

### Health & Equity

## Employer-sponsored health insurance falls short

Public sector should (and sometimes does) step in

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The United States built its health care system around employer-sponsored health insurance. This approach leaves out many Ohioans and many Americans. In 2016, Ohio employers covered only 5.8 of 11.4 million Ohioans. The public sector covers many of the people who don't get employer-based coverage. This includes retired people, some who can't work or whose jobs don't offer health benefits and their children.

**Employer health care by size of firm, industry:** There are approximately 250,000 private-sector establishments in Ohio, employing close to 5 million workers. Of these workers, only an estimated 3.2 million are eligible for health benefits from their employers. Even fewer workers are actually enrolled. Here are the major takeaways for Ohio employer health care offerings in 2016—by size, and industry sector:

1. **Companies offer health care only to some workers.** While many employers offer insurance, only 65 percent of workers were eligible and 45 percent enrolled in 2016.
2. **Small businesses are less likely to offer health benefits** than large employers. Fewer than a third of small businesses with less than 10 employees offer health coverage.
3. **The industry sector encompassing retail, food service and hotel accommodation employers is the least likely to provide health benefits.** Nearly 1 million of the sector's 1.7 million workforce had no access to employer-based health insurance.
4. **Part-time workers are unlikely to be eligible for health benefits from employers.** Of 1.15 million part-time workers in Ohio, fewer than 14 percent are eligible (160,000).
5. **Private companies have reduced eligibility for health benefits.** As costs rose, employers limited the number of employees eligible for health coverage by cutting hours, making workers temporary, imposing waiting periods, and other strategies.
6. **Growth in the part-time workforce, decline in health benefits for part-time workers:** The share of workers who are part-time grew from 16 percent in 1996 to 24 percent in 2016—now roughly a quarter of the workforce. The share of part-time workers eligible for employer health insurance fell from 20 percent in 1997 to only 14 percent in 2016.

**Employer health care by proportion of low-wage workers:** Nearly two-thirds of low-wage employers—firms where more than half of employees made \$11.50 or less per hour in 2016 (the 25<sup>th</sup> percentile)—did not offer health benefits. Low-wage employers offered health benefits to less than four in 10 of their 1.2 million employees, and only 15.2 percent of these workers are actually enrolled (roughly 178,000).

**Low-wage employers give most workers only part-time hours and no health benefits.** The number of part-time workers in low-wage establishments grew 26 percent since 2000 and now constitutes a majority of part-time workers. Their eligibility for health benefits declined from 19.5 percent in 2000 to a paltry 4 percent in 2016.

**Declining enrollment and rising employee contributions.** Because of increasing premiums and required employee contributions, enrollment by employees in low-wage employers' health insurance programs declined 33 percent from 1996 to 2016. Between 2000 and 2016, average premiums for health coverage in Ohio doubled for single coverage and tripled for family coverage at low-wage firms, while required employee contributions also tripled.

**High employee cost-sharing burden in 2016.** Low enrollment in employer-based health care programs is likely due in large part to the size of the employee contribution required. Low-wage employers required a 27 percent contribution on average from the employee for single coverage and 28 percent for family coverage. That means almost \$6,000 for annual family coverage (about \$500 a month). For a full-time, year-round worker earning \$11.50 an hour, this consumes 25 percent of pre-tax earnings. For most workers at low-wage firms who are part-time, the share of income would be even higher.

### Low-wage employers offer most workers few hours and no health benefits.

	Number of Ohio employers	Percent offering health benefits	Number of employees in Ohio	Share of employees in firms that offer health care	Employees eligible for employer health benefits		Employees enrolled in employer health benefits	
					%	#	%	#
<b>Ohio Employers</b>	247,419	54.8%	4,874,058	87.0%	64.8%	3,159,121	44.8%	2,183,822
<i>full-time workers</i>	n/a	n/a	3,721,636	n/a	80.5%	2,996,386	56.9%	2,115,899
<i>part-time workers</i>	n/a	n/a	1,152,421	n/a	13.9%	159,696	5.6%	64,540
<b>Employers by proportion of workers who are low-wage and/or part-time</b>								
<b>Low-wage employers</b>	75,936	36.9%	1,172,205	36.9%	32.3%	378,824	15.2%	178,217
<i>full-time workers</i>	n/a	n/a	571,316	n/a	62.1%	354,916	29.9%	170,971
<i>part-time workers</i>	n/a	n/a	600,889	n/a	4.0%	23,762	1.2%	7,345
<b>Higher-wage employers</b>	171,483	62.8%	3,701,852	62.8%	75.1%	2,780,920	54.1%	2,004,538
<i>full-time workers</i>	n/a	n/a	3,150,320	93.6%	83.9%	2,642,035	61.8%	1,946,142
<i>part-time workers</i>	n/a	n/a	551,532	71.7%	24.7%	136,430	10.5%	57,735

Source: Medical Expenditure Panel Survey, Insurance/Employer Component.

**Conclusion:** Many workers do not get health coverage through work. Given the downward trends in employer-based health care, and the persistent holes in coverage and access to care, we must recognize the positive role the public sector can, should and does play in moving us toward equal access to health care. Creating new barriers to access public health care programs will reduce coverage. This is true of work requirements and other obstacles that make it harder to enroll in Medicaid.