EMBARGOED
NOT FOR RELEASE BEFORE 12:01 a.m. E.T., WEDNESDAY, OCTOBER 18, 2017

The Commonwealth Fund

NEWS RELEASE
Embargoed for release:
12:01 a.m. E.T.,
Wednesday, October 18, 2017

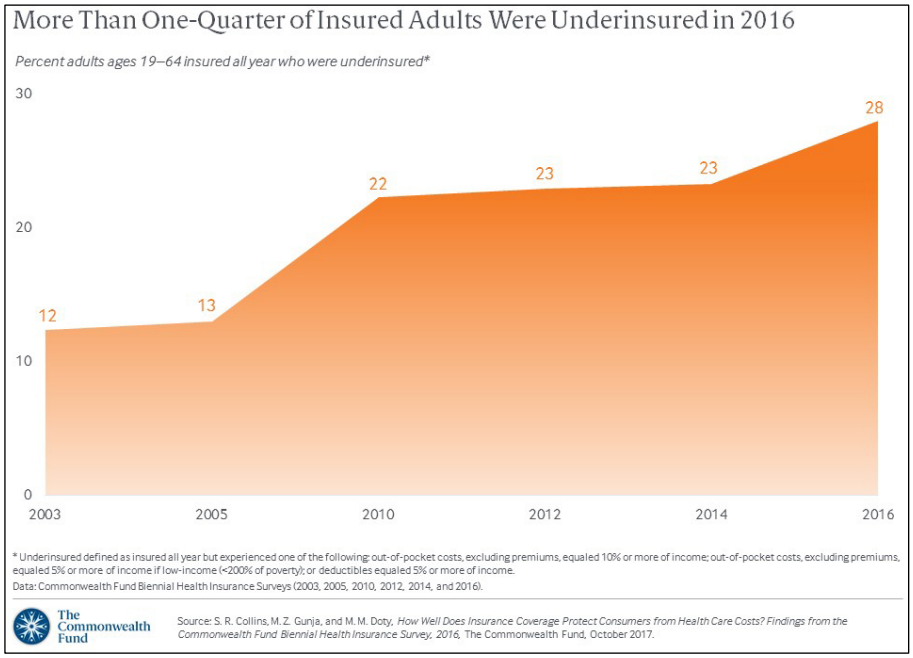
For further information, contact:
Mary Mahon: (212) 606-3853, mm@cmwf.org
Bethanne Fox: (301) 448-7411, bf@cmwf.org
Twitter: @commonwealthfnd

UNDERINSURED RATE INCREASED SHARPLY IN 2016; MORE THAN TWO OF FIVE MARKETPLACE ENROLLEES AND A QUARTER OF PEOPLE WITH EMPLOYER HEALTH INSURANCE PLANS ARE NOW UNDERINSURED

New Report Finds That People Whose Coverage Inadequately Protects Them Against Health Costs Are More Likely to Skip Needed Care and Incur Medical Debt; Details Impact of President Trump's Recent Actions on Health Insurance and Policy Options to Better Protect Consumers

New York, NY, October 18, 2017— Twenty-eight percent of working-age adults in the United States who had health insurance all year were underinsured in 2016, up from 23 percent in 2014, according to a new Commonwealth Fund report. More than half of the underinsured (52%) had medical bill problems and 45 percent went without needed health care because of cost.

People who are underinsured have high deductibles and high out-of-pocket expenses relative to their income. For lower-income families, this means spending 5 percent or more of income on health care, while for higher-income families it means spending 10 percent or more. While the Affordable Care Act has led to historic gains in coverage, with 20 million fewer people uninsured since the law's passage, health care costs and premiums continue to rise faster than wages. As a result, employers are



requiring workers to share a larger proportion of these costs, especially in the form of higher plan deductibles. More than half (56%) of the estimated 41 million adults who are underinsured get their coverage through an employer.

The report, which is based on findings from the Commonwealth Fund 2016 Biennial Health Insurance Survey, finds that people with all types of health insurance can be underinsured:

- About one-quarter (24%) of people with employer plans and more than two of five (44%) with individual or marketplace plans were underinsured in 2016, as were nearly half (47%) of disabled Medicare beneficiaries under age 65.
- People with low incomes were the most likely to lack adequate cost protections; they account for 61 percent of the 41 million underinsured. More than one-third of people who are sick and have high health care costs are underinsured as well.
- Workers in companies with **100 or more employees saw one of the sharpest increases in the underinsured rate.** Twenty-two percent of workers in large firms are now underinsured, up from 8 percent in 2003.

"The growing number of people who are underinsured is concerning, especially because people with the greatest need for affordable health care are most likely to be affected — people with low incomes and people with health problems," said Sara Collins, Vice President for Health Care Coverage and Access at The Commonwealth Fund and the study's lead author. "People who are underinsured face problems affording health care at rates similar to those seen for people with no health insurance at all, and they are almost as likely to skip needed care and to end up in debt when they get sick."

People Are Underinsured Because of High Deductibles and Out-of-Pocket Costs

According to the Commonwealth Fund report, underinsurance has risen in part because more people have deductibles, and because deductibles are higher. Specifically, it finds that:

- Twenty-three percent of adults with individual and marketplace plans had plan deductibles equaling 5 percent or more of income. Thirteen percent of people in employer plans had deductibles this high.
- In 2003, 40 percent of privately insured adults (employer or individual market coverage) had no deductible; in 2016 only 22 percent had no deductible.
- Only 1 percent of those with private coverage had a deductible of $3,000 or more in 2003; by 2016 that share had grown to 13 percent.
- High deductibles are associated with higher medical debt. Among adults with private coverage who had been insured all year, two of five (40%) with a deductible of $3,000 or more said they had difficulty paying their medical bills or had accumulated medical debt, compared with 21 percent of those who did not have a deductible.

What Can Be Done for Consumers?

Several policy options could help make health care more affordable for consumers, the Commonwealth Fund report finds. These include: extending the Affordable Care Act's cost-sharing reductions to more

enrollees, excluding more services from plan deductibles in both marketplace and employer plans, and increasing the required minimum value of employer plans. The authors note that, in addition to these options, policymakers must address rising health care costs.

"As we move beyond efforts to repeal and replace the Affordable Care Act, it is important to remember that many people, even some with insurance through their employers, still need better access to high-quality, affordable health care," said Commonwealth Fund President David Blumenthal, M.D. "There are several bipartisan policy fixes that could make a huge difference for people struggling to afford the health care they need, while also making our health system work better for everyone."

Additional Survey Findings

- About half (47%) of underinsured adults who had problems paying medical bills or had medical debt said they **had used up all their savings to pay their bills.** Forty percent said they had received a lower credit rating because of their bills.
- Underinsured rates for the nation's four largest states varied. Adults in **Florida** and **Texas** were underinsured at higher rates than those in **California** and **New York.** Among adults had coverage all year, 32 percent of Floridians and 33 percent of Texans were underinsured, compared with 21 percent of Californians and 21 percent of New Yorkers.

When the embargo lifts, the report, *How Well Does Insurance Coverage Protect Consumers from Health Care Costs?*, will be available at: http://www.commonwealthfund.org/Publications/Issue-Briefs/2017/Oct/Insurance-Coverage-Consumers-Health-Care-Costs.

Methodology

This report is based on data from the Commonwealth Fund Biennial Health Insurance Survey, 2016, which was conducted by Princeton Survey Research Associates International from July 12 to November 20, 2016. The survey consisted of 25-minute telephone interviews conducted in either English or Spanish among a random, nationally representative sample of 6,005 adults ages 19 and older living in the continental United States. In all, 2,402 interviews were conducted on landline telephones and 3,603 interviews on cell phones, including 2,262 interviews with respondents who lived in households with no landline access. The analysis presented in the report is limited to respondents ages 19 to 64 (n=4,186), and much of the report focuses on adults who have been insured all year (n=3,268).

The weighted sample is representative of the approximately 187.4 million U.S. adults ages 19 to 64. The survey has an overall margin of sampling error of +/– 1.9 percentage points at the 95 percent confidence level. Estimates are also reported from the 2003, 2005, 2010, 2012, and 2014 Commonwealth Fund Biennial Health Insurance Surveys.

In this analysis, we use a measure of underinsurance developed by Cathy Schoen and first used in the Commonwealth Fund's 2003 Biennial Health Insurance Survey. It takes into account an insured adult's reported out-of-pocket costs over the course of a year, not including premiums, and the health plan deductible. These actual expenditures, as well as the potential risk of expenditures (as represented by the deductible), are then compared with household income. Specifically, someone who is insured all year is underinsured if:

- out-of-pocket costs, excluding premiums, over the prior 12 months are equal to 10 percent or more of household income; or
- out-of-pocket costs, excluding premiums, are equal to 5 percent or more of household income if income is under 200 percent of the federal poverty level ($23,760 for an individual and $48,6 00 for a family of four); or
- the deductible is 5 percent or more of household income.

The out-of-pocket-cost component of the measure is only triggered if a person uses his or her plan. The deductible component provides an indicator of the financial protection that the plan offers and the risk of incurring costs even before a person uses the plan. The definition does not include people who are at risk of incurring high costs because of other plan design elements, such as inclusion of certain covered benefits or copayments. It therefore provides a conservative measure of underinsurance in the United States.