

Employer-Based Health Insurance: Coverage During Alaska's 2006 Peak Season

Overview, Methodology and Summary of Findings

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Overview

In the summer of 2006, the Alaska Department of Labor and Workforce Development Research and Analysis Section in conjunction with the Alaska Department of Health and Social Services undertook a survey of Alaska private sector and local government employers.¹ The results of this survey were published in the December 2007 issue of *ALASKA ECONOMIC TRENDS*, <http://labor.state.ak.us/trends/dec07.pdf>.

The purpose of the survey was to measure the extent of health insurance offerings and coverage provided by these entities during the period of seasonally high employment levels.

Methods

Survey Sample

Alaska private sector seasonal employment gains, as measured from January to July, approached 25% in both 2004 and 2005. In an attempt to capture this peak seasonal workforce all employers, with the exception of school districts and school bus operators, were asked to report the number workers they employed during the pay period that included July 12, 2006. Because school districts and school bus operators experience seasonal low employment levels during July, they were asked to report employment based on the pay period that included April 12, 2006.

Because 2006 employment data were not available at the time of the survey mailing, a stratified sample was drawn from the list of private sector and local government employers who had averaged more than one employee in the third quarter of 2005. The

¹ "Employers" in this usage does not include the self-employed such as commercial fishermen, their crews, many construction contractors and other self-employed individuals who do not pay into the Alaska Unemployment Insurance Fund, and are not required to report employment to the Alaska Department of Labor and Workforce Development.

universe was stratified by size and in July 2006 questionnaires were mailed to randomly selected employers in each size grouping. A second mailing to non-responding firms took place in September 2006.

3'd Quarter 2005		
Size of Firm	Number of Firms	Number Contacted
1-9 employees	11,059	1,133
10-49 employees	3,446	786
50-99 employees	446	391
100+ employees	408	408
Total	15,359	2,718

When 2006 data became available in the early summer of 2007, it was clear that the universe of employers that averaged more than one employee in the third quarter of 2006 closely approximated that from which the sample had been drawn.

3'd Quarter 2006	
Size of Firm	Number of Firms
1-9 employees	11,100
10-49 employees	3,421
50-99 employees	469
100+ employees	406
Total	15,396

But because the questionnaire asked employers to report employment for the pay period that included July 12, 2006, (April 12 for school districts and school bus operators), the actual universe sampled was slightly different. The number of employers with reported employment of 1-9 employees was slightly smaller than the number of firms that averaged such employment during the 3'd quarter of either 2005 or 2006. In addition, all size categories of firms reporting ten or more employees were slightly larger.

The 1,567 useable sample respondents were grouped on the basis of reported 2006 employment rather than the size category assigned to them in the mailing. Three size grouping samples met the statistical requirements at the 95% confidence level, +/- 5%, while the grouping of 50-99 employees required an expansion of the confidence interval to +/-6%. The sample responses were weighted to reflect the distribution of the actual 2006 universe.

Seasonal Peak Employment 2006

Size of Firm	Number of Firms	Employment	Sample: Firms	Employment
1-9 employees	10,651	38,516	671	2,768
10-49 employees	3,551	70,570	465	10,391
50-99 employees	472	32,475	177	12,494
100+ employees	431	164,244	254	95,394
Total	15,105	305,805	1,567	121,047

Survey Target

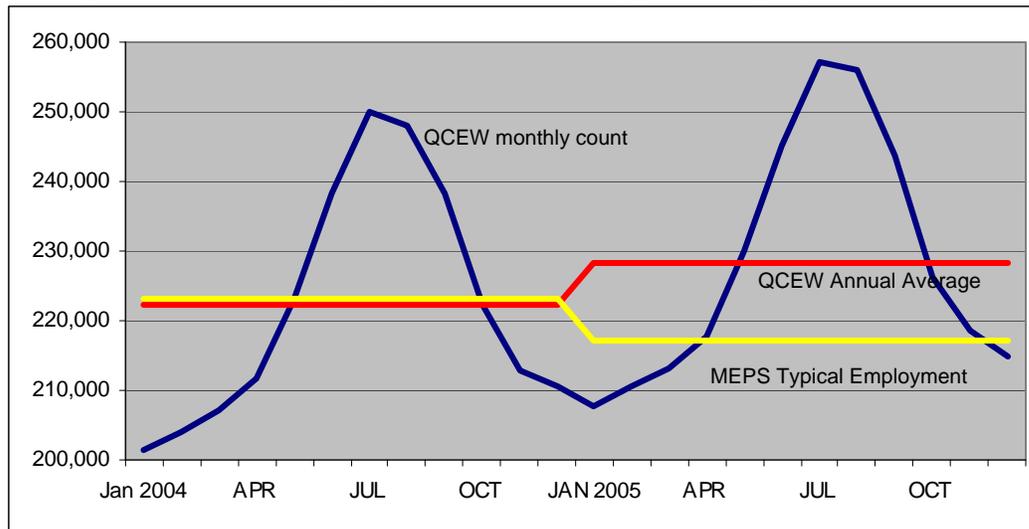
Because the survey was based on Alaska's peak seasonal employment, results differ somewhat from those of the Medical Expenditure Panel Survey (MEPS), which are based on "typical employment." Typical employment is utilized by MEPS in order to minimize the effects of seasonality. In short, the agency tries to replicate average annualized employment, which consists of the sum of monthly employment divided by twelve. In calculating average annualized employment, four seasonal workers who each worked three months would be counted as a single annual employee.

Typical employment, like average annualized employment masks the state's extremely seasonal economy by discounting the large number of summer jobs filled by seasonal employees. It also understates the number of working Alaskans who lack access to or suffer gaps in employer based health insurance, by reducing seasonally high and low employment totals to annual averages.

This survey focuses on peak employment and as a result should capture the maximum number of insured and non-enrolled positions at the high point of Alaska's 2006 season. It does not attempt to determine how many employees who enjoy health insurance coverage at the seasonal peak will suffer gaps in coverage as employment falls to January lows. It should be noted, however, that in 2005 one half the individuals who were at some point employed by Alaska's private sector did not work in all four quarters of the year.²

² Alaska Department of Labor & Workforce Development, "Nonresidents Working in Alaska 2005"

2004-2005 Alaska Private Sector Monthly Employment: Average Annualized Employment & MEPS Typical Employment



Sources: Quarterly Census Employment and Wages by Alaska Department of Labor & Workforce Development; Medical Expenditure Panel Survey 2004 and 2005

Caveats

It is important to point out that the term “employee” as used in this report is more accurately an estimate of paid positions rather than working individuals. Multiple job holders were counted more than once and were reported as an “employee” by each of their employers. While “turnover” (where more than one worker fills the same position during a pay period) can result in more workers than jobs being reported, the fact that this survey focused on a single pay period, minimizes such effects.

The data presented in this report are point estimates. It is important that the confidence intervals for each stratified sample be kept in mind when interpreting the results. For example, the confidence interval for small firms is +/- 5%. When it is reported that 61 % of small firms offer insurance, it more accurately means that the percentage of small firms offering insurance falls between 56% and 66%.

It is also important to note that firm size was determined by reported in-state employment. As a result, a significant number of large national and international firms were categorized as very small, small or medium sized employers based on the jobs they provided in Alaska. While the data obtained do not allow for an exact analysis, it is likely that these inclusions impact the rates of insurance offerings and coverage attributed to very small, small and medium sized firms. It is probable that most Alaska employees of national and international firms have access to employer based insurance negotiated on the basis national employment levels, rather than on Alaska employment totals.

Summary of Findings

- Alaska's 2006 peak employment total of 305,805 employees contained 200,200 full-time, 47,868 part-time and 57,737 seasonal workers.
- Fulltime workers represented 65% of the workforce, while part-time and seasonal workers represented 16% and 19% respectively.
- Firm size was a major determining factor of whether insurance was offered to employees.
- Smaller firms were far less likely to offer insurance than medium sized or large employers.
- Smaller firms that do offer insurance were more likely to pay the entire premium than were medium sized or large employers.
- Only 28% of very small employers (1-9 employees) offered insurance to full-time employees. 61% of small employers (10-49 employees) offered insurance to full-time employees. 88% of medium sized employers (50-99 employees) offered insurance to full time employees, while 93% of large employers (100+ employees) offered insurance to full-time employees.
- The reason most often cited by employers for not offering insurance was expense.
- Of the 305,805 employees that worked in this period, 200,385 or 65.5% worked at firms that offered insurance to at least some of their employees.
- Of the 200,385 employees that worked at firms offering insurance, 160,768 or 80% were eligible to enroll in employer sponsored health insurance programs.
- This means that only 53% of the *total* employed workforce of 305,805 was eligible to enroll in employer-based health insurance programs.
- Of the 160,768 employees who were eligible to enroll in insurance programs, 127,352 or 79% did so.
- Only 127,352 employees or 42% of the *total* 305,805 employees were enrolled in employer sponsored health insurance programs.
- 178,453 employees or 58% of the peak seasonal workforce were not enrolled in employer sponsored health insurance programs.
- 145,037 or 81% of these non-enrolled employees either worked at firms that did not offer insurance, or lacked sufficient job tenure to be eligible for coverage.
- Seasonal and temporary workers were far less likely to have access to employer based insurance. Only 1% of the very small employers, 3% of small employers, 7% of medium sized employers, and 10% of large employers offered insurance to temporary and seasonal workers.
- Seasonal and temporary workers who were offered insurance and gained eligibility had the highest enrollment rate of any group of workers.
- Of the 57,737 temporary and seasonal employees, only 9,313 or 16% worked at firms that offered them insurance.
- 73 % of full time workers, 22 % of part time workers and 7 % of temporary and seasonal workers were eligible to enroll in employer sponsored health insurance programs.

- 59% of all full time workers, 10% of all part time workers and 6% of all temporary and seasonal employees were enrolled in employer sponsored health insurance programs.
- Of the 9,313 seasonal employees who worked at firms offering them insurance. Only 4,179 or 45% had sufficient tenure to be eligible to enroll.
- Of the 4,179 seasonal employees who were eligible to enroll in insurance, 3,678 or 88 % did so.
- The 88% take-up rate by seasonal employees is even higher than the 81% take-up rate among eligible full-time workers and much higher than the 48 % take-up rate by part- time workers.
- 54,059 of Alaska's 57,737 temporary and seasonal employees, or 94% of lacked employer based health insurance coverage.
- While seasonal workers represent 19% of the peak seasonal employment, they represent 30% of the total non-enrolled.
- Of the 178,453 employees who were non-enrolled, 81,531 were full-time workers, 42,863 were part-time employees, and 54,059 were seasonal or temporary.
- 54,139 full-time workers, 32,070 part-time workers, and 53,558 seasonal workers were either not offered insurance or lacked sufficient tenure to enroll in programs.