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NEW COMMONWEALTH FUND REPORT: 21 PERCENT OF ADULTS WITH HEALTH INSURANCE SPENT 5 PERCENT OR MORE OF THEIR INCOME ON OUT-OF-POCKET HEALTH CARE COSTS

Survey Finds Half or More of Low- and Moderate-Income Adults with Private Insurance Struggle to Afford Deductibles; Many Go Without Needed Health Care

New York, NY, November 13, 2014—Twenty-one percent of adults with health insurance spent 5 percent or more of their income on out-of-pocket health care costs over the past year (excluding premiums), and 13 percent spent 10 percent or more, according to a new Commonwealth Fund report. Low-income adults were the most likely to have high out-of-pocket costs, with 41 percent of those making less than \$11,490 a year spending 5 percent or more of their income on out-of-pocket health care costs and 31 percent spending 10 percent or more.

The report, *Too High A Price: Out-of-Pocket Health Care Costs in the United States*, is the first from The Commonwealth Fund's new survey series tracking whether health insurance plans are protecting their enrollees from high health care costs. The majority of people surveyed had employer-sponsored health insurance, but the sample also included people with Affordable Care Act marketplace plans, individual health insurance, Medicaid, or some other coverage.

“In order for health insurance to work for families, and for the U.S. health care system to work well, it will be important to bring down the number of people who are underinsured—people who have coverage that doesn't provide adequate financial protection,” said Commonwealth Fund President David Blumenthal, M.D. “Research shows that people who have insurance but have high health care costs relative to their income are as likely to skip getting the care they need as those with no insurance at all.”

Many Privately Insured Adults Are Struggling to Afford Their Deductibles

The report notes that as health care premiums rise, many employers and individuals are selecting insurance plans with higher deductibles and copayments in an attempt to keep premium costs in check. According to the report, overall 13 percent of people with private health insurance whose plans include a deductible now have deductibles equivalent to 5 percent or more of their income; that figure includes 25 percent of adults with low incomes and about 20 percent of adults with moderate incomes (\$11,490 to \$45,960 a year for a single person).

Privately insured people across all income groups reported they had trouble affording deductibles: 43 percent of those surveyed said their deductible was somewhat, very difficult, or impossible to afford. However, low- and moderate-income adults reported the most trouble: among those with private insurance, nearly half (49%) of adults making \$22,980 to \$45,960 a year, 64 percent of adults making \$11,490 to \$22,980, and 58 percent adults making less than \$11,490 reported it was somewhat or very difficult or impossible to afford their deductible. This compares with about one-quarter (27%) of higher-income adults (making more than \$45,960 a year).

Low- and Moderate-Income Adults Skip Needed Care Because of Costs

The survey found that low- and moderate-income adults are most likely to have high out-of-pocket costs and not get the health care they need. According to the survey:

- **Adults with the lowest incomes are most likely to skip needed care.** Forty-six percent of people earning less than \$22,980 a year cited at least one example of skipping needed health care because of their plan's copayments or coinsurance: 28 percent did not fill a prescription; 28 percent skipped a medical test or follow-up treatment; 30 percent had a medical problem but did not go to the doctor; and 24 percent did not see a specialist when they or their doctor thought they needed one.
- **When deductibles are high relative to income, many people skip needed care.** Forty percent of privately insured people whose deductibles represented 5 percent or more of their income cited at least one example of skipping needed health care because of their deductible: 29 percent skipped a medical test or follow-up treatment; 27 percent had a medical problem but did not go to the doctor; 23 percent skipped a preventive care test; and 22 percent did not see a specialist despite being advised to do so by their physician.

“This survey makes it clear that steadily rising health insurance deductibles and out-of-pocket costs are a serious problem for working people, regardless of how they get their coverage,” said lead author Sara Collins, Vice President for Health Care Coverage and Access at The Commonwealth Fund. “Keeping these costs affordable is part of ensuring that insurance provides true financial protection.”

Moving Forward

The report notes that the Affordable Care Act was designed to improve health insurance coverage and ensure that people have access to high-quality, affordable health care. This report indicates that high deductibles and copays are a strain on many adults in low- and moderate-income families and that these costs diminish their ability to afford the care they need.

Over the next few years, assessing how health insurance is working for consumers will be a critical measure of the Affordable Care Act's success. The new series of Commonwealth Fund tracking surveys will continue to examine all types of health insurance and analyze the law's impact on consumers and the health care system.

Methodology

The Commonwealth Fund Health Care Affordability Tracking Survey, September–October 2014, was conducted by SSRS from September 10 to October 5, 2014, as a part of SSRS' weekly nationally representative omnibus survey. The survey consisted of a 15-minute telephone interviews in English or Spanish and was conducted among a random, nationally representative sample of 2,751 adults ages 19 to 64 living in the continental United States. Overall 1,127 interviews were conducted with respondents on landline telephones and 1,624 interviews were conducted on cellular phones, including 1,012 with respondents who live in households with no landline telephone access.

The data are weighted to the U.S. 19-to-64 adult population, based on the U.S. Census Bureau's 2014 March Supplement to the Current Population Survey (CPS) and household telephone use using the CDC's National Health Interview Survey. The resulting weighted sample is representative of the approximately 190.7 million U.S. adults ages 19 to 64.

The survey has an overall margin of sampling error of ± 2.1 percentage points at the 95 percent confidence level. The landline portion of the survey achieved a 9.9 percent response rate and the cellular phone sample achieved a 5.7 percent response rate. The overall response rate was 7.3 percent.

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