



## Americans Unprepared for Health Insurance Costs as Unemployment Rises, According to New Survey

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### If Laid Off, 65% of Americans Couldn't Afford Health Insurance for More Than Six Months; 32% Couldn't Afford Any Coverage, Says Poll

MOUNTAIN VIEW, CA, Apr 02, 2009 (MARKET WIRE via COMTEX) -- Four out of five (81%) employed Americans are not feeling extremely confident about job security, and, if they were to lose their job, many are not prepared for the health insurance costs awaiting them, according to a new consumer survey commissioned by eHealthInsurance, the leading online source for individual and family health insurance.

The national poll conducted by global insights firm Kelton Research surveyed Americans aged 18-64 and found that almost two in three (65%) predict they'd be unable to afford health insurance for longer than 6 months, if at all, if they lost their jobs and had to use their current savings. Nearly a third (32%) admit they wouldn't be able to afford it at all.

Driving this consumer sentiment is an awareness gap between the perception and reality of employer-based and individual health insurance costs, the survey reveals:

- Perception: Almost two in three (64%) who are covered through their jobs have no idea what their employers contribute towards their health insurance on a monthly basis. Another 27% of insured Americans don't even know how much they pay themselves in an average month for health insurance.
- Reality: According to Kaiser Family Foundation, the average employer contribution in 2008 for covered workers was \$332 per month for individuals and \$777 per month for families.(1) If laid off and opting for COBRA insurance, former employees will have to shoulder the combined employer contribution, employee contribution, and an estimated 2% administrative cost. That is an estimated \$400/month for individual COBRA coverage and \$1,078 for family COBRA coverage. Fortunately for some qualified individuals, the federal government is providing a 65 percent subsidy on the cost of COBRA premiums for up to 9 months.(2)
- Perception: Just 26 percent are aware that private health insurance is typically less expensive than COBRA coverage.
- Reality: The average health insurance premium for an individual was \$158 per month and \$366 for a family, according to a 2008 eHealthInsurance study of 227,000 active policies.(3) Excluding those eligible for the federal COBRA subsidy, private health insurance can be as much as 60% lower than average COBRA premiums. Even with the 65% subsidy, COBRA coverage may still be prohibitively expensive, especially if you're surviving on monthly unemployment benefits.
- Perception: One in two (50%) Americans with insurance doubt that if they lost their current coverage, they'd be able to find similar coverage with another plan. And if they had to apply for a new health plan for any reason, the average insured American estimates a 31 percent chance they'd be declined.
- Reality: There are many benefit-rich plans in the individual market from the same name-brand health insurance providers that employers use. A 2008 eHealthInsurance study of 227,000 private health insurance policyholders showed that a vast majority of individual and family policyholders had lab x-ray, emergency, prescription and chiropractic coverage and that the average plan lifetime coverage limit was \$3.9 million.(3) Qualifying for coverage in the individual market is a real issue, but it's not as challenging as consumers make think. According to a 2007 study from America's Health Insurance Plans (AHIP), 88.7% of individual health insurance applicants were offered coverage, with 11.3% declined or not offered coverage for various reasons.(4)
- Perception: While some Americans are tightening the belt, not everyone is prepared to make the financial sacrifices required to stay covered. According to the survey, only about half of Americans would be willing to

cut back on certain expenses such as cell phone payments (53%) and cable TV (49%) in order afford health insurance.

- Reality: Making sacrifices in the short term can save consumers money in the long term. A 2005 Harvard University study found that the average out-of-pocket medical debt for those who filed for bankruptcy was \$12,000 and that over half of all bankruptcies were partly the result of medical expenses.(5)

Some additional insights from the survey include:

- Over one in three (34%) who are employed right now think they're more likely to lose their job than get a raise in the next year.
- Almost four in five (79%) of those with employer-provided health insurance would be more willing to cut back on or give up their vacation time than their health insurance coverage.
- Just four in ten (40%) would be willing to pay \$200 or more per month to insure themselves or their family if they lost their current jobs.
- Those currently covering three or more people on their health plan would be willing to part with about \$318 per month for insurance if they found themselves unemployed, compared to an average of \$169 for Americans covering less than three people if they were to find themselves in the same situation.

For a complete summary of survey data and methodology, go to: <http://www.ehealthinsurance.com/unemploymentsurvey>.

Sources:

(1) Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2008, <http://ehbs.kff.org/images/abstract/7791.pdf>

(2) For more information on the COBRA subsidy and eligibility, go to: <http://www.dol.gov/ebsa/newsroom/fsCOBRApremiumreduction.html>

(3) Average premiums and benefits listed are from August, 2007 based on plans purchased through eHealthInsurance active as of that date. More information and a complete methodology of the study can be found in eHealth, Inc.'s 2008 report: Cost and Benefits of Individual and Family Health Insurance Plans: <http://www.ehealthinsurance.com/content/expertcenterNew/eHealthCBreport2008FINAL.pdf>

(4) AHIP Center for Policy Research, Individual Health Insurance 2006-2007: A Comprehensive Survey of Premiums, Availability, and Benefits, Individual market, analysis of offer rates, 2006, p.11: [http://www.ahipresearch.org/pdfs/Individual\\_Market\\_Survey\\_December\\_2007.pdf](http://www.ahipresearch.org/pdfs/Individual_Market_Survey_December_2007.pdf)

(5) Himmelstein, D, E. Warren, D. Thorne, and S. Woolhandler, "Illness and Injury as Contributors to Bankruptcy," Health Affairs Web Exclusive W5-63, 02 February, 2005; also cited at <http://www.nchc.org/facts/cost.shtml>

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- A licensed eHealthInsurance agent at 1-800-977-8860
- Or go online to [www.COBRALearning.com](http://www.COBRALearning.com)

For information about public programs please contact:

- The Foundation for Health Coverage Education (FHCE) at 800-234-1317
- Or go to their web site is [www.coverageforall.org](http://www.coverageforall.org)

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