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**Health Insurance
Data Brief # 4**

**Access to Employer-Provided Health Insurance as
a Dependent on a Family Member's Plan**

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This is the fourth of a five-part series by the Center for Economic and Policy Research (CEPR) on health insurance coverage in the United States. Other Data Briefs in this series examine health insurance coverage generally, employer-provided health insurance for employees, and interactions between the private and public health insurance systems. The first Brief details policy options available to expand coverage to include the nearly 70 million Americans who did not have health insurance during all of 2002.

The data used in this series come from CEPR's analysis of the Survey of Income and Program Participation. CEPR creates user-friendly Data Sets from this survey, and the data and programs are available to other researchers via our website (www.cepr.net).

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Executive Summary

Of the two-in-five Americans with employer-provided health insurance from their employer, slightly more than half extend that coverage to at least one other family member. On average, more of those who extend coverage—providers—cover adults than children.

Over the course of the most recent economic contraction, the share of individuals with employer-provided health insurance providing coverage to another family member fell. The share of those individuals dependent on another family members' employer-provided health insurance plan fell as well. The declines were sharpest in the share of children covered on a parent's employer-provided health insurance plan: between 1999 and 2002, the share of children who were dependents on their families employer-provided health insurance plan fell by 6.5 percentage points, down to 69.2 percent of all children with health insurance. There was also a sharp drop between 1999 and 2002 in the share of young adults (ages 18 to 24) receiving employer-provided health insurance as a dependent, from 54.6 percent, down to 48.8 percent.

Within families, the divide between members who provide insurance coverage to others and those who receive coverage from a spouse or parent is significantly affected by gender, ethnicity/race, and age. For example:

- With employer-provided health insurance, women are less likely than men to cover other family members;

- Latinos and African-Americans are less likely than whites to cover family members; and
- Only one in eight young workers who receive employer-provided health insurance extends coverage to others.

In contrast, dependents are more than twice as likely to be women than men, and more likely to be a young worker than an older adult. The racial/ethnic gap remains: whites are not only more likely than Latinos or African Americans to be providers, but dependents as well.

Wages, too, significantly influence the relationship between providers and dependents within families. Providers are twice as likely to be high-wage earners, and dependents are far more likely to be low-wage workers. Still, in 2002 only 35.7 percent of low-wage workers with health insurance received it from another family member. The share of low-wage workers who are either health insurance providers or dependents decreased over the most recent economic contraction much more so than for high-wage workers.

Access to Employer-Provided Health Insurance as a Dependent on a Family Member's Plan

Most Americans have private health insurance coverage, and the majority of private coverage is provided through an employer. Less than two adults in five receive employer-provided health insurance from their own employer. Of these, half (51.6 percent) extend their coverage to another family member. One third of adults with health insurance receive coverage from their spouse's or another family member's employer. (See *Health Insurance Data Briefs* #2 and #3 for information on health insurance coverage generally and employer-provided health insurance for employees.)

This report uses data from the Survey of Income and Program Participation to examine who in families is providing coverage to other family members and who are dependents on a family member's employer-provided health plan. A slight majority of those with employer-provided health insurance from their own employer also cover other family members living in their home with this plan. Health insurance "providers" are more likely to be men than women, to be a high wage earner rather than low-wage, and to be in their 30s or 40s, rather than in their 20s. Those "dependent" on employer-provided health insurance from another family member's plan are more likely to be women than men, more likely to be low-wage or non-working than to be high-wage, and likely to be young adults, many of whom may be covered on their parent's plan, rather than spouse's.

How individuals access the health insurance system is important because it may affect their lives in other ways. For example, for those workers who are providers, the fact that their family is dependent on their employer for health insurance may make them less likely to change jobs. Further, the entire family is vulnerable to losing health insurance if the health insurance provider is laid-off. Being dependent on another person's health insurance plan also has implications for specific groups: women, who are more likely than men to be dependents, are more vulnerable to losing coverage in the case of divorce or death of their spouse. Young workers, who are least likely to receive employer-provided health insurance, are also not likely to be a provider for their families. Among those with employer-provided health insurance in 2002, 82.9 percent of parents aged 35 to 44 cover children in their family, compared to 60.6 percent of parents aged 18 to 25.

A slight majority of those with employer-provided health insurance from their own employer use this plan to cover their families as well

Slightly more than half of those with employer-provided health insurance are a provider of health insurance coverage to another family member living in their home (Table 1).² There are significant gender, race/ethnicity, and age gaps in health insurance providers. In 2002, men were more likely to be health insurance providers than were women, with 56.3 percent of men and 45.5 percent of women providing health insurance to another family member. Whites with health insurance from their employer are more likely to be providers than are other racial/ethnic groups. Young workers (ages 18 to 24) with health insurance from their employer are least likely to provide coverage to other family members: in 2002, 12.7 percent of young workers and 62.2 percent of workers age 35 to 44 provided coverage to other family members.

The largest gap is by job-related characteristics. Low-wage workers are a little more than half as likely as high-wage workers to be health insurance providers (33.9 percent compared to 62.6 percent in 2002). Workers in large firms – 100 employees or more – are more likely to be providers than are workers in small firms. In 2002, 54.1 percent of workers with health insurance from their employer in large firms were health insurance providers, compared to 46.7 percent of those in small firms.

More providers cover another adult than cover a child. In 2002, 42.0 percent of providers covered at least one adult, while only 32.0 percent covered at least one child. However, among providers, they cover more children, on average, than adults. In 2002, the average number of adults covered was 1.1 and the average number of children was 1.8. Many of the adults covered are not spouses, but grown children (over 17) still living in their parents' home.

From the peak of the economic expansion through the economic contraction, between 1999 and 2002, the share of workers with employer-provided health insurance who cover another family member on their plan fell by 4.4 percentage points, down to 51.6 percent. The largest declines in the share of workers with employer-provided health insurance who covered other family members were among Latino workers (8.3 Latino percentage points lower in 2002 than in 1999), women workers (5.5 women percentage points lower), prime-age workers ages 35-44 (5.4 percentage points lower), low-wage workers (5.3 percentage points lower), and workers in large firms (4.6

² For this analysis, a “family member” is anyone that the individual is living with and related to; it does not include anyone living outside the household.

Table 1. Characteristics of Providers

	Among workers with employer-provided health insurance, share covering other family members	
	1999	2002
All adults (18 - 64)	56.0	51.6*
Women	51.0	45.5*
Men	59.7	56.3*
White	57.1	52.9*
African-American	49.3	46.3*
Latino	52.7	44.4*
Other	56.4	52.5*
Age group		
18 - 24	16.0	12.7*
25 - 34	45.2	42.2*
35 - 44	67.6	62.2*
45 - 54	62.2	58.5*
55 - 64	54.9	50.9*
Low-wage	39.2	33.9*
High-wage	65.9	62.6*
Fewer than 100 employees	49.9	46.7*
100 employees or more	58.7	54.1*
Covering adults	45.6	42.0*
Average number of adults covering	1.2	1.2
Covering children	36.2	32.0*
Average number of children covering	1.8	1.8

Source: CEPR analysis of Survey of Income and Program Participation, 96 and 02 panels.
Note: Universe is adults (18 to 64) with employer provided health insurance. To increase sample size, we pooled estimates for Latinos across two years (92/93, 98/99, 01/02).

* Indicates that change from past year is significant at the 5 percent level

percentage points lower). Noticeably, the share of workers with employer-provided health insurance covering a child fell by 4.2 percentage points, more so than the share covering an adult, which saw a 3.6 percentage point decline. This may be because many low-wage parents have shifted their children's health insurance from their employer-provided health insurance plan to Medicaid. (See *Health insurance Data Brief #5* for more information on this topic.)

Fewer individuals are a dependent on another family member's employer-provided health insurance plan

"Dependents" – those receiving employer-provided health insurance through another family member's plan – look very different from providers (Table 2). Women who have health insurance are twice as likely as men to be a dependent on another family member's employer-provided health insurance plan. Nearly half (48.8 percent) of young adults (ages 18 to 24) with health insurance are dependents on another family member's employer-provided health insurance plan, compared to only 30.6 percent of adults ages 35 to 44.

Adults dependent on another family member's health insurance plan are less likely to be employed than to not be employed.³ In 2002, 46.1 percent of adults out of the labor force with health insurance were dependents, compared to 24.5 percent of employed adults. Dependent adults are also more likely to be low-wage workers and to work in a small firm. In 2002, 35.7 percent of low-wage workers with health insurance were dependents, compared to 18.2 percent of high-wage workers. In 2002, 29.7 percent of workers in small firms with health insurance were a dependent, compared to 21.3 percent of workers in large firms.

As the share of workers providing health insurance to their family members has fallen between 1999 and 2002, the share of individuals who are dependents on another family member's employer-provided health insurance plan has also fallen. Between 1999 and 2002, the share of women who had health insurance as a dependent fell by 2.9 percentage points, down to 40.6 percent, while it only fell by 1.0 percent among men, down to 20.4 percent. The share of Latinos with health insurance that were dependents in 2002 was 3.8 percentage points lower than in 1999. Among young people ages 18 to 24, the share of those with health insurance who were dependents fell by 5.8 percent points, down to 48.8 percent, more so than for any other age group.

³ The category "not employed" includes the unemployed as well as those out of the labor force.

Table 2. Percent of Dependents

	Share receiving health insurance from a family member's employer-provided health insurance	
	1999	2002
Adults (18 - 64)	32.9%	31%*
Women	43.5	40.6*
Men	21.4	20.4
White	34.8	33.3*
African-American	23.1	21.1*
Latino	31.9	28.1*
Other	32.3	31.2
Age group		
18 - 24	54.6	48.8*
25 - 34	26.0	25.1*
35 - 44	32.5	30.6*
45 - 54	31.5	29.9*
55 - 64	28.6	28.8*
Employed	27.0	24.5*
Not Employed	48.0	46.1*
Low-wage**	40.3	35.7*
High-wage**	18.9	18.2*
Fewer than 100 employees**	32.2	29.7*
100 employees or more**	23.5	21.3*
<i>Addendum:</i>		
Children	75.7	69.2*
Elderly	13.4	15.6*

Source: CEPR analysis of Survey of Income and Program Participation, '96 and '02 panels.
Note: Universe is adults with health insurance. To increase sample size, we pooled estimates for Latinos across two years (92/93, 98/99, 01/02).

* Indicates that change from past year is significant at the 5 percent level

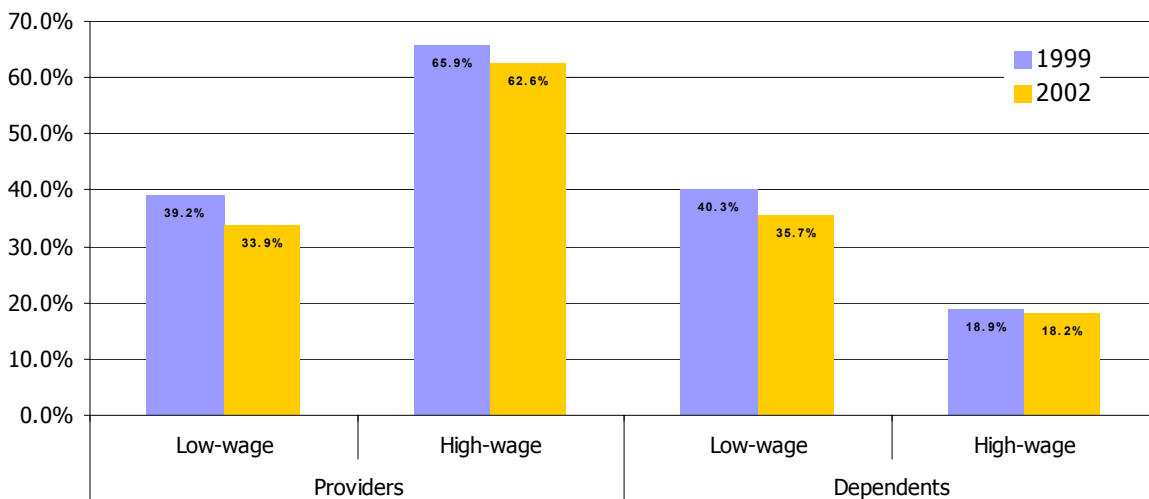
** Universe is employed adults with health insurance

The shift away from dependent coverage between 1999 and 2002 led to a 6.5 percentage point decline in the share of children who were covered by their parent’s employer-provided health insurance plan. By 2002, 69.2 percent of children with health insurance were a dependent on their parent’s employer-provided health insurance plan. The decline among adults over this period was only 1.9 percentage points, not nearly as large as among children.

More high-wage workers than low-wage workers cover other family members

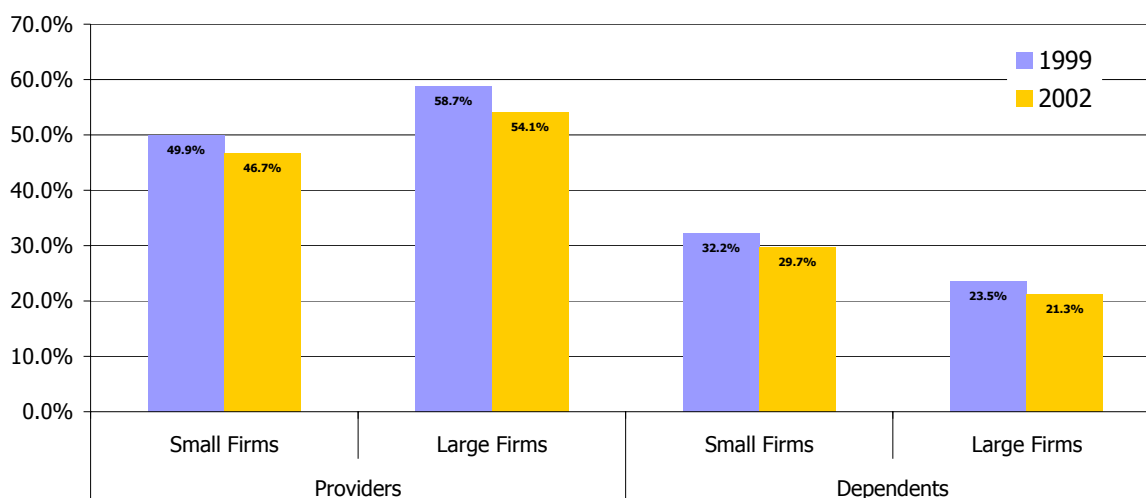
Firms employing a disproportionate share of high-wage workers and firms with more than 100 employees more often bear the cost of covering dependents than do low-wage firms or small-scale employers. Figures 1 and 2 show that in 2002, workers in large firms and those earning high wages are the ones most likely to be providing health insurance to their families. Two-thirds (62.6 percent) of high-wage workers provided health insurance to other family members, compared to only one-third of low-wage workers (33.9 percent) in 2002. Alternatively, only one-in-five high-wage workers (18.2 percent) were dependent on another family member’s health insurance, compared to one-third (35.7 percent) of low-wage workers. Insured workers in large firms are more likely to be providers than to be dependents; the reverse is true for insured workers in small firms.

Figure 1: Providers and dependents by wage level



Source: Author's analysis of the Survey of Income and Program Participation, 96 and 01 panels.

Figure 2: Providers and dependents by firm size



Source: Author's analysis of the Survey of Income and Program Participation 96 and 01 panels.

These figures also show that the share of workers – be they high-wage or low-wage, or in a small or large firm – who are either a provider of health insurance or dependent on another family member’s plan has decreased between 1999 and 2002 as the economy moved from expansion to contraction. The share of low-wage workers receiving health insurance from another family member fell from 40.3 percent in 1999 down to 35.7 in 2002, a 4.6 percentage point drop. It only fell by 0.7 percentage points among high-wage workers.

Conclusions

Over the economic contraction, fewer workers covered family members through their employer-provided health insurance. As a result, the share of individuals who are dependent on another family member’s employer-provided health insurance plan fell. The declines in coverage were largest for children, young adults, low-wage workers, and Latinos. It appears that many employers are shifting the responsibility of their employees’ dependents onto other employers or the federal Medicaid program. This has important implications for those who have traditionally not received employer-provided health insurance – women, children, Latinos, and the unemployed – because they may or may not be able to move to an employer-provided health insurance plan in their own name. (See *Health insurance Data Brief #5* for more on this issue.)

The employer-based health insurance system burdens high-wage employees and larger firms, relative to low-wage employees and smaller firms. Typically, it is high-wage workers and those in large firms who extend their health insurance benefits to their families. However, given the high costs of health insurance coverage, high-wage firms may be rebelling against covering entire families and increasingly offering to only cover their employees. Research has found that employers have shifted the costs for family coverage onto their employees more so than they have the costs for the individual worker (See *Health Insurance Data Briefs #1*). This will lead to hardships for families who must either pay more for dependent coverage or go without health insurance. In turn, many may be shifting toward Medicaid, especially for their children (See *Health Insurance Data Briefs #5*).