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

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

Columbus, OH—A report released today 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.

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.

“This hidden health tax hurts businesses and families,” said Kathleen Gmeiner, Director of Ohio Consumers for Health Coverage. “The 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 Ohio families—the insured and the uninsured—need genuine health care reform that will eliminate this hidden tax.”

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.

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This hidden health tax is responsible for an increasing share of family and individual premiums in Ohio. A new estimate from Families USA, also released today, finds that Ohio's 2008 average employer-based health insurance premiums were \$12,120 for families and \$4,500 for individuals.

Gmeiner 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 Ohio and across the nation can be expected to drive up the hidden health tax, as more people lose health coverage but still need medical treatment," Gmeiner said. "We call on our state and federal lawmakers to fix the health care system now. Ohioans cannot wait any longer for relief from skyrocketing health care costs and unfair insurance rules."

Ohio Consumers for Health Coverage is a nonpartisan coalition uniting the consumer voice with the goal of achieving affordable, high quality care for all. Our membership includes AARP, AFSCME Council 8 AFL-CIO, American Cancer Society, Cerebral Palsy Association of Ohio, Faith Community Alliance of Greater Cincinnati, Legal Aid Society of Southwest Ohio, National Alliance for Mental Illness (Ohio), National Multiple Sclerosis Society Ohio Chapters, Ohio ACORN, Ohio Council of Churches, Service Employees International Union, Toledo Area Jobs with Justice, UHCAN Ohio, We Are The Uninsured, and We Believe Ohio.

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.