



August 2020

Unemployment, Health Insurance, and the COVID-19 Recession

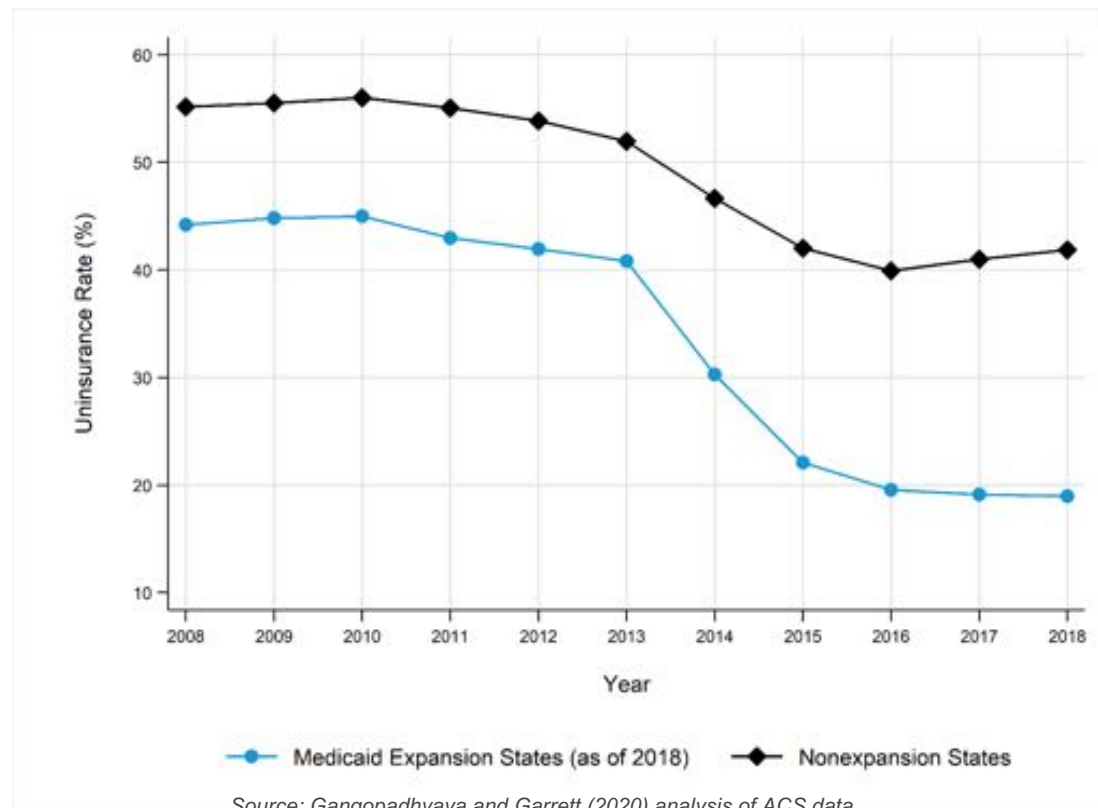
Anuj Gangopadhyaya



Visual Communications Team

What Was the Relationship Between Unemployment and Insurance Coverage Just Before the Pandemic?

Uninsurance Rates for Unemployed Adults Ages 19 to 64, by State Medicaid Expansion Status, 2008–18



Source: Gangopadhyaya and Garrett (2020) analysis of ACS data

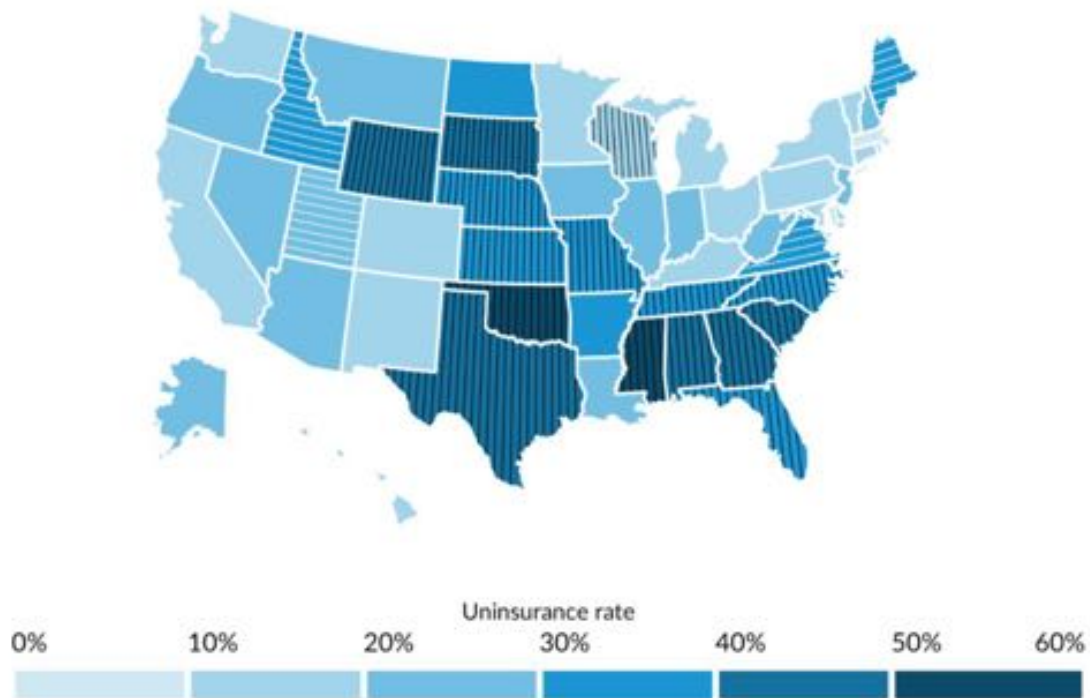
Table 2. Coverage Types among Unemployed Adults Ages 19 to 64, by Period and State Medicaid Expansion Status

	2008–10	2011–13	2014–18
<i>Medicaid Expansion States</i>			
Coverage type			
Employer-sponsored insurance	28.2%	28.1%	29.5%
Medicare	1.3%	1.5%	2.1%
Medicaid	17.4%	20.4%	35.8%
Marketplace or other private insurance	7.4%	7.1%	9.3%
Other public insurance	0.9%	0.9%	0.7%
Uninsured	44.7%	42.0%	22.6%
<i>N</i> (annual population estimate)	8,004,000	8,359,000	5,357,000
Share of all adults ages 19 to 64	6.8%	7.0%	4.4%
<i>Nonexpansion States</i>			
Coverage type			
Employer-sponsored insurance	22.9%	22.6%	26.0%
Medicare	1.2%	1.5%	1.9%
Medicaid	11.7%	13.5%	16.4%
Marketplace or other private insurance	7.4%	7.4%	12.1%
Other public insurance	1.2%	1.3%	1.1%
Uninsured	55.6%	53.7%	42.5%
<i>N</i> (annual population estimate)	4,468,000	4,712,000	3,059,000
Share of all adults ages 19 to 64	6.3%	6.5%	4.1%

Source: American Community Survey, 2008–18.

Note: States are classified as Medicaid expansion states if they implemented expansion in 2018 or earlier.

Uninsurance Rates among Unemployed Adults Ages 19 to 64, 2017-18



URBAN INSTITUTE

Sources: 2017-18 American Community Survey; Anuj Gangopadhyaya and Bowen Garrett, "Unemployment, Health Insurance, and the COVID-19 Recession," Urban Institute, April 1, 2020, <https://www.urban.org/research/publication/unemployment-health-insurance-and-covid-19-recession>.

Notes: States with solid colors have expanded Medicaid, and states with vertical black lines have not. States with horizontal white lines (Idaho, Maine, Utah, and Virginia) expanded Medicaid under the Affordable Care Act after 2018; 2017-18 American Community Survey data likely overstate current (precrisis) uninsurance rates in these states. The following states had limited sample sizes of unemployed working-age adults: North Dakota, $n = 185$; South Dakota, $n = 230$; Vermont, $n = 209$; Wyoming, $n = 195$. All other states had sample sizes greater than 250.

On the Eve of the Pandemic

- The Affordable Care Act weakened the historical link between insurance coverage and employment.
- This link was weakened more in states that expanded Medicaid.
- However, in the first decade since the passage of the ACA, the law was never actually battle-tested.

How the COVID-19 Recession Could Affect Health Insurance Coverage

General Problems

- Major traditional government Census and surveillance surveys providing population information on Health Insurance are not available until 2021 (at the earliest).
- Thus, predictions about the effect of the COVID-19 recession are not closely benchmarked to rapidly updated data and at least in part rely on historical relationships.

What did we do?

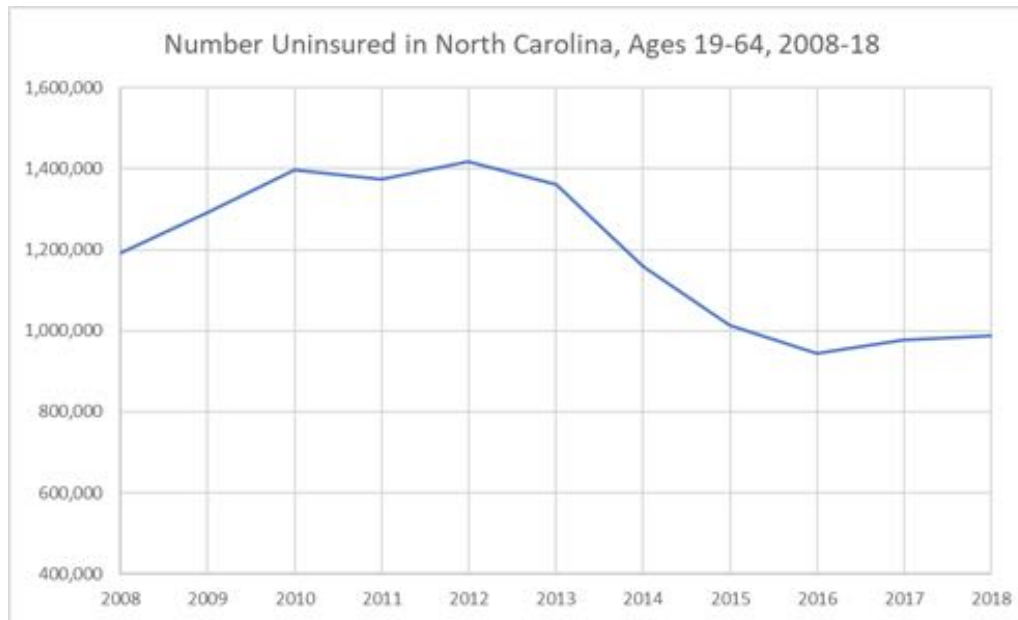
- First, we get an accurate picture of the labor force in each state just prior to March 2020
- Second, we derive an econometric estimate of how Employer-Sponsored Insurance coverage following changes in unemployment rates.
 - We do this two ways: 1) Using a decade of ACS data and 2) Using a two-decades of national NHIS coverage data.
- Third, we estimate the new coverage types of individuals losing their employer-based coverage based on the state coverage distribution in 2018.

National Estimates of Changes in Health Insurance Coverage with 15, 20, and 25 Percent Unemployment Rates

US Totals					
Unemployment rate scenario	3.5% (precrisis)	15%	20%	25%	
Coverage type	Precrisis levels (# of people)	Change	Change	Change	Coverage share of people losing ESI
Employer-sponsored insurance	160,282,000	-17,689,000	-25,363,000	-33,037,000	--
Medicaid	50,339,000	8,225,000	11,798,000	15,371,000	46.5%
Marketplace or other private insurance	24,538,000	4,348,000	6,229,000	8,109,000	24.5%
Medicare or other public insurance	7,474,000	0	0	0	0.0%
Uninsured	28,415,000	5,116,000	7,336,000	9,557,000	28.9%
Expansion States					
Unemployment rate scenario	3.5% (precrisis)	15%	20%	25%	
Coverage type	Precrisis levels (# of people)	Change	Change	Change	Coverage share of people losing ESI
Employer-sponsored insurance	108,114,000	-11,606,000	-16,653,000	-21,699,000	--
Medicaid	35,737,000	6,191,000	8,887,000	11,583,000	53.4%
Marketplace or other private insurance	15,129,000	2,745,000	3,934,000	5,123,000	23.6%
Medicare or other public insurance	4,599,000	0	0	0	0.0%
Uninsured	14,246,000	2,670,000	3,832,000	4,993,000	23.0%
Nonexpansion States					
Unemployment rate scenario	3.5% (precrisis)	15%	20%	25%	
Coverage type	Precrisis levels (# of people)	Change	Change	Change	Coverage share of people losing ESI
Employer-sponsored insurance	52,169,000	-6,084,000	-8,711,000	-11,337,000	--
Medicaid	14,602,000	2,034,000	2,911,000	3,788,000	33.4%
Marketplace or other private insurance	9,409,000	1,604,000	2,295,000	2,986,000	26.3%
Medicare or other public insurance	2,876,000	0	0	0	0.0%
Uninsured	14,168,000	2,446,000	3,505,000	4,563,000	40.2%

Estimated Changes in Medicaid Enrollment, Marketplace Coverage, and Uninsurance with 15, 20, and 25 Percent Unemployment Rates, Main Scenarios

	15%				20%				25%			
	ESI	Medicaid	Marketplace or other private	Uninsured	ESI	Medicaid	Marketplace or other private	Uninsured	ESI	Medicaid	Marketplace or other private	Uninsured
US total	-17,689,000	8,225,000	4,348,000	5,116,000	-25,363,000	11,798,000	6,229,000	7,336,000	-33,037,000	15,371,000	8,109,000	9,557,000
Expansion states	-11,606,000	6,191,000	2,745,000	2,670,000	-16,653,000	8,887,000	3,934,000	3,832,000	-21,699,000	11,583,000	5,123,000	4,993,000
Nonexpansion states	-6,084,000	2,034,000	1,604,000	2,446,000	-8,711,000	2,911,000	2,295,000	3,505,000	-11,337,000	3,788,000	2,986,000	4,563,000
North Carolina	-557,000	195,000	170,000	193,000	-798,000	279,000	244,000	276,000	-1,039,000	363,000	317,000	359,000





Limitations

- Our estimates are considered longer-term effects of what could happen if the unemployment rate rose to a particular level and remained there for a prolonged period of time. We do not view our estimates as representing what is occurring right now.
- We do not address other channels through which individuals could lose coverage other than through losing ESI. For workers and families with Marketplace coverage, job loss may lead to income loss, which could make it difficult to continue paying for existing Marketplace coverage.



Other predictions

- [Recent Urban Institute report](#) used microsimulation modeling and incorporated information on industries and occupations in which initial job losses occurred.
 - Predicts **2.8 million** individuals could become uninsured through the last three quarters of 2020.
 - Somewhat smaller than our previous long-run estimate, reflecting that the initial job losses were concentrated among occupations/industries that did not have substantial employer-based coverage options to begin with.

Factors that could help dampen the rise in uninsurance coverage

Factors that could dampen rises in Uninsurance

- Expanding Medicaid in the remaining 12 non-expansion states (including North Carolina).
- Sustain/bolster federal matching rates for Medicaid.
- Broader policy proposals of enhancing ACA benefit structure for Marketplace coverage (i.e. extending premium subsidy range and/or removing the “ESI firewall”) could be effective, but perhaps not politically feasible in current environment.
- Provide awareness of coverage options beyond ESI (particularly for those who may not had job-based insurance coverage dating prior to ACA implementation).
- Job loss is tied to the pandemic. Thus efforts to mitigate the virus spread should generally the ability to save jobs and coverage.