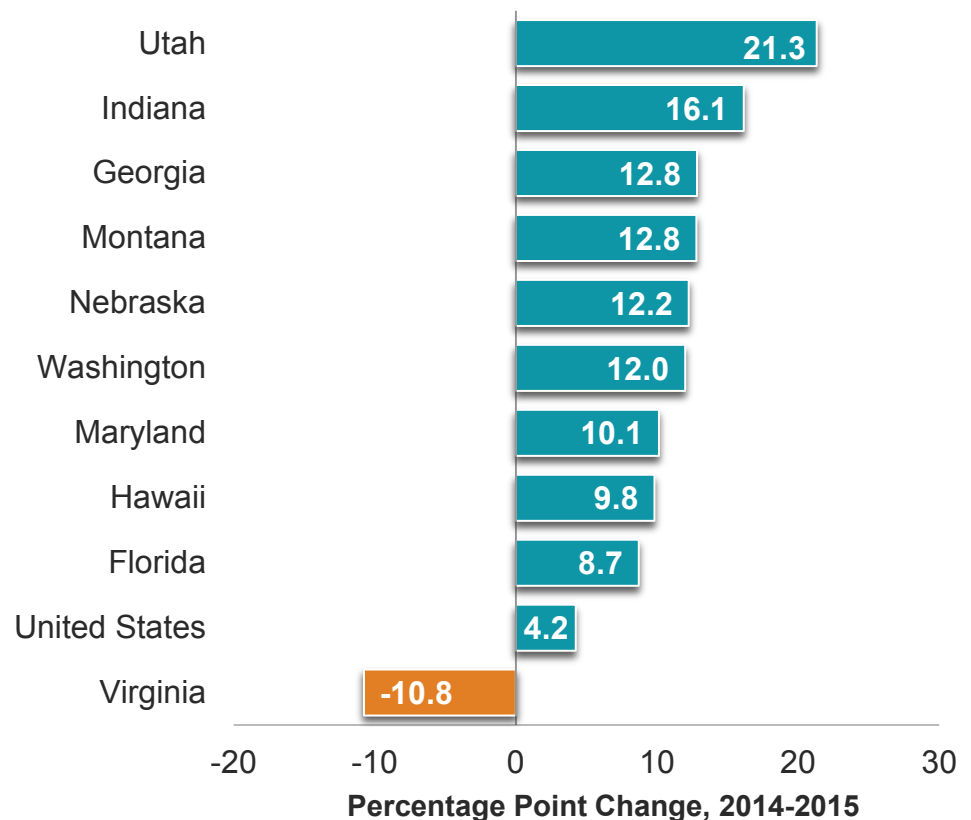
\*For the purposes of this analysis, high-deductible plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility — \$1,300 for an individual and \$2,600 for a family in 2015).

# ENROLLMENT GROWTH IN HIGH-DEDUCTIBLE HEALTH PLANS IS HAPPENING ACROSS THE COUNTRY

- From 2014 to 2015, the percent of workers enrolled in high-deductible plans (HDHPs)\* **increased** in the large majority of states.
- **Nine states** had statistically significant **increases** in high-deductible plan enrollment from 2014 to 2015.
- **Virginia** was the only state with a significant **decrease** (↓ 10.8 pp) during this period.

\*For the purposes of this analysis, high-deductible plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility — \$1,300 for an individual and \$2,600 for a family in 2015).

States with Significant Changes in HDHP Enrollment, Percentage Point Change, 2014-2015



# ESI PREMIUMS, 2015

- Nationally, the average premium for single coverage among all firms was \$5,963 in 2015.
- There was wide and significant variation among states in average annual single coverage premiums in 2015.
- Among states, **Alaska** had the **highest** average premium in 2015 at \$7,807, while **Arkansas** had the **lowest** average premium at \$5,119—a difference of \$2,688.

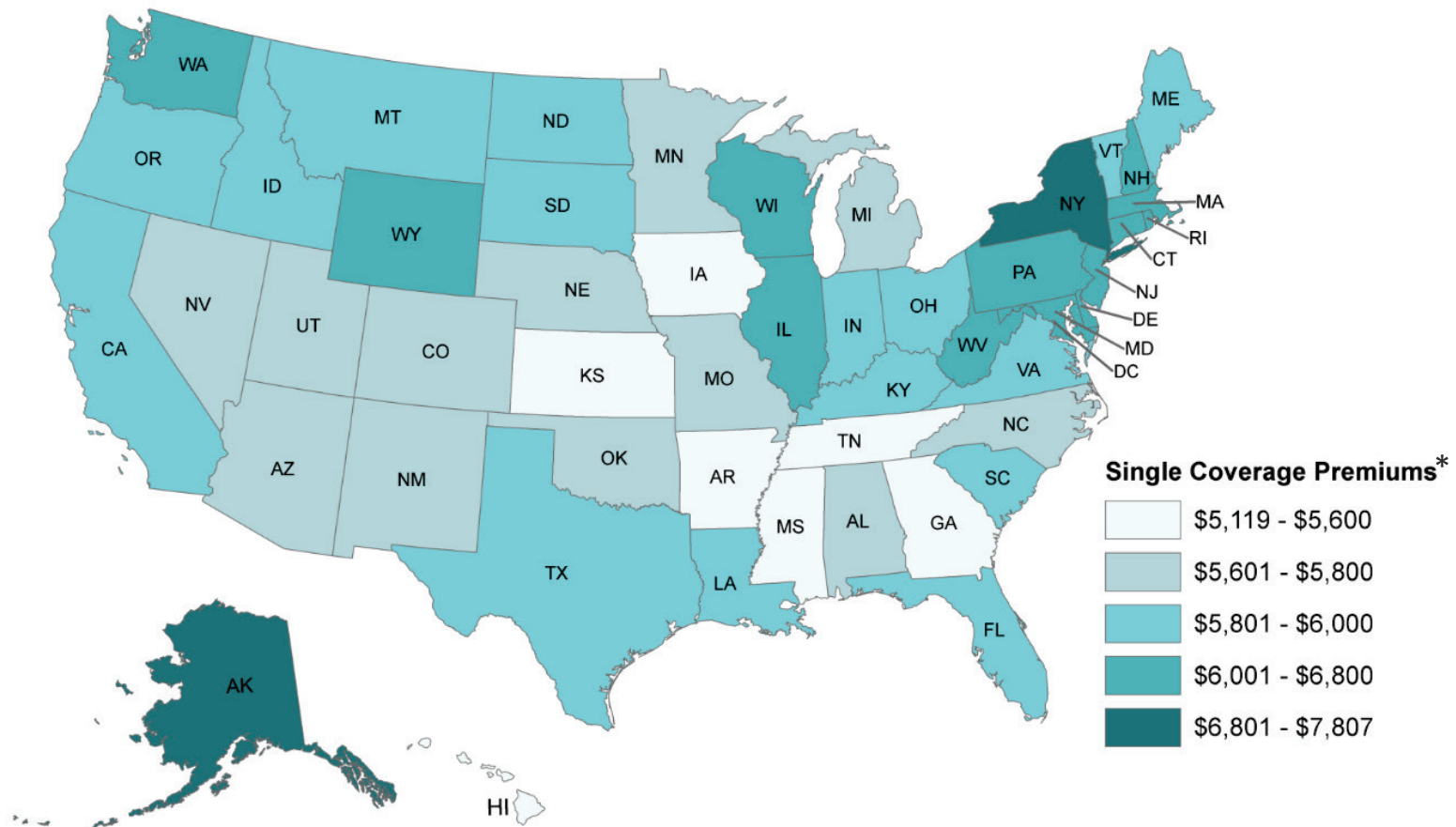
## AVERAGE ANNUAL SINGLE COVERAGE PREMIUM\*, 2015

TOP FIVE STATES	1. Alaska	\$7,807
	2. New York	\$6,801
	3. New Hampshire	\$6,573
	4. Massachusetts	\$6,519
	5. Rhode Island	\$6,509
<b>United States</b>		<b>\$5,963</b>
BOTTOM FIVE STATES	1. Arkansas	\$5,119
	2. Tennessee	\$5,329
	3. Mississippi	\$5,420
	4. Hawaii	\$5,522
	5. Kansas	\$5,558

\*Average premium prices are not adjusted to account for variation in actuarial value.

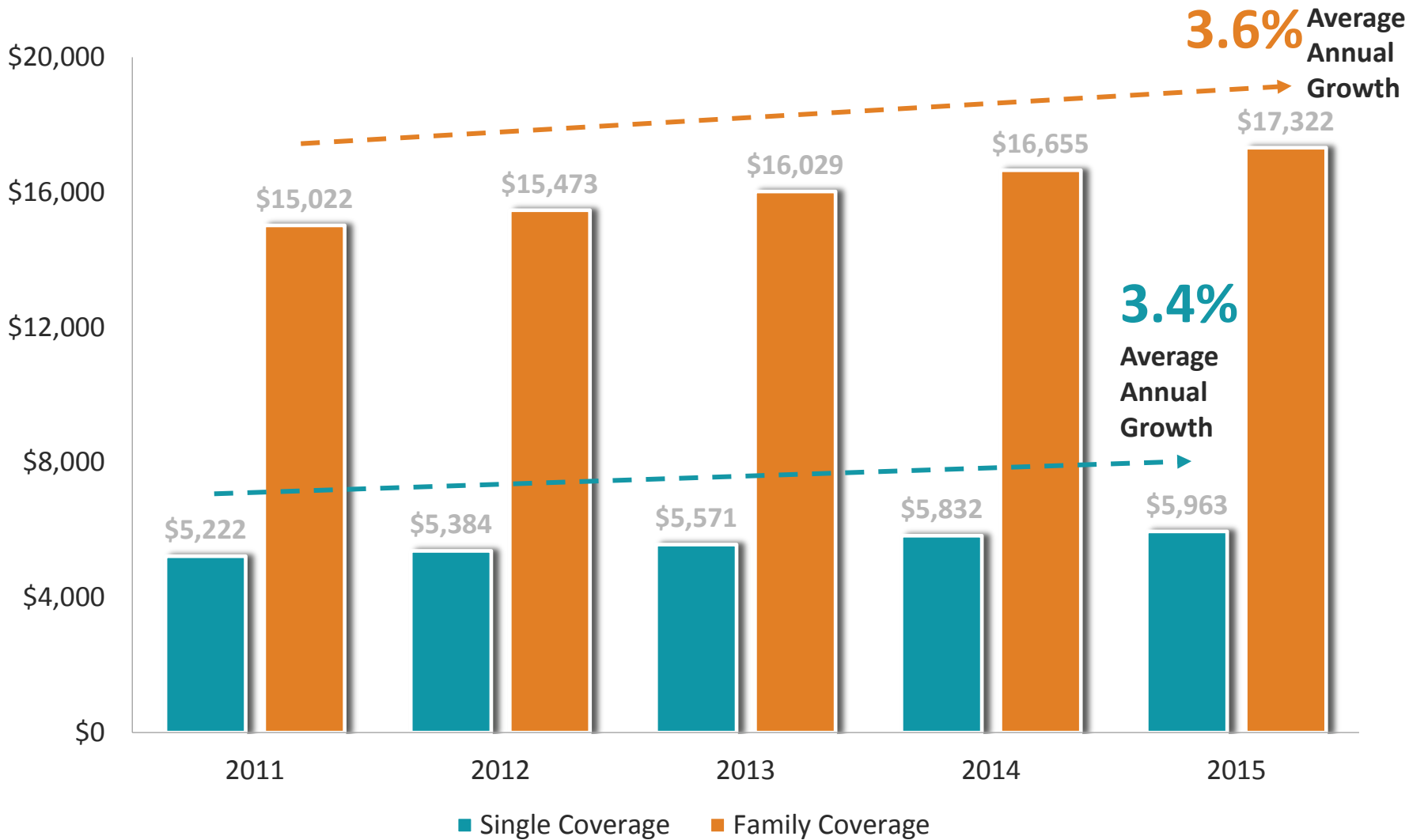


# AVERAGE ESI PREMIUMS FOR SINGLE COVERAGE, 2015



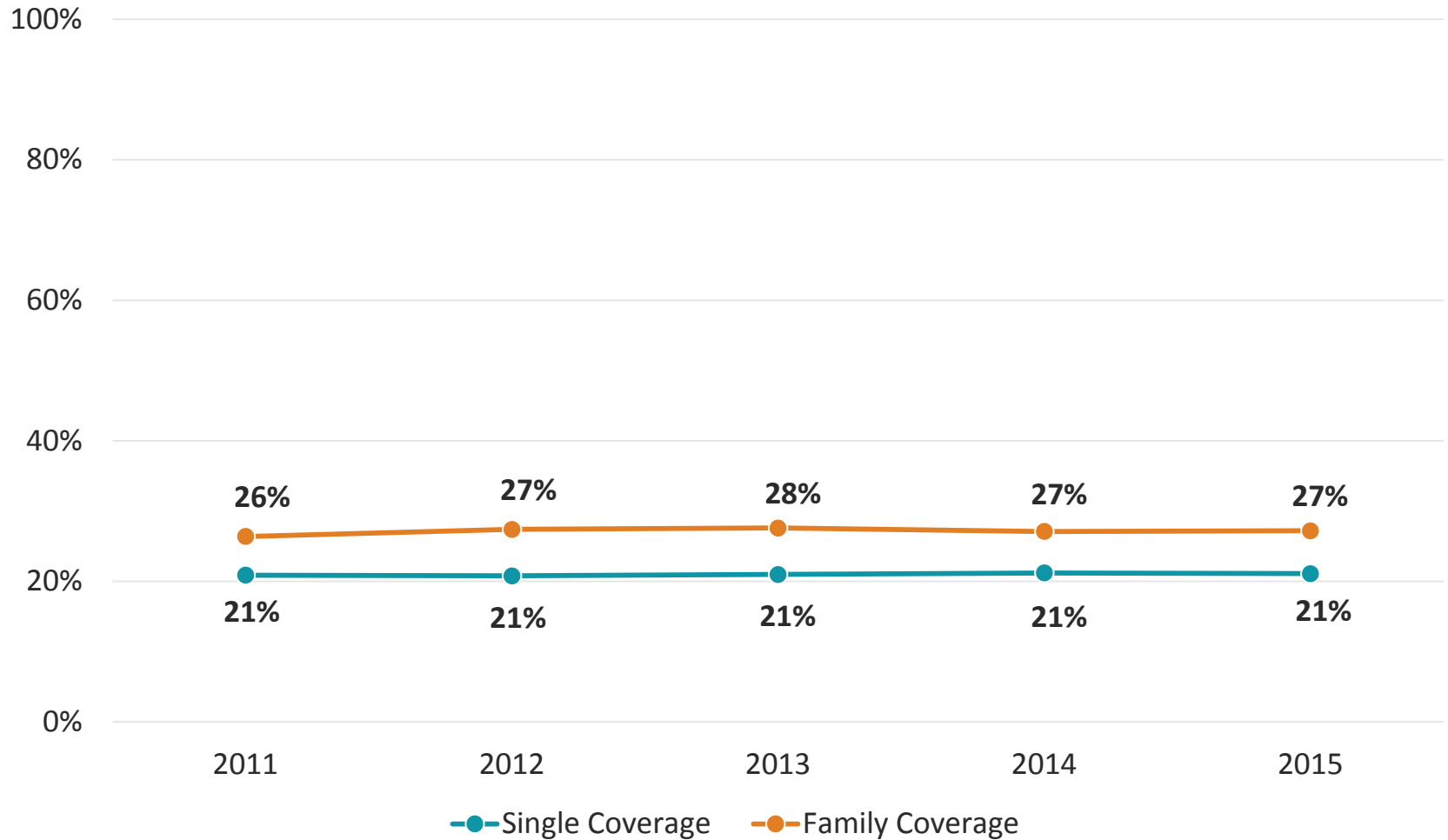
\*Average premium prices are not adjusted to account for variation in actuarial value.

# PREMIUMS\* INCREASED NATIONALLY, BUT GROWTH RATES REMAINED STABLE



\*Average premium prices are not adjusted to account for variation in actuarial value.

# THE AVERAGE EMPLOYEE SHARE OF PREMIUMS REMAINED RELATIVELY STABLE NATIONALLY



# STATE VARIATION IN THE AVERAGE EMPLOYEE SHARE OF PREMIUMS

- The employee contribution for single coverage premiums ranged from a **low** of 9.9% in **Hawaii** to a **high** of 25.5% in **Connecticut** in 2015.
- The employee contribution for family coverage premiums ranged from a **low** of 20.9% in **Alaska** to a **high** of 35.4% in **Maryland** in 2015.
- **Seven states** saw statistically significant **declines** in the percent of employee contribution to either single or family premiums between 2014 and 2015 (none by more than 6 percentage points).
- **Eight states** saw statistically significant **increases** in the percent of employee contribution to either single or family premiums between 2014 and 2015 (none by more than 8 percentage points).

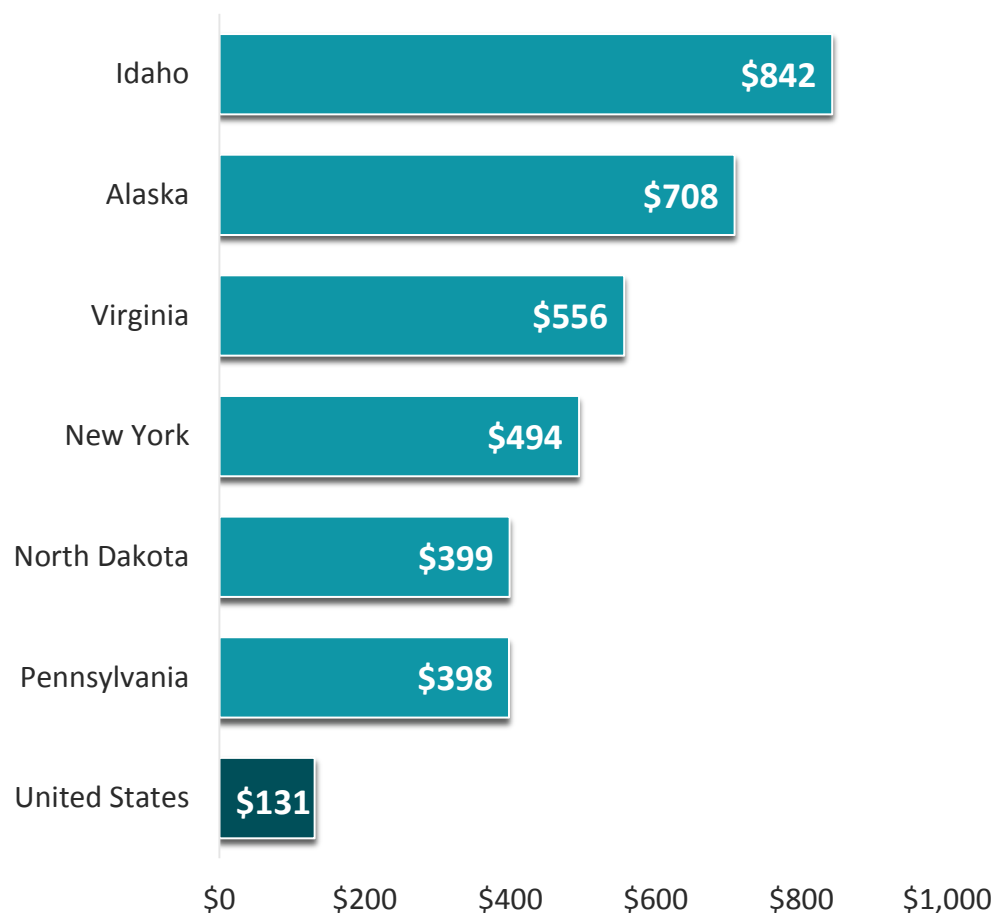
## EMPLOYEE CONTRIBUTION FOR SINGLE COVERAGE PREMIUMS, 2015

LOWEST CONTRIBUTION	1. Hawaii	9.9%
	2. Washington	12.2%
	3. Montana	14.6%
	4. Oregon	15.4%
	5. District of Columbia	16.5%
HIGHEST CONTRIBUTION	1. Connecticut	25.5%
	2. New Jersey	25.1%
	3. Tennessee	24.4%
	4. Massachusetts	24.4%
	5. Kansas	24.3%

# STATE VARIATION IN ESI PREMIUM CHANGES, 2014-2015

- Nationally, annual single coverage premiums **increased** by \$131 (2.2 percent).
- **Eleven states** had a **decline** in single coverage premiums, but these declines were not statistically significant.
- **Six states** had statistically significant **increases** in single coverage premiums and all were greater than 5%.
- **Idaho** had the **largest** absolute (\$842) and relative (14.5 percent) increase in average annual single-coverage premiums from 2014 to 2015.
- Since 2010, premiums in **Idaho, North Dakota, and Virginia** have been **below the national average**; premiums in **Alaska, New York, and Pennsylvania** have been **at or above the national average** during this time period.

States with Significant Changes in Single-Coverage Premiums\*, 2014-2015



\*Average premium prices are not adjusted to account for variation in actuarial value.

## METHODS AND NOTES

- This report includes estimates for private sector employers and employees only.
  - Small firms are defined as fewer than 50 employees.
  - Large firms are defined as 50 or more employees.
- For calculations based on all workers/all firms, we use the final weighted estimates from the MEPS/IC, which rakes to firm sizes from the Census Bureau's Business Register as part of its weighting process. For more information on the MEPS/IC weighting methodology, see MEPS Methodology Report #28 at [https://meps.ahrq.gov/data\\_files/publications/mr28/mr28.shtml](https://meps.ahrq.gov/data_files/publications/mr28/mr28.shtml)
- The MEPS-IC defines "firm" as a business entity consisting of one or more "establishments" (i.e., locations) under common ownership or control. A firm represents the entire organization and may consist of a single-location establishment or multiple establishments (<https://healthmeasures.aspe.hhs.gov/measure/247>). The MEPS-IC calculates the following estimates using "establishments" as the employer/business unit: employees at businesses offering ESI, employees eligible for ESI at offering employers, and employee take-up of coverage offers for which they are eligible. The MEPS-IC uses "firm" as the employer/business unit when establishing employer/business size as defined by the number of workers. Throughout this report and the accompanying tables, we use the term "firm" to refer to employers and businesses broadly.

# CITATIONS

## **Suggested Citation**

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## **Other Contributors**

*Brett Fried and Joanna Turner contributed to the data analysis for this report. Carrie Au-Yeung provided substantial review and editing and Lindsey Lanigan provided the design and layout.*