When Insurance Isn’t Enough: Underinsurance in America

For many Americans, having health insurance does not necessarily mean they can afford critical medical treatments. When insurance coverage is inadequate, significant costs fall on people’s shoulders for premiums, deductibles, prescription copays and other expenses insurance doesn’t cover.

Who Is Underinsured?

Individuals are considered underinsured if they spend more than 10 percent of their income on out-of-pocket medical expenses (5 percent if they are low-income) or more than 5 percent on deductibles. Low-income adults are at the highest risk of being underinsured.

Approximately 29 million Americans are underinsured. This is an 80 percent increase since 2003.

Nearly 23 percent of children with continuous insurance coverage — 14.1 million children — are underinsured. Even prior to the onset of the economic recession in 2008, nearly one in four American parents with health insurance could not afford medical care for children. Specifically:

- Underinsurance seemed to be worse for children covered by private insurance than those with government-funded coverage.
- Older children, Hispanic children, children in fair or poor health, and children with special health care needs are more likely to be underinsured.

Low-income families are most at risk of being underinsured, but in 2010 the risk of being underinsured rose up the income scale. That year, 16 percent of adults with incomes between $40,000 and $60,000 were underinsured, compared to just 5 percent in 2003.

The Impact of Inadequate Health Insurance

More than one in five patients has been forced to abandon treatment simply because they couldn’t afford it.

For some individuals and families, especially those dealing with chronic diseases, out-of-pocket expenses can total thousands of dollars each month—much more than most people earn.
In a study of 216 cancer patients—all but one with health insurance—out-of-pocket expenses averaged $712 a month for doctor visit copays, prescription medicines, lost wages, travel to appointments, and other expenses. This presented a burden for 8 in 10 people, and a significant or catastrophic burden for half of those, prompting them to scale back on prescriptions, doctor appointments and basic necessities such as food.

Almost two-thirds of Americans say that they or someone in their household have delayed or skipped health care in the past year by relying on home remedies, foregoing recommended medical tests or treatment, cutting pills in half or taking other measures due to cost.

Children of underinsured parents were more than 3 times more likely to delay or go without care compared to children with adequate coverage. As compared with children who are continuously and adequately insured, uninsured and underinsured children are more likely to have problems with health care access and quality.

Approximately 60% of bankruptcies in the United States are related to medical expenses.

When patients miss their prescriptions, they have higher rates of emergency room visits, doctor visits and hospitalizations—to the tune of $258 billion to $290 billion per year.

**Contributing Factors**

Consumers’ out-of-pocket share of healthcare expenses has increased 40 percent over the past 10 years.

Employers are passing more of the cost of insurance to employees. The typical family of four with employer-based coverage saw its total monthly health care tab almost double between 1999 and 2009 — from $805 to $1,420. Over the same period, total monthly income grew only 30%, barely keeping pace with inflation.

Average annual health insurance premiums and worker contributions for family coverage more than doubled from $5,269 in 2001 to $10,944 in 2011.
Copay Assistance Helps Ease the Burden

The HealthWell Foundation is one of the largest copay assistance foundations in America. Since 2003, it has helped more than 150,000 underinsured people afford critical—and sometimes lifesaving—medical treatments. HealthWell provides financial assistance to help patients pay out-of-pocket costs, including prescription drug coinsurance, copayments, deductibles, health insurance premiums and other selected health care costs.

To be eligible, patients must have at least partial insurance coverage for the treatment, must meet income requirements (household incomes up to 400 percent of the Federal poverty level may qualify), and their medical condition must be covered by one of HealthWell’s 30 disease-specific funds.

Future Trends

Demand for HealthWell’s services is continually increasing and shows no signs of slowing. In 2010, HealthWell awarded more than $144 million to over 54,500 patients – a 20% increase over 2009. (Due in part to rising unemployment and cuts in benefits.)

Even with health reform, this trend will continue because the Patient Protection and Affordable Care Act does not address underinsurance.

To minimize the risk that the newly insured could become underinsured, designs will need to take a value-based approach that ensures access and financial protection for essential care.xiv

Until then, copay assistance is vital.

(Updated November 2011)

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vi Duke University Medical Center and Dana-Farber Cancer Institute study, sponsored by HealthWell Foundation, 2011 (results not yet published)


x Studies by Express Scripts, an independent prescription-filling company, and by CVS Caremark, Harvard University and Brigham and Women's Hospital, as reported by USA Today, May 26, 2011: http://abcnews.go.com/Politics/studies-missed-meds-cost-250b-year/story?id=13699162#.TsXzdWCEOlo


