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# Issue Brief

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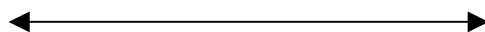
## Public Attitudes on the U.S. Health Care System: Findings From the Health Confidence Survey

by Ruth Helman, Mathew Greenwald & Associates, and Paul Fronstin, EBRI

- This *Issue Brief* presents the findings from the 2004 Health Confidence Survey (HCS), which focuses on Americans' satisfaction with the health care system today and their confidence in the system's future. It examines Americans' attitudes about employment-based health benefits, health savings accounts (HSAs), and benefits in the work place. The *Issue Brief* also looks at long-term trends in satisfaction and confidence with the health care system since the first HCS was conducted in 1998.
- One indicator of Americans' concern about health care is its continuing identification as a critical issue for the nation. More than 2 in 10 Americans consider health care to be the most critical issue facing America today. Health care ranks ahead of the economy, the war, education, the budget deficit, and taxes as the most critical issue. It ranks evenly with terrorism/national security.
- Few Americans give the health care system top marks. Just 4 percent of Americans say it is *excellent* and another 1 in 10 say it is *very good*, while 3 in 10 say it is *poor*. Americans are now twice as likely as they were in 1998 to indicate it is *poor*.
- Americans' ratings of their own health plan have remained relatively stable since 1998. In 2004, nearly one-half of Americans with health insurance were *extremely* or *very* satisfied with their current plan, and more than one-third were *somewhat* satisfied.
- Americans are increasingly dissatisfied with the cost of health care. One-fourth of Americans are *not at all* satisfied with the cost of their health insurance in 2004, compared with less than 2 in 10 in 1998. Almost 3 in 10 are *not at all* satisfied with the costs of health care services not covered by their insurance, compared with 20 percent in 1998. Satisfaction with the health care received by Americans has not declined since 1998.
- Americans have coped with increased costs in a variety of ways. One-quarter experiencing increased costs report they have decreased their contributions to a retirement plan and almost half report they have decreased their contributions to other savings. Nearly 2 in 10 say they have had difficulty paying for basic necessities, while 3 in 10 report difficulty paying other bills. One-quarter indicate they have used up all or most of their savings and some have borrowed money.
- While more Americans are dissatisfied with the current health care system than in the past, many are not eager to switch to a system that assigns them more responsibility for their health care. Despite the fact that more than half agree that more direct involvement in health care decisions would improve health care, a majority of Americans do not currently seek to take up this responsibility, though Americans who do not currently have a high-deductible plan express some interest in this type of plan.

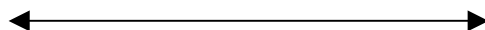
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## Introduction

The United States is spending an ever-increasing amount of money on health care. National health expenditures were \$1.6 trillion in 2002, representing 14.9 percent of gross domestic product (GDP), up from \$246 billion and 8.8 percent of GDP in 1980 (Levit et al., 2004). Health care spending is expected to more than double and consume 18.4 percent of GDP by 2013 (Heffler et al., 2004).

Health care spending is one of the largest industry-specific components of GDP, affecting the lives of all Americans. While the majority of Americans are generally in good health, most also have contact with the U.S. health care system. In fact, 80 percent of Americans made at least one visit to a health care provider, used an emergency room, or filled a prescription in 2001.<sup>1</sup>

Americans have reasons to be satisfied with the current state of health care. Halvorson and Isham (2003) and Cutler (2004) report that there is good news in how health care has improved. New drugs to ease pain, reduce depression, control cholesterol, manage hypertension, and improve sexual function generally make life better for millions of Americans. In addition, there are new technologies to address low birth weight babies, tremors, joint problems, cancer, and heart disease.

While there are many reasons for Americans to be satisfied with the current state of health care, there are just as many reasons to be dissatisfied with it. Americans spend a large amount of money on health care relative to the other 29 OECD countries (Organisation for Economic Co-operation and Development). They spent an average of \$4,869 per person on health care in 2001, substantially more than citizens of Switzerland (\$3,288), Japan (\$2,077), or the United Kingdom (\$2,012).<sup>2</sup> However, the cost of receiving health care and the cost of health insurance in the work place are both increasing faster than overall inflation (Gabel et al., 2004), nearly 45 million Americans do not have any form of health insurance (Fronstin, 2004), and Americans often receive health care services that are not based on the best scientific evidence (Institute of Medicine, 2001; McGlynn et al., 2003). Although U.S. per capita health care spending was higher than that of the other OECD member countries in 2001 (by an order of magnitude of between 50 percent and 800 percent higher in the United States), the U.S. ranked 22<sup>nd</sup> in life expectancy for both males and females.<sup>3</sup>

For all these extra costs, Americans have complex attitudes toward their health delivery and financing system—while current satisfaction with health care appears to be high, evidence suggests that confidence in the system now and in the future is low and eroding.

This *Issue Brief* presents the findings from the 2004 Health Confidence Survey (HCS), which focuses on Americans' satisfaction with the health care system today and their confidence in the system's future. It examines Americans attitudes about employment-based health benefits, health savings accounts (HSAs), and benefits in the work place. The *Issue Brief* also looks at long-term trends in satisfaction and confidence in the health care system since the first HCS was conducted in 1998.

## Overview and Trends

Findings from the 2004 HCS reflect Americans' growing concerns about the cost of health care, the cost of health insurance, and the importance of health insurance as an employee benefit. The 2004 HCS represents the seventh wave of an annual survey to assess the attitudes of the American public regarding the health care system in the United States. It finds that almost one-half of Americans continue to be *extremely* or *very* satisfied with the health care they are receiving in general. However, confidence continues to wane, and Americans are growing increasingly concerned about their ability to get needed treatments and to afford health care. And at a time when many employers are debating the future of health insurance as an employee benefit, three-fourths of Americans with employment-based health benefits say they would prefer receiving their current

level of health benefits rather than receiving the amount their employer spends on these benefits in increased pay.

Highlights from the survey include the following:

- The percentage of Americans who rate the health care system as *poor* has doubled during the seven years of HCS polling, from 15 percent in 1998 to 30 percent in 2004.
- While insured Americans generally have a more favorable opinion about their own health plan, 15 percent are not satisfied with their current plan, an increase from 11 percent in 1998.
- A majority of Americans with nongovernment health insurance coverage say they have experienced increases in the cost of health care within the past year. Sixty-four percent report the dollar amount they contribute toward their health insurance premium has increased, while 54 percent report increases in the amount they pay for prescription drugs.
- Those experiencing cost increases most often use money they would otherwise have saved to pay for health care. One-quarter say they have decreased their contributions to a retirement plan (25 percent) and 48 percent have decreased contributions to other savings.
- Fewer than 2 in 10 of those who currently have employment-based health benefits (17 percent) are confident they would be able to afford to purchase health insurance on their own, even if they were given the money their employer currently spends for their health benefits in their pay.
- The percentages of Americans who say they are *not at all* confident about their ability to get needed treatments, having enough choice about who provides their medical care, and their ability to afford health care and prescription drugs without financial hardship have increased. These declines in confidence are measured as people look to their current situation, their situation 10 years into the future, and their situation once they are eligible for Medicare.
- Americans report some receptivity to learning more about high-deductible health insurance plans. Interest is stronger among the uninsured than among those who currently have coverage. In addition, interest increases as additional features, such as a health savings account (HSA) and employer contributions, are added to the plan.
- While one-half of Americans say that the quality of their health care would improve if they had more responsibility for their own medical decisions (51 percent), two-thirds simply follow their doctor's advice when seeking medical care (67 percent).
- Employee benefits play a major role in workers' decisions whether or not to accept a job, and the majority of employed Americans continue to rank health insurance as the most important employee benefit (60 percent). Another 15 percent say it is the second most important benefit.

### **Concern About Health Care**

One indicator of Americans' concern about health care is the continuing identification of health care as a critical issue for the nation. More than 2 in 10 Americans consider health care to be the most critical issue facing America today (22 percent) (Figure 1). This places health care above every other issue and statistically equal with terrorism/national security (21 percent) as an issue of concern. Health care ranks ahead of the economy (17 percent), the war (16 percent), education (13 percent), the budget deficit (4 percent), and taxes (3 percent) as the most critical issue. Moreover, while the importance of other issues fluctuates with current events and press coverage, the proportion of Americans saying health care is most critical has remained steady over the past five years, after increasing in 1999 and 2000 (Figure 2). This is in contrast to the declining proportion of the population that has been reporting education and taxes as the most critical issues in America today. The proportion of Americans reporting that the economy is the most critical issue in America today

has also been generally increasing, while the percentage favoring national security and terrorism declined from 2002 to 2003, but has since increased.

Some groups of Americans are especially likely to rate health care as the most critical issue. More than one-quarter of Americans age 45 and over (28 percent), those who have nonemployment-based health benefits (28 percent), those who report that they or a family member have a serious illness or chronic condition (28 percent), those with no more than a high school education (27 percent), Democrats (27 percent), and women (26 percent) select health care as the most critical issue in America today (Figure 3). Almost as many with an annual household income less than \$75,000 consider it to be most critical (24 percent).

The rating of health care as a critical issue for America today is supported by the fact that few give the health care system top marks. Just 4 percent of Americans say it is *excellent* and another 1 in 10 say it is *very good* (10 percent). Instead, one-quarter describe it as *good* (24 percent), 3 in 10 say it is *fair* (30 percent), and another 3 in 10 say it is *poor* (30 percent) (Figure 4). Moreover, the percentage rating the health care system as *poor* is steadily increasing, and Americans are now twice as likely as they were in 1998 (15 percent) to indicate it is *poor* (Figure 5).

Americans who have health insurance coverage that is not employment- or government-based (80 percent) and those with no coverage at all (69 percent) are among those more likely to describe the health care system as *fair* or *poor*. Others who are more likely than their counterparts to say the health care system is *fair* or *poor* include those in *fair* or *poor* health (80 percent vs. 56 percent of those in better health), minority Americans (70 percent vs. 59 percent of non-Hispanic whites), those who are not married (68 percent vs. 56 percent of married Americans), those who are not college graduates (66 percent vs. 45 percent of college graduates), and those with less than \$75,000 in household income (64 percent vs. 43 percent with more income). In addition, Democrats (66 percent) and Independents (62 percent) are more likely than Republicans (49 percent) to describe the system this way.

The poor rating of the American health care system contrasts sharply with Americans' ratings of their own health plan, which have remained relatively stable since the inception of the HCS. In 2004, most Americans with health insurance coverage continue to be satisfied with their current health benefits. Nearly one-half are *extremely* (16 percent in 2004) or *very* (31 percent) satisfied with their current plan, and more than one-third are *somewhat* satisfied (36 percent). Only 15 percent say they are *not too* (9 percent) or *not at all* satisfied (6 percent). Despite this overall stability, however, those with coverage are slightly more likely than in most previous years to indicate they are not satisfied with their current health plan (Figure 6).

While fewer Americans report having prescription drug coverage as part of their health plan (73 percent, down from 78 percent in 2003), one-half of those who have this type of coverage are *extremely* (18 percent) or *very* (32 percent) satisfied with their prescription drug benefits. Most of the remainder are *somewhat* satisfied (38 percent), and just 1 in 10 are *not too* (7 percent) or *not at all* (4 percent) satisfied.

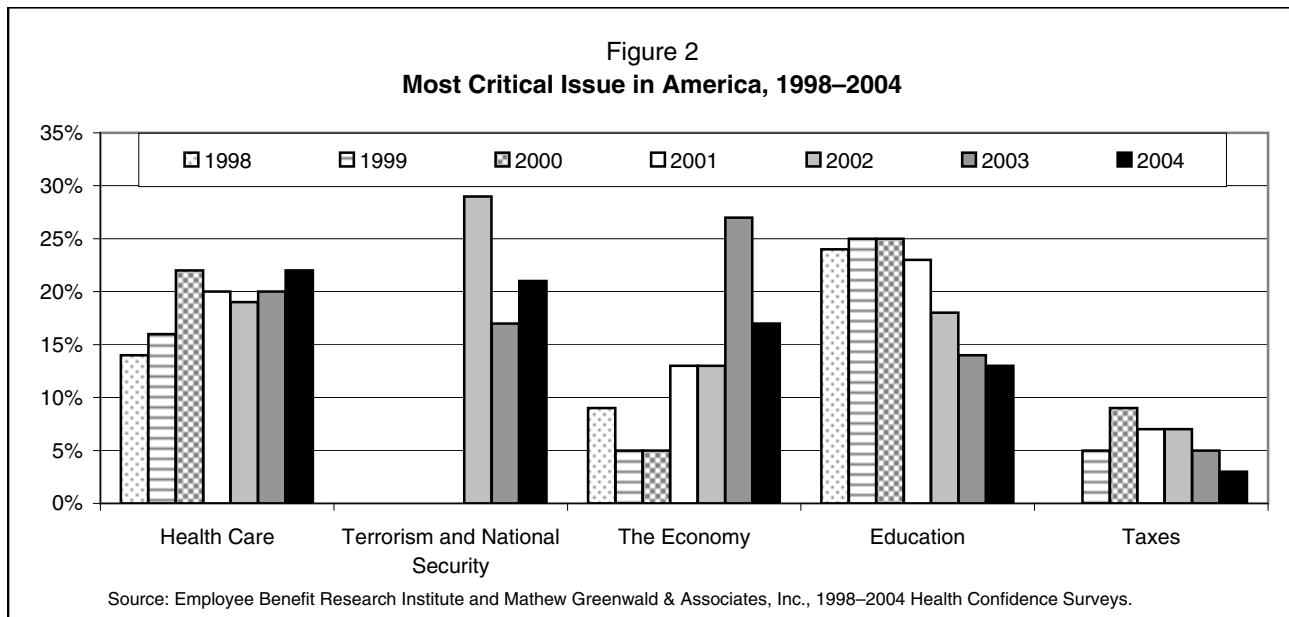
One reason for the declining rating of the health care system is that Americans are increasingly dissatisfied with health care costs. Among those receiving health care within two years of responding to the survey, one-fourth say they are *not at all* satisfied with the cost of their health insurance in 2004 (25 percent), compared with less than 2 in 10 in 1998 and 2001 (15 percent and 16 percent, respectively) (Figure 7). Almost 3 in 10 report being *not at all* satisfied with the costs of health care not covered by their insurance (28 percent), compared with 20 percent each in 1998 and 2001.

Satisfaction with other aspects of the health care Americans receive has not declined in the seven years tracked by the HCS. The percentage saying they are *extremely* or *very* satisfied with the health care they have received in the past two years, in general, has returned to its 1998 level (46 percent in 1998, 48 percent in 2004),<sup>4</sup> after dropping slightly in 1999 (42 percent) and 2000 (39 percent) (Figure 8). Four in 10 continue to be *somewhat* satisfied with the health care they have received (40

**Figure 1**  
**Most Critical Issue in America Today, 2000–2004**

	2000	2001	2002	2003	2004
Health Care	22%	20%	19%	20%	22%
Terrorism and National	n/a	n/a	29	17	21
The Economy	5	13	13	27	17
The War	n/a	n/a	n/a	5	16
Education	25	23	18	14	13
The Budget Deficit	n/a	n/a	2	n/a	4
Taxes	9	7	7	5	3
Social Security	11	9	8	7	n/a
Crime	16	19	n/a	n/a	n/a
National Defense	n/a	4	n/a	n/a	n/a
Gun Control	10	n/a	n/a	n/a	n/a
Don't Know/Refused	3	3	5	5	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000–2004 Health Confidence Surveys.  
n/a = not asked in that year.

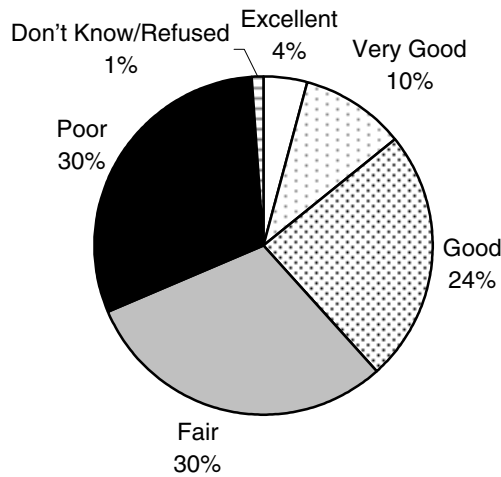


**Figure 3**  
**Most Critical Issue in America Today, by Selected Subgroups, 2004**

	Health Care	Terrorism/ Nat. Security	The Economy	The War	Education
<b>Age</b>					
Under age 45	17%	22%	18%	14%	19%
Ages 45 and over	28	20	16	18	7
<b>Type of Health Insurance</b>					
Employment-Based	20	24	18	14	13
Other	28	18	11	19	11
<b>Serious Illness/Chronic Condition</b>					
Yes	28	18	14	18	13
No	20	22	18	16	13
<b>Education</b>					
High school or less	27	17	17	18	11
Some college or more	18	24	17	15	14
<b>Political Affiliation</b>					
Democrat	27	14	20	19	11
Republican	17	34	16	13	9
Independent	20	19	16	16	19
<b>Gender</b>					
Men	18	25	20	13	9
Women	26	17	14	19	16
<b>Household Income</b>					
Less than \$75,000	24	19	17	16	12
\$75,000 or more	14	27	17	15	16

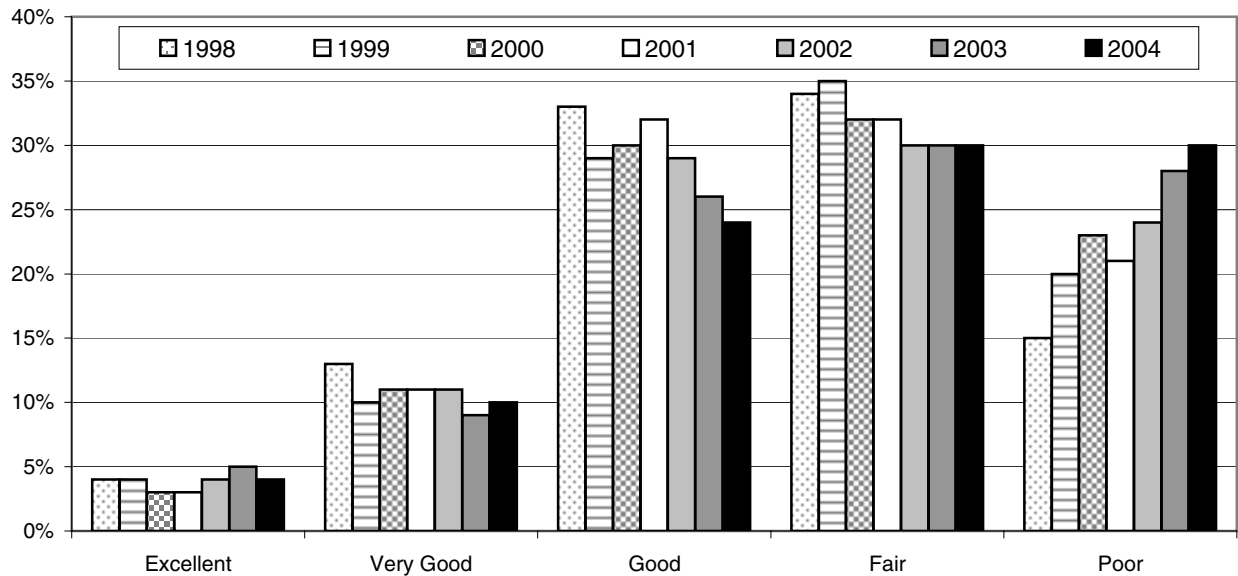
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2000–2004 Health Confidence Surveys.

Figure 4  
**Rating of Health Care System in America Today, 2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

Figure 5  
**Rating of Health Care System in America Today, 1998–2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2004 Health Confidence Surveys.

Figure 6  
**Satisfaction With Current Health Plan, 1998–2004**

	1998	1999	2000	2001	2002	2003	2004
Extremely Satisfied	16%	15%	14%	12%	13%	14%	16%
Very Satisfied	36	38	36	39	39	36	31
Somewhat Satisfied	35	36	38	35	34	41	36
Not Too Satisfied	8	6	7	7	7	7	9
Not At All Satisfied	3	3	4	3	6	2	6
Don't Know/Refused	2	2	1	2	1	<0.5	2

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2004 Health Confidence Surveys.



percent in 2004 and 1998). More than half of Americans continue to be *extremely* or *very* satisfied with the quality of the medical care they received over the past two years (57 percent in 1998, 56 percent in 2004), and another third are *somewhat* satisfied (33 percent in 1998, 34 percent in 2004).

**Figure 7**  
**Satisfaction With Health Care Costs Among Those Receiving Care in Past Two Years, 1998–2004**

	Cost of Health Insurance						
	1998	1999	2000	2001	2002	2003	2004
Extremely Satisfied	13%	7%	8%	11%	9%	7%	10%
Very Satisfied	18	19	16	20	18	17	18
Somewhat Satisfied	32	34	31	30	29	27	28
Not Too Satisfied	17	19	19	16	16	21	13
Not At All Satisfied	15	14	20	16	23	23	25
Don't Know/Refused	1	2	1	2	2	2	1
Not Applicable	4	5	4	4	3	4	5
	Health Costs Not Covered by Insurance						
	1998	1999	2000	2001	2002	2003	2004
Extremely Satisfied	7%	5%	5%	8%	6%	5%	6%
Very Satisfied	14	17	15	18	16	16	14
Somewhat Satisfied	30	31	29	30	28	27	28
Not Too Satisfied	17	20	19	17	19	23	16
Not At All Satisfied	20	17	24	20	25	25	28
Don't Know/Refused	4	2	2	2	4	2	2
Not Applicable	8	7	5	6	3	3	5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2004 Health Confidence Surveys.

**Figure 8**  
**Satisfaction With Selected Aspects of Health Care Among Those Receiving Care in Past Two Years, 1998–2004**

	Health Care Received, in General						
	1998	1999	2000	2001	2002	2003	2004
Extremely Satisfied	13%	11%	9%	10%	10%	14%	13%
Very Satisfied	33	31	30	36	34	36	36
Somewhat Satisfied	40	43	44	42	41	38	40
Not Too Satisfied	7	11	10	6	8	8	6
Not At All Satisfied	4	4	6	4	4	4	5
Don't Know/Refused	3	1	2	2	3	1	1
Not Applicable	–	–	–	–	–	–	–
	Quality of Medical Care Received						
	1998	1999	2000	2001	2002	2003	2004
Extremely Satisfied	17%	14%	13%	14%	13%	17%	15%
Very Satisfied	40	39	40	43	41	41	41
Somewhat Satisfied	33	34	37	34	36	34	34
Not Too Satisfied	5	6	6	5	5	5	5
Not At All Satisfied	2	4	4	2	3	3	4
Don't Know/Refused	1	1	1	1	1	1	1
Not Applicable	2	<0.5	<0.5	1	1	0	<0.5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1998–2004 Health Confidence Surveys.

Having health insurance coverage and the *type* of health insurance coverage are strongly related to *satisfaction* with health care. Those with coverage throughout the past year are more likely than those who have had a gap in coverage or who have no insurance to indicate they are satisfied with health care in general, health care quality, and costs (Figure 9). Nevertheless, those with employment- or government-based coverage are more apt than those with other types of coverage or no coverage to be satisfied with the quality of the care they have received, and those with government-based coverage are more likely to be satisfied with costs than are those with employment-based health benefits (who, in turn, are more likely to be satisfied than those with other types of coverage or no coverage).

Others more likely to express satisfaction with costs and various aspects of the health care they have received in the past two years include Americans age 65 and over, college graduates, those with at least \$75,000 in household income, Republicans, those in *excellent* or *very good* health, those without children under age 18, and non-Hispanic whites.

### ***The Increasing Cost of Health Care***

Increasing health care costs are strongly related to the increasing dissatisfaction with the health care system. Those who have experienced increased costs within the past year are more likely to be dissatisfied with the health care they have received and their current health plan.

A majority of Americans with nongovernment health insurance coverage have experienced health care cost increases in the past year. Almost two-thirds say the dollar amount they contribute toward their health insurance premium has increased (64 percent), and about half report the amounts they pay for prescription drugs (54 percent) and doctor visits (49 percent) have increased (Figure 10). In addition, more than 4 in 10 have experienced an increase in their health insurance deductible within the past year (43 percent). Those who report their health status has gotten worse over the past five years and those who report “job lock” due to health insurance are among those more likely to report these cost increases.

Americans with nongovernment coverage who have experienced an increase in health care costs have coped with the increased costs in a variety of ways. One-quarter report they have decreased their contributions to a retirement plan as a result of the increased cost of health care (25 percent), and almost half report they have decreased their contributions to other savings as a result of the increases (48 percent) (Figure 11). Nearly 2 in 10 say they have had difficulty paying for basic necessities, like food, heat, and housing (18 percent), while 3 in 10 report difficulty paying other bills (30 percent). One-quarter indicate they have used up all or most of their savings (26 percent), and 15 percent have borrowed money. Those with annual household income less than \$35,000 are especially likely to have shifted resources as a result of health care cost increases. Poor health also appears to increase the likelihood of making these adjustments.

At the same time, those who have experienced cost increases have also coped by making changes in the way they use health care. Eight in 10 say the increased cost of health care has led them to use generic drugs when available (81 percent), and one-quarter report they now try to take better care of themselves (74 percent) (Figure 12). Almost 6 in 10 each say cost increases have led them to talk to the doctor more carefully about treatment options and costs (58 percent) or to go to the doctor only for more serious conditions or symptoms (57 percent). Nearly half have delayed going to the doctor (45 percent). Less frequent responses to the increase in health care costs include switching to over-the-counter drugs (40 percent), looking for less expensive health care providers (28 percent), looking for cheaper health insurance (26 percent), and saving additional money in a flexible spending account (25 percent of those employed). Again, the likelihood of making each of these changes increases as household income decreases or health status declines.

If employers stopped offering health insurance, fewer than 2 in 10 who currently have employment-based health benefits are *extremely* (5 percent) or *very* (12 percent) confident that they

**Figure 9**  
**Satisfaction With Aspects of Health Care Among Those**  
**Receiving Care in Past Two Years, By Health Coverage Status, 2004**

Percentage extremely or very satisfied with...	Length of Time Covered			Type of Health Insurance			
	Full Year	Part of the Year	Not Covered	Employment-based	Government-based	Other	None
The quality of the medical care you received	60%	40%	41%	60%	58%	49%	41%
The care you have received in the past year	53	33	29	50	55	50	29
The cost of your health insurance	32	15	n/a	27	40	16	n/a
Costs of health care services not covered by your insurance	23	7	11	18	30	12	11

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 10**  
**Changes in Health Care Costs, Among**  
**Those With Nongovernment Coverage, 2004**

	Increased	Same	Decreased	Refused
The dollar amount you contribute toward your health insurance premium	64%	30%	4%	2%
The amount you pay for prescription drugs, such as co-payments or co-insurance	54	41	3	2
The amount you pay for doctor visits, such as co-payments or co-insurance	49	47	2	1
Your health insurance deductible	43	49	3	5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 11**  
**Shifts in Resources Resulting From Cost Increases, Among Those**  
**With Nongovernment Coverage, by Household Income, 2004**

	Total	Household Income		
		Less Than \$35,000	\$35,000–\$74,999	\$75,000 or More
Decrease your contributions to other savings	48%	57%	49%	34%
Have difficulty paying for other bills	30	49	28	13
Use up all or most of your savings	26	45	24	9
Decrease your contributions to a retirement plan, such as a 401(k), 403(b), or 457 plan, or an IRA	25	34	27	13
Have difficulty paying for basic necessities, like food, heat, and housing	18	40	14	5
Borrow money	15	33	11	3

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

could afford to purchase it on their own, even if their employer gave them the money currently spent on insurance to help them pay for it (Figure 13). One-quarter are *somewhat* confident they could afford to purchase it (24 percent). Yet almost 6 in 10 are *not too* (26 percent) or *not at all* (32 percent) confident that they could afford to purchase health insurance on their own, even with this additional money. Not surprisingly, confidence in the ability to afford health insurance on their own declines with health status, and those who report they or a family member have a serious illness or chronic condition are also less likely to express confidence.

Still, many would try to purchase health insurance if their employer no longer offered it. Almost 4 in 10 say they would be *extremely* likely to purchase it if they were given the money their employer currently spends on health insurance to help them pay for it (37 percent) (Figure 14). One-quarter report they are *very* likely to do so (24 percent). However, 18 percent are only *somewhat* likely, 5 percent are *not too* likely, and 12 percent are *not at all* likely to purchase health insurance in these circumstances. College graduates, those with household income of at least \$75,000, and those who describe their health as *excellent* or *very good* are among those more likely to say they would purchase health insurance coverage.

### ***Confidence in the Health Care System***

While Americans continue to express a moderate degree of confidence in some aspects of today's health care system, the proportions saying they are not confident have increased, reflecting decreases in satisfaction with the system overall. One-half say they are *extremely* or *very* confident that they are able to get the treatments they need (50 percent); however, the percentage reporting they are *not too* or *not at all* confident has increased slightly, from 12 percent in 2002 to 16 percent in 2004 (Figure 15). Similarly, although 4 in 10 are *extremely* or *very* confident that they have enough choice about who provides their medical care (42 percent), the percentage saying they are *not at all* confident has increased from 8 percent in 2002 to 12 percent in 2004 (Figure 16). Only about one-third are *extremely* or *very* confident of being able to afford prescription drugs without financial hardship (36 percent), but the percentage *not at all* confident increased from 16 percent in 2002 to 23 percent in 2004 (Figure 17). Similarly, about one-third are *extremely* or *very* confident of being able to afford health care without financial hardship (34 percent), while the percentage *not at all* confident increased from 18 percent to 23 percent over the same period (Figure 18).

As Americans look to the future, they become less confident in the health care system. Three in 10 are *extremely* or *very* confident that they will be able to get the treatments they need over the next 10 years or until they are eligible for Medicare (31 percent), while 14 percent are *not at all* confident (up from 9 percent in 1998). One-quarter are confident of having enough choice about who provides their medical care during this period (26 percent), but 2 in 10 are *not at all* confident (19 percent, compared with previous highs of 14 percent in 1998 and 2002). Less than a quarter each are *extremely* or *very* confident of being able to afford health care and prescription drugs without financial hardship (23 percent each). At the same time, the percentage *not at all* confident of being able to afford health care over the next 10 years or until they are eligible for Medicare stands at 25 percent (up from 18 percent in 2001–2002), while the percentage *not at all* confident of being able to afford prescription drugs is 24 percent (up from 20 percent in 2000–2001).

The HCS has found consistently that Americans are least confident in the future of the health care system as they look toward Medicare (the federal health care insurance program for the elderly and disabled) (Figure 19), and this year's HCS shows further declines. Fewer than 2 in 10 are *extremely* or *very* confident that they will be able to get the treatments they need once they are eligible for Medicare (18 percent), and 2 in 10 are *not at all* confident (20 percent, up from 16 percent in 1998 and 1999). Fifteen percent are confident that they will have enough choice about who provides their medical care, while the percentage *not at all* confident now stands at 23 percent (compared with 18 percent in 1999). Fourteen percent are confident that they will be able to afford health care without

Figure 12

**Changes in Health Care Usage Resulting From Cost Increases, Among Those With Nongovernment Coverage, by Household Income, 2004**

	Total	Household Income		
		Less Than \$35,000	\$35,000 – \$74,999	\$75,000 or More
Choose generic drugs when available	81%	85%	83%	74%
Try to take better care of yourself	74	85	75	61
Talk to the doctor more carefully about treatment options and costs	58	65	61	45
Go to the doctor only for more serious conditions or symptoms	57	72	61	35
Delay going to the doctor	45	58	48	27
Switch to over-the-counter drugs	40	52	39	27
Look for less expensive health care providers	28	39	25	17
Look for cheaper health insurance	26	34	24	21
Save additional money in a flexible spending account (among those employed)	25	23	25	28

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

Figure 13

**Confidence in Ability to Afford Health Insurance If Employer No Longer Offered It, Among Those With Employment-Based Coverage, by Health Status, 2004**

	Total	Health Status		
		Excellent or Very Good	Good	Fair or Poor
Extremely Confident	5%	5%	7%	2%
Very Confident	12	13	10	8
Somewhat Confident	24	26	21	15
Not Too Confident	26	27	29	14
Not At All Confident	32	28	32	54
Don't Know/Refused	2	2	1	7

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

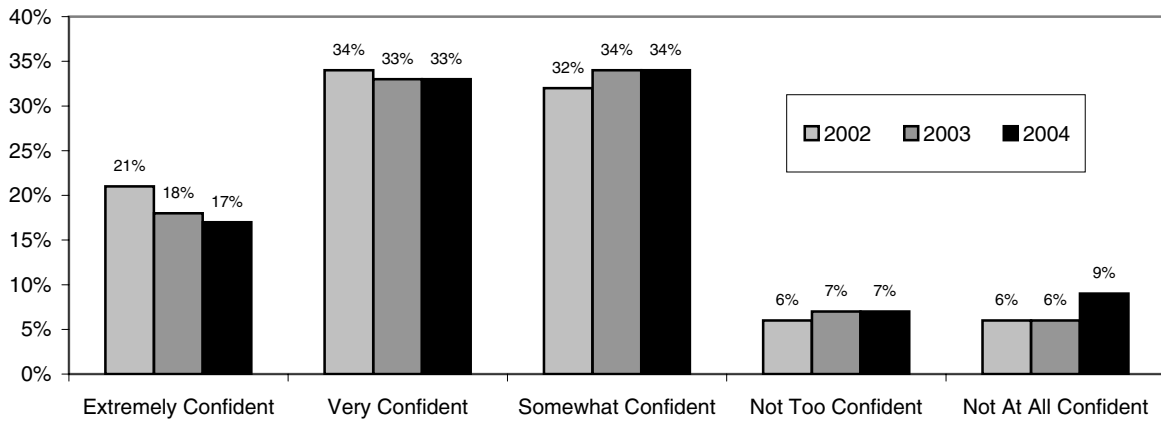
Figure 14

**Likelihood of Purchasing Health Insurance If Employer No Longer Offered It, Among Those With Employment-Based Coverage, by Household Income, 2004**

	Total	Household Income		
		Less Than \$35,000	\$35,000 – \$74,999	\$75,000 or More
Extremely Likely	37%	23%	38%	54%
Very Likely	24	25	26	21
Somewhat Likely	18	26	16	11
Not Too Likely	5	8	6	2
Not At All Likely	12	18	12	6
Don't Know/Refused	3	1	2	5

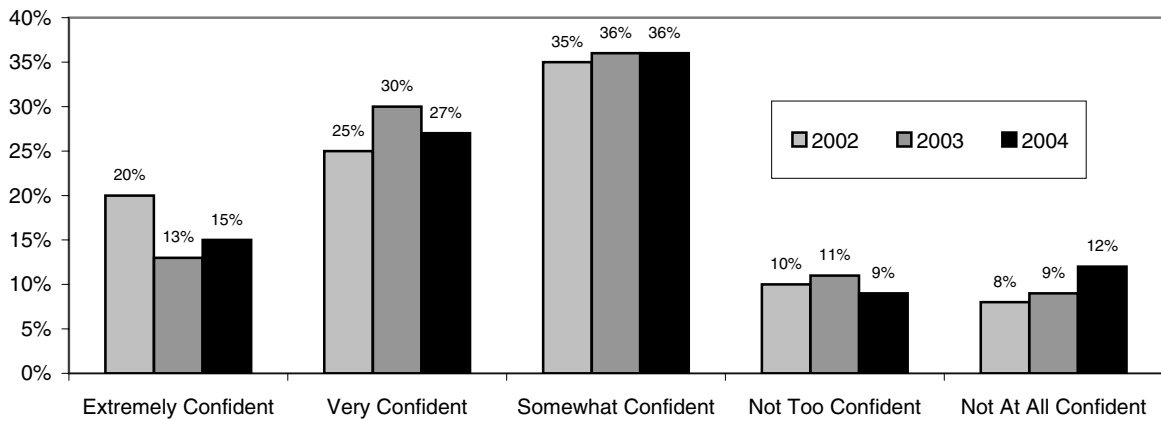
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 15**  
**Confidence in Ability to Get Needed Treatments, 2002–2004**



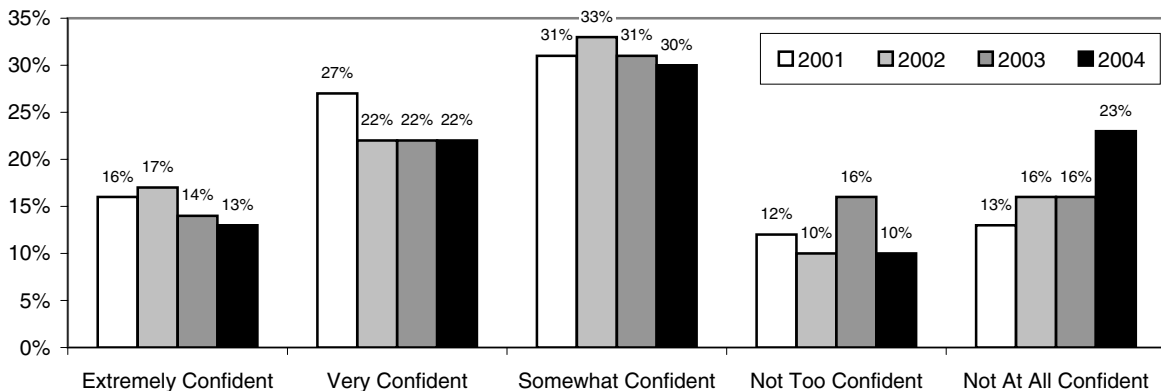
Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2002–2004 Health Confidence Surveys.

**Figure 16**  
**Confidence in Ability to Choose Provider of Health Care, 2002–2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2002–2004 Health Confidence Surveys.

**Figure 17**  
**Confidence in Ability to Afford Prescription Drugs, 2001–2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2001–2004 Health Confidence Surveys.

financial hardship, with more than one-quarter *not at all* confident (27 percent, up from 20 percent in 2000). Just 13 percent report being *extremely* or *somewhat* confident in their future ability to afford prescription drugs without hardship, with more than twice as many *not at all* confident (27 percent, compared with 21 percent in 2000).

Despite this decline in confidence, Americans under age 65 are no more likely in 2004 to expect that they will receive benefits from Medicare that are of worse value than the benefits received by current Medicare beneficiaries than they were in 1999 (60 percent in 2004) (Figure 20). One-quarter continue to expect that these benefits will be of equal value (25 percent), while 1 in 10 think they will be a better value than those received by current Medicare beneficiaries (9 percent).

Perhaps not surprisingly, Americans who are more likely to express satisfaction with the health care system also tend to be more likely to say they are confident about it. For example, those age 65 and older, college graduates, those with household income of at least \$75,000, and non-Hispanic whites are all more likely to express confidence in the aspects of the health care system examined in the HCS, both today and over the next 10 years. However, lower income Americans (less than \$35,000) and minorities are often more likely than their counterparts to express confidence in aspects of the system once they are eligible for Medicare. This is largely because confidence decreases much more sharply among those with household income of \$75,000 or more and among non-Hispanic whites as they look forward into the future. Likewise, those who describe their health as *excellent* or *very good* are more likely than those who say it is *fair* or *poor* to express confidence, but these differences narrow considerably once they are eligible for Medicare. Differences in confidence among those with and without health insurance coverage, and among those with different types of coverage, also narrow the further they look into the future. Finally, while men and women tend to be equally likely to express confidence in the current health care system and in the system over the next 10 years, men are more likely than women to say they are confident about certain aspects of health care once they are eligible for Medicare.

### ***A Consumer-Driven System***

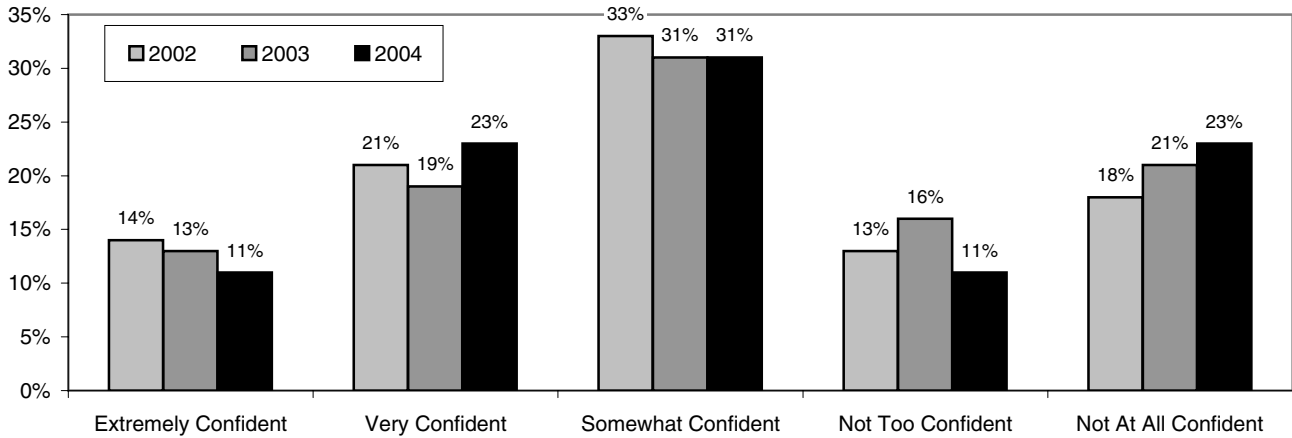
While more Americans are dissatisfied with the current health care system than in the past, many are not eager to switch to a system that assigns them more responsibility for their health care. This is especially the case when it comes to accepting more responsibility for health care costs.

At least 4 in 10 Americans indicate that various facets of what is being called “consumer-driven health care” would make no difference in the quality of their health care. One-half think it would make no difference in the quality of care if they paid more of the costs directly (49 percent), and more than one-quarter think it would make the quality of health care worse (27 percent) (Figure 21). Almost two-thirds think it would make no difference if they knew the full price of their health care services, treatments, and prescription drugs, not just what they pay (64 percent). However, almost 6 in 10 say health care quality would improve if they had access to more information on the effectiveness of treatment options (57 percent), and nearly as many think it would improve with more accessible information on the quality of medical providers (55 percent) or more personal responsibility for medical decisions (51 percent).

Younger Americans under age 45, women, and those without insurance appear to be most receptive to these changes (Figures 22 and 23). While younger Americans seem to be more open than older Americans to all of the changes examined, differences by gender and insurance status are more specific. Women are more likely than men to be receptive to changes that do not overtly involve payment, and those without coverage are more likely than those with coverage to be receptive to changes that assign more responsibility for cost to the health care recipient.

Despite the fact that more than half agree that more direct involvement in health care decisions would improve health care, a majority of Americans do not currently seek to take up this responsibility. Two-thirds say they *strongly* (27 percent) or *somewhat* (40 percent) agree with the statement: “When you seek medical care, the medical professional decides on your care and

Figure 18  
**Confidence in Ability to Afford Health Care, 2002–2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2002–2004 Health Confidence Surveys.

Figure 19  
**Confidence in Selected Aspects of the Health Care System, 2004**

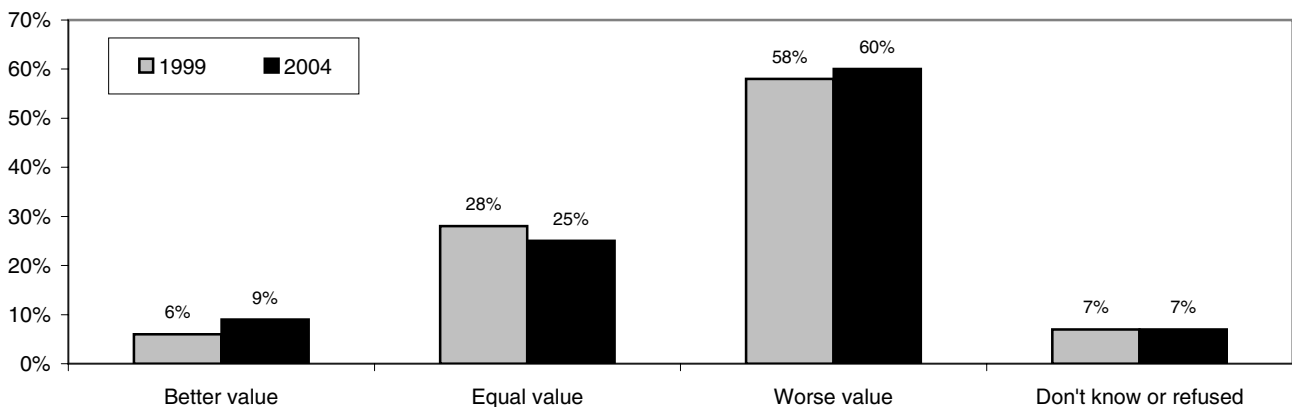
	Ability to Get Treatments You Need			Have Enough Choice About Who Provides Care		
	Today	Next 10 years	Once eligible for Medicare	Today	Next 10 years	Once eligible for Medicare
Extremely Confident	17%	8%	5%	15%	8%	4%
Very Confident	33	22	13	27	18	11
Somewhat Confident	34	40	40	36	37	35
Not Too Confident	7	13	20	9	16	24
Not At All Confident	9	14	20	12	19	23
Don't Know/Refused	1	2	2	1	2	3

	Ability to Afford Health Care			Ability to Afford Prescription Drugs		
	Today	Next 10 years	Once eligible for Medicare	Today	Next 10 years	Once eligible for Medicare
Extremely Confident	11%	7%	5%	13%	7%	4%
Very Confident	23	17	10	22	16	10
Somewhat Confident	31	30	32	30	32	33
Not Too Confident	11	19	25	10	18	25
Not At All Confident	23	25	27	23	24	27
Don't Know/Refused	1	2	2	1	2	2

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

Figure 20  
**Value of Medicare Benefits in the Future as Compared With Value Received by Medicare Beneficiaries in 2004**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1999 and 2004 Health Confidence Surveys.



Figure 21

**Impact of Changes on the Quality of the Health Care System, 2004**

	Better	No Difference	Worse	Don't Know/ Refused
If you had access to more information on the effectiveness of treatment options	57%	40%	2%	2%
If you had access to more information on the quality of health care providers, such as doctors and hospitals	55	41	1	2
If you had more responsibility for your own medical decisions	51	42	4	2
If you knew the full price of your health care services, treatments, and prescription drugs, not just what you pay	27	64	5	3
If you paid for more of your health care costs directly instead of through an insurance company	20	49	27	4

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

Figure 22

**Percentage Saying Changes Would Improve the Quality of the Health Care System, by Gender and Age, 2004**

	Gender		Age		
	Men	Women	Under 45	45-64	65 and Over
If you had access to more information on the effectiveness of treatment options	49%	64%	63%	57%	38%
If you had access to more information on the quality of health care providers, such as doctors and hospitals	52	59	63	52	38
If you had more responsibility for your own medical decisions	47	55	62	47	27
If you knew the full price of your health care services, and prescription drugs, not just what you pay	29	26	31	24	22
If you paid for more of your health care costs directly instead of through an insurance company	21	18	25	18	9

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

treatment, and you simply follow his or her advice.” Just 3 in 10 *somewhat* (17 percent) or *strongly* (13 percent) disagree. Likewise, two-thirds of Americans report they generally fill the prescription that their doctor has prescribed (67 percent) rather than first finding out about the different medication options (30 percent). While many of those who investigate different medication options do so in order to find out more about the prescribed drug before taking it (80 percent), they are equally likely to report investigating because of high costs (78 percent).

College graduates are more likely than those with less education to *disagree* with the statement that they simply follow their doctor’s advice (41 percent vs. 26 percent), while uninsured Americans are more likely than those with coverage to *agree* with the statement (75 percent vs. 66 percent). At the same time, those age 65 and over are more apt than those who are younger to say they fill the prescription that their doctor prescribed rather than investigating different medication options (83 percent vs. 64 percent).

Many of those who currently have employment-based health benefits are not confident about their ability to negotiate the health insurance marketplace. Two in 10 are *not too* (11 percent) or *not at all* (9 percent) confident in their ability to make a good decision on purchasing health insurance on their own, and almost 4 in 10 are only *somewhat* confident (37 percent). Four in 10 say they are *extremely* (16 percent) or *very* (24 percent) confident about their ability to make this decision. Confidence increases as household income increases or as health status improves.

Americans who do not currently have a high-deductible plan express some interest in this type of plan,<sup>5</sup> and interest increases as additional plan features are added. One in 10 who currently have health insurance coverage (11 percent) and 2 in 10 without coverage indicate they are *extremely* or *very* interested in a high-deductible plan with a savings account that allows them to save money tax-free for health care costs (21 percent) (Figure 24). One-quarter of those with coverage (26 percent) and more than 4 in 10 without coverage (43 percent) say they are *somewhat* interested. Two in 10 with coverage (20 percent) and more than one-quarter without coverage (27 percent) express interest in a high deductible plan with a portable tax-free savings account. (Thirty-six percent with coverage and 44 percent without coverage say they are *somewhat* interested.) And among employed Americans, one-quarter with coverage (24 percent) and half without coverage (49 percent) express interest in a high-deductible plan with a portable tax-free savings account in which their employer contributes enough money to cover about half of the deductible. More than 4 in 10 with coverage (44 percent) and without coverage (42 percent) report they are *somewhat* interested.

The fact that the cost of health insurance is a major reason for lack of coverage may explain why many of the uninsured find a low-cost, high-deductible plan attractive. Nearly 2 in 10 of the uninsured report that, since they lost or discontinued their health insurance coverage, they have been offered health insurance (by an employer or union) that they decided not to take (17 percent). Of these, more than 8 in 10 uninsured report cost as the reason for not taking up insurance (83 percent). Moreover, while 46 percent of the uninsured report looking for health insurance on their own, more than 8 in 10 who found insurance say they did not purchase it due to cost (82 percent).

Some segments of the population, such as men and those with household income of at least \$75,000, are initially more likely than their counterparts to express some interest in a high-deductible plan, but these differences disappear as additional features are added. On the other hand, Republicans are more likely than Democrats to indicate they would be interested in a high-deductible plan with a portable savings account. Not surprisingly, those in *excellent* or *very good* health are more apt than those in poorer health to say they are interested in any of these plans.

### ***Health Coverage as an Employee Benefit***

Employee benefits are important to many Americans when choosing a job. Eight in 10 employed Americans say that these benefits are *very* important in their decision about whether or not to accept employment (79 percent), while another 16 percent report they are *somewhat* important. Just 4 per-

cent indicate benefits are *not too* (2 percent) or *not at all* (2 percent) important. While lower-income Americans (with household incomes less than \$35,000) are somewhat more likely to say employee benefits are *very* important in their job decision (85 percent), three-quarters of those with household income of at least \$75,000 also report they are *very* important (76 percent).

Employers that do not offer health insurance may have difficulty attracting and retaining quality workers. Health insurance is clearly regarded by the majority of workers as the most important employee benefit (Figure 25). Six in 10 rank health insurance as most important (60 percent), distantly followed by 17 percent who rank a retirement savings plan, such as a 401(k), 456, or 403(b) plan, as most important. Another 15 percent indicate health insurance is the second most important benefit.

While more than half of employees who currently have employment-based health benefits are satisfied with the amount of health benefits they receive through their employer (56 percent), more than a quarter would trade some pay for more health benefits (27 percent) (Figure 26). Only 1 in 10 would prefer to have fewer health benefits through their employer and higher pay (11 percent). Moreover, the percentage saying they are satisfied with the amount of their health benefits has decreased since 2001 (56 percent, down from 68 percent in 2001), while the percentage who would rather have more benefits and lower pay has increased (27 percent, up from 19 percent).

Further evidence of the importance of employment-based health benefits is that three-quarters of employees with it would prefer \$6,200 (the average cost of health insurance per employee) in employment-based health benefits to receiving an additional \$6,200 in pay (76 percent). Just 2 in 10 indicate that they would prefer the \$6,200 in pay instead (21 percent).

College graduates are more likely than those with less education to indicate they are satisfied with the amount of health benefits they receive through their employer (67 percent vs. 50 percent) and less likely than their counterparts to say they would prefer more benefits and less pay (20 percent vs. 30 percent). They are also more likely to report they would prefer \$6,200 in employer-provided health insurance coverage (82 percent vs. 72 percent) to an additional \$6,200 in pay (15 percent vs. 23 percent).

The importance of health insurance as an employee benefit is also illustrated by the fact that more than one-quarter of Americans report that they or an immediate family member have encountered job lock (27 percent, up from 21 percent in 2001), passed up a job opportunity, stayed at a job they would otherwise have quit, or not retired solely because they needed to keep the health insurance coverage they were receiving. Those who report they or a family member have a chronic condition or serious illness report job lock more often than others (36 percent vs. 23 percent). Somewhat surprisingly, the incidence of reported job lock decreases as age increases (33 percent age under 45, 26 percent 45–64, 12 percent age 65 and over).

Americans reporting job lock most often cite an inability to afford health insurance on their own as the cause (39 percent). Others say that the potential employer did not offer health insurance (15 percent), they or a family member had a medical condition that would not be covered by a potential employer's health plan (14 percent), and the potential employer offered fewer benefits (11 percent).

Despite the importance of health insurance as an employee benefit, some of those who currently have employment-based health coverage are not confident that the employer or union providing their coverage will continue to offer it (13 percent) (Figure 27). Almost one-quarter are only *somewhat* confident that the employer will continue to offer coverage (23 percent). Still, a majority are confident in receiving continued coverage through their employer, saying they are *extremely* (35 percent) or *very* (27 percent) confident. College graduates are more likely than those with less education to say they are *extremely* confident about continued coverage through an employer.

## Conclusion

The United States is spending an ever-increasing amount of money on health care. Yet, most Americans do not give a high rating to the American health care system, and the percentage giving it a poor rating has doubled since 1998. Many Americans are not highly confident about various aspects of health care, either currently, in the near future, or once they become eligible for Medicare. And while Americans are generally satisfied with the health care they receive in general, they are not satisfied with the cost of insurance or out-of-pocket expenses. Given the recent and expected trends in health care costs, continued erosion of confidence in the health care system can be expected.

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## Endnotes

- <sup>1</sup> Employee Benefit Research Institute estimates from the 2001 Medical Expenditure Panel Survey.
- <sup>2</sup> See data published at [www.oecd.org/document/16/0,2340,en\\_2825\\_495642\\_2085200\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,2340,en_2825_495642_2085200_1_1_1_1,00.html) (last reviewed October 2004).
- <sup>3</sup> See data published at [www.oecd.org/document/16/0,2340,en\\_2825\\_495642\\_2085200\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,2340,en_2825_495642_2085200_1_1_1_1,00.html) (last reviewed October 2004).
- <sup>4</sup> Percentages in text may not match those in figures due to rounding.
- <sup>5</sup> A high-deductible plan with a savings account was defined for survey respondents as follows: There are two parts to this insurance. The first is the actual health insurance, which has a high deductible—usually at least \$1,000 for individual coverage and \$2,000 for family coverage. This means that you pay for the first \$1,000 or more of medical expenses yourself. The second part is a health savings account in which you or an employer can deposit money tax-free to be used for your medical expenses. The premiums for high-deductible plans often cost less than those of other plans, but you have to pay more of the initial costs of health care yourself.

**Figure 23**  
**Percentage Saying Changes Would Improve the Quality of the Health Care System, by Health Insurance Coverage, 2004**

	Coverage	
	Throughout Past Year	No Coverage in Past Year
If you had access to more information on the effectiveness of treatment options	56%	56%
If you had access to more information on the quality of health care providers, such as doctors and hospitals	55	53
If you had more responsibility for your own medical decisions	49	58
If you knew the full price of your health care services, treatments, and prescription drugs, not just what you pay	25	38
If you paid for more of your health care costs directly instead of through an insurance company	18	31

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 24**  
**Interest in High-Deductible Health Plans With Various Options, by Health Insurance Coverage, 2004**

	Plan With Savings Account		Plan With Portable Savings Account		Plan With Portable Savings Account and Employer Contribution	
	Insured	Uninsured	Insured	Uninsured	Insured	Uninsured
	Extremely Interested	3%	5%	5%	9%	7%
Very Interested	8	16	15	18	17	41
Somewhat Interested	26	43	36	44	44	42
Not Too Interested	22	8	15	7	12	4
Not At All Interested	39	25	26	19	18	5
Don't Know/Refused	1	2	2	3	2	0

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 25**  
**Employee Benefit Rankings, 2004**

	1st Most Important	2nd Most Important
Health Insurance	60%	15%
Retirement Savings Plan	17	38
Paid Time Off	5	11
Retiree Health Insurance	5	9
Pension Plan or Defined Benefit Pension Plan	4	9
Long-term Care Insurance	3	6
Life Insurance	3	4
Disability Insurance	1	6
Stock Options	<.5	1
Something Else	1	1

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 26**  
**Preference for Employer-Provided Health Benefits vs. Additional Pay,**  
**Among Employees With Employer-Provided Health Coverage, 2004**

<i>Which statement comes closest to the way you feel about your current health benefits?</i>	Educational Attainment			
	Total	High School or Less	Some College or Vocational	College Graduate
You are satisfied with the amount of health benefits you receive through your employer	56%	43%	58%	67%
You would rather have more health benefits through your employer and lower pay	27	32	29	20
You would rather have fewer health benefits through your employer and higher pay	11	13	9	11
Don't know/refused	6	12	4	1
<i>Would you rather have...</i>				
\$6,200 in employer-provided health insurance coverage	76	72	73	82
An additional \$6,200 in pay	21	23	24	15
Don't know/refused	4	5	3	2

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

**Figure 27**  
**Confidence That Employer/Union Will Continue to Offer Health Insurance, 2004**

	Educational Attainment			
	Total	High School or Less	Some College or Vocational	College Graduate
Extremely Confident	35%	26%	33%	44%
Very Confident	27	28	26	28
Somewhat Confident	23	24	25	20
Not Too Confident	7	10	6	5
Not At All Confident	6	8	7	3
Don't Know/Refused	2	3	2	<.5

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2004 Health Confidence Survey.

## About the HCS

These findings are part of the seventh annual Health Confidence Survey (HCS), a survey that examines a broad spectrum of health care issues, including Americans' satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward health care reform. The survey was conducted within the United States between June 21 and July 23, 2004, through 20-minute telephone interviews with 1,203 individuals ages 21 and older. An additional 203 individuals employed full or part time were also interviewed to boost the number of employed respondents in the sample. Random digit dialing was used to obtain a representative cross section of the U.S. population. Interview quotas were established by sex of respondent, and the data were weighted by age, education, and employment to reflect the actual proportions in the population.

In theory, the weighted sample of 1,203 yields a statistical precision of plus or minus 3 percentage points (with 95 percent confidence) of what the results would be if the entire population ages 21 and older were surveyed with complete accuracy. However, there are other possible sources of error in all surveys that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

The HCS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization, and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2004 HCS data collection was funded by grants from 12 private organizations. HCS materials may be accessed at the EBRI Web site: [www.ebri.org/hcs](http://www.ebri.org/hcs).

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