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Realizing Health Reform's Potential

When Unemployed Means Uninsured: The Toll of Job Loss on Health Coverage, and How the Affordable Care Act Will Help

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Abstract: Chronically high unemployment has left millions of Americans without health insurance, which disappeared along with their wages and other job benefits. Although continuing health coverage through COBRA is an option for some workers, the often prohibitively high cost means that relatively few elect to purchase it. When fully implemented in 2014, the Affordable Care Act will dramatically increase health insurance options for people who lose their jobs. Even so, gaps in coverage will remain a risk for many workers who become unemployed or are transitioning to a new job. To help bridge coverage gaps until 2014, policymakers should consider reestablishing the COBRA premium subsidies that helped millions of people who lost their jobs in 2008–2010.

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OVERVIEW

The worst economic downturn since the Great Depression has taken an enormous toll on the U.S. job market. As of July 2011, the unemployment rate stands at 9.1 percent. An estimated 13.9 million U.S. residents are out of work, with an average duration of joblessness of more than 40 weeks.[1] Since a majority of Americans—60 percent—get their health insurance through an employer, the loss of a job can also result in the loss of health benefits, exposing individuals and families to potentially catastrophic health care costs in the event of a serious illness or accident.[2]

Currently, workers who lose their job-based health benefits have few affordable insurance options. In most states, health coverage through public insurance programs such as Medicaid and the Children's Health Insurance Program is available only to pregnant women, children, and parents with very low incomes; in fact, less than half of states cover childless adults.[3] Although purchasing coverage in the individual insurance market is an option for some people, a majority of those who seek coverage in this market do not end up buying a plan. Commonwealth Fund research shows that in 2010, 60 percent of adults under age 65 who shopped for coverage in the individual market found it very difficult or impossible to find a plan they could afford, and 35 percent were turned down

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by an insurance carrier, charged a higher price, or had a specific health problem excluded from coverage.[4] Because of these challenges, the proportion of people covered by the individual insurance market is declining: according to the latest estimates from federal surveys, only 4.2 percent of nonelderly adults had individual insurance coverage in 2009, down from 5.7 percent in 1997.[5]

Under the COBRA program (named for the Consolidated Omnibus Budget Reconciliation Act), individuals who are employed by a firm with 20 or more workers and have health insurance sponsored by that firm can retain their coverage for up to 18 months in the event they lose their job. Few people, however, elect to continue their coverage through COBRA, as the cost is prohibitive: former employees must pay the full insurance premium, plus 2 percent to cover administrative expenses.[6] At a time when money is at its tightest, individuals who elect COBRA coverage might have to pay up to six times the amount they contributed to their premium when they were an employee.[7]

Through sweeping health insurance market reforms and the provision of subsidies, the Affordable Care Act will, upon full implementation in 2014, dramatically increase coverage options for people who lose their jobs. Members of households with incomes under 133 percent of the federal poverty level ($29,726 for a family of four in 2011) will be eligible for Medicaid coverage. Those with incomes from 133 percent to 399 percent of poverty ($89,400 for a family of four in 2011) will be eligible for tax credits, available on a sliding scale, to purchase health plan coverage through the new state insurance exchanges; these credits will limit premium costs to between 2 percent and 9.5 percent of income. Individuals with higher incomes, meanwhile, will be able to purchase plans through the exchanges or the individual market without fear of being charged a higher premium, or denied coverage outright, because of a preexisting health condition.

New findings from the 2010 Commonwealth Fund Biennial Health Insurance Survey show why these reforms are so important for Americans who lose their jobs. Over the period 2008 to 2010, an estimated 9 million adults ages 19 to 64 lost a job with health benefits and became uninsured. Of those, nearly three-quarters reported that they did not get needed health care or did not fill prescriptions because of the cost, and nearly three-quarters reported they had problems paying medical bills or were paying off accumulated medical debt. Workers who lost their job with benefits and became uninsured underwent significant hardship because of their medical debt: more than one-quarter were unable to pay for basic necessities like food, heat, or housing, and one-third used up all their savings.

IMPACT OF JOB LOSS ON HEALTH INSURANCE COVERAGE, FINANCES, AND HEALTH

Over Half of Workers Who Lose Their Job with Benefits Become Uninsured

Based on the Commonwealth Fund survey, an estimated 15 million working-age adults lost their jobs and health benefits over the period 2008 to 2010. A majority of these individuals (57%) became uninsured. One-quarter of adults were able to go on their spouse's insurance policy or find another source of coverage, while 14 percent continued their coverage through COBRA (Exhibit 1). Workers with low incomes fared the worst and were the least likely to remain insured: 70 percent of adults earning less that 200 percent of poverty who lost their job and health benefits became uninsured, compared with 42 percent of those at or above 200 percent of poverty. Just 8 percent of lower-income workers continued their coverage through COBRA after they were laid off, as opposed to 21 percent of workers with higher incomes.

Black and Hispanic working-age adults were far more likely than whites to become uninsured after they lost their job and health benefits. Nearly three-quarters of black or Hispanic working-age adults became uninsured, and only 5 percent participated in COBRA and continued their job-based coverage (Exhibit 1).

Exhibit 1. Nearly Three of Five Adults Who Lost a Job with Health Benefits in the Past Two Years Became Uninsured

Percent of adults ages 19–64

	Total^	<200% FPL	200% FPL or more	White	Black or Hispanic
Respondent lost job in past two years	18% 33 million	28% 20 million	11% 10 million	15% 18 million	25% 13 million
Respondent had insurance through job that was lost*	46% 15 million	36% 7 million	69% 7 million	53% 10 million	41% 5 million
What happened when you lost your employer-based health insurance?**					
Became uninsured	57	70	42	49	73
Went on spouse's insurance or found insurance through other source	25	22	29	27	21
Continued job-based coverage through COBRA	14	8	21	19	5

Note: FPL refers to Federal Poverty Level; COBRA refers to Consolidated Omnibus Budget Reconciliation Act.
^ Includes respondents who did not state their income level, and respondents who identified their race/ethnicity as other than white, black, or Hispanic.
* Base: respondent lost job in past two years.
** Base: respondent had insurance through job that was lost.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

Financial and Health Consequences

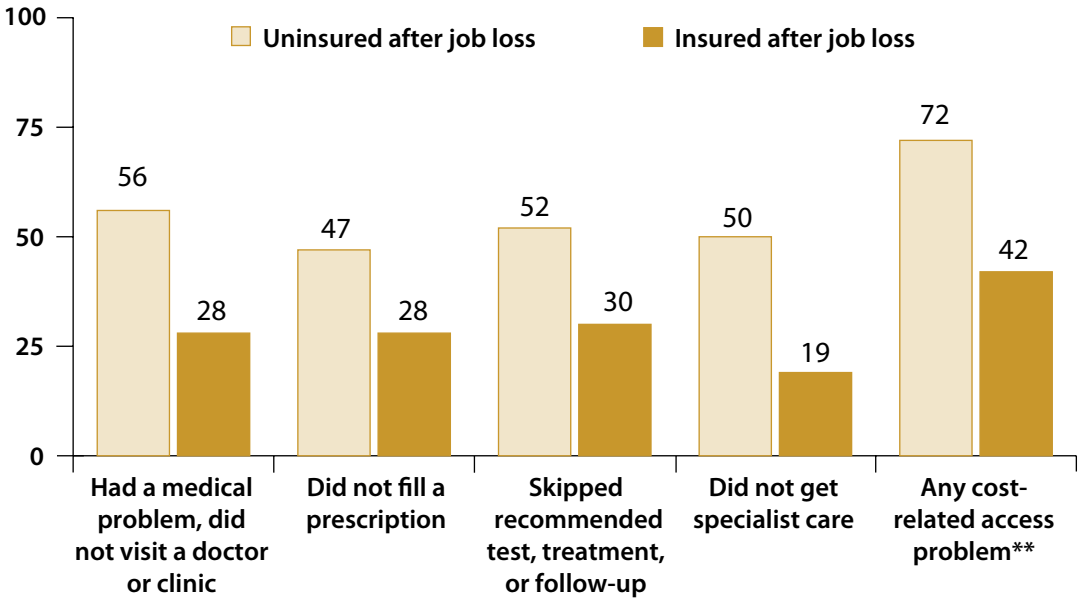
Many adults who lose their job with health benefits go without needed health care because of the cost. About one-half of surveyed adults who became uninsured after losing a job with benefits skipped a recommended medical treatment or follow-up test (52%), did not get specialist or other physician care when needed (50%), or did not fill a prescription (47%) in the past year, citing cost as the reason (Exhibit 2). Overall, nearly three-quarters (72%) of respondents who became uninsured when they lost their job and health benefits had at least one of these access problems. In comparison, 42 percent of survey respondents who remained insured even after losing their job and health benefits experienced one of these problems accessing care.

The loss of a job with health benefits puts workers at risk of having high out-of-pocket expenses for medical bills and accumulating medical debt, in addition to other serious financial pressures. Nearly three of five (58%) workers who became uninsured after losing a job with benefits said that they had problems paying medical bills in the past year, one-third (32%) were contacted by a collection agency about unpaid bills, and nearly four of 10 (38%) had accrued medical debt that they were paying off over time (Exhibit 3). In all, nearly three-quarters (72%) of workers who became uninsured when they lost their job reported at least one problem with medical bills or accrued medical debt in the past year, compared with 49 percent of adults who were able to remain insured after losing their job and health benefits.

Moreover, many adults who lost a job with health benefits—including those who became uninsured and those who were able to remain insured—experienced serious financial pressures because of medical bills (Exhibit 4). Two of five (40%) adults who lost their jobs and became uninsured were forced into making difficult decisions or trade-offs in the past year, such as declaring bankruptcy, taking out a mortgage or loan, or not paying for food, heat, or rent. Nearly one of three (32%) adults who lost a job with benefits and became uninsured in the past two years

Exhibit 2. Three-Quarters of Adults Who Became Uninsured When They Were Laid Off Had Problems Getting the Care They Needed

Percent of adults ages 19–64 who lost a job with employer-based benefits*



* Job lost in the past two years.
** Includes any of the following because of cost: had a medical problem, did not visit a doctor or clinic; did not fill a prescription; skipped recommended test, treatment, or follow-up; did not get specialist care.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

said that they used up their savings, and more than a quarter (27%) found that they were unable to pay for basic necessities such as food, heat, or housing.

COBRA Eligibility Lower Among Low-Income and Minority Workers

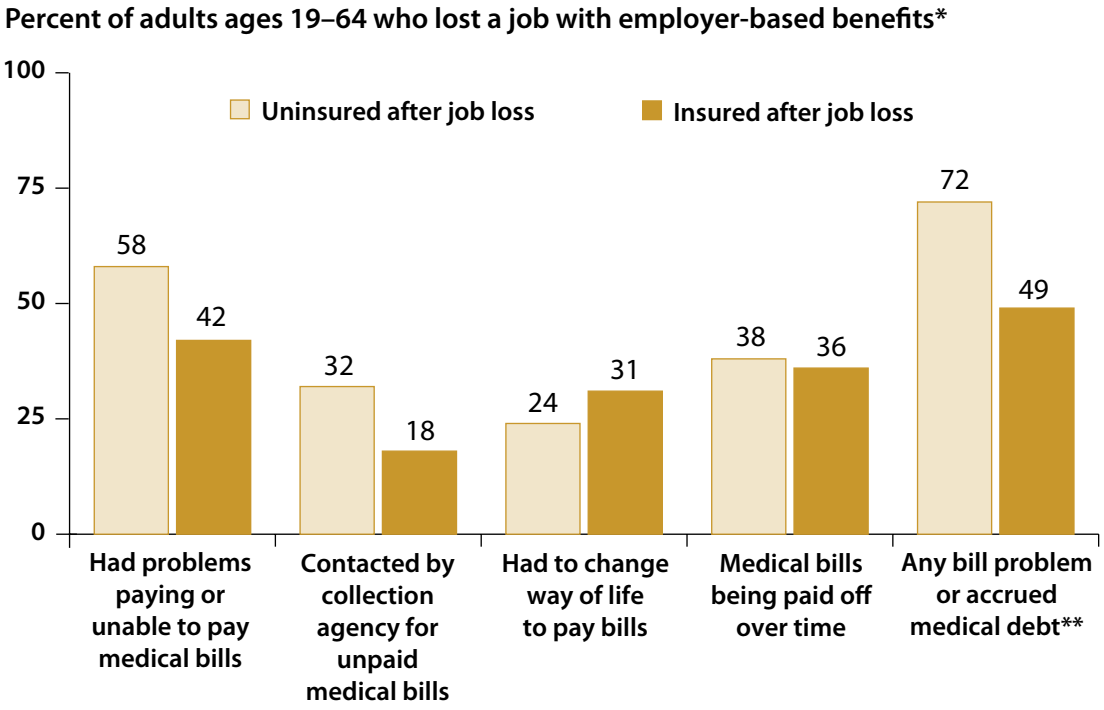
Based on the Commonwealth Fund Biennial Health Insurance Survey, we estimate that in 2010, 58 percent of workers, or about 67 million people, would likely have been eligible for COBRA if they had lost their job and their employer health coverage (Exhibit 5). Although our survey considered respondents to be COBRA-eligible if they were enrolled in an employer health plan and worked in a firm with 25 or more employees, federal COBRA protections are available to workers in firms with *20* or more employees. Thus, our analysis underestimates the number of potentially COBRA-eligible individuals.

The remaining group—those who would have been ineligible for COBRA if they had lost their jobs—includes individuals who are working and uninsured (16%), workers insured through small businesses of fewer than 25 workers (13%), and individuals with insurance through sources other than their jobs (13%).

The highest-earning workers are the most likely to be eligible for COBRA benefits (Appendix Table 1). Close to three-quarters (73%) of workers with household incomes at 400 percent of poverty or more ($88,200 for a family of four in 2010) would have qualified for COBRA in 2010 had they become unemployed, compared with one-quarter of workers with household incomes less than 133 percent of poverty ($29,327 for a family of four in 2010). Because they are more likely to be uninsured in the first place, workers with low incomes are less likely to qualify for COBRA. Two of five (40%) low-income workers were uninsured when surveyed; in contrast, just 4 percent of workers with higher incomes lacked coverage.

Another 25 percent of low-income workers in 2010 would not have qualified for COBRA because they were insured through sources other than their own

Exhibit 3. Adults Who Became Uninsured When They Were Laid Off Had Higher Rates of Medical Bill Problems and Debt Than Adults Who Remained Insured



* Job lost in the past two years.
** Includes any of the following: had problems paying or unable to pay medical bills, contacted by collection agency for unpaid medical bills, had to change way of life to pay bills or had outstanding medical debt.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

job. The remaining 9 percent of ineligible low-income workers were insured by small firms not required to offer COBRA benefits (Appendix Table 1).

Because Hispanic workers are more likely than blacks or whites to be uninsured—35 percent versus 21 percent and 11 percent, respectively—they are notably less likely to be COBRA-eligible than these other groups. Based on our analysis, just 38 percent of Hispanic workers were COBRA-eligible in 2010, compared with 62 percent of white and black workers (Appendix Table 1).[8]

Our analysis also shows that younger workers (ages 19 to 29) are less likely than older workers (50 to 64) to be COBRA-eligible. Fewer than half of young workers receive health benefits from larger firms that would be subject to the COBRA requirement, compared with 63 percent of older workers (Appendix Table 1).

PROTECTIONS OFFERED BY THE AFFORDABLE CARE ACT, 2011–2014

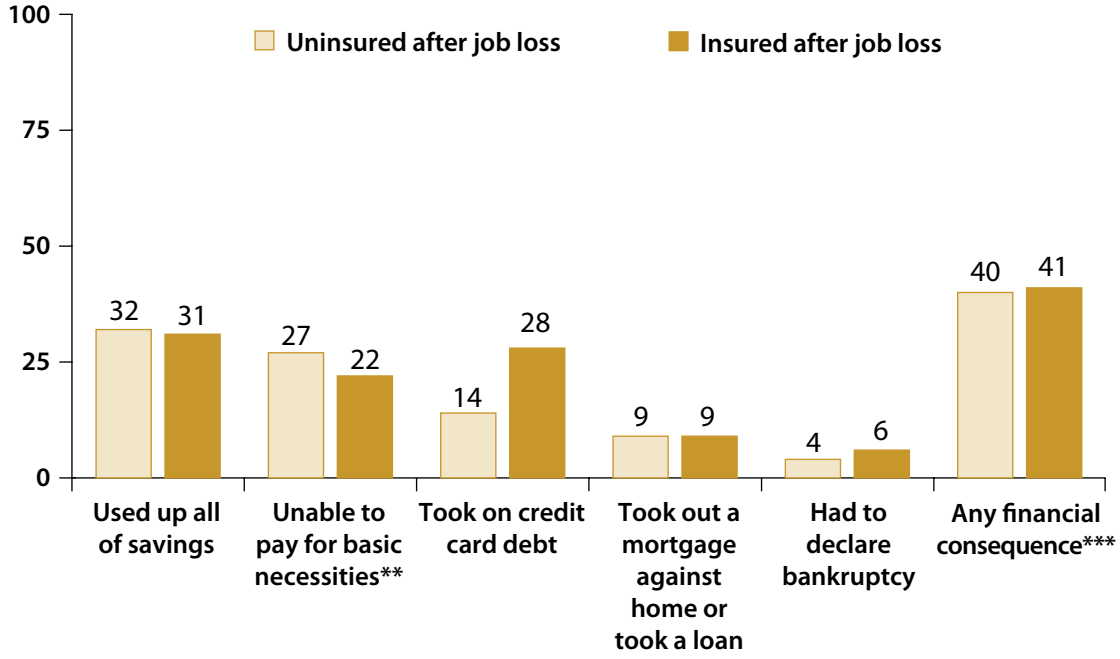
Starting in 2014, the Affordable Care Act will provide substantial relief to unemployed Americans who have lost their health benefits, particularly those who have gone without coverage for long periods. But there are also provisions of the law that have already begun to provide relief to some groups of unemployed people—in particular, adults under age 26 and people with chronic health problems.

Young Adults Can Remain on or Join Parents' Insurance Until Age 26

As new entrants to the labor force, recent high school or college graduates are at a considerable disadvantage when searching for a job. Moreover, as new hires they can be especially vulnerable to layoff. In July 2011, the rate of unemployment among 20-to-24-year-olds was 14.6 percent, the highest of any age group except teenagers, and well above the national average of

Exhibit 4. Four of 10 Adults Who Became Uninsured When They Were Laid Off Experienced Serious Financial Consequences Because of Medical Bills

Percent of adults ages 19–64 who lost a job with employer-based benefits* and reported the following consequences because of medical bills



* Job lost in the past two years.
** Such as food, heat, or rent.
*** Includes at least one of the following: used up all savings; unable able to pay for basic necessities; took out a mortgage against home or took out a loan; took on credit card debt; had to declare bankruptcy.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

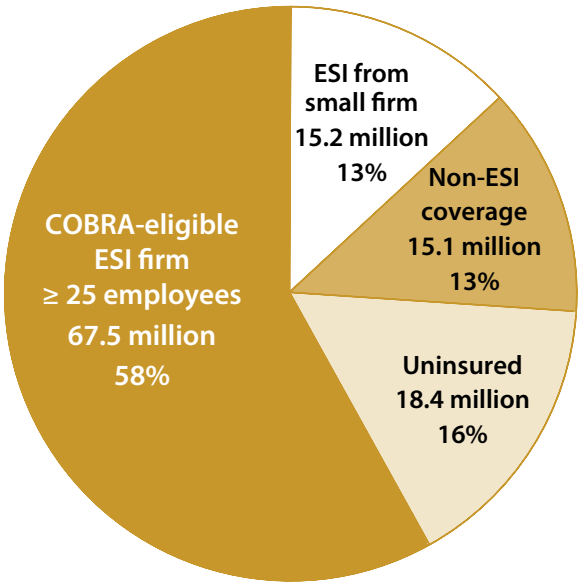
9.1 percent.[9] Under the Affordable Care Act, adults up to age 26 can now remain on or join their parents' health plans if they offer dependent coverage. Further, the law requires all insurance plans that offer dependent coverage to offer the same level of coverage, and at the same price, to their enrollees' adult children, up to their 26th birthdays.[10] The law applies to all health plans and adult children, regardless of living situation, degree of financial independence, or marital or student status. It is estimated that this new provision has led to an increase of 600,000 young adult enrollees in five health plans.[11]

Coverage for People with Preexisting Conditions

Long-term unemployed workers who have health problems and who have been uninsured for at least six months may be eligible for the new Pre-Existing Condition Insurance Plans (PCIPs).[12] Available in all 50 states and the District of Columbia, PCIPs include a broad range of benefits, from primary and specialty care to hospital care and prescription drugs. Premiums are set for a standard population in the individual insurance market and cannot vary by more than a factor of four, based on age (i.e., 4:1 age bands). The PCIPs are required to cover, on average, no less than 65 percent of medical costs and to limit out-of-pocket spending to the standards defined by health savings accounts—$5,950 for individuals. They also cannot impose preexisting condition exclusions or waiting periods.

There are, however, no subsidies available for people in lower-income families. The U.S. Department of Health and Human Services, which runs PCIPs in 23 states and the District of Columbia, as well as some of the 27 states that run their own plans, have lowered premiums and deductibles to help make the plans more affordable and protective against high out-of-pocket costs.

Exhibit 5. Three of Five Workers Would be Eligible for COBRA if They Lost Their Job



COBRA eligibility* for working adults, ages 19–64

* Commonwealth Fund analysis considered respondents to be COBRA-eligible if currently enrolled in an employer health plan at a firm with 25 or more employees, though federal COBRA protections extend to firms with 20 or more employees. Therefore this analysis underestimates the number of COBRA-eligible individuals.
Notes: ESI refers to employer-sponsored insurance; COBRA refers to Consolidated Omnibus Budget Reconciliation Act.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

Near-Universal Coverage in 2014

Beginning in 2014, when the major coverage provisions of the Affordable Care Act are implemented, people who lose their jobs or work for companies that do not offer health insurance will finally have access to affordable, comprehensive coverage. Most uninsured individuals will be able to obtain subsidized health insurance coverage through Medicaid, the Children's Health Insurance Program, a state Basic Health Plan, or subsidized private health insurance coverage offered through new state insurance exchanges. People with higher incomes will also be able to purchase plans through the exchanges, with new consumer protections against being charged higher premiums or denied coverage on the basis of health.

New coverage under Medicaid. Beginning in 2014, the Affordable Care Act increases eligibility for Medicaid to all legal residents with incomes less than 133 percent of the federal poverty level ($14,484 for a single adult and $29,726 for a family of four in 2011). This is a substantial change in Medicaid's adult coverage. Although several states have expanded eligibility for parents of dependent children, in most states income eligibility thresholds are well below the federal poverty level.[13] And in more than half of states, adults without disabilities who do not have children are currently ineligible for Medicaid, regardless of income.

Of all the provisions in the Affordable Care Act, the Medicaid expansion will potentially have the largest impact on reducing the number of uninsured. Moreover, because there will be little or no premium contribution or cost-sharing under Medicaid, the expansion in eligibility will substantially reduce the costs of health insurance and health care for adults in this income range, improve their ability to access health care, and limit burdensome medical bill and debt problems.

New subsidized private health plans with consumer protections. Under the law, states will be required to establish new health insurance exchanges for both

individuals and small businesses. States can set up their own exchanges; for states that decline to do so or that have not made sufficient progress by 2013, the federal government will work with the state to establish a federally facilitated exchange. The exchanges will be the central portal for small businesses and individuals without employer coverage to find health plans and determine their eligibility for premium tax credits and cost-sharing reductions for the qualified health plans that will be certified by the exchanges, Medicaid, the Children's Health Insurance Program and, if a state elects it, a Basic Health Plan. Individuals who have incomes from 133 percent to 399 percent of poverty ($43,560 for single adults or $89,400 for a family of four in 2011) will be eligible for sliding-scale tax credits that will reduce premium and out-of-pocket costs for plans purchased through the exchanges.

Under the proposed federal regulation for the exchanges, a new system of streamlined and coordinated eligibility and enrollment will enable individuals to apply to join a qualified plan, obtain premium tax credits and cost-sharing reductions, enroll in Medicaid or CHIP, or receive a determination of eligibility for any such programs.[14] Individuals whose employer-sponsored coverage costs more than 9.5 percent of their income, or those with a plan that covers less than 60 percent of their averaged medical costs, also will be eligible to purchase coverage through the exchanges.

The Affordable Care Act also provides important consumer protections that will apply to all insurance plans sold within and outside the exchange. These new insurance market regulations will prohibit rating on the basis of health and gender, ban preexisting condition exclusions, limit the amount by which plans can vary premiums based on age, and prevent plans from dropping coverage if an enrollee becomes ill. All health plans sold in the exchange and in the individual and small-group markets will be required to provide benefits similar in scope to a typical employer plan. Plans offered to individuals and small businesses will have the same essential benefit package but can have four different levels of annual coverage: an average of 60 percent of total medical costs (bronze plan), 70 percent of medical costs (silver plan), 80 percent of medical costs (gold plan), and 90 percent of medical costs (platinum plan). Out-of-pocket costs are limited to $5,950 for single policies and $11,900 for family policies, and they are lower for people with lower incomes.

> To make COBRA a financially viable option for people, the federal government would need to provide tax credits to offset the cost of coverage.

Individuals will be eligible for tax credits to reduce premium costs of plans sold through the exchanges. Premium credits will be tied to the silver plan and will cap contributions for individuals and families at 2 percent of income for those at less than 133 percent of the federal poverty level, with a gradual increase to 9.5 percent of income for those at 300 percent to 399 percent of poverty.

ADDITIONAL POLICY OPTIONS TO HELP UNEMPLOYED WORKERS RETAIN HEALTH BENEFITS: EXPANDED COBRA

Until the universal health insurance coverage provisions take effect in 2014, it is clear that more support will be needed to help bridge the coverage gap for struggling families. Congress provided an extension of unemployment benefits in December 2010, but that extension is set to expire at the end of 2011. Meanwhile, job growth remains extremely sluggish, with payrolls growing far too slowly to make a significant dent in the unemployment rate. A new extension of unemployment benefits this December will therefore be critically important.

But Congress could go even further. It could resuscitate the COBRA premium subsidies that were enacted under the American Recovery and Reinvestment Act (ARRA) in February 2009. Although higher-income workers would continue to be the ones most likely to be eligible for COBRA, our analysis indicates that many lower-income

workers—25 percent of those with incomes less than 133 percent of poverty and 55 percent from 133 percent to 249 percent of poverty—are also potentially COBRA-eligible.

At the same time, COBRA coverage will need to be more affordable, so that more workers are able to take advantage of this benefit. Unemployed workers with COBRA coverage face average annual premium costs of $5,049 for an individual and $13,770 for a family plan, based on average employer plan costs in 2010.[15] Since the share of health plan premiums that employees pay averages 19 percent for a single-person plan and 30 percent for a family plan, having to pay the full premium when unemployed can result in up to a sixfold increase in premium contributions.[16] Combined with a loss of income from wages, bearing the full cost of insurance premiums is particularly burdensome for workers with low and moderate incomes, but premium subsidies could help many more workers remain insured under COBRA while unemployed.

The ARRA subsidies substantially offset costs for unemployed workers by covering 65 percent of their COBRA premiums.[17] Administered by the Internal Revenue Service through payroll tax withholding, the subsidies were available for a maximum of 15 months to eligible workers laid off between September 1, 2008, and May 31, 2010. Eligibility for premium assistance began to phase out when an individual's income exceeded $125,000 ($250,000 for married taxpayers filing a joint return) and were completely phased out for those with income above $145,000 ($290,000 for married taxpayers).[18]

Several studies found that COBRA enrollment increased among eligible individuals after the COBRA subsidies went into effect:

- A Department of Treasury interim report to Congress using data from employer filings estimated as many as 2 million households received COBRA premium assistance in 2009.[19]
- A Hewitt Associates study conducted in August and December 2009 among 200 large firms employing a total of 8 million workers reported that the average COBRA take-up rate doubled to 39 percent after ARRA.[20]
- Ceridian, a large national benefits management firm that represents businesses with fewer than 150 workers, reported an increase in take-up of 5 percentage points post-ARRA.[21]
- A survey conducted by the U.S. Department of Treasury of New Jersey unemployment recipients during the fall and winter of 2009 found that at least a quarter to a third of ARRA-eligible people took up COBRA.[22]

Furthermore, researchers Randall Bovbjerg, Stan Dorn, and others found that the COBRA subsidy was implemented rapidly by both government and employers, with few problems and only minor costs.[23]

A Continuing Role for COBRA in 2014

Even when the Affordable Care Act is fully implemented in 2014, the COBRA coverage option will still be needed. As detailed in a recent Commonwealth Fund brief by Pamela Short, Katherine Swartz, and colleagues, there are several reasons why it will make sense to allow people to continue their employer-based coverage via COBRA after leaving a job, particularly in the case of those individuals who experience only short gaps in their health insurance.[24]

First, continuing coverage from a prior job saves the administrative costs generated from churning in an out of different health plans. For example, someone might go through the process of enrolling in a health plan through the insurance exchange only to find a job with health benefits within a few months; that person would thus need to drop the exchange plan in order to enroll in their new employer plan.

Second, the ability to stay on one's employer coverage would enable people to avoid penalties from violating the health reform law's requirement to have health insurance coverage (see box). The penalties apply only to people who have been without coverage for more than three months. As Short and Swartz

point out, this three-month period is consistent with the 90-day waiting period for employer-based coverage in the Affordable Care Act. Individuals who leave their job and face a 90-day waiting period for health coverage with their new employer would not face a penalty. However, people who have a gap between jobs in addition to a 90-day waiting period would face a penalty if they did not have coverage to fill the longer gap.

Third, a COBRA option might reduce the risk of adverse selection, which occurs when people in poorer health buy plans in greater numbers than those in better health, thereby increasing premiums for all individuals participating in the insurance exchange. People with health problems who experience a short gap in coverage would be more likely to seek a health plan to fill that gap than people who are healthy, especially during the three-month penalty grace period. Allowing everyone to maintain their original employer coverage would prevent the risk of selection against the exchange.

However, as Short and Swartz also note, to make COBRA a financially viable option for people, the federal government would need to provide tax credits to offset the cost of coverage. Policymakers and regulators might consider allowing people with COBRA continuation coverage to have access, for a limited time, to the sliding-scale tax credits that are available for qualified health plans offered in the exchanges.

CONCLUSION

The most severe recession since the Great Depression continues to leave nearly 14 million people unemployed, many for record lengths of time, with little relief in sight. Because most Americans get their health insurance through an employer, many have lost their coverage as well as their wages and other benefits. The consequences have been devastating for these families: nearly three-quarters of adults who lost their job-based benefits when they were laid off and remained uninsured said they delayed getting needed health care or filling a prescription because it was too expensive; a similar share reported they had difficulties paying medical bills or were paying off medical debt over time.

The New Requirement for Individuals to Have Health Insurance

Beginning in 2014, all U.S. citizens and legal residents will be required to maintain minimum essential health coverage through the individual insurance market, insurance exchanges, public programs, or employers, or face a penalty. There are some exemptions, including: individuals who cannot find a health plan that costs less than 8 percent of their income, net of subsidies and employer contributions; people who have incomes below the tax-filing threshold ($9,500 for individuals and $19,000 for couples); and people who have been without insurance for less than three months.

People who are not exempt from the mandate and cannot demonstrate on a tax form that they have health insurance will be required to pay a penalty equal to the greater of $95 or 1 percent of applicable income (i.e., income in excess of the tax-filing threshold) in 2014, $325 or 2 percent of applicable income in 2015, and $695 or 2.5 percent of applicable income in 2016, up to a maximum of $2,085 per family.[25] The tax, which will be assessed through the tax code and applied as an additional amount of federal tax owed, will be prorated for partial years of noncompliance.

Source: The Commonwealth Fund Health Reform Resource Center: What Is in the Affordable Care Act? http://www.commonwealthfund.org./Health-Reform/Health-Reform-Resource.aspx.

The United States will surely suffer challenging economic times in the years ahead. But the full implementation of the Affordable Care Act in 2014 means that workers who lose their jobs will not become uninsured as well. Families will be able to maintain their health and be protected from high medical bills even when they are unemployed.

But while the economy struggles to recover, policymakers will need to help bridge the gap to 2014 for the millions of people who are unable to find jobs. First, policymakers should consider an additional extension of unemployment benefits: the current extension is set to expire in December 2011. Second, they should consider reestablishing the COBRA premium subsidies that helped millions of people who lost their jobs in 2008–2010 maintain their health insurance coverage. As federal and state policymakers forge ahead in implementing the health care reform law, these actions can potentially shield many workers and their families from catastrophic health care costs while enabling many others to continue getting the health care they need while they are between jobs.

Notes

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11 Ibid.

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[25] The tax-filing threshold is the combination of the personal exemption amount plus the standard deduction amount. For 2010, the tax-filing threshold was $9,350 for an individual, $18,700 for a married couple filing jointly, and $26,000 for a married couple with two children. See H. Chaikand and C. L. Peterson, *Individual Mandate and Related Information Requirements Under PPACA* (Washington, D.C.: Congressional Research Service, July 20, 2010).

Methodology

The Commonwealth Fund 2010 Biennial Health Insurance Survey, conducted by Princeton Survey Research Associates International from July 14 through November 30, 2010, consisted of 25-minute telephone interviews in either English or Spanish with a random national sample of 4,005 adults, ages 19 and older, living in the continental United States. An overlapping dual-frame sample of landline and cellular telephones was drawn using random-digit dialing. Data are weighted to correct for the stratified sample design, the overlapping landline and cellular phone sample frames, and disproportionate nonresponse that might bias results. The landline portion of the survey achieved a 29 percent response rate and the cellular phone component achieved a 25 percent response rate. The survey has an overall margin of sampling error of +/– 1.9 percentage points at the 95 percent confidence level.

This brief is based on working-age adults ages 19 to 64 (n=3,033). The analysis estimates COBRA eligibility by categorizing respondents by work status, firm size, and current insurance status. Respondents working part- or full-time were grouped into the following categories: 1) COBRA-eligible—has employer-based insurance and works in a firm with more than 25 employees (n=1,061); 2) has employer-based insurance and works in a firm with less than 25 employees (n=230); 3) has individual, public, or other type of insurance (n=262); or 4) is currently uninsured (n=284).

Appendix Table 1. COBRA Eligibility, Currently Employed Adults, Ages 19–64, 2010

		Eligible for COBRA	Ineligible for COBRA		
	Total	ESI Coverage* Firm ≥ 25 Employees	ESI Coverage Firm < 25 Employees	Non-ESI Coverage	Currently Uninsured
Employed adults (millions)	116.2	67.5	15.2	15.1	18.4
Percentage distribution	100%	58%	13%	13%	16%
Unweighted n	1,837	1,061	230	262	284
Income					
Less than $20,000	19%	24%	7%	25%	43%
$20,000–$39,999	22%	56%	11%	13%	21%
$40,000–$59,999	19%	71%	13%	9%	8%
$60,000 or more	40%	72%	16%	8%	3%
Poverty Status					
<133% FPL	18%	25%	9%	25%	40%
133%–249% FPL	19%	55%	11%	11%	23%
250%–399% FPL	22%	71%	12%	12%	5%
400%+ FPL	31%	73%	16%	7%	4%
Below 200% poverty	29%	35%	10%	19%	35%
200% poverty or more	62%	71%	14%	10%	6%
Race/Ethnicity					
White	68%	62%	15%	12%	11%
Black	10%	62%	8%	10%	21%
Hispanic	14%	38%	9%	19%	35%
Age					
19–29	24%	47%	10%	19%	24%
30–49	47%	61%	13%	11%	15%
50–64	29%	63%	16%	10%	11%
Self-Rated Health Status					
Excellent or very good	58%	62%	14%	13%	12%
Good	30%	58%	12%	14%	16%
Fair or poor	11%	43%	12%	11%	34%
Family Status					
Has dependent children	51%	62%	13%	11%	14%
No dependent children	49%	54%	13%	15%	18%

* Commonwealth Fund analysis considered respondents to be COBRA-eligible if currently enrolled in an employer health plan at a firm with 25 or more employees, though federal COBRA protections extend to firms with 20 or more employees. Therefore this analysis underestimates the number of COBRA-eligible individuals.
Notes: ESI refers to employer-sponsored insurance; COBRA refers to Consolidated Omnibus Budget Reconciliation Act; FPL refers to Federal Poverty Level.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2010).

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