

STATISTICAL BRIEF #388

November 2012

Trends in Premiums and Employee Contributions for Employer-Sponsored Health Insurance: Private Sector, 1996-2011

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Introduction

Beginning with data for 1996, the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC) has produced a wide variety of information related to employer-sponsored health insurance coverage in the private sector of the U.S. economy. Data are released annually; the most recent estimates available are for 2011.

This Statistical Brief examines health insurance premiums and employee contributions for single and family coverage for private-sector employees, using MEPS-IC data for the years 1996 through 2011. All health insurance estimates pertain only to employees currently enrolled in an employer-sponsored plan. Retirees are not included. Only comparisons with a statistically significant difference at the 0.05 percent significance level are noted in the text.

The MEPS-IC fields questionnaires to employers to collect data on health insurance offers, the number and types of plans available, benefits associated with these plans, annual premiums, annual contributions by employers and employees, eligibility requirements, and employer characteristics. The survey is conducted by the Bureau of the Census for the Agency for Healthcare Research and Quality. While not included in this Statistical Brief, the MEPS-IC also surveys state and local governments about health insurance coverage. Governments' data for 2011 will be released in November 2012.

Data tables for each survey year are available on the MEPS Web site at <http://www.meps.ahrq.gov>. In addition to the tables containing each year's estimates, the Web site also has an interactive tool, MEPSnet/IC, that can display the same estimate across multiple survey years.

Findings

Employees who are offered insurance may have the option to select from three basic levels of employer-sponsored health insurance coverage:

- Single coverage (for the employee only)
- Employee-plus-one coverage (for the employee and only one family member)
- Family coverage (for the employee and one or more additional family members)

Not all employers offer all levels of coverage. For example, some employers only provide coverage for their employees and do not offer insurance for family members. This Statistical Brief focuses on premiums and employee contributions for single and family plans. Starting in 2001, the survey has also collected data on employee-plus-one coverage, but those data are not included in this Brief.

During the 15-year period from 1996–2011, health insurance premiums and employee contributions both rose steadily. For single coverage, premiums rose 162.1 percent from \$1,992 to \$5,222, while employee contributions rose faster (218.7 percent) from \$342 to \$1,090 (figures 1 and 2). Family coverage premiums increased 203.2 percent over the period from \$4,954 to \$15,022, compared to a 210.7 percent increase (\$1,275 to \$3,962) in employee contributions (figures 1 and 3).

Both premiums and employee contributions for both single and family coverage rose significantly faster than overall consumer prices. The annual Consumer Price Index for All Urban Consumers by comparison, increased 43.4 percent over the same period.

Over the period, family coverage was substantially more expensive than single coverage for both premiums and employee contributions. In 2011, single premiums averaged \$5,222, while premiums for family coverage were \$15,022 (figure 1). Average employee contributions during 2011 were \$1,090 for single coverage and \$3,962 for family coverage.

Highlights

- In the 15 years covered by the MEPS-IC survey, 1996-2011, average single premiums rose from \$1,992 to \$5,222, and average family premiums rose from \$4,954 to \$15,022.
- Both premiums and employee contributions for single and family health insurance coverage rose far more rapidly than the Consumer Price Index for All Urban Consumers between 1996 and 2011.
- For single coverage, the percentage increase in employee contributions over the 1996-2011 period was greater than the percentage increase in premiums. For family coverage, the percentage increases in employee contributions and premiums were similar.
- The percentage increase in total premiums was lower for single coverage than for family coverage over the period.

Comparing cost changes by coverage type, premiums rose at a lower rate for single coverage: 162.1 percent over the 1996–2011 period (figure 4). The increase for family coverage premiums totaled 203.2 percent; higher than the increase for single premiums over the same time period.

Single coverage employee contributions were up 218.7 percent over the period; this cumulative increase was not statistically different from the increase for family coverage employee contributions, which was 210.7 percent (figure 5).

Data Source

The statistics in this Brief are estimates from the 1996–2011 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.

Definitions

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee (premium) for a defined benefit period.

Employee

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

Premium

Agreed-upon fee paid for coverage of medical benefits for a defined benefit period, usually a calendar year.

Single coverage

Health insurance that covers the employee only. There were 27.5 million private-sector employees with single coverage in 2011.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offered more than one pricing level for family coverage, information for a family of four was reported. There were 16.9 million private-sector employees with family coverage in 2011.

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 was reported. There were 10.3 million private-sector employees with employee-plus-one coverage in 2011. Employee-plus-one coverage estimates were not included in this Statistical Brief; however they are available on the MEPS Web site.

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* on the MEPS Web site at http://www.meps.ahrq.gov/mepsweb/data_stats/Pub_ProdLookup_Results.jsp?ProductType=Methodology%20Report&Comp=Insurance and Insurance Component Survey Basics at http://www.meps.ahrq.gov/mepsweb/survey_comp/Insurance.jsp.

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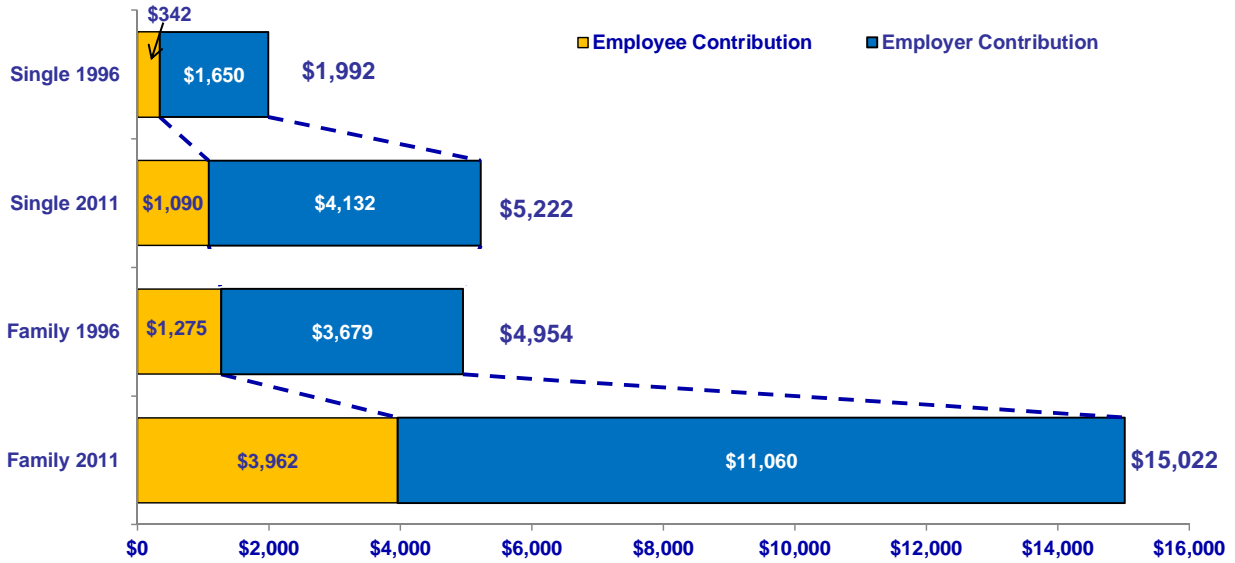
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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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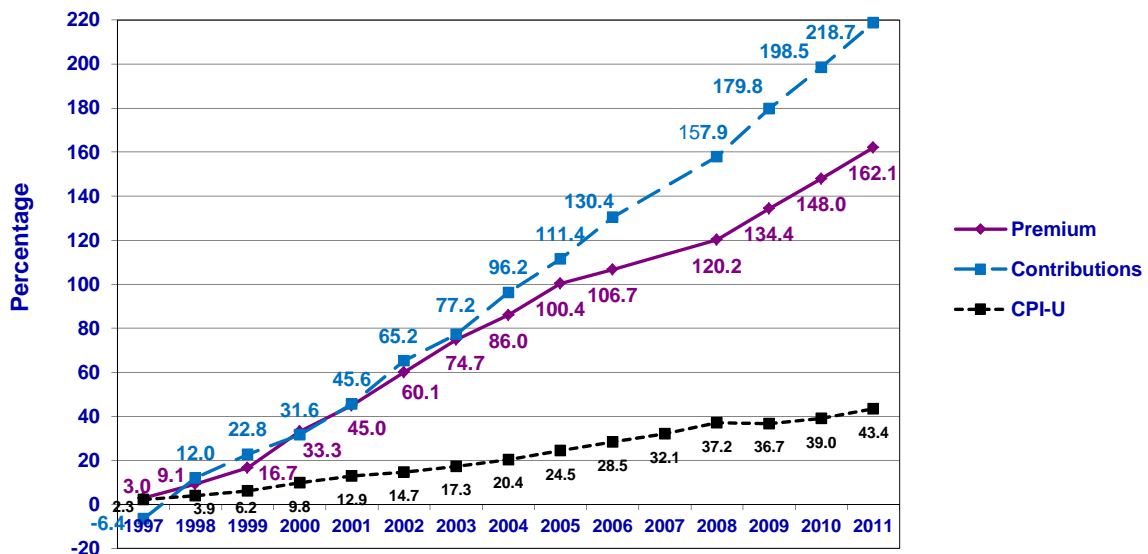
Figure 1. Employee and employer contributions toward annual premiums for employer-sponsored health insurance by coverage type, private industry, 1996 and 2011



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011



Figure 2. Cumulative percentage change in single coverage premiums and employee contributions for employer-sponsored health insurance, private sector, 1996–2011

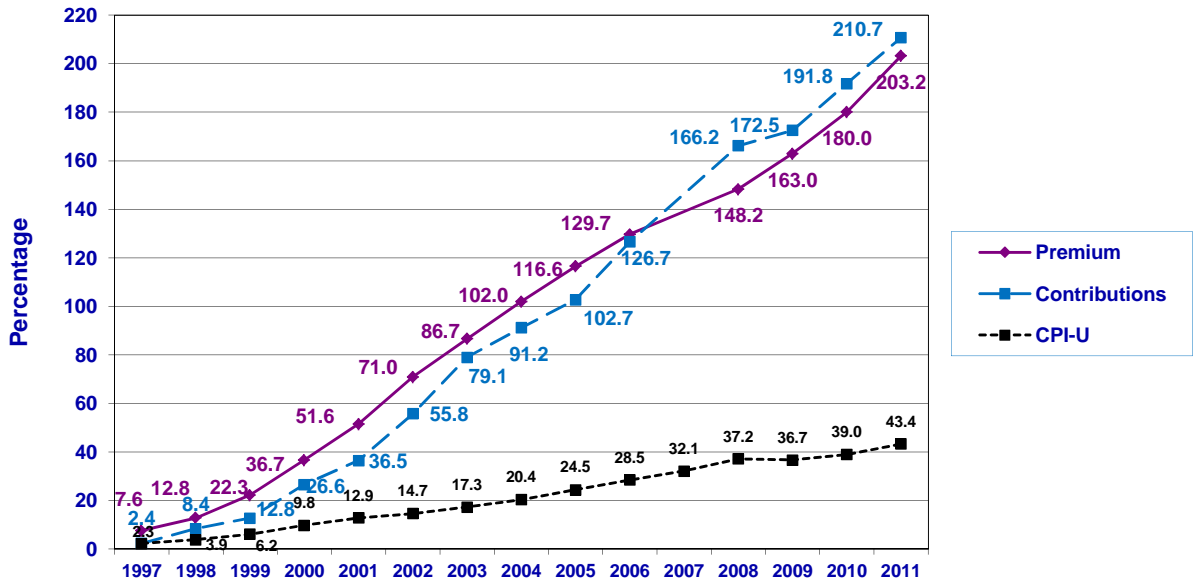


Note: Insurance Component estimates are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011



Figure 3. Cumulative percentage change in family coverage premiums and employee contributions for employer-sponsored health insurance, private industry, 1996–2011

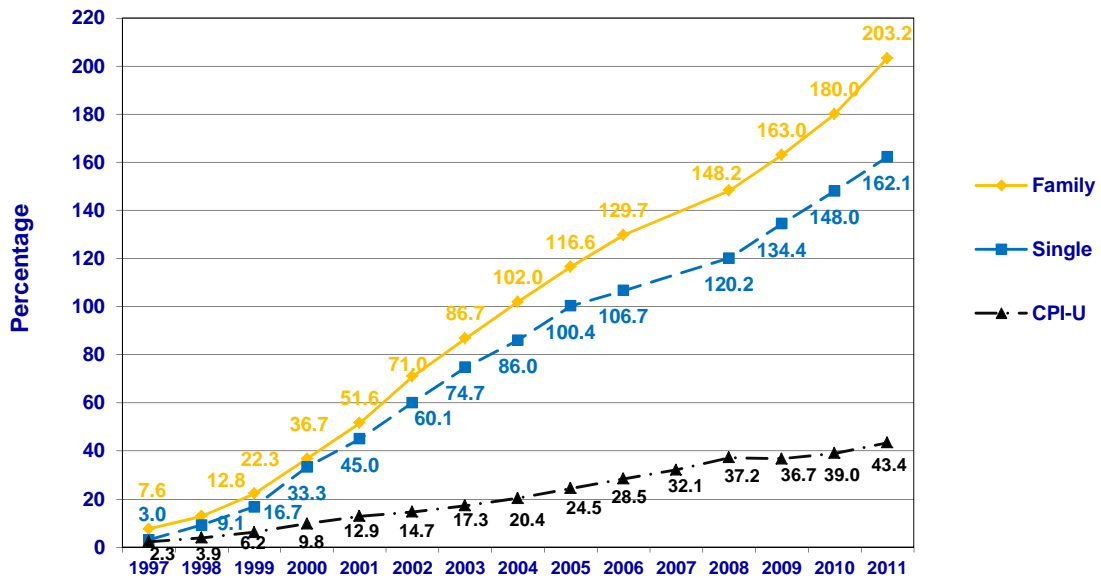


Note: Insurance Component estimates are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011



Figure 4. Cumulative percentage change in premiums by coverage type for employer-sponsored health insurance, private industry, 1996–2011

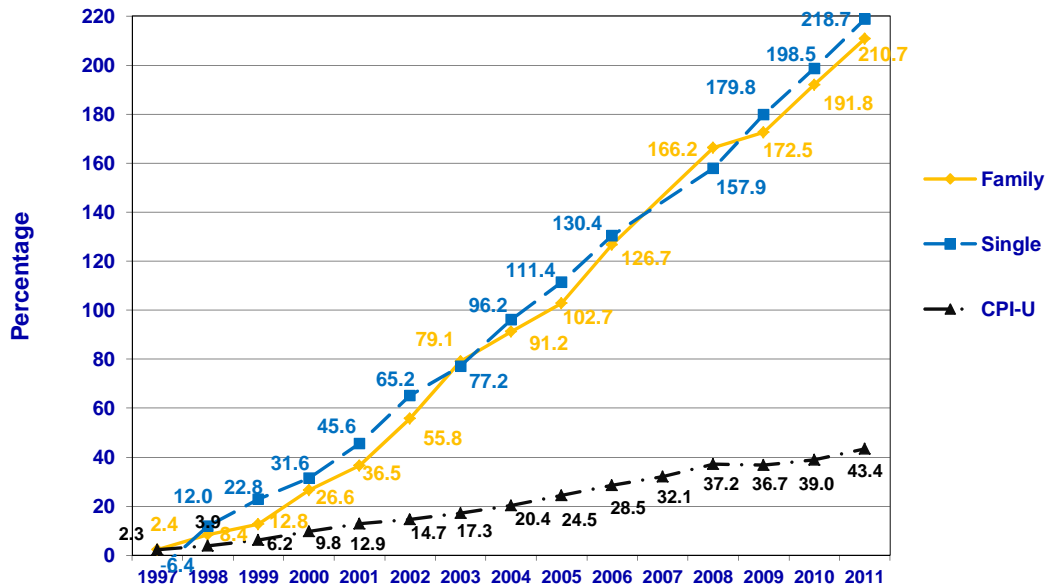


Note: Insurance Component estimates are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011



Figure 5. Cumulative percentage change in employee contributions by coverage type for employer-sponsored health insurance, private industry, 1996–2011



Note: Insurance Component estimates are not available for 2007.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2011