

RESEARCH BRIEF



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When Health Insurance is Not Enough: Kansas and Underinsurance

“National reports indicate that tens of millions of individuals have health insurance that does not adequately cover their health care expenses.”

MORE INFORMATION

To learn more about the Underinsured in Kansas project, please visit www.khi.org.

INTRODUCTION

It is widely believed that having health insurance guarantees timely, affordable health care. However, national reports indicate that tens of millions of individuals have health insurance that does not adequately cover their health care expenses, a situation that often results in financial strain, medical debt or postponing needed care. These individuals are **underinsured**.

Since little state-level data about underinsurance in Kansas exist, the Kansas Health Institute analyzed information provided by 100 underinsured Kansans in phone interviews conducted by the University of Kansas Survey Research Center. The Kansans who were interviewed — referred to in this brief as *respondents* — were selected because they had health insurance during the first five months of 2009 but, during that same time, either they or a family member experienced some difficulty or limitation related to the insurance.

Although the number of respondents is not large enough to be representative of the Kansas population, the information gleaned from the interviews provides a “snapshot” of the issues confronting underinsured Kansans.

RESEARCH FINDINGS

Costs: Where Kansans Spend Health Care Dollars

Even Kansans with health insurance may sometimes have difficulty paying for the health care services they receive due to the cost of the insurance itself or the cost-sharing requirements written into almost all health insurance policies. Among respondents who provided information about their health care spending, slightly over one-third spent at least \$400 per month, and nearly 9 percent spent at least \$1,000 per month.

This expense is considerable given that six out of 10 respondents reporting their 2008 gross family income earned \$60,000 per year or less, and the mean income was approximately \$45,700. So, where does the money spent on health care go?

Premiums: The cost of having insurance is paid through monthly premiums. If an individual participates in an employer-sponsored insurance plan, the employer may pay a percentage of the employee’s premium costs. However, as health care costs increase, many employers have decided to pass on a larger share of the premiums to their employees. For low- and middle-income workers, the responsibility of paying that larger share may pose a substantial financial burden.

- Among respondents who reported their spending on premiums, nearly one-third paid \$400 per month or more, while another third paid \$100 per month or less.

Deductibles: Besides paying for some or all of their insurance premiums, policyholders typically must also pay

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The Kansas Health Institute is an independent, nonprofit health policy and research organization based in Topeka, Kansas. Established in 1995 with a multi-year grant from the Kansas Health Foundation, the Kansas Health Institute conducts research and policy analysis on issues that affect the health of Kansans.

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some of the costs for the health care services they receive. Deductibles are fixed dollar amounts that an insured person must pay before the insurer begins to make payments for covered benefits.

- Among respondents who reported their spending on deductibles, approximately three in 10 paid \$200 or more per month, while almost half paid \$100 per month or less.
- Slightly over one-third of the respondents indicated that either they, or some member of their family, had reached the deductible limit on their health insurance policy during the first five months of 2009.

Co-payments: A co-payment is the amount that an insured person must pay each time a health care service is received (e.g., \$10 for a prescription, \$25 for a doctor's office visit).

- Among respondents who reported their spending on co-payments, nearly one-fifth paid at least \$400 per month, while nearly six in 10 people paid less than \$100 per month.

Costs: Postponed Health Care Services

Deductible and co-payment requirements vary from policy to policy, ranging from a few hundred dollars to thousands of dollars per year. These costs can lead even insured individuals to postpone health care services due to financial burdens.

- Ten out of the 100 respondents indicated that they or another family member postponed needed health care — such as surgery, laboratory work and prescriptions — because of the cost.
- Those who postponed needed care because of the cost reported a variety of negative effects including worsening of a health condition,

feelings of helplessness, changes in sleep patterns, changes in appetite and trouble at home or work resulting from stress.

Coverage: Health Insurance May Not Cover Certain Services

Health insurance plans vary in what services they cover. When a person's health insurance policy does not cover needed or recommended health care services, the person may be underinsured.

- Eight out of the 100 respondents indicated that they, or another family member, postponed health care services because insurance did not cover the care they needed.
- Those who postponed a needed health care service because it was not covered by insurance reported a variety of negative effects including a worsening of a health condition, increased anxiousness and changes in appetite and sleep patterns.

CONCLUSION

Even those with health insurance may discover that costs associated with health care are substantial. Escalating health care costs not covered by insurance can lead to medical debt and, eventually, even to bankruptcy. Moreover, health insurance may not cover needed or recommended care, which may lead an individual to delay or even forego the care. Such delays could detract from an individual's quality of life or could result in medical complications.

Although current health reform efforts may reduce the number of people without health insurance, the extent to which reform will address the issue of underinsurance remains unclear. This brief underscores the importance of underinsurance as an issue that merits the attention of policymakers.