

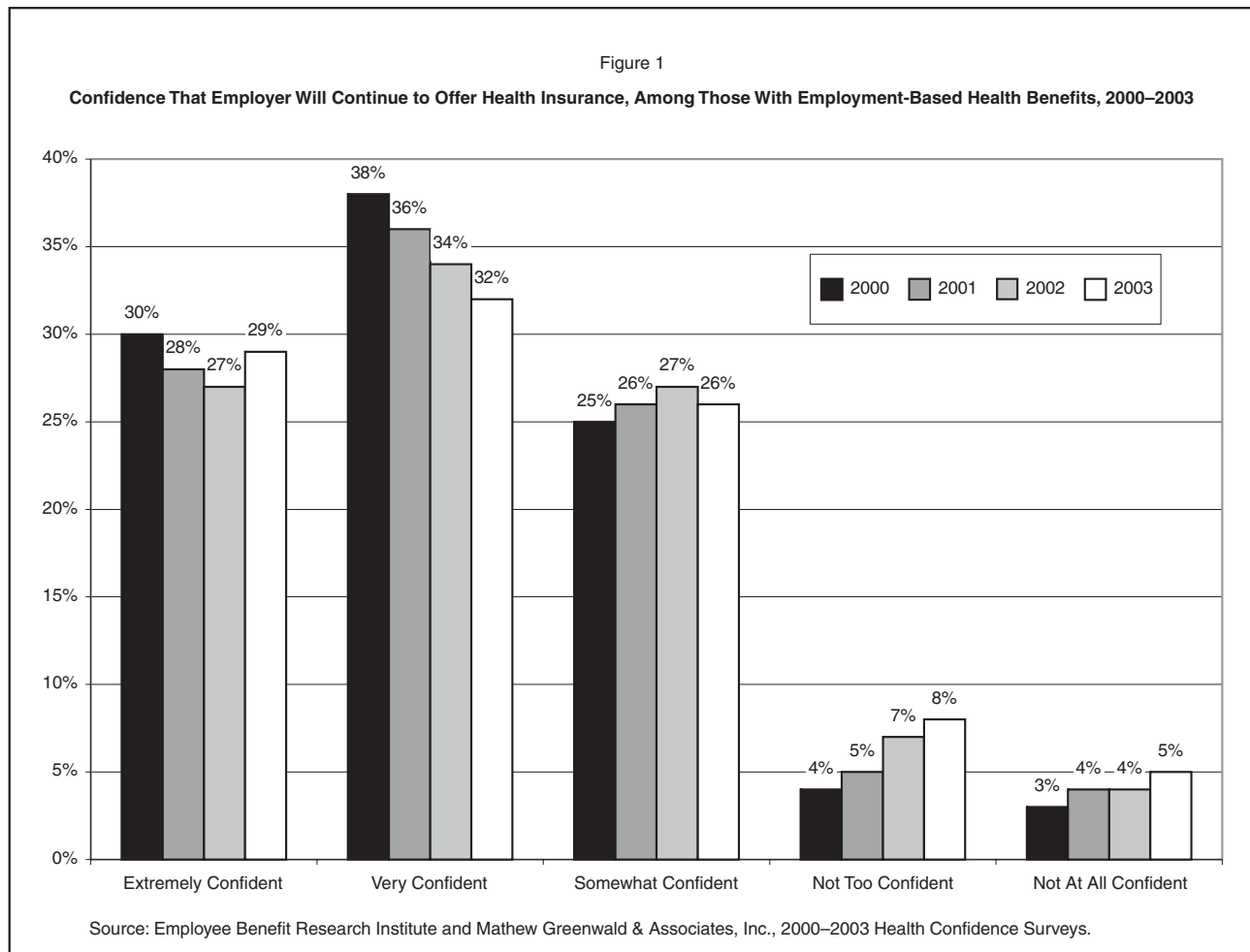
The Future of Health Insurance Coverage: Consumer Viewpoints

The 2003 Health Confidence Survey (HCS) represents the sixth wave of an annual survey to assess the attitudes of the American public regarding the health care system in the United States. The 2003 HCS finds that Americans are growing more concerned about the future of health care in America: They are less confident that their employers will continue to offer health benefits; they are more interested in government-based coverage; they expect higher personal spending if health insurance costs continue to rise; and they will need guidance if required to spend more out-of-pocket on health care and make more health care decisions.

Americans Less Confident in Employment-Based Coverage

While almost all Americans covered by employment-based health benefits remain at least somewhat confident that their employer will continue to offer health insurance coverage to its workers, confidence levels continue to decrease over time (Figure 1).

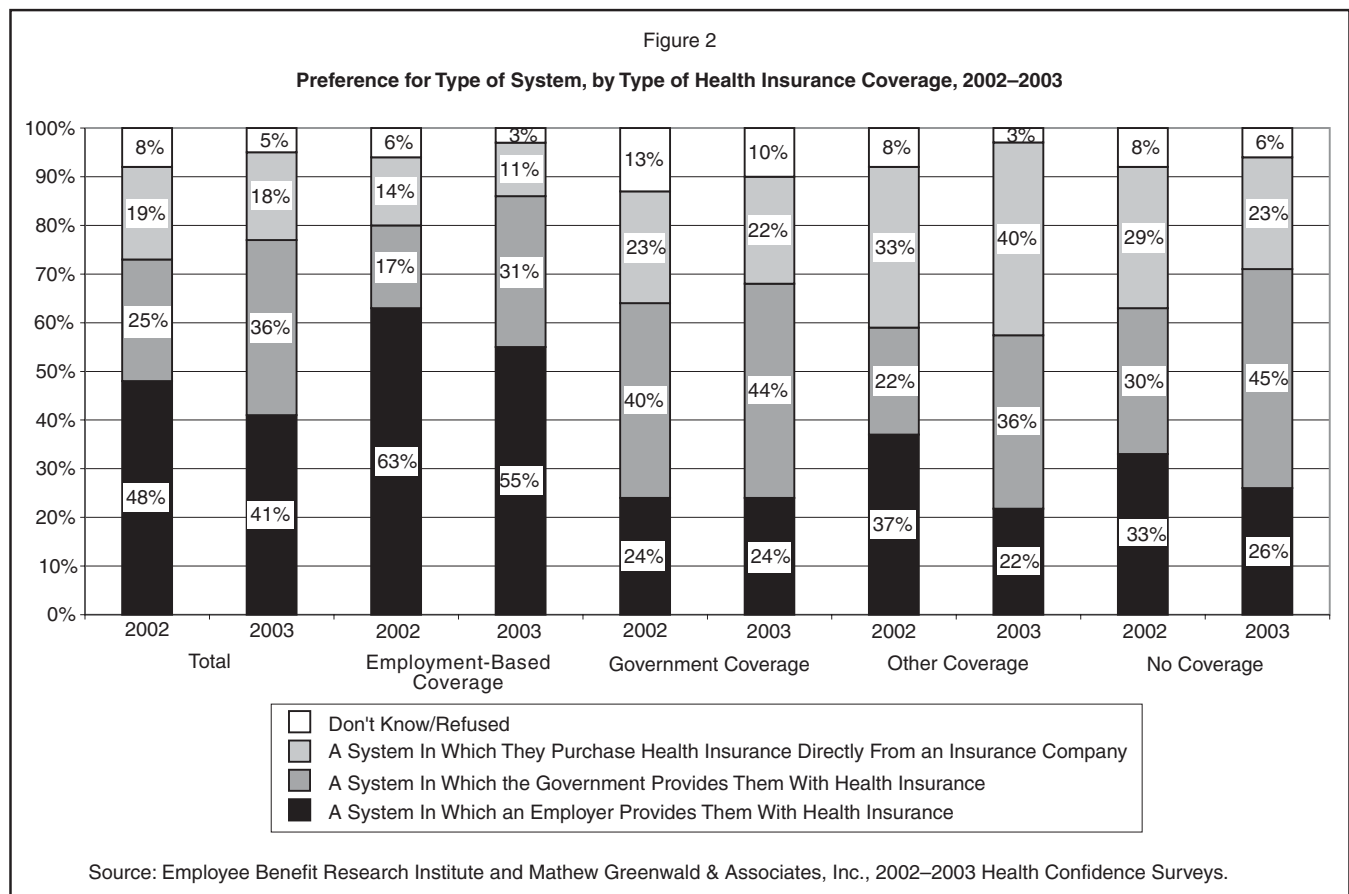
- In 2003, 61 percent of Americans with employment-based health benefits are *extremely* or *very* confident that their employer will continue to offer health insurance, down from 68 percent in 2000.
- More than 1 in 10 say they are *not too* or *not at all* confident that their employer will continue to offer coverage (13 percent, up from 7 percent in 2000).
- Six in 10 Americans are *not too* (24 percent) or *not at all* (36 percent) confident that they would be able to afford health insurance on their own if their employer were to stop offering it and did not increase their salary to help them pay for it.



Americans More Likely to Prefer Government-Sponsored Health Insurance

With this concern about the employment-based system comes an increase in preference for a government-based system of health insurance. While employment-based coverage is still the most popular type of system for health insurance coverage in the United States, support for government-sponsored health insurance has increased (Figure 2).

- Forty-one percent of Americans say they would prefer to get health insurance through an employer, down from 48 percent in 2002.
- More than one-third would prefer to get insurance through the government (36 percent, up from 25 percent in 2002).
- Among those with employment-based coverage, preference for government coverage nearly doubled over the past year, from 17 percent in 2002 to 31 percent in 2003.



Experiences of the Uninsured Justify the Concerns of Those With Coverage

The concerns of those who worry that they would not be able to afford health insurance if their employer stopped offering it may be well founded. Many Americans who are uninsured or who have experienced a gap in health insurance coverage shop for health insurance on their own or are offered plans by employers. Affordability is the main reason they do not take coverage that is offered to them.

- Forty-four percent of uninsured Americans and those with a break in coverage in the past year have shopped for health insurance on their own.
 - ◇ Eighty-one percent of them did not buy the plan because it cost too much.
- One-fourth (24 percent) of Americans without insurance or with gaps in insurance say they were offered health insurance coverage by an employer that they decided not to take.
 - ◇ Ninety-one percent of them did not take the coverage because it cost too much.

As Costs Rise, Insured Expect Higher Personal Spending and More Uninsured

As costs in the health care system rise, insured Americans believe that consumers will be the ones most affected, with rising costs and fewer services (Figure 3). Nine in 10 each say that rising health insurance costs will require people with insurance to pay more (91 percent) and that more people will go without health insurance (90 percent). Almost two-thirds think fewer health care services will be provided to people with insurance (63 percent). Fewer think that someone else will step up to assist with costs. Four in 10 believe health care providers will be paid less for providing medical services (42 percent) and employers will pay more (41 percent), and 3 in 10 think the government will pay more (31 percent).

Figure 3

How Insured Americans Expect Rising Health Insurance Costs to Affect the Future of Health Insurance, 2003

People With Insurance Will Be Required to Pay More	91%
More People Will Go Without Health Insurance	90
Fewer Health Care Services Will Be Provided to People With Insurance	63
Health Care Providers Will Be Paid Less for Providing Medical Services	42
Employers Will Pay More	41
The Government Will Pay More	31

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003 Health Confidence Survey.

Americans Predict Their Responses to Increased Health Care Costs

If Americans do see higher personal spending on health care, what actions might they take in response?

If premiums increase:

If the amount Americans with private coverage pay toward their health insurance premiums were to increase by...

- \$25 per month: 10 percent would drop coverage.
- \$50 per month: another 12 percent would drop coverage.
- \$100 per month: another 24 percent would drop coverage.
- \$200 per month: another 19 percent would drop coverage.
- Nearly 3 in 10 would not drop coverage at a \$200 increase (28 percent).

Not surprisingly, the likelihood of keeping health insurance as its cost increases is strongly related to education and household income. Because health status is closely correlated with income, and thus the ability to afford premium increases, Americans in *fair* or *poor* health are more likely than those in *excellent*, *very good*, or *good* health to say they would drop at a \$25 per month increase (23 percent vs. 8 percent). This suggests that those with the greatest need for insurance coverage of health services would be the most likely to drop coverage if their premiums increased.

If copayments increase:

It is unclear how Americans would change their behavior in response to increased out-of-pocket spending on health care. The 2003 HCS asked what Americans with health insurance would do if the amount of money they pay at the point of receiving health care, such as their copayments, were to increase significantly. The question was asked in two ways: (1) half of the respondents were asked an open-ended question to which they could give any reply, with no help or prompts; and (2) half of the respondents were read a list of pre-set responses, and they indicated whether they would or would not take each action. The question elicits very different answers, depending on the way it is asked (Figure 4).

- Those who were asked the open-ended question most often say they would continue to use health care the way they do now (39 percent), they would look for cheaper coverage elsewhere (15 percent), they would delay going to the doctor (13 percent), or they would drop coverage (10 percent).
 - ◇ Very few of these respondents are apparently able to think of other alternatives to help control costs.

- Of those who were read the list of responses, however, a majority say that they would—in fact—use the alternatives.
 - ◇ Almost 9 in 10 would choose generic drugs when available (87 percent) or talk to their doctor more carefully about treatment options and costs (86 percent).
 - ◇ Nearly 8 in 10 say they would take better care of themselves (77 percent) or go to the doctor only for more serious conditions or symptoms (76 percent).
 - ◇ Six in 10 would delay going to the doctor (59 percent), save additional money in a flexible spending account (59 percent of employed respondents), and switch to over-the-counter drugs (57 percent).

Figure 4

If the amount of money you pay at the point of receiving health care services (such as your copayments) were to increase significantly,

What would you do? (Volunteered Responses)	Would you ...? (Listed Responses: Yes/No)	
1%	Choose Generic Drugs When Available	87%
1	Talk to Your Doctor More Carefully About Treatment Options and Costs	86
1	Try to Take Better Care of Yourself	77
7	Go to the Doctor Only for More Serious Conditions or Symptoms	76
13	Delay Going to The Doctor	59
1	Save Additional Money in a Flexible Spending Account	59
<0.5	Switch to Over-the-Counter Drugs	57
39	Continue to Use Health Care the Way I Do Now	n/a
15	Look for Cheaper Coverage Elsewhere	n/a
10	Drop Coverage	n/a
8	Other	n/a
10	Don't Know/Refused	n/a

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003 Health Confidence Survey.

Making Health Care Decisions: Americans Confident, But Guidance Needed

It is likely that Americans will see increases in their health care costs, whether in their health insurance premiums or their copayments. The above findings related to increased out-of-pocket costs suggest that Americans will require education and guidance to help them make the best financial and health decisions for themselves and their families.

Americans express a desire for choice in health care. They want to be able to choose quality providers, and they want to be able to continue seeing those providers when they change insurance plans. Consumer-driven health benefits, which aim to give consumers more choices in health care, while at the same time controlling costs for employers, would transfer much of the responsibility and accountability for health care choices to the employee from the employer. Most Americans are at least somewhat confident that they have access to the information they need to make important health care decisions and choices for themselves and their families (Figure 5).

- Almost half of Americans are *extremely* or *very* confident that they have access to the information they need to choose a quality doctor or hospital (48 percent).
- Likewise, 46 percent are *extremely* or *very* confident they have access to the information necessary to make decisions about treatment options.
- Americans in better health are more likely to be confident in their ability to make these health care decisions and choices, and those in worse health are more likely to be not confident.
- Americans who have experienced a medical error, or know someone who has, are more likely than others to say they are *not too* or *not at all* confident that they have access to the information they need to make health care choices and decisions.
- College graduates also are more likely to feel confident in their ability to make medical care decisions and choices.

Figure 5

Confidence in Access to Necessary Information to Make Health Care Choices and Decisions, 2003

	Total	Personal Health Status			Self, Friend, or Relative Has Experienced a Medical Error	
		Excellent/ Very Good	Good	Fair/Poor	Yes	No
To Choose a Quality Doctor or Hospital						
Extremely/Very Confident	48%	55%	50%	27%	44%	51%
Somewhat Confident	37	35	36	43	35	38
Not Too/Not At All Confident	15	10	14	29	21	11
To Make Decisions About Treatment Options						
Extremely/Very Confident	46%	53%	45%	29%	41%	48%
Somewhat Confident	40	37	43	43	39	41
Not Too/Not At All Confident	14	10	11	26	19	10

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2003 Health Confidence Survey.

However, if their costs were to rise significantly, most insured Americans would be willing to accept some restrictions on health care choices in exchange for lower costs.

- Almost two-thirds say they would be willing to accept restrictions on their choice of prescription drugs (64 percent).
- More than half would be willing to accept restrictions on their choice of hospitals (55 percent).
- More than half also would be willing to accept restrictions on their choice of physicians (52 percent) in exchange for lower costs.
- Just less than half would accept restrictions on their choice of medical services, treatments, and procedures (47 percent).
- Two in 10 indicate they would not be willing to accept restrictions on any of these health care choices to obtain lower health care costs (20 percent).
- Older Americans (age 65 and over) and those with annual household income of \$30,000 or more are more likely to say they would not accept any restrictions on their choice.

Source: Employee Benefit Research Institute and Mathew Greenwald and Associates, Inc., 2000–2003 Health Confidence Surveys.