

STATISTICAL BRIEF #325

June 2011

Changes in Premiums and Employee Contributions for Employer-Sponsored Health Insurance, Private Industry, 2001-2009

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Introduction

The cost of employer-sponsored health insurance plans has risen over the last several years, regardless of whether coverage is for the employee only or for the employee plus family members. Both total premiums and the employee contribution toward the premium have increased much more rapidly than overall prices, for all types of coverage.

This Statistical Brief compares changes to annual premiums and employee contributions within coverage types and across coverage types for private sector employers for the period 2001–2009, using estimates from the Medical Expenditure Panel Survey-Insurance Component (MEPS-IC). The MEPS-IC is an annual survey of health care coverage offered by employers in the private sector and in state and local governments, and is sponsored by the Agency for Healthcare Research and Quality.

All health insurance estimates pertain only to those current employees enrolled in an employer-sponsored plan. Only differences that were statistically significant at the 0.05 percent significance level are noted in the text.

Findings

There are three basic types of employer-sponsored health insurance coverage that employees offered insurance may have the option to select:

- Single coverage (for the employee only);
- Employee-plus-one coverage (for the employee and only one family member); or
- Family coverage (for the employee and one or more additional family members).

Not all employers offer all types of coverage. For example, some employers only provide coverage for their employees and do not offer insurance for family members.

Within all three coverage types, the change in employee contributions over the 2001–2009 period was much greater than the change in premiums. Premiums for single coverage rose 61.6 percent from \$2,889 to \$4,669, while employee contributions rose 92.2 percent from \$498 to \$957 (figures 1 and 2). For employee-plus-one coverage, the change in premiums was \$5,463 to \$9,053 or 65.7 percent over the eight years. The change in employee contributions was much larger, 120.8 percent, from \$1,070 to \$2,363 (figures 1 and 3). Family coverage premiums increased 73.5 percent over the period (\$7,509 to \$13,027), compared to a 99.5 percent increase (\$1,741 to \$3,474) in employee contributions (figures 1 and 4).

Both premiums and employee contributions for all coverage types rose much more rapidly than overall consumer prices. The annual Consumer Price Index for All Urban Consumers was up 21.1 percent from 2001–2009.

Over the period, single coverage was the least expensive of the three coverage types for both premiums and employee contributions, while family coverage was the most expensive. Single premiums averaged

Highlights

- For each coverage type--single, employee-plus-one, or family--the change in employee contributions over the 2001-2009 period was greater than the change in premiums.
- Family coverage premiums were up 73.5 percent, more than either single or employee-plus-one premiums, in 2001-2009.
- Employee contributions for employee-plus-one coverage increased 120.8 percent, which was much greater than the rise in employee contributions for single or family coverage.

\$4,669 in 2009, while premiums for employee-plus-one coverage were \$9,053 and premiums for family coverage were \$13,027 (figure 1). Average employee contributions to single coverage were \$957. Average employee contributions stood at \$2,363 for employee-plus-one coverage and \$3,474 for family coverage in 2009.

Comparing cost changes by coverage type, premiums rose at the lowest rate for single coverage—61.6 percent over the period (figure 5). The increase for employee-plus-one premiums (65.7 percent) was more than for single coverage. Family coverage premiums were up 73.5 percent, more than either single or employee-plus-one premiums, in 2001–2009.

Employee contributions for employee-plus-one coverage increased 120.8 percent, which was much greater than the rise in single or family coverage contributions (figure 6). Single coverage employee contributions were up 92.2 percent over the period; this increase did not differ statistically from the change for family coverage employee contributions, which was 99.5 percent.

Data Source

The statistics in this Brief are estimates from the 2001 through 2009 MEPS-IC. All information comes from tables that are available on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Definitions

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, usually a calendar year.

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.

Premium

Agreed-upon fee paid for coverage of medical benefits for a defined benefit period, usually a calendar year.

Single coverage

Health insurance that covers the employee only. There were 29.6 million private sector employees with single coverage in 2009.

Employee-plus-one coverage

Health insurance that covers the employee-plus-one family member at a lower premium level than family coverage. This family member could be a spouse or a child. If premiums differed for employee-plus-spouse and employee-plus-child coverage, information for employee-plus-child was reported. There were 11.6 million private sector employees with employee-plus-one coverage in 2009.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offered more than one pricing level for family coverage, information for a family of four was reported. There were 18.1 million private sector employees with family coverage in 2009.

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 2009 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/Pub_ProdLookup_Results.jsp?ProductType=Methodology%20Report&Comp=Insurance and Insurance Component Survey Basics at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Suggested Citation

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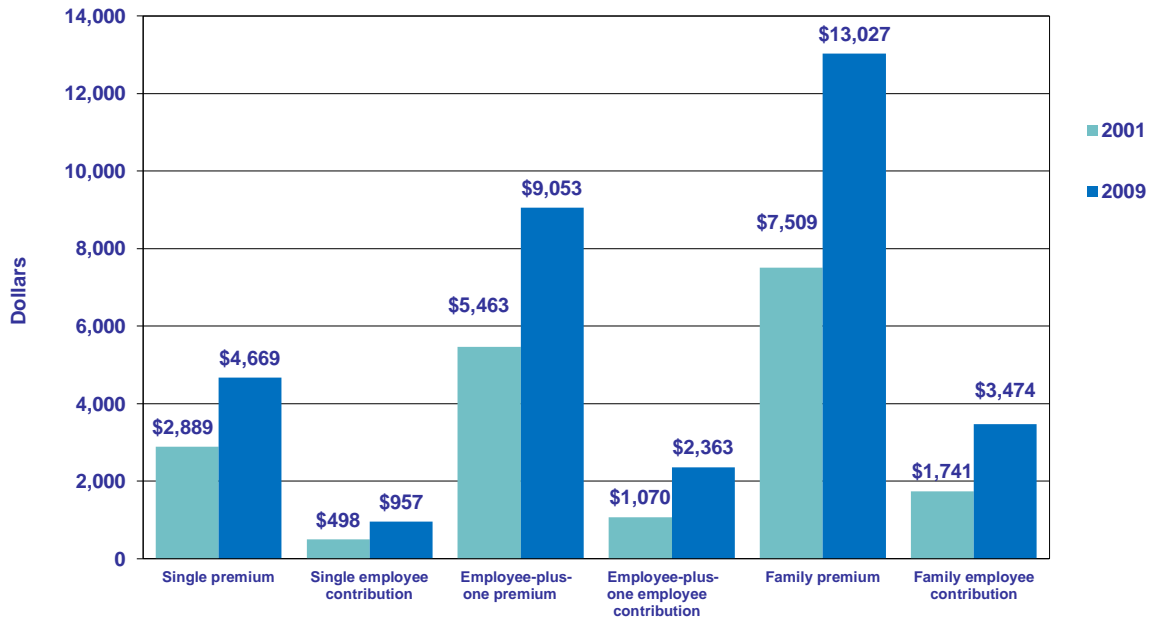
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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 mepsd@ahrq.hhs.gov or send a letter to the address below:

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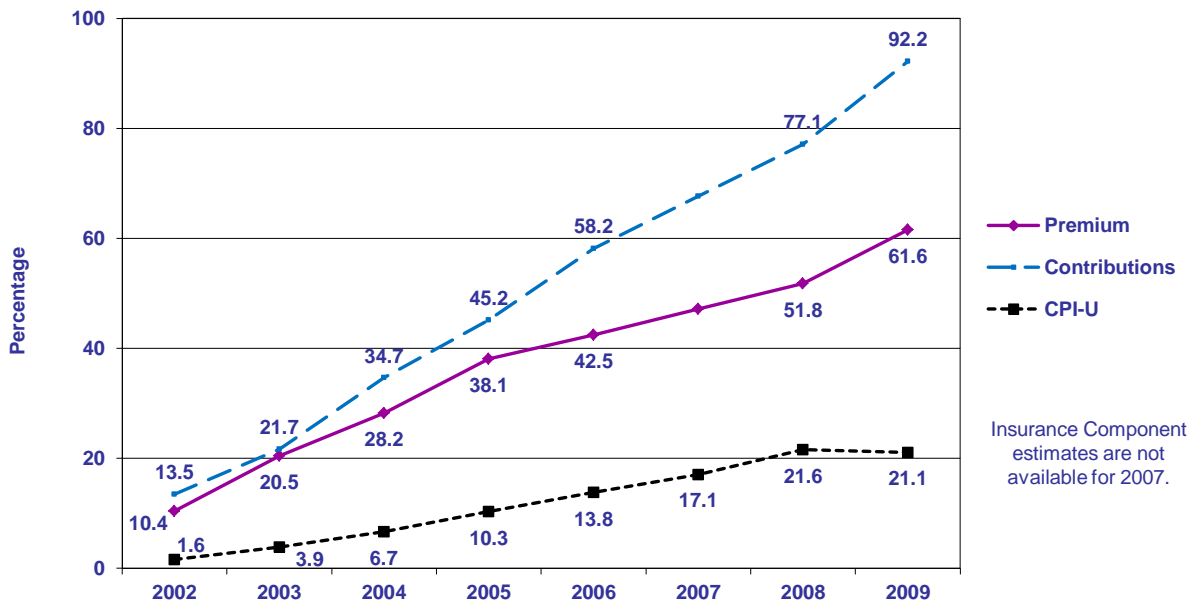
Figure 1. Annual premiums and employee contributions for employer-sponsored health insurance by coverage type, private industry, 2001 and 2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009



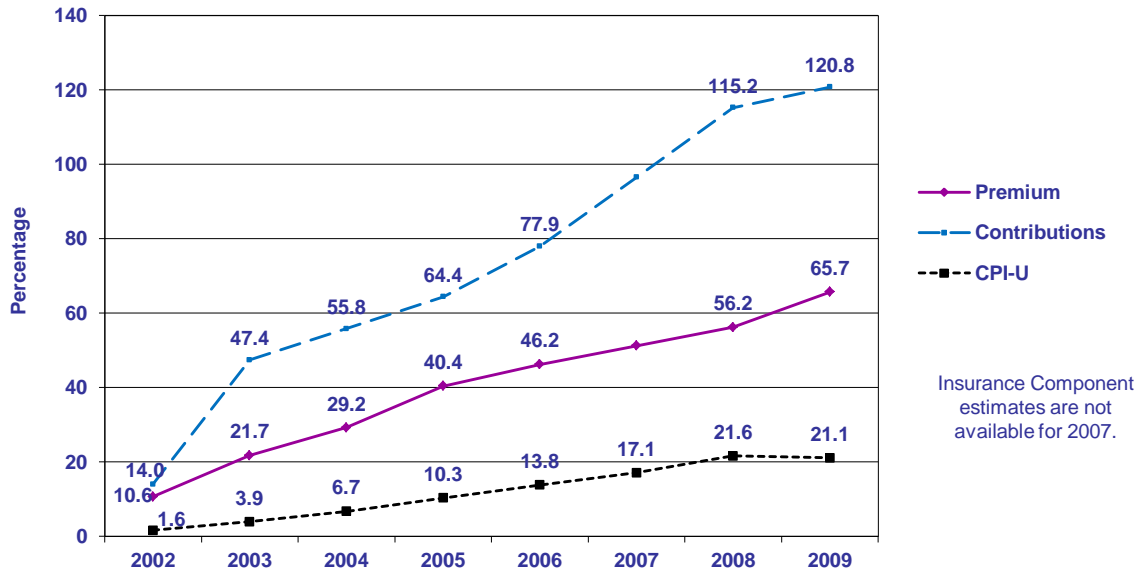
Figure 2. Cumulative percentage change in single coverage premiums and employee contributions for employer-sponsored health insurance, private sector, 2001–2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009



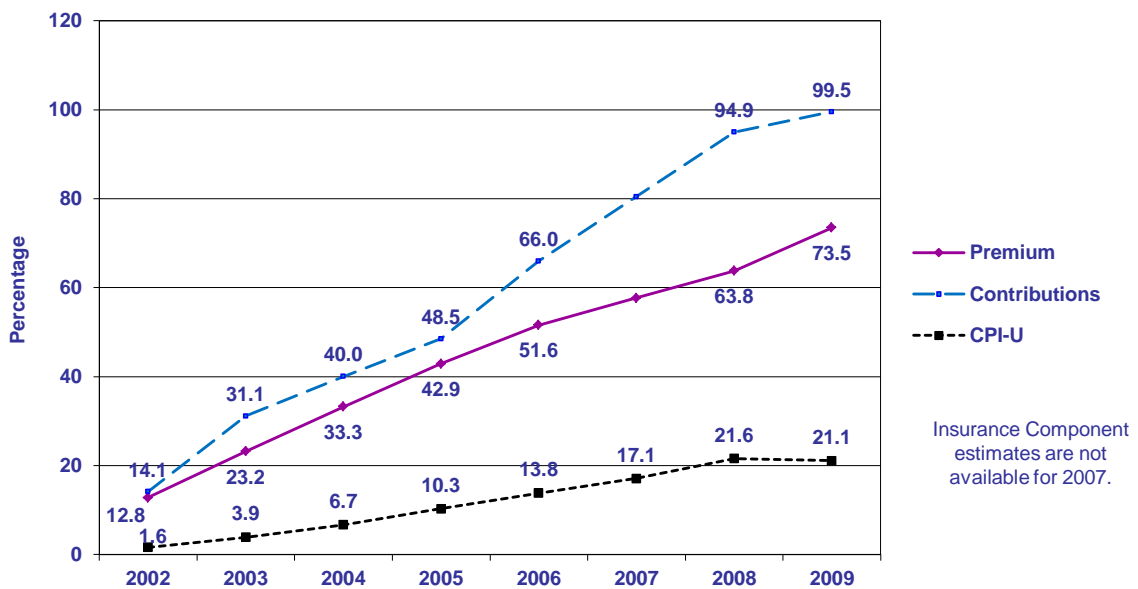
Figure 3. Cumulative percentage change in employee-plus-one coverage premiums and employee contributions for employer-sponsored health insurance, private industry, 2001–2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009



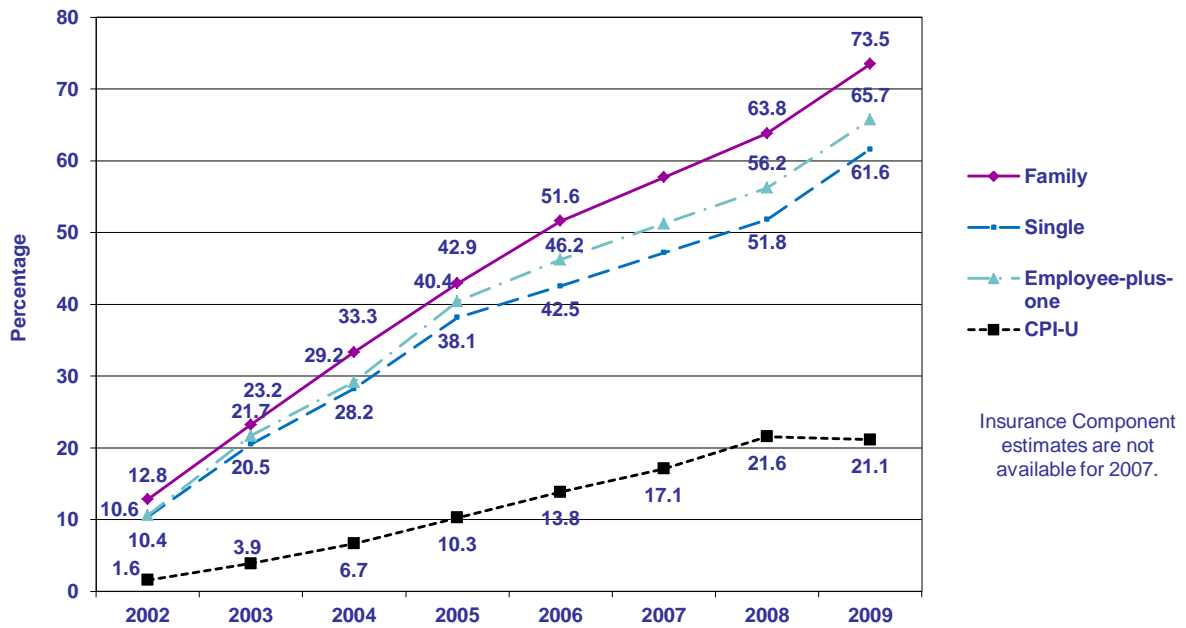
Figure 4. Cumulative percentage change in family coverage premiums and employee contributions for employer-sponsored health insurance, private industry, 2001–2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009



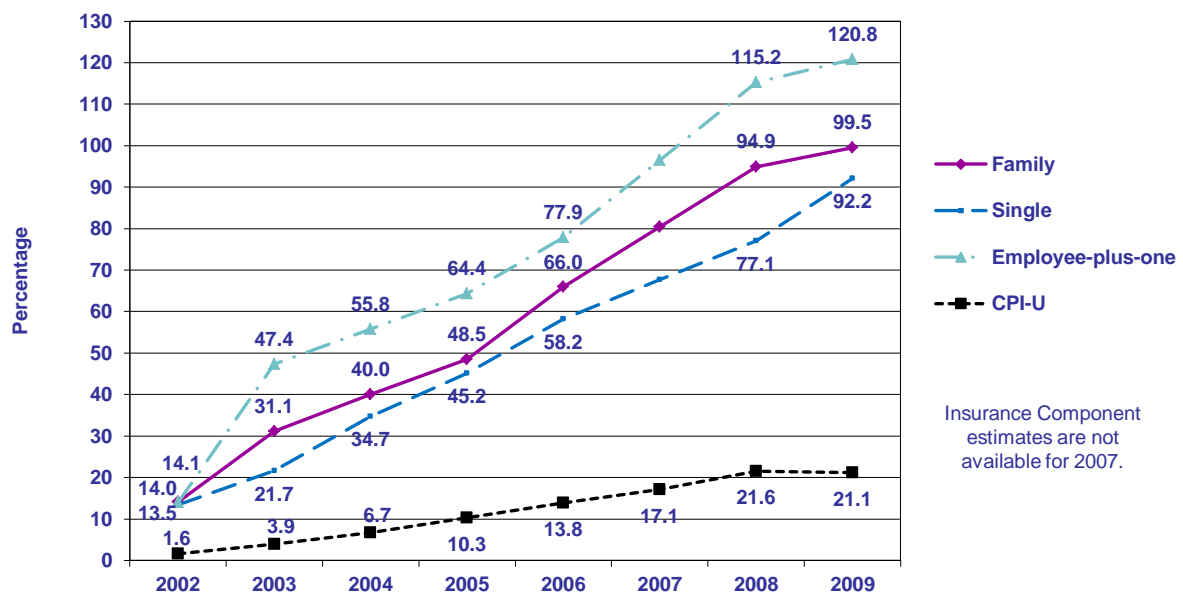
Figure 5. Cumulative percentage change in premiums by coverage type for employer-sponsored health insurance, private industry, 2001–2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009



Figure 6. Cumulative percentage change in employee contributions by coverage type for employer-sponsored health insurance, private industry, 2001–2009



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009