



NEWS RELEASE

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\$45 Billion a Year Is Spent by the Public on Health Care and Health Insurance for Full-Time Workers and Family Members Not Covered by Employer Health Plans

19 Million Full-Time Workers and Dependents Are Uninsured and 11 Million Members of Working Families Are on Public Programs

May 2, 2008, New York, NY—Health insurance coverage and unpaid health care for full-time workers and their family members without employer coverage costs the U.S. public \$45 billion a year, according to a report from The Commonwealth Fund released today. This includes \$33 billion in the cost of public coverage such as Medicaid and the State Children’s Health Insurance Program, and \$12 billion in uncompensated care expenses—which are paid by Federal, state and local governments and shifted to other payers—provided to uninsured workers and dependents.

The report, “*Who Pays for Health Care When Workers Are Uninsured?*,” by Sherry Glied and Bisundev Mahato at Columbia University, found that 19 million full-time workers and their dependents were uninsured in 2004, compared to 16 million in 1999. Eleven million workers and their dependents are enrolled in public programs in 2004, up from 6 million in 1999, a 70 percent increase over the five-year period.

The cost borne by the public for workers not covered by their own employers is largely a result of fewer workers and worker family members obtaining health insurance coverage through their employers, even among those employed by firms with more than 100 employees. While the proportion of workers and family members enrolled in public health insurance programs increased for all size firms between 1999 and 2004, public insurance enrollment increased most rapidly for those with family members employed by large firms. In 2004, about 3 million workers in large firms were enrolled in public health insurance, more than double the 1.4 million enrolled in 1999.

The costs of publicly paid health care for full-time workers and families increased from \$31 billion in 1999 to \$45 billion in 2004. (All costs are reported in 2004 dollars.) This includes an increase in public insurance costs from \$21.2 billion to \$32.5 billion, and an increase in uncompensated care costs from \$9.4 billion to \$12 billion.

Workers without coverage from their employers are disproportionately concentrated in smaller firms. Nonetheless, significant increases in uninsured or publicly insured workers in firms with 100 or more employees occurred over the five-year period from 1999 to 2004. For example, 1.6 million people working for employers with more than 100 employees were uninsured in 2004, compared with 1.2 million in 1999, a 33 percent increase. Including family members, nearly 5 million household members in working families associated with large firms were uninsured in 2004, compared with nearly 4 million in 1999.

A related study by Glied and Mahato, also released today, found that in 2003 one-third of full-time workers earning less than the 20th percentile of wages—\$9.80 or less per hour in 2003—were uninsured for the full year, an increase of 9 percentage points since 1996. That study, *The Widening Health Care Gap Between High- and Low-Wage Workers*, found that in addition to being less likely to have health insurance through their jobs than higher-wage workers, low-wage workers were less likely to have a regular doctor, to go to the doctor when they are sick, or to get preventive care like blood pressure checks.

The study reveals a growing divide in the health system between low-wage and higher-wage earners between 1996-2003. While higher-wage workers made substantial gains in their use of preventive care services over the period of the study, lower-wage workers made only modest gains or suffered declines in preventive care. They were also less likely to be using the latest generation of prescription drugs. Consequently, the health care spending gap between high- and low-wage workers has widened considerably.

“Without insurance coverage, people don’t get the care they need when they are sick, and the preventive care they need to keep them from getting sick in the first place,” said lead author Sherry Glied, Professor and Chair of the Department of Health Policy and Management of Columbia University's Mailman School of Public Health. “When private employer-sponsored coverage declines, public health insurance and uncompensated care only fill part of the gap. We need expanded health insurance coverage to ensure that everyone has access to the benefits of health care.”

Additional Findings from *Health Insurance, Health, and Low-Wage Workers*:

- There is a widening gap in insurance coverage between low- and higher-wage workers: in 1996, 22 percent of low-wage workers were uninsured compared to 6 percent of higher-wage workers; by 2003 nearly a third of low-wage workers were uninsured with no change in the share of uninsured higher-wage workers.
- The gap in insurance coverage mirrors a growing gap in access to health care between low- and higher-wage workers. In 2003, 81 percent of higher-wage workers had their blood pressure checked in the last year, up from 77 percent in 1996. In contrast, only 66 percent of lower-wage workers had had their blood pressure checked in the last year, down from 70 percent in 1996.
- Similarly, in 1996, low-wage workers reporting a routine check-up was just 5 percentage points lower than similar reports by high-wage workers. By 2003,

however, lower-wage workers lagged higher-wage workers in reports of routine check-ups by 15 percentage points.

“While these studies underscore the crucial role of public programs in filling gaps in employer coverage, many workers are falling further behind in access to critical health care services,” said Sara Collins, assistant vice president for the Future of Health Insurance at The Commonwealth Fund. “This points to the need for universal health insurance to ensure that everyone has access to needed care.”

Both studies concluded that the growing lack of employer provided health care is placing a larger burden on taxpayers, working families, especially lower-wage workers, and public health insurance programs.

“If we want to move the United States toward the high performance health care system Americans want and deserve, the first step is to get all Americans insured,” says Commonwealth Fund President Karen Davis. “In order to do that, the public and private sectors must work together to share responsibility for providing health care coverage.”

The Commonwealth Fund is an independent foundation working toward health policy reform and a high performance health system.