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Most uninsured unable to pay hospital bills according to new HHS report

Bills that uninsured cannot pay often passed on to other Americans

A new report released today by the U.S. Department of Health and Human Services (HHS) shows that few families without health insurance have the financial assets to pay potential hospital bills. On average, uninsured families can only afford to pay in full for approximately 12-percent of hospital stays they may experience – and even higher income uninsured families are unable to pay for most potential hospital stays. Hospital stays for which the uninsured cannot pay in full account for 95-percent of the total amount hospitals bill the uninsured. Other studies have estimated that the bills for all types of health care that the uninsured cannot pay – the uncompensated cost of care – is up to \$73 billion a year, a significant portion of which is shifted into higher costs for Americans with insurance and their employers.

“One of the most enduring myths in American health care is that people without health insurance can get care with little or no problem. Nothing could be farther from the truth,” said HHS Secretary Kathleen Sebelius. “The result is families going without care – or facing health care bills they can’t hope to pay. When the uninsured cannot afford the care they receive, that cost must be absorbed by other payers. This is why expanding access to affordable health insurance under the Affordable Care Act is so important.”

Approximately 50 million Americans are uninsured. The report found that most uninsured people have virtually no savings. In fact, the median financial assets for all uninsured families are just \$20. Even among higher income families, assets are low. Half of families with income at 400-percent of the Federal Poverty Level (FPL), or \$89,400 a year for a family of four in 2011, have financial assets below \$4,100.

Every year, nearly 2 million uninsured Americans are hospitalized. With 58-percent of these hospital stays resulting in bills of more than \$10,000, most uninsured people are unable to afford potential hospital bills. Even the top 10-percent of uninsured families with the most assets are estimated to be able to pay the full bill for only half of potential hospital stays. Uninsured families can, on average, afford to pay the full bills for only about 12-percent of the hospital stays they might experience, bills that account for just 5-percent of the total amount hospitals bill them.

“Health insurance is critical in helping protect families from unexpected hospital costs,” said Sherry Glied, HHS assistant secretary for planning and evaluation. “This report shows that even higher income uninsured families are struggling to meet the high costs of health care. No family should bear the burden of being one illness or accident away from bankruptcy.”

The high cost of hospitalization means that lacking health insurance poses a greater risk of financial catastrophe than lacking car insurance or homeowner’s insurance. Although people are 50-percent more likely to have car accident than to be hospitalized in a given year, the average bill for a hospital visit

is over two and a half times higher than the average loss for a car accident. And, while the bill for a single hospitalization is about the same as the average loss from a house fire, a person is ten times more likely to be hospitalized than to experience a house fire.

The report can be found at aspe.hhs.gov/health/reports/2011/ValueofInsurance/rb.shtml.

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