

# Notes

Trends in Employment-Based Coverage Among Workers,  
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A T A G L A N C E

**Trends in Employment-Based Coverage Among Workers, and Access to Coverage Among Uninsured Workers, 1995–2011**, *by Paul Fronstin, Ph.D., EBRI*

- Between December 2007–August 2009, the percentage of workers with employment-based coverage in their own name fell from 60.4 percent to 55.9 percent, recovering to 56.5 percent by December 2009. However, by April 2011, the percentage of workers with employment-based coverage had slipped back to 55.8 percent.
- Most uninsured workers reported that they did not have coverage because of cost: anywhere from 70 percent to 90 percent over the December 1995–July 2011 period.
- Uninsured workers reporting that they were not offered employment-based health benefits totaled roughly 40 percent from the mid-1990s through 2003, reaching 23 percent in mid-2011.

# Trends in Employment-Based Coverage Among Workers, and Access to Coverage Among Uninsured Workers, 1995–2011

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

## Introduction

Employment-based health benefits are the most common form of health insurance for nonpoor and nonelderly individuals in the United States. In 2010, 58.7 percent of nonelderly (under age 65) individuals were covered by an employment-based health benefits plan, including 68.6 percent of workers, 35.3 percent of nonworking adults, and 54.8 percent of children (Fronstin, 2011a).

Since the 1980s, the percentage of individuals without health insurance coverage has generally been increasing, in large part because rising health benefit costs eroded the number of workers with employment-based coverage. However, for a few years during the late 1990s, the percentage of workers and their families with employment-based coverage increased and the percentage without health insurance declined, partly due to the strong economy and low unemployment.

Prior research had shown that the percentage of workers offered health benefits had been increasing, but the take-up rate had been declining (Fronstin 2007). While the percentage of workers with coverage has ebbed and flowed with the economy and health care costs, trends in the percentage of workers *offered* coverage and the percentage of workers *taking* coverage when offered have remained steady.

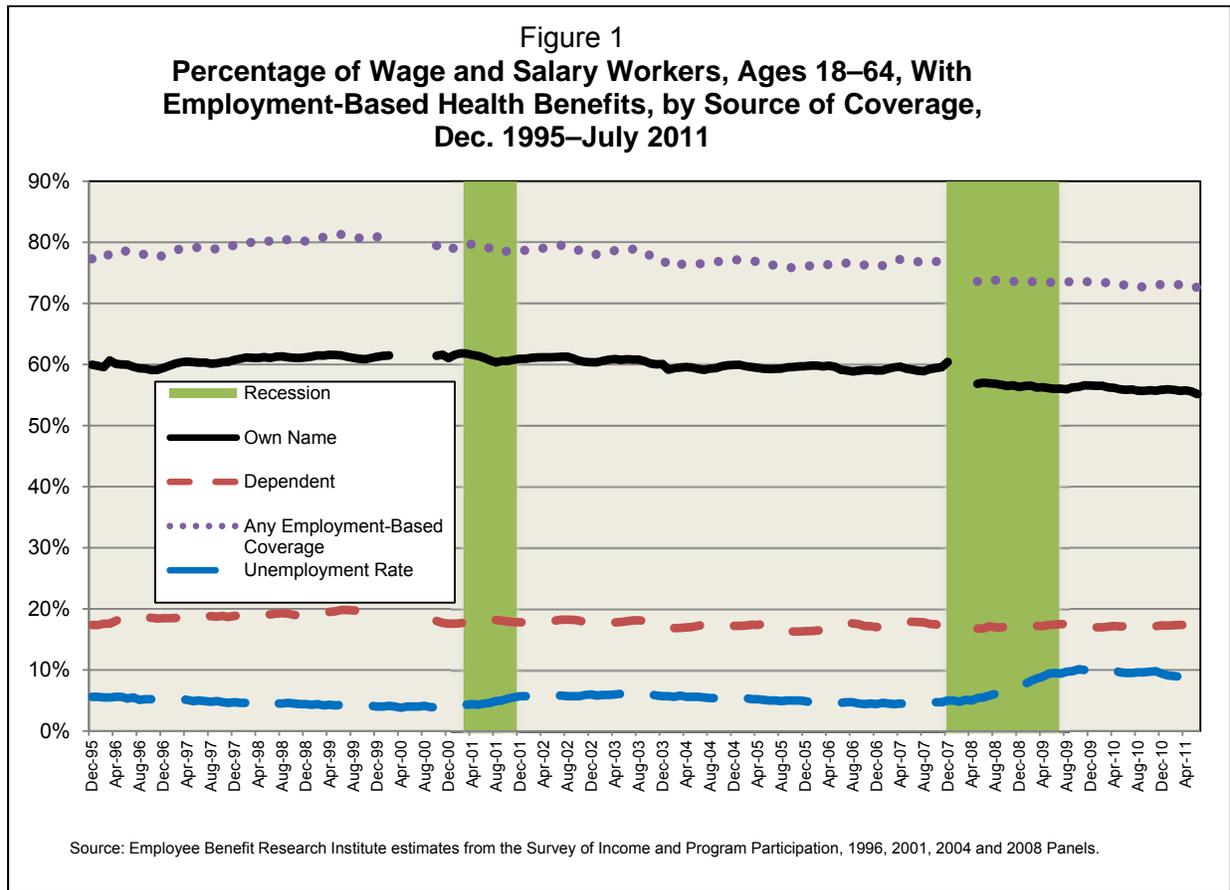
This analysis examines the state of employment-based health benefits, updating prior EBRI research (Fronstin, 2011b) that examined trends in coverage on a monthly basis, over the time period from December 1995 to July 2011. Examining these data on a monthly basis allows a more accurate identification of changes in trends, and can also more clearly indicate the effects of recession and employment on coverage. Trends in offer rates and reasons for being uninsured among uninsured workers are also examined.

## Trends in Employment-Based Health Coverage

Figure 1 shows the percentage of wage and salary workers ages 18–64 with employment-based health benefits, either in their own name or covered as dependents. There was very little change between December 1995 and December 2007; the percentage of workers with coverage in their own name increased slightly from just below 60 percent in the second half of 1996 to slightly above 61 percent in 1998. Between February 1998 and September 2002, the percentage of workers with coverage in their own name bounced around between 60.5 percent and 61.8 percent. A gradual decline in coverage started in October 2002, and between January 2004 and December 2007, the percentage of workers with coverage in their own name was mostly below 60 percent.

Between December 2007, when the most recent economic recession officially started, and May 2008, the percentage of workers with coverage in their own names fell from 60.4 percent to 56.8 percent, but there are no data in between to determine if this was a gradual trend or a one-time drop. The period between May 2008 and the end of the recession in June 2009 shows a continuing decline in the percentage of workers with employment-based coverage in their own name. When the recession ended in June 2009, 56 percent of workers had employment-based coverage, a number that slipped to 55.9 percent by August of that year. After August 2009, there appears to be what might be the beginning of a recovery in the percentage of workers with employment-based coverage. By December 2009, 56.6 percent of workers had employment-based coverage in their own names. However, it appears that the recovery in the percentage of workers with employment-based coverage did not last. By April 2011, the percentage of workers with employment-based coverage was down to 55.8 percent. Furthermore, the data from June 2011 show that

55.2 percent of workers had employment-based coverage; however, this estimate is based on one-half of the sample and will likely be revised when data for the full sample are released.



Changes in the percentage of workers with employment-based coverage as a dependent occurred throughout this period as well. Between December 1995 and late 1999, the percentage of workers covered as a dependent increased from 17.4 percent to nearly 20 percent, and then declined during 2000 to about 18 percent. The percentage of workers with coverage as a dependent remained at that level through Sept. 2003, but then declined to between 16 percent and 17 percent during the October 2003–December 2007 period.

Between December 2007 and June 2009 the percentage of workers with coverage as a dependent increased from 16.6 percent to 17.4 percent, and reached 17.5 percent in July 2009. It appears that the increase in dependent coverage during this period offset the decline in coverage that workers received through their own job. During the post-August 2009 period when coverage through a worker’s own job appeared to be starting to recover, the percentage of workers with coverage as a dependent declined, slipping to 17 percent by December 2009 before increasing slightly to 17.4 percent by April 2011. These concurrent shifts suggest that the increase in dependent coverage may have been the result of the decrease in coverage through a worker’s job.

### Workers Without Health Insurance

Because of the linkage between employment and access to health insurance, the likelihood of a worker being uninsured is tied to the strength of the economy and the unemployment rate (Cawley, Moriya and Simon 2011). Between late 1995 and early 2000, the unemployment rate fell from 5.6 percent to 3.8 percent and the percentage of workers without health insurance coverage fell as well. During December 1995–October 1996, the uninsured rate for

workers was in the low-15 percent range (Figure 2). The uninsured rate was in the mid-14 percent range between November 1996 and September 1997. It fell to the upper-13 percent range during 1998, and was in the low-13 percent range during 1999 and early 2000.

Unemployment fell to 3.8 percent in April 2000, and in April 2002, not long after the end of the 2001 recession, reached 5.9 percent. At the same time, the uninsured rate among workers rose from the low-13 percent range to the low- and mid-14 percent range, and did not recover until 2004. From mid-2002 to fall 2003, the uninsured rate for workers was in the upper-14 percent range, and from fall 2003 to summer 2004 it was in the 15–16 percent range, reaching 16.2 percent in January 2004. From summer 2004 through February 2007, the uninsured rate ranged from the upper-14 percent to low-15 percent range, and in mid-2007 it was in the low-14 percent range.

The beginnings of a recession in late 2007 put the uninsured rate back in the upper-14 percent range. From May 2008 through April 2011 the uninsured rate among workers stayed within a narrow band of just below or just above 18 percent. In July 2011, it was 18.6 percent, but that is an estimate based on one-quarter of the sample and may be revised when data for the full sample are released.

## **Why Workers Are Uninsured**

Uninsured workers were asked a series of questions regarding why they were not covered. They were asked about access to employment-based coverage, and whether they were ineligible for coverage offered to other workers or declined coverage when it was available. Workers with insurance from other sources such as employment-based coverage as dependents, those who purchased coverage directly from insurers, and those covered by public sources of coverage were not asked why they did not have coverage from their own employer. Some of the questions pertained to employment-based coverage specifically, but some could be applied more generally, such as those related to cost and declining coverage.

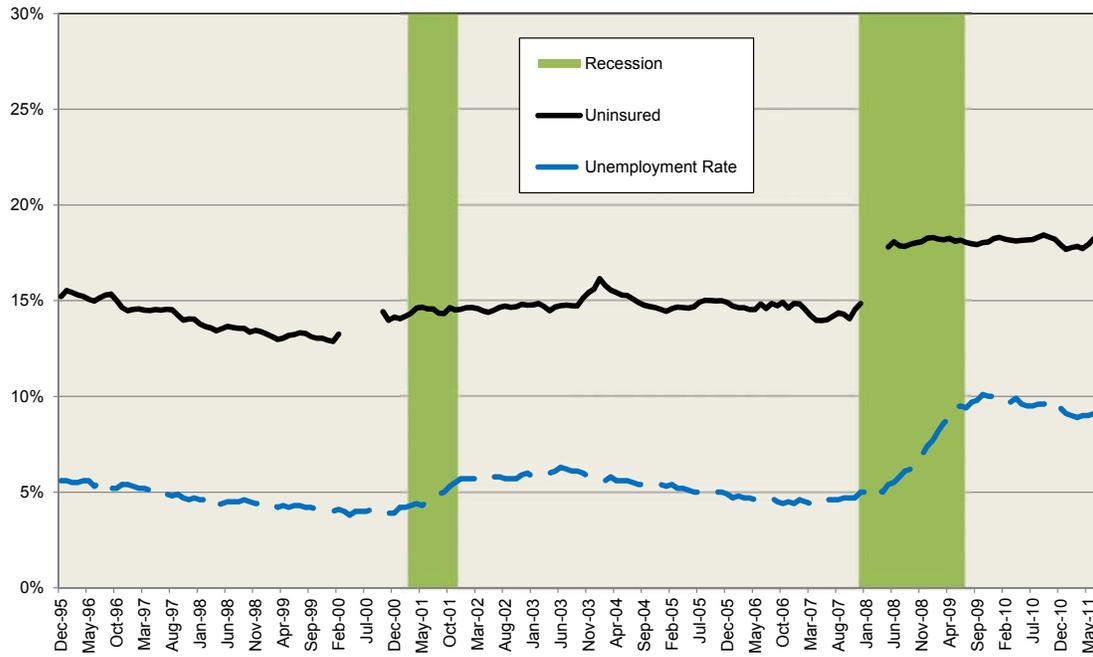
Uninsured workers reported multiple reasons for not having coverage. Most workers reported that they did not have coverage because of cost. These workers may have been referring to the cost of employment-based coverage or coverage that they could purchase directly from insurers. The general trend in the percentage of uninsured workers reporting cost as a reason for not having coverage has been upward since 2008 (Figure 3).

Between December 1995 and early 1997, uninsured workers citing cost as a reason for that status increased from about 73 percent to 84 percent, and then settled in the low-80 percent range through 1999 (Figure 3). An economic expansion in 2000 resulted in an unemployment rate of 3.8 percent, while the percentage of workers reporting cost as a reason for not having coverage fell to 71.5 percent. However, the percentage of uninsured workers reporting cost as a reason for not having coverage started increasing in late 2000, and continued to do so during the 2001 recession. That percentage remained in the low-80 percent range through 2003, and then jumped to the mid-80 percent range through 2007. It dropped again to about 77 percent in mid-2008 but then rose sharply during the latest recession, reaching 86 percent by May 2009, continuing to climb to 90 percent by June 2011.

## **Conclusion**

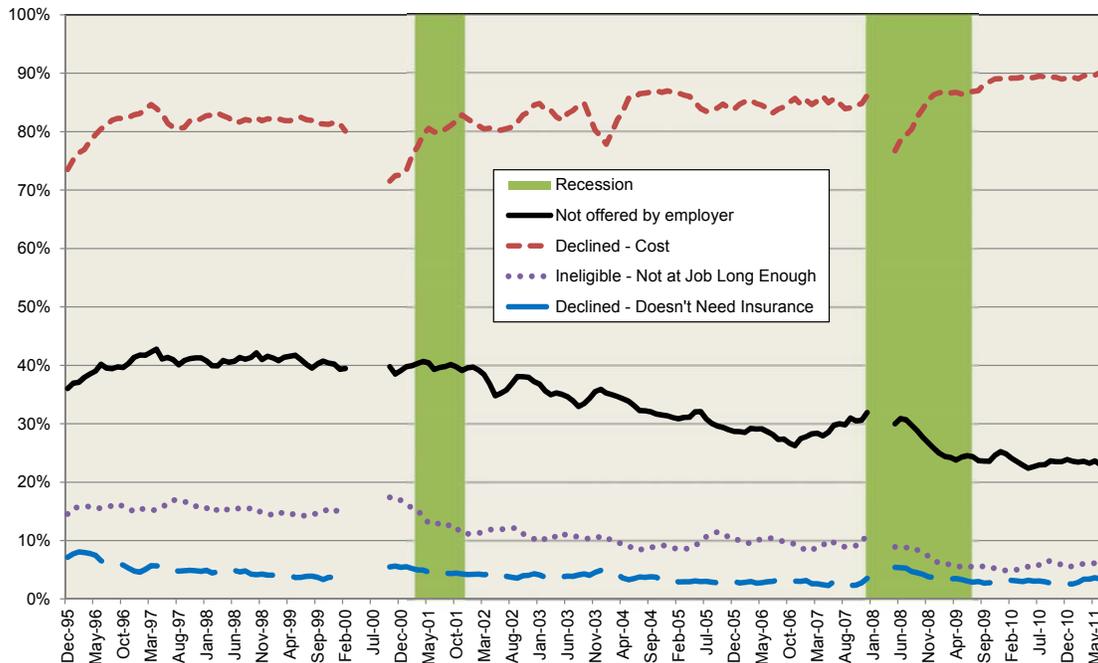
Examining sources of health insurance and uninsured rates among workers on a monthly basis allows a more accurate identification of changes in trends and can also more clearly indicate the effects of recession and unemployment on changes in coverage. While the link between health insurance coverage and employment has long been known, these data underscore the degree to which unemployment rates directly affect the levels of the uninsured in the United States.

**Figure 2**  
**Percentage of Uninsured Wage and Salary Workers, Ages 18–64, Dec. 1995–July 2011**



Source: Employee Benefit Research Institute estimates from the Survey of Income and Program Participation, 1996, 2001, 2004, and 2008 Panels.

**Figure 3**  
**Uninsured Wage and Salary Workers, Ages 18–64, by Reason Not Covered, Dec. 1995–July 2011**



Source: Employee Benefit Research Institute estimates from the Survey of Income and Program Participation, 1996, 2001, 2004, and 2008 Panels.

## Data and Methods Appendix

Data for this study come from a series of panels from the Survey of Income and Program Participation (SIPP) conducted by the Census Bureau. SIPP is a nationally representative longitudinal survey of the civilian noninstitutionalized U.S. population. SIPP provides comprehensive information about the income of individuals and households in the United States. It also provides information on participation in public programs. Individuals selected into the SIPP sample are interviewed once every four months over the life of the panel. In addition to a core set of questions asked participants each four months, a rotating set of topical questions supplements the core questions.

The data in this paper come from the 1996, 2001, 2004, and 2008 panels. The 1996 panel covers December 1995–February 2000. The 2001 panel covers October 2000–December 2003. The 2004 panel covers October 2003–December 2007. And the 2008 panel started in May 2008. Data through April 2011 are currently available for the entire sample. Smaller samples are available for 2011: May 2011 is available for three-quarters of the sample, June 2011 is available for one-half of the sample, and July 2011 is available for one-quarter of the sample. There are two gaps in the time series: March–September 2000 and January–April 2008.

Every four months, panel members were asked about health insurance coverage. Specific questions were asked about coverage from public sources, such as Medicare, Medicaid, the State Children’s Health Insurance Program (SCHIP), and various sources of military-related coverage. Specific questions were also asked about employment-based coverage and insurance purchased directly from an insurer. Uninsured individuals were also asked a series of questions regarding why they did not have coverage. Unfortunately, individuals with public coverage were not asked the series of questions related to why they did not have employment-based coverage; therefore, the analysis in this report related to reasons for not having employment-based coverage is limited to the uninsured.

The data in this report are for wage and salary workers ages 18–64. Self-employed workers are generally not included in the analysis because of issues regarding asking them about employer sponsorship of health benefits.

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# Notes

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