Employer-Sponsored Coverage for Washington Large Employers & Their Low-Wage / Low-Income Employees

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Coverage of Low-Wage Workers Workgroup Meeting
October 30, 2007
To Be Covered

- Snapshot of Washington large business landscape (appendices)
- Health insurance offers-coverage by Washington’s large employers
- Coverage from perspective of low-wage/low income workers
- Shared responsibility for premiums
- Outlook for the future (from recent surveys)

Keep In Mind:

- There is no single perfect data source that tells the complete story for low-wage workers in Washington’s large firms
  - We use several national & local Washington data sources
  - We use three-year moving averages
- The devil is in the details and definitions
  - We tried to be consistent, not torture the data
  - Although Proviso interest is low-wage workers we used most relevant data available – take note of definitions!
Definitions Can Make a Difference

Low WageWorkers ≠ Low Income Families

For example:

Where low-wage no greater than 50% median wage roughly ¼ all workers are low-wage
(worker may be secondary source of income)

Where family income no greater than 200% FPL (i.e., $40,000 for family of 4 in 2006) less than ½ these low-wage workers are in low-income families

So - for this presentation we assume that:

Low-Income Families = Low-Wage Workers
Health Insurance Offer Rates Among Washington
Large Employers Remained Fairly Stable, 1998 - 2005

% employers offering coverage to at least some employees

From Offer to Coverage Among Employees in Washington Large Firms (50 or more Employees), 1998 - 2005


1 Definitions:
Offer - % employees in firms that offer health insurance to at least some of their employees
Eligibility - % employees eligible for health insurance in firms that offer coverage
Take-up - % employees who are eligible for health insurance and accept the offer
Enrollment - % of employees enrolled in health insurance, among firms that offer
Coverage - % of employees enrolled in health insurance, among all firms (i.e., whether they offer coverage or not)
Can We See Erosion in Coverage?

- YES (based on WA and national patterns)
  - Decline about the same across large employer groups 96-98 to 03-05
  - Supersized (1000 or more) employers at 65% down from 75%
  - Smallest (50-99) employers at 50% down from 59%

- Driven by decline in offer? NO…rates appear stable over time

- Driven by decline in eligibility? MAYBE…a little
  - Workers least likely to be eligible include part-time workers, temporary workers, those newly-hired and those working for smaller large employers
  - Rates lowest in industries with greater than average % part-time workers (e.g., agriculture, construction, retail, other service industries)

- Driven by decline in take-up? MOSTLY
  - About the same across large employer groups (down ~8% points)
  - Full-time workers (down ~5% points); part-time workers (down ~11% points)

Among all workers, regardless of firm size, coverage rates lowest among part-time workers, low-wage workers/low-income working families, service-related industries
One Perspective on Low-Wage Workers = the Story for Low-Wage* Firms

<table>
<thead>
<tr>
<th>% Workers Offered Health Insurance</th>
<th>% Workers Eligible for Health Insurance</th>
<th>% Workers who Take-up the Offer</th>
<th>% Workers Covered by their own Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Wage Firms</td>
<td>Higher Wage Firms</td>
<td>Lower Wage Firms</td>
<td>Higher Wage Firms</td>
</tr>
<tr>
<td>36%</td>
<td>67%</td>
<td>67%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Source: Kaiser 2007 Employer Health Benefits Annual Survey

* In this case, low-wage firms are defined as those in which 35% or more workers earn $21,000 or less annually – which is equivalent to just over $10 per hour for a full-time, full-year worker.
CAUTION: This includes small firms and is not to be compared with page 5 which includes only large firms.
Another Perspective on Low-Wage Workers = Coverage (of Adults) Appears to be Declining in Washington Low-Income Working Families*

<table>
<thead>
<tr>
<th>Source of Coverage</th>
<th>Adults (19-64)</th>
<th>Children (0-18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>22.9%</td>
<td>30.9%</td>
</tr>
<tr>
<td><strong>Employer Coverage</strong></td>
<td><strong>52.4%</strong></td>
<td><strong>47.4%</strong></td>
</tr>
<tr>
<td>Public Coverage</td>
<td>20.4%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Individual Coverage</td>
<td>4.3%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>


* In this case low-wage workers are defined as members of low-income families with at least one adult employee and a family income not higher than 200% of federal poverty. Families with no employed persons or only self-employed persons are excluded.
Most low-income workers without health insurance indicate **affordability of premiums** is their problem (WSPS)

Washington working families appear to be paying an **increasing share of income** towards health insurance, out-of-pocket expenses are additional

### Rough Estimates of Employee Share of Income Paid for Family Premium

<table>
<thead>
<tr>
<th>Working Family Income</th>
<th>1999</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>200% FPL</td>
<td>3.9%</td>
<td>5.7%</td>
</tr>
<tr>
<td>100% FPL (poverty)</td>
<td>7.8%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Average for WA low-income working families</td>
<td>7.7%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Average for all WA working families</td>
<td>1.6%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Adding the *national* OOP estimate from 2005 Milliman Medical Index (~$2,035 average for typical family of four), health-related expenditures for low-income working families would approximate ~23% of income.

Cumulative Percentage Increase in Health Insurance Premiums Compared to Other Indicators, 2000-2006

- WA health insurance premiums increased by ~85% from 2000 to 2006
- WA median household income increased by ~17% from 2000 to 2006
## Shared Responsibility for Covering Low-Income Working Families*

**Source:** OFM analysis of 2000v6M2, 2006v2M2 Washington State Population Survey

*In this case low-income working families are those with at least one adult employee and a family income not higher than 200% of federal poverty. Families with no employed persons or only self-employed persons are excluded.*

### 2000 Washington Low-Income Working Families

- **Not Covered** (~175K individuals)
  - Adults: ~139K
  - Children: ~36K

- **Covered** (~798K individuals)
  - Adults: ~453K
  - Children: ~345K

### 2006 Washington Low-Income Working Families

- **Covered** (~640K individuals)
  - Adults: ~468K
  - Children: ~372K

- **Not Covered** (~233K individuals)
  - Adults: ~209K
  - Children: ~24K

### Comparison of Coverage Rates 2000 to 2006

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public Coverage</td>
<td>Employer-Based Coverage</td>
</tr>
<tr>
<td>Children</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Adults</td>
<td>26%</td>
<td>68%</td>
</tr>
<tr>
<td>Low-income working families</td>
<td>47%</td>
<td>49%</td>
</tr>
</tbody>
</table>

*No change 2000 to 2006*

### Remainder

- Remainder purchase themselves

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Outlook for the Future

- **Mercer 2007 Employer Benefits Survey:**
  - Estimates 6.7% increase in premiums for 2008

- **Kaiser Employer Health Benefits 2007 Annual Survey:**
  - Of *all* firms that offer coverage, even including small firms, few are likely/somewhat likely to:
    - Drop coverage (3%), limit eligibility (5%)
  - Large (200+ employees) firms that offer coverage very likely to:
    - Increase employee premium contribution (39%)
    - Increase employee cost sharing (~12%)
Appendices

- Washington Large Business Landscape
- Source of Insurance by Region, Low-Income Working Adults
1. Few large firms, employing disproportionately more workers, (distribution of firms and workers by business size)

- 185,387 total firms, 2.78 million workers, 2006 (Q1)

2. Generating 64% of the state's total gross business income (GBI),

- $314 billion gross business income all firms, 2005

3. Among larger firms that offer coverage (100+), paying a higher percent of GBI for health insurance than all other state taxes, contributions and non-health insurance premiums combined,

4. Among larger firms that offer coverage (100+), with health expenditures relative to payroll about the same regardless of firm size.
Sources of Insurance by Region, for Washington's Low-Income* Working Adults (19-64), 2006

Regions and counties:

- **North Puget Sound**: Island, San Juan, Skagit, Whatcom;
- **West Balance**: Clallam, Cowlitz, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Pacific, Skamania, Wahkiakum;
- **King**: King;
- **Other Puget Metro**: Kitsap, Pierce, Snohomish, Thurston;
- **Clark**: Clark;
- **East Balance**: Adams, Asotin, Chelan, Columbia, Douglas, Ferry, Garfield, Grant, Kittitas, Lincoln, Okanogan, Pend Oreille, Stevens, Walla Walla, Whitman;
- **Spokane**: Spokane;
- **Yakima-Tri-Cities**: Benton, Franklin, Yakima.

*Low-income adults are those with family income no greater than 200% of federal poverty. Income for 2005 was collected during the 2006 survey - poverty level for a family of four in 2005 was defined as $19,350.