



HEALTHWELL
FOUNDATION®

When health insurance is not enough.*

Underinsured Americans Need a Financial Lifeline

More Americans have health insurance today than ever before, thanks in part to the Affordable Care Act (ACA), which reduced the number of uninsured adults by as many as 17 million¹. But for an estimated 31 million² Americans, having health insurance isn't enough. It's not enough to afford prescribed treatments. It's not enough to pay for recommended tests. And it's not enough to avoid going into debt over medical bills. Those 31 million people are America's underinsured.

When health insurance coverage is inadequate, significant costs fall on people's shoulders for premiums, deductibles, prescription copayments and other expenses insurance doesn't cover. These costs can create true financial hardships for individuals and families struggling to get by.

What Does it Mean to Be Underinsured?

For some individuals and families, especially those dealing with chronic illnesses, out-of-pocket expenses can total thousands of dollars each month — much more than most people earn.

A person is considered underinsured if out-of-pocket health care costs exceed ten percent of their income (five percent when income is less than 200 percent of the federal poverty level, which is \$22,980 for an individual and \$47,100 for a family of four), or if one's insurance deductible is more than five percent of their income.

According to a [Kaiser Family Foundation](#) study published in 2015, about a quarter of non-elderly Americans with private insurance do not have sufficient liquid assets to pay even a mid-range deductible (\$1,200 for single coverage and \$2,400 for family coverage)³. More than a third don't have the resources to pay higher deductibles (\$2,500 for single coverage and \$5,000 for family coverage.)³ In 2014, an estimated 7 million² people were underinsured because of their deductible alone.

When families are underinsured, they are at high risk of forgoing needed care and of struggling to pay medical bills when they can't postpone care. According to 2014 research from the [Commonwealth Fund](#)²:

- 51 percent of underinsured adults report problems with medical bills or debt.
- 44 percent of underinsured adults do not get needed care because of cost.
- Half of underinsured adults with high deductibles have debt loads of \$4,000 or more.

Medical bill problems have long-term financial consequences, including exhausting one's savings to pay medical bills, receiving a lower credit rating (medical debts account for 52 percent of debt collection actions that appear on consumer credit reports⁴), taking on credit card debt and even declaring

bankruptcy. Medical bill problems also have serious health consequences, including not going to the doctor when sick, not filling a prescription, skipping a test or treatment recommended by a doctor or not seeing a specialist, all of which reduce positive health outcomes.

How Did We Get Here?

Most Americans get their health insurance through employers. But in recent years, employers have asked employees to shoulder more of the cost, particularly in the form of higher deductibles. According to research from the Commonwealth Fund, 59 percent² of underinsured adults have coverage through employers. Of those privately insured adults, 11 percent² have deductibles of \$3,000 or more.

Many other Americans now get their insurance through the Insurance Marketplace established under the ACA. The ACA, while allowing millions of previously uninsured adults to obtain medical insurance, also contains health plans with high deductibles. As a result, 37 percent² of those insured through individual market policies are underinsured. In addition, 22 percent² of adults with Medicaid coverage are underinsured, primarily because minor out-of-pocket costs can comprise a large share of income.

The intricacies of health insurance may also play a role. An October 2014 survey conducted by the [Kaiser Family Foundation](#) found that 27 percent⁵ of Americans surveyed did not know what an annual insurance deductible is. Thirty percent⁵ did not understand the concept of annual out-of-pocket limits: the most people will have to pay in deductibles, copays and coinsurance for covered care received in network. This lack of knowledge and understanding can make it difficult for people to select the Marketplace plan that fits within their budget.

How Can the Underinsured Get Financial Help?

There are several resources to which underinsured Americans can turn to for financial assistance in paying their medical bills.

For individuals who can **choose their health care plans**, there are a variety of resources available to aid in the decision-making process. Resources such as [Healthcare.gov](#) provide valuable information about updating and changing plans, getting coverage, Medicare, Medicaid and CHIP.

Some **biopharmaceutical companies** offer patient assistance programs providing free or discounted medications for low-to-moderate income underinsured individuals who meet certain guidelines.

Many **states offer programs** that help those in need obtain their medications. These programs are typically funded by tax dollars or other state-sanctioned means, and programs vary from state to state.

Patient advocacy groups may provide counseling, support groups, education and financial assistance, including copayment and insurance premium assistance, to patients suffering from specific diseases or a range of diseases.

Disease-based assistance programs help with costs associated with care for specific diseases or type of diseases. They may cover many types of expenses, including prescription drugs, insurance copayments, office visits, transportation, nutritional supplements, medical supplies and child or respite care. Typically

funded by either private or government organizations, some of these programs are national in scope, while others are limited to people in specific states.

Charitable patient assistance organizations, such as the HealthWell Foundation, focus on copayment assistance and total patient care for a variety of disease treatments. HealthWell requires the same eligibility requirements for all of its disease funds:

- Income at or below 400%-500% of the federal poverty level, adjusted for household size and cost of living areas.
- Patient must have insurance and it must cover the product for which they are seeking assistance.
- Treatment must be received in the United States.
- Patient diagnosis must fall under one of the disease state funds HealthWell is currently/actively operating.

Since its founding in 2003, HealthWell has provided a financial lifeline to more than 200,000 underinsured Americans.

What Does the Future Hold for America's Underinsured?

The HealthWell Foundation firmly believes that the problem of underinsurance will continue. While the ACA has allowed an estimated 17 million¹ individuals who were uninsured to now have insurance, it does not address the issue of underinsurance.

Those newly insured under the ACA tend to be older and sicker than insurers projected. As a result, many insurers are looking to increase their rates in 2016⁶. In addition, as the nation's general population ages and suffers more from chronic health problems, the need for expensive health care treatments will continue. These trends will increase the financial pressure on individuals and families coping with chronic and life-altering illnesses for the foreseeable future.

As policy options change and those with options are taking a more active role in understanding, selecting, and using their insurance, perhaps the combination of better options and wiser choices will mitigate the challenges of patients dealing with the financial impact of chronic or life-altering illnesses.

Notes

¹ K. G. Carman, C. Eibner and S. M. Paddock, "Trends in Health Insurance Enrollment, 2013–15," *Health Affairs*, published online May 2015; S. K. Long, M. Karpman, G. M. Kenney et al., "Taking Stock: Gains in Health Insurance Coverage Under the ACA as of March 2015" (Washington, D.C.: Urban Institute, April 16, 2015), <http://hrms.urban.org/briefs/Gains-in-Health-Insurance-Coverage-under-the-ACA-as-of-March-2015.html>; M. E. Martinez and R. A. Cohen, *Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, January–June 2014* (Atlanta: Centers for Disease Control and Prevention, Dec. 2014); S. R. Collins, P. W. Rasmussen, M. M. Doty, and S. Beutel, *The Rise in Health Care Coverage and Affordability Since Health Reform Took Effect* (New York: The Commonwealth Fund, Jan. 2015); S. R. Collins, P. W. Rasmussen, and M. M. Doty, *Gaining Ground: Americans' Health Insurance Coverage and Access to Care After the Affordable Care Act's First Open Enrollment Period* (New York: The Commonwealth Fund, July 2014); and R. Garfield and K. Young, *Adults Who Remained Uninsured at the End of 2014* (Menlo Park, Calif.: Henry J. Kaiser Family Foundation, Jan. 2015).

² S. R. Collins, P. W. Rasmussen, S. Beutel, and M. M. Doty, *The Problem of Underinsurance and How Rising Deductibles Will Make It Worse—Findings from the Commonwealth Fund Biennial Health Insurance Survey*, The Commonwealth Fund, May 2015.

³ G. Claxton, M. Rae, N. Panchal, “Consumer Assets and Patient Cost Sharing” The Henry J. Kaiser Family Foundation, March 2015 <http://kff.org/private-insurance/issue-brief/consumer-assets-and-patient-cost-sharing/>

⁴ “Consumer credit reports: A study of medical and non-medical collections” Consumer Financial Protection Bureau, December 2014 http://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf

⁵ M. Norton, L. Hamel, M. Brodie “Assessing Americans’ Familiarity with Health Insurance Trends and Concepts” The Henry J. Kaiser Family Foundation, November 2014 <http://kff.org/health-reform/poll-finding/assessing-americans-familiarity-with-health-insurance-terms-and-concepts/>

⁶ “ACA Sticker Shock Ahead” by Megan McCardle, Bloomberg News <http://www.charlotteobserver.com/opinion/op-ed/article22367157.html>