CENTER for RETIREMENT RESEARCH at BOSTON COLLEGE

ARE OLDER NONTRADITIONAL WORKERS ABLE TO FIND HEALTH AND RETIREMENT COVERAGE?

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Abstract

In contrast to traditional employment, where employers provide health and retirement benefits, workers in nontraditional jobs have to seek out other options for health insurance coverage and retirement saving. How successful are they at finding alternatives? This study uses the *Health and Retirement Study* to examine older workers ages 50-64, who are both the largest cohort of workers in nontraditional jobs, and probably the group most in need of consistent health coverage and the ability to save for their imminent retirement. The study finds that about one-third of older workers in nontraditional jobs are uninsured, with the majority finding coverage through a spouse's employer or a past employer of their own. The Affordable Care Act has also helped these workers find coverage, most often through Medicaid; the study finds that workers in nontraditional employment in states that expanded Medicaid saw greater increases in coverage (especially public coverage) than similar workers in non-expansion states. While policy reform has helped increase health insurance coverage, workers in nontraditional jobs are largely left without convenient, tax-deferred retirement saving options, in part because their spouses in traditional employment do not tend to save more to compensate. These results suggest that policies such as auto-IRA plans may be especially useful to workers in nontraditional employment.

Introduction

Since World War II, American workers have come to count on their jobs to provide not just cash earnings, but also fringe benefits such as health insurance coverage and retirement saving plans. Indeed, the presence of health and retirement benefits are often seen as the markers of "traditional employment," or, simply, a "good job" (Osterman 2013).

Meanwhile, social scientists have focused increasingly on "alternative work arrangements," such as independent contracting, on-call work, or working in temporary employment agencies (Katz and Krueger 2016, 2019; Jackson, Looney, and Ramnath 2017; Abraham et al. 2018; Farrell and Greig 2016; Robles and McGee 2016; Collins et al. 2019; Rutledge, Wettstein, and King 2019; and Munnell, Sanzenbacher, and Walters 2019). While the types of workers included in this category vary greatly across studies, their common denominator is best expressed in what they lack: health and retirement benefits. So if workers miss out on these important components of traditional employment, where do they find health insurance coverage and the ability to save (conveniently, and with pre-tax dollars) for retirement?

This study uses data from the *Health and Retirement Study* to examine the sources of health insurance coverage and retirement saving for workers in nontraditional employment. It focuses on older workers, the largest cohort of workers in nontraditional jobs (Katz and Krueger 2019; Abraham, Hershbein, and Houseman 2020). This group may also be the most vulnerable to missing out on these benefits. First, insurance coverage is essential to assure affordable health care for aging individuals. Second, retirement saving increases in saliency after age 50, and may be easier to afford, if earnings are near their peak and children are out of the household.[1] The absence of employer-provided health benefits and retirement plans requires older workers either to rely on their spouses' employers, or to seek out less convenient and more expensive options such as non-group health plans and Individual Retirement Accounts (IRAs) that necessitate initiative and consumer savvy.

With health benefits, at least, recent policy reform has made options more readily available outside of employment. The Affordable Care Act (ACA) made non-group coverage easier to find, through online insurance exchanges, and easier to afford, through premium

[1] The availability of catch-up contributions in 401(k) plans – where workers ages 50 or older have higher annual limits on their tax-deferred contributions – suggests that policymakers expect increased saving as workers approach their retirement years.

subsidies. The ACA also allowed states to increase the income thresholds to qualify for Medicaid up to 138 percent of the federal poverty line. Where previously the Medicaid income thresholds were too low in many states to include even part-time workers, now, low- and middle-income workers – including some workers in nontraditional jobs – may find Medicaid as an option for coverage. But the accessibility of these options depends on the worker's state of residence, in large part because some states opted not to expand Medicaid; as of 2016 (the end of this study's sample window), 19 states still had not increased Medicaid thresholds. Furthermore, states that opted to run their own non-group insurance exchange rather than rely on the federal exchange saw larger decreases in their uninsured rates, which indicates that opting to run their own exchange may be a marker of a state's commitment to increasing coverage (Frean, Gruber, and Sommers 2017).

This study estimates the extent to which more readily available coverage options through Medicaid and/or state-run exchanges is associated with greater coverage for workers in nontraditional employment, especially since the implementation of the ACA. As more states explore instituting work requirements in their Medicaid expansions, the study also provides evidence of the effectiveness of current Medicaid expansions in extending coverage to working individuals.[2]

Retirement savings, in contrast, has faced little change in its availability outside of employment; states such as Oregon, Illinois, and California have begun to automatically enroll workers in auto-IRA plans, but most of these reforms are in their nascent stages, and national efforts (such as the Obama Administration's myRA plan – since discontinued) have been limited by a lack of bipartisan support. So workers in nontraditional employment continue to rely primarily on their spouses to fill the gap left by their lack of an employer retirement plan. This study therefore estimates whether married workers in traditional employment save more in their own 401(k) plans when their spouse is in nontraditional employment to offset the spouse's lack of access to an employer-provided saving option.

The rest of the paper proceeds as follows. The next section reviews the literature on the markers of nontraditional work arrangements. The third section describes how the analysis uses HRS data to define nontraditional work. The fourth outlines the empirical approach to

[2] As of the time of writing, 18 states have taken some steps towards requiring work as a criterion for Medicaid eligibility (The Commonwealth Fund 2020).

examining the health insurance and retirement plan coverage of workers in nontraditional jobs, and the fifth section presents results. The final section concludes that about one-third of workers in nontraditional jobs are uninsured. For the two-thirds that are able to obtain coverage elsewhere, spouses' employers and, increasingly in recent years, Medicaid in ACA expansion states are key sources. But the families of these workers do not seem to making up for their lack of 401(k) eligibility with saving through the spouse's 401(k), leaving these families at risk of being underprepared for retirement.

Background and Previous Literature

While research on nontraditional work dates back decades (see an early review from Barker and Christensen 1998), it has gained renewed prominence in the media and among social scientists, especially after Katz and Krueger's (2016) survey found an increase in so-called "alternative" arrangements from 10 percent in 2005 to 15 percent in 2015. Later studies differ on whether the trend is so clearly increasing, in part because measuring alternative arrangements is quite difficult. One issue is that alternative jobs are often secondary jobs, which household surveys often miss (Katz and Krueger 2019; Abraham, Hershbein, and Houseman 2020). Collins et al. (2019) find evidence that, although a higher share of workers are filing IRS Form-1099s indicating independent contracting work, almost all of the growth is from people using that work as a secondary source of income.[3]

Another issue is that both tax records and self-reported information in large-scale surveys lack the nuance required to capture the complex ways in which employers classify workers as employees or contractors, or in how workers characterize their own relationship to their employers. Some studies have focused on the gig economy because it is a more clearly defined pathway to alternative work, but these studies tend to find that online platforms are still used only rarely: the largest estimates find that only about 4 percent of the workforce take part in online gig work (Farrell and Greig 2016; Abraham et al. 2018; Collins et al. 2019). As a result, the studies on this topic characterize a variable and often quite broad range of employment arrangements as alternative or nontraditional work: independent contracting and freelancing,

[3] Jackson, Looney, and Ramnath (2017) similarly use administrative tax records, but instead identify workers with self-employment income and only small amounts of business expenses, which may indicate independent contracting. They find that the share of the workforce with this tax-filing status nearly doubled from 1999 to 2014, though it remains only a small share of the workforce: around 4 percent.

temporary employment agencies, contract firm work, direct-selling to consumers, part-time work, and small business ownership. Under this more expansive definition, the share of workers in nontraditional arrangements is as high as 30 percent (Robles and McGee 2016) or even 40 percent (U.S. Government Accountability Office 2015) of workers.

Because of the lack of consensus over the definition of nontraditional work, the current study focuses on the characteristics of jobs – ultimately, what matters for economic security is not the label given the job, but factors such as fringe benefits and the volatility of hours and employment. This focus on job characteristics instead of the nature of the employer relationship is also related to the strand of the literature examining the quality of jobs. For example, Kalleberg, Reskin, and Hudson (2000) report that, as of 1995, 31 percent of American workers were in jobs that fit the CPS definition of alternative arrangements, and/or lacked retirement and health benefits, and/or carried low or volatile pay. In a review, Osterman (2013) finds that jobs with unpredictable wages are becoming more common and fringe benefit offers are declining.

Though an increasing number of studies are classifying and counting nontraditional workers, few studies have examined how nontraditional workers find retirement and health coverage when their jobs do not provide them. Jackson, Looney, and Ramnath (2017), who use tax data, find that workers (of all ages) in "alternative arrangements" – narrowly defined as those with both wages and self-employment income and expenses – are less likely to contribute to retirement accounts and are more likely to go uninsured. This project expands on this work by examining a broader group of nontraditional employees (not just those with self-employment income), focusing on older individuals as the largest and most vulnerable cohort of nontraditional workers. It also provides the first estimates of whether the ACA increased health coverage for nontraditional workers.

For the most part, policy reform has not yet focused on expanding access to retirement saving outside of employment. The Obama Administration briefly offered myRA plans, but because they did not feature auto-enrollment, only about 30,000 workers took advantage of the plans before they were terminated by the Trump Administration (Johnson 2017). Several states have proposed auto-IRA programs that require employers to auto-enroll workers in savings vehicles. Results from Oregon, the first program to launch in 2017, show that the majority of workers participate, but it is too early to draw meaningful conclusions about savings outcomes in the long run (Quinby et al. 2019). The main alternative remains relying on one's spouse, if that

spouse happens to be in a job that offers a 401(k)-style plan. Sanzenbacher and Hou (2019) find that, among two-earner couples with only one worker offered a 401(k) plan, that worker does not contribute more to compensate, but that study did not focus specifically on nontraditional work.

Data

The project uses the *Health and Retirement Study* (HRS) to examine the share of older workers in nontraditional jobs over the 2002-2016 period. The HRS is a longitudinal survey of U.S. households with at least one adult age 50 or older. Every two years (one "wave"), respondents are surveyed about their labor market activity, income, health insurance status, wealth, and saving activity, as well as key background information such as their demographics, family structure, health, and retirement expectations. The analysis includes individuals ages 50-64, born in the 1938-1965 period. The unit of observation is the person-wave, keeping any wave where the respondent reports working for pay.

Defining Nontraditional Work

The analysis uses two definitions of nontraditional work. The first is less restrictive, focusing exclusively on whether a job lacks *both* employer-sponsored retirement and health benefits. However, many studies of nontraditional jobs are also concerned with instability. Furthermore, workers who are the secondary earners in their households may actually prefer a job with greater earnings but less generous fringe benefits. So the study also uses a second, more-restrictive definition which requires jobs both to lack retirement and health benefits and to have at least one of the following measures of volatility: 1) variable hours; 2) recent instability in the worker's employment; or 3) independent contracting.[4]

Employer retirement and health benefits factor into both definitions of nontraditional jobs. Respondents are marked as having an offer of employer-sponsored retirement benefits if they report participating in any type of pension or retirement plan, or if they report being eligible for any type of retirement plan.[5] Respondents are marked as covered by their employer-

[4] See Munnell, Sanzenbacher, and Walters (2019) for a more detailed analysis of how different definitions of nontraditional jobs compare, both within the HRS and across data sources.
[5] Retirement plan coverage is available from the RAND HRS Longitudinal File, but eligibility among those who do not report participating in a retirement plan is from the raw HRS files.

sponsored health benefits if they report that their source of insurance is their employer or union. If they are not receiving employer health benefits, the HRS then asks if their employer offered them health insurance coverage.[6]

Under the less-restrictive definition, individuals are designated as having nontraditional jobs if they are not eligible for a retirement plan, do not have health insurance through their current employer or union, and do not report being offered health insurance. The analysis focuses on workers in nontraditional jobs, and excludes any workers whose job's nontraditional or traditional status cannot be determined, due to missing information on their retirement plan eligibility or their participation in employer-sponsored health insurance plans.[7]

The more-restrictive definition of nontraditional jobs not only requires the job to lack retirement and health benefits, but also to have at least one marker of volatility. The first marker is that the respondent reports that the job's hours vary from week to week. The second is that the respondent is in the middle of job instability.[8] The third is that the respondent is an independent contractor; while this information is not available directly, a proxy variable is available: if the respondent reports being self-employed but with no other employees.

One important limitation in this analysis of workers holding nontraditional jobs is that information on employer retirement and health benefits (as well as some measures of volatility: variable hours and self-employment with no other employees) are restricted to the respondent's current main job. As with other data sources, the HRS does not allow the analysis to reliably

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[6] The health insurance coverage and offer variables are constructed from the raw HRS files. The HRS changed the flow of questions regarding health insurance offer status in 2002, thereby changing the universe of respondents who are asked the relevant questions, so earlier waves are dropped from the analysis.

[7] Nontraditional or traditional status is known for anyone with either a retirement plan or employer-sponsored health insurance, regardless of whether the other variable is missing. Also, because of skip patterns, the share of individuals with missing information on the offer of employer-sponsored health insurance is quite high. Therefore, the respondent is marked as missing traditional or nontraditional status only if: 1) they are missing retirement plan eligibility and report no current employer-sponsored health insurance and either report no health benefit offer or have missing information for the offer; or 2) they are missing information on whether they receive health insurance from their current employer and report not being eligible for a retirement plan.

[8] This variable considers both the 2-year period between the previous interview and the current interview, and the 2-year period between the current interview and the next interview. If both are periods of instability, the respondent is considered to have job instability in the current wave (i.e., the one in the middle). A period of instability is defined as:

- Their tenure in their job at wave *t* is less than two years;
- They had a non-employment gap between the jobs held at waves *t-1* and *t*; or
- They had three employers between interview *t-1* and *t*, inclusive of the employers held at those interviews.

Because the job instability indicator has a prospective proponent – looking ahead to the period between the current wave and the subsequent wave – it is not available in the most recent HRS wave, 2016, so analysis of the more-restrictive definition ends in 2014.

capture multiple job-holding as a measure of job quality or worker stability (see Katz and Krueger 2019 for discussion of this limitation in most major U.S. household surveys). The less-restrictive definition is unlikely to be affected by this limitation, because workers probably do not hold retirement plans or health insurance coverage from other jobs besides the current main job. The more-restrictive definition, however, may undercount the workers with some element of volatility, if multiple job-holding is an important sign of that instability. In that case, the results would be biased downwards, as some workers who should be marked as being in nontraditional jobs are instead marked as being in traditional jobs, understating the differences between these groups.

Measuring Health Insurance Coverage

The analysis first examines whether workers in nontraditional jobs are able to find an alternative source of health insurance coverage. The potential sources analyzed are, in order of priority (because some individuals have multiple sources of coverage):

- Health insurance through a previous employer, either through retiree health insurance coverage or COBRA coverage;
- Coverage through a (current or former) spouse's current or former employer or union;
- Medicare coverage (before age 65, which must come through Social Security Disability Insurance (SSDI) benefits);
- Medicaid coverage;[9]
- Individual, non-group coverage available through private purchase or through an exchange or marketplace;
- Any other source of private insurance; and
- Any other source of public insurance, such as Tricare or Indian Health.

Any remaining workers who do not belong to any of these categories are considered uninsured.

Measuring Retirement Saving

For retirement saving, the HRS includes self-reported information on some elements of wealth accumulation. When workers are not offered 401(k)s by their employers – as is the case,

[9] Because Medicare is given higher priority than Medicaid, Medicare-Medicaid dual-eligibles are considered covered by Medicare.

by definition, for workers in nontraditional jobs – they can still save on a tax-deferred basis in an IRA, but such direct saving is quite rare; most IRA wealth derives from rolled-over 401(k) savings (Chen and Munnell 2017). Furthermore, the HRS does not include information on IRA contributions; it does include IRA ownership and the balance in those IRAs, but those variables do not directly capture the alternative to saving in a 401(k). The HRS also includes self-reported information on 401(k) participation and contributions to these plans, as well as participation in defined benefit pensions.

The analysis of HRS data relies on self-reports of retirement wealth holdings, but these variables are likely reported with error. The analysis focuses, therefore, on results using restricted-access tax data from the Social Security Administration and the Internal Revenue Service, available from the HRS Detailed Earnings File. These tax data include a worker's "deferred earnings" – i.e., the total contributions to tax-deferred 401(k)-style plans – for a given calendar year. These data are available for the HRS respondents who consented to a data linkage to SSA and IRS administrative data.[10] The analysis uses deferred earnings for calendar years 2002-2016 (in 2016 dollars), focusing on the spouses of workers in traditional vs. nontraditional jobs, so the analysis is limited to traditional workers who are married to someone who is working in a job that is classifiable as either traditional or nontraditional.[11]

Methodology

This study aims to determine: 1) the source of health insurance coverage for workers in nontraditional jobs, and how those sources have changed over time and with the ACA; and 2) whether the families of workers in these arrangements are able to save for retirement despite their lack of employer retirement plans.

Health Insurance Sources and the ACA. The study first presents results for health insurance coverage, starting with summary statistics on coverage rates by source of insurance. In addition to the trends in coverage, the study estimates a series of regressions that examine whether the Affordable Care Act was associated with changes in health insurance coverage in

[10] This information is accessed through the HRS' Virtual Desktop Interface portal.
[11] Such deferred earnings would not include contributions to Roth 401(k) or IRA plans; however, such plans have not been commonly used, with only 9 percent of total IRA assets held in Roth IRA accounts by the end of 2016, for example (Internal Revenue Service 2020).

general, and the source of that coverage in particular. The main specification is a difference-in-differences linear probability model,[12] estimated on a sample limited to workers in nontraditional jobs:

$$Ins_{ist} = \alpha_0 + \alpha_1 ACA_s + \alpha_2 Post_t + \alpha_{12} ACA_s Post_t + \gamma X_{it} + \varepsilon_{ist}, \quad (1)$$

where Ins_{ist} is a binary variable for whether individual *i* living in state *s* in year *t* is covered by, in separate regressions: 1) any insurance; 2) private insurance; 3) public insurance; or 4) insurance from his spouse's employer. In all models, X_{it} is a vector of demographic variables including age and its square, gender, race, Hispanic ethnicity, categorical dummies for education and marital status, and an indicator for SSDI receipt. Because access to health insurance may depend on socioeconomic status, but earnings may be correlated with the traditional/nontraditional status of the job, X_{it} also includes individual *i*'s household income excluding their own earnings (expressed as a natural logarithm).

The key independent variables are an indicator for whether state *s* adopted the ACA's Medicaid expansion or ran their own insurance exchange by 2016 (ACA_s); an indicator for whether year *t* is after the ACA's implementation ($Post_t$); and their interaction. If the ACA increased coverage, then α_{12} would be positive.[13]

Retirement Saving. The study also provides summary statistics on the wealth held by the families of workers in traditional and nontraditional jobs, including financial wealth, housing wealth, IRA ownership, and defined benefit pension participation, as well as the workers' expected retirement age. It then uses administrative tax data to document whether the spouses of workers in nontraditional jobs save more in 401(k)-style retirement plans than the spouses of workers in traditional jobs. The sample is limited to married individuals with spouses working in traditional jobs, since by definition only workers in traditional jobs have access to 401(k) plans. The regression effectively compares households with: 1) a worker with a nontraditional job and a

[12] The mean coverage rates for most of the insurance sources are sufficiently far from zero or one that few predicted values end up outside the [0,1] interval. While probit or logit models can include interactions, the study uses a linear probability model for simplicity of the interpretations of these interactions. Standard errors in the linear probability models are clustered at the individual level to account for multiple observations per person.

[13] An alternative specification is a triple-differences model, comparing the change in coverage pre-ACA vs. post-ACA for workers in traditional vs. nontraditional jobs. The results of this triple-differences model are very similar to the results of the difference-in-differences model presented in this study, in large part because coverage rates (and coverage sources) changed very little for workers in traditional jobs. These results are available upon request.

spouse with a traditional job; to 2) a worker with a traditional job and a spouse with a traditional job. The model is specified as:[14]

$$Deferred_{jt} = \beta_0 + \beta_1 NonTrad_{it} + \delta X_{jt} + \psi_j + \varepsilon_{ist}, \quad (2)$$

where $Deferred_{jt}$ is one of several measures of retirement saving for spouse j of individual i in year t: 1) a binary variable for having any earnings deferred into a 401(k); 2) the natural logarithm of the dollar amount of contributions to a 401(k); 3) the natural log of contributions modified to include non-contributors;[15] and 4) the deferral rate: the amount of contributions as a percentage of j's total earnings (which includes non-contributors, with zero percent). The demographic controls included in vector X_{jt} are similar to before, except that marital status is excluded, as the sample is limited to currently married individuals.

The preferred specification of this regression is a fixed effects model; in the above equation, ψ_j is the individual fixed effect. By including this fixed effect, $\beta_1 > 0$ means that spouse j contributes more to her 401(k) in the periods when her spouse is in a nontraditional job relative to other periods. The inclusion of this fixed effect helps to capture time-invariant differences between married people with spouses that do or do not ever work in nontraditional jobs during their HRS sample window. The fixed effect helps to account for, e.g., whether the families of workers who ever hold nontraditional jobs are less forward-looking and thus not proficient savers in general; without the fixed effect, β_1 would be biased downward by the low proficiency to save for these families.

Results

This section first presents trends and descriptive statistics on workers in nontraditional jobs. It then examines the sources of health insurance coverage for workers in nontraditional jobs, and how those sources have changed over time; it also estimates how the ACA has influenced access to insurance coverage. Finally, it presents descriptive statistics on retirement wealth among nontraditional workers, and regression estimates for whether the spouses of

[14] As in the health insurance regressions, standard errors in all of the saving models are clustered at the individual level to account for multiple observations per person.

[15] The natural logarithm specification usually excludes anyone with $0 deferred into a 401(k)-style plan in a given year. This modified dependent variable replaces the log of contributions with 0 for non-contributors to ensure they are not excluded from the regression.

nontraditional workers increase their 401(k) contributions to compensate for the nontraditional workers' lack of employer-provided retirement savings.

Workers in Nontraditional vs. Traditional Jobs

Figure 1 shows a fairly flat trend over time in the share of workers ages 50-64 in nontraditional jobs by either definition.[16] Consistently about one-quarter of workers hold jobs where they are neither offered health insurance nor retirement plan coverage (the less-restrictive definition); this share fell slightly between 2008 and 2012 to 22.7 percent, but rose in the most recent two HRS waves, to 26.7 percent in 2016. The share of workers in nontraditional jobs defined using the more-restrictive definition – which includes volatility in employment and hours, and self-employment in one-person firms – has risen slightly over time, from 10.9 percent in 2002 to 12.6 percent in 2014, the most recent wave in which this definition is available.

Table 1 presents summary statistics on workers in nontraditional and traditional jobs (for each definition). Compared to workers in traditional jobs, older workers in nontraditional jobs are less educated – they have about one fewer year of schooling, and are less likely to have graduated from college – and are more likely to be Hispanic, but are similar in age (among older workers), gender composition, and marital status. Their incomes are lower, driven by lower earnings – their household income excluding their own earnings is approximately equal to traditional workers – and they are much more likely to have income below the poverty line (14 percent, compared to 4 percent for workers in traditional jobs). Not surprisingly, they are much more likely to be self-employed, even in the definition that does not use self-employment explicitly. Reflecting the fact that nontraditional jobs might better fit workers with health limitations who may only be able to hold down jobs episodically, the share of workers in

[16] The prevalence of nontraditional work differs slightly from Munnell, Sanzenbacher, and Walters (2019) despite similar definitions. That study uses sequence analysis to examine how workers use nontraditional jobs in late career. To maximize the sample size available in the HRS with a sufficiently long sample window to construct informative sequences, their sample extends back to 1992, rather than starting in 2002 as this study does. The variables that establish whether workers without health insurance had been offered a plan by their employers are not available in 1992-2000; instead, they have to assume that anyone with coverage through a spouse was also offered coverage by their own employer, which decreases the share of workers in nontraditional jobs. Furthermore, they use a balanced panel of individuals who were in the data continuously from ages 50-62, whereas the current study uses an unbalanced, cross-sectional sample of any wave where the worker is in a job that is identifiable as nontraditional or traditional. After accounting for these differences in data availability and sample construction, the time trend in their definition of nontraditional work is similarly flat. The share of workers in nontraditional jobs without health insurance and with each source of insurance (as reported in Table 2 of the current study) are also similar.

nontraditional jobs who report receiving SSDI income is 2.4 percent, compared to 0.4-0.6 percent of workers in traditional jobs.

Sources of Health Insurance Coverage

One important marker of a nontraditional arrangement is that the job does not offer health insurance coverage. Table 2 shows that just over two-thirds of older workers in nontraditional jobs find an alternative source of insurance coverage, leaving about 31 percent uninsured. By far the largest source of coverage for workers in these arrangements is from their spouse's employer, accounting for about one-third of older workers in nontraditional jobs (and about one-half of these workers who find a source of coverage).[17]

Workers in nontraditional jobs, by definition, do not have coverage through their own employer, but older workers in these arrangements can often count on coverage from a past employer. The share of these workers who have coverage from a past employer – via COBRA or retiree health insurance – is 9-12 percent (depending on the definition of nontraditional work).[18]

Table 2 also hints at the effect of the ACA on health insurance options. Another 12-13 percent of older workers in nontraditional jobs enroll in individual non-group coverage, which includes coverage through ACA marketplaces.[19] In addition, 3-5 percent have Medicaid coverage; prior to the ACA, Medicaid eligibility thresholds were too low in most states to include even semi-regular workers, but the ACA expansion has made eligibility possible for more low-income workers.[20]

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[17] Not all traditional jobs offer health insurance coverage – this analysis categorizes a job that offers a retirement plan but no health insurance plan as a traditional job – but about three-quarters of older workers in traditional jobs are covered by their own employer; spouse's employer coverage is also common among these workers, adding another 12-14 percent to coverage rates.

[18] COBRA coverage allows workers to continue on their former employer's health plan for up to 18 months after job separation, but takeup is often low because workers have to pay both the employee and the employer shares of the total premium (Fronstin 2010).

[19] Among older workers in nontraditional jobs, 2-5 percent report coverage through any other private source. Due to confusion among survey respondents, this group may include some workers who get coverage from the non-group market or ACA exchanges, so the aforementioned rate of non-group coverage could be an underestimate.

[20] Another 3-4 percent have coverage through another public insurance program such as Tricare, CHAMPUS, CHAMPVA, or Indian Health. Furthermore, a small share of older workers in nontraditional jobs report relying on Medicare. This group could include SSDI beneficiaries, as the share of these workers receiving SSDI benefits is similar. Alternatively, these workers may be misreporting their source of insurance; if they were actually on *Medicaid*, it would mean that the importance of Medicaid to this group is understated.

Figure 2 confirms that the sources of coverage that were expanded under the ACA did indeed provide coverage to more workers in nontraditional jobs since the reform's implementation in 2014. The share of older workers from nontraditional jobs (using the less-restrictive definition) with coverage from the individual market or "other private" sources rose from an average of 14.6 percent over the 2002-2012 period to 18.8 percent in 2014, and climbed further to 30.0 percent in 2016 (see Figure 2a). Public coverage, which includes Medicaid, also rose from an average of 8.1 percent over the 2002-2012 period to 14.5 percent in 2014 and 16.4 percent in 2016. The further increase between 2014 and 2016 likely reflects increasing knowledge about, and trust in, these ACA-expanded sources, as well as the addition of 5 states that expanded Medicaid between 2014 and 2016. Figure 2b shows that these sources of coverage also increased for workers in nontraditional jobs using the more-restrictive definition, but at a smaller rate, which may reflect that workers with more volatile employment, earnings, or hours may have had trouble accessing ACA exchange and Medicaid coverage.[21]

While a spouse's employer and ACA coverage helps, as noted above, on average almost one-third of workers in nontraditional jobs (by either definition) are uninsured (see Table 2).[22] While Figures 2a and 2b show that the uninsured rate among workers in nontraditional jobs is lower since ACA implementation, their uninsured rate of 27 percent in 2016 is still higher than it was in 2002, at the beginning of the sample window.

The ACA and Health Insurance Coverage Rates for Workers in Nontraditional Jobs. Figures 3a and 3b show how the insurance coverage rate changed for nontraditional and traditional workers differently depending on whether their state chose to expand Medicaid or run its own insurance exchange ("ACA expansion states"). In both expansion and non-expansion states, coverage rates among workers in nontraditional jobs were on a downward trajectory in 2002-2012, perhaps due to the Great Recession. Thereafter, coverage rates rose for workers in nontraditional jobs in both sets of states, but by more in ACA expansion states. Meanwhile, among workers in traditional jobs, coverage rates were near universal and largely unchanged throughout this period; this consistency motivates focusing on workers in nontraditional jobs, rather than on comparisons with workers in traditional jobs.

[21] Older workers in traditional jobs (using the more-restrictive definition) saw a slight increase in public coverage, from an average of 2.3 percent before the ACA to 3.2 percent in 2014 and 4.1 percent in 2016. Private non-employer coverage also rose slightly for this group, from 3.5 percent pre-ACA to 4.4 percent in 2016.
[22] By comparison, only 1-6 percent of workers in traditional jobs (depending on the definition) are uninsured.

The results from the difference-in-differences regressions, presented in Table 3, indicate that coverage rates did increase for workers in nontraditional jobs living in ACA expansion states, relative to similar workers in non-expansion states. The first row indicates that coverage rates were about 3 percentage points higher in 2014 and 2016 for workers in nontraditional jobs (by the less-restrictive definition) than for similar workers before the ACA was implemented. The second row finds that ACA expansion states generally had a higher rate of coverage than non-expansion states for these workers in the pre-ACA period. The key coefficient is in the third row: coverage rates for workers in nontraditional jobs (by the less-restrictive definition) rose by an extra 5 percentage points in expansion states relative to non-expansion states, and this estimate is statistically significant at the 10-percent level. Restricting the sample to workers with nontraditional jobs as defined by the more restrictive definition yields a similar point estimate on the interaction, though the smaller sample size results in larger standard errors, so the estimate is not statistically significant.

Table 4 shows the estimates of the difference-in-differences coefficients by source of insurance coverage. Private coverage rates rose by statistically significantly less in ACA expansion states than in non-expansion states for workers in nontraditional jobs (by the less-restrictive definition). But states that expanded Medicaid saw enough of an increase in public coverage rates for workers in nontraditional jobs (by both definitions) to offset the private coverage rate decrease. Coverage through a spousal employer did not change differentially for expansion states, as expected; these results are included largely as a placebo test, as the ACA had little effect on the availability of employer coverage during this period.[23]

Retirement Wealth and Saving

Table 5 shows that, compared to workers in traditional jobs, older workers in nontraditional jobs are behind in their retirement preparedness. The top panel uses information from the public-use version of the HRS. These workers (depending on the definition) have about 9-21 percent lower financial wealth and 12-16 percent less home equity. By definition, none of these workers have defined benefit pensions nor 401(k)s from their current employers, but they apparently have less retirement wealth from previous jobs as well. They are less likely to own an

[23] While the ACA included a mandate requiring employers to provide coverage, that mandate was not yet in effect in 2014, and transition relief was available in 2016.

IRA, and their IRA balances – which may reflect both accumulated savings contributed directly into IRAs and rolled over balances from 401(k)s from previous employers – are 9-16 percent lower. Not surprisingly, given their lower wealth, older workers in nontraditional jobs report later expected retirement ages and longer remaining careers.

Of course, retirement will eventually come, so how do families with a worker in a nontraditional job save? Given their low incomes, workers in nontraditional jobs are not likely to feel able to save in an IRA; few workers save in IRAs anyway (Chen and Munnell 2017), likely because of inertia, myopia, and other factors that make these efforts costly. So the main way (other than building up home equity) in which a family can compensate for the lack of 401(k) saving by the worker in a nontraditional job is by having that worker's spouse in a traditional job save more in their own 401(k).

The results from the administrative tax data indicate that, if anything, the families of workers in nontraditional jobs save *less*. Table 6 shows that these families are 3-5 percentage points less likely to participate in a 401(k) plan in that year relative to families with two workers in traditional jobs. They also contribute about 0.5-2.7 percentage points less of their salaries, or 8-15 percent less in real dollars.

The regression estimates in Table 7 seem to rule out that traditional workers compensate for their spouses in nontraditional jobs by saving more in their 401(k)s, and most estimates suggest the opposite. The top panel of Table 7 shows results that do not include an individual fixed effect, and most estimates are large and *negative*, and some are even statistically significant. These results suggest the spouses of workers in nontraditional jobs (by the less-restrictive definition) are actually less likely to participate in a 401(k) and contribute less both in dollars and as a share of their salaries.

The results in the top panel, however, do not account for the possibility that families that see one spouse in a nontraditional job at some point in their 50s and 60s may have different propensities to save, different human capital, or different socioeconomic backgrounds in ways for which the observable characteristics cannot control. The bottom panel of Table 7, therefore, presents results that include an individual fixed effect (for the worker in a traditional job).[24]

[24] The fixed effects regression is identified off of the families that see one spouse's traditional/nontraditional work status change over their time in the sample. Fortunately, about one-half of workers who ever hold nontraditional jobs also hold traditional jobs over their time in the HRS sample window.

These results show smaller and statistically insignificant differences between workers in traditional jobs when they have a spouse in a nontraditional job compared to the times when that same spouse is in a traditional job.[25] Despite this imprecision, the results can rule out large positive increases; for example, the upper bound on the 95-percent confidence interval for the estimate in the fourth column would indicate that the spouses of workers in nontraditional jobs only contribute 0.6 percentage points more of their wages to their 401(k)s. Given that, by definition, the worker in a nontraditional job has no employer-provided retirement saving option, a participation or contribution rate that is only slightly larger would be insufficient to make up for that worker's saving shortfall.

These results indicate that workers with 401(k) coverage do not make up for their spouses with non-traditional jobs. One possibility is that the families reduce their contributions only temporarily while the spouse is in the nontraditional job, and will increase their saving later, but the time with reduced contributions will still make it difficult to catch up by the time the couple reaches retirement. In addition, this analysis focuses only on the workers in nontraditional jobs who are married to those in traditional jobs; unmarried workers do not have another potential source of employer-provided saving, so these results understate the disadvantage faced by workers in nontraditional jobs.[26]

Conclusion

Nontraditional employment is of concern to policymakers because of not just the precariousness of that type of employment itself, but also the negative consequences of these jobs on other economic outcomes. This project examines whether older workers in nontraditional jobs are able to find sources of health insurance and retirement saving despite, by definition, lacking these benefits through their own employer.

The results indicate that about one-third of workers in nontraditional jobs are uninsured. For the other two thirds of workers, spouses' employers and their own past employers (through

[25] Results are similar for the more-restrictive definition of nontraditional work, except that the indicator for the spouse working in a nontraditional job is statistically significant and negative in the fixed effect regression where the dependent variable is the log of contributions (not including zeroes). The conclusion is, in this case, even stronger: the results rule out *any* increase in contributions for workers in traditional jobs in the periods when they are married to workers holding nontraditional jobs. These results are available upon request.

[26] On the other hand, workers in nontraditional jobs are no less likely to be married (see Table 1), so their disadvantage is not compounded by differential marital status.

COBRA or retiree coverage) pick up a large portion of the burden of covering them. Public coverage is also an important factor, especially since the implementation of the ACA; regression estimates indicate that workers in states that took full advantage of the ACA expansion were better able to increase health insurance coverage rates for workers in nontraditional jobs, largely through Medicaid. These results emphasize the ACA's success in providing coverage outside employment to workers for whom health benefits are out of reach, especially for older workers who, because of their place in the lifecycle, likely require reliable access to affordable health care. Ongoing efforts to overturn the ACA or weaken its implementation will likely increase uninsured rates the most for this vulnerable group. In particular, work requirements for Medicaid eligibility added recently in some states may fall hardest upon those with unstable work arrangements.

Those older workers in nontraditional jobs are also potentially vulnerable to undersaving for retirement. In contrast to health insurance, no other retirement saving vehicle appears effective in allowing workers in nontraditional jobs to increase their retirement wealth. These workers have somewhat lower financial and housing wealth and have low rates of IRA ownership. Also, when they are married to workers in traditional jobs, the results find no evidence that their spouses save more in their own 401(k)s to compensate. Moreover, nearly one-third of workers in nontraditional jobs are unmarried, so that group is solely responsible for their own retirement saving. While public policy – in the form of increased availability of Medicaid and non-group plans – has stepped up to reduce the health insurance coverage gap, the options for increasing access to retirement saving have been more limited. The most promising option may be auto-IRA plans in states such as Oregon, Illinois, and California, which require employers without a retirement plan to auto-enroll employees. These options have increased retirement saving participation, but it is still too early to draw meaningful conclusions about how the programs will affect participants' finances (Quinby et al. 2019), and workers in nontraditional jobs may fall through the cracks if they are not classified as employees. For the self-employed, options such as SEP and SIMPLE plans have been available for years, but take-up will likely remain low unless policymakers add more explicit financial incentives or auto-enroll these workers (with an opt-out). Without further intervention, older workers in

nontraditional jobs may be required to retire later than they would like, or accept a lower standard of living in their retirement years.

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Table 1. *Summary Statistics for Workers in Nontraditional and Traditional Employment, by Definition, 2002-2016*

	Less-restrictive definition (benefits only)		More-restrictive definition (benefits and volatility)	
	Nontraditional	Traditional	Nontraditional	Traditional
Age	57.6	57.2	57.7	57.3
Male	45.7%	45.5%	46.9%	44.8%
Married	70.2%	71.0%	69.0%	72.2%
Widow	5.4%	4.7%	5.6%	5.1%
Black	17.6%	19.6%	16.9%	18.3%
Hispanic	23.1%	11.5%	21.4%	12.5%
Years of schooling	12.6	13.7	12.7	13.5
Less than high school	19.9%	9.4%	19.5%	11.2%
High school degree only	28.8%	27.9%	27.2%	28.6%
Some college	26.4%	28.1%	26.1%	27.7%
College degree	24.1%	34.3%	26.5%	32.0%
Self-employed	48.2%	6.4%	59.3%	12.0%
Family income below poverty line	13.5%	3.5%	14.2%	4.4%
Personal earnings	$17,582	$58,763	$14,854	$52,413
Household income	$85,934	$121,268	$79,157	$117,808
Household income excl. personal earnings	$68,352	$62,506	$64,303	$65,395
Receiving SSDI	2.4%	0.4%	2.4%	0.6%
Number of observations	10,210	27,555	3,999	27,794

Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

Table 2. *Sources of Health Insurance for Workers in Nontraditional Employment, by Definition, 2002-2016*

	Less-restrictive definition (benefits only)	More-restrictive definition (benefits and volatility)
Past employer	8.9 %	11.6 %
Spouse's employer	31.3	34.2
Medicare	2.7	2.7
Medicaid	4.5	2.8
Individual insurance	12.9	11.7
Other private insurance	4.9	2.1
Other public insurance	3.3	3.6
No coverage	31.5	31.3

Note: Insurance coverage options are listed in order of priority, in case workers are insured by more than one source.
Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

Table 3. *Difference-in-Differences Regression Results for Health Insurance Coverage Among Workers in Nontraditional Jobs, 2002-2016*

	Less-restrictive definition (benefits only) 2002-2016	More-restrictive definition (benefits and volatility) 2002-2014
Year 2014 or later	0.027	-0.026
	(0.024)	(0.041)
ACA expansion state	0.054***	0.010
	(0.019)	(0.025)
Year 2014 or later * ACA expansion state	0.050*	0.053
	(0.029)	(0.051)
Age	-0.024	0.037
	(0.056)	(0.083)
Age squared	0.000	0.000
	(0.000)	(0.001)
Male	-0.082***	-0.073***
	(0.016)	(0.023)
Black	-0.042**	-0.096***
	(0.021)	(0.035)
Hispanic	-0.234***	-0.245***
	(0.025)	(0.039)
Less than HS	-0.109***	-0.098**
	(0.029)	(0.044)
Some college	0.036*	0.034
	(0.022)	(0.034)
College degree or more	0.132***	0.137***
	(0.020)	(0.030)
Married	0.180***	0.199***
	(0.021)	(0.031)
Widowed	0.074*	0.048
	(0.042)	(0.070)

-(continued)-

Table 3. *Difference-in-Differences Regression Results for Health Insurance Coverage Among Workers in Nontraditional Jobs, 2002-2016* (cont'd)

	Less-restrictive definition (benefits only) 2002-2016	More-restrictive definition (benefits and volatility) 2002-2014
ln(HH income excluding own earnings)	0.028***	0.032***
	(0.003)	(0.004)
Income N/A	0.297***	0.000
	(0.036)	(0.000)
Constant	0.701	-1.080
	(1.616)	(2.400)
Number of observations	7,800	2,990
R-squared	0.228	0.255

Note: * p<0.10, ** p<0.05, *** p<0.01.
Source: Author's estimates from the *Health and Retirement Study*, 2002-2016.

Table 4. *Difference-in-Differences Regression Results for Each Type of Health Insurance Coverage Among Workers in Nontraditional Jobs, 2002-2016*

	Year 2014 or later	ACA expansion state	Year 2014 or later × ACA expansion state	N and R2
Less-restrictive definition (benefits only); 2002-2016				
Any coverage	0.027	0.054***	0.050*	7,800
	(0.024)	(0.019)	(0.029)	0.228
Private coverage	0.035	0.060***	-0.058*	7,863
	(0.025)	(0.020)	(0.031)	0.261
Public coverage	0.003	0.024***	0.103***	7,924
	(0.013)	(0.009)	(0.019)	0.078
Coverage from the spouse's employer	-0.050**	0.029	-0.006	7,853
	(0.023)	(0.021)	(0.028)	0.233
More-restrictive definition (benefits and volatility); 2002-2014				
Any coverage	-0.026	0.010	0.053	2,990
	(0.041)	(0.025)	(0.051)	0.255
Private coverage	-0.045	0.032	0.008	3,003
	(0.044)	(0.028)	(0.053)	0.282
Public coverage	0.007	0.023*	0.063*	3,019
	(0.023)	(0.013)	(0.033)	0.052
Coverage from the spouse's employer	-0.050	0.015	0.053	3,001
	(0.044)	(0.028)	(0.052)	0.271

Note: * p<0.10, ** p<0.05, *** p<0.01.
Source: Author's estimates from the *Health and Retirement Study*, 2002-2016.

Table 5. *Summary Statistics of Wealth and Retirement Measures for Workers in Nontraditional and Traditional Employment, By Definition, 2002-2016*

	Less-restrictive definition (benefits only) 2002-2016		More-restrictive definition (benefits and volatility) 2002-2014	
	Nontraditional	Traditional	Nontraditional	Traditional
Total financial wealth	$286,280	$313,433	$254,342	$321,399
Total housing wealth	$248,939	$281,899	$238,370	$283,369
Plans to retire	53.8%	42.0%	54.8%	42.9%
Expected years until retirement	9.0	7.3	9.2	7.4
Expected retirement age	66.3	64.4	66.5	64.6
Has 401(k)	0%	56.3%	0%	46.9%
Amount contributed to 401(k)	$0	$2,970	$0	$2,602
Has defined benefit plan	0%	34.4%	0%	29.5%
Has IRA	32.5%	42.2%	34%	42.0%
IRA balance	$55,630	$66,231	$58,772	$64,895
Number of observations	10,210	27,555	3,999	27,794

Note: * p<0.10, ** p<0.05, *** p<0.01.
Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

Table 6. *Summary Statistics of 401(k) Participation and Contributions for Workers in Nontraditional and Traditional Employment, By Definition, 2002-2016*

	Less-restrictive definition (benefits only) 2002-2016		More-restrictive definition (benefits and volatility) 2002-2014	
	Nontraditional	Traditional	Nontraditional	Traditional
401(k) participation rate	54.1%	59.0%	48.2%	51.1%
Deferred earnings (2016$)	$3,994	$4,728	$3,462	$4,068
Deferred earnings including zeroes (2016$)	$7,387	$8,008	$7,189	$7,960
Contribution rate	7.0%	7.5%	4.1%	6.9%
Number of observations	3,716	3,716	3,716	3,716

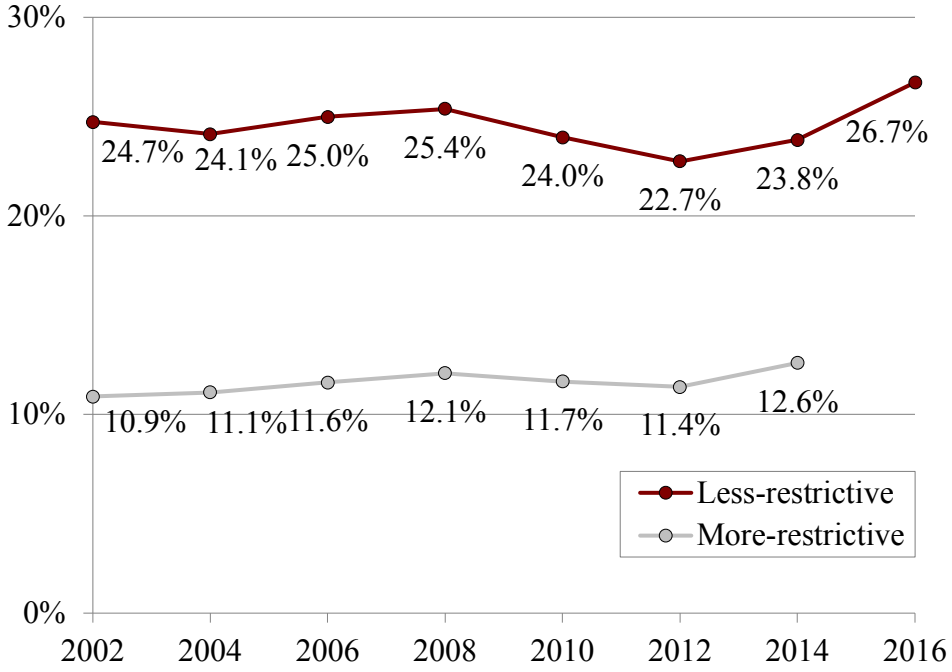
Source: Author's calculations from the *Health and Retirement Study*, 2002-2016, linked to administrative tax records from the Social Security Administration.

Table 7. *Regression Results for 401(k) Participation and Contributions Among Married Workers in Traditional Jobs, 2002-2016*

	401(k) participation (0/1)	Deferred earnings (2016$)	Deferred earnings including zeroes (2016$)	Contribution rate
No individual fixed effect				
Spouse has a nontraditional job	-0.053*	-0.050	-0.495**	0.010
	(0.027)	(0.076)	(0.241)	(0.027)
Number of observations	4,795	2,691	4,795	4,682
R-squared	0.031	0.231	0.049	0.010
With individual fixed effect				
Spouse has a nontraditional job	-0.011	-0.062	-0.143	-0.003
	(0.027)	(0.058)	(0.222)	(0.005)
Number of observations	4,795	2,691	4,795	4,682
R-squared	0.006	0.037	0.007	0.002

Notes: Sample is limited to married individuals with a traditional job. Regressions use less-restrictive (benefits-only) definition of nontraditional work, and control for age and its square, and the log of household income excluding own earnings. The model without fixed effects also controls for gender, race, Hispanic ethnicity, and educational attainment. * p<0.10, ** p<0.05, *** p<0.01.
Source: Author's estimates from the *Health and Retirement Study*, 2002-2016, linked to administrative tax records from the Social Security Administration.

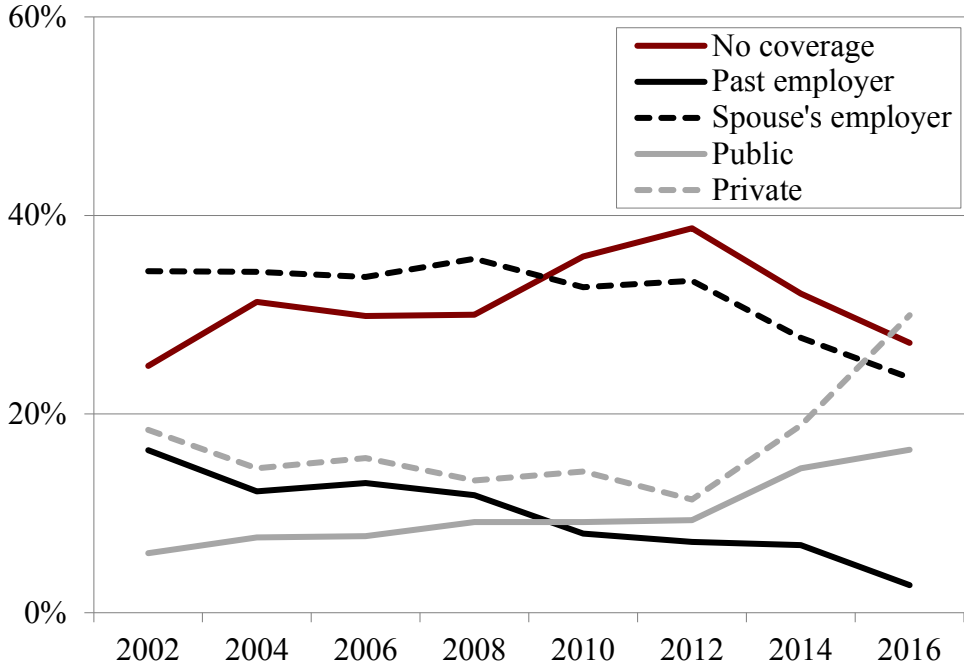
Figure 1. *Share of Workers in Nontraditional Employment, by Definition, 2002-2016*



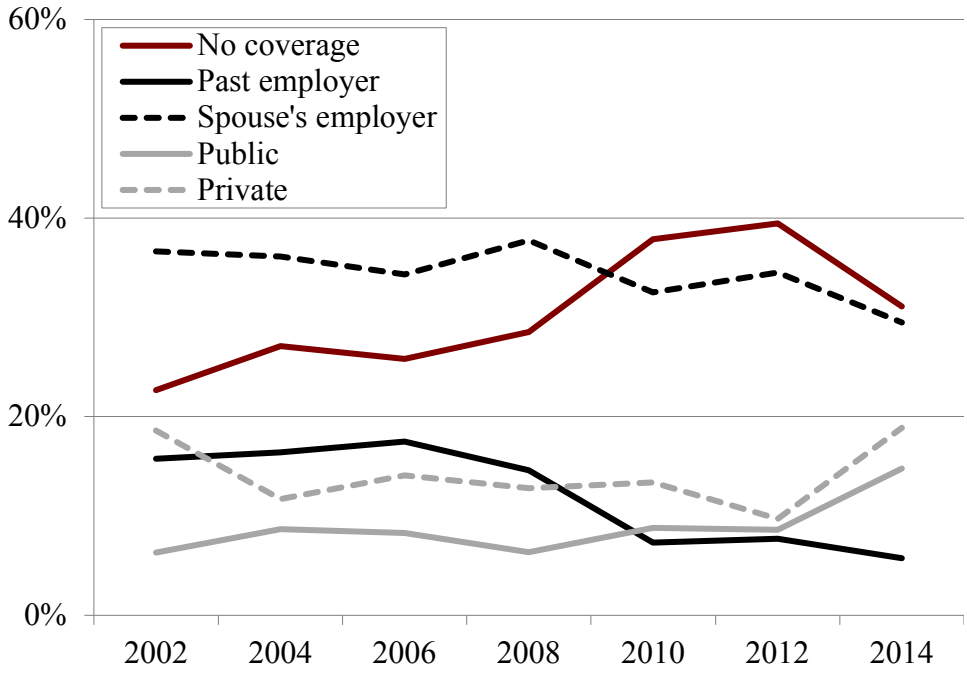
Note: The total number of workers (the denominator) only includes individuals who can be definitively categorized as traditional or nontraditional.
Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

Figure 2. *Sources of Health Insurance Coverage for Workers in Nontraditional Employment, by Definition, 2002-2016*

A. *Less-restrictive (Benefits-only) Definition; 2002-2016*



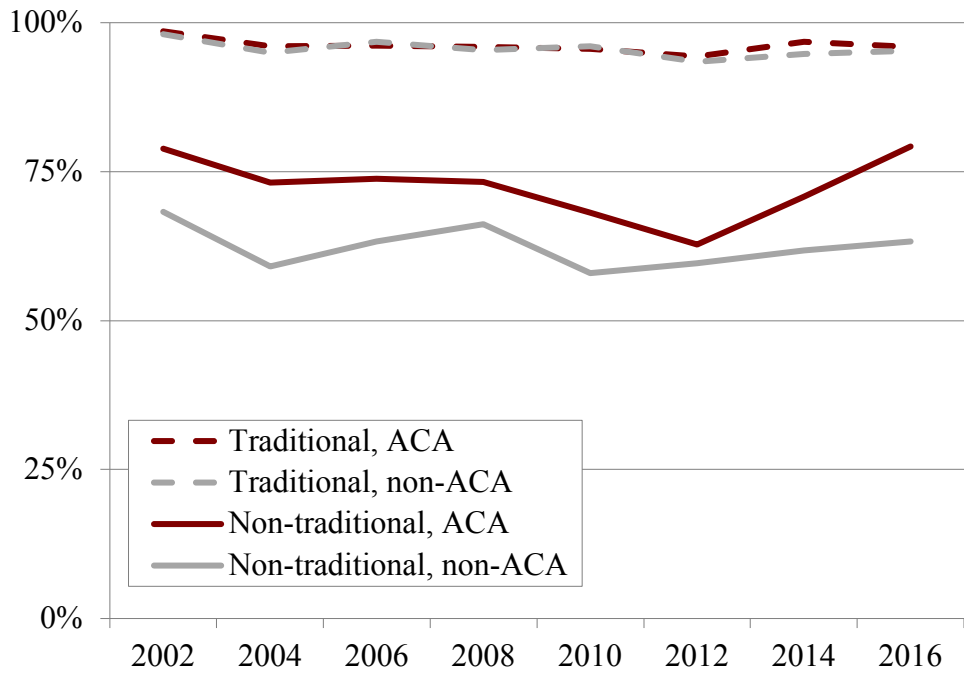
B. *More-restrictive (Benefits and Volatility) Definition; 2002-2014*



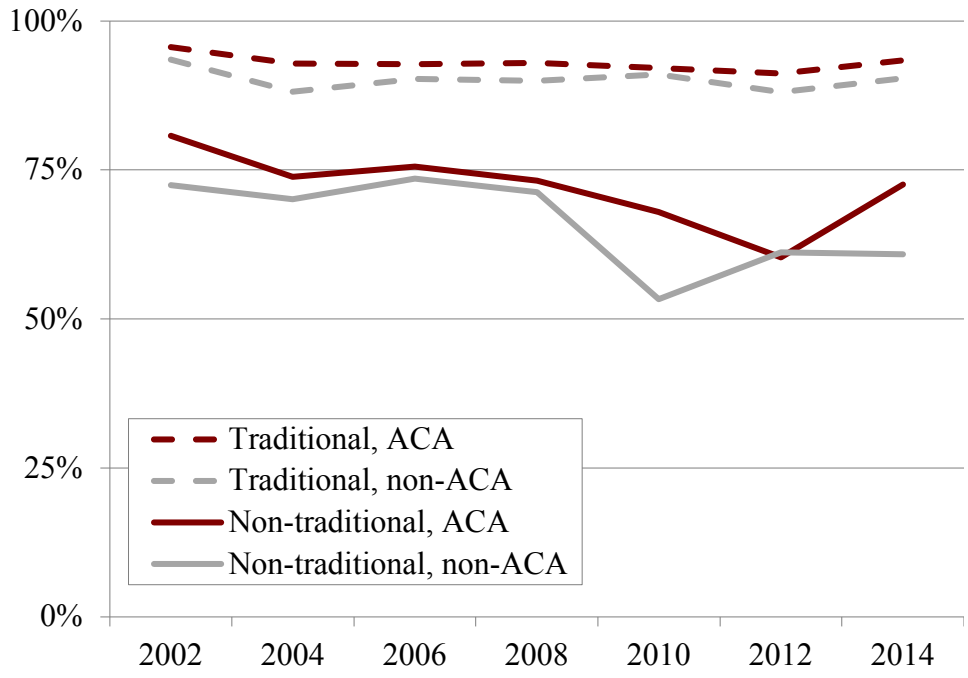
Note: "Private" includes any non-employer source of private coverage, including non-group coverage (e.g., from an insurance exchange).
Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

Figure 3. *Health Insurance Coverage Rates for Workers in Nontraditional and Traditional Jobs, by ACA Expansion, 2002-2016*

A. *Less-restrictive (Benefits-only) Definition; 2002-2016*



B. *More-restrictive (Benefits and Volatility) Definition; 2002-2014*



Source: Author's calculations from the *Health and Retirement Study*, 2002-2016.

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