

The National Compensation Survey: a wealth of benefits data

The BLS National Compensation Survey provides an array of benefits data; in 2003, for the first time, information is available on the percentages of establishments offering health insurance and retirement plans, and the percentage of medical premiums paid by employers and employees

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The creation of the Bureau of Labor Statistics National Compensation Survey (NCS) has been a comprehensive effort to provide data on wages, costs, and benefits, all within one survey program. NCS outputs include the Employment Cost Index (ECI), which measures the change in employer costs for wages, salaries, and benefits; and the Employer Costs for Employee Compensation (ECEC), which measures the average employer cost per employee hour worked for wages, salaries, and benefits. Both ECI and ECEC are published quarterly.¹ The NCS of Occupational Wages in the United States provides earnings data in a variety of occupations in different metropolitan areas nationwide, a few non-metropolitan counties, nine census divisions, and for the Nation as a whole.²

The NCS survey also provides data on the incidence and detailed provisions for medical, dental, and vision care; private retirement plans; and other benefits for employees in all sizes of establishments.³ A major goal of the NCS is to produce data linking information on benefit plan details to wages and employer benefit plan costs. The forerunner of the NCS benefits portion was the Employee Benefits Survey (EBS). Before the advent of the NCS, the EBS had provided data on the incidence and detailed provisions of selected benefits for different sec-

tors of the economy in alternating years. Medium and large private establishments—those establishments of 100 workers or more—were studied in odd years; small private establishments—those establishments of fewer than 100 workers—and State and local governments were studied in even years.⁴ Exhibit 1 shows the transition from the EBS to the NCS. The series of articles appearing in this issue of the *Monthly Labor Review* cover a broad spectrum of topics highlighting the NCS benefits products.

The benefits portion of the current NCS provides a wealth of data, primarily on health plans and retirement plans—defined benefits and defined contribution plans.⁵ The 2003 survey also provides some new data, published for the first time. The major first-time outputs consist of the percentage of establishments that offer health insurance and retirement benefits; the percentage of workers that are offered health insurance, retirement benefits, life insurance, short-term disability insurance, and long-term disability insurance; and the percentage of total medical premiums paid by employers and employees. These outputs are tabulated by various types of worker and establishment characteristics. The worker characteristics include types of occupations, union status, full-time and part-time status, and wage rates of less than \$15 and of \$15 or more. The establishment charac-

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Exhibit 1. Transition from the Employee Benefits Survey to the National Compensation Survey (NCS)			
Year	Coverage	Publication and products	New NCS outputs
1996–98	All employees in private establishments and State and local governments	<i>Employee Benefits in Small Private Establishments, 1996</i> <i>Employee Benefits in Medium and Large Private Establishments, 1997</i> <i>Employee Benefits in State and Local Governments, 1998</i> Incidence and detailed provisions for health insurance; retirement benefits; other insurance benefits; paid leave; and incidence of coverage for emerging benefits	Not applicable
1999	All employees in the private sector	<i>Employee Benefits in Private Industry, 1999</i> Incidence of coverage for health insurance; retirement benefits; other insurance benefits; paid leave and emerging benefits; and employee contributions for medical insurance	Data are tabulated by various worker and establishment characteristics such as occupations, union status, full-time and part-time status, size of establishment, geographic region, goods producing and service producing industries, all within one table
2000	All employees in the private sector	<i>National Compensation Survey: Employee Benefits in Private Industry in the United States, 2000</i> Incidence and detailed provisions for health insurance and retirement benefits; and incidence of coverage for other insurance benefits, paid leave, and emerging benefits	The first NCS bulletin describing detailed provisions on health and retirement benefits
2003 ¹	All employees in the private sector	<i>National Compensation Survey: Employee Benefits in Private Industry in the United States, 2003</i> Incidence and detailed provisions for health insurance; retirement benefits; other insurance benefits; paid leave; and incidence of coverage for emerging benefits	The major first-time outputs consist of: <ul style="list-style-type: none"> • the percentage of establishments offering health insurance and retirement benefits; • the percentage of workers that are offered health insurance, retirement benefits, and other insurance benefits; • the percentage of total medical premiums paid by employers and employees; and • characteristics of cash balance plans (a new type of defined benefits plan).

¹ Incidence data were based on the March 2003 reference period. The detailed provisions portion of the health and retirement benefits was based on data collected for calendar year 2002.

teristics include size of establishment, geographic region, and goods and service-producing industries.

Summary of the articles

The articles appearing in this issue of the *Review* use a variety of data obtained from the NCS as well as new data published for the first time in the 2003 NCS survey.

A main objective of the NCS is to keep abreast of current issues in the benefits area, and one of the hottest health insurance topics in recent years has been the cost and coverage of prescription drugs. The topic of prescription drug coverage for older Americans has moved into the forefront with the recent passage of a new Medicare bill. Elizabeth Dietz (pages

37–45) discusses trends in prescription drug coverage in employer-sponsored plans over the last decade, and demonstrates how prescription drug costs have risen in recent years for both employees and insurers. She also explains some of the increases in the percentage of workers covered by cost-containment measures in recent years; these measures have been instituted by insurers to combat the rise in prices for prescription drugs.

William Wiatrowski (pages 29–36) provides data on both health insurance plans and retirement plans. During the last decade, there has been a steady decline in the percentage of workers in the private sector covered by health insurance plans and a lesser decline in overall participation in retirement plans. Under retirement coverage, there has been a shift

from defined benefit plans to defined contribution plans. Possible factors that may have caused these shifts include changes in the industry mix and the cost of these benefits to the workers. Wiatrowski explores how some of these factors have affected the declines in benefit coverage for health and retirement plans.

Two articles address a number of new benefits outputs tabulated for the first time under the NCS in the 2003 survey. Carl Barsky (pages 21–28) looks at the percentage of both establishments that offer and workers who are offered health and retirement plans. The data highlight the relationship between the percentage of workers offered health and retirement benefits, and those actually participating in the plans—commonly known as the “take-up rate.” The comparison between workers offered and workers participating also is discussed for life insurance, long-term disability insurance, and short-term disability insurance. All of these tabulations are presented by various worker and establishment characteristics such as union status, size of establishment, geographic region, and so forth.

A broader view by Jordan Pfuntner (pages 6–20) covers all of the major new benefits data produced for the 2003 survey. In addition to the data on access and participation described by Barsky, this more comprehensive discussion presents information on the share of total medical premiums paid by employers and employees. Pfuntner also includes data on the characteristics of cash balance retirement plans.⁶ He not only presents the major new survey outputs, but highlights the results of the data, discusses improvements from previously published data, and explains the limitations of the new outputs.

The ability to produce information linking benefit plan

details to wages and benefit costs was a major impetus for launching the NCS. Michael Lettau (pages 46–50) presents some trial estimates on health insurance, tying the provisions of benefit plans to their cost and to the wage levels of workers. These new estimates include employer cost by the type of plan offered; employer and employee share for the cost of the coverage; and participation rates by wage level of the workers.

THE GOAL of the National Compensation Survey is to provide a comprehensive set of data under one umbrella survey program. By having wages, employer costs for benefits, and details of benefit plans within one program, there is now the ability to link those outputs to produce more extensive tabulations than in the past. Producing tabulations linking these different compensation measures has always been a great source of interest to people working in the benefits area. The first of the linked products on the share of employee and employer medical premiums was tabulated in the 2003 survey. Other linked outputs are already in the NCS planning stage. As mentioned earlier, Michael Lettau presents trial estimates for health insurance, relating benefit plan characteristics to employer costs and employee wages. Along the same lines, linking employer costs and wage levels to various types of retirement benefit features is a potential area of research.

This issue of the *Monthly Labor Review* provides a broad overview of the current benefits outputs under the National Compensation Survey. Some topics are very specific, such as trends in prescription drugs; some are very broad, such as an overview of the new benefits data available for the first time in the 2003 survey. □

Notes

¹ Additional information about the ECI and ECEC is on the Internet at <http://www.bls.gov/ncs/ect/home.htm>

² Additional information about the NCS of Occupational Wages in the United States is on the Internet at <http://www.bls.gov/ncs/ocs/home.htm>

³ When fully implemented, the NCS will include State and local governments of all sizes. Additional information about the NCS benefits survey is on the Internet at <http://www.bls.gov/ncs/ebs/home.htm>

⁴ For a more detailed description of the Employee Benefits Survey, see

Allan Blostin, “An Overview of the EBS and NCS,” *Compensation and Working Conditions*, spring 1999, pp. 2–5.

⁵ Incidence data and medical premiums were based on the March 2003 reference period. Detailed provisions for health and retirement benefits were based on data collected for calendar year 2002.

⁶ For a more detailed description of cash balance plans, see Kenneth R. Elliott and James H. Moore, Jr., “Cash Balance Pension Plans: The New Wave,” *Compensation and Working Conditions*, summer 2000, pp. 3–11.