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Issue Brief

Experiences of Working-Age Adults in the Individual Insurance Market

*Findings from The Commonwealth Fund
2001 Health Insurance Survey*

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The Commonwealth Fund is a private foundation supporting independent research on health and social issues.

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Most working-age adults have group health insurance coverage through an employer. Those without access to job-based coverage have the option of buying insurance directly in the individual insurance market. That market, however, is the primary source of insurance for only a small proportion of adults ages 19 to 64. To understand the reasons behind low participation rates, The Commonwealth Fund 2001 Health Insurance Survey asked men and women who tried to purchase plans in this market in the past three years about their experiences.

Survey findings indicate that a majority of those considering the individual insurance market have found it unaffordable. Whether younger or older, with or without health problems, respondents reported concerns with benefits as well as plan costs. Reflecting these concerns, only about one-quarter of those who considered purchasing in the individual market ended up buying a policy.

Adults Seeking Insurance Have Difficulty Finding Adequate and Affordable Coverage

Although only 6 percent of adults participating in the survey relied on a health plan purchased in the individual insurance market, more than one of four adults (27%) had considered buying or already had individual health coverage in the past three years (Table 1).

The majority of adults who had considered purchasing individual insurance, however, reported difficulty finding affordable coverage that met their needs. More than one-third (35%) of adults who tried to buy coverage said that it was very difficult or impossible to find a plan that met their needs. More than half (53%) said it was very difficult or impossible to find an affordable plan. Overall, more than half (52%) had difficulty finding a plan that met their needs, and seven of 10 (69%) had difficulty finding a plan they could afford.

TABLE 1

Individual Market Experiences Among Adults 19–64, by Age

	TOTAL 19–64	19–29	30–39	40–49	50–64
PERCENTAGE IN INDIVIDUAL MARKET IN PAST THREE YEARS*	27%	33%	30%	26%	21%
HOW DIFFICULT WAS IT TO FIND A PLAN WITH THE COVERAGE YOU NEEDED?					
Very difficult or impossible	35	32	39	29	42
Somewhat difficult	17	22	15	20	9
Not too/not at all difficult	38	36	38	41	36
HOW DIFFICULT WAS IT TO FIND A PLAN YOU COULD AFFORD?					
Very difficult or impossible	53	44	60	55	57
Somewhat difficult	16	20	14	16	14
Not too/not at all difficult	23	27	23	21	21
DID YOU END UP BUYING A PLAN?					
Yes	28	27	26	31	30
No	71	73	72	69	69

*Among individuals who either purchased or were in the market for an individual insurance plan in the past three years.
Source: The Commonwealth Fund 2001 Health Insurance Survey.

Survey analysis reveals that a majority of younger as well as older adults had difficulty finding an adequate or affordable health insurance plan.

Comparing experiences by age group, survey analysis reveals that a majority of younger as well as older adults had difficulty finding an adequate or affordable health insurance plan. Younger adults, however, were somewhat less likely than older adults to report severe difficulties finding an adequate or affordable plan. Sixty-four percent of adults ages 19 to 29 said it was very difficult or impossible (44%) or somewhat difficult (20%) to find affordable coverage on the individual market. In comparison, 71 percent of adults ages 50 to 64 found it very difficult or impossible (57%) or found it somewhat difficult (14%) to find affordable coverage on the individual market (Figure 1).

As a result of these experiences, few ended up buying a plan. More than seven of 10 adults (71%) who considered buying individual insurance in the past three years chose not to do so. Only 28 percent eventually purchased a plan, with little difference found by age.

Most Adults with Health Problems Had Difficulty Finding an Adequate or Affordable Plan

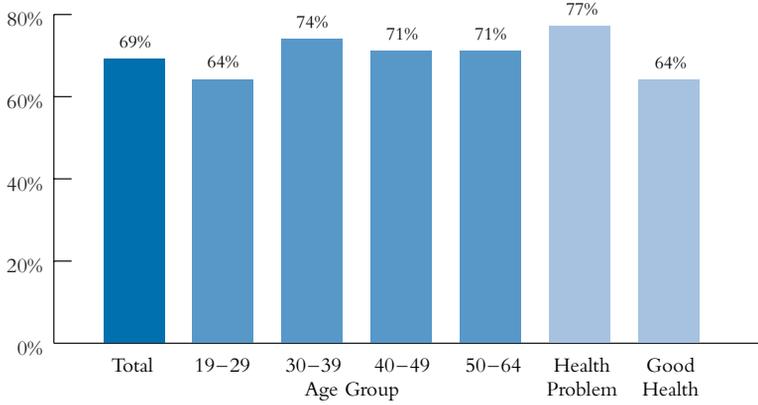
Adults with health problems were almost as likely as healthier adults to say they had considered buying individual health insurance in the past three years, but much more likely to have had difficulty finding adequate or affordable coverage. Among respondents who rated their health as fair or poor or reported at least one of six health conditions, two of five (40%) found it very difficult or impossible to find an individual health plan that met their needs. The same was true for only three of 10 healthier adults (31%) (Table 2).

Few adults with health problems could find an affordable plan. Three of five adults (62%) in fair or poor health said it was very difficult or impossible to find an affordable insurance plan in the individual market and 77 percent reported difficulties overall. Regardless of health status, only a minority ended

FIGURE 1

Most adults in the market for individual insurance have difficulty finding an affordable plan.

Percentage who said it was somewhat/very difficult or impossible to find an affordable health plan



Source: The Commonwealth Fund 2001 Health Insurance Survey.

TABLE 2

Individual Market Experiences Among Adults, Ages 19-64,* by Health Status

	TOTAL 19-64	HAS AT LEAST ONE OF SIX HEALTH CONDITIONS** OR FAIR/POOR HEALTH STATUS	HAS NONE OF SIX HEALTH CONDITIONS AND EXCELLENT/ VERY GOOD OR GOOD HEALTH STATUS
PERCENTAGE IN INDIVIDUAL MARKET IN PAST THREE YEARS	27%	30%	26%
HOW DIFFICULT WAS IT TO FIND A PLAN WITH THE COVERAGE YOU NEEDED?			
Very difficult or impossible	35	40	31
Somewhat difficult	17	16	17
Not too/not at all difficult	38	34	41
HOW DIFFICULT WAS IT TO FIND A PLAN YOU COULD AFFORD?			
Very difficult or impossible	53	62	46
Somewhat difficult	16	15	18
Not too/not at all difficult	23	18	29
DID YOU END UP BUYING A PLAN?			
Yes	28	23	32
No	71	76	67

*Among individuals who either purchased or were in the market for an individual insurance plan in the past three years.

**Health conditions include hypertension/high blood pressure or stroke, heart disease, diabetes, arthritis, anxiety or depression, and cancer. Of the estimated 68 million adults in this health status category, 30 percent were in the individual market in the past three years.

Source: The Commonwealth Fund 2001 Health Insurance Survey.

Adults with health problems were almost as likely as healthier adults to say they had considered buying individual health insurance in the past three years, but much more likely to have had difficulty finding adequate or affordable coverage.

up buying coverage: 23 percent of less-healthy adults and 32 percent of more-healthy adults.

Few Adults Have Used the Internet to Search for Health Insurance

With Internet access becoming more prevalent, the number of websites with health-related information has grown steadily. Recent media attention has been focused on companies selling health insurance on the Internet. To examine how widely adults use the Internet to get medical information and shop for health insurance, the survey asked respondents about their use of the Internet in general and about searching for help on health-related matters. The majority of adults (57%) said they had used the Internet either to e-mail others or to log on to the World Wide Web. One of five adults (21%) said they had used the Internet to obtain health or medical information. Only 10 percent have ever gone online to find out about health insurance costs or availability, however (Table 3).

Adults with incomes below \$35,000 were less likely to use the Internet compared with higher-income adults (44% vs. 71%) and only half as likely

as higher-income adults (15% vs. 28%) to use the Internet to obtain health or medical information. Regardless of income, to date, only a fraction of adults are using the Internet as a resource when shopping for health insurance coverage.

Summary

For those without access to group health coverage, the individual insurance market is currently unlikely to provide a viable alternative. Subsidies and market reforms would be needed to make such coverage more affordable while maintaining adequate benefits.

METHODOLOGY

The Commonwealth Fund 2001 Health Insurance Survey, conducted by Princeton Survey Research Associates from April 27 through July 29, 2001, consisted of 25-minute telephone interviews in either English or Spanish with a random, national sample of 3,508 adults, ages 19 and older, living in households with telephones in the continental United States. This issue brief is based on 2,829 adults ages 19 to 64. To represent the adult population more accurately, the analysis weighted responses to the March 2000 Current Population Survey by age, sex, race/ethnicity, education, household size, geographic region, and telephone service interruption. The survey has an overall margin of sampling error of +/- 2 percentage points at the 95 percent confidence level.

TABLE 3
Internet Use Among Adults, Ages 19–64, by Income

	TOTAL	LESS THAN \$35,000	\$35,000 OR MORE
PERCENTAGE OF ADULTS 19–64 WHO HAVE EVER USED THE INTERNET TO:			
Access the World Wide Web or send/receive e-mail	57%	44%	71%
Obtain health or medical care information	21	15	28
Look into the cost or availability of health insurance plans	10	8	12

Source: The Commonwealth Fund 2001 Health Insurance Survey.

As yet, the Internet does not appear to be a major source of information on the health insurance market.