

# Changes in Employer-Sponsored Health Insurance Coverage: 2001 to 2005

Bowen Garrett (Presenter)

Lisa Clemans-Cope

Urban Institute

Catherine Hoffman

Kaiser Commission on Medicaid and the Uninsured

Alliance for Health Reform

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## Introduction

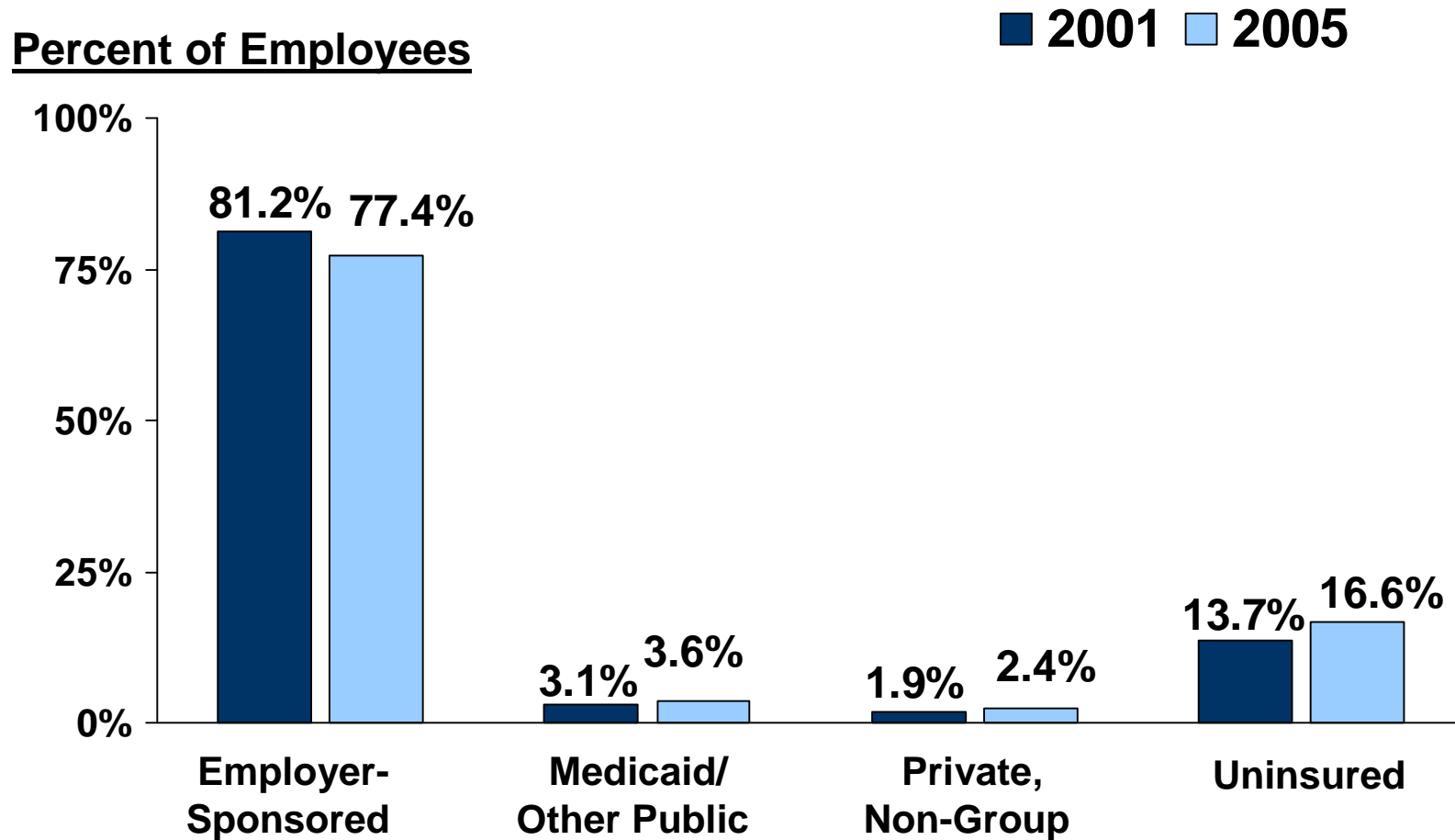
- Employer-sponsored insurance (ESI) rates among employees fell from 81% in 2001 to 77% in 2005
- This study
  - Reports the reasons for the decline in ESI
  - Examines how reasons for the ESI decline vary by income, employer size, and employee age

## Workforce changes 2001-2005

- 5.1 million more adults not in the labor force
- 1.4 million became unemployed
- More self-employment, part-time work, temporary or contract work
- More employees in smaller businesses
- More workers in families with incomes below the Federal Poverty Level (FPL)
  - 2.2 million more workers, but 1.8 million in poor families
- In addition, premiums increased by more than 9% each year

Figure 4

# Health Insurance Coverage Changes Among Employees, 2001 - 2005

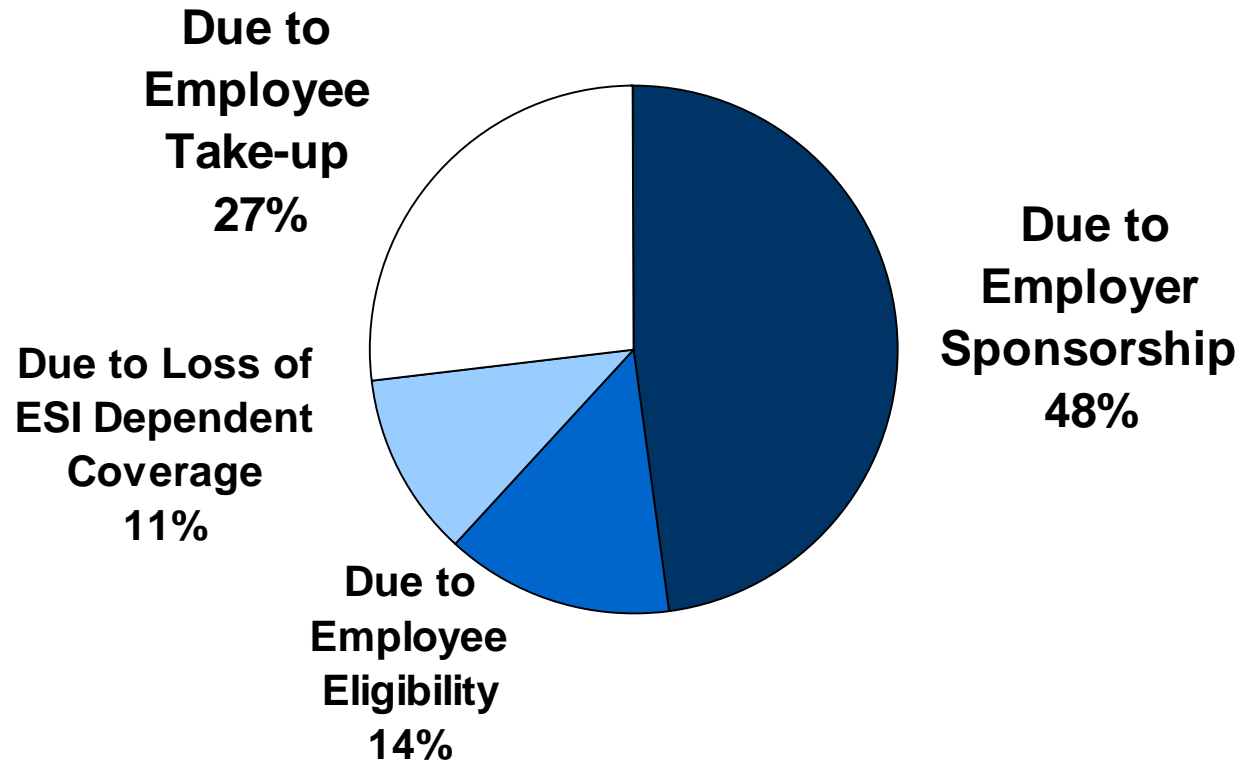


All changes are significantly different ( $p < .05$ ). Data may not total 100% due to rounding.

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Figure 5

## Reasons for Decline in ESI among Employees, 2001- 2005

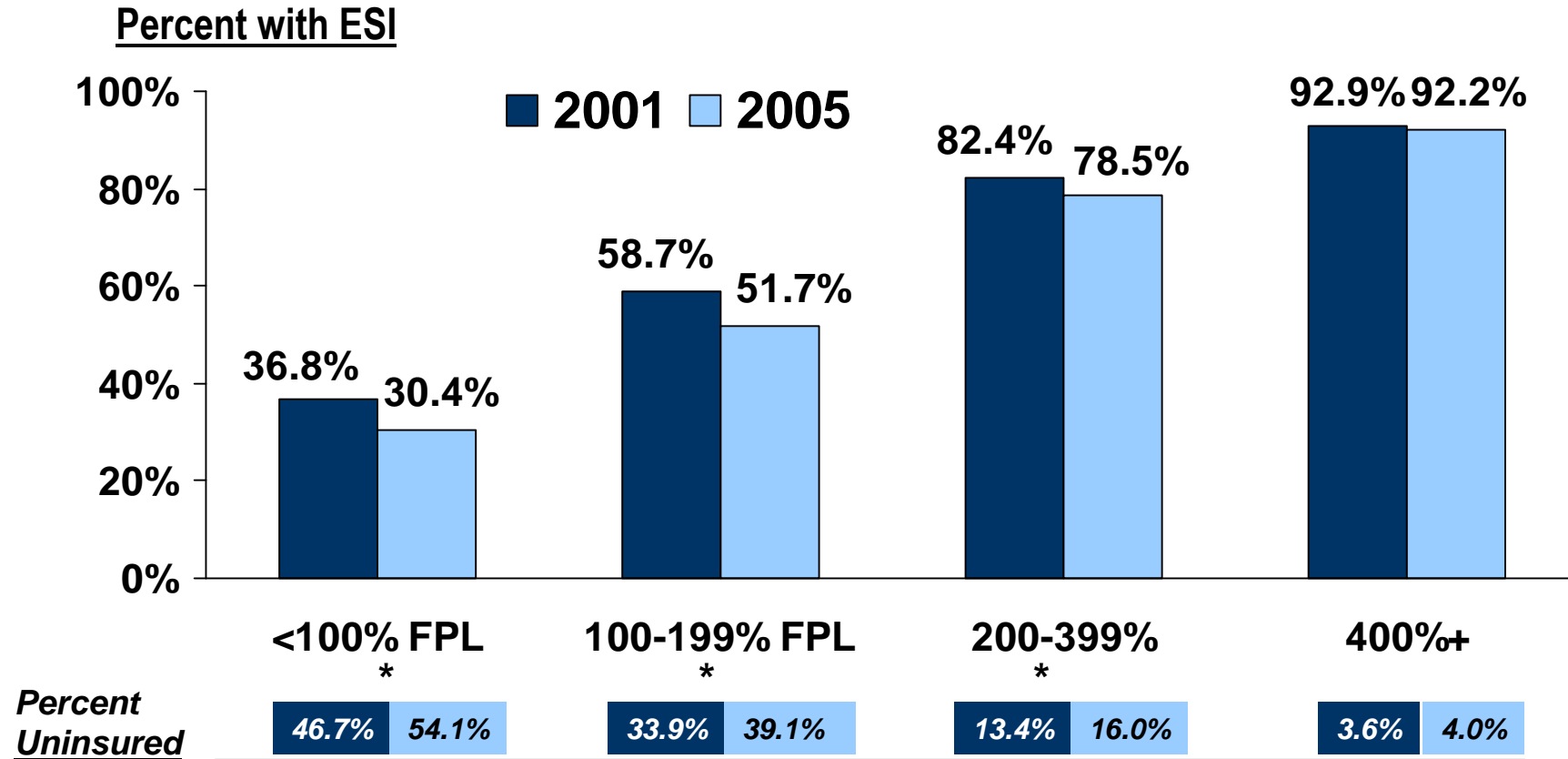


**3.8% Decline in ESI among Employees  
(81.2% - 77.4%)**

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

Figure 6

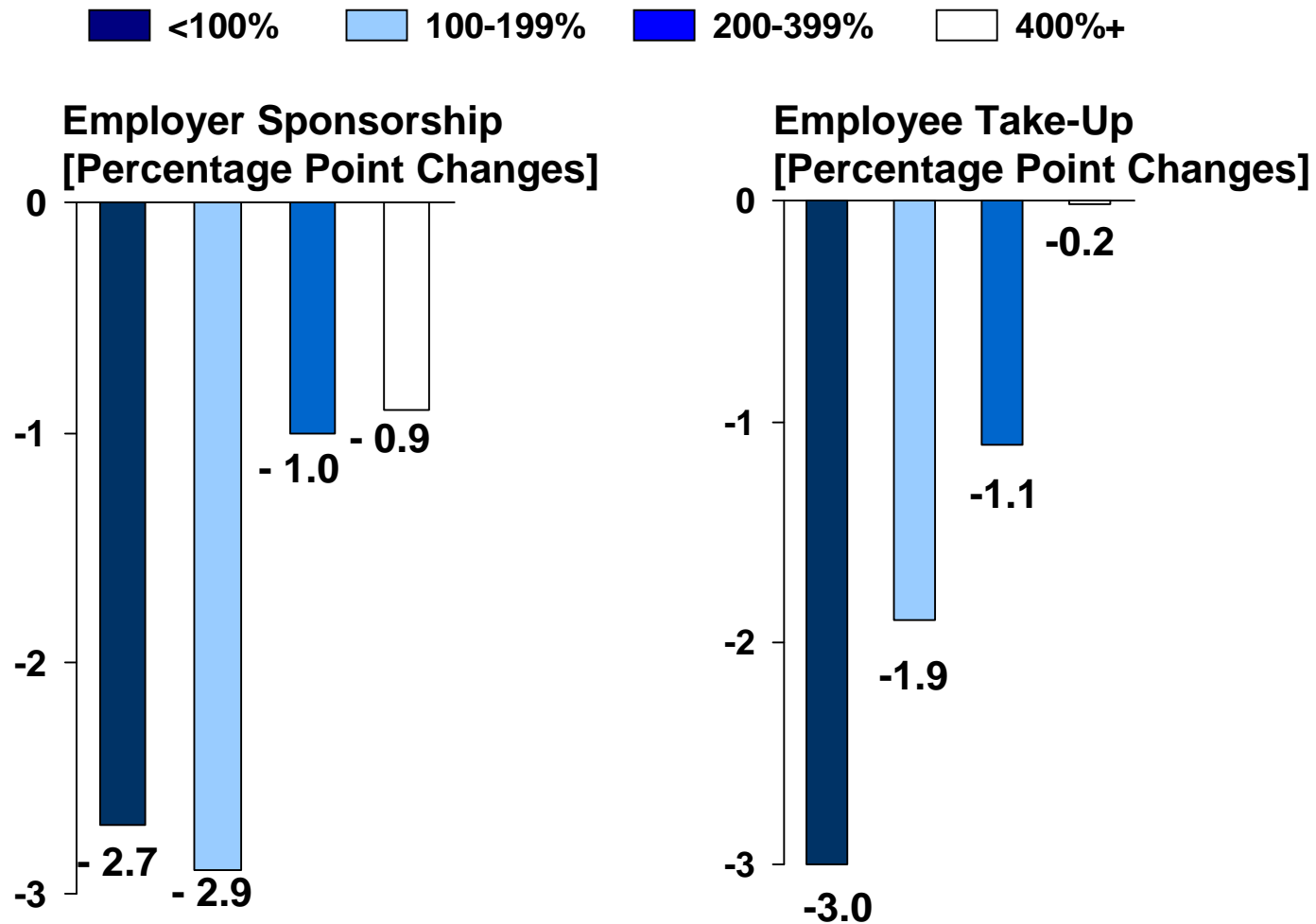
# Changes in Employees' ESI Coverage, by Family Income Levels, 2001-2005



\* Statistically significant changes for both ESI and uninsured rates for these groups ( $p < .05$ ).

Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

# Figure 7 Decreases in ESI Due to Changes in Employer Sponsorship and Employee Participation, by Income Levels, 2001-2005



Source: Urban Institute analysis of the February 2001 and 2005 Contingent Work Supplement of the Current Population Survey (CPS) and the March 2001 and 2005 Annual Social and Economic (ASEC) Supplement of the CPS.

## Other findings

- By employer size, the largest declines were among employees of firms with fewer than 25 workers
  - Most of the decline in small firms was due to lower employer sponsorship
- By employee age, the largest declines were among adults age 19 to 34
  - Declines were due to both lower sponsorship and lower take-up



## Conclusion

- ESI coverage fell from 81% in 2001 to 77% in 2005
- Main reason was that fewer employees worked for businesses sponsoring health benefits
- ESI declines were deepest among poor and near-poor, employees in small firms, and employees under age 35
- Job-based coverage is likely to continue to fall because of rising health insurance premiums and greater employee contributions to premiums