

Confidence in Health Care at What Cost? Results from the 1998 Health Confidence Survey

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Issue Brief

- Only 5 percent of Americans give an excellent rating to health care in America today. However, while just over one-half rate health care as excellent, very good, or good, almost one-half (46 percent) rate it as fair or poor.
- When asked what they consider to be the most critical issue in America today, 15 percent of Americans cite health care. Eighty-three percent consider something else to be the most critical issue.
- Americans are particularly concerned about health care costs. Over 30 percent are not satisfied with the cost of their health insurance over the last 2 years, and 37 percent are not satisfied with the health care costs that are not covered by their health plan. These numbers compare with higher satisfaction levels concerning choice of physician, quality of care received, treatments received, hospitals used, and benefits covered by health plans.
- Overall, Americans are not extremely confident about various aspects of health care in the next 10 years. Only 10 percent are extremely confident that they will be able to get the medical treatments they need during this period. While 25 percent are very confident and 42 percent are somewhat confident, 22 percent are not confident that they will be able to get the medical treatments they need. Americans are even less confident that they will have access to quality health care (26 percent not confident), that they will have enough freedom to choose their health care provider (36 percent not confident), and that they will be able to afford health care without suffering financial hardship (41 percent not confident). The nonelderly population is even less confident about health care once they become eligible for Medicare.
- Americans are clearly confused about the meaning of managed care and whether they are enrolled in a managed care plan. While 70 percent of those who were determined to be enrolled in a managed care plan label the plan correctly, only 21 percent report that they are currently enrolled in a managed care plan.
- Most Americans have opinions about managed care. However, only 28 percent of Americans form their opinions about managed care based on their own personal experience. Twenty-three percent base their opinion on what they learn from family and friends, and 29 percent base it on what they hear or see in the media.
- While few Americans give managed care an excellent rating, few give it a poor rating. Most Americans rate managed care somewhere in the middle—14 percent rate it as very good, 31 percent rate it as good, and 23 percent rate it as fair.

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“The future ain’t what it used to be.”

Yogi Berra

Introduction

Americans are spending an ever-increasing amount of money on health care. National

health expenditures are estimated at \$1.035 trillion, representing 13.6 percent of Gross Domestic Product (GDP) in 1996, up from \$699.5 billion and 12.2 percent of GDP in 1990 (Levit et al., 1998). In 1996, employer spending on private health insurance totaled \$262.7 billion, up from \$61 billion in 1980 (Fronstin, 1998). Business health spending as a percentage of total compensation increased from 3.7 percent in 1980 to 5.9 percent in 1996, and reached a high of 6.6 percent in 1993. Private health plan costs per employee increased from an average of \$3,502 in 1992 to \$3,924 in 1997 (William M. Mercer, 1998). For large employers, average costs increased from \$3,775 in 1992 to \$4,369 in 1997.

This *Issue Brief* presents the findings from the 1998 Health Confidence Survey (HCS).¹ The HCS, co-sponsored by the Employee Benefit Research Institute (EBRI) and Mathew Greenwald and Associates (MGA) and underwritten by 18 private organizations, focuses on Americans’ satisfaction with the health care system today and their confidence in the system’s future. The survey examines Americans’ confidence in various aspects of health care, such as managed care and Medicare, as well as their attitudes toward government regulation of health insurance, the uninsured, job-lock, early retirement, retiree health benefits, and the Medicare buy-in proposal.

Overview

Despite rising spending on health care, only 5 percent of Americans give an excellent

rating to health care in America today, according to the HCS. However, while just over one-half rate health care

as excellent, very good, or good, almost one-half (46 percent) rate it as fair or poor (chart 1). This observation immediately raises the question of whether the glass is half empty or half full. In fact, health care is barely on the American public’s radarscope. When asked what they consider to be the most critical issue in America today, 15 percent of HCS respondents cite health care (chart 2). About four in five of the respondents (83 percent) consider something else to be the most critical issue. This juxtaposition of health care with other national issues is important as policymakers debate legislation concerning consumer protection issues, benefits mandates, managed care, and health plan liability.

However, Americans are particularly concerned about health care costs. Over 30 percent are not satisfied with the cost of their health insurance over the last

¹ The Health Confidence Survey (HCS) is an annual survey that gauges the views and attitudes of working and retired Americans regarding health care, their health insurance, their confidence with regard to various aspects of health care, and related issues. The 1998 HCS randomly surveyed 1,002 individuals ages 20 and older by telephone in February 1998. Random digit dialing was used to obtain a representative cross-section of the U.S. population.

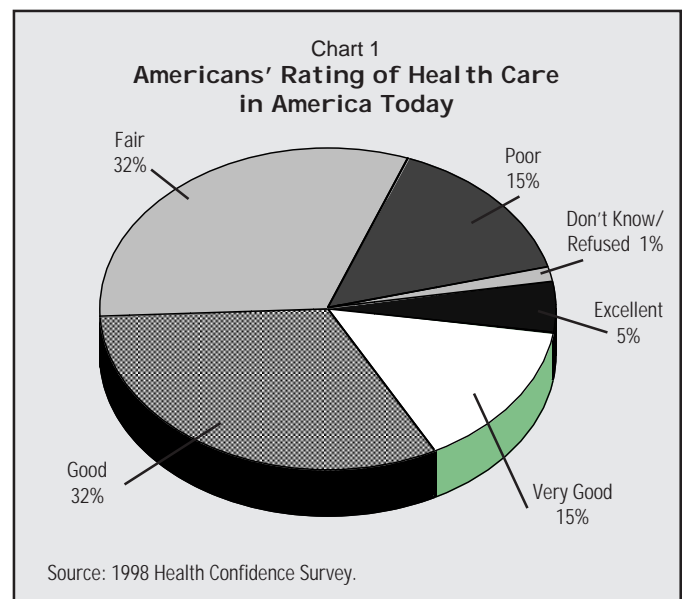
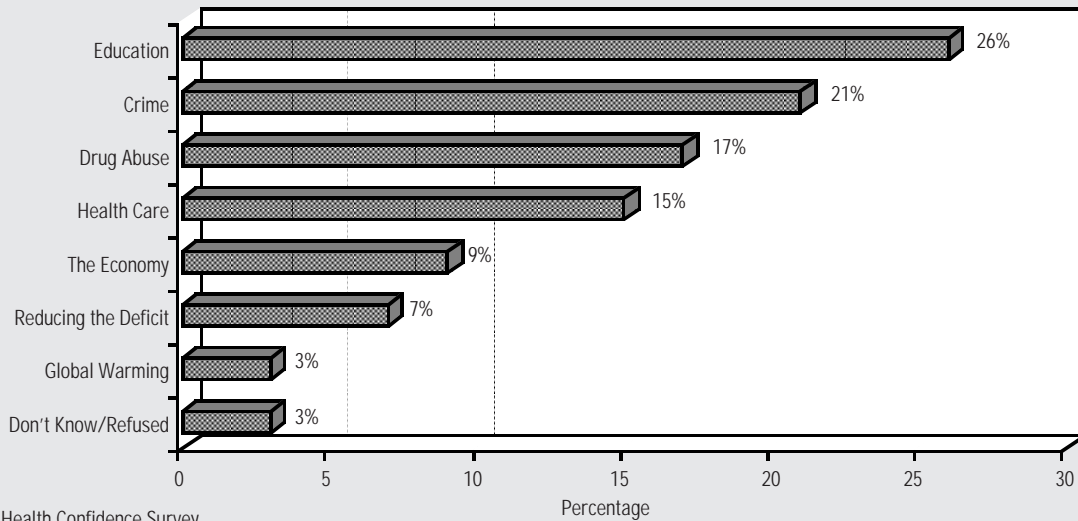
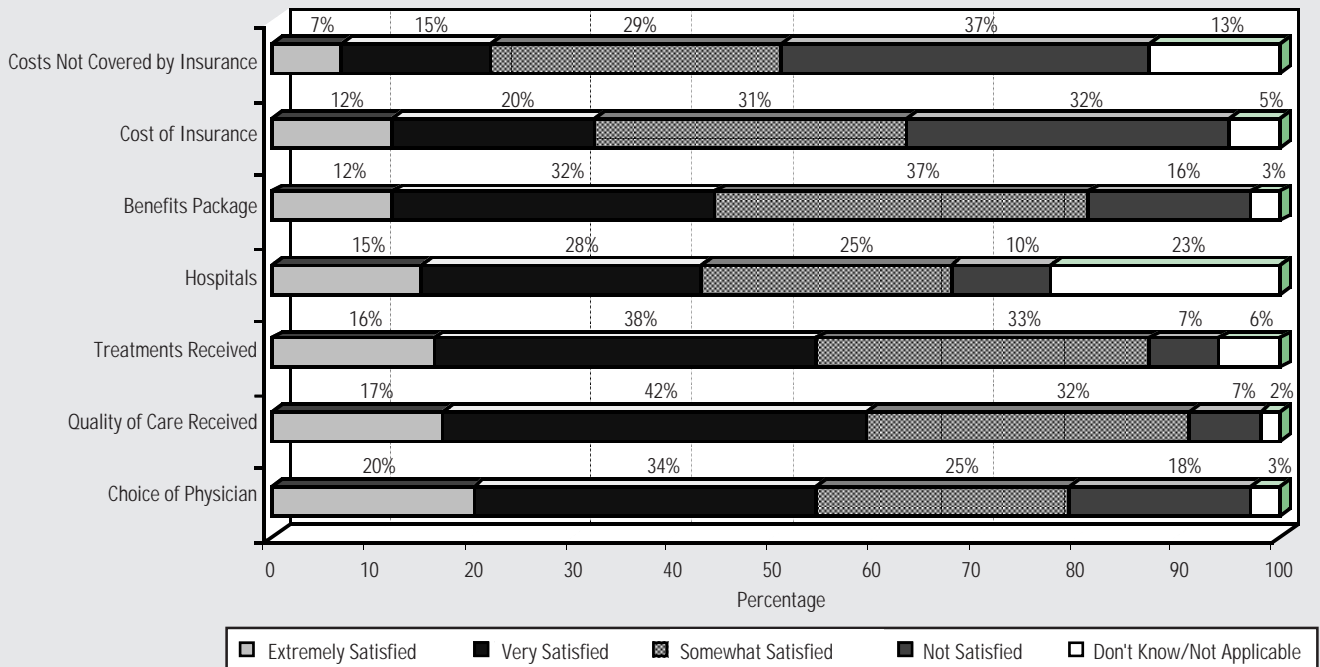


Chart 2
The Most Critical Issue in America Today



Source: 1998 Health Confidence Survey.

Chart 3
Satisfaction with Health Care Over the Past 2 Years



Source: 1998 Health Confidence Survey.

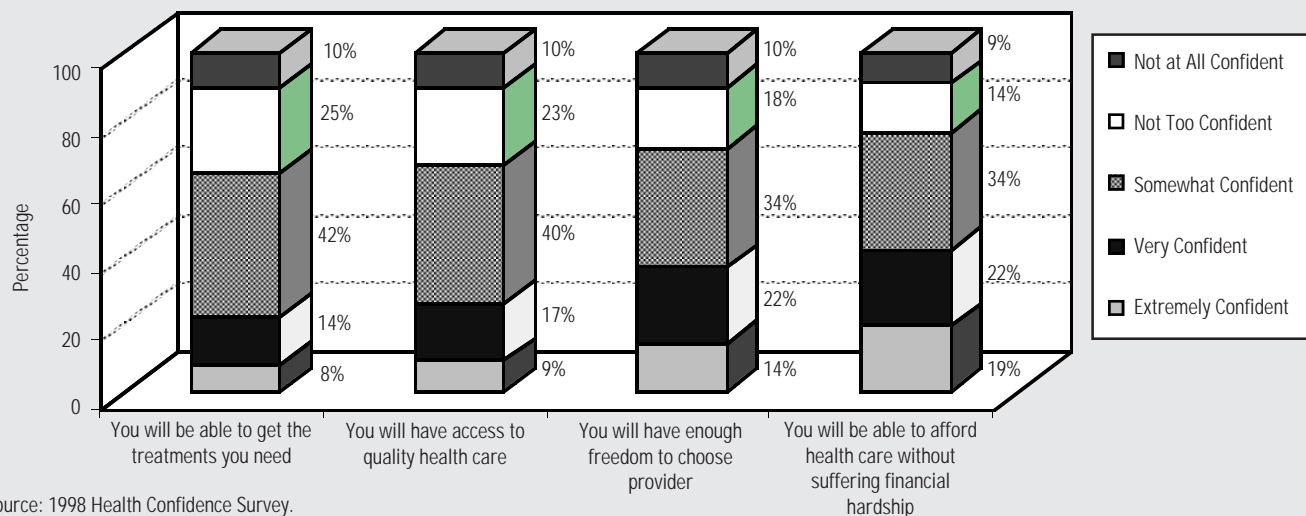
2 years, and 37 percent are not satisfied with the health care costs that are not covered by their health plan (chart 3). These numbers compare with higher satisfaction levels concerning choice of physician, quality of care received, treatments received, hospitals used, and benefits covered by health plans. Americans are even less confident about the future of health care, especially health care costs (chart 4).

Health Confidence

Overall, Americans are not extremely confident about various aspects of health care in the next

10 years. Only 10 percent are extremely confident that

Chart 4
Confidence in Health Care Over the Next 10 Years



they will be able to get the medical treatments they need during the next 10 years (chart 4).² While 25 percent are very confident and 42 percent are somewhat confident, 22 percent are not confident that they will be able to get the medical treatments they need. Americans are even less confident that they will have access to quality health care (26 percent not confident), that they will have enough freedom to choose their health care provider (36 percent not confident), and that they will be able to afford health care without suffering financial hardship (41 percent not confident).

Americans' confidence in the future of health care is partly attributable to personal experience; the experiences of family and friends; and what they have seen, heard, or read on television, in newspapers, and in other media. The survey finds that 28 percent of Americans form their opinions about managed care based on their own personal experience, 23 percent based on what they learn from family and friends, and 29 percent based on what they hear or see in the media. While most people are not either extremely satisfied or dissatisfied with their health care, their opinions are increasingly likely to be formed by media stories that portray managed care negatively. For example, anecdotal evidence that managed care organizations are denying care to enrollees has been the focus of an increasing number of media stories, resulting in a negative portrayal of managed care.

Medicare

Nonelderly Americans are about as confident in the

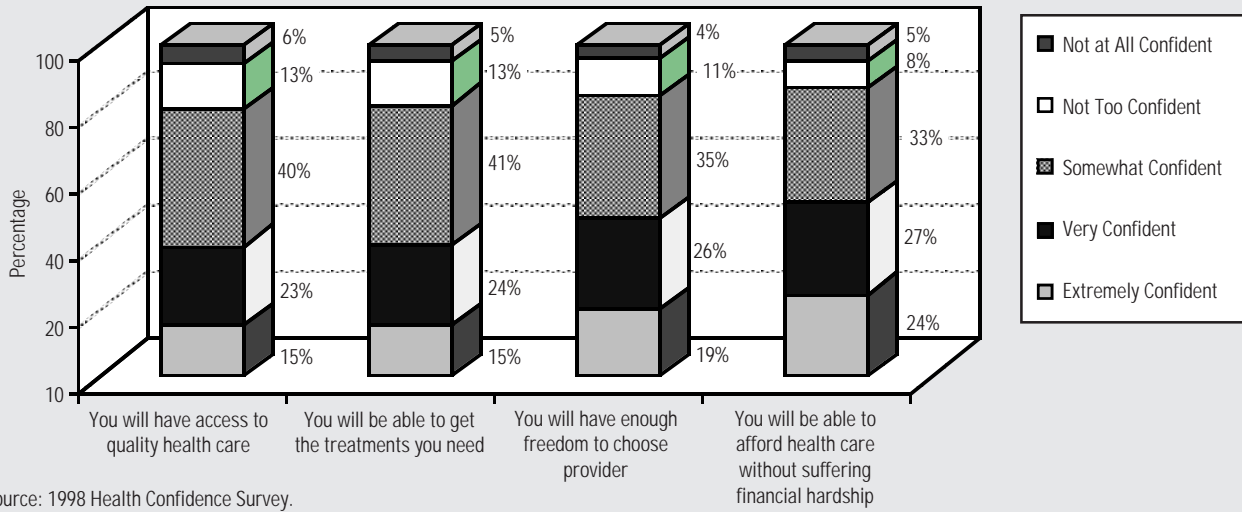
future of health care in the next 10 years as the general population. However, the nonelderly population is less confident about health care once they become eligible for Medicare. For example, between 4 percent and 6 percent are extremely confident about the four aspects of health care discussed above once they are eligible for Medicare (chart 5), compared with 10 percent who are extremely confident in health care in the next 10 years (chart 4). The nonelderly population is especially less confident about their freedom to choose their health care provider (45 percent not confident) and their ability to afford health care without suffering financial hardship (51 percent not confident).

Managed Care

Persons enrolled in health maintenance organization (HMO)-type plans and preferred provider organization (PPO)-type plans are less confident about the future of various aspects of health care than individuals enrolled in fee-for-service plans (see next section for definitions). Twenty-three percent of those enrolled in HMO-type plans and 20 percent of those in PPO-type plans report that they are not confident they will be able to get the treatments they need in the next 10 years (chart 6). This compares with 12 percent of fee-for-service enrollees. Similarly, persons enrolled in HMO-type plans and PPO-type plans are less confident than fee-for-service enrollees that they will have access to quality health care (27 percent, 26 percent, and 16 percent, respectively). Not surprisingly, the biggest difference in confidence levels was observed between managed care enrollees and fee-for-service enrollees concerning their freedom to

² Individuals ages 55–64 were asked about their confidence between now and the time they become eligible for Medicare.

Chart 5
Confidence in Health Care Once Eligible for Medicare, Persons Ages 20-64

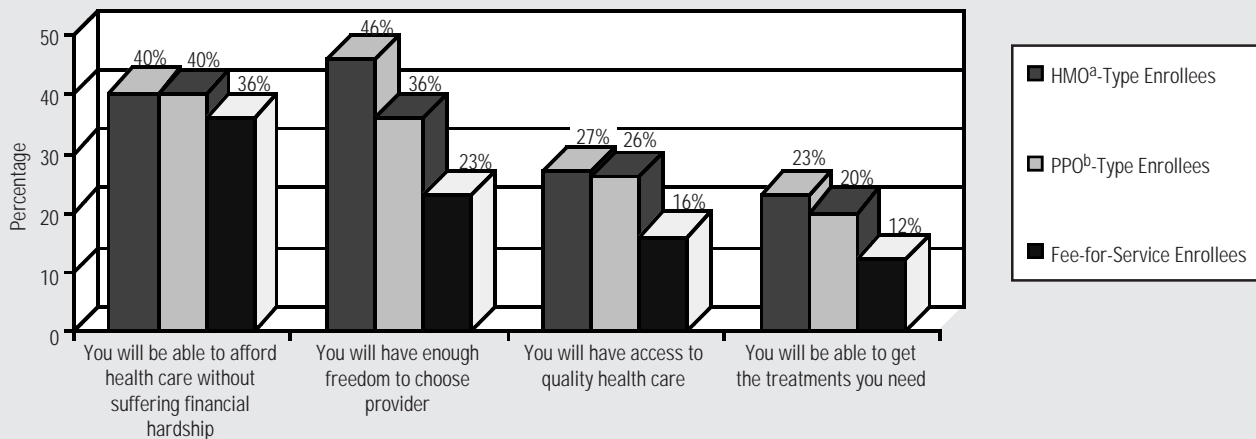


choose their own health care provider. Persons enrolled in HMO-type plans and PPO-type plans are significantly less confident than fee-for-service enrollees that they will have enough freedom to choose their health care provider in the next 10 years (46 percent, 36 percent, and 23 percent, respectively). There was no significant difference between persons enrolled in HMO-type plans, PPO-type plans, and fee-for-service plans with respect to their confidence in their ability to afford health care in the future without suffering financial hardship.

Race, Age, and Gender

Significant differences in confidence levels were also found with respect to race and age. While minorities and whites share similar levels of confidence about their health care in the next 10 years, minorities are more confident than whites about health care under the Medicare program. Minorities are more likely than whites to be extremely or very confident that they will get the medical treatments they need once they become eligible for the Medicare program (27 percent and

Chart 6
Confidence in Health Care Over the Next 10 Years, by Plan Type



Source: 1998 Health Confidence Survey.
^aHealth maintenance organization.
^bPreferred provider organization.

Despite the fact that 85 percent of workers with health insurance coverage are in some form of managed care, most individuals in managed care plans do not know that they are in this type of plan.

15 percent, respectively), and that they will have enough freedom to choose their health care provider under Medicare (23 percent and 14 percent, respectively).

Overall, Americans ages 35–54 are *less* confident than those ages 20–34 in the future of health care in the next 10 years. Thirty percent of Americans ages 35–54 are not confident they will have access to quality health care in the next 10 years, compared with 15 percent of those ages 20–34. Americans ages 35–54 are less confident than those ages 20–34 that they will be able to get the treatments they need in the next 10 years (27 percent and 16 percent, respectively). Americans ages 35–54 are also less confident than those ages 20–34 that they will be able to afford health care without suffering financial hardship (47 percent and 34 percent, respectively) and that they will have enough freedom to choose their health care provider over the next 10 years (43 percent and 30 percent, respectively). There were virtually no differences in the confidence levels between men and women.

Massive Confusion

aged care (William M. Mercer, 1998), most individuals in managed care plans do not know that they are in this type of plan. Americans with health insurance coverage are aware of managed care plan design features that may require them to have a primary care physician, obtain a referral before seeing a specialist, or get prior approval before seeing a health care provider who is not participating in their plan, and they may know the correct “label” to describe their health plan, i.e., HMO, PPO, but few understand that these plan design features are features of managed care.

Despite the fact that 85 percent of workers with health insurance coverage are in some form of man-

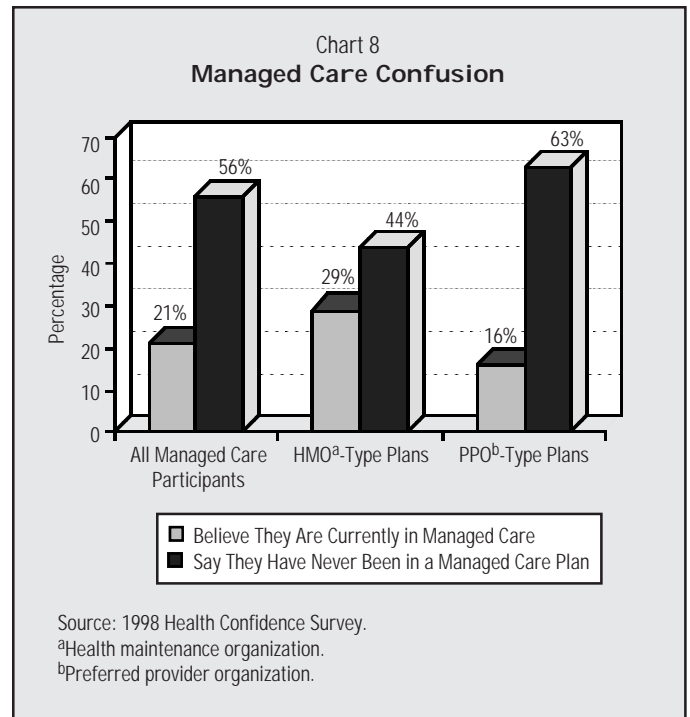
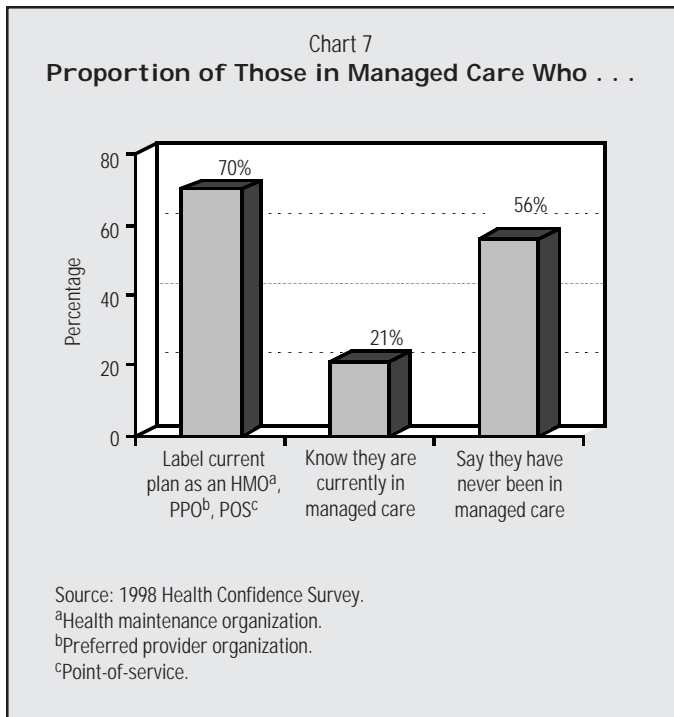
Because the names many employers and insurers give to their health insurance plans may or may not describe the “type” of plan they are offering, it is a challenge to survey

researchers to determine what type of plan individuals are enrolled in. In order to categorize survey respondents by the type of their health insurance plan, HCS asks four questions regarding plan design features concerning referrals to specialists, need for prior approval to see out-of-network health care providers, the use of a primary care physician, and lower charges related to the use of in-network health care providers. Individuals whose plan has all four plan design features were categorized as enrolled in “HMO-type” plans. Individuals whose plan has between one and three of these plan design features are categorized as enrolled in “PPO-type” plans. Individuals without any of the above mentioned plan design features are considered to be enrolled in traditional fee-for-service health plans. Using this methodology, we determined that 83 percent of individuals with private health insurance in the survey are enrolled in some form of managed care.³

After it was determined which type of health plan the survey respondents were enrolled in, they were asked to label their health plan. The results showed that 30 percent of those with private health insurance report that they are covered by a traditional fee-for-service health plan, 33 percent think they are covered by an HMO, 26 percent by a PPO, and 2 percent by a point-of-service (POS) plan. Clearly, individuals are more likely to believe that they are enrolled in a fee-for-service health plan than was determined to be the case on the basis of the four-question methodology described above.

Another follow-up question was asked to determine if respondents thought they were, or had ever been, enrolled in a managed care plan. The results suggest

³ Individuals ages 65 and older are assumed to have Medicare coverage. They are not coded as having private health insurance coverage, even if they report some type of supplemental plan.



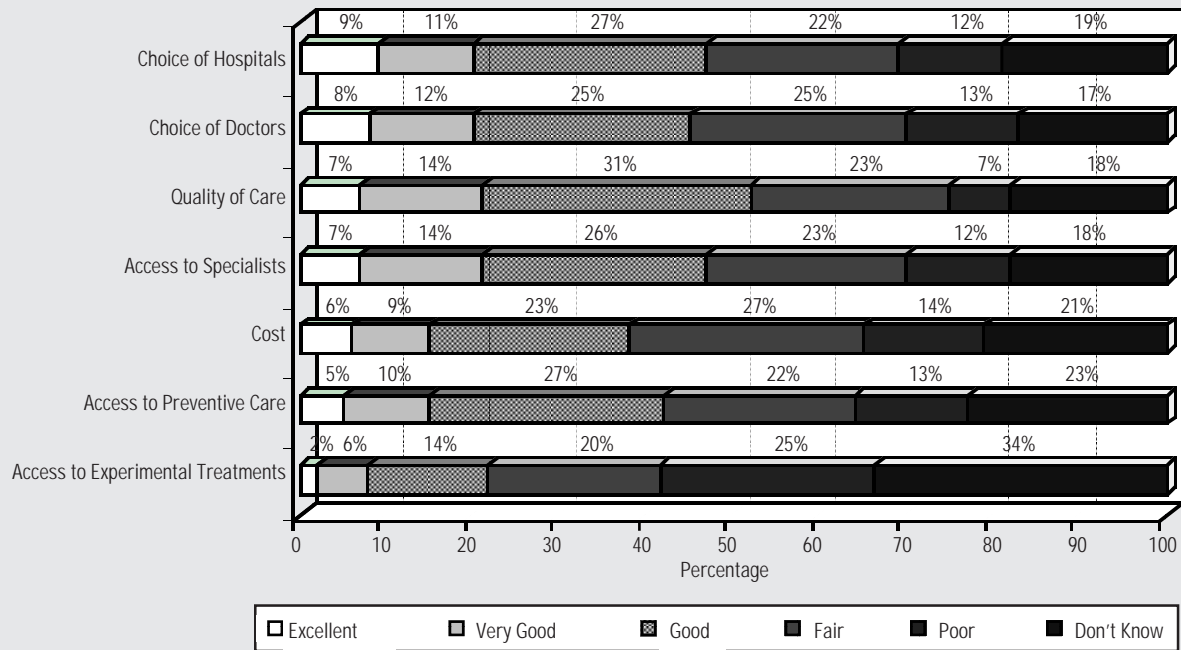
that Americans are clearly confused about the meaning of managed care and whether they are enrolled in a managed care plan. While 70 percent of those who were determined to be enrolled in a managed care plan label the plan correctly, only 21 percent report that they are currently enrolled in a managed care plan (chart 7). Individuals enrolled in HMO-type plans are more likely than those in PPO-type plans to believe that they are currently enrolled in a managed care plan (29 percent vs. 16 percent) (chart 8). However, the fact that only 29 percent of HMO-type enrollees report that they are currently enrolled in a managed care plan is a wake-up call indicating that managed care enrollees do not understand that they are in managed care.

Despite the fact that most Americans are clearly confused about what managed care is, most have opinions about it. Twenty-eight percent of Americans form their opinions about managed care based on their own personal experience, 23 percent based on what they learn from family and friends, and 29 percent based on what they hear or see in the media. In general, while few Americans give managed care an excellent rating, few give it a poor rating. For example, 7 percent of Americans give the quality of care under managed care an excellent rating, while 7 percent give it a poor rating (chart 9). Most Americans rate managed care somewhere in the middle—14 percent rate it as very good, 31 percent rate it as good, and 23 percent rate it as fair. Surprisingly, choice of doctors under managed care receives better ratings than the cost of managed care.

Twenty percent of Americans rate the choice of doctors under managed care as excellent or very good, while 38 percent rate it as fair or poor. In contrast, 15 percent of Americans rate the cost of managed care as excellent or very good, while 41 percent rate it as fair or poor. It should be noted that between one-third and one-fifth of Americans are not able to give a rating to managed care.

Although the goals of managed care are lower costs and access to quality care, enrollees in these plans do not seem to be aware of these goals, according to the results of the HCS. The results seem to indicate that many Americans are uncomfortable rating managed care because most of them do not base their opinions of this system on their personal experience. The fact that so many Americans do not know that their health plan is a managed care plan may further support our contention that managed care plans have failed to educate enrollees about the plans' features and advantages. However, we should note that HMO-type enrollees rate the quality of care available in managed care higher than PPO-type enrollees and fee-for-service enrollees rate it, which may indicate that those in HMOs better understand managed care. Specifically, 61 percent of HMO-type enrollees rate quality of care available in managed care plans as excellent, very good, or good, compared with 52 percent of PPO-type enrollees and 51 percent of fee-for-service enrollees. HMO-type enrollees are also more likely to give higher ratings to choice of hospitals, and they are more likely to report that their opinions of managed care are based on their own personal experience.

Chart 9
Managed Care Plan Ratings



Source: 1998 Health Confidence Survey.

Satisfaction

Health Care Costs

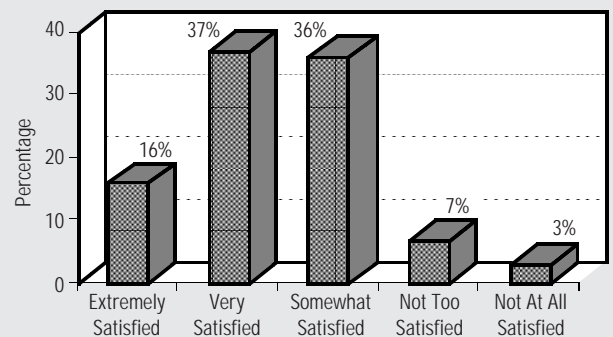
Overall, Americans are satisfied with various

aspects of the health care that they have received over the last 2 years (chart 3), and with their current health plans (chart 10). However, they are less satisfied with health care costs than with other aspects. Clearly, 37 percent of Americans are not satisfied with the cost of health care that is not covered by health insurance, and 32 percent are not satisfied with the cost of their health insurance. As mentioned above, Americans are the least confident in their ability to afford health care in the future without suffering financial hardship than with other factors. Not surprisingly then, 81 percent report that health care costs have gotten worse over the last 5 years (chart 11). This compares with 36 percent reporting that, in general, health care has gotten worse over the last 5 years, and 57 percent reporting that health insurance coverage has gotten worse.

Interestingly, recent data suggest that, while health care costs may be increasing, they have increased at a much slower rate during the mid-1990s than during the late 1980s and early 1990s. While the perception that health care costs have gotten worse may be attributable

to employers shifting these costs onto workers, only a small portion of the work force has had that experience. For example, out-of-pocket spending accounted for 31 percent of all private health care expenditures in 1960. By 1992, it accounted for 37 percent of all health care expenditures, and it remained at 37 percent between 1992 and 1995 (Levit et al., 1996). In addition, the worker share of the premium was relatively stable between 1992 and 1997 for workers in firms with 500 or more workers (William M. Mercer, 1998), and between

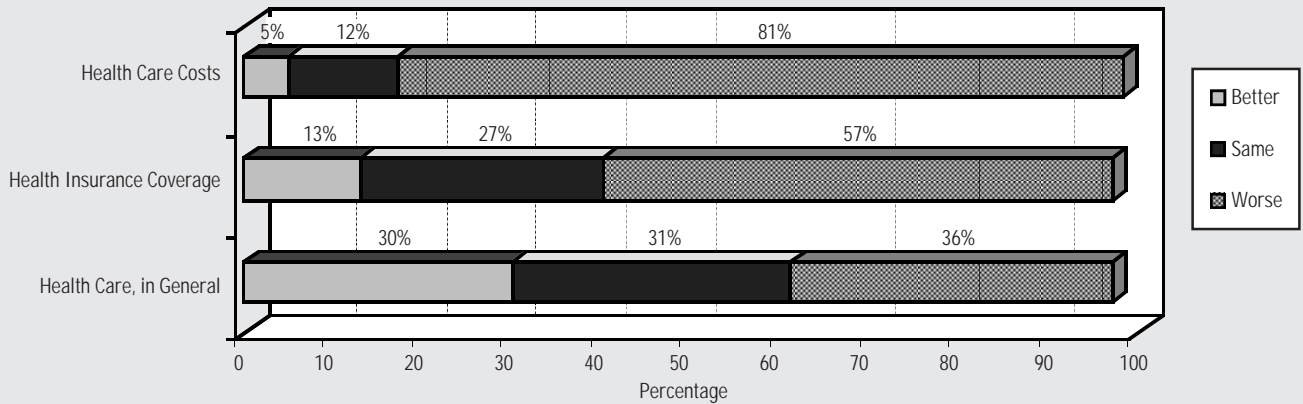
Chart 10
Satisfaction with Current Health Insurance^a



Source: 1998 Health Confidence Survey.

^aRespondents with health insurance coverage were asked, "Overall, how satisfied are you with your current health plan?"

Chart 11
Health Care Over the Last 5 Years



Source: 1998 Health Confidence Survey.

1993 and 1995, fewer workers in small firms were required to pay anything toward their health insurance.⁴

Although we know that health care cost inflation has slowed during the last 5 years, more Americans believe that these costs have gotten worse than believed this in 1994. As mentioned above, 81 percent believe that these costs have gotten worse over the last 5 years. When the same question was asked in an EBRI/Gallup survey in 1994, 74 percent reported that health care

costs had gotten worse (chart 12).⁵ Hence, perceptions of health care costs over time appear to be inconsistent with reality.

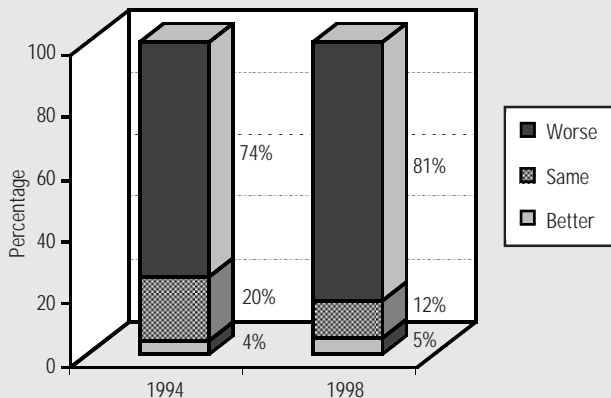
Health Plans

Most individuals with health insurance are satisfied with their plans. Only 10 percent were not too satisfied or not at all satisfied (chart 10). This does not mean that

⁴ While fewer workers employed in small firms were required to pay anything for health benefits between 1993 and 1995, the average contribution as a percentage of the premium increased significantly for workers still required to contribute in 1995, mainly for workers enrolled in traditional fee-for-service plans (Jensen and Morrisey, 1998).

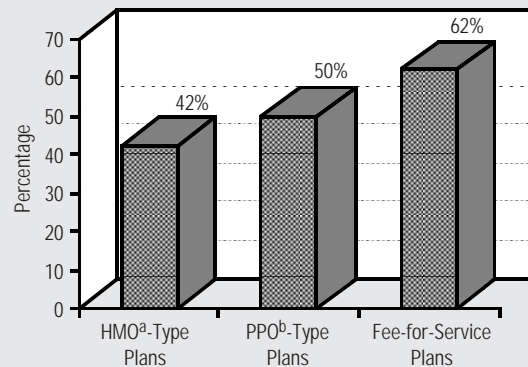
⁵ In 1994, we asked, "Over the last 5 years, have the following elements of the U.S. health care system gotten better, gotten worse, or stayed the same?" One of the elements was "the cost of your health care." In 1998, we asked, "Over the last 5 years, would you say that health care costs in America have gotten better, stayed the same, or gotten worse?" It is impossible to determine if the wording differences in these questions may account for some of the difference over time.

Chart 12
Americans' Perceptions of Health Care Costs Over the Last 5 Years, 1994 and 1998



Source: 1998 Health Confidence Survey; Employee Benefit Research Institute/The Gallup Organization, Inc., *Public Attitudes on Health Reform, 1994*, no. G-60 (Employee Benefit Research Institute, September 1994).

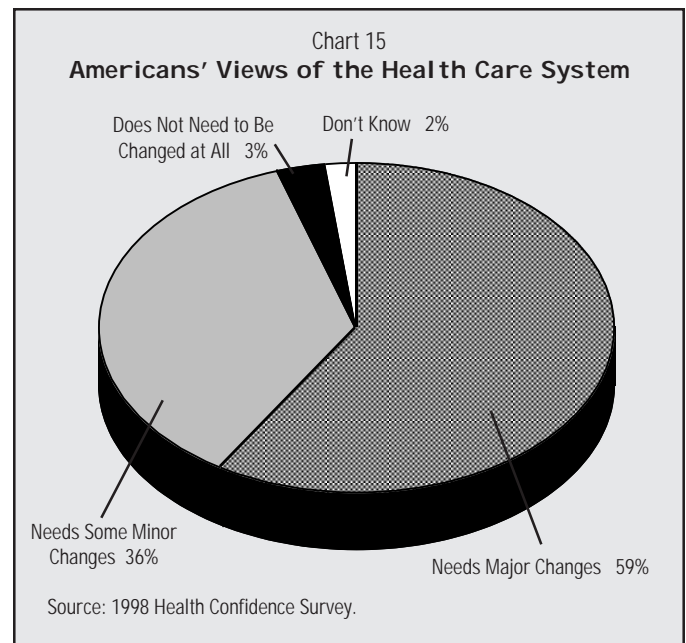
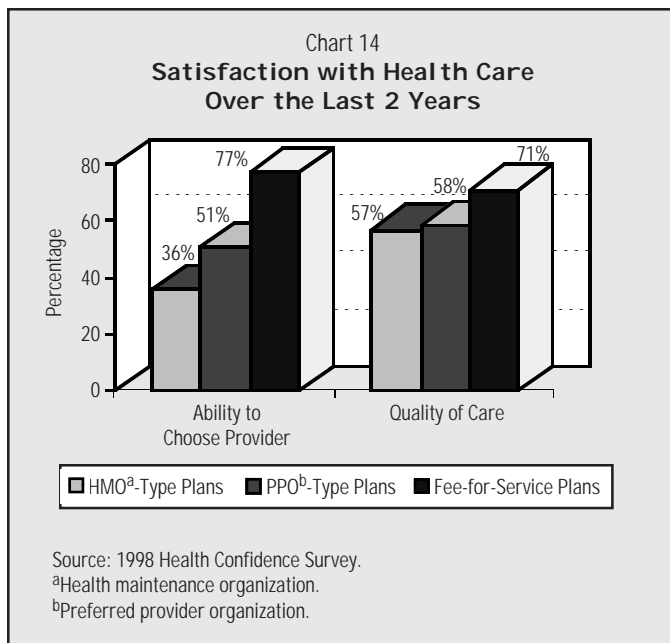
Chart 13
Percentage Extremely or Very Satisfied with Current Health Plan



Source: 1998 Health Confidence Survey.

^aHealth maintenance organization.

^bPreferred provider organization.



Americans are highly satisfied with their health plans, however. Only 16 percent reported that they were extremely satisfied with their plans.

While most Americans are satisfied with their health insurance plans, there are significant differences in satisfaction levels by plan type. Americans enrolled in fee-for-service plans are more satisfied than those enrolled in managed care plans. Over 60 percent of fee-for-service enrollees are either extremely satisfied or very satisfied, compared with 50 percent of PPO-type enrollees and 42 percent of HMO-type enrollees (chart 13). When these differences are examined according to specific aspects of health care in the last 2 years, managed care enrollees are less satisfied with their ability to choose their own health care provider and with the quality of care received (chart 14). While it is no surprise that managed care enrollees are less satisfied than fee-for-service enrollees with their ability to choose their own health care provider, it is more difficult to interpret why they are less satisfied with the quality of care received. Quality of care is not easily measured. Some Americans may judge quality of care according to whether a doctor can make them feel better, while others may associate quality with how long they must wait for an appointment or how far they have to travel to see a health care provider. There are no significant differences among managed care enrollees and fee-for-service enrollees on other aspects of health care. These aspects include general care received in the last 2 years, claims processing, cost of health insurance, health costs not covered by insurance, hospitals used, treatments received, and benefits covered by the health plan.

The survey also finds that individuals with a

choice of health plans are more satisfied with the care that they received in the last 2 years. Managed care enrollees with a choice of health plans are more likely to be satisfied with their health insurance than managed care enrollees without a choice of plans. Fifty-four percent of managed care enrollees with a choice of health plans are satisfied, compared with 37 percent of those without a choice.

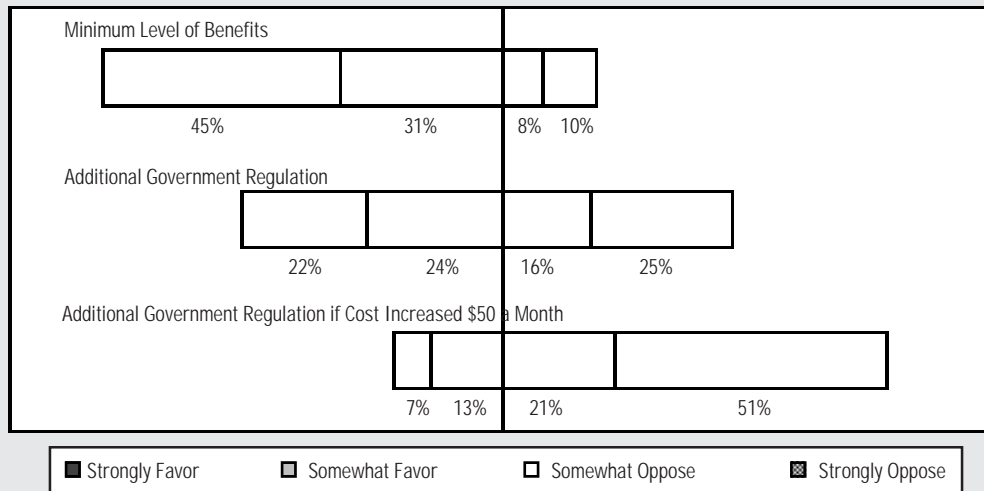
Reform

As mentioned above, only 15 percent of Americans in the survey believe that health care is

the most critical issue in America today. However, nearly all Americans believe that the health care system needs some types of changes. Almost 60 percent of Americans indicate that the system needs major change (chart 15). Another 36 percent believe that minor changes are needed, while only 3 percent report that the system does not need to be changed at all.

The HCS attempts to determine what types of changes Americans would approve and assess their willingness to pay for these changes. It finds that 76 percent of Americans favor a requirement that all health insurance plans include a minimum level of benefits in the plans that they offer (chart 16). Despite this initial showing of support, 46 percent of respondents would support additional government regulation of health insurance plans. Furthermore, support for government regulations falls to 20 percent when respon-

Chart 16
Support for Regulation of Health Plans



Source: 1998 Health Confidence Survey.

dents are told that it would increase health insurance costs \$50 per month.

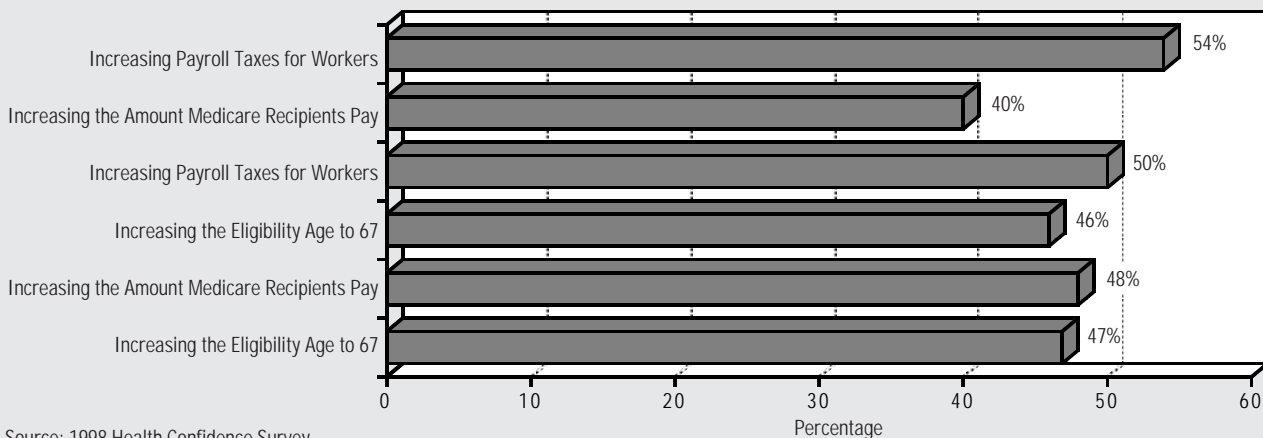
Medicare

Americans' confidence in the future of the Medicare program is low. Only 11 percent are extremely or very confident that Medicare will continue to provide benefits of equal value to the benefits received by retirees today. While 34 percent are somewhat confident in Medicare's future, 32 percent are not too confident, and 21 percent are not at all confident.

The HCS asks Americans to make hard choices about options for reforming the Medicare program.

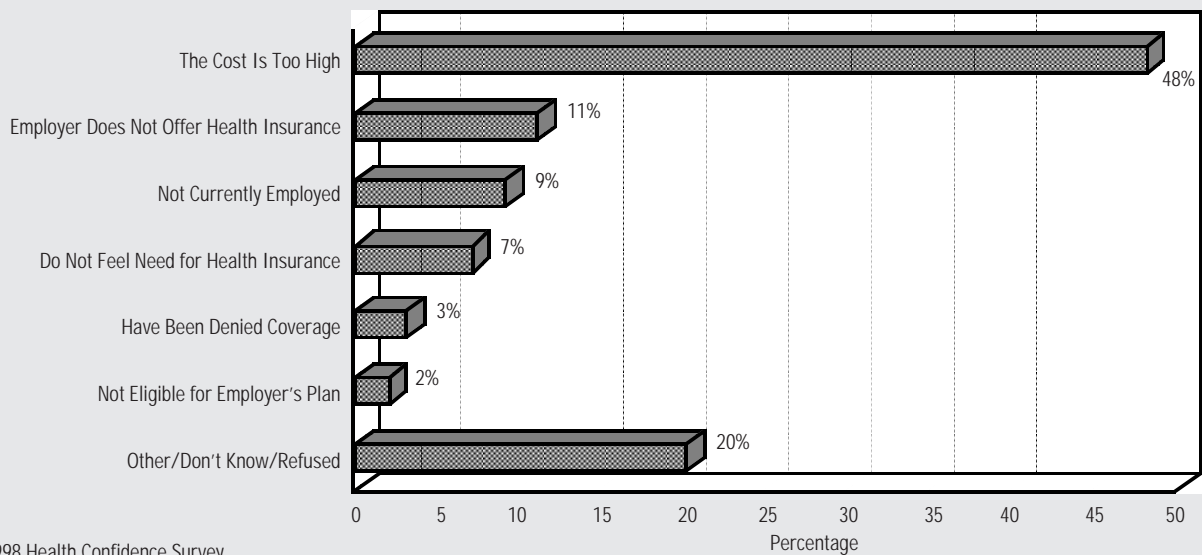
Respondents are asked to choose which of two options they would prefer, if changes "must" be made to guarantee the program's solvency. In general, respondents are more likely to choose raising taxes on current workers than either raising the eligibility age to 67 or reducing benefits for beneficiaries. When choosing between increasing payroll taxes for current workers and increasing the amount beneficiaries pay for co-payments and deductibles, 54 percent of Americans choose higher payroll taxes and 40 percent choose increasing out-of-pocket payments (chart 17). When weighing increased payroll taxes against increases in the eligibility age to 67, the margin narrows; however, Americans are still more likely to choose higher taxes (50 percent) than

Chart 17
Americans Choose Increased Taxes Over Decreased Benefits for Reforming Medicare



Source: 1998 Health Confidence Survey.

Chart 18
Most Important Reason for Being Uninsured



Source: 1998 Health Confidence Survey.

increasing the eligibility age (46 percent). They are nearly evenly divided concerning the choice between increasing co-payments and deductibles or increasing the eligibility age (48 percent and 47 percent, respectively).

The Uninsured

Twelve percent of respondents indicate they are not covered by any form of health insurance. Among

the uninsured who are working, 54 percent report that their employers do not offer health insurance to any employees, and another 39 percent say their employer (or their spouse's employer) offers a plan to some of their employees. However, only one in eight considers lack of access to an employer plan the most important reason he or she does not have health insurance.

For 48 percent of the uninsured, cost is a major reason they do not have health insurance (chart 18). Twenty-one percent would obtain coverage if the cost were lowered a bit, while 37 percent would obtain coverage if the cost were cut in half. Nine percent of the uninsured say the most important reason they are without coverage is that they are not currently employed. Seven percent do not have coverage because they do not believe they need it, and just 3 percent are uninsured because they have been denied coverage.

Most Americans underestimate the number of uninsured individuals in the United States. Fifty-seven

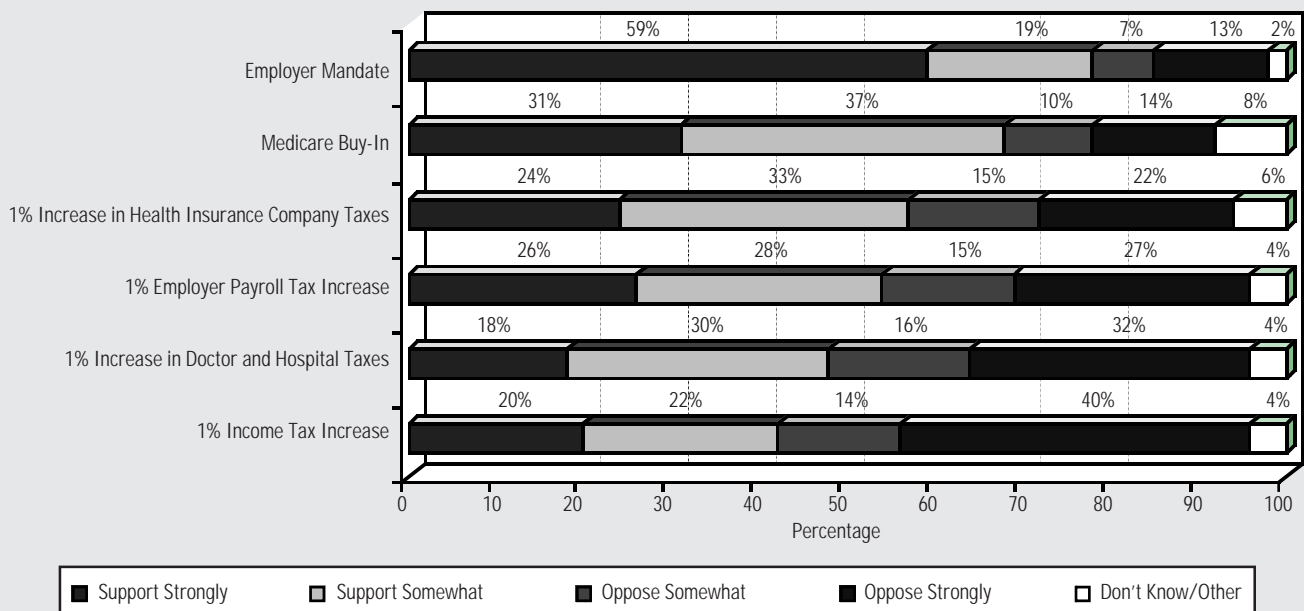
percent say there are less than 40 million uninsured Americans, and only 22 percent report the number to be in the range of 30 million to 50 million. Eight percent correctly estimate the number to be between 40 million and 50 million.⁶ Sixty-one percent believe that the number of uninsured people will increase in the next 10 years.

More than three out of four Americans (77 percent) support a requirement that all employers offer health insurance to all of their employees as a means of guaranteeing access to coverage (chart 19). In fact, 59 percent strongly support an employer mandate, while another 19 percent somewhat support it. However, since only 11 percent of the uninsured report that they lack coverage because their employer does not offer a plan, an employer mandate might have very little effect. Many Americans support allowing the uninsured to buy into the Medicare program. Thirty-one percent strongly support this option, while another 37 percent would somewhat support it.

Respondents were also asked about instituting a series of 1 percent increases in various taxes as a means of ensuring access to health insurance for the uninsured. Strong support for tax increases is in the range of 18 percent to 26 percent, although many Americans would somewhat support them. Not surprisingly, an increase in the income tax is the most strongly opposed option (40 percent).

⁶ The actual number is 41.7 million. See Fronstin (1997).

Chart 19
Policies to Guarantee Coverage for the Uninsured



Source: 1998 Health Confidence Survey.

Policy Implications

Congress is currently considering a variety of legislative proposals that address con-

sumer protection issues, benefit mandates, and health plan liability.⁷ These proposals were advanced in response to consumer complaints about managed care and anecdotal evidence suggesting that individuals most in need of health care are unable to obtain it. Some members of Congress, along with health care providers and consumer advocates, believe that part of managed care's success in controlling costs has been achieved by denying necessary medical care. Hence, they believe that lower health care costs have come at a price, namely lower quality. On the other hand, employers and managed care organizations argue that managed care has been able to reduce costs without lowering quality by reducing spending on unnecessary and wasteful medical treatments. Recent surveys of the literature conclude that managed care plans, as a whole, provide quality of care that is on a par with the quality provided in fee-for-service plans (Miller and Luft, 1994 and 1997).

While Americans strongly support health care

reform, the survey shows that they are much less willing to pay for it. Health care costs were found to be a major influence on the American public's dissatisfaction with health care over the past 2 years, as well as on their level of confidence in health care over the next 10 years. Specifically, only 12 percent of Americans are extremely satisfied with the cost of health insurance over the last 2 years, while only 9 percent are extremely confident that they will be able to afford health care without suffering financial hardship over the next 10 years. These low satisfaction and confidence levels may, in fact, be a result of Americans' perceptions of health care costs over the last 5 years—perceptions that strongly diverge from reality. As mentioned above in reference to chart 12, 81 percent of Americans report that health care costs have gotten worse over the last 5 years. While we know that health care costs have increased, they have increased modestly, at or near the general rate of inflation. In addition, out-of-pocket spending as a percentage of total spending on private health care has been relatively flat, as has the percentage of the premium that most workers are required to pay. Yet, perceptions of health care costs, as compared with the reality of costs, have become less accurate. In 1994, 74 percent of Americans reported that health care costs had gotten worse over the past 5 years. Americans' fear of higher health care costs suggests that the public would not support any legislation that intentionally increases health care costs significantly.

⁷ See Copeland (1998) and Copeland and Pierron (1998) for more detail.

Americans' perceptions of health care, health care costs, managed care, and other aspects of health care may also be the result of the increasingly negative portrayal of managed care in the media (Brodie, Brady, and Altman, 1998). As mentioned above, 29 percent of Americans base their views of managed care on what they learn from the media. Media portrayal may not accurately reflect Americans' attitudes and experiences if they are basing their opinions about managed care on what they see in the media.

Conclusion

Considering that Americans are spending an ever-increasing amount of money on health care, most of them are not extremely satisfied with the current health care system, or highly confident in either its short-term outlook or long-term future once they become eligible for the Medicare program. However, neither are they highly dissatisfied with the current system or highly concerned about the future of health care. While most Americans do not rate health care as the most important issue in America today, one aspect of it that clearly concerns them now and for the future is health care costs.

Americans are clearly confused about managed care. Most do not know that they are enrolled in a managed care plan. This may explain why they are generally satisfied with their current health plan but concerned about health care under managed care, and would support major change in the health care system as long as they are not asked to pay for it. Americans are more likely to base their opinions on managed care on what they have heard in the media than on personal experience, and they may believe that managed care is "bad" because they believe that they could not possibly be enrolled in a managed care plan. This would suggest that the American public needs better education about the health care system today. It is ultimately the respon-

sibility of employers, health insurers, the media, and policymakers to provide that education.

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