

# **When is Health Insurance Affordable? Evidence from Consumer Expenditures and Enrollment in Employer-Sponsored Health Insurance**

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May 22, 2009

A major question facing policy makers as they consider extending insurance to low income groups is how much such groups can afford to contribute towards their own coverage. We address this question from two perspectives. First, we measure the share of low income family resources that are spent on necessities to examine the “room” in low income budgets to pay for health insurance premiums. Second, we examine the extent to which low income families take up employer-sponsored insurance when it is offered to them at some premium cost. Both analyses deliver a consistent conclusion: even very low income families can afford to pay towards their health insurance coverage.

## I. Background

One of the centerpieces of current debates over health reform is the potential requirement for all U.S. residents to purchase health insurance coverage. But such an individual mandate is not feasible unless “affordable” health insurance options are available to all who are mandated to purchase insurance. Defining “affordability” is a difficult task, however, and ultimately a subjective one. Nevertheless, there are data that can help inform this decision. In this report, we focus on several such sources of data.

There are two main approaches to defining affordability. The first considers the other necessary budgetary requirements on families. Insurance payments are only considered affordable if they do not prohibit families from purchasing the other necessities that are required for living.

The second defines insurance as being affordable if it is purchased voluntarily, and then considers the decision of employees to enroll in employer-sponsored insurance. Presumably, if insurance were unaffordable to an employee, the employee would not purchase that coverage from their employer. Thus, if employees enroll in employer-provided insurance, under this definition, it is affordable.

Both of these approaches have important limitations in theory, as well as in practice. Nevertheless, by combining available data on both approaches, clear lessons emerge for our affordability analysis.

There is one general point that should be emphasized with any analysis of affordability for a broad class of citizens (e.g. individuals between 300% and 400% of the poverty line). An item is clearly not affordable if no one in a group can afford it. But, by the same token, it is wrong to say an item is unaffordable if anyone in a group cannot afford it. In considering affordability for a group, we need to establish a sensible benchmark whereby insurance is considered affordable if “most of” a group can afford it. We can disagree about what “most of” means, but it would be wrong to define “most of” *only* as “very close to 100%.”

## II. Budget-Based Approach to Affordability

### *Framework*

The first approach we consider is the budget-based approach. In theory, this involves setting some standard for expenditures on “necessities” and then assessing whether there is sufficient additional income to pay for health insurance and other health care needs. Implementing this approach, however, raises several difficult issues:

*What are “necessities”?* The first fundamental question is which purchases are *more necessary* than health care or health insurance. This is inherently subjective and will by definition vary from family to family. Where do we draw the line?

The “Family Economic Self-Sufficiency Standard” (described at [www.sixstrategies.org](http://www.sixstrategies.org)) is an attempt to make such judgments. They consider necessary expenditures as:

- Child care
- Food
- Housing
- Taxes
- Transportation
- Miscellaneous (calculated as 10% of other costs)

In the absence of a better definition, we will rely on this classification of necessities for our analysis. This analysis may overstate affordability of health insurance in that some other categories of spending may be necessary (e.g. clearly some base level of clothing is a necessity). However, when the Greater Boston Interfaith Organization (GBIO 2006) asked individuals about the cost of “other necessities,” the values that were reported were almost exactly 10% of the FESS categories of necessities, validating (to some extent) the “miscellaneous” category approach.

On the other hand, this approach likely understates affordability of health insurance in two respects. First, it does not differentiate “necessary” from “unnecessary” expenditures within these categories. For example, it considers total food spending, regardless of whether the consumption was done at home or a nice restaurant, as a necessity; if budgets were pressured by health insurance, individuals might spend less on food without sacrificing nutrition.<sup>1</sup> Second, it implicitly assumes that health care is *less important* than these other categories; that is, that if individuals have to spend their resources on these other categories, then they should not have to spend resources on health care. It is unclear why health insurance should take a lower position on the priority scale than other necessities.

*How to measure expenditures on necessities?* There are two basic approaches to measuring expenditures on necessities. The first, followed by the creators of the FESS measure cited above, is to make best guesses as to what individuals would spend in each of these categories, based on available data such as the cost of child care or market rents. The second is to use actual expenditure data to assess what individuals spend in these categories, using nationally representative data from the Consumer Expenditure Survey (CEX).

We prefer the second approach because it involves fewer judgments and instead reliance on actual expenditures that determine affordability. That advantage is most

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<sup>1</sup> Indeed, recent research suggests that the elderly, when they retire, consume the same calories on a much lower budget due to food self-preparation. See Aguiar, Mark and Erik Hurst, “Consumption vs. Expenditure,” *Journal of Political Economy*, October 2005, 113(5), 919-948.

vividly illustrated by expenditures on child care in Massachusetts.<sup>2</sup> The FESS report for Massachusetts suggested that child care costs for a family with two children of \$577 to \$828 per month, or \$6924 to \$9936 per year. Yet, among families with some child care expenditures in Massachusetts in the Consumer Expenditure Survey, the median expenditure was only \$1535/year! Only about 10% of families in the data spend as much on child care as is suggested by the FESS calculations, and these are all fairly high income families.

*What about low income families who report spending more than their income?* A major issue with any such analysis is that many low income families report expenditures that add up to more than their reported income. This fact has been widely noted in the analysis of expenditure data. This seeming inconsistency is explained by either (a) misreporting of income (e.g. not reporting “under the table” income, or simple errors in income reporting), (b) borrowing from other sources to fund consumption, or (c) spending out of savings. This question was analyzed carefully by Bruce Meyer of the University of Chicago and James Sullivan of Notre Dame University using two different sources of expenditure data to study single mothers.<sup>3</sup> For this sample at least, they find that there is little savings or borrowing, and focus on explanation (a) as the most likely. This suggests that reported expenditures, rather than reported income, may be the best proxy for resources for low income groups. This approach is consistent with a long-standing practice in economics to rely on expenditures as the best measure of underlying well-being. It is also consistent with a large sociological literature on unreported sources of income for low income families.<sup>4</sup>

In this analysis, we therefore use expenditures, rather than income, as the measure of available resources. This measure of affordability accounts for the fact that income may be mis- or under-reported. But one criticism of such an approach would be that it ignores the possibility that individuals are borrowing to finance consumption spending that is above total income. For some individuals, this would be a rational response to varying income across time: for example, law students should have expenditures greater than income when in law school, with the understanding that they will easily pay off that debt with their later income. For other individuals, however, this may reflect an unexpected shock that can only be financed by borrowing. For such individuals, it might be inappropriate to say that their available resources are their expenditures, since those expenditures involve taking on debt that they will not easily be able to repay.

To address this concern, we use a more conservative approach to measuring total resources: the maximum of (a) income or (b) consumption *minus* the increase in uncollateralized debt (e.g. credit card debt) from the previous year, a measure we call “available resources.” By subtracting any increase debt from consumption, we account

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<sup>2</sup> See Jonathan Gruber, “Evidence on Affordability From Consumer Expenditures and Employee Enrollment in Employer Sponsored Insurance,” memo, MIT, March 2007.

<sup>3</sup> Meyer, Bruce and James X. Sullivan, “Consumption, Income and Material Well-Being After Welfare Reform,” NBER Working Paper #11976, December 2006.

<sup>4</sup> See, for example, Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*. New York: Russell Sage Foundation, 1997.

for the fact that consumption may be higher than income because individuals are borrowing. But by also setting a lower bound at income, we account for the fact that individuals may be saving and that should not be counted as making insurance unaffordable. This is a conservative approach to the extent that the debt is being used through year-to-year planning rather than to finance an unexpected shock.

Some mathematics can readily illustrate these different approaches. The approach of assessing affordability relative to income amounts to asking whether:

$$(1) \quad \text{Income} > \text{Necessities} + \text{Premiums}$$

This, as noted, has the problem that income is under-reported, so that there will be artificially low affordability reported. The standard economics approach would be to instead assess affordability by asking whether:

$$(2) \quad \text{Expenditures} > \text{Necessities} + \text{Premiums}$$

But this has the problem that some of expenditures may be financed by taking on debt, and those expenditures might be considered “unaffordable” (although, as in the case of the law student, they clearly are not). To address this, we create an alternative measure:

$$(3) \quad \text{Expenditures} - \text{Increases in Debt} > \text{Necessities} + \text{Premiums}$$

Rewriting this, our approach is equivalent to saying that

$$(4) \quad \text{Expenditures} > \text{Necessities} + \text{Premiums} + \text{Increases in Debt}$$

We are therefore allowing for the fact that increases in debt against the affordability of health insurance premiums.

Some examples are constructive to illustrate this approach:

- Jane has income of \$20,000 but reported consumption of \$25,000. She has no increases in her debt. She is most likely under-reporting her income, and therefore the appropriate measure of available resources is \$25,000.
- Jim has income of \$20,000, reported consumption of \$25,000, but an increase in debt of \$3000. Jim spent more than his income, but to some extent that was financed by his borrowing. So his available resources are \$22,000.
- Lucy has income of \$20,000 and reported consumption of \$15,000. Her available resources are her income of \$20,000.

In summary, individuals who have consumption greater than income are likely underreporting their available resources when they report their income. It is possible, however, that consumption exceeds income because of borrowing. By subtracting

increases in unsecured debt from consumption, then comparing that measure to income, we conservatively adjust for such borrowing-financed consumption. Available resources is therefore the more appropriate measure for assessing affordability.

### *Data*

The data for this analysis comes from the Consumer Expenditure Survey (CEX), which is widely considered to be the best source of expenditure data for the United States. The CEX presents data for over 600 categories of household expenditures. We use our judgment to group expenditures into the categories of necessities listed above. To ensure sufficient sample size, the CEX from 2005-2007, the latest available data, are combined; all data are in \$2009 for analysis purposes. Families where all family members are over age 65 are excluded, since the affordability analysis is relevant only to the non-elderly.

One important expenditure that is not well represented in the CEX is taxes paid. To compute taxes, we use individual information along with a tax calculator (available at [www.nber.org/taxsim](http://www.nber.org/taxsim)) to compute state and federal income taxes. Information on family earnings is used to compute payroll taxes.

This sample is divided into ten income groups: those below the poverty line; 50% increments of the poverty line between 100% and 500% of poverty; and those above 500% of poverty. For each group, we compute the percent of available resources devoted to necessities. We present three statistics for each measure:

- The median: that is, for the typical family, what percentage of their resources are spent on necessities?
- The 75<sup>th</sup> percentile: this is the family that spends more on necessities than three quarters of all families.
- The 90<sup>th</sup> percentile: this is the family that spends more on necessities than 90% of all families.

### *Results*

The results of this analysis are shown in Table 1. This table has rows for each of the ten income groups, plus one for all families irrespective of income. The columns provide the analysis for the measures described above.

Consider, for example, families below the federal poverty line. The typical family below the poverty line is spending 82% of their budget on necessities. That is, the typical family below the poverty line spends 18% of their budget on non-necessities. This is a fairly large number, which highlights the fact that even families at the bottom of the income distribution have some slack in their budgets.

However, for many families, that slack is quite limited. The next column shows the result for a family at the 75<sup>th</sup> percentile of necessities/resources; that is, this family is

devoting more of its resources to necessities than three quarters of families. This family spends 94% of its budget on necessities, with only 6% of its resources remaining for non-necessities. The family at the 90<sup>th</sup> percentile, which is more strapped than 90% of the sample, spends 100% of its budget on necessities and has nothing left over for other expenditures.

As income rises, however, there is increasing slack in the budgets of families. Even families from 100-150% of the poverty line show considerable room in their budgets beyond necessities. The typical family spends only 73% of its resources on necessities, and 27% on non-necessities. A family that spends a higher share of its resources on necessities than three-quarters of the sample still spends 14% of its budget on non-necessities. Even a family that spends a higher share of its resources on necessities than 90% of families in this income range is able to spend 5% of its resources on non-necessities. The pattern continues upwards as income rises. For example, for families between 200- 250% of the poverty line who are at the 90<sup>th</sup> percentile of necessities/resources, 15% of their budget is spent on non-necessities.

**Table 2** recreates this analysis for separate samples of singles & families that might be treated differently by subsidy policies. The patterns by income and the basic magnitudes are similar for these samples. But there are some non-trivial differences across groups. Singles appear to spend more of their resources on necessities than do married couples at the same income level. The group with the most slack in their budget is married couples with no children; even at 150-200% of poverty, the typical couple with no children spends only two-thirds of their budget on necessities.

**Table 3** assesses whether these conclusions are materially impacted by the underlying cost of goods and services across states. We divide the sample into five groups of states (plus the District of Columbia), ranked from the states with the highest cost of living to the lowest.<sup>5</sup> We then repeat our analysis, but using broader income groups, for these five samples of states. The pattern generally conforms to intuition, in that the share of resources spent on necessities is higher in the higher cost states, although the progression is not always intuitive. But the most important conclusion is that there is not a huge amount of variation across these samples of states—our basic finding of non-trivial spending on non-necessities even by the poorest households is true for each state group.

## II. Enrollment-Based Approach to Affordability

### *Framework*

Our second approach to affordability is to define affordability by what individuals show themselves to be willing to pay to purchase health insurance. This can be readily demonstrated by considering employee reactions to the cost of employer-provided health

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<sup>5</sup> This uses data on the cost of living across states collected by ACCRA, as presented at [http://www.missourieconomy.org/indicators/cost\\_of\\_living/index.stm](http://www.missourieconomy.org/indicators/cost_of_living/index.stm)

insurance. When employees are offered insurance by their employers, do they buy it? If so, it suggests that the employees view this insurance as affordable.

This approach raises one important question: at what “cutoff” in enrollment decisions is insurance deemed unaffordable? It is important to remember that employees turning down employer insurance may not be doing so because it is unaffordable, but simply because they prefer to spend their money on other goods. This ties back to the earlier discussion: if those other goods are necessities, then we would probably call insurance unaffordable. But if those other goods are non-necessities, then the fact they are turning down the employer offer does not mean it is unaffordable.

If only 10% of eligible employees enrolled in a plan, would that be enough to call the plan affordable? What about 25%? 50%? 75%? There is no clear cut-off, but a natural starting point is to say that so long as the majority of eligible employees at a given income level enroll in employer-provided insurance, it is affordable.

### *Data Sources*

This analysis employs two sources of data. The first is data on individuals that records their enrollment decisions conditional on being offered employer-provided health insurance. This data comes from the Medical Expenditure Panel Survey from 2006. We take the full sample of individuals who are offered employer-provided insurance and record their ultimate source of insurance enrollment (or whether they are uninsured). This exercise is carried out for each month of the year, and the annual average is used.

These data can help inform the question of whether, on average, employer-insurance is affordable or not for different income groups. But they do not speak to how changing the cost of employer-provided insurance affects enrollment through affordability considerations.

The second source of data is from the Kaiser/HRET national survey of employers. This survey gathers information from a large nationally-representative sample of employers, including information on the employee contributions towards insurance and the enrollment rates in that insurance. We can therefore assess whether firms with very high employee contributions have much lower enrollment rates, suggesting an affordability problem with these high premium rates.

### *Results on Individual Enrollment from MEPS*

The results of the MEPS analysis are presented in **Table 4**. As noted, the analysis is restricted to individuals who are offered insurance by their employers and who are eligible to enroll in that insurance. The first column shows various income groups, while the next columns show, for each income group, the share of those offered who:

- Enroll in the employer-sponsored insurance plan
- Enroll in their spouse’s employer-sponsored insurance plan

- Get insurance from another source (public insurance or non-group insurance)
- Are uninsured

The first row shows the results for all individuals offered employer-sponsored insurance. Among this full population, roughly 93% take the employer offer, 3% take insurance through a spouse, 1.2% get insurance through other sources, and 3.2% are uninsured.

The next rows show these results broken out by income. The second row shows the results for those below the poverty line. Even in this extremely low income group, if individuals are offered employer-provided insurance, they enroll 65% of the time. These individuals are uninsured less than 20% of the time. The enrollment rate grows to almost 83% between 100-200% of the poverty line, and individuals in this income group who are offered ESI are uninsured only about 11% of the time. Enrollment then continues to grow to over 92% between 200% and 300% of poverty line, and rises to 97% between 450% and 500% of the poverty before falling slightly for the very top income group.

It is clear from this analysis that low income individuals who are offered employer-provided insurance can afford that insurance on average. Particularly for those above the poverty line, the vast majority can afford insurance, and above two times the poverty line individuals are essentially at the average enrollment rate, suggesting minimal affordability issues. In the Kaiser/HRET data described above, the typical individual employee contribution in 2008 was \$60/month, and the typical family employee contribution was \$280/month. Thus, these findings imply that even very low income families can readily afford these levels.

#### *Results on Average Enrollment*

The second source of data is the Kaiser/HRET surveys for 2005-2006. By pooling the two years of this large nationally-representative survey, one obtains a sample of more than 3750 firms offering health insurance.

We use these data to compare the average enrollment rate in insurance in a firm to the premiums charged employees. Unfortunately, we do not know separately about enrollment rates by single/family, so overall enrollment is separately compared to measures of single and family premiums. It is not clear which is the better indicator of price (enrollment by single/family is about 50-50 in these data), but the pattern across both is fairly similar.

The results are shown in Table 5. Employee contributions are divided into eleven categories. For monthly single employee contributions, those categories are: 0; \$1-\$25; \$26-\$50; \$50-\$75; \$75-\$100; \$100-\$125; \$125-\$150; \$150-\$200; \$200-250; \$250-\$325; and more than \$325. For monthly family contributions, these values are tripled.

**Table 5** presents average enrollment rates by contribution category; the overall average enrollment rate in the sample is 83%; this is somewhat larger than the MEPS

figure above because the sample above was restricted to those both offered and eligible for ESI. Interestingly, even when insurance is free (the second row of the table), only about 90% of eligible individuals enroll in the employer plan. This indicates that we cannot take lack of *enrollment* as a perfect indicator of lack of *affordability*: clearly, even when affordable, some individuals either prefer to get their insurance elsewhere or just do not choose to sign up for other reasons.

Moving down Table 5, the results suggest that enrollment rates in employer-provided insurance are somewhat responsive to price, but that even at very high prices considerably more than half of employees enroll. That is, even when individuals are charged more than \$325 per month for insurance, or families are charged more than \$975 per month, over 60% of eligible employees enroll. Enrollment is less price sensitive to family premiums, which makes sense since individuals can always drop to single coverage if the family premium gets very high.

It is important to remember that a finding of 60% enrollment at the highest premium levels does not mean that the other 40% of employees find premiums unaffordable. Even when insurance was free, only 90% enrolled. And, as the MEPS data showed, among employees who do not take up employer-provided insurance, only about half are uninsured. So 60% is a very lower bound on affordability. In other words, even at premiums of more than \$300/month for an individual, two-thirds as many workers enrolled as did when insurance was free.

It is worth noting that this finding is completely consistent with all available empirical evidence on this topic. A growing number of studies find that employees are not very sensitive to contribution levels in their enrollment decisions. In one particular paper, the authors find that large tax subsidies to federal employees (of \$1000 or more in many cases) had almost no effect on enrollment decisions; insurance was affordable regardless of the subsidy level.<sup>6</sup>

Unfortunately, in the Kaiser survey there is no information on enrollment rates by employee income level. But the survey does contain a variable recording whether more than 35% of the workforce earns less than \$20,000 per year. **Table 6** shows the pattern of enrollment by employee contribution level for this “low income firm” subset. Since this is just a subset of firms, we were only able to use a broader set of categories that ends at more than \$200/month for a single, or more than \$600/month for a family. Enrollment rates overall are lower for this group; even when employee contributions are zero, enrollment rates are only 79-84%. This may reflect higher availability of other insurance options for this group, such as public insurance.

But enrollment in this group is no more price sensitive, at least over the range we observe, than is enrollment in the full set of firms; even at premiums of more than \$200/month for an individual, almost 60% of employees enroll in insurance. Once again, this is a very lower bound on affordability; even when insurance is free, only 79-84%

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<sup>6</sup> Jonathan Gruber and Ebonya Washington, “Subsidies to Employee Health Insurance Premiums and the Health Insurance Market,” *Journal of Health Economics*, 24 (2), March 2005, p. 253-276.

enroll. That is, even among low wage firms, enrollment is about three-quarters as high when premiums are more than \$200/month as it is when they are free. This suggests that at least three-quarters of workers in these low wage firms found insurance affordable.

### III. Implications

The implications of the analysis in both sections I and II are clear: even low income individuals can bear a portion of the costs of their health insurance. Even the lowest income individuals have non-trivial resources left in their budgets after paying for necessities. And, when offered ESI for voluntary purchase, even the lowest income individuals purchase that coverage voluntarily in overwhelming numbers.

These results have implications for the affordability of subsidies and the design of insurance packages for the lowest income populations. Drawing out those implications means facing an important issue. Premiums are not the only cost incurred when individuals purchase insurance; out of pocket spending can be considerable as well. How should we incorporate both of these concepts in thinking about affordability?

A very conservative response would be to say that a plan is only affordable if the premiums plus the maximum out of pocket exposure does not exceed available resources. This is very conservative because while premium payments are certain, out of pocket payments are not, and a sizeable majority of enrollees will not reach the out of pocket limit.

Moreover, there is a strong argument that out of pocket costs should *not* be incorporated into a discussion of affordability of insurance. After all, individuals face more out of pocket risk *without* insurance than they do *with* coverage. Thus, if an individual is very ill and faces large out of pocket costs under an insurance plan, they would have faced at least those same out of pocket costs, and likely more, had they remained uninsured. So it would be wrong to say that those out of pocket costs were responsible for making insurance unaffordable. That is, it is nonsensical to argue that very sick individuals cannot afford insurance because they will have large out of pocket costs under the insurance plan; indeed, the problem is that these individuals cannot afford *not* to have insurance.

Once again, one way to resolve this issue is to turn to the second approach, using enrollment in ESI plans. The typical employer-sponsored insurance plan reported in the most recent KFF/HRET report has an out of pocket maximum of \$1750. This is a sizeable share of income for those low income individuals who continue to enroll in ESI in overwhelming numbers.

In summary, it appears that low income individuals can afford to pay non-trivial premiums for health insurance. This is an important fact to consider when designing public insurance options for this group.

**TABLE 1**  
**Necessities / Resources**

Reported Income (% poverty line)	Median	75th pct	90th pct
< Poverty	0.82	0.94	1.00
101-150	0.73	0.86	0.95
151-200	0.70	0.81	0.90
201-250	0.66	0.77	0.85
251-300	0.65	0.75	0.83
301-350	0.63	0.72	0.82
351-400	0.61	0.71	0.79
401-450	0.59	0.68	0.75
451-500	0.59	0.67	0.74
501 +	0.54	0.61	0.68
All	0.60	0.72	0.85

Notes: Each cell shows the ratio of necessity expenditures to resources. The median, 75<sup>th</sup> percentile, and 90<sup>th</sup> percentile are shown.

**TABLE 2**  
**Necessities / Resources, by Family Type**

Reported Income (% poverty line)	Single			Married, No Children			Married with Children		
	Median	75th pct	90th pct	Median	75th pct	90th pct	Median	75th pct	90th pct
< Poverty	0.84	0.95	1.00	0.73	0.87	0.96	0.83	0.94	1.00
101-150	0.74	0.88	0.96	0.73	0.83	0.91	0.71	0.84	0.93
151-200	0.73	0.83	0.92	0.66	0.77	0.84	0.68	0.80	0.88
201-250	0.69	0.80	0.88	0.63	0.75	0.83	0.65	0.75	0.84
251-300	0.67	0.78	0.87	0.60	0.71	0.80	0.65	0.74	0.82
301-350	0.66	0.75	0.84	0.60	0.69	0.80	0.61	0.70	0.79
351-400	0.65	0.75	0.83	0.56	0.67	0.74	0.62	0.70	0.76
401-450	0.64	0.71	0.80	0.55	0.63	0.73	0.59	0.67	0.73
451-500	0.62	0.71	0.77	0.56	0.65	0.73	0.58	0.66	0.73
501 +	0.57	0.64	0.71	0.51	0.57	0.64	0.55	0.61	0.68
All	0.66	0.79	0.91	0.54	0.64	0.76	0.60	0.70	0.82

Notes: Each cell shows the ratio of necessity expenditures to resources. The median, 75<sup>th</sup> percentile, and 90<sup>th</sup> percentile are shown.

**TABLE 3**  
**Necessities / Resources, by Income Group & Cost of Living of State of Residence**

State Group	< Poverty			100-200% Poverty			200-300% Poverty			300-400% Poverty			400-500% Poverty			> 500 % Poverty		
	Median	75th pct	90th pct	Median	75th pct	90th pct	Median	75th pct	90th pct	Median	75th pct	90th pct	Median	75th pct	90th pct	Median	75th pct	90th pct
(1) Highest 10 States	0.85	0.96	1.00	0.77	0.88	0.96	0.68	0.80	0.89	0.65	0.76	0.86	0.62	0.70	0.80	0.56	0.63	0.70
(2) States 11-20	0.81	0.91	0.97	0.68	0.82	0.91	0.64	0.74	0.82	0.62	0.71	0.78	0.59	0.68	0.74	0.53	0.60	0.67
(3) Middle 11 States	0.79	0.93	1.00	0.71	0.83	0.91	0.67	0.77	0.84	0.62	0.71	0.79	0.59	0.67	0.73	0.53	0.59	0.67
(4) States 32-41	0.81	0.93	1.00	0.66	0.78	0.86	0.63	0.72	0.79	0.58	0.65	0.75	0.57	0.65	0.74	0.52	0.59	0.65
(5) Lowest 10 States	0.83	0.95	1.00	0.69	0.80	0.90	0.63	0.74	0.84	0.60	0.71	0.79	0.57	0.65	0.72	0.51	0.57	0.64
All States	0.82	0.94	1.00	0.71	0.83	0.92	0.65	0.76	0.85	0.62	0.72	0.80	0.59	0.68	0.75	0.54	0.61	0.68

Notes: The rows divide the 50 states plus the District of Columbia into 5 groups, ordered by cost of living. Group 1 represents the states with the highest cost of living, etc. Group 1 contains Hawaii, the District of Columbia, California, New Jersey, Alaska, Connecticut, Maryland, New York, Rhode Island, and Massachusetts. Group 2 contains New Hampshire, Vermont, Oregon, Maine, Nevada, Arizona, Colorado, Montana, Minnesota, and Florida. Group 3 contains Washington, Delaware, Wyoming, Pennsylvania, New Mexico, Virginia, Michigan, North Carolina, Illinois, Wisconsin, and South Carolina. Group 4 contains North Dakota, Utah, West Virginia, Louisiana, Iowa, Ohio, Idaho, Indiana, Mississippi, and Kentucky. Group 5 contains Alabama, Kansas, Georgia, South Dakota, Texas, Arkansas, Missouri, Nebraska, Oklahoma, and Tennessee.

**TABLE 4**  
**Insurance Coverage Among Those with Employer Insurance Offer**

Reported Income (% poverty line)	Holder	Spouse	Public/NG	Uninsured
All	92.6	2.8	1.2	3.2
< Poverty	64.7	6.9	8.9	19.2
101-200	82.8	2.5	4.0	10.5
201-300	91.9	2.4	1.1	4.1
301 +	95.2	2.8	0.6	1.4
301-350	92.1	3.8	0.6	3.5
351-400	94.2	2.2	1.4	1.9
401-450	94.6	2.5	1.1	1.7
451-500	97.3	2.2	0.0	0.5
501 +	95.7	2.8	0.4	0.9

Notes: Data from MEPS. Table shows the source of insurance coverage for those offered employer-provided insurance, by income group, and for all income groups combined in the first row.

**TABLE 5**  
**Employer Insurance Enrollment Rates by Contribution Level**

<u>Single Premium</u>	<u>Enrollment</u>	<u>Family Premium</u>	<u>Enrollment</u>
ALL	83.2	ALL	83.2
No premium	89.4	No Premium	89.7
\$1 to \$25	86.5	\$1 to \$75	88.5
\$26 to \$50	84.7	\$76 to \$150	87.5
\$51 to \$75	82.2	\$151 to \$225	84.3
\$76 to \$100	79.2	\$226 to \$300	81.0
\$101 to \$125	77.2	\$300 to \$375	79.8
\$126 to \$150	71.9	\$375 to \$450	80.6
\$151 to \$200	65.8	\$450 to \$600	80.0
\$201 to \$250	64.9	\$601 to \$750	77.4
\$251 to \$325	61.7	\$751 to \$975	77.1
More than \$325	60.7	More than \$975	65.4

Notes: Data from Kaiser/HRET survey of employers. Table shows enrollment rates in employer-provided insurance for the premium brackets shown in first (single) and third (family) columns.

**TABLE 6**  
**Enrollment Rates by Contribution Level - Low Wage Firms**

<b>Single Premium</b>	<b>Enrollment</b>	<b>Family Premium</b>	<b>Enrollment</b>
ALL	75.9	ALL	75.9
No premium	83.9	No Premium	79.3
\$1 to \$25	77.4	\$1 to \$75	74.4
\$26 to \$50	79.6	\$76 to \$150	82.1
\$51 to \$75	76.3	\$151 to \$225	78.7
\$76 to \$100	71.9	\$226 to \$300	73.3
\$101 to \$125	66.9	\$300 to \$375	74.7
\$126 to \$150	65.0	\$375 to \$450	77.2
\$151 to \$200	59.3	\$450 to \$600	79.1
More than \$200	65.8	More than \$600	62.1

Notes: Data from Kaiser/HRET survey of employers. Table shows enrollment rates in employer-provided insurance for the premium brackets shown in first (single) and third (family) columns. Sample in this table is restricted to firms where 35% of employees or more earn less than \$20,000 per year.