

STATISTICAL BRIEF #88

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Employer-Sponsored Health Insurance for Small Employers in the Private Sector, by Industry Classification, 2003

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Introduction

Employer-sponsored health insurance for current workers is one of the primary sources of health insurance coverage in the United States. According to data from the Insurance Component of the 2003 Medical Expenditure Panel Survey (MEPS-IC), approximately 96.3 million of the 110.9 million employees from the private sector worked in firms where the employer offered health insurance. Of those employees who worked where health insurance was offered, approximately 60.7 million were enrolled. (Data not shown in figures.)

This Statistical Brief presents estimates, by industry classification, on the percentage of employees who worked for small private sector employers (firms with fewer than 50 employees) who offered health insurance and of employees working in such firms who enrolled in offered health insurance plans. The brief also provides estimates on the average employee contributions towards premiums for single coverage and for family coverage. Only those estimates that had a statistically significant difference from the national average at the 0.05 percent significance level are noted in the text.

Although a large percentage of private sector employees worked where health insurance was offered in 2003, small private sector employers were much less likely to offer health insurance than other firms or governments. Among these small employers, the offer rates varied considerably by industry. Furthermore, the employee costs for employer-sponsored health insurance also differed significantly by industry among the small private sector employers.

Findings

Among the 31.4 million employees who worked for small private sector employers in 2003 (estimate not shown), 61.6 percent worked where the employer offered health insurance (figure 1). This rate varied considerably by industry classification. The percentage of employees

Highlights

- In 2003, 61.6 percent of employees of small private sector employers worked where health insurance was offered.
- In 2003, 60.7 percent of employees who worked at small employers who offered health insurance enrolled. There was substantial variation in the enrollment rates among small employers by industry classification.
- The average premium contribution per enrolled employee for single coverage across small private sector employers was \$538.
- The average premium contribution per enrolled employee for family coverage across small private sector employers was \$2,494.

who worked for small employers who offered health insurance was 76.8 percent for the combined Mining and Manufacturing sectors, 78.1 percent for the Wholesale Trade sector, 69.5 percent for the Financial Services and Real Estate sector, and 70.3 percent for the Professional Services sector. All these rates were significantly higher than the national average for small employers. Alternatively, the rates for the Other Services and Retail industries were significantly lower than the national average for small employers, with only 49.4 and 54.9 percent, respectively, of employees in these small firms working where health insurance was offered.

Among employees of small employers who worked where health insurance was offered, 60.7 percent enrolled (figure 2). The enrollment rates for small employers ranged from 45.8 percent for employees in the Other Services industry, which was significantly lower than the national average for small employers, to 71.6 percent for the combined Mining and Manufacturing industries, 69.5 percent for the Financial Services and Real Estate industries, and 71.2 percent for the Wholesale Trade sector, all significantly higher than the national average for small employers.

Average employee contributions towards premiums for small private sector employers in 2003 were \$538 (figure 3) for single coverage and \$2,494 (figure 4) for a family of four. Furthermore, there was significant variation in the average employee premium contributions by industry classification among small employers. Employees working for small employers in the Retail Trade sector required the highest single coverage premium contribution of \$692 (figure 3) and a higher than average family premium contribution of \$3,091 (figure 4). Employees of small firms in the combined Mining and Manufacturing industries had an average premium contribution for single coverage of \$450, which was significantly lower than the national average for small employers (figure 3). Employees at small firms in the Utilities and Transportation and Other Services industries had family premium contributions of \$1,781 and \$2,111, respectively (figure 4). Both values were lower than the national average for small employers. Employees at small firms in the Financial Services and Real Estate industries had a higher than average premium contribution for family coverage of \$3,139.

Data Source

This Statistical Brief summarizes data from the 2003 MEPS-IC. The data are available on the MEPS Web site (www.meps.ahrq.gov) or have been produced using special computation runs on the confidential MEPS-IC data available at the U.S. Census Bureau.

Definitions

In this brief, an employer is defined as a private sector firm. A firm is defined as a business entity that controls one or more business establishments or locations. Consequently, an employer can have multiple work locations. Only small employers with fewer than 50 employees across all their locations were included in this analysis.

The classification by industry is based upon the North American Industrial Classification System.

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. Bureau of the Census under the sponsorship of the Agency for Healthcare Research and Quality. 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 establishments was selected for the 2003 survey, prior to accounting for losses due to nonresponse and out-of-scope cases.

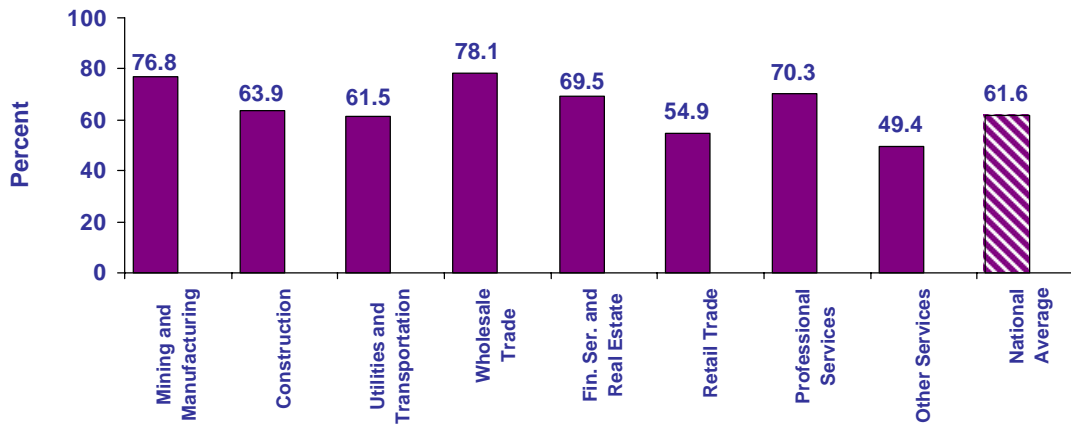
For more information on this survey, see MEPS Methodology Reports 6, 8, and 10 under MEPS publications at http://www.meps.ahrq.gov/mepsweb/data_stats/publications.jsp and the MEPS-IC Technical Appendix at http://www.meps.ahrq.gov/mepsweb/survey_comp/ic_technical_notes.jsp.

Suggested Citation

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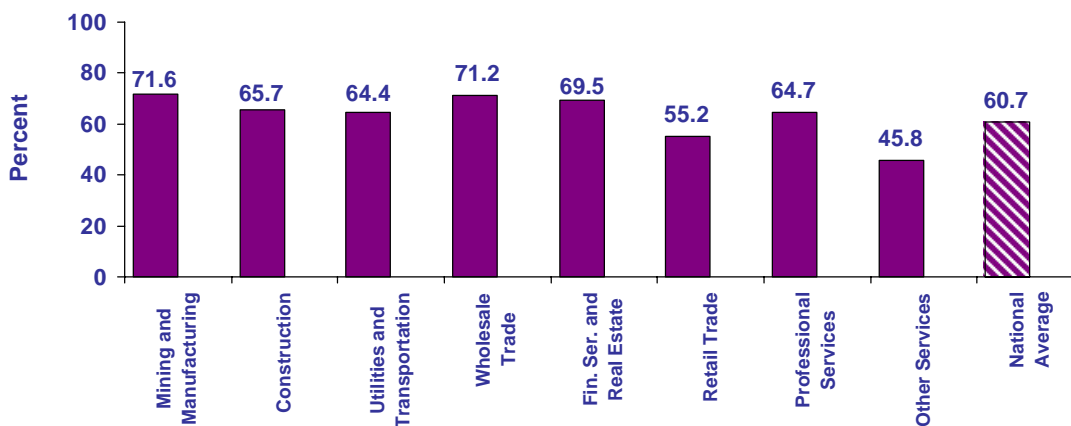
Figure 1. Percentage of private sector employees in firms with fewer than 50 employees who worked where health insurance was offered, by industry, 2003



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2003



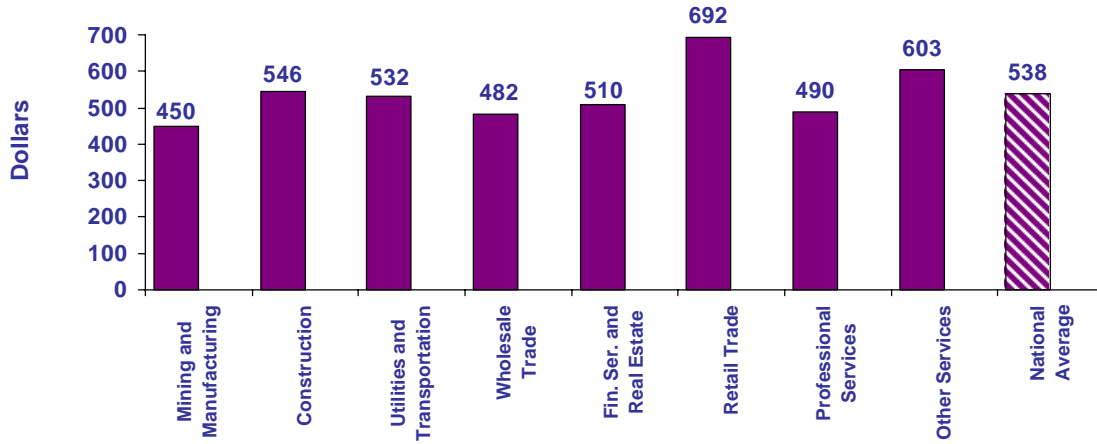
Figure 2. Percentage of employees enrolled in health insurance in establishments that offered health insurance for firms with fewer than 50 employees, by industry, 2003



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2003



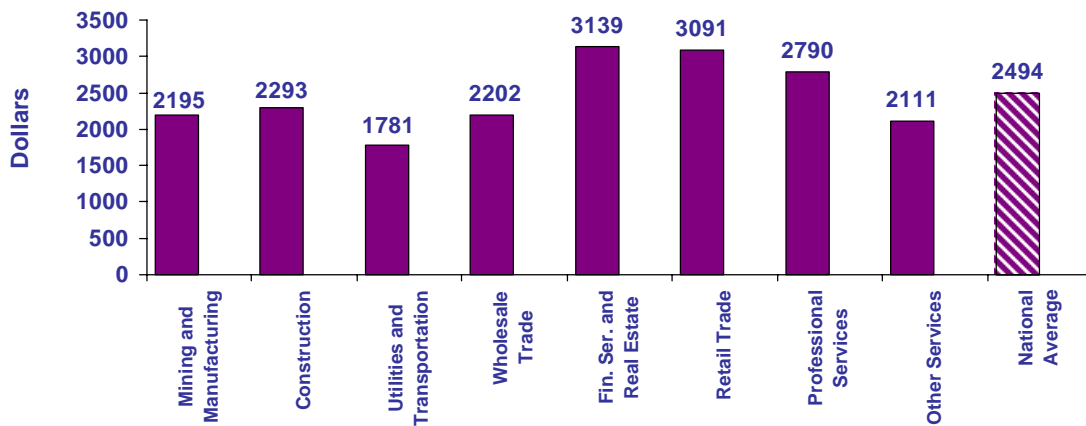
Figure 3. Average employee contribution per enrolled employee for single coverage at establishments within firms with fewer than 50 employees, by industry, 2003



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2003



Figure 4. Average employee contribution per enrolled employee for coverage for a family of four at establishments within firms with fewer than 50 employees, by industry, 2003



Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2003