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Healthcare costs rose while insurance coverage fell, studies show

The changes have left nearly half the working-age population without enough protection from illness. Altogether, 44% of American adults were either uninsured or underinsured last year, according to the Commonwealth Fund.



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By Noam N. Levey, Los Angeles Times
September 8, 2011

Reporting from Washington— U.S. workers whose wages stagnated over the last decade also saw their health insurance degrade, even as medical costs gobbled up a growing share of their income, two new studies show.

An estimated 29 million adults who had health insurance lacked adequate coverage in 2010, leaving them exposed to medical expenses such as high deductibles that they couldn't afford, according to a survey by the nonprofit Commonwealth Fund.

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That is up from 16 million underinsured people in 2003, the survey found, underscoring the rising burden that insurance plans are placing on consumers as the industry raises required co-pays and deductibles.

"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 Commonwealth Fund Senior Vice President Cathy Schoen, lead author of the new report, which was published in the journal Health Affairs.

More workers also simply lost coverage over the last decade, the survey found. Fifty-two million adults ages 19 to 64 did not have insurance at some point in 2010, up from 46 million in 2003.

That has left nearly half the working-age population without enough protection from illness. Altogether, 44% of U.S. adults were either uninsured or underinsured last year, according to the Commonwealth Fund.

Children and seniors are more likely to have insurance because many qualify for public programs such as Medicare

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The erosion in insurance coverage, which hit middle- and low-income Americans hardest, meant higher medical bills for U.S. families. The typical family of four with employer-based coverage saw its total monthly healthcare tab almost double between 1999 and 2009 — from \$805 to \$1,420 — researchers at the Rand Corp. found.

Over the same period, total monthly income grew only 30%, barely keeping pace with inflation, which pushed up prices 29% over the decade.

"Even a typical family with employer-provided insurance is just barely treading water," said David Auerbach, the lead author of the study, also published in Health Affairs.

Rising out-of-pocket medical bills were so corrosive, the study found, that they virtually wiped out income gains over the decade, leaving the typical family with just \$95 more a month to spend on things other than healthcare in 2009, compared with 1999.

Some of the increased healthcare burden came from higher insurance premiums and increases for co-payments and deductibles.

But the Rand researchers calculated that families were also paying more indirectly. Employers spent more on health benefits, rather than offering their workers bigger paychecks.

Families took yet another hit as the share of their state and federal tax bills that went to support government healthcare programs such as Medicare and Medicaid also rose over the decade.

The Rand and Commonwealth Fund researchers said the new healthcare law that President Obama signed last year could bring some relief, particularly to Americans without adequate insurance who will qualify for subsidized insurance starting in 2014.

That could reduce the number of underinsured adults as much as 70%, the Commonwealth report concluded.

While projected Medicare savings will help offset some of the costs of providing subsidies to millions of Americans, however, new tax hikes built into the law could also indirectly further inflate the typical household's medical tab.

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