

Notes

How Does Household Expenditure Change With Age for Older Americans? p. 2

2014 Health and Voluntary Workplace Benefits Survey: Most Workers Continue to be Satisfied With Their Own Health Plan, but Growing Number Give Low Ratings to Health Care System, p. 12

A T A G L A N C E

How Does Household Expenditure Change With Age for Older Americans? *by Sudipto Banerjee, Ph.D., EBRI*

- Home and home-related expenses is the largest spending category for every age group.
- Health expenses increase steadily with age. In 2011, households with at least one member between ages 50 and 64 spent 8 percent of their total budget on health items, compared with 19 percent for those age 85 or over. Health-related expenses occupy the second-largest share of total expenditure for those ages 75 or older.
- The two components of household expenditures that show a declining pattern across age groups are transportation expenses and entertainment expenses. Food and clothing expenses (as a share of total expenditure) remain more or less flat across the different age groups.
- There is a large increase in spending at the 95th percentile for those ages 90 or older, which can be attributed to very high health care expenses.

2014 Health and Voluntary Workplace Benefits Survey: Most Workers Continue to be Satisfied With Their Own Health Plan, but Growing Number Give Low Ratings to Health Care System, *by Paul Fronstin, Ph.D., EBRI, and Ruth Helman, Greenwald & Associates*

- Asked to rate the U.S. health care system, many workers describe it as poor (29 percent) or fair (32 percent). One-quarter consider it good, while only a small minority rate it as very good (10 percent) or excellent (1 percent). Dissatisfaction with the health care system appears to be focused primarily on cost.
- The 2013–2014 EBRI/Greenwald & Associates Workplace Benefits Survey (WBS) and the 1998–2012 EBRI/Greenwald & Associates Health Confidence Survey (HCS) find that the percentage of workers rating the health care system as poor more than doubled between 1998–2006 (rising from 14 percent to 32 percent); however, while between 2006–2013 that percentage fell slightly, it jumped to 29 percent in 2014.
- In contrast to the ratings for the health care system overall, workers' ratings of their own health plans continue to be generally favorable. One-half of those with health insurance coverage are extremely or very satisfied.
- While 47 percent of workers indicate they are extremely or very confident about their ability to get the treatments they need today, only 30 percent are confident about their ability to get needed treatments during the next 10 years, and just 19 percent are confident about this once they are eligible for Medicare.

How Does Household Expenditure Change With Age for Older Americans?

By Sudipto Banerjee, Ph.D., Employee Benefit Research Institute

Introduction

Retirement saving involves a lot of unknowns, the most important being not knowing how much money will be needed in retirement. Although it is impossible to predict the retirement expenses of any particular household, the average amounts spent by current retirees can serve as important benchmarks for individual savers as well as for industry experts and policymakers.

This *Notes* article examines the expenditure pattern of the older segment of the U.S. population. The majority of the households studied here have either reached retirement age or are on the cusp of retirement. The data come from the Health and Retirement Study (HRS) and the Consumption and Activities Mail Survey (CAMS), which is a supplement of the HRS (described below). CAMS contains detailed spending information on 26 nondurable and six durable categories, and it follows the same group of people over time. Using this information coupled with the income information available in the HRS, this study summarizes the consumption behavior of the American elderly. The primary goal is to examine how overall spending and spending in different categories change with age.

Data

Two data sources are used for this study. First is the HRS, which is a study of a nationally representative sample of U.S. households with individuals over age 50. It is the most comprehensive survey of older Americans in the nation and covers topics such as health, assets, income, and labor-force status in detail. It is a biennial, longitudinal survey with questionnaire waves in even-numbered years beginning in 1992. The initial sample consisted of individuals born between 1931–1941 and their spouses, regardless of their birth year. Younger cohorts have been added in following years. The study is sponsored by the National Institute on Aging (NIA) and the Social Security Administration (SSA) and administered by the Institute for Social Research (ISR) at the University of Michigan.

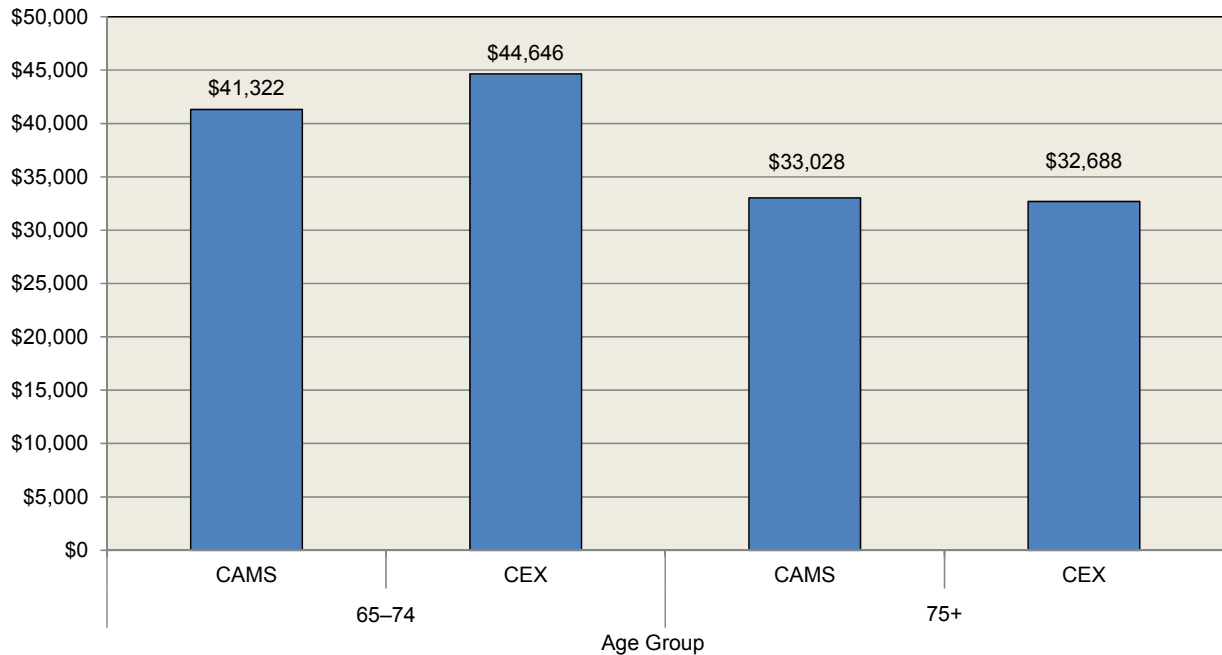
The second source of data used in this study comes from CAMS, which was started in 2001 as a supplement to the HRS. From the participants in the 2000 HRS, 5,000 households were selected at random and mailed the CAMS questionnaire. In couple households, the questionnaire was sent randomly to one of the two spouses. Since 2001, CAMS has been conducted every two years, with 2011 being the latest round of available data. It collects spending information on 32 categories (six durable and 26 non-durable categories).

Figure 1 shows how overall reported spending in CAMS households with at least one member above age 65 in 2011 compares with those reported in the Consumer Expenditure Survey (CEX), which is the benchmark survey on household expenditure in the United States. For households with at least one member between ages 65 and 74, CAMS reports a slightly lower (\$41,322) mean household expenditure than CEX (\$44,646). But for those ages 75 and above, there is not much difference in mean household expenditure between CAMS (\$33,028) and CEX (\$32,688). The household-income data are taken from the RAND version of HRS data because it provides a consistent measure of income across all waves.¹

Household Income and Expenditure Across Ages

Figure 2 takes a closer look at the expenditure pattern across ages, both by breaking total household expenditure into different categories and also by separating it into different age groups. The mean, median (in 2013 dollars) and percentage share of each category in total spending are reported. The different expenditure categories are described above.

Figure 1
Mean 2011 Household Expenditures in
Consumption Activities and Mail Survey (CAMS)
and Consumer Expenditure Survey (CEX), by Age



Source: Employee Benefit Research Institute estimates from CAMS and Bureau of Labor Statistics reported Expenditure Tables for CEX.

"Expenditures" Defined

- Home-related expenses include mortgages, property taxes, homeowner's or renter's insurance, rent, utilities, home repairs, home furnishings, housecleaning supplies, housekeeping and laundry services, gardening and yard supplies, and gardening and yard services.
- Food expenses include food and drink, including alcoholic beverages that are bought in grocery and other stores. Dining out is not included.
- Health expenses include out-of-pocket (uninsured) health insurance costs, including Medicare supplemental insurance; out-of-pocket costs on prescription and nonprescription drugs; out-of-pocket cost of hospital care, doctor services, lab tests, eye, dental, and nursing home care; and out-of-pocket costs for medical supplies.
- Transportation expenses include car payments (principal and interest), vehicle insurance, vehicle maintenance, and gas.
- Clothing expenses include clothing and apparel (including jewelry) and also personal-care products and services.
- Entertainment expenses include trips and vacations, tickets to movies, sporting, or performing-arts events; hobbies and leisure equipment (photography, reading, camping, etc.); dining out in restaurants, cafes, and diners; and take-out food.
- Other expenses include contributions to religious, educational, charitable, or political organizations, and cash and gifts to family and friends outside the household (including alimony and child-support payments).

Some immediate patterns emerge from Figure 2. First, as in previous studies (Banerjee, 2012; Butrica, Goldwyn, and Johnson, 2005; Butrica and Mermin, 2006), it is found that home and home-related expenses is the largest spending category for every age group. In any given year, the percentage of total expenditures for home-related items was very close for every age group. Second, health expenses increase steadily with age. In 2011, households with at least one member between ages 50 and 64 spent 8 percent of their total budget on health items, while those ages 85 or over spent 19 percent of their budget on health items. Health-related expenses occupy the second-largest share of total expenditure for those over age 75. For some, health care expenses can be heavily skewed toward the end of life (DeNardi et. al., 2010). To that extent, the difference between mean and median health care expenses for the oldest age group (85 and above) is important. For example, in 2011, while the median health care expenditure for this group was \$2,814, the mean was much higher at \$6,603.

The two components of household expenditures that show a declining pattern across age groups are transportation expenses and entertainment expenses. As a share of total expenses, transportation expenses fall the most. For example, in 2011, they constituted 16 percent of total expenses for households with at least one member between ages 50 and 64, as opposed to 7 percent for those ages 85 and above. With retirement, daily transportation needs (such as commuting to work) decrease, and with increasing age and declining health, people become more restricted to the indoors, which cuts entertainment expenses as well. Food and clothing expenses (as a share of total expenditure) remain more or less flat across the different age groups.

Change in Household Expenditure for a Fixed Group of Households

Although Figure 2 shows detailed household spending across several years, Figure 3 is more helpful in understanding how household spending changed in recent years as the household's members aged, because Figure 3 tracks the spending of a fixed set of households over time. Starting with 2005, it shows how total spending as well as spending in different categories have changed as people aged through 2011.

Average household spending dropped between 2005 and 2011 in every age group, and younger households cut back spending more than older households during that period. For example, households between ages 50–59 in 2005, most of whom were presumably still in the labor force but on the cusp of retirement, reported the highest drop. Their average household spending dropped from \$53,284 in 2005 to \$45,234 in 2011 (in 2013 \$s), a real decrease of 15 percent. In terms of specific categories, their average spending on clothing dropped 36 percent, followed by other spending at 25 percent.

Whether this was a short-run drop in response to the 2008 market crash or part of a long-run trend remains to be seen. Households between ages 60 and 64 and those between ages 65 and 74 both reported a 10 percent drop in average household spending. For both of these two groups, the highest drops came in transportation and clothing expenses. A large part of these expenses are related to work, and with many households in these age groups moving into retirement during the time frame these changes are not surprising. For the oldest group, 75 and above, there was a 5 percent drop in overall spending but a 6 percent increase in health-care expenses.

Age Trends

This section takes a detailed look at different components of household spending and how they change with age. Combining data from 2003 to 2009, Figure 4 shows how mean household income and expenditures change with age. Income falls much faster than expenditures for older age groups. Taking age 65 (i.e., households that have at least one member age 65) as the benchmark, average household income is 20 percent less by age 75 and 50 percent less by age 85. In comparison, average household expenditures, again measured against the age-65 benchmark, are 16 percent lower by age 75 and 40 percent lower by age 85. It should be noted here that the income and consumption paths do not show the same group of households at different ages (this is a cross-sectional trend).

Figure 2
Mean and Median Spending in 2013 \$s in Each Category, and Mean Percentage
Share of Each Category in Total Spending (Odd Years), by Age Groups

	50-64			65-74			75-84			85+		
	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses
2003												
Home	\$24,803	\$16,381	40%	\$19,006	\$11,890	38%	\$17,144	\$10,466	40%	\$13,857	\$7,902	42%
Food	6,151	4,935	13	5,134	3,948	13	4,462	3,290	12	3,003	2,303	10
Health	5,462	3,204	10	5,558	3,436	12	6,402	4,024	15	8,081	4,533	21
Transport	9,134	5,897	15	6,060	3,835	13	3,960	2,616	10	2,258	1,084	5
Clothing	2,781	1,392	5	2,118	1,063	5	1,672	906	4	1,358	664	4
Entertainment	6,114	3,784	11	5,538	2,923	11	3,588	1,842	8	1,972	808	6
Other	4,177	1,581	7	5,750	1,525	8	4,966	1,518	10	3,646	1,066	10
Total Spending	59,588	46,430		49,175	38,566		43,434	29,953		36,571	25,147	
2005												
Home	23,996	17,782	44%	19,070	12,029	41%	13,579	10,403	40%	17,246	7,946	43%
Food	5,369	4,290	12	4,691	3,575	12	3,994	3,098	14	2,842	2,145	13
Health	4,873	2,765	9	4,730	3,253	12	5,555	3,772	16	6,334	3,492	21
Transport	8,522	6,489	16	5,979	3,909	14	3,611	2,622	11	1,535	1,127	6
Clothing	2,060	1,144	4	1,518	834	3	1,119	655	3	1,285	530	3
Entertainment	5,586	3,337	10	4,774	2,383	9	3,355	1,477	8	1,615	619	5
Other	3,830	1,203	6	3,979	1,191	7	4,706	1,138	8	3,007	715	7
Total Spending	55,673	45,611		44,285	34,456		35,707	28,402		32,474	21,715	
2007												
Home	26,381	17,151	45%	18,532	13,439	42%	15,543	9,868	41%	14,759	9,521	47%
Food	5,023	4,377	12	4,667	3,502	12	4,033	3,098	13	2,645	2,042	11
Health	4,751	2,632	9	4,652	3,008	11	5,063	3,263	14	4,475	3,140	16
Transport	8,086	6,066	16	6,137	4,186	14	3,695	2,755	11	1,723	1,111	6
Clothing	1,912	1,100	4	1,752	785	4	1,199	673	4	1,001	516	5
Entertainment	5,354	3,120	9	4,953	2,626	10	3,140	1,616	9	1,784	606	5
Other	3,085	1,122	5	4,242	1,122	7	4,081	1,144	8	3,734	752	10
Total Spending	55,934	44,205		45,158	34,729		38,287	30,656		30,137	23,865	
2009												
Home	24,401	17,810	47%	18,506	13,361	44%	14,861	11,000	42%	11,959	7,985	41%
Food	5,109	4,231	12	4,215	3,554	12	4,090	3,255	13	2,623	2,256	12
Health	4,999	2,604	9	4,388	3,140	11	5,688	3,502	15	5,651	2,786	20
Transport	6,925	5,358	14	5,008	3,580	13	3,552	2,528	10	1,674	1,144	7
Clothing	1,749	976	3	1,249	759	3	999	585	3	800	468	5
Entertainment	4,904	2,802	9	4,013	2,256	9	2,984	1,356	8	1,569	621	6
Other	2,993	1,085	5	3,603	1,112	7	3,826	1,085	8	3,741	672	9
Total Spending	49,373	41,638		41,516	34,931		36,566	29,054		28,596	21,141	
2011												
Home	22,668	16,398	47%	18,720	12,642	43%	14,732	10,805	42%	13,111	8,781	44%
Food	4,970	4,036	12	4,526	3,982	13	3,994	3,228	13	2,520	2,152	11
Health	4,176	2,338	8	4,383	3,104	11	4,624	3,109	13	6,603	2,814	19
Transport	6,847	5,484	16	5,169	4,025	14	3,666	2,794	11	1,972	1,241	7
Clothing	1,429	869	3	1,311	724	3	950	569	3	888	434	5
Entertainment	4,608	2,534	9	4,300	2,380	9	3,277	1,655	9	1,609	714	6
Other	2,708	776	5	3,583	1,148	7	3,565	1,034	8	3,188	734	8
Total Spending	47,829	38,642	0	42,805	34,036		35,315	29,884		30,610	22,263	

Source: Employee Benefit Research Institute estimates from Consumption Activities and Mail Survey (CAMS).

Figure 3
Mean and Median 2011 Spending in 2013 \$s in Each Category, and Mean Percentage Share of Each Category in Total Spending for a Fixed Group of Households (Odd Years Only), by Age Groups as of 2005

	2005			2007			2009			2011		
	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses	Mean	Median	% of Total Expenses
50-59												
Home	\$24,462	\$18,771	45%	\$23,063	\$17,255	45%	\$22,051	\$16,587	47%	\$21,722	\$15,887	46%
Food	4,997	4,290	11	4,895	4,085	12	4,857	4,231	13	4,480	4,036	12
Health	4,619	2,717	9	3,945	2,435	8	4,526	2,451	9	4,274	2,504	9
Transport	8,518	6,779	17	7,953	5,836	16	6,490	4,950	14	6,535	5,277	15
Clothing	2,188	1,215	4	1,836	1,122	4	1,508	911	3	1,398	869	4
Entertainment	5,075	3,580	9	4,948	3,120	9	4,566	2,782	9	4,427	2,659	10
Other	3,319	1,191	5	3,181	1,010	5	2,761	976	5	2,494	776	5
Total Spending	53,284	45,534		51,090	43,612		46,406	39,807		45,234	38,209	
60-64												
Home	19,755	14,618	42%	20,132	15,440	42%	18,604	14,366	43%	18,506	13,115	42%
Food	4,716	4,231	13	5,071	4,040	12	4,428	3,781	12	4,454	3,738	13
Health	4,775	2,789	10	5,376	3,266	11	4,400	3,208	11	4,244	2,908	11
Transport	7,015	5,233	15	6,989	4,831	15	5,536	4,458	14	5,418	4,437	13
Clothing	1,558	953	4	1,579	923	3	1,254	813	3	1,297	745	3
Entertainment	5,120	2,860	10	5,648	3,048	10	4,524	2,821	10	4,278	2,359	9
Other	3,227	1,430	6	3,144	1,366	6	3,274	1,302	7	4,043	1,138	8
Total Spending	48,209	43,374		48,641	41,501		43,867	36,479		43,362	36,105	
65-74												
Home	17,983	11,937	41%	16,527	12,549	42%	15,006	11,713	42%	15,759	11,460	43%
Food	4,163	3,575	12	4,238	3,367	13	3,993	3,385	12	4,261	3,497	13
Health	4,686	3,337	12	4,495	3,030	11	4,489	3,277	13	4,536	3,104	13
Transport	6,035	3,901	14	5,595	3,916	14	4,281	3,298	13	4,218	3,270	12
Clothing	1,546	851	4	1,394	740	4	1,134	651	3	1,103	620	3
Entertainment	4,816	2,562	10	4,440	2,467	10	3,581	1,974	9	3,591	1,782	9
Other	3,950	1,430	8	4,486	1,122	7	3,418	1,193	8	3,072	1,034	7
Total Spending	41,800	34,439		40,737	33,553		36,354	31,349		37,514	30,333	
75+												
Home	12,662	10,035	39%	15,095	10,128	42%	12,920	9,764	41%	13,287	9,437	43%
Food	3,664	3,098	13	3,880	2,918	13	3,642	2,821	12	3,126	2,690	12
Health	5,140	3,723	16	4,428	3,461	14	5,298	3,262	16	5,463	2,983	16
Transport	3,481	2,619	10	3,212	2,333	10	2,851	2,081	9	2,340	1,883	8
Clothing	1,124	715	3	1,109	673	4	926	542	4	793	465	4
Entertainment	3,719	1,632	8	3,008	1,607	8	2,445	1,144	8	1,991	939	7
Other	5,057	1,549	10	3,738	1,346	10	4,002	1,299	10	3,544	1,034	10
Total Spending	33,530	27,314		35,803	29,710		33,075	26,801		31,761	25,527	

Source: Employee Benefit Research Institute estimates from Consumption Activities and Mail Survey (CAMS).

Data from 2003 to 2011 are used for Figures 5 and 6. First, Figure 5 shows how the dollar amounts (in 2013 \$s) spent in different categories change with every single year of age. It is clear that home-related expenditures are by far the largest spending category, and even if the dollar amount spent on homes is significantly smaller for those who are older, it remains the largest spending category through the oldest ages. Second, for working-age households, transportation remains the second-largest spending category, only to be replaced by health care expenses around age 75. Not surprisingly, health care expenditures are the only category in which the dollar amount spent is larger for those who are older. Finally, the average amount spent for entertainment purposes does not show any significant increase around the traditional retirement ages, and, in fact, clearly trends downward with age.

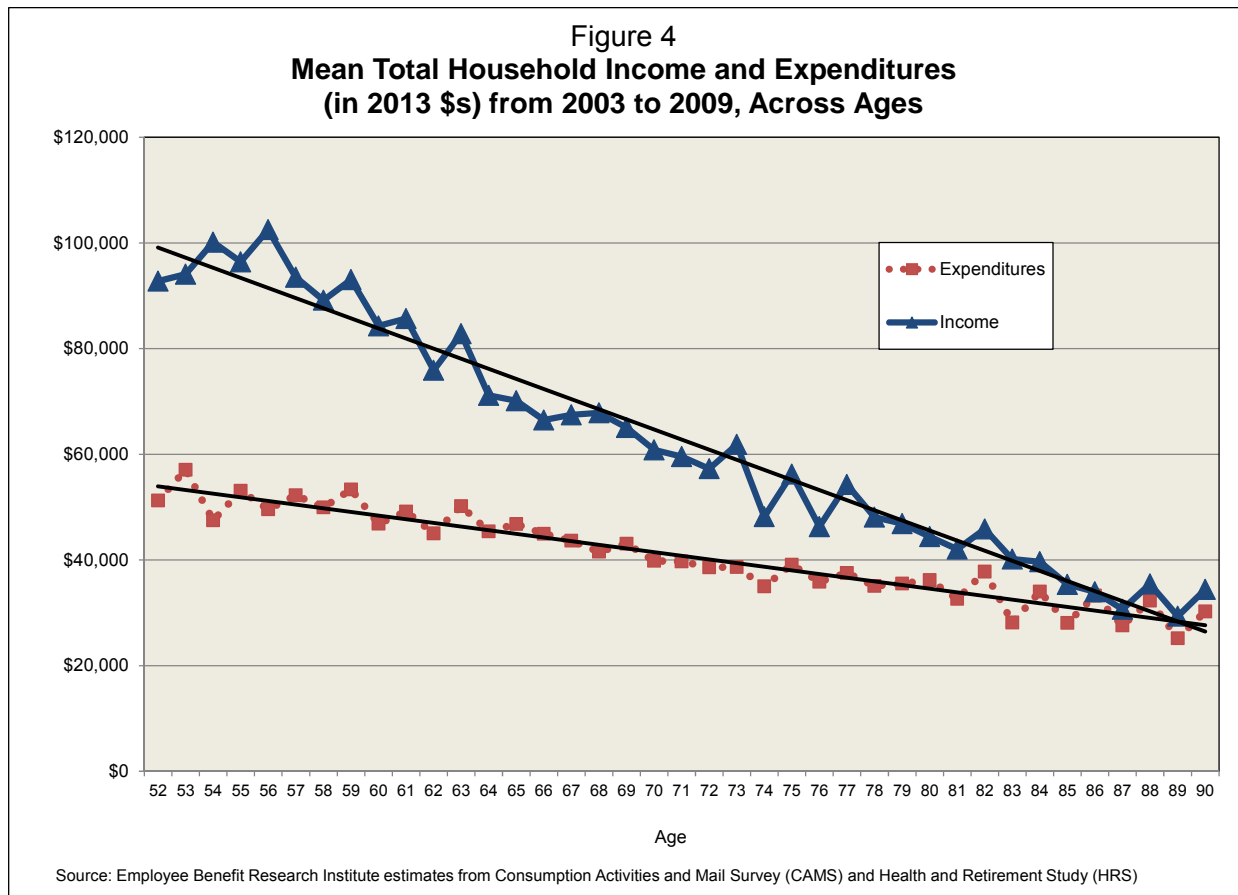


Figure 6 shows how the share of each spending category changes with age. There are a few things to note. First, although the dollar amount spent on home expenditures are lower for those that are older (as shown in Figure 5), its share in total household spending does not change much. It remains between 40 and 45 percent for most households across all ages considered. Second, just like the dollar amounts shown in Figure 5, transportation captures the second-largest share of working-age households' budgets. But around age 75, health care expenses become the second-largest spending item for older households. By age 90, health care expenses account for more than 20 percent of the households' entire budgets.

How Does Overall Distribution of Household Expenditure Change With Age?

The mean and median results are useful statistics and most widely used to summarize the distribution of different factors, but they give only an idea about the middle of the distribution. Understanding the entire distribution is very important for multiple reasons: First, it gives household members an idea of where they are in the spending distribution and can help them evaluate if they are spending more or less relative to their age group. Second, in terms of retirement planning, it can also give household members an idea of how much people in similar positions at older ages spend. For example, consider the members of a 60-year-old household that is in the 90th percentile of its age-specific spending distribution who want to know what the household's expenses might be at age 85. Knowing the median spending at age 85 is less informative for members of this household, as they might expect to be toward the top of the distribution at age 85.

Figure 7 addresses this by breaking down the distribution of overall household spending, combining data from 2003 to 2011. Households are divided into four age groups: 50–64, 65–79, 80–89 and 90 and above. For each age group, the 25th, 50th (median), 75th, 90th, and 95th percentiles are reported. Worth noting: First, it shows that spending

doesn't fall uniformly across the distribution with age. For example, the median drops from \$43,580 (for those between ages 50–64) to \$19,681 (for those age 90 or older), a 55 percent drop. For the same age groups, the 90th percentile drops from \$100,400 to \$65,289, a 35 percent drop. Second, until age 90, all the reported percentiles show a decline, and the distribution narrows as well. But for those 90 and above,² the 90th and 95th percentiles show an increase. To figure out the reason for this, similar breakdowns were calculated for all the spending components separately. Health care spending stands out to be the biggest contributor to this increase.

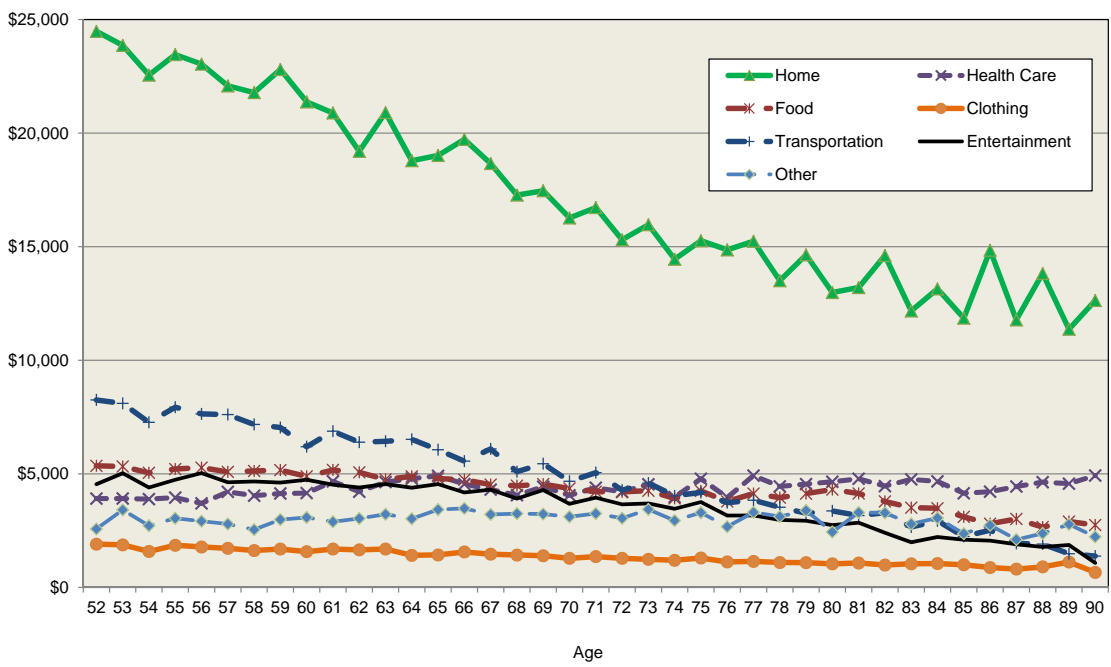
Figure 8 shows the detailed distribution of health care expenditure across these age groups. Until age 90, the distribution looks very stable with little change in the percentiles across age groups—but at age 90 and older, the 90th and 95th percentiles of health care expenses show abrupt increases. This shows that for some people, end-of-life health care spending can be very high.

Conclusion

This study attempts to show how household spending along with its different components changes with age. Household spending data is used from a nationally representative survey of Americans 50 years or older. The key findings include:

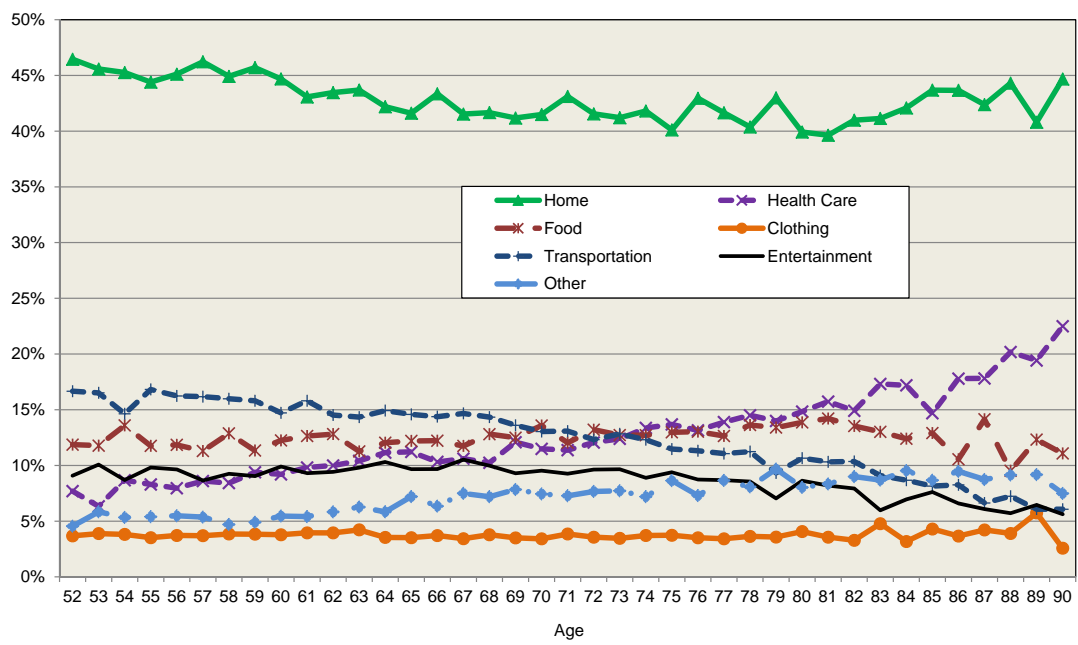
- Household spending is lower for older households, but the decrease is not uniform across the spending distribution. Between age groups 50–64 and 90 or older, the median drops nearly 55 percent, but the 90th percentile drops only 35 percent.
- There is a large increase in spending at the 95th percentile for those ages 90 or older, which can be attributed to very high health care expenses.
- Home and home-related expenses are the largest spending items in the household budget across all ages. For almost all ages 50 or older, they capture 40–45 percent of household budget.
- Health care spending is the only item that is larger for older households. This is in both dollar terms and as a percentage of total household spending.

Figure 5
Mean Household Expenditures in Different Categories,
2003–2011, Across Different Ages, in 2013 \$s



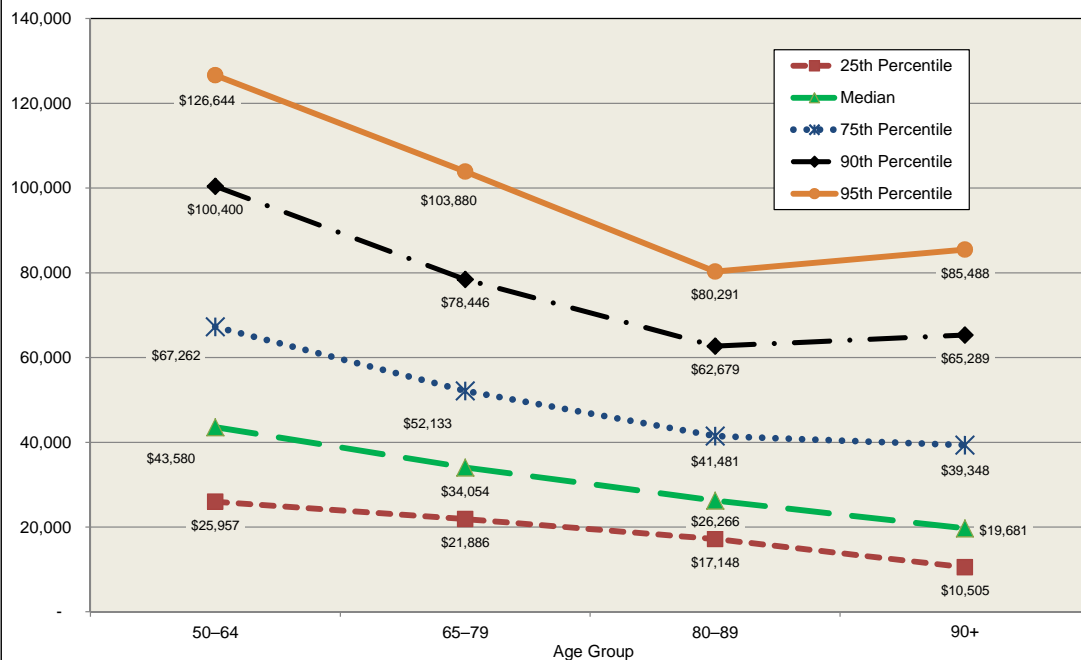
Source: Employee Benefit Research Institute estimates from Consumption Activities and Mail Survey (CAMS).

Figure 6
Average Share of Different Categories in Total Household
Expenditures, 2003–2011, Across Different Ages



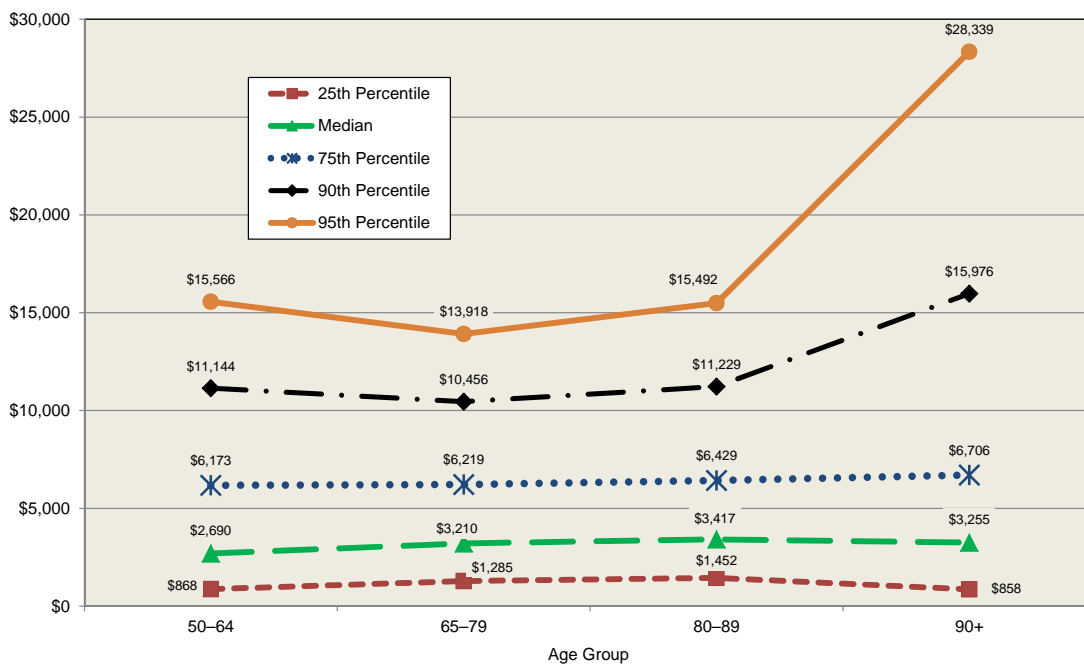
Source: Employee Benefit Research Institute estimates from Consumption Activities and Mail Survey (CAMS).

Figure 7
**Distribution of Household Expenditures,
 2003–2011, for Different Age Groups (in 2013 \$s)**



Source: Employee Benefit Research Institute Estimates from Consumption Activities and Mail Survey (CAMS).

Figure 8
**Distribution of Health Care Expenditures,
 2003–2011, for Different Age Groups (in 2013 \$s)**



Source: Employee Benefit Research Institute estimates from Consumption Activities and Mail Survey (CAMS).

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Endnotes

¹ RAND provides an easy-to-use version of HRS that includes some very important household-level information derived from the raw HRS files. This includes variables like total household income, household net worth etc. Although many of the survey questions regarding these variables have changed over the years, the RAND variable definitions are consistent across years.

² The 90-and-above age group had 421 observations.

2014 Health and Voluntary Workplace Benefits Survey: Most Workers Continue to be Satisfied With Their Own Health Plan, but Growing Number Give Low Ratings to Health Care System

By Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Ruth Helman, Greenwald & Associates, Inc.

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Introduction

Four years after passage of the Patient Protection and Affordable Care Act of 2010 (PPACA), implementation of many of its provisions and delay of others, an increasing majority of workers continue to give low marks to the U.S. health care system.

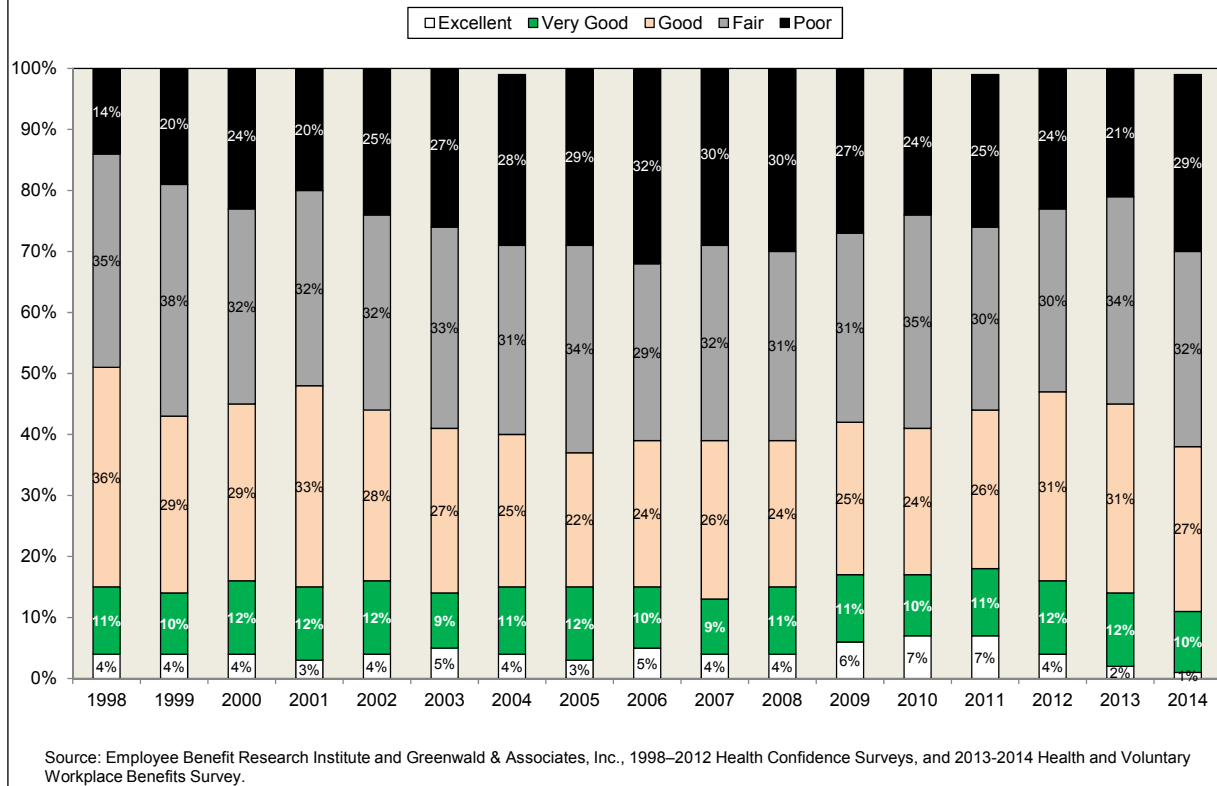
This article examines public opinion with respect to various aspects of the United States health care system using data from the 2014 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS) as well as from the 1998–2012 EBRI/Greenwald & Associates Health Confidence Survey (HCS) and the 2013 WBS. The WBS and HCS examine a broad spectrum of health care issues, including workers' satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward benefits in the workplace.

The U.S. Health Care System

Health care is not the issue that the majority of workers consider to be the most pressing in the United States today. The 2014 WBS finds they are most likely to identify the economy (37 percent) when asked about the most critical issue; health care (19 percent) is the second-most critical issue named, followed by the federal budget deficit (12 percent), education (11 percent), and unemployment (9 percent). Six percent of workers consider immigration to be the most pressing issue, and 5 percent report it to be the environment. Nevertheless, four years after passage of PPACA and implementation of a number of provisions in the legislation, dissatisfaction with the U.S. health care system remains widespread.

When asked to rate the health care system, a majority of workers (61 percent) describe it as poor (29 percent) or fair (32 percent), up from 55 percent in 2013. One-quarter (27 percent) consider it good, while only a small minority rate it as very good (10 percent) or excellent (1 percent) (Figure 1). The 2013–2014 WBS and the 1998–2012 HCS find that the percentage of workers rating the health care system as poor more than doubled between 1998 and 2006 (rising from 14 percent to 32 percent). While that percentage fell between 2006 and 2013, it jumped to 29 percent in 2014. Between 2006 and 2013, the percentage of workers reporting that the health care system was fair or poor fell from 61 percent to 55 percent, and then increased to 61 percent in 2014.

Figure 1
Rating of Health Care System in America, 1998–2014



Confidence in the Health Care System

Confidence about various aspects of today's health care system has also remained fairly level before and after the passage of PPACA. According to the 2014 WBS, nearly one-half (47 percent) of workers report being extremely or very confident that they are able to get the treatments they need (Figure 2). (The decline between 2012 and 2013 appears large, but is due to a change in the way the data is collected, which is described in more detail in the appendix). One-third (33 percent) report being somewhat confident that they are able to get the treatments they need in 2014, and 20 percent are not too (14 percent) or not at all (6 percent) confident.

Confidence in having enough choices about who provides medical care also is fairly steady between 2013 and 2014. In 2014, 4 in 10 workers (38 percent) are extremely or very confident that they have enough choices about who provides their medical care. Thirty-five percent are somewhat confident, and 27 percent are not too (19 percent) or not at all (8 percent) confident.

Confidence about the health care system decreases as workers look to the future. While 47 percent of workers indicate they are extremely or very confident about their ability to get the treatments they need today, only 30 percent are confident about their ability to get needed treatments during the next 10 years, and just 19 percent are confident about this once they are eligible for Medicare (Figure 3). Similarly, 38 percent are confident they have enough choices about who provides their medical care today, but only 26 percent are confident about this aspect of the health care system over the next 10 years, and just 18 percent are confident that they will have enough choices once they are eligible for Medicare. Finally, 24 percent of workers say they are confident that they are able to afford health care without financial hardship today, but this percentage decreases to 20 percent when they look out over the next 10 years and to 17 percent when they consider the Medicare years.

Figure 2
Confidence in Selected Aspects of Today's Health Care System, 2002-2014

Ability to Get Needed Treatments													
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely confident	20%	17%	16%	16%	22%	20%	17%	22%	26%	22%	23%	14%	12%
Very confident	33	34	36	37	31	32	32	36	32	35	33	32	35
Somewhat confident	35	36	33	31	31	33	35	28	25	27	30	33	33
Not too confident	7	7	9	4	7	6	6	8	7	9	8	14	14
Not at all confident	5	6	6	6	8	9	10	6	11	7	7	6	6
Enough Choice About Who Provides Medical Care													
Extremely confident	18%	12%	12%	15%	14%	12%	13%	18%	21%	17%	15%	12%	10%
Very confident	24	27	27	32	25	29	26	29	25	33	32	27	28
Somewhat confident	38	40	40	36	41	38	36	33	32	32	32	35	35
Not too confident	13	11	10	10	7	9	12	11	10	7	7	20	19
Not at all confident	8	10	10	8	13	12	12	9	12	11	13	7	8
Ability to Afford Health Care Without Financial Hardship													
Extremely confident	14%	12%	11%	13%	10%	13%	10%	13%	18%	13%	13%	8%	7%
Very confident	22	17	24	22	19	18	18	21	20	22	19	17	17
Somewhat confident	33	34	34	34	33	32	29	29	25	29	33	29	34
Not too confident	13	16	11	13	14	18	16	13	13	15	12	30	28
Not at all confident	18	21	19	19	23	20	26	23	25	21	23	17	14

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2002-2012 Health Confidence Surveys, and 2013-2014 Health and Voluntary Workplace Benefits Survey.

Figure 3
Confidence in Selected Aspects of the Health Care System, Today, During the Next 10 Years, and Once Eligible for Medicare, 2014

Ability to Get Needed Treatments		
	Today	Once Eligible for Medicare (among those not currently eligible)
Extremely confident	12%	4%
Very confident	35	15
Somewhat confident	66	37
Not too confident	14	29
Not at all confident	6	16
Enough Choice About Who Provides Medical Care		
	Today	Once Eligible for Medicare (among those not currently eligible)
Extremely confident	10%	4%
Very confident	28	14
Somewhat confident	35	33
Not too confident	19	32
Not at all confident	8	17
Ability to Afford Health Care Without Financial Hardship		
	Today	Once Eligible for Medicare (among those not currently eligible)
Extremely confident	7%	4%
Very confident	17	13
Somewhat confident	34	34
Not too confident	28	31
Not at all confident	14	19

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2014 Health and Voluntary Workplace Benefits Survey.

Figure 4
Confidence That Employer or Union Will Continue to Offer Health Insurance, Selected Years, 2000–2014

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely confident	31%	29%	28%	29%	37%	-	-	29%	-	32%	24%	30%	35%	28%	29%
Very confident	40	36	35	32	27	-	30	30	-	31	31	30	23	37	35
Somewhat confident	24	25	27	25	24	-	30	30	-	24	31	23	27	28	27
Not too confident	3	5	7	8	7	-	6	6	-	5	8	9	10	6	7
Not at all confident	2	4	3	6	5	-	-	6	-	8	7	8	6	2	2

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2000–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Survey.

Figure 5
Satisfaction With Current Health Plan, 1998–2014

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely satisfied	13%	11%	12%	11%	11%	12%	13%	15%	15%	16%	14%	0%	22%	22%	17%	12%	11%
Very satisfied	36	38	34	40	40	36	33	38	34	35	37	36	35	37	36	39	39
Somewhat satisfied	38	40	42	38	37	43	38	36	39	37	35	30	33	29	33	37	38
Not too satisfied	8	7	8	7	7	8	11	8	7	4	8	8	7	6	9	8	9
Not at all satisfied	4	4	4	4	6	2	5	3	4	7	5	5	3	6	5	2	2

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1998–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Survey.

Workers are generally confident that their employers or unions will continue to offer health insurance in the future. In 2014, 29 percent of workers report that they are extremely confident their employers or unions will continue to offer coverage, 35 percent are very confident, and 27 percent are somewhat confident (Figure 4). The percentages of those who are not too or not at all confident their employer or union will continue to offer health insurance have been low historically, and 2014 is no exception. In 2014, only 7 percent are not too confident and 2 percent are not at all confident that their employers or unions will continue to offer health insurance.

Satisfaction

In contrast to the ratings for the health care system overall, workers' ratings of their own health plans continue to be generally favorable. One-half (50 percent) of those with health insurance coverage are extremely or very satisfied with their current plans, and 38 percent are somewhat satisfied (Figure 5). Only 11 percent say they are not too (9 percent) or not at all (2 percent) satisfied.

Dissatisfaction with the health care system appears to be focused primarily on cost. Satisfaction with health care quality continues to remain fairly high, with 46 percent of workers saying they are extremely or very satisfied with the quality of the medical care they have received in the past two years, 32 percent somewhat satisfied, and 15 percent not too (10 percent) or not at all (5 percent) satisfied (Figure 6). In contrast, just 13 percent are extremely or very satisfied with the cost of their health insurance plan, and only 10 percent are satisfied with the costs of health care services not covered by insurance.

The Cost of Health Care

About 6 in 10 workers (59 percent) with health insurance coverage report having experienced an increase in health care costs in the past year, roughly in line with the historical findings (Figure 7). In response, workers continue to report they are changing the way they use the health care system. Nearly three-quarters (73 percent) say these increased costs lead them to try to take better care of themselves, and 61 percent indicate they choose generic drugs more often (Figure 8). About one-half also say they go to the doctor only for more serious conditions or symptoms (55 percent) and delay going to the doctor (49 percent).

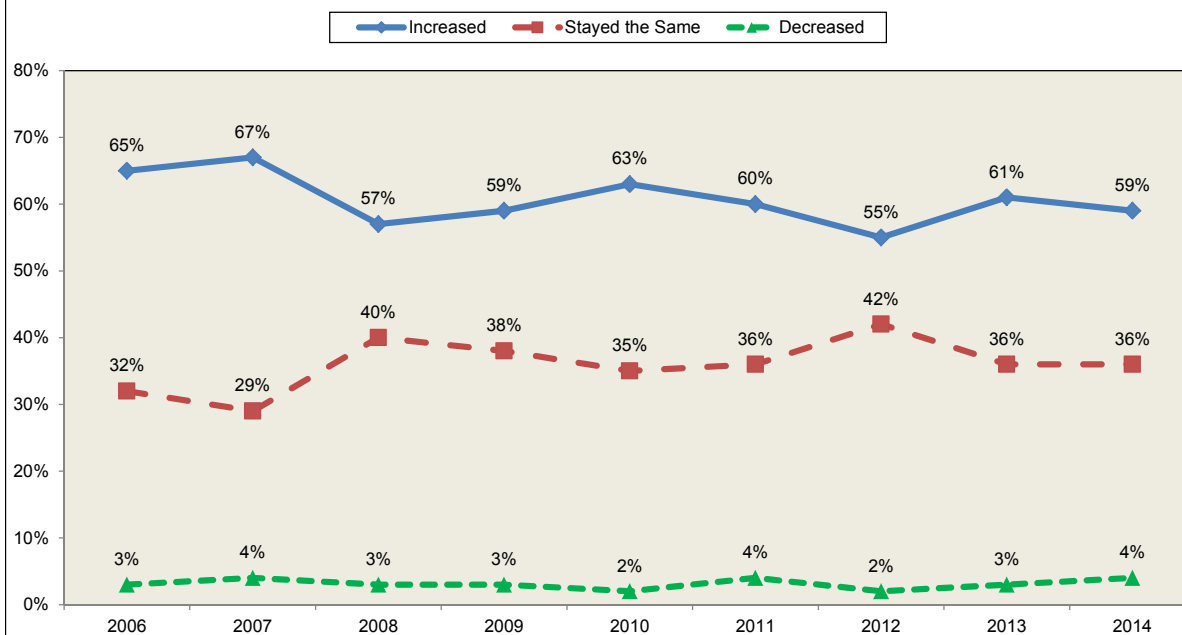
The rising cost of health care also causes many workers to encounter financial difficulties. Among those experiencing cost increases in their plans in the past year, 27 percent state they have decreased their contributions to retirement plans, and one-half (47 percent) have decreased their contributions to other savings as a result (Figure 9). Two in 10 (21 percent) also report they have had difficulty paying for basic necessities such as food, heat, and housing, while 32 percent say they have had difficulty paying other bills. About one-quarter (23 percent) say they have used up all or most of their savings, 32 percent have increased their credit card debt, 16 percent report that they have borrowed money, 28 percent have delayed retirement, and 16 percent have dropped other insurance benefits.

Figure 6
Satisfaction With Selected Aspects of Health Care Received in Past Two Years, 1998–2014

		Quality of Medical Care Received																
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely satisfied	14%	11%	10%	12%	12%	12%	13%	13%	12%	16%	15%	15%	19%	20%	18%	17%	14%	11%
Very satisfied	35	35	36	39	39	39	38	40	39	34	35	33	38	40	38	40	36	35
Somewhat satisfied	33	33	38	33	37	33	32	35	36	36	38	39	32	29	31	31	31	32
Not too satisfied	5	5	6	5	4	5	5	3	4	4	4	5	4	5	4	3	9	10
Not at all satisfied	1	4	4	2	1	2	2	2	6	5	4	5	4	3	4	5	5	5
Not applicable	12	13	7	9	7	10	9	9	4	5	5	4	3	4	5	4	7	7
		Cost of Health Insurance																
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely satisfied	11%	5%	8%	8%	9%	8%	7%	10%	7%	4%	5%	5%	4%	7%	4%	5%	4%	4%
Very satisfied	15	15	13	17	16	16	14	14	17	9	10	11	16	13	12	13	9	9
Somewhat satisfied	30	33	30	27	27	26	28	34	28	28	31	30	29	29	32	25	23	25
Not too satisfied	18	18	19	17	17	18	14	16	17	17	20	16	17	17	19	19	26	24
Not at all satisfied	14	13	22	17	24	22	22	22	21	38	31	33	30	31	31	33	30	31
Not applicable	14	16	10	12	8	14	14	13	6	4	3	5	3	4	2	5	8	7
		Health Costs Not Covered by Insurance																
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Extremely satisfied	6%	4%	4%	6%	6%	4%	4%	5%	7%	4%	5%	4%	6%	6%	4%	4%	3%	3%
Very satisfied	13	13	12	15	13	14	14	10	13	9	8	9	11	11	11	9	8	7
Somewhat satisfied	28	31	30	27	27	25	28	28	28	30	32	30	24	22	28	30	19	19
Not too satisfied	16	19	18	16	20	21	17	18	19	19	20	18	22	15	19	16	25	25
Not at all satisfied	19	14	24	23	27	24	27	22	22	32	30	28	31	38	31	33	35	34
Not applicable	17	18	12	13	9	13	13	12	7	7	6	10	7	8	7	8	10	12

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1998–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Survey.

Figure 7
Percentage of Individuals with Private Insurance Reporting an Increase or Decrease in Premiums or Cost Sharing, 2006-2014



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2006–2012 Health Confidence Surveys, and 2013-2014 Health and Voluntary Workplace Benefits Survey.

Appendix—The 2014 WBS

These findings are part of the 2014 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS), which examines a broad spectrum of health care issues, including workers’ satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward benefits in the workplace. The survey was conducted online June 12–19, 2014, using the Research Now consumer panel. A total of 1,517 workers in the United States ages 21–64 participated in the survey. The data are weighted by gender, age, and education to reflect the actual proportions in the employed population.

Previously published trend data from the EBRI/Greenwald & Associates Health Confidence Survey (HCS) may differ from those published in more recent reports as the prior data have been recut from the total adult population to match the survey population of the WBS: workers ages 21–64. In addition, comparisons of 2014 data with data from years prior to 2013 should be viewed with caution due to the move from telephone to online methodology in 2013.

No theoretical basis exists for judging the accuracy of estimates obtained from non-probability samples such as the one used for the WBS. However, there are possible sources of error in all surveys (both probability and non-probability) that may affect the reliability of survey results. These include imperfect sampling frames, 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 WBS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy research organization, and Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2014 WBS data collection was funded by grants from nine private organizations. Staffing was donated by EBRI and Greenwald & Associates. WBS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/surveys/hcs/

Figure 8

Changes in Health Care Usage Resulting from Cost Increases, Among Those Experiencing Increase in Costs, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Try to take better care of yourself	78%	79%	80%	85%	82%	79%	84%	79%	73%
Choose generic drugs more often	80	78	67	70	65	62	69	70	61
Go to the doctor only for more serious conditions or symptoms	59	69	57	60	55	57	53	61	55
Delay going to the doctor	48	57	43	41	40	42	48	53	49
Talk to the doctor more carefully about treatment options and costs	59	66	58	59	56	54	56	53	45
Switch to over-the-counter drugs	38	42	33	31	24	31	32	37	32
Obtained manufacturer coupons or discount cards for brand-name prescription medications									32
Look for cheaper health insurance	26	30	23	21	22	25	18	25	25
Not fill or skip doses of your prescribed medication	24	29	20	21	20	20	22	25	25
Look for less expensive health care providers	24	34	26	20	23	24	20	24	25

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2006–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Survey.

Figure 9

Shifts in Resources Resulting From Cost Increases, Among Those Experiencing Increase in Costs, 2006–2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Decrease your contributions to a retirement plan, such as a 401(k), 403(b), or 457 plan, or an IRA	38%	35%	34%	35%	34%	31%	37%	32%	27%
Decrease your contributions to other savings	53	55	56	54	60	57	60	57	47
Have difficulty paying for other bills	38	37	33	36	34	31	43	38	32
Increase your credit card debt	23	22	24	25	25	23	24	33	32
Delay retirement									28
Use up all or most of your savings	32	27	22	25	25	24	28	27	23
Have difficulty paying for basic necessities, like food, heat, and housing	27	27	23	27	24	21	27	22	21
Drop other insurance benefits									16
Borrow money	21	14	16	21	19	11	15	16	16

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2006–2012 Health Confidence Surveys, and 2013–2014 Health and Voluntary Workplace Benefits Survey.



Notes

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