



# Facts About the Health Insurance Compensation Gap

Jessica Arons and Lindsay Rosenthal

June 2012

Unfortunately the gender pay gap is alive and well: Women in the United States earned 77 cents for every \$1 earned by men in 2011—an average of \$10,622 in lost wages every year.<sup>1</sup> Yet that earnings ratio actually understates the extent of women's disparate treatment in the workforce because they also experience a health insurance compensation gap. Below are the answers to some key questions about this gap, as well as how the Affordable Care Act—the new health reform law—works to close it.

*Q: What is the health insurance compensation gap?*

A: Women are less likely than men to receive health care coverage through their employer and are more likely to have higher out-of-pocket medical costs. This results in a health insurance compensation gap on top of the wage gap.

*Q: What is the difference between men's and women's access to job-based coverage?*

A: Women are significantly less likely than men to have access to their own employer-based coverage. Less than half of women (48 percent) are eligible to get health insurance through their jobs, compared with 57 percent of men, in part because women are more likely to work for small businesses and in low-wage jobs. Although two-thirds of women between the ages of 18 and 64 have employer-based insurance coverage, only 38 percent of women are enrolled in an insurance plan they receive through their own employer,<sup>2</sup> while 24 percent receive employer-based coverage as a dependent on their spouse's or partner's plan.<sup>3</sup> In contrast, 50 percent of men receive insurance coverage through their own employer, and only 13 percent of men receive dependent coverage.<sup>4</sup>

*Q: What is the financial impact of the compensation gap?*

A: The gap in health insurance compensation translates into women losing an average of \$4,508 for single coverage and \$10,944 for family coverage in employer contributions to health benefits each year.<sup>5</sup> Given that two-thirds of mothers are either primary breadwinners or co-breadwinners for their families, the compensation gap is a significant burden on the budgets of many American families.

*Q: Where do women turn when they don't have access to job-based coverage?*

A: When working women cannot obtain employer-based coverage and earn too much to qualify for Medicaid, they must turn to the individual health insurance market. Yet women often face discrimination in the individual market—they are charged more for coverage,<sup>6</sup> denied coverage for gender-specific conditions,<sup>7</sup> and sold plans that inadequately cover their health needs.<sup>8</sup>

*Q: How much more do women spend out of pocket on health care?*

A: Even with employer-based coverage, women have higher out-of-pocket medical costs than men. Overall, women of reproductive age spend 68 percent more out of pocket than men on health care,<sup>9</sup> in part because their reproductive health care needs require more frequent health care visits and are not always adequately covered by their insurance. Among women insured by employer-based plans, oral contraceptives alone account for one-third of their total out-of-pocket health care spending.

*Q: How are women affected by the compensation gap?*

A: The combination of being paid less than their male counterparts and having higher out-of-pocket medical expenses leaves many women struggling to pay their medical bills or trading off other necessities such as food, heat, and electricity to cover their medical costs. Fifty-two percent of women report delaying or going without needed care because of cost (not filling prescriptions or skipping tests, treatments, or follow-up visits), compared with 39 percent of men.<sup>10</sup> Women also report higher rates of medical debt than their male counterparts.<sup>11</sup> And one study showed that more than half of low-income women are underinsured, meaning they spend 10 percent or more of their income on out-of-pocket health care costs and premiums.<sup>12</sup>

*Q: How will the Affordable Care Act help reduce the health insurance compensation gap?*

A: The Affordable Care Act institutes a series of reforms designed to drastically expand coverage and contain health insurance costs for all Americans. Many of the reforms enacted by the new health law have been and will continue to be especially beneficial for women, as they help resolve many of the problems outlined above. The health care bill:

- Provides insurance premium assistance through income-based tax credits on a sliding scale beginning in 2014
- Expands Medicaid eligibility to people with incomes below 138 percent of the federal poverty level—about \$31,809 for a family of four in 2011
- Allows young people to remain on their parents' health plans until the age of 26
- Ends discrimination that has left women paying up to 150 percent more for the same coverage purely because of their gender
- Bans insurance companies from denying coverage to women through pre-existing condition exclusions

- Ensures that women receive vital preventive care at no additional cost—significantly including contraceptive coverage, which will eliminate one of the primary sources of women’s out-of-pocket health care spending
- Mandates that maternity benefits be covered as an essential part of women’s health care
- Caps co-pays and deductibles, which will help reduce the amount women pay in out-of-pocket expenses

Through these reforms that level the playing field for women in the health care market, the Affordable Care Act will help reduce the compensation gap that exacerbates the disparity between men and women’s earnings. For more information on the compensation gap, see “The Health Insurance Compensation Gap: How Unequal Health Care Coverage for Women Increases the Gender Wage Gap.”<sup>13</sup>

---

## Endnotes

- 1 Bureau of the Census, *Income, Poverty, and Health Insurance Coverage in the United States: 2010* (Department of Commerce, 2011), available at <http://www.census.gov/prod/2011pubs/p60-239.pdf>.
- 2 While 48 percent of women are eligible to enroll in their employer's health care plan, as referenced above, only 38 percent actually enroll. This is often because they have chosen to obtain coverage as a dependent on their spouse's plan.
- 3 Henry J. Kaiser Family Foundation, "Women's Health Insurance Coverage" (2007), available at [http://www.kff.org/womenshealth/upload/6000\\_05.pdf](http://www.kff.org/womenshealth/upload/6000_05.pdf).
- 4 Ibid.
- 5 Henry J. Kaiser Family Foundation & Health Research & Educational Trust, "Employer Health Benefits: 2011 Annual Survey" (2011), available at <http://ehbs.kff.org/pdf/2011/8225.pdf>.
- 6 National Women's Law Center, "Turning to Fairness: Insurance discrimination against women today and the Affordable Care Act" (2012), available at [http://www.nwlc.org/sites/default/files/pdfs/nwlc\\_2012\\_turningtofairness\\_report.pdf](http://www.nwlc.org/sites/default/files/pdfs/nwlc_2012_turningtofairness_report.pdf).
- 7 National Women's Law Center, "Still Nowhere to Turn: Insurance Companies Treat Women Like a Pre-existing Condition" (2009), available at <http://www.nwlc.org/sites/default/files/pdfs/stillnowheretoturn.pdf>.
- 8 Department of Health and Human Services, "Roadblocks to Health Care: Why the Current Health Care System Does Not Work for Women," available at <http://www.healthreform.gov/reports/women/index.html>.
- 9 The Guttmacher Institute, "The Need for and Cost of Mandating Private Insurance Coverage of Contraception" (1998) available at <http://www.guttmacher.org/pubs/tgr/01/4/gr010405.html>
- 10 Sheila D. Rustgi, Michelle M. Doty, and Sara R. Collins, "Women at Risk: Why Many Women Are Forgoing Needed Health Care" (Washington: The Commonwealth Fund, 2009), available at [http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2009/May/Women%20at%20Risk/PDF\\_1262\\_Rustgi\\_women\\_at\\_risk\\_issue\\_brief\\_Final.pdf](http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2009/May/Women%20at%20Risk/PDF_1262_Rustgi_women_at_risk_issue_brief_Final.pdf).
- 11 Ibid.
- 12 Ibid.
- 13 Jessica Arons and Lindsay Rosenthal, "The Health Insurance Compensation Gap: How Unequal Health Care Coverage for Women Increases the Gender Wage Gap" (Washington: Center for American Progress, 2012), available at [http://www.americanprogress.org/issues/2012/04/health\\_insurance\\_gap.html](http://www.americanprogress.org/issues/2012/04/health_insurance_gap.html).