Trends in Employer-Sponsored Insurance Related to Children’s Coverage

Medicaid and CHIP Payment and Access Commission
Benjamin Finder
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

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

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.


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 ($)</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>
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<tr>
<td>Fewer Low-Wage Workers*</td>
<td>$4,829</td>
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<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.
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