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Issue Brief

Failure to Protect: Why the Individual Insurance Market Is Not a Viable Option for Most U.S. Families

Findings from the Commonwealth Fund Biennial Health Insurance Survey, 2007

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ABSTRACT: Between 2001 and 2007, an increasing share of adults with private insurance—whether employer-based coverage or individual market plans—spent a large amount of their income on premiums and out-of-pocket medical costs, were underinsured, and/or avoided needed health care because of costs. Those with coverage obtained in the individual market were the most affected. Over the last three years, nearly three-quarters of people who tried to buy coverage in this market never actually purchased a plan, either because they could not find one that fit their needs or that they could afford, or because they were turned down due to a preexisting condition. Even people enrolled in employer-based plans are spending larger amounts of their income on health care and curtailing their use of needed services to save money. The findings underscore the need for an expansion of affordable health insurance options, particularly during a time of mounting job losses.

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OVERVIEW

Employer-based health plans are the predominant form of health insurance for U.S. working-age adults and their families. Over the last decade, however, the relentless annual growth in health care costs and premiums has made it increasingly difficult for employers—especially small businesses—to continue providing comprehensive benefits. The current recession, and the sluggish economic growth that preceded it, has only exacerbated this troubling trend.

Employers are responding to rising health care costs and declining economic growth by dropping coverage altogether, or by shifting to less-generous benefit plans that require workers and their dependents to pay more out-of-pocket for their health care.[1] The increase in the unemployment rate over the past year

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means that more and more Americans have lost their job-based health benefits.

For people who do not have employer coverage, the options for affordable health coverage are very limited. If they should lose their job, workers in firms with 20 or more employees can purchase, through COBRA, coverage from their former employer at the full premium; a federal subsidy of 65 percent of premiums is temporarily available through the American Recovery and Reinvestment Act of 2009 (ARRA).[2] Coverage through state public insurance programs like Medicaid and the Children's Health Insurance Program (CHIP) in most states is limited to children, pregnant women, and parents with low incomes, with less than half of states covering any adults without children. This means that people who work for companies that do not offer health insurance are largely limited to purchasing coverage directly in the individual market. People who buy coverage in the individual market must pay the full premium and, in most states, are rated on the basis of their health or age—and can be denied coverage because of a preexisting condition.[3]

Drawing from the Commonwealth Fund 2007 Biennial Health Insurance Survey, this analysis compares the experiences of adults ages 19 to 64 who purchased coverage in the individual insurance market with adults covered by employer-based plans. It finds that nearly half (47%) of adults who tried to purchase insurance in the individual market in the last three years found it very difficult or impossible to find a plan that fit their needs; 57 percent found it very difficult or impossible to find a plan they could afford; and 36 percent said they were turned down or charged a higher price because of a preexisting condition. Nearly three-quarters (73%) of respondents said they never bought a plan, with 61 percent of those who did not buy a plan in the individual market citing expensive premiums as the main reason. Adults who do purchase coverage in the individual market pay more out-of-pocket for their premiums, face much higher deductibles, and spend larger shares of their income on health insurance and health care expenses than their counterparts with employer-based group coverage.

The analysis also finds that between 2001 and 2007, an increasing share of adults with private insurance—whether employer-based plans or individually purchased plans—spent a large portion of their income on out-of-pocket medical costs and premiums, became underinsured, and/or avoided needed health care because of the cost. Adults with coverage obtained through the individual market were the most affected.

These findings indicate that the individual insurance market in its current form does not provide a viable alternative to employer-based group coverage. It also shows that even people in employer-based plans are spending increasing amounts of their income on health care and curtailing their use of needed services as a result. New, affordable health insurance options are needed for Americans who are currently uninsured or underinsured and for those who will lose access to employer-based benefits during the recession.

SURVEY FINDINGS

Many Cannot Afford Coverage in Individual Market

The Commonwealth Fund survey examined the experiences of people who had tried to buy health insurance in the individual market between 2004 and 2007. Adults were asked whether they had purchased or tried to purchase coverage in the individual market in the past three years, and whether they encountered any difficulties finding a plan that they could afford or that had the benefits they needed. Nearly one-half (47%) of those venturing into the individual market said they found it very difficult or impossible to find a plan with the coverage that fit their needs (Figure 1). Even greater numbers of people had difficulty finding an affordable plan: nearly three of five (57%) adults who had ever shopped for coverage in the individual market found it very difficult or impossible to find a plan they could afford. Because of these challenges, nearly three-quarters (73%) of those seeking coverage in this market in the past three years did not end up buying a plan, most often because the premium was too high.

People with health problems found it particularly difficult to find an individual insurance market

plan. Sixty percent of those with health problems (fair or poor health status, any one of four chronic conditions, or a disability) found it very difficult or impossible to find a plan with the coverage they needed, compared with about one-third of those without a health problem. Similarly, 70 percent of survey respondents with health problems said they found it very difficult or impossible to find an affordable plan, compared with 45 percent of those in better health (Figure 1).

Adults with low incomes who sought coverage on the individual market were the least likely to enroll in a health plan. Eighty-five percent of adults with incomes under 200 percent of poverty who tried to buy coverage on the individual market never purchased it.

Even people who were able to find plans that met their needs were not always able to enroll in them. More than one-third (36%) of adults who had ever sought coverage in the individual market were turned down by an insurance carrier, charged a higher price, or had a specific health problem excluded from their coverage (Figure 1). Not surprisingly, people with health problems were the most likely to report such an experience: nearly half (47%) had been turned down, charged a higher price, or had a health problem excluded from their coverage.

Figure 1. The Individual Insurance Market Is Not an Affordable Option for Many People

Adults ages 19–64 with individual coverage or who tried to buy it in past three years who:	Total	Health problem	No health problem	<200% FPL*	200%+ FPL*
Found it very difficult or impossible to find coverage they needed	47%	60%	35%	52%	40%
Found it very difficult or impossible to find affordable coverage	57	70	45	63	53
Were turned down, charged a higher price, or excluded because of a preexisting condition	36	47	26	39	34
Never bought a plan	73	79	66	85	62

* FPL = federal poverty level.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Who Buys Coverage in the Individual Market?

Adults with individual insurance are in somewhat better health than those with employer coverage, although the difference is not statistically significant (Table 1). One-third (33%) of people with individual insurance who responded to the survey had at least one chronic condition (such as hypertension, heart disease, or diabetes), reported they were in fair or poor health, or had a disability, versus 37 percent of those with employer coverage.

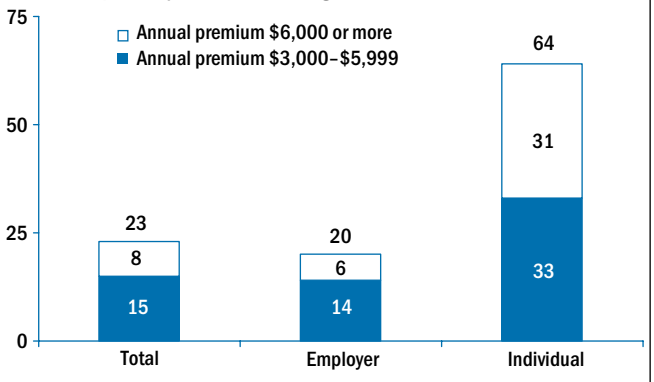
A disproportionate share of respondents with individual insurance were unemployed—36 percent, about double the proportion of those with employer coverage who were jobless (Table 1). Among employed adults with coverage through the individual market, more than three-quarters were either self-employed (34%) or worked in firms with fewer than 20 workers (44%). In contrast, half of workers with employer-based coverage worked in large firms (500 or more employees), compared with only 10 percent of adults enrolled in an individual market plan.

Higher Costs for Individual Market Plan Enrollees

Adults with individual market insurance are more likely to have high deductibles and premium costs and to spend a greater share of their income on out-of-pocket medical care costs compared with people who have coverage through employers—who generally share the cost of benefits with their employees. According to the Commonwealth Fund survey, more than three of five (64%) adults with individual market coverage spent $3,000 or more on annual premium costs. Nearly half of these adults spent at least $6,000 per year, while 18 percent spent $8,000 or more (Figure 2, Table 2). In contrast, just 20 percent of those with employer-sponsored coverage had annual premium expenses of $3,000 or more.

High premium costs can translate into a substantial share of income. Nearly two-thirds (65%) of adults with individual market insurance had out-of-pocket

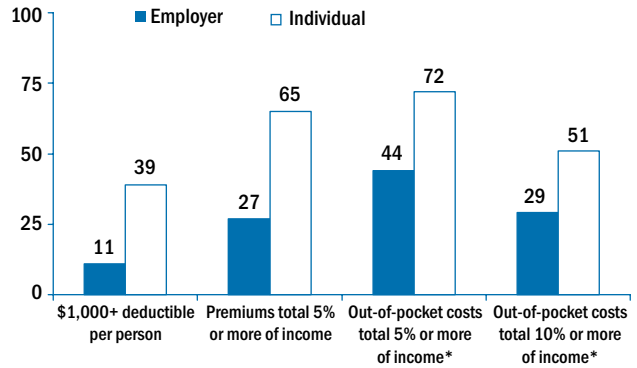
Figure 2. More than Three of Five Adults with Individual Market Coverage Have Annual Premium Costs of $3,000 or More, 2007



Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

premium costs totaling 5 percent or more of income, compared with 27 percent of those with insurance through a job (Figure 3). When out-of-pocket spending on medical services and prescription drugs are combined with reported premium costs, more than 70 percent of enrollees in individually purchased plans allocated 5 percent or more of their income to health care, compared with 44 percent of those in employer plans. Over half of adults with individual market plans spent 10 percent or more of their incomes on health care.

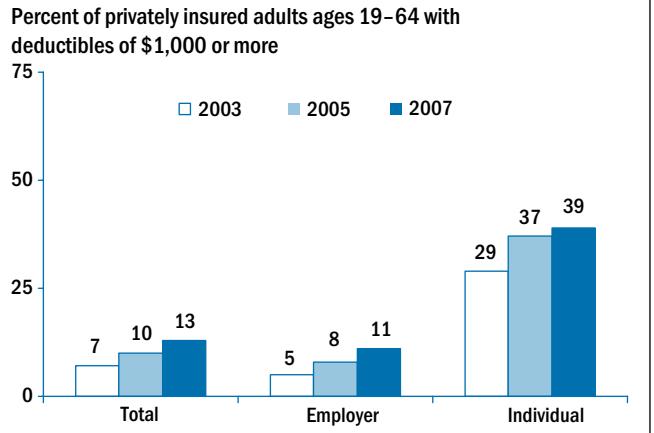
Figure 3. Deductibles, Premium Costs, and Out-of-Pocket Spending Are Higher for Adults with Individual Insurance, 2007



* Out-of-pocket costs include all medical expenses, premiums, and prescription drug spending.
Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Adults with coverage purchased through the individual market also face higher deductibles than adults with coverage through a job. Thirty-nine percent of survey respondents with individual coverage had annual deductibles of $1,000 or more (versus 11 percent of those with employer-sponsored insurance) and 12 percent had to meet per-person deductibles of $3,000 or more per year (Figure 4, Table 2). Deductibles alone comprised a substantial share of income for adults with individual insurance: 13 percent reported that their deductible consumed 5 percent or more of their income, compared with only 4 percent of those with employer coverage.

Figure 4. The Share of Adults with High Deductibles Increased Between 2003 and 2007



Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2003, 2005, and 2007).

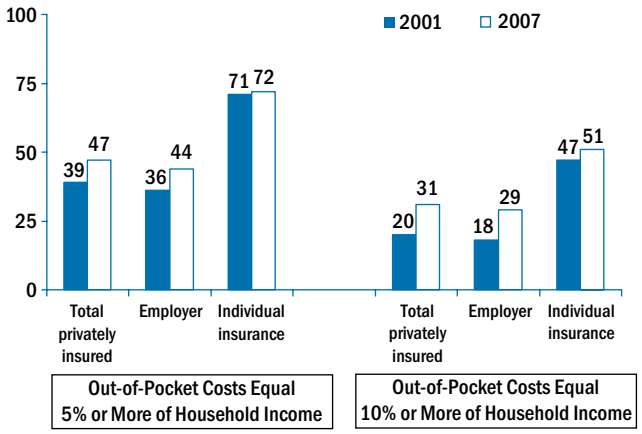
The survey found that more and more privately insured Americans are reporting high deductibles, especially those with individual market plans. Over a four-year period, the percentage of adults with individual insurance who had deductibles of $1,000 or more increased from 29 percent in 2003 to 39 percent in 2007 (Figure 4). In 2007, 11 percent of adults with employer insurance reported deductibles of $1,000 or more, up from 5 percent in 2003.

More Are Spending Large Share of Income on Out-of-Pocket Costs

The proportion of people with employer-based or individual market coverage who spend 5 percent or 10 percent or more of their income on out-of-pocket costs and premiums has increased significantly since 2001.[4] In 2007, nearly one-third (31%) of privately insured

adults spent 10 percent of more of their income on out-of-pocket medical costs and premiums, up from 20 percent in 2001 (Figure 5). Most of the increase was driven by rising out-of-pocket costs for those enrolled in employer-based plans: 29 percent of adults in employer plans spent 10 percent or more of their income on out-of-pocket costs and premiums in 2007, up from 18 percent in 2001.

Figure 5. More Privately Insured Adults Are Spending Large Amounts of Income on Out-of-Pocket Costs and Premiums, 2001–2007



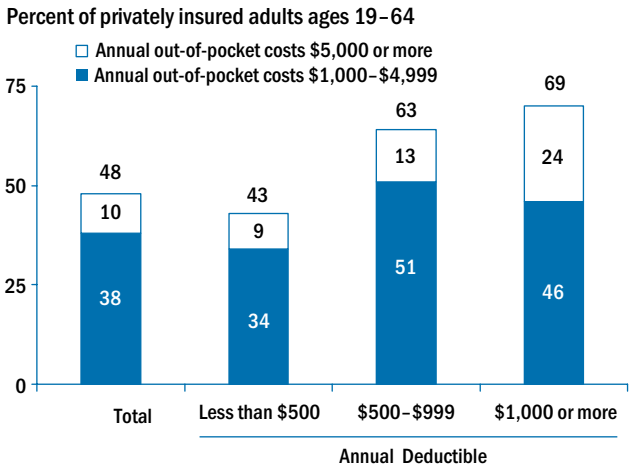
Notes: Family out-of-pocket costs include all medical expenses, premiums, and prescription drug spending.
Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2001 and 2007).

People with individually purchased plans are more likely to spend a large share of their income on health care than adults with coverage through a job. Half (51%) of adults in individual insurance market plans spent 10 percent or more of their income on premiums and out-of-pocket costs compared with 29 percent of adults with employer-based coverage. In 2007, the median family out-of-pocket expenditures on medical care, prescription drugs, dental and vision care, and insurance premiums was $2,250 for respondents with employer insurance and $6,750 for respondents with individual insurance (Table 2).

Out-of-Pocket Costs Greatest for People with High Deductibles

Adults with higher deductibles—those with insurance through employers and those with individual coverage—have higher out-of-pocket costs than those with lower deductibles. More than two-thirds (69%) of adults with deductibles of $1,000 or more per year spent $1,000 or more out-of-pocket for their family's medical care, prescription drugs, and dental and vision care over 12 months (Figure 6). In contrast, 43 percent of adults with deductibles of under $500 spent that much. One-quarter (24%) of people with deductibles of $1,000 or more spent $5,000 or more out-of-pocket for their family's medical care, versus just 9 percent of those with deductibles below $500.

Figure 6. Adults with Higher Deductibles Are More Likely to Spend $1,000 or More on Family Out-of-Pocket Expenses, 2007



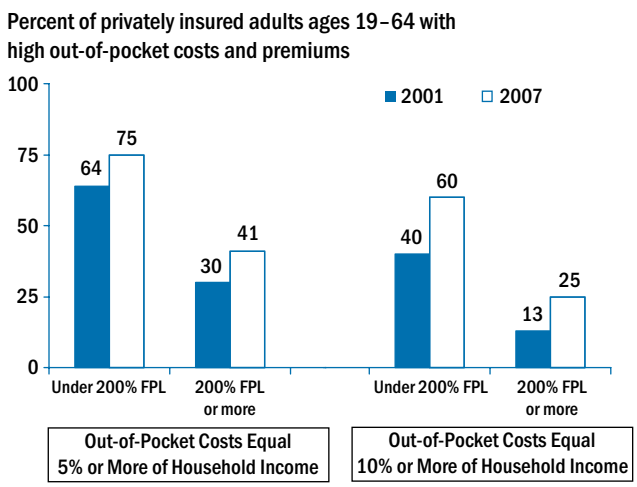
Notes: Family out-of-pocket expenses include out-of-pocket spending on medical care, prescription drugs, and dental and vision care. Does not include premium costs. Numbers may not sum because of rounding.
Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Growing Share of Income Spent on Out-of-Pocket Costs

Privately insured adults with low incomes are the most at risk of spending a large share of their income on health care costs. In 2007, three-quarters (75%) of privately insured adults with household incomes below 200 percent of the federal poverty level (about $44,000 for a family of four) spent 5 percent or more of their household income on premiums and out-of-pocket

costs, compared with 41 percent of those in households with incomes of 200 percent of poverty or more (Figure 7). Similarly, six of 10 (60%) privately insured adults in lower-income households spent 10 percent or more of their incomes on out-of-pocket costs and premiums, compared with 25 percent of those in higher-income households.

Figure 7. Increasing Shares of Adults Across the Income Scale Are Spending Large Amounts of Income on Out-of-Pocket Costs and Premiums, 2001–2007



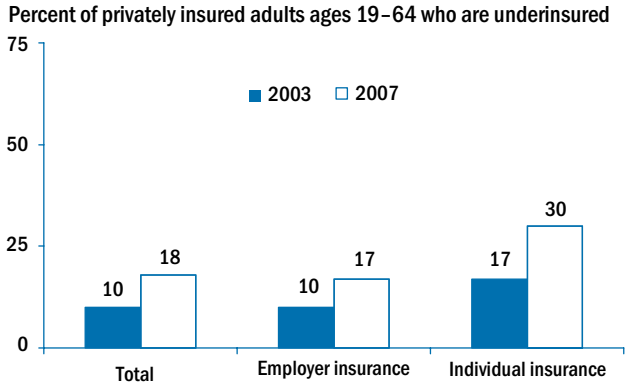
Notes: Family out-of-pocket costs include all medical expenses, premiums, and prescription drug spending.
Adults continuously insured all year with employer-sponsored insurance or individual insurance.
FPL = Federal Poverty Level.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2001 and 2007).

But between 2001 and 2007, the share of privately insured adults spending large amounts of their income on out-of-pocket medical costs and premiums rose significantly among both low- and higher-income families. The percent of low-income adults spending 10 percent or more of their income on health care climbed from 40 percent to 60 percent. And the percent of adults with incomes at or above 200 percent of poverty who spent that much nearly doubled over the period, rising from 13 percent to 25 percent.

Number of Underinsured in Individual Market and Employer-Based Plans Climbing

A combination of rising out-of-pocket health care costs and little or no growth in real incomes over the past several years has led to an increasing number of adults who have such high out-of-pocket costs and deductibles relative to their incomes that they are considered "underinsured"—even though they have continuous insurance coverage.[5] Among nonelderly adults who had private insurance, 18 percent were underinsured in 2007, up from 10 percent in 2003 (Figure 8). Those with coverage purchased on the individual market have been especially affected: the percentage of adults with individual insurance who are underinsured almost doubled over the four years, from 17 percent in 2003 to 30 percent in 2007.

Figure 8. Since 2003, Increasing Shares of Privately Insured Adults Are Underinsured



Notes: Underinsured defined as insured all year but experienced one of the following: medical expenses equaled 10% or more of income; medical expenses equaled 5% or more of income if low-income (<200% of poverty); or deductibles equaled 5% or more of income.
Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2003 and 2007).

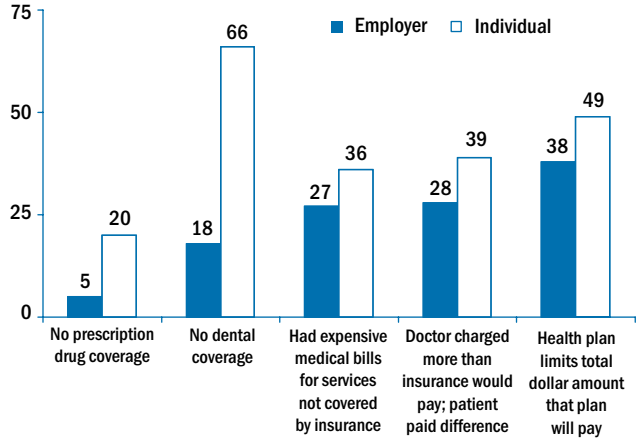
Individual Market Insurance: Less-Comprehensive Benefits, Greater Limits on Care

In addition to receiving less financial protection from their health insurance, adults who purchase coverage in the individual market also tend to have less-comprehensive benefits than those with employer insurance. For example, adults with individual insurance are less likely to be covered for prescription medicines or dental care. Twenty percent of adults with individually purchased insurance lack coverage for prescription medicines, but only 5 percent of those with employer coverage do (Figure 9, Table 3). As many as two-thirds of adults with individual market insurance lack dental coverage, versus 18 percent of those with employer coverage.

Adults with individual market insurance report higher rates of benefit restrictions and problems with their coverage, including limits on what their health plan will pay and having medical bills that are not covered by their plan. Nearly half (49%) of those with individual coverage reported that their plan limited the total dollar amount it would pay for their health care, compared with 38 percent of those in employer-based plans (Figure 9). About four of 10 (39%) adults with individually purchased insurance (versus a little more than one-quarter with employer insurance) said that their doctor had charged more than their insurance would pay, and they wound up paying the difference. More than one of three (36%) of those with individual market insurance had expensive medical bills for services that were not covered by their plan, compared with more than one-quarter (27%) of those with employer insurance.

Figure 9. Individual Insurance Plans Are More Likely to Limit Benefits and Require Greater Cost-Sharing in 2007

Percent of privately insured adults ages 19–64



Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Not surprisingly, people with individual market insurance are not as satisfied with their coverage as adults with employer-based coverage. One-third (34%) of adults with individual insurance rated their plans' coverage as "fair" or "poor," compared with just 16 percent enrolled in employer plans (Table 3). Indeed, adults who have employer-sponsored insurance are mostly satisfied with their coverage; over half rate their insurance coverage as "excellent" or "very good."

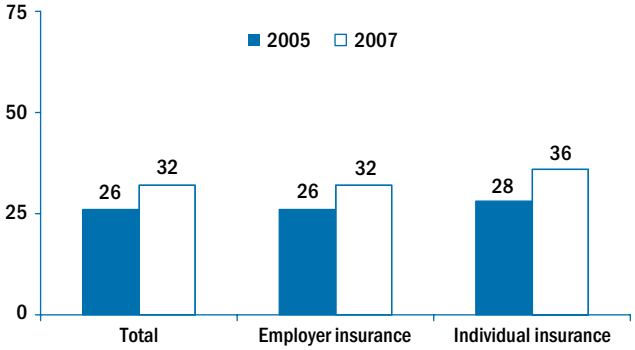
Medical Debt and Problems Accessing Health Care More Common Among Adults with Individual Market Insurance

With rising health care costs, stagnating incomes, and weakened job security, families are finding it increasingly difficult to pay their medical bills despite having health insurance coverage all year. The survey asked people whether they had experienced problems with medical bills over the past year, including whether there were times when they had difficulty paying, or were unable to pay, medical bills; whether they had been contacted by a collection agency regarding unpaid bills; whether they had to change their lives significantly to meet their obligations; or whether they were paying off medical debt over time. Nearly one-third (32%) of privately insured adults reported any one of these problems in 2007, up from about one-quarter (26%) in 2005 (Figure 10).[6] Adults with individual market insurance and employer-based insurance reported problems at similar rates.

The specter of large medical bills is leading many adults to avoid needed health care. The share of

Figure 10. One-Third of Privately Insured Adults Experience Medical Bill or Debt Problems, 2005–2007

Percent of privately insured adults ages 19–64 experiencing medical bill or debt problems*

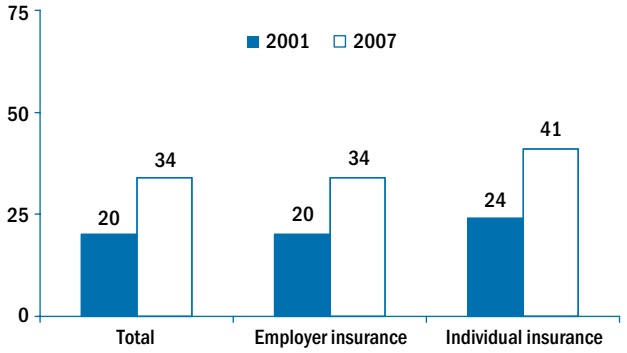


* Had problems paying medical bills, contacted by a collection agency for unpaid bills, had to change way of life in order to pay medical bills, or currently has medical bills being paid off over time.
Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2005 and 2007).

privately insured Americans who say they are avoiding needed health care because of costs increased dramatically between 2001 and 2007. Survey participants were asked whether they had avoided or delayed getting needed medical care because of its cost, including whether in the past year they had skipped a medical test, treatment, or follow-up recommended by a doctor, not filled a prescription, not gone to a doctor or clinic when sick, or not seen a specialist when a doctor or the respondent thought it was needed. Between 2001 and 2007, the share of adults with private insurance who reported any one of these problems climbed from 20 percent to 34 percent (Figure 11). Adults with individual market plans reported the highest rates: 41 percent said they did not get needed care because of the cost in 2007, up from 24 percent in 2001.

Figure 11. The Share of Privately Insured Adults Experiencing Difficulty Accessing Health Care Increased from 2001 to 2007

Percent of privately insured adults ages 19–64 who experienced any one of four access problems*



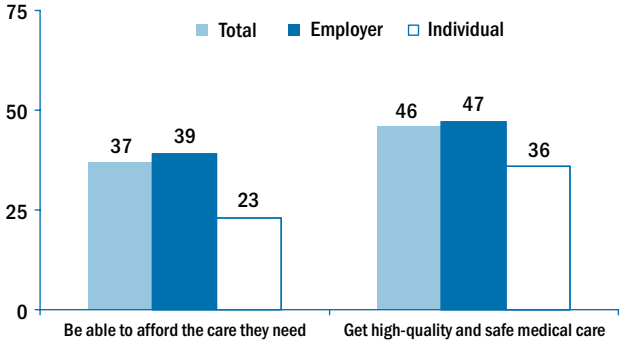
* Access problems include not doing the following because of cost: did not fill a prescription; skipped a medical test, treatment, or follow-up recommended by a doctor; had a medical problem but did not go to doctor or clinic; or did not see a specialist when you or your doctor thought you needed one.
Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Surveys (2001 and 2007).

Many Adults with Individual Market Insurance Lack Confidence in Health System

Higher out-of-pocket costs, less-generous benefits, medical bill burdens, and problems accessing care have eroded peoples' confidence in their ability to afford and receive high-quality health care in the future, particularly among adults with individual insurance. When asked about their confidence in their ability to afford the care they will need in the future, only 37 percent of adults with individual market or employer-based coverage said they were very confident. Rates were lowest among those with coverage through the individual market: less than one-quarter said they were very confident they would be able to afford care in the future (Figure 12, Table 4). Less than half of privately insured adults were very confident in their ability to get high-quality, safe medical care in the future, with just over one-third (36%) of adults with individual market coverage expressing such confidence.

Figure 12. Adults with Individual Insurance Are Less Confident They Will Be Able to Afford and Get High-Quality Care in the Future, 2007

Percent of privately insured adults ages 19–64 who are very confident that they will be able to afford needed medical care or get high-quality and safe medical care



Note: Adults continuously insured all year with employer-sponsored insurance or individual insurance.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

CONCLUSIONS AND POLICY IMPLICATIONS

Over the last decade, the combination of rising health care costs, slow growth in real incomes, and greater cost-sharing in health plans has left Americans with private insurance coverage—whether employer-based or individual—shouldering greater costs relative to their income. This has led more adults with private coverage to curtail their use of needed health care. People with coverage through the individual market had the greatest exposure to costs and were the most likely to avoid or delay needed care.

But this study also revealed a growing frequency of cost-related access problems among adults in employer-based plans, too. In a recent paper, Jon Gabel and colleagues found that employer plans were,

on average, covering fewer medical expenses in 2007 than in prior years.[7] These trends have likely intensified in the current economic downturn, as employers struggle to maintain the level of health benefits they provide by sharing more of their costs with workers (in 2008, deductibles in employer plans were triple those in 2000)[8] and more employees lose their health benefits, in many cases along with their jobs.

The individual insurance market is clearly inadequate as a source of affordable health coverage for those Americans who do not have access to employer-based insurance. Only a fraction of people who search for coverage in the market ever end up gaining coverage, and those with health problems or low income are the least likely to find a health plan that meets their needs or budget. Enrollment in the market has remained low over time, even as more people have lost their coverage: only about 16 million people, or 6 percent of the under-65 population, have individual coverage.[9]

The deterioration of the protection provided by private insurance coverage in the face of galloping health care costs points to the need for a national solution that a) gives families affordable options to ensure their access to timely health care and provide protection against catastrophic financial losses, and b) reduces the rate of health care cost growth.

The Obama Administration and leaders of the key health committees in both houses of Congress have made health reform their top priority this summer. The leading proposals and draft bills put forth thus far aim to provide near-universal health insurance coverage and reform the health care delivery system.[10] They would accomplish this by building on the existing mixed private–public health insurance system. Individuals would be required to have coverage, and employers would be required to either offer coverage or contribute to the cost of their employees' insurance. Eligibility for Medicaid would be expanded as well. A new health insurance exchange would provide people without access to employer coverage or Medicaid a choice of a private or public health plan, with premium subsidies offered on a sliding scale based on income. A minimum standard benefit package or set of packages would set a floor for plans offered through the exchange and carriers would be prevented from underwriting on the basis of health. System reforms are aimed at improving quality and reducing costs through provider payment reform, health information technology, simplification of insurance processes and other approaches.

Such a comprehensive reform framework, depending on the details, would go a long way toward reversing the troubling trends revealed in this study. The Commonwealth Fund Commission on a High Performance Health System estimates that a similar approach, including Medicare payment and health system reforms and a public plan offered through an insurance exchange, would cover nearly everyone and yield national health system savings of up to $3 trillion over 10 years.[11] Premiums for the public plan option in this framework are estimated to be up to 25 percent less than those currently available in the individual market, with a set of benefits similar to those enjoyed currently by members of Congress and federal employees.

Given the declining economy and mounting job losses in the face of rapidly rising health care costs, the time has never been more urgent for policymakers to forge consensus around strategies for reform that provide affordable and comprehensive coverage for all and apply the brakes to spiraling health care costs.

NOTES

[1] G. Claxton, J. R. Gabel, B. DiJulio et al., "Health Benefits in 2008: Premium Moderately Higher, While Enrollment in Consumer-Directed Plans Rises in Small Firms," *Health Affairs* Web Exclusive, Sept. 24, 2008:w492–w502; and "The Economic Case for Health Care Reform," Executive Office of the President Council of Economic Advisers, June 2009.

[2] Subsidies to cover 65 percent of the cost of premiums under COBRA are available to workers who were involuntarily terminated between September 1, 2008, and December 31, 2009, and whose annual incomes do not exceed $125,000 for individuals or $250,000 for families. The subsidies are available for up to nine months.

[3] K. Swartz, *Reinsuring Health: Why More Middle Class People Are Uninsured and What Government Can Do* (New York: Russell Sage Foundation, 2006); S. R. Collins, C. Schoen, K. Davis, A. K. Gauthier, and S. C. Schoenbaum, *A Roadmap to Health Insurance for All: Principles for Reform* (New York: The Commonwealth Fund, Oct. 2007); N. C. Turnbull and N. M. Kane, *Insuring the Healthy or Insuring the Sick? The Dilemma of Regulating the Individual Health Insurance Market—Findings from a Study of Seven States* (New York: The Commonwealth Fund, Feb. 2005); S. R. Collins, C. Schoen, M. M. Doty, A. L. Holmgren, and S. K. H. How, *Paying More for Less: Older Adults in the Individual Insurance Market* (New York: The Commonwealth Fund, June 2005); and E. Simantov, C. Schoen, and S. Bruegman, "Market Failure? Individual Insurance Markets for Older Americans," *Health Affairs*, July/Aug. 2001 20(4):139–49.

[4] For a similar analysis of the full adult population, see also S. R. Collins, J. L. Kriss, M. M. Doty, and S. D. Rustgi, *Losing Ground: How the Loss of Adequate Health Insurance Is Burdening Working Families—Findings from the Commonwealth Fund Biennial Health Insurance Surveys, 2001–2007* (New York: The Commonwealth Fund, Aug. 2008).

[5] C. Schoen, S. R. Collins, J. L. Kriss, and M. M. Doty, "How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007," *Health Affairs* Web Exclusive, June 10, 2008:w298–w309. Underinsured adults are insured all year and report spending 10 percent or more of their income (5 percent if their incomes are less than 200 percent of poverty) on out-of-pocket health costs, excluding premiums; or having deductibles that amount to 5 percent or more of their income.

[6] For a similar analysis of the full adult population, see also M. M. Doty, S. R. Collins, S. D. Rustgi, and J. L. Kriss, *Seeing Red: The Growing Burden of Medical Bills and Debt Faced by U.S. Families* (New York: The Commonwealth Fund, Aug. 2008).

[7] J. R. Gabel, R. McDevitt, R. Lore, et al., "Trends in Undersinsurance and the Affordability of Employer Coverage, 2004–2007," *Health Affairs* Web Exclusive, June 2, 2009:w595–w606.

[8] Claxton, Gabel, DiJulio et al., "Health Benefits," 2008.

[9] Analysis of the March 2008 Current Population Survey by Bisundev Mahato of Columbia University for The Commonwealth Fund.

[10] H.R. 3200, America's Affordable Health Choices Act of 2009, July 14, 2009, 111th Congress, 1st session; "An American Solution: Quality Affordable Health Care," House Tri-Commitee Health Reform Discussion Draft Summary, Committees on Ways and Means, Energy and Commerce, and Education and Labor, July 14, 2009, available at http://energycommerce.house.gov/Press_111/20090714/hr3200_summary.pdf; Affordable Health Choices Act, Senate Committee on Health, Education, Labor and Pensions, July 15, 2009, 111th Congress, 1st session; "In Historic Vote, HELP Committee Approves the Affordable Health Choices Act," Senate Health, Education, Labor, and Pensions Committee Press Release and Summary, July 15, 2009, available at http://help.senate.gov/Maj_press/2009_07_15_b.pdf; and "Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans," Senate Finance Committee, May 14, 2009, available at http://finance.senate.gov/Roundtable/complete%20text%20of%20coverage%20policy%20options.pdf.

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About This Study

The Commonwealth Fund 2007 Biennial Health Insurance Survey, conducted by Princeton Survey Research Associates International from June 6 through October 24, 2007, consisted of 25-minute telephone interviews in either English or Spanish with a random, national sample of 3,501 adults, ages 19 and older, living in telephone households in the continental United States. This issue brief is based on 1,517 adults ages 19 to 64 who were insured all year with private insurance. Of those, 1,387 had employer-sponsored insurance and 130 had individual insurance. To represent the adult population, the data were weighted by age, sex, race/ethnicity, education, household size, and geographic region, using the U.S. Census Bureau's 2006 Annual Social and Economic Supplement (ASEC). The survey achieved a 45 percent response rate (calculated according to the standards of the American Association for Public Opinion Research) and has an overall margin of sampling error of +/− 2.2 percentage points at the 95 percent confidence level.

Table 1. Demographic Characteristics of Adults with Private Insurance
(base: adults 19–64, insured all year with private insurance)

	Total	Employer	Individual
Total (millions)	107.8	98.2	9.6
Percent distribution	100%	91%	9%
Unweighted n	1,517	1,387	130
Age			
19–29	14%	14%	9%
30–49	52	53	39*
50–64	34	32	52*
Race/Ethnicity			
White	74	73	86*
Black	10	11	3*
Hispanic	10	11	4
Income			
Less than $20,000	9	8	12*
$20,000–$39,999	17	17	17
$40,000–$59,999	20	22	9*
$60,000 or more	43	42	46
Poverty Status			
Below 100% poverty	6	6	6
100%–199%	11	9	25*
200%–299%	15	15	13
300%–399%	20	21	10*
400% poverty or more	40	39	45
Below 200% poverty	17	15	31*
200% poverty or more	74	75	69
Health Status			
Excellent/very good	60	60	61
Good	28	28	26
Fair or poor	12	12	12
Chronic Condition			
Hypertension or high blood pressure	22	22	20
Heart attack	2	2	1
Heart disease	5	5	4
Diabetes	9	9	9
Asthma, emphysema, or lung disease	9	9	10
Any chronic condition	31	32	29
No chronic condition	69	68	71
Fair/Poor Health Status, or Any Chronic Condition or Disability	37	37	33
Adult Work Status			
Full-time	71	73	52*
Part-time	10	10	12*
Not currently employed	19	17	36*
Number of Employees in Respondent's Firm			
Self-employed	6	4	34*
2–19	14	11	44*
20–99	14	15	5
100–499	16	17	6
500+	47	50	10*

* Statistically significant in comparison with those with employer insurance at the $p \leq 0.05$ level or better.
Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Table 2. Annual Insurance Premiums and Deductibles by Insurance Source

(base: adults 19–64, insured all year with private insurance)

		Insurance Source	
	Total	**Employer**	**Individual**
Total (millions)	107.8	98.2	9.6
Percent distribution	100%	91%	9%
Unweighted n	1,517	1,387	130
Annual Premium Costs (All Plans)**			
None	18%	20%	4%
$1–$499	7	7	2
$500–$1,499	18	19	3
$1,500–$2,999	16	16	11
$3,000–$4,499	11	10	26
$4,500–$5,999	4	4	7
$6,000–$7,999	5	4	13
$8,000 or more	3	2	18
Annual Deductible per Person**			
No deductible	27	28	20
Less than $100	8	8	7
$100–$499	22	24	9
$500–$999	13	13	13
$1,000–$2,999	11	9	28
$3,000 or more	2	1	12
Deductible is 5% or more of income	5	4	13*
Total Household Out-of-Pocket Medical Expenses, Including Prescription Drugs and Premiums**			
None	3	3	2
$1–$499	13	14	5
$500–$999	8	8	3
$1,000–$1,999	19	20	4
$2,000–$2,999	10	11	3
$3,000–$4,999	18	17	19
$5,000 or more	26	23	61
Spent annually 5% or more of income	47	44	72*
Spent annually 10% or more of income	31	29	51*
Median household out-of-pocket costs and premiums	$2,450	$2,250	$6,750

* Statistically significant in comparison with those with employer insurance at the $p \leq 0.05$ level or better.

** This distribution is statistically significant between employer insurance and individual insurance at the $p \leq 0.05$ level or better.

Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Table 3. Insurance Benefits, Cost-Sharing, and Health Plan Limitations and Problems by Insurance Source

(base: adults 19–64, insured all year with private insurance)

		Insurance Source	
	Total	**Employer**	**Individual**
Total (millions)	107.8	98.2	9.6
Percent distribution	100%	91%	9%
Unweighted n	1,517	1,387	130
Insurance Benefits			
Prescription medications	94%	95%	80%*
Dental care	78	82	34*
Any dental or prescription benefit	96	98	85*
Both	75	79	29*
Health Plan Limitations			
Prescription drug coverage limits the total amount it will pay or the number of different prescriptions that can be filled	24	24	29*
Number of doctor visits per year	12	11	21*
Number of mental health visits per year	21	21	16*
Total dollar amount it will pay for medical care	39	38	49*
Length of Time on Health Plan			
Less than 1 year	9	8	13
1 year to less than 2 years	10	10	15
2 years to less than 3 years	11	12	6
3 years or more	70	70	65
Problems with Health Insurance Plan			
Had expensive medical bills for services not covered by insurance	28	27	36*
Doctor charged more than insurance would pay and you had to pay difference	29	28	39*
Had to contact insurance company because they did not pay a bill promptly or denied payment	36	37	32
Any of the above	52	52	54
How would you rate current health insurance coverage?			
Excellent	20	21	11*
Very good	34	35	23*
Good	27	27	29
Fair/Poor	18	16	34*

* Statistically significant in comparison with those with employer insurance at the $p \leq 0.05$ level or better.

** This distribution is statistically significant between employer insurance and individual insurance at the $p \leq 0.05$ level or better.

Source: Commonwealth Fund Biennial Health Insurance Survey (2007).

Table 4. Medical Bill Burdens, Financial Barriers to Care, Confidence and Satisfaction with Care by Insurance Source

(base: adults 19–64, insured all year with private insurance)

		Insurance Source	
	Total	**Employer**	**Individual**
Total (millions)	107.8	98.2	9.6
Percent distribution	100%	91%	9%
Unweighted n	1,517	1,387	130
Medical Bill Problems in Past Year			
Had problems paying or unable to pay medical bills	18%	17%	20%
Contacted by a collection agency for unpaid medical bills	9	9	7*
Had to change way of life to pay bills	12	12	16*
Any bill problem†	23	23	27*
Medical bills/debt being paid off over time	25	25	26
Any bill problem or medical debt	32	32	36*
Went without needed care in past year because of costs:			
Did not fill prescription	23	24	21
Skipped recommended test, treatment or follow-up	18	17	20*
Had a medical problem, did not visit doctor or clinic	19	19	26*
Did not get needed specialist care	11	12	10
At least one of four access problems because of costs	34	34	41*
Satisfaction and Confidence with Care			
Overall rating of care received in last 12 months**			
Excellent	23	24	15
Very good	28	27	36
Good	31	31	26
Fair/Poor	13	13	15
Have not received health care in past 12 months	5	4	9
How confident are you that if you become seriously ill you will:			
Get high quality and safe medical care?			
Very confident	46	47	36*
Somewhat confident	42	41	44
Not too/not at all confident	11	11	15*
Be able to afford the care you need?			
Very confident	37	39	23*
Somewhat confident	35	34	40*
Not too/not at all confident	27	26	34*

* Statistically significant in comparison with those with employer insurance at the $p \leq 0.05$ level or better.

** This distribution is statistically significant between employer insurance and individual insurance at the $p \leq 0.05$ level or better.

† Problems paying or unable to pay medical bills, contacted by collection agency for inability to pay medical bills, or had to change way of life significantly in order to pay medical bills.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).

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