



OVERVIEW

BIG IDEA

Underinsurance is a burden on the health and financial resources of families in the United States.

OBJECTIVE

11.6: Identify health insurance policy components that lead to financial burden and 'underinsured' status.

AGENDA

1. Healthcare Spending
2. Health Insurance Card (Review)
3. What is Underinsured?
4. Underinsured Scenarios
5. Impact of Underinsured status
6. Marcus' Story

HOMEWORK

Complete the analysis and reflection questions for Marcus' story.

LESSON 11.6

Underinsured

SUMMARY:

This lesson will engage students in an analysis of the underinsured state of many patients in our healthcare system. By reviewing data and case scenarios, students will understand what it means to be underinsured, how common it is, and how this situation can impact families, affect healthcare spending, and cause negative outcomes in public health.

STANDARDS:

IL Learning Standard 22.B: Describe and explain the factors that influence health among individuals, groups, and communities.



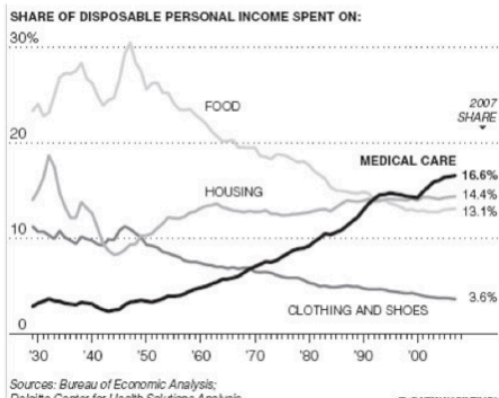
Underinsured

Obj. 11.6: Identify health insurance policy components that lead to financial burden and 'underinsured' status.



Healthcare Spending

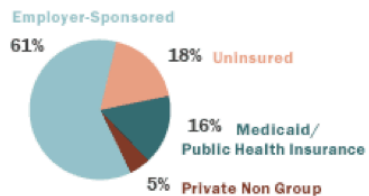
The Bureau of Economic Analysis tracked what Americans were spending their personal income on from 1930 to 2007 to determine the effects of health care costs on Americans. Write a conclusion for the graph below. Underline and identify your claim (C)-evidence (E)-warrant (W).



CONCLUSION:

Look at the following graph for the current state of health insurance in the United States.

Figure 1: Health Insurance in the United States, 2007



How are most people in the United States covered for health insurance?

In September 2010, the Affordable Care Act allowed for young adults to remain on their parents' insurance plans until they were 26 years-old. How do you think this change would affect the percentages in Figure 1?

DO NOW:

Ask students, "What factors do you think have led to the rising costs of medical care for Americans?" Consider using a Think-Pair-Share for this question.

DISCUSS: Ask students, "Where do you think the UNDERINSURED fit into this pie chart?"



DISCUSS

REVIEW: YOUR HEALTH INSURANCE PLAN

You have a PPO plan through BlueCross BlueShield through your employer. Your monthly premium is \$63. Your deductible is \$500.

- What co-pays do I have to pay?
Co-pays do not count towards your deductible
- What is my deductible?
- What is my bill?
- What is my co-insurance?
- How much of my bill do I have to pay after I reach my deductible?



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 How might a person with low income, no income, or limited financial resources be affected by these costs?

NEW INFO

What defines the "Underinsured" status?

Underinsured people have some form of health insurance, but lack the financial protection needed to cover out-of-pocket medical care expenses.

A more formal definition of underinsured individuals includes people who are insured all year but have at least **one of the following qualifiers**:

- Medical expenses greater than 10 percent of annual income
- Health plan deductibles equal to or greater than 5 percent of annual income
- An annual income less than 200 percent of the federal poverty level and medical expenses greater than 5 percent of annual income

Compared to adequately insured adults, the underinsured have limited access to care similar to the uninsured. More than 16 million people (aged 19-64) were underinsured in 2003, in addition to the 45 million people who were estimated to be uninsured.

48 Contiguous States and the District of Columbia

| Family Size | % Gross Yearly Income | | | | | | | |
|-------------|-----------------------|----------|----------|----------|----------|----------|----------|----------|
| | 25% | 50% | 75% | 81% | 100% | 133% | 175% | 200% |
| 1 | \$2,793 | \$5,585 | \$8,378 | \$9,048 | \$11,170 | \$14,856 | \$19,548 | \$22,340 |
| 2 | \$3,783 | \$7,565 | \$11,348 | \$12,255 | \$15,130 | \$20,123 | \$26,478 | \$30,260 |
| 3 | \$4,773 | \$9,545 | \$14,318 | \$15,463 | \$19,090 | \$25,390 | \$33,408 | \$38,180 |
| 4 | \$5,763 | \$11,525 | \$17,288 | \$18,671 | \$23,050 | \$30,657 | \$40,338 | \$46,100 |
| 5 | \$6,753 | \$13,505 | \$20,258 | \$21,878 | \$27,010 | \$35,923 | \$47,268 | \$54,020 |
| 6 | \$7,743 | \$15,485 | \$23,228 | \$25,086 | \$30,970 | \$41,190 | \$54,198 | \$61,940 |
| 7 | \$8,733 | \$17,465 | \$26,198 | \$28,293 | \$34,930 | \$46,457 | \$61,128 | \$69,860 |
| 8 | \$9,723 | \$19,445 | \$29,168 | \$31,501 | \$38,890 | \$51,724 | \$68,058 | \$77,780 |

| Family Size | % Gross Monthly Income | | | | | | | |
|-------------|------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 25% | 50% | 75% | 81% | 100% | 133% | 175% | 200% |
| 1 | \$233 | \$465 | \$698 | \$754 | \$931 | \$1,238 | \$1,629 | \$1,862 |
| 2 | \$315 | \$630 | \$946 | \$1,021 | \$1,261 | \$1,677 | \$2,206 | \$2,522 |
| 3 | \$398 | \$795 | \$1,193 | \$1,289 | \$1,591 | \$2,116 | \$2,784 | \$3,182 |
| 4 | \$480 | \$960 | \$1,441 | \$1,556 | \$1,921 | \$2,555 | \$3,361 | \$3,842 |
| 5 | \$563 | \$1,125 | \$1,688 | \$1,823 | \$2,251 | \$2,994 | \$3,939 | \$4,502 |
| 6 | \$645 | \$1,290 | \$1,936 | \$2,090 | \$2,581 | \$3,433 | \$4,516 | \$5,162 |
| 7 | \$728 | \$1,455 | \$2,183 | \$2,358 | \$2,911 | \$3,871 | \$5,094 | \$5,822 |
| 8 | \$810 | \$1,620 | \$2,431 | \$2,625 | \$3,241 | \$4,310 | \$5,671 | \$6,482 |

DISCUSS:

Ask students, "How many of you carry a health insurance card? How many have seen or examined your parents or guardians?"

NEW INFO: There are many great websites with additional background information on the problem of the underinsured:

PBS: <http://www.pbs.org/healthcarecrisis/uninsured.html>

NPR: <http://www.npr.org/blogs/health/2013/12/31/258670193/despite-health-law-many-people-may-be-left-underinsured>

Kaiser: <http://www.kaiserhealthnews.org/stories/2009/september/28/underinsured-explainer.aspx>

The Commonwealth Fund: <http://www.commonwealthfund.org/News/News-Releases/2011/Sep/Insured-and-Still-at-Risk.aspx>

CDC: <http://www.cdc.gov/nchs/fastats/hinsure.htm>



Underinsured Scenarios

1. Mary's medical expenses totaled \$2,000. She makes \$11,170 a year. Would Mary be considered underinsured? Explain.
2. Jose and his wife make \$26,300 a year. Last year their total medical expenses totaled \$2,000. Would Jose be considered underinsured? Explain.



The Impact of Underinsured

Overall, approximately 35 percent of adults in the United States are under- or uninsured. Both under- and uninsured adults are more likely to forgo (go without) needed care than those who have adequate coverage.

Rates of financial stress for the underinsured are similar to those for the uninsured. As the population of under- and uninsured patients has grown, the burden of caring for medically indigent (needy) patients has fallen primarily on state-supported or university referral hospitals, community health clinics, and other government-supported healthcare facilities.

SUMMARIZE: How can being underinsured affect a person's health?



Marcus' Story

Marcus' Bi-Weekly Paycheck in Illinois

| Earnings | Rate (per hour) | Hours | This Pay Period | Year To Date |
|------------------|-------------------------|----------------|-----------------|--------------------|
| Regular | \$8.25 | 80 | \$660 | |
| Gross Pay | | | \$660 | \$15,840 |
| Deductions | | | | |
| | Federal Income Tax | \$56.69 | | |
| | Social Security Tax | \$40.92 | | |
| | Medicare Tax | \$9.58 | | |
| | State Income Tax | \$5.67 | | |
| | Health Insurance | \$37.42 | | |
| Net Pay | | | \$509.72 | \$12,233.28 |

Marcus' Story:
Marcus grew up in a small town in Texas. He is now in graduate school in Chicago where he is finishing his masters and working full-time at the university's diversity office to pay for rent and other expenses before

THINK:

1. % = $\$2,000 / 11,170 = 0.17 = 17\%$ (She is underinsured because her medical expenses are greater than 10% of her income.)
2. $\$2,000 / 26,300 = 7.6\%$ (They are underinsured because their income is less than 200% of the poverty level & their medical expenses are greater than 5% of annual income)

READ:



he gets a job. Since he is no longer eligible for his mother's insurance, he has opted into a PPO insurance plan at the university. Marcus has a \$500 yearly deductible. After meeting his deductible, he must pay 20% co-insurance on the remaining cost, while the insurance company pays the remaining 80%. However, Marcus must also contribute additional co-pays for specific services. His doctor visit co-pay is \$20, his emergency room co-pay is \$80, and his hospital co-pay is \$130 for pre-approved admissions. His co-pays for prescription medications are \$14 for generic drugs and \$28 for preferred drugs. Marcus does not have paid time off work.

Monthly rent and utilities for Marcus costs \$650. He also pays \$86 for a 30-day CTA pass each month. This brings his average monthly expenses to \$736.

Analysis Questions

1. How much money does Marcus have left over each month to spend on food, entertainment, and/or savings? (Assume 2 paychecks = 1 month)

| Total Earnings in one month | Total Expenses in one month | Total Money left each month |
|-----------------------------|-----------------------------|-----------------------------|
| | | |

2. What percentage of Marcus' income is spent on health insurance (include Medicare along with Health Insurance). Use his paycheck to calculate this percentage. Use his gross pay for the pay period.

3. Marcus gets an ear infection and must go to the doctor for treatment. The doctor prescribes him a generic drug to treat his infection. How much will this cost him?

In addition, Marcus misses 2 days of work. How much additional money does this cost him (1 day of work = 8 hours)?

4. Later in the year, Marcus is playing basketball when he slips and breaks his wrist. Marcus goes to the emergency room. There, they treat Marcus' wrist. The procedure to reset his wrist and add a cast costs \$3,200. Marcus will be responsible for his deductible, co-insurance (after deductible), and co-pays. Additionally, Marcus must return for 4 doctor visits throughout the next 2 months. How much will this cost him total?

| Deductible | Bill(s) | Patient Pays | % | Insurance Pays | % |
|------------|---------|--------------|---|----------------|---|
| | | | | | |

All of his medical treatments cause him to miss 7 days of work. How much additional money does this injury cost him?

ASSESS:

1. Total earnings each month = $509.72 \times 2 = 1019.44$

Total expenses in one month = 736

Total money left each month = 283.44

2. % = $(\$9.58 + \$37.42) / \$660 = 0.0712 = 7.12\%$

3. Cost = $\$20 + \$14 = \$34$

Missing work = $16 \times \$8.25 = \132

4. Deductible \$500; Bills $3200 - 500 = 2700 \times .2 = 540$; Patient pays: ER copay = \$80; Dr co-pay = $4 \times \$20 = \80 ; Deductible = \$500; Bill = \$540

Insurance pays: $\$2700 \times 0.80 = \2160

Hours = $7 \times 8 = 56$ hours; \$462



Marcus' Story Discussion Questions:

Answer in paragraph form with complete sentences

5. How might Marcus' health costs and financial situation add to the number of health risk factors he encounters daily? (Ex. type of food he buys, exercise, stress, etc.)

6. Would you consider Marcus to be "**underinsured**"? Explain why or why not.

7. Why might someone in Marcus' situation choose to not pay for insurance at all (to be **uninsured**)?

8. What can Marcus do, within his financial constraints, to promote his own health and prevent illness?

9. What are some things Marcus' college/employer could do to help Marcus deal with the cost of health care?

10. What could the community, state, or national government do to help people like Marcus?

11. What can we, as US citizens, do to help those who work hard, but still risk being "**underinsured**"?

HOMEWORK:

The purpose of this homework assignment is to help wrap up the lesson and tie all of the information and concepts back together in the context of Marcus' case.