Congress Weighing Plight of People Out of Work, Out of Health Insurance

The cost could be high if Congress decides to go to the aid of the almost 11 million family members who lost their job-based insurance when they lost their jobs.

BY LINDA E. DEMKOVICH

In October 1981, Judy Duperry lost her job at the General Motors Corp. assembly plant in Bristol, Conn. Last May, her unemployment insurance ran out. The part-time work she has found since then has renewed her eligibility for unemployment benefits, which should help pay the rent and put groceries on the table for a little while longer.

But one of her biggest worries, Duperry told the House Energy and Commerce Subcommittee on Health and the Environment late last month, "is not being able to provide my family with adequate health care."

Duperry, a divorced mother of two sons, said that the health insurance she received through GM was terminated just don't know what we would do then."

The recession has made Duperry's jobless in December, 5.3 million had lost their employment-related health insurance, Congressional Budget Office the Jan. 24 hearing. When dependents of the unemployed are included, Rivlin said, the number jumped to 10.7 million. Nearly 90 per cent of non-farm workers receive health benefits paid in part or in full by their employer.

Unless the government comes to the rescue of the unemployed—a step that the CBO estimates could cost as much as $6 billion—they have very few options. Most people who are recently out of work have enough assets and cash from unemployment benefits and perhaps part-time jobs and savings to make them ineligible for medicaid, the federal-state health insurance program for the poor.

On the other hand, they do not often have enough money to pay for costlier individual policies. Even if a plan offering minimum coverage at special group rates could be designed, the United Auto Workers (UAW) estimates, the cost would be at least $100 a month—well above the means of most unemployed families.

A lucky few like Duperry may be able to continue under an employer-paid plan for an extra year, but they are a minority. Fully 50 per cent of the unemployed lose coverage within a month of being laid off, according to Labor Department statistics, and only 20 per cent can expect their coverage to continue for three months or more.

In some two-earner families, an unemployed spouse can switch to the other spouse's plan, but that, too, is the exception. Only 42 per cent of working families have two wage earners, the CBO said, and only a fourth of those would have uninterrupted insurance coverage if one of the workers was laid off.

The only options the unemployed have left are to pay for essential medical care out of their own pockets—if they can, making arrangements with their doctors to pay over a period of time—and to defer non-emergency care until they are working again.

The second option is worrisome to health and social welfare experts. The uncertainties and stress of being out of work, they say, can trigger physical and mental problems that should be treated promptly. Putting off care, they warn, will cost individuals and the government more in the long run.

BLUEPRINT FOR CHANGE

If Congress decides it wants to act quickly in addressing the health insurance needs of the unemployed, it has a blueprint for change already at its disposal. On Jan. 31, Sen. Donald W. Riegle Jr., D-Mich., introduced legislation (S 307) aimed at helping those who are laid off or are about to be, as well as active workers who will lose their jobs later.

In Michigan, which had a 17.3 per cent unemployment rate last December, an estimated 400,000 workers—or 60 per cent of all unemployed workers in the state—have lost health benefits. Many of them are auto workers who, depending on their seniority, were able to get up to a year of extended health benefits after being laid off.

For millions of unemployed workers, Riegle said in introducing the bill, even a brief hospital stay or a minor medical emergency "can mean financial disaster." And even after they find a job, he said, the "entry lag," during which they must wait to qualify for benefits, is often three months or longer.

The bill would establish a mechanism to provide continuing health insurance coverage for laid-off workers. It would encourage each state to establish a pool of money to cover unemployed workers; in states that refused to comply, insurance companies could establish the pool, and if that failed, the Health and Human Services Department could step in.

To meet the immediate emergency, the bill would provide substantial federal aid for persons who were "involuntarily severed" from their jobs during the 12 months before its enactment. These workers would be covered for up to 12 months under a program patterned after medicaid and financed 80 per cent by the federal government and 20 per cent by the individuals.

The total federal cost, according to preliminary estimates, would be between $1.3 billion and $3 billion. Federal administration of the emergency program would give way to state administration as the states set up their insurance pools for uninsured, unemployed workers.
For persons who lost their jobs after the bill's enactment, Riegle would use the tax code to pressure employers to pay for an extra 18 months of health insurance coverage. Employers would be expected both to maintain health insurance benefits for laid-off workers for six months and to contribute to the pool of funds that would be used to provide another 12 months of coverage for the unemployed. Employers that refused to participate would no longer be allowed a tax deduction for contributions to their own employees' health insurance.

Riegle made an exception for states with sustained high unemployment, where he feared that the burden his bill would place on employers could trigger more layoffs or plant shutdowns. When the national unemployment rate was at least 7.5 per cent and a state's rate was at least 10 per cent greater than the national rate for six months, the federal government would pay 40 per cent of that state's cost of providing coverage to persons in the unemployed worker pool.

Although there would still be gaps in coverage—chronically unemployed individuals, for example—and although the duration of coverage would be finite, the bulk of jobless workers would be protected under the bill, said a Riegle aide. "We don't want this to be construed as anything but what it is: temporary help for the unemployed. This is not national health insurance." At this point, however, there is no consensus in Congress and among the interest groups on how, or even whether, to proceed, particularly with regard to the immediate problems of currently idled workers.

Cost is the overriding concern. Congress is trying assiduously to avoid adding to the federal deficit and will almost certainly balk at any plan to expand the federal government's role in health insurance—especially a plan that uses the $53 billion Medicare program as its model.

For the longer term, the spotlight will be on the states and the private sector. Several states, for example, have already created insurance pools of the kind Riegle's bill envisions. Many others have adopted continuation and conversion laws, under which individuals who lose their jobs can get uninterrupted insurance, although generally at a higher individual rate.

In the current economic climate, the states are beginning to consider other mechanisms to protect jobless workers from health costs. A bill before the Pennsylvania legislature, for example, would allow unemployed individuals to buy insurance at group rates using state-subsidized unemployment benefits to pay part of the premium costs. The George Washington University's Intergovernmental Health Policy Project is closely watching such activities to keep state officials apprised of promising solutions.

But long-range solutions offer little solace to the millions who are suffering the dual loss of a job and their health insurance and for whom the prospects of being rehired are dim.

UAW president Douglas A. Fraser said the size of the problem is understated. If discouraged workers and those working part time because they can't find full-time jobs are counted, Fraser told the House subcommittee, the "truly unemployed" total over 17 million people. And if their dependents are counted, he said, closer to 25 million people have lost their health insurance to the recession.

Fraser used the opportunity to renew the call for a national health plan that would cover the uninsured unemployed and the millions more who, for other reasons, have no health insurance. "I do not suggest that such a program would be cheap," he said, "but the price of neglect and anxiety is much costlier."

**SIDE EFFECTS**

Those costs are already becoming evident, public health officials say. They reflect what Louis A. Ferman, research director of the University of Michigan's Institute of Labor and Industrial Relations, calls the "pink slip syndrome."

Unemployed people, Ferman said in an interview, tend to put off getting medical services—dental care first and then annual checkups and elective surgery. "The least likely thing to be deferred," he said, "is emergency care for children."

Ferman cited statistics from Michigan's public health department showing the first increase since World War II in the state's infant mortality rate, from 12.8 deaths per 1,000 live births in 1980 to 13.8 in 1981. In addition to poor nutrition, he said, the increase is likely related to drops in prenatal care and follow-up doctor visits after the child has been born. He also noted an increase in the number of miscarriages.

The most appropriate solution, Ferman said, would be a health plan that would cover everyone in need of insurance. At a minimum, he said, there should be a plan that would provide for the children of the unemployed.

In 1976, M. Harvey Brenner, a public health professor at the Johns Hopkins University, presented the Joint Economic Committee with some startling statistics on the effects of unemployment. When the unemployment rate increases, Brenner found, so do the number of suicides and the admissions rates to state mental hospitals and prisons. Likewise, the incidence of diseases such as alcoholism and heart disorders rises as more people are out of work. Family conflicts, particularly child and spouse abuse, also become more common, he reported.

Last August, Brenner appeared before the House Banking, Finance and Urban Affairs Subcommittee on Domestic Monetary Policy to update his findings. "The effects of unemployment in the current recession," he said, "are likely to be more serious than those in previous post-World War II recessions" because of structural unemployment and the low probability that workers will get reemployment or retraining as well as the loss of health insurance.

Meanwhile, Brenner said, "illnesses become chronic, poor nutrition and lack of care exacerbate them, built-up frustrations lead to aggression inside and outside the family and increased mortality creates new losses."

Even the prospect of unemployment can be devastating, he said, as a source of stress. "The effects of this long spiral of disruption of lives, of illness and death," he said, "will be with us for years after the economy reaches a trough."