Research Summary
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Snapshot of Employer-Sponsored Health Insurance in Alaska

By Mouhcine Guettabi, Rosyland Frazier, and Gunnar Knapp

For decades, the most common health-insurance coverage for Americans has been provided by employers. But nationwide, the share of employers providing insurance has been dropping as insurance premiums soared. In Alaska, even after we adjust for inflation, premiums for individual coverage were up nearly 60% between 2001 and 2012.* What's happening to employer-sponsored insurance in Alaska today?

To find out, the Alaska Health Care Commission contracted with the Alaska Department of Labor and Workforce Development to survey private businesses, local governments, and school districts. Those firms and agencies employ about 80% of Alaska's wage and salary workers. The survey excluded state and federal government employers, who have their own insurance systems that cover virtually all employees. ISER helped design the survey and analyzed the results, which are based on 2013 information. Findings include:

• *A third of Alaska firms offer health insurance. Large firms are much more likely to offer it and full-time employees are much more likely to carry it* (Figure 1). Seasonal and part-time workers make up 35% of wage and salary workers covered by this survey, but account for only about 5% of those with insurance through their own employers (see Figure 8, page 3).

• *Two-thirds of Alaska businesses don't offer health insurance*, and the reason they cite most often is no surprise: it's too expensive (Figure 2). Alaska has the highest insurance premiums in the country (see Figure 10, page 3).

• *About 19% of all Alaska firms that offer insurance and 38% of the largest are trying to hold down costs by offering wellness programs* to promote health among their employees (Figure 4). As another way of encouraging savings, about 29% of the largest Alaska firms offering insurance are giving employees comparative information about the price and quality of services at different facilities.

• *Fewer Alaska businesses offer wellness programs and comparative price and quality information than businesses nationwide.* That's probably in part because large firms are the most likely to offer such programs. The majority of Alaska firms—70%—are very small, with fewer than 10 employees. Only 3% have 100 or more employees.

Figure 1. Estimated Percentage of Alaska Firms Offering Health Insurance to Employees, by Firm Size
(Private firms, local governments, and school districts)

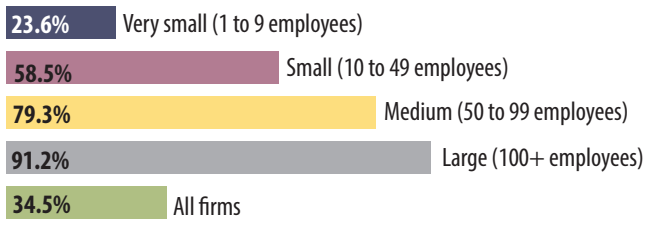
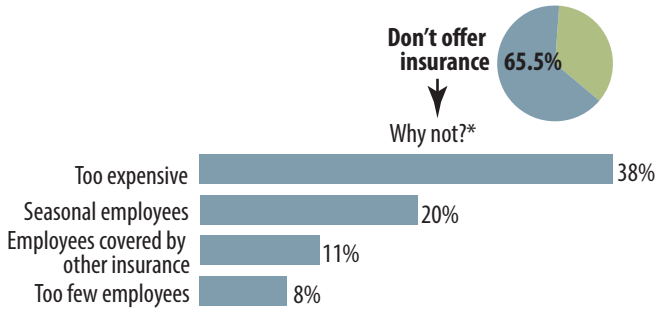
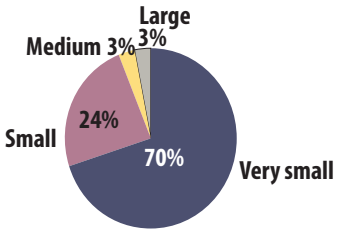


Figure 2. Why Don't More Firms Offer Health Insurance?
(Most Frequently Cited Reasons)



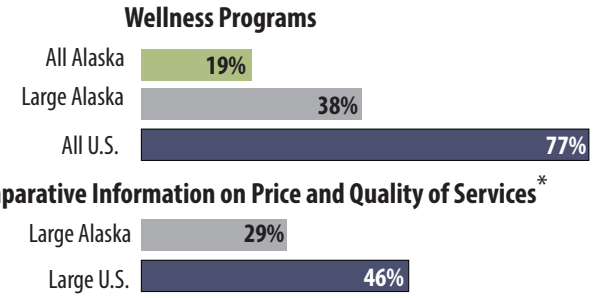
*Percentages based on the primary reason firms cited for not providing insurance and excluding the 23% of firms that don't offer insurance but didn't specifiy any reason why not.

Figure 3. Composition of Firms, by Size



(Total Alaska firms: 15,216)

Figure 4. How Many Firms Offering Insurance Provide Wellness Programs and Comparative Information?



*Among Alaska firms with at least 100 employees and U.S. firms with at least 1,000 employees.
Sources: Alaska Department of Labor and Workforce Development, 2013 survey; Kaiser Family Foundation, Employer Health Benefits 2013 survey; and Towers Watson/National Business Group on Health, 2014 survey

*Based on data from the federal Medical Expenditure Panel Survey (MEPS)

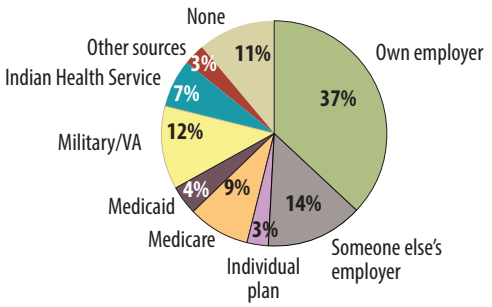
Why is Employer-Sponsored Insurance Important?

Employer-sponsored health insurance is a critical source of coverage throughout the United States. In 2010, more than half the adults in Alaska were covered by employer-sponsored insurance, either through their own employers or the employer of a family member (Figure 5). Most of the rest were covered by government programs—Medicare and Medicaid, but also programs of the military, the Veterans Administration, and the Indian Health Service. About one in 10 adult Alaskans had no coverage in 2010.

But Figure 6 shows that fewer Americans (including both adults and children) are being covered by employer-based insurance now than a decade ago: between 1999 and 2012, the percentage dropped from 64% to about 55%. The share in Alaska was also down, but not by as much.

Given the importance of this insurance, the Alaska Health Care Commission wanted a survey, to show more about what's happening among Alaska employers today. The survey results can also serve as a benchmark for understanding if and how employer-sponsored insurance in Alaska changes, as more provisions of the federal Affordable Care Act go into effect.

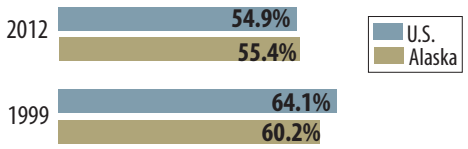
Figure 5. Medical-Care Coverage by Type, Alaskans 18 and Older, 2010*



*Type of coverage that pays most medical bills; respondents with more than one type of coverage were asked to list only the one paying most of the bills.

Source: Behavioral Risk Factor Surveillance System survey, 2010

Figure 6. Percentage of Population (All Ages) Covered by Employer-Sponsored Health Insurance, 1999 and 2012



Source: U.S. Bureau of the Census, Current Population Survey

Survey Coverage and Methods

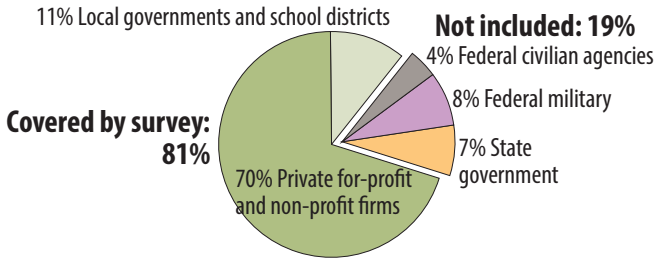
The Department of Labor and Workforce Development surveyed a representative sample of the state's estimated 15,216 private firms, local governments, and school districts—which together employ about 81% of all Alaska's wage and salary workers (Figure 7). Unlike the state and federal governments, local governments and school districts represent many employers, often small, offering various insurance coverage.

"Representative" sample means we chose the number and kinds of firms surveyed to reflect the characteristics of all the state's private businesses and local governments. But because the results are based on a sample, they are estimates, with a margin of error of ±5% for each size-class of firm.

The survey divided firms into four sizes: very small firms (1 to 9 employees); small firms (10 to 49 employees); medium firms (50 to 99 employees); and large firms (100 or more employees). Table 2 on the back page shows the sample sizes and response rates.

Remember that not all wage and salary workers are residents. The survey only asked firms about numbers of employees, not residence. The Department of Labor estimates that in 2012 20% of workers in Alaska were non-residents. Nearly a third of workers in the oil industry are non-residents, and many non-residents also work in seasonal industries like seafood processing, tourism, and construction.

Figure 7. Share of Alaska Wage and Salary Workers Covered by Survey



Total estimated Alaska 2012 wage and salary workers: 365,031*

Source: U.S. Bureau of Economic Analysis, regional data

*The Bureau of Economic Analysis estimates there were also 93,372 proprietors (self-employed people) in Alaska in 2012, including commercial fishermen. Some of these self-employed people are likely included among the wage and salary workers, because some may hold wage jobs as well as operating their own businesses.

The Economy and Insurance Coverage

Before we talk more about survey results, we want to point out that the structure of the Alaska economy has a big influence on health-insurance coverage. A number of big industries (including the seafood industry) are seasonal; there are many small businesses and very few large ones; and a big share of the state's workers are in service industries, which are less likely to offer insurance. These things won't change any time soon.

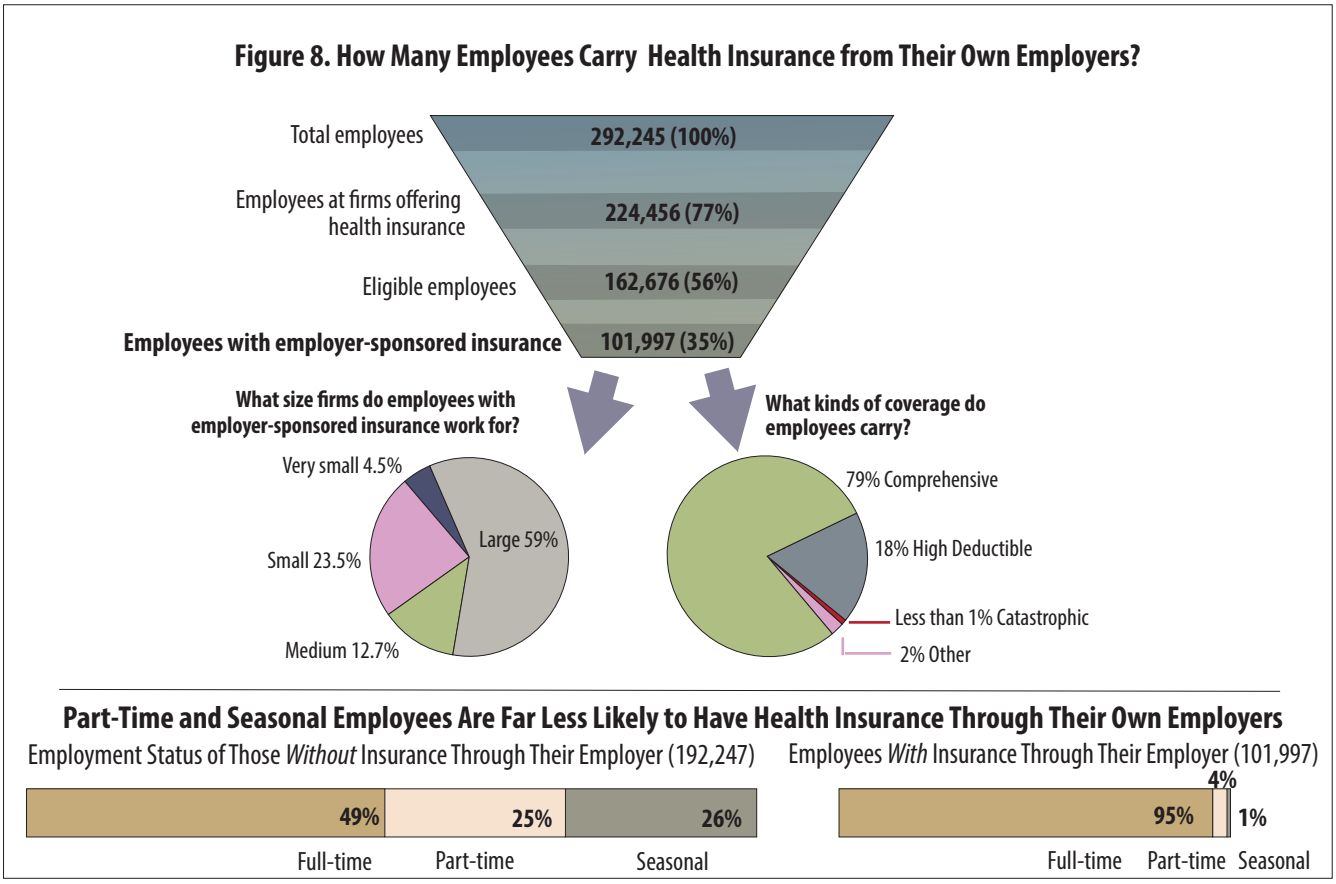
Employees, Work Status, and Insurance Coverage

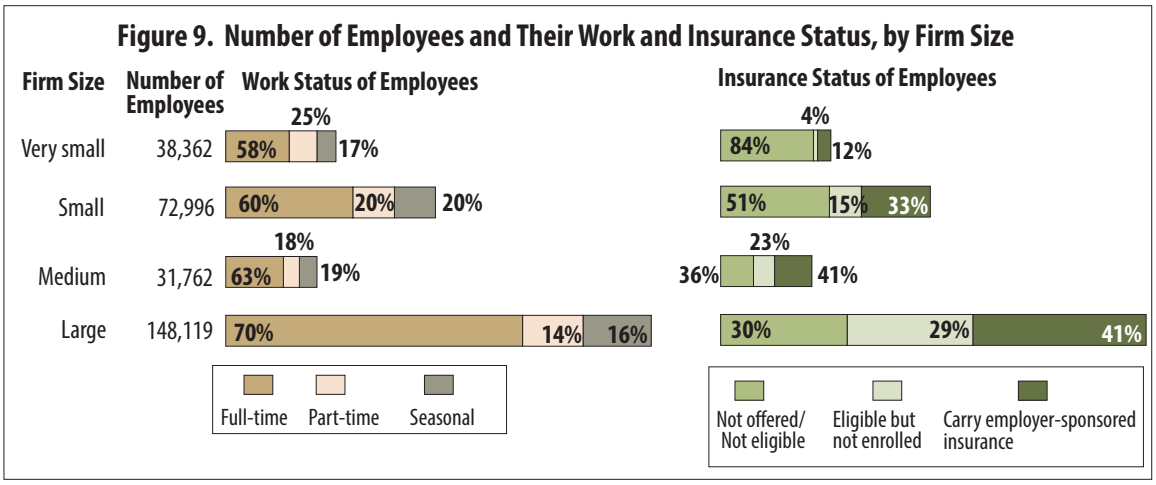
About 290,000 people work for private businesses, local governments, and school districts in Alaska, with half of those at large firms. Even though there aren't many large firms, they employ a lot of people.

Keep in mind that while some employees who do not carry insurance through their employers may have no coverage, others are likely covered through other sources—a spouse's employer, for example.

Work status explains why many employees don't have employer-based insurance: 35% of them are part-time or seasonal workers, who are far less likely to be offered insurance. But high cost helps explain why so few firms offer insurance and so many employees who are eligible don't carry it. Figures 8 shows the big picture, while Figure 9 shows details by firm size.

- *Many employees of firms that offer insurance are not eligible.* About 77% of employees work for firms that offer insurance, but just 56% are eligible for that insurance (Figure 8).
- *A big share of those who are eligible for insurance don't carry it*—although 56% are eligible for insurance, only 35% carry it (Figure 8).
- *Among employees who do carry the insurance, more than half work for large companies* and most carry comprehensive coverage (Figure 8).
- *Almost all those who have insurance through their employers work full-time*. By contrast, half of those who don't carry employer-based insurance work seasonally or part-time (Figure 8).
- *Most employees of very small firms (84%) are either not eligible for insurance or aren't offered it*. At small firms, that share is about 50% (Figure 9).





• *About two-thirds of employees at medium and large firms are eligible for insurance*—but less than half actually carry it (Figure 9).

• *Employees of very small firms are more likely to work part-time*—25%, compared with 14% at large firms. Just 58% of those at very small firms but 70% of those at large firms work full-time.

• *Seasonal workers make up a significant share of employees at firms of all sizes—between 16% and 20%*. Roughly the same share of workers at both the smallest and the largest firms are seasonal.

• *Cost is a huge consideration for employers and employees: average annual premiums for employer-based insurance in Alaska were the highest in the country* in 2012, at 30% above the U.S. average (Figure 10). Our survey found that on average comprehensive family coverage in Alaska cost close to $22,000 a year, with employers paying about 70% and employees nearly 30%. But reported premiums varied widely, partly reflecting differences in what coverage they offer.

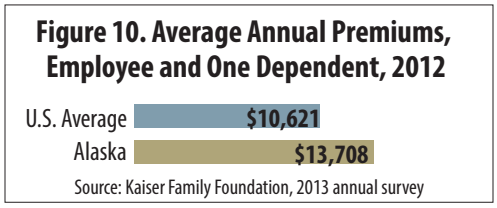


Table 1. Estimated Average Monthly and Annual Premiums for Comprehensive Health Insurance at Alaska Firms, 2013

	Individual			Family		
	Total	Employer share	Employee share	Total	Employer share	Employee share
Monthly	$944	$852	$108	$1,829	$1,316	$513
Annual	$10,224	$8,925	$1,296	$21,948	$15,792	$6,156

Other Health Benefits Offered

So far we've talked mainly about health-insurance offered by Alaska firms, but the survey also asked about other health benefits. Figure 11 shows percentages of firms offering other kinds of benefits, among just those offering any health benefit. Dental and vision insurance were the most commonly offered, followed by short- and long-term disability coverage, and flexible spending or health reimbursement accounts. Very few firms offered salary bonuses in lieu of health insurance, made contributions to union-based plans, or directly purchased or provided medical services.

Measures to Hold Down Costs

Figure 4 (front page) shows how many of the firms that offer health insurance are also attempting to hold down costs through wellness programs or comparative cost and quality information. Some of those firms are also taking other cost-saving measures—28% use higher or lower co-payments to encourage employees to use primary-care facilities, and roughly 12% to 15% reimburse employees for medical travel and offer services from Medical Centers of Excellence.

Comparing 2006 and 2013 Surveys

In 2006, the Alaska Department of Labor and Workforce Development conducted a similar but not identical survey of Alaska firms. Both surveys capture points in time, with different firms responding and likely a different composition of firms; they asked slightly different questions; and they used different periods of employment. That last difference can influence the results because the number and make-up of the Alaska work force varies considerably during the year.

So we have to take care in making comparisons—but it's useful to look at a couple of important findings, to see if they can tell us anything about whether Alaska is following the national trends of fewer employers offering health insurance and fewer employees carrying it.

Figure 12 compares the percentage of firms offering health insurance, and the percentage of eligible employees carrying that insurance, in 2006 and 2013. It looks as if the share of firms offering health insurance may have fallen, but we can't say that with certainty—because the results fall within the margin of error for the surveys.

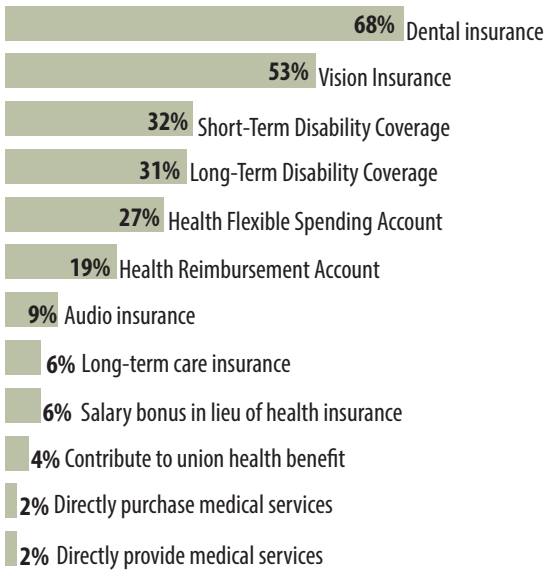
Both surveys have a margin or error of ±5%—meaning that if the department could have gotten responses from all Alaska firms (which would be almost impossible), rather than just a sample of firms, the results would likely have been within 5% (higher or lower).

The estimated percentages of firms offering health insurance fall within that margin of error—so in fact there may be very little difference in the true figures for 2006 and 2013. It does look as if the share of eligible employees carrying insurance through their employers is down—but a future survey could help confirm whether that trend is real.

Table 2. Survey Sample, Responses, and Response Rates

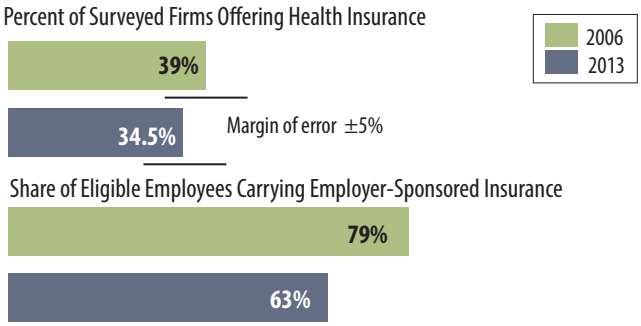
Firm size by number of employees	Number of firms	Number of employers in randomly selected samples	Number of responses	Response rate
0 to 9	10,636	1,194	503	42.1%
10 to 49	3,656	810	393	48.5%
50 to 99	464	464	217	46.8%
100 or more	460	460	204	44.6%
All sizes	15,216	2,928	1,317	45.0%

Figure 11. How Many Firms Offer Other Health Benefits?
(Among Just Those Who Offer Any Health Benefit)*



*Offered only to full-time employees.

Figure 12. Comparing 2006 and 2013 Alaska Survey Results*



*Our ability to compare the 2006 and 2013 surveys is limited, because the surveys were similiar but not identical, and they are point-in-time surveys with different firms responding. The apparent changes are consistent with national trends, but they also fall within the survey margin of error—meaning we can't say with certainty that either the magnitude or direction of the changes is real.

Source: Alaska Department of Labor and Workforce Development, 2006 and 2013 surveys of Alaska private firms, local governments, and school districts

About the Authors

Mouhcine Guettabi is an assistant profesor of economics at ISER. Rosyland Frazier is a senior research associate at ISER, and Gunnar Knapp is ISER's director and a professor of economics.

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Report on Survey of Employer-Sponsored Health Insurance

The authors are writing a report, *Alaska Employer Health Care Benefits: A Survey of Alaska Employers*, which will detail the survey and analysis. It will be available in October 2014 at ISER's website:

www.iser.uaa.alaska.edu

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