



Health Policy, Health Reform, and Performance Improvement

# New Survey Findings: 79 Million U.S. Adults Have Medical Bill Problems or Are Paying Off Medical Debt; Low and Moderate Income Families Hit Hardest

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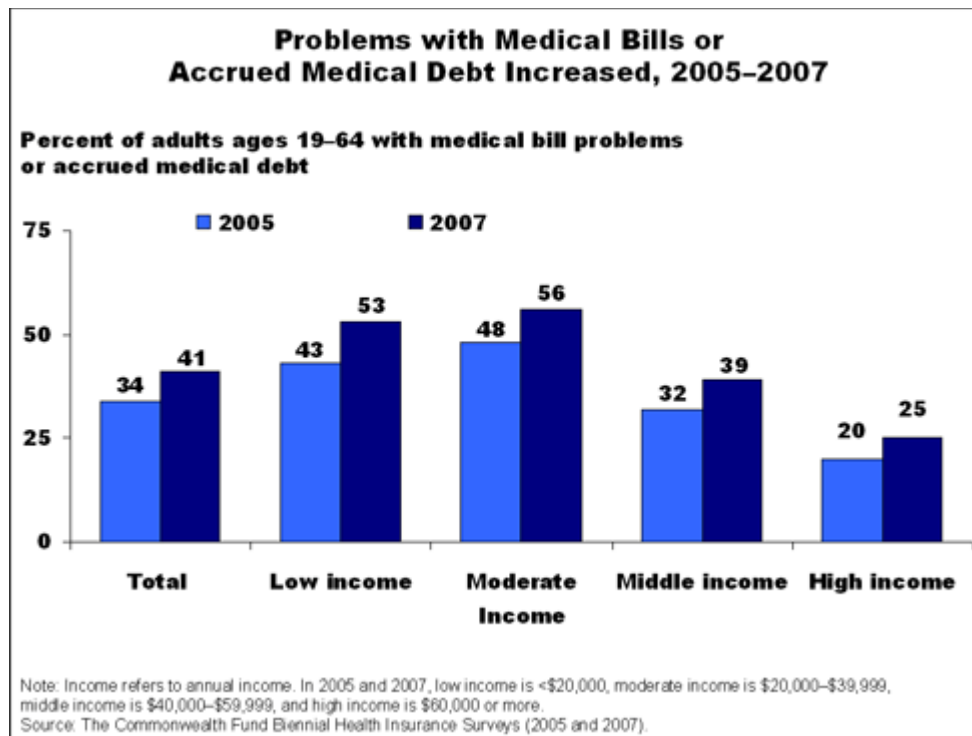
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*High Cost of Care and Inadequate Insurance Leading More Adults to Delay or Avoid Getting Treatment; Working-Age Americans Spending More of Income on Out-of-Pocket Costs*

**New York, NY, August 20, 2008**—The proportion of working-age Americans who have medical bill problems or who are paying off medical debt climbed from 34 percent to 41 percent between 2005 and 2007, bringing the total to 72 million, according to recent survey findings from The Commonwealth Fund. In addition, 7 million adults age 65 and over also had problems paying medical bills, for a total of 79 million adults with medical bill problems or medical debt.

In a new Commonwealth Fund report about the survey findings, *Losing Ground: How the Loss of Adequate Health Insurance is Burdening Working Families*, the authors describe how working-age adults are becoming more exposed to the rising costs of health care, either because they have lost insurance through their jobs or because they are paying more out of pocket for their health care. This combination of factors, along with sluggish growth in average family incomes, is contributing to problems with medical bills and cost-related delays in getting needed health care.



The report finds that in 2007, nearly two-thirds of U.S. adults under age 65, or 116 million people, had medical bill problems or debt, went without needed care because of cost, were uninsured for a time, or were underinsured—insured but had high out-of-pocket medical expenses or deductibles relative to income.

"We are seeing a perfect storm of negative economic trends threatening working families in the United States," said Sara Collins, Commonwealth Fund Assistant Vice President, and the study's lead author. "While gas and food prices are increasing and home values are declining, the rise in health care costs is surpassing income growth and fewer people have adequate insurance. As a result, working people are struggling to pay their bills and accruing medical debt."

While the increase in problems paying medical bills or carrying unpaid medical bills cuts across income brackets, low and moderate income families are burdened the most. The report finds that more than half of working-age adults earning less than \$40,000 a year reported problems paying medical bills or being in debt due to medical expenses. Medical bill problems included not being able to pay bills, being contacted by a collection agency about an unpaid bill, and changing one's way of life in order to pay medical bills.

Those with medical bills and medical debt are increasingly facing serious financial problems and sometimes facing trade-offs among immediate life necessities. Thirty-nine percent of those with bill problems or debt say they have used up all of their savings to pay their health care bills; 29 percent are unable to pay for basic necessities like food, heat, or rent; and 30 percent took on credit card debt. Twenty-four percent of adults under age 65 with medical debt owe \$4,000 or more and 12 percent owe \$8,000 or more in unpaid medical expenses.

In a new Commonwealth Fund issue brief which accompanies the report, *Seeing Red: The Growing Problem of Medical Debt and Bills*, the authors explain that uninsured and underinsured adults are more at risk of having medical bill problems and medical debt than those with adequate insurance coverage. Three in five adults who are uninsured or underinsured face these challenges, more than double the rate of those who had adequate insurance all year (26 percent). Notably, adults 65 years and older were far less likely to report medical bill problems or debt than younger adults because they are covered by Medicare and may also have supplemental private coverage, and in the case of low-income individuals, may have Medicaid. Just 19 percent of adults over 65—half the rate for adults under 65 (41%)—reported any medical bill problems or debt.

"The current economic slowdown makes it even more urgent for a new Administration to make universal and affordable health insurance a high priority in 2009, to ensure that no American suffers financial hardship as a result of serious illness," said Commonwealth Fund President Karen Davis.

The report also finds that more working-age adults are delaying or avoiding needed medical care, such as skipping doses of medication or not filling prescriptions, because of health care costs. Forty-five percent of adults reported problems getting care because of costs in 2007, a dramatic increase from 29 percent in 2001. Increasing numbers of adults are spending high proportions of their income on health care. One-third of U.S. working-age adults spent 10 percent or more of their income on out-of-pocket medical expenses and health insurance premiums in 2007, up from 21 percent in 2001.

The proportion of Americans who are uninsured continues to grow. More than one-quarter (28%) of U.S. adults ages 19 to 64, or an estimated 50 million people, were uninsured for some time in 2007, compared with 24 percent in 2001. But even having insurance coverage does not guarantee protection from medical bill problems and debt. The proportion of those who are underinsured increased from 9 percent to 14 percent, or 25 million people, between 2003 and 2007. Sixty-one percent of those with medical bill problems or accumulated medical debt were insured at the time care was provided.

Other key survey findings include:

- Among the medical bill problems reported in the survey: 28 percent are paying off medical bills over time, up from 21 percent in 2005, and 27 percent of adults under age 65 said they had problems paying or were unable to pay their bills in 2007, up from 23 percent in 2005.
- More than half (53%) of insured working-age adults who have deductibles that represent 5 percent or more of their income reported medical bill burdens and debt; one-third of adults with lower deductibles face these kinds of difficulties.
- While adults in families with incomes under \$20,000 a year report the highest rates of lacking coverage during the year, more adults in moderate income families are going without insurance. In 2007, 41 percent of adults in families earning between \$20,000 and \$40,000 a year reported a time uninsured during the year, up from 28 percent in 2001.
- Most people who were uninsured at any point in the last year are in working families. Of the estimated 50 million American adults who were uninsured in the last year, 58% were in families where at least one person was working full-time.
- People who are uninsured or underinsured experience inefficient care; nearly half of adults (47%) under age 65 who had gaps in their health insurance or were underinsured reported they had experienced problems such as test results not being available on time, receiving duplicate medical tests, and delays in receiving results of abnormal test results; in contrast just 26 percent of adults who are adequately insured reported these inefficiencies.

## **Methodology**


Data come from the Commonwealth Fund Biennial Health Insurance Survey (2007), a national telephone survey conducted June 6 through October 24, 2007 among a nationally representative sample of 3,501 adults age 19 and older living in the continental United States. The 25-minute telephone interviews were completed in both English and Spanish, according to the preference of the respondent. The survey achieved a 45-percent response rate (calculated according to the standards of the American Association for Public Opinion Research). The survey sample was drawn using standard list-assisted random digit dialing methodology, which selected telephone numbers disproportionately from area-code/exchange combinations with higher-than-average density of low-income households. Using this stratified sampling design, this study obtained an oversample of low-income, African American and Hispanic adults. To correct for the disproportionate sample design and make the final total sample results representative of all adults age 19 and older living in the continental U.S., the data are weighted by age, sex, race/ethnicity, education, household size, and geographic region, using the U.S. Census Bureau's 2006 Annual Social and Economic Supplement (ASEC). The report

restricts the analysis to the 2,616 respondents under age 65. The resulting weighted sample is representative of the approximately 177 million adults ages 19 to 64. The survey has an overall margin of sampling error of  $\pm 2$  percent at the 95 percent confidence level.

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