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HEALTH INSURANCE FAILS TO PROTECT AMERICANS FROM FINANCIAL RISK

Low premiums do not mean affordable insurance

(Boston, MA)—Sickness or injury can leave people in serious financial jeopardy even when they have health insurance, according to a report released today by The Access Project and Brandeis University. *The Illusion of Coverage: How Health Insurance Fails People When They Get Sick*, reports findings based on in-depth interviews with dozens of insured Americans in seven states.

“Widespread debt and access problems among insured people represent major product failure in our private health insurance market,” stated Carol Pryor, Senior Policy Analyst at The Access Project and co-author of the report. “Confusing and complex insurance policies, routine denial of claims that should be paid, and poor customer service plague the insurance industry. These problems call for the establishment of clearer rules and standards of accountability for health insurers.”

Key findings from *The Illusion of Coverage* include:

- Shifting more costs of care onto patients through high deductibles, co-insurance, and less comprehensive coverage creates significant health access and financial consequences.
- Confusing insurance company policies and procedures leave patients confused, in debt, reluctant to seek health care, and vulnerable to predatory scam products.
- Affordability of health insurance must be judged on more than premiums—it is necessary to consider the costs that people will face should they get sick.

The findings in *The Illusion of Coverage* are consonant with other national research and reports. “The national research data consistently point to the same disturbing trend: more and more insured people face out-of-pocket medical bills that leave them in debt and afraid to go to the doctor and face even more bills,” noted Kathleen Stoll, Health Policy Director from Families USA. “Insured people with medical debt exhibit care-seeking behavior more like the uninsured than the well-insured.”

From Massachusetts to California, states are crafting public policies that rely on private health insurance to achieve universal coverage. As the costs of health care continue to escalate faster than wages and inflation, the question facing policy makers is how to make insurance affordable. “Health plans that keep premiums down by instituting high deductibles and scaled-back coverage don’t address the underlying problem of rising costs. Instead, these plans shift costs onto

consumers, leaving them vulnerable to financial and access problems when they need insurance the most,” asserted Pryor.

The Illusion of Coverage outlines policy options to help address the medical debt crisis among the insured:

1. **SET STANDARDS FOR WHAT CONSTITUTES COMPREHENSIVE, AFFORDABLE INSURANCE.** Standards must include both the range of benefits covered and the out-of-pocket amounts for which consumers are liable.
2. **PROVIDE CLEAR INFORMATION THAT ALLOWS PEOPLE TO MAKE INFORMED DECISIONS WHEN PURCHASING HEALTH INSURANCE.** For example, insurance companies could be required to provide consumers with standard disclosure forms that clearly detail the services products cover and the out-of-pocket expenses for which consumers are liable.
3. **CONDUCT OVERSIGHT TO ENSURE THAT HEALTH INSURANCE PREMIUMS ARE REASONABLE.** States should require insurers to file requests for premium increases and hold public hearings on the requests. Requests should be evaluated with respect to insurers’ efficiency and resources.
4. **DEVELOP PUBLIC/PRIVATE PARTNERSHIPS TO SHARE COSTS OF QUALITY COVERAGE.** Some states have already implemented programs that combine state and private funding to provide comprehensive coverage for groups that could not otherwise afford it.

Nancy Warrington from San Diego, California, has experienced inadequate insurance first-hand. Because her husband’s employer did not offer insurance, the family purchased it on the individual market. The only plan they could afford had a deductible of \$2500, which increased to \$5000 the next year. “The out of pocket expenses drove us into debt and ruined our credit,” Nancy related. “It is heartbreaking for me to see my husband working so hard for his family, paying for our insurance because it is the right thing to do, only to be buried. It makes even honest, hardworking people like us wonder if it would have been better to not have had insurance in the first place.”

To view the full report, *The Illusion of Coverage: How Health Insurance Fails to Protect People When They Get Sick*, visit www.accessproject.org.

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Members of the press: To register for the telephone press conference at **12:00 Noon Eastern Time on Thursday, March 22**, contact Nancy Kohn at 617-654-9911 x230 or nkohn@accessproject.org for the telephone number and passcode. To schedule an interview or briefing with an expert from The Access Project or an individual who has been affected by medical debt, contact Andrew Cohen at (617) 654-9911 x231 or acohen@accessproject.org.