Health benefits coverage among male workers

The proportion of prime working-age married men with employer-provided health benefits declined substantially over the 1979–92 period, especially among younger, less educated workers

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Proposals to control health care costs and provide broader access to health care services dominate the domestic policy agenda. Most workers who are covered by health insurance receive these benefits through their employer.

An analysis of Current Population Survey data show a decline in the likelihood that married men in the prime working ages—between 25 and 55—would have health care benefits provided by the employer. The decline occurred among all age and education groups, but was more pronounced among younger, less educated men. These trends substantially widened the gap in coverage between age and education groups.

About the survey

This article examines the distribution of employer-provided health benefits, using data from the March Current Population Surveys (CPS) conducted by the Bureau of the Census over the 1980–93 period.[1] The March CPS survey includes questions on family health insurance coverage, which ask about health benefit coverage in the preceding year and identifies household members covered by an employer-provided health plan and the household member whose job provides the benefit.

The sample of CPS respondents used in this analysis consist of married men between the prime working ages of 25 and 55 who worked at least 50 weeks in the preceding year and averaged at least 35 hours per week. The sample was further restricted to wage and salary workers in the private sector. This sample selection criteria produced for each survey year a sample of approximately 11,000 individuals.

Married men were chosen because they traditionally have had continual and strong attachments to the labor market. Changes in health benefit coverage for them are likely to reflect the net impact of changes in labor market structure affecting the supply and demand of jobs that provide health benefits. This group also is least likely to have been affected by changes during the 1980's in public health benefits, such as medicaid.

Major findings

The results of the analysis are easily summarized:

- Between 1979 and 1992, the proportion of prime-aged married working men with health benefits provided by their employer dropped 12 percentage points, from 89 percent to 77 percent. The largest share occurred after 1986, and is attributed to changes in the structure of the labor market. None of the change in group coverage is accounted for by demographic changes in the prime-aged male work force.
- A substantial number of husbands who do not have health benefits from their own jobs have group health benefits through their wives' employer. Spousal coverage was an increasingly

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important source of family health coverage by the early 1990's.

- The proportion of prime-aged husbands without group health benefits increased from 7.3 percent in 1979 to 12 percent in 1992.
- The decline in health benefit coverage among prime-aged working husbands occurred among all age and education groups, although the greatest declines were among younger and less educated workers. In 1979, about 1 of 10 working husbands with a high school education did not have a job that provided health benefits; by 1992 that proportion increased to nearly 1 in 4. For workers with at least 4 years of college, the proportion with jobs providing health benefits declined from 94 percent in 1979 to 84 percent in 1992.
- Linear probability models that jointly control for observable factors correlated with health benefit coverage shows that the gap in health insurance coverage between those with a college education and those with a high school education increased by nearly 70 percent from 1979 to 1992.

Discussion of findings

Data show a continual and very substantial decline in employer-provided health insurance coverage among married men: 89 percent of the sample had employer-provided health benefits through their jobs in 1979.[2] Coverage had dropped 12.5 percentage points to 76.6 percent by 1992. (See chart 1.) Most of the decline occurred after 1986. Coverage increased slightly over the 1979–81 period and declined by about 0.6 percentage points per year from 1981 through 1986. Since then, coverage declined an average of 1.4 percentage points each year.

Because of spousal coverage, the decline in own employer health coverage does not directly match the proportion of married men in the sampled groups who did not have group health benefits. The proportion of married men without group health benefits was calculated from information on spousal coverage that was collected on the subsample of husbands who did not have health benefits through their own employer.

The proportion of married men without group health coverage was measured by subtracting the proportion of married men without group benefits from a total of one.[3] The share without any group coverage increased from 7.3 percent in 1979 (that is, 1–.93) to 12 percent in 1992 (1–.88). (See chart 1.)

The growing gap between own employer coverage and group coverage reflects two potential forces. First, it suggests married men may have had greater difficulty finding employment that offered health benefits during the time period studied and that these families came to rely increasingly on group health benefits obtained by wives through their employers.

Second, the gap may reflect changes in the male take-up rate, or the probability health insurance is accepted by the husband when his employer offers health benefits. As employees have been asked to pay a greater share of their health care premiums directly, some married men who work for employers offering benefits may have decided to forego employer coverage because their spouses' employers provided better or less expensive coverage. Unfortunately, the health benefit take-up rate cannot be measured in the March CPS because respondents who report they were not covered by health benefits were not asked if health benefits were available from their employer. Thus, a portion of the decline in own employer coverage could reflect a decline in the take-up rate by married men.

The largest decline in own employer coverage occurred from 1986 to 1987, when own-employer coverage declined by 3.5 percentage points.[4] A portion of this decline may reflect a change in the March 1988 questionnaire when the CPS began to only collect information on the source of coverage for a single policy.[5] This

Chart 1. **Full-time employed married men with employer-provided group health benefits**

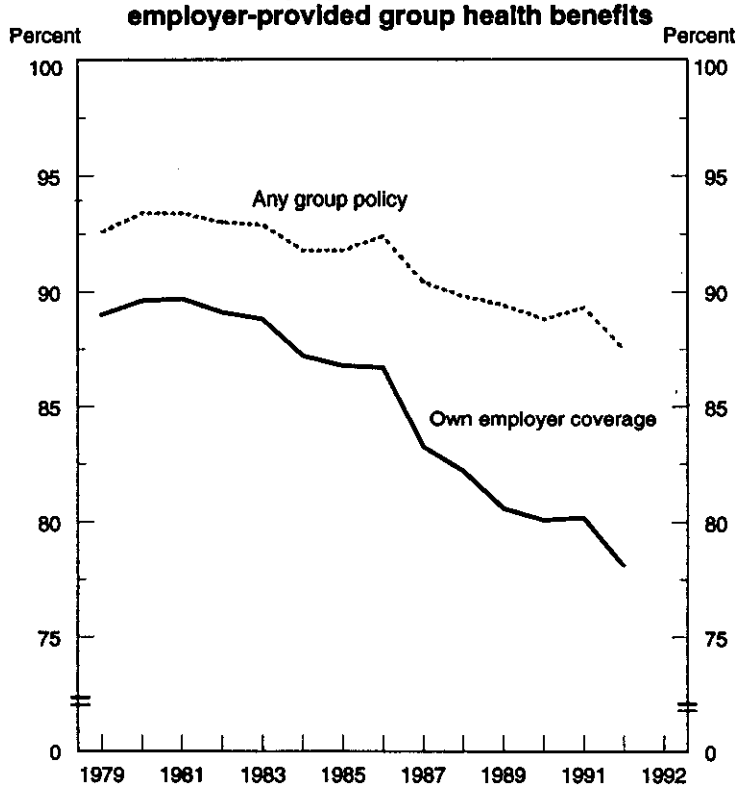
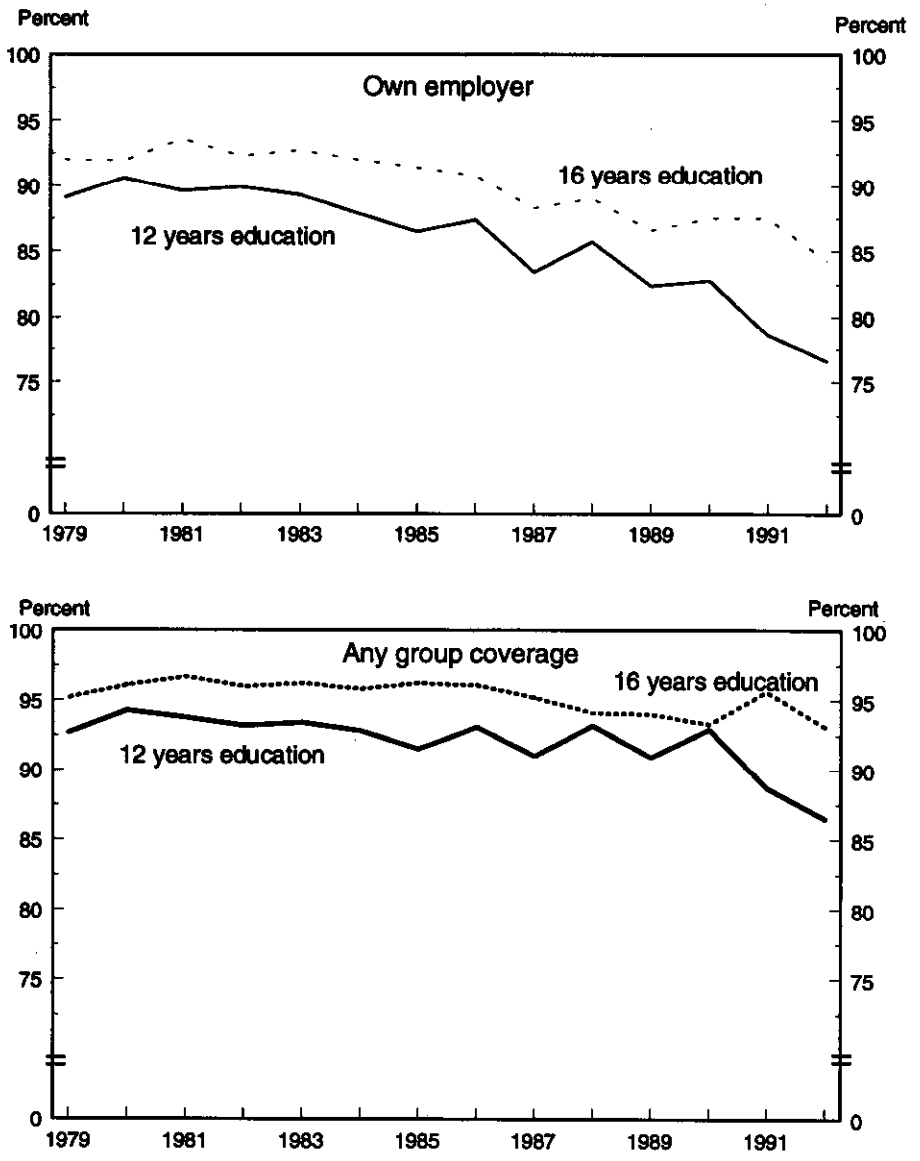


Chart 2. **Trends in own-employer and any group health benefits for married men by education level, 1979–92**



means that after 1988, husbands with multiple policies may have omitted any reference to own employer benefits if the policy only covered specialized care and they received coverage for primary care through their wives' employer. This would produce a one-time decline in own employer coverage beginning in 1987, as reported in the 1988 survey.

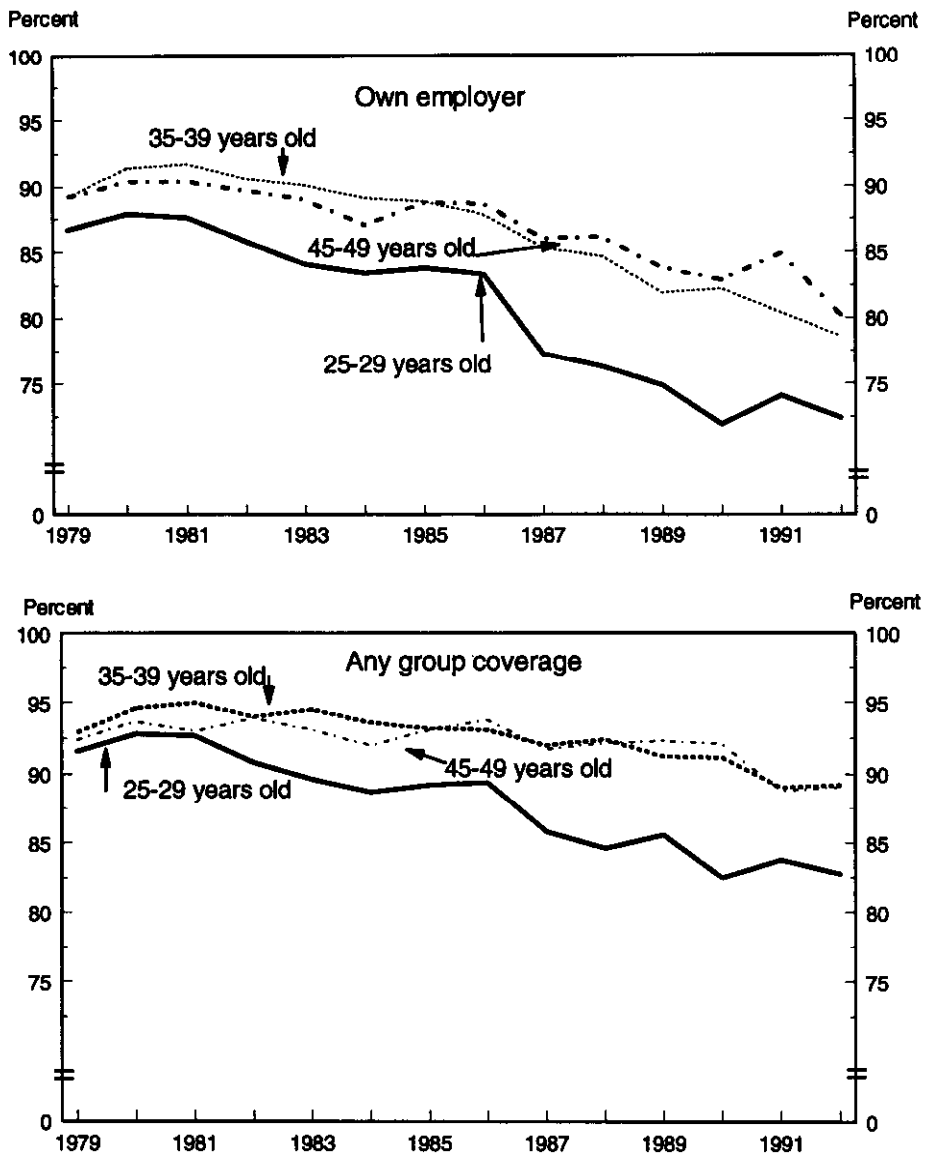
The survey change in 1988 should have virtually no effect on the proportion of married men with any group coverage. Therefore, a comparison of the 1986–87 change in own employer coverage with that of any group coverage gives an estimate of the decline in coverage that can be attributed to the change in the way the survey was conducted. (See chart 1.) The proportion of the sample with any group health benefits declined 2 percentage points over the 1986–87 period, from 92.4 percent to 90.4 percent. This suggests that about 1.5 percentage points of the 3.5 percentage-point decline from 1986 to 1987 in own employer coverage was due to the changes made in the CPS in 1988.

While college-educated and high school-educated male workers experienced a decline in own employer health insurance coverage, the decline

was substantially greater among those with only a high school education. (See chart 2, page 57.) Among college-educated workers, own employer health benefits peaked in 1981 at 93.6 percent and then declined to 84.1 percent by 1992. For those with a high school education, the proportion with own-employer coverage declined from 90.6 percent in 1980 to 76.6 percent in 1992. The different trends in coverage for the two groups produced a six-fold increase in the gap in coverage between high school- and college-educated workers. In 1980, the difference was 1.2 percentage points; by 1992, the gap had increased to 7.7 percentage points.

An increasing share of coverage for husbands was provided through their spouses' employer. For married men with a high school education, wives' coverage increased the group health benefit coverage rate in 1979 by 3.5 percentage points. (See chart 2.) By 1992, wives' coverage increased the percentage by nearly 10 percentage points. However, even with spousal benefits, 13.5 percent of full-time, employed working husbands were without any group health benefit coverage in 1992.

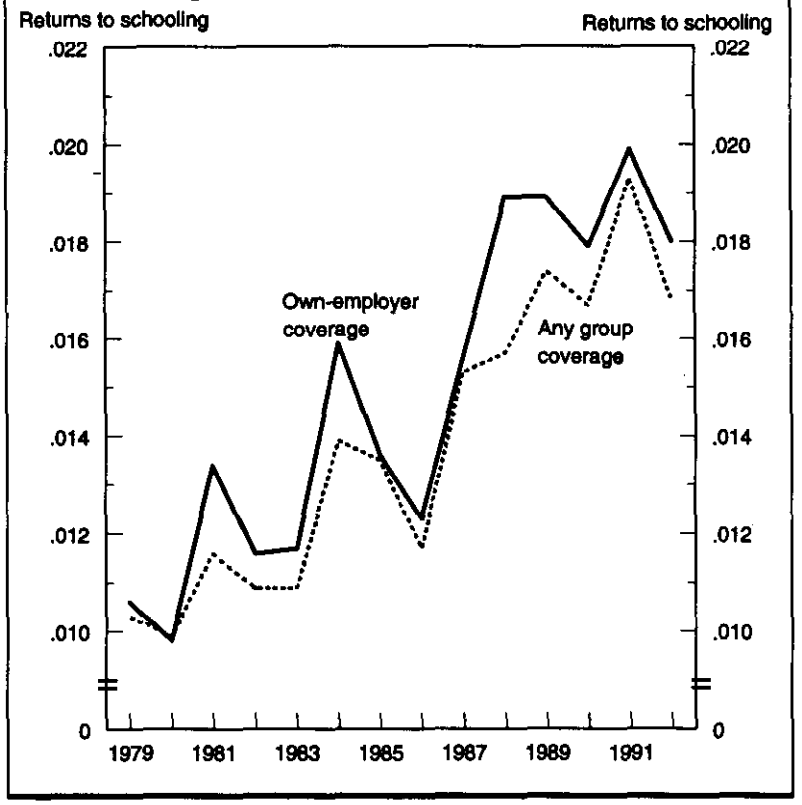
Chart 3. **Trends in own-employer and any group health insurance benefits, selected ages, 1979–92**



Health benefit coverage among three age cohorts of married men—25–29, 35–39, and 45–49—declined steadily. (See chart 3.) The most dramatic decline occurred among the youngest workers. In 1979, an estimated 86.7 percent of workers 25–29 years old had own employer provided health benefits. By 1992, 72.4 percent had such coverage. For the two older age groups, average coverage dropped from 91 percent in 1981 to 79 percent in 1992. As a result of these trends, the gap in coverage between 25–29-year-old workers and 35–39-year-old workers increased from about 2 percentage points in 1979 to 6.2 percentage points in 1992.

Over the period, spousal coverage became an increasingly important source of health benefit coverage for married couples. (See chart 3.) A comparison shows spousal coverage was particularly important for the younger cohort. In 1979, coverage through wives' employers increased husbands' group health benefit coverage by 4.9 percentage points for 25–29 year-old workers. By 1992, spousal coverage had increased to 10.4 percentage points of total group coverage. However, despite changes in spousal coverage, the share of younger (25 to 29 years) and older (45 to 49 years) married workers without any group health benefits was substantial in 1992. Nearly 18 percent of married men 25–29 years old, and slightly more than 11 percent of those in the 45–49 age cohort were without group health benefits.

Chart 4. **Estimated effect of education on the probability of group health benefits**



Linear probability model

The descriptive statistics above show the distribution of employer-provided health insurance across different segments of working prime-aged, married men. However, because of the correlations between education, age, and other demographic factors, the statistics may overstate or understate the effects of any particular demographic characteristic on coverage that remains after controlling for other characteristics. (See charts 2 and 3.)

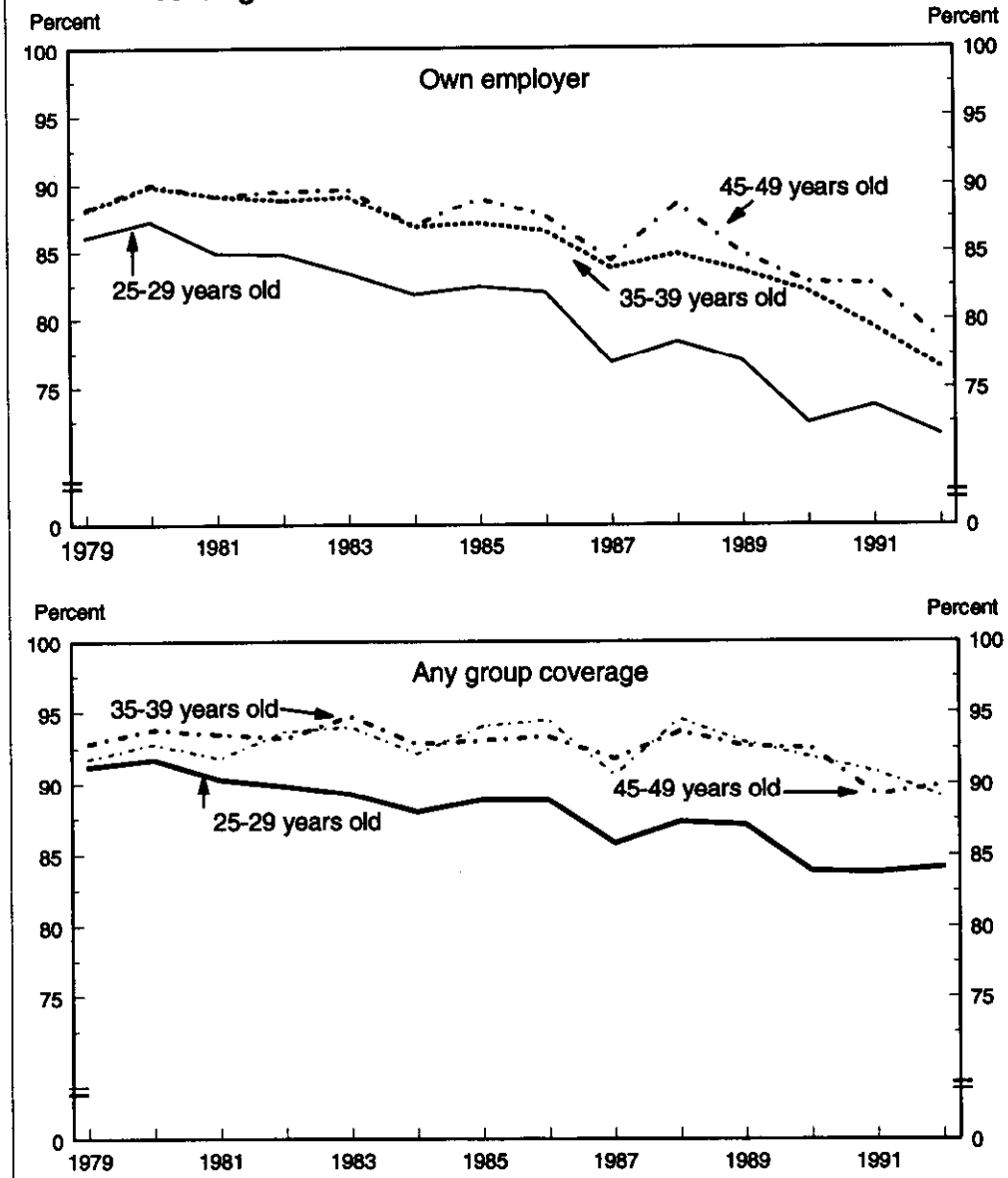
To correct this problem, the effect on coverage of different demographic factors was estimated using a linear probability model for each year of the 1979–92 period. These models provide estimates of the effect of each variable on coverage after holding constant the other variables included in the model. The regression model for each year included the following variables: years of completed education, age cohorts, race, regions, an urban variable, number of children under age 18, and a dummy variable for households that do not have children under 18.

For each year of data, two models were estimated to correspond with the descriptive statistics. In one model, the dependent variable was equal to "1" if the man had health benefits through his employer. In the second model, the dependent variable equalled "1" if the husband had group health benefits from any source (his job or his wife's job).[6] The discussion in this paper focuses on changes in the distribution of group health benefits based on education and age.

Education effect. A modest upward trend in the effect of education on coverage occurred in the 1979–86 period with a more substantial jump in the returns to education between 1986 and 1992. (See chart 4.) The increase in the coefficient on education in the linear probability models indicates a widening gap over the period in benefit coverage between less and more educated members of the labor force. Controlling for other variables, in 1979 the predicted difference in health insurance coverage between a male high school graduate and a man with a 4-year college degree was 4.2 percentage points; by 1992, the estimated gap increased by 7.2 percentage points—nearly a 70-percent increase.

The effects of education on the probability of having any group health coverage were nearly identical to the estimated education coefficients

Chart 5. **Predicted probability of employer-paid and group coverage for a man in the northeast with two children**



in the model where the dependent variable was own job coverage. (See chart 4.) This suggests that compensatory labor market activity by wives married to less educated husbands was not enough to offset the relative decline in the probability that less educated husbands had health benefits through their own employer.

Age effect. The linear regression models included five dummy variables corresponding to five age cohorts: 30–34 years old, 35–39 years old, 40–44 years old, 45–49 years old and 50–55 years old.[7] The regression estimates show a decline in coverage for all three cohorts with the largest decline occurring in the youngest cohort. In 1979, the hypothetical 25–29-year-old worker, married and with a high school education, had slightly more than an 85-percent probability of having a job that provided group health benefits. By 1992, that probability dropped to 70 percent.

Spousal coverage was nearly sufficient to offset the decline in husbands' benefits for the two older cohorts. (See chart 5.) For the 45–49-year-old cohort the decline in group coverage was 2.7

percentage points, from 91.8 percent in 1979 to 89.1 percent in 1992. While spousal coverage also was important for younger workers, it was not sufficient to offset the very substantial decline in own job coverage experienced by young husbands. For the "average" worker 25–29 years old, the predicted probability of not having any group coverage was nearly 16 percent in 1992.

The regression estimates from the different years can be used to break down the decline in coverage shown in chart 1 into two components. One component of the decline could be accounted for by changes in the average observable characteristics of married prime-aged working males. For example, if average educational levels for this group declined during the 1980's, then some of the overall decline in coverage could be accounted for by this change in the work force. None of the decline in health benefit coverage is accounted for by changes in the characteristics of the male work force over the 1979–92 period.

The second component that could account for the decline in coverage include changes in the structure of the labor market that made it less likely an individual in 1992 has a job with health benefits, compared with an "identical" individual in 1979. In fact, the data show that if the structure of the labor market had been the same in 1992 as in 1979, own-employer health benefit coverage for prime-aged men would have *increased* by about .5 percentage point, instead of declining by 8.8 percentage points.

IN SUM, the analysis shows a substantial decline in the share of jobs held by prime aged married males that provided health benefits. Although the decline occurred among all age and education groups, it was most dramatic among younger, less educated workers. These trends substantially widened the gap in coverage between age and education groups and complements the substantial literature in labor economics showing greater earnings (ignoring health benefits) inequality between low and high skilled workers.[8]

Whether the decline in health care benefits and growing inequality in the distribution of earnings share a set of causes remains an issue for future research. Regardless of the causes for the changes in health benefit coverage, the declines are substantial enough to generate widespread public concern about access to health care and its cost. □

Footnotes

[1] This study complements Katharine Levit, Gary L. Olin and Suzanne W. Letsch, "Americans' Health Insurance Coverage, 1980–1991," *Health Care Financing Review*, Fall 1992, pp. 31–57 that provides summary statistics on different sources of health benefits (group, individual, and public) for various demographic groups. However, this article looks at changes in employer-provided group benefits for a relatively homogeneous segment of the labor market. Also, unlike Levit et al., it reports multivariate estimates of the effect of different characteristics on changes in coverage.

[2] The March supplemental weights are used to calculate these proportions.

[3] This measure does not account for the uninsured rate because some of these families purchased private individual health insurance.

[4] The decline from 1987 through 1992 averages 1 percentage point per year.

[5] When comparing these results with Levit et al., note that Levit et al. index the CPS data by the year of the survey. In this article, the data are indexed by the year preceding the survey because survey questions ask about coverage in the previous calendar year.

[6] Detailed results for each year and model are available from the author.

[7] The excluded category was the 25–29-year-old cohort.

[8] Frank Levy and Richard J. Murnane, "U.S. Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations," *Journal of Economic Literature*, September 1992, pp. 1333–81