
U.S. House of Representatives Committee on Ways and Means, Subcommittee on Select Revenue Measures
Hearing on “How Middle-Class Families Are Faring in Today’s Economy”

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Invited Testimony
February 13, 2019
EXHIBIT 1

Premiums for employer health plans climbed in 2017

Average growth from previous year

<table>
<thead>
<tr>
<th>Period</th>
<th>Family Plans</th>
<th>Single-Person Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 to 2017</td>
<td>5.5%</td>
<td>4.4%</td>
</tr>
<tr>
<td>2015 to 2016</td>
<td>4.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2014 to 2015</td>
<td>5.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2013 to 2014</td>
<td>4.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2012 to 2013</td>
<td>5.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2011 to 2012</td>
<td>6.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2010 to 2011</td>
<td>4.4%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>5.5%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2008 to 2009</td>
<td>6.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

EXHIBIT 2

Employer premiums have risen, so have employee contributions

Average annual growth (%)

- 2011 to 2016
- 2016 to 2017

Employee contribution to single-person plans
- 4.0% to 6.8%

Employee contribution to family plans
- 4.6% to 5.3%

EXHIBIT 3

Workers’ premium payments for single plans range from $675 in HI to $1,747 in MA

Average annual employee contribution for single plans

U.S. average = $1,415

EXHIBIT 4

Workers’ premium payments for family plans range from $3,646 in MI to $6,533 in DE

Average annual employee contribution for family plans


Employee premium contribution as share of median income

Average employee premium contribution as percent of median state income in 2017

Notes: Estimates of median household income used in the denominator for this ratio come from the Current Population Survey (CPS), which revised its income questions in 2013. The denominator in our ratio estimates prior to 2014 is derived from the traditional CPS income questions, while ratio estimates from 2017 are estimated from the revised income questions. Household incomes have been adjusted for the likelihood that people in the same residence purchase health insurance together.


Average deductibles are also outpacing growth in median income

Deductible as share of median income

Average single-person deductibles for employer coverage, by state, 2017

U.S. average = $1,808

Note: Estimates of median household income used in the denominator for this ratio come from the Current Population Survey (CPS), which revised its income questions in 2013. The denominator in our ratio estimates prior to 2014 is derived from the traditional CPS income questions, while ratio estimates from 2017 are estimated from the revised income questions. Household incomes have been adjusted for the likelihood that people in the same residence purchase health insurance together.


EXHIBIT 7

Premium and deductible costs amounted to nearly 12 percent of median income in 2017

Combined employee premium contribution and deductible as share of median income

Average employee premium contribution plus average deductible as percent of median state income in 2017

7.8% - 9.9% (11 states + D.C.)
10.0% - 11.9% (21 states)
12.0% - 15.5% (18 states)

Note: Estimates of median household income used in the denominator for this ratio come from the Current Population Survey (CPS), which revised its income questions in 2013. The denominator in our ratio estimates prior to 2014 is derived from the traditional CPS income questions, while ratio estimates from 2017 are estimated from the revised income questions. Household incomes have been adjusted for the likelihood that people in the same residence purchase health insurance together.


Exhibit 8

More adults are underinsured, with the greatest growth occurring among those with employer coverage

Percent of adults ages 19-64 insured all year who were underinsured

Notes: “Underinsured” refers to adults who were insured all year but experienced one of the following: out-of-pocket costs, excluding premiums, equaled 10% or more of income; out-of-pocket costs, excluding premiums, equaled 5% or more of income if low-income (<200% of poverty); or deductibles equaled 5% or more of income. Total includes adults with coverage through Medicaid and Medicare. Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months. ^ For 2014 and 2016, includes those who get their individual coverage through the marketplace and outside of the marketplace.


Underinsured indicators among adults with employer coverage

<table>
<thead>
<tr>
<th>Underinsured indicators among adults ages 19-64 insured all year, with employer coverage at the time of the survey</th>
<th>2003</th>
<th>2005</th>
<th>2010</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of pocket medical expenses equal 10% or more of family annual income</td>
<td>6%</td>
<td>8%</td>
<td>11%</td>
<td>13%</td>
<td>12%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Out of pocket medical expenses equal 5% or more of income if low income</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Cumulative percent/millions, using two indicators above</td>
<td>9%</td>
<td>11%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
<td>17%</td>
</tr>
<tr>
<td>Deductible equals 5% or more of income</td>
<td>2%</td>
<td>2%</td>
<td>6%</td>
<td>8%</td>
<td>11%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Cumulative percent/millions, using all three indicators</td>
<td>10%</td>
<td>12%</td>
<td>17%</td>
<td>20%</td>
<td>20%</td>
<td>24%</td>
<td>28%</td>
</tr>
</tbody>
</table>

* Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months.

^ Less than 200% of the Federal Poverty Level. ^^ Underinsured defined as insured all year but experienced one of the following: out of pocket expenses, excluding premiums, equaled 10% or more of income; out of pocket expenses, excluding premiums, equaled 5% or more of income if low income (<200% of poverty); or deductibles equaled 5% or more of income.

Underinsured rates among people in employer plans are highest among lower-income adults

Percent of adults ages 19-64 insured all year, with employer coverage at time of survey, who were underinsured

Notes: “Underinsured” refers to adults who were insured all year but experienced one of the following: out-of-pocket costs, excluding premiums, equaled 10% or more of income; out-of-pocket costs, excluding premiums, equaled 5% or more of income if low-income (<200% of poverty); or deductibles equaled 5% or more of income. Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months.

EXHIBIT 11

Underinsured adults in employer plans report more cost-related problems getting needed care

Percent of adults ages 19-64 with employer coverage who had any of four access problems in past year because of cost*

- Insured all year, not underinsured
- Insured all year, underinsured

<table>
<thead>
<tr>
<th>Problem</th>
<th>Insured all year, not underinsured</th>
<th>Insured all year, underinsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not fill prescription</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>Skipped recommended test, treatment, or follow-up</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Had a medical problem, did not visit doctor or clinic</td>
<td>11</td>
<td>23</td>
</tr>
<tr>
<td>Did not get needed specialist care</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>At least one of four access problems because of cost</td>
<td>24</td>
<td>40</td>
</tr>
</tbody>
</table>

Notes: * Includes any of the following because of cost: did not fill a prescription; skipped recommended medical test, treatment, or follow-up; had a medical problem but did not visit doctor or clinic; did not see a specialist when needed. “Underinsured” refers to adults who were insured all year but experienced one of the following: out-of-pocket costs, excluding premiums, equaled 10% or more of income; out-of-pocket costs, excluding premiums, equaled 5% or more of income if low-income (<200% of poverty); or deductibles equaled 5% or more of income. Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months.

Data: Commonwealth Fund Biennial Health Insurance Survey (2018).
EXHIBIT 12

One of third of adults with employer coverage say they would not have the money to pay an unexpected $1,000 medical bill within 30 days

If you were to experience an unexpected medical event in 2018 that left you with a bill for $1,000, would you have the money to pay the bill within 30 days?

Percent of adults ages 19-64 with employer coverage who responded “no”

EXHIBIT 13

Underinsured adults in employer plans report more problems paying medical bills

Percent of adults ages 19-64 with employer coverage who had medical bill or debt problems in past year*

<table>
<thead>
<tr>
<th>Problem</th>
<th>Insured all year, not underinsured</th>
<th>Insured all year, underinsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had problems paying or unable to pay medical bills</td>
<td>13</td>
<td>27</td>
</tr>
<tr>
<td>Contacted by collection agency for unpaid medical bills</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Had to change way of life to pay bills</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Medical bills/debt being paid over time</td>
<td>18</td>
<td>34</td>
</tr>
<tr>
<td>Any bill problem or medical debt</td>
<td>25</td>
<td>43</td>
</tr>
</tbody>
</table>

Notes: * Includes any of the following: had problems paying or unable to pay medical bills; contacted by collection agency for unpaid medical bills; had to change way of life to pay bills; medical bills/debt being paid over time. “Underinsured” refers to adults who were insured all year but experienced one of the following: out-of-pocket costs, excluding premiums, equaled 10% or more of income; out-of-pocket costs, excluding premiums, equaled 5% or more of income if low-income (<200% of poverty); or deductibles equaled 5% or more of income. Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months.

Data: Commonwealth Fund Biennial Health Insurance Survey (2018).
Adults with medical bill problems had lingering financial problems

Percent adults ages 19-64 who reported the following happened in the past two years because of medical bill problems^:

- Used up all your savings
- Received a lower credit rating
- Taken on credit card debt
- Been unable to pay for basic necessities like food, heat or rent
- Delayed education or career plans
- Taken out a mortgage against your home or taken out a loan

<table>
<thead>
<tr>
<th>Problem</th>
<th>Total</th>
<th>Under 200% FPL</th>
<th>200% FPL or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used up all your savings</td>
<td>43</td>
<td>46</td>
<td>41</td>
</tr>
<tr>
<td>Received a lower credit rating</td>
<td>43</td>
<td>49</td>
<td>37</td>
</tr>
<tr>
<td>Taken on credit card debt</td>
<td>32</td>
<td>25</td>
<td>40</td>
</tr>
<tr>
<td>Been unable to pay for basic necessities</td>
<td>27</td>
<td>37</td>
<td>17</td>
</tr>
<tr>
<td>Delayed education or career plans</td>
<td>18</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>Taken out a mortgage against your home or</td>
<td>11</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>taken out a loan</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

^ Base: Respondents who reported at least one of the following medical bill problems in the past 12 months: had problems paying medical bills, contacted by a collection agency for unpaid bills, had to change way of life in order to pay medical bills, or has outstanding medical debt.
Data: Commonwealth Fund Biennial Health Insurance Survey (2018).