Employer Health Insurance Coverage in Virginia, 2003

Facts at a Glance

As part of the data collection efforts of the Virginia State Planning Grant (VA-SPG), the Virginia Department of Health, Office of Health Policy and Planning commissioned the U.S. Agency for Healthcare Research and Quality (AHRQ) in 2004 to conduct an oversample of Virginians as part of the Medical Expenditure Panel Survey—Insurance Component (MEPS-IC). The survey was mailed to businesses throughout the state during late 2004 to obtain information on the status of employer-sponsored health insurance as of 2003. This brief provides a snapshot of businesses in Virginia and trends in health insurance coverage among different industry sectors and VA-SPG planning regions. The findings in this brief include a particular emphasis on small businesses.

Between 2001 and 2003, Virginia experienced growth both in the number of very small businesses (< 25 employees) as well as very large businesses (1000 or > employees). In 2003, 31.6% of full time employees were employed in businesses with less than 50 employees and 68.4% worked for businesses with greater than 50 employees.

Both Virginia and the nation have seen a decline in the percent of establishments that offer health insurance to their full-time employees. In 2003, 59.4% of all businesses in Virginia offered health insurance, down from 62.3% in 2001. For firms with less than 50 employees, the offer rate has remained in the 40 to 48% range since 2001. Offer rates in small businesses (with less than 50 workers) where half or more of the employees are considered low wage ($<9.50 per hour) declined even further between 2001 and 2003. By 2003, just 38.6% of these businesses offered health insurance (Figure 1.)

Figure 1.

Employment in Low Wage Jobs

Because health insurance is most often tied to employment, and since low-wage workers are less likely to have employer-sponsored insurance coverage, a high rate of growth in low-wage jobs in Virginia is likely to influence the rate of uninsured. The Virginia Economic Commission has projected an increase in the number of service sector jobs statewide, second only to professional and technical jobs. Across the state, service sectors job growth is expected in such jobs as home health aides and medical assistants. In some regions, high growth in jobs such as cashiers, teachers’ aides, and wait staff is forecasted. Unfortunately, many service sector jobs are also low-wage, and if the employer offers health insurance, the cost is too great for these employees to participate.

Source: Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey- Insurance Component

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The Virginia Department of Health was awarded a State Planning Grant (SPG) in 2003 by the U.S. Health Resources and Services Administration (HRSA) to examine the problem of the uninsured in Virginia, and explore alternatives for expanding health insurance coverage. The 2004 household survey of Virginians was jointly funded by the HRSA SPG and Virginia Healthcare Foundation. For more information see the SPG project website at: www.insuremorevirginians.org

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Wage Differences among Industry Sectors and Regions
Wages for Virginia workers differ by both industry in which they are employed and the region in which they work. For small businesses (<50 employees), the lowest median annual income is between $12,000-$15,000 for retail and other services sector industries, followed by the professional services sector (about $24,000). Wages for small businesses in industries such as agriculture, fishery, forestry, and construction are higher; annual incomes range from $21,000 to $39,000. For businesses 50 employees or more, Northern Virginia (Region 2) has the highest median wage at $35,470 (Figure 2). For businesses with less than 50 employees, the Central Virginia (Region 3) has the highest median wage ($27,857); the lowest median wage is $16,500, found in Eastern Virginia (Region 5) (Figure 3).

Offer Rates among Industry Sectors and Regions
The economic differences found among regions in Virginia also reflect variations in businesses offer rates for health insurance and the percent of employees working in various industry sectors. For all businesses, the highest employer offer rate is found in the Central Region (68.7%) and the lowest in the Eastern Region (49.26%) (Figure 4). The highest offer rate for businesses with <50 employees is also found in the Central Region (59.69%) and the lowest in the Eastern Region (37.79%) (Figure 5). Among businesses with 50 employees or more, the Northwestern Region (Region 1) has the lowest offer rate at 81.49% (Figure 6).

Offer rates for health insurance also vary substantially by industry sector and firm size. The agriculture, forestry, fishery and construction sectors have the lowest offer rates in the Commonwealth; only 47.94% of businesses in these sectors offer health insurance to their employees. For businesses with less than 50 employees, the lowest offer rate is found in the retail sector where only 42.34% of businesses offer health insurance.

The percent of employees working in businesses that offer health insurance vary by region as well. The highest percent of employees working in all businesses that offer health insurance is found in the Central Region (91.71%), with the Eastern Region having a much lower percentage (75.92%). Despite earlier findings that the Central Region has the highest rate of uninsurance, it also has the highest percentage of employees working in small businesses that offer health insurance (81.44%).

Source: Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey - Insurance Component
* Data suppressed for Southwestern Region

Source: Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey - Insurance Component
Enrollment Rates among Industry Sectors and Regions

In addition to variations among regional offer rates, the percent of Virginia employees actually enrolled in employer sponsored health insurance also varies by region and size of business. For all businesses, enrollment rates are higher in the Southwest region (84.70%) and lower in the Central region (68.21%). Among small businesses, the Southwest region also has higher rates of enrollment (79.99%) (Figure 7).

Costs of Health Insurance

Like the rest of the nation, Virginia has experienced significant increases the costs of health insurance premiums. The annual premium price for individual coverage for all Virginia businesses rose from $2,703 in 2001 to $3,322 in 2003 (Figure 8). Family coverage also saw a dramatic increase as did premium costs for small businesses with low-wage workers. However, the percent of the premium paid by the employee remained stable at about 20% for single coverage and 30% for family coverage.
The average premium cost of health insurance also varies by region and size of firm. For all businesses, the highest average annual premium cost for single coverage is found in the Southwestern Region ($3,546) and the lowest in the Eastern Region ($2,919). For businesses with fewer than 50 employees, the highest average cost for a single coverage policy is found in the Northern Virginia Region ($3,610); the lowest average cost is in the Northwestern Region ($3,038) (Figure 9). For those businesses with at least 50 employees, the highest average cost for a single coverage policy is found in Northwestern Region ($3,688) and the lowest in the Eastern Region ($2,774) (Figure 10). The same phenomenon is found for family coverage (Figure 5). For all businesses, the average highest premium cost for family coverage is found in Northern Virginia ($9,650) and the lowest in the Central Region ($8,704). For businesses with less than 50 employees, the average highest premium for family coverage is found in the Central Region ($9,621) and the lowest is found in the Northwestern Region ($7,542).

Figure 9.

Source: Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey- Insurance Component

Figure 10.

Source: Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey- Insurance Component
Data Tables

Charts Developed from the Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey - Insurance Component

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A complete data set is available on the SPG website at: http://www.insuremorevirginians.org.
Figure 1

Percent Establishments Offering Health Insurance for Full-time Employees US-VA 2001-2003

Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey-Insurance Component

Figure 2

Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey-Insurance Component

Figure 3

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Figure 4

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Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey - Insurance Component

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Agency for Healthcare Research and Quality, Center for Financing Access and Costs Trends, 2003 Medical Expenditure Panel Survey - Insurance Component