

Three quarters of those who have lost jobs and health insurance are skipping needed health care

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Nearly three-quarters (72%) of people who lost their health insurance when they lost their jobs over the last two years said that they skipped needed health care or did not fill prescriptions because of cost, according to a new Commonwealth Fund report. The same proportion is also struggling with medical bills or medical debt, compared to about half (49%) who lost jobs but not their health insurance.

Six in 10 working Americans rely on health insurance obtained through their employer, and when an estimated 15 million working-age adults lost their jobs and their employer-based insurance between 2008 and 2010, 9 million became uninsured. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), people employed by companies with 20 or more workers and have health insurance sponsored by that company can keep their health insurance for up to 18 months if they lose their job. However, because unemployed workers must pay the full premium, few people elect to continue their coverage through COBRA.

The report finds that once the major coverage provisions of the Affordable Care Act are implemented in 2014, job loss will not automatically mean going without health insurance, because the newly unemployed will have greatly expanded health insurance options, including subsidies to purchase insurance through exchanges, and expanded access to [Medicaid coverage](#).

"Currently, for a majority of Americans, losing a job also means losing health insurance," said Commonwealth Fund Vice President and report co-author Sara Collins. "To make matters worse, once you are unemployed and uninsured, it's nearly impossible to afford COBRA or buy an individual policy. However, when it is fully implemented in 2014, the Affordable Care Act will usher in a new era for the unemployed, who will have a variety of options for comprehensive and affordable health insurance."

Unemployed, Uninsured, and Without Insurance Options

The report, based on findings from The 2010 Commonwealth Fund Biennial Health Insurance Survey, notes that in 2010, 57 percent of those who said they had lost their job with health benefits in the past two years became uninsured because they had limited options for acquiring affordable health insurance that met their needs. In *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*, the authors find that COBRA is less likely to be an option for those who need it most: only 25 percent of workers with incomes less than 133 percent of poverty (just under \$30,000 for a family of four in 2010) would have been eligible for COBRA if they had lost their jobs, compared with 73 percent of workers with household incomes at 400 percent of poverty or more (just over \$88,000 for a family of four in 2010).

The American Recovery and Reinvestment Act of 2009 substantially offset the cost of COBRA for some unemployed workers by covering 65 percent of their COBRA premiums. Despite the fact that several studies have found that COBRA enrollment among eligible individuals increased after the subsidies went into effect, helping millions of people

who lost their jobs stay insured, these subsidies have not been offered to newly laid-off workers since last year.

"Clearly COBRA subsidies made a big difference for millions of unemployed people who had no other option for affordable health insurance coverage," said Michelle Doty, Commonwealth Fund Vice President and co-author of the report. "As the economy continues to struggle to recover, extending those subsidies would assure that workers, particularly those with lower incomes, could maintain their health insurance."

The individual insurance market is also not a viable option for those who have lost a job and health insurance. The report finds that 60 percent of people who shopped for individual insurance policies over the last three years were unable to find a plan they could afford, and 35 percent were turned down by an insurer, charged more because of their health status, or had a specific health problem excluded from their coverage.

According to the report, the lack of viable health insurance options can take a toll on the health and financial security of those who have lost jobs along with their health insurance benefits:

- 72 percent of respondents who became uninsured when they lost their job-based benefits said they didn't fill a prescription, skipped a recommended test, treatment, or follow-up, had a medical problem and did not visit a doctor or clinic, or did not get specialist care because of cost.
- 72 percent of respondents who became uninsured when they lost their job-based benefits reported problems with medical bills, including not being able to pay their bills; paying off medical debt over time; being contacted by a collections agency over unpaid bills; and changing their way of life to pay medical bills.

- 40 percent of adults who lost their job-based benefits and became uninsured were forced into making difficult financial tradeoffs in the past year because of medical bills: 32 percent had used up all their savings; 27 percent could not pay for basic necessities like food, heat or rent; 14 percent took on credit card debt; and 9 percent took out a home mortgage or loan.

How Health Reform Helps The Unemployed and Uninsured

The report finds that some early health reform provisions, including allowing young adults up to age 26 to remain on their parents' health insurance, and the creation of pre-existing condition insurance plans in all 50 states and the District of Columbia, are already helping some of the unemployed and uninsured. However, the reforms that will have the most significant impact will take effect in 2014 when Medicaid is substantially expanded to cover single adults earning up to \$14,484 a year and families of four making up to \$29,726 a year. In addition sliding scale premium tax credits will be available for single adults earning up to \$43,560 and families of four making up to \$89,400 to purchase private policies through new state insurance exchanges. People who buy health insurance through the exchanges will enjoy new consumer protections that will assure they won't have to pay high premiums or be denied insurance because of their health status.

Despite the new protections, the report authors say that there will still be a role for COBRA in 2014, to reduce the burden switching insurance plans places on families, and to curb federal and state administrative costs associated with changing plans to fill short gaps in coverage.

Between now and 2014, the report authors recommend that policy makers continue the current protections in place for unemployed Americans, including extending jobless benefits and re-establishing the COBRA subsidies that helped millions of Americans who lost their jobs

during the recession keep their health insurance coverage.

"It's clear from this report that [losing a job](#) and [health insurance](#) simultaneously is a serious threat to a family's health and financial stability," said Commonwealth Fund President Karen Davis. "The [Affordable Care](#) Act will assure that families already struggling with the devastation of unemployment will still be able to get the health care they need and will be protected if they become seriously ill."

Provided by Commonwealth Fund

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