Papering over the cracks: COVID-19’s amplification of the failures of employer-based health insurance coverage

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ABSTRACT
Background: COVID-19 has altered numerous lives and accounted for significant mortality and morbidity throughout the world and, especially, the USA. During the pandemic, from mid-March to July 2020, around one-fourth of the US population filed for unemployment benefits.

Objective: In this article, we discuss the economic ramifications exposed in the American healthcare system’s current model by the COVID-19 crisis.

Methods: In this review, we analyze 18 articles to look at how access to health insurance has affected how Americans receive medical care during the coronavirus pandemic.

Results: The large-scale job losses related to the pandemic translates directly into millions of Americans also losing employer-sponsored health insurance (ESI) coverage. With the pandemic disproportionately affecting minority populations, these communities now bear the additional toll of not receiving appropriate care.

Conclusion: Due to the pandemic, it is probable that a significant portion of Americans that are uninsured are less likely to seek medical care for COVID-19 symptoms. While the disease can manifest as a mild respiratory illness in most, others can experience more severe disease and require acute, intensive medical care. The lack of health insurance in this instance can be potentially fatal. Given that COVID-19 has disproportionately affected minority communities across the USA, it is important to highlight the correlation between access to medical care and COVID-19 infection rates. Communities that are of lower socioeconomic status are less likely to have health insurance and follow up with medical care due to out-of-pocket costs, which in turn leads to a higher case fatality rate due to COVID-19.

1. Introduction

The coronavirus pandemic has been ravaging the world since news of its spread from Wuhan, China in December 2019. Thus far, the USA has reported 9,268,818 coronavirus cases, with a death toll of 230,893 despite strict social distancing measures [1]. The coronavirus pandemic swept across the nation, with New York becoming the initial epicenter in the USA. Widespread panic and fear permeated the nation as reported daily death tolls rose and essential supplies such as cleaning products, toilet paper, and groceries vanished from the shelves as quickly as they appeared. Many people felt up-ended by the pandemic, losing jobs overnight as employers made the decision to keep staff at home. The message was to ‘stay at home to stop/slow the spread’ of the coronavirus [2]. However, in the months-long lockdown and implementation of social distancing, closures of schools, public spaces and retail businesses, many Americans remain without work. Some states that were in lockdown for over 9 weeks are in the process of re-opening in ‘phases’, provided the necessary criteria are met in order to re-open.

New York has outlined a step-by-step phase plan in order to fully re-open. Phase 1 focuses on allowing construction, manufacturing, and wholesale supply stores to re-open. Phase 2 allows a wider range of businesses to re-open such as real estate, finance and insurance, storefront retailers and more. Phase 3 focuses on the hospitality industry allowing dine-in customers at places of business and finally Phase 4 is the reopening of schools, museums, movie theatres and other entertainment venues [3]. In comparison, Pennsylvania also has a phased reopening plan for the state, but it is based off three-color themed phases focusing on work and social restrictions. The Red phase only allows life-saving businesses to remain open, requiring masks to be worn in these businesses, and enforces a stay at home order. The Yellow phase allows the opening of businesses at 50% capacity, childcare, and schools, but inhibits gatherings of 25 or more people. Lastly, the Green phase allows...
businesses to operate at 75% capacity while utilizing telework when possible, with the opening of health and wellness centers at 50% capacity and limitations of indoor gatherings of 25 people or outdoor gatherings of 250 people [4].

Given that these phases are generally meant to be implemented for 2 weeks at a time, if COVID-19 infection and mortality rates remain low, individuals may return to work weeks after the shutdown. According to the Bureau of Labor Statistics, seasonal unemployment rates adjusted for June 2020 in the USA loom at around 11.1%. Like the response to the pandemic, significant regional and state differences exist (as an example, in Pennsylvania, the unemployment rate in June 2020 is 13.0) [5].

Additionally, as of 2018, 8.9% or roughly 27 million individuals were uninsured in the USA [6]. Many of these individuals worked in service industry jobs, which have been significantly affected by the coronavirus pandemic. According to the Report on Economic Well Being in U.S. Households in 2018, 24% of adults neglected some form of medical care due to an inability to pay. While 90% of adults had some form of health insurance in 2018, among those that were uninsured, 38% went without medical treatment due to the inability to pay [7]. Hence, it is likely that in the face of a pandemic and high cost of treatment, many uninsured individuals will forgo visits to emergency rooms across the country. This may be for conditions such as asthma, wound care, or even coronavirus treatment itself. Coupled with loss of employment and lack of health insurance, individuals might find themselves without access to medical care, even though they may live within the vicinity of several hospitals.

However, in light of the ongoing coronavirus pandemic, the federal government has enacted several programs that ensure funding for coronavirus testing and treatment of uninsured individuals. The Families First Coronavirus Response Act (FFCRA) and Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA) both allocate 1 USD billion each to reimburse health-care providers for providing COVID-19 testing to uninsured patients [8]. Similarly, the Provider Relief Fund, created from appropriation of 100 USD billion from the Coronavirus Aid Relief and Economic Security (CARES) Act and 75 USD billion from the PPPHCEA, attributes a portion of funds for health-care-related expenses incurred during the treatment of uninsured COVID-19 patients [9]. Likewise, funding is also provided for the administration of a Food and Drug Administration (FDA) approved COVID-19 vaccine to uninsured individuals when available. It must be noted however that reimbursement for treatment services is only provided for a primary diagnosis of COVID-19 and does not cover unrelated illnesses or emergency conditions. Additionally, services not covered by traditional Medicare will not be covered under this program, such as hospice services and outpatient prescription drugs [8,9].

2. Economic impact/unemployment

As discussed above, the USA Census Bureau health insurance coverage report for 2018 indicated that 8.5% of people (27.5 million) did not have health insurance at any point during the year. Of those insured, private insurance (67.3%) was more prevalent than public coverage (34.4%). Employer-based insurance was the most common subtype of coverage comprising 55.1% of the population [10]. The U.S. Bureau of Labor Statistics indicated in its May 8th, 2020 employment situation summary that unemployment has risen to 14.7% in the USA reflecting the effects of the coronavirus (COVID-19) pandemic. In the month of April 2020, the unemployment rate increased a historic 10.3% becoming the largest over-the-month increase since January 1948 when seasonal adjusted data originally became available [11]. The actual number of Americans out of work is expected to be even higher than these projections as workers may have only held partial employment, or simply did not file for unemployment benefits.

A report from the Henry J Kaiser Family Foundation, a non-profit organization focusing on major health-care issues facing the US, published on May 13 2020, indicated that loss of employer-sponsored insurance (ESI) due to COVID-19’s impact on the economy will have a major impact on the health-care coverage rates of the approximately 31 million Americans who filed for unemployment between March 1st and May 2nd, 2020. The report estimated that as of May 2nd, 2020, there is a potential for 27 million people to lose ESI and become uninsured with an estimated half of those people (12.7 million) eligible for Medicaid and another 8.4 million eligible for marketplace subsidies [12]. It should be noted that the above projections only indicate eligibility and not actual confirmed coverage. Prior to the pandemic causing widespread job loss, millions of Americans remained uninsured despite eligibility [13]. Additional considerations must be made on a state by state basis. 2019 data for states that accepted Patient Protection and Affordable Care Act’s Medicaid expansion demonstrated the share of workers who lost or left a job had 22.1% lack of coverage compared to 8.3% lack of coverage for those employed (Δ13.8%). Non-expansion states demonstrated higher insurance rates of unemployed personnel at 38.4% versus 15.8% uninsured employed persons (Δ22.6%) [14].

An analysis of 3,142 counties in the US as of 13 April 2020 gives remarkable insight to how both
health insurance status and population demographics are impacted by COVID-19. The population attributable fraction (PAF) of COVID-19 diagnosis secondary to lack of health insurance for counties with less than 13% Black residents was 3.3% compared to 4.2% for counties with greater than or equal to 13% Black residents. Nine of fourteen states that did not expand Medicaid under the Affordable Care Act are located in the Southern US, where 91% of disproportionate Black counties are located [15].

The implications for the future financial and health impacts resulting from the economic impact of COVID-19 and subsequent decrease in overall health insurance coverage in the US is daunting. Prior research into the costs to patients and society at Lagrange suggest that those who are uninsured are less likely to use any health services and have lower expenditures on average for services. Per capita, a person who was uninsured in 2001 for a full year spent ~$1,336 adjusted for inflation overall, whereas fully insured patients, either with public or private insurance, spent ~$3,475 [16]. This lower level of health system utilization ultimately results in higher morbidity and mortality.

For those patients who do decide to pursue health care despite lack of insurance, out-of-pocket expenditures are comparable to out-of-pocket costs for patients with private health coverage. However, the uninsured are more likely to spend more substantial proportions of family income on healthcare-associated services further exacerbating existing financial burdens. Two-thirds of all uninsured people in the USA as of 2001 earned less than 200% of the federal poverty level (FPL). Adjusting for inflation, a family was projected to need an income greater than 400% FPL (~$102,000) to have a less than one in ten chance of being uninsured [17]. This research also helps to give insight as to who will ultimately bear the financial brunt of caring for millions of newly uninsured patients. The cost of health services that uninsured individuals receive that they do not directly pay for are absorbed by the federal government, localities, states, philanthropic donations, practitioners, and institutions that provide care to those uninsured at no, or reduced, charge. In 2001 for example, public subsidies to hospitals amounted to 23.6 USD billion with overall public support from state, federal, and local governments accounting for 75–85% of the value of uncompensated care provided to uninsured people [18].

Data on alterations to hospital admissions continue to emerge and a recent poll conducted by Morning Consult for the American College of Emergency Physicians including 2201 participants between April 18–20th 2020 indicated that 29% of adults actively delayed or avoided medical care due to concerns about contracting COVID-19 [19]. Further study would help to elucidate the long-term effects to morbidity and mortality of increased proportions of society losing their healthcare, coupled with increased avoidance of care due to concerns of infection.

3. Conclusion

In the light of the COVID-19 pandemic, many Americans are faced with battling a pandemic without health insurance. Additionally, many individuals have been significantly impacted by the coronavirus pandemic, temporarily losing employment and means of livelihood. For some, health insurance was covered by their employer and not actively working has placed them in a precarious situation. While some Americans are eligible for Medicaid, many others are not. In previously conducted studies, it has been found that the lack of health insurance has resulted in less medical care including emergency visits. Due to the pandemic, it is probable that a significant portion of Americans that are uninsured are less likely to seek medical care for COVID-19 symptoms. While the disease can manifest as a mild respiratory illness in most, others can experience more severe disease and require acute, intensive medical care. The lack of health insurance in this instance can be potentially fatal. Given that COVID-19 has disproportionately affected minority communities across the USA, it is important to highlight the correlation between access to medical care and COVID-19 infection rates. Communities that are of lower socioeconomic status are less likely to have health insurance and follow up with medical care due to out-of-pocket costs, which in turn leads to a higher case fatality rate due to COVID-19. As such, more measures are needed to assess the impact of coronavirus infection on the rates of unemployment and insurance coverage on citizens in the USA.

Acknowledgments

We have no conflicts of interest to disclose.

We have no author contributions to disclose.

We have no sponsors to disclose.

Disclosure statement

No potential conflict of interest was reported by the authors.

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