

## ACA Offers Protection as the COVID-19 Pandemic Erodes Employer Health Insurance Coverage

Michael Karpman and Stephen Zuckerman  
November 2020

The COVID-19 pandemic presents the first major test of how well the Affordable Care Act (ACA) can protect people's health insurance coverage during a recession, as job losses threaten employer-sponsored health insurance (ESI). According to newly available data from the Urban Institute's Coronavirus Tracking Survey,<sup>1</sup> 3.1 million adults lost ESI between March/April and September 2020, but most of them retained some form of insurance with the ACA in place. However, the *California v. Texas* lawsuit the Supreme Court will hear on November 10, 2020, could put the protections offered by the ACA at risk.

### Findings

The share of nonelderly adults with ESI fell from 64.9 percent in late March/early April, several weeks after the COVID-19 pandemic triggered a recession, to 63.4 percent in mid-to-late September (figure 1, top chart). The estimated 1.5 percentage-point decline is equivalent to a loss of ESI for approximately 3.1 million adults. However, we did not find a corresponding statistically significant increase in the uninsurance rate, which was 11.5 percent in March/April and 11.9 percent in September.

Approximately one in seven adults reported in September that they or their spouse or partner had lost or been laid off from a job since the beginning of March (data not shown). Among these adults, the share covered by ESI fell from 55.9 percent in March/April to 48.0 percent in September, a reduction of 7.9 percentage points (figure 1, bottom chart). These losses were mostly offset by increases in Medicaid/CHIP (from 12.8 percent in March/April to 16.8 percent in September) and private nongroup coverage (from 8.5 percent to 11.7 percent). The estimated uninsurance rate among adults in families experiencing job loss was 20 percent in September, which does not differ significantly from the 18.5 percent who were uninsured in March/April.

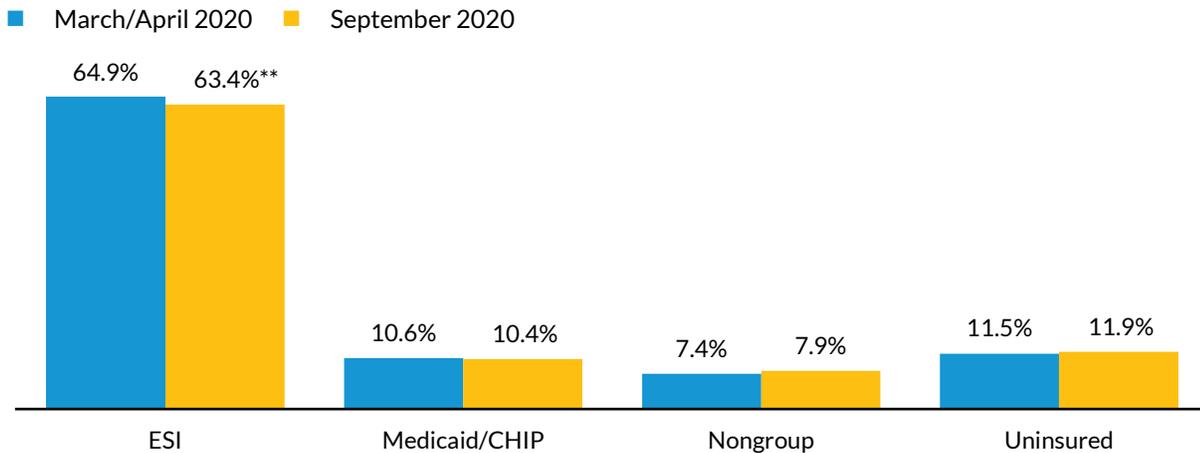
### Policy Implications

The public and private health insurance coverage options bolstered by the ACA are mitigating the impact of ESI losses, which have accelerated recently as the number of unemployed workers reporting permanent job losses during the pandemic has increased.<sup>2</sup> However, the Supreme Court decision in *California v. Texas* could determine whether key ACA provisions remain in place. The Supreme Court will hear oral arguments on November 10 to decide whether the 2017 Tax Cuts and Jobs Act that set the individual mandate penalty to zero dollars made the individual mandate unconstitutional because it is no longer a tax, and whether the individual mandate is severable from the rest of the ACA or other provisions of the law should also be struck down.<sup>3</sup> If the court rules that the entire ACA is unconstitutional, an estimated 21 million more people would be uninsured in 2022 than would be under current law.<sup>4</sup> This sharp rise in uninsurance would occur as the labor market still recovers from the pandemic-induced recession and the nation potentially faces increased demand for care to address long-term health problems associated with COVID-19.

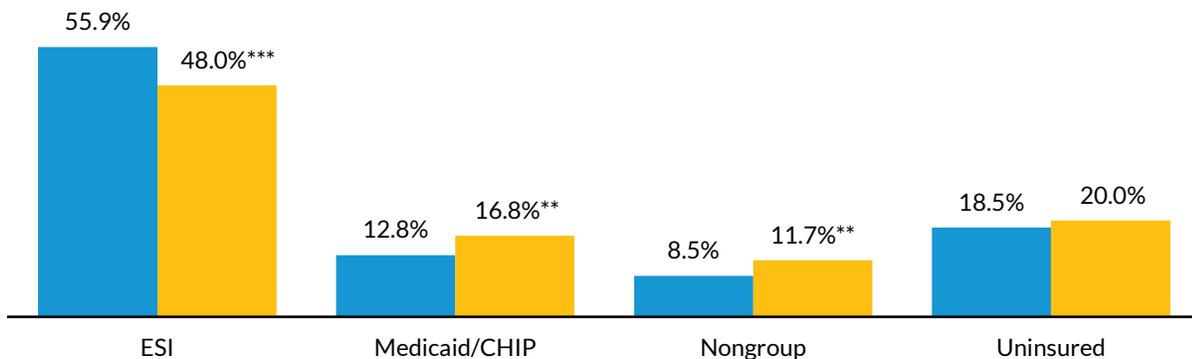
FIGURE 1

Health Insurance Coverage among Adults Ages 18 to 64, March/April and September 2020

All adults



Adults in families experiencing job loss during the pandemic



URBAN INSTITUTE

Sources: March/April estimates are from the Urban Institute Health Reform Monitoring Survey. September estimates are from the Urban Institute Coronavirus Tracking Survey, wave 2.

Notes: ESI = employer-sponsored insurance; CHIP = Children’s Health Insurance Program. Estimates are not shown for the shares of adults with Medicare and insured with a nonspecified coverage type. For all adults, the shares with Medicare are 4.4 percent in March/April and 4.7 percent in September; the shares with nonspecified coverage are 1.3 percent in March/April and 1.7 percent in September. For adults in families experiencing job loss during the pandemic, the shares with Medicare are 3.4 percent in March/April and 2.9 percent in September; the shares with nonspecified coverage are 0.8 percent in March/April and 0.5 percent in September.

\*/\*\*/\*\*\* September estimate differs significantly from March/April estimate at the 0.10/0.05/0.01 level, using two-tailed tests.

Notes

- 1 The Urban Institute’s Coronavirus Tracking Survey is a nationally representative Internet-based survey designed to assess how the COVID-19 pandemic is affecting nonelderly adults and their families and how those effects change over time. A total of 4,007 adults ages 18–64 participated in the second wave of the survey, which was fielded September 11–28, 2020.
- 2 “The Employment Situation–September 2020,” Bureau of Labor Statistics, news release USDL-20-1838, October 2, 2020.
- 3 MaryBeth Musumeci, *Explaining California v. Texas: A Guide to the Case Challenging the ACA* (San Francisco: Kaiser Family Foundation, 2020).
- 4 Linda J. Blumberg, Michael Simpson, Matthew Buettgens, Jessica Banthin, and John Holahan, *The Potential Effects of a Supreme Court Decision to Overturn the Affordable Care Act: Updated Estimates* (Washington, DC: Urban Institute, 2020).