

FOR IMMEDIATE RELEASE: Sept. 21, 2009

CONTACTS:

Paul Fronstin, EBRI, (202) 775-6352, fronstin@ebri.org
Steve Blakely, EBRI, (202) 775-6341, blakely@ebri.org

New Research from EBRI:

Employment-Based Health Coverage, Still Dominant in the U.S., Continues Slow Erosion

WASHINGTON—Although employment-based health insurance remains the most common form of health insurance coverage in the United States, the most recent data show it continues to slowly erode—and current trends indicate it will continue doing so, according to a new analysis by the nonpartisan Employee Benefit Research Institute (EBRI).

In 2008, 61 percent of working-age Americans (including workers and their family members) had health coverage through a job, down 1 percentage point from a year earlier, more than 7 percentage points from the high of 68 percent in 2000, and lower than the 64 percent level of 1994, when former President Clinton last attempted health reform. The EBRI report notes that this trend is likely to continue due to the weak economy and growing unemployment, which so far this year averaged 8.9 percent between January and August and reached a high of 9.7 percent in August.

As a result, the nation is likely to see continued erosion of employment-based health benefits in 2009. Fewer individuals will be working, which means fewer individuals with access to health benefits in the work place, and coupled with uncertainty regarding the economy, the future of job security, and the possibility of health reform, an increasing number of workers are likely to forego coverage when it is available, according to the study.

The EBRI report, in the September 2009 *EBRI Issue Brief*, is based on year-end 2008 data from the U.S. Census Bureau's March 2009 Current Population Survey (the latest available), with some analysis based on other Census surveys. The full report is online at www.ebri.org

EBRI reports that the share of the nonelderly population (under age 65) with health insurance coverage decreased to 82.6 percent in 2008, from 82.8 percent in 2007. The study focuses on the nonelderly population (under age 65) because this group can receive health insurance coverage from a number of different sources, and because Medicare covers nearly all individuals age 65 and older. The estimates presented in the study therefore differ from those published by the Census Bureau. Because of this difference between EBRI and Census Bureau estimates, the EBRI study shows a higher percentage of uninsured in the United States.

The *number* of uninsured individuals in the United States increased in 2008 because fewer people were covered by employment-based health plans and the size of the population increased. Enrollment in public programs increased and offset much of the decline in employment-based health plans. As a result, the increase in the *percentage* of the population without health insurance was statistically unchanged.

Here are some details from the EBRI study:

- **Overall coverage:** More than 217 million nonelderly individuals had insurance coverage in 2008, while 45.7 million were uninsured. The number of uninsured increased from 45 million in 2007, but is still

lower than the record 46.5 million reached in 2006. The percentage of nonelderly individuals without health insurance coverage was 17.4 percent in 2008, up from 17.2 percent in 2007.

- **Employment-based coverage:** Employment-based health benefits remain the most common form of health coverage in the United States. In 2008, 61.1 percent of the nonelderly population had employment-based health benefits, down from 68.4 percent in 2000. Between 1994 and 2000, the percentage of the nonelderly population with employment-based coverage expanded.
- **Public program coverage:** Public program health coverage expanded as a percentage of the population in 2008, accounting for 19.4 percent of the nonelderly population, up from 18.2 percent in 2007. Enrollment in Medicaid and the State Children’s Health Insurance Program increased, reaching a combined 39.2 million in 2008, and covering 14.9 percent of the nonelderly population, significantly above the 10.5 percent level of 1999.
- **Individual coverage:** Individually purchased health coverage was unchanged in 2008 and has basically hovered in the 6–7 percent range since 1994.

The *Issue Brief* was written by Paul Fronstin, director of the EBRI health research and education program. In the conclusion to his study, Fronstin offers some additional thoughts about coverage in the future:

“Research illustrates the advantages to consumers of having health insurance and the benefits to employers of offering it. In general, the availability of health insurance allows consumers to avoid unnecessary pain and suffering and improves the quality of life, and employers report that offering benefits has a positive impact on worker recruitment, retention, health status, and productivity. Employers may believe in the business case for providing health benefits today, but in the future they may rethink the value that offering coverage provides, especially if health costs continue to escalate sharply or if health reform changes the value proposition.”

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