



Washington State
Private Employer-Sponsored
Health Insurance

OFFICE OF FINANCIAL MANAGEMENT
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Section 1: Introduction

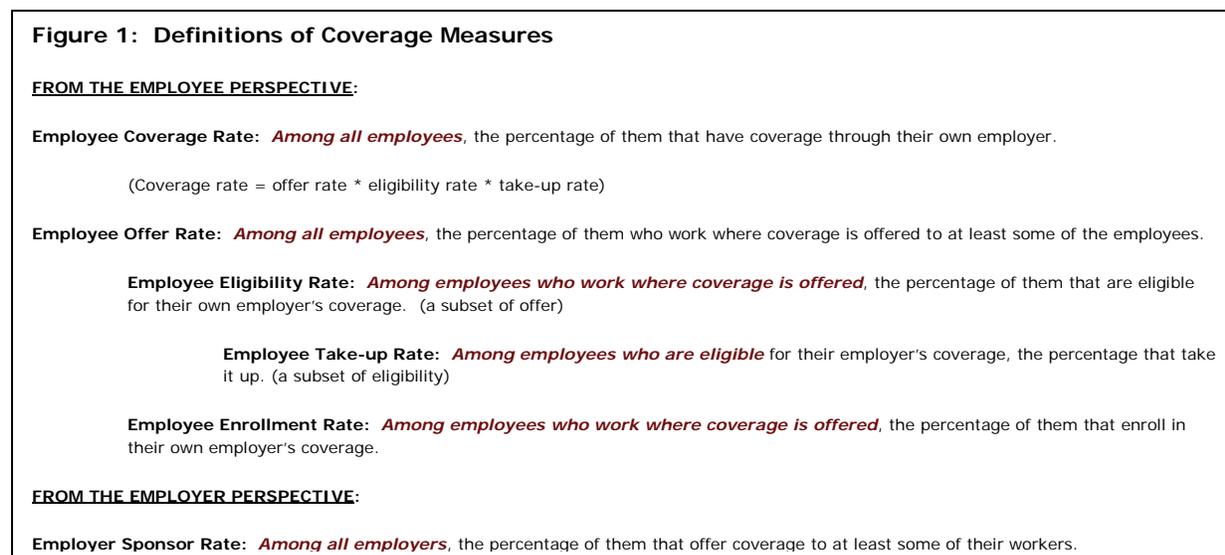
A slightly larger percentage of Washington employees were covered by employer-sponsored health insurance in 2011 compared to 2010—52% as opposed to 51%. The increase in coverage rate reflects significantly higher take-up and enrollment rates, and flat offer rates.

The purpose of this report is to utilize available data in order to give a comprehensive picture of employer-sponsored health insurance in Washington State. The report reports data related to both coverage and costs from both the employer and employee perspective. Data is broken down by industry, firm size, and wage quartile. This annual report focuses on 2011, but also shows trends.

Most of the data reported comes from the *Washington State Employer Health Insurance Database* (EHID) including estimated coverage measures and expenditures for 101,863 Washington state firms and their employees in 2011.¹ There is no single perfect data source that tells the complete story of employer-sponsored health insurance in Washington State (from the employer and/or the employee perspective); data come from a variety of national and local Washington surveys that are integrated to build as full a picture as possible. Consequently the EHID remains a “work-in-progress” as data sources improve and as refinements occur in response to requests for information that was not available in prior versions. Until 2009, this report was known as the Employer Health Insurance Databook, previous versions are available at <http://www.ofm.wa.gov/healthcare/healthin/employerbaseins/default.asp>.

This report is organized as follows: Section one describes the database and defines coverage measures. This section also includes general data on Washington employers and employees. Section two provides data on coverage measures. Section three discusses other sources of health insurance and the uninsured. Sections four and five cover types of health insurance and costs.

Throughout the report a variety of coverage measures, listed in Figure 1, provide information about coverage from the employer and employee perspectives.



¹ These employers include most *private sector* firms that have *two or more* employees.

Employer Health Insurance Database Sources

Three main data sources were used to construct the Employer Health Insurance Database (EHID) that underlies coverage measures reported. Using these data sources, for the most part we are able to provide a 2011 picture of Washington employer-sponsored health insurance.

1. Washington State Employment Security Department, 2011 Employee Benefits Survey (EBS) provides information on health insurance sponsorship for private sector firms in the state. It allows analysis by broad industry categories included in Table 1. Results for the 2011 EBS survey have been published at <https://fortress.wa.gov/esd/employmentdata/reports-publications/occupational-reports/employee-benefits-report>

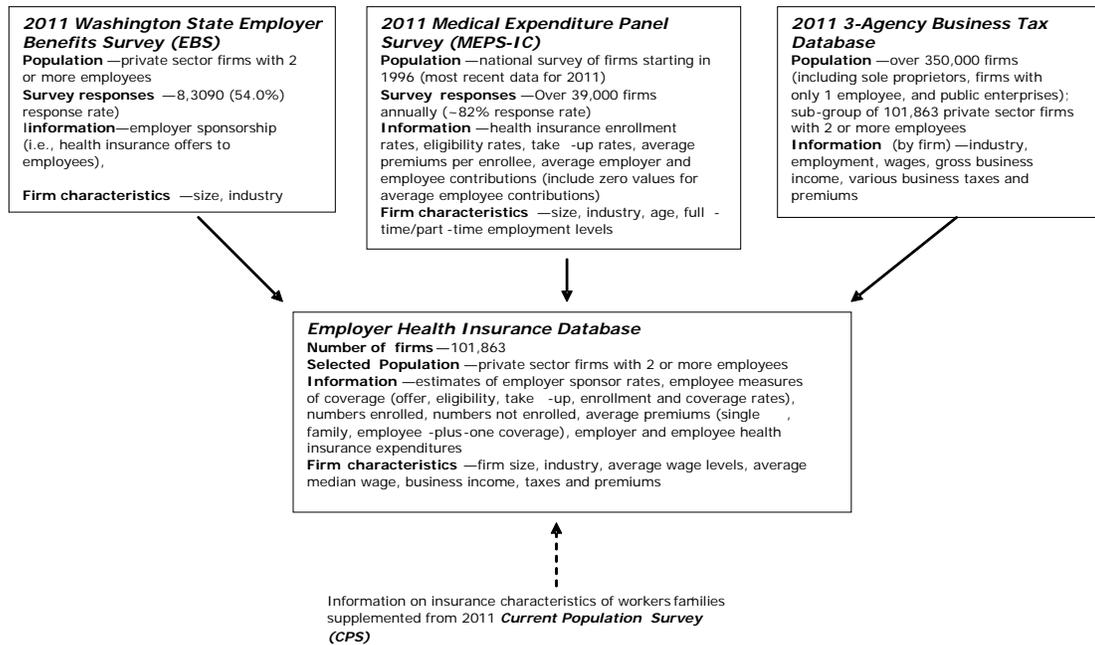
2. Washington State Office of Financial Management, Employment Security Department, Department of Revenue, Department of Labor and Industries; 2011 Business Tax & Premium Database supplies information on firm characteristics. The EHID does not include estimates of health insurance provided by sole proprietors and firms with only one employee. The firm estimates in this report are for 101,863 of the firms with two or more employees included in the *2011 Business Tax & Premium Database*. These are, with the few exceptions reported below, private sector firms. The reported statistics are for ‘firms’ rather than ‘establishments’ (i.e., a company with multiple locations is reported as one firm). Specific firms excluded from the EHID include:

- **Sole proprietorships and firms with only one employee.** Although there are many such firms, they account for a relatively small proportion of total employment.
- **Most public sector enterprises - federal employment and employment in public administration** (NAICS codes 91-93). Most state and local government employment is also excluded. The main exception is local government employment in school districts and hospitals, which are included.
- **Employment in private households** (NAICS code 814110).

3. U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality (AHRQ), 2011 Medical Expenditure Panel Survey—Insurance Component (MEPS-IC) provides estimates for employee coverage measures (i.e., enrollment rates, eligibility rates, take-up rates, health insurance premiums, and employer and employee premium contributions). *MEPS-IC* is an annual data series that started in 1996. There is a one year omission in the data in 2007.² This allows reporting of historical trends in coverage measures for Washington and comparison with national trends to get an idea of the outlook for the future.

² As a result of administrative changes to reduce data lag and make *MEPS-IC* results available a full year sooner than in the past.

Figure 2 Construction of Employer Health Insurance Database



Methodology and Definitions

As described in Appendix I, the following health insurance information was synthetically estimated for each firm to give orders-of-magnitude estimates of:

- Employer sponsor rates - among all employers, the percentage of them that offer coverage to at least some of their employees
- Employee Health insurance offer and enrollment rates among firms that offer health insurance to at least some of their employees
- Counts of employees enrolled (and not enrolled) in own-employer-provided coverage
- Health insurance premiums per enrollee for single, family and employee-plus-one coverage
- Total employer health insurance expenditures and average expenditures per employee and per enrollee, and
- Employee health care contributions.

In addition, the EHID includes information on firm characteristics—industry, wages, employment, gross business income, and various taxes and fund contributions.

Employer Sponsor Rates: Based on analysis of logistic regression described in Appendix II, average wage levels, firm size and industry appear to explain much of the variation in employer sponsor rates. Sponsor rates were assigned to firms based on these three characteristics (see Appendix I for details). Among firms that offer coverage to at least some of their workers, the numbers of workers enrolled were estimated using enrollment rates reported by *MEPS-IC*. Employer expenditures and employee contributions were then estimated by applying premium and

contribution rates reported by *MEPS-IC*. Enrollment rates were allowed to vary by firm size and industry. Premiums and contribution rates were allowed to vary by firm size, industry, and type of coverage (single, family, and employee-plus-one).

Three-year Moving Averages: *EHID* coverage measures and expenditures reported are only estimates, and as such they are subject to potential sources of error. They rely heavily on the *EBS* and *MEPS-IC* surveys. The 2011 *Washington State EBS* has a large sample although the survey response rate of 54.0 percent, while good, leaves some room for potential response bias especially for breakdowns by both industry and size. The *MEPS-IC* national survey of employers has a sample designed to support state-level estimates. However, the sample sizes for each state are relatively small and estimated parameters can have large standard errors. Three-year moving averages of *MEPS-IC* rates are used in most instances to adjust for the effects of slight year-to-year swings and provide more precise and stable estimates.

Industry: Data from the *MEPS-IC*, defined by the North American Industry Classification System (NAICS), are reported for broad industrial sectors. They represent a more aggregated version of the industry details available in the *EBS*. As a result, where analysis of coverage measures relies on *MEPS-IC* data it is constrained to the large sector *MEPS-IC* definitions.

Table 1 provides a cross-reference of the *MEPS-IC* and *EBS*-based NAICS industry sectors presented in this report.

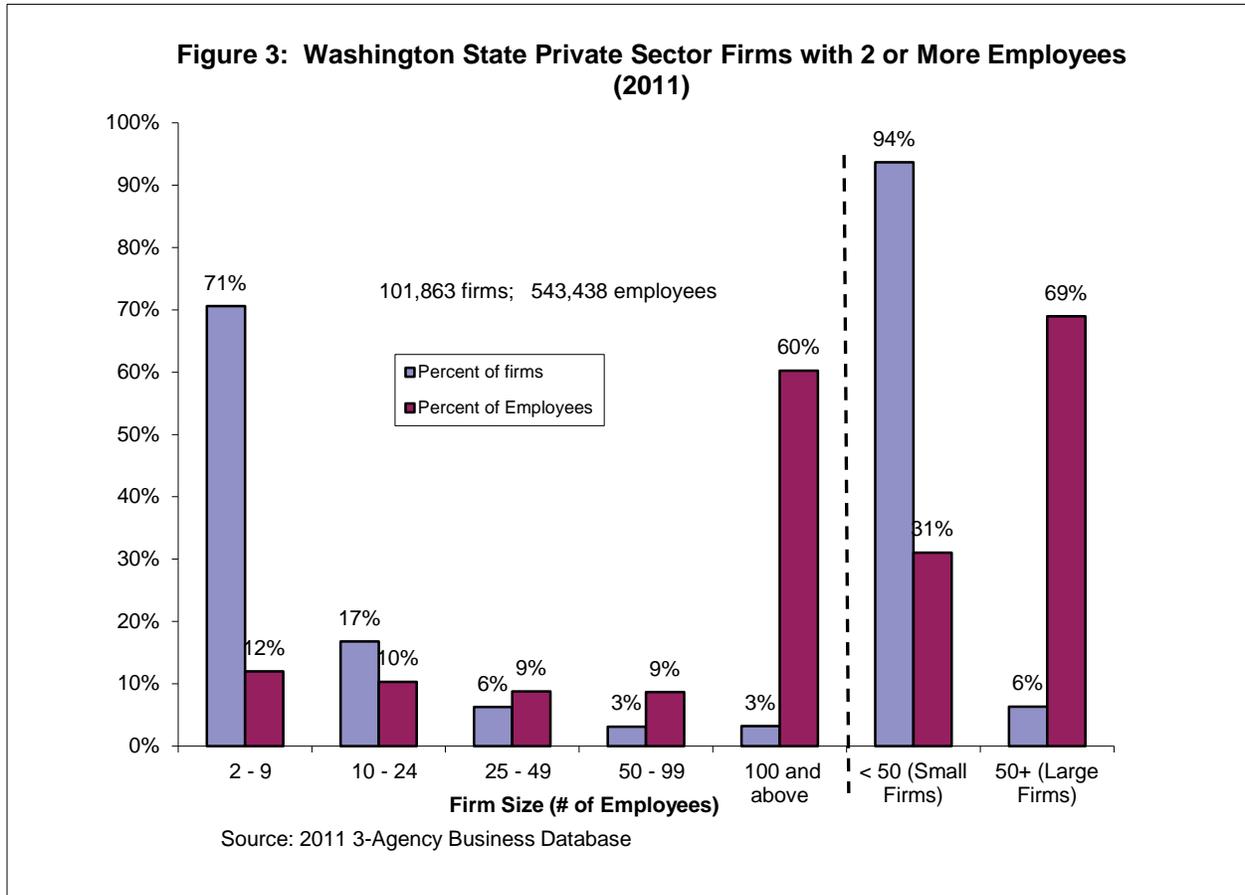
Table 1: Cross-Reference for Reported MEPS-IC and EBS Industry Sectors	
MEPS-IC Sectors	EBS Sectors
Agriculture, forestry, fishing	Agriculture, forestry, fishing
Manufacturing (& mining)	Manufacturing
Construction	Construction
Transportation & warehousing (& utilities)	Transportation & warehousing
Wholesale trade	Wholesale trade
Finance, insurance, real estate	Finance & insurance
	Real estate & rental
Retail trade	Retail trade
Professional services (& Management Services)	Information
	Professional & technical services
	Educational services
	Health care and social assistance
Other services	Administrative and support services
	Arts, entertainment & recreation
	Accommodation and food services
	Other services

Wage Quartiles and Median Income Measures: Some tables (e.g., Table 6: *Employer Sponsor Rates by Firm Size, Average Wages and Industry*) report estimates by wage quartiles. The quartiles are based on the average wage of all firms, where: $\text{Average Wage} = \text{Total Payroll} / \text{Number of Employees}$ (full time and part-time employees included).

Other tables (e.g., Table 7: *Employer Sponsor Rates by Industry, Firm Size, Above and Below Median Firm Average Wage*, and Table 14: *Estimated Numbers Not Enrolled in Own Employer-Provided Health Insurance, Above and Below Median Wage*), report by median income by industry and size grouping where for each industry/size group (e.g., Manufacturing / Small Firms), median income is calculated at the firm level, based on the firm's average wage.

Firms and Employment by Firm Characteristics

Firm Size: Of the 101,863 firms included in the EHID, almost 9 out of 10 (~88 percent) have fewer than 25 employees. Over 70,000 of them have fewer than 10 employees. However, it is the larger firms that account for the bulk of total employment. Firms with 100 or more workers account for 60 percent of total employment. More than two out of 3 workers are employed in firms with 50 or more employees. (See Figure 3 and Table 2)



- Large employers of 50 or more employees are 6% of Washington's businesses but they employ more than two-thirds of Washington workers while small employers of fewer than 50 employees are 94% of Washington's businesses but they employ less than one-third of the workers.
- Super-sized employers, those with 1000+ employees, make up a miniscule percentage of Washington businesses (two tenths of one percent) but employ over 30% of workers.³
- The smallest employers, those with between 2 and 9 employees make up over 70% of Washington businesses but employ about 12% workers.

³ Among large firms alone (those with 50 or more employees), the super-sized firms make up 4% of large firms and employ about 44% of the large employer workforce.

**Table 2: 2011 Employer Health Insurance Database Counts of Firms and Workers
Private sector firms with 2 or more employees**

	Firms		Employees	
	Number	Percent	Number	Percent
All Firms	101,863	100%	2,543,438	100%
Firm Size				
2 – 9	71,904	71%	304,477	12%
10 – 24	17,098	17%	262,697	10%
25 – 49	6,392	6%	222,736	9%
50 – 99	3,189	3%	221,021	9%
100 and above	3,280	3%	1,532,508	60%
Industry ⁽¹⁾				
Agriculture, forestry, fishing	4,551	4%	83,493	3%
Manufacturing	5,423	5%	296,778	12%
Construction	11,424	11%	123,706	5%
Transportation & warehousing	2,719	3%	145,903	6%
Wholesale trade	6,960	7%	114,470	5%
Finance, insurance, real estate	7,145	7%	180,784	7%
Retail trade	10,862	11%	251,969	10%
Professional services	25,263	25%	871,568	34%
Other services	27,516	27%	474,766	19%

⁽¹⁾ 'Professional services' includes information, professional and technical services, educational services and health care.

'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

Industry: The most prominent industry types for employers and employees overlap considerably, although there are differences between large and small employers. (see Table 2)

- Of all industry types, the highest percentages of both employees and employers are found in Professional Services and other services.
- Two large sectors, “professional services” and “other services,” account for over half of total employment.⁴ The professional services category includes higher wage employment in information, professional and business services, education and health care. The other services category generally includes lower wage employment in food, accommodation, and administrative services (e.g., temporary help agencies).

⁴ Data from the *MEPS-IC Survey* are reported for the broad industrial sectors included in the table on page 9. Much of the analysis, therefore, is constrained to use these large sector definitions. Washington's *Employee Benefits Survey* allows us to examine more detailed industry categories.

Table 3: Firm Counts by Industry, Firm Size, Above and Below Median Firm Average Wage: Washington 2011

Industry	Below Median Wage		Above Median Wage		Median Income
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)	
Agriculture, forestry, fishing	2,159	66	2,135	191	19,793
Construction	4,262	18	6,785	359	32,927
Manufacturing	2,341	108	2,276	698	34,561
Wholesale trade	3,819	289	2,720	132	53,112
Retail trade	4,925	129	5,303	505	19,827
Transportation, & warehousing	1,186	65	1,277	191	35,051
Information	794	71	678	138	52,658
Finance & insurance	1,406	9	1,566	218	41,713
Real estate & rental	1,670	15	1,909	123	24,528
Professional & technical services	5,009	135	4,833	459	48,538
Administrative and support services	2,649	128	2,976	255	24,330
Educational services	1,002	18	676	359	23,794
Health care and social assistance	4,767	270	5,693	590	27,169
Arts, entertainment & recreation	914	48	766	149	14,719
Accommodation and food services	5,352	74	5,543	490	13,431
Other services	3,524	47	4,479	122	24,123

⁽¹⁾ Median is on the firm level based on the average wage of each firm.

Table 4: Employee Counts by Industry, Firm Size, Above and Below Median Firm Average Wage: Washington 2011

Industry	Below Median Wage		Above Median Wage		Median Income
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)	
Agriculture, forestry, fishing	16,250	9,188	9,469	38,880	19,793
Construction	17,720	2,015	42,905	42,028	32,927
Manufacturing	17,445	14,986	29,917	230,791	34,561
Wholesale trade	34,481	42,961	19,177	16,989	53,112
Retail trade	31,393	34,111	35,977	134,098	19,827
Transportation & warehousing	9,653	65,842	10,619	56,640	35,051
Information	7,374	13,764	7,345	75,687	52,658
Finance & insurance	6,017	943	12,965	57,758	41,713
Real estate & rental	8,135	2,229	11,964	17,814	24,528
Professional & technical services	28,690	45,098	41,361	100,930	48,538
Administrative and support services	16,501	24,981	20,180	59,956	24,330
Educational services	8,760	1,986	6,496	226,547	23,794
Health care and social assistance	34,974	45,750	42,485	227,991	27,169
Arts, entertainment & recreation	9,692	6,402	4,741	26,274	14,719
Accommodation and food services	40,536	10,863	23,308	89,451	13,431
Other services	18,076	9,608	22,061	20,966	24,123

⁽¹⁾ Median is on the firm level based on the average wage of each firm.

Workers' Coverage by Washington Employers

Availability: Among all employees who work in Washington, most work for an employer that makes coverage available to at least some employees. In 2011 about 82% of all employees worked for firms that offered health insurance (Table 8). This is the same percentage compared to 2010. However, the size of employer can make a big difference in the availability of coverage. (See employee offer rates in Figures 4-7). Based on *MEPS-IC* data:

- Offer rates for employees of *large* employers in Washington have stayed quite high over the last decade. Depending on how the data are arrayed (yearly rates or three-year moving averages), offer rates generally hovered in the high nineties between 1996 and 2011.⁵
- After increasing in the late 1990s, offer rates for employees of *small* employers steadily declined between 2000 and 2009 to reach a rate of about 60%, comparable with rates of the mid 1990s⁶. Since then, the offer rate has been up and down, currently up to over 65% in 2011. For employees of the *smallest* employers, (those with 2-9 employees), offer rates continue to be the lowest of all employee groups, 37% in 2011 compared with 38% in 2009 (see Table 8). (Note that MEPS data differs somewhat from Washington EBS/Business data base.)
- However, working where coverage is available to some workers is not the same as having coverage through one's own employer. For example, a worker may not meet the employer's eligibility criteria, or if s/he does, may choose not to accept the employer's offer of coverage.

Note that a measure of coverage availability often confused with employee offer rate is the employer sponsor rate. The latter is defined as the percentage of employers that offer coverage to at least some of their workers (in contrast to employee offer rate which is the percentage of employees who work for employers that offer coverage to at least some of their workers). Employer sponsor rates are described further in the details of the report.

Coverage: Coverage rates have increased slightly, from 51% to 52%. For large firms, coverage measures seem to have been stabilizing since 2008, following a trend of steep declines. The declines for large firms began after the 1998 peak-- coverage dropped from 73% in 1998 to less than 55% in 2004. Coverage rates for large firms have averaged about 63% since 2008. They had a slight uptick from about 61% in 2010 to about 63% in 2011.

For small firms the downward trend has been continuing with rates averaging around 45% in the 1990's and early 2000's, but recently around 35%. In 2011, coverage for small firms decreased from over 40% to about 35%.

For large firms the recent increase in coverage came from higher eligibility and take-up rates combined with flat offer rates. For small firms, eligibility and take-up rates both increased, but these were more than offset by a sharp decrease in offer rates.

The 2011 changes in coverage rates for both large and small firms are within the range of recent variation; the 3-year moving averages for both large and small firms continue to be fairly flat. Therefore the 2011 changes may be within the margin of error. (Figures 4 – 7.)

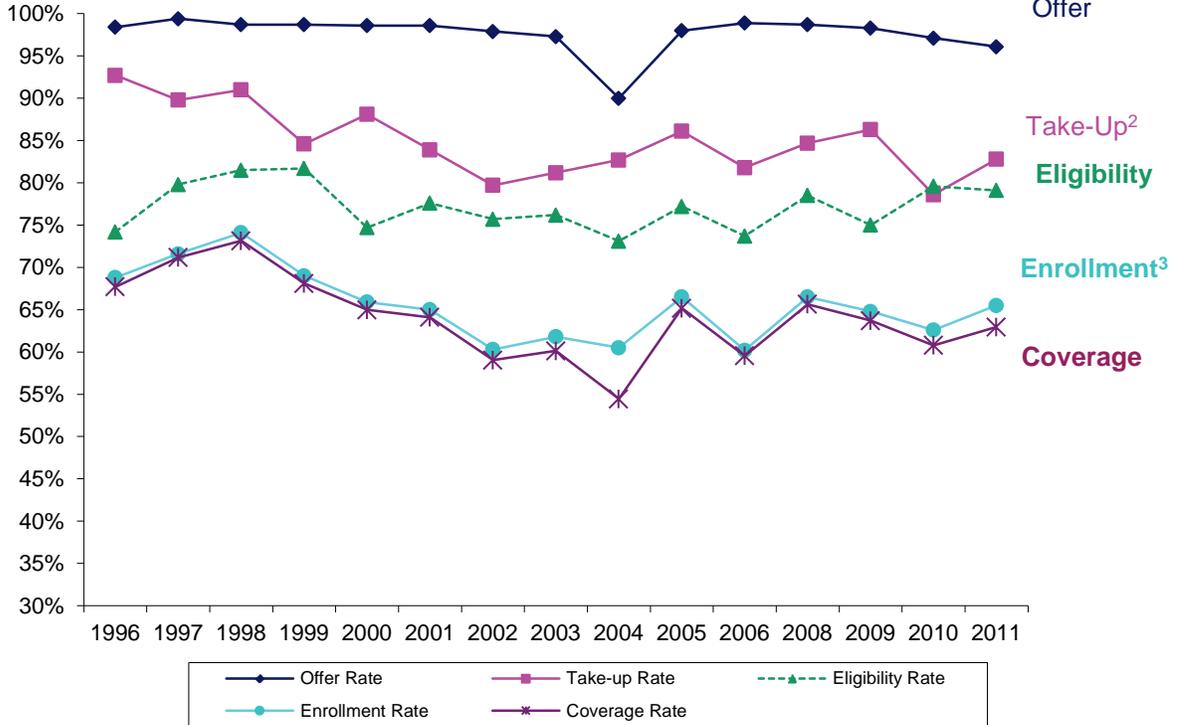
Drivers: There are three components to having coverage via one's own employer – working where it's available (offer), being eligible for it (eligibility), and (if eligible) accepting the offer (take-up). The relative importance of each component as a determiner of coverage differs by employer size and comparison period.⁷

⁵ Moving averages are often used to "smooth" data, that is, adjust for the effects of slight year-to-year swings. This asset of averages also has a downside – flex points (changes in direction) and data anomalies are not readily visible. Unfortunately, the two views of the data (yearly or moving average rates) can sometimes tell different stories as well. For this reason, we have chosen to provide measures of coverage using both forms. (See Figures 4-7)

⁶ This pattern is consistent with trends at the national level, where further analysis shows that declines for both small employers and large employers, the decline is driven by offer rates for firms under five years of age.

⁷ The decline in coverage rates is one form of what is often referred to as "erosion in employer-sponsored coverage". Another potential form of erosion, not discussed here, is changes in benefit packages, either in terms of fewer covered services and/or higher premium and point-of-service cost sharing by employees. Changes in the percentage of premium cost sharing are displayed in Tables 19-21.

Figure 4: Coverage Measures for Washington Employers with 50 or More Employees
1996 through 2011¹



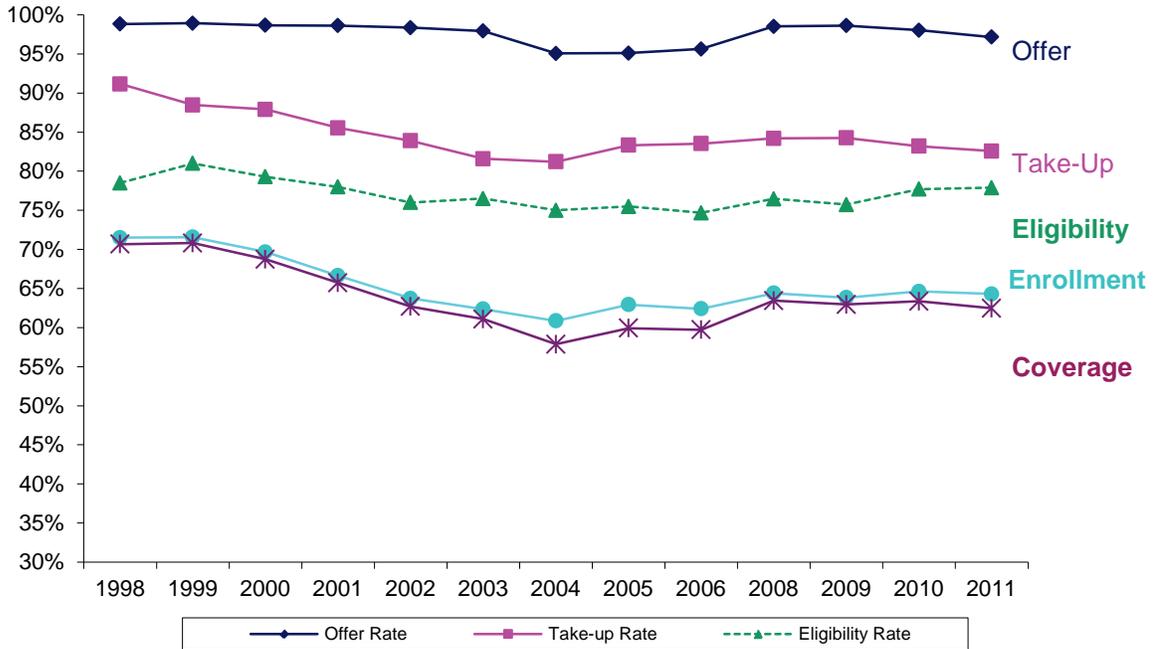
¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006 and 2008.-2010 Note that some data for 2004 appear to be out of sync with patterns shown in other years.
² Decline in take-up rates between 1996 and 2006 is statistically significant at the 5% level.
³ Decline in enrollment rates between highest rate (1998) and 2006 is statistically significant at the 5% level.

Within a given year:

- For employees of *large employers* a worker is at greatest risk of not having *own*-employer coverage because of ineligibility, that is, the worker does not meet his/her employer’s eligibility requirements.
- For employees of *small employers*, a worker is at greatest risk of not having own-employer coverage because it simply is not available, that is, the employer does not offer coverage at all.

Figure 5: Coverage Measures for Washington Employers with 50 or More Employees

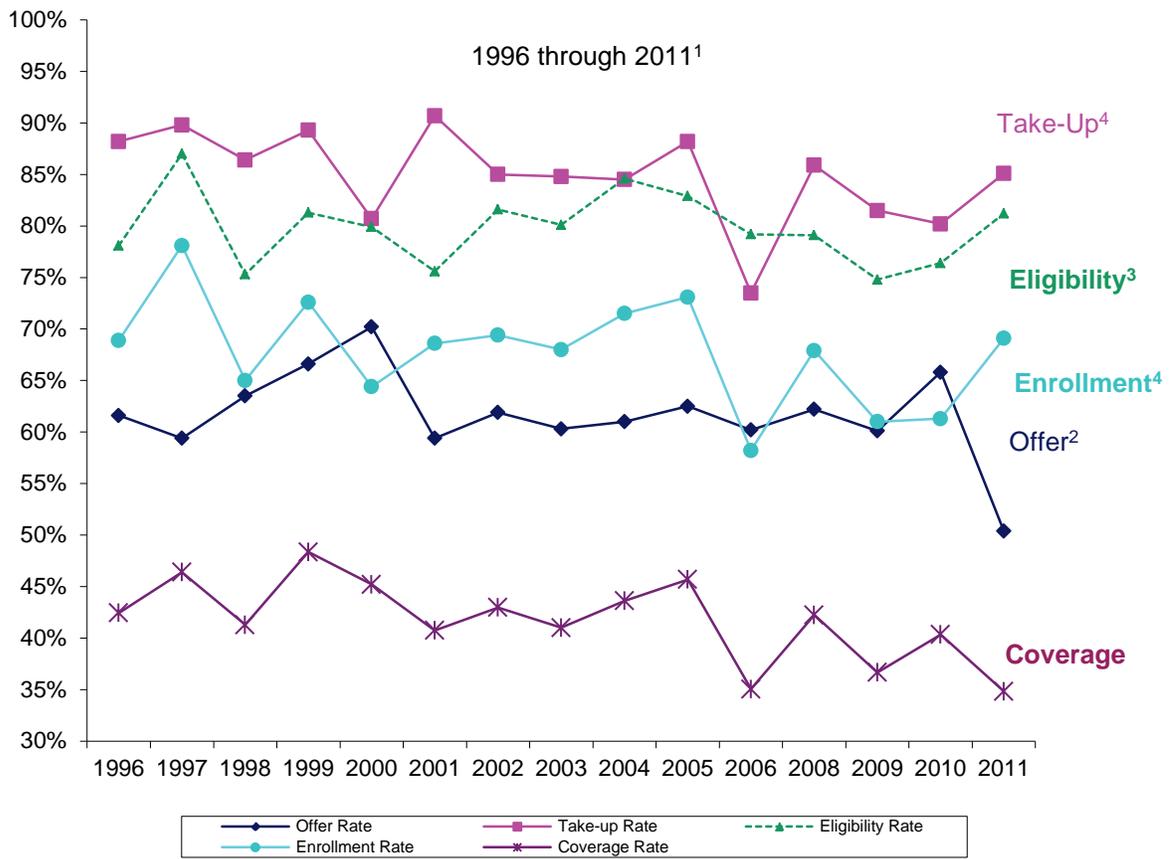
3-Year Moving Averages, 1996/98 through 2009/2011¹



¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006 and 2008-2011.
 Note that some data for 2004 appear to be out of sync with patterns shown in other years and therefore will affect the 3-

Note: Figure 4 starts with 1996 and Figure 5 starts with a 3-year moving average based on 1996 through 1998.

Figure 6: Coverage Measures for Washington Employers with Under 50 Employees



¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006 and 2008-2011. Note that some data for 1997 - 2001 appear to be out of sync with patterns shown in other years.

² Decline in offer rates between highest rate (2000) and 2006 is statistically significant at the 5% level.

³ Decline in eligibility rates between 1996 and 2006 is statistically significant at the 5% level.

⁴ Decline in take-up and enrollment rates between 1996 and 2006, and between 2005-2006, is statistically significant at the 5% level.

Figure 7: Coverage Measures for Washington Employers with Under 50 Employees



¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006, and 2009-2011. Note that some data for 2000 appear to be out of sync with patterns shown in other years and therefore will affect the 3-year

Note: Figure 6 starts with 1996 and Figure 7 starts with a 3-year moving average based on 1996 through 1998. In Figure 6, data for some years appears to be a little out of sync with patterns shown by other years and therefore will affect the 3-year moving average for 2008 -2010 in Figure 7.

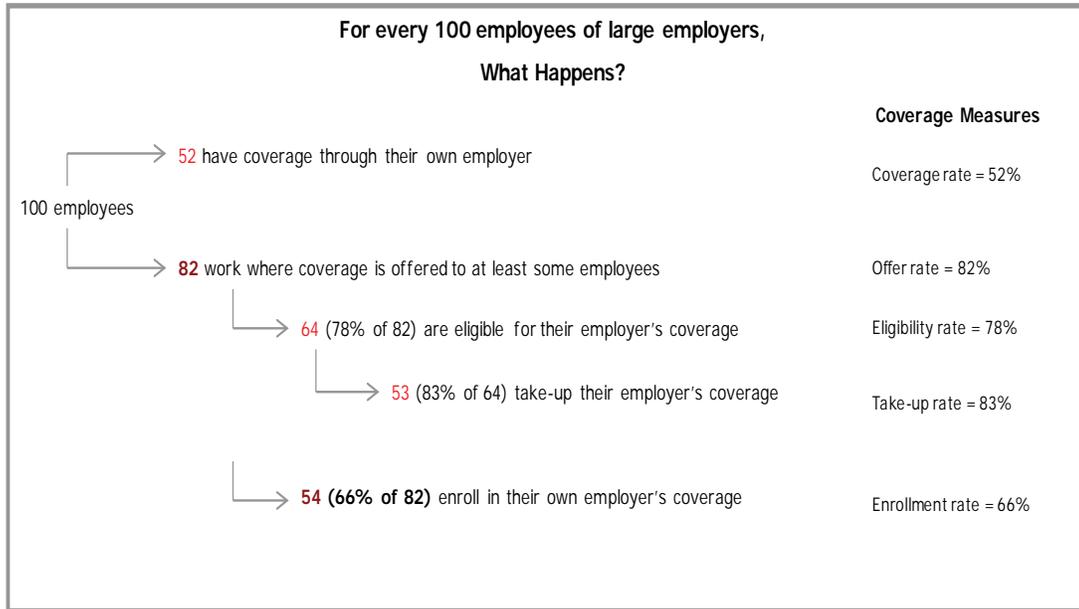
Key Measures and Components of Own-Employer Coverage

Although the definitions previously presented in Figure 1 define the key coverage measures used throughout this report, tracking relationships among these measures can be confusing. Figures 8 and 9 are included for clarification. Using rates for 2010, they answer the question:

“For every 100 employees of (large/small) employers in Washington, what happens with respect to coverage?”

In the figure below, key coverage measures are shown on the far right. To their left is the diagram that tracks the 100 employees. The figure includes a summary statement at the bottom.

**Figure 8: Relationships Among the Employee-Based Measures of Coverage:
An Example for Washington Large Employers, 2011**



In the end, the measures converge to one story for 2011: Out of every 100 employees of large Washington employers, 52 end up being covered by their own employer and 48 do not. 36 of the 48 (75%) have little choice in the matter – they work for an employer that doesn't offer coverage to anyone or they are not eligible for what is offered. The other 12 (25%) make a decision (for a variety of reasons) not to take-up the employer coverage for which they are eligible.

Notes:

Large employers are those with 50 or more employees.
Data are Medical Expenditures Panel Survey, Insurance Component, Washington-specific.
Data may not sum exactly due to rounding.

Section 2: Health Insurance Coverage Measures

From the Employer Perspective

Employer Sponsor Rates

Employee sponsor rates reported for Washington are estimated from data collected by the *2011 Washington Employee Benefits Survey*. Forty-eight percent of Washington firms with two or more employees offer health insurance to at least some of their workers. The rates are higher than those suggested by *MEPS-IC Survey* data for Washington - the differences are mainly due to estimates for small firms.

Table 5: Comparison of Employer Health Insurance Sponsor Rates (percentage of firms offering coverage to any employees)					
2011 Washington Employer Health Insurance Database		2011 Kaiser Survey (National Rates)		2011 MEPS-IC Survey (Washington rates)	
Firm Size	Sponsor Rate	Firm Size	Sponsor Rate	Firm Size	Sponsor Rate
2-9	37%	3-9	48%	1-9	26%
10-24	66%	10-24	71%	10-24	52%
25-49	80%	25-49	85%	25-99	78%
50-99	88%	50+	93%	100-999	94%
100-499	93%			1000+	100%
500+	92%				
All (2+)	48%	All (3+)	60%	All (1+)	47%

The 2011 Washington Employee Benefits Survey had a response rate of 54%.
 The 2011 Kaiser/HRET Employer Health Benefits Survey had a response rate of 47% for the question used to determine employer sponsor rates.
 The 2011 MEPS-IC Survey had an 59% response rate, but relatively small (600) samples at the state level.

Table 6 summarizes the variation in employer health insurance sponsor rates by firm size (number of employees), industry and average wage levels (total wages divided by number of employees). Statistical analyses, discussed in *Appendix II*, suggest that each of these factors influence the probability that a firm offers health insurance. Average wage levels significantly affect employer sponsor rates even after controlling for firm size and industry.

- Forty-eight percent of firms offer insurance to at least some of their employees. Of the smallest firms, only 37% offer insurance. The sponsor rate increases with the size of firm; 92% of firms with at least 500 employees offer insurance.
- Firms that have higher wages are also more likely to offer health insurance. Only 18% of firms with average wages in the lowest quartile offer insurance to some of their workers, while 78% of firms in the highest wage quartile 1 (over three times as many) offer insurance to some of their workers.
- The sponsor rates vary considerably by industry, with only 17% of firms in accommodation and food services industries at the low end and 76% of Information and Wholesale trade firms at the high end offering health insurance to some of their workers.

- Even in the categories where the sponsorship rate is lowest, the percentage of employees in firms that offer is higher than the percentage of firms that offer. For example, even though only 18% of firms in the lowest wage quartile offer insurance, 48% of employees in the same category are working for firms that offer.
- In 2011, offer rates declined from 69% in 2010 to 60%, according to the Kaiser 2011 HRET Employer Health Benefits Survey. However, the 2011 offer rate is almost the same as the 2009 rate of 59%.

Sponsor rates vary considerably by industry. High sponsor rates are in Manufacturing (65%), Wholesale Trade (76%), Information (76%), Finance and Insurance (67%), and Professional and Technical Services (71%). Low sponsor rates are in Agriculture, Forestry and Fishing (25%), Arts, Entertainment & Recreation (38%), Accommodation and Food Services (17%), Other Services (39%). (See Table 6 for the complete breakdown.)

For most industries, the sponsorship rate stayed statistically the same between 2010 and 2011. Only Professional & Technical Services increased significantly from 63% to 71%.

Note that the agriculture, forestry and fishing data is somewhat erratic and therefore has a wide margin of error. This is because agricultural firms do not need to report to either DOR or ESD each year. Because of this, year by year comparisons can be misleading.

Table 7 provides a finer level of industry detail which highlights greater variation in employer sponsor rates among industries by firm size. (Cells are defined by industry, size and relation to median wage.) Small Accommodation and food services firms with wages below their industry median have a sponsor rate of only 7% whereas many of the industries in the large, above median wage categories have sponsor rates in the high 90's or 100%.

Of the three factors that affect sponsor rate, (firm size, average wage and industry), firm size contributes the most variation when the other factors are held constant. The statistical logistic regression analysis described in *Appendix II* shows that when wage and industry are held constant, the second-to-largest firms are over 25 times more likely to offer health insurance. The largest firms (500 employees and over) are nearly 21 times more likely to offer health insurance⁸ than small firms with under 10 employees. Refer to tables 2, 3 and 4 for firm and employee counts in these same categories.

⁸ Some of the largest firms are in low-wage industries.

**Table 6: Employer Sponsor Rates by Firm Size, Average Wages and Industry:
Washington 2011
(percentage of firms offering coverage to any employees)**

	Percent of firms
All Firms	
Total	48%
Firm Size	
2 - 9	37%
10 - 24	66%
25 - 49	80%
50 - 99	88%
100 - 499	93%
500+	92%
Wage Quartiles⁽¹⁾	
Lowest 25% of firms	18%
Second 25% of firms	36%
Third 25% of firms	60%
Highest 25% of firms	76%
Industry⁽²⁾	
Agriculture, forestry, fishing	25%
Construction	42%
Manufacturing	65%
Wholesale trade	76%
Retail trade	40%
Transportation & warehousing	51%
Information	76%
Finance & insurance	67%
Real estate & rental	46%
Professional & technical services	71%
Administrative and support services ⁽³⁾	42%
Educational services	52%
Health care and social assistance	53%
Arts, entertainment & recreation	38%
Accommodation and food services	17%
Other services	39%

⁽¹⁾ Wages refer to average wages (total wages divided by number of employees).
The lowest 25% of firms have average annual wages of less than \$15,733. The next group has average wages from \$15,733 to \$26,766; the third group has average wages from \$26,766 to \$43,928; the highest group has average wages above \$43,928. Part-time workers included.

⁽²⁾ Most tables in this report include broader industrial categories.
More detailed industry data can be presented here because the *Employee Benefits Survey* has sufficient sample size to estimate offer rates for specific industries. This is not possible for estimates that rely on MEPS-IC data.

⁽³⁾ Administrative and support services includes temporary help services.

Table 7: Employer Sponsor Rates by Industry, Firm Size, Above and Below Median Firm				
Average Wage: Washington 2011				
(percentage of firms offering coverage to any employees)				
	Below Median Wage		Above Median Wage	
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)
Industry				
Agriculture, forestry, fishing	6%	79%	38%	85%
Construction	16%	100%	56%	91%
Manufacturing	42%	89%	78%	98%
Wholesale trade	64%	92%	92%	96%
Retail trade	17%	87%	54%	95%
Transportation & warehousing	30%	88%	64%	93%
Information	58%	100%	89%	100%
Finance & insurance	47%	100%	80%	98%
Real estate & rental	22%	87%	64%	70%
Professional & technical services	55%	95%	86%	96%
Administrative and support services	16%	56%	61%	94%
Educational services	20%	94%	73%	100%
Health care and social assistance	26%	84%	69%	97%
Arts, entertainment & recreation	24%	77%	45%	72%
Accommodation and food services	7%	84%	21%	77%
Other services	11%	70%	60%	81%

(1) Median is at the firm level based on the average wage of each firm.

See notes for Table 6. Small samples for some cells can cause relatively wide margin of error. Year to year comparisons for this table may not be reliable.

From the Employee Perspective

Employee Offer Rates

Employee offer rates tell a similar general story to that of employer sponsor rates just described, although the numbers are different. For example, in 2011, while 48% of Washington *firms* offered health insurance to at least some of their workers (Table 6), 82% of Washington *workers* were actually employed in firms that offered health insurance (see Table 8).

Looking at these workers based on the size of the firm they work for (i.e., large or small), most employees work where coverage is offered to at least some employees (see Table 8). This appears to be the case for workers who work part-time as well as full-time worker (see Table 9).

But, the devil is in the details. At any given time, employees who work for small firms are considerably less likely to work where coverage is offered to some employees than employees who work for large firms. That is also true for part time workers in comparison to full-time workers.

**Table 8: Employee Offer Rates by Firm Size, Average Wages and Industry:
Washington 2011**

	Number of employees in firms that offer	Percent of employees in firms that offer
All Firms		
Total	2,092,244	82%
Firm Size		
2 - 9	112,681	37%
10 - 24	172,689	66%
25 - 49	177,920	80%
50 - 99	195,158	88%
100 - 499	513,967	93%
500+	919,830	94%
Wage Quartiles⁽¹⁾		
Lowest 25% of firms	124,915	48%
Second 25% of firms	319,147	69%
Third 25% of firms	558,259	85%
Highest 25% of firms	1,089,923	93%
Industry⁽²⁾		
Agriculture, forestry, fishing	54,085	65%
Construction	85,954	69%
Manufacturing	283,132	95%
Wholesale trade	101,589	89%
Retail trade	206,886	82%
Transportation & warehousing	111,583	76%
Information	102,148	98%
Finance & insurance	69,969	88%
Real estate & rental	31,155	73%
Professional & technical services	192,010	88%
Administrative and support services ⁽³⁾	99,065	77%
Educational services	238,043	97%
Health care and social assistance	323,047	89%
Arts, entertainment & recreation	30,670	60%
Accommodation and food services	115,857	54%
Other services	47,053	59%

⁽¹⁾ Wages refer to average wages (total wages divided by number of employees).

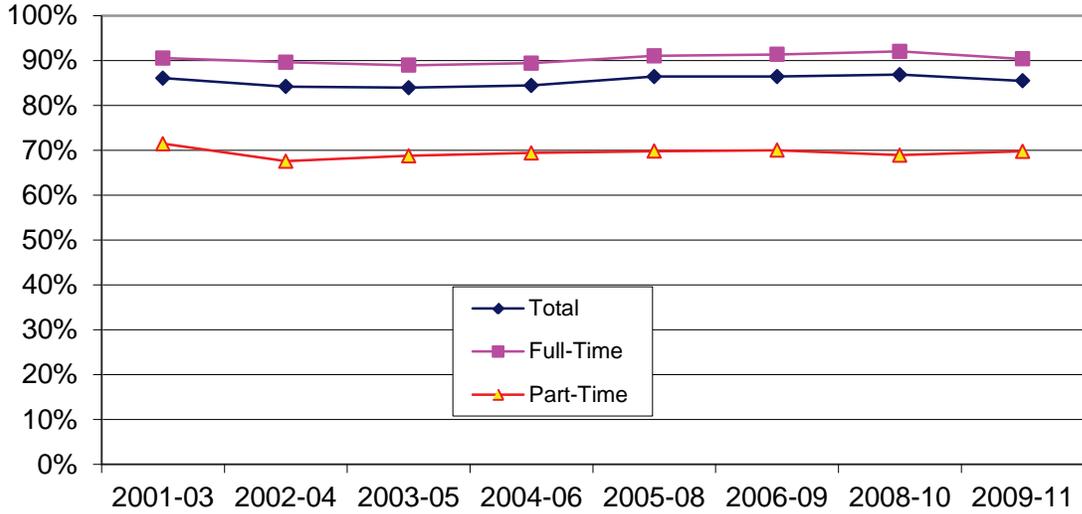
The lowest 25% of firms have average annual wages of less than \$15,733. The next group has average wages from \$15,733 to \$26,766. The third group has average wages from \$26,766 to \$43,928. The highest group has average wages above \$43,928. Note that these averages include part-time workers.

⁽²⁾ Most tables in this report include broader industrial categories. More detailed industry data can be presented here because the *Employee Benefits Survey* has sufficient sample size

to estimate offer rates for specific industries. This is not possible for estimates that rely on MEPS-IC data.

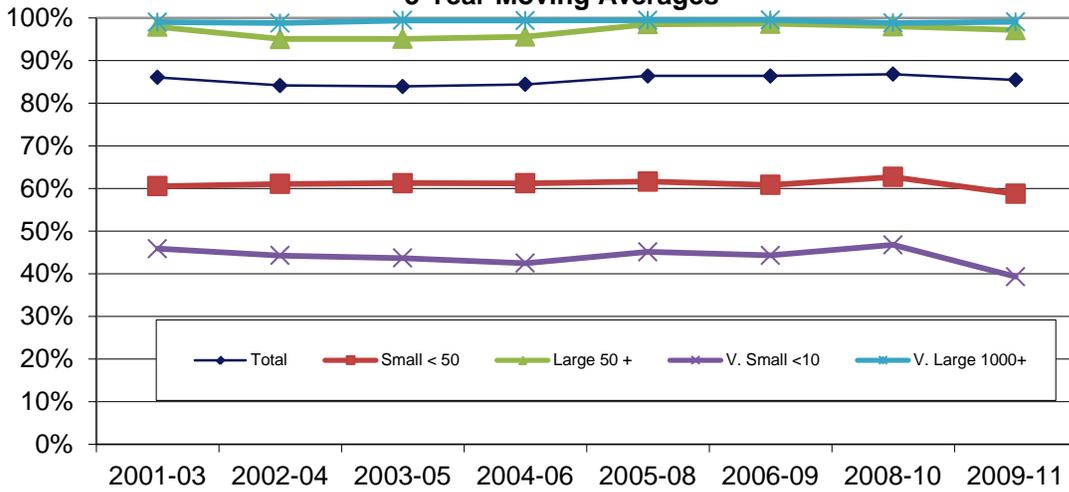
⁽³⁾ Administrative and support services includes temporary help services.

**Figure 9: Employee Health Insurance Offer Rates (by FT/PT status)
(percentage of employees in firms that offer)
3-Year Moving Averages**



Source: MEPS-IC

**Figure 10: Employee Health Insurance Offer Rates (by firm size)
(percentage of employees in firms that offer)
3-Year Moving Averages**



Source: MEPS-IC

Table 9: Employee Health Insurance Offer Rates: Washington (percentage of employees who work in firms that offer coverage)					
	All Employees	Employees in firms with		Full- time workers	Part- time workers
		< 50 workers	50+ workers		
Annual 2011	82%	50%	96%	88%	65%
3-Year Averages					
2001-03	86%	61%	98%	91%	71%
2002-04	84%	61%	95%	90%	68%
2003-05	84%	61%	95%	89%	69%
2004-06	84%	61%	96%	89%	69%
2005-08	86%	62%	99%	91%	70%
2006-09	86%	61%	99%	91%	70%
2008-10	87%	63%	98%	92%	69%
2009-11	85%	59%	97%	90%	70%

Source: MEPS-IC Survey

Employee Eligibility Rates

“Even in firms that offer coverage, not all workers are covered. Some workers are not eligible to enroll as a result of waiting periods, or minimum work-hour rules, and others choose not to enroll, perhaps because they must pay a share of the premium or can get coverage through a spouse.”⁹ Among Washington firms that offer health insurance, 78 percent of workers are eligible to participate.

The percentage of part-time employees who are eligible for their employer’s coverage is much smaller than the percentage of full-time employees (31% for part time compared to 89% for full time).

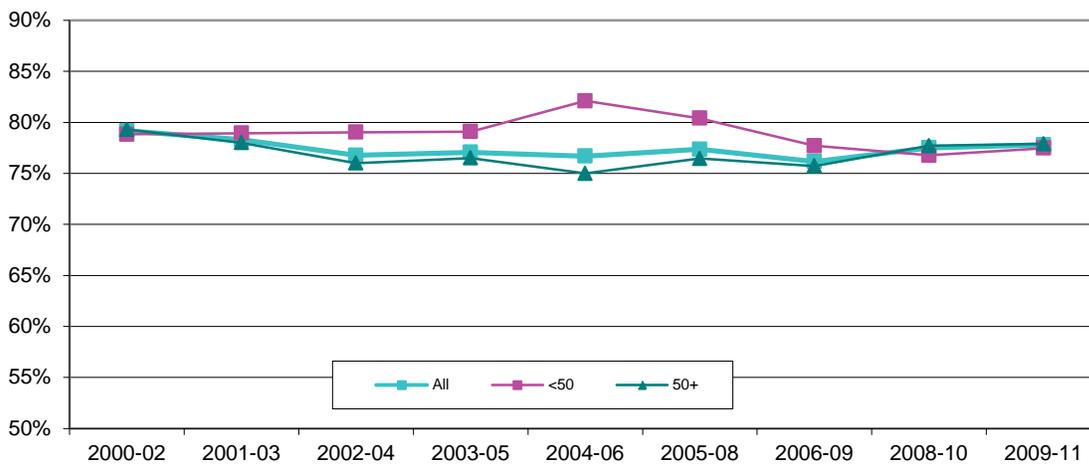
⁹ 2008 Kaiser/HRET *Employer Health Benefits Survey* (<http://ehbs.kff.org/>).

Table 10: Employee Health Insurance Eligibility Rates: Washington
(percentage of employees eligible among those in firms that offer coverage)

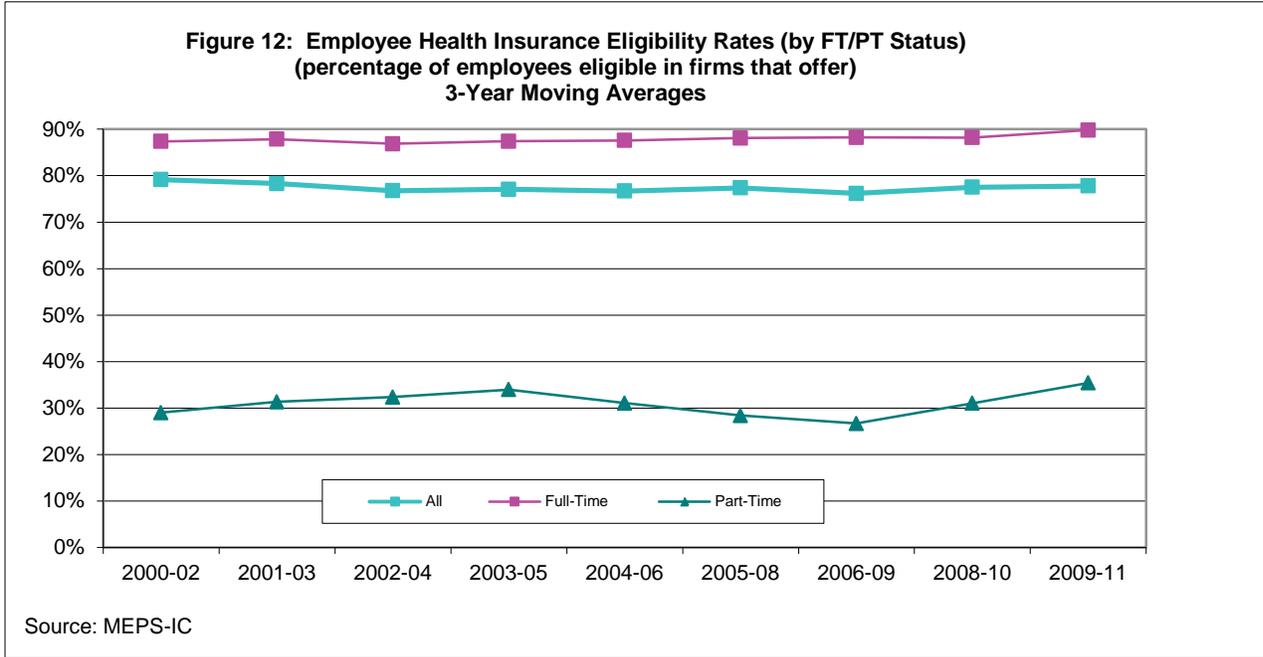
	All Employees	Employees in firms with		Full- time workers	Part- time workers
		< 50 workers	50+ workers		
Annual					
2011	78%	77%	78%	89%	31%
3-Year Averages					
2000-02	79%	79%	79%	87%	29%
2001-03	78%	79%	78%	88%	31%
2002-04	77%	79%	76%	87%	32%
2003-05	77%	79%	77%	87%	34%
2004-06	77%	82%	75%	88%	31%
2005-08	77%	80%	76%	88%	28%
2006-09	76%	78%	76%	88%	27%
2008-10	78%	77%	78%	88%	31%
2009-11	78%	77%	78%	90%	35%

Source: MEPS-IC Survey

Figure 11: Employee Health Insurance Eligibility Rates
(percentage of employees eligible in firms that offer)
3-Year Moving Averages



Source: MEPS-IC



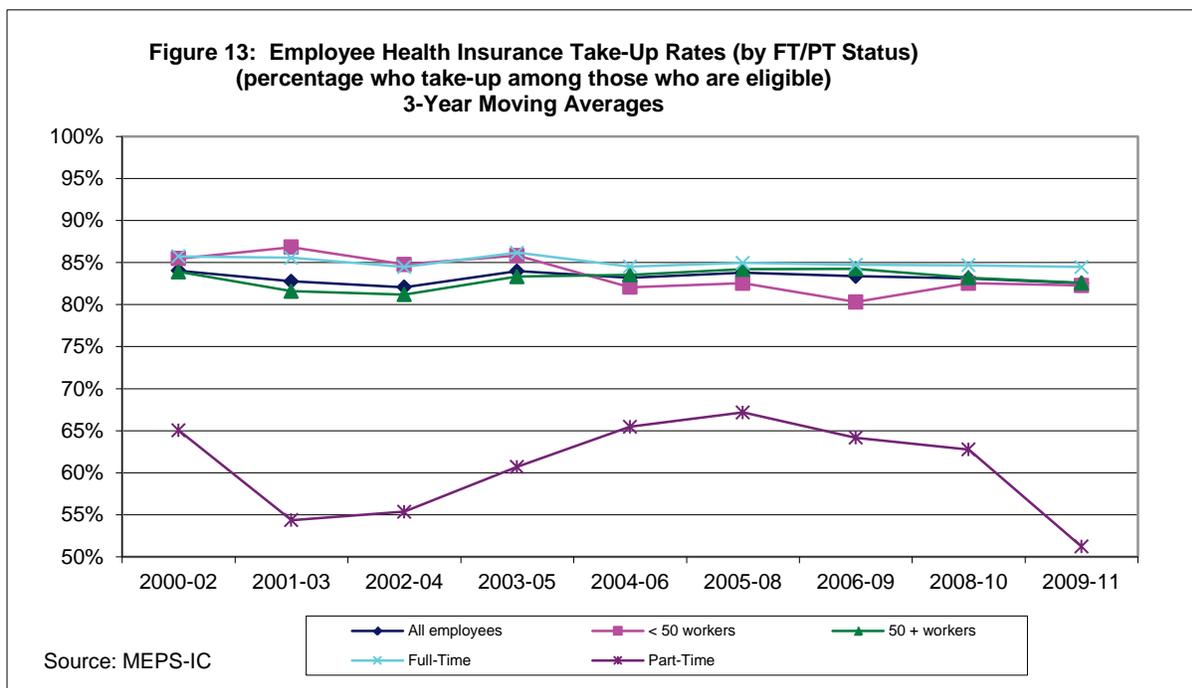
Employee Take-Up Rates

Among workers who are eligible for employer-provided health insurance in Washington, 83 percent take up the offer. The 3-year moving average has been declining for part-time workers, but is fairly flat for full-time workers.

While employee offer rates are considerably lower for employees in small firms than employees in large firms, employees in smaller firms are more likely to take-up coverage when it was offered.

Table 11: Employee Health Insurance Take-Up Rates: Washington (percentage enrolled among those who are eligible)					
	All Employees	Employees in firms with		Full- time workers	Part- time workers
		< 50 workers	50+ workers		
Annual 2011 3-Year Averages	83%	85%	83%	86%	35%
2000-02	84%	85%	84%	86%	65%
2001-03	83%	87%	82%	86%	54%
2002-04	82%	85%	81%	84%	55%
2003-05	84%	86%	83%	86%	61%
2004-06	83%	82%	84%	85%	65%
2005-08	84%	83%	84%	85%	67%
2006-09	83%	80%	84%	85%	64%
2008-10	83%	83%	83%	85%	63%
2009-11	83%	82%	83%	84%	51%

Source: MEPS-IC Survey



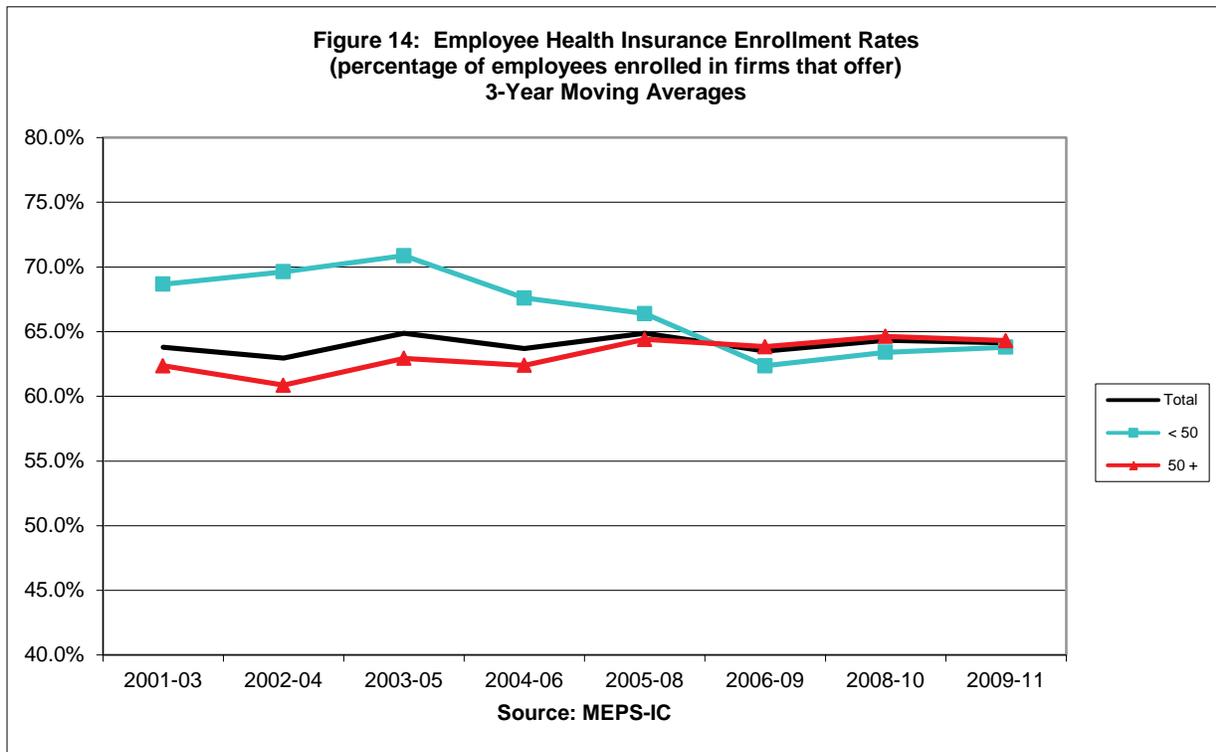
Employee Enrollment Rates

Among Washington firms that offer health insurance to at least some workers, 66 percent of employees are enrolled in own employer-provided coverage. This is not the same as the “coverage” rate, in which the denominator is employees in all firms (see Figure 1). The rate of coverage among all employees is lower, since some employees work in firms that do not offer health benefits. (Estimates of this coverage rate are presented in Table 13.) Enrollment rates vary by firm size and full-time versus part-time job status.¹⁰ Relatively few part-time workers are enrolled (21 percent).

	All Employees	Employees in firms with		Full- time workers	Part-time workers
		< 50 workers	50+ workers		
Annual					
2011	66%	69%	66%	77%	21%
3-Year Averages					
2000-02	65%	67%	64%	74%	21%
2001-03	64%	69%	62%	75%	18%
2002-04	63%	70%	61%	74%	17%
2003-05	65%	71%	63%	76%	18%
2004-06	64%	68%	62%	75%	*
2006-08	65%	66%	64%	75%	*
2007-09	64%	62%	64%	75%	*
2008-10	64%	63%	65%	75%	19%
2009-11	64%	64%	64%	75%	18%

* Data for 2006, 2008 and 2009 do not meet standards of reliability or precision.
Source: MEPS-IC Survey

¹⁰ The MEPS-IC Survey sample sizes for individual states are relatively small, so there are few observations with which to reliably estimate enrollment rates for specific industries at the state level. In order to impute Washington enrollments by firm size and industry, this study uses national rates by firm size within industries. These rates are scaled to achieve the overall, employment-weighted average enrollment rate reported for Washington. See Appendix I for details.



Employee Coverage Rates

Among all workers in private sector firms with two or more employees, including those in firms that do not offer insurance, 52 percent have health coverage provided by their employer.¹¹ Note that workers who do not have own-employer provided health insurance could receive coverage through other sources and are therefore not necessarily uninsured, as described in Section 3.

¹¹ According to the Bureau of Labor Statistics, *National Compensation Survey March 2011* - <http://www.bls.gov/news.release/ebs2.nr0.htm> - 69% of full-time private industry workers in the US had access to employee health benefits in 2011.

**Table 13: Estimated Coverage Rates in Own Employer-Provided Health Insurance:
Washington 2011**

	Number Enrolled (1,000s)	Number Not Enrolled (1,000s)	Coverage Rate ⁽¹⁾	Percent Not Enrolled
Firm Size	1,317	1,227	52%	48%
2 - 9	76	228	25%	75%
10 - 24	104	159	40%	60%
25 - 99	222	222	50%	50%
100 - 999	415	348	54%	46%
1000 and above	500	269	65%	35%
Wage Quartile ⁽²⁾				
Lowest 25% of firms	60	200	23%	77%
Second 25% of firms	164	299	35%	65%
Third 25% of firms	341	312	52%	48%
Highest 25% of firms	752	414	64%	36%
Industry ⁽³⁾				
Agriculture, forestry, fishing	18	66	21%	79%
Manufacturing	229	68	77%	23%
Construction	57	66	46%	54%
Transportation and Warehousing	82	64	56%	44%
Wholesale trade	75	39	66%	34%
Finance, insurance, real estate	120	61	66%	34%
Retail Trade	100	152	40%	60%
Professional services	521	350	60%	40%
Other services	115	359	24%	76%

⁽¹⁾ Coverage Rate = Offer Rate * Eligibility Rate * Take-up Rate
Estimates are for firms with two or more employees.
Estimates rely on MEPS-IC enrollment rate data.

⁽²⁾ Wages refer to average wages (total wages divided by number of employees).
The lowest 25% of firms have average annual wages of less than \$15,733. The next group has average wages from \$15,733 to \$26,766. The third group has average wages from \$26,766 to \$43,928.
The highest group has average wages above \$43,928. Note that these averages include part-time workers.

⁽³⁾ 'Professional services' includes information, professional and technical services, educational services and health care. 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

An interesting comparison of Table 8 and Table 13 shows that while approximately 2,092,000 employees work for firms that offer insurance, only about 1,317,000 are actually covered by their own employer.

Table 14: Estimated Numbers Not Enrolled in Own Employer-Provided Health Insurance, Above and Below Median Wage: Washington 2011					
	Below Median Wage		Above Median Wage		Median Income
	Small Firms	Large Firms	Small Firms	Large Firms	
Agriculture, forestry, fishing	15,200	2,768	13,917	10,984	19,793
Construction	14,915	687	33,297	17,637	32,927
Manufacturing	10,509	4,087	11,939	41,367	34,561
Wholesale trade	14,612	14,127	6,005	4,610	53,112
Retail trade	26,617	19,728	32,937	72,510	19,827
Transportation & warehousing	6,411	31,237	6,832	19,390	35,051
Information	3,994	5,272	3,103	24,343	52,658
Finance & insurance	3,532	247	5,209	18,197	41,713
Real estate & rental	5,769	683	6,039	7,497	24,528
Professional & technical services	16,643	14,564	18,381	41,491	48,538
Administrative and support services	14,774	18,180	19,008	38,081	24,330
Educational services	6,830	806	3,450	75,340	23,794
Health care and social assistance	26,019	20,240	25,712	78,318	27,169
Arts, entertainment & recreation	8,196	4,960	6,989	19,560	14,719
Accommodation and food services	38,089	7,286	64,177	60,850	13,431
Other services	16,299	7,574	20,223	15,282	24,123

(1) Median is on the firm level based on the average wage of each firm.

Section 3: Other Sources of Health Insurance and the Uninsured

Workers not enrolled in plans provided by their employer often receive coverage through their spouses' employers, privately purchased insurance or public plans. The 2011 *Washington Employer Health Insurance Database* suggests that 52 percent of private sector workers are enrolled in health insurance provided by their own employer. American Community Survey Public Use Microdata (ACS PUMS) suggest that an additional 11 percent are covered through the employer of a family member. According to the 2011 ACS PUMS, 63 percent are covered by their employer or a family member's employer, 9 percent are covered through public programs, and 7 percent are covered through other insurance (e.g., self-purchased, military). That leaves 22 percent who are uninsured. The percent uninsured varies substantially across industries.

Table 15: Estimates for Own-Employer Provided and Other Health Insurance: Washington State					
Percent of Employed Persons Obtaining Health Insurance From Various Sources					
	2011 Washington Employer Health Insurance Database	2011 American Community Survey Public Use Microdata Sample (PUMS) ⁽¹⁾			
	Own Employer	Own & Other Employer	Public Program	Self- Purchased Military, Other	Uninsured
All Firms	52%	63%	9%	7%	22%
Industry					
Agriculture, forestry, fishing	21%	27%	9%	4%	60%
Manufacturing	77%	78%	7%	4%	12%
Construction	46%	68%	9%	4%	19%
Transportation & warehousing ⁽²⁾	56%	54%	8%	6%	32%
Wholesale trade	66%	70%	6%	5%	18%
Finance, insurance, real estate	66%	62%	10%	6%	22%
Retail trade	40%	69%	8%	7%	16%
Professional services ⁽³⁾	60%	71%	6%	10%	13%
Other services ⁽⁴⁾	24%	46%	12%	9%	33%

(1) The PUMS estimates are for person's ages 18 to 64 employed in private industry.
'Other employer' refers to coverage through another household member's employer.

(2) The PUMS estimates for transportation and warehousing also include utilities; the Employer Database estimates do not.

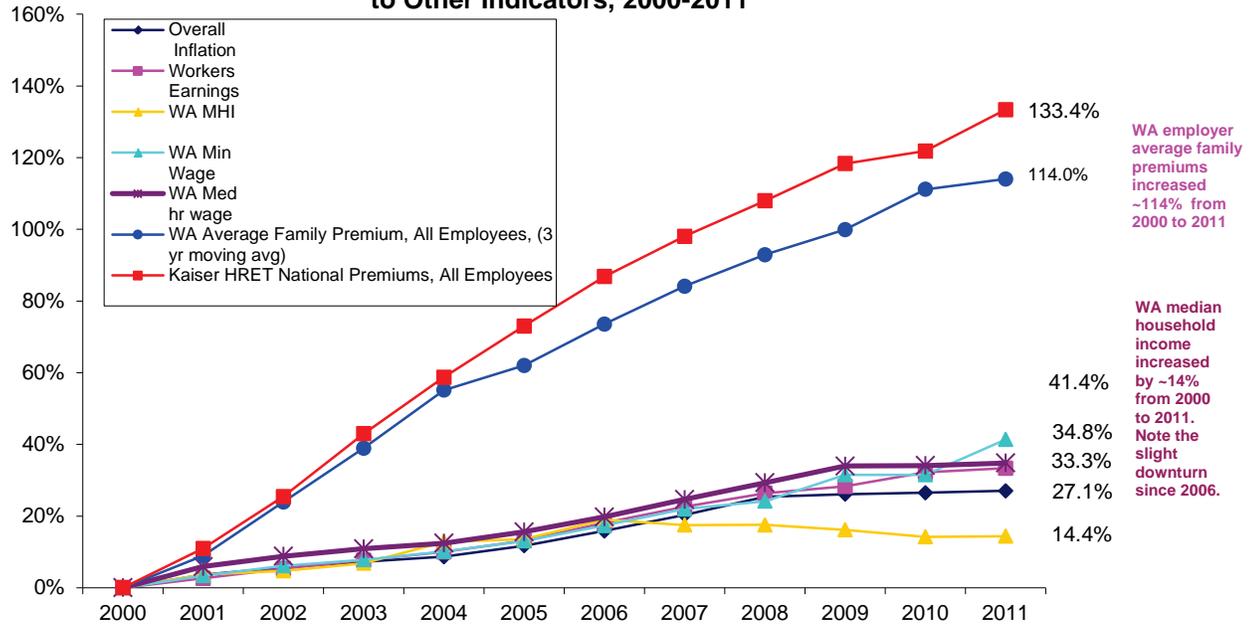
(3) 'Professional services' includes information, professional and technical services, educational services and health care.

(4) 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

While the data sources are different, the story is the same. The majority of adults continue to obtain their health insurance through an employer.

Figure 16 provides an interesting perspective on coverage trends— *affordability* appears to clearly be an issue. The growth in health insurance premiums continues to outpace workers' earnings and inflation – no matter what measures we use to determine “income.” In this century, while median household income (MHI) in Washington had increased by ~14%, family premiums increased by ~114%. Washington Median Household Income has decreased since 2007.

Figure 15: Cumulative Percentage Increase in Health Insurance Premiums Compared to Other Indicators, 2000-2011



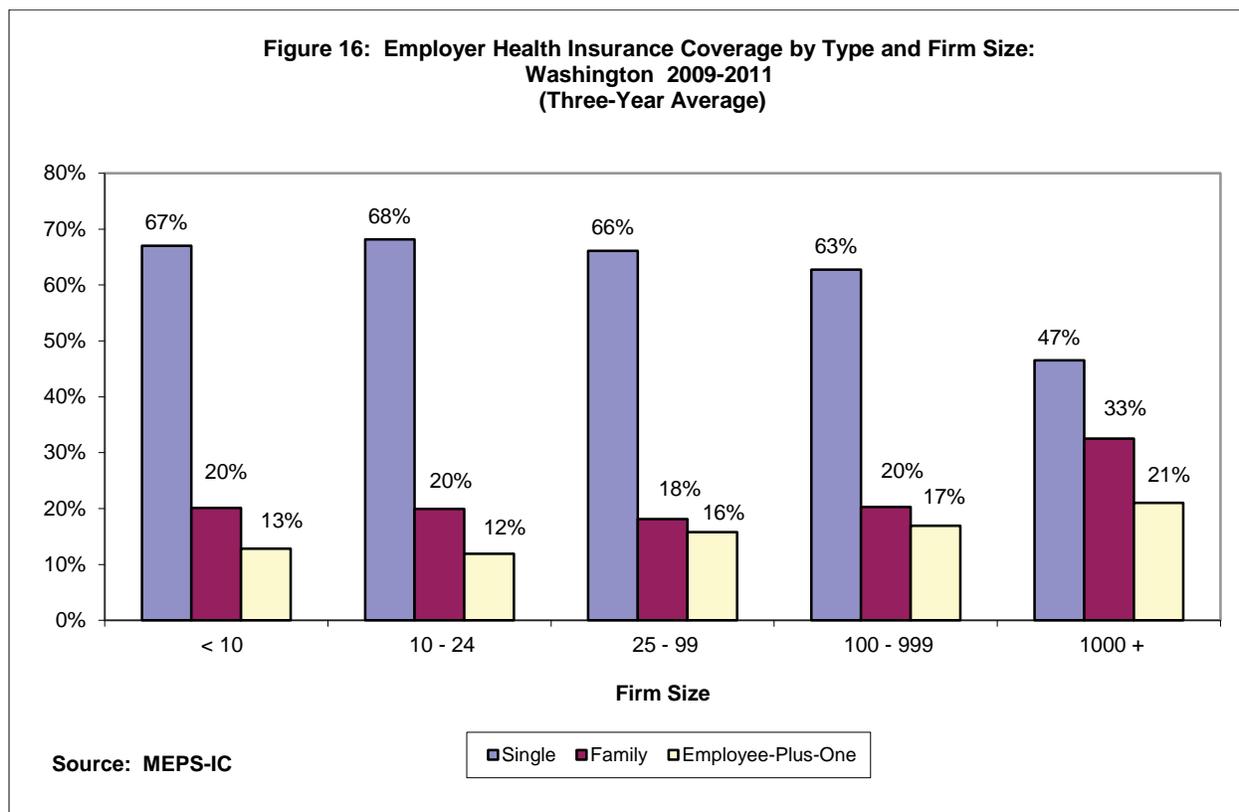
Sources:
 Kaiser Family Foundation and Health Research & Educational Trust, 2011 Employer Benefits Survey; Medical Expenditure Panel Survey - Insurance Component, 1996-2010; United States Department of Labor, Bureau of Labor Statistics; Washington State Office of Financial Management; Washington State Department of Labor and Industries; Washington State Employment Security Department, Labor Market and Economic Analysis Branch

Section 4: Health Insurance Premiums and Cost-Sharing

Health insurance premiums vary substantially by type of coverage—single, family, employee-plus-one—and the shares of enrollees in different types of coverage affect employer health care costs. Higher percentages of enrollees in larger firms are enrolled in family coverage.

	Washington			United States		
	Single	Family	Plus One	Single	Family	Plus One
All	55%	27%	18%	51%	31%	19%
Small Firms	69%	19%	12%	60%	26%	14%
Large Firms	52%	28%	20%	48%	32%	20%

Source: MEPS-IC



The *MEPS-IC Survey* also provides data on employer health insurance *premiums* for single, family, and employee-plus-one coverage. Tables 16-22 and Figures 18-23 summarize estimates and trends for premiums in Washington.¹² Given the relatively small *MEPS-IC* sample sizes for individual states, trends are examined by using three-year moving averages.

¹² Premiums vary somewhat by firm size and industry. These variations are taken into account when estimating employer health care expenditures. See *Appendix I* for details.

Coverage Types and Premium Contributions

Based on the *MEPS-IC* survey, employee contributions in Washington State tend to be slightly smaller as a percentage of total premium than the national average. One reason is the relatively high percentage of enrollees in Washington who are not required to contribute to their employer-sponsored coverage. Among those enrolled in single coverage, about 31 percent of enrollees in Washington are in plans that require no employee contribution. This percentage is up compared to 2010 (20.6%) but down compared to 2009 (~41%). It is higher than the US average of 17.3%. The average employee contributions reported in the *MEPS-IC* data include enrollees whose contribution is zero. If these enrollees are excluded, average contributions are substantially higher, (see Table 18).

Table 17: Percentage of Employees Enrolled in Plans that Required No Employee Contribution			
	Single Coverage	Family Coverage	Employee-Plus-One
Washington State			
2006	34.4%	18.4%	13.9%
2008	37.3%	21.4%	16.2%
2009	41.3%	18.6%	13.9%
2010	28.3%	9.1%	7.4%
2011	31.2%	7.1%	11.2%*
United States			
2006	21.9%	12.6%	11.6%
2008	22.0%	10.7%	9.4%
2009	20.6%	11.4%	10.3%
2010	18.3%	10.4%	9.8%
2011	17.3%	9.7%	7.9%

Source: *MEPS-IC*.

Table 18: Average Employee Health Insurance Contributions With and Without Enrollees Who Have No Premium Contribution: Washington 2009-2011			
		WITH \$0 Enrollees	WITHOUT \$0 Enrollees
2009	Single	\$569	\$867
	Family	\$3,258	\$3,993
	Employee-Plus-One	\$2,397	\$2,784
2010	Single	\$746	\$969
	Family	\$3,685	\$4,002
	Employee-Plus-One	\$2,429	\$2,784
2011	Single	\$866	\$1,259
	Family	\$3,451	\$3,715
	Employee-Plus-One	\$2,436	\$2,436

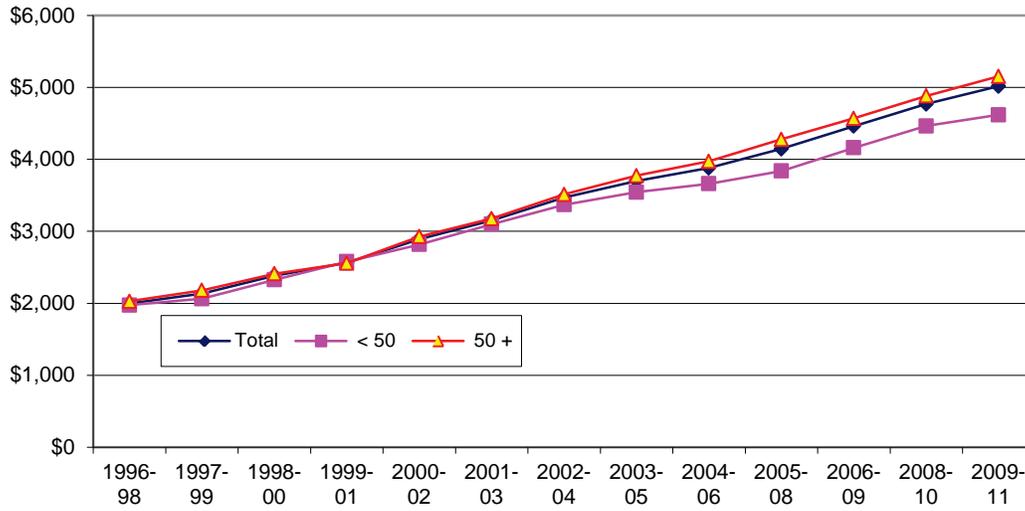
Source: Estimated from *MEPS-IC* survey.

Table 19: Employer-Provided Health Insurance Premiums: Single Coverage

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$4,056	\$3,433	\$623	15%
2008	\$4,498	\$3,781	\$717	15%
2009	\$4,923	\$4,283	\$640	13%
2010	\$4,926	\$4,814	\$746	13%
2011	\$5,144	\$4,278	\$866	17%
United States (MEPS-IC)				
2006	4,118	3,330	788	19%
2008	4,386	3,504	882	20%
2009	4,669	3,712	957	20%
2010	4,940	3,919	1,021	21%
2011	5,222	4,132	1,090	21%
United States (Kaiser)				
2006	\$4,242	\$3,615	\$627	15%
2007	\$4,479	\$3,785	\$694	15%
2008	\$4,704	\$3,983	\$721	15%
2009	\$4,824	\$4,045	\$779	16%
2010	\$5,049	\$4,150	\$899	18%
2011	\$5,429	\$4,508	\$921	17%

Source: MEPS-IC Survey (2011), Kaiser/HRET Employer Health Benefits Survey (2011).
The Washington premiums and contributions for 2006-2011 are taken from *MEPS-IC*.

**Figure 17: Employer Health Insurance Average Single Premium
(3-Year Moving Averages)**



Source: MEPS-IC

**Figure 18: Employer Health Insurance Employee Share of Single Premium
(3-year Moving Averages)**

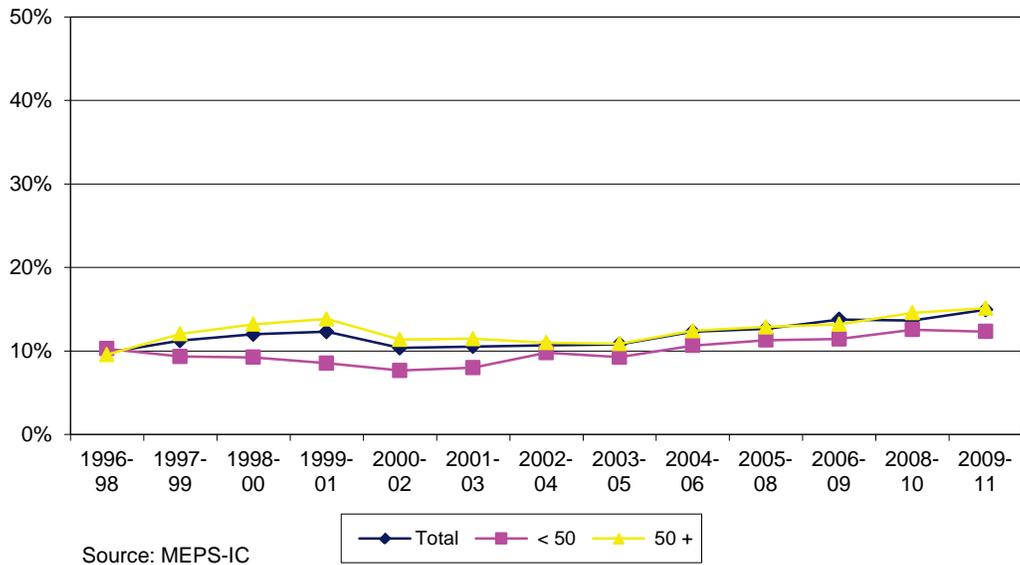
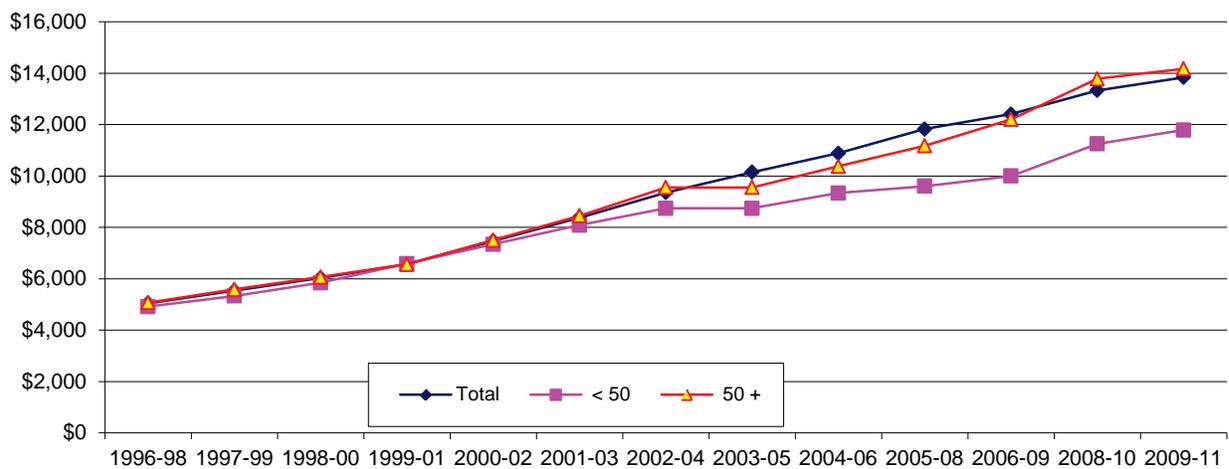


Table 20: Employer-Provided Health Insurance Premiums: Family Coverage

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$11,423	\$8,537	\$2,886	25%
2008	13,036	9,778	3,258	25%
2009	12,758	9,282	3,476	27%
2010	14,188	9,282	3,476	24%
2011	14,559	11,108	3,451	24%
United States (MEPS-IC)				
2006	\$11,381	\$8,491	\$2,890	25%
2008	12,298	8,904	3,394	28%
2009	13,999	10,350	3,649	26%
2010	13,871	10,150	3,724	27%
2011	15,022	11,060	3,962	26%
United States (Kaiser)				
2006	\$11,480	\$8,508	\$2,973	26%
2007	12,106	8,824	3,281	27%
2008	12,680	9,325	3,384	27%
2009	13,375	9,860	3,515	26%
2010	13,770	9,773	3,997	29%
2011	15,073	10,944	4,129	27%

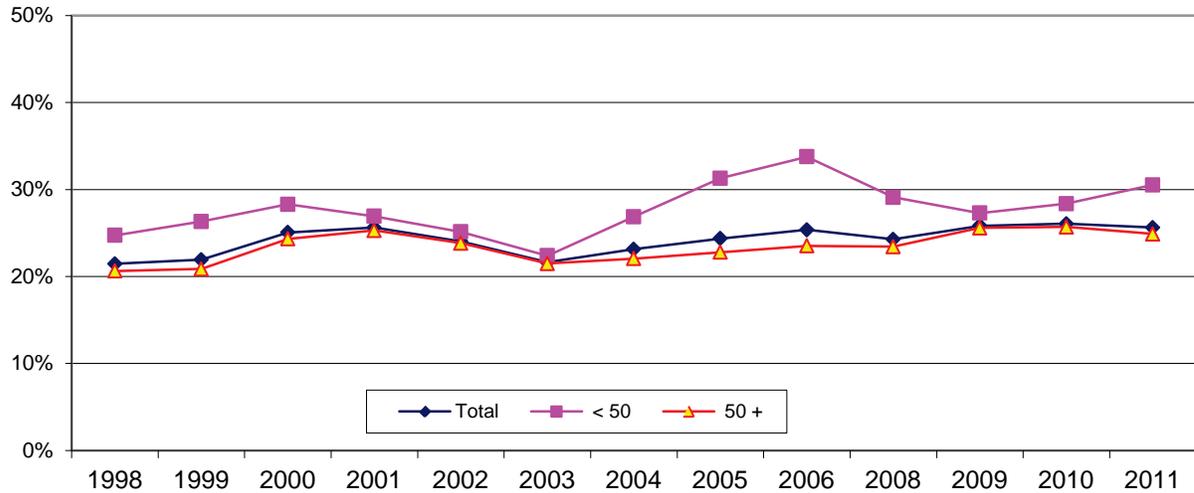
Source: MEPS-IC Survey (2011), Kaiser/HRET Employer Health Benefits Survey (2011)
 The Washington premiums and contributions for 2006-2011 are taken from MEPS-IC.

Figure 19: Employer Health Insurance Average Family Premiums by Firm Size (3-Year Moving Averages)



Source: MEPS-IC

**Figure 20: Employer Health Insurance Employee Share of Family Premium
(3-year Moving Averages)**



Source: MEPS-IC

Table 21: Employer-Provided Health Insurance Premiums: Employee-Plus-One Coverage

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$7,355	\$5,478	\$1,877	26%
2008	\$8,681	\$5,208	\$2,147	25%
2009	\$8,997	\$6,850	\$2,397	27%
2010	\$9,219	\$6,822	\$2,397	26%
2011	\$9,177	\$6,741	\$2,436	27%
United States (MEPS-IC)				
2006	\$7,988	\$6,085	\$1,903	24%
2008	\$8,535	\$6,232	\$2,303	27%
2009	\$9,053	\$6,690	\$2,363	26%
2010	\$9,664	\$7,166	\$2,498	26%
2011	\$9,664	\$6,928	\$2,736	28%

Source: MEPS-IC Survey (2010)

Premiums and contributions for 2006-2011 are taken from *MEPS-IC*.

Figure 21: Employer Health Insurance Average Employee-Plus-One Premiums (3-Year Moving Averages)

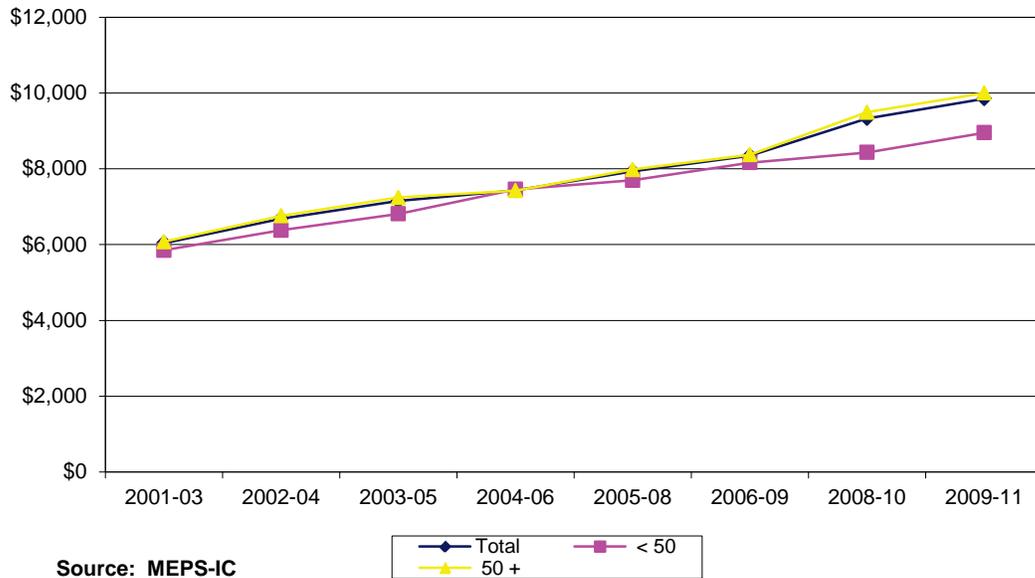
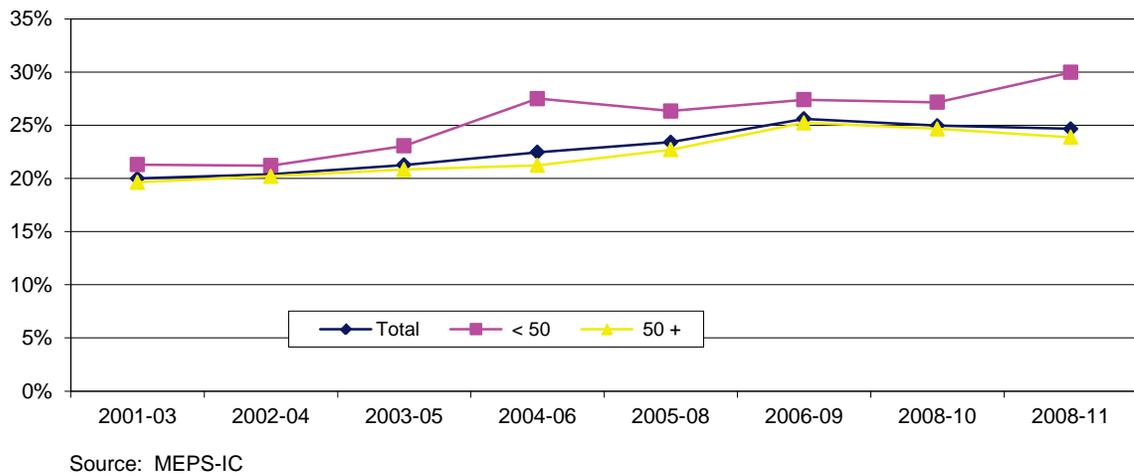


Figure 22: Employer Health Insurance Employee Share of Employee-Plus-One Premium (3-Year Moving Averages)



Estimated Employee Premium Contributions

Employee contributions to employer-provided health insurance were also estimated. The average contribution paid by an enrolled employee was \$1,894 per year in 2011. Employees paid 23.2% of the total premium. (See Table 22)

Table 22: Employee Contributions to Employer-Provided Health Insurance, by Firm Size, Wages and Industry: Washington 2011

	Total Employee Contributions (millions \$)	Average Contribution Per Enrollee (\$)	Worker Share of Healthcare Premiums
All Firms	\$2,760	\$1,894	23.2%
Firm Size			
2 - 9	\$119	\$1,084	19.1%
10 - 24	\$199	\$1,689	24.4%
25 - 99	\$481	\$2,059	26.7%
100 - 999	\$930	\$2,101	25.0%
1000 and above	\$1,031	\$1,811	20.8%
Wage Quartile ⁽¹⁾			
Lowest 25% of firms	\$126	\$2,028	25.5%
Second 25% of firms	\$340	\$1,721	24.7%
Third 25% of firms	\$716	\$1,972	23.5%
Highest 25% of firms	\$1,579	\$1,884	22.5%
Industry			
Agriculture, forestry, fishing	\$29	\$1,625	20.7%
Manufacturing	\$449	\$1,962	21.5%
Construction	\$128	\$2,247	27.4%
Transportation & warehousing	\$159	\$1,935	21.6%
Wholesale trade	\$156	\$2,080	23.6%
Finance, insurance, real estate	\$259	\$2,169	22.9%
Retail trade	\$224	\$2,241	29.8%
Professional services ⁽¹⁾	\$1,117	\$2,143	22.3%
Other services ⁽²⁾	\$239	\$2,072	25.8%

Estimates are for private sector firms with two or more employees.
Expenditures are estimated using data from *MEPS-IC*; see the *Technical Appendix II* for a discussion of the methodology.

⁽¹⁾ 'Professional services' includes information, professional and technical services, educational services and health care.

⁽²⁾ 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

Section 5: Employer Expenditures on Health Insurance

Total Employer Health Insurance Expenditures

Employer expenditures on health insurance were estimated for the private sector firms with two or more employees contained in the Washington Employer Health Insurance Database. These estimates take into account imputed enrollments, the distribution of enrollments across types of coverage¹³ (single, family, employee-plus-one), and employer premiums for different types of coverage.

Tables 23 and 24 summarize estimated employer expenditures. Estimates in Table 23 reflect the employer expenditures in 2011 associated with providing comprehensive coverage to *active employees*.¹⁴ As described in Appendix I, the estimates are derived by multiplying synthetic enrollment estimates by employer premium contributions. Employee contributions are not included in these tables. It cost firms on average \$6,137 per enrollee to provide this coverage, an estimate that is a weighted average across different types of coverage (single, family, and employee-plus-one). It makes no distinction for variation in the value of coverage.

Among all firms that offer insurance, employer expenditures equaled about 7.6% percent of total payrolls. Average expenditures *per enrollee* vary somewhat by firm size and industry. Expenditures *per worker* vary more substantially – and the variation across firms is driven primarily by differences in offer and enrollment rates.

Health insurance premiums have been increasing, but for single and employee-plus-one insurance, total premiums decreased slightly in 2011.

Optional Coverage: Reported *MEPS-IC* data on employer premium contributions do not reflect the costs of optional coverage plans for dental, vision, prescription drugs, and long-term care.¹⁵ So, estimates in Table 24 underestimate total employer health care expenditures. Table 24 attempts to address this by inflating the expenditure estimates to reflect the 2011 costs of optional coverage plans. This adjustment increases the estimated employer health expenditures in 2011 to about 8.1 percent of total payrolls. Insurance plans with optional coverage are assumed to cost 7.5% more, on average, than those without optional coverage (from AHRQ).

Table 25 provides recent estimates of employer costs for employee compensation published by the US Bureau of Labor Statistics (BLS) in September, 2012. These estimates suggest that Pacific region employers currently spend on average the equivalent of 7.5 percent of total compensation on health insurance.

¹³ See *Appendix I* for a detailed description of the estimation methodology.

¹⁴ Costs associated with retiree medical benefits are not included in any of these tables.

¹⁵ Some employer provided plans for comprehensive coverage do include dental, vision and prescription drug benefits. And, these costs would be reflected in the premium contributions that firms report in *MEPS*. However, other employers provide these benefits through optional coverage plans, and the costs of these plans are not reflected in the reported premiums.

Table 23: Estimated Employer Health Insurance Expenditures for Active Employees, Excluding the Costs of Optional Coverage: Washington 2011

	Total Health Expenditures	Average Expenditure Per Worker (\$)		Average Expenditure	Expenditures Relative to Wages (%)	
	(Millions \$)	All Firms	Firms That Offer	Per Enrollee (\$)	All Firms	Firms that Offer
All Firms	\$7,731	\$3,159	\$3,853	\$6,137	6.8%	7.6%
Firm Size						
2 - 9	\$483	\$1,585	\$4,282	\$6,381	4.6%	8.8%
10 - 24	\$589	\$2,241	\$3,409	\$5,667	5.7%	7.1%
25 - 99	\$1,260	\$2,840	\$3,378	\$5,685	6.3%	7.0%
100 - 999	\$2,660	\$3,484	\$3,752	\$6,403	7.0%	7.4%
1000 and above	\$3,731	\$4,852	\$5,146	\$7,458	7.6%	7.9%
Wage Quartile ⁽¹⁾						
Lowest 25% of firms	\$350	\$1,346	\$2,806	\$5,846	11.4%	22.4%
Second 25% of firms	\$986	\$2,128	\$3,089	\$6,015	9.9%	14.1%
Third 25% of firms	\$2,220	\$3,398	\$3,977	\$6,508	9.7%	11.2%
Highest 25% of firms	\$5,165	\$4,429	\$4,739	\$6,871	5.6%	6.0%
Industry						
Agriculture, forestry, fishing	\$104	\$1,250	\$1,930	\$5,936	5.0%	7.3%
Manufacturing	\$1,562	\$5,263	\$5,517	\$6,825	7.6%	7.7%
Construction	\$324	\$2,617	\$3,766	\$5,662	4.9%	6.4%
Transportation & warehousing	\$549	\$3,765	\$4,923	\$6,697	8.8%	10.9%
Wholesale trade	\$482	\$4,214	\$4,748	\$6,422	6.7%	7.3%
Finance, insurance, real estate	\$830	\$4,594	\$5,205	\$6,948	7.3%	7.9%
Retail trade	\$503	\$1,996	\$2,431	\$5,020	5.8%	7.6%
Professional services ⁽²⁾	\$3,713	\$4,260	\$4,660	\$7,124	7.2%	7.6%
Other services ⁽³⁾	\$654	\$1,378	\$2,235	\$5,677	4.9%	6.8%

Estimates are for private sector firms with two or more employees.

Expenditures are estimated using data from *MEPS-IC*; see the *Technical Appendix I* for a discussion of the methodology. Expenditures include employer contributions for comprehensive coverage plans for active employees (not retirees). Some of these plans include dental, vision and prescription benefits, and some do not. The costs for optional coverage plans (for dental, vision, prescription, long-term care) are not included in these estimates.

⁽¹⁾ Wages refer to average wages (total wages divided by number of employees). In 2011, the lowest 25% of firms have average annual wages of less than \$15,733. The next group has average wages from \$15,733 to \$26,766. The third group has average wages from \$26,766 to \$43,928. The highest group has average wages above \$43,928. Note that these averages include part-time workers.

⁽²⁾ 'Professional services' includes information, professional and technical services, educational services and health care.

⁽³⁾ 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

Table 24: Estimated Employer Health Insurance Expenditures Including the Costs of Optional Coverage: Washington 2011

	Total Health Expenditures (Millions \$)	Average Expenditure Per Worker (\$)		Average Expenditure	Expenditures Relative to Wages (%)	
		All Firms	Firms That Offer	Per Enrollee (\$)	All Firms	Firms that Offer
All Firms	\$8,311	\$3,396	\$4,142	\$6,598	7.2%	8.1%
Firm Size						
2 - 9	\$519	\$1,704	\$4,603	\$6,859	4.9%	9.3%
10 - 24	\$633	\$2,409	\$3,665	\$6,092	6.0%	7.6%
25 - 99	\$1,355	\$3,053	\$3,632	\$6,112	6.7%	7.4%
100 - 999	\$2,859	\$3,745	\$4,034	\$6,883	7.4%	7.9%
1000 and above	\$4,010	\$5,215	\$5,532	\$8,017	8.0%	8.4%
Wage Quartile ⁽¹⁾						
Lowest 25% of firms	\$377	\$1,447	\$3,016	\$6,285	12.1%	23.7%
Second 25% of firms	\$1,060	\$2,288	\$3,321	\$6,466	10.5%	14.9%
Third 25% of firms	\$2,387	\$3,652	\$4,276	\$6,996	10.3%	11.9%
Highest 25% of firms	\$5,553	\$4,761	\$5,095	\$7,386	5.9%	6.3%
Industry						
Agriculture, forestry, fishing	\$112	\$1,344	\$2,075	\$6,381	5.3%	7.8%
Manufacturing	\$1,679	\$5,658	\$5,931	\$7,337	8.0%	8.2%
Construction	\$348	\$2,813	\$4,049	\$6,087	5.2%	6.8%
Transportation & warehousing	\$591	\$4,048	\$5,293	\$7,199	9.3%	11.6%
Wholesale trade	\$519	\$4,530	\$5,104	\$6,903	7.1%	7.8%
Finance, insurance, real estate	\$893	\$4,938	\$5,595	\$7,469	7.7%	8.4%
Retail trade	\$541	\$2,145	\$2,613	\$5,396	6.1%	7.0%
Professional services ⁽²⁾	\$3,991	\$4,579	\$5,009	\$7,658	7.6%	8.4%
Other services ⁽³⁾	\$703	\$1,481	\$2,403	\$6,103	5.2%	7.2%

Estimates are for private sector firms with two or more employees.

Expenditures are estimated using data from *MEPS-IC*; see the *Technical Appendix I* for a discussion of the methodology. Expenditures include employer contributions for comprehensive coverage plans for active employees (not retirees). The estimates in this table have been inflated to also include the costs of optional coverage plans (dental, vision, prescription drugs, long-term care).

⁽¹⁾ Wages refer to average wages (total wages divided by number of employees). In 2011, the lowest 25% of firms have average annual wages of less than \$15,733. The next group has average wages from \$15,733 to \$26,766. The third group has average wages from \$26,766 to \$43,928. The highest group has average wages above \$43,928. Note that these averages include part-time workers.

⁽²⁾ 'Professional services' includes information, professional and technical services, educational services and health care.

⁽³⁾ 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

**Table 25: Employer Costs for Employee Compensation in Private Industry: United States 2011 Average
Costs Per Employee Per Hour**

	Total Compensation	Wages & Salaries ⁽¹⁾	Health Insurance	Health Insurance Costs as as a Percentage of:	
				Total Compensation	Wages & Salaries ⁽¹⁾
All Workers	\$30.80	\$21.32	\$2.62	8.5%	12.3%
Pacific Region ⁽²⁾	\$30.14	\$21.28	\$2.23	7.4%	10.5%
Industry					
Construction	\$33.52	\$23.30	\$2.44	7.3%	10.5%
Manufacturing	\$33.30	\$21.88	\$3.26	9.8%	14.9%
Trade, Transportation, Utilities	\$24.41	\$17.24	\$2.05	8.4%	11.9%
Information	\$45.05	\$29.77	\$3.99	8.9%	13.4%
Financial Activities	\$40.15	\$27.09	\$3.13	7.8%	11.6%
Professional and Business Services	\$34.83	\$25.13	\$2.24	6.4%	8.9%
Education and Health	\$30.84	\$21.95	\$2.48	8.0%	11.3%
Leisure and Hospitality ⁽³⁾	\$12.32	\$9.82	\$0.53	4.3%	5.4%
Other Services	\$25.76	\$18.78	\$1.71	6.6%	9.1%
Establishment Size					
1-49	\$22.94	\$17.15	\$1.41	6.1%	8.2%
50-99	\$26.84	\$19.13	\$1.98	7.4%	10.4%
100-499	\$29.31	\$20.36	\$2.52	8.6%	12.4%
500+	\$42.74	\$28.08	\$3.78	8.8%	13.5%

Source: US Bureau of Labor Statistics, *Employee Costs for Employee Compensation*, September 2012.

Data from the *National Compensation Survey*.

⁽¹⁾ Includes supplemental pay (overtime premium, shift differentials, and nonproduction bonuses).

⁽²⁾ Includes Alaska, California, Hawaii, Oregon, Washington.

⁽³⁾ Includes food and accommodation.

Employer Health Insurance Expenditures in Perspective

As shown in Tables 23 and 24 employer health care costs now accounts for a significant share of employee compensation costs - health care is a major cost of doing business. Tables 26 and 27 put health insurance expenditures in perspective – Washington firms typically spend more on health care than they pay in Business & Occupation (B&O) Tax. In 2011, businesses with 2 or more employees spent more for health insurance, including optional coverage (2.4% of gross business income (GBI) on average) than they did for total state taxes (2.2% of GBI), and about the same when optional coverage is not included (2.2%).

Table 26: Summary of Washington Employer Health Insurance Database, 2011 Estimates for private sector firms with 2 or more employees and Gross Business Income > 0

	Number of Firms	Total Payroll (millions \$)	B&O tax (1) (millions \$)	Total taxes, premiums and contributions (2)		Employer health ins. expend. (no optional)	
				Total (millions \$)	Rate (% of gross business income)	Total (millions \$)	Rate (% of gross business income)
All Firms	101,863	\$ 128,091	\$ 2,884	\$ 8,666	2.2%	\$ 8,722	2.2%
Firm Size							
2 - 9	71,904	\$ 10,467	\$ 395	\$ 1,088	2.1%	\$ 483	0.9%
10 - 24	17,098	\$ 10,314	\$ 323	\$ 953	2.3%	\$ 589	1.4%
25 - 99	9,581	\$ 20,071	\$ 507	\$ 1,637	2.2%	\$ 1,260	1.7%
100 - 999	3,042	\$ 37,887	\$ 857	\$ 2,692	2.2%	\$ 2,660	2.1%
1000 and above	238	\$ 49,351	\$ 802	\$ 2,296	2.2%	\$ 3,731	3.6%
Wage Quartile⁽¹⁾							
Lowest 25% of firms	25,217	\$ 3,064	\$ 91	\$ 432	3.3%	\$ 350	2.6%
Second 25% of firms	25,511	\$ 9,935	\$ 233	\$ 1,007	2.7%	\$ 986	2.7%
Third 25% of firms	25,626	\$ 22,894	\$ 484	\$ 1,760	2.5%	\$ 2,220	3.2%
Highest 25% of firms	25,509	\$ 92,197	\$ 2,076	\$ 5,468	2.0%	\$ 5,165	1.9%
Industry							
Agricultures, forestry, fishing	4,551	\$ 2,096	\$ 11	\$ 179	9.9%	\$ 104	5.8%
Manufacturing	5,423	\$ 20,617	\$ 469	\$ 1,388	1.4%	\$ 1,562	1.6%
Transportation and warehousing	2,719	\$ 6,268	\$ 129	\$ 526	2.1%	\$ 549	1.3%
Construction	11,424	\$ 6,622	\$ 131	\$ 813	3.1%	\$ 324	2.3%
Wholesale trade	6,960	\$ 7,194	\$ 333	\$ 622	1.0%	\$ 482	0.8%
Retail trade	10,862	\$ 8,664	\$ 284	\$ 677	1.2%	\$ 503	2.7%
Professional services (3)	25,263	\$ 51,783	\$ 844	\$ 2,370	4.0%	\$ 3,713	0.9%
Finance, Insurance, Real Estate	7,145	\$ 11,405	\$ 436	\$ 960	3.0%	\$ 830	6.6%
Other services (4)	27,516	\$ 13,442	\$ 248	\$ 1,132	3.8%	\$ 654	2.3%

(1) B&O include the Business & Occupation tax due plus the Public Utility tax due less tax credits.

(2) Total Taxes, premiums and contributions include: B&O tax, Public Utility tax, Sales and Use tax, Property tax, Employment Security unemployment insurance contributions, Labor & Industries workers compensation premiums.

(3) Professional services' includes information, professional and technical services, educational services and health care.

(4) 'Other services includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration). Food and accommodation services are the largest group in this sector.

Table 27: Employer Health Insurance Expenditures as a Percentage of Wages and Gross Business Income, All Firms, Washington 2011

	Total Wages (millions \$)	Gross Business Income (millions \$)	Total Health Exp. (millions \$)	Total Health Exp. Incl. Optional Coverage	Health Exp as % of Wages	Health Exp. as % of GBI	Health Exp. Incl. Optional as % of Wages	Health Exp. Incl. Optional as % of GBI
All Firms	\$128,091	\$394,509	\$8,722	\$9,376	6.8%	2.2%	7.3%	2.4%
Firm Size								
2 - 9	\$10,467	\$51,759	\$483	\$519	4.6%	0.9%	5.0%	1.0%
10 - 24	\$10,314	\$41,737	\$589	\$633	5.7%	1.4%	6.1%	1.5%
25 - 99	\$20,071	\$73,475	\$1,260	\$1,355	6.3%	1.7%	6.8%	1.8%
100 - 999	\$37,887	\$124,963	\$2,660	\$2,859	7.0%	2.1%	7.5%	2.3%
1000 and above	\$49,351	\$102,574	\$3,731	\$4,010	7.6%	3.6%	8.1%	3.9%
Wage Quartile ⁽¹⁾								
Lowest 25% of firms	\$3,064	\$13,284	\$350	\$377	11.4%	2.6%	12.3%	2.8%
Second 25% of firms	\$9,935	\$36,833	\$986	\$1,060	9.9%	2.7%	10.7%	2.9%
Third 25% of firms	\$22,894	\$69,892	\$2,220	\$2,387	9.7%	3.2%	10.4%	3.4%
Highest 25% of firms	\$92,197	\$274,500	\$5,165	\$5,553	5.6%	1.9%	6.0%	2.0%
Industry								
Agr., forestry, fishing	\$2,096	\$1,800	\$104	\$112	5.0%	5.8%	5.4%	6.2%
Manufacturing	\$20,617	\$100,426	\$1,562	\$1,679	7.6%	1.6%	8.1%	1.7%
Construction	\$6,622	\$25,902	\$324	\$348	4.9%	1.2%	5.3%	1.3%
Transpo. and warehousing	\$6,268	\$25,059	\$549	\$591	8.8%	2.2%	9.4%	2.4%
Wholesale trade	\$7,194	\$62,144	\$482	\$519	6.7%	0.8%	7.2%	0.8%
Finance, ins. & real estate	\$11,405	\$32,340	\$830	\$893	7.3%	2.6%	7.8%	2.8%
Retail trade	\$8,664	\$57,651	\$503	\$541	5.8%	0.9%	6.2%	0.9%
Professional services ⁽²⁾	\$51,783	\$59,679	\$3,713	\$3,991	7.2%	6.2%	7.7%	6.7%
Other services ⁽³⁾	\$13,442	\$29,509	\$654	\$703	4.9%	2.2%	5.2%	2.4%

⁽¹⁾ Wage Quartiles are based on average wages (total wages divided by number of employees).
The lowest 25% of firms have avg. annual wages of less than \$15,733. The next group has avg. wages from \$15,733 to \$26,766.
The third group has average wages from \$26,766 to \$43,928. The highest group has average wages above \$43,928.
Note that these averages include part-time workers.

⁽²⁾ Professional services include information, professional and technical services, educational services and health care.

⁽³⁾ Other services includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration). Food and accommodation services are the largest group in this sector.

Appendix I: Synthetic Estimation Methodology

The employer sponsor status (i.e., did the employer offer health insurance to any employees?), enrollment, employer health insurance expenditures and employer contributions for each of the 101,863 firms in the *Employer Health Insurance Database (EHID)* were synthetically estimated using data from two surveys—the *2011 Washington Employee Benefits Survey (EBS)* and the *2011 Medical Expenditure Panel Survey—Insurance Component (MEPS-IC)*.

Firm level health insurance sponsor status

EBS data were used to synthetically estimate offer statuses of firms in the *EHID*. First, for firms that responded to the survey, *EBS* data was merged into the *EHID* on a firm level basis. Methodology for other firms follows. The firms that responded to the *EBS* were stratified into groups based on firm size, industry and average wage levels.¹⁶ The percentages of firms offering insurance (employer sponsor rates) within each of these strata were calculated. The firms in the *EHID* were also stratified into the same firm size-industry-wage groupings. Offer statuses for the *EHID* firms within a given strata were randomly assigned so as to achieve the *EBS* employer sponsor rate observed for that group.

This procedure produced employer sponsor rates that are comparable to those reported in the *2011 Employee Benefits Survey* report. The validity of the procedure ultimately depends upon how representative the *EBS* survey responses are; the *EBS* response rate was 54 percent.

Employee enrollment rates: (*among employees who work where coverage is offered, the percentage of them that enroll in their own employer's coverage.*)

Report enrollment rates by industry are based on *MEPS-IC* data. The 2009-2011 average enrollment rate in Washington is 64.1 percent. Enrollment rates vary by firm size and industry. The *MEPS-IC* sample for Washington, however, is too small for reliably estimating these rates for detailed firm size-industry groups. Enrollment rates in Washington, therefore, were assumed to vary by firm size and industry as they do in the United States. First, three year average enrollment rates (2009-11) for firm size-industry groups were calculated for the United States. These rates were then scaled by an adjustment factor comparing the relationship between Washington and the US, to produce the employment-weighted average rates observed for Washington¹⁷ in Table 28.

¹⁶ There were 6 firm size groups, 16 industry groups (based on 2-digit NAICS codes), and two wage groups (based on high and low wage firms within a given industry). In some cases cells were combined due to small sample sizes.

¹⁷ The employment weights were derived from the firm size-industry employment levels observed for Washington.

Table 28: Employer Health Insurance Enrollment Rates: Washington 3-year Moving Average, 2009-2011					
Industry	Firm Size				
	2-9	10-24	25-99	100-999	1000+
Agriculture, forestry, fishing	75%	52%	48%	*	65%
Manufacturing	70%	69%	75%	80%	86%
Construction	73%	66%	63%	68%	57%
Transportation & warehousing	70%	62%	66%	72%	77%
Wholesale trade	75%	70%	74%	75%	82%
Finance, insurance, real estate	72%	73%	73%	75%	77%
Retail trade	60%	51%	54%	49%	43%
Professional services	66%	62%	63%	60%	70%
Other services	59%	45%	36%	36%	42%
Employment-Weighted Average	64.1%				

Source: Estimated from MEPS-IC data.

Employer health insurance expenditures

Employer Contributions: MEPS-IC reports state-level estimates for total health insurance premiums, employer contributions, and employee contributions for three types of coverage—single, family and employee-plus-one. Premiums and contributions vary somewhat by firm size and industry. The MEPS-IC sample for Washington, however, is too small for reliably estimating these rates for detailed firm size-industry groups. As for coverage measures, premiums and contributions were assumed to vary by firm size and industry as they do in the United States. The United States firm size-industry rates were scaled to produce the employment-weighted average observed for Washington. This produced the following employer contributions per enrollee.

Table 29: Employer contributions to Single Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
Industry		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing		\$5,253	\$5,196	\$4,682	\$3,567	\$3,625
Mining and Manufacturing		\$4,569	\$3,895	\$3,773	\$3,962	\$4,119
Construction		\$4,346	\$3,716	\$3,629	\$3,770	\$4,607
Utilities		\$4,372	*	\$4,172	\$3,979	\$4,251
Wholesale trade		\$4,586	\$4,248	\$3,823	\$4,222	\$4,047
Finance, insurance, real estate		\$4,916	\$4,856	\$4,370	\$4,526	\$4,070
Retailing		\$4,461	\$3,919	\$3,368	\$3,380	\$3,485
Professional services		\$4,796	\$4,413	\$4,453	\$4,583	\$4,759
Other services		\$4,553	\$4,093	\$3,909	\$3,844	\$3,577
Employment -Weighted Average		\$4,278				

Source: Estimated from MEPS-IC data

Table 30: Employer Contributions to Family Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
Industry		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing		\$8,847	\$11,219	\$11,070	\$11,719	\$6,954
Mining and Manufacturing		\$11,493	\$9,741	\$9,887	\$10,699	\$11,443
Construction		\$10,095	\$8,924	\$9,104	\$9,801	\$12,005
Utilities		*	\$10,953	\$10,411	\$11,918	\$12,400
Wholesale trade		\$11,881	\$10,573	\$9,659	\$10,839	\$11,444
Finance, insurance, real estate		\$11,099	\$11,434	\$10,604	\$11,831	\$11,758
Retailing		\$10,314	\$8,896	\$7,506	\$8,255	\$9,939
Professional services		\$10,701	\$9,709	\$9,736	\$11,244	\$13,070
Other services		\$10,820	\$9,637	\$9,858	\$10,609	\$9,714
Employment -Weighted Average		\$11,108				
Source: Estimated from MEPS-IC data						

Table 31: Employer Contributions to Employee-Plus-One Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
Industry		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing		\$7,659	\$7,439	\$7,165	\$5,618	\$4,959
Mining and Manufacturing		\$8,030	\$6,567	\$6,151	\$6,670	\$7,039
Construction		\$6,914	\$5,838	\$5,110	\$5,609	\$6,847
Utilities		\$7,401	\$7,630	\$6,243	\$6,202	\$7,163
Wholesale trade		\$8,718	\$6,683	\$6,237	\$6,968	\$7,043
Finance, insurance, real estate		\$7,841	\$7,924	\$6,799	\$7,277	\$6,910
Retailing		\$7,041	\$6,035	\$4,550	\$5,312	\$6,092
Professional services		\$7,502	\$6,429	\$6,232	\$7,070	\$7,937
Other services		\$7,750	\$6,693	\$6,138	\$6,075	\$5,902
Employment -Weighted Average		\$6,741				
Source: Estimated from MEPS-IC data						

Type of Coverage: MEPS-IC reports estimates of the percentage of enrollees who are in single, family and employee-plus-one coverage. As for premium contributions, these estimates were assumed to vary by firm size and industry as they do in the US.

Table 32: Percentage of Enrollees in Single Coverage: Washington 3 year average, 2009-2011						
Industry		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing		49%	63%	55%	59%	57%
Mining and Manufacturing		60%	59%	54%	46%	39%
Construction		55%	57%	54%	51%	46%
Utilities		63%	63%	56%	49%	44%
Wholesale trade		59%	57%	56%	48%	44%
Finance, insurance, real estate		60%	60%	58%	52%	45%
Retailing		66%	67%	66%	64%	55%
Professional services		65%	64%	62%	59%	46%
Other services		63%	65%	64%	62%	53%
Employment -Weighted Average		55%				

Source: Estimated from MEPS-IC data

Table 33: Percentage of Enrollees in Family Coverage: Washington 3 year average, 2009-2011						
Industry		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing		35%	20%	24%	25%	25%
Mining and Manufacturing		23%	24%	25%	31%	34%
Construction		29%	25%	26%	29%	32%
Utilities		25%	23%	25%	29%	32%
Wholesale trade		25%	24%	25%	30%	32%
Finance, insurance, real estate		23%	23%	23%	27%	30%
Retailing		21%	19%	21%	19%	24%
Professional services		21%	22%	22%	23%	30%
Other services		23%	21%	21%	21%	26%
Employment -Weighted Average		27%				

Source: Estimated from MEPS-IC data

Table 34: <i>Percentage of Enrollees in Employee-Plus-One Coverage: Washington</i> 3 year average, 2009-2011		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry		16%	17%	21%	16%	18%
Agriculture, forestry, fishing		17%	18%	21%	23%	27%
Mining and Manufacturing		16%	18%	21%	20%	22%
Construction		12%	13%	19%	21%	24%
Utilities		16%	19%	19%	22%	24%
Wholesale trade		17%	17%	19%	21%	25%
Finance, insurance, real estate		13%	14%	13%	17%	21%
Retailing		14%	14%	16%	18%	24%
Professional services		14%	14%	15%	17%	22%
Other services		Employment -Weighted Average 18%				
Source: Estimated from <i>MEPS-IC</i> data		WA Rate /Weighted Avg				

Employer Total Costs

Multiplying percentage enrollments in single, family, and employee-plus-one coverage by the relevant employer premium contributions provides estimates of health expenditures for firms that sponsor coverage, where:

Employer health insurance expenditure =

(total enrolled)*(percent in single coverage)*(employer contribution for single coverage) +

(total enrolled)*(percent in family coverage)*(employer contribution for family coverage) +

(total enrolled)*(percent in employee-plus-one coverage)*(employer contribution for employee-plus-one coverage)

These estimates reflect employer¹⁸ costs associated with providing comprehensive coverage to *active employees*. Costs associated with providing benefits to retirees and former employees are not included. Also, the reported *MEPS-IC* premiums do not reflect the costs of optional coverage plans for dental, vision, prescription drugs, and long-term care. Some employer-provided plans for comprehensive coverage do include dental, vision and prescription drug benefits. And, these costs would be reflected in the premium contributions that firms report in *MEPS*. However, many employers provide these benefits through optional coverage plans, and the costs of these plans are not reflected in the reported premiums.

The methodology outlined above therefore underestimates total employer health care expenditures. In order to *roughly* adjust for the costs of optional coverage plans, the initial employer expenditure estimates were inflated by a factor of 1.075 suggested by the AHRQ total health care expenditure estimates. (See Table 24.)

Employee health insurance contributions

Employee health insurance contributions were estimated using the same approach that was used to estimate employer contributions. The following average employee contributions for different types of coverage were assigned to firms in the database. Note that only industry wide averages are available for the Agriculture, Forestry, Fishing industry.

¹⁸ Employee contributions are not included in these figures. These are reported separately.

Table 35: Employee contributions to Single Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
Industry		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing*		\$731	\$731	\$731	\$731	\$731
Mining and Manufacturing		\$768	\$860	\$809	\$902	\$870
Construction		\$768	\$805	\$879	\$961	\$856
Utilities		\$875	*	\$899	\$1,075	\$859
Wholesale trade		\$738	\$725	\$827	\$931	\$837
Finance, insurance, real estate		\$591	\$614	\$757	\$861	\$914
Retailing		\$803	\$1,012	\$1,174	\$1,096	\$955
Professional services		\$670	\$757	\$716	\$893	\$905
Other services		\$873	\$902	\$960	\$931	\$1,058
Employment -Weighted Average		\$866				

Source: Estimated from MEPS-IC data
*MEPS only publish the Industry-wide average for Agriculture, forestry, fishing.

Table 36: Employee contributions to Family Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
Industry		2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing*		\$2,898	\$2,898	\$2,898	\$2,898	\$2,898
Mining and Manufacturing		\$2,617	\$3,916	\$3,594	\$3,345	\$2,888
Construction		\$3,100	\$4,032	\$4,452	\$4,296	\$3,456
Utilities		*	\$3,764	\$4,014	\$3,588	\$3,034
Wholesale trade		\$3,116	\$3,756	\$4,183	\$3,834	\$3,047
Finance, insurance, real estate		\$3,686	\$4,401	\$4,422	\$4,219	\$3,710
Retailing		\$2,973	\$4,434	\$6,159	\$5,290	\$3,497
Professional services		\$3,534	\$4,734	\$5,086	\$4,723	\$3,558
Other services		\$2,733	\$4,064	\$4,400	\$4,411	\$4,733
Employment -Weighted Average		\$3,451				

Source: Estimated from MEPS-IC data
*MEPS only publish the Industry-wide average for Agriculture, forestry, fishing.

Table 37: Employee contributions to Employee-Plus-One Premiums: Washington 2011						
(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing*		\$2,230	\$2,230	\$2,230	\$2,230	\$2,230
Mining and Manufacturing		\$2,162	\$2,606	\$2,664	\$2,167	\$1,853
Construction		\$2,267	\$3,234	\$3,022	\$3,007	\$2,452
Utilities		\$2,290	\$2,255	\$2,954	\$3,212	\$2,103
Wholesale trade		\$2,283	\$2,369	\$2,808	\$2,598	\$1,835
Finance, insurance, real estate		\$2,339	\$2,758	\$2,798	\$2,728	\$2,318
Retailing		\$2,405	\$2,707	\$4,066	\$3,432	\$2,396
Professional services		\$2,506	\$2,987	\$2,996	\$3,140	\$2,203
Other services		\$1,980	\$2,389	\$2,935	\$2,700	\$2,968
Employment -Weighted Average		\$2,436				
Source: Estimated from <i>MEPS-IC</i> data						
*MEPS only publish the Industry-wide average for Agriculture, forestry, fishing.						

Appendix II: Probability of an Employer Coverage Offer

Logistic regressions were estimated using data from the *2011 Employee Benefits Survey* to examine how firm characteristics affect the probability of a firm's offer of health insurance (i.e., Employer Sponsor Rate). The firm characteristics include firm size, industry, and average wage levels. (See Table 2 for firm counts by these characteristics)

Table 38 shows the results in terms of *Odds Ratio Estimates*. Each Odds Ratio Estimate relates one group of firms to another group of firms, when all other factors are held constant. For example, the firm size groups are each compared to the smallest firm size of 2-9 employees. The point estimate for firms with 10–24 employees indicates that these firms are estimated to be more than 4 times (4.416) as likely to offer health insurance as the smallest firms with 2-9 employees. The 95% Wald Confidence Limits show the upper and lower bounds of the point estimate at 95% confidence.

By holding the other factors constant (i.e., industry and relation to median wage), the Odds Ratio Estimates show the isolated effect of size. For example, the smallest firms are less likely to offer health insurance not only because they are small, but also because they are more likely to pay below-median wage and to do business in retail and service industries. The Odds Ratio Estimates for firm size also shows that compared to firms in the same industry and wage categories, increasing size increases the odds of offering health insurance.

The industry variables are related to the manufacturing sector. For example, firms in the information industry are about 3.315 times more likely to offer health insurance than otherwise similar manufacturing firms. Similarly, the likelihood of a firm in the construction industry offering health insurance is only about half as likely (.551 times) that of otherwise similar manufacturing firms.

The average wage variable shows that firms with wages above median wage are over 5 times (5.39) more likely than firms below median wage to offer health insurance.

**Table 38: 2011 Probability of Employer Health Insurance Offer:
Logistic Regression Dependent Variable: Offer Status**

Odds Ratio Estimates			
Variable	Point Estimate	95% Wald Confidence Limits	
Median Wage (based on average firm wages)	5.39	5.217	5.568
Firm Size compared to 2-9 employee firms			
10-24	4.416	4.231	4.610
25-49	9.79	9.092	10.542
50-99	16.165	14.334	18.229
100-499	25.047	21.413	29.296
500+	20.782	14.941	28.906
Industry Variables (compared to manufacturing)			
Agriculture, forestry, fishing	0.205	0.187	0.225
Construction	0.551	0.515	0.589
Wholesale trade	4.429	4.095	4.791
Retail trade	0.495	0.46	0.553
Transportation & warehousing	0.766	0.687	0.854
Information	3.315	2.895	3.796
Finance & insurance	2.369	2.148	2.613
Real estate & rental	0.816	0.746	0.893
Professional & technical services	3.169	2.957	3.396
Administrative and support services	0.567	0.524	0.613
Educational services	0.719	0.638	0.81
Health care and social assistance	0.92	0.861	0.983
Arts, entertainment & recreation	0.33	0.292	0.347
Accommodation and food services	0.077	0.071	0.083
Other services	0.599	0.558	0.643
Number of observations (firms)	102,310		
Model Statistics			
Akaike Information Criterion	141,621		
Percent concordant pairs	82.9		
Somers's D	0.674		

