

EMPLOYER HEALTH BENEFITS

2013 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 their employer's plan (Exhibit 3.1). This coverage rate has remained stable over time.

ELIGIBILITY

▶ 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 \$23,000 or less annually) are more likely to be eligible for health benefits than employees in firms with a higher proportion of lower-wage workers (80% vs. 61%). We observe a similar pattern among firms with many higher-wage workers (35% or more of workers earn \$56,000 or more annually) (84% 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, at 78% versus 63% (Exhibit 3.3).

TAKE-UP RATE

▶ Employees who are offered health benefits generally elect to take up the coverage. In 2013, 80% of eligible workers take up coverage when it is offered to them, which is similar to the 81% reported last year (Exhibit 3.2).²

- The likelihood of a worker accepting a firm's offer of coverage also varies by workforce wage level. Eligible employees in firms with a lower proportion of lower-wage workers are more likely to take up coverage (81%) than eligible employees in firms with a higher proportion of lower-wage workers (35% or more of workers earn \$23,000 or less annually) (68%) (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 (70% vs. 81%).

NOTES:

¹ Kaiser Family Foundation, Kaiser Commission on Medicaid and the Uninsured, *The Uninsured: A Primer: Key Facts About Americans Without Health Insurance*, October 2012. www.kff.org/uninsured/issue-brief/the-uninsured-a-primer/. 56% 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.

- Almost nine out of ten workers at public employers who offer health benefits take up coverage (89%). However, workers at private for-profit employers are significantly less likely to do so – only 77% of these workers take up coverage (Exhibit 3.4).

COVERAGE

- ▶ There is significant variation by industry in the coverage rate among workers in firms offering health benefits. For example, only 37% of workers in retail firms offering health benefits are covered by the health benefits offered by their firm, compared to 74% of workers in finance, and 74% 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 of part-time workers (68% vs. 38%) (Exhibit 3.5).
- ▶ Among workers in firms offering health benefits, those in firms with fewer lower-wage workers (less than 35% of workers earn \$23,000 or less annually) are more likely to be covered by their own firm than workers in firms with many lower-wage workers (65% vs. 41%) (Exhibit 3.5). A comparable pattern exists in firms with a larger proportion of higher wage workers (35% or more earn \$56,000 or more annually) offering health benefits.

- ▶ 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 (63% vs. 44%) (Exhibit 3.5).

AVERAGE WAITING PERIODS

- ▶ Seventy-seven 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 83% versus 74% (Exhibit 3.7). Workers in the Northeast are less likely to face a wait for coverage than all other regions (70%).
- ▶ The average waiting period among covered workers who face a waiting period is 1.8 months (Exhibit 3.7). While 30% of covered workers face a waiting period of 3 months or more, only 9% face a waiting period of 4 months or more. Workers in small firms (3–199 workers) generally have longer waiting periods than workers in larger firms (Exhibit 3.8).
- ▶ Ninety-one percent of covered workers at firms with many lower wage workers (firms where more than 35% of the workforce makes \$23,000 or less) compared to 76% at firms with few lower-wage workers face a waiting period before coverage is available.

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, 1999–2013

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
3–24 Workers	50%	50%	49%	45%	44%	43%	41%	45%	42%	43%	39%	44%	38%	36%	36%
25–49 Workers	56	63	62	57	59	56	55	55	51	57	54	59	49	54	53
50–199 Workers	61	62	67	64	61	56	59	62	59	60	59	60	59	58	57
200–999 Workers	69	69	71	69	68	69	65	66	65	67	63	61	63	61	63
1,000–4,999 Workers	68	68	69	70	69	68	69	68	69	69	67	66	66	66	67
5,000 or More Workers	64	66	69	68	68	67	66	60	63	64	65	63	64	61	58
All Small Firms (3–199 Workers)	55%	57%	58%	54%	53%	50%	50%	53%	50%	52%	49%	52%	48%*	47%	46%
All Large Firms (200 or More Workers)	66%	67%	69%	69%	68%	68%	66%	63%	65%	66%	65%	63%	64%	62%	61%
ALL FIRMS	62%	63%	65%	63%	62%	61%	60%	59%	59%	60%	59%	59%	58%	56%	56%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2013.

* 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, 2013

	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	84%*	75%*	63%
25–49 Workers	81	77	63
50–199 Workers	77	80	61
200–999 Workers	79	82	64
1,000–4,999 Workers	81	83*	67*
5,000 or More Workers	73	80	59
All Small Firms (3–199 Workers)	80%*	77%*	62%
All Large Firms (200 or More Workers)	76%*	81%*	62%
REGION			
Northeast	75%	77%*	58%
Midwest	75	78*	58
South	78	82	64
West	80%	82%	65%
INDUSTRY			
Agriculture/Mining/Construction	77%	78%	60%
Manufacturing	89*	82	73*
Transportation/Communications/Utilities	84	88*	74*
Wholesale	90*	78	71*
Retail	56*	67*	37*
Finance	88*	84*	74*
Service	75	78*	58*
State/Local Government	80	91*	73
Health Care	78%	80%	62%
ALL FIRMS	77%	80%	62%

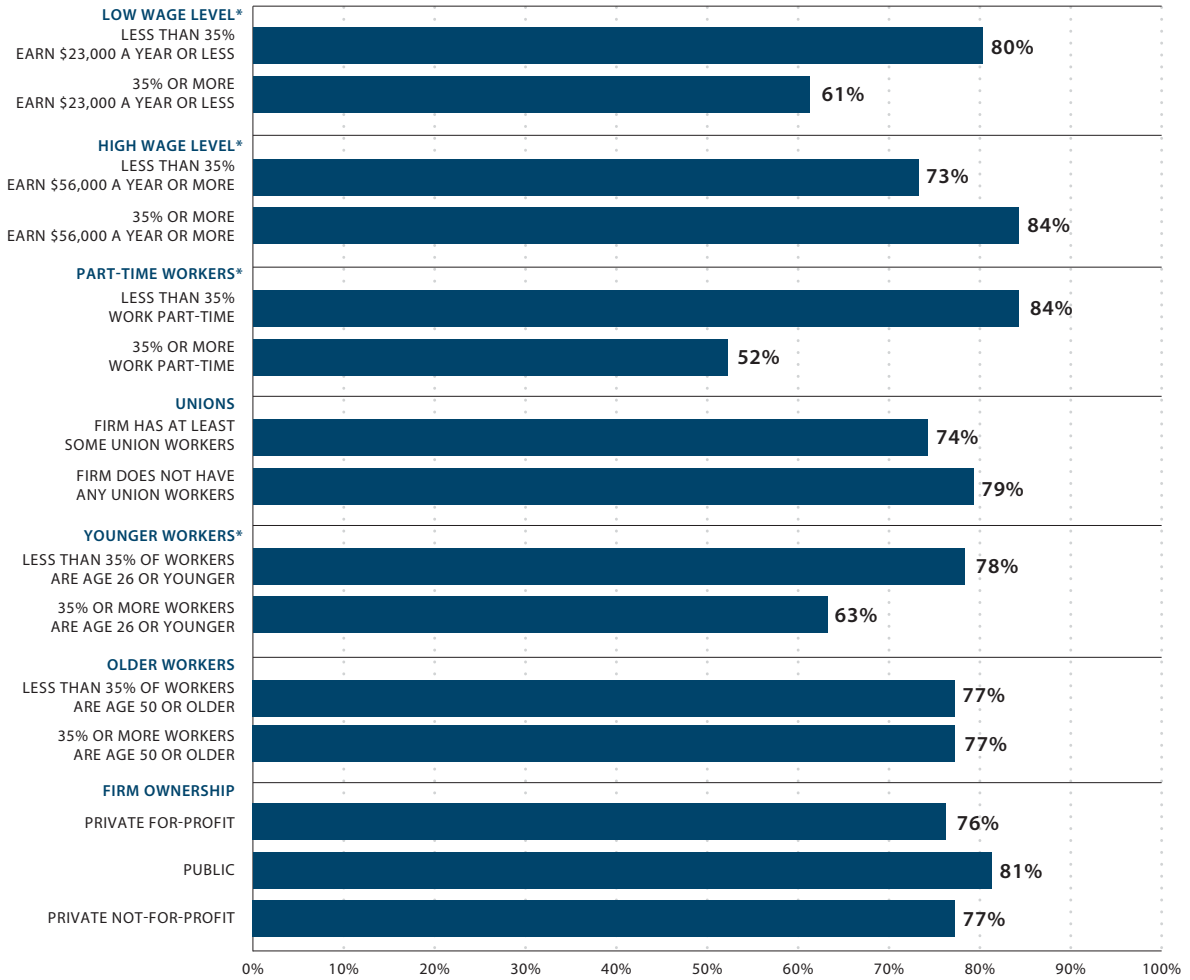
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 2013



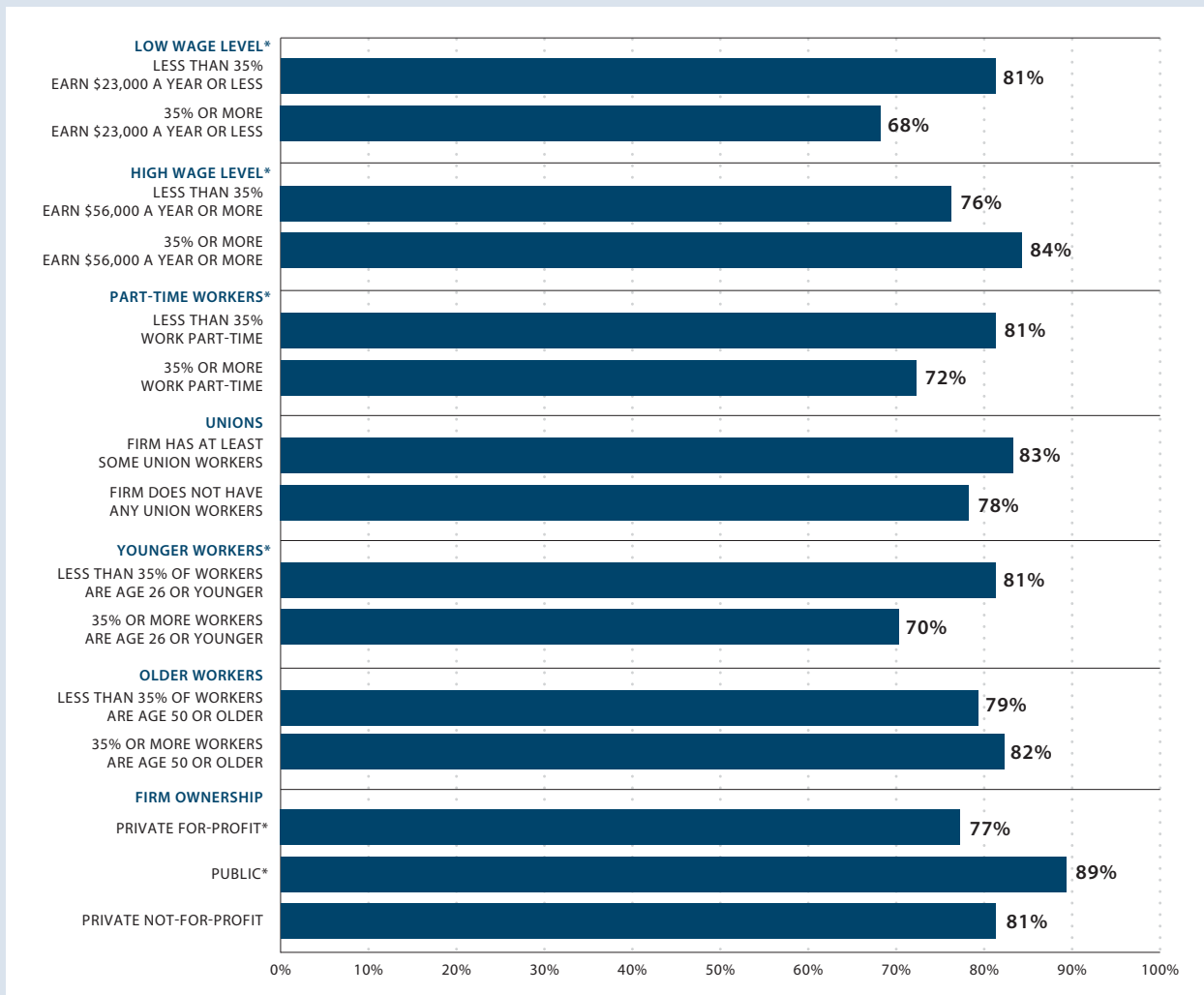
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 2013



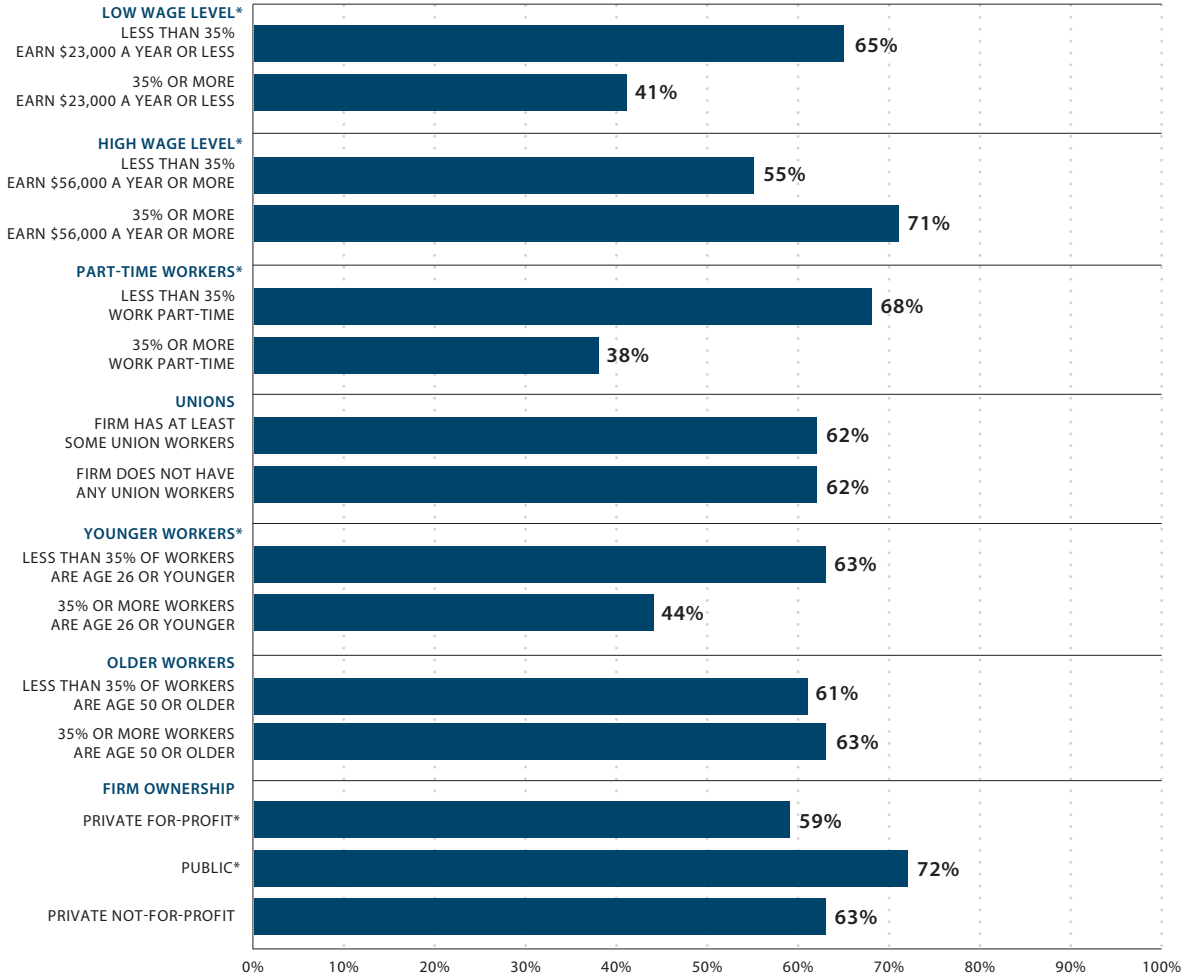
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 2013



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 1999–2013

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Percentage Eligible															
All Small Firms (3–199 Workers)	81%	82%	85%	82%*	84%	80%	81%	83%	80%	81%	81%	82%	83%	78%*	80%
All Large Firms (200 or More Workers)	78	80	82	80	80	81	79	76	78	79	79	77	78	76	76
ALL FIRMS	79%	81%	83%	81%*	81%	80%	80%	78%	79%	80%	79%	79%	79%	77%	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%	77%
All Large Firms (200 or More Workers)	86	84	85	86	85	84	85	84	84	84	82	82	83	82	81
ALL FIRMS	85%	84%	84%	85%	84%	83%	83%	83%	82%	82%	81%	80%	81%	81%	80%
Percentage Covered															
All Small Firms (3–199 Workers)	67%	68%	71%	67%*	68%	64%	65%	67%	64%	65%	64%	63%	65%	61%	62%
All Large Firms (200 or More Workers)	66	67	69	69	68	68	67	63	65	66	65	63	65	62	62
ALL FIRMS	66%	68%	70%	68%	68%	67%	66%	65%	65%	65%	65%	63%	65%	62%	62%

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2013.

* 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, 2013

	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)	83%*	2.1*
All Large Firms (200 or More Workers)	74%*	1.6*
REGION		
Northeast	70%*	1.8
Midwest	80	1.6
South	78	1.7
West	78	2.0
INDUSTRY		
Agriculture/Mining/Construction	84%	2.3*
Manufacturing	75	1.5
Transportation/Communications/Utilities	64	1.1*
Wholesale	85	1.9
Retail	94*	3.8
Finance	72	1.3*
Service	76	1.7
State/Local Government	54*	1.0*
Health Care	89*	1.9
ALL FIRMS	77%	1.8

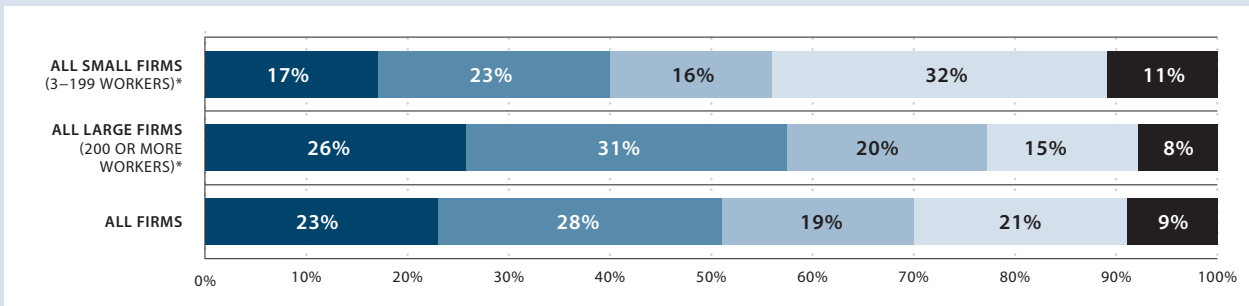
SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

* 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, 2013



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2013.

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



