

One in three jobless workers in US lack health insurance

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The recent surge in unemployment in the United States has resulted in a sharp increase in the number of Americans living without health insurance.

Nearly four out of every ten people who lose their jobs also lose health insurance and the ability to get the health care they need, according to a recent report released by the Commonwealth Fund. The percentage of unemployed workers without health care coverage is three times as high as the percentage of uninsured people in the general population (37 percent versus 14 percent).

Jobless workers who continue to be covered do so primarily because their spouses are employed at a job that provides family insurance. This leaves millions of families vulnerable to the loss of health care if the spouse loses his or her job.

The federal program COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985), which was supposedly designed to prevent the loss of health insurance due to a job loss, has proven woefully inadequate. COBRA's high premiums prevent most of the unemployed from signing up for the insurance. Only one in five laid off workers eligible for the program purchase health care coverage under COBRA. On average coverage for a family costs \$7,200 a year and in some states annual premiums exceed \$8,000. This amount is equal to half the highest unemployment benefits paid in the most generous states and consumes more than two-thirds of the typical unemployment check.

Many laid off low-paid workers are further prevented from obtaining health insurance through COBRA because they predominately worked in small firms. Under the COBRA act businesses with fewer than 20 employees do not have to offer the program to laid off workers.

Nor are most laid off workers able to purchase health insurance in the private market where premiums run even higher.

In addition to the health problems caused by lack of insurance, the uninsured face enormous financial risks. Even minor medical emergencies—such as a child needing a trip to the emergency room for a few stitches to close a serious cut—can cost upwards of \$500 and be beyond an unemployed family's budget. A major illness would be catastrophic. Health care costs are responsible for nearly half of all bankruptcy filings by people.

Federal programs like Medicaid are unable to fill the gap. Less than half the children of unemployed parents are eligible for the State Children's Health Insurance Program (CHIP). Most states bar childless adults from Medicaid while the median upper income limit for parents is 47 percent of the poverty line or about \$8,500 for a family of four. Even with these restrictions the Commonwealth Fund report estimates that a 2 percent increase in the official unemployment rate—a level that has almost already been reached—would lead to an increase of 3.3 million people in Medicaid, adding to the budget problems already being felt by most states.

Layoffs in the US continue to mount by the thousands. The official jobless rate jumped to 5.4 percent in October and is expected to go up further in November. On average, 475,000 new workers have filed for unemployment claims in each of the last four weeks. There are 7,741,000 workers currently classified as unemployed, but less than half—3.8 million—are currently receiving unemployment benefits. Several million other people are unemployed but have given up looking for work and thus not counted in the official figures.

Even prior to September 11, US corporations were

engaged in a massive cost cutting and downsizing campaign. The impact of September 11 on the already slowing economy has been worse than most analysts expected. This can be seen from the widespread character of the layoffs over the last several weeks. Corporate layoffs are expected to accelerate before the end of the year as most companies want to take the cost of downsizing off their books in the next quarter.

In New York City alone, 79,000 jobs disappeared in October, according to the New York State Department of Labor. This is the largest increase in job losses since the state began keeping such figures. Usually the city sees a job growth in October as retailers' gear up for the holiday season. Most forecasters have estimated that New York City would lose 80,000 to 115,000 jobs as a result of the attack, but not all in one month.

Some of the job cuts came from Wall Street firms that have moved their operations to New Jersey, but most of the layoffs were from businesses downsizing or completely closing.

Earlier this week **Verizon**, the nation's largest provider of telecommunications services, began to layoff the 7,000 employees it plans to have off the payroll by December 29. Verizon officials are hoping that the cut will boost sagging stock prices.

Pittsburgh-based aluminum maker **Alcoa** will slash 6,500 jobs and close six plants in order to cut costs and capacity as demand for its products remains weak. The cut represents 4.6 percent of the company's work force of 140,000.

Chicago-based consumer product producer **Sara Lee** will cut 1,000 more jobs than earlier planned. The announcement raises to over 14,000 or 9 percent of its work force the company plans to eliminate.

Canadian sawmill and forestry operator **Abitibi** is shutting down most of its sawmills and other operations for about a six weeks between the end of November and the middle of January, laying off more than 5,000 people.

The oil giant **ChevronTexaco** said it will cut 500 more jobs than expected, bringing its total to 4,500 or about 8 percent of its work force since the merger of Chevron and Texaco.

California-based networking and telecom equipment maker **Agilent Technologies** is cutting 4,000 more jobs. **Tellabs**, another maker of telecom equipment, will cut 1,000 more jobs, bringing to 6,400 the number

of jobs it will have cut by early 2002. Two US plants will be closed in the latest cost-cutting round as the industry suffers from falling demand.

Long-distance telephone and cable-television giant **AT&T** will likely cut over 4,000 more jobs during the next few months in addition to the 9,000 it has already cut. The job cuts amount to 12 percent of its work force since the beginning of 2001.

New York bank and financial institution **Citigroup** announced plans to cut 7,800 jobs. Most of the job cuts will come from the Mexican bank chain Banames it purchased six months ago. Investment banker **Merrill Lynch** announced that 2,600 employees accepted a buyout package the firm offered. The company offered the early retirement package to 60,000 workers and has said it wants to cut 10,000 jobs.

Other layoffs include pharmaceutical company Bristol-Myers (1,000 jobs), networking software company Novell (1,400 jobs) and Internet portal Yahoo (400 jobs).



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