

PRESS RELEASE
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CONTACT:
Claudia Netter, MOPV
314.531.2288

MISSOURI RESIDENTS VICTIMS OF ‘HIDDEN HEALTH TAX’ FOR FAMILY HEALTH CARE COVERAGE

Families USA Report Reveals MISSOURI Families Pay an Average of \$1,017 for the Uncompensated Health Care Costs of the Uninsured; Figure Likely to Grow

Washington, D.C. – A report released today by the consumer health organization Families USA reveals that residents of Missouri and other states paid an average of \$1,017—a “hidden health tax”—as part of their family health care premiums.

The hidden health tax is the undisclosed insurance premium surcharge, paid by America’s businesses and *insured* families, when they purchase health insurance. That surcharge subsidizes the uncompensated health care costs of the uninsured.

Click on this link to view the report:

http://www.missouriprovote.org/Docs/HealthCare_Hidden_Health_Tax_Families.pdf
www.missouriprovote.org www.familiesusa.org

“This hidden health tax hurts businesses and families in Missouri,” Julie Burkhart, Executive Director, Missouri Progressive Vote Coalition said. “In addition, this hidden health tax is part of a system of health care delivery that is inefficient and does not provide for essential preventive care for uninsured families. All Missouri families—the insured and the uninsured—need genuine health care reform, and eliminating this hidden health tax is part of that reform.”

Families USA contracted with Milliman, Inc., a well-respected, independent actuarial consulting firm, to array and analyze the data for the report.

According to the Families USA report, “uninsured people are less likely to get the care they need when they need it, and they are more likely to delay seeking care as long as possible.” When they do receive care, it is paid for in several ways:

- More than one-third (37 percent) of that care is paid by the uninsured themselves out of their own pockets;
- Third-party sources, such as government programs and charities, paid for another 26 percent of that care; and
- The remaining amount, approximately \$42.7 billion in 2008, is considered uncompensated care; those costs are shifted onto the health care bills of insured people, ultimately resulting in the hidden health tax through higher premiums.

This hidden health tax is responsible for an increasing share of family and individual premiums in Missouri. A new estimate from Families USA, also released today, finds that Missouri's 2008 average employer-based health insurance premiums were \$12,230 for families and \$4390 for individuals.

Julie Burkhart noted that an earlier report from Families USA, released in 2005, pegged the hidden health tax at an average of \$922 per insured family and \$341 per insured single person. The hidden health tax for families and individuals has grown to \$1,017 and \$368, respectively, in 2008, and is likely to jump higher in 2009 as a result of the declining economy.

“Job losses in Missouri and across the nation can be expected to drive up the hidden health tax, as more people lose health coverage but still seek medical treatment,” Julie Burkhart said. “In our current system of health care, it’s a worst case scenario for everyone.”

“I urge the residents of Missouri to let their members of Congress know that we support reform of this inefficient and costly system and that we need quality, affordable health care for all Missourians and all Americans.”

The data for the report were based on the federal Medical Expenditures Panel Survey as well as other federal and private data sources. For a full copy of the report and a description of the methodology used to array the numbers in the report, go to www.familiesusa.org