

Number of middle-class uninsured is rising, June 5, 2007

By Betsy Querna

Health insurance coverage, once a pillar of middle-class life, is eroding. Middle-income employees today are less likely to work at companies that offer insurance and more likely to pay more for health care than they were in the past. Their incomes are too high to qualify for state programs and too low to pay for coverage on their own.

In increasing numbers, these people are taking a chance -- the middle class is among the fastest growing groups of people without health coverage. While the number of poor people without insurance decreased between 2002 and 2005, the number of Americans making more than \$50,000 per year who went without coverage jumped by nearly 3 million people, according to the U.S. Census Bureau.

These are the people hurt when employers drop coverage, lay off workers or increase health care costs for workers. They often gamble, going without health insurance and hoping fate does not go against them. For some, it works out. Others, who get sick or hurt, risk other pillars of middle-class life -- their home, their savings and their assets.

"The cost is just killing people," said Eileen Schrem, an independent insurance agent in Bradley Beach. "The middle class are feeling the pinch because it's a decision. What do I do? What bill do I not pay?"

The decline in the number of companies offering health insurance has hit the middle class especially hard, experts say, because that is where most of this group has traditionally found health insurance. In recent years, the number of employers offering coverage has declined both in New Jersey and nationwide. From 2001 to 2005, the number of middle-class workers employed by firms offering insurance decreased from 82 to 79 percent, according to the Kaiser Family Foundation.

In small firms, the situation is worse. Only about half of New Jersey companies with fewer than 50 employees offer health insurance, according to the Rutgers Center for State Health Policy.

The decline of employer coverage "is the single fold reason" for the increase in middle-income New Jerseyans without insurance, said Dave Mordo, the legislative chair for the New Jersey Association of Health Underwriters. A person who loses his job or whose employer reduces benefits, he said, is often out of luck. "It's a vicious domino effect because the employer is so crucial."

Where employers haven't cut benefits, they have increased the employee share of the cost or reduced the health plan's benefits. That means that even when employees have coverage, they still pay a significant amount out of pocket for care.

Today, a family making \$40,000 pays an average of 7 percent of its income to health insurance premiums, according to the Kaiser Family Foundation. More goes for expenses including co-pays, prescriptions or visits that are not covered. Insurance, even through an employer, is becoming "increasingly unaffordable" for many in the middle class, said the foundation's executive vice president, Diane Rowland, in testimony to the U.S. Congress in January.

There is an option for people who cannot get insurance through an employer; they can buy it on the individual market. New Jersey is rare in that a person cannot be denied coverage based on pre-existing conditions or other criteria. But that right comes with a hefty price tag. Even basic plans cost hundreds of dollars a month and thousands when trying to insure a family.

Without health insurance, there are few options available for those with a high enough income to be middle class. "There isn't a safety net" for people in the middle class, said Dave Knowlton, president of the New Jersey Health Care Quality Institute. They often do not qualify for the programs intended to help the poor such as charity care or Medicaid. Some children living in middle-class families do qualify for FamilyCare, but their parents do not.

Paying out of pocket, a visit to the doctor can cost hundreds of dollars and a trip to the emergency room thousands. Studies have shown that when people have to pay more for their care, they are less likely to get it. It becomes a downward spiral; avoiding healthcare because of the cost makes a person sicker and their care becomes more expensive. Many go into debt to pay medical bills. For some, the cost bankrupts them or destroys their credit so badly that they fall into poverty.

"It's the middle-class folks that are being squeezed," said Mordo. "They're gambling with their health."

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