



Affordable Care Act Reforms Could Reduce the Number of Underinsured U.S. Adults by 70 Percent

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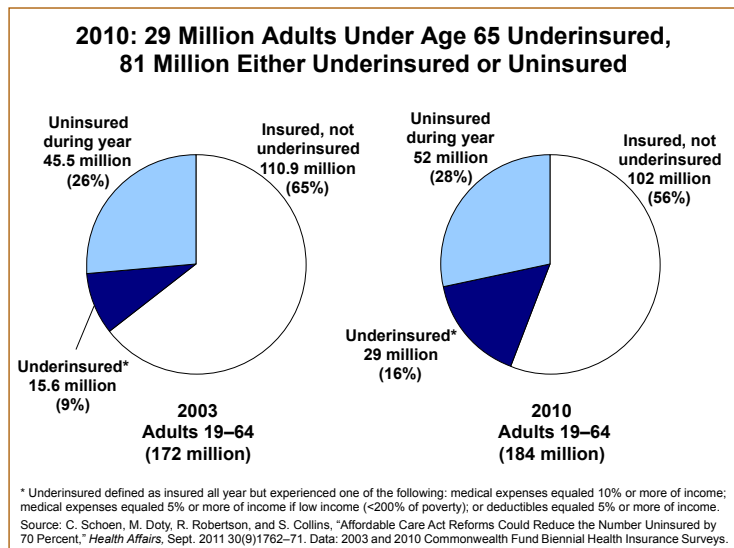
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Synopsis

The number of underinsured adults—those with health insurance, but high medical expenses relative to income—rose by 80 percent between 2003 and 2010, from 16 million to 29 million. Provisions in the Affordable Care Act to increase affordability could reduce the number of underinsured by 70 percent.

The Issue

In addition to expanding health care coverage to the uninsured, the Affordable Care Act will help bring relief to the underinsured—that is, the millions of people who have health insurance, but who have plans with inadequate coverage that leave them exposed to unaffordable medical costs. Health reform has the potential to help by providing premium assistance and lowering out-of-pocket costs. In this study published in *Health Affairs*, Commonwealth Fund authors provide a baseline estimate of the number of underinsured and uninsured adults in 2010, and examine how health reform can help. The authors define underinsured adults as those who report at least one of following: family out-of-pocket medical care expenses (not including premiums) that are 10 percent or more of income; among low-income adults (i.e., incomes below 200 percent of the federal poverty level), medical expenses that are 5 percent or more of income; or per-person deductibles that are 5 percent or more of income.



Key Findings

- The number of underinsured adults rose by 80 percent between 2003 and 2010, from 16 million to 29 million. Nearly half (44%) of adults, or 81 million people, were either underinsured or uninsured in 2010, up from 75 million in 2007 and 61 million in 2003.

- Low-income families were most at risk of being underinsured. Three-quarters (77%) of those with incomes below 133 percent of the poverty level and more than half (58%) of those with incomes between 133 percent and 250 percent of the poverty level were either underinsured or uninsured.
- The risk of being underinsured is rising up the income scale. In 2010, 16 percent of adults with incomes between \$40,000 and \$60,000 were underinsured and another 19 percent were uninsured. In 2003, only 5 percent of adults with incomes in this range were underinsured.
- Rates of forgone care (e.g., not filling a prescription or not following up on recommended tests or treatment) were twice as high among the underinsured and three times as high among the uninsured as rates reported by adults with more adequate insurance.
- If the Affordable Care Act succeeds in reaching those with low and modest incomes, the number of underinsured could be reduced by 70 percent once the law is fully implemented.

Addressing the Problem

The erosion of health insurance for the working-age population, combined with stagnant family incomes over the past decade, has put uninsured and insured families' health and financial security at risk, the authors say. The Affordable Care Act can diminish these risks and alleviate concerns for families; however, the extent to which it will do so depends on benefit design, the choice of plans offered through the health insurance exchanges, and growth in health care costs relative to family income. If plan designs allow for high deductibles that apply to primary care and medications or high cost-sharing for essential care, more families will be exposed to financial risk. As such, "designs will need to take a value-based approach that ensures access and financial protection for essential care."

"If reforms succeed in increasing the affordability of care for people in this income range, we could expect a 70 percent drop in the number of underinsured people and a steep drop in the number of uninsured people."

About the Study

The authors use data from the Commonwealth Fund 2010 Health Insurance Survey, a nationally representative telephone survey of 4,005 adults age 19 and older in the continental United States. The survey asked about care experiences, out-of-pocket medical spending, insurance, income, health status, and other demographic characteristics.

The Bottom Line

Provisions in the Affordable Care Act to extend more affordable and more protective insurance coverage could reduce the number of underinsured—estimated at 29 million in 2010—by 70 percent.

Citation

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