

Changes in Health Insurance Coverage Due to the COVID-19 Recession: Preliminary Estimates Using Microsimulation

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Introduction

The novel coronavirus outbreak resulted in extensive business shutdowns and stay at home orders that upended the U.S. economy in just a few weeks. Job losses soared in March and April 2020: The number of people unemployed in the United States soared to a record-breaking 23.1 million. By April, the official unemployment rate reached 14.7 percent—and would have approached 20 percent had it been adjusted to include people out of work for unspecified reasons.¹ Despite some employment gains in May and June, most economists forecast a long and slow economic recovery. Certain industries, such as restaurants, travel, and hospitality, will likely be affected by the ongoing health risks posed by the coronavirus for months or years to come, until an effective vaccine is widely available.

For some people, losing their job means losing the health insurance coverage they had through their job. Thus, employment losses of this magnitude have potentially profound effects on insurance coverage for many Americans. In this analysis, we use the most recent data on the characteristics of people who have lost their jobs during the pandemic to reveal how the general economic slowdown has spread beyond the industries initially affected by COVID-19-related shutdowns, which are less likely to provide employees health coverage, to sectors where job-based insurance is more common, such as health care and state and local governments.

The economic disruption caused by COVID-19 is a test of the safety net health insurance programs created under the Affordable Care Act (ACA). Loss of income and access to employer-sponsored insurance means unemployed workers may become eligible for one of the two major subsidized coverage programs established by the ACA: the Medicaid expansion for people with low incomes, which is available in 35 states and the District of Columbia, and the ACA marketplaces, which offer premium tax credits to purchase private nongroup plans available nationwide.

Uncertainty surrounds the economic and health insurance coverage effects of the COVID-19 pandemic. In this paper, we use microsimulation to take full advantage of the limited information currently available. Our microsimulation model, the Health Insurance Policy Simulation Model (HIPSM), incorporates data on employment losses by industry, state, and demographic characteristics regularly published by the US Department of Labor (DOL) as it tracks the economic recession's impact on workers. HIPSM already includes detailed information on more than 6 million sample individuals, including the industry or occupation they work in, their access to employer-sponsored insurance coverage, their income, and other sociodemographic information. Thus, we can simulate employment losses that match actual employment losses reported by DOL. From there, we estimate resulting changes in eligibility for and enrollment in new insurance coverage.

We estimate the effects of the COVID-19 recession on insurance coverage during the most affected period, the last three quarters of 2020. Our estimates can be interpreted as applying to the average month in this period. However, the duration of the recession is highly uncertain. To project employment losses for this period, we peg the number of those losing employment in our model to such projections from the Congressional Budget Office, averaged over the last three quarters of 2020.

We find that 48 million people will live in families with a worker who experiences a COVID-19-related job loss in the last three quarters of 2020. Of them, 10.1 million lose employer coverage tied to that job. We estimate 32 percent of these people switch to another source of employer coverage through a family member, 28 percent enroll in Medicaid, and 6 percent enroll in the nongroup market, mainly in marketplace coverage with premium tax credits. Still, we estimate 3.5 million people in this group become uninsured.

We estimate that these changes are offset somewhat by coverage transitions among other people; in particular, about 500,000 people uninsured before the pandemic become eligible for Medicaid and enroll. After accounting for all transitions in coverage due to COVID-19-related employment losses, we estimate that 7.3 million fewer people have employer-based coverage; 4.3 million more people enroll in Medicaid or the Children's Health Insurance Program (CHIP), a 6.1 percent increase; and 2.9 million people become uninsured, a 10.0

percent increase. Enrollment in nongroup coverage increases by just 200,000 people on net, because 700,000 people newly enroll but are offset by the 500,000 other people who leave their prepandemic nongroup coverage (most of whom move to Medicaid because of lost income).

Our projections align with growing evidence that the COVID-19 recession is unlike previous recessions and is disproportionately affecting workers paid low wages²—many of whom are not covered by health insurance through their jobs.

Methods

Simulating the effects of the COVID-19 recession on insurance coverage involves three broad steps. The first is incorporating reported employment losses into our microsimulation model using multiple recent data sources from DOL.³ In the second step, we calculate the loss of income and employment-based coverage that follow from the loss of employment. Some workers who lose their jobs have access to employer-sponsored coverage through a family member, and we estimate a high share of those workers take up this option when it becomes available. Last, after accounting for changes in income (including possible receipt of unemployment insurance) and in access to offers of employer coverage, we recalculate each person's eligibility for subsidized health insurance coverage and simulate their enrollment into the programs for which they are eligible.

The severity and duration of the COVID-19 recession are uncertain. Thus, we control our estimates of total employment losses to projections from the Congressional Budget Office, using the average for the last three quarters of 2020: 22.4 million workers unemployed or leaving the labor force.⁴ When estimating changes in insurance coverage, it is important to account for workers who lose their jobs and leave the labor force, not just those who report looking for work. Our 22.4 million estimate is close to the total number of people who were officially counted as unemployed in April 2020: 23.1 million. Conversely, our estimate is somewhat higher than the number of continuing unemployment

insurance claims continuing to be paid as of June 18, 2020: 20.5 million. But, it is much smaller than the still-growing sum of unemployment insurance claims filed since the recession began; more than 40 million claims were filed between mid-March and May 28, but that number may include people who filed more than one claim or who have already returned to work.

We estimate that fewer people will become uninsured in the wake of the COVID-19 recession than do several earlier studies. Our estimates differ from those of two other microsimulation studies that assumed greater employment losses.^{5,6} Our results also differ from a study based on evidence of the relationship between changes in unemployment and employer-based coverage from previous recessions and recoveries.⁷ The COVID-19 recession appears to differ dramatically from previous ones in its sudden and disproportionate effects on certain sectors of the economy while other sectors are unchanged. Employment losses are also unlike previous recessions, hitting workers with low wages and low educational levels more severely than others. These workers are less likely to have employer-based coverage through their jobs and more likely to be enrolled in Medicaid before the pandemic than other workers.^{8,9} We discuss more fully how our estimates differ from others in the discussion section. We also provide additional details on our key assumptions and the development of our estimates in the Appendix.

Results

People in families experiencing a COVID-19-related job loss. We estimate that in the last three quarters of 2020, 48 million nonelderly people live in families with a worker who will experience a COVID-19-related job loss. Yet, as shown in Figure 1, only a small fraction of those people and their family members were covered by insurance tied to the lost job (21 percent, or 10.1 million people). Larger shares of these workers and their family members were covered by Medicaid or CHIP (27 percent, or 12.7 million people) or an employer plan through another family member's job (34 percent, or 16.6 million people). Whereas 2.4 million (5

percent) of these people were enrolled in the nongroup market, about 4.7 million (10 percent) were uninsured.

Our projections reflect that COVID-19-related job losses disproportionately affect workers paid low wages and families with low incomes. We estimate that 35 percent of workers who experience a COVID-19-related job loss had health insurance to cover themselves through their jobs (data not shown), but they did not always use it to cover their family members. In families with low incomes, children may be eligible for CHIP, and other adult family members may rely on their own jobs to secure employer-based coverage or go uninsured.

Focusing on the 10.1 million people who lose employer coverage because of a COVID-19-related job loss in the last three quarters of 2020, we estimate that just over one-third have access to employer-based insurance through a family member, and a high share of those people make the switch. Consequently, we estimate that 32 percent remain in employer-based insurance (Figure 2). About 28 percent enroll in Medicaid or CHIP, and 6 percent enroll in nongroup coverage, mainly marketplace coverage with premium tax credits. However, about one-third, or 3.5 million people, become uninsured. About 55 percent of the people who become uninsured are eligible for, but do not use, subsidized coverage through the marketplace or Medicaid.

Employer-sponsored coverage. After accounting for the transitions in coverage described above and coverage changes among other people without employer-based coverage before the pandemic, we estimate that 7.3 million fewer people will be enrolled in employer-sponsored insurance coverage across the last three quarters of 2020 (Table 1). This number reflects a net change in coverage and is shown in comparison with the number of people enrolled in employer-sponsored coverage in early 2020, before the pandemic. Employer-based coverage would have decreased even further if more newly unemployed workers had had coverage through their jobs before the crisis.

Figure 1. Health Insurance Coverage Prior to Pandemic Among Those with Subsequent Job Loss in Family, 2020

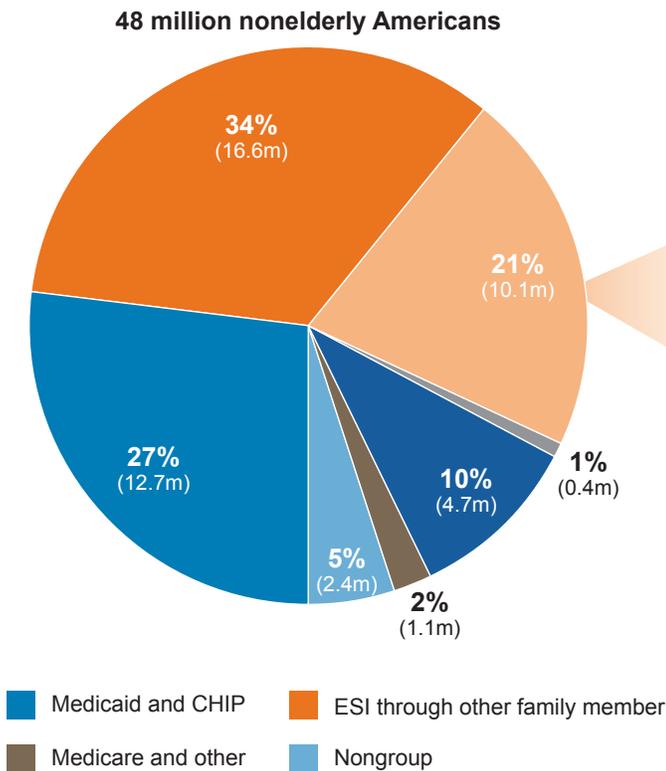
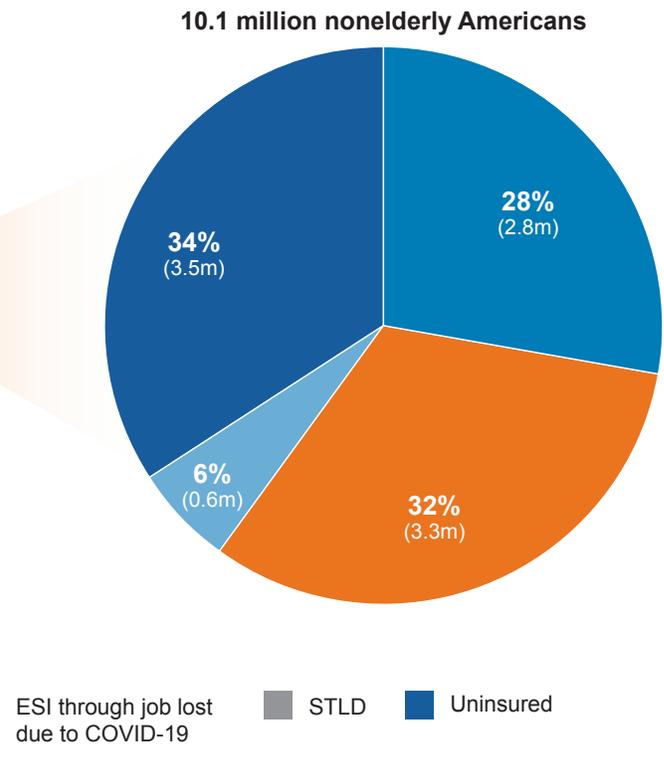


Figure 2. Post Job Loss Coverage Among Workers and Family Members Losing ESI Due to COVID-19 Recession, 2020



Source: Urban Institute's Health Insurance Policy Simulation Model

Notes: Estimates can be interpreted as applying to the average month in the last three quarters of 2020. ESI is employer-sponsored insurance, STLD is short-term limited duration plans, CHIP is Children's Health Insurance Program

Medicaid and CHIP. At the national level, we project Medicaid/CHIP enrollment increases by 4.3 million people, or 6.1 percent, across the last three quarters of 2020 (Table 1). As discussed above, some workers who lose their jobs and become unemployed or leave the labor force become newly eligible for Medicaid coverage because of their income loss. Their children may also be newly eligible for Medicaid or CHIP. Other new enrollees previously had nongroup coverage but became eligible for Medicaid after losing their job and income.

Temporary provisions available during the public health emergency, such as continuous eligibility, also contribute to increased Medicaid and CHIP enrollment. This provision applies if a state accepts additional federal funding via an increased matching rate for traditional Medicaid eligibility categories under the

Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security, or CARES, Act.¹⁰ Without the continuous eligibility provision, some people would have disenrolled from Medicaid and CHIP, or been found ineligible and automatically disenrolled, reducing average monthly enrollment figures.

Nongroup coverage. Small net changes in nongroup coverage conceal larger movements in and out of this market which encompasses the ACA marketplaces (both with or without subsidies), the Basic Health Program (available in New York and Minnesota), and ACA-compliant plans sold outside the marketplaces. We estimate that nongroup coverage increases by just 200,000 people on net. This number can be divided into a net increase of 400,000 people covered by plans with premiums tax credits and a

net decrease of 200,000 people covered by plans without premium tax credits. Behind these net changes, we estimate that 700,000 people newly enroll in nongroup coverage because of COVID-19-related losses of income and access to employer-based coverage, whereas 500,000 people with nongroup coverage before the pandemic move into Medicaid coverage.

Other factors not estimated in our model may also affect enrollment in the nongroup market. In some cases, employers have continued to pay their employees' health insurance premiums even while workers were furloughed for multiple months.¹¹ Insurers also report using strategies to help employers and their workers retain group coverage during the recession.¹² In other cases, uninsured workers expecting to return to work when economic activity resumes

Table 1. Health Insurance Coverage among the Nonelderly U.S. Population under Current Law and Changes Due to COVID-19 Recession, 2020

	Prepandemic		COVID-19 Recession		Change	
	# Millions	% dist	# Millions	% dist	# Millions	% change
Insured (Minimum Essential Coverage)	244.3	88.7%	241.5	87.7%	-2.8	-1.1%
Employer	151.1	54.9%	143.9	52.2%	-7.3	-4.8%
Nongroup, ACA-compliant	15.1	5.5%	15.3	5.6%	0.2	1.3%
With premium tax credits*	9.4	3.4%	9.9	3.6%	0.4	4.4%
Without premium tax credits*	5.7	2.1%	5.5	2.0%	-0.2	-3.9%
Medicaid/CHIP	69.5	25.2%	73.7	26.8%	4.3	6.1%
Other	8.6	3.1%	8.6	3.1%	0.0	0.0%
No Minimum Essential Coverage	31.1	11.3%	33.9	12.3%	2.8	9.0%
Uninsured	28.6	10.4%	31.5	11.4%	2.9	10.0%
Short-term, limited duration plans	2.5	0.9%	2.5	0.9%	-0.1	-2.3%
Total	275.5	100.0%	275.5	100.0%	0.0	0.0%

Source: Health Insurance Policy Simulation Model.

Notes: % dist. is percent distribution. ACA is Affordable Care Act. CHIP is Children's Health Insurance Program. Other coverage includes Medicare and other public insurance programs.

Estimates can be interpreted as applying to the average month in the last three quarters of 2020.

* Coverage through the Basic Health Program is combined with nongroup with premium tax credits. Nongroup plans with no premium tax credits include plans sold within and outside the ACA marketplace.

may find it difficult to estimate their annual income and may therefore avoid applying for income-related assistance. Premium tax credits in the marketplace are based on estimated annual income, and excessive tax credits must be paid back when the year's income tax return is due the following April. In addition, those who enroll in a marketplace plan midyear face a large deductible with fewer months in which to exceed it. In those cases, the value of the plan's partial-year coverage may be significantly lower than its structure would imply. Consequently, if unemployment remains high at the end of the calendar year, the demand for marketplace coverage may increase to a much greater extent during the 2021 open enrollment period.

Uninsured. We estimate that the number of uninsured people increases by 2.9 million on net, to 31.5 million, in the last three quarters of 2020. The total number of uninsured people represents 11.4 percent of the nonelderly U.S. population. This net figure is somewhat smaller than the 3.5 million people who become uninsured after losing their job (Figure 2), because about 500,000 people who were

uninsured before the pandemic become eligible for and enroll in Medicaid after employment losses.

Effects by State Expansion Status

In Table 2, we show estimated net changes in insurance coverage separately for DC and the 35 states that expanded Medicaid under the ACA (expansion states) and for the 15 states that have not done so (nonexpansion states).¹³ Across the last three quarters of 2020, the total nonelderly population living in expansion states (180.2 million) is nearly double that living in nonexpansion states (95.2 million). In both Medicaid expansion and nonexpansion states, more than half of the nonelderly population had employer-based coverage before the pandemic, and we estimate both groups see net declines in employer coverage in the last three quarters of 2020. Expansion states had slightly higher levels of employer coverage than nonexpansion states before the pandemic (55.6 percent versus 53.4 percent), and they are estimated to experience slightly larger declines in this type of coverage because

of the recession (-5.2 percent versus -3.9 percent). Larger percent declines in employer coverage in expansion states owe to the disproportionate concentration of job losses and higher rates of prepandemic employer-based insurance in those states.

The national increase in Medicaid and CHIP enrollment hides how such enrollment varies by state Medicaid expansion status. Medicaid is more broadly available to low-income adults in families with a COVID-19-related job loss if they live in DC or one of the 35 expansion states. Because of the COVID-19 recession, Medicaid and CHIP enrollment increases by 7.3 percent (3.7 million people) in expansion states during the last three quarters of 2020. In contrast, Medicaid and CHIP enrollment increases by only 3.1 percent (600,000 people) in nonexpansion states, because of much stricter eligibility rules.

Changes in nongroup coverage also vary by state expansion status. In expansion states, nongroup enrollment declines slightly, by 1.8 percent, or 200,000 people, on net. As noted earlier, this

Table 2. Health Insurance Coverage among the Nonelderly U.S. Population under Current Law and Changes Due to COVID-19 Recession, by State Medicaid Expansion Status, 2020

	Prepandemic		COVID-19 Recession		Change	
	# Millions	% dist	# Millions	% dist	# Millions	% change
Expansion States						
Insured (Minimum Essential Coverage)	164.4	91.2%	162.6	90.2%	-1.8	-1.1%
Employer	100.3	55.6%	95.0	52.7%	-5.3	-5.2%
Nongroup, ACA-compliant	9.1	5.0%	8.9	4.9%	-0.2	-1.8%
With premium tax credits*	5.1	2.8%	5.2	2.9%	0.1	1.0%
Without premium tax credits*	3.9	2.2%	3.7	2.1%	-0.2	-5.4%
Medicaid/CHIP	50.1	27.8%	53.7	29.8%	3.7	7.3%
Other	5.0	2.7%	5.0	2.7%	0.0	0.0%
No Minimum Essential Coverage	15.9	8.8%	17.6	9.8%	1.8	11.1%
Uninsured	14.8	8.2%	16.6	9.2%	1.8	12.1%
Short-term, limited duration plans	1.0	0.6%	1.0	0.5%	0.0	-3.2%
Total	180.2	100.0%	180.2	100.0%	0.0	0.0%
Non Expansion States						
Insured (Minimum Essential Coverage)	80.0	84.0%	78.9	82.9%	-1.0	-1.3%
Employer	50.8	53.4%	48.8	51.3%	-2.0	-3.9%
Nongroup, ACA-compliant	6.1	6.4%	6.4	6.7%	0.4	5.8%
With premium tax credits*	4.3	4.5%	4.7	4.9%	0.4	8.5%
Without premium tax credits*	1.7	1.8%	1.7	1.8%	0.0	-0.6%
Medicaid/CHIP	19.4	20.4%	20.0	21.0%	0.6	3.1%
Other	3.7	3.8%	3.7	3.8%	0.0	0.0%
No Minimum Essential Coverage	15.3	16.0%	16.3	17.1%	1.0	6.8%
Uninsured	13.8	14.5%	14.8	15.6%	1.1	7.7%
Short-term, limited duration plans	1.5	1.6%	1.5	1.6%	0.0	-1.8%
Total	95.2	100.0%	95.2	100.0%	0.0	0.0%

Source: Health Insurance Policy Simulation Model.

Notes: % dist. is percent distribution. ACA is Affordable Care Act. CHIP is Children's Health Insurance Program. The Basic Health Program is combined with ACA Marketplace with premium tax credits;

Compliant nongroup plans sold outside the marketplace are combined with nongroup, ACA-compliant coverage without tax credits.

When the COVID-19 recession began, 15 states had not adopted Medicaid expansion; they are Alabama, Florida, Georgia, Kansas, Mississippi, Oklahoma, Tennessee, North Carolina, South Carolina, South Dakota, Texas, Wisconsin, and Wyoming, as well as Nebraska, where expanded Medicaid eligibility will take effect in late 2020.

Estimates can be interpreted as applying to the average month in the last three quarters of 2020.

Other coverage includes Medicare and other public insurance programs.

net decline results from the increase in new nongroup enrollment being more than offset by people moving from their prepandemic nongroup coverage and into Medicaid after losing income. In contrast, nongroup enrollment grows by 5.8 percent (400,000 people) in nonexpansion states since fewer people move out of prepandemic nongroup coverage into Medicaid which is not generally available. People whose incomes newly fall into the range between 100 and 138 percent of the federal poverty level as a result of COVID-19-related job loss are eligible for marketplace premium tax credits if

they live in nonexpansion states, and Medicaid if they live in expansion states.

We estimate that the number of people who lose employer coverage because of the COVID-19 recession in expansion states will be more than double that in nonexpansion states (5.3 million versus 2.0 million) over the last three quarters of 2020. In expansion states, 1.8 million more people become uninsured, about a third of the number of people losing employer coverage. In nonexpansion states, 1.1 million more people become uninsured, but that constitutes more than

half the number of people losing employer coverage. Because of additional coverage losses resulting from the current crisis, the uninsured constitute 9.2 percent and 15.6 percent of the nonelderly populations in expansion and nonexpansion states during the last three quarters of 2020. Without expanded Medicaid eligibility in the latter states, current law provides few coverage options to people losing their jobs.

Limitations

Our projections of the COVID-19 recession's effects on insurance

coverage are based on the best presently available data. In these volatile times, however, we face several uncertainties when estimating insurance coverage. First, data are not yet available on the number of people who lost employer coverage when they lost their jobs; we estimate this change based on the known characteristics of the people losing employment.

Second, we match the distribution of job losses in our simulation model to the distribution of job losses in May provided by the Bureau of Labor Statistics (BLS). Certain areas of the country, such as the Northeast, were hit harder earlier in the pandemic, and the characteristics of workers losing jobs reflect this. If job losses shift disproportionately to other states (e.g., in the South) later in the year, we may see different patterns of employment losses that do not match earlier data. This would affect the distribution of insurance coverage overall and our estimated differentials between expansion and nonexpansion states.

Third, tremendous uncertainty surrounds the pandemic itself, how seriously it will continue to affect people and how their behavior will change, when a vaccine will be available, and how fast the economy may recover as a result. Unanticipated shifts in any of these factors would change our estimates. Consequently, we label these estimates as preliminary, expecting to update them later. Our findings represent estimated outcomes under current law. If additional legislation is passed by Congress and signed into law, outcomes will vary from our estimates.

Discussion

Though the COVID-19 pandemic has upended the economy and is causing hardship nationwide, we estimate that losses of employer-based coverage will be lower than some expect across the last three quarters of 2020, because employment losses have been disproportionately concentrated among workers who did not have access to employer-based coverage before the pandemic. These estimates align with evidence that the COVID-19 recession is hitting people with low incomes and less educational attainment the hardest.

Our estimates are also consistent with findings from recent surveys. One survey found most households experiencing a job loss had not been receiving coverage through the affected job but were instead covered through another job, enrolled in subsidized coverage, or uninsured.¹⁴ A second survey found that in the early months of the COVID-19 recession some adults whose families lost jobs have also lost employer-based coverage but such coverage changes have not yet resulted in significant increases in the number of uninsured. Resulting increases in Medicaid/CHIP and nongroup coverage that vary by state expansion status are consistent with our results.¹⁵

Our analysis projects that the ACA health insurance safety net is working as intended in states that expanded Medicaid eligibility, better protecting people from uninsurance. People living in states that have refused to expand Medicaid, however, are less protected. As noted, we estimate that about 34 percent of the number of people losing employer coverage become uninsured in expansion states, while about 55 percent of the number losing employer coverage become uninsured in nonexpansion states.

We project that net additional enrollment in nongroup coverage in 2020 because of COVID-19 recession will be low for several reasons. First, a substantial number of nongroup enrollees become eligible for Medicaid once they suffer income losses, particularly in expansion states. In addition, many employers and insurers have tried to help enrollees maintain employer-based insurance during the economic downturn, but those strategies likely cannot be sustained through the end of the year. Workers who expect to return to work in the fall may not have prioritized taking up nongroup coverage. This may be particularly true for workers concerned that accepting income-based subsidized coverage could mean they must pay back part of that assistance when filing their taxes the following April, if their incomes have increased to typical levels. In addition, starting coverage in the middle of the plan year reduces the value of that coverage, because people are less likely to meet their annual deductibles in the remaining months of 2020.

The findings from this analysis differ from those in an earlier Urban Institute study.⁷ We find that 2.9 million people will become uninsured because of the COVID-19 recession, whereas the earlier study estimated that 5.1 million people could become uninsured in its base scenario (and 8.5 million in its high scenario) if unemployment rose to 15 percent, the scenario most comparable to our economic assumptions. The earlier study used alternative econometric models to estimate the historical relationship between employer-based coverage and the unemployment rate, and then used recent data to estimate the resulting insurance status of those projected to lose employer coverage. In contrast, this analysis relies on HIPSM, an Urban Institute microsimulation model, and was produced in June 2020 using May data on job losses and the characteristics of affected workers. As described in more detail in the Appendix, we impute job losses to workers matching the reported distribution of characteristics and compute eligibility for Medicaid and marketplace subsidies for each individual in the model. We then use the model's information on prior insurance coverage to estimate the new set of insurance choices. Last, we use individual and family preferences for insurance to simulate decisions to enroll in new coverage options. To the extent that the current recession differs from previous recessions, microsimulation can take better advantage of available data and capture those differences to a greater degree than an econometric model based on historical relationships. If the current recession evolves to be more similar to prior recessions than the most recent data indicate, the microsimulation approach could lead to greater bias than the econometric approach.

Appendix

We produced the estimates for this report using the Health Insurance Policy Simulation Model, a detailed microsimulation model of the health insurance system designed to estimate the cost and coverage effects of proposed health care policy options. HIPSM is based on two years of data from the American Community Survey, which provides a representative sample of families constituting more than 6 million individuals. The sample is reweighted

to reflect more recent information on income and demographics and aged to future years using recent American Community Survey data and projections from the Urban Institute's Mapping America's Futures program. We regularly update the model to reflect the latest published Medicaid and marketplace enrollment and costs in each state. In this analysis, the version of HIPSM used for the prepandemic coverage baseline incorporates information on enrollment and premiums at the end of the open enrollment period in early 2020.¹⁶

HIPSM is designed to incorporate timely, real-world data when they are available. Here, we incorporate the latest detailed information on employment losses by industry, state, and demographic characteristics collected from multiple sources and released by DOL.³ Thus, recent data on actual employment losses are the foundation for our estimates of changes in insurance coverage due to the COVID-19 recession.

As noted, simulating the effects of the COVID-19 recession on insurance coverage involves three broad steps. The first is incorporating reported employment losses into our microsimulation model. We model total employment losses to capture increases in the numbers of people exiting the labor force and of people counted as unemployed (i.e., actively seeking work). We use those data to impose employment losses from monthly BLS employment situation reports on the individuals in our data, selecting people by their reported industry, occupation, educational attainment, sex, and full-/part-time work status. We also match our distribution of employment losses by state to that from BLS state employment and unemployment reports. We control our estimates of total employment losses to projections from the Congressional Budget Office, finding that 22.4 million workers will be unemployed or have left the labor force during the last three quarters of 2020.⁴

In the second step, we calculate the losses of income and employment-based coverage that follow from the loss of employment. We assume workers who lose their jobs also lose the income

associated with it, but many workers will apply for and receive unemployment insurance (UI). We assume 66 percent of workers eligible for benefits receive them, based on historical evidence of low receipt, adjusted for newly expanded eligibility and other incentives to apply.¹⁷ We apply state and federal rules in calculating UI payments, because states vary considerably in their rules and in the number of weeks unemployed workers can collect UI benefits. We also apply recent federal rules that affect UI payments: The CARES Act extended UI by 13 weeks beyond existing state limits and increased such weekly payments by \$600 through July 31, 2020. It also expanded eligibility for UI to self-employed workers, such as taxi drivers. We follow federal rules on how various UI payments are counted toward eligibility for Medicaid and marketplace subsidies.

No data are currently available on the number of people who have lost both their job *and* their employer-based insurance. We rely on the underlying data in our model to estimate how many workers who lose their jobs also lose access to employer-sponsored insurance. In our earlier work, we found that just 23 percent of workers in industries most vulnerable to high levels of job losses at that start of the pandemic were covered by employer-sponsored insurance through their own jobs.¹⁸ In this analysis, we find that 35 percent of workers who have lost their jobs were covered by their own employer-sponsored insurance (data not shown). Not all of these newly unemployed workers will lose their employer coverage immediately: Some employers are continuing to pay premiums on behalf of their furloughed employees. Some employers are using loans from the Paycheck Protection Program to pay health insurance premiums, but that money may eventually run out. Some businesses will return to full capacity, but others will not. Our projections assume all unemployed workers who remain out of work eventually lose their employer coverage from their previous jobs.

Some workers who lose their jobs have access to employer-sponsored coverage through a family member. Based on past observed behavior and preferences

incorporated in our model, we estimate that a high share of people with this option take it up when it is available. We simulate this in our model, accounting for differences in premiums and plan generosity between the family member's offer and the coverage lost. In this analysis, we project that about 3.3 million workers and family members switch to another source of employer insurance (Figure 2). Thus, they do not appear in Table 1 as having lost employer coverage because that table reflects net changes in sources of coverage.

In the final step, after accounting for changes in income and in access to offers of employer coverage, we recalculate each person's eligibility for subsidized health insurance coverage. Our model estimates people's enrollment responses to the new set of insurance choices they face, including enrollment in employer-sponsored insurance (if available), Medicaid, CHIP, the Basic Health Program, and nongroup insurance coverage (including marketplace plans), as well as uninsurance. Our model is based on evidence drawn from a vast literature on insurance choices, observed preferences, and take-up elasticities. We also compared our results with more recent Medicaid enrollment data in the states for which they were available. In the 16 states for which we had enrollment data, Medicaid enrollment increased by 5.3 percent, on average, from February to May. Our model predicts additional Medicaid enrollment due to the COVID-19 recession, an eventual 6.1 percent increase. This is consistent with data from DOL and BLS showing the bulk of job losses occurred in May and that employment may have started improving in late May and June.

ENDNOTES

- 1 Bureau of Labor Statistics. Employment Situation News Release. https://www.bls.gov/news.release/archives/empst_05082020.htm. Published May 8, 2020. Accessed July 7, 2020.
- 2 See the Financial Repercussions from COVID-19 section in Board of Governors of the Federal Reserve System. *Report on the Economic Well-Being of U.S. Households in 2019 – May*. Washington: Board of Governors of the Federal Reserve System; 2020. <https://www.federalreserve.gov/publications/2020-economic-well-being-of-us-households-in-2019-financial-repercussions-from-covid-19.htm>. Accessed June 25, 2020.
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