



March 2018

The Rising Cost Burden of Employer-Sponsored Insurance in New York



Introduction

New York State's uninsured rate is at a historic low. Only 5.4% of residents lacked health insurance coverage in 2016.¹ Employer-sponsored coverage is the most prevalent source of health insurance; 55.8% of New Yorkers got their coverage this way in 2016.² Employers pay a substantial amount of the premiums for this coverage, but most employees are required to contribute a portion of their income.

Health care spending overall and per capita in New York State are among the highest in the nation. An earlier [NYSHealth data snapshot](#) details health care spending trends.

The affordability of health insurance and health care is a major concern for New Yorkers and policymakers. Employer-sponsored premiums for an average family plan in New York increased 51.1% from 2008 through 2016, rising much faster than median income (21.8%).^{3,4}

Rising costs are felt by both employers and employees. Employees must devote more of their income to health care premiums. Employers may cut back on other employee benefits, as well as wage increases, in order to pay for health benefits for their employees.

Some employers have chosen to offer lower-premium alternatives, such as plans with narrow provider networks and high-deductible health plans (HDHPs). Enrollment in HDHPs especially has been increasing. The number of New Yorkers enrolled in HDHPs jumped from 2015 to 2016, with total enrollment reaching more than 700,000.⁵

¹ National Center for Health Statistics, Center for Disease Control, "Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, January-September 2016," Table XVI. <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201702.pdf>, accessed February 2018.

² U.S. Census Bureau. Table HIC-4 _ ACS. Health Insurance Coverage Status and Type of Coverage by State All People: 2008 to 2016. Retrieved from: <https://www.census.gov/library/publications/2017/demo/p60-240.html>

³ U.S. Census Bureau, "Historical Income Tables - Households" Table H-8, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html>, accessed December 2017.

⁴ Agency for Healthcare Research and Quality, MEPS-IC State Tables in Spreadsheet Format by State. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1

⁵ America's Health Insurance Plans, "2016 Survey of Health Savings Account – High Deductible Health Plans," https://www.ahip.org/wp-content/uploads/2017/02/2016_HSASurvey_Draft_2.14.17.pdf, accessed December 2017; America's Health Insurance Plans, "2015 Census of Health Savings Account - High Deductible Health Plans" https://www.ahip.org/wp-content/uploads/2015/11/HSA_Report.pdf, accessed December 2017. The survey includes both group and non-group plans and focused on HDHPs backed by Health Savings Accounts (HSAs).



Key Findings

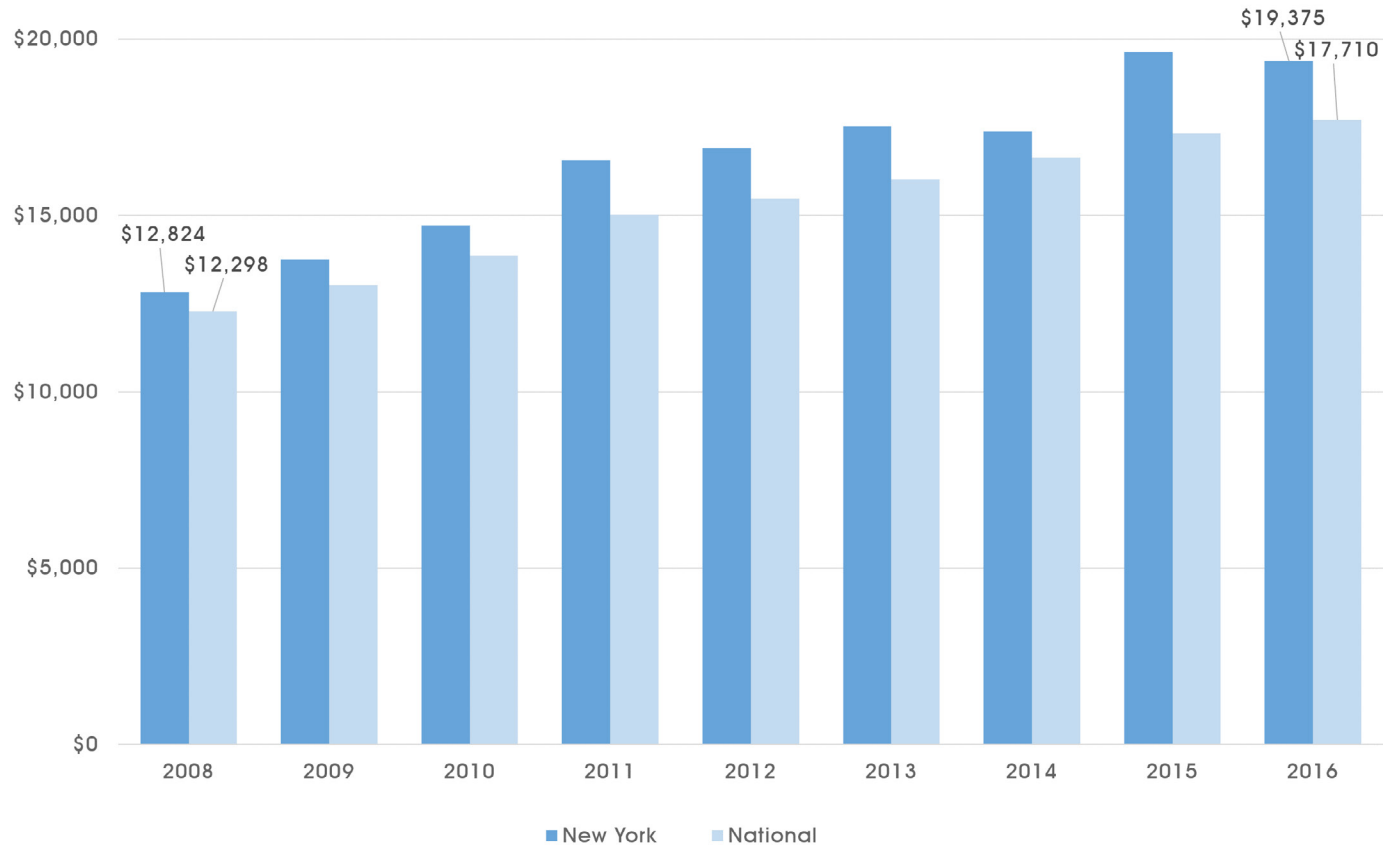
We analyzed data from a federal survey of private employers to explore cost trends of employer-sponsored health insurance in New York State. Key findings include:

- Insurance premiums in New York State are among the highest in the nation. In 2016, New York had the third-highest average family premium cost in the nation (\$19,375) and fifth-highest single premium (\$6,614).
- New York premiums have been volatile since the passage of the Affordable Care Act. Employer-sponsored family premiums declined slightly between 2013 and 2014, spiked 12.8% between 2014 and 2015, and declined again between 2015 and 2016. This is in contrast to national premiums, which increased incrementally each year.
- Premiums have grown more than twice as fast as median household income from 2008 through 2016.
- New York employers tend to make a slightly larger (about 2% on average) contribution to the premium relative to employers across the nation.
- Employees in New York with employer-based plans are less likely to have any deductible relative to the rest of the nation, but the percentage of employees with deductibles has increased sharply in recent years.
- Deductibles in New York were lower than the national average until 2016, when average single deductibles in the State grew from \$1,317 to \$1,789 in one year. Average family deductibles also rose substantially, from \$2,574 to \$3,099 between 2015 and 2016.



New York State Premiums for Family Coverage Employer-Sponsored Insurance Have Been Consistently Higher Than Those Across the Nation

AVERAGE FAMILY PREMIUM FOR EMPLOYER-BASED COVERAGE, UNITED STATES AND NEW YORK STATE, 2008–2016



Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Table I.D.1, 2008-2016.

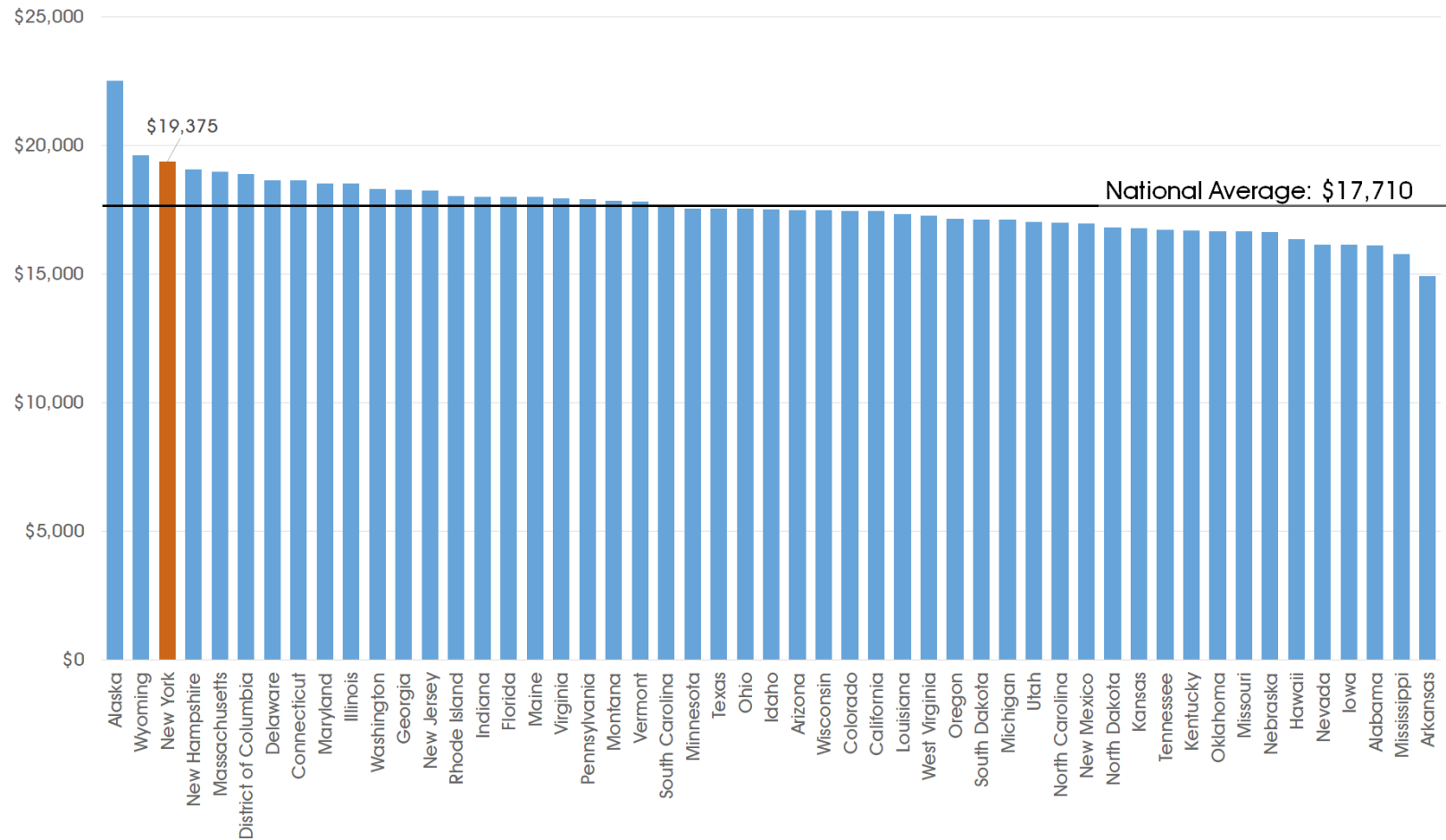
National-level Data: https://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=1&year=-1&tableSeries=1&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search

State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Table II.D.1, 2008-2016. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1



New York Has the Third-Highest Average Employer-Sponsored Family Premium in the Nation

AVERAGE EMPLOYER-SPONSORED INSURANCE FAMILY PREMIUM BY STATE, 2016

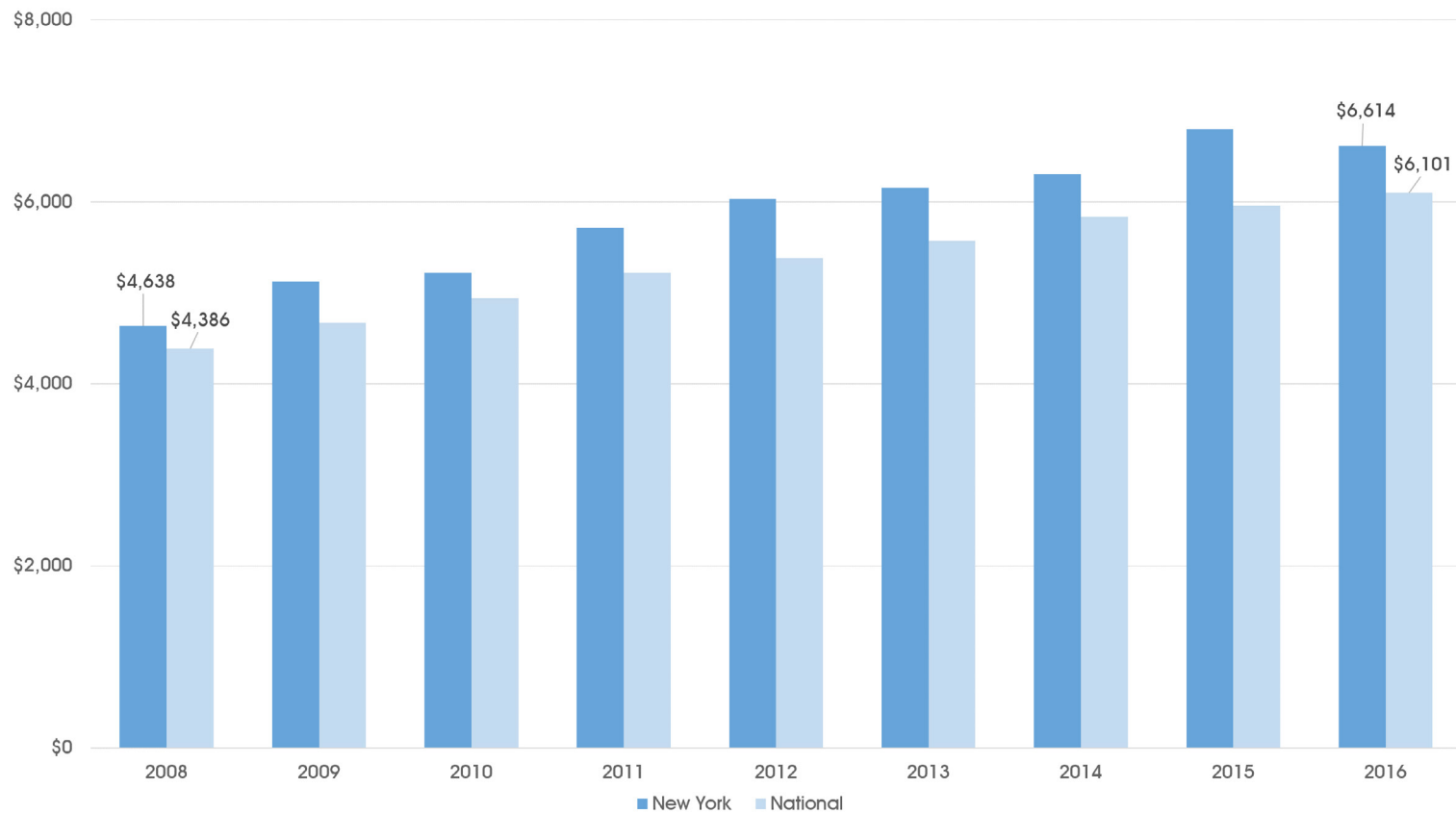


Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Table II.D.1, 2016. https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_2/2016/tiid1.pdf



New York State Premiums for Single Coverage Employer-Sponsored Insurance Have Been Consistently Higher Than Those Across the Nation

AVERAGE SINGLE PREMIUM FOR EMPLOYER-BASED COVERAGE, UNITED STATES AND NEW YORK STATE, 2008–2016



Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Table I.C.1, 2008-2016.

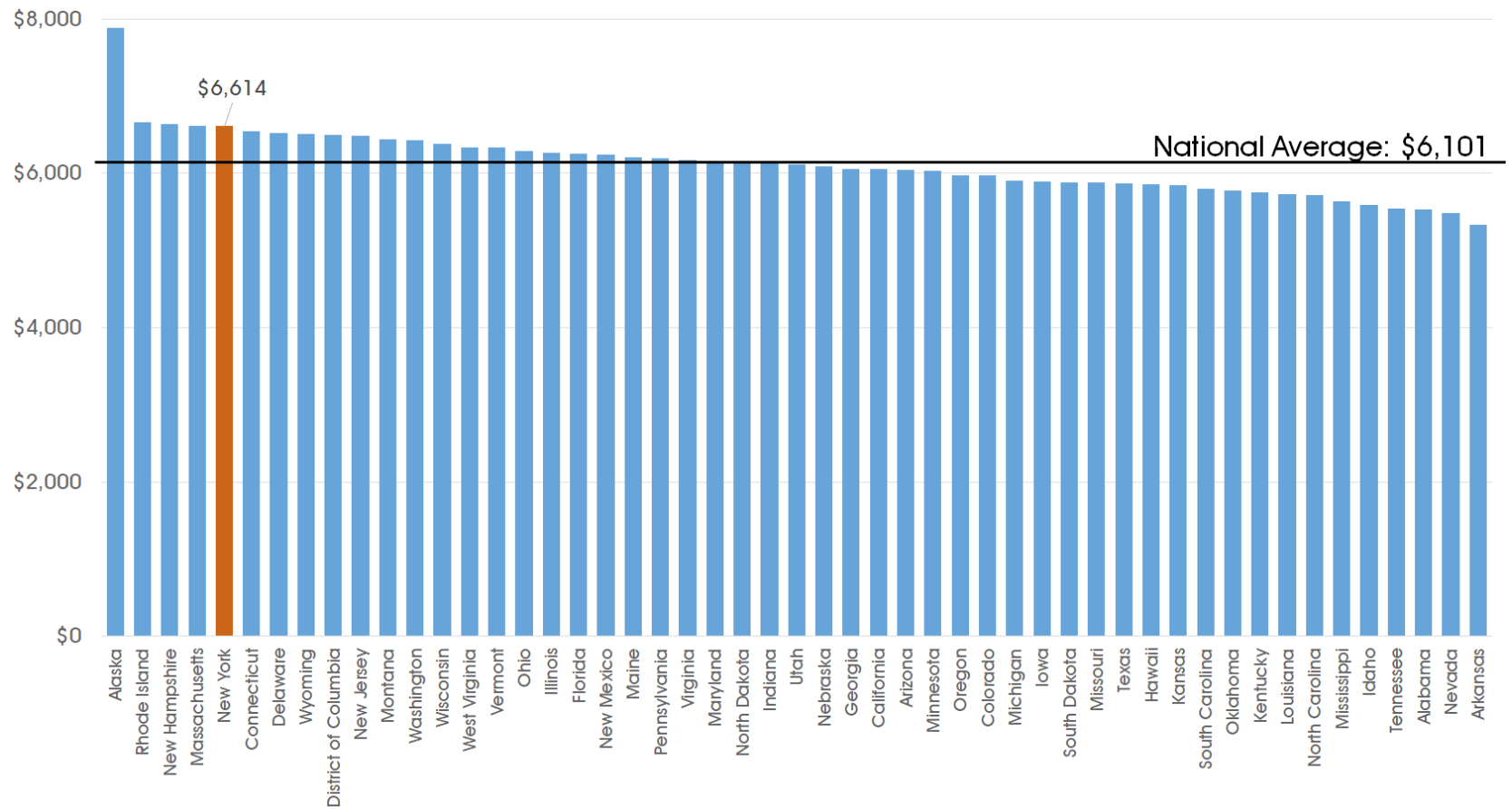
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State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Table II.C.1, 2008-2016. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1



New York Has the Fifth-Highest Average Employer-Sponsored Single Premium in the Nation

EMPLOYER-SPONSORED INSURANCE PREMIUM AVERAGES, SINGLE COVERAGE, 2016

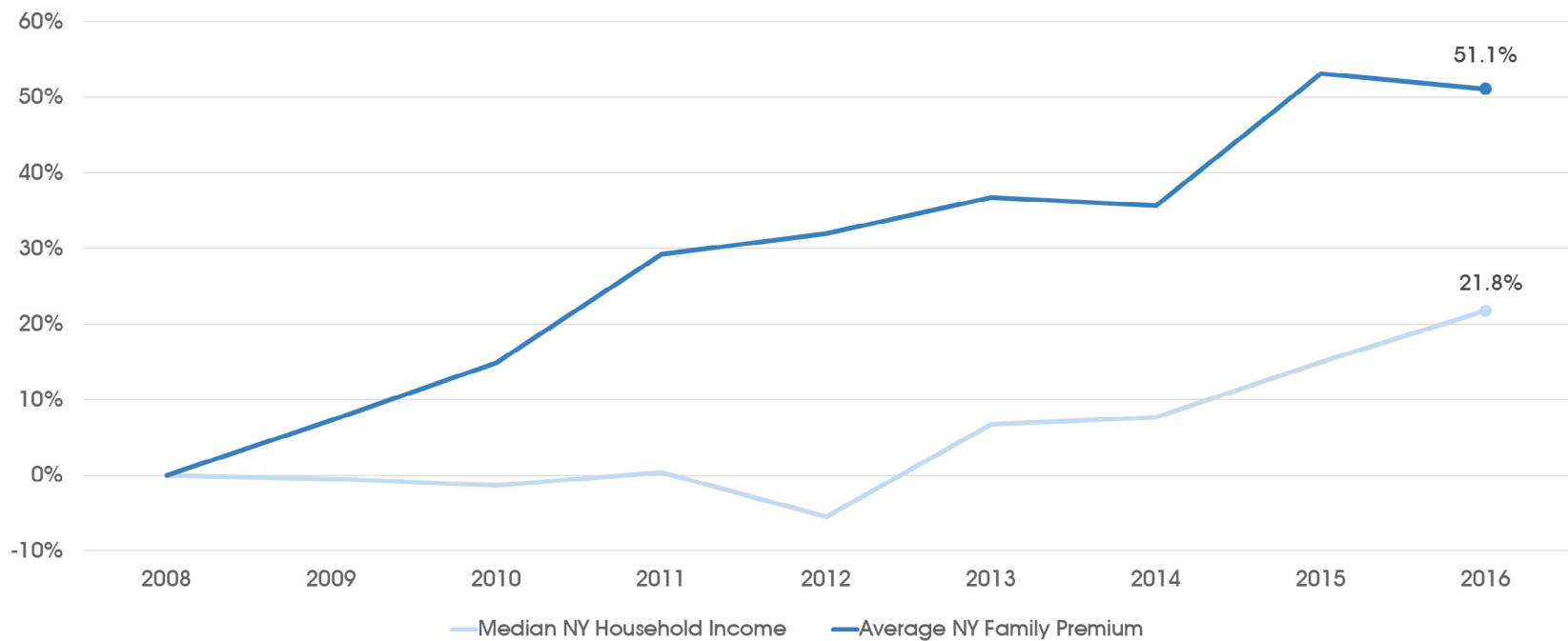


Source: Agency for Healthcare Research & Quality, Medical Expenditure Panel Survey, Table II.C.1, 2016. https://meps.ahrq.gov/data_stats/summ_tables/insr/state/series_2/2016/tiic1.pdf.



Employer-Sponsored Premiums in New York State Have Grown More Than Twice as Much as Median Household Income Since 2008

CUMULATIVE PERCENT CHANGE IN FAMILY PREMIUMS AND MEDIAN HOUSEHOLD INCOME, 2008–2016



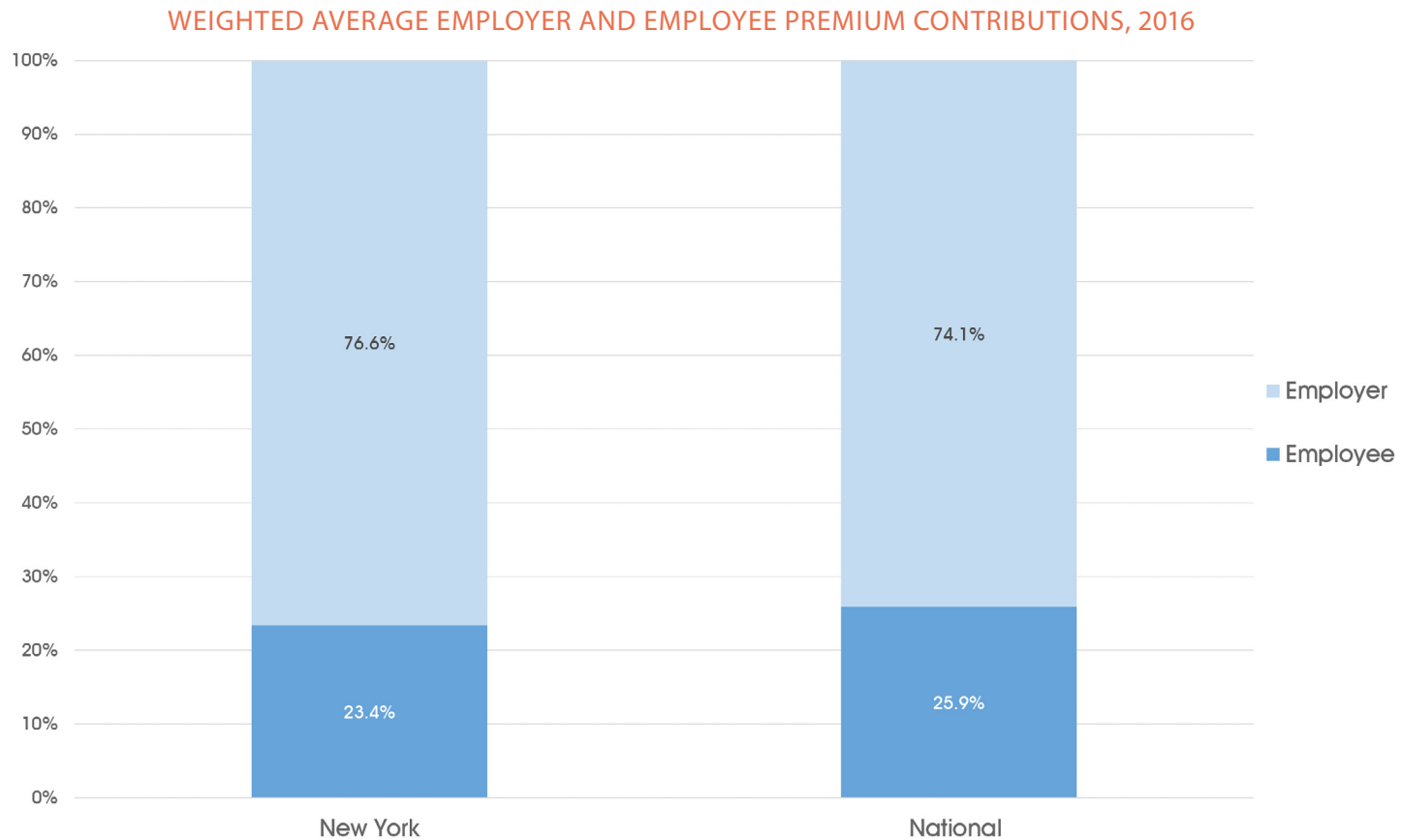
Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Tables II.D.1, 2008-2016.

State-level Data: MEPS-IC State Tables in Spreadsheet Format by State. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1

U.S. Census Bureau, "Historical Income Tables - Households" Table H-8, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html>, accessed December 2017.



Employees Shoulder A Slightly Lower Proportion of Premiums in New York State

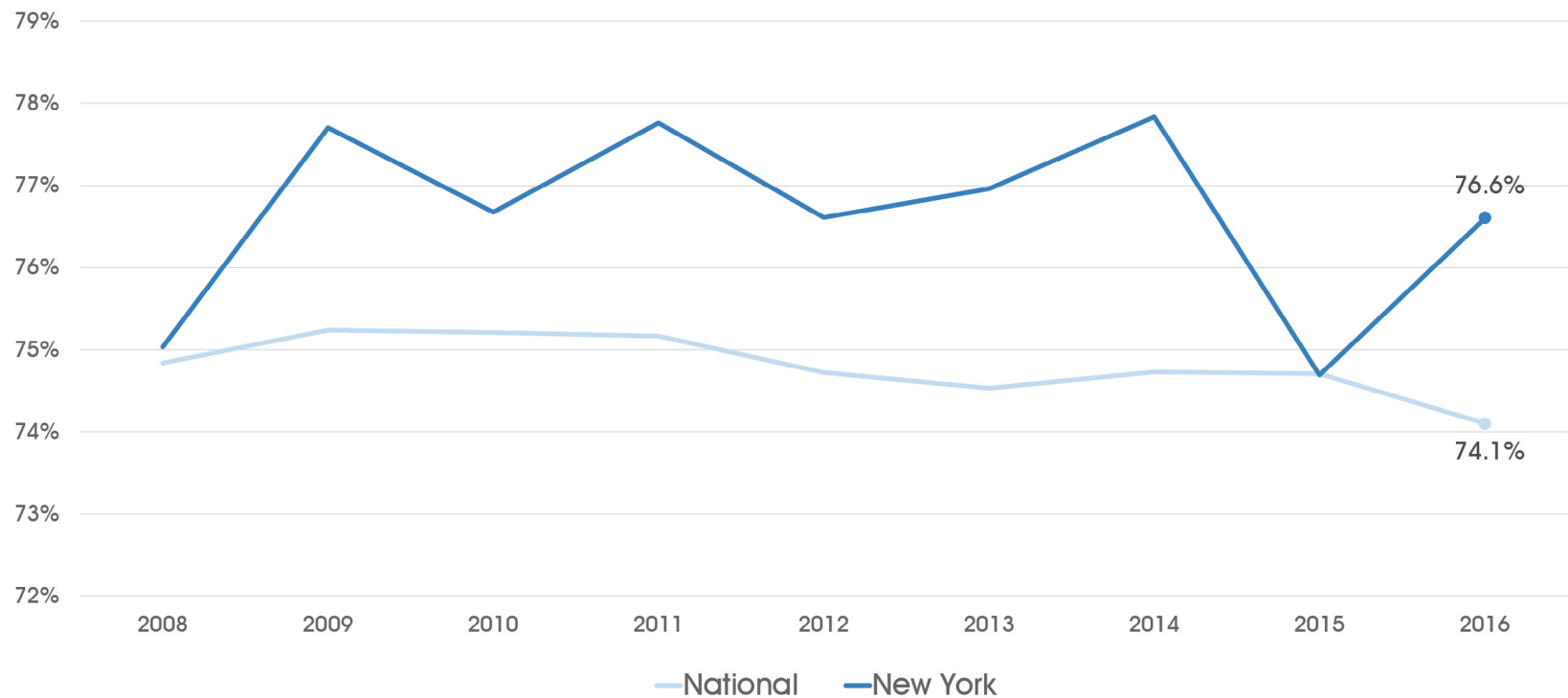


Note: Weighted averages and contributions are calculated using the percent of employees with an employer-sponsored plan who received single, employee-plus-one, or family coverage.
Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Tables I.C.3, I.D.3, I.E.3, 2016,
National-level Data: https://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=1&year=-1&tableSeries=1&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search;
State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Tables II.C.3, II.D.3, II.E.3, 2016. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1



New York State Employers Have Historically Covered a Higher Percentage of Premiums than Employers Nationally

WEIGHTED AVERAGE PREMIUM SHARE PAID BY EMPLOYER, NEW YORK VS. UNITED STATES, 2008–2016

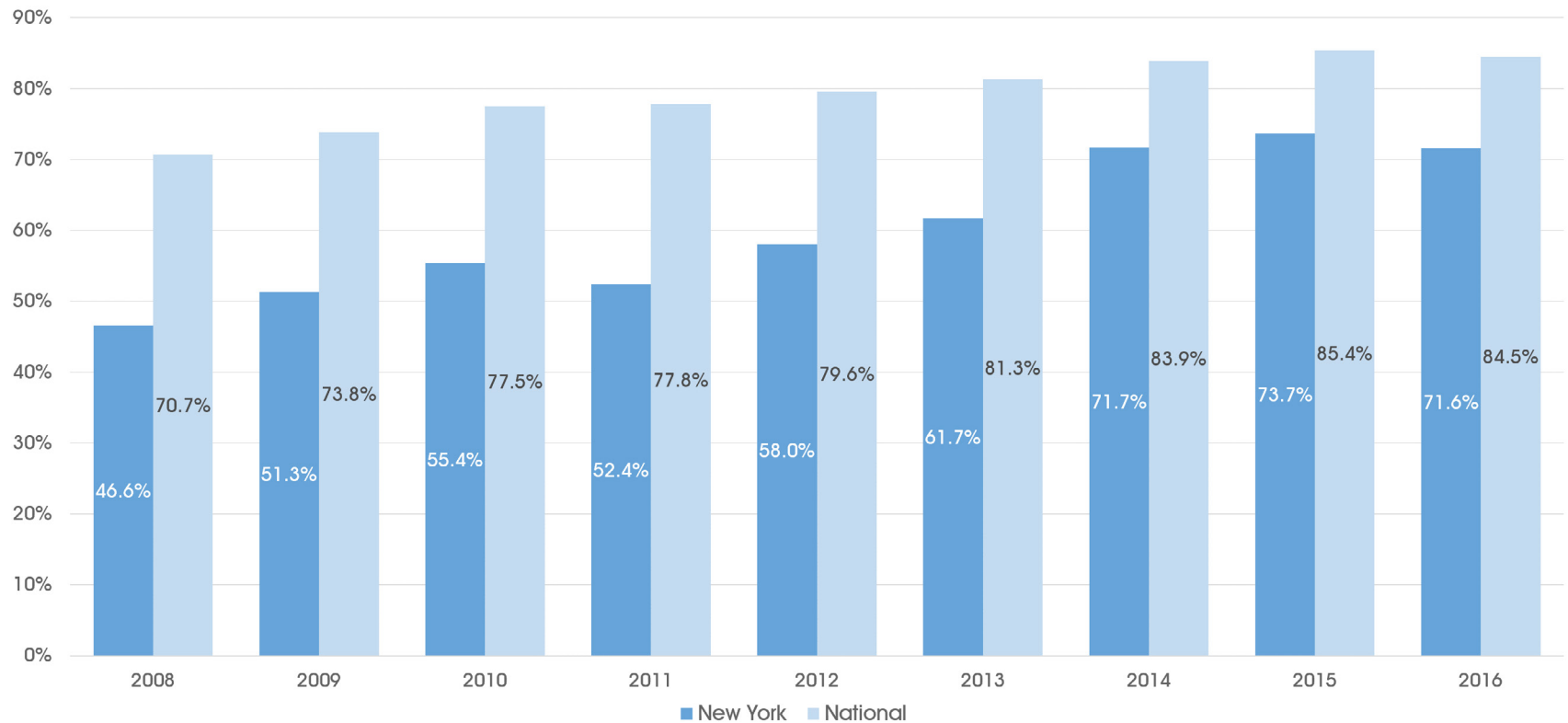


Note: Weighted averages and contributions are calculated using the percent of employees with an employer-sponsored plan who received single, employee-plus-one, or family coverage.
Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Tables I.C.3, I.D.3, I.E.3, 2008-2016
National-level Data: https://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=1&year=-1&tableSeries=1&tableSubSeries=CDE&searchText=&searchMethod=1&Action=Search;
State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Tables II.C.3, II.D.3, II.E.3, 2008-2016. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1



The Number of New York State Workers with Any Deductible Has Increased Dramatically Since 2008

PERCENT OF PRIVATE-SECTOR EMPLOYEES ENROLLED IN A HEALTH INSURANCE PLAN THAT HAD A DEDUCTIBLE, 2008-2016



Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Table I.F.1, 2008-2016.

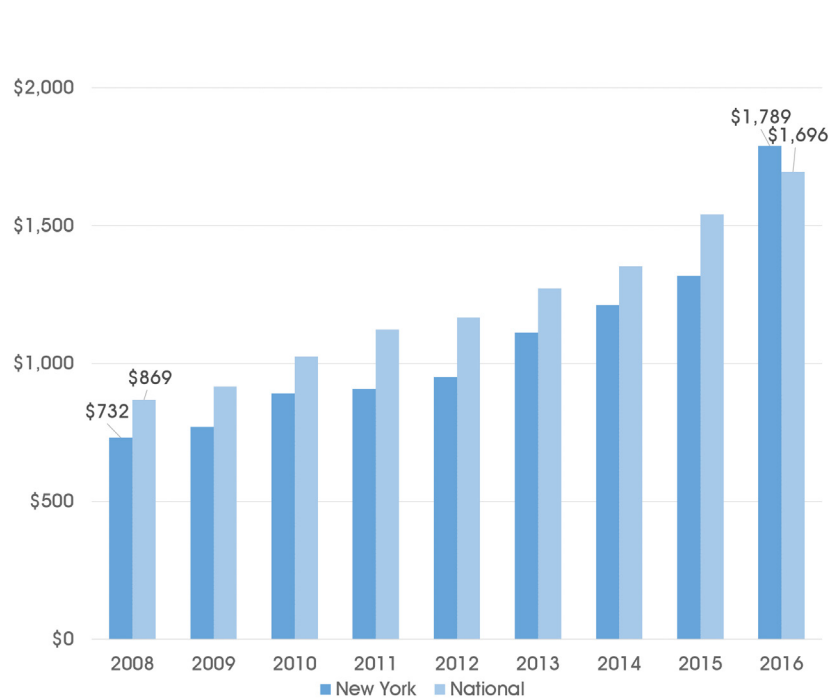
National-level Data: https://meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=1&year=-1&tableSeries=1&tableSubSeries=F&searchText=&searchMethod=1&Action=Search

State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Table II.F.1, 2008-2016. https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1

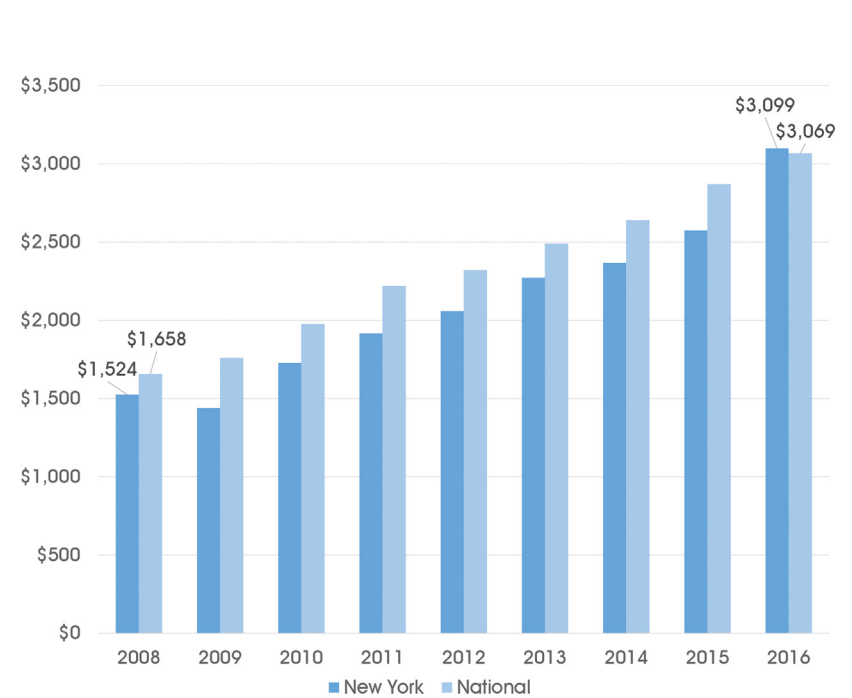


Deductibles Have Risen Substantially across the Nation Since 2008, More than Doubling in New York State

AVERAGE SINGLE DEDUCTIBLE, 2008–2016



AVERAGE FAMILY DEDUCTIBLE, 2008–2016



Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, Tables I.F.2, I.F.3, 2008-2016.

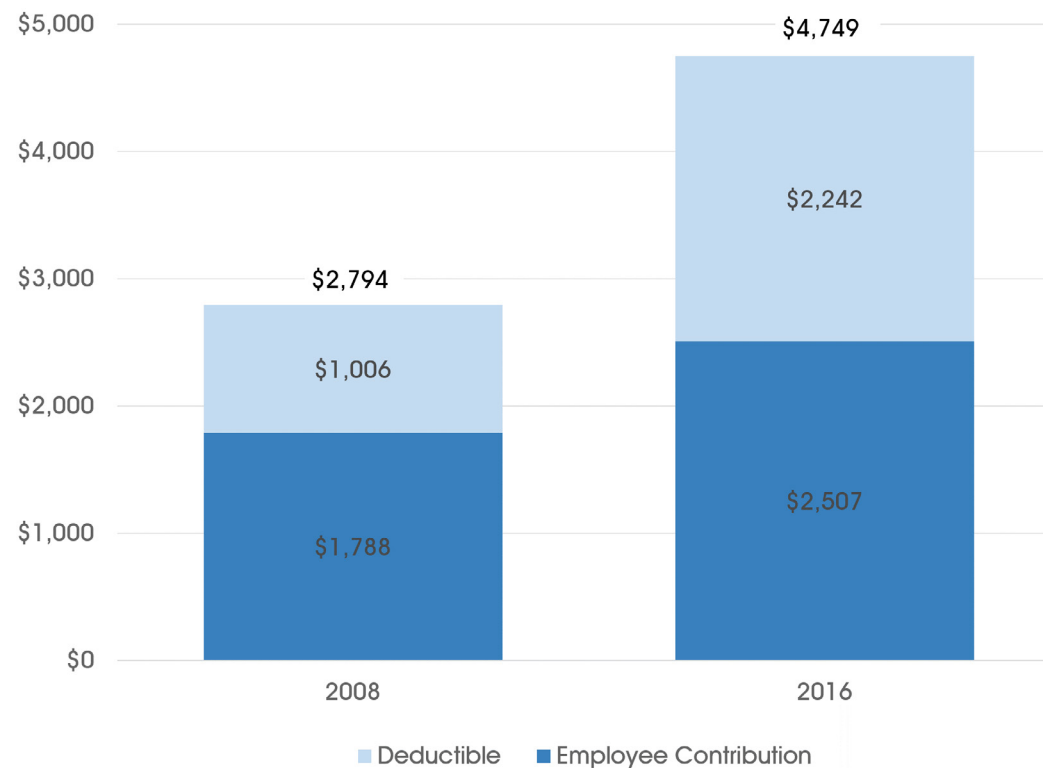
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New York State Workers Are Paying Significantly More in Premiums and Deductibles

WEIGHTED AVERAGE ANNUAL EMPLOYEE CONTRIBUTION AND DEDUCTIBLE, NEW YORK STATE, 2008 AND 2016



- In 2008, average employee premium contributions and deductibles amounted to 5.5% of the median household income in New York
- In 2016, they were equal to 7.7% of median household income

Note: Weighted averages are calculated assuming same distribution of employees in single and family plans in 2008 as in 2016, and assuming that all employees are enrolled in a plan with a deductible.

Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component, private-sector establishments, State-level Data: MEPS-IC State Tables in Spreadsheet Format by State, Tables II.C.2, II.D.2, II.E.2, II.F.2, II.F.3, 2008 and 2016: https://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=-1.



Conclusion

A majority of New Yorkers are insured through their employer, but that does not mean they are immune from rising prices. New York State has high health care costs and high insurance premiums, which have been increasing far faster than median household income in recent years.

Health care costs, including employee premium shares and deductibles, are consuming an increasing proportion of the incomes of working New Yorkers.

More employers in New York appear to be using plans with deductibles in recent years. Such plans have been associated with lower premiums. However, the size of the deductibles has more than doubled since 2008.

Employer-sponsored coverage has become a larger cost burden for both businesses and residents in New York State. In the coming years, adjustments to the current model will have to be made to maintain affordability.



Data & Methods

Data on employer-sponsored insurance premiums, deductibles, and offerings was collected from the Medical Expenditure Panel Survey-Insurance/Employer Component (MEPS-IC) conducted by the Agency for Healthcare Research and Quality (AHRQ). We focused on data for private-sector employers. This annual survey contacts approximately 39,000 employers nationwide through the U.S. Census Bureau.

- More information about the MEPS-IC, including sample design, data collection, and response rates, can be found at: https://meps.ahrq.gov/survey_comp/Insurance.jsp.

Median Household Income Data was retrieved from the U.S. Census Bureau's Current Population Survey, Annual Social and Economic (CPS-ASEC) Supplements, via the H-8 state-level median income spreadsheet. For 2013 two methods were used, producing two different MHI numbers per state. Our calculations use the older methodology, which has national 2013 Median Household Income at \$51,939 and New York 2013 Median Household Income at \$53,843.

- For more information on the CPS-ASEC supplement methods, see <https://www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>.