



By the Numbers: How Rising Health Care Costs Are Affecting Families

Health care in this country is quickly becoming unaffordable for many families. It may be less obvious than prices at the pump, but it is squeezing family budgets and jeopardizing their access to care. In the current economy, being insured is no longer a guarantee that families, including their children, can get the health care they need. Families are struggling to meet health expenses that are much higher than they used to be – often because of some combination of higher premiums and fewer benefits.

1. Among **middle-income** respondents, almost 3 out of 10 report **serious problems** paying for health care.

Too often, health coverage for children is simply out of reach. Middle income households are clearly feeling the squeeze on their budget with high health care costs. Among households with incomes of \$30,000 to \$75,000, 28% reported having serious problems affording health care or health insurance. The problem is even more serious for households with incomes below \$30,000 – 46% of whom report having serious problems paying for health care. These high costs jeopardize children's access to seamless and comprehensive health care.ⁱ

2. Families that do not report serious problems paying for health care *today* may not be able to afford costs related to a serious injury or illness in the future. Of the roughly two million Americans who filed for bankruptcy in 2001 and cited health reasons, **75 percent had health insurance** when they fell sick.ⁱⁱ

Far too many Americans have health plans that are only adequate as long as they have no medical problems. Medical bills piling up on the kitchen table are less obvious than foreclosure signs in the front yard, but still have serious consequences for many families! According to a recent survey:ⁱⁱⁱ

- One in five adults (20%) says that in the past five years they have been contacted by a collection agency because of medical bills.
- Nearly as many (17%) say they have used up all or most of their savings in the past five years because of medical bills.
- About one in ten (12%) reports being unable to pay for even basic necessities such as food, heat or housing.

A child's sickness or injury can be a tremendous financial hardship for a family. We need a safety net that protects children's health and middle class families.

3. The current average annual health insurance premium for a family policy costs as much as what a full-time worker earning minimum wage makes in a year.

The average annual premium for employer-sponsored family coverage in 2007 was over \$12,000 which is comparable to what a full-time worker earning the minimum wage makes in a year. The median family income for all families in the United States is \$58,407.^{iv}

The amount of the average total premium that employees pay has **nearly doubled** since 2001 from about \$1,800 to almost \$3,300 – increasing much faster than inflation and earnings.^v Additionally, a family of four spends an average of almost \$3,000 on out-of-pocket medical expenses each year.^{vi} Increasing prices means tough choices for families, but ensuring health care for children is one burden we can alleviate. It costs about a third as much to cover a child for a year as an adult. Coverage for all children is a smart investment we must make today.

4. A family is not adequately insured (or rather is “underinsured”) if medical costs exceed 10 percent of a family's income. In 2007, **25 million adults** (19-64) were underinsured.

According to the Commonwealth Fund's calculations, in 2007 an estimated 25 million adults (age 19-64) were underinsured. This is a **60 percent increase** since 2003, and indicates a trend toward families bearing a greater financial burden for health care. This puts millions of families *with* health insurance at risk of going without needed health services or spending large shares of their income on health care.

Including both the uninsured and underinsured, 75 million adults—42 percent of the adults under 65—had either no insurance or inadequate insurance in 2007, up from 35 percent in 2003.^{vii}



5. The cost of health insurance premiums has risen rapidly since 2001. In fact the cost of premiums has increased **four times as fast as wages** and more than four times as fast as inflation.

Since 2001, insurance premiums have increased by 78 percent – that's four times as fast as the increase in wages and more than four times as fast as inflation.^{viii} Families are spending a greater share of their income on health insurance – leaving less money to spend on gas and food, for which costs are also rising rapidly.

Nearly half (47 percent) of voters say they are most worried about increases in the amount the average American pays for health insurance premiums and out-of-pocket health care costs.^{ix} We know how to cover all children and make sure that these rising costs do not cause families to delay taking their child to the doctor.

6. 42 percent of people report that they or a family member skipped or delayed necessary medical care because of the cost.

More than four in ten adults (42%) say that in the past year, they or a family member have done at least one of the following because of the cost:

- postponed getting needed health care (29%)
- skipped a recommended test or treatment (24%)
- not filled a prescription (23%)
- cut pills in half or skipped doses of a medicine (19%)
- had problems getting mental health care (8%)

Among those who report taking one of these actions, two-thirds (66%) say their medical condition got worse as a result.^x

In the United States, we spend more than \$2 trillion on health care each year and more per person than any country in the world. Yet 47 million Americans are uninsured, including 9.4 million children. Additionally, the concern over cost of and access to health care isn't restricted to just those who are uninsured. With higher premiums and fewer benefits, even those who *are* insured are feeling the effects not only on their family budget, but on their family's health.

As the cost of health insurance, unemployment, food prices and gas prices continue to rise, we don't have any time to lose. Fortunately, the problem is solvable if we all do our part, and since it costs less to provide health coverage to children than to any other group of people, ensuring that all children have the health care they need to survive and thrive is a great first step. Join CDF's **Healthy Child Campaign** to achieve a health care system that ensures all children and pregnant women access to seamless, affordable, comprehensive health coverage.

ⁱ Kaiser Health Tracking Poll: Election 2008. April 2008. Available at: <http://www.kff.org/kaiserpolls/elections2008.cfm>

ⁱⁱ Sources: D.U. Himmelstein et al., "Illness and Injury as Contributors to Bankruptcy," *Health Affairs* 24 (2005): w63-w73; Kaiser Health Tracking Poll: Election 2008. April 2008.

ⁱⁱⁱ Kaiser Health Tracking Poll: Election 2008. April 2008.

^{iv} U.S. Department of Commerce, Bureau of the Census, *Current Population Survey, Annual Social and Economic Supplements, Historical Income Tables, Table F-6, Regions--Families (All Races by Median and Mean Income: 1953 to 2006)*. Calculations by CDF

^v Kaiser Family Foundation and Health Research and Educational Trust, "Employer Health Benefits: 2007" Available at: <http://www.kff.org/insurance/7672/>. Calculations by CDF.

^{vi} Milliman Inc. "2008 Milliman Medical Index" May 2008. Milliman Research Report. Available at: <http://www.milliman.com/expertise/healthcare/products-tools/mmi/index.php>

^{vii} C. Schoen et al. "How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007" *Health Affairs* 2008; 27(4):w298-309

^{viii} Kaiser Family Foundation and Health Research and Educational Trust, "Employer Health Benefits: 2007". Calculations by CDF

^{ix} Kaiser Health Tracking Poll: Election 2008. June 2008. Available at: <http://www.kff.org/kaiserpolls/elections2008.cfm>

^x Kaiser Health Tracking Poll: Election 2008. April 2008.