
Economic Policy Institute

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SEE REPORT: [*Prognosis Worsens for Workers' Health Care*](#)

NEW STUDY CHARTS STEADY EROSION OF HEALTH INSURANCE COVERAGE

Employer-Provided Insurance Increasingly Fails to Cover Workers and Families

There are about 46 million Americans without health insurance and the tide is rising faster than hurricane waters over crumbling New Orleans levees. That's about the population of California and Michigan combined. However, there is no dramatic television footage of the health insurance disaster depicted in the briefing paper *Prognosis Worsens for Workers' Health Care*, by Elise Gould, and released today by the Economic Policy Institute.

Gould tracks the erosion of health insurance coverage, particularly insurance provided through employers, between 2000 and 2004. Even as the population grew, the rate of coverage declined from 63.6 percent to 59.8 percent. As many as 11 million more people would have had employer-paid health insurance in 2004 if the coverage rate had remained at the 2000 level.

Over the last four years, about 3.7 million fewer people had employer-provided health insurance, while Medicaid, including the State Children's Health Insurance Program (SCHIP), increased by nearly eight million participants. This is a significant shift from private sector coverage to public sector coverage, especially in the case of children.

The report also charts the decline of employer coverage within states. During the period of 1999/2000 and 2003/4, Maryland, Maine, Missouri, North Carolina, and Wisconsin all experienced losses in coverage rates in excess of 6.0 percentage points. Not a single state experienced a statistically significant increase in coverage.

The paper does not dwell on the reasons why there is a growing poverty of the insured. Rather, it gives the grim statistics showing the decline in health insurance coverage by age, sex, race, education, or family income. The numbers illustrate that those with the fewest resources are hit hardest and privilege softens the blow.

- 49.9 percent of African-Americans and 41.1 percent of Hispanics had employer-provided coverage, compared to 65.7 percent of whites.
- Only about 1 in 5 individuals in families in the lowest income group had employer-provided health insurance, yet 4 in 5 individuals in families at the highest income groups had such coverage.

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- Only 42.5 percent of workers with a high school education were covered, compared to 68.8 percent of those college-educated.
- Workers among the bottom 20 percent of hourly wage earners were the least likely to have employer coverage; 24.4 percent of workers in the bottom quintile were covered, compared to 77.5 percent in the highest wage quintile.
- Prime working-age, middle-income Americans experienced declines in employer-provided coverage from 80.6 percent in 2000 to 75.8 percent in 2004 – a drop of 4.8 percentage points.

Although 2.5 million youth lost employer-provided health coverage between 2000 and 2004, many were caught by the public sector safety net as indicated by the enrollment of an additional 4.8 million more children in both Medicaid and the State Children’s Health Insurance Program (SCHIP) over that same time period.

While employer-provided insurance continues to decline, discussions are underway to reduce the tax incentives for employers to provide such coverage. Additionally, a group of states are cutting Medicaid coverage. Pending legislation at the federal level would substantially cut the very programs, Medicaid and SCHIP, that have kept millions of children from losing coverage altogether. There is no similar safety net for Americans in the prime of their working life.

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The Economic Policy Institute is an independent, nonprofit, nonpartisan research institute – or “think tank” – that researches the impact of economic trends and policies on working people in the United States and around the world.