

EMPLOYER HEALTH BENEFITS
2012 ANNUAL SURVEY

Employee
Coverage,
Eligibility, and
Participation

SECTION

3

EMPLOYEE COVERAGE, ELIGIBILITY, AND PARTICIPATION

EMPLOYERS ARE THE PRINCIPAL SOURCE OF HEALTH INSURANCE IN THE UNITED STATES, PROVIDING HEALTH BENEFITS FOR ABOUT 149 MILLION NONELDERLY PEOPLE IN AMERICA.¹ MOST WORKERS ARE OFFERED HEALTH COVERAGE AT WORK, AND THE MAJORITY OF WORKERS WHO ARE OFFERED COVERAGE TAKE IT. WORKERS MAY NOT BE COVERED BY THEIR OWN EMPLOYER FOR SEVERAL REASONS: THEIR EMPLOYER MAY NOT OFFER COVERAGE, THEY MAY BE INELIGIBLE FOR BENEFITS OFFERED BY THEIR FIRM, THEY MAY CHOOSE TO ELECT COVERAGE THROUGH THEIR SPOUSE'S EMPLOYER, OR THEY MAY REFUSE COVERAGE FROM THEIR FIRM.

- ▶ Among firms offering health benefits, 62% percent of workers are covered by health benefits through their own employer (Exhibit 3.2). When considering both firms that offer health benefits and those that don't, 56% of workers are covered under an employer plan (Exhibit 3.1). This coverage rate has remained stable over time.
- ▶ Not all employees are eligible for the health benefits offered by their firm, and not all eligible employees take up the offer of coverage. The share of workers covered in a firm is a product of both the percentage of workers who are eligible for the firm's health insurance and the percentage who choose to "take up" (i.e., elect to participate in) the benefit.
 - Seventy-seven percent of workers in firms offering health benefits are eligible for the coverage offered by their employer (Exhibit 3.2).
 - Eligibility varies considerably by wage level. Employees in firms with a lower proportion of lower-wage workers (less than 35% of workers earn \$24,000 or less annually) are more likely to be eligible for health benefits than employees in firms with a higher proportion of lower-wage workers (where 35% or more of workers earn \$24,000 or less annually) (79% vs. 66%). We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$55,000 or more annually) (82% vs. 73%) (Exhibit 3.3).
- Eligibility also varies by the age of the workforce. Those in firms with fewer younger workers (less than 35% of workers are age 26 or younger) are more likely to be eligible for health benefits than are workers in firms with many younger workers (35% or more of workers are age 26 or younger), at 79% versus 60% (Exhibit 3.3).
- ▶ Employees who are offered health benefits generally elect to take up the coverage. In 2012, 81% of eligible workers take up coverage when it is offered to them, the same as the 81% reported last year (Exhibit 3.2).²
 - The likelihood of a worker accepting a firm's offer of coverage also varies by firm wage level. Eligible employees in firms with a lower proportion of lower-wage workers are more likely to take up coverage (71%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$24,000 or less annually) (82%) (Exhibit 3.4). Similar patterns are seen in firms with a higher proportion of younger workers, with workers in these firms being less likely to take up coverage than those in firms with a smaller share of younger workers (71% vs. 81%).

NOTE:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer*, October 2011. <http://www.kff.org/uninsured/upload/7451-07.pdf>. 56.2% of the non-elderly American population receives insurance coverage through an employer-sponsored plan.² In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

² In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

- ▶ The rate of coverage varies by certain firm characteristics.
 - There is significant variation by industry in the coverage rate among workers in firms offering health benefits. For example, only 40% of workers in retail firms are covered by health benefits offered by their firm, compared to 79% of workers in state and local government, and 76% of workers in the transportation/communications/utilities industry category (Exhibit 3.2).
 - Among workers in firms offering health benefits, those in firms with relatively few part-time workers (less than 35% of workers are part-time) are much more likely to be covered by their own firm than workers in firms with a greater percentage (35% or more) of part-time workers (68% vs. 37%) (Exhibit 3.5).
 - Among workers in firms offering health benefits, those in firms with fewer lower-wage workers (less than 35% of workers earn \$24,000 or less annually) are more likely to be covered by their own firm than workers in firms with many lower-wage workers (35% or more of workers earn \$24,000 or less annually) (65% vs. 47%) (Exhibit 3.5). A comparable pattern exists in firms with a larger proportion of higher wage workers (35% or more earn \$55,000 or more annually).

- Among workers in firms offering health benefits, those in firms with fewer younger workers (less than 35% of workers are age 26 or younger) are more likely to be covered by their own firm than workers in firms with many younger workers (35% or more of workers are age 26 or younger) (64% vs. 43%) (Exhibit 3.5).

AVERAGE WAITING PERIODS

- ▶ Seventy-four percent of covered workers face a waiting period before coverage is available. Covered workers in small firms (3–199 workers) are more likely than those in large firms to have a waiting period, at 81% versus 71% (Exhibit 3.7). Workers in the West also are more likely to face a wait for coverage (84%).
- ▶ The average waiting period among covered workers who face a waiting period is 2.3 months (Exhibit 3.7). While 33% of covered workers face a waiting period of 3 months or more, only 8% face a waiting period of 4 months or more. Workers in small firms (3–199 workers) are more likely to have longer waiting periods than workers in larger firms (Exhibit 3.8).
- ▶ The distribution of covered workers electing single coverage, single plus one coverage, or family coverage is 46%, 17%, and 36% respectively in 2012 (Exhibit 3.9). The distribution of enrollment in single coverage, single plus one and family coverage has remained stable over time.

EXHIBIT 3.1

Percentage of All Workers Covered by Their Employers' Health Benefits, in Firms Both Offering and Not Offering Health Benefits, by Firm Size, 1999–2012

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3–24 Workers	50%	50%	49%	45%	44%	43%	41%	45%	42%	43%	39%	44%	38%	36%
25–49 Workers	56	63	62	57	59	56	55	55	51	57	54	59	49	54
50–199 Workers	61	62	67	64	61	56	59	62	59	60	59	60	59	58
200–999 Workers	69	69	71	69	68	69	65	66	65	67	63	61	63	61
1,000–4,999 Workers	68	68	69	70	69	68	69	68	69	69	67	66	66	66
5,000 or More Workers	64	66	69	68	68	67	66	60	63	64	65	63	64	61
All Small Firms (3–199 Workers)	55%	57%	58%	54%	53%	50%	50%	53%	50%	52%	49%	52%	48%*	47%
All Large Firms (200 or More Workers)	66%	67%	69%	69%	68%	68%	66%	63%	65%	66%	65%	63%	64%	62%
ALL FIRMS	62%	63%	65%	63%	62%	61%	60%	59%	59%	60%	59%	59%	58%	56%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

*Estimates are significantly different from estimate for the previous year shown ($p < .05$).

EXHIBIT 3.2

Eligibility, Take-Up Rate, and Coverage in Firms Offering Health Benefits, by Firm Size, Region, and Industry, 2012

	Percentage of Workers Eligible For Health Benefits Offered By Their Employer	Percentage of Eligible Workers Who Participate in Their Employers' Plan (Take-Up Rate)	Percentage of Workers Covered by Their Employers' Health Benefits
FIRM SIZE			
3–24 Workers	81%	75%*	60%
25–49 Workers	78	79	62
50–199 Workers	76	81	62
200–999 Workers	78	80	63
1,000–4,999 Workers	80*	82	66*
5,000 or More Workers	74*	82	61
All Small Firms (3–199 Workers)	78%	78%*	61%
All Large Firms (200 or More Workers)	76%	82%*	62%
REGION			
Northeast	77%	78%*	60%
Midwest	75	80	60
South	80*	80	64
West	75	84*	63
INDUSTRY			
Agriculture/Mining/Construction	77%	82%	63%
Manufacturing	90*	83	74*
Transportation/Communications/Utilities	88*	86*	76*
Wholesale	87*	83	72*
Retail	58*	69*	40*
Finance	90*	84*	75*
Service	72*	79*	57*
State/Local Government	88*	90*	79*
Health Care	75	79	59
ALL FIRMS	77%	81%	62%

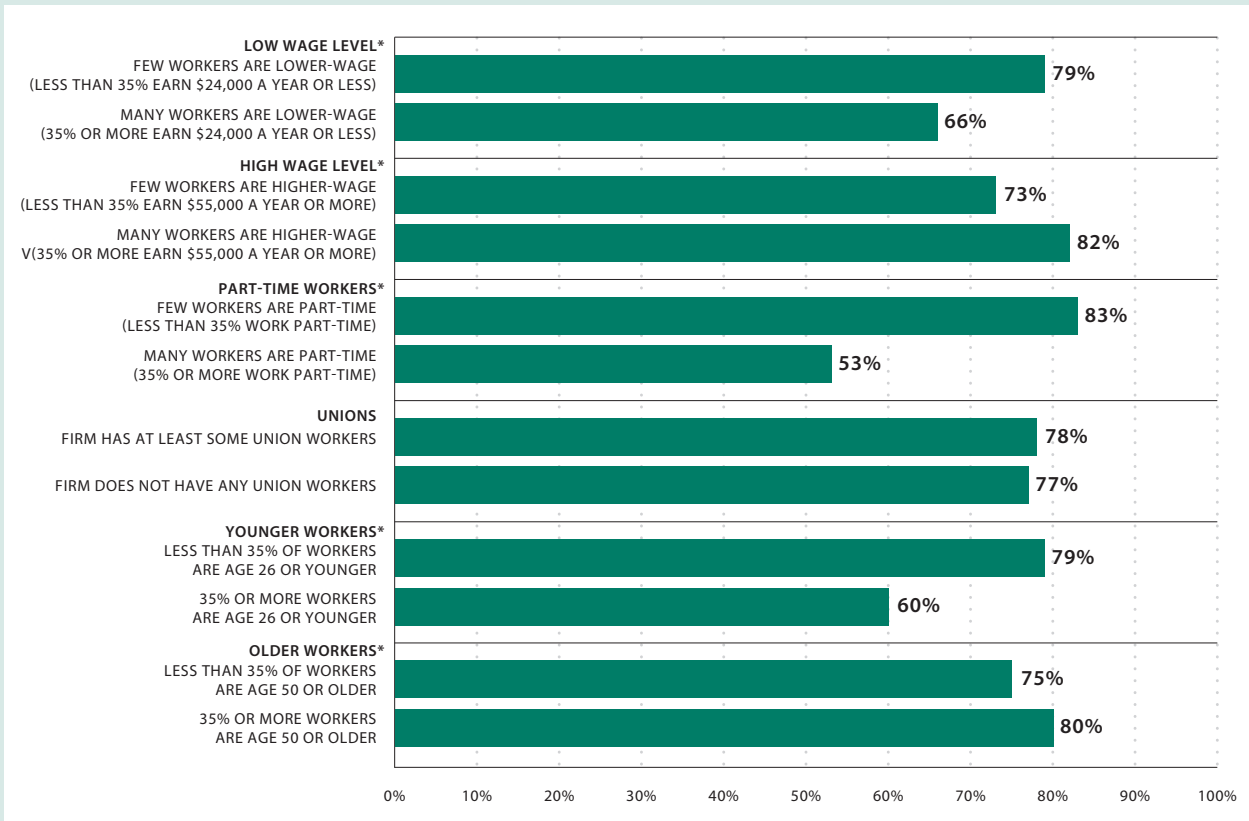
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

* Estimate for eligibility, take-up rate, or coverage is statistically different from all other firms not in the indicated size, region, or industry category (p<.05).

EXHIBIT 3.3

Among Workers in Firms Offering Health Benefits, Percentage of Workers Eligible for Health Benefits Offered by Their Firm, by Firm Characteristics, 2012



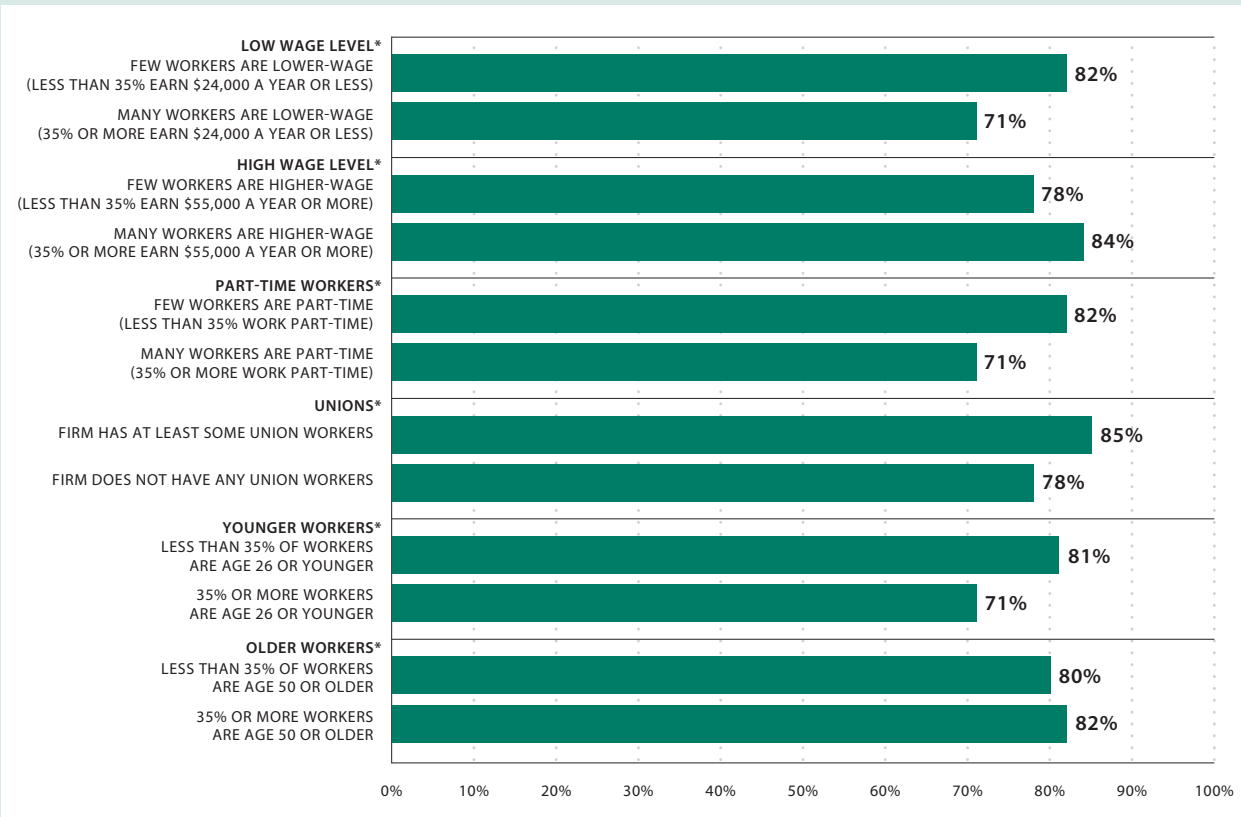
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

* Estimates are statistically different from each other within category (p<.05).

EXHIBIT 3.4

Among Workers in Firms Offering Health Benefits, Percentage of Eligible Workers Who Take Up Health Benefits Offered by Their Firm, by Firm Characteristics, 2012



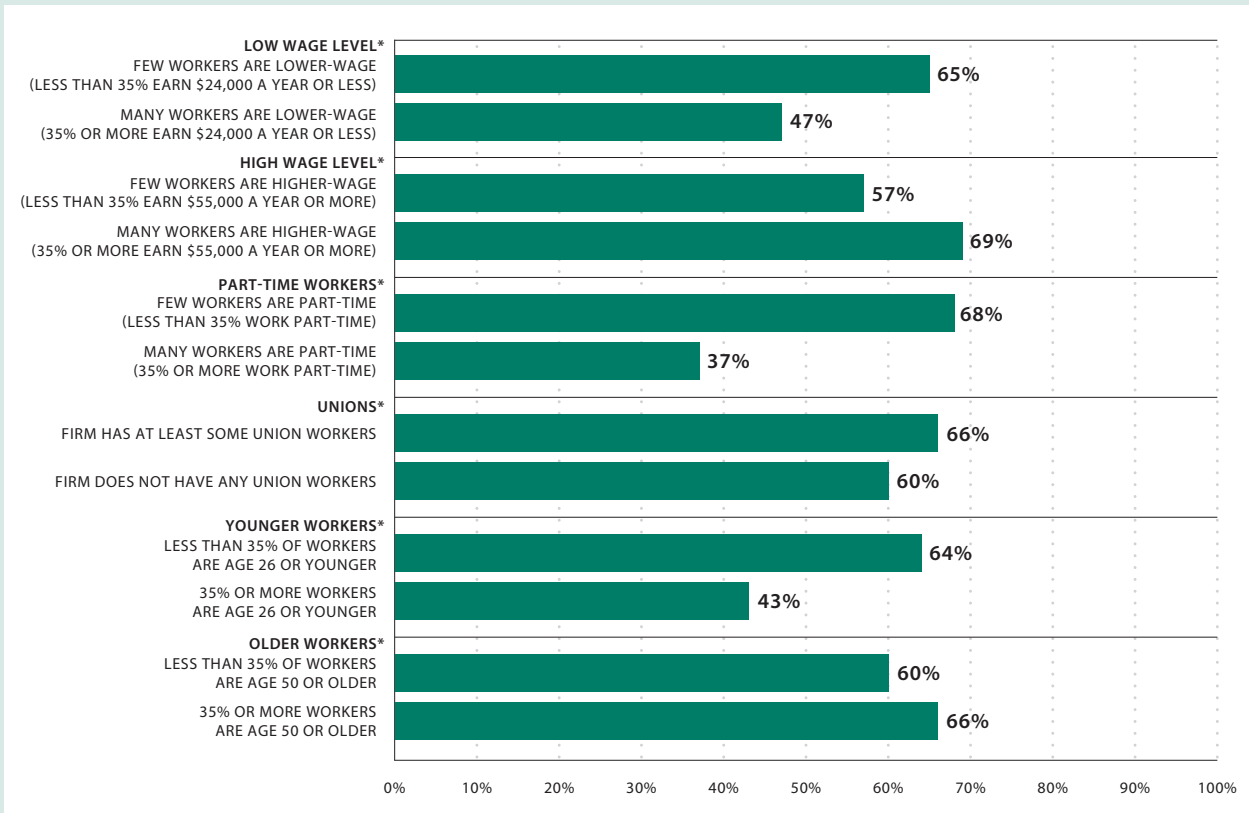
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

* Estimates are statistically different from each other within category (p<.05).

EXHIBIT 3.5

Among Workers in Firms Offering Health Benefits, Percentage of Workers Covered by Health Benefits Offered by Their Firm, by Firm Characteristics, 2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

* Estimates are statistically different from each other within category ($p < .05$).

EXHIBIT 3.6

Eligibility, Take-Up Rate, and Coverage for Workers in Firms Offering Health Benefits, by Firm Size, 1999–2012

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Percentage Eligible														
All Small Firms (3–199 Workers)	81%	82%	85%	82%*	84%	80%	81%	83%	80%	81%	81%	82%	83%	78%*
All Large Firms (200 or More Workers)	78	80	82	80	80	81	79	76	78	79	79	77	78	76
ALL FIRMS	79%	81%	83%	81%*	81%	80%	80%	78%	79%	80%	79%	79%	79%	77%
Percentage of Eligible that Take Up														
All Small Firms (3–199 Workers)	83%	83%	83%	82%	81%	80%	81%	81%	80%	80%	79%	77%	78%	78%
All Large Firms (200 or More Workers)	86	84	85	86	85	84	85	84	84	84	82	82	83	82
ALL FIRMS	85%	84%	84%	85%	84%	83%	83%	83%	82%	82%	81%	80%	81%	81%
Percentage Covered														
All Small Firms (3–199 Workers)	67%	68%	71%	67%*	68%	64%	65%	67%	64%	65%	64%	63%	65%	61%
All Large Firms (200 or More Workers)	66	67	69	69	68	68	67	63	65	66	65	63	65	62
ALL FIRMS	66%	68%	70%	68%	68%	67%	66%	65%	65%	65%	65%	63%	65%	62%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012.

* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

Note: In 2009, Kaiser/HRET began weighting the percentage of workers that take up coverage by the number of workers eligible for coverage. The historical take up estimates have also been updated. See the Survey Design and Methods section for more information.

EXHIBIT 3.7

Percentage of Covered Workers in Firms with a Waiting Period for Coverage and Average Waiting Period in Months, by Firm Size, Region, and Industry, 2012

	Percentage of Covered Workers in Firms with a Waiting Period	Among Covered Workers with a Waiting Period, Average Waiting Period (Months)
FIRM SIZE		
All Small Firms (3–199 Workers)	81%*	2.7*
All Large Firms (200 or More Workers)	71*	2.1*
REGION		
Northeast	66%	2.2
Midwest	73	2.1*
South	73	2.3
West	84*	2.6*
INDUSTRY		
Agriculture/Mining/Construction	74%	3.0
Manufacturing	65	2.5
Transportation/Communications/Utilities	67	2.0*
Wholesale	90*	2.4
Retail	94*	3.3*
Finance	76	1.9*
Service	72	2.3
State/Local Government	66	1.7*
Health Care	78	2.1*
ALL FIRMS	74%	2.3

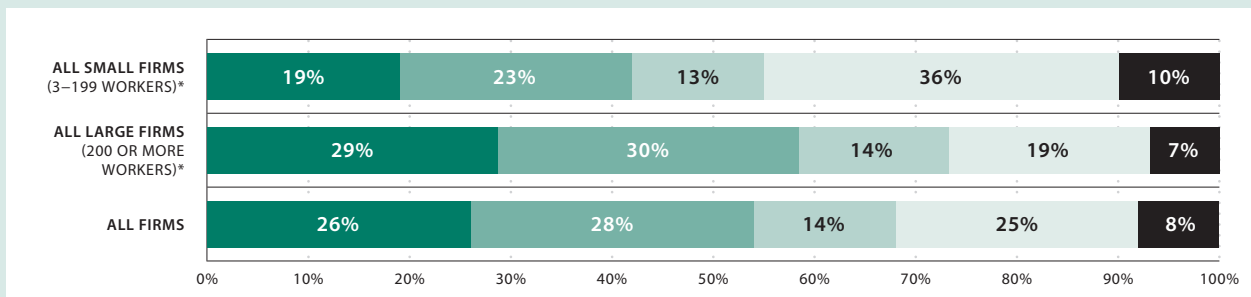
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

* Estimate is statistically different from estimate for all other firms not in the indicated size, region, or industry category (p<.05).

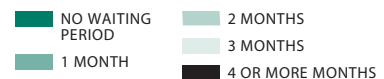
EXHIBIT 3.8

Distribution of Covered Workers with the Following Waiting Periods for Coverage, 2012



SOURCE:

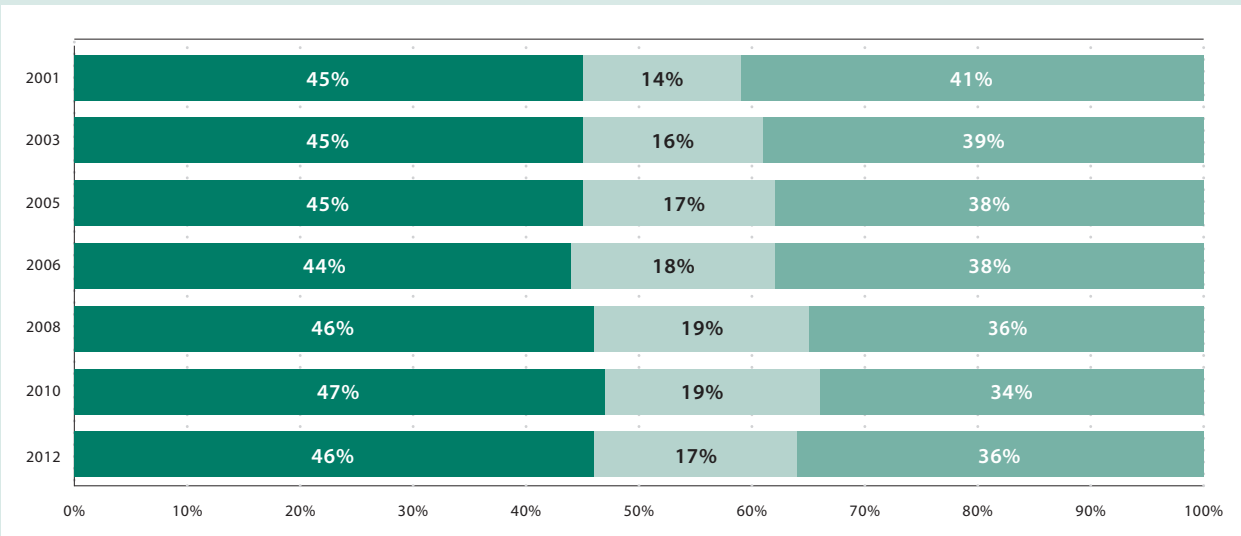
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.



* Distributions are statistically different between All Large Firms and All Small Firms (p<.05).

EXHIBIT 3.9

Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, 2001–2012



SOURCE:

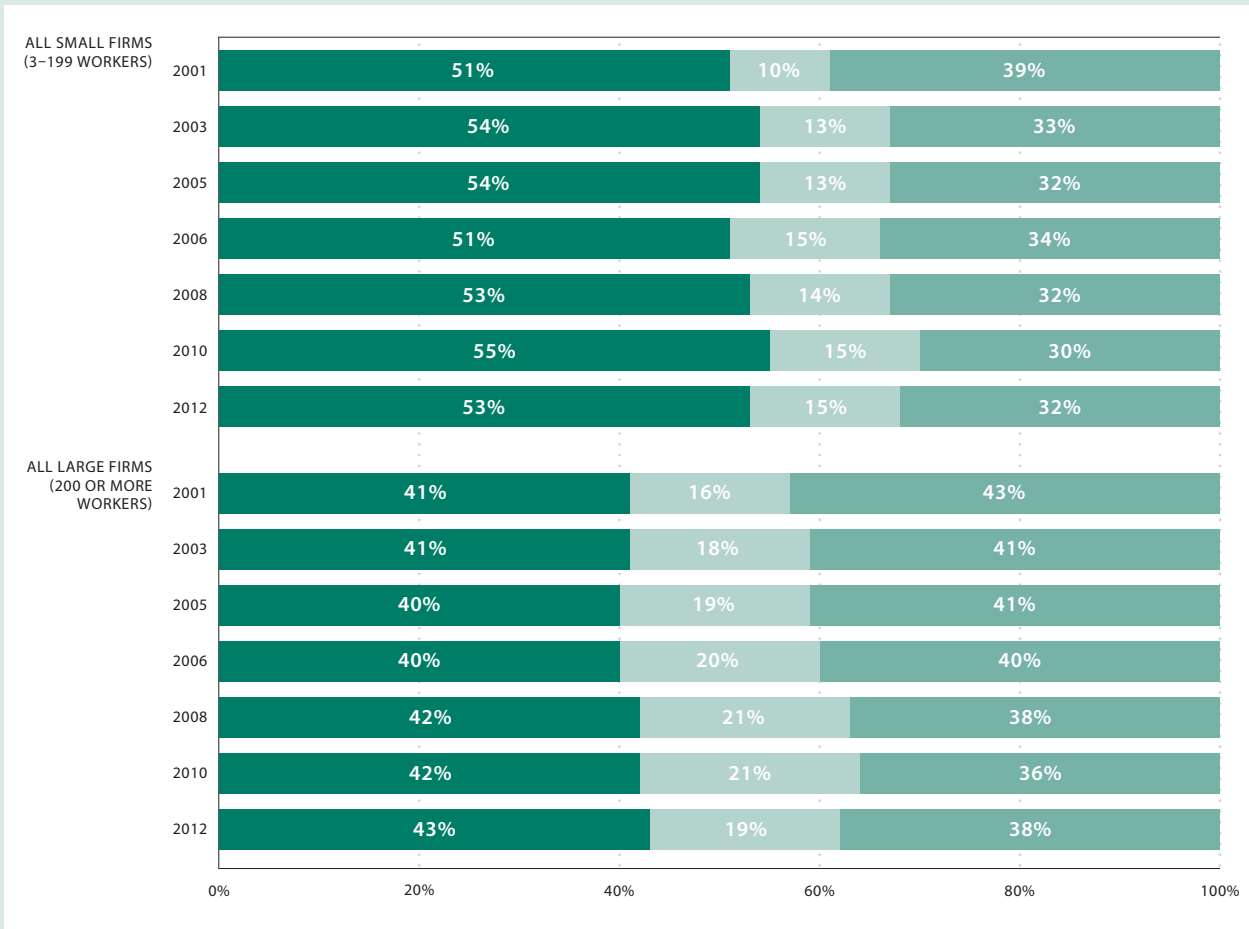
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2012.

Note: Single Plus One coverage includes either an employee plus a spouse or an employee plus a child.

- SINGLE COVERAGE
- SINGLE PLUS ONE COVERAGE
- FAMILY COVERAGE

EXHIBIT 3.10

Distribution of Covered Workers Electing Single Coverage, Single Plus One Coverage, or Family Coverage, by Firm Size, 2001–2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2012.

Note: Single Plus One coverage includes either an employee plus a spouse or an employee plus a child.

