

# Statistical Brief #23

## Employer-Sponsored Single, Employee-Plus-One and Family Health Insurance Coverage: Selection and Cost, 2001

*By James M. Branscome, M.S.*

### Introduction

Health insurance provided by employers is a key source of coverage for both employees and their families. In 2001, more private-sector employees obtained non-single coverage health insurance (a plan covering the employee and at least one other person) through their employers than single, self-only coverage. According to the Medical Expenditure Panel Survey, conducted by the Agency for Healthcare Research and Quality, those employees with non-single coverage contributed both a larger dollar amount and a larger percent of the total premium for their coverage than did employees with single coverage.

Non-single health insurance plans encompass two types of coverage: family coverage and employee-plus-one coverage. Prior to 2001, the survey only collected information on family coverage plans. Family plans cover the employee and at least one other family member. Information relating to coverage for a family of four was collected in cases where multiple pricing levels were offered to employees. Beginning in 2001, separate data were also collected for employee-plus-one coverage. Not all employers who offer family coverage provide the alternative of an employee-plus-one policy for employees with just one family member to insure. However, when available for the same level of benefits, employee-plus-one plan premiums are less expensive than family plans.

The statistics in this report are taken from the Insurance Component of the 2001 Medical Expenditure Panel Survey (MEPS-IC), an annual survey that was initiated in 1996. The MEPS-IC collects information on job-related health insurance obtained through employers and unions. Data collected in the MEPS-IC include the number and types of plans offered, benefits associated with these plans, premiums, contributions by employers and employees, and employer characteristics.

All of the information in this analysis comes from tables that are available on the MEPS-IC Internet site (<http://www.meps.ahrq.gov/>). While this report is limited to a discussion of private-sector statistics, tables are also published containing information on health insurance for state and local government employees.

Only differences that are statistically significant at the 0.05 level are discussed in the text.

## Briefly Stated

- In the year 2001, the average annual family coverage premiums (\$7,509) were much higher than employee-plus-one coverage premiums (\$5,463) which in turn were much higher than single coverage premiums (\$2,889). Compared to those with single coverage, employees with non-single coverage contributed a larger amount toward their premium both in terms of dollars and percentage of total premium cost. Premiums increased by 8.8% for single coverage and 10.9% for family coverage over the prior year (2000), continuing a trend of increasing premiums observed each year since the start of the survey in 1996.
- In 2001, 46.3 percent of private-sector employees with health insurance through their employer were enrolled in single coverage plans, versus 53.7 percent who were enrolled in non-single coverage plans. About one-third of employees with non-single coverage were in employee-plus-one plans.
- For both large and small employers, employees with single coverage were much more likely to not have to contribute toward their plan's premium than employees with non-single coverage. Overall, almost 30 percent of those enrolled in single plans did not contribute toward the premium cost compared to 16.7 percent of those with family coverage and 12.7 percent of those with employee-plus-one coverage.

## Findings

Among employees obtaining health insurance through their private-sector employers in the year 2001, more were enrolled in non-single coverage (a plan covering one or more family members or dependents in addition to the employee) than those enrolled in single coverage. Of those employees enrolled in health insurance plans, 46.3 percent (29.3 million persons) had single coverage, 17.3 percent (10.9 million persons) had employee-plus-one coverage, and 36.4 percent (23.0 million persons) had family coverage (Figure 1).

Employees in larger private-sector firms, those with 50 or more employees, were more likely to have enrolled in non-single coverage (56.0 percent) than in single coverage (44.0 percent) (Figure 1). However, the reverse was true for smaller firms, those with less than 50 employees, where the portion of enrollments in single plans (55.7 percent) was larger than in non-single plans (44.3 percent) (Figure 1).

There are large differences between the average total premium costs for single, employee-plus-one, and family plans. Single coverage premiums averaged \$2,889 per year compared to \$5,463 for employee-plus-one premiums and \$7,509 for family premiums (Figure 2). Premiums were higher for smaller firms than larger firms regardless of the number of people covered by the plan. Single premiums were 6.5 percent higher, employee-plus-one premiums 5.5 percent higher, and family premiums 3.1 percent higher in smaller firms than in larger firms.

Premium costs for employer-based coverage may be paid completely by the employee, paid in part by the employer and in part by the employee, or paid completely by the employer. While almost 30 percent of private-sector employees with single coverage were enrolled in a plan that did not require them to contribute toward the premium cost, only about 17 percent of employees with family coverage and 13 percent of those with employee-plus-one coverage were in such a plan (Figure 3). For both large and small employers, employees with single coverage were much less likely to contribute toward their plan premium than those with non-single coverage.

In 2001, employees of smaller firms were much less likely to contribute to their premium than those in larger firms. In smaller firms, 56.9 percent of those with single coverage did not contribute to their premium (Figure 3). For larger firms, that was true for only 21.0 percent of employees (Figure 3). The comparable figures for employee-plus-one coverage were 31.1 percent (smaller firms) versus 8.8 percent (larger firms) and for family coverage 42.4 percent (smaller firms) versus 11.9 percent (larger firms) (Figure 3).

As with total premium costs, the average annual contribution by an employee toward that premium was much larger for family coverage (\$1,741) than for employee-plus-one coverage (\$1,070) or single coverage (\$498) (Figure 4). These averages include all employees who enrolled in these employer sponsored plans. Employee contributions toward family and employee-plus-one coverage were over 20 percent higher for employees in smaller firms compared to larger firms. In contrast, employee contributions toward single coverage were 11.9 percent lower in smaller firms than larger firms.

Employees with non-single coverage not only contribute a larger dollar amount toward their health insurance premium than do employees with single coverage; they also pay a greater percentage of the total premium cost. Those with family coverage contributed 23.2 percent of the cost of their premium, while those with employee-plus-one coverage contributed 19.6 percent and those with single coverage contributed 17.3 percent (Figure 5). Larger firms' employees paid 22.6 percent of the family premium, with smaller firms' employees paying a higher 26.4 percent (Figure 5). Likewise, for employee-plus-one coverage, employees in larger firms paid 19.1 percent of the premium, while employees in smaller firms paid 21.8 percent. For single coverage, the reverse was true. The larger firms recorded an 18.0 percent contribution toward single plans versus 14.9 percent for smaller firms (Figure 5).

## **Definitions**

**Health insurance plan** - An insurance contract that provides hospital and/or physician coverage to an employee or retiree for an agreed-upon fee (premium) for a defined benefit period.

**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.

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 offers more than one pricing level for family coverage, information for a family of four was reported.

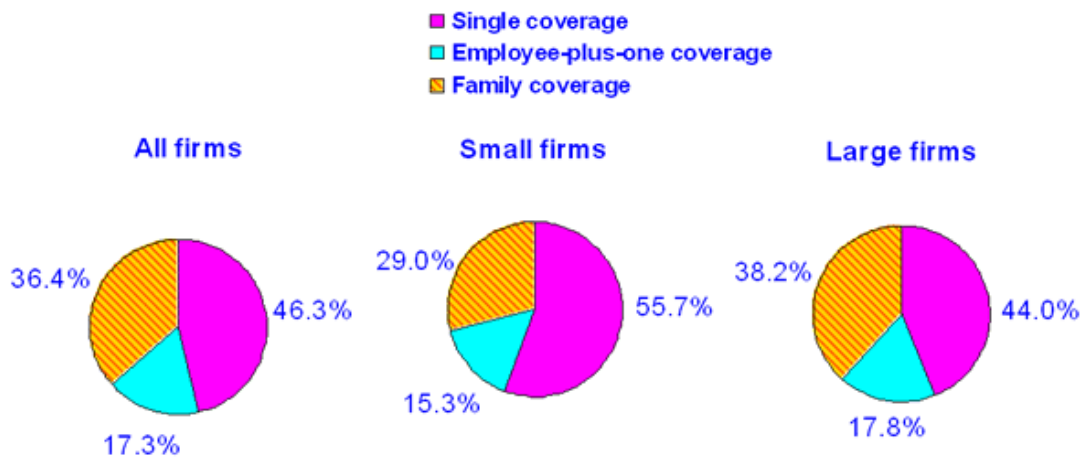
Non-single coverage – Health insurance that covers at least one person in addition to the employee. Both employee-plus-one coverage and family coverage are included in this category.

### **About the MEPS-IC**

The MEPS-IC is a survey of business establishments and governments which 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 United States Bureau of the Census 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 establishments was selected for the 2001 survey, prior to accounting for losses due to non-response and out-of-scope cases.

For more information on this survey, see MEPS Methodology Reports #06, #08 and #10 under MEPS publications and the MEPS-IC Technical Appendix.

**Figure 1: Percent of enrolled employees with single, employee-plus-one, and family health insurance coverage, by firm size, private sector, 2001**

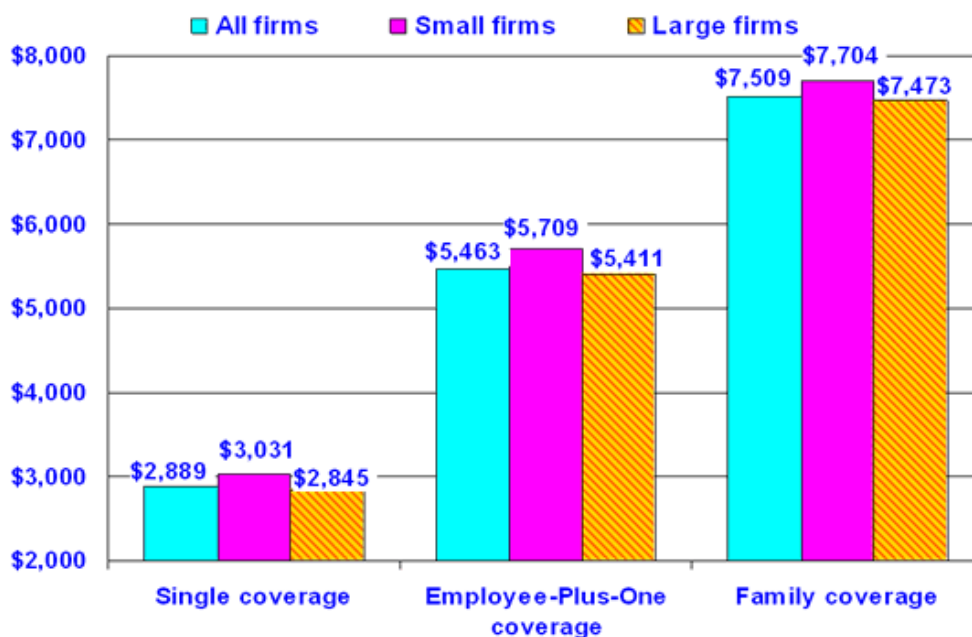


**NOTE:** Small firms have less than 50 employees; large firms have 50 or more employees.

**Source:** Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey – Insurance Component, 2001



**Figure 2: Average total premium per enrolled employee, by firm size, private sector, 2001**

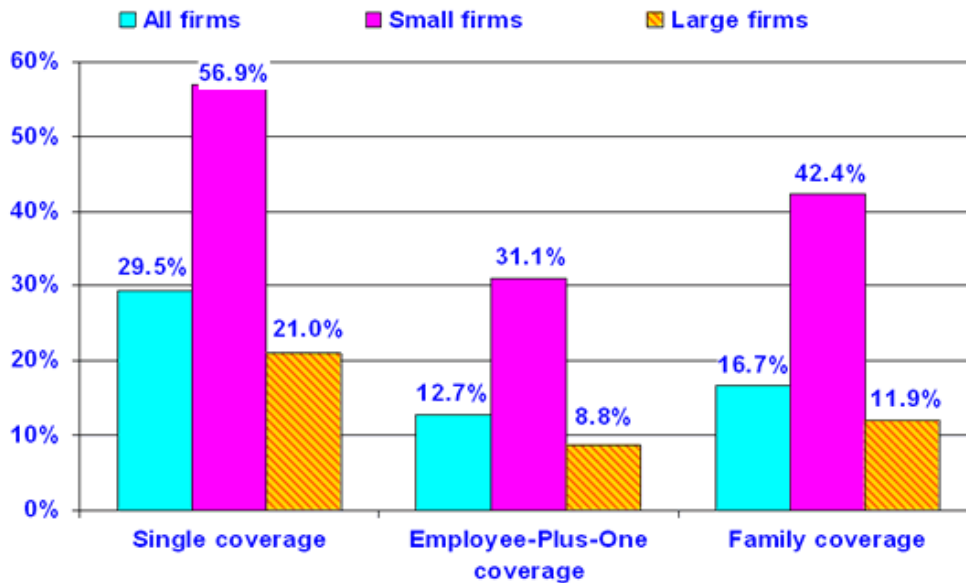


**NOTE:** Small firms have less than 50 employees; large firms have 50 or more employees.

**Source:** Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey – Insurance Component, 2001



**Figure 3: Percent of enrolled employees making no contribution toward health insurance premium, by firm size, private sector, 2001**

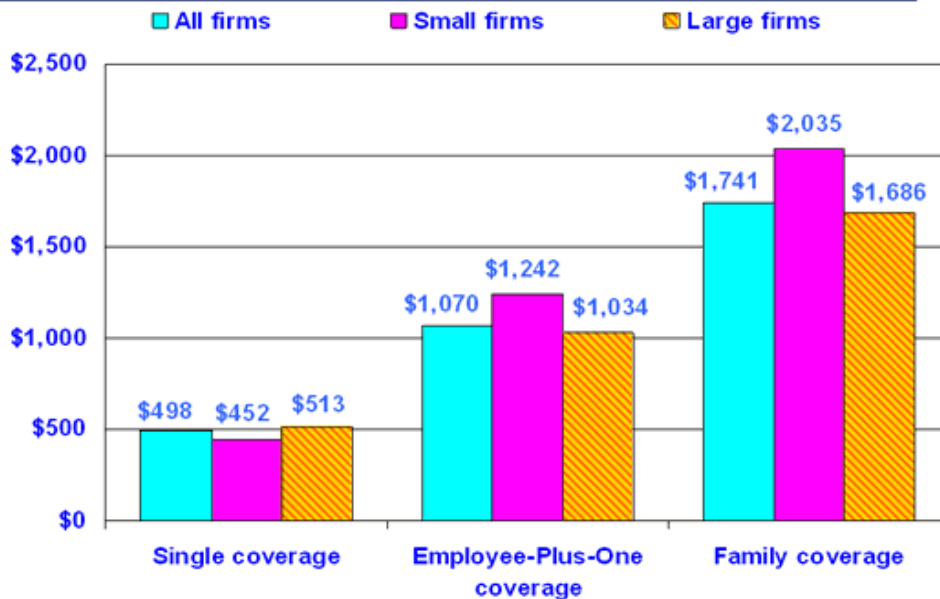


NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey – Insurance Component, 2001



**Figure 4: Average employee contribution per enrolled employee, by firm size, private sector, 2001**

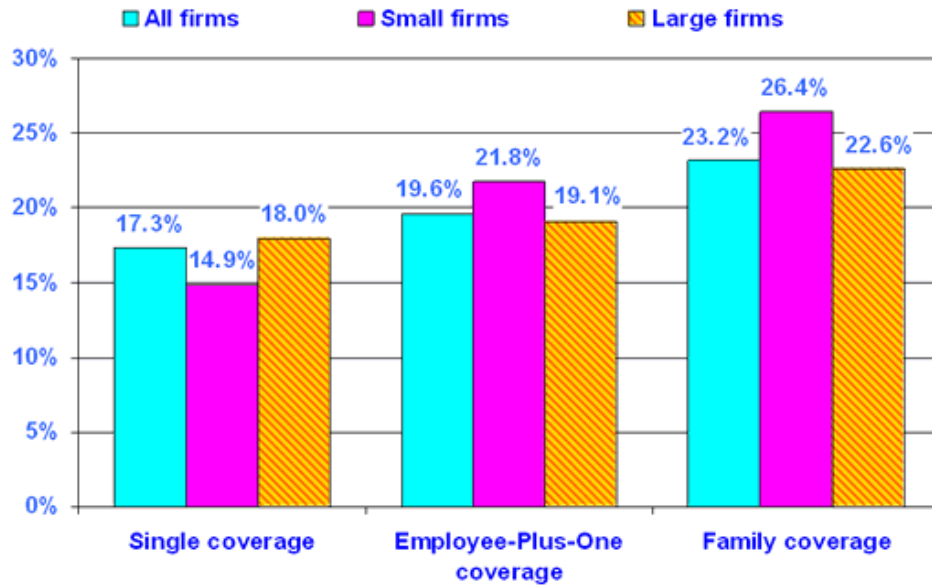


Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey – Insurance Component, 2001

NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.



**Figure 5: Percent of total premium paid by enrolled employees, by firm size, private sector, 2001**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey – Insurance Component, 2001

NOTE: Small firms have less than 50 employees; large firms have 50 or more employees.

