

Change in Percentage of Families Offered Coverage at Work

April 2011

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Almost 150 million people receive health insurance through an employer, making employer coverage the most prevalent form of health insurance coverage for the nonelderly in the United States.ⁱ The percentage of workers offered health insurance coverage at work has declined over the past ten years, though it has remained stable over the past few years.ⁱⁱ At the same time, the percentage of people with employer-based coverage has declined as people have lost jobs and their health coverage during the recent recession.ⁱⁱⁱ This paper examines the change in the percentage of families offered coverage at work and how the offer of health insurance differs depending on the type of family and the family's income. By focusing on employer offer rates, it will not, however, address the change in the number of people with employer-based coverage over the past ten years.

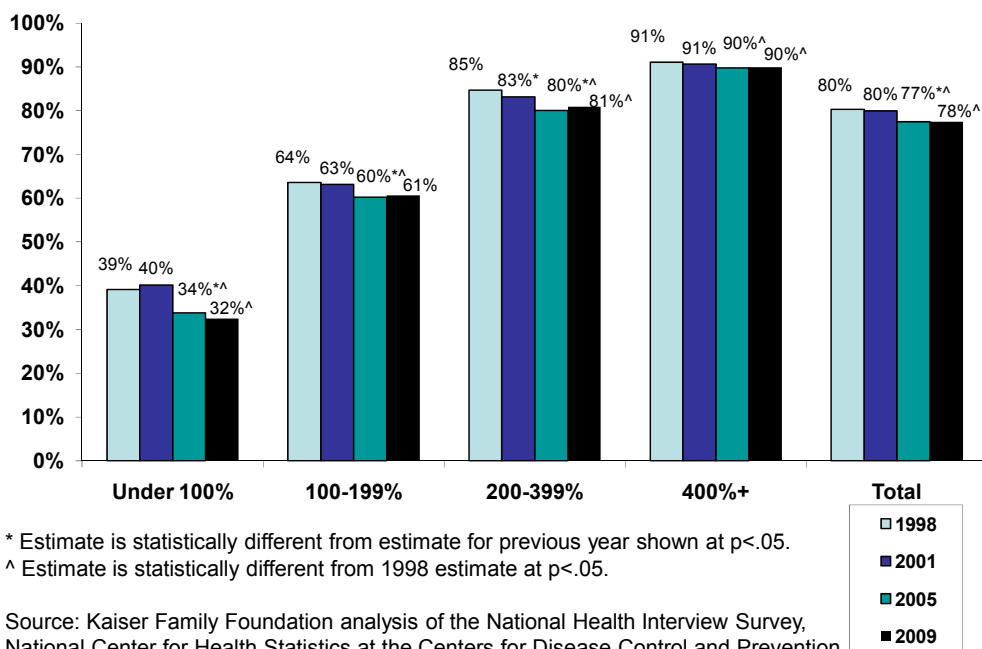
Family income and family composition are two main factors that affect offer rates of health insurance through an employer. First, it is well established that higher paid workers are more likely to receive employer health insurance offers. Workers with higher wages can afford to pay more for such benefits.^{iv} However, understanding how the change in offer rates affects families is complicated because a family may have two working spouses or unmarried partners who may be eligible for family health insurance coverage at their respective jobs. Having two workers in a family may help insulate it from the general reduction in health insurance offering.

This analysis is based on data from the National Health Interview Survey (NHIS), which is an annual survey conducted by the U.S. Census Bureau for the National Center for Health Statistics that provides national estimates for a broad range of health measures for the U.S. civilian, noninstitutionalized population.^v Using data from 1998 to 2009, the analysis shows the change in employer offer rates broken out by family income relative to the federal poverty level (FPL) and by family composition. We find generally that the percentages of working families with an adult worker, who is offered job-based health coverage, fell between 1998 and 2009, with lower income families seeing a larger change than higher income families. The reduction in health insurance offers occurred across all family types.

Offer Rates

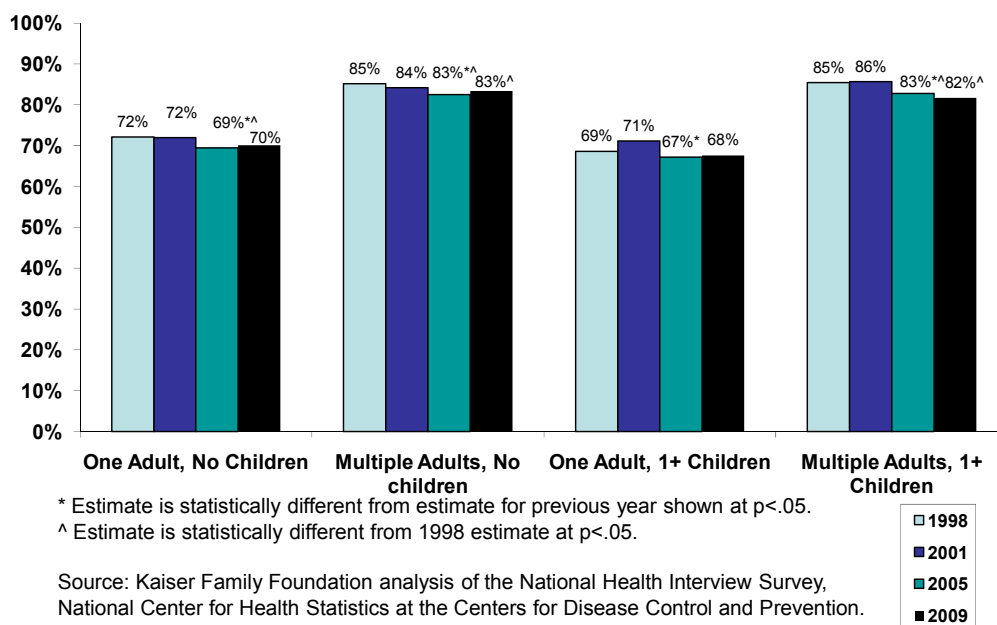
Across all poverty categories studied, the percentage of families with a worker who was offered coverage at work declined from 1998 to 2009, but remained fairly stable between 2005 and 2009.^{vi} The percentage of families offered job-based insurance varies significantly across family incomes in each of the four years, with higher income families being offered insurance at a higher percentage than lower income families. Specifically, in 2009 the percentage of families offered coverage ranged from 32% of families with incomes under poverty to 90% for families with incomes at 400% of poverty and above (the poverty level for a family of 4 was \$22,050 in 2009). Additionally, from 1998 to 2009, the offer rate fell for each income level, with an overall drop of two percentage points. Higher income families experienced a smaller decrease of one percentage point, than lower income families, who saw a decrease of three to seven percentage points (Figure 1).

Figure 1: Offer Rate Among Families with Nonelderly Workers by Poverty Level, Other Adults Excluded



Across all family types studied, the percentage of working families with a nonelderly worker who was offered coverage at work declined from 1998 to 2009, but remained fairly stable from 2005 to 2009. Working families with two adults were more likely than families with only one adult to have an offer of job-based coverage. Two-adult families were more likely to have multiple workers who may be offered coverage at work. Offer rates fell among all family types between 1998 and 2009 with declines between one and three percentage points (Figure 2).

Figure 2: Offer Rate Among Families with Nonelderly Workers by Family Type, Other Adults Excluded



Discussion

The findings here are similar to previous studies that have focused on the percentage of working adults offered coverage at work. Analysis of NHIS data by the University of Minnesota’s State Health Access Data Assistance Center (SHADAC) for the Robert Wood Johnson Foundation’s Cover the Uninsured Project found that the percentage of nonelderly working adult families with children who were offered coverage at work fell from 69.2% to 66.8% between 1997 and 2005, with larger decreases among lower-income families.^{vii} The National Bureau of Economic Research found that employer offer rates (among all firm sizes) declined from 1998 to 2006.^{viii} A Kaiser Snapshot of employer offer rates and earnings also found that highly-paid workers were more likely to receive employer health insurance offers.^{ix}

The findings in this analysis update a 2007 brief which found that the percentage of working families with a worker who is offered health insurance fell over the 1998 to 2005 time period. From 2005 to 2009, however, offer rates remained fairly stable. Overall, we found that the small differences in offer rates were not statistically different. While the percentage point changes we show over the 1998 to 2009 period are relatively small, with almost 150 million people covered by employer-sponsored health insurance, a small percentage point drop in job-based coverage offered to families can affect millions of people.^x People who are not offered health insurance at work are less likely to be insured than people who are offered job-based coverage.^{xi} The decline in job-based offers of coverage to families is one factor that may help explain the increase in the number of people without insurance.

Appendix 1

Data and Methods

The NHIS is an annual survey conducted by the U.S. Census Bureau for the National Center for Health Statistics that provides national estimates for a broad range of health measures for the U.S. civilian, noninstitutionalized population.^{xii} The survey collects basic sociodemographic characteristics for each member of sampled households, including information on household composition, income, employment (asked of adults), and eligibility for health insurance at work (asked of workers) that are relevant to the present inquiry. The NHIS contains information about family composition and family weights which permit family-level estimates to be made.^{xiii}

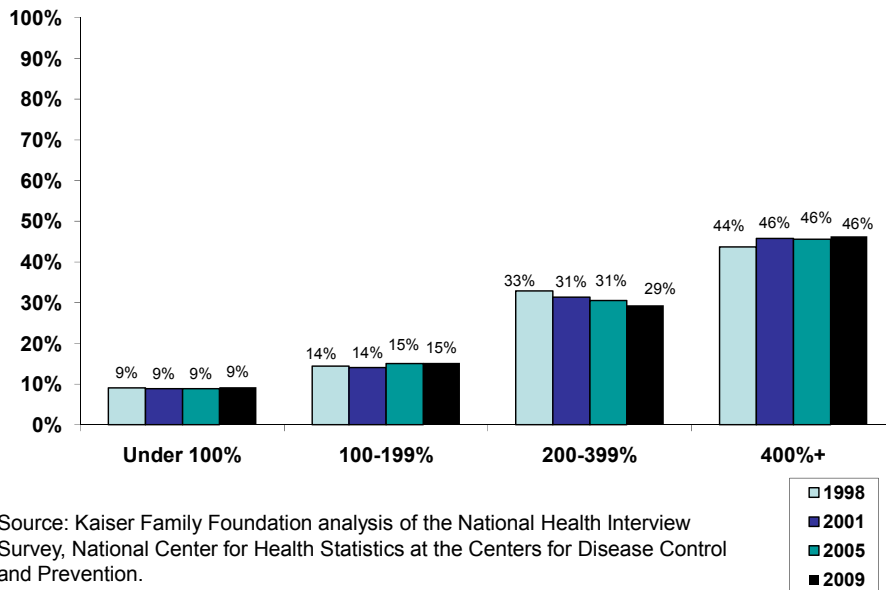
In the NHIS, a family generally is defined as a person or group of two or more related people living together in a household. Unmarried couples living together also are considered families in the survey.^{xiv} For this analysis, we selected families with at least one adult under age 65 who was working during the week prior to the survey interview.^{xv} Our results present the percent of these families with at least one worker who is eligible for health insurance at his or her job. The advantage of focusing on families for this analysis is that we can account for the many families that have two working adults who may be offered family coverage at their job. There are several important limitations, however, in doing a family level analysis of offers for health insurance. Both relate to how a family may be defined.

One issue is that employers do not use a single or standard definition of family in determining who may be eligible for coverage as a dependent under employer-provided insurance plans. Some employers who offer coverage extend eligibility only to nuclear family units (i.e., married parents and their dependent children). Other employers also will extend coverage to unmarried opposite-sex couples and/or to unmarried same-sex couples living together. These employers employ a meaningful percentage of the work force.^{xvi} So, while we can be fairly sure that an adult worker in a family who is offered coverage at work would have the option to cover his or her spouse and dependent children under the policy, we cannot be sure that an adult worker would have the option of covering his or her unmarried different-sex or same-sex partner. By including families with unmarried opposite-sex partners or same-sex partners, we are potentially overstating the extent to which we find that families have an insurance offer through an adult worker that could cover the whole family.^{xvii}

A second issue is that the NHIS uses a broad definition of family that includes any related individuals living together in a household. This expansive definition includes combinations of relatives that probably would not be included together in a family health insurance policy. Examples include cases where a grandparent or other relative (e.g., sister, cousin) live with a nuclear family. Our concern with these arrangements is that the working adult in the family may be the grandparent, sister, or cousin, for example, and therefore an offer of insurance to one of them at work probably would not allow them to cover the other family members under the

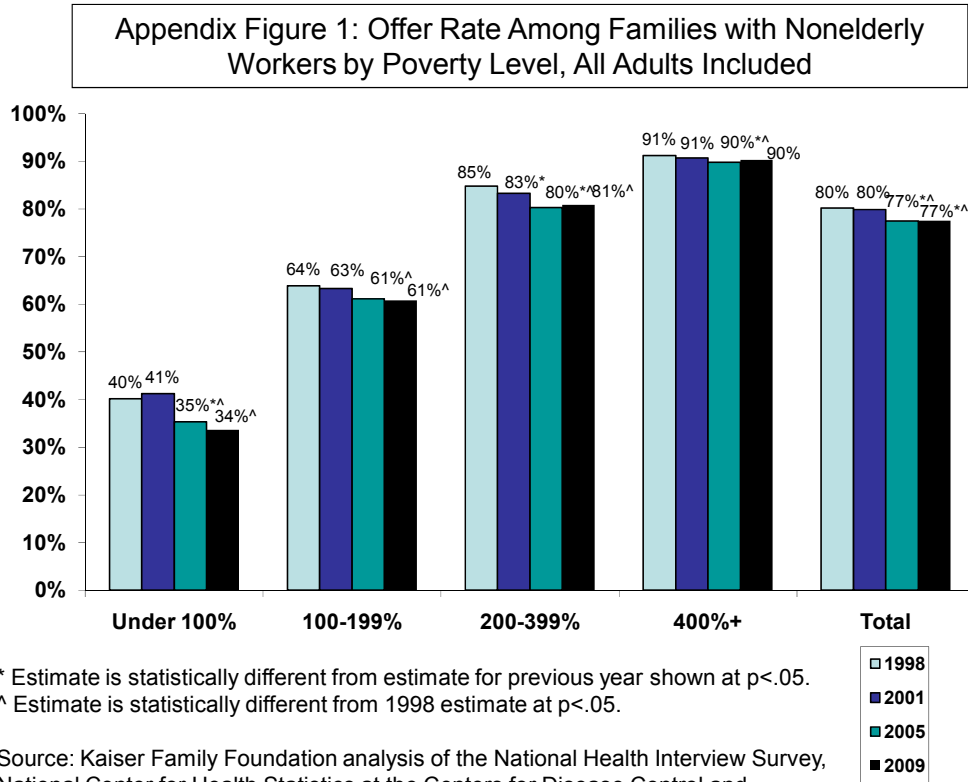
policy. We attempt to address this concern by showing levels and trends which exclude families made up entirely of adults that are not married or unmarried couples. We also exclude families where there are no biological or adoptive parents of children present, or where a parent is present, but there are also additional related adults who are not a domestic partner of the parent. These exclusions reduce the possibility that we will identify families with workers who would not be able to include other families under a policy offered at work. We should note, however, that these exclusions are overbroad in that they also exclude some families where a working adult could have covered most of the related persons in the household. In Appendix Figure 1 and Appendix Figure 2 we show the same comparisons without the exclusions of families with other adults and find similar results. Figure 3 shows the breakout of families with the exclusions by income relative to poverty. Families without the exclusions by income relative to poverty followed a similar distribution.^{xviii}

Figure 3: Distribution of Families with Nonelderly Workers by Poverty Level, Other Adults Excluded

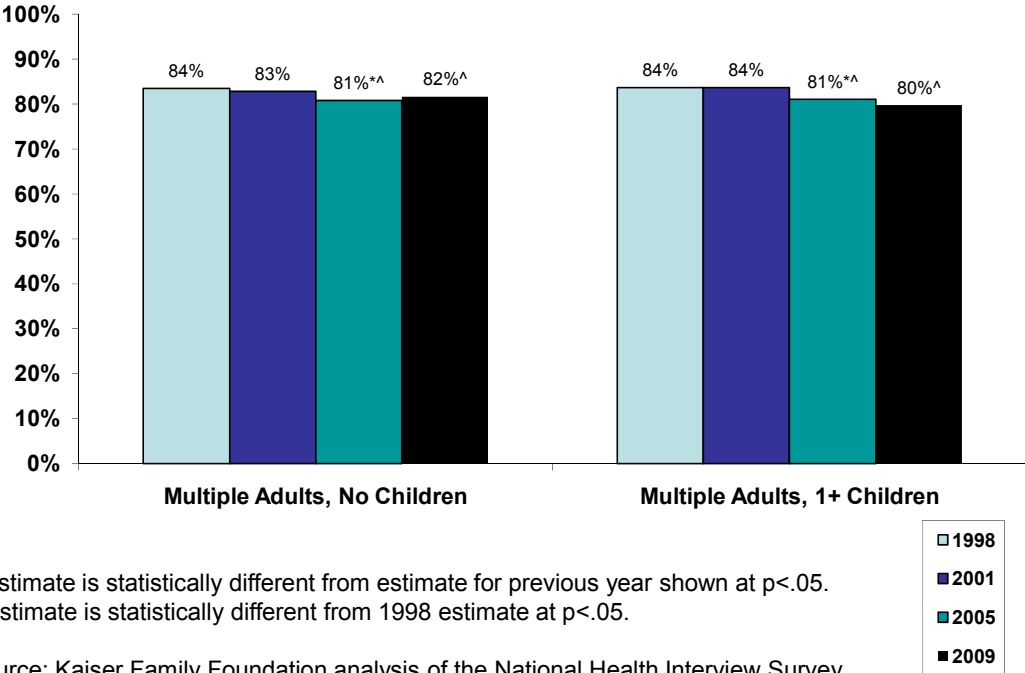


Appendix 2

For the figures in the main paper, we excluded families with adult members who are not the spouse or partner (i.e. same-sex or opposite-sex couples) of the family reference person. The figures in this Appendix show the same charts with those families included in the analysis. The results are similar with these families excluded or included.



Appendix Figure 2: Offer Rate Among Families with Nonelderly Workers by Family Type, All Adults Included



Source: Kaiser Family Foundation analysis of the National Health Interview Survey, National Center for Health Statistics at the Centers for Disease Control and Prevention.

Endnotes

- i Kaiser Commission on Medicaid and the Uninsured, "The Uninsured: A Primer," Kaiser Family Foundation, December 2010. Available online at: <http://www.kff.org/uninsured/upload/7451-06.pdf>.
- ii "Employer Health Benefits 2009 Annual Survey, Kaiser Family Foundation/ HRET, September 2009. Available online at: <http://ehbs.kff.org/pdf/2009/7936.pdf>
- iii Kaiser Commission on Medicaid and the Uninsured, "The Uninsured: A Primer," Kaiser Family Foundation, December 2010. Available online at: <http://www.kff.org/uninsured/upload/7451-06.pdf>.
- iv Other reasons include that higher wage workers have higher marginal tax rates so they benefit more from the tax deduction for employer-paid health insurance premiums, or because they may value health coverage more than lower-wage workers for other reasons.
- v A description of the scope of the NHIS is available online at: http://www.cdc.gov/nchs/nhis/about_nhis.htm
- vi The NHIS undergoes a substantial redesign about every 10 years, with the latest being for the year 1997. We used 1998 as our initial year because the family structure variable that permits us to identify families with other adults was first released in the 1998 survey.
- vii State Health Access Data Assistance Center, University of Minnesota, "Whose Kids are Covered? A State-by-State Look at Uninsured Children," report prepared for the Robert Wood Johnson Foundation, March 2007. Available online at: <http://covertheuninsured.org/media/research/WhoseKidsAreCovered.pdf>.
- viii Buchmueller, Thomas C., Monheit, Alan C., "Employer-Sponsored Health Insurance and the Promise of Health Insurance Reform," National Bureau of Economic Research, April 2009. Available online at: <http://www.nber.org/tmp/66592-w14839.pdf>.
- ix "Health Benefit Offer Rates and Employee Earnings," Kaiser Family Foundation, November 2010. Available online at: <http://www.kff.org/insurance/snapshot/Health-Benefit-Offer-Rates-and-Employee-Earnings.cfm#back3>
- x For 2009, our sample had about 61.5 million families with nonelderly workers after excluding families with "other adults" and about 81 million families without the exclusion.
- xi Clemans-Cope, Lisa, Bowen Garrett, and Catherine Hoffman, "Changes in Employees' Health Insurance Coverage, 2001-2005," Kaiser Commission on Medicaid and the Uninsured, October 2006. Available online at: <http://www.kff.org/uninsured/upload/7570.pdf>.
- xii A description of the scope of the NHIS is available online at: http://www.cdc.gov/nchs/nhis/about_nhis.htm.
- xiii The 2009 NHIS Survey Description, which explains the definition of a family and how the family file is to be used, can be downloaded at:
ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Dataset_Documentation/NHIS/2009/srvydesc.pdf.
- xiv Ibid.
- xv The NHIS questions adult respondents about their employment status in the week prior to the survey. Our definition of a worker included anyone working at a job or business in the last week, or who had an employment relationship but was not working last week. There was a slight change in the composition of this variable between 1998 and 2001. Prior to 2001, the available responses did not indicate whether or not the individual was working for pay. Starting in 2001, a response was added for those working, but not for pay. In the current analysis, these respondents are classified as workers.
- xvi The 2009 Kaiser/HRET Annual Employer Health Benefits Survey found that 21 percent of employers reported offering health benefits to unmarried same-sex domestic partners and 31 percent of employers reported offering health benefits to unmarried opposite-sex domestic partners. Employers with 5000 or more employees were more likely (32 percent) to offer coverage to same-sex couples. In 2009 the Human Rights Campaign Foundation reported that approximately 59 percent of Fortune 500 companies offer health benefits to domestic partners. The HRC information is available online at:
http://www.hrc.org/issues/workplace/benefits/domestic_partner_benefits.htm
- xvii This issue is probably more important in determining the percentage of families with access to employer-based coverage at a point in time than it is to determining the changes in the percentage over time.
- xviii In 2009 a new ratio of imputed income to poverty was not available in 2005. This ratio matches the variable used in 2005 and is comparable. For additional information please see
ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Datasets/NHIS/2009_Imputed_Income/incmimp_notice2009.pdf
than



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