



HEALTH AFFAIRS

NEWS RELEASE

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INSURED BUT POORLY PROTECTED: 25 MILLION ADULTS ARE UNDERINSURED NUMBER UP 60 PERCENT IN 4 YEARS

***Rate Of Underinsured Triples For Middle and Higher Income Families; Underinsured
Go Without Needed Care and Face Medical Debt***

New York, NY, June 10th, 2008—The number of underinsured adults—those with health insurance all year, but also very high medical expenses relative to their incomes—rose by 60 percent between 2003 and 2007, from 16 million to more than 25 million, according to a new Commonwealth Fund study released today as a *Health Affairs* Web Exclusive. Middle and higher income families were hit the hardest by the steep increase: underinsured rates nearly tripled for those with incomes above 200 percent of the federal poverty level, which is an annual income of \$40,000 or higher for a family.

In “How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007,” Commonwealth Fund authors Cathy Schoen, Sara Collins, Jennifer Kriss and Michelle Doty use 2007 national survey data to provide a national estimate of the number of adults who are underinsured, updating a 2003 study. The analysis finds that 25.2 million insured adults ages 19-64 were underinsured based on their out-of-pocket health care costs relative to their incomes. Underinsured rates have now reached double-digit levels for families with incomes in the 200-400 percent of poverty range, solidly in the middle class.

“We are seeing the sharp increase in the underinsured because the insured are facing higher cost-shares and limits in insurance benefits—premiums are up but people are buying less protection,” said lead author and Commonwealth Fund Senior Vice President Cathy Schoen. “Today you can have health insurance and still go bankrupt if you get sick. This puts individuals, families, and the nation’s health and economic security at risk.”

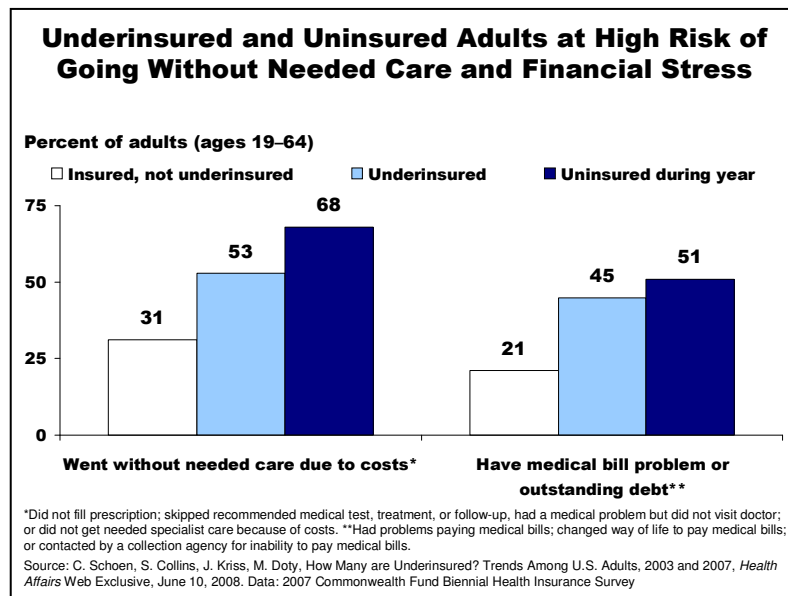
Including those who had any time without insurance during the year, the study estimates that more than two of five (42%) adults ages 19-64, or 75 million people, were either uninsured during the year or underinsured during the year as of 2007, up from one-third in 2003. The study identified the underinsured using medical cost exposure relative to income. The underinsured included those insured all year who spent 10 percent or more of their income on out-of-pocket medical expenses or 5 percent of income if low-income (under 200% of federal poverty level), or who had per person deductibles equal to 5 percent or more of family annual income.

Underinsured Experiences Often Mirror Those of Uninsured

The study found that despite the fact that the underinsured have health insurance all year long, they are at high risk of access problems and financial stress—with experiences often similar to the uninsured. Both underinsured and uninsured adults were significantly more likely to go without needed health care and to struggle with medical bills than people with adequate health insurance.

- Half of the underinsured (53%) and two thirds of the uninsured (68%) went without needed care because of cost, including not seeing a doctor when sick, not filling prescriptions, and not getting recommended diagnostic tests or treatments. By contrast, only 31 percent of the insured report going without such care.

- The underinsured were almost as likely as the uninsured to face financial stress related to medical bills. Nearly half (45%) of the underinsured reported difficulty paying bills, being contacted by collection agencies for unpaid bills or changing their way of life to pay



their medical bills as did half of the uninsured (51%). By contrast only 21 percent of the insured reported financial stress related to medical bills.

Insurance Characteristics

Underinsured adults were more likely than adults with more adequate insurance to have insurance plans with limits on the amount a plan would pay or on visits. And, underinsured adults were much more likely to have high deductibles—one quarter had annual deductibles of \$1,000 or more.

Despite these limited benefits, the underinsured faced premium levels that were similar to those paid by adults with more adequate health insurance. Premiums were often very high relative to incomes, adding to financial stress.

Policy Implications

The authors conclude that benefit designs that reduce cost-sharing for high-value, cost-effective care and lower cost-sharing for families with low and modest incomes will be necessary to achieve quality care and better health outcomes rather than just coverage.

“The United States needs to move in new directions,” said Commonwealth Fund President Karen Davis. “Middle and low income families are struggling through tough economic times and we need to extend affordable, effective health insurance to all. Shifting costs to patients is not an equitable or effective solution to rising costs. It’s time for serious consideration of changes in the way we pay for and deliver health services—reforms that show much greater potential for gains in quality and efficiency.”

Methodology

Study data come from The Commonwealth Fund 2007 Biennial Health Insurance Survey, a nationally representative survey of 3,501 adults living in the continental United States, including 2,616 adults ages 19-64. The survey was conducted by Princeton Survey Research Associates International. Interviews were conducted from June through October, 2007.

After the embargo lifts, the article by Schoen and coauthors will be available online at: <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.27.4.w298> and www.commonwealthfund.org.

The Commonwealth Fund is a private foundation supporting independent research on health policy reform and a high performance health system.

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