

## SUMMARY

# THE BURDEN OF HEALTH CARE COSTS FOR WORKING FAMILIES

## *A State-Level Analysis*

There is growing urgency surrounding the affordability of health care for working families in the United States. In 2018, [one quarter](#)<sup>1</sup> of U.S. adults reported that cost was the nation’s most pressing health care issue, while [61 percent](#)<sup>2</sup> noted that paying higher premiums or copays were of major concern. As states test initiatives to expand access to care and contain costs, policymakers need useful indicators for the burden of health care costs on working families.

In an accompanying [issue brief](#),<sup>3</sup> we adapted a [national-level affordability index](#)<sup>4</sup> that captures the share of household income consumed by employer-sponsored insurance (ESI). We used publicly available data to produce state-level estimates of the cost burden faced by working families over time, which is expressed as the ratio of average family premium for ESI (both employer and employee contributions) to median household income, adjusted for cost-of-living differences across states. For a detailed explanation of our analysis, please refer to our full issue brief.

## KEY FINDINGS

### Health care cost burden is growing, and there is significant variation across states

Across the country, the health care cost burden for working families has grown, increasing from an average of 28% in 2010 to 30% in 2016. While the cost burden is increasing overall, it varies significantly across states. In 2016, the burden ranged from 37.1% in Louisiana to 24.4% in Minnesota. States like New York, Florida, and Maine also topped the list, while states like Utah, Iowa, and Nebraska were at the bottom. From 2010-2016, just 3 states (Minnesota, Tennessee, and Texas) and the District of Columbia saw a decreasing cost burden, while most states saw their burdens increase by at least 5%.

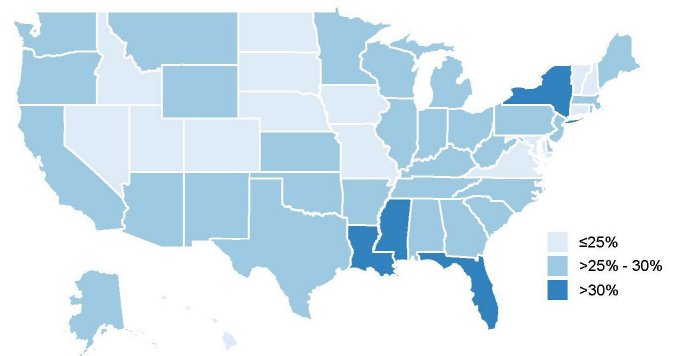
### Stagnating income and rising premiums contribute to cost burden growth

By the definition of our measure, a rising cost burden can result from stagnating income, rising premiums, or a combination of the two trends. Nationally, from 2010 to 2016, family premiums for ESI rose 27.7% (from \$13,871 to \$17,710), while median household income rose 19.8% (from \$49,276 to \$59,039). This suggests that in some states, premium increases may have swamped new income. These increases ranged from 14.7% in Mississippi to 58% in Alaska, while increases in adjusted income ranged from less than 5% in Maine and West Virginia to 38% in Montana.

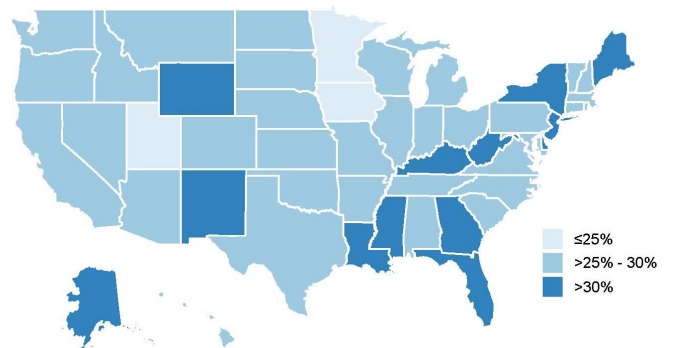
### Rising deductibles also play a role in health care costs

While the cost burden estimates the “bite” taken out of household income by ESI premiums, it does not include deductibles—the amount employees

**Figure 1. Health Care Cost Burden, 2010 (Family Premiums as Share of Median Household Income)**



**Figure 2. Health Care Cost Burden, 2016 (Family Premiums as Share of Median Household Income)**



and families pay for health care before insurance kicks in. Unlike monthly premiums, payments toward the deductible are only experienced by those seeking care.

The percent of employees enrolled in health plans with a deductible climbed from 77.5% to 84.5% between 2010 and 2016. The average amount of the annual deductible these families face increased as well, from \$1,975 in 2010 to \$3,069 in 2016. This represents growth of 55.4% nationally, but it varies by state. Although deductibles are often used to keep individual plan premiums down, we found no association between state-level deductibles and average premiums.

### Implications for families and policymakers

Our findings reflect the increasing burden of health care costs for working families. Health care costs are still felt as a substantial financial load even in the “lowest burden” state, at nearly 25% of adjusted household income. The significant variation in cost burden across states, however, suggests that there may not be a one-size-fits all solution. There are many co-occurring causes of a rising health care cost burden, and policymakers in each state must develop local solutions based on the nature of premium increases and income growth.

A state’s cost burden index is an average figure. It does not reflect how all families experience health care or the full landscape of health care costs. Many families in states with a lower cost burden may still struggle to pay for care, particularly those with chronic or complex health conditions who may face high out-of-pocket expenses. Ultimately, increases in the overall burden suggest that families are falling further behind, with a higher percentage of their income devoted to premiums and not available for other needs.

Figure 3. Health Care Cost Burden, 2016

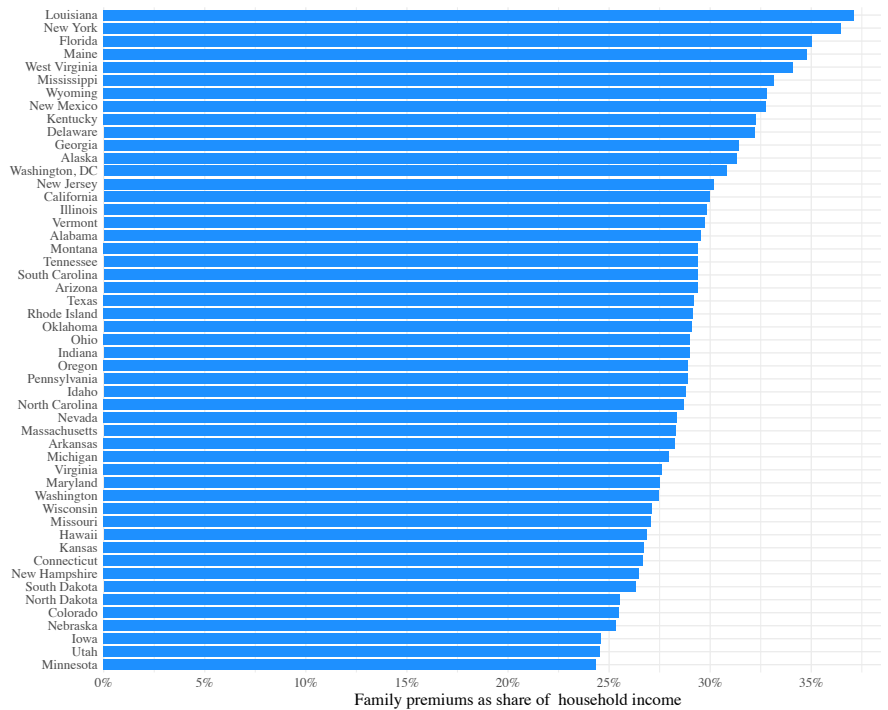


Figure 4. Average Premium for Family Coverage, 2010 and 2016

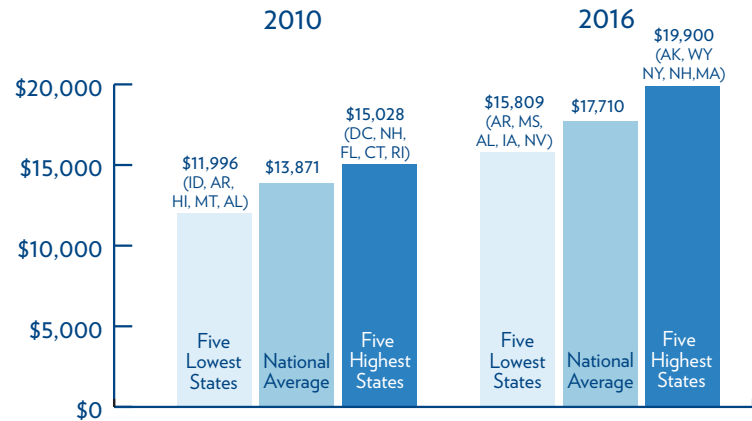
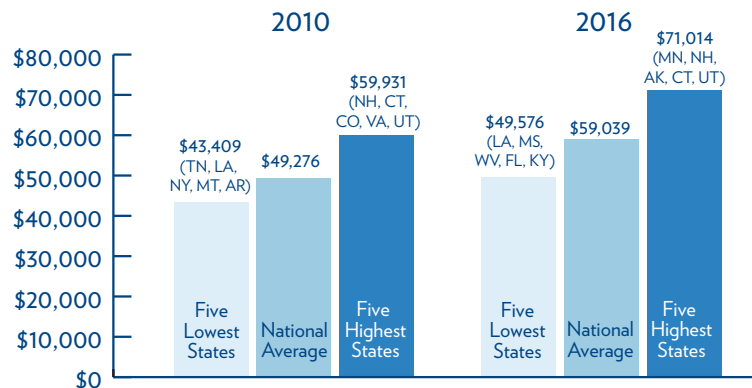


Figure 5. Median Adjusted Household Income, 2010 and 2016



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