

Healthcare Access and Affordability: A Pressing Concern for Many Americans

Access to medically necessary healthcare is critical for successful patient outcomes, yet access is often impeded or blocked entirely by high deductibles, co-pays and coinsurance. Additionally, indirect healthcare costs, such as those from travel and lost income, contribute to the out-of-pocket (OOP) cost burden of managing a serious illness. This Issue Brief explores how the lack of affordable healthcare can create insurmountable barriers between economically vulnerable patients and necessary healthcare services, medications and procedures.

Out-of-pocket costs should not prevent individuals with life-threatening, chronic and rare diseases from obtaining their prescribed medications.

HEALTHCARE ACCESS AND AFFORDABILITY: A PRESSING CONCERN FOR MANY AMERICANS

Healthcare affordability means different things to different people, but there is little doubt that the ability to cover healthcare expenses is among the most pressing concerns in the United States today. A 2019 Gallup poll showed that 55 percent of American adults worried “a great deal” about being able to afford their healthcare, and this was the most commonly reported concern among Americans for the fifth consecutive year.¹ Healthcare affordability is a concern that is shared not only by patients, but also by physicians, policymakers and other stakeholders.^{2,3,4,5}

Having employer-based health insurance does not mean that people can afford healthcare. OOP healthcare costs have increased dramatically over time, even among people who have insurance through their employer. Forty-three percent of people with health insurance through their jobs say they have problems affording their deductible, about a third report having trouble affording their premiums, and 29 percent have problems paying medical bills.⁶ Low-income people with employer-

based insurance spend the largest share of their family income on insurance premiums and OOP expenses. In addition, people with employer-based insurance who have family members in poor health also paid more OOP for their healthcare, with the heaviest OOP cost burden falling on low-income working families who also manage health conditions.⁷

It is a misconception that Medicare ensures that older adults have access to affordable care. As a percentage of Social Security income, Medicare beneficiaries' OOP spending on healthcare is expected to increase from 41 percent in 2013 to 50 percent in 2030. Increases in Medicare beneficiaries' OOP healthcare expenses hit hardest among those over the age of 85, low-income seniors and among beneficiaries with multiple chronic conditions. By 2030, it is projected that Medicare beneficiaries over age 85 will spend an additional \$4,400 on OOP healthcare expenses, and those aged 65-74 will spend an additional \$2,000. Among beneficiaries with incomes below \$10,000, average OOP healthcare costs in 2030 will *exceed* average Social Security income. Securing affordable healthcare is especially challenging for older adults with cancer and other health conditions that require specialty medications.⁸

The ability to afford needed healthcare is a major concern for working adults with employer-based insurance as well as for older Americans who are covered by Medicare. For them, affordability means making difficult decisions about whether they can, or should go to a doctor's appointment, have a procedure their doctor recommends, or go to the pharmacy to fill a prescription. Overall, 30 percent of American adults report having to choose between basic necessities and paying medical bills, and among people who report having problems paying their medical bills, 70 percent say they have cut back on basic household items, food, or clothing.^{6,9} The urgency of healthcare affordability is underscored by 2018 data showing that 28 percent of American adults reported having a medical bill turned over to a collection agency.⁹ There are many ways that the inability to afford healthcare impacts access to needed care.

» ACCESS TO DOCTORS

- In 2018, 44 percent of adults reported not going to the doctor when they were sick or injured, and 40 percent reported skipping routine preventive care.⁹
- Adults who are uninsured are much more likely to report being “very worried” about paying medical bills for routine medical care, they have more problems paying these bills, and they are less likely to use preventive care.¹⁰
- As family income decreases, the likelihood of being unable to obtain, or to delay needed medical care increases, and the likelihood of having a usual source of medical care decreases.^{11,12,13}

» ACCESS TO PRESCRIPTION MEDICATIONS

- In 2018, 32 percent of U.S. adults said they chose not to fill a prescription or took less of their medication because of cost.⁹
- Patients with serious health conditions who are exposed to high OOP drug costs are less likely to fill their prescriptions, take longer to start their treatment, and they have more interruptions and gaps in treatment.^{14,15}
- 24 percent of Americans reported having problems paying for their prescription drugs; this increases to 33 percent among people with low incomes, and 43 percent among people in poor health.¹⁶
- Patients with as little as \$40-\$50 in OOP drug costs will choose not to fill their prescriptions because they can't afford it.^{17,18}

» ACCESS TO MEDICAL TESTS AND SURGICAL PROCEDURES

- In 2018, 40 percent of U.S. adults reported that they skipped a recommended medical test or treatment in the past 12 months because they could not afford the cost.⁹
- Large numbers of cancer patients for whom surgery is recommended choose to forgo these recommended procedures because of cost.¹⁹
- Rapid growth in high-deductible health plans creates insurmountable barriers for many patients who need surgery, especially in facilities where payment is expected before procedures will be performed.^{20,21}

» THE IMPACT OF TRAVEL COSTS ON ACCESS TO CARE

- For many people, purchasing, maintaining and fueling a car is cost prohibitive, even before car insurance is considered.²² Lack of reliable transportation is a barrier to healthcare, especially among people with low incomes.²³
- In rural areas, vehicular access increases the likelihood of having a regular source of care by 44 percent, and the odds of delaying care increase by 45 percent among people without access to private transportation.²⁴
- Among low socioeconomic adults in urban areas, lack of private transportation also increases the odds of delaying care by 45 percent.²⁵

» THE IMPACT OF LOST INCOME DUE TO ILLNESS

- Medical bills account for more than half of people declaring bankruptcy. Among these individuals, job loss and lost income due to illness compounded the burden of high OOP healthcare costs that ultimately lead to bankruptcy.²⁶
- Among families of surgical patients with a prolonged hospital stay, 44 percent had to quit work and 36.7 percent lost their savings.²⁷
- Compared to workers with paid sick leave benefits, workers without paid sick leave are 3 times more likely to forgo medical care for themselves, and 1.6 times more likely to forgo medical care for their families.²⁸

SOLUTIONS ARE NEEDED

Millions of Americans—including increasing numbers of middle-class families and older adults—are unable to afford routine healthcare, prescription medications, needed tests and other medically necessary treatments. Lack of affordable care is driven by high OOP costs that are compounded by lost income resulting from illness, job loss and family caregiving responsibilities. OOP healthcare costs are consuming an increasing portion of family and retirement income, forcing patients and their families on a path to medical bankruptcy. PAN therefore advocates that:

- Policymakers, insurers and other stakeholders must identify ways to modify the structure of insurance plans so that economically vulnerable patients can access and remain on the treatments they need.
- Steps must be taken to mitigate the impact of high deductible health plans that create barriers that prevent access to treatment.
- Capping OOP costs for medications and needed health services will help patients better anticipate, and plan for their expenses throughout the year.

The PAN Foundation advocates for legislative and regulatory system-wide policy solutions to reduce OOP healthcare costs for all Americans.

The PAN Foundation

The PAN Foundation is an independent, national 501 (c)(3) organization dedicated to helping federally and commercially insured people living with life-threatening, chronic and rare diseases with the OOP costs for their prescribed medications. PAN provides the underinsured population access to the healthcare treatments they need to best manage their conditions and focus on improving their quality of life. Since its founding in 2004, PAN has provided more than one million underinsured patients with over \$3 billion in financial assistance through nearly 70 disease-specific programs.

For more information about this *Issue Brief*, contact Amy Niles, Vice President of External Relations, at aniles@panfoundation.org.

Supporting Literature

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