

STATISTICAL BRIEF #389

November 2012

Trends in Offers, Eligibility, and Take-Up Rates for Employer-Sponsored Health Insurance: Private Sector, by Firm Size, 1996-2011

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Introduction

Beginning with data for 1996, the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC) has produced a wide variety of information related to employer-sponsored health insurance coverage in the private sector of the U.S. economy. Data are released annually; the most recent estimates available are for 2011.

The MEPS-IC fields questionnaires to employers to collect data on health insurance offers, the number and types of plans available, benefits associated with these plans, annual premiums, annual contributions by employers and employees, eligibility requirements, and employer characteristics. The survey is conducted by the Bureau of the Census for the Agency for Healthcare Research and Quality. While not included in this report, the MEPS-IC also surveys state and local governments about health insurance coverage offered to their employees. Governments' data for 2011 will be released in November 2012.

Data tables for each survey year are available on the MEPS Web site at <http://www.meps.ahrq.gov>. In addition to the tables containing each year's estimates, the Web site also has an interactive tool, MEPSnet/IC, which displays the same estimate for all available survey years.

This Statistical Brief examines offers, eligibility, and take-up rates for private-sector employees, by firm size, using MEPS-IC data for the years 1996 through 2011. Only comparisons with a statistically significant difference at the 0.05 percent significance level are noted in the text.

Findings

There were 108.2 million employees in the private sector of the U.S. economy in 2011, up from 103.5 million in 1996 (figure 1). During the 1996–2011 period, most private-sector employees worked for large firms—those with 50 or more employees. In 1996, 69.5 percent (71.9 million) of employees were in large firms. This percentage was higher in 2011, at 72.5 percent (78.5 million) of employees.

The percentage of employees that worked for a private-sector employer offering health insurance was 86.5 percent in 1996 and 85.3 percent in 2011 (figure 2). The 2011 percentage was the lowest in the 15 years surveyed (data were not collected for 2007). For each year in the period, over 96 percent of large firm employees worked for an employer offering health insurance. In every year, small firm employees were much less likely to work where health insurance was offered than employees of large firms. For employees of small firms, the percentage stood at 62.3 percent in 1996 and 54.7 percent in 2011, the lowest during the period.

Not all employees may be eligible to enroll in health insurance coverage even when it is offered by their employer. Common eligibility criteria include a minimum number of hours worked per pay period or a minimum length of service with the employer. The percentage of employees eligible to enroll in health insurance in private-sector firms that offered insurance in 1996 was 81.3 percent (figure 3). In 2011, a slightly lower 78.0 percent of employees were eligible.

Highlights

- The percentage of employees that worked for a private-sector employer offering health insurance was 86.5 percent in 1996 and 85.3 percent in 2011. In every year, small firm employees (those in firms with fewer than 50 employees) were much less likely to work where health insurance was offered than employees of large firms (50 or more employees).
- The percentage of employees eligible to enroll in health insurance in private-sector firms that offered insurance in 1996 was 81.3 percent. In 2011, 78.0 percent of employees were eligible. There was only one year (1998) when the percentage of eligible employees differed by firm size.
- The percentage of eligible employees that chose to enroll in employer-sponsored coverage--the take-up rate--was 85.5 percent in 1996, falling to 76.1 percent in 2011. With the exception of 2006, when the percentages did not differ, the take-up rate for employees of large firms exceeded the take-up rate for employees of small firms in each year.

From 1996 to 2011, there was only one year (1998) when the percentage of eligible employees differed by firm size. For large private-sector firms, the percentage of eligible employees in firms offering health insurance was 81.1 percent in 1996 compared to 77.9 percent in 2011. For small firms, the percentage of eligible employees was 82.2 percent in 1996. The small firm rate for 2011 was 78.7 percent.

The percentage of eligible employees that chose to enroll in employer-sponsored coverage—the take-up rate—was 85.5 percent in 1996, falling to 76.1 percent in 2011 (figure 4). In large private-sector firms, 86.7 percent of eligible employees took insurance in 1996; in contrast, the take-up rate was 76.5 percent in 2011. In small firms, 81.1 percent of eligible employees took insurance in 1996; that percentage fell to 74.4 percent in 2011. With the exception of 2006, when the percentages did not differ, the take-up rate for employees of large firms exceeded the take-up rate for employees of small firms in each year.

Data Source

The statistics in this Brief are estimates from the 1996–2011 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

Eligible employee

Employees allowed to enroll in employer-sponsored coverage. Common eligibility criteria include a minimum number of hours worked per pay period or a minimum length of service with the employer.

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.

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.

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.

Large firm

A firm with 50 or more employees.

Small firm

A firm with fewer than 50 employees.

Take-up rate

The rate at which eligible employees enroll in health insurance coverage through their employer.

About MEPS-IC

The 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 (AHRQ). A total sample of approximately 42,000 private-sector establishments was selected for the 2011 survey, with 6.4 percent of the sample determined to be out of scope during the data collection process. The response rate for the private-sector was 81.7 percent of the remaining in-scope sample units.

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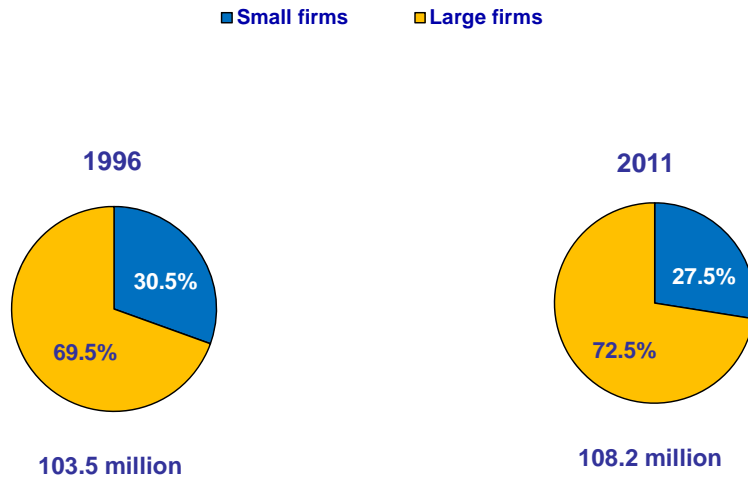
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

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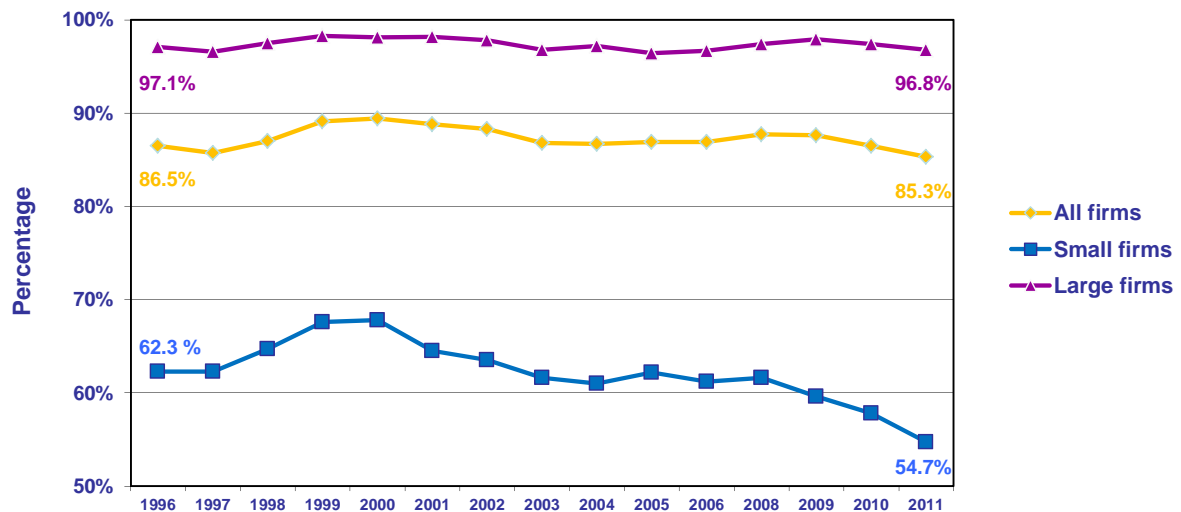
Figure 1. Percentage of private sector employees by firm size, 1996 and 2011



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees. Data are not available for 2007.
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1996–2011



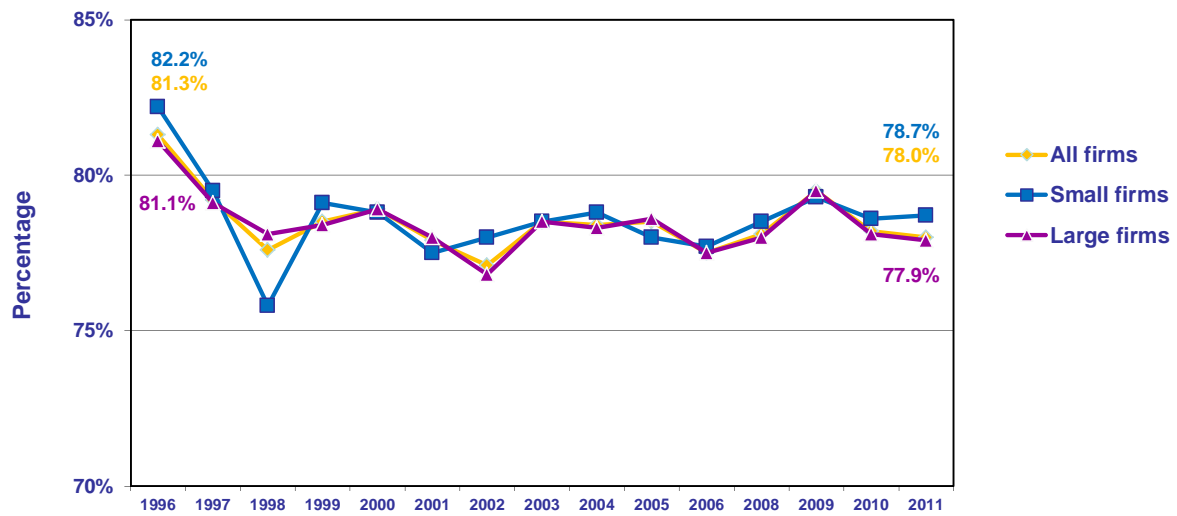
Figure 2. Percentage of employees working where health insurance is offered, private sector, by firm size, 1996–2011



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees. Data are not available for 2007.
 Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1996–2011



Figure 3. Percentage of employees eligible to enroll in health insurance in establishments where it is offered, private sector, by firm size, 1996–2011

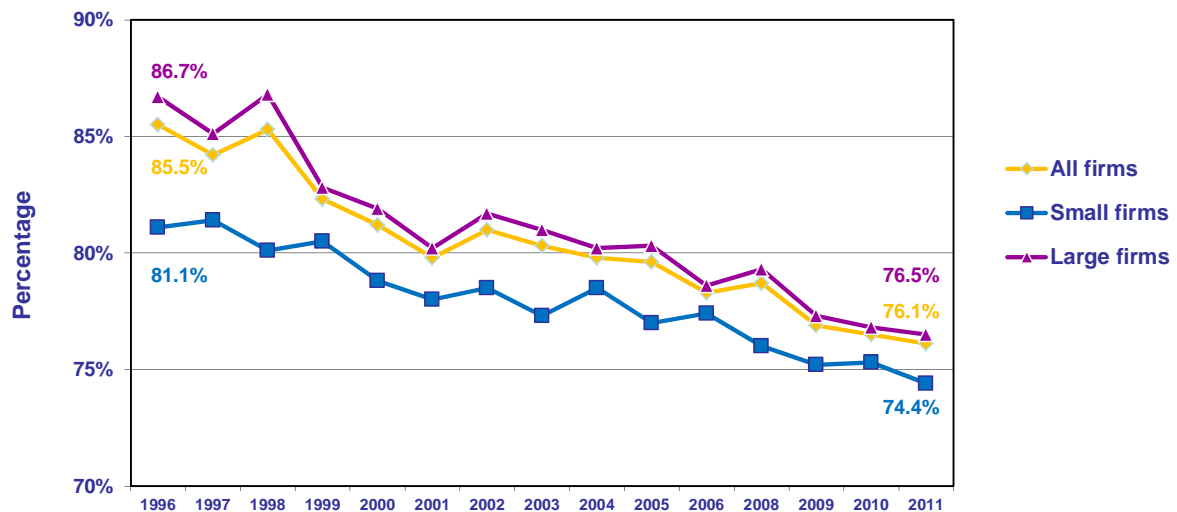


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees. Data are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1996–2011



Figure 4. Percentage of eligible employees who enrolled in health insurance in establishments where it is offered, private sector, by firm size, 1996–2011



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees. Data are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1996–2011