

Employer-Sponsored Health Insurance in New Jersey

A Databook from
Rutgers Center for State Health Policy

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ACKNOWLEDGMENTS

The authors would like to thank Marilyn Dahl, Senior Assistant Commissioner, New Jersey Department of Health and Senior Services, and the New Jersey Task Force on Accessibility and Affordability, whose efforts to assess coverage in the state led the Center for State Health Policy to produce this report. We would also like to thank Jim Branscome at the Agency for Health Care Research and Quality who provided considerable assistance in acquiring special request data from the MEPS-IC survey and assistance in data interpretation. At the Center for State Health Policy, we would like to acknowledge the contributions of Felicity Tsikiwa, Paul Hamborg, Dorothy Gaboda, and Mario Kravanja for their data management support and statistical consultation, and Lori Glickman, Publications Manager, for assisting with report production. Finally, we thank The Robert Wood Johnson Foundation for their sponsorship and support of this project.

INTRODUCTION

This databook presents an overview of employer-sponsored health insurance in New Jersey based on three years of data from the Medical Expenditure Panel Survey Insurance Component (MEPS-IC), a national survey of 23,000 employers sponsored by the United States Agency for Healthcare Research and Quality (AHRQ). Data are reported for selected categories of employers, plans, and employees in the United States, New Jersey, and neighboring states of New York and Pennsylvania. In addition to comparing offer rates, eligibility and enrollment, premiums, and employee contributions in New Jersey, the United States, New York, and Pennsylvania for all establishments and by firm size, we report data by other firm characteristics such as type of ownership, industry, and the nature of their workforce such as the percent of part-time employees and low-wage workers. We also examine the level and type of self-insurance in the employer health insurance market, plan options offered, the differential costs of specific plans, and waiting periods for employee eligibility. Finally, for those establishments that do not offer health insurance, we provide information about their historical coverage and alternative benefits to help employees pay for health costs.

This databook is structured to determine whether New Jersey is different from the rest of the country and neighboring states in terms of:

- ❖ business characteristics;
- ❖ the rate of insurance coverage provided by different types of businesses;
- ❖ the percent of employees in establishments that offer health insurance;
- ❖ the characteristics of plans offered and the waiting periods required;
- ❖ the level of self-insurance, self-administration, and stop-loss coverage;
- ❖ the average single and family premiums and employee cost sharing within different types of businesses;
- ❖ employee enrollment in employer-sponsored health insurance by firm size and by hours worked; and
- ❖ the nature of past and current efforts to provide health benefits among firms that do not offer health insurance coverage.

METHODS

Rutgers' Center for State Health Policy (CSHP) analyzed data from the MEPS-IC from 1996-1998, available on public use tables and specially requested from AHRQ, the sponsoring federal agency that administers the survey. The MEPS-IC is a national survey of a representative sample of business and government establishments with at least one employee selected from the Standard Statistical Establishment list maintained by the Census Bureau and the 1992 Census of Governments. The data were collected in 1997, 1998, and 1999 and reflect employer-based insurance coverage available in the preceeding year (1996, 1997, and 1998). The sample allocation and design of the sample support reliable state level estimates for many establishment, employee, and plan characteristics. Specifically, the sample within each state was allocated to and selected from 14 strata by a combination of the size of the establishment and the size of the firm. This databook reports findings for private-sector employers only.

The national response rate for the survey in 1997 was 66%, yielding a sample of 23,000 private business establishments. The response rate for New Jersey private sector establishments was 59%, yielding a sample of 425 businesses, including those that did not offer health insurance. In 1997 and 1998, the response rate in New Jersey was comparable but increased slightly. Note that while the sample may include some of the same businesses across years, the sample is cross-sectional, not longitudinal. In addition to stratifying the sample by size of establishment and size of the firm, state-level estimates were also weighted to ensure representativeness (MEPS-IC-001 Technical Appendix, www.meps.ahrq.gov/mepsdata/ic/technote.pdf).

MEPS-IC data are not public, but AHRQ publishes annual tables of most survey items by firm size for the United States and by state that are accessible through their web site. In addition to analyzing data on these public use tables, we requested data from AHRQ on survey items that were not reported on the public tables (such as self-insurance rates) that would allow us to drill down into more depth on specific issues in New Jersey, allowing cross-tabulations by specific types of employers that are not available on the public tables. These data were requested prior to 1998 data being released and thus are only available for 1996 and 1997. Specifically, we requested more in-depth data on offer and take-up rates by specific establishment characteristics, on self-insurance, and on prior coverage for establishments that do not offer health insurance.

In this databook, which is targeted to a New Jersey audience, we present data that compare New Jersey and United States trends in employer-sponsored health insurance between 1996 and 1998. We also present cross-

sectional comparisons of New Jersey with the United States and its two neighboring states of Pennsylvania and New York as points of reference in 1997, the most recent year in which all relevant data were available.

As with any survey, there is sampling error associated with the estimates presented here. Sampling error increases with smaller sample sizes. Thus, small differences should be interpreted with caution. Using the standard of reliability utilized by the AHRQ, we do not report those estimates where the standard error is greater than 30% of the estimate. To assist in the interpretation of the data, we conducted significance tests across years within New Jersey and the United States and of cross-sectional comparisons between New Jersey and the United States, New York, and Pennsylvania in 1997. We report statistical significance below $p = .05$.

For the purposes of interpreting the tables in this databook, we utilized the establishment as our primary unit of measurement. An **establishment** is considered an economic unit at a single physical location where business is conducted or services or industrial operations are performed. A **firm** would be the larger unit, defined as a business with a separate management and legal structure, which represents the entire organization, including the company headquarters and all divisions, subsidiaries, and branches within the company. In the case of a single-establishment firm, the firm and establishment are identical. The unit of analysis used here is the establishment, but we classify establishments by firm size because health insurance decisions are generally made at that level.

One final note is that estimates reported here may not be comparable to the October 1999 issue brief published by CSHP because of subsequent changes in MEPS-IC estimation methods.

Table 1A: Percent of Establishments by Selected Characteristics, NJ/US/NY/PA,1997

	NJ	US	NY	PA
Firm Characteristics				
50% or More Low-wage Employees ¹	13.8%	20.1%	15.1%	21.6%
Greater than 25% Part-time Employees	33.5%	36.9%	35.8%	41.7%
Has Union Employees	6.3%	4.2%	7.1%	4.6%
In Business Less than 5 Years	38.1%	46.1%*	38.0%	37.1%
Single Establishment Firms	83.8%	77.3%	83.5%	76.2%
Firm Size				
<50 Employees	83.3%	78.2%*	84.1%	76.4%*
≥50 Employees	16.7%	21.8%*	15.9%	23.6%*
Type of Ownership				
Unincorporated	25.8%	35.0%*	29.7%	40.2%*
S Corporation ²	31.4%	23.8%*	30.1%	23.0%
Corporation	46.1%	47.8%	45.4%	43.5%
Partnership/Joint Venture	5.8%	6.7%	6.1%	7.2%
Sole Proprietorship	16.7%	21.8%*	18.4%	26.2%*
Industry				
Agriculture/Forestry/Fishing	NR	4.6%	2.1%	2.6%
Mining/Manufacturing	7.8%	6.7%	5.6%	8.3%
Construction	10.4%	8.9%	9.6%	8.6%
Transportation/Communication/Utilities	4.7%	4.2%	3.1%	4.7%
Wholesale Trade	10.1%	7.2%	8.5%	7.8%
Retail	20.3%	22.6%	20.4%	24.6%
Finance/Insurance/Real Estate	9.8%	10.1%	12.1%	9.4%
Services	35.4%	35.6%	38.6%	34.0%

¹ Low wage is defined as earning <\$6.50 per hour

² A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

* Significantly different than New Jersey ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see "Methods"

Source: MEPS Special Request data & MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.1.a, II.A.1.b

TABLES 1A AND 1B

Characteristics of businesses influence whether they purchase health insurance. Smaller companies, businesses with more low-wage or part-time workers, newer businesses, and certain industries are less likely to offer health insurance. Understanding the nature of the state's business sector is helpful in targeting public policies to encourage insurance coverage. Tables 1A and 1B show the characteristics of New Jersey private sector establishments and employment within those establishments compared with the United States and neighboring states.

TABLE 1A—KEY FINDINGS

- ❖ New Jersey has more older businesses than the national average.
- ❖ New Jersey has more small businesses than the national average.
- ❖ New Jersey has fewer unincorporated establishments and fewer establishments with sole proprietorship, but more S corporations than the national average.
- ❖ Businesses in New Jersey and New York are similar in terms of size, ownership, industry, and other characteristics.

Table 1B: Percent Distribution of Employees by Selected Characteristics of Establishments, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Firm Characteristics				
50% or More Low-wage Employees ¹	10.4%	15.4%	12.4%	15.9%
25% or More Part-time Employees	19.3%	28.1%*	28.7%	36.5%*
Firm Size				
Less than 50 Employees	30.5%	31.7%	33.0%	30.9%
50 or More Employees	69.5%	68.3%	67.0%	69.1%
Type of Ownership				
Unincorporated				
S Corporation ²	15.7%	15.2%	15.9%	15.8%
Corporation	68.8%	72.7%	72.7%	66.9%
Partnership/Joint Venture	9.5%	5.9%	7.6%	5.4%
Sole Proprietorship	6.0%	6.2%	3.9%	11.9%
Industry				
Agriculture/Forestry/Fishing	0.3%	1.8%*	0.4%	0.8%
Mining/Manufacturing	19.4%	18.2%	13.6%	19.3%
Construction	3.8%	5.1%	4.2%	4.8%
Transportation/Communication /Utilities	4.9%	6.1%	5.5%	5.4%
Wholesale Trade	8.5%	6.6%	8.4%	4.2%
Retail	15.8%	20.4%	16.0%	20.7%
Finance/Insurance/Real Estate	7.3%	7.6%	13.8%	6.0%
Services	39.9%	34.3%	38.1%	38.8%

¹ Low wage is defined as earning <\$6.50 per hour

² A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

* Significantly different than New Jersey ($p < .05$)

Source: MEPS Special Request Data & MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.B.1.a

TABLE 1B—KEY FINDINGS

- ❖ New Jersey employees are less likely to work in an establishment with 25% or more part-time employees than the United States average.
- ❖ New Jersey employees are less likely to work in the agriculture, forestry, or fishing industries than the United States average.
- ❖ Most New Jersey employees work at large companies, despite the preponderance of small businesses in the state.
- ❖ While not a statistically significant difference, employees in New Jersey are less likely to work at firms that have 50% or more low-wage employees.

Table 2A: Percent of Private Sector Establishments that Offer Health Insurance and Percent of Employees in those Establishments by Firm Size, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
% Establishments that Offer Health Insurance								
All Establishments	55.9%	52.8%	57.4%	1.6%	52.9%	52.4%	55.2%*	2.2%
<50 Employees	46.2%	44.5%	49.3%	3.6%	41.7%	40.4%	43.7%*	2.5%
≥50 Employees	94.3%	93.9%	95.9%	0.9%	93.9%	95.6%*	96.3%	1.3%
% Employees in Establishments that Offer Health Insurance								
All Establishments	87.0%	89.0% [†]	89.2%	1.3%	86.5%	85.7%	87.0%	0.3%
<50 Employees	63.6%	67.6%	70.6%	5.4%	62.3%	62.3%	64.7%	1.9%
≥50 Employees	97.1%	98.5%	97.8%	0.4%	97.1%	96.6%	97.5%	0.2%

* Significantly different than previous year ($p < .05$)

† Significantly different than corresponding year in the United States ($p < .05$)

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2, II.B.2

TABLES 2A AND 2B

In the late 1990s, national reports suggested that the number of employers offering health insurance increased, in part due to the strong economy and the need to attract workers during a period of high employment. Tables 2A and 2B show national and New Jersey trends across the years 1996–1998 to assess whether the national patterns are present in New Jersey. Since firm size is a strong predictor of insurance coverage, these tables and Figures 1 and 2 also examine these trends in small and large businesses.

KEY FINDINGS

- ❖ The percentage of firms nationwide offering health insurance to their employees in 1998 rose significantly. This increase is present for both small and large firms.
- ❖ This trend did not result in an increase of the same magnitude in the percent of employees working in establishments offering health insurance, suggesting that the increase in offerings occurred disproportionately in smaller establishments.
- ❖ By 1998, there was an increase in the percent of establishments offering health insurance in New Jersey, but not at the statistically significant level seen nationally. There was also a slight increase in the percentage of employees in New Jersey businesses that offer health insurance.
- ❖ The percent of New Jersey establishments offering health insurance, particularly in smaller businesses, is consistently above the United States average, although not at a statistically significant level.
- ❖ Similarly, the percentage of New Jersey employees in establishments that offer health insurance is consistently higher than the national average, particularly in small businesses, although not always at a statistically significant level.
- ❖ In New Jersey small businesses, more than two thirds of employees are offered health insurance, and the rate of coverage has increased between 1996 and 1998, although not at a statistically significant level.

Table 2B: Percent of Private Sector Establishments that Offer Health Insurance and Percent of Employees in those Establishments by Firm Size, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
% Establishments that Offer Health Insurance				
All Establishments	52.8%	52.4%	49.1%	58.0%
< 50 Employees	44.5%	40.4%	40.5%	47.0%
≥ 50 Employees	93.9%	95.6%	94.3%	93.6%
% Employees in Establishments that Offer Health Insurance				
All Establishments	89.0%	85.7%*	86.9%	88.7%
< 50 Employees	67.6%	62.3%	66.6%	70.0%
≥50 Employees	98.5%	96.6%	96.9%	97.1%

* Significantly different than New Jersey ($p < .05$)

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2, II.B.2

- ❖ A large majority of employees in New Jersey and nationally work in companies that offer health insurance.
- ❖ Almost all employees of large businesses in both New Jersey and the United States are offered health insurance.
- ❖ In 1997, New Jersey employees were more likely than employees nationally to work in a company that offered health insurance.

Figure 1: Percent of Employees in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1998

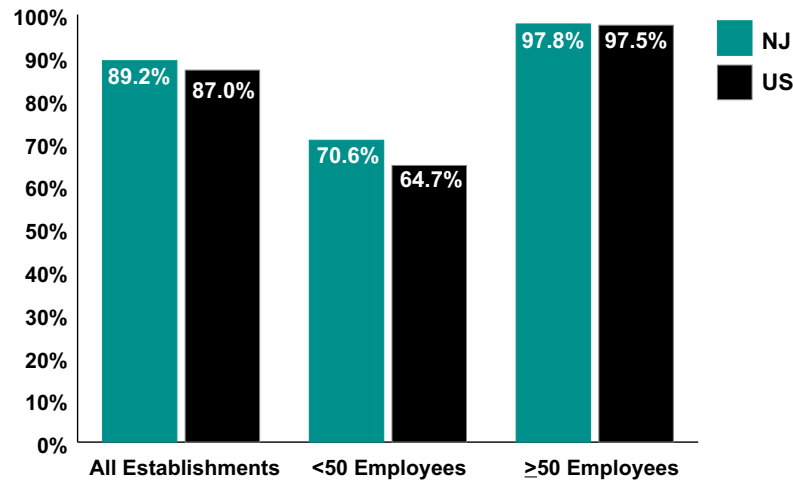


Figure 2: Percent of Establishments that Offer Health Insurance Coverage by Firm Size, NJ and US, 1998

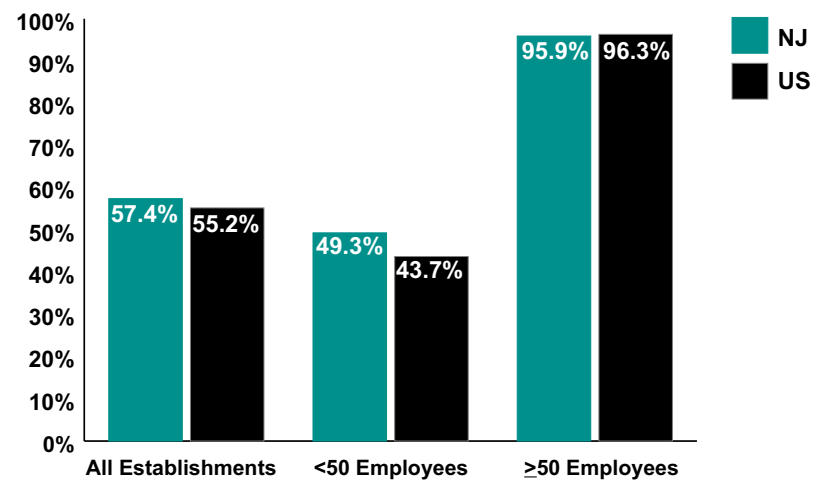


Table 3A: Percent of Establishments that Offer Health Insurance by Selected Characteristics, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Annual % Change	1996	1997	1998	Avg. Annual % Change
% Low-wage Employees¹								
Less than 50%	55.5%	57.1%	~	3.0%	55.4%	55.9%	56.9%	1.3%
50% or More	37.7%	31.0%	~	-17.7%	31.1%	29.4%	30.7%	-0.5%
% Part-Time Employees^{2,3}								
Less than 25%	63.4%	60.0%	~	-5.4%	62.1%	60.3%	62.7%	0.5%
25% or More	41.6%	37.8%	~	-9.0%	36.7%	39.2%	32.6%	-5.0%
Type of Ownership								
S Corporation ⁴	49.0%	41.9%	~	-14.4%	47.0%	45.4%	~	-3.4%
Corporation	70.3%	68.5%	~	-2.5%	71.8%	71.7%	~	0.1%
Partnership/Joint Venture	48.1%	58.4%	~	21.4%	48.0%	47.3%	~	-1.4%
Sole Proprietorship	30.4%	27.5%	~	-9.6%	23.5%	22.6%	~	-3.8%
Industry								
Agriculture/Forestry/Fishing	22.9%	NR	~	~	29.0%	21.6%*	28.1%	2.3%
Mining/ Manufacturing ²	68.5%	73.4%	~	7.1%	70.7%	66.2%	72.4%	1.5%
Construction	35.8%	51.4%	~	43.6%	40.1%	40.5%	43.1%	3.8%
Transportation/Communication/Utilities	57.2%	59.6%	~	4.2%	58.2%	59.1%	64.4%	5.3%
Wholesale Trade	69.2%	50.8%	~	-26.6%	67.8%	65.6%	69.6%	1.4%
Retail	59.3%	43.9%	~	-26.0%	53.2%	53.5%	54.9%	1.6%
Finance/Insurance/Real Estate	45.8%	65.2%	~	42.3%	62.7%	62.3%	64.4%	1.4%
Services	56.1%	51.6%	~	-8.1%	49.8%	50.5%	53.5%*	3.7%

¹ Low wage is defined as earning <\$6.50 per hour

² Due to changes in reporting patterns in 1998, a weighted average was computed

³ Reporting in 1998 was changed to “25% or Less” from “Less than 25%”

⁴ A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

* Significantly different than previous year ($p < .05$)

† Significantly different than corresponding year in the United States ($p < .05$)

~ Data not available

NR indicates that the estimate is not reliable using standards established by AHRQ; see “Methods”

Source: MEPS Special Request data & MEPS-IC 1998 Tables; www.meps.ahrq.gov/data.htm; Tables I.A.1, I.A.2

TABLES 3A AND 3B

While health insurance offer rates overall and in small and large businesses have increased in both New Jersey and the United States, it is useful to look at other subgroups of private sector establishments to see if this trend is consistent for different types of businesses. For example, national studies have shown that employers that rely heavily on low-wage or part-time workers are less likely to offer health insurance. Type of ownership and industrial sector are also associated with health insurance offer rates. In designing potential policy interventions to improve coverage, it is useful to know which sectors have low insurance offer rates. Tables 3A and 3B show offer rates by selected characteristics. Note that while United States estimates are based on data available on public use tables, the New Jersey figures were specially requested from AHRQ and 1998 data were not available for this publication.

KEY FINDINGS

- ❖ Generally, patterns of offer rates by establishments in New Jersey and the United States were similar between 1996 and 1998.
- ❖ Establishments that use 50% or more low-wage employees, have 25% or more part-time employees, are sole proprietorships, or are in the agriculture, forestry, and fishing industries are much less likely to offer health insurance than other businesses, both in New Jersey and nationally.
- ❖ In almost all the selected categories, New York businesses were less likely, and businesses in Pennsylvania were more likely, to offer health insurance than similar businesses in New Jersey. However, these differences in offer rates were not statistically significant.

Table 3B: Percent of Establishments that Offer Health Insurance by Selected Characteristics, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
% Low-wage Employees¹				
Less than 50%	57.1%	55.9%	52.0%	62.7%
50% or More	31.0%	29.4%	29.4%	32.1%
% Part-Time Employees^{2,3}				
Less than 25%	60.0%	60.3%	57.2%	69.0%
25% or More	37.8%	39.2%	35.0%	42.5%
Type of Ownership				
S Corporation ⁴	41.9%	45.4%	45.2%	53.6%
Corporation	68.5%	71.7%	60.0%	79.3%
Partnership/Joint Venture	58.4%	47.3%	57.4%	54.5%
Sole Proprietorship	27.5%	22.6%	26.0%	30.3%
Industry				
Agriculture/Forestry/Fishing	NR	21.6%	10.3%	31.5%
Mining/Manufacturing ²	73.4%	66.2%	47.3%	77.2%
Construction	51.4%	40.5%	48.2%	40.7%
Transportation/Communication/Utilities	59.6%	59.1%	61.1%	61.6%
Wholesale Trade	50.8%	65.6%	54.9%	71.1%
Retail	43.9%	53.5%	42.6%	51.2%
Finance/Insurance/Real Estate	65.2%	62.3%	60.9%	65.2%
Services	51.6%	50.5%	49.7%	58.4%

¹ Low wage is defined as earning <\$6.50 per hour

² Due to changes in reporting patterns in 1998, a weighted average was computed

³ Reporting in 1998 was change to "25% or Less" from "Less than 25%"

⁴ A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

NR indicates that the estimate is not reliable using standards established by AHRQ; see "Methods"

Source: MEPS Special Request data

Table 4A: Percent of Employees in Establishments that Offer Health Insurance by Selected Characteristics, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Annual % Change	1996	1997	1998	Avg. Annual % Change
All Establishments	87.0%	89.0% [†]	89.2%	1.3%	86.5%	85.7%	87.0%	0.3%
% Low-wage Employees¹								
Less than 50%	87.8%	88.4%	~	0.6%	87.4%	87.5%	86.5%	-5.3%
50% or More	45.1%	64.9%	~	44.0%	64.0%	61.3%	57.4%	-0.5%
% Part-Time Employees^{2,3}								
Less than 25%	92.8%	92.4%	~	-0.5%	91.6%	90.0%	91.2%	-0.2%
25% or More	67.9%	75.4%	~	11.2%	72.4%	74.8%	76.4%	2.7%
Type of Ownership								
S Corporation ⁴	70.3%	67.6%	~	-3.8%	74.6%	72.6%	~	-2.7%
Corporation	93.2%	95.1% [†]	~	2.1%	92.8%	92.7%	~	0.0%
Partnership/Joint Venture	91.4%	97.5% [†]	~	6.7%	81.7%	82.1%	~	0.6%
Sole Proprietorship	51.8%	63.0%	~	21.4%	43.4%	44.7%	~	3.2%
Industry								
Agriculture/Forestry/Fishing	42.9%	NR	~	~	60.1%	50.5%	61.4%	2.8%
Mining/ Manufacturing	98.1%	96.8%	~	-1.3%	94.8%	95.1%	96.0%	0.6%
Construction	49.8%	82.6%	~	65.8%	73.7%	70.1%	72.4%	-0.8%
Transportation/Communication/Utilities	78.1%	83.8%	~	7.4%	91.1%	91.7%	93.3%	1.2%
Wholesale Trade	96.2%	84.3%	~	-12.4%	91.6%	91.3%	93.1%	0.8%
Retail	79.0%	81.3%	~	2.9%	81.3%	81.1%	81.9%	0.4%
Finance/Insurance/Real Estate	85.7%	93.8%	~	9.4%	92.4%	92.3%	93.5%	0.6%
Services	85.8%	90.6% [†]	~	5.6%	85.1%	84.3%	85.1%	0.0%

¹ Low wage is defined as earning <\$6.50 per hour

² Due to changes in reporting patterns in 1998, a weighted average was computed

³ Reporting in 1998 was changed to “25% or less” from “less than 25%”

⁴ A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

[†] Significantly different than corresponding year in the United States ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see “Methods.”

~ Data not available

Source: MEPS Special Request data & MEPS-IC 1998 Tables; www.meps.ahrq.gov/data.htm; Tables I.B.1.a, I.B.2

Table 4B: Percent of Employees in Establishments that Offer Health Insurance by Selected Characteristics, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
All Establishments	89.0%	85.7%*	86.9%	88.7%
% Low-wage Employees¹				
Less than 50%	88.4%	87.5%	87.1%	90.6%
50% or More	64.9%	61.3%	68.4%	62.4%
% Part-Time Employees				
Less than 25%	92.4%	90.0%	91.0%	93.8%
25% or More	75.4%	74.8%	76.8%	79.7%
Type of Ownership				
S Corporation ²	67.6%	72.6%	68.4%	78.7%
Corporation	95.1%	92.7%*	92.4%	94.4%
Partnership/Joint Venture	97.5%	82.1%*	92.1%	75.7%*
Sole Proprietorship	63.0%	44.7%	42.9%	74.3%
Industry				
Agriculture/Forestry/Fishing	NR	50.5%	2.9%	40.8%
Mining/Manufacturing	96.8%	95.1%	93.2%	92.6%
Construction	82.6%	70.1%	67.3%	81.2%
Transportation/Communication/Utilities	83.8%	91.7%	91.6%	96.1%
Wholesale Trade	84.3%	91.3%	91.9%	88.8%
Retail	81.3%	81.1%	76.7%	83.0%
Finance/Insurance/Real Estate	93.8%	92.3%	93.1%	93.4%
Services	90.6%	84.3%	88.1%	89.9%

¹ Low wage is defined as earning <\$6.50 per hour

² A form of corporation allowed by the IRS for most companies with 75 or fewer shareholders

* Significantly different than New Jersey ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see "Methods."

Source: MEPS Special Request data

TABLES 4A AND 4B

Policymakers are interested not only in how many businesses offer health insurance but what percent of employees are employed in those businesses. Since larger businesses are more likely to offer health insurance, usually a larger percentage of employees are offered health insurance than establishment offer rates might initially indicate. Tables 4A and 4B show the percent of employees within specific categories of businesses that are offered health insurance.

KEY FINDINGS

- ❖ In 1997, New Jersey employees were more likely to work in establishments that offer health insurance than the average United States employee.
- ❖ In 1997, approximately 95–98% of New Jersey employees in corporations, partnerships, and joint ventures worked in establishments that offered health insurance. This is significantly higher than the national average.
- ❖ The percent of New Jersey employees in establishments that offer health insurance with 50% or more low-wage workers increased between 1996 and 1997, but not significantly.

Table 5A: Characteristics of Plans Offered at Establishments that Offer Health Insurance, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Offer Choice of Plans	20.0%	24.4%	33.5%	29.6%	21.5%	28.1%*	32.4%*	23.0%
Family Coverage Offered								
None	10.4%	10.4%	~	-0.8%	8.4%	8.9%	~	5.5%
Some/All	89.6%	89.7%	~	0.1%	91.6%	91.2%	~	-0.5%
Plans Offered								
Conventional Indemnity	24.3%	19.9%	17.8%†	-14.3%	27.9%	25.2%*	22.8%*	-9.6%
Any Managed Care	82.1%	89.3%	89.2%	4.3%	78.6%	84.4%*	86.4%*	4.9%
Exclusive Provider	32.4%	34.3%	35.0%	4.0%	32.4%	37.8%*	38.6%	9.4%
Preferred Provider	61.9%	64.6%	62.4%	0.5%	55.1%	61.3%*	60.9%	5.3%
Waiting Period Required	68.0%	70.2%	~	3.3%	70.6%	69.6%	~	-1.4%
Typical Waiting Period								
Less than 2 Weeks	1.3%	0.0%†	~	-100.0%	0.6%	0.8%	~	50.0%
Between 2 Weeks and 1 Month	7.5%	8.1%	~	8.0%	8.5%	8.6%	~	1.5%
One to 3 Months	63.4%	68.1%	~	7.4%	73.7%	72.7%	~	-1.3%
Greater than 3 Months	27.8%	23.8%	~	-14.3%	17.2%	17.8%	~	3.3%

† Significantly different than corresponding year in the United States ($p < .05$)

* Significantly different than previous year ($p < .05$)

~ Data not available

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2.b, II.A.2.b(1), II.A.2.b (2), II.A.2.b (3), II.A.2.c, II.A.2.c (1), II.A.2.c (2), II.A.2.c (3), II.A.2.d

TABLES 5A AND 5B

Among establishments offering health insurance, the number and type of plan options offered and the period that employees may have to wait in order to be eligible for the health plan can vary. Table 5A and Figure 3 show New Jersey and United States trends and Table 5B shows neighboring state comparisons in 1997. **Any managed care** indicates that the business offered at least one managed care plan. **Exclusive provider** plans are a specific type of managed care plan that are similar to HMOs in that they restrict members' access to physicians within their network. **Preferred provider** plans include both preferred provider organizations and point-of-service arrangements that encourage members to utilize physicians within their network but also pay some portion of the costs for providers outside their network. "Conventional indemnity" plans have no network and pay on a fee-for-service basis.

CHOICE OF PLANS—KEY FINDINGS:

- ❖ The vast majority of establishments in New Jersey and the United States only offer one plan to their employees.
- ❖ The percent of United States establishments offering a choice of plans has increased significantly from 1996 to 1998. It has also increased in New Jersey establishments, but not at a statistically significant level.
- ❖ In 1997, New Jersey establishments were significantly less likely to offer a choice of plans than establishments in New York or Pennsylvania.
- ❖ Managed care is the predominant type of health plan offered by establishments in New Jersey, New York, Pennsylvania, and nationwide. In 1997, a higher percent of New Jersey establishments offered at least one managed care plan.
- ❖ The percent of New Jersey establishments that offer conventional indemnity insurance was lower than the national average in 1998. Nationwide, the percent of establishments offering this type of insurance declined significantly between 1996 and 1998.

Table 5B: Characteristics of Plans Offered at Establishments that Offer Health Insurance, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Offer Choice of Plans	24.4%	28.1%	32.7%*	34.4%*
Family Coverage Offered				
None	10.4%	8.9%	9.5%	9.7%
Some/All	89.7%	91.2%	90.6%	90.3%
Plans Offered				
Conventional Indemnity	19.9%	25.2%	25.2%	36.8%*
Any Managed Care	89.3%	84.4%	88.1%	77.7%*
Exclusive Provider	34.3%	37.8%	46.9%*	45.3%
Preferred Provider	64.6%	61.3%	57.7%	49.9%*
Waiting Period Required	70.2%	69.6%	58.3%*	60.7%*
Typical Waiting Period				
Less than 2 weeks	0.0%	0.8%*	0.6%	0.0%
Between 2 weeks and 1 month	8.1%	8.6%	11.5%	9.1%
One to 3 months	68.1%	72.7%	64.4%	72.8%
Greater than 3 months	23.8%	17.8%	23.5%	18.1%

* Significantly different than New Jersey ($p < .05$)

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2.b, II.A.2.b(1), II.A.2.b (2), II.A.2.b (3), II.A.2.c, II.A.2.c (1), II.A.2.c (2), II.A.2.c (3), II.A.2.d

- ❖ New Jersey establishments offering managed care plans are more likely to offer preferred provider than exclusive provider plans.
- ❖ Significantly more New York establishments offer exclusive provider plans and fewer Pennsylvania establishments offer preferred provider plans than New Jersey establishments.

WAITING PERIODS—KEY FINDINGS:

- ❖ More than two-thirds of New Jersey and United States businesses offering health insurance have a waiting period before an employee is eligible for coverage.
- ❖ Most waiting periods in New Jersey and the United States are for one to three months. Approximately one quarter of New Jersey establishments reported waiting periods of longer than 3 months.
- ❖ New Jersey is much more likely than New York and Pennsylvania to impose a waiting period for insurance coverage.

Figure 3: Plan Types Offered at Establishments that Offer Health Insurance, NJ and US, 1996 — 1998

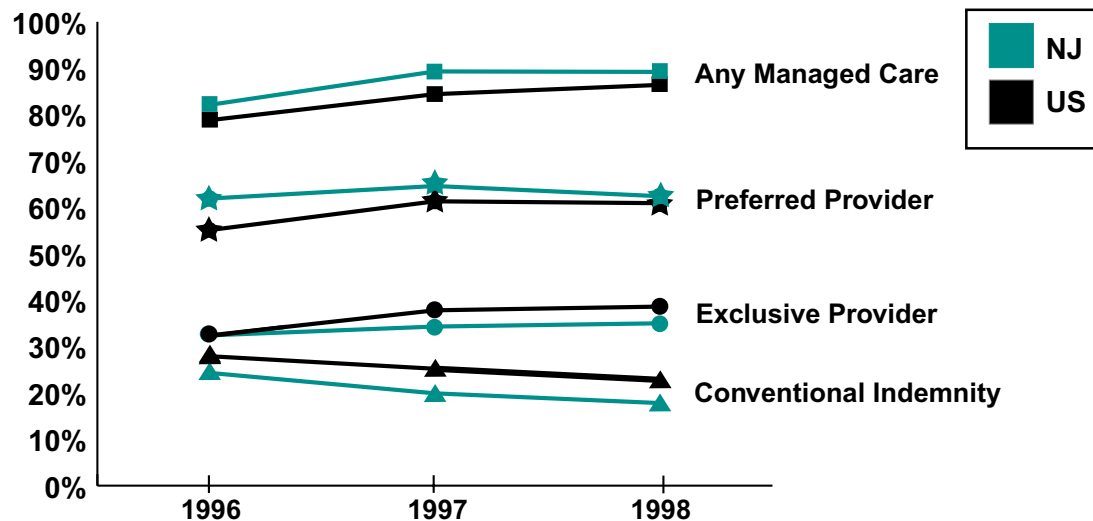


Table 6A: Extent and Type of Self-Insurance at Establishments that Offer Health Insurance, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Annual % Change	1996	1997	1998	Annual % Change
Extent of Self-Insurance								
All	17.7% [†]	19.8% [†]	~	12.0%	25.2%	26.2%	~	3.8%
Some	4.3%	2.9% [†]	~	-33.6%	3.7%	5.6%*	~	51.2%
None	78.0%	77.3% [†]	~	-0.8%	71.1%	68.2%*	~	-4.0%
If Self-Insured:								
Self-Administration Status								
Some/All	36.1%	41.8%	~	15.8%	31.4%	33.9%	~	7.7%
None	63.9%	58.2%	~	-8.9%	68.6%	66.2%	~	-3.5%
Stop Loss Coverage								
Some/All	75.3%	52.7%	~	-30.1%	62.6%	40.8%*	~	-34.8%
None	24.7%	47.3%	~	92.0%	37.4%	59.2%*	~	58.4%

* Significantly different than previous year ($p < .05$)

† Significantly different than corresponding year in the US ($p < .05$)

Source: MEPS Special Request data

TABLES 6A AND 6B

Private establishments sometimes self-insure employee health care costs, rather than purchasing insurance through an insurance company or health plan. These establishments are usually not regulated by states, but by the federal government as established under the Employee Retirement Income Security Act (ERISA). Self-insurance can take a number of different forms. Establishments may choose to underwrite the risk but still contract with a health plan or insurer to administer the benefit. Other companies administer the benefit themselves. For protection from catastrophic losses, some self-insured companies purchase stop-loss insurance to cover health expenses that exceed a certain limit. Tables 6A and 6B show the extent of self-insurance by establishments in New Jersey and the United States as well as neighboring states and for those that are self-insured, whether they self-administer and purchase stop-loss insurance.

Figure 4 provides a graphical representation of the extent of self-insurance in New Jersey and the United States in 1997, and Figure 5 shows the total number of employees in New Jersey enrolled in self-insured and purchased (non-self-insured) plans in 1998.

KEY FINDINGS

- ❖ Approximately one quarter of New Jersey establishments are either fully or partially self-insured.
- ❖ New Jersey establishments are significantly less likely to be self-insured than the national average.
- ❖ Although New Jersey establishments are significantly below the national average in terms of self-insurance, they are not significantly different from their neighboring states' establishments.
- ❖ For New Jersey establishments that are self-insured, most contract with an external organization to administer the benefit.
- ❖ Nationally, self-insured companies are significantly less likely to purchase stop-loss insurance than self-insured companies in New Jersey.
- ❖ The majority of New Jersey employees are enrolled in health plans that are purchased by their employer rather than plans that are self-insured.

Table 6B: Extent and Type of Self-Insurance at Establishments that Offer Health Insurance, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Extent of Self-Insurance				
All	19.8%	26.2%*	22.6%	24.8%
Some	2.9%	5.6%*	5.8%	6.0%
None	77.3%	68.2%*	71.6%	69.1%
If Self-Insured:				
Self-Administration Status				
Some/All	41.8%	33.9%	60.3%	34.6%
None	58.2%	66.2%	39.7%	65.4%
Stop-Loss Coverage				
Some/All	52.7%	40.8%	20.8%*	39.3%
None	47.3%	59.2%	79.3%*	60.7%

* Significantly different than New Jersey ($p < .05$)
 Source: MEPS Special Request data

Figure 4: Extent of Self-Insurance in Establishments that Offer Health Insurance, NJ and US, 1997

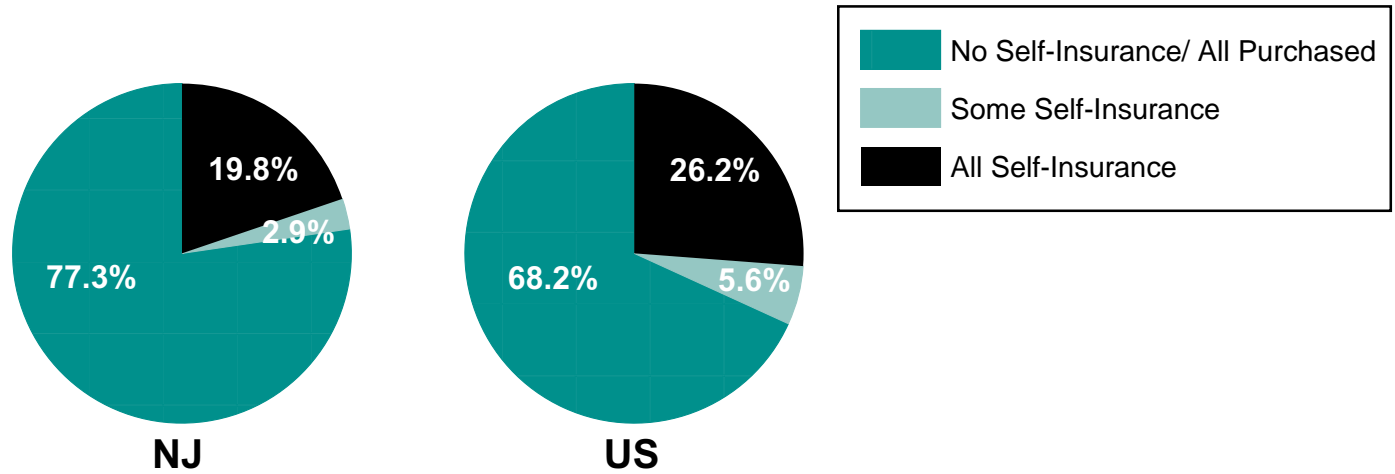
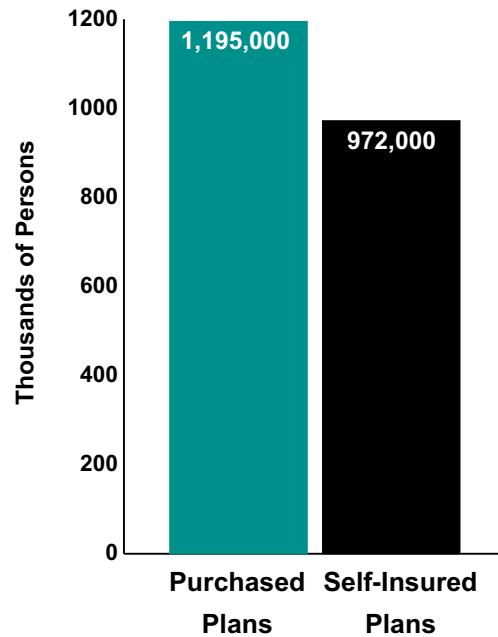


Figure 5: Employees Enrolled in Purchased Plans vs. Self-Insured Plans, NJ, 1997



Source: MEPS Special Request Data

Table 7A: Average Single and Family Premiums in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Average Single Premiums								
All Establishments	\$2,354 [†]	\$2,360 [†]	\$2,541 [†]	4.0%	\$1,992	\$2,050	\$2,174*	4.5%
<50 Employees	\$2,559 [†]	\$2,576 [†]	\$2,802 [†]	4.7%	\$2,070	\$2,107	\$2,235*	3.9%
≥50 Employees	\$2,285 [†]	\$2,291	\$2,441	3.4%	\$1,965	\$2,029	\$2,151*	4.6%
Average Family Premiums								
All Establishments	\$5,846 [†]	\$6,228 [†]	\$6,332 [†]	4.1%	\$4,954	\$5,332*	\$5,590*	6.2%
<50 Employees	\$6,218 [†]	\$6,363 [†]	\$7,129 [†]	7.2%	\$4,937	\$5,178*	\$5,442*	5.0%
≥50 Employees	\$5,777 [†]	\$6,194 [†]	\$6,155 [†]	3.3%	\$4,957	\$5,366*	\$5,622*	6.5%

* Significantly different than previous year ($p < .05$)

† Significantly different than corresponding year in the US ($p < .05$)

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.1, II.D.1

TABLES 7A AND 7B

One factor that influences whether establishments offer health insurance is the health insurance premiums they must pay. Table 7A and Figures 6 and 7 show trends in New Jersey and the United States in average single and family premiums between 1996 and 1998. Table 7B and Figures 8 and 9 compare single and family premiums between New Jersey and neighboring states and 40 states across the country.

KEY FINDINGS

- ❖ New Jersey establishments pay the highest premiums in the country for single plans and the third highest in the country for family plans.
- ❖ Mirroring national trends, employer premiums in New Jersey rose between 1996 and 1998 at an average annual rate that was similar to the national rate.
- ❖ While the rate of New Jersey's premium growth was highest in smaller firms, particularly for family plans, the difference is not statistically significant.
- ❖ Employers in New Jersey have consistently paid higher premiums for both single and family plans than the rest of the country—17% higher for single plans and 13% higher for family plans.
- ❖ Small employers in New Jersey pay even higher premiums than their counterparts in the rest of the country, paying 25% more for single plans and 31% more for family plans.
- ❖ While Pennsylvania establishment premiums are closer to the national average, and thus significantly lower than New Jersey, New York's premiums are similar to those in New Jersey.

Table 7B: Average Single and Family Premiums in Establishments that Offer Health Insurance by Firm Size, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Average Single Premiums				
All Establishments	\$2,360	\$2,050*	\$2,293	\$2,036*
<50 Employees	\$2,576	\$2,107*	\$2,494	\$2,146*
≥50 Employees	\$2,291	\$2,029	\$2,209	\$1,989
Average Family Premiums				
All Establishments	\$6,228	\$5,332*	\$5,900	\$5,157*
<50 Employees	\$6,363	\$5,178*	\$6,115	\$5,099*
≥50 Employees	\$6,194	\$5,366*	\$5,852	\$5,169*

* Significantly different than New Jersey ($p < .05$)

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.1, II.D.1

Figure 6: Average Single Premiums in Establishments that Offer Health Insurance by State*, 1998

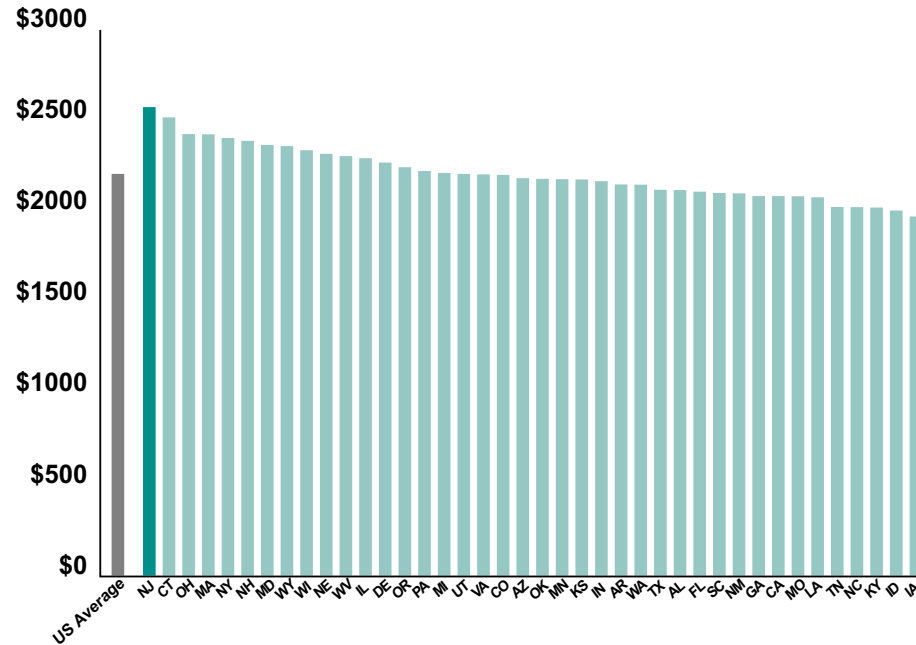
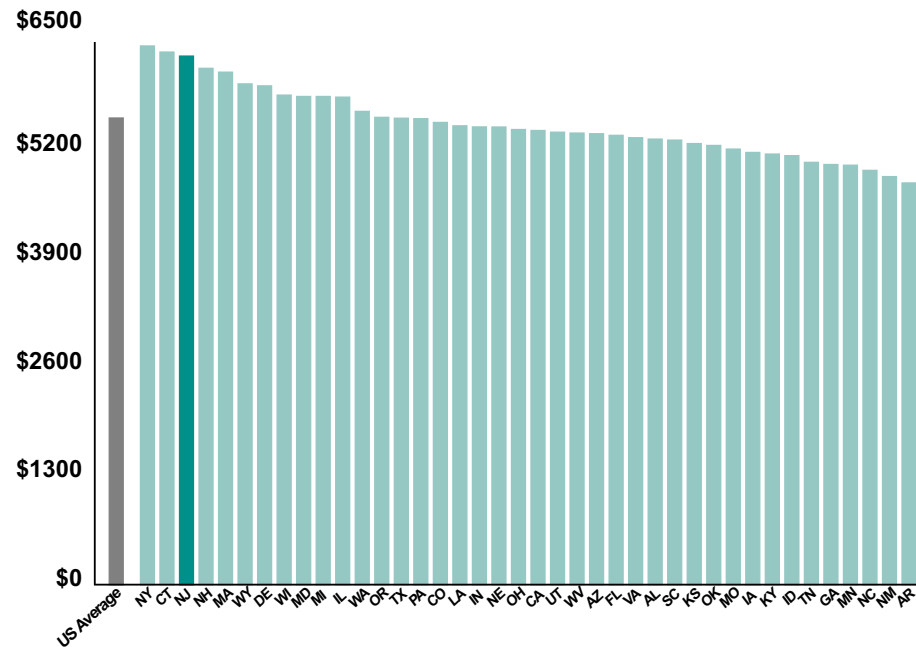


Figure 7: Average Family Premiums in Establishments that Offer Health Insurance by State*, 1998



* Data reported for 40 individual states and the United States overall

Figure 8: Average Single Premiums in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996—1998

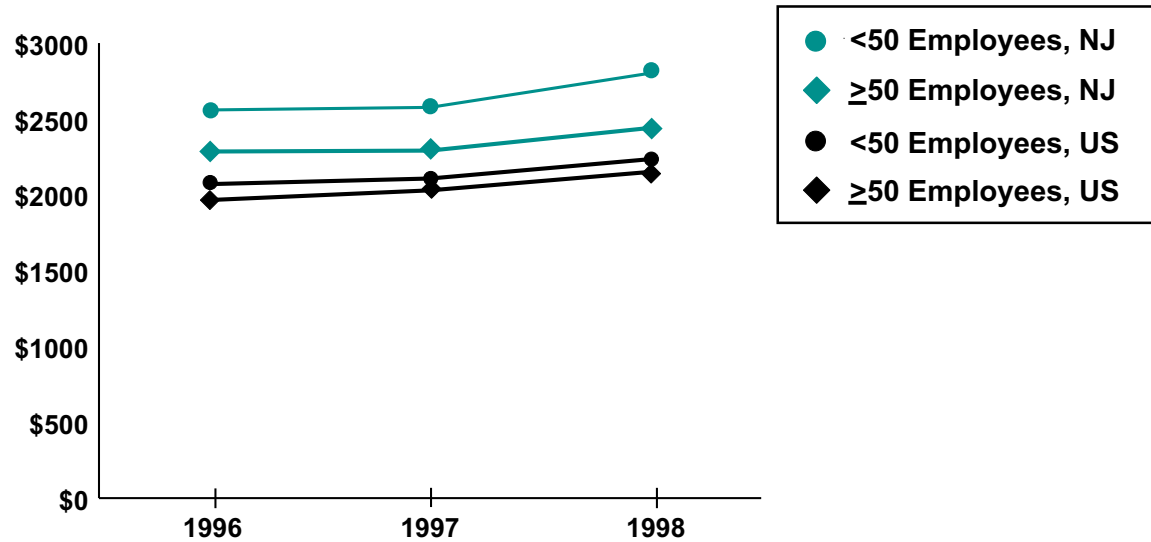
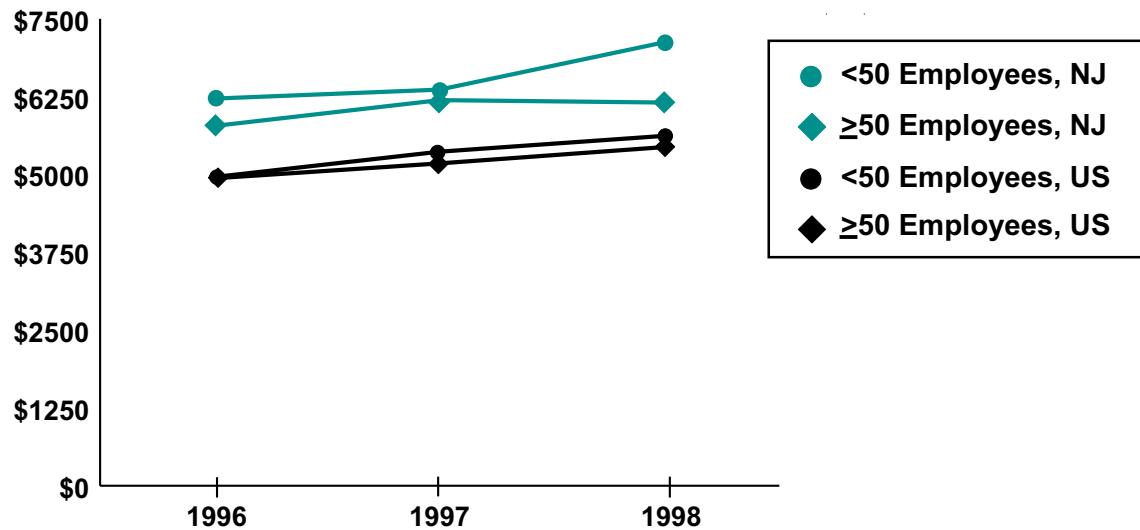


Figure 9: Average Family Premiums in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996—1998



TABLES 8A AND 8B

Workers often cite the high cost of insurance as the primary factor for refusing coverage. Tables 8A and 8B and Figures 10 and 11 show trends in employee contributions in small and large establishments to assess whether employers are passing higher premium costs to employees.

- ❖ Some workers nationally and in New Jersey are bearing an increasing portion of employers' rising health insurance premiums, particularly employees of larger businesses.
- ❖ In New Jersey, all of the increase in employee premium shares is borne by employees in large establishments whose average contribution for single plans rose from \$247 to \$480 per year, an average annual increase of nearly 44% from 1996–1998.
- ❖ In the past, employees in New Jersey paid a much smaller percentage of the single premiums than their counterparts nationally. Now they pay an equivalent portion of the premium.
- ❖ New Jersey employees in smaller businesses appear to be shielded from the large premium hikes in single plans.
- ❖ Overall, New Jersey families pay a larger percentage of premiums than those with single coverage—24.3% compared to 17.1% in 1998.
- ❖ Family plans cost considerably more than single coverage, with employee contributions more than threefold higher for family than single plans.

Table 8A: Average Single and Family Employee Contributions and Percent of Total Premiums Contributed by Employees in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Average Single Employee Contribution								
All Establishments	\$263 [†]	\$281	\$433	30.5%	\$342	\$320	\$383*	6.6%
<50 Employees	\$312	\$323	\$312	0.1%	\$304	\$284	\$308	0.9%
≥50 Employees	\$247 [†]	\$267	\$480*	43.9%	\$355	\$333	\$411*	8.6%
% Single Employee Contribution								
All Establishments	11.2% [†]	11.9% [†]	17.1%	25.0%	17.2%	15.6%*	17.6%*	1.8%
<50 Employees	12.2%	12.5%	11.1%	-4.4%	14.7%	13.5%	13.8%	-3.0%
≥50 Employees	10.8% [†]	11.7% [†]	19.7%	38.4%	18.1%	16.4%	19.1%*	3.5%
Average Family Employee Contribution								
All Establishments	\$1,375	\$1,429	\$1,535	5.7%	\$1,275	\$1,305	\$1,382	4.1%
<50 Employees	\$1,631	\$1,124	\$1,782	13.7%	\$1,367	\$1,426	\$1,551	6.5%
≥50 Employees	\$1,328	\$1,506	\$1,481	5.9%	\$1,255	\$1,278	\$1,347	3.6%
% Family Employee Contribution								
All Establishments	23.5%	22.9%	24.3%	1.8%	25.7%	24.5%	24.7%	-1.9%
<50 Employees	26.2%	17.7% [†]	25.0%	4.4%	27.7%	27.5%	28.5%	1.5%
≥50 Employees	23.0%	24.3%	24.1%	2.4%	25.3%	23.8%	24.0%	-2.5%

[†] Significantly different than corresponding year in the US ($p < .05$)

* Significantly different than previous year ($p < .05$)

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.2, II.C.3, II.D.2, II.D.3

Table 8B: Average Single and Family Employee Contributions and Percent of Total Premiums Contributed by Employees in Establishments that Offer Health Insurance by Firm Size, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Average Single Employee Contribution				
All Establishments	\$281	\$320	\$394	\$281
<50 Employees	\$323	\$284	\$358	\$308
≥50 Employees	\$267	\$333	\$410	\$270
% Single Employee Contribution				
All Establishments	11.9%	15.6%*	17.2%*	13.8%
<50 Employees	12.5%	13.5%	14.4%	14.3%
≥50 Employees	11.7%	16.4%*	18.5%	13.6%
Average Family Employee Contribution				
All Establishments	\$1,429	\$1,305	\$1,231	\$880
<50 Employees	\$1,124	\$1,426	\$1,499	\$1,039
≥50 Employees	\$1,506	\$1,278	\$1,170	\$844
% Family Employee Contribution				
All Establishments	22.9%	24.5%	20.9%	17.1%
<50 Employees	17.7%	27.5%*	24.5%	20.4%
≥50 Employees	24.3%	23.8%	20.0%	16.3%

* Significantly different than New Jersey ($p < .05$)

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.2, II.C.3, II.D.2, II.D.3

Figure 10: Average Annual Employee Contribution for Single Plans, NJ and US, 1996 – 1998

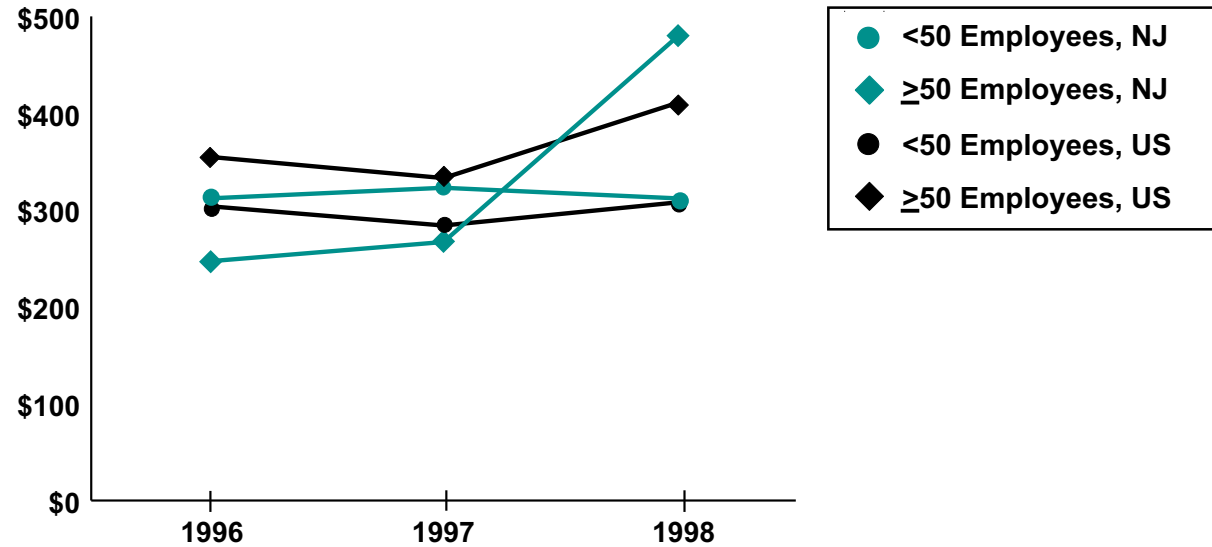
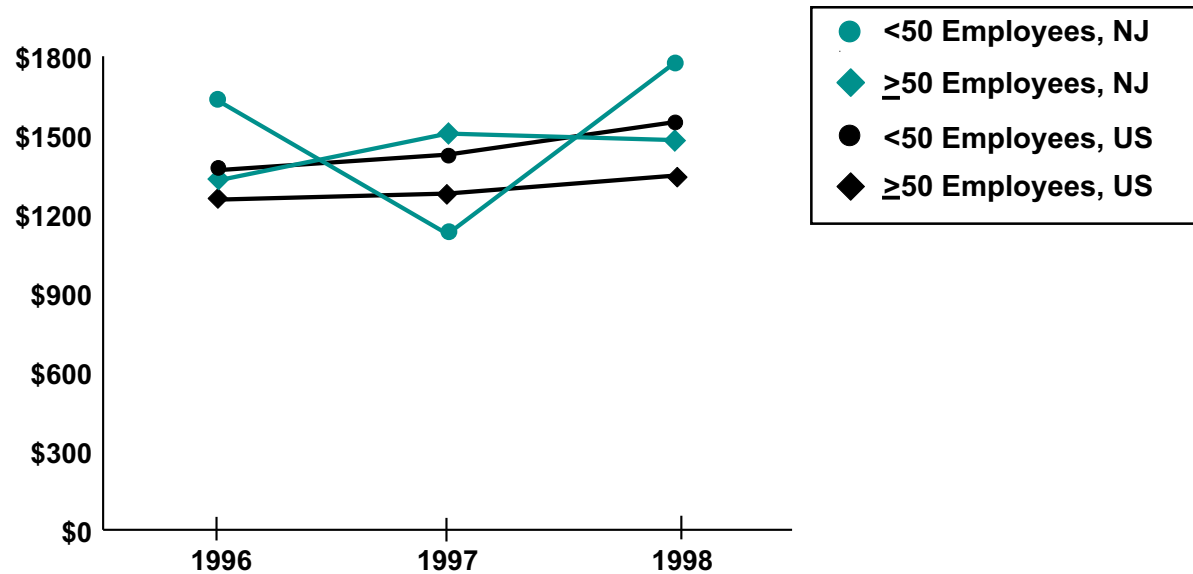


Figure 11: Average Annual Employee Contribution for Family Plans, NJ and US, 1996 – 1998



TABLES 9A AND 9B

Premiums and employee contributions vary by plan type. **Exclusive** plans, which include many HMOs, limit coverage to doctors that are in the plan, and generally offer the lowest cost plans because they negotiate rates with network providers and thus have greater control over costs. **Mixed** plans, which include preferred-provider and point-of-service plans, provide coverage for all doctors in the plan and partial coverage for visits made to physicians outside of the plan. Mixed plans generally cost more than exclusive plans but less than traditional indemnity plans, which have no network limits and cover **any** provider. In New Jersey, despite the high penetration of more restrictive managed care plans, premiums are the highest in the country. Tables 9A and 9B examine premium and employee contributions by plan type.

- ❖ Nationally, single plan premiums increased across all plan types between 1996 and 1998. Less restrictive plan costs rose more than other plan types.
- ❖ Employee contributions for single plans nationally also increased in all plan types, but only significantly for mixed provider managed care plans between 1997 and 1998.
- ❖ United States family plan premium increases occurred primarily between 1996 and 1997 when premiums rose significantly in all plan types. While family premiums also rose in all plan types between 1997 and 1998, the increase was only significant for mixed provider managed care plans.
- ❖ “Any” provider plans (traditional indemnity) generally charge the highest premiums, mixed provider plans cost somewhat less, and exclusive provider plans cost the least. But employees tend to pay a larger percent of the premium and sometimes larger out-of-pocket costs for managed care plans (exclusive or mixed) than for traditional any provider plans.
- ❖ Although total employee contributions for family plans nationally increased somewhat across all plan types, the percent of premium contributions by employees declined in all plan types, particularly for any provider plans (although not significantly).

Table 9A: Average Single and Family Premiums and Employee Contributions, in Establishments that Offer Health Insurance by Plan Type, NJ & US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Single Plans								
Average Premiums								
Exclusive	\$2,331 [†]	\$2,373 [†]	\$2,384 [†]	1.1%	\$1,912	\$1,916	\$2,008*	2.5%
Mixed	\$2,405 [†]	\$2,242	\$2,493 [†]	2.2%	\$2,019	\$2,091	\$2,224*	5.0%
Any	\$2,230	\$3,059	\$3,166 [†]	20.3%	\$2,050	\$2,224*	\$2,368	7.5%
Average Employee Contribution								
Exclusive	\$280	\$333	\$354	12.6%	\$332	\$315	\$359	4.4%
Mixed	\$262 [†]	\$255	\$443	35.5%	\$352	\$320	\$398*	7.6%
Any	\$246	\$277	\$544	54.4%	\$330	\$335	\$381	7.7%
% Employee Contribution								
Exclusive	12.0%	14.0%	14.9%	11.5%	17.4%	16.4%	17.9%	1.7%
Mixed	10.9% [†]	11.4%	17.8%	30.4%	17.5%	15.3%	17.9%*	2.2%
Any	11.0%	9.1% [†]	17.2%	35.9%	16.1%	15.1%	16.1%	0.2%
Family Plans								
Average Premiums								
Exclusive	\$5,576 [†]	\$6,031 [†]	\$5,806	2.2%	\$4,868	\$5,152*	\$5,302	4.4%
Mixed	\$6,081 [†]	\$6,249 [†]	\$6,431 [†]	2.8%	\$5,007	\$5,401*	\$5,701*	6.7%
Any	\$5,611	\$6,853 [†]	\$6,699	9.9%	\$4,924	\$5,450*	\$5,754	8.1%
Average Employee Contribution								
Exclusive	\$1,175	\$1,277	\$1,529	14.2%	\$1,288	\$1,308	\$1,382	3.6%
Mixed	\$1,680	\$1,531	\$1,637	-1.0%	\$1,314	\$1,340	\$1,431	4.4%
Any	\$894	\$1,339	\$1,074	15.0%	\$1,140	\$1,167	\$1,190	2.2%
% Employee Contribution								
Exclusive	21.1%	21.2%	26.3%	12.3%	26.5%	25.4%	26.1%	-0.7%
Mixed	27.6%	24.5%	25.5%	-3.6%	26.2%	24.8%	25.1%	-2.1%
Any	15.9% [†]	19.5%	16.0%	2.3%	23.2%	21.4%	20.7%	-5.5%

[†] Significantly different than corresponding year in the United States ($p < .05$)

* Significantly different than previous year ($p < .05$)

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.1.a, II.C.1.b, II.C.1.c, II.C.2.a, II.C.2.b, II.C.2.c, II.C.3a, II.C.3.b, II.C.3.c, II.D.1.a, II.D.1.b, II.D.1.c, II.D.2.a, II.D.2.b, II.D.2.c, II.D.3a, II.D.3.b, II.D.3.c

- ❖ New Jersey single and family premiums were generally higher than the national average in all plan types. This is particularly true for managed care plans. Single and family premiums for both exclusive and mixed provider plans were significantly higher in New Jersey than the United States for two or all three of the years.
- ❖ While New Jersey employees contributed a significantly lower percentage of the total premium for single mixed provider plans than employees in the United States in 1996, by 1998 New Jersey employee contributions for these point-of-service plans were comparable to the rest of the nation.
- ❖ In 1998, New Jersey single premiums and employee contributions were higher for plans allowing more provider choice, but this pattern generally does not hold for family plans.
- ❖ Mixed provider plans, which are increasingly popular in the United States and particularly in New Jersey, are also increasingly costly to employees. For single plans, mixed provider plans have the highest percent employee contribution. For family coverage, mixed provider plans have the highest out-of-pocket employee costs.

Table 9B: Average Single and Family Premiums and Employee Contributions in Establishments that Offer Health Insurance by Plan Type, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Single Plans				
Average Premiums				
Exclusive	\$2,373	\$1,916*	\$1,974*	\$2,018
Mixed	\$2,242	\$2,091	\$2,413	\$1,996
Any	\$3,059	\$2,224	\$2,767	\$2,175
Average Employee Contribution				
Exclusive	\$333	\$315	\$341	\$325
Mixed	\$255	\$320	\$381	\$290
Any	\$277	\$335	\$596	\$174
% Employee Contribution				
Exclusive	14.0%	16.4%	17.3%	16.1%
Mixed	11.4%	15.3%	15.8%	14.5%
Any	9.1%	15.1%*	21.5%	8.0%
Family Plans				
Average Premiums				
Exclusive	\$6,031	\$5,152*	\$5,020*	\$5,072*
Mixed	\$6,249	\$5,401*	\$6,640	\$5,201*
Any	\$6,853	\$5,450*	\$5,939	\$5,192*
Average Employee Contribution				
Exclusive	\$1,277	\$1,308	\$978	\$999
Mixed	\$1,531	\$1,340	\$1,334	\$797
Any	\$1,339	\$1,167	\$1,553	\$899
% Employee Contribution				
Exclusive	21.2%	25.4%	19.5%	19.7%
Mixed	24.5%	24.8%	20.1%	15.3%
Any	19.5%	21.4%	26.2%	17.3%

* Significantly different than New Jersey ($p < .05$)

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.C.1.a, II.C.1.b, II.C.1.c, II.C.2.a, II.C.2.b, II.C.2.c, II.C.3a, II.C.3.b, II.C.3.c, II.D.1.a, II.D.1.b, II.D.1.c, II.D.2.a, II.D.2.b, II.D.2.c, II.D.3a, II.D.3.b, II.D.3.c

TABLES 10A AND 10B

Employers may offer at least one health plan that requires no employee contribution, in part to encourage employees to enroll in lower cost plans. The availability of health insurance with no employee cost sharing is likely to improve employee take-up rates. Tables 10A and 10B and Figure 12 show the percent of establishments that offer at least one health plan where no employee contribution is required, overall and by plan type.

- ❖ In 1998, New Jersey employers were significantly more likely than employers in the United States overall to offer at least one plan (both single and family) with no employee contribution.
- ❖ Mixed provider plans are most likely to be offered with no employee contribution, both in New Jersey and nationally, for single and family coverage.
- ❖ Mixed provider single coverage plans and mixed and exclusive provider family coverage plans in New Jersey are significantly more likely to require no employee contribution than those offered nationally.
- ❖ Nationally, the percentage of any provider plans offered with no employee contribution is declining.

Figure 12: Establishments with at Least One Plan with No Employee Contribution, NJ and US, 1998

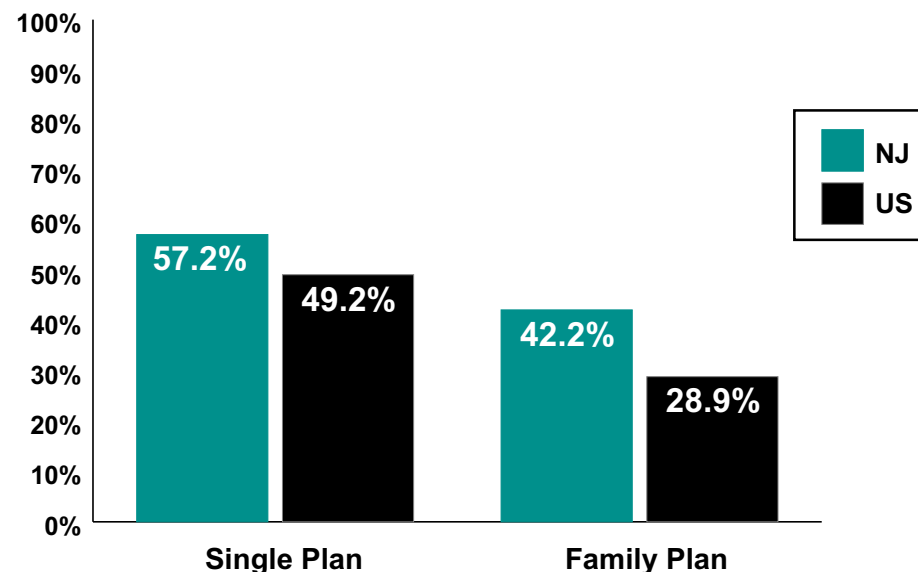


Table 10A: Percent of Establishments that Offer Health Insurance with at Least One Plan Requiring No Employee Contribution by Plan Type, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Single Coverage								
At Least One Plan with No Contribution	56.0%	56.1%	57.2% [†]	1.1%	50.8%	51.2%	49.2%	-1.6%
Exclusive Provider	14.7%	16.8%	16.6%	6.5%	14.5%	16.5%*	16.0%	5.4%
Mixed Provider	31.3%	32.9%	33.8% [†]	3.9%	24.9%	27.6%*	26.4%	3.2%
Any Provider	15.1%	12.3%	9.6%	-20.2%	15.3%	12.9%*	10.6%*	-16.8%
Family Coverage								
At Least One Plan with No Contribution	33.8%	40.3% [†]	42.2% [†]	12.0%	30.9%	28.7%*	28.9%	-3.2%
Exclusive Provider	9.0%	13.3%	15.1% [†]	30.7%	8.0%	8.7%	9.0%	6.1%
Mixed Provider	16.9%	23.2% [†]	21.3% [†]	14.5%	14.6%	14.7%	15.1%	1.7%
Any Provider	10.0%	NR	7.4%	-26.0% [^]	9.9%	7.9%*	6.9%	-16.4%

[†] Significantly different than corresponding year in the US ($p < .05$)

* Significantly different than previous year ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see methods

[^]Percent change between 1996 and 1998

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2.b, II.A.2.c

Table 10B: Percent of Establishments that Offer Health Insurance with at Least One Plan Requiring No Employee Contribution by Plan Type, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Single Coverage				
At least one plan with no contribution	56.1%	51.2%	58.7%	56.5%
Exclusive Provider	16.8%	16.5%	22.1%	20.1%
Mixed Provider	32.9%	27.6%	32.3%	23.5%
Any Provider	12.3%	12.9%	13.2%	21.1%*
Family Coverage				
At least one plan with no contribution	40.3%	28.7%*	38.3%	35.1%
Exclusive Provider	13.3%	8.7%	14.5%	11.4%
Mixed Provider	23.2%	14.7%*	20.3%	12.2%*
Any Provider	NR	7.9%	8.4%	14.3%

* Significantly different than New Jersey ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see methods

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.A.2.b, II.A.2.c

Table 11A: Percent Employee Eligibility and Enrollment in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996 – 1998

	New Jersey				United States			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
% Eligible Employees								
All Establishments	81.5%	81.3%	77.4%	-2.5%	81.3%	79.2%	77.6%	-2.3%
<50 Employees	81.8%	80.8%	72.1%	-6.0%	82.2%	79.5%	75.8%	-4.0%
≥50 Employees	81.4%	81.4%	79.2%	-1.4%	81.1%	79.1%	78.1%	-1.9%
% Enrolled Employees								
All Establishments	72.8%	71.8%	68.1%	-3.3%	69.5%	66.7%*	66.2%	-2.4%
<50 Employees	64.9%	67.4%	61.4%	-2.5%	66.7%	64.8%	60.7%*	-4.6%
≥50 Employees	75.0%	73.2%	70.3%	-3.2%	70.3%	67.3%*	67.9%	-1.7%

* Significantly different than previous year ($p < .05$)

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.B.2.a, II.B.2.b

TABLES 11A AND 11B

Employer offer rates are an important indicator of access to health insurance. But more important than how many employers offer health insurance is how many employees actually are eligible for these programs and how many actually purchase the benefit, given the price they are required to pay out-of-pocket. Tables 11A and 11B examine employee eligibility and enrollment in establishments that offer health insurance. Figure 13 shows the distribution of all employees by coverage, eligibility, and enrollment status. It is important to note that persons that are not insured through their employer—either because their employer does not offer insurance, or they are not eligible or enrolled in their employer’s plan—are not necessarily uninsured. A spouse’s health plan or a public insurance program could cover these workers.

KEY FINDINGS

- ❖ The percent of employees that work in establishments that offer health insurance and are actually eligible for those benefits is declining in small and large businesses in both New Jersey and the United States, although not at a statistically significant level. The percent of eligible employees declined more in small businesses than large businesses.
- ❖ The percent of employees nationally that are enrolled in plans in establishments that offer health insurance has declined significantly for both large and small businesses between 1996 and 1998.
- ❖ The percent of New Jersey employees enrolled in employer-sponsored health plans has also declined but the declines were not statistically significant.
- ❖ There are no significant differences in employee eligibility or enrollment in establishments that offer health insurance in New Jersey compared to the United States or neighboring states, despite significantly higher premiums and employee contributions in New Jersey.

Table 11B: Percent Employee Eligibility and Enrollment in Establishments that Offer Health Insurance by Firm Size, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
% Eligible Employees				
All Establishments	81.3%	79.2%	81.6%	78.6%
<50 Employees	80.8%	79.5%	80.8%	78.0%
≥50 Employees	81.4%	79.1%	81.8%	78.9%
% Enrolled Employees				
All Establishments	71.8%	66.7%	68.1%	65.9%
<50 Employees	67.4%	64.8%	64.5%	63.9%
≥50 Employees	73.2%	67.3%	69.3%	66.6%

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.B.2.a, II.B.2.b

Figure 13: Health Insurance Offer, Eligibility, and Enrollment Status of Employees, NJ and US, 1998

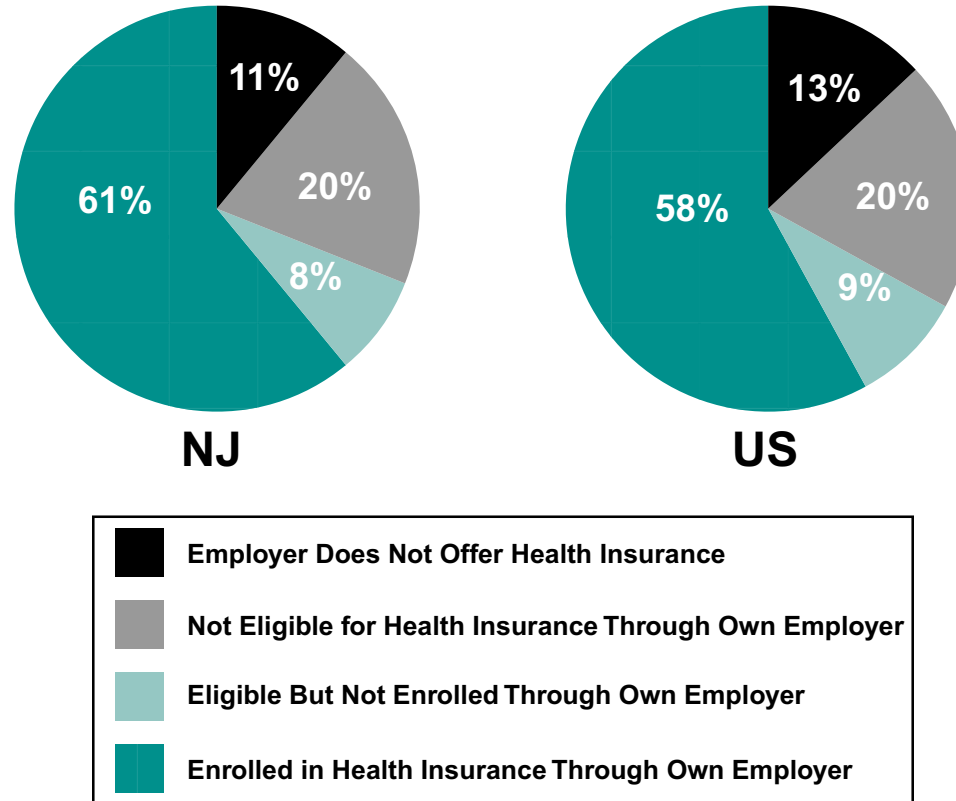


Table 12A: Full- and Part-time Employee Health Insurance Eligibility and Enrollment in Establishments that Offer Health Insurance by Firm Size, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	Avg. Annual % Change	1996	1997	1998	Avg. Annual % Change
Full-Time Employees								
% Eligible Employees								
All Establishments	89.1%	87.7%	84.6%	-2.6%	89.7%	88.6%	85.1%*	-2.6%
<50 Employees	89.3%	90.9%	80.9%	-4.6%	90.7%	90.6%	84.7%*	-3.3%
≥50 Employees	89.1%	86.7%	85.8%	-1.9%	89.4%	88.0%	85.3%*	-2.3%
% Enrolled Employees								
All Establishments	80.3%	77.9%	75.2%	-3.2%	77.9%	76.1%*	73.7%*	-2.7%
<50 Employees	73.6%	77.1%	69.1%	-2.8%	75.3%	75.6%	69.1%*	-4.1%
≥50 Employees	82.1%	78.1%	77.2%	-3.0%	78.6%	76.3%*	75.1%	-2.2%
Part-Time Employees								
% Eligible Employees								
All Establishments	29.8%	36.3%	32.0%	5.0%	33.6%	29.1%	29.2%	-6.5%
<50 Employees	39.2%	NR	NR	~	34.4%	25.8%*	23.7%	-16.6%
≥50 Employees	26.6%	41.4%	37.7%	23.4%	33.4%	30.2%	31.1%	-3.3%
% Enrolled Employees								
All Establishments	22.1%	29.0%	22.8%	4.9%	21.5%	16.5%*	17.9%	-7.4%
<50 Employees	NR	NR	NR	~	18.2%	12.1%*	11.7%	-18.4%
≥50 Employees	24.4%	35.7%	26.6%	10.4%	22.5%	18.0%	20.0%	-4.4%

* Significantly different than previous year ($p < .05$)

NR indicates that the estimate is not reliable using standards established by AHRQ; see "Methods"

~ Not applicable

Source: MEPS-IC 1996, 1997, 1998 Tables; www.meps.ahrq.gov/data.htm; Tables II.B.3.b.1, II.B.3.b.2, II.B.4.b.1, II.B.4.b.2

TABLES 12A AND 12B

Since health insurance eligibility differs significantly by employee hours of work, Tables 12A and 12B examine employee eligibility for, and enrollment in, health insurance in establishments that offer health insurance by full-time and part-time employees.

KEY FINDINGS

- ❖ Nationally, declines in eligibility and enrollment rates for all employees are also seen in trends for full-time and part-time employees.
- ❖ As expected, part-time employees in New Jersey and the United States are much less likely than full-time employees to be eligible for employer-sponsored health insurance and to enroll in health plans when they are eligible.
- ❖ There are no apparent differences in patterns of employer-sponsored coverage between New Jersey, United States, New York, and Pennsylvania for full- and part-time employees.

Table 12B: Full- and Part-time Employee Health Insurance Eligibility and Enrollment in Establishments that Offer Health Insurance by Firm Size, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
Full-Time Employees				
% Eligible Employees				
All Establishments	87.7%	88.6%	90.0%	91.3%
<50 Employees	90.9%	90.6%	89.9%	93.1%
≥50 Employees	86.7%	88.0%	90.1%	90.7%
% Enrolled Employees				
All Establishments	77.9%	76.1%	77.1%	78.8%
<50 Employees	77.1%	75.6%	74.5%	78.2%
≥50 Employees	78.1%	76.3%	77.9%	78.9%
Part-Time Employees				
% Eligible Employees				
All Establishments	36.3%	29.1%	38.0%	26.3%
<50 Employees	NR	25.8%	34.9%	20.5%
≥50 Employees	41.4%	30.2%	39.1%	28.4%
% Enrolled Employees				
All Establishments	29.0%	16.5%	22.2%	12.7%
<50 Employees	NR	12.1%	14.5%	9.4%
≥50 Employees	35.7%	18.0%	24.9%	13.9%

NR indicates that the estimate is not reliable using standards established by AHRQ; see "Methods"

Source: MEPS-IC 1997 Tables; www.meps.ahrq.gov/data.htm; Tables II.B.3.b.1, II.B.3.b.2, II.B.4.b.1, II.B.4.b.2

TABLES 13A AND 13B

As shown in Table 2A, approximately 43–45% of establishments in New Jersey and the United States did not offer any health insurance in 1998. These tend to be smaller establishments that employ approximately 20% of all employees. For these establishments, it is instructive to examine whether they have offered health insurance in the past or whether they provide alternative assistance to employees to help them pay for their health care costs. Tables 13A and 13B examine establishments that do not offer coverage.

KEY FINDINGS

- ❖ The vast majority of United States and New Jersey businesses that did not offer health insurance in 1997 have not offered health insurance since 1991.
- ❖ Very few businesses in New Jersey or the United States provide vouchers or stipends as an alternative form of coverage to their employees.
- ❖ A minority of New Jersey employers that did not offer health insurance in 1997 (9.6%) reported that they pay medical/hospital bills directly for their employees. While not statistically significant, New Jersey establishments that did not offer health insurance were more likely to offer this alternative than their counterparts nationally.

Table 13A: Health Benefits in Establishments That Do Not Offer Health Insurance, NJ and US, 1996 – 1998

	NJ				US			
	1996	1997	1998	% Change	1996	1997	1998	% Change
% Offered Health Insurance Since 1991	16.0% [†]	7.0%	~	-56.0%	7.2%	5.5%*	~	-23.4%
% Paid Medical/Hospital Bills Directly	10.2%	9.6%	~	-5.6%	5.9%	5.7%	~	-3.1%
% Provided Voucher/Stipend	2.2%	2.0%	~	-10.1%	2.9%	3.2%	~	8.8%

~ Data not available

* Significantly different than previous year ($p < .05$)

† Significantly different than corresponding year in the US ($p < .05$)

Source: MEPS Special Request Data

Table 13B: Health Benefits in Establishments That Do Not Offer Health Insurance, NJ/US/NY/PA, 1997

	NJ	US	NY	PA
% Offered Health Insurance Since 1991	7.0%	5.5%	7.5%	7.1%
% Paid Medical/Hospital Bills Directly	9.6%	5.7%	6.1%	4.5%
% Provided Voucher/Stipend	2.0%	3.2%	3.1%	1.3%

Source: MEPS Special Request Data

SUMMARY

Private-sector employers in New Jersey consistently pay more for health insurance for their employees than employers nationwide. In 1998, employers in the state paid the highest premiums for single plans and third highest for family plans out of 40 states studied. Small businesses in the state are at a particular disadvantage, paying premiums that are more than a fourth to a third higher than their counterparts nationally. The cost of health insurance has increased over time. Mirroring national trends, employer premiums in New Jersey rose at an average annual rate of four to five percent between 1996 and 1998.

Premium increases occurred despite the increasing reliance on managed care plans, which are designed to manage costs more aggressively than traditional indemnity plans. In New Jersey, employers are less likely to offer traditional indemnity coverage than their peers nationally, favoring managed care plans and particularly preferred provider plans. However, managed care in New Jersey is not inexpensive. Between 1996 and 1998, the cost of New Jersey managed care plans for both single and family coverage were often significantly higher than the national average. Despite the high cost of insurance, and perhaps because of anticipated higher risk for employers to self-insure, New Jersey establishments are much less likely to self-insure than private-sector establishments nationally.

Despite the increasing cost of providing health insurance, employers continue to offer coverage to their employees. Employers' continued commitment to offering health insurance in the face of higher costs might be tied to the tight labor market during this period. In the future, should the economy falter and unemployment rise, it is possible that higher premiums could result in fewer establishments offering health benefits to their employees and thus greater rates of uninsured persons over time.

Health insurance premium increases affect the cost to workers as well. Some employees are paying a growing share of the costs, particularly employees of larger businesses. Nationally and in New Jersey, employees' share of individual premiums in larger businesses rose significantly, with employee contributions in New Jersey nearly doubling. These increases in employee contributions in New Jersey were not matched by a significant decline in the likelihood that workers enroll in coverage when offered during this period, although eligibility and enrollment did decline somewhat. Similar declines in enrollment were seen nationally, which were statistically significant between 1996 and 1997 in large firms and between 1997 and 1998 in small firms. The continued high take-up by New

Jersey employees may be tied to the high cost of medical care and the fact that, despite rising employee premium contributions, 57% of New Jersey establishments with health benefits offer at least one single plan and 42% offer at least one family plan with no employee contribution, a higher percentage than offered nationally. Thus, many employees in New Jersey can obtain health insurance that requires no out-of-pocket premium expense.

The data presented here are from the federally sponsored Medical Expenditure Panel Survey Insurance Component (MEPS-IC). The MEPS-IC cannot explain why premiums have increased, but other reports suggest a number of factors for the national trend toward higher premiums. These factors include the insurance underwriting cycle, the increasing cost of prescription drugs, reduced discounting of hospital costs stemming from a consolidation in the hospital industry, rising labor costs for nurses and other medical professionals in short supply, and reduced gate-keeping measures and capitation in managed care (Freudenheim, 2001; Gabel et al., 2000; Gabel et al., 2001; Hogan et al., 2000). Potential reasons for the exceptionally high premiums in New Jersey may include high demand for coverage because of higher than average wages and high medical costs. Further study is needed to conclusively identify the factors that are driving increases in the state's insurance rates.

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