

Stability of Health Care Coverage A Look at the Intermittently Insured

Introduction

This is the sixth in a series of issue briefs examining the results of the 2001 Household Survey conducted by the University of Connecticut Center for Survey Research and Analysis (CSRA) on behalf of the Office of Health Care Access (OHCA). The survey explored respondents' health insurance coverage and their utilization of health care services.¹ It found that while most had health care coverage, 5.6 percent, or approximately 185,200 Connecticut residents, were uninsured.

This issue brief spotlights the estimated 153,600 "intermittently insured" -- people who did not have insurance coverage for the entire year preceding the survey. This includes people who were uninsured at the time of the survey but had been insured at some point during the preceding 12 months (an estimated 60,300), and those who were insured at the time of the survey but had been without coverage at some point during the prior year (an estimated 93,300). Typically, Connecticut residents who lost coverage had been without it for five months, and those recently covered were uninsured for six months during the prior year.² Similarly, according to the National Center for Policy Analysis, 45 percent of the nation's uninsured obtain insurance within four months.³

In this brief, the intermittently insured will be compared with the continuously uninsured (no coverage for preceding 12 months) and the continuously insured (covered for the entire year).

Who Were the Intermittently Insured?

Both the intermittently insured and the continuously uninsured were predominantly young (under 35), unmarried, and without a college degree (Figure 1).⁴

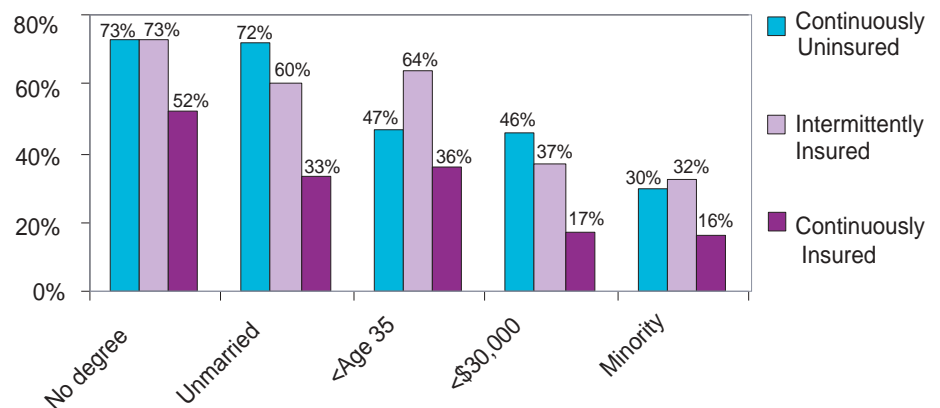


Figure 1: Social characteristics of the continuously uninsured, intermittently insured and continuously insured

Minorities also had a higher likelihood than non-Hispanic whites of being either continuously uninsured or intermittently insured. Family income was the strongest factor related to insurance coverage, as almost half of the continuously uninsured and intermittently insured earned less than \$30,000.⁵

While adults had an equal chance of being continuously uninsured or intermittently insured, children were four

times more likely to be intermittently insured.⁶ The low incidence of continuously uninsured children may be related to the combination of Connecticut's widespread employer-based coverage and HUSKY enrollment, the state's combination Medicaid/SCHIP program for which all children under 19 at all income levels are eligible.

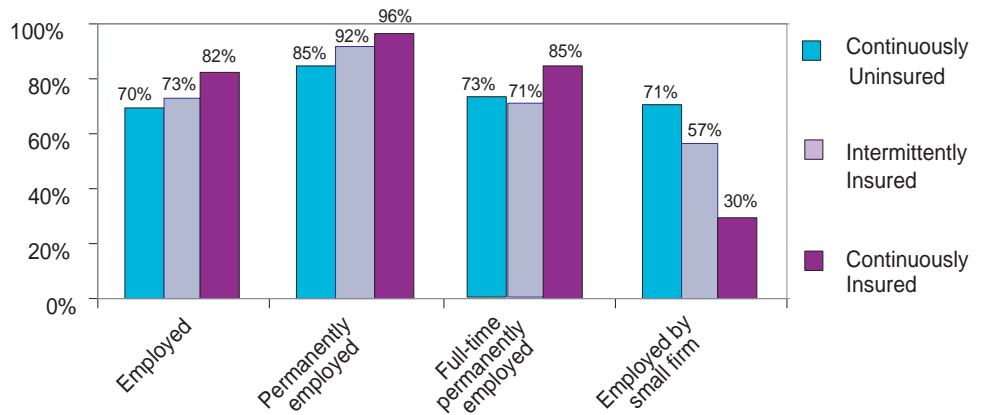


Figure 2: Employment and insurance status

Employment's Influence on Insurance Status

Although employment was critical to health insurance particularly for working age adults, it did not guarantee coverage. The overwhelming majority of intermittently insured (73 percent) and continuously uninsured adults (70 percent) were gainfully employed (Figure 2).⁷ More significant factors were whether or not an employer offered coverage and employee eligibility criteria.

Access to employer-based coverage was related to type of employment and firm size. Nearly all of the continuously insured were permanent employees, but eight percent of the intermittently insured and 15 percent of the continuously uninsured held temporary or seasonal jobs, which were less likely to include health care benefits. Furthermore, 85 percent of the continuously insured held permanent full-time positions, compared to just over 70 percent of the intermittently insured and continuously uninsured. Even among the intermittently insured, those who were currently insured were slightly more likely to have a permanent position.

Small firms employed the majority of intermittently insured and uninsured workers, but a much smaller share of the continuously insured (Figure 2).⁸ They are less likely than larger enterprises to offer health insurance benefits.⁹ Small firms that offer coverage must often pay higher rates and pass these costs on to their employees through higher premiums, co-pays, and deductibles. High

costs for health care may discourage some small firm employees from enrolling in their employer's plan.¹⁰

The continuously uninsured and the intermittently insured were less likely to work for firms that offered health benefits (Figure 3). Most of the intermittently insured who had recently lost coverage cited job changes or eligibility issues as reasons why they were uninsured.

Conversely, most intermittently insured who had recently gained coverage attributed their current insurance status to either obtaining a new job with health benefits or becoming eligible for their employer's insurance (some firms require new hires be employed for a specific period of time before they are eligible for health benefits).

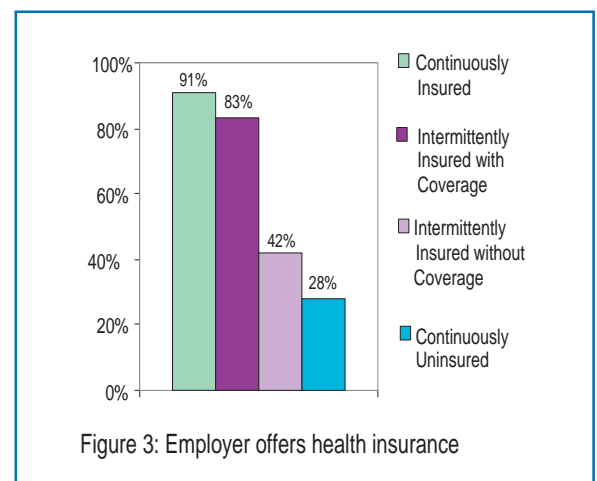


Figure 3: Employer offers health insurance

While employer-based insurance was most prevalent, HUSKY/Medicaid was also a significant source of coverage for the intermittently insured, particularly children.¹¹ Approximately 60 percent of intermittently insured children had HUSKY coverage compared to 13 percent of continuously insured children (Figure 4).

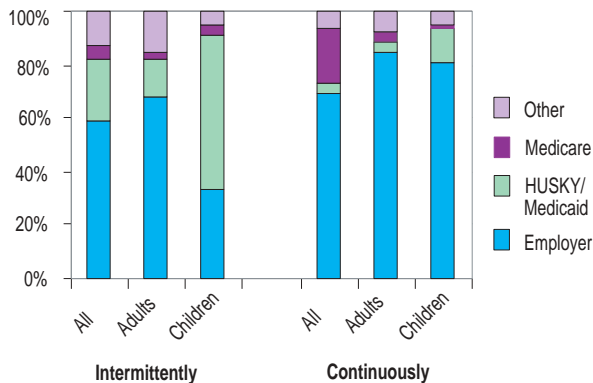


Figure 4: Type of health insurance for the intermittently and continuously insured

Since the survey was conducted, national and state economic problems have persisted and deepened. In Connecticut, unemployment has grown from 3.6 percent to 4.6 percent, or from 62,000 to 80,000 people.¹² Because health insurance coverage is so closely linked with employment, increases in unemployment during an economic downturn may threaten access to health benefits for workers and their families.

Some workers who experience changes in their employment status may qualify for COBRA (named for the 1985 Consolidated Omnibus Budget Reconciliation Act), which allows them to purchase health coverage through their former employer’s plan for up to 18 months. However, only an estimated two-thirds of all workers have access to COBRA, as employees of the federal government, churches and firms with less than 20 employees are not eligible for this coverage.¹³ Furthermore, COBRA is expensive, because employees pay all of the cost of the plan and a two percent administrative fee. Nationally, family

coverage through COBRA costs between \$400 and \$500 per month.¹⁴

In addition to increased unemployment, the economic downturn combined with growing health insurance premium costs has caused a number of businesses to raise the cost of employee premiums or even to drop health benefits.¹⁵ Being uninsured is no longer limited to those who have recently experienced a change in their employment status or the poor. In 2001, people with household incomes greater than \$75,000 accounted for more than half of the 1.4 million newly uninsured.¹⁶ This growing segment includes the self-employed, those who were hired by firms that do not offer coverage, people whose employers dropped health coverage, people who declined their employers’ health benefits in response to higher coverage costs, and unemployed members of higher income families.¹⁷

Risks Associated with Interrupted Coverage

Interruptions in insurance coverage may pose serious health and financial risks. Both national studies and the 2001 Household Survey showed that continuously uninsured and intermittently insured people were less likely than those with continuous coverage to receive regular primary care and treatment for illnesses or medical emergencies (Figure 5).¹⁸

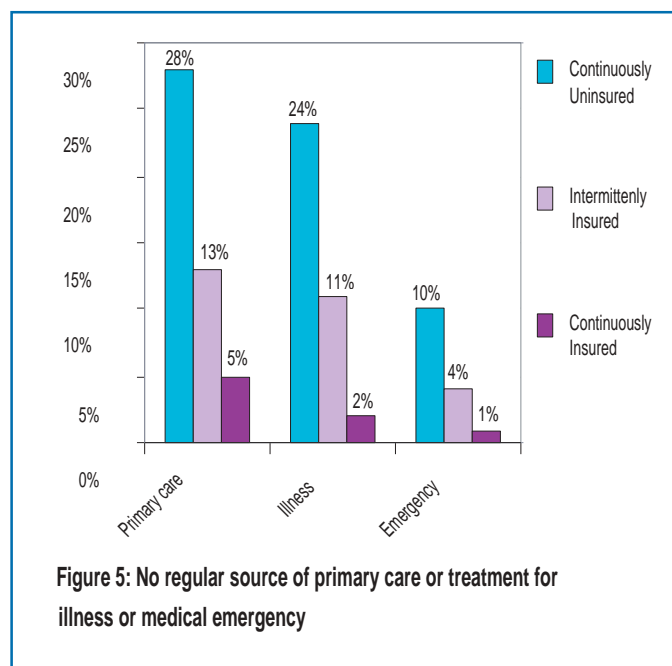


Figure 5: No regular source of primary care or treatment for illness or medical emergency

Delaying or foregoing timely primary care may negatively affect long-term health by allowing treatable illnesses to become costly medical emergencies. According to the survey, insurance status influenced the choice of primary care. Nearly all of the continuously insured received care at a physician or HMO office, but this was true for only three-quarters of the intermittently insured and less than half of the continuously uninsured. Few of the intermittently insured or continuously insured used the hospital emergency department (ED) for primary care, but 13 percent of the continuously uninsured considered it their regular source of primary care. Accessing primary care at an ED, together with medical emergencies that could have been prevented through timely primary care, have contributed to overcrowding, service delays, and resource burdens for hospitals.

Conclusion

OHCA's 2001 Household Survey found that a significant portion of Connecticut's population had unstable health insurance coverage. For these "intermittently insured," employment changes were linked with changes in insurance coverage, particularly as they affected access to employer-based coverage. Since OHCA's survey, the economic downturn has continued and increasing unemployment jeopardizes insurance coverage for a growing number of workers and their families. With interruptions in coverage, the intermittently insured accessed care less frequently than the continuously insured, which may pose potential health and financial risks.

Notes

For technical/statistical questions on this issue brief, please contact Michael Sabados, Ph.D. at (860) 418-7069 or michael.sabados@po.state.ct.us.

¹ The survey, consisting of 3,985 interviews, was conducted in Fall 2001.

² Measured using the median, -- that is, half had been without insurance for five or more months and the other half for five or fewer months.

³ Laura Benko, "Pitching plans to the uninsured," *Modern Healthcare* (February 24, 2003).

⁴ Age, income, and race reported for all respondents while education and marital status reported for respondents age 19 through 64.

⁵ The rate of uninsured declined precipitously for families with an income above \$30,000.

⁶ "Children" refers to those under age 19.

⁷ "Gainfully employed" refers to those who either owned their own business or were self-employed and those who worked for someone else for a wage.

⁸ Small firms are those with fewer than 50 employees.

⁹ This issue is more fully discussed in OHCA's January 2003 issue brief, *Who Are the Uninsured? Characteristics of Uninsured Workers in Connecticut*.

¹⁰ Center for Studying Health Systems Change, *Cutting Back But Not Cutting Out*, (Issue Brief No. 56, October 2002), and The Synthesis Project, *Are Health Insurance Premiums Higher for Small Firms* (September 2002).

¹¹ In Figure 4, "adults" refers to working age adults between 19 and 64. "Other" types of insurance include directly purchased, federal program other than Medicare or Medicaid, a combination of public and private coverage, or some other undefined type of coverage. The "intermittently insured" in Figure 4 refers only to those who were insured at the time of the survey.

¹² Connecticut Department of Labor.

¹³ Institute of Medicine, *Health Insurance Is a Family Matter*, The National Academies Press (2002).

¹⁴ <http://www.cobrainsurance.com>

¹⁵ Center for Studying Health System Change, The Synthesis Project, and The Access Project *Paying for Health Care When You're Uninsured: How Much Support Does the Safety Net Offer?* (January 2003).

¹⁶ U.S. Census Bureau.

¹⁷ Benko.

¹⁸ Institute of Medicine.