

## STATISTICAL BRIEF #250

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### State Differences in the Cost of Job-Related Health Insurance, 2008

James M. Branscome, MS

#### Introduction

Health insurance provided by employers is the primary source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance coverage varies considerably depending upon where one lives and on 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 2008 in the 10 most populous states based on the 2000 Decennial Census, using 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://www.meps.ahrq.gov>).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure of estimates from all 50 states and the District of Columbia 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 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, employees enrolled in health insurance coverage through their employer were as likely to take single, self-only coverage (50.2 percent) as they were to take non-single coverage (49.8 percent). Non-single coverage is a plan that covers the employee and at least one other person.

#### Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2008, 50.2 percent took single coverage, 18.0 percent took employee-plus-one coverage, and 31.8 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 43.1 percent in Michigan to 52.8 percent in California, for employee-plus-one coverage from 16.6 percent in New York to 22.2 percent in Michigan, and for family coverage from 29.2 percent in California to 36.2 percent in Ohio.
- Nationwide, the average premiums were \$4,386 for single coverage, \$8,535 for employee-plus-one coverage, and \$12,298 for family coverage. Among the 10 largest states, single premiums ranged from \$4,089 in Ohio to \$4,798 in New Jersey, employee-plus-one premiums ranged from \$8,126 in Georgia to \$9,232 in Illinois, and family premiums ranged from \$11,321 in Michigan to \$12,824 in New York.
- Nationwide, 22.0 percent of employees with single coverage, 9.4 percent with employee-plus-one coverage, and 10.7 percent with family coverage made no contribution toward their premiums. Among the 10 largest states, the percentage of employees with single coverage who made no contribution toward premiums ranged from 14.3 percent in Ohio to 30.8 percent in California, for those with employee-plus-one coverage from 3.8 percent in Georgia to 14.2 percent in Michigan, and for those with family coverage from 4.6 percent in Florida to 18.2 percent in Michigan.
- Contributions toward health insurance premiums made by employees nationwide averaged \$882 for single coverage, \$2,303 for employee-plus-one coverage, and \$3,394 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$735 in Michigan to \$1,065 in Florida, for employee-plus-one coverage from \$1,759 in Michigan to \$2,705 in Florida, and for family coverage from \$2,522 in Michigan to \$4,412 in Florida.

- The percentage of employees enrolled in single coverage in the state of California (52.8 percent) was higher than the national average of 50.2 percent. Michigan (43.1 percent) and Ohio (44.5 percent) were lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was higher than the national average of 18.0 percent in Michigan (22.2 percent).
- The percentage of employees enrolling in family coverage was higher in Ohio (36.2 percent) and lower in California (29.2 percent) than the national average of 31.8 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 2008 were \$4,386 for single coverage, \$8,535 for employee-plus-one coverage, and \$12,298 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New Jersey (\$4,798), Illinois (\$4,643), and New York (\$4,638) and below the national average in Ohio (\$4,089) and Texas (\$4,205).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in Illinois (\$9,232) and Pennsylvania (\$9,022).
- The average state health insurance premiums for family coverage were below the national average in Michigan (\$11,321) and Ohio (\$11,425).

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, 22.0 percent of employees with single coverage, 9.4 percent with employee-plus-one coverage, and 10.7 percent with family coverage made no contribution toward their premiums.
- Employees in California (30.8 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 22.0 percent, while employees were less likely to make no contribution in the states of Ohio (14.3 percent), Illinois (16.4 percent), and Florida (17.3 percent).
- Employees in Georgia (3.8 percent), Texas (4.9 percent), and Florida (5.9 percent) were less likely to make no contribution to employee-plus-one coverage premiums than the national average of 9.4 percent.
- Employees in Michigan (18.2 percent), New York (17.9 percent), New Jersey (17.6 percent), and California (13.5 percent) were more likely to make no contribution toward family coverage premiums than the national average of 10.7 percent, while employees were less likely to make no contribution in the states of Florida (4.6 percent), Georgia (4.7 percent), and Texas (6.0 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 2008 were \$882 for single coverage (20.1 percent of the average single premium), \$2,303 for employee-plus-one coverage (27.0 percent of the average employee-plus-one premium), and \$3,394 for family coverage (27.6 percent of the average family premium).
- Employees in Florida (\$1,065) and New Jersey (\$1,033) contributed more toward their single coverage health insurance premiums than the national average of \$882 while employees in Michigan (\$735) and California (\$741) contributed less than the national average. As a percentage of the

average single premium, Florida (23.6 percent) employees contributed more while Michigan (16.8 percent) and California (17.3 percent) employees contributed less than the nation as a whole (20.1 percent).

- Employee contributions for employee-plus-one coverage in Michigan (\$1,759), Ohio (\$1,880), and California (\$2,123) were lower than the national average of \$2,303. As a percentage of the average employee-plus-one premium, Michigan employees (20.2 percent) also contributed less than the national average of 27.0 percent. Employees in Texas (\$2,566) contributed more than the national average for employee-plus-one coverage.
- Employees in Florida (\$4,412 or 34.8 percent of the premium) and Texas (\$3,872 or 32.4 percent of the premium) contributed more than the national average of \$3,394 or 27.6 percent of the premium toward their family coverage health insurance premiums. Employees in Michigan (\$2,522 or 22.3 percent of the premium), Ohio (\$2,642 or 23.1 percent of the premium), and Pennsylvania (\$2,971 or 24.1 percent of the premium) contributed less than the national average toward their family coverage health insurance premiums.

## Data Source

The statistics in this Brief are estimates from the 2008 MEPS-IC. All information comes from tables that are available on the MEPS Web site (<http://www.meps.ahrq.gov>). Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in every year.

## 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.

### *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.

### *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). 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 2008 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, 10, 14, 17, and 18* and the MEPS-IC Technical Notes and Survey Documentation, which are available on the MEPS Web site (<http://www.meps.ahrq.gov>).

## Suggested Citation

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[http://www.meps.ahrq.gov/data\\_files/publications/st250/stat250.pdf](http://www.meps.ahrq.gov/data_files/publications/st250/stat250.pdf)

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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 [mepsdpd@ahrq.gov](mailto:mepsdpd@ahrq.gov) or send a letter to the address below:

Steven B. Cohen, PhD, Director  
Center for Financing, Access, and Cost Trends  
Agency for Healthcare Research and Quality  
540 Gaither Road  
Rockville, MD 20850

**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, 2008**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>UNITED STATES</b>	<b>50.2%</b>	<b>18.0%</b>	<b>31.8%</b>
California	<b>52.8%**</b>	17.9%	<b>29.2%*</b>
Texas	50.6%	19.2%	30.2%
New York	49.6%	16.6%	33.8%
Florida	52.6%	17.8%	29.6%
Illinois	49.8%	16.7%	33.5%
Pennsylvania	48.8%	19.9%	31.3%
Ohio	<b>44.5%*</b>	19.3%	<b>36.2%**</b>
Michigan	<b>43.1%*</b>	<b>22.2%**</b>	34.7%
New Jersey	49.3%	18.7%	31.9%
Georgia	49.3%	18.1%	32.7%

\* Below the national average. \*\* Above the national average.

Note: Percentages may not add to 100 percent due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2008, 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, 2008**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>UNITED STATES</b>	<b>\$4,386</b>	<b>\$8,535</b>	<b>\$12,298</b>
California	\$4,280	\$8,351	\$12,254
Texas	<b>\$4,205*</b>	\$8,278	\$11,967
New York	<b>\$4,638**</b>	\$8,807	\$12,824
Florida	\$4,517	\$8,444	\$12,697
Illinois	<b>\$4,643**</b>	<b>\$9,232**</b>	\$12,603
Pennsylvania	\$4,499	<b>\$9,022**</b>	\$12,339
Ohio	<b>\$4,089*</b>	\$8,194	<b>\$11,425*</b>
Michigan	\$4,388	\$8,712	<b>\$11,321*</b>
New Jersey	<b>\$4,798**</b>	\$8,739	\$12,789
Georgia	\$4,160	\$8,126	\$11,659

\* 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, 2008, 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, 2008**

State	Single coverage	Employee-plus-one coverage	Family coverage
<b>UNITED STATES</b>	<b>22.0%</b>	<b>9.4%</b>	<b>10.7%</b>
California	<b>30.8%**</b>	12.7%	<b>13.5%**</b>
Texas	20.8%	<b>4.9%*</b>	<b>6.0%*</b>
New York	26.7%	11.4%	<b>17.9%**</b>
Florida	<b>17.3%*</b>	<b>5.9%*</b>	<b>4.6%*</b>
Illinois	<b>16.4%*</b>	9.9%	8.5%
Pennsylvania	21.4%	7.4%	9.8%
Ohio	<b>14.3%*</b>	12.4%	10.5%
Michigan	25.9%	14.2%	<b>18.2%**</b>
New Jersey	26.5%	13.6%	<b>17.6%**</b>
Georgia	16.9%	<b>3.8%*</b>	<b>4.7%*</b>

\* 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, 2008, 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, 2008**

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>\$882</b>	<b>20.1%</b>	<b>\$2,303</b>	<b>27.0%</b>	<b>\$3,394</b>	<b>27.6%</b>
California	<b>\$741*</b>	<b>17.3%*</b>	<b>\$2,123*</b>	25.4%	\$3,398	27.7%
Texas	\$844	20.1%	<b>\$2,566**</b>	31.0%	<b>\$3,872**</b>	<b>32.4%**</b>
New York	\$947	20.4%	\$2,405	27.3%	\$3,376	26.3%
Florida	<b>\$1,065**</b>	<b>23.6%**</b>	\$2,705	32.0%	<b>\$4,412**</b>	<b>34.8%**</b>
Illinois	\$954	20.5%	\$2,460	26.6%	\$3,366	26.7%
Pennsylvania	\$852	18.9%	\$2,124	23.5%	<b>\$2,971*</b>	<b>24.1%*</b>
Ohio	\$885	21.6%	<b>\$1,880*</b>	23.0%	<b>\$2,642*</b>	<b>23.1%*</b>
Michigan	<b>\$735*</b>	<b>16.8%*</b>	<b>\$1,759*</b>	<b>20.2%*</b>	<b>\$2,522*</b>	<b>22.3%*</b>
New Jersey	<b>\$1,033**</b>	21.5%	\$2,561	29.3%	\$3,286	25.7%
Georgia	\$972	23.4%	\$2,617	32.2%	\$3,814	32.7%

\* 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, 2008, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3