

STATISTICAL BRIEF #369

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Trends in Employer-Sponsored Health Insurance Plans that Required No Employee Contribution to the Premium, 2005 to 2010

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Introduction

The escalation in health insurance premiums for employer-sponsored plans over the last several years has had an impact on the characteristics of plans offered by employers and chosen by employees. This Statistical Brief discusses changes between 2005 and 2010 in the availability of and enrollment in employer-sponsored health insurance plans that required no employee contribution to the plan premium.

The estimates shown in this Brief, which are drawn from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), look at single, employee-plus-one, and family coverage in the private sector of the economy. Changes for employees working for small and large firms are analyzed. All differences between estimates discussed in the text are statistically significant at the 0.05 level.

Findings

Availability

In 2005, 23.6 percent of private sector employees eligible for health insurance from their employers worked in a firm that offered at least one single-coverage plan that required no employee contribution to the premium; by 2010, the rate had dropped to 20.4 percent (figure 1). The percentage of eligible employees offered either an employee-plus-one (figure 2) or family plan (figure 3) that required no employee premium contribution was lower than that for single coverage in both years, and paralleled the downward trend with single coverage. Employee-plus-one plans that required no premium contribution were offered to 13.6 percent of eligible employees in 2005 and 10.8 percent in 2010 (figure 2). Family plans not requiring an employee contribution to the premium were offered to 12.4 percent of eligible employees in 2005, falling to 10.0 percent in 2010 (figure 3).

Regardless of whether the coverage was single, employee-plus-one, or family, the percentage of eligible employees offered health insurance that required no employee contribution to the premium was higher among small firms than large firms. This pattern did not change during the period. Compared to eligible employees at large firms, those at small firms were almost three times as likely to be offered single coverage that required no employee contribution to the premium (figure 1), more than twice as likely to be offered employee-plus-one coverage that required no employee contribution to the premium (figure 2), and three times as likely to be offered family coverage that required no employee contribution to the premium (figure 3).

Enrollment

While 18.0 percent of employees enrolled in health insurance plans sponsored by their employer were covered by a plan that required no employee contribution to the premium in 2005, this percentage fell to 14.3 percent in 2010 (figure 4). Regardless of coverage type, private sector employees were less likely in 2010 than 2005 to be covered by plans that required no premium contribution. Twenty-three (23.1) percent of employees with single coverage were enrolled in plans that required no contribution in 2005; this fell to 18.3 percent in 2010. Of employees who were enrolled in employee-plus-one coverage, 12.7 percent were covered by plans that required no contribution in 2005 and 9.8 percent in 2010. In 2005, 13.4 percent of employees with family coverage took plans that required no premium contribution; this fell to 10.4 percent in 2010.

In both 2005 and 2010, employees of small firms were much more likely than those of large firms to enroll in plans that required no contribution to the premium. For example, in 2005, employees in small firms with single coverage were three and a half times as likely to be enrolled in plans requiring no contribution to the premium. Similarly, in 2010, employees in small firms with family coverage were five times as likely to be enrolled in plans requiring no contribution to the premium.

Highlights

- The percentage of private sector employees eligible to enroll in an employer-sponsored health insurance plan who were offered a plan that required no employee contribution to the premium was lower in 2010 than in 2005.
- Of all employees enrolled in employer-sponsored health insurance, the percentage covered by plans that required no employee contribution fell from 18.0 percent to 14.3 percent over the period. This drop occurred for single, employee-plus-one, and family coverage.
- In both 2005 and 2010, small firms were more likely than large firms to offer plans that required no employee contribution to the premium, and employees at small firms were more likely than those at large firms to be covered by such a plan.

Data Source

This Statistical Brief summarizes data from the 2005 and 2010 MEPS-IC. The data are available on the MEPS Web site (<http://www.meps.ahrq.gov>) or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

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.

Employee

A person on the actual payroll, excluding temporary and contract workers, but including 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.

Premium

Agreed-upon fee paid for coverage of medical benefits for a defined benefit period, usually a calendar year. Premiums can vary based on a variety of factors, such as services covered, amounts of deductibles and co-pays, location of firm, and demographics of the workforce.

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 was reported.

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.

Eligible employees

Eligible employees meet the criteria to enroll in a health insurance plan offered by their employer. Eligibility criteria vary by employer and may include length of service, work schedule, permanent versus temporary employment status, or other requirements. Not all eligible employees enroll in an employer-sponsored plan. They may choose not to enroll because, for example, they are covered by a spouse's health insurance plan or due to cost issues.

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 2010 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, and 10* 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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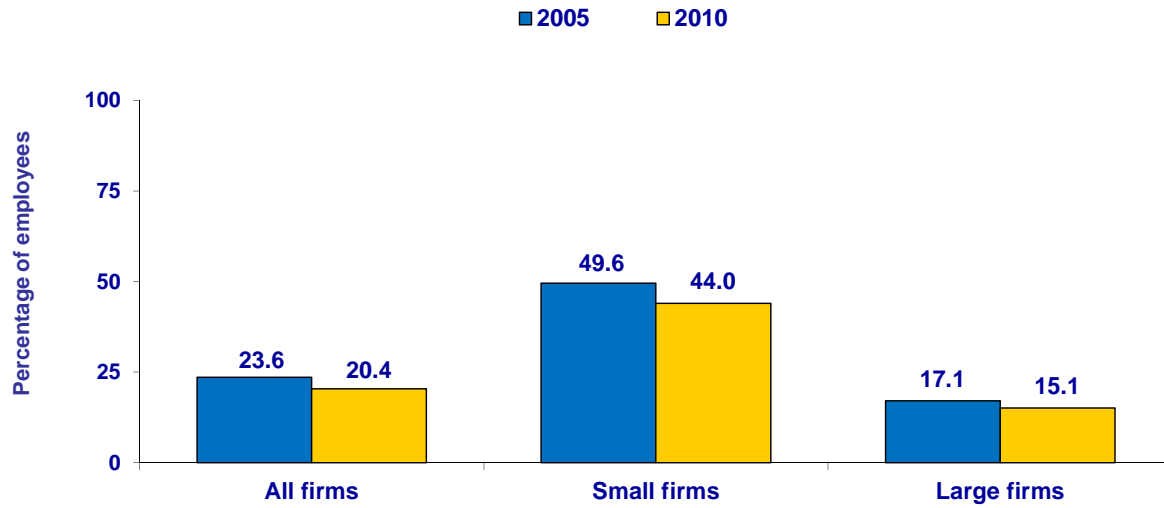
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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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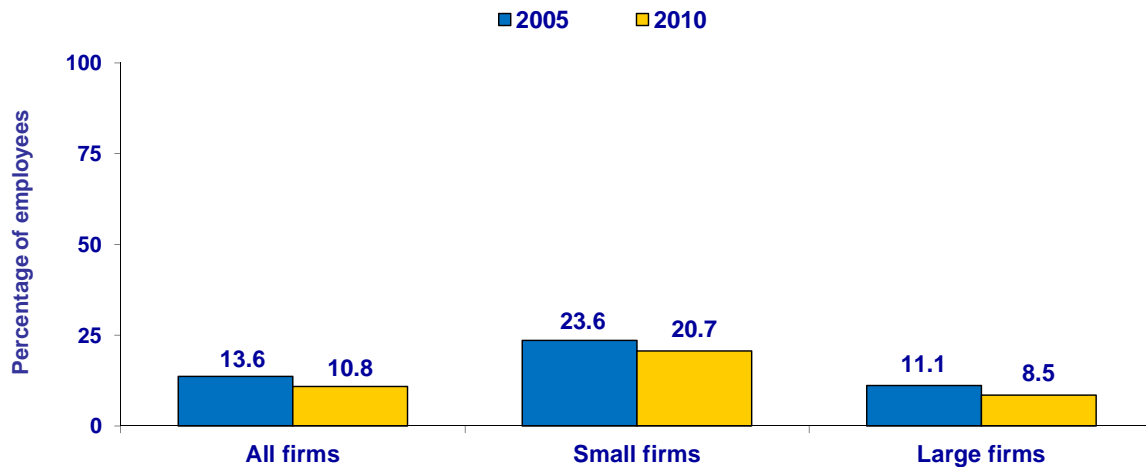
Figure 1. Percentage of eligible private sector employees in firms offering a health insurance plan that required no contribution to the premium for single coverage, by firm size, 2005 and 2010



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, 2005 and 2010



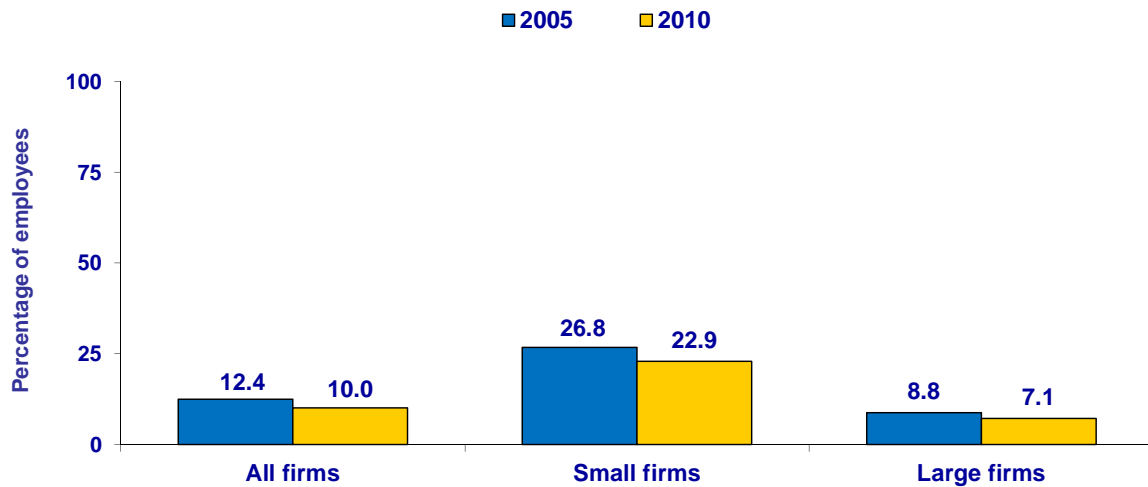
Figure 2. Percentage of eligible private sector employees in firms offering a health insurance plan that required no contribution to the premium for employee-plus-one coverage, by firm size, 2005 and 2010



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, 2005 and 2010



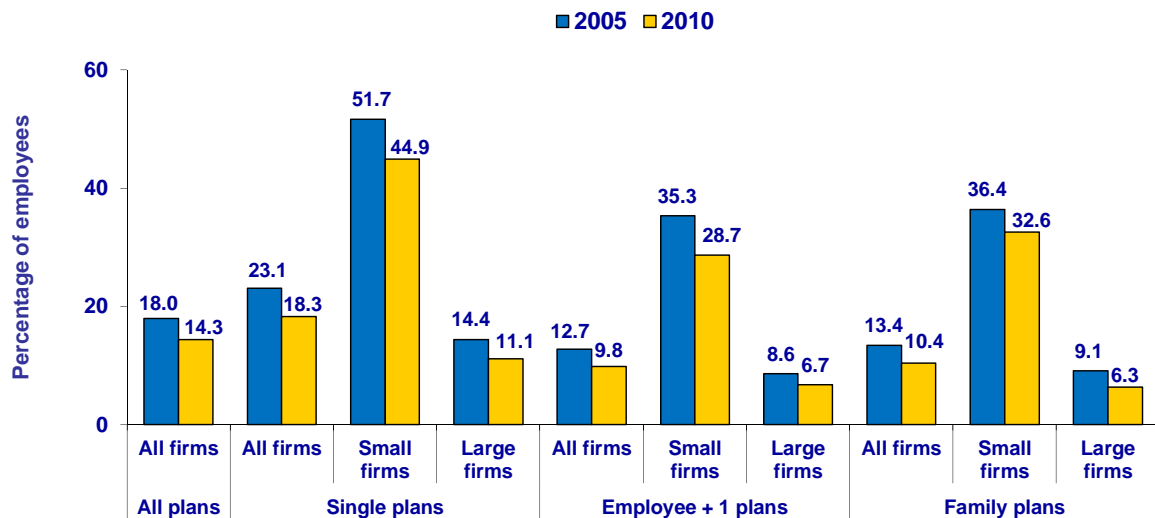
Figure 3. Percentage of eligible private sector employees in firms offering a health insurance plan that required no contribution to the premium for family coverage, by firm size, 2005 and 2010



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, 2005 and 2010



Figure 4. Percentage of enrolled private sector employees covered by an employer-sponsored health insurance plan that required no contribution to the premium, by firm size and plan type, 2005 and 2010



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, 2005 and 2010