kaiser commission on medicaid and the uninsured

Medical Debt and Access to Health Care
EXECUTIVE SUMMARY

Prepared by

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September 2005

THE HENRY J. KAISER FAMILY FOUNDATION

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The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bi-partisan group of national leaders and experts in health care and public policy.

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Health insurance alone is no longer a guarantee of financial protection from the costs of health care for many. Today's higher premiums, deductibles, and copayments can create a substantial financial burden for families and many learn only through an unexpected serious injury or illness that they are not well protected financially. Earlier studies document a large group of Americans who have problems paying their medical bills, i.e. have medical debt. But does medical debt affect a person's decisions about whether to and when to access needed health care services?

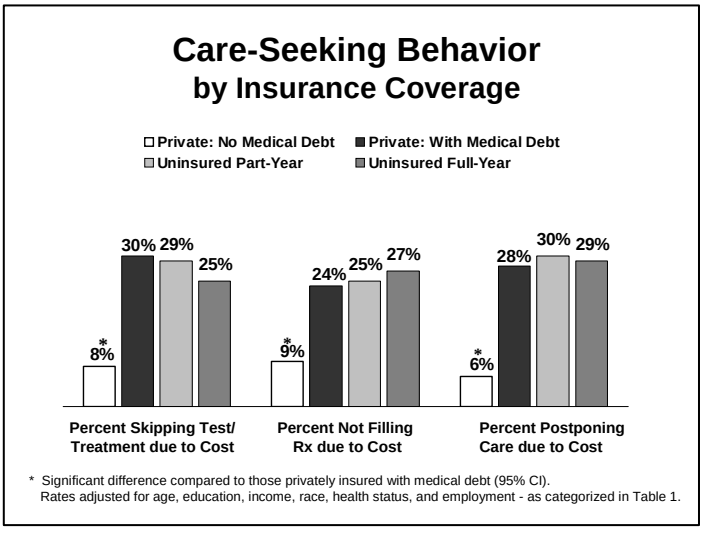
In this study, we examined the privately insured who have had problems paying medical bills and compare their access to care to those who have not had medical bill problems as well as those with no health coverage at all. Using a nationally representative survey of nonelderly adults (the Kaiser Family Foundation's 2003 Health Insurance Survey), we found that one in six adults who are privately insured—17.6 million adults—report having substantial problems paying their medical bills. Added to the 22.9 million adults who were uninsured for the full year preceding the survey and another 17.6 million uninsured for part of the preceding year, a total of over 58 million adults in this country are at higher risk of incurring medical bills they may not be able to afford.

Privately insured adults with medical debt are largely from middle-class families, not as poor as the uninsured, but not as well-off as the privately insured who have no medical debt. The large majority hold full-time jobs. An important difference between the privately insured with vs.

without medical debt is their health status. Those with medical debt are more than twice as likely to report being in only fair or poor health and they are almost twice as likely to have an ongoing or serious health problem compared to others with private coverage (38% vs. 21%).

Having medical debt was associated with a substantial decrease in their access to health care. While they were just as likely as other privately insured adults to have a medical home (i.e., having a regular source of care and having seen a doctor in the past year) decisions to seek health care were markedly different, including their decisions to postpone and forgo care, as well as skip treatments and prescriptions. In many ways, care-seeking patterns among those with private coverage but having problems paying their medical bills resembled those of the uninsured. Even after adjusting for factors that might explain the differences, compared to others with private coverage, those who were privately insured with medical debt:

- were more than three times as likely to have skipped a recommended test or treatment because of its cost (30% vs. and 8%; 25% for the uninsured)
- were more than twice as likely to have failed to fill a drug prescription due to cost (24% vs. 9%; 27% for the uninsured) and
- were four times more likely to postpone care due to cost (28% vs. 6%; 29% for the uninsured).



The privately insured with medical debt were just as likely as others with private coverage to have employer-sponsored health insurance as opposed to coverage under an individual (nongroup) health plan. However, they did have fewer benefits in their health plans than others with private coverage. Perhaps not surprising, the majority of those with medical debt reported underestimating what their health plan would pay towards their medical bills (vs. a third of those without sizable medical debt) and nearly half said their plan had not paid anything for care they thought had been covered.

If current trends in greater cost-sharing continue, more low- and middle-income families with private insurance, particularly those who are in less than good health, will not have the same access to care as others with private coverage who have higher incomes. In fact, as this study shows, they will limit their care in many of the same ways and as often as those who have no health insurance at all. Financial barriers to care are not limited to the uninsured, but affect the care-seeking decisions of even those who are privately insured and have a medical home. Health insurance reforms will need to build in subsidies for both premium and out-of-pocket costs relative to family incomes if improved access to care is to be realized.

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