Figure 1. Increases in Health Insurance Premiums Compared to Other Indicators, 1988–2005

*Estimate is statistically different from the previous year shown at p<0.05.
^ Estimate is statistically different from the previous year shown at p<0.1.
Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. Historical estimates of workers’ earnings have been updated to reflect new industry classifications (NAICS).
Figure 2. Deductibles Rise Sharply, Especially in Small Firms, Over 2000–2005*

PPO in-network and out-of-network deductibles


Figure 3. Percent of Firms Offering Health Benefits Declined Over 2000–2005

Source: KFF/HRET Employer Health Benefits 2005 Annual Survey.
Figure 4. 46 Million Uninsured in 2004; Increasing Steadily Since 2000

Number of uninsured, in millions

*1999–2003 estimates reflect the results of follow-up verification questions and implementation of Census 2000-based population controls.


Figure 5. Greater Out-of-Pocket Costs are Not Associated with Lower Health Spending in Cross-National Comparisons

*Allan Hubbard, Director of the National Economic Council, February 14, 2006.
Note: Adjusted for Differences in the Cost of Living, 2003.
Figure 6. Americans Are Spending More Out-of-Pocket for Health Care

Dollars spent per capita (in 2004 dollars)

Figure 7. Nearly One of Six Families Spent 10% or More of Income (or 5% or More if Low-Income) on Out-of-Pocket Medical Costs, 2001–02

Percent of families with high out-of-pocket medical costs relative to income, not including premiums

- **Spent >10% of income**
- **Spent >10% of income, or ≥5% of income if low-income**

*Low-income includes families with incomes <200% of the federal poverty level.*
Figure 8. Cost-Sharing Reduces Use of Both Essential and Less Essential Drugs and Increases Risk of Adverse Events

Percent reduction in drugs per day

- **Elderly**
- **Low Income**

<table>
<thead>
<tr>
<th>Essential</th>
<th>Less Essential</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>14</td>
<td>15</td>
</tr>
</tbody>
</table>

Percent increase in incidence per 10,000

- **Elderly**
- **Low Income**

<table>
<thead>
<tr>
<th>Adverse Events</th>
<th>ED Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>117</td>
<td>43</td>
</tr>
<tr>
<td>97</td>
<td>78</td>
</tr>
</tbody>
</table>

Figure 9. Few Insured People Are Currently Covered by High Deductible Health Plans (HDHP) or Consumer Directed Health Plans (CDHP) with a Savings Account

Note: Comprehensive = plan w/ no deductible or <$1000 (ind), <$2000 (fam); HDHP = plan w/ deductible $1000+ (ind), $2000+ (fam), no account; CDHP = plan w/ deductible $1000+ (ind), $2000+ (fam), w/ account.

Figure 10. FEHBP HDHP/HSAs Plans Enroll 7,500 out of 9 Million Covered Lives

6.4

Note: As of March 2005.
Figure 11. Enrollees Who Chose HDHPs From the Federal Employees Health Benefits Program Are More Likely to Earn Higher Incomes

Percent of FEHBP enrollees with incomes ≥ $75,000

Figure 12. Age Distribution of HDHP and Other FEHBP Enrollees

Percent FEHBP enrollees

Figure 13. Less than Half of Those Enrolled in Employer-Based High Deductible Health Plans Had a Choice

Percent of adults with employer-based coverage who were offered a choice of health plans

- CDHP and HDHP owners are less likely to have a choice of plans from their employer.

- When they have a choice, the savings account is the leading reason for choosing CDHP, while premium cost is the most frequent reason for choosing HDHP. Traditional plans are chosen for low out-of-pocket costs.

Figure 14. Enrollees of HDHP/CDHPs Are Less Satisfied with Their Coverage

*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Figure 15. Enrollees of HDHP/CDHPs Are Less Satisfied with Out-of-Pocket Costs

*Difference between HDHP/CDHP and Comprehensive is statistically significant at p ≤ 0.05 or better.

Figure 16. Enrollees of HDHP/CDHPs Are Less Likely To Stay With Their Current Health Plan If They Had the Opportunity to Change

Percent of adults 21–64

- Extremely or very likely to stay
- Somewhat likely to stay
- Not likely to stay

% Comprehensive  HDHP  CDHP
Extremely or very likely to stay  61  30*  30*
Somewhat likely to stay  46*  28  21
Not likely to stay  25  11  33*

*Difference between HDHP/CDHP and Comprehensive is statistically significant at p ≤ 0.05 or better.

Figure 17. Enrollees of HDHP/CDHPs Are Less Likely to Recommend their Plan To a Friend or Co-Worker

Percent of adults 21–64

<table>
<thead>
<tr>
<th></th>
<th>Comprehensive</th>
<th>HDHP</th>
<th>CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely or very likely</td>
<td>51</td>
<td>22*</td>
<td>34*</td>
</tr>
<tr>
<td>Somewhat likely</td>
<td>26</td>
<td>34*</td>
<td>31</td>
</tr>
<tr>
<td>Not likely</td>
<td>24</td>
<td>43*</td>
<td>35*</td>
</tr>
</tbody>
</table>

*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Figure 18. Workers are Less Satisfied When Their Costs Go Up – Employer Costs Go Down but at the Risk of Alienating Workers

Worker contribution

<table>
<thead>
<tr>
<th></th>
<th>HSA-qualified HDHP</th>
<th>All plans(^)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible contribution</td>
<td>$1,779</td>
<td>$1,348</td>
</tr>
<tr>
<td>Premium contribution</td>
<td>$431</td>
<td>$323</td>
</tr>
<tr>
<td>Total contribution</td>
<td>$2,210</td>
<td>$1,661</td>
</tr>
</tbody>
</table>

Employer contribution

<table>
<thead>
<tr>
<th></th>
<th>HSA-qualified HDHP</th>
<th>All plans(^)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible contribution</td>
<td>$933</td>
<td>$553</td>
</tr>
<tr>
<td>Premium contribution</td>
<td>$610</td>
<td>$2,270</td>
</tr>
<tr>
<td>Total contribution</td>
<td>$3,413</td>
<td>$2,823</td>
</tr>
</tbody>
</table>

Figure 19. Enrollees of HDHP/CDHPs Spend Higher Percent of Income on Out-of-Pocket Medical Expenses and Premiums

Percent of adults 21–64 spending ≥ 5% of income

<table>
<thead>
<tr>
<th>Health Problem</th>
<th>Total</th>
<th>&lt;$50,000 Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%+ of income</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>5-9% of income</td>
<td>31</td>
<td>34</td>
</tr>
</tbody>
</table>

*Difference between HDHP/CDHP and Comprehensive is statistically significant at p ≤ 0.05 or better.

Figure 20. Enrollees of HDHP/CDHPs Are More Likely to Delay or Avoid Getting Health Care When Sick Due to Cost

Percent of adults 21–64

<table>
<thead>
<tr>
<th>Total</th>
<th>Health Problem</th>
<th>&lt;$50,000 Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive</td>
<td>HDHP</td>
<td>CDHP</td>
</tr>
<tr>
<td>17%</td>
<td>21%</td>
<td>31%</td>
</tr>
</tbody>
</table>

*Difference between HDHP/CDHP and Comprehensive is statistically significant at p ≤ 0.05 or better.

Figure 21. Enrollees of HDHP/CDHPs Are More Likely To Skip Doses to Make Medications Last

Percent of adults 21–64 with prescriptions in last twelve months

<table>
<thead>
<tr>
<th></th>
<th>Comprehensive</th>
<th>HDHP</th>
<th>CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>15</td>
<td>26*</td>
<td>20</td>
</tr>
<tr>
<td>Health Problem**</td>
<td>20</td>
<td>35*</td>
<td>29</td>
</tr>
<tr>
<td>&lt;$50,000 Annual Income</td>
<td>21</td>
<td>32</td>
<td>28</td>
</tr>
</tbody>
</table>

**Health problem defined as fair or poor health or one of eight chronic health conditions.

Figure 22. Enrollees of HDHP/CDHPs Are More Likely to Not Fill a Prescription Due to Cost

Percent of adults 21–64

<table>
<thead>
<tr>
<th></th>
<th>Comprehensive</th>
<th>HDHP</th>
<th>CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>16</td>
<td>26</td>
<td>20</td>
</tr>
<tr>
<td>Health Problem</td>
<td>21</td>
<td>33</td>
<td>26(^*)</td>
</tr>
<tr>
<td>&lt;$50,000 Annual Income</td>
<td>27</td>
<td>32(^*)</td>
<td>25(^*)</td>
</tr>
</tbody>
</table>

\(^*\)Difference between HDHP/CDHP and Comprehensive is statistically significant at \(p \leq 0.05\) or better.

Figure 23. People with Higher Deductibles More Likely to Have Medical Debt or Problems Paying Medical Bills in Past Year, by Size of Deductible

Percent of adults ages 19–64 with any medical bill problem or outstanding debt*

<table>
<thead>
<tr>
<th>Size of deductible</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000 or more</td>
<td>54^</td>
</tr>
<tr>
<td>$500–$999</td>
<td>46^</td>
</tr>
<tr>
<td>$1–$499</td>
<td>39^</td>
</tr>
<tr>
<td>None</td>
<td>24</td>
</tr>
</tbody>
</table>

Note: Adjusted percentages based on logistic regression models; controlling for health status and income.

*Problems paying/not able to pay medical bills, contacted by a collection agency for medical bills, had to change way of life to pay bills, or has medical debt being paid off over time.

^Significant difference at p < .05 or better; referent category = no deductible.

Figure 24. Increased Health Care Costs Have Reduced Savings

Has increased spending on health care expenses in the past year caused you to do any of the following? Among those with health insurance coverage who had increases in health care costs in the last year (n=731) (percentage saying yes)

- Decrease your contributions to other savings: 45%
- Have difficulty paying for other bills: 34%
- Use up all or most of your savings: 29%
- Decrease your contributions to a retirement plan, such as a 401(k), 403(b) or 457 plan, or an IRA: 26%
- Have difficulty paying for basic necessities, like food, heat, and housing: 24%
- Borrow money: 18%

Figure 25. Most Insured Do Not Have Quality and Cost Information to Make Informed Choices

<table>
<thead>
<tr>
<th></th>
<th>Comprehensive</th>
<th>HDHP/CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health plan provides information on quality of care provided by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctors</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health plan provides information on cost of care provided by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctors</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>Hospitals</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Of those whose plans provide info on quality, how many tried to use it for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctors</td>
<td>42</td>
<td>54</td>
</tr>
<tr>
<td>Hospitals</td>
<td>25</td>
<td>45</td>
</tr>
<tr>
<td>Of those whose plans provide info on cost, how many tried to use it for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctors</td>
<td>15</td>
<td>36 (n = 76)</td>
</tr>
<tr>
<td>Hospitals</td>
<td>14</td>
<td>32 (n = 76)</td>
</tr>
</tbody>
</table>

Figure 26. Cost Conscious Decision-Making, by Insurance Source

<table>
<thead>
<tr>
<th>Action</th>
<th>Comprehensive</th>
<th>HDHP/CDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checked whether plan would cover care</td>
<td>49</td>
<td>60*</td>
</tr>
<tr>
<td>Talked to doctor about treatment options &amp; costs</td>
<td>43</td>
<td>55*</td>
</tr>
<tr>
<td>Asked doctor to recommend less costly prescription drugs</td>
<td>27</td>
<td>44*</td>
</tr>
<tr>
<td>Checked price of service</td>
<td>23</td>
<td>32*</td>
</tr>
<tr>
<td>Checked quality rating of doctor or hospital</td>
<td>14</td>
<td>19</td>
</tr>
</tbody>
</table>

*Difference between HDHP/CDHP and Comprehensive is statistically significant at p ≤ 0.05 or better.

Figure 27. HSAs Won’t Solve the Cost Problem: Most Costs Are Concentrated in the Very Sick

Distribution of Health Expenditures for the U.S. Population, By Magnitude of Expenditure, 1997

Figure 28. Most Trusted Sources for Information on Health Care Providers, by Insurance Source

Percent of adults 21–64

- Your doctor: Comprehensive 43, HDHP/CDHP 42
- Consumer group: Comprehensive 20, HDHP/CDHP 25
- Family member or friend: Comprehensive 15, HDHP/CDHP 16
- Medical association: Comprehensive 10, HDHP/CDHP 8
- Own health plan: Comprehensive 6, HDHP/CDHP 4
- Government or other agency: Comprehensive 2, HDHP/CDHP 2

*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Figure 29. Uninsured Rates High Among Adults with Low and Moderate Incomes, 2001–2005

Percent of adults ages 19–64

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Low income</th>
<th>Moderate income</th>
<th>Middle income</th>
<th>High income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>24</td>
<td>9</td>
<td>16</td>
<td>13</td>
<td>3</td>
</tr>
<tr>
<td>2003</td>
<td>26</td>
<td>9</td>
<td>15</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>2005</td>
<td>28</td>
<td>9</td>
<td>16</td>
<td>18</td>
<td>7</td>
</tr>
</tbody>
</table>

Note: Income refers to annual income. In 2001 and 2003, low income is <$20,000, moderate income is $20,000–$34,999, middle income is $35,000–$59,999, and high income is $60,000 or more. In 2005, low income is <$20,000, moderate income is $20,000–$39,999, middle income is $40,000–$59,999, and high income is $60,000 or more.

Figure 30. Distribution of Uninsured Young Adults 19–29 by Poverty Status, 2004

Figure 31. HSAs Won’t Solve the Uninsured Problem: Income Tax Distribution of Uninsured

- 55% (0% tax bracket)
- 23% (15% tax bracket)
- 16% (10% tax bracket)
- 5% (27% tax bracket)
- 1% (30%-39% tax bracket)

Figure 32. Medicare Physician Group Practice Demonstration

- The Everett Clinic (WA)
- Deaconess Billings Clinic
- Park Nicollet Health Services (MN)
- Marshfield Clinic (WI)
- St. John’s Health System (MO)
- Univ. of Michigan Faculty Group Practice
- Geisinger Health System (PA)
- Forsyth Medical (NC)
- Middlesex Health (CN)
- Dartmouth-Hitchcock Clinic

- 10 physician group practices
- 3-year project, began April 2005
- Bonus pool based on savings relative to local area
- Practices expected to save 2%, keep up to 80% of additional savings
- Actual bonuses depend on savings and quality targets

Figure 33. Building Quality Into RIte Care
Higher Quality and Improved Cost Trends

- Quality targets and $ incentives
- Improved access, medical home
  - One third reduction in hospital and ER
  - Tripled primary care doctors
  - Doubled clinic visits
- Significant improvements in prenatal care, birth spacing, lead paint, infant mortality, preventive care

Figure 34. Lacking Health Insurance for Any Period Undermines Quality and Efficiency

Percent of adults ages 19–64 with at least one chronic condition*

* Hypertension, high blood pressure, or stroke; heart attack or heart disease; diabetes; asthma, emphysema, or lung disease.

Figure 35. Adults Without Insurance Have More Problems With Lab Tests and Records

Percent of adults ages 19–64 reporting the following problems in past two years:

- Test results or records not available at time of appointment
- Duplicate tests ordered
- Never received lab/diagnostic test results or delay in receiving abnormal results
- Any lab test/record problem