

STATISTICAL BRIEF #286

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State Differences in the Cost of Job-Related Health Insurance, 2009

James M. Branscome, MS

Introduction

Health insurance provided by employers is the primary source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance coverage varies considerably depending upon where one lives and on the number of persons covered by the plan.

This Statistical Brief presents state variations from the national average of the cost of job-related health insurance and how these costs are shared by employers and their employees. The Brief specifically examines the average premiums and employee contributions for private sector establishments in 2009 in the 10 most populous states based on the 2000 Decennial Census, using the most recent data available from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC). Estimates for all other states and the District of Columbia are available on the MEPS Web site (www.meps.ahrq.gov).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure of estimates from all 50 states and the District of Columbia at the 0.05 percent significance level are noted in the text. These estimates are also identified in the tables, with those above the national average noted with two asterisks (**) and those below the national average noted with one asterisk (*).

Findings

The percentage of employees enrolled in single, employee-plus-one, or family coverage can vary by state based on such factors as the number of one- and two-person households in the state, the number of multiple-worker families in which each person takes single coverage from his or her employer, the prevalence of unions, and the additional cost to an employee to insure his or her family beyond the cost for single coverage.

Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2009, 50.0 percent took single coverage, 19.5 percent took employee-plus-one coverage, and 30.5 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 40.8 percent in Michigan to 55.1 percent in Florida, for employee-plus-one coverage from 17.3 percent in New York to 22.7 percent in Michigan, and for family coverage from 26.9 percent in Florida to 36.5 percent in Michigan.
- Nationwide, the average premiums were \$4,669 for single coverage, \$9,053 for employee-plus-one coverage, and \$13,027 for family coverage. Among the 10 largest states, Ohio had the lowest average premiums and New York the highest--with average single premiums ranging from \$4,261 to \$5,121, employee-plus-one premiums from \$8,353 to \$9,766, and family premiums from \$11,870 to \$13,757.

From table 1:

- In the United States, employees enrolled in health insurance coverage through their employer were as likely to take single, self-only coverage (50.0 percent) as they were to take non-single coverage (50.0 percent). Non-single coverage is a plan that covers the employee and at least one other person.
- The percentage of employees enrolled in single coverage in Florida (55.1 percent) and California (52.8 percent) were higher than the national average of 50.0 percent.
- Michigan (40.8 percent), Ohio (46.3 percent) and New Jersey (46.4 percent) were lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was higher than the national average of 19.5 percent in Pennsylvania (21.9 percent) and lower in New York (17.3 percent).
- The percentage of employees enrolling in family coverage was higher than the national average of 30.5 percent in Michigan (36.5 percent), Ohio (34.1 percent), and Illinois (33.6 percent) while lower in California (27.5 percent).

Job-related health insurance premiums can vary for many reasons, such as the type of health insurance plan offered, the generosity of the plan, the size of the firm offering the plan, various workforce characteristics, state health insurance regulations, and the local cost of health care. All of these factors can contribute to differences in the average health insurance premiums between states.

From table 2:

- The average annual health insurance premiums in the United States in 2009 were \$4,669 for single coverage, \$9,053 for employee-plus-one coverage, and \$13,027 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New York (\$5,121) and Michigan (\$4,916) and below the national average in Ohio (\$4,261) and Texas (\$4,499).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New York (\$9,766) and below the national average in Ohio (\$8,353).
- The average state health insurance premiums for family coverage were above the national average in New York (\$13,757) and Illinois (\$13,708) and were below the national average in Ohio (\$11,870) and California (\$12,631).

Health insurance premiums can be paid totally by the employer or the employee, or the cost can be shared by both parties. While cost sharing between employers and employees is the most common arrangement, a significant number of employees pay no contribution toward their health insurance premium.

From table 3:

- Nationwide, 20.6 percent of employees with single coverage, 10.3 percent with employee-plus-one coverage, and 11.4 percent with family coverage made no contribution toward their premiums.
- Employees in California (28.5 percent) were more likely to make no contribution toward

single-coverage premiums than the national average of 20.6 percent, while employees were less likely to make no contribution in Ohio (12.4 percent).

- Employees in Florida (5.7 percent) were less likely to make no contribution to employee-plus-one coverage premiums than the national average of 10.3 percent.
- Employees in New York (20.3 percent) were more likely to make no contribution toward family coverage premiums than the national average of 11.4 percent, while employees were less likely to make no contribution in the states of Georgia (7.0 percent) and Florida (7.6 percent).

The average employee contributions to health insurance premiums (including the zero contributions noted in table 3) can vary significantly between states. In table 4, the average employee contributions for single, employee-plus-one, and family coverage per enrolled employee are displayed for the 10 largest states--both in dollar amounts and as a percentage of the average premium in each state.

From table 4:

- The average annual employee contributions to health insurance premiums per enrolled employee in the United States in 2009 were \$957 for single coverage (20.5 percent of the average single premium), \$2,363 for employee-plus-one coverage (26.1 percent of the average employee-plus-one premium), and \$3,474 for family coverage (26.7 percent of the average family premium).
- Employees in California (\$795 or 17.2 percent of the premium) contributed less towards their single coverage health insurance premiums than the national average of \$957 (20.5 percent of the premium).
- Employee contributions for employee-plus-one coverage in Michigan (\$1,882 or 19.6 percent of the premium) and New Jersey (\$2,047 or 22.3 percent of the premium) were lower than the national average of \$2,363 (or 26.1 percent of the premium). Employees in Florida (\$2,700 or 31.0 percent of the premium) contributed more than the national average for employee-plus-one coverage. As a percentage of the average employee-plus-one premium, Georgia (28.5 percent) employees also contributed more than the national average.
- Employees in Florida (\$4,275 or 33.1 percent of the premium) contributed more than the national average of \$3,474 or 26.7 percent of the premium toward their family coverage health insurance premiums. Employees in Pennsylvania (\$2,774 or 21.0 percent of the premium), Michigan (\$2,819 or 21.4 percent of the premium), and New York (\$3,034 or 22.1 percent of the premium) contributed less than the national average toward their family coverage health insurance premiums.

Data Source

The statistics in this Brief are estimates from the 2009 MEPS-IC. All information comes from tables that are available on the MEPS Web site (www.meps.ahrq.gov). Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in every year.

Definitions

Employer

A particular workplace or physical location where business is conducted or services or industrial operations are performed. In this Brief, only private sector employer estimates are reported.

Employee

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

Enrollee

An employee who is enrolled in a health insurance plan offered by the employer. Enrollees do not include any dependents covered by the plan.

Health insurance plan

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

Premium

Agreed-upon fees paid for coverage of medical benefits for a defined benefit period. Premiums can be paid by employers, unions, employees, or shared by the insured individual and the plan sponsor.

Single coverage

Health insurance that covers the employee only.

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 coverage was reported.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offers more than one pricing level for family coverage, information for a family of four was reported.

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). 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 and the MEPS-IC Technical Notes and Survey Documentation, which are available on the MEPS Web site (www.meps.ahrq.gov).

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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

Table 1. Percentage of private sector employees enrolled in employer-based health insurance plans that have single, employee-plus-one, or family coverage: United States and 10 largest states, 2009

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	50.0%	19.5%	30.5%
California	52.8%**	19.7%	27.5%*
Texas	50.3%	21.3%	28.4%
New York	50.0%	17.3%*	32.7%
Florida	55.1%**	18.1%	26.9%
Illinois	47.1%	19.3%	33.6%**
Pennsylvania	49.3%	21.9%**	28.8%
Ohio	46.3%*	19.6%	34.1%**
Michigan	40.8%*	22.7%	36.5%**
New Jersey	46.4%*	20.7%	33.0%
Georgia	50.3%	19.7%	30.1%

* Below the national average. ** Above the national average.

Note: Percentages may not add to 100 percent due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009, Tables II.C.4, II.D.4, and II.E.4

Table 2. Average annual health insurance premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2009

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	\$4,669	\$9,053	\$13,027
California	\$4,631	\$8,863	\$12,631*
Texas	\$4,499*	\$8,869	\$13,221
New York	\$5,121**	\$9,766**	\$13,757**
Florida	\$4,488	\$8,703	\$12,912
Illinois	\$4,725	\$9,199	\$13,708**
Pennsylvania	\$4,749	\$9,415	\$13,229
Ohio	\$4,261*	\$8,353*	\$11,870*
Michigan	\$4,916**	\$9,606	\$13,160
New Jersey	\$4,901	\$9,194	\$13,750
Georgia	\$4,692	\$8,890	\$12,792

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009, Tables II.C.1, II.D.1, and II.E.1.

Table 3. Percentage of private sector employees enrolled in single, employee-plus-one, and family health insurance coverage that required no contribution from the employee: United States and 10 largest states, 2009

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	20.6%	10.3%	11.4%
California	28.5%**	13.7%	14.0%
Texas	23.8%	11.7%	10.5%
New York	18.4%	11.4%	20.3%**
Florida	21.8%	5.7%*	7.6%*
Illinois	16.1%	6.3%	8.5%
Pennsylvania	18.5%	10.6%	12.4%
Ohio	12.4%*	9.8%	11.1%
Michigan	18.6%	14.2%	13.0%
New Jersey	18.7%	13.4%	15.8%
Georgia	20.1%	7.2%	7.0%*

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009, Tables II.C.4.a, II.D.4.a, and II.E.4.a.

Table 4. Average annual employee contribution toward the premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2009

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
UNITED STATES	\$957	20.5%	\$2,363	26.1%	\$3,474	26.7%
California	\$795*	17.2%*	\$2,392	27.0%	\$3,483	27.6%
Texas	\$991	22.0%	\$2,598	29.3%	\$4,024	30.4%
New York	\$1,075	21.0%	\$2,342	24.0%	\$3,034*	22.1%*
Florida	\$969	21.6%	\$2,700**	31.0%**	\$4,275**	33.1%**
Illinois	\$1,008	21.3%	\$2,348	25.5%	\$3,396	24.8%
Pennsylvania	\$917	19.3%	\$2,121	22.5%	\$2,774*	21.0%*
Ohio	\$1,065	25.0%	\$2,375	28.4%	\$3,667	30.9%
Michigan	\$946	19.2%	\$1,882*	19.6%*	\$2,819*	21.4%*
New Jersey	\$1,045	21.3%	\$2,047*	22.3%*	\$3,135	22.8%
Georgia	\$963	20.5%	\$2,538	28.5%**	\$3,597	28.1%

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2009, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3.