



# Health Coverage in the Gig Economy

How Independent Workers View Decisions About Health Coverage



## Summary

The Affordable Care Act has made it easier to get health insurance for Americans without a traditional job, yet health coverage remains one of the largest costs of working independently. While traditional, full-time W-2 workers often have access to employer-sponsored health insurance, independents must find, purchase, and manage their own coverage.

Stride Health has served gig workers for the past three Open Enrollments with finding health insurance, navigating subsidy qualification, and fully utilizing health plans. In the lead up to this year's Open Enrollment, Stride shares new insights into how the Affordable Care Act is impacting this segment of the workforce.

### Key Findings:

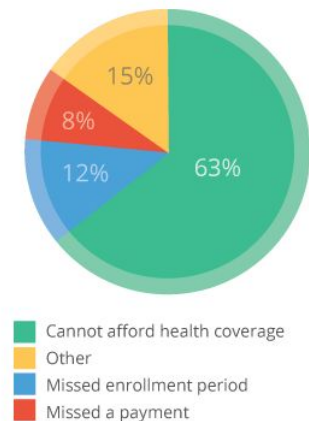
- **The Affordable Care Act is working:** The majority of independent workers view health insurance as a responsibility that they need to actively manage. For both insured and uninsured independents, the largest portion of workers (38 percent) plan on shopping for a new plan during Open Enrollment. This finding realizes one of ACA's overarching goals: the consumerization of health insurance, meaning independent workers shop critically, and routinely compare their plan options.
- **Independent Workers need unique guidance:** Among independent workers who are currently uninsured, 45 percent said they plan on getting insurance this Open Enrollment. However, 14 percent of uninsured independents may continue to go uninsured, and cite affordability as the main reason why. Many still need guidance and education in accurately checking their subsidy qualification and understanding their often fluctuating income streams to better grasp the true cost of their monthly premiums.
- **Many who already have insurance need help using it:** Stride also found that many insured independent workers need help using the benefits that come with their plan. 37 percent of insured independent workers chose to forgo medical care due to high costs. Given the right assistance, independent workers can more affordably utilize their plan benefits, from accessing free preventative care to finding the most cost effective way to purchase prescriptions.

**35% of independent workers are uninsured but the majority plan to get covered.**

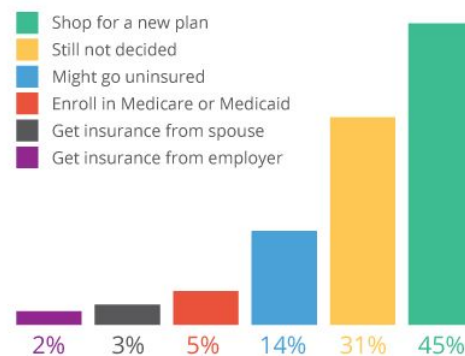
According to the [Kaiser Family Foundation](#), only 10.5 percent of the total U.S. non elderly population remained uninsured in 2015. When it comes to gig workers, we found that the average rate of uninsured independent workers is three times the rate of uninsured among the general American population.

## Uninsured Gig Workers

**TOP REASONS GIG WORKERS ARE UNINSURED:**



**WHAT WILL UNINSURED GIG WORKERS DO FOR HEALTH INSURANCE IN 2017?**



Source: Stride Health Survey/October 2016

When asked about their plans for health coverage in 2017, 45 percent of uninsured gig workers said they will shop for a plan. 31 percent have still not decided what they'll do about health insurance and 14 percent even consider remaining uninsured. In order to close the gap for uninsured workers, those 45 percent that remain undecided need the most support in understanding their subsidy eligibility and finding the right plan. While most of them know that subsidies exist to help them cover costs, many don't know how to check their eligibility or assume they won't qualify.

When it comes to subsidy qualification, another issue unique to gig workers is their irregular income. To apply for subsidies, gig workers must estimate their future income, but projecting a year's worth of income can be incredibly difficult if they don't know how



much work they will get or how they will be paid. First-time gig workers struggle with estimating their future income because they don't have much historical data to draw from, they typically need additional guidance.

**The majority of uninsured people believe they cannot afford it.**

When asked why they went uninsured, the majority, 63 percent, said they couldn't afford to purchase insurance. 12 percent lack coverage because they missed their enrollment period and 8 percent had previously had insurance but their coverage was dropped due to missing a payment or a billing error.



*"Plan prices went up and people seemed to be more confused. If anything health insurance needs to be simplified."* Peter Giacalone, self-employed real estate agent

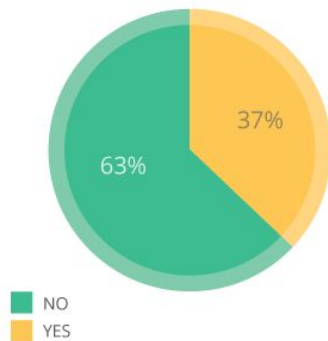
Independent workers have a unique opportunity to increase their subsidy eligibility, but may be leaving money on the table. The opportunity to participate in government subsidies requires calculating your modified adjusted gross income (MAGI). In calculating their MAGI, workers can claim deductions to lower their taxable income. If they lower their taxable income, they increase the amount they can qualify for with subsidies. Independent workers should routinely claim deductions due to the nature of their work. However, Stride found that 85 percent of workers who applied for subsidized coverage last year did not claim any tax deductions when asked.

**Insured gig workers also need better guidance with using available care.**

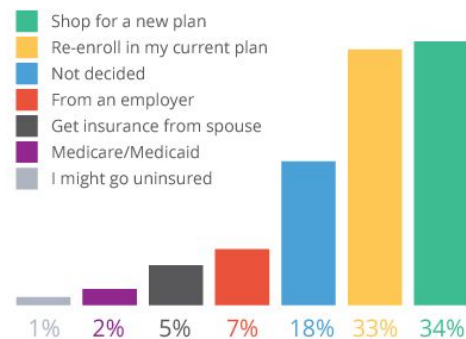
Many insured gig workers select plans that don't meet their medical needs or are not fully utilizing their plans due to high medical costs. 37 percent of independent workers chose to forgo medical services in the past year due to unaffordable costs.

# Insured Gig Workers

DID YOU FORGO MEDICAL SERVICES BECAUSE OF UNAFFORDABLE COSTS?



WHAT DO INSURED GIG WORKERS PLAN TO DO DURING OPEN ENROLLMENT?



Source: Stride Health Survey/October 2016

Stride found that many independent workers opt for plans with the lowest monthly premiums. In these cases their plans have high deductibles and out-of-pocket costs in return for low monthly premiums. For many gig workers, especially those who deem themselves 'young and healthy', they enroll in health insurance to avoid the tax penalty for not having it and to protect against worst-case scenarios. These workers need ongoing help to navigate the full costs associated with each plan especially in the case they have an incident, like a broken arm, and need unforeseen care.



*"Ultimately I got insurance because of the fine and a just a general worry that if something did happen to me it would fall on my family if I wasn't covered."* Emily Ibarra, freelance photographer

While many younger or healthier workers may get coverage to avoid a fine and financial ruin in the case of an emergency, only 17 percent have paid a fine for not having coverage.



**Most insured independent workers plan on shopping for a new plan.**

Shopping for a new plan is considered the ideal because plan prices and benefit offerings change from year to year. In some cases, independent workers could find a cheaper plan with the same benefits this year.

Health insurance is one of the most financially impactful purchases independent workers make throughout the year. Workers may risk losing or saving thousands of dollars a year by not picking the right plan. While most plan on shopping for a new plan, 33 percent will re-enroll in their current plan which may have changed in premium price, deductible, out-of-pocket costs or in other ways. More work is needed to educate independent workers on the benefits of plan shopping and switching during Open Enrollment.

As the independent workforce grows, more Americans will rely on individual health coverage under the ACA. We're at a unique inflection point where better utilization of the ACA will not only deliver care to a population that needs it most but will also make working independently more sustainable for millions of Americans.

**Methodology**

To conduct this online survey, Stride Health sampled members from both labor and capital marketplaces as well as gig workers like real estate agents, graphic designers, delivery drivers, and more. 1,700 respondents were asked to categorize themselves as either part-time or full-time self-employed or earning 1099 income and responses were filtered to just those who selected these two income streams. The margin of error was  $\pm$  3 percent.

The logo for Stride Health, featuring the word "Stride" in a stylized, italicized, dark blue font.