

**CHILDREN AND EMPLOYER-BASED COVERAGE:
THE DATA**

I. Sources of Children's Insurance Coverage, 1997

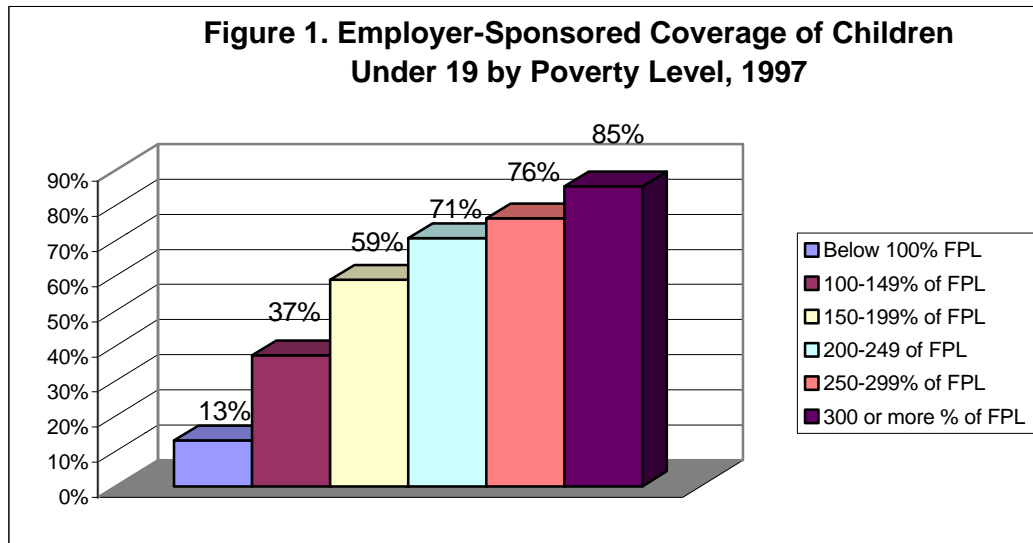
Almost one out of four children in families with income below 200% of the federal poverty level (FPL) are uninsured despite recent expansions in Medicaid coverage. Children in families with income below poverty are predominately covered by public insurance while the majority of children with income above 150% of poverty are covered by employer-based plans.

Table 1. and Figure 1. show the increasing presence of employer coverage for children with higher family incomes. Table 1 shows that only 13.0% of children in families with income under 100% of poverty were insured with employer coverage as their primary source of insurance, while 58.8% of children with income between 150% and 199% of poverty had employer coverage.

Table 1. Primary Insurance Status of Children under age 19 By Family Income, 1997					
Percentage of FPL	Employer Coverage	Public	Private non-group	Uninsured	Total
Under 100%	13.0%	56.7%	5.5%	24.8%	100%
100-149%	37.2%	26.8%	7.0%	29.0%	100%
150-199%	58.8%	11.6%	8.4%	21.3%	100%
200-249%	70.6%	6.7%	7.6%	15.1%	100%
250-299%	76.3%	4.2%	7.7%	11.7%	100%
300% and over	85.4%	1.9%	6.1%	6.7%	100%
Total	60.4%	17.5%	6.6%	15.6%	100%
Source: IHPS analysis of March 1998 Current Population Survey.					
Note. Children with multiple reported coverage sources are assigned to a primary source in the following sequence: employer-based, public, private non-group.					

I. Sources of Children's Insurance Coverage, 1997, cont.

Figure I. displays the employer coverage column from Table 1 above. The rapidly increasing presence of employer coverage of children in families as income rise above the FPL, (the target population for child health expansions under CHIP) suggests an increasing need for policies intended to shore up, rather than erode employer-based coverage. For example, it could cost a public program as much to cover all uninsured children as to cover a quarter of children formerly covered by employer plans if they were to drop or be dropped from such coverage.

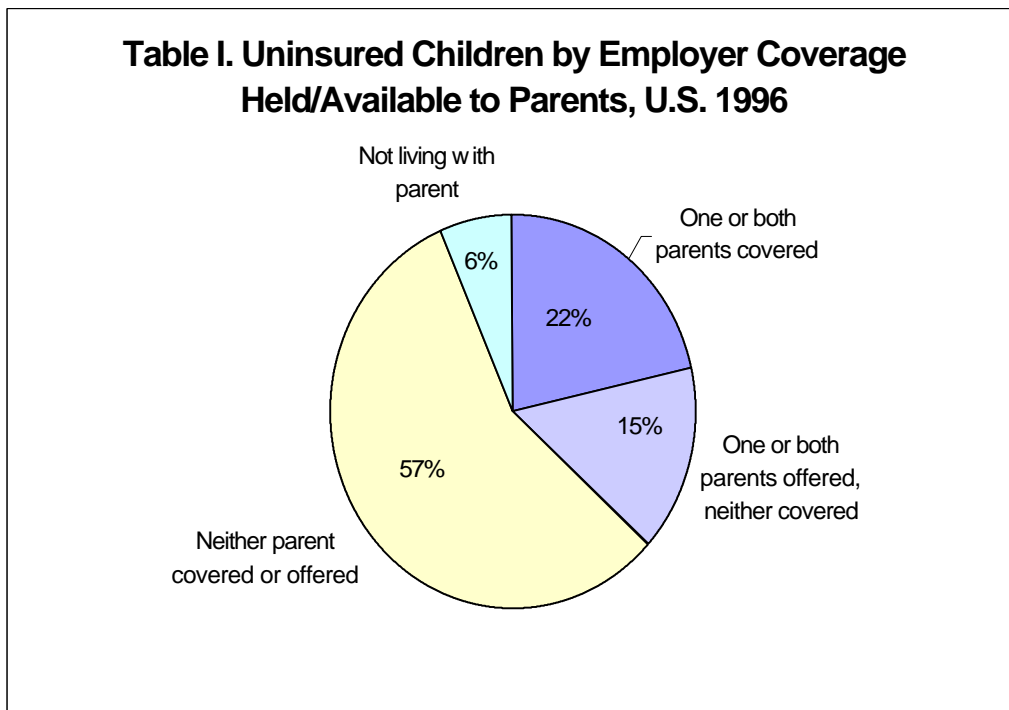


Source: IHPS analysis of March 1998 Current Population Survey

II. Availability of Employer Coverage for Uninsured Children

Figure 2. shows uninsured children by whether employer-based health insurance coverage is held by or available to their parents and indicates that almost 37% of uninsured children may have access to an employer plan. In 1996 about 22% of uninsured children had one or both parents who were covered by an employer plan and an additional 15% of uninsured children had one or both offered coverage. Summing the two groups together, we can conclude that nearly one in four uninsured children may have access to an employer-based health insurance plan.

A limitation of the data presented in the table below is that it does not include family income information, so we cannot look at the employer coverage status of the parents of modest-income uninsured children. There could be a different distribution of available coverage for those children. One hypothesis is there is a larger percentage of parents of modest income children who have no employer-based health insurance available to them than overall.



Source: IHPS tabulations of Medical Expenditure Panel Survey

III. Availability and Distribution of Employer Contributions

The distribution of employer contributions toward the cost of health insurance is important information for setting up health insurance purchasing programs that coordinate with employer coverage. Data from the 1993 Robert Wood Johnson Foundation (RWJF) Employer Health Insurance Survey conducted by RAND provides some insight into the distribution of those contributions. The RWJF surveyed employers in 10 states to investigate the barriers to employer coverage and to describe the premiums and other characteristics of health plans offered by employers. The 10 states together are believed to be very similar to the nation as a whole in terms of measures of employment, earnings and health systems.¹

The tables below reflect only the experience of private firms that report a firm size greater than one. In addition, in the tables that show employers' contributions toward dependents coverage, employers who report not offering dependents coverage were categorized as offering a zero contribution toward the cost of such coverage.

There are a number of limitations of using the 1993 RWJF Employer Health Insurance Survey to understand the contributions available for the target population of uninsured modest income children. First, the data is five years old. While five years may not seem so long, many changes have taken place with respect to health insurance and premiums during the period. While insurance premiums have risen more slowly than during the period before 1993, they have continued to increase. Further, many suspect that employers, when faced with rising premiums, may have reduced contribution levels, particularly for dependents' coverage. These changes would not be reflected in data from 1993.

Another limitation of our analysis is that one cannot distinguish between the contribution levels available to insured versus uninsured individuals. The tables below reflect the distribution of contributions for all employers that offer coverage to their employees, whether those employees are insured or uninsured. Since our target population is uninsured, it would be better to know about the contribution practices of the employers of uninsured workers. There is good reason to suspect that contributions of those employers may be less generous on the whole relative to the contributions of all employers offering coverage, since many uninsured workers presumably forego coverage because of cost.

Finally, several of the tables show contributions for workers in different wage categories. While this information gives an idea of the distribution of employer contributions for workers in different income groups, wages are not a perfect proxy for family income. Family income includes the earnings of spouses. But that information that is not available from the RWJF survey because the survey is an employer survey and could not query employers about the wages of worker's spouses.

¹ Cantor, J.C., Long, S.H, Marquis, M.S., Private Employment-Based Health Insurance in Ten States, Health Affairs, Summer 1995, p. 199.

IV. Employer Shares of Single and Family Premiums

The majority of workers that were offered health insurance by their employers were in firms in which the employers paid a significant portion of single coverage. The percentage of employers, however, that offered a high percentage contribution toward family coverage is much lower.

Employers offering coverage generally made a significant contribution toward the cost of the employee's plan. Over 80% of workers in firms that offered coverage worked for employers that contributed more than 75% toward the cost of single person premium. Almost 50% of all workers in firms that offered coverage worked in firms that paid the entire premium for the worker.

Fewer workers (56.3%), on the other hand, were with firms in which the employers contributed more than 75% toward the cost of family premiums. It is widely suspected that this group may have become even smaller since 1993 when this data were collected.

Table 2. The Percentage of Workers in Firms Offering Health Coverage by Employer Contribution to Cost of Single and Family Plans, 10 States, 1993		
Employer share of premium	Single premium	Family premium
0-24%	2.6%	10.6%
25-49%	1.9%	12.5%
50-74%	14.7%	20.7%
75-99%	31.6%	29.5%
100%	49.2%	26.8%
Total	100.0%	100.0%
Source: IHPS tabulations of data from the Robert Wood Johnson Foundation 1993 Employer Health Insurance Survey Conducted by RAND.		

V. Workers in Firms Offering Health Coverage by Wage and Employer Contribution to Family Coverage

Low-wage workers were less likely than higher-wage workers were to have a generous employer contribution available towards the cost of family policies.

Overall, there is about a 10-percentage point difference between the number of low wage and higher-wage workers who worked for employers that both offered coverage and contributed generously (over 75% of the cost of the family premium) toward the cost of family coverage. In 1993, about 50% of workers earning less than \$14,000 per year in firms offering coverage had at least a 75% employer contribution available to a family plan. On the other hand, about 60% of workers who earned more than \$20,000 per year had generous employer contributions toward the cost of family coverage available to them.

Table 3. Percentage of Workers in Firms Offering Health Coverage by Wage and Employer Contribution to Family Coverage, 10 States, 1993			
Employer share of family premium	Workers wages: Under \$14,000/year	Between \$14,000 and \$20,000/year	Over \$20,000/year
0-24%	14.9%	10.4%	8.4%
25-49%	14.5%	12.4%	11.4%
50-74%	22.5%	22.5%	19.1%
75-99%	23.2%	30.1%	32.4%
100%	25.0%	24.6%	28.7%
Total	100.0%	100.0%	100.0%
Source: IHPS tabulations of data from the Robert Wood Johnson Foundation 1993 Employer Health Insurance Survey Conducted by RAND.			

VI. Workers by Employer Share of Single and Family Premiums

Most workers in firms that offer health insurance coverage are in firms that contribute generously to single and to family plans.

This table gives you an idea of employers' contributions toward family premiums compared with their contributions toward single premiums. It is interesting to look at the numbers on the middle diagonal. (They are italicized.) They indicate that a majority workers whose employers offer coverage have employers that contribute the same percentage to both single and family premiums. About 56.9% of workers in firms with coverage available have between 25 and 49% employer contribution to both single and family coverage. Likewise, 69% of workers in firms with coverage available have between 50 and 74% employer contribution to both single and family coverage.

This data reveals that about 70% of workers in firms that offered health insurance coverage and provided a high contribution (over 75%) toward the cost of single coverage also contributed at generously toward the cost of family coverage. If this data accurately reflect employer contributions today, then buying into employer coverage for dependents of these employees could be a very good buy for a public program. With such generous contributions, a subsidy toward dependents' coverage may be well below the cost of covering the dependents under the public program.

Table 4. Percentage of Workers by Employer Share of Single and Family Premiums, 10 States, 1993						
	Employer share of single premium					
Employer share of family premium	0-24%	25-49%	50-74%	75-99%	100%	Total
0-24%	<i>100.0%</i>	42.7%	16.2%	3.6%	7.3%	10.6%
25-49%	0	<i>56.9%</i>	13.7%	8.0%	13.8%	12.5%
50-74%	0	.5%	<i>69.0%</i>	17.8%	10.1%	20.8%
75-99%	0	0	1.1%	<i>70.1%</i>	14.6%	29.5%
100%	0	0	0	.4%	<i>54.2%</i>	26.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Source: IHPS tabulations of data from the Robert Wood Johnson Foundation 1993 Employer Health Insurance Survey Conducted by RAND.						