

Crisis in Health Care Coverage and Cost Threatens Health and Economic Well-Being of Working Families

The American health care system is in crisis, threatening the health and economic well-being of working families. All year, ordinary Americans have told pollsters that health care ranks at the very top of their concerns. Yet little reassuring has happened. After declining in 1999 and 2000, the number of Americans without health insurance rose again last year. Health care costs are growing, and employers are passing along cost hikes to employees. Seniors still do not have a prescription drug benefit under Medicare, and little has been done to rein in the skyrocketing costs of medications.

- In 2001, more than 41 million Americans were uninsured, up 1.4 million from 2000. Roughly 80 percent of the uninsured are in families with workers.
- Health care costs have gone up for employers and workers. Nationally, costs rose 13.7 percent in 2002 and are predicted to rise 15.4 percent in 2003. Employers already have passed a portion of these increases to workers and are likely to shift even more costs next year. In 2002, workers' share of premiums rose 27 percent for individual coverage and 16 percent for family coverage.
- Prescription drugs are the fastest-growing component of overall health care costs. Exorbitant drug prices force painful choices for millions of Americans who are uninsured or have little or no drug coverage, including seniors who rely exclusively on Medicare to meet their health care needs; Medicare does not cover outpatient prescription drugs. Altogether, roughly 11 million seniors and 26 million non-elderly adults have no drug coverage.
- Despite the toll of skyrocketing drug costs, the president and Congress have failed to address this serious problem. The House of Representatives passed a phony prescription drug plan—not a guaranteed benefit under Medicare—that holds only false hope for seniors.
- The House plan has big gaps in coverage, meaning many seniors would still have to spend too much for prescription drugs. It subsidizes HMOs to run prescription drug programs, although this delivery system is a proven failure: Since 1998, HMOs have pulled out of the Medicare+Choice program in droves, abandoning more than 2 million seniors in the process. And the House plan does nothing to rein in drug costs. In the Senate, a bipartisan majority has passed legislation tightening loopholes drug companies exploit to keep generic drugs off the market, but the president and the Republican-led House refuse to go along with this cost-saving measure. And Senate Republicans have blocked passage of a guaranteed Medicare prescription drug benefit, even though a majority of senators supports this plan.

Working families need real health care reform—not “feel good” solutions that provide false hope. Congress and the president should get behind a real prescription drug benefit under Medicare, which guarantees comprehensive and affordable coverage for all seniors. The Republican-led House should join the Senate to pass legislation holding down drug costs. And, instead of spending down limited resources on hefty tax breaks for corporations and the very rich, the president and Congress should use them to provide high-quality, affordable health care to all Americans.

Sources: Hewitt Associates, Kaiser Family Foundation, U.S. Census Bureau. (AFL-CIO Public Policy Department, 202-637-5172.)

Working Families Economic Indicators at a Glance

| | Jobs Lost/Added (Aug. 2000 to Aug. 2002) | | Unemployment (Aug. 2002) (March – Aug. 2002) | | Workers Exhausting Unemployment Benefits Coverage* | | Poverty, Income and Health Insurance | | | 401(k) Losses and Personal Bankruptcy Filings | |
|----|---|---|--|----------------|--|---|---|--|--------------------|---|--|
| | All Jobs (in thousands) | Manufacturing Jobs (in thousands) | # of Unemployed (in thousands) | Unemp. Rate | # of Workers Exhausting Regular Benefits | # of Workers Exhausting TEUC Benefits | Poverty Rate* | % Change in Median House- hold Income* | Uninsured Rate* | 401(k) Losses Dec. 2000-2001 (in billions) | Personal Bankruptcy Filings (2nd Quarter 2002) |
| US | -631.0 | -1,495.3 | 8,142 | 5.7 | 2,333,672 | 1,120,832 | 11.7 | -2.2 | 14.6 | 175.75 | 390,991 |
| AL | -35.9 | -35.3 | 122.1 | 5.7 | 25,165 | 13,518 | 14.8 | -4.5 | 13.2 | 2.69 | 10,140 |
| AK | 9.6 | -0.5 | 24.4 | 7.3 | 10,887 | 3,505 | 7.9 | 2.5 | 17.7 | 0.37 | 336 |
| AZ | -0.2 | -23 | 144.1 | 5.7 | 26,048 | 13,199 | 12.9 | 4.2 | 18.4 | 2.42 | 7,603 |
| AR | -10.2 | -25.7 | 64.5 | 5.0 | 22,574 | 9,506 | 16.3 | 2.9 | 15.0 | 1.35 | 5,592 |
| CA | 100.7 | -115.4 | 1,091.1 | 6.2 | 346,898 | 73,727 | 13.1 | 1.0 | 19.2 | 18.20 | 37,113 |
| CO | -38.1 | -20.3 | 121 | 5.1 | 32,547 | 16,808 | 9.0 | -1.8 | 15.1 | 2.65 | 5,416 |
| CT | -21.8 | -25.5 | 67.9 | 4.0 | 28,013 | 15,890 | 7.4 | -0.4 | 9.7 | 2.52 | 3,099 |
| DE | -2.3 | -5.2 | 15.8 | 3.8 | 4,992 | 2,348 | 8.5 | 0.1 | 9.5 | 0.55 | 816 |
| DC | -3.3 | -0.9 | 15.9 | 5.9 | 10,442 | 4,856 | 16.1 | 0.1 | 13.6 | | 602 |
| FL | 107 | -44.5 | 418.1 | 5.3 | 88,986 | 75,045 | 12.0 | -2.1 | 17.8 | 7.17 | 23,534 |
| GA | -107 | -65.4 | 195.7 | 4.6 | 57,186 | 52,090 | 12.6 | 0.8 | 15.3 | 5.25 | 17,465 |
| HI | -3.9 | 0.8 | 23.6 | 4.0 | 7,401 | 4,041 | 10.4 | 0.2 | 9.7 | 0.77 | 1,105 |
| ID | 1.3 | -4.7 | 36.9 | 5.3 | 11,650 | 3,140 | 12.7 | 0.3 | 16.5 | 0.74 | 2,366 |
| IL | -143.1 | -69.6 | 390.2 | 6.2 | 108,938 | 71,037 | 10.2 | -3.1 | 13.6 | 8.66 | 19,996 |
| IN | -101.6 | -69.8 | 164.6 | 5.2 | 47,184 | 26,057 | 7.9 | -3.5 | 10.8 | 4.49 | 13,839 |
| IA | -18 | -18.2 | 60.5 | 3.7 | 17,713 | 10,096 | 7.7 | -3.1 | 8.0 | 2.18 | 3,100 |
| KS | 18.3 | -12.8 | 65.2 | 4.5 | 17,007 | 5,678 | 10.1 | 2.1 | 11.4 | 1.93 | 3,970 |
| KY | 13.2 | -18.8 | 103.7 | 5.2 | 20,668 | 13,817 | 12.4 | 3.6 | 13.0 | 2.56 | 6,800 |
| LA | 13.5 | -8.8 | 119.2 | 5.9 | 18,127 | 11,717 | 17.5 | -2.1 | 19.7 | 2.23 | 6,665 |
| ME | 5.3 | -10.3 | 27.2 | 4.0 | 7,064 | 3,579 | 10.3 | -5.9 | 10.7 | 0.93 | 1,122 |
| MD | -3.1 | -5.7 | 124.3 | 4.3 | 24,947 | 16,111 | 7.3 | -1.7 | 11.3 | 3.80 | 8,839 |
| MA | -55.4 | -32.2 | 173.9 | 5.2 | 72,932 | 24,890 | 10.2 | 5.8 | 8.7 | 4.27 | 4,581 |
| MI | -146.9 | -68.8 | 321.2 | 6.2 | 94,692 | 50,359 | 9.7 | -4.1 | 9.9 | 7.67 | 13,475 |
| MN | -38.5 | -32.9 | 123.9 | 4.3 | 37,847 | 21,161 | 6.8 | 2.6 | 7.8 | 4.12 | 4,658 |
| MS | -20.5 | -36.5 | 79.1 | 6.1 | 14,968 | 12,800 | 16.8 | -6.2 | 15.2 | 1.48 | 5,265 |
| MO | -64.2 | -38.8 | 138.8 | 4.7 | 37,765 | 22,336 | 10.2 | -2.9 | 8.8 | 4.17 | 8,325 |
| MT | 6.7 | -1.3 | 18.7 | 4.0 | 5,627 | 1,700 | 14.4 | -1.3 | 16.0 | 0.52 | 1,206 |
| NE | -5.1 | -4.3 | 32.2 | 3.4 | 9,495 | 3,607 | 9.7 | 3.1 | 9.6 | 1.24 | 1,994 |
| NV | 32.9 | 2.1 | 53.0 | 5.1 | 22,917 | 11,267 | 9.0 | 1.5 | 17.2 | 1.08 | 5,240 |
| NH | 3.6 | -7.4 | 33.6 | 4.7 | 4,594 | 1,774 | 6.2 | 2.4 | 9.0 | 0.94 | 978 |
| NJ | 0.1 | -35.7 | 224.2 | 5.3 | 104,310 | 24,207 | 7.7 | -1.0 | 12.5 | 5.56 | 10,719 |
| NM | 14.5 | -1.5 | 52.7 | 6.1 | 8,534 | 3,571 | 18.8 | -2.1 | 23.2 | 0.91 | 2,131 |
| NY | -67.9 | -90.9 | 526.6 | 5.8 | 197,698 | 134,992 | 14.1 | -0.4 | 15.8 | 10.78 | 18,589 |
| NC | -55.8 | -70.7 | 248.6 | 6.3 | 71,083 | 36,531 | 12.9 | -1.8 | 14.2 | 5.02 | 8,735 |
| ND | 1.7 | 1 | 10.6 | 3.2 | 3,233 | 1,317 | 12.4 | 1.5 | 10.9 | 0.46 | 492 |
| OH | -130.4 | -80.3 | 325.2 | 5.5 | 66,266 | 44,385 | 10.8 | -0.2 | 10.8 | 8.27 | 19,787 |
| OK | 22.5 | -8.2 | 71.0 | 4.2 | 14,870 | 9,434 | 14.3 | 1.3 | 17.9 | 1.79 | 6,215 |
| OR | -29.5 | -12.4 | 127.3 | 7.0 | 39,979 | 1,123 | 11.8 | -2.2 | 13.1 | 2.19 | 6,194 |
| PA | -49 | -83.8 | 327.7 | 5.3 | 103,709 | 48,192 | 9.2 | 4.1 | 8.7 | 8.65 | 13,614 |
| RI | 5.8 | -5.5 | 24.6 | 4.8 | 9,869 | 5,750 | 10.0 | 0.4 | 7.2 | 0.70 | 1,289 |
| SC | -29.6 | -26.5 | 108.6 | 5.4 | 32,015 | 22,128 | 12.7 | -1.3 | 13.3 | 2.52 | 3,708 |
| SD | 3.6 | -6.3 | 10.6 | 2.6 | 1,055 | 414 | 9.0 | 2.1 | 10.4 | 0.52 | 650 |
| TN | -31.8 | -41.3 | 131.5 | 4.6 | 46,361 | 36,233 | 13.2 | -4.1 | 10.8 | 3.37 | 14,986 |
| TX | -47.7 | -82.5 | 653.1 | 6.1 | 191,530 | 94,212 | 15.2 | -0.3 | 23.0 | 11.47 | 18,606 |
| UT | -14.7 | -12.8 | 56.9 | 5.0 | 15,198 | 7,647 | 8.0 | -1.6 | 13.6 | 1.24 | 5,389 |
| VT | -2.3 | -3.8 | 14.7 | 4.2 | 3,285 | 1,281 | 9.8 | -4.0 | 9.7 | 0.43 | 441 |
| VA | -37.1 | -37.2 | 153.7 | 4.1 | 30,496 | 19,178 | 8.0 | 1.8 | 11.9 | 4.87 | 10,937 |
| WA | -76.4 | -44.2 | 218.7 | 7.2 | 58,803 | 7,699 | 10.4 | -6.3 | 13.5 | 3.90 | 9,804 |
| WV | -1.9 | -7.7 | 47.9 | 5.9 | 6,325 | 3,783 | 15.6 | -2.4 | 14.2 | 0.97 | 2,443 |
| WI | -3.5 | -45.1 | 159.6 | 5.2 | 51,814 | 21,982 | 8.6 | -3.3 | 8.5 | 4.40 | 6,677 |
| WY | 12.3 | -0.2 | 9.8 | 3.6 | 1,933 | 1,115 | 10.3 | 0.2 | 15.6 | 0.32 | 617 |

Sources: U.S. Department of Labor; Center on Budget and Policy Priorities; Institute for America's Future; America Bankruptcy Institute; National Conference of State Legislatures; U.S. Census Bureau.

* To improve reliability, the Census Bureau uses two-year moving averages and three-year averages for some state data. For state data on health insurance coverage and poverty rates, the Census Bureau uses a three-year average (1999-2001). For changes in median household income by state, the Census Bureau compares a two-year moving average (1999-2000) with another two-year average (2000-2001). For U.S. data on poverty rates and health insurance coverage, the data are for 2001. For changes in U.S. median household income, the comparison years are 2000 and 2001.