

# Study links health literacy to higher levels of health insurance coverage

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Uninsured individuals who had greater knowledge about health insurance and financial issues were more likely to gain coverage after health insurance exchanges opened under the federal Affordable Care Act, according to a new RAND Corporation study.

For a typical person who was uninsured in 2013, the chance of being insured in 2015 was 9.2 percentage points higher if they had high health insurance literacy as compared to someone with low health insurance literacy, after adjusting for other factors.

The effects of high health insurance and [financial literacy](#) were significantly linked to obtaining coverage even after researchers considered other factors, such as a person's income level, employment and political affiliation.

Researchers say the findings have implications for improving insurance uptake in insurance markets, suggesting it is important to improve the public's health insurance literacy, as well as to design health plans and supporting materials that can be easily understood.

"Limited health insurance and financial literacy may make it difficult for consumers to assess whether insurance premiums are 'worth it'," said Katherine Carman, senior author of the study and an economist at RAND, a nonprofit research organization. "Efforts to decrease the number of uninsured adults should consider that these individuals may have a hard time deciphering health insurance information."

The findings are published online by the journal *Medical Care*.

The study is based on surveys conducted with 2,742 adults aged 18 to 64 who participate in the RAND American Life Panel, a nationally representative internet-based survey panel.

Participants' health insurance and financial literacy was assessed by brief questionnaires commonly used to test financial literacy. Researchers also assessed participants' health insurance status in the fall of 2013 (before health insurance exchanges created under the ACA opened) and again in the spring of 2015.

Overall, about 60 percent of study participants who were initially uninsured gained health insurance by spring of 2015.

Among people with high health insurance literacy who were uninsured in 2013, 64 percent had obtained coverage by 2015, compared with 48 percent among those with low health insurance literacy, before adjusting for other factors. Among people with high financial literacy who were uninsured in 2013, 70 percent had obtained coverage by 2015, compared to 56 percent among those with low financial literacy.

"It is remarkable that the association between financial literacy and people's insurance decisions is similar in size to things we normally associate as being a key to someone having health insurance, such as education levels and whether someone is employed," Carman said.

Researchers say that findings demonstrate that policies and programs intended to further reduce the numbers of uninsured—especially through Medicaid and the ACA marketplaces—should take into account the financial literacy and health insurance knowledge of the groups they are trying to reach.

"Because the ACA relies on consumer choice, those who are uninsured and have low [health insurance](#) literacy represent a particularly vulnerable population because obtaining coverage may be especially difficult for them," Carman said.

Provided by RAND Corporation

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