

# Changes in Offer and Take-up of Employer-Sponsored Health Insurance for Low- and High-Earning Occupations in the First Year of the Employer Shared Responsibility Provision

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## MOTIVATION

Beginning in 2015, the Employer Shared Responsibility Provision of the Patient Protection and Affordable Care Act (ACA) required large employers to offer affordable health insurance to their full-time employees or pay a penalty. The provision is likely to have a greater effect on low-earning workers because the majority of high-earning workers already were provided such coverage. The authors examine changes in offer and eligibility of employer-sponsored insurance (ESI) across major occupations and low-earning occupations. Are workers in low-earning occupations benefiting from expanded offering of ESI?

## Are workers benefiting from expanded offering of ESI?

Offer/Eligibility Number and Rates of Workers with Status Change by Type of Health Insurance for Full-time Workers Ages 26 to 64 in Large Firms: 2014 and 2015

	2014	2015	Difference
<b>Number of full-time workers in large firms</b>	<b>61,891,066</b>	<b>63,130,307</b>	<b>1,239,241 ***</b>
<b>Number</b>			
Total, Offered and eligible	54,915,100	56,638,800	1,723,700 ***
ESI policyholder	46,308,500	47,570,200	1,261,700 ***
Direct Purchase	1,099,000	1,191,300	92,300 ***
<b>Total, not offered or not eligible</b>	<b>6,975,926</b>	<b>6,491,473</b>	<b>(484,453) ***</b>
Direct Purchase	1,275,300	1,519,600	244,300 ***
<b>Rate</b>			
Total, Offered and eligible	88.7	89.7	1.0 ***
ESI policyholder	84.3	84.0	-0.3 ***
Direct Purchase	2.0	2.1	0.1 ***
<b>Total, not offered or not eligible</b>	<b>11.3</b>	<b>10.3</b>	<b>-1.0 ***</b>
Direct Purchase	18.3	23.4	5.1 ***

## DATA

Universe: Civilian non-institutional population, restricted to:

- full-time workers (who work a least 30 hours/week)
- ages 26 to 64
- in large firms (at least 100 employees)

2014 and 2015 American Community Surveys

- 3.5 million sampled addresses each year

Imputed from the Current Population Survey to use with the American Community Survey

- Types of health insurance coverage and if the person was a Policyholder of ESI as of the date of the interview
- Employer offered and employee eligibility information as of the previous week of the interview
- Employer firm size

For more information on the ACS, see <http://www.census.gov/programs-surveys/acs/>  
For more information on the CPS, see <http://www.census.gov/programs-surveys/cps.html>

Number of workers with status change by offers/health insurance type

	Change from increase in number	Unexplained change
Total, Offered and eligible	1,099,600 ***	624,000 ***
ESI policyholder	1,453,500 ***	(191,800) ***
Direct Purchase	34,500 **	57,800 ***
Total, not offered or not eligible	(88,600) ***	332,900 ***

Decomposing the increase in ESI offers and take up, we find that even accounting for the increase in the size of the working population, large employers still increased their offers of ESI by about 624,000.

More workers received an offer for ESI in 2015 than 2014, and more workers took up ESI. This in part reflects an increase in the overall number of workers.

Yet, there was a decline in the proportion of workers who received an offer of ESI and took it up.

Other insurance types not shown include ESI dependent, Medicaid, Tricare, VA Care, and Medicare

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1

Estimate of the standard error for growth used a Taylor series expansion

Source: 2014 and 2015 1-year American Community Surveys and 2015 and 2016 Current Population Survey Annual Social and Economic Supplement.

Occupation is a powerful stand-in for many facets of our economic and social lives. Some characteristics associated with occupation, like educational attainment, training, or union membership, parallel existing measures; but others, such as social capital, social network membership, or even personality, are more difficult to account for with household survey data. We consider occupation as a summary descriptor of these worker characteristics.

## Are workers in low-earnings occupations benefiting from expanded offering of ESI?

Occupations	Offered/Eligible Rates for Full-time Workers in Large Firms			2015 Population	2015 Net offers
	2014 percent	2015 percent	Percentage-point difference		
<b>United States</b>	<b>88.7</b>	<b>89.7</b>	<b>1.0 ***</b>	<b>63,130,300</b>	<b>624,100 ***</b>
Low earnings occupations (<\$40,000)	80.9	82.8	1.9 ***	17,780,000	344,600 ***
Middle earnings occupations (\$40,000 to \$74,999)	90.5	91.1	0.7 ***	28,188,300	186,100 ***
High earnings occupations (\$75,000+)	94.1	94.6	0.5 ***	17,162,000	80,300 ***

Workers in detailed occupations with high, medium, or low earnings realized increases in their offer/eligible rates, with workers in low-earnings occupations experiencing the largest increases.

Workers in major occupation groups experienced either increased offer/eligible rates, or no statistically significant change from 2014.

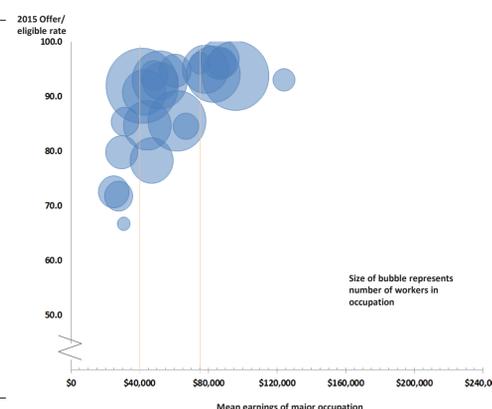
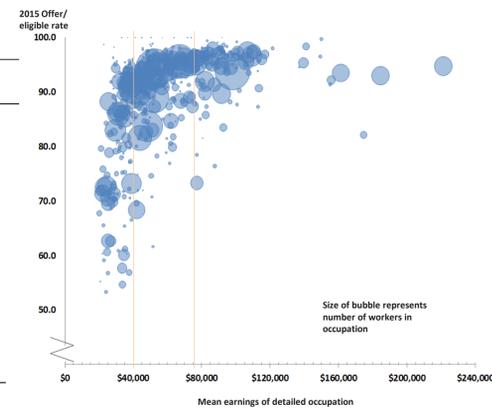
Occupations	Offered/Eligible Rates for Full-time Workers in Large Firms			2015 Population	2015 Net offers
	2014 percent	2015 percent	Percentage-point difference		
<b>Low earnings occupations</b>					
Food preparation and serving related	71.6	72.6	1.0	1,584,900	16,000
Personal care and service	71.2	71.7	0.5	1,358,800	6,800
Building and grounds cleaning and maintenance	79.5	79.8	0.3	1,721,300	5,000
Farming, fishing, and forestry	55.7	66.7	11.0 ***	277,100	30,500 ***
Healthcare support	82.9	85.4	2.6 ***	1,278,900	32,900 ***
<b>Middle earnings occupations</b>					
Office and administrative support	90.3	91.9	1.7 ***	8,659,200	146,500 ***
Production	90.6	90.8	0.1	3,179,400	4,500
Transportation and material moving	83.1	84.7	1.6 ***	3,748,300	61,100 ***
Construction and extraction	75.5	78.3	2.8 ***	3,129,800	87,800 ***
Community and social service	93.1	93.9	0.7 ***	1,360,900	10,100 ***
Education, training, and library	93.1	93.0	-0.1	5,186,200	(5,100)
Installation, maintenance, and repair	90.1	92.8	2.7 ***	2,114,300	56,200 ***
Protective service	93.5	94.7	1.1 ***	1,687,200	19,200 ***
Sales and related	85.7	85.5	-0.2	5,543,800	(9,600)
Arts, design, entertainment, sports, and media	84.9	84.5	-0.3	1,080,700	(3,400)
<b>High earnings occupations</b>					
Life, physical, and social science	94.3	96.1	1.8 ***	702,100	12,400 ***
Business and financial operations	94.4	95.0	0.6 ***	3,555,300	22,500 ***
Healthcare practitioner and technical	94.1	94.0	-0.1	4,856,200	(2,800)
Computer and mathematical science	94.9	96.8	1.9 ***	2,496,700	47,800 ***
Architecture and engineering	95.3	96.2	0.9 ***	1,401,900	12,400 ***
Management	92.8	93.8	1.0 ***	7,420,100	70,700 ***
Legal	93.1	93.0	-0.1	787,100	(700)

Source: 2014 and 2015 1-year American Community Survey and 2015 and 2016 Current

\*\*\*p<0.01, \*\*p<0.05, \*p<0.1 for difference in the percent

Ranking of major occupations (22) and detailed occupations (525) by occupational average earnings and put into 3 earning buckets

Earning category	Mean earnings	Percentile distribution	Detailed Occupation Groups		Major Occupations	
			Number of full-time workers in large firms	Number of detailed occupations	Number of full-time workers in large firms	Number of major occupations
Low	<\$40,000	Lowest quartile	16.6 million	150	6.2 million	5
Middle	\$40,000 to <\$75,000	Middle 50 percent	29.9 million	257	35.7 million	10
High	\$75,000+	Highest quartile	16.7 million	118	21.2 million	7



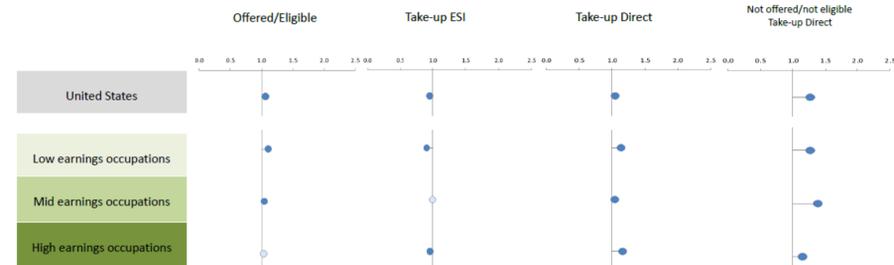
## Of employees that are offered and eligible for ESI, do low-earning occupations have a greater increased rate of workers on directly-purchased health insurance?

Logit regression analysis that takes into account sequential events (STATA's SEQLOGIT).

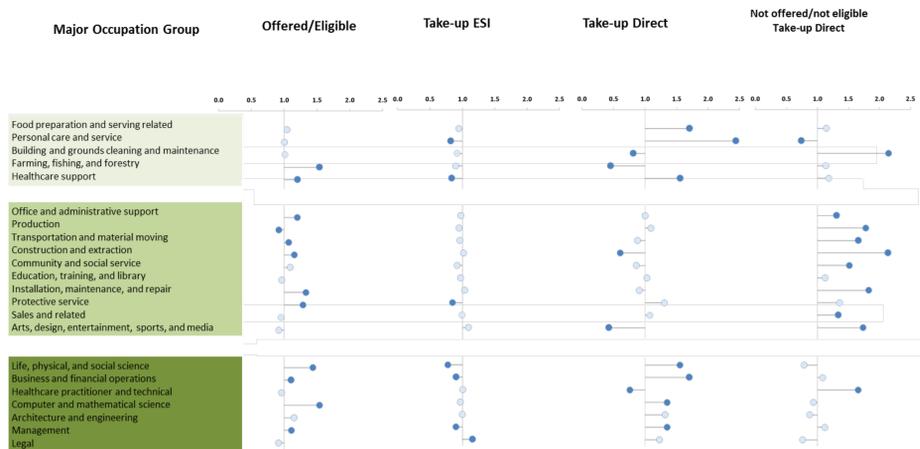
Controls for differences in year and other characteristics. The model is fitted for each sub-group (total, each occupation, and each earnings level). Provides:

- (1) the likelihood of whether the person was offered and eligible for ESI;
- (2,3) given that the person received an offer, and was eligible to take that offer, predicts their health insurance coverage type (ESI policyholder, ESI dependent coverage, Medicaid, non-group, other insurance, or uninsured);
- (4) Given that they did not receive an offer, or were not eligible, predicts the likelihood that they took up direct purchase.

Regression Odds Ratio Results for Changes in Offered/Eligible and Types of Insurance (between 2014 and 2015, for 3 Summary Earnings Groups of Detailed Occupations)



Regression Odds Ratio Results for Changes in Offered/Eligible and Types of Insurance (between 2014 and 2015, for major occupation groups)



Across most major occupation categories in 2015 compared with 2014, employees either saw an increase in their likelihood of being offered and eligible or held steady from the prior year. Among detailed occupations as a group, the change was greatest among occupations with lower earnings. Among major occupation groups, three exceptions (Arts, design, entertainment, sports, and media; Sales and related; and Production major occupations) saw a lower likelihood of offer/eligibility; all were in the middle earnings group.

While the rate of offered and eligibility has risen, many major occupations saw a reduction in the likelihood of take-up. This may reflect a change in the selection pressure forming the pool of workers with an offer of employer-sponsored insurance. The law may have brought in a disproportionate number of people at the low end of the earnings bands within their individual occupations, or workers with other reasons for declining an offer of insurance from their employer.