

Combatting Rising Healthcare Costs for Healthier Adults

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Rising Healthcare Costs

In 2020, healthcare expenditures averaged \$12,530 per person, up 9.7% from 2019.¹ In 2018, 19% of U.S. households had medical debt with \$2,000 being the median amount owed.² Over half of adults between 18 to 64 years of age are estimated to experience some form of medical financial hardship including medical bills or debt, stress about medical bills, and delaying or forgoing treatment specifically due to cost.³

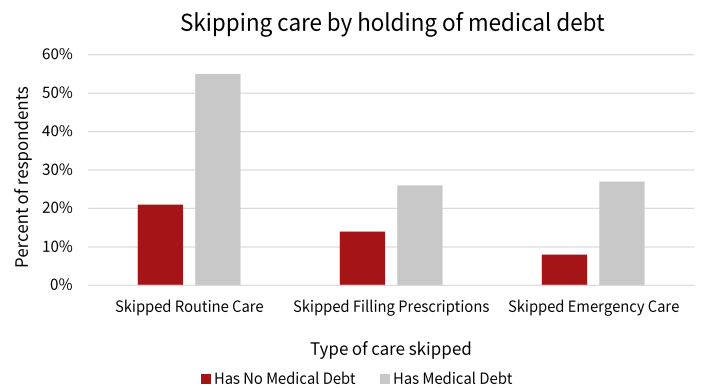
Medical debt affects healthy habits

In a 2022 survey of 140 Medicaid and Marketplace members by researchers from the Social Policy Institute (SPI) and the Centene Center of Health Transformation, one-third of respondents reported having unpaid medical bills.⁴ Individuals who reported having unpaid medical bills held an average of \$5,430.21 in debt.⁴ Respondents who report having medical debt are more likely to skip medical care than those who do not hold debt (Figure 1).⁴ This includes skipping routine care, filling prescriptions, and emergency care. A greater proportion of respondents with Marketplace insurance skipped routine care for financial reasons. These findings are in line with previous research.

Unequal impact

Medical debt does not affect all individuals equally. Black and Hispanic households were more likely to have medical debt than white, non-Hispanic households.⁵ Additionally, the type of coverage influences medical debt. Both Medicaid

Figure 1



and Marketplace participants experience debt with 62% of people who incur medical debt have some type of healthcare coverage.⁶ Debt burden impacts all coverage types similarly; however, the impact of debt is not felt equally. Marketplace subsidies were associated with 17% lower out-of-pocket spending and 30% lower likelihood of catastrophic health expenditures among low-income adults.⁷ Finally, those who reported having trouble paying their medical bill indicated

1 Centers for Medicare and Medicaid Services. [HCE Fact Sheet](#), 2021.
 2 Bennett, N., J. Eggleston, L. Mykyta, and B. Sullivan. “Who Had Medical Debt in the United States?” *US Census Bureau*, 2021.
 3 Yabroff, K. R., J. Zhao, X. Han, and Z. Zheng. “Prevalence and Correlates of Medical Financial Hardship in the USA.” *Journal of General Internal Medicine* 34, no. 8 (2019): 1494–1502.
 4 Beck, A. et al., “The Impact of Medical Debt on Healthcare Utilization among Marketplace and Medicaid Recipients” Unpublished manuscript, July 18 2022, typescript.
 5 Bennett et al. “Who Had Medical Debt in the United States?”
 6 Hamel, L. et al., “The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey,” Kaiser Family Foundation (2016).
 7 Liu, C. et al., “The Affordable Care Act’s Insurance Marketplace Subsidies Were Associated With Reduced Financial Burden For US Adults,” 40, 3 (2021).

cutting cost in other areas, such as avoiding medical care and basic household items.⁷

Reducing financial burdens of healthcare

Addressing runaway healthcare costs will lead to improvements in population health by facilitating timely access to care and prescriptions. Additionally, alleviating cost burden will decrease wealth inequality by substantially reducing or eliminating medical debt which disproportionately impacts minority and low-income individuals. Potential solutions to reduce healthcare financial burden include expanding existing government and hospital financial assistance programs.

Hospital financial assistance programs:

These programs are available at various hospital types and target low-income patients regardless of insurance status.⁸ Financial assistance may come in the form of medical debt forgiveness or reduced out-of-pocket costs and have shown to increase healthcare utilization after receipt of assistance.⁹

Market place subsidies:

Subsidies, such as Advanced Premium Tax Credits (APTC), are awarded based on estimated household income, tax filing status, among other requirements.⁹ Up to 50% of those who qualify for subsidized healthcare live in poverty.¹⁰ However, a 2021 survey from SPI found that, despite eligibility, only 25% of respondents applied for APTC.⁹ Efforts to increase knowledge about the APTC and eligibility criteria will narrow the gap between those who can and cannot afford healthcare.

Expanding health coverage via the Affordable Care Act:

Solutions like Medicaid expansion have significant implications. For example, evidence indicates that Medicaid expansion:

- Increases healthcare utilization, which results in increased rates of diabetes detection and management

and lower rates of depression.¹¹

- Decreases financial strain among participants. Medicaid expansion in Oregon saw that catastrophic out of pocket medical expenditures were nearly eliminated.¹¹
- Medicaid expansion through the American Rescue Plan Act of 2021 would allot additional tax revenue to the states and lower the state's matching costs if states were to expand Medicaid.¹¹

Conclusion

Medicaid expansion will help more individuals access care, avoid the negative health impacts of avoiding or delaying care, and reduce the economic impact of seeking medical care for minoritized and low-income individuals. Increasing healthcare utilization can lead to early detection of chronic diseases and lessen disease burden through proper management. Furthermore, The COVID-19 pandemic highlighted the consequences of a patchwork work system that is based on employment.¹²

Expanding Medicaid can ensure continuity of care in catastrophic and unprecedented times. Expansion is mutually beneficial with large economic opportunities on the table at the state level. Encouraging states to expand Medicaid is imperative to begin lessening the burden of finances on negative health outcomes.

8 Adams, A. et al., "The Impact of Financial Assistance Programs on Health Care Utilization" Unpublished manuscript, September 2021, typescript.
9 Acri, M et al., "Predictors and Barriers to Receipt of Advanced Premium Tax Credits". *The American Journal of Managed Care*. In Press.
10 Gunja, M. et al., "[Who Are the Remaining Uninsured, and Why Do They Lack Coverage?](#)" Commonwealth Fund (2019).
11 Ku, L. et al., "[The Economic and Employment Effects of Medicaid Expansion Under the American Rescue Plan](#)," Commonwealth Fund (2021).
12 National Academies of Sciences, Engineering, and Medicine, "[U.S. Health Care Expenditures: Costs, Lessons, and Opportunities: Proceedings of a Workshop](#)," (Workshop proceeding at Washington, DC: The National Academies Press 2022).