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New Research from EBRI:

Growing Trend of Part-Time Workers Feeds Into Overall Decline of U.S. Health Coverage

WASHINGTON—Part-time workers are much less likely to have employment-based health insurance than full-timers, and the recent increase in part-time workers has significant implications for the overall national level of workers with health benefits, according to a new study by the nonpartisan Employee Benefit Research Institute (EBRI).

The study, which was released today, covers the years 2000 to 2004, and appears in the May 2006 *EBRI Notes*, available at www.ebri.org. It makes these key points:

- In 2004, 18.6 percent of part-time workers were covered by employment-based health benefits through their own employer, compared with 61.5 percent of full-time workers.
- From 2000 to 2004, the percentage of part-time workers increased while the likelihood that a part-time worker had employment-based health benefits from his or her employer dropped—from 19.6 percent to 18.6 percent.
- During the 2000–2004 period, the percentage of full-time workers with employment-based health benefits from their own employer dropped from 64.4 percent to 61.5 percent.

“Any shift of workers from full time to part time will likely lead to fewer workers with employment-based health benefits unless they obtain them from another source, such as a working spouse,” the study said. But it added that the decline in overall coverage was influenced by several other well-documented factors as well, such as rising health costs, the shift to a service economy, and the decline in unionized workers. Overall, 62.4 percent of the nonelderly (under age 65) U.S. population was covered by employment-based health benefits in 2004, compared with 66.8 percent four years earlier.

The degree to which part-time workers had employment-based health benefits varied by industry and firm size during the 2000–2004 period, the study reported. In 2004, 16.4 percent of part-time workers in the service sector had employment-based health benefits from their own employer, down from 20.3 percent in 2000. Part-time workers in manufacturing had a higher level of coverage but still experienced a drop—from 29.2 percent in 2000 to 27.4 percent in 2004, with significant fluctuations in the years in between.

Generally, the percentage of workers employed part time declines with firm size, although a greater percentage of workers at firms with 500 or more employees worked part time than the percentage of those at firms with 25–499 workers, the study said. Firms with 500 or more workers appear to have increased their use of part-time workers the most from 2000 to 2004. However, workers in firms with fewer than 10 workers were the least likely to have employment-based health insurance from their own employer, and to have experienced the most erosion in coverage when compared with workers in firms of other sizes.

The recent trend in declining levels of health care coverage is likely to persist, the study said. “Currently, employers that offer health benefits are continuing to experience increases in health benefit costs that are about four times the overall rate of inflation,” it said. “Given these rising costs, and other factors such as structural changes in the work force, there is every reason to believe that the decline in the percentage of workers with employment-based health benefits will continue.”

EBRI, a private, nonprofit organization, does not lobby and does not take positions on policy questions.