

UTAH HEALTH POLICY PROJECT

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NEWS RELEASE

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THOUSANDS OF UTAH WORKERS WHO LOST THEIR JOBS FIND THEMSELVES UNINSURED

New Report by Families USA shows that most of Utah's unemployed are also uninsured

Salt Lake City, UT – A new report by Families USA shows that millions of workers who lost their jobs are losing their health insurance coverage. According to the report, only one out of five (20.8%) unemployed workers, now with low or moderate incomes, have private or military health coverage. The report, by the non-partisan health consumer organization Families USA, was issued on the same day that the government released its latest statistics documenting how many people were unemployed in January 2009. The U.S. House of Representatives last week adopted an economic recovery package that includes health coverage relief for laid-off workers, and the Senate is now considering relief measures as well.

The report focuses on middle-class and lower-income workers with annual incomes below 200 percent of the federal poverty level (\$44,100 in annual income for a family of four). These workers represent half of unemployed workers under 65 years of age and are the most vulnerable economically and at the highest risk of being uninsured. It is this group that is intended to receive special health coverage relief in the economic recovery bill passed by the House (H.R. 1, the American Recovery and Reinvestment Act of 2009).

This provision would bring immediate, much needed relief to Utahns like Kathy Alleman...

"My problem with insurance started when I lost my job recently. Right now my only option is to carry insurance through COBRA, but at a cost of over \$900.00 per month until the time period is exhausted. But with no source of income besides unemployment, this is just not an option for me. Am I supposed to go without insurance until the time I am eligible for Medicare? I am 62 years old and have serious preexisting conditions (cardiomyopathy and diabetes) which will surely keep me from qualifying for private insurance."

"It's hard enough to lose your job in today's economy," says UHPP Executive Director Judi Hilman. "If we want unemployed individuals like Kathy to get back on their feet, the least we can do is cover them in the most cost-effective manner possible—that's Medicaid." "Kathy's situation also highlights the need for comprehensive health system reforms, which we hope will be the next order of business right after the economic stimulus package is signed into law," Hilman adds.

Despite their modest incomes, only one in four (25.2%) unemployed workers with incomes below 200 percent of poverty receive health coverage through public safety-net programs such as Medicaid. In states like Utah that have bare-bones Medicaid programs, this percentage is much smaller. As a result, more than half (52.0%) of unemployed Utah workers with incomes below 200 percent of poverty are uninsured.

"Losing a job often means losing health coverage," said Ron Pollack, Executive Director of Families USA. "Most laid-off workers can't afford COBRA coverage and do not qualify for public health safety-net programs – and, as a result, millions of middle-class and lower-income workers become uninsured."

The data for the Families USA report were compiled by the Lewin Group, a well-respected health analysis organization, based on U.S. Department of Labor and Census Bureau sources.

(more)

According to the report, in virtually every state in the nation, including Utah, more than half of unemployed workers with family incomes below 200 percent of poverty are uninsured. This is largely due to two factors.

First, many lower-wage workers do not have COBRA protections – the right to continue their employer-based insurance coverage if they pay the entire premium out of their own pocket. And for those workers who do have a COBRA option—like Kathy—the premium is often unaffordable. Average premiums for COBRA coverage consume more than 30 percent of average Unemployment Insurance benefits for individual coverage and almost 84 percent for family coverage.

Second, in most states Medicaid eligibility levels for adults are very low. For parents, eligibility levels in many states are significantly below the federal poverty level. In fact, even a meager unemployment check can make them ineligible for the program. According to the report, “in 43 states (including Utah which covers parents with household income under 50% of the poverty level) Medicaid is simply not available for adults without dependent children unless those adults are permanently disabled. Even if those adults are penniless, they are ineligible for Medicaid.”

The House bill is designed to address these problems. It provides a 12-month subsidy for laid-off workers that pays for 65 percent of COBRA premiums; the Senate bill does likewise but only for a period of nine months.

Many laid-off workers are ineligible for COBRA either because their previous employer has gone out of business or has fewer than 20 employees. Recognizing the gap in both availability and affordability of COBRA for moderate-and low-income families, the House bill also establishes temporary Medicaid eligibility for laid-off workers and families relying on unemployment benefits or with incomes below 200 percent of poverty, a measure that is not included in the Senate bill.

At the same time that Families USA released its report about the health insurance status of laid-off workers with incomes below 200 percent of poverty, it also released a consumer guide for laid-off workers to help them retain health care coverage. The guide is designed to provide advice to newly laid-off workers so that they can better understand the potential opportunities and obstacles for retaining health care coverage.

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Families USA is the national organization for health care consumers. It is a nonprofit, nonpartisan organization that advocates for high-quality, affordable health care for all Americans. The full report can be found on their website: www.familiesusa.org

UHPP is a resource for the public, community leaders, businesses, health care providers and policy makers interested in strengthening the health care system while working to develop visionary and systemic solutions to the crisis of the uninsured and rising health care costs. Its mission is to create quality, affordable, comprehensive health care coverage for all Utah residents. For more information, visit www.healthpolicyproject.org. To get in touch with families impacted by the recession and rising health care costs, call us at (801) 433-2299. Or, send email to Jessica Kendrick: jessica@healthpolicyproject.org