

STATISTICAL BRIEF #212

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Employer-Sponsored Health Insurance for Small Employers in the Private Sector, by Industry Classification, 2006

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Introduction

Employer-sponsored health insurance for current workers is one of the primary sources of health insurance coverage in the United States. According to data from the Insurance Component of the 2006 Medical Expenditure Panel Survey (MEPS-IC), approximately 99.7 million of the 114.7 million employees from the private sector worked in firms where the employer offered health insurance. Of those employees who worked where health insurance was offered, approximately 60.6 million were enrolled.

This Statistical Brief presents estimates, by industry classification, on the percentage of employees who worked for small private sector employers (firms with fewer than 50 employees) who offered health insurance and of employees working in such firms who enrolled in offered health insurance plans. The brief also provides estimates on average premiums and the average employee contributions towards premiums for single coverage and for family coverage. Only those estimates that had a statistically significant difference from the national average at the 0.05 percent significance level are noted in the text.

Although a large percentage of private sector employees worked where health insurance was offered in 2006, small private sector employers were much less likely to offer health insurance than other firms or governments. Among these small employers, the offer and enrollment rates varied considerably by industry.

Findings

Among the 31.6 million employees who worked for small private sector employers in 2006 (estimate not shown), 61.2 percent worked where the employer offered health insurance (figure 1). The offer rates varied considerably by industry classification. The percentage of employees who worked for small employers who offered health insurance was 77.1 percent for the combined Mining and Manufacturing sectors, 80.2 percent for the Wholesale Trade sector, 68.3 percent for the Financial Services and Real Estate sector, and 71.1 percent for the Professional Services sector. All these rates were significantly higher than the national average for small employers. Alternatively, the rates for the Other Services and Retail industries were significantly lower than the national average for small employers, with only 47.3

Highlights

- In 2006, 61.2 percent of employees of small private sector employers worked where health insurance was offered, with wide variations by industry.
- In 2006, 60.1 percent of employees who worked at small employers who offered health insurance enrolled in health insurance. There was substantial variation in the enrollment rates among small employers by industry classification.
- Annual health insurance premiums per enrolled employee with single coverage at small firms averaged \$4,260 in 2006. Premiums averaged \$11,095 per enrolled employee for family-of-four coverage in small firms in the private sector. In the Professional Services industry, both single and family premiums at small firms were significantly higher than the national costs.
- The average employee premium contribution per enrolled employee for single coverage across small private sector employers was \$705.
- The average employee premium contribution per enrolled employee for family coverage across small private sector employers was \$3,101.

and 54.6 percent, respectively, of employees in these small firms working where health insurance was offered.

Among employees of small employers who worked where health insurance was offered, 60.1 percent enrolled (figure 2). Below average enrollment rates for small employers were 45.4 percent for employees in the Other Services industry and 51.7 percent for those in the Retail Trade industry. Above average enrollment rates were 74.3 percent in the Financial Services and Real Estate industries, 71.5 percent in the Wholesale Trade sector, 70.1 percent in the Mining and Manufacturing industries, and 64.3 percent in the Construction industry.

Annual health insurance premiums per enrolled employee with single coverage at small firms averaged \$4,260 in 2006 (figure 3). Premiums averaged \$11,095 per enrolled employee for family-of-four coverage (figure 4) in small firms in the private sector. In the Professional Services industry, both single and family premiums at small firms were significantly higher than the national costs at \$4,474 and \$11,712, respectively. Other significant differences included single premiums in Mining and Manufacturing at a below average \$3,761 and family premiums in Construction at a below average \$10,289.

Average employee contributions towards premiums for small private sector employers in 2006 were \$705 (figure 5) for single coverage and \$3,101 (figure 6) for a family of four. At the 0.05 percent significance level, no industry's contributions differed from the national average for either single or family coverage.

Data Source

This Statistical Brief summarizes data from the 2006 MEPS-IC. The data are available on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

Definitions

In this brief, an employer is defined as a private sector firm. A firm is defined as a business entity that controls one or more business establishments or locations. Consequently, an employer can have multiple work locations. Only small employers with fewer than 50 employees across all their locations were included in this analysis.

The classification by industry is based upon the North American Industrial Classification System.

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. 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 2006 survey, prior to accounting for losses due to nonresponse and out-of-scope cases.

For more information on this survey, see MEPS *Methodology Reports* 6, 8, 10, 14, 17, and 18 on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/data_stats/publications.jsp and *Insurance Component Survey Basics* at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Suggested Citation

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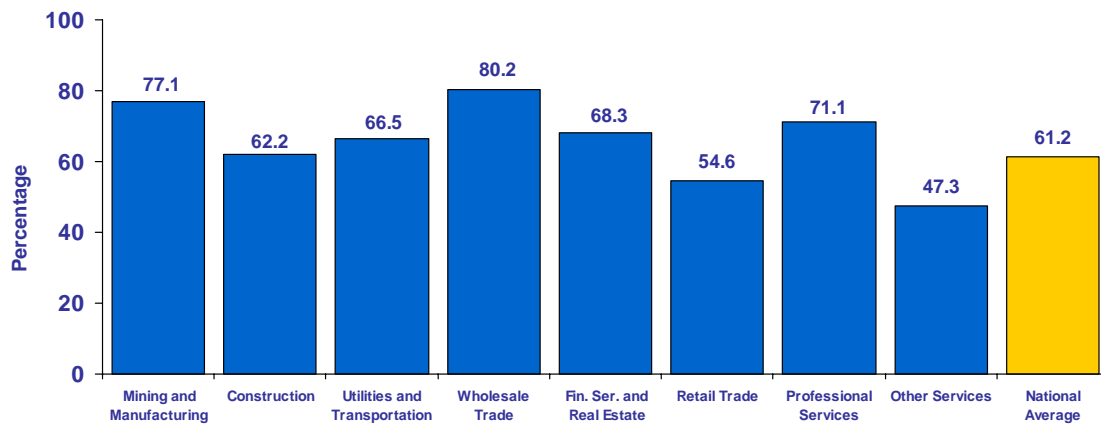
AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United

States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please e-mail us at MEPSProjectDirector@ahrq.hhs.gov or send a letter to the address below:

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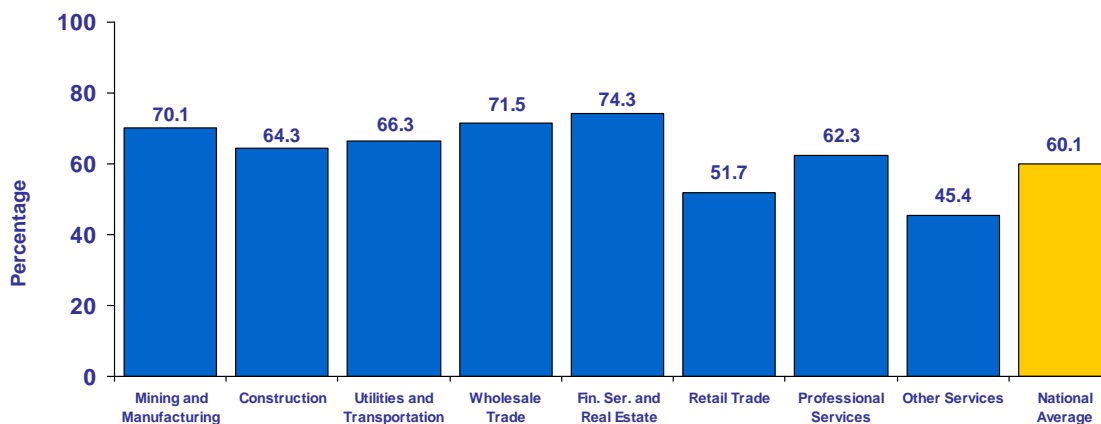
Figure 1. Percentage of private sector employees in firms with fewer than 50 employees who worked where health insurance was offered, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006



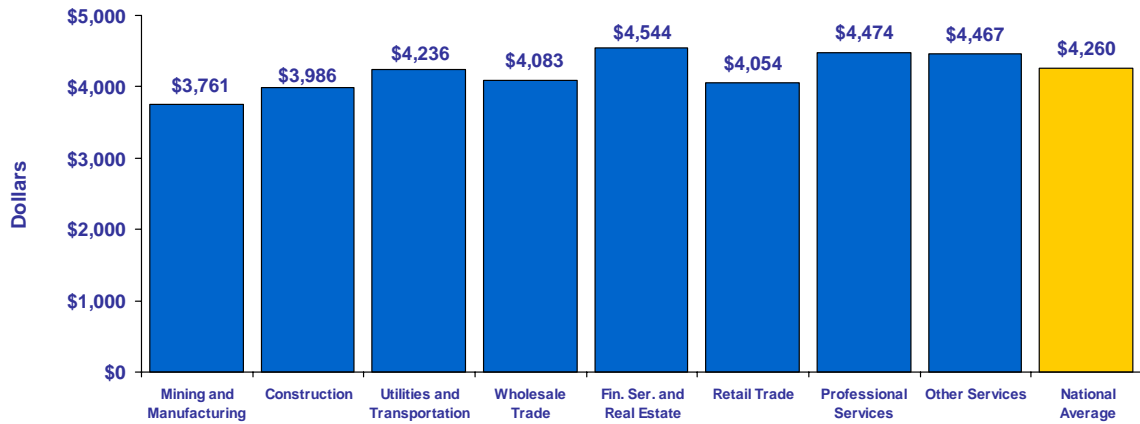
Figure 2. Percentage of employees enrolled in health insurance in establishments that offered health insurance for firms with fewer than 50 employees, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006



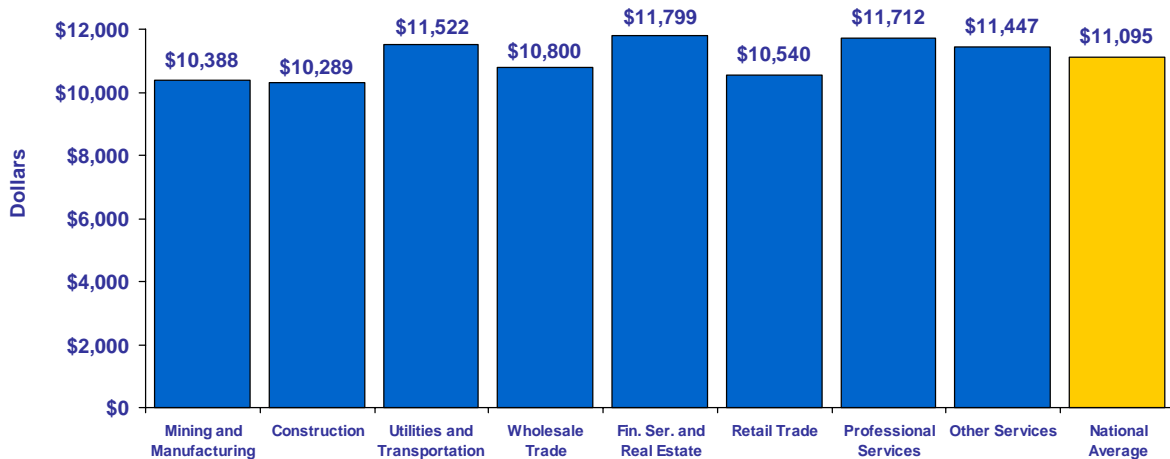
Figure 3. Average premium per enrolled employee for single coverage at establishments within firms with fewer than 50 employees, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006



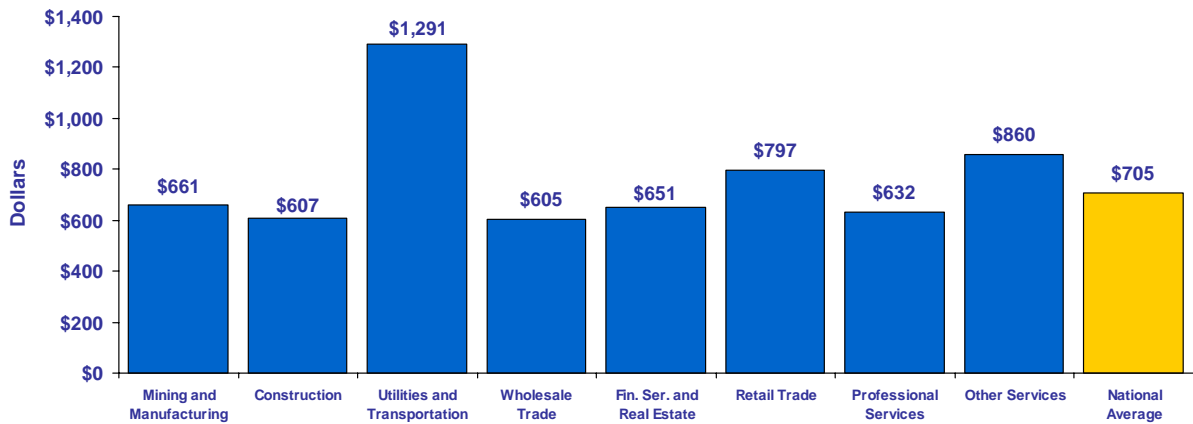
Figure 4. Average premium per enrolled employee for family-of-four coverage at establishments within firms with fewer than 50 employees, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006



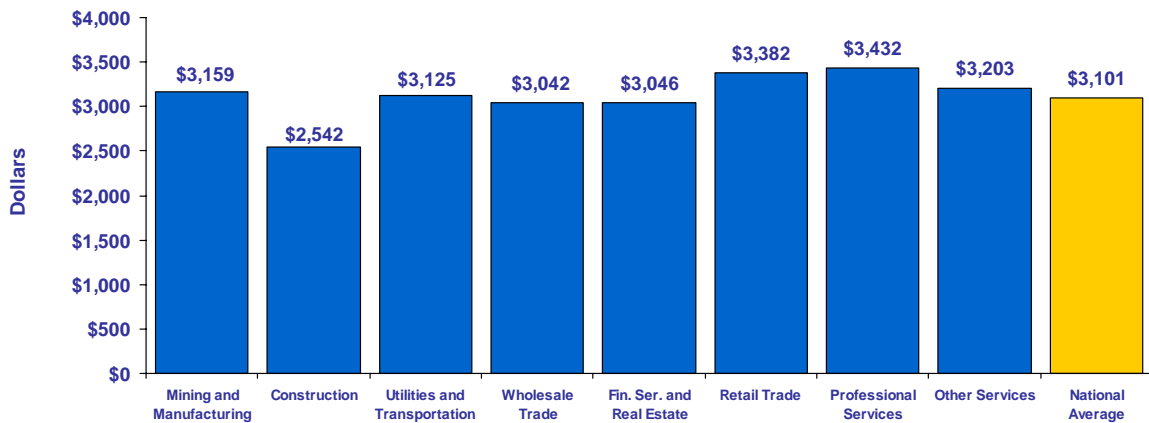
Figure 5. Average employee contribution per enrolled employee for single coverage at establishments within firms with fewer than 50 employees, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006



Figure 6. Average employee contribution per enrolled employee for family-of-four coverage at establishments within with firms fewer than 50 employees, by industry, 2006



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006