

STATISTICAL BRIEF #175

July 2007

Employer-Sponsored Health Insurance for Small Employers in the Private Sector, by Industry Classification, 2005

John P. Sommers, PhD and Beth Levin Crimmel, MS

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 2005 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.

This Statistical Brief presents estimates, by industry classification, on the percentage of employees who worked for small private sector employers (firms with fewer than 50 employees) who offered health insurance and of employees working in such firms who enrolled in offered health insurance plans. The brief also provides estimates on the average employee contributions towards premiums for single coverage and for family coverage. Only those estimates that had a statistically significant difference from the national average at the 0.05 percent significance level are noted in the text.

Although a large percentage of private sector employees worked where health insurance was offered in 2005, small private sector employers were much less likely to offer health insurance than other firms or governments. Among these small employers, the offer rates varied considerably by industry. Furthermore, the employee costs for employer-sponsored health insurance also differed significantly by industry among the small private sector employers.

Findings

Among the 31.3 million employees who worked for small private sector employers in 2005 (estimate not shown), 62.2 percent worked where the employer offered health insurance (figure 1). The offer rates varied considerably by industry classification. The percentage of employees who worked for small employers who offered health insurance was 77.7 percent for the combined Mining and Manufacturing sectors, 79.1 percent for the Wholesale Trade sector, 68.7 percent for the Financial Services and Real Estate sector, and 72.2 percent for the Professional Services sector. All these rates were significantly higher than the national average for small employers. Alternatively, the rates for the Other Services and Retail industries were significantly lower than the national average for small employers, with only 49.5 and 57.1 percent, respectively, of employees in these small firms working where health insurance was offered.

Highlights

- In 2005, 62.2 percent of employees of small private sector employers worked where health insurance was offered.
- In 2005, 60.1 percent of employees who worked at small employers who offered health insurance, enrolled in health insurance. There was substantial variation in the enrollment rates among small employers by industry classification.
- The average employee premium contribution per enrolled employee for single coverage across small private sector employers was \$641.
- The average employee premium contribution per enrolled employee for family coverage across small private sector employers was \$2,930.

Among employees of small employers who worked where health insurance was offered, 60.1 percent enrolled (figure 2). The enrollment rates for small employers ranged from 46.0 percent for employees in the Other Services industry and 55.9 percent for the Retail Trade Industry, which were both significantly lower than the national average for small employers, to 73.4 percent for the Financial Services and Real Estate industries, and 72.5 percent for the Wholesale Trade sector, both significantly higher than the national average for small employers.

Average employee contributions towards premiums for small private sector employers in 2005 were \$641 (figure 3) for single coverage and \$2,930 (figure 4) for family of four coverage. Furthermore, there was significant variation in the average employee premium contributions by industry classification among small employers. Employees working for small employers in the Utilities and Transportation sector and in the Retail Trade sector made higher than average single coverage premium contributions of \$997 and \$801, respectively (figure 3). Employees working for small employers in the Utilities and Transportation sector and in the Professional Services sector made higher than average coverage premium contributions of \$4,276 and \$3,345, respectively, for family of four coverage (figure 4).

Data Source

This Statistical Brief summarizes data from the 2005 MEPS-IC. The data are available on the MEPS Web site at 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

In this brief, an employer is defined as a private sector firm. A firm is defined as a business entity which controls one or more business establishments or locations. Consequently, an employer can have multiple work locations. Only small employers with fewer than 50 employees across all their locations were included in this analysis.

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

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 and Insurance Component Survey Basics at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

Suggested Citation

Sommers, J. P. and Crimmel, B. L. *Employer-Sponsored Health Insurance for Small Employers in the Private Sector, by Industry Classification, 2005*. Statistical Brief #175. July 2007. Agency for Healthcare Research and Quality, Rockville, Md. http://www.meps.ahrq.gov/mepsweb/data_files/publications/st175/stat175.pdf

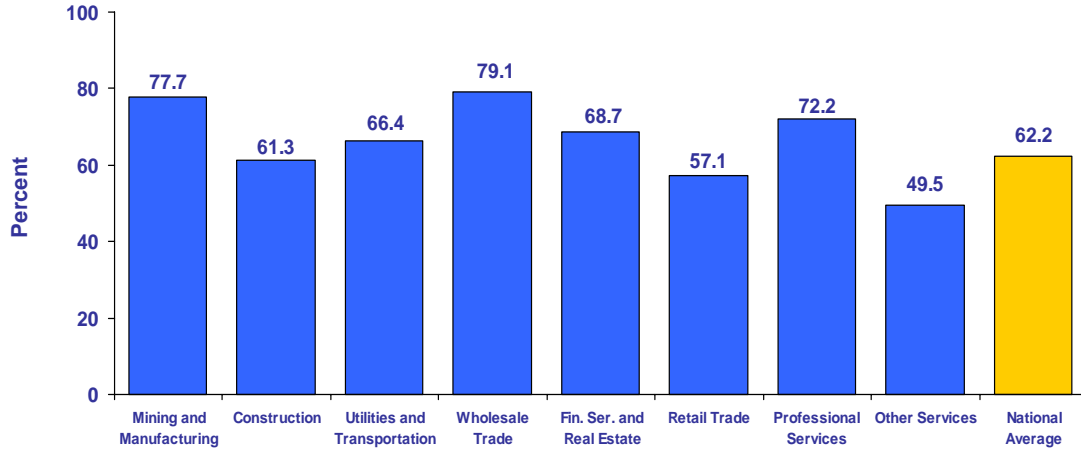
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using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



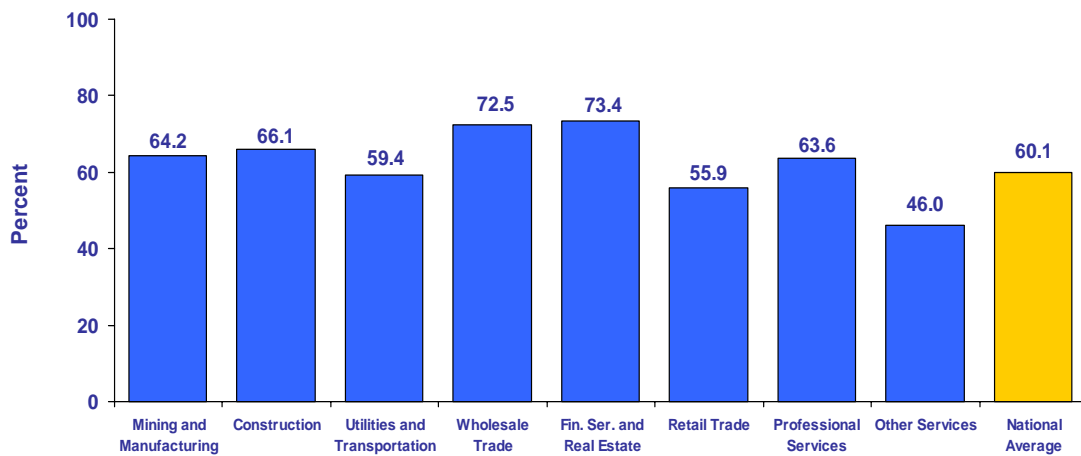
Figure 1. Percentage of private sector employees in firms with fewer than 50 employees who worked where health insurance was offered, by industry, 2005



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



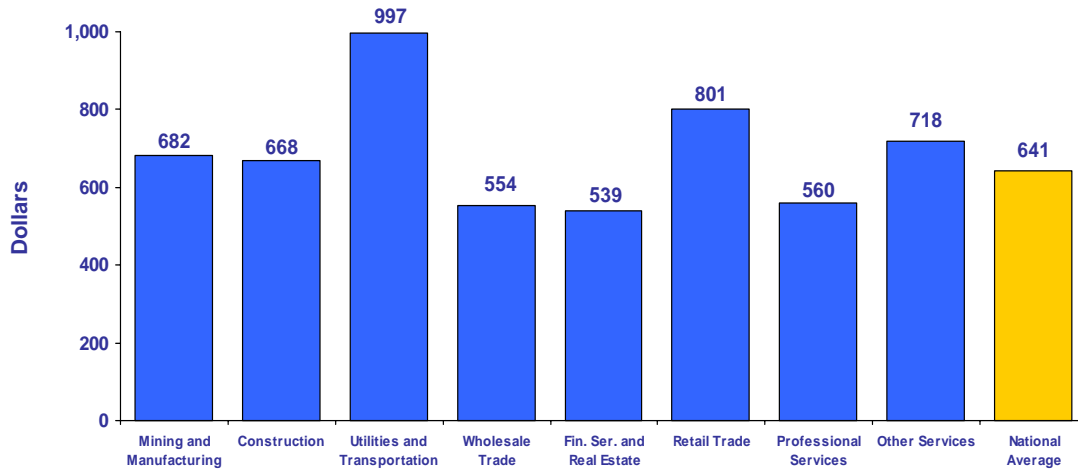
Figure 2. Percentage of employees enrolled in health insurance in establishments that offered health insurance for firms with fewer than 50 employees, by industry, 2005



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



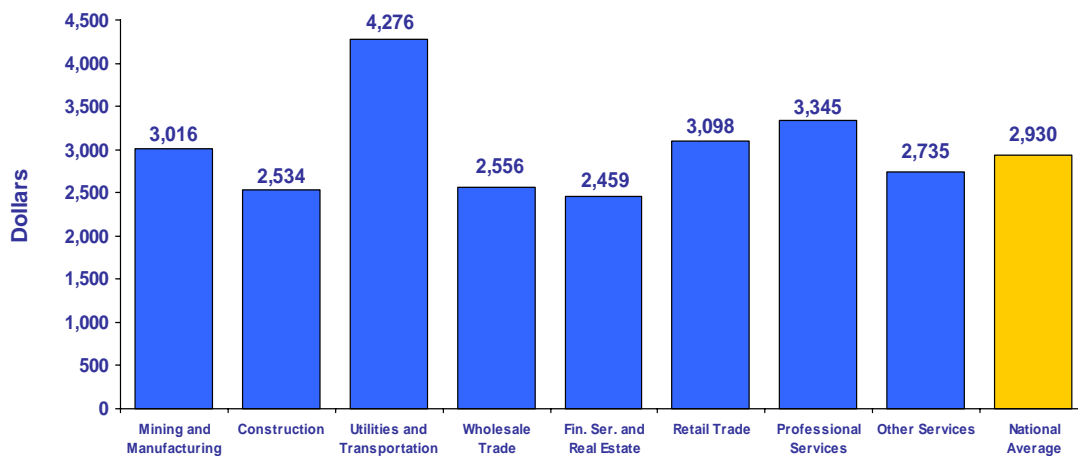
Figure 3. Average employee contribution per enrolled employee for single coverage at establishments within firms with fewer than 50 employees, by industry, 2005



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



Figure 4. Average employee contribution per enrolled employee for coverage for a family of four at establishments within firms with fewer than 50 employees, by industry, 2005



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