

# CT Healthcare Affordability Index

JUNE 2021

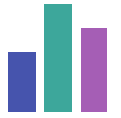
Better policies built on better information



# CT Healthcare Affordability Index

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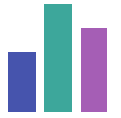
- The CT Healthcare Affordability Index is a combined effort of the CT Office of Health Strategy and the Office of the State Comptroller
- Supported by the CT Health Foundation and the Universal Health Care Foundation of Connecticut
- Built on the foundation of the 2019 Connecticut Self-Sufficiency Standard and updated with detailed healthcare data from Access Health CT, the CT All Payers Claims Database, and a national survey of healthcare expenses
- Data analysis was conducted by the University of Washington School of Social Work and UCONN Analytics and Information Management Solutions (AIMS)



# What is Affordable Healthcare?

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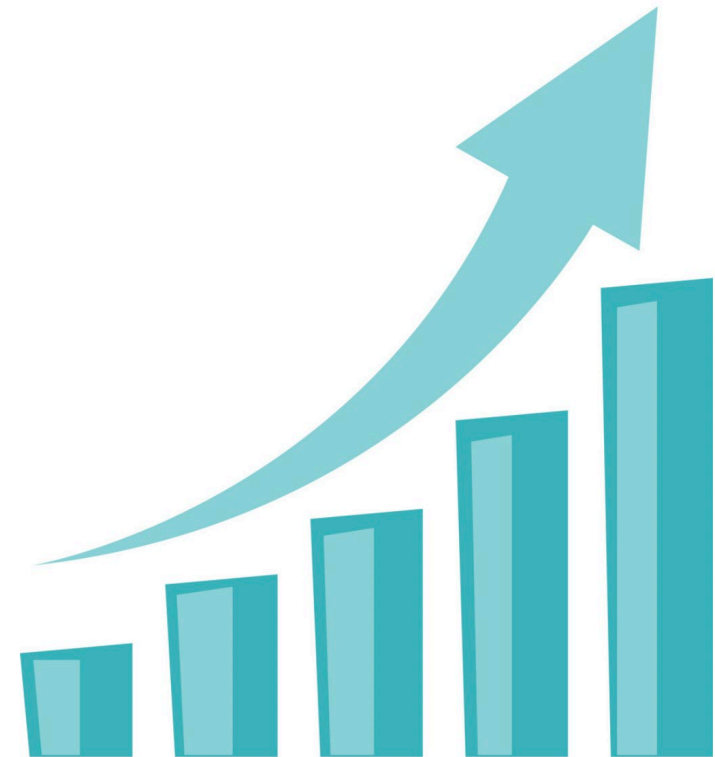
*Healthcare is affordable in Connecticut if a family can reliably secure it to maintain good health and treat illnesses and injuries when they occur without sacrificing the ability to meet all other basic needs including housing, food, transportation, childcare, taxes, and personal expenses or without sinking into debilitating debt.*



# Healthcare Affordability is a Major Problem in Connecticut

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- Healthcare costs are among the highest in the country.
- Healthcare costs are growing much faster than personal income.





# CT Healthcare Affordability Index

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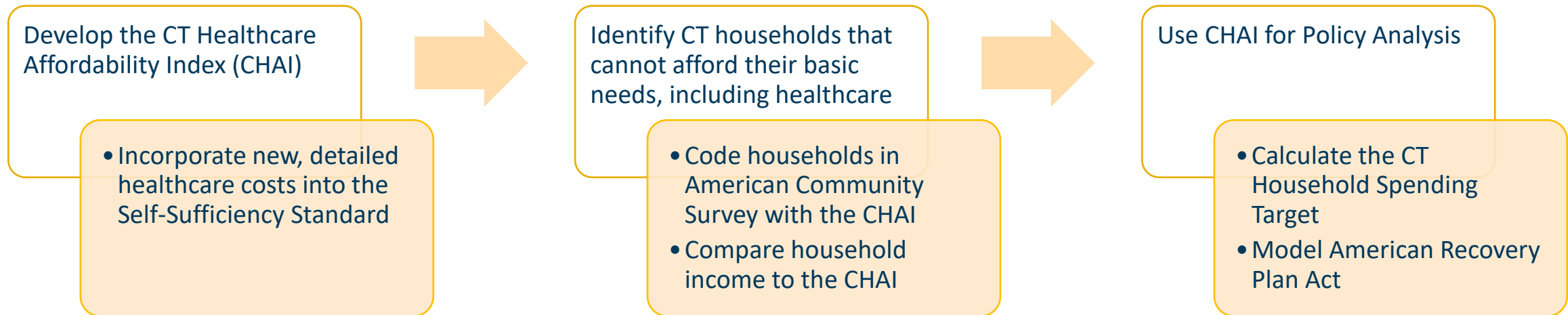
The CT Healthcare Affordability Index (CHAI) is a tool used to calculate real healthcare costs and to identify the households across Connecticut that are struggling with healthcare affordability.

**The index uses the following factors to estimate the actual costs faced by households:**

- health insurance type and by the cost of premiums and out-of-pocket payments;
- town of residence, age, number of family members, and overall health risk
- by family income and the costs of other crucial expenses that include housing, childcare, food, and transportation; and by taxes and tax credits.



# Overview of Research Process





# Connecticut Healthcare Affordability Index

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The Connecticut Healthcare Affordability Index (CHAI) calculates how much a household needs to earn to pay its basic expenses *without* government assistance.

It includes detailed cost information about healthcare premiums and out-of-pocket expenses that can be varied by insurance type, health risk and age, and can vary the result for different household types.

# Sample output

- **Insurance Type:** Individual Market
- **Age:** 18-34
- **Health Risk:** Low
- **Location:** New Britain, CT

Table 1B

The Connecticut Healthcare Affordability Index for Select Family Types								
Individual Marketplace Insurance in New Britain, CT								
Adults=18–34, Low Health Risk Score								
	One Adult		One Adult One Preschooler		One Adult One Preschooler One School Age		Two Adults One Preschooler One School Age	
Monthly Costs	Costs	% of Total Costs	Costs	% of Total Costs	Costs	% of Total Costs	Costs	% of Total Costs
Housing	\$955	42%	\$1,185	24%	\$1,185	20%	\$1,185	18%
Child Care	\$0	0%	\$1,186	24%	\$1,680	29%	\$1,680	25%
Food	\$270	12%	\$409	8%	\$618	11%	\$830	12%
<b>Health Care (NET)</b>	<b>\$245</b>	<b>11%</b>	<b>\$668</b>	<b>14%</b>	<b>\$842</b>	<b>14%</b>	<b>\$1,022</b>	<b>15%</b>
Premium + Out-of-Pocket	\$474	21%	\$820	17%	\$1,151	20%	\$1,626	24%
Premium Tax Credit (-)	(\$229)	(10%)	(\$152)	(3%)	(\$309)	(5%)	(\$604)	(9%)
Transportation	\$276	12%	\$284	6%	\$284	5%	\$544	8%
Miscellaneous	\$168	7%	\$355	7%	\$427	7%	\$480	7%
Taxes	\$347	15%	\$982	20%	\$1,230	21%	\$1,360	20%
Earned Income Tax Credit (-)	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Child Care Tax Credit (-)	\$0	0%	(\$50)	(1%)	(\$100)	(2%)	(\$100)	(1%)
Child Tax Credit (-)	\$0	0%	(\$167)	(3%)	(\$333)	(6%)	(\$333)	(5%)
<b>Connecticut CHAI</b>								
Hourly	\$12.85		\$27.57		\$33.15		\$18.94	<i>per adult</i>
Monthly	\$2,262		\$4,853		\$5,834		\$6,668	
Annual	\$27,147		\$58,234		\$70,003		\$80,017	

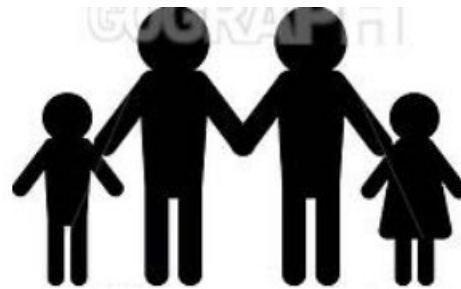




# Connecticut Healthcare Affordability Index

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The example shows that a family with two working adults without any major health risks who are raising two young children in New Britain must earn approximately \$80,000 per year – or about \$19/hr. each – in order to meet their basic expenses, including healthcare.



# Results:

## Presence of Children

- The presence of children increases the likelihood that a family will have inadequate income
- Younger children present a greater challenge to income inadequacy
- Those who have children and have employer sponsored insurance experience income inadequacy at a lower rate than those with individual marketplace insurance and those with Medicaid

CT Healthcare Affordability Index Report

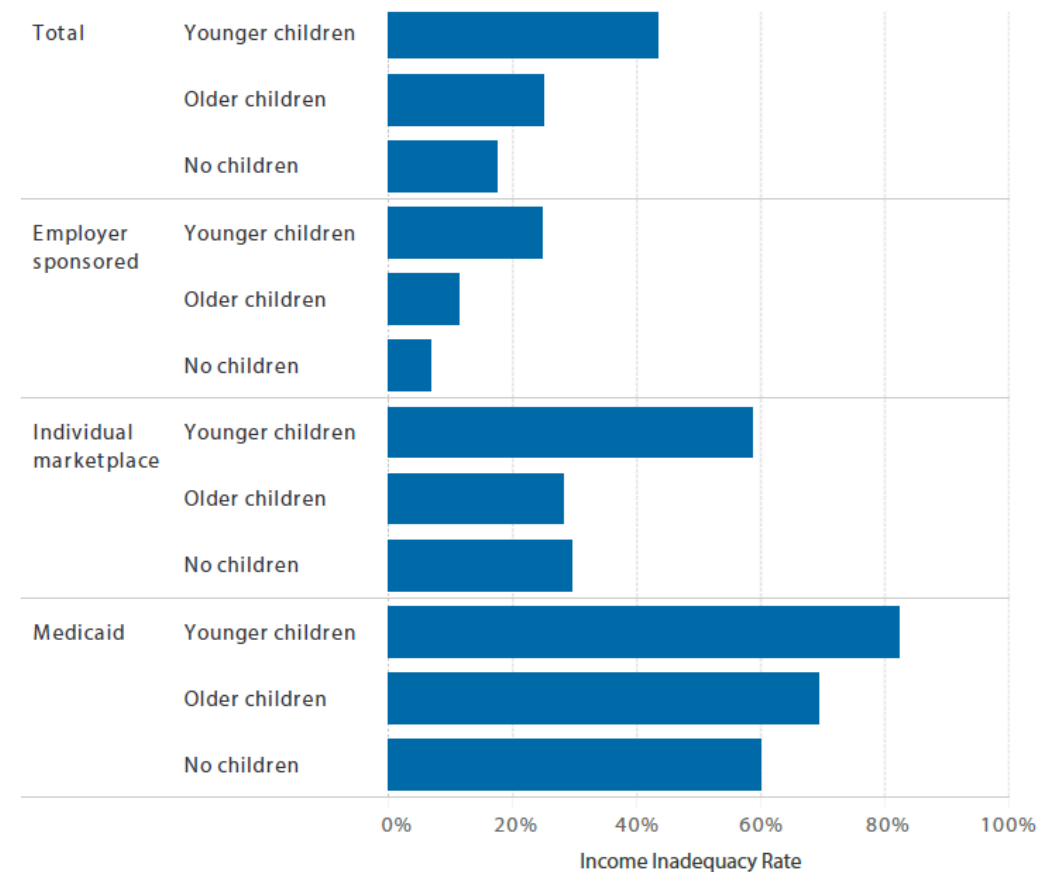
Diana Pearce, Lisa Manzer

December 2020



Figure 3G

**Income Inadequacy Rate by Age of Youngest Child**  
Connecticut Healthcare Affordability Index by Insurance Category



Note: Younger children = youngest child in household is 5-years-old or less, Older children = youngest child between 6 to 17 years of age.  
Source: U.S. Census Bureau, 2017 ACS 1-Year Public Use Microdata Sample.

# Results:

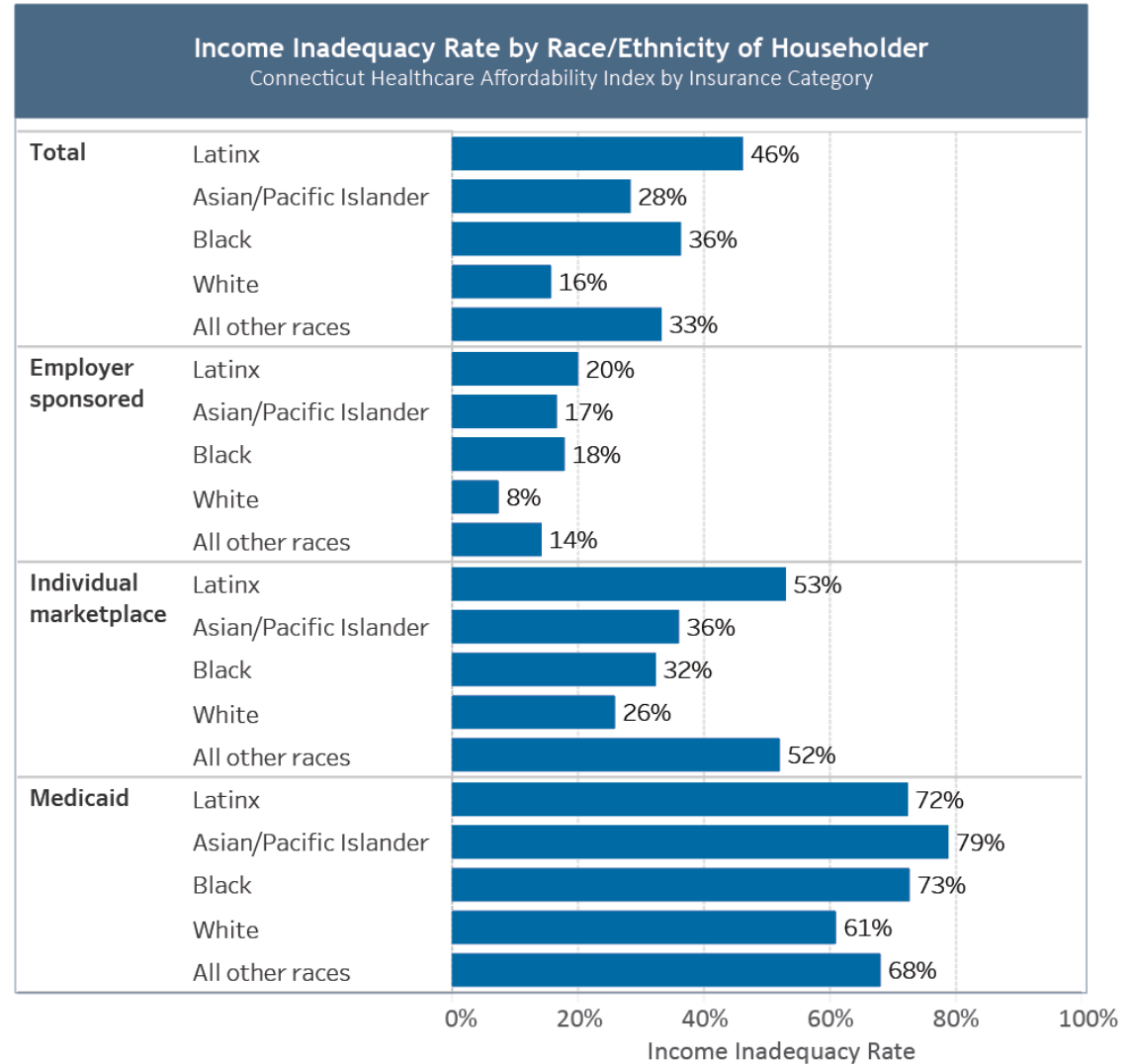
## Race and Ethnicity

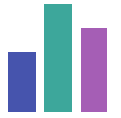
- Households headed by people of color disproportionately experience income inadequacy, including unaffordable healthcare
- Regardless of insurance type, all Black, Indigenous, and People of Color (BIPOC) households see higher rates of income inadequacy than white households
- Those with employer sponsored insurance are less likely to experience income inadequacy than other insurance types; however, BIPOC experience much higher rates of income inadequacy

*CT Healthcare Affordability Index Report*  
 Diana Pearce, Lisa Manzer  
 December 2020



Figure 3E





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Using the CHAI for policy analysis:

# CT Household Healthcare Spending Target



## Step 1. Calculate Average Statewide Connecticut Healthcare Affordability Index

Updated the CHAI healthcare costs and the cost of other basic needs from the Self-Sufficiency Standard for Connecticut

## Step 2. Calculate the Connecticut Household Healthcare Spending Target

$(\text{Healthcare Premium} + \text{Out-of-Pocket Cost} - \text{Premium Tax Credit}) /$   
 $\text{Monthly Total Income Needed to Meet Basic Needs} = \text{Healthcare Spending Target}$

## Step 3. Estimate Number of Households with Unaffordable Healthcare Expenditures

CHAI Healthcare Costs  $\leq$  Maximum Healthcare Expenditures = Healthcare Costs are Affordable

CHAI Healthcare Costs  $>$  Maximum Healthcare Expenditures = Healthcare Costs are Unaffordable



# Results: Statewide Connecticut Healthcare Affordability Index for Two Adults, 2021

Number of Children	0	1	2	3	4
<b>Monthly Cost of Basic Needs</b>					
<b>Healthcare (Total)</b>	<b>\$371</b>	<b>\$515</b>	<b>\$555</b>	<b>\$618</b>	<b>\$610</b>
<i>Healthcare Premium</i>	\$431	\$578	\$628	\$678	\$678
<i>Healthcare Out-of-pocket</i>	\$105	\$133	\$161	\$189	\$217
<i>Premium Tax Credit (-)</i>	(\$165)	(\$196)	(\$234)	(\$249)	(\$284)
Other Basic Needs (Housing, Childcare, Transportation, Food, Miscellaneous, Taxes)	\$3,076	\$4,530	\$5,514	\$7,013	\$8,038
<b>Total Monthly Income Needed to Meet Basic Needs</b>	<b>\$3,447</b>	<b>\$5,046</b>	<b>\$6,068</b>	<b>\$7,630</b>	<b>\$8,648</b>
<b>Healthcare (Total) Percentage of Total Monthly Income</b>	<b>10.8%</b>	<b>10.2%</b>	<b>9.1%</b>	<b>8.1%</b>	<b>7.1%</b>



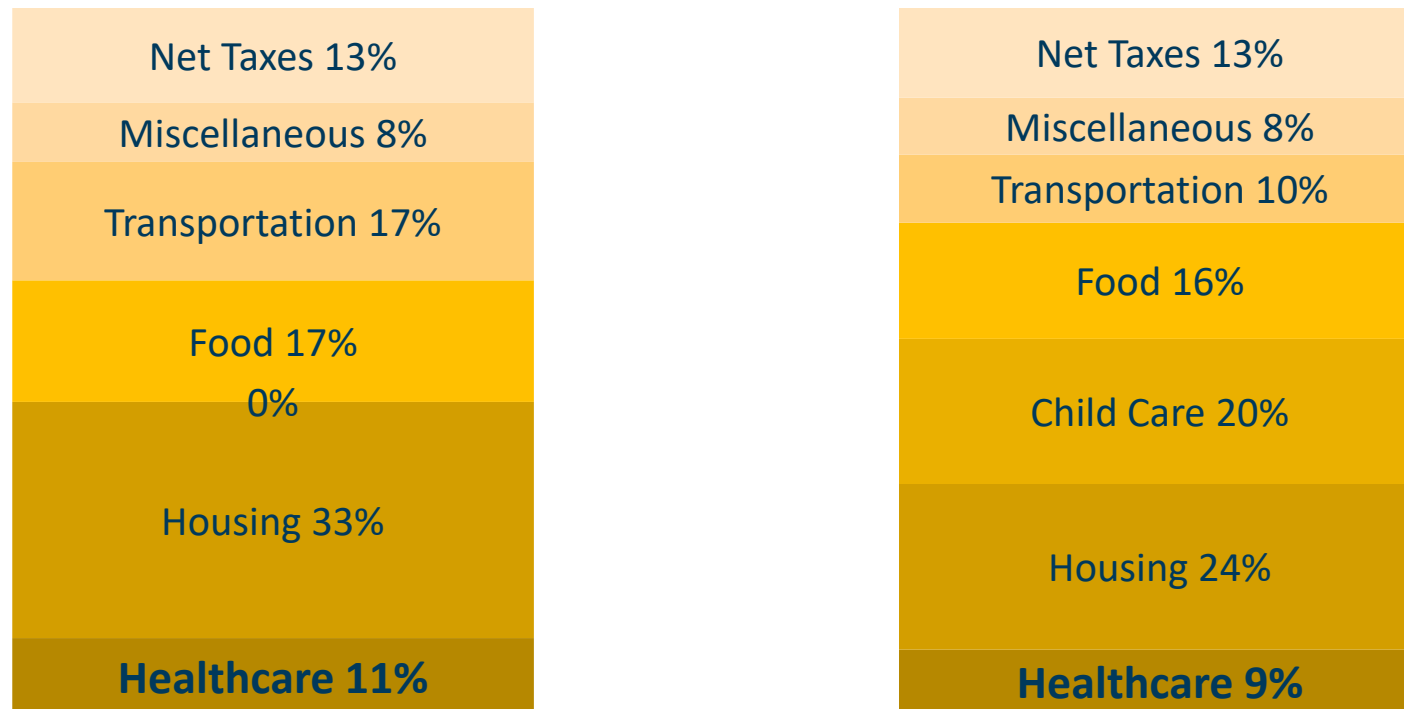
# Results: Statewide Connecticut Healthcare Affordability Index for One Adult, 2021

Number of Children	0	1	2	3	4
<b>Monthly Cost of Basic Needs</b>					
<b>Healthcare (Total)</b>	<b>\$188</b>	<b>\$366</b>	<b>\$507</b>	<b>\$560</b>	<b>\$553</b>
<i>Healthcare Premium</i>	\$207	\$379	\$526	\$576	\$576
<i>Healthcare Out-of-pocket</i>	\$53	\$80	\$108	\$136	\$164
<i>Premium Tax Credit (-)</i>	(\$72)	(\$94)	(\$127)	(\$153)	(\$187)
Other Basic Needs (Housing, Childcare, Transportation, Food, Miscellaneous, Taxes)	\$2,384	\$3,801	\$4,828	\$6,505	\$7,613
<b>Total Monthly Income Needed to Meet Basic Needs</b>	<b>\$2,573</b>	<b>\$4,167</b>	<b>\$5,334</b>	<b>\$7,064</b>	<b>\$8,165</b>
<b>Healthcare (Total) Percentage of Total Monthly Income</b>	<b>7.3%</b>	<b>8.8%</b>	<b>9.5%</b>	<b>7.9%</b>	<b>6.8%</b>



# Results: Healthcare accounts for a smaller budget proportion as household size increases

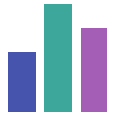
Proportion of Budget Items to Total Costs



2 Adults

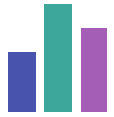
2 Adults & 2 Children





# Results: CT Household Healthcare Spending Target

Household Type		Percentage of Total Income Needed to Meet Basic Needs			Net Healthcare Costs as % of Total Income Needed to Meet Basic Needs
		Premium	Out-of-pocket	Premium Tax Credit	
Adults	Children				
<b>1</b>	<b>0</b>	8.1%	2.0%	-3%	<b>7.3%</b>
	<b>1</b>	9.1%	1.9%	-2%	<b>8.8%</b>
	<b>2</b>	9.9%	2.0%	-2%	<b>9.5%</b>
	<b>3</b>	8.2%	1.9%	-2%	<b>7.9%</b>
	<b>4</b>	7.1%	2.0%	-2%	<b>6.8%</b>
<b>2</b>	<b>0</b>	12.5%	3.1%	-5%	<b>10.8%</b>
	<b>1</b>	11.5%	2.6%	-4%	<b>10.2%</b>
	<b>2</b>	10.4%	2.7%	-4%	<b>9.1%</b>
	<b>3</b>	8.9%	2.5%	-3%	<b>8.1%</b>
	<b>4</b>	7.8%	2.5%	-3%	<b>7.1%</b>



# Model: Original CHAI vs. American Rescue Plan Act

**Family Type:** Two Adults, One Preschooler, One School-age Child

**Location:** Bridgeport, CT

**Insurance Type:** Individual Marketplace

**Age:** 35 – 39

**Health Risk:** Low Health Risk Score

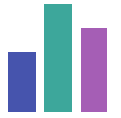
Monthly Costs	Adequate Income Under CHAI 2019	Adequate Income Under CHAI 2019 <i>with</i> ARPA
Healthcare Premium & Out-of-pocket Costs	\$2,187	\$2,187
Premium Tax Credit (-)	\$0	(\$1,415)
Net Healthcare	\$2,187	\$771
Other Basic Needs	\$5,208	\$5,208
Taxes	\$1,966	\$1,185
Earned Income Tax Credit (-)	\$0	\$0
Child Care Tax Credit (-)	(\$100)	(\$667)
Child Tax Credit (-)	(\$333)	(\$550)
<b>Income Need to Meet Basic Needs</b>		
Monthly	\$8,927	\$5,948
Annual	\$107,121	\$71,373



# Policy changes make a difference

	Total Connecticut Households	Households <i>Not Within</i> Spending Target	Households <i>Within</i> Spending Target
<b>All Households</b>			
<i>Original</i>	<b>946,425</b>	<b>21%</b>	<b>79%</b>
<i>ARPA-adjusted cost</i>		<b>18%</b>	<b>82%</b>
<b>Employer-sponsored</b>	<b>644,149</b>	<b>16%</b>	<b>84%</b>
<b>Individual marketplace</b>			
<i>Original</i>	<b>144,021</b>	<b>67%</b>	<b>33%</b>
<i>ARPA-adjusted cost</i>		<b>42%</b>	<b>58%</b>
<b>Medicaid</b>	<b>158,255</b>	<b>0%</b>	<b>100%</b>

Source: U.S. Census Bureau, 2017 ACS 1-Year Public Use Microdata Sample.



# CHAI Conclusions and Next Steps

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# The CT Household Healthcare Spending Target *Predicts Affordability*

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Families purchasing healthcare or paying copays, deductibles or co-insurance should devote no more than between approximately **7% and 11%** of their household expenses to healthcare, depending on family size.



# KEY FINDINGS

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- **Healthcare is not affordable for nearly 18% of households in Connecticut**
- **Households with young children find healthcare unaffordable at a higher rate**
- **Single Black, Indigenous, People of Color parents are the most likely to struggle to afford household basic needs, including healthcare costs**
- **Adults' health risk status and age category have a large impact on affordability**
- **Healthcare costs should not exceed 11% of a household budget**



## FROM DATA TO POLICY – NEXT STEPS IN CONNECTICUT

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*Reducing the cost of healthcare services, increasing access to insurance coverage and providing subsidies or assistance where needed will make healthcare more affordable for more residents of Connecticut.*





# CT Healthcare Affordability Index

*Better policies built on better information*