

*Family (Parental) Status and Prevalence of Employer Coverage by Family
Income and Individual Earnings **

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A. Introduction and Purpose

As a group, parents are more likely than non-parents to have employment-based health insurance. Nationwide, in 1999, 73.1% of parents (adults with children under age 19 at home) had employment-based health insurance, compared to only 63.3% of non-parents (adults with no children under age 19 at home). The differential in California was similar but slightly smaller: 64.5% of parents had employer coverage, compared to 57.5% of non-parents.¹

This difference in the prevalence of employer coverage held true both nationally and in California at all income levels above poverty (see Figures 1a and 1b). Similarly, both national and California data show that, above 133% FPG, parents were less likely than non-parents to be uninsured, although the differences were small above 400% FPG.

Elsewhere,² we have presented data demonstrating that availability of employer coverage to working adults is more closely connected with a worker's individual earnings (wages or salary) than with the worker's total family income.

In this very brief paper, we explore whether differences in wage or salary levels between parents and non-parents might explain some or all of the observed difference in the employer-coverage rate between the two groups.

¹ Ed Neuschler and Rick Curtis, "Expanding Healthy Families to Cover Parents: Issues & Analyses Related to Employer Coverage," January 2001 (for the California Health Care Foundation). Table 1 and Appendix Tables 4 and 6.

² Ed Neuschler and Rick Curtis, "Individual Workers' Wage Levels, Total Family Income Relative to Poverty, and Prevalence of Employer Coverage," August 2001 (for the California Health Care Foundation).

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B. Data and Methods

Our analysis uses the Census Bureau's March 2000 Current Population Survey (CPS), which measures income and insurance status during 1999. Family income includes all income received by every member of the "family insurance unit (FIU)," which includes all family members living together in the same household who could be covered under a single private insurance policy—typically, parents and their children under age 19. Family income is expressed as a percent of the official federal poverty guidelines (FPG) issued and revised annually by the U.S. Department of Health and Human Services, based on the number of people in the FIU.³

The March CPS Supplement reports individual workers' total earnings for each job held during the previous year, rather than their wage rate or salary level for their current job. For purposes of this analysis, we used earnings from the one job each worker held for the longest time during the year. Self-employed workers were excluded from the analysis, but part-year and part-time workers were included.⁴

We prepared cross-tabulations of insurance status by six family income categories (less than 100% FPG, 100% to 132% FPG, 133% to 199% FPG, 200% to 249% FPG, 250% to 399% FPG, and 400% FPG or more) and by five annual earnings categories (less than \$15,000, \$15,000 to \$19,999, \$20,000 to \$29,999, \$30,000 to \$39,999, and \$40,000 or more).

"Parents" are individuals aged 19-64 who have children under age 19 who live with them in the same household. In order to maintain sufficient sample size, especially for the California analysis, parents were grouped into only three age ranges: 19-29 years, 30-44 and 45-64.

Parents likely to be eligible under the proposed expansion of California's Healthy Families program will be found both in the 133%-to-199% FPG category and, because we did not apply programmatic deductions or "disregards" in calculating family income, also in the 200%-to-249% of FPG category.

Note that the federal poverty guidelines for 1999 ranged from \$11,060 for a two-person family (e.g., single parent and child) to \$19,520 for a five-person family (e.g., two parents and three children). Thus, the 133%-to-199% FPG category could realistically include families with incomes anywhere from \$14,747 (family of two at 133% FPG) to \$39,000 (family of five just under 200% FPG), or even \$47,800 (245% FPG) if both parents work and pay maximum

³ The HHS-issued federal poverty guidelines (FPG) are used for program eligibility purposes. These poverty guidelines are based on, but differ from, the "poverty thresholds" used by the Census Bureau.

⁴ Because we want to understand the relationship between wage or salary *levels* and prevalence of employer coverage, ideally we would have limited the wage analysis to adults (aged 19 and older) who worked full-time, full-year as wage-and-salary workers. By using this limitation, reported annual earnings from the worker's longest job can be viewed as approximately equivalent to annual salary levels. This rough equivalence does not hold for part-year or part-time workers; including them makes it appear that more workers had low wage rates or salary levels than was actually the case. This limitation was applied in a companion brief for the Foundation, "Individual Workers' Wage Levels, Total Family Income Relative to Poverty, and Prevalence of Employer Coverage" (August 2001), which used solely national CPS data. Because we wanted to present California as well as national data in this brief, we chose to avoid approaches that would have reduced sample sizes for the analysis.

allowable child care expenses for three children.⁵ Thus, the target income group for the Healthy Families expansion includes parents whose annual earnings may differ dramatically.

C. Results

Figures 2a and 2b show the prevalence of employment-based coverage and the percent uninsured for adult wage-and-salary workers by individual earnings at the job they held for the longest time during 1999, for the nation as a whole and for California. Note that, while non-parents remained less likely to have employment-based health insurance and more likely to be uninsured, the gap between the two was relatively narrow nationally, and very narrow indeed in California.

If we then separate employment-based insurance into two parts—coverage through a worker's own employer and coverage as a dependent (see Figures 3a and 3b)—we find that childless workers were more likely than working parents to have coverage through their own employer, regardless of their wage level, although they were considerably less likely to be covered as a dependent.

Similarly, among adults who were self-employed or did not work at all during 1999, non-parents were only about half as likely as parents to have employer coverage as a dependent (20.2% v. 40.6% nationally; 16.4% v. 35.6% in California).

The lower rate of dependent coverage among childless adults is related to the fact that childless adults are much less likely than parents to be married. Thus, they are less likely to have access to employer coverage through a spouse (see Figure 4).

Finally, comparing the distribution of earnings between parents and non-parents shows that a somewhat higher percentage of childless workers (32%) than working parents (27%) earned less than \$15,000 from the job they held for the longest time during 1999, while a somewhat lower percentage of childless workers earned more than \$40,000 (see Figure 5). This observed difference in the earnings distribution could result from either lower wage levels or shorter job tenure among childless workers as compared to working parents. Both circumstances are associated with lower availability of employment-based coverage.

D. Conclusion and Possible Policy Implications

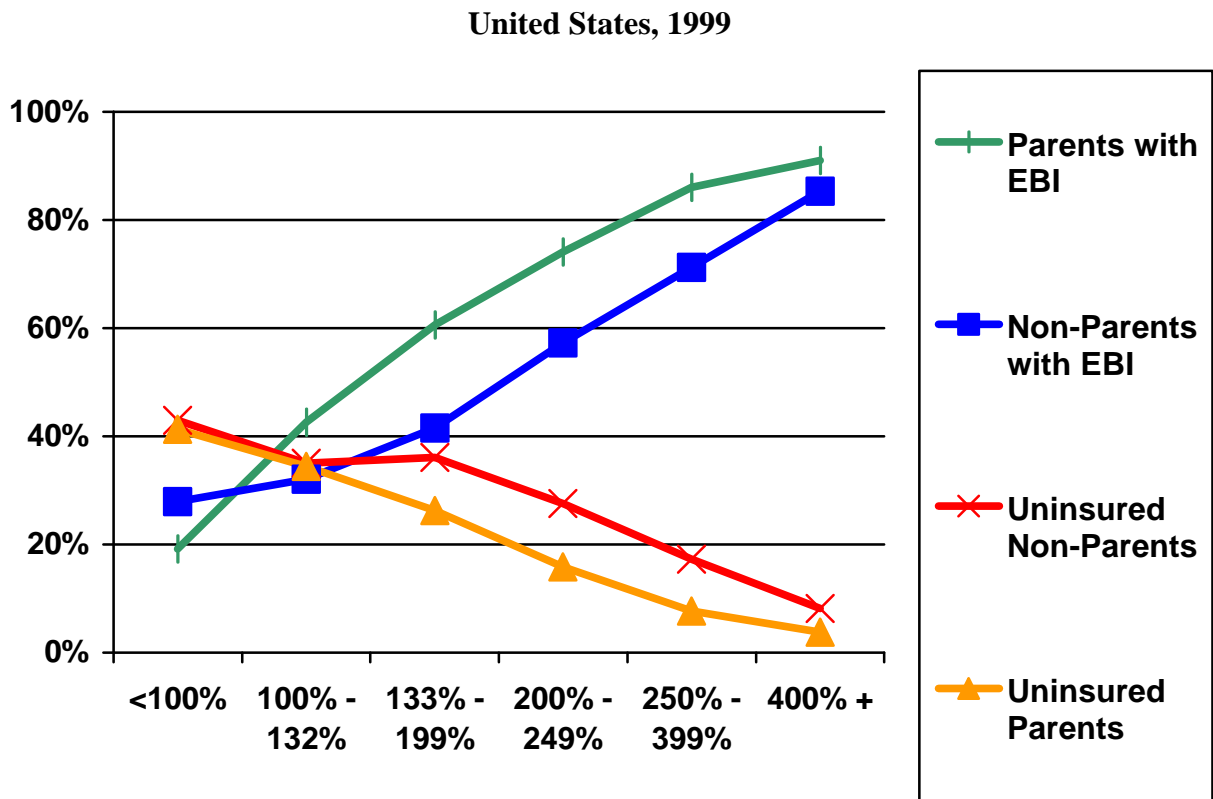
We conclude from this analysis that employer coverage rates are very similar between working parents and non-parents at the same earnings levels. Therefore, most of the observed difference in total employer-coverage rates between parents and non-parents is due to two factors: childless adults are more likely than parents to be single, and childless workers are more likely to be employed at low-wage or short-term jobs that are less likely to offer employment-based health insurance.

⁵ Allowable disregards include \$90 per month per worker for work expenses, plus up to \$175 per child for child care (up to \$200 per month if the child is under age 2). 200% FPG = \$39,040 for a family of five. Annual work expense = 2 x (\$90 x 12) = \$2,160. Annual child care = 2 x \$175 x 12 + \$200 x 12 = \$6,600 (assumes one child under 2).

The lower employer-coverage rates observed for non-parents by family income relative to poverty are thus largely due to the fact that the poverty guidelines vary by family size and that non-parents, lacking children, have smaller families than parents. Thus, in any particular income range relative to the federal poverty guidelines, non-parents will have lower total incomes in dollar terms and lower individual earnings, which in turn are associated with lower rates of employer coverage.

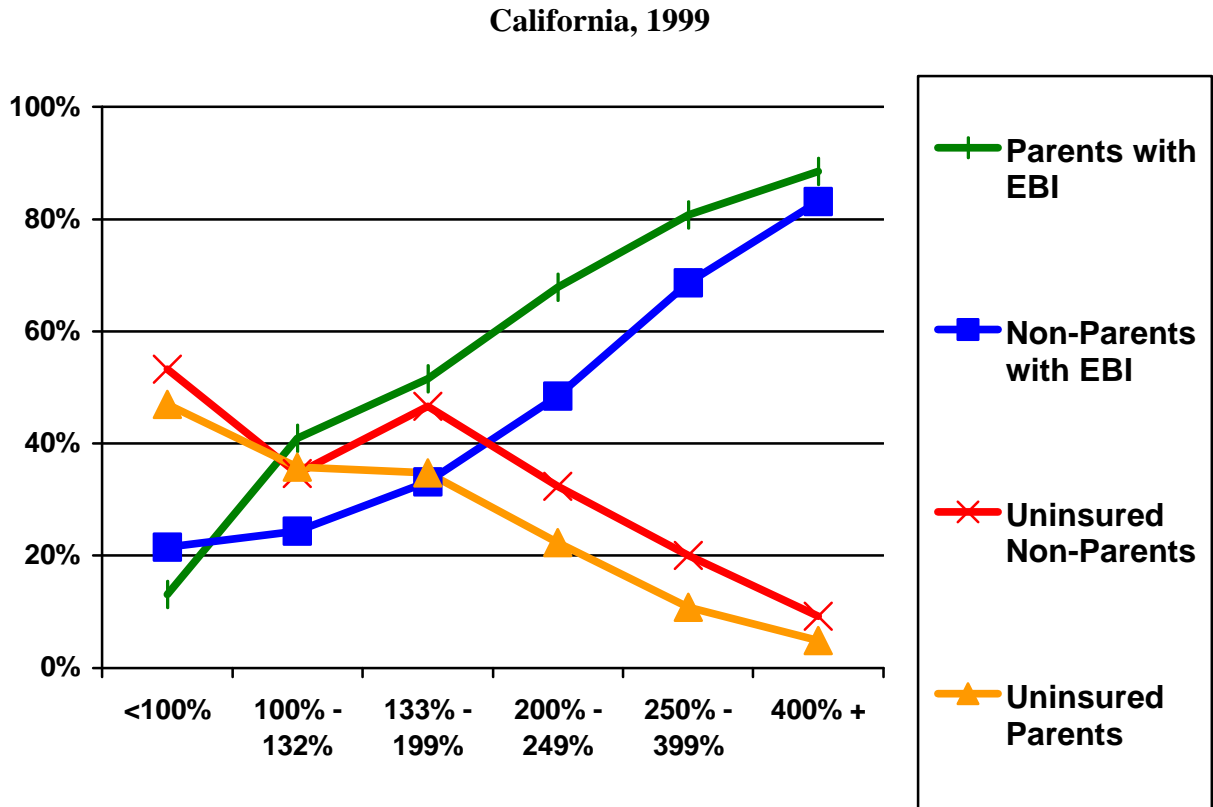
These findings provide strong evidence to counter any suggestion that non-parents do not value health insurance as much as parents do. Our analysis indicates that parents and non-parents with similar pay levels are equally likely to obtain coverage through their employers.

Figure 1a: Percent of Parents and Non-Parents with Employment-Based Insurance (EBI) and Percent Uninsured, by Family Income as a Percent of the Federal Poverty Guidelines (% FPG)



Source: IHPS analysis of the March 2000 Current Population Survey

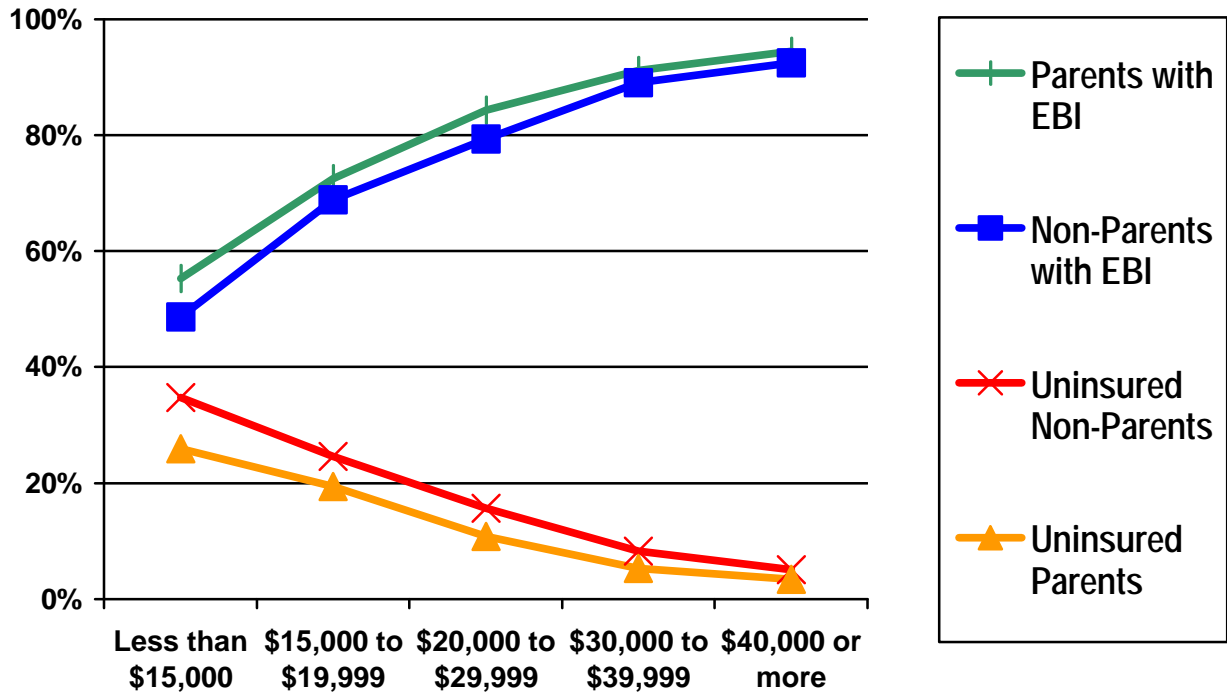
Figure 1b: Percent of Parents and Non-Parents with Employment-Based Insurance (EBI) and Percent Uninsured, by Family Income as a Percent of the Federal Poverty Guidelines (% FPG)



Source: IHPS analysis of the March 2000 Current Population Survey

Figure 2a: Percent of Working Parents and Non-Parents with Employment-Based Insurance (EBI) and Percent Uninsured, by Earnings at Longest Job

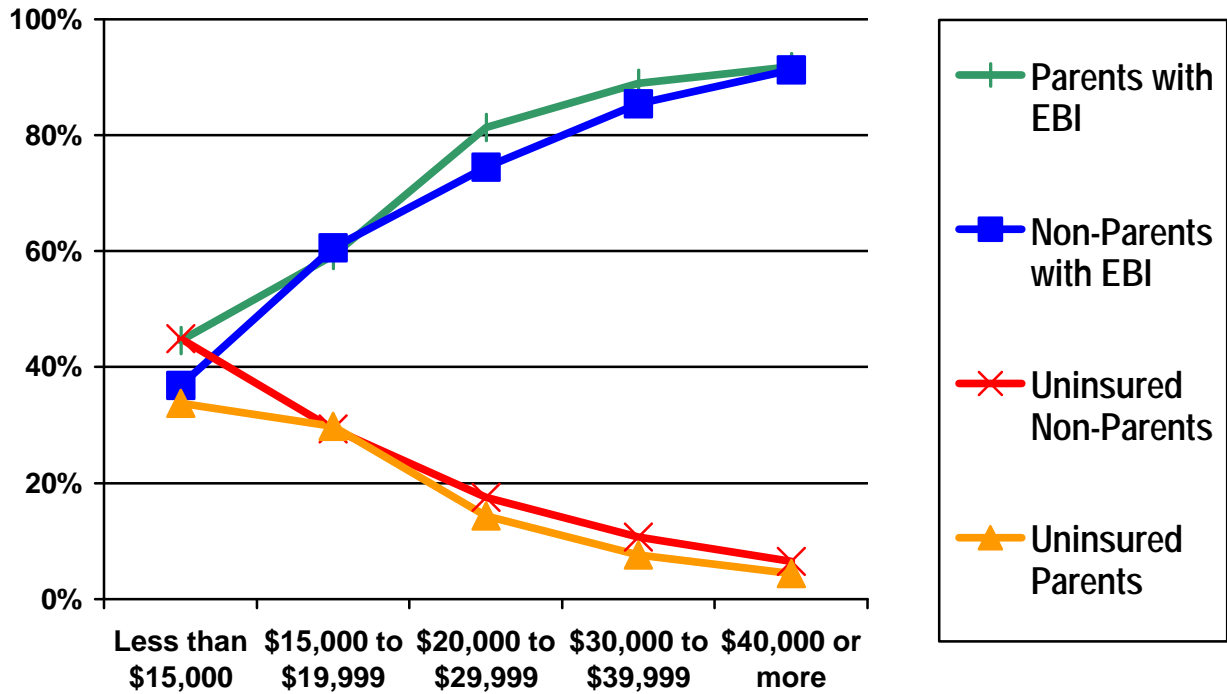
United States, 1999



Source: IHPS analysis of the March 2000 Current Population Survey

Figure 2b: Percent of Working Parents and Non-Parents with Employment-Based Insurance (EBI) and Percent Uninsured, by Earnings at Longest Job

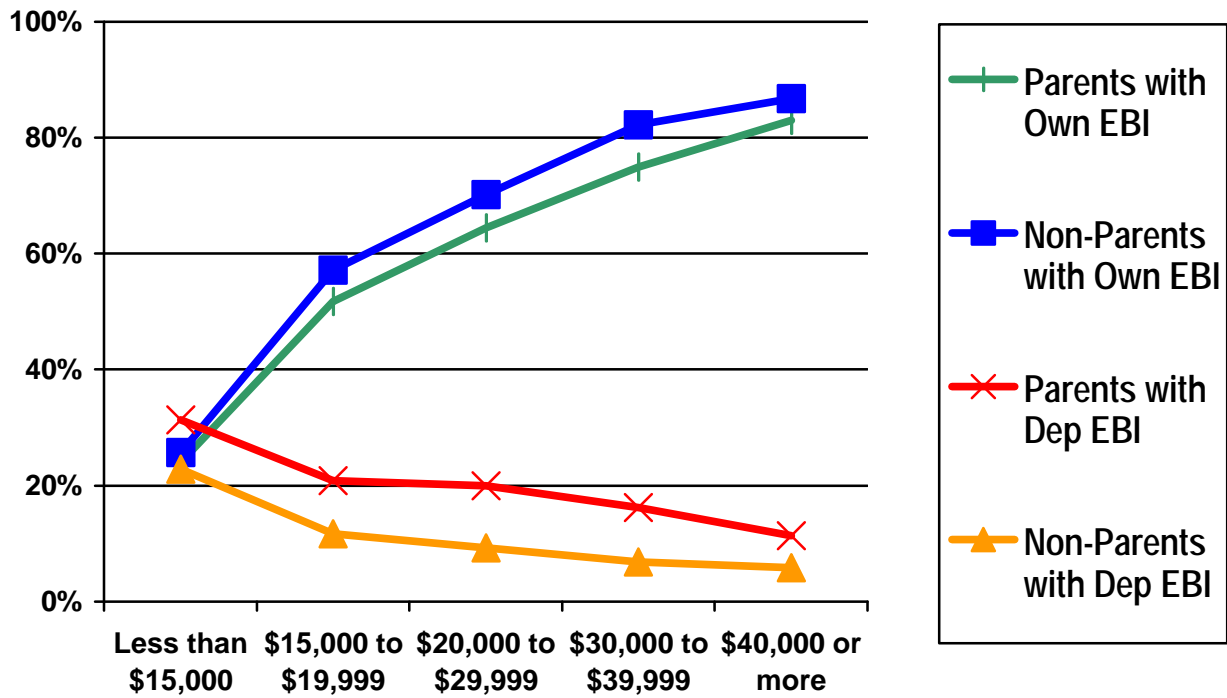
California, 1999



Source: IHPS analysis of the March 2000 Current Population Survey

Figure 3a: Percent of Working Parents and Non-Parents with Employment-Based Insurance through Their Own Employer (Own EBI) and as a Dependent (Dep EBI), by Earnings at Longest Job

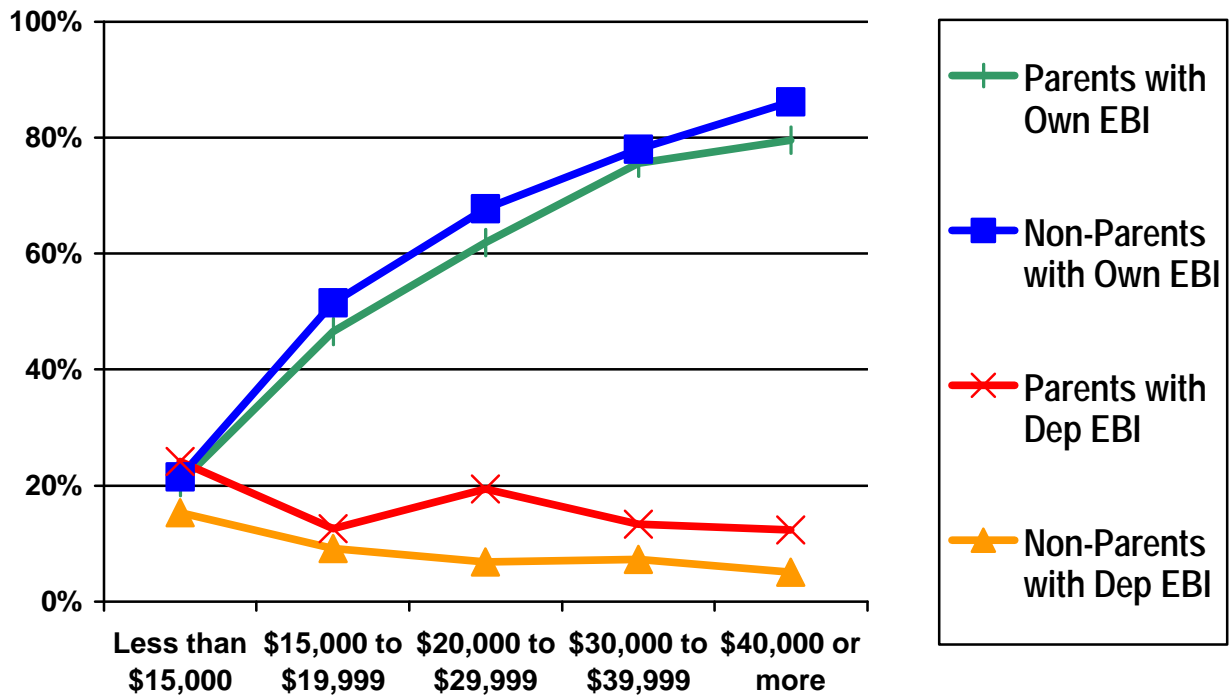
United States, 1999



Source: IHPS analysis of the March 2000 Current Population Survey

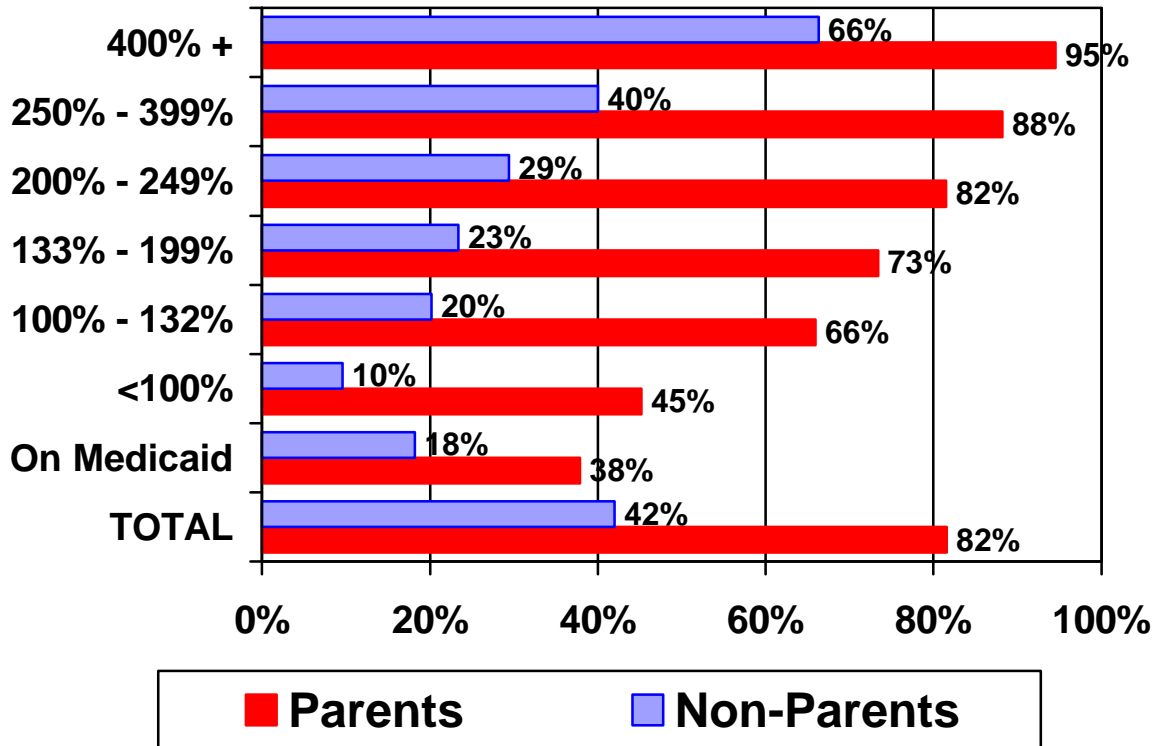
Figure 3b: Percent of Working Parents and Non-Parents with Employment-Based Insurance through Their Own Employer (Own EBI) and as a Dependent (Dep EBI), by Earnings at Longest Job

California, 1999



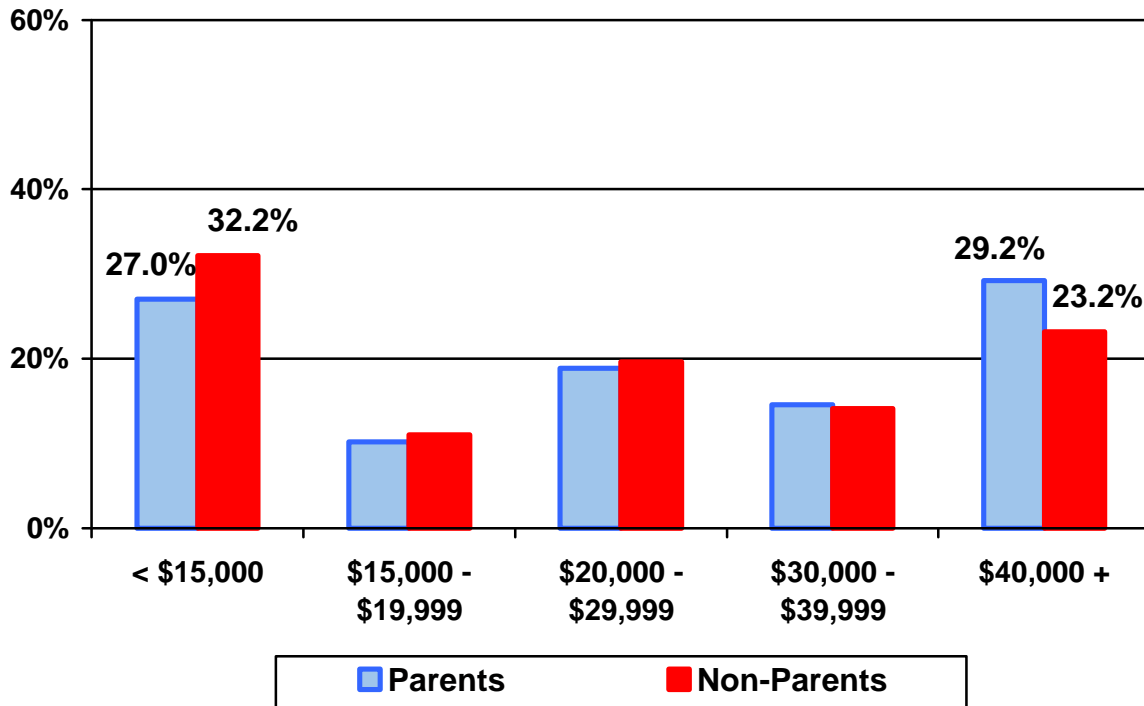
Source: IHPS analysis of the March 2000 Current Population Survey

Figure 4: Percent of Parents and Non-Parents Who Are Married, by Family Income Relative to FPG: United States, 1999



Source: IHPS analysis of the March 2000 Current Population Survey

Figure 5: Percent Distribution of Working Parents and Non-Parents by Earnings at Longest Job, United States, 1999



Source: IHPS analysis of the March 2000 Current Population Survey