

STATISTICAL BRIEF #266

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Trends in Employer-Sponsored Health Insurance Offers and Enrollment, Private Sector by Firm Size, 1998-2008

Beth Levin Cimmel, MS

Introduction

Health insurance provided by employers is a key source of coverage for both employees and their families. The extent to which employers offer health insurance coverage can vary over time, as can the extent to which employees choose to enroll in coverage. This Statistical Brief discusses both changes in health insurance offers by private sector employers and changes in enrollment by their employees from 1998 to 2008.

Differences in offers and enrollments for small (fewer than 50 employees) and large (50 employees or more) employers during the period are also discussed. In 1998, 32.2 percent of private sector employees worked in small firms. By 2008, the percentage of employees in small firms had declined to 27.0 percent (figure 1). In contrast, the portion of employment in large firms increased over the years to 73.0 percent.

The data in this Statistical Brief are from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), an annual survey of employer-sponsored health insurance coverage and costs in both the private sector and State and local governments.

Only differences that are statistically significant at the 0.05 significance level are discussed in the text.

Findings

Overall, the percentage of private sector employees working for an employer who offered health insurance was unchanged through the 1998-2008 period (figure 2). In 2008, it stood at 87.7 percent. Employees of small firms, however, were less likely to work where insurance was offered in 2008 (61.6 percent) than in 1998 (64.7 percent). Throughout the years 1998 through 2008, employees of small firms were much less apt to work where insurance was offered than employees of large firms (97.4 percent in 2008).

Not all employees who work where health insurance is offered are eligible to enroll. Common eligibility criteria include a minimum number of hours worked per pay period and/or a minimum length of service period with the employer. In 2008, 78.1 percent of all private sector employees working where insurance was offered were eligible to enroll (figure 3). The eligibility rate in small firms rose from 75.8 percent to 78.5 percent over the period of time. In 1998, the percentage eligible was higher in large firms (78.1 percent) than small firms. By 2008, though, eligibility rates were no different for small and large firms.

From 1998 to 2008, the percentage of all eligible employees who chose to enroll in health insurance coverage fell from 85.3 percent to 78.7 percent (figure 4). This decline held true in the private sector regardless of firm size. Enrollment rates at large employers declined from 86.8 percent to 79.3 percent; enrollment rates at small employers declined from 80.1 percent to 76.0 percent. A big portion of the drop in the enrollment rate at large firms occurred from 1998 to 1999; the enrollment rate in the largest firms--those with 1,000 or more employees--showed a particularly steep decline in that year (not shown). Eligible employees in small firms were less likely to enroll than employees of large firms throughout the period.

Data Source

This Statistical Brief summarizes data from the 1998-2008 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.

Highlights

- Overall, the percentage of private sector employees working for an employer who offered health insurance was unchanged between 1998 and 2008. Throughout the period, employees of small firms were much less apt to work where health insurance was offered than employees of large firms.
- In 1998, the percentage of employees eligible to enroll in health insurance was higher in large firms than small firms. By 2008, though, the eligibility rates were no different for small and large firms.
- From 1998 to 2008, where health care coverage was offered, the percentage of eligible employees who chose to enroll fell from 85.3 percent to 78.7 percent in the private sector.

Definitions

Employee

A person on the actual payroll. Excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

Eligible employee

Not all employees may be eligible to enroll in health insurance coverage at those establishments where it is offered. Common eligibility criteria include a minimum number of hours worked per pay period or a minimum length of service with the employer. An employee that is eligible to enroll during the plan enrollment period is considered eligible even if the employer is surveyed at other times of the year.

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee (premium) for a defined benefit period.

Employer

In this Statistical Brief, an employer is defined as a private sector firm.

Firm

A business entity consisting of one or more business establishments under common ownership or control. A firm represents the entire organization, including the company headquarters and all divisions, subsidiaries, and branches. A firm may consist of a single-location establishment, in which case the establishment and firm are identical.

Firm size

Firm size is the count of employees across all locations (establishments) controlled by an individual firm. Small firms have fewer than 50 employees at all locations combined, while large firms have 50 or more employees at all locations combined.

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. Census Bureau 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 private sector establishments was selected for the 2008 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/data_stats/publications.jsp and Insurance Component Survey Basics at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Suggested Citation

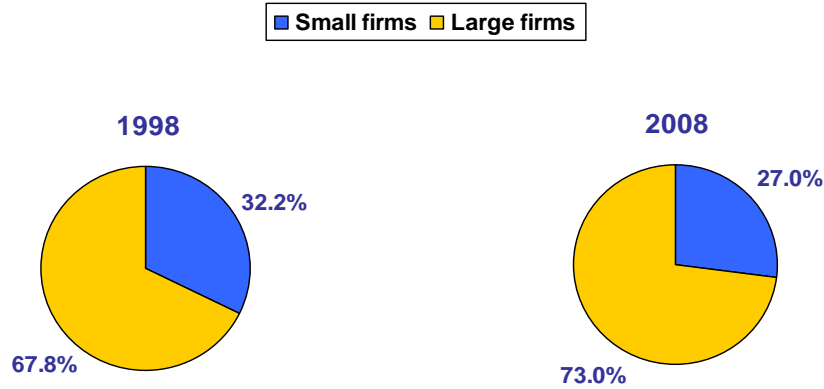
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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:

Steven B. Cohen, PhD, Director
Center for Financing, Access, and Cost Trends
Agency for Healthcare Research and Quality
540 Gaither Road
Rockville, MD 20850



Figure 1. Percentage of private sector employees by firm size, 1998 and 2008

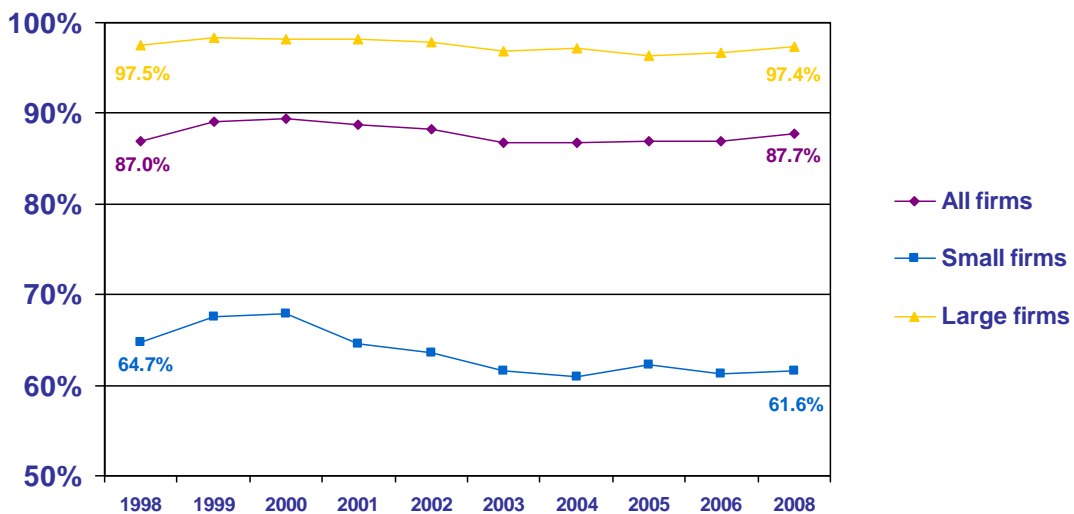


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1998–2008



Figure 2. Percentage of employees working where health insurance is offered, private sector, by firm size, 1998–2008

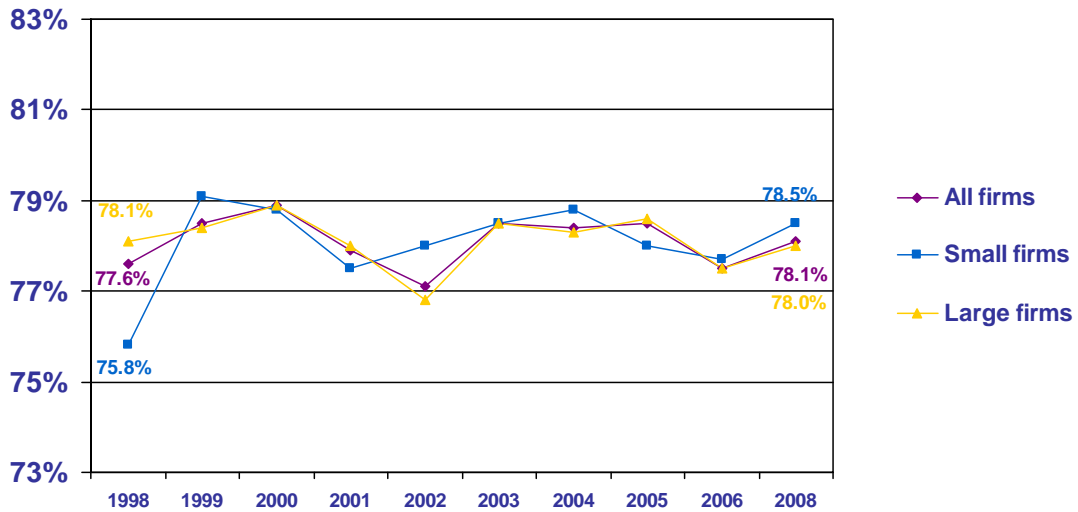


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1998–2008



Figure 3. Percentage of employees eligible to enroll in health insurance where it is offered, private sector, by firm size, 1998–2008

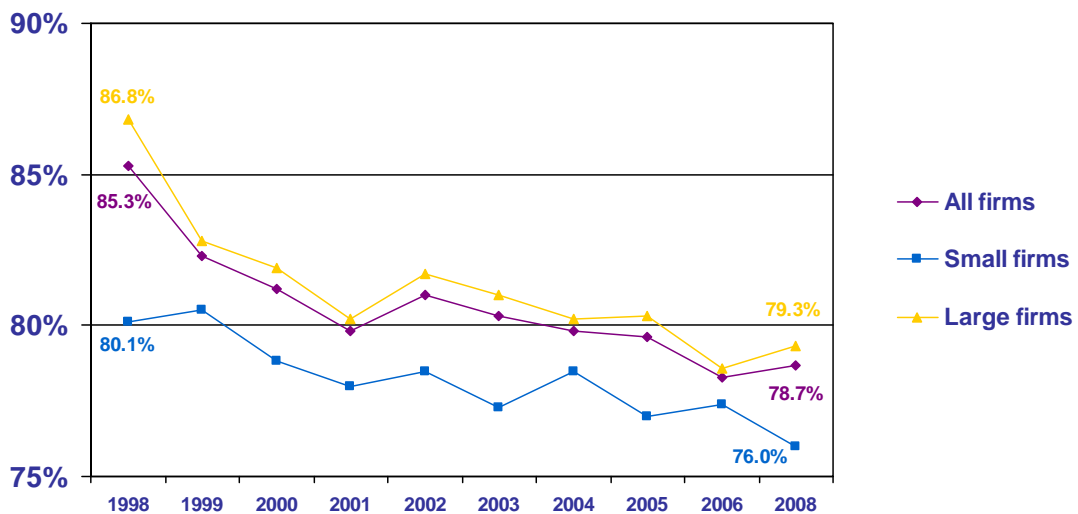


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1998–2008



Figure 4. Percentage of eligible employees who enrolled in health insurance where it is offered, private sector, by firm size, 1998–2008



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1998–2008