

State Variation in Out-of-Pocket Spending for Health Care: Preliminary Findings from new data in the Current Population Survey

Lacey Hartman

State Health Access Data Assistance Center/SHADAC

University of Minnesota

www.shadac.org

March 6, 2012

Acknowledgements

- Co-Authors
 - Gilbert Gonzales, SHADAC
 - Sharon Long, Urban Institute & SHADAC
- Funding
 - Robert Wood Johnson Foundation

Context

- Growth in health care costs outpacing growth in income
- Impacts of high burden out-of-pocket (OOP) spending
 - Barrier to obtaining necessary care
 - Driver of financial difficulties: medical debt and bankruptcies

Context

- Key goal of ACA is to address affordability through premium and cost-sharing subsidies
- Until now, limited data to assess out-of-pocket (OOP) spending at state level

Data: Annual Social and Economic Supplement to the Current Population Survey (CPS ASEC)

- New questions related to OOP spending added to the CPS in 2010 (reference CY 2009)
- Provides ability to track affordability and state level impacts of ACA implementation over time
- CPS is a monthly labor survey
 - ASEC fielded in Feb-April
 - Questions on work, income, migration and health insurance
 - Supports state estimates
- SHADAC enhanced

OOP Spending in CPS

- Spending related to: Medical, dental, vision, medical supplies, and prescription drugs
- Includes:
 - Premiums (except Medicare Part B)
 - Non-premium
 - Co-pays, deductibles, other cost sharing
 - Over the counter expenses
- Collected for each individual
- Net of reimbursements

Premiums

“During 2010, about how much did (fill name) pay for health insurance premiums [for (fill self) or others in the household]?”

“Please include premiums paid for HMOs, Fee for Service Plans, Commercial Medicare Supplements, or other special purpose plans, such as vision or dental plans. Include prescription drug insurance such as Medicare Part D premiums or Medicare Advantage premiums. DO NOT include Medicare Part B premiums.”

Over the counter

“During 2010, about how much was paid for (name’s/your) for over-the-counter health related products such as aspirin, cold remedies, bandages, first aid supplies, and other items?

Include any amount paid on (your/his/her) behalf by anyone in this HH, that was not reimbursed.

Other Medical Expenses

“Aside from over-the-counter items, during 2010, about how much was paid for (name’s/your) own medical care, including payments and co-payments for hospital visits, medical providers, dental services, prescription medicine, vision aids, and medical supplies?”

“Include any amount paid on (your/his/her) behalf by anyone in this household, that was not reimbursed.”

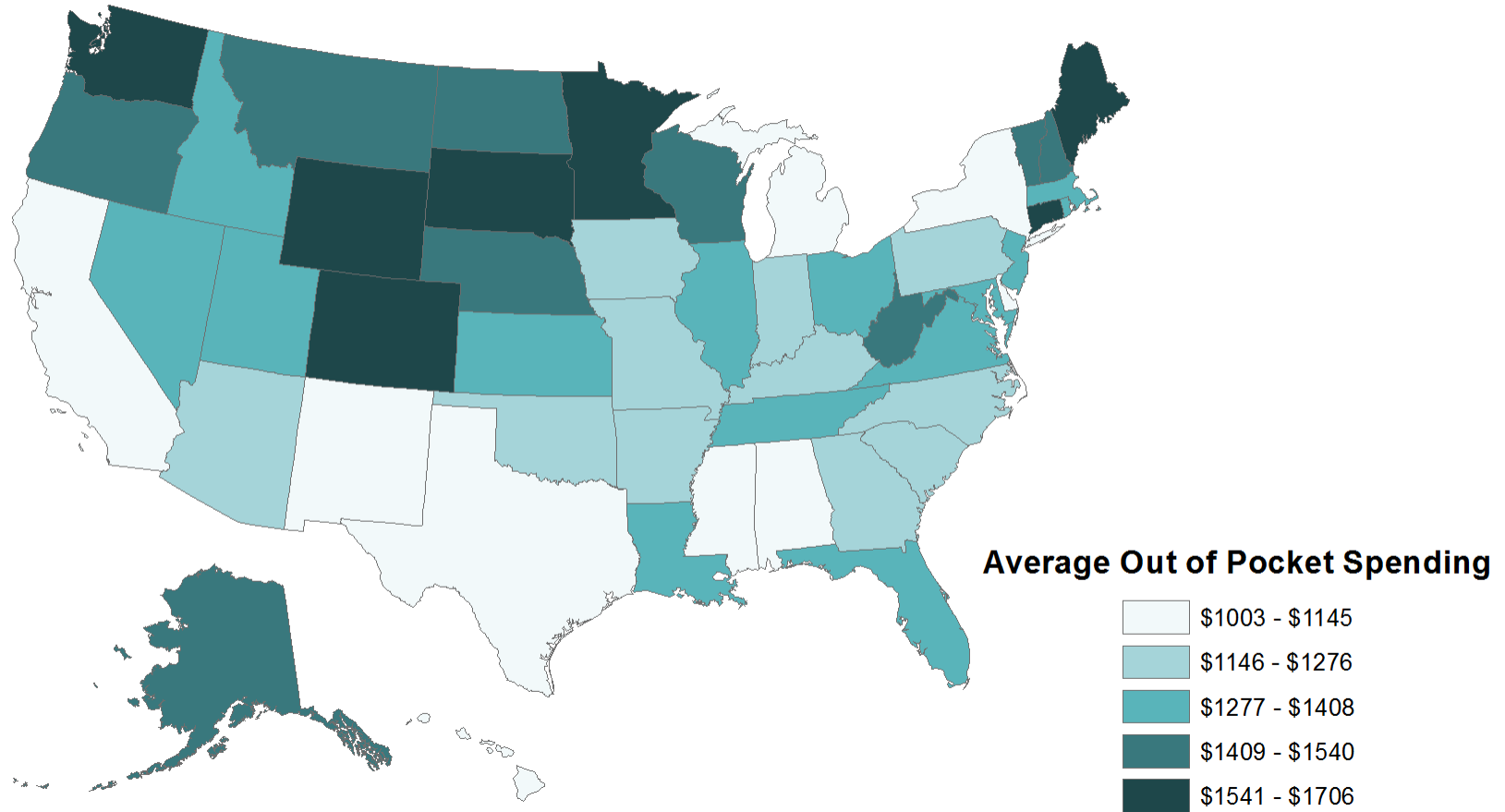
Data Quality

- Compares well to MEPS and SIPP (Caswell et. al 2011)
 - Compared statistics by age, race, income, etc.
 - Tested differences in distribution of OOP spending across data sources
- Some changes from 2010 to 2011 to better capture small expenditures
- Overall, data performs well for capturing high burden spending

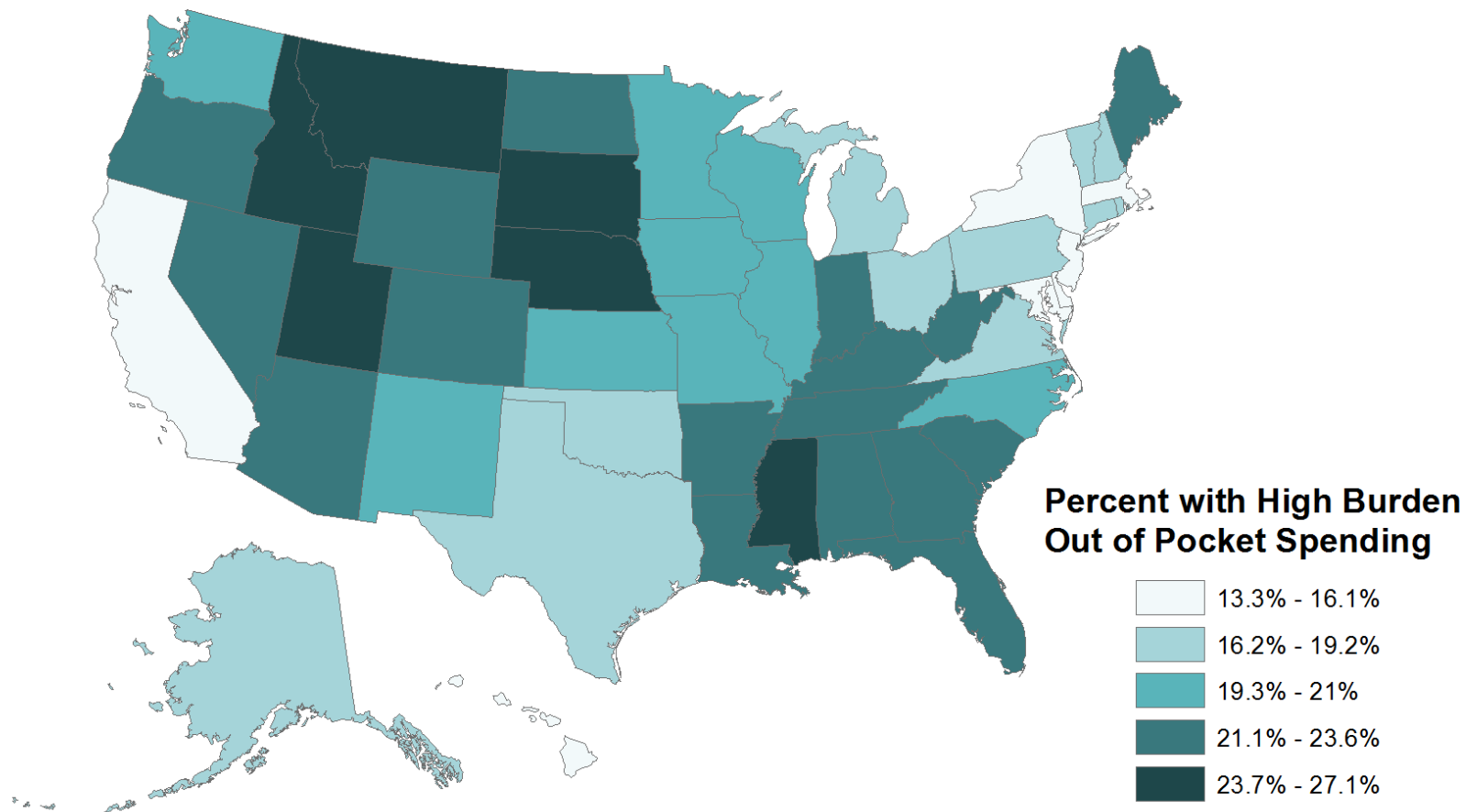
Measures & Methods

- OOP spending as a share of *family* income
 - High burden: >10% of income
 - Very high burden: >20% of income
- Unit of analysis=individuals in families
- Pooled 2010-2011 data to produce state estimates

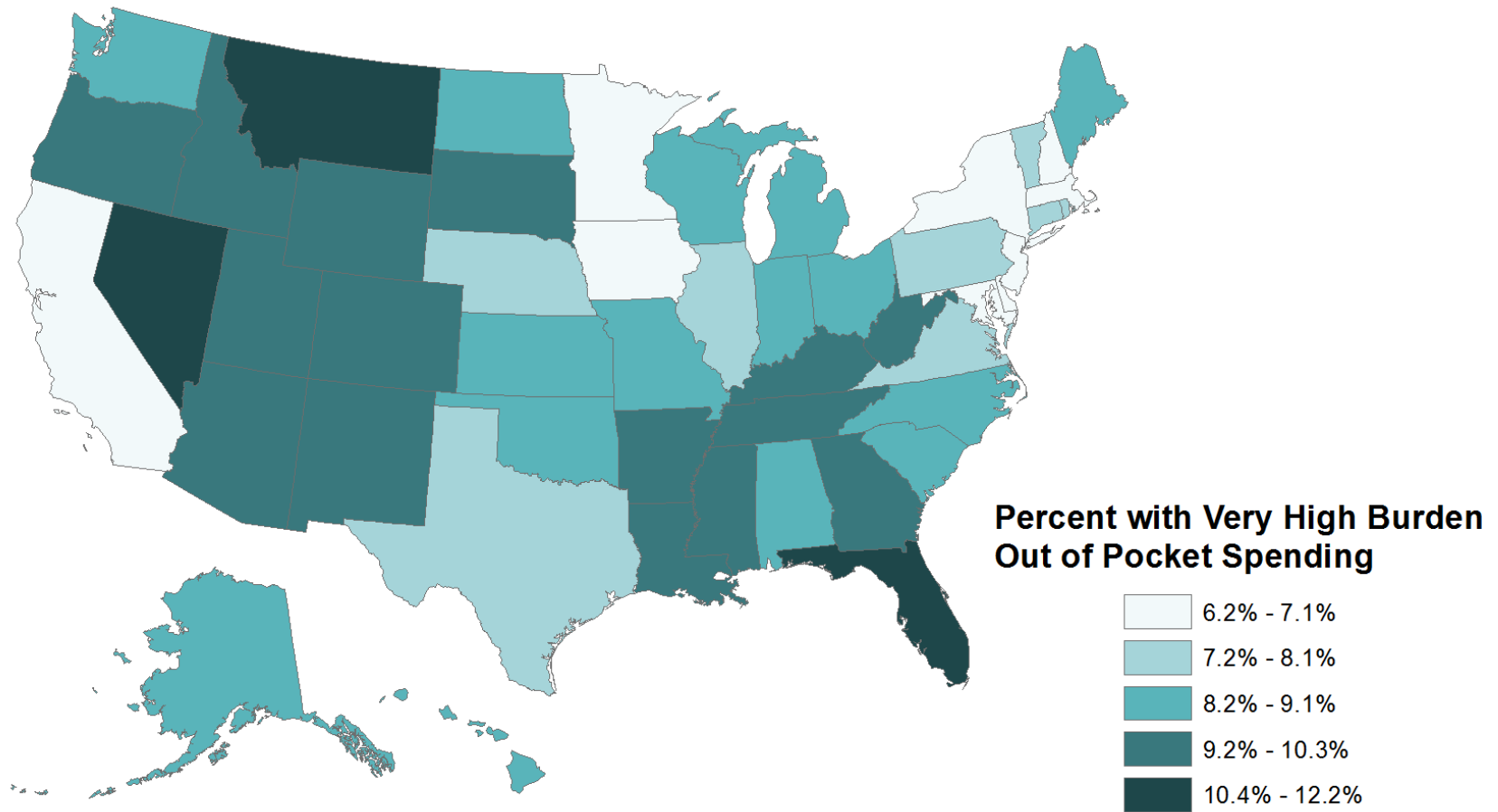
Average OOP Spending, Individuals in Non-Elderly Families, CPS 2010-2011



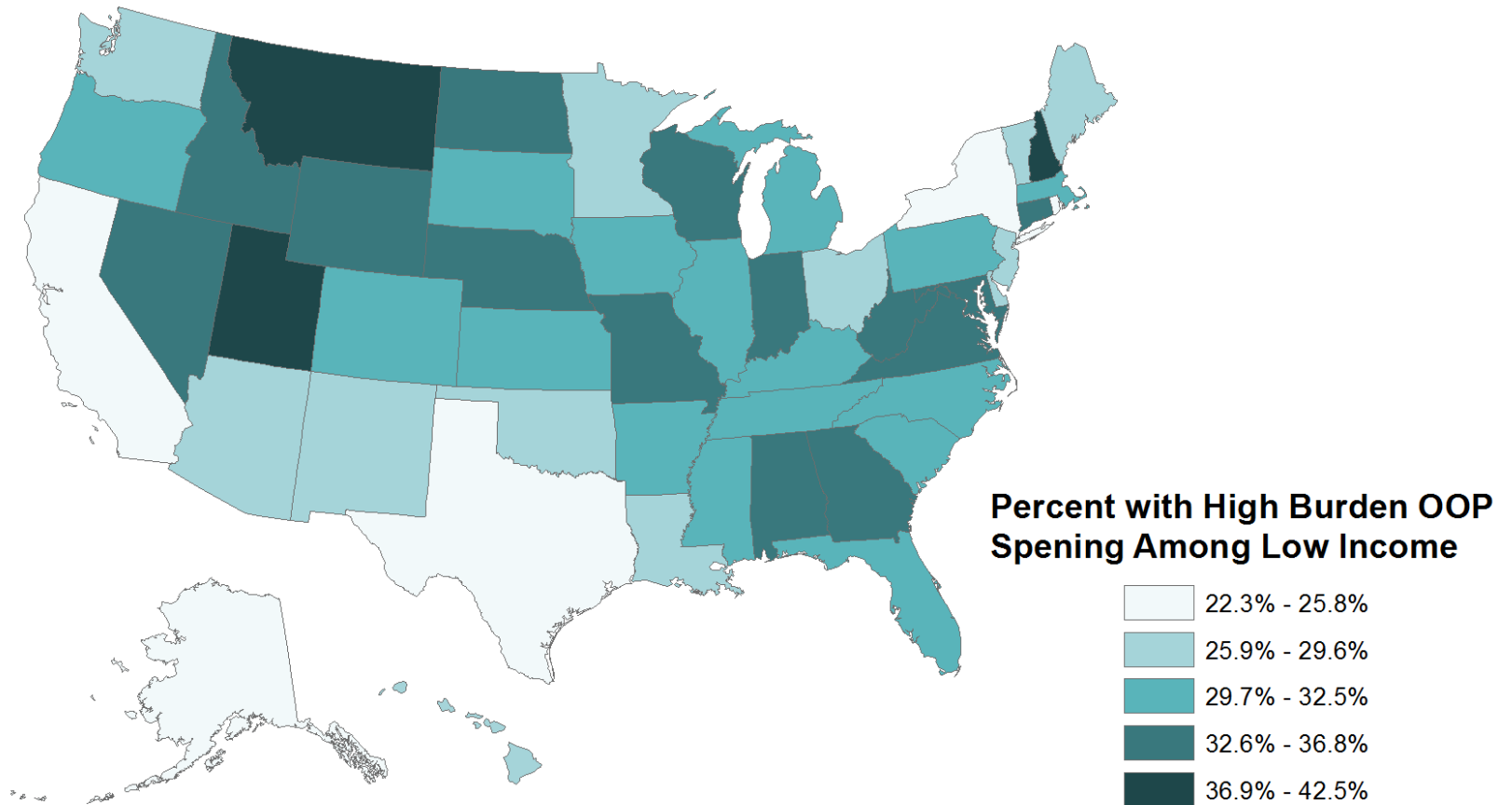
% of Individuals in Families with High Burden OOP Spending, Non-Elderly, CPS 2010-2011



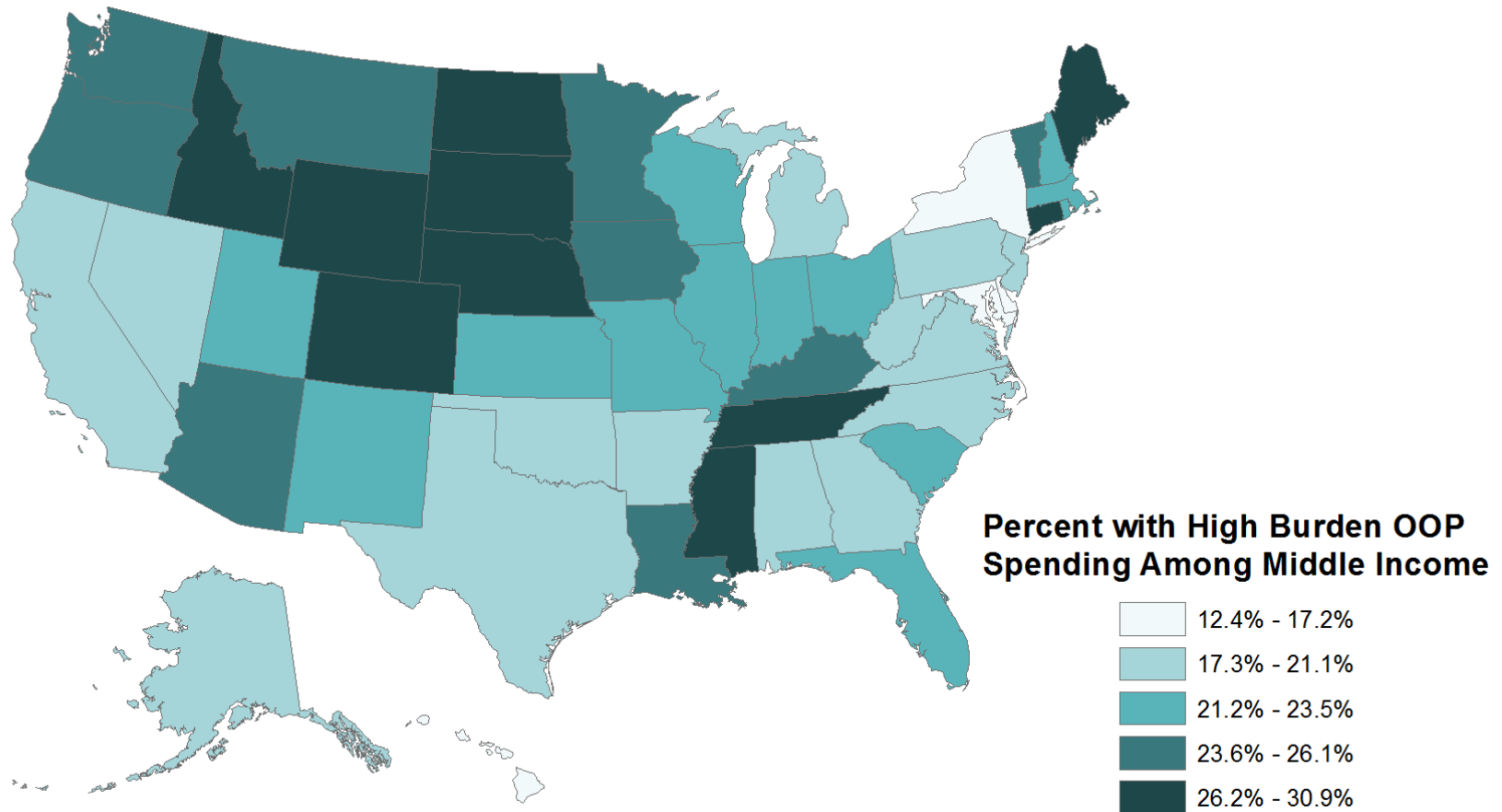
% of Individuals in Families with VERY High Burden OOP Spending, Non-Elderly, CPS 2010-2011



% of Individuals in Low Income Families with High Burden OOP Spending, Non-Elderly CPS 2010-2011



% of Individuals in Middle Income Families with High Burden OOP Spending, Non-Elderly, CPS 2010-2011



Income Distribution of Individuals in Non-Elderly Families with High Burden OOP Spending

% FPG	High Burden		Not High Burden	
	%	Estimated Population	%	Estimated Population
<139%	38%	18,000,000	20%	40,200,000
139%-250%	25%	11,900,000	18%	35,700,000
250%-400%	21%	10,300,000	21%	41,900,000
400%+	<u>16%</u>	7,700,000	<u>41%</u>	83,200,000
Total	100%	47,900,000	100%	201,000,000

High Burden Spending: Health Insurance Premiums vs. Other Costs

% FPG	Income distribution of non-elderly who have high burden			
	Premium Spending		Non-Premium Spending	
	%	Estimated Population	%	Estimated Population
0-138%	46%	10,500,000	62%	15,000,000
139-249%	23%	5,100,000	18%	4,500,000
250-400%	19%	4,300,000	12%	3,000,000
400%+	<u>12%</u>	<u>2,700,000</u>	<u>8%</u>	<u>1,800,000</u>
Total	100%	22,600,000	100%	24,300,000

High Burden Spending: Health Insurance Premiums vs. Other Costs, CPS 2011

- Distribution of dollars spent among those with high burden OOP spending, on average
 - 46% for premiums
 - 54% for non-premium costs
- Preliminary results show considerable state variation

Preliminary Results: State Characteristics

- States with higher rates of high burden spending have
 - Lower median incomes
 - Lower per capita health spending (\$6595 vs. \$7900)
 - Lower uninsurance rates (14% vs. 17%)
 - Higher rates of ESI coverage (63% vs. 59%)

Conclusions, Policy Implications

- High burden OOP spending is an issue for many Americans
 - 1 in 5 or 48 million people face high burden costs,
 - 1 in 12 or 21 million face “very high” burdens
 - Low income most at risk, but also impacts middle income families

Conclusions, Policy Implications

- Potential ACA impacts
 - Majority of non-elderly with high burdens would be *income* eligible for Medicaid or premium subsidies
 - Continued vulnerability for those with incomes above 250% FPG facing high burden *non* premium spending
 - Share excluded from Medicaid and subsidies due to other eligibility restrictions
 - 20% of individuals in high burden families are elderly, limited help under ACA

Conclusions, Policy implications

- Considerable variation in high burden spending at the state level
 - Ranges from 1 in 4 to 1 in 8 residents
 - Variation appears to be driven more by differences in income than costs
 - Helpful to track whether ACA evens out variation across states

Limitations

- CPS coverage question doesn't allow for analysis of “underinsurance”
 - Coverage at *any point* in past year
 - No specific information on deductibles
- Limited ability to explore premium and non-premium spending at state level with current data

Future Research

- Investigate state level differences in premium/non-premium spending
- Compare burden levels to what would be experienced with ACA subsidies
- Characteristics of high burden spenders
- Multivariate analysis to evaluate state variation in high burden OOP spending



State Health Access Data Assistance Center

Bridging the gap between research and policy

Lacey Hartman

hartm042@umn.edu

State Health Access Data Assistance Center
University of Minnesota, Minneapolis, MN

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