

Does employer-sponsored health insurance reduce job mobility?  
How the health insurance system influences the likelihood of changing  
jobs and becoming self-employed

By

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## **Abstract** (153 words)

This paper investigates the extent to which employer-sponsored health insurance influenced job mobility between 1995 and 2007. This time period is an important one to consider given the recent increase in the cost of private health insurance and the enactment of the Health Insurance Portability and Accountability Act in 1996. In addition, changes in the tax treatment of health insurance for the self-employed occurred throughout the period. Using data from the 1996-2007 March Supplements of the Current Population Survey, I find that for married women with employer-sponsored insurance, having an alternative source of coverage increases their likelihood of becoming self-employed by 75 percent, while the number of children they have reduces their likelihood of switching jobs by 7 percent per child. Overall, I find that having an alternative source of insurance increases the likelihood of switching jobs by 9 percent. Finally, I do not find evidence to suggest that job-lock affects married men. (JEL J20, J38, J60)

Keywords: health insurance, job mobility, health policy.

### **1. Introduction**

Over the last two decades, many papers have covered the relationship between employer-sponsored health insurance and job mobility, focusing on the question of whether or not “job-lock” exists. The consensus reached by a critical survey of this literature is that job-lock continues to be an important matter influencing job turnover (Gruber and Madrian, 2002). That is, employer-provided insurance limits job mobility by decreasing the transition rate from one wage/salary job to another or from a wage/salary job to self-employment. However, we have good reason to believe that the relative degree of job-lock changes over time, as a function of changes in the underlying characteristics of the health insurance market as well as public health and tax policies (Adams, 2004; Gurley-Calvez, 2006). This paper revisits the question of whether job-lock is still important, and whether the health insurance system affects the propensity to change jobs or to become self-employed.

One recent change in the private health insurance market has been the increase in the cost of insurance. Between 1999 and 2008, the average family premium for an employer-sponsored health plan increased by about 119 percent (Kaiser Family Foundation, 2008). Despite the increasing cost, however, job-lock may be less important today than it has been in the past, primarily because of policies specifically developed to dampen the influence of job-lock. For example the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires employers to offer their former employees the option of buying insurance at 102% of their cost of supplying the average insurance plan for a period of 18, 29, or 36 months depending on the situation. Eleven years later, the Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996 to prevent insurance companies from denying individuals coverage solely based on pre-existing medical conditions (Madrian, 1998; Adams, 2004).

A second recent policy development influencing the cost of health care for individuals participating in the non-group market deals specifically with changes in the tax treatment of health insurance for the self-employed. Starting in 1987, federal tax law allowed the self-employed to take an “above the line” deduction on their adjusted gross income for at least 25 percent of the amount of their health insurance premiums, even if they do not itemize other deductions (Tax Reform Act of 1986).<sup>2</sup> The tax code was later amended to allow these individuals to deduct up to 60 percent beginning in 1999, 70 percent in 2002, and then the full value of their health insurance premiums beginning in 2003 (Internal Revenue Code 16 U.S.C. Section

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<sup>2</sup> Only individuals who are ineligible for group health insurance through an employer can take this deduction. Therefore, if an individual is self-employed but has an employed spouse who is eligible for employer-sponsored insurance through their employer, the couple does not qualify for the deduction.

162 (1) (1) (B)). The favorable tax treatment enjoyed by the self-employed is in the form of an income tax deduction, as apposed to an exclusion from both income and payroll taxes. Therefore there is still a significant disparity in the way the tax code treats health insurance for the self-employed and those with traditional employer-sponsored insurance.

Health insurance for the self-employed, however, tends to be more expensive than employer-sponsored insurance for reasons besides tax treatment. If the self-employed choose to buy insurance, they typically have no other option but to purchase insurance through the individual non-group market, which tends to be much more expensive than employer-sponsored group plans (Madrian and Lefgren, 1998). This is partly because group plans benefit from economies of scale achieved through large multi-state groups, but also due to the fact that employer group health insurance is subject to a different set of governing regulations (Madrian and Lefgren, 1998). However, if the changes in the federal tax code that occurred over the period were significant in light of these systematic differences in insurance market, the result is likely a reduction in the cost of health insurance for the self-employed, which may have also reduced the importance of job-lock.

This paper's approach is to compare the transition rates for people who are initially wage/salary earners and either changed jobs or became self-employed with people who did not change jobs. There are, however, several problems with measuring the direct effect of health insurance on job change, namely that it is likely that health insurance is highly correlated with having a good job. Thus when trying to measure the effect of health insurance on the probability of switching jobs, one may

actually be measuring whether having a good job, and not health insurance per se influences the probability of changing jobs. To preclude such a problem, I introduce two variables into our model for job change that should give a good indication of the value an individual places on their health insurance. The two variables used to gauge value are 1) whether an individual has an alternative source of comparable coverage and 2) the individual's number of children. By estimating the coefficient on the interaction of these variables with employer-sponsored insurance (following a difference-in-difference approach) it is possible to produce a "clean" estimate of job-lock (Madrian 1994).

Finally, using data from the 1996-2007 March Supplements of the Current Population Survey (CPS), I find that for married women with employer-sponsored insurance, having an alternative source of coverage increases their likelihood of becoming self-employed by 75 percent, while the number of children they have reduces their likelihood of switching jobs by 7 percent per child. In addition, I find that having an alternative source of insurance increases the likelihood of switching jobs by 9 percent for the entire group. I do not, however, find any evidence that job-lock affects married men.

The remainder of the paper is organized as follows. Section 2 covers the related literature that this study builds upon. Section 3 discusses the methodology and model used to estimate job-lock, while Section 4 describes the data. Section 5 is a discussion of the empirical results. Finally, Section 6 concludes the paper.

## **2. Literature Review**

The literature covering the relationship between health insurance and job mobility is extensive. Gruber and Madrian (2002) have summarized this through 2002, suggesting that the most convincing papers have found that job-lock reduces the transition rate from one wage/salary job to another by 10 to 35 percent. To add focus to this review, I will briefly cover the influential research in two areas that are particularly relevant to this study. The first area includes the literature measuring job-lock using anticipated health costs as an identification strategy for determining whether job-lock is an important factor influencing transitions from one wage/salary job to another. The second area focuses on employer-sponsored insurance and the likelihood of becoming self-employed.

Measuring the direct affect of employer-sponsored insurance on job change is problematic. This conclusion stems from the idea that an individual's health insurance likely reflects unobserved information about the quality of their job. Madrian (1994) was the first to introduce an alternative identification strategy using access to an alternative source of insurance coverage to detect job lock. Specifically, Madrian (1994) was able to detect job-lock by determining whether those who had their own employer-sponsored plan, but also had the ability to join their spouses' employer-sponsored plan were more or less likely to change jobs. The cleverness behind this strategy is that it allows us to measure the relative importance an individual attributes to staying insured through their current employer. Individuals with spouses who are also policyholders of an employer-sponsored plan are assumed to attach a lower value to staying insured through their initial employer, since they could change jobs or exit the labor force altogether and remain insured through their spouse's health plan. On

the other hand, individuals without an alternative form of insurance are more likely to value the insurance they have, and therefore less likely to change jobs. This is, of course, always assuming that individuals would prefer if they remained insured. She found that job-lock reduces mobility by 25 percent using the 1987 National Medical Expenditure Survey (NMES).

Holtz-Eakin et al. (1996) was the first to use an alternative identification strategy, based on an extension of the Madrian (1994) strategy, to investigate the relationship between employer-sponsored health insurance and transitions from wage/salary jobs to self-employment. Using data from the Survey of Income and Program Participation (SIPP) and the Panel Study of Income Dynamics (PSID) for the years 1984 to 1986, the authors find no indication that employer-sponsored health insurance had an effect on transitions to self-employment. However, some have indicated that the lack of evidence may be the result of poor data quality. One indication that this might be the case is that the authors also find that most other variables (such as income and education) that should affect the turnover rate had no distinguishable effect (Gruber and Madrian, 2002).

Madrian and Lefgren (1998) revisit the question of whether having employer-sponsored health insurance influences the likelihood of becoming self-employed, using data from the SIPP and the CPS. The authors correctly observe that one of the problems encountered with investigating transitions from wage/salary jobs to self-employment, is that the transitions occur relatively infrequently. This would suggest that small, though nationally representative samples are less likely to include enough

observations to best estimate the relationship between health insurance and self-employment. This study overcomes that problem by using a much larger sample, looking at one- and two-year transitions that took place between 1983 and 1996. Madrian and Lefgren (1998) find that “job-lock” is an important factor when an alternative coverage is unavailable. The authors also find that married women with employer-sponsored insurance are less likely to become self-employed the more children they have, while married men are more likely to become self-employed if they have access to continuing coverage through COBRA.

In a review of the literature on job-lock, Gruber and Madrian (2002) suggest that one should interpret the results of any study interested in transitions to self-employment with caution. This argument is based on the assumption that there is a significant degree of measurement error when determining whether someone is self-employed. In other words, a number of individuals may become self-employed to some capacity, however their transition will go unrecorded as long as they stay with their initial wage/salary job. If the individuals in this group have stayed with their initial job due to the fear of losing health insurance coverage, then the importance of job-lock on the mobility of this group may be understated. We should keep this cautionary note in mind as we proceed through this analysis.

### **3. Empirical Specification**

To detect job lock, I estimate a probit equation of the form:

$$\text{Pr (Job Change)} = \delta Z + \beta_1 I + \beta_2 C + \beta_3 I * C + \varepsilon \quad (1)$$



Where  $Z$  is a vector of features of the individual's initial job and other demographic characteristics,  $I$  is an indicator for whether one is the policyholder of an employer-sponsored health plan at their initial job, and  $C$  is an indicator signalling whether an individual attaches value to their coverage.

Since an individual's insurance may reflect additional information regarding the quality of their initial job, the coefficient associated with health insurance,  $\beta_1$ , may not give an accurate indication of whether or not job-lock exists. Therefore, I follow a methodology used by Madrian (1994) by introducing an additional variable,  $C$ , that reflects the value that one gives to being insured. The two  $C$  terms that I use are whether an individual had an alternative source of health insurance through their spouse, and their number of children. If job-lock exists, those who attach a higher value to their current health insurance are more likely to be affected. This also suggests that the coefficient on the interaction term,  $\beta_3$ , will indicate whether job-lock is important. In addition, given that having an alternative source of health insurance will lower the value one places on insurance coverage, the  $\beta_3$  associated with alternative insurance will be positive and significant if job-lock is important. On the other hand, since the number of children an individual has typically drives up the value one places on insurance coverage, the  $\beta_3$  associated with number of children will be negative and significant if job-lock is important.

Some have argued that using the difference-in-difference approach applied in this paper creates an invalid control group, by including individuals who are uncovered by an employer-sponsored plan and have high expected health costs,

therefore making them more likely to change jobs in order to obtain coverage (Anderson, 1998; Kapur, 1998; Adams, 2004). Their solution to this problem is to limit the sample to only individuals that are policy holders of an employer-sponsored plan, and then interact the availability of an alternative plan with a measure of anticipated health costs (such as number of children or health status). However, this approach creates additional problems, which are likely to introduce bias against finding job-lock (Gruber and Madrian, 2002). Therefore, I chose a methodology to fit my data without over-restricting the sample.

#### **4. Data**

The data used in this paper is from the 1996-2007 March Supplements of the Current Population Survey, extracted from the Integrated Public Use Microdata Series (IPUMS-CPS). I chose the timing of the analysis because it covers the period after the enactment of both COBRA and HIPAA, and includes the recent increase in the cost of health insurance, giving us a more accurate assessment of the presence of job-lock in today's labor market.

The sample is restricted to include men and women between the ages of 25 and 54 who were employed and worked full-time at a wage/salary job in the previous year.<sup>3</sup> In addition, I include only the last four rotation groups (months-in-sample 5 through 8) in order to avoid issues having to do with the same individuals appearing in the sample multiple times, due to the CPS sample design. In order to make a key variable, reporting employer-sponsored health insurance consistent over time, those

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<sup>3</sup> In addition, Hispanic and State Children's Health Insurance Program (SCHIP) over-samples are also excluded because it is not believed that they are representative of the entire population with respect to labor market transitions.

who were classified as holding employer-sponsored insurance only on the basis of a verification question introduced in 2001 were deleted. To ensure that job transition rates are not artificially inflated due to the presence of observations with missing data for which the entire record was allocated, the observations were deleted using a hot-deck procedure.<sup>4</sup>

Additional manipulations to the data were necessary to identify “entire-record-allocated” records since a variable used to identify them could not be obtained from IPUMS-CPS. To fill this gap, CPS data files available on the National Bureau of Economic Research (NBER) were merged to the corresponding IPUMS-CPS files.<sup>5</sup> Unfortunately, direct merge using variables identifying households in the monthly CPS files was not possible because IPUMS-CPS has its own identifying numbers unique to each household in a given survey year. To merge records the following variables were used for all but year 2001: household income, line number, age, marital status and March CPS weight. Merging records for all month-in-sample groups resulted in an insignificant number of non-merged observations ranging from 10 for year 1997 to 75 for year 2003. For 2001, merging utilizing these variables resulted in a few hundred non-merged observations. Using household income, line number, age, gender, month-in-sample, marital status and basic CPS weight instead resulted in only 64 non-merged observations. A total of 462 observations were deleted as a result of merging the IPUMS-CPS to the NBER files. This represents less than half a percent of all observations for years 1996-2007. The final sample is 218,085 observations.

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<sup>4</sup> The number of such observations is 896. For more information, see Jay Stewart, “Using March CPS data to analyze labor market transitions,” *Journal of Economic and Social Measurement* 32 (2007), pp. 177–197.

<sup>5</sup> Current Population Survey (CPS) Data Supplements at the NBER, <http://www.nber.org/data/current-population-survey-data.html>

The dependent variable used in this analysis is equal to one if an individual made a voluntary transition to another wage/salary job or to self-employment, and zero otherwise. To identify voluntary job transitions, I use an adaptation of the methodology developed by Stewart (2007). The basic monthly CPS contains information on employment status during the previous week, while the March Income Supplement includes a number of questions regarding employment during the previous year (such as number of employers and spells of unemployment). By combining information from the basic monthly CPS and the Income Supplement, I am able to construct a labor market history that covers approximately 14 months.

An individual is determined to have had a job change if he or she was employed in March of the current year and at least one of the following occurred: 1) the individual had two or more employers in the previous year, 2) the individual had one employer in the previous year and changed a 1-digit industry code between the longest job last year and the main job last week, 3) the individual had one employer in the previous year, had the same 1-digit industry code, and experienced two or more spells of unemployment in the previous year.<sup>6</sup>

This method allows me to infer whether a job change accompanied by some unemployment is likely to have been voluntary or involuntary. A voluntary job change is not likely to be accompanied by a prolonged unemployment spell. Therefore, if a person changed a job but also was unemployed for more than two weeks, he or she is very likely to have left the job involuntary. Using the questions

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<sup>6</sup> This identification is similar to the one presented in Stewart (2007).

about the number of weeks the individual was unemployed and the number of unemployment spells, it is possible to determine whether at least one of the unemployment spells lasted more than two weeks. In this case, an individual is inferred to have made an involuntary transition. If an unemployment spell could not have lasted more than two weeks, I infer a voluntary transition.<sup>7</sup>

## 5. Empirical Results

Table 1 presents the results from regressions on the full sample for transitions to other employment and to self-employment. This set of regressions does not include the variables used to identify job-lock. That is to say, I estimate the probability of changing jobs subject to having employer-sponsored insurance, regardless of the value one places on being insured. In addition to insurance coverage, the regressions include a series of controls for characteristics related to one's initial job and other demographics, time (or year), and the region where one lives. The results suggest that African Americans and women are less likely to change employment and become self-employed. Age has a negative effect on changing employment, but a positive effect on becoming self-employed. Years-of-schooling has a positive effect on both changing employment and becoming self-employed. Being enrolled in a retirement plan at work lowers the likelihood of changing employment or becoming self-employed. Personal income is negatively associated with each type of transition, whereas household income is positively associated with each transition. The effects of each of these variables on both transition rates were significantly different from zero.

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<sup>7</sup> A transition to another wage/salary job or to self-employment which was accompanied by some unemployment last year is classified as an voluntary transition one of the following holds: an individual had one unemployment spell and was unemployed for two weeks or less; and individual had two unemployment spells and was unemployed for three weeks or less; and individual had three or more unemployment spells and was unemployed for four weeks or less.

*Insert Table 1*

To determine the impact of having employer-sponsored insurance on the transition rates in terms of percentage point change, I calculate the marginal effects evaluated at the sample means. The marginal effect associated with having employer-sponsored insurance on transitions to other employment is -0.027. This would suggest that employer-sponsored insurance reduces transitions of this type by 23 percent, since the average transitions rate from one wage/salary job to another for the entire sample is 0.118 (see Table 2). Likewise, the marginal effect associated with having employer-sponsored insurance on transition to self-employment is -0.003, suggesting that employer-sponsored insurance reduces mobility by 60 percent. However, as I have noted, these effects should be interpreted with caution, since the coefficient on employer-sponsored insurance likely reflects additional job characteristics. In fact, if employer-sponsored health insurance is positively related with other job characteristics that increase the cost of leaving one's job, the job-lock derived from these initial regressions is likely to be overstated. For this reason, we turn to the regressions that include the additional variables indicating how much one values their employer-sponsored insurance.

*Insert Table 2*

Table 3 presents the results of the regressions for the two types of transitions, using availability of an alternative insurance to signify value and to isolate the effects of job-lock. Using the difference-in-difference approach described earlier, we are

most interested in the coefficient on the interaction term, which indicates whether the individual is both the policyholder of an employer-sponsored plan and has an alternative source of coverage through their spouse. I find that having an alternative source of health insurance increases the transition rate to other employment by 1 percentage point, suggesting that having an alternative increases the probability of switching jobs for policyholders of employer-sponsored insurance by 8.5 percent (see Tables 2, 3, and 4). When the sample is limited to include only married women, we see that having an alternative source of health insurance increases the transition rate to self-employment by 0.3 percentage points, suggesting that having an alternative coverage increases the probability of becoming self-employed by 75 percent. In addition, I find no significant evidence of job-lock for married men, using availability of alternative insurance as an identification strategy.

*Insert Tables 3 and 4*

Table 5 presents the results of the regressions for transitions to other employment and to self-employment, using number of children to isolate the effects of job-lock. As I mentioned earlier, the number of children an individual has is likely to influence the value they place on being insured. The more children one has, the higher one's expected health costs, and the higher one values being insured. Using this identification strategy, I only find evidence of job-lock for married women, whose transition rate to other employment is reduced by 0.7 percentage points, suggesting that having employer-sponsored insurance reduces the probability of changing jobs by 6.6 percent for women with children (see Tables 2, 5, and 6). Again, I find no evidence that job-lock limits the mobility of married men.

*Insert Tables 5 and 6*

## **6. Conclusion**

This paper presents some evidence to suggest that health insurance continues to influence certain individuals' decisions about whether to change jobs or become self-employed, while job-lock is less of a concern for others. Overall, I find that individuals with an alternative insurance available through their spouses are more likely to switch jobs. I also find that having an alternative insurance available through one's spouse has a particularly large and positive affect on the likelihood that married women will become self-employed. Married women with employer-sponsored plans also appear to be less likely to change jobs the more children they have. Finally, I do not find evidence to suggest that job-lock affects married men. This is consistent with hypothesis that married men tend to have a positive response to the availability of continuous coverage.



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TABLE 1  
Determinants of transitions to other employment or self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
Employer HI (policy holder)	-0.136 (0.010)	-0.203 (0.026)
Annual wage/salary (ln)	-0.118 (0.008)	-0.100 (0.017)
Annual household income (ln)	0.016 (0.009)	0.053 (0.024)
Education	0.050 (0.002)	0.044 (0.005)
African American	-0.074 (0.014)	-0.220 (0.051)
Female	-0.046 (0.009)	-0.200 (0.026)
Married	-0.079 (0.009)	-0.007 (0.027)
Age	-0.028 (0.005)	0.014 (0.016)
Age <sup>2</sup>	0.000 (0.000)	-0.000 (0.000)
Retirement plan offered at work	0.286 (0.014)	-0.028 (0.039)
Enrolled in retirement plan at work	-0.446 (0.014)	-0.246 (0.043)
Time controls	Yes	Yes
Industry and occupation controls	Yes	Yes
Geographic controls	Yes	Yes
Sample size	218,085	218,085
Pseudo R <sup>2</sup>	0.0344	0.0411

Note: These estimates are from a probit regression (weighted). The standard errors are in the parentheses. The sample includes all individuals age 25 and 55 in the IPUMS-CPS between 1996 and 2007 who were initially neither self-employed nor unemployed.

TABLE 2

Average rates of transition to other employment and from employment to self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
<b>Full Sample</b>		
Not policy holder of HI	0.139	0.008
Policy holder of HI	0.107	0.004
All	0.118	0.005
<b>Married Men</b>		
Not policy holder of HI	0.131	0.010
Policy holder of HI	0.099	0.004
All	0.109	0.006
<b>Married Women</b>		
Not policy holder of HI	0.125	0.007
Policy holder of HI	0.092	0.003
All	0.106	0.004

TABLE 3  
Effect of spousal health insurance on transition to other employment and self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
<b>Full Sample</b>		
Employer HI	-0.132 (0.012)	-0.186 (0.032)
Spousal HI	0.045 (0.017)	0.047 (0.048)
Interaction	0.051 (0.022)	-0.054 (0.066)
Sample Size	218,085	218,085
Pseudo R <sup>2</sup>	0.035	0.041
<b>Married Men</b>		
Employer HI	-0.118 (0.037)	-0.204 (0.086)
Spousal HI	0.096 (0.037)	0.068 (0.081)
Interaction	0.065 (0.045)	-0.069 (0.116)
Sample Size	44,126	44,126
Pseudo R <sup>2</sup>	0.037	0.054
<b>Married Women</b>		
Employer HI	-0.144 (0.035)	-0.393 (0.087)
Spousal HI	-0.015 (0.034)	-0.165 (0.078)
Interaction	0.049 (0.044)	0.239 (0.122)
Sample Size	45,260	45,260
Pseudo R <sup>2</sup>	0.036	0.055

Note: The table only reports the estimates for the variables that we are specifically interested in, although a full table is available from the author. These estimates are from a probit regression (weighted). The standard errors are in the parentheses. The sample includes all individuals age 25 and 55 in the IPUMS-CPS between 1996 and 2007 who were initially neither self-employed nor unemployed.

TABLE 4  
 Marginal effect of spousal health insurance on transition to other employment and self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
<b>Full Sample</b>		
Employer HI	-0.026 (0.002)	-0.003 (0.000)
Spousal HI	0.009 (0.003)	0.001 (0.001)
Interaction	0.010 (0.005)	-0.001 (0.001)
<b>Married Men</b>		
Employer HI	-0.023 (0.007)	-0.003 (0.002)
Spousal HI	0.018 (0.007)	0.001 (0.001)
Interaction	0.012 (0.009)	-0.001 (0.001)
<b>Married Women</b>		
Employer HI	-0.023 (0.007)	-0.005 (0.001)
Spousal HI	-0.003 (0.006)	-0.002 (0.001)
Interaction	0.009 (0.008)	0.003 (0.002)

Note: The table only reports the marginal effect estimated at sample means for the variables in Table 3. These estimates are from a probit regression (weighted). The standard errors are in the parentheses. The sample includes all individuals age 25 and 55 in the IPUMS-CPS between 1996 and 2007 who were initially neither self-employed nor unemployed.

TABLE 5

Effect of health insurance and family size on transitions to other employment and self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
<b>Full Sample</b>		
Employer HI	-0.125 (0.012)	-0.177 (0.036)
Number of children	-0.002 (0.006)	0.039 (0.014)
Interaction	-0.008 (0.007)	-0.019 (0.019)
Sample Size	218,085	218,085
Pseudo R <sup>2</sup>	0.035	0.042
<b>Married Men</b>		
Employer HI	-0.189 (0.032)	-0.176 (0.082)
Number of children	-0.011 (0.014)	0.039 (0.029)
Interaction	0.029 (0.017)	-0.055 (0.046)
Sample Size	44,126	44,126
Pseudo R <sup>2</sup>	0.035	0.054
<b>Married Women</b>		
Employer HI	-0.072 (0.030)	-0.262 (.090)
Number of children	-0.006 (0.012)	-0.004 (.034)
Interaction	-0.040 (0.017)	0.017 (0.049)
Sample Size	45,260	45,260
Pseudo R <sup>2</sup>	0.037	0.053

Note: The table only reports the estimates for the variables that we are specifically interested in, although a full table is available from the author. These estimates are from a probit regression (weighted). The standard errors are in the parentheses. The sample includes all individuals age 25 and 55 in the IPUMS-CPS between 1996 and 2007 who were initially neither self-employed nor unemployed.

TABLE 6

Marginal effect of health insurance and family size on transitions to other employment and self employment

	Type of transition	
	Job-to-Job	Job-to-Self Employment
<b>Full Sample</b>		
Employer HI	-0.025 (0.003)	-0.003 (0.001)
Spousal HI	-0.000 (0.001)	0.001 (0.000)
Interaction	-0.002 (0.001)	-0.000 (0.000)
<b>Married Men</b>		
Employer HI	-0.037 (0.007)	-0.003 (0.001)
Spousal HI	-0.002 (0.003)	0.001 (0.000)
Interaction	0.005 (0.003)	-0.001 (0.001)
<b>Married Women</b>		
Employer HI	-0.013 (0.005)	-0.003 (0.001)
Spousal HI	-0.001 (0.002)	-0.000 (0.000)
Interaction	-0.007 (0.003)	0.000 (0.001)

Note: The table only reports the marginal effect estimated at sample means for the variables in Table 3. These estimates are from a probit regression (weighted). The standard errors are in the parentheses. The sample includes all individuals age 25 and 55 in the IPUMS-CPS between 1996 and 2007 who were initially neither self-employed nor unemployed.