



Michigan League FOR Human Services

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Health care eats up more than 10% of income for 2.1 million in Michigan, new report concludes

Despite health insurance, a growing number face high health care costs

Washington, D.C. – A report released today by the consumer health organization Families USA spotlights a growing crisis among insured Michigan families, as rising health care costs devour a growing portion of their pre-tax income.

Nearly 2.1 million people under age 65 (about one in every four) live in Michigan families that will spend more than 10 percent of their pre-tax family income on health care in 2009. Nearly nine out of every 10 (86.5 percent) of those families have insurance.

“As our findings make clear, high health care costs are not just a problem of the uninsured,” Ron Pollack, Executive Director of Families USA, said today. “More and more families *with insurance* are affected by rising health care costs, and, for many, the burden of these costs is becoming too great to bear.”

The report found that the number of Michigan families spending more than 10 percent of their pre-tax income increased by 661,000 families, a 46.4 percent jump between 2000 and 2009.

“This report shows that health care is becoming unaffordable for a growing number of Michigan families, and it’s alarming,” said Sharon Parks, president and CEO of the Michigan League for Human Services.

In addition, the report looked at those spending more than 25 percent of their pre-tax income on health care. It found:

- 562,000 Michigan residents live in families that will spend more than 25 percent of their pre-tax income on health care in 2009;
- Almost four out of five people (79.9 percent) are in families spending more than 25 percent of their pre-tax income on health care are insured; and
- Between 2000 and 2009, the number of people in families spending more than 25 percent of their pre-tax income on health care will have increased by 183,000, or 48 percent.

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That this problem is affecting more and more families is an essential element of this 2009 report, an update of a 2007 Families USA report that was the first of its kind to document these costs on a state-specific basis.

The report, *Too Great a Burden: Americans Face Rising Health Care Costs*, shows that the number of insured people in families paying 10 or 25 percent of their pre-tax income on health care has climbed dramatically in Michigan, a symptom of the runaway costs plaguing the U.S. health care system.

As the Families USA report demonstrates, millions of Michiganders are in families that face high health care costs.

A number of factors have driven this phenomenon. First and foremost, health insurance premiums are increasing. As premiums rise, employers are forced to make tough decisions, particularly in this recession, about the coverage they offer to their employees. Some drop coverage, others increase the share of the premium that employees must pay, and more offer insurance that covers fewer services and/or requires high out-of-pockets costs. As a result, Michigan families must shoulder a greater portion of health care costs.

“The growing burden of health care costs on Michigan families is a clear signal that health care reform is overdue,” Pollack said.

Parks agreed.

“Our troubles are mounting in Michigan. We’re losing our manufacturing sector and good benefits associated with the auto jobs. At the same time, just this week, we cut millions from the health care safety net, with cuts to Medicaid and public health departments. It’s time for action,” she said.

A copy of the report and the methodology is available online at: www.MiLHS.org and at www.familiesusa.org

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The Michigan League for Human Services is a statewide, nonprofit, nonpartisan policy and advocacy group for low-income residents. It has more than 1,500 members from business, labor, human service professions and faith-based organizations as well as concerned citizens.

Families USA is the national organization for health care consumers. It is a nonprofit, nonpartisan organization that advocates for high-quality, affordable health care for all Americans.