STATE-LEVEL TRENDS IN EMPLOYER-SPONSORED HEALTH INSURANCE, 2012–2016

August 2017
The nation’s attention has recently concentrated on health insurance coverage purchased through Affordable Care Act marketplaces, but it is important to remember that the majority of individuals in the United States are enrolled in health insurance through an employer.

The following chartbook summarizes analyses of the experiences of private-sector employees who had Employer-Sponsored Insurance (ESI), by firm size, from 2012 to 2016.

These analyses used estimates from the Medical Expenditure Panel Survey - Insurance Component (MEPS-IC), recently produced by the Agency for Healthcare Research and Quality (AHRQ).

Companion products for this chartbook include:

- Individual profiles for each state, highlighting ESI trends, 2012–2016
- A 50-state interactive map showing levels of, and changes in, employee enrollment in High-Deductible Health Plans (HDHP) in 2016, with links to state profile pages
- A blog on ESI premium and deductible growth in 2016
- A blog on ESI coverage and costs in 2016

These companion products are available at www.shadac.org/ESIReport2017
Nationally, the percent of employers offering health insurance coverage was unchanged from 2015 to 2016, as was the percent of employees eligible for ESI.

Changes in offer rates from 2015 to 2016 varied by firm size: Offer rates stabilized among small firms but increased among large firms.

Nationally, 73.3% of eligible employees were enrolled in ESI in 2016, down 1.7 percentage points (pp) from 2015.

Premium increases have continued, but the growth rate of premiums remained unchanged from 2015 to 2016.

Slowed premium growth from 2015 to 2016 was offset by a 10.1% ($155) increase in average deductibles during this period.

The proportion of employees enrolled in high-deductible health plans nationwide grew significantly from 2015 to 2016, reaching 42.6% (a 3.2 pp increase).

State variation in access to and enrollment in ESI plans, along with ESI cost, continued.

~For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016).

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• The majority of non-elderly Americans get their health insurance coverage from an employer, whether from their own employer or the employer of a family member (e.g., a spouse or parent).

• Employee access to ESI has three components:

  1. **Employee Offer**: An employee must work in an establishment that offers coverage.

  2. **Employee Eligibility**: An employee must meet the criteria established by the employer to be eligible for coverage that is offered. (For example, he/she might have to work a minimum number of hours per pay period or complete a minimum length of service with the employer in order to be eligible.)

  3. **Employee Take-Up**: The employee must decide to enroll in—or “take up”—the offer of ESI coverage.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• In 2016, there were 123 million private-sector employees in the U.S. and 7.4 million establishments.

• Employee access to ESI:

  1. **Employee Offer**: 84.3% of employees worked in establishments that offered ESI (104 million employees).

  2. **Employee Eligibility**: 76.5% of employees who worked in establishments that offered coverage were eligible to enroll (79 million employees).

  3. **Employee Take-Up**: 73.3% of eligible employees enrolled in coverage (58 million employees).

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• There was a 0.4 pp decline in the ESI offer rate among all firms from 2015 to 2016, although this change was not statistically significant.

  • Small firms saw a decline of 0.8 pp from 2015 to 2016, a change that was not statistically significant.

  • Among large firms, the offer rate increased by 1.0 pp.

• Only five states saw significant changes to employer offer rates (among firms of all sizes) from 2015 to 2016:

  • Mississippi (↑ 8.5 pp)

  • Arkansas (↓ 10.3 pp)

  • Hawaii (↓ 7.0 pp)

  • Montana (↓ 6.0 pp)

  • West Virginia (↓ 6.2 pp)

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• Nationwide, 84.3% of employees worked in establishments that offered health insurance in 2016.

• The percentage of employees who work in establishments that offered ESI varied significantly among states in 2016.

• In 2016, Hawaii had the highest proportion of employees with an offer of insurance (96.8%), and Montana had the lowest proportion (66.2%).

Note: Hawaii has a broad employer mandate that preceded the ACA. The Hawaii Prepaid Health Care Act, enacted in 1974, requires private employers to provide health insurance for employees who work at least 20 hours (some exceptions apply).

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• **Nationwide**, there was **no significant change** in the percentage of employees in establishments (all sizes) offering ESI from 2015 to 2016.
  
  • Among **small firms**, the percentage of employees in establishments offering coverage increased by 0.1 pp, although this change was **not significant**.
  
  • Among **large firms**, the percentage of employees in establishments offering coverage increased by 0.5 pp, a **significant change**.
  
• Only **one state saw a significant change** in the percentage of employees who were offered coverage (all firm sizes) from 2015 to 2016:
  
  • **Tennessee** (↑ 4.2 pp)
• Nationwide, 76.5% of employees in establishments offering health insurance coverage were eligible for coverage in 2016.

• The percentage of employees with an offer who were also eligible for ESI varied among states in 2016.

• In 2016, Alabama had the highest percentage of employees at offering establishments who were eligible for coverage (81.9%), and Nevada had the lowest percentage (68.7%).

Note: Hawaii has a broad employer mandate that preceded the ACA. The Hawaii Prepaid Health Care Act, enacted in 1974, requires private employers to provide health insurance for employees who work at least 20 hours (some exceptions apply).

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• **Nationwide**, there was no significant change in the percentage of employees at offering firms (all sizes) who were eligible for coverage from 2015 to 2016.
  
  • Among **small firms**, the percentage of employees at offering establishments who were eligible for coverage declined by 0.4 pp, although this change was not statistically significant.
  
  • Among **large firms**, the percentage of employees at offering establishments who were eligible for coverage increased by 0.7 pp, but this change was not statistically significant.
  
• Only **two states saw significant changes** in the percentage of employees at offering establishments who were eligible for coverage (all firm sizes) from 2015 to 2016:
  
  • **Nevada** (↓ 7.4 pp)
  
  • **Washington** (↑ 7.3 pp)

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
Nationally, 73.3% of employees eligible for insurance through their employer were enrolled in 2016.

Among the states, Hawaii had the highest rate of take-up in 2016 (80.4%), while New Mexico had the lowest rate (68.4%).

<table>
<thead>
<tr>
<th>TOP FIVE STATES</th>
<th>PERCENT OF ESI-ELIGIBLE WORKERS ENROLLED IN COVERAGE, ALL FIRM SIZES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hawaii</td>
<td>80.4%</td>
</tr>
<tr>
<td>2. Oregon</td>
<td>79.2%</td>
</tr>
<tr>
<td>3. North Dakota</td>
<td>78.5%</td>
</tr>
<tr>
<td>4. Idaho</td>
<td>78.2%</td>
</tr>
<tr>
<td>5. Michigan</td>
<td>77.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BOTTOM FIVE STATES</th>
<th>PERCENT OF ESI-ELIGIBLE WORKERS ENROLLED IN COVERAGE, ALL FIRM SIZES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New Mexico</td>
<td>68.4%</td>
</tr>
<tr>
<td>2. New York</td>
<td>68.7%</td>
</tr>
<tr>
<td>3. Arizona</td>
<td>69.1%</td>
</tr>
<tr>
<td>4. Ohio</td>
<td>69.1%</td>
</tr>
<tr>
<td>5. West Virginia</td>
<td>69.2%</td>
</tr>
</tbody>
</table>

United States 73.3%

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
Nationally, the percentage of eligible employees enrolled in ESI coverage at all firms declined 1.7 pp from 2015 to 2016.

- Large firms saw a decline of 1.8 pp.
- Small firms saw a decline of 1.7 pp.

Four states saw a decline in the percentage of eligible employees enrolled in ESI at all firms from 2015 to 2016:

- Alaska (↓ 6.9 pp)
- California (↓ 4.3 pp)
- District of Columbia (↓ 6.8 pp)
- Virginia (↓ 6.3 pp)

No state saw a statistically significant increase in the share of eligible employees enrolled in ESI at all firms.

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

* Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
ESI PREMIUMS AND DEDUCTIBLES
Nationally, the average premium for single coverage among employees in all firms was $6,101 in 2016.

There was wide and significant variation among states in average annual single coverage premiums in 2016.

Among states, Alaska had the highest average premium in 2016 at $7,886, while Arkansas had the lowest average premium at $5,341.

### AVERAGE ANNUAL SINGLE COVERAGE PREMIUM, ALL FIRM SIZES

**TOP FIVE STATES**

1. Alaska $7,886  
2. Rhode Island $6,665  
3. New Hampshire $6,637  
4. Massachusetts $6,621  
5. New York $6,614

**United States** $6,101

**BOTTOM FIVE STATES**

1. Arkansas $5,341  
2. Nevada $5,490  
3. Alabama $5,536  
4. Tennessee $5,543  
5. Idaho $5,594

Note: Additional information on family coverage can be found in the 50-state tables at [www.shadac.org/ESIReport2017](http://www.shadac.org/ESIReport2017).

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
AVERAGE ESI PREMIUMS FOR SINGLE COVERAGE, ALL FIRM SIZES, 2016

Note: Information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
PREMIUMS INCREASED NATIONALLY, BUT GROWTH RATES REMAINED UNCHANGED

Average ESI Premiums, All Firm Sizes, 2012–2016

- Single Coverage
- Family Coverage

<table>
<thead>
<tr>
<th>Year</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$5,384</td>
<td>$15,473</td>
</tr>
<tr>
<td>2013</td>
<td>$5,571</td>
<td>$16,029</td>
</tr>
<tr>
<td>2014</td>
<td>$5,832</td>
<td>$16,655</td>
</tr>
<tr>
<td>2015</td>
<td>$5,963</td>
<td>$17,322</td>
</tr>
<tr>
<td>2016</td>
<td>$6,101*</td>
<td>$17,710*</td>
</tr>
</tbody>
</table>

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.
Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC

3.4% Average Annual Growth
$17,710*

3.2% Average Annual Growth
$6,101*
The average employee share of premiums remained relatively stable nationally from 2012 to 2016.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
The employee contribution for single coverage premiums ranged from a low of 12.0% in Hawaii to a high of 27.3% in Alabama in 2016.

The employee contribution for family coverage premiums ranged from a low of 20.1% in Michigan to a high of 36.1% in Missouri in 2016.

Three states saw statistically significant declines in the percentage of employee contribution to either single or family premiums between 2015 and 2016.

Nine states saw statistically significant increases in the percentage of employee contribution to either single or family premiums between 2015 and 2016.

**Employee Contribution for Single Coverage Premiums, All Firm Sizes**

**Lowest Contribution**
1. Hawaii 12.0%
2. Washington 15.3%
3. Idaho 15.6%
4. Alaska 16.7%
5. Oregon 17.2%

**United States 21.7%**

**Highest Contribution**
1. Arkansas 27.3%
2. Nevada 26.9%
3. Alabama 25.3%
4. Tennessee 25.2%
5. Idaho 25.0%

Note: Additional information on family coverage can be found in the 50-state tables at [www.shadac.org/ESIReport2017](http://www.shadac.org/ESIReport2017).
Nationally, annual single coverage premiums increased by $138 (2.3%).

Ten states had a decline in single coverage premiums, but these declines were not statistically significant.

Five states had statistically significant increases in single coverage premiums, and all were greater than 5%.

Georgia had the largest absolute ($490) and relative (8.8%) increase in average annual single-coverage premiums from 2015 to 2016.

Since 2010, premiums in Idaho have been below the national average; premiums in Alaska, New York, and Pennsylvania have been at or above the national average during this period.


<table>
<thead>
<tr>
<th>State</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>$490</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$481</td>
</tr>
<tr>
<td>Florida</td>
<td>$421</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$379</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$341</td>
</tr>
<tr>
<td>United States</td>
<td>$138</td>
</tr>
</tbody>
</table>
- Nationally, the slowed growth in premium prices in recent years has been offset by the growth of deductibles.

- In 2016, 84.5% of employees in firms of all sizes were enrolled in an ESI plan with a deductible.

- Between 2015 and 2016, premiums grew by 2% ($138 increase) while deductibles grew by 10% ($155 increase).

- Over the five-year period of 2012 to 2016, premiums grew by 13%, compared to deductibles that grew by 45%.

- Nationally, the average deductible was $1,696 for employees enrolled in single coverage (all firm sizes). This was a 10.1% increase from 2015, when the average individual deductible was $1,541.

- Small firms have much higher average deductibles. In 2016, small firms had an average deductible of $2,105, compared to $1,615 for large firms.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017. * Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
• Average deductibles for single plans ranged from a low of $988 in Hawaii to a high of $2,434 in New Hampshire in 2016 (firms of all sizes).

• Fourteen states saw statistically significant increases in average deductibles for single plans between 2015 and 2016, ranging from $306 to almost $600 (no states saw statistically significant declines).

• Across firms of all sizes, only two states saw statistically significant declines in average deductibles—small firms in Indiana and large firms in New Mexico.

Note: Additional information on family coverage can be found in the 50-state tables at www.shadac.org/ESIReport2017.
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Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
Nationally, 42.6% of enrolled employees at all firms were enrolled in high-deductible health plans in 2016. There was wide variation among states on this measure. Among states, New Hampshire had the highest percentage of employees enrolled in high-deductible health plans (69.2%) in 2016, and Hawaii had the lowest percentage (11.8%).

For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016). This includes employees enrolled in single and family plans.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
HIGH-DEDUCTIBLE HEALTH PLAN (HDHP) ENROLLMENT, 2016

For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016). This includes employees enrolled in single and family plans.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
PERCENT OF ENROLLED EMPLOYEES IN HIGH-DEDUCTIBLE HEALTH PLANS~, 2012–2016

*For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016). This includes employees enrolled in single and family plans.

* Significant difference between 2015 and 2016 estimates at the 95% confidence level.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
From 2015 to 2016, the percentage of employees enrolled in high-deductible health plans (HDHPs) increased in the large majority of states, although these increases were not statistically significant in all cases.

Ten states had statistically significant increases in high-deductible health plan enrollment from 2015 to 2016.

Two states (Florida and Utah) had statistically significant decreases during this period.

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For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016). This includes employees enrolled in single and family plans.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
This report includes estimates for private-sector employers and employees and does not include dependents. The MEPS-IC has no data on the number of dependents covered and therefore cannot estimate total covered persons; it can only estimate employee enrollment.

- Small firms are defined as fewer than 50 employees.
- Large firms are defined as 50 or more employees.

For calculations based on all employees/all firms, we use the final weighted estimates from the MEPS-IC, which rakes to firm sizes from the Census Bureau’s Business Register as part of its weighting process. For more information on the MEPS-IC weighting methodology, see MEPS Methodology Report #28 at https://meps.ahrq.gov/data_files/publications/mr28/mr28.shtml.

The MEPS-IC defines “firm” as a business entity consisting of one or more “establishments” (i.e., locations) under common ownership or control. A firm represents the entire organization and may consist of a single-location establishment or multiple establishments. The MEPS-IC calculates the following estimates using “establishments” as the employer/business unit: employees at businesses offering ESI, employees eligible for ESI at offering employers, and employee take-up of coverage offers for which they are eligible. The MEPS-IC uses “firm” as the employer/business unit when establishing employer/business size as defined by the number of employees. Throughout this report and the accompanying tables, we use the term “firm” to refer to employers and businesses broadly.

For the purposes of this analysis, high-deductible health plans are defined as plans that meet the minimum deductible amount required for Health Savings Account (HSA) eligibility ($1,300 for an individual and $2,600 for a family in 2016).

- Average premium prices are not adjusted to account for variation in actuarial value.
- Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC.

Source: Medical Expenditure Panel Survey - Insurance Component as analyzed by SHADAC
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**Other Contributors**
Brett Fried and Joanna Turner contributed to the data analysis for this report. Carrie Au-Yeung provided substantial review and editing, and Lindsey Lanigan provided the design and layout.