

STATISTICAL BRIEF #135

July 2006

State Differences in the Cost of Job-Related Health Insurance, 2004

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Introduction

Health insurance provided by employers is the primary source of medical coverage for most Americans under age 65. The cost of employer-sponsored health insurance coverage varies considerably depending upon where one lives and on the number of persons covered by the plan.

This Statistical Brief presents state variations from the national average of the cost of job-related health insurance and how these costs are shared by employers and their employees. The brief specifically examines the average premiums and employee contributions for private sector establishments in the 10 most populous states in 2004, using the most recent data available from the Insurance Component of the Medical Expenditure Panel Survey (MEPS-IC). Estimates for all other states and the District of Columbia are available on the MEPS Web site (www.meps.ahrq.gov).

Only those estimates with statistically significant differences from the national average using a multiple comparison procedure of estimates from all 50 states and the District of Columbia at the 0.05 percent significance level are noted in the text. These estimates are also identified in the tables, with those above the national average noted with two asterisks (**) and those below the national average noted with one asterisk (*).

Findings

The percentage of employees enrolled in single, employee-plus-one, or family coverage can vary by state based on such factors as the number of one- and two-person households in the state, the number of multiple-worker families in which each person takes single coverage from his or her employer, the prevalence of unions, and the additional cost to an employee to insure his or her family beyond the cost for single coverage.

From table 1:

- In the United States, employees enrolled in health insurance coverage through their employer were slightly more likely to take non-single coverage (a plan covering the employee and at least one other person) than just single, self-only coverage.

Highlights

- Among all U.S. employees enrolled in job-related health insurance in 2004, 47.3 percent took single coverage, 17.4 percent took employee-plus-one coverage, and 35.2 percent took family coverage.
- Looking at the 10 largest states, the percentage of employees opting for single coverage ranged from 40.0 percent in Ohio to 54.2 percent in Florida, for employee-plus-one coverage from 14.7 percent in New York to 21.3 percent in Michigan, and for family coverage from 28.9 percent in Florida to 42.5 percent in Ohio.
- Nationwide, the average premiums were \$3,705 for single coverage, \$7,056 for employee-plus-one coverage, and \$10,006 for family coverage. Among the 10 largest states, single premiums ranged from \$3,335 in Georgia to \$3,918 in Michigan, employee-plus-one premiums ranged from \$6,450 in Georgia to \$7,599 in New Jersey, and family premiums ranged from \$9,317 in Georgia to \$11,425 in New Jersey.

- The percentage of employees enrolled in single coverage in the states of Florida (54.2 percent) and California (49.7 percent) were higher than the national average of 47.3 percent. Ohio (40.0 percent) and Michigan (42.6 percent) were lower than the national average.
- The percentage of employees enrolled in employee-plus-one coverage was lower than the national average of 17.4 percent in New York (14.7 percent).
- The percentage of employees enrolling in family coverage was higher than the national average of 35.2 percent in Illinois (37.7 percent) and lower in Florida (28.9 percent) and California (32.7 percent).

Job-related health insurance premiums can vary for many reasons, such as the type of health insurance plan offered, the generosity of the plan, the size of the firm offering the plan, various workforce characteristics, state health insurance regulations, and the local cost of health care. All of these factors can contribute to differences in the average health insurance premiums between states.

From table 2:

- The average annual health insurance premiums in the United States in 2004 were \$3,705 for single coverage, \$7,056 for employee-plus-one coverage, and \$10,006 for family coverage.
- The average state health insurance premiums for single coverage were above the national average in New York (\$3,858) and below the national average in Georgia (\$3,335).
- The average state health insurance premiums for employee-plus-one coverage were above the national average in New Jersey (\$7,599) and below the national average in Georgia (\$6,450).
- The average state health insurance premiums for family coverage were above the national average in New Jersey (\$11,425) and below the national average in Georgia (\$9,317), California (\$9,557), and Ohio (\$9,590).

Health insurance premiums can be paid totally by the employer or the employee, or the cost can be shared by both parties. While cost sharing between employers and employees is the most common arrangement, a significant number of employees pay no contribution toward their health insurance premium.

From table 3:

- Nationwide, 23.7 percent of employees with single coverage, 9.5 percent with employee-plus-one coverage, and 14.7 percent with family coverage made no contribution toward their premiums.
- Employees in Michigan (33.8 percent) and California (29.6 percent) were more likely to make no contribution toward single-coverage premiums than the national average of 23.7 percent.
- Employees in Michigan (34.8 percent) were more likely to make no contribution to employee-plus-one coverage premiums than the national average of 9.5 percent, while employees were less likely to make no contribution in the states of Texas (4.1 percent) and Florida (4.5 percent).
- Employees in New Jersey (33.4 percent), Michigan (31.1 percent), and New York (27.4 percent) were more likely to make no contribution toward family coverage premiums than the national average of 14.7 percent, while employees were less likely to make no contribution in the states of Texas (6.6 percent), Georgia (7.2 percent), and Florida (7.5 percent).

The average employee contributions to health insurance premiums (including the zero contributions noted in table 3) can vary significantly between states. In table 4, the average employee contributions for single, employee-plus-one, and family coverage per enrolled employee are displayed for the 10 largest states—both in dollar amounts and as a percentage of the average premium in each state.

Highlights

- Nationwide, 23.7 percent of employees with single coverage, 9.5 percent with employee-plus-one coverage, and 14.7 percent with family coverage made no contribution toward their premiums. Among the 10 largest states, the percentage of employees with single coverage who made no contribution toward premiums ranged from 17.9 percent in Georgia to 33.8 percent in Michigan, for those with employee-plus-one coverage from 4.1 percent in Texas to 34.8 percent in Michigan, and for those with family coverage from 6.6 percent in Texas to 33.4 percent in New Jersey.
- Contributions toward health insurance premiums made by employees nationwide averaged \$671 for single coverage, \$1,667 for employee-plus-one coverage, and \$2,438 for family coverage. Among the 10 largest states, employee contributions for single coverage ranged from \$554 in California to \$723 in Florida, for employee-plus-one coverage from \$1,254 in Michigan to \$1,996 in Florida, and for family coverage from \$1,770 in Michigan to \$2,972 in Florida.

From table 4:

- The average annual employee contributions to health insurance premiums per enrolled employee in the United States in 2004 were \$671 for single coverage (18.1 percent of the average single premium), \$1,667 for employee-plus-one coverage (23.6 percent of the average employee-plus-one premium), and \$2,438 for family coverage (24.4 percent of the average family premium).
- Employees in California (\$554) and Michigan (\$558) contributed less than the national average of \$671 toward their single coverage health insurance premiums. As a percentage of the average single premium, Georgia (21.5 percent) was higher than the national average of 18.1 percent.
- Employee contributions (in dollars) for employee-plus-one coverage were not statistically significantly different from the national average of \$1,667 in any of the 10 largest states. However, as a percentage of the premium for that coverage, the employee contributions to employee-plus-one coverage were below the national average of 23.6 percent in New York (20.2 percent).
- Employee contributions for family premiums in Michigan (\$1,770 or 18.1 percent of the premium) and Pennsylvania (\$2,033 or 20.4 percent of the premium) were lower than the national average of \$2,438 or 24.4 percent of the premium. As a percentage of the average family premium, New Jersey (16.5 percent) was also lower than the national average.

Data Source

The statistics in this brief are estimates from the 2004 MEPS-IC. All information comes from tables that are available on the MEPS Web site (www.meps.ahrq.gov). Estimates for other states and other years are also available on the MEPS Web site, although estimates are not available for every state in every year.

Definitions

Employer

A particular workplace or physical location where business is conducted or services or industrial operations are performed. In this brief, only private sector employer estimates are reported.

Employee

A person on the actual payroll. This excludes temporary and contract workers but includes the owner or manager if that person works at the firm.

Enrollee

An employee who is enrolled in a health insurance plan offered by the employer. Enrollees do *not* include any dependents covered by the plan.

Health insurance plan

An insurance contract that provides hospital and/or physician coverage to an employee for an agreed-upon fee for a defined benefit period, usually a year.

Premium

Agreed-upon fees paid for coverage of medical benefits for a defined benefit period. Premiums can be paid by employers, unions, employees, or shared by the insured individual and the plan sponsor.

Single coverage

Health insurance that covers the employee only.

Employee-plus-one coverage

Health insurance that covers the employee plus one family member at a lower premium level than family coverage. This family member could be a spouse or a child. If premiums differed for employee-plus-spouse and employee-plus-child coverage, information for employee-plus-child coverage was reported.

Family coverage

Health insurance that covers the employee and the employee's family. If a plan offers more than one pricing level for family coverage, information for a family of four was reported.

About MEPS-IC

MEPS-IC is a survey of business establishments and governments that collects information on employer-sponsored health insurance, such as whether insurance is offered, enrollments, types of plans, and premiums. The survey is conducted annually by the U.S. Census Bureau under the sponsorship of the Agency for Healthcare Research and Quality. The yearly response rate has averaged 78 percent for in-scope sample units. Approximately 4 percent of the original sample has been out-of-scope in a typical year. A total sample of 42,000 private sector establishments was selected for the 2004 survey, prior to accounting for losses due to nonresponse and out-of-scope cases.

For more information on this survey, see MEPS Methodology Reports 6, 8, and 10 and the MEPS-IC Technical Appendix, which are available on the MEPS Web site (www.meps.ahrq.gov).

Suggested Citation

Branscome, J. M. *State Differences in the Cost of Job-Related Health Insurance, 2004*. Statistical Brief #135. July 2006. Agency for Healthcare Research and Quality, Rockville, Md. <http://www.meps.ahrq.gov/papers/st135/stat135.pdf>

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AHRQ welcomes questions and comments from readers of this publication who are interested in obtaining more information about access, cost, use, financing, and quality of health care in the United States. We also invite you to tell us how you are using this Statistical Brief and other MEPS data and tools and to share suggestions on how MEPS products might be enhanced to further meet your needs. Please e-mail us at mepsdpd@ahrq.gov or send a letter to the address below:

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Table 1. Percentage of private sector employees enrolled in employer-based health insurance plans that have single, employee-plus-one, or family coverage: United States and 10 largest states, 2004

State	Single coverage	Family-plus-one coverage	Family coverage
UNITED STATES	47.3%	17.4%	35.2%
California	49.7%**	17.6%	32.7%*
Texas	49.3%	18.8%	31.9%
New York	47.3%	14.7%*	38.1%
Florida	54.2%**	16.8%	28.9%*
Illinois	45.3%	16.9%	37.7%**
Pennsylvania	46.4%	16.9%	36.7%
Ohio	40.0%*	17.5%	42.5%
Michigan	42.6%*	21.3%	36.1%
New Jersey	44.2%	16.4%	39.3%
Georgia	47.5%	17.8%	34.7%

* Below the national average. ** Above the national average.

Note: Percentages may not add to 100 percent due to rounding.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004, Tables II.C.4, II.D.4, and II.E.4

Table 2. Average annual health insurance premium per enrolled employee at private sector establishments offering health insurance: United States and 10 largest states, 2004

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	\$3,705	\$7,056	\$10,006
California	\$3,534	\$6,733	\$9,557*
Texas	\$3,781	\$6,973	\$10,110
New York	\$3,858**	\$7,424	\$10,397
Florida	\$3,807	\$7,354	\$10,444
Illinois	\$3,768	\$7,318	\$10,357
Pennsylvania	\$3,671	\$7,380	\$9,987
Ohio	\$3,782	\$6,844	\$9,590*
Michigan	\$3,918	\$7,231	\$9,763
New Jersey	\$3,882	\$7,599**	\$11,425**
Georgia	\$3,335*	\$6,450*	\$9,317*

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004, Tables II.C.1, II.D.1, and II.E.1.

Table 3. Percentage of private sector employees enrolled in single, employee-plus-one, and family health insurance coverage that required no contribution from the employee: United States and 10 largest states, 2004

State	Single coverage	Employee-plus-one coverage	Family coverage
UNITED STATES	23.7%	9.5%	14.7%
California	29.6%**	10.4%	15.8%
Texas	21.7%	4.1%*	6.6%*
New York	26.1%	15.3%	27.4%**
Florida	22.4%	4.5%*	7.5%*
Illinois	19.0%	10.3%	16.3%
Pennsylvania	21.8%	9.5%	17.1%
Ohio	20.0%	19.1%	14.7%
Michigan	33.8%**	34.8%**	31.1%**
New Jersey	30.0%	15.0%	33.4%**
Georgia	17.9%	6.0%	7.2%*

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004, Tables II.C.4.a, II.D.4.a, and II.E.4.a.

Table 4. Average annual employee contribution toward the premium per enrolled employee at private sector establishments offering health insurance in 2004: United States and 10 largest states

State	Single coverage		Employee-plus-one coverage		Family coverage	
	Dollars	Percentage of premium	Dollars	Percentage of premium	Dollars	Percentage of premium
UNITED STATES	\$671	18.1%	\$1,667	23.6%	\$2,438	24.4%
California	\$554*	15.7%	\$1,635	24.3%	\$2,430	25.4%
Texas	\$663	17.5%	\$1,891	27.1%	\$2,788	27.6%
New York	\$714	18.5%	\$1,499	20.2%*	\$2,090	20.1%
Florida	\$723	19.0%	\$1,996	27.1%	\$2,972	28.5%
Illinois	\$693	18.4%	\$1,674	22.9%	\$2,351	22.7%
Pennsylvania	\$661	18.0%	\$1,583	21.5%	\$2,033*	20.4%*
Ohio	\$687	18.2%	\$1,408	20.6%	\$2,206	23.0%
Michigan	\$558*	14.2%*	\$1,254	17.3%	\$1,770*	18.1%*
New Jersey	\$613	15.8%	\$1,515	19.9%	\$1,886	16.5%*
Georgia	\$716	21.5%**	\$1,708	26.5%	\$2,599	27.9%

* Below the national average. ** Above the national average.

Source: Center for Financing, Access, and Cost Trends, AHRQ, Insurance Component of the Medical Expenditure Panel Survey, 2004, Tables II.C.2, II.C.3, II.D.2, II.D.3, II.E.2, and II.E.3.