

## STATISTICAL BRIEF #375

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### State Differences in the Cost of Job-Related Health Insurance, 2011

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#### Introduction

Health insurance provided by employers is the source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance varies considerably based on the state where the employer is located and the number of persons covered by the plan.

This Statistical Brief presents state variations from the national average of the cost of job-related health insurance and how these costs are shared by employers and their employees. The Brief specifically examines the average premiums and employee contributions for private sector establishments in 2011 in the 10 most populous states based on the 2010 Decennial Census. This analysis is based on the most recent data available from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC). Estimates for all other states and the District of Columbia are available on the MEPS Web site (<http://www.meps.ahrq.gov>).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure of estimates from all 50 states and the District of Columbia at the 0.05 percent significance level are noted in the text. These estimates are also identified in the tables, with those above the national average noted with two asterisks (\*\*) and those below the national average noted with one asterisk (\*).

#### Findings

The percentage of employees enrolled in single, employee-plus-one, or family coverage can vary by state based on such factors as the number of one- and two-person households in the state, the number of multiple-worker families in which each person takes single coverage from his or her employer, the prevalence of unions, and the additional cost to an employee to insure his or her family beyond the cost for single coverage.

#### Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2011, 50.2 percent took single coverage, 18.9 percent took employee-plus-one coverage, and 30.9 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 44.4 percent in Michigan to 54.2 percent in North Carolina, for employee-plus-one coverage from 17.1 percent in New York to 21.3 percent in Michigan, and for family coverage from 25.2 percent in North Carolina to 34.3 percent in Michigan.
- Nationwide, the average premiums were \$5,222 for single coverage, \$10,329 for employee-plus-one coverage, and \$15,022 for family coverage. Among the 10 largest states, single premiums ranged from \$5,025 in Ohio to \$5,717 in New York, employee-plus-one premiums ranged from \$9,585 in Ohio to \$11,288 in New York, and family premiums ranged from \$13,963 in Georgia to \$16,572 in New York.

From table 1:

- In the United States as a whole, employees enrolled in health insurance coverage through their employer in 2011 were as likely to take single, self-only coverage (50.2 percent) as they were to take non-single coverage (49.8 percent). Non-single coverage is a plan that covers the employee and at least one other person.
- The percentage of employees enrolled in single coverage in Texas (52.5 percent) was higher than the national average of 50.2 percent. Enrollment in single coverage in Michigan (44.4 percent) and Ohio (46.0 percent) was lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was higher than the national average of 18.9 percent in Michigan (21.3 percent) and lower in New York (17.1 percent).
- The percentage of employees enrolling in family coverage was higher than the national average of 30.9 percent in Michigan (34.3 percent) and Ohio (34.2 percent) while lower in North Carolina (25.2 percent) and Texas (28.3 percent).

Job-related health insurance premiums can vary for many reasons, such as the type of health insurance plan offered, the generosity of the plan, the size of the firm offering the plan, various workforce characteristics, state health insurance regulations, and the local cost of health care. All of these factors can contribute to differences in the average health insurance premiums between states.

From table 2:

- The average annual health insurance premiums in the United States in 2011 were \$5,222 for single coverage, \$10,329 for employee-plus-one coverage, and \$15,022 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New York (\$5,717) and below the national average in Ohio (\$5,025).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New York (\$11,288) and California (\$10,960) while below the national average in Ohio (\$9,585).
- The average state health insurance premiums for family coverage were above the national average in New York (\$16,572) and California (\$15,837) and were below the national average in Georgia (\$13,963).

Health insurance premiums can be paid totally by the employer or the employee, or the cost can be shared by both parties. While cost sharing between employers and employees is the most common arrangement, a significant number of employees pay no contribution toward their health insurance premium.

From table 3:

- Nationwide, 17.3 percent of employees with single coverage, 7.9 percent with employee-plus-one coverage, and 9.7 percent with family coverage made no contribution toward their premiums.
- Employees in California (25.6 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 17.3 percent, while employees were less likely to make no contribution in Georgia (7.4 percent) and Illinois (10.4 percent).
- Employees in Michigan (20.0 percent), New York (13.1 percent), and California (12.9 percent) were more likely to make no contributions to employee-plus-one coverage premiums than the national average of 7.9 percent, while employees were less likely to make no contribution in Georgia (3.0 percent), North Carolina (3.3 percent), and Texas (3.7 percent).
- Employees in Michigan (18.2 percent) and New York (16.7 percent) were more likely to make no contributions towards family coverage premiums than the national average of 9.7 percent, while employees were less likely to make no contribution in North Carolina (3.0 percent), Georgia (3.8 percent), and Florida (4.4 percent).

The average employee contributions to health insurance premiums (including the zero contributions noted in table 3) can vary significantly between states. In table 4, the average employee contributions for single,

employee-plus-one, and family coverage per enrolled employee are displayed for the 10 largest states—both in dollar amounts and as a percentage of the average premium in each state.

From table 4:

- The average annual employee contributions to health insurance premiums per enrolled employee in the United States in 2011 were \$1,090 for single coverage (20.9 percent of the average single premium), \$2,736 for employee-plus-one coverage (26.5 percent of the average employee-plus-one premium), and \$3,962 for family coverage (26.4 percent of the average family premium).
- Employees in California (\$974 or 18.5 percent of the premium) contributed less towards their single coverage health insurance premiums than the national average of \$1,090 or 20.9 percent of the premium. As a percent of the premium, employees in Georgia (24.3 percent) contributed more than the national average for single coverage.
- Employee contributions for employee-plus-one coverage in Michigan (\$2,212) and Ohio (\$2,229) were lower than the national average of \$2,736. Employee contributions as a percentage of the average premium were also lower in Michigan (20.8 percent) than the national average of 26.5 percent. As a percentage of the premium, employee contributions were above the national average of 26.5 percent in Florida (31.8 percent) and North Carolina (30.7 percent).
- Employees in Florida (\$4,562 or 31.0 percent of the premium) contributed more than the national average of \$3,962 or 26.4 percent of the premium toward their family coverage health insurance premiums. Employees in Ohio (\$3,296 or 23.0 percent of the premium) contributed less than the national average toward their family coverage health insurance premiums. Employees in New York also contributed less as a percentage of the premium (23.1 percent) than the national average of 26.4 percent.

## Data Source

The statistics in this Brief are estimates from the 2011 MEPS-IC. All information comes from tables that are available on the MEPS Web site (<http://www.meps.ahrq.gov>). Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in years prior to 2002.

## Definitions

### *Employer*

A particular workplace or physical location where business is conducted or services or industrial operations are performed. In this Brief, only private sector employer estimates are reported.

### *Employee*

A person on the actual payroll. This excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

### *Enrollee*

An employee who is enrolled in a health insurance plan offered by the employer. Enrollees do not include any dependents covered by the plan.

### *Health insurance plan*

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee for a defined benefit period, usually a year. This includes both fully insured and self-insured health insurance plans.

### *Premium*

Agreed-upon fees paid for coverage of medical benefits for a defined benefit period. Premiums can be paid by employers, unions, employees, or shared by the insured individual and the plan sponsor.

### *Percentage of the average premium contributed by enrollees*

The average employee contribution at the state level divided by the average health insurance premium at the state level.

### *Single coverage*

Health insurance that covers the employee only.

### *Employee-plus-one coverage*

Health insurance that covers the employee plus one family member at a lower premium level than family coverage. This family member could be a spouse or a child. If premiums differed for employee-plus-spouse and employee-plus-child coverage, information for employee-plus-child coverage was reported.

### *Family coverage*

Health insurance that covers the employee and the employee's family. If a plan offers more than one pricing level for family coverage, information for a family of four was reported.

## **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). A total sample of approximately 42,000 private sector establishments was selected for the 2011 survey, with 6.4 percent of the sample determined to be out-of-scope during the data collection process. The response rate for the private sector was 81.7 percent of the remaining in-scope sample units.

For more information on this survey, see *MEPS Methodology Reports 6, 8, 10, 14, 17, and 18* and the MEPS-IC Technical Notes and Survey Documentation, which are available on the MEPS Web site (<http://www.meps.ahrq.gov>).

## **Suggested Citation**

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

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**Table 1. Percentage of private sector employees enrolled in employer-based health insurance plans that have single, employee-plus-one, or family coverage: United States and 10 largest states, 2011**

| State                | Single coverage | Employee-plus-one coverage | Family coverage |
|----------------------|-----------------|----------------------------|-----------------|
| <b>United States</b> | <b>50.2%</b>    | <b>18.9%</b>               | <b>30.9%</b>    |
| California           | 50.3%           | 19.8%                      | 29.9%           |
| Texas                | <b>52.5%**</b>  | 19.2%                      | <b>28.3%*</b>   |
| New York             | 51.2%           | <b>17.1%*</b>              | 31.7%           |
| Florida              | 52.5%           | 18.8%                      | 28.6%           |
| Illinois             | 49.7%           | 18.2%                      | 32.1%           |
| Pennsylvania         | 49.3%           | 19.3%                      | 31.4%           |
| Ohio                 | <b>46.0%*</b>   | 19.8%                      | <b>34.2%**</b>  |
| Michigan             | <b>44.4%*</b>   | <b>21.3%**</b>             | <b>34.3%**</b>  |
| Georgia              | 48.7%           | 21.0%                      | 30.3%           |
| North Carolina       | 54.2%           | 20.6%                      | <b>25.2%*</b>   |

\* Below the national average. \*\* Above the national average.

Note: Percentages may not add to 100 percent due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011, Tables II.C.4, II.D.4, and II.E.4

**Table 2. Average annual health insurance premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2011**

| State                | Single coverage  | Employee-plus-one coverage | Family coverage   |
|----------------------|------------------|----------------------------|-------------------|
| <b>United States</b> | <b>\$5,222</b>   | <b>\$10,329</b>            | <b>\$15,022</b>   |
| California           | \$5,255          | <b>\$10,960**</b>          | <b>\$15,837**</b> |
| Texas                | \$5,198          | \$10,219                   | \$14,903          |
| New York             | <b>\$5,717**</b> | <b>\$11,288**</b>          | <b>\$16,572**</b> |
| Florida              | \$5,216          | \$9,889                    | \$14,732          |
| Illinois             | \$5,375          | \$10,352                   | \$15,167          |
| Pennsylvania         | \$5,244          | \$10,913                   | \$15,096          |
| Ohio                 | <b>\$5,025*</b>  | <b>\$9,585*</b>            | \$14,327          |
| Michigan             | \$5,061          | \$10,655                   | \$14,458          |
| Georgia              | \$5,109          | \$9,736                    | <b>\$13,963*</b>  |
| North Carolina       | \$5,230          | \$9,621                    | \$14,304          |

\* Below the national average. \*\* Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011, Tables II.C.1, II.D.1, and II.E.1

**Table 3. Percentage of private sector employees enrolled in single, employee-plus-one, and family health insurance coverage that required no contribution from the employee: United States and 10 largest states, 2011**

| State                | Single coverage | Employee-plus-one coverage | Family coverage |
|----------------------|-----------------|----------------------------|-----------------|
| <b>United States</b> | <b>17.3%</b>    | <b>7.9%</b>                | <b>9.7%</b>     |
| California           | <b>25.6%**</b>  | <b>12.9%**</b>             | 16.7%           |
| Texas                | 19.9%           | <b>3.7%*</b>               | 7.7%            |
| New York             | 17.4%           | <b>13.1%**</b>             | <b>16.7%**</b>  |
| Florida              | 14.6%           | 4.5%                       | <b>4.4%*</b>    |
| Illinois             | <b>10.4%*</b>   | 9.6%                       | 7.9%            |
| Pennsylvania         | 15.5%           | 7.9%                       | 8.5%            |
| Ohio                 | 13.6%           | 7.1%                       | 8.7%            |
| Michigan             | 19.7%           | <b>20.0%**</b>             | <b>18.2%**</b>  |
| Georgia              | <b>7.4%*</b>    | <b>3.0%*</b>               | <b>3.8%*</b>    |
| North Carolina       | 15.3%           | <b>3.3%*</b>               | <b>3.0%*</b>    |

\* Below the national average. \*\* Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011, Tables II.C.4.a, II.D.4.a, and II.E.4.a

**Table 4. Average annual employee contribution toward the premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2011**

| State                | Single coverage |                       | Employee-plus-one coverage |                       | Family coverage  |                       |
|----------------------|-----------------|-----------------------|----------------------------|-----------------------|------------------|-----------------------|
|                      | Dollars         | Percentage of premium | Dollars                    | Percentage of premium | Dollars          | Percentage of premium |
| <b>United States</b> | <b>\$1,090</b>  | <b>20.9%</b>          | <b>\$2,736</b>             | <b>26.5%</b>          | <b>\$3,962</b>   | <b>26.4%</b>          |
| California           | <b>\$974*</b>   | <b>18.5%*</b>         | \$2,961                    | 27.0%                 | \$3,970          | 25.1%                 |
| Texas                | \$999           | 19.2%                 | \$3,009                    | 29.4%                 | \$4,318          | 29.0%                 |
| New York             | \$1,150         | 20.1%                 | \$2,616                    | 23.2%                 | \$3,824          | <b>23.1%*</b>         |
| Florida              | \$1,135         | 21.8%                 | \$3,143                    | <b>31.8%**</b>        | <b>\$4,562**</b> | <b>31.0%**</b>        |
| Illinois             | \$1,207         | 22.5%                 | \$2,544                    | 24.6%                 | \$3,809          | 25.1%                 |
| Pennsylvania         | \$1,064         | 20.3%                 | \$2,425                    | 22.2%                 | \$3,709          | 24.6%                 |
| Ohio                 | \$1,126         | 22.4%                 | <b>\$2,229*</b>            | 23.3%                 | <b>\$3,296*</b>  | <b>23.0%*</b>         |
| Michigan             | \$1,101         | 21.8%                 | <b>\$2,212*</b>            | <b>20.8%*</b>         | \$3,470          | 24.0%                 |
| Georgia              | \$1,241         | <b>24.3%**</b>        | \$2,700                    | 27.7%                 | \$4,239          | 30.4%                 |
| North Carolina       | \$1,061         | 20.3%                 | \$2,951                    | <b>30.7%**</b>        | \$4,584          | 32.0%                 |

\* Below the national average. \*\* Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3.