

BURDA ON HEALTHCARE

Hard Lessons in Health Insurance Market Dynamics

By David Burda
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As open enrollment season ends and the health insurance year begins, let's look at what three new reports and surveys say about where we are and where we're going.

The first [report](#), released Nov. 21, 2024, is based on the results from Commonwealth Fund's biennial health insurance survey of U.S. consumers. Nearly 6,500 U.S. adults aged 19 through 64 took the survey between March and June of this year.

Here's what the survey found:

- 56% said they were fully insured over the past 12 months either through their employer, a government health insurance program or an ACA plan.
- 23% said they were underinsured over the past year. That meant they had health insurance over the past 12 months, but their coverage didn't give them affordable access to care, i.e., their copays and deductibles were too high in relation to their household income.
- 66% of those who said they were underinsured had employer-sponsored health insurance.
- Of those who were underinsured, 43% said they skipped a recommended test, treatment or follow-up appointment, 42% said they had a medical problem but didn't go to the doctor or clinic, 37% said they didn't get needed specialty care and 32% said they didn't fill a prescription.



"Many people across the insurance system, both public and private, have plans that don't provide them with the cost protection needed to get timely care," the report said.

The Commonwealth Fund said the root cause of so many people being underinsured is the high price that providers charge for care.

"The high cost sharing in many employer, individual-market, and marketplace plans is primarily driven by growth in overall healthcare spending. One of the biggest drivers of this growth is the prices that healthcare providers charge commercial insurers and employers. These prices are the highest in the world," the report said. "Bearing the burden of high costs are consumers, who end up paying more for their insurance and facing higher deductibles, out-of-pocket maximums and copayments."

The second [report](#), released Dec. 10, 2024, is also from The Commonwealth Fund. This report looks at trends in employer-sponsored health insurance over a 10-year period, 2014 through 2023. The report is based on an analysis of data from the Agency for Healthcare Research and Quality's annual survey of employers. The Commonwealth Fund researchers divided their analysis into two buckets: employers with fewer than 50 employees (small firms) and those with 50 or more employees (large firms).

Here's what the analysis found:

- Employees at small firms contributed more in terms of dollars to their annual health insurance premiums for family coverage in 2023 than did employees at large firms, \$7,529 and \$6,796, respectively.
- Employees at small firms contributed more in terms of percentage to their annual health insurance premiums for family coverage in 2023 than did employees at large firms, 35.3% and 28%.
- Employees at small firms had higher annual health insurance deductibles for family coverage in 2023 than did employees at large firms, \$5,074 and \$3,547.

"Small-firm employees are paying proportionally more for health plans that provide less — their plans require larger premium contributions and offer less financial protection," the report said.



So, what are the health insurance market lessons from these two new reports? They're pretty simple in terms of economics. Providers charge higher prices for care. Employers, health plans and other payers pass the higher prices along to consumers. Consumers pay more out-of-pocket until they can't afford to get the care they need.

The lessons aren't lost on the public. That's at least according to the latest annual health and healthcare consumer [poll](#) from Gallup and West Health. The poll is based on a survey of a random sample of 1,001 U.S. adults age 18 or older. They took the poll in November, 2024.

Here's what the poll found:

- 23% of the surveyed consumers said cost was the most urgent healthcare problem facing the U.S. today. That's up from 21% who said the same thing in last year's poll.
- 71% described health insurance coverage in the U.S. as "only fair" or "poor." That's the highest percentage since 2008 at 72%.
- 32% described their own health insurance coverage as "only fair" or "poor." That's the highest percentage since last year at 33%.
- 70% said the U.S. healthcare system is in "a state of crisis" or "has major problems." That's the highest percentage since 2021 at 72%.

"Americans' rating of the quality of U.S. healthcare has fallen to the lowest reading in 24 years, and views of healthcare coverage nationally remain broadly negative. These views likely play into the belief that the U.S. healthcare system has major problems or is in a deep state of crisis," Gallup and West Health said.

Now, a lot has been said about the deeper meaning of the December 2024 assassination of a top health insurance executive on the streets of New York in broad daylight. We talked about it on the Dec. 12, 2024, episode of our weekly 4sight Health Roundup podcast, "[Interpreting the Public's Reaction to the Public Death of a Healthcare CEO.](#)" What triggered one frustrated healthcare consumer into violence is a matter of debate.

We certainly don't condone violence or celebrate vigilantism. Those are never the answers.

But we need a customer revolution in healthcare now more than ever. That's the real market lesson from these three new reports and surveys.

Thanks for reading.

AUTHOR



David Burda began covering healthcare in 1983 and hasn't stopped since. Dave writes this monthly column "Burda on Healthcare," contributes weekly blog posts, manages our weekly newsletter 4sight Friday, and hosts our weekly Roundup podcast. Dave believes that healthcare is a business like any other business, and customers — patients — are king. If you do what's right for patients, good business results will follow.

Dave's personal experiences with the healthcare system both as a patient and family caregiver have shaped his point of view. It's also been shaped by covering the industry for 40 years as a reporter and editor. He worked at Modern Healthcare for 25 years, the last 11 as editor.

Prior to Modern Healthcare, he did stints at the American Medical Record Association (now AHIMA) and the American Hospital Association. After Modern Healthcare, he wrote a monthly column for Twin Cities Business explaining healthcare trends to a business audience, and he developed and executed content marketing plans for leading healthcare corporations as the editorial director for healthcare strategies at MSP Communications.

When he's not reading and writing about healthcare, Dave spends his time riding the trails of DuPage County, IL, on his bike, tending his vegetable garden and daydreaming about being a lobster fisherman in Maine. He lives in Wheaton, IL, with his lovely wife of 40 years and his three children, none of whom want to be journalists or lobster fishermen.

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