

FOR IMMEDIATE RELEASE
Friday, September 26, 2008
Contact:
Nancy Coleman
Karen Conner
news@epi.org
202-775-8810

EPI POLICY CENTER

www.epipolicycenter.org

McCain Plan Centerpiece Imperils Employer Health Coverage for 11-27 Million

Average estimates show that at least 7.8% of those with employer coverage would lose it in each state; 2.4 million to be affected in California alone

A proposal by presidential candidate John McCain would disrupt health care coverage for 11 million to 27 million people nationwide by accelerating the disintegration of employer-provided coverage, which has long been the mainstay of the nation's health insurance system. This proposal, if adopted, would cause millions of Americans who now receive employer-sponsored health insurance to lose it, forcing them to find alternative sources of coverage.

This loss of employer-provided coverage results from the elimination of the current tax incentive that rewards employers for providing health insurance by helping to defray its cost. A new research bulletin issued today by the EPI Policy Center (the 501(c)(4) affiliate of the Economic Policy Institute) analyzes the state-by-state impact, in numbers and shares of workers, of eliminating this tax exclusion.

The report, entitled "[McCain Plan Accelerates Loss in Employer-Sponsored Health Insurance](#)," written by economists Josh Bivens and Elise Gould, shows that the proposed change would significantly accelerate the decline of employer-provided coverage, which has already shrunk by 5.4% of the under-65 population just since 2000.

"This part of the McCain proposal makes it more expensive for employers to provide health coverage to their employees, so we will see more of them dropping this benefit," explained Gould, who has closely followed the ongoing decline of employer-provided health insurance. "Many employees and their families will be forced into the individual market, where high-quality plans are harder to obtain, especially for those who are not young and healthy."

The impact of McCain's plan would vary from state to state, but would produce losses in coverage everywhere. EPI's average findings show that a minimum of about one out of every 13 people in every state now covered under employer plans would lose coverage, and in the vast majority of states the share of people displaced from their current coverage would be at least one in ten. In the worst-case states, the impact would be about twice as great – with nearly one in six faced with the loss of employer-sponsored coverage.

"It's hard to think of any other change that could do more harm than this one to a health care system that's already weakened," commented Bivens. "It will cost millions of Americans their current employer-based health insurance, and it provides no alternative source of coverage that matches the protections offered by employer plans."

-more-

In sheer numbers, the biggest impact comes in the states with the most population. In **California**, some 2.4 million people can be expected to lose employer coverage, followed by **New York** with losses estimated at 1.6 million, **Ohio** and **Texas** at 0.9 million. All told, losses of employer-provided health insurance are expected to be greater than half-a-million people in 13 states. (**CA, NY, OH, TX, PA, IL, FL, MI, NJ, GA, NC, VA, and MA**)

The greatest percentage of losses in coverage would occur in a mix of large and small states, with the greatest losses of 16.4% of employer coverage in the **District of Columbia** followed by 15.5% in **New York, Rhode Island, and Vermont**, and by 15.4% in **Connecticut**. Sixteen states would see losses of at least 13% (The above list plus **OR, MA, KS, MD, ME, OH, NJ, MT, and OK.**)

###