

LEHD Fact Sheet

Pension and Health Benefit Information

Purpose

The accurate measurement of employer-provided health and pension plan coverage is critically important for state policy. However, acquiring such data from employer surveys is not only expensive, but also imposes a substantial response burden on them. We propose to investigate the potential for using an administrative file – the 5500 file – to avoid such burden and cost. The 5500 file, which contains data from annual returns filed annually with the Internal Revenue Service by all employers covered by ERISA, provides information on employee benefit plans, including data on different types of pension and health insurance plans

Approach

The 5500 file will be linked to the research version of the Census Business Register and hence to the state ES-202 data. The reason that the data cannot be directly linked to ES-202 data is that large companies, with several EINs may file a 5500 form using only one EIN, and an important component of this research is the ability of Census to use the parent/subsidiary information to identify associated EINs.

There are a number of coverage and quality issues associated with the 5500 file. There are known reporting gaps, particularly for small businesses, small groups of unrelated employers who buy a group policy or self-insure together. In addition, there is the potential for double counting for large firms, as well as multiple coverage of employees. The filing on the part of trade unions is another area to be researched. Finally, although a great deal is known about the quality of pension coverage, little is known about the quality of the health information. LEHD, in conjunction with other partners – notably the Department of Labor and the Internal Revenue Service, who jointly produce the file - will investigate these quality issues.

What is returned to the state partners

1. A report on the potential uses of the 5500 file
2. If the data support it, summary tables of the kinds of firms in their state that offer different types of health insurance/pension plans – particularly by size class, industry and legal form of ownership – and the changes over time
3. Summary tables of the demographic characteristics of workers covered by health insurance/pension plans

Selected Results

- The coverage of the 5500 file is very impressive. In 1997, over 720,000 employers filed forms on their pension plans, covering almost 95 million workers. Of these, almost 60,000 plans were defined benefit (covering 40 million workers) and 660,00 were defined contribution, covering almost 55,000 workers.
- Preliminary work with the 5500 file has been encouraging. A “first pass” match of the 1997 5500 file with the 1997 Census Business Register revealed that 71.9% of companies on the Register with 100 or more employees matched 5500 establishment companies.
- The matched companies contain 88.7% of establishments, 87.8% of employment and 91.9% of annual payroll (of companies with more than 100 employees).

Supporting Documentation

New Uses of Health and Pension Information: The 5500 file at the Census Bureau
LEHD report

