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Employer-sponsored Healthcare Coverage Across Wage Groups

David Wile

In March of 2016, a little more than half of all private industry employees participated in employer-sponsored healthcare benefit plans. However, workers earning different wages often have markedly different experiences with healthcare benefits.

This Spotlight on Statistics takes a closer look at the relationship between employee wages and access to, participation in, and costs of employer-sponsored medical, dental, and vision care benefit plans.

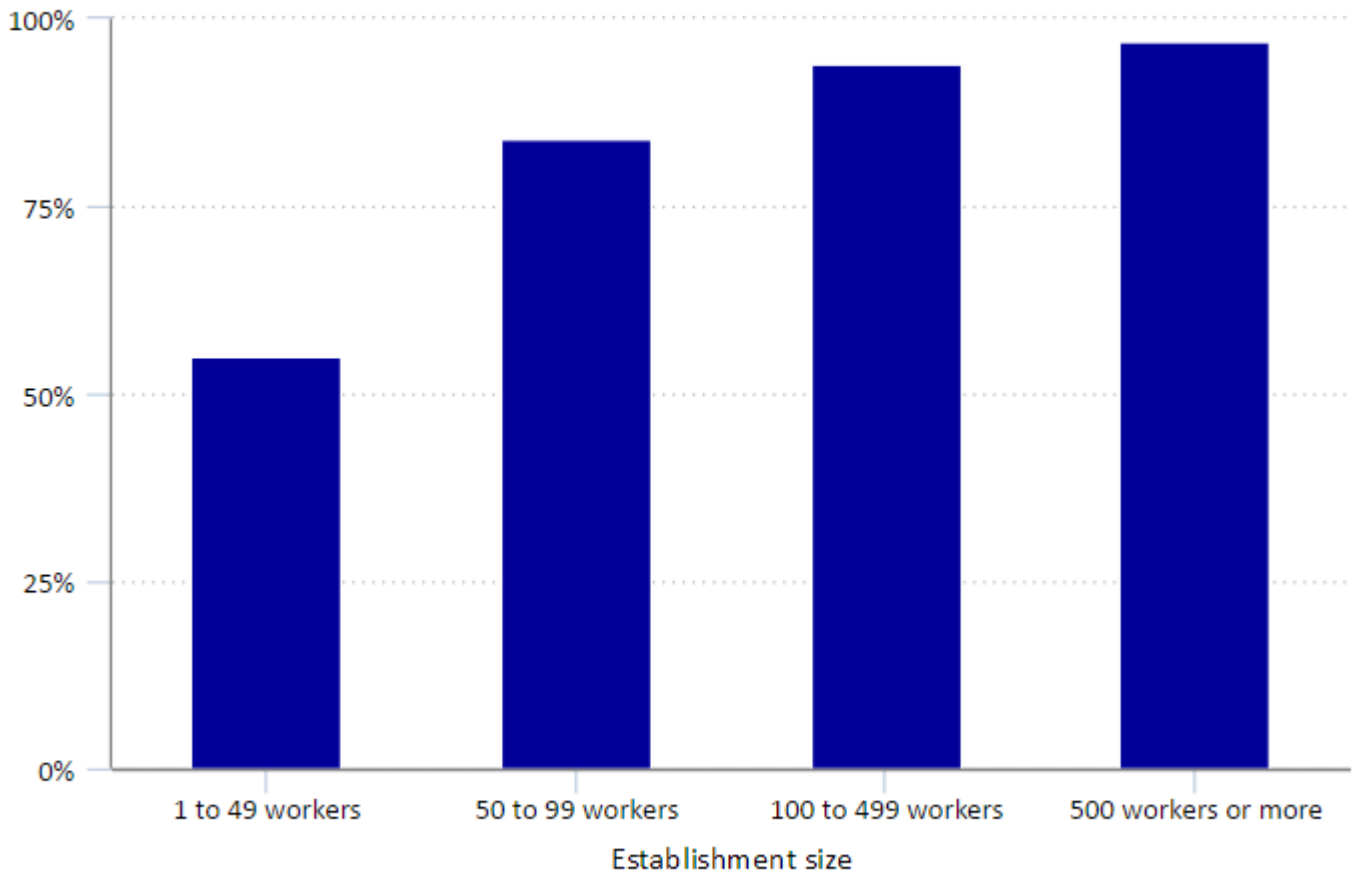
Access to benefits is more likely at larger worksites

In March 2016, about 57 percent of all private industry establishments offered healthcare benefits (preventive or protective coverage for one or more of medical, dental, vision, or prescription drug costs) to at least one employee. However, whether an establishment is more or less likely to offer healthcare plans varies with the size of the establishment.

Just over half of all establishments with fewer than 50 workers, which accounted for almost 96 percent of all private industry establishments and employed about 44 percent of private industry workers, offered healthcare benefits to at least one employee in March 2016. Comparatively, 97 percent of establishments with more than 500 workers, which made up just 0.2 percent of private industry establishments but accounted for 17 percent of private industry employment, offered healthcare benefits to at least one employee.

On average, workers at smaller establishments both [earn lower wages](#) and are less likely to have the option of employer-sponsored healthcare coverage.

Percentage of private industry establishments offering healthcare benefits by establishment size, March 2016



Click legend items to change data display. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics.

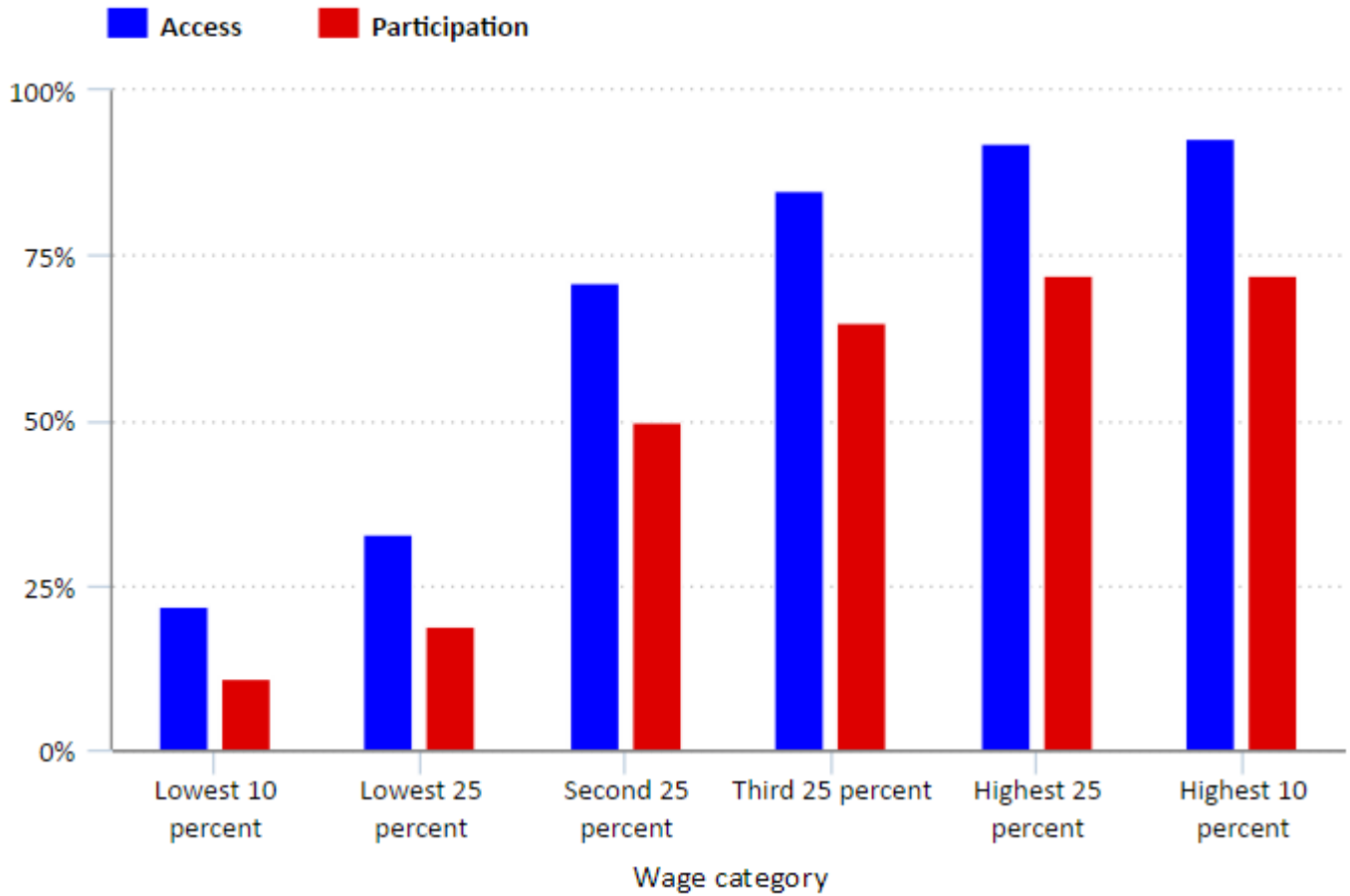
Lower wage workers have less access to medical care benefits and lower participation rates

The percentage of private industry workers with access to employer-sponsored medical care benefits is heavily related to the wages workers earn. Only 22 percent of workers with an average wage in the lowest 10 percent had access to employer-sponsored medical plans in March 2016, while 93 percent of workers with an average wage in the highest 10 percent had access to such plans. As average wages move from the lowest 25 percent of wage earners to the second-lowest 25 percent, access rates jump from 33 percent to 71 percent.

Participation rates, or the percentage of all workers who participate in a plan regardless of access, follow the same pattern. Among workers with an average wage in the lowest 10 percent, only 11 percent participated in employer-sponsored medical plans in March 2016. Meanwhile, 72 percent of workers with an average wage in the highest 10 percent participated in these plans.

In total, 67 percent of private industry workers had access to employer-sponsored medical care benefits, and 49 percent of them participated in those plans.

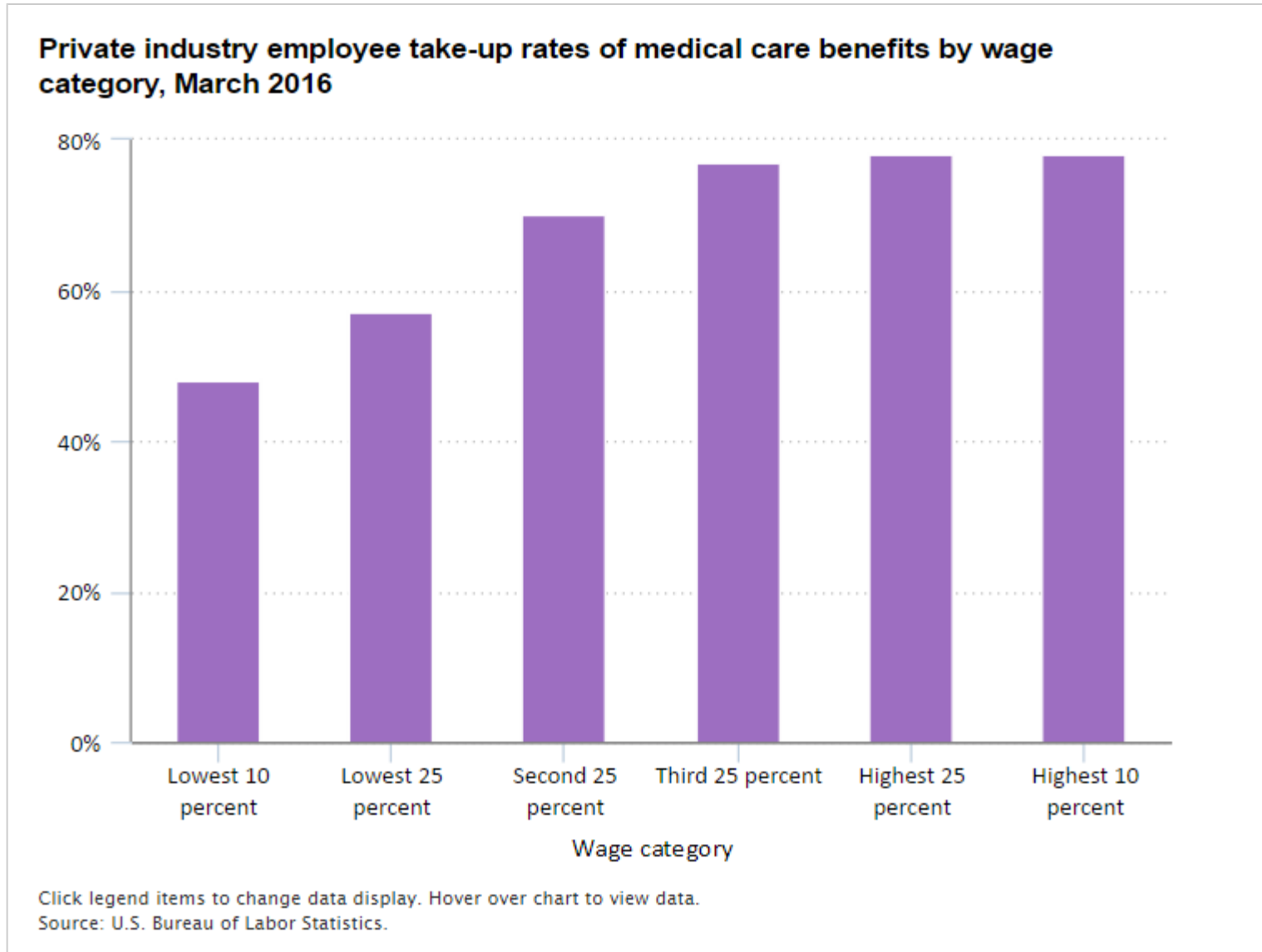
Private industry employee access to medical care benefits and participation rates by wage category, March 2016



Click legend items to change data display. Hover over chart to view data.
Source: U.S. Bureau of Labor Statistics.

Higher wage workers more likely to take up medical care benefits

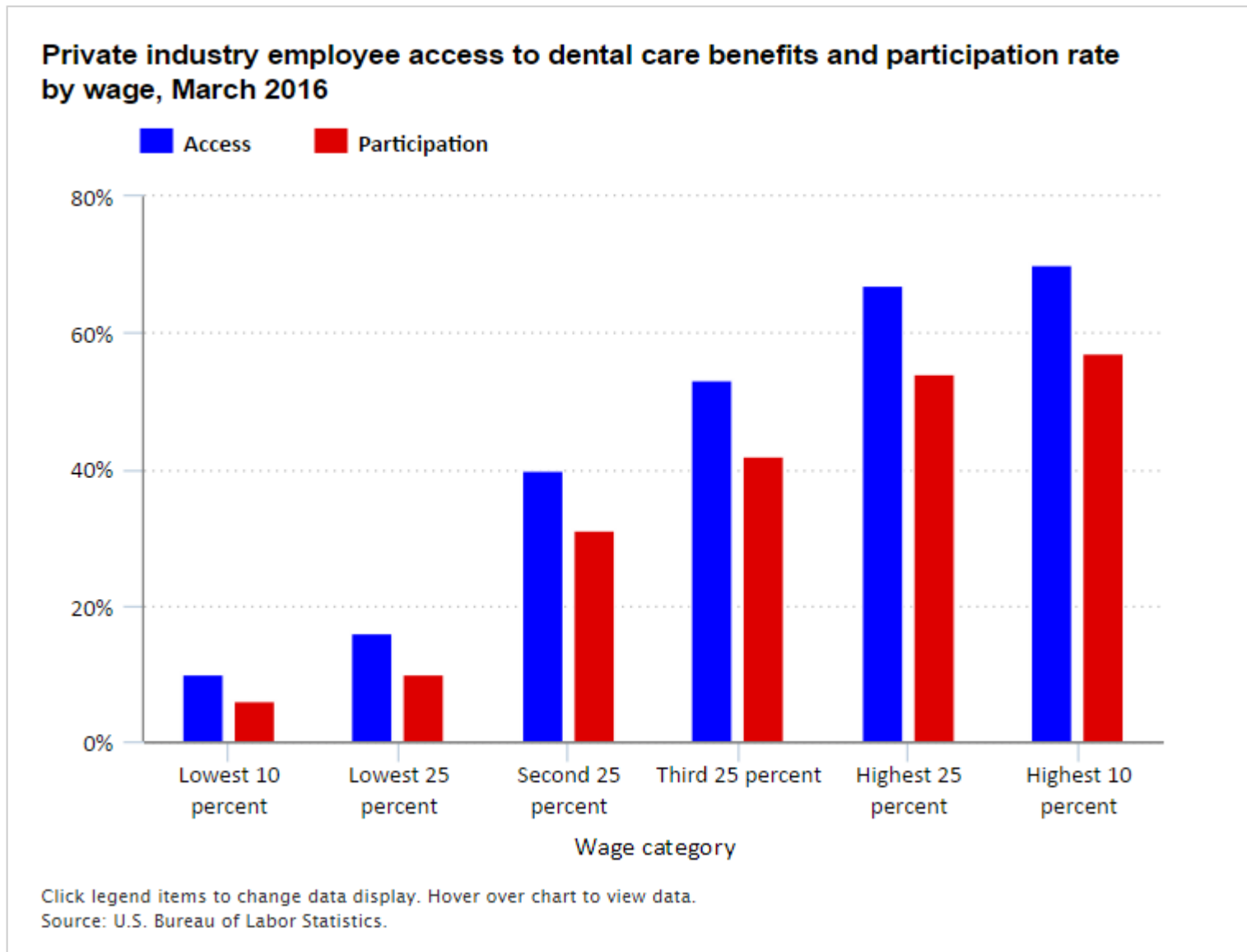
Take-up rate refers to the percent of workers with access to a plan who actually "take up" the plan or participate in it. The take-up rate on medical care benefits shows a pattern whereby the highest earners are more likely to take the employer-sponsored benefits available to them than the lowest earners. Although less than half of private industry workers with an average wage in the lowest 10 percent whose employers sponsor medical care benefits took them up in March 2016, more than three-quarters of the highest 10 percent of wage earners did the same.



Lower wage workers have lower dental benefits access and participation rates

Private industry workers who earn higher wages also are more likely to have access to employer-sponsored dental care benefits than workers earning lower wages. Just 10 percent of workers with an average wage in the lowest 10 percent had access to employer-sponsored dental care benefits in March 2016, though 70 percent of workers with an average wage in the highest 10 percent had access to dental care benefit plans.

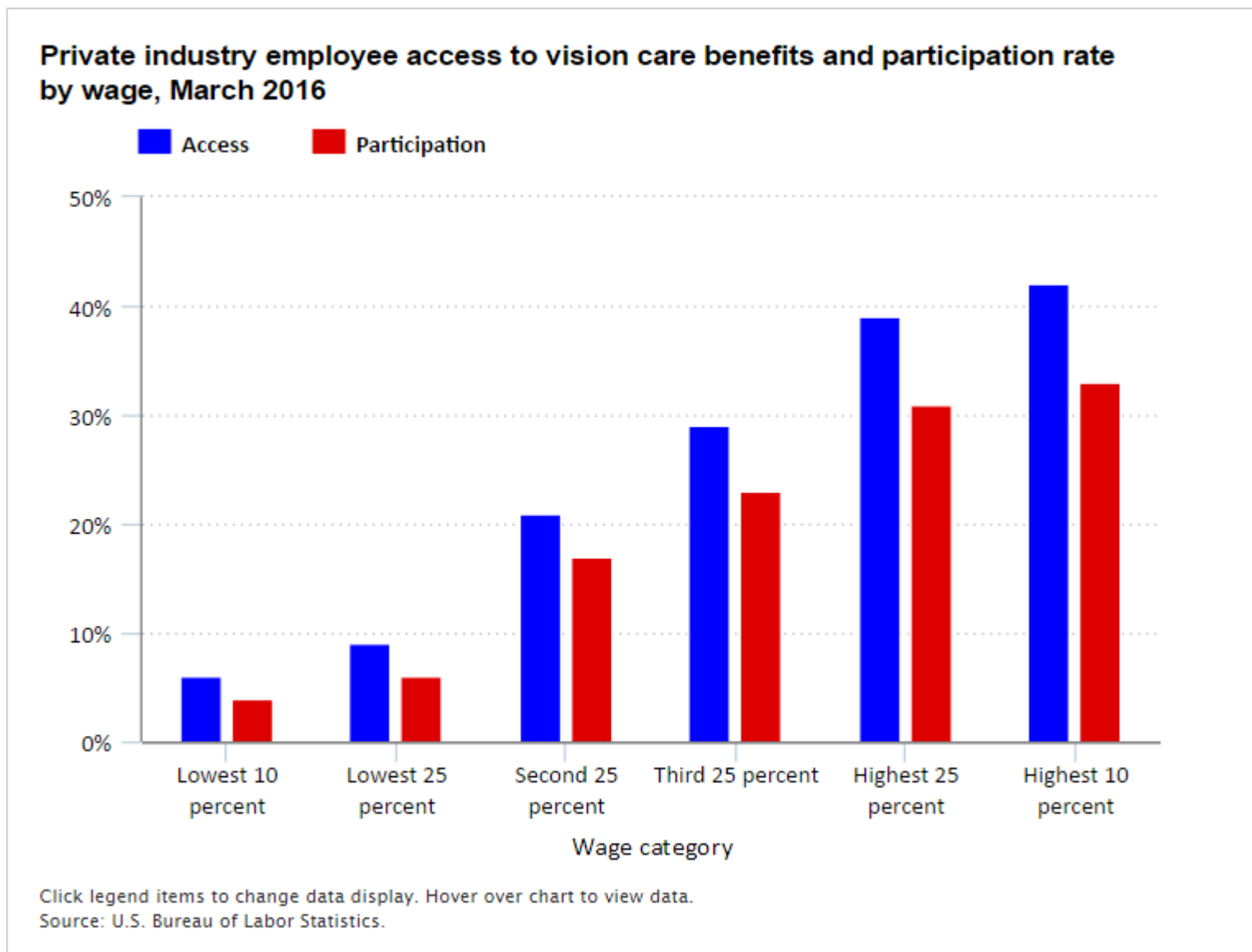
While 57 percent of workers with average wages in the highest 10 percent participated in employer-sponsored dental care benefit plans, only 6 percent of workers with average wages in the lowest 10 percent participated in them.



Lower wage workers have lower vision care benefits access and participation rates

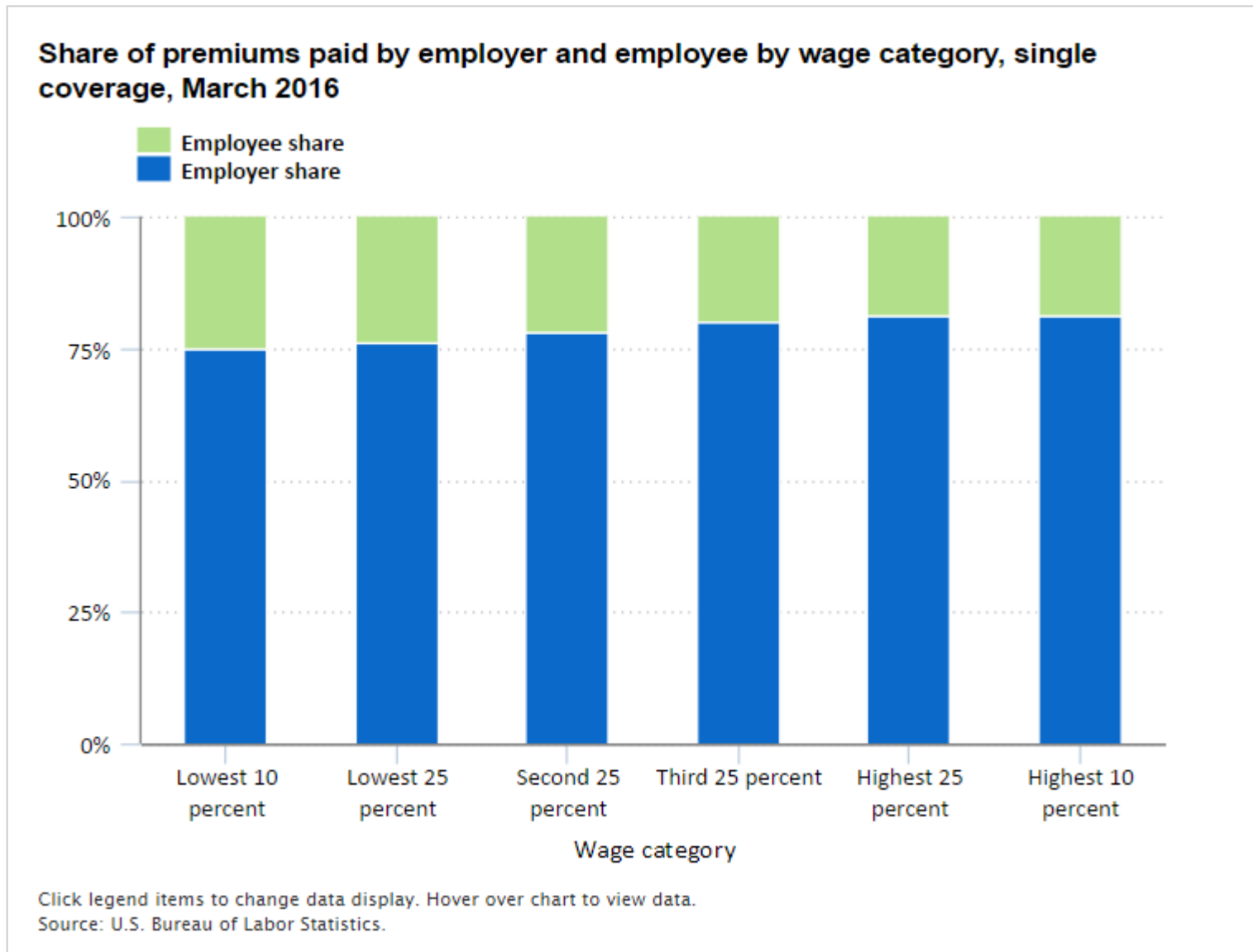
As is the case with access to medical care and dental care benefits, each wage group of private industry workers has a greater proportion of employees with access to employer-sponsored vision care benefits than the wage group below it. Although 9 percent of the lowest 25 percent of wage earners had access to vision care benefits in March 2016, 39 percent of the highest 25 percent of wage earners had access to these benefits.

In line with these access rates, only 6 percent of the lowest 25 percent of wage earners participated in employer-sponsored vision care benefit plans in March 2016, while 31 percent of the highest earning 25 percent participated in them.



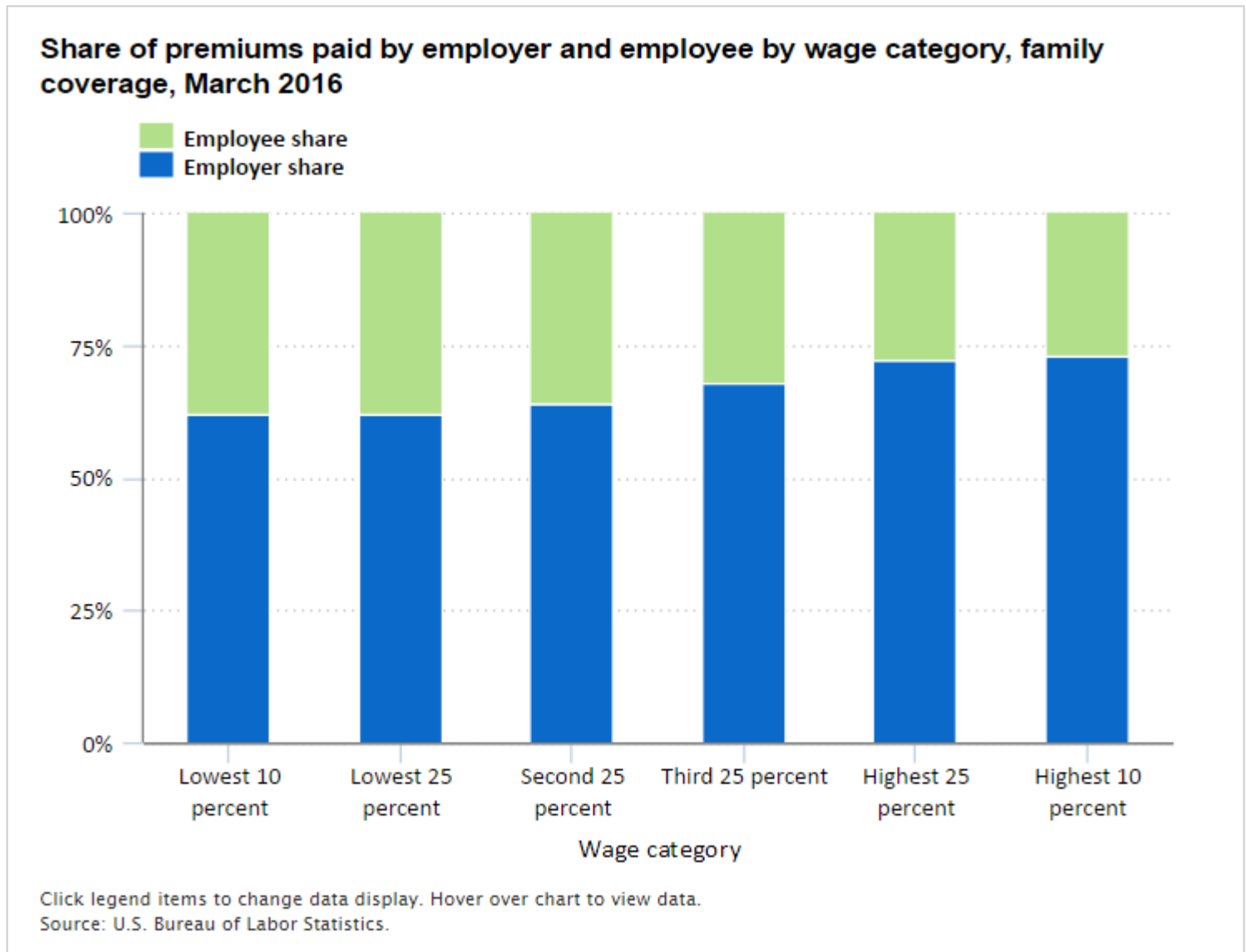
Employers pay greater share of single coverage medical care benefits for higher wage workers

Lower wage workers who participate in employer-sponsored single coverage medical benefits pay for a greater share of their premiums than higher wage workers. In March 2016, private industry workers with an average wage in the lowest 10 percent paid one-quarter of the premiums for single coverage plans, and employers covered about 75 percent. On the other hand, the highest earning 10 percent of private industry workers paid for less than one-fifth (19 percent) of their single coverage medical care premiums, with their employers covering the remaining 81 percent.



Employers pay greater share of family coverage medical benefits for higher wage workers

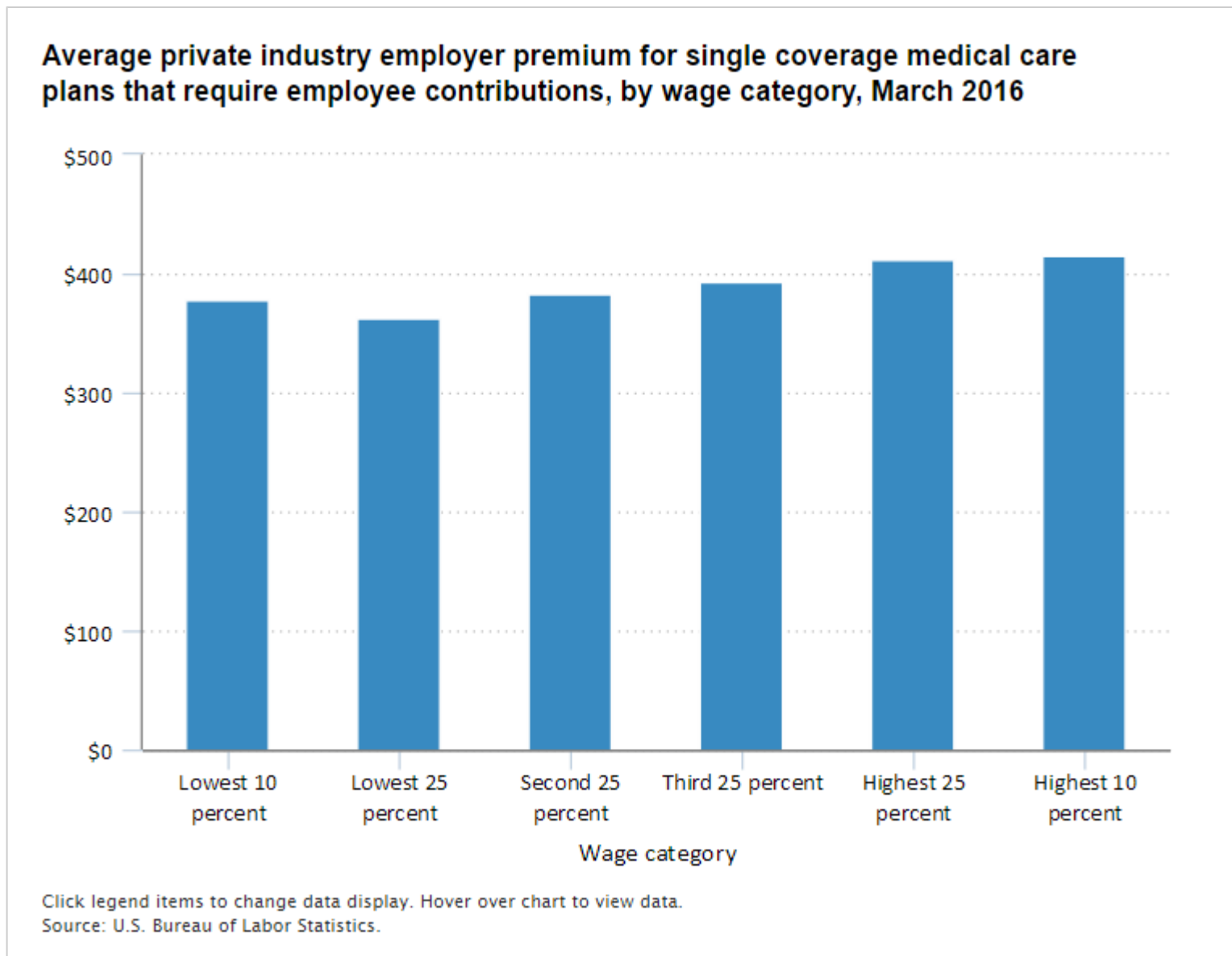
As with single coverage plans, lower wage workers who participate in employer-sponsored family coverage medical care plans also pay for a greater share of their premiums than higher wage workers. Private industry workers with an average wage in the lowest 25 percent paid for 38 percent of family coverage premiums in March 2016, and employers paid for 62 percent. Private industry workers with an average wage in the highest 25 percent paid for 28 percent of premiums for family coverage plans, while employers covered 72 percent.



Employers spend less on single coverage medical care premiums for lower wage workers

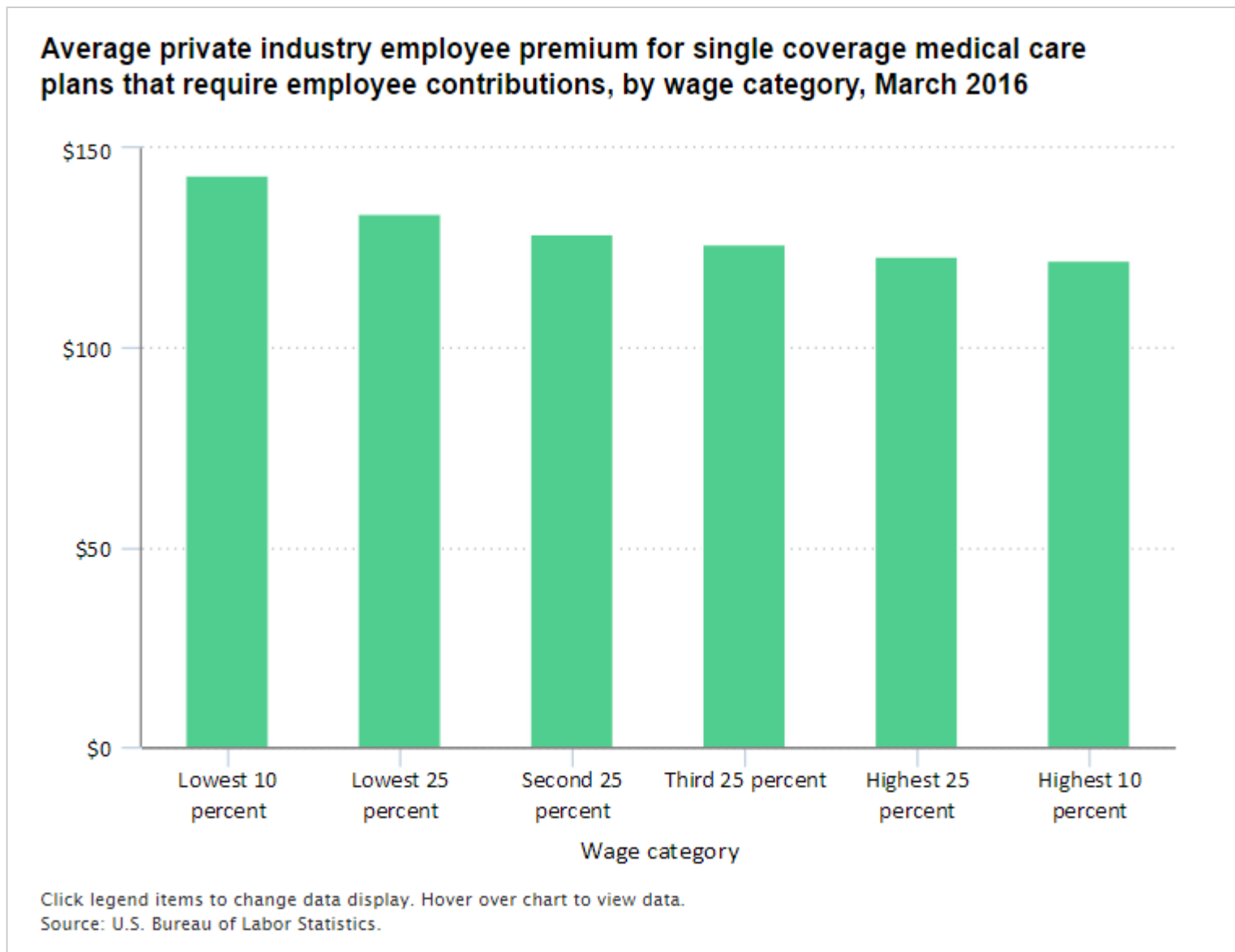
Private industry employers pay less for lower earning workers' single coverage medical care plan premiums not only in percentage terms, but in dollar amounts as well. Looking at plans which require employee contributions, private industry employers paid an average of \$362.66 per month for single coverage medical benefits premiums for workers with an average wage in the lowest 25 percent in March 2016. For single coverage medical care benefits requiring employee contributions for the highest 25 percent of wage earners, employers paid an average of \$412.04 in monthly premiums.

In March 2016, 84 percent of private industry workers who participated in employer-sponsored single coverage medical benefit plans had plans which required employees to contribute toward the cost of premiums.



Lower wage workers spend more on single coverage medical care premiums than higher wage workers

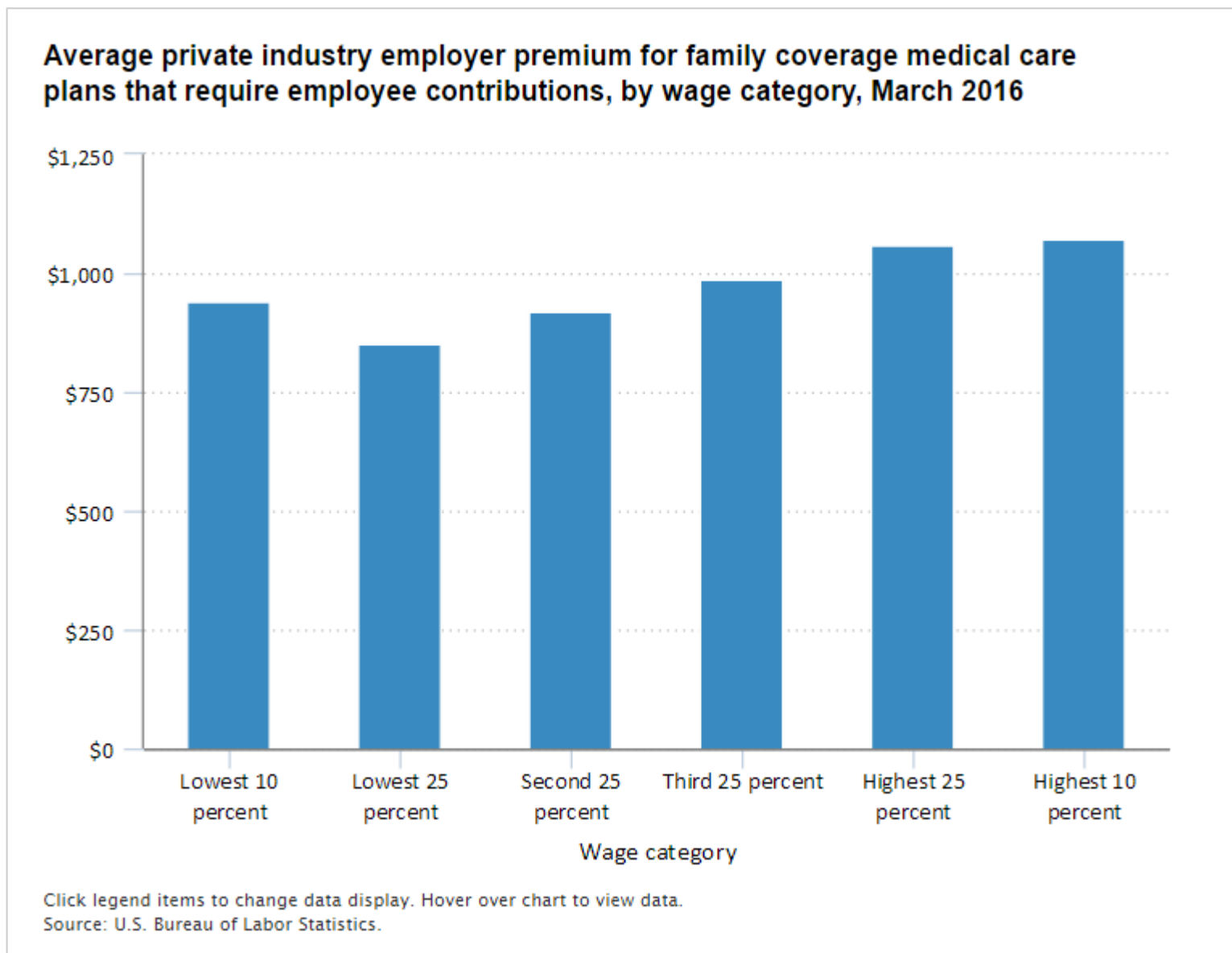
In plans that require employee contributions, lower wage workers pay higher contributions for single coverage medical care plans than higher wage workers. In March 2016, private industry employees earning an average wage in the lowest 10 percent who took up employer-sponsored single coverage medical benefits paid on average \$143.60 per month, almost \$10 more than the average monthly contribution of the lowest 25 percent of all private industry wage earners, and about \$20 more than the average monthly contributions of private industry workers with an average wage in the highest 10 percent.



Employers spend less on family coverage medical care premiums for lower wage workers

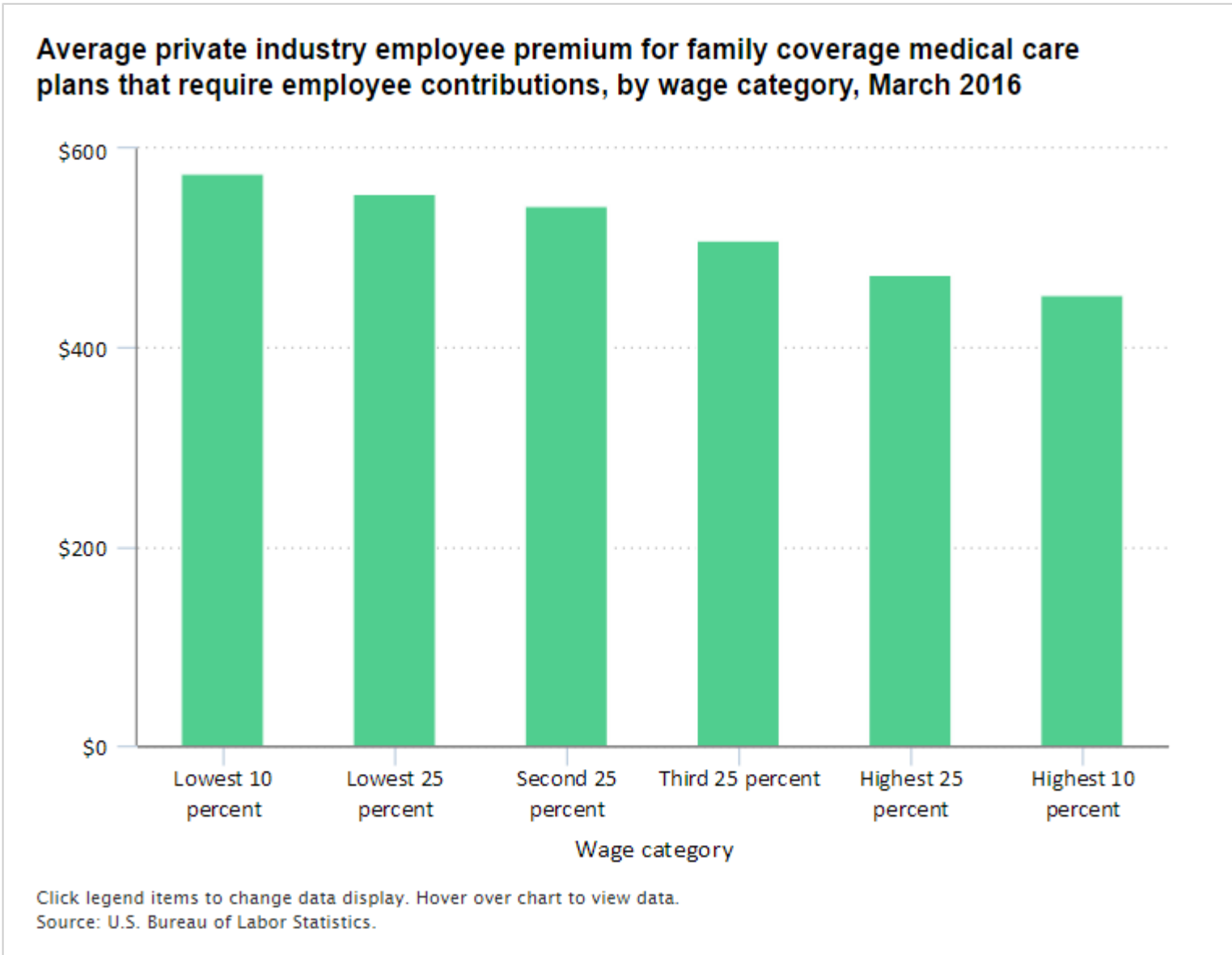
As with single coverage medical care plans, private industry employers also pay less on premiums for lower-earning workers who take up family coverage medical care plans which require employee contributions. For plans requiring employee contributions, private industry employers paid an average monthly premium of \$849.77 for family coverage benefits for the lowest 25 percent of wage earners in March 2016. On average, employers spent over \$200 more each month for family coverage medical care premiums for the highest 25 percent of wage earners (\$1,057.48).

In March 2016, 92 percent of private industry workers who participated in employer-sponsored family coverage medical benefit plans had plans which required employees to contribute toward the cost of premiums.



Lower wage workers spend more on family coverage medical premiums than higher wage workers

Lower wage workers pay higher contributions for family coverage medical care plans with required employee contributions than higher wage workers. In March 2016, the lowest 10 percent of private industry wage earners who participated in employer-sponsored family coverage medical benefits contributed on average \$575.10 per month, almost \$125 more than the average monthly contribution of the highest 10 percent of private industry wage earners.



More information

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The data in this Spotlight on Statistics are from the [National Compensation Survey—Benefits](https://www.bls.gov/ncs/ebs/benefits/2016/) program, which produces comprehensive data on the incidence (the percentage of workers with access to and participation in employer provided benefit plans) and provisions of selected employee benefit plans. For more information on employee benefits, visit <https://www.bls.gov/ncs/ebs/benefits/2016/>. For further information on healthcare and medical care benefits, visit https://www.bls.gov/ncs/ebs/benefits/2016/benefits_health.htm.

Definitions of major terms:

Health care benefits provide preventive and protective medical, dental, vision, or prescription drug coverage to employees and their families. Most employer-provided plans cover the employee and the employee's dependents, including spouse and children.

Medical care plans provide services or payments for services rendered in the hospital or by a qualified medical care provider.

A **premium** is the fee paid for coverage of medical benefits for a defined period. Premiums can be paid by employers, unions, or employees or can be shared by the enrollee and the plan sponsor.

Access: Employees are considered to have access to a benefit plan if it is available for their use. For example, if an employee is permitted to participate in a medical care plan offered by the employer, but the employee declines to do so, he or she is placed in a category with those having access to medical care.

Participation: Employees in contributory plans are considered participants in a healthcare plan if they have paid required contributions and fulfilled any applicable service requirements.

Take-up rate: The percentage of workers with access to a plan who participate in the plan.