

HAS THE **COST** OF YOUR HEALTH INSURANCE GONE **UP?**

A Report of Findings

Missouri Association for Social Welfare

Health Access Project

*Researched and Written by
Sharon Feltman, MPA, LPN
Director, Policy and Communications
Missouri Association for Social Welfare*

April, 2007

Executive Summary

Missouri is facing an escalating health care crisis as more middle class Missourians struggle with the rising cost for health insurance coverage, and co-payments and deductibles increase while coverage deteriorates. In addition, more Missourians are uninsured because lawmakers restricted eligibility to the state Medicaid program in 2005, thus throwing at least 114,000 more people into the ranks of the uninsured. What's worse, the program actually ends altogether by July 1, 2008, if lawmakers don't enact reform of the program or extend their self-imposed sunset before then.

While Missouri lawmakers continue to promote a system with less access to public insurance coverage, stricter eligibility guidelines and other stringent barriers that restrict use of needed health care services and products, many of the proposals to 'reform' Medicaid and other proposed changes to health insurance regulations are based in what is being promoted as 'personal responsibility' and 'consumer-driven' models that purport to offer consumers more choice in products and greater control over costs.

At the same time, employers are facing nearly crippling cost increases for their employee health insurance coverage and competition in a world market where most competitors operate in nations that have enacted some form of a national health care delivery system. Within the context of this environment, the Health Access Project of the Missouri Association for Social Welfare, one of a number of staunch opponents to the reductions in the Medicaid program, undertook to survey those across the state who may or may not have health insurance, and to ascertain what we, as consumers, may be facing if the movement toward more individual coverage and a 'consumer driven' strategy is successful.

Health care delivery system reform is at the top of the agenda for Missourians. Eighty percent of Missouri voters say they are concerned about providing affordable health care for themselves

and their families and 87 percent of Missouri voters say they are concerned about the number of people who are uninsured or underinsured.¹ This report of findings from the Health Access Project of the Missouri Association for Social Welfare illustrates just why Missourians are so worried.

The responses to our survey portend a deepening crisis in affordability, access, and possibly even a decline in future health outcomes as consumers are left to fend for themselves in an increasingly complex system of higher costs and reduced coverage, where access to information is impossible to obtain, comparison shopping is out of the question and coverage and cost options are driven by an industry with profits as a primary concern. *Are lawmakers listening?*

¹ Lake Research Partners; Survey of Missouri voters, conducted between January 17 and 21, 2007.

Key Findings

Increasing costs impact health outcomes.

62 percent of all respondents, those with as well as those without health insurance, said they have delayed seeking care they think they need because they could not afford the co-payment or because they did not have insurance

Consumers have little or no control over health insurance costs or coverage.

85 percent of respondents with health insurance coverage report that their premium has increased

77 percent report that their deductibles and/or co-payments have increased

57 percent of those whose health insurance premiums have increased say they don't know why the cost went up

The health coverage you buy often changes annually.

40 percent of those with insurance report that their coverage has been reduced

63 percent of respondents say that their coverage changes every year

Employers are struggling with the cost of health insurance for their employees.

55 percent of employers responding say they provide insurance to their employees

91.6 percent of responding employers who provide insurance say the cost has increased

52.6 percent of responding employers say their costs for employee coverage have gone up between 10% and 20 % per year for the past 3 years

65 percent of responding employers say they think the employer-based system is NOT the most efficient way to cover people

The uninsured have few options.

27 percent of those uninsured report seeking care at emergency rooms

17.8 percent say they use a credit card to pay for needed health care

Both Insured and Uninsured Consumers Struggle With Cost

Nearly 83 percent of the respondents (82.9%) say they have health insurance coverage. Over 17 percent of respondents do not have health insurance coverage. This rate, 17 percent uninsured, is slightly higher than estimates for the state overall rate of uninsured, which is estimated at between 750,000 and 807,000, or between 10 and 12 percent. However, following recent reductions in the eligibility for Medicaid, which impacted affected over a period of one to two years, it has been difficult to obtain a better estimate.

Of respondents who say they do not have health insurance coverage, 54.3 percent say they pay cash when they need health care services; 27.1 percent say they go to an emergency room; 20.9 percent say they go to a free clinic; 16.3 percent say they go to a community clinic that lets them pay what they can afford (sliding fee); 17.8 percent say they use a credit card; and 29.5 percent of those who say they are uninsured say they use 'other' means to pay for their health care needs including:

- Try to get a loan for medical needs
- Avoid going for care because they can't afford it/postponing needed care
- Cover only some family members where public or other affordable options are available, but not for every family member
- Borrow medicine from relatives or reduce recommended dosages
- Use savings and place other financial obligations at risk
- Utilize public services such as health departments for regular care needs
- Make payments/use a credit card for co-payments and for other fees
- Seek help from family members
- Go to the emergency room

*Some respondents utilize multiple strategies to pay for health care, including seeking public insurance for children or family members who qualify.

Respondents with and without health insurance coverage were asked, "Have you ever delayed seeking care you thought you or a family member needed just because you could not afford the co-payment or because you did not have insurance at the time?"

Nearly 62 percent of respondents said, "YES, they have delayed seeking care they think they need because they could not afford the co-payment or because they did not have insurance."

Respondents reporting that they do have health insurance report the sources of that coverage as: 56.3 percent - employer; 5.3 percent - Medicaid; 9.8 percent - Medicare; 2.5 - percent covered by Medicaid and Medicare; 3.8 percent - retirement and Medicare; 14.7 percent - covered by spouse's policy; 12.7 percent - report purchasing individual coverage.

Of respondents with health insurance coverage, 96.4 percent report they are covered by the policy; 36.3 percent report their spouse is covered; 24.7 percent report their children are covered.

Respondents' share of the monthly health insurance premiums range from \$50 - \$150 per month (43.2%); \$151 - \$250 per month (22.5%); \$251 - \$350 per month (12.2%) \$351 - \$500 per month (11.3%); \$501 - \$700 per month (7%); more than \$700 per month (4.1%).

Eighty-five percent of respondents with health insurance coverage report that their premium has increased in the past 3 years.

Of those with insurance coverage, over **40 percent report that their coverage has been reduced** in the past 3 years, and **77 percent report that their deductibles and/or co-payments have increased.**

We asked "If your health insurance costs have increased in the past 3 years, why?" An overwhelming majority, 56.8% say, "I don't know, they just went up."

Other responses as to why the cost of their health insurance coverage went up are: changed jobs (7.7%); added dependents (3.6%); someone in our group became sick (4.3%); chose a better benefits package (2.1%); and our coverage is better now (4.3%) are other responses. However, nearly 29% of respondents chose "other". These responses include:

- Spend-down increased for me. I have a disability, so have to pay whatever they ask
- Changed jobs, so now no coverage. My children are covered with Medicaid
- Employer passing increases on to employees
- Changes to Medicaid
- Employer changed carriers
- Premiums went up, co-payments and deductibles also went up
- I had to reduce my coverage to just hospital coverage, now I pay for everything else
- Diagnosed with diabetes
- My husband retired, so now my premiums under his plan were increased

It is clear from these responses that ***most people with health insurance coverage have little control over the cost, and little understanding of why costs increase.***

When ask, "If your health insurance premiums have increased, how much have they gone up in the past year?" nearly 50 percent of respondents say their health insurance premiums went up \$50 a month; over 32 percent say their premiums went up between \$51 and \$100 a month; over 10 percent of respondents say their premiums went up between \$100 and \$150 a month, and 8 percent say their premiums increased more than \$150 a month.

We asked: "If the cost of your health insurance went up, has your salary increased at the same pace?" ***Nearly 86 percent of respondents said that their salary DID NOT increase at the same pace.***

Another confusing aspect of health insurance that may inhibit 'consumer driven' strategies is the continuing changes in benefits package design. ***Over 63 percent of respondents say that their coverage changes every year,*** nearly 19 percent of respondents don't know how often the benefits package changes. Only about 3 percent of respondents said their health insurance coverage package has not changed in five years.

Employers and Managers Concerned About Cost Increases

We also asked employers and managers/directors with budgetary responsibilities to respond to a subset of questions. Fifty-eight percent of this group of respondents report being managers; 14 percent report as small business owners with fewer than 25 employees; 20.7 percent report being self-employed other than farming; 6.7 percent report being farmer. Of this group, 38.2 percent report having 1 – 10 employees; 27.1 percent report having more than 25 employees; and 25 percent report covering just themselves or self and family members.

Of the respondents reporting they are employers/managers, 54.8 percent report providing insurance to employees. Of those who do not provide health insurance coverage to their employees, 82 percent say they do not because it's too expensive; 10 percent say they 'don't think it should be their responsibility'; 6 percent say they used to provide insurance, but it became too expensive.

Nearly 92 percent of those employers/managers who do provide health insurance coverage say the cost has increased in the past 3 years.

Over ***52 percent of employers/managers who do provide health insurance coverage report that the cost of providing that coverage has increased between 10% and 20% a year for the past 3 years***; 19.7% report the cost increase between 5 percent and 10 percent a year; while an alarming 18.4 percent report the cost of providing health insurance coverage to their employees increased between 20% and 30% a year for the past 3 years.

Over 65 percent of employer/manager respondents said, "NO, the employer-based health insurance system is not the most efficient way to cover people?" Of those who said, "NO", we asked, "What do you see as the best way to provide health insurance coverage?" Most frequent responses were:

- Buy into Medicaid and Medicare
- A state health insurance plan that is affordable for each family
- Universal, national health plan
- Single payer model
- A national healthcare plan that isn't just for the poor and the elderly
- Employer Associations that can provide large group rates for both owners and employees
- Universal health care that requires employer participation
- It's time to move to a national health care plan. Emergency rooms should not be the answer for the poor

Conclusion

Missourians want lawmakers to develop and invest in real solutions that provide fair, affordable, quality coverage for everyone. This problem can't be fixed by forcing vulnerable people from public insurance. It can't be fixed by driving working people into ever-smaller risk pools and individual coverage. A firm foundation of public insurance can act as a foundation upon which to build a system that works for us all. However, Missourians across the state say, YES, the cost of my health insurance has gone up!"

Appendix

Data collection: The survey instrument was available on our website, through a survey service. Surveys were also distributed at events and door-to-door in some regions of the state. This is a self-report tool, with self-selection by choice to participate.

Survey Instrument: The design of the instrument was categorical for choice with some responses being open-ended.

Respondents: The respondents (n=675), are 69% female and 31% male. Age range of the respondents .3% under 18; 16.1% aged 18 – 30; 22.6% aged 31 – 45; 50.2% aged 46 – 64; 11.4% aged 65 or older.

Respondents were asked to define their household. Nearly 56 percent report being either single or married with no dependent children; 7.4 percent single parent with dependent children; 21.9 percent are married with dependent children; 2.6 percent report being divorced with responsibility for providing health coverage for children; percent are retired, widowed, widow; <1 are disabled adults living with others or in a group; 5.5 percent report 'other' including disabled living alone.

See map of counties surveyed

Read the press release