

## Affordability Issues Persist Despite Near Universal Health Insurance Coverage, Findings from the Massachusetts Health Insurance Survey 2017

April 2019

### Summary

- **Issue:** Health care affordability remains an important issue for Massachusetts residents despite near universal health insurance coverage.
- **Objective:** Describe the scope of affordability issues faced by Massachusetts residents.
- **Study Design:** Using CHIA's 2017 Massachusetts Health Insurance Survey, four affordability measures were examined including problems paying family medical bills, family medical debt, unmet health care needs due to cost, and high out-of-pocket health care spending.
- **Key Findings:** Health care affordability is a challenge for more than two-fifths (43%) of insured Massachusetts residents. Health care affordability issues are substantial across all demographic, socioeconomic, and health status groups in Massachusetts, but the burden is greatest for certain population subgroups. More than half of low and moderate income residents and 58% of those in poorer health reported affordability issues in 2017.

Massachusetts has had near universal health insurance coverage since implementing the state's 2006 health care reform law with additional coverage gains attained under the Affordable Care Act in 2014. The uninsurance rate has remained below 4% following the implementation of key coverage expansions under the Affordable Care Act in 2014, with over 90% of residents covered all year. However, Massachusetts has historically had health care costs that exceed national averages,<sup>1</sup> making affordability a challenge for many Massachusetts residents despite their insurance coverage.

This brief documents the scope of health care affordability issues among Massachusetts residents with health insurance coverage all year (referred to as insured residents)<sup>i</sup> and the rates of affordability issues for population subgroups.

Data from the 2017 Massachusetts Health Insurance Survey (MHIS) are used for this brief. The MHIS provides information on health insurance coverage, health care access and utilization, and perceived health care affordability

<sup>i</sup> Unless otherwise stated, analyses in this brief include only those survey respondents who reported having health insurance coverage for all of the past 12 months.

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for the non-institutionalized<sup>ii</sup> population of Massachusetts. Respondents<sup>iii</sup> were considered to have an affordability issue if they reported any of the following in the past 12 months:

- Problems paying family medical bills
- Family medical debt<sup>iv</sup>
- Any unmet health care need due to cost<sup>v</sup>
- High family spending on out-of-pocket (OOP)<sup>vi</sup> health care expenses (5% or more for families with incomes less than 200% of the federal poverty level [FPL] and 10% or more for families with incomes 200% FPL or higher).<sup>vii</sup>

## What is the Extent of Health Care Affordability Issues in Massachusetts?

### More than two-fifths of Massachusetts residents with insurance coverage all year struggled with health care affordability

In 2017, 43% of insured residents reported having an affordability issue in the past 12 months<sup>viii</sup> and 18% of insured residents reported having multiple affordability issues.<sup>ix</sup> Insured residents reporting multiple affordability issues represent a group more severely impacted by high health care costs in Massachusetts.

Almost one in four (23%) insured residents reported an unmet health care need due to cost. These insured individuals may have gone without needed care because of concerns about cost-sharing, or because they needed a service that was not covered by their health plan. Approximately one in six (17%) insured residents reported having family medical debt, which can be from any time period, and represents an ongoing financial burden for Massachusetts residents. High family spending on OOP health care expenses was reported by 16% of insured residents, while 15% reported problems paying family medical bills (Figure 1). Whereas problems paying family

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ii Whereas persons temporarily living away from home (including college students) are included in the non-institutionalized population, persons living in group quarters (e.g., dorms, nursing homes, and shelters) are excluded.

iii Respondent, or target person, refers to one randomly selected household member. Target adults tend to respond to the survey for themselves, while a proxy, generally a parent, responds for a target child.

iv Family medical debt, or bills that are being paid off over time, can be from periods prior to the past 12 months.

v Unmet health care need due to cost includes unmet need for both medical care (i.e., doctor, specialist, mental health, or substance use care, or going without prescription drugs) and dental care. Unlike the other measures, which reflect affordability issues for the respondent's family, unmet need is for the respondent.

vi Out-of-pocket spending includes all expenses related to family health care spending except for premiums. Examples of out-of-pocket spending include copayments or coinsurance, spending towards a deductible, and any expenses for services that are not covered by a health insurance plan (e.g., spending on prescription and non-prescription drugs, dental or vision care, or medical equipment).

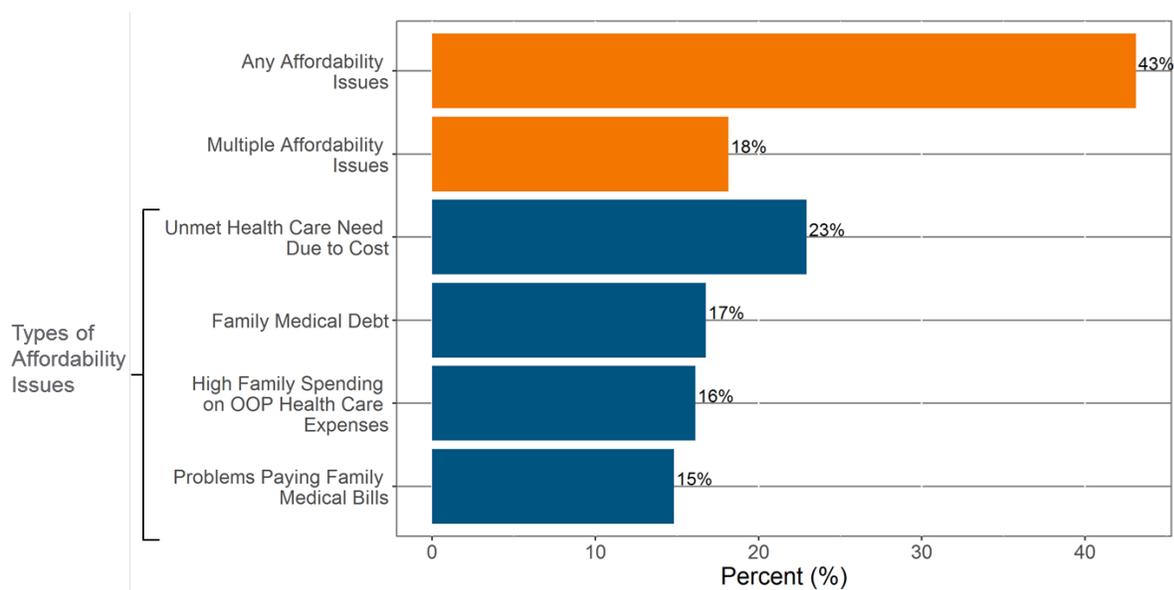
vii This standard is used in work on underinsurance. Please see <https://www.commonwealthfund.org/publications/issue-briefs/2017/oct/how-well-does-insurance-coverage-protect-consumers-health-care> for more information. Two-hundred percent FPL was \$23,760 for an individual and \$48,600 for a family of four.

viii The rate of affordability issues for all residents, regardless of insurance coverage, was 45%.

ix Multiple affordability issues is defined as reporting two or more affordability issues in the past 12 months.

medical bills and high family spending on OOP health care expenses reflect an affordability burden over the past 12 months, family medical debt can be from any time period, representing an ongoing burden of affordability issues for Massachusetts residents.

**Figure 1: Affordability Issues Among Massachusetts Residents with Insurance Coverage, 2017**



## Who is More Likely to Experience Affordability Issues?

Health care affordability issues affect all demographic, socioeconomic, and health status groups in Massachusetts—no group is immune. However, certain population subgroups experience higher levels of affordability issues than others. In particular, insured individuals with lower incomes and those in fair or poor health are especially vulnerable to the high costs of health care in Massachusetts.

Additionally, insured Massachusetts residents with affordability issues are disproportionately non-elderly, single individuals without children, lower income and in fair or poor health (Appendix A).

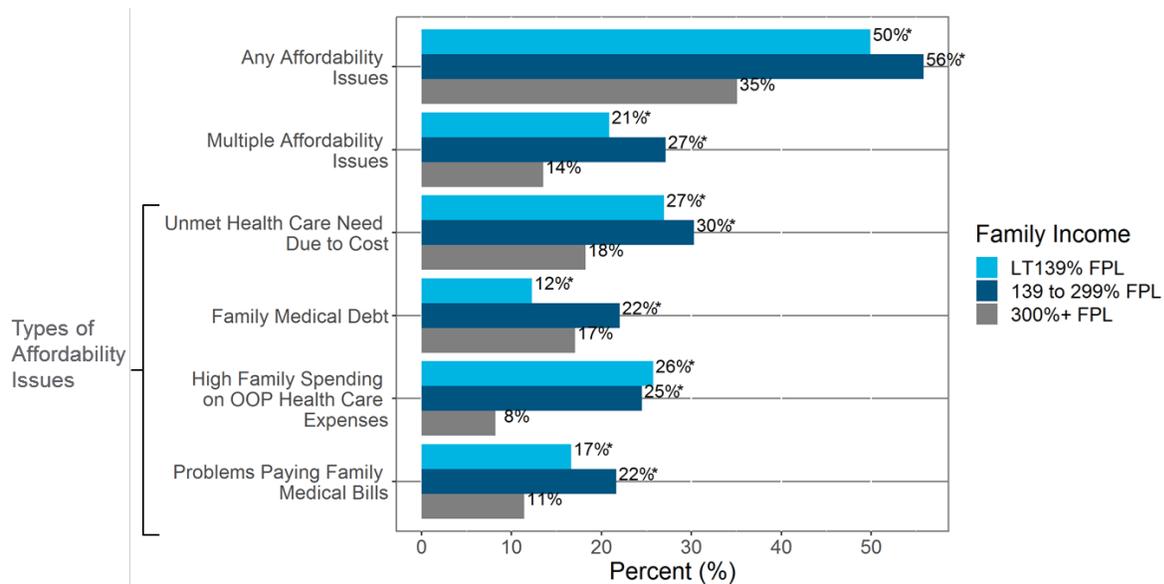
### **Insured residents with low to moderate incomes are more likely to struggle with affordability**

Among insured Massachusetts residents, 50% of low income residents (defined as family income less than 139% FPL) and more than half (56%) of moderate income residents (defined as family income from 139 to 299% FPL) reported health care affordability issues in the past 12 months (Figure 2). Given the limited financial resources of lower income families, even relatively small medical costs may contribute to affordability issues, whether because of problems paying bills or causing individuals to forgo needed care. However, it is important to note that low income families are more likely to be covered by MassHealth, which has little to no cost-sharing for their members.<sup>2</sup> Insured residents with family incomes at or above 300% FPL had a significantly lower rate of affordability issues (35%), although health care affordability is still a challenge for more than a third of those residents. Similarly, low income and moderate income residents had higher rates of multiple affordability issues compared to higher income residents (21%, 27%, and 14%, respectively).

Low- and moderate-income insured residents were also significantly more likely to report each affordability issue except medical debt compared to higher income residents. The rates of problems paying family medical bills (22%), family medical debt (22%), and unmet health care need due to cost (30%) were highest for moderate income residents. High income residents had the second highest rate of family medical debt (17%), significantly higher than the rate of medical debt for low income residents (12%). However, low income residents had the highest rate of high family spending on OOP health care expenses (26%).<sup>x</sup>

The different rates of affordability issues by family income may in part reflect how socioeconomic status significantly impacts residents' experiences with health care affordability. Whereas low income residents are less likely than both moderate and high income residents to report having family medical debt, they are more likely to forgo needed care and are spending a higher share of their family income on OOP health care expenses. Though high income residents have significantly lower rates of most affordability issues than both low and moderate income residents, they are still more likely than low income residents to report carrying medical bills that they are paying off over time. Moderate income residents have the highest burden of health care affordability, struggling to pay medical bills at the time of service and over time, while also forgoing care and spending a high share of their family income on OOP health care expenses.

**Figure 2: Rates of Affordability Issues Among Massachusetts Residents with Insurance Coverage by Family Income, 2017**



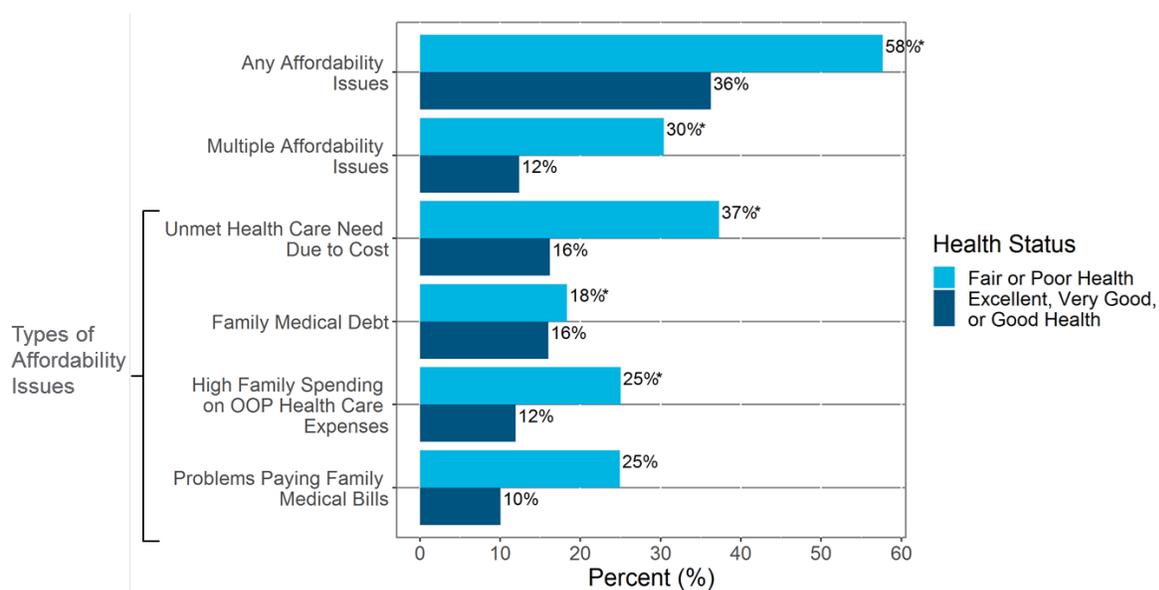
<sup>x</sup> This increased rate in part reflects the reduced spending threshold of 5% or more for residents with family incomes less than 200% FPL. Without this reduced threshold (i.e., defining high family spending as spending 10% or more of family income on OOP, for all insured residents), the rate of high family spending for low income residents would be 17%. However, this rate is still higher than what the rate would be for moderate income residents without the reduced spending threshold (15%) and the rate for higher income residents (8%).

### Insured residents in fair or poor health have high rates of affordability issues

Residents in fair or poor health typically have more health care needs and more frequent interactions with the health care system than those in good, very good, or excellent health. Consistent with other research<sup>3</sup> and likely reflecting their higher needs and utilization, insured residents with self-reported fair or poor health had significantly higher rates of affordability issues compared to those in better health (58% vs. 36%) (Figure 3). Additionally, they had more than double the rate of multiple affordability issues compared to those in better health (30% vs. 12%).

A similar pattern is seen across specific measures of affordability. Insured residents in fair or poor health were at least twice as likely as those in better health to report problems paying family medical bills (25% vs. 10%), high family spending on OOP health care expenses (25% vs. 12%), and unmet health care need due to cost (37% vs. 16%). Not only are insured residents with higher health care needs struggling to pay medical bills and spending more of their family income on health care expenses, they are also forgoing needed care which could lead to worse health outcomes or higher health care costs in the future. There was not a significant difference in the share of residents reporting family medical debt by health status (18% vs. 16%).

**Figure 3: Rates of Affordability Issues Among Massachusetts Residents with Insurance Coverage by Health Status, 2017**



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## Conclusion

Although Massachusetts has near universal health insurance coverage, this study confirms that more work needs to be done to improve the affordability of health care. Even among Massachusetts residents with health insurance coverage all year, health care affordability is a challenge for more than two-fifths (43%). Moreover, nearly one in five insured residents report having multiple affordability issues. The burden is greatest for low- and moderate-income residents and those in fair or poor health, but affordability issues persist across all population subgroups.

The reform laws expanded health care access for a majority of Massachusetts residents, but this study shows that more work needs to be done. The cost protection of health plans needs to be improved for families with limited financial resources, who struggle with health care affordability at much higher rates than individuals with high incomes. Additionally, the benefit design of health insurance plans needs to be improved, especially for individuals who frequently utilize the health care system like those in fair or poor health. Strategies to address the ongoing financial burden of medical debt should also be considered to mitigate the present-day consequences of carrying medical bills over time. These efforts could go a long way toward addressing affordability issues for the most at-risk populations in Massachusetts. Further studies are needed to better understand the relationship between factors that put residents at risk for experiencing issues with health care affordability, and also to explore how issues of access and utilization may be associated with health care affordability.

## Appendix A: Characteristics of Massachusetts Residents with Insurance Coverage, 2017

	PERCENT DISTRIBUTION WITHIN GROUP			PERCENT DISTRIBUTION WITHIN GROUP	
	All insured residents	Insured residents without affordability issues	Insured residents with affordability issues	Insured residents without multiple affordability issues (less than two)	Insured residents with multiple affordability issues (two or more)
<b>Age<sup>A*</sup></b>					
<i>Children (0-18 years)</i>	22.9%	24.8%	20.4%	24.5%	15.5%
<i>Non-elderly (19-64 years)</i>	60.6%	58.3%	63.6%	58.5%	70.1%
<i>Elderly (65 and older)</i>	16.6%	16.9%	16.1%	17.0%	14.4%
<b>Race/Ethnicity*</b>					
<i>White, non-Hispanic</i>	75.6%	76.0%	75.1%	76.4%	72.2%
<i>Black, non-Hispanic</i>	5.9%	5.5%	6.4%	5.3%	8.3%
<i>Other, non-Hispanic</i>	8.2%	9.1%	6.9%	8.5%	6.5%
<i>Hispanic</i>	10.4%	9.4%	11.7%	9.8%	13.1%
<b>Female<sup>A*</sup></b>	52.4%	50.8%	54.8%	51.1%	59.0%
<b>Family Type</b>					
<i>Two parent</i>	30.1%	31.6%	28.0%	31.1%	25.5%
<i>Single parent</i>	13.4%	13.0%	14.0%	12.9%	16.0%
<i>Single individual without children</i>	37.6%	36.2%	39.4%	37.0%	40.5%
<i>Married couple without children</i>	18.9%	19.1%	18.6%	19.1%	18.1%
<b>Family Income Relative to FPL<sup>A*</sup></b>					
<i>LT139% FPL (Low)</i>	27.0%	23.7%	31.1%	26.0%	30.9%
<i>139 to 299% FPL (Moderate)</i>	20.0%	15.2%	25.3%	17.4%	29.2%
<i>300%+ FPL (High)</i>	54.0%	61.1%	43.5%	56.6%	39.8%
<b>Self-Reported Health Status<sup>A*</sup></b>					
<i>Excellent, very good, or good health</i>	68.0%	76.2%	57.2%	72.8%	46.4%
<i>Fair or poor health</i>	32.0%	23.8%	42.8%	27.2%	53.6%

Note: FPL is Federal Poverty Level

<sup>A</sup> Percent distribution within group with affordability issues is significantly different from percent distribution within group without affordability issues at the 5% level

\* Percent distribution within group with multiple affordability issues is significantly different from percent distribution within group without multiple affordability issues at the 5% level

## Appendix B: Rates of Affordability Issues Among Massachusetts Residents with Insurance Coverage, 2017

	PERCENT OF GROUP REPORTING ANY AFFORDABILITY ISSUES	PERCENT OF GROUP REPORTING MULTIPLE AFFORDABILITY ISSUES
<b>Overall</b>	43.1%	18.2%
<b>Age</b>		
<i>Children (0-18 years)</i> <sup>^</sup>	38.4%	12.3%
<i>Non-elderly (19-64 years)</i>	45.2%*	21.0%*
<i>Elderly (65 and older)</i>	41.9%	15.8%
<b>Race/Ethnicity</b>		
<i>White, non-Hispanic</i> <sup>^</sup>	42.8%	17.4%
<i>Black, non-Hispanic</i>	47.2%	25.7%*
<i>Other, non-Hispanic</i>	36.3%	14.3%
<i>Hispanic</i>	48.5%	22.9%
<b>Sex</b>		
<i>Female</i> <sup>^</sup>	45.0%	20.4%
<i>Male</i>	41.0%*	15.7%*
<b>Family Type</b>		
<i>Two parent</i> <sup>^</sup>	40.1%	15.4%
<i>Single parent</i>	44.9%	21.6%*
<i>Single individual without children</i>	45.2%*	19.5%*
<i>Married couple without children</i>	42.4%	17.3%
<b>Family Income Relative to FPL</b>		
<i>LT139% FPL (Low)</i>	49.9%*	20.9%*
<i>139 to 299% FPL (Moderate)</i>	55.8%*	27.1%*
<i>300%+ FPL (High)</i> <sup>^</sup>	35.1%	13.5%
<b>Self-Reported Health Status</b>		
<i>Excellent, very good, or good health</i> <sup>^</sup>	36.3%	12.4%
<i>Fair or poor health</i>	57.7%*	30.4%*

Note: FPL is Federal Poverty Level

<sup>^</sup>Reference group

\*Difference from reference group is statistically significant at the 5% level

<sup>1</sup> <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2017.0416>

<sup>2</sup> <https://www.mass.gov/files/documents/2018/01/23/el-228.pdf>

<sup>3</sup> <https://cdn1.sph.harvard.edu/wp-content/uploads/sites/94/2018/10/CMWF-NYT-HSPH-Seriously-Ill-Poll-Report.pdf>