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CONTACTS:

Paul Fronstin, EBRI, (202) 775-6352, fronstin@ebri.org

John MacDonald, EBRI, (202) 775-634, macdonald@ebri.org

New Research from EBRI:

Level of Uninsured Has Increased During the Recession; Deductibles and Co-Payments Also Up, Study Reports

WASHINGTON—Not surprisingly, the percentage of the nonelderly (under age 65) without employment-based health insurance coverage has grown during the recession, according to a study published today by the nonpartisan Employee Benefit Research Institute (EBRI). But in addition, for those who still have employment-based health insurance, deductibles and co-payments for office visits also have increased.

“The main reason for the observed drop in the percentage of the population with employment-based coverage is related to the fact that when there are fewer people working, there are fewer people with access to employment-based coverage,” writes Paul Fronstin, director of the EBRI Health Research and Education program and author of the study, which appears in the May 2010 EBRI *Issue Brief*, available at www.ebri.org.

The current recession started December 2007, and has not been officially declared over, although the economy experienced real growth in the second half of 2009. However, unemployment has continued to rise, reaching 10.1 percent in October 2009, and has leveled off in the high-9 percent range.

The EBRI study reports the following:

- The percentage of nonelderly (under age 65) with employment-based coverage was 61.3 percent in May 2007, and by July 2009 it was down to 58.2 percent.
- The uninsured rate was 12.3 percent in May 2007, and by July 2009 it was up to 16.4 percent.
- Between December 2007 and May 2008, the percentage of workers with coverage in their own name (the policyholder) fell from 60.4 percent to 56.8 percent. From May 2008 to July the percentage of workers with employment-based coverage in their own name continued to decline, falling to 55.9 percent.

In addition to higher levels of uninsured, the study shows health benefits that are being offered also have changed. Deductibles, copayments for office visits, and prescription drug copayments have been increasing in recent years. For example, among workers with employee-only coverage in a preferred provider organization (PPO), the percentage with a deductible of at least \$500 increased from 14 percent in 2000 to 52 percent in 2009. It was 48 percent in 2008 and 36 percent in 2007. Deductibles are higher and have increased faster in small firms than in large firms, the study reports.

In general, according to the study, workers least likely to have employment-based coverage at the beginning of the recession were more likely than other workers to experience a decline in the percentage with such coverage one year later: Younger workers were more likely to lose coverage than older workers. Hispanic workers were more likely to lose coverage than whites or blacks. Part-time workers were more likely than full-time workers to have lost employment-based coverage.

In addition, the study finds that the percentage of workers with own-name employment-based coverage declined the most among those employed by for-profit private-sector employers and those employed by the federal government. Workers with the lowest earnings were the least likely to have employment-based coverage in their own name and experienced the largest decline in coverage.

Health coverage through the work place is by far the most common source of health insurance among the population under age 65, according to the study. In 2008, 160.6 million individuals under age 65, or 61.1 percent of that population, were covered by employment-based health benefits. Fifteen percent were covered by Medicaid or the State Children's Health Insurance Program (SCHIP), 6.3 percent purchased coverage directly from an insurer, and about 3 percent were covered by Medicare or Tricare/CHAMPVA.

The May 2010 *EBRI Issue Brief* uses data from the Survey of Income and Program Participation, which is collected by the U.S. Census Bureau.

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