

Change in Percentage of Families Offered Coverage at Work, 1998-2005

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Over 150 million individuals received health insurance through an employer in 2005, making employer coverage the most popular form of health insurance coverage for the nonelderly in the United States.ⁱ The percentage of workers offered health insurance coverage at work has declined in recent years, however, contributing to a decrease in the percentage of workers covered by employer-sponsored health insurance.ⁱⁱ Understanding how these changes affect families can be complicated, in part because a family may have two working spouses or unmarried partners who may be eligible for family health insurance coverage at their respective jobs. Having two workers in a family may help insulate it from the general reduction in health insurance offering. To shed some light on this topic, we use data from the National Health Interview Survey (NHIS) to look at whether there was a change between 1998 and 2005 in the percentage of families with workers that have at least one offer of health insurance through an employer. Results are broken out by family income relative to the federal poverty level (FPL) and by family composition. We find generally that the percentages of working families with an adult worker who is offered job-based health coverage has fallen between 1998 and 2005, with lower income families seeing a larger change than the highest income group. The reduction in health insurance offers occurred across most family types.

Data and Methods

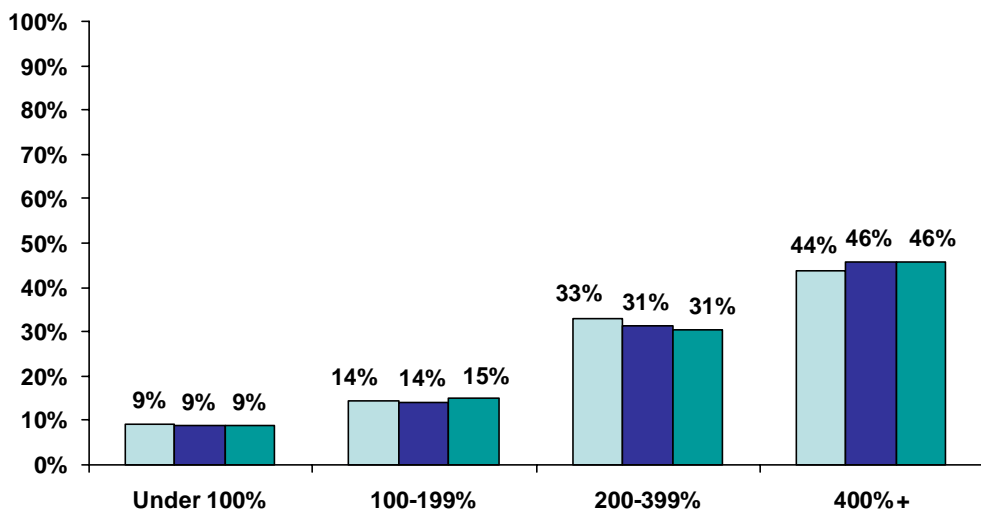
The NHIS is an annual survey conducted by the U.S. Census Bureau for the National Center for Health Statistics that provides national estimates for a broad range of health measures for the U.S. civilian, noninstitutionalized population.ⁱⁱⁱ The survey collects basic sociodemographic characteristics for each member of sampled households, including information on household composition, income, employment (asked of adults), and eligibility for health insurance at work (asked of workers) that are relevant to the present inquiry. The NHIS contains information about family composition and family weights which permit family-level estimates to be made.^{iv}

In the NHIS, a family generally is defined as a person or group of two or more related people living together in a household. Unmarried couples living together also are considered families in the survey.^v For this analysis, we selected families with at least one adult under age 65 who was working during week prior to the survey interview.^{vi} Our results present the percent of these families with at least one worker who is eligible for health insurance at his or her job. The advantage of focusing on families for this analysis is that we can account for the many families that have two working adults who may be offered family coverage at their job. There are several important limitations, however, in doing a family level analysis of offers for health insurance. Both relate to how a family may be defined.

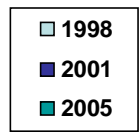
One issue is that employers do not use a single or standard definition of family in determining who may be eligible for coverage as a dependent under employer-provided insurance plans. Some employers who offer coverage extend eligibility only to nuclear family units (i.e., married parents and their dependent children). Other employers also will extend coverage to unmarried opposite-sex couples and/or to unmarried same-sex couples living together. These employers employ a meaningful percentage of the work force.^{vii} So, while we can be fairly sure that an adult worker in a family who is offered coverage at work would have the option to cover his or her spouse and dependent children under the policy, we cannot be sure that an adult worker would have the option of covering his or her unmarried different-sex or same-sex partner. By including families with unmarried opposite-sex partners or same-sex partners, we are potentially overstating the extent to which we find that families have an insurance offer through an adult worker that could cover the whole family.^{viii}

A second issue is that the NHIS uses a broad definition of family that includes any related individuals living together in a household. This expansive definition includes combinations of relatives that probably would not be included together in a family health insurance policy. Examples include cases where a grandparent or other relative (e.g., sister, cousin) live with a nuclear family. Our concern with these arrangements is that the working adult in the family may be the grandparent, sister, or cousin, for example, and therefore an offer of insurance to one of them at work probably would not allow them to cover the other family members under the policy. We attempt to address this concern by showing levels and trends which exclude families made up entirely of adults that are not married or unmarried couples. We also exclude families where there are no biological or adoptive parents of children present, or where a parent is present, but there are also additional related adults who are not a domestic partner of the parent. These exclusions reduce the possibility that we will identify families with workers who would not be able to include other families under a policy offered at work. We should note, however, that these exclusions are overbroad in that they also exclude some families where a working adult could have covered most of the related persons in the household. In Appendix A we show the same comparisons without the exclusions of families with other adults and find similar results. Figure 1 shows the breakout of families with the exclusions by income relative to poverty. Families without the exclusions by income relative to poverty followed a similar distribution.

Figure 1: Distribution of Families with Nonelderly Workers by Poverty Level, Other Adults Excluded



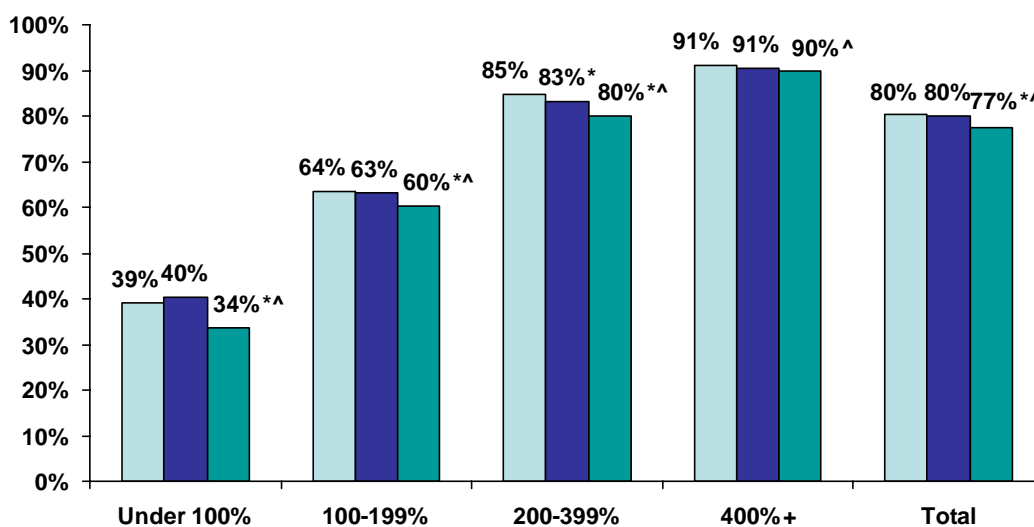
Source: Kaiser Family Foundation analysis of the National Health Interview Survey, National Center for Health Statistics at the Centers for Disease Control and Prevention.



Findings

Figure 2 shows the percentages in 1998, 2001, and 2005 of working families with a worker who is offered coverage at work, broken out by poverty category.^{ix} Two trends are evident from the figure. The first is that the likelihood of these families having a job-based insurance offer varies significantly with family income in all three years, ranging (in 2005) from 34% of families with incomes under poverty and climbing to 90% for families with incomes 400% of poverty and above. The second is that from 1998 to 2005, the offer rate fell for each level of poverty, with an overall drop of 3 percentage points. The decrease was small (1 percentage point) for families with incomes at least 400% of poverty and larger (4 to 5 percentage points) for the lower income categories.^x

Figure 2: Offer Rate Among Families with Nonelderly Workers by Poverty Level, Other Adults Excluded



* Estimate is statistically different from estimate for previous year shown at $p < .05$.

^ Estimate is statistically different from 1998 estimate at $p < .05$.

Source: Kaiser Family Foundation analysis of the National Health Interview Survey, National Center for Health Statistics at the Centers for Disease Control and Prevention.

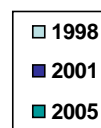
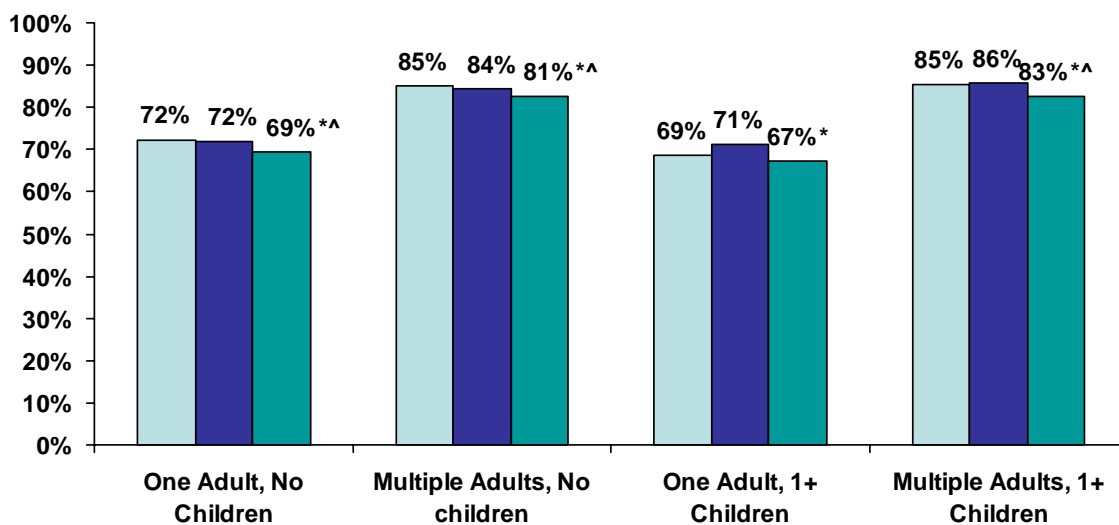


Figure 3 shows the percentages in 1998, 2001, and 2005 of working families with a worker who is offered coverage at work, broken out by family type. Not surprisingly, working families with one adult are less likely to have an offer of job-based coverage than families with two adults, probably because the two-adult families are more likely to have multiple workers who may be offered coverage at work. The figure also shows that offer rates fell in three of the four categories between 1998 and 2005 and in all four categories between 2001 and 2005, with declines of around two to three percentage points in most cases.

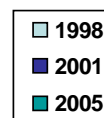
Figure 3: Offer Rate Among Families with Nonelderly Workers by Family Type, Other Adults Excluded



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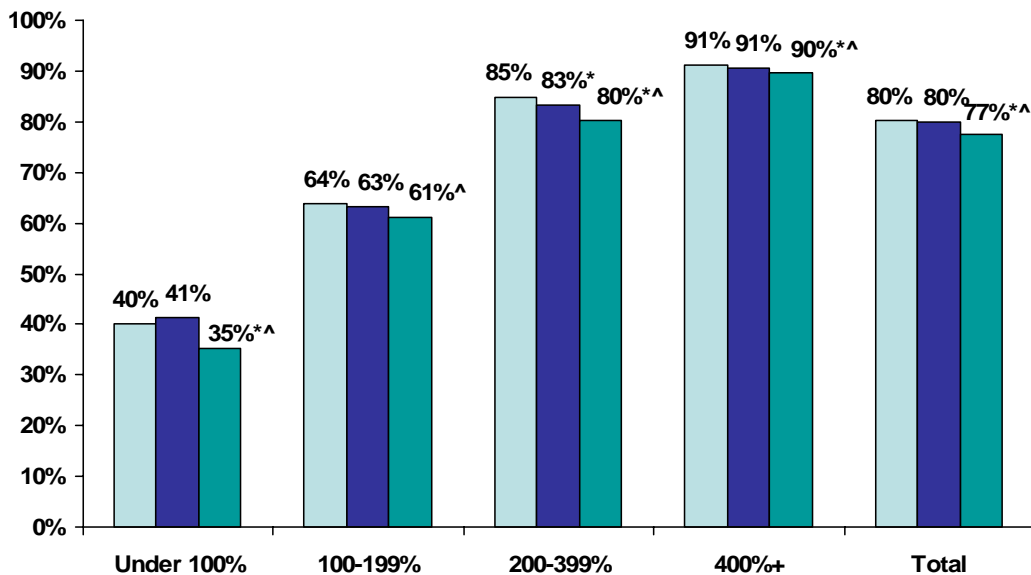
The findings here are similar, but not always consistent, with studies that have focused on the percentage of working adults offered coverage at work. Analysis of NHIS data by the University of Minnesota's State Health Access Data Assistance Center (SHADAC) for the Robert Wood Johnson Foundation's Cover the Uninsured Project found that the percentage of nonelderly working adult families with children who were offered coverage at work fell from 69.2% to 66.8% between 1997 and 2005, with larger decreases among lower-income families.^{xi} An analysis of Current Population Survey (CPS) data by Paul Fronstin at the Employee Benefit Research Institute (EBRI) showed that the percentage of nonelderly adult workers eligible for coverage at work fell from 76.2% to 74.0% between 2001 and 2005.^{xii} That same study, however, showed the eligibility rate rising from 74.0% to 76.2% between 1997 and 2001; this pattern of rising and then falling eligibility looks different than the results from the SHADAC work or this study. This difference may reflect the different foci of the analyses (i.e., adult workers, adult workers with children, families with adult workers) or may reflect differences in underlying data sources.^{xiii} An analysis of the Medical Expenditure Panel Survey showed that the percentage of private sector workers who work for an employer offering coverage and who are eligible for that coverage fell from 70.3% in 1996 to 68.1% in 2002.^{xiv}

Our findings show that the percentage of working families with a worker who is offered health insurance fell over the 1998 and 2005 time period, with most of the drop between 2001 and 2005. The percentage point changes we show over the period are relatively small, but with over 150 million people covered by employer-sponsored health insurance, even a small percentage point drop in job-based coverage being offered to families at work can affect millions of people.^{xv} People who are not offered health insurance at work are less likely to be insured than people who are offered job-based coverage.^{xvi} The decline in job-based offers of coverage to families is one factor that may help explain the increase in the number of people without insurance.

Appendix

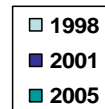
For the figures in the main paper, we excluded families that have adult members that are not the spouse or partner (i.e. same-sex or opposite-sex couples) of the family reference person. The figures in this appendix show the same charts with those families included in the analysis. The results are similar with these families excluded or included.

Appendix Figure 1: Offer Rate Among Families with Nonelderly Workers by Poverty Level, All Adults Included



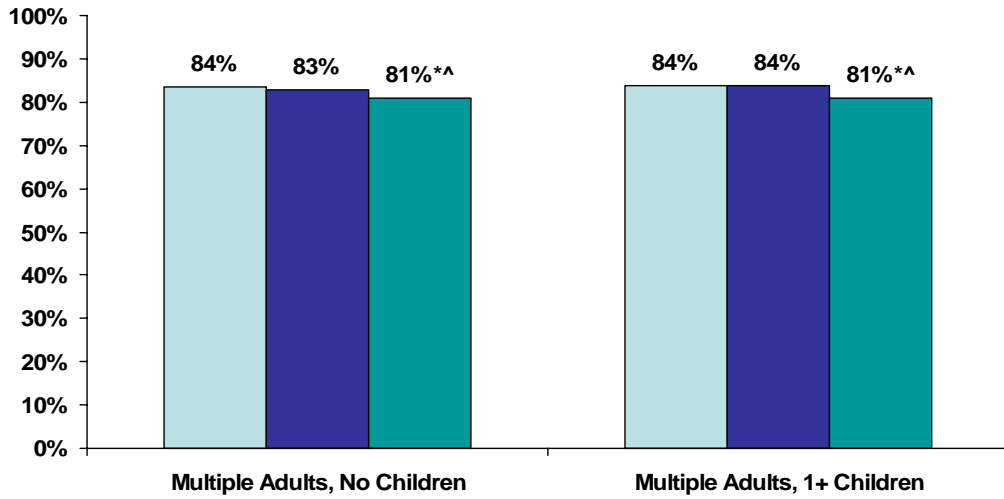
* Estimate is statistically different from estimate for previous year shown at $p < .05$.

[^] Estimate is statistically different from 1998 estimate at $p < .05$.



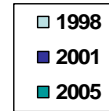
Source: Kaiser Family Foundation analysis of the National Health Interview Survey, National Center for Health Statistics at the Centers for Disease Control and Prevention.

Appendix Figure 2: Offer Rate Among Families with Nonelderly Workers by Family Type, All Adults Included



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^ Estimate is statistically different from 1998 estimate at $p < .05$.



Source: Kaiser Family Foundation analysis of the National Health Interview Survey, National Center for Health Statistics at the Centers for Disease Control and Prevention.

Endnotes

- i Kaiser Commission on Medicaid and the Uninsured, "Health Insurance Coverage in America: 2005 Data Update," May 2007. Available online at: <http://www.kff.org/uninsured/upload/2005DataUpdate.pdf>.
- ii Clemans-Cope, Lisa, Bowen Garrett, and Catherine Hoffman, "Changes in Employees' Health Insurance Coverage, 2001-2005," Kaiser Commission on Medicaid and the Uninsured, October 2006. Available online at: <http://www.kff.org/uninsured/upload/7570.pdf>.
- iii A description of the scope of the NHIS is available online at: <http://www.cdc.gov/nchs/about/major/nhis/hisdesc.htm>.
- iv The 2005 NHIS Survey Description, which explains the definition of a family and how the family file is to be used, can be downloaded at: ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Dataset_Documentation/NHIS/2005/srvydesc.pdf.
- v Ibid.
- vi The NHIS questions adult respondents about their employment status in the week prior to the survey. Our definition of a worker included anyone working at a job or business in the last week, or who had an employment relationship but was not working last week. There was a slight change in the composition of this variable between 1998 and 2001. Prior to 2001, the available responses did not indicate whether or not the individual was working for pay. Starting in 2001, a response was added for those working, but not for pay. In the current analysis, these respondents are classified as workers.
- vii The 2004 Kaiser/HRET Annual Employer Health Benefits Survey found that 14 percent of employers reported offering benefits to same-sex couples and 12 percent of employers reported offering benefits to unmarried opposite-sex couples. Employers with 5000 or more employees were more likely (32 percent) to offer coverage to same-sex couples. A 2006 analysis by the Human Rights Campaign Foundation found that approximately 50 percent of Fortune 500 companies offer health benefits to domestic partners. The HRC report is available online at: http://www.hrc.org/content/NavigationMenu/Work_Life/Get_Informed2/The_Issues/DomesticPartnerBenefits-March2006-Final.pdf.
- viii This issue is probably more important in determining the percentage of families with access to employer-based coverage at a point in time than it is to determining the changes in the percentage over time.
- ix The NHIS undergoes a substantial redesign about every 10 years, with the latest being for the year 1997. We used 1998 as our initial year because the family structure variable that permits us to identify families with other adults was first released in the 1998 survey.
- x The difference in the percentage change for the 400 percent and above income category (-1.5 percent) is statistically different than the percentage change for combined categories for families below 400 percent (-6.8 percent) of poverty at $p < .05$.
- xi State Health Access Data Assistance Center, University of Minnesota, "Whose Kids are Covered? A State-by-State Look at Uninsured Children," report prepared for the Robert Wood Johnson Foundation, March 2007. Available online at: <http://covertheuninsured.org/media/research/WhoseKidsAreCovered.pdf>.
- xii Fronstin, Paul, "Employment-Based Health Benefits: Access and Coverage, 1988-2005," Employee Benefit Research Institute, Issue Brief No. 303, March 2007.
- xiii The EBRI study looks at nonelderly adult wage and salary workers, the SHADAC study looks at nonelderly working adults in households with children, and our study looks at families with nonelderly adult workers.
- xiv Stanton, Mark W. "Employment Sponsored Health Insurance: Trends in Cost and Access," *Research In Action*, Issue 17, Agency for Healthcare Research and Quality, September, 2004. Available online at: <http://www.ahrq.gov/research/empspria/empspria.htm>.
- xv See, Kaiser Commission on Medicaid and the Uninsured, "Health Insurance Coverage in America: 2005 Data Update," May 2007. Available online at: <http://www.kff.org/uninsured/upload/2005DataUpdate.pdf>. For 2005, our sample had about 64 million families with nonelderly workers after excluding families with "other adults" and about 83 million families without the exclusion.
- xvi Clemans-Cope, Lisa, Bowen Garrett, and Catherine Hoffman, "Changes in Employees' Health Insurance Coverage, 2001-2005," Kaiser Commission on Medicaid and the Uninsured, October 2006. Available online at: <http://www.kff.org/uninsured/upload/7570.pdf>.



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