STATE-LEVEL TRENDS IN EMPLOYER-SPONSORED HEALTH INSURANCE, 2012–2016

September 2017

shadac

STATE HEALTH ACCESS DATA ASSISTANCE CENTER

INTRODUCTION

- The nation's attention has recently concentrated on health insurance coverage purchased through Affordable Care Act marketplaces, but it is important to remember that the majority of individuals in the United States are enrolled in health insurance through an employer.
- The following chartbook summarizes analyses of the experiences of private-sector employees who had Employer-Sponsored Insurance (ESI), by firm size, from 2012 to 2016.
- 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).
- **Companion products for this chartbook include:**
  - Individual profiles for each state, highlighting ESI trends, 2012–2016
  - 50-state data tables highlighting ESI trends, 2015–2016
  - A 50-state interactive map showing levels of, and changes in, employee enrollment in High-Deductible Health Plans (HDHP) in 2016, with links to state profile pages
  - A blog on ESI premium and deductible growth in 2016
  - A blog on ESI coverage and costs in 2016

These companion products are available at *www.shadac.org/ESIReport2017*

TRENDS IN EMPLOYER-SPONSORED INSURANCE: SUMMARY POINTS, 2015–2016

- Nationally, the percent of employers offering health insurance coverage was unchanged from 2015 to 2016, as was the percent of employees eligible for ESI.
- Changes in offer rates from 2015 to 2016 varied by firm size: Offer rates stabilized among small firms but increased among large firms.
- Nationally, 73.3% of eligible employees were enrolled in ESI in 2016, down 1.7 percentage points (pp) from 2015.
- Premium increases have continued, but the growth rate of premiums remained unchanged from 2015 to 2016.
- Slowed premium growth from 2015 to 2016 was offset by a 10.1% ($155) increase in average deductibles during this period.
- The proportion of employees enrolled in high-deductible health plans nationwide grew significantly from 2015 to 2016, reaching 42.6% (a 3.2 pp increase).~
- State variation in access to and enrollment in ESI plans, along with ESI cost, continued.

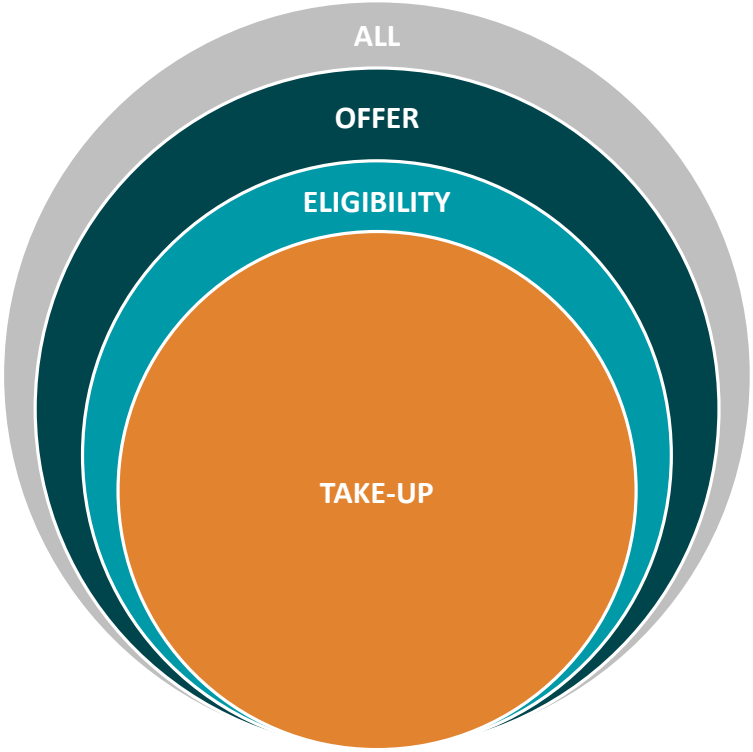
~For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016).
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

ESI ACCESS AND COVERAGE

EMPLOYER-SPONSORED INSURANCE

- The majority of non-elderly Americans get their health insurance coverage from an employer, whether from their own employer or the employer of a family member (e.g., a spouse or parent).
- Employee access to ESI has three components:

1. **Employee Offer:** An employee must work in an establishment that offers coverage.
2. **Employee Eligibility:** An employee 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. **Employee Take-Up:** The employee must decide to enroll in—or "take up"—the offer of ESI coverage.

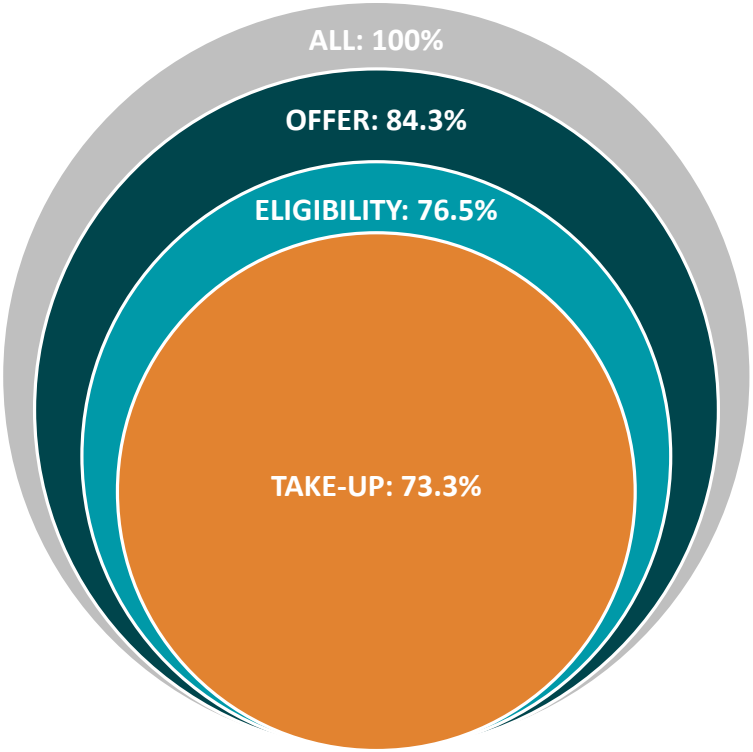


Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

EMPLOYER-SPONSORED INSURANCE, 2016

- In 2016, there were 123 million private-sector employees in the U.S. and 7.4 million establishments.
- Employee access to ESI:
  1. **Employee Offer:** 84.3% of employees worked in establishments that offered ESI (104 million employees).
  2. **Employee Eligibility:** 76.5% of employees who worked in establishments that offered coverage were eligible to enroll (79 million employees).
  3. **Employee Take-Up:** 73.3% of eligible employees enrolled in coverage (58 million employees).

2016 Employer-Sponsored Insurance



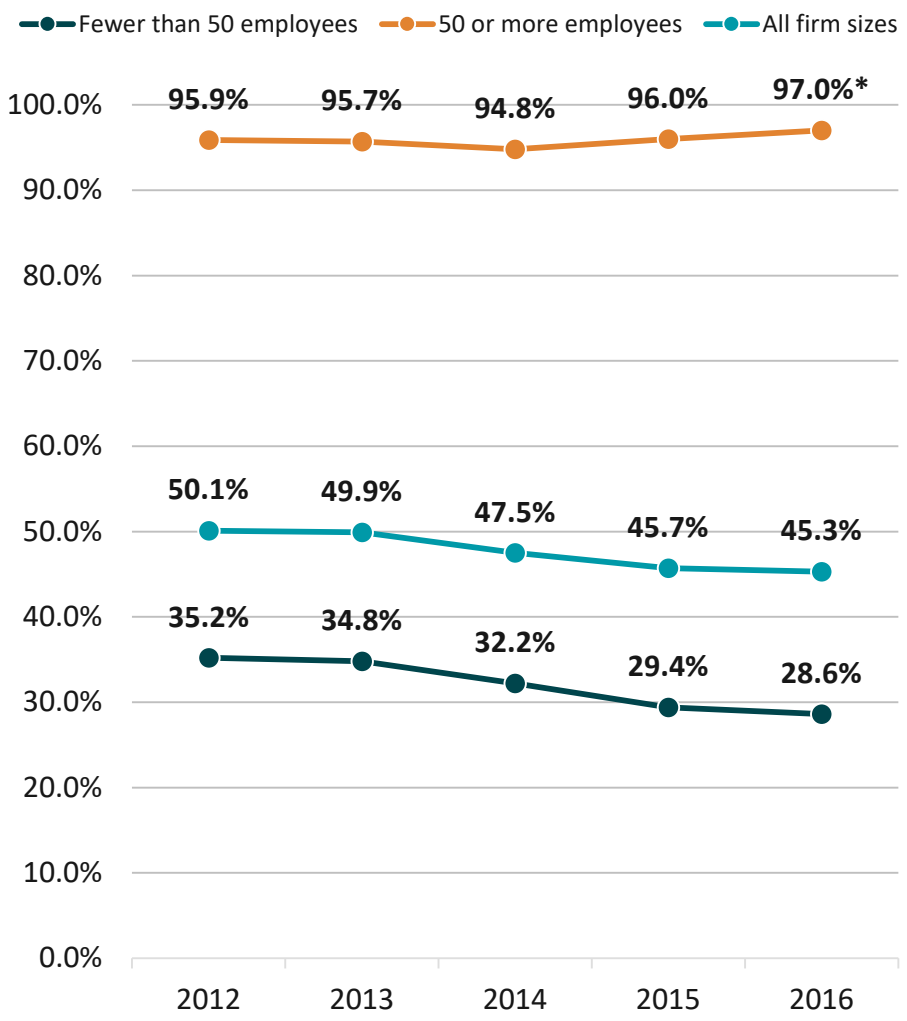
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

CHANGES IN EMPLOYER OFFER RATES, 2012–2016

- There was a 0.4 pp **decline** in the ESI offer rate among **all firms** from 2015 to 2016, although this change was **not statistically significant**.
  - **Small firms** saw a **decline** of 0.8 pp from 2015 to 2016, a change that was **not statistically significant**.
  - Among **large firms**, the offer rate **increased** by 1.0 pp.
- Only **five states saw significant changes** to employer offer rates (among **firms of all sizes**) from 2015 to 2016:
  - **Mississippi** (↑ 8.5 pp)
  - **Arkansas** (↓ 10.3 pp)
  - **Hawaii** (↓ 7.0 pp)
  - **Montana** (↓ 6.0 pp)
  - **West Virginia** (↓ 6.2 pp)

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Establishment ESI Offer Rates by Firm Size, 2012–2016



Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

WORKER ACCESS TO ESI OFFER, 2016

- Nationwide, 84.3% of employees worked in establishments that offered health insurance in 2016.
- The percentage of employees who work in establishments that offered ESI varied significantly among states in 2016.
- In 2016, **Hawaii** had the **highest** proportion of employees with an offer of insurance (96.8%), and **Montana** had the **lowest** proportion (66.2%).

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 employees who work at least 20 hours (some exceptions apply).

	PERCENT OF WORKERS IN ESTABLISHMENTS OFFERING COVERAGE, ALL FIRM SIZES	
TOP FIVE STATES	1. Hawaii	96.8%
	2. District of Columbia	92.9%
	3. Massachusetts	87.6%
	4. Nevada	87.2%
	5. Ohio	87.0%
	United States	**84.3%**
BOTTOM FIVE STATES	1. Montana	66.2%
	2. Wyoming	72.1%
	3. Alaska	75.2%
	4. Idaho	75.6%
	5. Vermont	78.5%

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

CHANGES IN WORKER ACCESS TO ESI OFFER, 2015–2016

- **Nationwide**, there was **no significant change** in the percentage of employees in establishments (all sizes) offering ESI from 2015 to 2016.
  - Among **small firms**, the percentage of employees in establishments offering coverage **increased** by 0.1 pp, although this change was **not significant**.
  - Among **large firms**, the percentage of employees in establishments offering coverage **increased** by 0.5 pp, a **significant change**.
- Only **one state saw a significant change** in the percentage of employees who were offered coverage (all firm sizes) from 2015 to 2016:
  - **Tennessee** (↑ 4.2 pp)

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

WORKER ELIGIBILITY FOR ESI OFFER, 2016

- Nationwide, 76.5% of employees in establishments offering health insurance coverage were eligible for coverage in 2016.
- The percentage of employuees with an offer who were also eligible for ESI varied among states in 2016.
- In 2016, **Alabama** had the **highest** percentage of employees at offering establishments who were eligible for coverage (81.9%), and **Nevada** had the **lowest** percentage (68.7%).

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 employees who work at least 20 hours (some exceptions apply).

	PERCENT OF WORKERS IN ESTABLISHMENTS OFFERING COVERAGE WHO WERE ELIGIBLE FOR COVERAGE, ALL FIRM SIZES	
TOP FIVE STATES	1. Alabama	81.9%
	2. Louisiana	81.5%
	3. Mississippi	80.9%
	4. Kentucky	80.6%
	5. Hawaii	80.0%
	United States	**76.5%**
BOTTOM FIVE STATES	1. Nevada	68.7%
	2. Rhode Island	68.8%
	3. Colorado	72.0%
	4. Montana	72.7%
	5. New York	73.2%
	6. Oklahoma	73.2%

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

WORKER ELIGIBILITY FOR ESI OFFER, 2015–2016

- **Nationwide,** there was **no significant change** in the percentage of employees at offering firms (all sizes) who were eligible for coverage from 2015 to 2016.
  - Among **small firms,** the percentage of employees at offering establishments who were eligible for coverage **declined** by 0.4 pp, although this change was **not statistically significant**.
  - Among **large firms,** the percentage of employees at offering establishments who were eligible for coverage **increased** by 0.7 pp, but this change was **not statistically significant**.
- Only **two states saw significant changes** in the percentage of employees at offering establishments who were eligible for coverage (all firm sizes) from 2015 to 2016:
  - **Nevada** (↓ 7.4 pp)
  - **Washington** (↑ 7.3 pp)

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

ESI ENROLLMENT, 2016

- Nationally, 73.3% of employees eligible for insurance through their employer were enrolled in 2016.
- Among the states, **Hawaii** had the **highest** rate of take-up in 2016 (80.4%), while **New Mexico** had the **lowest** rate (68.4%).

	PERCENT OF ESI-ELIGIBLE WORKERS ENROLLED IN COVERAGE, ALL FIRM SIZES	
TOP FIVE STATES	1. Hawaii	80.4%
	2. Oregon	79.2%
	3. North Dakota	78.5%
	4. Idaho	78.2%
	5. Michigan	77.7%
	United States	**73.3%**
BOTTOM FIVE STATES	1. New Mexico	68.4%
	2. New York	68.7%
	3. Arizona	69.1%
	4. Ohio	69.1%
	5. West Virginia	69.2%

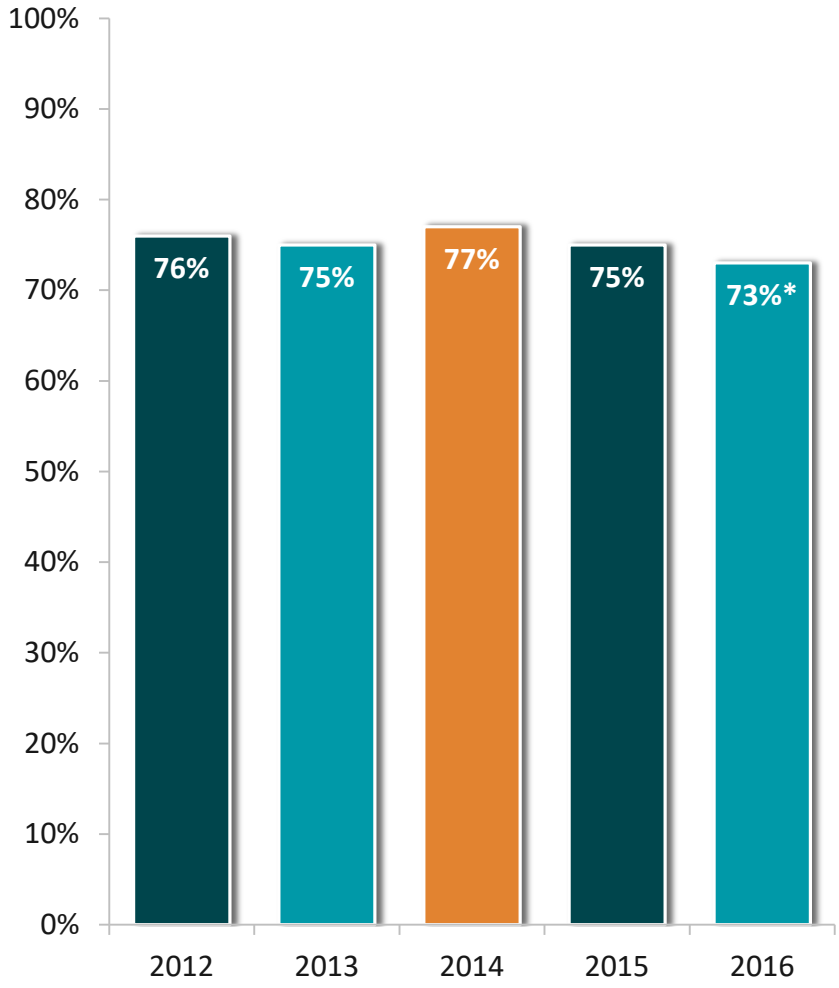
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

CHANGES IN ESI ENROLLMENT RATES

- Nationally, the percentage of eligible employees enrolled in ESI coverage at **all firms declined** 1.7 pp from 2015 to 2016.
  - **Large firms** saw a **decline** of 1.8 pp.
  - **Small firms** saw a **decline** of 1.7 pp.
- **Four states saw a decline** in the percentage of eligible employees enrolled in ESI at **all firms** from 2015 to 2016:
  - **Alaska** (↓ 6.9 pp)
  - **California** (↓ 4.3 pp)
  - **District of Columbia** (↓ 6.8 pp)
  - **Virginia** (↓ 6.3 pp)
- No state saw a statistically significant increase in the share of eligible employees enrolled in ESI at all firms.

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Percent of Eligible Employees Enrolled in ESI, All Firm Sizes, 2012–2016



Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

ESI PREMIUMS AND DEDUCTIBLES

ESI PREMIUMS, 2016

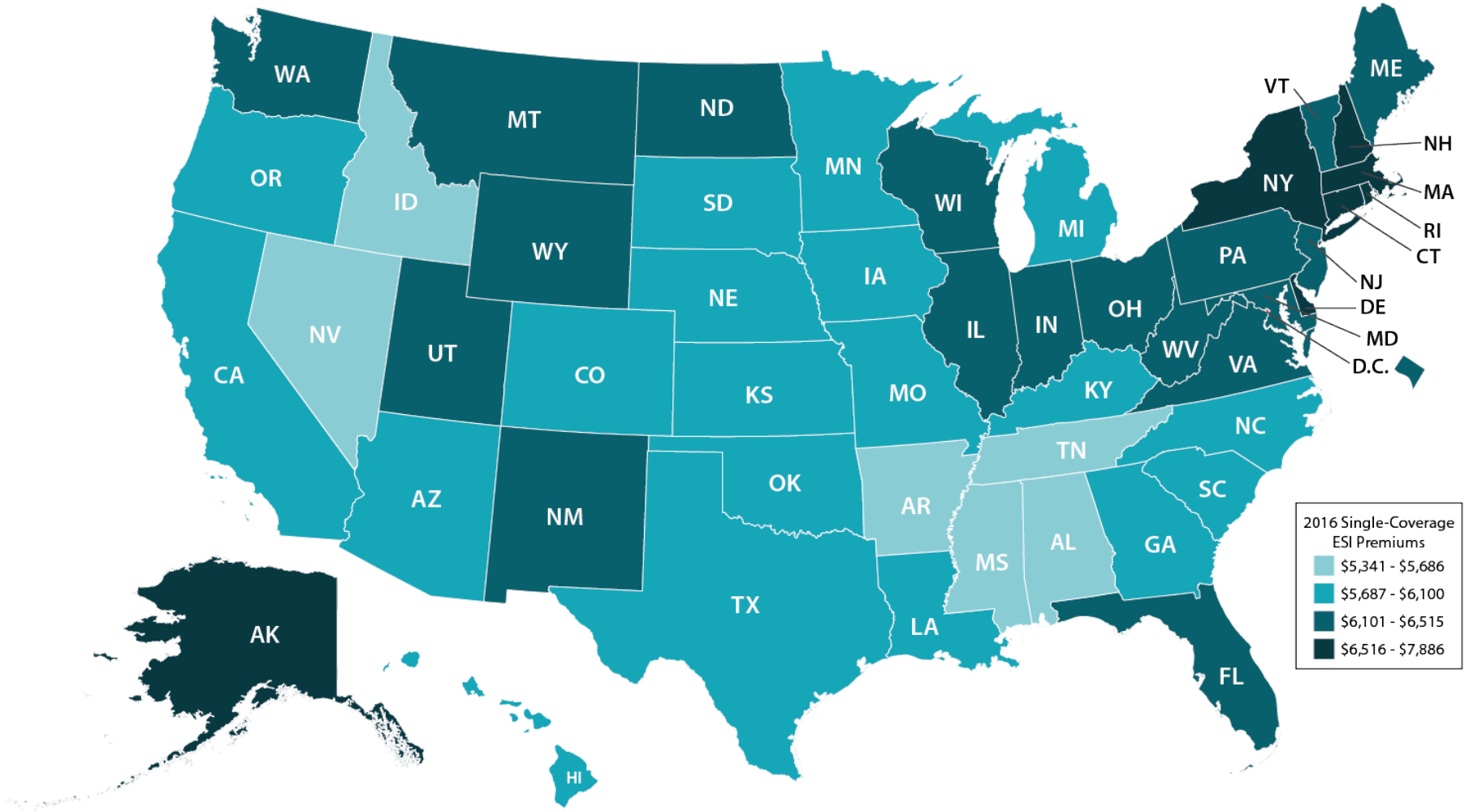
- Nationally, the average premium for single coverage among employees in all firms was $6,101 in 2016.
- There was wide and significant variation among states in average annual single coverage premiums in 2016.
- Among states, **Alaska** had the **highest** average premium in 2016 at $7,886, while **Arkansas** had the **lowest** average premium at $5,341.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.

	AVERAGE ANNUAL SINGLE COVERAGE PREMIUM, ALL FIRM SIZES	
TOP FIVE STATES	1. Alaska	$7,886
	2. Rhode Island	$6,665
	3. New Hampshire	$6,637
	4. Massachusetts	$6,621
	5. New York	$6,614
	United States	**$6,101**
BOTTOM FIVE STATES	1. Arkansas	$5,341
	2. Nevada	$5,490
	3. Alabama	$5,536
	4. Tennessee	$5,543
	5. Idaho	$5,594

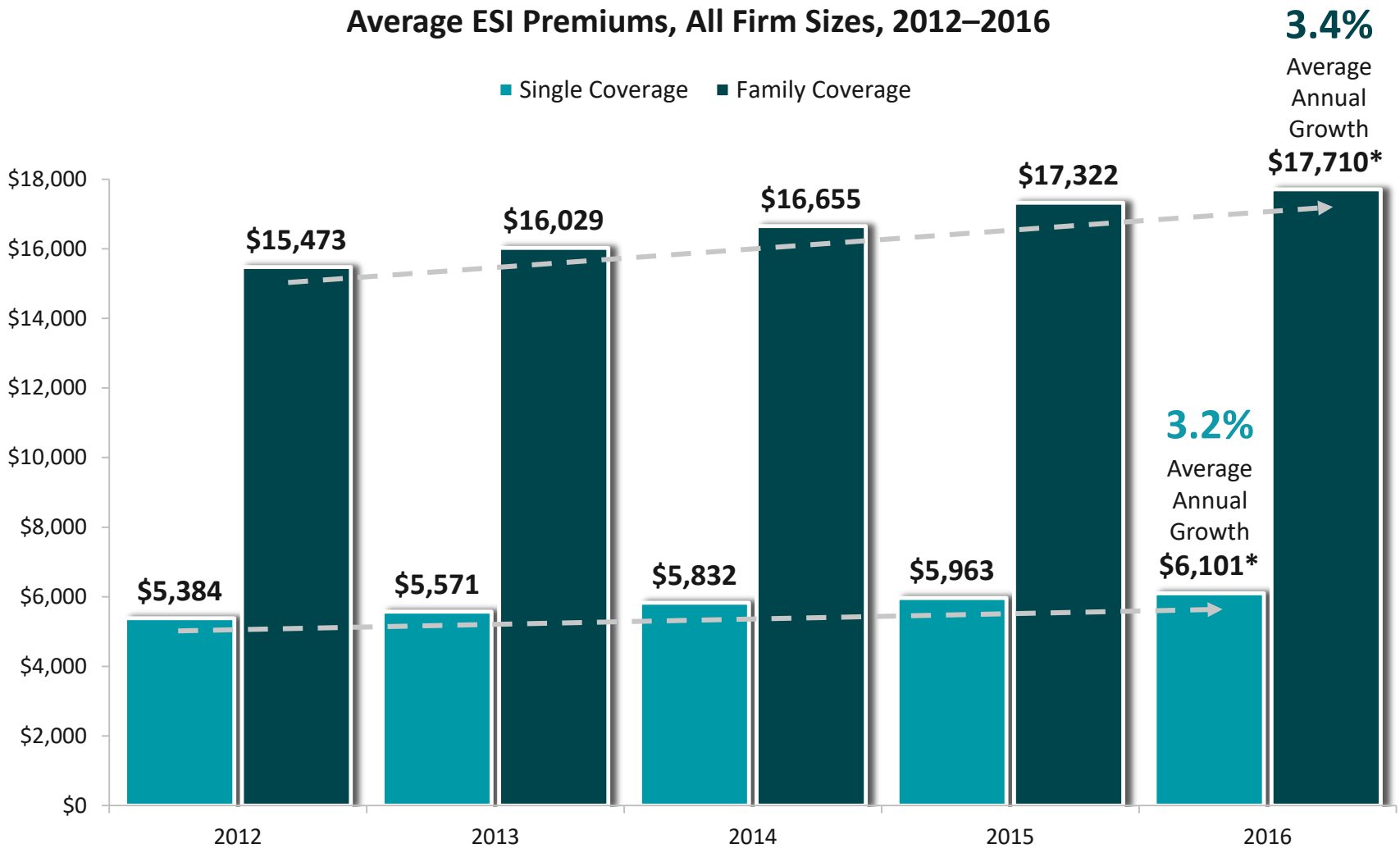
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

AVERAGE ESI PREMIUMS FOR SINGLE COVERAGE, All FIRM SIZES, 2016



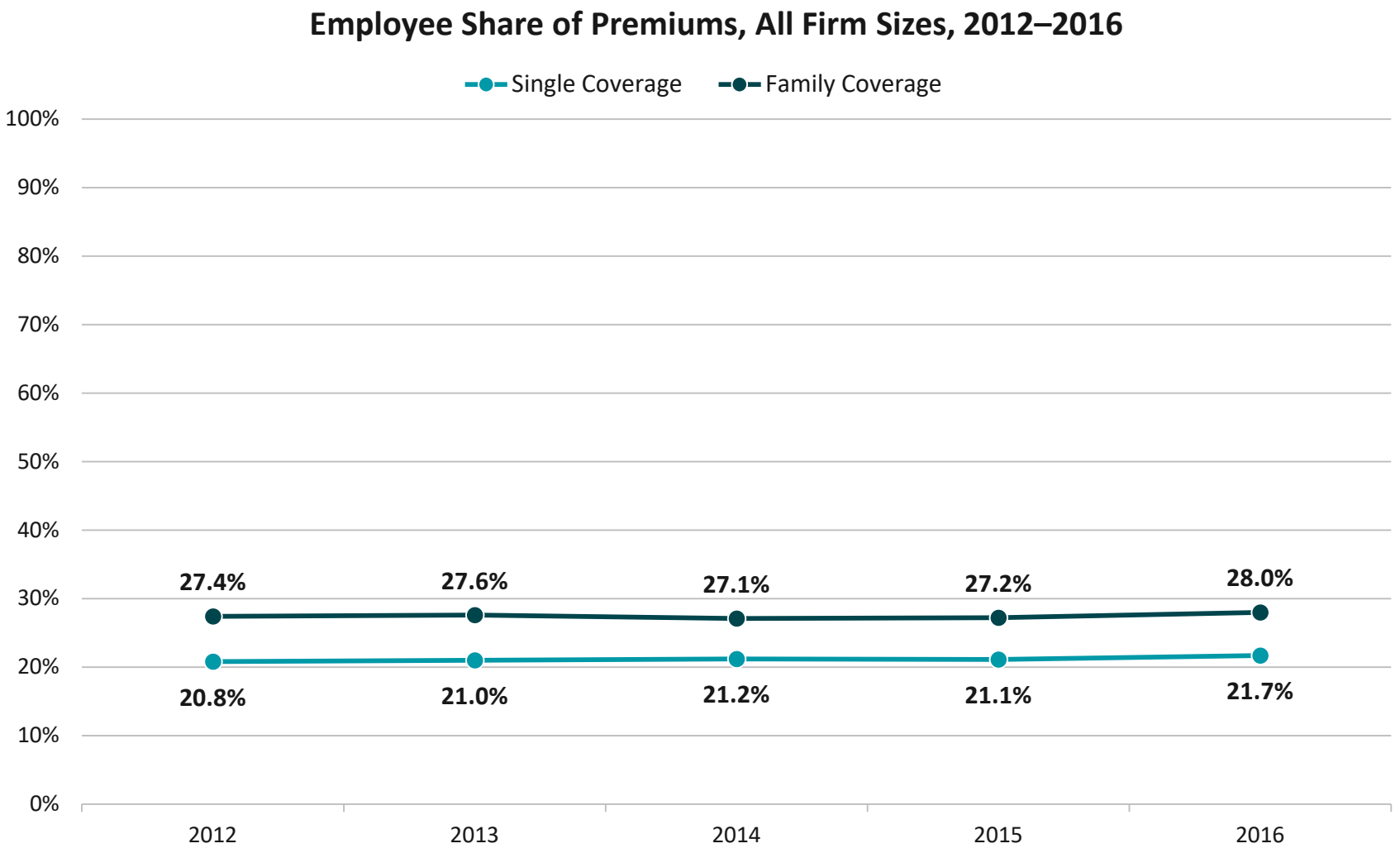
Note: Information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

PREMIUMS INCREASED NATIONALLY, BUT GROWTH RATES REMAINED UNCHANGED



* Significant difference between 2015 and 2016 estimates at the 95% confidence level.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

THE AVERAGE EMPLOYEE SHARE OF PREMIUMS REMAINED RELATIVELY STABLE NATIONALLY



Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

STATE VARIATION IN THE AVERAGE EMPLOYEE SHARE OF PREMIUMS

- The employee contribution for single coverage premiums ranged from a **low** of 12.0% in **Hawaii** to a **high** of 27.3% in **Alabama** in 2016.
- The employee contribution for family coverage premiums ranged from a **low** of 20.1% in **Michigan** to a **high** of 36.1% in **Missouri** in 2016.
- **Three states** saw statistically significant **declines** in the percentage of employee contribution to either single or family premiums between 2015 and 2016.
- **Nine states** saw statistically significant **increases** in the percentage of employee contribution to either single or family premiums between 2015 and 2016.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.

EMPLOYEE CONTRIBUTION FOR SINGLE COVERAGE PREMIUMS, ALL FIRM SIZES

LOWEST CONTRIBUTION	1. Hawaii	12.0%
	2. Washington	15.3%
	3. Idaho	15.6%
	4. Alaska	16.7%
	5. Oregon	17.2%
	United States	**21.7%**
HIGHEST CONTRIBUTION	1. Arkansas	27.3%
	2. Nevada	26.9%
	3. Alabama	25.3%
	4. Tennessee	25.2%
	5. Idaho	25.0%

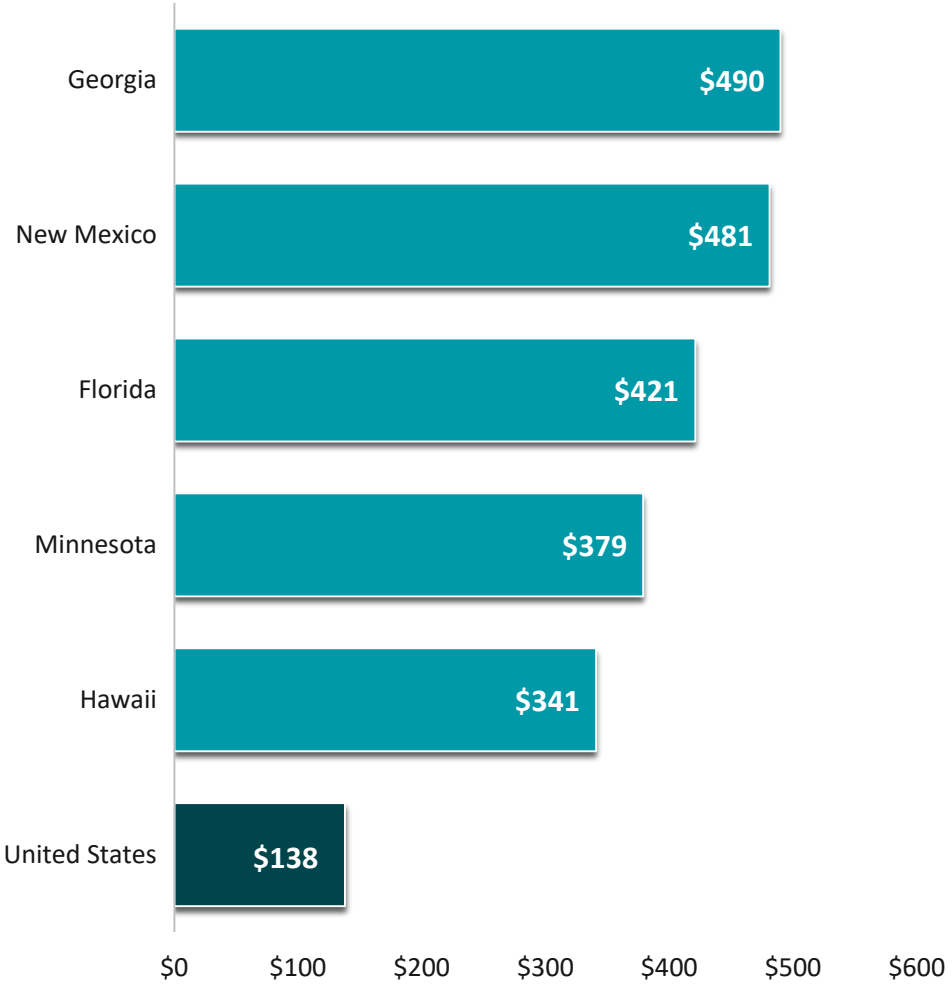
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

STATE VARIATION IN ESI PREMIUM CHANGES, 2015–2016

- Nationally, annual single coverage premiums **increased** by $138 (2.3%).
- **Ten states** had a **decline** in single coverage premiums, but these declines were **not statistically significant**.
- **Five states** had statistically significant **increases** in single coverage premiums, and all were greater than 5%.
- **Georgia** had the **largest absolute ($490) and relative (8.8%) increase** in average annual single-coverage premiums from 2015 to 2016.
- Since 2010, premiums in **Idaho** have been **below the national average**; premiums in **Alaska, New York, and Pennsylvania** have been **at or above the national average** during this period.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.

States with Significant Changes in Single-Coverage Premiums, All Firm Sizes, 2015–2016



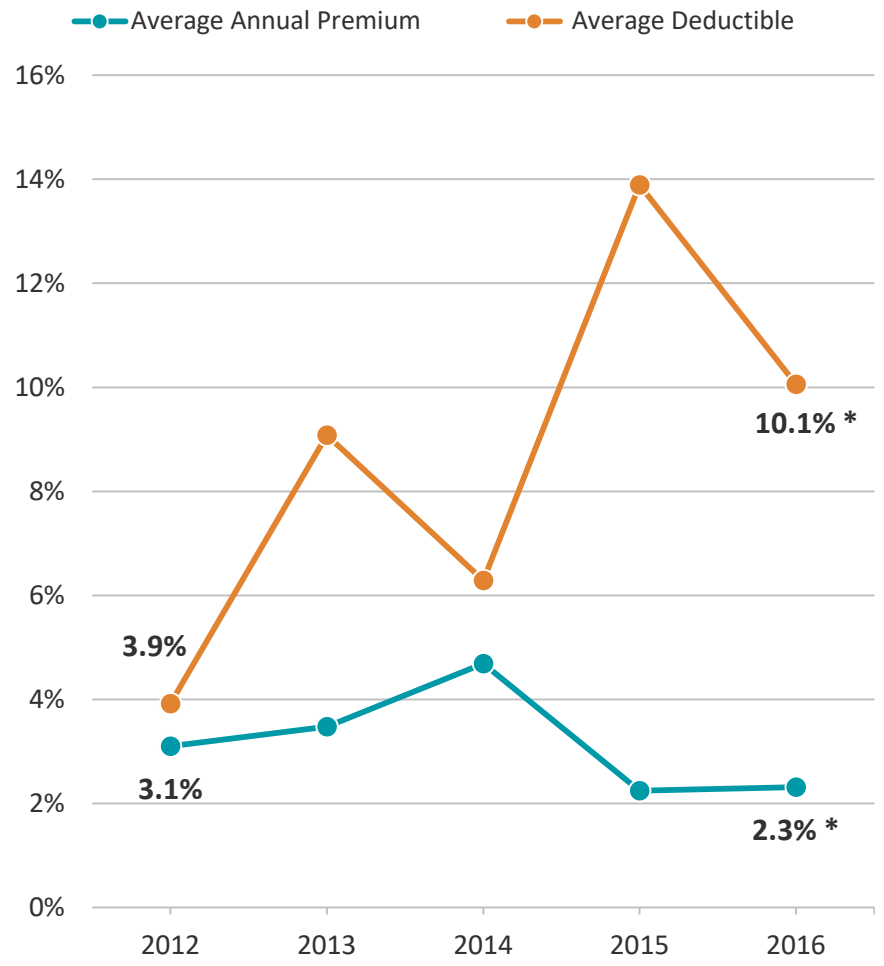
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

CONTRASTING TRENDS IN PREMIUM AND DEDUCTIBLE GROWTH

- Nationally, the slowed growth in premium prices in recent years has been offset by the growth of deductibles.
- In 2016, 84.5% of employees in firms of all sizes were enrolled in an ESI plan with a deductible.
- Between 2015 and 2016, premiums grew by 2% ($138 increase) while deductibles grew by 10% ($155 increase).
- Over the five-year period of 2012 to 2016, premiums grew by 13%, compared to deductibles that grew by 45%.
- Nationally, the average deductible was $1,696 for employees enrolled in single coverage (all firm sizes). This was a 10.1% **increase** from 2015, when the average individual deductible was $1,541.
- **Small firms** have **much higher** average deductible**s**. In 2016, small firms had an average deductible of $2,105, compared to $1,615 for large firms.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.
* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Annual Growth of Single Coverage Premiums and Deductibles, All Firm Sizes, 2012–2016



Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

STATE VARIATION IN THE AVERAGE DEDUCTIBLE, 2016

- Average deductibles for single plans ranged from a **low** of $988 in **Hawaii** to a **high** of $2,434 in **New Hampshire** in 2016 (firms of all sizes).
- **Fourteen states** saw statistically significant **increases** in average deductibles for single plans between 2015 and 2016, ranging from $306 to almost $600 (no states saw statistically significant declines).
- Across firms of **all sizes**, only **two states** saw statistically significant **declines** in average deductibles—small firms in **Indiana** and large firms in **New Mexico**.

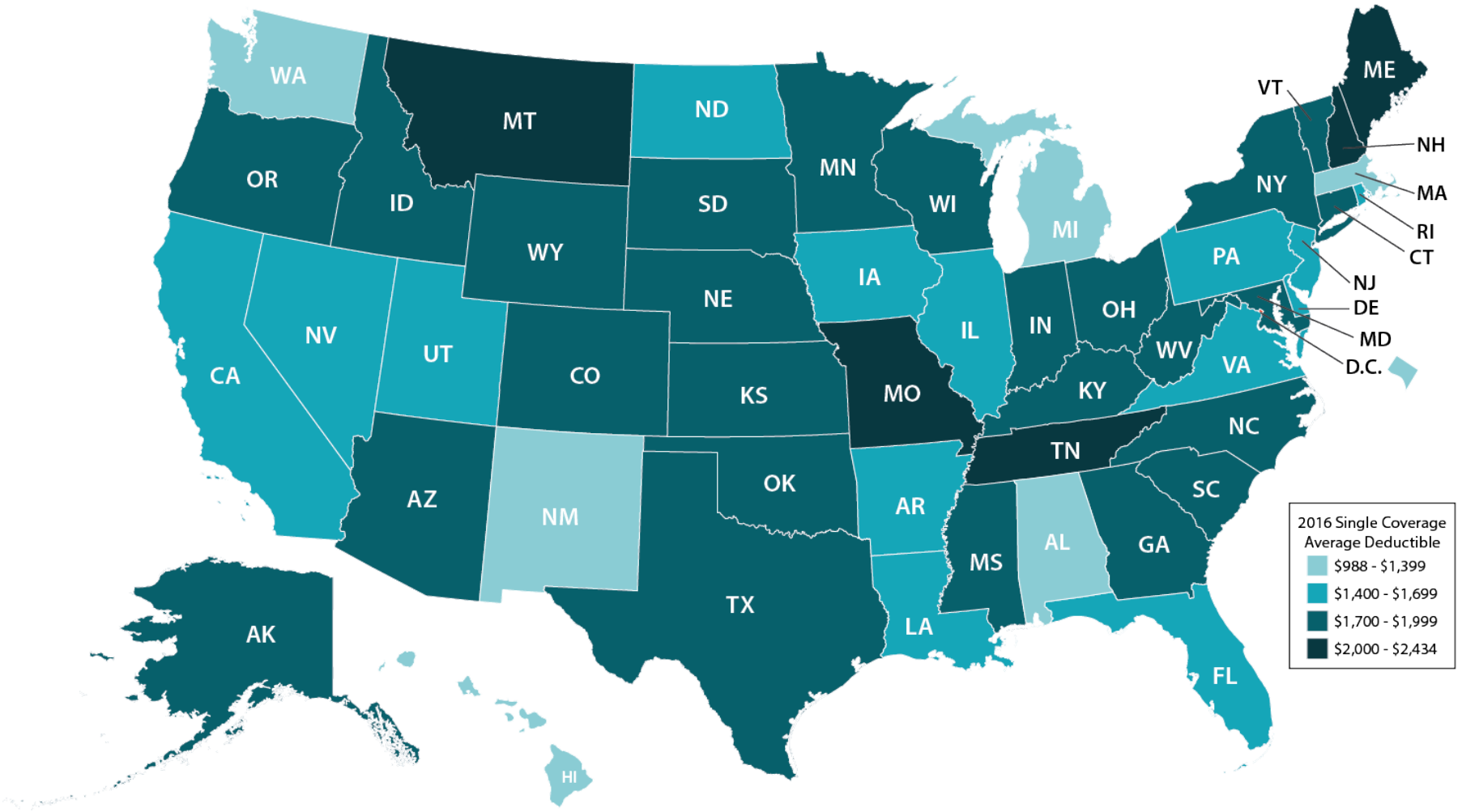
Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.

AVERAGE DEDUCTIBLE FOR SINGLE COVERAGE, ALL FIRM SIZES

LOWEST AVERAGE DEDUCTIBLE	1. Hawaii	$988
	2. District of Columbia	$1,181
	3. Alabama	$1,205
	4. New Mexico	$1,301
	5. Michigan	$1,379
	6. Washington	$1,379
	United States	**$1,696**
HIGHEST AVERAGE DEDUCTIBLE	1. New Hampshire	$2,434
	2. Tennessee	$2,142
	3. Maine	$2,103
	4. Montana	$2,039
	5. Missouri	$2,009

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

AVERAGE DEDUCTIBLE SINGLE COVERAGE, 2016



Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

ESI ENROLLMENT IN HIGH-DEDUCTIBLE HEALTH PLANS

HIGH-DEDUCTIBLE HEALTH PLAN (HDHP) ENROLLMENT, 2016

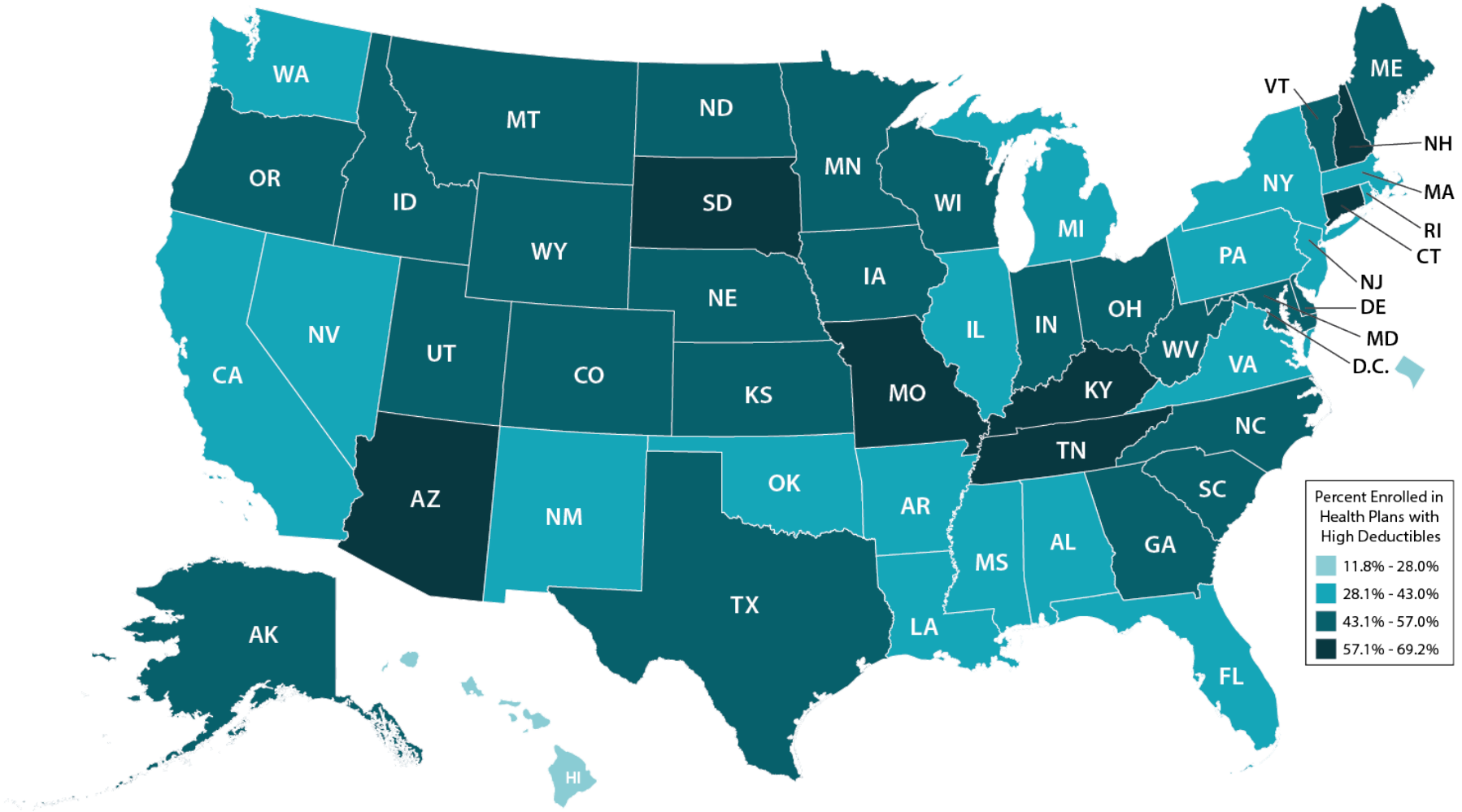
- Nationally, 42.6% of enrolled employees at all firms were enrolled in high-deductible health plans~ in 2016.
- There was wide variation among states on this measure.
- Among states, **New Hampshire** had the **highest** percentage of employees enrolled in high-deductible health plans (69.2%) in 2016, and **Hawaii** had the **lowest** percentage (11.8%).

~For the purposes of this analysis, high-deductible health 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 2016). This includes employees enrolled in single and family plans.

	PERCENT OF ENROLLED EMPLOYEES IN HIGH-DEDUCTIBLE HEALTH PLANS~	
TOP FIVE STATES	1. New Hampshire	69.2%
	2. Kentucky	60.4%
	3. Connecticut	59.3%
	4. Missouri	58.1%
	5. Arizona	57.4%
	United States	**42.6%**
BOTTOM FIVE STATES	1. Hawaii	11.8%
	2. District of Columbia	23.2%
	3. California	28.1%
	4. New Mexico	32.3%
	5. Alabama	32.7%

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

HIGH-DEDUCTIBLE HEALTH PLAN~ (HDHP) ENROLLMENT, 2016



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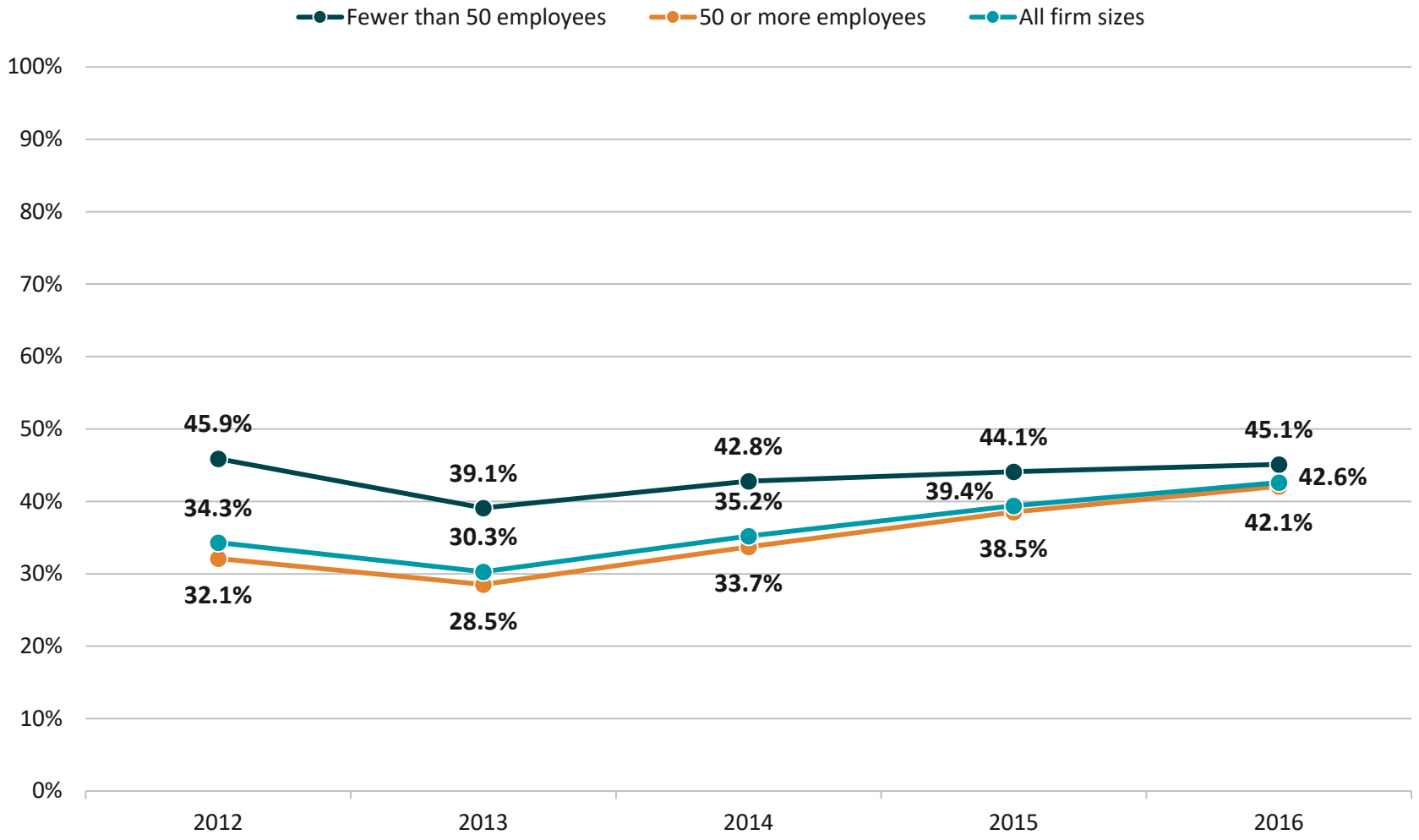
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

PERCENT OF ENROLLED EMPLOYEES IN HIGH-DEDUCTIBLE HEALTH PLANS~, 2012–2016



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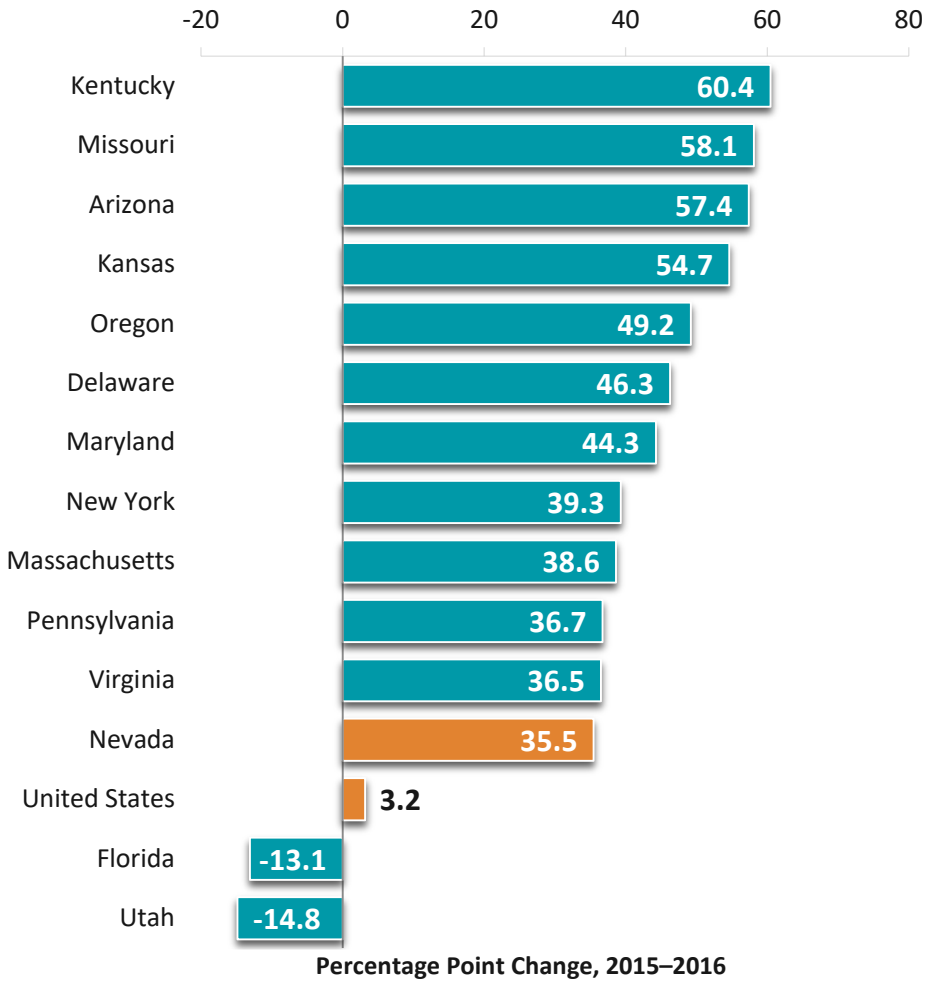
* Significant difference between 2015 and 2016 estimates at the 95% confidence level.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

ENROLLMENT GROWTH IN HIGH-DEDUCTIBLE HEALTH PLANS HAPPENING NATIONWIDE

- From 2015 to 2016, the percentage of employees enrolled in high-deductible health plans (HDHPs)~ **increased** in the large majority of states, although these increases were **not statistically significant** in all cases.
- **12 states** had statistically significant **increases** in high-deductible health plan enrollment from 2015 to 2016.
- **Two states (Florida and Utah)** had statistically significant **decreases** during this period.

~For the purposes of this analysis, high-deductible health 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 2016). This includes employees enrolled in single and family plans.
†Results for Delaware and Nevada are significant at the 90% confidence level.

States with Statistically Significant Changes in HDHP~† Enrollment, Percentage Point Change, 2015–2016



Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

METHODS AND NOTES

- This report includes estimates for private-sector employers and employees and does not include dependents. The MEPS-IC has no data on the number of dependents covered and therefore cannot estimate total covered persons; it can only estimate employee enrollment.
  - Small firms are defined as fewer than 50 employees.
  - Large firms are defined as 50 or more employees.
- For calculations based on all employees/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.
- 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://meps.ahrq.gov/survey_comp/ic_ques_glossary.pdf). 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 employees. Throughout this report and the accompanying tables, we use the term "firm" to refer to employers and businesses broadly.
- For the purposes of this analysis, high-deductible health 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 2016).
- Average premium prices are not adjusted to account for variation in actuarial value.
- Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

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.