THE MAGNITUDE OF UNDERINSURANCE: A STATE PERSPECTIVE

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Why monitor underinsurance?

As health care costs continue to rise, many American families may experience increased exposure to significant financial risk represented by out-of-pocket expenditures on health care. Rising health insurance premiums may force employers to offer, and individuals and families to enroll in, health insurance plans with diminished benefits package and/or increased cost-sharing provisions such as caps, deductibles and co-pays.

Excessive out-of-pocket costs represent a potential access barrier to timely and needed health care. Estimating the magnitude of underinsurance within a state's population can facilitate an informed discussion of state and national policy options available to address the issue.

Research objectives

- To measure out-of-pocket medical spending and patterns of foregone care among insured Coloradans of selected sociodemographic characteristics;
- To estimate the pervasiveness and implications of underinsurance at the state level; and
- To provide a baseline by which prevalence of underinsurance can be measured following implementation of state and national health reform policies.

Data source and study population

- The data source was the 2008-09 Colorado Household Survey (COHS), a telephone survey of health insurance and access to care sponsored by the Colorado Department of Health Care Policy and Financing and administered by the Colorado Health Institute
- The COHS was a stratified random sample of 10,000 Coloradans

Methods

The analyses included:

- A description of the demographic and insurance characteristics of the underinsured;
- Estimates of the prevalence of underinsurance among individuals grouped by age, race/ethnicity, income, self-reported health status and geographic region; and
- A comparison of reported access to care barriers by insurance status, i.e., underinsured, adequately insured and uninsured—including foregone care due to cost, no usual source of care and problems paying medical bills.

Definition of underinsurance

A threshold of ten percent of family income (or five percent if income was below 200 percent of the Federal Poverty Level, or FPL) for out-of-pocket medical and prescription medication expenses was chosen to identify the underinsured among Coloradans who indicated that they and their family members had been covered by health insurance for a full year.

In addition to the underinsured, Coloradans were grouped into three other insurance categories:

- Adequately insured (insured for all of the 12 months prior to the survey and not meeting the criteria for underinsurance);
- Insured but in a family with at least one uninsured member; and
- Uninsured at some point in the 12 months prior to the survey.

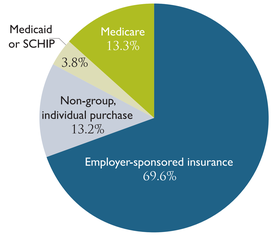
Principal findings

- An estimated 650,000 individuals (13%) of Colorado's population were underinsured in 2008-09, the majority of whom met the low-income criteria for underinsurance (Table 1)
- Most underinsured Coloradans (70%) reported having employer-sponsored coverage, followed by Medicare (13%), non-group insurance (13%) and Medicaid or the State Children's Health Insurance Plan (4%) (Graph 1)
- Over 20% of Coloradans ages 65 years and older met the criteria for underinsurance—the highest of any age group (Graph 2)
- Underinsured Coloradans were almost twice as likely as the adequately insured to report having foregone needed medical care (23% vs. 13%, respectively; $p < .05$) (Table 2)
- Underinsured Coloradans reported having a problem paying medical bills (35%) less frequently than uninsured Coloradans (38%), but both groups were significantly different from adequately insured Coloradans for this measure (12%, $p < .05$ for both) (Table 2)

Table 1. Coloradans by insurance status, 2008-09

	Adequately insured	Underinsured	Uninsured at some point in the 12 months prior to the survey	Insured, but with an uninsured family member
Number	3,069,545	649,632	973,396	317,822
Percent	61.3%	13.0%	19.4%	6.3%

Graph 1. Underinsured Coloradans by source of health insurance coverage, 2008-09



Graph 2. Uninsured, adequately insured and underinsured rates by age group, 2008-09

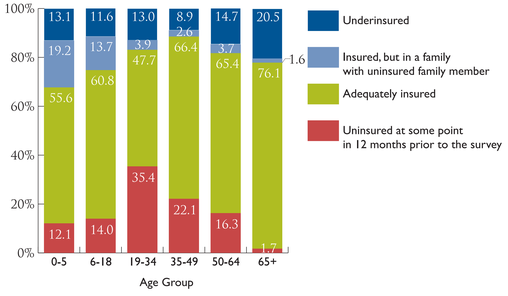


Table 2. Access and cost-related problems among uninsured, underinsured and adequately insured Coloradans, 2008-09

Barrier experienced in the 12 months prior to survey	Adequately insured	Under-insured	Uninsured at some point in the 12 months prior to the survey	Insured, but with an uninsured family member
Did not fill a prescription due to cost	7.1%	15.1%*	23.8%*	12.9%*
Did not get needed physician due to cost	5.4%	11.6%*	32.8%*	8.4%*
Did not get needed specialist care due to cost	7.3%	13.5%*	25.9%*	8.6%
At least one of the above	13.0%	23.1%*	44.1%*	18.3%*
No usual source of care	5.8%	5.6%	29.7%*	6.6%
Problems paying medical bills	12.4%	35.1%*	38.2%*	37.3%*

*Statistically significant at $p < .05$ when compared to adequately insured

Conclusions

- The prevalence of underinsurance in Colorado is of almost equal magnitude to having no insurance coverage
- Older adults are particularly vulnerable to high out-of-pocket health care expenditures and are often excluded from analysis of underinsurance. A more comprehensive analysis of assets, monthly income and out-of-pocket expenditures should be conducted to understand how available disposable monthly income versus assets is treated when calculating out-of-pocket expenses for this age group
- Underinsured individuals and families experience significant barriers to health care

Policy Implications

- As the Colorado population ages, so too may the number of underinsured grow
- The economic and personal costs of foregoing needed medical care due to cost have significant implications for the cost and provision of health care
- As state and national health care reform efforts focus on the expansion of public and private coverage, monitoring underinsurance and insurance affordability becomes ever more essential in assuring access to needed health care

THE COLORADO TRUST

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The complete report is available at www.thecoloradotrust.org.