

ISSUE BRIEF

Employer-Sponsored Health Insurance in New Jersey: Firm Characteristics, Offer Rates, Workforce Enrollment, Premiums, and Employee Contributions

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Introduction

In July 1999, Governor Christine Todd Whitman created the Task Force on Accessibility and Affordability of Health Care in New Jersey to undertake a comprehensive, coordinated review of the affordability and accessibility of health insurance in New Jersey. One of the charges of the Task Force is to evaluate the amount that employees contribute to the cost of employer-sponsored health coverage in the state. To assist the Task Force in this charge, this issue brief presents data from the 1996 Medical Expenditure Panel Survey Insurance Component (MEPS-IC), a national survey of 23,000 employers sponsored by the Agency for Health Care Policy and Research (AHCPR) that produces estimates for New Jersey and other states. The brief compares health insurance offer rates, workforce enrollment, premiums, and employee contributions in private sector establishments by firm size in New Jersey with the nation overall and neighboring states. The data presented in this brief are drawn from detailed tables created by the AHCPR (MEPS IC-001: Employer-Sponsored Health Insurance Data tables; www.meps.ahcpr.gov/data.htm). Future briefs will describe additional employer and household health insurance data.

Key Findings

Compared to establishments in the US, New Jersey private sector establishments are modestly more likely to offer health insurance to their employees. Small businesses, in particular, are more likely to offer insurance even though premiums for single and family coverage exceed the average in the United States. While offer rates are higher in New Jersey's small establishments, take-up rates by employees who are offered coverage are slightly lower than the national average. More than 20% of employees eligible for coverage in small businesses did not enroll in 1996. Employee take-up rates in small businesses are lower than average despite the finding that the percent that employees contribute toward both single and family coverage is lower than the national average in both small and large firms. Due to the higher premiums in the state, however, the actual dollar amount contributed by employees for single coverage in small businesses and for family coverage in all establishments is higher than the national average.

The higher offer rate in New Jersey may stem from differences in the characteristics of New Jersey firms. Firms in New Jersey on average are more like firms nationally that offer health insurance coverage. Specifically, New Jersey firms tend to have fewer low wage and part-time workers, more unionization, and are less likely to be unincorporated or new firms.

Other specific findings are:

- New Jersey has a disproportionate percent of establishments and workers in small firms (under 10 workers) and less than average in mid-size companies (25-999 workers). (Table 1)
- In New Jersey and the United States, most establishments are small, but the majority of employees work in large companies. More than two thirds of private-sector employees in New Jersey work in settings with 50 or more employees, while one third work in settings with 50 workers or less. (Table 1)

Table 1: Distribution of Private Sector Establishments and Employees by Firm Size, NJ/US/NY/PA, 1996

	<i>Establishments</i>				<i>Employees</i>			
	NJ	US	NY	PA	NJ	US	NY	PA
Total	201,090	5,998,994	401,648	255,971	3,096,025	103,846,469	6,933,586	4,783,887
<10 employees	65.0%	60.7%	66.2%	60.3%	15.4%	13.0%	14.0%	12.5%
10-24 employees	11.7%	12.8%	12.4%	13.2%	10.2%	9.2%	8.7%	9.1%
25-99 employees	6.6%	8.6%	7.9%	7.8%	14.0%	15.6%	14.4%	12.3%
100-999 employees	5.4%	6.2%	5.1%	6.0%	19.3%	20.7%	24.9%	22.2%
1,000+ employees	11.3%	11.8%	8.5%	12.7%	41.2%	41.5%	38.1%	43.9%
< 50 employees	80.7%	78.5%	82.6%	78.6%	32.4%	29.6%	28.9%	28.0%
50 or more employees	19.3%	21.5%	17.4%	21.4%	67.6%	70.4%	71.1%	72.0%

Source: MEPS-IC 1996 Tables; www.meeps.ahcpr.gov/data.htm; Tables 2A, 2A1, 2B, 2B1

- New Jersey private sector employment establishments have characteristics typical of firms that are more likely to offer health insurance coverage: they have fewer low wage and part-time workers, more unionization, and are less likely to be unincorporated or new firms than the national average. (Table 2)
- New Jersey employment establishments are modestly more likely to offer insurance coverage to their workers than the national average. This is especially true of small businesses. (Table 3, Chart 1)
- The majority of employees in New Jersey's private sector work in establishments that offer health insurance (86.6%). Those that do not tend to work in small businesses. (Table 4)
- While health insurance offer rates in New Jersey are higher than the national average for small firms (< 50 employees), the take-up rates of eligible employees enrolling in employer-sponsored health plans are lower than the national average. (Table 4)

Table 2: Percent of Private Sector Establishments by Selected Characteristics, NJ/US/NY/PA, 1996

	NJ	US	NY	PA
50% or more low-wage employees*	11.3%	22.8%	22.6%	22.5%
25% or more part-time employees	33.8%	34.1%	32.2%	39.5%
Has union employees	5.0%	3.5%	6.7%	4.9%
Unincorporated	27.1%	36.4%	29.6%	38.5%
In business <5 years	39.1%	45.8%	35.5%	42.6%
Single establishment firms	81.5%	76.7%	82.0%	76.6%
Retail	21.1%	24.7%	22.3%	25.7%
Manufacturing	5.3%	5.8%	5.3%	7.5%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Table 5X

*Low-wage is defined as earning <\$6.50 per hour.

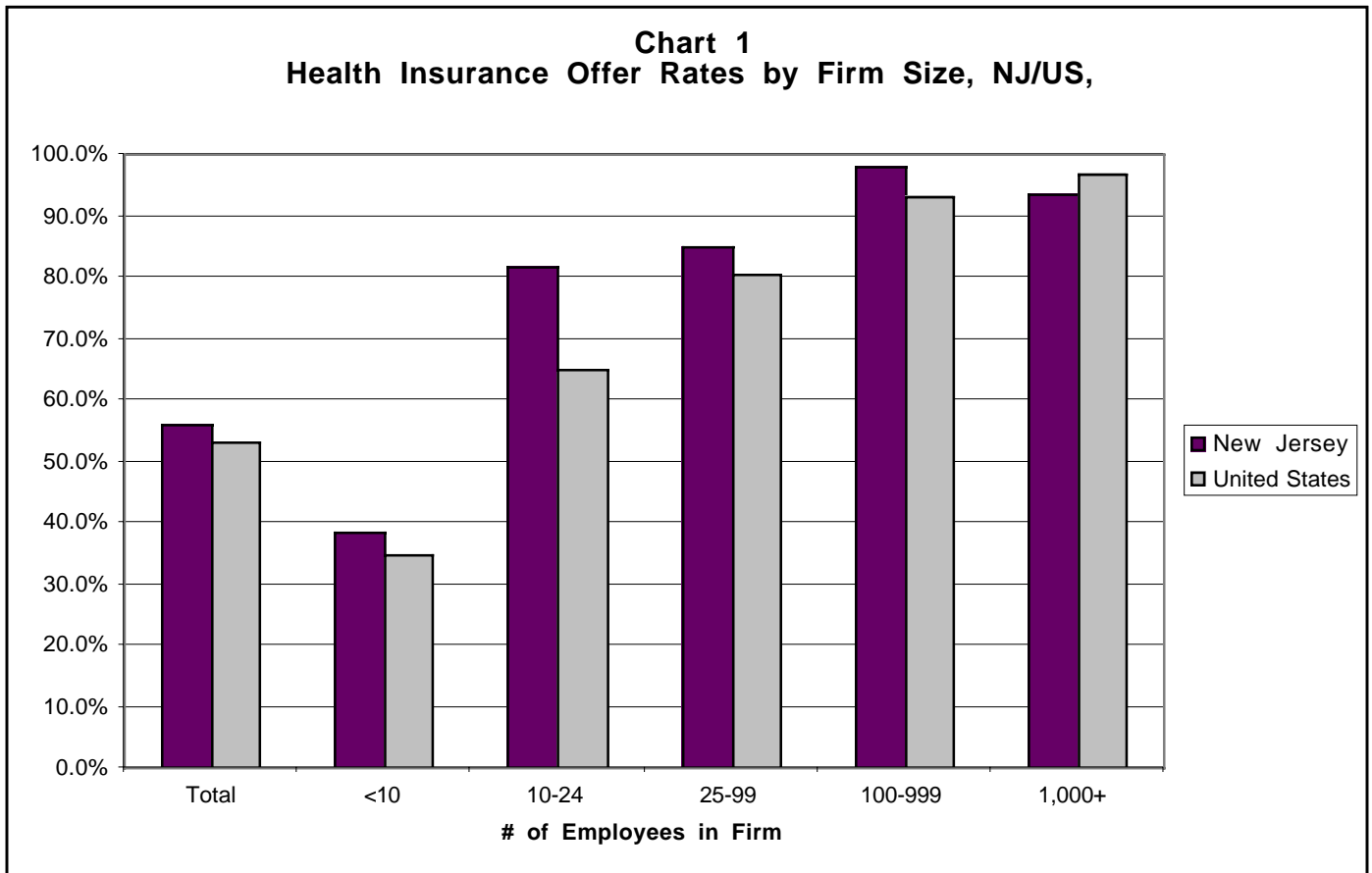
- New Jersey private sector establishments that offer health insurance are less likely to offer two or more plans than the United States, New York, or Pennsylvania. The vast majority (80.5%) only offer one plan option. (Table 5)
- Establishments that offer health insurance in New Jersey are less likely to offer conventional/indemnity plans and more likely to offer managed care plans, particularly preferred provider plans, than the rest of the country or neighboring states. (Table 5)
- Single and family premiums in New Jersey private sector establishments are considerably higher than in the US, but employees in New Jersey contribute a lower proportion of the total premium than employees in the US. (Table 6)

Table 3: Percent of Private Sector Establishments that Offer Health Insurance by Firm Size, NJ/US/NY/PA, 1996

	NJ	US	NY	PA
Total	55.9%	53.2%	53.9%	60.0%
<10 employees	38.4%	34.5%	38.5%	42.6%
10-24 employees	81.7%	64.9%	68.7%	71.1%
25-99 employees	84.8%	80.5%	83.7%	82.1%
100-999 employees	97.8%	93.0%	95.8%	96.8%
1,000+ employees	93.4%	96.8%	100.0%	100.0%
< 50 employees	46.7%	42.1%	45.2%	49.8%
50 or more employees	94.6%	93.8%	95.3%	97.4%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Table 2E

Chart 1
Health Insurance Offer Rates by Firm Size, NJ/US,



Source: MEPS-IC 1996Tables; www.meeps.ahcpr.gov/data.htm; Table 2E.

Table 4: Percent Employee Health Plan Participation in Private Sector Establishments by Firm Size, NJ and US, 1996

	New Jersey			United States		
	Total	<50 Employees	50 or More Employees	Total	<50 Employees	50 or More Employees
Total employees	3,096,025	32.4%	67.6%	103,846,469	29.6%	70.4%
Employees in firms offering health insurance	86.6%	64.8%	97.0%	86.5%	61.3%	97.1%
Eligible employees in firms offering health insurance	81.3%	81.6%	81.2%	81.5%	82.2%	81.3%
Enrolled employees of those eligible	88.8%	78.7%	92.1%	85.4%	81.2%	86.5%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Tables 2G, 2H, 2I,

- Compared to neighboring states, New Jersey’s premiums for single coverage are higher on average but New Jersey employees contribute a lower proportion of the total premium than employees in New York and Pennsylvania. (Table 6A, Chart 2)
- For family coverage, New Jersey’s premiums are also higher than neighboring states, but employees in New Jersey contribute approximately the same proportion of the total premium as employees in New York and Pennsylvania. (Table 6A, Charts 3)
- The dollar amount contributed toward single coverage by employees in small businesses is higher than the US and Pennsylvania averages, but lower than New York. (Table 6, Chart 2A)
- The dollar contribution toward family coverage by employees in all NJ establishments is higher than the national average and neighboring states. (Chart 3A)

Table 5: Percent of Private Sector Establishments Offering Health Insurance by Plan Options, NJ/US/NY/PA, 1996

	NJ	US	NY	PA
2 or more plans offered	19.5%	21.8%	27.9%	24.1%
Waiting Period for new employees	56.1%	58.6%	51.6%	53.1%
Plan Type				
Conventional indemnity	24.7%	28.1%	32.7%	44.0%
Any managed care	81.9%	79.0%	78.8%	66.7%
Exclusive provider	32.5%	32.7%	43.1%	30.4%
Preferred provider	61.0%	55.5%	48.0%	45.6%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Table 7Y

Table 6: Average Total Single and Family Premiums and Employee Contributions in Private Establishments Offering Health Insurance by Firm Size, NJ and US, 1996

	New Jersey			United States		
	Total	<50 Employees	50 or More Employees	Total	<50 Employees	50 or More Employees
SINGLE COVERAGE						
Average single premium	\$2,380	\$2,573	\$2,327	\$1,997	\$2,085	\$1,974
Average employee contribution	\$275	\$327	\$261	\$338	\$308	\$346
% employee contribution	11.6%	12.7%	11.2%	16.9%	14.8%	17.5%
FAMILY COVERAGE*						
Average family premium	\$5,870	\$6,089	\$5,814	\$4,953	\$4,890	\$4,968
Average employee contribution	\$1,493	\$1,740	\$1,429	\$1,439	\$1,582	\$1,404
% employee contribution	25.4%	28.6%	24.6%	29.1%	32.4%	28.3%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Tables 2R, 2S, 2T, 2U, 2V,2W

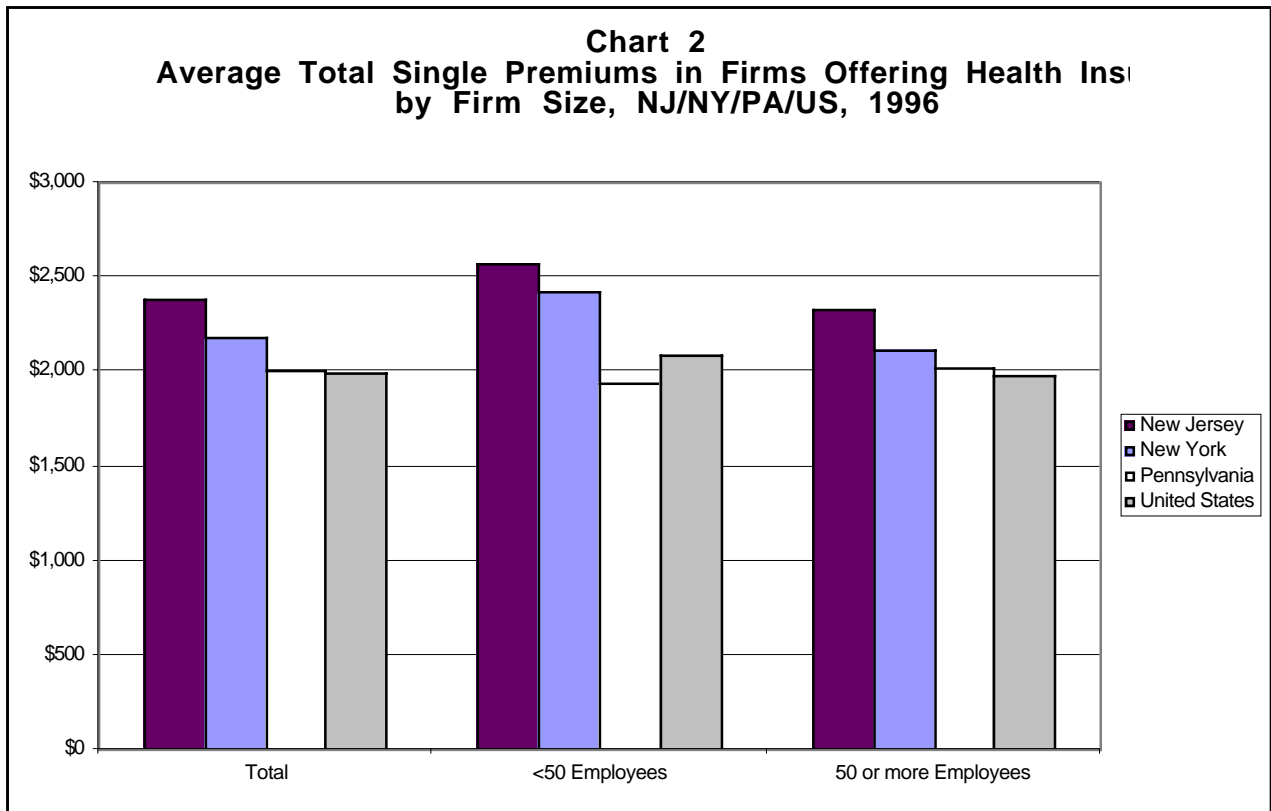
Note: Premiums are not adjusted for scope of benefits or employee characteristics. If premiums/contributions varied by family size, establishments reported the average for a family of four

Table 6A: Average Total Single and Family Premiums and Employee Contribution in Private Sector Establishments Offering Health Insurance by Firm Size in NJ/NY/PA, 1996*

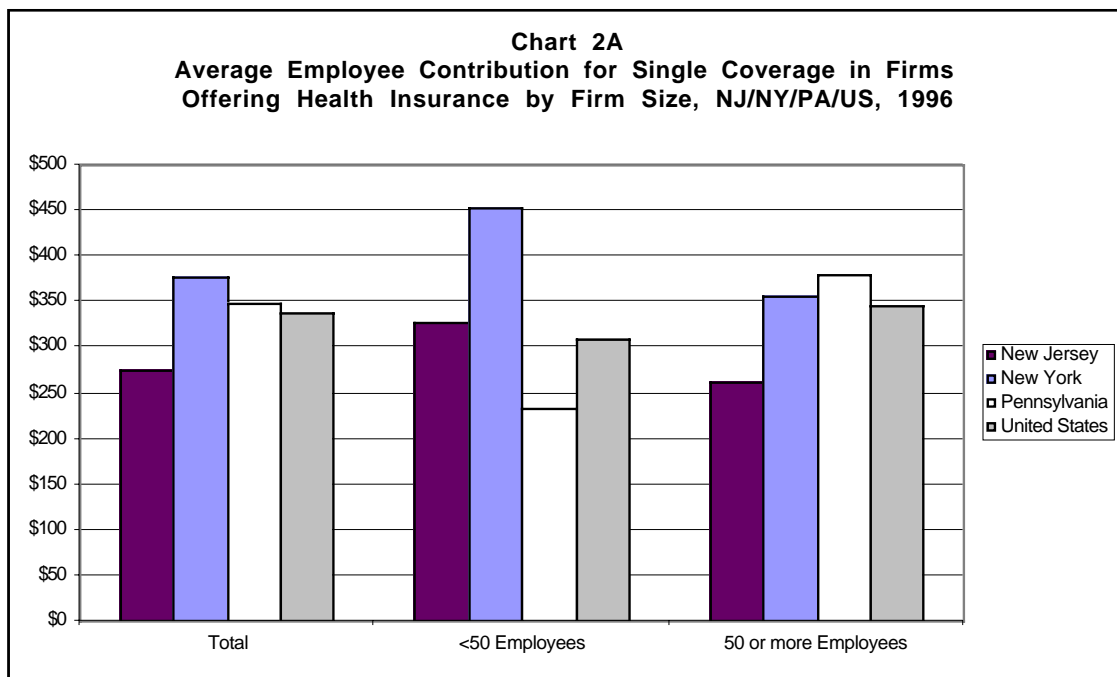
	New Jersey			New York			Pennsylvania		
	Total	<50 Employees	50 or More Employees	Total	<50 Employees	50 or More Employees	Total	<50 Employees	50 or More Employees
SINGLE COVERAGE									
Average single premium	\$2,380	\$2,573	\$2,327	\$2,183	\$2,417	\$2,116	\$2,003	\$1,939	\$2,019
Average employee contribution	\$275	\$327	\$261	\$378	\$452	\$357	\$349	\$232	\$379
% employee contribution	11.6%	12.7%	11.2%	17.3%	18.7%	16.9%	17.4%	12.0%	18.8%
FAMILY COVERAGE									
Average family premium	\$5,870	\$6,089	\$5,814	\$5,360	\$5,456	\$5,334	\$4,982	\$4,707	\$5,047
Average employee contribution	\$1,493	\$1,740	\$1,429	\$1,293	\$1,557	\$1,221	\$1,303	\$1,196	\$1,328
% of employee contribution	25.4%	28.6%	24.6%	24.1%	28.5%	22.9%	26.2%	25.4%	26.3%

Source: MEPS-IC 1996 Tables; www.meps.ahcpr.gov/data.htm; Tables 2R, 2S, 2T, 2U, 2V,2W

Note: Premiums are not adjusted for scope of benefits or employee characteristics. If premiums/contributions varied by family size, establishments reported the average for a family of four.

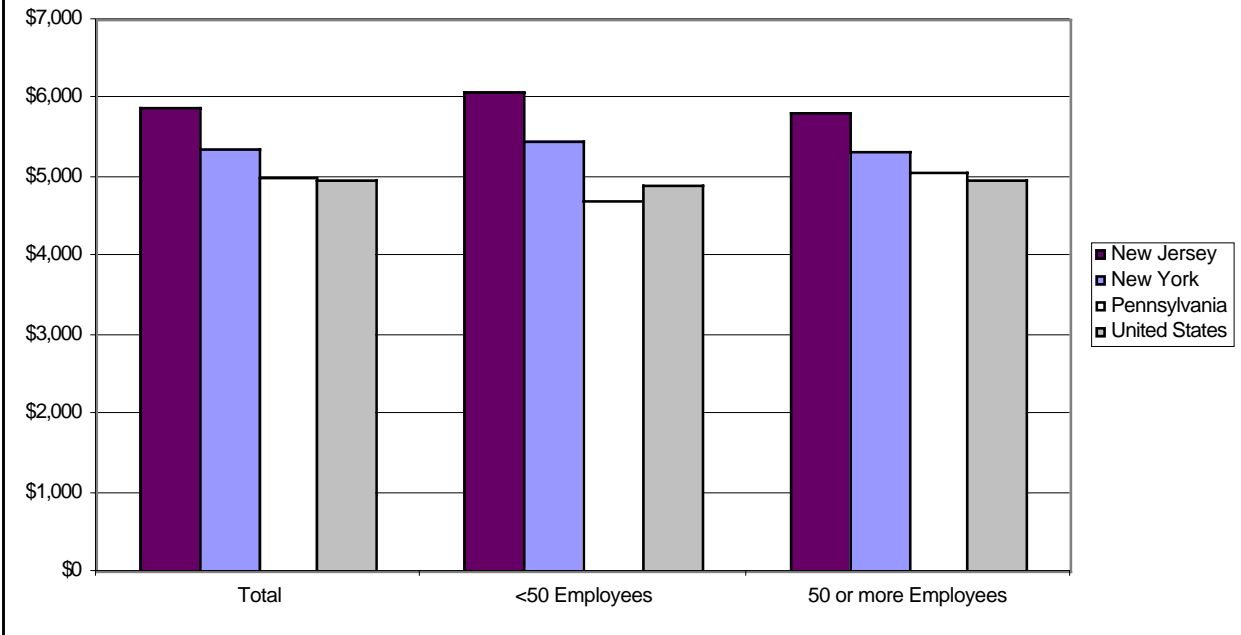


Source: MEPS-IC 1996Tables; www.meps.ahcpr.gov/data.htm; Tables 2R, 2S, 2T.



Source: MEPS-IC 1996Tables; www.meps.ahcpr.gov/data.htm; Tables 2R, 2S, 2T.

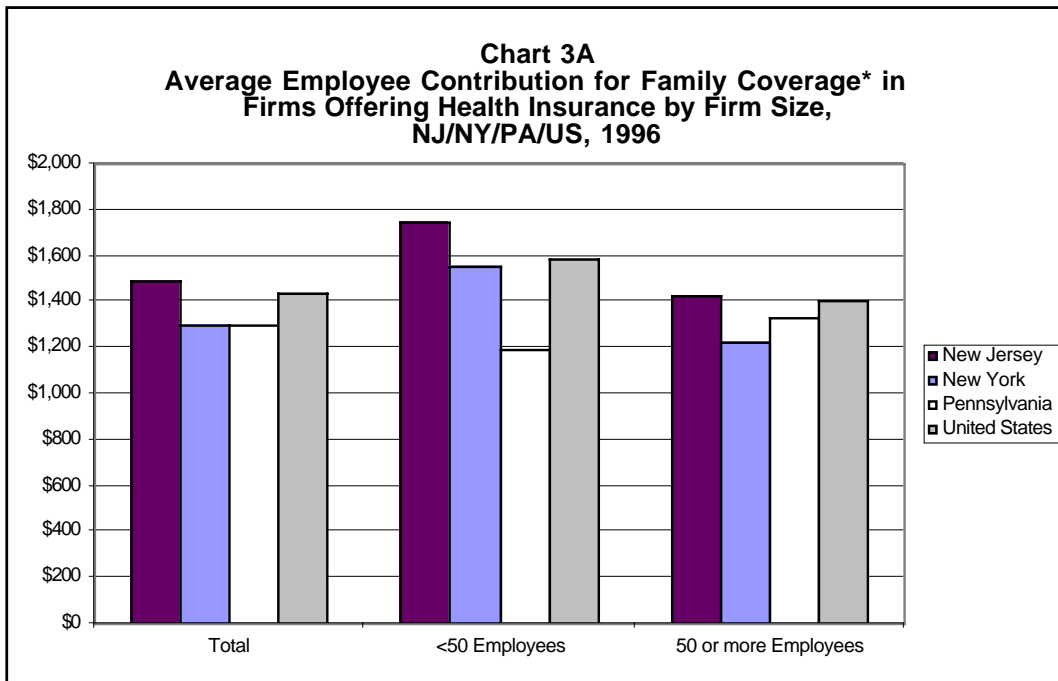
Chart 3
Average Total Family Premiums* in Firms Offering Health Insurance by Firm Size, NJ/NY/PA/US, 1996



Source: MEPS-IC 1996Tables; www.meps.ahcpr.gov/data.htm; Tables 2U, 2V, 2W.

*Note: Premiums are not adjusted for scope of benefits or employee characteristics. If premiums/contributions varied by family size, establishments reported the average for a family of four.

Chart 3A
Average Employee Contribution for Family Coverage* in Firms Offering Health Insurance by Firm Size, NJ/NY/PA/US, 1996



Source: MEPS-IC 1996Tables; www.meps.ahcpr.gov/data.htm; Tables 2U, 2V, 2W.

*Note: Premiums are not adjusted for scope of benefits or employee characteristics. If premiums/contributions varied by family size, establishments reported the average for a family of four.

Methods

The Medical Expenditure Panel Survey Insurance Component (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 and reflect employer-based health insurance coverage available in 1996. 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 paper reports findings from private sector employers only. The MEPS is sponsored by the Agency for Health Care Policy and Research.

The national response rate for the survey 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 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.ahrp.gov/mepsdata/ic/technote.pdf)

As with any survey, there is sampling error associated with estimates. Sampling error increases with smaller sample size. Thus, small differences should be interpreted with caution. In this brief, we have not presented estimates where the sampling error is greater than 30% of the final estimate. Some typical sampling errors for the MEPS-IC New Jersey estimates are:

Margins of Errors* (+/-) for Selected Estimates from MEPS-IC, United States and New Jersey			
N (thousands) or % of private sector establishments by firm size	Total	Firm Size	
		<50	50 or more
United States	65.26	0.45%	0.45%
New Jersey	9.20	4.82%	4.82%
N (thousands) or % of private sector employees by firm size			
United States	3,110.31	0.96%	0.96%
New Jersey	473.41	8.70%	8.70%
% establishments that offer health insurance			
United States	0.49%	0.65%	0.86%
New Jersey	4.65%	5.41%	6.72%
% of total premiums contributed by employees in single coverage			
United States	0.76%	0.86%	1.10%
New Jersey	1.82%	2.61%	2.10%
% of total premiums contributed by employees in family coverage			
United States	0.86%	1.16%	1.14%
New Jersey	5.43%	7.49%	6.84%
% employees eligible for coverage who are enrolled at establishments that offer health insurance			
United States	0.74%	0.80%	0.92%
New Jersey	3.04%	5.94%	2.76%

Source: MEPS-IC Tables; www.meps.ahrp.gov/data.htm.

*Based on 95% Confidence Intervals



Rutgers' Center for State Health Policy

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