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New Research from EBRI:

Trends in Health Coverage for Part-time Workers

WASHINGTON—Are concerns about the requirements of the new federal health insurance law causing more employers to shift to part-time workers?

A new report by the nonpartisan Employee Benefit Research Institute (EBRI) finds there is no definitive answer to that question yet—but notes that a shift to part-time employment was underway before the law was passed and that future trends are likely to depend more on factors such as the economy and unemployment rates.

As written, the Patient Protection and Affordable Care Act of 2010 (PPACA) requires that employers with 50 or more full-time workers pay a penalty if they fail to provide health coverage to full-time workers in 2014, which has raised concern that employers may respond by cutting back on health coverage for part-time workers or by increasing the proportion of part-time workers employed. The Obama administration has subsequently indicated that it would delay enforcement of the terms of this “employer mandate.”

EBRI’s new analysis shows that the recent recession had already resulted in an increased use of part-time workers before PPACA was enacted: Between 2006 and 2010, the percentage of workers employed fewer than 30 hours per week increased from 11.9 percent to 14.1 percent, and the percentage of workers employed 30–39 hours per week increased from 11.4 percent to 13.2 percent. This may be due to the drop in the unemployment rate, which fell from 9.9 percent in March 2010 (the month PPACA was signed into law by President Obama) to 7.9 percent by the end of 2012. Since the end of 2012, the unemployment rate has fallen to 6.6 percent, the report notes.

“Since the enactment of PPACA, the percentage of workers employed less than 40 hours per week has actually declined slightly,” said Paul Fronstin, director of EBRI’s Health Education and Research Program and author of the study. “At the same time, while both full-time and part-time workers have experienced drops in coverage, part-time workers have been affected disproportionately.”

As the report notes, part-time workers have a far lower rate of health coverage than full-time workers. Overall, there were 20 million workers employed under 30 hours per week and 18.8 million employed 30–39 hours per week in 2012. Among those employed fewer than 30 hours per week, 2.6 million (12.8 percent) had employment-based coverage from their own job, and among those employed between 30–39 hours per week, 6.3 million (33.6 percent) had employment-based coverage from their own job.

In contrast, 60.5 percent of workers employed at least 40 hours per week had employment-based coverage from their own job.

A key related issue is dependent health coverage for children or spouses of part-time workers, which has been sharply declining. As the EBRI analysis points out, the likelihood that a worker employed fewer than 30 hours per week had employment-based coverage as a dependent fell substantially between 2000 and 2009: In 2009, 35 percent of these workers had dependent coverage, down from 46.8 percent in 2000. During this time, the percentage of workers employed 30–39 hours with coverage as a dependent fell from 26 percent to 20.5 percent, while the percentage of workers employed 40 or more hours per week with coverage as a dependent was mostly constant except for a slight drop from 2003 to 2004.

The full report, “Trends in Health Coverage for Part-Time Workers, 1999–2012,” is published in the May 2014 EBRI Notes and is available online at www.ebri.org

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