Context: Employer-Sponsored Coverage

• If separate CHIP funding ended in 2016, one-third of children (1.2 million) are projected to enroll in employer-sponsored coverage.

• Employer-sponsored insurance emerged when employers could not use wages to compete for workers.

• Federal policy recognizes the role of employer-sponsored insurance by permitting employers to pay for coverage tax-free.

• There are few other federal requirements for employer-sponsored insurance.
Key points: Trends in Employer-Sponsored Coverage

- Children in low to moderate-income families are less likely to have access to employer-sponsored insurance.
- Large firms are more likely to offer employer-sponsored coverage, and most firms offer dependent coverage.
- Even if they are offered coverage, low-income families may consider it unaffordable.
- In addition to premiums, families are likely to face deductibles and other cost-sharing requirements.
- Most employer-sponsored insurance plans cover inpatient and outpatient services, physician services, and prescription drugs.
- ESI plan premiums, cost-sharing requirements, and benefits can vary among employers, and sometimes within a single employer.
Children’s Access to Job-Based Coverage Differs Significantly by Income

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;=138% FPL</td>
<td>25.4%</td>
</tr>
<tr>
<td>139–200% FPL</td>
<td>58.9%</td>
</tr>
<tr>
<td>201–250% FPL</td>
<td>69.0%</td>
</tr>
<tr>
<td>251–400% FPL</td>
<td>83.1%</td>
</tr>
<tr>
<td>Above 400% FPL</td>
<td>90.1%</td>
</tr>
</tbody>
</table>

Note: FPL is federal poverty level, which is currently $20,090 for a family of three. All differences from 139–200 percent FPL are significant at the 0.05 level.
Source: MACPAC analysis of children in 2013 National Health Interview Survey (NHIS).
Percent of Firms Offering Health Benefits, by Select Firm Characteristics, 2015

**Firm Size**
- All Firms: 57%
- All Small Firms*: 56%
- All Large Firms*: 98%

**Low Wage Firms**
- More Low-Wage Workers: 45%
- Fewer Low-Wage Workers: 70%

**Worker Type**
- Part-Time Employees: 19%
- Temporary Workers: 3%

**Note:** * denotes that estimates are statistically different from each other within category (p<.05). All small firms are those with between 3 and 199 workers, all large firms have 200 or more. Firms with more low-wage workers are defined as firms in which 35 percent or more workers earn $23,000 a year or less; firms with fewer low-wage workers are those in which less than 35 percent of workers earn $23,000 a year or less. 

**Source:** Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2015.

October 29, 2015

October 29, 2015
Average Annual Premium and Worker Contribution for Family Coverage, 1999-2015

Average Premium Paid by Covered Workers for Family Coverage, by Select Firm Characteristics, 2015

<table>
<thead>
<tr>
<th>Category</th>
<th>Premium Paid (Average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Firms</td>
<td>$4,955</td>
</tr>
<tr>
<td>All Small Firms*</td>
<td>$5,904</td>
</tr>
<tr>
<td>All Large Firms*</td>
<td>$4,549</td>
</tr>
<tr>
<td>Fewer Low-Wage Workers*</td>
<td>$4,829</td>
</tr>
<tr>
<td>More Low-Wage Workers*</td>
<td>$6,382</td>
</tr>
<tr>
<td>Fully Insured*</td>
<td>$5,833</td>
</tr>
<tr>
<td>Self-Funded*</td>
<td>$4,446</td>
</tr>
</tbody>
</table>

Note: * denotes that estimates are statistically different from each other within category (p<.05). All small firms are those with between 3 and 199 workers, all large firms have 200 or more. Firms with more low-wage workers are defined as firms in which 35 percent or more workers earn $23,000 a year or less; firms with fewer low-wage workers are those in which less than 35 percent of workers earn $23,000 a year or less. Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2015.
Cost-Sharing Requirements

- In 2014, 84 percent of private sector employees were enrolled in a plan with a deductible for family coverage, up from 48 percent in 2002 (MACPAC analysis of MEPS-IC).
- The likelihood of having a deductible varies by plan type, but not firm size (Kaiser/HRET 2015).
- General annual family deductibles ranged from $1,527 to $5,297 in 2015 depending on firm size and plan type (Kaiser/HRET 2015).
- Annual deductibles have increased steadily since 2006, although the increase varies by plan type (Kaiser/HRET 2015).
- Most covered workers face additional cost-sharing requirements for primary and specialty care physician office visits and prescription drugs (Kaiser/HRET 2015).
Covered Benefits

- Most employer-sponsored insurance plans cover inpatient and outpatient services, physician services, and prescription drugs.
- For other services, coverage varies.
  - Many firms cover services such as physical therapy, occupational therapy, speech therapy, and autism services.
  - More than half of all plans (54 percent) do not include pediatric dental coverage. Of the employers that offer separate dental coverage, many require an additional premium.
- Most benefit mandates are issued at the state level, although some mandates may not apply to self-funded plans.