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ACA Coverage and the Changing Labor Market: Voices from the Field

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The last decade has seen a shift away from traditional employment and toward a more alternative labor market in which individuals are contracted out by firms, work as freelancers or temporary employees, or hold one or more part-time jobs.¹ New technologies combined with the recession and the sluggish economic recovery of the last decade may have contributed to these changes, and one of the many implications of the new labor market has been the loss of employee benefits, including health insurance.

A major goal of the ACA was to make health insurance more available and affordable, especially to those with low incomes. Under the coverage expansions, Medicaid and subsidized Marketplace insurance are available to low-income individuals, and those who have gained coverage are experiencing improved access to care and increased financial protection against medical expenses.² In addition, because this new coverage is not linked to employment, it allows individuals in various types of work situations to gain and maintain coverage, including entrepreneurs and small-business owners, those who are in school or transitioning to new careers, individuals who work one or more part-time jobs, and the millions who have shifted to other types of labor arrangements, by choice or necessity.

This brief highlights voices from adult focus group participants with low and moderate incomes with Medicaid or Marketplace coverage following implementation of the ACA. These discussions also served to inform a larger Kaiser study that assessed the affordability of ACA coverage for low-income people.³ The observations below provide the focus group participants' insights on work, including work status, the new labor market, job benefits, and the role of ACA coverage for those with non-traditional jobs.

Key Observations

Many participants spoke of a changing labor market in which they worked multiple part-time jobs and/or short-term contracts.

It seems one of the new things to do is to have people on contracts. If you have a contract, they don't have to pay you benefits. Especially when it comes to vacation time, sick time, things of that nature. You can't enjoy the benefits, and it's supposed to be there. (Regina, Baltimore Marketplace)

I've got a weird situation, I worked for a company in Columbus and basically I would get laid off in like December and I'd come back in February or March...It's more of a dual job world, you have to be more versatile. You have to have a job here and a job there and of course you're going to be more flexible. They're going to have to hire more people as part-time so they can save money on benefits." (Billy, Columbus Marketplace)

I'm actually working multiple part-time jobs that equate to [a full-time job]. (Chris, Richmond Marketplace)

When the shipyard closed I moved down here, eventually picked up a job ... things just didn't work out and now I'm a chauffeur. I drive for [two companies], just trying to make ends meet. (Alan, Tampa Marketplace)

I just started my job in August. Before then, I got short-term assignments. Sometimes it's a job for a semester. That's five months but there's no guarantee about what's going to happen for the summer or the following semester. (Shaeeda, Baltimore Medicaid)

Several felt the job market had not fully recovered from the economic recession.

[After the recession] They're still not paying, though, for certain industries where you have a certain level of education and you're able to use that in your field, they're still kind of under the pay grade, I feel. (Shallen, Oakland Marketplace)

I've worked in restaurants for 15 years. I think the economy has plummeted. I used to be able to make \$250 a night [waiting tables]. Now, I make \$20 a night...and that's reflective of, people don't come out. They don't have the money to spend when they go out... Even when they do come out it's, "let's split a meal. Let's just split a salad. Let's all three split this one meal." It's definitely on the decline. (Joanna, Richmond Marketplace)

Some had full-time jobs, but received few or no benefits from their employers or were offered health coverage that was unaffordable.

The two years I was without insurance before that [getting Marketplace insurance] was because my work no longer offered group plans because we were a small business, there was like four of us. Then my boss went to an individual plan, so that shot me off because there was no plan anymore, so that's when I just went with nothing. I couldn't afford it. (Travis, St. Louis Marketplace)

I actually work for like a smaller company, we have like 35 employees. Our health insurance was really expensive, so they for about a year and a half prior offered me health insurance. I was healthy so, I was like, I'm not going to spend this crazy amount of money. ...My health insurance at work is more than 40 percent of my income, it was just like, I really can't afford health insurance. (Corey, Columbus Marketplace)

A number of participants believed their age or their prolonged period of time out of the workforce was a barrier to getting or keeping full-time, steady employment.

[I lost my job] It had actually been like three years ago. And I know it was due to age. In the job market, the bigger companies are not going to say it, but when you hit 50 years old ... When I first started at this big company, I watched the people who were older than me getting [pushed] out the door...I had been there for 12 years. I can say, in the job market, it's like an impossibility if you're 50 years old and you want to get into a job because...they don't want to pay. I'm back to getting paid what I was 15 years ago. I was part-time and I just got full-time this month; they hired me full-time. You have to go the extra mile to prove yourself [at my age]. (Nancy, Richmond Marketplace)

Really, near my age, I think you need to be versatile, where if you can't do one thing, you can find decent pay doing something else. I've always been able to go work here, go work there. I've been on five, six payrolls at the same time. (Carmen, Baltimore Marketplace)

I've been out looking for other jobs, applying, and getting appointments to come in...Employers are looking for certain types of people. Mainly, not somebody my age, they're looking for younger, but they can't say that. (Deborah, Baltimore Medicaid)

Well at my age it is pretty impossible to get another job, and with the downturn in '08 my husband lost his job in June of '09 and I lost my job in January '10. We have become self-employed, if you can call it that. We took savings that we had from all of our great years of working and bought a franchise of this direct mail advertising...but it has not worked out really great. (Cynthia, Columbus Medicaid)

So I'm doing catch-up in the work field. Catch-up, meaning I had 6 children--I worked, I quit, I went to school, I got my degrees, I stopped, I had babies. (Patricia, Oakland Marketplace)

Other participants had health conditions which made it difficult to work full-time or outside the home.

It's like who's going to hire me? I can't stand no more than 15 or 20 minutes. I can't use this arm hardly. If you go to work you take the chance, you know, they tell you, "Please be very careful with this arm because of the lymphedema. If you get an infection you're in trouble." I just don't know what to do. (Belinda, Baltimore Medicaid)

I guess I'd just say I work part-time because of my anxiety. (Sophie, Baltimore Marketplace)

I work from home. A customer service job I've had for eight years now...I can't stand for more than 20 or 30 minutes at a time. I can move if that would be allowed, but there's no job that I've ever tried to apply for that would let me sit the entire day or be able to move around and sit. They're always like, "you have to stand in one place. You have to be upright, you have to be lifting." I can't do this. (Matthew, Richmond Marketplace)

Several were self-employed or ran their own business.

I chose to work part-time out of the experience of the crash in '08 and '09. I'd worked for a company for nine years, and at that point, when the crash happened, I said, "Time to do something different. I've got to make adjustments here, as far as the way I work." I loved entrepreneurship, and I went into entrepreneurship. I work part-time to maintain my living expenses. (Donny, Baltimore Marketplace)

I left my job to work in my own private practice. (Betty, St. Louis Marketplace)

I worked for a company...until I got hurt on the job. It really ended up being a good thing because I had always wanted to create a charity, which I created, and now run a 501(c)(3). Our mission is to provide bibles to federal prisons. (Paul, St. Louis Marketplace)

ACA coverage supported some participants as they transitioned into new careers or were looking for work after being laid off.

I had to go back to school because I was injured on the job two years ago when I did construction. I had to choose something else because I couldn't go back to it...I'm going to be a radiology technologist. (Eric, Baltimore Medicaid)

I've just recently got laid off. I was a manager at a convenience store who, as everyone in Baltimore knows, during the April riots they tore the store up...I tried to find something so I can take my daughter to school. So I try and look for over-night and that's where my struggle is right now. (Sam, Baltimore Medicaid)

For others, access to health care through Medicaid or the Marketplace supported their ability to work.

For me I'm glad I have the healthcare because there's been a couple of situations this year if I didn't I would have been out of work for a lot longer making less money. In the long run I was able to work because of it. (Zach, Baltimore Marketplace)

I feel blessed because having asthma and being uninsured, to get proper medication and not being able to work because of the asthma...Now I feel blessed. I feel healthier and I am able to work when I can, when I need to now. Those four or five years that I didn't have it was a very rough time. It was a struggle. (William, Columbus Medicaid)

Even with financial assistance, some found that the cost of coverage was not affordable.

I'm diabetic and I max out my deductibles and co-pays and I still have premiums to pay. I'm self-employed so I have to make enough to cover that [the premiums]....I'm not making much. (Bob, Columbus Marketplace)

I'd really like to see some specialists but I know I wouldn't be able to afford the copay. I have \$2,000-\$3,000 out-of-pocket every year that I, I can't afford that. That's why I have health insurance. If I could afford \$3,000, why would I need health insurance? (Matthew, Richmond Marketplace)

And though Marketplace coverage is not linked to employment, some still found that it was designed for those with traditional jobs and predictable incomes.

I felt that the website was also built for people in really traditional jobs. I'm an independent contractor, so I don't get pay stubs every two weeks. Verifying my income and all that stuff was not easy for someone in my position. (Shannon, Baltimore Marketplace)

I get a \$77 tax credit towards my premium every month...but I know I have to pay it back as soon as I file my taxes. I work as a waiter, and the year that they took my taxes, not much was reported. This year, I know every tax credit I got back, I have to pay back as soon as I file. Not looking forward to that. (Sean, Baltimore Marketplace)

I went from [paying a premium of] \$101 down to \$65 because of my income, and I get dental too...I may get gouged on my income tax. We have to estimate what we think we're going to make and we have to pay it back, so we'll see. (Jeff, Oakland Marketplace)

When asked what they would do if Medicaid or Marketplace insurance were no longer available, some said they would have to change careers or close down their businesses in order to get more traditional jobs that offered insurance.

I would probably either have to find a way to get insurance for my company and my employees or I would have to close the business and go to work for a company that did have coverage. My wife has a condition that can't go untreated. We'd have to do something." (Rick, Richmond Marketplace)

With the type of work that I'm in I'd have to change careers because being a massage therapist you don't have health insurance. (Deborah, Baltimore Medicaid)

[I would] use county resources or try to get a job that had medical coverage because right now I'm self-employed. (Porscha Oakland Marketplace)

Conclusion

The majority of nonelderly individuals in the United States are covered by an employer plan, be it their own or that of a family member. However, not all workers receive an offer of coverage through their job and many who do are not able to afford their share of the cost.⁴ In addition, the last ten years has seen a rapid shift in the U.S. labor market from traditional jobs with benefits to more alternative arrangements where individuals work as freelancers, contract employees, or make a living from multiple part-time jobs.

The vast majority of focus group participants were working at full or part-time jobs but did not have an affordable offer of coverage from their employer or were outside the traditional labor market and had no offer of coverage. Some were in periods of transition; others chose or preferred these alternative work arrangements. Most wanted to move into traditional jobs with steady income and benefits but found it difficult or impossible to do so, a number citing the sluggish economic recovery as the reason for limited job opportunities. Because of their low incomes, some Marketplace enrollees struggled to afford their monthly premium payments and out-of-pocket costs, even with financial assistance. For some without a steady income, verifying and estimating future earnings for the purpose of receiving Marketplace subsidies could be difficult to do, and those who underestimated may have to pay some or all of their subsidies back when they reconcile their income taxes.

Participants with Medicaid were generally able to access the care they needed with few out-of-pocket costs and overall, most participants were positive about gaining coverage and grateful that it was available to them.⁵ Because ACA coverage is not tied to employment, the expansions help to fill the gaps in employer-sponsored insurance for people in non-traditional work arrangements, those experiencing short or prolonged bouts of unemployment, and those in school or (re)training for new careers. Further, the availability of uninterrupted care and coverage allows individuals to manage chronic conditions and seek treatment for illnesses as they arise, enabling them to participate more fully in the workforce.

Methods

These observations are based on nine focus group discussions conducted by the Kaiser Family Foundation and Belden Russonello Strategists in six cities during January and February 2016. Sites included Baltimore, MD; Richmond, VA; Columbus, OH; St. Louis, MO; Oakland, CA; and Tampa, FL. All participants were enrolled in either Medicaid or Marketplace coverage and had incomes equal to 250% of the federal poverty level or less. Each focus group consisted of 9-11 participants, with a total of 91 participants including 30 covered by Medicaid and 61 covered through the Marketplace. Participants were selected to provide a mix of demographic characteristics. Of the 91 participants, 76 were working at full or part-time jobs. For a more complete description of methods and participant characteristics, see the *Methods* section and *Appendix A* of the issue brief [Is ACA Coverage Affordable for Low-Income People? Perspectives from Individuals in Six Cities](#), which presents the focus groups' major findings.

Endnotes

¹ Katz, L and Krueger, A. *The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015*. Harvard University and NBER and Princeton University and NBER. March, 2016. Available at: http://krueger.princeton.edu/sites/default/files/akrueger/files/katz_krueger_cws_-_march_29_20165.pdf

² Garfield, R and Young, K. *How Does Gaining Coverage Affect People's Lives? Access, Utilization, and Financial Security among New Insured Adults*. (Washington, DC: Kaiser Family Foundation), June 19, 2015. Available at: <http://kff.org/health-reform/issue-brief/how-does-gaining-coverage-affect-peoples-lives-access-utilization-and-financial-security-among-newly-insured-adults/>

³ Tolbert J, Rudowitz R, and Majerol M. *Is ACA Coverage Affordable for Low-Income People? Perspectives from Individuals in Six Cities*. (Washington, DC: Kaiser Family Foundation), April 21, 2016. Available at: <http://kff.org/health-reform/issue-brief/is-aca-coverage-affordable-for-low-income-people-perspectives-from-individuals-in-six-cities/>

⁴ Majerol M, Newkirk V, and Garfield R. *The Uninsured: A Primer. Key Facts about Health Insurance and the Uninsured in the Era of Health Reform*. (Washington, DC: Kaiser Family Foundation), November 2015. Available at: <http://kff.org/uninsured/report/the-uninsured-a-primer-key-facts-about-health-insurance-and-the-uninsured-in-the-era-of-health-reform/>

⁵ Tolbert J, Rudowitz R, and Majerol M. *Is ACA Coverage Affordable for Low-Income People? Perspectives from Individuals in Six Cities*. (Washington, DC: Kaiser Family Foundation), April 21, 2016. Available at: <http://kff.org/health-reform/issue-brief/is-aca-coverage-affordable-for-low-income-people-perspectives-from-individuals-in-six-cities/>