

EPI BRIEFING PAPER

ECONOMIC POLICY INSTITUTE • OCTOBER 9, 2008 • BRIEFING PAPER #223

THE EROSION OF EMPLOYER-SPONSORED HEALTH INSURANCE

Declines continue for the seventh year running

BY ELISE GOULD

The share of the U.S. population under 65 years old with health insurance rose from 2006 to 2007. Despite these overall coverage gains, the news was not so good for employment-based health insurance: the share of persons covered through work (either their own or a family member's employer) declined for the seventh year in a row. Over the 2000-07 period, the trends indicate a significant shift from private to public coverage, especially among children. In particular, since 2006, public insurance was the only reason that more Americans did not become uninsured as coverage through work fell.

Employment-based coverage remains the most prominent form of health insurance in the United States at 62.9% of the under-65 population; however, the rate of this coverage has fallen every year since 2000, when 68.3% had employer-sponsored health insurance. By 2007, this percent had fallen 5.4 percentage points, meaning that over 3 million fewer people under the age of 65 had employment-based insurance in 2007 than in 2000.

Because of these large declines in employer-provided health insurance, workers and their families have become uninsured at alarming rates. While there was a small gain in overall coverage for workers from 2006 to 2007, there were over 4 million more uninsured workers in 2007 than in 2000. Uninsured workers are disproportionately young, non-white, less educated, and low wage, however,

workers across the socio-economic spectrum experienced losses in coverage over the 2000-07 period. Even the most highly educated and highest wage workers had lower rates of insurance coverage in 2007 than in 2000.

As with workers, the downward trend in employer-sponsored coverage for children (through their parents' employers) continued into 2007: 3.4 million fewer children had employment-based coverage in 2007 than in 2000, cutting across all race and income groups.

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Even as employment-based coverage has declined, the share of Americans who receive coverage through private purchase (non-group market) has also declined. The safety net programs—Medicaid and the State Children’s Health Insurance Program (SCHIP)—have kept millions of families insured when their employment-based benefits were lost.

This report’s central findings include:

- The number of uninsured Americans under age 65 fell by 1.5 million from 2006 to 2007; however, with 45.0 million Americans still uninsured, the total still remains 6.8 million over its 2000 level of 38.2 million.
- The downward trend in the rate of employer-sponsored health insurance continued for the seventh year in a row, dropping from 68.3% in 2000 to 62.9% in 2007.
- Nearly 3.0 million fewer Americans under 65 had employer-provided coverage in 2007 than in 2000. As many as 14 million more people under 65 would have had employer-provided health insurance in 2007 if the coverage rate had remained at the 2000 level.
- Individuals in the bottom 20% of the household income scale were the least likely to have employer coverage: 21.9% of those households had insurance compared to 86.4% of people in the top 20% of the income scale.
- At 71.0% coverage, workers (a subgroup of the under 65 population) experienced a slight increase in coverage from 2006 to 2007. But even that increase did not get them back to their 74.8% coverage level in 2000.
- While some workers fared better than others in the most recent year of data, no category of workers has escaped the declines since 2000. Even full-time workers, workers with a college degree, and workers in the highest wage quintile experienced declines in coverage between 2000 and 2007.
- Children experienced declines in employer-provided health insurance coverage in each of the last seven years. In 2000, 65.9% of children had employer-sponsored coverage, whereas in 2007 only 59.5% did, a fall of 6.5 percentage points.

- While employer-sponsored insurance has fallen, it is public insurance—not other forms of private coverage—that is picking up the slack. Public health insurance is offsetting losses in coverage, especially for kids. Private, non-group coverage still remains a minor source of insurance: only 6.5% of the under-65 population receives insurance in this market.
- The decline in employer-sponsored coverage was pervasive and felt throughout the country. When comparing the 2000-01 and 2006-07 periods, 41 states experienced significant losses in employment-based coverage for the under-65 population, with South Carolina, Missouri, North Carolina, and Maryland experiencing losses in excess of 7 percentage points. No state experienced a significant increase in their employer-provided coverage rate.
- The current economic downturn and forecasts of high unemployment into 2009 indicate continued erosion of employer-sponsored insurance in the near future.

Overall health insurance trends

Employer-sponsored insurance is the predominant form of insurance coverage for the under-65 population (**Figure A**).¹ Declines in employer-sponsored health insurance were the leading force behind the declines in overall health insurance coverage from 2000 to 2007. While there was a one-year increase in overall coverage from 2006 to 2007, the share of the under-65 population with any form of insurance was 1.6 percentage points lower in 2007 than in 2000. Employment-based coverage dropped at over twice that rate, falling 5.4 percentage points.

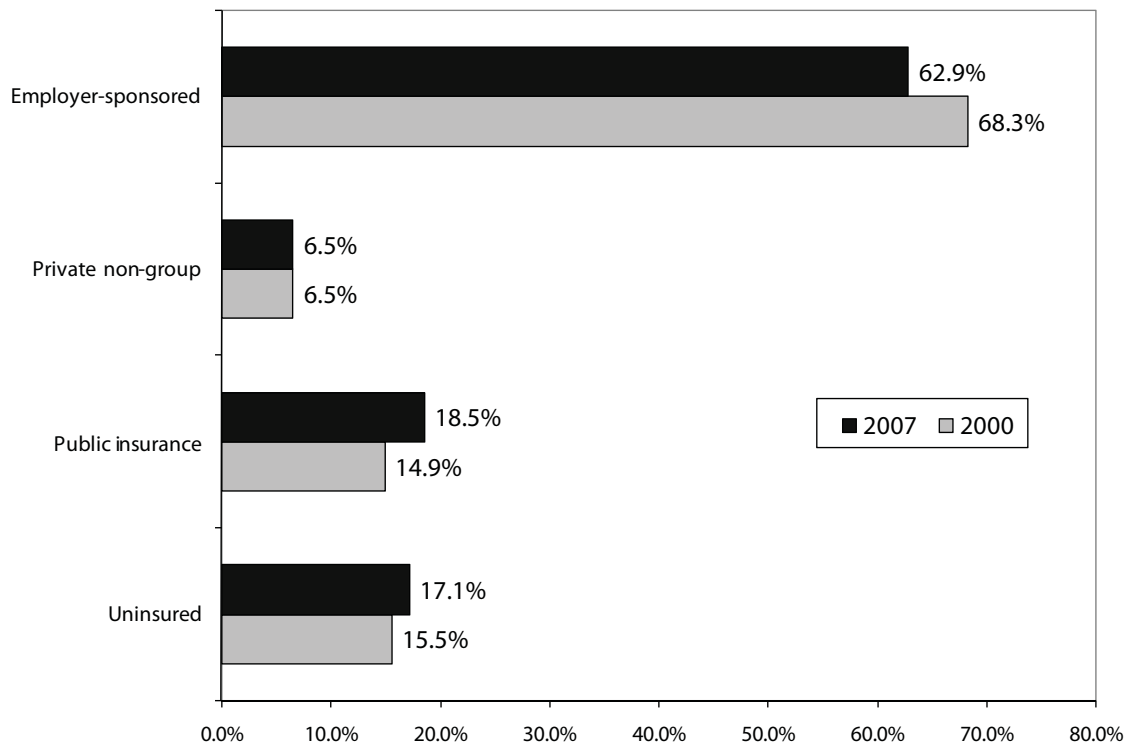
Gains in publicly provided health coverage, particularly among children, mitigated what may have been a faster decline in coverage rates. While growth in public coverage kept more Americans from becoming uninsured, private, non-group insurance consistently remains a source of coverage for a small share of the population.

Declines in employer-sponsored coverage

Between 2006 and 2007, the United States experienced a slowdown in the declining percent of Americans under 65 with employer-sponsored insurance (ESI). However,

FIGURE A

Sources of health insurance coverage, under age 65, 2000 and 2007



SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

examining the entire period from 2000 to 2007, there has been a marked decline in ESI from 68.3% to 62.9%, a decline of 5.4 percentage points (**Table 1**). Over 3 million fewer non-elderly Americans had ESI in 2007 than in 2000 (this does not even account for the fact that the under-65 population grew by over 16 million in this period).

Coverage declines crossed all lines: age, sex, race, education, and household income level. Some people, however, were more hurt than others. Children under 18 (-6.5 points), adults 18-24 years old (-5.1), and adults 25-54 years old (-6.1) experienced significant declines in employer-sponsored health coverage. The lack of losses in employer-provided coverage for older Americans may be attributed to the 4.0 percentage-point increase in their employment-to-population ratios during this period.

Disparities in employer-sponsored insurance coverage by race and ethnicity persisted through 2007, although Hispanics did experience slight gains from 2006 to 2007.

In 2007, 70.8% of whites had employer-provided coverage as compared to 51.6% of African Americans and 41.4% of Hispanics. But year-to-year fluctuations are not as telling as the long-term trend: each of these groups experienced declines in coverage in excess of 4 percentage points since 2000.

Nativity also factors into the likelihood of having employer-sponsored health insurance: 65.1% of those born in the United States had coverage in 2007 as compared to 47.4% of those who were foreign born. But again, *both groups* saw declines in coverage in 2007. It should be noted that while the foreign born have a far lower likelihood of coverage, they are not driving the declines in coverage overall. Employer-sponsored insurance fell faster among the native-born than the foreign-born (5.3 vs. 4.8 percentage point drop), providing further evidence that overall coverage losses are not driven by immigration trends.

TABLE 1

Employer-sponsored health insurance coverage for entire under-65 population

	2000	2006	2007	Percentage-point change 2000-07
Under-65 population	68.3%	62.9%	62.9%	-5.4
Age				
0-17	65.9%	59.7%	59.5%	-6.5
18-24	53.5	48.5	48.4	-5.1
25-54	72.9	66.9	66.8	-6.1
55-64	68.1	67.4	67.8	-0.3
Gender				
Male	68.2%	62.5%	62.5%	-5.7
Female	68.3	63.3	63.2	-5.1
Race				
White, non-Hisp.	75.6%	70.8%	70.8%	-4.8
Black	56.1	51.7	51.6	-4.5
Hispanic	45.8	40.9	41.4	-4.4
Other	64.3	61.9	61.7	-2.6
Nativity				
Native	70.4%	65.1%	65.1%	-5.3
Foreign born	52.2	48.1	47.4	-4.8
Education*				
Less than H.S.	39.0%	32.0%	30.1%	-8.9
High school	65.6	57.1	56.4	-9.2
Some college	73.3	66.7	67.0	-6.3
College	83.5	80.3	80.0	-3.6
Post-college	87.6	85.3	85.8	-1.9
Household income fifth				
Lowest	28.7%	21.9%	21.9%	-6.8
Second	61.7	52.7	53.6	-8.1
Middle	77.4	71.9	71.6	-5.7
Fourth	85.6	82.0	81.9	-3.7
Highest	88.4	86.2	86.4	-1.9

* Education reflects own education for individuals 18 and over and reflects family head's education for children under 18.

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

Those with a high school education or less and those in the second-to-lowest fifth (20-40%) of the income scale continue to be the hardest hit in the last five years. High school graduates were not only less likely than college graduates to have employer-provided insurance in 2007 (56.4% vs. 80.0%), but they experienced declines in coverage more than twice as large (9.2 vs. 3.6 percentage-point drops).²

The lowest rates of employer-sponsored coverage occurred within households with the lowest incomes. Only about one in five individuals in households in the bottom 20% of the income scale had employer-provided health insurance, whereas more than four in five individuals in households at the highest 20% of earners had such coverage (**Figure B**). While each group did not consistently fall in coverage from 2006 to 2007, the overarching trends remained: individuals in the second income quintile (20-40%) saw the largest declines in coverage. Their coverage

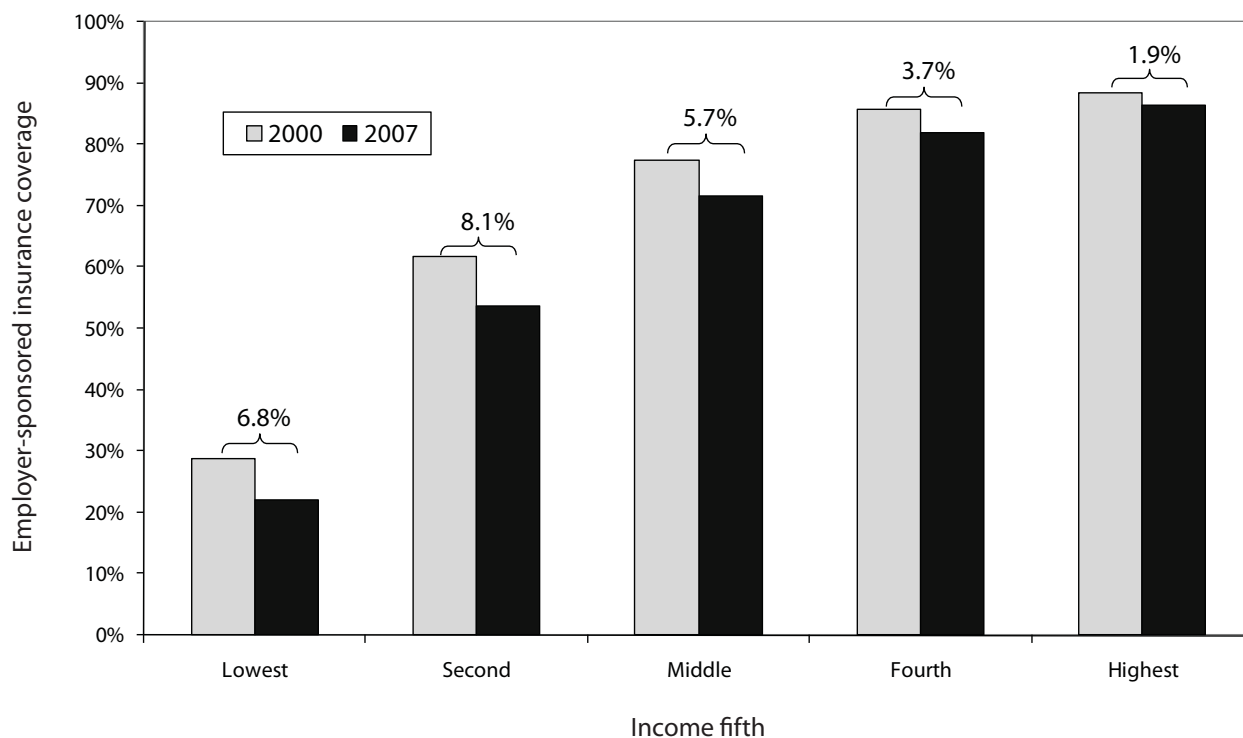
rates fell 8.1 percentage points, from 61.7% in 2000 to 53.6% in 2007.

Declining coverage for workers Employer-sponsored health insurance

Between 2006 and 2007, workers experienced a slight increase in coverage in ESI, either from their own or their spouse's job (**Table 2**). This is likely due to 2007 being the peak year of the last economic cycle. As the job market improves, we would expect workers to increase their bargaining power to bid up wages and benefits. These gains, however, were not universally shared. Full-time workers saw gains of 0.4 percentage points, while part-time worker coverage fell 0.7 percentage points. High school workers did slightly worse (a loss of 0.2 points) than those with more education. Hispanics, on the other hand, experienced greater gains over the year than whites, but black coverage rates declined.

FIGURE B

Employer-sponsored health insurance for individuals under 65 by household income fifth, 2000 and 2007



SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

TABLE 2

Employer-sponsored health insurance coverage for all workers

	2000	2006	2007	Percentage-point change 2000-07
All workers	74.8%	70.8%	71.0%	-3.7
Gender				
<i>Male</i>	73.9%	69.0%	69.4%	-4.5
<i>Female</i>	75.8	72.8	72.9	-2.8
Race				
<i>White, non-Hisp.</i>	79.6%	76.4%	76.4%	-3.2
<i>Black</i>	68.3	65.8	65.6	-2.7
<i>Hispanic</i>	53.4	48.4	50.0	-3.4
<i>Other</i>	70.6	69.1	69.5	-1.0
Nativity				
<i>Native</i>	77.4%	73.9%	74.1%	-3.2
<i>Foreign born</i>	58.7	54.2	54.0	-4.7
Education				
<i>High school</i>	71.8%	65.7%	65.5%	-6.3
<i>College</i>	85.3	82.7	82.7	-2.6
Wage quintiles				
<i>Lowest</i>	49.4%	44.6%	44.9%	-4.4
<i>Second</i>	69.0	62.6	62.5	-6.4
<i>Middle</i>	80.7	77.3	77.8	-2.9
<i>Fourth</i>	86.9	83.7	85.0	-1.9
<i>Highest</i>	88.6	86.4	85.9	-2.6
Work time				
<i>Full time</i>	77.6%	73.9%	74.3%	-3.3
<i>Part time</i>	60.4	55.3	54.6	-5.9

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

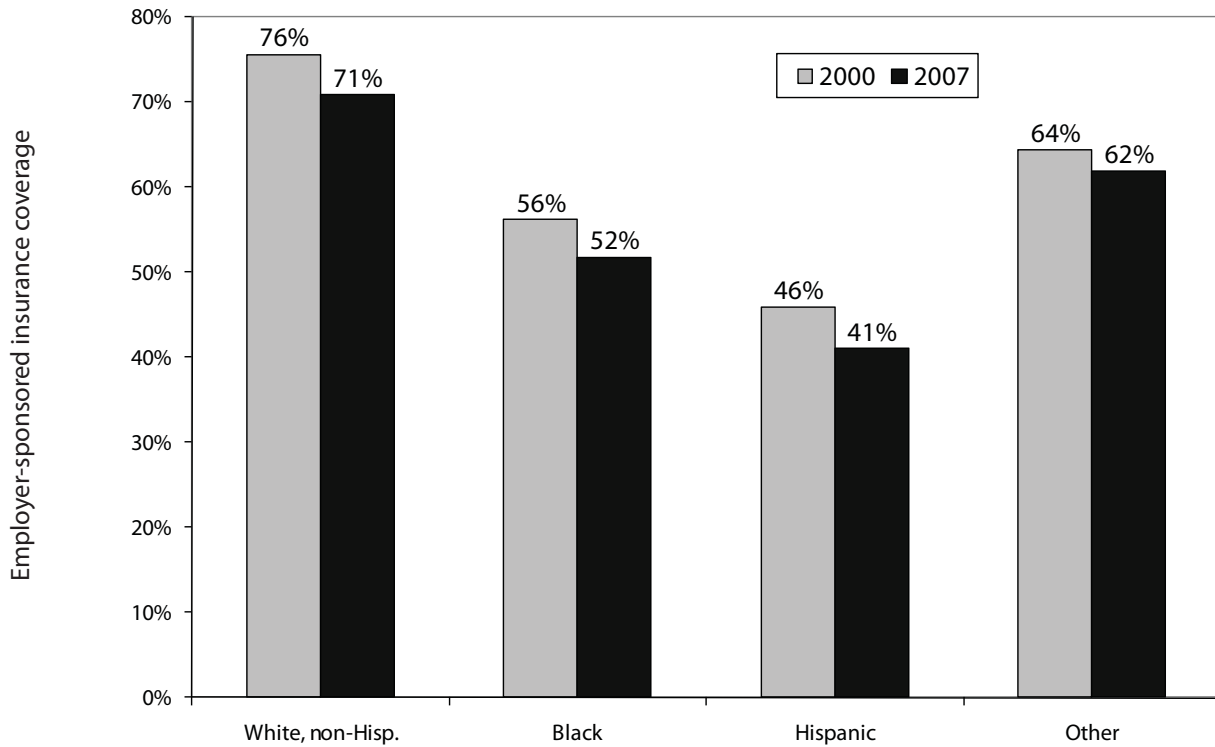
The overall trends for workers from 2000 to 2007 tell a story not unlike that of the under-65 population in general. Workers are less likely to have ESI than they were seven years ago. In 2007, 71.0% of workers had employer-provided health insurance, down a total of 3.7 percentage points since

2000. Nearly 1 million fewer workers had employer-provided health insurance in 2007 than in 2000, while employment increased by nearly 6 million workers since 2000.

The loss of coverage of this period was greater for men than women, as the employer-sponsored coverage rate for

FIGURE C

Employer-sponsored health insurance for individuals under 65 by race, 2000 and 2007



SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

working men fell 4.5 percentage points compared to 2.8 points for women. Hispanic workers have the lowest coverage rates of any race/ethnic group (Figure C). Only half of all Hispanic workers have ESI coverage. Similarly, foreign-born workers had significantly lower coverage rates than natives (54.0% vs. 74.1%) and experienced greater declines in coverage over the last year and the entire period.

Disparities in coverage continued to worsen by education attainment. About two-thirds (65.5%) of workers with a high school education were covered in 2007 as compared to 82.7% of college-educated workers. This disparity reflects the fact that more highly educated workers are likely to have higher-quality jobs that offer health benefits. That said, even college graduates have not been insulated from the decline in employer-provided health insurance. Nonetheless, workers with only a high school

education still fared worse than those with a college degree (a decline of 6.3 vs. 2.6 percentage points, respectively).

Workers earning lower hourly wages are significantly less likely to have employer-provided health coverage than those earning higher wages; however, even those at the upper end of the wage scale were subjected to losses in coverage. These high-wage workers lost coverage at a rate of 0.5 percentage points from 2006 to 2007 and 2.6 percentage points since 2000. While the lowest wage workers did see a slight increase in coverage from 2006 to 2007, their incidence of coverage is still only about half of those in the highest wage group (44.9% vs. 85.9%).

An important group of workers to examine more closely are those who are significantly attached (i.e., at least 20 hours per week and 26 weeks per year) to the private-sector labor force. While increasing their coverage rates over the last two years, the rates for these workers

TABLE 3

Health insurance coverage for private-sector workers* through their own job**

	2000	2006	2007	Percentage-point change 2000-07
All workers	58.9%	55.0%	55.4%	-3.4
Occupations				
<i>White collar</i>	65.0%	61.4%	61.9%	-3.0
<i>Blue collar</i>	59.0	53.4	53.9	-5.0
<i>Service</i>	33.9	28.9	29.5	-4.4
<i>Other</i>	26.7	25.4	22.2	-4.4
Firm size				
<i>24 or fewer</i>	36.2%	32.6%	32.1%	-4.0
<i>25 to 500</i>	61.0	57.1	57.8	-3.2
<i>500 or more</i>	69.6	66.6	67.1	-2.4
Industry***				
<i>Agriculture, forestry, fishing, hunting</i>	37.1%	29.5%	27.1%	-9.9
<i>Arts, entertainment, recreation, and accomodation</i>	32.5	29.7	31.9	-0.5
<i>Construction</i>	47.5	44.1	44.1	-3.4
<i>Education, health, and social services</i>	59.4	58.4	60.2	0.7
<i>Finance, insurance, and real estate and leasing</i>	65.8	65.4	65.1	-0.6
<i>Information</i>	73.0	71.6	72.7	-0.2
<i>Manufacturing</i>	72.7	70.9	70.2	-2.4
<i>Mining</i>	78.4	74.3	73.9	-4.5
<i>Other services (except public administration)</i>	40.1	35.9	37.4	-2.7
<i>Professional, scientific, management, and administration</i>	57.4	56.1	56.0	-1.3
<i>Transportation and communication</i>	66.9	61.6	63.0	-3.8
<i>Wholesale trade</i>	53.9	51.2	51.6	-2.2

* Private-sector, wage and salary workers, age 18-64, who worked at least 20 hours per week and 26 weeks per year.

** Worker received employer-provided health insurance through their own job and employer had to pay at least part of their insurance premiums to quality as employer-provided insurance coverage.

*** Changes in industry classifications make it impossible to compare 2007 with years earlier than 2002.

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

are still lower than they were in 2000 (Table 3). Only 55.4% of these steady workers receive health insurance from their own employer, down 3.4 percentage points since 2000.

White-collar, blue-collar, and service-sector workers experienced declines in coverage. Service workers are insured at half the rate of white-collar workers (29.5% vs. 61.9%), but blue-collar workers had the largest drop

in coverage of 5.0 percentage points since 2000. Workers in larger firms are more likely to receive health insurance from their own employer than workers in smaller firms. Only 32.1% of workers in small firms (less than 25 employees) had employer-provided health insurance compared to 57.8% in firms with 25 to 499 employees, and 67.1% in firms with greater than 500 employees. Workers in firms of all sizes lost coverage, but those in smaller firms had greater declines since 2000.

Coverage rates in 2007 differ dramatically according to what part of the economy they worked in, but nearly all experienced declines since 2002.³ More workers received insurance through manufacturing jobs than any other sector—insuring over 10 million workers in 2007—but the percent insured in manufacturing has fallen each year since 2003, following the loss in manufacturing jobs in the overall economy. The opposite story has been true for the education/health/social services sector, which boasts the second-largest number of insured workers (9.8 million) and has been growing both in raw numbers and as a share of the economy. The share of workers with ESI in this area increased 1.8 percentage points from 2006 to 2007.

Uninsured workers

To further understand the growing insecurity of many working families, it is important to examine the growth in the uninsured workforce. In 2007, 18.1% workers age 18-64 were uninsured compared to 15.9% in 2000 (Table 4). These 26.8 million uninsured workers make up about 60% of the total uninsured population. Since 2000, the number of uninsured workers has grown an additional 2.1 percentage points (4.1 million workers).

Younger workers are more likely to be uninsured. Over one-quarter of young workers (18-24 years old) are uninsured as compared to about one-in-ten workers age 55-64. The groups of young and older workers represent about 14% and 15% of the workforce, respectively, but 21% and 9% of the uninsured workforce, respectively (Table 5). Since 2000, every group except for the oldest workers experienced increase in the share uninsured.

Male workers are more likely to be uninsured, and they experienced twice as large of an increase in their uninsured rate since 2000 compared to female workers. Hispanic workers have the highest uninsured rate of any

race/ethnicity, leaving them over three times as likely to be uninsured (39.8%) compared to that of whites (12.7%) (see Table 4). Foreign-born workers are disproportionately more likely to be uninsured. They make up only 15.4% of the workforce but 30.2% of uninsured workers. However, similar to the trends in employer-sponsored insurance noted above, the growth in overall uninsurance rates cannot be attributed simply to an increase in foreign-born workers.

Lack of insurance coverage among workers falls consistently with increased education attainment, dropping from 45.7% for those with less than a high school degree to just 4.7% for those with graduate education. That is nearly a 10-fold increase in the uninsured rate between these two education groups. This disparity has increased over the last six years, as those with the least education have seen a 6.4 percentage point decrease in coverage rates compared to only a 0.8 percentage-point drop in coverage for the highest educated group.

Coverage rates are also highest for those with higher wages. While 41.4% of workers in the bottom-fifth of the wage scale were uninsured in 2007, only 5.8% of workers in the upper fifth of the wage scale were uninsured. Over 45% of uninsured workers fall in the lowest wage quintile, while a disproportionately small number of uninsured workers earn middle or high incomes. Workers' rates of uninsurance from 2000 to 2007 also declined as income rises. Workers in the lowest wage quintile experience an increase about 25 times the amount experienced by those in the highest wage quintile (5.2 vs. 0.2 percentage points). Full-time workers have higher coverage rates than part-timers. While coverage rates for both declined significantly in the last seven years, part-time workers saw coverage declines at twice the rate of full-timers.

Declining coverage for children

Most children (59.5%) receive health insurance through their parent's job. Nonetheless, 3.4 million fewer children had coverage in 2007 than in 2000. The rate of employer-provided health insurance for children fell 6.5 percentage points between 2000 and 2006. While some experienced small gains from 2006 to 2007, no socioeconomic group has regained its 2000 level of coverage (Table 6).

Disparities in ESI along racial and ethnic lines for

TABLE 4

Uninsured workers

	2000	2006	2007	Percentage-point change
				2000-07
<i>All workers</i>	15.9%	18.7%	18.1%	2.1
Age				
<i>18-24</i>	25.4%	28.5%	27.5%	2.1
<i>25-34</i>	19.7	24.7	23.2	3.5
<i>35-44</i>	14.0	17.2	16.9	2.9
<i>45-54</i>	10.6	13.6	13.8	3.1
<i>55-64</i>	10.8	11.1	10.7	-0.1
Gender				
<i>Male</i>	17.8%	21.4%	20.5%	2.8
<i>Female</i>	13.9	15.6	15.3	1.4
Race				
<i>White, non-Hisp.</i>	11.2%	13.2%	12.7%	1.5
<i>Black</i>	21.2	23.0	23.0	1.8
<i>Hispanic</i>	37.8	42.0	39.8	2.0
<i>Other</i>	20.0	18.4	19.0	-1.0
Nativity				
<i>Native</i>	13.2%	15.4%	14.9%	1.7
<i>Foreign born</i>	33.2	36.2	35.5	2.3
Education				
<i>Less than H.S.</i>	39.3%	44.6%	45.7%	6.4
<i>High school</i>	19.1	23.7	23.7	4.6
<i>Some college</i>	12.7	15.9	14.9	2.2
<i>College</i>	7.3	8.8	8.5	1.2
<i>Post-college</i>	3.9	4.7	4.7	0.8
Wage quintiles				
<i>Lowest</i>	36.2%	40.9%	41.4%	5.2
<i>Second</i>	19.3	23.5	21.1	1.8
<i>Middle</i>	11.3	13.3	13.6	2.3
<i>Fourth</i>	7.2	9.5	8.3	1.2
<i>Highest</i>	5.6	6.2	5.8	0.2
Work time				
<i>Full time</i>	15.2%	17.9%	17.0%	1.8
<i>Part time</i>	19.4	22.9	23.4	3.9

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

TABLE 5

Characteristics of all workers versus uninsured workers, 2007

	All workers	Uninsured workers
Age		
18-24	13.6%	20.8%
25-34	22.7	29.2
35-44	23.9	22.4
45-54	24.4	18.6
55-64	15.3	9.1
Gender		
Male	53.2%	60.4%
Female	46.8	39.6
Race		
White, non-Hisp.	68.4%	48.0%
Black	11.0	14.0
Hispanic	14.2	31.2
Other	6.5	6.8
Nativity		
Native	84.6%	69.8%
Immigrant	15.4	30.2
Education		
Less than H.S.	9.7%	24.6%
High school	29.0	38.0
Some college	30.2	24.9
College	20.6	9.7
Post-college	10.4	2.7
Wage quintile		
Lowest	20.2%	45.9%
Second	20.0	23.3
Middle	21.7	15.2
Fourth	19.2	9.1
Highest	18.9	6.4
Work time		
Full time	83.4%	78.5%
Part time	16.6	21.5

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

TABLE 6

Employer-sponsored health insurance coverage for children

	2000	2006	2007	Percentage-point change 2000-07
All under 18	65.9%	59.7%	59.5%	-6.5
Race				
White, non-Hispanic	76.3%	70.6%	71.0%	-5.3
Black	51.3	45.9	45.6	-5.7
Hispanic	42.8	38.5	37.9	-4.9
Other	64.4	62.1	60.8	-3.7
Nativity				
Native	66.9%	60.6%	60.3%	-6.6
Foreign born	44.5	40.6	39.3	-5.2
Education of family head				
Less than high school	34.3%	25.3%	23.1%	-11.2
High school	63.5	53.0	51.9	-11.7
Some college	73.6	64.4	65.8	-7.8
College	85.9	82.5	82.0	-3.9
Post-college	87.7	85.1	86.2	-1.5
Family income fifth				
Lowest	24.9%	18.0%	17.4%	-7.5
Second	54.6	44.0	42.1	-12.5
Middle	74.9	68.1	68.2	-6.7
Fourth	86.3	82.3	82.2	-4.1
Highest	89.0	86.3	87.6	-1.5

SOURCE Author's analysis of the March Current Population Survey, 2001-08.

children are striking. While 71.0% of white children have ESI, only 45.6% of black and 37.9% of Hispanic children have employer-provided coverage. Similarly, native-born children have much higher coverage rates than foreign born (60.3% vs. 39.3%), but their coverage rates fell more dramatically from 2000 to 2007 than foreign-born children.

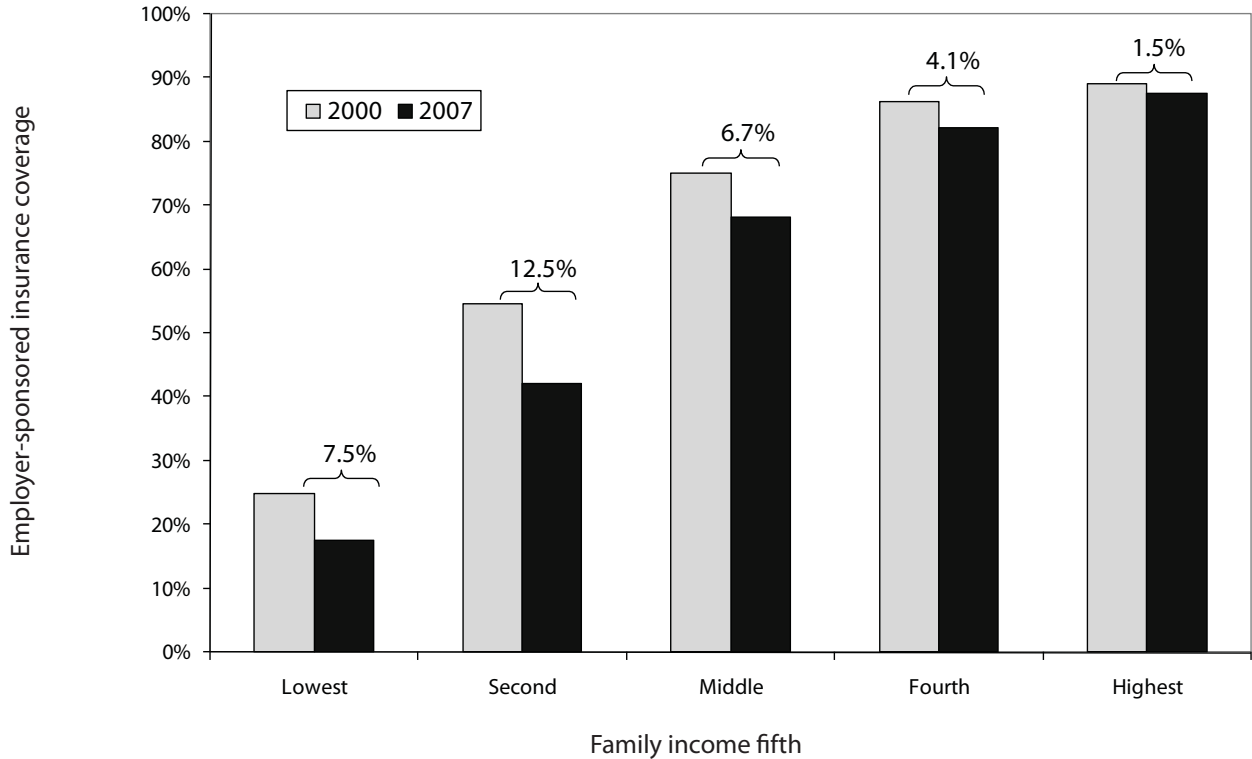
Children with parents of lower education attainment fare much worse than those with parents who have college or advanced degrees. Only 51.9% of children with high-

school-educated parents have employer-provided health insurance as compared to 82.0% of children with college-educated parents. The decline in coverage from 2000 to 2007 was three times greater for the former group, as well (11.7 vs. 3.9 percentage points).

The unequal distribution of employer-provided health care is particularly revealing when children are ranked by their family's income (**Figure D**). In 2007, only 17.4% of children in the bottom fifth of the income scale had employer-provided health insurance, compared with 87.6%

FIGURE D

Children's employer-sponsored health insurance coverage by family income fifth, 2000 and 2007



SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

of children in the highest income fifth. In other words, children whose household incomes were in the top 20% were five times more likely to have employer-provided health insurance than children in households in the bottom income fifth. This disparity has only been exacerbated over the past five years: the drop in coverage for those in the lowest income quintile was 7.5 percentage points, while the drop for those in the highest quintile was only 1.5 percentage points. The group hurt the worst, however, was children in the second lowest quintile—their coverage rates declined by 12.5 percentage points, from 54.6% to 42.1%.

Publicly provided health insurance, not private coverage, caused rates to rise in 2007

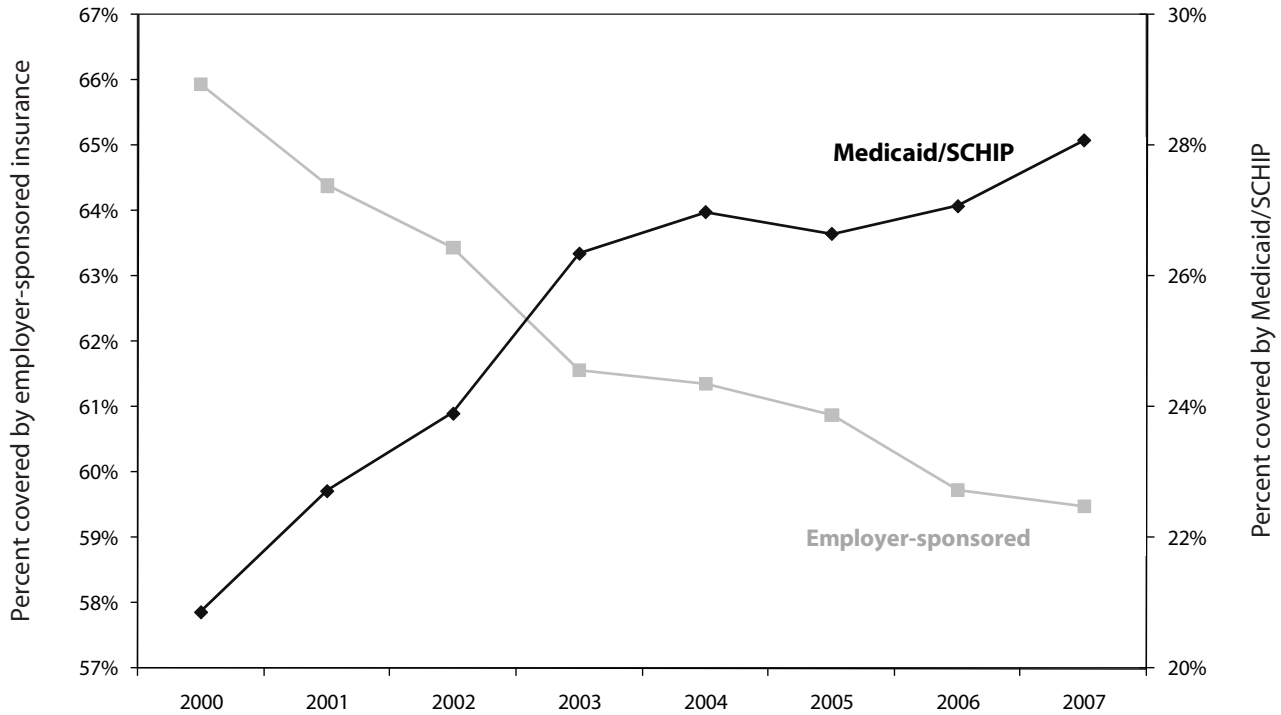
Thus far, we have illustrated the continued decline in employer-sponsored insurance for the non-elderly popula-

tion since 2000. While the decline in ESI slowed in 2007, it still trended downward, and it is therefore important to examine where and among what population did the increases in coverage occur.

We find that increases in Medicaid and the State Children's Health Insurance Program (Medicaid/SCHIP) among children over the past year have mitigated the rising uninsurance rates across the entire under-65 population. Medicare serves to protect older Americans, but Medicaid/SCHIP is the main source of public coverage for poor and near-poor children. In 2007, 28.1% of children had Medicaid/SCHIP, having risen every year except one since 2000, for a gain of 7.2 percentage points in all. **Figure E** simultaneously displays the trends in ESI and Medicaid/SCHIP for children. While some of these coverage trends may be due to crowd-out,⁴ it is clear that if not for public insurance, the overall coverage rate among children would have fallen.

FIGURE E

**Coverage of children under 18:
Medicaid/SCHIP versus employer-sponsored insurance, 2000-07**



SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

The other type of coverage that often goes unexamined and may affect overall coverage rates is that of the individual market, also referred to as non-group or private-purchase insurance. This area is particularly interesting to explore because it is the market some policy makers hope to expand in the future (including Senator John McCain). Overall, 6.5% of the under-65 population have non-group insurance (Table 7).⁵

Similar shares of men and women have health care coverage through non-group insurance. Whites are nearly twice as likely to have private-purchase coverage than blacks or Hispanics. It is also far more popular among older than younger groups, increasing lock-step by age group. The results by income and education are consistent with findings on ESI. Those with higher incomes and more education are more likely to have this kind of coverage.

Turning to the trends, we see little change over time, with modest declines over the past year. The most striking

shifts are in changes in coverage by education and household income, with disparities between the top and bottom growing over time. Those in the lowest groups by educational attainment and income experienced losses in coverage while those in the highest groups experienced gains in coverage through the non-group market.

Thus the non-group private market has contributed little to nothing to increases in overall coverage rates, and it is only the strength of government programs, particularly those aimed at children, that has insulated many from losses in coverage. This safety net has been vital in protecting many from falling into the ranks of the uninsured.

Coverage across the states

While the majority of states experienced significant declines in employer-provided coverage for the under-65 population between the 2000-01 and 2006-07, the level and extent of coverage loss varied by state, as shown in

TABLE 7

Private purchase health insurance coverage for under-65 population

	2000	2006	2007	Percentage-point change
				2000-07
Under-65 population	6.5%	6.6%	6.5%	0.0
Age				
<i>0-17</i>	5.0%	5.3%	5.3%	0.3
<i>18-24</i>	5.8	6.1	5.8	0.0
<i>25-54</i>	6.5	6.5	6.6	0.1
<i>55-64</i>	12.1	10.2	9.7	-2.4
Gender				
<i>Male</i>	6.4%	6.4%	6.6%	0.2
<i>Female</i>	6.7	6.7	6.5	-0.2
Race				
<i>White, non-Hisp.</i>	7.5%	7.8%	7.7%	0.2
<i>Black</i>	4.5	4.1	3.9	-0.6
<i>Hispanic</i>	3.3	3.2	3.6	0.3
<i>Other</i>	6.9	7.9	7.1	0.2
Nativity				
<i>Native</i>	6.6%	6.7%	6.6%	-0.1
<i>Foreign born</i>	5.9	5.8	6.3	0.4
Education*				
<i>Less than H.S.</i>	3.2%	2.8%	2.9%	-0.4
<i>High school</i>	4.9	4.8	4.9	0.0
<i>Some college</i>	5.6	6.0	5.9	0.3
<i>College</i>	7.3	7.7	8.0	0.7
<i>Post-college</i>	6.1	7.6	7.2	1.1
Household income fifth				
<i>Lowest</i>	6.1%	5.5%	5.0%	-1.1
<i>Second</i>	6.9	6.4	6.1	-0.7
<i>Middle</i>	6.8	7.0	6.9	0.1
<i>Fourth</i>	6.1	6.5	7.4	1.3
<i>Highest</i>	6.7	7.5	7.3	0.5

* Education reflects own education for individuals 18 and over and reflects family head's education for children under 18.

SOURCE Author's analysis of the March Current Population Survey, 2001-08.

TABLE 8

**Employer-sponsored health insurance coverage by state, population under 65 years old
2000-01 to 2006-07**

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
Nationwide	67.6%	62.9%	-4.8	167,174,509	164,477,595	-2,696,914
Alabama	68.1	65.5	-2.6	2,624,942	2,586,526	-38,416
Alaska	61.9	59.9	-2.0	365,250	372,489	7,240
Arizona	62.7	56.8	-5.9	2,923,423	3,186,250	262,827
Arkansas	61.0	55.5	-5.5	1,378,922	1,355,088	-23,835
California	59.7	56.3	-3.3	18,464,539	18,243,582	-220,957
Colorado	70.1	63.7	-6.5	2,778,936	2,783,810	4,875
Connecticut	77.1	72.3	-4.8	2,229,371	2,179,392	-49,980
Delaware	76.5	70.7	-5.9	525,285	529,375	4,090
District of Columbia	63.2	61.6	-1.6	307,732	314,985	7,253
Florida	62.2	58.0	-4.2	8,411,569	8,778,183	366,615
Georgia	67.6	62.6	-5.0	5,028,958	5,375,452	346,494
Hawaii	70.7	72.5	1.8	745,019	787,694	42,675
Idaho	65.9	64.5	-1.4	762,520	837,005	74,485
Illinois	70.8	67.8	-3.0	7,735,097	7,630,489	-104,608
Indiana	75.7	70.5	-5.2	3,947,123	3,922,393	-24,730
Iowa	76.9	70.9	-6.0	1,892,738	1,809,588	-83,150
Kansas	70.4	65.2	-5.2	1,585,578	1,544,286	-41,292
Kentucky	67.9	61.3	-6.6	2,392,443	2,233,565	-158,879
Louisiana	59.9	54.4	-5.5	2,315,377	1,989,144	-326,233
Maine	69.5	65.0	-4.5	746,312	728,637	-17,676
Maryland	77.9	70.5	-7.3	3,622,648	3,481,732	-140,916
Massachusetts	73.3	70.5	-2.9	4,035,587	3,873,080	-162,507
Michigan	76.4	69.5	-6.9	6,646,874	6,007,798	-639,077
Minnesota	77.2	71.5	-5.6	3,437,862	3,254,361	-183,501
Mississippi	60.4	53.7	-6.6	1,489,990	1,377,026	-112,964
Missouri	72.5	64.8	-7.7	3,537,550	3,258,943	-278,607
Montana	59.2	58.0	-1.3	454,047	472,267	18,221
Nebraska	69.7	66.9	-2.8	1,034,433	1,040,168	5,736
Nevada	70.5	66.2	-4.3	1,312,779	1,481,756	168,977
New Hampshire	79.1	75.4	-3.8	850,203	867,138	16,935
New Jersey	75.6	69.7	-5.8	5,482,343	5,230,028	-252,315
New Mexico	53.0	50.7	-2.3	835,302	862,896	27,594
New York	64.1	62.9	-1.2	10,502,864	10,419,238	-83,626
North Carolina	66.7	59.1	-7.6	4,730,174	4,677,646	-52,528

cont. on page 17

TABLE 8 (cont.)

Employer-sponsored health insurance coverage by state, population under 65 years old 2000-01 to 2006-07

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
North Dakota	66.8%	65.6%	-1.2	358,459	353,365	-5,094
Ohio	74.1	68.7	5.3	7,218,433	6,817,881	-400,552
Oklahoma	59.2	56.7	-2.6	1,741,147	1,733,015	-8,133
Oregon	66.4	61.4	-5.0	2,027,243	2,010,376	-16,867
Pennsylvania	75.9	70.2	-5.7	7,929,984	7,369,039	-560,945
Rhode Island	73.9	68.7	-5.2	646,222	631,090	-15,132
South Carolina	69.2	61.0	-8.2	2,412,344	2,289,418	-122,926
South Dakota	69.5	65.3	-4.2	437,580	436,197	-1,383
Tennessee	65.7	60.0	-5.7	3,304,791	3,122,406	-182,385
Texas	59.7	53.5	-6.2	11,224,385	11,203,355	-21,030
Utah	73.6	66.8	-6.8	1,528,425	1,591,346	62,921
Vermont	70.4	67.0	-3.4	374,075	360,147	-13,928
Virginia	72.1	67.3	-4.7	4,490,036	4,546,868	56,832
Washington	66.9	66.5	-0.4	3,482,606	3,794,330	311,724
West Virginia	64.3	62.1	-2.3	961,495	970,788	9,293
Wisconsin	78.1	71.9	-6.2	3,621,595	3,462,852	-158,744
Wyoming	65.8	65.1	-0.6	281,914	293,125	11,211

NOTE: Bolded numbers are statistically significant at the 5% level.

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

Table 8.⁶ The states with the highest employer-provided coverage rates in the merged 2006-07 years were New Hampshire (75.4%), Hawaii (72.5%), and Connecticut (72.3%). The lowest coverage rates were found in New Mexico (50.7%), Texas (53.5%), and Mississippi (53.7%). Forty-one states experienced significant losses in coverage. South Carolina, Missouri, North Carolina, and Maryland experienced losses in excess of 7 percentage points. No state experienced a significant increase in their coverage rate.

Table 9 displays the coverage levels and rates for all workers (and whether they receive the insurance from their own job or a spouse's). The state with the highest rate of employer-provided coverage among workers was Hawaii, with a coverage rate in 2006-07 of 80.6%, far exceeding the national average of 70.9%. This is likely

because Hawaii has a government mandate requiring employers to provide health insurance to all workers putting in at least 20 hours per week. Pennsylvania and New Hampshire also have high rates of coverage at 79.1% and 78.7%, respectively. The largest declines in coverage for workers between 2000-01 and 2006-07 were in South Carolina and Colorado, with declines of 7.6 and 7.2 percentage points, respectively. As with the under-65 population, there is no state with a statistically significant increase in its coverage rate for workers.

State-by-state employer-provided coverage levels and rates for children are displayed in **Table 10**. The highest rates of employer-provided coverage for children in 2006-07 were in New Hampshire (76.7%), Minnesota (71.4%), Connecticut (71.4%), and Massachusetts

TABLE 9

**Employer-sponsored health insurance coverage by state, 2000-01 to 2006-07,
percent of all workers insured**

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
Nationwide	74.4%	70.9%	-3.5	106,055,229	105,104,043	-951,186
Alabama	77.3	76.6	-0.7	1,623,968	1,591,768	-32,200
Alaska	66.9	64.1	-2.7	226,815	236,642	9,827
Arizona	69.8	65.6	-4.2	1,765,058	1,951,171	186,113
Arkansas	70.6	65.6	-4.9	868,966	898,105	29,139
California	67.1	64.5	-2.5	11,339,309	11,442,679	103,370
Colorado	75.0	67.8	-7.2	1,785,068	1,803,015	17,947
Connecticut	81.3	77.8	-3.5	1,415,773	1,407,973	-7,800
Delaware	81.6	77.5	-4.1	333,425	336,239	2,815
District of Columbia	74.3	73.3	-1.0	222,900	232,433	9,532
Florida	69.5	64.9	-4.7	5,360,570	5,658,028	297,458
Georgia	75.4	71.3	-4.2	3,098,219	3,437,791	339,572
Hawaii	78.9	80.6	1.8	491,076	527,123	36,047
Idaho	70.3	70.3	0.0	469,229	515,018	45,789
Illinois	76.4	74.7	-1.8	4,921,326	4,774,924	-146,402
Indiana	80.8	77.7	-3.0	2,528,263	2,446,800	-81,463
Iowa	78.8	76.3	-2.5	1,223,383	1,212,521	-10,862
Kansas	75.3	71.3	-4.0	1,024,561	1,001,747	-22,815
Kentucky	77.1	72.6	-4.5	1,540,472	1,414,432	-126,040
Louisiana	68.8	63.6	-5.2	1,356,078	1,187,351	-168,727
Maine	75.4	71.8	-3.6	509,834	505,019	-4,814
Maryland	81.4	76.8	-4.6	2,246,477	2,224,707	-21,770
Massachusetts	79.8	77.5	-2.3	2,767,696	2,482,390	-285,306
Michigan	81.6	77.5	-4.0	4,167,341	3,758,776	-408,564
Minnesota	78.9	75.6	-3.3	2,321,896	2,169,338	-152,558
Mississippi	71.0	68.5	-2.5	935,444	889,249	-46,195
Missouri	77.8	74.3	-3.5	2,290,636	2,155,804	-134,832
Montana	63.9	64.5	0.6	294,706	328,547	33,840
Nebraska	73.3	71.5	-1.8	689,664	684,997	-4,667
Nevada	75.4	72.5	-2.9	811,973	925,629	113,656
New Hampshire	82.2	78.7	-3.5	564,299	578,902	14,603
New Jersey	80.8	76.1	-4.7	3,513,609	3,283,232	-230,377
New Mexico	60.7	59.1	-1.5	511,912	537,705	25,793
New York	72.5	71.5	-1.0	6,633,773	6,577,839	-55,934
North Carolina	74.2	68.8	-5.4	3,044,516	3,083,066	38,550

cont. on page 19

TABLE 9 (cont.)

Employer-sponsored health insurance coverage by state, 2000-01 to 2006-07, percent of all workers insured

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
<i>North Dakota</i>	71.6%	69.0%	-2.6	255,345	242,776	-12,568
<i>Ohio</i>	79.7	76.2	-3.5	4,674,477	4,398,868	-275,609
<i>Oklahoma</i>	66.8	66.5	-0.4	1,126,733	1,096,446	-30,286
<i>Oregon</i>	71.8	68.2	-3.6	1,308,021	1,308,856	835
<i>Pennsylvania</i>	82.5	79.1	-3.5	5,192,396	4,875,777	-316,619
<i>Rhode Island</i>	80.3	76.1	-4.2	428,751	419,726	-9,025
<i>South Carolina</i>	77.5	69.9	-7.6	1,504,223	1,473,822	-30,401
<i>South Dakota</i>	72.3	70.6	-1.7	292,351	297,084	4,733
<i>Tennessee</i>	74.0	69.4	-4.6	2,129,813	1,996,960	-132,853
<i>Texas</i>	67.6	62.9	-4.7	6,895,379	6,990,472	95,093
<i>Utah</i>	76.1	72.5	-3.6	868,115	940,073	71,958
<i>Vermont</i>	74.5	74.1	-0.4	256,816	256,664	-152
<i>Virginia</i>	78.2	74.0	-4.2	2,848,842	2,966,268	117,427
<i>Washington</i>	73.1	72.6	-0.5	2,209,531	2,452,478	242,947
<i>West Virginia</i>	74.2	73.8	-0.3	602,427	604,369	1,942
<i>Wisconsin</i>	81.1	77.7	-3.4	2,382,198	2,332,017	-50,182
<i>Wyoming</i>	68.8	68.4	-0.5	181,577	190,428	8,852

NOTE: Bolded numbers are statistically significant at the 5% level.

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

(71.0%). At the same time, Mississippi, New Mexico, Texas, Arkansas, and Louisiana covered less than half their children with employer-provided health insurance. From 2000-01 to 2006-07, 32 states experienced significant losses in coverage, while losses in Missouri, North Carolina, Wisconsin, and Iowa were at least 10 percentage points each. Again, no state had a statistically significant increase in children's coverage from 2000-01 to 2006-07.

Conclusion

Public insurance is intended to insulate people from events such as job loss, illness, or natural disaster. Pub-

lic health insurance is also intended to provide a safety net to people who have limited access to or are unable to afford private health insurance markets. Clearly, there are many Americans who are falling through the growing gulf between employer-sponsored coverage and government health programs.

A universal system, one that provides a minimum standard of care to everyone, would provide Americans with access to the type of health care appropriate for the most prosperous nation in the world. Taking insurance out of the job market and into the public sector has the potential to provide a stronger safety net, particularly during times of weak labor growth. More Americans would

TABLE 10

**Employer-sponsored health insurance coverage for children under 18 by state,
2000-01 to 2006-07, percent of all children insured**

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
Nationwide	65.2%	59.6%	-5.6	47,220,271	44,255,018	-2,965,253
<i>Alabama</i>	65.3	62.5	-2.8	742,610	699,376	-43,235
<i>Alaska</i>	58.9	60.1	1.2	112,781	110,088	-2,693
<i>Arizona</i>	59.3	54.9	-4.4	879,454	921,652	42,199
<i>Arkansas</i>	57.5	48.4	-9.2	398,691	342,908	-55,784
<i>California</i>	56.9	52.9	-4.0	5,519,658	5,022,939	-496,719
<i>Colorado</i>	68.5	63.8	-4.8	794,865	770,819	-24,046
<i>Connecticut</i>	77.4	71.4	-6.0	636,777	585,195	-51,582
<i>Delaware</i>	73.9	67.0	-6.9	147,016	138,978	-8,038
<i>District of Columbia</i>	53.6	51.1	-2.5	59,546	58,099	-1,447
<i>Florida</i>	58.3	54.9	-3.3	2,236,149	2,240,651	4,503
<i>Georgia</i>	65.4	57.4	-8.1	1,488,932	1,426,841	-62,091
<i>Hawaii</i>	65.5	66.9	1.4	199,586	197,115	-2,471
<i>Idaho</i>	63.9	61.4	-2.5	242,382	250,891	8,509
<i>Illinois</i>	69.4	66.0	-3.4	2,163,296	2,102,565	-60,732
<i>Indiana</i>	74.2	67.6	-6.6	1,102,245	1,072,736	-29,509
<i>Iowa</i>	78.8	68.8	-10.0	569,863	487,482	-82,382
<i>Kansas</i>	68.2	61.1	-7.1	448,335	429,636	-18,699
<i>Kentucky</i>	63.2	58.6	-4.6	632,458	595,878	-36,580
<i>Louisiana</i>	57.5	49.6	-8.0	710,060	536,676	-173,385
<i>Maine</i>	67.7	63.0	-4.7	187,010	178,836	-8,174
<i>Maryland</i>	78.3	68.6	-9.7	1,099,500	948,909	-150,591
<i>Massachusetts</i>	70.6	71.0	0.5	992,610	1,032,535	39,925
<i>Michigan</i>	76.5	66.6	-9.8	1,878,051	1,621,112	-256,939
<i>Minnesota</i>	78.0	71.4	-6.5	932,975	893,962	-39,013
<i>Mississippi</i>	54.4	45.1	-9.3	426,323	349,711	-76,612
<i>Missouri</i>	71.4	59.6	-11.8	1,009,339	845,857	-163,482
<i>Montana</i>	58.5	54.5	-4.0	130,811	117,415	-13,396
<i>Nebraska</i>	66.5	66.6	0.0	292,191	298,173	5,983
<i>Nevada</i>	69.9	65.9	-4.0	397,674	431,638	33,964
<i>New Hampshire</i>	79.5	76.7	-2.8	232,251	228,742	-3,509
<i>New Jersey</i>	76.2	68.6	-7.6	1,476,387	1,434,040	-42,347
<i>New Mexico</i>	48.2	46.3	-1.9	241,215	235,542	-5,674
<i>New York</i>	62.0	61.2	-0.9	2,843,277	2,748,059	-95,218
<i>North Carolina</i>	63.3	53.2	-10.1	1,305,229	1,182,611	-122,618

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TABLE 10 (cont.)

**Employer-sponsored health insurance coverage for children under 18 by state,
2000-01 to 2006-07, percent of all children insured**

State	Health insurance coverage (%)			Health insurance coverage (#)		
	2000-01	2006-07	Percentage-point change	2000-01	2006-07	Change
North Dakota	63.1%	64.6%	1.4	86,987	93,856	6,870
Ohio	72.0	66.3	-5.8	1,958,639	1,846,285	-112,354
Oklahoma	53.6	51.3	-2.3	467,813	470,530	2,717
Oregon	65.0	59.9	-5.1	565,044	519,017	-46,027
Pennsylvania	74.3	67.4	-7.0	2,072,948	1,870,992	-201,956
Rhode Island	72.2	67.3	-4.9	177,167	159,884	-17,284
South Carolina	66.6	57.8	-8.8	675,846	610,219	-65,628
South Dakota	71.1	61.8	-9.3	130,868	120,957	-9,912
Tennessee	63.9	56.4	-7.5	899,319	830,670	-68,649
Texas	55.5	48.1	-7.4	3,410,451	3,193,572	-216,879
Utah	74.7	65.7	-9.0	542,892	536,610	-6,282
Vermont	71.1	61.8	-9.3	94,841	80,924	-13,917
Virginia	69.6	63.8	-5.9	1,266,956	1,167,284	-99,673
Washington	64.0	64.7	0.7	971,306	994,950	23,645
West Virginia	61.9	57.0	-4.9	242,298	224,823	-17,475
Wisconsin	79.9	70.0	-10.0	1,045,539	916,057	-129,483
Wyoming	65.9	64.5	-1.4	81,824	80,734	-1,090

NOTE: Bolded numbers are statistically significant at the 5% level.

SOURCE: Author's analysis of the March Current Population Survey, 2001-08.

have steadier insurance access and increase their ability to get regular medical care. *Between 2006 and 2007, public insurance was the only reason that more Americans did not become uninsured as coverage through work fell.*

While the data in this Briefing Paper only include information up through 2007, the recent economic downturn suggests that health insurance coverage will have only worsened in 2008. Predictions of unemployment into 2009 suggest further losses in employer-sponsored coverage into the future. As the percent of uninsured is

expected to rise in conjunction with a slumping economy and the cost of health care continues to grow faster than inflation, the health care problem has reached a critical level for Americans families. Bold new solutions need to be considered to address the growing health care crisis.⁷

—The author thanks Alexander Hertel and Jin Dai for their valuable research assistance. EPI is grateful to the Charles Stewart Mott Foundation, the Ford Foundation, the Open Society Institute, and Bernard and Audre Rapoport Foundation for providing support for the research and publication of this report.

Endnotes

1. We restrict our analysis to the under-65 population for three reasons. First, the 65 and over population almost universally has access to Medicare. Second, we do not want to confound the effects of changes in retiree coverage for those over 65 with trends in coverage for the rest of the population. And, last, the focus of this paper is workers and their families of which employer-sponsored insurance has historically been the primary source of coverage.
2. The results under the education heading assign each child the education level of their family head, as children under 18 rarely complete their education by that time.
3. Changes in industry classifications make it impossible to compare 2007 with years earlier than 2002.
4. A phenomenon whereby public program expansions encourage some with private insurance to drop their private insurance and take advantage of public programs.
5. Much higher rates are found among the elderly, however, as stated early, that population is not the focus of this analysis.
6. We merge years of data for the state-by-state analysis as small sample sizes do not allow accurate analysis of each state in one year alone.
7. See the Briefing Paper by Jacob Hacker “Health Care for America” released as part of EPI’s Agenda for Shared Prosperity.