



# EBRI News

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## New Research From EBRI:

### **Health Insurance Enrollment: Two Distinct Periods Reflect Crosscurrents in Employment-Based, Public Programs**

WASHINGTON—Two key measures of health insurance coverage in the United States moved modestly in opposite directions over the 10-year period ending in 2004, a study released today by the nonpartisan Employee Benefit Research Institute (EBRI) reported.

While the 10-year trends painted a picture of relative stability, the study pointed out two crosscurrents: Employment-based coverage expanded significantly in the 1994–2000 period to exceed the growth in public programs, but since then the dynamic reversed as public programs expanded and employment-based coverage declined. Currently, the great majority of Americans who have health insurance obtain it through the work place, which makes employment-based coverage a key policy issue.

Overall, in 2004 the percentage of working-age residents (under 65) with health insurance was 82.2 percent—a 10-year high. Uninsured individuals are a public policy concern because they are less likely to receive basic health care services, the study said, are in worse health, tend to have poorer outcomes, and have higher mortality rates than people with insurance.

As for the recent trends, the study showed:

- The percentage of U.S. residents under age 65 covered by employment-based coverage dipped 2 percentage points—from 64.4 percent in 1994 to 62.4 percent in 2004. Coverage rose during the first half of the period, hitting a peak of 66.8 percent in 2000, but it fell after that.
- The percentage of U.S. residents enrolled in Medicaid, the federal-state program for low-income individuals, rose from 12.7 percent of the population in 1994 to 13.4 percent a decade later. Enrollment in Medicare, the federal program for the elderly, gained nearly 1 percentage point, to 2.5 percent of the population in 2004.

The study, “Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March Current Population Survey,” is based on Census Bureau data. It is published in the November *EBRI Issue Brief* and is available on the Web at [www.ebri.org](http://www.ebri.org).

Because of population increases, the overall number of U.S. residents with employment-based coverage grew from 148.1 million in 1994 to 159.1 million in 2004—even as the percentage with coverage declined. Enrollment in all public programs, including Medicaid, Medicare, and coverage for military retirees and their families grew from 17.1 million in 1994 to 17.5 million in 2004.

#### ***Employment-Based Coverage***

The study noted distinct shifts in employment-based coverage during the 10-year period. From 1994–1997, coverage held steady as the cost of providing health benefits to workers was flat. From 1997–2000, the

percentage of working adults with employment-based coverage increased—the result, in part, of a greater percentage of small firms offering health benefits despite rising costs. Since 2000, the percentage of working-age Americans and the actual number of those with coverage has declined.

The study said it is likely the changing composition of the labor force accounted for some of the increase in the percentage of workers covered by employment-based health benefits before 2002. “The percentage of workers who were self-employed declined from 1997–2000, as did the percentage of workers employed on a part-time basis,” the study said.

Beyond that, the study noted that from 1997–2000 a strong economy and low unemployment rates caused more employers to provide benefits in order to attract and retain workers—a factor that may have resulted in more workers being able to afford health insurance. But the economy changed course and health care costs rose from 2000–2004, a period that coincided with an erosion of coverage.

### ***Public Coverage***

Participation in public programs declined from 1994–1999, the study said. The percentage of U.S. residents enrolled in Medicaid fell as former welfare recipients entered the work force during the then-thriving economy. Similarly, the percentage of nonelderly Americans covered by Tricare or CHAMPVA declined from 3.8 percent to 2.8 percent from 1994–2000, in large part due to downsizing of U.S. military forces, the study said.

Since 2000, however, the number of Medicaid participants has climbed steadily—from 26.2 million in 2000 to 34.2 million in 2004. Coming at a time when the economy slowed, this meant the percentage of Americans enrolled in Medicaid rose from 10.7 percent in 2000 to 13.4 percent in 2004. Enrollment in the military programs increased only modestly during the same period.

### ***Public Policy Implications***

Discussing the public policy implications of having large numbers of U.S. residents uninsured, the study said, “This population’s overall health status may be lower” as a result of being uninsured because individuals often do not receive basic care. And when they do seek care, it may be in expensive settings, such as an emergency room.

More broadly, the EBRI study noted that society is affected in two ways by large numbers of uninsured: Lost work-place productivity and lost health and longevity. “There is financial risk, uncertainty, and anxiety,” the study said. “And there are financial stresses and instability for health care providers and institutions in communities with relatively high uninsured rates.”

Finally, the study offered this glimpse into the future: “If current economic conditions persist or worsen, maybe due to the economic fallout of hurricanes Katrina and Rita, coupled with the rising cost of providing health benefits, the nation is likely to continue to see an erosion in the percentage of individuals with employment-based health insurance coverage, and—if public programs do not keep pace with this erosion—more individuals without health insurance.”

EBRI is a private, nonprofit organization dedicated to the study of employee benefits. It does not lobby or take positions on policy questions.

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