

## The Risks of costly health insurance

Underinsured face money, medical woes like uninsured [Kristen Gerencher](#), *MarketWatch*

**SAN FRANCISCO (MarketWatch) -- People whose health plans have high costs and big gaps in coverage are catching up to those who have no insurance at all when it comes to running up medical and financial problems, according to a new study.**

About 16 million U.S. adults with health insurance in 2003 found limited access to care and crushing financial burdens similar to those experienced by the 45 million who had no insurance, according to the Commonwealth Fund, a nonprofit health-policy research group in New York. The figure represents 12% of the insured population.

On the continuum of health coverage that determines Americans' level of care and financial risk, the "underinsured" represent a growing middle ground. They are people who have some kind of coverage but are required to pay high out-of-pocket costs relative to their income.

This trend may collide with another. Many newly designed "consumer driven" health plans make high deductibles of at least \$1,000 the norm, with some offering a savings account and traditional coverage that kicks in only after consumers have burned through their own money. The hope is that consumers will spend more wisely and shop around to compare prices.

Few consumer-driven plans

are in use today, but the number is expected to grow as employers express enthusiasm. After years of increasing cost-sharing with workers, some employers see the plans as a last-ditch attempt to hold down rapidly rising costs. Health-care premiums have seen double-digit growth for four consecutive years through the first half of 2004.

Americans already have higher out-of-pocket costs than other industrialized countries, and the move toward more high-deductible plans and health savings accounts is cause for concern, said Sara Collins, senior program officer for the Commonwealth Fund.

"Researchers, insurers and policymakers really have to consider what these benefit designs are," she said. "Are we really giving people something that will give them sufficient access to the health-care system, or something a little better but that leaves them in the same boat as people who lack insurance altogether?"

Consumers discouraged from accessing preventive care because of a fear of driving up medical debt aren't well served, Collins said. "We want people to have access to the kinds of services they need in order to prevent long-term health problems that are going to cost the health system and insurers a lot more in the long run."

### Overlapping problems

In fact, more underinsured people than those with no insurance said they'd been contacted by a collections agency because of unpaid medical bills -- 46% versus 44%, the study said.

Many went without needed care, with 38% of both groups saying they didn't fill a prescription because of costs.

Confidence in the ability to get quality care when they need it also took a hit, with 21% of the underinsured saying they were very confident compared with 16% of the uninsured and 35% of those fully insured.

Conversely, 21% of underinsured people were somewhat or very dissatisfied with the quality of care they received in the year before the study, slightly lower than the 23% of uninsured who were. Only 9% of people considered fully insured reported having similar negative feelings about the quality of their care.

The Commonwealth Fund deemed people underinsured if they met one of three criteria: medical expenses that accounted for 10% or more of income, or at least 5% if a person had income below 200% of the federal poverty level, or anyone whose health plan deductible ate up at least 5% of their income.

Adults with health problems and those earning less than \$35,000 a year were particularly likely to fall into the category of underinsured.

The study surveyed more than 4,000 adults across the country between September 2003 and January 2004.

