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Health Insurance Coverage of People Aged 55 to 64

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Summary

Approximately 4.1 million adults between the ages of 55 and 64 were estimated to be without health insurance in 2006, according to the U.S. Census Bureau's Current Population Survey (CPS). This amounts to approximately one out of eight (12.7%) of these adults, often called the "near elderly."

The near elderly have the lowest uninsured rate among adults aged 19 to 64. This may be driven, at least in part, by where this group is in their life cycle. At this point in their lives, many of the near elderly may be in their peak earning years and be able to access employer-sponsored coverage. At the same time, however, many may be facing important and personally unprecedented health and work decisions, some of which could undermine their access to employer-sponsored coverage. These decisions may be affected by some new challenges this age group faces at this point in their lives: (1) a greater prevalence of chronic conditions; (2) a greater likelihood of certain acute conditions, such as a heart attack and stroke; and (3) more assets to protect from catastrophic health care costs. This report shows that the near elderly are significantly more likely than other nonaged adults to be in fair or poor health, and to have had a heart attack or stroke. At least two-thirds of the near elderly have one of six chronic conditions, a significantly higher percentage than even the next highest age group, 45- to 54-year-olds (50%). The near elderly are also more likely to have assets, compared with all other nonaged adult age groups.

Average per capita health care spending among the near elderly in 2004 ($7,787) was 50% more than among 45- to 54-year-olds ($5,210) and more than double that of 19- to 44-year-olds ($3,370). These spending levels carry over into their health insurance costs. In the nongroup market, average annual premiums for the near elderly were nearly $1,200 more than for 45- to 54-year-olds and triple that for 25- to 34-year-olds. The near elderly were more likely than their younger adult counterparts to spend more than 10% of their after-tax income on health care and health insurance premiums. In fact, for those with private nongroup coverage, 69% of the near elderly were in families that spent more than 10% of their after-tax income on health care and health insurance premiums.

Compared with uninsured 25- to 54-year-olds, the 4.1 million near elderly uninsured are more likely to be female, native-born, or in poor or fair health. This is true even after accounting for underlying population differences between the near elderly and 25- to 54-year-olds. The near elderly uninsured are also more likely to have a household income below $25,000.

Uninsurance can have more severe consequences for the near elderly, considering their increased needs for health care and asset protection. Yet, even the near elderly who have health insurance face much greater financial burdens from these costs than younger adults.

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Approximately 4.1 million adults between the ages of 55 and 64 were estimated to be without health insurance in 2006, according to the U.S. Census Bureau's Current Population Survey (CPS). This amounts to approximately one out of eight (12.7%) of these "near elderly" adults. Excluding the elderly, nearly all of whom are enrolled in Medicare, the near elderly have the lowest percentage of uninsurance of any adult age group. Yet, uninsurance can have more severe consequences for the near elderly, considering their increased needs for health care and asset protection. To explore these and other issues, this report describes the health insurance, health, and health care spending of the near elderly, particularly as compared with other nonelderly (under age 65) adults. Unless specified otherwise, all comparisons in this report are among nonelderly adults aged 25 to 64.[1]

Sources of Health Insurance of the Near Elderly

Approximately two-thirds of the near elderly (68%) have job-based coverage, a similar rate as the entire adult population between 25 and 64 years of age. However, the near elderly are much more likely to have non-work-related private coverage (10.2%), as shown in **Figure 1**. For those under age 65, Medicare eligibility is mostly restricted to the disabled who have received cash disability payments for at least two years.[2] The rate of Medicare enrollment among the near elderly (9.2%) is more than double the next highest age group (4.0% among 45- to 54-year-olds). The near elderly also have much higher rates of military/veterans coverage. However, the percentage of near elderly covered through Medicaid, the State Children's Health Insurance Program (SCHIP), or other means-tested public health insurance programs is the same as the nonelderly adult population overall.

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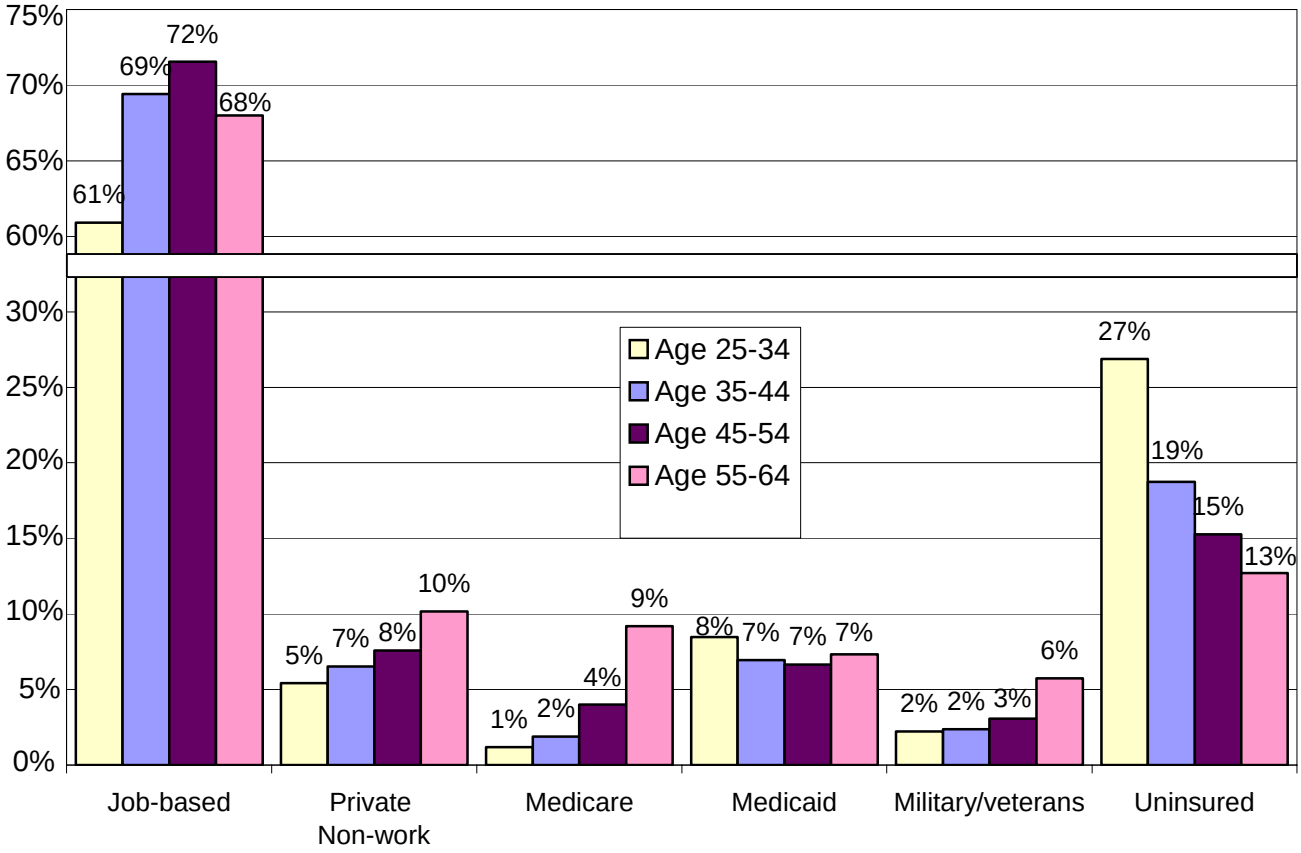
[1] Twenty-five years of age was generally used as the minimum for adults in this analysis, primarily because adults aged 19 to 24 are so dissimilar to other adults, especially the near elderly, with respect to their health, health insurance, and health care spending that their inclusion would not be useful.

[2] Those with end-stage renal disease (ESRD) are also eligible for Medicare. Coverage for these individuals generally begins in the fourth month of dialysis treatments or the month of a kidney transplant. Persons under age 65 who receive cash disability benefits from Social Security or the Railroad Retirement systems for at least 24 months are also entitled to Medicare. (Because there is a five-month waiting period for cash payments, the Medicare waiting period is effectively 29 months.) The 24-month waiting period is waived for persons with amyotrophic lateral sclerosis (ALS, "Lou Gehrig's disease"). For more information, see CRS Report RL33712, *Medicare: A Primer*, by Jennifer O'Sullivan.

Figure 1. Sources of Health Insurance, by Age, Among 25- to 64-Year-Olds, 2006



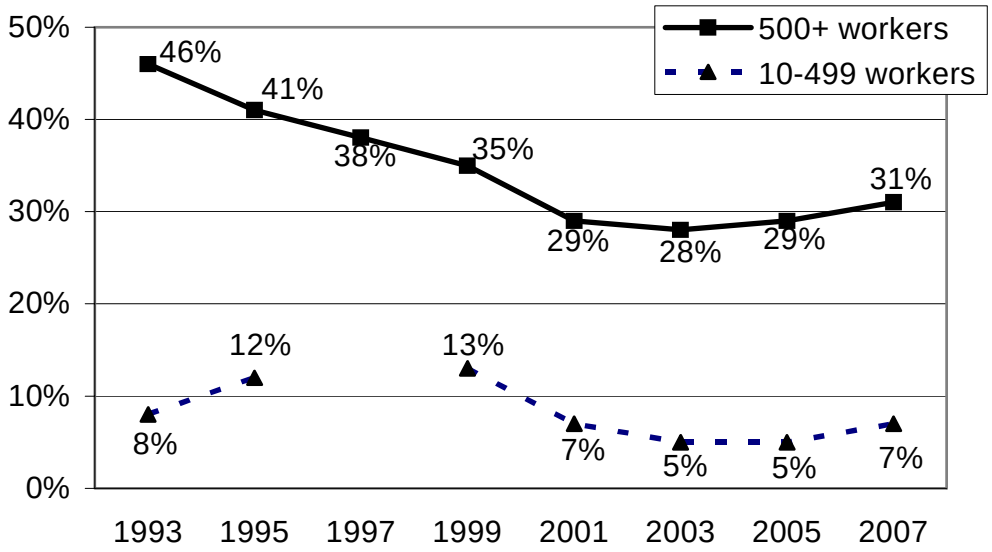
Source: CRS analysis of data from the March 2007 Current Population Survey (CPS).

Notes: Job-based coverage includes coverage from a spouse. Near elderly men have significantly higher rates of job-based and military/veterans coverage than near elderly women, while near elderly women have significantly higher rates of private non-work and Medicaid coverage. Combined, there is no statistically significant difference between the uninsurance rates of near elderly men and women. The percentages by age sum to more than 100% because people may have more than one source of coverage during the year. Most analysts treat the CPS as providing estimates of the percentage of uninsured at a point in time during the year, although the survey question is intended to capture the number uninsured for the entire year. Other federal data sources produce different estimates of individuals' sources of health insurance. For example, the Medical Expenditure Panel Survey (MEPS) estimates that, among the near elderly, only 6% had non-work coverage, 4% had military/veterans coverage, and 16% (nearly one in six, or 5.0 million) were uninsured. In this case, the MEPS definition of uninsurance is being uninsured for the entirety of a three- to five-month period. The CPS is currently the most cited source for health insurance statistics, primarily because of its timeliness and because it is the only source of health insurance estimates for all 50 states. Notwithstanding the differences in the absolute level of the estimates between MEPS and CPS, for example, the differences by age in sources of health insurance illustrated in this figure are very similar in both surveys.

Figure 2 shows the percentage of large firms (500 or more employees) offering health insurance that also offer retiree coverage to individuals before they become eligible for Medicare (that is, before they turn 65). In 1993, the percentage was 46%, dropping to 28% in 2003, but rising to 31% in 2007. The increase between 2005 and 2007 was a "[s]urprise uptick" driven by firms with 500 to 999 employees. In the other large firm-size groups (1,000+ employees), offer rates for pre-65 retiree

coverage were unchanged between 2005 and 2007, or were significantly lower. According to Beth Umland of Mercer, "Employers in this [500-999] group may have decided to add retiree coverage in order to better compete for labor with larger employers, where retiree coverage is more common. They would have made the decision to add coverage for 2007 back in 2006 or 2005, when the economy was in better shape." Recent similar trends are also shown for small employers (10-499 workers), although with much lower pre-65 retiree-health offer rates.[3]

Figure 2. Percentage of Firms That Offer Health Insurance to Retirees Under Age 65 (pre-Medicare), by Firm Size



Source: Blaine Bos and Beth Umland, "Mercer's National Survey of Employer-Sponsored Health Plans 2007," p. 44. Also, personal correspondence with Beth Umland, July 2008.
Note: 1997 data not available for smaller firms.

Changes over time in coverage of the near elderly. Despite declining rates over the past decade of employers offering pre-65 retiree coverage or health insurance generally, the near elderly were able to maintain similar levels of private and public coverage between 1996 and 2006, according to estimates from the Medical Expenditure Panel Survey (MEPS).[4] There were significant declines between 1996 and 2006 in the percentage covered by private coverage for 25- to 34-year-olds, 35- to 45-year-olds and 45- to 54-year-olds; however, private coverage rates were not significantly different for the near elderly in 2006 than in 1996. In addition, there were significant increases between 1996 and 2006 in the uninsured percentage among 25- to 34-year-olds, 35- to 45-year-olds and 45- to 54-year-olds; however, the uninsured rate for the near elderly was not significantly different in 2006 from what it was in 1996.

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[3] Blaine Bos and Beth Umland, "Mercer's National Survey of Employer-Sponsored Health Plans 2007," p. 44. Also, personal correspondence with Beth Umland, July 2008.

[4] For changes over time, MEPS was used rather than the CPS, because the latter has undergone changes over the past several years that tend to make the results not comparable.

Declining pre-65 retiree offers may have been offset for the near elderly by other factors. For example, the near elderly may now be more likely to seek employment in firms with pre-65 retiree coverage and/or to accept that coverage when offered. The near elderly are also more likely to work than they were a decade ago,[5] perhaps focused in firms that offer coverage.

Even going back 20 years, job-based coverage among the *working* near elderly has not changed significantly. In 1987, 78% of near elderly workers had job-based coverage, which was the same percentage in 2006. The statistically significant changes in health insurance among near elderly workers between 1987 and 2006 appear to be the decline in non-work coverage (from 11% in 1987 to 5% in 2006) and the increase in the uninsured (from 9% in 1987 to 14% in 2006). But most of those changes occurred in the 1987-1996 period rather than the 1996-2006 period.[6]

Characteristics of the Uninsured Near Elderly

Table 1 shows the characteristics of the 4.1 million uninsured near elderly, comparing those characteristics to the *insured* near elderly, as well as to 25- to 54-year-olds, both insured and uninsured.

Characteristics of the uninsured near elderly, compared with uninsured aged 25 to 54. As a group, compared with uninsured 25- to 54-year-olds, the uninsured near elderly are more likely to be female, white, native-born, or to be in fair or poor health. The near elderly uninsured are less likely than their younger uninsured counterparts to be working or to have worked full time all year. The near elderly uninsured are also more likely to have annual *household* income[7] below $25,000, compared with the uninsured between 25 and 54 years of age.

Characteristics of the uninsured near elderly, compared with *insured* near elderly. Compared with the near elderly who are insured, the uninsured near elderly are *less* likely to be white or native-born. The near elderly uninsured are also less likely to be working or to have worked full time all year, compared with their insured peers. The near elderly uninsured are also more likely than their insured peers to be in fair or poor health. They are also more likely to have annual income below $25,000, compared with the insured near elderly. Approximately 55% of the uninsured near elderly have annual *family* income below $25,000, compared with 25% of their insured peers.[8]

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[5] Table 2, CRS Report RL30629, *Older Workers: Employment and Retirement Trends*.

[6] CRS analysis of the 2006 MEPS and of estimates presented in Alan C. Monheit et al., "Moving To Medicare: Trends In The Health Insurance Status Of Near-ElderlyWorkers, 1987 — 1996," *Health Affairs*, vol. 20, no. 2, pp. 204-213 [http://content.healthaffairs.org/cgi/reprint/20/2/204.pdf].

[7] Household income refers to the income of everyone in the household, regardless of whether or not they are related.

[8] "Family income" is based on only the income of the near elderly, their spouse, and (continued...)

Effect of being uninsured and near elderly, beyond the underlying population differences between the near elderly and 25- to 54-year-olds.[9] As previously discussed, **Table 1** shows comparisons of the uninsured near elderly and uninsured 25- to 54-year-olds. Although it may not be surprising to find these two uninsured groups differ significantly in many of their characteristics, how much of these differences are simply attributable to the fact that the near elderly differ from younger adults generally? In other words, are there certain characteristics that the uninsured near elderly have, beyond what one might expect *after* taking into account the underlying population differences between the near elderly and 25- to 54-year-old populations? The answer is sometimes yes, sometimes no.

Instances where the uninsured near elderly are significantly different from uninsured 25- to 54-year-olds, even after accounting for differences in the underlying populations, are that the uninsured near elderly are still more likely to be female, native-born citizens, or in fair or poor health. After accounting for differences in the underlying populations, the uninsured near elderly are still less likely than their 25- to 54-year-old uninsured counterparts to be Hispanic.

However, certain other general population differences between the near elderly and younger adults wash away differences between their uninsured populations. For example, the initial comparison showed that the near elderly uninsured were more likely to be white or to not work, compared with their younger uninsured counterparts. But after adjusting for the underlying population differences between the two age groups, the proportion of near elderly uninsured who were white or did not work was not significantly different than uninsured 25- to 54-year-olds. In other words, the reason the uninsured near elderly were more likely to be white or not work, compared with younger uninsured adults, was related to the characteristics of their respective age groups rather than their insurance status.

Interestingly, adjusting for the underlying population differences actually reverses some of the comparative results. For example, **Table 1** shows the uninsured near elderly were significantly less likely than uninsured 25- to 54-year-olds to have worked full time for the entire year — 45.7% compared with 61.2%, respectively. However, 25- to 54-year-olds work full time all year in much larger proportion overall, compared with the near elderly. Adjusting for these population differences reveals that the uninsured near elderly actually have a greater likelihood of working full time all year, compared with uninsured 25- to 54-year-olds.

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[8] (...continued)
dependent children in the home. This definition is more precisely referred to as the income of "health insurance units" (HIU). This term distinguishes it from how the CPS defines "family," which treats everyone in the household who is related as a single family. Under the HIU definition, more than 90% of the uninsured near elderly are adults living without dependent children. The HIU definition of family income is often considered more useful for health-policy analyses, because it tends to mirror eligibility for family coverage in the private market as well as the definition of family income for some means-tested programs.

[9] This portion of the report is based on a method referred to as difference-in-differences. For the sake of simplicity, these results and the corresponding significance testing are not displayed in the tables.

Table 1. Characteristics of the Insured and Uninsured, by Age, Among 25- to 64-Year-Olds, 2006

Characteristic	Age 25-54		Age 55-64	
	Insured	Uninsured	Insured	Uninsured
Sex				
Male	48.0%	55.6% *	48.3%	**46.9%**
Female	52.0%	44.4% *	51.8%	**53.1%**
Race/Ethnicity				
White	70.5% *	46.1% *	79.6% *	**57.3%**
Black	11.3% *	14.6%	9.1% *	**14.3%**
Hispanic	11.1% *	32.6% *	6.3% *	**21.5%**
Other	7.1%	6.7%	5.1% *	**6.9%**
Citizenship status				
Native-born	85.7% *	67.0% *	90.0% *	**74.8%**
Naturalized	6.5% *	6.2% *	6.7% *	**10.4%**
Non-citizen	7.7% *	26.8% *	3.3% *	**14.8%**
Firm size				
Did not work	7.7% *	14.9% *	24.9% *	**31.3%**
Less than 10 employees	11.1% *	31.0%	12.4% *	**30.7%**
10-99 employees	18.0%	25.5% *	13.7% *	**16.3%**
100+ employees	63.3% *	28.6% *	49.1% *	**21.6%**
Employment status				
Did not work	7.7% *	14.9% *	24.9% *	**31.3%**
Worked full-time, full-year	79.2% *	61.2% *	58.4% *	**45.7%**
Worked, not full-time, full year	13.2% *	24.0%	16.7% *	**23.0%**
Reported health status				
Excellent or very good	68.6% *	56.1% *	50.6% *	**37.8%**
Good	22.3% *	31.1% *	29.5% *	**35.8%**
Fair or poor	9.1% *	12.7% *	19.9% *	**26.5%**
Household income				
Less than $25,000	10.0% *	28.8% *	14.9% *	**37.8%**
$25,000 to less than $50,000	20.1% *	33.2% *	21.5% *	**29.1%**
$50,000 to less than $75,000	22.2% *	18.4% *	20.3% *	**14.9%**
$75,000 to less than $100,000	17.0% *	8.5%	13.7% *	**7.7%**
$100,000 or more	30.8% *	11.0%	29.6% *	**10.5%**
Family (HIU) income				
Less than $25,000	16.3% *	54.5%	19.6% *	**54.7%**
$25,000 to less than $50,000	23.5%	28.8% *	23.1%	**24.3%**
$50,000 to less than $75,000	20.9% *	9.2%	19.5% *	**10.2%**
$75,000 to less than $100,000	14.6% *	3.4% *	13.1% *	**5.1%**
$100,000 or more	24.7% *	4.2% *	24.8% *	**5.8%**

Source: CRS analysis of data from the March 2007 Current Population Survey (CPS).

Notes: Asterisk indicates statistically significant differences ($p<0.05$) with the near elderly. Household income includes everyone in a household, regardless of whether they are related. Family income, using "health insurance units" (HIU), includes only the income of the individual, spouse, and dependent children.

Health, Health Care Spending, and Health Insurance for the Near Elderly

Among the reasons people seek health insurance are the following: (1) to pay for and provide access to health care in the case of an unexpected health event, (2) to pay for and provide access to health care for expected and/or chronic health care needs, and (3) to protect one's financial assets from being drained by health care expenses. All three of these reasons are potentially more important for the near elderly than other nonelderly age groups because of the near elderly's greater use of health care, higher health care spending, and greater assets.

Table 2, which shows characteristics of individuals regardless of their health insurance status, demonstrates how self-reported health status worsens with age. The prevalence of most chronic conditions increases with age (except for asthma, as shown in **Table 2**). The near elderly are also significantly more likely to ever have had a stroke or heart attack, compared with younger individuals.[10]

As a result, the near elderly had average health care spending of $7,787 in 2004. This is 50% more than 45- to 54-year-olds' per-capita spending ($5,210) and more than double the spending for 19- to 44-year-olds ($3,370).[11]

Table 3 shows, as expected, the near elderly are more likely to have assets and, when they have them, to have more. This is true across all sources of health insurance. **Table 3** also shows that the near elderly who have private health insurance are significantly more likely to have assets than those with public coverage or without coverage. In fact, this is true for all the age groups. It is difficult to determine how much of the motivation to purchase private coverage was due to the desire to protect assets versus the desire to ensure that necessary care would be received and paid for.[12] In every age group, those with public coverage were least likely to have assets — even less than the uninsured. Most of the near elderly enrolled in Medicaid are subject to limitations on their countable assets. Those in Medicare are mostly disabled and will not have worked for at least two years, potentially depleting some of their assets before obtaining coverage.

The findings above, broken down by age, are consistent with the notion that the need and desire for health insurance increases with age, resulting in relatively greater coverage — although often at a much higher price, as discussed below.

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[10] CRS analysis of the 2005 Medical Expenditure Panel Survey (MEPS). When 2005 MEPS data are used in this report, it is because the publicly available 2006 MEPS data do not yet include those particular variables.

[11] "Total Personal Health Care Spending, by Age Group," Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, available at [http://www.cms.hhs.gov/NationalHealthExpendData/downloads/2004-age-tables.pdf]. Health care spending does not include payments for premiums, which finance this spending.

[12] See discussion and 2002 results from MEPS in Didem Bernard et al., "Wealth, Assets, and the Affordability of Health Insurance," Agency for Healthcare Research and Quality (AHRQ) working paper, June 18, 2007.

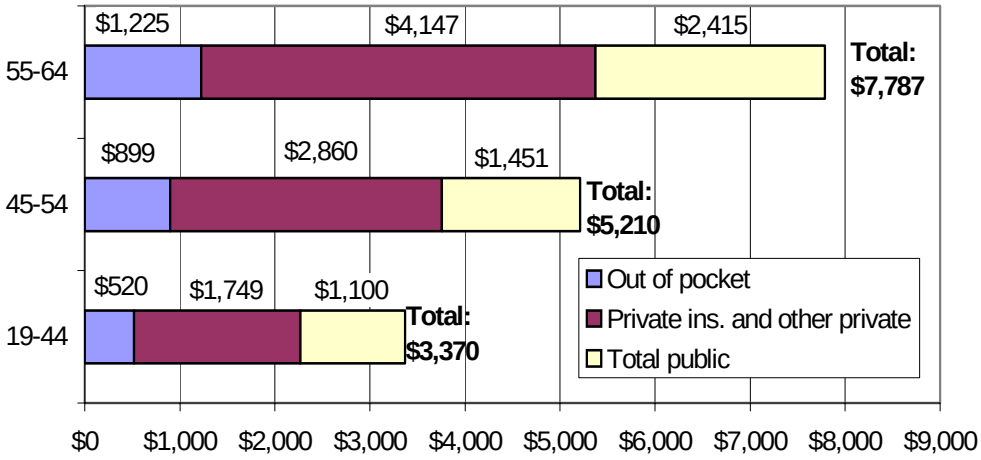
Table 2. Health Status and Disease Incidence, by Age, 2005-2006

Health Status/ Disease Incidence	Age 25-34	Age 35-44	Age 45-54	Age 55-64
Self-reported health status				
Excellent/ very good	72.0% *	68.5% *	58.3% *	**49.0%**
Good	21.8% *	23.2% *	26.9% *	**30.3%**
Fair/Poor	6.1% *	8.3% *	14.8% *	**20.7%**
Ever diagnosed with certain chronic condition(s)				
Any of the six below	*20.4%* *	*31.9%* *	*49.5%* *	***66.9%***
High blood pressure	6.9% *	14.9% *	28.7% *	**44.8%**
High cholesterol	7.0% *	16.4% *	27.8% *	**44.8%**
Diabetes	1.4% *	4.0% *	7.7% *	**13.9%**
Asthma	9.0%	8.1%	9.7%	**9.5%**
Chronic heart conditions	0.2% *	0.7% *	2.1% *	**7.1%**
Emphysema	0% *	0.2% *	1.1% *	**2.4%**
Ever experienced certain acute conditions				
Heart attack	0.1% *	0.4% *	2.1% *	**6.1%**
Stroke	0.3% *	0.6% *	1.3% *	**3.2%**

Sources: CRS analysis of data from the March 2007 Current Population Survey (CPS) and the 2005 Medical Expenditure Panel Survey (MEPS).

Notes: An asterisk indicates estimates that are significantly different from those in the 55- to 64-year-old category ($p<0.05$). Conditions are included in MEPS as "priority conditions." "Chronic heart conditions" are coronary heart disease and angina.

Figure 3. Personal Health Care Spending Per Capita, by Age, 2004



Source: "Total Personal Health Care Spending, by Age Group," Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at [http://www.cms.hhs.gov/NationalHealthExpendData/downloads/2004-age-tables.pdf].

Table 3. Percentage of Nonelderly Adults Who Live in a Household with Assets and, If So, Median Amount of Those Assets, by Insurance Status and Age, 2005

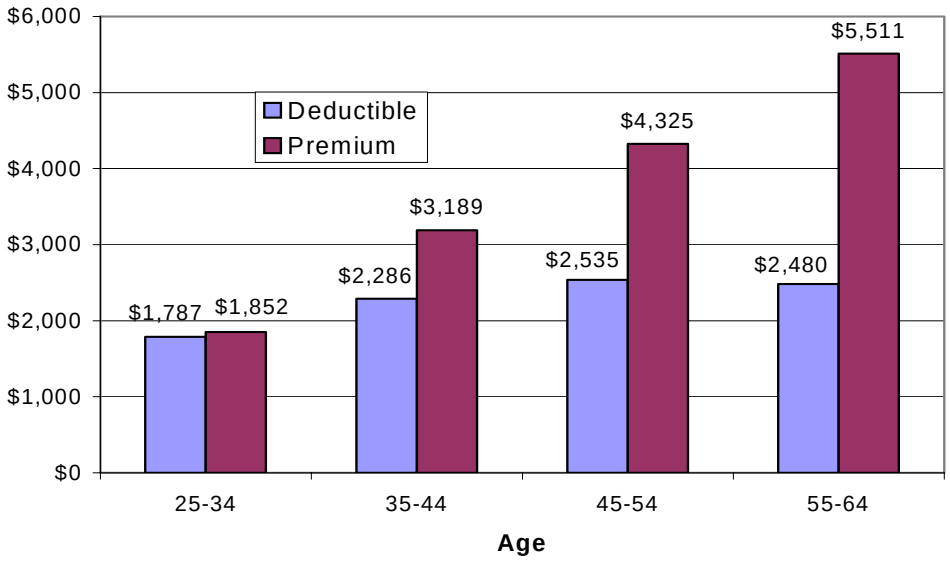
Insurance Status	Age 25-34		Age 35-44		Age 45-54		Age 55-64
Percentage with savings or investments							
All	*78%*	*	*81%*	*	*84%*	*	***85%***
Privately insured	88%	*	89%	*	90%		**91%**
Public coverage	49%		48%	*	51%		**54%**
Uninsured	60%	*	58%	*	62%	*	**70%**
Median savings and investments among those with such amounts							
All	*$4,000*		*$8,000*		*$13,000*		***$22,250***
Privately insured	$5,500		$11,000		$18,000		**$30,800**
Public coverage	$640		$400		$500		**$600**
Uninsured	$1,400		$1,280		$2,000		**$2,200**
Percentage with positive wealth							
All	*89%*	*	*93%*	*	*94%*	*	***96%***
Privately insured	93%	*	96%	*	97%	*	**98%**
Public coverage	75%	*	73%	*	75%		**80%**
Uninsured	84%	*	86%	*	87%	*	**92%**
Median wealth among those with positive wealth							
All	*$50,830*		*$117,630*		*$180,700*		***$222,200***
Privately insured	$69,280		$149,920		$220,900		**$267,000**
Public coverage	$6,400		$12,180		$18,190		**$20,990**
Uninsured	$18,910		$38,220		$53,490		**$81,470**

Source: CRS analysis of Survey of Income and Program Participation (SIPP), with core data (sources of health insurance, age) from September 2005 and assets data from Topical Module for wave 6.
Notes: "Savings and investments" consists of interest-earning assets held in banking and other institutions, equity in stocks and mutual fund shares, equity in other assets, and equity in IRA and Keogh accounts. "Wealth" includes these amounts as well as home equity, net equity in vehicles, business equity, and equity in real estate other than one's own home. An asterisk indicates estimates that are significantly different from those in the 55- to 64-year-old category ($p<0.05$). Significance testing was not performed on the median amounts.

Figure 4 shows average premiums and deductibles in the nongroup market in 2006-2007.[13] The average deductible faced by the near elderly ($2,480) was nearly 40% more than the other age groups' lowest average, $1,787 among 25- to 34-year-olds. But this difference paled in comparison to the premium differences, where the near elderly ($5,511) paid triple the average premium of 25- to 34-year-olds ($1,852). Compared with 45- to 54-year-olds, the near elderly paid approximately $1,200 more in private nongroup premiums, although the deductible levels were similar (**Figure 4**). This is among those who actually obtain nongroup coverage. **Figure 5** shows that the near elderly are most likely to be denied nongroup coverage based on medical underwriting.

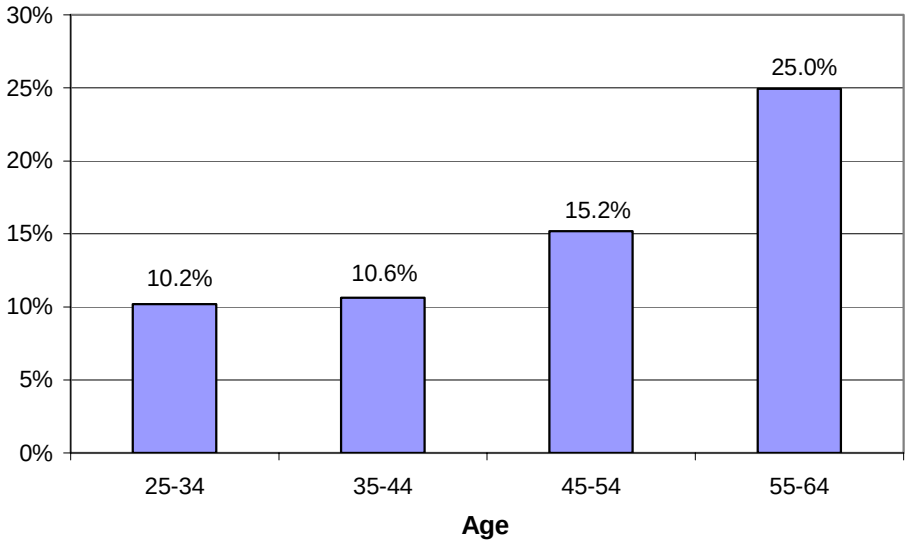
[13] Based on a survey of health insurers providing nongroup coverage by America's Health Insurance Plans (AHIP).

Figure 4. Nongroup Premiums and Deductibles, by Age, 2006-2007



Source: Analysis by America's Health Insurance Plans (AHIP) of 2006-2007 survey of nongroup insurers, described in "Individual Health Insurance 2006-2007: A Comprehensive Survey of Premiums, Availability, and Benefits," AHIP Center for Policy and Research, December 2007, available at [http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf].

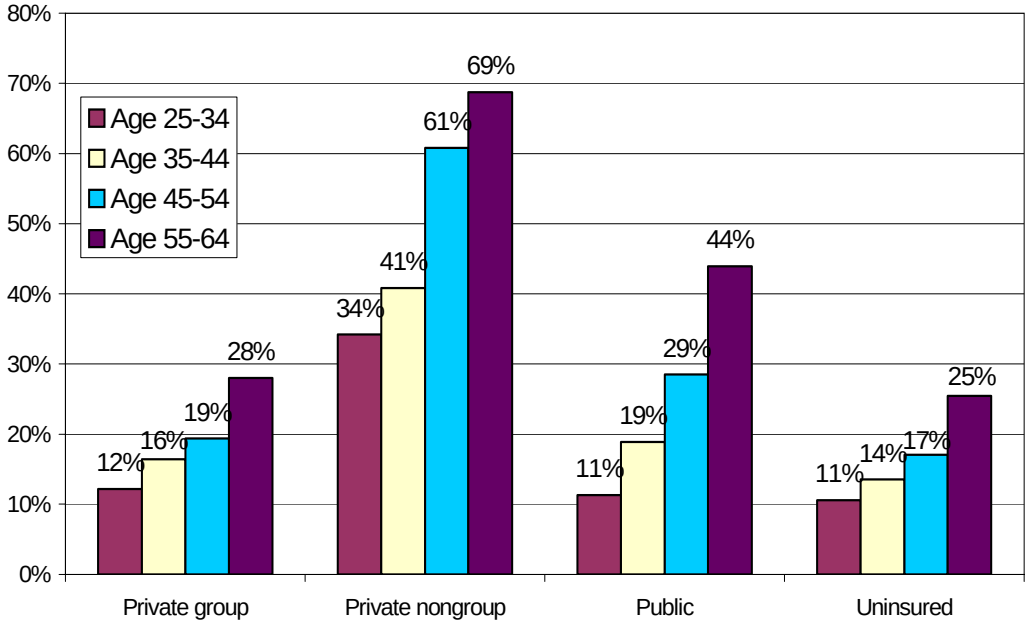
Figure 5. Percentage of Medically Underwritten Applicants for Nongroup Coverage Who Were Denied, 2006



Source: Adapted from Table 7, "Individual Health Insurance 2006-2007: A Comprehensive Survey of Premiums, Availability, and Benefits," AHIP Center for Policy and Research, December 2007, available at [http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf].

Putting aside how much of their own expected health care spending the near elderly *should* pay, researchers from the Agency for Healthcare Research and Quality (AHRQ) have examined how much of their after-tax income they *do* pay for health insurance premiums and out-of-pocket health care costs.[14] **Figure 6** shows the percentage of individuals where the family spent more than 10% of its after-tax income on out-of-pocket health insurance premiums and health care. The percentage was significantly higher for the near elderly than all the other age groups, regardless of health insurance, with the exception of 45- to 54-year-olds with private nongroup coverage. These significant differences occurred because of one or more of three factors affecting the near elderly: higher out-of-pocket spending on health care, higher out-of-pocket payments for premiums, and lower incomes. (For additional information, see the **Appendix**.)

Figure 6. Financial Burden of Health Care and Health Insurance, by Insurance and Age, 2005



Source: Analysis by Agency for Healthcare Research and Quality (AHRQ) using 2005 Medical Expenditure Panel Survey (MEPS), based on methods used and described in J.S. Banthin, P. Cunningham, and D.M. Bernard, "Financial Burden of Health Care, 2001 — 2004," *Health Affairs*, vol. 27, no. 1, January/February 2008, pp. 188-195, at [http://content.healthaffairs.org/cgi/reprint/27/1/188.pdf].

Notes: For more information, see the **Appendix**. Compared with 55- to 64-year-olds, all other age-group percentages are significantly different ($p<0.05$) except for private nongroup in the 44- to 54-year-old category.

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[14] Estimates provided to CRS by AHRQ, using the same methodologies employed in J.S. Banthin, P. Cunningham, and D.M. Bernard, "Financial Burden of Health Care, 2001 — 2004," *Health Affairs*, vol. 27, no. 1, January/February 2008, pp. 188 — 195, available at [http://content.healthaffairs.org/cgi/reprint/27/1/188.pdf].

Appendix. Technical Data

Figure 5 in the main body of this report shows the percentage of individuals where the family spent more than 10% of its after-tax income on out-of-pocket health insurance premiums and health care. **Table 4** below shows the detailed estimates on which the figure is based.

These estimates, broken down by age, were provided upon request by the Agency for Healthcare Research and Quality (AHRQ), using data from the 2005 Medical Expenditure Panel Survey (MEPS). Their methodology is described in detail in J.S. Banthin, P. Cunningham, and D.M. Bernard, "Financial Burden of Health Care, 2001-2004," *Health Affairs*, volume 27, number 1, January/February 2008, pp. 188-195, available at [http://content.healthaffairs.org/cgi/reprint/27/1/188.pdf]. The following descriptions summarize the relevant portions of the methodology described in the *Health Affairs* article.

The dollar amounts for income (after taxes) and for out-of-pocket health care spending and premiums are all measured at the family level. "Family income" defined this way is more precisely referred to as the income of "health insurance units" (HIU), which generally consists of the income of the individual, spouse, and dependent children. The HIU definition of family income is often considered more useful for health-policy analyses, because it tends to mirror eligibility and available resources for family coverage in the private market. It also reflects the definition of family income for some means-tested public programs. Ultimately, the resulting population estimates are reported at the person level; each person in the analysis is assigned the family-level measures.[15]

Everyone in the analysis was classified into a single category for their health insurance status. First, if they were without coverage all year, they were considered uninsured. Coverage was then assigned based on the number of months individuals had that type of coverage. Premiums amounts were prorated as necessary to account for the duration of coverage during the year.

Although medians are often used for analyses of income and expenditures, Banthin et al. use averages instead for a number of reasons — primarily so that the individual out-of-pocket amounts add to the total in each category. For additional detail on the methodology, one may refer to the *Health Affairs* article.

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[15] The uninsured in **Table 4** show positive out-of-pocket premium amounts. This is because, again, the dollar amounts are compiled at the family level. The positive out-of-pocket premium amounts reflect amounts paid by insured family members.

Table 4. Percentage of Adults in Families with Out-of-Pocket Spending on Health Care and Health Insurance Premiums Exceeding 10% of After-Tax Income, by Insurance and Age, 2005

Age	Characteristic	Private Group Average	Private Group Margin of error		Private Nongroup Average	Private Nongroup Margin of error		Public Average	Public Margin of error		Uninsured Average	Uninsured Margin of error	
Total	After-tax family income	$59,343	± $1308		$52,499	$2,166		$17,331	$462		$26,790	$866	
25-64	OOP spending on care	$1,394	± $58	*	$2,071	$234		$1,226	$204	*	$1,016	$71	*
	OOP premiums	$2,041	± $93	*	$4,549	$223	*	$227	$20	*	$160	$16	
	Total OOP burden	$3,435	± $116	*	$6,620	$335	*	$1,453	$205	*	$1,176	$75	*
	% in families w/ high burdens	*18.7%*	*± 1.1%*	*	*52.6%*	*± 5.6%*	*	*25.0%*	*± 2.6%*	*	*15.2%*	*± 1.8%*	*
25-34	After-tax family income	$50,841	± $2086	*	$42,092	$4,040		$17,928	$748		$22,922	$933	
	OOP spending on care	$798	± $66	*	$1,052	$185	*	$336	$48	*	$499	$43	*
	OOP premiums	$1,505	± $105	*	$2,239	$240	*	$90	$15	*	$115	$25	
	Total OOP burden	$2,304	± $132	*	$3,291	$371	*	$427	$53	*	$614	$51	*
	% in families w/ high burdens	*12.2%*	*± 1.8%*	*	*34.2%*	*± 12.2%*	*	*11.3%*	*± 3.4%*	*	*10.6%*	*± 2.5%*	*
35-44	After-tax family income	$63,160	± $2234	*	$55,895	$3,995		$17,948	$1,053		$29,045	$1,428	
	OOP spending on care	$1,248	± $98	*	$1,310	$182	*	$1,728	$805		$1,007	$112	*
	OOP premiums	$2,164	± $176		$3,707	$390	*	$133	$28	*	$158	$37	
	Total OOP burden	$3,412	± $197	*	$5,017	$477	*	$1,861	$805		$1,165	$119	*
	% in families w/ high burdens	*16.4%*	*± 1.8%*	*	*40.8%*	*± 13.2%*	*	*18.9%*	*± 5.2%*	*	*13.5%*	*± 3.3%*	*
45-54	After-tax family income	$63,151	± $1820	*	$58,924	$4,532		$16,615	$791		$30,814	$1,724	*
	OOP spending on care	$1,654	± $99	*	$3,147	$762		$1,137	$125	*	$1,320	$164	
	OOP premiums	$2,101	± $147	*	$5,682	$474		$277	$47	*	$198	$33	
	Total OOP burden	$3,756	± $196	*	$8,830	$946		$1,414	$142	*	$1,518	$174	
	% in families w/ high burdens	*19.4%*	*± 2.1%*	*	*60.8%*	*± 10.5%*		*28.5%*	*± 5.2%*	*	*17.0%*	*± 3.5%*	*
55-64	After-tax family income	$58,396	± $2456		$51,905	$3,454		$16,761	$1,071		$25,674	$1,597	
	OOP spending on care	$1,894	± $155		$2,432	$236		$1,776	$191		$1,743	$283	
	OOP premiums	$2,381	± $187		$5,975	$510		$437	$61		$210	$41	
	Total OOP burden	$4,275	± $248		$8,406	$568		$2,214	$213		$1,953	$286	
	% in families w/ high burdens	*28.0%*	*± 2.6%*		*68.7%*	*± 8.2%*		*43.9%*	*± 5.4%*		*25.4%*	*± 5.2%*	

Source: Analysis by Agency for Healthcare Research and Quality (AHRQ) using 2005 Medical Expenditure Panel Survey (MEPS), based on methods used and described in J.S. Banthin, P. Cunningham, and D.M. Bernard, "Financial Burden of Health Care, 2001 — 2004," *Health Affairs*, volume 27, number 1, January/February 2008, pp. 188 — 195, available at [http://content.healthaffairs.org/cgi/reprint/27/1/188.pdf].

Notes: The margins of error are calculated based on a 95% confidence interval. An asterisk indicates estimates that are significantly different from those in the 55-64-year-old category ($p<0.05$). "OOP" means out-of-pocket. "High burdens" means total out-of-pocket spending on health care and health insurance premiums exceeds 10% of the family's after-tax income