

## STATISTICAL BRIEF #418

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### State Differences in the Cost of Job-Related Health Insurance, 2012

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#### Introduction

Health insurance provided by employers is the source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance varies considerably based on the State where the employer is located and 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 2012 in the 10 most populous states based on the 2010 Decennial Census. This analysis is based on 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 (<http://meps.ahrq.gov/mepsweb/>).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure of estimates 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

#### Highlights

- Looking at the 10 largest States, the percentage of employees opting for single coverage ranged from 46.4 percent in Michigan to 57.5 percent in North Carolina, for employee-plus-one coverage from 14.4 percent in New York to 20.3 percent in Michigan, and for family coverage from 24.2 percent in North Carolina to 33.3 percent in Michigan.
- Nationwide, the average premiums were \$5,384 for single coverage, \$10,621 for employee-plus-one coverage, and \$15,473 for family coverage. Among the 10 largest states, single premiums ranged from \$5,081 in Ohio to \$6,033 in New York, employee-plus-one premiums ranged from \$10,157 in Florida to \$11,956 in New York, and family premiums ranged from \$14,397 in Michigan to \$16,924 in New York.
- Contributions toward health insurance premiums made by employees nationwide averaged \$1,118 for single coverage, \$2,824 for employee-plus-one coverage, and \$4,236 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$995 in North Carolina to \$1,254 in New York, for employee-plus-one coverage from \$2,471 in Michigan to \$3,176 in Florida, and for family coverage from \$3,507 in Michigan to \$5,490 in Florida.

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.

From table 1:

- In the United States as a whole, employees enrolled in health insurance coverage through their employer in 2012 were as likely to take single, self-only coverage (51.3 percent) as they were to take non-single coverage (48.7 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 North Carolina (57.5 percent), Florida (57.0 percent), New York (54.1 percent), and California (52.9 percent) was higher than the national average of 51.3 percent. Enrollment in single coverage in Michigan (46.4 percent) and Illinois (48.3 percent) was lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was lower than the national average of 18.1 percent in New York (14.4 percent).
- The percentage of employees enrolling in family coverage was lower than the national average of 30.6 percent in North Carolina (24.2 percent) and Florida (24.3 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 2012 were \$5,384 for single coverage, \$10,621 for employee-plus-one coverage, and \$15,473 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New York (\$6,033).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New York (\$11,956) while below the national average in Florida (\$10,157).
- The average state health insurance premiums for family coverage were above the national average in New York (\$16,924) and were below the national average in Michigan (\$14,397) and Georgia (\$14,646).

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, 17.1 percent of employees with single coverage, 7.7 percent with employee-plus-one coverage, and 8.1 percent with family coverage made no contribution toward their premiums.

- Employees in California (25.7 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 17.1 percent, while employees were less likely to make no contribution in Ohio (8.1 percent).
- Employees in Texas (3.5 percent) were less likely to make no contributions towards family coverage premiums than the national average of 8.1 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 2012 were \$1,118 for single coverage (20.8 percent of the average single premium), \$2,824 for employee-plus-one coverage (26.6 percent of the average employee-plus-one premium), and \$4,236 for family coverage (27.4 percent of the average family premium).
- Employees in California (\$997) and Texas (\$1,013) contributed less towards their single coverage health insurance premiums than the national average of \$1,118. As a percentage of the premium, employees in Florida (22.6 percent) contributed more than the national average for single coverage (20.8 percent), and employees in California (18.4 percent) contributed less than the national average.
- Employee contributions as a percentage of the average premium for employee-plus-one coverage were lower in New York (22.3 percent) and Michigan (22.9 percent) than the national average of 26.6 percent. Employees in Texas (\$3,058) contributed more towards their employee-plus-one coverage health insurance premiums than the national average of \$2,824. As a percentage of the premium, employee contributions were above the national average of 26.6 percent in Florida (31.3 percent) and Texas (29.5 percent).
- Employees in Florida (\$5,490 or 35.5 percent of the premium) contributed more than the national average of \$4,236 or 27.4 percent of the premium toward their family coverage health insurance premiums. Employees in Texas also contributed more as a percentage of the premium (31.0 percent) than the national average of 27.4 percent. Employees in Michigan (\$3,507), Pennsylvania (\$3,601), and Illinois (\$3,796) contributed less than the national average of \$4,236. Employees in Pennsylvania (23.4 percent), Illinois (24.1 percent), and New York (25.3 percent) also contributed less than the national average of 27.4 percent toward their family coverage health insurance premiums.

## Data Source

The statistics in this Brief are estimates from the 2012 MEPS-IC. All information comes from tables that are available on the MEPS Web site (<http://meps.ahrq.gov/mepsweb/>). Estimates for other States and other years are also available on the MEPS Web site, although estimates are not available for every State in years prior to 2002.

## 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. This includes both fully-insured and self-insured health insurance plans.

### *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.

### *Percentage of the average premium contributed by enrollees*

The average employee contribution at the State level divided by the average health insurance premium at the State level.

### *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). A total sample of approximately 42,000 private-sector establishments was selected for the 2012 survey, with 7.0 percent of the sample determined to be out-of-scope during the data collection process. The response rate for the private sector was 79.9 percent of the remaining in-scope sample units.

For more information on this survey, see *MEPS Methodology Reports 6, 8, 10, 14, 17, 18, and 27* and the MEPS-IC Technical Notes and Survey Documentation, which are available on the MEPS Web site (<http://meps.ahrq.gov/mepsweb/>).

## **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 email us at [MEPSProjectDirector@ahrq.hhs.gov](mailto:MEPSProjectDirector@ahrq.hhs.gov) or send a letter to the address below:

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**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, 2012**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>United States</b>	<b>51.3%</b>	<b>18.1%</b>	<b>30.6%</b>
California	<b>52.9%**</b>	17.4%	29.8%
Texas	51.7%	18.6%	29.7%
New York	<b>54.1%**</b>	<b>14.4%*</b>	31.5%
Florida	<b>57.0%**</b>	18.8%	<b>24.3%*</b>
Illinois	<b>48.3%*</b>	20.1%	31.6%
Pennsylvania	52.2%	18.0%	29.8%
Ohio	46.9%	20.1%	33.0%
Michigan	<b>46.4%*</b>	20.3%	33.3%
Georgia	49.8%	18.8%	31.4%
North Carolina	<b>57.5%**</b>	18.4%	<b>24.2%*</b>

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2012, 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, 2012**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>United States</b>	<b>\$ 5,384</b>	<b>\$ 10,621</b>	<b>\$ 15,473</b>
California	\$ 5,422	\$ 10,707	\$ 15,898
Texas	\$ 5,124	\$ 10,380	\$ 14,616
New York	<b>\$ 6,033 **</b>	<b>\$ 11,956 **</b>	<b>\$ 16,924**</b>
Florida	\$ 5,179	<b>\$ 10,157 *</b>	\$ 15,471
Illinois	\$ 5,404	\$ 10,202	\$ 15,753
Pennsylvania	\$ 5,385	\$ 11,043	\$ 15,369
Ohio	\$ 5,081	\$ 10,452	\$ 15,455
Michigan	\$ 5,365	\$ 10,782	<b>\$ 14,397*</b>
Georgia	\$ 5,159	\$ 10,221	<b>\$ 14,646 *</b>
North Carolina	\$ 5,632	\$ 10,500	\$ 15,606

\* 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, 2012, 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, 2012**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>United States</b>	<b>17.1%</b>	<b>7.7%</b>	<b>8.1%</b>
California	<b>25.7%**</b>	9.1%	10.3%
Texas	16.7%	5.4%	<b>3.5%*</b>
New York	18.9%	14.2%	10.3%
Florida	15.6%	5.6%	5.9%
Illinois	12.8%	7.8%	9.0%
Pennsylvania	16.3%	8.9%	8.6%
Ohio	<b>8.1%*</b>	6.5%	6.2%
Michigan	13.3%	9.9%	12.2%
Georgia	12.7%	7.0%	6.3%
North Carolina	18.7%	6.2%	6.0%

\* 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, 2012, 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, 2012**

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
<b>United States</b>	<b>\$ 1,118</b>	<b>20.8%</b>	<b>\$ 2,824</b>	<b>26.6%</b>	<b>\$ 4,236</b>	<b>27.4%</b>
California	<b>\$ 997*</b>	<b>18.4%*</b>	\$ 2,714	25.4%	\$ 4,193	26.4%
Texas	<b>\$ 1,013 *</b>	19.8%	<b>\$ 3,058**</b>	<b>29.5%**</b>	\$ 4,535	<b>31.0%**</b>
New York	\$ 1,254	20.8%	\$ 2,662	<b>22.3%*</b>	\$ 4,289	<b>25.3%*</b>
Florida	\$ 1,169	<b>22.6%**</b>	\$ 3,176	<b>31.3%**</b>	<b>\$ 5,490 **</b>	<b>35.5%**</b>
Illinois	\$ 1,147	21.2%	\$ 2,583	25.3%	<b>\$ 3,796*</b>	<b>24.1%*</b>
Pennsylvania	\$ 1,062	19.7%	\$ 2,730	24.7%	<b>\$ 3,601*</b>	<b>23.4%*</b>
Ohio	\$ 1,230	24.2%	\$ 2,739	26.2%	\$ 3,878	25.1%
Michigan	\$ 1,059	19.7%	\$ 2,471	<b>22.9%*</b>	<b>\$ 3,507*</b>	24.4%
Georgia	\$ 1,118	21.7%	\$ 2,867	28.1%	\$ 4,473	30.5%
North Carolina	\$ 995	17.7%	\$ 2,865	27.3%	\$ 4,529	29.0%

\* 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, 2012, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3.