



NEWS RELEASE

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New Report on Baby Boomers and the Future of U.S. Health Care: A Majority of Older Workers and Their Spouses Has a Chronic Health Condition

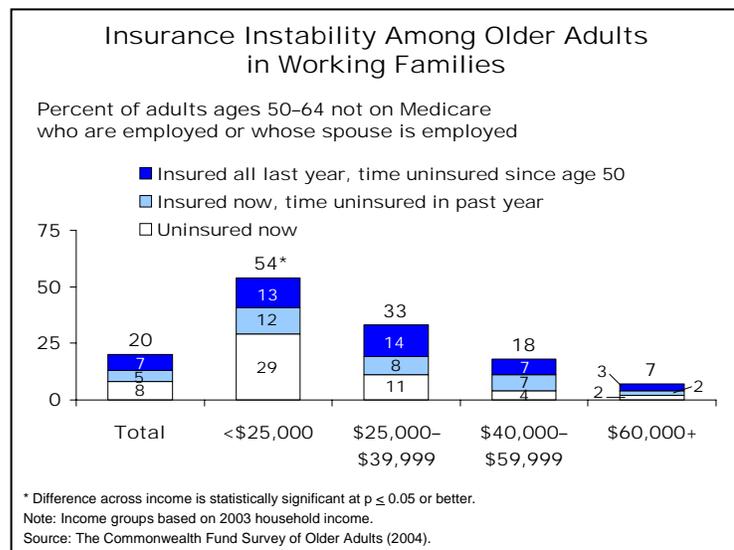
*Baby Boomers with Low and Moderate Incomes Face High Rates of
Medical Bill or Debt Problems, Unstable Insurance Coverage*

*A Majority Is Worried About Being Able to Afford Coverage,
Support Early Medicare Buy-in*

Washington, DC, January 20, 2006—Over 60 percent of adults ages 50 to 64 who are working or have a working spouse have been diagnosed with at least one chronic health condition, such as arthritis, cancer, diabetes, heart disease, high cholesterol, or hypertension, according to a new report from The Commonwealth Fund. Further, as aging baby boomers face increasing health problems, unstable health insurance coverage and medical bill and debt problems are creating barriers to needed care, raising alarms about the ability of the U.S. health system to cope with the future health care needs of Americans.

In [*New Evidence on Health Coverage for Aging Boomers: Findings from the Commonwealth Fund Survey of Older Adults*](#), Fund senior program officer Sara R. Collins and colleagues report that one-fifth of older workers and their spouses—representing 7 million Americans—are uninsured or had a time when they were uninsured since age 50.

The authors also found that many older adults who are insured have health plans that do not provide adequate protection from medical costs, particularly those purchased on the individual market. They estimate that about 6 percent of insured older adults in working families, or 1.8 million people, are underinsured—meaning their coverage does not protect them against medical expenses that are high relative to their income. One-third of all respondents have medical bill problems or accrued medical debt, and nearly one-quarter (23%) said there was a time they went without needed medical care because of cost.



“Numerous studies show that while the U.S. health system spends far more than other countries on health care, we do not get commensurate value for our health care dollar,” said Commonwealth Fund President Karen Davis. “As millions of aging baby boomers demand more from our already strained health system, it is imperative that we move toward a high performance system of health care that is affordable, equitable, safe, efficient, and patient-centered.”

Other findings point to lack of confidence in health coverage among older workers and their spouses, and support for policy options to improve access to care. While high cost burdens and cost-related access problems weigh most heavily on older workers with low incomes, even those with moderate incomes experience difficulties:

- Older workers and their spouses with low and moderate incomes are worried about the affordability of health insurance coverage: over half of those with incomes below \$40,000 and two of five (42%) with incomes between \$40,000 and \$60,000 said they were very worried about being able to afford health insurance.
- A large majority—72%—of those surveyed said they would be interested in receiving Medicare before age 65. Even among higher-income households (\$60,000 and over) of older workers, two-thirds said they would be very or somewhat interested in buying into Medicare before age 65.
- While older workers with low incomes were most at risk for being uninsured and having gaps in coverage, even those with moderate incomes face high rates of unstable coverage. More than one-half (54%) of older adults in working households with incomes under \$25,000 and one-third (33%) of those with incomes between \$25,000 and \$40,000 said they had a time when they went without health insurance coverage.
- Out-of-pocket costs for health care and premiums take a large bite out of the household incomes of older workers. One-half to 55 percent of older adults in households with incomes under \$40,000 spent 5 percent or more of their income on out-of-pocket costs and premiums and more than one-third spent 10 percent or more.
- Even in households with incomes in the \$40,000 to \$60,000 range, more than two of five (43%) spent 5 percent or more of their income on health care costs, and 17 percent spent 10 percent or more.
- More than two in five of those with family incomes under \$25,000 and about 30 percent of those with moderate incomes (between \$25,000 and \$60,000) reported not getting needed health care because of cost, compared to 11 percent with household incomes over \$60,000.

Older workers in the individual insurance market face particularly high cost burdens:

- Over half (55%) of workers 50 to 64 with individual coverage spent over \$3,600 on annual premiums, compared to 16 percent with employer coverage.
- Three-quarters of older working adults and spouses with individual insurance coverage spent 5 percent or more of their annual income on premiums and out-of-pocket medical expenses; nearly one-half (48%) spent 10 percent or more on premiums and out-of-pocket costs.

Evaluating potential policy solutions, Collins and her co-authors warn that “because of older adults’ high rates of chronic conditions, proposals that seek to expand coverage by providing

tax credits to people with low incomes to buy coverage on the individual market are unlikely to substantially increase access to meaningful and affordable coverage in this age group.” Special Medicare health accounts for expenses not covered by Medicare, early Medicare buy-in facilitated by tax credits for those with low incomes, and eliminating the two-year waiting period for disabled individuals to be covered by Medicare, might go farther in addressing the health care affordability problems facing the baby boom generation as it approaches retirement, the authors say.

The report is based on a survey of 1,189 adults ages 50 to 64 who were not in Medicare and were employed full-time or part-time, or who had a spouse who was employed. The survey sample was weighted to be representative of the U.S. population. Collins is presenting the findings today at the annual meeting of the National Academy for Social Insurance in Washington D.C.

Methodology:

The Commonwealth Fund 2004 Survey of Older Adults was conducted by International Communications Research from September 14 through November 21, 2004. The survey consisted of 25-minute telephone interviews in English or Spanish with a random, nationally representative sample of 2,007 adults ages 50 to 70 in the continental United States. The survey included 1,591 adults ages 50 to 64 and 416 ages 65 to 70.

Of the 1,591 adults ages 50 to 64 who were surveyed, the present study included 1,189 adults who were not in Medicare and were employed full-time or part-time or who had a spouse who was employed. Statistical results are weighted to make results representative of all adults ages 50 to 64 in the continental United States using the March 2004 Supplement of the Census Current Population Survey. The final weighted sample is representative of the approximately 48 million adults ages 50 to 64.

The survey has an overall margin of sampling error of +/- 2.29 percentage points at the 95 percent confidence level. For the sample of adults ages 50 to 64 and those ages 65 to 70, the margins of error are +/- 2.58 and +/- 4.98 percentage points, respectively.

The 72% response rate was calculated consistent with standards of the American Association for Public Opinion Research.

The Commonwealth Fund is a private foundation that supports independent research on health and social issues and makes grants to improve health care policy and practice.