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New Research from EBRI:

1 in 5 Older Americans Cutting Back on Health Care to Save Money

WASHINGTON—More than 20 percent of Americans age 50 or over report saving on health costs by switching to cheaper generic drugs, getting free samples, stopping pills or reducing dosages, and nearly as many skip or postpone doctor appointments for the same reason, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

The data suggest that spending by those near or in retirement declines to match income, even when it means giving up real needs.

“We know that consumption tends to fall with age, but it’s difficult to measure whether falling consumption is voluntary,” said Sudipto Banerjee of EBRI, author of the study. “However, we found evidence that a significant segment of the older population may be making spending adjustments to their health care in order to save money.”

Specifically, the analysis found that more than 1 in 5 (21.5 percent) households reported that they have made some changes in their prescription drugs to save money, and nearly as many (19.4 percent) said they have either skipped or postponed doctor appointments to do so. More than a quarter of households (27.5 percent) reported difficulty in paying their monthly bills.

The report found that these reductions were almost equally prevalent among households, whether they reported increasing or decreasing their annual spending. Even for those who reported that their spending was unchanged, 16.5 percent reported making prescription drug changes, while 11.7 percent reported skipping or postponing doctor visits to save money.

The study also found that about 1 in 10 of those in excellent health reported skipping or postponing doctor appointments to save money, while more than three times as many (36.5 percent) of those in poor health reported doing so. Similarly, nearly 1 in 3 (29.9 percent) of those in poor health reported making prescription drug changes to save money, which is nearly twice the number of those in excellent health.

Further, the study found that single women and blacks had the highest involuntary spending adjustments: 22.8 percent and 24.8 percent of single women made prescription drug changes and skipped or postponed doctor appointments to save money. Comparable numbers for blacks were 25.9 percent and 27.3 percent, respectively.

The study is based on data from the 2009 Internet Survey of the Health and Retirement Study (HRS). The full report is published in the January 2012 *EBRI Notes*, “Spending Adjustments Made By Older Americans to Save Money,” online at www.ebri.org

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