

Incidence benefits measures in the National Compensation Survey

For the first time, data from the National Compensation Survey allow comparisons between establishments offering health and retirement benefits and the rates at which employees have access to and participate in those benefits

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About 60 percent to 70 percent of private industry employees had access to health insurance and retirement benefits and about half participated in them during 2003. Access and participation rates varied widely by the type of plan and by various employee and establishment characteristics. The availability of and participation in health insurance, retirement, and other benefits were both much higher among employees who were in full-time occupations, covered by union contracts, and who worked in large establishments and in metropolitan areas. New survey tabulations showed that availability and participation were also greater for higher-paid employees.

The percentage of employees with both access to benefits and participation in these benefits varied widely, from all employees in some instances to fewer than half in others. The survey did not study the reasons employees choose to participate or not to participate in various benefits. However, it is likely that the cost of the benefit to the employee is a determinant.

This article compares the four measures of incidence of employee benefits studied in the National Compensation Survey (NCS) benefits survey in private industry for 2003. The fact that an establishment offered benefits to some employees did not necessarily mean that all employees had access to such a benefit. Nevertheless, the percent of establishments offering benefits was often lower than the proportion of employees with access. This seeming paradox was generally true because large establishments are far more likely to offer benefits than smaller ones.

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Measuring employee benefits

One of the problems in presenting data on employee benefits is how best to report on those benefits. This article largely addresses this issue and the different findings.

For wage and salary information, the NCS program generally obtains data for individual employees. This is done because there are often significant variations among individual employees in the rate of pay within the same occupation. However, employer-provided benefits do not vary in the same way.

For this discussion, employee benefits are classified as wage-related and nonwage-related. When benefits are wage-related, they are typically a percent of the salary or a fixed amount for each period (such as an hour) worked or paid. Wage-related benefits are most typically paid vacations and holidays and legally required benefits such as Social Security. Nonwage-related benefits are those for which the employer pays a fixed amount that is not directly related to the employee's salary. Typical examples are health insurance plans and some retirement plans and nonproduction bonuses. However, in any given company, these general situations may not apply. For example, some union employees in the construction trades receive health and retirement benefits from a fund to which employers contribute a specific percentage of the employee's hourly earnings.

For wage-related benefits, the variation in *cost* may be significant, certainly a lot more than for benefits that are not wage-related. NCS does not

provide data on variations in benefit costs among individual employees. However, for both types of plans, the variations in *incidence*, and the *provisions*¹ of those plans, are not likely to be as great as variations in costs. For example, it is typical for vacation schedules to differ by length of service, but not by salary or occupation. However, because of differences in wages and lengths of service, vacation costs to the employer will vary by employee.

The incidence and provisions of benefits that are nonwage related vary even less. For example, establishments that pay part of the cost of medical insurance frequently offer more than one plan to employees. In some companies, only one plan is offered and in others, typically larger employers, the company may provide a choice of plans. For all the employees participating in a plan, the provisions of the plan are the same. The cost that the employer pays will rarely vary among individual employees who choose the same coverage, or even among employees in different occupations. It is most likely the employer will pay the same amount for every employee who elects the same coverage, and the employer sometimes pays the same amount across differing plans.

Thus, it is reasonable to develop measures of employee benefits that relate to relatively large groups of workers. It is also of some value to determine what the policy of establishments is regarding benefits, because benefits often are the same for all employees within establishments.

For the 2003 employee benefits survey, we provide four measures of the incidence of health and retirement benefits: establishment offerings, employee access, employee participation, and take-up rates. For health and retirement provisions, we limit information to participants.

Establishment offerings refer to the policy of individual establishments.² The estimates shown in table 1 are of establishments that offered health insurance or retirement plans—defined benefits or defined contribution³ to any of their employees. For this reason, table 1 is presented by establishment characteristics.

Employee access refers to establishment policy vis-à-vis specific groups of workers. The group of employees—all of the workers in a specific company occupation in the establishment—is considered to have access to a benefit if the benefit is offered to at least one of those employees. In determining access, provisions such as a 1-month service requirement before employees are eligible for coverage are ignored, as well as whether any employees within the occupation actually participate in the plan.

Employee participation refers to whether or not individual employees elect to be covered by a particular benefit. The respondents in the survey are asked to report the number of employees who elect to participate. For such benefits, then, the participation numbers are almost always lower than access numbers.

Take-up rate refers to the percent of workers with access who participate in the plan.

Table 1. Percent of establishments offering health and retirement benefits, and retiree health benefits, by establishment characteristics, private industry, National Compensation Survey, March 2003

Characteristic	Retirement benefits ¹	Defined benefit	Defined contribution	Health care benefits ²	Retiree health under age 65	Retiree health over age 65
All establishments	47	10	45	58	4	4
Establishment characteristics						
Goods-producing	45	11	42	60	4	4
Service-producing	47	10	46	57	5	4
1–99 workers	45	9	44	56	4	3
100 workers or more	88	38	82	95	19	15
Geographic areas						
Metropolitan areas	51	10	49	60	5	4
Nonmetropolitan areas	32	9	31	51	3	3
New England	48	11	48	54	1	1
Middle Atlantic	49	17	44	63	6	5
East North Central	62	13	61	84	6	5
West North Central	38	5	36	36	2	2
South Atlantic	54	5	53	55	5	3
East South Central	52	5	51	58	11	11
West South Central	39	13	39	58	7	7
Mountain	25	7	23	42	2	2
Pacific	45	12	43	58	3	3

¹ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

² Health care benefits may include a medical plan, or a separate dental, vision, or prescription drug plan.

As employee benefits—particularly health insurance and retirement plans—continue to be topics of interest, these measures can help shed light on trends. We can, for example, determine whether changes in health insurance coverage relate to fewer establishments offering such plans or from employees deciding not to participate.

Findings

Establishment offerings. In 2003, BLS provided data for establishment offerings for the first time⁴ in the employee benefits program. Table 1 shows that 47 percent of establishments in the study offered retirement plans to one or more active employees, and 58 percent of establishments offered health benefits. About 4 percent of the establishments offered the option of continuing health insurance into retirement to their active employees.

There are two major types of retirement plans: defined benefit and defined contribution. Table 1 shows that it is more than four times as likely (45 percent) for an establishment to offer a defined contribution plan as a defined benefit plan (10 percent). Access for defined contribution benefits were reported by 51 percent of the establishments and defined benefits were reported by 20 percent. (See table 2.) At one time, defined benefit plans were the norm for retirement. Changes in the economy and tax laws may have been contributing factors to the decline of defined benefit plans⁵ Though the survey did not collect information on establishment offerings until 2003, 15 years ago the survey

showed 42 percent of full-time private employees participated in defined benefit pension plans and 40 percent in defined contribution plans.⁶

Health care and retirement benefits for active employees varied little among goods-producing and service-producing industries. However, these benefits were more likely to be offered by establishments in metropolitan areas than by those in non-metropolitan areas and in establishments with at least 100 employees than those with fewer employees. Among regions, establishments in the East North Central region were most likely to offer health or retirement benefits and those in the West North Central and Mountain States, least likely.

The information on retiree health benefits is unique to table 1. Although NCS collects information on access to and participation in benefit plans for current employees, there is no such information for retirees. A small percentage of establishments allows current employees to participate in health insurance plans after retirement. Four percent of establishments provided this access to employees who retire before they turn 65 and four percent provided this access to employees 65 or older. For about half of the establishments providing such benefits, the employer contributed to retiree health insurance; for most of the remainder, the retiree paid the entire cost. In rare instances, employers paid the entire cost.

Retiree benefits did not vary much by various characteristics except that they were far more common in larger establishments than in smaller ones.

Table 2. Percent of establishments offering, percent of employees with access to and participating in health and retirement benefits, March 2003

Characteristic	Total employees (millions)	Health insurance ¹			Retirement plans ²		
		Establishments offering	Employees with access	Employees participating	Establishments offering	Employees with access	Employees participating
All employees	102.8	58	69	55	47	57	49
Establishment characteristics							
Goods-producing	24.0	60	82	72	45	70	63
Service-producing	78.9	57	66	50	47	53	45
1–99 workers	55.3	56	58	43	45	42	35
100 workers or more	47.6	95	83	69	88	75	65
Geographic areas							
Metropolitan areas	88.4	60	70	56	51	58	50
Nonmetropolitan areas ...	14.5	51	65	50	32	52	42
New England	6.6	54	67	54	48	51	44
Middle Atlantic	14.1	63	74	59	49	61	56
East North Central	19.1	84	74	59	62	64	56
West North Central	7.9	36	60	51	38	56	48
South Atlantic	18.0	55	68	53	54	57	46
East South Central	5.4	58	77	64	52	60	51
West South Central	11.3	58	65	53	39	53	42
Mountain	6.1	42	57	42	25	51	38
Pacific	14.5	46	72	57	45	53	46

See footnotes at end of table.

Table 2. Continued—Percent of establishments offering, percent of employees with access to and participating in health and retirement benefits, March 2003

Characteristic	Total Employees (millions)	Defined benefit plans			Defined contribution plans		
		Establishments offering	Employees with access	Employees participating	Establishments offering	Employees with access	Employees participating
All employees	102.8	10	20	20	45	51	40
Establishment characteristics							
Goods-producing	24.0	11	31	31	42	60	49
Service-producing	78.9	10	17	16	46	48	37
1–99 workers	55.3	9	9	8	44	38	31
100 workers or more	47.6	38	34	33	82	65	51
Geographic areas							
Metropolitan areas	88.4	10	21	21	49	51	41
Nonmetropolitan areas	14.5	9	15	14	31	47	36
New England	6.6	11	16	15	48	44	37
Middle Atlantic	14.1	17	30	30	44	49	43
East North Central	19.1	13	24	23	61	56	46
West North Central	7.9	5	22	21	36	47	37
South Atlantic	18.0	5	17	16	53	53	40
East South Central	5.4	5	14	14	51	59	46
West South Central	11.3	13	18	18	39	49	35
Mountain	6.1	7	12	10	23	47	34
Pacific	14.5	12	20	20	43	46	37

¹ Health insurance can be a medical, dental, prescription drug, or vision plan. "Access" in this table means the percent of employees in an occupation that has at least one health insurance plan. "Employees participating" refers to the health insurance type in any given occupation with the highest

participation. See endnote 7 in the text for details.

² Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

Offerings versus access and participation. When one compares establishment offerings with employee access and participation measures, the findings are somewhat surprising. The percent of establishments offering health insurance (58 percent) is almost identical to the percent of employees participating in health insurance (55 percent⁷). The percent of employees with access to health insurance is much higher at 69 percent. For retirement plans, 47 percent of the establishments in the survey offered them, 57 percent of the employees had access to them, and 49 percent of employees participated in them.

One would expect, other things being equal, that the percentage of employees with access would be no greater than establishment offerings. By definition, if an employee has access to a benefit, that establishment offers the benefit. In addition, participation would be somewhat lower than access for health and defined contribution benefits, because employees are often required to contribute to these plans. In contrast, employees are rarely required to contribute to defined benefit plans. Thus, access and participation would be about equal.

The dichotomy of big and large establishments largely explains this apparent paradox. Although almost half (46 percent) of employees covered by the survey work in establishments that have 100 workers or more, smaller establishments make up 96 percent of all establishments. About 95 percent of large

establishments offered health insurance. In these establishments, 83 percent of employees had access to health benefits and 69 percent participated. For smaller establishments, the numbers are: 56 percent offered health insurance, 58 percent of employees had access to it, and 43 percent of the employees participated.

For retirement plans, the three measures follow expected patterns within the two size groupings. For smaller establishments, 45 percent of the establishments offer a plan, 42 percent of the employees had access to it, and 35 percent of the employees participated. For establishments with at least 100 employees the values are 88 percent for establishment offerings, 75 employee access, and 65 percent for employee participation.

Defined benefit plans were far more common in larger establishments. In the 1–99 employees category, the values for establishment offerings, employee access, and employee participation were each just under 10 percent; for larger establishments, the values were 38, 34, and 33, respectively. Defined contribution plans were more common than defined benefit plans in both small and large establishments. In small establishments the percentages for offerings, access, and participation were 44, 38, and 31; for large establishments, the percentages were 82, 65, and 51.

Access versus participation. The survey design permits more detailed comparison of access and participation estimates. Unlike the establishment offering estimates, access and participation are both based on employment within an occupation. The only difference between the two types of estimates is that access estimates include all employees in an occupation, whereas participation estimates are limited to those who actually participate in the plan. For this reason, comparisons are made by employee as well as establishment characteristics. Participation estimates will normally be lower than, and never higher than access.

Table 3 presents access and participation rates for retirement and health benefits. In addition, it shows take-up rates, defined as the percent of employees with access who participate in the plans.⁸

In general, access and participation rates follow similar patterns. Access to and participation in benefits covered by the 2003 study tend to be higher for union employees, full-time employees, in metropolitan areas, and in goods producing industries than their opposites. Among regions, there tend to be slight variation. In general, the New England and Mountain regions had the lowest access and incidence rates and the Middle Atlantic, East North Central, and Pacific had the highest.

By contrast, take-up rates varied widely from access and participation rates. (These are discussed in the following sections.)

Retirement plans. About three-fifths of employees had access to one or more retirement plans. Defined contribution plans were by far more common. The overall take-up rate for retirement plans was 86 percent. For defined benefit plans, the take-up rate was 100 percent. In the private sector, almost all defined benefit plans are paid for entirely by the employer. For defined contribution plans, the overall take-up rate was still very high at 78 percent.

Access and participation rates were higher for full-time and union employees, for those in occupations averaging at least \$15 per hour, and those in larger establishments, in goods-producing industries, and in metropolitan areas. Take-up rates are also higher for these categories of employees. Thus, in addition to having more opportunity to participate in retirement plans, these employees are more likely to participate when offered.

By definition, savings and thrift plans—the most common of defined contribution plans—require employee contributions. The overall take-up rate for defined contribution plans was 78 percent, and generally fell in the 70- to 85-percent range for various categories of employees.

Table 3. Percent of employees with access to and participating in retirement and health benefits and take-up rates, March 2003

Characteristic	Retirement benefits ¹								
	All plans			Defined benefit			Defined contribution		
	Access	Participation	Take-up ³	Access	Participation	Take-up ³	Access	Participation	Take-up ³
All employees	57	49	86	20	20	100	51	40	78
Worker characteristics									
White-collar occupations	67	59	88	23	22	96	62	51	82
Blue-collar occupations	59	50	85	24	24	100	49	38	78
Service occupations	28	21	75	8	7	88	23	16	70
Full-time	67	58	87	24	24	100	60	48	80
Part-time	24	18	75	8	8	100	21	14	67
Union	86	83	97	74	72	97	45	39	87
Nonunion	54	45	83	15	15	100	51	40	78
Average wage less than \$15 per hour	45	35	78	12	11	92	40	29	73
Average wage \$15 per hour or higher	76	70	92	34	33	97	67	57	85
Establishment characteristics									
Goods-producing	70	63	90	31	31	100	60	49	82
Service-producing	53	45	85	17	16	94	48	37	77
1-99 workers	42	35	83	9	8	89	38	31	82
100 workers or more	75	65	87	34	33	97	65	51	78
Geographic areas									
Metropolitan areas	58	50	86	21	21	100	51	41	80
Nonmetropolitan areas	52	42	81	15	14	93	47	36	77
New England	51	44	86	16	15	94	44	37	84
Middle Atlantic	61	56	92	30	30	100	49	43	88
East North Central	64	56	88	24	23	96	56	46	82
West North Central	56	48	86	22	21	95	47	37	79
South Atlantic	57	46	81	17	16	94	53	40	75
East South Central	60	51	85	14	14	100	59	46	78
West South Central	53	42	79	18	18	100	49	35	71
Mountain	51	38	75	12	10	83	47	34	72
Pacific	53	46	87	20	20	100	46	37	80

Table 3. Continued—Percent of employees with access to and participating in retirement and health benefits and take-up rates, March 2003

Characteristic	Health plans ²											
	All plans			Medical			Dental			Vision		
	Access	Participation	Take-up ³	Access	Participation	Take-up ³	Access	Participation	Take-up ³	Access	Participation	Take-up ³
All employees	69	55	80	60	45	75	40	32	80	25	19	76
Worker characteristics												
White-collar occupations	76	62	82	65	50	77	47	37	79	28	21	75
Blue-collar occupations	76	63	83	64	51	80	40	33	83	25	20	80
Service occupations	42	27	64	38	22	58	22	15	68	15	9	60
Full-time	84	68	81	73	56	77	49	40	82	30	23	77
Part-time	22	13	59	17	9	53	9	6	67	7	5	71
Union	91	85	93	67	60	90	57	51	89	43	37	86
Nonunion	67	52	78	59	44	75	38	30	79	23	17	74
Average wage less than \$15 per hour	58	42	72	51	35	69	30	22	73	18	12	67
Average wage \$15 per hour or higher	87	76	87	74	61	82	55	47	85	35	28	80
Establishment characteristics												
Goods-producing	82	72	88	68	57	84	48	42	88	30	25	83
Service-producing	66	50	76	57	42	74	37	29	78	23	17	74
1-99 workers	58	43	74	49	36	73	27	21	78	15	11	73
100 workers or more	83	69	83	72	55	76	55	44	80	35	27	77
Geographic areas												
Metropolitan areas	70	56	80	60	45	75	41	33	80	25	19	76
Nonmetropolitan areas	65	50	77	60	44	73	34	27	79	23	17	74
New England	67	54	81	56	43	77	38	31	82	18	14	78
Middle Atlantic	74	59	80	63	47	75	39	32	82	32	24	75
East North Central	74	59	80	62	47	76	42	34	81	22	17	77
West North Central	60	51	85	54	43	80	38	31	82	21	17	81
South Atlantic	68	53	78	57	44	77	39	30	77	19	14	74
East South Central	77	64	83	72	53	74	47	37	79	39	28	72
West South Central	65	53	82	61	47	77	37	30	81	22	17	77
Mountain	57	42	74	49	34	69	36	28	78	25	17	68
Pacific	72	57	79	60	45	75	42	33	79	29	24	83

¹ Includes defined benefit pension plans and defined contribution retirement plans. The total is less than the sum of the individual items because many employees participated in both types of plans.

² Health insurance can a medical, dental, prescription drug, or vision plan. "Access" under "All plans" means the percent of employees in an occupation that has at least one health insurance plan, and

"Employees participating" refers to the health insurance type in any given occupation with the highest participation. See footnote 4 in the article for details.

³ The take-up rate is an estimate of the percentage of workers with access to a plan who participate in the plan. It is the rounded participation percentage divided by the rounded access percentage times 100.

*Health insurance.*⁹ Three-fifths of employees had access to medical insurance, and 45 percent participated, resulting in a take-up rate of 75 percent. As with retirement, access, participation, and take-up rates were generally higher for the types of employees indicated earlier. Although less commonly offered, vision had a take-up rate of 80 percent and dental insurance, 76 percent.

Take-up rates for health insurance were generally lower than those for retirement plans. Part of this may be due to the fact that employees sometimes are covered by plans provided by other family members.

Although the survey did not specifically study the reasons for participation in plans, it is reasonable to expect that one

determinant might be the cost to the employee. BLS survey data show that for the last decade, employees have been increasingly required to contribute toward their medical insurance; average employee premiums for both single and family coverage have risen about 75 percent during this same period. One would expect that as the employee cost increases the likelihood of employees participating would decrease.¹⁰

Other benefits. Table 4 provides access, participation, and take-up rates for other studied benefits. Life insurance was offered to about one-half of employees in the survey, and almost all such employees participated. Life insurance is almost always entirely employer financed and is a relatively low cost to employers. In

Table 4. Percent of employees with access to and participating in selected benefits and take-up rates, March 2003

Characteristic	Life insurance			Short-term disability			Long-term disability		
	Access	Participation	Take-up	Access	Participation	Take-up	Access	Participation	Take-up
All employees	50	47	94	39	37	95	30	28	93
Worker characteristics									
White-collar occupations	56	54	96	41	40	98	42	40	95
Blue-collar occupations	53	50	94	45	44	98	21	20	95
Service occupations	29	25	86	21	20	95	11	10	91
Full-time	61	59	97	46	45	98	38	36	95
Part-time	11	9	82	13	12	92	5	4	80
Union	63	61	97	69	68	99	28	27	96
Nonunion	49	46	94	36	34	94	30	29	97
Average wage less than \$15 per hour	40	37	93	29	27	93	17	16	94
Average wage \$15 per hour or higher	65	64	98	53	52	98	50	49	98
Establishment characteristics									
Goods-producing	61	58	95	56	54	96	30	29	97
Service-producing	47	44	94	33	32	97	30	28	93
1-99 workers	36	33	92	28	26	93	20	18	90
100 workers or more	66	64	97	52	50	96	42	40	95
Geographic areas									
Metropolitan areas	50	48	96	40	38	95	32	30	94
Nonmetropolitan areas	49	45	92	32	31	97	18	17	94
New England	44	42	95	36	33	92	31	29	94
Middle Atlantic	47	46	98	78	76	97	28	27	96
East North Central	56	53	95	39	37	95	32	30	94
West North Central	49	46	94	37	36	97	30	29	97
South Atlantic	51	49	96	30	29	97	33	31	94
East South Central	62	59	95	40	38	95	26	26	100
West South Central	51	48	94	30	28	93	30	28	93
Mountain	45	40	89	20	19	95	23	23	100
Pacific	43	41	95	27	27	100	29	28	97

the 2003 survey, 88 percent of life insurance participants were in plans paid for entirely by their employer.¹¹ The cost per employee of life insurance was \$.04 per hour worked in March 2003, or 0.2 percent of total compensation.¹² Availability of life insurance by establishment and occupational characteristics was similar to those for health insurance and retirement.

About two-fifths of employees had access to short-term disability insurance.¹³ These plans provide pay in the event of an illness or injury not occurring on the job. Nearly all such employees participated in these plans. Like life insurance, short-term disability insurance is almost always employer financed. Variation among establishment and occupational characteristics was similar to other benefits, except that short-term disability was more common for white- and blue-collar workers than it was for service workers.

Long-term disability insurance, which provides payment to employees who sustain an injury or illness that prevents them from working for a long time or permanently, was available to about three-tenths of employees. This benefit, also, tends to be employer financed, and it experienced high take-up rates. For long-term disability insurance, union and nonunion employees

had approximately equal access to benefits (28 percent for union employees and 30 percent for nonunion employees), as did employees in goods- and service-producing establishments (30 percent each). However, full-time workers were far more likely than part-time workers to have access to benefits (38 percent compared with 5 percent) and white-collar occupations had twice the access of blue-collar and four-times that of service occupations (42 percent for access, 21 percent for participation, and 11 percent for take-up).

For both short-term and long-term disability, participation was very high among those employees who were offered the plans. Take-up rates were 90 percent or more in nearly all establishment and occupational characteristic categories.

FOR THE FIRST TIME, BLS has provided information on establishments offering benefits and more detailed information on employee access and participation. When establishments offer benefits, it appears likely that most employees are automatically covered or will elect to participate. Although BLS did not study why employees choose to participate in benefits, the decision to participate may be related to whether the

employee contributes to the coverage, as evidenced by higher take-up rates for life insurance and defined benefit retirement

than other plans, as well as the relationship between employee premiums and participation rates.

Notes

¹ Incidence in this article refers to the existence of a benefit paid for at least partially by the employer. Provisions are the characteristics of the benefit. For example, provisions for medical insurance include the amount the plan pays for hospitalization or whether or not the insured can use doctors outside the plan's network.

² An establishment in NCS is a single physical location where industrial activity is performed. Companies may consist of one or more establishments.

³ The survey covers two types of retirement: defined benefit and defined contribution. Defined benefit plans provide employees with guaranteed retirement benefits based on predetermined benefit formulas. Defined contribution plans are retirement plans that specify the level of employer contributions and place those contributions into individual employee accounts. For more complete definitions see *National Compensation Survey: Employee Benefits in Private Industry in the United States, 2000*, on the Internet at: <http://www.bls.gov/ncs/ebbs/sp/ebbl0019.pdf>, pages 54–57.

⁴ Some experimental data on this topic were published in 1995. See Michael Bucci and Robert Grant, "Employee-sponsored health insurance: what's offered; what's chosen?" *Monthly Labor Review*, October 1995, pages 38–44.

⁵ For more detailed information on declines in coverage for defined benefit plans, see William Wiatrowski's companion article in this issue, "Medical and retirement plan coverage: exploring the decline in recent years."

⁶ Glenn M. Grossman, "U.S. workers receive a wide range of employee benefits," *Monthly Labor Review*, September 1992, pp. 36–39. These data are for 1989–90.

⁷ There is actually no precise number for health insurance participation available from the survey. For establishment offerings, the respondents were asked if the establishment offered "health insurance"—defined as either medical, dental, vision, or prescription drugs—to any employees. Participation information, however, was collected for each different type of plan, including for 8 percent of participants for whom the type of health insurance is unknown. In order to calculate a comparable participation estimate for health insurance, the following methodology was used. Within each occupation, the number of participants was summed for each type (for example, medical and dental). From among the types, the type with the largest sum was chosen. For example, if an occupation had three medical plans with 75 percent total participation and two dental plans with a total of 40 percent participation, the occupation was considered

to have 75 percent participation in health insurance. Standard errors for these estimates have not been calculated. Consequently, none of the statistical inferences made from these calculations has been verified by a statistical test.

⁸ For the sake of clarity, take-up rates were calculated on the rounded percentages shown in table 3. If the calculations had been made with unrounded numbers, they would have differed somewhat. For example, the 100 percent take-up rate for defined benefits overall does not mean that all employees with access to these plans participated in them. Instead, the take-up rate using unrounded numbers would likely be close to 100, but not exactly 100 percent.

⁹ Health insurance analysis here is limited to three types of plans: medical, dental, and vision. The survey does not have overall health insurance access or participation data; instead data are available for specific plans. As reported in earlier publications, 10 percent had access and 8 percent participated in plans for which the type of health plan was not available. In a companion article in this issue, "New Statistics for health insurance from the National Compensation Survey" by Michael Lettau, participation for medical coverage is 51 percent and access is 69 percent. The higher numbers in the Lettau article from the earlier publications and this article result from imputing the 10 percent and 8 percent where the type of health plan was not available; that is, in the Lettau, article the category of "Health plan type not available" was eliminated as a separate category.

¹⁰ A regression analysis on this topic indicated that the cost of health insurance to the employee did tend to lower participation.

¹¹ Seven percent of participants were in plans that required an employee contribution. Five percent of participants were in plans for which it was unknown whether or not employee contributions were required.

¹² See *Employer Cost for Employee Compensation, March 2003*, table 5, page 9, http://www.bls.gov/news.release/archives/ecec_06112003.pdf. Cost per participant is not available, but based on the 50-percent participation rate, cost would probably fall in the range of \$.08 per hour.

¹³ In the Middle Atlantic region, 78 percent of employees had access to, and 76 percent participated in short-term disability insurance—far more than any other region. In New Jersey and New York, employers are required to provide a certain level of short-term disability insurance.