
# HEALTH COVERAGE FOR AGING BABY BOOMERS: FINDINGS FROM THE COMMONWEALTH FUND SURVEY OF OLDER ADULTS

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**ABSTRACT:** The combination of rising out-of-pocket health care costs and sluggish wage growth threatens workers' ability to save for retirement. This is particularly true for adults ages 50 to 64, or "baby boomers," whose per capita health care expenditures are more than twice those of younger adults. In this new analysis of The Commonwealth Fund Survey of Older Adults, the authors explore the extent and quality of health insurance coverage for baby boomers in the workforce. Among their key findings: older adults have high rates of chronic health conditions; many have unstable insurance coverage; those who have low income, individual coverage, or no insurance spend a substantial share of their income on coverage and health care and have reduced access to care. Survey respondents also expressed interest in new Medicare savings accounts and early participation in Medicare.

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## EXECUTIVE SUMMARY

Employers are responding to rising health insurance premiums by shifting more of their costs to employees in the form of greater premium contributions, higher deductibles, larger copayments, and slower wage increases. Some employers, particularly small firms, are dropping coverage altogether. The combination of rising out-of-pocket health care costs and sluggish wage growth threatens workers' ability to save for retirement. This is particularly true for older adults ages 50 to 64, or "baby boomers," whose per capita health care expenditures are more than twice those of younger adults.

This report presents a new analysis of The Commonwealth Fund Survey of Older Adults that explores the extent and quality of health insurance coverage for baby boomers who are in the workforce, with a special emphasis on those with low and moderate incomes.

Among the key findings are:

- **Older adults have high rates of chronic health conditions.** The incidence of chronic conditions increases dramatically with age, placing older adults at greater risk of incurring high medical costs than younger adults. Sixty-two percent of 50-to-64-year-olds in working households reported they had at least one of six chronic conditions. High blood pressure, arthritis, and high cholesterol were the most common problems, with about 30 percent of respondents citing any one.

- **Many working older adults have unstable health insurance coverage.** One-fifth of older adults in working families were either uninsured at the time of the survey or had histories of unstable coverage since age 50. Older adults in working households with low and moderate incomes report particularly high rates of unstable coverage. More than one-half (54%) of older adults in working households with incomes under $25,000 and one-third (33%) of those with incomes between $25,000 and $39,999 said they had a time when they went without health insurance coverage.

- **Older adults with low income, with individual coverage, or with no insurance spend substantial shares of their income on coverage and health care.**

  – *Premiums.* More than half (55%) of older adults with coverage on the individual market spend $300 or more per month, or $3,600 or more annually, on premiums. In contrast, only 16 percent of older adults with employer coverage spend in excess of $3,600 per year on premiums. Nearly two of five insured working older adults with household incomes under $40,000 spend 5 percent or more of their

income on premiums and nearly one-quarter (23%) spend 10 percent or more. More than three of five (62%) older adults with individual coverage said that it was very or somewhat difficult to afford their premiums compared with about one-quarter (26%) of those with employer coverage.

- *Deductibles.* Despite their higher premiums, nearly half (48%) of older adults with individual coverage have per-person annual deductibles of $1,000 or higher. In comparison, about 8 percent of older adults with employer coverage face deductibles of $1,000 or more per year.
- *Out-of-pocket costs.* Thirty-eight percent of uninsured older adults and 37 percent of older adults with coverage through the individual market spent $1,000 or more per year on out-of-pocket health care costs, including prescription drugs. In contrast, 21 percent of older adults with employer coverage spent $1,000 or more. Older adults in low- and moderate-income working households are also more likely to spend a large share of their income on out-of-pocket costs than are those in higher-income households.

- **Older adults who are uninsured, have individual coverage, and have low or moderate incomes have reduced access to care.** Nearly one-quarter (23%) of older adults in working households reported at least one cost-related access problem. Fifty-four percent of uninsured older adults and 30 percent of older adults with individual coverage reported at least one access problem. Older adults of low or moderate income were also more likely to report cost-related access problems.

- **Older adults report high rates of medical bill problems.** More than one-third (35%) of older adults in working households either had a medical bill problem in the last 12 months or were paying off accrued medical debt. The problem was most severe among uninsured older adults.

- **Older adults are concerned they will not be able to afford health care.** Two-thirds (66%) of older adults in working households said they were very or somewhat worried they might not be able to afford needed medical care in the future.

- **Older adults would be interested in new Medicare savings accounts and participating in Medicare early.** A substantial majority of older adults in working families (71%) said they would be interested in having 1 percent of their earnings deducted from their paychecks and placed into an account, which could later be used to pay for long-term care or other health services that Medicare does not cover. In addition, 72 percent of older adults in working households said they would be very or somewhat interested in enrolling in Medicare before age 65.

# HEALTH COVERAGE FOR AGING BABY BOOMERS: FINDINGS FROM THE COMMONWEALTH FUND SURVEY OF OLDER ADULTS

## INTRODUCTION

Annual growth in U.S. health care costs is outstripping yearly increases in workers' wages by a substantial margin. In 2005, employer health insurance premiums climbed by 9 percent, while average wages climbed by less than 3 percent.[1] Employers are responding to rising premiums by shifting more of their costs to employees in the form of greater premium contributions, higher deductibles, larger copayments, and slower wage increases.[2] Some employers, particularly small firms, are dropping coverage altogether.

The combination of rising out-of-pocket health care costs and sluggish wage growth threatens workers' ability to save for retirement. This is particularly true for older adults ages 50 to 64, or "baby boomers," whose per capita health care expenditures are more than twice those of younger adults. In addition, the continuing erosion of retiree health coverage in companies across the country means that health costs could claim an increasingly large share of older adults' savings after retirement.[3]

The Commonwealth Fund Survey of Older Adults finds that one of five baby boomers ages 50 to 64 in working families spent some time uninsured since their 50th birthday and that more than half of those in lower-income families reported a time uninsured. This is despite the fact that more than 60 percent of this age group is living with at least one chronic health condition. In addition, older adults with low and moderate incomes or with coverage purchased in the individual market spend a large share of their income on out-of pocket health care costs and premiums. Unstable coverage and high out-of-pocket costs can leave older adults vulnerable, resulting in neglected health care needs, accumulating medical debt, and a hampered ability to save for retirement.

The Fund survey, conducted by International Communications Research from August 14 through November 21, 2004, consisted of 25-minute telephone interviews with a random, nationally representative sample of 2,007 adults ages 50 to 70 in the continental United States. This paper builds on and includes some prior analyses published in a 2005 Fund report but provides a new analysis of the extent and quality of health insurance coverage of baby boomers in working households, with a special emphasis on those with low and moderate incomes.[4] It focuses on the challenges facing those older adults who are younger than 65, in the workforce, and not disabled or retired, and thus able to continue to earn income and build savings. The sample includes 50-to-64-year-

olds who are either working and/or have a spouse or partner who is working. It does not include individuals and couples in this age group who said they were not working because they were retired, disabled, or unemployed for other reasons. It also excludes those who were enrolled in Medicare because of a disability. The appendix includes a complete explanation of the survey methodology.

## BABY BOOMERS IN WORKING FAMILIES: HOW WELL ARE THEY PROTECTED?

The purpose of health insurance coverage is to provide affordable access to care and to protect against the potential catastrophic costs of illness and injuries. Among older adults, chronic health problems and other medical needs associated with advancing age make access to care and protection against high costs particularly important. Poor health can erode older adults' ability to be engaged in productive work or other daily activities and their ability to generate earned income prior to retirement. Moreover, if adults in these vulnerable years postpone or do not receive essential care for chronic health conditions such as diabetes, arthritis, high cholesterol, or high blood pressure, they are at risk of entering the Medicare program in deteriorating health and with much more costly conditions.[5]

### Older Adults Have High Rates of Chronic Health Conditions

The incidence of chronic conditions increases dramatically with age, placing older adults at greater risk of incurring high medical costs than younger adults.[6] Indeed, per capita health care expenditures among adults ages 50 to 64 are more than twice those of adults in their twenties.[7]

The survey asked respondents whether a doctor had told them they had any of the following six chronic conditions: hypertension or high blood pressure, heart disease or heart attack, cancer, diabetes, arthritis, or high cholesterol. Sixty-two percent of 50-to-64-year-olds in working households reported they had at least one of these six conditions. High blood pressure, arthritis, and high cholesterol were the most common problems, with about 30 percent of respondents citing any one (Table 2).

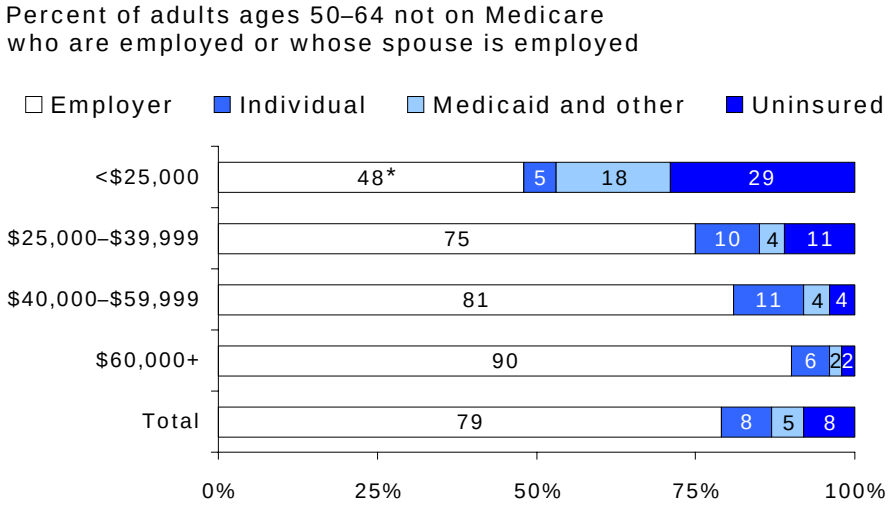
The survey also asked people to describe their health status and whether they had a disability that prevented them from fully participating in work or other daily activities, such as housework. About 15 percent of older adults in working households described their health as either fair or poor and 15 percent had a limiting disability (Table 2). Reports of fair or poor health status were substantially higher among those in low-income and moderate-income working families: one-third (33%) of adults 50 to 64 in working

households with incomes under $25,000 and a quarter (23%) of those with incomes between $25,000 and $39,999 reported that their health was fair or poor, compared with 9 percent of those households with incomes of $60,000 or more.[8] Likewise, older adults in low- and moderate-income households were far more likely to report a limiting disability. One-quarter (25%) of adults 50 to 64 with household incomes under $25,000 and 21 percent of those with incomes between $25,000 and $39,999 reported a disability. This was more than two times the rate of adults ages 50 to 64 with household incomes of $60,000 or more.

**Many Working Older Adults Have Unstable Health Insurance Coverage**

Employer-sponsored coverage forms the backbone of the U.S. system of health insurance. Nearly 80 percent of older adults in working families have coverage through an employer, either their own or that of a spouse (Figure 1, Table 3). But the likelihood of having employer-based coverage drops precipitously in households with low incomes. Fewer than half (48%) of older adults in working households with incomes under $25,000 are insured through an employer. About three-quarters of older adults in households with incomes between $25,000 and $39,999 have employer coverage. In contrast, 90 percent of older adults in households earning $60,000 or more per year have insurance through a job.

Figure 1. Source of Insurance Coverage by Income




* Difference across income is statistically significant at $p \leq 0.05$ or better.
Note: Income groups based on 2003 household income.
Source: The Commonwealth Fund Survey of Older Adults (2004).

There are few affordable options for health insurance for people outside the employer system. About 8 percent of older adults in working families have coverage they

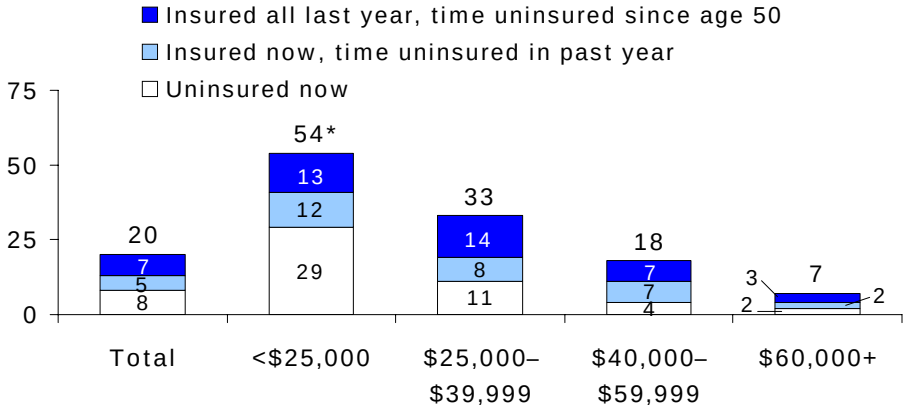
purchase on the individual market and 5 percent are insured through Medicaid or other publicly funded programs (Figure 1, Table 3). About 8 percent were uninsured at the time of the survey.

Many older adults also have histories of unstable coverage. In addition to the 8 percent, or 3 million working adults, who were uninsured at the time of the survey, 5 percent, or 2 million, had coverage at the time of the survey but had experienced a period without insurance in the past year (Table 3). An additional 7 percent of respondents, or 2.5 million, had been covered in the last year but spent some time without coverage since turning 50. Taken together, this means that 7 million, or one-fifth of older adults in working families, were either uninsured at the time of the survey or had histories of unstable coverage.

Older adults in working households with low and moderate incomes report particularly high rates of unstable coverage. More than half (54%) of older adults in working families with incomes less than $25,000 were uninsured when surveyed, had a time without coverage in the past year, or were without coverage at some point since turning 50 (Figure 2). One-third (33%) of older adults earning between $25,000 and $39,999 experienced a time without coverage. By contrast, 7 percent of older adults earning more than $60,000 reported a time uninsured.

## Figure 2. Insurance Instability Among Older Adults in Working Families

Percent of adults ages 50–64 not on Medicare who are employed or whose spouse is employed



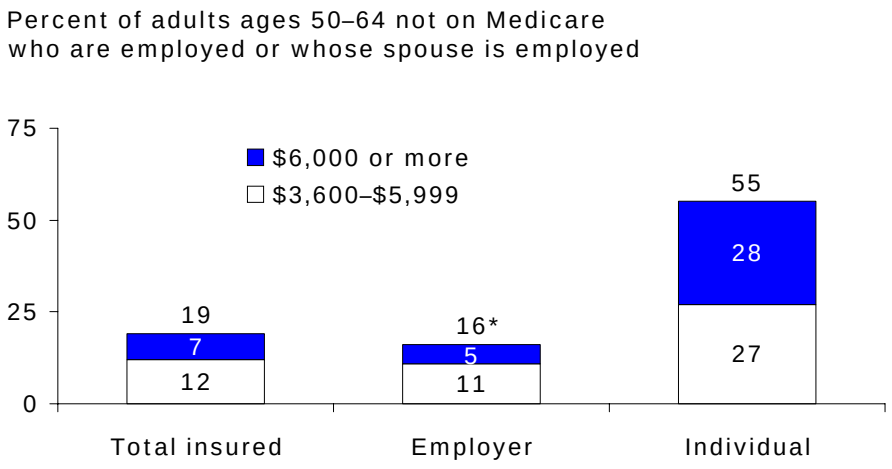

* Difference across income is statistically significant at $p \leq 0.05$ or better.
Note: Income groups based on 2003 household income.
Source: The Commonwealth Fund Survey of Older Adults (2004).

**Vulnerable Adults Spend Substantially on Coverage and Health Care**

Like the rest of the population, older adults spend different sums of money each year on their health care, depending on whether they have insurance coverage, what type of coverage they have, and how healthy they are. Annual out-of-pocket costs are generally affected by insurance premium costs, the size of deductibles, copayments and coinsurance, and use. Premiums vary widely depending on whether coverage is through an employer or the individual market. Premiums also vary significantly across employers and by services included, such as prescription drugs. The size of deductibles—health care costs paid by individuals out-of-pocket before coverage begins—also depends on the source of coverage. Finally, nearly everyone pays a share of the cost when they receive care or purchase prescription drugs in the form of a copayment or coinsurance. Those without coverage may pay the full charge for prescriptions or services.

***Premiums.*** Most insured working older adults contribute toward their health insurance premiums: only 15 percent face no premium costs. But those working older adults who must buy coverage in the individual market face the steepest costs. In most states, underwriting practices in the individual market take into account age and health status. Because age places older adults in a higher risk category for chronic health problems and catastrophic illness, they face much higher premiums for individual coverage than their counterparts with employer coverage. More than half (55%) of older adults with coverage on the individual market spend $300 or more per month, or $3,600 or more annually, on premiums and more than a quarter (28%) spend $500 or more a month, or $6,000 or more annually (Figure 3, Table 4). In contrast, only 16 percent of older adults with employer coverage spend in excess of $3,600 per year on premiums.[9]

## Figure 3. Annual Premiums Among Older Adults in Working Families




* Difference across insurance coverage is statistically significant at $p \leq 0.05$ or better.
Source: The Commonwealth Fund Survey of Older Adults (2004).

As a share of income, premium costs impose substantial burdens on older adults who have coverage through the individual market. Nearly three of five (58%) older adults with coverage on the individual market spend 5 percent or more of their income on health insurance premiums and one-third (35%) spend 10 percent or more (Table 4). In contrast, among older adults with employer-based coverage, just 20 percent spend 5 percent or more of their incomes on premiums and 7 percent spend 10 percent or more.

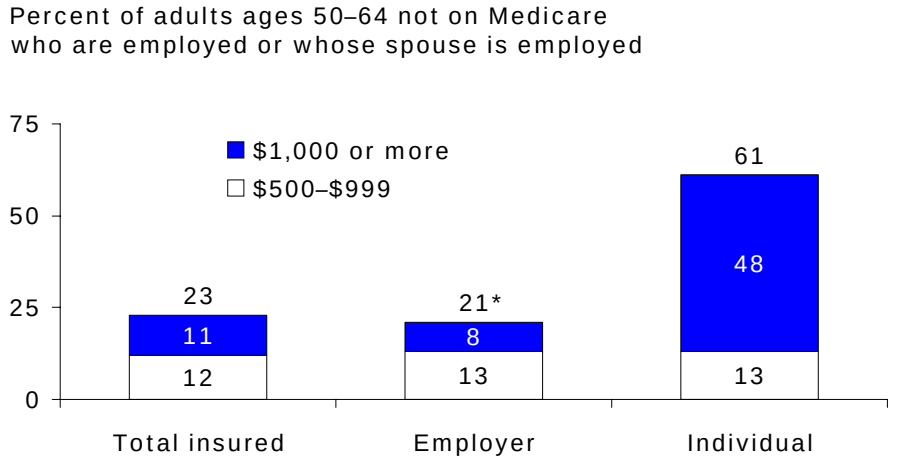
Older adults with low and moderate incomes also spend large shares of their incomes on premiums. Nearly two of five (38%) insured working older adults with household income under $40,000 spend 5 percent or more of their income on premiums and nearly one-quarter (23%) spend 10 percent or more. The burden on older adults in higher-income households is relatively lower: fewer than one of five (19%) older adults with incomes of $60,000 or more spend 5 percent or more of their income on premiums and 4 percent spend 10 percent or more.

Many older adults report difficulties affording their premiums, particularly those with individual coverage or low incomes. More than three of five (62%) older adults with individual coverage said that it was very or somewhat difficult to afford their premiums compared with about one-quarter (26%) of those with employer coverage. More than half of adults (53%) with incomes under $25,000 and more than two of five of those with

incomes between $25,000 and $59,999 reported that it was difficult to afford their premiums compared with 20 percent of those with incomes of $60,000 or more (Table 4).

***Deductibles.*** More than half (56%) of insured older adults have deductibles, with about 23 percent facing a deductible of $500 or more annually (Table 4). Even though they pay far more in premiums, older adults with individual coverage face much higher deductibles than those with employer coverage. Nearly half (48%) of older adults with individual coverage have per-person annual deductibles of $1,000 or more (Figure 4). In comparison, about 8 percent of older adults with employer coverage face deductibles of $1,000 or more per year.

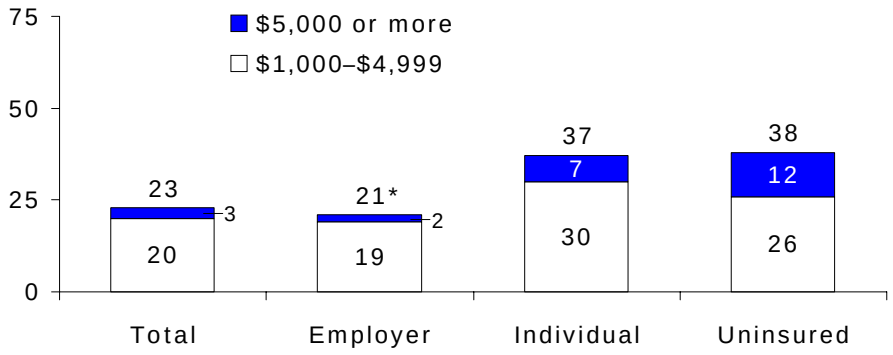
Figure 4. Annual Deductibles Among Older Adults in Working Families




* Difference across insurance coverage is statistically significant at $p \leq 0.05$ or better.
Source: The Commonwealth Fund Survey of Older Adults (2004).

***Out-of-pocket costs.*** Out-of-pocket health care spending among older adults in working families with individual coverage, excluding premiums, is similar in magnitude to spending among uninsured older adults in working families. The survey found that 38 percent of uninsured older adults and 37 percent of older adults with coverage through the individual market spent $1,000 or more per year on out-of-pocket health care costs, including prescription drugs (Figure 5, Table 5). In contrast, 21 percent of older adults with employer coverage spent $1,000 or more.

## Figure 5. Annual Out-of-Pocket Medical Expenses** Among Older Adults in Working Families




* Difference across insurance coverage is statistically significant at $p \leq 0.05$ or better.
** Including prescription drug expenses.
Source: The Commonwealth Fund Survey of Older Adults (2004).

More older adults in working households who are uninsured or have individual coverage spend a large share of their income on out-of–pocket costs relative to those with employer coverage. One-third (34%) of older adults who were uninsured at the time of the survey and 31 percent of those with individual coverage spent 5 percent or more of their income on out-of-pocket medical costs (Table 5). In contrast, only 11 percent of older adults with employer coverage spent this much of their income on out-of-pocket costs.

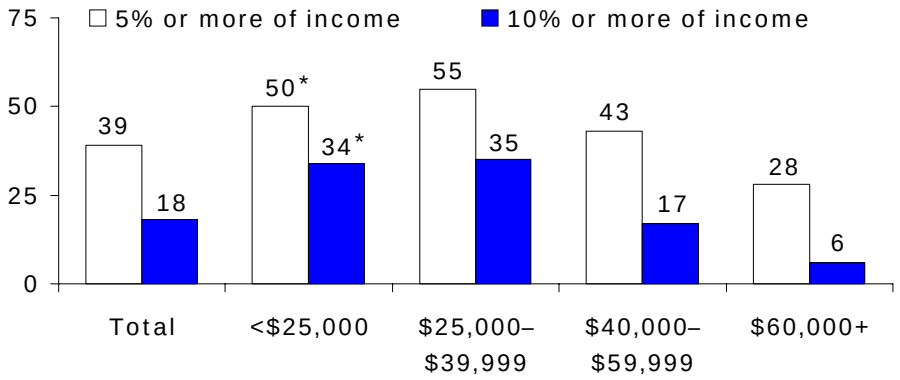
Older adults in low- and moderate-income working households are also more likely to spend a large share of their income on out-of-pocket costs than are those in higher-income households. About one-quarter (26%) of older adults in households with incomes under $60,000 spent 5 percent or more of their income on out-of-pocket costs, compared with just 4 percent of those in households with incomes of $60,000 or more (Table 5).

***Combined costs.*** High premiums, high deductibles, and high out-of-pocket costs can add up to substantial expenditures for insured older adults in working families, particularly those with individual coverage or low incomes. In the survey, half of older adults with individual coverage spent $5,500 or more per year on insurance premiums and health care costs, compared with 15 percent of those with employer coverage (Table 5). As a share of income, three-fourths (75%) of older adults with individual coverage spent

5 percent or more of their income on premiums and health care costs and nearly half (48%) spent 10 percent or more. In contrast, 36 percent of older adults with employer coverage spent 5 percent or more of their income on out-of-pocket costs and premiums and 14 percent spent 10 percent or more.

Older adults in low- and moderate-income working households (including those with and without health insurance) also experience a heavy burden of out-of-pocket health care costs and premiums. One-half to 55 percent of older adults in households with incomes under $40,000 spent 5 percent or more of their income on out-of-pocket costs and premiums and more than one-third spent 10 percent or more (Figure 6). Among older adults in working households with slightly higher incomes—$40,000 to less than $60,000—more than two of five (43%) spent 5 percent or more of their income on out-of-pocket costs and premiums and 17 percent spent 10 percent or more. Fewer older adults in higher-income households had large cost burdens: 28 percent of those earning $60,000 or more spent 5 percent or more of their income and 6 percent spent 10 percent or more.

**Figure 6. Percent of Older Adults Who Spend 5% or More and 10% or More of Annual Income on Out-of-Pocket Medical Expenses and Premiums, by Income**




* Difference across income is statistically significant at $p \leq 0.05$ or better.
Note: Income groups based on 2003 household income.
Source: The Commonwealth Fund Survey of Older Adults (2004).

***"Underinsurance."*** Cathy Schoen and colleagues at The Commonwealth Fund developed a measure of "underinsurance" based on high out-of-pocket costs and deductibles relative to income.[10] They defined people who were insured all year as underinsured if: 1) their medical expenses (excluding premiums) amounted to 10 percent

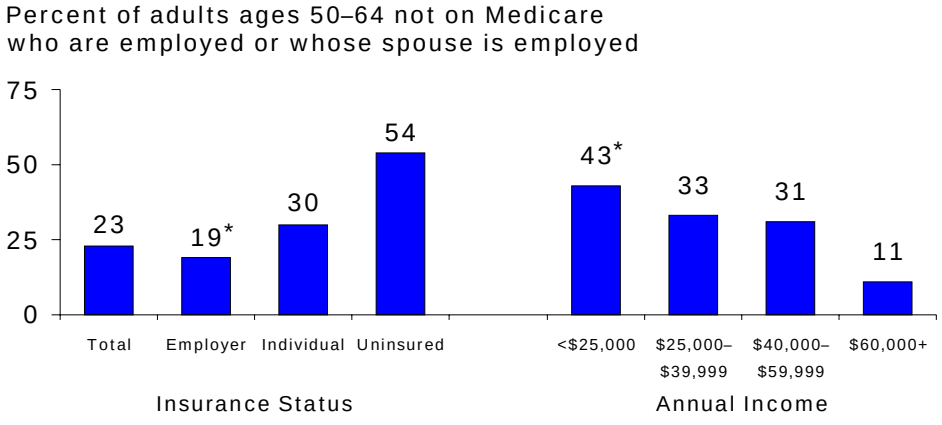
or more of income; 2) their medical expenses (excluding premiums) were 5 percent or more of income and they were in households with incomes of less than 200 percent of poverty; or 3) their health plan deductibles were 5 percent or more of their income. When this measure is applied to older adults insured all year in working families in the survey, about 6 percent, or 1.8 million people, were underinsured (data not shown).

**Access to Care Encumbered by Insurance Status and Income Level**

High out-of-pocket costs appear to interfere with older adults' access to the health care system. The survey asked respondents whether they had failed to seek medical care because of cost in the last 12 months. In particular, respondents were asked if they had not filled a prescription; skipped a medical test, treatment, or follow-up visit recommended by a doctor; had a medical problem but did not go to a doctor or clinic; or did not see a specialist when a doctor or the respondent thought it was needed.

Nearly one-quarter (23%) of older adults in working households reported at least one cost-related access problem (Figure 7). Those on average most exposed to the costs of health care—because they are uninsured or have individual coverage—were most likely to report not accessing care because of cost. Fifty-four percent of uninsured older adults and 30 percent of older adults with individual coverage reported at least one access problem.

Figure 7. Percent of Older Adults Who Have at Least One of Four Cost-Related Access Problems,** by Insurance Status and Income




* Difference across insurance coverage/income is statistically significant at $p \leq 0.05$ or better.

** Did not fill a prescription; did not see a specialist when needed; skipped recommended medical test, treatment, or follow-up; did not see doctor when sick.

Note: Income groups based on 2003 household income.

Source: The Commonwealth Fund Survey of Older Adults (2004).

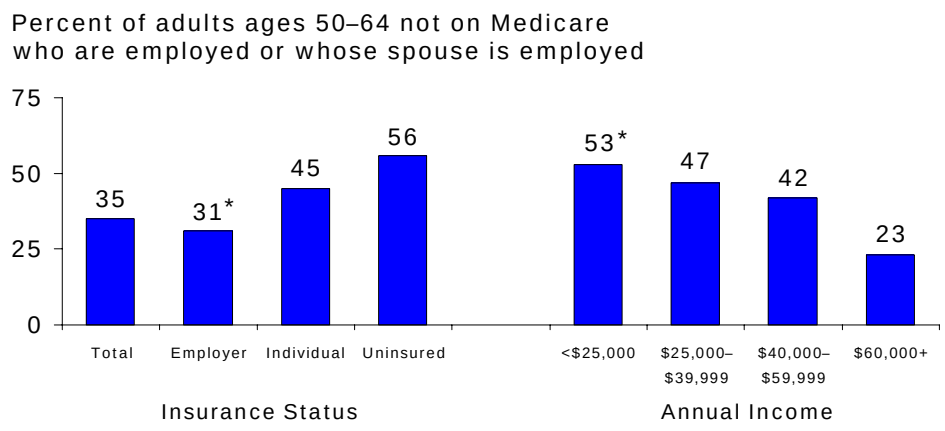
Older adults in low- and moderate-income working households were also more likely to report cost-related access problems. More than two of five (43%) older adults in households with incomes under $25,000 and about 30 percent of those in households with incomes between $25,000 and $59,999 reported that they had not received health care because of costs. In contrast, just 11 percent of older adults with incomes of $60,000 or more reported access problems.

**Older Adults Report High Rates of Medical Bill Problems**

The survey asked older adults about their ability to pay their medical bills in the last 12 months, including whether there were times when they had difficulty or were unable to pay their bills, whether they had been contacted by a collection agency concerning outstanding medical bills, or whether they had to change their lifestyle significantly in order to pay their bills. People who reported no medical bill problems in the last 12 months were asked if they were currently paying off medical debt they had incurred in the last three years.

More than one-third (35%) of older adults in working households either had a medical bill problem in the last 12 months or were paying off accrued medical debt (Figure 8, Table 6). The problem was most severe among uninsured older adults: more than half (56%) reported difficulty paying medical bills or said they had accrued medical debt. Rates were also high among older adults with individual coverage: more than two of five (45%) reported struggling to pay medical bills or having medical debt.

## Figure 8. Percent of Older Adults with Medical Bill Problems** or Accrued Medical Debt, by Insurance Status and Income




* Difference across insurance coverage/income is statistically significant at $p \leq 0.05$ or better.

** Problems paying/not able to pay medical bills, contacted by a collection agency for medical bills, had to change way of life to pay bills, or has medical debt being paid off over time.

Note: Income groups based on 2003 household income.

Source: The Commonwealth Fund Survey of Older Adults (2004).

There were stark differences between reported rates of medical bill problems and debt among low- or moderate-income adults and higher-income older adults in working households. More than half (53%) of older adults in households with incomes under $25,000 and more than two of five in households with incomes between $25,000 and $59,999 reported bill problems or debt. This was about double the rate of those in households with incomes of $60,000 or more: 23 percent reported bill problems or debt.

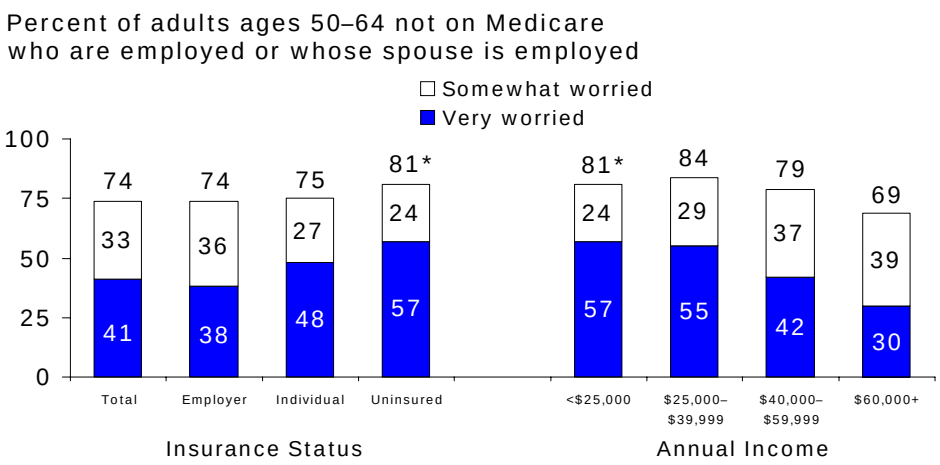
**Older Adults Concerned They Will Not Be Able to Afford Health Care**

Against a backdrop of eroding retiree health insurance coverage and rapidly rising health care costs, majorities of older adults in working families express fear they will not be able to afford health care in the future. Two-thirds (66%) of older adults in working households said they were very or somewhat worried they might not be able to afford needed medical care in the future (Table 7). Uninsured older adults and those with low or moderate incomes were the most concerned about being able to afford health care: about three-quarters of uninsured older adults (74%) and those with low and moderate income (72%–76%) were very or somewhat worried.

Older adults also are concerned they will not be able to afford the costs of insurance coverage in the future. Nearly three-quarters (74%) of older adults in working families said they were very or somewhat worried that health insurance will become so expensive that they will not be able to afford it any longer (Figure 9). Affordability

concerns again were the highest among uninsured older adults and those with low or moderate incomes: about four of five older adults (81%) without insurance coverage and those with low and moderate income (79%–84%) were very or somewhat worried about not being able to afford insurance. Still, a majority of those in higher-income households were also concerned about affording health insurance.

Figure 9. Percent of Older Adults Who Are Worried That Health Insurance Will Become So Expensive That They Will Not Be Able to Afford It




* Difference between uninsured and employer coverage is statistically significant at $p \leq 0.05$ or better; difference across income is statistically significant at $p \leq 0.05$ or better.

Note: Income groups based on 2003 household income.

Source: The Commonwealth Fund Survey of Older Adults (2004).

## OLDER ADULTS SUPPORT POLICY SOLUTIONS TO IMPROVE HEALTH AND FINANCIAL SECURITY

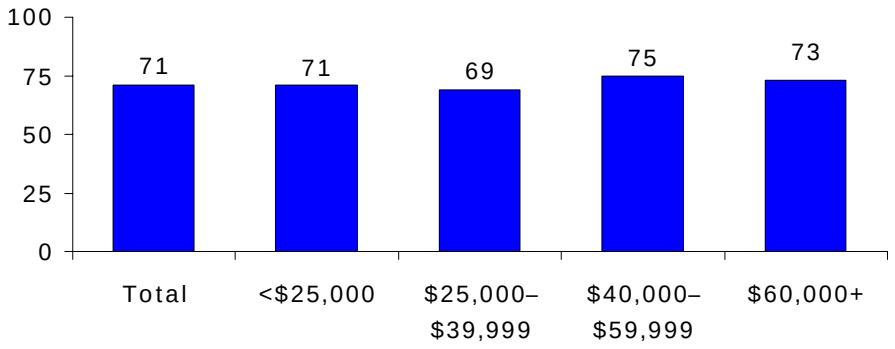
Older adults' concerns about their health security are reflected in their desire for public policy solutions that might bolster it. The survey asked respondents about their interest in two strategies intended to improve their access to health insurance and help them save for their future health and long-term care needs.

### New Medicare Health Accounts to Help Older Adults Save for Long-Term Care and Other Costs

Concerned about not being able to pay for their health care in the future, older adults are interested in new strategies to help them save for future health care costs. The survey asked older adults if they would be interested in having 1 percent of their earnings deducted from their paychecks and placed into a Medicare health account. They could then use the accumulated savings in their accounts to pay for long-term care or other health services that Medicare does not cover. A substantial majority of older adults in

working families, 71 percent, said they would be interested in participating in such an automatic savings plan (Figure 10). There was broad-based, majority support across income groups, regions of the country, health status, and political affiliations (Table 8).

Figure 10. Interest in Medicare Health Accounts* Among Older Adults in Working Families




* Respondents were asked: "Thinking about paying for your healthcare in the future, would you be interested in having 1% of your (and/or your spouse's) earnings deducted from your paycheck(s), tax-free, and placed in your own Medicare account(s) to use for long-term care or other expenses not covered by Medicare?"

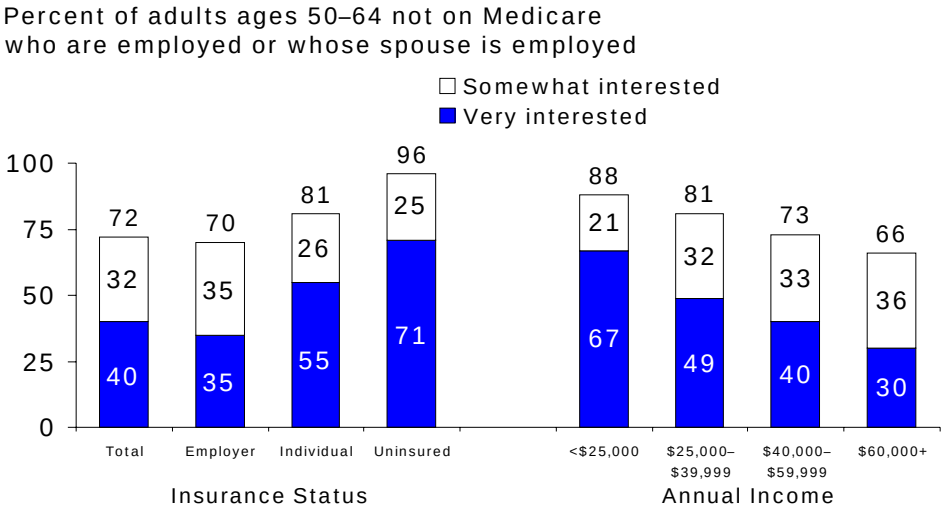
Note: Income groups based on 2003 household income.

Source: The Commonwealth Fund Survey of Older Adults (2004).

**Buying into Medicare Before Age 65**

The survey asked older adults if they would be interested in having Medicare coverage before their 65th birthdays if it were available. Seventy-two percent of older adults in working households said they would be very or somewhat interested in enrolling in Medicare before age 65 (Figure 11, Table 9). Interest was highest among people with the least protection from health care costs. Ninety-six percent of uninsured older adults in working households and 81 percent of those with coverage on the individual market were very or somewhat interested in early participation in Medicare. In addition, a large majority (70%) of older adults with employer-based insurance coverage were interested in getting into Medicare. While interest was highest among older adults in lower- and moderate-income working households, a majority of those with incomes above $60,000 also were somewhat or very interested in receiving Medicare before age 65.

## Figure 11. Percent of Older Adults Who Are Very/Somewhat Interested in Receiving Medicare Before Age 65, by Insurance Status and Income




Note: Income groups based on 2003 household income.
Source: The Commonwealth Fund Survey of Older Adults (2004).

The survey also asked older adults which source of insurance they would trust more to provide health insurance to older adults under age 65: the Medicare program, employers, or the private individual market. Thirty-five percent of older adults in working families said they would most trust Medicare, while 32 percent would trust employers the most, and 25 percent would trust the individual market (Table 10). Uninsured older adults, those with low incomes, and minorities were by far the most trusting of Medicare, with 50 percent or more selecting the program over other sources. Registered Democrats more often selected the Medicare program and employers and Republicans gravitated toward employers and the individual market. While those with employer coverage most often chose employers as their most trusted source, those with coverage on the individual market split about evenly between trusting the Medicare program (43%) and the individual market (40%).

## DISCUSSION

High rates of chronic health conditions make older adults a vulnerable population. While being uninsured or underinsured at any age is risky, older adults without adequate coverage are at particular risk of suffering adverse health events from skipping needed care, spending large shares of their income on out-of-pocket costs, and accumulating medical debt.

Recent research by J. Michael McWilliams and colleagues has found that uninsured adults ages 55 to 64 have greatly reduced access to preventive care and estimates

that more than 13,000 premature deaths occur annually in this age group because of lack of health insurance coverage.[11] Poor health can hinder older adults' ability to participate in daily activities and accumulate income prior to retirement. Moreover, if adults in these vulnerable years postpone or do not receive essential care for chronic health conditions such as diabetes, arthritis, or high blood pressure, they are at risk of entering the Medicare program in deteriorating health and with much more costly medical conditions.[12]

Yet, despite evidence that exposure to medical costs is unhealthy for older adults and potentially harmful for the Medicare program and the U.S. economy overall, older adults are becoming less rather than better protected. According to the most recent U.S. Census data, the number of uninsured older adults ages 50 to 64 climbed from 5.5 million in 2000 to 6.6 million in 2004, with nearly all the increase attributable to a decline in employer-sponsored coverage.[13] In addition, the percentage of firms with 200 or more employees that offer retiree health benefits has fallen from 66 percent in 1988 to 36 percent in 2005.[14] Companies that still offer retiree health benefits are making them less generous. According to a recent survey of large employers by the Henry J. Kaiser Family Foundation and Hewitt Associates, 71 percent of companies said they had increased retiree premium contributions in the past year and one-third had increased service copayments or coinsurance.[15]

The erosion of retiree health benefits is a financial blow to older adults. Hewitt Associates estimates that medical costs can add up to about 20 percent of annual pre-retirement income for workers who retire at age 65 without employer health benefits.[16] Early retirees without employer coverage can expect to spend an estimated 40 percent of pre-retirement income on their medical expenses. While the new Medicare prescription drug benefit will offset some of those costs for beneficiaries, retirees without retiree health benefits will continue to see a large portion of their income go toward health care costs.

Recent research also shows that health savings accounts (HSAs), which have been promoted in part as a way for individuals to save for future health care costs, will have a limited impact on the overall savings of those who decide to use them.[17] Moreover, people who open HSAs must have a high-deductible health plan of at least $1,000 for individuals and $2,000 for families. This means that, depending on whether and how much their employers contribute to their HSAs, participants' ability to save for their retirement during their working years could be weakened by the demands on their incomes from higher out-of-pocket health costs.[18] In addition, a recent survey by EBRI and The Commonwealth Fund found that adults with HSA-eligible, high-deductible health plans were more likely to say they had delayed or avoided care when they were sick, with problems particularly pronounced among those with health problems or with

incomes under $50,000. This raises concerns that people in these plans, especially those with chronic conditions and low or moderate incomes, will avoid getting needed health care that might help them avoid more serious and costly health problems in the future.[19]

Similarly, because of older adults' high rates of chronic conditions, proposals that seek to expand coverage by providing tax credits to those with low incomes to buy coverage on the individual market are unlikely to substantially increase access to meaningful and affordable coverage. This is because older adults have much greater health needs and are at greater risk of catastrophic illness—characteristics that, in most states, underwriters are allowed to take into consideration when writing individual insurance policies. Earlier research by The Commonwealth Fund has found that the individual market is generally not an affordable option for older adults with low and moderate incomes even with large tax credits and regulations such as community rating.[20]

What is to be done? This survey shows that older adults in working families are very interested in Medicare accounts in which they could set aside income to save for long-term and other non-covered health care expenses. In addition, a large majority of older adults in working households would be interested in participating in the Medicare program before the age of 65. To help facilitate participation, tax credits for a buy-in could be linked to income—those with household incomes of less than 200 percent of poverty would pay no more than 5 percent of their income and those with higher incomes would pay no more than 10 percent. In addition to these options, eliminating the two-year waiting period for the disabled in the Medicare program would directly address the financial hardship of those who become too ill or disabled to work.[21]

Cutting back on the health care of older adults through the erosion of employee and retiree health benefits will serve only to worsen the health and financial status of older adults and magnify the financing issues currently looming before Medicare. Instead, targeted investments in their health care would help this age group remain productive members of the workforce throughout their working years and improve their chances of entering their retirement and the Medicare program in good health.

## NOTES

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[8] All reported differences are statistically significant at $p \leq .05$ or better, unless otherwise noted.

[9] Economic theory suggests that employees covered by employer-based health insurance effectively pay for their premiums through lower wages. This means that the difference in premium costs between those with individual coverage and those with employer coverage might be less than these data suggest. However, there is mixed empirical evidence to support this theory suggesting that employer premium costs are likely only partially offset by lower wages, or at least reduced wage growth. Moreover, in the case of older workers, their higher premium costs are likely shared with other members of the employer group. See S.R. Collins, K. Davis, and A. Ho, "A Shared Responsibility: U.S. Employers and the Provision of Health Insurance to Employees," *Inquiry,* Spring 2005 42(1):6-15.

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[12] R. B. Friedland and L. Summer, *Demography Is Not Destiny, Revisited* (New York: The Commonwealth Fund, March 2005).

[13] Analysis of the March 2005 Current Population Survey by Sherry Glied and Bisundev Mahato of Columbia University; C. DeNavas-Walt, B. D. Proctor, and C.H.Lee, *Income, Poverty and Health Insurance Coverage in the United States: 2004,* Current Population Reports, U.S. Census Bureau, August 2005; R. J. Mills and S. Bhandari, *Health Insurance Coverage in the United States: 2002,* Current Population Reports, U.S. Census Bureau, September 2003.

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## APPENDIX. SURVEY METHODOLOGY AND TABLES

The Commonwealth Fund Survey of Older Adults was conducted by International Communications Research from August 14 through November 21, 2004. The survey consisted of 25-minute telephone interviews in either English or Spanish and was conducted among a random, nationally representative sample of 2,007 adults ages 50 to 70 living in the continental United States. The survey included 1,591 adults ages 50 to 64 and 416 adults ages 65 to 70.

Of the 1,591 adults ages 50 to 64 surveyed, the present study included 1,189 adults who were not in Medicare and were employed full-time or part-time or had a spouse who was employed. Of the 402 50-to-64-year-olds in non-working households excluded from the analysis, 46 percent were not working because they were retired, 37 percent were not working because they were disabled, and about 17 percent were not working for other reasons. Among excluded respondents who had spouses, 53 percent of spouses were retired, 20 percent were not working because they were disabled, and 23 percent were not working for other reasons. Excluded older adults reported much lower health status than those in the analysis—42 percent reported being in fair or poor health compared with 15 percent of those in working families. About 80 percent of 50-to-64-year-olds in the non-working group had at least one of six chronic conditions (hypertension or high blood pressure, heart disease or heart attack, cancer, diabetes, arthritis, high cholesterol) compared with 62 percent of those in working families. The non-working group also had lower incomes on average than those in working families—41 percent were in households with incomes under 200 percent of poverty, compared with 15 percent of those in working families. In terms of insurance coverage, 31 percent of the non-working group were enrolled in Medicare, 36 percent had employer benefits, 6 percent had coverage through the individual market, and 14 percent were uninsured. In contrast, 8 percent of older adults in working families were uninsured.

Statistical results are weighted to make the results representative of all adults ages 50 to 64 in the continental United States. The data are weighted to the U.S. adult population by age, sex, race/ethnicity, education, and geographic region using the 2004 March Supplement of the Current Population Survey. The resulting weighted sample is representative of the approximately 48 million adults ages 50 to 64.

The study classified adults by age, annual household income, and insurance status at the time of the survey. Thirteen percent of adults ages 50 to 64 did not provide sufficient income data for classification by income or poverty. We asked respondents

whether, when surveyed, they had the following types of insurance: Medicare, employer-sponsored, individually purchased, Medicaid, or insurance through any other source (including military or veteran's coverage). Respondents who had none of these insurance sources were classified as uninsured. Although respondents were allowed to report multiple sources of insurance, in this analysis only mutually exclusive insurance categories were allowed. Thus, respondents reporting multiple sources of insurance were classified into one category using a hierarchy. For individuals under 65 years, the hierarchy for insurance was employer, Medicare, Medicaid, individual, or other.

The survey has an overall margin of sampling error of +/– 2.29 percentage points at the 95 percent confidence level. For the sample of adults ages 50 to 64, the margins of error are +/– 2.58 and +/– 4.98 percentage points, respectively.

The 71.6 percent survey response rate was calculated consistent with standards of the American Association for Public Opinion Research.

## Table 1. Demographic Characteristics of Adults 50–64

Base: Adults 50–64

| | | Insurance Source | | | | | Household Income | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total 50–64 | Total Insured | Medicare | Employer | Individual | Uninsured | <$25,000 | $25,000–$39,999 | $40,000–$59,999 | $60,000+ |
| Total in Millions (estimated) | 47.6 | 43.1 | 3.9 | 32.3 | 3.5 | 4.6 | 9.9 | 7.5 | 7.6 | 16.2 |
| Percent Distribution | 100% | 90% | 9% | 75% | 8% | 10% | 21% | 16% | 16% | 34% |
| **Income** | | | | | | | | | | |
| Less than $25,000 | 21 | 18 | 64 | 9 | 12 | 50 | | | | |
| $25,000–$39,999 | 16 | 15 | 11 | 16 | 20 | 20 | | | | |
| $40,000–$59,999 | 16 | 17 | 8 | 18 | 24 | 8 | | | | |
| $60,000 or more | 34 | 37 | 2 | 45 | 31 | 5 | | | | |
| Don't know/refused | 13 | 13 | 14 | 13 | 14 | 17 | | | | |
| **Poverty Status** | | | | | | | | | | |
| Less than 200% poverty | 22 | 19 | 62 | 10 | 12 | 51 | 92 | 17 | 0 | 0 |
| 200% poverty or higher | 68 | 71 | 24 | 80 | 78 | 34 | 8 | 83 | 100 | 100 |
| **Respondent's Work Status** | | | | | | | | | | |
| Employed | 63 | 64 | 6 | 73 | 65 | 52 | 44 | 66 | 68 | 75 |
| Not currently employed | 36 | 35 | 94 | 26 | 36 | 46 | 56 | 34 | 32 | 25 |
| Retired | 16 | 17 | 21 | 16 | 20 | 12 | 13 | 15 | 21 | 15 |
| Not employed, but not retired | 20 | 19 | 73 | 11 | 15 | 35 | 43 | 19 | 11 | 10 |
| **Self-Rated Health Status** | | | | | | | | | | |
| Excellent or very good | 52 | 53 | 17 | 58 | 64 | 41 | 27 | 45 | 58 | 66 |
| Good | 26 | 26 | 21 | 26 | 28 | 25 | 25 | 29 | 28 | 24 |
| Fair or poor | 22 | 21 | 61 | 16 | 8 | 33 | 48 | 26 | 15 | 10 |
| **Race/Ethnicity** | | | | | | | | | | |
| Non-Hispanic white | 75 | 76 | 67 | 79 | 79 | 65 | 65 | 75 | 76 | 82 |
| Non-Hispanic black | 10 | 11 | 21 | 9 | 5 | 3 | 18 | 11 | 12 | 5 |
| Hispanic | 8 | 7 | 7 | 7 | 3 | 22 | 12 | 7 | 7 | 5 |
| **Marital Status** | | | | | | | | | | |
| Married | 65 | 68 | 41 | 73 | 66 | 46 | 37 | 53 | 66 | 87 |
| Not married | 34 | 32 | 59 | 27 | 34 | 54 | 63 | 47 | 34 | 13 |
| **Political Affiliation** | | | | | | | | | | |
| Republican | 27 | 28 | 18 | 28 | 42 | 20 | 17 | 24 | 31 | 34 |
| Democrat | 35 | 35 | 34 | 35 | 30 | 37 | 42 | 40 | 32 | 32 |
| Independent | 22 | 22 | 23 | 22 | 18 | 21 | 24 | 20 | 23 | 21 |
| Other | 10 | 10 | 15 | 9 | 4 | 13 | 12 | 12 | 8 | 10 |
| **Voter Registration Status** | | | | | | | | | | |
| Not registered | 14 | 11 | 22 | 9 | 10 | 38 | 23 | 19 | 13 | 6 |
| Registered | 86 | 89 | 78 | 91 | 90 | 62 | 77 | 81 | 87 | 94 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 2. Health Status of Adults 50–64 in Working Families

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | Total 50–64 | Household Income <$25,000 | $25,000–$39,999 | $40,000–$59,999 | $60,000+ |
|---|---|---|---|---|---|
| Total in Millions (estimated) | 35.1 | 4.7 | 5.6 | 6.0 | 14.6 |
| Percent Distribution | 100% | 14% | 16% | 17% | 42% |
| **Self-Rated Health Status** | | | | | |
| Excellent or very good | 59 | 41 | 48 | 60 | 67 |
| Good | 26 | 25 | 29 | 29 | 23 |
| Fair or poor | 15 | 33 | 23 | 11 | 9 |
| **Disability or Handicap Limits Daily Activities** | 15 | 25 | 21 | 16 | 10 |
| **Current Health Conditions** | | | | | |
| Hypertension/high blood pressure | 32 | 36 | 31 | 34 | 29 |
| Heart disease/heart attack | 9 | 14 | 7 | 10 | 8 |
| Cancer | 3 | 5 | 4 | 3 | 3 |
| Diabetes | 10 | 14 | 12 | 8 | 8 |
| Arthritis | 29 | 35 | 30 | 30 | 28 |
| High cholesterol | 31 | 26 | 33 | 30 | 32 |
| *Any of the above conditions* | 62 | 65 | 62 | 62 | 62 |
| **Has Health Problems*** | 66 | 73 | 66 | 63 | 65 |

* Rates own health as fair or poor or has chronic health problem or condition.

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 3. Insurance History of Adults 50–64 in Working Families

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | Total 50–64 | Household Income <$25,000 | $25,000–$39,999 | $40,000–$59,999 | $60,000+ |
|---|---|---|---|---|---|
| Total in Millions (estimated) | 35.1 | 4.7 | 5.6 | 6.0 | 14.6 |
| Percent Distribution | 100% | 14% | 16% | 17% | 42% |
| **Insurance Type** | | | | | |
| Employer | 79 | 48 | 75 | 81 | 90 |
| Individual | 8 | 5 | 10 | 11 | 6 |
| Medicaid and other | 5 | 18 | 4 | 4 | 2 |
| Uninsured | 8 | 29 | 11 | 4 | 2 |
| **Insurance History** | | | | | |
| Insured continuously, no gaps | 79 | 46 | 67 | 83 | 93 |
| Uninsured now | 8 | 29 | 11 | 4 | 2 |
| Insured now, time uninsured in past year | 5 | 12 | 8 | 7 | 2 |
| Insured all year, time uninsured since age 50 | 7 | 13 | 14 | 7 | 3 |
| **General Experience with Health Insurance as Adult** | | | | | |
| Insured all of the time | 64 | 35 | 47 | 57 | 81 |
| Insured most of the time | 23 | 26 | 37 | 32 | 17 |
| Only insured some of the time | 7 | 18 | 10 | 7 | 2 |
| Rarely or never insured | 5 | 21 | 5 | 4 | 1 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 4. Health Insurance Expenses of Insured Adults 50–64 in Working Families

Base: Insured adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | Insurance Source | | | Household Income | | | |
|---|---|---|---|---|---|---|---|
| | **Total Insured** | **Employer** | **Individual** | **<$25,000** | **$25,000–$39,999** | **$40,000–$59,999** | **$60,000+** |
| Total in Millions (estimated) | 32.2 | 27.7 | 2.8 | 3.4 | 5.0 | 5.8 | 14.3 |
| Percent Distribution | 100% | 86% | 9% | 10% | 15% | 18% | 44% |
| **Insurance Premium Expenses** | | | | | | | |
| Monthly premium costs (Respondents who are insured) | | | | | | | |
| None | 15 | 14 | 3 | 25 | 15 | 14 | 13 |
| Less than $100 | 27 | 28 | 16 | 33 | 31 | 32 | 24 |
| $100–$199 | 21 | 23 | 7 | 18 | 22 | 21 | 20 |
| $200–$299 | 11 | 11 | 14 | 3 | 7 | 11 | 14 |
| $300–$499 | 12 | 11 | 27 | 11 | 13 | 9 | 13 |
| $500 or more | 7 | 5 | 28 | 3 | 7 | 7 | 9 |
| *Spent annually 5% or more of income* | 23 | 20 | 58 | 38 | 37 | 27 | 19 |
| *Spent annually 10% or more of income* | 10 | 7 | 35 | 23 | 23 | 9 | 4 |
| Paying premium is very or somewhat difficult (Respondents who pay a premium) | 31 | 26 | 62 | 53 | 44 | 40 | 20 |
| **Annual Deductible Per Person** (Respondents who are insured) | | | | | | | |
| No deductible | 34 | 33 | 19 | 35 | 33 | 32 | 37 |
| Less than $500 | 33 | 37 | 9 | 29 | 31 | 33 | 34 |
| $500–$999 | 12 | 13 | 13 | 8 | 11 | 14 | 13 |
| $1,000 or more | 11 | 88 | 48 | 8 | 15 | 13 | 9 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 5. Health Care Expenses of Adults 50–64 in Working Families

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | | Insurance Source | | | Household Income | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total 50–64** | **Employer** | **Individual** | **Uninsured** | **<$25,000** | **$25,000–$39,999** | **$40,000–$59,999** | **$60,000+** |
| Total in Millions (estimated) | 35.1 | 27.7 | 2.8 | 2.8 | 4.7 | 5.6 | 6.0 | 14.6 |
| Percent Distribution | 100% | 79% | 8% | 8% | 14% | 16% | 17% | 42% |
| **Prescription Drug Expenses** | | | | | | | | |
| Has prescription drug coverage (Respondents who are insured) | 93 | 95 | 74 | 0 | 89 | 90 | 95 | 95 |
| Takes prescription drugs on regular basis | 64 | 68 | 61 | 39 | 55 | 60 | 62 | 69 |
| **Annual Out-of-Pocket Medical Expenses, Including Prescription Drugs** | | | | | | | | |
| Less than $100 | 21 | 19 | 17 | 28 | 30 | 26 | 19 | 17 |
| $100–$499 | 38 | 41 | 26 | 22 | 39 | 32 | 40 | 39 |
| $500–$999 | 16 | 17 | 17 | 11 | 11 | 13 | 17 | 17 |
| $1,000–$4,999 | 20 | 19 | 30 | 26 | 16 | 23 | 21 | 21 |
| $5,000 or more | 3 | 2 | 7 | 12 | 4 | 4 | 2 | 4 |
| *Spent annually 5% or more of income*[1] | 15 | 11 | 31 | 34 | 26 | 27 | 23 | 4 |
| **Total Annual Out-of-Pocket Medical Expenses**[2] | | | | | | | | |
| Less than $500 | 18 | 14 | 5 | 51 | 34 | 16 | 15 | 13 |
| $500–$999 | 21 | 23 | 15 | 11 | 23 | 23 | 27 | 19 |
| $1,000–$2,999 | 18 | 22 | 4 | 0 | 13 | 20 | 19 | 19 |
| $3,000–$5,499 | 24 | 25 | 27 | 26 | 19 | 24 | 21 | 28 |
| $5,500–$9,999 | 13 | 12 | 36 | 12 | 9 | 13 | 12 | 16 |
| $10,000 or more | 4 | 3 | 14 | 0 | 1 | 4 | 5 | 5 |
| *Spent annually 5% or more of income*[1,2] | 39 | 36 | 75 | 34 | 50 | 55 | 43 | 28 |
| *Spent annually 10% or more of income*[1,2] | 18 | 14 | 48 | 26 | 34 | 35 | 17 | 6 |

[1] Among respondents reporting income.

[2] Includes health insurance premiums (for insured only) and medical expenses including prescription drugs.

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 6. Access Problems, Out-of-Pocket Costs, and Medical Bill Problems for Adults 50–64 in Working Families

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | | Insurance Source | | | Household Income | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total 50–64** | **Employer** | **Individual** | **Uninsured** | **<$25,000** | **$25,000–$39,999** | **$40,000–$59,999** | **$60,000+** |
| Total in Millions (estimated) | 35.1 | 27.7 | 2.8 | 2.8 | 4.7 | 5.6 | 6.0 | 14.6 |
| Percent Distribution | 100% | 79% | 8% | 8% | 14% | 16% | 17% | 42% |
| **Access Problems in Past Year** | | | | | | | | |
| Went without needed care because of cost: | | | | | | | | |
| Did not fill prescription | 13 | 12 | 14 | 22 | 28 | 19 | 17 | 6 |
| Skipped recommended test or follow-up | 12 | 9 | 17 | 35 | 22 | 17 | 16 | 5 |
| Had a medical problem, did not visit doctor or clinic | 11 | 8 | 15 | 39 | 24 | 21 | 12 | 4 |
| Did not get needed specialist care | 8 | 7 | 11 | 25 | 13 | 14 | 10 | 5 |
| *At least one of four access problems because of cost* | 23 | 19 | 30 | 54 | 43 | 33 | 31 | 11 |
| **Medical Bill Problems in Past Year** | | | | | | | | |
| Not able to pay medical bills | 16 | 13 | 22 | 35 | 33 | 22 | 23 | 7 |
| Contacted by a collection agency for medical bills | 14 | 12 | 12 | 27 | 27 | 20 | 15 | 8 |
| Had to change way of life to pay bills | 11 | 8 | 18 | 30 | 28 | 17 | 11 | 4 |
| *Any bill problem* | 25 | 21 | 34 | 49 | 48 | 36 | 31 | 13 |
| Medical bills/debt being paid over time | 12 | 12 | 16 | 13 | 10 | 17 | 16 | 11 |
| **Base: Any Bill Problem or Medical Debt** | 35 | 31 | 45 | 56 | 53 | 47 | 42 | 23 |
| Insurance status of person/s when having difficulties with medical bills | | | | | | | | |
| Insured at time care was provided | 73 | 85 | 81 | 14 | 41 | 68 | 84 | 92 |
| Uninsured at time care was provided | 25 | 14 | 17 | 79 | 55 | 30 | 15 | 8 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 7. Concerns About Affordability, Confidence in Future Care, and Satisfaction with Quality of Care

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | | Insurance Source | | | Household Income | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Employer | Individual | Uninsured | <$25,000 | $25,000–$39,999 | $40,000–$59,999 | $60,000+ |
| Total in Millions (estimated) | 35.1 | 27.7 | 2.8 | 2.8 | 4.7 | 5.6 | 6.0 | 14.6 |
| Percent Distribution | 100% | 79% | 8% | 8% | 14% | 16% | 17% | 42% |
| **How worried are you that you won't be able to afford the medical care you will need?** | | | | | | | | |
| Very worried | 30 | 28 | 33 | 48 | 45 | 40 | 32 | 22 |
| Somewhat worried | 36 | 38 | 36 | 26 | 31 | 36 | 40 | 37 |
| Not too worried | 17 | 18 | 11 | 9 | 11 | 8 | 12 | 23 |
| Not at all worried | 16 | 16 | 19 | 13 | 9 | 15 | 15 | 18 |
| **How worried are you that health insurance will become so expensive you will not be able to afford it?** | | | | | | | | |
| Very worried | 41 | 38 | 48 | 57 | 57 | 55 | 42 | 30 |
| Somewhat worried | 33 | 36 | 27 | 24 | 24 | 29 | 37 | 39 |
| Not too worried | 13 | 14 | 8 | 2 | 7 | 6 | 10 | 17 |
| Not at all worried | 13 | 12 | 16 | 13 | 10 | 11 | 10 | 14 |
| **Overall, how satisfied are you with the quality of health care you have received in the past 12 months?** | | | | | | | | |
| Very satisfied | 53 | 58 | 44 | 17 | 46 | 40 | 49 | 63 |
| Somewhat satisfied | 28 | 28 | 35 | 21 | 24 | 36 | 32 | 24 |
| Somewhat dissatisfied | 5 | 5 | 8 | 2 | 6 | 5 | 7 | 5 |
| Very dissatisfied | 4 | 3 | 4 | 17 | 8 | 6 | 3 | 2 |
| Not received health care | 8 | 5 | 8 | 41 | 16 | 11 | 8 | 5 |
| **How confident are you that you will get the best medical care available when you need it?** | | | | | | | | |
| Very confident | 48 | 51 | 45 | 19 | 40 | 39 | 44 | 55 |
| Somewhat confident | 34 | 35 | 42 | 21 | 26 | 37 | 38 | 35 |
| Not too confident | 9 | 9 | 9 | 12 | 13 | 11 | 9 | 8 |
| Not at all confident | 7 | 4 | 4 | 38 | 17 | 10 | 7 | 2 |
| **How worried are you that you won't be able to get the type of specialist you will need?** | | | | | | | | |
| Very worried | 27 | 25 | 25 | 49 | 40 | 37 | 26 | 20 |
| Somewhat worried | 32 | 33 | 36 | 19 | 29 | 33 | 37 | 33 |
| Not too worried | 20 | 22 | 14 | 14 | 16 | 11 | 16 | 26 |
| Not at all worried | 20 | 20 | 24 | 14 | 13 | 19 | 20 | 22 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 8. Interest in Medicare Health Accounts for Long-Term Care and Other Medical Expenses

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | Thinking about paying for your healthcare in the future, would you be interested in having 1 percent of your (and/or your spouse's) earnings deducted from your paycheck(s), tax free, and placed in your own Medicare account(s) to use for long-term care or other expenses not covered by Medicare (when you become covered by Medicare)? | | |
|---|---|---|---|
| | **Yes, Would Be Interested** | **No, Would Not Be Interested** | **Don't Know/Refused** |
| Total in Millions (estimated) | 24.8 | 8.0 | 2.2 |
| Percent Distribution | 71% | 23% | 6% |
| **Age** | | | |
| 50–54 | 77 | 19 | 4 |
| 55–59 | 67 | 25 | 8 |
| 60–64 | 64 | 28 | 8 |
| **Gender** | | | |
| Male | 70 | 24 | 5 |
| Female | 72 | 21 | 7 |
| **Region of the United States** | | | |
| Northeast | 77 | 17 | 6 |
| Northcentral | 68 | 26 | 5 |
| South | 72 | 23 | 6 |
| West | 68 | 24 | 8 |
| **Race/Ethnicity** | | | |
| Non-Hispanic white | 72 | 22 | 6 |
| Non-Hispanic black | 74 | 23 | 4 |
| Hispanic | 63 | 24 | 13 |
| **Insurance Status** | | | |
| Uninsured | 54 | 32 | 14 |
| Employer | 73 | 21 | 5 |
| Individual | 62 | 28 | 10 |
| Medicaid and other | 74 | 22 | 5 |
| **Income** | | | |
| Less than $25,000 | 71 | 25 | 4 |
| $25,000–$39,999 | 69 | 23 | 8 |
| $40,000–$59,999 | 75 | 20 | 5 |
| $60,000 or more | 73 | 23 | 4 |
| **Work Status** | | | |
| Employed | 71 | 23 | 6 |
| Not currently employed | 73 | 21 | 6 |
| **Self-Rated Health Status** | | | |
| Excellent or very good | 71 | 24 | 5 |
| Good | 71 | 23 | 6 |
| Fair or poor | 72 | 17 | 11 |
| **Political Affiliation** | | | |
| Democrat | 71 | 23 | 6 |
| Republican | 74 | 22 | 5 |
| Independent | 70 | 24 | 6 |
| Other | 72 | 24 | 4 |
| **Voter Registration Status** | | | |
| Not registered | 68 | 19 | 13 |
| Registered | 71 | 23 | 5 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 9. Interest in Enrolling in Medicare Before Age 65

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | If Medicare were available to adults ages 50 to 64, how interested would you be in getting Medicare insurance before you turn 65? | | | |
|---|---|---|---|---|
| | **Very Interested** | **Somewhat Interested** | **Not Too Interested** | **Not Interested at All** |
| Total in Millions (estimated) | 13.8 | 11.0 | 4.1 | 4.3 |
| Percent Distribution | 40% | 32% | 12% | 12% |
| **Age** | | | | |
| 50–54 | 37 | 36 | 14 | 9 |
| 55–59 | 42 | 31 | 11 | 13 |
| 60–64 | 44 | 25 | 9 | 18 |
| **Gender** | | | | |
| Male | 37 | 34 | 11 | 15 |
| Female | 43 | 30 | 13 | 10 |
| **Region of the United States** | | | | |
| Northeast | 41 | 27 | 16 | 11 |
| Northcentral | 40 | 33 | 11 | 11 |
| South | 42 | 33 | 11 | 11 |
| West | 37 | 33 | 12 | 16 |
| **Race/Ethnicity** | | | | |
| Non-Hispanic white | 36 | 34 | 13 | 13 |
| Non-Hispanic black | 53 | 29 | 9 | 6 |
| Hispanic | 58 | 27 | 7 | 5 |
| **Insurance Status** | | | | |
| Uninsured | 71 | 25 | 0 | 4 |
| Employer | 35 | 35 | 14 | 13 |
| Individual | 55 | 26 | 4 | 10 |
| Medicaid and other | 52 | 16 | 8 | 21 |
| **Income** | | | | |
| Less than $25,000 | 67 | 21 | 6 | 6 |
| $25,000–$39,999 | 49 | 32 | 9 | 8 |
| $40,000–$59,999 | 40 | 33 | 13 | 11 |
| $60,000 or more | 30 | 36 | 14 | 16 |
| **Work Status** | | | | |
| Employed | 41 | 31 | 13 | 13 |
| Not currently employed | 36 | 41 | 9 | 11 |
| **Self-Rated Health Status** | | | | |
| Excellent or very good | 36 | 32 | 14 | 15 |
| Good | 43 | 34 | 9 | 11 |
| Fair or poor | 53 | 31 | 8 | 5 |
| **Political Affiliation** | | | | |
| Democrat | 47 | 30 | 11 | 10 |
| Republican | 32 | 34 | 14 | 16 |
| Independent | 35 | 33 | 15 | 14 |
| Other | 46 | 33 | 8 | 9 |
| **Voter Registration Status** | | | | |
| Not registered | 54 | 32 | 7 | 5 |
| Registered | 38 | 32 | 13 | 13 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## Table 10. Trust in Sources of Coverage for Adults 50–64 in Working Families

Base: Adults 50–64 who are employed full-time or part-time or whose spouse is employed, not on Medicare

| | Most trusted source to provide health insurance for adults ages 50–64 | | | |
|---|---|---|---|---|
| | **Medicare** | **Employers** | **Private Individual Market** | **None of These/ Don't Know/Refused** |
| Total in Millions (estimated) | 12.3 | 11.3 | 8.6 | 2.8 |
| Percent Distribution | 35% | 32% | 25% | 8% |
| **Age** | | | | |
| 50–54 | 31 | 36 | 25 | 9 |
| 55–59 | 38 | 30 | 23 | 9 |
| 60–64 | 40 | 28 | 26 | 6 |
| **Gender** | | | | |
| Male | 37 | 30 | 26 | 7 |
| Female | 33 | 34 | 23 | 9 |
| **Region of the United States** | | | | |
| Northeast | 32 | 33 | 24 | 12 |
| Northcentral | 36 | 39 | 21 | 4 |
| South | 38 | 29 | 26 | 7 |
| West | 33 | 30 | 27 | 9 |
| **Race/Ethnicity** | | | | |
| Non-Hispanic white | 31 | 35 | 26 | 8 |
| Non-Hispanic black | 53 | 31 | 11 | 4 |
| Hispanic | 50 | 14 | 24 | 13 |
| **Insurance Status** | | | | |
| Uninsured | 64 | 5 | 22 | 9 |
| Employer | 30 | 39 | 24 | 8 |
| Individual | 43 | 10 | 40 | 7 |
| Medicaid and other | 57 | 14 | 19 | 10 |
| **Income** | | | | |
| Less than $25,000 | 55 | 20 | 16 | 8 |
| $25,000–$39,999 | 36 | 32 | 24 | 8 |
| $40,000–$59,999 | 34 | 32 | 27 | 7 |
| $60,000 or more | 28 | 37 | 27 | 7 |
| **Work Status** | | | | |
| Employed | 36 | 33 | 24 | 8 |
| Not currently employed | 32 | 28 | 30 | 10 |
| **Self-Rated Health Status** | | | | |
| Excellent or very good | 32 | 33 | 29 | 7 |
| Good | 39 | 35 | 19 | 7 |
| Fair or poor | 42 | 27 | 18 | 13 |
| **Political Affiliation** | | | | |
| Democrat | 41 | 32 | 18 | 9 |
| Republican | 24 | 34 | 34 | 8 |
| Independent | 37 | 35 | 25 | 3 |
| Other | 38 | 29 | 22 | 11 |
| **Voter Registration Status** | | | | |
| Not registered | 51 | 22 | 18 | 9 |
| Registered | 33 | 34 | 25 | 8 |

Source: The Commonwealth Fund Survey of Older Adults (2004).

## RELATED PUBLICATIONS

Publications listed below can be found on The Commonwealth Fund's Web site at www.cmwf.org.

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*On the Fringe: The Substandard Benefits of Workers in Part-Time, Temporary, and Non-Salaried Jobs* (December 2005). Elaine Ditsler, Peter Fisher, and Colin Gordon, Iowa Policy Project. To improve coverage for "nonstandard" workers, the authors of this report say consideration should be given to "play or pay" laws that require employers to either provide health coverage or pay into public health insurance programs.

*Limited Take-Up of Health Coverage Tax Credits: A Challenge to Future Tax Credit Design* (October 2005). Stan Dorn, Janet Varon, and Fouad Pervez. The latest enrollment figures for Trade Act tax credits again show disappointingly low take-up rates, with high insurance premium costs, a complex application process, and inadequate outreach the prime causes.

*Entrances and Exits: Health Insurance Churning, 1998–2000* (September 2005). Kathryn Klein, Sherry Glied, and Danielle Ferry. This issue brief reveals that 22 percent of the U.S. population experienced at least one spell without any health coverage over a two-year period, in addition to the 9 percent who were uninsured for the full two years. Those with private, nongroup insurance were among the most likely to have unstable coverage.

*"Choice" in Health Care: What Do People Really Want?* (September 2005). Jeanne M. Lambrew. People value a choice of health care providers over a choice of health plans, according to this analysis of Fund survey data. Dissatisfaction among adults who have no choice of provider was more than twice as high compared to adults with no choice of plan.

*Health and Productivity Among U.S. Workers* (September 2005). Karen Davis, Sara R. Collins, Michelle M. Doty, Alice Ho, and Alyssa L. Holmgren. Health problems among working-age Americans and their families carry an estimated price tag of $260 billion in lost productivity each year, according to this study.

*Seeing Red: Americans Driven into Debt by Medical Bills* (August 2005). Michelle M. Doty, Jennifer N. Edwards, and Alyssa L. Holmgren. The researchers report that while medical bill problems and debt are experienced most often by the uninsured, even many working-age adults who are continually insured have problems paying their medical bills and have medical debt.

*Reinsurance: How States Can Make Health Coverage More Affordable for Employers and Workers* (July 2005). Katherine Swartz. The author reports that state-provided reinsurance—in essence, insurance for insurance companies—can allow insurers to lower premiums significantly by relieving them of the risk of enrolling large numbers of people with catastrophic medical costs, but that only two states, New York and Arizona, have reinsurance programs in place.

*Will You Still Need Me? The Health and Financial Security of Older Americans—Findings from the Commonwealth Fund Survey of Older Adults* (June 2005). Sara R. Collins, Karen Davis, Cathy Schoen, Michelle M. Doty, Sabrina K. How, and Alyssa L. Holmgren. In this report from the Commonwealth Fund Survey of Older Adults , Fund researchers present new information on the health and financial security of adults ages 50 to 70. The survey finds widespread support among older adults for policies that would help them save for their future health and long-term care costs that are not covered by Medicare. It also finds broad support for policies that would allow them to buy into Medicare before age 65.