

High healthcare costs taking toll on insured

By Kay Lazar, Globe Staff | May 2, 2009

Despite Massachusetts' pioneering 2006 health insurance overhaul, healthcare costs are devouring more than 10 percent of thousands of residents' income, according to a new study from Families USA, a nonprofit organization that lobbies for affordable care.

The study, released yesterday, found that more than 1 million Massachusetts residents are in families that will spend more than 10 percent of their pretax income on healthcare this year, even though the vast majority of them - roughly 94 percent - have health insurance. Also of note: Their ranks have increased 46 percent since 2000.

"High healthcare costs are not just a problem of the uninsured," said Ron Pollack, executive director of Families USA. "Increasingly people are finding that healthcare costs are consuming a larger and larger portion of their family budget."

In some families, the study found, healthcare costs eat up far more than 10 percent: Nearly 300,000 Bay Staters are in families that will spend more than a quarter of their pretax income on healthcare, researchers found. Again, the vast majority - 90 percent - have insurance, Pollack said.

In 2006, Massachusetts launched a first-in-the-nation initiative requiring nearly everyone to get health insurance or pay a tax penalty. Because of that law, Massachusetts now has the highest percentage of insured in the country. But soaring monthly premiums, combined with skimpier coverage for services and medications, has burdened many with bills they can no longer afford. And calls to consumer help lines from residents with health insurance are mounting.

"We get calls all the time from people who want to pay their medical bills, their debts are mounting, they have gone through their savings to pay their bills and don't have the resources to cover them," said Carol Pryor, policy director at Access Project, a Massachusetts nonprofit that helps consumers negotiate payment plans.

Much of the rise in healthcare costs nationwide, the study concludes, is linked to increasing use of prescriptions and hospital care, pricey new medical screenings, and an insurance market with few consumer protections.

A state commission is working on strategies to help slow spiraling healthcare costs, which are growing faster than the national average. "Until we do some thing about the way we pay for healthcare and reduce some of the inefficiencies in the system and redesign the way care is delivered, we can't expect anything other than those costs will increase," said Anya Rader Wallack, who cochairs the commission's cost-containment committee.

"Our goal is to have a report by September that will lay out a range of strategies that will hopefully work together to bring down the rate of healthcare costs," Wallack said.

Across the country, 64 million people under age 65 are in families spending more than 10 percent of their pretax income on healthcare, the Families USA study concluded. Nearly 19 million are spending more than 25 percent of their income, and most of them have insurance.

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