



pulse

Underinsured Rate in the U.S. Continues to Increase while Medical Bill Problems Linger

U.S. consumers don't have the insurance they need, which results in continued problems paying medical bills, medical debt and avoiding necessary healthcare, according to a report from The Commonwealth Fund, *"How Well Does Insurance Coverage Protect Consumers from Healthcare Costs?"* The report is based on results from The Commonwealth Fund's 2016 Biennial Health Insurance Survey.

Consumers with all types of health insurance, whether through their employer, individual or marketplace plans or Medicare, can be underinsured.

Underinsurance measured by The Commonwealth Fund includes out-of-pocket costs reported by insured adults over one year, not including premiums, and their health plan deductibles.

Underinsurance means adults' out-of-pocket costs exceed household income.

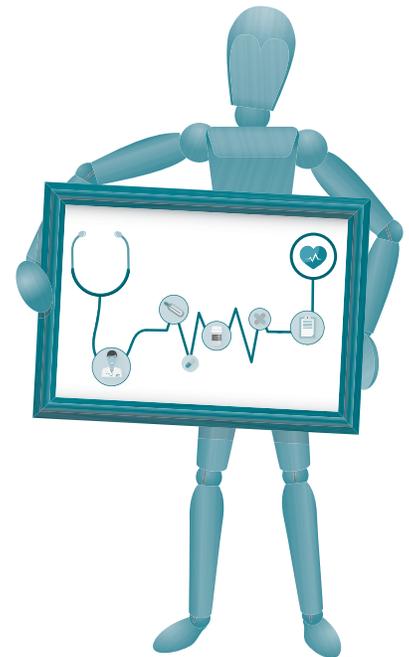
Overall, The Commonwealth Fund finds that 28 percent of working-age adults in the U.S. with health insurance in 2016 were underinsured; compared to 23 percent in 2014.

"More than half of the underinsured (52 percent) had medical bill problems and 45 percent went without needed healthcare because of cost," it reports. "For lower-income families, this means spending 5 percent or more of income on healthcare, while for higher-income

families it means spending 10 percent or more. While the Affordable Care Act has led to historic gains in coverage, with 20 million fewer people uninsured since the law's passage, healthcare costs and premiums continue to rise faster than wages. As a result, employers are requiring workers to share a larger proportion of these costs, especially in the form of higher plan deductibles. More than half (56 percent) of the estimated 41 million adults who are underinsured get their coverage through an employer."

Consumers with low incomes, representing 61 percent of the 41 million underinsured in 2016, were the most likely to lack adequate cost protections, according to the report.

"The growing number of people who are underinsured is concerning, especially because people with the greatest need for affordable healthcare are most likely to be affected—people with low incomes and people with health problems," said Sara Collins, vice president for Health Care Coverage and Access at The Commonwealth Fund and the report's lead author in a news release. "People who are underinsured face problems affording healthcare at rates similar to those seen for people with no health insurance at all, and they are almost as likely to skip needed care and to end up in debt when they get sick."



Additional findings in the report include:

- Higher deductibles are associated with higher medical debt and cause increased rates of underinsurance. Twenty-three percent of adults surveyed with individual and marketplace plans had deductibles totaling 5 percent or more of their income in 2016, compared to 13 percent of consumers with employer plans.
- Among consumers with private coverage insured throughout 2016, two in five (40 percent) with a deductible of \$3,000 or more reported they had difficulty paying their medical bills or had accumulated medical debt, compared

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with 21 percent of those who did not have a deductible.

- Forty-seven percent of underinsured adults with difficulty paying medical bills or medical debt reported they used all their savings to pay those bills. *(See more data on the impact of medical bill problems in Data Watch.)*
- Fifty-two percent of underinsured adults surveyed said they have problems paying their medical bills or that they were paying off medical debt in 2016.
- Adults paying off their medical bills over time and with high deductibles also have the most medical debt. Thirty-nine percent of adults with private health insurance and deductibles of \$1,000 or more said their medical bills were \$4,000 or more.
- Thirty-eight percent of underinsured adults with medical bill problems reported they accumulated credit card debt to pay their bills. And, about 6 percent said they had to declare bankruptcy.

The Commonwealth Fund finds in its research from the biennial survey that several policy options could improve healthcare affordability for consumers, such as, “extending the Affordable Care Act’s cost-sharing reductions to more enrollees, excluding more services from plan deductibles in both marketplace and employer plans, and increasing the required minimum value of employer plans.”

The authors of the report on underinsured also say policymakers must address increasing healthcare costs.

“As we move beyond efforts to repeal and replace the Affordable Care Act, it is important to remember that many people, even some with insurance through their employers, still need better access to high-quality, affordable healthcare,” Commonwealth Fund President David Blumenthal said in the news release. “There are several bipartisan policy fixes that could make a huge difference for people struggling to afford the healthcare they need, while also making our health system work better for everyone.”

As healthcare costs continue to grow, insurers and employers tried to manage premium increases through higher deductibles and other cost-sharing plans for consumers, according to the report.

“Advocates of this approach argue that with more skin in the game, consumers will help to slow cost growth by choosing more-efficient providers and being more selective in the services they use. But years of experience with high deductible health plans in the U.S. has yielded scant evidence that such a strategy is effective. Instead, as the survey findings indicate, many consumers have responded to higher deductibles by avoiding needed health care and skipping their medications,” it states.

The report concludes that despite improvements in coverage since the Affordable Care Act was passed in 2010, barriers preventing consumers from accessing healthcare in a timely manner continue and protections against medical debt are limited.

“While these problems continue to be most apparent in the individual insurance market, they are increasing in the employer group market, it states. “Even public insurance programs like Medicare, which covers seniors and disabled people under age 65, leave many struggling to pay for healthcare.”

More information:
<http://bit.ly/2yA5sCt>

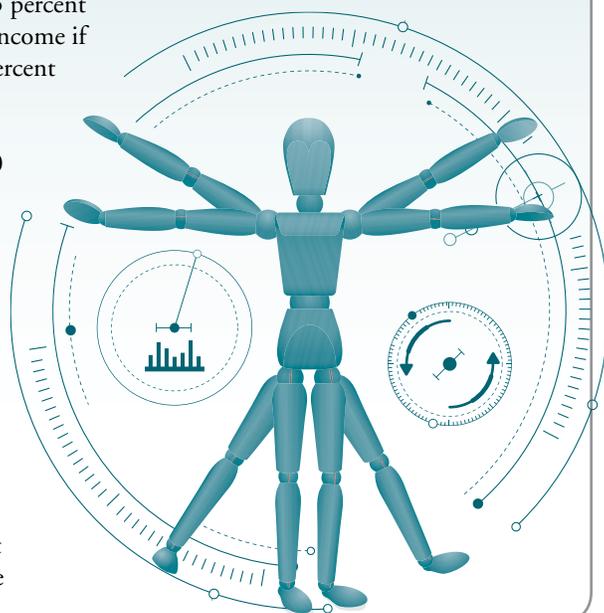
The Underinsured Consumer Defined

Despite having an insurance plan, consumers can still be underinsured, according to The Commonwealth Fund, if:

- Their out-of-pocket costs, excluding premiums, over the prior 12 months total 10 percent or more of household income; or
- Their out-of-pocket costs, excluding premiums, over the prior 12 months total 5 percent or more of household income if income is under 200 percent of the federal poverty level (\$23,760 for an individual and \$48,600 for a family of four); or
- Their deductible totals 5 percent or more of their household income.

The Commonwealth Fund notes, “The out-of-pocket cost component of the measure is only triggered if a person uses his or her plan. The deductible component provides an indicator of the

financial protection the plan offers and the risk of incurring costs before a person gets health care. The definition does not include people who are at risk of incurring high costs because of other design elements, such as exclusion of certain covered benefits and copayments. It therefore provides a conservative measure of underinsurance in the United States.”



MEDICARE:

CMS: Medicare Premiums will Decrease in 2018

Medicare coverage for beneficiaries of the program will improve in 2018, according to the Centers for Medicare and Medicaid Services (CMS.) This will result in more choices and options for Medicare coverage in 2018.

“As CMS releases the benefit and premium information for Medicare health and drug plans for the 2018 calendar year, the average monthly premium for a Medicare Advantage plan will decrease while enrollment in Medicare Advantage is projected to reach a new all-time high,” according to a news release.

CMS estimates that the Medicare Advantage average monthly premium will decrease by \$1.91 (about 6 percent) in 2018, from an average of \$31.91 in 2017 to \$30. Seventy-seven percent of Medicare Advantage enrollees remaining in their current plan will have the same or lower premium for 2018, it states.

“More affordable choices lead to greater health security for those who need it most,” Health and Human Services Secretary Tom Price said in the news release. “Both Medicare Advantage and Medicare Part D are providing a higher level of health security for so many of America’s seniors precisely because they are built to be more responsive to their needs.”

Medicare Advantage enrollment is estimated to increase to 20.4 million in 2018, a increase compared to 2017. Thirty-four percent of consumers enrolled in Medicare are projected to be in a Medicare Advantage plan in 2018, according to the CMS news release.

“The success of Medicare Advantage and the prescription drug program demonstrates what a strong and transparent health market can do— increase quality while lowering costs,” CMS Administrator Seema Verma said.



“When Americans are empowered to choose the plans that fit their needs and the needs of their families, they demand more from their insurance plans and in turn plans, like any business, provide customers better service at a lower cost.

CMS also reports access to the Medicare Advantage program continues to be strong as 99 percent of consumers with Medicare also have access to a Medicare Advantage plan.

“The number of Medicare Advantage plans available to individuals to choose from across the country is increasing from about 2,700 to more than 3,100—and more than 85 percent of people with Medicare will have access to 10 or more Medicare Advantage plans,” it reports. “In addition, more Medicare Advantage enrollees are projected to have access to important supplemental benefits such as dental, vision, and hearing benefits.”

More information:
<http://go.cms.gov/2hurRIj>

NEWS & NOTES

Consumers’ Medical Debt Ranks Low Over Other Forms of Debt

GoBankingRates’ latest survey on debt in the U.S. shows what most of us already know – consumers have various debts of various sizes, the lowest being medical debt. Sixty-five percent of the 2,500 consumers surveyed have mortgage debt while 21 percent have medical debt. Among the respondents with medical debt, their balances are less than \$500. <http://bit.ly/2gMeLsy>

Family Premiums Under Employer Plans Continue Modest Increase

Yearly family premiums under employer-sponsored health insurance plans increased by \$18,764 or an average of 3 percent in 2017, according to the 2017 Employer Health Benefits Survey from the Kaiser Family Foundation and Health Research & Educational Trust. And, employees’ average payment toward family premiums has increased at a faster rate than the employer’s portion since 2012. <http://kaiserf.am/2hiVoHP>

Cybersecurity Plans are Difficult to Achieve

Complete protection against cybersecurity attacks for hospitals is a challenge, *FierceHealthcare* reports, based on research from Harvard University, Case Western Reserve University and Brown University in the *Annals of Internal Medicine*. Hospitals are developing best practices in the aftermath of several significant cybersecurity attacks, but contingency plans are lagging in the U.S. <http://bit.ly/2xLm33l>

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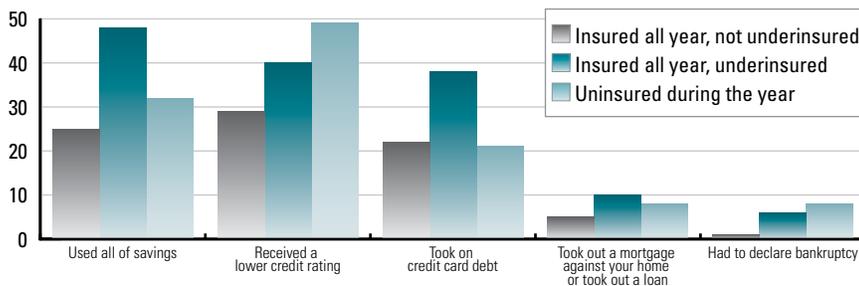
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Medical Bills and Consumers' Lingerin Financial Problems

More underinsured consumers in 2016 took on credit card debt or used savings to pay their medical bills compared to consumers who had insurance throughout the year and were not underinsured, according to The Commonwealth Fund. For example, 38 percent of adults ages 19-64 said they took on credit card debt for medical bills in 2016 compared to 22 of adults with insurance throughout the year.



Source: S. R. Collins, M. Z. Gunja, and M. M. Doty, *How Well Does Insurance Coverage Protect Consumers from Health Care Costs? Findings from the Commonwealth Fund Biennial Health Insurance Survey, 2016*, The Commonwealth Fund, October 2017. <http://www.commonwealthfund.org/Publications/Issue-Briefs/2017/Oct/Insurance-Coverage-Consumers-Health-Care-Costs>