

STATISTICAL BRIEF #177

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State Differences in the Cost of Job-Related Health Insurance, 2005

James M. Branscome, MS

Introduction

Health insurance provided by employers is the primary source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance coverage varies considerably depending upon where one lives and on 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 the 10 most populous states in 2005, using 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 (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.

From table 1:

- In the United States, employees enrolled in health insurance coverage through their employer were slightly more likely to take non-single coverage (a plan covering the employee and at least one other person) than just single, self-only coverage.

Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2005, 48.6 percent took single coverage, 17.3 percent took employee-plus-one coverage, and 34.0 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 42.5 percent in Michigan to 51.2 percent in California, for employee-plus-one coverage from 15.0 percent in New York to 20.2 percent in Michigan, and for family coverage from 31.1 percent in California to 39.7 percent in Ohio.
- Nationwide, the average premiums were \$3,991 for single coverage, \$7,671 for employee-plus-one coverage, and \$10,728 for family coverage. Among the 10 largest states, single premiums ranged from \$3,823 in California to \$4,332 in New Jersey, employee-plus-one premiums ranged from \$7,022 in Georgia to \$8,482 in Michigan, and family premiums ranged from \$10,262 in Georgia to \$11,533 in Texas.

- The percentage of employees enrolled in single coverage in the state of California (51.2 percent) was higher than the national average of 48.6 percent. Pennsylvania (45.9 percent), Ohio (43.9 percent), and Michigan (42.5 percent) were lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was lower than the national average of 17.3 percent in New York (15.0 percent) and higher than the national average in Michigan (20.2 percent).
- The percentage of employees enrolling in family coverage was higher than the national average of 34.0 percent in Ohio (39.7 percent) and Michigan (37.3%) and lower in California (31.1 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 2005 were \$3,991 for single coverage, \$7,671 for employee-plus-one coverage, and \$10,728 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New Jersey (\$4,332), Michigan (\$4,287), and New York (\$4,239).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in Michigan (\$8,482), Pennsylvania (\$8,156), and New York (\$8,120) and below the national average in Ohio (\$7,119).
- The average state health insurance premiums for family coverage were above the national average in Texas (\$11,533) and New York (\$11,280).

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, 23.1 percent of employees with single coverage, 9.6 percent with employee-plus-one coverage, and 13.4 percent with family coverage made no contribution toward their premiums.
- Employees in California (36.5 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 23.1 percent, while employees were less likely to make no contribution in the states of Florida (18.0 percent) and Ohio (16.7 percent).
- Employees in Michigan (20.7 percent) and New York (12.2 percent) were more likely to make no contribution to employee-plus-one coverage premiums than the national average of 9.6 percent, while employees were less likely to make no contribution in the states of Texas (5.3 percent) and Florida (5.3 percent).
- Employees in California (18.8 percent), New York (18.6 percent), and Michigan (18.3 percent) were more likely to make no contribution toward family coverage premiums than the national average of 13.4 percent, while employees were less likely to make no contribution in the state of Georgia (5.0 percent).

Highlights

- Nationwide, 23.1 percent of employees with single coverage, 9.6 percent with employee-plus-one coverage, and 13.4 percent with family coverage made no contribution toward their premiums. Among the 10 largest states, the percentage of employees with single coverage who made no contribution toward premiums ranged from 16.7 percent in Ohio to 36.5 percent in California, for those with employee-plus-one coverage from 5.3 percent in Florida and Texas to 20.7 percent in Michigan, and for those with family coverage from 5.0 percent in Georgia to 18.8 percent in California.
- Contributions toward health insurance premiums made by employees nationwide averaged \$723 for single coverage, \$1,759 for employee-plus-one coverage, and \$2,585 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$592 in California to \$892 in Florida, for employee-plus-one coverage from \$1,358 in Ohio to \$2,097 in Florida, and for family coverage from \$1,891 in Michigan to \$3,497 in Florida.

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 2005 were \$723 for single coverage (18.1 percent of the average single premium), \$1,759 for employee-plus-one coverage (22.9 percent of the average employee-plus-one premium), and \$2,585 for family coverage (24.1 percent of the average family premium).
- Employees in California (\$592 or 15.5 percent of the premium) and Texas (\$617 or 15.0 percent of the premium) contributed less than the national average of \$723 or 18.1 percent of the premium toward their single coverage health insurance premiums. Employees in Florida (\$892 or 22.3 percent of the premium) contributed more than the national average.
- Employee contributions for employee-plus-one coverage in Michigan (\$1,366 or 16.1 percent of the premium) and Ohio (\$1,358 or 19.1 percent of the premium) were lower than the national average of \$1,759 or 22.9 percent of the premium. As a percentage of the average employee-plus-one premium, Florida (27.6 percent) was higher than the national average of 22.9 percent.
- Employees in Illinois (\$2,265 or 21.4 percent of the premium), Pennsylvania (\$2,120 or 19.1 percent of the premium), and Michigan (\$1,891 or 17.2 percent of the premium) contributed less than the national average of \$2,585 or 24.1 percent of the premium toward their family coverage health insurance premiums. Employees in Florida (\$3,497 or 32.2 percent of the premium) and Georgia (\$2,830 or 27.6 percent of the premium) contributed more than the national average.

Data Source

The statistics in this brief are estimates from the 2005 MEPS-IC. All information comes from tables that are available on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp. Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in every year.

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.

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.

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

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 private sector 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.

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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

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, 2005

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	48.6%	17.3%	34.0%
California	51.2%**	17.6%	31.1%*
Texas	50.1%	18.1%	31.8%
New York	50.5%	15.0%*	34.5%
Florida	50.6%	17.4%	32.0%
Illinois	47.7%	16.8%	35.5%
Pennsylvania	45.9%*	18.4%	35.6%
Ohio	43.9%*	16.4%	39.7%**
Michigan	42.5%*	20.2%**	37.3%**
New Jersey	47.4%	18.9%	33.7%
Georgia	50.3%	16.7%	33.0%

* 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, 2005, 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, 2005

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	\$3,991	\$7,671	\$10,728
California	\$3,823	\$7,389	\$10,551
Texas	\$4,108	\$7,935	\$11,533**
New York	\$4,239**	\$8,120**	\$11,280**
Florida	\$4,003	\$7,592	\$10,852
Illinois	\$4,049	\$7,953	\$10,574
Pennsylvania	\$4,195	\$8,156**	\$11,108
Ohio	\$3,928	\$7,119*	\$10,662
Michigan	\$4,287**	\$8,482**	\$11,005
New Jersey	\$4,332**	\$8,434	\$11,403
Georgia	\$3,861	\$7,022	\$10,262

* 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, 2005, 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, 2005

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	23.1%	9.6%	13.4%
California	36.5%**	11.9%	18.8%**
Texas	22.2%	5.3%*	13.2%
New York	27.1%	12.2%**	18.6%**
Florida	18.0%*	5.3%*	8.2%
Illinois	20.6%	11.8%	11.0%
Pennsylvania	21.6%	13.5%	16.9%
Ohio	16.7%*	14.5%	16.3%
Michigan	24.0%	20.7%**	18.3%**
New Jersey	23.5%	12.8%	15.6%
Georgia	20.3%	6.1%	5.0%*

* 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, 2005, 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 in 2005: United States and 10 largest states

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
UNITED STATES	\$723	18.1%	\$1,759	22.9%	\$2,585	24.1%
California	\$592*	15.5%*	\$1,697	23.0%	\$2,390	22.7%
Texas	\$617*	15.0%*	\$1,940	24.5%	\$2,834	24.6%
New York	\$781	18.4%	\$1,768	21.8%	\$2,609	23.1%
Florida	\$892**	22.3%**	\$2,097	27.6%**	\$3,497**	32.2%**
Illinois	\$846	20.9%	\$1,646	20.7%	\$2,265*	21.4%*
Pennsylvania	\$659	15.7%	\$1,551	19.0%	\$2,120*	19.1%*
Ohio	\$674	17.1%	\$1,358*	19.1%*	\$2,220	20.8%
Michigan	\$704	16.4%	\$1,366*	16.1%*	\$1,891*	17.2%*
New Jersey	\$847	19.6%	\$1,766	20.9%	\$2,742	24.0%
Georgia	\$707	18.3%	\$1,724	24.5%	\$2,830**	27.6%**

* 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, 2005, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3.