

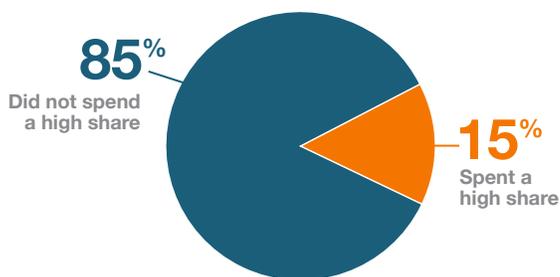
AN INSIDE LOOK:

# Family Spending on Health Care is High for Some

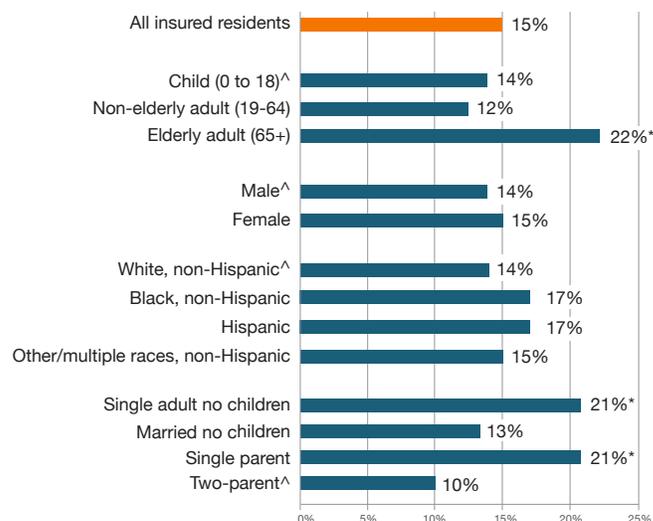
Findings from the Massachusetts Health Insurance Survey (MHIS)

A key challenge in health care affordability is the growing burden of out-of-pocket (OOP)<sup>1</sup> health care expenses, both for services covered and not covered by health insurance. In 2019, more than one in seven Massachusetts residents (15%) with health insurance for the past 12 months reported spending a high share of their family income on out-of-pocket expenses, defined as spending 5% or more for families with incomes less than 200% of the federal poverty level (FPL)<sup>2</sup> and 10% or more for families with incomes at or above 200% of the FPL (Figure 1). Overall, residents who were elderly, in poorer health, had lower family income, or had lower family educational attainment were the most likely groups to report spending a high share of family income on OOP expenses.

**Figure 1. Prevalence of High Share of Family Income Spent on OOP Expenses among Insured MA Residents, 2019**



**Figure 2. High Share of Family Income Spent on OOP Expenses among Insured MA Residents by Individual Characteristics, 2019**



Elderly adults were the most likely age group to spend a high share of family income on OOP expenses, likely due to limited income, higher utilization of services, and substantial cost-sharing without maximum OOP spending limits under Medicare (Figure 2). Single residents without children and residents in single-parent families were almost twice as likely as residents who were married without children and residents in two-parent families to spend a high share of family income on OOP expenses in 2019.

**15%**

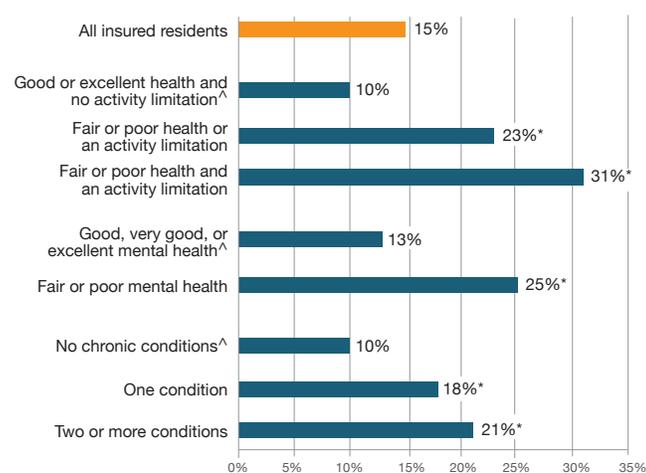
In 2019, 15% of insured residents reported spending a high share of their family income on out-of-pocket expenses.

Among low-income, insured residents, 41% reported that they spent a high share of their family income on out-of-pocket expenses.

**41%**

Residents with fair or poor health and an activity limitation were three times more likely than those in good or excellent health with no activity limitation to report that their family spent a high share of their income on OOP expenses (31% vs. 10%, respectively) (Figure 3). Similarly, those with fair or poor mental health and those with two or more chronic conditions were twice as likely to report that their families spent a high share of their income on OOP expenses compared to those with good or excellent mental health and those without any chronic conditions. These findings could reflect greater health care utilization in this population and health insurance coverage that does not protect these residents from the cumulative costs associated with their complex health care needs, whether due to high deductibles, copays, or OOP maximums.

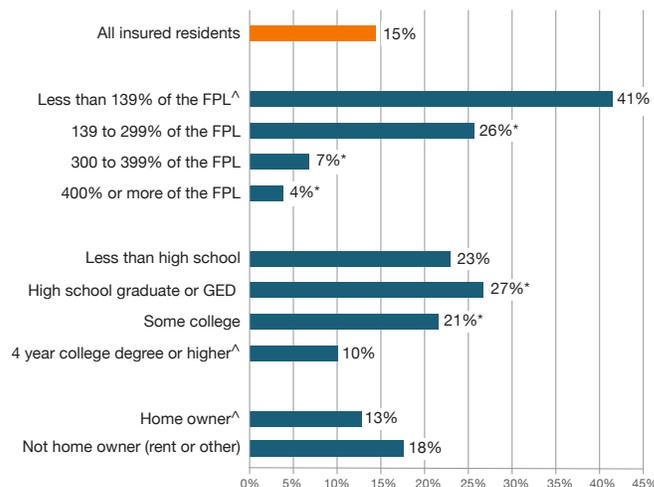
**Figure 3. High Share of Family Income Spent on OOP Expenses among Insured MA Residents by Health Status, 2019**



Health status was examined using self-reported physical or mental health status, and limitations in activities due to “physical, mental, or emotional problems.” Chronic conditions are defined as having one or more health conditions which have lasted, or are expected to last, for a year or more.

When examining indicators of socioeconomic status, as measured by family income, educational attainment, or homeownership, residents with fewer financial resources were most likely to spend disproportionately on health care. Low- and moderate-income residents (less than 139%, and 139 to 299% of the FPL) had substantially higher rates of spending a high share of their family income on OOP expenses than those with higher incomes (Figure 4). The increased rate of spending for low- and moderate-income residents in part reflects the reduced

**Figure 4. High Share of Family Income Spent on OOP Expenses among Insured MA Residents by Socioeconomic Status, 2019**



spending threshold for those with incomes below 200% of the FPL.<sup>3</sup> However, these findings also suggest that even with significant protections against OOP costs under MassHealth for low income residents and eligibility for subsidized coverage through the MA Health Connector for many moderate income residents, these residents are still at risk of spending a high share of their family income on OOP expenses. Additionally, residents in families where the highest educational attainment was a high school degree or some college had over twice the rate of spending a high share of family income on OOP expenses compared to those with a 4-year college degree or higher.

Over one in seven insured Massachusetts residents reported that their families spent a high share of their family income on OOP expenses in 2019, with even higher rates for populations with higher utilization needs due to age or underlying health conditions, and those with fewer financial resources. As health care costs in the Commonwealth continue to rise, residents spending a high share of family income on OOP expenses may forgo necessary medical care, leading to worse health outcomes and further financial instability for already vulnerable populations. Further research is needed to better understand the various types of burdensome OOP expenses residents may face, such as copayments, coinsurance, deductibles, or bills not covered by insurance.

Read the full report at [www.chiamass.gov/massachusetts-health-insurance-survey](http://www.chiamass.gov/massachusetts-health-insurance-survey)

## Notes

- <sup>1</sup> Out-of-pocket (OOP) expenses include spending on deductibles, copays, coinsurance, and all spending on non-covered medical, dental, and vision services that the residents pay for directly. OOP expenses do not include premiums for health insurance.
- <sup>2</sup> The 200% FPL threshold is derived from previous analyses of underinsurance conducted by The Commonwealth Fund. For more information: Collins, S. R., Bhupal, H. K., Doty, M. M. (2019, February 07). Health Insurance Coverage Eight Years After the ACA: Commonwealth Fund. [www.commonwealthfund.org/publications/issue-briefs/2019/feb/health-insurance-coverage-eight-years-after-aca](http://www.commonwealthfund.org/publications/issue-briefs/2019/feb/health-insurance-coverage-eight-years-after-aca)
- <sup>3</sup> See note 2.
- ^ Reference group.
- \* Statistically significant from the reference group at the 5% level.

## About the MHIS

The Massachusetts Health Insurance Survey (MHIS) provides information on health insurance coverage, health care access and use and perceived health care affordability for the non-institutionalized population in Massachusetts. The 2019 MHIS included a random digit dialing and an address-based sample and was fielded between April and July of 2019. Surveys were completed with 4,873 Massachusetts households, collecting data on 4,873 target persons, including 529 children aged 0 to 18, 3,058 non-elderly adults aged 19 to 64, and 1,286 elderly adults aged 65 and older. The overall response rate for the 2019 MHIS was 16.5 percent. A follow-up survey was fielded between December 2019 and January 2020 with 1,133 Massachusetts households, collecting data on 1,133 target persons including 104 children aged 0 to 18, 686 non-elderly adults aged 19 to 64, and 343 elderly adults aged 65 and older. The overall response rate for the 2019 MHIS Re-contact Survey was 5.0 percent, combining the response rate of 16.5 percent for the main MHIS and 30.6 percent for the follow-up survey. All estimates based on the survey are prepared using weights that adjust for the complex survey design, for undercoverage, and for survey nonresponse. Additional information is available in the [MHIS Methodology Report](#).

For more information, please contact:



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