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NEW REPORT SHOWS HEALTH CARE INCREASINGLY UNAFFORDABLE FOR IOWA FAMILIES

In Iowa, Workers' Health Care Premiums Rose 3.8 Times Faster Than Their Earnings, Despite Reductions in Coverage

Des Moines, Iowa Despite fewer health benefits for working families, health insurance premiums rose much faster than earnings over the last four years, according to a report released today by Families USA*, the national nonprofit and nonpartisan organization for health care consumers, and co-released by Iowa Citizen Action Network**, Iowa for Health Care, and the Iowa State Council of Senior Citizens.

“This report proves what we’ve been saying all along: Iowans are struggling to keep their head above water when it comes to paying for their health care,” said **Lisa Davis Cook**, co-executive director of Iowa Citizen Action Network. “Nobody’s situation seems to be improving. Those who are working never see their cost of living increase because it’s swallowed up in health insurance premiums. Six hundred sixty-eight thousand Iowans went without insurance at some point since 2003. Over 150,000 Iowans spend more than 25 percent of their income on health care. This Families USA report quantifies what we’ve been seeing and hearing across the state: Iowans are drowning in a rising tide of health care costs with no end in sight. ICAN is working to make state and federal government more responsive to this crisis. In a democracy, government is one of our best tools for solving big problems. This report quantifies just how big of a problem the cost of health care has become, and it affects everyone. Workers, employers, retirees, no one is exempt from this rising tide of costs.”

In Iowa, according to the report, average premium costs for workers rose 3.8 times faster than average earnings from 2000 to 2004. Nationally, workers’ premium costs rose, on average, by 35.9 percent, while their average earnings over the same period rose by only 12.4 percent. These comparatively large premium increases occurred despite erosions in health care coverage, with employer-provided insurance packages covering fewer health services and workers paying more in deductibles and co-payments.

In Iowa, family health premiums paid by employers and workers rose from \$4,496 in 2000 to \$6,296 in 2004. The average amount paid by workers for this coverage rose from \$1,060 to \$1,492 during that period—an increase of 40.7 percent. Employers also saw an increase of 39.8 percent during that period.

Even retirees with employer sponsored coverage have experienced these increases. “My premium is going up every year more than any cost of living increase.” said retiree **Vern Naffier** of Ankeny. “What I can purchase with my pension is less and less because of the increased premium. The same thing is happening with my Medicare and Social Security. Every year I have less real money because of these increased health care costs.”

The number of Iowans who had total health costs that consumed more than one-quarter of their earnings rose from 114,00 in 2000 to 151,000 in 2004—an increase of 32.5 percent. The overwhelming majority of these people (130,000) had health insurance.

The Families USA report also found that many more people are now uninsured. Approximately 668,000 Iowans were uninsured at some time during the 2003-2004 period, an increase of 115,000 from 1999-2000, when the number of uninsured stood at 553,000.

“It’s an outrage that more than a fourth of non-elderly Iowans went without health insurance at some point in the last two years, and the problem is getting worse not better,” said **Davis Cook**. “We know that those without health insurance are at high risk for very poor health outcomes. ICAN is committed to finding solutions to reverse these devastating trends.”

“Like hundreds of thousands of other Iowans, health care comes last because I have no choice,” said **Carol Forwalder**, a Des Moines woman whose job was eliminated in January 2003 and who has been looking for work and working at temporary jobs ever since. “I just pray that I don’t have a serious health problem. I need health insurance. Everyone in Iowa needs health insurance. We have to figure out a way that people don’t have to choose between paying for food and paying for healthcare.”

“We’re holding our press conference at a grocery store to illustrate that the rising costs of health care are hitting the pockets of Iowans very hard,” said **Davis Cook**. “We’re not talking about forgoing luxury expenses because of health care costs. We’re talking about people who know that if they go to the doctor they won’t have money to buy groceries, to pay the rent, to pay the utilities. And the number of Iowans who are being squeezed in this way continues to grow. This report documents that even those with health insurance are seeing their household budgets stretched thin because of health care costs.”

The report was produced with data compiled and analyzed by The Lewin Group from federal government sources, including the Census Bureau, the Department of Labor, and the Department of Health and Human Services. The analysis allowed Families USA to compare data on health costs and coverage in 2000 with projections for 2004.

For a copy of the report, please visit Families USA at their Web site www.familiesusa.org.

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**Families USA is the national organization for health care consumers. It is nonprofit and nonpartisan and advocates for high-quality health care for all Americans.*

*** ICAN is Iowa's largest grass roots consumer and environmental watchdog organization, with over 14,000 individual members across the state. ICAN is also an alliance of community, religious, labor, senior, farm, environmental and civil rights organizations - a coalition that is working together to raise the living standards and improve the quality of life for all people in Iowa. www.iowacan.org*