

Unemployed and Uninsured in America

Across the United States, record numbers of families are facing the devastation of unemployment. In December 2008, 11.1 million Americans were unemployed and actively seeking work,^{1,2} and experts predict that even more will lose their jobs in the coming months.³ For the families of those who become unemployed, the loss of income is often compounded by the loss of health insurance.

Workers who lose their jobs find that it is very difficult to afford continued health coverage. This difficulty, of course, is greatest for families with modest incomes. For this reason, the American Recovery and Reinvestment Act of 2009 (H.R. 1), which was recently adopted by the House of Representatives, provides special health coverage assistance for the families of laid-off workers whose incomes are below 200 percent of the federal poverty level, or \$44,100 in annual income for a family of four. This group represents more than half of unemployed workers under 65 years of age.⁴

Families USA asked the Lewin Group to analyze the health coverage status of unemployed workers whose family incomes are below 200 percent of poverty (our methodology is available upon request). Our analysis underestimates the magnitude of the problem because it measures family income during the preceding one-year period, and that one-year look-back may include months of income while the wage earner was still working.

Findings

Our findings show that, among those under the age of 65:

- Only one in five unemployed workers with incomes below 200 percent of poverty (20.8 percent) has private insurance or military coverage (see Table 1).
- Despite their modest incomes, only one in four unemployed workers who earn less than 200 percent of poverty (25.2 percent) receives health coverage through Medicaid or other public programs (see Table 1).

Table 1

Health Coverage Status of Non-Elderly Unemployed Workers With Incomes below 200% of Poverty, December 2008

Coverage Status	Number	Percent
Private or Military Coverage	1,214,324	20.8%
Public Coverage	1,467,874	25.2%
Uninsured	3,149,847	54.0%
Total	5,832,045	100%

Source: Estimates prepared by The Lewin Group for Families USA based on U.S. Department of Labor, Bureau of Labor Statistics, and U.S. Census Bureau Survey of Income and Program Participation and Current Population Survey data.

- Nationally, more than half of unemployed workers with annual incomes below 200 percent of poverty (54.0 percent) are uninsured (see Table 1).
- In virtually every state in the nation, more than half of unemployed workers with family incomes below 200 percent of poverty are uninsured (see Table 2).

Discussion

A recent report from Families USA, *Squeezed! Caught between Unemployment Benefits and Health Care Costs*, describes how families with unemployed workers end up in this bind. When workers lose their jobs, they may not be able to afford COBRA coverage. On average, COBRA coverage would consume nearly 84 percent of family unemployment benefits.⁵

Further, many low- and moderate-income workers do not have the option to continue coverage under COBRA. For example, workers who are laid off from firms with fewer than 20 employees are not guaranteed an offer of continued health coverage in every state, and almost half of workers who earn less than 200 percent of poverty work in small firms.⁶ In addition, if a worker's former employer goes out of business and his or her health plan ceases to exist, COBRA coverage is unavailable.

Many unemployed workers with modest incomes are unable to obtain COBRA coverage, either because they are not eligible for it or because they cannot afford it. They are also frequently ineligible for public programs like Medicaid. In 43 states, Medicaid is simply not available for adults without dependent children unless those adults are permanently disabled. Even if those adults are penniless, they are ineligible for Medicaid.

Medicaid is also unavailable for many unemployed parents. In 27 states, unemployed parents have to earn less than 50 percent of the federal poverty level (about \$900 a month for a family of four) to qualify for Medicaid.⁷ However, nationally, as of December 2008, average monthly unemployment insurance benefits were \$1,300.⁸ As a result, even meager unemployment benefits are too high for parents to be eligible for Medicaid in most states. Due to these restrictive eligibility criteria, only one in four low-income unemployed workers receives Medicaid or other public coverage (Table 1).

When they have no accessible insurance options, low- and moderate-income unemployed parents often have to spend far beyond their means to get medical care for themselves and their children. In other cases, their families are forced to delay or forgo necessary health services, such as doctor visits or health screenings, due to cost.⁹ As a result, uninsured adults are more likely than those with insurance to be diagnosed with diseases, such as breast cancer, when they have already reached an advanced stage.¹⁰

Table 2

**Unemployed and Uninsured Workers with Incomes below 200% of Poverty,
By State, December 2008**

	Number of Unemployed Workers	Unemployed Workers Who Are Uninsured	Percent Uninsured
Alabama	93,684	49,934	53%
Alaska	13,560	7,502	55%
Arizona	92,123	50,721	55%
Arkansas	57,396	30,411	53%
California	914,999	500,672	55%
Colorado	62,644	34,208	55%
Connecticut	68,717	36,784	54%
Delaware	13,638	7,493	55%
Florida	385,217	208,921	54%
Georgia	234,040	126,009	54%
Hawaii	12,508	7,236	58%
Idaho	28,335	14,997	53%
Illinois	285,796	156,147	55%
Indiana	140,842	76,378	54%
Iowa	31,286	16,513	53%
Kansas	43,230	22,348	52%
Kentucky	99,857	54,256	54%
Louisiana	82,929	44,832	54%
Maine	21,682	11,815	54%
Maryland	77,672	40,631	52%
Massachusetts	87,712	*	*
Michigan	216,524	117,622	54%
Minnesota	97,163	52,024	54%
Mississippi	78,470	43,647	56%
Missouri	118,309	63,424	54%
Montana	16,268	8,824	54%
Nebraska	16,916	9,098	54%
Nevada	59,198	32,288	55%
New Hampshire	11,684	6,513	56%
New Jersey	98,008	54,753	56%
New Mexico	27,680	15,584	56%
New York	326,492	174,829	54%
North Carolina	212,306	116,154	55%
North Dakota	5,877	3,218	55%
Ohio	218,834	115,796	53%
Oklahoma	65,354	35,418	54%
Oregon	91,090	51,297	56%
Pennsylvania	203,189	108,326	53%
Rhode Island	21,244	11,514	54%
South Carolina	110,544	59,297	54%
South Dakota	10,579	5,806	55%
Tennessee	174,077	91,788	53%
Texas	451,231	238,949	53%
Utah	21,864	11,453	52%
Vermont	9,924	5,192	52%
Virginia	99,535	52,873	53%
Washington	100,320	53,946	54%
West Virginia	19,620	10,577	54%
Wisconsin	77,918	42,594	55%
Wyoming	4,311	2,212	51%

* Data not available.

Source: Estimates prepared by The Lewin Group for Families USA based on data from the U.S. Department of Labor, Bureau of Labor Statistics, and the U.S. Census Bureau Survey of Income and Program Participation and Current Population Survey. Unemployment data are as of December 2008.

The dangerous combination of being unemployed and uninsured puts both the economic stability and health security of American families at risk. To keep families afloat during this wave of mounting unemployment, affordable health coverage must be made available. Subsidies for COBRA coverage can help unemployed Americans across all income levels continue the health insurance that they received from their prior employers. But those workers who earned less than 200 percent of poverty need additional assistance. To make sure that families with modest incomes can maintain their health insurance—and peace of mind—during this recession, providing significant COBRA subsidies and expanded access to public programs like Medicaid is critical.

¹ U.S. Bureau of Labor Statistics, *The Employment Situation: December 2008* (Washington: U.S. Bureau of Labor Statistics, December 2008), available online at <http://www.bls.gov/news.release/empstat.nr0.htm>.

² U.S. Bureau of Labor Statistics, *Frequently Asked Questions from the Current Population Survey* (Washington: U.S. Bureau of Labor Statistics, May 2007), available online at <http://www.bls.gov/cps/faq.htm#Ques5>.

³ Jack Healy, "Latest Reports Indicate Economy Is Getting Worse," *The New York Times*, January 30, 2009.

⁴ Estimates provided by the Lewin Group for Families USA, December 2008.

⁵ Cheryl Fish-Parcham and Claire McAndrew, *Squeezed! Caught between Unemployment Benefits and Health Care Costs* (Washington: Families USA, January 2009).

⁶ Gregory Acs and Austin Nichols, *Low-Income Workers and Their Employers: Characteristics and Challenges*, Table 2 (Washington: The Urban Institute, 2008). This report found that 47.8 percent of low-wage workers with incomes below 200 percent of the federal poverty level worked in firms with 24 or fewer employees.

⁷ Karyn Schwartz, *Health Coverage in a Period of Rising Unemployment* (Washington: Kaiser Commission on Medicaid and the Uninsured, December 2008).

⁸ Department of Labor, *Monthly Program and Financial Data* (Washington: U.S. Department of Labor, January 2009), available online at <http://workforsecsecurity.doleta.gov/unemploy/5159report.asp>.

⁹ John Ayanian, Joel Weissman, Eric Schneider, Jack Ginsburg, and Alan Zaslavsky, "Unmet Health Needs of Uninsured Adults in the United States," *Journal of the American Medical Association* 284, no. 16 (October 25, 2000): 2,061-9; Lynn Olson, Suk-fong Tang, and Paul Newacheck, "Children in the United States with Discontinuous Health Insurance," *New England Journal of Medicine* 353, no. 4 (July 28, 2005): 382-91.

¹⁰ Michael Halpern, John Bian, Elizabeth Ward, Nicole Schrag, and Amy Chen, "Insurance Status and Stage of Cancer at Diagnosis among Women with Breast Cancer," *Cancer* 110, no. 2 (June 11, 2007): 403-411.

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**SPECIAL
REPORT**

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