



Washington State
Private Employer-Sponsored
Health Insurance

OFFICE OF FINANCIAL MANAGEMENT
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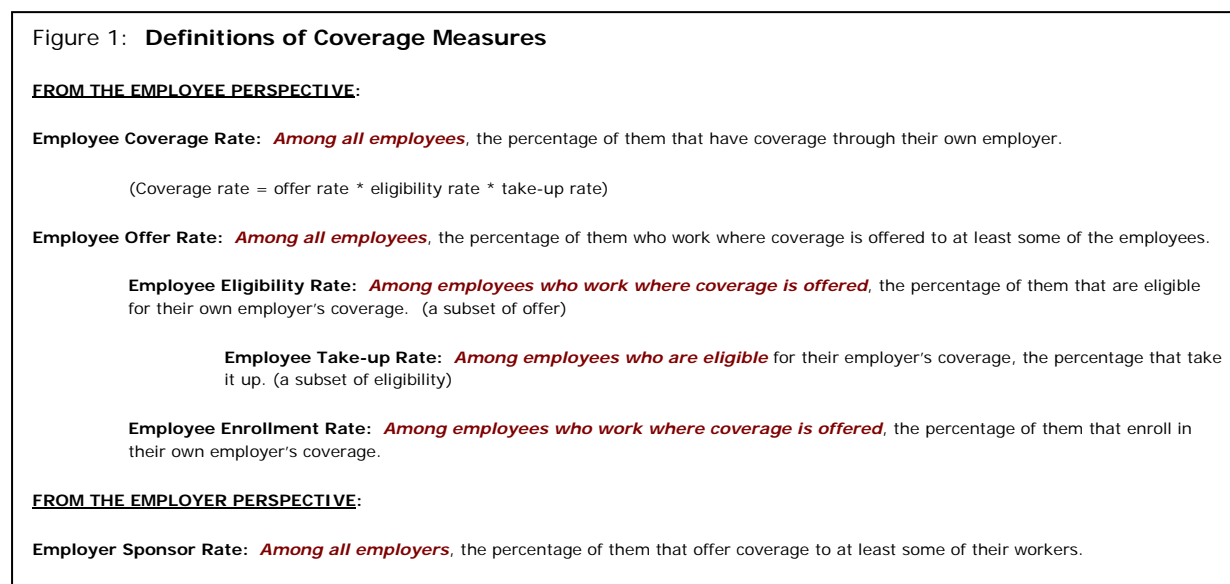
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Section 1: Introduction

Although most Washingtonians continue to obtain health insurance through their employment, the percent of employees with employer-sponsored insurance has been declining steadily over recent years, as is the case nationwide.¹ However, the underlying story is not the same for all employees, nor is it the same for all employers.

This report summarizes data contained in the *Washington State Employer Health Insurance Database* (EHID) including estimated coverage measures and expenditures for 101,505 Washington state firms and their employees in 2010.² 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>.

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



As context for more detailed information in the body of the report on these measures, employer and employee cost sharing, and firm expenditures on health, we include a high level summary of:

- Employer health insurance database sources – an overview of the database construction,
- Where people work in Washington,
- Workers' coverage by different size Washington employers – a summary of coverage experiences from the perspective of Washington *employees*, including *key drivers of coverage*, and an
- Orientation to measures and components of own-employer coverage - an approach to clarify the often confusing collection of coverage measures shown in Figure 1.

¹ 2011 Kaiser/HRET *Employer Health Benefits Survey* (<http://ehbs.kff.org/>).

² 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 2010 picture of Washington employer-sponsored health insurance.

1. Washington State Employment Security Department, 2010 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 2010 EBS survey have been published (see <https://fortress.wa.gov/esd/employmentdata/reports-publications/occupational-reports/employee-benefits-report>)

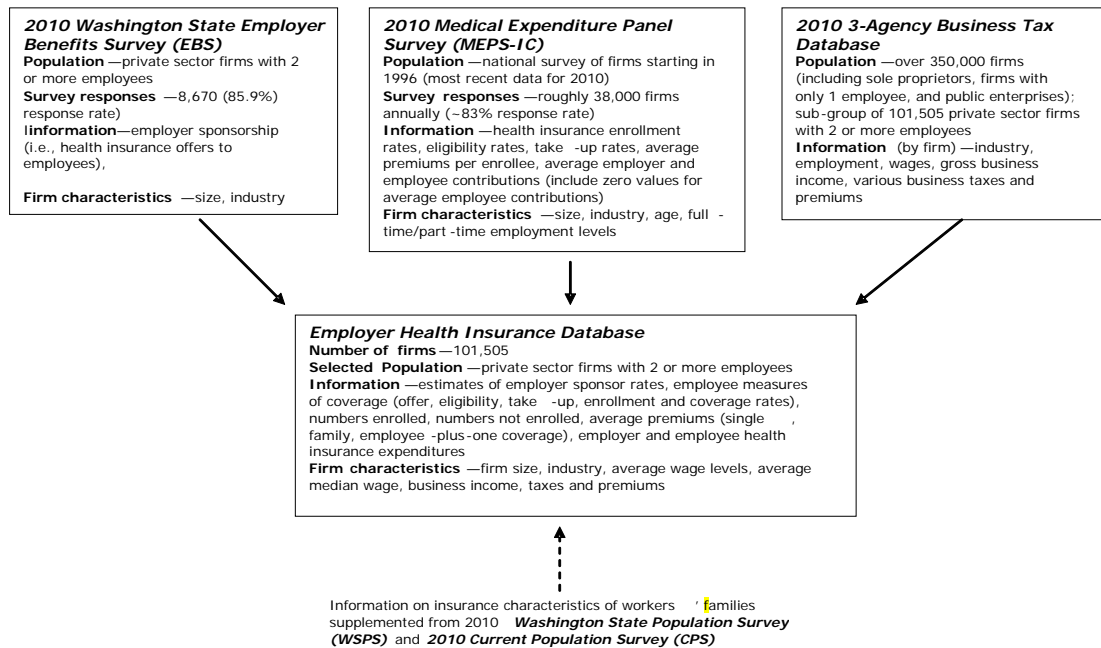
2. Washington State Office of Financial Management, Employment Security Department, Department of Revenue, Department of Labor and Industries; 2010 Business Tax & Premium Database supplies information on firm characteristics. The EHID does not include estimates of health insurance provided by sole proprietors and firms with only one employee. The firm estimates in this report are for 101,505 of the firms with two or more employees included in the *2010 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), 2010 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 2007.³ 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.

³ 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 2010 *Washington State EBS* has a large sample although the survey response rate of 85.9 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: <i>Cross-Reference for Reported MEPS-IC and EBS Industry Sectors</i>	
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

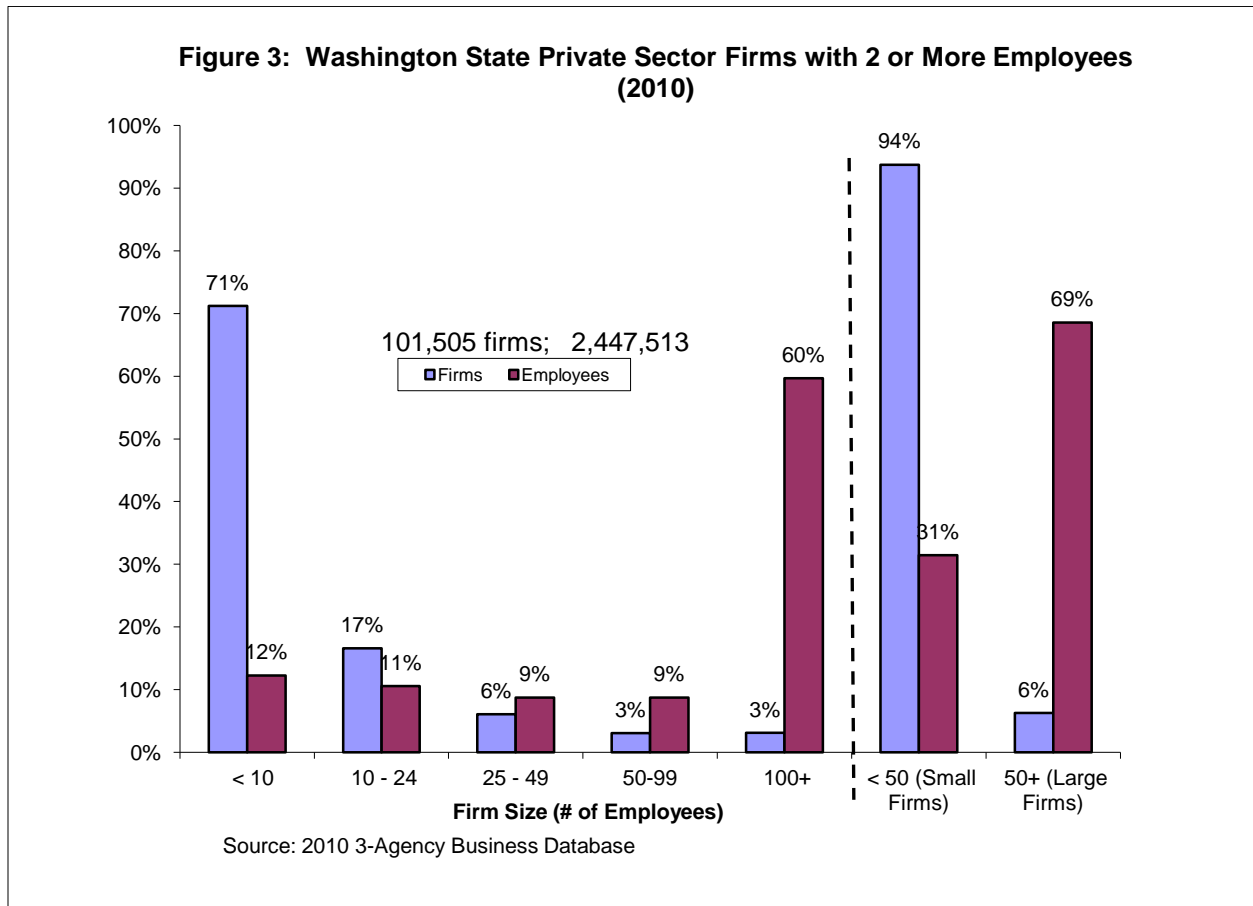
Wage Quartiles and Median Income Measures: Some tables (e.g., Table 6: *Employer Sponsor Rates by Firm Size, Average Wages and Industry*) report estimates by wage quartiles. The quartiles are based on the average wage of all firms, where: $\text{Average Wage} = \text{Total Payroll} / \text{Number of Employees}$ (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 101,505 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 about 30% of workers.⁴
- The smallest employers, those with between 2 and 9 employees make up over 70% of Washington businesses but employ about 12% workers.

⁴ 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: 2010 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	101,505	100%	2,447,513	100%
Firm Size				
2 - 9	72,289	71%	300,146	12%
10 - 24	16,822	17%	258,421	11%
25 - 49	6,172	6%	214,179	9%
50 - 99	3,088	3%	213,903	9%
100 and above	3,134	3%	1,460,863	60%
Industry ⁽¹⁾				
Agriculture, forestry, fishing	4,657	5%	80,476	3%
Manufacturing	5,485	5%	280,582	11%
Construction	12,032	12%	125,054	5%
Transportation & warehousing	2,691	3%	140,624	6%
Wholesale trade	6,993	7%	110,437	5%
Finance, insurance, real estate	7,308	7%	175,597	7%
Retail trade	10,852	11%	238,111	10%
Professional services	24,989	25%	833,564	34%
Other services	26,498	26%	463,069	19%
<p>⁽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).</p>				

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.⁵ 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).

⁵ 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 2010*

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	2,162	112	2,134	196	18,937
Construction	4,370	54	6,922	354	32,413
Manufacturing	2,388	12	2,270	667	33,956
Wholesale trade	3,805	99	2,638	139	50,644
Retail trade	4,902	277	5,162	486	19,480
Transportation, & warehousing	1,191	118	1,212	186	33,831
Information	758	63	648	135	51,290
Finance & insurance	1,456	74	1,570	215	40,790
Real estate & rental	1,627	14	1,944	112	24,203
Professional & technical services	4,857	12	4,797	410	47,041
Administrative and support services	2,575	125	2,849	240	23,936
Educational services	915	116	620	350	24,143
Health care and social assistance	4,745	21	5,479	568	27,239
Arts, entertainment & recreation	891	283	734	142	14,736
Accommodation and food services	5,237	59	5,314	462	13,192
Other services	3,324	70	3,866	107	24,223

⁽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 2010*

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	16,077	18,853	18,268	38,608	18,937
Construction	17,879	7,356	62,813	42,126	32,413
Manufacturing	17,932	1,675	33,255	217,834	33,956
Wholesale trade	33,361	11,470	19,099	17,729	50,644
Retail trade	31,034	40,047	51,630	126,372	19,480
Transportation & warehousing	9,456	28,799	13,100	54,757	33,831
Information	7,010	63,253	7,384	73,315	51,290
Finance & insurance	6,297	13,847	14,619	56,379	40,790
Real estate & rental	7,685	1,603	14,525	16,592	24,203
Professional & technical services	27,227	1,860	43,965	92,756	47,041
Administrative and support services	15,743	42,669	27,104	59,855	23,936
Educational services	7,919	21,945	7,161	222,503	24,143
Health care and social assistance	35,085	2,532	50,071	206,834	27,239
Arts, entertainment & recreation	9,345	48,478	8,332	24,285	14,736
Accommodation and food services	40,157	6,689	70,325	92,764	13,192
Other services	18,086	10,310	27,922	14,358	24,223

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

Workers' Coverage by Washington Employers

Washington workers continue to get coverage through their employers, but at somewhat lower rates than in the past.

Availability: Among all employees who work in Washington, most work for an employer that makes coverage available to at least some employees. In 2010 about 82% of all employees worked for firms that offered health insurance (Table 8). This is a lower percentage compared to 2009 (84%). 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 2010.⁶
- 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 1990s⁷. In 2010, the offer rate increased to about 65%. For employees of the *smallest* employers, (those with 2-9 employees), offer rates continue to be the lowest of all employee groups, 38% in 2010 compared with 44% 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: Although employees of *large* employers remain more likely to be covered by their own employer than employees of *small* employers, the trend for being covered by one's own employer is downward regardless of employer size. The degree of decline is difficult to precisely pinpoint and, like other measures, it differs by employer size and comparison period. However, it is fair to say that over time lower percentages of Washington workers are getting coverage through *their own employer*. (See Coverage Rates in Figures 4-7.)

- For employees of *large* employers, an estimate based on the yearly rates in Figure 4, shows that coverage through one's own employer, in Washington, declined by about 10 percentage points between 1998 and 2010⁸, but has been flattening between 2005 and 2010. A more conservative view of the decline occurs if 1996 is compared to 2010 (coverage is slightly lower in 2010); this occurs because a considerable jump in coverage is apparent between 1996 and 1998. An alternate estimate, based on three-year moving average rates (Figure 5) is more in the range of an 6 percentage point decline from 1998-2010, again with flattening between 2005 to 2010.
- For employees of *small* employers, an estimate based on the yearly rates in Figure 6, shows that coverage through one's own employer, in Washington, is somewhat lower in 2010 compared to 2009. This continues a general downward trend since the peak in 1998. The alternate three-year moving average estimate (Figure 7) also shows a slight decline from 1998-2010.

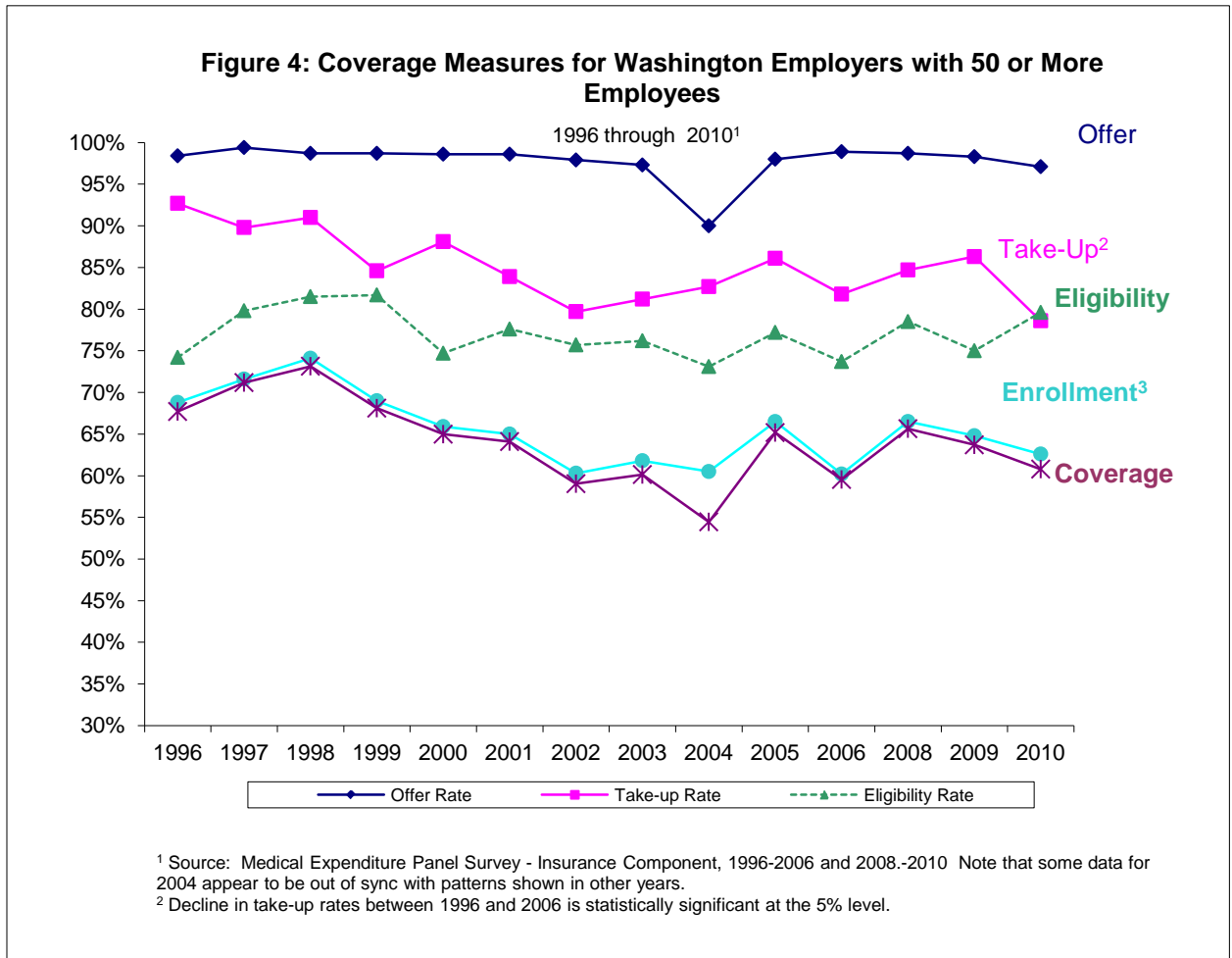
⁶ Moving averages are often used to "smooth" data, that is, adjust for the effects of slight year-to-year swings. This asset of averages also has a downside – flex points (changes in direction) and data anomalies are not readily visible. Unfortunately, the two views of the data (yearly or moving average 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)

⁷ 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.

⁸ 1998 (not 1996) is compared to 2010 in order to better ensure that comparable time periods are used for both yearly and moving-average forms of the data.

- Neither the yearly nor the three-year moving average estimate is “more right” than the other, they are simply different ways of looking at the data and may be best used as lower and upper bounds on the degree of decline for the comparison time period.

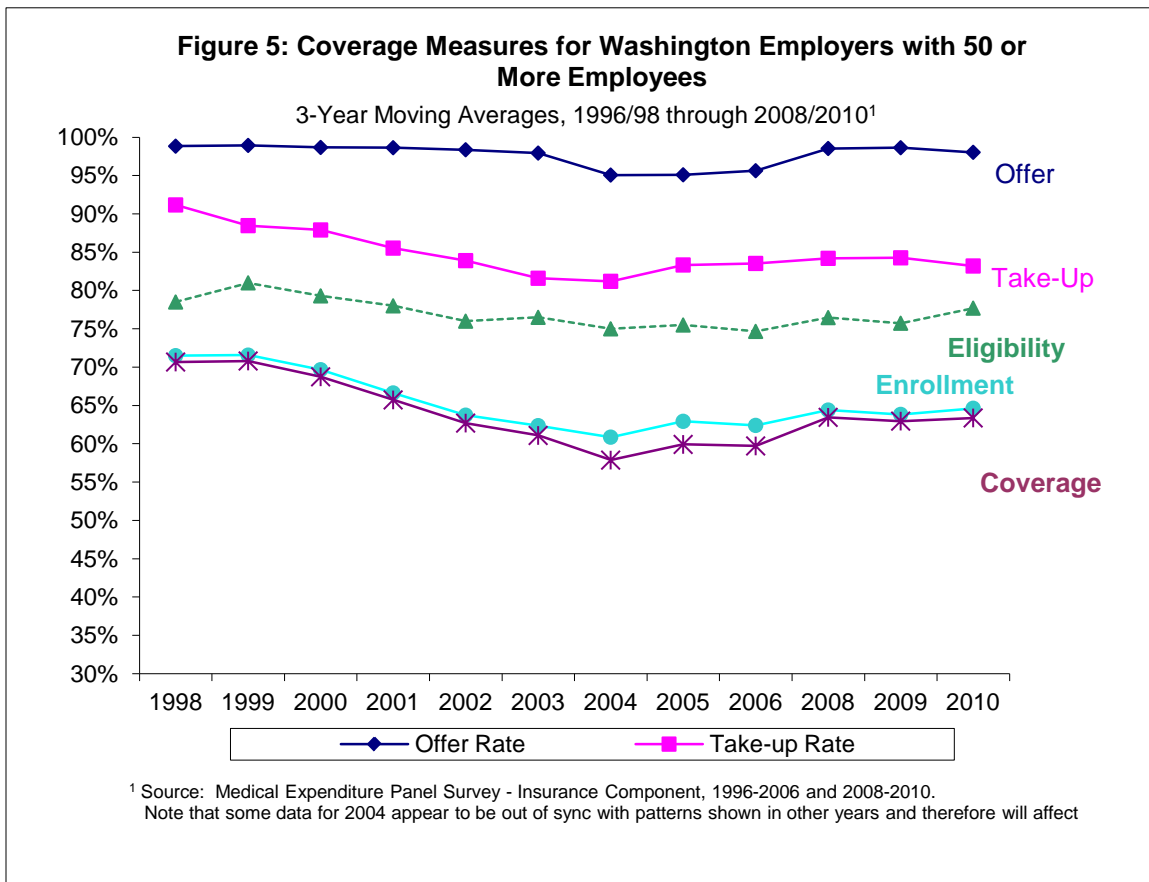
Drivers: There are three components to having coverage via one’s own employer – working where it’s available (offer), being eligible for it (eligibility), and (if eligible) accepting the offer (take-up). The relative importance of each component as a determiner of coverage differs by employer size and comparison period.⁹



Within a given year:

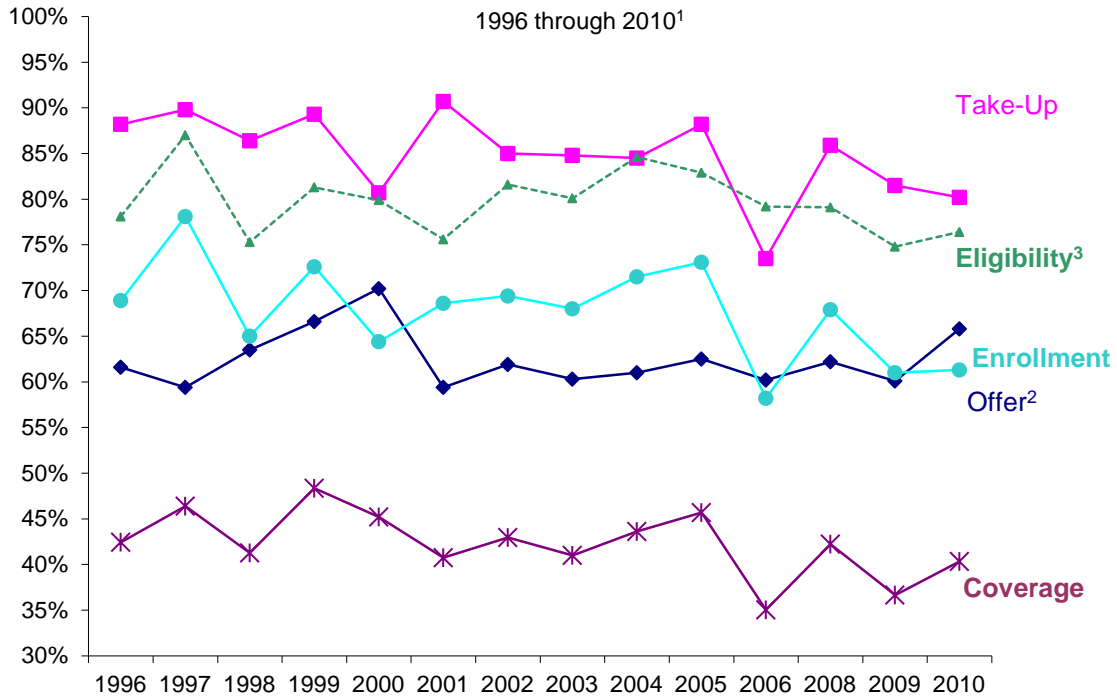
- For employees of *large employers* a worker is at greatest risk of not having *own-employer* coverage because of ineligibility, that is, the worker does not meet his/her employer’s eligibility requirements.
- For employees of *small employers*, a worker is at greatest risk of not having own-employer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

⁹ 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.



Note that 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

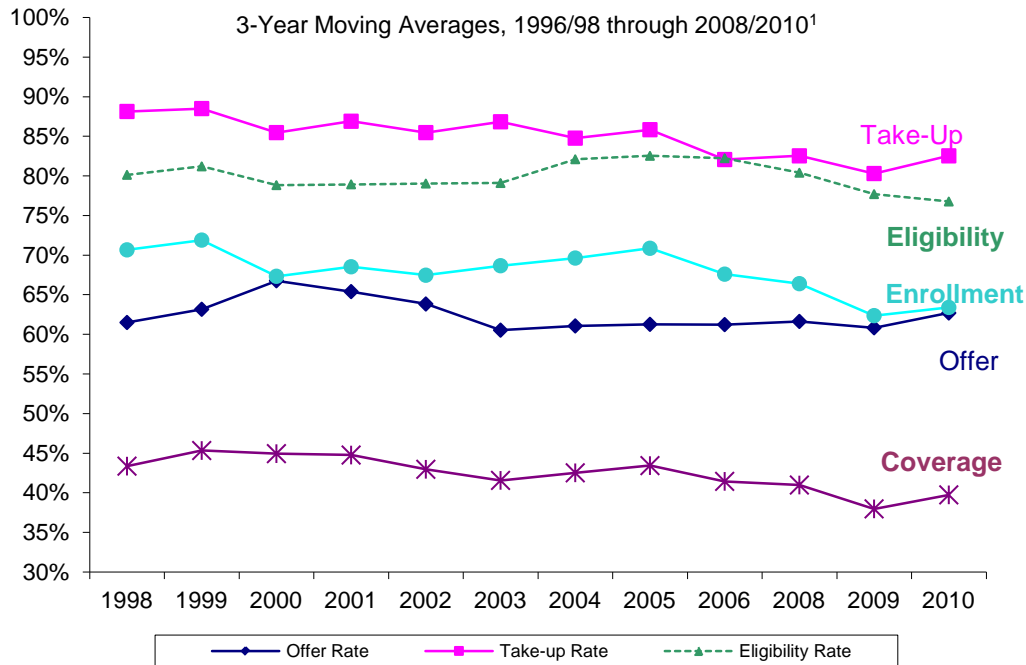


¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006 and 2008-2010. Note that some data for 1997 - 2001 appear to be out of sync with patterns shown in other years.

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.

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



¹ Source: Medical Expenditure Panel Survey - Insurance Component, 1996-2006 and 2008-2010
 Note that some data for 2000 appear to be out of sync with patterns shown in other years and therefore will affect the

Note that 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.

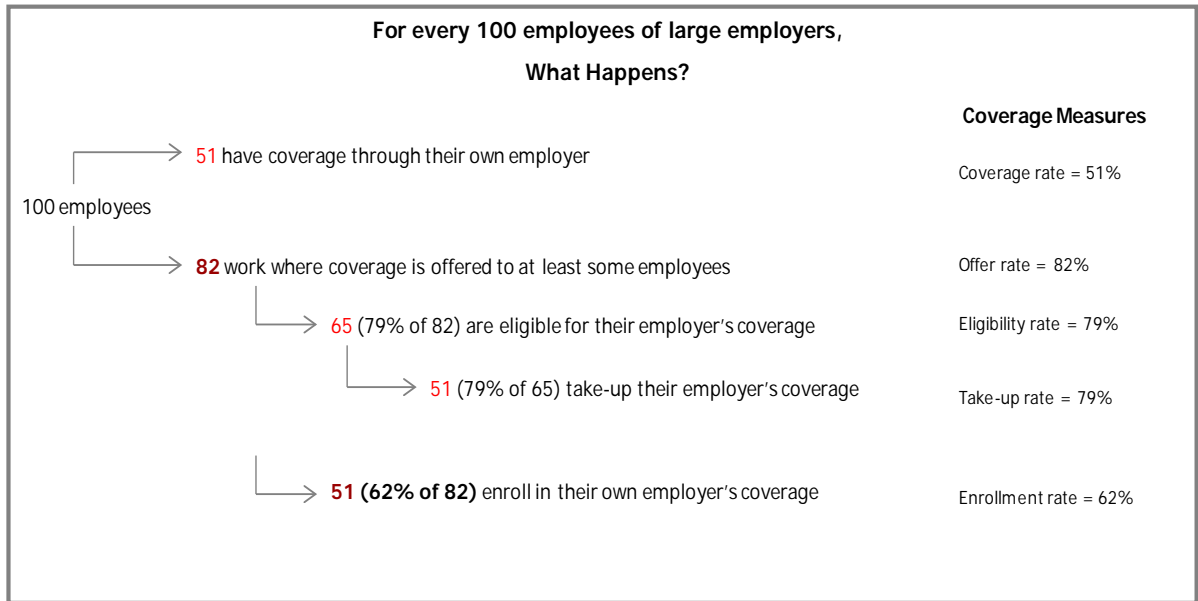
Key Measures and Components of Own-Employer Coverage

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, 2010**



In the end, the measures converge to one story for 2010: Out of every 100 employees of large Washington employers, 51 end up being covered by their own employer and 49 do not. 35 of the 49 (71%) 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 14 (29%) 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 *2010 Washington Employee Benefits Survey*. Forty-seven percent of Washington firms with two or more employees offer health insurance to at least some of their workers. The rates are lower than those suggested by *MEPS-IC Survey* data for Washington - the differences are mainly due to estimates for large firms.

Table 5: Comparison of Employer Health Insurance Sponsor Rates (percentage of firms offering coverage to any employees)					
2010 Washington Employer Health Insurance Database		2010 Kaiser Survey (National Rates)		2010 MEPS-IC Survey (Washington rates)	
Firm Size	Sponsor Rate	Firm Size	Sponsor Rate	Firm Size	Sponsor Rate
2-9	37%	3-9	59%	1-9	32.5%
10-24	62%	10-24	76%	10-24	72.5%
25-49	82%	25-49	92%	25-99	87.6%
50-99	89%	50+	95%	100-999	97.3%
100-499	96%			1000+	100.0%
500+	92%				
All (2+)	47%	All (3+)	69%	All (1+)	55.2%
<p>The 2010 Washington Employee Benefits Survey had a response rate of 85.9%. The 2010 Kaiser/HRET Employer Health Benefits Survey had a response rate of 73% for the question used to determine employer sponsor rates. The 2010 MEPS-IC Survey had an 83% response rate, but relatively small (~600) samples at the state level.</p>					

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-seven 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 19% of firms with average wages in the lowest quartile offer insurance to some of their workers, while 74% 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 18% of firms in accommodation and food services industries at the low end and 73% of Information sector 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 19% of firms in the lowest wage quartile offer insurance, 49% of employees in the same category are working for firms that offer.

- In 2010, offer rates have increased to 69% according to the Kaiser 2010 HRET Employer Health Benefits Survey.

The percentage of construction firms that offer health insurance decreased by 10 percentage points from 50% in 2009 to 40% in 2010. For the Technical and Professional Services industry, the percentage of firms offering health care insurance decreased by 9 percentage points since 2009. The percent of firms offering health care insurance in the Educational services industry dropped 9 percentage points since 2009. Health Care and Social Assistance decreased 7 percentage points and Retail Trade decreased 6 percentage points.

Most other industries experienced a decrease of 1 to 5 percentage points in the percentage of firms that offer health insurance. Some experienced increases of a couple percentage points: Manufacturing, Real Estate, Arts, Entertainment and Recreation, and Accommodation and Food Services.

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. Small Accommodation and food services firms with wages below their industry median have a sponsor rate of only 9% whereas many of the industries in the large, above median wage categories have sponsor rates in the high 90's or 100%.

From 2009 to 2010 most of the cells, whose sponsor rate declined, were in below-median-wage cells. (Cells are defined by industry, size and relation to median wage.)

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 44.8 times more likely to offer health insurance. The largest firms (500 employees and over) are nearly 15 times more likely to offer health insurance ¹⁰than small firms with under 10 employees. Refer to tables 2, 3 and 4 for firm and employee counts in these same categories.

¹⁰ Some of the largest firms are in low-wage industries.

Table 6: **Employer Sponsor Rates by Firm Size, Average Wages and Industry:**
Washington 2010

(percentage of firms offering coverage to any employees)	Percent of firms
All Firms	
Total	47%
Firm Size	
2 – 9	37%
10 – 24	62%
25 – 49	82%
50 – 99	89%
100 – 499	96%
500+	92%
Wage Quartiles⁽¹⁾	
Lowest 25% of firms	19%
Second 25% of firms	35%
Third 25% of firms	61%
Highest 25% of firms	74%
Industry⁽²⁾	
Agriculture, forestry, fishing	28%
Construction	40%
Manufacturing	67%
Wholesale trade	76%
Retail trade	40%
Transportation & warehousing	55%
Information	73%
Finance & insurance	68%
Real estate & rental	48%
Professional & technical services	63%
Administrative and support services ⁽³⁾	37%
Educational services	55%
Health care and social assistance	55%
Arts, entertainment & recreation	43%
Accommodation and food services	18%
Other services	40%

⁽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 \$15,537. The next group has average wages from \$15,537 to \$26,509; the third group has average wages from \$26,509 to \$43,016; the highest group has average wages above \$43,016. 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 2010**
(percentage of firms offering coverage to any employees)

Industry	Below Median Wage		Above Median Wage	
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)
Agriculture, forestry, fishing	15%	39%	38%	69%
Construction	12%	92%	56%	99%
Manufacturing	39%	85%	86%	98%
Wholesale trade	64%	96%	90%	99%
Retail trade	16%	100%	57%	99%
Transportation & warehousing	34%	78%	69%	91%
Information	62%	95%	77%	100%
Finance & insurance	46%	100%	86%	99%
Real estate & rental	16%	92%	72%	98%
Professional & technical services	49%	94%	75%	95%
Administrative and support services	16%	68%	51%	98%
Educational services	29%	95%	68%	100%
Health care and social assistance	28%	94%	72%	99%
Arts, entertainment & recreation	20%	78%	61%	77%
Accommodation and food services	9%	63%	22%	74%
Other services	15%	68%	60%	93%

⁽¹⁾ Median is at the industry level based on the average wage of each firm, not wages for individuals.

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 2010, while 47% 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 2010

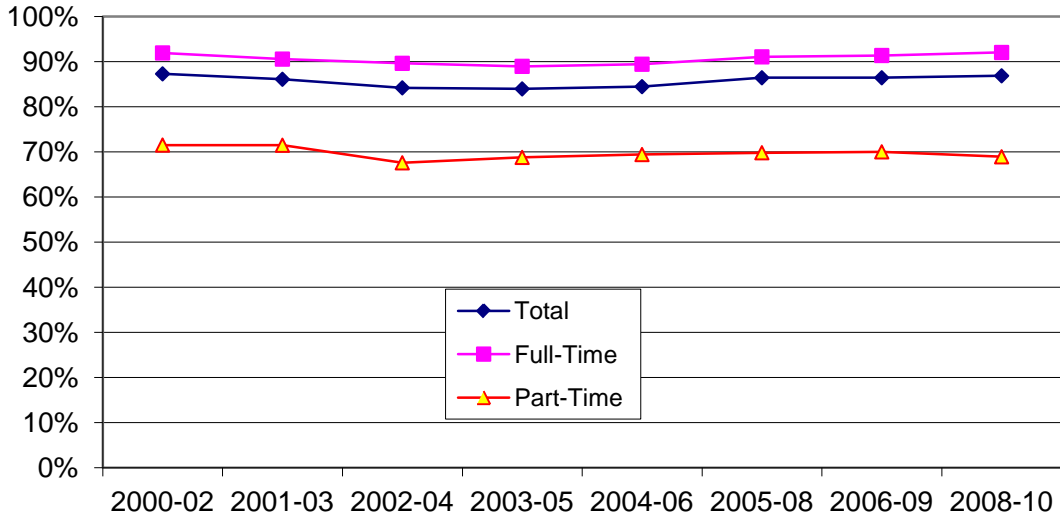
	Number of employees in firms that offer	Percent of employees in firms that offer
All Firms		
Total	2,006,577	82%
Firm Size		
2 - 9	113,931	38%
10 - 24	160,347	62%
25 - 49	175,554	82%
50 - 99	189,744	89%
100 - 499	509,352	97%
500+	857,648	92%
Wage Quartiles⁽¹⁾		
Lowest 25% of firms	127,887	49%
Second 25% of firms	294,983	66%
Third 25% of firms	551,734	88%
Highest 25% of firms	1,031,972	92%
Industry⁽²⁾		
Agriculture, forestry, fishing	47,032	58%
Construction	89,177	71%
Manufacturing	264,354	94%
Wholesale trade	98,272	89%
Retail trade	200,388	84%
Transportation & warehousing	100,824	72%
Information	98,337	97%
Finance & insurance	68,772	87%
Real estate & rental	30,104	74%
Professional & technical services	175,516	85%
Administrative and support services ⁽³⁾	99,907	80%
Educational services	234,572	98%
Health care and social assistance	308,027	90%
Arts, entertainment & recreation	32,642	67%
Accommodation and food services	110,801	52%
Other services	47,852	63%

⁽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 \$15,537. The next group has average wages from \$15,537 to \$26,509. The third group has average wages from \$26,509 to \$43,016. The highest group has average wages above \$43,016. 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.

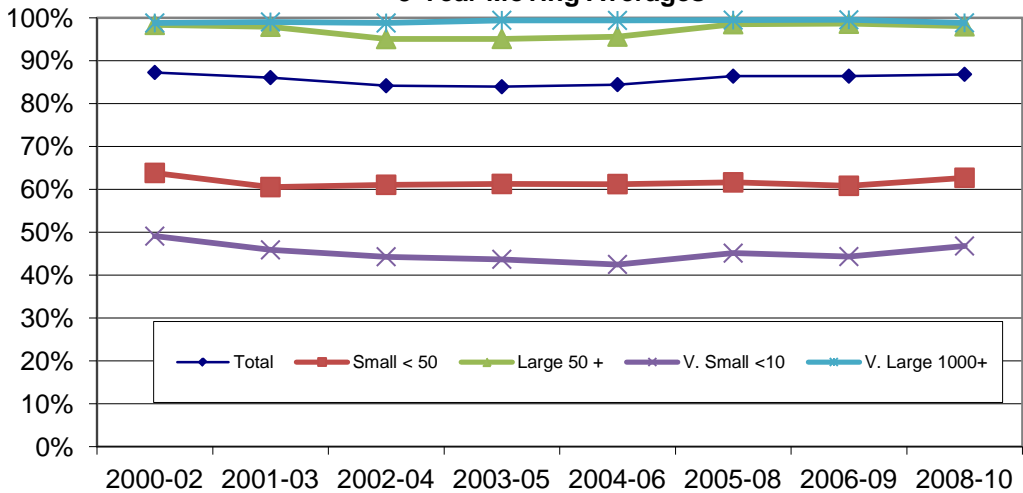
⁽³⁾ Administrative and support services includes temporary help services.

**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: <i>Employee Health Insurance Offer Rates: Washington</i> (percentage of employees who work in firms that offer coverage)					
	All	Employees in firms with		Full-time	Part-time
	Employees	< 50 workers	50+ workers	workers	workers
Annual					
2010	88%	66%	97%	92%	71%
3-Year Averages					
2000-02	87%	64%	98%	92%	72%
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%

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.”¹¹ Among Washington firms that offer health insurance, 79 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 (37% for part time compared to 87% for full time).

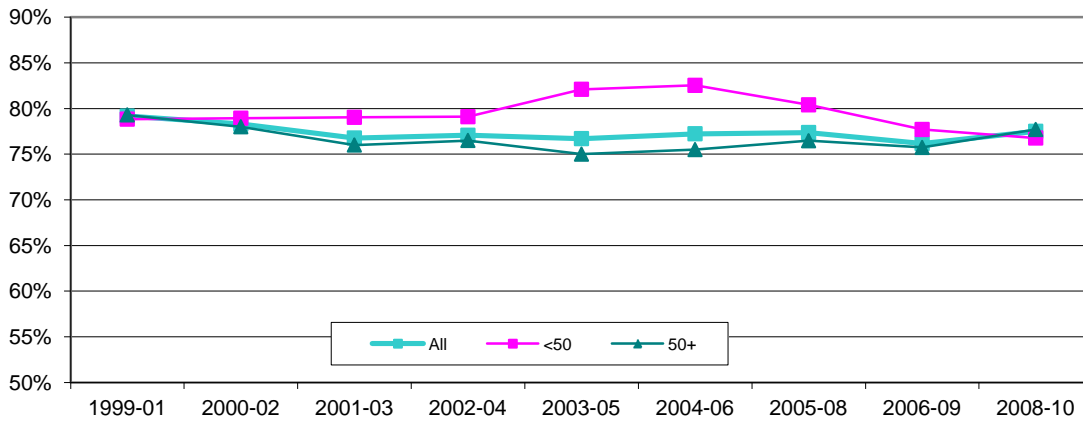
¹¹ 2008 Kaiser/HRET *Employer Health Benefits Survey* (<http://ehbs.kff.org/>).

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

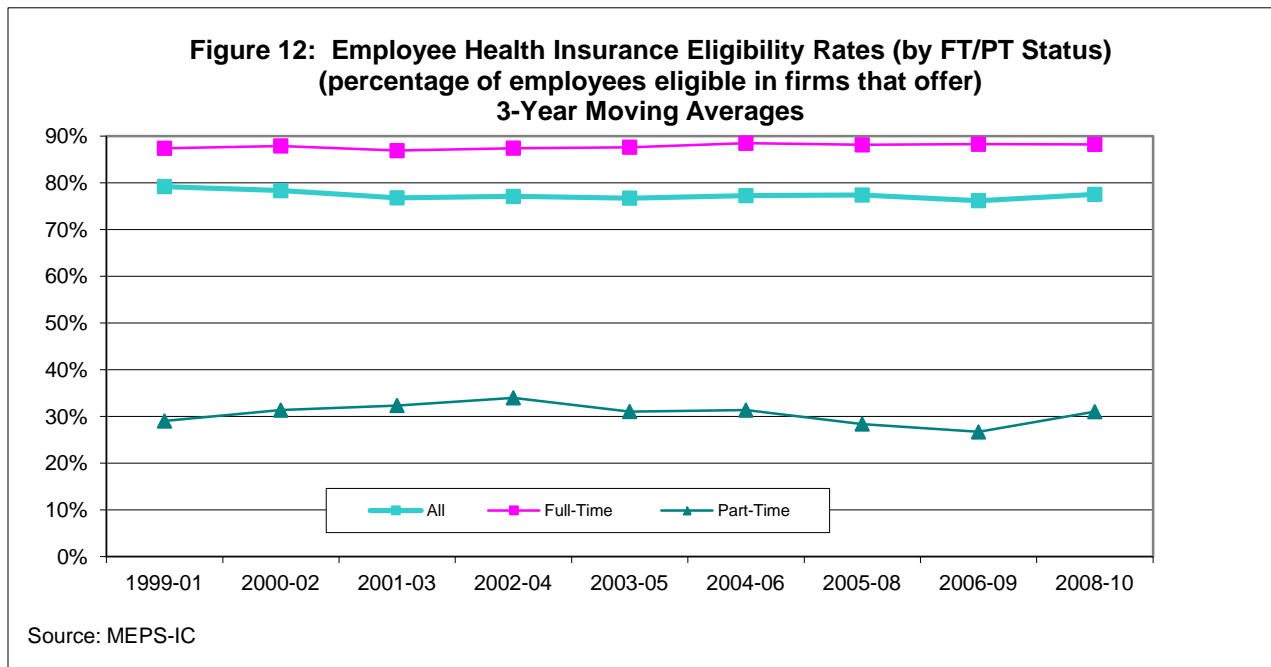
	All Employee s	Employees in firms with < 50 worker s 50+ worker s		Full- time worker s	Part- time worker s
Annual					
2010	79%	76%	80%	87%	37%
3-Year Averages					
1999-01	79%	79%	79%	87%	29%
2000-02	78%	79%	78%	88%	31%
2001-03	77%	79%	76%	87%	32%
2002-04	77%	79%	77%	87%	34%
2003-05	77%	82%	75%	88%	31%
2004-06	77%	83%	76%	88%	31%
2005-08	77%	80%	76%	88%	28%
2006-09	76%	78%	76%	88%	27%
2008-10	78%	77%	78%	88%	31%

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



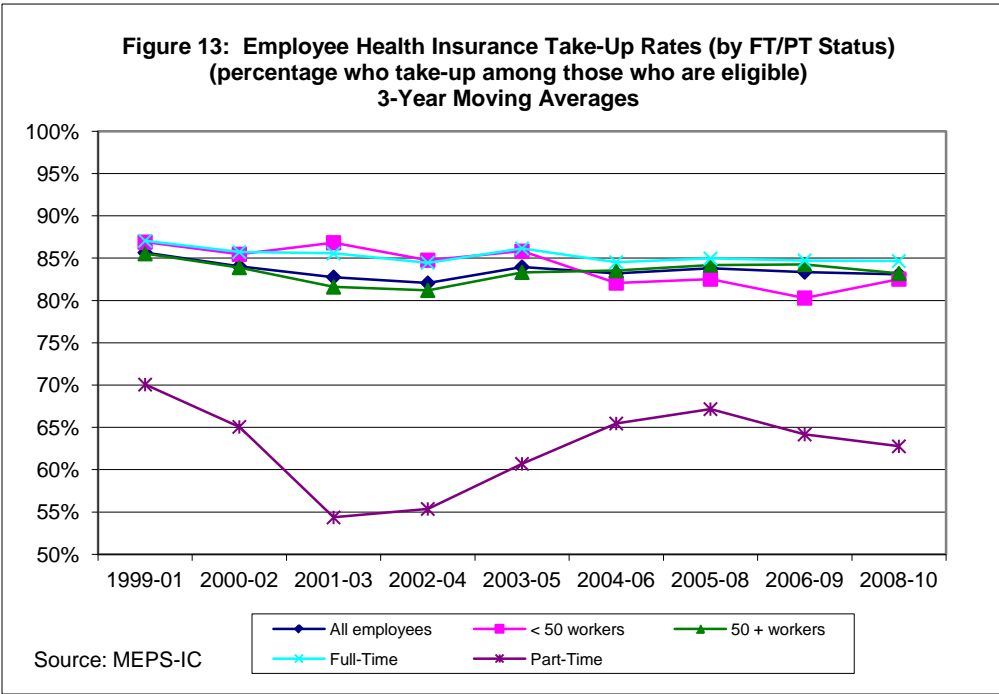
Employee Take-Up Rates

Among workers who are eligible for employer-provided health insurance in Washington, 79 percent take up the offer. The take-up rate has been declining, for employees in both large and small firms. The 3-year moving average decline is more pronounced for part-time workers, 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 *were* more likely to take-up coverage when it was offered...until recently. The moving average for years 2004-2006 appears to reflect a turning point for employees in small firms.

Table 11: <i>Employee Health Insurance Take-Up Rates: Washington</i> (percentage enrolled among those who are eligible)					
Annual	All Employees	Employees in firms with		Full- time workers	Part- time workers
		< 50 workers	50+ workers		
2010	79%	80%	79%	81%	53%
3-Year Averages					
1999-01	86%	87%	86%	87%	70%
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%

Source: MEPS-IC Survey



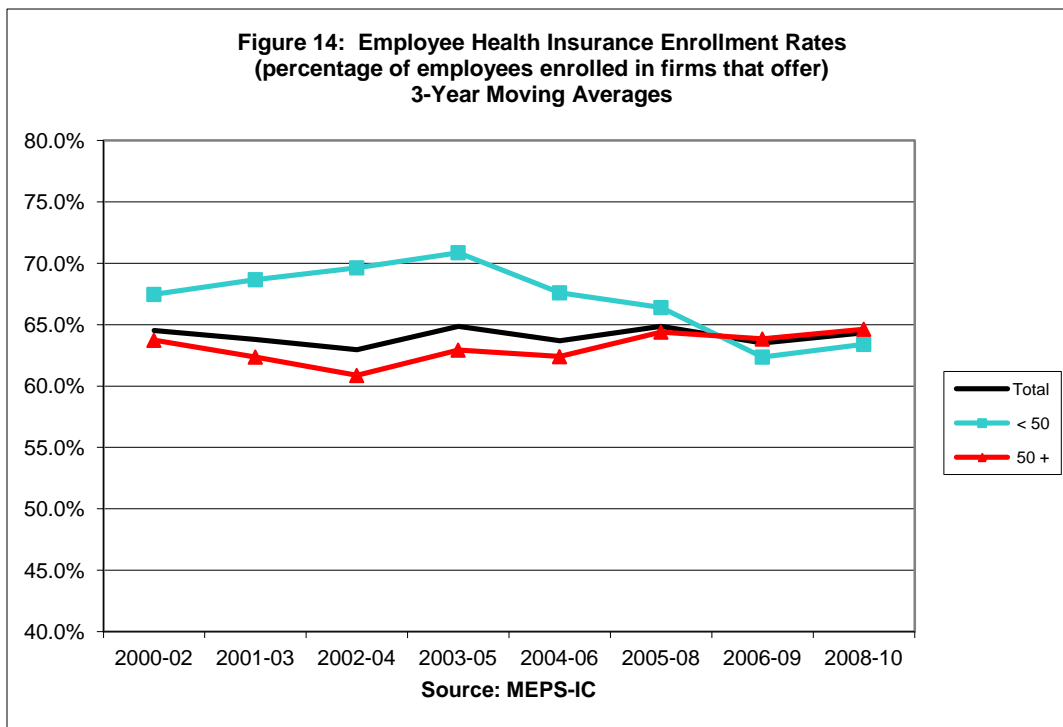
Employee Enrollment Rates

Among Washington firms that offer health insurance to at least some workers, 62 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.¹² Relatively few part-time workers are enrolled (around 20 percent).

Table 12: Employee Health Insurance Enrollment Rates: Washington (percentage of employees enrolled among those in firms that offer coverage)					
Annual	All	Employees in firms with		Full-time	Part-time
	Employees	< 50	50+	workers	workers
2010	62%	61%	63%	71%	20%
3-Year Averages					
1999-01	67%	69%	67%	76%	22%
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%	*
2005-08	65%	66%	64%	75%	*
2006-09	64%	62%	64%	75%	*
2008-10	64%	63%	65%	75%	19%

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



¹² 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, 49 percent have health coverage provided by their employer.¹³ 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.

Table 13: *Estimated Coverage Rates in Own Employer-Provided Health Insurance: Washington 2010*

	Number Enrolled (1,000s)	Number Not Enrolled (1,000s)	Coverage Rate ⁽¹⁾	Percent Not Enrolled
Firm Size	1,260	1,188	51%	49%
2 - 9	69	232	23%	77%
10 - 24	97	162	37%	63%
25 - 99	219	209	51%	49%
100 - 999	410	323	56%	44%
1000 and above	466	263	64%	36%
Wage Quartile ⁽²⁾				
Lowest 25% of firms	61	198	24%	76%
Second 25% of firms	147	298	33%	67%
Third 25% of firms	338	287	54%	46%
Highest 25% of firms	714	404	64%	36%
Industry ⁽³⁾				
Agriculture, forestry, fishing	13	67	16%	84%
Manufacturing	213	67	76%	24%
Construction	51	74	41%	59%
Transportation and Warehousing	75	66	53%	47%
Wholesale trade	73	37	66%	34%
Finance, insurance, real estate	115	61	65%	35%
Retail Trade	100	138	42%	58%
Professional services	504	330	60%	40%
Other services	116	348	25%	75%

⁽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 \$15,537. The next group has average wages from \$15,537 to

\$26,509. The third group has average wages from \$26,509 to \$43,016.

The highest group has average wages above \$43,016. 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

other services (except public administration).

¹³ 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.

An interesting comparison of Table 8 and Table 13 shows that while approximately 2,007,000 employees work for firms that offer insurance, only about 1,260,000 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 2010*

	Below Median Wage		Above Median Wage		Median Income
	Small Firms	Large Firms	Small Firms	Large Firms	
Agriculture, forestry, fishing	14,772	2,552	13,938	10,989	18,937
Construction	15,414	1,124	30,031	15,030	32,413
Manufacturing	11,249	3,611	11,132	41,252	33,956
Wholesale trade	14,364	11,866	6,155	4,540	50,644
Retail trade	26,332	14,625	31,286	65,994	19,480
Transportation & warehousing	6,559	28,681	6,259	24,143	33,831
Information	3,886	5,318	3,201	22,822	51,290
Finance & insurance	3,670	436	4,942	19,273	40,790
Real estate & rental	6,392	690	6,092	5,774	24,203
Professional & technical services	16,204	15,800	19,354	36,795	47,041
Administrative and support services	14,014	14,955	19,006	36,931	23,936
Educational services	5,711	1,002	3,198	71,936	24,143
Health care and social assistance	25,052	18,019	24,836	69,468	27,239
Arts, entertainment & recreation	8,039	4,783	5,722	17,681	14,736
Accommodation and food services	37,117	7,366	61,323	65,056	13,192
Other services	15,948	10,680	18,384	9,913	24,223

⁽¹⁾ Median is on the industry level based on the average wage of each firm, not on individual wages.

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 2010 *Washington Employer Health Insurance Database* suggests that 51 percent of private sector workers are enrolled in health insurance provided by their own employer. The comparable estimate from 2010 *Current Population Survey* (CPS) data for Washington is 58 percent. CPS data suggest that an additional 12 percent are covered through the employer of a family member. According to the 2010 *Washington State Population Survey*, 75 percent are covered by their employer or a family member's employer, 6 percent are covered through public programs, and 5 percent are covered through other insurance (e.g., self-purchased, military). That leaves 14 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

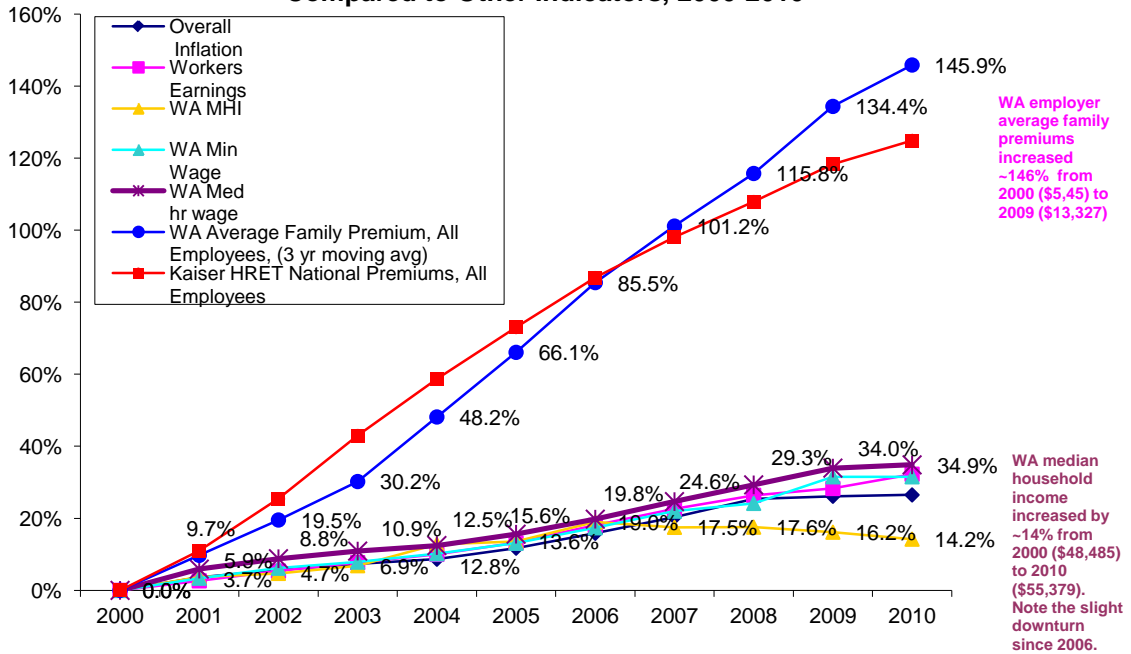
	2010 Washington Employer Health Insurance Database	2010 Current Population Survey (CPS) Data for Washington ⁽¹⁾			2010 Washington State Population Survey ⁽²⁾			
		Own Employer	Own Employer	- Other Employer	Own & Other	Own & Other Employer	Public Program	Self- Purchased Military, Other
	All Firms	51%	58%	12%	70%	75%	6%	5%
Industry								
Agriculture, forestry, fishing	16%	3%	3%	5%	25%	27%	2%	46%
Manufacturing	76%	79%	6%	85%	87%	3%	3%	7%
Construction	41%	49%	4%	53%	70%	5%	8%	17%
Transportation & warehousing ⁽³⁾	53%	64%	2%	65%	78%	5%	4%	12%
Wholesale trade ⁽⁴⁾	66%	57%	13%	69%	76%	5%	5%	15%
Finance, insurance, real estate	65%	63%	20%	83%	83%	2%	6%	9%
Retail trade ⁽⁴⁾	42%	57%	13%	69%	67%	9%	4%	19%
Professional services ⁽⁵⁾	60%	67%	15%	82%	84%	4%	5%	7%
Other services ⁽⁶⁾	25%	34%	14%	48%	60%	9%	6%	25%

⁽¹⁾ The CPS 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 Washington State Population Survey (WSPS) estimates are for persons ages 18 to 64 employed in private firms excluding self-employed.
Public programs include the Basic Health program, Medicaid, and Medicare. Industry-level estimates based on the CPS and WSPS have wide confidence intervals due to relatively small sample sizes for some industries (e.g., Agriculture).
⁽³⁾ The CPS and WSPS estimates for transportation and warehousing also include utilities; the Employer Database estimates do not.
⁽⁴⁾ CPS data are reported for wholesale and retail trade combined.
⁽⁵⁾ 'Professional services' includes information, professional and technical services, educational services and health care.
⁽⁶⁾ '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 declines – *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 ~146%. Washington Median Household Income has decreased since 2007.

Figure 15: Cumulative Percentage Increase in Health Insurance Premiums Compared to Other Indicators, 2000-2010



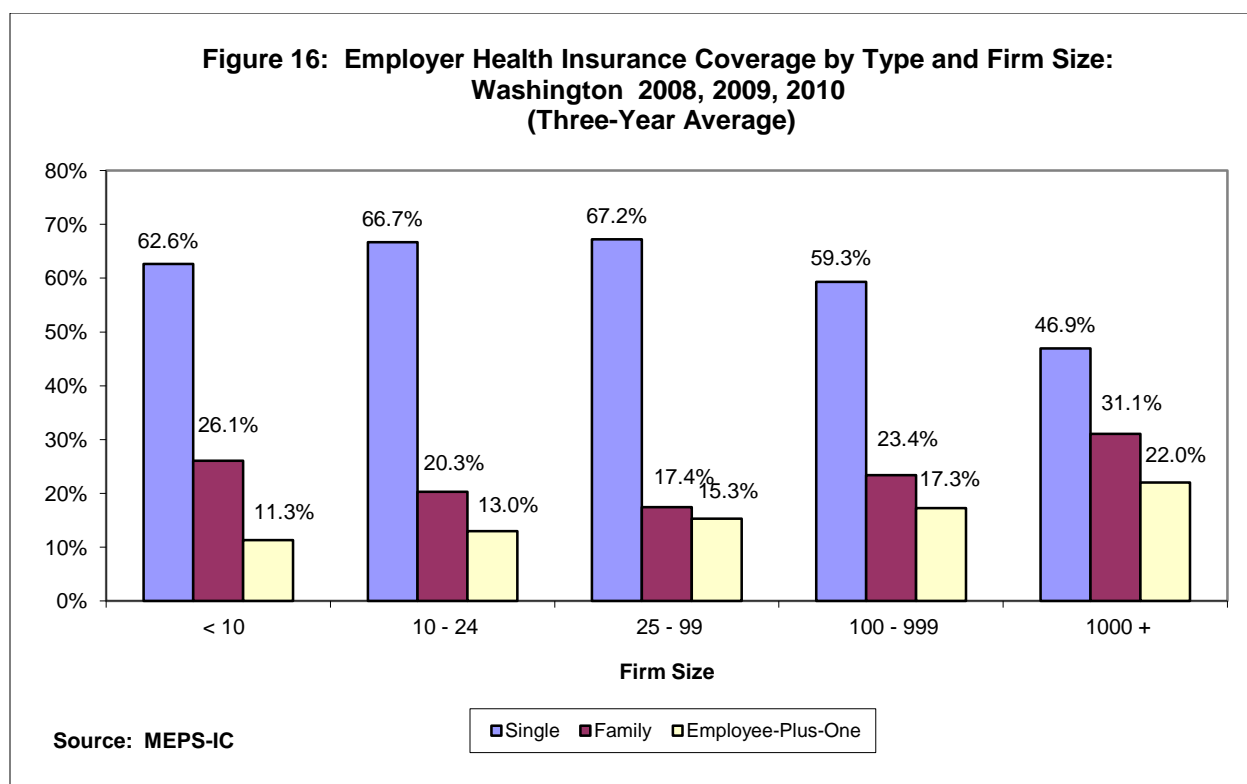
Sources:
 Kaiser Family Foundation and Health Research & Educational Trust, 2011 Employer Benefits Survey; Medical Expenditure Panel Survey - Insurance Component, 1996-2010; United States Department of Labor, Bureau of Labor Statistics; Washington State Office of Financial Management; Washington State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

Table 16: <i>Percentage of Enrollees in Single, Family and Employee-Plus-One Coverage: 2008-2010 (3 year average)</i>						
	Washington			United States		
	Single	Family	PlusOne	Single	Family	PlusOne
All	55%	27%	19%	51%	31%	19%
Small Firms	66%	21%	13%	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.¹⁴ Given the relatively small *MEPS-IC* sample sizes for individual states, trends are examined by using three-year moving averages.¹⁵

¹⁴ 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.

¹⁵ Data for employee-plus-one premiums are available only starting in 2001; so moving averages are not used for this series.

Coverage Types and Premium Contributions

Based on the *MEPS-IC* survey, employee contributions in Washington State tend to be smaller than the national average, especially for single coverage. 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 28 percent of enrollees in Washington are in plans that require no employee contribution. This percentage is down considerably compared to 2009 (~41%), but is still higher than the US average of 18.3%. 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).

	Single Coverage	Family Coverage	Employee-Plus-One
Washington State			
2005	43.4%	22.6%	16.0%
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%
United States			
2005	23.1%	13.4%	12.7%
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%

		WITH \$0 Enrollees	WITHOUT \$0 Enrollees
2008	Single	\$623	\$994
	Family	\$3,258	\$4,145
	Employee-Plus-One	\$2,147	\$2,494
2009	Single	\$569	\$969
	Family	\$3,258	\$4,002
	Employee-Plus-One	\$2,397	\$2,784
2010	Single	\$746	\$1,040
	Family	\$3,685	\$4,054
	Employee-Plus-One	\$2,429	\$2,623

Source: Estimated from *MEPS-IC* survey.

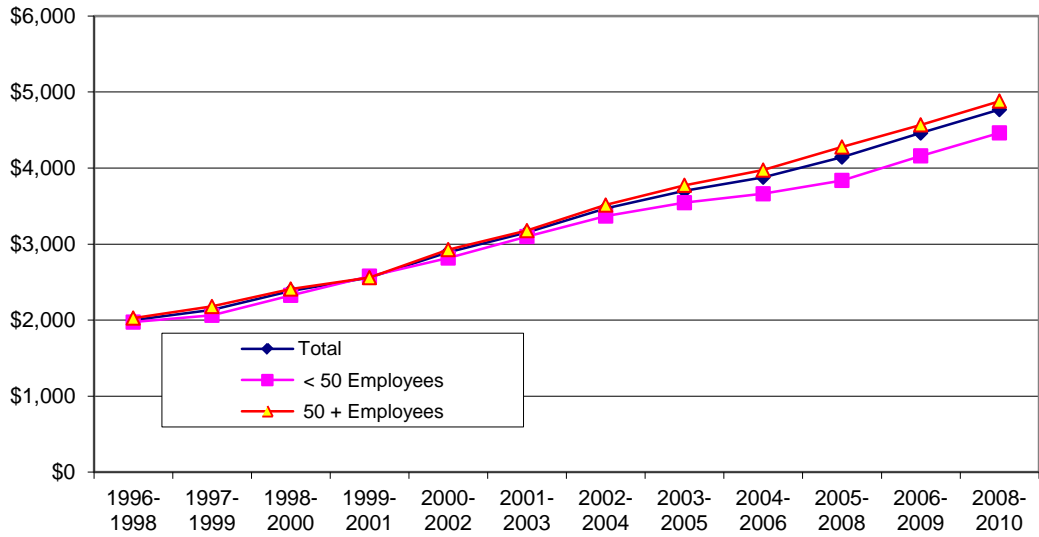
Table 19: *Employer-Provided Health Insurance Premiums: Single Coverage*

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2005	\$3,975	\$3,591	\$384	10%
2006	\$4,056	\$3,433	\$623	15%
2008	\$4,056	\$3,433	\$623	15%
2008	\$4,923	\$4,283	\$640	13%
2010	\$5,672	\$4,926	\$746	13%
United States (MEPS-IC)				
2005	3,991	3,268	723	18%
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%
United States (Kaiser)				
2005	\$4,024	\$3,413	\$610	15%
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%

Source: MEPS-IC Survey (2010), Kaiser/HRET
Employer Health Benefits Survey (2010)

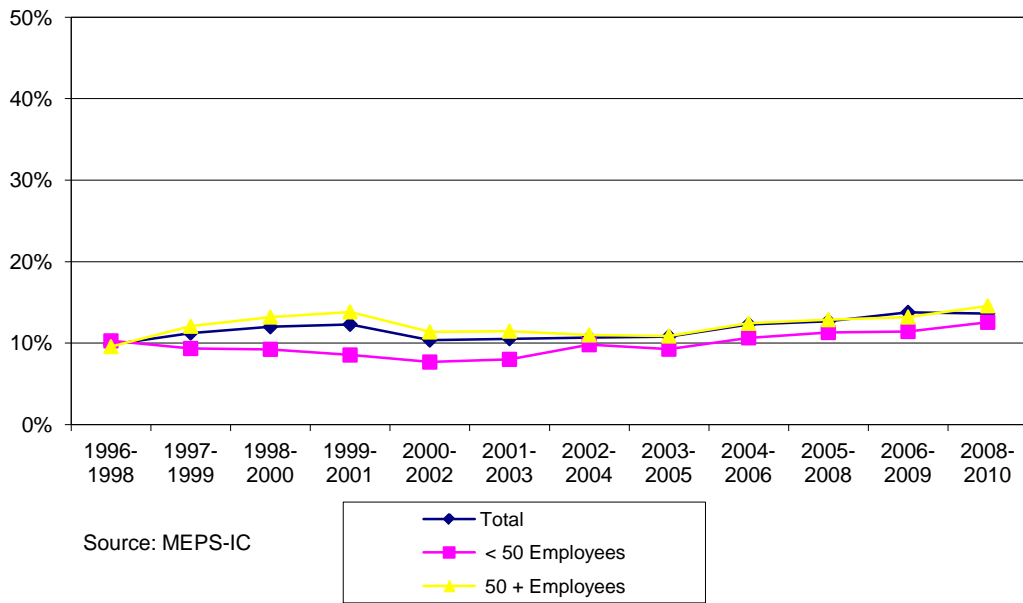
The Washington premiums and contributions for 2005-2010 are taken from *MEPS-IC*.

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



Source: MEPS-IC

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



Source: MEPS-IC

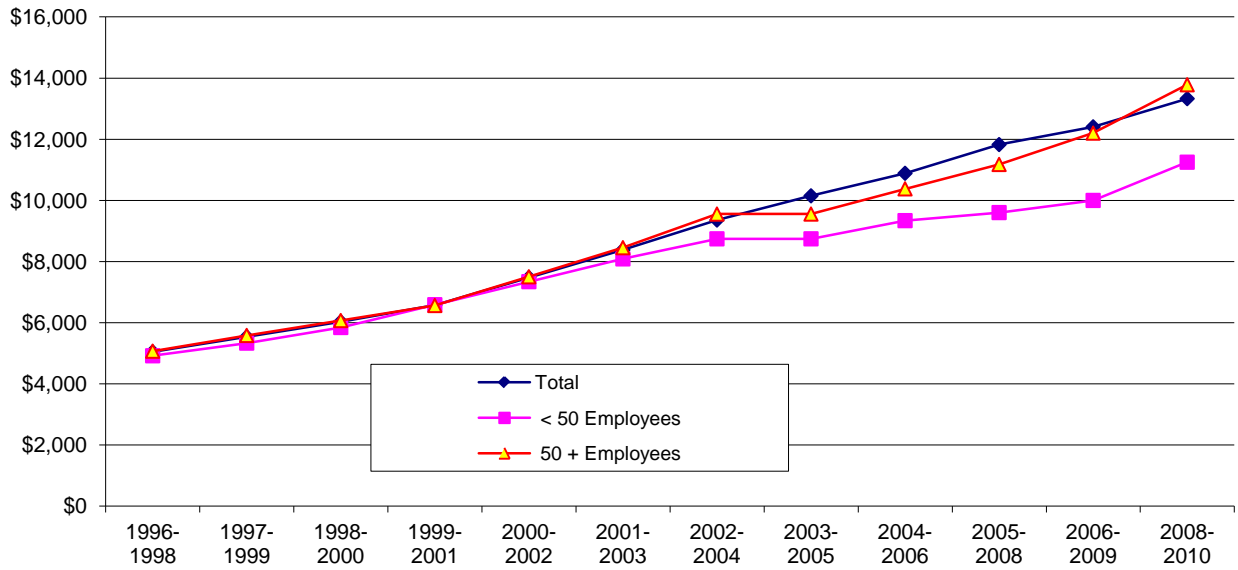
Table 20: **Employer-Provided Health Insurance Premiums: Family Coverage**

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2005	\$11,018	\$8,544	\$2,474	22%
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	\$10,503	\$3,685	26%
United States (MEPS-IC)				
2005	10,728	8,143	2,585	24%
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%
United States (Kaiser)				
2005	\$10,880	\$8,167	\$2,713	25%
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%

Source: MEPS-IC Survey (2010), Kaiser/HRET
Employer Health Benefits Survey (2010)

The Washington premiums and contributions for 2005-2010 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 by Firm Size (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				
2005	\$7,757	\$6,205	\$1,552	20%
2006	\$7,355	\$5,478	\$1,877	26%
2008	\$8,681	\$5,208	\$2,147	25%
2009	\$8,997	\$6,600	\$2,397	27%
2010	\$9,279	\$6,850	\$2,429	26%
United States				
2005	\$7,671	\$5,912	\$1,759	23%
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%

Source: MEPS-IC Survey (2010)

Premiums and contributions for 2005-2010 are taken from *MEPS-IC*.

Figure 21: *Employer Health Insurance Average Employee-Plus-One Premiums, by Firm Size (3-Year Moving Averages)*

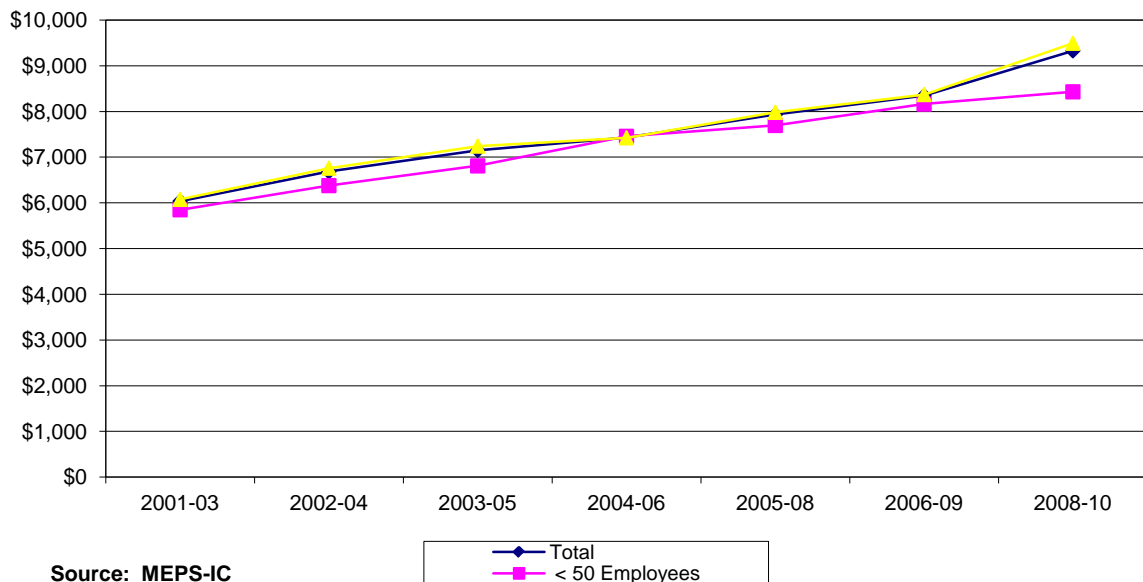
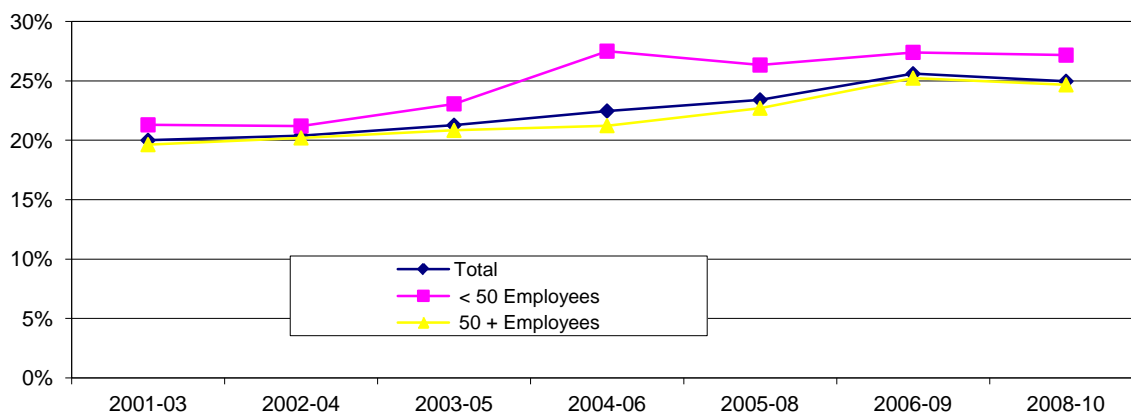


Figure 22: Employer Health Insurance Employee Share of Employee-Plus-One Premium (3-Year Moving Averages) by Firm Size



Source: MEPS-IC

Estimated Employee Premium Contributions

Employee contributions to employer-provided health insurance were also estimated. The average contribution paid by an enrolled employee was \$2,626 per year in 2010. Employees paid 23.5% of the total premium. (See Table 22)

Table 22: *Employee Contributions to Employer-Provided Health Insurance, by Firm Size, Wages and Industry: Washington 2010*

	Total Employee Contributions (millions \$)	Average Contribution Per Enrollee (\$)	Worker Share of Healthcare Premiums
All Firms	\$2,626	\$2,085	23.5%
Firm Size			
2 - 9	\$87	\$1,271	18.6%
10 - 24	\$185	\$1,909	24.3%
25 - 99	\$481	\$2,198	27.2%
100 - 999	\$919	\$2,244	25.3%
1000 and above	\$954	\$2,047	21.0%
Wage Quartile ⁽¹⁾			
Lowest 25% of firms	\$128	\$2,105	26.1%
Second 25% of firms	\$297	\$2,025	25.7%
Third 25% of firms	\$709	\$2,095	23.8%
Highest 25% of firms	\$1,492	\$2,090	22.8%
Industry			
Agriculture, forestry, fishing	\$13	\$980	20.0%
Manufacturing	\$420	\$1,971	21.5%
Construction	\$116	\$2,266	27.8%
Transportation & warehousing	\$150	\$2,006	22.8%
Wholesale trade	\$143	\$1,946	25.9%
Finance, insurance, real estate	\$248	\$2,161	23.5%
Retail trade	\$225	\$2,263	30.5%
Professional services ⁽¹⁾	\$1,068	\$2,120	22.2%
Other services ⁽²⁾	\$242	\$2,093	26.0%

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 coverage¹⁶ (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 2010 associated with providing comprehensive coverage to *active employees*.¹⁷ 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.

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.¹⁸ 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 2010 costs of optional coverage plans. This adjustment increases the estimated employer health expenditures in 2010 to about 8.0 percent of total payrolls

Health insurance premiums have been increasing rapidly, as was shown in Figure 16. Table 25 provides recent estimates of employer costs for employee compensation published by the US Bureau of Labor Statistics (BLS) in September, 2011. These estimates suggest that Pacific region employers currently spend on average the equivalent of 9.6 percent of payrolls on health insurance.

¹⁶ See *Appendix I* for a detailed description of the estimation methodology.

¹⁷ Costs associated with retiree medical benefits are not included in any of these tables.

¹⁸ 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 2010**

	Total Health Expenditures (Millions \$)	Average Expenditure Per Worker (\$)		Average Expenditure Per Enrollee (\$)	Expenditures Relative to Wages (%)	
		All Firms	Firms That Offer		All Firms	Firms that Offer
All Firms	\$7,731	\$3,159	\$3,853	\$6,137	6.8%	7.6%
Firm Size						
2 - 9	\$344	\$1,146	\$3,020	\$5,023	5.4%	9.2%
10 - 24	\$520	\$2,014	\$3,246	\$5,376	5.8%	7.3%
25 - 99	\$1,162	\$2,714	\$3,181	\$5,314	6.1%	6.6%
100 - 999	\$2,451	\$3,348	\$3,515	\$5,984	7.0%	7.3%
1000 and above	\$3,253	\$4,464	\$4,857	\$6,980	7.6%	8.0%
Wage Quartile ⁽¹⁾						
Lowest 25% of firms	\$329	\$1,269	\$2,571	\$5,398	11.9%	22.0%
Second 25% of firms	\$777	\$1,747	\$2,633	\$5,291	10.5%	14.4%
Third 25% of firms	\$2,054	\$3,283	\$3,723	\$6,072	9.4%	10.7%
Highest 25% of firms	\$4,571	\$4,088	\$4,429	\$6,406	5.5%	5.9%
Industry						
Agriculture, forestry, fishing	\$46	\$573	\$981	\$12,623	7.8%	13.3%
Manufacturing	\$1,387	\$4,944	\$5,247	\$6,496	7.4%	7.6%
Construction	\$272	\$2,172	\$3,046	\$7,110	4.9%	6.0%
Transportation & warehousing	\$459	\$3,266	\$4,556	\$6,564	8.3%	10.8%
Wholesale trade	\$369	\$3,340	\$3,754	\$5,760	6.3%	6.9%
Finance, insurance, real estate	\$730	\$4,159	\$4,726	\$7,186	7.2%	7.6%
Retail trade	\$464	\$1,950	\$2,317	\$4,491	6.2%	7.6%
Professional services ⁽²⁾	\$3,381	\$4,056	\$4,444	\$6,933	7.2%	7.6%
Other services ⁽³⁾	\$622	\$1,343	\$2,136	\$5,494	5.1%	6.7%

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 2010, the lowest 25% of firms have average annual wages of less than \$15,537. The next group has average wages from \$15,537 to \$26,509. The third group has average wages from \$26,509 to \$43,016. The highest group has average wages above \$43,016. 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 2010

	Total Health Expenditures (Millions \$)	Average Expenditure Per Worker (\$)		Average Expenditure Per Enrollee (\$)	Expenditures Relative to Wages (%)	
		All Firms	Firms That Offer		All Firms	Firms that Offer
All Firms	\$8,190	\$3,346	\$4,082	\$6,502	7.2%	8.0%
Firm Size						
2 - 9	\$365	\$1,215	\$3,200	\$5,321	5.7%	9.7%
10 - 24	\$551	\$2,134	\$3,439	\$5,695	6.2%	7.8%
25 - 99	\$1,231	\$2,876	\$3,370	\$5,630	6.4%	7.0%
100 - 999	\$2,597	\$3,547	\$3,724	\$6,339	7.4%	7.8%
1000 and above	\$3,447	\$4,730	\$5,146	\$7,395	8.0%	8.4%
Wage Quartile ⁽¹⁾						
Lowest 25% of firms	\$348	\$1,345	\$2,724	\$5,719	12.6%	23.3%
Second 25% of firms	\$823	\$1,850	\$2,790	\$5,605	11.1%	15.3%
Third 25% of firms	\$2,176	\$3,478	\$3,945	\$6,433	9.9%	11.3%
Highest 25% of firms	\$4,842	\$4,331	\$4,692	\$6,786	5.9%	6.2%
Industry						
Agriculture, forestry, fishing	\$49	\$607	\$1,039	\$13,373	8.3%	14.1%
Manufacturing	\$1,470	\$5,237	\$5,559	\$6,881	7.8%	8.1%
Construction	\$288	\$2,301	\$3,227	\$7,532	5.2%	6.4%
Transportation & warehousing	\$487	\$3,460	\$4,826	\$6,954	8.8%	11.5%
Wholesale trade	\$391	\$3,539	\$3,977	\$6,103	6.7%	7.3%
Finance, insurance, real estate	\$774	\$4,406	\$5,006	\$7,613	7.7%	8.0%
Retail trade	\$492	\$2,066	\$2,455	\$4,758	6.6%	7.5%
Professional services ⁽²⁾	\$3,582	\$4,297	\$4,708	\$7,345	7.6%	8.0%
Other services ⁽³⁾	\$659	\$1,423	\$2,263	\$5,820	5.4%	7.1%

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 2010, the lowest 25% of firms have average annual wages of less than \$15,537. The next group has average wages from \$15,537 to \$26,509. The third group has average wages from \$26,509 to \$43,016. The highest group has average wages above \$43,016. 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 a Percentage of:	
				Total Compensation	Wages & Salaries ⁽¹⁾
All Workers	\$28.24	\$19.91	\$2.15	7.6%	10.8%
Pacific Region ⁽²⁾	\$31.21	\$21.92	\$2.30	7.4%	10.5%
Industry					
Construction	\$32.01	\$22.18	\$2.29	7.2%	10.3%
Manufacturing	\$32.95	\$21.51	\$3.21	9.7%	14.9%
Trade, Transportation, Utilities	\$24.09	\$16.95	\$2.03	8.4%	12.0%
Information	\$42.74	\$29.14	\$3.74	8.8%	12.8%
Financial Activities	\$38.70	\$26.06	\$3.05	7.9%	11.7%
Professional and Business Services	\$33.89	\$24.69	\$2.09	6.2%	8.5%
Education and Health	\$29.97	\$21.48	\$2.26	7.5%	10.5%
Leisure and Hospitality ⁽³⁾	\$12.34	\$9.75	\$0.59	4.8%	6.1%
Other Services	\$24.89	\$18.36	\$1.50	6.0%	8.2%
Establishment Size					
1-49	\$22.72	\$16.93	\$1.39	6.1%	8.2%
50-99	\$25.15	\$18.12	\$1.78	7.1%	9.8%
100-499	\$28.84	\$20.14	\$2.43	8.4%	12.1%
500+	\$40.75	\$26.86	\$3.56	8.7%	13.3%

Source: US Bureau of Labor Statistics, *Employee Costs for Employee Compensation*, December 2009.
Data from the *National Compensation Survey*.

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

⁽²⁾ Includes Alaska, California, Hawaii, Oregon, and 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 2010, businesses with 2 or more employees spent more for health insurance, including optional coverage (2.3% of gross business income [GBI] on average) than they did for total state taxes (2.0% of GBI), but less when optional coverage is not included (2.1%).

Table 26: **Summary of Washington Employer Health Insurance Database, 2010**

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	101,505	\$118,480	\$2,607	\$7,976	2.2%	\$7,731	2.1%
Firm Size							
2 - 9	72,289	\$10,031	\$361	\$1,006	2.1%	\$344	0.7%
10 - 24	16,822	\$9,820	\$287	\$867	2.3%	\$520	1.4%
25 - 99	9,260	\$18,772	\$470	\$1,508	2.2%	\$1,162	1.7%
100 - 999	2,908	\$35,145	\$739	\$2,415	2.2%	\$2,451	2.2%
1000 and above	226	\$44,712	\$749	\$2,181	2.3%	\$3,253	3.4%
Wage Quartile ⁽¹⁾							
Lowest 25% of firms	25,380	\$3,002	\$85	\$431	3.4%	\$329	2.6%
Second 25% of firms	25,437	\$9,420	\$220	\$959	2.7%	\$777	2.2%
Third 25% of firms	25,386	\$21,559	\$436	\$1,645	2.6%	\$2,054	3.2%
Highest 25% of firms	25,302	\$84,500	\$1,866	\$4,941	2.0%	\$4,571	1.8%
Industry							
Agricultures, forestry, fishing	4,657	\$1,947	\$10	\$151	9.3%	\$46	2.8%
Manufacturing	5,485	\$18,578	\$401	\$1,153	1.4%	\$1,387	1.7%
Transportation and warehousing	2,691	\$5,846	\$116	\$472	2.0%	\$459	1.1%
Construction	12,032	\$6,530	\$129	\$744	2.9%	\$272	2.1%
Wholesale trade	6,993	\$6,665	\$300	\$563	1.0%	\$369	0.7%
Retail trade	10,852	\$7,454	\$262	\$634	1.2%	\$464	2.6%
Professional services (3)	24,989	\$47,766	\$760	\$2,249	4.0%	\$3,381	0.9%
Finance, Insurance, Real Estate	7,308	\$10,701	\$406	\$917	3.0%	\$730	6.4%
Other services (4)	26,498	\$12,993	\$222	\$1,093	3.9%	\$622	2.4%

(1) B&O includes 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 2010**

	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	\$118,480	\$360,448	\$7,731	\$8,190	6.5%	2.1%	6.9%	2.3%
Firm Size								
2 - 9	\$10,031	\$48,417	\$344	\$365	3.4%	0.7%	3.6%	0.8%
10 - 24	\$9,820	\$37,712	\$520	\$551	5.3%	1.4%	5.6%	1.5%
25 - 99	\$18,772	\$69,779	\$1,162	\$1,231	6.2%	1.7%	6.6%	1.8%
100 - 999	\$35,145	\$108,936	\$2,451	\$2,597	7.0%	2.2%	7.4%	2.4%
1000 and above	\$44,712	\$95,603	\$3,253	\$3,447	7.3%	3.4%	7.7%	3.6%
Wage Quartile ⁽¹⁾								
Lowest 25% of firms	\$3,002	\$12,594	\$329	\$348	11.0%	2.6%	11.6%	2.8%
Second 25% of firms	\$9,420	\$35,879	\$777	\$823	8.2%	2.2%	8.7%	2.3%
Third 25% of firms	\$21,559	\$64,430	\$2,054	\$2,176	9.5%	3.2%	10.1%	3.4%
Highest 25% of firms	\$84,500	\$247,546	\$4,571	\$4,842	5.4%	1.8%	5.7%	2.0%
Industry								
Agr., forestry, fishing	\$1,947	\$1,634	\$46	\$49	2.4%	2.8%	2.5%	3.0%
Manufacturing	\$18,578	\$85,398	\$1,387	\$1,470	7.5%	1.6%	7.9%	1.7%
Construction	\$6,530	\$25,685	\$272	\$288	4.2%	1.1%	4.4%	1.1%
Transpo. and warehousing	\$5,846	\$23,448	\$459	\$487	7.9%	2.0%	8.3%	2.1%
Wholesale trade	\$6,665	\$57,418	\$369	\$391	5.5%	0.6%	5.9%	0.7%
Finance, ins.& real estate	\$10,701	\$30,102	\$730	\$774	6.8%	2.4%	7.2%	2.6%
Retail trade	\$7,454	\$53,199	\$464	\$492	6.2%	0.9%	6.6%	0.9%
Professional services ⁽²⁾	\$47,766	\$55,716	\$3,381	\$3,582	7.1%	6.1%	7.5%	6.4%
Other services ⁽³⁾	\$12,993	\$27,849	\$622	\$659	4.8%	2.2%	5.1%	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 \$15,537. The next group has avg. wages from \$15,537 to \$26,509. The third group has average wages from \$26,509 to \$43,016. The highest group has average wages above \$43,016. 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). 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 101,505 firms in the *Employer Health Insurance Database (EHID)* were synthetically estimated using data from two surveys—the *2010 Washington Employee Benefits Survey (EBS)* and the *2010 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.¹⁹ 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 *2010 Employee Benefits Survey* report. The validity of the procedure ultimately depends upon how representative the *EBS* survey responses are; the *EBS* response rate was 85.9 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 2008-2010 average enrollment rate in Washington is 62 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 (2008-10) 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 Washington²⁰ in Table 28.

¹⁹ 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.

²⁰ The employment weights were derived from the firm size-industry employment levels observed for Washington.

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1000+
Agriculture, forestry, fishing	73%	51%	45%	*	72%
Manufacturing	70%	68%	75%	80%	85%
Construction	72%	66%	67%	66%	63%
Transportation & warehousing	66%	66%	64%	73%	79%
Wholesale trade	74%	71%	75%	76%	82%
Finance, insurance, real estate	71%	72%	72%	74%	78%
Retail trade	61%	52%	55%	49%	45%
Professional services	67%	63%	63%	62%	71%
Other services	61%	45%	36%	36%	43%
Employment-Weighted Average	64.3%				

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.

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$4,704	\$4,652	\$4,181	\$3,159	\$3,212
Mining and Manufacturing	\$4,285	\$3,708	\$3,578	\$3,758	\$3,912
Construction	\$4,220	\$3,506	\$3,470	\$3,515	\$4,295
Utilities	\$4,051	*	\$3,910	\$3,746	\$3,947
Wholesale trade	\$4,543	\$4,033	\$3,601	\$3,950	\$3,739
Finance, insurance, real estate	\$4,783	\$4,519	\$4,165	\$4,269	\$3,772
Retailing	\$4,162	\$3,673	\$3,226	\$3,162	\$3,307
Professional services	\$4,535	\$4,262	\$4,214	\$4,369	\$4,508
Other services	\$4,334	\$4,044	\$3,752	\$3,621	\$3,483
Employment -Weighted Average	\$4,926				

Source: Estimated from *MEPS-IC* data

Table 30: **Employer Contributions to Family Premiums: Washington 2010**

(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		\$8,354	\$10,602	\$10,460	\$11,076	\$6,558
Mining and Manufacturing		\$10,758	\$8,974	\$9,126	\$9,847	\$10,922
Construction		\$9,588	\$8,489	\$8,704	\$9,544	\$10,340
Utilities		*	\$9,660	\$9,503	\$11,132	\$11,522
Wholesale trade		\$11,235	\$9,431	\$8,854	\$9,858	\$10,786
Finance, insurance, real estate		\$10,675	\$9,853	\$9,322	\$10,628	\$10,791
Retailing		\$9,777	\$8,426	\$6,878	\$7,495	\$9,249
Professional services		\$10,282	\$9,502	\$9,131	\$10,471	\$12,193
Other services		\$10,304	\$9,500	\$8,987	\$9,467	\$9,185
Employment -Weighted Average		\$10,503				

Source: Estimated from *MEPS-IC* data

Table 31: **Employer Contributions to Employee-Plus-One Premiums: Washington 2010**

(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		\$7,014	\$6,809	\$6,553	\$5,109	\$4,494
Mining and Manufacturing		\$7,920	\$6,333	\$5,976	\$6,332	\$6,844
Construction		\$6,465	\$5,669	\$5,018	\$5,428	\$6,251
Utilities		\$6,406	*	\$5,620	\$5,986	\$6,524
Wholesale trade		*	\$6,607	\$5,792	\$6,287	\$6,626
Finance, insurance, real estate		\$7,128	\$7,160	\$6,266	\$6,720	\$6,322
Retailing		\$6,463	\$5,873	\$4,288	\$4,849	\$5,617
Professional services		\$7,129	\$6,073	\$5,856	\$6,528	\$7,426
Other services		\$7,392	\$6,544	\$5,803	\$5,878	\$5,697
Employment -Weighted Average		\$6,850				

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: <i>Percentage of Enrollees in Single Coverage: Washington</i>						
3 year average: 2008-2010		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		52%	60%	60%	55%	66%
Mining and Manufacturing		60%	58%	54%	45%	39%
Construction		55%	58%	55%	49%	46%
Utilities		62%	60%	55%	50%	45%
Wholesale trade		60%	59%	55%	48%	43%
Finance, insurance, real estate		60%	59%	57%	53%	45%
Retailing		66%	65%	64%	63%	57%
Professional services		65%	64%	63%	59%	45%
Other services		63%	66%	63%	62%	53%
Employment -Weighted Average		55%				
Source: Estimated from <i>MEPS-IC</i> data						

Table 33: <i>Percentage of Enrollees in Family Coverage: Washington</i>						
3 year average: 2008-2010		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		32%	24%	21%	29%	*
Mining and Manufacturing		25%	24%	26%	32%	35%
Construction		29%	25%	25%	31%	33%
Utilities		24%	25%	28%	29%	31%
Wholesale trade		23%	24%	26%	31%	33%
Finance, insurance, real estate		22%	25%	23%	26%	30%
Retailing		21%	21%	20%	21%	21%
Professional services		21%	22%	22%	23%	31%
Other services		23%	21%	21%	21%	26%
Employment -Weighted Average		27%				
Source: Estimated from <i>MEPS-IC</i> data						

Table 34: <i>Percentage of Enrollees in Employee-Plus-One Coverage: Washington</i>						
3 year average: 2008-2010		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		16%	16%	19%	16%	*
Mining and Manufacturing		15%	17%	21%	22%	26%
Construction		16%	17%	19%	20%	21%
Utilities		14%	15%	18%	22%	24%
Wholesale trade		16%	17%	19%	21%	24%
Finance, insurance, real estate		18%	16%	20%	20%	26%
Retailing		13%	13%	16%	16%	22%
Professional services		13%	14%	15%	18%	23%
Other services		14%	14%	16%	16%	21%
Employment -Weighted Average		19%				
Source: Estimated from MEPS-IC data		WA Rate /Weighted Average				

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 =

$$\begin{aligned}
 & (\text{total enrolled}) * (\text{percent in single coverage}) * (\text{employer contribution for single coverage}) + \\
 & (\text{total enrolled}) * (\text{percent in family coverage}) * (\text{employer contribution for family coverage}) + \\
 & (\text{total enrolled}) * (\text{percent in employee-plus-one coverage}) * (\text{employer contribution for employee-plus-one coverage})
 \end{aligned}$$

These estimates reflect employer²¹ 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 1.06 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.

²¹ Employee contributions are not included in these figures. These are reported separately.

Table 35: **Employee Contributions to Single Premiums: Washington 2010**

(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		\$781	\$781	\$781	\$781	\$781
Mining and Manufacturing		\$681	\$781	\$760	\$905	\$799
Construction		\$713	\$769	\$803	\$859	\$733
Utilities		\$957	*	\$790	\$994	\$849
Wholesale trade		\$591	\$681	\$852	\$856	\$790
Finance, insurance, real estate		\$497	\$620	\$742	\$799	\$869
Retailing		\$763	\$960	\$1,083	\$1,049	\$883
Professional services		\$598	\$688	\$702	\$823	\$832
Other services		\$792	\$856	\$899	\$897	\$962
Employment -Weighted Average		\$746				

Source: Estimated from MEPS-IC data

Table 36: **Employee Contributions to Family Premiums: Washington 2010**

(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		\$2,781	\$2,781	\$2,781	\$2,781	\$2,781
Mining and Manufacturing		\$2,498	\$3,614	\$3,461	\$3,212	\$2,650
Construction		\$2,923	\$3,894	\$4,243	\$3,699	\$3,337
Utilities		*	\$3,837	\$3,822	\$3,568	\$3,123
Wholesale trade		\$2,354	\$3,582	\$4,237	\$4,019	\$2,899
Finance, insurance, real estate		\$3,474	\$4,603	\$4,326	\$4,073	\$3,453
Retailing		\$2,723	\$4,291	\$5,516	\$5,049	\$3,466
Professional services		\$3,075	\$4,388	\$4,673	\$4,369	\$3,386
Other services		\$2,742	\$3,866	\$4,240	\$4,207	\$4,414
Employment -Weighted Average		\$3,685				

Source: Estimated from MEPS-IC data

(\$ per enrollee per year)		Firm Size				
		2-9	10-24	25-99	100-999	1,000 +
Industry						
Agriculture, forestry, fishing		\$2,216	\$2,216	\$2,216	\$2,216	\$2,216
Mining and Manufacturing		\$1,629	\$2,283	\$2,524	\$2,189	\$1,700
Construction		\$1,998	\$2,882	\$2,856	\$2,710	\$2,428
Utilities		\$2,064	*	\$2,851	\$2,960	\$2,158
Wholesale trade		*	\$2,224	\$2,818	\$2,425	\$1,744
Finance, insurance, real estate		\$2,133	\$2,670	\$2,797	\$2,613	\$2,131
Retailing		\$2,245	\$2,665	\$3,844	\$3,229	\$2,263
Professional services		\$2,189	\$2,850	\$2,854	\$2,913	\$2,093
Other services		\$1,945	\$2,300	\$2,978	\$2,497	\$2,714
Employment -Weighted Average		\$2,429				

Source: Estimated from *MEPS-IC* data

Appendix II: Probability of an Employer Coverage Offer

Logistic regressions were estimated using data from the *2010 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 3 times (3.052) 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 2.4 times more likely to offer health insurance than the economy-wide average firm. Similarly, the likelihood of a firm in the construction industry offering health insurance is only 0.46 times that of the economy-wide average firm.

The average wage variable shows that firms with wages above median wage are over 5 times (5.031) more likely than firms below median wage to offer health insurance.

Table 38: 2010 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)	5.194	5.029	5.364
Firm Size compared to 2-9 employee firms			
10-24	3.262	3.130	3.340
25-49	10.266	9.470	11.042
50-99	14.666	12.976	16.576
100-499	44.786	36.393	55.480
500+	15.961	11.552	22.053
Industry Variables (compared to manufacturing)			
Agriculture, forestry, fishing	0.239	0.219	0.262
Construction	0.46	0.431	0.491
Wholesale trade	3.873	3.583	4.186
Retail trade	0.475	0.442	0.511
Transportation & warehousing	0.846	0.759	0.943
Information	2.394	2.094	2.736
Finance & insurance	2.351	2.134	2.59
Real estate & rental	0.815	0.746	0.891
Professional & technical services	1.774	1.659	1.891
Administrative and support services	0.395	0.365	0.428
Educational services	0.781	0.691	0.882
Health care and social assistance	0.941	0.881	1.005
Arts, entertainment & recreation	0.412	0.364	0.465
Accommodation and food services	0.08	0.074	0.087
Other services	0.563	0.524	0.605
Number of observations (firms)	100,025		
Model Statistics			
Akaike Information Criterion	138,459		
Percent concordant pairs	82.1		
Somer's D	0.658		

