

## The High Price of Creativity

# New York City's Artists Face Chronic Gaps in Health Insurance Coverage

### Working Today

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## Executive Summary

In March, 2004 Working Today conducted its second annual survey of independent workers about their ability to afford health insurance. Working Today is a national nonprofit organization that represents the needs and concerns of America's growing independent workforce through advocacy, information, and service. Today, one third of the nation's workforce is independent—these Americans work as part-timers, freelancers, temps, consultants, and independent contractors. Many contribute to the country's "creative economy."<sup>1</sup>

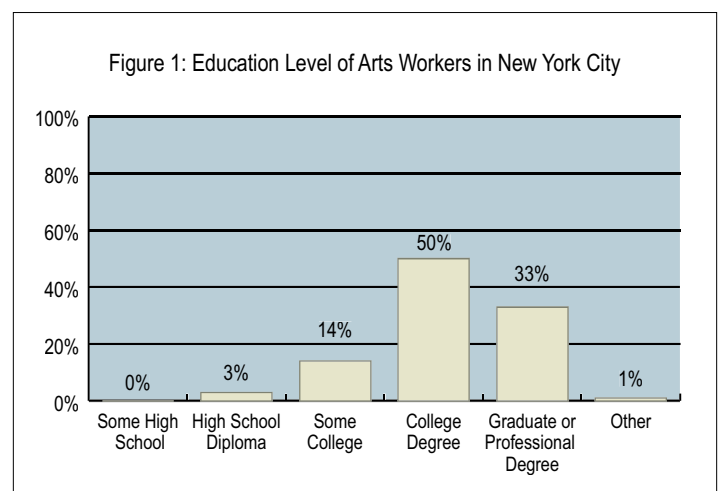
Focusing on independent workers in New York City, Working Today's survey captured important new data about artists and individuals who work at cultural organizations like the Public Theater and El Museo del Barrio. Workers in these industries are essential to making New York a top "Creative City."

Of the more than 4000 respondents to our survey:

- Roughly 13% worked in the arts.
- Nearly 88% of these arts workers struggle to afford health insurance.

- As a result, more than 54% of artists in New York City experienced gaps in coverage in the past two years.
- 86% of arts workers who experienced gaps avoided seeking medical care during the time they lacked coverage.

The lack of affordable health insurance options for arts workers compromises New York City's ability to retain its leadership as a creative capital and jeopardizes the city's



public health. This is particularly troubling since artists are now recognized as engines of growth by many scholars, policymakers, and urban planners. When it comes to health insurance, the rhetoric of appreciation for these workers does not match the reality. Any discussion about healthcare policy and any reforms enacted must address the needs of this vital segment of the workforce.

## METHODOLOGY

The data analyzed in this report is derived from an online survey conducted between February and March 2004. A link to the survey was distributed to Working Today members as well as members of ten partner organizations.<sup>2</sup> There were 4065 respondents, over 400 of whom identified their industry as “arts and entertainment.”

### I. Portrait of an Arts Worker

#### Artists are Educated But Less Prosperous Than Other Independent Workers.

Nearly 83% of arts workers in New York City have a college degree, and nearly one third have a graduate or professional degree. They work as painters, musicians, curators, film editors, dancers, and are affiliated with organizations like the Brooklyn Academy of Music and the Alvin Ailey Dance Foundation.

On the whole, however, arts workers tend to experience longer cycles of un- or underemployment, and are poorer than other independent workers. While independent workers earn on average \$45,000, New York City artists’ median income is \$30,000. In addition, 41% of artists earn less than \$25,000 per year. And while 12% of independent workers overall earn more than \$80,000 per year, less than 5% of artists do.

Compared to professional workers with similar educational backgrounds, artists fare even worse; nationwide, artists’ unemployment rates were roughly double those of other professionals over the past several decades, while their earnings ranged from 77 to 88% of the average earnings of these other workers.<sup>3</sup>

#### Arts Workers are Vital to New York City’s Economy

Many recent studies by Richard Florida and others have shown that artists act as magnets for other creative professionals, who then concentrate in economically supercharged creative hubs.<sup>4</sup> Such hubs enhance the vitality of all industry sectors.<sup>5</sup> Artists make up the first, and arguably, most essential, ingredient in the formation of these creative hubs.

Moreover, those places that attract and retain members of the creative class tend to prosper; a failure to do so is associated with economic stagnation and decline.<sup>6</sup> As Phil

Figure 2a: Income Levels of All Independent Workers

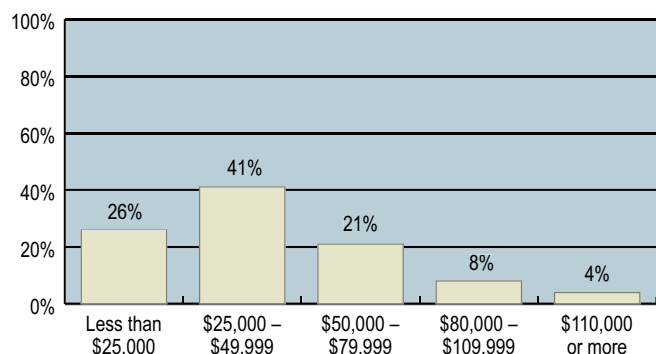
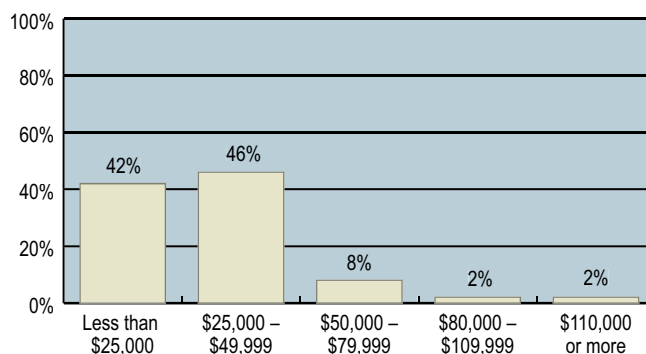


Figure 2b: Income Levels of Arts Workers



Psilos, director of economic and technology policy at the National Governors Association, noted, "Look at any trend analysis data. Investment follows human capital. . . and human capital, to a surprisingly large extent, follows the arts."<sup>7</sup>

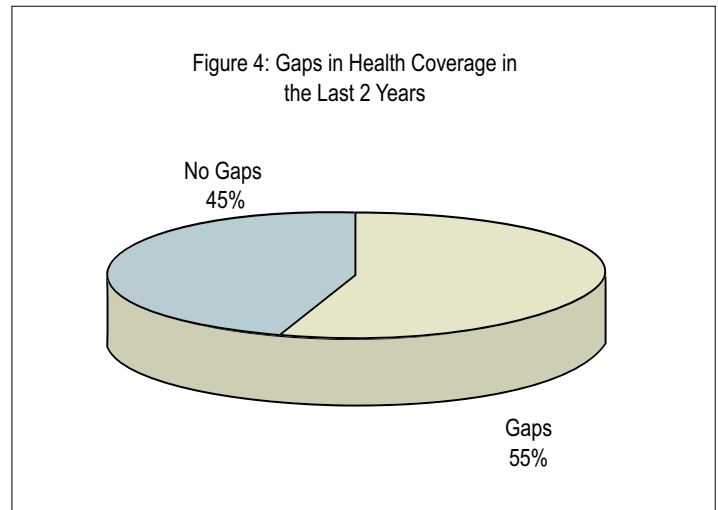
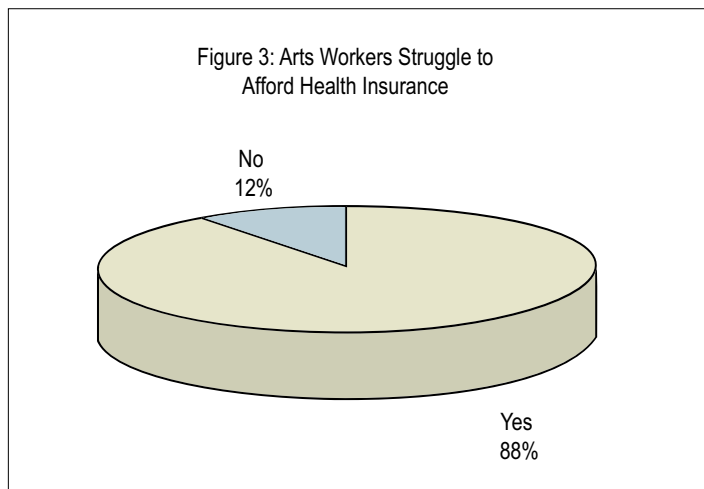
According to a recent study by the Center for an Urban Future, New York's creative economy grew 52% between 1993 and 2002, and analysts predict it will continue to substantially outpace growth in financial services.<sup>8</sup>

On a more granular level, the very presence of artists has revived many of New York City's neighborhoods in the past three decades (the East Village and Fort Greene to name just two); these workers tend to increase property values, stimulate business activity, and draw increasing numbers of tourists into the city's outer boroughs.<sup>9</sup>

## II. Arts Workers Struggle to Afford Health Insurance

Nearly 88% of New York City's artists find it difficult to afford health insurance.

Today, health insurance is delivered primarily through employers and state programs like Medicaid. Approximately 65% of traditional workers receive health benefits.<sup>10</sup>



Most companies that offer health insurance subsidize a significant portion of the cost of these benefits.

State programs are geared to non-working and low-income Americans and their families. Local agencies administer these benefits to individuals who meet the eligibility requirements.

### Arts Workers Fall Through the Safety Net

Artists, like all independent workers, fall through a widening hole in the safety net. They earn too much to qualify for state programs, but they do not have access to employer-sponsored health insurance.

Instead, most artists must purchase their health insurance in the individual market where the average premium for a standard HMO plan in New York City is \$521.<sup>11</sup> Studies show that workers can afford to spend 5% of their income on health insurance.<sup>12</sup> Only those artists and arts workers earning \$120,000 or more can afford current premiums for health insurance in New York City. Today, less than 3% of New York's artists meet this criterion. The remaining 97% struggle to cover the costs of health insurance.

Moreover, there has been a significant rise in the cost of health insurance as a proportion of income in just the past year. In 2003, artists needed to earn over \$100,000 to afford the cost of a standard HMO in New York City.<sup>13</sup>

Now in 2004, an individual will have to pay over \$120,000 to afford the same plan.

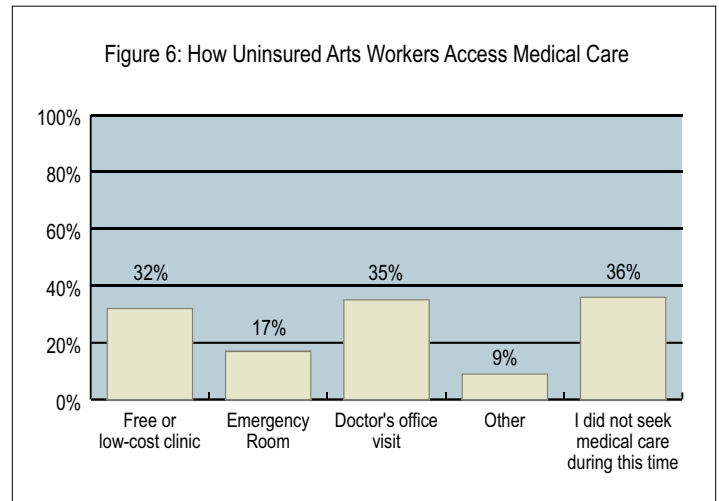
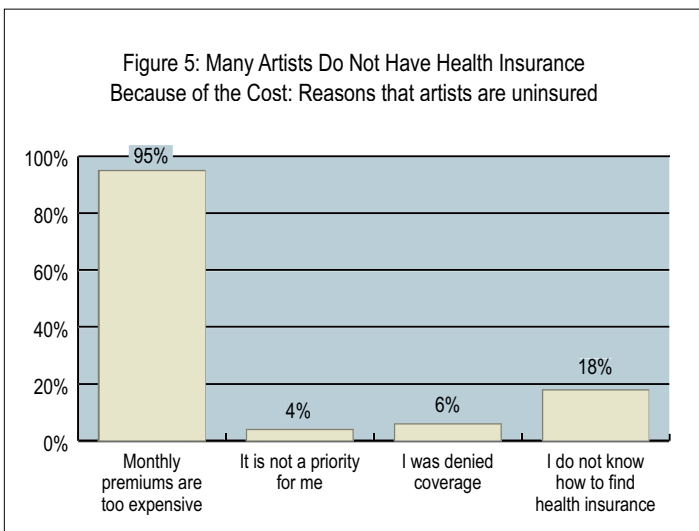
### III. Lack of Affordable Health Insurance Puts New Yorkers and their City at Risk

The high cost of health insurance makes all independent workers economically vulnerable. Freelancers who earn the same dollar amount as salaried workers actually have less take-home income partly due to exorbitant health insurance premiums. The impact on artists is even more dramatic since they tend to experience more sporadic work and earn less than other independent workers.

Artists' health care is especially precarious. More than half (54%) of artists surveyed went without health insurance coverage for some period during the past two years because they could not afford it.

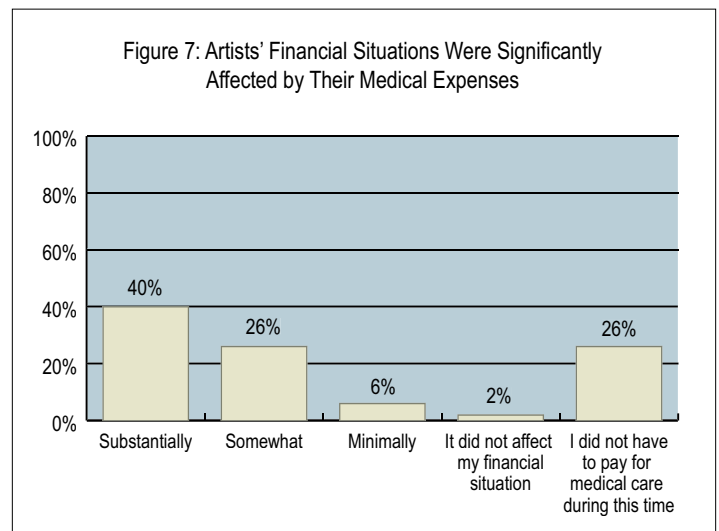
#### The Consequences of Intermittent Coverage

Such intermittent coverage endangers artists' well being and weakens the health care system. In the past two years, of those arts workers who were uninsured, nearly 49% used a free or low cost clinic or emergency room to access medical care; during this same period, 86% report that they avoided seeking medical care at some point due to lack of coverage.



With few options, artists facing gaps in coverage end up draining local resources. According to recent studies, uninsured Americans now rely on hospital emergency rooms "for one-fourth of their ambulatory care visits," up from 17% in 1997 (an increase of nearly 50%).<sup>14</sup> The over-reliance of the uninsured on emergency rooms contributes to crowding which in turn may limit the ability of these departments to respond to emergencies related to public health, terrorism, and natural disasters.<sup>15</sup>

Furthermore, because uninsured individuals are more likely to skip doctor's visits and medical tests, and less likely to fill prescriptions, it's harder for doctors to provide adequate



treatment.<sup>16</sup> Lack of access to affordable health insurance translates into sub-par medical care for many arts workers.

Finally, these gaps in coverage further exacerbate artists' financial insecurity. Recent research has shown that uninsured individuals are "more likely to face medical/ financial calamity," and that catastrophic medical bills are the "largest factor driving personal bankruptcy."<sup>17</sup>

#### **IV. An Overlooked and Growing Problem**

Despite serious repercussions for New York City, artists' inability to afford health insurance has received little attention. There are several reasons why this problem is only now becoming visible.

In general, independent workers in New York City do not fit the stereotype of the uninsured. They are employed, educated, and earn across the income spectrum. For artists, these misconceptions are compounded by another: the public often devalues artists, deeming them "frivolous" individuals who are merely "indulging their own passions" (despite the reams of recent data which contradict this view).<sup>18</sup>

In addition, artists tend to be isolated from each other, and don't see themselves as a group with shared interests. According to the Center for an Urban future, the 2,095 arts organizations and 150,00 artists based in New York City are often "working toward divergent and unrelated ends."<sup>19</sup>

#### **An Urgent Need**

However, it is unlikely this problem will fade away. Rather, the need for affordable health insurance for artists is becoming more urgent as policymakers and planners recognize the pivotal role these workers play in the city's economic health and the vibrancy of its neighborhoods.

Furthermore, artists, much like proverbial canaries in the coal mine, signal an affordability crisis which will affect many more industry sectors as the ranks of independent workers swell.

Rising premiums have forced employers to slash benefits or shift costs onto employees. The collapse of the employer-

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based system is increasingly pushing full-time workers into part-time or contract work—and into the individual market for health insurance.<sup>20</sup> In New York, the number of self-employed New Yorkers, which represent just one category of independent workers, increased by 21% between 1998 and 2002.<sup>21</sup>

Meanwhile, New York City faces competition for some of its most valuable workers. Currently, New York is ranked 9th on the list of the Top Ten Cities of over 1 million residents based on "creativity," a surprisingly low ranking given the number of artists here.<sup>22</sup>

This has not been lost on local leaders from other regions. Cities like Cincinnati, Ohio and Tampa, Florida, have developed plans to attract artists and other creatives, and encourage them to relocate.<sup>23</sup> Rising health insurance premiums and the prospect of gaps in coverage may make New York City's arts workers more receptive to these efforts.

#### **V. Conclusion**

The lack of affordable health insurance for artists affects all New Yorkers. Without a safety net, many of these workers either forego medical care or rely on public resources and emergency rooms; this endangers their own well being, burdens an already over-taxed health care system, and jeopardizes the city's public health.

The absence of affordable health insurance options for artists may also compromise New York City's ability to retain its leadership as a "creative" capital as well as the vitality of its neighborhoods.

As independent workers, artists are part of an invisible and growing constituency waiting to be mobilized. These highly

educated workers are eager for solutions and open to a wide range of proposals.<sup>24</sup> Possible remedies run the gamut from national policy changes to local initiatives. These should include:

- Ensuring that the needs of artists and all independent workers are addressed in any discussion about health care policy and in any reforms enacted.
- Encouraging intermediaries such as arts organizations, nonprofits, and community groups to use the power of their numbers to offer consumers reasonably priced group health insurance.
- Establishing refundable tax credits for health

insurance payments for both independent and traditional workers.

- Allocating more public money to fund portable benefits models so benefits are tied to individuals through their intermediaries not through their employers.
- Enabling these organizations to sponsor portable 401(K) style retirement plans for members, thereby giving people additional options for retirement investments.
- Educating the public, policymakers, thought leaders, and the media about the essential role of artists in New York City, as well as the nature of independent work and the needs of these workers.

<sup>1</sup> In the "The Creative Engine: How Arts & Culture is Fueling Economic Growth in New York City Neighborhoods," the Center for an Urban Future uses this phrase to "refer to creative based economic clusters that attract dynamic and diverse pools of workers, who in turn attract an even wider spectrum of mixed industries and business." November 2002, p.2.

<sup>2</sup> Below is a list of Working Today partner organizations that participated in the survey with their membership numbers in parenthesis: American Society of Media Photographers (800); Society of Publication Designers (unknown); Association of Independent Video and Filmmakers (2600); American Society of Journalists and Authors (350); Free Agent Forum (2300); Graphic Artists Guild (1450); Industrial Designers Society of America (300); New York Women in Film and Television (1300); The Hired Guns (6000); WashTech-NY (1300); National Writers Union (1300); Local 802 (2700); Lunch Club (2700); Council of Fashion Designers of America (250); The Actors Fund (2000).

<sup>3</sup> "More Than Once in a Blue Moon: Multiple Jobholdings by American Artists," National Endowment for the Arts, Report 40.

<sup>4</sup> Richard Florida gives a loose definition of the "creative class"; its members tend to be young, highly educated, and single. They work in industries ranging "from technology to entertainment, journalism to finance, high-end manufacturing to the arts." Richard Florida, "The Rise of the Creative Class: Why cities without gays and rock bands are losing the economic development race." Washington Monthly, May 2002.

<sup>5</sup> Louis K. Stevens, "Using Gap Analysis as the Foundation for Economic Development through Arts and Culture: The Cincinnati Model," Economic Development Journal, Volume 2, Number 2, Spring 2003.

<sup>6</sup> Florida, Washington Monthly, May 2002.

<sup>7</sup> Center for an Urban Future p.4.

<sup>8</sup> Center for an Urban Future p.2.

<sup>9</sup> Center for an Urban Future p.9-30.

<sup>10</sup> Jennifer Edwards, Michelle Doty, and Cathy Schoen, "The Erosion of Employer Based Coverage and the Threat to Worker-Based Coverage, The Commonwealth Fund, August 2002.

<sup>11</sup> New York Department of Insurance Website: "Premium Rates for Standard Individual Health Plans May 2004" <http://www.ins.state.ny.us/acrobat/newyork.pdf>.

<sup>12</sup> L. Ku and T.A. Coughlin, "Sliding-Scale Premium Health Insurance Programs: Four States' Experiences," Inquiry 36, no. 4 (1999/2000): 471-480.

<sup>13</sup> "Mobile Workers, Immobile Health Benefits: The State of Independent Work," Working Today, June 2001.

<sup>14</sup> Peter J. Cunningham and Jessica H. May, "Insured Americans Drive Surge in Emergency Department Visits," Issue Brief No. 70, Center for Studying Health System Change (HSC), October 2003.

<sup>15</sup> Cunningham, May, HSC, October 2003.

<sup>16</sup> Short, Graefe, and Schoen, "Churn, Churn, Churn: How Instability of Health Insurance Shapes America's Uninsured Problem," Task Force on the Future of Health Insurance, The Commonwealth Fund, November 2003.

<sup>17</sup> Short et al., "Churn, Churn, Churn," November 2003.

<sup>18</sup> Maria-Rosario Jackson, et al. "Investing in Creativity: A Study of the Support Structure for U.S. Artists," Urban Institute, Culture, Creativity & Communities Program, 2003. p.i.

<sup>19</sup> Center for an Urban Future p.6.

<sup>20</sup> "High Health Care Costs Delaying Hiring at Many U.S. Companies, Business Leaders Say" Daily Report, Kaiser Family Fund February 24, 2004.

<sup>21</sup> Data provided by Bureau of Labor Statistics, New York Regional Office, Solidelle Wasser.

<sup>22</sup> Florida, "The Rise of the Creative Class," May 2002.

<sup>23</sup> See Ross Atkin, "A Tale of Cool Cities," Christian Science Monitor; October 8, 2003, and Haya El Nasser, "Mid-sized Cities Get Hip to Attract Young Professionals," USA Today, October 10, 2003.

<sup>24</sup> More than 56% supported the idea of a tax credit (assigned in advance to pay for health insurance), while more than three quarters supported the idea of a national health plan.



## About Working Today

Working Today is a national nonprofit organization that represents the needs and concerns of the growing independent workforce through advocacy, information, and service. Key to its philosophy is the development of national efforts to bring about policy changes for the 40 million people who now work as freelancers, consultants, part-timers, temps, contingent workers, and independent contractors, or in other flexible arrangements.

While more than one-third of Americans are now working in nontraditional arrangements like these and all indicators point to an increasingly mobile workforce, this group is largely without access to the traditional safety net of health benefits, pensions, anti-discrimination legislation, and insurance against unemployment and disability.

Founded in 1995 by Sara Horowitz, Working Today encourages access for independent workers to affordable benefits and the same services and protections as the traditional workforce, regardless of their job arrangements.

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Lunch Club  
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New York Women in Film and Television  
The Actors Fund  
The Association of Independent Video and Filmmakers  
The Hired Guns  
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