



The Iowa Policy Project

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EXECUTIVE SUMMARY

Fending for Themselves

Nonstandard Workers, Health Insurance Coverage and the Labor Market

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Employer-provided health insurance is the foundation of access to health care in the United States. In recent years, however, the stability of this foundation has been found lacking. The rapid increase in health costs is only a partial explanation for the steady erosion of employer-sponsored health insurance.

This report offers a fresh look at another contributing factor: the changing labor market. A shift from manufacturing-centered to service-centered jobs and from long-term employment to short-term employment has left fewer Americans with full-time, permanent jobs that offer employer-provided health insurance. The recent recession has only intensified those general trends. At the same time, federal policy makers began to move on assuring better access for all to health coverage, with the passage and signing of the Patient Protection and Affordable Care Act in 2010.

Until full implementation of the law in 2014 — or the resolution of court challenges to it — what do workers do, what can workers do, and what have they done, when their employer does not provide them with insurance? As employer-provided health insurance has become more rare and more expensive, the economically weakest working families must fend for themselves. In this climate, a small but not insignificant number of the uninsured turned to discount medical plans, a product that feeds on the distress of the uninsured. Despite increased scrutiny and enhanced state-level regulation, major problems remain for customers of this industry: gaps in regulation, fly-by-night companies, deceptive marketing strategies, uneven participation by providers, and elusive benefits. Earlier work by IPP on this topic revealed that some cardholders were paying the monthly fee with the belief that the discount medical plan was indeed health insurance, when instead the plan merely offers discounts at selected health care providers. Though these plans have appropriated the language of health insurance, they are not health insurance by any definition.

Beyond the use of a discount medical plan, this research has produced evidence of the need to further explore the world of nonstandard work (including part-time, temporary, on-call and contract workers). A 2009 national survey conducted for this report finds nonstandard work to be more prevalent since 2005. While the 2005 BLS estimate is a nonstandard rate of 27 percent of the labor force, our own 2009 survey estimates the share of nonstandard workers at 40 percent of the labor force. Similarly, BLS data show the numbers of involuntary part-time workers have more than doubled — from 4.2 million in 2005 to 9.3 million in 2009. Recent economic trends and the economic literature point to the role of the recession in diverting workers from full-time to part-time work. These developments demand attention from BLS for a new and thorough study for policy makers, academics and the public to better understand the nature of the American work force. The prevalence of more nonstandard service work and less full-time manufacturing work raises considerable job-quality issues that will pose challenges that may only be met by public policy.

For health coverage — especially as the future of the new national health reform law is still debated — these issues are present now. Even measuring uninsurance can be difficult. Our survey found that while 82 percent of our employed respondents claimed to have some health insurance, some had only a medical discount plan, reducing the real coverage rate shown by our survey to 78 percent. The distinction between real and perceived coverage is important because it indicates other measures, including the Current Population Survey, may overstate the rate of insurance coverage, and this may affect public policy choices. Unlike our study, CPS does not follow up to determine if some of the self-identified insured have only a discount card.

Our analysis revealed that workers with no health insurance are significantly more likely to experience job loss and job change compared to insured workers. We also found that nonstandard workers are significantly less likely when compared to standard workers to have health insurance. Ultimately, nonstandard workers are significantly more likely to experience job loss and job change than standard workers. This supports the findings from our previous report, and is especially disconcerting considering the remarkable rise in nonstandard workers noted above (from 27 percent in 2005 to 40 percent in 2009).

Lastly, we discovered that the demographic variables of age, education and income are significantly related to health insurance and worker status. Older, better-educated and better-earning individuals are significantly more likely to be insured and to be standard workers. We also found a significant race effect — when comparing Black, Hispanic and White workers, Hispanic workers are significantly less likely to be insured and to be standard workers. This last finding is most alarming, as it may suggest a discriminatory labor market, in which Hispanics are employed in inferior jobs that do not carry the same benefits as other jobs do. It may also suggest a language barrier issue, or a lack of awareness of worker benefits and rights. We can only hypothesize as to the explanation of this finding.

To summarize, about 22 percent of workers in our survey lack health insurance. The intent of the Affordable Care Act is to dramatically reduce the share of the population who are uninsured. If fully implemented, the law will reduce the number of uninsured workers by expanding Medicaid coverage, providing new avenues of purchasing insurance for individuals and small businesses, induce some small businesses to offer health benefits, and encourage larger businesses to more evenly offer insurance benefits to their workforces. This offers some hope to nonstandard workers and even to workers in more standard work arrangements. Moreover, continued economic recovery could lead to regaining some of the ground workers lost in terms of job-based insurance rates and long-term employment. The prevalence of discount medical cards should drop, particularly if state-level scrutiny of these organizations continues.

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The Iowa Policy Project

The Iowa Policy Project, formed in 2001, is a nonpartisan, nonprofit public policy research organization based at 20 E. Market Street, Iowa City, IA 52245. IPP examines trends and policy impacts on economic opportunity and family prosperity, budget and tax issues, and energy and the environment. Reports are available free of charge online at www.IowaPolicyProject.org.