

## STATISTICAL BRIEF #49

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# Enrollment Rates for Employer-Sponsored Health Insurance in the Private Sector between 1999 and 2002

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### Introduction

While the percentage of workers covered by employer-sponsored health insurance has declined in recent years, such insurance continues to be one of the primary sources of health coverage in the United States. According to data from the Insurance Component of the 2002 Medical Expenditure Panel Survey (MEPS-IC), 55.1 percent of private sector employees were enrolled in health insurance sponsored by their employer. As recently as 1999, 57.6 percent of all private sector employees were enrolled in health insurance sponsored by their employer.

Using data from the 1999 and 2002 MEPS-IC, this Statistical Brief examines the changes among current workers in offer, eligibility, and enrollment rates across small (less than 50 employees), medium (50 to 999 employees), and large firms (1,000 or more employees) to provide a clearer picture of this decline in the percentage of employees who participated in employer-sponsored health insurance. General differences in rates by size of firm, such as the lower percentage of employees in small firms than in large firms who work where health insurance is offered, are shown in the figures but not discussed in this brief. The key focus is on the change within groups of firms between 1999 and 2002. Only those differences that are statistically significant at the 0.05 significance level are discussed in the text.

### Findings

From 1999 to 2002, the percentage of all employees in the private sector enrolled in employer-sponsored health insurance dropped from 57.6 to 55.1 percent (figure 1). Both small and medium firms showed significant drops in overall enrollment rates. The former dropped from 43.0 percent to 38.9 percent, and the latter dropped from 60.0 percent to 56.1 percent (figure 1).

Three factors influence the overall enrollment rate in employer-sponsored health insurance. The first is the percentage of employees who work where health insurance is offered. For all firms, this rate fell from 89.1 percent to 88.3 percent between 1999 and 2002

### Highlights

- There was a general decline in all measures of coverage for employer-sponsored health insurance among current workers in the private sector between 1999 and 2002. The percentages of employees who worked where health insurance was offered, those eligible who worked where health insurance was offered, and those eligible who enrolled were generally lower in 2002 than in 1999 for small, medium, and large firms.
- The overall enrollment rate in the private sector dropped significantly from 57.6 percent in 1999 to 55.1 percent in 2002. Of the three sizes of firms, only the large firms did not have a significant drop in the overall enrollment rate.
- Of particular note was a large decrease in the percentage of employees in small firms who worked where health insurance was offered: 67.6 percent in 1999 versus 63.5 percent in 2002. Over the same time period, the percentage of eligible employees who enrolled at small firms decreased from 80.5 percent to 78.5 percent.
- In medium firms, there was also a significant decrease from 77.1 percent to 74.5 percent in the percentage of employees eligible for health insurance where it was offered.

(figure 2). Small firms showed the largest drop, from 67.6 percent in 1999 to 63.5 percent in 2002 (figure 2).

The second factor that makes up the overall enrollment rate is the percentage of employees eligible for health insurance among those who work at firms where insurance is offered. This rate for all firms was 77.1 percent in 2002 (figure 3), which was not a significant drop from 1999. The change in eligibility rates from 1999 to 2002 among employees at medium firms was significant. In this group of firms, this rate dropped from 77.1 percent to 74.5 percent (figure 3) over the time period.

The third factor reflected in the overall coverage rate is the percentage of eligible employees who enroll in health insurance at firms that offer health insurance. The enrollment rate across all firms dropped from 82.3 percent in 1999 to 81.0 percent in 2002 (figure 4). Among the different firm sizes, the rate of enrollment for eligible employees dropped significantly for small firms. The rate in 2002 was 78.5 percent, down from 80.5 percent in 1999 (figure 4).

## Data Source

This Statistical Brief summarizes data from the 1999 and 2002 MEPS-IC. The data are available on the MEPS Web site (<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. Thus, an employer can have multiple work locations. A large multi-location auto maker is an employer and a single production plant is not.

## About MEPS-IC

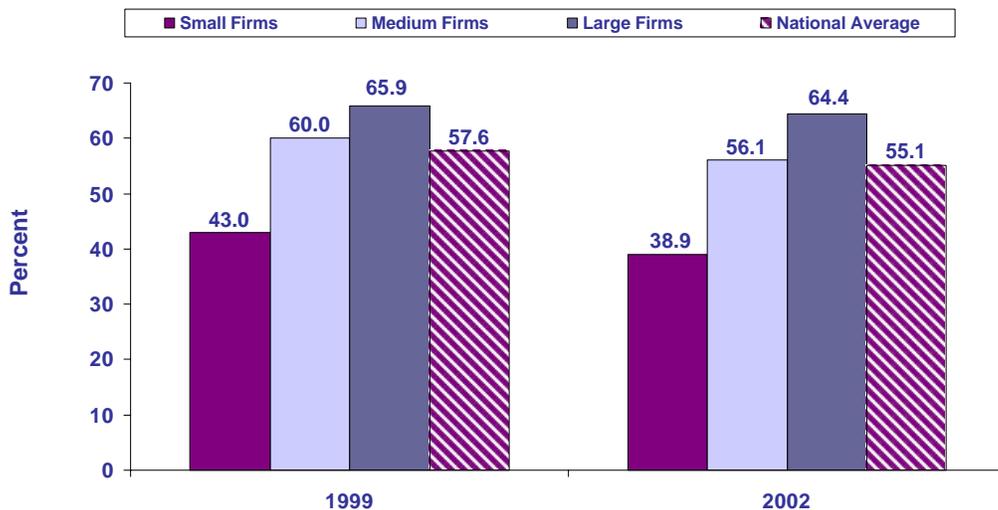
MEPS-IC is a survey of business establishments and governments that collects information on employer-sponsored health insurance, such as whether insurance is offered, enrollments, types of plans, and premiums. The survey is conducted annually by the U.S. Bureau of the Census under the sponsorship of 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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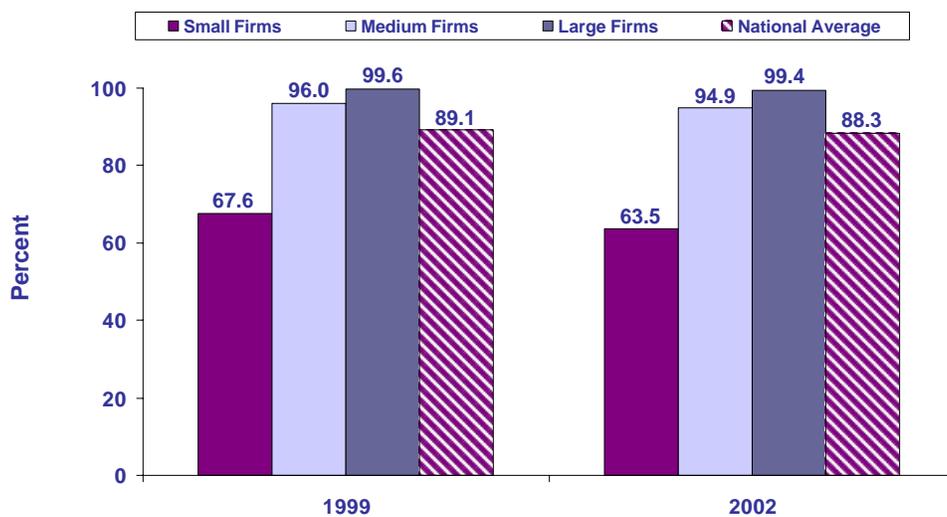
**Figure 1. Percentage of all private sector employees who were enrolled in employer-sponsored health insurance, by size of firm, 1999 and 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2002



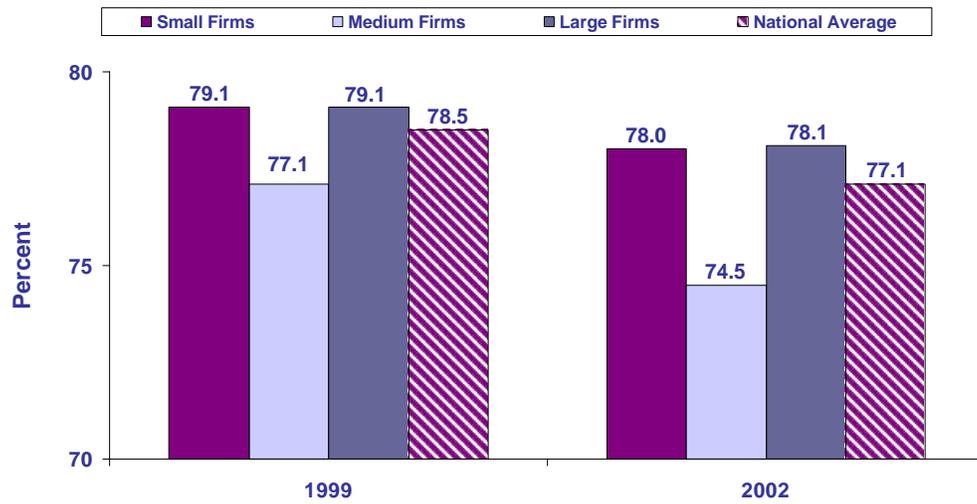
**Figure 2. Percentage of all private sector employees who worked where employer-sponsored health insurance was offered, by size of firm, 1999 and 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2002



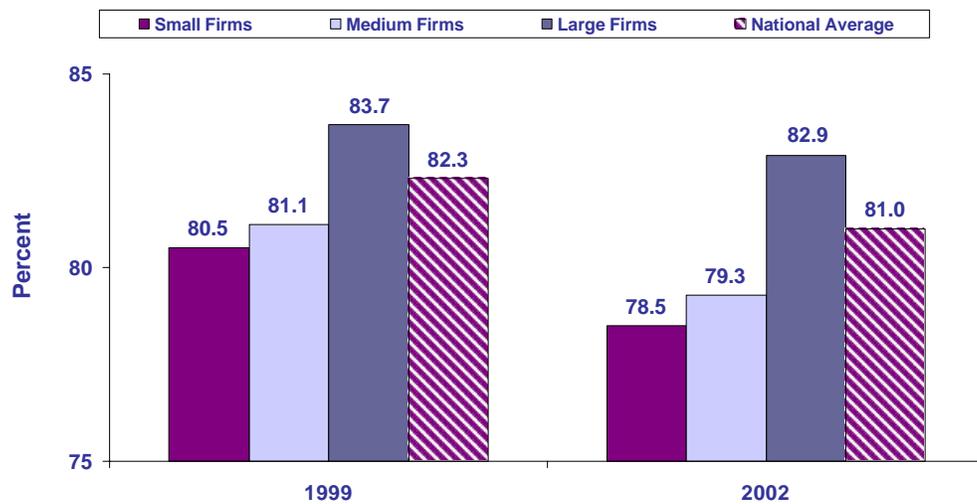
**Figure 3. Percentage of all private sector employees who were eligible for employer-sponsored health insurance, by size of firm, 1999 and 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2002



**Figure 4. Percentage of all private sector employees who were eligible for employer-sponsored health insurance who were enrolled, by size of firm, 1999 and 2002**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 1999 and 2002

