TOO SICK TO QUIT?
Alternatives to employer-based health insurance under health reform

THE DILEMMA: KEEPING EMPLOYER-BASED HEALTH INSURANCE WHEN SICK
Prior to health reform, employer-based health insurance created a dilemma for workers faced with serious health conditions that required expensive treatment and long periods of recovery:

STOP WORKING
and lose employer-based coverage

CONTINUE WORKING
(usually full-time) to maintain health insurance for themselves and their dependents

PURCHASE INSURANCE
on the individual market which may be more expensive because of preexisting conditions and premiums are not subsidized by employers

BECOME UNINSURED

MOST VIRGINIANS HAVE HEALTH INSURANCE THROUGH AN EMPLOYER
Nearly all (90%) workers in Virginia are employed at a company that offers health insurance coverage.1 Employers tend to heavily subsidize employee premiums.2

- For individual coverage, the average monthly premium in 2012 was $5,309, 76% paid by employers; 24% paid by workers
- For family coverage, the average monthly premium in 2012 was $15,376, 68% paid by employers; 32% paid by workers

As a result of these employer subsidies, 63% of Virginians ages 0 to 64 years have employer-sponsored insurance coverage.2

Because their health insurance is tied to their job, workers and their families often worry about losing their insurance if they cannot continue to work after serious illness.3

INSURANCE COVERAGE OF NON ELDERLY IN VIRGINIA

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer-Based</td>
<td>63%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>16%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
</tbody>
</table>

ALTERNATIVES TO EMPLOYER-BASED COVERAGE:
CHANGES UNDER THE AFFORDABLE CARE ACT
The new health insurance marketplace (the Marketplace) provides an alternative for workers who lose employer-based coverage to purchase health insurance. Key features in the policies sold in the Marketplace include:

- Insurers cannot deny coverage based on pre-existing conditions.
- Plans must include “essential health benefits”.
- Enrollees may be eligible for subsidies or coverage at lower costs depending on their income.
- Plans are no longer priced by health status.
WHAT DOES THE EVIDENCE SHOW?

Our study enrolled 625 women from Virginia who were newly diagnosed with breast cancer.\textsuperscript{3, 4} All were employed and insured at the time of diagnosis. We compared two groups of women – those who received insurance through their own employer and those who received insurance through their spouse’s employer and found:

For employees, women who depend on their employer for health insurance were more likely to:
- Keep working while undergoing treatment;
- Work more hours;
- Work to maintain their health insurance.

For employers, new insurance marketplaces are unlikely to result in substantial shifts in their workforce because:
- Differences in hours worked between the two groups were small;
  - Especially after completing cancer treatment.
- Few sick workers quit their job;
  - Regardless of whether they got their health insurance through their employer.

KEY IMPLICATION

Employer-based health insurance incentivizes sick workers to continue work or to work more hours to maintain health insurance.

LOOKING AHEAD

The expansion of alternatives to employer-based health insurance means workers will have more options for affordable coverage if they become sick and cannot or no longer wish to work. This will benefit workers by

- Allowing some workers to stop work and focus on treatment and recovery from illness.
- Providing protection for dependents of workers who become sick.
- Allowing workers to more freely change jobs or reduce hours worked without worry of losing benefits.

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\textsuperscript{1}SHADAC/RWJF State Level Trends in Employer Sponsored Health Insurance http://www.rwjf.org/ content/dam/farm/reports/reports/2013/rwjf405434 p.72.
\textsuperscript{5}Research was supported by NCI grant number R01-CA122145, “Health, Health Insurance, and Labor Supply.”