

UNINSURED WORKERS IN AMERICA

Employer-sponsored insurance (ESI) is the primary source of health coverage in the United States with nearly two-thirds of Americans under the age of 65 insured through their own or a family member's employer. Yet more than one in every seven nonelderly workers (14.8%) had no health coverage in 2001. Job-based health benefits are subsidized by the federal government through an employer tax exclusion for health insurance premiums, but employer sponsorship is voluntary.

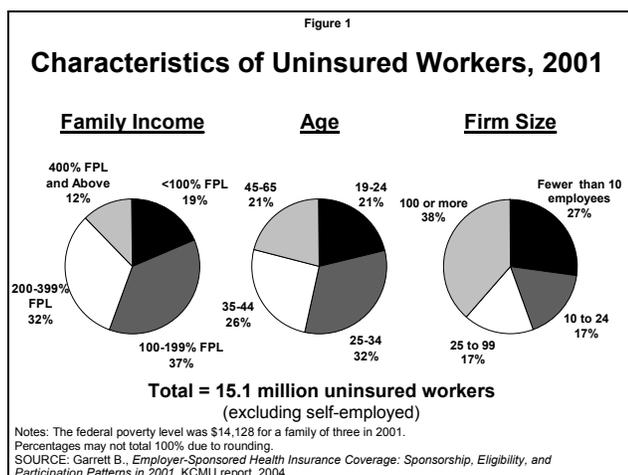
Because not all businesses offer health benefits, not all workers qualify for coverage, and many employees cannot afford their share of the premiums, 18.5 million adult workers were uninsured in 2001. Consequently, millions of dependent spouses and children were uninsured as well.

PROFILE OF UNINSURED WORKERS

Of the 124 million adult workers in the U.S. in 2001, 111 million were employees and 13 million were self-employed. Self-employed workers are more likely to be uninsured than others (25% vs. 14%) because they do not have access to more affordable group insurance. The 3.3 million uninsured self-employed have higher family incomes, are older and better educated than the uninsured employed by a business.

There are 15.1 million uninsured workers who are not self-employed (Fig. 1).

- While just 20% of all workers have low family incomes, over half of uninsured workers have low incomes (income < 200% of the federal poverty level or FPL) — because nearly half of poor (income < 100% FPL) workers and a third of near-poor (income 100%-199% FPL) workers have no health coverage.



- Younger workers (ages 19-24) make up a larger than average share of the uninsured (21% of the uninsured vs. 10% of all workers).
- Workers in small businesses are more likely to be uninsured (33% of workers are uninsured in firms with less than 10 employees vs. 8% of workers in firms with 100 or more workers).
- Both single workers and workers with non-working spouses are more likely to be uninsured than married couples who are both in the workforce.

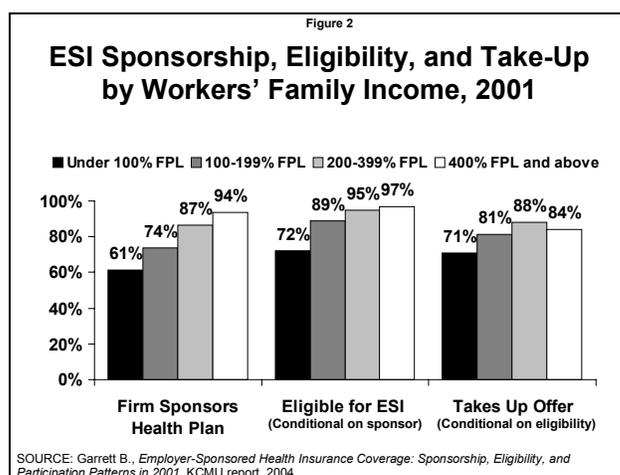
Other types of workers who are more likely to be uninsured:

- include those with less than a high school education (40% are uninsured),
- those in fair or poor health (22%),
- part-time workers (19%-25%) and recently hired workers (29%-40% if less than six months with the job), and
- workers in blue collar jobs in farming, laborers, and the service sector where a third or more workers have no health insurance.

AVAILABILITY OF ESI AND WORKER PARTICIPATION

Having job-based coverage depends on 1) whether the employer sponsors the health benefit, 2) the employee is eligible, and 3) whether the employee chooses to participate in or "take-up" those health benefits.

- 87% of workers (excluding the self-employed) are employed in a firm that sponsors health insurance for at least some of its workers.
- 6% of workers in sponsoring firms are not eligible (e.g., part-time or recent hires).
- 85% of workers offered health benefits in 2001 participated in their employer's plan.



Income, firm size, and type of job are key factors determining whether a worker has ESI. Only 61% of workers with incomes below the poverty level work in a sponsoring firm compared to over 90% of workers with family incomes of at least 400% of the poverty level (Fig. 2).

Low-income workers are also much less likely to be eligible for coverage. When health benefits are available to them, low-income workers are less likely to participate, but the differences in take-up rates across income groups are not as large.

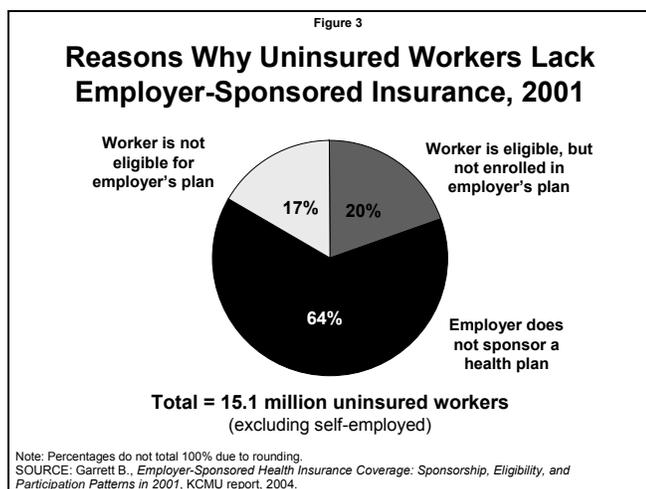
Sponsorship rates also increase steeply with firm size.

- Slightly over half (54%) of workers in the smallest of firms (< 10 employees) are employed by a firm that sponsors insurance compared to 95% of workers in firms with 100 or more workers.
- Take-up rates vary less than sponsorship rates across firm sizes.

Sponsorship rates also increase with workers' age, level of education, weekly hours, and months of job tenure.

REASONS WHY WORKERS ARE UNINSURED

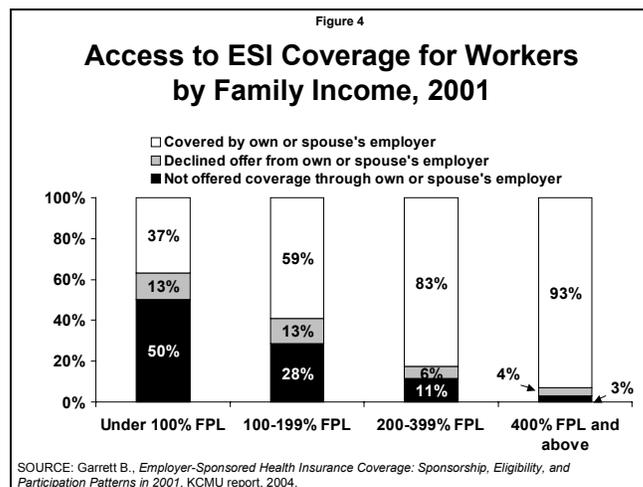
Among the 15 million workers who are uninsured (excluding the self-employed), the main reason they lack ESI is because they work for an employer who does not sponsor health benefits (Fig. 3). The most frequently reported reason for ineligibility is not having worked for the employer long enough (43%) and the most frequent reason for not enrolling in the health benefits that are offered is that they are too expensive (52%).



ACCESS TO ESI COVERAGE WITHIN FAMILIES

Married couples have greater access to ESI for their families if both are employed, particularly when both employers offer family health benefits. About 20% of single workers have no access to ESI.

The chances of having an offer of ESI in the family and then opting to take the health benefit both improve as incomes increase. Half of workers in poor families have no ESI offer in the family. In contrast, only 3% of families with incomes of 400% of the poverty level or above do not have ESI available to them (Fig. 4).



VULNERABLE WORKERS

Health insurance coverage is less stable for those who are earning low wages and/or who have health problems because, should they lose ESI, they would have a difficult time obtaining affordable insurance in the non-group market. Medicaid covers only those low-income adults who have dependent children, are pregnant, or are severely disabled.

Roughly 4.5 million workers with ESI in 2001 had a combination of low-incomes and less than good health, increasing their chances of being uninsured should they lose their job-based coverage. The limits of ESI are tested in a weakened economy particularly when employment rates decline.

Nearly 4 million more Americans became uninsured between 2000 and 2002 as the share of nonelderly Americans with ESI decreased. Encouraging more employers to offer health benefits would have a great impact on the number of uninsured workers, but the affordability of workers' share of the costs is also critical because over half of uninsured workers are from low-income families.

Fact sheet based on:

Garrett B., *Employer-Sponsored Health Insurance Coverage: Sponsorship, Eligibility, and Participation Patterns in 2001*, KCMU report, July 2004.

For additional copies of this fact sheet (#7117), please visit our website www.kff.org/kcmu.