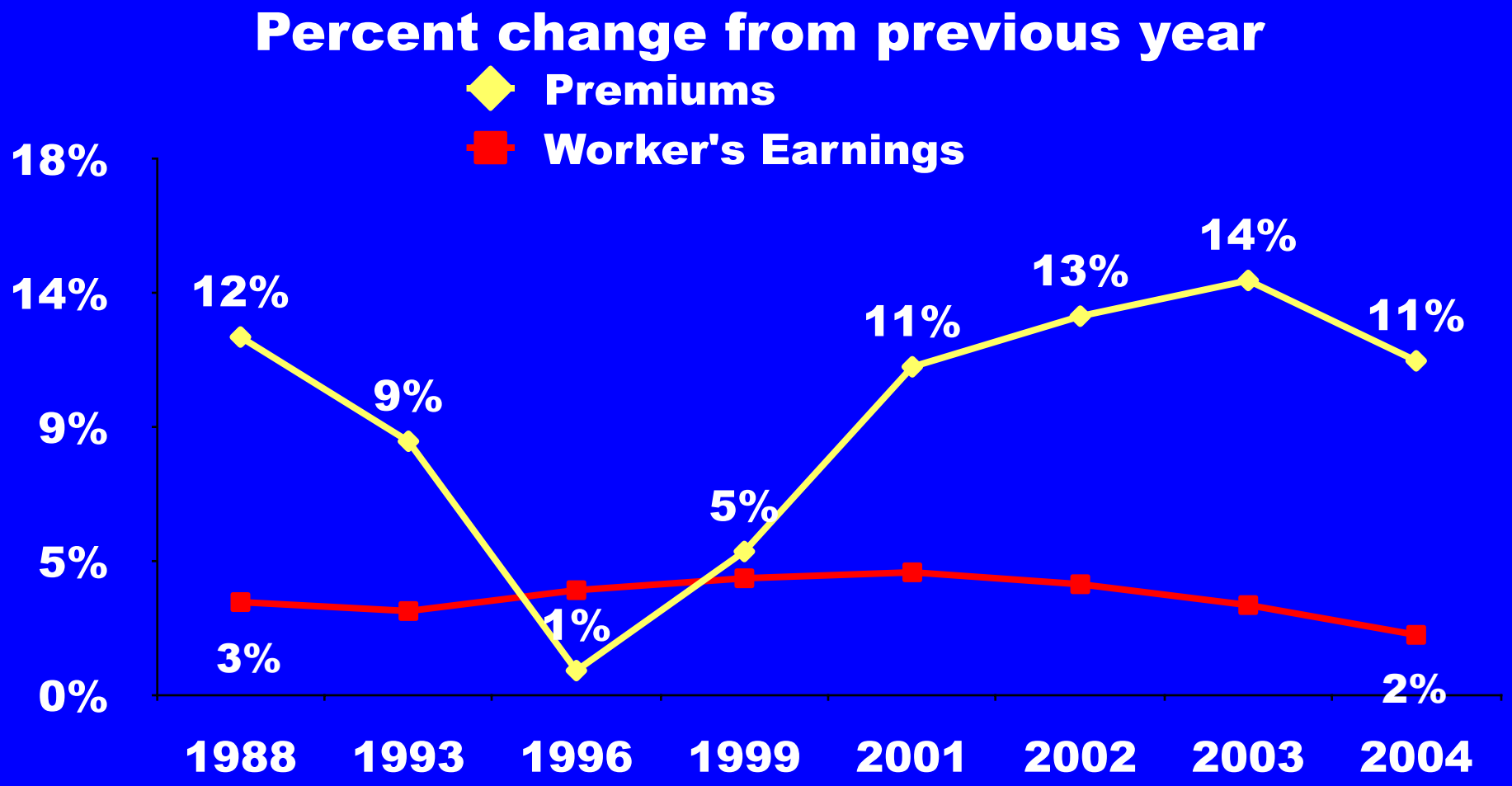
THE COMMONWEALTH FUND

The Continuing Erosion of Health Benefits Among Workers with Low Wages

Sara R. Collins, Ph.D.
The Commonwealth Fund

National Academy of Social Insurance
Roundtable on The Growing Inequality in Workers' Health Benefits
January 28, 2005

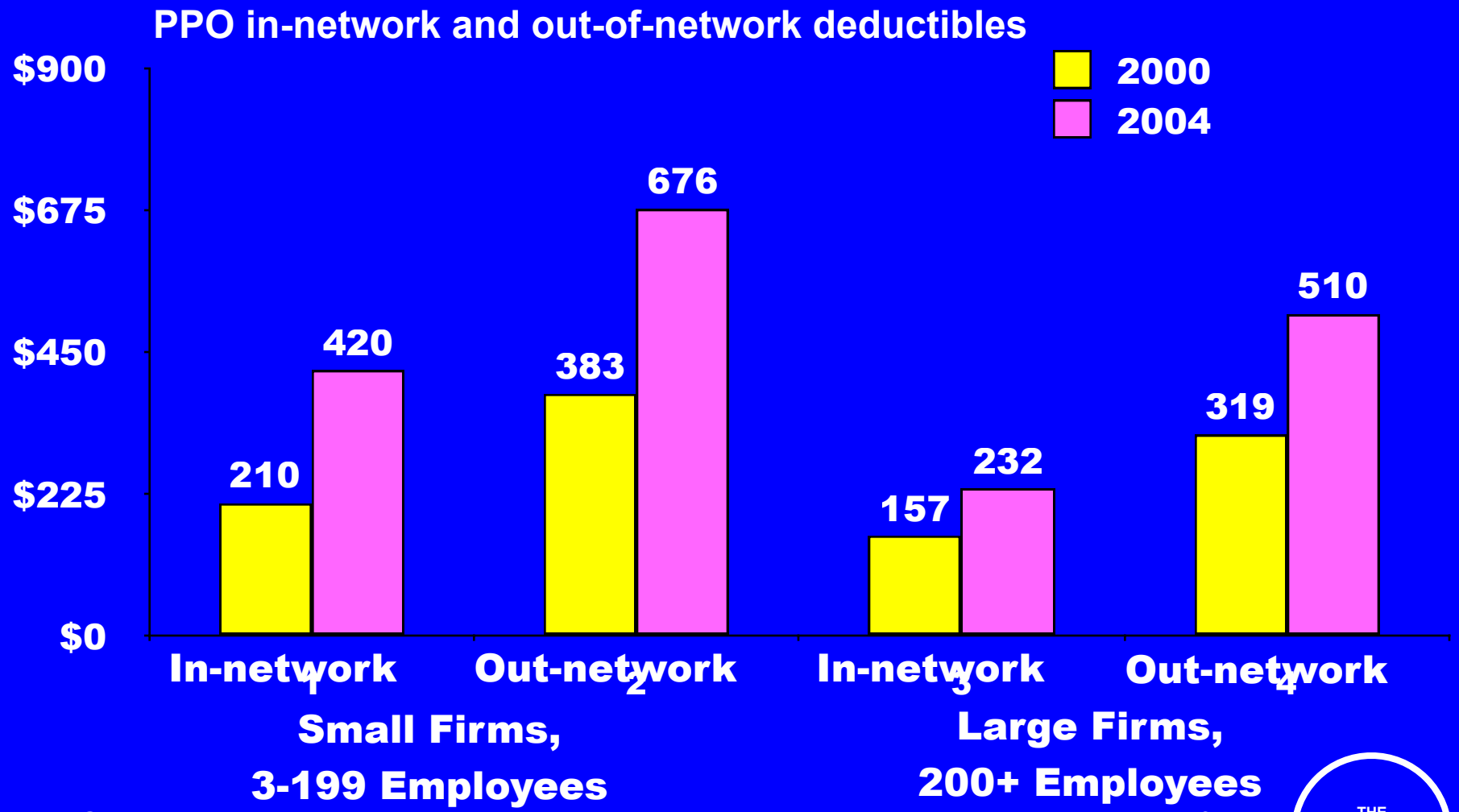
Growth in Job-Based Premiums Compared to Earnings Growth



Source: J. Gabel, et al. “Health Benefits in 2004: Four Years of Double-Digit Premium Increases Take Their Toll on Coverage,” *Health Affairs*, Sept/Oct 2004.

THE COMMONWEALTH FUND

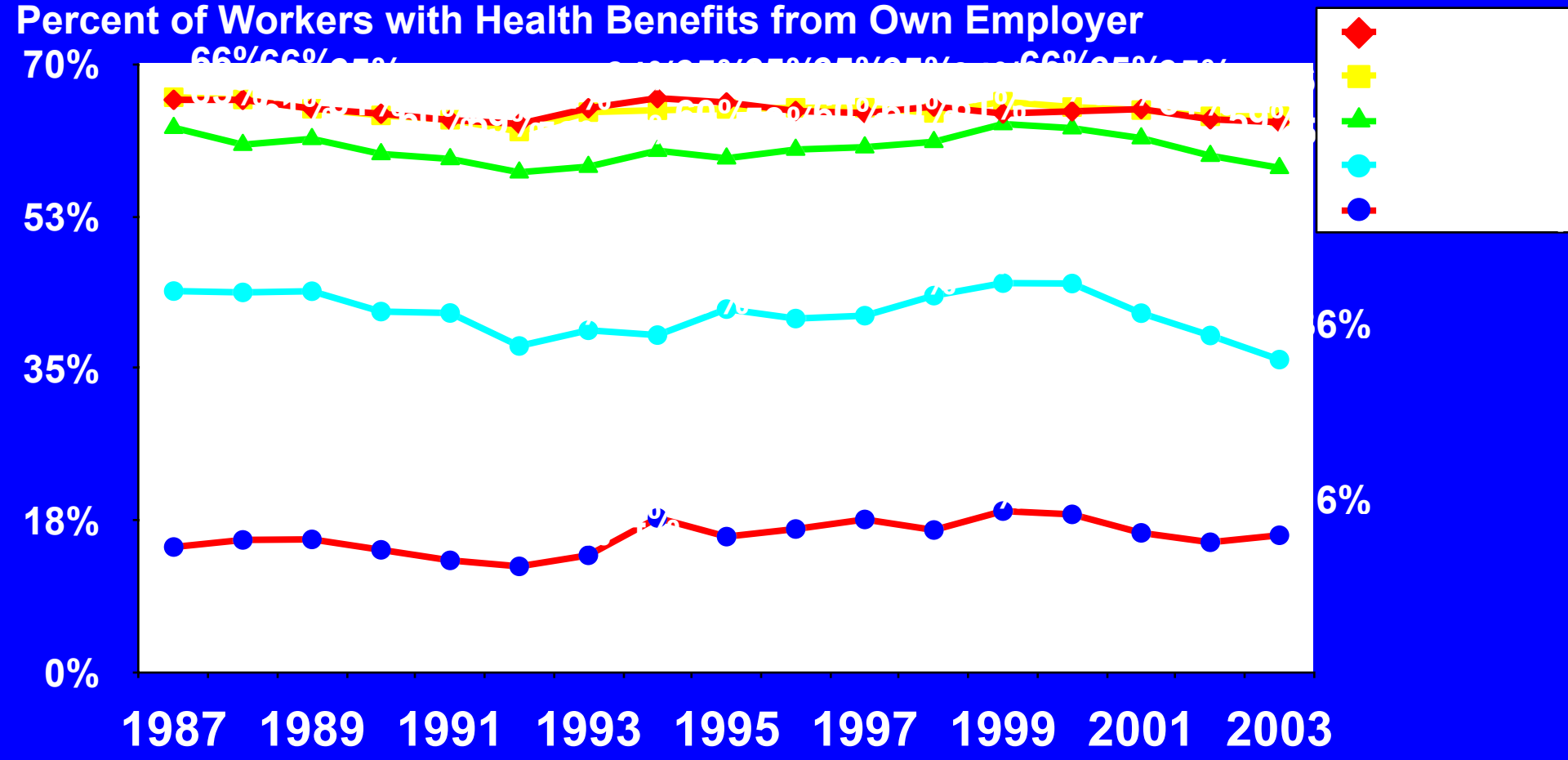
Deductibles Rise Sharply, Especially in Small Firms, Over 2000-2004



Source: J. Gabel and J. Pickreign, *Risky Business: When Mom and Pop Buy Health Insurance for Their Employees* (New York: The Commonwealth Fund, April 2004); KFF/HRET Employer Health Benefits 2004 Annual Survey.

THE COMMONWEALTH FUND

Working Adults with Health Benefits from Own Employer, By Income, 1987-2003



Source: Analysis of the March 2004 Current Population Survey by Danielle Ferry, Columbia University, for the Commonwealth Fund.

THE COMMONWEALTH FUND

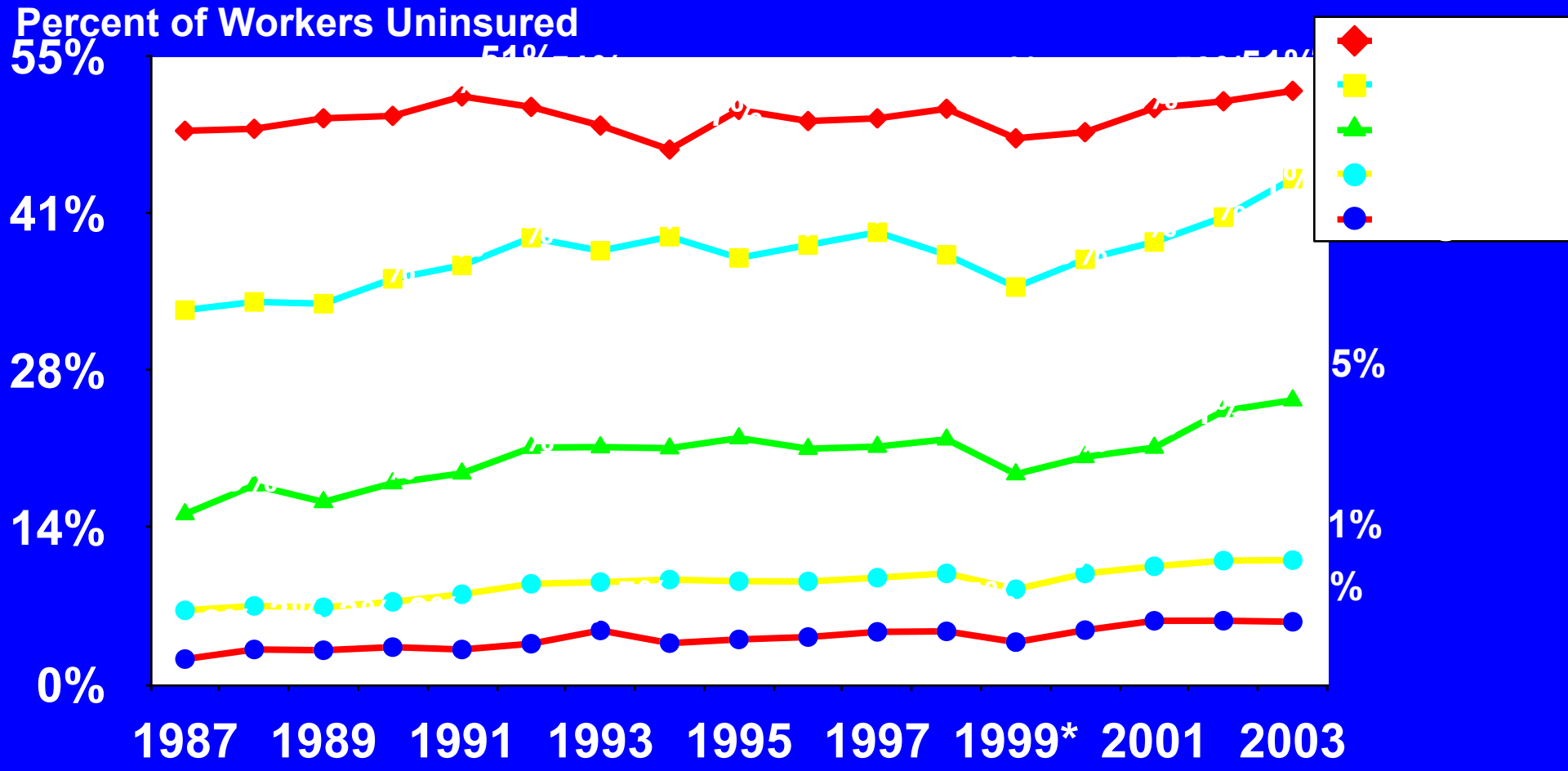
Working Adults with Own ESI or Any Private Coverage by Income Quintile, 2003

*Includes ESI any source and private individual coverage

Source: Analysis of the March 2004 Current Population Survey by Danielle Ferry, Columbia University, for the Commonwealth Fund.

THE COMMONWEALTH FUND

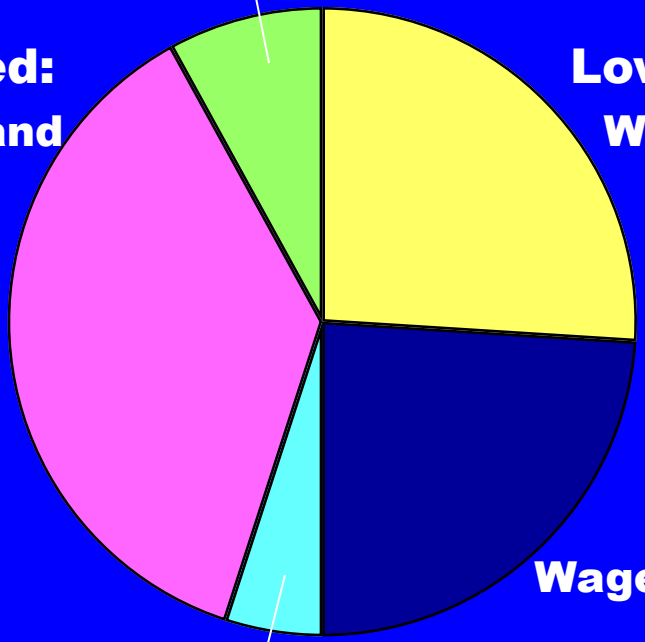
Working Adults Who Are Uninsured, By Income Quintile, 1987-2003



*In 1999, CPS added a follow-up verification question for health coverage.
Source: Analysis of the March 2004 Current Population Survey by Danielle Ferry, Columbia University, for the Commonwealth Fund.

THE COMMONWEALTH FUND

Job Compensation in the American Workforce

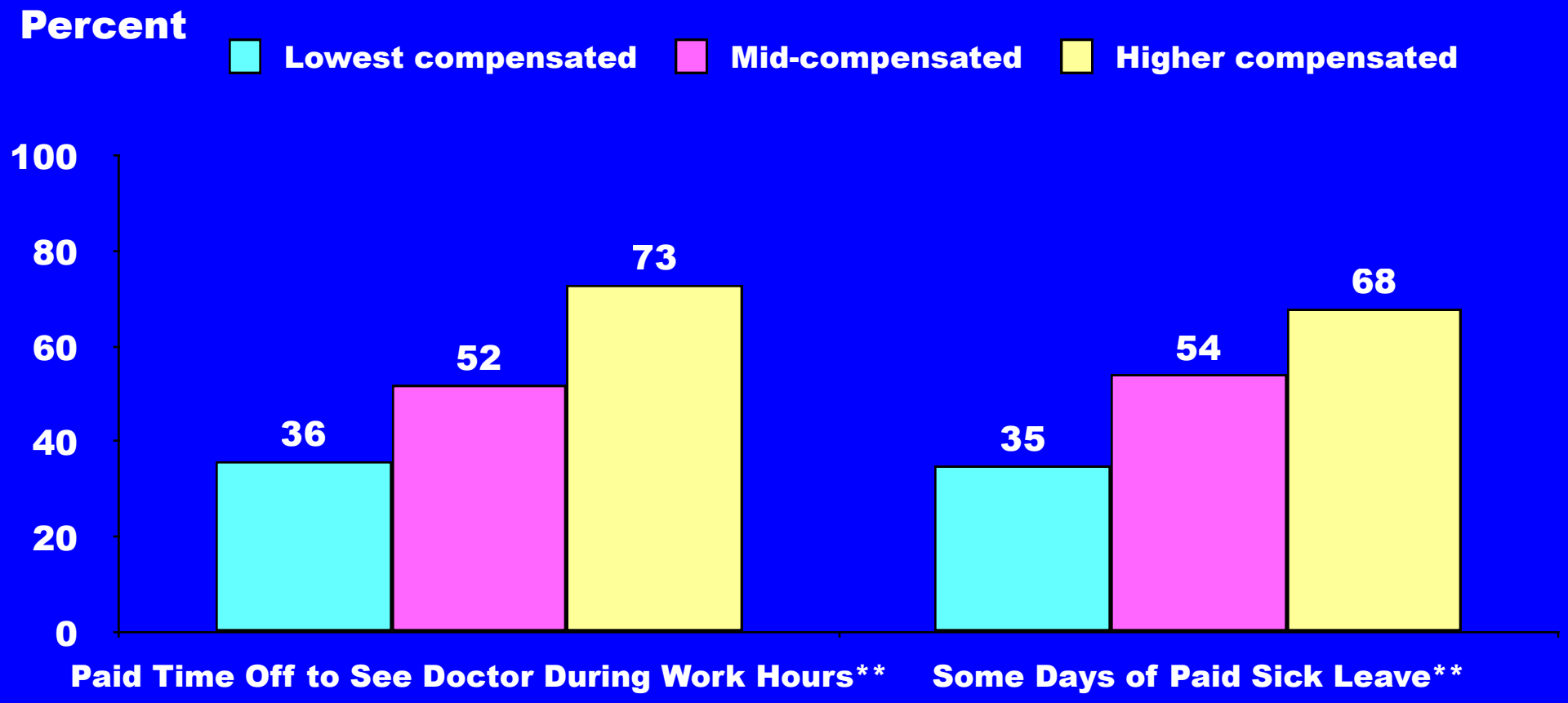


Note: ESI defined as employer-sponsored insurance.

Source: S.R. Collins et al., *Wages, Health Benefits, and Workers' Health*, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Paid Sick Leave by Workers' Job Compensation Levels

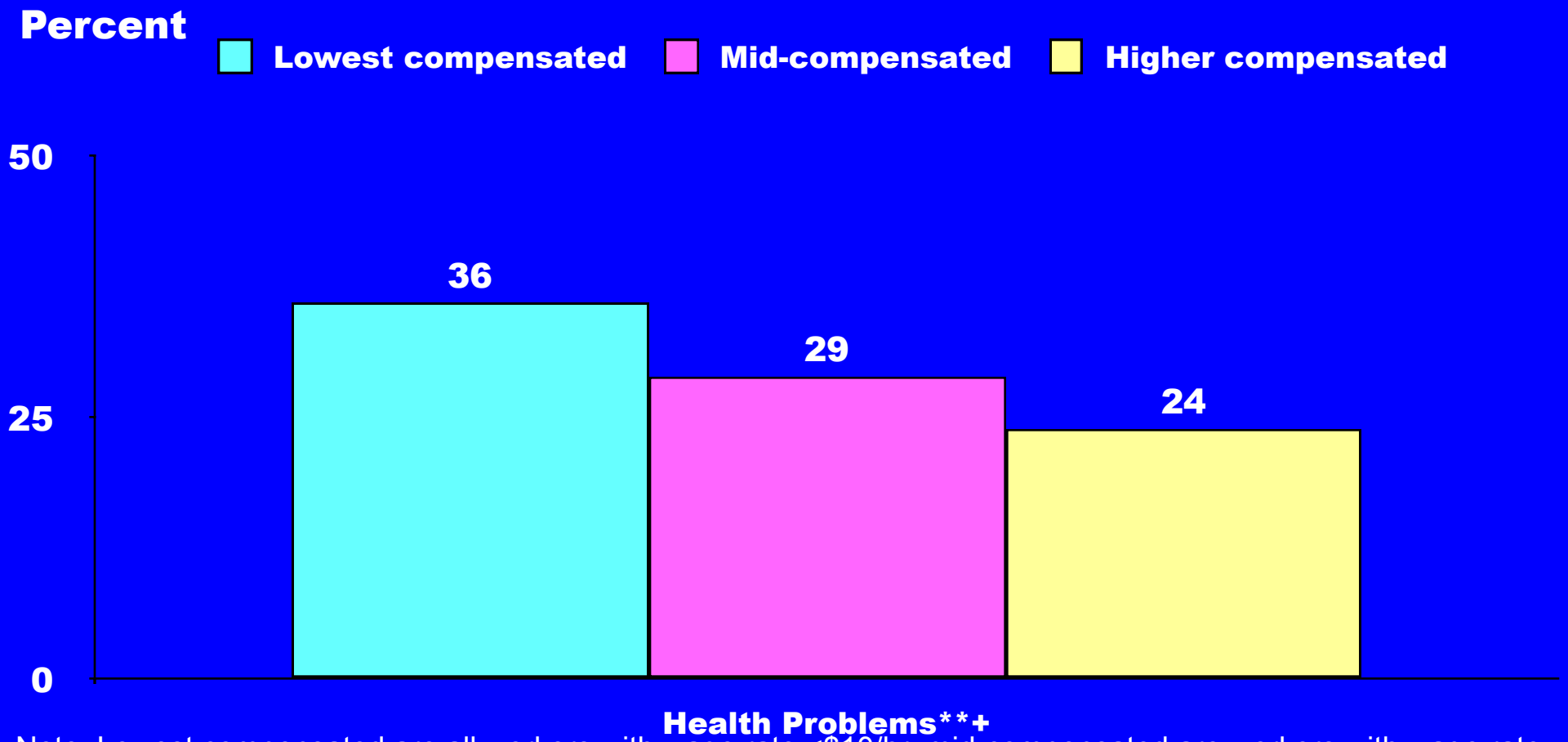


Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.
**Differences by compensation group statistically significant at p<.01.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

THE COMMONWEALTH FUND

Percent of Workers with Health Problems by Job Compensation Level

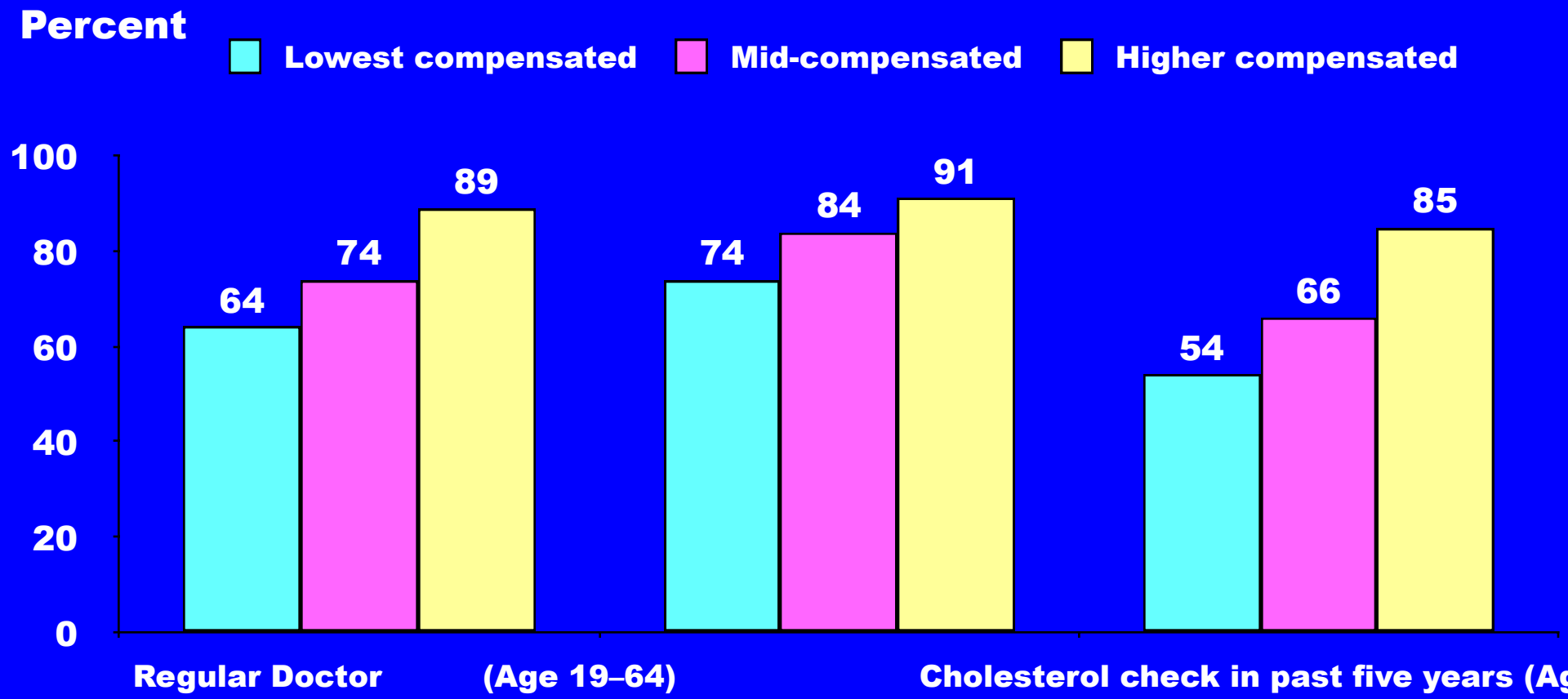


Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.
**Differences by compensation group statistically significant at p<.01.
+Either fair or poor health, disability, or one of four chronic conditions: heart disease, cancer, diabetes, arthritis

Source: S.R. Collins, et al., *Wages, Health Benefits, and Workers' Health*, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Preventive and Primary Care Varies by Workers' Job Compensation Levels

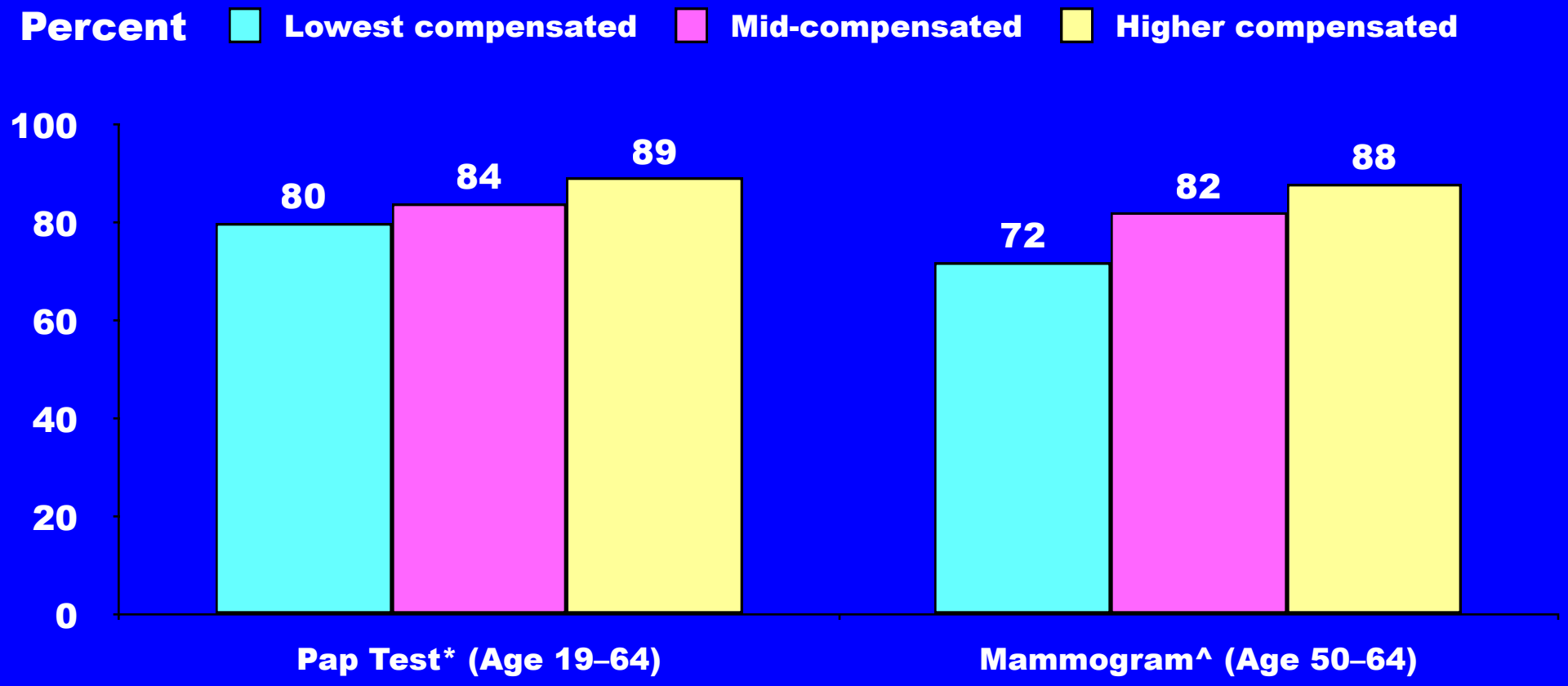


Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.

Source: S.R. Collins et al., *Wages, Health Benefits and Workers' Health*, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Women's Preventive Care Varies by Workers' Job Compensation Levels



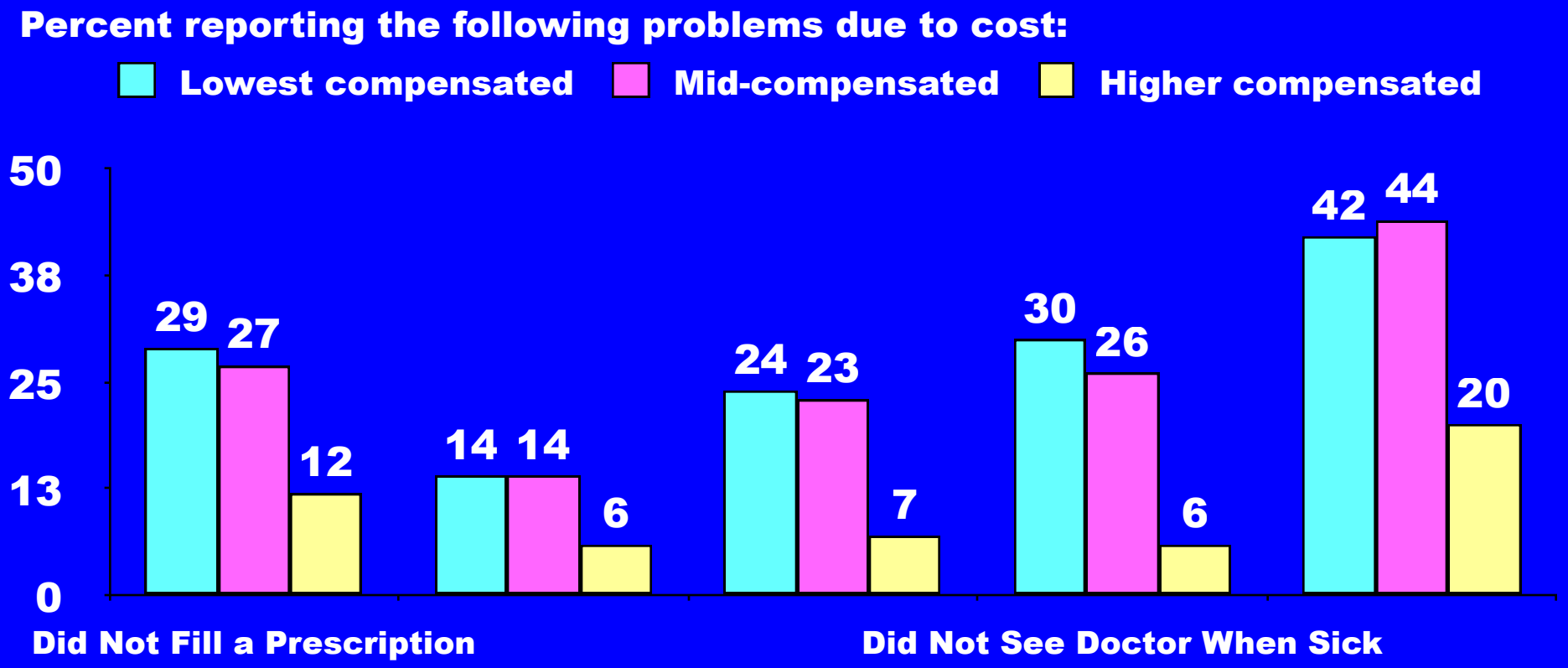
Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.

* Pap test for women ages 19–29 in past year and for women ages 30–64 in past three years
^ Mammogram for women ages 50–64 in past two years

Source: S.R. Collins, et al., Wages, Health Benefits, and Workers' Health, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Low and Mid-Range Compensated Workers Are Most Likely to Report Access Problems

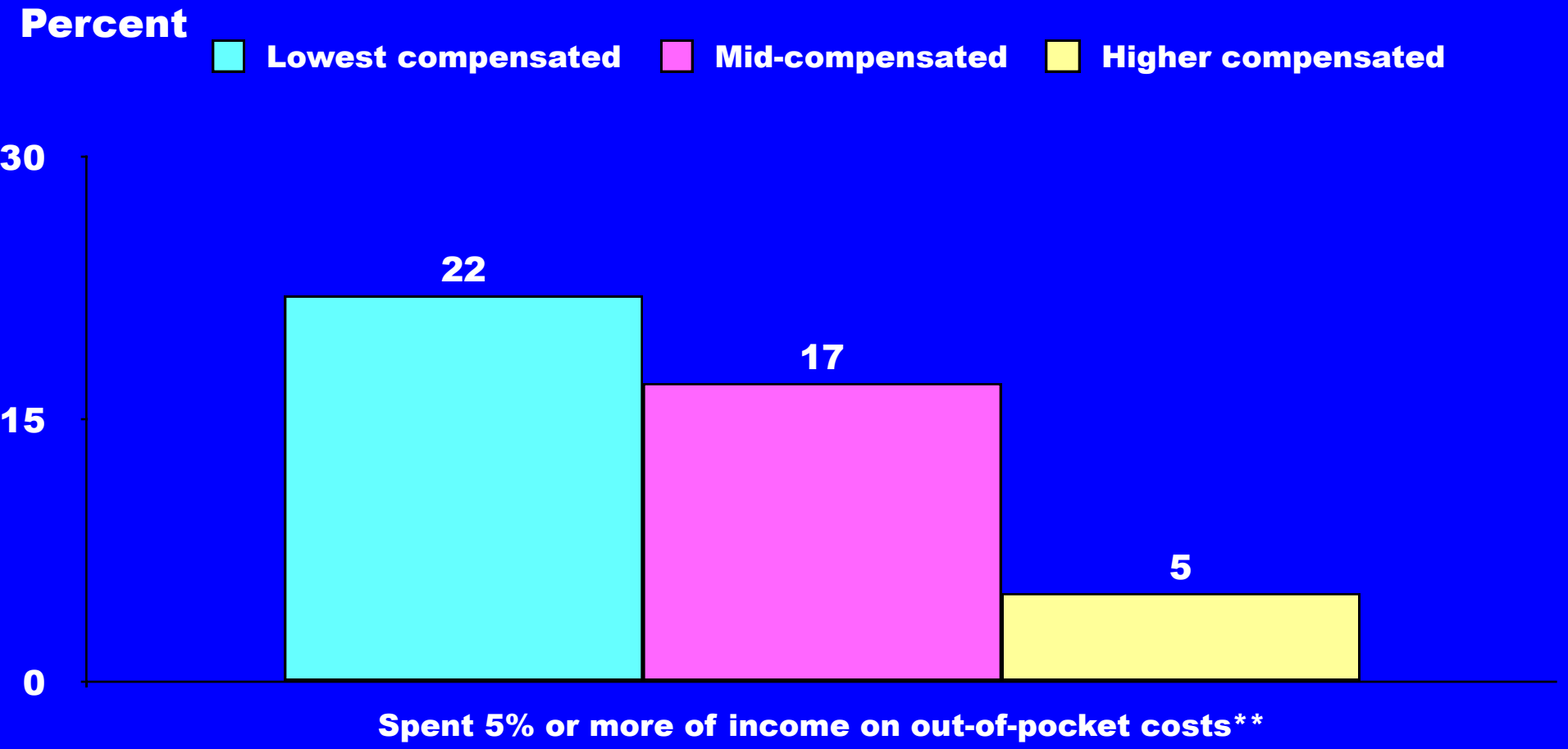


Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.

Source: S.R. Collins, et al., Wages, Health Benefits, and Workers' Health, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Lowest and Mid-Range Compensated Workers More Likely to Spend Large Shares of Income on Out-of-Pocket Medical Costs

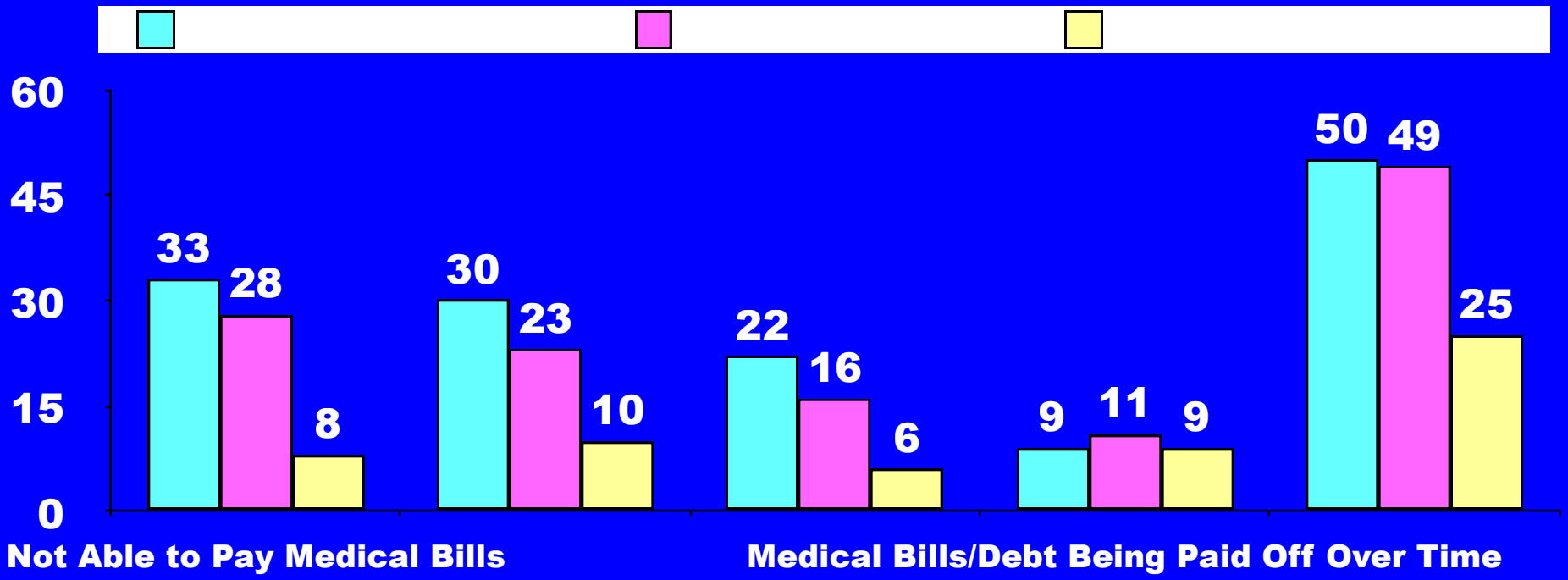


Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.
**Differences by compensation group statistically significant at p<.01.
Source: S.R. Collins, et al., *Wages, Health Benefits, and Workers' Health*, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Low and Mid-Range Compensated Workers Are Most Likely to Report Problems Paying Medical Bills

Percent who had the following problems in past year:



Note: Lowest compensated are all workers with wage rate <$10/hr; mid-compensated are workers with wage rate $10–15/hr and those with $15/hr or more but no employer-sponsored insurance; higher compensated are workers with wage rate $15/hr or more and have employer-sponsored insurance.

Source: S.R. Collins, et al., *Wages, Health Benefits, and Workers' Health*, The Commonwealth Fund, October 2004.

THE COMMONWEALTH FUND

Policy Implications

- Employment linked to health care access, protection from catastrophic medical costs, ability to take sick leave
- Employer-based insurance system alone insufficient to provide coverage to all Americans
- Current structure of system unlikely to change in near future:
  - Strong public support
  - Relative efficiency in financing coverage
  - Federal fiscal constraints
- Coverage expansions will likely need to build on structure of current system
  - Creating Consensus
  - Proposals of 2004 election cycle
- Policy options to insure more equitable health insurance coverage should remain on policy agenda

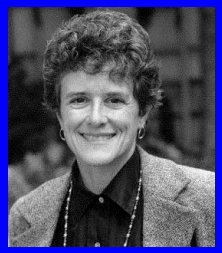
Commonwealth Fund Biennial Health Insurance Survey (2003)

- Random nationally representative sample of adults 19 and older living in continental U.S.
  - Over-sampling of low income, African American, and Hispanic households
  - 4,052 adults age 19 and older
- Worker sample: 1,963 part-time and full-time workers, not self-employed, ages 19-64; representing about 107 million workers.
- 25-minute telephone interview conducted by PSRA International:
  - September 3, 2003 through January 4, 2004 (2003)
- Results weighted to correct for disproportionate sample design and to make sample representative of adults living in the U.S.
- Response rate: 50%

THE COMMONWEALTH FUND

Acknowledgments

Karen Davis, President, The Commonwealth Fund, S.R. Collins, K. Davis, M.M. Doty, A. Ho, Wages, Health Benefits, and Workers' Health, The Commonwealth Fund, October 2004.



Cathy Schoen, Vice President, The Commonwealth Fund

Michelle M. Doty, Senior Analyst, The Commonwealth Fund, S.R. Collins, K. Davis, M.M. Doty, A. Ho, Wages, Health Benefits, and Workers' Health, The Commonwealth Fund, October 2004.

Alice Ho, Research Associate, The Commonwealth Fund, S.R. Collins, K. Davis, M.M. Doty, A. Ho, Wages, Health Benefits, and Workers' Health, The Commonwealth Fund, October 2004.

Visit the Fund at: www.cmwf.org

THE COMMONWEALTH FUND