

medicaid
and the **uninsured**

**Changes in Employer-Sponsored Health Insurance
Sponsorship, Eligibility, and Participation: 2001 to 2005**

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Lisa Clemans-Cope, Ph.D.
The Urban Institute

Bowen Garrett, Ph.D.
The Urban Institute

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Executive Summary

The majority of Americans under age 65 (“nonelderly”) receive their health insurance coverage through their own employer or the employer of a family member, but the long-standing link between work and employer-sponsored insurance is weakening. Because employer-sponsored insurance is voluntary on the part of businesses and employees, not all firms offer health benefits, not all workers are eligible for coverage, and not all employees choose to participate or can afford their share of the health premium.

Employer-sponsored insurance (ESI) coverage rates have been falling. In 2000, 66 percent of non-elderly Americans were insured through the workplace, but by 2004 only 61 percent were covered by ESI. Both children and adults experienced steady declines in job-based coverage over this period. However, all of the growth in the number of uninsured was among adults. Were it not for Medicaid and SCHIP, the number and share of children without health insurance would have increased commensurately. Instead, as unemployment spells lowered families’ incomes, public insurance filled in the gap for children up until 2004, but not for adults (Hoffman et al. 2005). By 2005, however, as employer-sponsored insurance continued to erode for both adults and their dependents, the number of uninsured children began to grow again, along with the number of uninsured adults. The large majority of the growth in the uninsured between 2000 and 2005 has been among low-income families.

This report provides a detailed account of how ESI coverage changed between 2001 and 2005, particularly among employees (i.e., workers who are not self-employed). The report begins with a short description of the major forces driving employer-sponsored insurance: changes in the workforce and the rising costs of health insurance over the four year period. Next, the report examines the decline in ESI among employees and the reasons determining whether or not an employee has ESI, specifically:

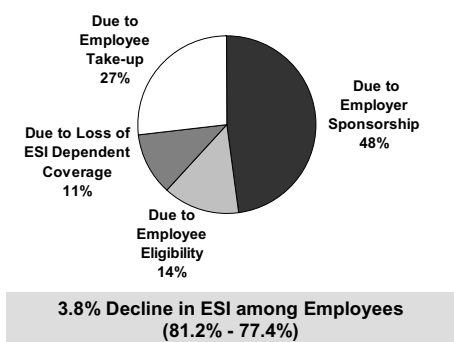
- whether the employer sponsors health benefits,
- if the employee is eligible for the benefits,
- whether the employee chooses to participate in the health insurance offering, and
- whether the employee participates in other ESI available through another family member’s job.

This report also identifies which groups were hardest hit by the decline in job-based coverage and how the reasons for the decline in ESI varied across different groups of employees. The estimates in this report are based on analyses of two matched data sets. In both 2001 and 2005, data have been matched from the February Contingent Workers and Alternate Employment Supplement of the Current Population Survey (CPS) and the March Annual Social and Economic (ASEC) Survey (formerly called the Annual Demographic Survey). 2001 and 2005 are the most recent years the February Supplement was available.

Key Findings

- Between 2001 and 2005 the share of employees who were covered by employer-sponsored insurance (ESI) decreased by almost four percentage points (81.2 percent to 77.4 percent).
- A substantial part of the reason why so many working-age adults lost health coverage between 2001 and 2005 may be explained by underlying workforce changes, including reduced labor force participation and increased self-employment, part-time work, and temporary contract work, and industry/occupational shifts.
- Employer-sponsored insurance is sensitive to changes in health insurance premiums. Marked increases in premiums beginning in 2000 adversely affected whether businesses offered health benefits, who was eligible, and whether employees participated in health benefit options.
- Almost half of the decline in ESI rates among employees was due to loss of sponsorship (Figure ES-1). In addition, losses in eligibility for health benefits and their access to coverage as a dependent of another employee accounted for another quarter of the decline. About a quarter of the decline was due to employees not participating in health benefits offered to them.

Figure ES-1
**Reasons for Decline in ESI
among Employees, 2001- 2005**



Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

- Take-up rates are generally high when employees are offered coverage. The overall take-up rate of coverage offered through an employee's own employer was 83.2 percent in 2005—a decrease of 1.3 percentage points from 2001.
- By 2005, nearly 15 percent of employees had no ESI available to them, either through their own job or that of a family member's—an increase of 2.5 percentage points from 2001.

- Between 2001 and 2005, the number of uninsured employees grew by 3.4 million, two-thirds of whom were from low-income families. Almost 19 million employees—17 percent of employees—were uninsured in 2005.
- By 2005, the majority (70 percent) of uninsured employees had no access to ESI within their family (i.e. they had no offer of ESI through their own employer or a family member’s employer, or they were not eligible for benefits).

Growing Differences in Employer-Sponsored Insurance, 2001-2005

Differences by Family Income

- Decreases in ESI coverage—and increases in the share who are uninsured—were greatest among low-income workers, those who were already the most likely to be uninsured. For example, the share of poor employees who had ESI dropped from 37 percent in 2001 to 30 percent by 2005, while ESI coverage among the near-poor dropped from 59 percent to 52 percent. Among those with the highest incomes (400 percent of the Federal Poverty Level and higher), ESI rates stayed at over 92 percent.
- Declines in employer sponsorship over the four year period were deepest among poor and near-poor employees. Lower income employees also were less likely to be eligible for coverage and these differences grew over the four years.
- Take-up rates are substantially lower at lower levels of family income and differences in take-up rates across income levels grew dramatically between 2001 and 2005. Yet in 2005, it was still the case that the majority of low-income employees participated in health benefits when offered by an employer.
- By 2005, 55 percent of employees from poor families had no access to ESI from either their own or a family member’s employer and only 30 percent were covered by an employer. Near-poor employees were somewhat better off; still over a third had no access to ESI. In contrast, 96 percent of the highest income employees had access to health coverage through an employer.

Differences across Firm Sizes

- Decreases in employer coverage were deepest among employees working in smaller firms (with fewer than 25 employees)—those who are the most likely to be uninsured. Employees working in firms with 10 to 24 workers experienced a nearly five percentage point decrease in their ESI rate, with an increase in their uninsured rate from 26 percent to 30 percent. Even employees in larger businesses (with 100 or more employees) experienced a substantial decline in ESI, raising their uninsured level to over 10 percent.

- Declines in employer sponsorship over the four year period were deepest for employees of small firms.
- Increases in take-up and eligibility rates offset what would have been a larger decline in total ESI coverage among employees of the smallest firms (fewer than 10 employees).

Differences among Age Groups

- Younger employees experienced the greatest decreases in employer coverage and the greatest increases in their chances of being uninsured.
- Just over half of employees who are 19 to 24 years old have ESI and 36 percent are uninsured. In contrast, middle-age employees, who earn more and are more likely to be married (allowing two potential sources of ESI), experienced a substantially smaller decrease in ESI, with 80 percent having ESI coverage in 2005.
- Declines in employer sponsorship and employee participation over the four year period were deepest for employees under age 35 and explained the majority of their loss in ESI. In contrast, ESI loss among employees between 45 and 64 years old, which was significant but much smaller than that of younger employees, was largely due to declining sponsorship.

Other Findings

- Declines in ESI due to employee participation were deepest for Black non-Hispanic and Hispanic employees, compared to White non-Hispanic employees. By 2005, one third of Hispanic employees had no access to ESI in the family, while just 54 percent received coverage through an employer offer.
- Occupations with the lowest rates of ESI experienced the largest erosions in coverage. In addition, occupations with the lowest coverage rates are increasing as a share of the workforce.
- By 2005, one third of employees in the “construction and extraction” and “service” occupations had no access to ESI within the family, and 57 percent or less received health insurance coverage through an employer. In contrast, 90 percent of employees in “management” occupations had health coverage through an employer, and only 5 percent of these employees had no access to ESI.
- Part-time employees who are regular (i.e. not temporary or contingent) are less likely to work in a sponsoring firm than full-time regular employees. The rate of sponsorship dropped more than 8 percentage points for part-time regular employees working fewer than 20 hours per week and almost 4 percentage points

for those working 20 to 34 hours per week. Among full-time regular employees, the decline in sponsorship was less than 2 percent.

Conclusion

Gaps in access to ESI between high- and low-income families, between younger and older employees, and those working in small vs. large businesses widened. To compensate, some workers turned to Medicaid if they were eligible and private non-group coverage—neither of which was able to offset the loss of ESI for most workers, leaving them uninsured. Between 2001 and 2005, the number of uninsured employees grew by 3.4 million—two-thirds of whom were from low-income families.

The trends in part-time and temporary contract work and industry/occupational shifts are likely to continue. Moreover, the pressure on job-based coverage from rising health insurance premiums and greater employee cost-sharing is likely to increase. If health insurance reforms are to bolster the current system of employer-based coverage, they will need to compensate for the erosion of jobs with health benefits and address the affordability of health insurance for both employers and employees.

Introduction

The majority of Americans under age 65 (“nonelderly”) receive health insurance coverage through their own employer or the employer of a family member. Employer-sponsored insurance coverage (ESI) is therefore central to the nation’s current approach to financing health care for the non-elderly population; however, the long-standing link between work and insurance coverage is weakening. Because employer-sponsored insurance is voluntary on the part of businesses and employees, not all firms offer health benefits, not all workers are eligible for coverage, and not all employees choose to participate or can afford their share of the health premium.

Employer-sponsored insurance (ESI) coverage rates have been falling. While 66 percent of non-elderly Americans had ESI coverage in 2000, only 61 percent had ESI coverage in 2004. Both children and adults experienced steady declines in job-based coverage over this period. However, all of the growth in the number of uninsured was among adults. Were it not for Medicaid and SCHIP, the number and share of children without health insurance would have increased commensurately. Instead, as unemployment spells lowered families’ incomes, public insurance filled in the gap for children up until 2004, but not for adults (Hoffman et al. 2005). By 2005, however, as employer-sponsored insurance continued to erode for both adults and their dependents, the number of uninsured children began to grow again, along with the number of uninsured adults. The large majority of the growth in the uninsured between 2000 and 2005 has been among low-income working families.

This report provides a detailed account of how ESI coverage changed among working-age adults (i.e., nonelderly 19 to 64 year olds) from 2001 to 2005. The paper begins by describing how demographic distributions and characteristics of employment changed between 2001 and 2005 in ways that likely affected employer-sponsored insurance.

Next, the paper focuses on employees, identifying which groups were hardest hit by the decline in job-based coverage. We compare the primary reasons underlying the declines in ESI for different groups of employees by decomposing changes in ESI rates into four components: changes in employer sponsorship of health insurance plans, changes in employees’ eligibility for their employer’s coverage, employees’ participation in coverage offered by their own employer (e.g. take-up), and dependent coverage. We use the most recent national data available that measure these components of ESI coverage.

We then discuss employees’ access to ESI from their own employer or the employer of a family member as of 2005.¹ After presenting these estimates for all employees, we discuss differences by income, firm size, and other important subgroups. Finally, we discuss the characteristics of newly uninsured employees.

¹ We define a family as a “health insurance unit” which includes members of a nuclear family who could be covered under one health insurance policy—policyholder, spouse, children under 19, and full time students under 23.

About the Estimates

The estimates in this report are based on analyses of two matched data sets. In both 2001 and 2005, data have been matched from the February Contingent Workers and Alternate Employment Supplement of the Current Population Survey (CPS—the only years the February Supplement was available for comparison) and the March Annual Social and Economic (ASEC) Survey (formerly called the Annual Demographic Survey). For each year, the matched data have been reweighted to make them representative of the civilian noninstitutionalized U.S. population in March of the respective year. The Appendix describes the data sources in more detail, provides variable definitions, and discusses the methods used in constructing the estimates. The Appendix also describes the methods we used to enhance the comparability of key variables between the two years and factors that limit it.

In the findings reported below, the direct comparisons drawn between groups are statistically significant at the 95 percent confidence level (at least), unless otherwise stated. Other comparisons that might be made from the tables are not necessarily statistically significant. Some patterns we discuss in the decomposition analyses may not be statistically significant, but we report significance levels in the tables. Standard errors for all of the tables are available upon request.

In this report, we consider ESI sponsorship, eligibility, and take-up rates for nonelderly employees in 2001 and in 2005. ESI offer rates are calculated as the product of sponsorship rates and eligibility rates. Rates of employee’s “own” ESI coverage are the product of sponsorship, eligibility, and take-up.

The decomposition analysis considers four components of the change in ESI between 2001 and 2005. The components of change are divided into: 1) the share due to employer sponsorship changes, 2) the share due to employee eligibility changes, 3) the share due to employee take-up changes, and 4) the share due to changing rates of ESI coverage as a dependent. The Appendix describes the decomposition method. We conduct a decomposition for all employees, as well as separate decompositions for different subpopulations, such as by income and firm size, to understand how the reasons for coverage changes differ for different types of employees.

Findings

Changes in Employment and Demographic Characteristics, 2001 to 2005

Due to the predominance of ESI, changes in employment and characteristics of employers (e.g. industry, firm size) are related to individual and family access to health insurance coverage. One of the main factors underlying the decline in ESI is the decline in labor force participation rates among nonelderly adults between 2001 and 2005 (Table 1).² Although the economic recession that started in early 2001 has been described as short in duration, the decline in employment was relatively persistent.³ Research suggests that the period during and after the 2001 downturn was different from other post-recession periods because of a large persistent drop in the rate of new job creation (Faberman 2006).⁴

Table 1

Labor force participation status of nonelderly adults, 2001 and 2005						
	2001		2005		Change	
	Nonelderly Adults in millions ^a	Percentage of all workers ^a	Nonelderly Adults in millions	Percentage of all workers	Nonelderly Adults in millions	Percentage point change
Labor force status, nonelderly adults						
Employed non-student ^b	124.5	73.6%	126.7	71.5%	2.2	-2.1% *
Employed student	3.8	2.2%	3.9	2.2%	0.1	0.0%
Unemployed (layoff, looking)	5.5	3.3%	7.0	3.9%	1.4	0.6% *
Not in labor force (retired, disabled, other)	34.7	20.5%	39.7	22.4%	5.1	1.9% *
Total	169.2		177.3		8.1	

* Indicates change in percent of people is statistically significant at the 95% confidence level.

^a Groups do not add up to total in 2001, due to a small number of nonelderly adult respondents missing data reflecting labor force status.

^b Full-time students are reported separately because they often have access to dependent coverage through a parent's health insurance plan or coverage through their school. All subsequent tables exclude full-time students. See Appendix for more details.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

A greater share of adults not in the labor force (e.g., early retirees, disabled, caregivers, students, and “discouraged” workers) accounted for most of the decline in employment

² This study focuses on the working civilian noninstitutional population of the United States. See Appendix for more details.

³ NBER's Recession Dating Procedure, 2003.

⁴ Faberman (2006) argues that a relatively swift return to the pre-recession rate of “job destruction” (through employment contractions at existing establishments or from establishment closings) was accompanied by a large decline in the rate of “job creation” (through either hiring at existing establishments or hiring at new establishments), which persisted into 2003.

rates from 2001 to 2005 (Table 1).⁵ A relatively small share of the decline in employment rates was due to growth in unemployed persons (i.e., those who are unemployed due to lay-offs or who are available for work and have looked for work in the previous four weeks). Between 2001 and 2005, the percentage of nonelderly adults not in the labor force increased from 20.5 percent to 22.4 percent, an increase of 5.1 million adults. At the same time, the percentage of those in the labor force but unemployed increased only slightly, from 3.3 percent to 3.9 percent, an increase of 1.4 million adults unemployed. While the number of employees increased, the employment rate declined. Changes in labor force participation directly affect access to and coverage through ESI.

Several previous studies have found that ESI rates have also been affected by structural changes in the characteristics of employment (Fronstin 2005; Glied, Lambrew, and Little 2003; Reschovsky, Strunk, and Ginsburg 2006). We discuss shifts in several characteristics of employment between 2001 and 2005 below, including self-employment, contingent work, employment within the family, firm size, job tenure, occupation, industry, and unionization.

Self-employment. The share of workers reporting self-employment rose from 9.5 percent of workers in 2001 to 10.4 percent in 2005 (Table 2).⁶ Most nonelderly adult self-employed workers are older (age of 45 to 64), work full-time hours, report employment in the smallest firm size (fewer than 10 employees), and report family income of 400 percent or more of the Federal Poverty Level (FPL), (data not shown) (*Federal Register*, 2005). Compared to employees, the self-employed are more heavily employed in the “management, business, and financial” occupations, than in the “sales and related” or “construction and extraction” occupations (data not shown).

Contingent work. The number of contingent employees (including most temporary and contract workers, but excluding the self-employed and “direct-hire” temporaries) increased by nearly 700,000 workers between 2001 and 2005 (Table 2).⁷ Pooled over the two years of data, the contingent employees identified in this analysis were roughly evenly split by gender, over half reported at least some college education, two-thirds were age 35 or older, and approximately two-thirds reported family income of at least four times the FPL (data not shown).

⁵ The CPS defines “discouraged” workers as those nonworking individuals who sought employment in the prior 12 months but were not counted as unemployed because they had not searched for work in the prior 4 weeks.

⁶ We deem workers to be self-employed when they are classified as either self-employed incorporated or self-employed not incorporated according to the February survey’s “individual class of worker on first job.”

⁷ For this analysis, those whom we classify as contingent workers based on data from the February CPS Supplement exclude the self-employed due to the lack of data on job tenure, and ESI sponsorship and eligibility, for the self-employed. In addition, we do not attempt to identify a “direct-hire” category of temporary workers (those hired directly by the actual employer). See Appendix for more detail.

Table 2

Employment status of nonelderly adult workers, 2001 and 2005

	2001		2005		Change	
	Workers in millions	Percentage of all workers	Workers in millions	Percentage of all workers	Workers in millions	Percentage point change
Employees						
Regular employees	108.5	87.1%	108.7	85.8%	0.2	-1.3% *
Contingent employees	4.2	3.4%	4.9	3.9%	0.7	0.5% *
Self-employed workers	11.8	9.5%	13.1	10.4%	1.3	0.9% *
All workers	124.5		126.7		2.2	

* Indicates change in percent of people is statistically significant at the 95% confidence level.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Family employment. Between 2001 and 2005, there was a significant shift in the family employment situation of workers (refer to Table 5 in the back of the report). There was a 0.8 percentage point increase in the proportion of workers in families with only part-time workers and a 1.0 percentage point decrease in the proportion of families with two full-time workers.⁸ This is consistent with previous research showing that, between 2001 and 2003, many full-time workers who lost their jobs during the period were re-employed as part-time workers (Farber 2005). However, our data show that total hours worked per week on all jobs remained statistically unchanged from 2001 to 2005.

Firm size. Employment shifted to smaller businesses between 2001 and 2005 (Table 3). Among employees, defined as all private and public civilian workers who are not self-employed, the number working in firms with fewer than 10 employees (measured as number of employees employed by the firm at all business locations) increased, from 12.8 million (11.3 percent of employees) in 2001 to 14.5 million (12.7 percent of employees) in 2005. A prior study found that the recent decreases in the number and share of employees working in the largest firms (100 or more employees) reflected layoffs at these large firms (Glied, Lambrew, and Little 2003). Despite the shift towards smaller businesses, approximately two-thirds of employees worked in firms with 100 or more employees in 2005.

⁸ We classified workers as part-time if they reported working fewer than 35 hours per week at all jobs. The change in the percent of workers in families with two full-time workers is only significant at the 90% confidence level. A small share of workers reported working 35 hours per week at all jobs but fewer than 35 hours per week at their main job.

Table 3

Employees by size of employer, 2001 and 2005

	2001		2005		Change	
	Employees in millions	Percentage of all employees	Employees in millions	Percentage of all employees	Employees in millions	Percentage point change
Employer size ^a						
Fewer than 10	12.8	11.3%	14.5	12.7%	1.7	1.4% *
10 to 24	10.5	9.3%	10.9	9.6%	0.4	0.3%
25 to 99	15.5	13.8%	15.6	13.8%	0.1	0.0%
100 or more	73.9	65.6%	72.6	63.9%	-1.3	-1.7% *
All employees	112.7		113.6		0.9	

* Indicates change in percent of people is statistically significant at the 95% confidence level.

^a Employer size is by number of employees at all employer locations.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Job tenure. Overall, about three-quarters of regular employees (excluding contingent and self-employed workers) reported working for their current employer 24 months or more (Table 5). Between 2001 and 2005, the number and share of those reporting this level of tenure increased by 2.2 million or 2.5 percentage points. Contingent employees (excluding self-employed workers) also showed significant increases in those reporting 24 or more months of tenure (Table 5, continued). Rising tenure sometimes indicates increasing employment security. However, there were increases in unemployment and contingent work over the time period, and increases in the share of nonelderly adults not participating in the labor force.

Occupation. Significant shifts across occupations occurred between 2001 and 2005 (Table 5, continued). Trends over time in occupation types should be interpreted with caution due to changes in the occupation classification scheme of the CPS. However, we have used updated CPS data for 2001 to improve comparability.⁹ Three occupational categories, “management, business, and financial,” “professional and related,” and “office and administrative support” account for more than half of the workforce in both 2001 and 2005.

“Professional and related” occupations—a diverse category of occupations encompassing lawyers, computer programmers, physicians, photographers, actors, teacher assistants and more—experienced the largest increases in number and share of workers during the period. The share of female workers and Hispanic workers in this occupational category increased over the period (data not shown).

⁹ New classification systems introduced in 2003 for occupational and industry data create breaks in the time series for these data. At that time, the CPS adopted industry and occupation classification systems from the Census Bureau, derived from the 2002 North American Industry Classification System and the 2000 Standard Occupation Classification System. For comparisons over time, the Bureau of Labor Statistics (BLS) released the Current Population Survey Extract files for 2000-2002 containing revised industry, occupation, and union variables. In this analysis we use the 2001 extract file for these variables. See Appendix for more detail.

The “construction and extraction” occupations experienced a small increase in the share of workers. Within the “construction and extraction” occupation, a sharp drop in unionization accompanied several other shifts over the study period: more self-employment, contingent work, employment of non-citizens, and increases in workers of Mexican nativity (data not shown). “Production” occupations declined sharply between 2001 and 2005, as did the number and share of workers in “service” and “office and administrative support” occupations.

We find significant gender differences in occupational shifts (data not shown). For example, the share of the male workforce in “production” and “management, business, and financial” occupations declined, and the share of the male workforce increased in “construction and extraction” occupations, and to a lesser extent in “sales and related” occupations. The share of women working in the “professional and related” occupations increased, while the share working in “sales and related,” “office and administration support,” and “production” occupations decreased. Each of these structural changes in employment relates to the coverage changes that we describe later in the paper.

Industry. The distribution of workers by industry categories also shifted between 2001 and 2005 (Table 5, continued). The number of workers employed in “manufacturing” declined sharply, while the number of workers in “wholesale and retail trade” and “educational, health, and social services” industries increased. Changes in the industry classification scheme between 2001 and 2005 limit comparability between years. Interpretation of the industry data may also be limited by increases in outsourcing and contingent work, which may increase the probability that an individual working in a particular sector may not be classified as working in that sector (Dey, Houseman, and Polivka 2006).

Unionization. Between 2001 and 2005, rates of unionization or coverage by a union contract among workers fell approximately 1.4 percent. This fall from 15.3 percent to 13.9 percent of the nonelderly adult workers includes self-employed and government employees (Table 5, continued). Levels and changes in unionization differed significantly by subgroup (data not shown). For example, smaller firms exhibited significantly lower rates of unionization in both years, and certain occupational categories including “construction and extraction” experienced sharp declines in unionization rates.

Demographic characteristics. Between 2001 and 2005 there were a number of significant demographic shifts that also underlie the changes in health insurance coverage during the period. Family incomes among workers shifted downward (Table 4). In 2005, a greater number and share of workers were under 100 percent of family income as a percentage of the FPL compared to 2001. Of the 2.2 million net increase in the number of workers between 2001 and 2005, 1.8 million were from the poorest families (under 100 percent of FPL).

In 2005 there were 5.0 million additional older workers (aged 45 to 64 years), and 2.6 million more workers with a college degree (Table 6). While significant increases in the

number and share of Hispanic workers are suggested by the race/ethnicity variable, changes in the survey questions reflecting race and ethnicity between 2001 and 2005 limit comparability between the two years' data.¹⁰ There were more workers who reported being single with children or who reported being married to a non-worker with children. In 2005, 1.9 million fewer workers reported being in excellent health than did so in 2001.

Table 4

Workers by family income as a percentage of the federal poverty level (FPL), 2001 and 2005

	2001		2005		Change	
	Workers in millions	Percentage of all workers	Workers in millions	Percentage of all workers	Workers in millions	Percentage point change
Under 100%	7.4	5.9%	9.2	7.2%	1.8	1.3% *
100%-199%	18.2	14.6%	18.7	14.8%	0.5	0.2%
200%-399%	40.6	32.6%	40.5	32.0%	-0.1	-0.7%
400% and above	58.3	46.8%	58.3	46.0%	0	-0.8%
All workers	124.5		126.7		2.2	

* Indicates change in percent of people is statistically significant at the 95% confidence level.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Changes in the Cost of Health Insurance, 2001 to 2005

Rates of coverage by employer-sponsored insurance are sensitive to changes in health insurance premiums (Chernew, Cutler, and Keenan 2005; Shen and Long 2006; Gilmer and Kronick 2006). Between 2001 and 2005 health insurance premiums grew by no less than nine percent each year, ranging between 9.2 percent and 13.9 percent annually for premiums for a family of four. The share of all businesses offering health benefits declined from 69 percent in 2000 to 60 percent by 2005, driven largely by decreases among small to mid-size firms (3 to 199 employees).

Employees' earnings grew slowly between 2001 and 2005, ranging between 2.2 percent and 4.0 percent each year—mirroring the range of overall inflation rates of 1.6 percent to 3.5 percent annually—making health insurance even less affordable relative to their incomes. Family health insurance premiums averaged \$10,880 in 2005. The average share of a family premium employees were required to pay themselves stayed fairly flat between 2001 and 2005, around 27 percent. However, given the large increases in premiums, that share amounted to an increase of nearly \$1,000 over this period, from \$1,788 a year in 2001 to \$2,712 by 2005 (Kaiser Family Foundation and Health Research and Educational Trust, 2005).

¹⁰ The March survey uses different questions to determine race/ethnicity in 2001 and 2005. In constructing the race/ethnicity categories, we sought to maximize their comparability over time using a method we describe in the Appendix.

Changes in Coverage among the Self-Employed and Employees, 2001 to 2005

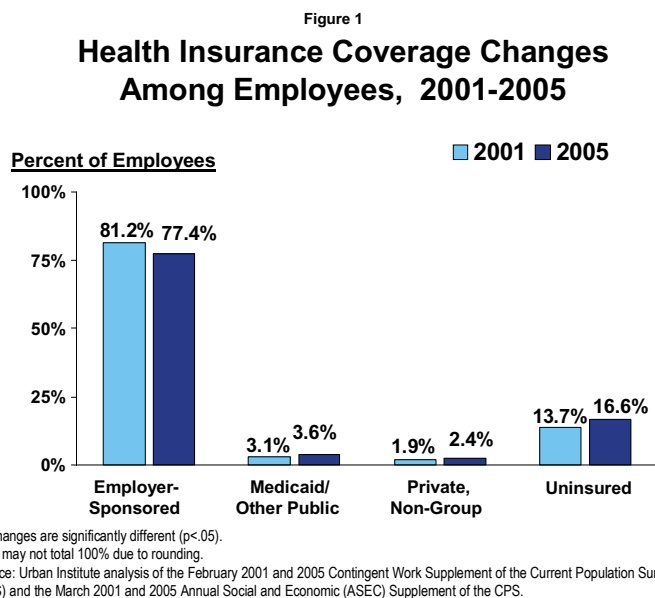
The shifts in employment and demographic characteristics described above are directly related to the changes in health insurance coverage that occurred between 2001 and 2005. Those underlying trends affected all workers, including the self-employed. Therefore, we begin this section with a brief description of changes in health insurance coverage among self-employed workers. However, the remainder, and large majority of this report, focuses specifically on employees.

Self-employed. Between 2001 and 2005, rates of ESI coverage among self-employed workers dropped sharply for those with lower and moderate family incomes. The majority of self-employed workers who report ESI as their source of health insurance coverage receive ESI through dependent coverage offered by the employer of a family member, while about a quarter of self-employed workers receive ESI through their own business.¹¹ For the self-employed with family incomes of less than 200 percent of FPL, the rate of ESI coverage—at just 24.4 percent in 2001—dropped to 15.2 percent in 2005 (Table 7). Furthermore, the data suggest that the majority of the self-employed in this income group who lose ESI coverage become uninsured, as the 9.2 percentage point drop in ESI is only slightly higher than the 8.4 percentage point increase in the rate of uninsurance.

While the middle-income group (200 to 399 percent of FPL) experienced a similar decline in ESI, the level of ESI coverage in this middle-income group is approximately twice as high as in the lower-income group. In addition, the smaller increase in the rate of uninsurance in the middle-income group suggests that these workers compensate by taking up other private insurance options. The lack of any significant change in health insurance coverage for the highest-income self-employed (400 percent or more of FPL) suggests that these higher income individuals likely have more stable ESI coverage from their own employer, have a greater likelihood of having the option of ESI as a dependent of another employee, or are less sensitive to increasing premiums.

¹¹ The remaining self-employed workers who report ESI receive their coverage through various routes. Some self-employed workers receive ESI through a job other than their main job, or through a former employer. Some self-employed independent contractors, independent consultants, and freelancers report receiving coverage through their employers.

Employees. Among all nonelderly employees, decreases in ESI between 2001 and 2005 accompanied substantial increases in the rate of uninsurance. Small increases in Medicaid and private non-group coverage could not offset the large drop in employees' ESI—from 81.2 percent in 2001 to 77.4 percent in 2005 (Figure 1).



Reasons for the Decline in ESI among Employees, 2001 to 2005

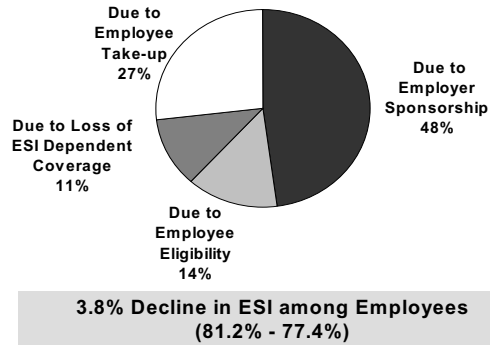
While the fundamental reasons for employee's changes in coverage may stem from the underlying trends discussed above—e.g., changes in the distribution of income and health insurance costs—we describe the top-level reasons for the changes in coverage by reporting changes in four key components of ESI coverage: sponsorship, eligibility, take-up, and changes in ESI coverage as a dependent. We decompose the total change in ESI to show what share of the change in ESI is attributable to each of these four components. The Appendix describes the decomposition method we use.

For the population of employees as a whole, the main reason for the decline in ESI between 2001 and 2005 was that fewer employees worked for employers who sponsored health benefits (Figure 2). Forty-eight percent of the decline in ESI rates among all employees (1.8 points of the 3.8 percentage point drop in ESI coverage rates) was due to declines in sponsorship. About 27 percent of the total drop in the ESI rate was due to lower employee participation, i.e., not taking-up health benefits offered to them.¹² Declines in employees' eligibility for health benefits and their access to ESI coverage as a dependent (e.g. access to ESI through an offer from the employer of a spouse or other

¹² Most employees declining an offer of ESI report affordability concerns as the primary reason for being uninsured rather than that they do not feel that they need health insurance (data not shown).

family member) accounted for smaller shares of the decrease in employer-sponsored coverage—14 percent and 11 percent, respectively.

Figure 2
**Reasons for Decline in ESI
 among Employees, 2001-2005**

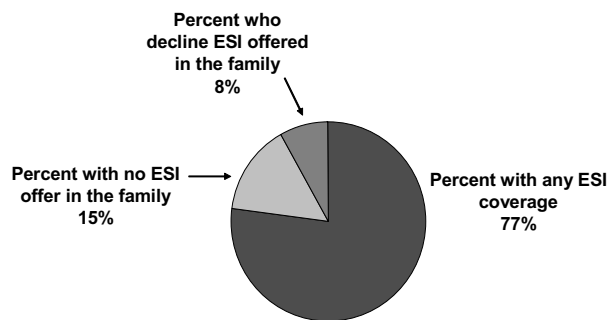


Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Employees’ Access to ESI Coverage within Families, 2005

We deem families to have access to ESI if any adult worker in the family has an offer of ESI from an employer. By 2005, 14.9 percent of all nonelderly employees had no offer of ESI within their family and only 7.7 percent declined an offer of health coverage (Figure 3). Compared to 2001, the percentage of employees with no offer of ESI within the family increased by 2.5 percentage points, while participation in employers’ health benefits dropped off slightly, by about 1.2 percentage points (data not shown).

Figure 3
**Employee Access to ESI within the Family,
 2005**

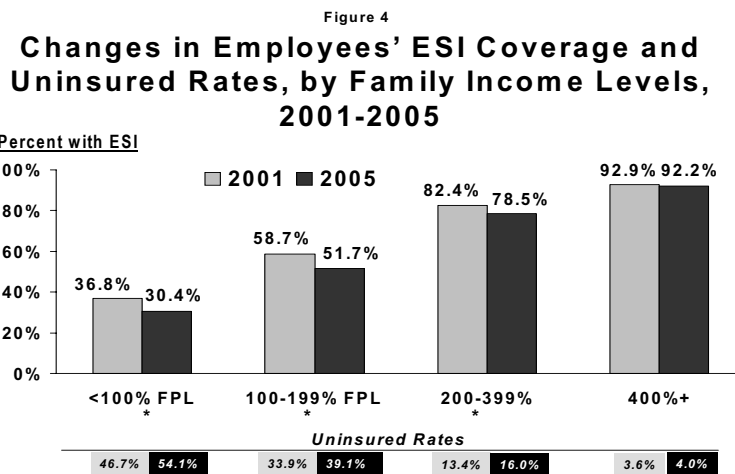


Source: Urban Institute analysis of the February 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Changes in Employees' Access to ESI, by Income

Across categories of family income, differences in rates of employee's ESI coverage and uninsurance grew rapidly between 2001 and 2005 (Figure 4; Table 8). Throughout this report, we analyzed family income relative to the federal poverty level (FPL). In 2005, the federal poverty level for a family of four was \$19,971. During this period, falling rates of ESI further eroded the already low levels of ESI coverage among employees with family incomes less than 200 percent of the FPL (slightly less than \$40,000 a year).

For employees with family incomes of less than 100 percent of FPL, the rate of ESI coverage dropped 6.4 percentage points to 30.4 percent in 2005. While ESI coverage among the middle-income group (200 to 399 percent of FPL) dropped by 3.9 percentage points, a small but significant 0.9 percentage point increase in nongroup coverage appeared to offset the drop in ESI somewhat. Coverage among employees in the highest family income group remained relatively stable over the time period.



* Statistically significant changes for both ESI and uninsured rates for these groups ($p < .05$).
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

In both 2001 and 2005, lower income employees were less likely to work in a sponsoring firm than higher income employees, and these differences increased substantially over the study period (Table 9, Panel A). Only 55.4 percent of the poorest employees (under 100 percent of FPL) worked in a firm that sponsored health plan in 2005—down 5.7 percent from 2001. In contrast, 92.6 percent of the highest income employees (above 400 percent of FPL) worked in firms that sponsored health plans in 2005—a small decline of only 1.1 percent compared to 2001, but a decline nonetheless. Lower income employees also had lower eligibility and take-up rates than higher income groups, and these differences grew substantially over the study period. In the highest income group, the change in ESI due to sponsorship is significantly larger than the actual change in ESI coverage. This occurs because a rise in dependent coverage offset much of the decline in sponsorship.

Decomposition of coverage changes. The reasons contributing to the decline in ESI vary significantly by family income (Figure 5; Table 9, Panel B). For the poor (under 100 percent of FPL), deep declines in sponsorship and lower take-up rates (suggesting a growing problem of affordability) contribute equally toward the drop in ESI between 2001 and 2005.¹³ For both the poor and the near-poor (100 percent to 199 percent of FPL), about 3 percentage points (or about 40 percent) of the drop in ESI coverage is attributable to sponsorship declines.¹⁴ Among the near-poor 1.9 percentage points of the decline in ESI is attributable to declining take-up, while that figure is 3.0 percentage points among the poor.¹⁵ The trend suggests that those with higher incomes are more able to afford the rising premiums than the poor. About 1 percentage point of the decline in ESI among the near-poor and the middle-income (200 percent to 399 percent FPL) is attributable to eligibility restrictions.¹⁶

Overall changes in ESI coverage among the middle-income are smaller than in lower income groups, and sponsorship is a less important driver of the changes. Reasons for ESI loss among the middle income consist of a relatively even distribution across sponsorship, eligibility, take-up, and dependent coverage. The highest-income employees had very little change in ESI overall, and the percentage point decrease in ESI due to changes in employee take-up is dramatically smaller than it is for other income groups.

¹³ In the sponsorship question on the February survey, temporary workers answer whether their employer offered health insurance to temporary employees, unlike regular employees who are asked whether the employer offers to any of its workers (see Method section in the Appendix). While temporary employees are a small group, this difference in the sponsorship question tends to depress the impact of eligibility in our decompositions. For example, when temporary employees are removed from the poor employee group in this decomposition, eligibility accounted for slightly more of the decline in ESI.

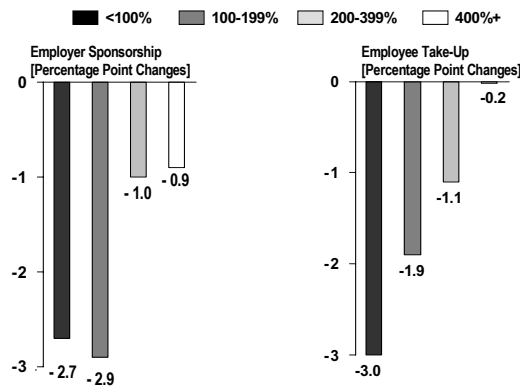
¹⁴ The percentage point decline in ESI due to sponsorship is statistically significantly different from the reference group (400 percent of FPL and above) only for near-poor employees.

¹⁵ The percentage point decline in ESI due to participation is statistically significantly different from the reference group (400 percent of FPL and above) only for poor employees.

¹⁶ The percentage point decline in ESI due to eligibility is statistically significantly different from the reference group (400 percent of FPL and above) only for middle-income employees.

Figure 5

Decreases in ESI Due to Changes in Employer Sponsorship and Employee Participation, by Income Levels, 2001-2005



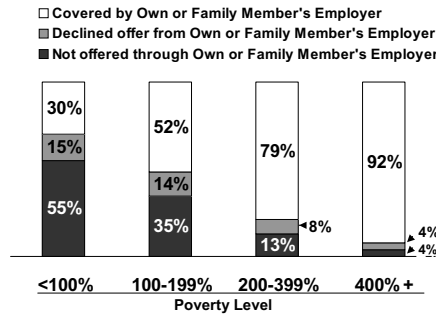
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Access to ESI within families. Substantial differences in access to ESI exist across categories of family income.¹⁷ In 2005, 55 percent of employees in poor working families (under 100 percent of FPL) and 35 percent of employees in near-poor working families (100 to 199 percent of FPL) did not have an offer of ESI in the family (Figure 6). In contrast, 4 percent of those in the highest income category (over 400 percent of FPL) did not have an offer of ESI in the family. Only about 15 percent of employees in the poorest families declined offers of ESI, and almost one-fifth of the poor employees who declined an offer of ESI in the family reported being uninsured (data not shown). In both 2001 and 2005, those with lower incomes were more likely to decline an offer of ESI and to be uninsured, but between 2001 and 2005, employees with lower family incomes (under 200 percent of FPL) experienced large increases in the share receiving no offer of ESI within the family (data not shown). The near-poor (100 to 199 percent of FPL) had a 5.9 percentage point increase in the share of families receiving no offer of ESI, while the percentage of families below 100 percent of FPL receiving no offer increased by 4.4 percentage points (data not shown).

¹⁷ Patterns of access to ESI by the highest average hourly wage in the family are consistent with the patterns observed across family income (data not shown). Employees with relatively low values for highest average hourly wage in the family show large declines in access. Those in the near-lowest wage group (\$7 to \$9.99 per hour in 2005 dollars) demonstrated particularly large percentage point increases in the share receiving no offer of ESI within the family and the share declining an ESI offer within the family, as well as large decreases in ESI coverage.

Figure 6

Employee Access to ESI within the Family, by Family Income, 2005



Data may not total 100% due to rounding.
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

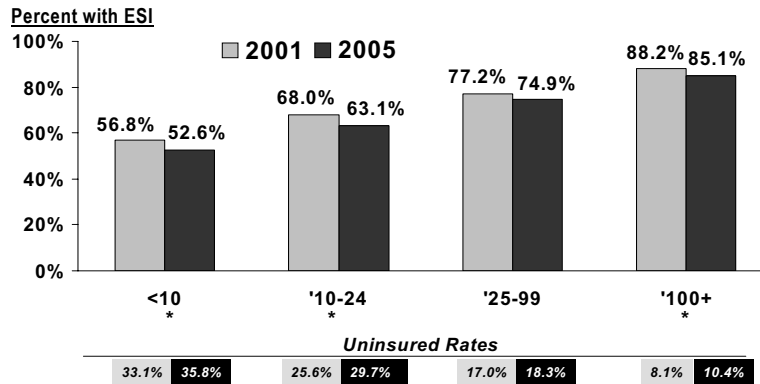
Changes in Employees' Access to ESI, by Firm Size

Between 2001 and 2005, differences in rates of coverage increased across firm size categories, as the decline in the rate of ESI coverage was greater for those in the smaller firms, where coverage was already at relatively low levels (Figure 7).¹⁸ However, declines in ESI coverage rates between 2001 and 2005 and increases in uninsurance were also substantial among employees of the largest firms (over 100 employees). In the smallest firms (less than 10 employees), the 4.2 percentage point drop in ESI is partially offset by a 1.5 percentage point increase in nongroup coverage (data not shown). This increase in nongroup coverage among employees in the smallest firms may be driven in part by the large increase in the proportion of contingent employees employed in the smallest firms between 2001 and 2005 compared to firms in the larger size groups, and contingent employees are much more likely to have nongroup insurance than regular employees (data not shown).

¹⁸ The CPS definition of firm size used in this analysis aggregates the number of employees across a firm's establishments at all separate locations. An establishment-level analysis would likely yield an even stronger relationship between ESI rates and employer size (Glied, Lambrew, and Little 2003). Additionally, the firm-level variable as measured in the CPS may be affected by the trend towards an increase in the number of establishments per firm over time (Glied, Lambrew, and Little 2003).

Figure 7

Changes in Employees' ESI Coverage and Uninsured Rates, by Firm Size, 2001-2005



* Statistically significant changes for both ESI and uninsured rates for these groups (p<.05).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Decomposition of Coverage Changes. Decomposing the changes in ESI coverage by firm size reveals dramatic differences (Figure 8; Table 10, Panel B). Employees of the smallest firms experienced deep a decline of 4.2 percentage point in ESI, with 2.8 percentage points of that drop due to sponsorship rates and 2.5 percentage points due to dependent coverage.¹⁹ The shares of the change in ESI due to eligibility and take-up for the smallest firms are actually negative because eligibility and take-up rates increased for this population even as overall coverage fell. As a result, increased eligibility and take-up rates offset what would have been an even larger decline in total ESI coverage among the smallest employers.

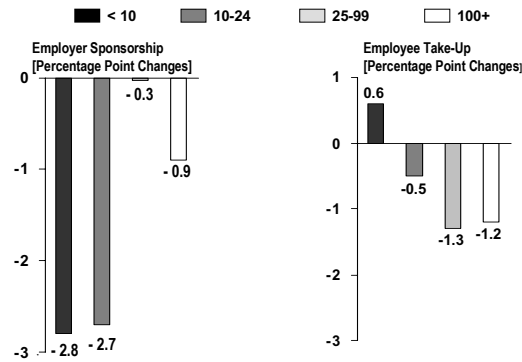
For employees in small firms (10 to 24 employees), a large 4.9 percentage point decline in ESI coverage over the study period is attributable primarily to declines in sponsorship and dependent coverage. For employees of mid-size and larger firms, a smaller and less significant decline in ESI is attributed primarily to a drop in employee participation.²⁰ This finding is consistent with the hypothesis that mid-size and larger firms continued to sponsor health plans but increased employee cost-sharing. The loss of ESI was substantial among employees in the largest firms (100 or more employees). Coverage dropped by 3.1 percentage points in this group of employees, with the change attributable to declines in take-up, sponsorship, and to a lesser extent, eligibility.

¹⁹ Due to the differences in the wording of the sponsorship question for temporary workers (see Appendix), subgroups experiencing significant increases in temporary workers may be more likely to show changes in access to health insurance as a change in sponsorship rather than a change in eligibility. The smallest firms were the only firm size group that had a statistically significant increase in temporary workers.

²⁰ The percentage point decline in ESI due to declining participation is statistically significantly different from the reference group (firms fewer than 10 employees) only for the largest firm size.

Figure 8

Decreases in ESI Due to Changes in Employer Sponsorship and Employee Participation, by Firm Size, 2001-2005

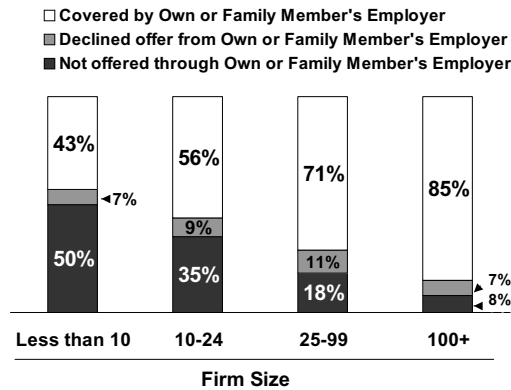


Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Access to ESI within Families. Employees' access to ESI coverage varies substantially by the size of the largest employer in the family (Figure 9). Among employees whose largest employer in the family is one of the smallest firms (fewer than 10 employees), half have no ESI offer in the family. Among employees whose largest employer in the family is a small firm (10 to 24 employees), 35 percent have no ESI offer in the family. In contrast, 18 percent of those whose largest employer in the family is a mid-size firm (25 to 99 employees) and 8 percent of employees categorized in a large firm (100 or more employees) have no ESI offer in the family. While those whose largest employer in the family was a smaller firm were less likely to receive an offer of ESI, the differences by firm size in the likelihood of declining an offer of ESI were relatively modest and ranged between 7 and 11 percent.

Figure 9

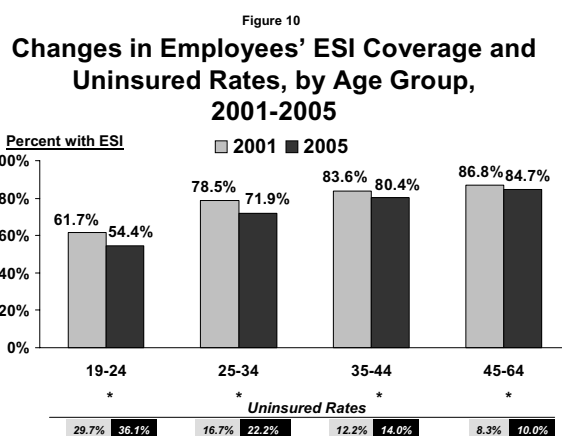
Employee Access to ESI within the Family, by Firm Size*, 2005



*Largest employer in the family
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Changes in Employees' Access to ESI, by Age

In each age group, the share of employees covered by ESI decreased and the rate of uninsurance increased between 2001 and 2005 (Figure 10). However, decreases in ESI coverage and increases in uninsured rates were greatest among those under the age of 35, who had lower rates of coverage in 2001. By 2005, 54.4 percent of employees who were 19 to 24 years old had ESI—a drop of over 7 percentage points from 2001—and over one-third, 36 percent, were uninsured in 2005. While those 25 to 34 years old have higher rates of ESI than younger employees, their ESI losses were nearly as large—6.6 percentage points—and the rate of uninsurance climbed to 22.2 percent by 2005. In contrast, middle-age employees (over age 35), who earn more and are more likely to be married with two potential sources of ESI, experienced less than half of that decrease in ESI between 2001 and 2005 and experienced less than one-third of the increase in uninsurance than younger employees.



* Statistically significant changes for both ESI and uninsured rates for these groups ($p < .05$).
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Younger employees have lower rates of sponsorship, eligibility and take-up, and the differences in sponsorship and take-up rates between age groups increased between 2001 and 2005 (Table 11, Panel A). Only 72.5 percent of the youngest age group of employees worked in a firm that sponsored a health plan in 2005, down 4.8 percentage points from 2001. In contrast, 87.5 percent of the near-elderly worked in firms that sponsored health benefits in 2005, down 2.0 percentage points from 2001. Eligibility declined significantly only for those ages 35 to 44—by 1.1 percentage points. Take-up rates (conditional on offer) fell significantly during the study period only among the younger age categories. There were deep declines in participation of 5.0 percentage points for those ages 19 to 24 and 3.4 percentage points for those ages 25 to 34.

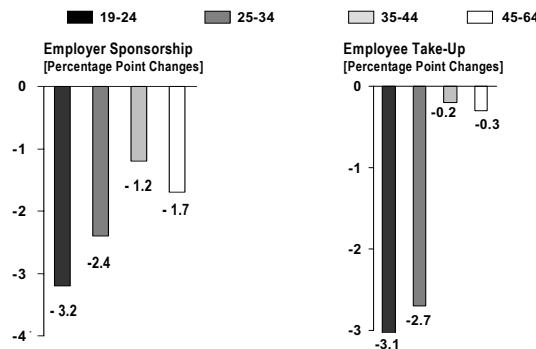
Decomposition of coverage changes. Declines in employee participation over the four year period were deepest for employees under age 35 and, together with declines in employer sponsorship, explained the majority of their loss in ESI (Figure 11; Table 11,

Panel B).²¹ In contrast, the reasons for ESI loss among employees between 45 and 64 years old, which was significant but much smaller than that of younger employees, were largely due to declining sponsorship. While sponsorship is an important factor contributing to the decline in ESI coverage regardless of age group, the take-up component varies significantly by age.

For younger employees, substantial declines in sponsorship and take-up contribute equally toward the drop in ESI between 2001 and 2005. For the youngest group, eligibility factors account for 1.3 percentage points of the total decline in ESI over the period, about one-fifth of the total. Those employees of age 25 to 34 have a similar percentage point drop in ESI coverage attributable to sponsorship and take-up declines, compared to the youngest group—2.5 and 2.6 percentage points, respectively. However, employees age 25 to 34 were more likely to be married than the younger employees, and thus may have been affected to a greater extent by loss of coverage through ESI as a dependent.

ESI losses among those ages 35 to 44 were smaller than losses among the younger groups, and the reasons underlying these smaller losses are evenly distributed across sponsorship, eligibility, and dependent coverage—employees age 35 to 44 relied more heavily on ESI coverage as a dependent than other age groups. Employees age 45 to 64 experienced the smallest declines in ESI coverage of any age group, attributable almost entirely to declines in sponsorship.

Figure 11
Decreases in ESI Due to Changes in Employer Sponsorship and Employee Participation, by Age Groups, 2001-2005



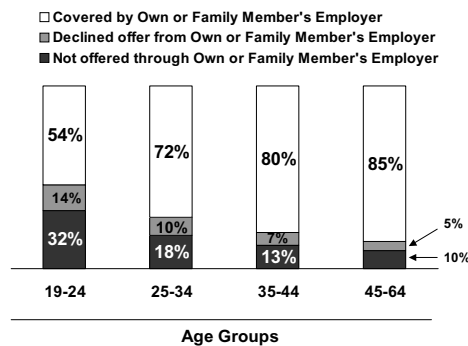
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Access to ESI within Families. While access to ESI coverage in working families varies by employee age in 2005, differences are somewhat smaller across age groups than across other categories such as family income. In 2005, one-third of the youngest employees (ages 19 to 24) and 18 percent of those slightly older (ages 25 to 34) have no ESI offer in the family (Figure 12). Only 13 percent of those age 35 to 44, and 10

²¹ The percentage point decline in ESI due to declining sponsorship among employees under age 35 is not statistically significantly different from the reference group (employees age 45 to 64 years).

percent of those age 45 to 64, have no ESI offer in the family. For younger employees under age 35, only 14 percent or less declined an ESI offer within the family. Older workers were somewhat less likely to decline an ESI offer. Younger employees had larger decreases in access between 2001 and 2005 than older workers (data not shown).

Figure 12
**Employee Access to ESI within the Family,
 by Age Groups, 2005**



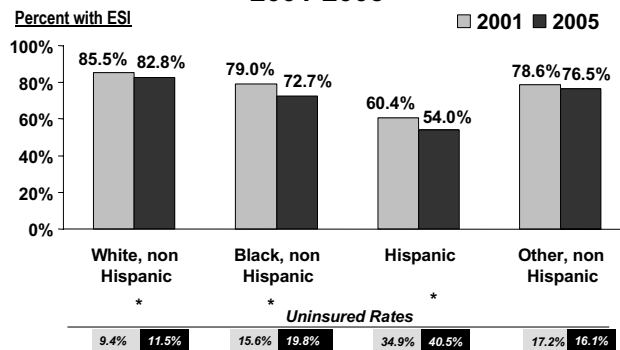
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Changes in Employees' Access to ESI, by Race/Ethnicity

Between 2001 and 2005, decreases in the rate of ESI coverage and increases in the rate of uninsurance were greatest among Black non-Hispanic employees (referred to here simply as Black employees) and Hispanic employees, who were already more likely than White non-Hispanics (referred to here simply as White employees) to have no ESI coverage and be uninsured in 2001 (Figure 13).²² The share of Black employees who had ESI dropped from 79 percent in 2001 to 73 percent in 2005, and among Hispanic employees the share dropped from 60 percent to 54 percent, while among White ESI rates stayed at over 82 percent.

²² The March survey uses different questions to determine race/ethnicity in 2001 and 2005, limiting comparability between the survey years. See Appendix for description of methodology used to construct comparable race/ethnic categories.

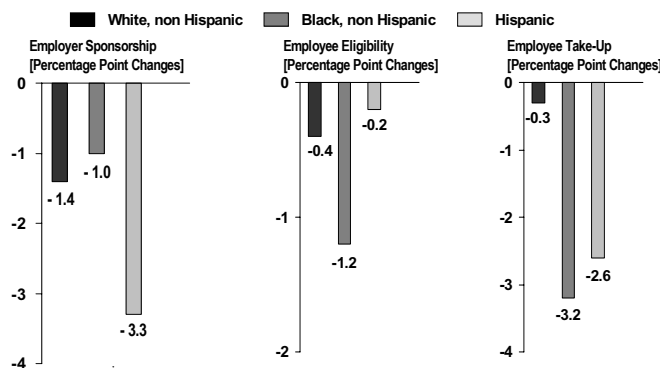
Figure 13
Changes in Employees' ESI Coverage and Uninsured Rates, by Race/Ethnicity, 2001-2005



* Statistically significant changes for both ESI and uninsured rates for these groups ($p < .05$).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Decomposition of Coverage Changes. Declines in ESI due to employee participation between 2001 and 2005 were deepest for Black and Hispanic employees (Figure 14; Table 12, Panel B). Of the 6.3 percentage point drop in ESI among Black employees, 3.2 percentage points were attributable to participation declines. Declines in eligibility contributed 1.2 percentage points to the large decline in ESI coverage among Black employees.²³ Declines in both employer sponsorship and employee participation over the four year period explained a large majority of the loss in ESI among Hispanic employees. Declines in take-up accounted for 2.6 percentage points of the drop in ESI experienced by Hispanic employees, while sponsorship declines accounted for 3.3 percentage points. In contrast, of the 2.6 percentage point decline in ESI among White employees, the majority was due to declining sponsorship.

Figure 14
Decreases in ESI Due to Changes in Sponsorship, Eligibility, and Participation, by Race/Ethnicity^a, 2001-2005



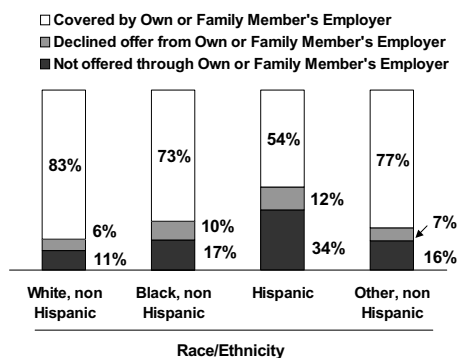
^a The category "Other, non Hispanic" is not shown since the total change in ESI coverage is not significant at ($p < .1$).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

²³ The percentage point decline in ESI due to declining eligibility among Black non Hispanic employees is not statistically significantly different from the reference group (White non Hispanic).

Access to ESI within Families. By 2005, one third of Hispanic employees had no access to ESI in the family, while just 54 percent received coverage through an employer offer (Figure 15). Employees of other race/ethnicities fared better, with between 11 and 17 percent having no access to ESI at all and about three-quarters or more receiving coverage through ESI. The percent of employees who have access to ESI but chose not to participate in the health insurance benefit ranges from 6 percent among White employees to 12 percent among Hispanic employees.

Figure 15

Employee Access to ESI within the Family, by Race/Ethnicity, 2005



Data may not total 100% due to rounding.
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

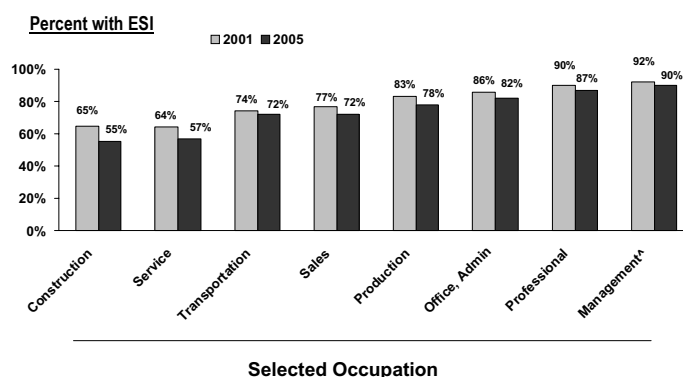
Changes in Employees' Access to ESI, by Occupation

Across occupational categories, differences in rates of employee's ESI coverage and uninsurance grew between 2001 and 2005 (Figure 16). With little exception, occupations with the lowest rates of ESI experienced the largest erosions in coverage, while those with highest rates of ESI experienced the smallest changes. For example, ESI coverage in the "construction and extraction" and "service" occupations declined substantially, while neither ESI coverage nor uninsurance rates changed significantly in "management, business, and financial" occupations between 2001 and 2005.²⁴

²⁴ The occupational group classified as "construction and extraction" consists primarily of those in construction occupations. Only a small share of the "construction and extraction" group are extraction workers, e.g. oil and gas extraction workers.

Figure 16

Changes in Employees' ESI Coverage, by Selected Occupation, 2001-2005



^a Statistically significant change in ESI at 90% confidence level ($p < .1$); all other changes statistically significant at $p < .05$.
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

The widening gaps in rates of coverage for employees in different occupations—taken together with the previous finding that those occupations with the lowest coverage rates are increasing as a share of the workforce—suggest that structural changes in employment such as occupational shifts relate to coverage changes during the 2001 to 2005 period. Previous literature has estimated that approximately 18 to 30 percent of the increase in uninsurance among large firms could be explained by shifts in industry and occupation (Glied, Lambrew, and Little 2003; Medoff et al. 2001).

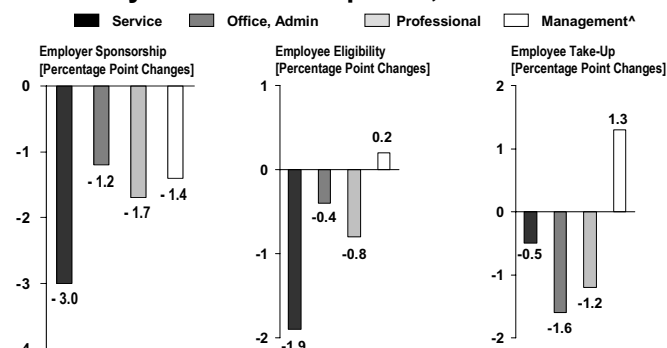
Only 67.6 percent of employees in “service” occupations worked in a firm that sponsored a health plan in 2005, down 4.4 percent from 2001. In contrast, 91.9 percent of those in “management, business, and financial” occupations worked in firms that sponsored a health plan in 2005—a decline of only 1.7 percentage points from 2001. Eligibility declined substantially only for “service” occupations—by 3.3 percentage points—twice as high as the decline in eligibility for any other occupation.

Decomposition of Coverage Changes. The factors contributing to the decline in ESI in each occupation varied (Figure 17; Table 13, Panel B). The large reduction of 9.7 percentage points in ESI coverage in the “construction and extraction” occupation is attributable primarily to declining sponsorship, which accounts for 7.4 percentage points of the total drop. As discussed above, significant structural shifts within the “construction and extraction” occupation (e.g. the sharp drop in unionization) may underlie these changes. “Service occupations” also experienced a large decline in ESI between 2001 and 2005, with a total drop of 6.5 percentage points. This drop is attributable primarily to declining sponsorship, which accounts for 3.0 percentage points of the total drop in ESI coverage. Significantly, increasing eligibility restrictions account for 1.9 percentage points of the total drop in ESI for “service occupations.”

The percentage point decline in ESI due to declining participation varied significantly by occupation. Declining participation rates account for a relatively large share of the decline in rates of ESI coverage for both the “sales and related” and “office and administrative support” occupations. Declining ESI coverage among “production” occupations is attributable primarily to declining sponsorship and to a lesser extent to

declining take-up rates. A 3.3 percentage point drop in total ESI coverage among employees in “professional and related” occupations is attributable to changes across each component, with sponsorship accounting for the largest share.²⁵ Loss of ESI coverage as a dependent, in addition to declining sponsorship, accounted for the small and less significant drop in ESI coverage among “management, business, and financial” occupations, while increases in take-up may have compensated somewhat for these losses.

Figure 17
Decreases in ESI Due to Changes in Sponsorship, Eligibility, and Participation, by Selected Occupation, 2001-2005



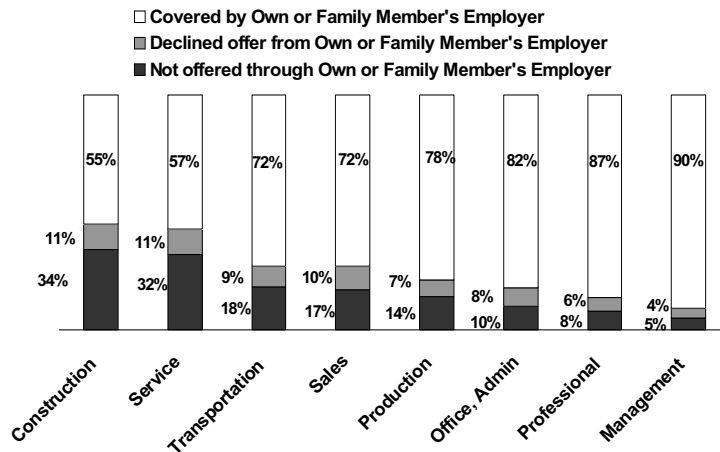
[^] Total change in ESI coverage for Management is significant at (p<.1); changes in total ESI coverage for other groups are significant at (p<.05).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Access to ESI within Families. By 2005, one third of employees in the “construction and extraction” and “service” occupations had no access to ESI within the family, and 57 percent or less received health insurance coverage through an employer (Figure 18). While other occupations were somewhat better off, many still had no access to ESI, particularly in the “transportation,” “sales and related,” and “production” occupations. In contrast, 90 percent of employees in “management” occupations had health coverage through an employer, and only 5 percent of these employees had no access to ESI.

²⁵ The professional occupation category combines a diverse set of professions and has significantly more women and slightly more Hispanics classified as employed in the category in 2005 than in 2001. Previous research has noted that the professional occupation has some subgroups that have very high rates of contingency work (e.g. physicians, photographers, and actors) (Hipple 2001). In this report we show that contingent employees have low ESI rates compared to full-time regular employees, and that ESI rates have declined for contingent employees more than for full-time regular employees. The professional occupation category also includes some “assistants” such as teacher assistants and physician assistants, while many other assistants are classified in the service occupation such as dental aides and home health aides.

Figure 18

Employee Access to ESI within the Family, by Selected Occupation, 2005



Data may not total 100% due to rounding.

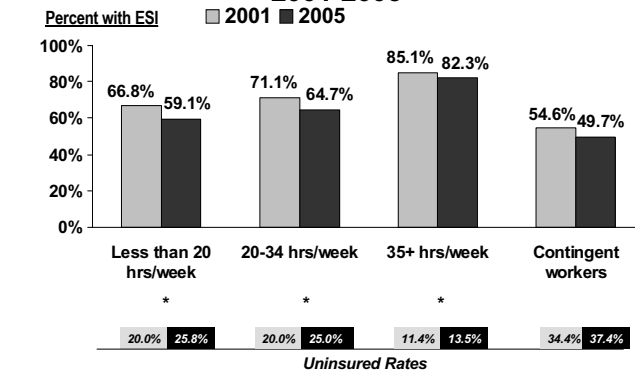
Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Changes in Employees' Access to ESI, by Hours and Contingent Employee Status

In this section, we categorize employees by regular or contingent work status, and we group regular employees by hours worked at all jobs per week: fewer than 20 hours, 20 to 34 hours, or 35 or more hours.²⁶ Across these categories of hours worked by regular employees and contingent work status, differences in coverage became more pronounced between 2001 and 2005 (Figure 19). Decreases in employer coverage between 2001 and 2005 were deepest among part-time regular (i.e. non-contingent) and contingent employees, who are more likely to be uninsured compared to full-time regular employees. Regular employees working less than 20 hours per week experienced a 7.7 percentage point decrease in the rate of ESI, with an increase in the rate of uninsurance from 20.0 percent to 25.8 percent. While regular full-time employees also experienced a decline in ESI and an increase in the share uninsured, these changes were far smaller than for other workers.

²⁶ In addition to being of substantive interest, examining regular and contingent workers separately has the added benefit of resolving the measurement issue noted above whereby the sponsorship question in the February survey is asked differently for regular and temporary contingent workers.

Figure 19
Changes in Employees' ESI Coverage and Uninsured Rates, by Hours Worked, 2001-2005



* Statistically significant changes for both ESI and uninsured rates for these groups ($p < .05$).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

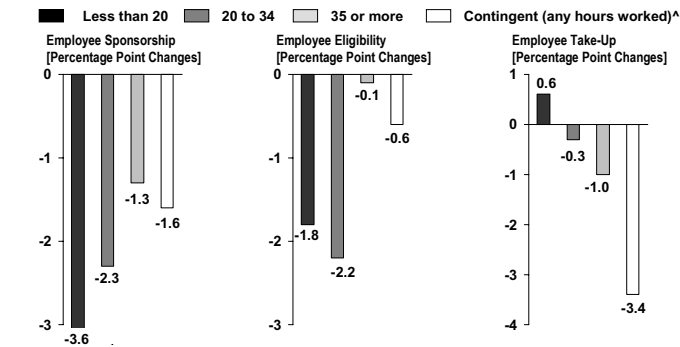
Some of the most dramatic differences in the rates of the components of ESI coverage are revealed by investigating employees by hours worked and contingent work status. Part-time regular employees are less likely to work in a sponsoring firm than full-time regular employees (Table 14, Panel A). The rate of sponsorship dropped 8.1 percentage points for those working fewer than 20 hours per week and 3.7 percentage points for those working 20 to 34 hours per week. There was a small decline in the relatively high rate of sponsorship among full-time employees—to 87.7 percent in 2005. These small sponsorship declines among full-time workers are largely explained by changes among employees with a high school degree or less education (data not shown).

Large differences in eligibility exist between the categories of hours worked per week for regular employees. Part-time regular employees, particularly those working fewer than 20 hours per week, are much less likely than full-time regular employees to be eligible for their employer's health plan. Conditional on working in a sponsoring firm, only 63.2 percent of those working fewer than 20 hours per week, and 83.0 percent of those working 20 to 34 hours per week were eligible for their employers' health coverage in 2005, compared to 97.1 percent of full-time regular employees. Part-time regular employees also have lower take-up rates, and all of these factors contribute to the low rates of own-ESI coverage among part-time regular employees, particularly those working fewer than 20 hours per week. Only 30.6 percent of those working fewer than 20 hours per week had their own ESI coverage in 2005; however, 59.1 percent had ESI coverage of some type—half of which is ESI coverage as a dependent.

Decomposition of Coverage Changes. The share of the change in ESI due to sponsorship is similar across subgroups (Figure 20; Table 14, Panel B). However, for regular employees working fewer than 20 hours per week the percentage point decline attributable to sponsorship is 3.6 percentage points, while for regular full-time employees the figure is only 1.3 percentage points. Declines in eligibility account for almost one-quarter of the drop in ESI among regular employees working fewer than 20 hours per week and one-third of the drop in ESI among regular employees working 20 to 34 hours

per week.²⁷ While eligibility restrictions played a relatively large role in driving ESI coverage changes among part-time regular workers, it is not a large factor for regular full-time workers.

Figure 20
Decreases in ESI Due to Changes in Sponsorship, Eligibility, and Participation, by Hours Worked, 2001-2005



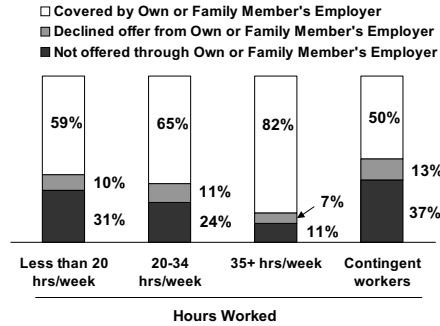
[^] Total change in ESI coverage for Contingent (any hours worked) is significant at (p<.1); changes in total ESI coverage for other groups are significant at (p<.05).
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Access to ESI within Families. By 2005, 31 percent of employees working less than 20 hours per week had no access to ESI from either their own employer or a family member’s employer, although 59 percent were covered by an employer (Figure 21). Among employees working 20 to 34 hours per week, one quarter had no access to ESI, with 65 percent covered through an employer in the family. In contrast, 82 percent of full-time employees had health coverage through an employer. Only half of contingent workers were covered by ESI, and well over one third had no access to ESI within the family.

²⁷ The percentage point decline in ESI due to declining eligibility among employees is statistically significantly different from the reference group (35 or more hours worked per week) for employees working 20 to 34 hours per week but not for employees working less than 20 hours per week.

Figure 21

Employee Access to ESI within the Family, by Hours Worked, 2005



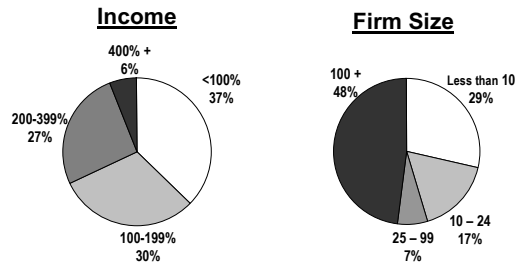
Data may not total 100% due to rounding.
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Growth in Uninsured Employees, 2001 to 2005

In 2005, there were 3.4 million more uninsured employees than in 2001, and these newly uninsured were primarily lower income, young, or employees of small or midsize firms. Two-thirds, 67 percent, of the growth in the number of uninsured employees was among low-income employees, with family incomes less than 200 percent of the poverty level (Figure 22).

Figure 22

Growth in Uninsured Employees, by Income and Firm Size, 2001-2005



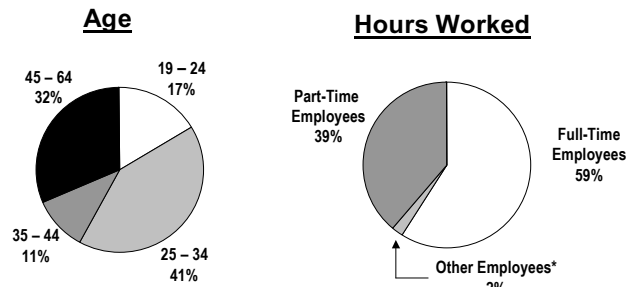
Growth in uninsured employees = 3.4 million

Data may not total 100% due to rounding.
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Almost half of the growth, 46 percent, occurred among those working in firms with fewer than 25 employees. Nearly 60 percent of the growth in uninsured employees was among full-time employees, and a large majority was also employees under age 35 (Figure 23).

Figure 23

Growth in Uninsured Employees, by Age and Hours Worked, 2001-2005



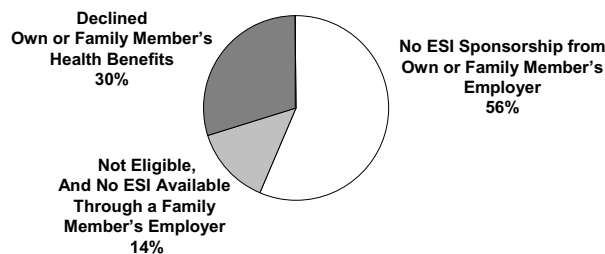
Growth in uninsured employees = 3.4 million

*Work hours data missing, cannot determine if these employees are full- or part-time.
 Data does not add to 100% due to rounding.
 Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

The majority, 56 percent, of uninsured employees have no access to ESI within the family. Another 14 percent work in businesses that sponsor health benefits, but they are not eligible and in addition they do not have access to ESI through a family member. Only about a third of uninsured employees have access to ESI, but choose not to participate in the health insurance benefit offered by an employer (Figure 24).

Figure 24

Percent of Uninsured Employees without Access to ESI, 2005



18.8 Million Uninsured Employees

Source: Urban Institute analysis of the February 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Discussion and Conclusion

Employer-sponsored insurance declined between 2001 and 2005 among nonelderly adults, employees, and children. In large part, these underlying trends explain the decline: lower employment rates, shifts in the labor force and the kinds of jobs available, increases in the number of low-income families, and marked increases in the cost of health insurance. These changes, taken together, contributed significantly to reduced access to ESI in just four years. Nonelderly employees experienced a 3.8 percentage point decline in ESI coverage—from 81.2 percent in 2001 to 77.4 percent in 2005.

The main reason for the decline in ESI among employees between 2001 and 2005 was that fewer employees worked for employers who sponsored health benefits. Almost half of the decline in ESI rates among employees was due to loss of sponsorship. Another quarter of the drop in ESI rate was due to employees not taking-up health benefits that were offered to them. Changes in employees' eligibility for health benefits and their access to ESI coverage as a dependent accounted for smaller shares of the decrease in employer-sponsored coverage.

Erosions in sponsorship were largest among those with the lowest family incomes and those with only part-time workers in the family. When employees were offered coverage through their own employer, take-up rates were generally high, with an overall take-up rate of 83.2 percent in 2005—a decrease of 1.3 percentage points from 2001. Take-up rates are substantially lower at lower levels of family income and differences in take-up rates across income levels grew dramatically between 2001 and 2005. Yet in 2005, it was still the case that the majority of low-income employees participated in health benefits when offered by an employer.

Gaps in access to ESI between high and low-income families, between younger and older employees, and those working in small vs. large businesses widened. To compensate, some workers turned to Medicaid if they were eligible and private non-group coverage—neither of which was able to offset the loss of ESI for most workers, leaving them uninsured. Between 2001 and 2005, the number of uninsured employees grew by 3.4 million—two-thirds of whom were from low-income families.

The components of employer-sponsored insurance in any particular time period are influenced by the unique combination of macroeconomic conditions and other factors that change during the time period. Two studies, Cooper and Schone (1997) and Farber and Levy (2000), describe changes in the components of employer-sponsored insurance in the late 1980s through the mid-1990s. During that period, high rates of health insurance premium increases in the late 1980s—which moderated in the mid-1990's—combined with a slack labor market throughout the period. Cooper and Schone (1997) show that declines in employee participation account for the declining ESI coverage from the late 1980s to the mid-1990s. Farber and Levy (2000) show that declines in employee participation during that period drove ESI changes particularly among full-time workers with more tenure and higher skills, while declines in eligibility account for significant

changes in ESI coverage among other full-time workers—those new on the job or with lower skills—and part-time workers.

Reschovsky, Strunk, and Ginsburg (2006) report that the period from 1997 to 2001 was characterized by economic growth accompanied by modest growth in health insurance premiums, a tight labor market, and the implementation of the State Children’s Health Insurance Program (SCHIP). The authors find that these factors set the stage for net gains in employer coverage due to increased rates of take-up for all but lower-income workers. The authors find that the period from 2001 to 2003 was characterized by steep growth in health insurance premiums and a short recession, and resulted in declining take-up.²⁸

The timeframe under study in this report, 2001 to 2005, was characterized by rising health insurance premiums and a slack labor market undergoing substantial structural change. We find that between 2001 and 2005, declines in sponsorship played a larger role in the declining rates of employer-sponsored insurance than found in previous research that focused on earlier periods. The structural changes in the labor market observed from 2001 to 2005 likely contributed to the decline in ESI coverage.

Firm-level decisions regarding sponsorship and eligibility also appear to explain part of the decline in ESI coverage. Changes in rates of sponsorship, eligibility, and take-up calculated from employee-level data do not necessarily indicate changes in firm behavior. As noted by Farber and Levy (2000), such findings may be due entirely to shifts in distributions of employees across firms that never changed their offer or health insurance benefit package over the study period. Firm-level data showing falling ESI offer rates from 2001 to 2005 also suggest that employer behavior partly explains the declines in ESI sponsorship and eligibility that we observe at the employee-level. Even with firm-level data, however, it is unclear to what extent existing employers are dropping coverage or new employers are offering at a lower rate than existing employers and those that close. Further study is required to determine the relative contribution of underlying structural changes in the labor market versus rising premiums or other factors to the reductions in the availability of ESI to an employee and whether they participate in health benefits offered to them.

While encouraging more employers to sponsor ESI coverage might expand coverage among uninsured employees, employee participation continues to drop and it is not clear that employees with “new” offers of ESI would participate at rates similar to those who already have access to ESI. The rising cost of health insurance is likely an important cause of uninsurance among employees who decline offers of ESI coverage. Premium and cost-sharing increases place a higher burden on lower income employees relative to

²⁸ Two other studies show results that overlap with the period studied by Reschovsky, Strunk, and Ginsburg (2006). One study found declines in take-up along with stable rates of offer and eligibility between 1998 and 2003 (State Health Access Data Assistance Center 2006), while the other found declines in take-up between 1999 and 2002, along with declining offer rates primarily among small firms (Blumberg and Holahan 2004).

higher income employees. In contrast, further eligibility restrictions for part-time workers and recent hires affect workers in both higher income and lower income groups.

Employer-sponsored insurance is still the predominant source of health insurance coverage among nonelderly adults in 2005, however in nearly every subgroup analyzed, fewer workers are being covered through their own jobs. Trends towards part-time and contingent work, smaller firms, non-unionized jobs, and occupational shifts are likely to continue, deepening declines in ESI coverage. Moreover, the pressure on job-based coverage from rising health insurance premiums and greater employee cost-sharing is likely to increase. If health insurance reforms are to bolster the current system of employer-based coverage, they will need to compensate for the erosion of jobs with health benefits and address the affordability of health insurance for both employers and employees.

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Appendix: Data and Methods

Merging February and March CPS Surveys

The estimates in this report are based on analyses of two matched data sets. In both 2001 and 2005, data have been matched from the February Contingent Workers and Alternate Employment Supplement of the Current Population Survey (CPS) and the March Annual Demographic Survey of the CPS from the Census Bureau.²⁹ In 2001 and 2005, the matched data have been weighted to make them representative of the civilian noninstitutionalized U.S. population in March of the respective year.

The February supplement provides information, not available from the March survey, on employer sponsorship of ESI coverage, worker eligibility for the coverage, and whether the worker takes-up an offer of coverage. Data from the February supplement were only available for 2001 and 2005, which limited our analysis to a comparison between those two years. The March supplement contains demographic details and other information, such as firm size and health status, which are not available from the February survey. Matching workers across the two surveys allows a more detailed analysis of the patterns of ESI coverage across different types of workers and jobs.

Using household identifier codes and individual identifier codes within households, about three-quarters of the individuals interviewed in February could be matched to a record in the March survey, and approximately half of those were workers in both February and March who could be correctly matched.³⁰ We grouped individual records into family units (health insurance units, or HIUs) that are able to obtain health insurance coverage through an employer as a family (e.g. adults age 19 or over, who are not full-time students, with their spouses and dependent children), referred to simply as “families”.³¹ We excluded from the analysis sample observations that had any missing values for several key variables including health insurance coverage or firm size information. Also, we required that this information be complete for all workers within each family. The original March survey weights for matched workers were adjusted to limit the effect of these exclusions on the estimates (as described below).

The analyses are designed to be representative of the noninstitutionalized population of adult workers in 2001 or 2005 as would be the case if either CPS survey were being used

²⁹ While the March survey is available annually, the most recent February Contingent Worker Supplement surveys were conducted in 2001 and 2005. The Census Bureau was unable to conduct the 2003 February survey due to lack of funding.

³⁰ We confirmed matches using age (plus or minus 1 year) and gender. Each household in the CPS is interviewed for 4 months (month-in-sample 1 to 4), then not interviewed for 8 months, then interviewed again for 4 more months (month-in-sample 5 to 8). Therefore, any household whose month-in-sample is 4 or 8 in February is in an outgoing rotation and does not get interviewed in March, and any household whose month-in-sample is 1 or 5 in March is in an incoming sample and did not get interviewed in February. A smaller percentage of the March workers were matched in a February worker in 2005 compared to 2001 due to the sample expansions that was included in the March 2005 survey.

³¹ We are grateful to Allison Cook for providing the HIU definitions.

by itself with the sample weights provided by the Census Bureau (for the respective month). The individuals that could be matched from February to March, and had non-missing data for the key variables for all adult workers in a family, do not appear to be a purely random sample of candidate workers from the March survey. For example, workers in the matched sample were significantly less likely to be from minority groups, tended to be older, and tended to have more years of schooling and higher earnings than analogous workers in the full March survey. We adjusted the original March CPS sample weights to account for such observed differences between the candidate sample and the study sample.³² This weighting adjustment reduces any biases that might result from nonrandom selection into the study sample and brings the weighted worker totals for the study sample very close to the March CPS national estimates. After reweighting, population sizes for key subgroups within our study sample, including employees, self-employed, adult dependents of workers, and children match their counterparts in the March 2001 or 2005 CPS. Thus, the reweighted samples produce national estimates for the 2001 and 2005 civilian non-institutional U.S. population.

The statistics in this report for 2001 are not exactly the same as analogous statistics in an earlier report by Garrett (2004) that also used data from 2001. Although the numbers are usually very similar in magnitude, they differ because the current study uses a more detailed regression model in the reweighting adjustment than the previous study. The expanded set of explanatory variables in the current report separate “own” ESI from ESI coverage as a dependent. This additional adjustment improves comparability between the 2001 and 2005 data by more accurately measuring shifts over time between the two types of ESI coverage. In the aggregate over all employees, this specification boosts the weighted percentage of ESI coverage as a dependent slightly in the 2001 matched sample.

Definition of Key Variables

This study focuses on the working civilian noninstitutional population of the United States. We therefore exclude members of the Armed Forces from the analysis. We also exclude individuals over age 64 or under age 19, and full-time students under age 23. We exclude adults over age 64 because they are generally covered through Medicare. We exclude full-time students and individuals under age 19 because they often have access to dependent coverage through a parent’s health insurance plan.

Health insurance coverage of workers in this study is based on the measures of current health insurance coverage in the February supplement. Respondents are first asked if they

³² To implement the reweighting we estimated a logit model of the probability of being in the study sample over the full set of observations in working families in the March CPS. The adjusted weight for each individual was computed as the original person weight divided by the predicted probability of being in the study sample. Explanatory variables in the logit model included age, race/ethnicity categories, gender, family earnings (and interactions with the race/ethnicity categories), categories for the highest education level obtained in the family, marital status, geographical region, being an “adult worker” as defined in the study, the number of adult workers in the family, and dummy variables for last year’s insurance coverage based on the March CPS health insurance coverage questions (with the following hierarchy applied: “own” ESI, ESI coverage as a dependent, nongroup, Medicare, Medicaid, other coverage, and uninsured).

have ESI from their own employer and only if they do not are they asked about other types of health insurance, creating an automatic hierarchy that places ESI ahead of other types of coverage. For the other types of coverage, respondents can only answer one type from the list so it does not allow identification of workers with multiple sources of coverage.

Hourly wages are measured as wage earnings in the prior calendar year divided by the product of the number of weeks worked last year and the usual number of hours worked per week during the weeks worked. For current workers who did not have earnings in the prior calendar year, hourly wages are treated as missing. Some cases had unusual values for hourly wages (e.g. less than \$1 per hour). Because the analyses categorize wages in groups with the lowest wage category being less than \$7 per hour (in 2005 dollars), we assume that observations with extremely low wages do indeed have wages of less than \$7 per hour. Wages reported in 2001 have been inflated to 2005 dollars.

Beginning in 2003, the CPS utilized new occupation and industry classifications. The original 2001 and 2005 variables reflecting industry and occupation therefore cannot be used to identify trends over time. The CPS recently offered updated 2001 microdata extracts for the March supplement, allowing comparison of trends in the distributions of occupation and industry classifications, however these extract "crosswalks" may be imperfect and results must be interpreted with caution (Reading Current Population Survey (CPS) Basic Monthly Data 2000-2002 Extract Files with SAS, SPSS, or Stata, 2004).

The March survey uses different questions to determine race/ethnicity in 2001 and 2005, limiting comparability between the survey years. Both the race and Hispanic origin questions were changed in 2003. In 2001, respondents chose one race among the following four choices: White, Black, American Indian or Aleut Eskimo, and Asian or Pacific Island. We combined this single-race 2001 variable with the "origin" variable (in which respondents chose Mexican-American, Chicano, Mexican, Puerto Rican, Cuban, Central or South American, Other Spanish, and All Other), in order to identify Hispanics among the respondents. These race and origin variables were used to generate the four race/ethnic categories for 2001 used in this analysis.

In 2005, the March survey used a different set of questions to identify race and Hispanic origin. Respondents to the 2005 March survey were able to choose a "predominant race" with the option of selecting multiple races. In the 2005 data, Hispanic ethnicity was identified using responses to the question: "Are you Spanish, Hispanic, or Latino?"

We used a method described by Parker and Makuc (2002) in order to assign multiple-race respondents to single-race categories. The method assigns each multiple-race respondent to the largest racial group among those chosen, unless that racial group is White. For example, those choosing White, Black and Asian would be assigned to Black because it is the largest non-White group. Thus in 2005, we classified race/ethnicity as (1) White and not Hispanic, (2) largest race group (other than White) is Black and not Hispanic, (3) Hispanic, and (4) Other not White, not multi-race including Black, and not Hispanic.

Changes in the demographic distributions of race/ethnicity between 2001 and 2005 are smaller than the changes in coverage observed for each racial/ethnic group during the study period. This suggests that changes in coverage status reported for each race/ethnicity largely reflect actual changes in coverage, rather than changes due to reclassification.

Job tenure was measured differently for contingent workers (temporary, contract, on-call workers) than for the large majority of “regular” workers. To assure better comparability, analyses that use job tenure are separated into regular or contingent workers, or restricted to regular workers.

Self-employed are excluded from the definition of contingent workers due to the lack of tenure and ESI sponsorship and eligibility data for the self-employed. As a result, contingent workers tabulated here exclude self-employed “Independent Contractors,” which are often included in estimates involving contingent work. In addition, while previous analyses of contingent workers (e.g., Fisher et al. 2005) often construct a “direct-hire” category of temporary employees (individuals hired directly by the actual employer), the February CPS Supplement does not classify this type of temporary worker explicitly. We therefore did not attempt to construct a “direct-hire” category of temporary workers.

Employer sponsorship of health insurance and employee's eligibility are also based on variables from the February supplement. Sponsorship is constructed from answers to the following question: "Does your employer offer health insurance to any of its employees?" For the purposes of this analysis, we would ideally prefer that the temporary workers answer the same question as other workers, so as not to blend the sponsorship and eligibility concepts. However, if the employee is identified in the February survey as a temporary employee, the sponsorship question is modified in the following manner: "Does your employer offer health insurance to any of its *temporary* employees?" Thus, in both 2001 and 2005, the sponsorship question asked of temporary employees combines the sponsorship and eligibility concepts.

Decomposition Method

The change in the ESI coverage rate over any two years can be expressed as the sum of four components: the change due to sponsorship, the change due to eligibility, the change due to take-up, and the change due to dependent coverage. Here we describe the method we used in decomposing the change in ESI coverage from 2001 to 2005 into the four components.

We write the ESI rate in a given year (t) as:

$$ESI_t = S_t * E_t * T_t + D_t,$$

where S_t = sponsorship rate, E_t = eligibility rate conditional on sponsorship, T_t = take-up rate conditional on eligibility, and D_t = dependent coverage rate, all in year t . The first term, $S_t * E_t * T_t$, is the own-ESI coverage rate.

Thus the change in ESI coverage from 2001 to 2005 can be written as:

$$ESI_{2005} - ESI_{2001} = (S_{2005} * E_{2005} * T_{2005} - S_{2001} * E_{2001} * T_{2001}) + (D_{2005} - D_{2001}),$$

where the first term in parentheses is the change due to own-ESI coverage and the second term is the change due to ESI coverage as a dependent.

We further decompose the change in own-ESI coverage into its three components using the three-factor method described by Das Gupta (1993). The method evaluates the change in sponsorship holding eligibility and take-up fixed, the change in eligibility holding sponsorship and take-up fixed, and so on. The key to the method is the way it creates intermediate values for the product of the two components held fixed in computing the contribution of each change. Define ET_{base} as an intermediate value (akin to an average) of the product of eligibility and take-up rates over the two years, computed as $ET_{base} = [(E_{2005} * T_{2005} + E_{2001} * T_{2001}) / 3 + (E_{2005} * T_{2001} + E_{2001} * T_{2005}) / 6]$. This quantity serves as the base level for evaluating the change in sponsorship rates. Define ST_{base} and SE_{base} analogously. Given these three base levels, we decompose the change in own-ESI coverage as follows:

$$S_{2005} * E_{2005} * T_{2005} - S_{2001} * E_{2001} * T_{2001} =$$

$$ET_{base} * (S_{2005} - S_{2001}) + ST_{base} * (E_{2005} - E_{2001}) + SE_{base} * (T_{2005} - T_{2001}),$$

where the first term of the right hand side of the equation is the contribution of changing sponsorship, the second term is the contribution of changing eligibility, and the third term is the contribution of changing take-up.

This decomposition method has an advantage over other methods in that the three components add up exactly to the total change in own-ESI coverage and because the method avoids the complication of having interaction (or covariance) terms due to co-movements in the three factors, which would need to be reported separately or allocated in some way to the three main factors.

Tables 5-14

Table 5. Background employment characteristics of nonelderly adult workers or employees, 2001 and 2005

	2001		2005		2001 to 2005	
	Total (in millions)	Distribution (in percent)	Total (in millions)	Distribution (in percent)	Change in total (in millions)	Percentage point change in distribution
Nonelderly adult workers						
Total	124.5		126.7		2.2	
<i>Self-employment status</i>						
Self-employed	11.8	9.5%	13.1	10.4%	1.3	0.8% *
Not self-employed	112.7	90.5%	113.6	89.6%	0.9	-0.8% *
<i>Size of employer by number of employees at all locations (excluding self-employed)^a</i>						
Fewer than 10	12.8	11.3%	14.5	12.7%	1.7	1.4% *
10 to 24	10.5	9.3%	10.9	9.6%	0.4	0.3%
25 to 99	15.5	13.8%	15.6	13.8%	0.1	0.0%
100 or more	73.9	65.6%	72.6	63.9%	-1.3	-1.7% *
<i>Average hourly wage^b</i>						
Less than \$7	12.5	10.7%	12.5	10.5%	0.0	-0.2%
\$7 to \$9.99	15.8	13.5%	16.8	14.2%	1.0	0.7% ^
\$10 to \$14.99	28.5	24.4%	28.4	23.9%	-0.2	-0.5%
\$15 or above	60.1	51.4%	61.0	51.4%	0.9	0.0%
<i>Hours worked per week, all jobs^c</i>						
Less than 20	6.2	5.1%	6.3	5.1%	0.1	-0.1%
20 to 34	17.9	14.8%	18.7	15.1%	0.8	0.4%
35 or more	97.1	80.1%	98.6	79.8%	1.5	-0.3%
<i>Family employment situation of each worker^d</i>						
Two (or more) full-time workers	49.6	40.5%	49.4	39.5%	-0.2	-1.0% ^
One full-time worker	60.3	49.1%	61.6	49.3%	1.3	0.1%
Part-time workers only	12.8	10.4%	14.0	11.2%	1.3	0.8% *
<i>Job tenure in months for regular workers (excluding contingent workers and self-employed)^e</i>						
Less than 3	3.8	3.8%	3.6	3.5%	-0.3	-0.2%
3 to 5	4.5	4.4%	4.1	4.1%	-0.4	-0.3%
6 to 11	8.4	8.3%	7.3	7.1%	-1.2	-1.1% *
12 to 23	10.2	10.0%	9.3	9.1%	-0.9	-0.8% *
24 or more	75.1	73.6%	77.3	76.1%	2.2	2.5% *

(Table continues on next page)

* Indicates change in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change in percent of people is statistically significant (at the 90% confidence level).

^a All analysis using firm size data excludes the self-employed.

^b Wages are reported in 2005 dollars. The total unweighted Ns for average hourly wage in 2001 and 2005 are 28,053 and 31,037, respectively. The total weighted Ns for 2001 and 2005 are 116.9 million and 118.7 million, respectively.

^c Hours worked include hours worked on all jobs reported in the February survey. Some workers did not report hours worked on all jobs, therefore the total unweighted Ns for 2001 and 2005 are 29,037 and 32,326, respectively. The total weighted Ns for 2001 and 2005 are 121.1 million and 123.5 million, respectively.

^d Due to some missing data on hours worked at all jobs, the total unweighted Ns for family employment situation in 2001 and 2005 are 10,068 and 11,048, respectively. The total weighted Ns for 2001 and 2005 are 122.6 million and 125.0 million, respectively.

^e Some tenure data is missing, therefore the total unweighted Ns for those with non-missing tenure information in 2001 and 2005 are 24,322 and 26,362, respectively. The total weighted Ns for 2001 and 2005 are 102.0 million and 101.6 million, respectively.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 5. Background employment characteristics of nonelderly adult workers or employees, 2001 and 2005
(continued from previous page)

	2001		2005		2001 to 2005	
	Total (in millions)	Distribution (in percent)	Total (in millions)	Distribution (in percent)	Change in total (in millions)	Percentage point change in distribution
Nonelderly adult workers						
Total	124.5		126.7		2.2	
<i>Job tenure in months of contingent workers (excluding self-employed)^a</i>						
Less than 3	0.6	14.5%	0.6	12.8%	0.0	-1.6%
3 to 5	0.4	8.8%	0.4	8.5%	0.0	-0.4%
6 to 11	0.6	14.4%	0.5	10.4%	-0.1	-4.0% *
12 to 23	0.6	13.6%	0.6	12.6%	0.0	-1.0%
24 or more	2.0	48.7%	2.7	55.6%	0.7	7.0% *
<i>Contingent workers (excluding self-employed)^a</i>						
Temp Agency Workers	1.0	23.1%	1.1	22.4%	0.1	-0.8%
On-Call and Day Workers	1.8	42.2%	2.1	42.4%	0.3	0.2%
Independent Contractors, W&S only	0.9	20.3%	1.0	20.2%	0.1	-0.2%
Contract Company Workers	0.6	14.4%	0.7	15.1%	0.1	0.7%
<i>Union Member or Covered by a Union Contract^b</i>						
Unionized		15.3%		13.9%		-1.4% *
<i>Occupation classification^c</i>						
Construction and extraction	7.0	5.7%	8.2	6.4%	1.1	0.8% *
Service	16.8	13.5%	15.4	12.2%	-1.4	-1.4% *
Transportation and material moving	7.6	6.1%	7.7	6.1%	0.1	0.0%
Sales and related	12.6	10.1%	13.7	10.8%	1.1	0.7%
Production	11.0	8.8%	9.0	7.1%	-2.0	-1.7% *
Office and administrative support	18.9	15.2%	17.8	14.0%	-1.1	-1.2% *
Professional and related	26.3	21.1%	30.2	23.8%	3.9	2.7% *
Management, business, and financial	18.9	15.2%	18.9	14.9%	0.0	-0.3%
Installation, maintenance, and repair	4.7	3.8%	5.2	4.1%	0.5	0.3% ^
Farming, fishing, and forestry	0.8	0.6%	0.8	0.7%	0.1	0.0%
<i>Industrial classification^c</i>						
Agriculture, forestry, fishing, and hunting	1.8	1.4%	1.6	1.3%	-0.2	-0.2%
Mining	0.4	0.3%	0.5	0.4%	0.1	0.1% ^
Construction	9.0	7.2%	9.9	7.8%	1.0	0.6% *
Manufacturing	19.1	15.3%	15.6	12.3%	-3.5	-3.0% *
Wholesale and retail trade	16.5	13.3%	18.5	14.6%	2.0	1.3% *
Transportation and utilities	7.0	5.6%	6.8	5.3%	-0.2	-0.3%
Information	3.6	2.9%	2.9	2.3%	-0.7	-0.6% *
Financial, insurance, real estate, and rental and leasing	9.0	7.3%	9.7	7.6%	0.6	0.4%
Professional, scientific, management, administrative, and waste management services	12.5	10.1%	12.8	10.1%	0.3	0.1%
Educational, health, and social services	25.3	20.3%	27.8	21.9%	2.5	1.6% *
Arts, entertainment, recreation, accommodation, and food services	8.2	6.6%	8.3	6.6%	0.2	0.0%
Other services (except public administration)	5.9	4.8%	5.8	4.6%	-0.1	-0.2%
Public administration	6.2	5.0%	6.5	5.2%	0.3	0.2%

* Indicates change in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change in percent of people is statistically significant (at the 90% confidence level).

^a Contingent workers exclude self-employed. See Appendix for details.

^b Unionization data from 2001 was derived from the CPS extract file in order to enhance comparability between the 2001 data and 2005 data. Sample size is reduced since only the outgoing rotation of the March survey was asked about unionization. The total unweighted Ns for 2001 and 2005 are 10,068 and 11,048, respectively. The total weighted Ns for 2001 and 2005 are 41.9 million and 42.3 million, respectively.

^c The 2001 occupation and industrial classifications are derived from the CPS extracts in order to enhance comparability between the 2001 data and 2005 data, since the latter use a new classification scheme. See Appendix for details.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 6. Background demographic characteristics of nonelderly adult workers, 2001 and 2005

	2001		2005		2001 to 2005	
	Total (in millions)	Distribution (in percent)	Total (in millions)	Distribution (in percent)	Change in total (in millions)	Percentage point change in distribution
Nonelderly adult workers						
Total	124.5		126.7		2.2	
<i>Family income as a percentage of the federal poverty line</i>						
Under 100%	7.4	5.9%	9.2	7.2%	1.8	1.3% *
100%-199%	18.2	14.6%	18.7	14.8%	0.5	0.2%
200%-399%	40.6	32.6%	40.5	32.0%	-0.1	-0.7%
400% and above	58.3	46.8%	58.3	46.0%	0.0	-0.8%
<i>Age</i>						
19 to 24 years	11.4	9.1%	11.0	8.7%	-0.4	-0.4%
25 to 34 years	31.2	25.0%	30.3	23.9%	-0.9	-1.1%
35 to 44 years	36.7	29.4%	35.1	27.7%	-1.6	-1.8% *
45 to 64 years	45.3	36.4%	50.3	39.7%	5.0	3.3% *
<i>Gender</i>						
Male	66.0	53.0%	67.1	52.9%	1.1	-0.1%
Female	58.5	47.0%	59.7	47.1%	1.2	0.1%
<i>Race/ethnicity^a</i>						
White, non Hispanic	89.4	71.8%	89.5	70.6%	89.5	-1.2% *
Black, non Hispanic	13.5	10.9%	13.4	10.6%	13.4	-0.3%
Hispanic	14.9	12.0%	16.5	13.1%	16.5	1.1% *
Other, non Hispanic	6.7	5.4%	7.3	5.7%	7.3	0.4%
<i>Education</i>						
Education less than high school	12.3	9.9%	12.5	9.9%	0.2	0.0%
High school graduate	39.6	31.8%	38.6	30.5%	-1.0	-1.4% *
Some college	35.8	28.7%	36.1	28.5%	0.3	-0.3%
Bachelor's degree or higher	36.9	29.6%	39.5	31.2%	2.6	1.6% *
<i>Family status</i>						
Married to worker, no children	24.9	20.0%	24.9	19.6%	0.0	-0.4%
Married to worker, with children	33.7	27.1%	32.6	25.8%	-1.1	-1.3% *
Married to nonworker, no children	7.0	5.6%	7.6	6.0%	0.6	0.4% ^
Married to nonworker, with children	9.4	7.5%	10.8	8.5%	1.4	1.0% *
Single, no children	40.5	32.5%	39.7	31.3%	-0.8	-1.2% *
Single, with children	9.1	7.3%	11.2	8.9%	2.1	1.5% *
<i>Health status</i>						
Excellent	42.4	34.0%	40.5	32.0%	-1.9	-2.0% *
Very good	46.0	37.0%	48.1	37.9%	2.1	1.0% ^
Good	29.4	23.6%	30.7	24.3%	1.3	0.6%
Fair/poor	6.7	5.4%	7.4	5.8%	0.7	0.4% ^
<i>Citizenship</i>						
US Citizen - Native	107.2	86.1%	108.5	85.6%	1.3	-0.4%
US Citizen - Naturalized	6.7	5.4%	7.4	5.8%	0.7	0.4% ^
Non-US Citizen	10.7	8.6%	10.8	8.6%	0.1	0.0%
<i>Geographic division</i>						
New England	6.7	5.4%	6.7	5.3%	0.0	-0.1%
Middle Atlantic	17.1	13.8%	17.0	13.4%	-0.1	-0.4%
East North Central	20.0	16.1%	19.3	15.3%	-0.7	-0.8% *
West North Central	9.6	7.7%	9.7	7.6%	0.1	-0.1%
South Atlantic	22.7	18.2%	24.0	18.9%	1.3	0.7%
East South Central	7.3	5.8%	7.4	5.8%	0.1	0.0%
West South Central	13.0	10.5%	13.8	10.9%	0.8	0.5%
Mountain	8.5	6.8%	9.4	7.4%	0.9	0.6% *
Pacific	19.7	15.8%	19.4	15.3%	-0.3	-0.5%

* Indicates change in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change in percent of people is statistically significant (at the 90% confidence level).

^a The March survey used different questions to determine race/ethnicity in 2001 and 2005, which limits comparability between the survey years. See Appendix for more detail.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 7. Health insurance coverage of nonelderly adult self-employed workers, 2001 and 2005

	Health insurance coverage distribution (in percent)		Change in number (in millions)	Percentage point change in distribution
	2001	2005		
Nonelderly adult self-employed workers				
<i>All Incomes (number in millions)</i>	11.8	13.1	1.3	
ESI	49.4%	42.6%	-0.3	-6.8% *
Private Non-group	22.5%	24.2%	0.5	1.7%
Medicaid	0.8%	1.6%	0.1	0.8% *
Other	2.6%	2.7%	0.1	0.2%
Uninsured	24.8%	28.9%	0.9	4.2% *
Family income as a percentage of the federal poverty level (FPL)				
<i>Less than 200% of FPL (in millions)</i>	2.6	3.1	0.5	
ESI	24.4%	15.2%	-0.9	-9.2% *
Private Non-group	21.9%	20.1%	0.0	-1.8%
Medicaid	2.3%	6.0%	0.5	3.7% *
Other	4.7%	3.6%	-0.1	-1.1%
Uninsured	46.8%	55.2%	1.7	8.4% *
<i>200 to 399% of FPL (in millions)</i>	3.3	3.6	0.3	
ESI	45.6%	36.0%	-0.7	-9.6% *
Private Non-group	21.7%	25.3%	0.8	3.6%
Medicaid	0.5%	0.6%	0.0	0.1%
Other	2.5%	3.2%	0.1	0.6%
Uninsured	29.6%	34.9%	1.1	5.3% ^
<i>400%+ of FPL (in millions)</i>	6.0	6.4	0.4	
ESI	62.2%	59.4%	0.4	-2.9%
Private Non-group	23.2%	25.6%	0.6	2.4%
Medicaid	0.2%	0.0%	0.0	-0.2%
Other	1.7%	2.1%	0.1	0.4%
Uninsured	12.7%	13.0%	0.2	0.4%

* Indicates change in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change in percent of people is statistically significant (at the 90% confidence level).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC)

Table 8. Health insurance coverage of nonelderly adult employees, 2001 and 2005

	Health insurance coverage distribution (in percent)		Change in number (in millions)	Percentage point change in distribution
	2001	2005	2001 to 2005	
Nonelderly adult employees				
<i>All incomes (number in millions)</i>	112.7	113.6	0.9	
ESI	81.2%	77.4%	-3.5	-3.8% *
Private Non-group	1.9%	2.4%	0.6	0.5% *
Medicaid	0.7%	0.9%	0.2	0.2% *
Other	2.4%	2.7%	0.3	0.3%
Uninsured	13.7%	16.6%	3.4	2.9% *
Family income as a percentage of the federal poverty level (FPL)				
<i>Less than 100% of FPL (in millions)</i>	6.3	7.7	1.5	
ESI	36.8%	30.4%	0.0	-6.4% *
Private Non-group	2.8%	2.4%	0.0	-0.4%
Medicaid	7.0%	7.0%	0.1	0.0%
Other	6.8%	6.2%	0.0	-0.7%
Uninsured	46.7%	54.1%	1.2	7.4% *
<i>100-199% of FPL (in millions)</i>	16.7	17.1	0.4	
ESI	58.7%	51.7%	-1.0	-7.0% *
Private Non-group	2.4%	3.1%	0.1	0.8% ^
Medicaid	1.6%	2.3%	0.1	0.7% ^
Other	3.5%	3.8%	0.1	0.3%
Uninsured	33.9%	39.1%	1.0	5.2% *
<i>200 to 399% of FPL (in millions)</i>	37.4	36.9	-0.4	
ESI	82.4%	78.5%	-1.8	-3.9% *
Private Non-group	1.9%	2.8%	0.3	0.9% *
Medicaid	0.2%	0.2%	0.0	0.0%
Other	2.0%	2.4%	0.1	0.4%
Uninsured	13.4%	16.0%	0.9	2.6% *
<i>400%+ of FPL (in millions)</i>	52.3	51.8	-0.5	
ESI	92.9%	92.2%	-0.8	-0.8% ^
Private Non-group	1.6%	1.8%	0.1	0.2%
Medicaid	0.1%	0.1%	0.0	0.1%
Other	1.8%	2.0%	0.1	0.1%
Uninsured	3.6%	4.0%	0.2	0.4%

* Indicates change in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change in percent of people is statistically significant (at the 90% confidence level).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 9. Decomposition of employee's change in health insurance coverage by family income (as a percentage of the federal poverty level), 2001 and 2005

Panel A: ESI coverage rates by family income

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
<i>Family income</i>						
Under 100%	55.4%	71.8%	63.5%	25.3%	5.1%	30.4%
100%-199%	69.5%	86.7%	78.2%	47.1%	4.6%	51.7%
200%-399%	85.2%	93.7%	86.3%	68.9%	9.6%	78.5%
400% and above	92.6%	96.8%	83.7%	74.9%	17.2%	92.2%
2001						
All	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
<i>Family income</i>						
Under 100%	61.1%	71.8%	70.7%	31.0%	5.8%	36.8%
100%-199%	73.6%	88.7%	81.3%	53.0%	5.6%	58.7%
200%-399%	86.4%	94.7%	87.8%	71.8%	10.6%	82.4%
400% and above	93.6%	96.9%	83.9%	76.1%	16.8%	92.9%
Change (2001 to 2005)						
All	-2.3% *	-0.7% *	-1.3% *	-3.4% *	-0.4%	-3.8% *
<i>Family income</i>						
Under 100%	-5.7% *	0.0%	-7.2% *	-5.8% *	-0.6%	-6.4% *
100%-199%	-4.1% *	-1.9% ^	-3.0% *	-5.9% *	-1.1% ^	-7.0% *
200%-399%	-1.2% ^	-1.0% *	-1.4% *	-2.9% *	-0.9% *	-3.9% *
400% and above	-1.1% *	-0.1%	-0.3%	-1.2% *	0.4%	-0.8% ^

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All	-3.8% *	-1.8%	-0.5%	-1.0%	-0.4%
<i>Family income</i>					
Under 100%	-6.4% *	-2.7%	0.0%	-3.0% #	-0.6%
100%-199%	-7.0% *	-2.9% ‡	-1.1%	-1.9%	-1.1% ‡
200%-399% ^a	-3.9% *	-1.0%	-0.7% #	-1.1%	-0.9% ‡
400% and above	-0.8% ^	-0.9%	-0.1%	-0.2%	0.4%
Share					
All	100.0%	47.9%	14.0%	26.7%	11.4%
<i>Family income</i>					
Under 100%	100.0%	42.8%	0.2%	47.1%	9.9%
100%-199%	100.0%	41.2%	15.8%	27.4%	15.5%
200%-399% ^a	100.0%	26.4%	19.0%	29.8%	24.7%
400% and above	100.0%	111.7%	11.9%	29.9%	-53.5%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

‡ Indicates contribution due to this component for this group differs from the reference group (400% FPL and above) is statistically significant (at the 95% confidence level).

Indicates contribution due to this component for this group differs from the reference group (400% FPL and above) is statistically significant (at the 90% confidence level).

^a Shares may not add up to total due to rounding.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 10. Decomposition of employee's change in health insurance coverage by employer size, 2001 and 2005

Panel A: ESI coverage rates by employer size

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
<i>Employer size</i>						
Fewer than 10	49.9%	91.6%	77.9%	35.6%	17.0%	52.6%
10 to 24	67.7%	92.8%	76.8%	48.2%	14.8%	63.1%
25 to 99	83.7%	93.3%	79.3%	61.9%	13.0%	74.9%
100 or more	93.6%	93.7%	85.2%	74.7%	10.4%	85.1%
2001						
All	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
<i>Employer size</i>						
Fewer than 10	54.0%	90.3%	76.6%	37.3%	19.5%	56.8%
10 to 24	71.5%	93.0%	77.6%	51.5%	16.4%	68.0%
25 to 99	84.0%	94.5%	81.0%	64.3%	12.9%	77.2%
100 or more	94.7%	94.6%	86.6%	77.6%	10.6%	88.2%
Change (2001 to 2005)						
All	-2.3% *	-0.7% *	-1.3% *	-3.4% *	-0.4%	-3.8% *
<i>Employer size</i>						
Fewer than 10	-4.1% *	1.3%	1.3%	-1.7%	-2.5% *	-4.2% *
10 to 24	-3.7% *	-0.1%	-0.8%	-3.3% *	-1.6%	-4.9% *
25 to 99	-0.3%	-1.2% ^	-1.7%	-2.4% ^	0.1%	-2.3% ^
100 or more	-1.2% *	-0.9% *	-1.4% *	-2.9% *	-0.2%	-3.1% *

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All	-3.8% *	-1.8%	-0.5%	-1.0%	-0.4%
<i>Employer size</i>					
Fewer than 10	-4.2% *	-2.8%	0.5%	0.6%	-2.5%
10 to 24	-4.9% *	-2.7%	-0.1%	-0.5%	-1.6%
25 to 99	-2.3% ^	-0.3% #	-0.8% ‡	-1.3%	0.1% #
100 or more	-3.1% *	-0.9% #	-0.7% ‡	-1.2% ‡	-0.2% ‡
Share					
All	100.0%	47.9%	14.0%	26.7%	11.4%
<i>Employer size</i>					
Fewer than 10	100.0%	67.8%	-12.7%	-14.2%	59.1%
10 to 24	100.0%	55.1%	1.5%	10.5%	32.9%
25 to 99	100.0%	11.4%	35.1%	56.1%	-2.6%
100 or more	100.0%	30.2%	23.6%	40.0%	6.2%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

‡ Indicates contribution due to this component for this group differs from the reference group (fewer than 10 employees) is statistically significant (at the 95% confidence level).

Indicates contribution due to this component for this group differs from the reference group (fewer than 10 employees) is statistically significant (at the 90% confidence level).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 11. Decomposition of employee's change in health insurance coverage by age, 2001 and 2005

Panel A: ESI coverage rates by age

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
Age						
19 to 24 years	72.5%	83.3%	74.9%	45.3%	9.1%	54.4%
25 to 34 years	82.2%	92.8%	81.1%	61.9%	10.0%	71.9%
35 to 44 years	85.3%	94.2%	83.1%	66.7%	13.7%	80.4%
45 to 64 years	87.5%	95.3%	86.1%	71.8%	12.9%	84.7%
2001						
All	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
Age						
19 to 24 years	77.3%	85.6%	79.9%	52.9%	8.8%	61.7%
25 to 34 years	85.3%	93.7%	84.6%	67.6%	10.9%	78.5%
35 to 44 years	86.9%	95.3%	83.3%	68.9%	14.7%	83.6%
45 to 64 years	89.6%	95.7%	86.5%	74.1%	12.7%	86.8%
Change (2001 to 2005)						
All	-2.3% *	-0.7% *	-1.3% *	-3.4% *	-0.4%	-3.8% *
Age						
19 to 24 years	-4.8% *	-2.3%	-5.0% *	-7.7% *	0.3%	-7.3% *
25 to 34 years	-3.2% *	-0.9%	-3.4% *	-5.7% *	-0.9%	-6.6% *
35 to 44 years	-1.6% *	-1.1% *	-0.2%	-2.2% *	-1.1% ^	-3.2% *
45 to 64 years	-2.0% *	-0.4%	-0.4%	-2.3% *	0.1%	-2.1% *

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All	-3.8% *	-1.8%	-0.5%	-1.0%	-0.4%
Age					
19 to 24 years	-7.3% *	-3.2%	-1.3%	-3.1% ‡	0.3%
25 to 34 years	-6.6% *	-2.4%	-0.6%	-2.7% ‡	-0.9%
35 to 44 years	-3.2% *	-1.2%	-0.8%	-0.2%	-1.1%
45 to 64 years	-2.1% *	-1.7%	-0.3%	-0.3%	0.1%
Share					
All	100.0%	47.9%	14.0%	26.7%	11.4%
Age					
19 to 24 years	100.0%	43.3%	18.3%	43.0%	-4.5%
25 to 34 years	100.0%	36.8%	9.1%	40.4%	13.7%
35 to 44 years	100.0%	38.6%	23.5%	5.1%	32.9%
45 to 64 years	100.0%	78.2%	13.6%	14.3%	-6.1%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

‡ Indicates contribution due to this component for this group differs from the reference group (45 to 64 years) is statistically significant (at the 95% confidence level).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 12. Decomposition of employee's change in health insurance coverage by race/ethnicity, 2001 and 2005

Panel A: ESI coverage rates by race/ethnicity

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
<i>Race/ethnicity^a</i>						
White, non Hispanic	87.7%	93.6%	83.9%	68.9%	14.0%	82.8%
Black, non Hispanic	85.9%	92.9%	82.8%	66.0%	6.7%	72.7%
Hispanic	64.9%	92.6%	78.7%	47.3%	6.7%	54.0%
Other, non Hispanic	82.9%	93.7%	83.6%	64.9%	11.6%	76.5%
2001						
All	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
<i>Race/ethnicity^a</i>						
White, non Hispanic	89.6%	94.2%	84.3%	71.1%	14.4%	85.5%
Black, non Hispanic	87.1%	94.5%	86.7%	71.4%	7.6%	79.0%
Hispanic	69.3%	93.0%	82.9%	53.4%	7.0%	60.4%
Other, non Hispanic	84.1%	95.1%	85.8%	68.7%	10.0%	78.6%
Change (2001 to 2005)						
All	-2.3%	-0.7%	-1.3%	-3.4%	-0.4%	-3.8%
<i>Race/ethnicity^a</i>						
White, non Hispanic	-1.8% *	-0.6% *	-0.3%	-2.2% *	-0.4%	-2.6% *
Black, non Hispanic	-1.2% ^	-1.6% *	-3.9% *	-5.4% *	-1.0%	-6.3% *
Hispanic	-4.4% *	-0.3%	-4.2% *	-6.1% *	-0.3%	-6.4% *
Other, non Hispanic	-1.2%	-1.5%	-2.2%	-3.7% ^	1.7%	-2.1%

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All	-3.8%	-1.8%	-0.5%	-1.0%	-0.4%
<i>Race/ethnicity^a</i>					
White, non Hispanic	-2.6% *	-1.4%	-0.4%	-0.3%	-0.4%
Black, non Hispanic	-6.3% *	-1.0%	-1.2%	-3.2% †	-1.0%
Hispanic	-6.4% *	-3.3%	-0.2%	-2.6% †	-0.3%
Other, non Hispanic	-2.1%	-1.0%	-1.0%	-1.7%	1.7%
Share					
All	100.0%	47.9%	14.0%	26.7%	11.4%
<i>Race/ethnicity^a</i>					
White, non Hispanic	100.0%	55.3%	16.9%	10.9%	16.9%
Black, non Hispanic	100.0%	15.5%	19.0%	50.4%	15.1%
Hispanic	100.0%	51.4%	3.0%	40.6%	5.0%
Other, non Hispanic	100.0%	46.4%	49.9%	82.9%	-79.2%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

† Indicates contribution due to this component for this group differs from the reference group (White, non Hispanic) is statistically significant (at the 95% confidence level).

^a The March survey used a different questions to determine race/ethnicity in 2001 and 2005, which limits comparability between the survey years. See report for more detail.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 13. Decomposition of employee's change in health insurance coverage by worker occupation, 2001 and 2005

Panel A: ESI coverage rates by worker occupation

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All Occupational Classifications	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
<i>Selected Occupational Classifications^a</i>						
Construction and extraction occupations	60.7%	96.5%	82.4%	48.3%	6.9%	55.2%
Service occupations	67.6%	85.5%	79.5%	45.9%	11.1%	57.0%
Transportation and material moving occupations	81.8%	92.9%	84.1%	63.9%	8.2%	72.1%
Sales and related occupations	81.9%	90.0%	78.0%	57.5%	15.0%	72.4%
Production occupations	85.5%	97.0%	86.6%	71.9%	6.6%	78.4%
Office and administrative support occupations	89.1%	93.4%	81.3%	67.6%	14.4%	82.0%
Professional and related occupations	92.2%	93.1%	83.9%	72.0%	14.9%	86.9%
Management, business, and financial occupations	91.9%	98.0%	87.3%	78.6%	11.8%	90.4%
2001						
All Occupational Classifications	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
<i>Selected Occupational Classifications</i>						
Construction and extraction occupations	69.8%	96.8%	85.5%	57.8%	7.0%	64.8%
Service occupations	72.0%	88.8%	80.3%	51.3%	12.2%	63.5%
Transportation and material moving occupations	83.2%	93.8%	85.8%	66.9%	7.0%	73.9%
Sales and related occupations	82.7%	91.2%	80.5%	60.7%	16.3%	77.0%
Production occupations	88.9%	96.5%	87.8%	75.3%	7.2%	82.5%
Office and administrative support occupations	90.6%	94.0%	83.2%	70.8%	15.0%	85.8%
Professional and related occupations	94.4%	94.1%	85.3%	75.7%	14.5%	90.2%
Management, business, and financial occupations	93.6%	97.7%	85.8%	78.4%	13.5%	91.9%
Change (2001 to 2005)						
All Occupational Classifications	-2.3% *	-0.7% *	-1.3% *	-3.4% *	-0.4%	-3.8% *
<i>Selected Occupational Classifications</i>						
Construction and extraction occupations	-9.1% *	-0.3%	-3.1%	-9.5% *	-0.2%	-9.7% *
Service occupations	-4.4% *	-3.3% *	-0.8%	-5.4% *	-1.1%	-6.5% *
Transportation and material moving occupations	-1.4%	-0.8%	-1.7%	-3.0%	1.2%	-1.8%
Sales and related occupations	-0.8%	-1.3%	-2.5% ^	-3.3% *	-1.3%	-4.6% *
Production occupations	-3.4% *	0.6%	-1.2%	-3.4% *	-0.6%	-4.1% *
Office and administrative support occupations	-1.6% ^	-0.6%	-1.9% ^	-3.2% *	-0.7%	-3.9% *
Professional and related occupations	-2.2% *	-1.0% ^	-1.4% ^	-3.7% *	0.4%	-3.3% *
Management, business, and financial occupations	-1.7% *	0.3%	1.5%	0.2%	-1.7% *	-1.5% ^

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All Occupational Classifications	-3.8% *	-1.8%	-0.5%	-1.0%	-0.4%
<i>Selected Occupational Classifications</i>					
Construction and extraction occupations	-9.7% *	-7.4% ‡	-0.2%	-2.0% ‡	-0.2%
Service occupations ^b	-6.5% *	-3.0%	-1.9% ‡	-0.5%	-1.1%
Transportation and material moving occupations	-1.8%	-1.1%	-0.6%	-1.3% #	1.2% ‡
Sales and related occupations	-4.6% *	-0.6%	-0.8%	-1.9% ‡	-1.3%
Production occupations	-4.1% *	-2.8%	0.4%	-1.0% #	-0.6%
Office and administrative support occupations	-3.9% *	-1.2%	-0.4%	-1.6% ‡	-0.7%
Professional and related occupations	-3.3% *	-1.7%	-0.8% ‡	-1.2% ‡	0.4% ‡
Management, business, and financial occupations ^b	-1.5% ^	-1.4%	0.2%	1.3%	-1.7%
Share					
All Occupational Classifications	100.0%	47.9%	14.0%	26.7%	11.4%
<i>Selected Occupational Classifications</i>					
Construction and extraction occupations	100.0%	76.2%	1.7%	20.4%	1.7%
Service occupations ^b	100.0%	46.9%	28.6%	7.3%	16.7%
Transportation and material moving occupations	100.0%	58.9%	32.8%	73.3%	-64.9%
Sales and related occupations	100.0%	12.4%	17.8%	41.0%	28.8%
Production occupations	100.0%	69.3%	-10.6%	25.6%	15.7%
Office and administrative support occupations	100.0%	30.7%	11.2%	40.4%	17.7%
Professional and related occupations	100.0%	53.5%	23.6%	36.0%	-13.1%
Management, business, and financial occupations ^b	100.0%	91.8%	-16.2%	-87.2%	112.3%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

‡ Indicates contribution due to this component for this group differs from the reference group (Management, business, and financial occupations) is statistically significant (at the 95% confidence level).

Indicates contribution due to this component for this group differs from the reference group (Management, business, and financial occupations) is statistically significant (at the 90% confidence level).

^a Selected Occupational Classifications include those groups which employ more than 5% of employees in 2005.

^b Shares may not add up to total due to rounding

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Table 14. Decomposition of employee's change in health insurance coverage by employee type and hours worked, 2001 and 2005

Panel A: ESI coverage rates by employee type and hours

	Firm sponsors health plan	Eligible for ESI (conditional on offer)	Takes up offer (conditional on eligibility)	Own ESI coverage	ESI coverage as dependent	Any ESI coverage
2005						
All	84.2%	93.4%	83.2%	65.4%	12.0%	77.4%
<i>Regular employee, hours worked per week</i>						
Less than 20	69.4%	63.2%	69.8%	30.6%	28.5%	59.1%
20 to 34	76.0%	83.0%	73.1%	46.1%	18.6%	64.7%
35 or more	87.7%	97.1%	85.5%	72.8%	9.49%	82.3%
Contingent employee	61.0%	75.1%	67.7%	31.0%	18.7%	49.7%
2001						
All	86.5%	94.1%	84.5%	68.8%	12.5%	81.2%
<i>Regular employee, hours worked per week</i>						
Less than 20	77.5%	66.7%	68.5%	35.4%	31.4%	66.8%
20 to 34	79.6%	86.8%	73.6%	50.9%	20.2%	71.1%
35 or more	89.3%	97.2%	86.8%	75.3%	9.77%	85.1%
Contingent employee	64.0%	76.4%	74.8%	36.5%	18.1%	54.6%
Change (2001 to 2005)						
All	-2.3% *	-0.7% *	-1.3% *	-3.4% *	-0.4%	-3.8% *
<i>Regular employee, hours worked per week</i>						
Less than 20	-8.1% *	-3.5%	1.3%	-4.8% *	-2.9%	-7.7% *
20 to 34	-3.7% *	-3.8% *	-0.5%	-4.8% *	-1.6%	-6.4% *
35 or more	-1.6% *	-0.1%	-1.2% *	-2.5% *	-0.3%	-2.8% *
Contingent employee	-2.9%	-1.3%	-7.1% *	-5.5% *	0.6%	-4.9% ^

Panel B: Decomposition of change in ESI coverage

	Total change in ESI	Due to employer sponsorship	Due to employee eligibility	Due to employee take-up	Due to ESI coverage as dependent
Change (2001 to 2005)					
All	-3.8% *	-1.8%	-0.5%	-1.0%	-0.4%
<i>Regular employee, hours worked per week</i>					
Less than 20	-7.7% *	-3.6% ‡	-1.8%	0.6%	-2.9%
20 to 34	-6.4% *	-2.3%	-2.2% ‡	-0.3%	-1.6%
35 or more	-2.8% *	-1.3%	-0.1%	-1.0%	-0.3%
Contingent employee	-4.9% ^	-1.6%	-0.6%	-3.4%	0.6%
Share					
All	100.0%	47.9%	14.0%	26.7%	11.4%
<i>Regular employee, hours worked per week</i>					
Less than 20	100.0%	47.4%	23.2%	-8.3%	37.72%
20 to 34	100.0%	35.6%	34.1%	5.25%	25.1%
35 or more	100.0%	48.4%	3.84%	37.7%	10.1%
Contingent employee	100.0%	32.0%	11.8%	68.4%	-12.2%

* Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 95% confidence level).

^ Indicates change between 2001 and 2005 in percent of people is statistically significant (at the 90% confidence level).

‡ Indicates contribution due to this component for this group differs from the reference group (35 or more hours worked per week) is statistically significant (at the 95% confidence level).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

1330 G STREET NW, WASHINGTON, DC 20005
PHONE: (202) 347-5270, FAX: (202) 347-5274
WEBSITE: WWW.KFF.ORG/KCMU

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