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# Falling Apart

## How Adults are Faring in the Crisis of Job-Based Health Insurance in US and California

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Working Partnerships USA*

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## Major Findings

- Employer-based coverage is in serious decline and low- and middle-income adults are the most vulnerable.
  - Nationally, 900,000 fewer adults have such coverage every time health care premiums increase by 10%.
  - The study predicts that by 2010 there will be 1.2 million more uninsured adults in California and 6.2 million more in the United States, barring new policy measures to address the crisis.
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## Data Sources

- The primary source for data on health coverage is the March Current Population Survey (CPS), 2000 to 2004.
  - This data is supplemented by information on premium prices from the Employer Health Benefits Survey (2000-2004) conducted by the Kaiser Family Foundation (KFF) and the Health Research and Education Trust (HRET).
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## Rising Uninsurance ... and Falling Job-Based Coverage for Adults between 2000 and 2004

- The drop in health coverage was fueled by a decline in employer-sponsored insurance.
  - Job-based coverage dropped from 68% to 64% in the U.S. and from 61% to 58% in California.
- “Low-income” and “middle income” adults (with family incomes between 100% and 400% of the Federal Poverty Line) experienced the sharpest decline in job-based health coverage .
  - Job-based coverage declined for these lower- and middle- income population by 5.9 percentage points in California – as opposed to 2.6 points for higher-income adults. Uninsurance among these lower-income adults rose by 4.3 percentage points.
  - Job-based coverage dropped by 14 points for full-time workers earning between \$9 and \$11/hour in California.

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## Double-Digit Premium Cost Inflation ... and Worker Contributions Are Rising Even Faster

- There were sharp premium increases between 2000 and 2004.
    - 11% annual growth rate
      - Average cost of family coverage in 2004: \$9,800
  - There were even sharper increases in worker contributions.
    - Workers' share of premium costs rose from 25% to 32% for family plans over this period; share of individual plans rose from 10% to 15%.
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## Estimated Change in National Coverage from a 10% Increase in Health Care Premiums

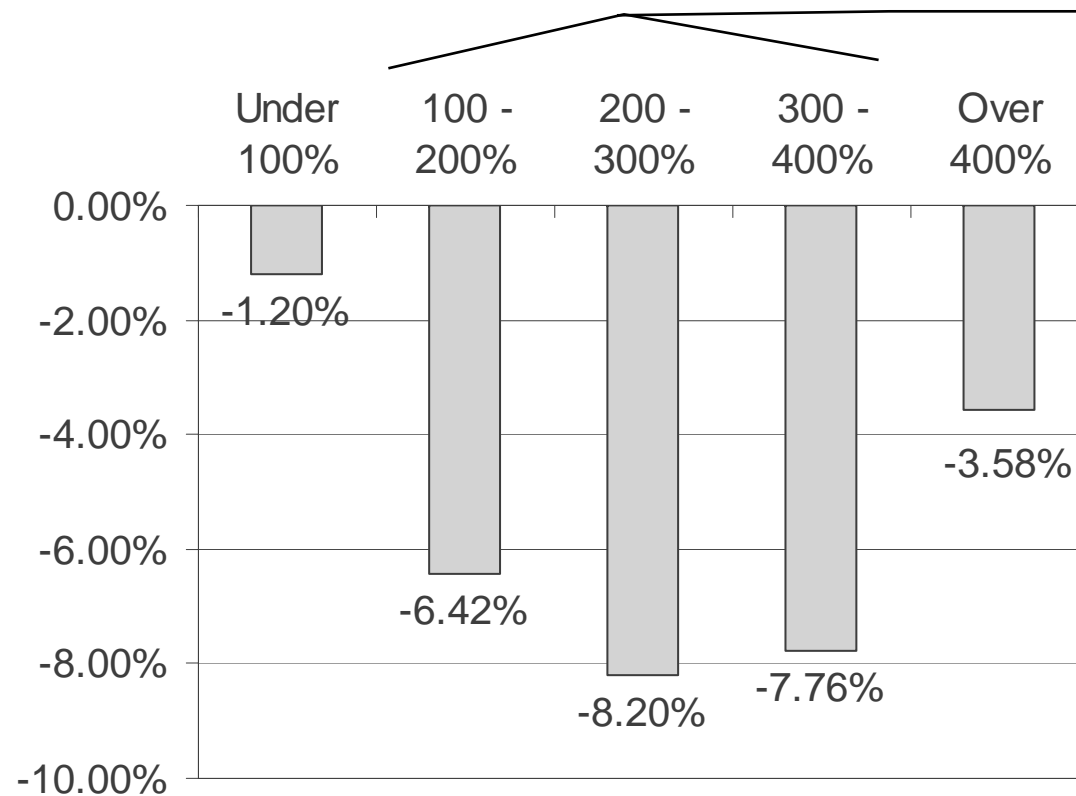
- Other things equal, for every 10% increase in health care premiums:
    - 900,000 fewer adults nationally have employer-based coverage.
    - 650,000 more become uninsured.
    - Job-based coverage for adults between 100% and 400% of FPL falls by more than 2 times as much as for adults with higher incomes.
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## Projected Coverage for Adults, Assuming 10% Annual Premium Price Inflation: 2004-2010

- All else equal, if premium prices increase 10% annually in the United States by 2010:
    - ❑ Employer-based coverage will drop to 64% to 60%.
    - ❑ 6.2 million more adults will be uninsured.
    - ❑ 2.9 million more enrolled in a public program if eligibility levels remain the same.
  - By 2010 in California:
    - ❑ Employer-based coverage will drop from 58% to 53%.
    - ❑ 1.2 million more adults will be uninsured.
    - ❑ 400,000 more will enroll in Medi-Cal.
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# The Projected Decline in Job-Based Coverage is Concentrated Among Low- and Middle-Income California Adults



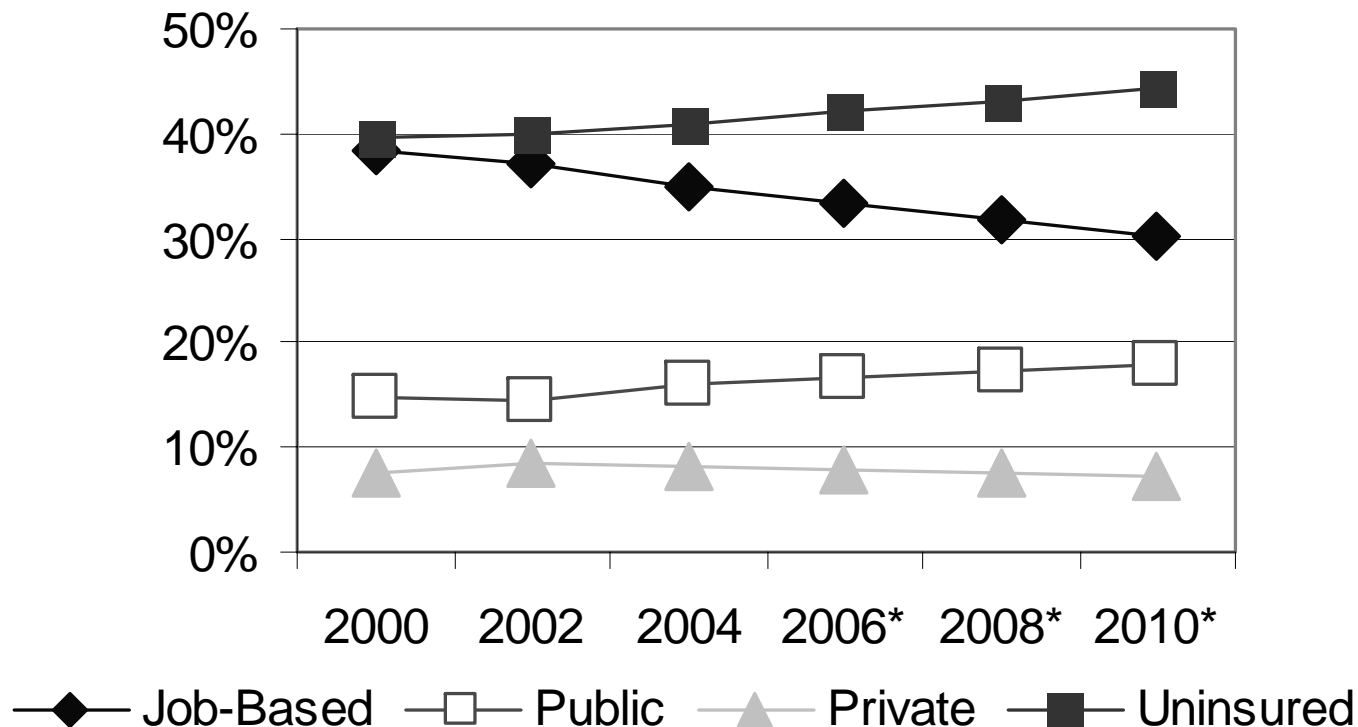
Federal Poverty Income levels for a family of three:

100% of FPL:  
\$15,000

400% of FPL:  
\$59,000

## Future Projections for California Adults Under 300% FPL, Assuming 10% Annual Premium Price Inflation: 2004-2010

For Californians in the bottom half of the income scale, only 30% will have job-based coverage, 44% will be uninsured, and 18% will have public coverage by 2010.



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## Policy Implications

- Without major policy changes employer-based coverage will continue to erode.
  - For low- and middle-income adults, job-based coverage is increasingly unavailable.
  - A continued decline in job-based coverage will shift additional health care costs from employers to the public sector.
  - Private or consumer-driven health programs are an unrealistic option for those losing coverage.
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