

The Impact of the 2007–2009 Recession on Workers' Health Coverage

By Paul Fronstin, Employee Benefit Research Institute

EXECUTIVE SUMMARY

IMPACT OF THE RECESSION: The 2007–2009 recession has taken its toll on the percentage of the population with employment-based health coverage. While, since 2000, there has been a slow erosion in the percentage of individuals under age 65 with employment-based health coverage, 2009 was the first year in which the percentage fell below 60 percent, and marked the largest one-year decline in coverage.

FEWER WORKERS WITH COVERAGE: The percentage of workers with coverage through their own job fell from 53.2 percent in 2008 to 52 percent in 2009, a 2.4 percent decline in the likelihood that a worker has coverage through his or her own job. The percentage of workers with coverage as a dependent fell from 17 percent in 2008 to 16.3 percent in 2009, a 4.5 percent drop in the likelihood that a worker has coverage as a dependent. These declines occurred as the unemployment rate increased from an average of 5.8 percent in 2008 to 9.3 percent in 2009 (and reached a high of 10.1 percent during 2009).

FIRM SIZE/INDUSTRY: The decline in the percentage of workers with coverage from their own job affected workers in private-sector firms of all sizes. Among public-sector workers, the decline from 73.4 percent to 73 percent was not statistically significant. Workers in all private-sector industries experienced a statistically significant decline in coverage between 2008 and 2009.

HOURS WORKED: Full-time workers experienced a decline in coverage that was statistically significant while part-time workers did not. Among full-time workers, those employed full year experienced a statistically significant decline in coverage from their own job. Those employed full time but for only part of the year did not experience a statistically significant change in coverage. Among part-time workers, those employed full year experienced a statistically significant increase in the likelihood of having coverage in their own name, as did part-time workers employed for only part of the year.

ANNUAL EARNINGS: The decline in the percentage of workers with coverage through their own job was limited to workers with lower annual earnings. Statistically significant declines were not found among any group of workers with annual earnings of at least \$40,000.

DEMOGRAPHICS: Workers with a high school education or less experienced a statistically significant decline in the likelihood of having coverage. Neither workers with a college degree nor those with a graduate degree experienced a statistically significant decline in coverage through their own job. Workers of all races experienced statistically significant declines in coverage between 2008 and 2009. Both men and women experienced a statistically significant decline in the percentage with health coverage through their own job.

IMPACT OF STRUCTURAL CHANGES TO THE WORK FORCE: The movement of workers from the manufacturing industry to the service sector continued between 2008 and 2009. The percentage of workers employed on a full-time basis decreased while the percentage working part time increased. While there was an overall decline in the percentage of full-time workers, that decline was limited to workers employed full year. The percentage of workers employed on a full-time, *part-year* basis increased between 2008 and 2009. The distribution of workers by annual earnings shifted from middle-income workers to lower-income workers between 2008 and 2009.

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Introduction

Health coverage through the work place is by far the most common source of health insurance among the population under age 65. In 2009, 156.1 million individuals under age 65, or 59 percent of that population, were covered by employment-based health benefits (Fronstin 2010a). In contrast, 16.7 percent were covered by Medicaid or the State Children's Health Insurance Program (SCHIP), 6.3 percent purchased coverage directly from an insurer, and about 3 percent were covered by Medicare or Tricare/CHAMPVA. Nearly 19 percent were uninsured.

The recent recession has taken its toll on the percentage of the population with employment-based health coverage. While, since 2000, there has been a slow erosion in the percentage of individuals under age 65 with employment-based health coverage, 2009 was the first year in which the percentage fell below 60 percent, and also marked the largest one-year decline in coverage.¹ The purpose of this *Issue Brief* is to examine changes in employment-based health insurance coverage among workers. Hence, the analysis uses data from 2008 and 2009 that were collected in the March 2009 and March 2010 Current Population Survey following the 2007–2009 recession. The report focuses on coverage that workers receive from their own employer, and explores changes by job characteristics and demographics. The impact of structural changes in the job market is also examined. The analysis can be used to give a sense of the impact of future recessions on the percentage of the population with coverage through the work place.

The Economy and Health Coverage

Since the early 1990s, there have been two recessions. The recession that started in March 2001 lasted eight months and unemployment peaked at 6.3 percent in June 2003, up from 3.9 percent during the fall 2000. The second recession started in December 2007. The National Bureau of Economic Research (NBER) determined that this recession ended in December 2009. Unemployment peaked at 10.1 percent in October 2009, up from a 4.4 percent rate seen in a number of months between October 2006 and May 2007. By the end of the recession, the unemployment rate had fallen slightly, to 10 percent, in December 2009. As of February 2011, the unemployment rate was 8.9 percent.

The unemployment rate and the percentage of the population with insurance are highly correlated. In 2002, Gruber and Levitt determined that a 1 percentage point increase in the unemployment rate led to a 0.43–0.57 percentage point increase in the uninsured rate (Gruber and Levitt, 2002). More recent research has found that the change in the percentage of uninsured due to a change in unemployment is different for children and adults under age 65. Because many children losing employment-based coverage become eligible for Medicaid or SCHIP, a 1 percentage point increase in the unemployment rate does not have a statistically significant effect on the uninsured rate of *children*. However, a 1 percentage point increase in the unemployment rate results in a nearly one-for-one (0.92 percentage point) decrease in the percentage of *adults* with employment-based coverage, a 0.18 percentage point increase in insurance purchased directly from an insurer, a 0.20 percentage point increase in Medicaid coverage, and a 0.59 percentage point increase in uninsured adults (Holahan and Garret, 2009). Were the unemployment rate to reach 10 percent, the number of adults with employment-based coverage would fall by 4.1 million, the number children with employment-based coverage would fall by 1.8 million, and the number of uninsured adults would increase by 5.4 million.

Figure 1 contains data on the percentage of workers ages 18–64 who had employment-based health coverage from their own job (own name coverage) from 2000 through 2009. It also shows the percentage of workers with coverage as a dependent and the unemployment rate. The figure shows a number of things. In all but one year during the 2000–2009 period, there was a steady erosion in both the percentage of workers with coverage through their own job and the percentage with coverage as a dependent.

The greatest annual decline in coverage occurred in 2009 for both workers with coverage through their own job and coverage as a dependent. The percentage of workers with coverage through their own job fell from 53.2 percent to 52 percent. This represents a 2.4 percent decline in the likelihood that a worker has coverage through his or her own job. The percentage of workers with coverage as a dependent fell from 17 percent to 16.3 percent. Despite the fact that this was only a 0.7 percentage point decline, it represents a 4.5 percent drop in the likelihood that a worker has

coverage as a dependent. These declines occurred as the unemployment rate increased from an average of 5.8 percent in 2008 to 9.3 percent in 2009 (while reaching a high of 10.1 percent during 2009).

The overall decline in coverage for the population is related to the simple fact that when fewer people are working there are fewer people with access to employment-based coverage. However, that does not mean that workers who are still employed are immune to the recession's impact on whether they have coverage through their job. During a recession, some employers drop coverage, some increase the worker share of the premium, and some change eligibility requirements. Structural changes in the economy during a recession, such as the substitution of part-time workers for full-time workers, have the effect of reducing the number of workers eligible for health benefits. This reflects the fact that while unemployment is rising, an increasing share of still-employed workers may decline coverage for a number of reasons. This is reflected in prior EBRI research which found that, during the 2007–2009 recession, an increasing percentage of uninsured workers reported that they did not have coverage because of the cost, even though fewer workers said their employer did not offer coverage (Fronstin, 2010b).

Impact of the Recession on Workers—Job Characteristics

Figures 2–6 contain data on the percentage of workers with employment-based coverage in their own name for 2008 and 2009 by various job characteristics. The analysis focuses on 2008 and 2009 in order to understand the impact of the 2007–2009 recession on employment-based coverage.

Firm Size and Sector—The decline in the percentage of workers with coverage from their own job affected workers in private-sector firms of all sizes. The percentage of workers with coverage from their own job fell from 26.4 percent to 25.3 percent among workers in firms with fewer than 10 employees (Figure 2). Similarly, it fell from 64.2 percent to 63.3 percent among workers in firms with 1,000 or more workers. Statistically significant declines were also experienced among workers in firms with 25–99 workers and 100–499 workers. The declines experienced among workers in firms with 10–24 workers and 500–999 workers were not statistically significant.

While workers in the private sector experienced an overall decline from 53.2 percent to 51.6 percent in the likelihood of having coverage from their own job, the decline from 73.4 percent to 73 percent among public-sector workers was not statistically significant. Self-employed workers also experienced a decline in coverage that was statistically significant.

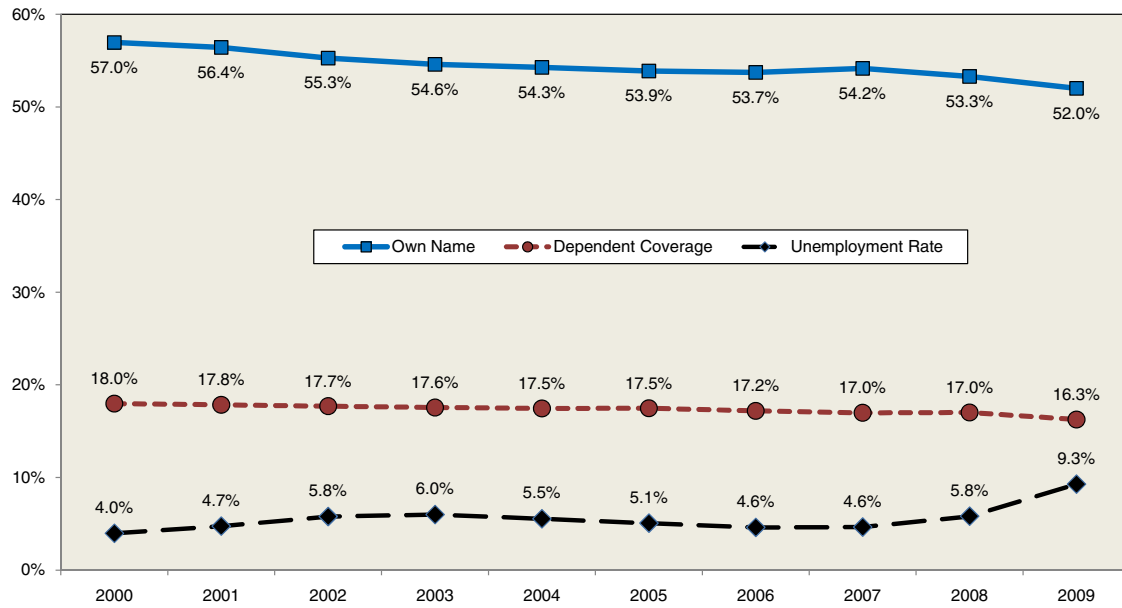
Industry—When examining workers using broad industrial categories, workers in all private-sector industries experienced a statistically significant decline in coverage between 2008 and 2009. Workers in manufacturing saw the likelihood of having coverage through their own job decline from 66.8 percent to 65.1 percent (Figure 3). Similarly, the likelihood of having coverage among workers in the service sector fell from 41.7 percent to 40.5 percent.

Occupation—Workers in nearly all broadly defined occupational categories experienced a statistically significant decline in coverage between 2008 and 2009. The percentage of managerial and professional specialty workers with coverage from their own job fell from 66.1 percent to 65.4 percent between 2008 and 2009 (Figure 4). Similarly, the percentage of workers in service occupations with coverage from their own job fell from 33.9 percent to 32.4 percent; coverage among workers in sales and office occupations fell from 50.5 percent to 49.6 percent; coverage among construction, extraction, and maintenance workers fell from 48.3 percent to 46.1 percent; and coverage among workers in production, transportation, and material moving occupations fell from 55 percent to 52.9 percent. The decline from 22.9 percent to 20.3 percent among workers in farming, fishing, and forestry was not statistically significant.

Hours Worked—Full-time workers experienced a decline in coverage that was statistically significant while part-time workers did not. The percentage of full-time workers with coverage through their own job fell from 61.2 percent to 60.4 percent, a statistically significant decline (Figure 5). In contrast, the decline from 17.8 percent to 17.6 percent among part-time workers was not statistically significant.

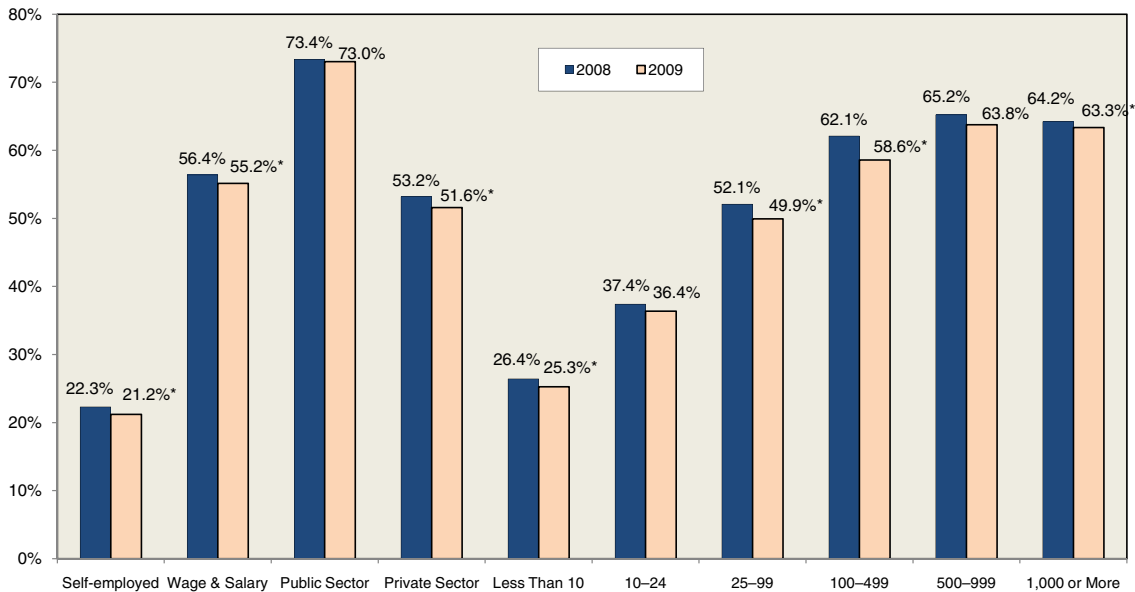
Examining full-time and part-time workers masks important changes occurring within those groups. Among full-time workers, those employed full-year experienced a statistically significant decline in coverage from their own job from 66.1 percent in 2008 to 65.5 percent in 2009. Those employed full-time but for only part of the year did not experience a statistically significant change in coverage.

Figure 1
Percentage of Workers, Ages 18–64, With Employment-Based Health Benefits in their Own Name and as a Dependent, 2000–2009



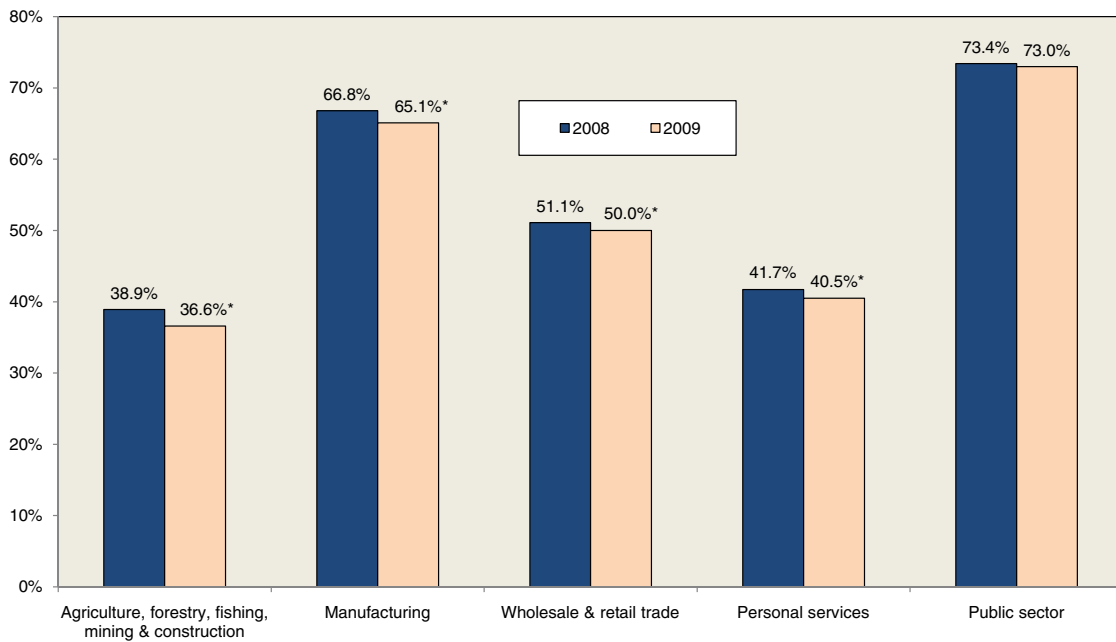
Source: Employee Benefit Research Institute estimates from the Current Population Survey, March 2001–2010 Supplements, and Bureau of Labor Statistics.

Figure 2
Percentage of Workers Ages 18–64 With Health Coverage From Own Employer, by Firm Size, 2008–2009



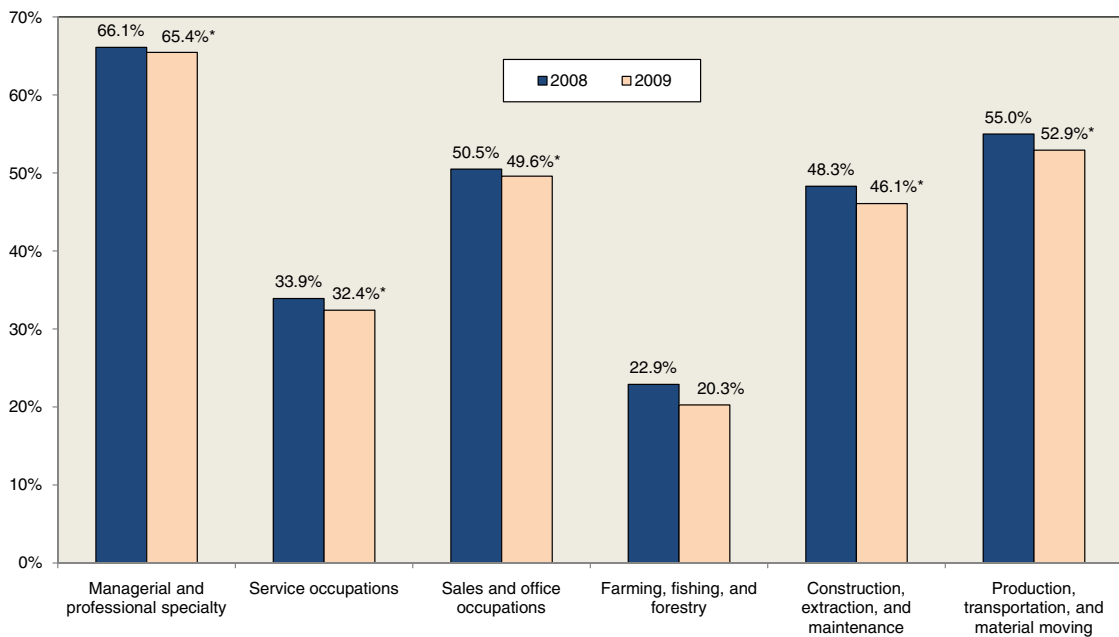
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 3
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Industry, 2008–2009



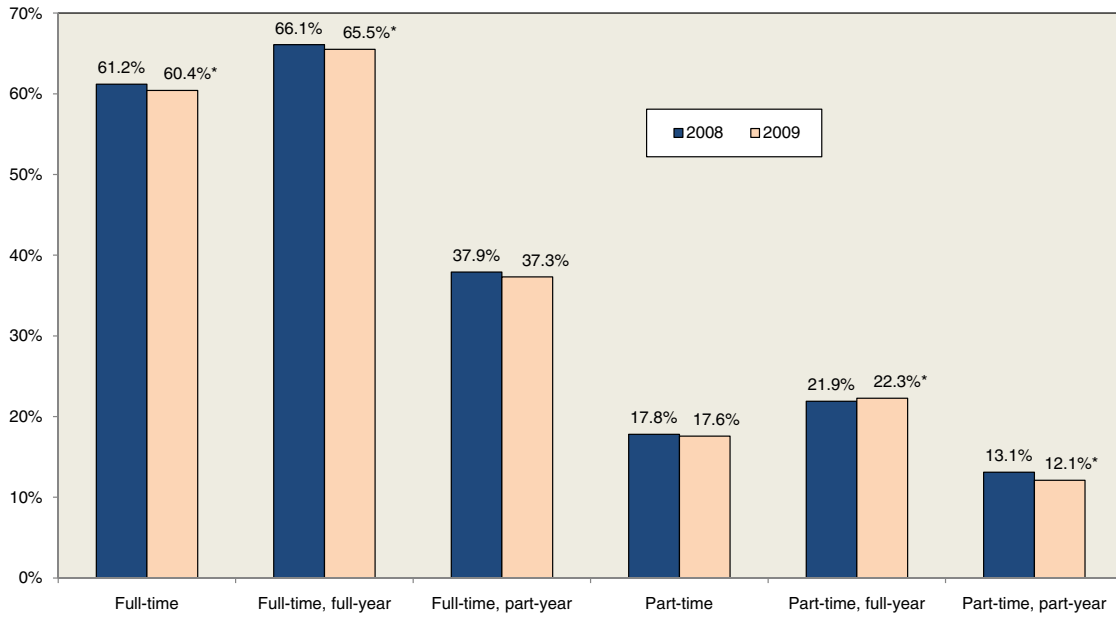
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 4
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Occupation, 2008–2009



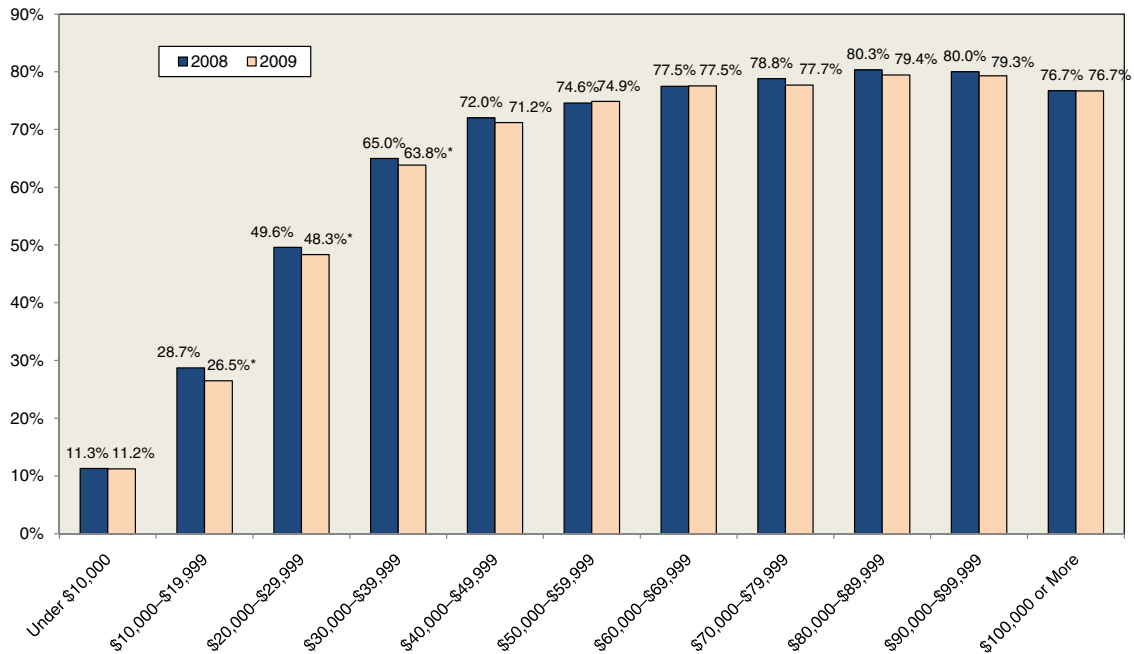
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 5
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Hours of Work, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 6
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Annual Earnings, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Among part-time workers, those employed full-year experienced an increase in the likelihood of having coverage in their own name. It increased from 21.9 percent to 22.3 percent between 2008 and 2009 and was statistically significant. In contrast, part-time workers employed for only part of the year experienced a decline in coverage that was statistically significant.

Annual Earnings—The decline in the percentage of workers with coverage through their own job between 2008 and 2009 was limited to workers with lower annual earnings. Among workers with income between \$10,000 and \$20,000, the percentage with coverage through their own job fell from 28.7 percent in 2008 to 26.5 percent in 2009 (Figure 6). There was also a statistically significant decline in coverage among workers with annual earnings between \$20,000 and \$30,000 and between \$30,000 and \$40,000. Statistically significant declines were not found among any group of workers with annual earnings of at least \$40,000.

Impact of the Recession on Workers—Demographics

Figures 7–12 contain data on the percentage of workers with employment-based coverage in their own name for 2008 and 2009 by various demographics.

Education—There is a clear correlation between changes in the percentage of workers with health coverage through their own job by level of education. Workers with a high school education or less experienced a statistically significant decline in the likelihood of having coverage. The percentage of workers with less than a high school education and health coverage through their job fell from 27.5 percent to 25.6 percent between 2008 and 2009 (Figure 7). Similarly, among workers with a high school education, the percentage with coverage through their job fell from 50.2 percent to 48.4 percent. Neither workers with a college degree nor those with a graduate degree experienced a statistically significant decline in coverage through their own jobs.

Race/Ethnicity—Workers of all races experienced statistically significant declines in coverage between 2008 and 2009. The likelihood that non-Hispanic whites had coverage through their own job fell from 56.2 percent to 55.2 percent (Figure 8). Among non-Hispanic blacks, the percentage with coverage fell from 53.5 percent to 51.9 percent. And among Hispanics of all races, the percentage with coverage through their own job fell from 39.5 percent to 36.9 percent.

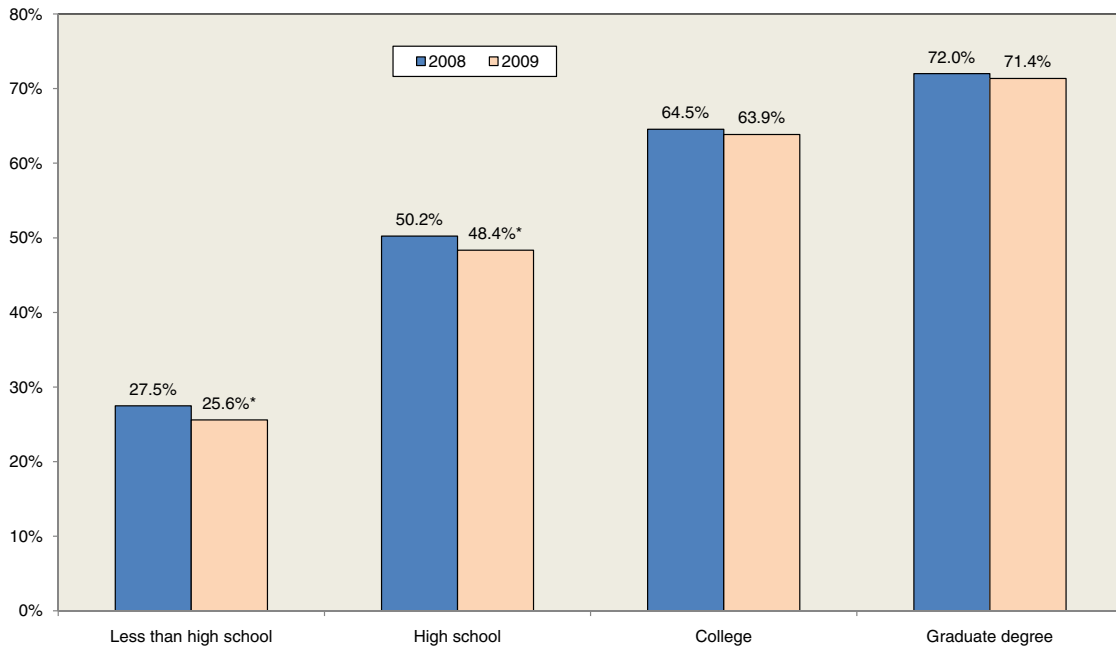
Gender—Both men and women experienced a statistically significant decline in the percentage with health coverage through their own job. The percentage of men with coverage through their own job fell from 56.2 percent to 54.3 percent, while the percentage of women with coverage through their own job fell from 50.1 percent to 49.5 percent (Figure 9).

Age—Workers in nearly all age cohorts experienced a statistically significant decline in the percentage with health coverage through their own job, with the exception of those ages 18–20 and 55–64. The youngest workers did not experience a statistically significant decline in coverage and were the least likely age cohort to have coverage through their own job. Conversely, while the oldest age cohort of workers did not experience a statistically significant decline in coverage, they were the most likely age cohort to have coverage through their own job (Figure 10).

Male workers followed the overall picture by age: Those in the 18–20 and 55–64 groups did not experience a decline in coverage, while those ages 21–54 experienced a statistically significant decline in coverage through their own job (Figure 11). In contrast, among female workers, declines in the percentage with coverage through their own job were seen for those ages 18–34 but not for those ages 35 and above (Figure 12).

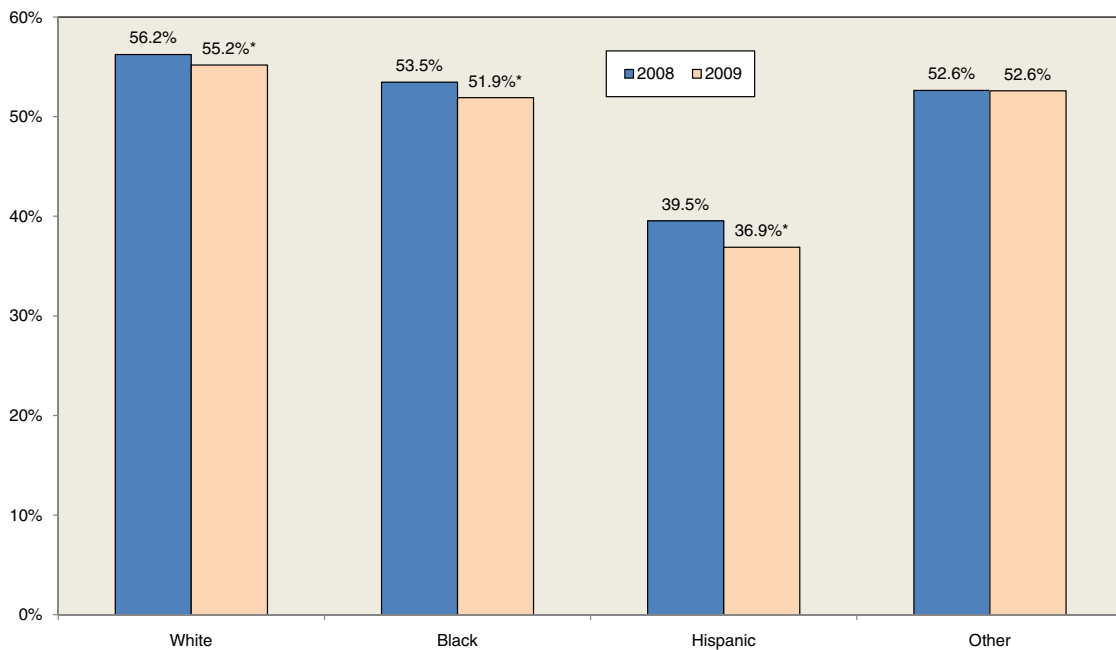
State Variation—Figure 13 shows the percentage of workers with coverage through their employer by state. Instead of showing 2008 and 2009, the figure uses three-year moving averages and compares the average for 2006–2008 with the average for 2007–2009. The Census Bureau recommends using three-year averages to compare estimates across states. State estimates are considerably less reliable than national estimates and fluctuate more widely year-to-year than national estimates.

Figure 7
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Education, 2008–2009



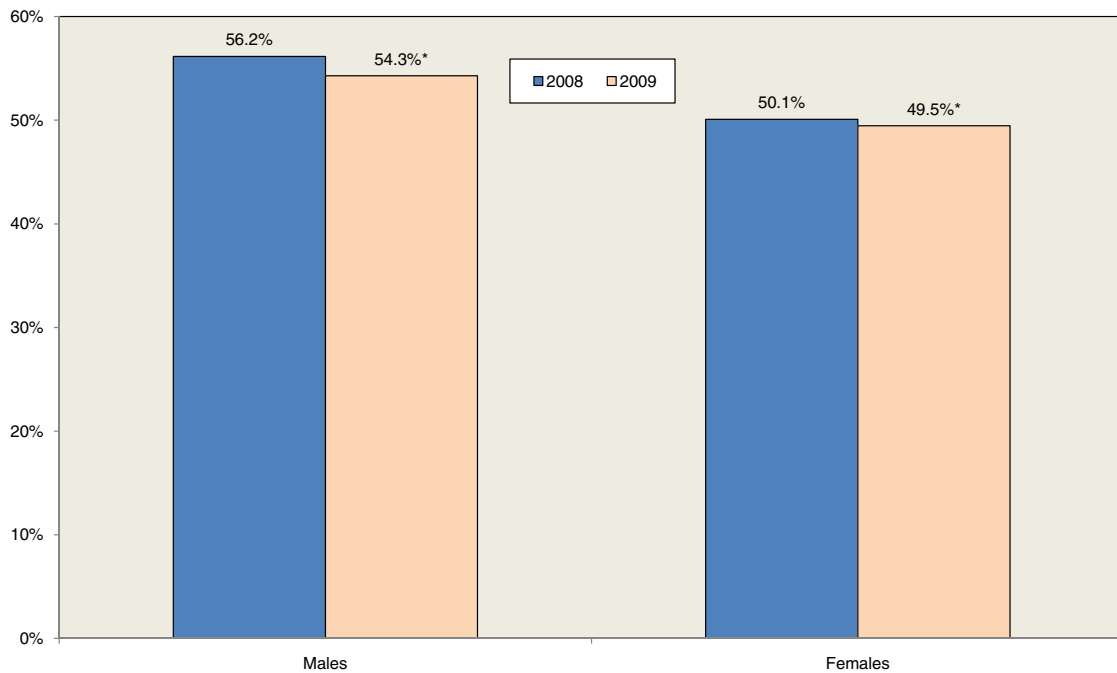
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 8
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Race/Ethnicity, 2008–2009



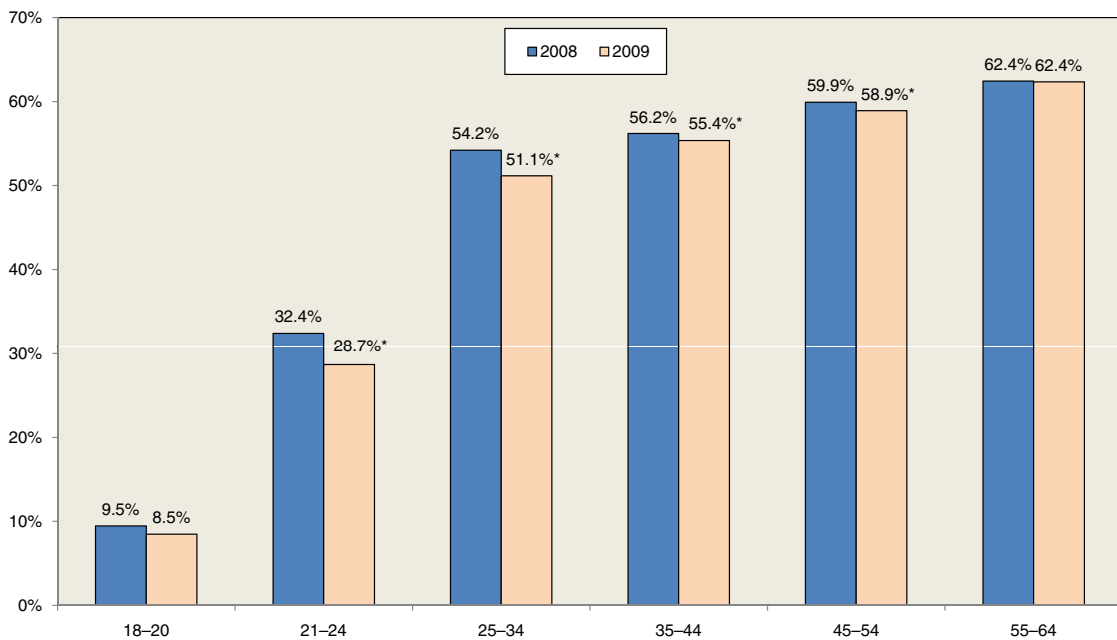
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 9
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Gender, 2008–2009



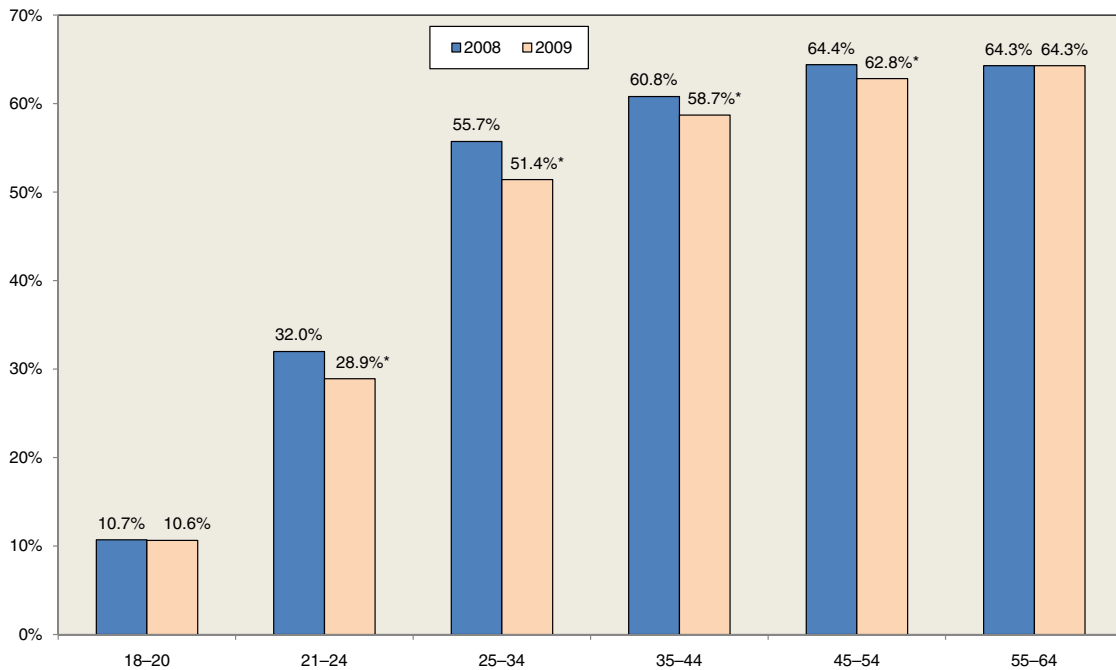
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 10
Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by Age, 2008–2009



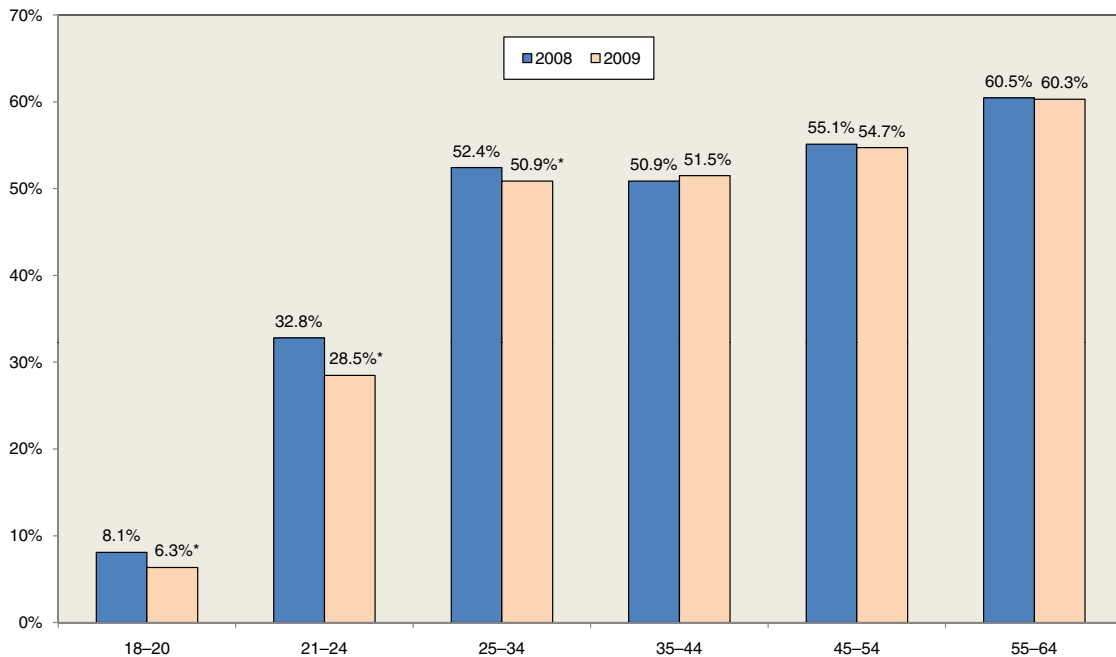
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 11
Percentage of Male Workers Ages 18–64 With Health Coverage From Own Employer, by Age, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 12
Percentage of Female Workers Ages 18–64 With Health Coverage From Own Employer, by Age, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

According to the data in Figure 13, Hawaii had the highest percentage of workers covered by their own employers' health plan: 66.9 percent over 2007–2009. The District of Columbia was the only other "state" with more than 60 percent of its workers covered by their own employers' health plan. Note that Hawaii has had an employer mandate since the 1980s, and Washington, DC, has a large percentage of federal government employees (though many reside in Maryland and Virginia). In Massachusetts, the only other state with an employer mandate, 56.5 percent of workers had health coverage through their own job. Besides Hawaii and Washington, DC, only Alabama, Nevada, and Washington had a larger percentage of workers with coverage from their own job. Maine (49.7 percent), Texas (48.7 percent), Montana (47.9 percent) and New Mexico (44.4 percent) were the only states where the percentage of workers with coverage through their own job was below 50 percent.

Only one state, Louisiana, experienced a statistically significant increase in the percentage of workers with coverage through their own job. The percentage of workers with coverage increased from an average of 47.8 percent during 2006–2008 to an average of 50.7 percent during 2007–2009. This was a 6 percent increase in the likelihood of having coverage through a worker's own job. Workers in three states—New York, Delaware, and Georgia—experienced a decline in the percentage with coverage through their own job. While the percentage of workers in Massachusetts with coverage from their own job increased from 54.8 percent to 56.5 percent, the change was not statistically significant.

Structural Changes to the Work Force

A number of factors can be cited as contributing to the erosion of employment-based health coverage among workers during a recession. Fewer employers offering coverage means fewer workers have access to coverage. Furthermore, if workers' wages do not keep pace with premiums, fewer workers with access to coverage are likely to enroll in health plans. Structural changes in the work force must be considered as well: Any movement away from jobs that have traditionally been more likely to provide coverage (i.e., manufacturing and full-time jobs) than jobs that have not been as likely to provide coverage (i.e., service-sector jobs and part-time jobs) will reduce the number of workers with coverage independent of any wage/premium changes and changes in the percentage of employers offering coverage. The remainder of this section examines such structural changes in the distribution of jobs.

Firm Size—Between 2008 and 2009, there was very little change in the distribution of workers by firm size. There were slight declines in the percentage of workers employed in private-sector firms with 25–99 workers, 100–499 workers, and 500–999 workers, but in all three cases the change was statistically significant (Figure 14). The distribution of jobs did not shift to smaller firms, despite the fact that small firms are more likely to create jobs than large firms. Instead, public-sector jobs increased as a share of all jobs, increasing from 14.4 percent to 15 percent of employment among 18–64 year olds between 2008 and 2009. The movement of workers from mid-size private-sector to public-sector jobs would have the effect of increasing the percentage of workers with coverage through a job.

Industry—The movement of workers from the manufacturing industry to the service sector continued between 2008 and 2009. The percentage of workers in the manufacturing industry declined from 17.3 percent to 16.3 percent, while the percentage of workers in the service sector increased from 27.6 percent to 28.2 percent (Figure 15). The movement from workers from the manufacturing industry to the service sector will reduce the percentage of workers with coverage through their job simply because manufacturing jobs are more likely than service-sector jobs to provide health benefits.

Occupation—Between 2008 and 2009 there were statistically significant increases in the percentage of workers employed in managerial and professional specialties as well as in service-sector occupations (Figure 16). There were decreases in the percentage of workers in construction, extraction, and maintenance jobs as well as in production, transportation, and material-moving jobs.

Hours of Work—The percentage of workers employed on a full-time basis decreased between 2008 and 2009, while the percentage working part time increased (Figure 17). As a result, the percentage of workers with coverage through a job will decline, as full-time workers are more likely than part-time workers to have access to coverage.

Figure 13

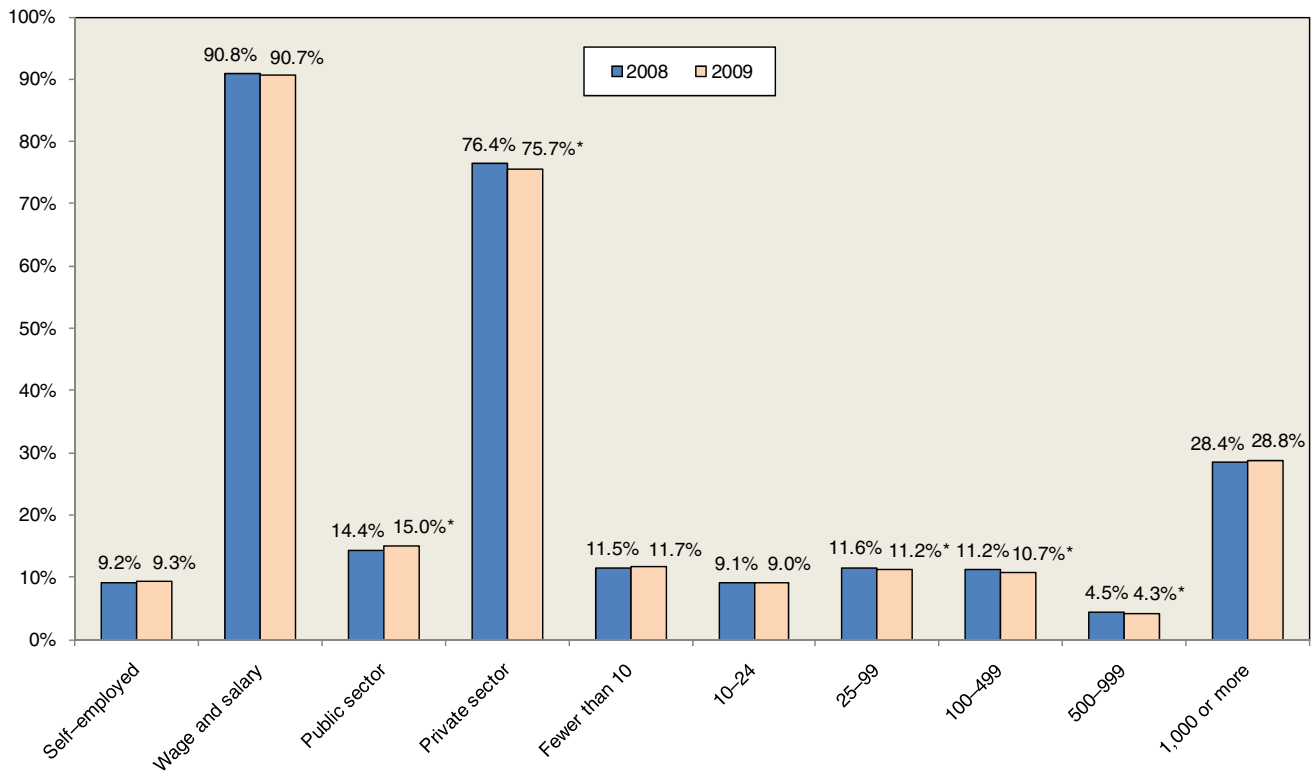
**Percentage of Workers Ages 18–64 With Health Coverage
From Own Employer, by State, Three-Year Moving Average,
2006–2008 and 2007–2009**

	2006–2008	2007–2009	Change
Total	53.7%	53.2%	-1.0%*
New England			
Maine	50.2	49.7	-1.1
New Hampshire	53.8	53.2	-1.2
Vermont	51.1	50.7	-0.7
Massachusetts	54.8	56.5	2.9
Rhode Island	53.3	52.2	-2.2
Connecticut	56.0	55.4	-1.1
Middle Atlantic			
New York	54.4	53.3	-2.0*
New Jersey	56.5	55.6	-1.6
Pennsylvania	57.6	56.5	-2.0
East North Central			
Ohio	55.6	54.6	-1.9
Indiana	56.4	56.1	-0.5
Illinois	56.0	55.1	-1.7
Michigan	54.4	53.3	-2.2
Wisconsin	53.0	52.6	-0.7
West North Central			
Minnesota	55.0	54.6	-0.7
Iowa	55.3	54.3	-1.7
Missouri	56.7	55.7	-1.8
North Dakota	50.9	52.1	2.4
South Dakota	51.2	50.0	-2.2
Nebraska	51.9	52.3	0.8
Kansas	53.2	53.1	-0.2
South Atlantic			
Delaware	58.5	56.1	-4.0*
Maryland	56.9	56.4	-0.7
District of Columbia	63.9	64.5	0.9
Virginia	55.6	54.7	-1.7
West Virginia	55.0	55.0	0.0
North Carolina	55.8	55.9	0.1
South Carolina	54.8	54.3	-1.0
Georgia	54.9	53.3	-3.1*
Florida	50.9	50.2	-1.3
East South Central			
Kentucky	55.6	54.7	-1.7
Tennessee	53.1	52.0	-1.9
Alabama	58.1	57.1	-1.7
Mississippi	55.3	54.9	-0.9
West South Central			
Arkansas	49.6	50.7	2.1
Louisiana	47.8	50.7	6.0*
Oklahoma	51.3	51.7	0.8
Texas	49.6	48.7	-1.7
Mountain			
Montana	48.4	47.9	-1.1
Idaho	53.4	52.4	-1.9
Wyoming	51.4	51.5	0.1
Colorado	51.9	51.9	-0.1
New Mexico	43.9	44.4	1.1
Arizona	52.3	51.8	-1.0
Utah	52.0	53.5	2.9
Nevada	60.7	59.5	-2.0
Pacific			
Washington	57.7	57.0	-1.2
Oregon	53.8	54.5	1.3
California	50.3	50.0	-0.6
Alaska	50.7	51.1	0.9
Hawaii	67.8	66.9	-1.4

Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2007–2010 Supplements.

* Difference between 2006–2008 and 2007–2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 14
Distribution of Workers Ages 18–64, by Firm Size, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
* Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

While there was an overall decline in the percentage of full-time workers, that decline was limited to workers employed full year. The percentage of workers employed on a full-time, part-year basis increased between 2008 and 2009.

Annual Earnings—The distribution of workers by annual earnings shifted from middle-income workers to lower-income workers between 2008 and 2009. There was a statistically significant increase in the percentage of workers with income below \$20,000, and a decrease among workers with income between \$20,000 and \$40,000 (Figure 18). This will have the effect of reducing the number of workers who can afford health coverage when it is offered. It is also likely that the reduction in annual earnings was partly driven by the movement of workers from full-time to part-time work, which also reduced the number of workers eligible for health coverage.

Conclusion

This *Issue Brief* examines changes in health coverage among workers during the recession that started in December 2007. The analysis uses data from 2008 and 2009 that were collected in the March 2009 and March 2010 Current Population Survey.

Health coverage through the work place is by far the most common source of health insurance among the population under age 65, so it is not surprising that the recession that started in December 2007 and ended in December 2009 is associated with a significant change in employment-based coverage. The percentage of workers with coverage through their own job fell from 53.3 percent to 52 percent, a 2.4 percent decline in the likelihood that a worker has coverage through their own job. The percentage of workers with coverage as a dependent fell from 17 percent to 16.3 percent, a 4.5 percent drop in the likelihood that a worker has coverage as a dependent. These declines occurred when the unemployment rate increased from an average of 5.8 percent in 2008 to 9.3 percent in 2009 (and reached a high of 10.1 percent during 2009).

Workers in most private-sector firm sizes, industries, and occupations were affected by the decline, while public-sector workers did not experience a decline in coverage rates. Full-time, full-year workers experienced a decline in coverage while part-time, full-year workers experienced an increase in coverage. Full-time, part-year workers were unaffected, while part-time year workers experienced a decline in coverage. Workers with less than \$40,000 in annual earnings experienced a decline in coverage whereas those with annual earnings above \$40,000 did not.

With respect to demographics, workers with a high school education or less experienced a decline in coverage, while those with a college education did not. White, black, and Hispanic workers all experienced a decline in coverage, as did both males and females. Men of nearly all ages (except 55–64 year olds) experienced a decline in coverage. In contrast, women under age 35 experienced a decline in coverage while those age 35 and older did not.

Structural changes to the labor force also played a role in reducing overall coverage rates among workers. The movement away from the manufacturing sector to the service sector, the movement away from full-time, full-year work, and the shifting distribution of annual earnings toward lower earnings among workers with already low earnings all contributed to the decline in health insurance coverage.

The next release of CPS data is expected in late summer 2011 and will contain data for 2010. At that point, it will be possible to examine whether the economic recovery has started to have an effect on health benefits among workers who lost such coverage during the recession.

Appendix—Current Population Survey (CPS)

The data presented in this *Issue Brief* come from the March Supplement to the Current Population Survey (CPS), conducted by the Census Bureau (part of the U.S. Department of Commerce) for the Bureau of Labor Statistics (BLS, part of the U.S. Department of Labor) every month for more than 50 years. It is the primary source of data on labor force characteristics of the U.S. civilian noninstitutionalized population. It is also the official source of data on unemployment rates, poverty, and income in the United States. Nearly 100,000 households, representing nearly 210,000 individuals, were interviewed in the most recent March supplement.

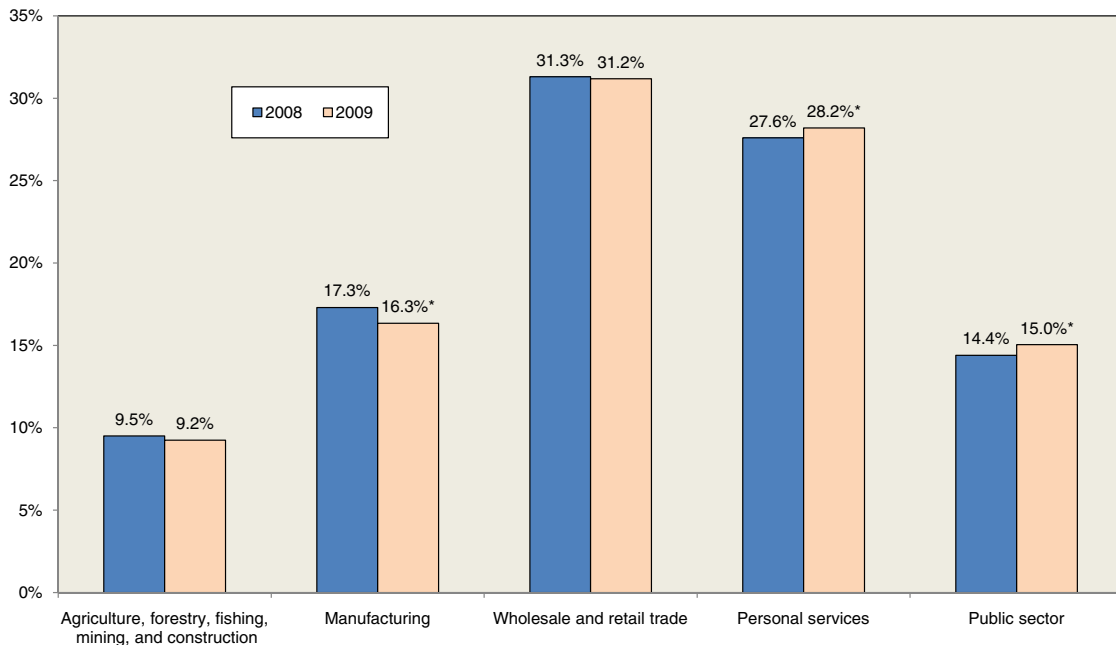
Since 1980, the supplement to the March CPS has included questions on health insurance coverage. Separate questions are asked about employment-based health insurance, health insurance purchased directly from an insurer, insurance from a source outside of the household, Medicare, Medicaid, Tricare, CHAMPVA, Indian Health Service, or other state-specific health programs for low-income uninsured individuals. These questions are asked of the household respondent, and potentially could miss nonrespondents, but the CPS also follows each question with a question about who else in the household is covered by the health plan.

Until recently, a question about being uninsured was never asked. Estimates of the uninsured were calculated as a residual; that is, persons were counted as being uninsured if they did not report having any type of health insurance coverage.

The questions on health insurance refer to the previous calendar year. For example, in March 2010, interviewers asked about health insurance coverage during 2009. Assuming that respondents answered the questions correctly, the uninsured estimate should represent the number of people who were uninsured for the entire previous calendar year. One measurement issue that arises in this structure is that individuals potentially are asked to recall the type of health insurance they had 14 months prior to being interviewed. A second issue is that some individuals do not understand the question and report the type of health insurance they have as of the interview date. Third, the CPS may not be picking up all Medicaid recipients because some states do not call the program Medicaid. In fact, there is strong evidence that the CPS under-reports Medicaid coverage, based on comparisons of these data with enrollment and participation data provided by the Centers for Medicare & Medicaid Services (CMS), the federal agency primarily responsible for administering Medicaid.

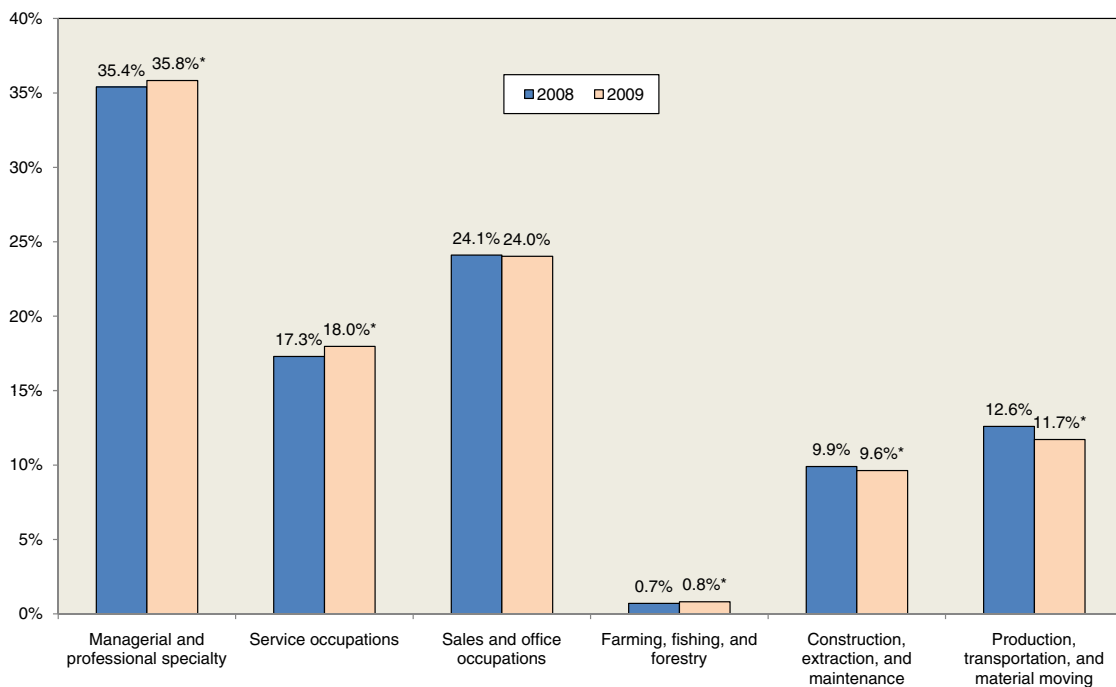
Because respondents are asked to provide information about all sources of health insurance coverage during the previous calendar year, some individuals reported having health insurance coverage from more than one source. It is not possible to determine when during the calendar year an individual was covered by multiple sources of health insurance. While these plans may have been held simultaneously, other than among Medicare beneficiaries, they were more likely held at different points during the year.

Figure 15
Distribution of Workers Ages 18–64, by Industry, 2008–2009



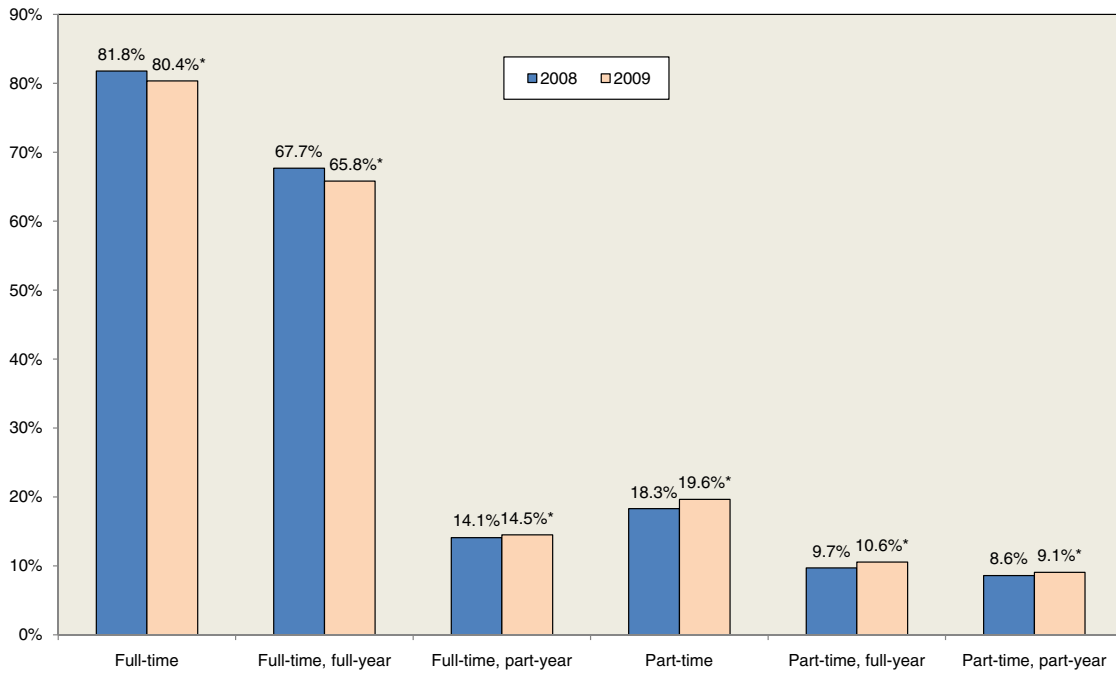
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 16
Distribution of Workers Ages 18–64, by Occupation, 2008–2009



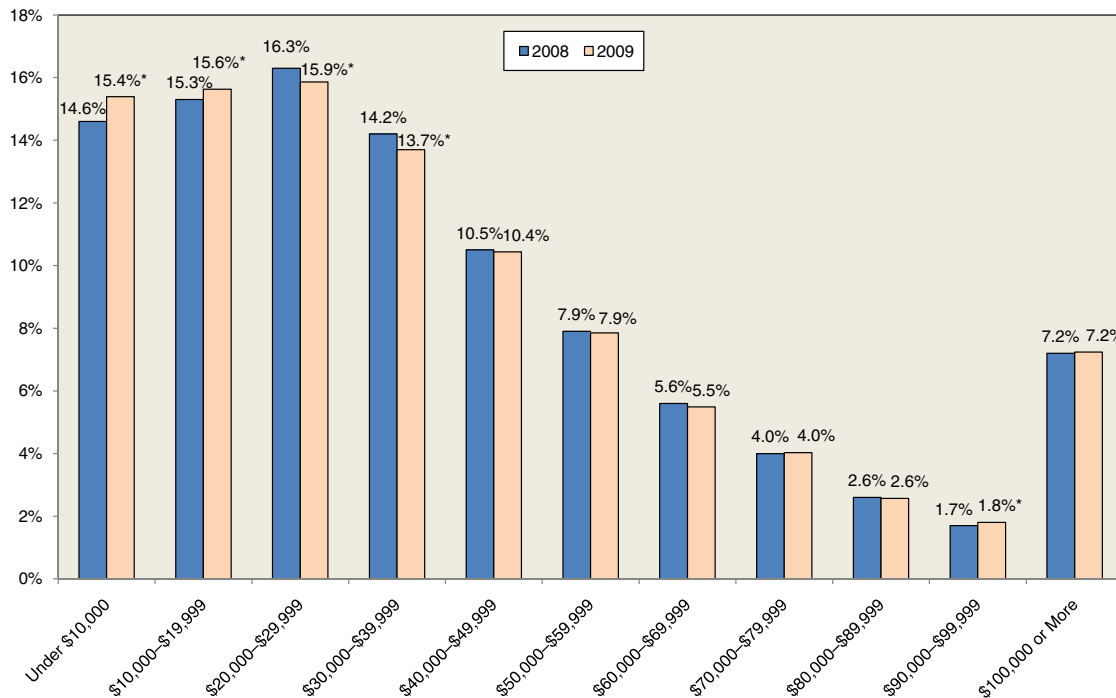
Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 17
Distribution of Workers Ages 18–64, by Hours of Work, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

Figure 18
Distribution of Workers Ages 18–64, by Annual Earnings, 2008–2009



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2009–2010 Supplements.
 * Difference between 2008 and 2009 is statistically significant at the $p \leq 0.10$ or better.

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Endnote

¹ See Fronstin (2010a): In 2009, 59 percent of the nonelderly population had employment-based health benefits, down from 68.4 percent in 2000.

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