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HEALTH COSTS CUT SAVINGS FOR RETIREMENT

Many people in the United States say they are dipping into savings accounts and reducing retirement savings to pay for rising healthcare costs, according to the 2004 Health Confidence Survey released in October by the Employee Benefits Research Institute (EBRI). The annual survey found that healthcare now ranks as the nation's most critical issue, statistically equal with terrorism and national security.

FINANCIAL PAIN

Dallas Salisbury, CEO for EBRI, stated, "Americans are coping with the rising cost of healthcare in a variety of ways, but it is clear that rising health costs are causing financial pain among many, and are leading to a reduction in savings in general and retirement savings in particular." Although those surveyed are generally satisfied with the quality of medical care they have received this year, their dissatisfaction with the healthcare system as a whole is increasing, the study found, and "concerns are growing among Americans about their ability to afford quality healthcare in the future."

Almost two-thirds (64%) of survey participants saw their health-insurance premiums rise in the past two years, and about half experienced rising charges for prescription drugs (54%), doctor visits (49%) and insurance deductibles (43%). A quarter of those experiencing cost increases say they have reduced retirement savings contributions because of growing medical bills.

In addition, nearly half (48%) report reducing other savings, and about one in five (18%) say medical bills are making it more difficult to pay for food, housing or other necessities. About 30% say health expenses make it difficult to pay other bills, and a quarter say they have used up most or all of their savings. Overall, reports the study, "Only 14% now call the nation's healthcare system excellent or very good, while 60% rate it as fair or poor."

The 2004 survey revealed that more than half (56%) of respondents are extremely or very satisfied with the medical care they have received. Another 34% said they were somewhat satisfied. Since EBRI conducted the first Health Confidence Survey in 1998, the percentage of those who rate the healthcare system as poor has doubled to 30%.

MOST CRITICAL ISSUE

Twenty-two percent of HCS respondents rank healthcare as the most critical issue in the country, compared with 21% for terrorism and national security. Other choices for the top issue concerning participants were the economy (17%), the war in Iraq (16%) and education (13%).

The report noted that the United States spent \$1.6 trillion in 2002, representing 14.9% of the gross domestic product (GDP)—up from \$246 billion or 8.8% of the GDP in 1980. Healthcare spending is projected to more than double by 2013 and consume 18.4% of the GDP, the study adds.

Full results of the 2004 Health Confidence Survey are published in the November "EBRI Issue Brief," available on the organization's website at www.ebri.org or by request. ❖

—Paul Kleyman