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1 IN 4 UTAH FAMILIES WILL SPEND OVER 10 PERCENT OF
PRE-TAX INCOME ON HEALTH CARE COSTS IN 2009

Salt Lake City, UT – A new report released today by Families USA shows that Utahns will outpace the nation in percent of pre-tax income spent on health care. The non-partisan group’s report estimates that in 2009, 26.8% of Utahns will spend more than 10% of their pre-tax income on health care. Of those Utahns, more than 87% will actually be insured. In addition, 7.2% of Utah families will spend more than 25% of their pre-tax income on health care, and the majority of these families (82%) have insurance. This report highlights the growth in the number of underinsured individuals, as well as the fact that rising health care costs are busting Utah families’ budgets.

The Rosenbergs are one Utah family that spends significantly more than 10% of their family budget on health care. They have a high-deductible health savings account (HSA), which means they pay most of their health care costs out of pocket, in addition to a monthly premium. “Our family spends at least $12,000-15,000 a year on health care,” explains Steven Rosenberg. “It is not sustainable. We need relief.”

“The reality for families is that they cannot count on health insurance to shield them from financial ruin. With health care costs growing faster than median wages, it is no surprise that a family is paying more than 10 or even 25 percent of their income on health care,” explained Jessica Kendrick, Community Engagement Director of the Utah Health Policy Project. “Unless we enact comprehensive national health system reforms this year, families are not going to have the money to pay their mortgage, groceries and other necessary items. Many will not have the means to make it through the recession.”

Even more concerning is the fact that health care costs in Utah are outpacing the nation. According to the Families USA report, the current rate for families spending more than 10% of pre-tax income is 2.5% higher in Utah than the nation. From 2000 to 2009, Utah will have experienced an increase that is 4.3% faster than the nation. These increases are attributable to the annual double digit premium increases many employers are experiencing. Especially in the current economic downturn employers are increasingly dropping health benefits, passing more of the cost on to the employees or thinning away at benefit package.

“These numbers point to the need to address affordability in health care. While Utah may have some of the lowest cost and best health care in the nation, we are not immune to any of the systemic problems described in the Families report,” says Elizabeth Garbe, Coverage Initiatives Director of the Utah Health Policy Project. “Until we get to the place where addressing affordability of health care means more than creating a mandate-lite benefit package, Utah will only see these numbers increase. Utah needs affordability measures that determine what
percent of a family’s income can reasonably go towards health care at various income levels. Subsidies must then be provided to keep families financially stable and ensure they can afford to be covered.”

To read the full *Too Great a Burden: Americans Face Rising Health Care Costs*, click here. For more information about the Rosenberg’s story call Jessica Kendrick, Community Engagement Director at 801-433-2299.

The Families USA report is based on estimates developed using the Lewin Group’s Health Benefits Simulation Model (HBSM). The Lewin Group is a distinguished health policy and data consulting firm. For more information on the methodology see page 23 of the report.

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