Section 1: Structure of Compensation and the Potential Wyo-Care Market

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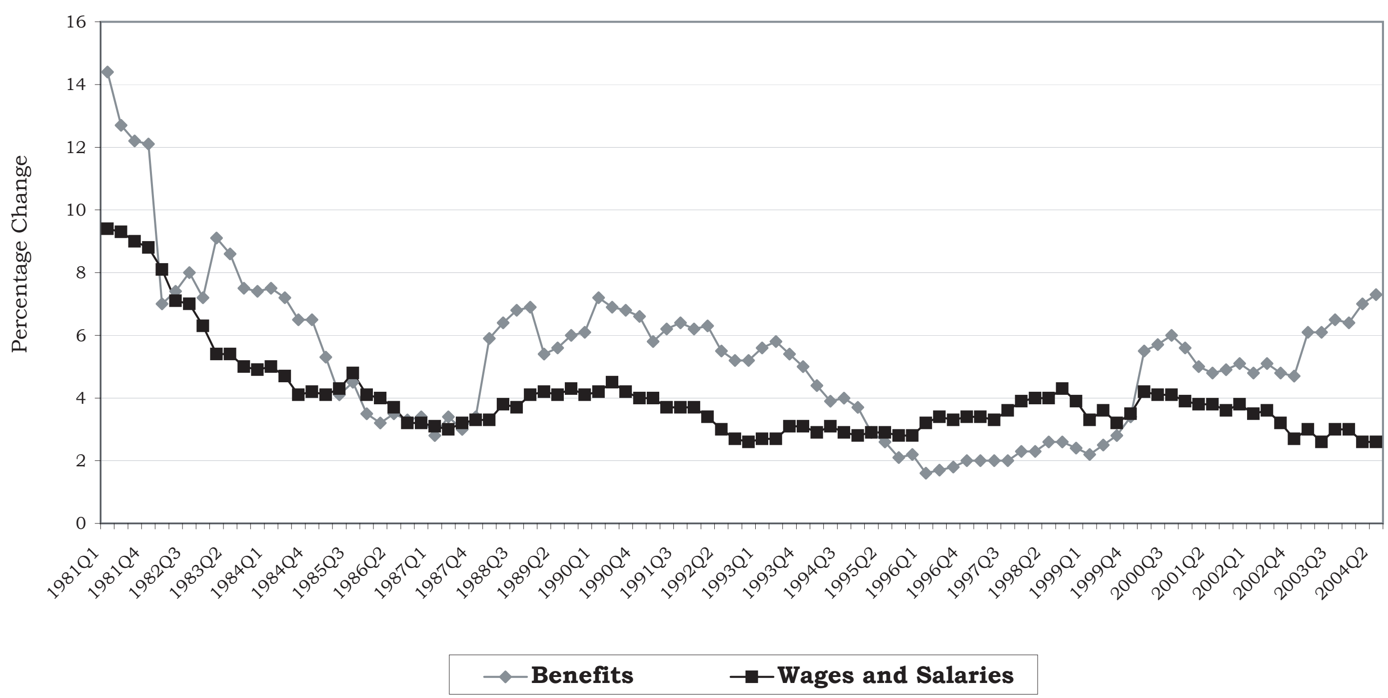
Benefits are becoming a larger portion of workers' total compensation and the rate of growth is increasing. As shown in Figure i (Bureau of Labor Statistics, 2004), wages and salaries tend to rise more slowly during periods of accelerated benefits costs. Two such periods occurred during the early to mid 1990s and again at the turn of the century. Rapidly increasing benefits costs appear to constrain salary growth. Not only is a

Figure i: 12-Month Change in Benefits and Wage/Salary Costs, 1981 to 2004



Source: Bureau of Labor Statistics.

larger proportion of compensation dedicated to paying health care premiums but there also appears to be long-term effects on worker retirement income and employer profitability.

In order for employers to remain competitive during periods of rapidly rising costs, they may hire fewer workers or reduce benefits to current employees. Nationally, July employment growth estimates fell to 32,000, while spring estimates have been revised downward. Some have interpreted this slower employment growth rate to rising heath care costs. “Health insurance…now costs the nation’s employers an average of $3,000 a year” (Porter, 2004).

This section of the report examines employer-provided compensation and focuses on health insurance. Because the provision of health insurance is part of employers’ overall compensation plans, health insurance needs to be understood in that context. Employers’ plans and compensation strategies are, in part, a function of the economic niche occupied by each industry. We present an overview of statewide compensation strategies followed by a comparison of the strategies of three selected industries: Leisure & Hospitality, Retail Trade, and Mining. Leisure & Hospitality and Retail Trade were chosen because of their relatively large size and their reliance on seasonal labor. Mining was chosen because characteristics such as its worker age and gender distributions, wages, and labor utilization are much different than those of the other two industries. Another reason for choosing these industries is the steady growth all are expected to experience through 2012 (Leonard, 2004). All three industries are expected to expand employment at rates no less than 1.0% annually during the period (compared to 1.5% for all industries).

Understanding the Market: The Issues of Residency and Eligibility

A central theme to understanding benefit access in Wyoming is residency (Jones, 2004). Residency is highly correlated with access to health insurance. Table i (see page 3) illustrates the trends in Wyoming residency since 1992. The Table shows that the proportion of resident workers has declined steadily from 81.5 percent (218,107 workers) in 1992, to 79.0 percent in 2003 (254,743 workers). At the same time, the number of nonresident workers rose from 49,372 to 67,568. In 2003 more than one in five Wyoming workers were nonresidents. Harris (2004) estimated that on an annual average basis 9.4 percent of all UI covered workers had insufficient tenure with an employer to be eligible for health care insurance. However, nonresident workers may access health care resources while working in Wyoming. Consequently, there is a greater probability that they contribute to the cost of uncompensated care.

Table i: Wyoming Resident and Nonresident Workers Using Current Method of Residency Determination by Year, 1992 to 2003

	Nonresident		Residents		
Year	N	%	N	%	Total
1992	49,372	18.5	218,107	81.5	267,479
1993	50,164	18.5	221,522	81.5	271,686
1994	53,397	19.0	227,228	81.0	280,625
1995	54,421	19.3	227,069	80.7	281,490
1996	55,262	19.5	228,594	80.5	283,856
1997	55,401	19.3	231,899	80.7	287,300
1998	59,451	20.1	236,354	79.9	295,805
1999	65,653	21.5	240,337	78.5	305,990
2000	63,230	20.5	245,066	79.5	308,296
2001	70,663	21.8	253,219	78.2	323,882
2002	63,860	20.1	254,116	79.9	317,976
2003	67,568	21.0	254,743	79.0	322,311

As we examine in this report, residency and insurance eligibility vary widely by industry. Certain industries exploit a seasonal market and use more temporary or seasonal labor than others.