



The Iowa Policy Project

20 E Market St. • Iowa City, Iowa 52245 • (319) 338-0773
www.iowapolicyproject.org

FOR IMMEDIATE RELEASE THURSDAY, FEBRUARY 23, 2012

NOTE: Full report from Economic Policy Institute is available [here](#).

CONTACT: Mike Owen (319) 338-0773, ipp@Lcom.net

Employer-Sponsored Coverage Erodes in Iowa Report Shows 10-Point Drop Over Decade for Workers

IOWA CITY, Iowa (February 23, 2012) — Nearly 143,000 Iowans lost employer-sponsored health coverage in a dramatic national decline in job-based insurance over the last decade, a national report finds.

In 2000-01, an average of 76.9 percent of Iowans under the age of 65 had employer-sponsored insurance (ESI), or about 1.89 million Iowans. By 2009-10, that figure had fallen to 66.9 percent, a decrease of 142,829.

While a greater share of Iowans receive employer-sponsored coverage than in most states, the decline follows the national trend illustrated in a [report released Thursday](#) by the Economic Policy Institute (EPI). The recent recession likely accelerated a decade-long decline driven by [insurance costs rising much more rapidly than wages](#).

“We’ve gone from three-fourths of Iowans covered by insurance through their jobs, to two-thirds being covered. That’s a bad trend that shows we need to count on more than job-based coverage to resolve the mounting problem of escalating insurance costs,” said Colin Gordon, senior research consultant for the nonpartisan Iowa Policy Project (IPP) in Iowa City.

EPI found that the share of Americans under 65 covered by ESI plans fell from 59.4 percent in 2009 to 58.6 percent in 2010.

“As EPI points out, that would be a bigger problem if not for public health coverage and other components of the 2010 Affordable Care Act, which kept children and young adults, especially, from becoming uninsured,” said Andrew Cannon, research associate for IPP.

The overall rapid decrease in job-based coverage in Iowa appears to be driven by a decrease in coverage rates among children, dropping 14.6 percentage points from 2000-01 to 2009-10 (from 78.2 to 63.6), or 110,940 children. Iowa’s drop in ESI coverage among children outpaced the national trend, where children covered on such plans dropped 10.5 percentage points.

Gordon said that as the out-of-pocket costs of job-based insurance skyrockets, many working parents have dropped family coverage, electing to cover themselves on the employer’s plan while finding coverage for their children on *hawk-i* and a Medicaid expansion for children (both funded by the federal/state Children’s Health Insurance Program, or CHIP).

“For this reason, the decrease in ESI coverage for Iowa workers has been much slower than the overall decrease,” said Gordon, noting the worker coverage had fallen by 6 percentage points, from 79.1 percent in 2000-01 to 73.1 in 2009-10.

“If there is a silver lining, it’s that at the same time that ESI coverage for kids was falling off a cliff, [Iowa has enacted policies](#) to increase children’s health coverage through Medicaid and *hawk-i*,” Cannon said.

In 2006, Cannon said, 200,150 Iowa kids were enrolled in either Medicaid or *hawk-i*. In 2011, partly as a result of improved eligibility standards and partly as a result of declining private insurance rates, nearly 300,000 Iowa kids were covered through one of these public programs (see [DHS hawk-i Annual Reports](#)).

EPI reported the drop in employment-based insurance from 2009 to 2010 was accompanied by an increase in the unemployment rate, from 9.3 percent in 2009 to 9.6 percent in 2010. With only slow improvement in the labor market, EPI predicts losses in employer-sponsored coverage likely will rise.

“As the labor market continued to deteriorate, fewer American families were able to obtain health insurance through the workplace, which caused many to fall through the cracks,” said Elise Gould, Director of Health Policy Research at EPI and author of the report. “A robust labor market and strong safety net are critical in ensuring the economic security and overall well-being of families across the country.”

Public health insurance, primarily in the form of Medicaid and CHIP, was responsible for preventing millions from becoming uninsured. Public health insurance covered 22.5 million more people under age 65 in 2010 than it did in 2000. In fact, although children saw larger declines in ESI than adults over the 2000s, they experienced an increase in total coverage rates due to public insurance.

Through provisions in the Affordable Care Act, young adults up to age 26 were able to secure health insurance coverage through their parents’ health insurance policies. As a result of these provisions, the uninsured rate for 18- to 24-year-olds fell between 2009 and 2010. This age group was the only one that experienced statistically significant increases in overall coverage.

New Hampshire had the highest rate of ESI coverage among the under-65 population, at 73.0 percent in 2009/10. It was followed by Connecticut (70.8 percent), Massachusetts (70.2 percent), Utah (69.3 percent) and Maryland (68.8 percent). In contrast, less than half of both New Mexico’s and Mississippi’s non-elderly population had ESI in 2009/10, at 48.6 percent and 48.4 percent, respectively.

The Iowa Policy Project is a nonpartisan, nonprofit public policy research organization based in Iowa City. IPP reports are online at www.iowapolicyproject.org, and IPP staff perspectives may be found at www.iowapolicypoints.org.

#