



EBRI News

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New Research from EBRI:

Employment-Based Health Coverage: Trend Is Down In Recent Years, but Stable Over a Longer Period

WASHINGTON—Employment-based health insurance coverage for the nonelderly population (under age 65) of the United States has been on a roller coaster ride in recent years, with the trend headed downhill in recent years but still roughly constant since 1994, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI).

In 2007, 62.2 percent of the nonelderly population had employment-based health benefits, unchanged from 2006, says the study, published in the September 2008 *EBRI Issue Brief*, available at www.ebri.org. Overall, the percentage of the nonelderly population with health insurance coverage increased slightly to 82.8 percent in 2007. Employment-based health benefits are by far the dominant source of health insurance in the United States, providing coverage for more than 162 million people under age 65.

The EBRI study focuses solely on the nonelderly population because this group can receive health insurance coverage from a number of different sources, and because Medicare covers nearly all of the elderly population (age 65 and over). The estimates presented in the EBRI study, while based on Census Bureau data, differ from those published by the Census because of EBRI's focus on the nonelderly.

While the percentage of the nonelderly population with employment-based health benefits was unchanged from 2006 to 2007, this should not be viewed as an indicator of things to come, the EBRI study notes. Unemployment is higher in 2008 than in 2007, meaning that fewer individuals will have access to health insurance through a job, and gas and food prices are higher, meaning that more individuals will have to choose between health insurance and basic necessities.

In the last half-dozen years, the percentage of individuals with employment-based health benefits decreased from 68.4 percent in 2000 to 62.2 percent in 2006, though compared with 1994, the percentage of individuals with employment-based health benefits is largely unchanged, the study says.

“For the most part, the percentage of workers with coverage either from their own employer or from someone else’s employer has been remarkably stable, considering what has happened with the cost of providing health benefits and the fact that fewer small employers offer coverage,” writes Paul Fronstin, author of the study and director of the EBRI health research and education program.

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The study notes the post-2000 period has seen a weaker economy, with the unemployment rate increasing from 4 percent in 2000 to 6 percent in 2008. In addition, increases in the cost of providing health benefits continued to outpace increases in worker earnings, in some years by a factor of four or five. The result: the post-2000 period has experienced an erosion of employment-based health benefits in contrast to the pre-2000 period.

In tracing earlier history, the study notes that from 1994 to 1997 the percentage of working adults with employment-based health benefits held steady at roughly 73.5 percent. During that period, the cost of providing health benefits to employees was flat. Then, from 1997 to 2000, the percentage of working adults with employment-based health insurance increased from 73.6 percent to 74.9 percent.

The increase in the percentage of individuals with employment-based health benefits from 1997 to 2000 has several explanations, the study says. A strong economy and low unemployment rates caused more employers to provide health benefits in order to attract and retain workers, and also may have resulted in more workers being able to afford health insurance. The expansion in employment-based coverage occurred even though the cost of providing health benefits to workers was increasing faster than inflation, a trend that accelerated in 1999 and 2000.

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The full September 2008 EBRI Issue Brief will be posted early Sept. 9 on the EBRI Web site, www.ebri.org Embargoed copies are available in advance upon request.

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