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Why Middle Class Americans Need Health Reform

Abstract

[Excerpt] Middle class Americans across the country are demanding health reform. Businesses and families are struggling under the increasing financial burden of rising health care costs, and even middle class Americans with health insurance are struggling as their out of pocket health care costs continue to rise. Some employers are facing a decision between scaling back on coverage and laying off workers, and many—especially small businesses—are dropping coverage altogether. Middle class families often find themselves without adequate protection against a major illness and have difficulty obtaining the care they need, and an increasing number are now uninsured. Even among those able to get insurance through their job, middle class Americans are less likely to have a choice in their plan or provider compared to higher-income workers. This report highlights the struggles that middle class Americans face in the current health care system. By examining cost, coverage, access, and choice, this report shows how the current system has failed the middle class and why we must enact health reform this year.

Keywords

Middle Class Task Force, health care, reform, insurance, access, costs, economic crisis, public policy

Comments

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Why Middle Class Americans Need Health Reform

Introduction

Middle class Americans across the country are demanding health reform. Businesses and families are struggling under the increasing financial burden of rising health care costs, and even middle class Americans with health insurance are struggling as their out of pocket health care costs continue to rise. Some employers are facing a decision between scaling back on coverage and laying off workers, and many—especially small businesses—are dropping coverage altogether. Middle class families often find themselves without adequate protection against a major illness and have difficulty obtaining the care they need, and an increasing number are now uninsured. Even among those able to get insurance through their job, middle class Americans are less likely to have a choice in their plan or provider compared to higher-income workers. This report highlights the struggles that middle class Americans face in the current health care system. By examining cost, coverage, access, and choice, this report shows how the current system has failed the middle class and why we must enact health reform this year.

Rising Financial Burden

Middle class Americans and their families are facing escalating financial burdens from health care costs.

- On average, middle class families with private health insurance spend \$4,400 a year on health insurance premiums, deductibles, and copayments, or 9% of their household income.¹
- Compared with higher-income Americans, middle class Americans are more likely to face a high financial burden from these out of pocket health care costs. In fact, 22 percent of middle class Americans with private health insurance are in households that spend more than 10 percent of their income on health care, compared with 8 percent of higher-income Americans.²
- This burden is growing over time. From 2001 to 2006, the percentage of privately insured middle class Americans facing a high financial burden from health care costs increased from 14 percent to 22 percent.³

- The burden is also worse for middle class Americans purchasing health insurance directly from the individual insurance market. A middle class family with individual coverage spends on average 22 percent of household income on health care – and some spend up to 50 percent. A similar middle class family with employer based coverage spends an average of 8 percent of their income on health care costs.⁴

Diminishing Coverage

Middle class Americans and their families are facing a growing challenge in obtaining or maintaining their health insurance coverage.

- Over a quarter of the uninsured are middle class Americans.⁵
- The number of non-elderly middle class Americans who are uninsured has grown over time, from 11.1 million in 2001 to 12.5 million in 2007.⁶ Looking forward, without health reform, the number of middle class Americans without health insurance could be as high as 18.2 million in 2019.⁷
- In part, high rates of the uninsured among middle class Americans arise because middle income workers have a higher chance of not being offered health insurance through their job. In fact, of the 10.7 million non-elderly adults in the middle class bracket who are uninsured, nearly 90 percent are employed.⁸
- Nearly one in four middle class employees are not offered health insurance by their employers – and of those that are not, more than half remain uninsured. In comparison, only one in six high-income employees are not offered health insurance by their employers.⁹
- Part of the reason that middle income Americans are less likely to be offered coverage is because they are more likely to work in small businesses – 53 percent of middle income Americans work in small businesses, compared with 46 percent of higher income Americans. Of those who work in small business, 40 percent are not offered insurance.¹⁰

Reduced Access to Care

Shrinking coverage and rising costs mean middle class Americans are finding it difficult to obtain the care they need.

- Eleven percent of middle class adults reported delaying needed care and 8 percent reported avoiding care altogether because of high cost in 2007.¹¹
- Middle class adults are also more likely to avoid care because of rising costs compared to higher-income adults, where only 5 percent reported delaying and 3 percent reported avoiding needed care.¹²

- The problem is particularly worse for those middle class adults who are uninsured, where more than one in five delayed or avoided needed care because of cost in 2007.¹³
- Regular visits to the pediatrician are important for healthy child development, and yet too many middle class children do not see a physician regularly. Twelve percent of middle class children did not have a health care visit in the past year, compared to 8 percent of high-income children.¹⁴

Lack of Choice

Even among those able to get insurance through their job, middle class Americans are less likely to have a choice in their plan or provider compared to higher-income workers.

- Forty percent of middle class workers are given a choice of health plans through their job, compared with 52 percent of higher-income workers.¹⁵
- Middle class Americans are more likely to need a referral to see a specialist, more likely to have to select their doctor from a list given by their health plan, and less likely to be able to get health care coverage if they go outside of that network than higher income Americans.¹⁶

The Need for Health Reform

Rising costs, rising rates of uninsured, and reduced access to care all demonstrate that the current health care system does not work for middle class families. Health reform is needed to ensure high-quality care is accessible for all Americans.

Sources

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Data analysis provided by the Center for Disease Control and Prevention's National Center for Health Statistics, the Office of the Assistant Secretary for Planning and Evaluation, and the Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Department of Health and Human Services

¹ Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2006.

² Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2006.

³ Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2001-2006.

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⁵ Current Population Survey, 2007.

⁶ Current Population Survey, 2001-2007.

⁷ Holahan J, Garrett B, Headen I, et al. *Health Reform: The Cost of Failure*. The Urban Institute and Robert Wood Johnson Foundation: May 21, 2009. Available at <http://www.rwjf.org/files/research/costoffailure20090529.pdf>

⁸ Current Population Survey, 2007.

⁹ Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2006.

¹⁰ Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2006.

¹¹ Unpublished data from the National Center for Health Statistics and the Center for Disease Control and Prevention, 1997-2007.

¹² Unpublished data from the National Center for Health Statistics and the Center for Disease Control and Prevention, 2007.

¹³ Unpublished data from the National Center for Health Statistics and the Center for Disease Control and Prevention, 2007.

¹⁴ Unpublished data from the National Center for Health Statistics and the Center for Disease Control and Prevention, 2007.

¹⁵ Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, 2006.

¹⁶ Unpublished data from the National Center for Health Statistics and the Center for Disease Control and Prevention, 2007.