

The Financial Burden of Paying for Non-Premium Medical Expenses for Children

Introduction

With rising health care costs, Americans face a greater financial burden of paying for medical care, particularly if they or their children are uninsured. In recent years, there has been a push to provide health insurance coverage to all children. In 1997, the State Children's Health Insurance Program (SCHIP) was passed into law, providing health insurance coverage for low-income children. In 2009, SCHIP was reauthorized and expanded to extend coverage to more children.¹ Despite these efforts, there are still many uninsured children in the United States—over 7 million, as of 2008 (DeNavas-Walt, Proctor, and Smith, 2009).

Studies indicate that lack of health insurance coverage for children leads to poorer health in childhood, as uninsured children are more likely to forgo needed medical care, such as childhood immunizations and routine check-ups (Rice University, 2009; Families USA, 2009). Such a lack of preventive care can cause serious long-term problems in children, including poor overall health, inability to participate in physical activities, irregular school attendance, and developmental delays (Bailey and Stoll, 2010; Families USA, 2006; Rice University, 2009). As a result of needed care often being delayed until the health problems have grown severe, the cost of treatment is often much higher and care is provided in emergency rooms, where services are often the most expensive (Hadley and Holahan, 2004; Bailey and Stoll, 2010).

This financial burden of paying for children's health care may be greater than anticipated, particularly because most of the uninsured have low to moderate incomes (Kaiser Commission, 2009). In 2008, nearly two-thirds of the uninsured had incomes below 200 percent of the federal poverty level, which is approximately \$44,050 for a family of four in 2008 (Kaiser Commission, 2009). Within these low-income families, there is usually at least one parent working. However, their jobs may not offer health insurance or, if coverage is offered, it may be too expensive to afford. Minority children, particularly Hispanic and Black, non-Hispanic children, are the most susceptible to being uninsured (Families USA, 2006).

A 2004 analysis of Medical Expenditure Panel Survey (MEPS) data found that people who are uninsured for the full year pay out-of-pocket for over one-third of their care (Hadley and Holahan, 2004). The combination of rising medical costs, low incomes, and increasing out-of-pocket expenditures can quickly lead to extreme levels of debt, which can cause families to lose everything they have. In 2007, more than 60 percent of all personal bankruptcies were related to medical costs (Families USA, 2010).

This research examines the financial burden of paying for medical services for uninsured children. It also examines the differences in out-of-pocket expenditures between insured and uninsured children. Because the 2009 data has not yet been released publicly, preliminary data is not available.

¹ The Children's Health Insurance Program Reauthorization Act (Public Law 111-3) also renamed the program the Children's Health Insurance Program (CHIP).

Research Objectives

This research has three main objectives. Specifically,

1. How do medical out-of-pocket expenditures for uninsured children compare with those of insured children?
2. In which states do uninsured children have the greatest per capita medical out-of-pocket expenditures?
3. What are the demographic, social, and economic characteristics of uninsured children with the greatest medical out-of-pocket expenditures?

Data

This research uses tabular data from the 2010 Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS), including newly-available content for medical out-of-pocket expenditures. Data were collected in February, March, and April of 2010. The data reference period is all of calendar-year 2009. The population represented is the civilian noninstitutionalized population living in the United States. Members of the Armed Forces living off post or with their families on post are included if at least one civilian adult lives in the household. Data were collected in all 50 states and the District of Columbia and are based on a sample of approximately 100,000 addresses.

Individuals are considered to be “insured” if they were covered by any type of health insurance for part or all of 2009. They are considered to be “uninsured” if they were not covered by any type of health insurance at any time in 2009. Medical out-of-pocket expenditures (MOOP) are the dollar amounts paid out-of-pocket for medical expenses for each person; in particular, we will be focusing on non-premium spending. Although the Census Bureau uses a variety of approaches in presenting and analyzing data, this research uses the “race-alone” concept; for example, those who reported Asian and no other race.

For consistency, this research uses the poverty universe which excludes unrelated individuals under the age of 15 (such as foster children) and people living in group quarters or institutions.

Methods

We compare the 2009 medical out-of-pocket expenditures for uninsured children with those of insured children. Next we analyze the geographical differences in reported out-of-pocket expenditures. Finally, using other available CPS variables (including race and ethnicity, income-to-poverty ratio, and household income), we examine the characteristics of uninsured children, including those with the highest medical out-of-pocket expenditures.

References

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