

Grant Outcomes Report

Survey of Employer Health Benefits in New York, 2009

The Problem:

Private, employer-sponsored health insurance is the main pillar of the health coverage system in New York State, as it is in the rest of the nation. In both New York and the United States, nearly 60% of the nonelderly population relies on employer-sponsored insurance. However, national data reveal steady erosion in this foundation over the last decade. Fewer firms are offering insurance to their employees.

The last comprehensive employer health benefits survey conducted with New York State employers were in 2001 and in 2003. National trends indicate that much has changed since then. For example, the combination of a weakening economy, higher unemployment, and medical cost inflation is placing pressure on employers to eliminate or scale back benefits.

In 2009, the New York State Health Foundation (NYSHealth) funded the National Opinion Research Center (NORC) at the University of Chicago to examine job-based insurance and uninsured New Yorkers under the age of 65. The data enabled NYSHealth to report trends in the cost of job-based insurance, the percentage of employees taking up coverage, the percentage of employees who are offered coverage, cost-sharing provisions of plans, employees' contributions for health insurance, and many other facets of job-based insurance in the State. The survey also provided policymakers with a better understanding of trends in coverage and uninsurance, and reasons behind these trends. Finally, the results of this survey show initial data as to how New York employers were responding to the economic downturn.

Grant Activities and Outcomes:

The project team at NORC primarily examined New Yorkers under the age of 65 with job-based health insurance. NORC conducted telephone interviews and collected data from 805 randomly selected New

KEY INFORMATION:

GRANTEE

National Opinion Research Center (NORC) at the University of Chicago

GRANT TITLE

Survey of Employer Health Benefits in New York, 2009

DATES

August 1, 2009–January 19, 2011

GRANT AMOUNT

\$200,000

FUNDING

2009 Coverage Solicited Grant

York private and public employers about the health benefits they offered (or did not offer) to their workforce. Between October 2009 and January 2010, NORC fielded a survey that covered the characteristics of firms offering coverage, the reasons why firms do not offer health insurance, monthly premium rates for individual and family coverage, covered benefits and cost-sharing arrangements, eligibility rules and participation rates among eligible workers, prescription drug coverage, and selected views of employee benefit managers regarding public policy issues.

Throughout this grant period, NORC prepared: **1)** an analysis-ready database (which includes extensive data cleaning, imputations, and weights) and a public-use file; **2)** cross-tabs of survey questions; and **3)** an NYSHealth-funded final report published in November 2010, "Decade of Decline: A Survey of Employer Health Insurance Coverage in New York State."¹

The report contains a detailed set of tables and graphics documenting the survey results. Its findings generated extensive media coverage from highly regarded news outlets including *The New York Times*, *The Wall Street Journal*, *Newsday*, *Albany Times-Union*, *Rochester Democrat and Chronicle*, and other New York-based media.

Key findings of the 2009 survey included the following:

- The percentage of workers in New York State with employer-sponsored health insurance has declined sharply since the beginning of the decade (58% in 2009 compared to 69% in 2003). The decline in coverage rates has occurred among firms of all sizes.²
- The percentage of New York employers offering health benefits in 2009 remained steady since 2001 at 70%. Nationwide, the offer rate was 60% in 2009, down from earlier in the decade.



¹ Gabel J, Whitmore H, and Pickreign J. Decade of Decline: A Survey of Employer Health Insurance Coverage in New York State. November 2010. Available at: <http://www.nyshealthfoundation.org/resources-and-reports/resource/decade-of-decline-survey-of-employer-health-insurance-coverage-in-new-york>

² Firm-size definitions are as follows: small (3-49 workers), medium (50-199 workers), and large (200 or more workers).

- Health insurance in New York State is growing more costly—premiums increased by 7.3% from 2008 to 2009.
- The cost of health insurance is a financial burden on New York's employers and has adverse consequences for the State's economy. Two-thirds (66%) of firms reported that they are struggling "a great deal" or "somewhat" to afford health insurance.
- Employees are paying considerably more in premium contributions and copays than at the start of the decade—average employee contributions for family coverage more than doubled from \$1,628 in 2001 to \$3,753 in 2009.
- New York's employers are providing fewer coverage options to their workers than in the past. In 2003, nearly two-thirds of employers offered their workers a choice of at least two health plans but by 2009, less than half (42%) offered that amount of choice.

However, employers support a wide variety of measures that could make coverage more available and affordable to their employees. For example, 80% of New York employers would be willing to help employees who qualify to use a tax credit through payroll deductions to help pay for health insurance premiums. Nearly two-thirds of employers support being able to purchase health insurance across State lines, being able to purchase coverage through an insurance exchange, and creating government subsidies to help low-income employees buy health insurance.

The Future:

The implementation of Federal health reform could provide much-needed relief to New York's employers and workers, especially those in small firms. The Affordable Care Act (ACA) makes it easier for employers to provide health benefits. Beginning in 2010, some small businesses (those with fewer than 25 employees) are eligible for tax credits to offset the costs of coverage. Beginning in 2014, businesses with up to 100 workers will also have access to exchanges that could expand their purchasing power and reduce administrative expenses.

The 2009 New York State Health Foundation Employer Health Benefits Survey will serve as a historical benchmark—one taken before national health care reform was passed. Future surveys of employer-sponsored health insurance in New York State can be compared to the NORC data so policymakers, employers, insurers, the media, and the public will be better able to identify changes in health insurance in the State, and understand the implications for coverage. Better information yields better decisions, and knowing the state of employer-based insurance and market trends is essential information for policymakers and others.

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

Founded in 1941, the National Opinion Research Center (NORC) at the University of Chicago is a social science research nonprofit organization and a national leader in survey research and analysis. NORC has its headquarters at the University with offices in Chicago's downtown Loop; Washington, D.C.; Bethesda, Maryland; and Berkeley, California, as well as field staff who operate nationwide. NORC's clients include government agencies, educational institutions, foundations, other nonprofit organizations, and private corporations. Although NORC's national studies are among its most well known, their projects range from local to regional and international.

GRANTEE CONTACT

Jon R. Gabel
Senior Fellow, Health Care Research Department
NORC at the University of Chicago
4350 East West Highway, Suite 800
Bethesda, MD 20814

Phone: (301) 634-9313
Fax: (301) 634-9301
E-mail: gabel-jon@norc.org
Website: <http://www.norc.uchicago.edu>

NYSHEALTH CONTACT

David Sandman

GRANT ID

3153808