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New Study Finds up to 7.7 Million American Workers Lost Jobs With Employer-Sponsored Health Insurance During the COVID-19 Pandemic

Nearly 7 Million Dependents Affected, the Manufacturing Sector, Women and Workers Age 35-54 Disproportionately Impacted

WASHINGTON – October 7, 2020 – As many as 7.7 million workers lost jobs with Employer-Sponsored Insurance (ESI) because of the COVID-19 pandemic, according to a new study from the Employee Benefit Research Institute (EBRI), The W.E. Upjohn Institute for Employment Research and the Commonwealth Fund. The study, *How Many Americans Have Lost Jobs with Employer Health Coverage During the Pandemic?*, also finds that 6.9 million dependents were covered by ESI through these job losers, and manufacturing workers were most affected by loss of jobs with ESI.

In response to the COVID-19 pandemic, most states imposed lockdown orders that closed many workplaces and dramatically slowed U.S. economic activity in the spring of 2020. The result was a massive increase in unemployment, which peaked in April at 14.7 percent. During the 15 weeks from mid-March to the end of June, Americans filed nearly 49 million new claims for unemployment benefits.

The strong link between employment and health insurance coverage has important implications for Americans' insurance coverage and access to health care, as ESI is the most common form of health insurance in the United States. "This study illustrates how the country's predominantly job-based health insurance system leaves workers and their families at risk of losing coverage during a severe economic downturn," said Sara Collins, Commonwealth Fund Vice President for Health Care Coverage, Access, and Tracking. "Unlike prior recessions, the reforms of the Affordable Care Act are a safety net for many who lose coverage. But the law is now at risk of repeal before the Supreme Court, just when Americans need it most."

In March 2019, 69 percent of the 152 million workers ages 16 and older had ESI, meaning that 175 million workers and their dependents had coverage. But if millions of workers and their dependents have lost ESI during the pandemic, the result would be increased enrollment in COBRA (Consolidated Omnibus Budget Reconciliation Act) continuous coverage, Affordable Care Act marketplace plans, and Medicaid, as well as an increase in the number of uninsured.

Employees are Not Equally Impacted

The pandemic-related lockdowns affected some industries and groups of workers more severely than others. Total job losses in manufacturing were roughly proportional to employment — manufacturing accounted for ten percent of pre-pandemic employment and 12 percent of unemployed workers in June. But because manufacturing has one of the highest rates of ESI coverage at 66 percent, it

accounted for a greater proportion of loss of jobs with ESI (18% of lost jobs with ESI and 19% of potential ESI coverage loss when dependents are included).

Nearly 3.3 million workers in accommodation and food services became unemployed between February 2020 and June 2020 – 30 percent of the industry’s workforce. However, only 25 percent of workers in that industry had ESI pre-pandemic, so only seven percent of accommodation and food service workers lost jobs with ESI as a result of shutdowns. Similarly, retail trade accounted for ten percent of pre-pandemic employment and 14 percent of unemployed workers in June. But because only 40 percent of workers in retail trade had ESI pre-pandemic, these workers accounted for only 12 percent of lost jobs with ESI and 11 percent potential ESI coverage loss including dependents.

“Demographics also play an important role. Workers ages 35 to 44 and 45 to 54 bore the brunt of ESI-covered job losses, in large part because workers in these age groups were the most likely to be covering spouses and other dependents,” said Paul Fronstin, Director of EBRI’s Health Research and Education Program. “The adverse effects of the pandemic recession also fell disproportionately on women. Although women made up 47 percent of pre-pandemic employment, they accounted for 55 percent of total job losses.”

Job Loss to ESI Loss: A Complicated Journey

The path from loss of a job with ESI to loss of health insurance is not simple and depends on three factors. First, is the job loss temporary or permanent, and if temporary, does the employer continue ESI coverage until the worker is called back to work? The next consideration is the extent to which temporary layoffs without loss of ESI lead to permanent layoffs with loss of ESI. Finally, when workers do lose ESI, how many obtain coverage through other family members, COBRA, the ACA marketplace, or Medicaid?

“Only with time will we know how many job losses are ultimately permanent and result in loss of ESI,” said Stephen Woodbury, Upjohn Institute Senior Economist and co-author of the report. “In the interim, it will be important to monitor key labor market statistics, including the number of workers on furlough or temporary layoff who become permanent job losers, and the number of job losers who have been unemployed for 15 weeks or more and are unlikely to be attached to an employer and covered by ESI.”

A copy of the report, “*How Many Americans Have Lost Jobs with Employer Health Coverage During the Pandemic?*”, is available at ebri.org.

About the Study:

The data for this study come from two sources. Data on health insurance coverage come from the March 2019 Annual Social and Economic Supplement to the Current Population Survey (CPS). The CPS is a primary source of labor force statistics for the U.S. population and is co-sponsored by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. In March 2019, the CPS interviewed nearly 95,000 households, covering 180,000 individuals. The March CPS collects information on health insurance coverage for both the prior calendar year and at the time the survey is fielded. Data on whether workers had employee-only, employee-plus-one, or family coverage are also available.

Data on unemployed workers come from “Characteristics of Unemployment Insurance Claimants,” a monthly report published by the U.S. Department of Labor.¹ These monthly characteristics reports have

rarely if ever been used in research and should not be confused with the familiar “Unemployment Insurance Claims Report” (or “weekly claims report”). The weekly claims report is a bare-bones report that provides simple weekly counts of the number of initial and continued unemployment insurance claimants in each state but provides no detail on the demographic composition or previous industry of those claimants. In contrast, the characteristics report is a detailed monthly report of the industry, occupation, and demographic characteristics of unemployment recipients in each state.

About EBRI:

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI conducts objective research and education to inform plan design and public policy, does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org.

About the W.E. Upjohn Institute for Employment Research:

The W.E. Upjohn Institute for Employment Research is an independent, private, nonprofit, nonpartisan research organization established in 1945. It is an activity of the W.E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 to administer a fund created by Dr. W.E. Upjohn for the purpose of carrying on "research into the causes and effects of unemployment and measures for the alleviation of unemployment." More information, including the full report, is available at the Upjohn Institute website.

About the Commonwealth Fund:

The Commonwealth Fund is a private, nonprofit foundation supporting independent research on health policy reform and a high-performance health system. For more information please visit commonwealthfund.org.
