

## STATISTICAL BRIEF #499

February 2017

### Trends in Enrollment, Offers, Eligibility and Take-Up for Employer-Sponsored Insurance: Private Sector, by State Medicaid Expansion Status, 2008-2015

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#### Introduction

From 2008 to 2015, the percentage of U.S. private-sector employees enrolled in a health insurance plan offered by their employer (enrollment rate) fell from 53.9 percent to 47.8 percent.<sup>1</sup> Declines in the percentage of employees who worked in an establishment that offered insurance (offer rate), the percentage of workers in offering establishments who were eligible for insurance (eligibility rate), and the percentage of eligible workers who enrolled in offered coverage (take-up rate), all contributed to the 6.1 percentage point drop in the enrollment rate. In spite of the steady decline from 2008 to 2015, employer-sponsored insurance (ESI) remains the primary source of health insurance coverage for individuals under age 65.

The passage of the Affordable Care Act (ACA), in March 2010, provided an additional source of health insurance for many non-elderly adults by expanding Medicaid eligibility to adults with incomes up to 138 percent of the federal poverty level. The ACA's Medicaid expansion is optional, and the decision of whether to expand Medicaid, as well as the timing of expansions, varies across states. By the end of 2015, 29 states and the District of Columbia had expanded Medicaid, with the majority—20 states—expanding Medicaid eligibility on January 1, 2014. Expanded Medicaid eligibility may alter employers' incentives to offer insurance and may also alter employees' incentives to enroll in offered coverage.

This Statistical Brief uses data for private-sector establishments in the Medical Expenditure Panel Survey-Insurance Component (MEPS-IC) to compare ESI trends across states that expanded Medicaid (expansion states) and states that did not expand Medicaid (non-expansion states). We categorized states as 'expansion states' if they expanded their Medicaid program any time between March 2010 and December 2015. This report examines ESI trends from 2008—two years before the first ACA-related Medicaid expansions—through 2015, the most recent year for which MEPS-IC data is available. We begin by comparing trends in ESI enrollment rates across expansion and non-expansion states. Then we examine whether trends in offer rates, eligibility rates and take-up rates contributed to differential trends in enrollment rates across expansion and non-expansion states.<sup>2</sup> In addition to overall trends, we examine trends for subgroups of private-sector establishments defined by firm size and wage level. In some cases, differences noted in the text may vary slightly from calculations due to rounding. Unless otherwise noted, all differences described in the text are significant at the  $p < .05$  level, or better.

#### Findings

##### Enrollment rates

In 2008, the enrollment rate in private-sector establishments was 2.7 percentage points higher in states that expanded Medicaid than in states that did not expand Medicaid (54.9 versus 52.2 percent)(figure 1a). From 2008 to 2015, the enrollment rate fell in both groups of states, but the decline was more rapid in expansion states than in non-expansion states (7.1 versus 4.5 percentage points). As a result, in 2015 there was no statistically significant difference in enrollment rates by expansion status as 47.8 percent of workers in states that expanded Medicaid, and 47.7 percent of workers in non-expansion states were enrolled in a health insurance plan offered by their employers. It is also interesting to note that the expansion of Medicaid eligibility by 20 states on January 1, 2014 did not result in a significant break in the observed enrollment trends. Specifically, there was no statistically significant difference, in either expansion or non-expansion states, in the average annual rate of decline in the enrollment rate in the years from 2013 to 2015, compared to the earlier period from 2008 to 2013.

Declines in ESI enrollment rates, from 2008 to 2015, occurred in both expansion and non-expansion states within all subgroups of establishments examined in this report (figures 1b and 1c). Trends in large-firm establishments (50 or more employees) and higher wage establishments (less than 50 percent low-wage employees) contributed to the differential trends in overall enrollment rates observed in expansion and non-expansion states. In particular, from 2008 to 2015, enrollment rates declined more rapidly in expansion states than in non-expansion states among large-firm establishments (6.0 versus 2.8 percentage points) and higher wage establishments (6.3 versus 4.0 percentage points). Further, among large-firm establishments, enrollment rates were 2.6 percentage points higher, in 2008, in expansion states (61.3 percent) than in non-expansion states (58.6 percent). However, from 2013 to 2015, there were no statistically significant differences in large-firm enrollment rates by state expansion status. In contrast, there were no statistically significant differences by expansion status in the rate of decline in enrollment rates among small-firm establishments (less than 50 employees) or low-wage establishments (50 percent or more low-wage employees). Among small-firm establishments, however, there was a persistent difference in the level of enrollment; the enrollment rate was 3.3 to 4.9 percentage points higher in expansion states than in non-expansion states in every year from 2008 to 2015.

##### Offer rates

The offer rate was 1.6 percentage points higher in expansion states than in non-expansion states in 2008 (88.4 versus 86.8 percent) (figure 2a). From 2008 to 2015, offer rates declined by about the same amount in expansion states (3.8 percentage points) as in non-expansion states (4.3

#### Highlights

- From 2008 to 2015, the enrollment rate fell in both groups of states, but the decline was more rapid in expansion states than in non-expansion states (7.1 versus 4.5 percentage points).
- The decline in the eligibility rate in expansion states (from 2008 to 2015) accounts, in part, for the more rapid decline in enrollment rates in expansion states compared to non-expansion states.
- The larger decline in the take-up rate in expansion states than in non-expansion states also accounts for part of the differential trends in enrollment rates observed for expansion and non-expansion states.

<sup>1</sup>Miller, G.E., Vistnes, J., and Keenan, P. Results from the 2015 MEPS-IC Private-Sector National Tables. Statistical Brief #492. July 2016. Agency for Healthcare Research and Quality, Rockville, MD. [https://www.meps.ahrq.gov/mepsweb/data\\_files/publications/st492/st492.pdf](https://www.meps.ahrq.gov/mepsweb/data_files/publications/st492/st492.pdf)

<sup>2</sup>Note that the Enrollment Rate = [Offer Rate] x [Eligibility Rate] x [Take-Up Rate].

percentage points) and in 2015, offer rates were 2.1 percentage points higher in expansion states (84.6 percent) than in non-expansion states (82.5 percent). Trends in offer rates, therefore, did not contribute to the more rapid decline in enrollment rates in expansion states compared to non-expansion states. From 2013 to 2014, there was a relatively sharp drop in offer rates in both expansion (1.4 percentage points) and non-expansion states (2.2 percentage points). In non-expansion states, this was followed by an increase in offer rates (1.0 percentage points,  $p < .10$ ) from 2014 to 2015.

Similar to the overall results, there were no statistically significant differences in offer-rate trends by expansion status among any of the subgroups of establishments examined in this report (figures 2b and 2c). From 2008 to 2015, offer rates declined in expansion and non-expansion states among low-wage establishments (6.0 and 7.2 percentage points, respectively), higher-wage establishments (3.1 and 4.0 percentage points, respectively) and small-firm establishments (13.5 and 14.8 percentage points, respectively). There was no statistically significant change in the offer rate, from 2008 to 2015, among large-firm establishments. However, among large-firm establishments, there was a relatively sharp drop in offer rates from 2013 to 2014 in both expansion and non-expansion states (1.0 and 1.5 percentage points, respectively), followed by an increase from 2014 to 2015 (1.5 and 1.9 percentage points, respectively). Among small-firm establishments, offer rates were 7.4 to 9.7 percentage points higher in expansion states than in non-expansion states in every year from 2008 to 2015. There were few significant differences, and no persistent differences, in offer rates by expansion status among large-firm establishments, low-wage establishments or higher-wage establishments.

#### *Eligibility rates*

In 2008, there was no statistically significant difference in eligibility rates between private-sector workers in expansion states and non-expansion states (figure 3a). From 2008 to 2015, the eligibility rate fell 3.0 percentage points in expansion states (78.4 to 75.4 percent), with a 2.0 percentage point decline from 2013 to 2014. In non-expansion states, the eligibility rate fluctuated, including a 3.0 percentage point decline from 2013 to 2014, but there was no statistically significant change in the eligibility rate from 2008 (77.7 percent) to 2015 (77.0 percent). As a result, in 2015, the eligibility rate was 1.6 percentage points higher in non-expansion states than in expansion states. The decline in the eligibility rate in expansion states, with no significant change in non-expansion states, accounts, in part, for the more rapid decline in enrollment rates in expansion states compared to non-expansion states.

The difference in the eligibility-rate trends by expansion status was driven, in part, by differences among large firms. From 2008 to 2015, eligibility rates fell by 3.7 percentage points in expansion states (from 78.5 to 74.8 percent), but there was no statistically significant change in eligibility rates in non-expansion states (77.2 and 76.3 percent in 2008 and 2015, respectively) (figure 3b). In low-wage establishments, eligibility rates fell by similar amounts in expansion states (10.4 percentage points) and non-expansion states (9.9 percentage points) while the overall change in eligibility rates from 2008 to 2015 was statistically insignificant among both small-firm establishments (figure 3b) and higher-wage establishments (figure 3c).

#### *Take-up rates*

In 2008, the take-up rate in private-sector establishments was 1.8 percentage points higher in states that expanded Medicaid than in states that did not expand Medicaid (79.4 versus 77.5 percent) (figure 4a). From 2008 to 2015, the take-up rate fell in both groups of states, but the decline was more rapid in expansion states than in non-expansion states (4.4 versus 2.5 percentage points). In 2015, there was no difference in take-up rates as 75.0 percent of eligible workers in both expansion and non-expansion states enrolled in health insurance. The larger decline in the take-up rate in expansion states than in non-expansion states accounts for part of the differential trends in enrollment rates observed for expansion and non-expansion states. From 2013 to 2014, take-up rates increased in both expansion states (1.6 percentage points) and non-expansion states (2.2 percentage points). In expansion states, this was followed by a decline in the take-up rate of 2.0 percentage points from 2014 to 2015.

The pattern among large-firm establishments mirrors the overall results. In particular, among large-firm establishments in 2008, the take-up rate was 2.2 percentage points higher in expansion states than in non-expansion states (80.1 versus 77.9 percent) and by 2015, there was no longer a statistically significant difference in take-up rates (75.7 versus 75.4 percent in expansion and non-expansion states, respectively) (figure 4b). From 2008 to 2013, large-firm take-up rates fell by 4.1 percentage points in both groups of states. The difference in trends occurred from 2013 to 2015 as large-firm take-up rates first increased, and then decreased in both groups of states, resulting in a net increase in the take-up rate of 1.5 percentage points in non-expansion states, but no net change in expansion states. Among higher-wage establishments, take-up rates also declined more rapidly in expansion states (4.3 percentage points) than in non-expansion states (2.1 percentage points) (figure 4c). In small-firm establishments and low-wage establishments, take-up rates fell in both expansion and non-expansion states, but there were no statistically significant differences in trends by expansion status. Among the subgroups of establishments examined, low-wage establishments had the largest declines in take-up rates in both non-expansion states (11.1 percentage points) and expansion states (8.3 percentage points,  $p < .10$  for the difference between low-wage establishments and small-firm establishments).

## **Data Source**

This Statistical Brief summarizes data from the 2008 through 2015 AHRQ Medical Expenditure Panel Survey Insurance Component (MEPS-IC). The estimates presented in the Brief were produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

## **Definitions**

#### *Medicaid expansion states*

This analysis defined Medicaid expansion states as those states that implemented the ACA's Medicaid expansion at any time before or during calendar year 2015. Medicaid expansion states included Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Washington, and West Virginia.

#### *Enrollment rate*

The percentage of all employees enrolled in their employer's health insurance at establishments both offering and not offering health insurance.

#### *Offer rate*

The percentage of employees who work at establishments that offer health insurance.

#### *Eligibility rate*

In establishments that offer insurance, the eligibility rate is the percentage of employees who are allowed to enroll in employer-sponsored coverage. Common eligibility criteria include a minimum number of hours worked per pay period or a minimum length of service with the employer.

#### *Take-up rate*

The rate at which eligible employees enroll in health insurance coverage through their employer at establishments that offer insurance.

#### *Establishment*

An establishment is a particular workplace or single physical location where business is conducted or services or industrial operations are performed.

#### *Firm size*

A firm is a business entity consisting of one or more establishments under common ownership or control. A firm represents the entire organization, including the company headquarters and all divisions, subsidiaries and branches. In this analysis, firms with less than 50 employees are categorized as small firms, and firms with 50 or more employees are categorized as large firms.

#### *Low-wage status*

A low wage employee is an employee earning at or below the 25th percentile for all hourly wages in the United States based on data from the Bureau of Labor Statistics. The low-wage upper bound level was \$11.00 per hour during 2008–2009, and \$11.50 per hour during 2010–2015. Low wage status (< 50 percent low wage, 50 percent or more low wage) is determined at the establishment level.

### **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 2015 survey; with 5.8 percent of the sample determined to be out-of-scope during the data collection process. The response rate for the private-sector was 66.5 percent of the remaining in-scope sample units.

For more information on this survey, see *MEPS Methodology Reports 6, 8, 10, 14, 17, 18, 27 and 28* and the MEPS-IC Technical Notes and Survey Documentation, which are available on the MEPS Web site (<http://www.meps.ahrq.gov>).

### **Suggested Citation**

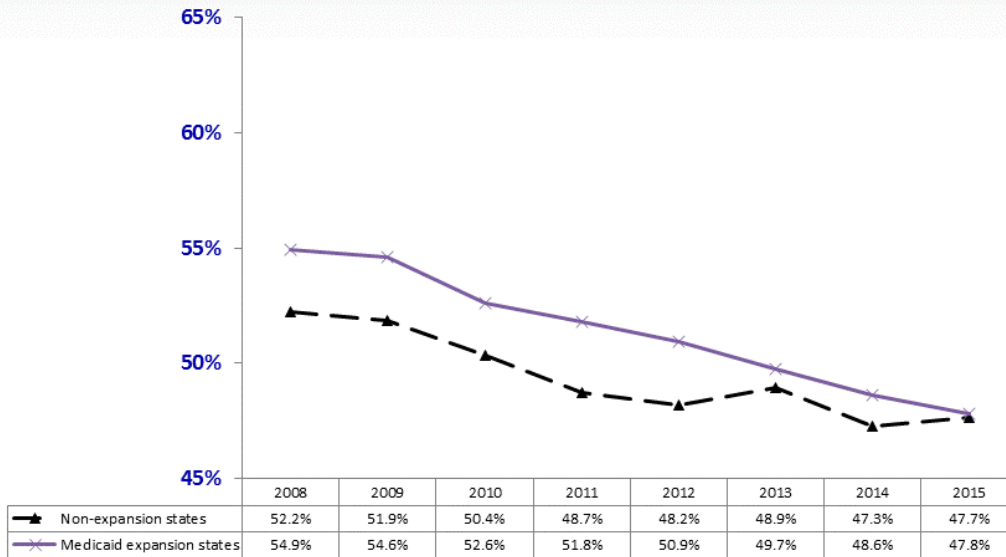
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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using 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 email us at [MEPSProjectDirector@ahrq.hhs.gov](mailto:MEPSProjectDirector@ahrq.hhs.gov) or send a letter to the address below:

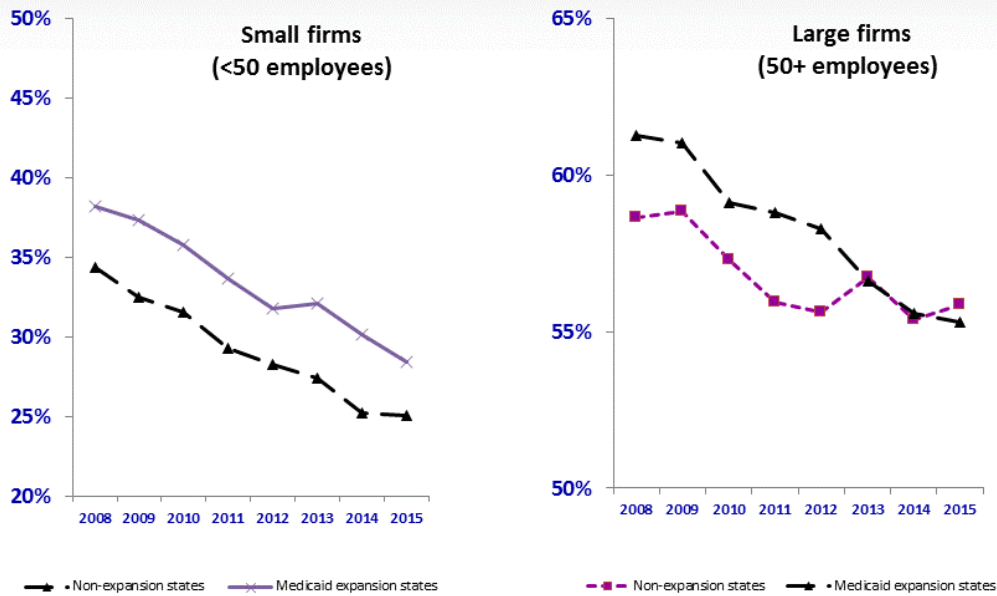
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**Figure 1a. Enrollment rate: Percentage of all private-sector employees enrolled in employer-sponsored health insurance, by State Medicaid expansion status, 2008–2015**



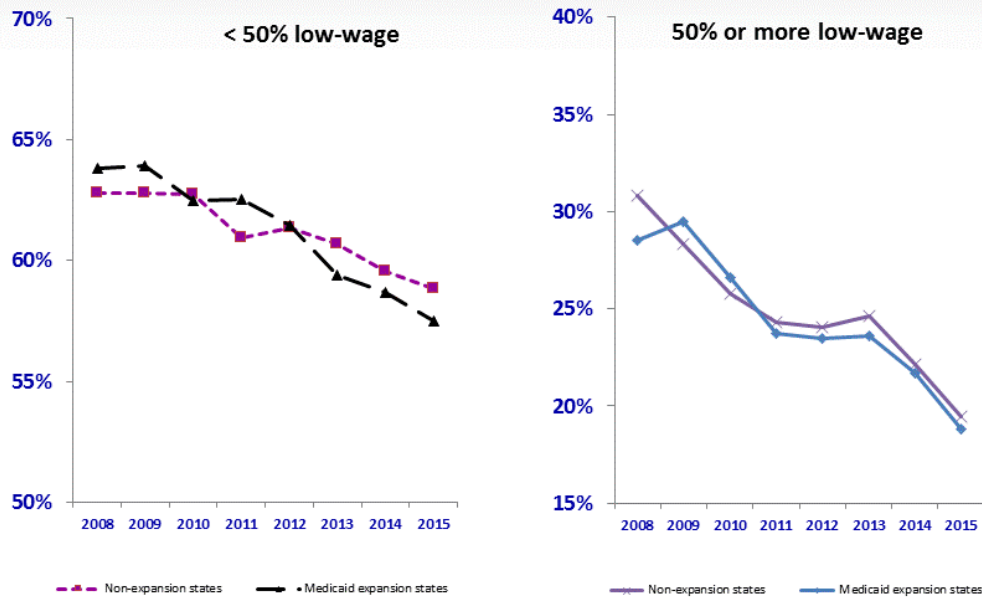
Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, all employees in establishments. State expanded Medicaid coverage during the period 2010 through 2015.

**Figure 1b. Enrollment rate: Percentage of all private-sector employees enrolled in employer-sponsored health insurance, by State Medicaid expansion status and firm size, 2008–2015**



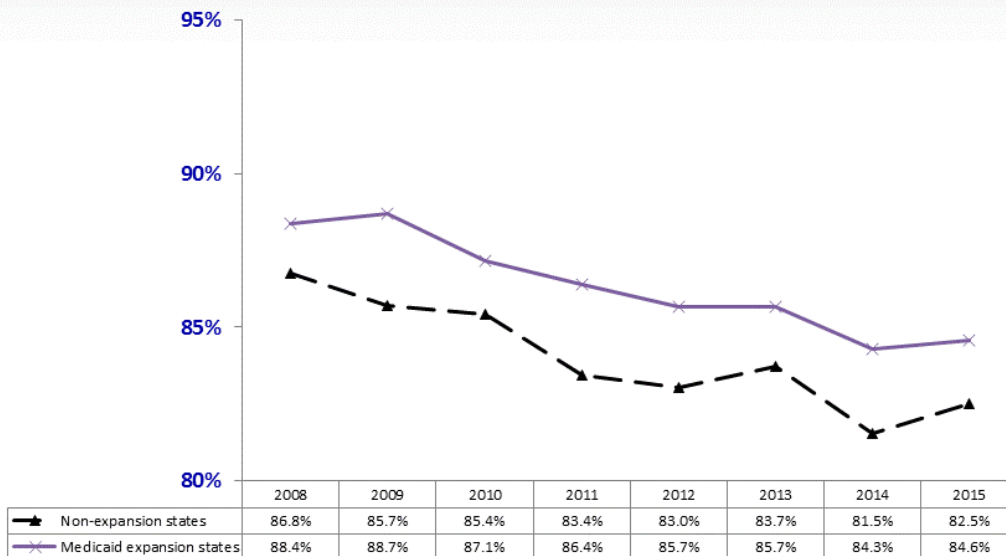
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**Figure 1c. Enrollment rate: Percentage of all private-sector employees enrolled in employer-sponsored health insurance, by State Medicaid expansion status and low-wage status, 2008–2015**



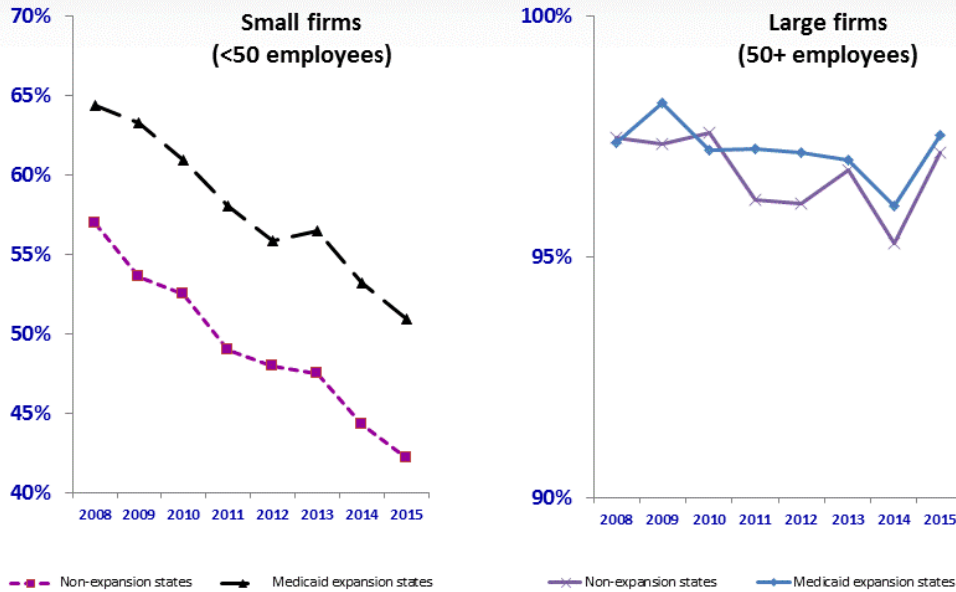
Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, all employees in establishments. State expanded Medicaid coverage during the period 2010 through 2015.

**Figure 2a. Offer rate: Percentage of private-sector employees in establishments that offer health insurance, by State Medicaid expansion status, 2008–2015**



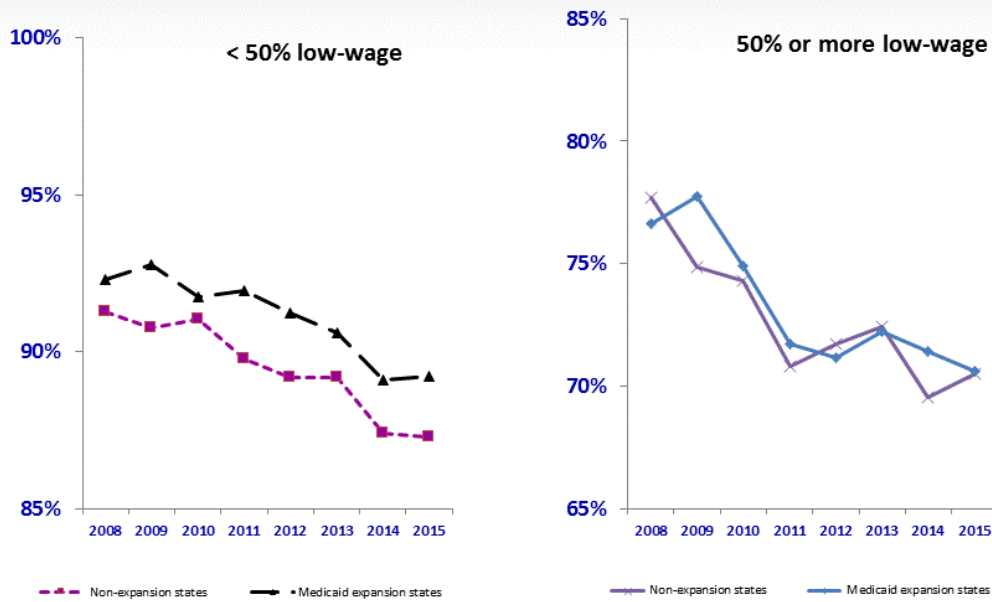
Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. State expanded Medicaid coverage during the period 2010 through 2015.

**Figure 2b. Offer rate: Percentage of private-sector employees in establishments that offer health insurance, by State Medicaid expansion status and firm size, 2008–2015**



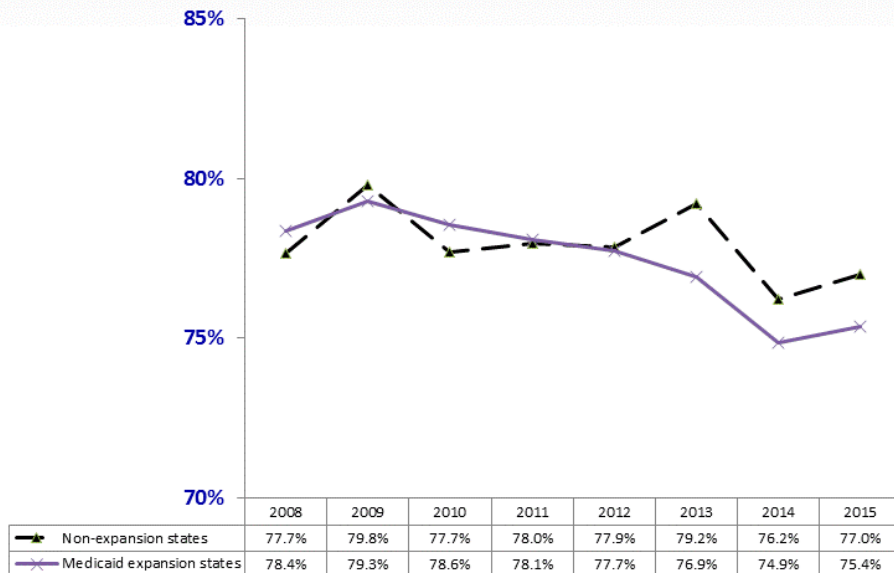
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**Figure 2c. Offer rate: Percentage of private-sector employees in establishments that offer health insurance, by State Medicaid expansion status and low-wage status, 2008–2015**



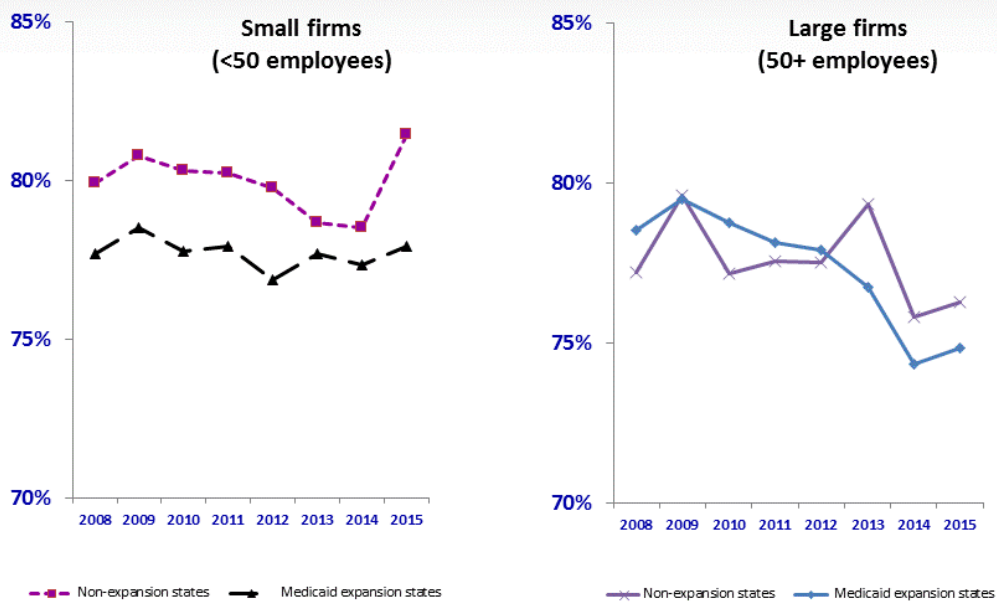
Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, all employees in establishments. State expanded Medicaid coverage during the period 2010 through 2015.

**Figure 3a. Eligibility rate: Percentage of private-sector employees eligible for health insurance at establishments that offer health insurance, by State Medicaid expansion status, 2008–2015**



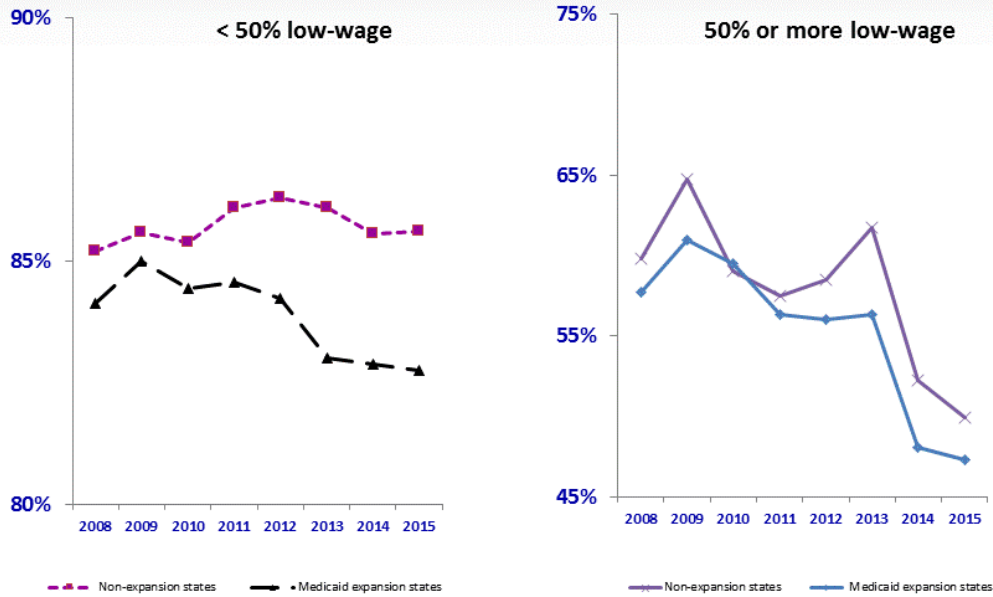
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**Figure 3b. Eligibility rate: Percentage of private-sector employees eligible for health insurance at establishments that offer health insurance, by State Medicaid expansion status and firm size, 2008–2015**



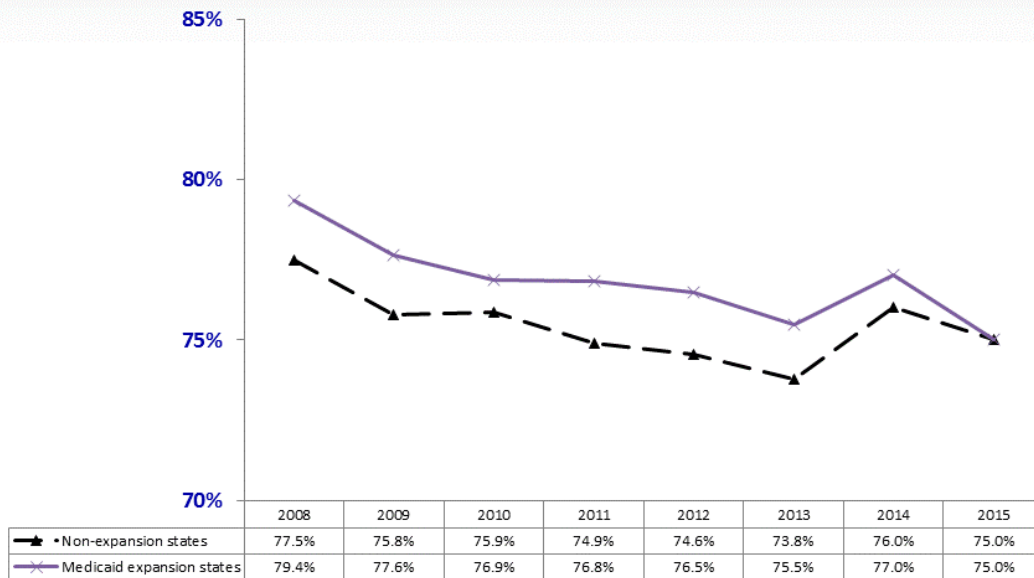
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**Figure 3c. Eligibility rate: Percentage of private-sector employees eligible for health insurance at establishments that offer health insurance, by State Medicaid expansion status and low-wage status, 2008–2015**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, all employees in establishments. State expanded Medicaid coverage during the period 2010 through 2015.

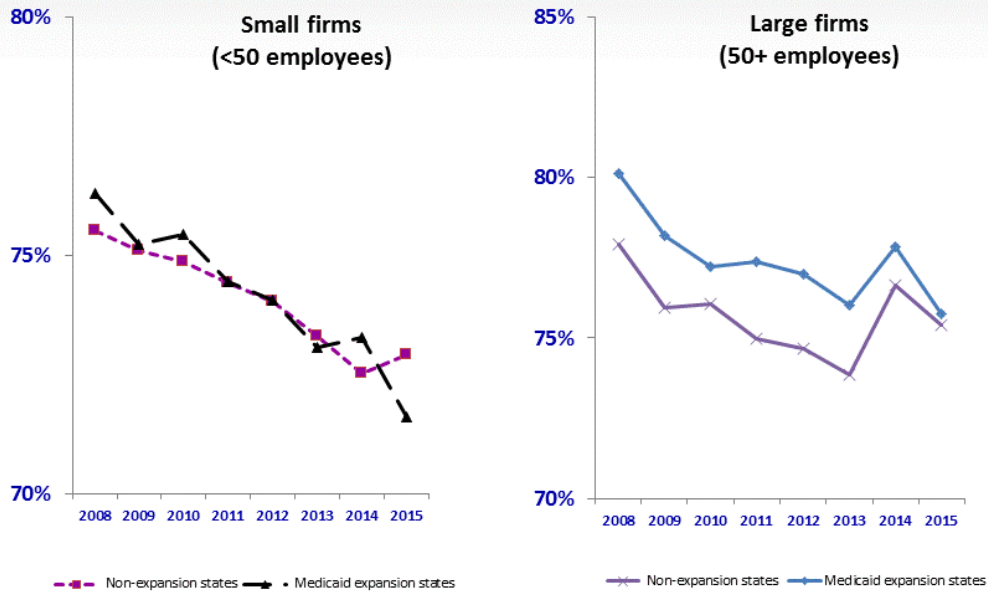
**Figure 4a. Take-up rate: Percentage of eligible private-sector employees who are enrolled in health insurance at establishments that offer health insurance, by State Medicaid expansion status, 2008–2015**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, eligible employees at establishments that offer health insurance. State expanded Medicaid coverage during the period 2010 through 2015.

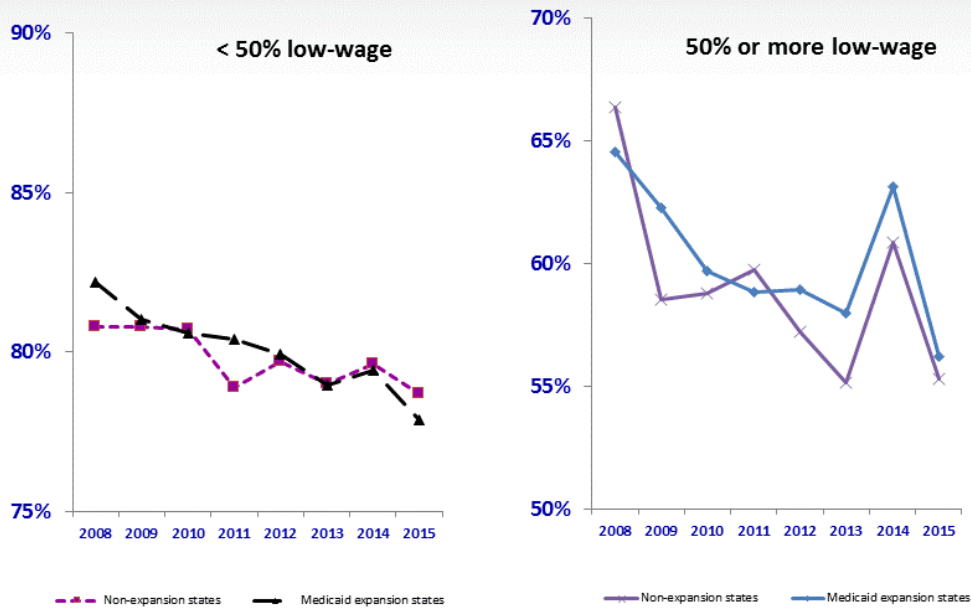


**Figure 4b. Take-up rate: Percentage of eligible private-sector employees enrolled in health insurance at establishments that offer health insurance, by State Medicaid expansion status and firm size, 2008–2015**



Source: Center for Financing, Access, and Cost Trends, AHRQ, Medical Expenditure Panel Survey Insurance Component, private-sector establishments, 2008–2015. Denominator: Within each category, all employees in establishments. State expanded Medicaid coverage during the period 2010 through 2015.

**Figure 4c. Take-up rate: Percentage of eligible private-sector employees enrolled in health insurance at establishments that offer health insurance, by State Medicaid expansion status and low-wage status, 2008–2015**



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