

Insured and still at risk: Number of underinsured increased 80 percent between 2003 - 2010

September 8 2011

The number of underinsured adults -- those with health insurance all year, but also with very high medical expenses relative to their incomes -- rose by 80 percent between 2003-2010, from 16 million to 29 million, according to a new Commonwealth Fund study published in the September issue of Health Affairs. Nearly half (44%) of U.S. adults -- 81 million people -- were either underinsured or uninsured in 2010, up from 75 million in 2007 and 61 million in 2003.

The study finds that in addition to covering the uninsured, Affordable Care Act (ACA) reforms will also provide significant relief for those who are underinsured, potentially reducing their numbers by as much as 70 percent once the law is fully implemented.

"Underinsured families are at nearly as high risk as the uninsured because, while they have [health insurance](#), holes or limits in their plans expose them to often unaffordable [medical costs](#)," said lead study author and Commonwealth Fund Senior Vice President Cathy Schoen. "To reduce the number of underinsured, it will be critical for the plans offered under the Affordable Care Act reforms to keep deductibles and out-of-pocket costs low for essential, effective health care."

Although insured all year, underinsured adults reported high rates of access concerns and [financial stress](#). The study finds that the underinsured go without needed health care and struggle to pay medical

bills or [medical debt](#) at rates at times similar to those without health insurance. Nearly half (46%) of underinsured and 63 percent of uninsured adults didn't fill a prescription, see a doctor when sick, or went without a recommended medical test or treatment, compared with 28 percent of people who had more adequate health insurance. Half (52%) of underinsured and 58 percent of uninsured adults had trouble paying medical bills, were contacted by a collections agency over unpaid bills, had to change their way of life to pay [medical bills](#), or were paying off medical debt over time. In contrast, about one fourth (27%) of adults with adequate health insurance reported such medical bill stress and debt.

How The Affordable Care Act Will Help The Underinsured

The study finds that Affordable Care Act reforms like premium assistance and reduced cost-sharing for lower and modest income families will provide significant support to those most likely to be underinsured—people with incomes below 250 percent of the federal poverty level, or \$56,000 a year for a family of four. Seven out of 10 of the underinsured, and a similar share of those uninsured during the year, had incomes this low in the study.

The new law will also provide sliding scale premium assistance to families making up to 400 percent of poverty or \$88,000 a year for a family of four. However, the study notes that those with incomes above 250 percent of poverty (\$56,000 for a family of four) could face out-of-pocket costs that are high relative to their incomes if plan designs permit high deductibles or high cost-sharing for essential care.

"Inadequate health insurance puts families' health and financial security at risk," said Commonwealth Fund President Karen Davis. "The good

news is that the [Affordable Care](#) Act includes provision to improve coverage for everyone. If plans are well-designed to cover high-value care, in the future families won't have to live in fear of paying for health insurance that won't protect them when sick—families, especially low and middle income families, will have the greater security of knowing they can afford the health care they need."

Additional Study Findings:

- Low-income families were most at risk: three quarters of those with incomes below \$20,000 were either underinsured (26%) or uninsured (52%).
- However, coverage has also eroded for middle income families. By 2010, nearly one out of six (16%) of adults with incomes between \$40,000 and \$60,000 a year were underinsured and another 19 percent were uninsured. In contrast, in 2003, only 5 percent of adults with incomes in this range were underinsured.
- Underinsured adults often pay premiums that are high relative to their incomes in addition to facing high deductibles, limits on the number of visits and caps on what the plan will pay in a year. One-third (33%) of underinsured adults reported deductibles of \$1,000 or more; 19 percent spent 10 percent or more of their income on premiums.

Policy Implications

The authors note that the high rates of underinsured are the result of insurance plan designs. They conclude that "to minimize the risk that newly insured could become underinsured, designs will need to take a value-based approach that ensures access and financial protection for essential care."

Methodology

Study data come from the [Commonwealth Fund](#) 2010 Health Insurance Survey, a nationally representative telephone survey of 4,005 adults age nineteen and older living in the continental United States. Conducted by Princeton Survey Research Associates International, interviews took place from July 14 to November 30, 2010. We also present trend data from our analyses of the 2003 and 2007 Biennial Health Insurance Surveys (also conducted by the Princeton group).

The final sample consisted of 2,550 interviews conducted by landline phone and 1,455 interviews by cell phone, including 637 in households with no land lines. In this study we restricted the analysis to the sample of 3,033 people ages 19-64 who participated in the survey. The resulting weighted sample represents 184 million adults in this age group.

Provided by Commonwealth Fund

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