



# Retired Steelworkers and Their Health Benefits:

RESULTS FROM A 2004 SURVEY

## Methodology

This chartpack presents findings from a survey of 2,691 retired steelworkers who lost their health benefits between 2002 and 2003 due to bankruptcies of LTV Corporation and Bethlehem Steel. The United Steelworkers of America provided the Kaiser Family Foundation with a list of steelworkers affected in each of the four states included in the survey: Maryland, Pennsylvania, Indiana, and Ohio. Two samples, pre-65 retirees and 65+retirees, were randomly selected from the list. The data were collected by mail and telephone by International Communications Research (ICR) between April 16, 2004 and June 21, 2004. Margin of error for respondents under 65 is +/- 2.15%, and for respondents over 65, +/-3.83%. For results based on smaller subsets of respondents, the margin of sampling error is higher. The data were analyzed by researchers at the Kaiser Family Foundation. All results discussed are significant at the  $p < .05$  level unless otherwise indicated. For additional survey methodology information, please email: [marketplace@kff.org](mailto:marketplace@kff.org).

The authors gratefully acknowledge the participation of the retirees from Bethlehem Steel and LTV Corporation who completed the survey. We also greatly appreciate the contributions of the United Steelworkers of America in providing the sample, and in particular Cary Burnell and Tom Duzak whose input and comments were invaluable throughout.

## Executive Summary

Approximately 200,000 steel company retirees and their dependents lost health coverage between 2002 and 2003 as a result of the bankruptcies of the LTV Corporation and Bethlehem Steel. The loss of health coverage has the potential to put retirees and their families at risk because retirees without health insurance are more likely to go without needed health care services and incur financial hardship than retirees with coverage. Having health insurance is an important determinant of health care access and utilization, and the absence of insurance can have adverse effects on health status.<sup>1</sup> From a research perspective, the coverage terminations created a framework for assessing the implications for a relatively large group of pre-65 and Medicare-eligible retirees, and for assessing the impact of the health insurance tax credit (HCTC) that was established as part of the Trade Adjustment Act of 2002.

To understand the effects of the bankruptcies and health coverage determinations for retirees in the steel industry, The Kaiser Family Foundation conducted a survey of retirees and surviving spouses from LTV Corporation and Bethlehem Steel during the spring of 2004. The survey tracks the experiences of 2,691 retirees and spouses who lost their health insurance coverage and examines the extent to which respondents were subsequently able to obtain health insurance (or supplemental health insurance in the case of Medicare-eligibles). It also looks at access to health care services and financial hardships resulting from the loss of retiree benefits from their steel companies. For respondents ages 65 and older, the survey explores whether or not respondents had benefits or insurance to help them pay for prescription drug costs.

The timing of the coverage terminations at LTV Corporation and Bethlehem Steel also provides a unique opportunity to study the impact of the Health Coverage Tax Credit (HCTC), which was enacted late in 2002 in order to help workers and retirees in industries displaced by international competition. The tax credit pays up to 65% of the premium for health insurance for qualified health plans (plans that meet certain criteria as defined by the federal government) for certain people ages 55 to 64 (See Appendix A for

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<sup>1</sup> Institute of Medicine. *Care Without Coverage, Too Little, Too Late*. Washington, DC, 2002.

additional description of the HCTC, including other eligible groups). The HCTC was not available to LTV pre-65 respondents when they initially lost coverage in March 2002, although many were eligible for it when it became effective in 2003. The credit was available to Bethlehem pre-65 retirees when they lost coverage in the spring of 2003, and these Bethlehem retirees were the target of significant outreach and education efforts by the United Steelworkers of America (USWA) intended to make retirees aware of the new benefits. The timing of the coverage terminations permits us to examine how availability of the HCTC affected the initial efforts and decisions of the retirees seeking to replace their lost retiree benefits.

### Principal Findings

Most pre-65 and 65+ respondents were able to find an alternate source of health insurance coverage after the loss of their retiree health benefits.

- Three quarters (74%) of pre-65 respondents had health coverage at the time of the survey, 18% were uninsured, and the remaining 8% did not provide information about insurance coverage.
- The same percentage (74%) of 65+ respondents had Medicare supplemental insurance or were covered by a Medicare HMO at the time of the survey. Similar to the Medicare population at large, about one in ten reported being enrolled in traditional Medicare without any supplemental coverage (Medicare only). Sixteen percent of respondents did not provide information about their coverage.

While most respondents found health insurance coverage after their steel industry sponsored benefits were terminated, they appear to be less satisfied with the new coverage than the retiree coverage that they lost. Forty-nine percent of pre-65 respondents reported that they were “very satisfied” with their former retiree health plans compared to only 21% of respondents with current coverage. Fifty-eight percent of 65+ respondents reported that they were “very satisfied” with their former retiree health plans compared to 32% of respondents with their current supplemental coverage.

Employer-based coverage played a significant role in insuring pre-65 respondents who lost their retiree health coverage. Of the three-quarters (74%) of pre-65 respondents reporting that they had health coverage, almost two-thirds (66%) obtained employer-based coverage through a new job, through a spouse, or through COBRA continuation coverage.

The HCTC played an important role in the coverage of respondents. A quarter (26%) of 55-64 year old respondents reported using the HCTC, a higher rate among potentially eligible persons than the national average of seven percent.<sup>2</sup> Eligible Bethlehem Steel respondents were more likely to be using the tax credit than eligible LTV respondents (34% vs. 13%), possibly because the HCTC was in place when the Bethlehem respondents lost their retiree health benefits but was not yet enacted with the LTV respondents lost their benefits.

The loss of retiree benefits caused a significant disruption to the retirement plans of many pre-65 and 65+ respondents.

- Almost one-half (49%) of pre-65 respondents and 10% of 65+ respondents reported that they or a spouse returned to work or delayed retirement as a result of losing their steelworker retiree health benefits.
- Twenty-five percent of pre-65 respondents and 17% of 65+ respondents reported that they cashed in “a lot” of their savings or assets to pay for health care or health insurance premiums. Among pre-65 respondents who were uninsured at the time of the survey, 35% reported cashing in “a lot” of their savings or assets for health care and premiums – a slightly higher percentage than those with coverage (23%).

Substantial percentages of respondents reported postponing or going without needed hospital or physician care due to cost.

- Among pre-65 respondents, 29% reported postponing or going without needed hospital care and 49% reported postponing or going without needed physician care due to costs.

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<sup>2</sup> S. Dorn, J. Varon, F. Pervez, *Limited Take-up of Health Coverage Tax Credits and the Design of Future Tax Credits for the Uninsured*, Economic and Social Research Institute, Revised November 3, 2005, pp. 2-4, at [http://www.esresearch.org/documents\\_1-05/HCTC\\_TakeUp.pdf](http://www.esresearch.org/documents_1-05/HCTC_TakeUp.pdf). This estimate includes only those enrolled in advance payment and may therefore underestimate use of the tax credit. See Appendix A for additional information.

- Among 65+ respondents, 12% reported postponing or going without needed hospital care and 25% reported postponing or going without needed physician care. Presumably, cost-related barriers to care were not as great a problem among 65+ retirees because they had primary health coverage under Medicare.

These findings confirm that health insurance plays an important role in the financial and health security of families. While most families were able to find replacement coverage, many had to return to work or otherwise alter their retirement. Significant proportions reported cashing in a lot of their savings or assets, and even higher proportions reported going without necessary hospital or physician care because of worries about costs. Medicare provided a safety net for 65+ respondents, but this did not completely shield them from the economic consequences of losing their retiree benefits.

## I. Introduction

Recent hardships in the United States Steel Industry resulted in the bankruptcies of two major steel companies, LTV Corporation and Bethlehem Steel. LTV Corporation, the nation's third largest steel manufacturing company, filed for Chapter 11 bankruptcy in December 2000. Bethlehem Steel, a 100-year-old company, filed for Chapter 11 bankruptcy in October 2001. While pension benefits were ultimately taken over by the Pension Benefit Guaranty Corporation (PBGC) for both companies, health and life insurance benefits are not guaranteed. In March 2002, the LTV Corporation terminated health insurance benefits for roughly 72,000 retirees and their dependents, and in March 2003, Bethlehem Steel terminated health benefits for approximately 95,000 retirees and dependents.

The large numbers of people affected by these bankruptcies provide a framework for evaluating the impact on retirees and their families of losing retiree health benefits. The timing of the bankruptcies also offers an opportunity to examine the impact of a new health insurance tax credit (the Health Coverage Tax Credit, or HCTC), established as part of the Trade Adjustment Act of 2002 to provide temporary assistance to workers and retirees in "distressed" industries, such as the steel industry. The HCTC is specifically intended to help workers who lost their jobs through bankruptcies and whose pensions have been taken over by PBGC pay for health insurance coverage. Retirees from LTV Corporation and Bethlehem Steel were eligible for the HCTC during the survey period if they were between 55 and 64 years old and purchased insurance through a qualified health plan. A qualified health plan includes COBRA continuation coverage, a state-based health plan that has been qualified by the IRS, a spouse's employer's plan if the employer pays less than 50% of the premium, and individual coverage in limited circumstances.

Individuals eligible for the HCTC may use it to help pay for health insurance premiums for themselves and for eligible family members, including spouses and/or dependents. The tax credit, which became effective in December 2002, pays up to 65% of the premium amount paid by the participant. So, for example, an individual earning \$30,000 a year and who has a health insurance plan that costs \$5,000 a year in premiums can receive a credit of up to \$3,250 from the Internal Revenue Service (IRS) toward payment of

his/her insurance premiums.<sup>3</sup> The HCTC is refundable, meaning that if a person owes less in taxes than the amount of the credit, he/she is eligible to receive the difference from the IRS. Beginning in August of 2003 individuals could apply for an advanced tax credit that is available monthly to assist eligible individuals to pay for premiums as they are due. For additional information about the HCTC, see Appendix A.

The HCTC became effective after the coverage terminations at LTV Corporation but prior to the terminations at Bethlehem Steel Corporation. Thus, the HCTC was not available to LTV pre-65 respondents when they initially lost coverage in March 2002, but was available to Bethlehem pre-65 retirees when they lost coverage in the March of 2003. The timing of the coverage terminations permits us to examine how availability of the HCTC affected the initial efforts and decisions of the retirees seeking to replace their lost retiree benefits. We also are able to assess the impact of the HTCT on pre-65 LTV retirees who were without coverage prior to its implementation.

This report presents findings from a survey of 2,691 retirees and their surviving spouses who lost retiree health coverage due to the bankruptcies of LTV Corporation and Bethlehem Steel. The sample was stratified into two age groups: under 65 and 65 and over. The survey examines the experiences of respondents whose health benefits were terminated, including: 1) whether they obtained health insurance, or supplemental coverage in the case of respondents on Medicare 2) the source of that coverage, 3) how the timing of the availability of the HCTC affected their use of the tax credit, 4) differences in utilization of health care between those with insurance and those without coverage, and 5) cost-related burdens following the termination of their health benefits.

## **II. Methods**

The United Steelworkers of America provided the Kaiser Family Foundation (KFF) and International Communications Research (ICR) a database including names, phone numbers, and addresses of all non-salaried employees of Bethlehem Steel and LTV

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<sup>3</sup> The advanceable nature of the tax credit means that the eligible person can have the IRS pay the health plan directly on a monthly basis. The IRS pays the total amount of the premium and bills the eligible person for the difference between the estimated monthly credit and the monthly premium.



Corporation who retired due to plant closings between 2000 and 2002. The sample included retirees or surviving spouses age 64 and younger in the states of Pennsylvania, Indiana, Ohio, and Maryland, and ages 65 and older retirees and surviving spouses in the states of Indiana and Pennsylvania.

The four states included in the pre-65 survey were chosen because each has sufficiently large numbers of affected retired steelworkers and because of the availability of qualified health plans for people using the HCTC. Two states, Pennsylvania and Indiana, had a reasonably large number of respondents from both steel companies; Pennsylvania had a higher number of respondents from Bethlehem and Indiana had a higher number from LTV. Ohio had only LTV respondents and Maryland had primarily Bethlehem respondents.<sup>4</sup> The states were also selected because each had health insurance options available to people receiving the HCTC. Pennsylvania and Indiana have qualified high risk pools, established to provide health insurance coverage to “uninsurable” individuals. High risk pools are one of the permissible options for using the HCTC. Indiana and Ohio were chosen because of the large number of 65-plus retirees from both steel companies in each state. The potential impacts of state differences are discussed in the findings.

The survey was conducted by ICR through mail and telephone between April 16, 2002 and June 21, 2004. The overall response rate for the study was 72.1%. A total of 2,691 interviews were completed. The sample is weighted to account for a higher likelihood of selection of respondents with listed phone numbers.

### **III. Characteristics of Respondents**

Appendix B shows general socioeconomic characteristics of the survey respondents. The total number of retirees or surviving spouses responding to the survey was 2,691. About 75% of respondents were in the pre-65 age group, with a mean age of 58 years. The mean age in the 65+ age group was 76 years. The majority of respondents (82%) were retirees of the steel companies

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<sup>4</sup> There were three LTV respondents in Maryland.

themselves, and the remaining 18% were surviving spouses. Approximately equal numbers of respondents were from Bethlehem Steel (53%) and LTV Corporation (47%). Most (77%) were male, which is likely a reflection of the gender composition in steel industry employment.

Over half (71%) of all respondents reported being high school graduates or higher, and eight percent attended a technical school.<sup>5</sup> This is comparable to the general US population, in which approximately 75% of all people age 50 and over had at least a high school diploma in 2001.<sup>6</sup> Thirty-seven percent of those in the pre-65 age group and 62% of those in the 65+ age group reported having annual incomes of less than \$25,000.<sup>7</sup> In the Medicare population nationally, a similar percentage of beneficiaries had incomes of \$25,000 or less in 2002 (60%).<sup>8</sup> A majority of all respondents were married (64%) but 45% of respondents in the 65+ age group were divorced, separated, or widowed compared with 27% of respondents in the pre-65 age group.

With regard to self-assessed health status, substantially higher percentages of both respondent groups reported being in “fair” or “poor” health status than comparable age groups in the general population. Thirty-eight percent of the pre-65 retiree group reported “fair” or “poor” health status compared with 17% of 50-64 year olds in the population overall. Similarly, 51% of the 65+ group of retired steelworkers reported being in “fair” or “poor” health compared to 22% of community-dwelling seniors overall.<sup>9</sup>

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<sup>5</sup> This percentage does not match data provided in Appendix B due to rounding.

<sup>6</sup> Agency for Healthcare Research and Quality. 2001 Full Year Consolidated Data File (HC-060). Released May 2004. Medical Expenditure Panel Survey Household Component Data. Generated using MEPSnet/HC. <<http://www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp>> (March 2, 2005).

<sup>7</sup> The percentage of 65+ retirees with incomes of less than \$25,000 reported here does not match data provided in Appendix B due to rounding.

<sup>8</sup> Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2002 Cost and Use File.

<sup>9</sup> Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2002 Cost and Use File.

#### **IV. Findings: Pre-65 Respondents**

##### *Health Insurance Coverage (Exhibits 1-7)*

Three-quarters of pre-65 respondents (74%) reported having health insurance at the time the survey was conducted, 18% reported being uninsured, and the remaining eight percent were unable or unwilling to provide information about their health insurance status (Exhibit 1). The rate of health insurance coverage was higher among Bethlehem Steel respondents (78%) than among LTV Corporation respondents (68%). The higher rate of insurance among Bethlehem respondents may be related to the availability of the HCTC at the time they lost retiree coverage, which was not the case for LTV respondents. As discussed below, a larger share of Bethlehem than LTV respondents reported using the tax credit.

Exhibit 2 shows differences in insurance status by state. While there are small differences by state, the general pattern holds up across states, with LTV respondents somewhat less likely than Bethlehem respondents to be insured at the time of the survey in the two states where they are both represented.

The termination of retiree health benefits caused a substantial share of respondents to go without coverage for at least a short time. While 18% of respondents reported being uninsured at the time of the survey, a much larger share reported that they had gone without health insurance at some point after losing their retiree health coverage (62% of LTV respondents and 35% of Bethlehem respondents) (Exhibit 3). The significantly higher use of COBRA by Bethlehem respondents is a likely explanation for their lower likelihood of being uninsured during the period.

There are some interesting differences across states in the likelihood that a respondent experienced some period of time without health insurance. Bethlehem respondents were less likely than LTV respondents to experience a period without insurance in both Indiana and Pennsylvania (the two states where both companies are represented), although both Bethlehem and LTV respondents

were less likely to experience a period without health insurance in Pennsylvania than in Indiana. In fact, LTV respondents were less likely to experience a spell without insurance in Pennsylvania (38%) compared to Indiana (66%) and Ohio (65%) (Exhibit 4).

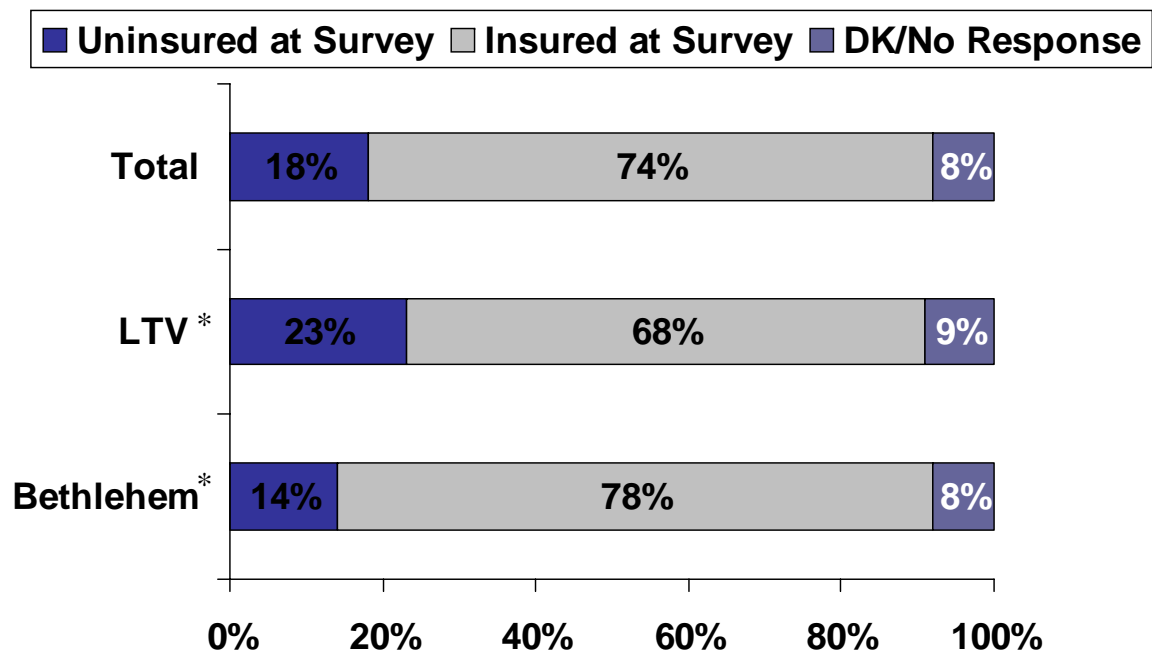
Among pre-65 respondents with health coverage at the time of the survey, the most common sources were: a new job (30%), a spouse's current or former employer (19%), a private insurance plan purchased on their own (17%), and COBRA continuation coverage (17%). LTV respondents were much more likely than Bethlehem respondents to report obtaining coverage through a new job (45% vs. 20%) (Exhibit 5). Bethlehem respondents, on the other hand, were more likely than LTV respondents to have COBRA coverage at the time of the survey (27% vs. 2%). For both Bethlehem and LTV respondents, the percentage obtaining coverage through COBRA has fallen over the period since the coverage terminations, perhaps because COBRA coverage tends to be quite expensive for families (Exhibit 6). Another possible explanation for the drop off from COBRA coverage among LTV respondents (7% "ever covered by COBRA" since loss of retiree benefits vs. 2% "covered by COBRA at time of the survey") was that their COBRA option was terminated in April 2004, concurrent with the time the survey was being administered.

Exhibit 7 shows that there is considerable variation in the sources of coverage across states. For Bethlehem respondents reporting that they had coverage at the time of the survey, the percentage covered by COBRA in Indiana (44%) was much higher than in Pennsylvania (26%) or Maryland (19%), although the COBRA percentages for Bethlehem were much higher than the COBRA percentages for LTV respondents across the board. In Pennsylvania, the relatively lower COBRA totals for Bethlehem respondents were offset by a relatively higher percentage of insured respondents getting coverage through a new job. Maryland's relatively lower COBRA percentage for Bethlehem respondents was offset by much higher use of the state high risk pool: 19% of Bethlehem respondents reported coverage through the state's high risk pool, compared with 1% of Bethlehem respondents in Indiana (the other state in our sample with a high risk pool). This difference may reflect differences in the relative premiums or availability of coverage in the high risk pools in Maryland versus Indiana, but this is beyond the scope of our study.

The coverage sources for LTV respondents also varied somewhat across the states. LTV respondents were more likely to say they got coverage through a new job in Indiana than in Pennsylvania or Ohio, and more likely to say they purchased coverage on their own in Pennsylvania than in Indiana or Ohio (Exhibit 7).

About one in seven pre-65 respondents (15%) reported that they had been turned down for health insurance at some point since their benefits were terminated, although many were eventually able to obtain coverage. Not surprisingly, this rate was higher among those who did not have coverage (26%) than among those who did (13%).

# Exhibit 1: Health Insurance Status of Pre-65 Respondents at Time of Survey, Total and by Company



\*Differences between Bethlehem and LTV are statistically significant at  $p < .05$ .

Note: Percentages may not add up to 100% due to rounding.

SOURCE: Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

**Exhibit 2:**  
**Health Insurance Status of Pre-65 Respondents at Time  
of Survey, Total and by Steel Company, by State**

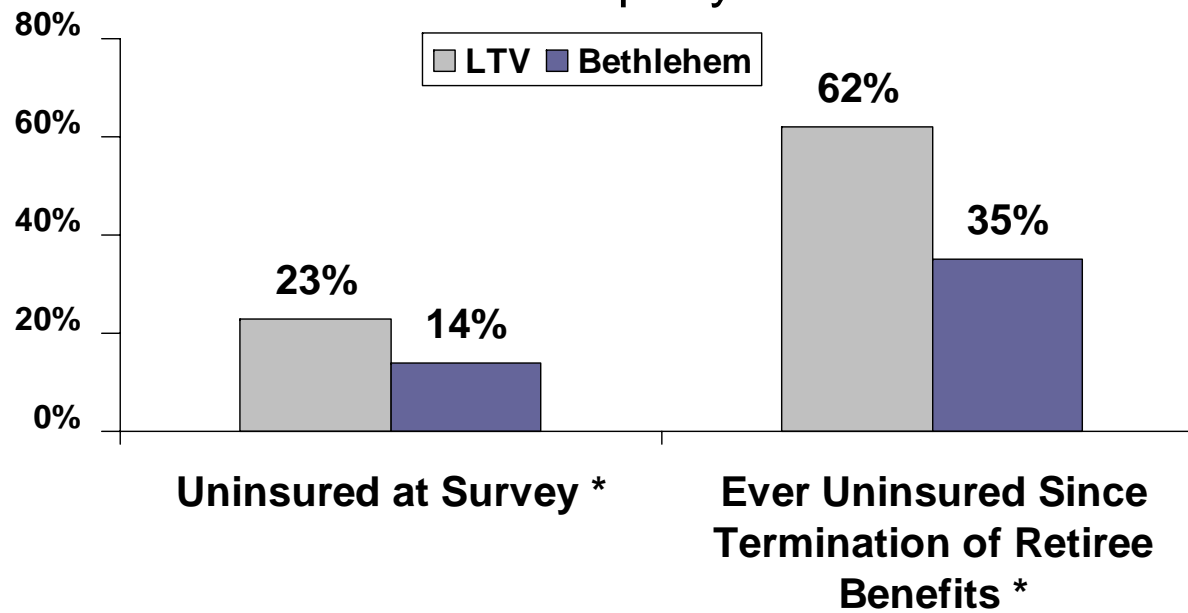
State		Insured at Survey	Uninsured at Survey	Don't know/refused
Indiana	Bethlehem	74%	17%	8%
	LTV	68	22	10
	Total	70	20	10
Pennsylvania	Bethlehem	80	12	7
	LTV	72	18	11
	Total	79	13	8
Ohio	Bethlehem^	--	--	--
	LTV	67	28	4
	Total	67	28	4
Maryland	Bethlehem	74	16	10
	LTV^	--	--	--
	Total	74	16	10

^ No respondents in Ohio were from Bethlehem Steel, and three respondents in Maryland were from LTV.

Note: Row percentages may not add up to 100% due to rounding.

**Source:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

Exhibit 3:  
Percentage of Pre-65 Respondents Uninsured at Time  
of Survey and Ever Uninsured Since Termination, by  
Company



\* Differences between LTV Corporation and Bethlehem Steel are statistically significant at  $p < .05$ .

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.



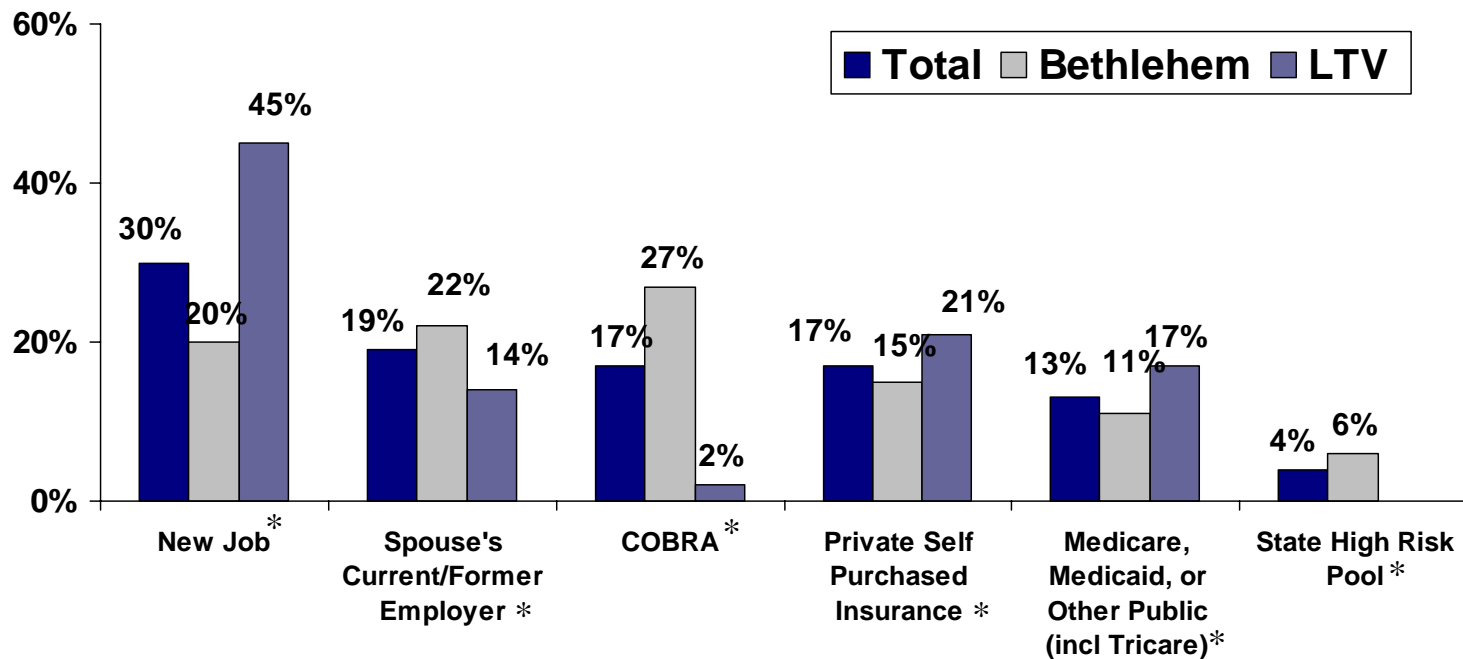
**Exhibit 4:**  
**Percentage of Pre-65 Respondents Uninsured and Ever Uninsured Since Termination, by State and Company**

State		Uninsured at Survey	Ever Uninsured Since Termination of Retiree Benefits
Indiana	Bethlehem	17%	39%
	LTV	22	66
	Total	20	57
Pennsylvania	Bethlehem	12	31
	LTV	18	38
	Total	13	32
Ohio	Bethlehem <sup>^</sup>	--	--
	LTV	28	65
	Total	28	65
Maryland	Bethlehem	16	39
	LTV <sup>^</sup>	--	--
	Total	16	39

<sup>^</sup>No respondents in Ohio were from Bethlehem Steel, and three respondents in Maryland were from LTV.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 5: Sources of Health Insurance Coverage at Time of Survey Among Pre-65 Respondents With Coverage, by Company

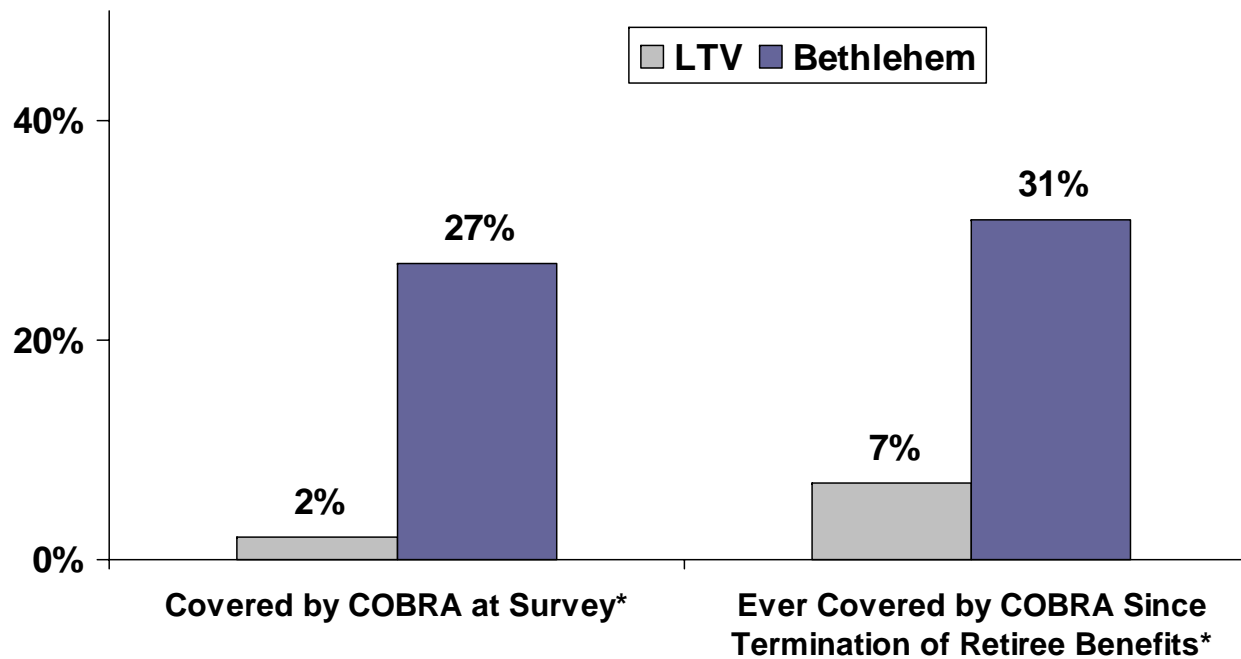


\* Differences between LTV Corporation and Bethlehem Steel are statistically significant at  $p < .05$ .

Note: Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 6: COBRA Coverage Among Pre-65 Respondents, by Company



\* Differences between LTV Corporation and Bethlehem Steel are statistically significant at  $p < .05$ .

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

**Exhibit 7:  
Sources of Health Insurance Coverage Among Pre-65  
Respondents With Coverage at Time of Survey, by State and  
Company**

State	Company	COBRA	Spouse Current or Former Employer	New Job	Self Purchase	Medicare, Medicaid, Other Public (including Tricare)	State High Risk Pool
Indiana	Bethlehem	43.8%	20.0%	8.1%	15%	11.3%	1.3%
	LTV	1.3	9.0	51.8	18.3	18.9	0.7
	Total	16.1	12.8	36.7	17.1	16.3	0.9
Penn.	Bethlehem	26.0	21.8	27.3	16.7	8.2	0
	LTV	4.9	17.6	35.3	32.0	10.8	0
	Total	22.2	21	28.7	19.4	8.7	0
Ohio	Bethlehem <sup>^</sup>	--	--	--	--	--	--
	LTV	2.4	19.9	41.2	18.9	17.1	0
	Total	2.4	19.9	41.2	18.9	17.1	0
Maryland	Bethlehem	19.4	23.5	12.3	11.1	14.3	19.4
	LTV <sup>^</sup>	--	--	--	--	--	--
	Total	19.3	23.3	12.2	11.8	14.2	19.3

<sup>^</sup> No respondents from Ohio were from Bethlehem Steel, and three respondents in Maryland were from LTV.  
Note: Row percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

### Health Coverage Tax Credit (Exhibits 8-12)

As noted above, the Health Coverage Tax Credit (HCTC) was enacted and made available to eligible respondents in December 2002, after LTV respondents lost their coverage but before Bethlehem respondents lost their health benefits. Individuals who qualify for the tax credit because their pensions have been taken over by the Pension Benefit Guaranty Corporation (PBGC) are required to be ages 55-64, so results in this section are restricted to respondents in that age range.

The majority (73%) of respondents age 55-64 were knowledgeable about the HCTC, with a greater share of Bethlehem respondents (81%) than LTV respondents (61%) saying they knew about the tax credit (Exhibit 8). The main sources of information include unions (60%), the IRS/Treasury Department (33%), and the state (14%). A larger percentage of Bethlehem retirees (71%) reported that the union was a source of information compared with LTV retirees (39%) (Exhibit 9).

Among respondents 55-64, 26% said they were using the tax credit to help pay health insurance premiums at the time of the survey. This is higher than the national rate of about 7%.<sup>10</sup> A higher percentage of Bethlehem than LTV respondents said they were using the tax credit (34% vs. 13%) (Exhibit 10); this is true overall as well as in Indiana and Pennsylvania (Exhibit 11). Higher use of the tax credit by Bethlehem respondents likely reflects the fact that LTV respondents were less likely to know about the tax credit, as discussed above. Another factor that may contribute to the difference between LTV and Bethlehem respondents is related to breaks in coverage. Under the law, state-qualified health plans have the right to increase a person's premium or impose a new preexisting condition exclusion on eligible persons who have had a gap of insurance of more than 63 days. Some LTV respondents may have experienced such a gap after the termination of the LTV benefits and before the tax credit was enacted. The higher premiums or imposition of a preexisting condition exclusion may have made state-qualified coverage less attractive to some LTV respondents who

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<sup>10</sup> S. Dorn, J. Varon, F. Pervez, *Limited Take-up of Health Coverage Tax Credits and the Design of Future Tax Credits for the Uninsured*, Economic and Social Research Institute, Revised November 3, 2005, pp. 2-4, at [http://www.esresearch.org/documents\\_1-05/HCTC\\_TakeUp.pdf](http://www.esresearch.org/documents_1-05/HCTC_TakeUp.pdf). This estimate includes only those enrolled in advance payment and may therefore underestimate use of the tax credit. See Appendix A for additional information.

had had a gap in coverage. One of the four states in our sample, Pennsylvania, made an exception to the preexisting condition exclusion, although our results don't detect a difference in tax credit use by LTV respondents by state.

As noted earlier, assistance through the HCTC is available only to people with certain types of coverage. The HCTC typically is not available to people with employer-based insurance (unless the employer pays less than 50% of the cost of coverage) or public coverage, and is available only in limited circumstances to people who purchase coverage directly in the non-group market. Half of respondents age 55-64 who were familiar with the tax credit but not using it reported the reason for not using it was that they were ineligible due to coverage by another source (Exhibit 12).

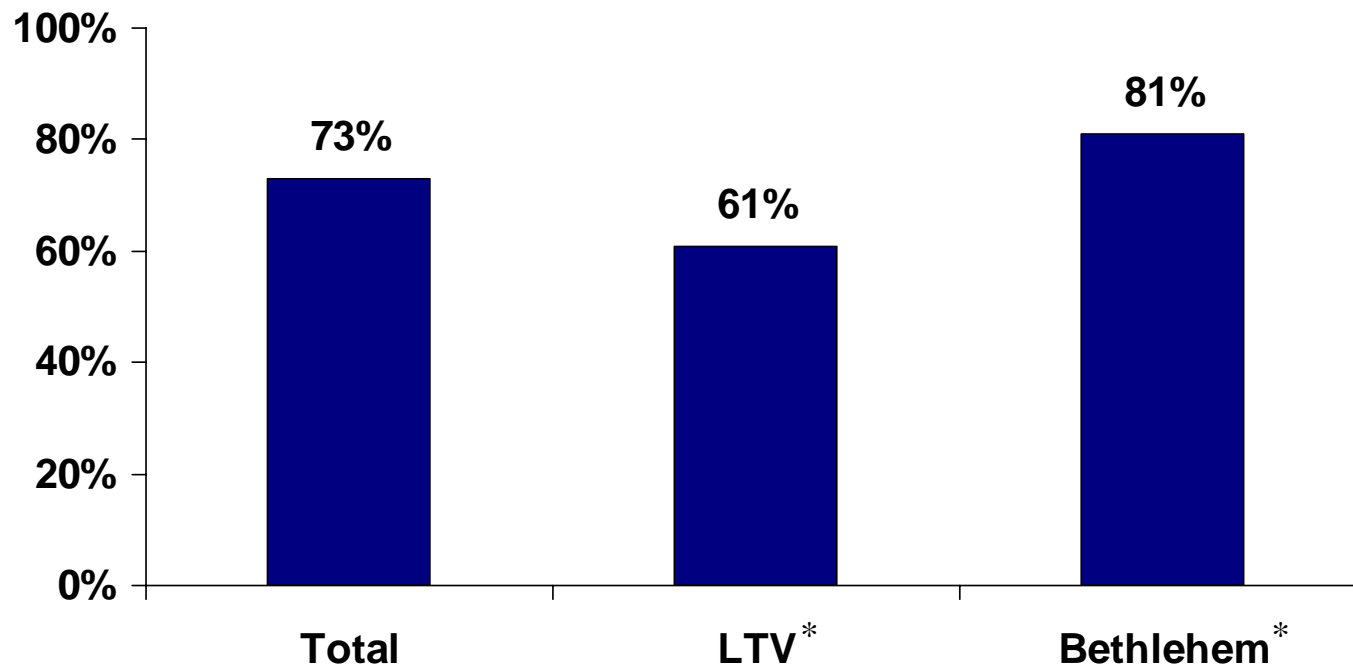
Tax credit users who reported having coverage differ from other similar age respondents (55-64) with insurance in several ways.<sup>11</sup>

- Only 6% of tax credit users reported working full time, compared with 37% of other insured respondents. The tax credit typically does not help pay for health insurance coverage obtained through a new employer, making use of the tax credit relatively more advantageous for those who are not full-time employed.
- Nearly twice as many tax credit users than insured non-tax credit users were working part time (22% vs. 14%), and a higher percentage of tax credit users as compared to non-tax credit users considered themselves retired (63% vs. 33%).
- Tax credit users were more likely to report having lower incomes. Thirty-eight percent of tax credit users reported having incomes below \$25,000 annually, compared with 22% of insured non-tax credit users between ages of 55-64.
- Tax credit users generally had better self-assessed health status than insured non-tax credit users. Seventy-three percent of tax credit users reported being in either "excellent", "very good", or "good" health compared with 60% of insured non-tax credit users age 55-64.

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<sup>11</sup> Percentages include only those who reported being a tax credit user and having insurance. Those who reported being a tax credit user but not having coverage (two respondents or .5% of tax credit users) or whose coverage status was unknown (36 respondents or 9% of tax credit users) are not included in the comparisons with insured respondents.

## Exhibit 8: Familiarity with the Health Coverage Tax Credit Among Respondents Age 55-64, by Company<sup>^</sup>



\*Differences between LTV Corporation and Bethlehem Steel are statistically significant at  $p < .05$

<sup>^</sup>Percentages are for all respondents age 55-64 regardless of insurance status.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

**Exhibit 9:**  
**Sources of Information about the Health Coverage Tax  
 Credit Among Respondents Age 55-64 Who Were  
 Familiar with the Tax Credit, by Company**

	Total	LTV	Bethlehem
Union	60%	39%	71%
IRS/Treasury Department	33	49	25
The state	14	10	15
Other^	19	23	17
DK/No answer	<1	<1	1

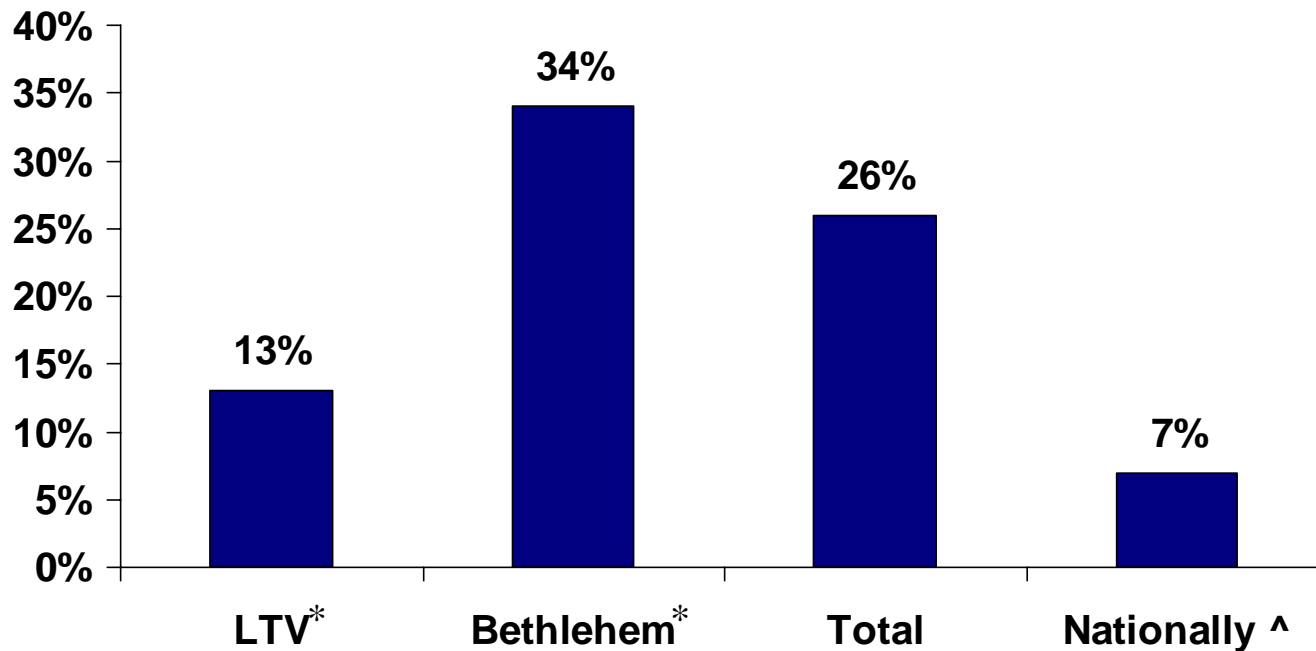
^ Includes newspaper, The Retired Employees' Benefits Corporation (REBCO), TV, other media or print, internet, insurance company, former employer, accountant/CPA, family or friends, and Bethlehem Steel Company.

Note: Categories are not mutually exclusive.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.



## Exhibit 10: Use of the Health Coverage Tax Credit Among Respondents Age 55-64, by Company



\* Differences between LTV Corporation and Bethlehem Steel are statistically significant at  $p < .05$ .

^ Source: S. Dorn, J. Varon, F. Pervez, *Limited Take-up of Health Coverage Tax Credits and the Design of Future Tax Credits for the Uninsured*, Economic and Social Research Institute, Revised November 3, 2005, pp. 2-4, at [http://www.esresearch.org/documents\\_1-05/HCTC\\_TakeUp.pdf](http://www.esresearch.org/documents_1-05/HCTC_TakeUp.pdf). This estimate includes only those enrolled in advance payment and may therefore underestimate use of the tax credit.

Note: Percentages include all respondents age 55 to 64, regardless of knowledge about the tax credit and insurance status. A substantial number of age 55-64 respondents who reported using the tax credit did not know their insurance status at the time of the survey (36 respondents, or 9% of tax credit users). An additional two respondents (.5% of tax credit users) age 55-64 reported being uninsured at the time of the survey.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 11: Use of the Health Coverage Tax Credit Among Pre-65 Respondents Age 55-64, by State and Company

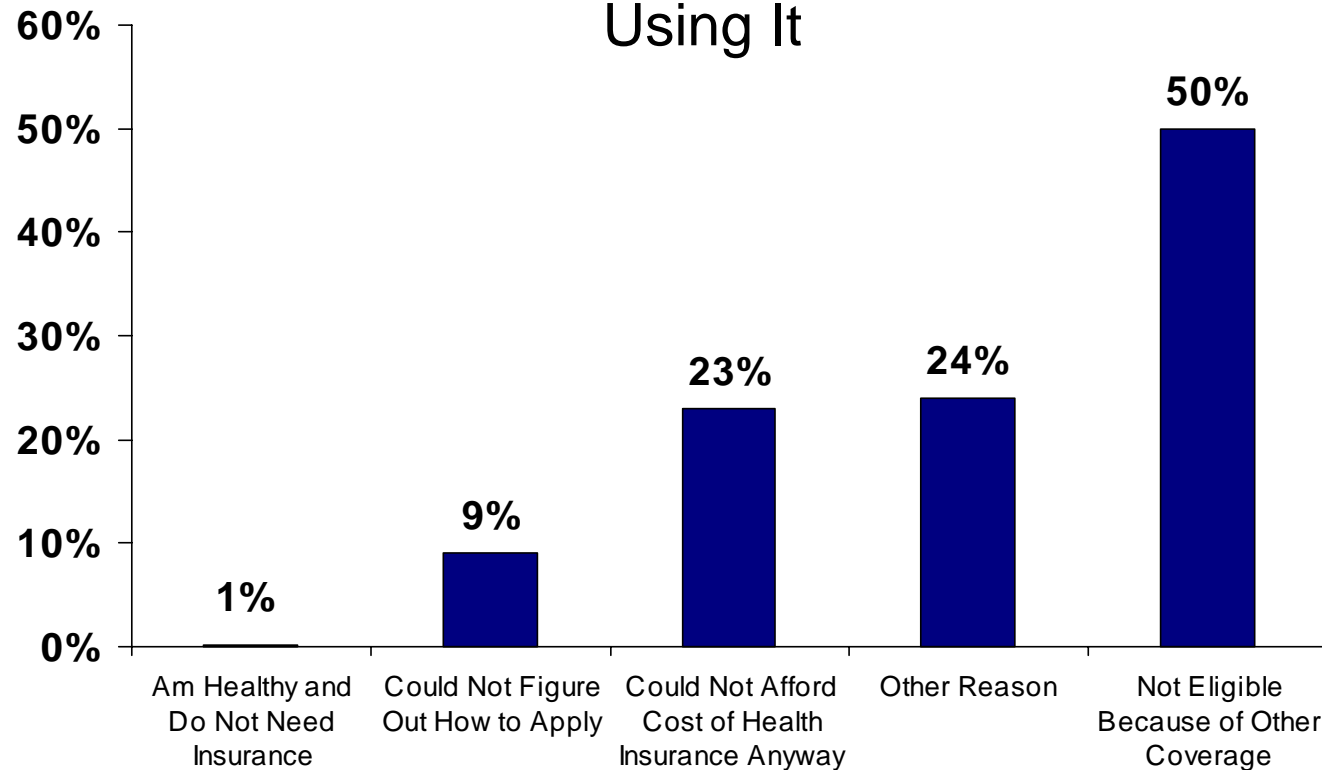
<i>State</i>	<i>Company</i>	<i>Yes</i>	<i>No</i>	<i>Don't Know or No Response</i>
Indiana	Bethlehem	37.9%	55.7%	6.3%
	LTV	12.8	85.2	2.0
	Total	21.9	74.5	3.5
Penn.	Bethlehem	32.5	64.5	3.0
	LTV	8.8	91.2	0
	Total	27.1	70.6	2.3
Ohio	Bethlehem <sup>^</sup>	--	--	--
	LTV	16.4	82.5	1.1
	Total	16.4	82.5	1.1
Maryland	Bethlehem	34.0	62.4	3.6
	LTV <sup>^</sup>	--	--	--
	Total	34.0	61.8	4.2

<sup>^</sup> No respondents from Ohio were from Bethlehem Steel, and three respondents in Maryland were from LTV.

Note: Percentages may not add up to 100% due to rounding. Percentages include all respondents regardless of knowledge about the tax credit and insurance status. A substantial number of age 55-64 respondents who reported using the tax credit did not know their insurance status at the time of the survey (36 respondents, or 9% of tax credit users). An additional two respondents (.5% of tax credit users) age 55-64 reported being uninsured at the time of the survey.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 12: Reasons for Not Using the Health Coverage Tax Credit Among Respondents Age 55-64 Familiar With But Not Using It



Note: Responses include both those who had insurance at the time of the survey and those who did not. Some respondents provided answers that are inconsistent with their current insurance coverage: for example 53 respondents (33% of those who gave a reason of “couldn’t afford the cost of health insurance anyway”) reported having insurance at the time of the survey. Responses are not mutually exclusive.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

### Utilization and Access to Health Care Services (Exhibits 13- 16)

Having health insurance is an important determinant of health care access and utilization, and the absence of insurance can have adverse effects on health status.<sup>12</sup> Uninsured pre-65 respondents were more likely to report being in fair or poor self-assessed health than those with insurance. Among uninsured respondents, 51% were in fair/poor health, compared with 33% of respondents with health insurance (Exhibit 13).

Despite having relatively worse self-assessed health, pre-65 uninsured respondents had lower rates of physician visits and prescription drug use than those with health insurance.

- Uninsured respondents were four times more likely than insured respondents to have had no doctor or health care provider visits in the year prior to the survey (29% vs.7%) (Exhibit 14).
- Uninsured respondents also were more likely to be taking no prescription medications than their counterparts with health insurance (28% vs. 18%) (Exhibit 14).
- Insured and uninsured respondents were equally likely to have had an inpatient hospital visit, with 18% of all respondents reporting that they had been a patient in a hospital overnight in the year prior to the survey.

Corresponding with their lower utilization of health services, pre-65 uninsured respondents were more likely to report that they delayed or avoided seeking care compared with insured respondents.

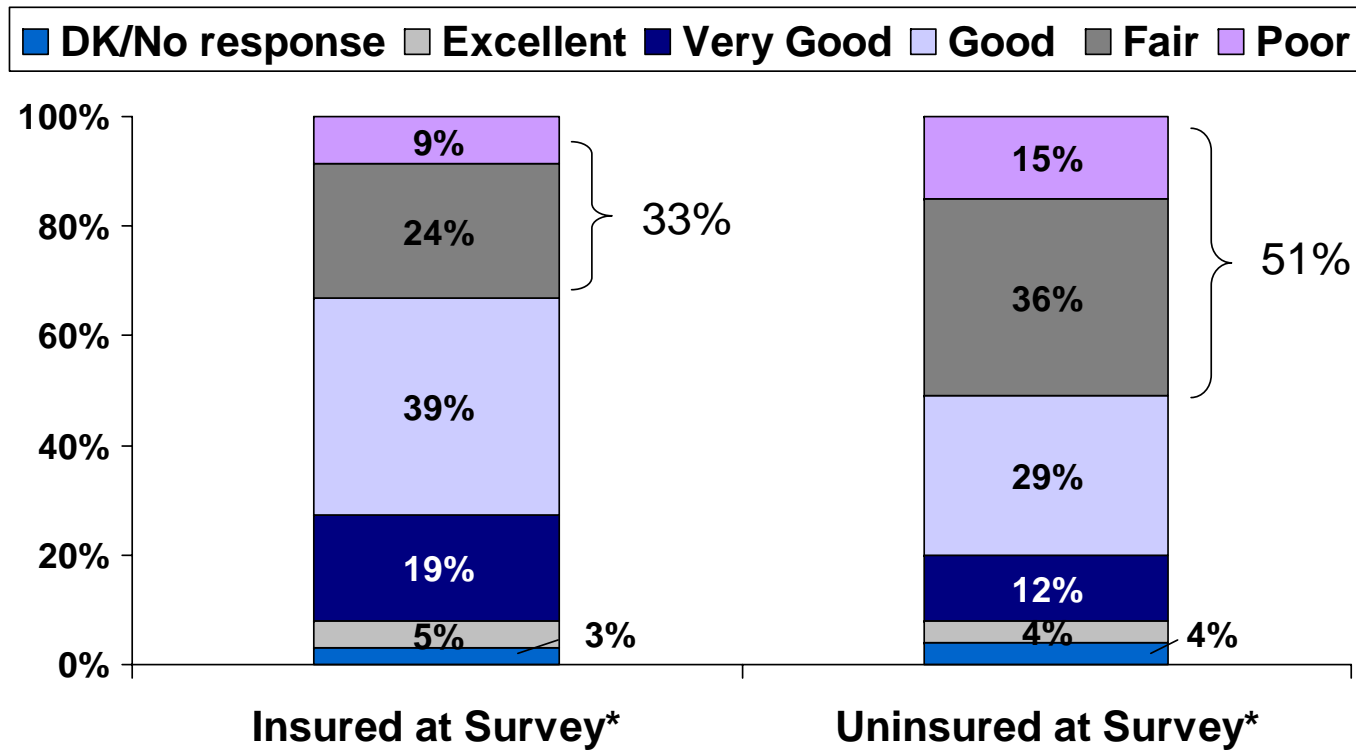
- Eighty-four percent of respondents with no health insurance reported that they or their spouse had gone without or postponed getting care from a doctor that they thought was needed because of costs in the year prior to the survey. Insured respondents were half as likely to have done so (40%) (Exhibit 15).

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<sup>12</sup> Institute of Medicine. *Care Without Coverage, Too Little, Too Late*. Washington, DC, 2002.

- When asked whether they or their spouse had gone without or postponed hospital care that they or their doctor thought was needed within the past twelve months due to cost, 54% of uninsured and 22% of insured respondents reported having done so (Exhibit 15).
- Pre-65 uninsured respondents also were much more likely to report not filling a prescription or skipping a dose “often” or “sometimes” than those with insurance (67% vs. 35%) (Exhibit 16).

## Exhibit 13: Self-Assessed Health Status Among Pre-65 Respondents, by Insurance Status

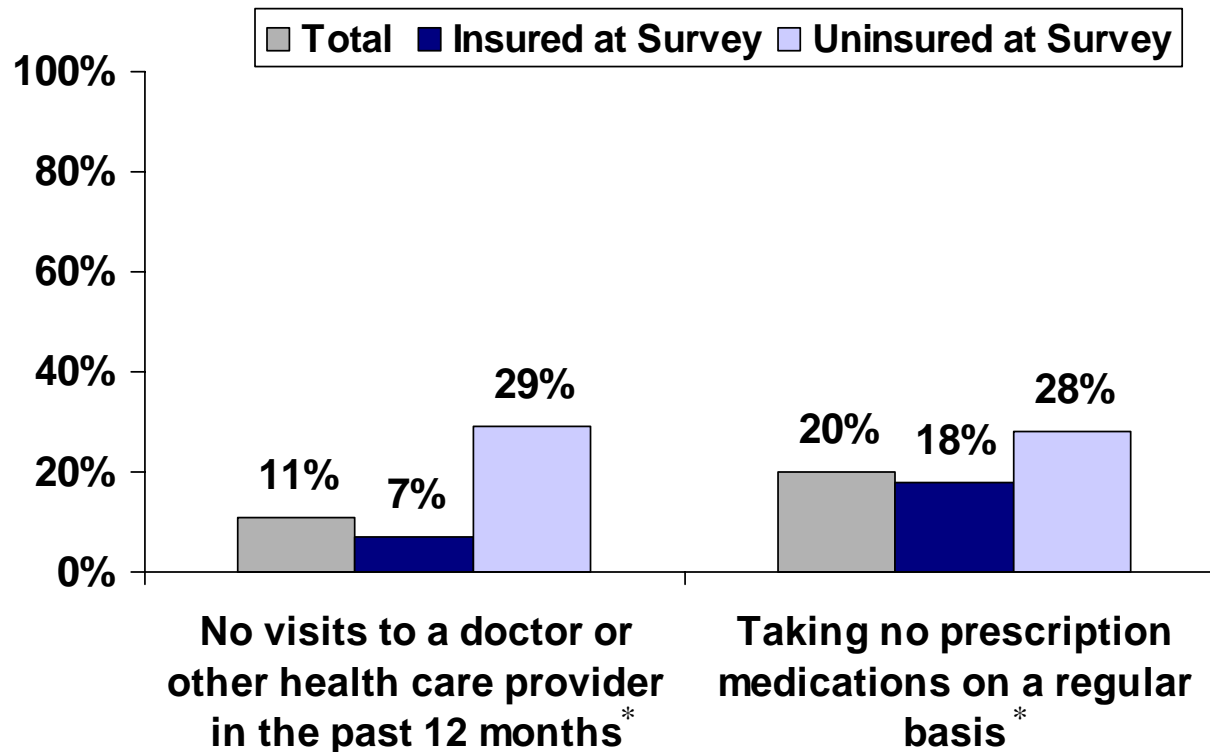


\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .

Note: Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

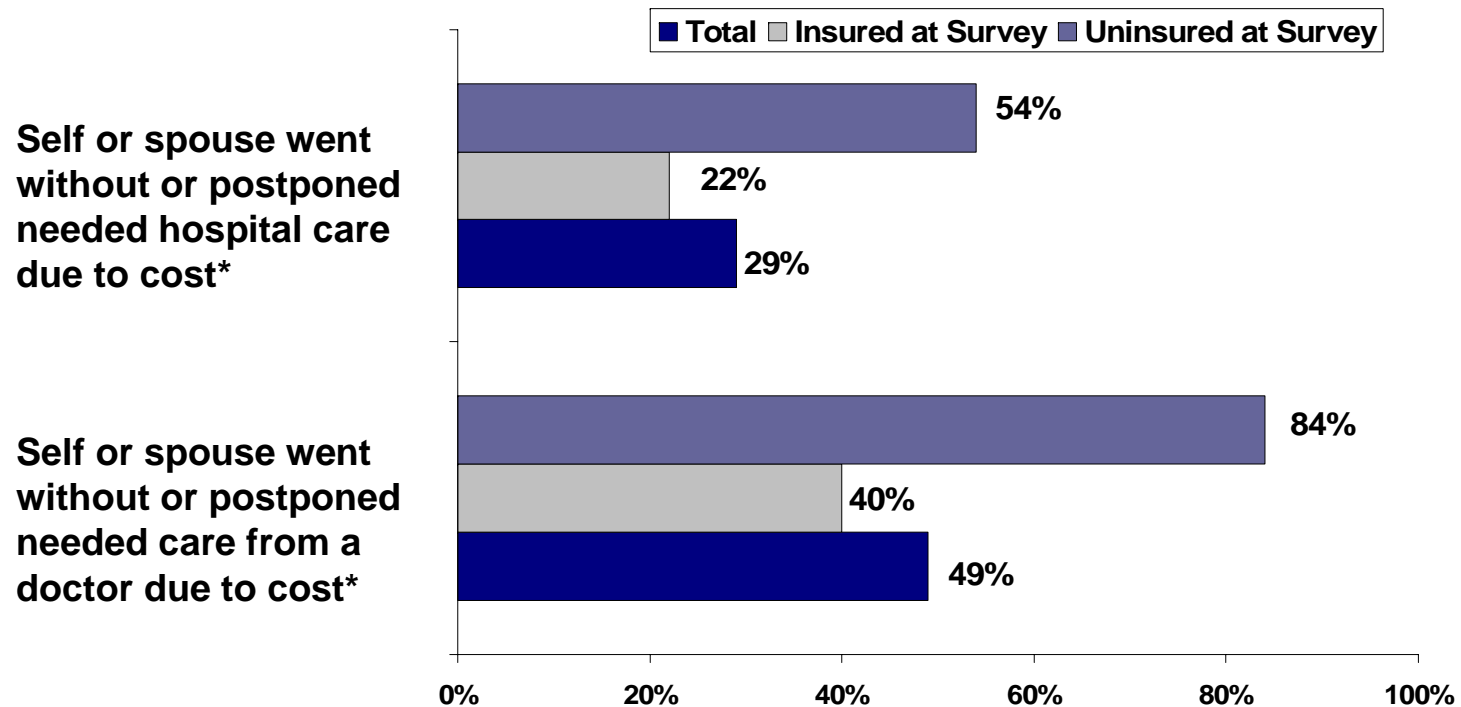
## Exhibit 14: Use of Health Services in the Past 12 Months Among Pre-65 Respondents, by Insurance Status



\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .  
Note: Totals include 8% of respondents who did not provide information about insurance coverage.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 15: Percentage of Pre-65 Respondents Reporting Various Health Care Access Barriers, by Insurance Status

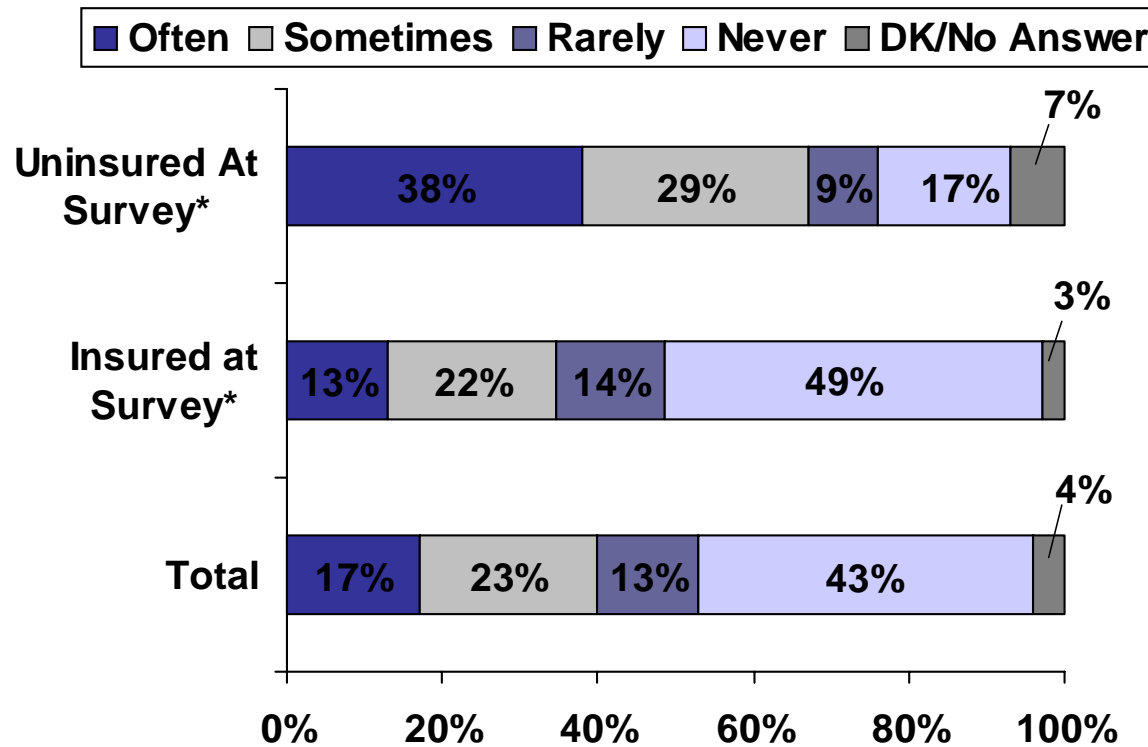


\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .  
 Note: Totals include 8% of respondents who did not provide information about insurance coverage.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.



**Exhibit 16:**  
**Percentage of Pre-65 Respondents Who Reported Not Filling, Skipping, Splitting Doses, or Not Taking Medication as Prescribed Due to Cost, by Insurance Status**



\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .

Note: Totals include 8% of respondents who did not provide information about supplemental coverage. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

### Financial Impact, Satisfaction, and Worries (Exhibits 17-21)

The loss of retiree health benefits caused financial hardship for many pre-65 respondents. Uninsured respondents expressed a higher degree of financial burden than insured respondents.

- More than a third of uninsured respondents and nearly a quarter of those with insurance said that they cashed in “a lot” of savings or assets to afford health care (35% vs. 23%) (Exhibit 17).
- Nearly two-thirds (63%) of uninsured respondents and more than a third (36%) of insured respondents reported spending less on food, heat, or other basic needs “often” or “sometimes” (Exhibit 18).
- Fifty-two percent of insured respondents and 40% of uninsured respondents reported that they or their spouse returned to work or retired later as a result of the loss of retiree health coverage (Exhibit 19).

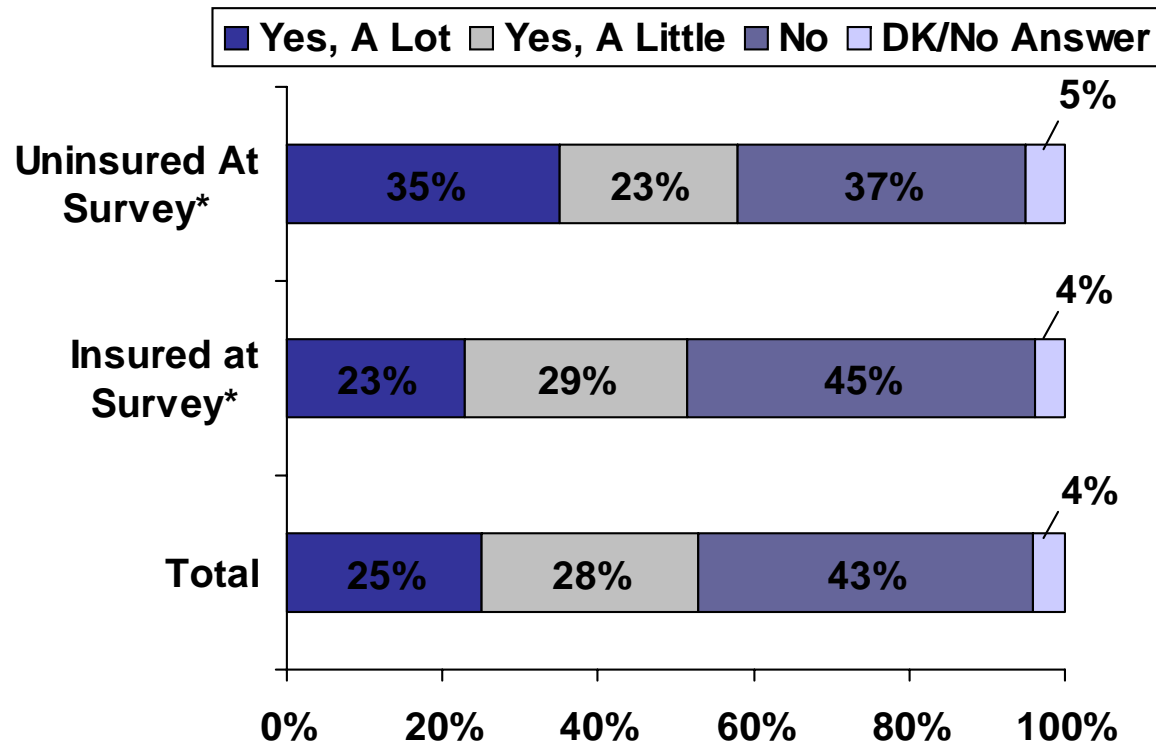
There was considerable variation in satisfaction levels with new insurance plans among pre-65 respondents. Twenty-one percent of insured respondents reported being “very satisfied” with their new plan, 48% reported being “somewhat satisfied”, 17% said they were “not too satisfied”, and 11% said they were “not at all satisfied”. In comparison, nearly half (49%) of all pre-65 respondents reported that they were “very satisfied” with their former retiree health plan (Exhibit 20). A majority of insured pre-65 respondents (61%) reported that the level of benefits under their current health plan was lower when compared with health insurance they had through their steel company. Thirty-one percent of insured respondents reported that the level of benefits under the new plan was either higher or the same as what they were receiving under their old plan.

In addition to financial hardships, both insured and uninsured pre-65 respondents reported high levels of concern about a range of financial issues.

- Eighty-one percent of uninsured respondents and 60% of insured respondents reported worrying “a lot” about being able to pay their health care bills (Exhibit 21).

- Seventy-one percent of uninsured respondents and 53% of insured respondents reported worrying “a lot” about being a financial burden on family during retirement (Exhibit 21).
- Seventy-three percent of uninsured and 56% of insured respondents worried “a lot” about being able to afford prescription medications (Exhibit 21).

## Exhibit 17: Percentage of Pre-65 Respondents Who Reported Cashing in Savings or Assets to Afford Health Care Costs or Premiums, by Insurance Status

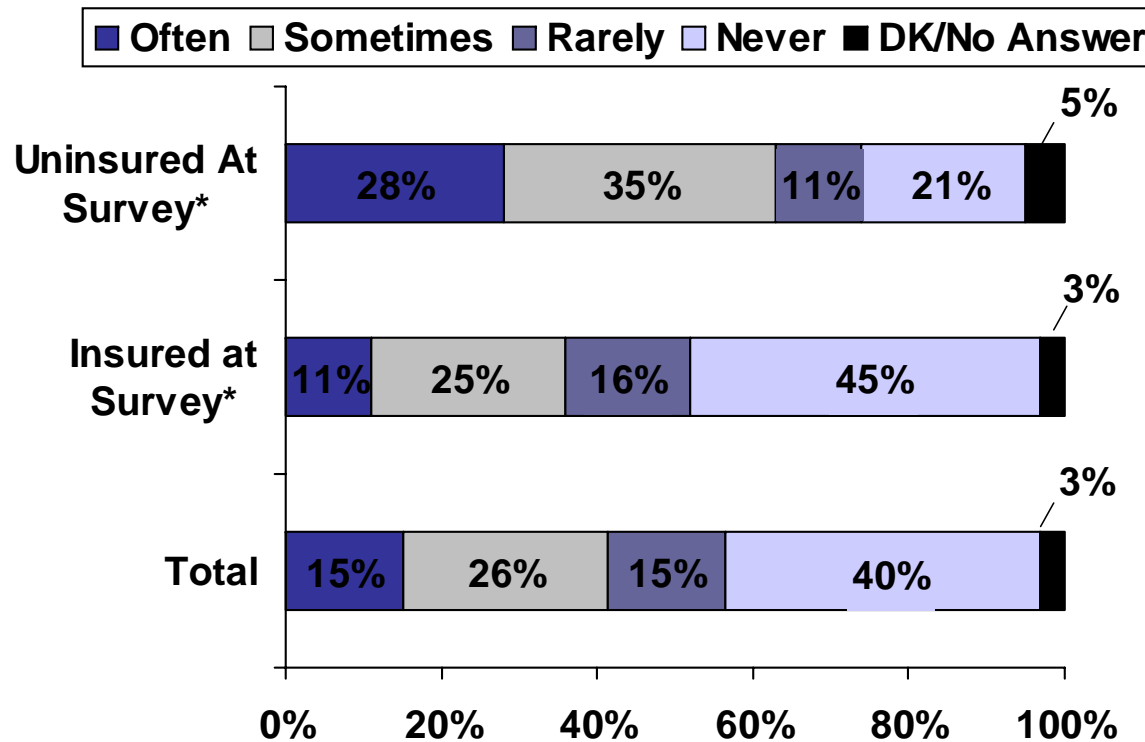


\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .

Note: Totals include 8% of respondents who did not provide information about supplemental coverage. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 18: Percentage of Pre-65 Respondents Who Reported Spending Less on Food, Heat, or Other Basic Need in the Past 12 Months, by Insurance Status

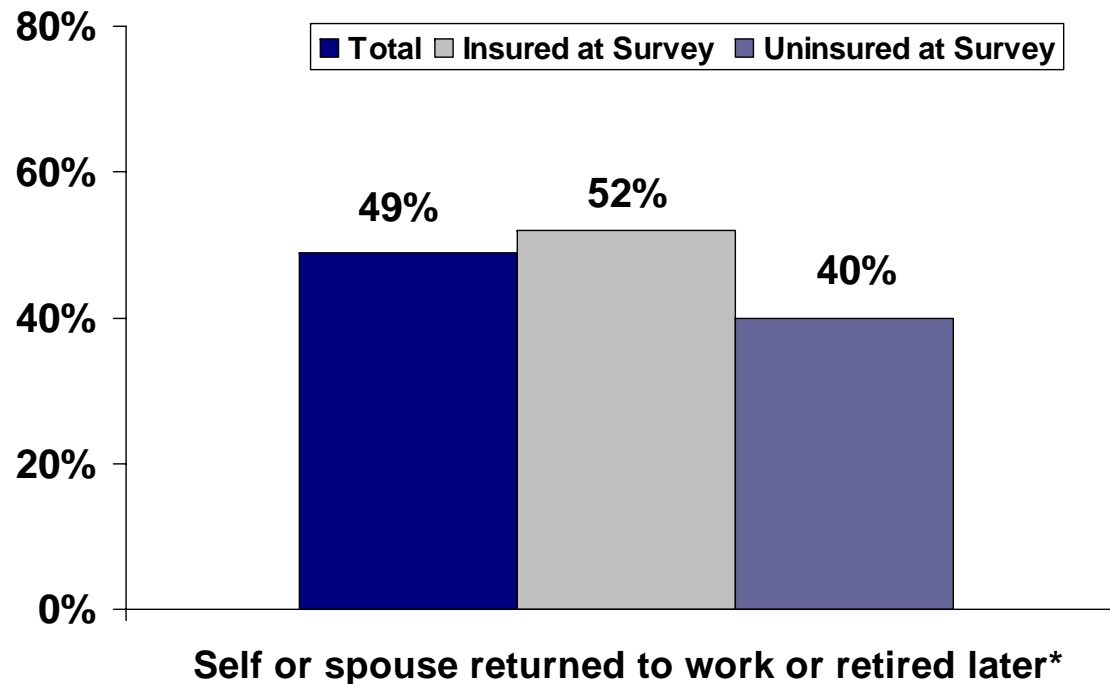


\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .

Note: Totals include 8% of respondents who did not provide information about insurance status. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

Exhibit 19:  
Percentage of Pre-65 Respondents Who Reported That They or  
Their Spouse Returned to Work or Retired Later As a Result of the  
Loss of Retiree Health Benefits

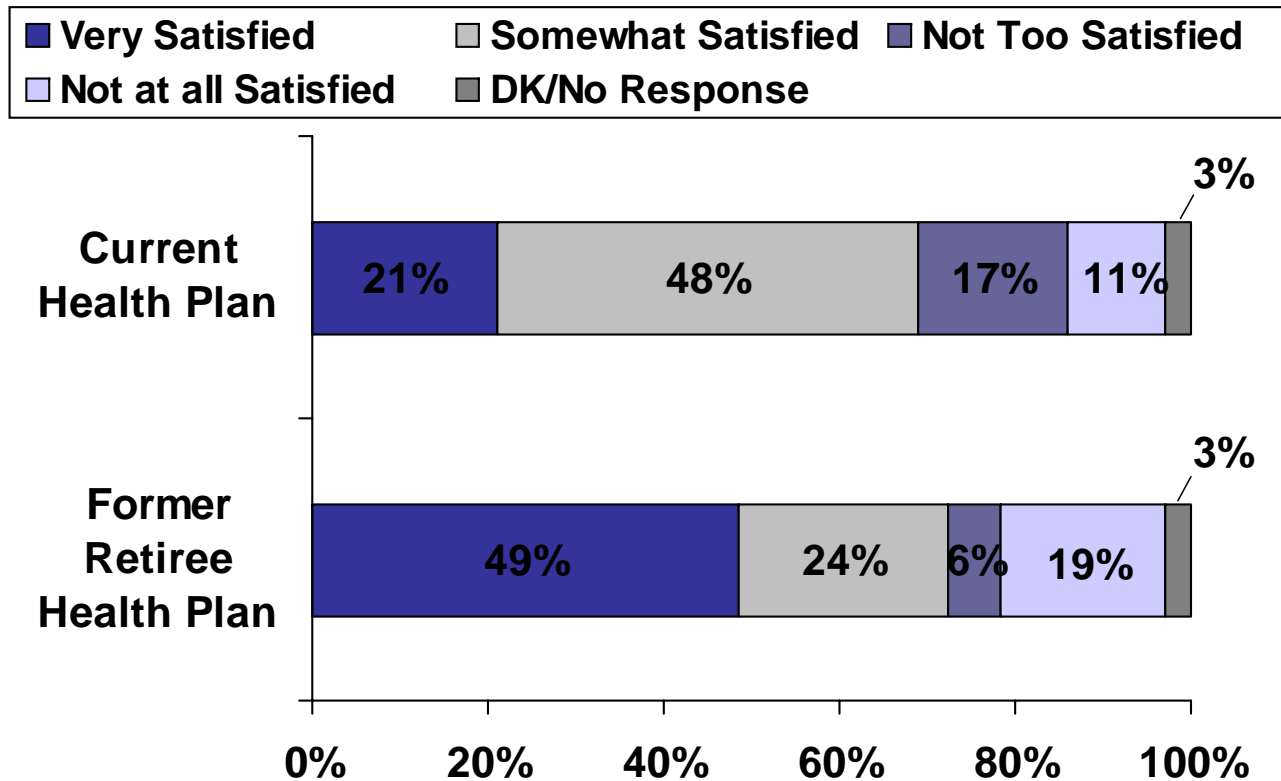


\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .

Note: Totals include 8% of respondents who did not provide information about insurance status.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

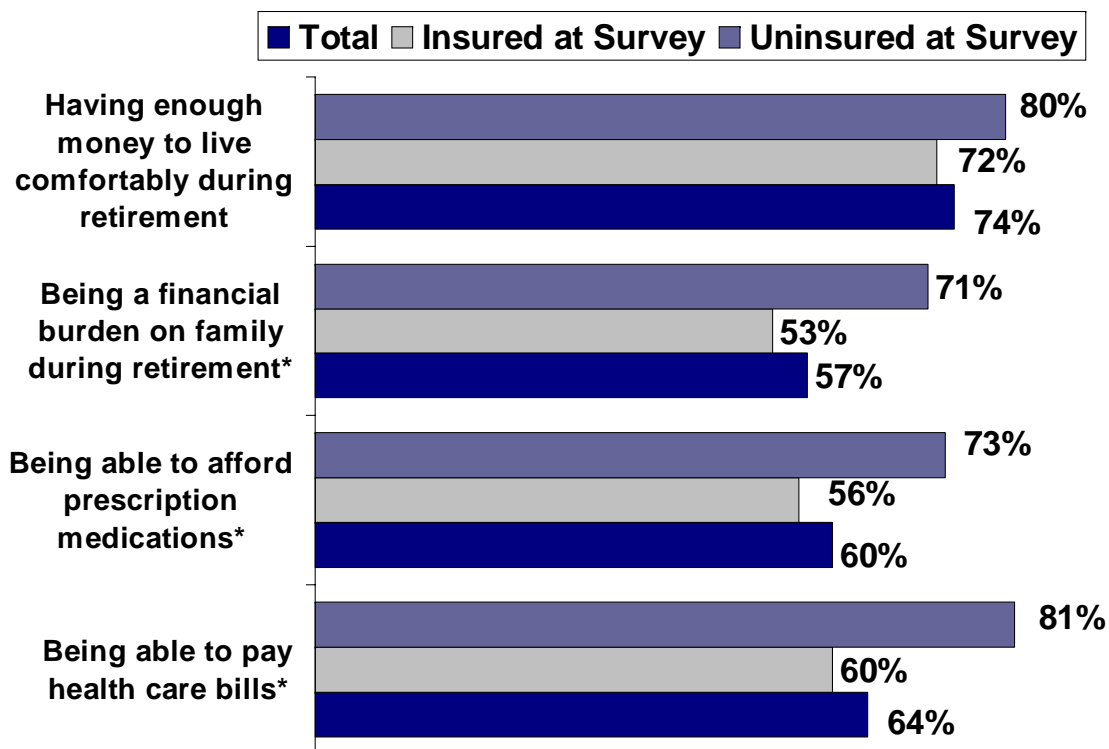
## Exhibit 20: Satisfaction with Former and Current Health Plan Among Pre-65 Respondents



Note: Estimates for Current Health Plan are among those who reported having insurance coverage at the time of the survey. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 21: Percentage of Pre-65 Respondents Who Reported Worrying “A Lot” about the Selected Financial Concerns, by Insurance Status



\* Differences between Insured at Survey and Uninsured at Survey are statistically significant at  $p < .05$ .  
 Note: Totals include 8% of respondents who did not provide information about their insurance coverage.  
**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.



## **V. Findings: 65+ Respondents**

### *Health Insurance Coverage (Exhibits 22- 23)*

Following the loss of employer-based retiree health coverage, three-quarters of 65+ respondents (75%) were able to obtain a new source of coverage in addition to Medicare, either through a Medicare HMO (18%) or a supplement to traditional Medicare (57%). Ten percent of 65+ respondents reported being enrolled in traditional Medicare without any additional coverage (Medicare-only). The remaining 16% of respondents said they “don’t know” or gave no response about their health insurance coverage (Exhibit 22).

More than one in six (18%) 65+ respondents were enrolled in a Medicare HMO (which covers Medicare Part A and B benefits and may cover additional non-Medicare benefits), though there was considerable variation by state. Among 65+ respondents in Pennsylvania, one-third (32%) of respondents were enrolled in a Medicare HMO compared to three percent of 65+ respondents in Indiana. Respondents in Pennsylvania were more likely to have some form of coverage to supplement Medicare compared with their counterparts in Indiana, most likely a reflection of the higher prevalence of Medicare HMO plans in Pennsylvania.<sup>13</sup> Higher Medicare HMO participation in Pennsylvania may also be due to an innovative arrangement in PA where Bethlehem retirees who had previously been covered by a Medicare HMO through their employer-sponsored retiree health benefits were allowed to retain their coverage on a group basis. Those respondents were required to pay the entire premium themselves, but they retained the lower group premium as opposed to a higher premium for individual coverage.

Among 65+ respondents who had coverage other than traditional Medicare only, two-thirds (68%) said they had drug coverage or some other help from a program to pay for their prescription drugs. Approximately one quarter (21%) reported that they did not have

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<sup>13</sup> In 2004, there were 17 Medicare Advantage contracts (primarily Medicare HMOs) in Pennsylvania and five in Indiana. Source: Kaiser Medicare health plan tracker.

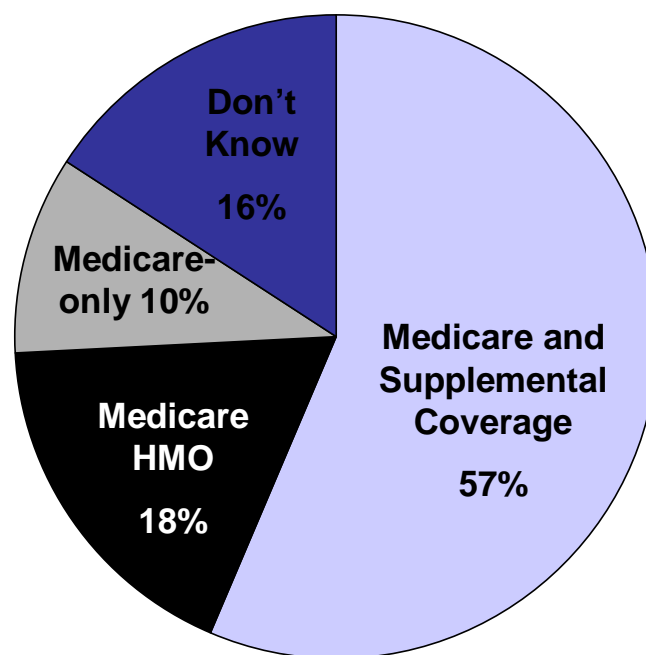
assistance with their drug costs. The remainder (11%) reported “don’t know” or gave no response when asked about drug assistance (Exhibit 23).<sup>14</sup>

Nearly a quarter (22%) of 65+ respondents with drug benefits reported that their coverage pays “most” of their or their spouse’s total prescription drug costs, 39% said it pays “some”, and 29% said it pays “a small share.” Nine percent said they did not have drug expenses, did not know, or did not provide an answer (Exhibit 23). More than half (55%) of all 65+ respondents reported spending more than \$100 per month out-of-pocket for their (and their spouse’s, if married) medications.

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<sup>14</sup> Due to a skip pattern in the survey instrument, those with coverage by traditional Medicare only were not asked about sources of drug coverage. The percentages provided include those who are covered by a Medicare HMO, Medicare and Supplemental coverage, and those who didn’t provide information about supplemental coverage.

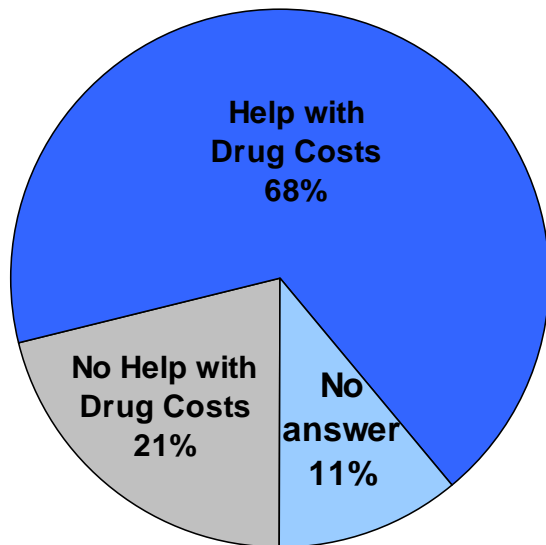
Exhibit 22:  
Sources of Health Insurance Coverage Among 65+  
Respondents at Time of Survey



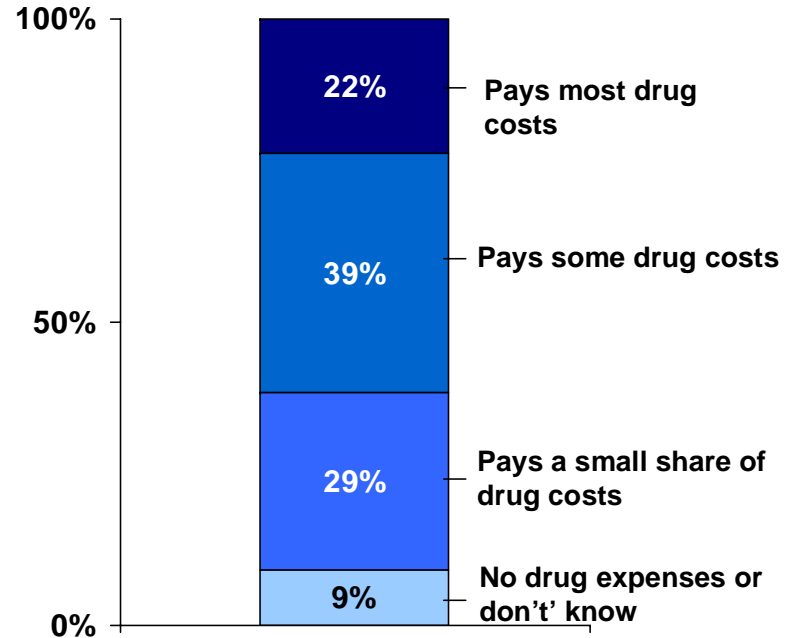
**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 23: Percentage of 65+ Respondents Who Have Benefits or Insurance that Helps Pay for Prescription Medications and Share of Costs Covered<sup>^</sup>

Percentage of 65+ retirees with coverage or assistance with drug costs:



Reported share of drug costs that coverage or assistance pays:



<sup>^</sup>Percentages do not include responses of those who reported having no insurance other than traditional Medicare.  
Note: Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

### Utilization and Access to Health Care Services (Exhibits 24-25)

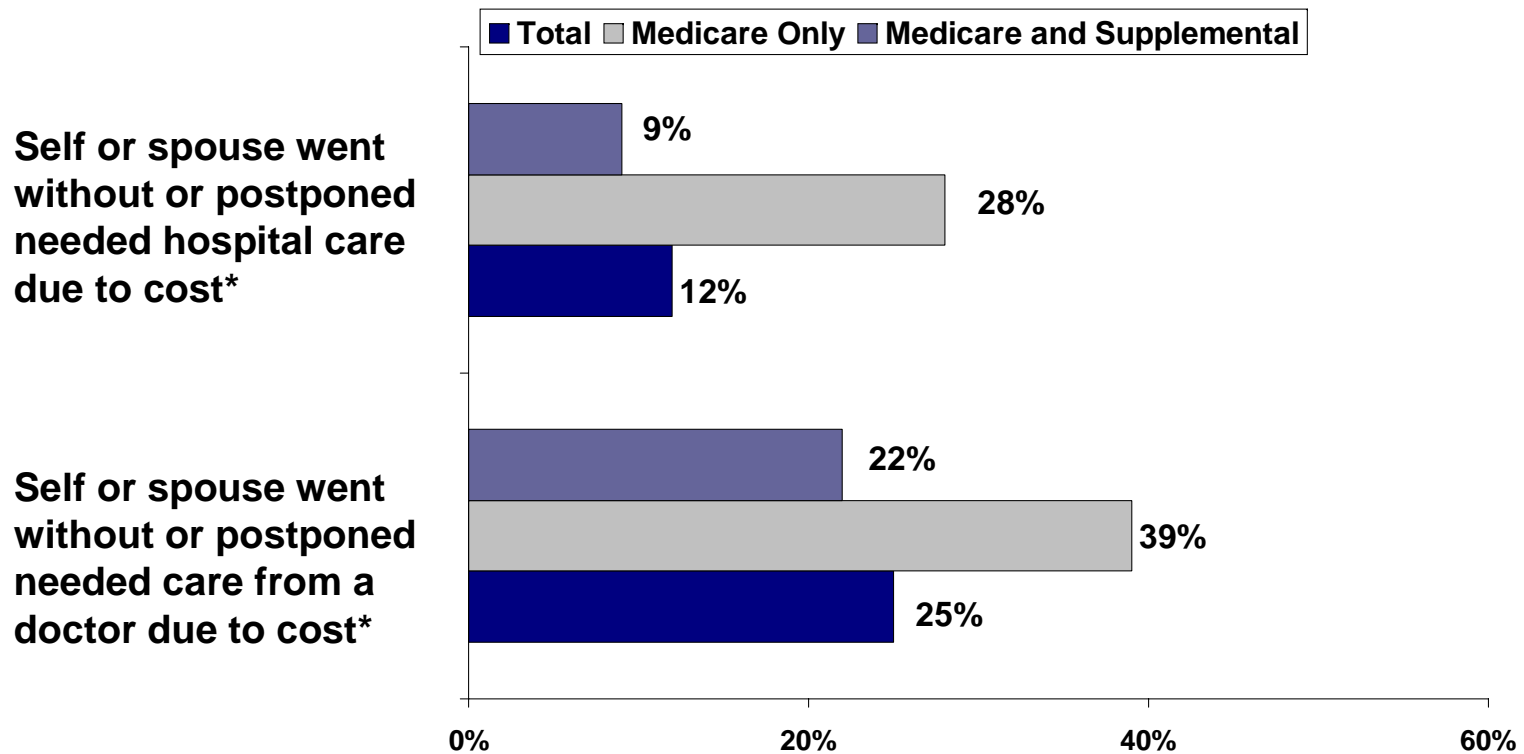
Consistent with their complex health conditions and higher than average rates of fair/poor health status compared with the Medicare population at large, 65+ respondents had fairly high rates of health care service and prescription drug use. Nearly one-third of 65+ respondents reported having been a patient in a hospital overnight within the past year and over half (57%) reported having five or more visits to a doctor or other health care provider within that last year. Respondents rely heavily on prescription drugs to manage their health conditions and over two-thirds (69%) reported taking three or more prescriptions on a regular basis.

Respondents ages 65+ reported lower rates of health care access barriers than their pre-65 counterparts, likely because they are well protected by Medicare for basic medical coverage. Despite Medicare's protections, however, a quarter of 65+ respondents (25%) said they have gone without or postponed care from a doctor due to costs and 12% have gone without or postponed hospital care due to costs within the last 12 months (Exhibit 24). When asked about prescription drug adherence, about a third (32%) of 65+ respondents said that within the last year, they "often" or "sometimes" did not fill, skipped or split doses, or did not take a medication as directed by their doctor due to cost (Exhibit 25).

Respondents who lacked Medicare supplemental coverage were more likely to report that they delayed or avoided seeking care due to cost than their counterparts who obtained a supplement to Medicare following the loss of employer health benefits.

- 39% of 65+ respondents who lacked supplemental coverage said they had gone without or postponed care from a doctor because of costs, as compared with 22% of those with supplemental coverage (Exhibit 24).
- 28% of 65+ respondents with no supplemental coverage said they had gone without or postponed hospital care that they or their doctor thought was needed, due to cost, as compared with 9% of those with supplemental coverage (Exhibit 24).
- 51% of 65+ respondents who lacked supplemental benefits reported not filling a prescription or skipping/splitting doses of medications "often" or "sometimes, as compared with 29% among their insured counterparts (Exhibit 25).

## Exhibit 24: Percentage of 65+ Respondents Reporting Various Health Care Access Barriers, by Insurance Status

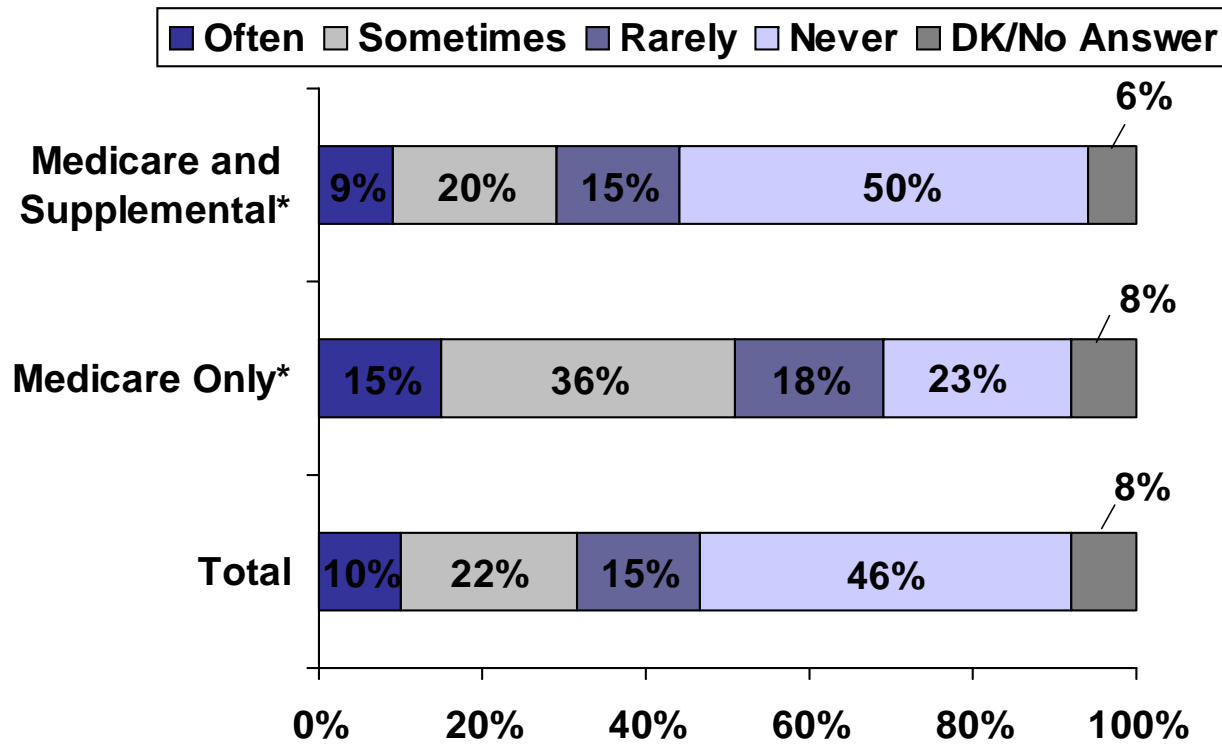


\* Differences between Medicare Only and Medicare and Supplemental are statistically significant at  $p < .05$ .

Note: Totals include 16% of respondents who did not provide information about insurance coverage.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

**Exhibit 25:**  
**Percentage of 65+ Respondents Who Reported Not Filling, Skipping, Splitting Doses, or Not Taking Medication as Prescribed Due to Cost, by Insurance Status**



\*Differences between Medicare Only and Medicare and Supplemental are statistically significant at  $p < .05$ .  
 Note: Totals include 16% of respondents who did not provide information about supplemental coverage. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

*Financial Impact, Satisfaction, and Worries (Exhibits 26-30)*

As with the pre-65 retiree population, the loss of retiree health benefits posed financial hardship for some 65+ respondents. In general, those who obtained a new source of supplemental coverage reported similar rates of financial hardship as those who lacked such coverage.

- Half of 65+ respondents said that they cashed in savings or assets to afford health care costs or insurance premiums (17% “a lot” and 33% “a little”) (Exhibit 26).
- One-third (33%) of 65+ respondents reported spending less on food, heat, or other basic needs (10% “often” and 23% “sometimes”) (Exhibit 27).
- Ten percent of 65+ respondents reported that they or their spouse returned to work or retired later as a result of the loss of retiree health benefits (Exhibit 28).

65+ respondents with supplemental coverage reported greater satisfaction with the coverage they had under their former steel plan than with their current source of coverage. Fifty-eight percent said they were “very satisfied” with the coverage they had as a retired steelworker, while 32% percent said they were “very satisfied” with their current course of supplemental coverage (Exhibit 29). Moderately high satisfaction levels were surprising given reports of fewer benefits under their current source of coverage as compared with their retiree health plan from their former steel employer. Thirty-six percent of 65+ respondents with new supplemental coverage reported that the level of benefits under their new plan is either higher or the same as the benefits they were receiving under their former plan, while 58% reported that they are receiving fewer benefits. The remaining six percent did not respond or did not know whether their level of benefits was higher or lower than before.

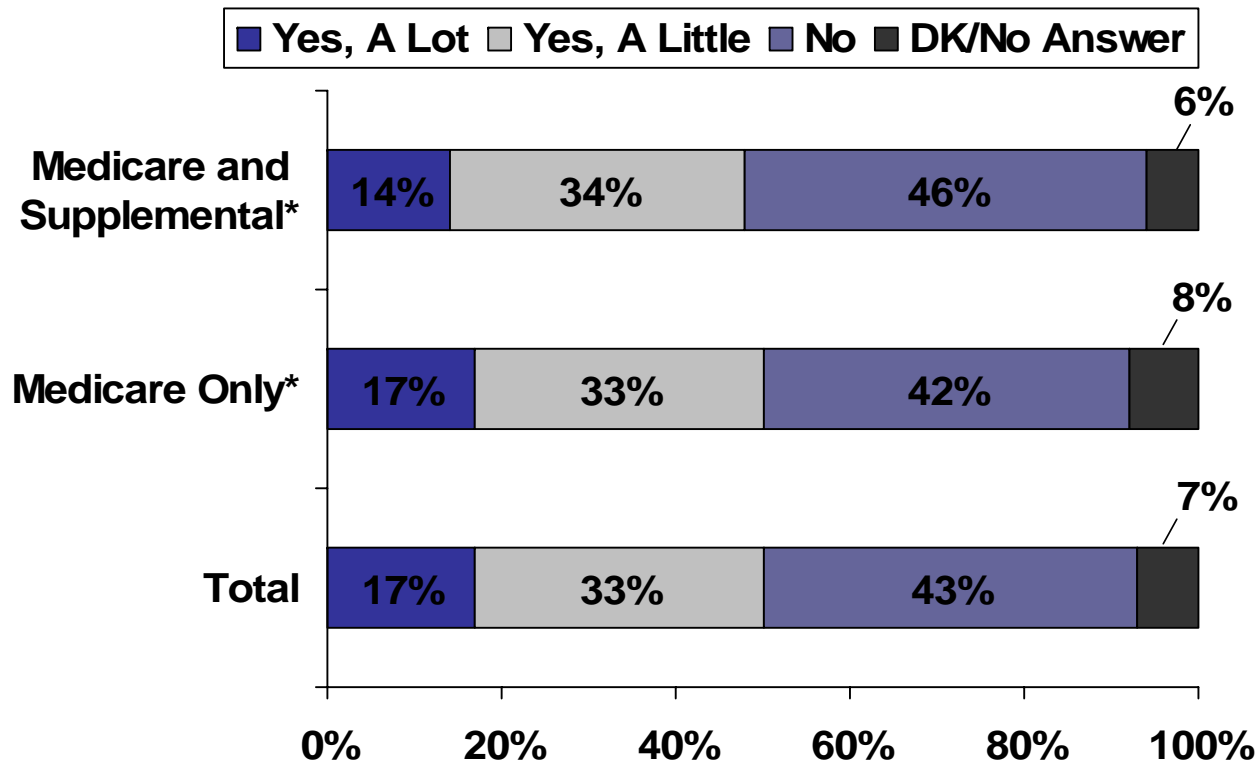
Consistent with their pre-65 counterparts, 65+ respondents expressed concerns about a number of issues ranging from health care affordability to having enough money for retirement. Comparing those with and without supplemental coverage, 65+ respondents



who lacked a supplement to Medicare were considerably more likely to report having financial concerns about affording health care and retirement (Exhibit 30).

- Seniors with no supplemental coverage reported higher levels of concern about being able to pay their health care bills than seniors who had supplemental coverage. Sixty-six percent of those without supplemental coverage reported worrying “a lot” about this compared with 41% of those who reported having supplemental coverage.
- Fifty-five percent of seniors without supplemental coverage and 45% of seniors with supplemental coverage reported worrying “a lot” about being able to afford prescription medications.
- When asked about their concerns about being a financial burden on family during retirement, 48% of those with no supplemental coverage and 34% of those with supplemental coverage reported worrying “a lot”.
- Sixty-eight percent of seniors with no supplemental coverage reported worrying “a lot” about having enough money to live comfortably during retirement compared with 46% of seniors with supplemental coverage.

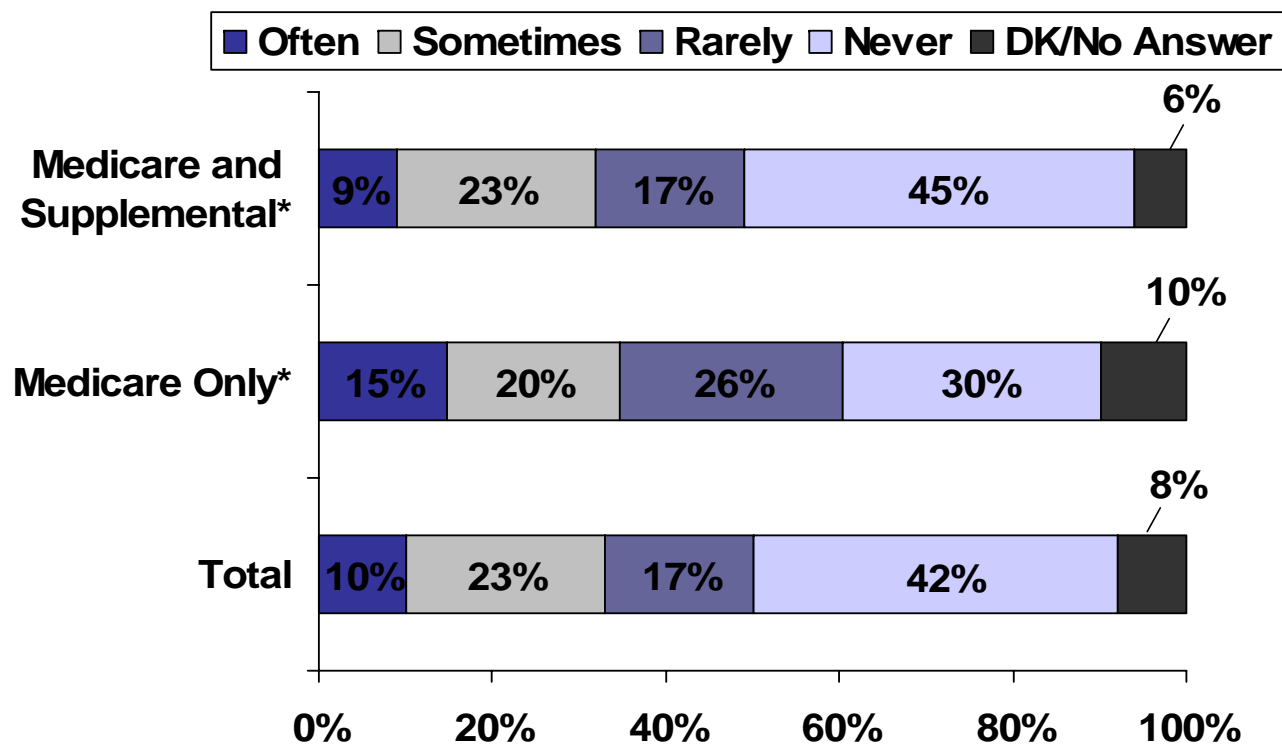
Exhibit 26:  
 Percentage of 65+ Respondents Who Reported Cashing in Savings or Assets to Afford Health Care Costs or Premiums, by Insurance Status



Note: Totals include 16% of respondents who did not provide information about supplemental coverage. Percentages may not add up to 100% due to rounding.

SOURCE: Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

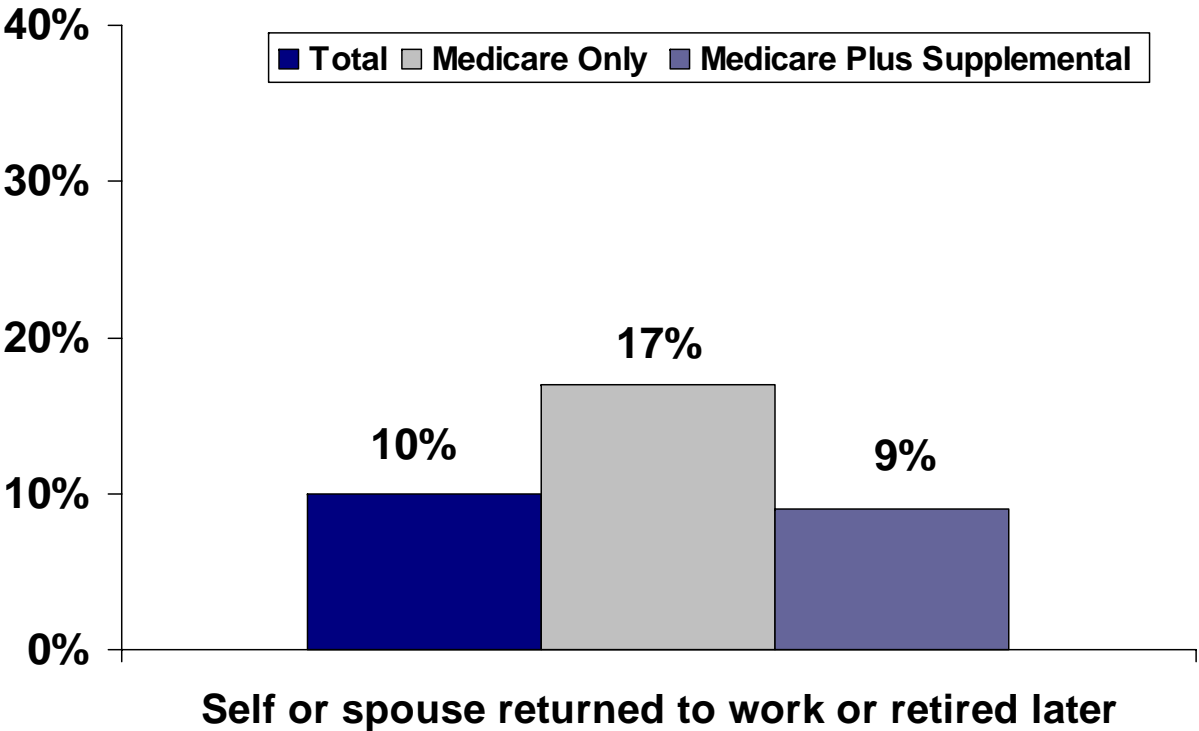
## Exhibit 27: Percentage of 65+ Respondents Who Reported Spending Less on Food, Heat, or Other Basic Need in the Past 12 Months, by Insurance Status



Note: Totals include 16% of respondents who did not provide information about supplemental coverage. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

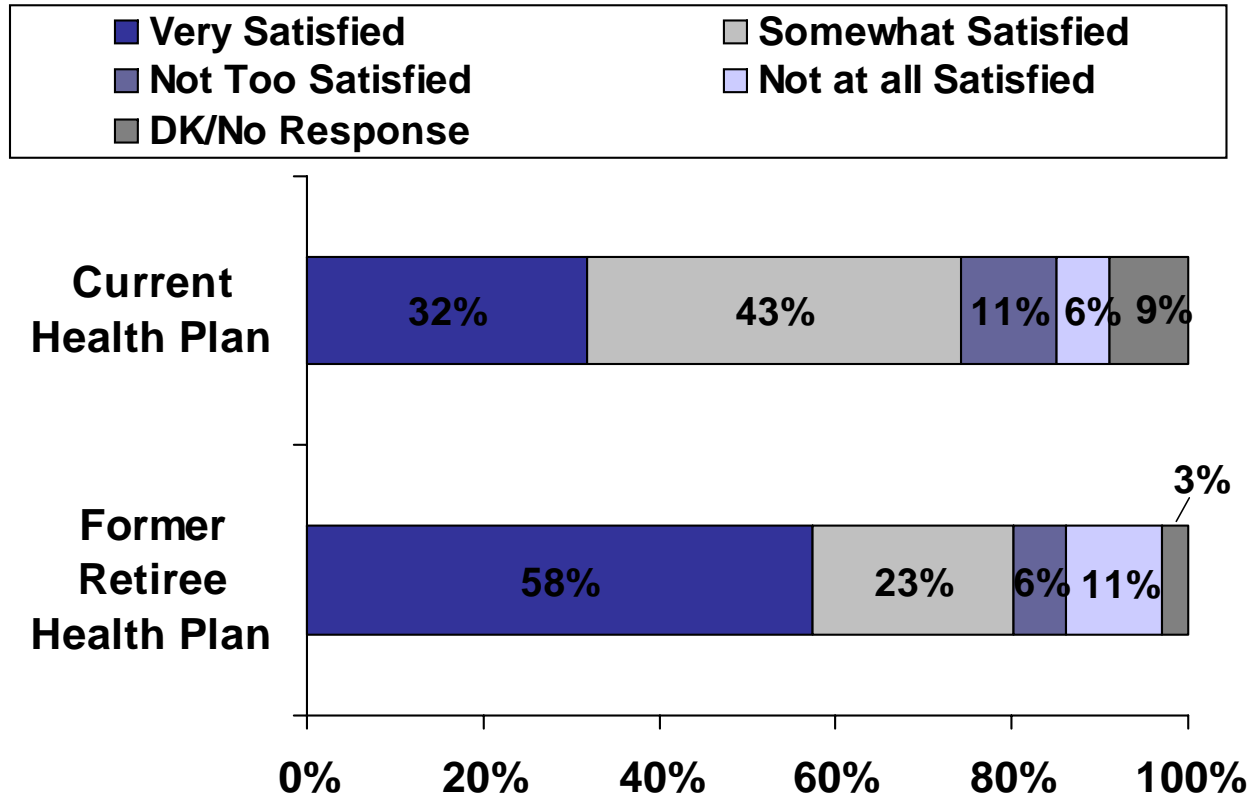
**Exhibit 28:**  
**Among 65+ Respondents, Percentage Who Reported That They or Their Spouse Returned to Work or Retired Later As a Result of the Loss of Retiree Health Benefits**



Note: Totals include 16% of respondents who did not provide information about supplemental coverage.

SOURCE: Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

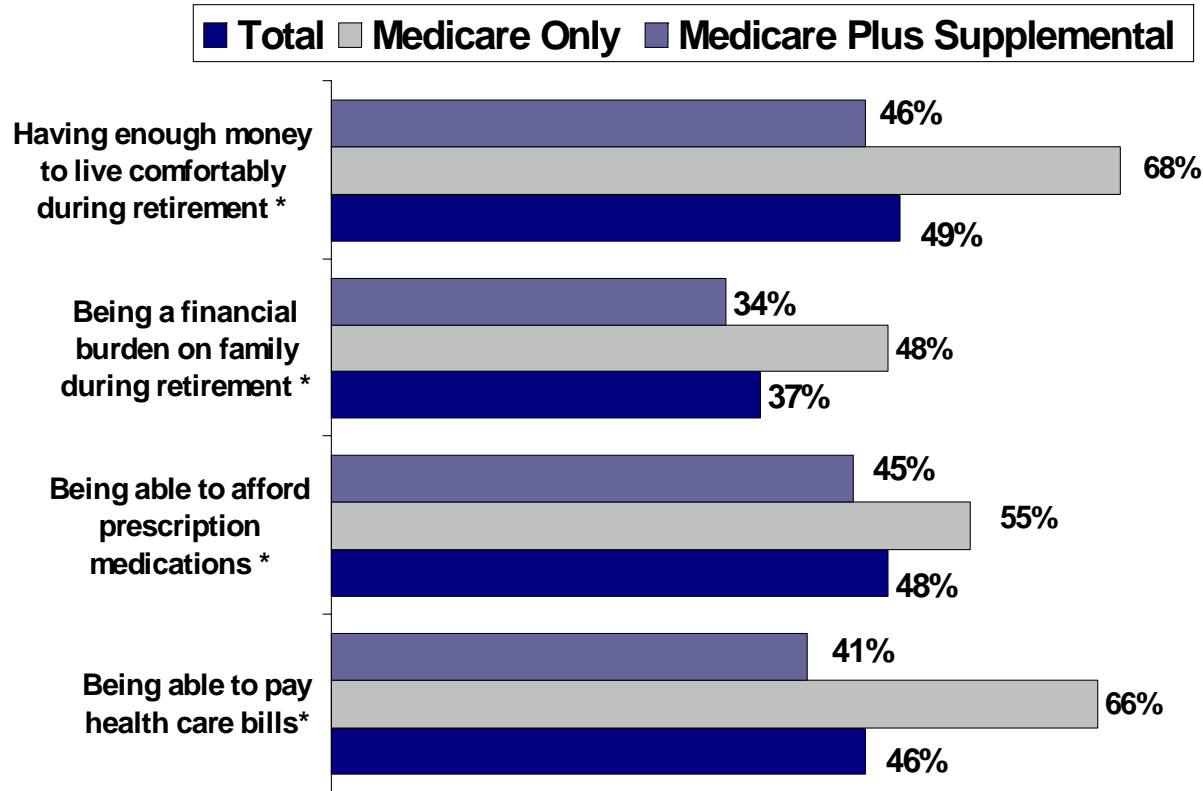
**Exhibit 29:**  
**Among 65+ Respondents with Supplemental Coverage,**  
**Satisfaction with Former and Current Health Plan**



Note: Estimates for Current Health Plan are among those who reported having supplemental coverage to Medicare. Percentages may not add up to 100% due to rounding.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## Exhibit 30: Percentage of 65+ Respondents Who Reported Worrying “A Lot” About the Selected Financial Concerns, by Type of Coverage



\*Differences between Medicare only and Medicare and Supplemental are statistically significant at  $p < .05$ .  
Note: Totals include 16% of respondents who did not provide information about supplemental coverage.

**SOURCE:** Kaiser Family Foundation 2004 Survey of Retired Steelworkers.

## **VI. Policy Implications**

### **Pre-65 Respondents**

The findings from the survey confirm that retiree health benefits are an important source of financial and health security. While most pre-65 respondents were able to find new coverage, many faced relatively long periods without coverage and many reported making significant changes in their lives (delaying retirement or returning to work) in order to have access to health insurance. Almost one in five pre-65 respondents was uninsured at the time of survey, with most of these being uninsured for substantial periods of times (average 34 months for LTV respondents and 23 months for Bethlehem respondents). Respondents with coverage were less satisfied with their current coverage than with the retiree benefits that they lost.

The availability of the HCTC at the time of the bankruptcy appears to have assisted Bethlehem respondents in retaining coverage, largely through COBRA. Overall, 26% of respondents ages 55 to 64 used the tax credit to help cover their health insurance expenses. A substantially higher percentage of Bethlehem respondents reported having some coverage through COBRA than LTV respondents (who did not have the tax credit available to them when they lost coverage).

The loss of retiree benefits caused a significant disruption to the retirement of many pre-65 and 65+ respondents. Almost one-half of pre-65 respondents reported that they or a spouse returned to work or delayed retirement as a result of the loss of their steelworker retiree health benefits. The percentage getting coverage through a new job was lower for Bethlehem than for LTV respondents, perhaps because the availability of the HCTC at the time of coverage termination gave Bethlehem respondents more resources to pursue other coverage options (such as COBRA).

The loss of retiree benefits also had a significant impact on respondents' finances. Twenty-five percent of pre-65 respondents reported that they had cashed in "a lot" of their savings or assets to pay for health care or health insurance premiums. Among pre-65 respondents who were uninsured at the time of the survey, 35% reported cashing in "a lot" of their savings or assets for health care

and premiums. Consistent with this, significant percentages of pre-65 respondents reported postponing or going without needed hospital or physician care due to cost.

### **65+ Respondents**

Medicare offered a critical safety net to retirees who lost employer-sponsored coverage following the bankruptcies in the steel industry. Unlike younger respondents, those 65 and older could rely on Medicare as the primary source of health insurance coverage. The survey shows that most of the 65+ respondents who lost their employer-based coverage were able to obtain a new source of coverage. However, more than half of the 65+ respondents said the benefits they received under the new supplemental plan were less generous than those provided under their employer plan.

As with many of their pre-65 counterparts, the loss of retiree benefits appears to have had a significant impact on the finances of many respondents. Seventeen percent of 65+ respondents reported that they had cashed in “a lot” of their savings or assets to pay for health care or health insurance premiums. Twelve percent reported postponing or going without needed hospital care and 25% reported postponing or going without needed physician care. Nearly half of 65+ respondents reported they worry “a lot” about being able to pay their health care bills; nearly half said they worry “a lot” about being able to afford prescription medications; and more than one-third worry “a lot” about being a financial burden on their family during retirement.

### **Recent Developments**

Since completion of the survey, retirees have received some further assistance to help them with their health care costs. International Steel Group (ISG), the company that bought the assets of LTV in 2002 and those of Bethlehem Steel in 2003, worked with the United Steelworkers of America to establish a benefit trust fund called the ISG VEBA (Voluntary Employees' Beneficiary Association). In March 2005, the VEBA had sufficient funds to begin offering a prescription drug program to both Medicare-eligible and non-Medicare retirees and dependents who lost coverage through the bankruptcies. Medicare beneficiaries now have the option to receive prescription drug benefits from the VEBA plan or a Medicare Part D drug plan, but not both. As of early 2006, approximately 75,000 individuals were eligible to receive these benefits.



## Appendix A: The Health Coverage Tax Credit

The Health Coverage Tax Credit (HCTC) is a federal tax credit that pays 65% of the premiums for qualified health plans for certain workers who lose their jobs because of international trade and for certain early retirees. The HCTC was created by Title II of the Trade Act of 2002 (P.L. 107-210, enacted August 6, 2002). The HCTC was first available in December 2002, and the advance payment option for receiving the tax credit went into effect August 1, 2003.

Those eligible for the HCTC include:

- Workers who experience trade-related job losses and receive a Trade Readjustment Allowance under the Trade Adjustment Assistance (TAA) program, including those eligible for TAA but who have not used up their unemployment insurance benefits,
- Workers age 50 and over who experience trade-related job losses and receive benefits under the Alternative Trade Adjustment Assistance (ATAA) program, and
- Retirees at least 55 years old who receive pension benefits from the Pension Benefit Guaranty Corporation (PBGH), including those who received a lump sum payment from the PBGH after August 5, 2002.

Those not eligible for the HCTC include those entitled to Medicare Part A (which typically occurs at age 65) or health coverage provided through the U.S. military, and those enrolled in an employer-sponsored plan that pays 50% or more of the cost, Medicare Part B, Medicaid, the Federal Employees Health Benefits Program, or the State Children's Health Insurance Program. An eligible individual's family members may also use the HCTC if they meet certain requirements.

To qualify for the HCTC, individuals and family members must be enrolled one of the following qualified health plans:

- COBRA continuation coverage,
- A state-qualified health plan, which can be, for example, a state high risk pool, state-based continuation coverage, a state worker plan, a state-qualified private health plan, a purchasing pool arrangement; as of Nov. 9, 2005, 41 states plus the District of Columbia had at least one state-qualified health plan,
- Non-group (individual) coverage if enrolled for at least 30 days before separation, and
- Spousal employer-sponsored coverage if the employer pays less than 50% of the cost of coverage.

Eligible individuals with qualified health insurance can choose to receive the HCTC either as an advance tax credit that is paid to the health plan to be applied toward the monthly health insurance premium, or as a lump sum payment or credit at the end of the year by claiming it on their federal tax form.

In July 2005, 6.7% (15,640 of an estimated 234,000 potentially eligible workers and retirees) were enrolled in the advance payment option. Participation in the advance payment option has been increasing, from 3.6% in December 2003 (8,374 of an estimated

234,742 eligibles), to 6.1% in September 2004 (13,562 of an estimated 222,000 eligibles), and 6.7% in July 2005 (15,640 of an estimated 234,000 eligibles). However, the report from which these data came estimates that the actual HCTC participation rate for September 2004 could be significantly above 6.1% -- as high as 22% (25,500 out of 118,000 eligibles) -- because (1) the number of HCTC users should be higher because it does not include those who receive the credit by filing their federal income tax forms at the end of the year, and (2) the number of potential eligibles should be lower because not all those identified are eligible for the HCTC. Enrollment in the HCTC is about one-third of that anticipated when the Trade Act of 2002 passed, based on tax expenditure data: July 2002 estimates by the Congressional Joint Committee on Taxation compared to February 2005 estimates by the Office of Management and Budget are \$339 vs. \$120 for 2004, \$452 vs. \$150 for 2005, and \$470 vs. \$140 for 2006 (in millions of dollars). (Source: S. Dorn, J. Varon, F. Pervez, *Limited Take-up of Health Coverage Tax Credits and the Design of Future Tax Credits for the Uninsured*, Economic and Social Research Institute, Revised November 3, 2005, pp. 2-4, at [http://www.esresearch.org/documents\\_1-05/HCTC\\_TakeUp.pdf](http://www.esresearch.org/documents_1-05/HCTC_TakeUp.pdf))

### Appendix B: General Characteristics of Sample

	Pre-65		65+		Total	
	N	Percent	N	Percent	N	Percent
<b>Total</b>	<b>2042</b>	<b>100%</b>	<b>649</b>	<b>100%</b>	<b>2691</b>	<b>100%</b>
Steel Company						
LTV Corporation	901	44%	367	57%	1268	47%
Bethlehem Steel	1141	56%	282	43%	1423	53%
Steel Company Status						
Retiree Steel Company	1765	86%	452	70%	2217	82%
Surviving Spouse of Retiree	277	14%	197	30%	474	18%
Marital Status						
Married	1394	68%	340	52%	1734	64%
Divorced, Separated, Widowed	543	27%	290	45%	833	31%
Never Married	96	5%	13	2%	109	4%
Mean Age						
	58	NA	76	NA	---	---
Sex						
Male	1659	81%	401	62%	2060	77%
Female	377	18%	213	33%	590	22%
Education						
Less than High School Graduate	248	12%	275	42%	523	19%
High School Graduate	1157	57%	258	40%	1415	53%

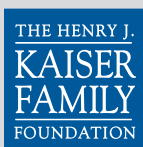
Some College	362	18%	63	10%	425	16%
Graduated College	50	2%	2	0%	52	2%
Graduate School or more	23	1%	3	0%	26	1%
Technical School/Other	185	9%	33	5%	218	8%
Home ownership						
Home Owner	1752	86%	522	80%	2274	85%
Home Renter	250	12%	97	15%	347	13%
Annual Income						
Under \$10,000	70	3%	24	4%	94	3%
\$10,000 to \$14,999	226	11%	127	20%	353	13%
\$15,000 to \$19,999	226	11%	122	19%	348	13%
\$20,000 to \$24,999	238	12%	130	20%	368	14%
\$25,000 to \$29,999	261	13%	90	14%	351	13%
\$30,000 to \$39,999	345	17%	71	11%	416	15%
\$40,000 to \$49,999	234	11%	18	3%	252	9%
\$50,000 to \$74,999	245	12%	10	2%	255	9%
\$75,000 or more	93	5%	1	0%	94	3%
Health Status (Self-assessed)						
Excellent or Very Good	461	23%	68	10%	529	20%
Good	747	37%	191	29%	938	35%
Fair or Poor	767	38%	334	51%	1101	41%

Note: Percentages within categories do not add up to 100% because "no response" percentages are not shown.

NA: Not Applicable.

-----: Not Available

SOURCE: Kaiser Family Foundation 2004 Survey of Retired Steelworkers.



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