

## STATISTICAL BRIEF #145

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# Co-pays, Deductibles, and Coinsurance Percentages for Employer-Sponsored Health Insurance in the Non-Federal Workforce, by Industry Classification, 2004

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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 2004 Medical Expenditure Panel Survey Insurance Component (MEPS-IC), approximately 115.8 million of the 130.8 million employees from the combined workforce of the non-Federal and all state and local governments (non-Federal) worked where the employer offered health insurance. Of those employees who worked where health insurance was offered, approximately 73.3 million were enrolled.

In recent years premiums for employer-sponsored health insurance have risen dramatically. However, premium costs are only a portion of the costs of health insurance. Other factors, such as whether an employee has a deductible, the size of deductibles, and the size of co-pays, also contribute to differences in cost of care.

This Statistical Brief examines what percentage of enrollees paid a deductible and the size of deductibles, what percentage paid co-pays and the size of co-pays, and the average coinsurance percentage paid. These values are compared for employers by industry classification. Only those estimates that had a statistically significant difference from the national average at the 5 percent significance level are noted in the text.

### Findings

Among the 73.3 million non-Federal employees enrolled in employer-sponsored health insurance in 2004, 55.9 percent were enrolled in a plan that required they meet an annual deductible (figure 1). This percentage varied significantly by industry of firm. A higher than average percentage of enrollees from firms in the Retail Trade industry, 72.8 percent, had a plan with a deductible, while the percentage of employees who had a deductible was lower than average for employees in Professional Services and State and Local Governments, at 51.7 percent and 42.2 percent, respectively.

Among enrollees who paid a deductible, the size of both single and family deductibles varied by firm size in 2004. Enrollees who paid deductibles in firms in the Construction industry paid an average single

### Highlights

- In 2004, 55.9 percent of non-Federal employees enrolled in employer-sponsored health insurance were required to pay a deductible by their health insurance plan.
- Non-Federal employees enrolled in employer-sponsored health insurance who were required to pay a deductible had an average single deductible of \$529 and an average family deductible of \$1,072 in 2004. Both of these values varied significantly by employee's industry.
- In 2004, 77.3 percent of non-Federal employees enrolled in employer-sponsored health insurance paid a co-pay for each doctor visit. The average dollar co-pay among these enrollees was \$17.49. These values varied significantly by industry.
- The average coinsurance percentage for a doctor visit for employees enrolled in employer-sponsored health insurance was 18.6 percent in 2004.

deductible of \$737, higher than the national non-Federal average of \$529 (figure 2). Enrollees who paid deductibles who worked for State and Local Governments paid an average single deductible of \$393, a value lower than the national average.

Among those employees who paid deductibles, those in the Construction, Wholesale Trade, and Retail Trade industries paid family deductibles higher than the national non-Federal average of \$1,072 (figure 3). These enrollees paid average family deductibles of \$1,544, \$1,265, and \$1,254, respectively. Enrollees with deductibles in State and Local Governments paid an average family deductible of \$758, significantly less than the national non-Federal average of \$1,072.

In 2004, 77.3 percent of non-Federal enrollees in employer-sponsored health insurance paid a co-pay for an office visit (figure 4). In the Retail Trade industry, the percentage was lower than average, at 72.2 percent. On average, the co-pay for enrollees with co-pays was \$17.49 (figure 5). Enrollees with co-pays in firms in Mining and Manufacturing, Construction, Utilities and Transportation, Wholesale Trade, Retail Trade, and Other Services paid higher than average amounts of \$18.17, \$18.85, \$18.69, \$18.38, \$19.25, and \$18.51, respectively. Enrollees in Professional Services and State and Local Governments paid lower than average co-pays of \$17.06 and \$14.95, respectively.

Persons who do not have co-pays have a coinsurance percentage to pay. For non-Federal enrollees in 2004, the average coinsurance percentage for an office visit for those enrollees who paid a coinsurance percentage was 18.6 percent (figure 6).

## Data Source

This Statistical Brief summarizes data from the 2004 MEPS-IC. The data are available on the MEPS Web site at [http://www.meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables.jsp](http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables.jsp) or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

## Definitions/Methodology

### *Employer*

An employer is defined as either a private sector firm or a state or local government. A private sector firm is defined as a business entity that controls one or more business establishments or locations. Consequently, an employer can have multiple work locations.

### *Deductible*

A deductible is 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.

### *Co-pay*

A co-pay is a form of medical cost sharing in a health insurance plan that requires an insured person to pay a fixed dollar amount when a medical service is received, regardless of the total charge for service. The insurer is responsible for the rest of the reimbursement. There may be separate co-pay for different services. For example, an enrollee may pay a \$10 co-pay for each doctor's office visit, \$75 for each day in the hospital, and \$5 for each prescription. Some plans require that a deductible first be met for some specific services before a co-pay applies.

### *Coinsurance*

Coinsurance is a form of medical cost sharing in a health insurance plan that requires an insured person to pay a stated percentage of medical expenses after the deductible amount, if any, has been paid. Once any deductible amount and coinsurance are paid, the insurer is responsible for the rest of the reimbursement for covered benefits up to allowed charges; the individual could also be responsible for any charges in excess of what the insurer determines to be "usual, customary, and reasonable." Coinsurance rates may differ if services are received from an approved provider (i.e., a provider with whom the insurer has a contract or an agreement specifying payment levels and other contract

requirements) or if received by providers not on the approved list. In addition to overall coinsurance rates, rates may also differ for different types of services.

#### *Classification by industry*

The classification by industry is based upon the North American Industrial Classification System.

#### **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 establishments was selected for the 2004 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, and 10 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**

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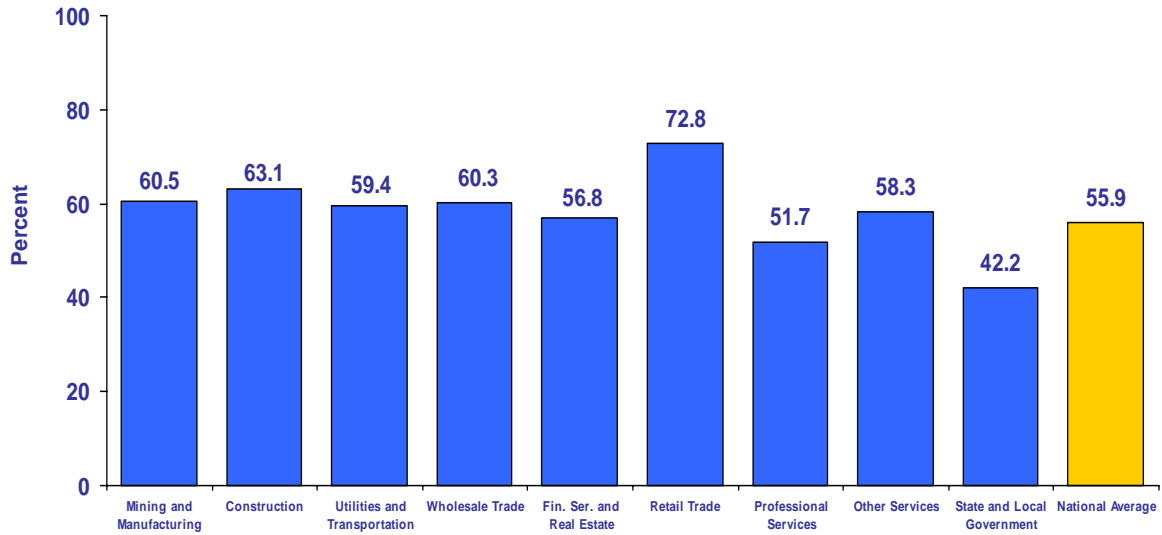
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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

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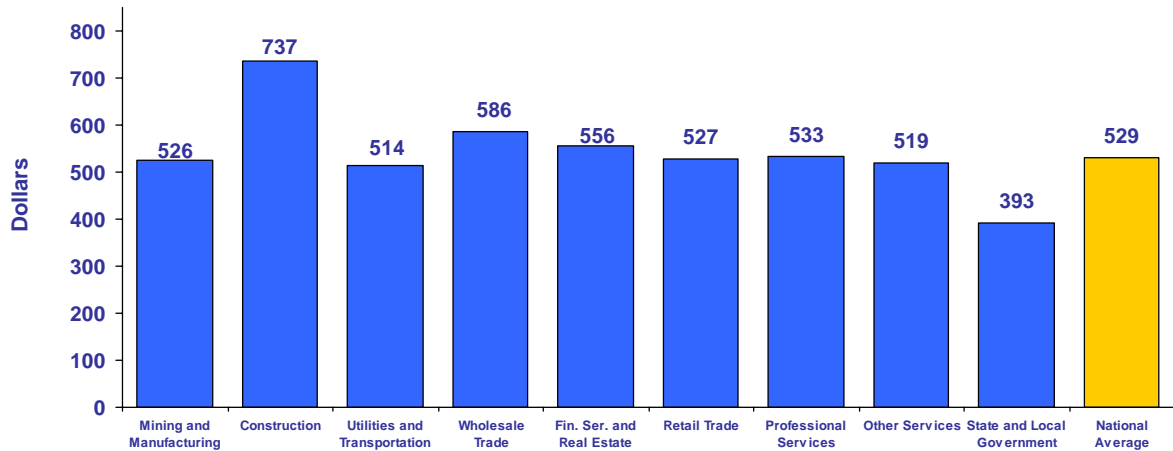
**Figure 1. Percentage of non-Federal employees enrolled in a plan with a deductible, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



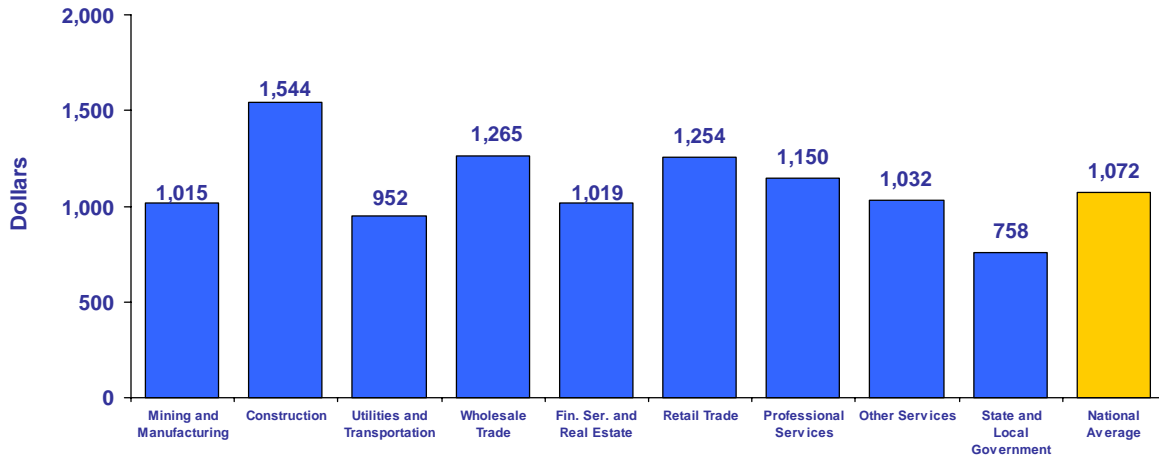
**Figure 2. Average single deductible of non-Federal employees enrolled in a plan with a deductible, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



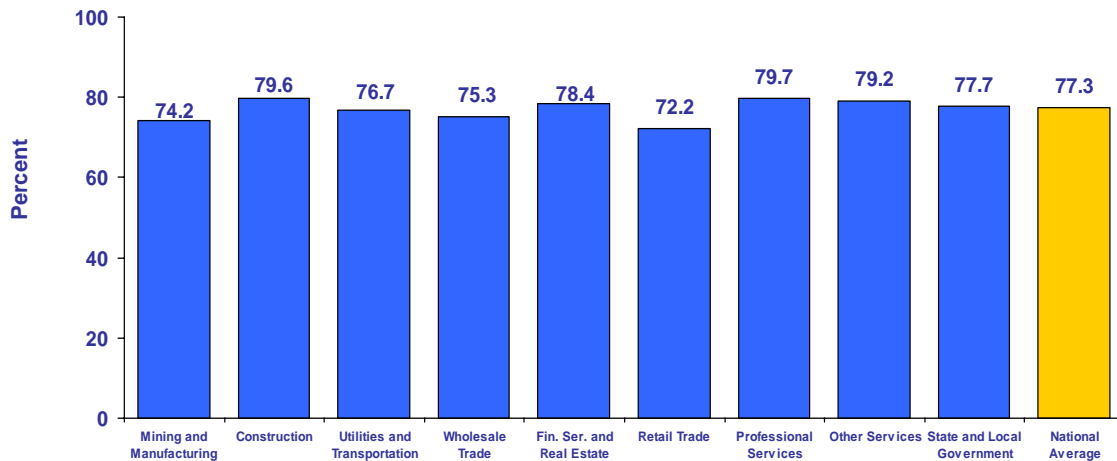
**Figure 3. Average family deductible of non-Federal employees enrolled in a plan with a deductible, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



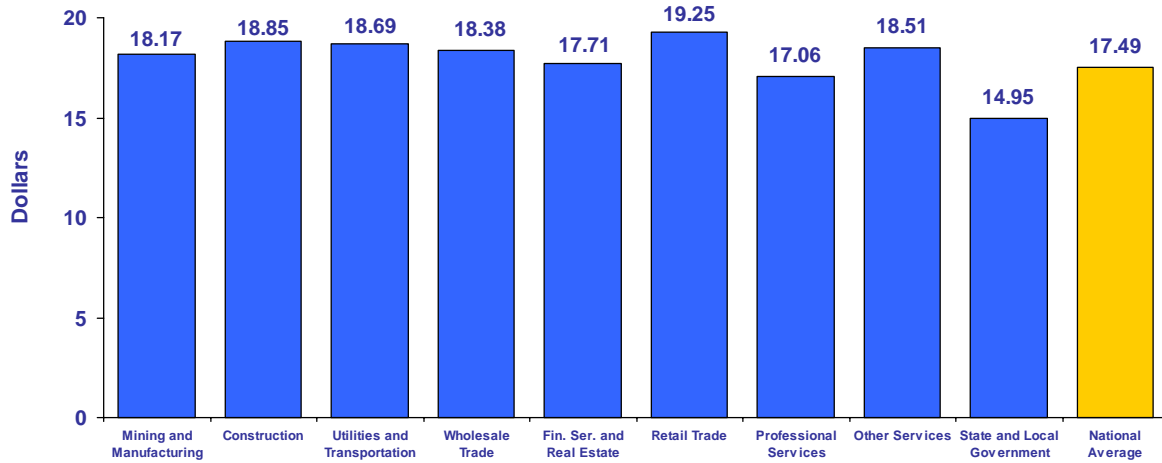
**Figure 4. Percentage of non-Federal enrollees who have a plan with a co-pay for an office visit, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



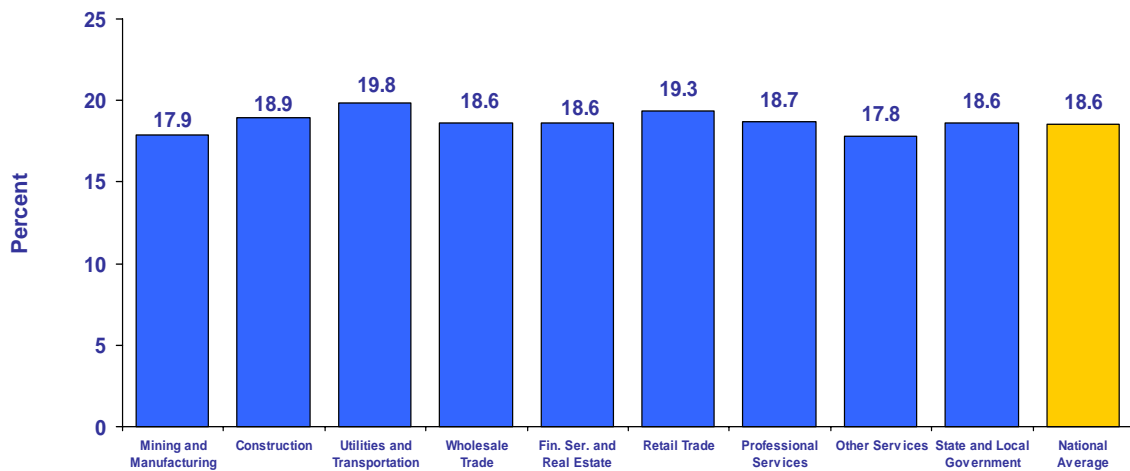
**Figure 5. Average co-pay for an office visit of non-Federal employees enrolled in a plan with a co-pay for an office visit, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004



**Figure 6. Average coinsurance percentage for an office visit of non-Federal employees enrolled in a plan with a coinsurance percentage for an office visit, by industry, 2004**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004