

STATISTICAL BRIEF #208

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State Differences in the Cost of Job-Related Health Insurance, 2006

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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 2006 in the 10 most populous states based on the 2000 Decennial Census, 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

Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2006, 48.9 percent took single coverage, 18.0 percent took employee-plus-one coverage, and 33.2 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 39.9 percent in Michigan to 52.1 percent in California, for employee-plus-one coverage from 15.2 percent in New York to 21.0 percent in Michigan, and for family coverage from 29.8 percent in Georgia to 39.1 percent in Michigan.
- Nationwide, the average premiums were \$4,118 for single coverage, \$7,988 for employee-plus-one coverage, and \$11,381 for family coverage. Among the 10 largest states, single premiums ranged from \$3,873 in Georgia to \$4,605 in New York, employee-plus-one premiums ranged from \$7,609 in Georgia to \$8,791 in New Jersey, and family premiums ranged from \$10,793 in Georgia to \$12,233 in New Jersey.
- Contributions toward health insurance premiums made by employees nationwide averaged \$788 for single coverage, \$1,903 for employee-plus-one coverage, and \$2,890 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$658 in California to \$965 in New York, for employee-plus-one coverage from \$1,321 in Michigan to \$2,315 in Florida, and for family coverage from \$2,411 in Michigan to \$3,600 in Florida.

non-single coverage (a plan covering the employee and at least one other person) than just single, self-only coverage.

- The percentage of employees enrolled in single coverage in the state of California (52.1 percent) was higher than the national average of 48.9 percent. Michigan (39.9 percent) was lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was higher than the national average of 18.0 percent in Michigan (21.0 percent) and Texas (19.7 percent).
- The percentage of employees enrolling in family coverage was higher in Michigan (39.1 percent) than the national average of 33.2 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 2006 were \$4,118 for single coverage, \$7,988 for employee-plus-one coverage, and \$11,381 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New York (\$4,605) and New Jersey (\$4,471).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New Jersey (\$8,791), New York (\$8,779), and Pennsylvania (\$8,764).
- The average state health insurance premiums for family coverage were above the national average in New Jersey (\$12,233) and New York (\$12,075).

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, 21.9 percent of employees with single coverage, 11.6 percent with employee-plus-one coverage, and 12.6 percent with family coverage made no contribution toward their premiums.
- Employees in California (31.5 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 21.9 percent.
- Employees in Michigan (27.6 percent) were more likely to make no contribution to employee-plus-one coverage premiums than the national average of 11.6 percent, while employees were less likely to make no contribution in the states of Georgia (4.3 percent), Florida (6.3 percent), and Texas (7.2 percent).
- Employees in New York (21.2 percent) were more likely to make no contribution toward family coverage premiums than the national average of 12.6 percent, while employees were less likely to make no contribution in the states of Florida (6.9 percent), and Texas (7.6 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 2006 were \$788 for single coverage (19.1 percent of the average single premium), \$1,903 for employee-plus-one coverage (23.8 percent of the average employee-plus-one premium), and \$2,890 for family coverage (25.4 percent of the average family premium).
- Employees in California (\$658 or 16.3 percent of the premium) contributed less than the national average of \$788 or 19.1 percent of the premium toward their single coverage health insurance premiums. As a percentage of the average single premium, Michigan (15.3 percent) employees also contributed less than the national average.

- Employee contributions for employee-plus-one coverage in Michigan (\$1,321 or 15.3 percent of the premium) were lower than the national average of \$1,903 or 23.8 percent of the premium. As a percentage of the average employee-plus-one premium, New York employees (19.1 percent) also contributed less than the national average. Employees in Florida (\$2,315 or 29.9 percent of the premium) contributed more than the national average for employee-plus-one coverage.
- Employees in Florida (\$3,600 or 32.6 percent of the premium) contributed more than the national average of \$2,890 or 25.4 percent of the premium toward their family coverage health insurance premiums. As a percentage of the average family premium, New York employees (21.7 percent) contributed less than the national average.

Data Source

This Statistical Brief summarizes data from the 2006 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. While this brief is limited to a discussion of private sector statistics, tables are also published containing information on health insurance for State and local government employees.

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

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 private sector establishments was selected for the 2006 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* and the *MEPS-IC Technical Notes and Survey Documentation*, which are available on the MEPS Web site (www.meps.ahrq.gov).

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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:

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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, 2006

State	Single coverage	Employee-plus-one coverage	Family coverage
United States	48.9%	18.0%	33.2%
California	52.1%**	17.2%	30.7%
Texas	48.5%	19.7%**	31.7%
New York	49.5%	15.2%	35.3%
Florida	51.8%	17.6%	30.6%
Illinois	47.7%	18.8%	33.5%
Pennsylvania	48.6%	18.2%	33.2%
Ohio	44.3%	18.6%	37.1%
Michigan	39.9%*	21.0%**	39.1%**
New Jersey	45.7%	18.2%	36.1%
Georgia	51.1%	19.1%	29.8%

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

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

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2006, 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, 2006

State	Single coverage	Employee-plus-one coverage	Family coverage
United States	\$4,118	\$7,988	\$11,381
California	\$4,036	\$7,989	\$11,493
Texas	\$4,133	\$8,081	\$11,690
New York	\$4,605**	\$8,779**	\$12,075**
Florida	\$3,936*	\$7,735	\$11,046
Illinois	\$4,245	\$7,984	\$11,781
Pennsylvania	\$4,277	\$8,764**	\$11,794
Ohio	\$4,054	\$7,884	\$10,967
Michigan	\$4,446	\$8,654	\$11,452
New Jersey	\$4,471**	\$8,791**	\$12,233**
Georgia	\$3,873	\$7,609	\$10,793

* 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, 2006, 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, 2006

State	Single coverage	Employee-plus-one coverage	Family coverage
United States	21.9%	11.6%	12.6%
California	31.5%**	12.3%	13.4%
Texas	19.0%	7.2%*	7.6%*
New York	20.1%	16.0%	21.2%**
Florida	18.3%	6.3%*	6.9%*
Illinois	17.9%	11.6%	12.8%
Pennsylvania	20.2%	13.0%	14.4%
Ohio	16.9%	13.4%	11.7%
Michigan	22.1%	27.6%**	21.7%
New Jersey	23.7%	18.2%	17.1%
Georgia	20.3%	4.3%*	7.9%

* 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, 2006, 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, 2006

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
United States	\$788	19.1%	\$1,903	23.8%	\$2,890	25.4%
California	\$658*	16.3%*	\$1,986	24.9%	\$3,073	26.7%
Texas	\$728	17.6%	\$2,032	25.1%	\$3,024	25.9%
New York	\$965	21.0%	\$1,675	19.1%*	\$2,620	21.7%*
Florida	\$860	21.8%	\$2,315**	29.9%**	\$3,600**	32.6%**
Illinois	\$822	19.4%	\$1,738	21.8%	\$2,743	23.3%
Pennsylvania	\$881	20.6%	\$1,795	20.5%	\$2,787	23.6%
Ohio	\$781	19.3%	\$1,687	21.4%	\$2,488	22.7%
Michigan	\$682	15.3%*	\$1,321*	15.3%*	\$2,411	21.1%
New Jersey	\$902	20.2%	\$1,915	21.8%	\$2,981	24.4%
Georgia	\$862	22.3%	\$2,033	26.7%	\$2,909	27.0%

* 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, 2006, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3