



# In the Literature

## HOW MANY ARE UNDERINSURED? TRENDS AMONG U.S. ADULTS, 2003 AND 2007

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The number of underinsured U.S. adults—that is, people who have health coverage that does not adequately protect them from high medical expenses—has risen dramatically, a Commonwealth Fund study finds. As of 2007, there were an estimated 25 million underinsured adults in the United States, up 60 percent from 2003.

Much of this growth comes from the ranks of the middle class. While low-income people remain vulnerable, middle-income families have been hit hardest. For adults with incomes above 200 percent of the federal poverty level (about \$40,000 per year for a family), the underinsured rates nearly tripled since 2003.

These results and others are published in “How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007,” (*Health Affairs* Web Exclusive, June 10, 2008), by The Commonwealth Fund’s Cathy Schoen, Sara R. Collins, Jennifer L. Kriss, and Michelle M. Doty.

### **Middle-Income Uninsured Rate Rising**

The authors analyzed data from the Commonwealth Fund 2007 Biennial Health Insurance Survey, which interviewed adults ages 19 and older from June through October 2007. Respondents were identified as underinsured if they spent 10 percent of more of their income (or 5 percent if they were low-income) on out-of-pocket medical expenses, or if they had deductibles that equaled 5 percent or more of their income. An estimated 14 percent of all nonelderly adults were underinsured in 2007, and more than one of four were uninsured for

all or part of the year. Adding these two groups together, 75 million adults—42 percent of the under-65 population—had either no insurance or inadequate insurance in 2007, up from 35 percent in 2003.

Lack of adequate insurance coverage, the study finds, is not a problem limited to low-income people. Adults with incomes below the poverty level were at the highest risk of being uninsured or underinsured, but “insurance erosion has spread up the income distribution well in to the middle-income range,” the authors say. For those with annual incomes of \$40,000 to \$59,000, the underinsured percentage rate reached double digits in 2007. Barely half of those with incomes of 200 percent to 299 percent of the poverty level were insured all year with adequate coverage.

### **Underinsured Go Without Needed Care**

In terms of access problems and financial stress, underinsured people—even though they have coverage all year—report experiences similar to the uninsured. More than half of the underinsured (53%) and two-thirds of the uninsured (68%) went without needed care—including not seeing a doctor when sick, not filling prescriptions, and not following up on recommended tests or treatment. Only 31 percent of insured adults went without such care.

About half of the underinsured (45%) and uninsured (51%) reported difficulty paying bills, being contacted by collection agencies for unpaid bills, or changing their way of life to pay medical bills. Many reported that they took on a loan, a mortgage

against their home, or credit card debt to pay their bills, suggesting “that these financial difficulties had the potential to linger into the future.” In contrast, only 21 percent of insured adults reported financial stress related to medical bills.

### Benefit Design Matters

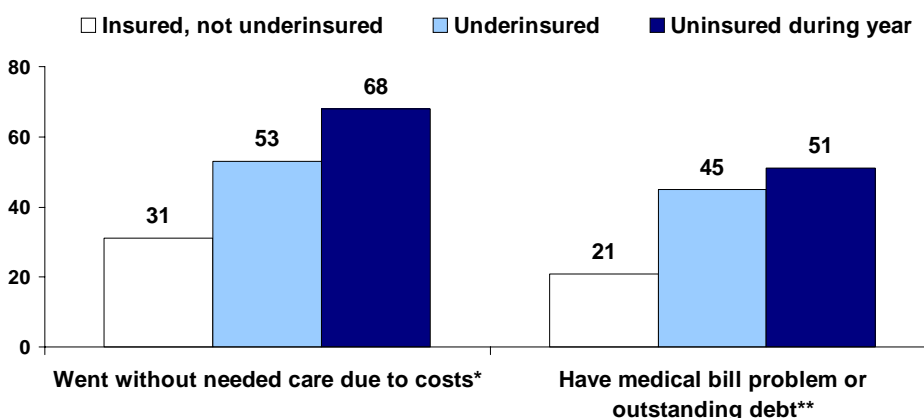
The sharp increase in the number of underinsured adults, say the authors, is partly due to design changes in insurance benefits that leave individuals financially vulnerable. Underinsured adults were more likely than those with adequate insurance to report benefit limits—for example, restrictions on the total amount a plan would pay for medical care or on the number of physicians’ visits allowed. They were also far more likely to report high deductibles: one-quarter had annual per-person deductibles of \$1,000 or more. Despite benefit limits and higher deductibles, underinsured adults often reported high annual premium costs, in line with those reported by more adequately insured people.

“Benefit design matters,” the researchers conclude. Having a policy with substantial cost-sharing relative to income can undermine access to care and erode family finances. While improving insurance coverage is a worthy goal, it is important for policymakers to consider cost-sharing provisions, scope of benefits, and income when exploring coverage mandates, they say. Health care reform in Massachusetts, for example, includes graduated cost-sharing, as well as premium assistance for those with incomes up to 300 percent of the poverty level.

The goal is high-quality care and improved outcomes—not just coverage, write the authors. “[T]here is growing recognition of the need for coherent strategies that combine coverage with payment and other policies to change directions and move toward a more inclusive and higher-performing, high-value health system.”

### Underinsured and Uninsured Adults at High Risk of Going Without Needed Care and Financial Stress

Percent of adults (ages 19–64)



\* Did not fill prescription; skipped recommended medical test, treatment, or follow-up, had a medical problem but did not visit doctor; or did not get needed specialist care because of costs. \*\* Had problems paying medical bills; changed way of life to pay medical bills; or contacted by a collection agency for inability to pay medical bills.

Source: Adapted from C. Schoen, S. R. Collins, J. L. Kriss, and M. M. Doty, “How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007,” *Health Affairs* Web Exclusive, June 10, 2008. Data: 2007 Commonwealth Fund Biennial Health Insurance Survey.