



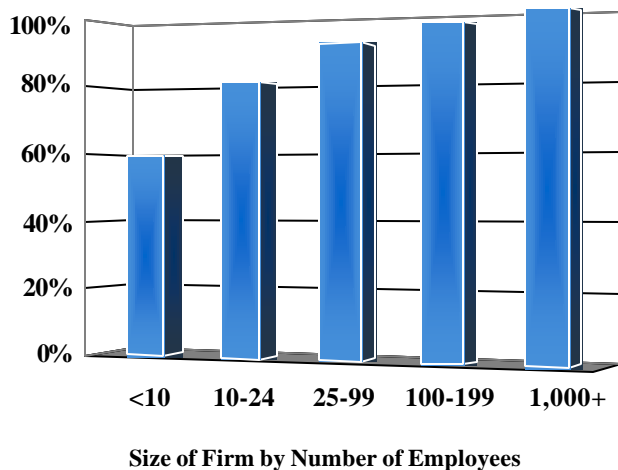
Employer-Sponsored Health Insurance

Although Connecticut has one of the lowest uninsured rates for health insurance, it is still good policy to seek ways to expand health insurance coverage. Research has shown that people with health insurance are more likely to get preventive care and timely treatment for medical conditions,¹ reducing the costs of illnesses through appropriate treatment and a reduction of lost work time.

Estimates of the rate of people in Connecticut with health insurance are between 90 and 92 percent.² Most workers (60%) receive health insurance through their workplace; some of these policies also cover family members.³ Firms with larger numbers of employees are more likely to offer this benefit. For example, nearly all (99.9%) of the largest firms in Connecticut, those with over 1,000 employees, offer health insurance. In contrast, less than two-thirds (60%) of firms with less than ten employees offer it.

Figure 1:

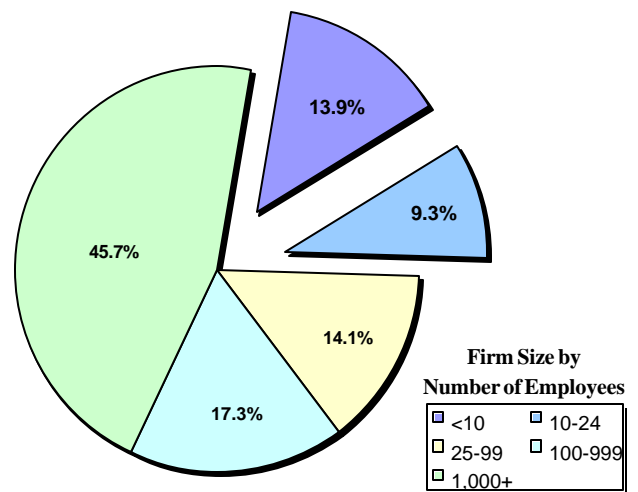
Larger Firms Are More Likely to Offer Insurance Than Smaller Firms



These smaller firms are significant, because nearly one-quarter (23 %) of Connecticut workers are employed in firms with fewer than 24 employees.

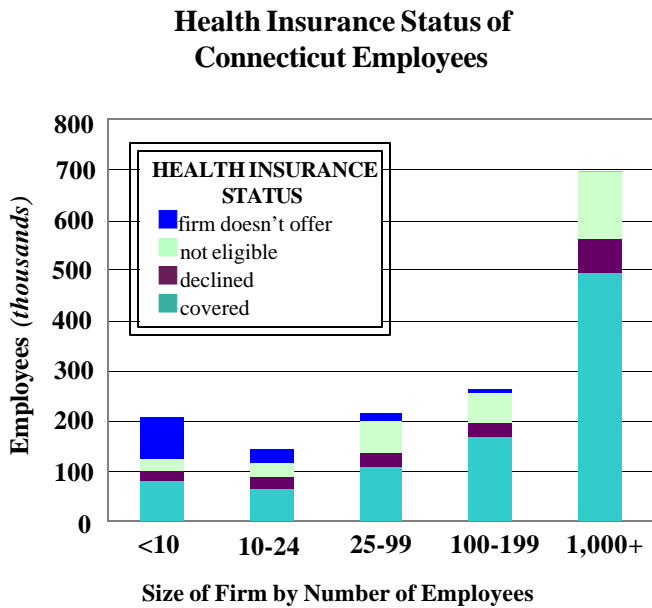
Figure 2:

One-Quarter of Employees Work at Firms with Less than 24 Employees



Even though the majority of small firms offer health insurance, some of their employees are not enrolled for two main reasons. Either the employee is not eligible for the benefit (usually because only full-time workers are offered insurance and many workers in small firms are part-time employees), or the employee declines the coverage, usually due to the high cost of his or her share of the insurance premium. The average monthly employee's contribution for employer-sponsored health insurance is \$30 for single coverage or \$111 for family coverage.⁴ (see Figure 3)

Figure 3:



The status of employee-sponsored health insurance during the next few years, and its effect on health insurance coverage in the state, is uncertain.

Decreased economic growth or increased health insurance premiums will make it more difficult for employers to carry the expense of this benefit. Some employers will respond to these conditions by increasing the premium portion paid by employees or eliminating the health plan entirely, either of which will erode the rate of health insurance coverage.

On the other hand, competition for workers resulting from Connecticut's continuing low unemployment rate makes it difficult for employers to reduce this popular benefit. About one-quarter of employers nationally responding to a survey stated that they are very concerned that health insurance costs will increase faster than they can afford (23%) or cause them to switch plans (28%).⁵

The Office of Health Care Access recently received a one-year State Planning Grant from the U.S. Department of Health and Human Services, Health

Resources and Services Administration. The purpose of the grant is to explore ways to expand health coverage to Connecticut citizens by lowering barriers to employee-sponsored health insurance.

A survey of Connecticut households will be done to provide a more recent description of those who are without health insurance and to better understand their usual sources of health care. A second survey of Connecticut businesses will ascertain if changes in the workforce structure or the increasing cost for insurance premiums has changed the rate at which businesses offer and employees enroll in employment sponsored health insurance. Results from these surveys will be available in future ACHIEVE Issue Briefs.

¹ Kaiser Commission on Medicaid and the Uninsured, *Uninsured in America: A Chart Book*. Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, 1998.

² See ACHIEVE Issue Brief, April 2001, "Estimating Connecticut's Uninsured Using Different Methods."

³ Unless otherwise noted, all data is from the 1998 Medical Expenditure Panel Survey, Agency for Health Research and Quality, Department of Health and Human Services.

⁴ Kaiser Family Foundation and Health Research and Education Trust. Employer Health Benefits 2000 Annual Survey, page 76. Menlo Park CA: Kaiser Family Foundation, 2000.

⁵ Ibid. Pages 157-158.