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Media Contact:
Scott Downes 303-621-5595
Michelle Dally 303-356-2532

NEW REPORT

New Report on Health Care Affordability Cause for Concern *Data shows too many can't afford health care, make significant trade-offs*

The Colorado Center on Law and Policy (CCLP) and its partners at Colorado Voices for Coverage (CVC) introduced a new report today, *The Cost of Care: Can Coloradans Afford Health Care* that explores questions about health care affordability in Colorado. The report shows that many Colorado families have little or nothing to pay for health care, and, in many cases, health care costs force families to make financial tradeoffs with other necessary expenses.

“This study shows that lower-income Coloradans face an uphill climb when it comes to their ability to pay for health care,” said **CCLP Health Policy Analyst and the primary author of the study, Liz Feder**. “We now know that people face serious trade-offs when it comes to health care spending and that no single dollar amount or uniform percentage can adequately account for what’s affordable.”

“The community budget workshops showed a frayed health care system that leaves too many Coloradans behind,” said **Dede De Percin, Executive Director of the Colorado Consumer Health Initiative**. “All across Colorado, we saw families struggling to pay crushing health care costs, and in many cases, foregoing otherwise vital needs to pay for health care.”

The report is based on research resulting from nearly 100 community budget workshops conducted throughout Colorado, where approximately 1,000 families under 500% of the Federal Poverty Level were surveyed. Additionally, data was pulled from the Bureau of Labor Statistics’ Consumer Expenditure Survey for the portion of the study that examined consumer trade-offs when it comes to health care spending.

Key findings from the report include:

- Most families’ expenses are greater than their incomes.
- Debt plays an integral role in families’ financial decisions.
- Most families experienced an increase in debt over the previous year.
- Families earning between 200% and 400% FPL have some income available to spend on *health care*, but cannot afford *health insurance* without a substantial subsidy. At least some of these families would require a full subsidy. Only above 400% FPL can most families make a substantial contribution to their coverage.
- Many families that can afford health insurance are only able to do so because they have access to group coverage where the employer’s share of the cost serves as a significant “subsidy.”

- The more a family spends on health care and health insurance, the less it spends on basic necessities and investments in long-term opportunities. When families spend more than 5% of their household income on health care, they make substantial tradeoffs on other important expenditures, such as transportation, housing, and child care.
- As families have to spend more on health care, the largest tradeoffs are often in savings and education.

The report also includes numerous policy implications that hopefully will inform policymaker on how affordability should be addressed and even defined. What is “affordable” varies widely depending on family composition, income level, age, employment status, cultural values about spending obligations, catastrophic events, and other factors. Other policy implications include:

- Available income varies widely even *within* income groups. Therefore, there is no single dollar amount or percentage of income that will be suitable for all families, even within the same income group.
- A common sense measure for expenditures should include both necessary expenses (food, housing, etc.) and other financial responsibilities (student loans, debt payments, etc.).
- Public policy should not punish lower income people for savings, especially for education, housing, and retirement. Any affordability standard should be based on income, minus such savings.
- 5% of household income is a threshold at which health care requires substantial tradeoffs and is therefore a starting point for the consideration of an affordability standard. However, many households will still require targeted assistance even under this threshold.

The Cost of Care study is being released just as the U.S. Senate is expected to hold hearings about health care affordability in early May.

The complete report and executive summary are available at www.cclponline.org.

EXECUTIVE SUMMARY:

http://www.cclponline.org/pubfiles/AFFORDABILITY_CCLP%20Exec%20Summary.pdf

COMPLETE REPORT:

http://www.cclponline.org/pubfiles/AFFORDABILITYStudy_FINAL042809.pdf

The Colorado Center on Law and Policy works to foster economic self-sufficiency for all Coloradans; increase access to affordable, quality healthcare; and promote responsible and equitable fiscal policies through research and education.

Colorado Voices for Coverage is a collaborative health care initiative that includes the Business Health Forum, Colorado Consumer Health Initiative, Colorado Council of Churches, and the Colorado Progressive Coalition.

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