

Pennsylvania Second Only to Michigan in loss of Employer-Based Health Insurance

2007 marked the seventh year of declining employment-based insurance in the U.S., according to a new report from the Washington-based Economic Policy Institute. While 41 states posted significant declines in coverage by employers, Pennsylvania again led most states in that downward trend. *The Erosion of Employer-Sponsored Health Insurance* compared coverage rates in 2001 to 2007, finding that Pennsylvania outpaced every state but Michigan in the loss of employer coverage. Some of the key findings:

Pennsylvania is second in the nation in loss of employment-based coverage:

- **Nearly 561,000 fewer non-elderly Pennsylvanians had coverage through an employer in 2007 than in 2001.**
 - The percentage of Pennsylvanians, under age 65, insured by an employer went from 75.9% to 70.2%, a drop of 5.7 percentage points.
 - 7,369,039 Pennsylvanians had employer-provided coverage in 2006-2007, down from 7,929,984 in 2000-2001.

Pennsylvania children fared poorly:

- **More than 200,000 fewer Pennsylvania children had employment-based coverage in 2007 than in 2001, as they lost coverage faster than the national average.**
 - 1,870,992 Pennsylvania children, under age 18, were insured by a parent's employment-based policy in 2006-2007, down 201,956 since 2000-2001.
 - A 7-percentage point drop, from 74.3% to 67.4%, which was faster than a national 5.6-percentage point decline in children's coverage.

Pennsylvania workers see decline in coverage from their own employer:

- **Nearly 317,000 fewer non-elderly Pennsylvania workers were insured under policies provided by their own employer in 2007 than in 2001.**
 - 4,875,777 Pennsylvania workers, under age 65, were insured by their own employers in 2006-2007, down 316,619 from 2000-2001.
 - A 3.5-percentage point drop, from 82.5% to 79.1%. That decline matched the national downward trend.
- **Nationally, 2.7 million non-elderly Americans lost employment-based coverage over the period.**
 - 164,477,595 Americans, under age 65, had employer coverage in 2006-2007, a drop of 2,696,914 since 2000-2001.
 - A 4.7-percentage point decline, from an employer coverage rate of 67.6% nationally in 2000-2001 to 62.9% in 2006-2007.
- **4.1 million more non-elderly Americans lost their insurance between 2000 and 2007.**
 - About 45 million people, under age 65, lack health insurance coverage.
- **41 states posted significant declines and no state experienced significant increases in employment-based coverage.**

- **About one in five U.S. households with wages in the bottom 20% have employment-based insurance, while more than four in five in the top 20% do.**
 - Children from the top 20% of households were five times more likely to have employment-based insurance than those in the bottom 20%.

Pennsylvania still ranks 11th in employment-based coverage, and at 9.8%, the percentage of uninsured Pennsylvanians is less than the national average.

The report used U.S. Census data to compare the peak of the business cycle in 2001 with 2007, the likely peak of the latest expansion. Data are averaged over two years to reduce sampling error.

What is driving the erosion of employer coverage?

As health care costs skyrocket, employers have moved away from family and dependent coverage, which has driven the loss, especially for children, in Pennsylvania and the rest of the nation. Pennsylvania, like Michigan, also has been impacted by the steady declines in the manufacturing sector in recent years. Furthermore, the study found that employees with high school diplomas saw declines in coverage more than twice the rate of college graduates, another factor for the Pennsylvania workforce.

Who will fill the gap?

Public health plans have picked up some of the slack, especially in the coverage rates for children. Public insurance programs are also the only reason coverage rates actually increased between 2006 and 2007, the study found. Private non-group coverage has remained only a minor source of insurance for the non-elderly.

That should be a major incentive for the Pennsylvania Senate and Gov. Rendell's administration to return to the table to continue negotiating a plan to expand low-cost insurance options for small businesses that don't insure employees and other uninsured workers. That proposal, called Pennsylvania Access to Basic Care (PA ABC), was approved by the Pennsylvania House of Representatives, with bipartisan support, in March but has stalled in the state Senate. Negotiations between Senate Republican leaders and Gov. Rendell's administration broke down last week, but the Pennsylvania Budget and Policy Center and other health care reform advocates are urging both parties to return to the table and resolve this important issue for working Pennsylvanians.

For the full 22-page briefing paper from the Economic Policy Institute, go to <http://www.epi.org/briefingpapers/223/bp223.pdf>.