



# Future of Music Coalition

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## Health Insurance and Musicians

### A Preliminary Report

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#### Acknowledgements

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#### The Health Care Crisis in America

One of the biggest public issues in the 21<sup>st</sup> century is the state of health care in America. From the escalating cost of health care, to prescription drug coverage, to the mounting crisis of medical malpractice insurance, it's clear that the health care system in America is facing unprecedented challenges.

Unfortunately, the answers to these challenges are neither simple nor clear. In the mid-1990s, the Clinton administration proposed a universal health care plan that would guarantee coverage for all citizens. This overly ambitious plan became a victim of political infighting and the effort withered. However, the problems of the uninsured did not. In fact these problems have increased.

Recently policymakers have focused on health care issues again, this time attempting a piecemeal reform such as taking on prescription plans for the elderly and installing state-funded plans to cover children. While these efforts are important, they fail to address the fundamental issue; that millions of Americans face the reality of life without any coverage at all.

## **The Uninsured in America**

According to the 2000 US Census, 39 million Americans -- or approximately 14 percent of the population -- lack basic health coverage.<sup>1</sup> Most likely to be uninsured are people who:

- earn low incomes
- have less education
- are Hispanic
- are 18 to 24 years old<sup>2</sup>

There is a prevailing myth that the bulk of the population that is uninsured is also unemployed. This is untrue; the vast majority of Americans who lack health coverage of any kind are employed but either their employer does not offer coverage, or the employee cannot afford to purchase insurance through their jobs or on their own.<sup>3</sup>

## **The Consequences of Being Uninsured**

There are substantial consequences when a significant portion of the population is uninsured, not only for individuals, but also their families, communities, and society as a whole.

Individuals who lack health insurance will very often delay or forego health care until situations get desperate. At moments of crisis they are then forced to use hospitals, emergency rooms and trauma centers to seek treatment instead of addressing health problems at a point when less expensive interventions were possible. As a result, patients can very easily run up huge medical bills that can strap an individual or family with thousands of dollars of debt.

Aside from these personal consequences there is also a significant cost for the American economy and society at large. The amount of uncompensated care delivered by hospitals

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<sup>1</sup> "Health Insurance Coverage 2000", US Census Bureau  
<http://www.census.gov/hhes/hlthins/hlthin00/hi00ta.html>

<sup>2</sup> "Who is Most Likely to Be Uninsured?" Robert Wood Johnson Foundation fact sheet, February 10, 2002  
<http://coveringtheuninsured.org/factsheets/display.php3?FactSheetID=26>

<sup>3</sup> "Myths and Realities about the Uninsured" Robert Wood Johnson Foundation fact sheet, February 10, 2002  
<http://coveringtheuninsured.org/factsheets/display.php3?FactSheetID=21>

in the United States grew from \$6.1 billion in 1983 to \$20.7 billion in 1999.<sup>4</sup> This cost is shouldered by taxpayers, passed on to patients, and carried by hospital systems that are already struggling with mounting operating costs, skyrocketing malpractice coverage, and perpetual nursing shortages.

## **Health Insurance and Musicians**

It is clear that health insurance coverage is an issue that concerns a broad spectrum of citizens. The Future of Music Coalition has chosen to participate in the ongoing debate based on its particular interest in how health insurance issues are impacting its constituents; working musicians and artists.

Anecdotal evidence suggests that working musicians have had difficulty both accessing affordable healthcare and obtaining reasonably priced health insurance. Musicians and artists often work on a freelance basis – performing or composing for specific events, albums or projects – with compensation based on a contracted arrangement. This creates two hurdles to obtaining health insurance. First, since they are usually not employees of any particular institution or corporation, they must seek out costly individual health insurance policies on their own. Second, because their incomes often fluctuate month-to-month, they may have a difficult time keeping up with premiums.

This usually leads to one of two options. Some musicians work extra jobs just to afford or obtain coverage, requiring them to juggle a music career with a full-time job to maintain benefits. Others give up, brushing off this necessity as a “luxury” that only employees of large corporations can acquire. Considering the fact that many musicians work three jobs to meet their household expenses it is not hard to understand why many musicians have come to view health insurance as an unnecessary extravagance that is out of their reach.

This situation is compounded by the reality that health insurance companies often consider musicians and artists an “at-risk” population. Whether this assessment is based on legitimate occupational health risks – frequent road travel, hearing damage, repetitive stress disorders – or by biases created by the hypothesized decadence of art culture, this prejudice certainly makes musicians and artists more difficult to insure as a group. Not only does this make access to healthcare more imperative, but also complicates artists’ attempt to obtain coverage on their own.

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<sup>4</sup> American Hospital Association, 2002.

## **What Options Do Musicians Have?**

The majority of working musicians have a limited set of choices when obtaining health insurance coverage. Some labor unions and organizations – in particular AFTRA, AFM, NARAS, BMI and ASCAP – have recognized this problem and made health insurance plans available to their members. While these plans are a step in the right direction, we have found that many musicians (a) do not know about their existence or (b) cannot meet the annual income some policies require to qualify for the coverage. Our research has also shown that, in many cases, the coverage offered is no less expensive than general HMO plans offered to individuals through a traditional national insurance network.

As the cost of both health care and insurance coverage continues to increase, this problem needs to be addressed. The difficulty in accessing affordable health care excessively burdens a wide range of working musicians and artists who are involved in creating the diverse cultural contributions that are fundamental to a thriving democratic society. The FMC recognizes the need to measure the extent of the problem and analyze the existing health plans in order to devise effective and comprehensive solutions for musicians.

## **The Health Insurance Initiative for Musicians**

In November 2001, the Future of Music Coalition launched its health insurance research initiative; a three-part research project exploring musicians' access to affordable health care and health insurance in America.

The remainder of this document is dedicated to the first component of our study, the results of our online survey. From March – July 2002, musicians visited the FMC website and answered various questions about their knowledge of and experiences with health insurance. The survey was designed to help us to better understand the health insurance needs of musicians, which will inform our future efforts.

## **Research Component 1: Online Survey**

The first stage of our study was an online survey posted on the Future of Music Coalition website at <http://www.futureofmusic.org/research/healthsurvey.cfm>. The purpose of this survey was to gauge the extent of health care coverage among musicians, and to better understand artists' experience with the provision of health insurance.

## **Survey Methodology**

The survey included approximately 20 questions about health insurance, both closed and open-ended. Participants anonymously gave information about what, if any, health insurance coverage they held and asked how much or little familiarity these artists had with the existing musician-focused plans, their willingness to switch to other plans, and basic demographic information. Participants were also encouraged to submit additional information and personal stories about their specific circumstances via email at the conclusion of the survey.

Data collection began independently on March 15, 2002 and ran for a four-month period until July 15, 2002. We promoted the existence of the survey to roughly a dozen groups that represent or have direct contact with tens of thousands of artists including: the musician unions, performance rights organizations, activist groups such as Just Plain Folks and the Recording Artists Coalition, artist managers, music publishers, music attorneys, promoters, record labels and booking agents. FMC volunteers also delivered flyers to their local venues and music shops, and we sent public service announcements to approximately 100 nonprofit, college, and community radio stations nationwide for broadcast. Finally, we announced the existence of the survey to our approximately 2800 newsletter subscribers and encouraged them to both complete the survey and pass the link along to other musicians.

## **Risks and Limitations**

Online survey research is inexpensive, quick, and automates much of the data processing, however we recognize its inherent limitations. First, because the survey is online, it is limited to people with internet connections and a reasonable level of skills in website navigation. While the numbers of Americans who have internet connections continues to increase, there are still significant numbers of individuals who do not have consistent access. To counteract this limitation we made a sincere effort to publicize the existence of the survey through various measures – flyers in record stores and at shows, during public speaking engagements, through the media, and via PSAs on non-commercial radio. While it does not directly address the internet access problem, we hope that a variety of musicians found out about the survey and could seek out the survey if they wished.

Second, we recognize the problems in limiting the population of respondents to “musicians”. “Musician” is difficult to define with certainty and could encompass everything from working professionals, to songwriters, to hobbyists. We were less

concerned about creating a strict definition for musician because we think it's important to hear from all types. Instead, we included two questions in the survey that attempted to categorize their level of participation – the percentage of their time they spent being a musician, and the percentage of their income derived from being a musician. During the data analysis phase we only removed those respondents who answered 0 percent for both of these questions.

Third, we recognize the risk of self-selection bias in a survey like this. The musicians who are most likely to feel compelled to respond to a survey about health insurance are those who have either (a) had a bad experience or (b) are unsatisfied with their current situation. As a result we would expect the numbers to skew higher, with a greater number of respondents being those that do not have health insurance. To counteract this problem, we made it very clear in our promotion effort that we wanted to hear from every musician – whether they had health insurance or not.

On an contrary note, we would expect a portion of the main segment we want to hear from – working musicians – could be on the road currently with no internet access. It's our assumption that these folks, the people on the road many months out of the year, are the least likely to be insured because they make little money and have no day job. If this assumption is true, we would expect the numbers to skew *lower* since the folks who do not have health insurance would not have access to the online survey while on tour. We tried to counteract this problem through our promotional efforts.

## Online Survey Results: Key Findings

Between March 15 and July 15, 2002 approximately 2,700 people filled out the survey. The answers below only include the respondents who defined themselves as musicians, which is about 2,400 respondents. Below we will highlight some of the key findings of the survey.

Do You Have Health Insurance?	Count	Percent
Yes	1368	56%
No	1075	44%
Total	2443	100%

When compared with year 2000 US Census figures – which indicate that approximately 14 percent of the public does not have health insurance<sup>5</sup> – the number of uninsured musicians is very high – 44 percent. Even taken in its own limited context, having almost half of the musician respondents indicate that they do not have health insurance means that this is an important issue to tackle.

% Time as Musician					
Have insurance?	1-25%	26-50%	51-75%	76-100%	Grand Total
No	103	296	257	419	<b>1075</b>
Row %	10%	28%	24%	39%	<b>100%</b>

Of the population of respondents that indicated they do not have insurance, 63 percent of them also said they spent more than half of their time as a musician.

% Time as Musician					
Have insurance?	1-25%	26-50%	51-75%	76-100%	Grand Total
Yes	335	461	226	346	<b>1368</b>
Row %	24.50%	33.70%	16.50%	25.30%	<b>100.00%</b>

Of the population of respondents that indicated that they do have insurance, 58 percent also noted they spend less than half their time as a musician. In other words, the more time the respondents spend working as musicians, the less likely there are to have insurance.

<sup>5</sup> <http://www.census.gov/hhes/hlthins/hlthin00/hi00ta.html>

**Of the 1,368 respondents that DO have health insurance:**

Who Pays for Your Health Insurance?	Count	Percent
Employer	509	37%
Self/private insurance plan	342	25%
Parents	203	15%
Spouse	136	10%
Union	44	3%
School	43	3%
Government	41	3%
Other	37	3%
Military	9	1%
<b>Total</b>	<b>1364</b>	<b>100%</b>

According to 2000 US Census statistics, approximately 64 percent of the public is insured by their employers, 8 percent of the public is self-insured, 23 percent is insured via the government (Medicare/Medicaid), and 3 percent is insured via the military.<sup>6</sup>

Respondents to our survey that do have health insurance seem to indicate that they are relying less on employer-based plans (37%) and more on securing plans on their own (25%). Note that, according to our demographic questions, 99 percent our survey respondents were under the age of 64, so we're missing a whole segment of the population that would count on the Medicare programs available to seniors that are captured in the US Census data.

Monthly Cost	Count	Percent
\$0	171	13%
\$1-\$50	240	18%
\$51-\$100	229	17%
\$101-\$150	155	11%
\$151-\$200	107	8%
\$201-\$250	84	6%
\$251-\$300	59	4%
\$301-\$350	39	3%
\$351-\$400	38	3%
More than \$400	75	5%

<sup>6</sup> <http://www.census.gov/hhes/hlthins/hlthin00/dtable1.html>



Don't Know	156	11%
NA	15	1%
	1368	100%

Of the 1,368 respondents that do have health insurance, 67 percent pay between \$0 and \$200 per month for that coverage.

Decision Factors in choice of plan	Count	Percent
Cost of plan	388	28%
Coverage of plan	347	25%
No choice/plan was chosen for me	275	20%
Only plan I could get	188	14%
Don't Know	53	4%
Other	42	3%
Ease in working with insurance company	40	3%
Size of network	20	1%
NA	15	1%
	1368	100%

Of the respondents that do have health insurance, there's a relatively even split about what factors went into their decision about what plan they chose among the cost of the plan, plan coverage, and just having no choice.

**Of the respondents who DON'T have health insurance, this is why:**

Reason No Insurance	Count	Percent
Can't afford it	819	76%
Other	65	6%
Don't know where to apply	39	4%
Don't know	35	3%
Too confusing to apply	27	3%
Pre-existing condition	27	3%
Not interested	26	2%
Waste of money	21	2%
NA	16	1%
	1075	100%

Clearly the overwhelming factor in musicians' decisions about health insurance is related to the cost of the plans. It's interesting to note that the remainder of responses nestle around the issues of not knowing where to apply, or being confused about how to apply.

**Statistics about plan options and record label deals, answered by musicians who do and do not have health insurance:**

<b>Know About Plans Offered by PROs/Unions?</b>	<b>Count</b>	<b>Percent</b>
No	1817	74%
Yes	613	25%
NA	13	1%
	2443	100%

It's evident that a significant majority of musician respondents are under-informed about the existence of health care plans offered by the unions and other organizations...

<b>Join Union/PRO for Health Plan?</b>	<b>Count</b>	<b>Percent</b>
Yes	1239	51%
Don't Know	937	38%
No	251	10%
NA	16	1%
	2443	100%

...but a slight majority of musician respondents would consider joining a union or organization if health insurance was made available.

<b>Do You Have a Deal with a Record Label?</b>	<b>Count</b>	<b>Percent</b>
No contract or relationship	815	33%
Release on my own label	646	26%
Yes, with indie label	430	18%
No releases yet	262	11%
Not applicable	128	5%
Studio musician/songwriter/work on contract	127	5%
Yes, with major label	35	1%
	2443	100%

We also asked whether the survey respondents had a deal with a record label. Anecdotal evidence suggests that these record deal relationships have a very low correlation with the likelihood of health insurance coverage. The vast majority of labels do not offer their bands and artists access to a specific health insurance plan, though we've heard that some recent major label contracts have included a stipend for the band members to seek out an individual health insurance plan.

### Basic Demographic Information about our Survey Respondents

Age	Count	Percent
Less than 24	700	29%
25-29	597	24%
30-34	376	15%
35-39	256	10%
40-44	194	8%
45-49	148	6%
50-54	113	5%
55-59	30	1%
60-64	11	0%
65-69	5	0%
No answer	13	1%
		100%

Gender	Count	Percent
Male	1831	75%
Female	574	23%
No answer	38	2%
		100%

Marital Status	Count	Percent
Single	1548	63%
Married	704	29%
Separated	102	4%
NA	55	2%
Lifetime partner	26	1%
Divorced	8	0%

100%

Number of Children	Count	Percent
0 children	1969	81%
1 child	183	7%
2 children	157	6%
3 children	43	2%
4 or more	35	1%
NA	56	2%
	2443	100%

Annual Income	Count	Percent
Less than \$15,000	528	22%
\$15,000-\$29,000	643	26%
\$30,000-\$44,000	428	18%
\$45,000-\$59,000	236	10%
\$60,000-\$74,000	155	6%
\$75,000-\$89,000	66	3%
\$90,000 or more	138	6%
Don't Know	81	3%
No answer	168	7%
	2443	100%

Generally the musicians who responded to our online survey were under 40 (78%), male (75%), single (63%), had no children (81%), and made less than \$60,000 annually (76%). In a perfect world we would want a broader representation of the population represented in our survey, but there is a hidden benefit to these demographics. Health insurance plans factor in age, gender, and state of residence when generating quotes. The subsection of the population that's most likely to get the lowest rates is young males – especially males under 25. Therefore the responses supplied in this survey can assist us in providing health insurance brokers and plans with some baseline numbers about a population that is currently under- or uninsured and interested in obtaining affordable health insurance coverage.

## Summary of Survey Findings

It's evident from the survey findings that a significant portion of the musician population is uninsured. This matches our initial assumptions about health insurance and musicians, based on our own personal experiences and time spent working in the music community. Second, it comes as no surprise that the most prominent factor in musicians' decisions about health insurance is the cost of the plan and, for those who are uninsured, that not being able to afford the coverage is the overwhelming factor in that choice. Third, this survey provides us with evidence that musicians are, for the most part, uninformed about health insurance options offered by musician-related organizations and unions, but that a slight majority would consider joining a group if affordable health insurance were available.

## Next Steps

We understand that this survey is just the first step. In the next six months the Future of Music Coalition will use this survey data to move on to the next phases of this initiative:

1. a professional comparison and critique of the existing health insurance plans that are targeted specifically at artists and musicians
2. a psychological and physical assessment of the unique healthcare issues faced by working musicians
3. exploration of several other health insurance models that might better address the unique needs of working musicians, and recommendations for further action.

We believe this research will provide, at minimum, a necessary benchmark for artists, healthcare professionals and the policy community regarding the healthcare issues encountered by musicians. Furthermore, the FMC expects that this initiative will also serve as a catalyst in the musician community, inspiring debate about this fundamental issue and engaging stakeholders to create effective and affordable health insurance solutions for musicians.

If you would like to be alerted about the status of this ongoing project, please sign up for the monthly FMC newsletter.