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Profile of the Working Uninsured IN COLORADO, 2004

Supplement

Employment dynamics have a direct effect on health insurance coverage because most people obtain their health insurance through their workplace. In 2002-04, about three-fourths (441,000 people) of working-age Coloradans (age 18-64) who were uninsured reported working at some point during the previous calendar year.

Who are the working uninsured? In what industries do they work, and for how long? This supplement to CHI's *Profile of the Uninsured in Colorado, 2004* examines the employment characteristics of uninsured workers.¹ With some noted exceptions, the findings suggest that the uninsured working population is quite similar to insured workers in the following ways:

- More than half in both groups worked full time for a full year (Graph A1).
- Full-time workers, regardless of whether they worked the entire year, constituted the vast majority of workers, regardless of insurance coverage (78% uninsured and 83% insured).

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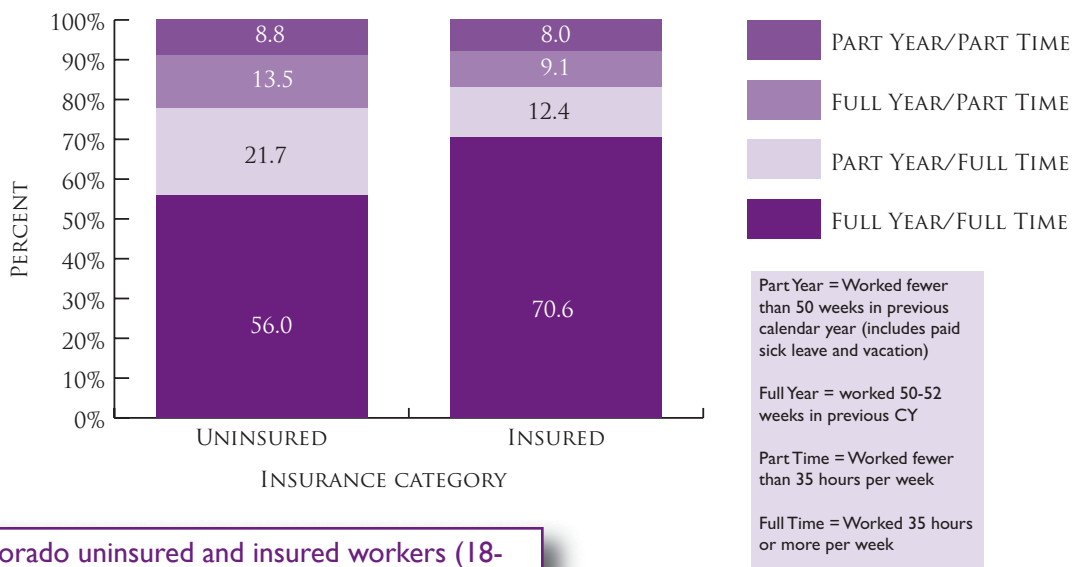
- The majority in both groups was employed with the same employer throughout the year (Graph A2).
- About half of those who worked only part of the year in both groups reported attending school or taking care of a home or family as the reason they did not work the entire year (Graph A3).
- Relative to insured workers, higher proportions of uninsured workers were employed in the construction and service industries and had household incomes below 200 percent of the federal poverty level (FPL) (Graphs A5 and A6).

EMPLOYMENT DURATION AND HOURS

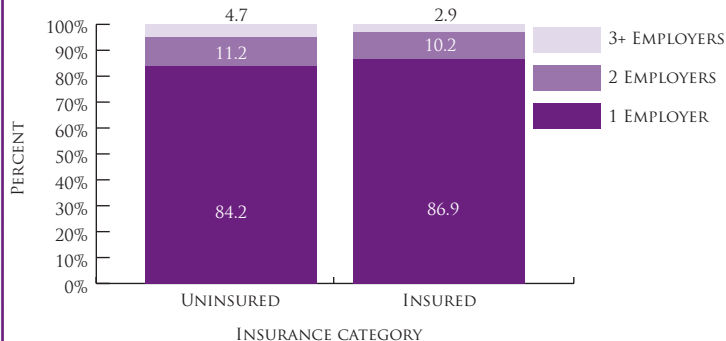
While some of the working uninsured had limited labor force attachment (they either worked part time or for only part of the year), a substantial portion (56%) reported working 35 or more hours a week for at least 50 weeks in the prior year (Graph A1).² In the period covering 2002-04, an average 247,000 full-time, full-year workers were uninsured.

More than half of both uninsured workers (56%) and insured workers (70.6%) were employed full time for a full year. About one in five uninsured workers (21.7%) worked full time but fewer than 50 weeks.

Graph A1: Colorado uninsured and insured working adults (18-64 years) by employment duration and hours, 2002-04



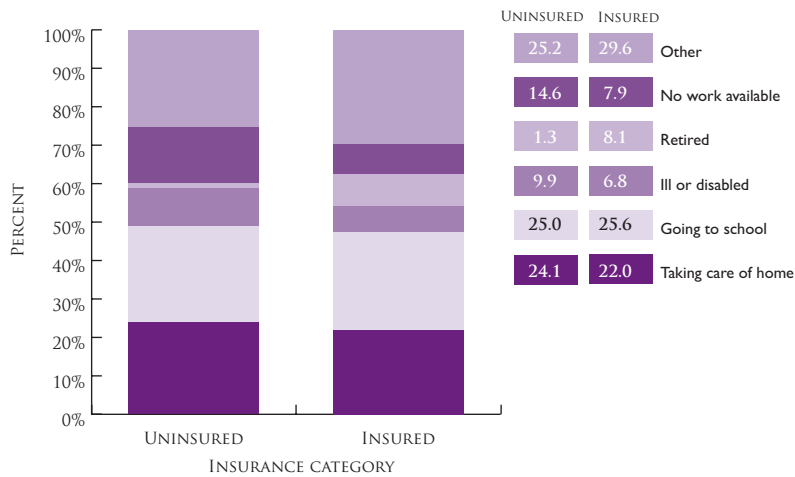
Graph A2: Colorado uninsured and insured workers (18-64 years) by number of employers in past year, 2002-04



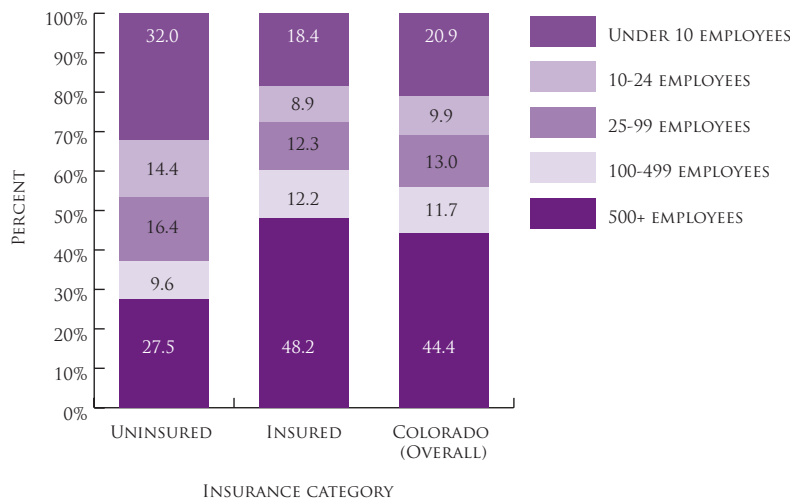
STABILITY OF EMPLOYMENT

Like insured workers, the vast majority of uninsured workers (84.2%) had no change of employers in the reporting calendar year (Graph A2).³

Graph A3: Colorado uninsured and insured workers (18-64 years) who were employed less than a full year by reason they did not work, 2002-04



Graph A4: Colorado uninsured and insured workers (18-64 years) by size of employer, 2002-04



UNINSURED WORKERS WITH INTERRUPTED EMPLOYMENT

About one-third of the working uninsured (30.5%) worked for only part of the previous year (Graph A1). Nearly half reported “going to school” (25%) or “taking care of home” (24.1%) as the reason they did not work the entire year, while an additional 10 percent said they were “ill or disabled.” As illustrated by Graph A3, a similar proportion of insured working-age Coloradans did not work because they stayed home or attended school.

Among uninsured workers, a higher proportion (14.6%) indicated there was no work

available when compared to insured workers (7.9%).

EMPLOYER SIZE

As illustrated in Graph A4, Colorado’s workforce during the 2002-04 period was concentrated in very small (fewer than 10 employees) and very large firms (500 and greater). This pattern was evident among both insured and uninsured workers, although a larger proportion of uninsured workers were employed in very small firms (32%) compared to insured workers (18.4%).

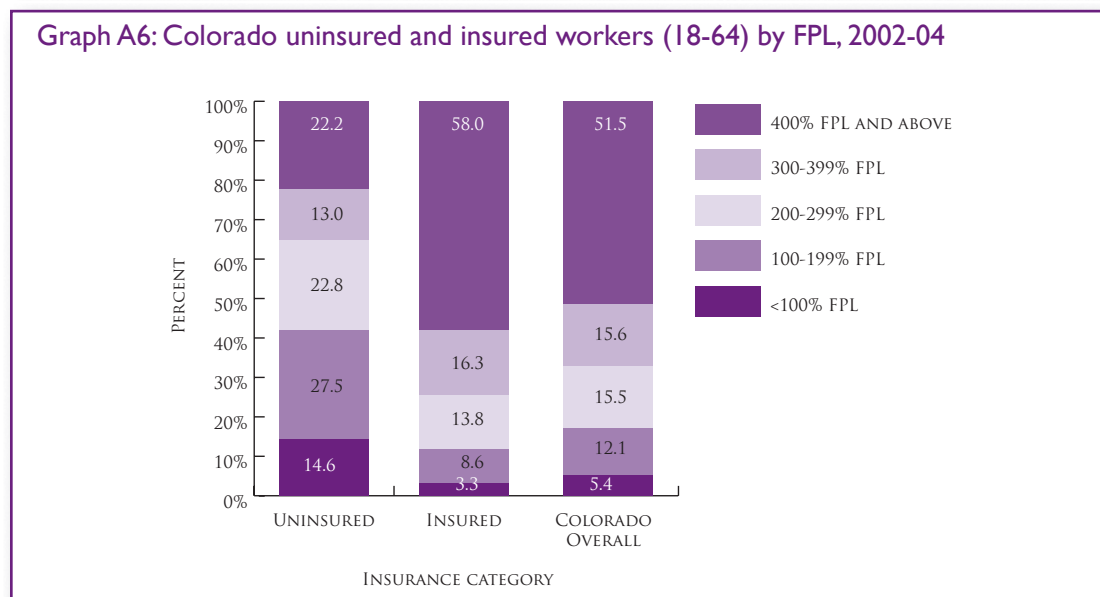
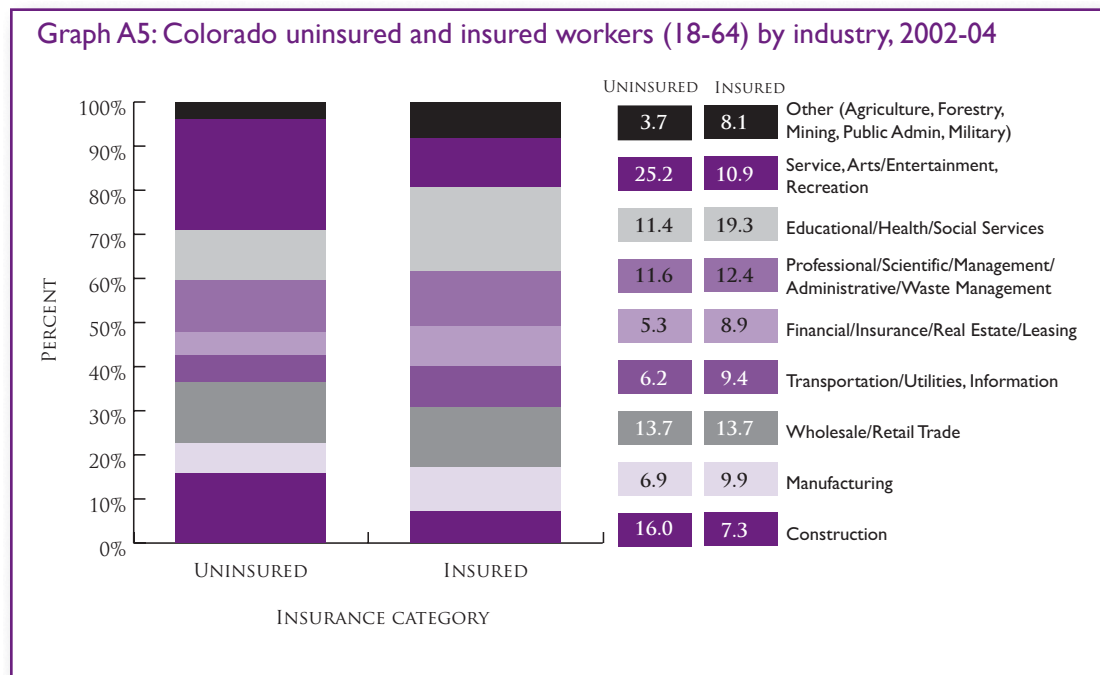
TYPE OF INDUSTRY

One-quarter (25.2%) of uninsured workers in Colorado was employed in a service industry, compared to 11 percent of insured workers (Graph A5).⁴ Uninsured workers were also more likely to work in the construction industry when compared to insured workers (16% vs. 7.3%, respectively).

categories differed significantly when compared to insured workers (Graph A6). Approximately 40 percent of uninsured workers had annual incomes below 200 percent of FPL compared with 12 percent of insured workers,⁵ whereas more than half of insured workers (58%) had incomes in the highest category (at or above 400% of FPL) compared with 22.2 percent of uninsured workers.

INCOME OF WORKERS

In 2002-04, the proportion of uninsured workers in the lowest and highest income



POLICY OPTIONS

This analysis challenges many assumptions about the uninsured. Although research has shown that the majority of uninsured adults are employed, there has been limited understanding of the employment characteristics of this growing group of Coloradans. By dissecting the numbers, policy solutions can be better targeted to the most vulnerable uninsured workers – those with low wages – both in terms of their sheer numbers and because previous efforts to reduce these numbers have been marginal at best in rectifying the problem.

The employment picture is in clearer focus, but the solutions are less clear. The most vulnerable of uninsured working adults are low-wage earners and those employed in small firms. Nevertheless, uninsured workers' labor market experience is very similar to workers who have employer-sponsored insurance in terms of work effort and employment stability.

The rising cost of health insurance premiums in the private insurance market is at the core of the problem for this group. As premium increases continue to be shifted to employees, health insurance becomes more out of the reach of most low-income workers and their families. Not only do these workers bear the burden of increasing premium costs when insurance is offered, but small firms also become less able to offer health insurance as costs continue to climb.

Policymakers in Colorado and elsewhere have enacted a range of policy options seeking to mitigate the burden of premium increases on employers and employees in the hope of increasing the number of workers participating in employer-sponsored insurance, especially in the small group market.⁶ In Colorado, these policy solutions largely have involved stimulating the small group market so employers will offer coverage and workers will participate. Approaches have included:

- Enabling purchasing pools or multiple employer welfare associations to enhance the purchasing power of small firms;
- Subsidizing insurance premiums for low-income enrollees in a high-risk pool who have been underwritten out of the individual insurance market because of a pre-existing health condition; and
- Promoting the sale of insurance products that relax state-mandated benefits.

In each of the above examples, the focus has been on expanding insurance coverage by making the purchase of private insurance more affordable for small firms and/or low-income workers. These efforts, however, have met with mediocre, if not disappointing, results to date. The cost of health insurance generally remains unaffordable for low-income workers in small firms, as well as increasingly difficult for medium-size and larger firms to manage.⁷

Alternative policy solutions can be found in expanded access to basic primary health care services that optimize health and well-being and keep people out of more expensive care settings. Legislative proposals under consideration in the 2006 Colorado legislative session include:

- Establishing a health care services fund to increase accessibility to primary health care services for low-income individuals who are considered medically indigent (have family incomes of 250% of FPL). SB06-044 would make available \$15 million of general fund exempt dollars each year for four years to provide primary care services to low-income adults through the state's community health clinic network.
- Allowing local governments, through health assurance districts, "to organize, operate, control, direct, manage, contract for, furnish or provide health care services to residents of

the district who are in need of such services” (SB06-047). This community-based option to enhance access would allow local governmental entities to levy a sales tax for the purpose of providing a range of primary health care services.

Policy options that shore up Colorado’s safety net of community health centers, rural health clinics and other community-based safety net providers are necessary but not sufficient to extend basic health care services to the uninsured. They are viable options, however, until the health insurance conundrum can be successfully solved.

This Data Bulletin was written by Pamela Hanes, PhD, Colorado Health Institute president and CEO, and Jeff Bontrager, MSPH, CHI research analyst. Johanna Donlin, Kindle Fahlenkamp-Morell, Reid Reynolds and Sherry Freeland Walker also assisted in developing this report. For more information, contact Jeff Bontrager, info@coloradohealthinstitute.org.

Endnotes

- ¹ CHI’s *Profile of the Uninsured in Colorado, 2004* is available for download at http://www.coloradohealthinstitute.org/documents/bulletin_uninsured05.pdf
- ² Unless otherwise noted, the estimates in this report are based on data collected by the U.S. Census Bureau through its Current Population Survey (CPS). Statistical considerations require that averages be calculated for multiple years of data to produce stable estimates. For more information, see C. DeNavas-Walt, et al. August 2005. *Income, Poverty and Health Insurance Coverage in the United States: 2004* and CHI’s *Profile of the Uninsured in Colorado, 2004*. Full-time and part-time employment were determined by the number of hours worked per week for all jobs.
- ³ Denotes the number of jobs an individual worked non-concurrently in the previous calendar year. Respondents who worked for more than one employer at a time were counted as working for one employer.
- ⁴ As indicated, some industry categories were combined due to very small sample sizes. The service category also includes arts/entertainment and recreation industries.
- ⁵ In 2004, 200% of FPL represented an annual income of \$19,290 for an individual. For more information on the poverty measures used in this publication, refer to *Profile of the Uninsured in Colorado, 2004*, Table 1, and <http://www.census.gov/hhes/poverty/threshld/thresh04.html>.
- ⁶ For more details on other state initiatives, see *State of the States: Finding Their Own Way*, January 2006, published by State Coverage Initiatives and AcademyHealth, <http://www.statecoverage.net/stateofthestates/index.html>.
- ⁷ Gabel, J., et al. 2005. “Health Benefits in 2005: Premium Increases Slow Down, Coverage Continues to Erode.” *Health Affairs*, 24(5); pp. 1273-1280.

The Colorado Health Institute (CHI) is an independent, nonprofit health policy and research organization based in Denver. It was established in 2002 by Caring for Colorado Foundation, The Colorado Trust and Rose Community Foundation. CHI’s mission is to advance the overall health of the people of Colorado by serving as an independent and impartial source of reliable and relevant data for informed decision-making.

