

Ranks of Underinsured Are Rising, Study Finds

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The number of people in this country who have health insurance but not the ability to afford adequate medical care continues to climb.

About 25 million Americans — or approximately one of every five adults younger than age 65 with health insurance — did not have sufficient coverage last year to shield them from financial hardship if they ended up in the emergency room or were seriously ill, according to a new study to be released on Tuesday by the Commonwealth Fund.

“We’re moving in a direction where you can be insured all year and still face medical bankruptcy,” said Cathy Schoen, the study’s lead author and a senior vice president for research and evaluation at the Commonwealth Fund, a private foundation in New York specializing in health research.

The relentless rise in the cost of medical care, combined with a growing number of insurance plans that require patients to pay a higher portion of their medical bills has led to a 60 percent increase in the number of underinsured adults from 2003 to 2007, according to the study. The Commonwealth Fund first calculated the number of underinsured in 2003 when it estimated that 16 million Americans did not have sufficient coverage.

As the nation debates how best to improve its health care system, including how to insure the increasing number of Americans without coverage, policy makers also need to discuss the quality of available coverage, said Karen Davis, the president of the Commonwealth Fund.

“Lack of insurance is only part of the problem, as even the insured have serious gaps in coverage,” she said.

The study, to be published by the medical policy journal *Health Affairs*, also indicates that the sharpest increase in the underinsured were middle-class families whose coverage still left them vulnerable to medical costs equal to 10 percent more of their incomes. While coverage offered by large companies remains fairly generous, people who try to buy individual policies or who are covered through small companies increasingly must settle for policies that require high deductibles or that sharply limit the benefits as way of reducing the size of the premiums.

Like the approximately 50 million uninsured Americans, the underinsured often choose to forgo necessary medical care, the study indicated. Twice as many people who are underinsured said they did not fill a drug prescription or see a recommended specialist for care, the survey found,

compared with the number of people who had more generous coverage. They also tend not to get preventive care, choosing not to get mammograms or have their cholesterol checked.

“The underinsured look a lot like the uninsured,” Ms. Schoen said. “Disturbingly, even adults with chronic diseases, when underinsured are not filling their prescriptions.”

Some large companies are already alert to the need to offer health coverage in ways that do not discourage their employees from getting care they might need, she said.

Pitney Bowes, for example, has found it critical to make sure workers with chronic diseases like asthma or hypertension get the care they need help reduce the odds of their being hospitalized or developing complications that could otherwise be avoided, said Johnna Torsone, the company’s chief human resources officer. When Pitney Bowes reduced the amount of co-insurance for asthma medications, for example, it had a 15 percent drop in the annual average cost of care for the disease.

“If people are incented to manage those conditions appropriately, they can be more productive and our costs go down,” Ms. Torsone said.

The Commonwealth study also underscores the need to address the rising cost of health care, which is starting to leave even those in the middle class vulnerable to financial stress, said Len Nichols, a health economist who directs the health policy program for the New America Foundation, a nonprofit group that advocates universal health care.

“Cost is central,” he said. He noted that a national debate is already under way about how best to control medical expenses, through changes in the payment process and better information technology.

But as the states seek to improve the insurance market for individuals and small businesses, the Commonwealth study’s findings point to the need to also focus on the quality of coverage, Ms. Schoen said. In Massachusetts, for example, the state focused both on making sure that individuals had plans they could purchase and also that the plans provided sufficient coverage.

“They’ve both lowered the rates of the uninsured and lowered the rates of the underinsured,” Ms. Schoen said.

The fund’s estimate is based on a survey conducted last year of adults under 65 years old who had insurance throughout the year. Individuals were considered underinsured if their out-of-pocket medical expenses were 10 percent of their income, or 5 percent if they were low-income adults or had insurance deductibles that exceeded 5 percent of their incomes.