

News from EPI

12 million people have likely lost employer-sponsored health insurance since February

Policymakers should work to delink jobs and access to insurance coverage by expanding public options

Press Releases • August 26, 2020

Since the onset of the COVID-19 pandemic and shock to the economy, job losses have been consistent with roughly 6.2 million workers losing access to health insurance that they previously got through their own employer. This is the finding in a **new paper** by EPI Director of Research Josh Bivens and economist Ben Zipperer that surveys the limited data available to infer changes in health insurance coverage since the COVID-19 shock began. For each person who is covered under their own employer’s plan, roughly two people on average are covered through employer-sponsored insurance (ESI) once spouses and dependents are included. This means that closer to 12 million *people* have been cut off from ESI coverage due to job losses in recent months.

“Because most U.S. workers rely on their employer or a family member’s employer for health insurance, the shock of the coronavirus has cost millions of Americans their jobs and their access to health care in the midst of a public health catastrophe,” said Bivens. “Tying health insurance to the labor market is always terribly inefficient and problematic, but becomes particularly so during times of great labor market churn.”

The authors explain that not every worker who loses ESI through their own employer necessarily loses all access to health insurance coverage. Some workers formerly covered by their own employer could purchase continuation of benefits coverage (COBRA) or could be picked up on partners’ or parents’ ESI plans. By far the biggest shock absorber responding to the loss of ESI has been expansions of public health insurance rolls, which have clearly begun swelling in recent months. However, public insurance (mostly Medicaid) has not expanded enough to absorb everyone who lost job-based coverage. Medicaid rolls, for example, have likely expanded by more than 4 million since the COVID-19 shock began.

Delinking access to health insurance and specific jobs should be a top policy priority for the long term. The most ambitious and transformational way to sever this link is to make the federal government the payer of first resort for all health care expenses—a “single payer” plan like Medicare for All. Smaller, intermediate steps could lower the age of eligibility for Medicare, raise the income thresholds for

Medicaid eligibility, and/or incorporate into the Affordable Care Act marketplace exchanges a public option that enrolls all workers without job-based insurance— or even those with access to ESI if they prefer the public option. Policymakers could also require that employers either provide comprehensive and affordable insurance or pay a fee to help cover the costs of enrolling their workers in the public option. At a minimum, policymakers concerned about Americans' health security should have the federal government pay for all testing and treatment for COVID-19 related expenses in coming months.

“The coronavirus pandemic has exposed how incomplete and threadbare the U.S. safety net and social insurance system is,” said Zipperer. “In order to help millions of Americans during the pandemic and beyond, policymakers must take swift action to address the inequities and inefficiencies in our health care system.”