

# Health insurance premiums will surpass median household income in 2033: study

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Experts say what kind of care should be covered, not who pays for it, is the real issue.

(HealthDay) -- If current trends continue, health insurance premiums will surpass the median U.S. household income in 2033, a new study says.

Using data from the Medical Expenditure Panel Survey and the U.S. [Census Bureau](#), researchers calculated the premiums paid by Americans from 2000 to 2009 and compared them to incomes. They found that insurance premiums rose 8 percent from 2000 to 2009, while household incomes rose only about 2 percent.

If those same rates continue during the next two decades, the average cost of a family health-insurance premium will hit half of median [household income](#) by 2021 and surpass it by 2033, the study found.

The median household income was \$49,800 in 2009.

The study is published in the March/April issue of the [Annals of Family Medicine](#).

The calculations in the study include all premium costs -- including the portion paid by the employer and the employee. What the projections don't include are out-of-pocket costs, such as co-pays for treatments and drugs.

When co-pays are factored in, the situation looks even worse, said co-lead study author Dr. Richard

Young, director of research at John Peter Smith Hospital in Fort Worth, Texas.

According to their projections, the employee portion of the premium plus out-of-pocket costs -- not including what the employer has to shell out -- will equal about half of family income by 2031.

Despite the worrisome trend, these latest numbers are slightly brighter than the prior projections, done in 2005, which estimated that premiums would surpass household income in 2025.

Two events have come into play that have curtailed spending somewhat, Young said. In the coming years, the reforms that will come as a result of the 2010 Affordable Care Act will help to reign in the cost trajectory, while the recent recession has also led more families to spend less on health care.

Yet neither is enough to make more than a minor dent in the looming issue, Young said.

"Even under optimal assumptions about how much the [Affordable Care](#) Act will affect the cost of health care, it's still growing faster than the overall economy, meaning the cost of health related to everything else in the economy is getting worse and worse," Young said. "If you look at what is being paid by employers for their employees, for an average-wage person, that cost is a huge percentage of their income. And that's not even getting into the cost of Medicare and Medicaid on the tax side."

Bob Phillips, director of the Robert Graham Center, a division of the American Academy of Family Physicians that researches health care to help inform policy-making, said the trend in increasing health-care costs has gone on for long enough that such projections are "realistic."

"This trend is real, and along the way we are going to be dropping more and more people as a lot of

people are unable to afford health insurance," Phillips said.

As patients who get cancer or some other expensive illness run up bills they can't pay, more will end up in bankruptcy.

"This is going to leave a lot of working-class families destitute," Phillips said. "It adds to the anxiety of what you're going through and leads a lot of people to make choices that are not the right ones for their health, to forgo treatment or medications, or to pretend they don't have that illness. It's fair to say it's killing lots of people. Even after they've passed on it leaves the family holding incredible costs that they can't pay."

The solutions, Young and Phillips agreed, will not be easy. Tweaking payment systems isn't enough, Young said. Instead, health professionals, policy makers and U.S. health-care consumers have to be willing to accept more significant, structural changes.

"We have to decide: What is health care? What should be covered? What should we provide?" Young said. "Unless we're willing to talk about some difficult realities, there is nothing historically that has shown that any of these financing tweaks has made any substantive difference. If we want to avoid crushing our children and grandchildren with health-care-related debt, then we need to start having some deeper discussions."

One example cited in the paper: Medicare recently added coverage of the prostate cancer drug Provenge (sipuleucel-T), which will cost an estimated \$93,000 for treatment to increase life expectancy by four months.

Young also believes in a greater reliance on family physicians and other primary-care doctors instead of more costly specialists, and in being more prudent in what tests are ordered.

Although much of the debate over health care has focused on who is paying for it -- single payer, private insurance or public insurance -- Young said that an even more fundamental discussion has to take place about what sort of health care should be

provided, regardless of who is paying.

"Who writes the checks isn't the problem," he said. "The problem is a deeper sense of what the [health care](#) system should be and what kinds of things doctors should treat."

**More information:** The [Kaiser Family Foundation](#) has more on trends in health-care costs.

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