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Estimated 77 Million Americans Have Medical Bill Problems or Medical Debt Problems Affect Access to Care for Both Insured and Uninsured

New York City, August 10, 2005—The high cost of health care and inadequate health insurance coverage are undermining the financial security of millions of Americans, according to a new report from The Commonwealth Fund. Nearly two of five adults (37%) ages 19 and older in the U.S.—an estimated 77 million adults—struggle with medical bills, have recent or accrued medical debt, or both, the report reveals. Sixty-three percent of those reporting medical bill problems or medical debt went without needed care due to cost, compared with 19 percent of adults without medical bills or debt.

Even those who have health insurance are not immune: three of five (62%) working-age adults were insured at the time their medical bill or debt problem occurred.

Seeing Red: Americans Driven into Debt by Medical Bills, by Commonwealth Fund staff Michelle M. Doty, Jennifer N. Edwards, and Alyssa L. Holmgren, a new analysis of data from the Commonwealth Fund Biennial Health Insurance Survey, sheds light on the health care experiences of both insured and uninsured adults.

Insured adults with less comprehensive coverage are more likely to face medical bill or debt problems than those with more comprehensive coverage, according to the report. Nearly half (48%) of insured working-age adults whose insurance does not include prescription drug coverage reported medical bill or debt, compared to one-third (33%) with prescription drug coverage. Nearly two-thirds (65%) of working-age adults who reached the limit of what their insurance plan would pay for a specific treatment or illness experienced medical bill problems, medical debt, or both, compared to 30 percent of those who did not reach their insurance limit.

"The trend toward higher deductibles in employer plans may have gone too far," said Commonwealth Fund President Karen Davis. "Greater care should be taken to ensure that health care is affordable for lower-wage workers if all Americans are to get the care they need and preserve savings they will need in retirement."

"We should be concerned not only about growing numbers of uninsured Americans, but the underinsured—those who are insured but still lack financial and health security," said Doty, senior analyst at the Fund and lead author of the report. "Facing unmanageable medical bills and debt, and forgoing medical care because of cost defeats the purpose of health care coverage."

Other findings include:

- Americans over 65 are better protected against medical bill problems than working-age adults. A wide majority—71 out of the 77 million reporting medical bill problems or debt problems—are ages 19 to 64. Two of five (41%) adults ages 19 to 64 report medical bill and/or debt problems, compared with 17 percent of adults ages 65 and older.

- African-Americans are at high risk for medical bill and debt problems. Half (52%) of African-American working-age adults have medical bill problems, compared with one-third (34%) of Hispanics and 28 percent of whites ages 19 to 64.
- Working-age women are more likely to report medical bill problems than men ages 19 to 64 (39% vs. 25%).
- Two-thirds (66%) of insured adults with annual premiums that are ten percent or more of their income reported bill or debt problems, compared with about one-third (31%) of those with comprehensive benefits.

Related reports:

- "Insured But Not Protected: How Many Adults Are Underinsured?," Cathy Schoen, M.S., Michelle M. Doty, Ph.D., Sara R. Collins, Ph.D., and Alyssa L. Holmgren, *Health Affairs Web Exclusive*, June 14, 2005
- *Will You Still Need Me? The Health and Financial Security of Older Americans*, Sara R. Collins, Ph.D., Karen Davis, Ph.D., Cathy Schoen, M.S., Michelle M. Doty, Ph.D., Sabrina K. H. How, and Alyssa L. Holmgren, The Commonwealth Fund, June 2005
- *How High Is Too High? Implications of High-Deductible Health Plans*, Karen Davis, Ph.D., Michelle M. Doty, Ph.D., and Alice Ho, The Commonwealth Fund, April 2005

Survey Methodology:

Data come from the Commonwealth Fund Biennial Health Insurance Survey (2003), a national telephone survey conducted September 3, 2003 through January 4, 2004 among a random, nationally representative sample of 4,052 adults (defined as individuals age 19 and older) living in the continental United States. Using a stratified sampling design, the study oversampled low-income African Americans and Hispanics.

The final data were weighted to correct for the disproportionate sample design and to make the sample representative of all adults living in the continental United States. Data were weighted by age, sex, race/ethnicity, education, household size, geographic region using the U.S. Census Bureau's 2003 Annual Social and Economic Supplement (ASEC). The survey has an overall margin of sampling error of +/- 2 percentage points at the 95 percent confidence level

We used a combination of bivariate and multivariate analyses to examine the correlates of medical bill problems and medical debt (current or accrued) and to assess their effects on health care utilization.

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