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Which California Industries would be Most Affected by ACA Repeal and Cuts to Medi-Cal?

By Laurel Lucia, Miranda Dietz, and Ken Jacobs

Under the Affordable Care Act (ACA), 3.7 million Californians enrolled in the ACA's Medi-Cal expansion, and another 1.2 million Californians received federal subsidies that make purchasing insurance through Covered California more affordable.¹ These coverage gains are at risk if the ACA is repealed. Further cuts to Medi-Cal are also possible if Congress changes how the federal government funds Medicaid by converting it to a block grant program or applying a cap on spending per enrollee. Under such a proposal, federal Medicaid spending could be cut by one-third to one-half over a ten-year period, according to national estimates by the Center on Budget and Policy Priorities.²

Most Californians who rely on these programs are in working families. Eight out of ten Medi-Cal enrollees are in families with at least one worker, according to the Kaiser Family Foundation.³ The majority of those enrolled in Covered California with subsidies are also part of working families.⁴

In this data brief, we find that California workers who are employed in certain industries, including agriculture and parts of the service industry such as restaurants and retail, disproportionately enroll in ACA coverage, which we define as the Medi-Cal expansion and subsidized coverage through Covered California. Workers in these industries also enroll in the overall Medi-Cal program (including the expansion and all other eligibility categories) at rates higher than the California workforce overall. Not only would workers in these industries be harmed by ACA repeal and federal funding cuts to Medicaid, but firms whose employees lose health insurance may face higher absenteeism and reduced productivity.

DATA BRIEF

Methods

We use 2015 data from the U.S. Census Bureau's American Community Survey (ACS) to estimate California workers' enrollment in certain types of health insurance. Estimates of Medi-Cal enrollment from the ACS are adjusted up by 31% to reflect the percentage by which administrative Medi-Cal enrollment data from the California Department of Health Care Services in July 2016⁵ exceeded the estimated Medi-Cal enrollment reflected in the ACS 2015.

ACA Coverage

We first examine California workers' enrollment in coverage programs of the Affordable Care Act: the Medi-Cal expansion and Covered California with subsidies. (For simplicity we will call this ACA coverage.)

- Medi-Cal expansion enrollment is estimated based on the number of working adults ages 18 through 64 who report having Medi-Cal and who do not have minor children living at home. These "childless adults" comprise the majority of adults enrolled in the ACA Medi-Cal expansion, but some parents at certain income levels are also enrolled in the expansion. Therefore, the Medi-Cal expansion estimates in this brief are low-end estimates.
- Enrollment in Covered California with subsidies is estimated based on the number of working adults ages 18 through 64 who report having private insurance in the individual market and who have income that is at or below 400% of the federal poverty level, making them potentially eligible for Covered California subsidies. This method overestimates the number of enrollees because not all individuals with individual market coverage in this income range receive premium tax credits. Additionally, some purchase coverage directly from an insurer and are not enrolled through Covered California.

Medi-Cal Coverage

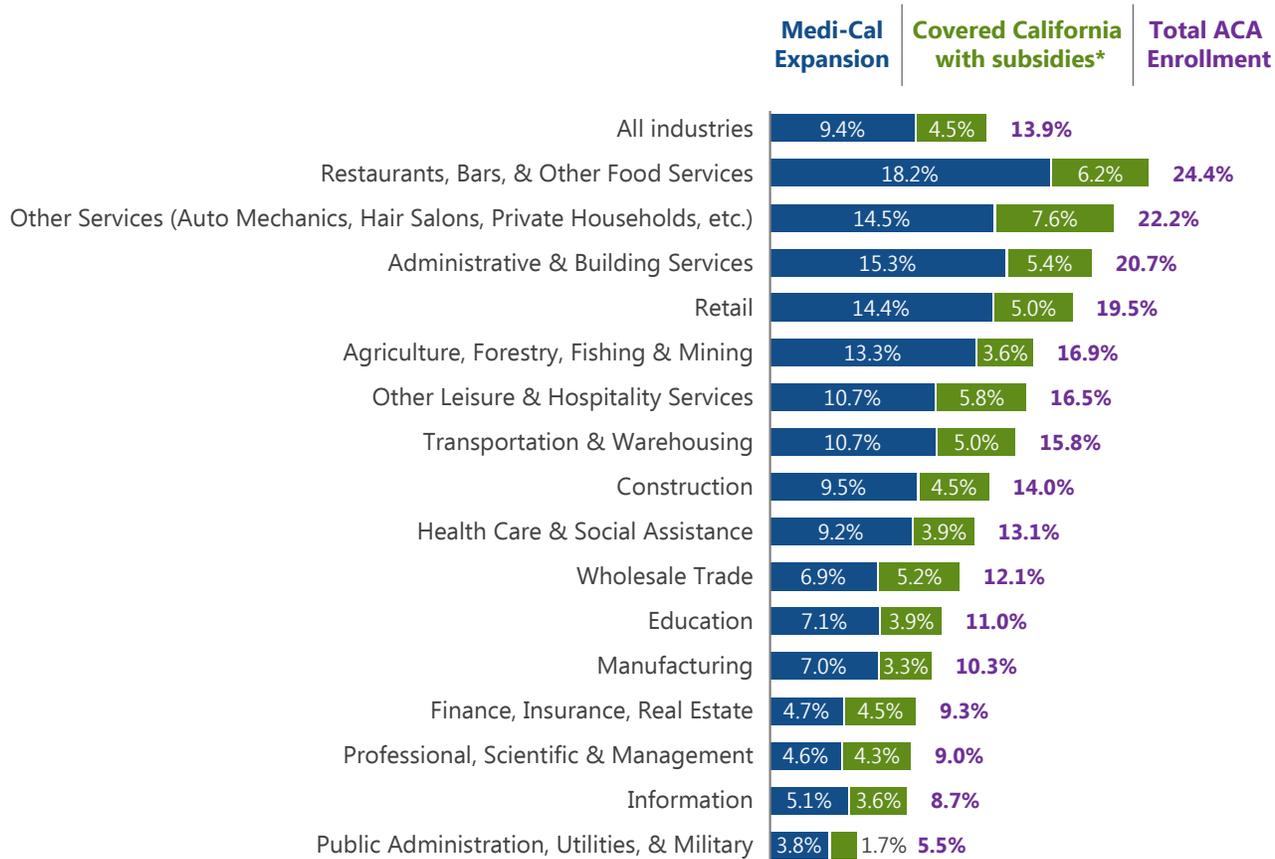
In this analysis we also estimate enrollment in the overall Medi-Cal program, including the expansion plus eligibility categories for parents, individuals with disabilities, and all other aid codes in which adults ages 18-64 are enrolled. Thus, in this analysis there is some overlap in the populations of those receiving ACA coverage and those enrolled in Medi-Cal.

Restaurant, other service industry, and agricultural workers disproportionately rely on ACA coverage

Workers in certain industries in California would be more likely to face loss of insurance under ACA repeal. While 13.9% of California workers ages 18-64 were estimated to be enrolled in the Medi-Cal expansion or Covered California with subsidies in 2015, the enrollment rates for these ACA coverage programs were especially high for restaurant workers (24.4%); retail workers (19.5%); workers in other parts of the service industry like auto repair, hair salons, and private households (22.2%); temporary workers, security guards, and landscapers (20.7%); and workers in agriculture and related industries⁶ (16.9%) (Exhibit 1). The estimated number of workers enrolled by industry in 2015 is shown in Appendix Exhibit A.

Workers in these industries have higher rates of enrollment in ACA coverage because they are generally less likely than the average worker to be offered or eligible for employer-sponsored insurance,⁷ and they are more likely to have family income within the range that makes them eligible for the Medi-Cal expansion or subsidized coverage through Covered California. The Medi-Cal income eligibility threshold for non-disabled adults under age 65 is 138% of the Federal Poverty Level (FPL), or approximately \$16,600 for a single individual and \$33,900 for a family of four in 2017. Families that are not eligible for Medi-Cal are eligible for

Exhibit 1: Estimated Percentage of California Workers Ages 18-64 Enrolled in ACA Coverage by Industry, 2015



* Potentially enrolled in subsidized insurance through Covered California because reporting individual market coverage and income 139-400% of the Federal Poverty Level

Source: Authors' analysis of American Community Survey 2015; Medi-Cal estimates adjusted to match enrollment total from California Department of Health Care Services (DHCS) in July 2016

Notes: Workers include self-employed; Medi-Cal estimates include restricted-scope aid codes; Medi-Cal expansion estimates include childless adults ages 18-64 without disability

subsidies through Covered California if they have income up to 400% FPL, or approximately \$48,200 for a single individual and \$98,400 for a family of four.

Agricultural, restaurant, and other service industry workers disproportionately rely on Medi-Cal

Nearly one in five (18.7%) workers ages 18-64 in California were estimated to be enrolled in Medi-Cal in 2015, whether they were eligible due to

the Medi-Cal expansion under the ACA or were already eligible prior to the law because they were a parent, had a disability, or met some other categorical eligibility criteria. In certain industries, more than one-quarter or one-third of workers were estimated to be enrolled in Medi-Cal: agriculture and related industries (36.2%); restaurant workers (33.4%); temporary workers, security guards, and landscapers (31.5%); workers in other parts of the service industry like auto repair, hair salons, and private households (29.6%); and retail workers (25.5%) (Exhibit 2). The estimated number of

Exhibit 2: Estimated Percentage of California Workers Ages 18-64 Enrolled in Medi-Cal by Industry, 2015

Includes all Medi-Cal eligibility categories for non-elderly adults, including the ACA expansion



Source: Authors' analysis of American Community Survey 2015; Medi-Cal estimates adjusted to match enrollment total from DHCS in July 2016
Notes: Workers include self-employed; Includes Medi-Cal restricted-scope aid codes

workers enrolled by industry in 2015 is shown in Appendix Exhibit A.

Workers in these industries are more likely to enroll in Medi-Cal because they are less likely than the average worker to be offered or eligible for employer-sponsored insurance⁸ and they are more likely to be low income.

Loss of Health Insurance Could Lead to Increased Worker Absenteeism and Reduced Productivity

If Congress repeals the ACA or makes changes to Medicaid funding that result in cuts to eligibility or benefits, many workers would become uninsured,

have less access to healthcare services, or struggle to afford healthcare or insurance. The firms that employ them could also face negative consequences. Research has shown that workers with health insurance are less likely to miss work and miss fewer days of work than those without insurance, even after taking into account underlying differences in health between the two groups.⁹ Health issues also affect performance at work. Numerous studies have quantified the economic losses from reduced productivity due to health problems.¹⁰ Few studies have analyzed the direct relationship between workers' access to health insurance and their productivity levels, but one analysis of manufacturing plants found that workers offered health insurance did have greater productivity.¹¹

Conclusion

Workers in certain California industries – agriculture and service industries including restaurants, retail, auto repair, hair salons, private households, and building services – would be especially affected by ACA repeal because their rates of combined enrollment in the Medi-Cal expansion and subsidized insurance through Covered California (ranging from 16.9% to 24.4%) are higher than for the state’s

workforce overall (13.9%). In these same industries, between one-quarter and one-third of workers are enrolled in the overall Medi-Cal program, compared to less than one-fifth of the workforce generally, indicating that potential reductions in eligibility or cuts to benefits resulting from federal policy change would hit workers in these industries harder. Firms that employ these workers could also be harmed by increased absenteeism and reduced productivity due to the health insurance losses.

Appendix Exhibit A. Estimated Number of California Workers Ages 18-64 Enrolled in ACA Coverage or Medi-Cal by Industry, 2015

	Workforce Total	Enrollment			
		Medi-Cal	Medi-Cal Expansion	Covered California with subsidies*	Total ACA Enrollment
Administrative & Building Services	937,000	295,000	143,000	51,000	194,000
Agriculture, Forestry, Fishing & Mining	503,000	182,000	67,000	18,000	85,000
Construction	1,175,000	252,000	112,000	53,000	165,000
Education	1,560,000	193,000	110,000	61,000	171,000
Finance, Insurance, Real Estate	1,077,000	107,000	51,000	49,000	100,000
Health Care & Social Assistance	2,225,000	441,000	204,000	87,000	291,000
Information	552,000	46,000	28,000	20,000	48,000
Manufacturing	1,736,000	259,000	121,000	58,000	179,000
Other Leisure & Hospitality Services	729,000	144,000	78,000	42,000	120,000
Other Services (Auto Mechanics, Hair Salons, Private Households, etc.)	957,000	283,000	139,000	73,000	212,000
Professional, Scientific & Management	1,518,000	123,000	70,000	66,000	136,000
Public Administration, Utilities, & Military	1,064,000	83,000	40,000	18,000	58,000
Restaurants, Bars, & Other Food Services	1,287,000	430,000	234,000	80,000	314,000
Retail	2,061,000	526,000	297,000	104,000	401,000
Transportation & Warehousing	774,000	168,000	83,000	39,000	122,000
Wholesale Trade	536,000	80,000	37,000	28,000	65,000
All industries	17,754,000	3,317,000	1,671,000	796,000	2,467,000

* Potentially enrolled in subsidized insurance through Covered California because reporting individual market coverage and income 139-400% of the Federal Poverty Level
Source: Authors' analysis of American Community Survey 2015; Medi-Cal estimates adjusted to match enrollment total from DHCS in July 2016
Notes: Workers include self-employed; Medi-Cal estimates include restricted-scope aid codes; Medi-Cal expansion estimates include childless adults ages 18-64 without disability

Endnotes

¹ Dietz M, Lucia L, Kominski GF, and Jacobs K. ACA Repeal in California: Who Stands to Lose? UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research, December 2016.

<http://laborcenter.berkeley.edu/aca-repeal-in-california-who-stands-to-lose/>

² Park E and Solomon J. Per Capita Caps or Block Grants would Lead to Large and Growing Cuts in State Medicaid Programs. Center on Budget and Policy Priorities, June 22, 2016.

<http://www.cbpp.org/research/health/per-capita-caps-or-block-grants-would-lead-to-large-and-growing-cuts-in-state>

³ Kaiser Family Foundation. State Health Facts: Distribution of the Nonelderly with Medicaid by Family Work Status, 2015.

<http://kff.org/medicaid/state-indicator/distribution-by-employment-status-4/?currentTimeframe=0>

⁴ Data is not available on which Covered California enrollees receiving subsidies are in working families. Using the methods described in this brief, we estimate that 796,000 California working adults were enrolled in individual market insurance and had income in the range that made them potentially eligible for premium subsidies (Appendix Exhibit A), out of approximately 1.2 million individuals enrolled in subsidized insurance through Covered California in 2015 (Covered California, Active Member Profile, June 2015, <http://hbex.coveredca.com/data-research/>). An unknown share of the approximately 400,000 remaining enrollees may have working spouses or parents. These estimates suggest that at least the majority of enrollees are in working families, though the precise percentage remains unknown.

⁵ California Department of Health Care Services, Research and Analytic Studies Division, Medi-Cal Monthly Enrollment Fast Facts, July 2016.

<http://healthpolicy.ucla.edu/publications/search/pages/detail.aspx?PubID=1603>

⁶ The estimated enrollment rates for agricultural workers in this brief reflect our best estimates using the U.S. Census Bureau's American Community Survey. However, past research has shown that the U.S. Census undercounts farmworker households, especially immigrant farmworker households. (Kissam E, A Summary Review of Research Relevant to Housing Units Missing from the Census Bureau's Master Address File (MAF), <http://www.wkfamilyfund.org/docs/Wkf%20-%20A%20Summary%20Review%20of%20Research%20Related%20to%20Census%20Missing%20Housing%20Units%20-%203Oct.pdf>, WKF Giving Fund, October 3, 2016.) Therefore, the total size of the agricultural workforce presented in this brief is likely an underestimate. Assuming that farmworkers who are not counted in the survey are more likely to lack eligibility for full-scope Medi-Cal benefits or Covered California due to immigration status, the *number* of agricultural workers utilizing these programs in this brief may be underestimated, while the *share* of agricultural workers utilizing the programs might be overestimated.

⁷ Charles SA, Becker T, Jacobs K, Pourat N, Eberahim R, and Kominski GF. The State of Health Insurance in California: Findings from the 2014 California Health Interview Survey. UCLA Center for Health Policy Research, January 2017.

<http://healthpolicy.ucla.edu/publications/search/pages/detail.aspx?PubID=1603>

⁸ Charles SA, et al, 2017.

⁹ See for example: Dizioli A and Pinheiro RB, Health Insurance as a Productive Factor, *Labour Economics* (40), p. 1-24, June 2016; and Lofland JH and Frick KD, Effect of Health Insurance on Workplace Absenteeism in the U.S. Workforce, *Journal of Occupational and Environmental Medicine* (48): p. 13-21, January 2006.

¹⁰ See for example: Loeppke K, Taitel M, Haufle V, Parry T, Kessler RC, and Jinnett K, Health and Productivity as a Business Strategy: A Multiemployer Study, *Journal of Occupational and Environmental Medicine* (51):4, p. 411-428, April 2009. Davis K, Collins SR, Doty MM, Ho A, and Holmgren AL, Health and Productivity Among U.S. Workers, Commonwealth Fund Issue Brief, August 2015.

http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2005/Aug/Health%20and%20Productivity%20Among%20U%20S%20Workers/856_Davis_hlt_productivity_USworkers%20pdf.pdf

¹¹ Nguyen, SV and Zawacki AM, Health Insurance and Productivity: Evidence from the Manufacturing Sector, U.S. Census Bureau Center for Economic Studies, September 2009.

Institute for Research on Labor and Employment
University of California, Berkeley
2521 Channing Way
Berkeley, CA 94720-5555
(510) 642-0323
laborcenter.berkeley.edu



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