

New York's Underinsured

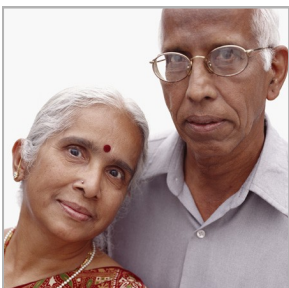
Will your health insurance fail you when you need it the most?

Many people with insurance are getting sick, only to find out that their insurance is not good enough. They are *under-insured*.

While there is no set definition of underinsurance, most agree that it entails having health insurance that does not meet one's health needs and/or exceeds 10% of a family's pre-tax income. This often takes the form of high deductibles or co-pays or severely limited coverage of medical expenses. When this occurs, the insured person is left responsible for a substantial portion of the cost of their medical care, which often results in severe financial hardships for those facing an illness.

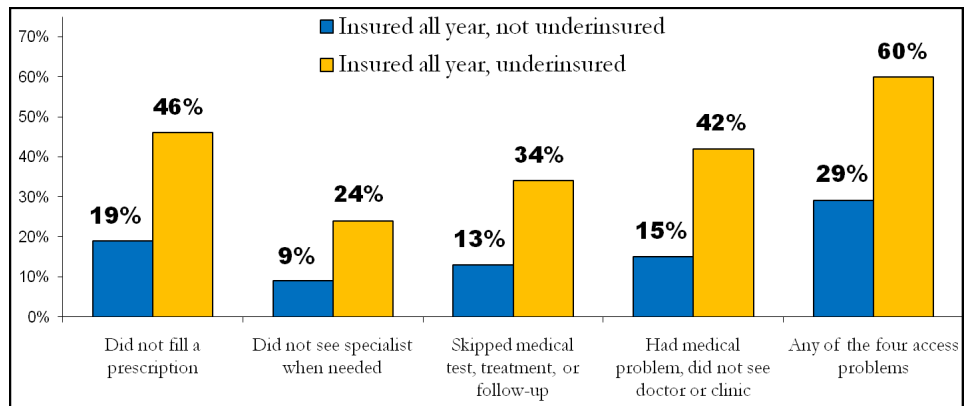
Who is Underinsured?

- **Lower- or moderate-income people.** Individuals who have low incomes (less than \$20,000) are at higher risk of being both uninsured and underinsured. However, more and more people with moderate incomes are starting to be affected and roughly 7 in 10 underinsured adults have incomes less than \$40,000.²
- **Older people.** Adults aged 50—64 are more likely than young



Older adults are more likely to find themselves with inadequate health insurance.

Figure 1—Underinsured adults (19-64) report high rates of cost-related access problems in the past year.



Source: The Commonwealth Fund Biennial Health Insurance Survey, 2007.

adults to have insurance, but are more likely to be underinsured. Between 2003 and 2007, the number of underinsured older adults increased by 60%.³

- **Sicker people.** Among adults with chronic conditions and disabilities, half were either underinsured or uninsured as of 2007.⁴

How Does Underinsurance Hurt People?

Reduced access to care

The underinsured are more likely than those with adequate insurance to go without needed medical care because of costs. In 2007, 46% of the underinsured nationwide did not fill a prescription, and 42% had a medical problem but did not visit a doctor.⁵ (See Figure 1) In addition, 39% of adults with a chronic disease skipped doses or did not fill a prescription for their chronic condition because of cost.⁶

In New York State, 1 in 6 people polled who had consistent insurance coverage in the past year reported that they could not fill a needed prescription due to a lack of money or health insurance. Nearly 1 in 8 were not able to get or postponed medical care for the same reasons.⁷

What Causes Underinsurance?

From 2000 to 2007, health care premiums have risen by 91% but average wages have only increased by 24%.¹ In an effort to control some of the costs, many plans have sought to shift more of the costs to their employees. This has led to higher deductibles and co-pays for many patients as well as reduced benefits.

Fighting For Good Health Insurance

New Yorkers Speak Out on Underinsurance



On May 28, 2008, *Bunnie Sarro, a waitress from upstate New York traveled to our state's capital to testify on underinsurance before state officials at HCFANY's People's Public Hearing. She represents just one of millions of New Yorkers who have been failed by their health insurance. These are excerpts from her testimony*

Hello. My name is Mrs. Patrick Sarro. Most people call me Bunnie. On October 26, 2006 my world stopped at 3:40 am, when I held my dying husband in my arms. He had non-small cell lung cancer, from which he passed away that night. He was a husband, a father, a son, and a brother. We had almost 22 years together and 12 children between us.

When Pat was diagnosed with lung cancer, he was 59 years old and on Medicare. We were hard pressed financially. He was at the doctor's three or four times per week. In some weeks, we were there *everyday*. The Medicare premiums were affordable, but because he was always at the doctor, our expenses kept adding up. We sometimes paid *hundreds of dollars* a month just in co-payments.

In the end, it came down to meds that he could not have. His doctor prescribed a targeted cancer therapy. But Pat had hit the infamous 'donut hole' in his Medicare plan. He was 59 and disabled, so we weren't eligible for EPIC. We could not afford \$710 per prescription, so he did not get the drugs that his doctor thought would help him survive. Instead, we accepted the services of hospice and he was sent home.

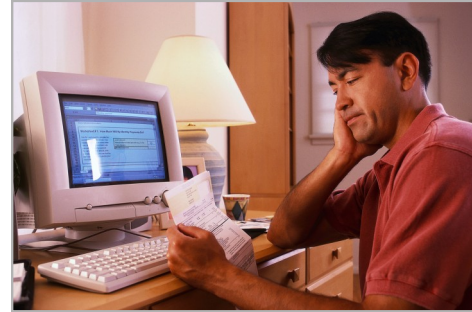
I don't know if Pat's meds would have bought him more time. But I do think we should have been given the chance to find out. And I do know that 12 children, 23 grandchildren and 9 great grandchildren will never share their hopes and dreams and problems with him again. He was Papa to everybody.

We are just one family. How many more like us are out there? How many more may have suffered because they could not afford care? I don't know, but I hope and pray that my story will help you make good decisions so that no one has to suffer like we do.

Thank you and god bless you all.

Financial hardships

Thirty-five percent of the underinsured report problems paying medical bills.⁸ Further, in 2001, nearly half of the 1.5 million American families who filed for bankruptcy cited medical causes. The majority— 75%— had insurance at the onset of their illness.⁹



Many people do not realize they are underinsured until they get sick and find that their insurance won't cover enough of their medical expenses.

Is There A Solution?

The problem of underinsurance has become a critical one. Our economy is slowing, and New Yorkers are finding themselves with less and less disposable income. It is imperative that the insurance products people rely on should work for them when they need them the most. Nobody should have to go broke or lose their entire life's savings because of one illness.

Health Care For All New York believes that the government has a unique obligation to guarantee affordable, comprehensive health care for all its people and that it must play a central role in reforming health coverage for all residents of our State. New York State has begun a health reform initiative and we now have a tremendous opportunity to make sure that the state follows through this and that any plans set forth reflect the needs of all New Yorkers.

REFERENCES

- 1 Schoen, Cathy, Sarah Collins, Jennifer Kriss, and Michelle Doty. 2008. How Many Adults Are Underinsured? Trends Among U.S. Adults, 2003 and 2007. *Health Affairs*—Web Exclusive.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.
- 5 Collins, SR, Kriss, JL, Doty, MM &SD Rustgi. "Losing ground: How the loss of adequate health insurance is burdening working families." Commonwealth Fund, August 2008.
- 6 Schoen et al.
- 7 CSS Statewide Survey, November 2007
- 8 Schoen et al.
- 9 Himmelstein, David, Elizabeth Warren, Deborah Thorne, Steffie Woolhandler. 2005. MarketWatch: Illness and Injury as Contributors to Bankruptcy. *Health Affairs*—Web Exclusive.

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