

## Comparison of Take-up Rates in Employer-Provided Medical Care Plans: State and Local Government and Private Industry

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*Data from the 2009 [National Compensation Survey \(NCS\)](#) reveal that take-up rates for employer-provided medical care plans differ between private industry workers and State and local government workers. Take-up rates also vary among workers in their respective private and State and local government sectors, by worker and establishment characteristics. This article discusses the concept of a take-up rate and presents take-up rate comparisons among workers in two major sectors of the economy, utilizing the March 2009 NCS estimates on take-up rates for employer-provided medical plans.*

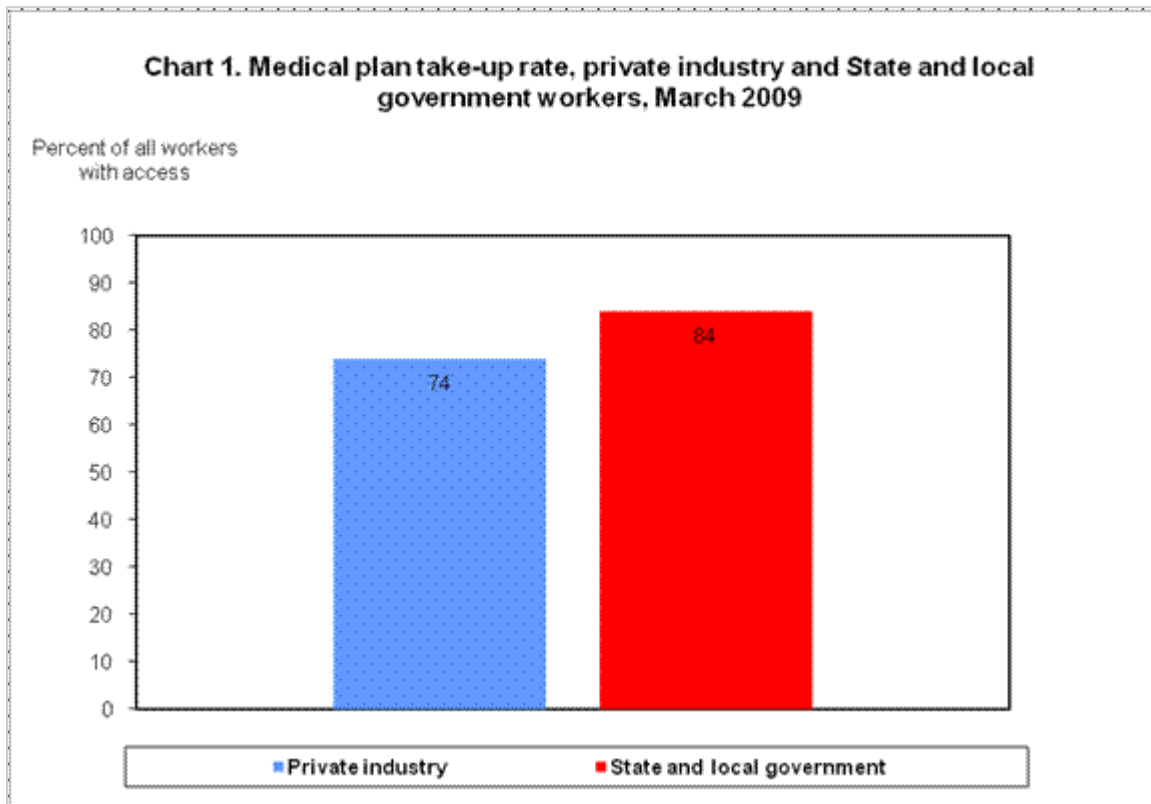
For the NCS, *participation* rate refers to the percentage of workers that are currently covered by a benefit plan. Participation rate is a broad measure: the base includes all workers, regardless of whether they are offered a plan. *Take-up rate* is a more narrowly defined measure than participation rate. Take-up rate refers to the percent of workers with access<sup>1</sup> to a plan who actually “take up,” or participate, in a plan.<sup>2</sup> Workers who do not have access to a plan are arguably of different economic circumstances than workers who have access but do not choose to participate. Take-up rates, while more narrowly defined than participation rates, give valuable information on the *pattern of participation only among workers who have access to a plan*. The NCS publishes take-up rates for several types of employee benefits.<sup>3</sup>

Caution must be used when comparing benefits estimates of workers in private industry with those of workers in State and local government. The two sectors differ in industry and occupational mixes. For example, employment in the manufacturing sector is more prevalent in private industry than in State and local government, and State and local government employs a greater proportion of teachers than private industry. If the difference in employment patterns results in greater proportions of lower wage workers in one sector than the other, and lower wages come with lesser benefits, these factors can, in turn, affect the percentages of workers with access to a specific type of benefit.

Take-up rates do not account for eligibility requirements. There might be workers who meet the NCS definition of access but who have not met the plans tenure or other eligibility standard and therefore cannot take up the plan. This could have a greater impact on occupations with high turnover rates--janitors and waiters, for example--than among other occupations.

NCS data show that private industry workers do have lower access rates for medical plans than do workers in State and local government.<sup>4</sup> Is there, then, a difference between participation rates among only those who have access?

As can be seen in chart 1, 84 percent of workers in State and local government who have access choose to participate in an employer-provided medical plan, while only 74 percent of private industry workers do so--a significant difference between the two sectors.<sup>5</sup>



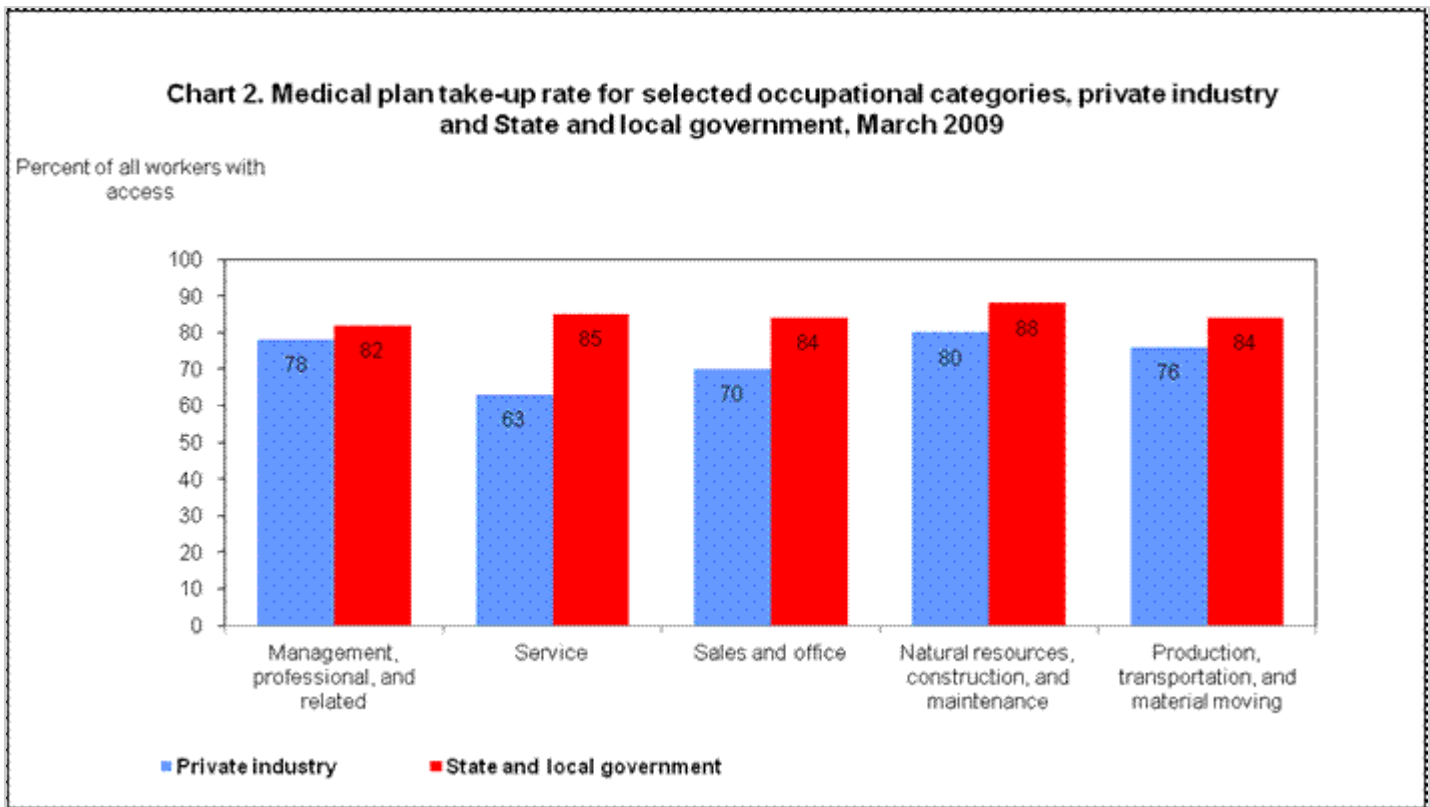
What are some of the reasons for such a difference? One reason may be that State and local government employers, on average, pay a greater share of medical plan premiums--90 percent for single coverage and 73 for family coverage--than private industry employers, at 80 percent and 70 percent, respectively.<sup>6</sup>

Another reason may be that, of State and local government workers participating in single-coverage medical plans, 38 percent have premiums paid completely by the employers--significantly more than the 22 percent of workers in private industry. Furthermore, for the remaining 78 percent of private industry workers who participate in a single-coverage plan that requires an employee contribution toward the premium, the average flat monthly employee contribution is \$92.43; this is higher than the monthly contribution of \$77.67 paid by (the remaining 62 percent of) State and local government employees.<sup>7</sup>

For family-coverage medical plans, 14 percent of State and local government workers have premiums paid completely by the employer, a greater percentage than for the 12 percent of private industry workers; however, the average flat monthly employee contribution is \$349.36, not significantly different than the \$342.50 State and local government paid.<sup>8</sup>

In addition to differences in take-up rates, medical plan share, and premiums between the government and private industry sectors, there are differences in take-up rates among worker and establishment groups within these sectors. The charts that follow show the differences among selected worker and employer groups in private industry and State and local government.

Chart 2 shows that take-up rates for employer-provided medical plans are higher in each of the five selected occupational<sup>9</sup> categories among State and local government workers than among private industry workers. This difference may be due in part to the higher share of *premium costs* that State and local government employers paid--whether for single or family coverage--for workers in each of five occupational categories than private industry employers paid for the same five occupational categories.<sup>10</sup>



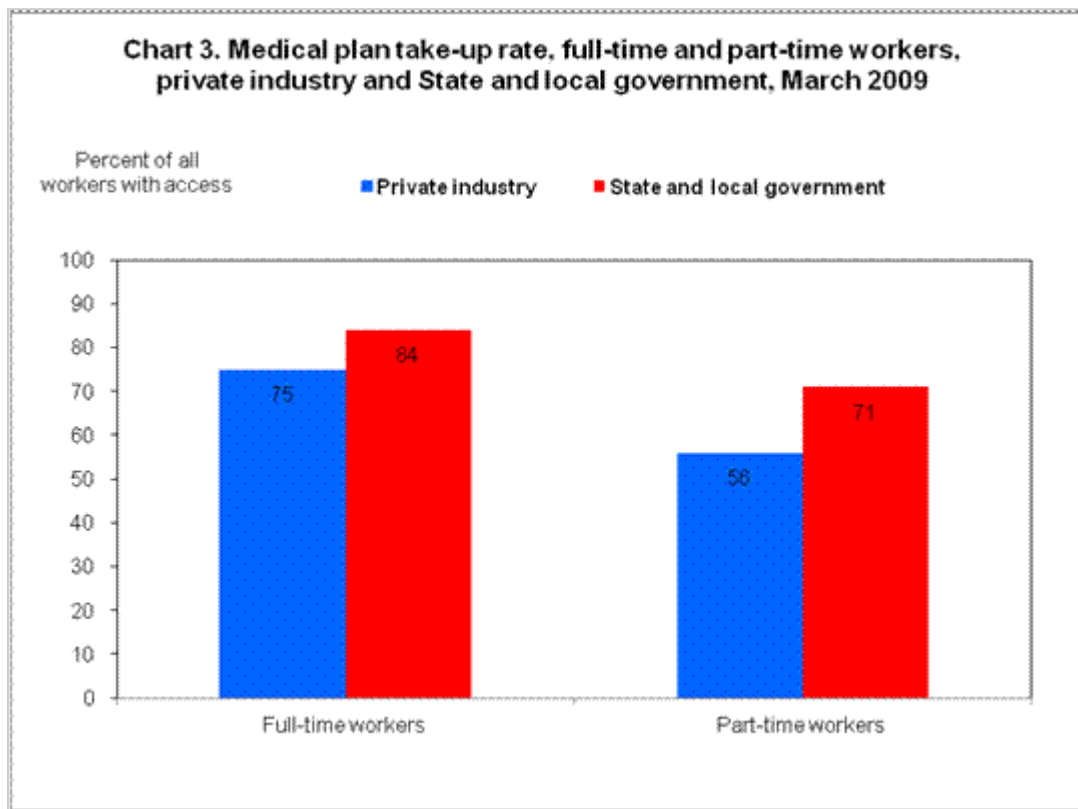
There is a notable difference in medical plan take-up rates for service occupations--85 percent in State and local government and 63 percent in private industry. This may be due to the fact that State and local governments employ a wide variety of relatively high-paid service workers, such as police officers and firefighters, while service occupations in private industry are heavily represented with relatively low-paid janitors and restaurant food-service workers. These differences push average wages for State and local government service workers higher relative to those in private industry. With higher wages, there is a tendency toward greater benefits,<sup>11</sup> resulting in a higher take-up rate for service workers in State and local government than in private industry.

There are also notable differences in take-up rates between the two sectors in sales and office occupations (84 percent in State and local government and 70 percent in private industry). This may be due to the fact that a large portion of private industry sales workers are cashiers, who typically earn relatively low wages and have less access to employer-sponsored benefits. State and local governments employ very few cashiers and other sales workers; they are more heavily concentrated with office workers.

Within State and local government, 88 percent of natural resource, construction, and maintenance workers who have access to a medical plan participate in it, a higher take-up rate than the 82 percent of workers in managerial, professional, and related occupations.

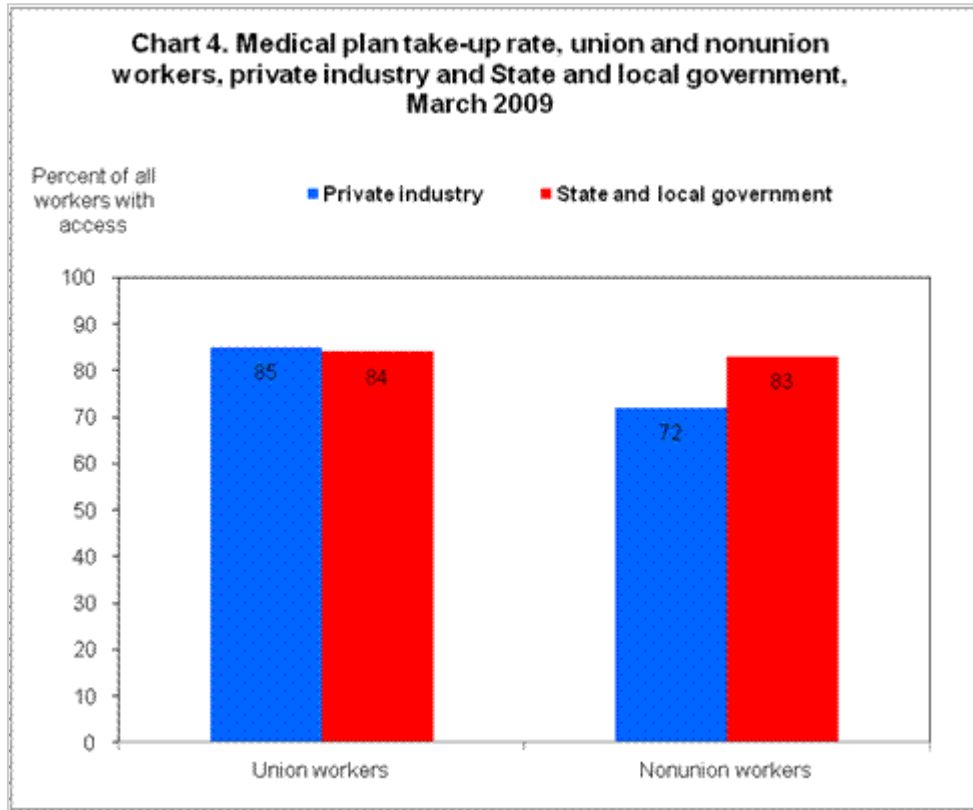
Within private industry, 80 percent of natural resource, construction, and maintenance workers who have access to a medical plan participate in it, a higher take-up rate than the 78 percent of workers in managerial, professional, and related occupations and the 63 percent of service workers.

Chart 3 shows that full-time workers in private industry and State and local government have higher medical plan take-up rates than part-time workers, in their respective sectors.



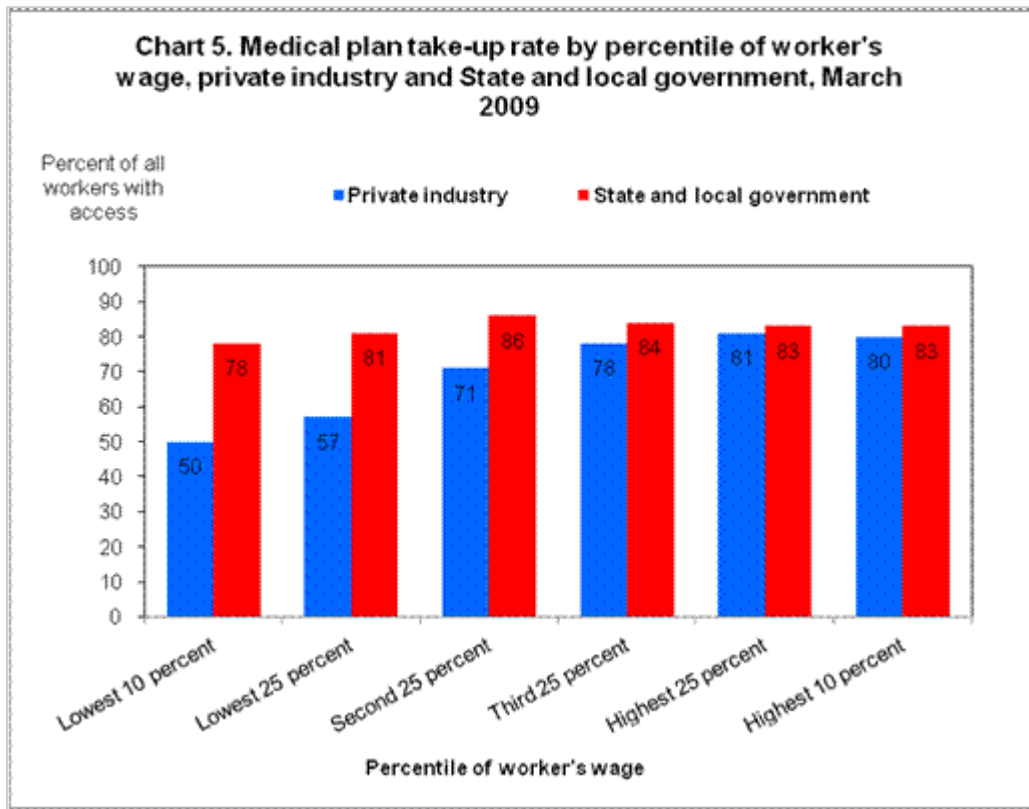
Interestingly, the take-up rate for full-time workers in private industry (75 percent) is not statistically different than the rate for part-time workers in State and local government (71 percent).

Chart 4 shows that there is no statistical difference in medical plan take-up rates among union workers in private industry, union workers in State and local government, and nonunion workers in State and local government.



Nonunion workers in private industry have a significantly lower take-up rate (72 percent) than union workers in private industry (85 percent) and State and local government nonunion and union workers (83 and 84 percent, respectively).

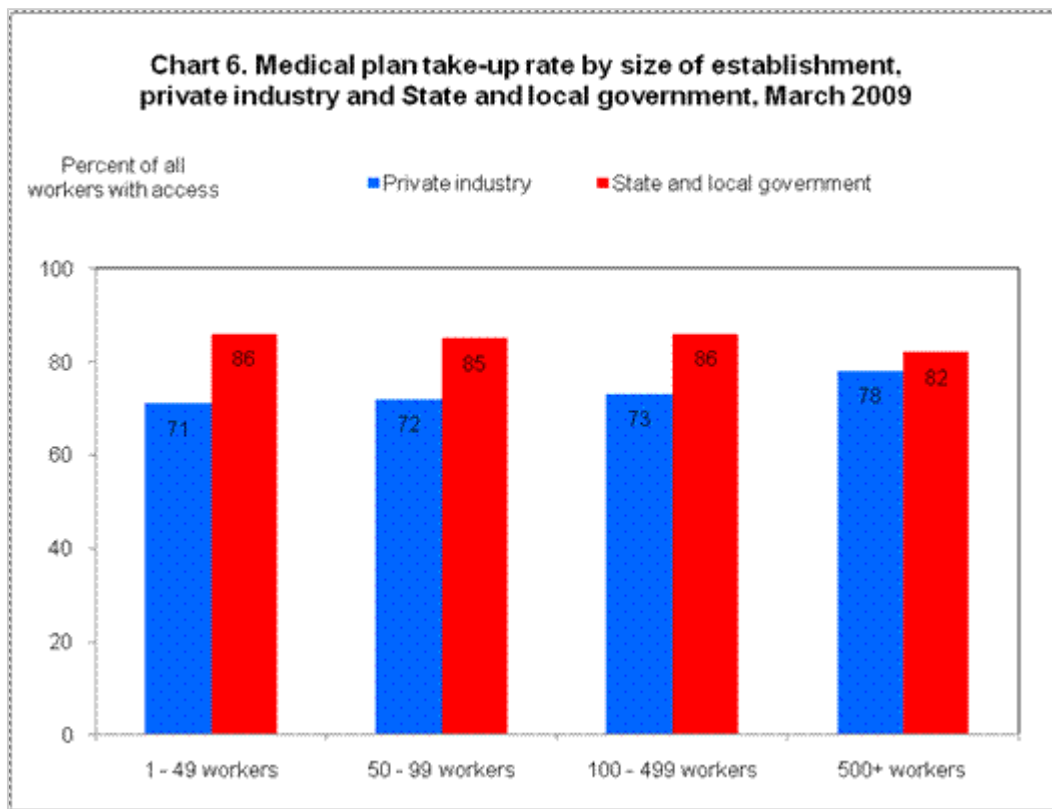
Chart 5 reveals that in private industry, 80 percent of workers with the highest wages (the highest 10 percent) take up a medical plan, yet only 50 percent of workers with the lowest wages (the lowest 10 percent) do so.<sup>12</sup> Among State and local government workers, 83 percent of those with the highest wages take up a medical plan, compared with 78 percent of workers with the lowest wages.



Perhaps more interesting is the fact that State and local government workers in each of the wage percentiles shown in chart 5 have higher take-up rates than their private industry counterparts. Among workers who have take up medical plans--whether single or family coverage--State and local government employers paid a greater share of the monthly premium than did private industry employers for workers in every published wage percentile except for workers with family medical coverage in the lowest 10th wage percentile in State and local government; in the latter case there was no significant difference in the share covered.<sup>13</sup>

Also, among workers participating in medical care benefits with flat-dollar amount contributory coverage, the amount private industry employees paid for single-coverage medical plans was more than their State and local government counterparts paid at all percentiles. Private industry employees paid more than State and local government employees for family-coverage premiums in the 10th, 25th and 75th percentiles.<sup>14</sup>

Chart 6 shows the take-up rates of workers with access to medical plans, by the size of the establishment they work for. State and local government workers took up plans at higher percentages than workers in private industry, in establishments of the same size category.



Within private industry, 71 percent of workers in small establishments (1-49 workers) take up medical plans, a lower rate than the 78 percent of workers in large establishments (500 or more workers). However, within State and local government, workers take up medical plans at about same rate,<sup>15</sup> whether they were employed by a large government entity or a small one.

In [National Compensation Survey](#) publications, a participation rate among only those workers with access to an employer-sponsored benefit is called a *take-up rate*. NCS data of March 2009 show workers in State and local government take up employer-provided medical plans at a higher rate than workers in private industry. Take-up rates by workers wage percentile and by occupational group are higher in State and local government than among their counterparts in private industry. Also, nonunion workers in private industry have significantly lower take-up rates than union workers in private industry and union and nonunion workers in State and local government.

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**Notes**

<sup>1</sup> For the NCS, an employee has access to a benefit if the benefit is available for the employees use.

<sup>2</sup> Purely as a mathematical function, take-up rates are higher than participation rates because some workers have no access to a benefit plan, lowering the denominator and therefore raising the take-up rate.

<sup>3</sup> The NCS provides estimates for access, participation, and take-up rates for the following types of plans: medical, dental, vision, prescription drugs, retirement, defined benefit, defined contribution, life insurance, long-term disability, and short-term disability. NCS take-up rates were first published in [National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2005](#), Summary 05-01, August 2005, table 6, on the Internet at <http://www.bls.gov/ncs/ebs/sp/ebsm0003.pdf>. For more information on take-up rates, see Carl B. Barsky, "Incidence benefits measures in the National Compensation Survey," *Monthly Labor Review*, August 2004, pp. 21-28, on the Internet at <http://www.bls.gov/opub/mlr/2004/08/art3full.pdf>.

4 March 2009 data show that 88 percent of State and local government workers had access to an employer-provided medical plan, which is significantly more than the 71 percent of private industry workers who had such access. See [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 9, “Health care benefits: access, participation, and take-up rates,” on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

5 Comparisons in this article are made with a statistical test of the data at the 90-percent confidence level.

6 See [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 10, “Medical care benefits: Share of premiums paid by employer and employee,” on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

7 See [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 11, “Medical care benefits, single coverage: Employer and employee premiums by employee contribution requirement,” on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

8 See [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 13, “Medical care benefits, family coverage: Employer and employee premiums by employee contribution requirement,” on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

9 NCS occupational definitions are based on the [Standard Occupational Classification](#) system (SOC), on the Internet at <http://www.bls.gov/soc/>.

10 For source data, see [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 10, “Medical care benefits: Share of premiums paid by employer and employee.” Health benefit tables are on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

11 See discussion of chart 5 in this article.

12 Wage percentiles describe the distribution of earning within published occupations. The percentiles designate position in the earnings distribution within each published occupation, weighted by the scheduled hours of work. For example, at the median (50th percentile), half the hours are paid the same as or more than the rate shown, and half are paid the same as or less than the rate shown.

13 For source data, see [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 10, “Medical care benefits: Share of premiums paid by employer and employee.” Health benefit tables are on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

14 See [National Compensation Survey: Employee Benefits in the United States, March 2009](#), Bulletin 2731, September 2009, table 15, “Medical care benefits: Employee contributions for single and family coverage.” Health benefit tables are on the Internet at [http://www.bls.gov/ncs/ebs/benefits/2009/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2009/benefits_health.htm).

15 Not statistically different at the 90-percent confidence level.

**Data for Chart 1. Medical plan take-up rate, private industry and State and local government workers, March 2009**

Characteristic	Medical
Private industry	74
State and local government	84

Source: National Compensation Survey: Employee Benefits in the United States, March 2009, table 9.

**Data for chart 2. Medical plan take-up rate for selected occupational categories, private industry and State and local government workers, March 2009**

Worker characteristic	Private industry	State and local government
Management, professional, and related	78	82
Service	63	85
Sales and office	70	84
Natural resources, construction, and maintenance	80	88
Production, transportation, and material moving	76	84



**Data for chart 3. Medical plan take-up rate, full-time and part-time workers, private industry and State and local government, March 2009**

Status	Private industry	State and local government
Full-time workers	75	84
Part-time workers	56	71

**Data for chart 4. Medical plan take-up rate, union and nonunion workers, private industry and State and local government, March 2009**

Status	Private industry	State and local government
Union workers	85	84
Nonunion workers	72	83

**Data for chart 5. Medical plan take-up rate by percentile of worker's wage, private industry and State and local government, March 2009**

Percentile	Private industry	State and local government
Lowest 10 percent	50	78
Lowest 25 percent	57	81
Second 25 percent	71	86
Third 25 percent	78	84
Highest 25 percent	81	83
Highest 10 percent	80	83

**Data for chart 6. Medical plan take-up rate by size of establishment, private industry and State and local government, March 2009**

Establishment size	Private industry	State and local government
1 - 49 workers	71	86
50 - 99 workers	72	85
100 - 499 workers	73	86
500+ workers	78	82