

STATISTICAL BRIEF #127

June 2006

Changes in Co-pays for Employer-Sponsored Health Insurance Plans, 1999–2003

Beth Levin Crimmel, MS, Amy K. Taylor, PhD, Alice M. Zawacki, PhD

Introduction

The use of co-pays for physician services and in-patient hospital services is one way employers share the cost of the health insurance coverage that they provide to their enrolled employees. This Statistical Brief discusses changes in co-pay amounts for employer-sponsored health insurance from 1999 to 2003.

The estimates shown in this brief, which are drawn from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC), pertain to employees of firms in the private sector of the economy who are enrolled in an employer-sponsored plan. Data for employees working for small (fewer than 50 employees) and large firms (50 or more employees) are analyzed. All differences between estimates discussed in the text are statistically significant at the 0.05 level.

Findings

Physician co-pays

For purposes of this analysis, the amount of an enrollee's co-pay for a visit to a physician required by a health insurance plan was categorized as follows:

- Co-pay of \$0 (zero)
- Co-pay of more than \$0 but less than or equal to \$10 (low)
- Co-pay of more than \$10 but less than or equal to \$20 (medium)
- Co-pay of more than \$20 (high)

The percentage of employees enrolled in a plan with no or a low physician co-pay dropped dramatically from 1999 to 2003 (figure 1). Conversely, the percentage of employees enrolled in plans with medium or high co-pays rose substantially over the period.

In 1999, most enrollees (57.0 percent) were in a plan with a low physician co-pay. By 2003, this percentage had fallen to 23.5 percent. This downward trend was consistent across all four years. Those with zero co-pays fell from 7.6 percent to 4.7 percent of all enrolled employees over the period.

In contrast to the low co-pay group, just one-third (33.4 percent) of enrollees had a medium co-pay in 1999. After covering an increasing percentage of enrolled employees in each year, most employees (60.8 percent) had a medium physician co-pay by 2003. Those with high co-pays rose from a very small percentage of employees in 1999 (2.0 percent) to 11.0 percent in 2003.

Highlights

- While the majority of enrolled employees (57.0 percent) had a physician co-pay of more than \$0 but less than or equal to \$10 in 1999, by 2003 most employees (60.8 percent) paid more than \$10 but less than or equal to \$20 for a physician visit.
- While employees of small and large firms with insurance posted an increase in those covered by physician co-pays of more than \$20 over the 1999–2003 period, the jump was much greater for small firms (from 3.0 percent to 19.2 percent) than for large firms (1.3 percent to 8.9 percent).
- Compared with other hospital co-pay amounts, only zero dollar hospital co-pays showed a drop in the percentage of enrollees paying that amount—from 66.3 percent in 1999 to 45.3 percent in 2003.

For both small and large employers, the percentage of enrolled employees with low co-pays fell sharply from 1999 to 2003 (figures 2 and 3). The decline was from 54.1 percent to 20.9 percent for employees of small firms and from 59.0 percent to 24.1 percent for employees of large firms. The reverse was true for employees with medium co-pays; their percentages increased over the period from 34.5 percent to 52.6 percent for small firms and from 32.7 percent to 62.8 percent for large firms.

While both small and large firms posted an increase in employees in plans with high physician co-pays, the jump was much greater for small firms (from 3.0 percent to 19.2 percent) than for large firms (1.3 percent to 8.9 percent).

In-patient hospital co-pays

For purposes of this analysis, the amount of an enrollee's co-pay for an in-patient visit to a hospital required by a health insurance plan was categorized as follows:

- Co-pay of \$0 (zero)
- Co-pay of more than \$0 but less than or equal to \$150 (low)
- Co-pay of more than \$150 but less than or equal to \$400 (medium)
- Co-pay of more than \$400 (high)

Only zero dollar hospital co-pays showed a drop in the percentage of enrollees paying that amount—from 66.3 percent in 1999 to 45.3 percent in 2003 (figure 4). Low, medium, and high co-pays all covered more employees by the end of the period. In the case of both the medium and high co-pays, the percentage of enrolled employees covered doubled to 21.0 percent and 13.1 percent, respectively. For low co-pays, the percentage rose from 16.9 percent in 1999 to 20.6 percent in 2003.

Employees of both small and large firms enrolled in a health insurance plan showed large declines over the period in the percentage covered by zero dollar hospital co-pay plans (figures 5 and 6). The change for employees of small firms was from 62.8 percent to 42.9 percent; the drop for employees of large firms was from 68.6 percent to 45.9 percent.

For those co-pays that were more common by 2003 than in 1999, the increase in enrollees covered in small firms was most noticeable for the high co-pays, going from 8.1 percent in 1999 to 20.5 percent in 2003. In large firms, the increase was most pronounced for medium hospital co-pays, rising from 10.2 percent to 22.4 percent.

Data Source

This Statistical Brief summarizes data from the 1999 and 2003 MEPS-IC. The data are available on the MEPS Web site (www.meps.ahrq.gov) or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

The analysis and results presented in this brief are attributable to the authors and do not necessarily reflect concurrence by the Center for Economic Studies, U.S. Census Bureau. This brief has undergone a more limited review by the Census Bureau than official Census publications. It has been screened to ensure that no confidential data are revealed.

Definitions

Employees who were covered by a plan that required them to pay only a coinsurance percentage and no fixed-dollar co-pay amount are excluded from this analysis.

Co-pay

A co-pay is a fixed-dollar amount that an enrollee pays when medical service is received, regardless of the total charge for the service. The co-pays in this analysis are not adjusted for inflation.

Coinsurance

Coinsurance is a fixed percentage that an enrollee pays for medical expenses after the deductible amount, if any, is paid.

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.

Health insurance plan

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

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. Census Bureau 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 48,000 establishments was selected for the 2003 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, and 14 and the MEPS-IC technical appendix, which can be found on the MEPS Web site (www.meps.ahrq.gov).

Suggested Citation

Crimmel, B. L., Taylor, A. K., and Zawacki, A. M. Changes in Co-pays for Employer-Sponsored Health Insurance Plans, 1999–2003. Statistical Brief #127. June 2006. Agency for Healthcare Research and Quality, Rockville, Md. http://meps.ahrq.gov/mepsweb/data_files/publications/st127/stat127.pdf

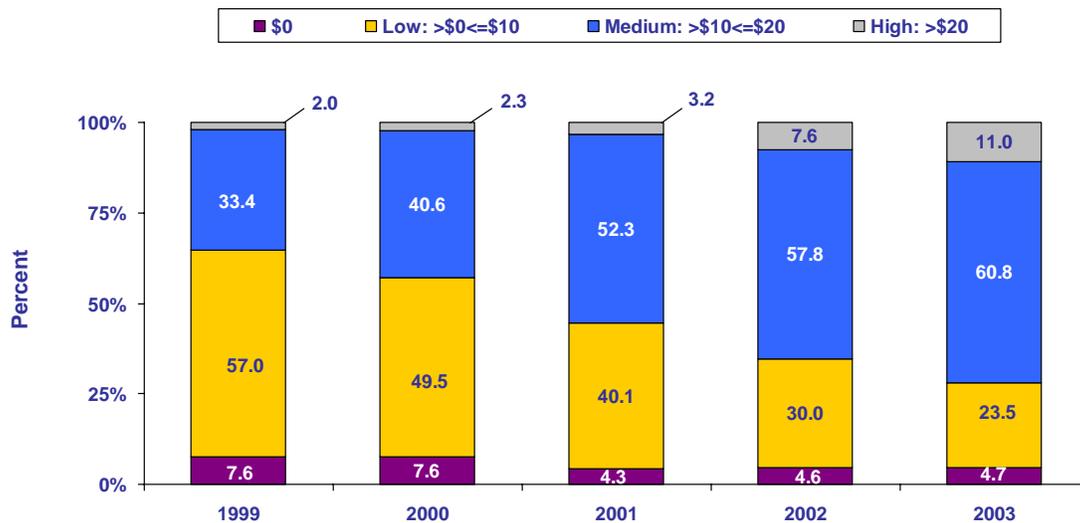
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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 mepsd@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



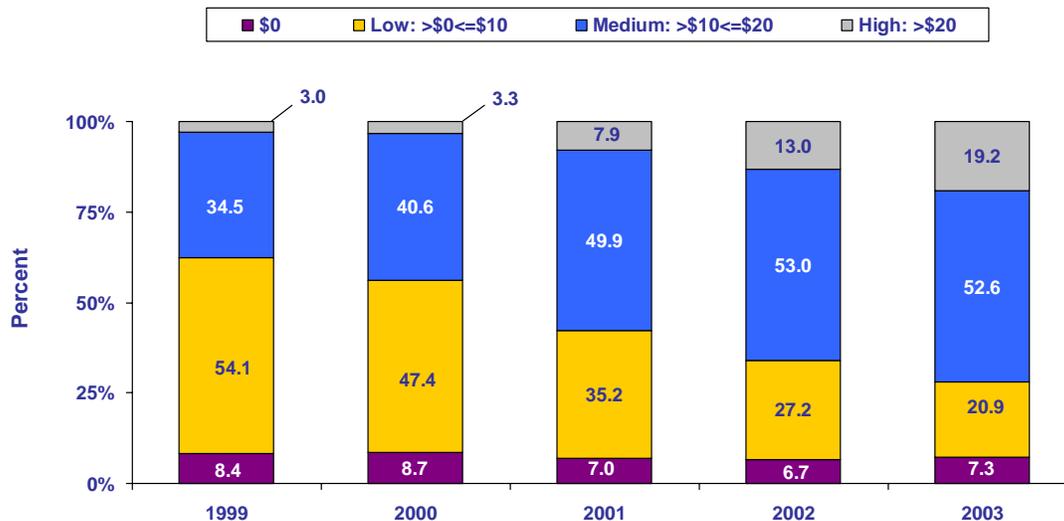
Figure 1. Percentage of enrolled employees with selected physician co-pays, by year, all firms



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003



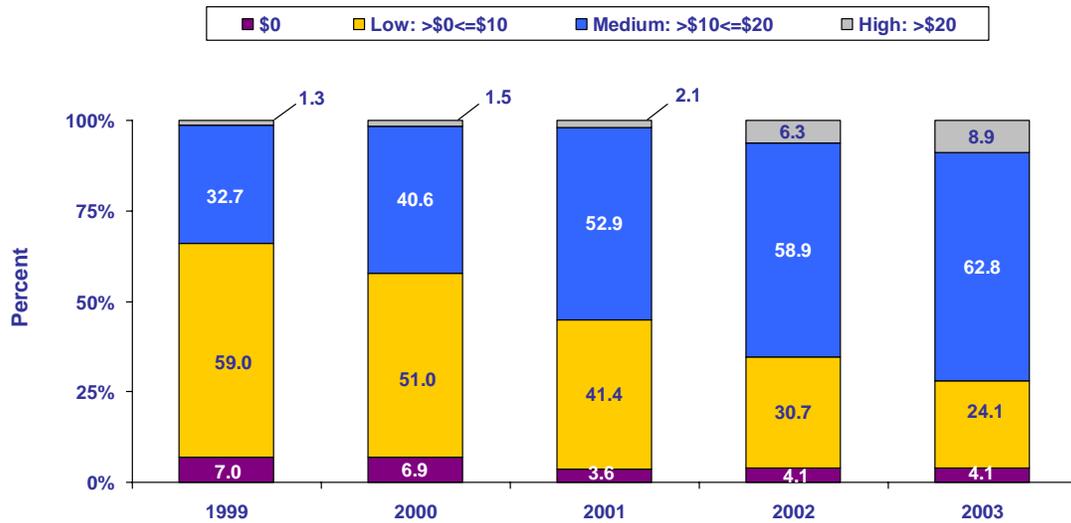
Figure 2. Percentage of enrolled employees with selected physician co-pays, by year, firms with fewer than 50 employees



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003



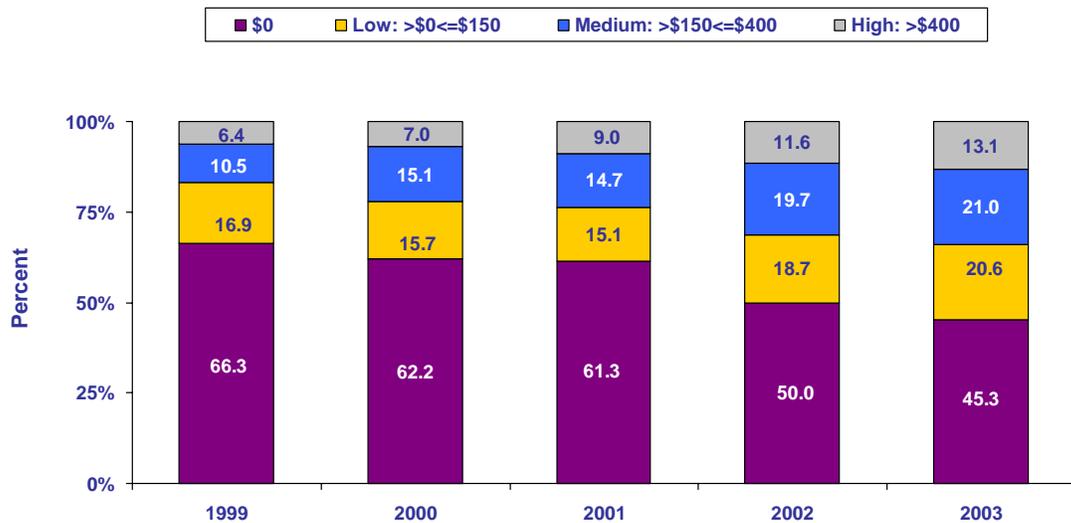
Figure 3. Percentage of enrolled employees with selected physician co-pays, by year, firms with 50 or more employees



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003



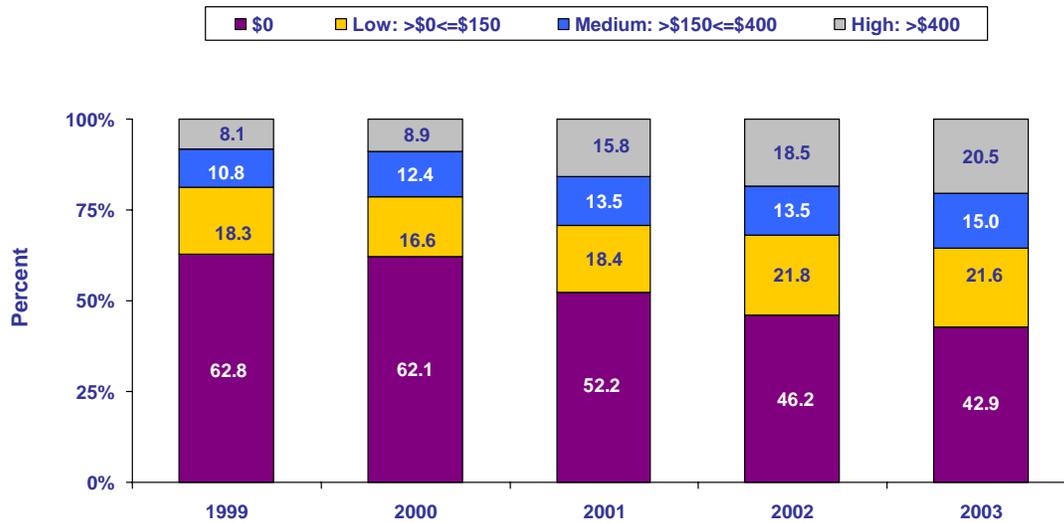
Figure 4. Percentage of enrolled employees with selected hospital co-pays, by year, all firms



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003



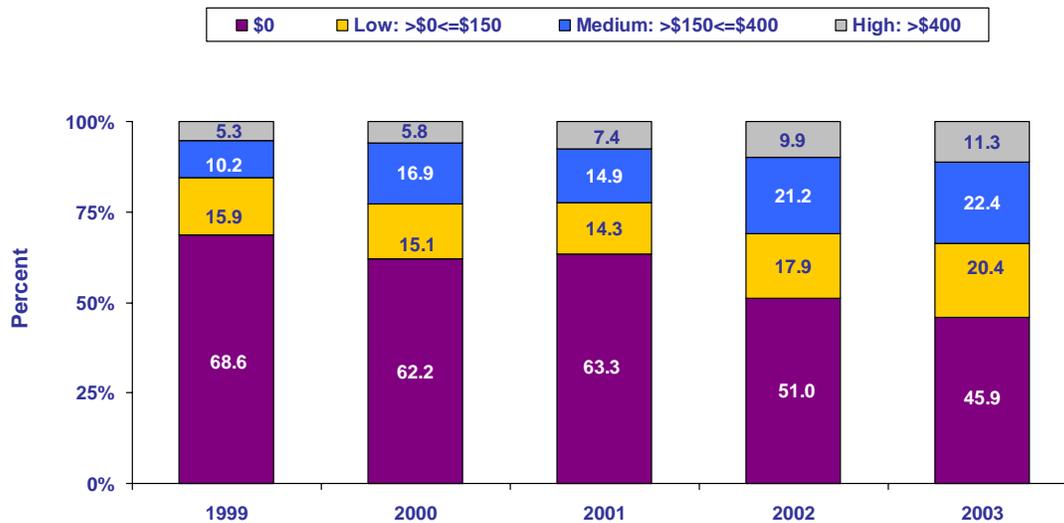
Figure 5. Percentage of enrolled employees with selected hospital co-pays, by year, firms with fewer than 50 employees



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003



Figure 6. Percentage of enrolled employees with selected hospital co-pays, by year, firms with 50 or more employees



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2003