



In the Literature

Highlights from Commonwealth Fund-Supported Studies in Professional Journals

Despite the Recession's Effects on Incomes and Jobs, the Share of People with High Medical Costs Was Mostly Unchanged

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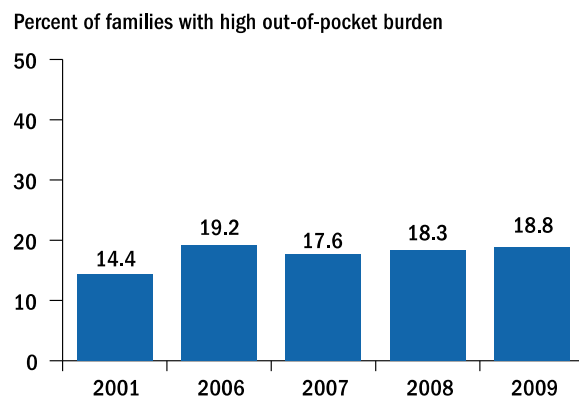
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Synopsis

To understand the financial burden of medical care faced by American families, this study examines trends in out-of-pocket health care costs incurred by U.S. adults under age 65 between 2006 and 2009. In spite of the job losses during the recent recession, the percentage of those with high medical costs held steady at around 19 percent. Declines in family income during the recession were offset by a decrease in out-of-pocket spending on health services, which likely reflects greater reliance on generic prescription drugs—not a decrease in the use of services.

Percentage of U.S. Adults Under Age 65 with High Out-of-Pocket Costs Largely Unchanged Between 2006 and 2009



Source: Adapted from P. Cunningham, "Despite the Recession's Effects on Incomes and Jobs, the Share of People with High Medical Costs Was Mostly Unchanged," *Health Affairs* Web First, published online Oct. 24, 2012.

The Issue

Families that spend more than 10 percent of their income on health care are considered to have a high medical cost burden. According to the author's [earlier analysis](#), from 2001 to 2006 the share of U.S. families with high medical cost burdens rose from 14.4 percent to 19.2 percent. This Commonwealth Fund-supported study updates this analysis by examining the percentage of people under age 65 with high medical costs from 2006 to 2009, a period that includes the 2007–09 recession, when many people lost their jobs and their health coverage.

Key Findings

- The percentage of Americans under age 65 with high medical costs was largely unchanged over the study period: in 2006, 19.2 percent had high medical costs, compared with 18.8 percent in 2009.

- Over 2006–09, average annual family income decreased, from \$65,000 to \$61,000, but so too did average annual out-of-pocket spending, from \$1,454 to \$1,231.
- Out-of-pocket spending on health insurance premiums over 2006–09 remained steady, at \$1,800 on average. This finding appears to contradict results from other surveys showing employers shifting medical costs to employees, and may reflect a trend among employees to choose health plans with lower premiums.
- About 18 percent of people with employer-sponsored insurance had high medical cost burdens in 2009, as did more than half (52.9%) of people with nongroup private insurance.
- High medical cost burdens among those with public coverage fell from 20 percent in 2006 to 16.7 percent in 2009, perhaps reflecting an increase in public coverage for children, who tend to use fewer services and are eligible for coverage at higher family income levels than adults are.

Addressing the Problem

Despite decreased family income and rising unemployment during the recent recession, the percentage of people under age 65 with high medical cost burdens remained unchanged between 2006 and 2009. Still, the financial burden on U.S. families from health care remained high throughout the decade, because of a substantial increase in out-of-pocket costs from 2001 to 2006. Starting in 2014, the Affordable Care Act will provide relief to those who can no longer afford private insurance, through Medicaid expansions and subsidies for purchasing private coverage. But unless incomes begin to rise and health care costs are controlled, medical care will continue to become less affordable for many American families.

“Unless the economy is able to generate income gains and the health care system is better able to control costs through payment and delivery system reforms, the affordability of medical care to American families will continue to decrease, while the potential cost to taxpayers will increase.”

About the Study

This author updated his previous analysis of the financial burden posed by medical care by examining trends in out-of-pocket costs among those under age 65 between 2006 and 2009. The study is based on data from the Medical Expenditure Panel Survey, taking into account total out-of-pocket spending on health care relative to total family income.

The Bottom Line

Despite the job losses experienced by U.S. workers during the 2007–09 recession, the proportion of people under 65 with high medical costs stayed largely unchanged from 2006 to 2009. Lower family income was offset by decreases in out-of-pocket spending for prescription drugs, largely reflecting a shift from brand-name drugs to generics.

Citation

P. J. Cunningham, “Despite the Recession’s Effects on Incomes and Jobs, the Share of People with High Medical Costs Was Mostly Unchanged,” *Health Affairs* Web First, published online Oct. 24, 2012.