



Ohio Families Fall Victim of ‘Hidden Health Tax’ For Health Care Coverage

A recent report by the consumer health organization Families USA reveals that Ohioans paid an average of \$1,017—a “hidden health tax”—as part of their annual family health care premiums in 2008. 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 those without health insurance.

Families USA contracted with Milliman, Inc., a well-respected, independent actuarial consulting firm, to 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.

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.

Ohio’s lawmakers can make a dent in this hidden tax by providing opportunities for more Ohioans to access health insurance. Unfortunately, the Senate removed provisions from HB1 that would help an additional 110,000 Ohioans get coverage. The provisions removed by the Senate include capping premiums in the Open Enrollment Program, expanding dependent coverage to age 29, and making it easier for uninsured employees to purchase health insurance with pre-tax dollars through the use of “cafeteria” plans.

Unless Ohio’s lawmakers fix the broken health care system, Ohioans will continue to pay the price.

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.

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