

March 18, 2009

**Many Coloradans are *Underinsured* – Another Form of Cost-Shift**

Another form of cost-shift occurs with **underinsurance**. The 2007 Families USA Study, ***Colorado's Families At Risk***, revealed that numbers of underinsured had risen since 2000, to 1,054,000 among Coloradans under age 65. The underinsured consist of families that spend more than 10% of their pre-tax income on health care costs. Almost 300,000 of these spent more than 25% of their pre-tax income on health care costs – 82.6% of these *families had insurance coverage*.

Underinsurance includes ***Catastrophic*** and ***Minimum Benefit*** plans with high deductibles and annual caps. **Insurance premiums have risen over 100% since 2000** – 3 to 4 times faster than wages or inflation – and are projected to consume *all* of average household income by 2025 (*Do Not Resuscitate*, John Geyman, 2008). Consequently, more employers have either dropped health coverage or moved employees into Catastrophic or Minimum Benefit Plans with high out-of-pocket costs, subjecting more families to financial risk. **Fifty percent of personal bankruptcies in the U.S. are due to large medical bills**, and a majority of these families had health insurance. Bankruptcies due to medical bills are unheard of in most other industrialized nations.

The American Hospital Association *TrendWatch Reports* reveal a **parallel rise in numbers of catastrophic policies and out-of-pocket expenses** – 59% over the decade preceding 2005. Simultaneously, **unpaid medical bills also rose 60% over the same period**. These unpaid costs of underinsurance are ultimately shifted to consumers and taxpayers.

Due to the *increasing incidence of unpaid medical bills by the underinsured*, it has been reported that **some hospitals now request upfront payment of deductibles prior to admission** - or, if payment is not made within several days, they turn the case over to a collection agency. In recent years also more doctors have requested upfront payment from their patients, advising patients to bill their own insurers. Both are testament to providers' frustration of dealing with the paperwork associated with 100s, if not 1,000s of different insurance plans.

*I urge support for HB1273*

Submitted to House Business Affairs & Labor Committee

Michele Swenson

PO Box 7006

Denver, CO 80207