

## STATISTICAL BRIEF #190

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### **Deductibles for Employer-Sponsored Health Insurance in the Private Sector, by Firm Size Classification, 2002–2005**

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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 2005 Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), approximately 97.5 million of the 112.2 million employees from the private sector worked in firms where the employer offered health insurance. Of those employees who worked where health insurance was offered, approximately 61.1 million were enrolled.

In recent years, premiums for employer-sponsored health insurance have risen dramatically. However, premium costs are only one of several factors that determine costs of health care for enrollees. Other factors, such as whether an enrollee has a deductible and its amount, also contribute to differences in cost of care.

This Statistical Brief examines what percentage of enrollees had a deductible and the amount of such deductibles. Data for 2002 are compared to those for 2005. Estimates for small firms (fewer than 50 employees) and large firms (50 or more employees) are analyzed. Only those comparisons that had a statistically significant difference at the 0.05 percent significance level are noted in the text.

#### **Findings**

Overall, the percentage of employees enrolled in a health insurance plan that required a deductible was 47.6 percent in 2002 (figure 1). This figure jumped to 63.9 percent in 2005. In 2002, employees of small firms were more likely to be enrolled in a plan with a deductible (54.2 percent) than employees of large firms (46.0 percent). However, by 2005, small firms' employees did not differ from large firms' employees in their likelihood of having a deductible: 65.5 percent versus 63.6 percent. The gap narrowed substantially between 2003 and 2004.

For those enrollees with a single coverage plan requiring a deductible, the average annual amount of the deductible was \$446 in 2002 (figure 2). By 2005, the amount rose to \$652, or by 46.2 percent. In both years, enrollees at small firms had a much bigger single deductible than those of large firms. While the average deductible rose from 2002 to 2005 for both small and large firms' enrollees, it increased at a

#### **Highlights**

- The percentage of employees enrolled in a health insurance plan that required a deductible was 47.6 percent in 2002. This figure jumped to 63.9 percent in 2005.
- By 2005, small firms' employees were about as likely as large firms' employees to have a deductible: 65.5 percent versus 63.6 percent.
- For those enrollees with a single coverage plan requiring a deductible, the annual amount of the deductible was \$446 in 2002. By 2005, the average amount rose to \$652, a 46.2 percent increase. In both years, enrollees at small firms had a much bigger single deductible than those of large firms.
- For all firms, the average deductible for family coverage went up from \$958 in 2002 to \$1,232 in 2005, or a 28.6 percent rise. As with single coverage deductibles, the amounts were higher in both years for employees of small firms compared to employees of large firms.

greater rate for those in small firms. The small firm single deductible went from \$602 in 2002 to \$929 in 2005, a 54.3 percent rise. For large firms, the comparable amounts were \$391 in 2002 and \$566 in 2005, or a 44.8 percent increase.

For all firms, the average deductible for family coverage increased from \$958 in 2002 to \$1,232 in 2005, a 28.6 percent rise (figure 3). As with single coverage deductibles, the amounts were higher in both years for employees of small firms compared to employees of large firms. And while small firm family deductibles rose more sharply than large firm family deductibles, both increases were smaller than those for single deductibles for the same firm size. Family deductibles in small firms increased from \$1,371 in 2002 to \$1,899 in 2005, or 38.5 percent. Family deductibles in large firms rose from \$865 (2002) to \$1,111 (2005), or 28.4 percent.

## Data Source

This Statistical Brief summarizes data from the 2002–2005 MEPS-IC. The data are available on the MEPS Web site at [http://www.meps.ahrq.gov/mepsweb/survey\\_comp/Insurance.jsp](http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp) or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

## Definitions

### *Employer*

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.

### *Firm size*

Firm size is the count of employees across all locations controlled by an individual firm. Small firms have fewer than 50 employees at all locations combined, while large firms have 50 or more employees at all locations combined. More than seven out of ten private sector employees (72.1 percent) work for large firms.

### *Deductible*

A deductible is a fixed dollar amount during the benefit period (usually a year), that an insured person pays before the insurer starts to make payments for covered medical services. Plans may have both per individual and family deductibles. Some plans may have separate deductibles for specific services. For example, a plan may have a hospitalization deductible per admission. Deductibles may differ if services are received from an approved provider or if received from providers not on the approved list.

## 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 2005 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 on the MEPS Web site at [http://www.meps.ahrq.gov/mepsweb/data\\_stats/publications.jsp](http://www.meps.ahrq.gov/mepsweb/data_stats/publications.jsp) and Insurance Component Survey Basics at [http://www.meps.ahrq.gov/mepsweb/survey\\_comp/Insurance.jsp](http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp).

## Suggested Citation

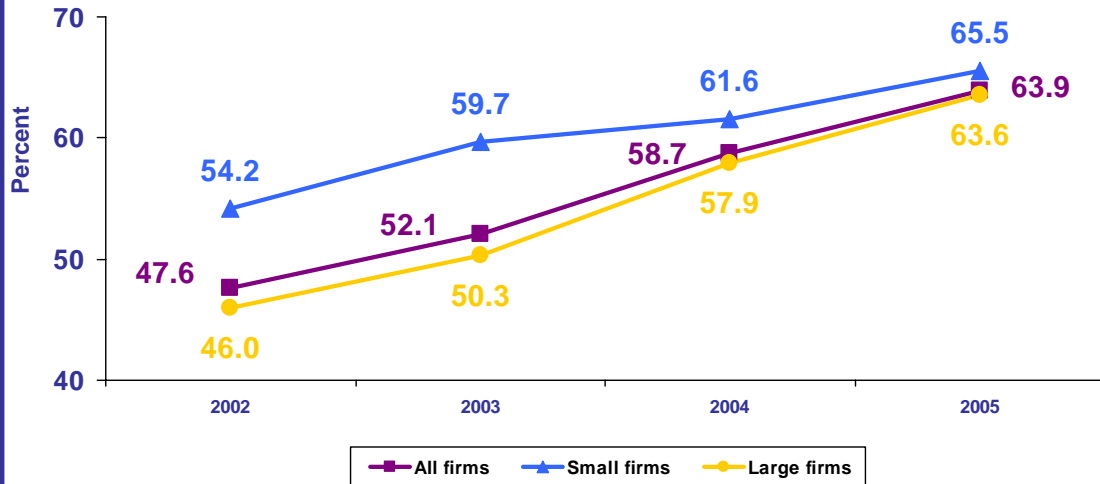
Crimmel, B.L. *Deductibles for Employer-Sponsored Health Insurance in the Private Sector, by Firm Size Classification, 2002-2005*. November 2007. Agency for Healthcare Research and Quality, Rockville, MD. [http://www.meps.ahrq.gov/mepsweb/data\\_files/publications/st190/stat190.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/st190/stat190.pdf)

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

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**Figure 1. Percent of employees enrolled in a health insurance plan that had a deductible, by firm size, private industry, 2002-2005**

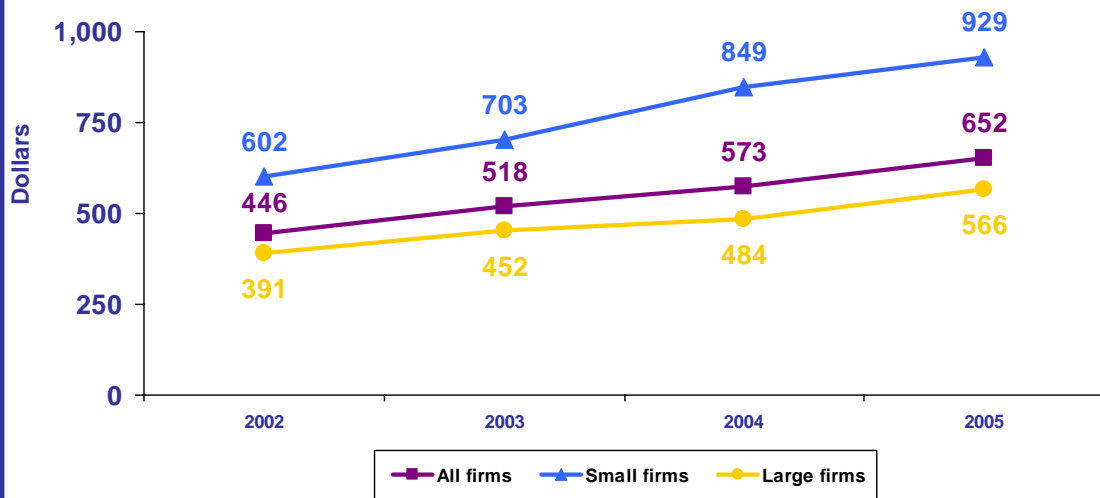


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2005



**Figure 2. Average amount of deductible for employees enrolled in a health insurance plan that had a deductible, single coverage, by firm size, private industry, 2002-2005**

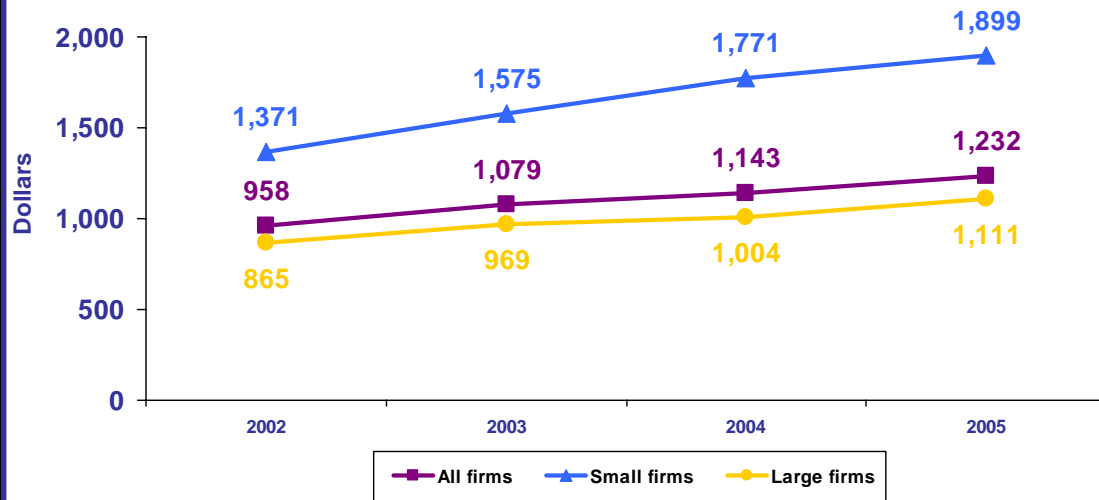


Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2005



**Figure 3. Average amount of deductible for employees enrolled in a health insurance plan that had a deductible, family coverage, by firm size, private industry, 2002-2005**



Note: Small firms have fewer than 50 employees; large firms have 50 or more employees.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2005