



Washington State
Private Employer-Sponsored
Health Insurance

OFFICE OF FINANCIAL MANAGEMENT
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Section 1: Introduction

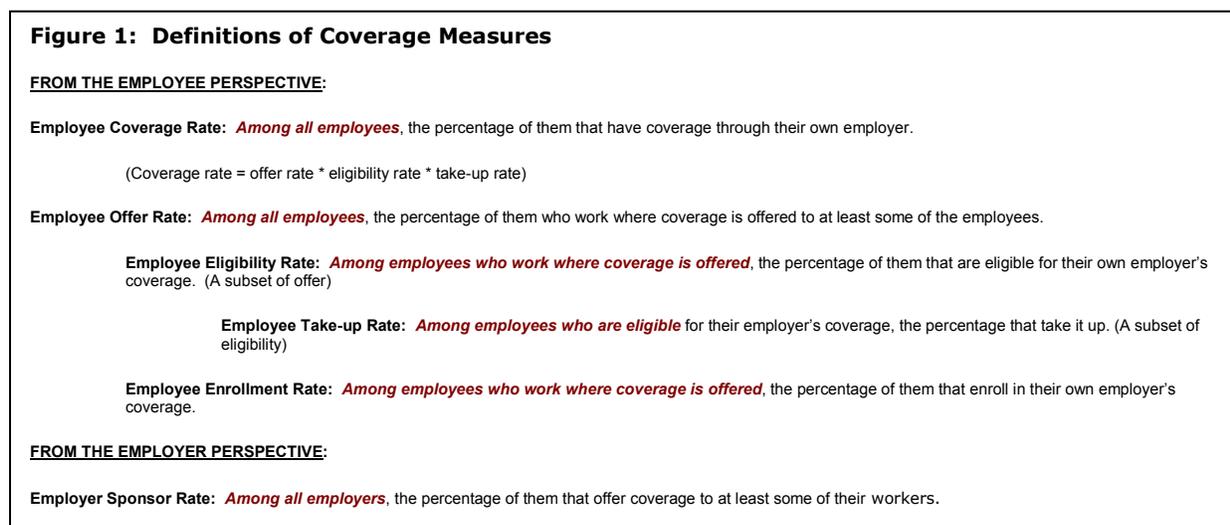
A slightly smaller percentage of Washington employees were covered by employer-sponsored health insurance in 2012 compared to 2011, 51 percent and 52 percent respectively. The decrease in coverage rate reflects a higher number of individuals not enrolled and no significant increase in those enrolled.

The purpose of this report is to utilize available data in order to give a comprehensive picture of employer-sponsored health insurance in Washington state. The report reports data related to both coverage and costs from both the employer and employee perspective. Data is broken down by industry, firm size, and wage quartile. This annual report focuses on 2012, but also shows trends.

Most of the data reported comes from the *Washington State Employer Health Insurance Database* (EHID) including estimated coverage measures and expenditures for 103,110 Washington state firms and their employees in 2012.¹ There is no single perfect data source that tells the complete story of employer-sponsored health insurance in Washington state (from the employer and/or the employee perspective); data come from a variety of national and local Washington surveys that are integrated to build as full a picture as possible. Consequently the EHID remains a “work-in-progress” as data sources improve and as refinements occur in response to requests for information that was not available in prior versions. Until 2009, this report was known as the Employer Health Insurance Databook, previous versions are available at <http://www.ofm.wa.gov/healthcare/healthcoverage/employerbaseins/default.asp>.

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

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



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

Employer Health Insurance Database Sources

Three main data sources were used to construct the Employer Health Insurance Database (EHID) that underlies coverage measures reported. Using these data sources, for the most part we are able to provide a 2012 picture of Washington employer-sponsored health insurance.

1. Washington State Employment Security Department, 2012 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 2012 EBS survey have been published at: <https://fortress.wa.gov/esd/employmentdata/docs/occupational-reports/employee-benefits-2012.pdf>

2. Washington State Office of Financial Management, Employment Security Department, Department of Revenue, Department of Labor and Industries; 2012 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 105,076 of the firms with two or more employees included in the *2012 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).

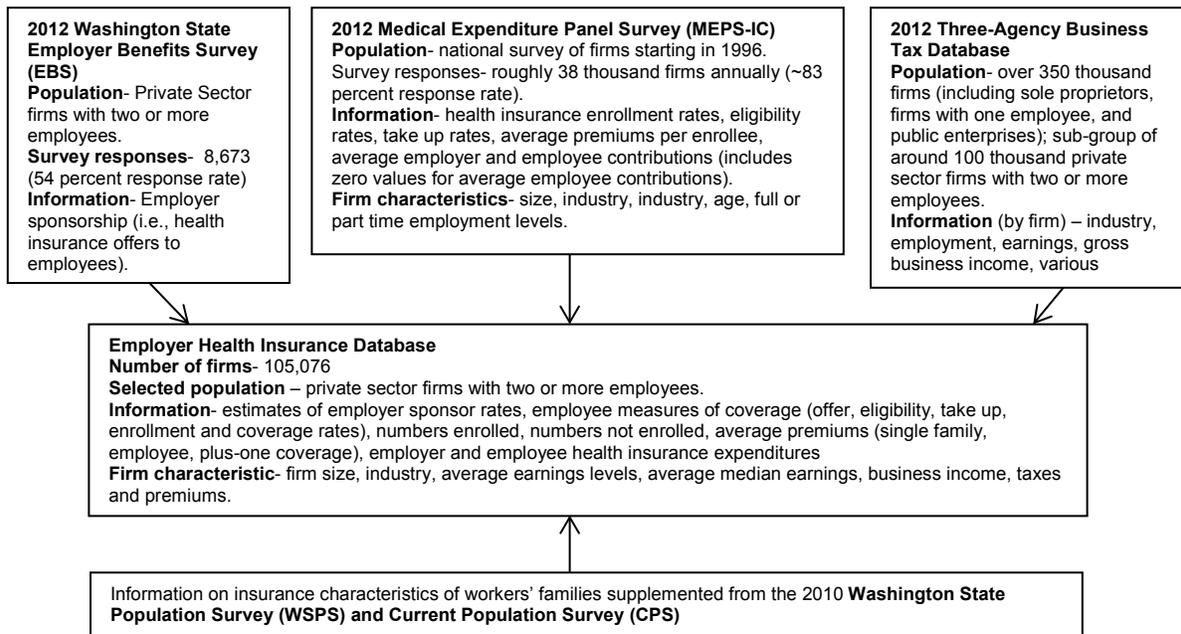
Specific firms excluded from the EHID include:

- **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), 2012 Medical Expenditure Panel Survey—Insurance Component (MEPS-IC) provides estimates for employee coverage measures (i.e., enrollment rates, eligibility rates, take-up rates, health insurance premiums, and employer and employee premium contributions). *MEPS-IC* is an annual data series that started in 1996. There is a one year omission in the data in 2007.² This allows reporting of historical trends in coverage measures for Washington and comparison with national trends to get an idea of the outlook for the future.

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

Figure 2: Construction of Employer Health Insurance Database



Methodology and Definitions

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

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

In addition, the EHID includes information on firm characteristics—industries, earnings, 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 2012 *Washington State EBS* has a large sample although the survey response rate of 54 percent, while good, leaves some room for potential response bias especially for breakdowns by both industry and size. The *MEPS-IC* national survey of employers has a sample designed to support state-level estimates. However, the sample sizes for each state are relatively small and estimated parameters can have large standard errors. Three-year moving averages of *MEPS-IC* rates are used in most instances to adjust for the effects of slight year-to-year swings and provide more precise and stable estimates.

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

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

Table 1: Cross-Reference for Reported MEPS-IC and EBS Industry Sectors			
MEPS-IC Sectors	NAICS Sector	EBS Sectors	NAICS Sector
Agriculture, forestry, fishing	11	Agriculture, forestry, fishing	11
Manufacturing (& mining)	21,31,32,33	Manufacturing	31-33
Construction	23	Construction	23
Transportation & warehousing (& utilities)	22,48,49	Transportation & warehousing	48-49
Wholesale trade	42	Wholesale trade	42
Finance, insurance, real estate	52,53,55	Finance & insurance	52
		Real estate & rental	53
Retail trade	44,45	Retail trade	44-45
Professional services (& Management Services)	51,54,61,62	Information	51
		Professional & technical services	54
		Educational services	61
		Health care and social assistance	62
Other services	56,71,72,81	Administrative and support services	56
		Arts, entertainment & recreation	71
		Accommodation and food services	72
		Other services	81

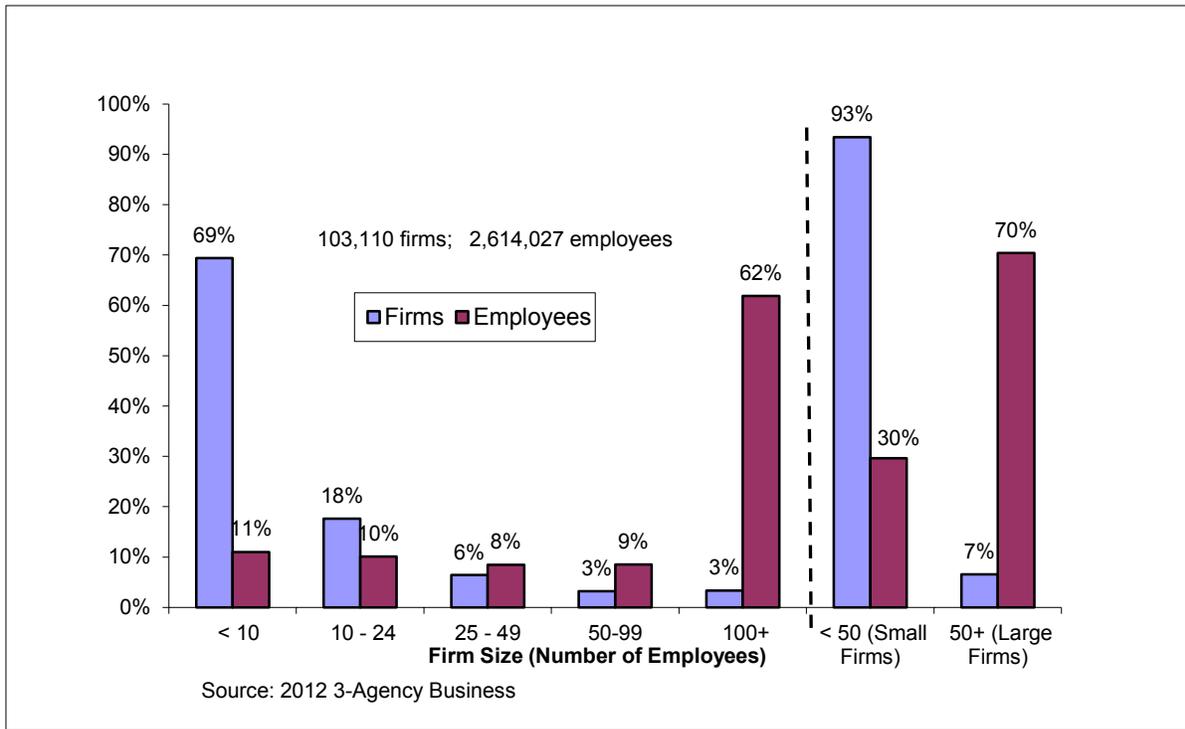
Wage Quartiles and Median Income Measures: Some tables (e.g., Table 6: *Employer Sponsor Rates by Firm Size, Average Earnings and Industry*) report estimates by wage quartiles. The quartiles are based on the average wage of all firms, where: $\text{Average Wage} = \text{Total Payroll} / \text{Number of Employees}$ (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 103,110 firms included in the *EHID*, almost 9 out of 10 (~87 percent) have fewer than 25 employees. Over 71 thousand of the firms 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 61 percent of total employment. More than two out of three workers are employed in firms with 50 or more employees. (See Figure 3 and Table 2)

Figure 3: Washington State Private Sector Firms with Two or More Employees (2012)



- Large employers of 50 or more employees are 7 percent of Washington’s businesses but they employ more than two-thirds of Washington workers while small employers of fewer than 50 employees are 93 percent of Washington’s businesses but they employ less than one-third of the workers.
- The smallest employers, those with between 2 and 9 employees make up around 69 percent of Washington businesses but employ about 11 percent workers.

Table 2: 2012 Employer Health Insurance Database Firm and Worker Counts- Private sector firms with two or more employees

	Firms		Employees	
	Number	Percent	Number	Percent
All Firms	103,110	100%	2,614,027	100%
Firm Size				
2 – 9	71,203	69%	297,764	11%
10 – 24	18,494	18	276,293	11
25 – 49	6,703	7	230,141	9
50 – 99	3,312	3	227,877	9
100 and above	3,398	3%	1,581,952	61%
Industry¹				
Agriculture, forestry, fishing	4,610	4%	90,753	3%
Manufacturing	5,559	5	315,728	12
Construction	11,226	11	125,223	5
Transportation & warehousing	3,091	3	163,095	6
Wholesale trade	7,033	7	116,688	4
Finance, insurance, real estate	7,073	7	131,545	5
Retail trade	10,910	11	281,741	11
Professional services	25,800	25	886,948	34
Other services	27,808	27%	502,306	19%

¹'Finance, insurance and real estate' includes 'management of companies and enterprises.' 'Professional services' includes information, professional and technical services, education services and health care. 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).

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

- Of all industry types, the highest percentages of both employees and employers are found in Professional Services and Other Services.
- The Professional Services and Other Services sectors, account for over half of total employment.³ 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).

³ Data from the *MEPS-IC Survey* are reported for the broad industrial sectors included in the table one. 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 Industry Earnings: Washington 2012

Industry	Below Median Earnings		Above Median Earnings		Median Industry Earnings ¹
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)	
Agriculture, forestry, fishing	2,214	91	2,104	201	\$20,632
Construction	5,592	22	5,252	360	33,689
Manufacturing	2,652	128	2,072	707	35,332
Wholesale trade	3,297	220	3,306	210	55,587
Retail trade	5,312	143	4,929	526	20,197
Transportation, & warehousing	1,469	77	1,308	237	35,956
Information	791	68	718	141	54,203
Finance & insurance	1,645	26	1,443	227	43,308
Real estate & rental	1,844	22	1,736	130	25,557
Professional & technical services	5,153	64	4,783	435	50,275
Administrative and support services	2,897	150	2,789	259	24,754
Educational services	1,033	27	699	361	24,022
Health care and social assistance	5,443	321	5,181	582	27,401
Arts, entertainment & recreation	898	57	807	149	15,176
Accommodation and food services	5,647	90	5,244	495	14,103
Other services	4,099	64	4,043	120	\$24,547

¹Median earnings are based on the average earnings for each firm at the industry level.

Table 4: Employee Counts by Industry, Firm Size, Above and Below Median Industry Earnings: Washington 2012

Industry	Below Median Earnings		Above Median Earnings		Median Industry Earnings ¹
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)	
Agriculture, forestry, fishing	17,413	12,407	19,338	41,595	\$20,632
Construction	27,077	1,657	53,671	42,818	33,689
Manufacturing	21,228	18,242	31,117	245,141	35,332
Wholesale trade	28,776	27,753	26,163	33,996	55,587
Retail trade	34,248	33,312	48,770	165,411	20,197
Transportation, & warehousing	11,441	68,501	14,798	68,355	35,956
Information	7,126	12,537	8,488	81,507	54,203
Finance & insurance	7,300	3,312	13,761	63,066	43,308
Real estate & rental	9,301	3,061	13,334	18,410	25,557
Professional & technical services	30,168	14,717	44,275	82,295	50,275
Administrative and support services	18,819	32,434	26,818	62,313	24,754
Educational services	9,023	2,452	7,813	226,459	24,022
Health care and social assistance	40,393	55,639	48,456	215,600	27,401
Arts, entertainment & recreation	8,960	7,053	9,315	26,595	15,176
Accommodation and food services	44,735	16,201	71,938	87,458	14,103
Other services	21,729	15,283	28,406	24,249	\$24,547

¹Median earnings are based on the average earnings for each firm at the industry level.

Workers' Coverage by Washington Employers

Availability: Among all employees who work in Washington, most work for an employer that makes coverage available to at least some employees. In 2012 about 82 percent of all employees worked for firms that offered health insurance (Table 8). This is the same percentage compared to 2011. 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 2012.⁴
- 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 percent, comparable with rates of the mid-1990s⁵. Since then, the offer rate has been up and down, currently down to around 55 percent in 2012. For employees of the *smallest* employers, (those with 2-9 employees), offer rates continue to be the lowest of all employee groups, 37 percent in 2012 (see Table 8). (Note that MEPS data differs somewhat from Washington EBS/Business data base.)
- However, working where coverage is available to some workers is not the same as having coverage through one's own employer. For example, a worker may not meet the employer's eligibility criteria, or if s/he does, may choose not to accept the employer's offer of coverage.

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

Coverage: Coverage rates have decreased slightly, from 52 percent to 51 percent. For large firms, coverage measures seem to have been stabilizing since 2008, following a trend of steep declines. The declines for large firms began after the 1998 peak-- coverage dropped from 73 percent in 1998 to less than 55 percent in 2004. Coverage rates for large firms have averaged about 63 percent since 2008. They had an uptick from about 63 percent in 2011 to about 67 percent in 2012.

For small firms the downward trend has been continuing with rates averaging around 45 percent in the 1990's and early 2000's, but recently around 35 percent. In 2012, coverage for small firms remains at about 35 percent.

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

The 2012 changes in coverage rates for both large and small firms are within the range of recent variation; the three-year moving averages for both large and small firms continue to be fairly flat. Therefore, the 2012 changes may be within the margin of error. (Figures 4-7.)

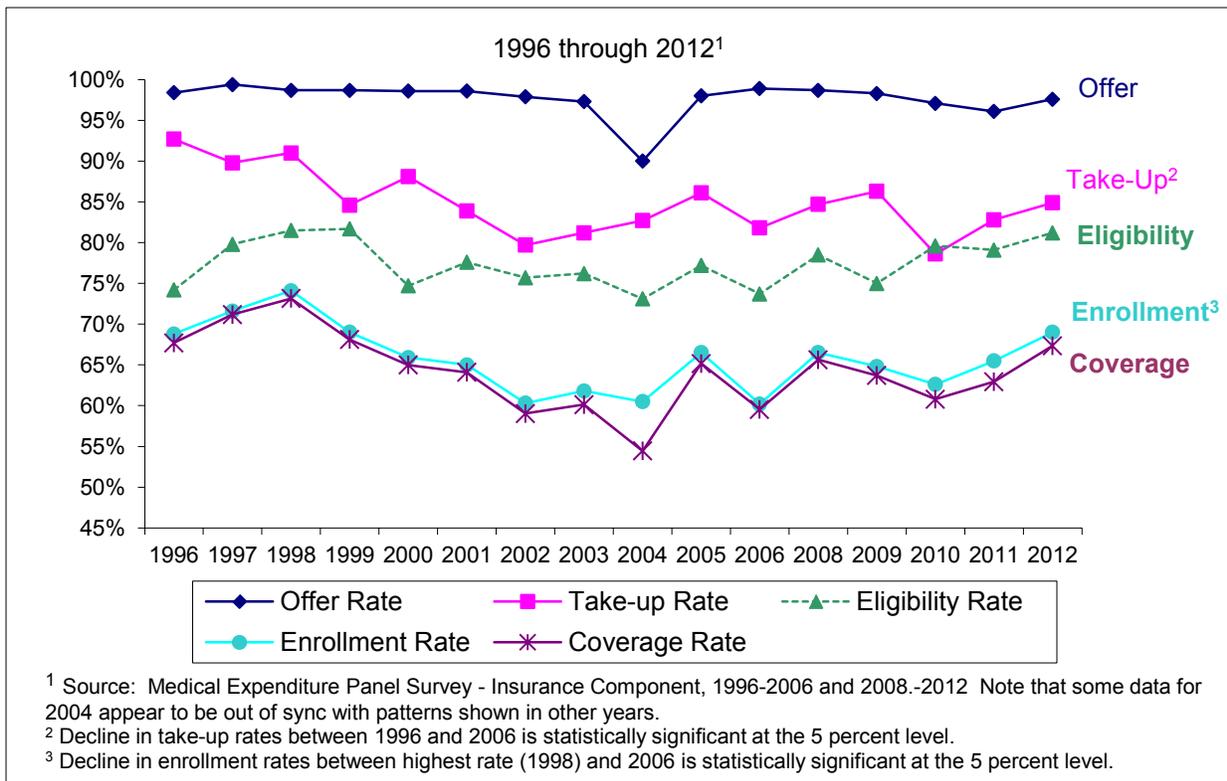
Drivers: There are three components to having coverage via one's own employer – working where it's available (offer), being eligible for it (eligibility), and (if eligible) accepting the offer (take-up). The relative importance of each component as a determiner of coverage differs by employer size and comparison period.⁶

⁴ 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)

⁵ This pattern is consistent with trends at the national level, where further analysis shows declines for both small employers and large employers, the decline is driven by offer rates for firms under five years of age.

⁶ A decline in coverage rates is one form of what is often referred to as "erosion in employer-sponsored coverage". Another potential form of erosion, not discussed here, is changes in benefit packages, either in terms of fewer covered services and/or higher premium and point-of-service cost sharing by employees. Changes in the percentage of premium cost sharing are displayed in Tables 19-21.

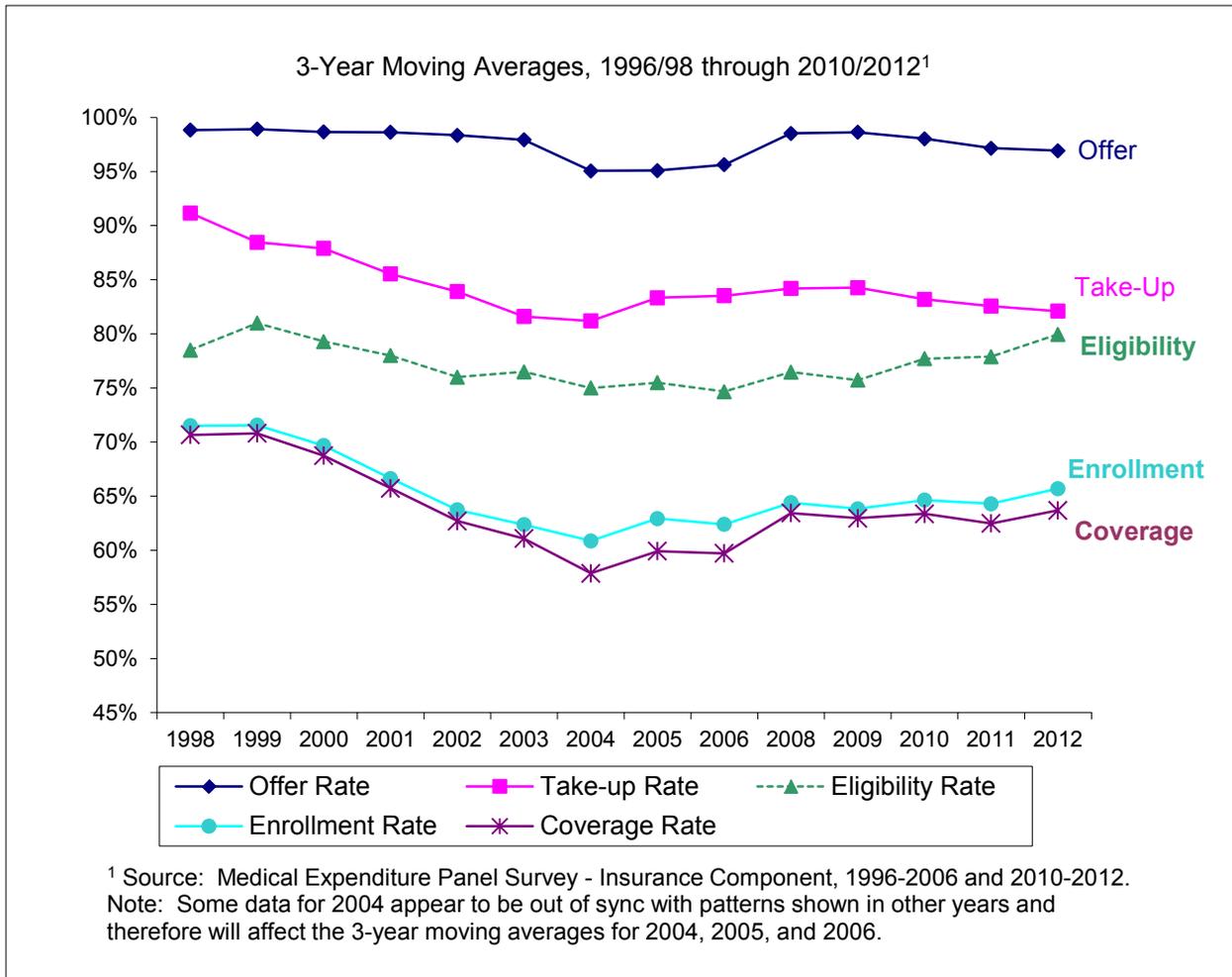
Figure 4: Coverage Measures for Washington Employers with 50 or More Employees



Within a given year:

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

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



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

Figure 6: Coverage Measures for Washington Employers with Fewer than 50 Employees

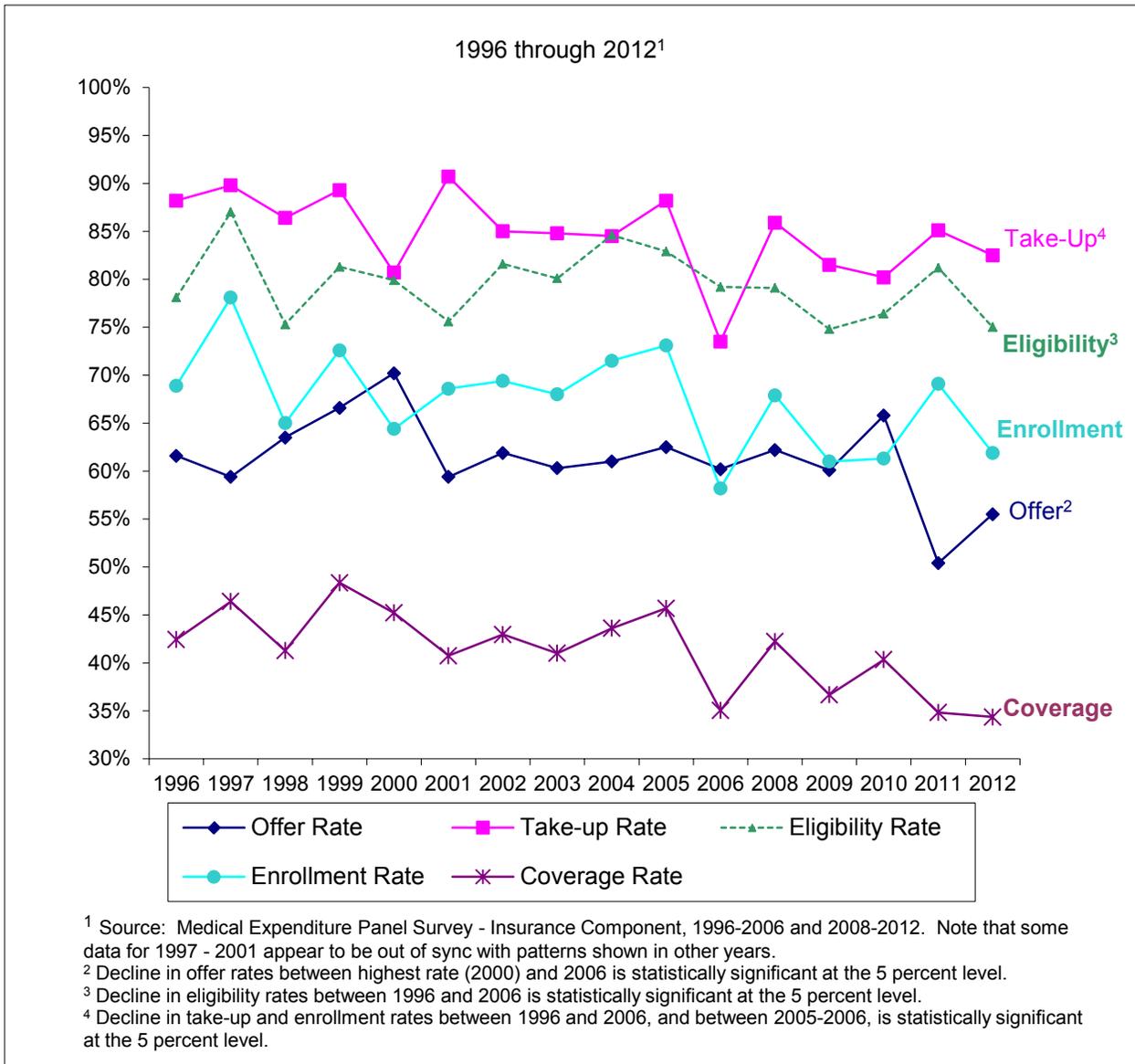
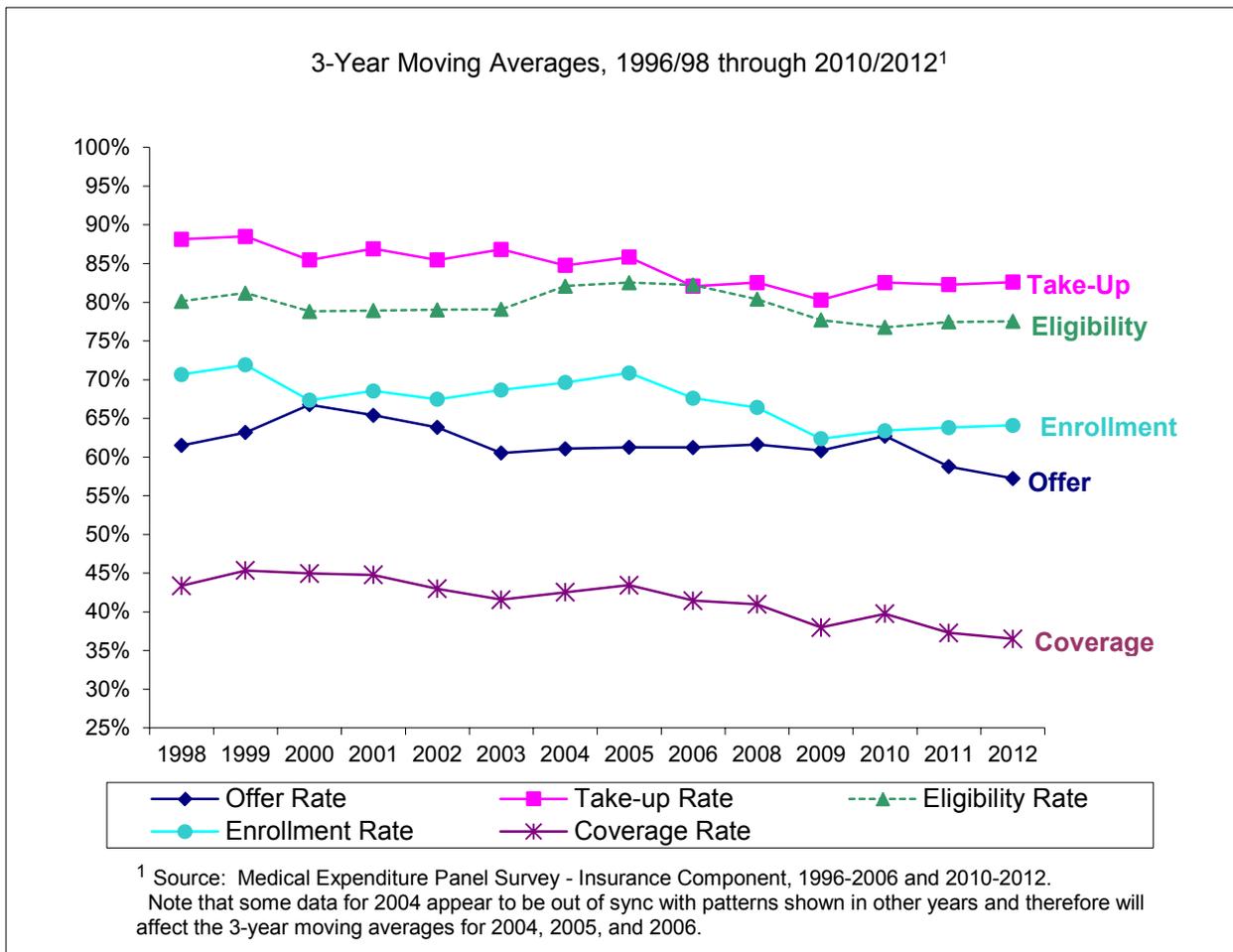


Figure 7: Coverage Measures for Washington Employers with Fewer than 50 Employees



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

Key Measures and Components of Own-Employer Coverage

Although the definitions previously presented in Figure 1 define the key coverage measures used throughout this report, tracking relationships among these measures can be confusing. Figure 8 is included for clarification. Using rates for 2012, they answer the question:

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

Figure 8: Relationships among the Employee-Based Measures of Coverage: An Example for Washington Large Employers, 2012

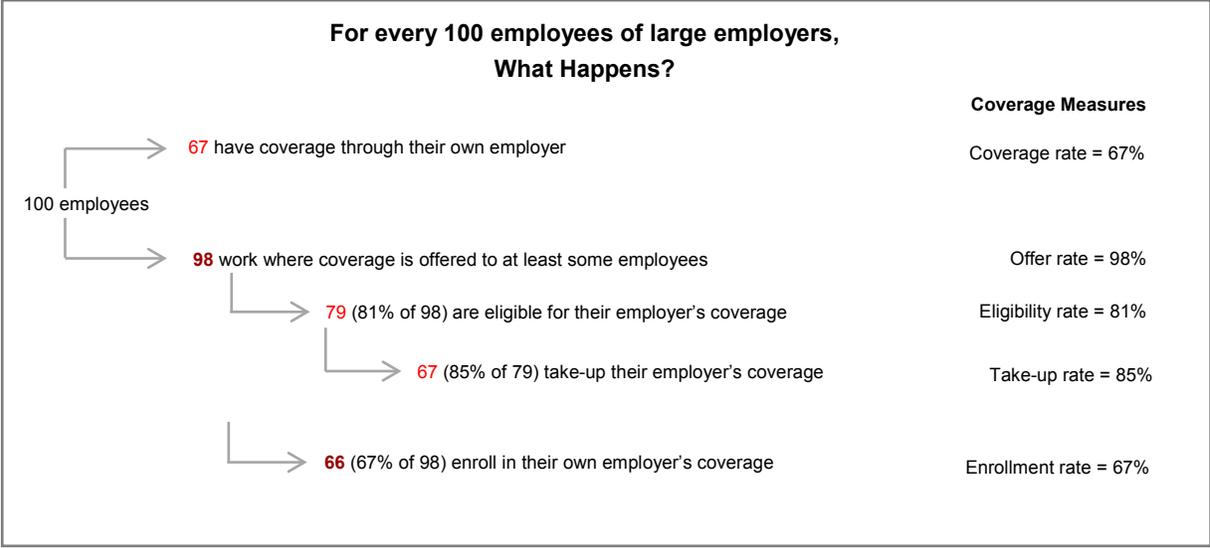


Figure 8 shows key coverage measures for 100 hypothetical large employer employees.

Section 2: Health Insurance Coverage Measures

From the Employer Perspective

Employer Sponsor Rates

Employer sponsor rates reported for Washington are estimated from data collected by the *2012 Washington Employee Benefits Survey*. Forty-eight percent of Washington firms with two or more employees offer health insurance to at least some of their workers. The rates are slightly lower than the *MEPS-IC Survey* data for Washington - the biggest differences are for firm sizes two to nine.

Table 5: Comparison of Employer's with two or more employees Health Insurance Sponsor Rates (Percentage of firms offering coverage to any employees)					
2012 Washington Employer Health Insurance Database		2012 Kaiser Survey (National Rates)		2012 MEPS-IC Survey (Washington Rates)	
Firm Size	Sponsor Rate Percent	Firm Size	Sponsor Rate Percent	Firm Size	Sponsor Rate Percent
2-9	37%	2-9	50%	2-9	29%
10-24	63	10-24	73	10-24	60
25-49	78	25-49	87	25-99	83
50-99	88	50+	94%	100-999	95
100-499	95			1000+	100%
500+	93				
All (2+)	48%	All (3+)	61%	All (1+)	49%

The 2012 Washington Employee Benefits Survey had a response rate of 54 percent.
 The 2012 Kaiser/HRET Employer Health Benefits Survey had a 47 percent response rate for the question used to determine employer sponsor rates.
 The 2012 MEPS-IC Survey had an 80 percent response rate, but relatively small samples at the state level.

Table 6: Employer Sponsor Rates by Firm Size, Average Earnings and Industry- Firms offering coverage to any employees: Washington 2012	
Firms	Percent
All Firms	48%
Firm Size	
2 – 9	37%
10 – 24	63
25 – 49	78
50 – 99	88
100 – 499	95
500+	93%
Earnings Quartiles¹	
Lowest 25 percent of earnings	21%
Second 25 percent of earnings	37
Third 25 percent of earnings	59
Highest 25 percent of earnings	74%
Industry²	
Agriculture, forestry, fishing	25%
Construction	42
Manufacturing	66
Wholesale trade	75
Retail trade	41
Transportation & warehousing	53
Information	73
Finance & insurance	69
Real estate & rental	44
Professional & technical services	66
Administrative and support services ³	41
Educational services	53
Health care and social assistance	54
Arts, entertainment & recreation	42
Accommodation and food services	22
Other services	37%
¹ Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. 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 6 summarizes the variation in employer health insurance sponsor rates by firm size (number of employees), industry and average earnings levels (total earnings 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 earnings levels significantly affect employer sponsor rates even after controlling for firm size and industry.

- Forty-eight percent of firms offer insurance to at least some of their employees. Of the smallest firms, only 37 percent offer insurance. The sponsor rate increases with the size of firm; 93 percent of firms with at least 500 employees offer insurance.
- Firms that have higher earnings are also more likely to offer health insurance. Only 21 percent of firms with average earnings in the lowest quartile offer insurance to some of their workers, while 74 percent of firms in the highest earnings quartile (over three times as many) offer insurance to some of their workers.

- The sponsor rates vary considerably by industry, with only 22 percent of firms in accommodation and food services industries at the low end and 75 percent in Wholesale trade firms at the high end offering health insurance to some of their workers.
- Even in the categories where the sponsorship rate is lowest, the percentage of employees in firms that offer is higher than the percentage of firms that offer. For example, even though only 21 percent of firms in the lowest earnings quartile offer insurance, 49 percent of employees in the same category are working for firms that offer.
- In 2012, offer rates increased from 60 percent in 2011 to 61 percent, according to the Kaiser 2012 HRET Employer Health Benefits Survey. However, the 2012 offer rate is almost the same as the 2009 rate of 59 percent.

Sponsor rates vary considerably by industry. High sponsor rates are in Manufacturing (66 percent), Wholesale Trade (75 percent), Information (73 percent), Finance and Insurance (69 percent), and Professional and Technical Services (66 percent). Low sponsor rates are in Agriculture, Forestry and Fishing (25 percent), Arts, Entertainment & Recreation (42 percent), Accommodation and Food Services (22 percent), Other Services (37 percent). (See Table 6 for the complete breakdown.)

For most industries, the sponsorship rate stayed statistically the same between 2011 and 2012. Only Professional & Technical Services decreased significantly from 71 percent to 66 percent.

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

Table 7 provides a finer level of industry detail which highlights greater variation in employer sponsor rates among industries by firm size. (Cells are defined by industry, size and relation to median wage.) Small Accommodation and food services firms with earnings below their industry median have a sponsor rate of only 12 percent whereas many of the industries in the large, above median wage categories have sponsor rates in the high 90's or 100 percent.

Of the three factors that affect sponsor rate, (firm size, average wage and industry), firm size contributes the most variation when the other factors are held constant. The statistical logistic regression analysis described in Appendix II shows that when wage and industry are held constant, the second-to-largest firms are over 34 times more likely to offer health insurance. The largest firms (500 employees and over) are nearly 21 times more likely to offer health insurance than small firms with under 10 employees. Refer to tables 2, 3 and 4 for firm and employee counts in these same categories.

Table 7: Employer Sponsor Rates by Industry, Firm Size, above and Below Firm Average Earnings- firms offering coverage to any employees: Washington 2012

Industry	Percent Below Median Earnings ¹		Percent Above Median Earnings	
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)
Agriculture, forestry, fishing	12%	45%	33%	76%
Construction	26	86	54	95
Manufacturing	42	87	85	100
Wholesale trade	63	96	84	98
Retail trade	20	94	56	97
Transportation & warehousing	33	82	68	89
Information	58	94	84	93
Finance & insurance	49	100	86	98
Real estate & rental	31	91	54	88
Professional & technical services	49	100	81	100
Administrative and support services	18	83	59	85
Educational services	27	89	68	100
Health care and social assistance	32	87	72	96
Arts, entertainment & recreation	27	84	48	82
Accommodation and food services	12	71	26	78
Other services	17%	78%	56%	91%

¹Median is calculated at the firm level based on the average earnings of each firm.

Note: See Table 6 notes. 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 described above, although the numbers are different. For example, in 2012, while 48 percent of Washington *firms* offered health insurance to at least some of their workers (Table 6), 82 percent 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 Earnings and Industry: Washington 2012

Firms	Number of Employees in firms that offer	Percent of employees in firms that offer
All Firms	2,148,644	82%
Firm Size		
2 - 9	111,236	37%
10 - 24	176,359	64
25 - 49	180,283	78
50 - 99	200,406	88
100 - 499	532,614	95
500+	947,746	93%
Earnings Quartiles¹		
Lowest 25 percent of earnings	131,984	49%
Second 25 percent of earnings	320,810	68
Third 25 percent of earnings	579,181	85
Highest 25 percent of earnings	1,116,669	93%
Industry²		
Agriculture, forestry, fishing	55,210	61%
Construction	88,740	71
Manufacturing	302,466	96
Wholesale trade	104,177	89
Retail trade	240,530	85
Transportation & warehousing	100,114	61
Information	105,410	96
Finance & insurance	79,825	91
Real estate & rental	30,097	68
Professional & technical services	155,932	91
Administrative and support services ³	110,072	78
Educational services	238,159	97
Health care and social assistance	320,771	89
Arts, entertainment & recreation	32,745	63
Accommodation and food services	124,722	57
Other services	59,674	67%
<p>¹Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. Part-time workers included.</p> <p>²Most 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.</p> <p>³Administrative and support services includes temporary help services.</p>		

Figure 9: Employee Health Insurance Offer Rates by FT/PT Status

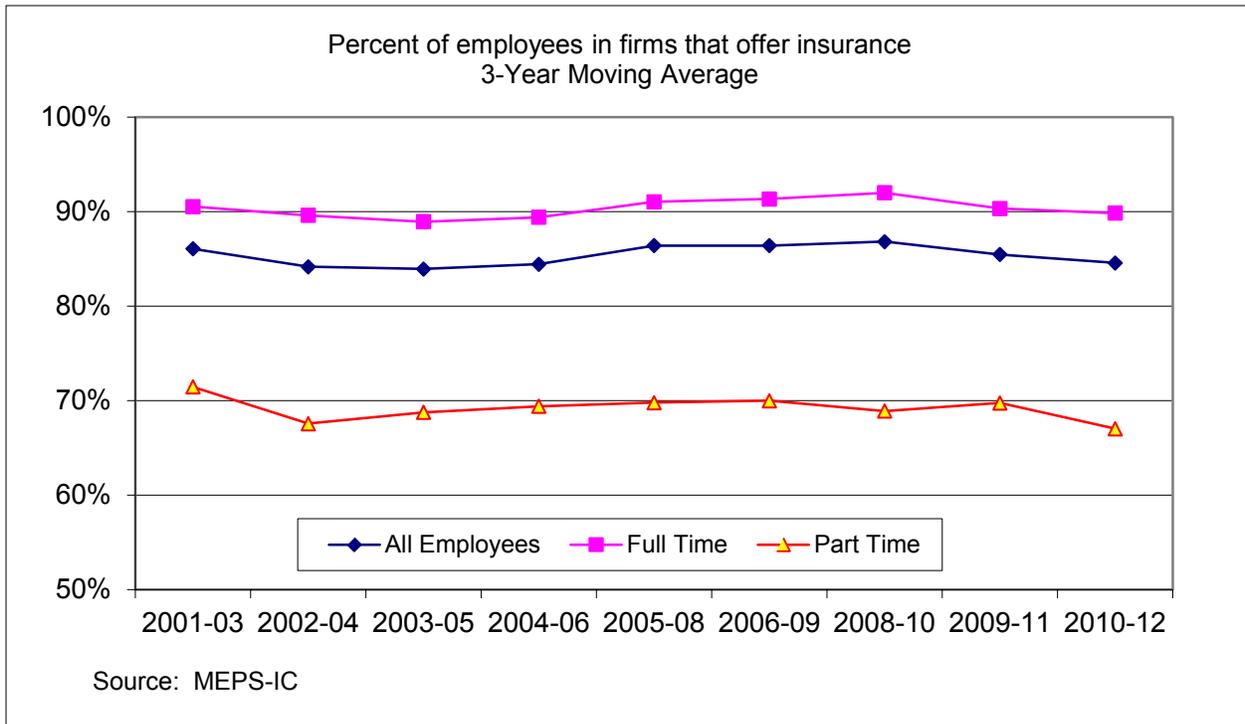


Figure 10: Employee Health Insurance Offer Rates by Firm Size

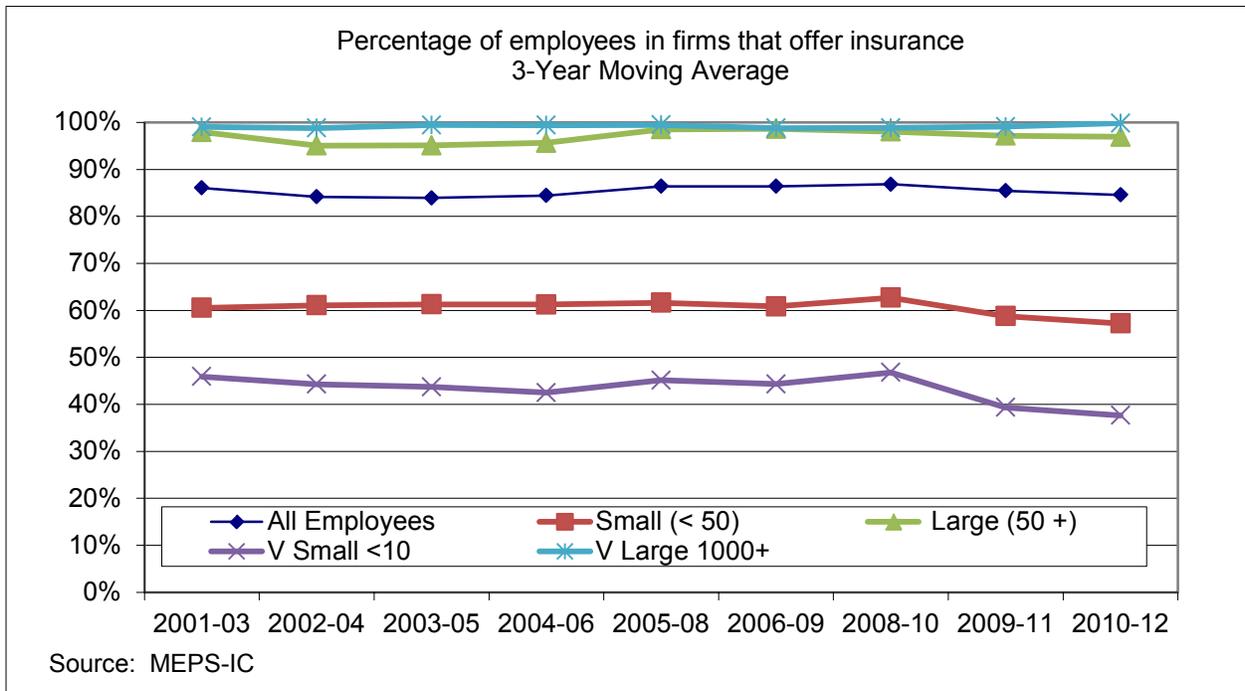


Table 9: Employee Health Insurance Offer Rates: Washington 2012 Percentage of employees who work in firms that offer coverage

Year(s)	All Employees	Employees in firms with		Full time workers	Part time workers
		< 50 workers	50+ workers		
Annual					
2012	84%	56%	98%	90%	66%
3-Year Averages					
2001-03	86%	61%	98%	91%	71%
2002-04	84	61	95	90	68
2003-05	84	61	95	89	69
2004-06	84	61	96	89	69
2005-08	86	62	99	91	70
2006-09	86	61	99	91	70
2008-10	87	63	98	92	69
2009-11	85	59	97	90	70
2010-12	85%	57%	97%	90%	67%

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.”⁷ Among Washington firms that offer health insurance, 80 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 (41 percent for part time compared to 89 percent for full time).

Table 10: Employee Health Insurance Eligibility Rates: Washington 2012 Percentage of employees eligible among those in firms that offer coverage

Year(s)	All Employees Percent	Percent employees in firms with		Percent full time workers	Percent part time workers
		< 50 workers	50+ workers		
Annual					
2012	80%	75%	81%	89%	41%
3-Year Averages					
2000-02	77%	79%	76%	87%	32%
2001-03	77	79	77	87	34
2002-04	77	82	75	88	31
2003-05	77	83	76	88	31
2004-06	77	82	75	89	27
2005-08	77	80	76	88	28
2006-09	76	78	76	88	27
2008-10	78	77	78	88	31
2009-11	78	77	78	89	31
2010-12	79%	78%	80%	89%	38%

Source: MEPS-IC Survey

⁷ 2008 Kaiser/HRET Employer Health Benefits Survey (<http://ehbs.kff.org/>).

Figure 11: Employee Health Insurance Eligibility Rates

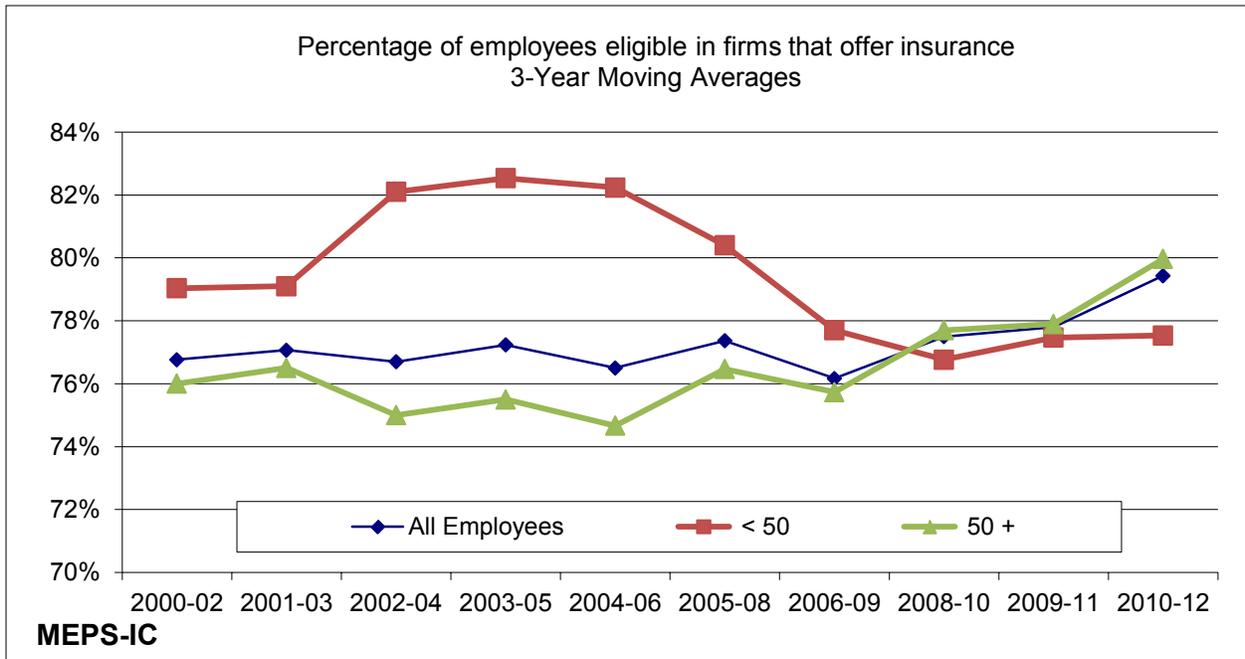
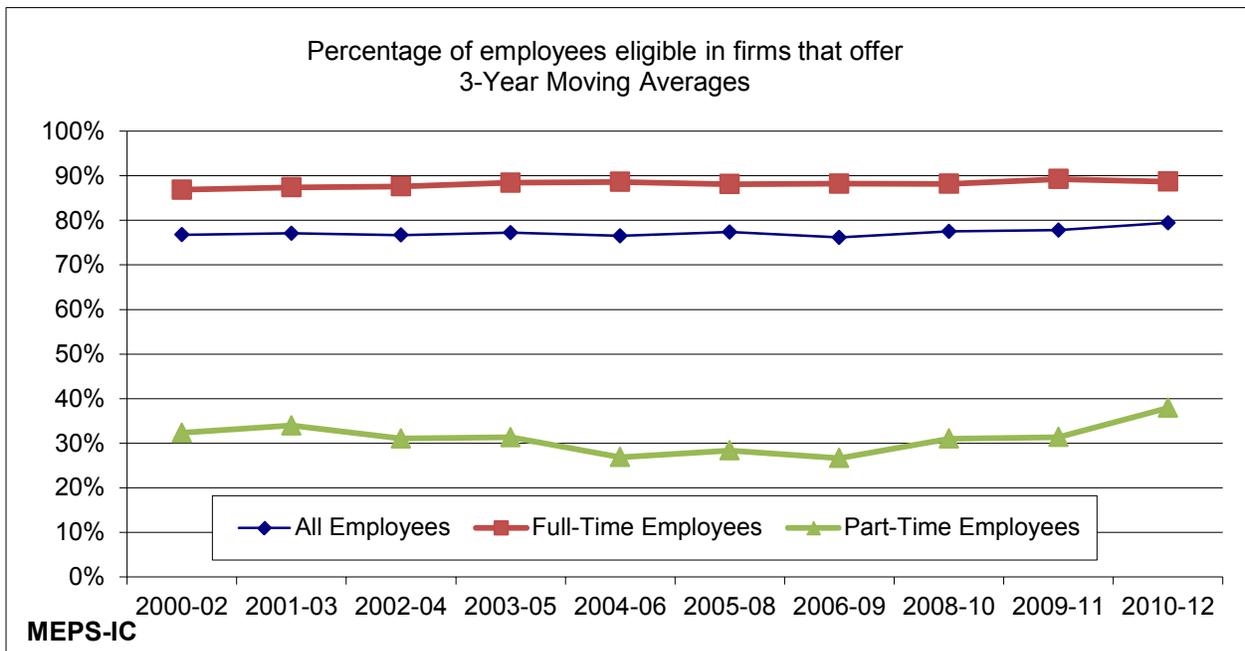


Figure 12: Employee Health Insurance Eligibility Rates, by FT/PT Status



Employee Take-Up Rates

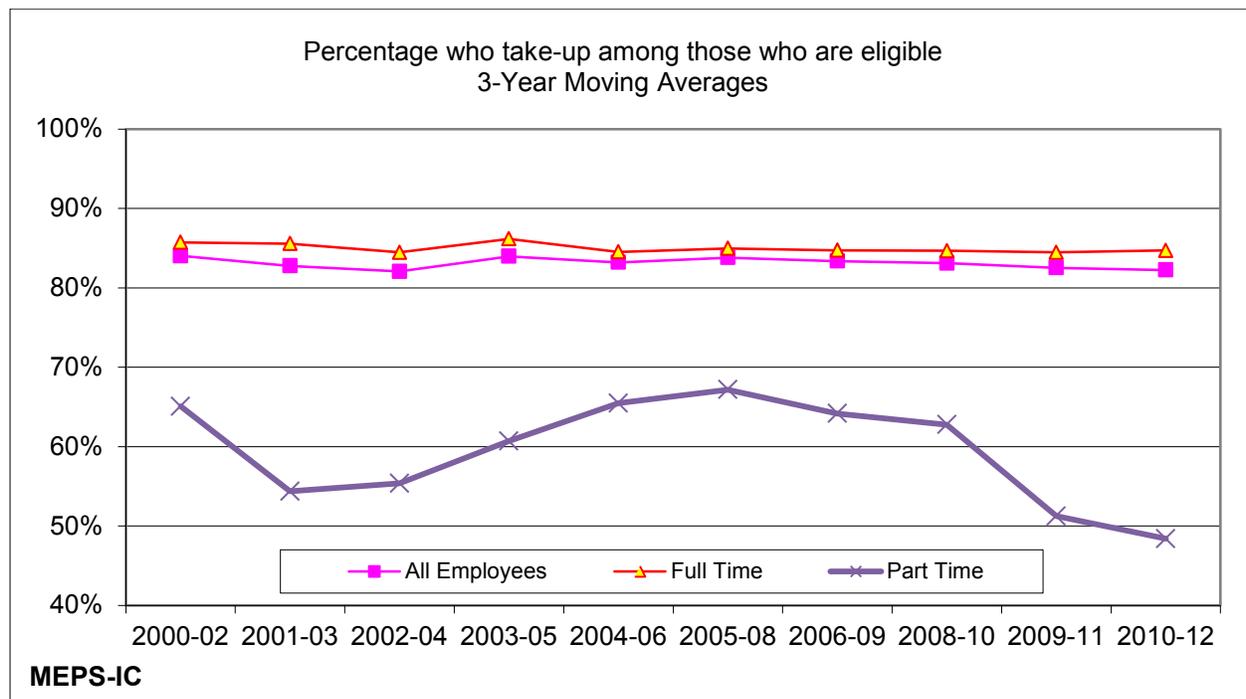
Among workers who are eligible for employer-provided health insurance in Washington, 84 percent take up the offer. The 3-year moving average has been declining for part-time workers, but is fairly flat for full-time workers.

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

Table 11: Employee Health Insurance Take-Up Rates: Washington 2012 Percentage of employees enrolled among those who are eligible					
Year(s)	All Employees Percent	Percent employees in firms with		Percent full time workers	Percent part time workers
		< 50 workers	50+ workers		
Annual					
2012	84%	83%	85%	87%	57%
3-Year Averages					
2000-02	84%	85%	84%	86%	65%
2001-03	83	87	82	86	54
2002-04	82	85	81	84	55
2003-05	84	86	83	86	61
2004-06	83	82	84	85	65
2005-08	84	83	84	85	67
2006-09	83	80	84	85	64
2008-10	83	83	83	85	63
2009-11	83	82	83	84	51
2010-12	82%	83%	82%	85%	48%

Source: MEPS-IC Survey

Figure 13: Employee Health Insurance Take-Up Rates, by FT/PT Status



Employee Enrollment Rates

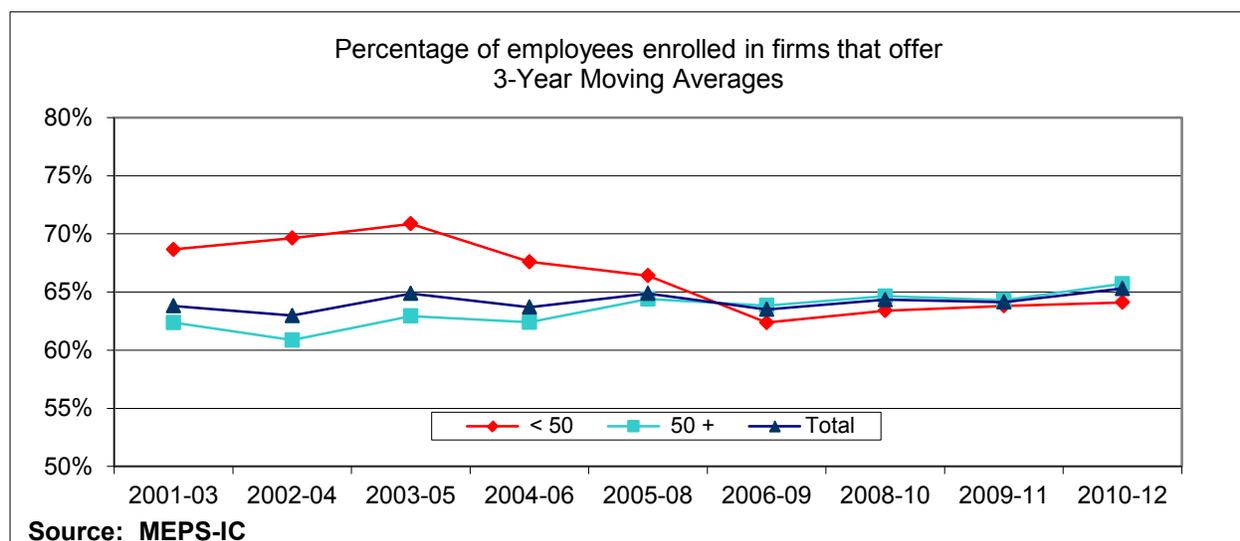
Among Washington firms that offer health insurance to at least some workers, 67 percent of employees are enrolled in own employer-provided coverage. This is not the same as the “coverage” rate, in which the denominator is employees in all firms (see Figure 1). The rate of coverage among all employees 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.⁸ Relatively few part-time workers are enrolled (23 percent).

Year(s)	All Employees	Employees in firms with		Full time workers	Part time workers
		< 50 workers	50+ workers		
Annual					
2012	67%	62%	69%	78%	23%
3-Year Averages					
2000-02	65%	67%	64%	74%	21%
2001-03	64	69	62	75	18
2002-04	63	70	61	74	17
2003-05	65	71	63	76	18
2004-06	64	68	62	75	*
2005-08	65	66	64	75	*
2006-09	64	62	64	75	*
2008-10	64	63	65	75	19
2009-11	64	64	64	75	18
2010-12	65%	64%	66%	75%	21%

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

Figure 14: Employer Health Insurance Enrollment Rates: Washington



⁸ 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, not including those in firms that do not offer insurance, 62 percent have health coverage provided by their employer.⁹ 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 2012				
Firm Type	Number enrolled (1000s)	Number not enrolled (1000s)	Coverage Rate¹	Percent not enrolled
Firm Totals	1,332	1,282	51%	49%
Firm Size				
2 - 9	74	224	25%	75%
10 - 24	106	171	38	62
25 - 99	226	232	49	51
100 - 999	427	358	54	46
1000 and above	499	298	63%	37%
Wage Quartile²				
Lowest 25 percent of firms	61	207	23%	77%
Second 25 percent of firms	157	315	33	67
Third 25 percent of firms	352	326	52	48
Highest 25 percent of firms	761	434	64%	36%
Industry³				
Agriculture, forestry, fishing	17	74	18%	82%
Manufacturing	245	71	78	22
Construction	59	66	47	53
Transportation and Warehousing	72	91	44	56
Wholesale trade	77	40	66	34
Finance, insurance, real estate	82	50	62	38
Retail Trade	115	167	41	59
Professional services	536	351	60	40
Other services	129	373	26%	74%
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 Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. Part-time workers included. ³ 'Professional services' includes information, professional and technical services, educational services and health care. 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).				

An interesting comparison of Table 8 and Table 13 shows that while approximately 2,148,644 employees work for firms that offer insurance, only about 1,322,000 are actually covered by their own employer.

⁹ According to the Bureau of Labor Statistics, *National Compensation Survey March 2011* - <http://www.bls.gov/news.release/ebs2.nr0.htm> - 69 percent of full-time private industry workers in the US had access to employee health benefits in 2011.

Table 14: Estimated Numbers Not Enrolled in Own Employer Provided Health Insurance, Above and Below Median Earnings, Washington 2012

Industry	Below Median Earnings		Above Median Earnings		Median Industry Earnings ¹
	Small Firms (2-50)	Large Firms (50+)	Small Firms (2-50)	Large Firms (50+)	
Agriculture, forestry, fishing	\$15,757	\$11,706	\$14,994	\$31,617	\$20,632
Construction	20,476	708	28,871	16,341	33,689
Manufacturing	12,622	4,715	10,369	43,226	35,332
Wholesale trade	12,762	7,440	8,840	10,748	55,587
Retail trade	28,816	17,707	30,470	89,577	20,197
Transportation, & warehousing	7,634	45,943	7,112	29,972	35,956
Information	4,015	5,269	3,534	26,597	54,203
Finance & insurance	4,087	855	4,495	18,445	43,308
Real estate & rental	6,565	864	6,268	8,335	25,557
Professional & technical services	18,152	5,178	19,138	29,984	50,275
Administrative and support services	16,484	21,538	18,828	39,746	24,754
Educational services	7,234	1,038	3,698	75,325	24,022
Health care and social assistance	28,900	23,131	23,738	75,841	27,401
Arts, entertainment & recreation	7,072	5,380	6,939	20,125	15,176
Accommodation and food services	41,179	11,235	61,412	58,697	14,103
Other services	\$19,057	\$10,493	\$19,356	\$15,624	\$24,547

¹Median earnings are based on the average earnings for each firm at the industry level.

Section 3: Other Sources of Health Insurance and the Uninsured

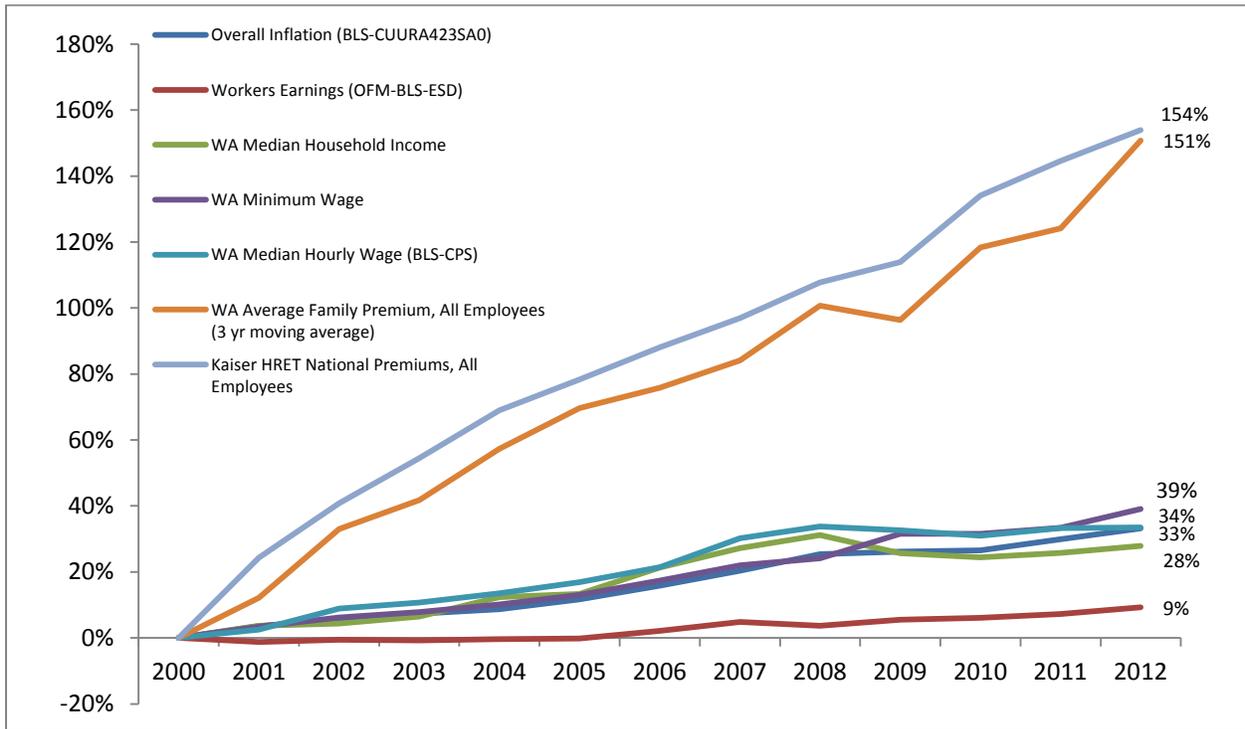
Workers not enrolled in plans provided by their employer often receive coverage through their spouses' employers, privately purchased insurance or public plans. The 2012 *Washington Employer Health Insurance Database* suggests that 51 percent of private sector workers are enrolled in health insurance provided by their own employer. American Community Survey Public Use Microdata (ACS PUMS) suggest that an additional 12 percent are covered through the employer of a family member. According to the 2012ACS PUMS, 66 percent are covered by their employer or a family member's employer, 8 percent are covered through public programs, and 6 percent are covered through other insurance (e.g., self-purchased, military). That leaves 20 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					
	2012 Washington Employer Health Insurance Database	2012 American Community Survey Public Use Microdata Sample (PUMS) ⁽¹⁾			
	Own employer	Own and other employer	Public program	Self-purchased military, other	Uninsured
All Firms	51%	66%	8%	6%	20%
Industry					
Agriculture, forestry, fishing	81%	66%	8%	6%	20%
Manufacturing	22	66	8	6	20
Construction	53	65	8	6	19
Transportation & warehousing ⁽²⁾	62	66	8	6	19
Wholesale trade	35	65	8	6	19
Finance, insurance, real estate	38	66	8	6	19
Retail trade	59	66	8	6	19
Professional services ⁽³⁾	39	66	8	6	20
Other services ⁽⁴⁾	74%	66%	8%	6%	19%
⁽¹⁾ The PUMS estimates are for person's ages 18 to 64 employed in private industry. 'Other employer' refers to coverage through another household member's employer. ⁽²⁾ The industry level breakouts are estimated using BLS-ESD industry concentrations and PUMS all firms' percentages. ⁽³⁾ 'Professional services' includes information, professional and technical services, educational services and health care. ⁽⁴⁾ 'Other services' includes administrative services, arts/entertainment/recreation, accommodation and food services, and other services (except public administration).					

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

Figure 15 provides an interesting perspective on coverage trends— *affordability* appears to clearly be an issue. The growth in health insurance premiums continues to outpace workers' earnings and inflation – no matter what measures we use to determine “income.” In this century, while median household income (MHI) in Washington had increased by around 28 percent, family premiums increased by around 150 percent. Washington Median Household Income has decreased since 2007.

Figure 15: Cumulative Percentage Change in Health Insurance Premiums Compared to Other Indicators, 2000-2012



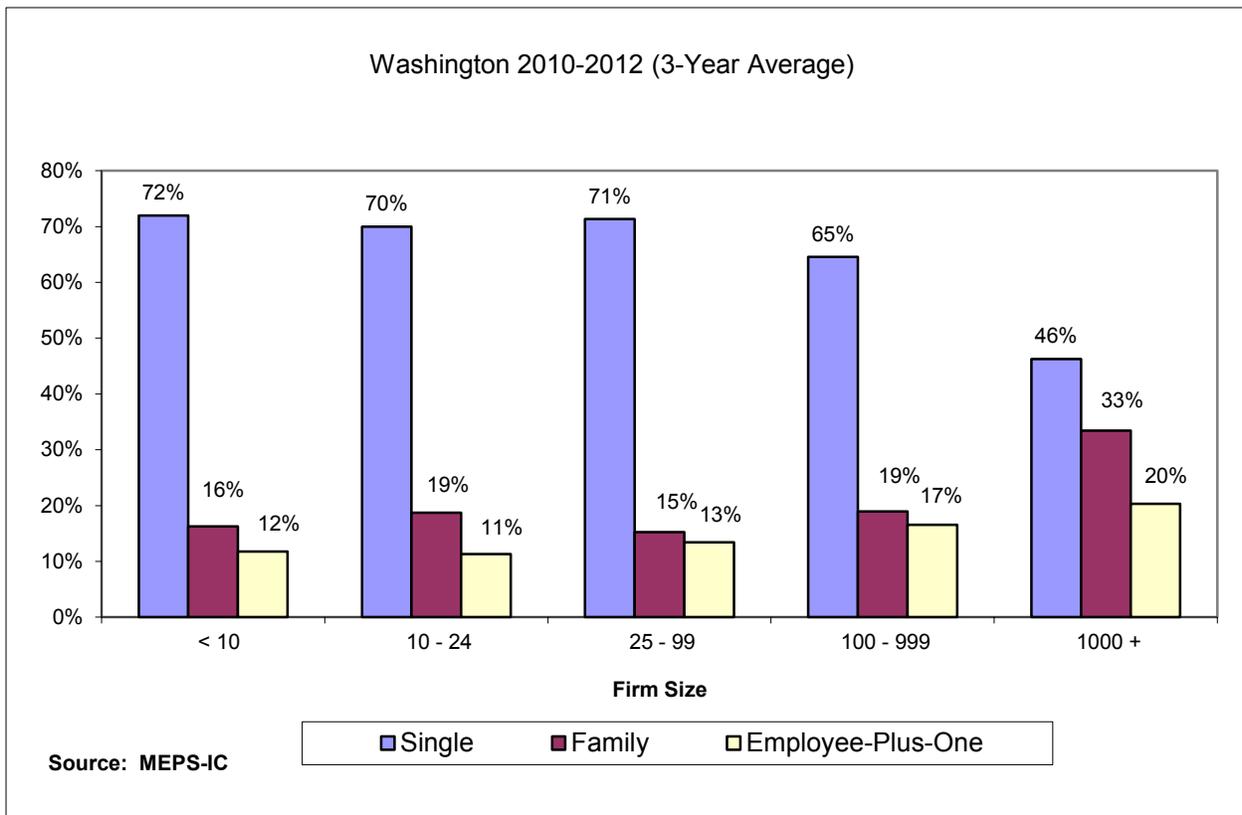
Section 4: Health Insurance Premiums and Cost Sharing

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, when compared to small firms.

	Washington			United States		
	Single	Family	Plus One	Single	Family	Plus One
All	56%	26%	18%	51%	31%	18%
Small Firms	72	17	12	61	25	14
Large Firms	52%	29%	19%	49%	32%	19%

Source: MEPS-IC

Figure 16: Employer Health Insurance Coverage by Type and Firm Size



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 18-22 summarize estimates and trends for premiums in Washington.¹⁰ Given the relatively small *MEPS-IC* sample sizes for individual states, trends are examined by using three-year moving averages.

Coverage Types and Premium Contributions

Based on the *MEPS-IC* survey, employee contributions in Washington state tend to be slightly smaller as a percentage of total premiums than the national average. One reason is the relatively high percentage of enrollees in Washington who are not required to contribute to their employer-sponsored coverage. Among those enrolled in single coverage, about 27 percent of enrollees in Washington are in plans that require no employee contribution. This percentage is down compared to 2011 at 31 percent and 2009 at 41 percent. It is higher than the US average of 17 percent. 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).

¹⁰ 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.

Table 17: Percentage of Employees Enrolled in Plans that Required no Employee Contribution

	Single Coverage	Family Coverage	Employee-Plus-One
Washington State			
2006	34%	18%	14%
2008	37	21	16
2009	41	19	14
2010	28	9	7
2011	31	7	11
2012	27%	9%	8%
United States			
2006	22%	13%	12%
2008	22	11	9
2009	21	11	10
2010	18	10	10
2011	17	10	8
2012	17%	8%	8%

Source: MEPS_IC

Table 18: Average Employee Health Insurance Contributions with and without enrollees Who Have No Premium Contribution: Washington 2009-2012

		With Contributions	Without Contributions
2010	Single	\$746	\$969
	Family	3,685	4,002
	Employee-Plus-One	2,429	2,784
2011	Single	866	1,259
	Family	3,451	3,715
	Employee-Plus-One	2,436	2,436
2012	Single	877	N/A
	Family	4,531	N/A
	Employee-Plus-One	\$3,108	N/A

Source: Estimated from MEPS-IC survey.

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

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$4,056	\$3,433	\$623	15%
2008	4,498	3,781	717	15
2009	4,923	4,283	640	13
2010	4,926	4,814	746	13
2011	5,144	4,278	866	17
2012	\$5,368	\$4,491	\$877	16%
United States (MEPS-IC)				
2006	\$4,118	\$3,330	\$788	19%
2008	4,386	3,504	882	20
2009	4,669	3,712	957	20
2010	4,940	3,919	1,021	21
2011	5,222	4,132	1,090	21
2012	\$5,384	\$4,266	\$1,118	16%
United States (Kaiser)				
2006	\$4,242	\$3,615	\$627	15%
2007	4,479	3,785	694	15
2008	4,704	3,983	721	15
2009	4,824	4,045	779	16
2010	5,049	4,150	899	18
2011	5,429	4,508	921	17
2012	\$5,884	\$4,933	\$951	16%

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

Figure 17: Average Single Premium

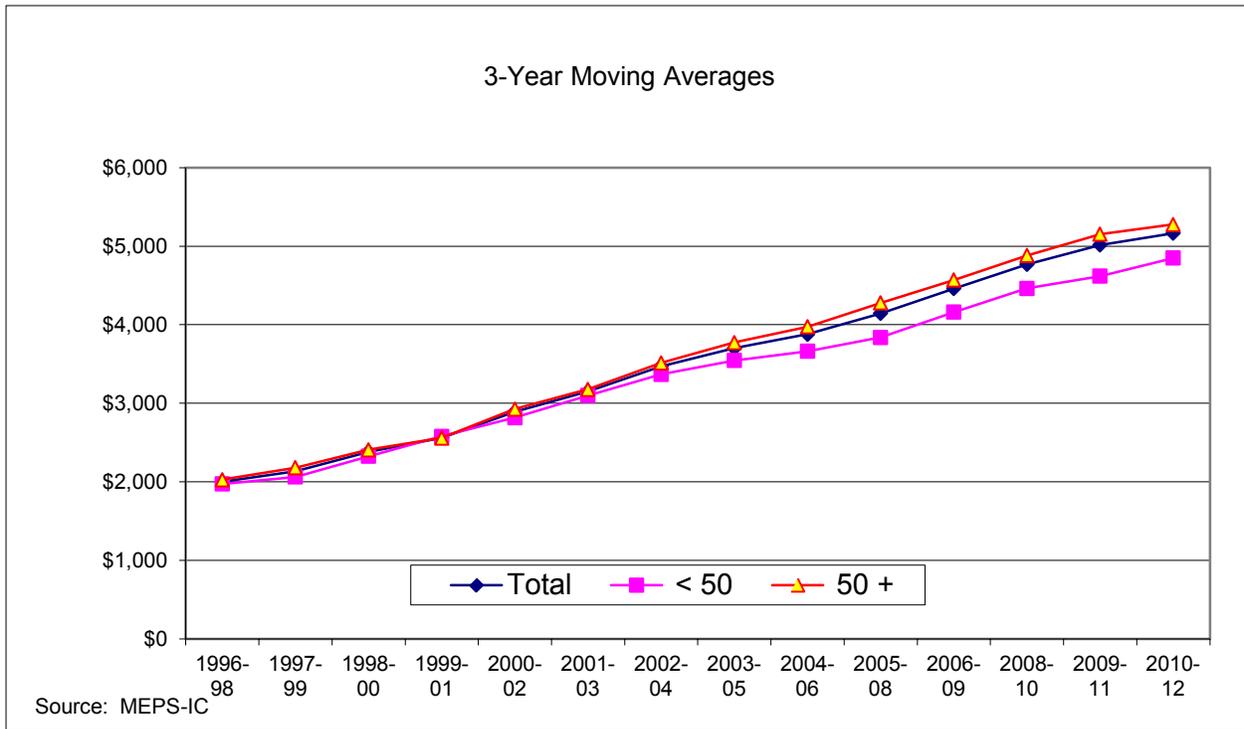


Figure 18: Employee Share of Single Premium

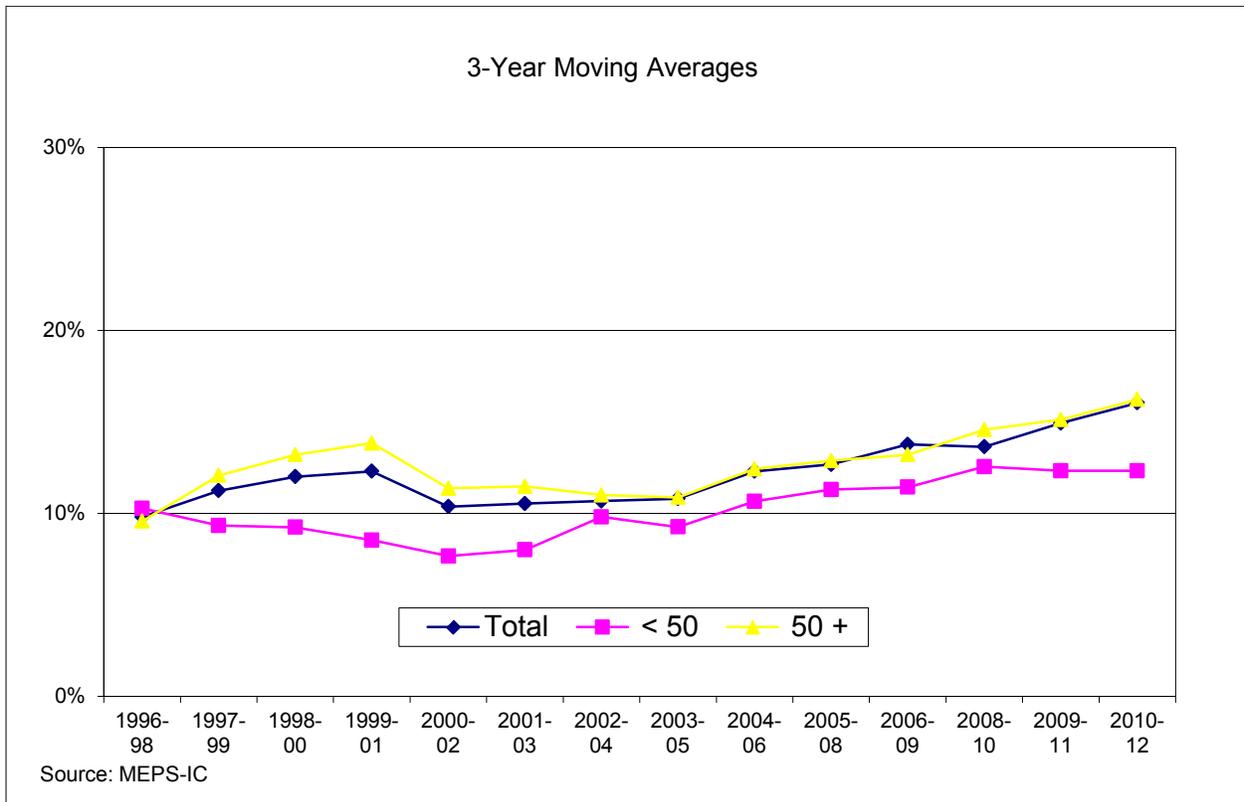


Table 20: Employer-Provided Health Insurance Premiums: Family Coverage

	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$11,423	\$8,537	\$2,886	25%
2008	13,036	9,778	3,258	25
2009	12,758	9,282	3,476	27
2010	14,188	9,282	3,476	24
2011	14,559	11,108	3,451	24
2012	\$16,291	11,760	\$4,531	28%
United States (MEPS-IC)				
2006	\$11,381	\$8,491	\$2,890	25%
2008	12,298	8,904	3,394	28
2009	13,999	10,350	3,649	26
2010	13,871	10,150	3,724	27
2011	15,022	11,060	3,962	26
2012	\$15,473	\$11,237	\$4,236	27%
United States (Kaiser)				
2006	\$11,480	\$8,508	\$2,973	26%
2007	12,106	8,824	3,281	27
2008	12,680	9,325	3,384	27
2009	13,375	9,860	3,515	26
2010	13,770	9,773	3,997	29
2011	15,073	10,944	4,129	27
2012	\$16,351	\$12,035	\$4,316	26%

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

Figure 19: Employer Health Insurance Average Family Premiums by Firm Size

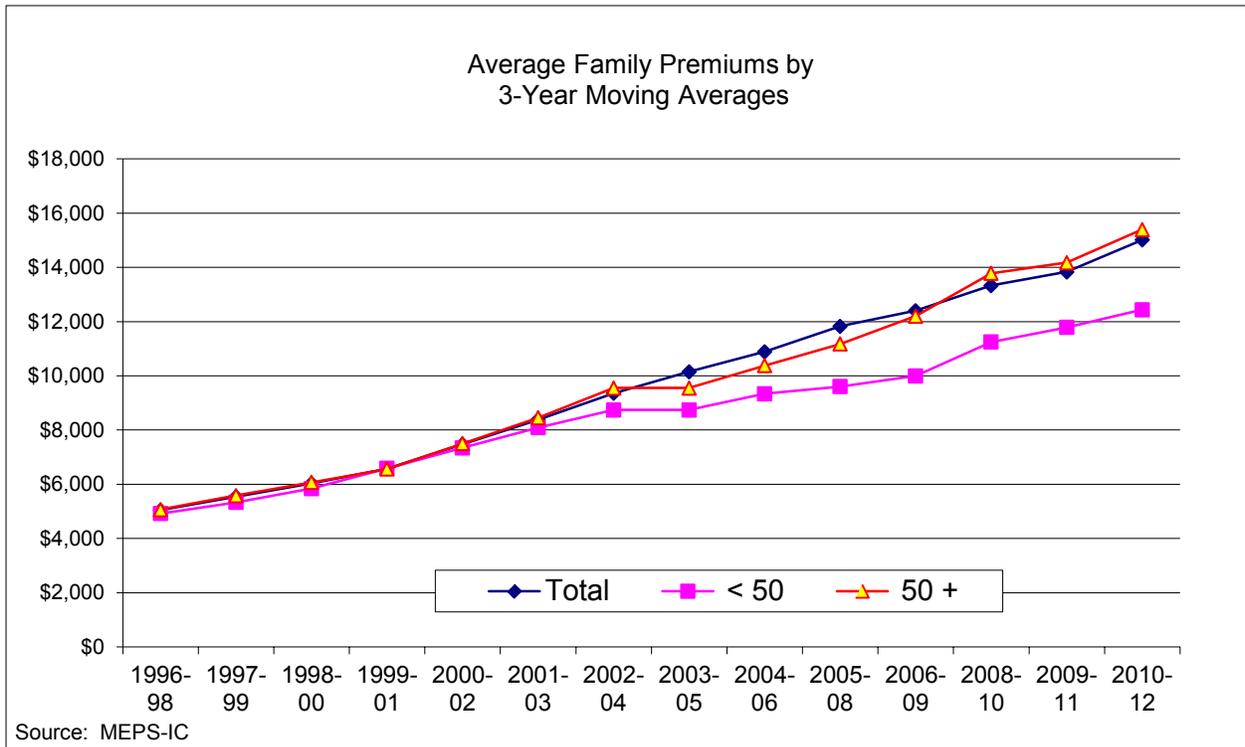


Figure 20: Employee Share of Family Premium

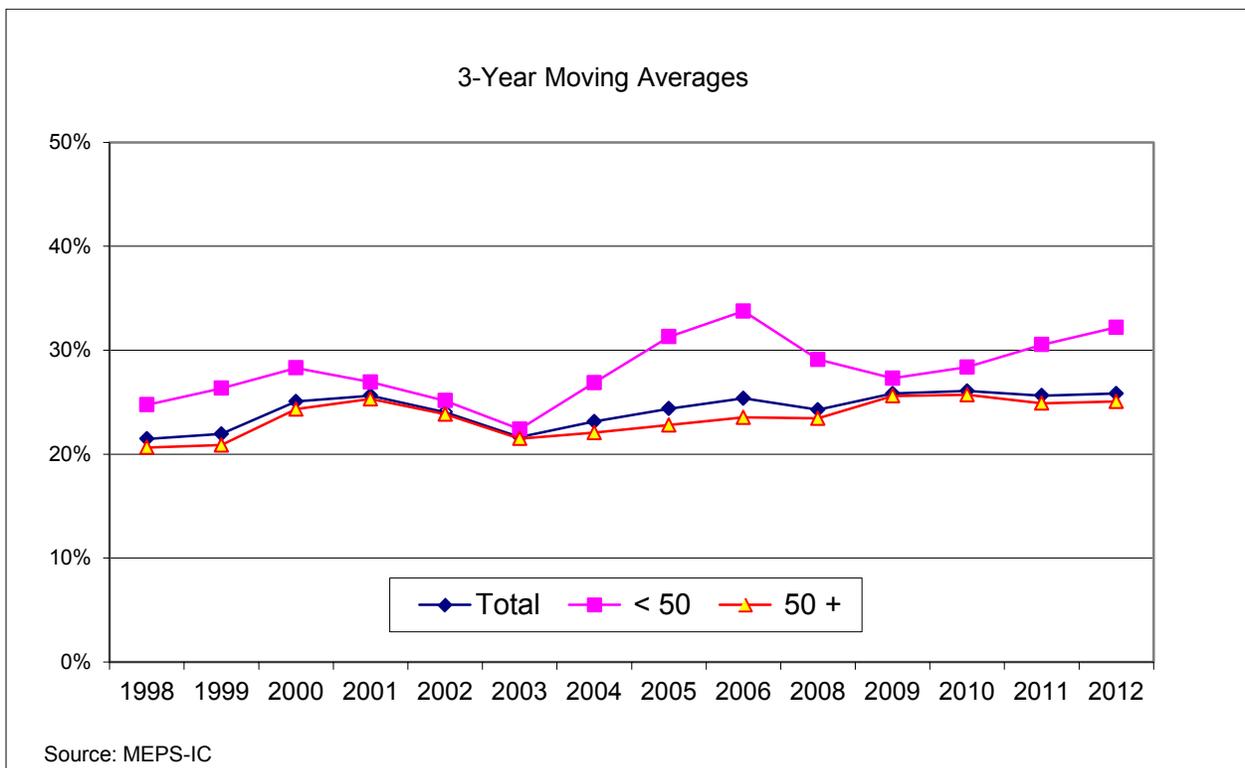


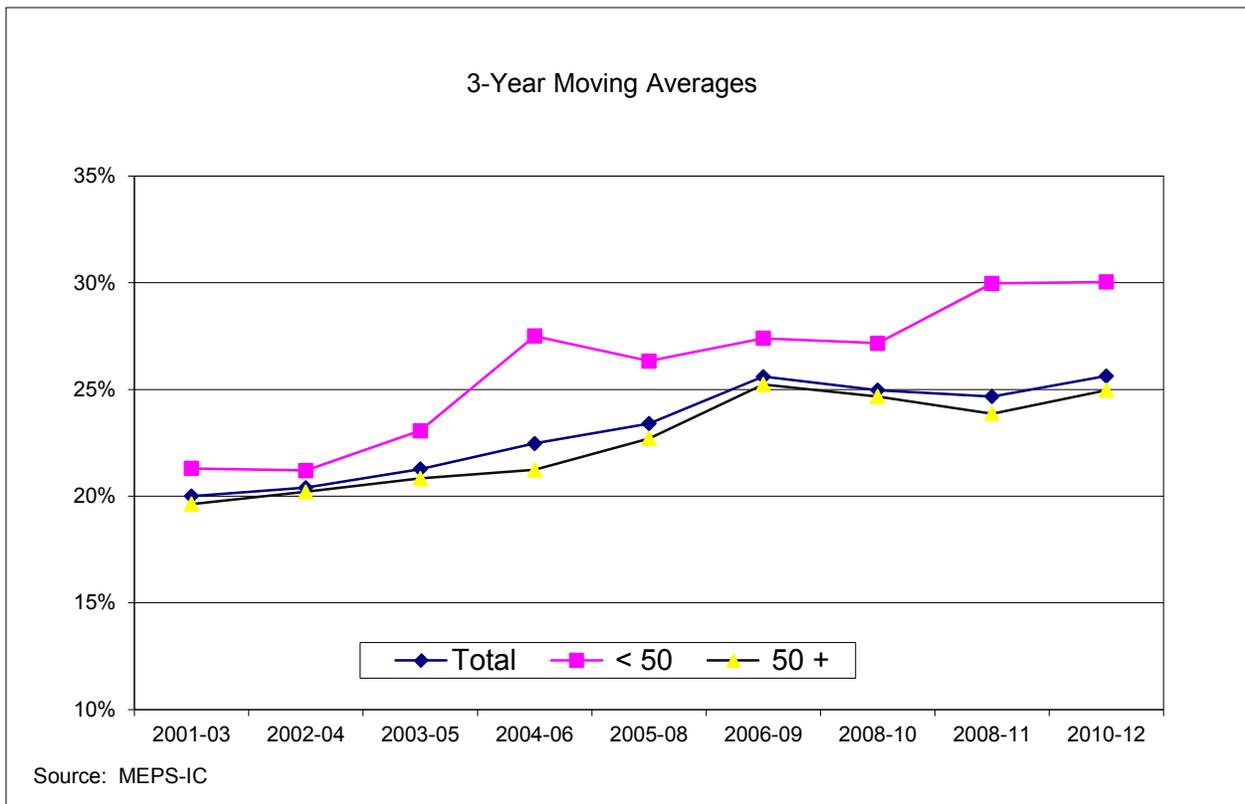
Table 21: Employer-Provided Health Insurance Premiums: Employee-Plus-One Coverage				
	Total Premium	Employer Contribution	Employee Contribution	Employee Share
Washington State (MEPS-IC)				
2006	\$7,355	\$5,478	\$1,877	26%
2008	8,681	5,208	2,147	25
2009	8,997	6,850	2,397	27
2010	10,311	6,822	2,397	24
2011	10,240	6,741	2,436	24
2012	\$10,534	\$7,426	\$3,108	30%
United States (MEPS-IC)				
2006	\$7,988	\$6,085	\$1,903	24%
2008	8,535	6,232	2,303	27
2009	9,053	6,690	2,363	26
2010	9,664	7,166	2,498	26
2011	10,329	7,593	2,736	26
2012	\$10,621	\$7,797	\$2,824	27%

Source: MEPS-IC Survey (2010) Premiums and contributions for 2006-2011 are taken from *MEPS-IC*.

Figure 21: Average Employee-Plus-One Premiums



Figure 22: Employee Share of Employee-Plus-One Premium



Estimated Employee Premium Contributions

Employee contributions to employer-provided health insurance are also estimated. The average contribution paid by an enrolled employee is \$1,017 per year in 2012. Employees paid 23 percent of the total premium. (See Table 22)

Table 22: Estimated Employee Contributions to Employer Provided Health Insurance, by Firm Size, Earnings Quartiles and Industry: Washington 2012			
	Total Employee Contributions (Million)	Average Contribution per Enrollee	Worker Share of Healthcare Premium
Firm Totals	\$2,658	\$1,017	23%
Firm Size			
2 - 9	\$111	\$372	19%
10 - 24	190	688	24
25 - 99	466	1,017	27
100 - 999	912	1,161	25
1000 and above	\$979	\$1,229	21%
Wage Quartile			
Lowest 25 percent of firms	\$125	\$464	26%
Second 25 percent of firms	317	671	25
Third 25 percent of firms	701	1,033	24
Highest 25 percent of firms	\$1,515	\$1,268	23%
Industry			
Agriculture, forestry, fishing	\$26	\$285	21%
Manufacturing	457	1,447	21
Construction	127	1,010	28
Transportation and Warehousing	133	814	22
Wholesale trade	153	1,308	24
Finance, insurance, real estate	166	1,265	23
Retail Trade	243	864	29
Professional services ¹	1,095	1,234	22
Other services ²	\$258	\$514	26%
Estimates are for private sector firms with two or more employees. Expenditures are estimated using data from MEPS-IC; see the 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 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 coverage¹¹ (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 2012 associated with providing comprehensive coverage to *active employees*.¹² As described in Appendix I, the estimates are derived by multiplying synthetic enrollment estimates by employer premium

¹¹ See *Appendix I* for a detailed description of the estimation methodology.

¹² Costs associated with retiree medical benefits are not included in any of these tables.

contributions. Employee contributions are not included in these tables. It cost firms on average \$4,368 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 8 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.¹³ So, estimates in Table 23 underestimate total employer health care expenditures. Table 24 attempts to address this by inflating the expenditure estimates to reflect the 2012 costs of optional coverage plans. This adjustment increases the estimated employer health expenditures in 2012 to about 9 percent of total payrolls. Insurance plans with optional coverage are assumed to cost 8 percent more, on average, than those without optional coverage (from AHRQ).

Table 25 provides recent estimates of employer costs for employee compensation published by the US Bureau of Labor Statistics (BLS) in September, 2012. These estimates suggest that Pacific region employers currently spend on average the equivalent of 8 percent of total compensation on health insurance.

¹³ 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 2012

	Total Health Expend.	Average Expend. per Worker		Average Expenditure per Enrollee	Expenditure Relative to Earnings	
	Millions	All Firms	Firms that offer		All Firms	Firms that offer
All Firms	\$11,417	\$3,351	\$4,077	\$4,368	8%	9%
Firm Size						
2 - 9	\$580	\$1,578	\$4,223	\$1,949	6%	11%
10 - 24	783	2,147	3,364	2,836	7	9
25 - 99	1,748	2,799	3,367	3,816	8	9
100 - 999	3,632	3,464	3,692	4,624	9	10
1000 and above	\$4,674	\$4,638	\$4,968	\$5,867	9%	9%
Wage Quartile¹						
Lowest 25 percent of firms	\$486	\$1,347	\$2,740	\$1,811	15%	29%
Second 25 percent of firms	1,252	1,979	2,914	2,650	12	18
Third 25 percent of firms	2,979	3,358	3,933	4,391	12	14
Highest 25 percent of firms	\$6,701	\$4,339	\$4,644	\$5,607	7%	7%
Industry						
Agriculture, forestry, fishing	\$122	\$1,061	\$180	\$1,346	5%	8%
Manufacturing	2,132	5,304	5,680	6,752	10	10
Construction	459	2,657	4,171	3,667	7	9
Transportation & warehousing	595	2,833	4,671	3,647	8	12
Wholesale trade	647	4,234	4,743	5,542	8	9
Finance, insurance, real estate	728	4,272	5,112	5,537	8	9
Retail trade	826	2,066	2,420	2,931	8	9
Professional services ²	4,917	4,310	4,660	5,544	9	9
Other services ³	\$991	\$1,459	\$2,239	\$1,973	7%	9%

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.

¹Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. Part-time workers included.

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

³Other services' include 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 2012

	Total Health Expenditures (Million)	Average Expenditure per Worker		Average Expenditure per Enrollee	Expenditures Relative to Earnings	
		All Firms	Firms that offer		All Firms	Firms that offer
All Firms	\$11,937	\$3,550	\$4,319	\$4,567	9%	10%
Firm Size						
2 - 9	\$608	\$1,671	\$4,474	\$2,043	6%	11%
10 - 24	819	2,275	3,564	2,963	7	10
25 - 99	1,824	2,965	3,567	3,983	8	10
100 - 999	3,793	3,669	3,912	4,830	10	10
1000 and above	\$4,893	\$4,913	\$5,263	\$6,143	9%	9%
Wage Quartile¹						
Lowest 25 percent of firms	\$508	\$1,427	\$2,903	\$1,891	16%	30%
Second 25 percent of firms	1,307	2,097	3,087	2,768	13	18
Third 25 percent of firms	3,114	3,557	4,166	4,591	13	15
Highest 25 percent of firms	\$7,009	\$4,597	\$4,919	\$5,865	7%	8%
Industry						
Agriculture, forestry, fishing	\$128	\$1,124	\$1,848	\$1,409	5%	8%
Manufacturing	2,231	5,619	5,866	7,067	10	10
Construction	479	2,815	3,972	3,825	7	9
Transportation & warehousing	622	3,001	4,890	3,816	8	12
Wholesale trade	676	4,486	5,025	5,794	9	10
Finance, insurance, real estate	762	4,526	5,416	5,791	9	10
Retail trade	860	2,189	2,564	3,053	8	9
Professional services ²	5,144	4,566	4,937	5,800	9	10
Other services ³	\$1,035	\$1,546	\$2,373	\$2,060	7%	9%

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.

¹Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. Part-time workers included.

²'Professional services' include 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).

**Table 25: Employer Costs for Employee Compensation in Private Industry: United States 2012
Average per Hour**

				Health Insurance Cost as a Percentage of:	
	Total Compensation	Wages and Salaries ¹	Health Insurance	Total Compensation	Wages and Salaries
All workers	\$31.93	\$21.96	\$2.89	9%	13%
Pacific region ²	32.92	22.96	2.52	8	11
Industry					
Construction	\$34.81	\$24.01	\$2.73	8%	8%
Manufacturing	35.6	23.16	3.69	10	16
Trade, Transportation, Utilities	25.05	18.6	2.28	9	12
Information	48.82	32.36	4.93	10	15
Financial Activities	41.56	27.93	3.56	9	13
Professional and Business Services	35.75	25.59	2.46	7	10
Education and Health	31.81	22.54	2.68	8	12
Leisure and Hospitality ³	12.88	10.12	0.64	5	6
Other Services	\$25.53	\$18.44	\$1.93	8%	10%
Establishment Size					
1-49	\$23.81	\$17.7	\$1.79	8	10%
50-99	28.8	20.57	2.63	9	13
100-499	29.92	20.6	3.17	11	15
500+	\$44.04	\$28.65	\$4.64	11%	16%

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

Data from the National Compensation Survey.

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

²Includes Alaska, California, Hawaii, Oregon, and Washington.

³Includes food and accommodation.

Employer Health Insurance Expenditures in Perspective

As shown in Tables 23 and 24 employer health care costs now account 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 2012, businesses with 2 or more employees spent more for health insurance, including optional coverage (3 percent of gross business income (GBI) on average) than they did for total state taxes (2 percent of GBI), and about the same when optional coverage is not included (3 percent).

Table 26: Summary of Washington Employer Health Insurance Database, 2012 Estimates for private sector firms with two or more employees and Gross Business Income greater than zero							
				Total Taxes, Premiums and Contributions²		Employer Health Insurance Expenditures⁵	
	Number of Firms	Total Payroll (million)	B&O tax¹	Total (million)	Rate (percent of gross business income)	Total (million)	Rate (percent of gross business)
All Firms	103,110	\$136,374	\$3,192	\$8,898	2%	\$11,417	3%
Firm Size							
2 - 9	71,203	\$10,403	\$412	\$1,142	2%	580%	1%
10 - 24	18,494	10,925	358	1,053	2	783	2
25 - 99	10,015	21,477	552	1,769	2	1,748	2
100 - 999	3,147	39,741	952	2,677	2	3,632	3
1000 and above	251	53,828	\$917	\$2,256	2%	4,674%	4%
Wage Quartile¹							
Lowest 25 percent of firms	25,778	\$3,232	\$98	\$413	3%	486%	3%
Second 25 percent of firms	25,777	10,372	245	1,022	3	1,252	3
Third 25 percent of firms	25,776	24,187	\$499	1,774	2	2,979	4
Highest 25 percent of firms	25,779	\$98,583	\$2,351	\$5,688	2%	6,701%	2%
Industry							
Agriculture, forestry, fishing	4,610	\$2,391	\$543	232	11%	122%	6%
Manufacturing	5,559	22,305	137	1,352	1	2,132	2
Construction	11,226	6,774	412	967	4	459	2
Transportation & warehousing	3,091	7,762	372	915	3	595	2
Wholesale trade	7,033	7,671	226	685	1	647	1
Finance, insurance, real estate	7,073	8,745	339	610	3	728	4
Retail trade	10,910	10,585	881	778	1	826	1
Professional services ²	25,800	55,051	270	2,313	3	4,917	7
Other services ³	27,808	\$15,090	\$270	\$1,045	3%	\$991	3%

¹B&O include the Business & Occupation tax due plus the Public Utility tax due less tax credits.
²Total 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.
³Professional services¹ includes information, professional and technical services, educational services and health care.
⁴Other 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.
⁵Excludes optional coverage.

Table 27: Employer Health Insurance Expenditures as a Percentage of Earnings and Gross Business Income, All Firms, Washington 2012

	Total Payrolls (millions)	Gross Business Income (millions)	Total Health Expend. (millions)	Total Health Expend. Including Optional Coverage (millions)	Health Expend. as Percent of Earnings	Health Expend. as % of GBI	Health Expend. Including Optional Coverage as Percent of Earnings	Health Expend. Including Optional Coverage as Percent of GBI
All Firms	\$136,374	\$444,190	\$11,417	\$11,937	8%	3%	9%	3%
Firm Size								
2 - 9	\$10,403	\$54,709	\$580	\$608	6%	1%	6%	1%
10 - 24	10,925	46,907	783	819	7	2	7	2
25 - 99	21,477	79,768	1,748	1,824	8	2	8	2
100 - 999	39,741	141,260	3,632	3,793	9	3	10	3
1000 and above	\$53,828	121,547	\$4,674	\$4,893	9%	4%	9%	4%
Wage Quartile¹								
Lowest 25 percent of firms	\$3,232	\$14,734	\$486	\$508	15%	3%	16%	3%
Second 25 percent of firms	10,372	39,014	1,252	1,307	12	3	13	3
Third 25 percent of firms	24,187	77,721	2,979	3,114	12	4	13	4
Highest 25 percent of firms	\$98,583	\$312,722	\$6,701	\$7,009	7%	2%	7%	2%
Industry								
Agriculture, forestry, fishing	\$2,391	\$2,027	\$122	\$128	5%	6%	5%	6%
Manufacturing	22,305	119,634	2,132	2,231	10	2	10	2
Construction	6,774	27,469	459	479	7	2	7	2
Transportation & warehousing	7,762	34,310	595	622	8	2	8	2
Wholesale trade	7,671	70,186	647	676	8	1	9	1
Finance, insurance, real estate	8,745	19,322	728	762	8	4	9	4
Retail trade	10,585	70,624	826	860	8	1	8	1
Professional services ²	55,051	68,096	4,917	5,144	9	7	9	8
Other services ³	\$15,090	\$32,522	\$991	\$1,035	7%	3%	7%	3%

¹Earnings refer to average earnings (total earnings divided by number of employees). The lowest 25 percent of firms have average annual earnings of less than \$16,288. The next group has average earnings from \$16,189 to \$27,452; the third group has average earnings from \$27,453 to \$44,912; the highest group has average earnings above \$44,913. Part-time workers included.

²Professional services² includes information, professional and technical services, educational services and health care.

³Other services include 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 103,110 firms in the *Employer Health Insurance Database (EHID)* were synthetically estimated using data from two surveys—the *2012 Washington Employee Benefits Survey (EBS)* and the *2012 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.¹⁴ 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 *2012 Employee Benefits Survey* report. The validity of the procedure ultimately depends upon how representative the *EBS* survey responses are; the *EBS* response rate was 54 percent.

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

Reported enrollment rates by industry are based on *MEPS-IC* data. The 2010-2012 average enrollment rate in Washington was 65 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 (2010-12) 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 Washington¹⁵ in Table 28.

¹⁴ There were six firm size groups, 16 industry groups (based on two-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.

¹⁵ The employment weights were derived from the firm size-industry employment levels observed for Washington.

Table 28: Employer Health Insurance Enrollment Rates: Washington 3-Year Moving Average, 2010-2012

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1000+
Agriculture, forestry, fishing	69%	63%	51%	*	56%
Manufacturing	70	67	74	79%	86
Construction	71	64	62	66	54
Transportation & warehousing	71	60	65	71	78
Wholesale trade	76	69	72	74	80
Finance, insurance, real estate	71	72	73	75	76
Retail trade	60	50	53	49	40
Professional services	66	61	61	59	69
Other services	\$59	45%	36%	35%	42%
Employment-Weighted Average Percent: 65%					
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 (tables 29-31) employer contributions per enrollee.

Table 29: Employer contributions to Single Premiums: Washington 3-Year (Dollars per enrollee per year, 2010-2012)

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$5,386	\$5,328	\$4,798	\$3,650	\$3,709
Mining and Manufacturing	4,569	3,909	3,853	4,165	4,188
Construction	4,346	3,812	3,993	4,259	4,624
Utilities	4,372	*	4,340	4,433	4,493
Wholesale trade	4,586	4,287	4,027	4,541	4,116
Finance, insurance, real estate	4,916	5,103	4,670	4,682	4,351
Retailing	4,461	4,088	3,529	3,497	3,697
Professional services	4,796	4,709	4,644	4,818	4,872
Other services	\$4,553	\$4,430	\$4,101	\$3,943	\$3,796
Employment-Weighted Average: \$4,491					
Source: Estimated from MEPS-IC data					

Table 30: Employer Contributions to Family Premiums: Washington 3-Year (Dollars per enrollee per year, 2010-2012)

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$9,390	\$11,938	\$11,778	\$12,476	\$7,356
Mining and Manufacturing	11,813	10,694	10,540	11,600	12,062
Construction	10,783	8,828	9,894	10,496	12,559
Utilities	*	11,292	11,616	12,511	13,112
Wholesale trade	12,318	10,518	10,164	12,135	11,891
Finance, insurance, real estate	12,149	12,492	12,535	12,214	12,388
Retailing	11,400	9,138	7,849	8,525	10,366
Professional services	11,148	10,523	10,291	11,836	13,563
Other services	\$11,785	\$10,568	\$10,357	\$10,766	\$10,266
Employer-Weighted Average: \$11,760					
Source: Estimated from MEPS-IC data.					

Table 31: Employer Contributions to Employee-Plus-One Premiums: Washington 3-Year (Dollars per enrollee per year, 2010-2012)

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$8,401	\$8,165	\$7,873	\$6,221	\$5,517
Mining and Manufacturing	8,347	6,627	6,393	7,285	7,352
Construction	7,225	5,466	5,172	5,918	6,949
Utilities	7,915	7,728	6,797	6,776	7,518
Wholesale trade	8,922	6,568	6,336	7,483	7,372
Finance, insurance, real estate	8,176	8,509	7,379	7,271	7,309
Retailing	7,263	6,187	4,686	5,587	6,414
Professional services	8,034	6,894	6,677	7,517	8,217
Other services	\$8,333	\$7,112	\$6,453	\$6,257	\$6,264
Employer-Weighted Average: \$7,426					
Source: Estimated from MEPS-IC data.					

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

Table 32: Percentage of Enrollees in Single Coverage: Washington 3-Year Average, 2010-2012

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	50%	60%	54%	60%	52%
Mining and Manufacturing	63	58	55	47	40
Construction	57	57	54	51	48
Utilities	65	64	58	49	44
Wholesale trade	62	58	57	47	42
Finance, insurance, real estate	61	60	58	52	46
Retailing	67	66	66	65	56
Professional services	66	65	63	59	47
Other services	64%	65%	64%	61%	54%
Employment-Weighted Average: 56%					
Source: Estimated from MEPS-IC data.					

Table 33: Percentage of Enrollees in Family Coverage: Washington 3-Year Average, 2010-2012

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	33%	22%	26%	23%	31%
Mining and Manufacturing	21	24	24	31	34
Construction	28	28	26	29	30
Utilities	22	23	23	31	31
Wholesale trade	22	24	25	30	34
Finance, insurance, real estate	24	24	23	27	30
Retailing	20	19	21	19	25
Professional services	20	22	22	23	30
Other services	21%	21%	21%	21%	25%
Employment-Weighted Average: 26%					
Source: Estimated from MEPS-IC data.					

Table 34: Percentage of Enrollees in Employee-Plus-One Coverage: Washington 3-Year Average, 2010-2012

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	17%	18%	20%	17%	17%
Mining and Manufacturing	16	18	21	22	26
Construction	16	15	19	20	22
Utilities	13	13	19	20	25
Wholesale trade	16	17	18	22	24
Finance, insurance, real estate	16	16	19	21	24
Retailing	13	15	13	16	19
Professional services	14	13	15	18	23
Other services	15%	14%	16%	18%	21%
Employment-Weighted Average: 18%					
Source: Estimated from MEPS-IC data.					

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 employer¹⁶ 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.

Employee Health Insurance Contributions

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

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$778	\$778	\$778	\$778	\$778
Mining and Manufacturing	827	931	873	904	860
Construction	840	910	875	1,038	921
Utilities	767	*	1,018	1,036	870
Wholesale trade	755	846	899	956	898
Finance, insurance, real estate	718	625	768	885	969
Retailing	784	1,110	1,225	1,175	1,030
Professional services	698	782	804	935	979
Other services	\$872	\$911	\$949	\$1,020	\$1,096
Employment-Weighted Average: \$877					
Source: Estimated from MEPS-IC data.					

¹⁶ Employee contributions are not included in these figures, they are reported separately.

Table 36: Employee Contributions to Family Premiums: Washington 3-Year Average (Dollars per enrollee per year, 2010-2012)

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$3,228	\$3,228	\$3,228	\$3,228	\$3,228
Mining and Manufacturing	3,408	4,033	3,951	3,439	2,990
Construction	3,292	4,298	4,376	4,315	3,932
Utilities	*	3,866	4,289	3,686	3,190
Wholesale trade	2,969	4,250	4,783	4,069	3,404
Finance, insurance, real estate	3,282	4,784	4,354	4,565	4,076
Retailing	2,977	4,815	6,566	5,927	3,870
Professional services	3,956	5,061	5,418	5,078	3,914
Other services	\$2,535	\$4,066	\$4,729	\$4,637	\$4,834
Employment-Weighted Average): \$4,531					
Source: Estimated from MEPS-IC data.					

Table 37: Employee Contributions to Employee-Plus-One Premiums: Washington 3-Year Average Dollars per enrollee per year, 2010-2012)

Industry	Firm Size				
	2-9	10-24	25-99	100-999	1,000 +
Agriculture, forestry, fishing	\$2,160	\$2,160	\$2,160	\$2,160	\$2,160
Mining and Manufacturing	2,116	2,937	2,887	2,236	1,914
Construction	2,432	3,382	3,185	3,372	2,667
Utilities	2,290	2,513	2,950	3,081	2,263
Wholesale trade	2,377	2,653	3,138	2,716	2,011
Finance, insurance, real estate	2,281	2,855	3,041	2,989	2,496
Retailing	2,193	3,152	4,311	3,816	2,593
Professional services	2,451	3,009	3,115	3,304	2,382
Other services	\$2,010	\$2,524	\$2,901	\$3,011	\$3,084
Employment-Weighted Average: \$3,108					
Source: Estimated from MEPS-IC data.					

Appendix II: Probability of an Employer Coverage Offer

Logistic regressions were estimated using data from the *2012 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 odds ratio estimate for firms with 10–24 employees indicates that these firms are estimated to be more than 4 times (3.942) as likely to offer health insurance as the smallest firms with 2-9 employees. The 95 percent Wald Confidence Limits show the upper and lower bounds of the point estimate at 95 percent 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 show 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 two and a half (2.642) times more likely to offer health insurance than otherwise similar manufacturing firms. Similarly, the likelihood of a firm in the construction industry offering health insurance is only about half as likely (0.519 times) that of otherwise similar manufacturing firms.

The average wage variable shows that firms with earnings above median wage are over 4 times (4.643) more likely than firms below median wage to offer health insurance.

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

Variable	Odds Ratio Estimates	95% Wald Confidence Limits	
Median Wage (based on average firm earnings)	4.643	4.500	4.791
Firm Size compared to 2-9 employee firms			
10-24	3.942	3.784	4.107
25-49	7.799	7.274	8.361
50-99	14.085	12.532	15.831
100-499	34.897	29.099	41.85
500+	20.851	14.952	29.079
Industry Variables (compared to manufacturing)			
Agriculture, forestry, fishing	0.195	0.178	0.214
Construction	0.519	0.486	0.555
Wholesale trade	3.738	3.464	4.034
Retail trade	0.524	0.488	0.563
Transportation & warehousing	0.93	0.836	1.035
Information	2.642	2.321	3.008
Finance & insurance	2.505	2.276	2.757
Real estate & rental	0.723	0.662	0.79
Professional & technical services	2.283	2.136	2.441
Administrative and support services	0.517	0.479	0.559
Educational services	0.779	0.694	0.875
Health care and social assistance	1.009	0.946	1.076
Arts, entertainment & recreation	0.432	0.384	0.487
Accommodation and food services	0.118	0.109	0.127
Other services	0.526	0.49	0.564
Number of observations (firms)	103,110		
Model Statistics			
Akaike Information Criterion	142,742		
Percent concordant pairs	81.2		
Somer's D	0.643		

