

# Health Insurance Coverage in Pennsylvania Keeps Shrinking as Premiums, Family Costs Continue Climbing

**M**edical care has become too expensive in Pennsylvania, leaving 1.2 million state residents uninsured and exposed to the catastrophic costs of accidents and illnesses.<sup>1</sup> The economic downturn that began 19 months ago has vaporized 7 million jobs across the U.S. and driven the Pennsylvania unemployment rate to 7.8 percent from 4.6 percent.<sup>2</sup> More families are finding themselves without health benefits just as the cost of buying coverage on the open market has climbed to record levels.<sup>3</sup>

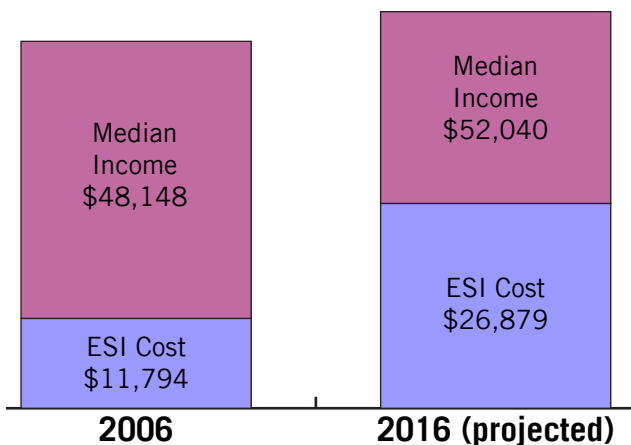
While the employed take comfort in holding on to their jobs, thousands of workers at small businesses in Pennsylvania and millions more nationwide remain uninsured because the price of comprehensive health insurance has soared out of reach. And across the nation more than half of Americans whose jobs and benefits are intact nonetheless live in fear of becoming sudden casualties of the worst economic crisis since the Great Depression.<sup>4</sup> Health insurance premiums have risen so high that experts forecast 52 million Americans will be without coverage next year.<sup>5</sup> Left alone to purchase coverage directly from private health insurance companies, families often have no choice but to remain uninsured or buy policies with meager benefits.

## Pennsylvania Data Points

- Health insurance premiums for Pennsylvania working families have skyrocketed, increasing 86 percent from 2000 to 2007.<sup>6</sup>
- For family health coverage in Pennsylvania during that time, the average annual combined premium for employers and employees rose from \$6,721 to \$12,513.<sup>7</sup>
- The combined cost to employers and workers of health insurance for a Pennsylvania family of four is equal to 24 percent of the state's median family income. Given current trends, that share will grow to 52 percent in 2016.<sup>8</sup>
- The cost of employer-sponsored health insurance in Pennsylvania is growing at an annual rate of 8.6 percent, compared with a 0.6 percent growth rate for income.<sup>9</sup>
- About 580,000 non-elderly adults in Pennsylvania hold jobs that don't offer health insurance benefits. That comprises 61 percent of all non-elderly uninsured people.<sup>10</sup>
- In Pennsylvania 8.1 percent of working adults reported spending 20 percent or more of their income on out-of-pocket health care expenses in 2004, a 72 percent increase from three years earlier.<sup>11</sup>
- For family health coverage in Pennsylvania, the average employer's portion of annual premiums rose 76 percent, while the average worker's share grew by 128 percent.<sup>12</sup>
- Between 2000 and 2007, the median earnings of Pennsylvania workers increased 13 percent, from \$24,834 to \$28,155. During that time health insurance premiums for Pennsylvania working families rose 6.4 times faster than median earnings.<sup>13</sup>
- Approximately 1.2 million Pennsylvanians - 11 percent of residents under age 65 - were uninsured at some point during 2006 and 2007.<sup>14</sup>
- The Bureau of Labor Statistics estimates that 7.8 percent of Pennsylvania's labor force was unemployed in April 2009.<sup>15</sup>
- A recent report estimated that 62 percent of bankruptcies were directly related to medical bills; in Pennsylvania there were 31,936 non-business bankruptcies in 2008.<sup>16,17</sup>

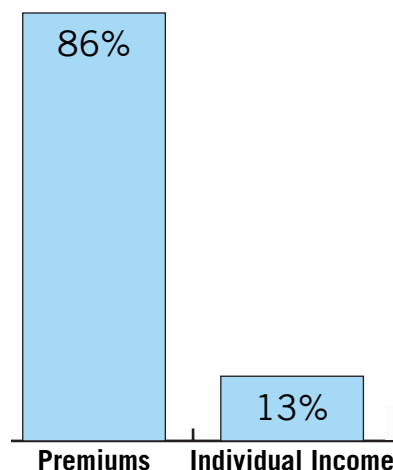
### Pennsylvania Premiums vs. Income

Cost of Pennsylvania employer sponsored insurance (ESI) compared to median household income - 2006 and projected 2016 (assuming no meaningful health reforms)



Source: New America Foundation, "The State of State Health: The Cost of Failure (2007)."

### Percent Increase in Premiums Versus Income in Pennsylvania 2000-2007



Source: Families USA, "Premiums Versus Paychecks," September 2008.

## Endnotes

<sup>1</sup> Kaiser Family Foundation, "Health Insurance Coverage of the Total Population, states (2006-2007), U.S. (2007)." Accessed at <http://www.statehealthfacts.org/comparebar.jsp?ind=125&cat=3>.

<sup>2</sup> United States Department of Labor, "Economy at a Glance," 2009. Accessed at <http://www.bls.gov/eag/>.

<sup>3</sup> Bureau of Labor Statistics, "The Employment Situation: May 2009," June 2009. Accessed at <http://www.bls.gov/news.release/empisit.nr0.htm>.

<sup>4</sup> Kaiser Family Foundation, "Kaiser Health Tracking Poll," February, 2009. Accessed at <http://www.kff.org/kaiserpolls/upload/7866.pdf>.

<sup>5</sup> Todd P. Gilmer, Richard G. Kronick, "Hard Times And Health Insurance: How Many Americans Will Be Uninsured By 2010?" Health Affairs 28, no. 4 (2009): w573-w577.

<sup>6</sup> Families USA, "Premiums versus Paychecks," September 2008. Accessed at <http://www.familiesusa.org/resources/publications/reports/premiums-vs-paychecks-2008.html>.

<sup>7</sup> Ibid.

<sup>8</sup> New America Foundation, "The State of State Health: The Cost of Failure (2007)," Accessed at <http://statehealth.newamerica.net/>.

<sup>9</sup> Ibid.

<sup>10</sup> Peter Harbage, Ben Furnas, "Health Care in Crisis," Center for American Progress, May 4, 2009. Accessed at [http://www.americanprogress.org/issues/2009/05/working\\_uninsured\\_map.html](http://www.americanprogress.org/issues/2009/05/working_uninsured_map.html).

<sup>11</sup> The State Health Access Data Assistance Center, "State Profiles," Robert Wood Johnson Program. Accessed at <http://www.shadac.org/content/state-profiles>.

<sup>12</sup> Families USA, "Premiums versus Paychecks," September 2008. Accessed at <http://www.familiesusa.org/resources/publications/reports/premiums-vs-paychecks-2008.html>.

<sup>13</sup> Ibid.

<sup>14</sup> Kaiser Family Foundation, "Health Insurance Coverage of the Total Population, states (2006-2007), U.S. (2007)." Accessed at <http://www.statehealthfacts.org/comparebar.jsp?ind=125&cat=3>.

<sup>15</sup> Bureau of Labor Statistics, "Local Area Unemployment Statistics." Accessed at <http://www.bls.gov/web/lauhsthl.htm>.

<sup>16</sup> David Himmelstein, et al., "Medical Bankruptcy in the United States, 2007: Results of a National Study," The American Journal of Medicine, 2009. Accessed at [http://pnhp.org/new\\_bankruptcy\\_study/Bankruptcy-2009.pdf](http://pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf).

<sup>17</sup> US Bankruptcy Courts, "Table F2: Business and Nonbusiness Bankruptcy Cases Commenced, by Chapter of the Bankruptcy Code: During the Twelve Month Period Ending Dec. 31 2008." Accessed at <http://www.uscourts.gov/bnkrpctstats/statistics.htm>.