



EBRI News

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New Research From EBRI:

Erosion of Job-Based Health Insurance Continues: Less Than Two-Thirds of All Americans Had Coverage Through Work in 2004

WASHINGTON—Just under 60 percent of all individuals living in the United States were covered by employment-based health benefits during 2004, down from almost 64 percent in 2000, a study published today by the nonpartisan Employee Benefit Research Institute shows.

The study adds that the erosion of employment-based health benefits is expected to continue at least until the unemployment rate drops below 5 percent *and* as long as the cost of providing health benefits continues to increase.

Entitled “Uninsured Unchanged in 2004, But Employment-Based Health Coverage Declined,” the study is published in the October 2005 *EBRI Notes*, and is available online at www.ebri.org. It is based on recently released Census Bureau data. The EBRI report notes that the vast majority of Americans who have health insurance get it through the workplace (from their own or a family member’s job), so employment-based health coverage rates have national significance.

Overall, the EBRI study finds, the total rate of the uninsured in the United States remained statistically unchanged in 2004 at just under 16 percent, since the decline in employment-based health coverage was largely offset by an increase in government-based public programs (primarily for the elderly, disabled, and children). The decline in employment-based coverage continued a downward trend that started between 2000 and 2001, following a period of increasing coverage dating from 1994, the study notes.

The EBRI study makes these additional points:

- The percentage of workers, nonworking adults and children with employment-based health benefits all dropped between 2003 and 2004. These trends were the result of a relatively weak labor market and rising health costs. In response to these factors, small employers either continued to drop health benefits or required workers to pay more for health benefits when they were offered.
- Most of the expansion in public coverage in 2004 occurred in Medicaid (the federal-state health care program for poor) and the State Children’s Health Insurance Program (SCHIP).

- The state with the highest percentage of its nonelderly residents (under age 65) covered by employment-based coverage from 2002²⁰⁰⁴ was New Hampshire (77 percent), followed by Minnesota (73.5 percent), and New Jersey (71.5 percent). The states with the lowest employment-based coverage rates were New Mexico (51.3 percent), Montana (53.4 percent) and Texas (54.2 percent). Rates for all 50 states are included in the study.

In a conclusion to the study, Paul Fronstin, director of the EBRI Health Research and Education Project, notes that the average annual unemployment rate declined slightly in 2004 to 5.5 percent, but is still well above the 4 percent threshold of 2000, the last year in which job-based health coverage increased. “The erosion in employment-based health benefits is expected to continue at least until the unemployment rate drops below 5 percent *and* as long as the cost of providing health benefits continues to increase,” Fronstin says.

Established in 1978, EBRI is an independent nonprofit organization committed exclusively to data dissemination, policy research, and education on economic security and employee benefits. EBRI does not take policy positions and does not lobby.

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