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## Even the Insured Feel the Strain of Health Costs

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The economic slowdown has swelled the ranks of people without health insurance. But now it is also threatening millions of people who have insurance but find that the coverage is too limited or that they cannot afford their own share of medical costs.

Many of the 158 million people covered by employer health insurance are struggling to meet medical expenses that are much higher than they used to be — often because of some combination of higher premiums, less extensive coverage, and bigger out-of-pocket deductibles and co-payments.

With medical costs soaring, the coverage many people have may not adequately protect them from the financial shock of an emergency room visit or a major surgery. For some, even routine doctor visits might now take a back seat to basic expenses like food and gasoline.

“It just keeps eating into people’s income,” said James Corbin, a former union official who works for the local utility in Tucson.

Mr. Corbin said that under their employer’s health plan, he and his co-workers are now obliged to pay up to \$4,000 of their families’ annual medical bills, on top of about \$1,600 a year in premiums. Five years ago, they paid no premiums and were responsible for only about \$2,000 of their families’ medical bills.

“That’s a big jump,” Mr. Corbin said. “You’ve just lost a month’s pay.”

Already, many doctors say, the soft economy is making some insured people hesitant to get care they need, reluctant to spend a \$50 co-payment for an office visit. Parents “are waiting longer to bring in their children,” said Dr. Richard Lander, a pediatrician in Livingston, N.J. “They say, ‘The kid isn’t that sick; her temperature is only 102.’”

The problem of affording health care is most acute for people with no insurance, a group expected to soon exceed 48 million, but those with insurance say they too are feeling the pain.

Since the recession of 2001, the employee’s average cost of an annual health care premium for family coverage has nearly doubled — to \$3,300, up from \$1,800 — while incomes have come nowhere close to keeping up. Factor in other out-of-pocket medical costs, and the portion of the average American household’s income that goes toward health care has risen about 12 percent, according to the consulting and accounting firm Deloitte, and is now approaching one-fifth of the average household’s spending.

In a recent survey by Deloitte’s health research center, only 7 percent of people said they felt financially prepared for their future health care needs.

Shirley Giarde of Walla Walla, Wash., was not prepared when her husband, Raymond, suddenly developed congestive heart failure last year and needed a pacemaker and defibrillator. Because his job did not provide health benefits, she has covered them both through a policy for the self-employed, which she obtained as the proprietor of a bridal and formal-wear store, the Purple Parasol.

But when Raymond had his medical problems, Ms. Giarde discovered that her insurance would cover only \$22,000, leaving them with about \$100,000 in unpaid hospital bills.

Even though the hospital agreed to reduce that debt to about \$50,000, Ms. Giarde is still struggling to pay it — in part because the poor economy has meant slumping sales at the Purple Parasol. Her husband, now disabled and unable to work, will not qualify for [Medicare](#) for another year, and she cannot afford the \$758 a month it would cost to enroll him in a state-run insurance plan for individuals who cannot find private insurance.

She recently refinanced her car, a 2002 Toyota Highlander, to help pay for her husband's heart medicines, which cost some \$400 a month.

Experts say that too often for the underinsured, coverage can seem like health insurance in name only — adequate only as long as they have no medical problems.

“There's a real shift in the burden of health care to people who happen to be sick,” said Paul B. Ginsburg, the president of the Center for Studying Health System Change, a research group in Washington.

Companies and policy makers have yet to focus on what the faltering economy means for employees' medical care, said Helen Darling, president of the National Business Group on Health, a Washington association of about 200 large employers.

“It's a bad-news situation when an individual or household has to pay out-of-pocket three, four or five times as much for their health plan as they would have at the time of the last recession,” she said. “Americans have been giving their pay raise to the health care system.”

Sage Holben, a 62-year-old library technician with diabetes who is active in her local union in St. Paul, says that in 2003 union members agreed to a two-year freeze on wages to protect their health care coverage. But for the union, which will begin talks on the next contract this fall, it may be difficult to continue that trade-off, Ms. Holben said. “It's at the point where we're losing, anyway,” she said.

“I live paycheck to paycheck,” said Ms. Holben, who makes close to \$40,000 a year at Metropolitan State University.

When she took the job in 1999, she says, the health benefits required no co-payments for doctor visits. Now, her out-of-pocket cost per visit is \$25, and she pays \$38 a month for her diabetes medicine. She has not been to the eye doctor in two years, even though eye exams are crucial for people with diabetes and she knows she needs new glasses. Nor does she monitor her blood sugar as regularly as she should because of the cost of the supplies.

“It's not an extravagant expense,” she said. “It just adds up.” And it comes atop the increasing cost of utilities, gasoline and food — and the few hundred dollars of repairs her 1994 Chevrolet Cavalier needs.

Many employers do recognize that their workers are struggling financially even as they are asking them to pick up more of their health-care bills.

“It makes the work we have to do even more challenging,” said Anne Silverman, the vice president in charge of benefits in North America for the publishing company [Reed Elsevier](#). “Employees are being stretched in terms of their disposable income.”

Even so, more companies may see themselves as having little choice but to require employees to pay even more of their health expenses, said Ted Nussbaum, a benefits consultant at the firm Watson Wyatt Worldwide. And when a weak economy undermines job security, he said, workers may simply have to accept reduced benefits.

While Mr. Nussbaum and other consultants say it is unlikely that significant numbers of employers will simply drop coverage for their workers, the weak economy could prompt more of them to push for so-called consumer-driven plans. Such plans tend to offset lower premiums with higher annual deductibles.

And while these plans often allow employees to put pre-tax savings into special health care accounts, they typically end up forcing the worker to assume a bigger share of overall medical costs. About six million people are now enrolled in these medical plans.

Among employers, the hardest pressed may be small businesses. Their insurance premiums tend to be proportionately higher than ones paid by large employers, because small companies have little bargaining clout with insurers.

Health costs are “burying small business,” said Mike Roach, who owns a small clothing store in Portland, Ore. He recently testified on health coverage at a Senate hearing led by [Ron Wyden](#), Democrat of Oregon.

Last year, Mr. Roach paid about \$27,000 in health premiums for his eight employees. “It’s a huge chunk of change,” he said, noting that he was forced to raise his employees’ yearly deductible by 50 percent, to \$750.

Around the nation, some workers are simply priced out of their employee health plans.

After Brian Falacienski of Milton, Fla., was laid off last year from his job as a surveyor for a construction company, he found another position. But the cost of his new health plan — \$800 a month for coverage with a \$1,000 annual deductible — was beyond the means of Mr. Falacienski, 38, who is married and has a 2-year-old daughter.

His wife, Marianne, started researching individual insurance policies and was able to find policies for her husband and daughter offering basic, if minimal, coverage, costing \$161 a month for father and daughter. But Ms. Falacienski, 32, who has arthritis and the severe digestive disorder Crohn’s disease, is now uninsured. Because of her conditions, she said, four major insurers rejected her.

“I even applied for [Medicaid](#),” she said, “but I wasn’t low-income enough.”

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