

PAN Foundation

ISSUE BRIEF No. 14

BEING UNINSURED AND UNDERINSURED IN THE U.S.

Resources to help with the cost of prescription medications

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There are more than 194 million adults, between 19 and 64 living in the U.S., and about half of them are uninsured or underinsured.

These numbers don't account for the more than five million American workers who lost health insurance during the COVID-19 pandemic. There are federal, state, and private programs in place to support some of these individuals, but access and requirements vary. In this issue brief, we look closer at this population and the supports available to bridge the gap in healthcare access and offset the costs of prescription medications.



Understanding Uninsurance

Who is uninsured?

Uninsured people are typically adults under 65 from working families, some with multiple jobs. In 2018, 72 percent of uninsured people had a full-time worker in the family, and another 11 percent had a part-time worker. Families with incomes below 400 percent of the Federal Poverty Level (FPL) account for more than 80 percent of the uninsured population, underscoring that the lack of health insurance is concentrated among those experiencing economic insecurity.



The Kaiser Family Foundation (KFF) reported that in 2018, 27.9 million adults under 65 did not have health insurance, a number representing 10.4 percent of people in this age group.¹

Adults are more likely than children to be uninsured, in part because there are special health insurance programs for children from families with lower incomes. People of color are also more likely to lack health insurance, with Hispanic and Black people having significantly higher uninsured rates (19 percent and 11 percent, respectively) than their white counterparts (8 percent).¹ These differences in health insurance coverage and access to prescription medication by race contribute to longstanding health disparities in the U.S.^{2,3}

45%

of uninsured adults under 65 said they could not afford health insurance¹

74%

of adults under 65 who are uninsured reported being without insurance for more than a year¹

According to KFF, in 2018, 45 percent of uninsured adults under 65 said they could not afford health insurance. In many cases, uninsured people do not have coverage because it is not offered through their jobs. This impacts others in the household, like the 21 percent of uninsured adults under 65 who reported not having insurance because the person who carried the coverage lost or changed their job. And in most cases, lack of insurance coverage is a long-term problem. In 2018, 74 percent of adults under 65 who are uninsured reported being without health insurance for more than a year.¹

Starting in 2014, many states expanded their Medicaid programs to provide health insurance coverage for adults in lower-income brackets, including millions of workers without employer-based health insurance. But as of January 2020, 14 states still had not expanded their Medicaid programs.⁴ In these 14 states, to be eligible for Medicaid, a family of three needed to have an annual income below \$8,532 for the previous year. In most of these states, childless adults remain ineligible for Medicaid. That has left 2.3 million uninsured adults experiencing economic insecurity in a coverage gap: with an annual income above Medicaid eligibility, but below the threshold to receive tax credits to help buy insurance under the Affordable Care Act.

The impact of being uninsured

Because of state-level differences in Medicaid expansion, large numbers of uninsured adults are concentrated in certain areas. Approximately 33 percent live in Texas, 17 percent live in Florida, 11 percent in Georgia, and 8 percent in North Carolina—all states that did not expand their Medicaid programs.⁴

There are some special programs that help uninsured individuals afford healthcare and prescription medications, but they are not available everywhere. This is a challenge for uninsured people living in the 14 states that have not expanded Medicaid and that do not offer special pharmacy programs.

Abundant research demonstrates that people who are uninsured have less access to preventive healthcare and less support for their chronic conditions than people who have insurance.^{5,6}

Data from the Kaiser Family Foundation showed that in 2017, 50 percent of uninsured people said they had no usual source of healthcare; in 2018, people without insurance were twice as likely to have trouble paying their medical bills compared to those with insurance; and 20 percent of uninsured adults had to forgo needed medical care because of cost.^{1,7} That includes the prescription medications needed to manage chronic health conditions, as well as medications to address acute health problems as they arise.

Resources to support uninsured people

Several programs exist to help uninsured people pay for their healthcare, including prescription medications. Although some programs offer support free of charge, others require uninsured patients to cover some portion of the coverage or benefits that the program offers.

- **Health insurance exchanges (Marketplace insurance):** Exchanges were set up under the Affordable Care Act to help individuals and families purchase health insurance. All health plans that are on the federal exchange (healthcare.gov) must offer certain benefits, including coverage for prescription medications. However, various plans offer different levels of coverage and may not cover the same drugs. In addition to the federal Marketplace, some states offer state-level exchanges. Marketplace insurance is available to uninsured people, but it is not free. Premiums vary by state, and some people with very low incomes may be eligible for tax credits to lower the cost of their plan's premium.
- **Medicaid:** In all states, Medicaid provides coverage for some individuals, families and children, pregnant women, older adults, and people with disabilities in lower-income brackets. In some states, Medicaid has been expanded to cover all adults below a certain income level. Medicaid's pharmacy benefits are determined by each state, and although all states currently cover prescription drugs, pricing and program administration differs considerably across states. In most cases, the program provides 100 percent coverage for most medical expenses and does not require patients to pay premiums or deductibles.
- **State Children's Health Insurance Program (CHIP):** CHIP provides low-cost health coverage for children in families that earn too much money to qualify for Medicaid, but are still experiencing economic insecurity. In some states, CHIP covers pregnant women. Although each state offers CHIP coverage and works closely with its state Medicaid program, eligibility for CHIP varies by state. All CHIP programs cover prescription medications, although specific benefits vary by state.
- **Health Resources and Services Administration (HRSA) health centers:** HRSA is the primary federal agency for enhancing access to healthcare services for uninsured people. HRSA-funded health centers deliver primary healthcare services in areas where there is limited access to affordable healthcare services, and these centers often integrate access to pharmacy and other services. Anyone can receive services at a HRSA health center regardless of their ability to pay, and patients are charged for services based on a sliding fee scale.
- **State pharmaceutical assistance programs:** Many states offer pharmaceutical assistance programs to help people with few assets pay for their prescription drugs. Each program works differently, but many programs facilitate access to free or low-cost prescription medications and vaccinations for people without insurance.
- **Pharmaceutical patient assistance programs:** Sponsored by drug manufacturers, these programs offer free or low-cost medications to people without insurance. Eligibility and benefits vary widely from program to program.
- **Comparison shopping platforms/coupons:** Companies like GoodRx allow all patients—with and without insurance—to compare prices for their prescription medications. They also provide patients with coupons for the specific drugs they need. These programs are designed to help patients find the lowest cost medication.

Understanding Underinsurance

Who is underinsured?

People who are underinsured have high health plan deductibles and high out-of-pocket medical expenses relative to their incomes. Like uninsured people, individuals who are underinsured are more likely to have difficulties paying medical bills and to forgo medical care and needed treatments because of cost.



The Commonwealth Fund reported that of non-elderly adults who were insured for the entire year in 2018, 29 percent were underinsured, a six percent increase from 2014.

Although many underinsured people are employed and have health insurance through their employers, for many workers, the cost of these plans is very high relative to their incomes. In 2018, 28 percent of people with health insurance through their employers were underinsured. The Affordable Care Act facilitated access to health insurance for many people by allowing them to buy individual insurance or to explore Marketplace health plans. Yet in 2018, 42 percent of people who had Marketplace insurance reported being underinsured.⁸

Although most people over the age of 65 are eligible for Medicare, millions of older adults are underinsured. More than 60 million people rely on Medicare to pay for healthcare services, yet many beneficiaries' out-of-pocket costs reach levels that render them underinsured. This is because Medicare either does not cover or does not limit out-of-pocket expenses on certain benefits, such as hearing aids, dental care, vision support, and prescription medications.

In 2016, Medicare beneficiaries spent an average of **\$5,460** out of pocket for their healthcare.

\$651

overall average spent on prescription medications by Medicare beneficiaries

\$416

average spent on prescription medications by beneficiaries with **one or two** chronic conditions

\$1,065

average spent on prescription medications by beneficiaries with **five or more** chronic conditions

The impact of being underinsured

Despite their coverage, 41 percent of underinsured people under 65 reported delaying medical care because of cost, and 47 percent said they had difficulty paying medical bills.³ These difficulties are not limited to working-age adults with insurance. KFF research showed that in 2016, Medicare beneficiaries spent an average of \$5,460 out of pocket for their healthcare. That includes an average of \$651 spent on prescription medications.⁹

The burden of underinsurance increases with age among Medicare beneficiaries. Adults 85 and older spent an average of \$8,101 out of pocket on healthcare services. Underinsurance among Medicare beneficiaries also has a disproportionate impact on those with multiple chronic conditions. In 2016, Medicare beneficiaries with five or more chronic conditions spent an average of \$1,065 on prescription drugs, compared to \$416 among those with one or two chronic conditions.

Resources for underinsured people

Several programs can help underinsured people cover the cost of their prescription medications. Like programs for the uninsured, in some cases, availability is linked to the patient's state of residence, age, income, or specific health conditions.

- **Low-Income Subsidy (Extra Help) program:** The Low-Income Subsidy (LIS) program offers supplemental prescription drug coverage for Medicare beneficiaries with very few assets and some people with disabilities who receive their medications through Part D prescription drug plans. Medicare beneficiaries who are eligible for the LIS program still have to cover some out-of-pocket drug costs, but these costs are much lower than what is paid by beneficiaries who are not eligible for this program.
- **Charitable foundations:** A number of nonprofit, charitable organizations offer co-pay assistance to federally and commercially insured people of all ages. The level of charitable assistance varies and is designed to cover out-of-pocket medication expenses.
- **Manufacturer coupons/co-pay cards:** Some pharmaceutical companies offer discount coupons on certain drugs that reduce the out-of-pocket cost of the medication. These coupons are typically used by people with commercial insurance who have high out-of-pocket drug costs. Importantly, these coupons cannot be used by people who have federal insurance like Medicare or Medicaid.
- **State Children's Health Insurance Program (CHIP):** In some states, the State Children's Health Insurance Program (CHIP) provides low-cost health coverage to children in families where one or both parents are working. For some families with employer-based health insurance, the parents' health plans may not cover children, or the plans may be too expensive for the parents to afford without help.
- **Health Resources and Services Administration (HRSA) health centers:** Anyone can take advantage of a HRSA healthcare center, including people with insurance. The amount patients pay for services at a HRSA-funded health center is based on a sliding scale that is determined at each facility.

- **State pharmaceutical assistance programs:** Many states offer pharmaceutical assistance programs to help people pay for prescription drugs. States that offer drug assistance programs frequently coordinate with Medicare's Part D drug benefit to support underinsured beneficiaries with their high out-of-pocket drug costs. Although there is considerable variation across state programs, some states offer free or low-cost medication to eligible, underinsured patients.
- **Comparison shopping platforms/coupons:** Companies like GoodRx allow all patients to compare prices for their prescription medications, and they provide patients with coupons for the specific drugs they need. These programs are designed to assist patients to find the lowest cost medication.

Conclusion

Health insurance is a critically important facilitator of healthcare access, including access to prescription medications. But for people who don't have insurance, and for insured people who still have high out-of-pocket drug costs, there are programs that can help cover prescription costs. In some cases, these are federal programs like the LIS program and CHIP, while in others, like Medicaid and state pharmaceutical assistance programs, the states are largely responsible for determining program eligibility as well as benefits, and these vary considerably.

Other resources, including pharmaceutical coupons, charitable foundations, and comparison-shopping platforms that offer discount coupons provide patients additional support to access needed medications. The wide array and extensive utilization of programs aimed at helping uninsured and underinsured patients to access their medications suggests that these programs are targeting a significant problem in the United States.

Despite the various programs designed to help the uninsured and underinsured, too many people are still struggling to access affordable healthcare. Much work remains to address this problem.



The PAN Foundation is an independent, national 501 (c)(3) organization dedicated to helping underinsured people with life-threatening, chronic, and rare diseases get the medications and treatments they need by assisting with their out-of-pocket costs and advocating for improved access and affordability.

For more information about this Issue Brief, contact Amy Niles, Executive Vice President, at aniles@panfoundation.org.

Supporting Literature

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