

## STATISTICAL BRIEF #54

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# Employer-Sponsored Health Insurance for Small Employers in the Private Sector, by Census Division, 2002

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### Introduction

Employer-sponsored health insurance for current workers is one of the primary sources of health insurance coverage in the United States. According to data from the Insurance Component of the 2002 Medical Expenditure Panel Survey (MEPS-IC), approximately 99 million of the 112 million employees from the private sector worked in firms where the employer offered health insurance. Of those who worked where health insurance was offered, approximately 62 million were enrolled. (Data not shown in figures.)

Although a large percentage of private sector employees worked where health insurance was offered in 2002, small private sector employers (firms with fewer than 50 employees) were much less likely to offer health insurance than other firms or governments. This Statistical Brief presents estimates for these small employers by census division for offer and enrollment rates and employee contributions. The brief shows that among these small employers, the offer and enrollment rates, as well as employee contributions towards costs for employer-sponsored health insurance, varied considerably by different census divisions. Only those estimates that had a statistically significant difference from the national average at the 0.05 significance level are noted in the text.

### Findings

Among the 30.8 million employees who worked for small private sector employers in 2002, 63.5 percent (figure 1) worked where the employer offered health insurance. This rate varied considerably by census division. The percentage of employees who worked for small employers who offered health insurance was higher than average in the New England, Middle Atlantic, and East North Central states. The rates for these census divisions were 70.6 percent, 70.5 percent, and 70.2 percent, respectively (figure 1). The East South Central, West South Central, and Mountain states had lower than average offer rates. The percentages of employees of small firms who worked where health insurance was offered in these three groups of states were 55.6 percent, 52.6 percent, and 57.1 percent, respectively (figure 1).

### Highlights

- In 2002, 63.5 percent of employees of small private sector employers worked where health insurance was offered. This percentage varied significantly across census divisions.
- In 2002, 61.3 percent of employees who worked for small employers that offered health insurance enrolled in the employer-sponsored health insurance. There was substantial variation in the enrollment rates by census division.
- The average annual premium contribution per enrolled employee for single coverage across small private sector employers was \$479. There was a large variation in this contribution by census division.
- The average annual premium contribution per enrolled employee for family of four coverage across small private sector employers was \$2,155.

Among employees of small employers who worked where health insurance was offered, 61.3 percent (figure 2) enrolled. Among the census divisions, the New England and East North Central states, which had high percentages of persons who worked where health insurance was offered, had significantly lower than average rates, 57.6 percent and 57.3 percent, respectively, of persons who enrolled in health insurance at establishments where health insurance was offered. The Pacific states and the West South Central states each had significantly higher than average enrollment rates, 65.8 percent and 66.7 percent, respectively, among employees who worked where insurance was offered (figure 2).

Annual employee contributions towards premiums required of employees who enrolled in employer-sponsored health insurance at small firms varied considerably across census divisions from the national averages for both single and family of four coverage. The two national average annual contributions were \$479 and \$2,155, respectively (figure 3 and 4). The average contributions required of employees in the New England states, \$662, and East South Central states, \$577, for single coverage were both significantly higher than average. The contributions in the Pacific states for single coverage, \$306, were significantly lower than average (figure 3).

Among employees of small firms, those in the South Atlantic and West South Central states also had higher than average annual contributions for family of four coverage; these values were \$2,531 and \$3,009, respectively (figure 4). The Middle Atlantic and East North Central states had lower than average employee contributions for family of four coverage, with values of \$1,695 and \$1,885, respectively (figure 4).

### **Data Source**

This Statistical Brief summarizes data from the 2002 MEPS-IC. The data are available on the MEPS Web site ([www.meps.ahrq.gov](http://www.meps.ahrq.gov)) or have been produced using special computation runs on the confidential MEPS-IC data available at the U. S. Bureau of the Census.

### **Definitions**

In this Statistical Brief, an employer is defined as a private sector firm. A firm is defined as a business entity that controls one or more business establishments or locations. Consequently, an employer can have multiple work locations. Small employers are defined as firms with fewer than 50 employees across all their locations.

States were grouped into nine census divisions as follows:

- New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- Middle Atlantic: New Jersey, New York, Pennsylvania
- East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin
- West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
- East South Central: Alabama, Kentucky, Mississippi, Tennessee
- West South Central: Arkansas, Louisiana, Oklahoma, Texas
- Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- Pacific: Alaska, California, Hawaii, Oregon, Washington

### **About MEPS-IC**

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

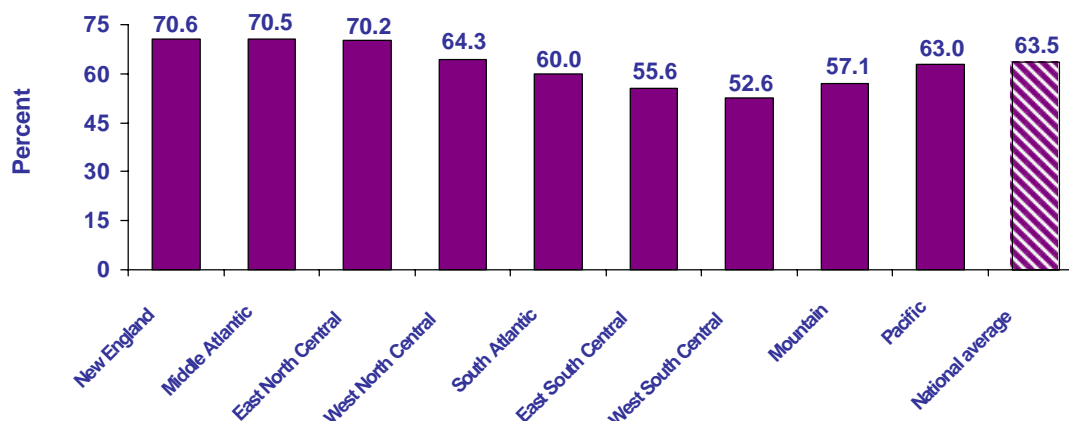
premiums. The survey is conducted annually by the U.S. Bureau of the Census under the sponsorship of the Agency for Healthcare Research and Quality. The yearly response rate has averaged 78 percent for in-scope sample units. Approximately 4 percent of the original sample has been out-of-scope in a typical year. A total sample of 42,000 establishments was selected for the 2002 survey, prior to accounting for losses due to non-response and out-of-scope cases.

For more information on MEPS-IC, see MEPS Methodology Reports 6, 8, and 10 under MEPS publications at [http://www.meps.ahrq.gov/mepsweb/data\\_stats/publications.jsp](http://www.meps.ahrq.gov/mepsweb/data_stats/publications.jsp) and the MEPS-IC Technical Appendix at [http://www.meps.ahrq.gov/mepsweb/survey\\_comp/ic\\_technical\\_notes.jsp](http://www.meps.ahrq.gov/mepsweb/survey_comp/ic_technical_notes.jsp).

### **Suggested Citation**

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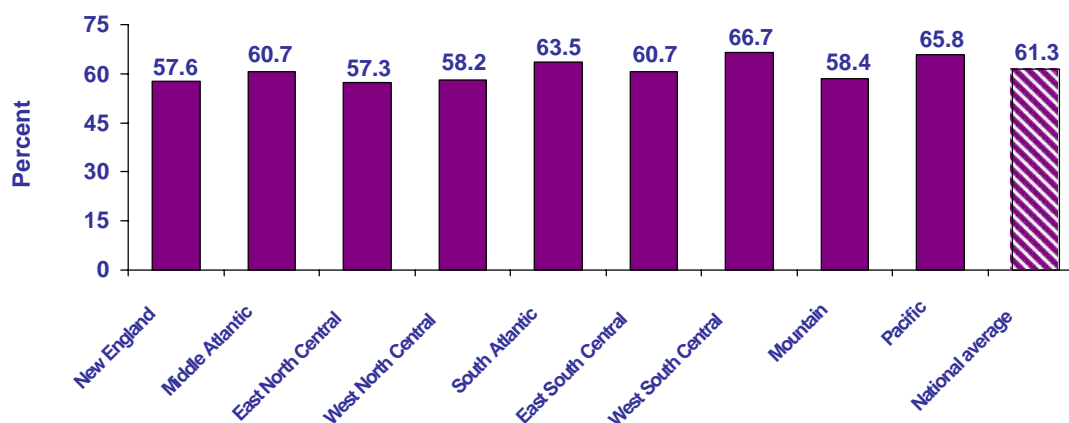
**Figure 1. Percentage of employees who work in establishments that offer health insurance, firms with fewer than 50 employees, by census division, 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002



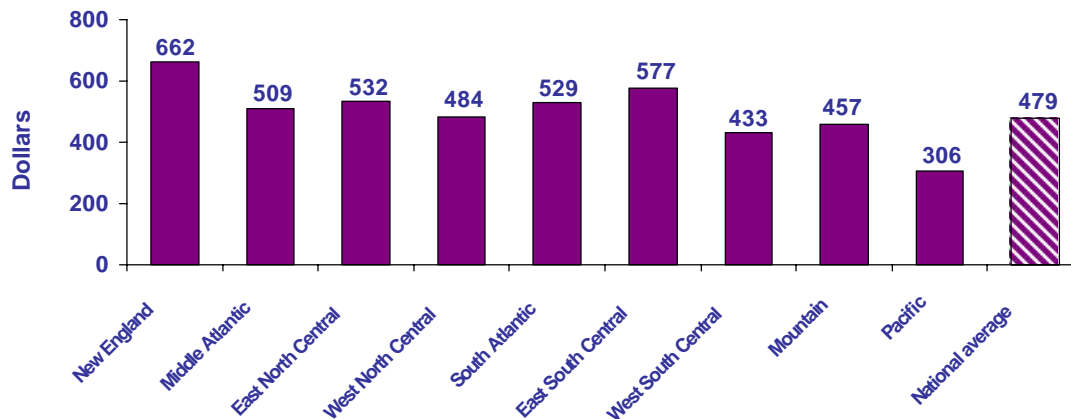
**Figure 2. Percentage of employees who enroll in employer-sponsored health insurance in establishments that offer health insurance, firms with fewer than 50 employees, by census division, 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002



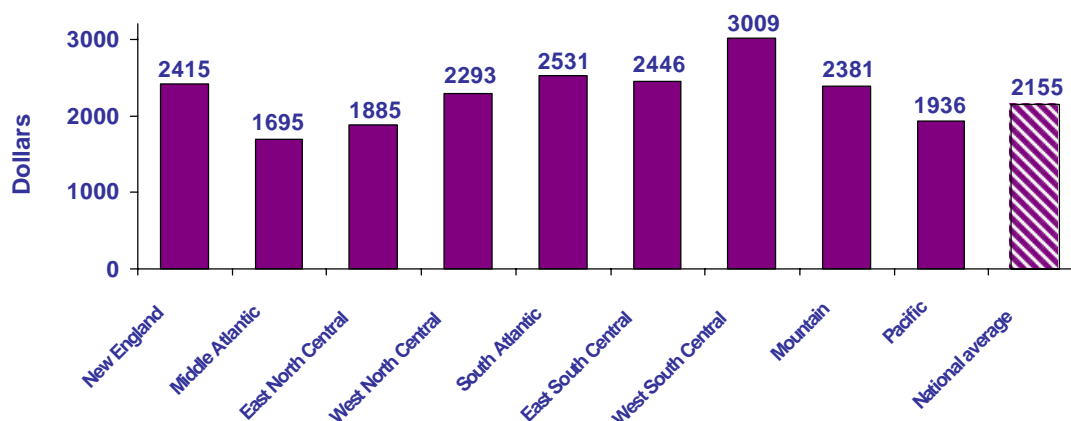
**Figure 3. Average annual contribution per enrolled employee for single coverage at establishments within firms with fewer than 50 employees, by census division, 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002



**Figure 4. Average contribution per enrolled employee for family of four coverage at establishments within firms with fewer than 50 employees, by census division, 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2002

