

Health Care Cost and Insurance Coverage in Five Southern States

Prepared by the North Carolina Institute of Medicine

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Data Snapshot 2009-3

The secular increase in health care costs continues to be a focus of health reform efforts. Although policy efforts aimed at improving access to health care (such as insurance expansion) remain most visible in the public's consciousness, policy makers recognize that expansion efforts are hindered in the context of rapidly increasing costs. Research has shown that the primary driver of decreased insurance coverage is an increase in health insurance premiums,¹ which are largely driven by increases in the underlying cost of health care. One effect of increasing health insurance premiums is a decline in coverage obtained through one's employer. This is most acute among small employers, especially those with fewer than 50 employees.

About This Data Snapshot

The following pages describe health care costs and insurance coverage in five southern states: Georgia, North Carolina, South Carolina, Tennessee, and Virginia. Each page focuses on one state and contains four panels of data focusing on four aspects of costs and coverage:

1. Premiums for employer-sponsored insurance
2. Coverage under employer-sponsored insurance
3. Trends in health care costs
4. Coverage of the population of the state

Select Notable Statistics Consistent Across the Five States

- Roughly half of the population of each state is covered primarily through an employer-sponsored plan, with approximately one dependent for each employee covered, although North Carolina has fewer dependents covered per employee (0.9 per employee) than the other states (1.0 per employee).
- The average annual increase in per capita spending on medical care was around 5-7 percent. Increases in Medicaid and Medicare were comparable, but with more variability. South Carolina and North Carolina experienced slower growth in Medicaid expenditures, while Georgia and Tennessee experienced nearly double-digit annual increases.
- Total premiums for single coverage at small firms (fewer than 50 employees) are generally comparable or slightly more than premiums for large firms, but the employee contribution for single coverage is generally slightly lower for employees at small firms (North Carolina is an exception).
- Total premiums for family coverage at small firms are also comparable (within 10%) of premiums for large firms, however employees at small firms generally pay significantly higher premiums (upwards of 50% more) than employees at large firms (Georgia is an exception). Employees at small firms are less likely to enroll in family coverage than employees at large firms.
- Insurance coverage is lower for employees of small firms, and the primary cause is the lower offer rate among firms (as opposed to lower takeup rate by employees).

1. Chernew M, Cutler DM, Keenan PS. Increasing health insurance costs and the decline in insurance coverage. *Health Serv Res.* 2005;40(4):1021-1039.

Table Data Sources

1. Medical Expenditure Panel Survey Insurance Component, Agency for Healthcare Research and Quality, various tables. Available at: <http://www.meps.ahrq.gov/mepsweb/>
2. Martin AB, Whittle L, Heffler S, Barron MC, Sisko A, Washington B. Health spending by state of residence, 1991-2004. *Health Aff.* 2007 Nov-Dec;26(6):w651-63. Epub 2007 Sep 18.
3. Analysis of Current Population Survey, 2007 and 2008 Annual Social and Economic (ASEC) Supplement [machine-readable data file] / conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington: U.S. Census Bureau [producer and distributor]; 2008.



Premiums for Employer-Sponsored Insurance (2005-2006)

	Firm Size	
	Less than 50	50 or More
Premium for Single Coverage	\$3,895	\$3,861
Employee Contribution for Single Coverage	\$644	\$822
Percent Employee Share for Single Coverage	17%	21%
Percent of Enrolled Employees with Single Coverage	62%	49%
Premium for Family Coverage	\$9,867	\$10,622
Employee Contribution for Family Coverage	\$2,809	\$2,882
Percent Employee Share for Family Coverage	28%	27%
Percent of Enrolled Employees with Family Coverage	38%	52%

Coverage via Employer (Full Time) (2005-2006)

	Firm Size	
	Less than 50	50 or More
Firm Does Not Offer	41%	1%
Firm Offers, Employee Not Eligible	4%	15%
Employee Eligible but Does Not Enroll	12%	18%
Employee Enrolls	43%	67%
Total	100%	100%
Takeup (percent eligible who enroll)	78%	79%

Cost Increases: Average Annual Increase in Per-capita Health Care Spending (1998-2004)

Medicare	5.7%
Medicaid	11.2%
Total Personal Health Care Spending	5.2%

Coverage as Percent of Entire Population (2006-2007)

Employer-Sponsored Insurance (Dependent)	27.7%
Employer-Sponsored Insurance (Employee)	26.9%
Medicaid	10.9%
Medicare	11.4%
Private (Non-group)	5.6%
Uninsured	17.6%
Total	100%

Premiums for Employer-Sponsored Insurance (2005-2006)

	Firm Size	
	Less than 50	50 or More
Premium for Single Coverage	\$4,152	\$3,838
Employee Contribution for Single Coverage	\$700	\$687
Percent Employee Share for Single Coverage	17%	18%
Percent of Enrolled Employees with Single Coverage	66%	48%
Premium for Family Coverage	\$10,552	\$10,272
Employee Contribution for Family Coverage	\$3,887	\$2,598
Percent Employee Share for Family Coverage	37%	25%
Percent of Enrolled Employees with Family Coverage	35%	52%

Coverage via Employer (Full Time) (2005-2006)

	Firm Size	
	Less than 50	50 or More
Firm Does Not Offer	38%	1%
Firm Offers, Employee Not Eligible	5%	9%
Employee Eligible but Does Not Enroll	11%	17%
Employee Enrolls	46%	73%
Total	100%	100%
Takeup (percent eligible who enroll)	81%	81%

Cost Increases: Average Annual Increase in Per-capita Health Care Spending (1998-2004)

Medicare	6.8%
Medicaid	5.6%
Total Personal Health Care Spending	7.2%

Coverage as Percent of Entire Population (2006-2007)

Employer-Sponsored Insurance (Dependent)	23.2%
Employer-Sponsored Insurance (Employee)	26.4%
Medicaid	11.3%
Medicare	14.6%
Private (Non-group)	7.7%
Uninsured	16.8%
Total	100%

Premiums for Employer-Sponsored Insurance (2005-2006)		
	Firm Size	
	Less than 50	50 or More
Premium for Single Coverage	\$3,956	\$3,983
Employee Contribution for Single Coverage	\$729	\$810
Percent Employee Share for Single Coverage	18%	20%
Percent of Enrolled Employees with Single Coverage	64%	46%
Premium for Family Coverage	\$11,558	\$10,609
Employee Contribution for Family Coverage	\$3,338	\$2,459
Percent Employee Share for Family Coverage	29%	23%
Percent of Enrolled Employees with Family Coverage	36%	54%

Coverage via Employer (Full Time) (2005-2006)		
	Firm Size	
	Less than 50	50 or More
Firm Does Not Offer	42%	1%
Firm Offers, Employee Not Eligible	6%	9%
Employee Eligible but Does Not Enroll	13%	18%
Employee Enrolls	39%	72%
Total	100%	100%
Takeup (percent eligible who enroll)	75%	80%

Cost Increases: Average Annual Increase in Per-capita Health Care Spending (1998-2004)	
Medicare	6.3%
Medicaid	3.9%
Total Personal Health Care Spending	6.7%

Coverage as Percent of Entire Population (2006-2007)	
Employer-Sponsored Insurance (Dependent)	25.5%
Employer-Sponsored Insurance (Employee)	25.0%
Medicaid	11.2%
Medicare	15.6%
Private (Non-group)	6.3%
Uninsured	16.3%
Total	100%

Premiums for Employer-Sponsored Insurance (2005-2006)

	Firm Size	
	Less than 50	50 or More
Premium for Single Coverage	\$4,014	\$3,735
Employee Contribution for Single Coverage	\$728	\$782
Percent Employee Share for Single Coverage	18%	21%
Percent of Enrolled Employees with Single Coverage	61%	46%
Premium for Family Coverage	\$9,463	\$10,256
Employee Contribution for Family Coverage	\$3,950	\$2,629
Percent Employee Share for Family Coverage	42%	26%
Percent of Enrolled Employees with Family Coverage	39%	54%

Coverage via Employer (Full Time) (2005-2006)

	Firm Size	
	Less than 50	50 or More
Firm Does Not Offer	41%	1%
Firm Offers, Employee Not Eligible	7%	12%
Employee Eligible but Does Not Enroll	13%	15%
Employee Enrolls	38%	71%
Total	100%	100%
Takeup (percent eligible who enroll)	74%	83%

Cost Increases: Average Annual Increase in Per-capita Health Care Spending (1998-2004)

Medicare	5.6%
Medicaid	9.1%
Total Personal Health Care Spending	6.6%

Coverage as Percent of Entire Population (2006-2007)

Employer-Sponsored Insurance (Dependent)	24.1%
Employer-Sponsored Insurance (Employee)	24.3%
Medicaid	13.1%
Medicare	15.5%
Private (Non-group)	8.7%
Uninsured	14.2%
Total	100%

Premiums for Employer-Sponsored Insurance (2005-2006)

	Firm Size	
	Less than 50	50 or More
Premium for Single Coverage	\$3,975	\$3,895
Employee Contribution for Single Coverage	\$837	\$873
Percent Employee Share for Single Coverage	21%	22%
Percent of Enrolled Employees with Single Coverage	57%	48%
Premium for Family Coverage	\$10,628	\$10,950
Employee Contribution for Family Coverage	\$3,581	\$3,074
Percent Employee Share for Family Coverage	34%	28%
Percent of Enrolled Employees with Family Coverage	43%	52%

Coverage via Employer (Full Time) (2005-2006)

	Firm Size	
	Less than 50	50 or More
Firm Does Not Offer	29%	2%
Firm Offers, Employee Not Eligible	7%	15%
Employee Eligible but Does Not Enroll	14%	18%
Employee Enrolls	51%	65%
Total	100%	100%
Takeup (percent eligible who enroll)	79%	78%

Cost Increases: Average Annual Increase in Per-capita Health Care Spending (1998-2004)

Medicare	6.1%
Medicaid	6.4%
Total Personal Health Care Spending	6.8%

Coverage as Percent of Entire Population (2006-2007)

Employer-Sponsored Insurance (Dependent)	28.8%
Employer-Sponsored Insurance (Employee)	27.8%
Medicaid	6.8%
Medicare	13.2%
Private (Non-group)	9.1%
Uninsured	14.4%
Total	100%