THE AFFORDABILITY CRISIS IN U.S. HEALTH CARE: FINDINGS FROM THE COMMONWEALTH FUND BIENNIAL HEALTH INSURANCE SURVEY

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EXECUTIVE SUMMARY

Record growth in health care costs and increasing instability in health insurance coverage are creating a crisis of affordability in the U.S. health care system. Against this backdrop, health care has emerged as a major campaign issue in the 2004 presidential election. Nearly all the candidates who competed in the Democratic presidential primary as well as President Bush proposed formal plans to expand health insurance coverage and make it more affordable. As the general election unfolds over the summer and fall, health care promises to be a focal point of debate.

The Commonwealth Fund Biennial Health Insurance Survey, conducted from September 2003–January 2004, presents new and timely information on where the American public stands on solutions to reform the health care system. The survey finds widespread support for federal efforts to extend health insurance to more people, as well as a widely held belief that the financing of health care should continue to be a shared responsibility among individuals, employers, and the government. The survey also uncovered potential reasons for such strong support for health care reform. Among the insured and the uninsured alike, there is concern that health care security in the United States is eroding. People are experiencing reductions in insurance coverage that are threatening their financial security.

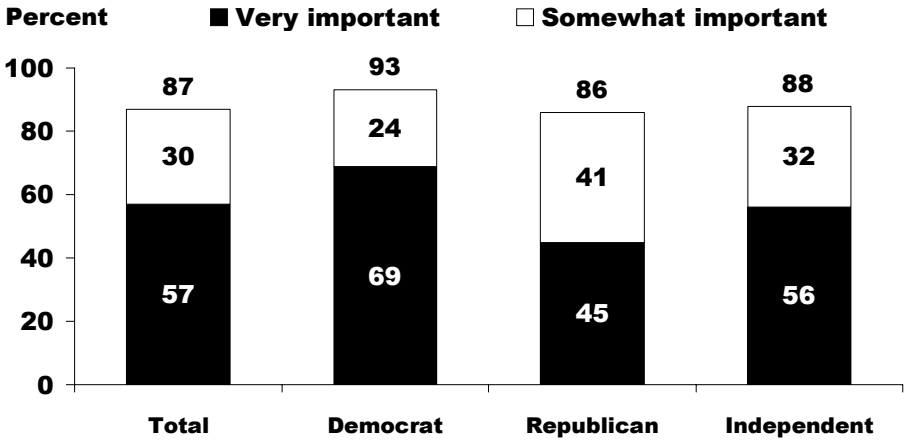
Following are some of the key findings of the survey:

Americans Voice Strong Support for Health Care Reform

- A majority (57%) of Americans say that presidential and congressional candidates' views on health care will be a very important factor in their vote this November. The issue resonates strongly with voters across regions of the country, income groups, and insurance status. Two-thirds of Democrats, more than half of Independents, and about half of Republicans say that health care will be very important in their vote (Chart ES-1).

Chart ES-1

Majorities of Americans Across Political Affiliations Say that Candidates' Views on Health Care Reform Will Be Important Factor in Election Decisions



Responses include: very, somewhat, not too, not at all important, or don't plan to vote.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

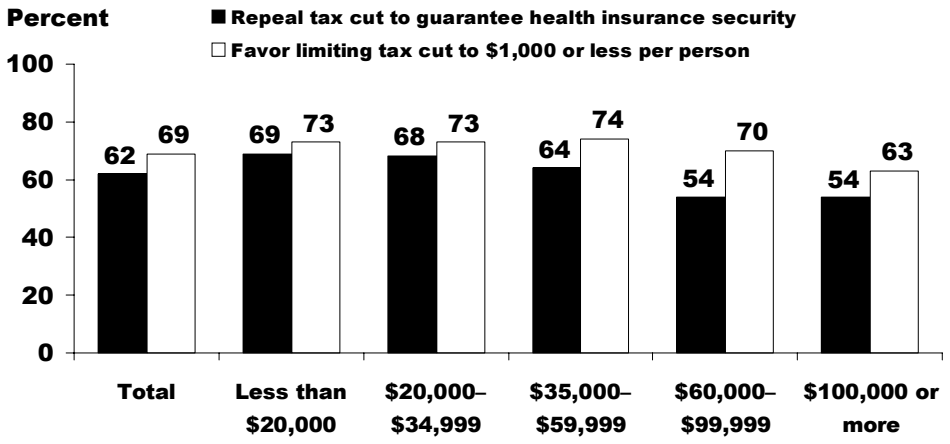
- A majority (59%) of Americans believe that the costs of health insurance in the United States should continue to be shared by everyone—individuals, employers, and the government. Majorities of Americans share this sentiment, regardless of income, political affiliation, and region of the country.

- More than three of five adults (62%) say they would be willing to give up the entire recent federal tax cut in order to help guarantee health insurance security for everyone.[1] When people were asked whether they would favor capping the tax cut to no more than $1,000 per person and using the balance for improving health insurance security, support climbed to 69 percent (Chart ES-2).

- While support for a repeal of the tax cut is highest among adults from lower- and middle-income households, more than half (54%) of adults in households with incomes over $60,000 per year also were in favor of a repeal, with support rising considerably for a limited rollback. Even a majority of those earning $100,000 or more favor a full (54%) or partial (63%) repeal (Chart ES-2).

Chart ES-2

Support for a Full or Partial Repeal of Tax Cut Is Strong Across Income Groups



Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

- Strong majorities of Americans across the political spectrum would support diverse approaches to expanding health insurance coverage, including letting uninsured adults participate in Medicare or state public insurance programs, such as Medicaid and the State Children's Health Insurance Program, offering tax credits for people to purchase coverage on their own or requiring employers to offer and contribute to the cost of their employees' health insurance coverage.

Insurance Coverage and the Quality of Health Insurance Benefits Are Eroding

- The share of working-age adults (19 to 64) who experienced a time without insurance coverage increased from 24 percent to 26 percent over 2001–03.[2] In 2003, more than 45 million people were without coverage for some time during the year: 17 percent, equivalent to 29.8 million adults in the national population, said that they were uninsured at the time of the survey; an additional 9 percent, or 15.6 million, had coverage, but had been uninsured during part of the previous 12 months.

- Insurance coverage was most unstable among those with the lowest incomes and minorities. More than half (52%) of adults ages 19 to 64 in households earning less than $20,000 per year were uninsured for some time during 2003. The erosion of health insurance was most marked for families with incomes between $20,000 and $35,000—35 percent were without coverage during the year, up from 28 percent in 2001. Nearly half (47%) of all Hispanics experienced a time uninsured, and coverage

for African Americans worsened considerably—the share of those with a time uninsured rose from 27 percent in 2001 to 38 percent in 2003.

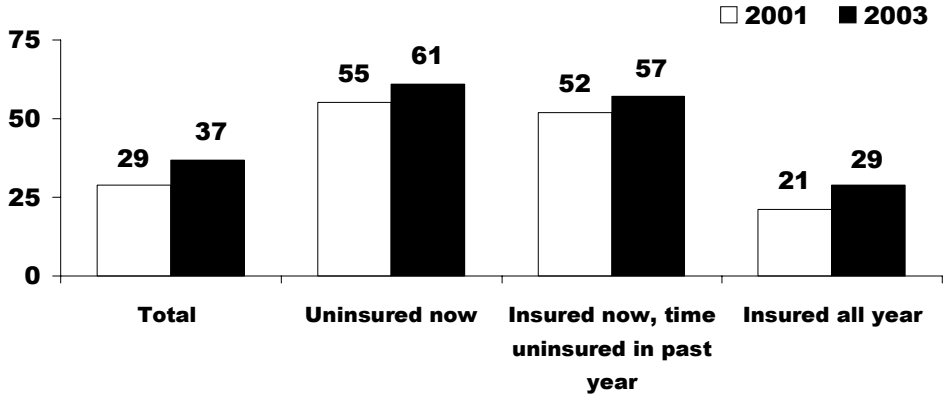
- In addition to eroding insurance coverage, the survey finds evidence of a decline in the quality of coverage among those who are insured. Nearly half of those (49%) insured all year with private coverage said that they had experienced either an increase in the amount they pay for their premiums, an increase in their share of medical bills, or cutbacks or new limits in their health benefits. Among adults with employer coverage, erosion of health insurance benefits appeared to be most common among those in the highest income category, with 56 percent of those earning $60,000 or more reporting a decline in the quality of their coverage.

- Erosions in insurance coverage appear to be impeding Americans' ability to get health care. The share of people who reported problems getting the health care they needed because of cost increased from 29 percent in 2001 to 37 percent in 2003. Those problems included: not filling a prescription; having a medical problem but not going to a physician or clinic; skipping a medical test, treatment, or follow-up visit recommended by a doctor; or not seeing a specialist when a doctor or the respondent thought it was needed (Chart ES-3).

Chart ES-3

Cost-Related Access Problems Have Increased, 2001–2003

Percent of adults ages 19–64 who had any of four access problems* in past year because of cost



* Did not fill a prescription; did not see a specialist when needed; skipped recommended medical test, treatment, or follow-up; had a medical problem but did not visit doctor or clinic.

Source: The Commonwealth Fund Health Insurance Surveys (2001 and 2003).

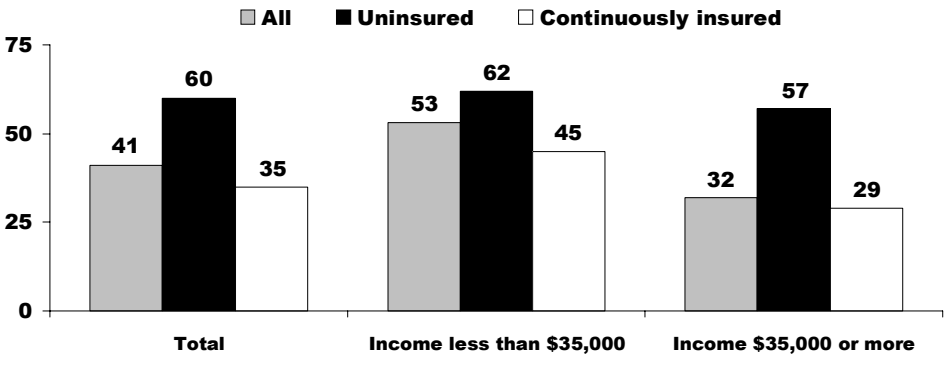
- Access problems were most severe among those who experienced a period of time without health insurance in the previous 12 months. Around three of five of those who had a time uninsured said they had problems getting the care they needed because of cost. But even those with coverage all year reported problems. Three of 10 (29%) of those who were continuously insured reported that they did not get the care they needed because of cost, up from 21 percent in 2001 (Chart ES-3).

Declines in Insurance Coverage and Increases in the Cost of Health Insurance Are Leaving Families Less Financially Secure

- Many Americans report that they are having problems paying their medical bills. Two of five adults (41%) ages 19 to 64 said they had problems paying their medical bills in the last 12 months or were paying off medical debt that had accrued over the last three years. Problems with medical bills included having difficulty paying or being unable to pay medical bills, being contacted by a collection agency concerning outstanding medical bills, or being forced to make significant life changes in order to pay such bills (Chart ES-4).

Chart ES-4

Two of Five Adults Have Medical Bill Problems or Accrued Medical Debt:* Uninsured and Low Income Most at Risk



* 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.
Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

- Medical bill problems were most common among those who experienced a time uninsured, with around 60 percent reporting that they had problems with bills or were paying off debt. But even those who were insured continuously cited problems—more than a third (35%) said that they had either a medical bill problem or were paying off

debt over time. The continuously insured with incomes under $35,000 were particularly affected, with 45 percent of this group citing such problems (Chart ES-4). Moreover, among those with bill problems or past debt, nearly two-thirds (62%) said the bills had been incurred either for themselves or for a family member who had been insured at the time.

- Medical bills are creating financial hardship among many families. Among those who said they had a medical bill problem in the last 12 months or were paying off accrued medical debt, more than a quarter (27%) reported that they had been unable to pay for basic necessities like food, heat, or rent because of medical bills. More than two of five (44%) said they had used all or most of their savings to pay their medical bills; one-fifth (20%) said that they had run up large credit card debts or had to take out loans against their homes in order to pay these bills.

Conclusion

The Commonwealth Fund Biennial Health Insurance Survey reveals widespread concern among Americans about the country's chronic, and growing, health insurance problem. This year's presidential candidates have released various plans to reform the health care system and this survey, along with other recent surveys and polls, suggests that candidates have accurately gauged the importance that Americans place on solving the nation's health care problems.

In the shadow of a growing federal budget deficit, paying for the cost of expanded coverage is sure to be a focal point of debate as the general election unfolds. The unique way in which coverage is currently financed in the United States—a combination of individual, employer, and government contributions—appears to be the favored approach among Americans. There is also widespread support for rolling back all or part of the recent federal income tax cut to free up revenues to guarantee health security for everyone.

The survey found support among majorities of Americans for diverse approaches to expanding health insurance coverage, including options that have been proposed by presidential candidates. The general approval for a wide range of approaches suggests that the public would like to see progress on covering the uninsured, and that compromise on the particular approach might be possible. It also suggests that coverage expansion proposals that include multiple approaches might garner the greatest public support.

Broad support for federal policy action most likely stems from the importance Americans place on health insurance coverage and the concern among those with and without insurance that health care security in the United States is eroding. The survey findings point to a looming affordability crisis in the U.S. health care system. Americans pay more out of pocket for their health care than do citizens of any other industrialized nation. Growing numbers of adults—the insured and the uninsured alike—are forgoing needed care due to cost. In addition, substantial shares of Americans are experiencing financial problems because of medical bills. For many families, medical debt is creating financial hardship, forcing them to make trade-offs between health care and basic living expenses and compromising their ability to save for the future.

Policies that would stabilize and improve the quality of health insurance coverage would help to alleviate much of this financial stress. This year's election, which has generated a large number of proposals to expand health insurance coverage and make it more affordable, may help move the nation toward consensus on how to solve one of its most vexing problems.

THE AFFORDABILITY CRISIS IN U.S. HEALTH CARE: FINDINGS FROM THE COMMONWEALTH FUND BIENNIAL HEALTH INSURANCE SURVEY

INTRODUCTION

Record growth in health care costs and increasing instability in health insurance coverage are creating a crisis of affordability in the U.S. health care system. National health care spending grew at a rate of 9.3 percent in 2002, the highest annual increase in a decade.[3] Health insurance premiums rose even more rapidly, increasing by 13.9 percent in 2003—the third consecutive year of double-digit inflation.[4] Hoping to manage their rising costs, employers have shifted more of the cost of health insurance to their employees.[5] Growing numbers of Americans are experiencing gaps in their health insurance coverage, exposing them to the routine costs of preventive care as well as the catastrophic costs of traumatic accidents and serious illnesses.

Against this backdrop, health care has emerged as a major campaign issue in the 2004 presidential election. Nearly all the candidates who competed in the Democratic presidential primary as well as President Bush proposed formal plans to expand health insurance coverage and make it more affordable.[6] As the general election unfolds over the summer and fall, health care promises to be a focal point of debate.

The Commonwealth Fund Biennial Health Insurance Survey, conducted from September 2003–January 2004, presents new and timely information on where the American public stands on solutions to reform the health care system. The survey finds widespread support for federal efforts to extend health insurance to more people, as well as a widely held belief that the financing of health care should continue to be a shared responsibility among individuals, employers, and the government. The survey also finds reason for this broad support for health reform. Among the insured and the uninsured alike, there is concern that health care security in the United States is eroding. People are experiencing reductions in their insurance coverage that are threatening their financial security.

AMERICANS' VIEWS ON HEALTH CARE REFORM

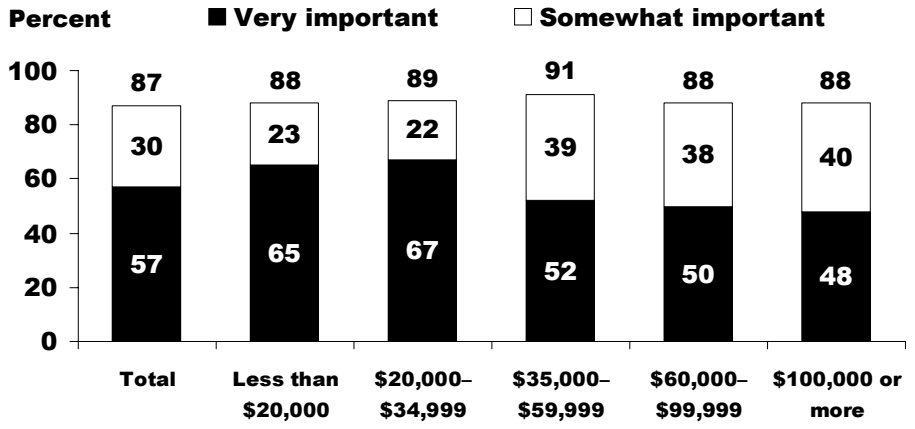
Importance of Candidates' Views of Health Care in the Election

When voters go to the polls in November, results from this survey suggest that health care will be a significant factor in their choice among candidates for president and Congress. A majority (57%) of adults said that candidates' views on health care reform will be very important to them. Another 30 percent said that health care would be somewhat

important (Chart 1). The issue resonates with voters across regions of the country, income groups, and insurance status (Table 1). While larger shares of adults in households with incomes less than $35,000 (65% and 67%) view health care as a key issue this year, almost half (48%) of those in the highest-income households also said that health care would play a very important role in their vote. Two-thirds of people who were uninsured when surveyed said that health care would be very important in their vote, but half of those who were insured under private insurance also indicated that health care would be a very important factor in their decision.

Chart 1

Majorities of Americans Across Income Groups Say that Candidates' Views on Health Care Reform Will Be Important Factor in Election Decisions

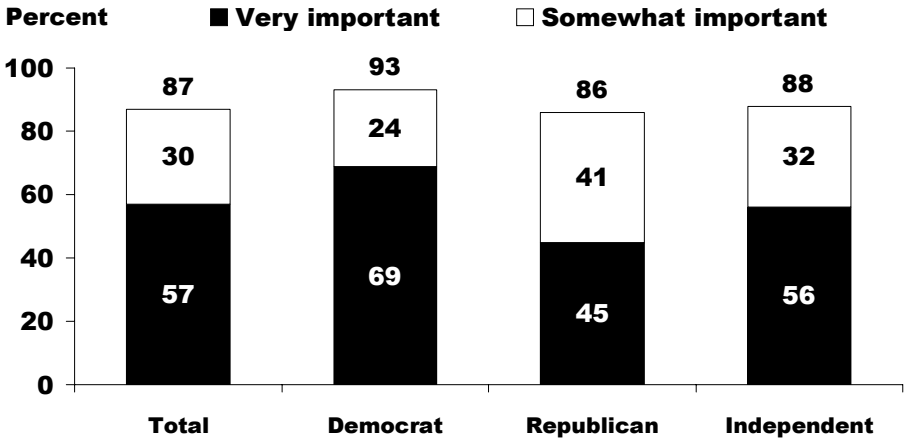


Note: Income groups based on 2002 household income.
Responses include: very, somewhat, not too, not at all important, or don't plan to vote.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Democrats were somewhat more unified in their opinion of the importance of health care in the election than were Republicans (Chart 2, Table 1). Nearly 70 percent of registered Democrats said that health care would be very important in their vote, compared with 45 percent of Republicans. Forty-one percent of Republicans said that health care would be somewhat important. A majority of Independents (56%) viewed health care as very important.

Chart 2

Majorities of Americans Across Political Affiliations Say that Candidates' Views on Health Care Reform Will Be Important Factor in Election Decisions



Responses include: very, somewhat, not too, not at all important, or don't plan to vote.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

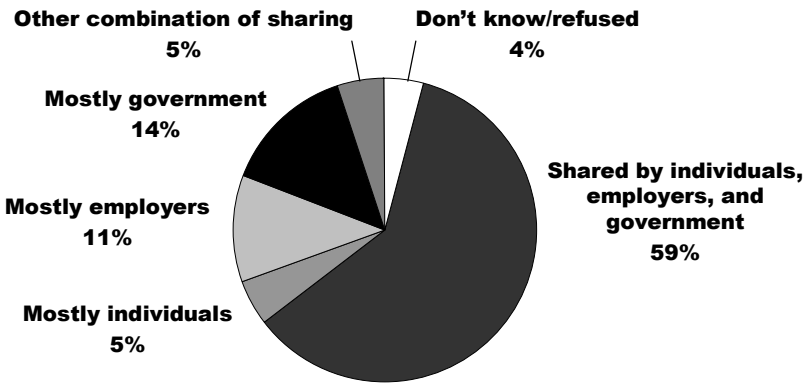
Financial Responsibility to Pay for Health Insurance

The financing of health coverage in the United States—an employer-based system with contributions from individuals and substantial support from government—is unique among industrialized nations. Americans' views of who should pay for health insurance may reflect their experience in such a system. When asked whether individuals, employers, or the government should bear the costs of health insurance or if costs should be shared by all three parties, nearly six of 10 respondents (59%) said that costs should be shared (Chart 3). The notion of joint responsibility for the cost of health insurance was endorsed by respondents from different income groups, political parties, and regions of the country (Table 2). There were only a few notable differences of opinion: more women than men believed the burden should be shared (64% vs. 54%), and slightly fewer adults ages 65 and older thought costs should be shared (55%), compared with younger respondents.

Chart 3

Majority of Americans Believe Paying for Health Insurance Should Be a Shared Responsibility

Who do you think should pay for health insurance?



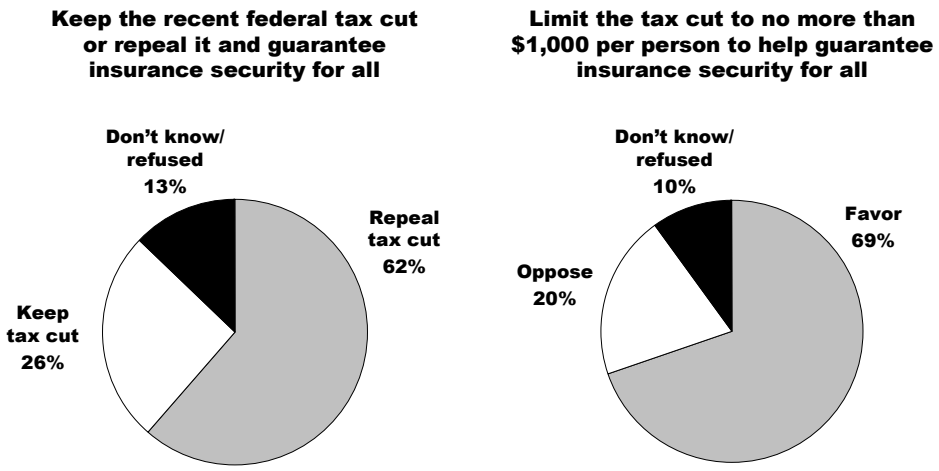
Note: Percentages may not sum to 100% because of rounding.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Support for Rolling Back the Federal Tax Cut to Help Pay for Health Insurance Expansions

Extending health insurance to more Americans will require new revenue sources. To help pay for expanded coverage, several Democratic presidential candidates proposed rolling back all or part of the federal tax cuts that have been enacted since 2001. The survey asked people whether they would prefer to keep the recent federal tax cut or repeal it and use the revenues to help guarantee health insurance security for everyone.[7] A majority (62%) of adults responded that they would give up the tax cut in exchange for health insurance security (Chart 4). When people were asked whether they would favor capping the tax cut to no more than $1,000 per person and using the balance of the revenues for expanding health insurance coverage, support climbed to 69 percent (Chart 4). While support for a repeal is highest among adults from lower- and middle-income households, more than half (54%) of adults in households with incomes over $60,000 also would support a repeal, with support rising considerably for a limited rollback (Chart 5). Even a majority of those earning $100,000 or more favor a full (54%) or partial (63%) repeal. Support for a full or partial rollback is strong both among the uninsured (70% and 75%) and among those with employer-based coverage (61% and 71%) (Tables 3 and 4).

Chart 4

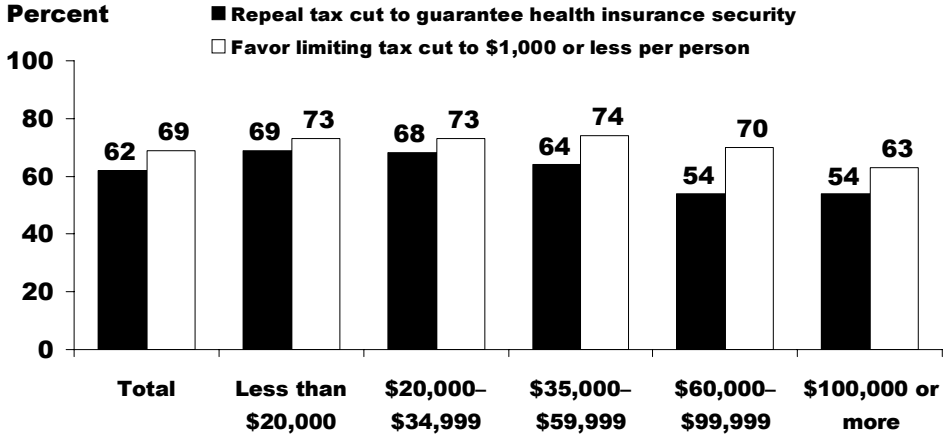
Majority of Americans Support Repealing or Limiting Federal Tax Cut and Using These Revenues to Guarantee Health Insurance Security



Note: Percentages may not sum to 100% because of rounding.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Chart 5

Support for a Full or Partial Repeal of Tax Cut Is Strong Across Income Groups



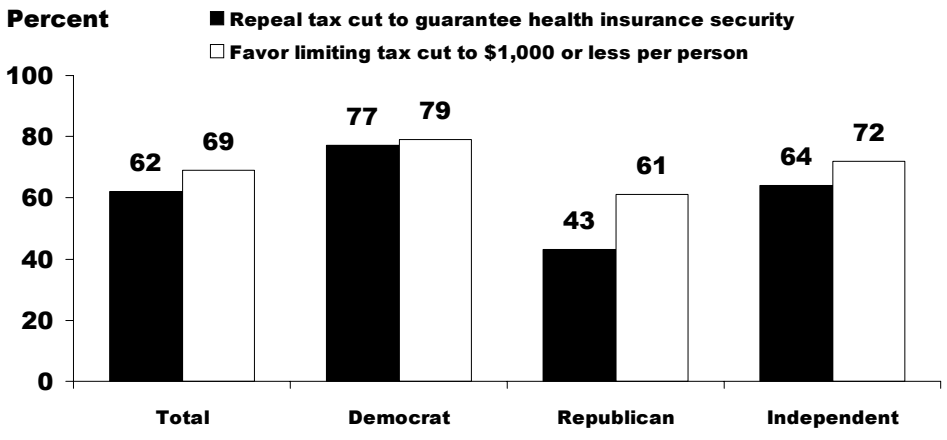
Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Republicans view a repeal of the tax cut to finance expanded coverage less enthusiastically than do Democrats, although support is higher when the tax cut is capped (Chart 6). More than three-quarters of Democrats (77%) would favor rolling back the full tax cut, compared with 43 percent of Republicans, but support among Republicans jumps

by nearly 20 percentage points, to 61 percent, under a limited repeal. A majority of Independents would favor rolling back all (64%) or part (72%) of the tax cut in exchange for health insurance security.

Chart 6

Support for Repealing Tax Cut Varies by Political Affiliation, Republican Support Rises Under a Limited Repeal



Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Support for Specific Policies to Expand Coverage

Several approaches to increasing health insurance coverage have been proposed in the last year by presidential candidates, federal legislators, states, health care industry leaders, physicians, and academics.[8] The proposals have ranged from incremental expansions to a combined set of approaches that promise to achieve near-universal coverage over time.

The survey asked people's opinions of a variety of policy options to provide health insurance coverage to uninsured adults. The options included letting uninsured adults participate in Medicare or state public insurance programs, such as Medicaid and the State Children's Health Insurance Program (CHIP), offering tax credits for people to purchase coverage on their own, or requiring employers to offer and contribute to the cost of their employees' health insurance coverage. The survey finds that majorities of adults support these options, with at least three-quarters of respondents saying they would favor each one (Chart 7, Table 5). Support among Democrats exceeds 75 percent for all of the options, with 87 percent in favor of requiring businesses to contribute to the cost of health insurance. Support among Republicans is slightly lower for each policy (67 percent or higher), with 77 percent approving the use of tax credits to allow people to buy coverage

on their own. Nearly three-quarters (74%) or more of Independents approve of each option.

Chart 7

Americans, Regardless of Political Affiliation, Support Providing Health Insurance Coverage to Uninsured Adults

Percent of adults in favor of:	Total	Democrat	Republican	Independent
Letting uninsured adults participate in state government insurance programs like Medicaid or CHIP	77%	84%	67%	78%
Letting uninsured adults participate in Medicare	76	81	70	74
Offering tax credits/other assistance to help people buy health insurance on their own	75	77	77	79
Requiring all businesses to contribute to the cost of health insurance for their employees	79	87	70	76

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

THE EXTENT AND QUALITY OF INSURANCE COVERAGE IS ERODING

What accounts for such widespread public support for federal action on health care this year? Compared with findings from The Commonwealth Fund 2001 Health Insurance Survey, more people are now without health insurance than two years ago, and those who have coverage report an increase in the amount of money they are being asked to pay for health care.[9] Gaps in insurance coverage and higher out-of-pocket costs appear to be impeding people's ability to get the care they need. The survey finds evidence of discontent with the health care system, both among the uninsured and those with coverage.

The Number of People Without Insurance Coverage Increased

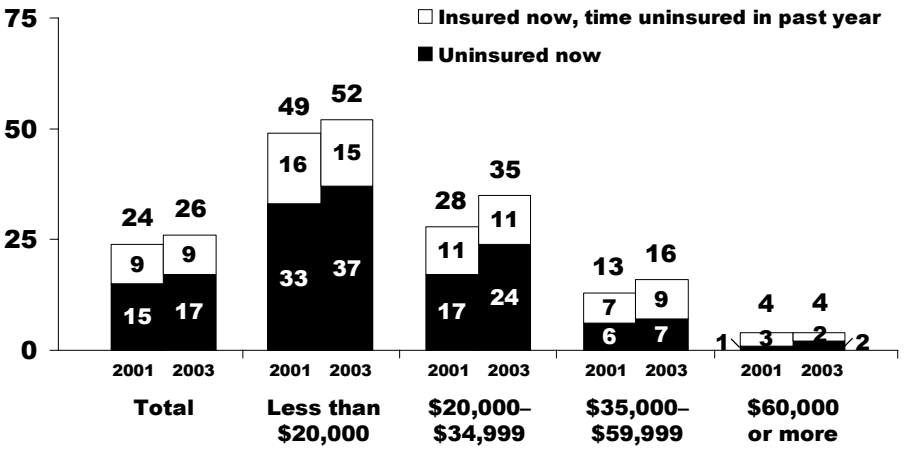
The survey indicates that the number of working-age adults who experienced a time without coverage increased over 2001–03. Respondents were asked whether they were insured at the time of the survey and whether they had lacked insurance at any time during the previous 12 months. In 2003, 26 percent of adults ages 19 to 64, an estimated 45 million adults in the national population, were without coverage for some time during the year: 17 percent, or 29.8 million adults, were uninsured at the time of the survey, and 9 percent, or 15.6 million, had been uninsured during part of the previous 12 months

(Table 6). In 2001, 24 percent of respondents, or 38 million adults, were uninsured for at least part of the year (Table 8).[10]

Insurance instability is particularly acute among people with low incomes. More than half (52%) of adults ages 19 to 64 in households earning less than $20,000 per year were uninsured for some time during 2003, up slightly from 49 percent in 2001 (Chart 8, Table 6).[11] The erosion of health insurance was most marked for families with incomes between $20,000 and $35,000—35 percent were without coverage during the year, up from 28 percent in 2001.[12] Sixteen percent of adults in households with incomes between $35,000 and $60,000 experienced a time without health insurance in 2003.

Chart 8

Insurance Instability Is High Among Adults with Low Incomes, 2001–2003

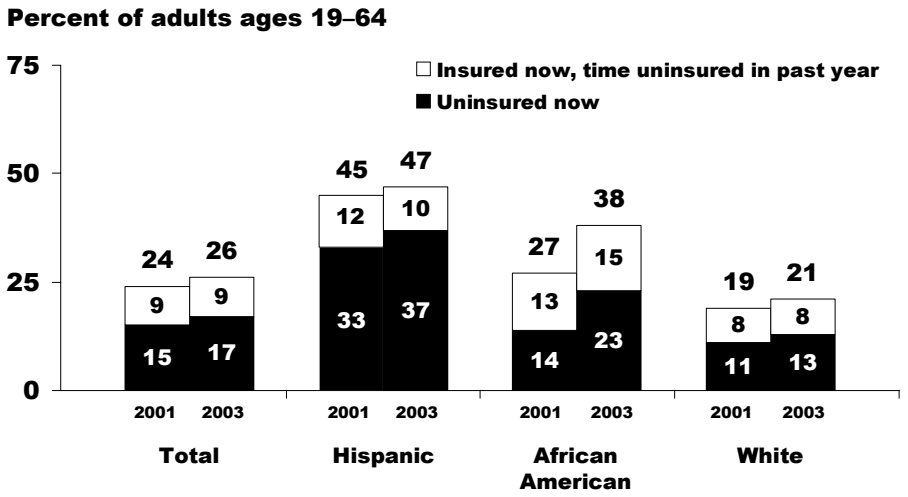


Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Health Insurance Surveys (2001 and 2003).

Minorities experience similarly high rates of instability in coverage. Nearly one-half (47%) of Hispanics were without health insurance at some point during the year in 2003, with more than one-third reporting that they were uninsured at the time of the survey (Chart 9, Table 6). African Americans experienced a significant loss of coverage over 2001–03. The share without coverage jumped from 27 percent in 2001 to 38 percent in 2003, with most of the increase attributable to an increase in those who were uninsured at the time of the survey (14% to 23%).[13]

Chart 9

Uninsured Rates Highest Among Hispanics and African Americans, 2001–2003



Source: The Commonwealth Fund Health Insurance Surveys (2001 and 2003).

Insurance instability continues to be a serious problem among young adults ages 19 to 29. Two of five young adults said that they were without coverage at some point during the year (Table 6). This is nearly twice the rate of those ages 30 to 64 who experienced a time without coverage in 2003.

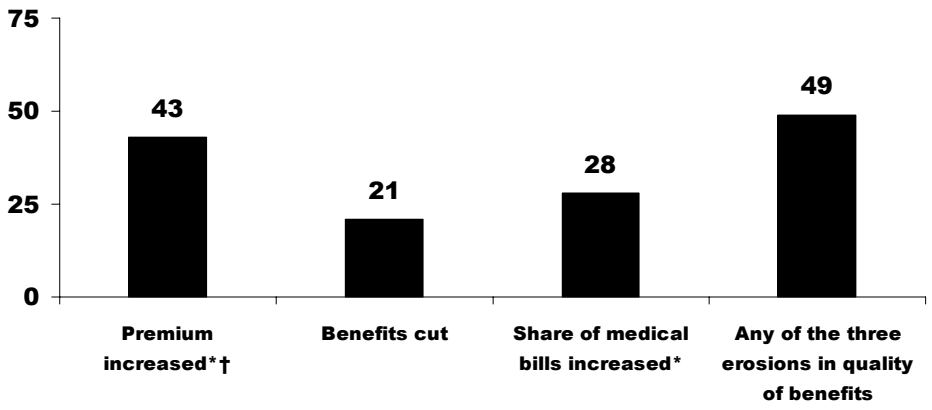
Quality of Health Benefits Eroded

In addition to eroding insurance coverage, the survey also finds evidence of a decline in the quality of coverage among those with health insurance. The survey asked whether people who have private insurance coverage experienced an increase in the amount that they pay for premiums, increases in the amount they contribute to the cost of their medical bills, or cuts or new limits in benefits.

The survey finds that working-age Americans are paying more for their insurance coverage and more for their medical care. Two of five (43%) adults under age 65 with private coverage who contribute to their premiums said that the amount they pay for premiums had increased by a moderate amount or a lot in the past year, with nearly one of five (19%) saying the amount had increased a lot (Chart 10, Table 7). More than half (58%) of those with coverage in the individual insurance market said that their premiums had risen by a moderate amount or a lot, with a third (34%) saying that their premiums had gone up a lot (Table 7). More than a quarter (28%) of people with employer or individual coverage said that their share of medical bills had risen by a moderate amount or a lot.

Chart 10

Nearly Half of Adults with Private Health Insurance Report Erosions in Their Benefits



* Increased a lot or a moderate amount.
† Among those who pay any premium.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

In addition to paying more for their care, many privately insured adults also report that their health plans are cutting back or placing new limits on covered benefits. The survey asked whether people had experienced reductions in the benefits covered by their insurance plans. Reductions could include health plans dropping such benefits as coverage for prescription drugs, dental care, vision care, or mental health, or placing limits on benefits. About one-fifth (21%) of people with private coverage said that their benefits had been curtailed.

Taken together, increased premium shares, increased cost-sharing, and limits on benefits affected large percentages of the privately insured. Nearly half of those (49%) insured all year with private coverage said that they had experienced at least one of these erosions in the quality of benefits (Chart 10). People with coverage through the individual market were particularly hard-hit—61 percent reported a decrease in the quality of their benefits (Table 7). Among adults with employer coverage, erosion of health insurance benefits appeared to be most common among those in the highest income category, with 56 percent of those earning $60,000 or more reporting a decline in the quality of their coverage.

Increasing Shares of People with and Without Insurance Said They Had Problems Getting the Health Care They Needed Because of Cost

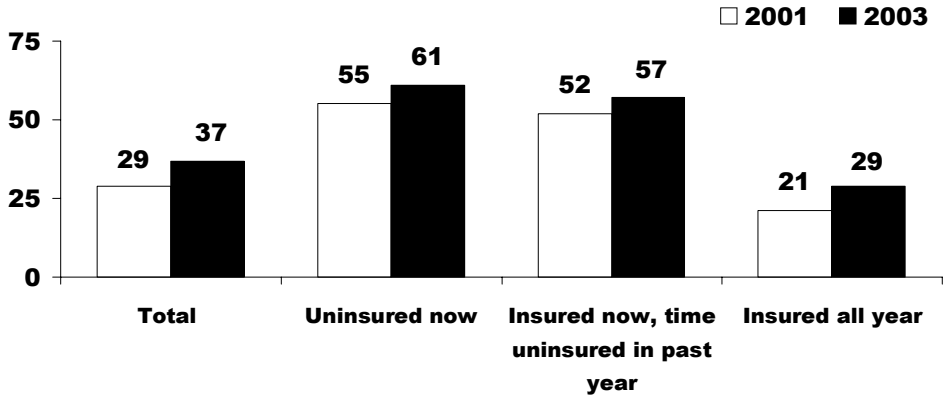
The decline in the quality of private health benefits and the increasing instability of coverage may be making it harder for people to access health care. Survey respondents

were asked whether, in the last 12 months, they had not pursued medical care because of cost. They were asked if they had not filled a prescription; had a medical problem but did not go to a doctor or clinic; skipped a medical test, treatment, or follow-up visit recommended by a doctor; or did not see a specialist when a doctor or the respondent thought it was needed. The share of people who reported any one of these problems increased from 29 percent in 2001 to 37 percent in 2003 (Chart 11, Table 8). Those who were uninsured or who reported a gap in coverage were most at risk of encountering these access problems. Around 60 percent of this group reported that they did not get the care they needed because of cost (Chart 12). But those with insurance coverage also reported deteriorating access to care. Nearly three of 10 (29%) of those who were insured all year reported that they did not get the care they needed because of cost, up from 21 percent in 2001.[14]

Chart 11

Cost-Related Access Problems Have Increased, 2001–2003

Percent of adults ages 19–64 who had any of four access problems* in past year because of cost



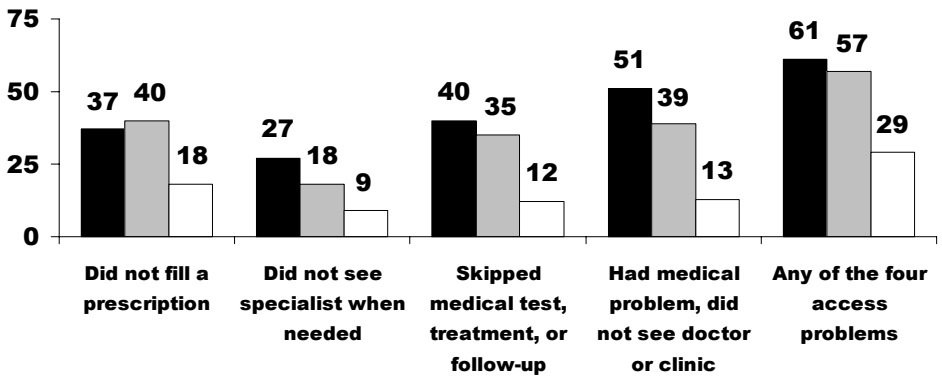
* Did not fill a prescription; did not see a specialist when needed; skipped recommended medical test, treatment, or follow-up; had a medical problem but did not visit doctor or clinic.

Source: The Commonwealth Fund Health Insurance Surveys (2001 and 2003).

Chart 12

Lacking Health Insurance for Any Period Threatens Access to Care

Percent of adults ages 19–64 reporting the following problems because of cost:



Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Problems accessing the health care system also are related to income, even among those with health coverage. Nearly two of five (39%) adults who were insured all year with household incomes less than $35,000 said that they did not get the care they needed over the last 12 months because of costs (Table 9). Obtaining prescription drugs appeared to be a particular problem in this income group. But even a quarter (24%) of people with coverage in higher income brackets reported that they did not get medical care because of cost.

Even when people do access the health care system, many believe that they would receive better medical care if they were insured, or had a different health plan. Of those who were uninsured for some time during the year, three of five (61%) said that there was an occasion when they believed they would have received better care if they were insured (Table 9). Three of 10 adults who were insured all year said that they would have received better care under a different health plan.

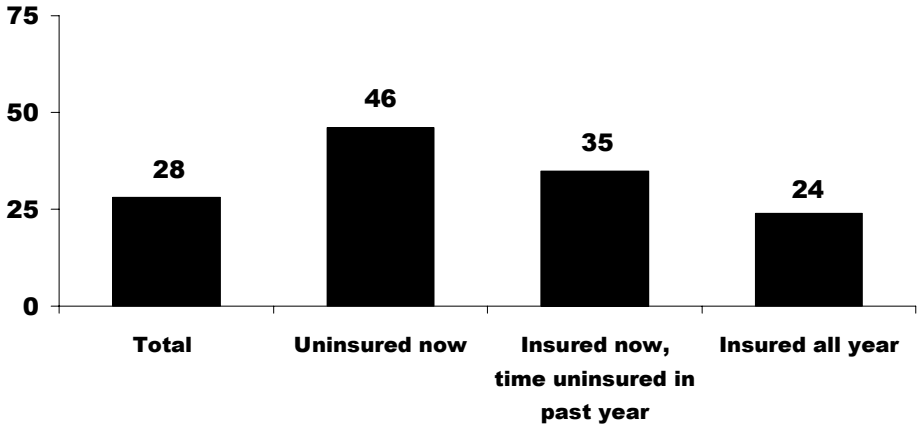
Many Americans Express a Lack of Confidence in and Dissatisfaction with the Health Care System

Thinking of their future medical needs, many Americans say they are not confident that they will be able to obtain high-quality health care when they need it. More than a quarter (28%) of adults said that they were not too or not at all confident that they would receive high-quality care in the future (Chart 13, Table 8). People who were uninsured at

the time of the survey were the least confident in their ability to obtain high-quality care in the future. But neatly a quarter (24%) of those with insurance coverage also expressed doubts about securing quality care.

Chart 13

Many Americans Express a Lack of Confidence in Ability to Get High-Quality Care, 2003

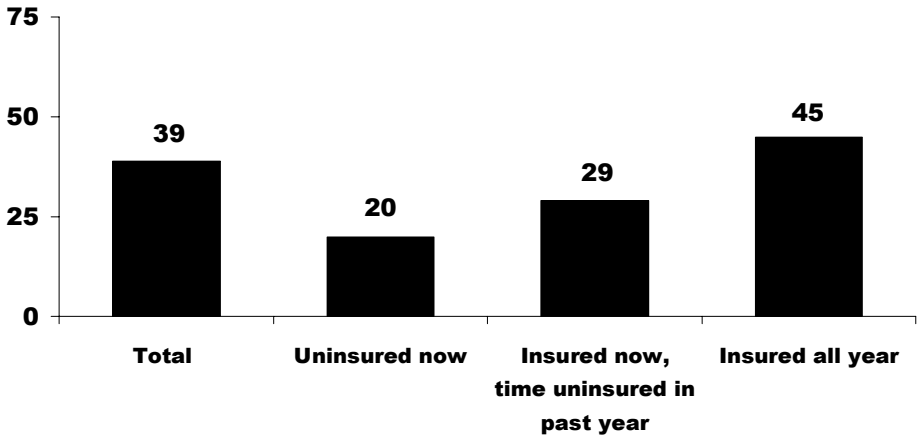


Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Fewer than four of 10 (39%) adults under age 65 said they were very satisfied with the quality of their care (Chart 14, Table 8). Those who were without insurance coverage for some part of the year were the least satisfied; only one-fifth of those without coverage at the time of the survey said they were very satisfied. But even those who were continuously insured were not completely satisfied with the quality of their care—less than half (45%) said that they were very satisfied.

Chart 14

Just Two of Five Americans Are Very Satisfied with the Quality of Health Care, 2003



Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

DECLINES IN INSURANCE COVERAGE AND INCREASES IN COST-SHARING ARE LEAVING FAMILIES LESS FINANCIALLY SECURE

Decreasing stability of health insurance coverage and poorer-quality health benefits are leaving families financially insecure. The survey finds that large numbers of Americans allocate a substantial share of their annual incomes to the cost of their medical care and health insurance premiums. The survey also finds high rates of medical bill problems, both among those who lack insurance and those who are insured. Many families with medical debt face stark trade-offs between life necessities like food and rent and paying down their debt. A striking number of people with medical bill problems, even those with insurance coverage, report that they have used all or most of their savings to pay these bills.

What Families Pay for Health Care

Depending on their insurance status or the particular provisions of their health plans, Americans pay different amounts for their care. Premiums are the up-front costs of health insurance. The amount people pay for premiums varies by whether they have coverage through their employers, the individual market, or public insurance programs, and also varies widely by employer. Many insurance plans require enrollees to pay a deductible before their coverage begins, effectively increasing the amount they pay out of pocket each year. Many plans require enrollees to make copayments or coinsurance when they receive care. The survey asked a series of detailed questions about each type of out-of-pocket cost.

Most privately insured Americans contribute to their health insurance premiums. More than 75 percent of those with employer-sponsored coverage pay part of their premiums, with 10 percent of single policy holders and a quarter (26%) with family plans paying $2,500 or more annually (Table 10). Without an employer to shoulder part of their premium costs, and without the benefit of risk pooling in group plans, people with individual coverage pay much more for their premiums. One-third (34%) of single policy holders on the individual market pay $2,500 or more a year in premiums, and 15 percent have annual premiums of $5,000 or more. More than half (52%) of single policy holders in the individual market spend 5 percent or more of their income on premiums, and a quarter (26%) spend more than 10 percent.

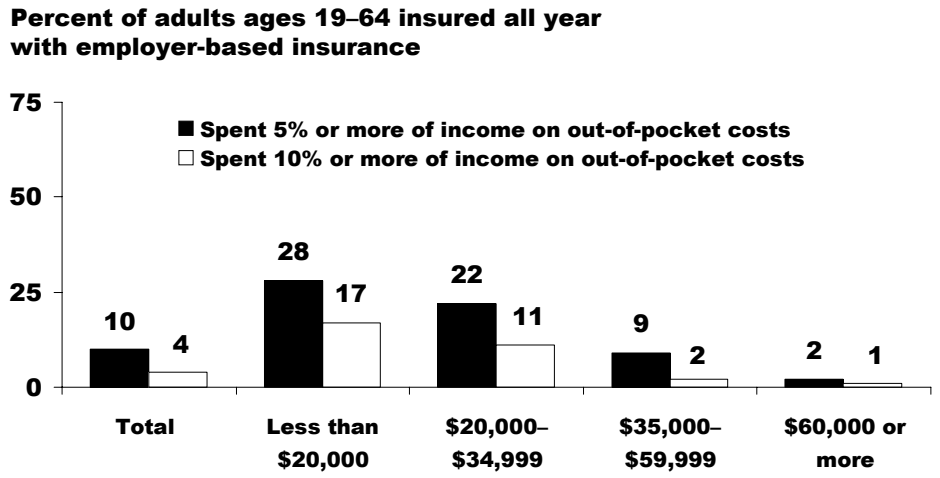
Most (66%) adults with private insurance coverage have a deductible. Of those with employer-sponsored coverage, 15 percent have deductibles of $500 or more per year and 5 percent have deductibles of $1,000 or more (Table 10). Three-quarters of adults with coverage in the individual market pay a deductible: 44 percent have deductibles of $500 or more and 30 percent have deductibles of $1,000 or more.

Nearly everyone with private coverage pays something out of pocket when they obtain health care services. The survey asks adults how much they had to pay out of pocket over the last 12 months for their own personal prescription medicines, dental and vision care, and all other medical services, including doctors, hospitals, and tests. Two of five (41%) of those adults insured all year with employer-sponsored coverage pay less than $500 annually in out-of-pocket costs, a third (36%) pay between $500 and $2,000 per year, and 13 percent pay $2,000 or more per year (Table 11). People with coverage in the individual market pay more—23 percent have annual out-of-pocket costs of $2,000 or more.

Adults with low or moderate incomes spend the greatest share of their earnings on out-of-pocket health care costs. Of those with employer-sponsored coverage who had annual incomes of less than $20,000, 28 percent spent 5 percent or more of their income on out-of-pocket costs and 17 percent spent 10 percent or more (Chart 15). More than one-fifth (22%) of those in the next income bracket ($20,000 to $34,999) spent 5 percent or more of their income on out-of-pocket costs. Among those with annual incomes of $60,000 or more, just 2 percent spent that much on out-of-pocket costs.

Chart 15

Adults with Low and Moderate Incomes Spend Greatest Share of Income on Out-of-Pocket Costs



Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

The out-of-pocket costs of those who experienced a time uninsured are very different from those who were continuously insured by an employer. Nearly a quarter (23%) of those who were uninsured at the time of the survey had no out-of-pocket costs, while only 6 percent of those with employer coverage had no out-of-pocket costs (Table 11). This indicates that many of those without coverage did not access the health system, or received care that was partly or wholly subsidized. Still, for many of the uninsured, out-of-pocket payments account for a large share of their income: a third had annual out-of-pocket costs comprising 5 percent or more of their income, and 18 percent had costs of 10 percent or more. Those who were insured at the time of the survey but had experienced a time uninsured in the past year also spent large shares of their incomes on out-of-pocket costs. Nearly a quarter (23%) spent 5 percent or more of their income on out-of-pocket costs (Table 11).

People who are insured by public insurance programs incur much lower out-of-pocket costs than do those in private plans. A third (31%) of those insured continuously by public insurance programs said they had no out-of-pocket costs. Another third (34%) had costs amounting to less than $500 per year. Yet, even low health care costs can figure prominently as a share of a tight household budget. One-fifth (19%) of those with public insurance coverage and household incomes under 200 percent of poverty spent 5 percent or more of their incomes on out-of-pocket costs. Those with employer-sponsored coverage in that income range fared somewhat worse: a quarter (26%) spent that much of their income on out-of-pocket costs.

Medical Bills and Lingering Medical Debt Are Undermining the Financial Security of American Families

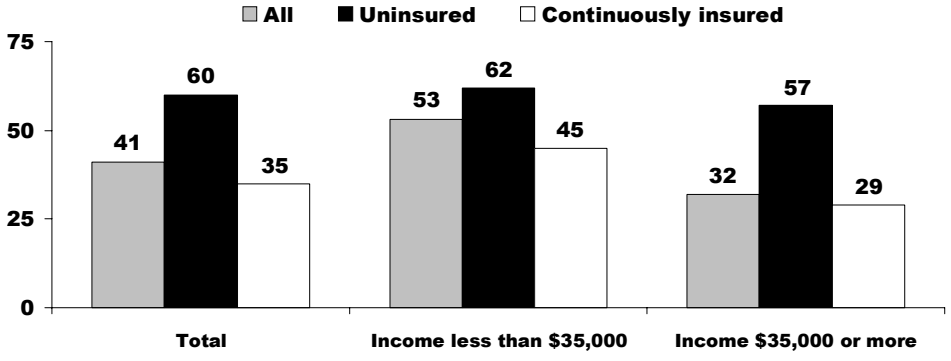
Hefty out-of-pocket costs for medical care are affecting the finances of those who have gaps in coverage as well as those who are continuously insured. The survey asked people about their ability to pay their medical bills in the last 12 months, including whether there were times when they had difficulty or were unable to pay their bills, whether they had been contacted by a collection agency concerning outstanding medical bills, or whether they had to change their lives significantly in order to meet their obligations. People who reported no medical bill problems in the last 12 months were asked if they were currently paying off medical debt that they had incurred in the last three years.

The survey finds that 41 percent of adults under age 65 either had medical bill problems in the last 12 months or were paying off accrued medical debt (Chart 16, Table 9). The problem was most severe among those who were uninsured at the time of the survey or had experienced a time uninsured in the past year (Chart 17). But even those who were insured continuously over the last 12 months cited problems. More than a third (35%) reported that they had experienced problems with medical bills or were paying off accrued debt. Moreover, among those with bill problems or past debt, three of five (62%) said the bills were incurred for themselves or a family member who had been insured at the time (Table 9).

Chart 16

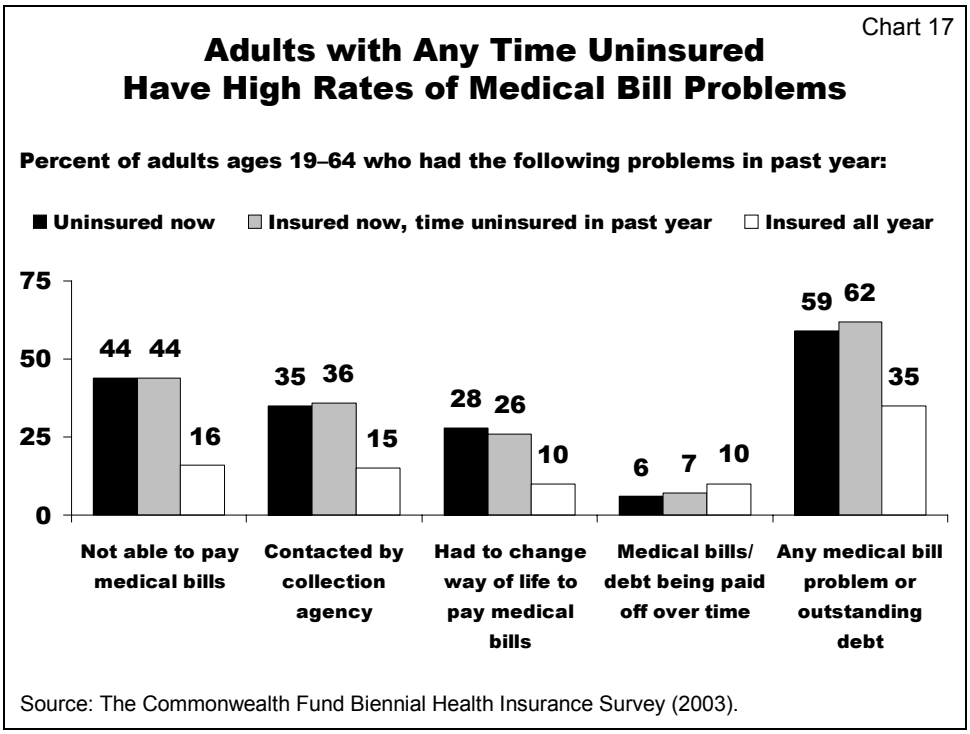
Two of Five Adults Have Medical Bill Problems or Accrued Medical Debt:* Uninsured and Low Income Most at Risk

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



* 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.
Note: Income groups based on 2002 household income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Chart 17



Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Among those who had medical bill problems or outstanding debt, 27 percent reported that they had been unable to pay for basic necessities, including food, heat, or rent because of medical bills (Chart 18). Two of five (44%) said that they used all or most of their savings in order to meet their obligations. One-fifth reported that they had run up large debts on their credit cards or had taken out loans against their homes in order to pay their bills. People who were uninsured for a period of time and/or had low incomes were the most severely affected (Table 9). More than half (51%) of those earning less than $35,000 a year—regardless of insurance status—said that they had used all or most of their savings to pay their bills. Forty-five percent of those who were uninsured in that income category had been unable to pay for basic living necessities.

Chart 18

More than Two of Five Adults with Medical Bill Burdens Used All or Most of Their Savings on Medical Bills

Percent of adults ages 19–64 with medical bill problems or accrued medical debt:

Percent of adults reporting:	Total	Uninsured now	Insured now, time uninsured during year	Insured all year
Unable to pay for basic necessities, such as food, heat, or rent	27%	39%	41%	18%
Used all or most of savings	44	53	46	39
Had large credit card debt, or had to take loan against home	20	21	30	18

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

CONCLUSION

The Commonwealth Fund Biennial Health Insurance Survey reveals broad-based agreement among Americans that the United States should act on its chronic, and growing, health insurance problem. This survey confirms findings from other recent surveys, polls, and state primary election exit polls that health care security ranks near the top of the list of voter concerns, along with economic and national security.[15] This year's presidential candidates have released various plans to reform the health care system. This survey suggests that they have accurately gauged the importance that Americans place on solving the nation's health care problems.

In an environment of a growing federal budget deficit, fiscal crises in many states, and sluggish job growth, paying for the cost of expanded coverage is sure to be a focal point of debate as the general election unfolds. The public appears to favor building on the unique way in which coverage is currently financed in the United States—a combination of individual, employer, and government contributions. There is widespread support for rolling back all or part of the recent federal income tax cut to free up revenues to guarantee health security for everyone.

Americans from across the political spectrum support diverse approaches to expanding health insurance coverage, including policies that would enable uninsured adults to participate in Medicare or state public insurance programs, such as Medicaid and

CHIP, offer tax credits for people to purchase coverage on their own, and require employers to offer and contribute to the cost of their employees' coverage. The general approval of all these policy options suggests that the public would like to see progress on covering the uninsured and that compromise on the particular approach might be possible. It also suggests that proposals to expand coverage that include multiple approaches might garner the greatest public support.

Broad support for federal policy action most likely stems from the importance Americans place on health insurance coverage and the widespread concern among those with and without insurance that health care security in the United States is eroding. The survey findings point to a looming affordability crisis in the U.S. health care system. Americans already pay more out of pocket for their health care than do people in any other industrialized country.[16] Indeed, the survey shows that people who experience gaps in insurance and those who have low incomes allocate substantial shares of their earnings to cover their health costs. Yet, accelerated growth in health care expenditures over the last few years has led employers to shift more health care risk to employees in the form of increased deductibles, greater premium sharing, and higher copayments.[17] There has been a great deal of concern that such increased cost-sharing will cause people to forgo needed medical care.[18] In fact, the survey findings show that over 2001–03 the share of people with insurance coverage who went without needed care because of cost rose from 21 percent to 29 percent.

Increasing health care costs, together with the highly uncertain labor market, mean that Americans' financial security is at risk. Substantial shares of adults, whether or not they have health insurance, are experiencing problems paying their medical bills. Many families are being forced to make trade-offs between paying for care and paying for basic living expenses, and many are unable to save for the future.

Policies that would stabilize and improve the quality of health insurance coverage would help alleviate much of this financial stress. This year's election, which has generated a large number of proposals to expand health insurance coverage and make it more affordable, may help move the nation toward consensus on how to solve one of its most vexing problems.

TABLES

Table 1. Importance of Presidential and Congressional Candidates' Views on Health Care Reform (base: all respondents)

	When you are deciding who to vote for in next year's presidential and congressional election, how important will the candidate's views on health care reform be? Will they be…?			
	Very Important	Somewhat Important	Not Too/ Not at All Important	Don't Plan to Vote
Total	57%	30%	8%	1%
Age				
19–29	47	41	9	1
30–49	58	32	8	2
50–64	62	28	6	1
19–64	56	33	8	1
65 and older	63	17	12	1
Gender				
Men	51	33	12	1
Women	62	28	5	1
Region of the United States				
Northeast	59	28	8	2
Midwest	55	34	7	1
South	60	27	9	1
West	54	33	9	1
Race/Ethnicity				
White	53	35	9	1
Black	77	14	4	1
Hispanic	67	20	5	2
Income				
Less than $20,000	65	23	7	2
$20,000–$34,999	67	22	8	1
$35,000–$59,999	52	39	7	1
$60,000–$99,999	50	38	11	1
$100,000 or more	48	40	11	<1
Insurance Status				
Uninsured	65	22	7	1
Employer	53	35	9	1
Medicaid	68	23	3	2
Medicare	66	14	10	2
Individual	48	41	11	--
Political Affiliation				
Democrat	69	24	3	1
Republican	45	41	12	1
Independent	56	32	9	<1
Other	49	31	14	5
Undesignated	60	19	5	4
Voter Registration Status				
Not registered	56	27	8	5
Registered	58	31	8	<1

Note: Rows may not sum to 100% because of rounding and because "Don't know/Refused to answer" not shown.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 2. Whose Responsibility Is It to Pay for Insurance? (base: all respondents)

	Who do you think should pay for health insurance? Should insurance costs be mostly paid for by individuals, mostly by employers, mostly by the government, or should insurance costs be equally shared by individuals, employers, and the government?				
	Equally Shared by Individuals, Employers, Gov't.	**Mostly Individuals**	**Mostly Employers**	**Mostly the Government**	**Other Combination of Sharing**
Total	59%	5%	11%	14%	5%
Age					
19–29	58	4	12	19	3
30–49	59	6	13	13	5
50–64	63	6	9	12	6
19–64	60	6	12	14	4
65 and older	55	5	8	13	5
Gender					
Men	54	8	13	16	5
Women	64	3	10	13	5
Region of the United States					
Northeast	60	4	10	18	5
Midwest	60	5	13	12	6
South	58	5	10	14	5
West	60	7	11	13	4
Race/Ethnicity					
White	61	6	11	12	5
Black	58	3	8	21	4
Hispanic	52	4	12	20	3
Income					
Less than $20,000	61	4	7	17	5
$20,000–$34,999	64	3	10	15	5
$35,000–$59,999	60	6	13	14	5
$60,000–$99,999	56	8	18	12	5
$100,000 or more	62	13	9	9	3
Insurance Status					
Uninsured	60	5	7	18	4
Employer	59	6	14	13	5
Medicaid	69	2	4	17	3
Medicare	56	4	7	15	5
Individual	60	10	9	13	5
Political Affiliation					
Democrat	59	2	10	17	5
Republican	61	10	12	7	6
Independent	61	5	10	17	3
Other	58	5	12	17	5
Undesignated	51	3	13	17	5
Voter Registration Status					
Not registered	58	5	11	16	4
Registered	60	6	11	14	5

Note: Rows may not sum to 100% because of rounding and because "Don't know/Refused to answer" not shown.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 3. Support for Keeping Federal Tax Cut, or Repealing It and Using Revenues to Guarantee Health Insurance Security (base: all respondents)

	Which one of the following options would you prefer: Keep the recent federal tax cut or repeal the tax cut and instead use those revenues to help guarantee health insurance security for everyone?		
	Repeal Tax Cut and Use Revenue to Help Guarantee Health Insurance Security for Everyone	**Keep Tax Cut**	**Don't Know/ Refused to Answer**
Total	62%	26%	13%
Age			
19–29	63	27	10
30–49	64	26	10
50–64	62	27	11
19–64	63	26	11
65 and older	55	22	23
Gender			
Men	59	32	9
Women	64	20	16
Region of the United States			
Northeast	66	22	13
Midwest	61	28	11
South	61	26	13
West	61	26	13
Race/Ethnicity			
White	60	29	11
Black	70	18	12
Hispanic	68	15	17
Income			
Less than $20,000	69	19	12
$20,000–$34,999	68	21	11
$35,000–$59,999	64	27	9
$60,000–$99,999	54	39	7
$100,000 or more	54	41	5
Insurance Status			
Uninsured	70	16	14
Employer	61	29	10
Medicaid	72	13	15
Medicare	55	22	23
Individual	56	32	11
Political Affiliation			
Democrat	77	13	10
Republican	43	44	13
Independent	64	26	10
Other	63	23	14
Undesignated	54	20	26
Voter Registration Status			
Not registered	66	20	14
Registered	61	27	12

Note: Rows may not sum to 100% because of rounding.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 4. Support for Limiting Tax Cut to No More than $1,000 (base: all respondents)

	Would you favor or oppose limiting the tax cut to no more than $1,000 per person and using the money saved to help guarantee health insurance security for everyone?		
	Favor	**Oppose**	**Don't Know/ Refused to Answer**
Total	69%	20%	10%
Age			
19–29	74	19	8
30–49	72	20	8
50–64	67	24	9
19–64	71	21	8
65 and older	61	18	20
Gender			
Men	67	26	7
Women	72	15	13
Region of the United States			
Northeast	70	19	11
Midwest	73	18	8
South	68	20	11
West	67	24	9
Race/Ethnicity			
White	70	21	9
Black	72	18	11
Hispanic	68	19	12
Income			
Less than $20,000	73	17	10
$20,000–$34,999	73	18	10
$35,000–$59,999	74	21	6
$60,000–$99,999	70	23	7
$100,000 or more	63	33	4
Insurance Status			
Uninsured	75	16	10
Employer	71	21	8
Medicaid	71	18	11
Medicare	62	17	20
Individual	59	32	9
Political Affiliation			
Democrat	79	13	9
Republican	61	31	8
Independent	72	20	8
Other	69	19	12
Undesignated	57	18	25
Voter Registration Status			
Not registered	73	17	10
Registered	69	21	10

Note: Rows may not sum to 100% because of rounding.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 5. Support for Proposals to Provide Health Insurance Coverage to Uninsured Adults (base: all respondents)

	Percent of adults in favor of:			
	Let uninsured adults participate in state government insurance programs like Medicaid or CHIP	**Let uninsured adults participate in Medicare**	**Offer tax credits/other assistance to help people buy health insurance on their own**	**Require all businesses to offer and contribute to the cost of health insurance for their employees**
Total	77%	76%	75%	79%
Age				
19–29	81	80	79	84
30–49	78	77	80	81
50–64	77	74	74	75
19–64	78	77	78	80
65 and older	69	70	61	73
Gender				
Men	74	74	74	74
Women	79	77	76	83
Region of United States				
Northeast	78	77	76	82
Midwest	76	73	76	79
South	77	76	75	78
West	76	77	75	75
Race/Ethnicity				
White	74	73	75	76
Black	85	83	76	88
Hispanic	85	86	79	84
Income				
Less than $20,000	82	83	75	85
$20,000–$34,999	83	78	78	80
$35,000–$59,999	76	77	80	79
$60,000–$99,999	74	69	80	79
$100,000 or more	71	73	74	68
Insurance Status				
Uninsured	83	82	80	84
Employer	76	75	76	79
Medicaid	85	84	78	81
Medicare	71	70	62	75
Individual	74	71	85	65
Political Affiliation				
Democrat	84	81	77	87
Republican	67	70	77	70
Independent	78	74	79	76
Other	78	77	73	83
Undesignated	76	75	63	75
Voter Registration Status				
Not registered	83	83	77	84
Registered	75	74	75	77

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 6. Continuity of Insurance in 2003: Percent Insured All Year, Uninsured When Surveyed, or Uninsured During the Year (base: adults ages 19–64)

	Total (in millions)	Insured All Year	Uninsured Now	Insured Now, Time Uninsured in Past Year	Uninsured During the Year*
Total in Millions (estimated)	171.9	126.5	29.8	15.6	45.4
Percent Distribution:	—	74%	17%	9%	26%
Age					
19–29	40.5	60	24	16	40
30–49	85.7	74	17	9	26
50–64	45.7	85	11	4	15
Race/Ethnicity					
White	117.2	79	13	8	21
Black	19.4	63	23	15	38
Hispanic	23.2	53	37	10	47
Income					
Less than $20,000	44.7	47	37	15	52
$20,000–$34,999	27.1	65	24	11	35
$35,000–$59,999	41.0	84	7	9	16
$60,000 or more	41.7	96	2	2	4
Undesignated	17.4	77	7	16	23
Poverty Status					
Below 100% poverty	25.8	45	42	14	56
100%–149% poverty	18.2	53	29	18	47
150%–199% poverty	15.3	58	29	13	42
200% poverty or more	98.8	87	7	6	13
Undesignated	13.8	73	8	19	27
Adult Work Status					
Full-time	102.0	80	11	9	20
Part-time	20.4	62	26	12	38
Not currently employed	48.9	65	26	9	35
Family Work Status					
At least one f.-t. worker	127.9	79	12	8	20
Only part-time worker	13.4	50	36	14	50
No worker in family	29.9	61	29	10	39
Employer Size**					
Under 20 employees	27.9	62	29	9	38
20–99 employees	22.8	72	16	12	28
100–499 employees	20.6	80	10	10	20
500 or more employees	49.2	87	5	7	12
Undesignated	1.7	57	27	16	43
Political Affiliation					
Democrat	53.8	75	15	9	24
Republican	45.2	80	13	7	20
Independent	36.2	72	18	10	28
Other	21.1	72	17	11	28
Undesignated	15.6	55	35	10	45
Voter Registration Status					
Not registered	45.7	57	32	11	43
Registered	124.3	80	12	8	20

Note: Rows may not sum to 100% because of rounding.

* Combines currently uninsured and insured but had a time uninsured in the past 12 months.

** Among employed adults.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 7. Changes in Health Benefits Among Insured Adults, 2003 (base: adults ages 19–64, insured all year with private insurance)

	Insurance Source			Income Distribution* (base: employer-based insurance)			
	Total Private	**Employer**	**Individual**	**Less than $20,000**	**$20,000–$34,999**	**$35,000–$59,999**	**$60,000 or more**
Total in Millions (estimated)	108.4	100.8	7.6	9.7	13.6	30.8	36.3
Changes in Health Benefits in Past Year							
Cuts in benefits							
Yes	21%	22%	14%	14%	14%	22%	27%
No	75	75	84	77	81	75	70
Increases in paying share of medical bills							
None	56	55	66	61	67	54	48
Increased a lot	9	9	14	8	8	8	9
Increased a moderate amount	19	20	13	13	11	21	25
Increased only a little	15	16	6	17	13	15	18
Premium increases (base: respondents reporting paying any premiums)							
None	40	42	27	47	48	43	37
Increased a lot	19	18	34	19	15	15	21
Increased a moderate amount	24	24	24	21	21	22	25
Increased only a little	13	13	7	10	13	13	14
*One or more of the above changes in health benefits***	49	48	61	36	38	47	56

Note: Columns may not sum to 100% because of rounding and because "Don't know/Refused to answer" not shown.

* Among respondents reporting income.

** Respondents whose premiums increased a lot or a moderate amount, had cuts in benefits, or whose share of medical bills increased a lot or a moderate amount.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 8. Access Barriers, Satisfaction, and Confidence in Quality of Health Care by Adults' Insurance Status Trends, 2003 and 2001 (base: adults ages 19–64)

	2003				2001			
Access and Cost Indicators	**Adults 19–64**	**Uninsured Now**	**Insured Now, Time Uninsured in Past Year**	**Insured All Year**	**Adults 19–64**	**Uninsured Now**	**Insured Now, Time Uninsured in Past Year**	**Insured All Year**
Total in Millions (estimated)	171.9	29.8	15.6	126.5	161.3	23.8	14.5	122.9
Percent Distribution:	100%	17%	9%	74%	100%	15%	9%	76%
Went without needed care in past year due to costs:								
Did not fill prescription	23	37	40	18	18	30	35	13
Did not see a specialist when needed	13	27	18	9	11	25	26	7
Skipped recommended test or follow-up	19	40	35	12	14	34	27	9
Had a medical problem, did not visit doctor or clinic	22	51	39	13	17	43	31	10
At least one of four access problems above because of cost	37	61	57	29	29	55	52	21
Satisfaction with quality of health care received in the past year								
Very satisfied	39	20	29	45	44	22	33	50
Somewhat satisfied	37	28	41	39	34	26	42	33
Not too/not at all satisfied	14	24	22	11	12	19	17	10
Confidence will be able to get high-quality care when needed								
Very confident	29	15	19	34	32	13	21	37
Somewhat confident	40	33	43	41	41	32	46	42
Not too/not at all confident	28	46	35	24	25	47	31	20

Source: The Commonwealth Fund Health Insurance Surveys (2003 and 2001).

Table 9. Access Barriers and Medical Bill Burdens by Insurance and Income, 2003 (base: adults ages 19–64)

Access and Cost Indicators	All Adults 19–64				Income Less than $35,000		Income $35,000 or More	
	Total	Continuously Insured	Insured Now, Time Uninsured in Past Year	Uninsured Now	Continuously Insured	Uninsured	Continuously Insured	Uninsured
Total in Millions (estimated)	171.9	126.5	15.6	29.8	40.0	33.8	77.7	8.7
Percent Distribution:	—	74%	9%	17%	34%	80%	66%	20%
Access Problems in Past Year								
Went without needed care in past year due to costs:								
Did not fill prescription	23	18	40	37	25	38	15	40
Did not get needed specialist care	13	9	18	27	13	24	7	24
Skipped recommended test or follow-up	19	12	35	40	17	38	10	42
Had a medical problem, did not visit doctor or clinic	22	13	39	51	20	50	10	39
At least one of four access problems due to inability to pay	37	29	57	61	39	61	24	58
Would have received better care if had been insured or had different insurance plan	38	30	58	61	34	61	28	53
Medical Bill Problems in Past Year								
Problems paying or not able to pay medical bills	23	16	44	44	26	46	11	40
Contacted by a collection agency for medical bills	21	15	36	35	23	37	12	33
Had to change way of life to pay bills	15	10	26	28	19	29	6	25
Any bill problem	32	25	55	53	37	56	19	49
Medical bills/debt being paid off over time	9	10	7	6	8	6	11	8
Base: Any bill problem or medical debt	41	35	62	59	45	62	29	57
Percent reporting that:								
Unable to pay for basic necessities (food, heat, or rent)	27	18	41	39	29	45	11	24
Used all or most of savings	44	39	46	53	51	51	30	52
Had large credit card debt/ Needed loan or debt against home	20	18	30	21	19	24	17	27
Insurance status of person/s at time care was provided								
Insured at time care was provided	62	83	42	20	74	24	92	41
Uninsured at time care was provided	32	11	52	73	17	69	5	52
Other insurance combination	3	2	4	4	2	4	2	2

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 10. Annual Deductibles and Insurance Premiums, 2003 (base: adults ages 19–64, insured by private insurance when surveyed)

	Current Insurance Source		
Deductibles and Insurance Premiums by Plan Type	**Total Private**	**Employer**	**Individual**
Total in Millions (estimated)	119.0	109.8	9.2
Annual Deductible Per Person			
No deductible	34%	35%	25%
Less than $100	6	7	6
$100–$499	27	28	11
$500–$999	10	10	14
$1,000 or more	7	5	30
Undesignated	15	15	15
Annual Premium Costs			
Type of Plan			
Single/Individual Plan	38	36	57
Family Plan	59	61	40
Single/Individual Plan			
None	22	24	8
$1–$499	10	10	12
$500–$999	18	20	9
$1,000–$1,499	15	15	13
$1,500–$2,499	9	8	13
$2,500 or more	13	10	34
Undesignated	13	13	12
Spent 5% or more of income	20	16	52
Spent 10% or more of income	7	5	26
Family Plan			
None	19	20	4
$1–$499	5	6	0
$500–$999	7	7	4
$1,000–$1,499	12	12	7
$1,500–$2,499	13	14	5
$2,500 or more	28	26	65
Undesignated	15	15	14
Spent 5% or more of income	19	18	36
Spent 10% or more of income	5	5	13

Note: Columns may not sum to 100% because of rounding.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

Table 11. Individual Out-of-Pocket Costs Among Uninsured, Insured, and Low-Income Adults, 2003 (base: adults ages 19–64)

		Continuity of Insurance			Continuously Insured*		
	Total Adults 19–64	Uninsured Now	Insured Now, Time Uninsured in Past Year	Continuously Insured	Employer	Individual	Public
Total Individual Out-of-Pocket Costs in Past 12 Months							
None	12%	23%	14%	10%	6%	6%	31%
$1–$499	33	27	37	34	35	23	34
$500–$999	18	16	12	19	21	23	7
$1,000–$1,999	13	10	8	14	15	15	8
$2,000 or more	14	17	16	13	13	23	9
Undesignated	10	7	12	10	10	10	11
Spent 5% or more of income	17	33	23	12	10	18	22
Spent 10% or more of income	9	18	14	6	4	10	15
INCOME BELOW 200% POVERTY							
Total in Millions	59.4	20.5	8.7	30.2	16.6	1.9	9.7
Total Individual Out-of-Pocket Costs in Past 12 Months							
None	19	23	16	17	8	14	30
$1–$499	34	28	40	37	40	37	37
$500–$999	14	16	12	13	17	11	7
$1,000–$1,999	9	9	8	10	11	8	9
$2,000 or more	14	18	13	12	13	20	7
Undesignated	9	6	11	11	11	10	10
Spent 5% or more of income	29	35	26	25	26	42	19
Spent 10% or more of income	17	20	19	14	15	23	12

* "Other" insurance category (including military or veteran's coverage) not shown.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2003).

APPENDIX. SURVEY METHODOLOGY

The Commonwealth Fund Biennial Health Insurance Survey was conducted by Princeton Survey Research Associates International from September 3, 2003, through January 4, 2004. The survey consisted of 25-minute telephone interviews in either English or Spanish and was conducted among a random, nationally representative sample of 4,052 adults ages 19 and older living in the continental United States.

Statistical results are weighted to correct for the disproportionate sampling design and to make the results representative of all adults ages 19 and older living in the continental United States. The data are weighted to the U.S. adult population ages 19 and older by age, sex, race/ethnicity, education, household size, geographic region, and telephone service interruption using the U.S. Census Bureau's 2003 Annual Social and Economic Supplement. The resulting weighted sample is representative of the approximately 207 million adults ages 19 and older, including the 171.9 million adults ages 19 to 64.

Insurance status in the past 12 months is classified as either insured all year, insured when surveyed but uninsured during the past 12 months, or currently uninsured. These categories enabled exploration of insurance instability and its role in access to care and financial security. The study also classified adults by annual income. Thirteen percent of adults 19 to 64 did not provide sufficient income data for classification.

The survey has an overall margin of sampling error of +/– 2 percentage points at the 95 percent confidence level. For adults 19 to 64, the margin of error for the three insurance groups is +/– 2 percent for the continuously insured, +/– 5 percent for those uninsured when surveyed, and +/– 7 percent for those insured when surveyed but uninsured earlier in the year.

The 50 percent survey response rate was calculated consistent with standards of the American Association for Public Opinion Research.

NOTES

[1] Congress enacted a set of federal income tax cuts in 2001, 2002, and 2003. The question in the survey is general, asking people whether they would "prefer to keep the recent federal tax cut or repeal the tax cut and instead use those revenues to help guarantee health insurance security for everyone."

[2] All reported increases or differences are statistically significant at $p < .05$ or better.

[3] K. Levit et al., "Health Spending Rebound Continues in 2002," *Health Affairs* 23 (January/February 2004): 147–59.

[4] J. Gabel et al., "Health Benefits in 2003: Premiums Reach Thirteen-Year High as Employers Adopt New Forms of Cost Sharing," *Health Affairs* 22 (September/October 2003): 117–26.

[5] S. R. Collins, C. Schoen, M. M. Doty, and A. L. Holmgren, *Job-Based Health Insurance in the Balance: Employer Views of Coverage in the Workplace,* The Commonwealth Fund, March 2004.

[6] S. R. Collins, K. Davis, and J. M. Lambrew, *Health Care Reform Returns to the National Agenda: The 2004 Presidential Candidates' Proposals,* The Commonwealth Fund, updated March 17, 2004.

[7] Congress enacted a set of federal income tax cuts in 2001, 2002, and 2003. The question in the survey is general, asking people whether they would "prefer to keep the recent federal tax cut or repeal the tax cut and instead use those revenues to help guarantee health insurance security for everyone."

[8] S. R. Collins, K. Davis, and J. M. Lambrew, *Health Care Reform Returns to the National Agenda: The 2004 Presidential Candidates' Proposals,* The Commonwealth Fund, updated March 17, 2004.

[9] The Commonwealth Fund 2001 Health Insurance Survey, conducted by Princeton Survey Research Associates from April 2001–July 2001, consisted of 25-minute interviews either in English or Spanish with a random, national sample of 3,508 adults, ages 19 and older, living in households with telephones in the continental United States. The sampling and weighting methodology was identical to that used in the Commonwealth Fund Biennial Health Insurance Survey, conducted from September 2003–January 2004. See Methodology at end of report and L. Duchon et al., *Security Matters: How Instability in Health Insurance Puts U.S. Workers at Risk—Findings from the Commonwealth Fund 2001 Health Insurance Survey,* The Commonwealth Fund, December 2001.

[10] Increase statistically significant at $p < .05$.

[11] Increase statistically significant at $p < .05$.

[12] Increase statistically significant at $p < .05$.

[13] Increase statistically significant at $p < .05$.

[14] Increase statistically significant at $p < .05$.

[15] G. Jeffers, Jr., "Exit Poll: Economy Top Concern of Democrats, Texas Exit Poll Also Shows Health Care Is Important Topic," *Dallas Morning News,* March 10, 2004; Henry J. Kaiser Family Foundation, *Kaiser Health Poll Report,* January/February 2004 Edition; Employee Benefit Research Institute, *2003 Health Confidence Survey: Summary of Findings,* September 2003.

[16] K. Davis, *Making Health Care Affordable for All Americans,* Invited testimony before the Senate Committee on Health, Education, Labor, and Pensions Hearing on "What's Driving Health Care Costs and the Uninsured?" January 28, 2004.

[17] J. Gabel et al., "Health Benefits in 2003: Premiums Reach Thirteen-Year High as Employers Adopt New Forms of Cost Sharing," *Health Affairs* 22 (September/October 2003): 117–26.

[18] S. Trude, *Patient Cost-Sharing: How Much Is Too Much?* Issue Brief No. 72, Center for Studying Health System Change, December 2003.

RELATED PUBLICATIONS

In the list below, items that begin with a publication number are available for free download from The Commonwealth Fund's website at **www.cmwf.org.** Other items are available from the authors and/or publishers.

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#718 *Job-Based Health Insurance in the Balance: Employer Views of Coverage in the Workplace* (March 2004). Sara R. Collins, Cathy Schoen, Michelle M. Doty, and Alyssa L. Holmgren. According to the survey results presented in this issue brief, a majority of employers say that rather than expanding public insurance programs, they would prefer a mandate for companies either to provide health benefits or pay into a fund to cover uninsured workers.

#716 *Lack of Prescription Coverage Among the Under 65: A Symptom of Underinsurance* (February 2004). Claudia L. Schur, Michelle M. Doty, and Marc L. Berk. This issue brief finds that nearly one of 10 adults under age 65 has health insurance but no drug coverage, and that many face high out-of-pocket costs and burdensome medical bills. The study also finds that lacking drug benefits is often a sign of other holes in basic coverage.

#703 *Achieving a High Performance Health System* (January 2004). Karen Davis. In this essay—a reprint of the president's message from the Fund's *2003 Annual Report*—the author lays out steps on how to provide patient-centered, safe, high-quality health care to all Americans.

#688 *Churn, Churn, Churn: How Instability of Health Insurance Shapes America's Uninsured Problem* (November 2003). Pamela Farley Short, Deborah R. Graefe, and Cathy Schoen. This issue brief describes churning—the process by which millions of people cycle on and off coverage—and reports that nearly two of five Americans under age 65, and more than two-thirds of those with low incomes, lacked health coverage at some point within the study timeframe.

#687 *Battery-Powered Health Insurance? Stability in Coverage of the Uninsured* (November/December 2003). Pamela Farley Short and Deborah R. Graefe. *Health Affairs,* vol. 22, no. 6 (*In the Literature* summary). In this article, the authors describe health insurance churning (see #688 above).

#684 *Insurance, Access, and Quality of Care Among Hispanic Populations* (October 2003). Michelle M. Doty, The Commonwealth Fund. Nearly two-thirds of low-income, working-age Hispanics were uninsured for all or part of the year in 2000, compared with less than half of low-income, working-age blacks and whites, according to analysis presented in this chartpack. The analysis also finds that uninsured Hispanics have lower rates of certain kinds of preventive care: for example, among uninsured adults with diabetes (ages 18 to 64), just 39 percent of Hispanics had annual foot exams, compared with 62 percent of African Americans and 54 percent of whites. The chartpack is available online only at http://www.cmwf.org/programs/minority/doty_hispanicchartpack_684.pdf.

#672 *The Growing Share of Uninsured Workers Employed by Large Firms* (October 2003). Sherry Glied, Jeanne M. Lambrew, and Sarah Little. The number of uninsured workers in large firms rose

sharply from 1987 to 2001, signaling warnings about a new trend among businesses that traditionally are the most likely to offer health benefits. The authors identify several workforce changes contributing to this trend, including a decline in manufacturing jobs and the proportion of workers in large firms who are union members.

#671 *Health Care Reform Returns to the National Agenda: The 2004 Presidential Candidates' Proposals* (September 2003, revised March 2004). Sara R. Collins, Karen Davis, and Jeanne M. Lambrew. This analysis reviews the health reform proposals of the candidates for the 2004 presidential election, comparing the numbers of uninsured who would be covered under each plan as well as the estimated costs.

#654 *American Health Care: Why So Costly?* (June 11, 2003). Karen Davis, The Commonwealth Fund. In invited testimony before a Senate Appropriations subcommittee hearing on rising health care costs, the Fund's president outlined a number of steps that need to be taken to achieve a high-performing, accessible health system, including: public reporting of health care cost and quality data, establishment of quality standards, broad-scale demonstrations of new approaches to insurance coverage, investment in modern information technology and improved care processes, provider performance incentives, and elimination of waste and ineffective care.

#657 *Creating Consensus on Coverage Choices* (April 23, 2003). Karen Davis and Cathy Schoen, The Commonwealth Fund. *Health Affairs* Web Exclusive. In this article, the authors propose an innovative framework to provide automatic, affordable health insurance to nearly all Americans. The approach would combine tax credits for private insurance with public program expansions. It would also promote insurance efficiencies through automatic enrollment, use of information technology, and group coverage. The framework could be phased in over time and modified along the way. Available online at http://www.healthaffairs.org/WebExclusives/2203Davis.pdf/.

#622 *Time for Change: The Hidden Cost of a Fragmented Health Insurance System* (March 2003). Karen Davis, The Commonwealth Fund. In invited testimony before the Senate Special Committee on Aging, Fund president Karen Davis detailed the failure of the U.S. health care system to meet the objectives of ensuring access to needed medical care and protecting Americans from the financial burden of costly medical bills. Calling the system "costly, complex, and confusing," Davis said the solution requires automatic and affordable health insurance coverage for all Americans and shared responsibility for financing coverage.

#596 *Expanding Health Insurance Coverage: Creative State Solutions for Challenging Times* (January 2003). Sharon Silow-Carroll, Emily K. Waldman, Heather Sacks, and Jack A. Meyer, Economic and Social Research Institute. The authors summarize lessons from 10 states that have innovative strategies in place for health insurance expansion or have a history of successful coverage expansion. The report concludes with recommendations for federal action that could help states maintain any gains in coverage made and possibly extend coverage to currently uninsured populations.

#585 *Small But Significant Steps to Help the Uninsured* (January 2003). Jeanne M. Lambrew and Arthur Garson, Jr. A number of low-cost policies could ensure health coverage for at least some Americans who currently lack access to affordable insurance, this report finds. Included among the dozen proposals outlined is one that would make COBRA continuation coverage available to all workers who lose their job, including employees of small businesses that are not currently eligible under federal rules.

#527 *Are Tax Credits Alone the Solution to Affordable Health Insurance? Comparing Individual and Group Insurance Costs in 17 U.S. Markets* (May 2002). Jon R. Gabel, Kelley Dhont, and Jeremy

Pickreign, Health Research and Educational Trust. This report identifies solutions that might make tax credits and the individual insurance market work. These include raising the amount of the tax credits; adjusting the credit according to age, sex, and health status; and combining tax credits with new access to health coverage through existing public or private group insurance programs.

#512 *Security Matters: How Instability in Health Insurance Puts U.S. Workers at Risk* (December 2001). Lisa Duchon, Cathy Schoen, Michelle M. Doty, Karen Davis, Erin Strumpf, and Stephanie Bruegman. This report, based on The Commonwealth Fund 2001 Health Insurance Survey, finds that in the past year one of four Americans ages 19 to 64—some 38 million adults—was uninsured for all or part of the time. Lapses in coverage often restrict people's access to medical care, cause problems in paying medical bills, and even make it difficult to afford basic living costs such as food and rent.

#478 *Universal Coverage in the United States: Lessons from Experience of the 20th Century* (December 2001). Karen Davis. This issue brief, adapted from an article in the March 2001 *Journal of Urban Health: Bulletin of the New York Academy of Medicine,* traces how the current U.S. health care system came to be, how various proposals for universal health coverage gained and lost political support, and what the pros and cons are of existing alternatives for expanding coverage.

#415 *Challenges and Options for Increasing the Number of Americans with Health Insurance* (January 2001). Sherry A. Glied, Joseph A. Mailman School of Public Health, Columbia University. This overview paper summarizes the 10 option papers written as part of the series Strategies to Expand Health Insurance for Working Americans.

#438 *A 2020 Vision for American Health Care* (December 11/25, 2000). Karen Davis, Cathy Schoen, and Stephen Schoenbaum. *Archives of Internal Medicine,* vol. 160, no. 22. The problem of nearly 43 million Americans without health insurance could be virtually eliminated in a single generation through a health plan based on universal, automatic coverage that allows choice of plan and provider. The proposal could be paid for, according to Fund President Davis and coauthors, by using the quarter of the federal budget surplus which results from savings in Medicare and Medicaid.