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FINAL REPORT OF THE SENATE STUDY COMMITTEE ON PORTABLE BENEFITS FOR INDEPENDENT WORKERS (SR 325)

Study Committee Members

Senator Larry Walker, III
District 20
Chair

Senator Dean Burke
District 11

Senator Marty Harbin
District 16

Senator David Lucas
District 26

Senator Elena Parent
District 42

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STUDY COMMITTEE CREATION, FOCUS, AND DUTIES

The Senate Study Committee on Portable Benefits for Independent Workers (the “Study Committee”) was created with the adoption of Senate Resolution 325 during the 2019 Legislative Session of the Georgia General Assembly.

Senate Resolution 325 recognized the changing nature of Georgia’s workforce and economy, with traditional employment and benefit frameworks becoming less common. The Study Committee was charged with studying the usefulness and implementation of portable benefits for determining the most effective way to structure employment benefits to support a changing workforce.

Senator Larry Walker, III, of the 20th served as Chair of the Study Committee. The other legislative members were Senator Dean Burke of the 11th, Senator Marty Harbin of the 16th, Senator David Lucas of the 26th, and Senator Elena Parent of the 42nd.

The following legislative staff members were assigned to the Study Committee: James Beal, Senate Research Office; Ali Farmer and Ryann Miller, Senator Walker’s office; Elisabeth Fletcher, Senate Press Office; and Shawn Marie Story, Legislative Counsel.

The following individuals provided testimony to the Study Committee:

- **Mr. Bruce Shaw**, Georgia Chapter of the National Association of Insurance and Financial Advisors;
- **Mr. Jesse Weathington**, Georgia Association of Health Plans; and
- **Mr. Weston Burleson**, Director of Communications, Georgia Department of Insurance;
- **Dr. Shelly Steward**, Future of Work Initiative, Aspen Institute;
- **Ms. Kristen Anderson**, CEO, Catch;
- **Ms. Kellyn Blossom**, Head of Public Policy, Thumbtack;
- **Mr. Parag Mehta**, Executive Director, Center for Inclusive Growth (Mastercard); and
- **Mr. David Raynor**, Senior Vice President of Public Affairs, Georgia Chamber.

SUMMARY OF TESTIMONY AND DISCUSSION

“Portable benefits” is a general phrase used to describe benefits which a worker may take with them as they go from employer to employer, hence the emphasis on portability. In traditional employment, an employer provides a package of benefits to their employees, and those employees stay with the employer for an extended period of time and often until retirement. Benefits which may fall into this category are mostly related to life and health insurance, as well as retirement, with ancillary benefits such as tax remittance, access to workers’ compensation, sick leave, and other arrangements available.

The Study Committee and its authorizing resolution recognize that independent contract workers are becoming more prevalent. Loosely known as the “gig economy,” the modern workforce has significantly embraced work that is non-traditional and lacks access to many of benefits which traditional employment provides. These benefits are understood to be, in many cases, essential to maintaining a certain quality of life generally expected for modern families. Additionally, benefits portability can encourage entrepreneurship and small business growth.

Meeting One – October 17, 2019

The Study Committee’s first meeting was held at the State Capitol. The purpose of this first meeting was for the members to better understand Georgia’s current benefits framework. In order to accomplish this review, the following individuals provided testimony:

- **Mr. Bruce Shaw;**
- **Mr. Jesse Weathington;** and
- **Mr. Weston Burleson.**

Mr. Shaw spoke from his experience as a registered insurance agent licensed to sell policies and packages through his insurance agency, Holmes-Shaw Agency. In his testimony, Mr. Shaw explained employer contributions to benefits is the essential reason for their affordability. In regards to health insurance, Mr. Shaw explained that when employees leave a traditional employer, state and federal law require the employer to offer “continuation coverage” for the health benefit.

Under Georgia law, all employers are required to offer continued coverage to their plan members and their dependents if the member has continuously maintained coverage under the group plan for the six months preceding termination. If elected, coverage will continue for that plan month, plus three additional months, and beneficiaries are required to pay the entire premium unless the employer chooses to pay a portion.

Federal law, known as COBRA, requires employer-sponsored group health plans to offer continuation coverage to covered employees, former employees, spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain qualifying events. This requirement applies to only employers with 20 or more employees. Coverage generally continues for 18 to 36 months, and an employer may require the beneficiary to pay the entire premium plus up to a two percent fee.

The Study Committee discussed the continuation coverage requirements under state law and federal COBRA, and pointed out that this is one significant option for individuals leaving employment. Under the state law, any employer with between two and 19 employees is required to offer continued coverage for three months in addition to the current plan month.¹

¹ See Appendix I, Senate Research Office Memo Re: *Federal and State Continuation Coverage*.

The Chairman explained that the idea behind this benefit is that there is in some cases a 90 day waiting period for coverage to begin after beginning employment elsewhere.

Mr. Shaw explained that while state and federal continuation benefits are available for those leaving employment, many of those potential beneficiaries face sticker shock when they see the full price of the premium. This illustrates the amount and importance of an employer's contributions to providing health coverage to individuals and their families. In the case that an individual leaves employment, does not elect continuation coverage, and needs health insurance, they may go to the federal exchange set up by the federal Affordable Care Act (the "ACA"). Furthermore, he pointed out that unlimited or longer continuous coverage requirements could create a significant financial and administrative burden, especially for small businesses.

Mr. Shaw testified in regards to the ACA's impact on access and affordability of health insurance plans in the employment space. The ACA brought stability to the individual market, increasing access to health plans for many workers, but affordability continues to be a challenge and the number of claims continue to grow. Additionally, areas of Georgia still lack a sufficient number of insurance carriers to create the competitive market necessary to lower prices.

As for tax benefits, the Chairman asked Mr. Shaw to explain the potential for employees shifting after-tax costs to pre-tax benefits. Mr. Shaw explained that under Section 125 (of the IRS Code), an employee can take on the costs of their various eligible benefits, such as health and child care, and shift those to pre-tax payroll deductions. An individual electing to take this route can deduct the costs of premiums on their tax returns. Where an employer is paying these costs, they are generally not tax-deductible.

Mr. Weathington provided a presentation on behalf of the Georgia Association of Health Plans ("GAHP"), an organization representing several health insurance companies operating in Georgia.² The presentation consisted of state and national data on the economy and workforce demographics, as well as sources of portable health benefit plans.

GAHP's presentation illustrates that one in three American workers are considered "freelancing." This equals roughly 53 million workers nationwide. Additionally, the presentation listed five benefits considered to be current sources of portable health benefits for workers:

1. Exchange plans;
2. Multiemployer welfare arrangement ("MEWAs") and association health plans ("AHPs");
3. Multiemployer plans, such as the Black Car Fund in New York state;
4. Short-term policies; and
5. Professional employer organizations ("PEOs").

The Study Committee discussed with Mr. Weathington ongoing questions of which workers are eligible to join AHPs and the limits to coverage. New federal regulations allowing self-employed workers to join AHPs are being challenge in federal court, and Georgia-based AHPs are restricting eligibility for certain workers until the challenge is adjudicated. It was also pointed out that IRS Form 1099 workers, by virtue of not being considered an employee, are not eligible for MEWAs under federal law. The Chairman explained that AHPs could potentially be an avenue for rideshare drivers to form to manage benefits for themselves.

² See Appendix II, GAHP PowerPoint Presentation.

Concerning affordability, Mr. Weathington discussed projected insurance premium decreases in the event Georgia implements a 1332 waiver reinsurance program. The 1332 waiver is available through the ACA and part of the health care reforms envisioned by Senate Bill 106 (the “Patients First Act”), passed by the General Assembly in 2019. Other states, such as Alaska and Minnesota, realized 20 percent premium price decreases in 2018 after implementing reinsurance programs. Maryland is projecting to realize a 30 percent premium decrease after its own waiver goes into effect.

Mr. Burleson was called upon from the Department of Insurance (“DOI”) to discuss marketplace plans and DOI’s initiatives for building carrier competition in Georgia. Mr. Burleson explained that DOI plays no role in directing carriers where to operate. In follow-up responses from DOI, Mr. Burleson points out that O.C.G.A. § 33-1-23 prohibits state agencies from establishing or encouraging Exchange plans. He also explained that carriers find it difficult to price their programs in Georgia, that ACA requirements creating market and health status risks increase volatility, and that federal rules designed to deal with these risks ultimately lack fairness in application of designed reinsurance and risk mitigation programs.

DOI presented data that shows 80 percent of Georgians enrolled in an ACA Exchange plan receive a subsidy based on family income. As for carrier distribution across the state, in 2019, 120 out of 159 counties have one carrier. In 2020, the number will drop to 82 out of 159 counties. DOI is working with the Farm Bureau to create a MEWA, which DOI regulates for licensure purposes and to ensure solvency.

Furthermore, DOI takes the position that Georgia law permits the eligible group health insurance type MEWA (which could be an Association of Employers) to include “self-employed” individuals (persons compensated on IRS Form 1099) to be included as eligible members of such an employer-based group.³ In other eligible group defining areas of O.C.G.A. § 33-30-1(a) where there is mention of employers and employees, Georgia’s Legislature does not use the terms “self-employed” or “compensation by IRS Form 1099” to explicitly expand the practical definition of employee. As for federal law, there are two pathways for eligibility in AHPs: Pathway 1 is the historical model which does not allow self-employed members into an AHP; and Pathway 2 which are new rules allowing self-employed members into an AHP, but were blocked under federal court challenge.

Meeting Two – October 30, 2019

The Study Committee’s second meeting was held at the State Capitol. The purpose of the second meeting was to understand what solutions are being proposed by organizations studying the issue of portable benefits. To accomplish this, the Chairman called on the Aspen Institute, a Washington, D.C.-based think tank that researches workers issues and portable benefits, to present. The following individual provided testimony:

- **Dr. Shelly Steward.**

Dr. Steward’s presentation focused on the changing workforce, explaining that current frameworks for providing benefits to workers are geared towards “traditional work.”⁴ There is no straight path for independent workers to attain retirement, education, or career benefits in our current system. Taking on multiple jobs, increasing student debt, and ongoing threats to federal Social Security’s solvency makes traditional models difficult for some workers to access. Research has shown that one in three American workers fall into the “gig economy,”

³ O.C.G.A. § 33-30-1(a)(7).

⁴ See Appendix III, *Portable Benefits: A Solution for Today’s Economy*, Aspen Institute.

whether through primary or supplementary work, with one in ten American workers making independent work their primary job.

In Georgia, 2.3 percent of Georgia's workforce generates income using online platforms, the second highest rate of all states (compared with about 1.6 percent, nationally). Atlanta alone saw a 51.9 percent increase in transportation industry gig employment between 2012 and 2014. Dr. Steward pointed out that Georgia is the number one destination for film production, an industry largely made up of independent workers.

The Aspen Institute listed benefits which exist for the workforce in general:

1. Health insurance;
2. Social Security/Medicare;
3. Unemployment insurance;
4. Sponsored retirement;
5. Workers' compensation;
6. Temporary disability;
7. Life insurance;
8. Paid sick leave;
9. Paid family and medical leave;
10. Paid vacation;
11. Child care assistance; and
12. Emergency cash savings.

Of these, Dr. Steward explained that the biggest benefits are health insurance and retirement. Options are available for independent workers through the federal Exchange and through programs such as an individual retirement account (an "IRA") respectively, but affordability remains a barrier. Traditional workers are guaranteed access to most of these benefits under state and federal law, with the exception of child care assistance and emergency cash savings, while independent workers have no guaranteed access. Dr. Steward testified that because of the divergence in required benefits between traditional employees and non-traditional independent workers, there is inequity in the workforce. Employers have a strong incentive to hire independent workers, and when those workers wish to transition to traditional work or other employment, they lack a continuity in health, retirement, and other benefits.

Dr. Steward showcased legislation from Washington state and Alabama which define terms related to the types of employers and workers in the independent workforce. Washington state requires company contributions to independent worker benefits funds administered by a non-profit entity, while also protecting companies from being misclassified as an employer through a "hold harmless" statute. The hold harmless statute protects companies from liability for misclassifying independent contractors in the event the company offers benefits to those contractors. Dr. Steward testified that offering independent contractors benefits may be used as evidence against companies in misclassification actions where a worker has complained that they should be classified as an "employee" due solely because the company offered the workers benefits. Provisions holding companies harmless for this may help incentivize companies provide benefits on its own to its independent workforce.

Alabama's legislation provides the framework but does not require company contributions. Additionally, Dr. Steward discussed the Black Car Fund in New York state which provides independent workers access to a workers' compensation fund.

The Study Committee discussed state and federal rules for issuing IRS Form 1099 to workers, and whether rideshare companies like Uber issue said tax documents. There was particular

interest in whether independent workers who make less than the amounts state and federal law requires for issuing IRS Form 1099s are able to attain home and other types of loans should they not have documentation showing income. The Study Committee also expressed concern that individuals and employers may be neglecting to report income and payroll properly.

Furthermore, the Study Committee recognized that if Georgia's workforce reflects the national average in that 53 percent falls into traditional work, which means roughly 47 percent fall into no-traditional employment. Their work impacts every sector of Georgia's economy and in every region of the state. Some of these issues, such as broader health insurance solutions, can only be addressed at the federal level. At the state level, taking steps such as adopting "hold harmless" legislation, protecting employers which unintentionally misclassify workers, may move Georgia in a direction to provide for the changing workforce.

Meeting Three – December 16, 2019

The Study Committee met at the State Capitol for its third meeting. The purpose of the meeting was for the Study Committee to hear perspectives from the Georgia business community as well as researchers and any members of the public who wish to speak.

The Study Committee first heard from Ms. Kristen Anderson, founder and CEO of Catch, a startup that launched in August 2018. Catch provides benefits services for freelancers, independent contractors, and other individuals who are otherwise uncovered. Registered users have the option of selecting benefits such as health insurance, retirement savings, tax withholding, and time off savings. Ms. Anderson shared that in 2019, Catch's total registered users count increased from 4,000 to 27,000, and that this figure is expected to double in 2020. Looking beyond 2020, Catch intends to roll out additional services including automation income approval, cross-product updates, and health savings accounts. In response to questions, Ms. Anderson shared that to date there are roughly 1,000 Georgians registered to use Catch. Additionally, the health insurance benefits provided through Catch are ACA market approved accounts. Regarding policy to advance portable benefits, Ms. Anderson encouraged governments to incentivize private-sector development of frameworks to support portable benefits such as in tax policy concerning IRAs.

Ms. Kellyn Blossom, head of public policy at Thumbtack, provided the Study Committee with an overview of Thumbtack, an online marketplace that links local businesses with customers looking for their services. To date, over 10,000 small businesses have signed up for the platform including independent skilled workers in the service sector such as nurses, home health aides, electricians, interior designers, and professional trainers. In February 2019, Thumbtack announced its partnership with Alia in an effort to provide portable benefits such as paid time off and life insurance to home cleaners on Thumbtack. Alia's platform allows employers to voluntarily contribute to a worker's fund each time a home cleaning service is provided and these funds follow the worker. Ms. Blossom indicated that the voluntary nature of the platform is very helpful but a good government partner is needed to ensure it "scales up" in event Alia is made available to other types of workers beyond home cleaners.

The impact automation is expected to have on future jobs was noted several times over the course of this study. Testimony provided by Mr. Parag Mehta, Executive Director of the Center for Inclusive Growth at Mastercard, indicated that an estimated 300 million people will have to change jobs in the next decade. In light of this, Mastercard is exploring ways to utilize technology to assist workers in obtaining continuing education, recognizing the importance of designing portable benefits that work toward financial stability and economic mobility. Mr. Mehta added that continuing education is going to become a reality and norm for the future where all workers must adapt to being lifelong learners. Other countries

including France and Singapore have implemented programs involving individual training accounts that are funded by employers and managed by federal governments to provide employees a stipend that may be used toward continuing education opportunities.

Mr. David Raynor, Senior Vice President of Public Affairs for the Georgia Chamber of Commerce, distributed a letter to the Study Committee and provided testimony emphasizing that the makeup of Georgia and the nation's workforce is rapidly changing. Under a subset of its business climate committee, the Georgia Chamber has engaged a group of investors to examine options for designing a portable benefits system which tie employment benefits to the worker rather than the employer including but not limited to retirement, disability, and health insurance. Mr. Raynor clarified that while there is no specific timeline for developing an implementation model for a portable benefits system, the Georgia Chamber respectfully asks the Study Committee to consider extending its work over the course of 2020 and partnering in a more thorough examination of what design options would work best for Georgia.

Meeting Four – December 17, 2019

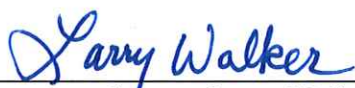
The Study Committee met for its final meeting at the State Capitol. The purpose of the meeting was to adopt a final report. With a quorum being present, the Study Committee adopted a final report.

RECOMMENDATION

The Study Committee does not have recommended legislation at this time. However, the Study Committee recommends that the State Senate continue to monitor and study the issue of portable benefits and the possibility of future changes in state policy needed to support benefits for independent workers.

Respectfully submitted,

**FINAL REPORT OF THE SENATE STUDY COMMITTEE ON
PORTABLE BENEFITS FOR INDEPENDENT WORKERS**



Senator Larry Walker, III
District 20
Chair

APPENDICES

Appendix I Senate Research Office Memo *Re: Federal and State Continuation Coverage*.

Appendix II GAHP PowerPoint Presentation.

Appendix III *Portable Benefits: A Solution for Today's Economy*, Aspen Institute.



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ELIZABETH HOLCOMB
DIRECTOR

MEMORANDUM

Date: October 3, 2019

To: Senator Larry Walker

From: James Beal

Re: Federal and State Continuation Coverage

You requested information in connection with the Senate Study Committee on Portable Benefits for Independent Workers, specifically continuation insurance benefits under federal and state law. These benefits are through COBRA and Georgia's continuation coverage.

Federal COBRA¹

COBRA requires employer-sponsored group health plans² to offer continuation coverage to covered employees, former employees, spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain qualifying events. Qualifying events include:

1. A covered employee's death;
2. A covered employee's job loss (voluntary or involuntary) or reduction in hours for reasons other than gross misconduct;
3. A covered employee becoming entitled to Medicare;
4. A covered employee's divorce or legal separation; and
5. A child's loss of dependent status under the plan.

It is at the discretion of the covered individual whether to elect continuation coverage under COBRA. Employers may require individuals to pay for COBRA continuation coverage, but premiums cannot exceed the full cost of coverage under the plan plus a 2 percent administration charge. Nothing prohibits employers from sharing in the cost of premiums.

The following table provides maximum coverage periods for the various qualifying events which otherwise causes a beneficiary to lose coverage under the employer-sponsored group health plan.

¹ "COBRA" is the acronym for the Consolidated Omnibus Budget Reconciliation Act of 1986, the federal act which requires continued coverage requirements.

² Private-sector group health plans maintained by employers with at least 20 employees, as well as state and local governments, are required to offer continued coverage under COBRA. The federal government and certain faith- and church-based organizations are not required to offer COBRA.

Qualifying Event	Qualified Beneficiaries	Maximum Coverage Period
Death of Employee	Spouse Dependent Child	36 Months
Termination (other than for gross misconduct) or reduction in hours of employment	Employee Spouse Dependent Child	18 Months
Employee Entitled to Medicare	Spouse Dependent Child	36 Months
Divorce or Legal Separation	Spouse Dependent Child	36 Months
Loss of dependent status under the plan	Dependent Child	36 Months

There are certain grounds for coverage extensions, such as in the case of a disabled beneficiary or a second qualifying event occurring.

Employers are required to provide notices with information concerning employees' rights under COBRA in health plan descriptions, when a qualifying event occurs, employee elections, and coverage denials or early terminations.

State Continuation Coverage

Under Georgia law, all employers are required to offer continued coverage benefits to their plan members and their dependents if the member has continuously maintained coverage under the group plan for the six months preceding termination.³ If elected, coverage must continue for the rest of that policy month, if applicable, plus three additional months. Beneficiaries electing continued coverage are required to pay the entire premium if the employer chooses not to pay a portion, regardless of whether the employer was previously paying.

Group members are not entitled to continued coverage if coverage was terminated because:

1. The employee's employment was terminated for cause;
2. The employee failed to pay any required contribution;
3. Any discontinued group coverage is immediately replaced by similar group coverage;
- or
4. The entire group contract was terminated.

Additionally, employees whose continuation coverage begins at 60 years of age or older may elect state continuation coverage for an unlimited time provided that they neither quit voluntarily for any reason other than poor health, nor were fired for reasons that would cause a loss of unemployment compensation.⁴

³ O.C.G.A. § 33-24-21.1.

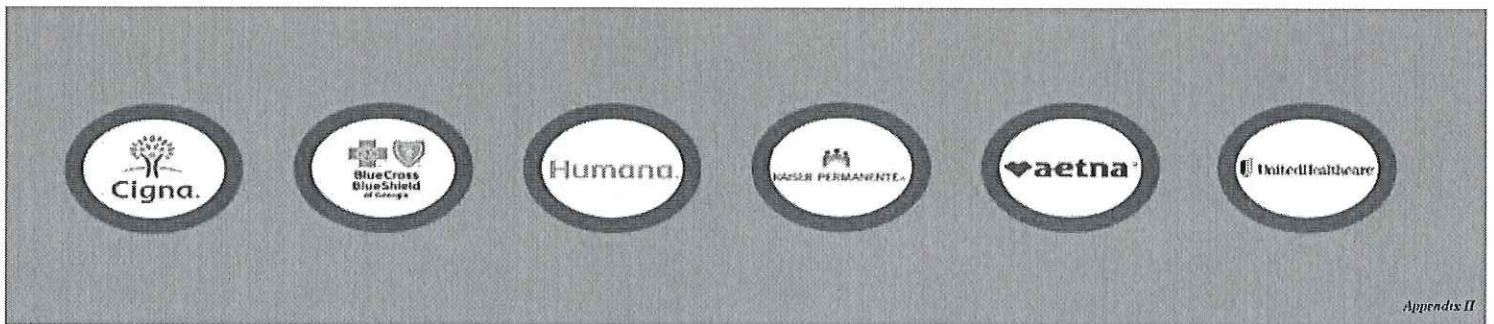
⁴ O.C.G.A. § 33-24-21.2.

SR 325 Portable Benefits for Independent Workers Study Committee



Jesse Weathington

Executive Director



Appendix II

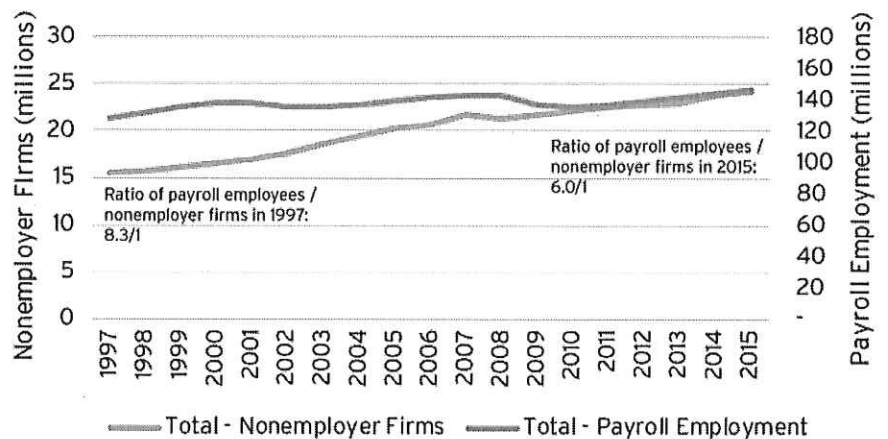
Relationship between Nonemployer firms and jobs market

- Ratio changed from 8.31:1 to 6:1 in 18 years.
- Total payroll employment decreased significantly during the Great Recession.
- Growth in this sector has outpaced growth in payroll employment over the previous two decades.
 - 2.6% vs. 0.8%
- A 2014 study found that more than one in three workers—53 million Americans—are now freelancing.

FIGURE 1

Nonemployer firms and employment

United States, 1997-2015



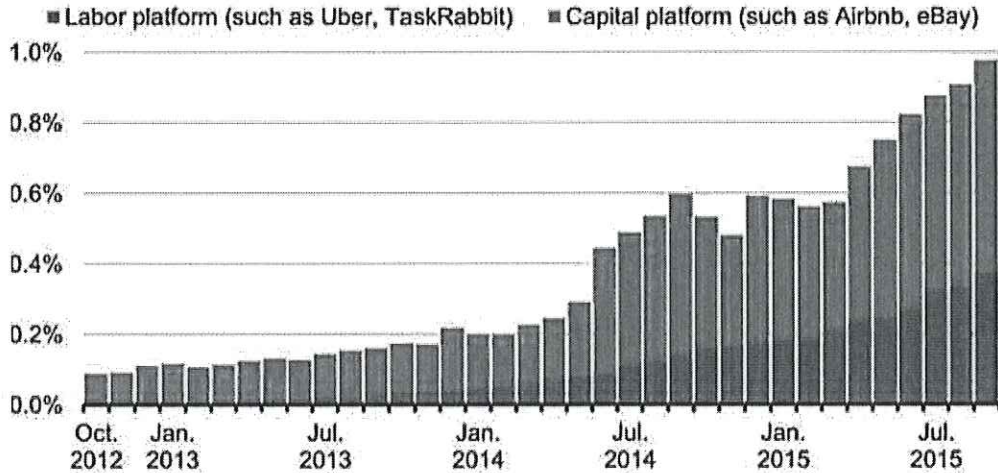
Source: Brookings Analysis of Census Bureau and Moody's data

B Metropolitan Policy Program
at BROOKINGS

Appendix II

Gig Growth

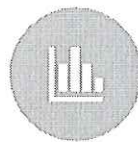
Share of U.S. adults earning income in a given month via online platforms, often referred to as the gig or sharing economy.



Source: JPMorgan Chase Institute | WSJ.com

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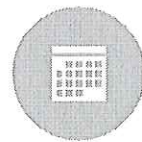
Portable Health Benefits



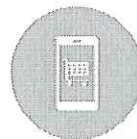
EXCHANGE PLANS



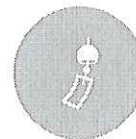
MEWAS, AHPS



MULTIEMPLOYER PLANS



SHORT-TERM POLICIES



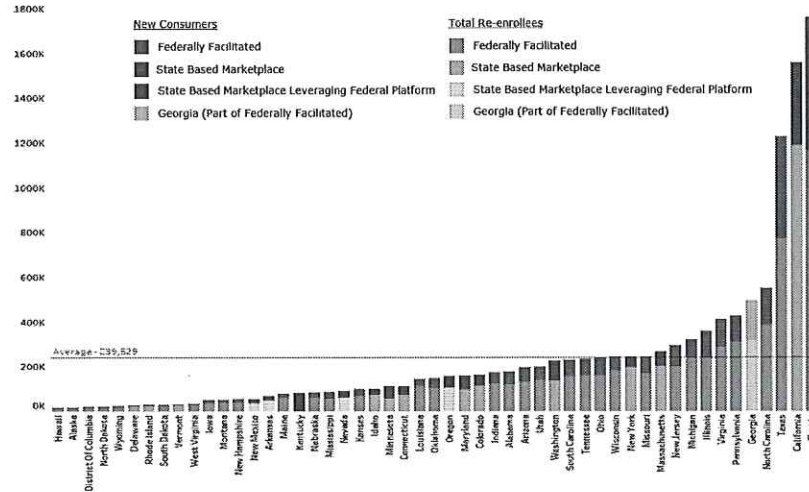
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Marketplace Consumers by State

Georgia had 458,437 members select a plan in the individual marketplace in 2017, ranking fifth highest in overall volume nationally

Total Number of Consumers Who Have Selected a Marketplace Plan 2017



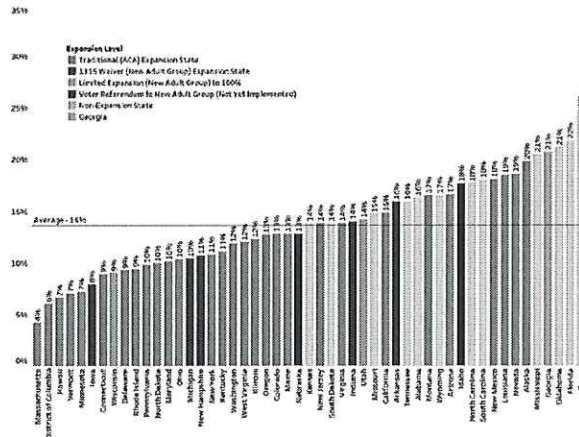
Source: Information from CMS 2017 Marketplace Open Enrollment Period Public Use Files

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Estimated Uninsured Rates of Adults (19-64)

Among the adult population, Georgia's uninsured rate is 21%, which is higher compared to both non-expansion states which range from 14-25% and traditional expansion (ACA) states ranging from 4-20%

2017 Percent Uninsured Adults (19-64)



- VA and ME are currently included as traditional (ACA) expansion states and Utah is included as a limited expansion (New Adult Group to 100% FPL) state, but data prior to 2019 reflect non-expansion levels

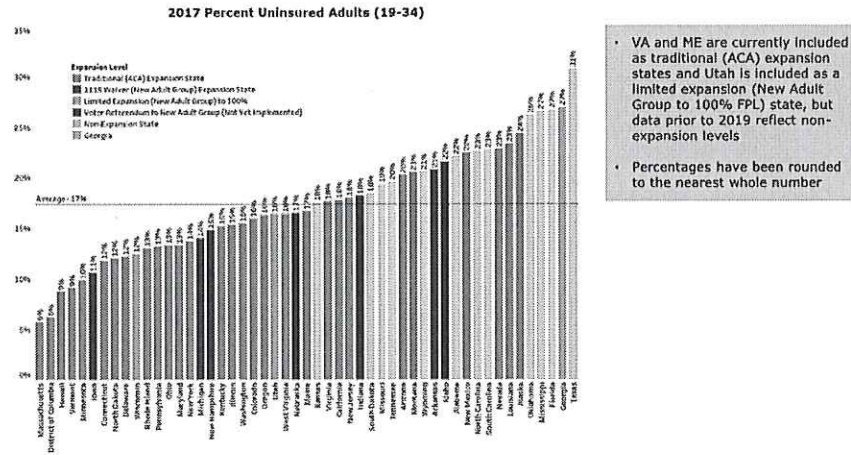
- Percentages have been rounded to the nearest whole number

Source: Information from U.S. Census Bureau ACS 5 Year Estimates 2013-2017

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Estimated Uninsured Rates of Young Adults (19-34)

At 27%, Georgia has the second highest uninsured rate among the young adult population ages 19-34 in the country



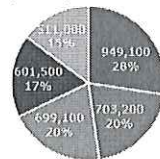
Source: Information from U.S. Census Bureau ACS 5 Year Estimates 2012 - 2017

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Business Profile

43.1% of the labor force is employed by small businesses; 99.7% of Georgia's 278,127 employers are small businesses

Georgia's Employment by Industry (May 2019)¹



- Trade, Transportation, and Utilities
- Professional and Business Services
- Government
- Educational and Health Services
- Leisure and Hospitality

Georgia's Employment by Business Size (2016)⁴

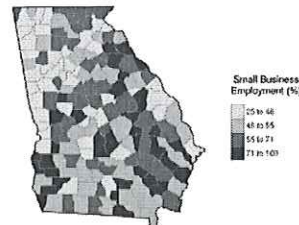
Employer Size	GA Employment	GA %	US %
<500 (Small Business)	1,637,892	43.1%	47.3%
500+	2,166,541	56.9%	52.7%

- 194,152 establishments have less than 20 employees, representing 85% of total establishments with payroll in Georgia
- 22% of all employees in 2016 were employed by businesses with less than 20 employees

Small Business Profile

- According to 2012 Census data, Georgia has a total of 929,864 businesses in the State²
- 278,127 businesses had employees on the payroll in the last quarter of 2018. Of those 99.7% are categorized as small business (<500 employees)⁵
- 43.1% of employed Georgians work for small businesses (1.6 million) compared with 47.3% nationally⁴

% of County Employed by Small Business (2015)³



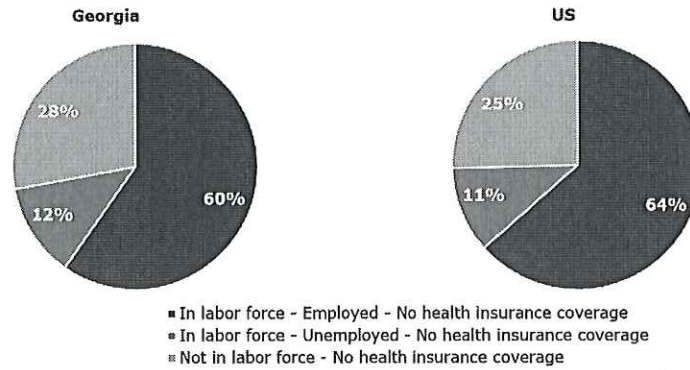
1. Source: Georgia Department of Labor, Workforce Statistics & Economic Research, Current Employment Statistics Unit, May 2018
 2. Source: U.S. Census Bureau, 2012 Survey of Business Owners
 3. Source: U.S. Small Business Administration Office of Advocacy, 2018 Small Business Profile
 4. Source: U.S. Census Bureau, Statistics of U.S. Small Business 2010 and 2016 County Business Patterns
 5. Source: Georgia Department of Economic Development, Small Business Quick Facts

FOR DISCUSSION PURPOSES ONLY

Characteristics of Estimated Uninsured Population: Employment

More than 50% of Georgia's uninsured population over 16 years is currently employed

Employment Status of Uninsured Population



Source: U.S. Census Bureau; American Community Survey, 2017 American Community Survey 5-Year Estimates
The Census Bureau defines "not in labor force" to include all people 16 years old and over who are not classified as members of the labor force. This category consists mainly of students, housewives, retired workers, seasonal workers, institutionalized people, and people doing only incidental unpaid family work (less than 15 hours during the reference week).

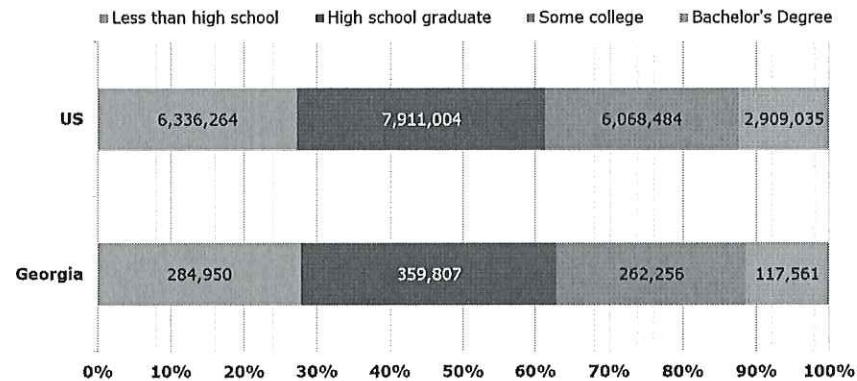
Appendix II

FOR DISCUSSION PURPOSES ONLY

Characteristics of Estimated Uninsured Population: Education

Georgia's uninsured population over age 26 generally reflects national trends in education level

Education Level Of Uninsured Population (Ages 26+)



Source: U.S. Census Bureau; American Community Survey, 2017 American Community Survey 5-Year Estimates

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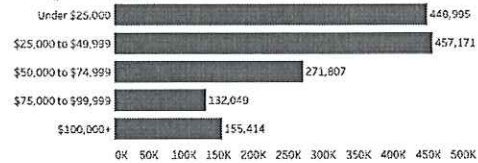
FOR DISCUSSION PURPOSES ONLY

Characteristics of Estimated Uninsured Population: Income

Among the uninsured population in Georgia, 31% of households earn under \$25,000 which is higher than the national average of 25%

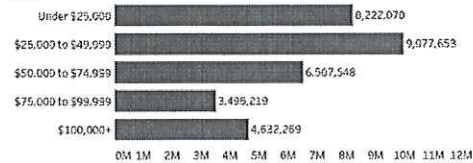
Household Income of Uninsured Population

Georgia

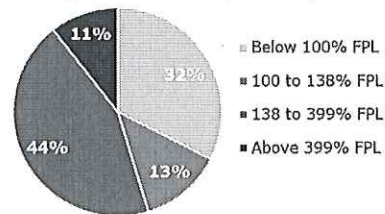


Income	GA %	US %
Under \$25k	30.6%	25.0%
\$25,000-\$49,999	31.2%	30.4%
\$50,000-\$74,999	18.5%	19.8%
\$75,000-\$99,999	9.0%	10.6%
\$100,000 and over	10.6%	14.1%

US



Georgia's Uninsured Population by FPL



Source: U.S. Census Bureau; American Community Survey, 2017 American Community Survey 5-Year Estimates. Percentages may not sum to 100% due to rounding.

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Appendix II

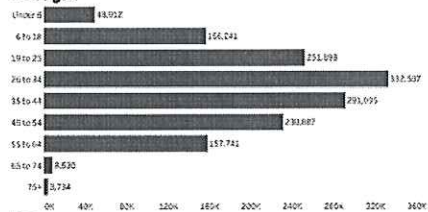
FOR DISCUSSION PURPOSES ONLY

Characteristics of Estimated Uninsured Population: Age

Adults 26 – 34 make up the largest portion of the uninsured population in Georgia, followed by adults 35 – 44 which follows the national trend

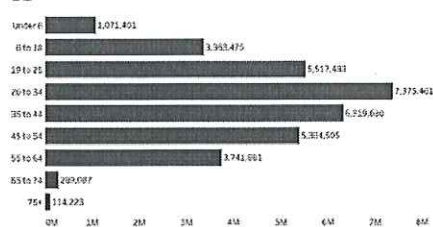
Age Distribution of Uninsured Population

Georgia



Age	GA %	US %
Under 6	3.3%	3.2%
6 to 18	10.6%	10.1%
19 to 25	17.0%	16.6%
26 to 34	22.5%	22.2%
35 to 44	19.7%	19.1%
45 to 54	15.6%	16.2%
55 to 64	10.7%	11.3%
65 to 74	0.6%	0.9%
75+	0.3%	0.3%

US



Source: U.S. Census Bureau; American Community Survey, 2017 American Community Survey 5-Year Estimates. Percentages represent the portion of the total uninsured population that falls within the respective age range.

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Appendix II

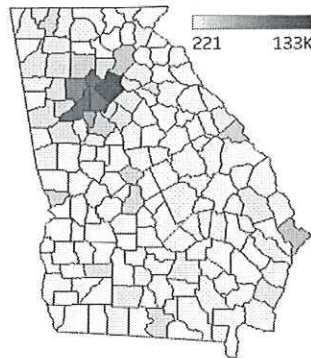
Estimated County Uninsured Adults (19-64)

Over one-third (37.4%) of the total uninsured population ages 19-64 is concentrated in five counties

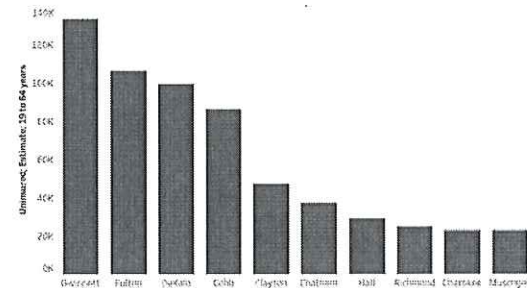
Top Five Counties by Uninsured Population Ages 19-64

County	Total Uninsured	Percent Uninsured
Gwinnett	133,369	24%
Fulton	106,628	16%
DeKalb	99,567	21%
Cobb	86,446	19%
Clayton	47,360	28%

Total Uninsured Population by County (Ages 19-64)



Total Uninsured Population 19-64 by County; Top 10



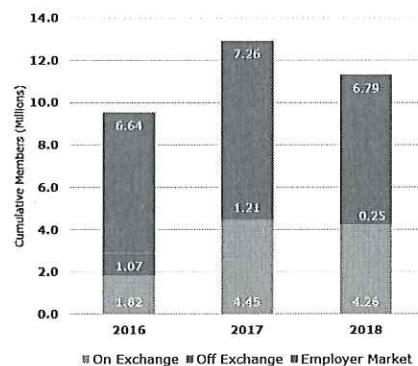
Source: U.S. Census Bureau; American Community Survey, 2012 American Community Survey 5-Year Estimates

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Georgia Employer and Marketplace Plan Enrollment

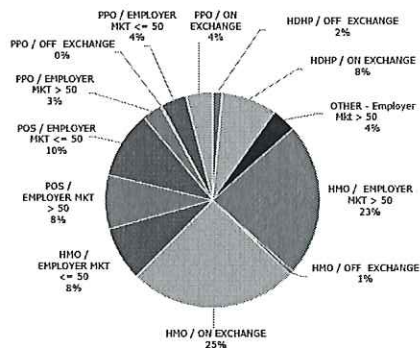
The cumulative number of members purchasing insurance on the exchange, off the exchange, and through ESI increased from 2016 to 2017 and then decreased in 2018

Cumulative Number of Members by Market



■ On Exchange ■ Off Exchange ■ Employer Market

Cumulative Members by Plan; 2018



Source: Data provided by Georgia Department of Insurance. Totals calculated by adding cumulative members from all plans within each market type.

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Marketplace Premiums by Metal Level

Georgia's marketplace premiums have been consistently lower compared to the average for states using the FFM except for Bronze in 2018

	2017		2018		2019	
Average Monthly Premium by Metal Level	GA	All FFM	GA	All FFM	GA	All FFM
Bronze	\$391	\$422	\$530	\$499	\$496	\$505
Silver	\$441	\$489	\$621	\$667	\$622	\$653
Gold	N/A	N/A	\$720	\$731	\$710	\$736

	2017		2018		2019	
Average Yearly Premium by Metal Level	GA	All FFM	GA	All FFM	GA	All FFM
Bronze	\$4,692	\$5,064	\$6,360	\$5,988	\$5,952	\$6,060
Silver	\$5,292	\$5,868	\$7,452	\$8,004	\$7,464	\$7,836
Gold	N/A	N/A	\$8,640	\$8,772	\$8,520	\$8,832

Source: Average monthly premiums taken from [CMS Marketplace Reports](#). All FFM includes plans from the federally facilitated marketplace and were calculated by averaging the

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Marketplace Trends

Total consumers selecting a plan in Georgia has decreased 15% since 2015; the percentage of new customers also decreased from 55% in 2015 to 31% in 2019, reflecting national trends

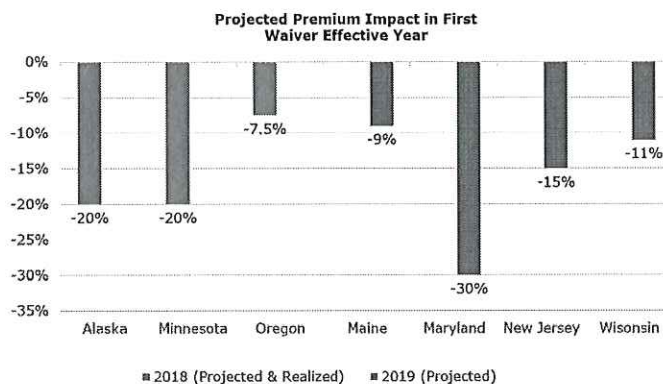
Georgia Marketplace Activity				
Year	Total Consumers Who Selected a Plan	New Consumers	Active Re-enrollees	Automatic Re-enrollees
2019	458,437	141,066	242,282	75,017
2018	480,911	147,066	237,618	96,100
2017	493,878	174,819	245,677	73,236
2016	587,833	266,470	216,944	104,419
2015	541,032	298,833	116,034	126,105

Estimated Impact of 1332 Reinsurance Program on Exchange Premiums

FOR DISCUSSION PURPOSES ONLY

Approved 1332 Waivers: Projected Premium Impact

States that implemented a reinsurance program in 2018 realized their projected reductions in marketplace premiums, while new waiver states project a decrease in premiums for the first year of their waiver implementation



Alaska, Minnesota, and Oregon realized their projected savings after the initial year of their waiver according to the CMS November 2019 Discussion Paper. Maine, Maryland, New Jersey, and Wisconsin are in their initial implementation year and the total realized savings have yet to be determined.

Source: Information from CCIO Section 1332: State Innovation Waivers and CMS November 2019 Discussion Paper

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PORTABLE BENEFITS: A SOLUTION FOR TODAY'S ECONOMY

Shelly Steward, PhD

Atlanta, Georgia

October 30, 2019

Appendix III

1

ABOUT THE FUTURE OF WORK INITIATIVE

The Aspen Institute Future of Work Initiative is a nonpartisan effort to identify concrete ways to address the challenges American workers and businesses face due to the changing nature of work in the 21st century. The Initiative focuses on policy ideas at the federal, state, and local level to:

- 1** | Improve economic security for both traditional and non-traditional workers
- 2** | Expand investment in and access to effective education and training programs
- 3** | Reduce pressure on public companies to prioritize short-term profits and encourage investment in long-term value creation

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PORTABLE BENEFITS: A SOLUTION FOR TODAY'S ECONOMY

- 1** | WHAT'S WRONG WITH WORKPLACE BENEFITS TODAY?
- 2** | PORTABLE BENEFITS: DEFINITION AND DESIGN QUESTIONS
- 3** | MOVING FORWARD: APPROACHES AND EXAMPLES

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DEFINITIONS

WORKERS

- Individuals who earn income for labor performed. This includes those who perform labor across any work arrangement, including employees as well as independent contractors (sometimes referred to as the self-employed, sole proprietors, entrepreneurs, freelancers, or small-business owners).

EMPLOYERS

- We use this term in its common speech meaning—one that employs or makes use of something or somebody, where "employs" means "to use or engage the services of"—and not its legal meaning relative to worker classification.

TRADITIONAL WORK

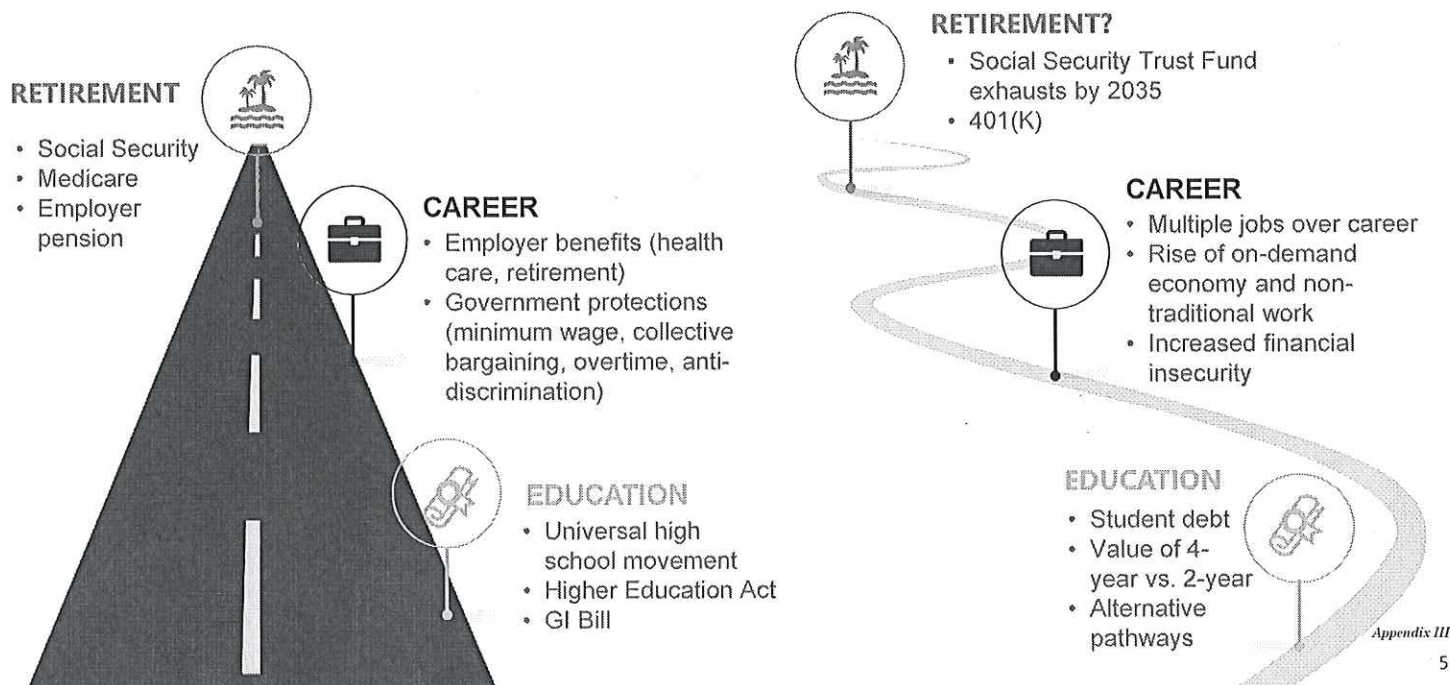
- Permanent, full-time, year-round work, with workers classified as employees.

NON-TRADITIONAL WORK

- Work that falls outside traditional work as defined above. This includes both independent contract work and employment that is part-time, short-term, subcontracted, on-call, or seasonal.

Appendix III

HOW WORK HAS CHANGED



OUR SYSTEM OF BENEFITS IS INADEQUATE

BUSINESSES

- Need new ways to invest in workers that match the realities of today's economy
- Are left with a fractured, complex, and expensive landscape of options

WORKERS

- Have increased financial insecurity
- Are unable to move jobs, explore new opportunities, or become entrepreneurs

NON-TRADITIONAL WORK LANDSCAPE

	Non-traditional work					
Employment classification	Employee					Independent contractor
IRS designation	W-2					1099
Does worksite entity pay worker?	Yes, worker paid directly		No, worker employed and paid by intermediary			Varies
Bureau of Labor Statistics designation	Full-time	Part-time	On-call	Temporary help agency	Contract firm	Independent contractor
Representative occupations	<ul style="list-style-type: none">• Office clerk• Machine operator• Physician assistant• Flight attendant	<ul style="list-style-type: none">• Retail cashier• Bartender• Adjunct professor• Fitness instructor	<ul style="list-style-type: none">• Substitute teacher• Farm laborer• Construction worker	<ul style="list-style-type: none">• Receptionist• Warehouse associate• HR specialist	<ul style="list-style-type: none">• Security guard• Janitor• Software developer	<ul style="list-style-type: none">• Real estate agent• Massage therapist• Rideshare driver• Musician• Hair stylist
Access to benefits	A range of benefits mandated by law; others voluntarily provided	Some benefits mandated by law; few benefits typically voluntarily provided by employers				Few benefits mandated by law or voluntarily provided

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HOW MANY GIG WORKERS ARE THERE?

THE APPENDIX INSTITUTE
FUTURE OF
WORK
INITIATIVE

ENGAGED IN ANY CAPACITY
Primary and supplementary work

About 1 in 3

AS MAIN JOB
Independent work is primary

About 1 in 10

ONLINE PLATFORMS
Uber, Lyft, TaskRabbit, and others

Less than 1%

————— Total U.S. workforce —————

Appendix III

WHAT'S HAPPENING IN GEORGIA?

2.3 percent of Georgia's workforce generates income using online platforms, the second highest rate of all states

compared to 1.6 percent nationally.

Atlanta saw a **51.9 percent increase** in transportation industry gig employment from 2012 to 2014

compared to a 48 percent increase nationally, and a 4.2% decrease in payroll employment.

3.7 percent of workers in Georgia do not expect their job to last

compared to 3.8 percent nationally.

5.4 percent of workers in Georgia are unincorporated self-employed workers

compared to 6.4 percent nationally.

Based on October 2017. Source: The Online Platform Economy in 2018, September 2018 JPMorgan Chase Institute.

Source: 2015 Nonemployer Statistics, US Census Bureau, compiled by Brookings Metropolitan Policy Program

Source: 2017 Contingent Worker Supplement, May 2017 Current Population Survey, Bureau of Labor Statistics

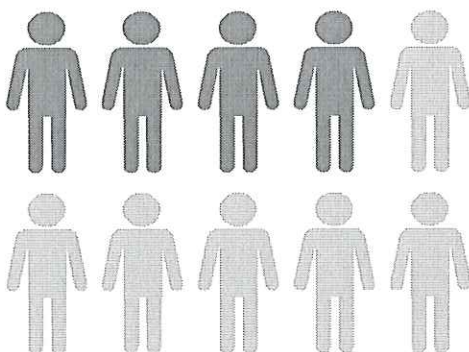
Source: March 2015 Current Population Survey, Bureau of Labor Statistics

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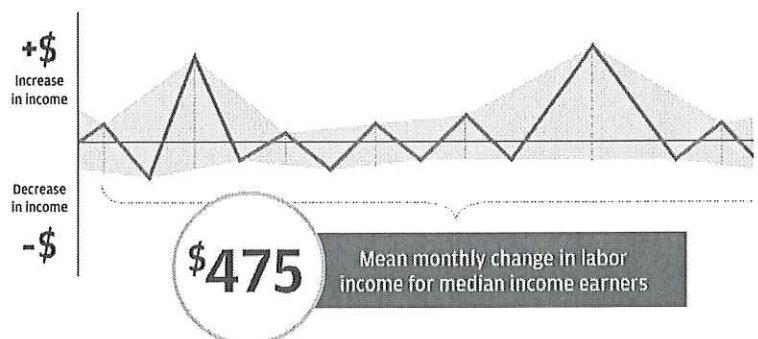
FINANCIAL INSECURITY TODAY



FOUR IN TEN ADULTS CANNOT AFFORD AN EMERGENCY EXPENSE OF \$400



FINANCIAL PLANNING IS DIFFICULT FOR NON-TRADITIONAL WORKERS, WHOSE INCOME OFTEN FLUCTUATES MONTH-TO-MONTH.



Source: Survey of Household Economic Decision-Making, Federal Reserve, 2019.

Source: The Online Platform Economy in 2018, September 2018 JPMorgan Chase Institute.

Appendix III

EMPLOYER-PROVIDED BENEFITS

BENEFITS	TRADITIONAL WORKERS	NON-TRADITIONAL WORKERS	
	PERMANENT, FULL-TIME EMPLOYEES	OTHER EMPLOYEES	INDEPENDENT CONTRACTORS
HEALTH INSURANCE	Usually; required by federal law for employers with 50+ full-time employees	Sometimes; part-time and short-term workers not included in mandate	Can access plans through ACA without employer contributions
SOCIAL SECURITY/MEDICARE	Yes; required by federal law	Yes; required by federal law	No employer contributions; worker pays both employer and employee contributions
UNEMPLOYMENT INSURANCE	Yes; required by state law in most states	Depends on state UI regulations	No
SPONSORED RETIREMENT	Often; employer contributions not required	Sometimes; though employer contributions are rare	Rare; self-funded plans available
WORKERS' COMPENSATION	Yes; required by state laws*	Yes; required by state laws*	Rare
TEMPORARY DISABILITY	Often; required by law in some states	Unknown**	Rare; self-funded plans available

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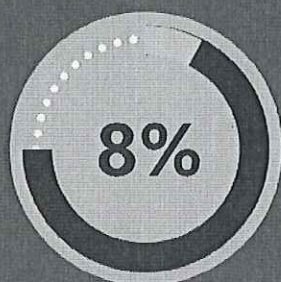
EMPLOYER-PROVIDED BENEFITS

BENEFITS	TRADITIONAL WORKERS	NON-TRADITIONAL WORKERS	
	PERMANENT, FULL-TIME EMPLOYEES	OTHER EMPLOYEES	INDEPENDENT CONTRACTORS
LIFE INSURANCE	Often	Unknown**	Rare; self-funded plans available
PAID SICK LEAVE	Often; required in some states and cities	Unknown**	Rare
PAID FAMILY & MEDICAL LEAVE	Unpaid leave required for employers with 50+ full-time employees; paid leave required in some states	Both federal unpaid leave and state paid leave required for many but may be limited due to eligibility requirements	Rare; though able to opt in to some state programs
PAID VACATION	Sometimes	Rare	Rare
CHILD CARE ASSISTANCE	Rare	Rare	Rare
EMERGENCY CASH SAVINGS	Rare	Rare	Rare

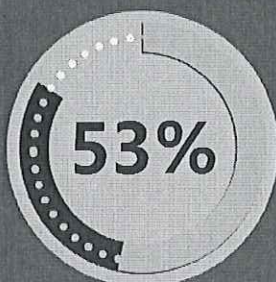
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GIG WORKERS LACK BENEFITS

EMPLOYER-SPONSORED HEALTH INSURANCE

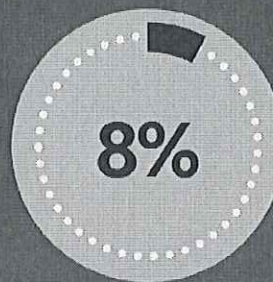


Non-traditional
Workers

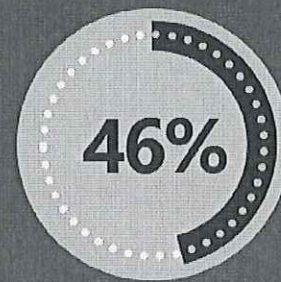


Traditional
Workers

EMPLOYER-SPONSORED RETIREMENT PLANS



Non-traditional
Workers



Traditional
Workers

75% of non-traditional workers have health insurance through some means, compared to 84% of traditional workers

Appendix III

Source: 2017 Contingent Worker Supplement, May 2017 Current Population Survey, Bureau of Labor Statistics

PORTABLE BENEFITS: A SOLUTION FOR TODAY'S ECONOMY

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WHAT ARE PORTABLE BENEFITS?

PORTABLE

- Benefits are connected to an individual, rather than a single employer, and can be taken from job to job without interruption in coverage or loss of funding

PRORATED

- Benefits can be funded by contributions from a variety of sources - including employers, customers, government, and workers - either simultaneously or sequentially
- Contributions can be allocated in proportion to hours worked or other relevant units of labor

UNIVERSAL

- Benefits are accessible to all workers, regardless of hours worked or type of work arrangement.

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GOALS OF PORTABLE BENEFITS

IMPROVE FINANCIAL SECURITY OF ALL WORKERS

- The social safety net our nation built to help ensure economic security for hard-working Americans **has not kept pace** with changes in the economy.
- Portable benefits models aim to extend essential benefits to more workers.

CREATE MORE EQUITY BETWEEN TRADITIONAL AND NON-TRADITIONAL WORKERS

- Companies have a strong financial incentive to hire workers as independent contractors, for whom they are not required to provide benefits.
- Portable benefits can **narrow the differences between traditional and non-traditional workers** and their ability to access benefits and protections.

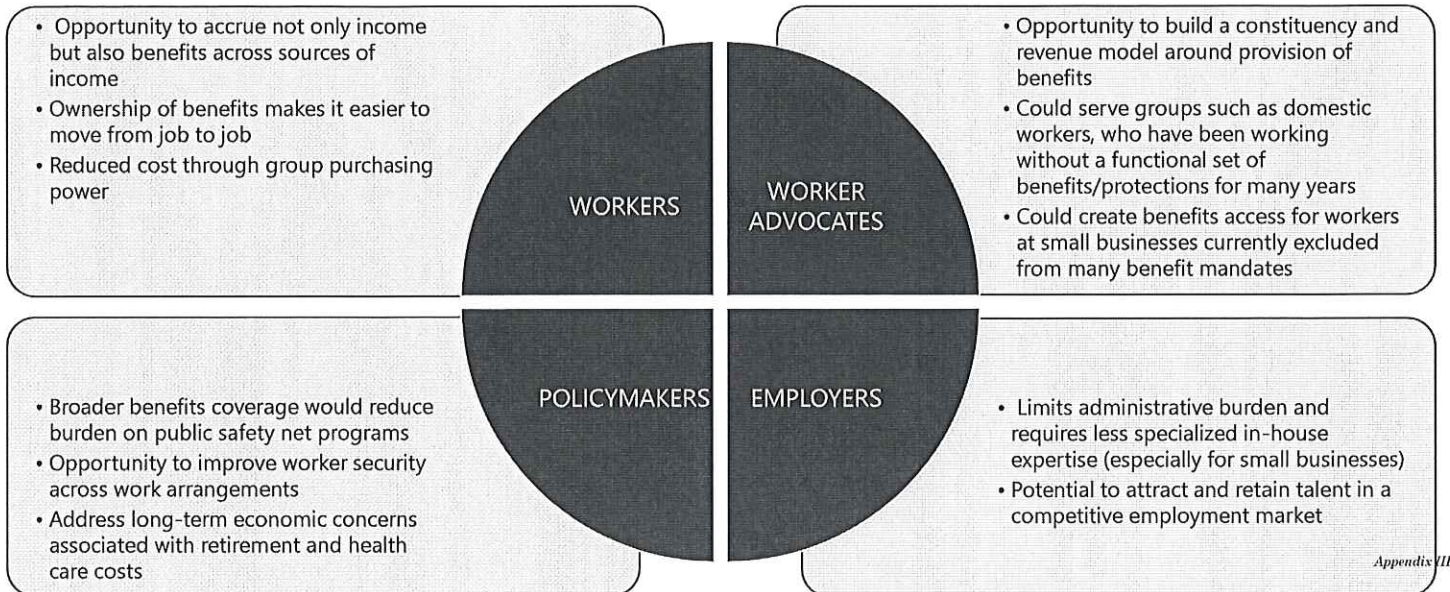
FUEL A MORE DYNAMIC LABOR MARKET

- With benefits that are portable across work arrangements, individuals have the protection they need to make a job change or take on an entrepreneurial endeavor.

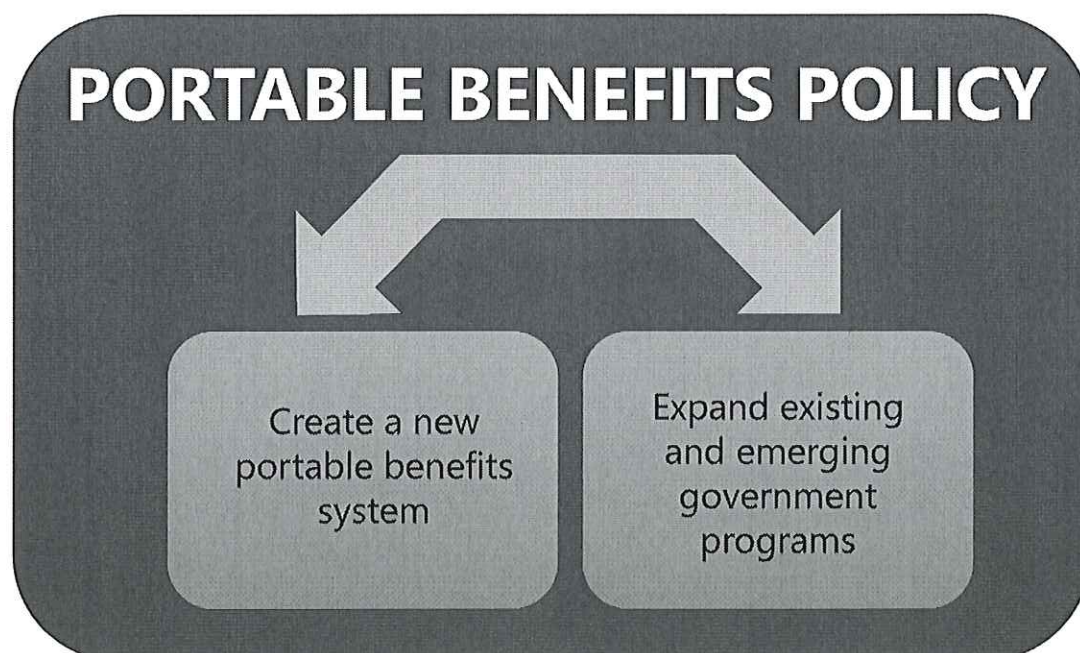
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PORTABLE BENEFITS' BENEFITS



TWO APPROACHES



PORTABLE BENEFITS: A SOLUTION FOR TODAY'S ECONOMY

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TO CONSIDER: FOUR DESIGN QUESTIONS



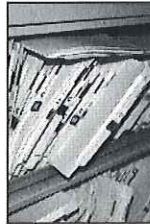
What benefits will be included?



Who will be eligible for benefits?



How will benefits be funded?



Who will administer benefits?

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WHAT BENEFITS WILL BE INCLUDED?

OPTIONS

- A wide range of benefits could be offered, from health insurance and retirement to training programs and childcare allowances.
- Some benefits pool risk among participants, while others are held as individual accounts.

CONSIDERATIONS

- Which benefits do workers value most?
- Which benefits could improve sustainability of public programs?
- Should the inclusion of certain benefits be required or should benefits selection be left to designated administrators?

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WHO WILL BE ELIGIBLE?

OPTIONS

- Those in specific work arrangements, such as independent contractors or short-term workers
- A subset of workers within an arrangement, such as online platform workers
- Workers in specific industries or occupations

CONSIDERATIONS

- How does defining a population of workers impact how portable benefits are?
- Should self-employed individuals and small businesses be able to opt in to coverage?
- Should all eligible workers be required to participate?

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HOW WILL BENEFITS BE FUNDED?

OPTIONS

- Employers
- Customers
- Government
- Workers

CONSIDERATIONS

- What is the funding mechanism?
- How do models relate to existing programs and regulatory frameworks?
- Should contributions be mandatory or voluntary, particularly for employers and/or customers?

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WHO ADMINISTERS THE BENEFITS?

OPTIONS

- Government
- Nonprofit
- For-profit

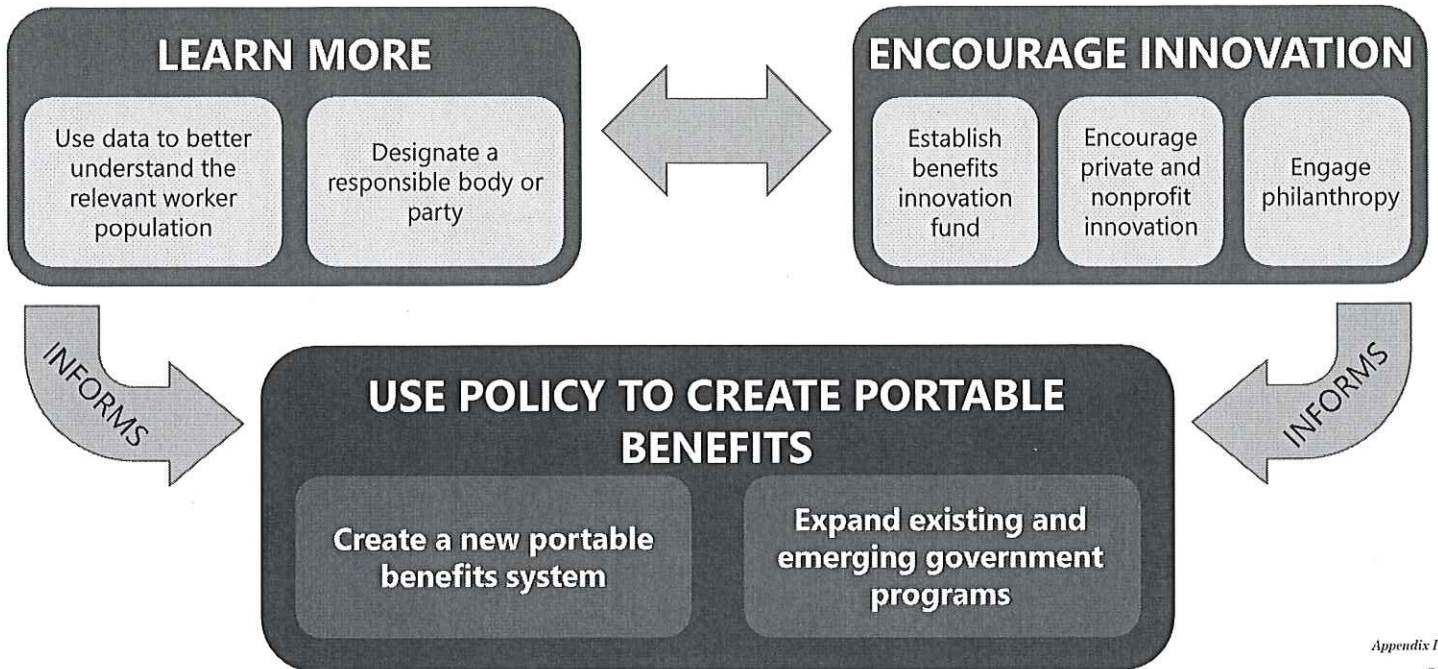
CONSIDERATIONS

- Are administrators financially sustainable?
- To whom do administrators have fiduciary duty?
- Do workers have a voice in governance?

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BASIC APPROACHES



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Gig Economy
DATA HUB

About

The Basics

Research

Blog



The Gig Economy Data Hub is a
partnership between the ILR School
and the Future of Work Initiative



ILR School

THE ASPEN INSTITUTE
FUTURE OF
WORK
INITIATIVE

www.gigeconomydata.org

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NEW POLICY APPROACHES

CREATE A BENEFITS EXCHANGE

- Regulated exchange of private providers
- Affordable Care Act
- Washington Small Business Retirement Marketplace

SINGLE-PROVIDER PROGRAMS

- Publicly designated private provider, subject to oversight
- Black Car Fund
- Auto-enrollment retirement programs with private administrators

PUBLIC OPTION

- Government administered benefits
- Social Security
- Unemployment insurance

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CREATE NEW POLICY MODELS

BLACK CAR FUND

- Applies to black car drivers in NY, including rideshare drivers
- Legislatively created in 1999; expanded in 2017
- Provides workers' compensation insurance for drivers
- Funded by 2.5% customer surcharge

WASHINGTON LEGISLATION

- Applies to any company that connects workers with clients, online or offline
- Requires company contribution to worker benefits fund, administered by a non-profit
- Includes "hold harmless" provision to protect companies from misclassification accusations

ALABAMA LEGISLATION

- Applies to online platform companies only
- Defines worker as "Marketplace Contractor," defining classification based on how work is arranged rather than nature of work relationship
- Gives online platform companies the option to offer benefits but does not mandate or structure a program

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EXPAND EXISTING POLICY MODELS

AUTO- ENROLLMENT IRAS

- Example: OregonSaves
- Requires employers that don't provide retirement benefits to automatically enroll workers in a portable retirement benefits
- Typically funded through voluntary employee contributions and privately managed
- Programs have been created in 10 states, with some allowing the self-employed to enroll

EDUCATION AND TRAINING

- Example: Lifelong Learning and Training Accounts
- Portable accounts funded by workers, employers, and government, and could be used by workers to pay for education and training opportunities over the course of their career
- Proposed at Federal level, in two states, and two cities

PAID FAMILY AND MEDICAL LEAVE

- A social insurance program funded by employers and workers
- Multiple-job holders are able to receive benefit
- Some programs include and opt-in option for the self-employed
- Passed in six states and the District of Columbia

Appendix III

FEDERAL LEGISLATION

PORTABLE BENEFIT INNOVATION FUND

- Bipartisan, bicameral legislation introduced to create Department of Labor seed fund to incentivize state and local innovation
- Introduced by Sens. Warner (VA) & Young (IN); Rep. DelBene (WA)

LIFELONG LEARNING & TRAINING ACCOUNTS

- Bipartisan, bicameral legislation introduced to create portable accounts that help workers finance education and training opportunities throughout their career
- Introduced by Sens. Klobuchar (MN) & Sasse (NE); Reps. Kilmer (WA) & Thompson (PA)

AFFORDABLE CARE ACT (ACA)

- Government-run exchanges allow independent contractors to purchase health care benefits
- 1 in 5 of those who receive coverage through the ACA are small businesses or self-employed individuals

Appendix III

MUNICIPAL MODELS

FREELANCE ISN'T FREE ACT (NEW YORK CITY)

- Provides basic protections for New York City freelancers, including the right to a written contract, timely and full payment, and protection from retaliation



SAMASCHOOL (SAN FRANCISCO)

- In partnership with San Francisco's Office of Economic and Workforce Development, Samaschool helps prepare low-income populations to succeed as independent workers



DOMESTIC WORKERS (SEATTLE)

- Entitles house cleaners and other domestic workers in Seattle to minimum pay, rest breaks and representation on a special board



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NON-PROFIT MODELS

ALIA / NATIONAL DOMESTIC WORKERS ALLIANCE

- Online platform created to help house cleaners access benefits through client contributions
- Cleaners can purchase benefits including: paid time off; disability, accident, critical illness, and life insurance



THE WORKERS LAB & THE ROCKEFELLER FOUNDATION

- Design Sprint for Social Change to design ways to provide independent contractors access to \$1,000 when needed for unexpected expenses



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FOR-PROFIT MODELS

PRUDENTIAL - COVERED 1099

- Tax withholding, short term savings, retirement and life insurance
- Builds on proven expertise in insurance and financial management to expand offerings to new populations



CARE.COM

- Benefits platform offering caregivers access to medical and dental insurance plans
- Families can contribute to caregiver's benefits just as traditional employers do for employees



CATCH.CO

- Platform offering access to health plans, retirement accounts, tax and paid leave savings accounts and other benefits
- Connects to bank accounts to streamline benefits contributions out of paychecks



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WHY PORTABLE BENEFITS

ALIGNS WITH WORK PATTERNS OF TODAY – AND TOMORROW

- Creates benefits access model for all workers, regardless of work arrangement

ENABLES ACCESS TO TALENT

- Helps employers attract and invest in unique talent, even on a short-term basis

PROMOTES ENTREPRENEURSHIP

- Gives individuals financial security to support risk taking and new business creation

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WHY PORTABLE BENEFITS POLICY

CREATES SHARED SET OF EXPECTATIONS

- Levels the playing field
- Promotes better planning and decision making

CREATES A WORKER-FRIENDLY ECOSYSTEM

- Fuels a dynamic labor market
- Acknowledges multiple income earners' need for benefits interoperability

FORWARD-LOOKING POLICY SIGNALS THAT GEORGIA IS OPEN FOR BUSINESS

- Attracts cutting edge businesses
- Appeals to unique talent

Appendix III

CONTACT INFORMATION



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www.aspeninstitute.org/futureofwork



@AspenFutureWork

Appendix III

TODAY'S ECONOMY IS FAST-PACED AND FLEXIBLE

BUSINESSES

- Must adjust hiring practices to ever-changing market pressures in order to stay competitive
- Struggle to attract and retain talent

WORKERS

- Face high levels of uncertainty and insecurity
- Expect flexibility and mobility

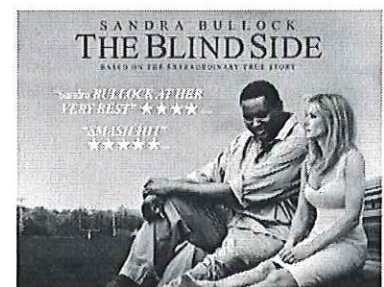
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EXAMPLE: FILM INDUSTRY

LONG STANDING EXAMPLE OF GIG WORK

- Most work done by independent contractors on a temporary basis



BENEFITS ACCESS THROUGH GUILDS

- All workers (union and non-union) accrue benefits funded by production companies but managed by guilds



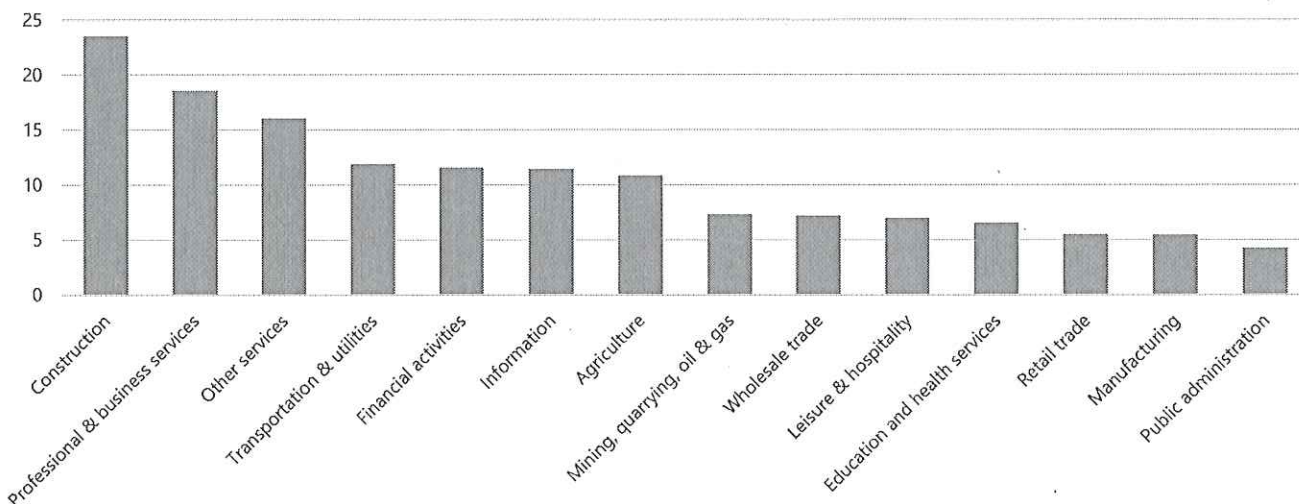
WORK MAY BE INTERMITTENT BUT COVERAGE IS CONTINUOUS

- Benefits follow workers from job to job

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ALTERNATIVE WORK ARRANGEMENTS BY INDUSTRY

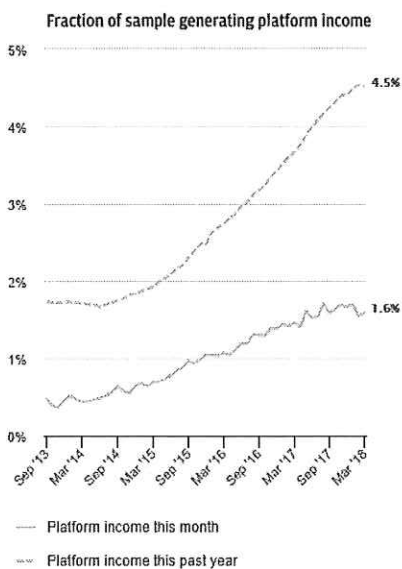
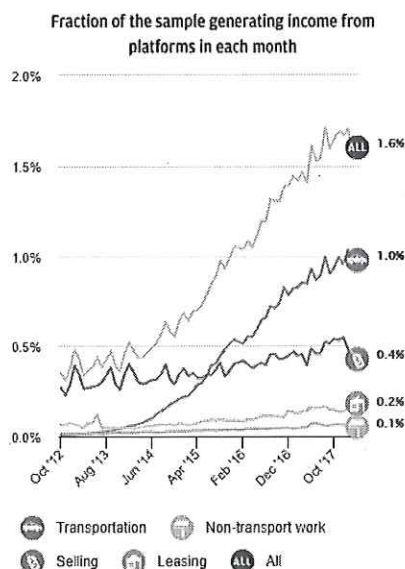
WORKERS IN ALTERNATIVE WORK ARRANGEMENTS AS A SHARE OF TOTAL INDUSTRY WORKERS, MAY 2017



Analysis of BLS data. U.S. Bureau of Labor Statistics, Contingent and Alternative Employment Arrangements, May 2017. <https://www.bls.gov/news.release/care/top.pdf>

Appendix III

ONLINE PLATFORM ECONOMY

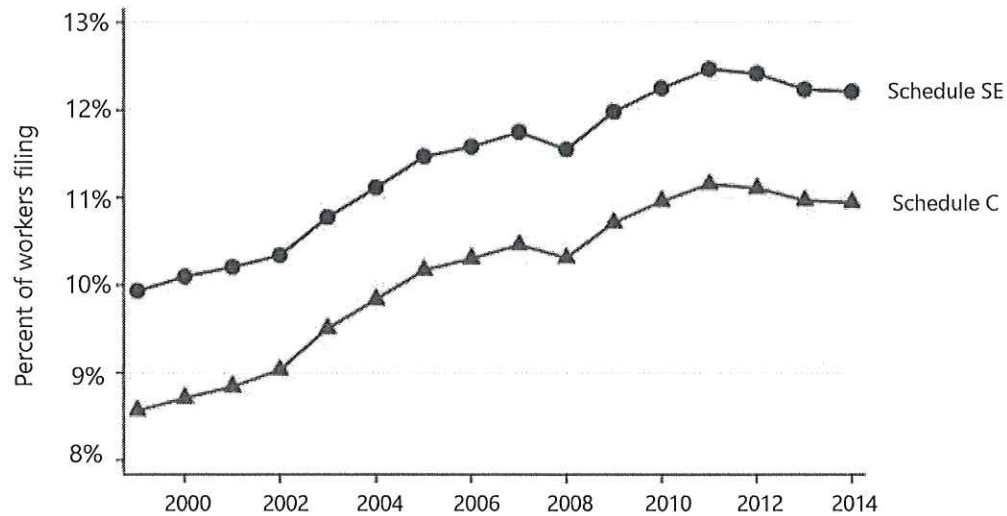


THE ONLINE PLATFORM ECONOMY HAS CONTINUED TO GROW – NOW ACCOUNTING FOR ROUGHLY **1.6 PERCENT** OF THE WORKFORCE (BASED ON SAMPLE).

Appendix III

SIDE HUSTLES

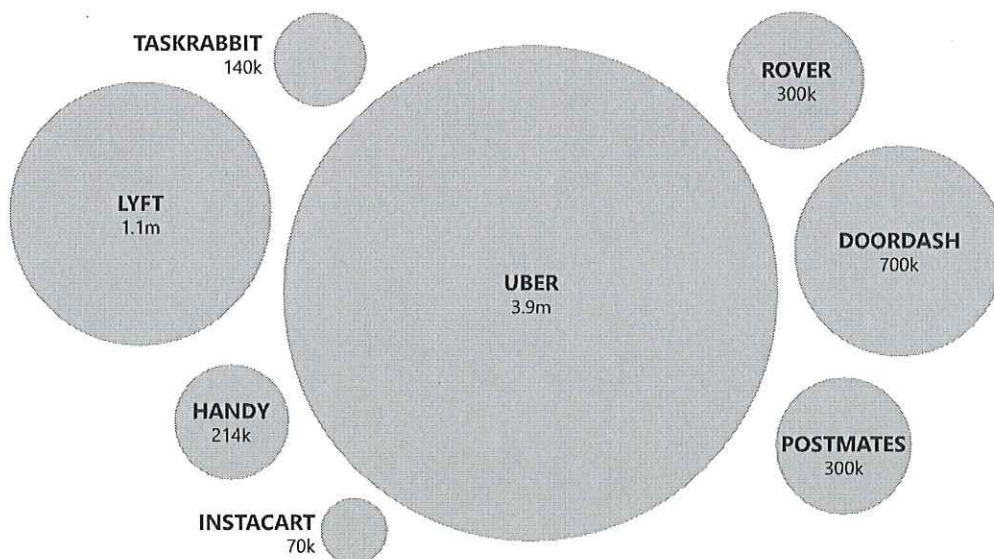
Tax and other administrative data show steady increases in the number of people engaged in independent work.



Appendix III

Source: *The Rise of Alternative Work Arrangements: Evidence and Implications for Tax Filing and Benefit Coverage*, U.S. Department of the Treasury, 2017

NUMBER OF CONTRACTORS PER COMPANY



Appendix III

Source: Axios, April 2019