

AVOIDING THE MEDICAL CARE SYSTEM? NOT LIKELY.

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HIGHLIGHTS

- There are very few individuals who do not use medical care over a five- or 10-year period, either among all nonelderly, or just among the healthiest subset.
- Most people contact the healthcare system more than once per year. Less than 10 percent have five or fewer contacts over a five-year period.
- In five years, only 12.5 percent of people had spent less than \$1,000 on medical care. The number drops to 4.4 percent over a 10-year period with only 38.8 percent spending less than \$10,000.
- Since our data focus only on those with employer insurance, we also considered the youngest and healthiest enrollees separately, as their use may most closely parallel the uninsured.
 - One-third of men ages 20-29 have no medical care or spending in a single year.
 - The percentage of men ages 20-29 with no medical care drops to 4.7 percent if we examine a five-year period; only 1.1 percent of these young men have no medical care over a period of 10 years.

INTRODUCTION

Perhaps the most contentious aspect of the debate over healthcare reform has been the requirement that all individuals purchase health insurance coverage, unless it is unaffordable. A number of arguments for and against such a requirement exist. A commonly cited reason in favor of the mandate is that all individuals eventually use medical care, so it is socially beneficial to have them pay into the system along the way rather than only paying when they are sick.

In fact, however, we have little evidence to support this rationale. There are no studies of which we are aware that track utilization of medical care by the nonelderly U.S. population over long periods of time.¹ This reflects the fact that there is little publicly available data for the nonelderly that allows one to track their use over many years.

We address this shortcoming here by using *Thomson Reuters MarketScan*[®] data from a very large sample of employer-insured individuals. We assess the probability of using medical care and the amount spent over various lengths of time. While the employer-insured population may not be representative of the groups most affected by the mandate, particularly the uninsured, we can focus on particularly healthy subsets of individuals (e.g., 20- to 29-year-old males) to assess the robustness of our findings.

DATA AND METHODS

This analysis utilized data from the 2000-2009 *Thomson Reuters MarketScan*[®] *Commercial Claims and Encounters Database*. These data include health insurance claims across the continuum of care (e.g., inpatient, outpatient, and outpatient pharmacy) as well as enrollment data from large employers and health plans across the United States which provide private healthcare coverage for enrollees, their spouses, and dependents. This administrative claims database includes a variety of fee-for-service, point-of-service, and capitated health plans. While this is a convenience sample, it is generally representative of the population in the United States with employer-sponsored health insurance. The data were subset to those individuals who were enrolled for the full year 2009, which included over 23.2 million enrollees. The payments represent the total amount paid to a provider. All payments have been adjusted for inflation to 2009 dollars using the Consumer Price Index.²

¹ There is evidence of persistence in spending over a three-year period from one firm's data in Eichner, Matthew, Mark McClellan, and David Wise (1997), "Health Expenditure Persistence and the Feasibility of Medical Savings Accounts," in James Poterba, ed., *Tax Policy and the Economy* 11, Cambridge, MA: MIT Press, p. 91-128.

² Bureau of Labor Statistics — All Urban Consumers, U.S. City Average (accessed from <http://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>).



We use these data to assess medical utilization over time using two measures. The first is the number of contacts with either inpatient or outpatient providers over the time period. This understates the number of contacts with the medical system as it excludes drug prescriptions. The second is total medical spending over a year including prescription drugs.

We consider nonelderly individuals over time intervals of one, three, five, and 10 years. One issue with an analysis such as this is attrition over time. Due to natural attrition, the sample of individuals available for analysis will dwindle as the time frame grows. An alternative approach is therefore to consider a “balanced panel” of individuals who are in the sample for the entire 10 years that we analyze. Either approach has potential limitations. With the “unbalanced panel,” it is difficult to compare different durations since the sample is changing. But the balanced panel analysis is potentially limited by the fact that those who stay with their firm for 10 years are not fully representative. In fact, our results are very similar with either sample. We are presenting results from the unbalanced panel in this research brief, but the other results are available upon request.

OBSERVATIONS

The results of our analysis for all nonelderly are presented in Table 1.

Table 1: Percentage of Enrollees With Medical Care as Measured by Visits and Spending					
	ONE YEAR	THREE YEARS	FIVE YEARS	10 YEARS	
All Nonelderly					
Visits					
0	15.0%	4.3%	2.1%	0.7%	
1	10.7%	3.1%	1.4%	0.5%	
2-5	32.8%	13.9%	6.5%	2.3%	
6-9	16.9%	14.2%	8.0%	3.0%	
10-14	10.2%	14.8%	10.5%	4.4%	
15-24	8.7%	20.8%	20.1%	11.4%	
25+	5.7%	28.9%	51.4%	77.7%	
Spending					
\$0	15.3%	4.5%	2.2%	0.7%	
\$1-\$499	28.6%	10.3%	4.7%	1.7%	
\$500-\$999	15.4%	10.4%	5.6%	2.0%	
\$1,000-\$2,499	17.3%	20.6%	15.4%	6.9%	
\$2,500-\$4,999	9.6%	16.7%	16.8%	11.0%	
\$5,000-\$9,999	6.7%	15.2%	18.4%	16.5%	
\$10,000+	7.1%	22.3%	37.1%	61.2%	

As is clear from these data, most nonelderly in this sample come into contact with the medical system within one year; only about one-seventh of the sample have no medical spending in one year. But the frequency of contact rises rapidly as time passes. Over three years, only 4.3 percent of the nonelderly have no utilization and only 4.5 percent have no spending at all. Over five years, only about 2 percent of nonelderly have no visits or spending. Over a 10-year period, less than 1 percent of the nonelderly have no medical contacts or spending.

Moreover, this is not just individuals going once or a few times to medical offices and hospitals. Over a five-year period, fewer than 10 percent of the sample has five or fewer contacts with the medical system. Over a 10-year period, only about one in 30 nonelderly has five or fewer contacts, and only about one in 22 spends less than \$1,000 on medical care.

These results clearly indicate that very few nonelderly individuals go without medical care over long periods of time. The key limitation of this analysis, however, is its focus just on those employed by medium to large firms. On the one hand, this population is much healthier than the average nonemployed person. Tabulations from the Current Population Survey³ show that 75 percent of those covered by employer-sponsored insurance report themselves to be in excellent or very good health compared to only 60 percent of the uninsured; 11 percent of the uninsured report themselves to be in poor health compared to 4 percent of those with employer-sponsored health insurance.⁴ On the other hand, this study population is insured, typically with very generous insurance coverage, whereas the mandate would bind on those who are uninsured and have fewer medical contacts.

Unfortunately, such longitudinal data do not exist for the uninsured. But we do know that the uninsured are much more likely to be young adults than are the insured, and that young adults are the healthiest group with the lowest rate of medical utilization. We have therefore redone our analysis for the healthiest subset of workers in our data: 20- to 29-year-old males. The population of 20- to 29-year-old males who are employed is much healthier than the modal uninsured person: over 80 percent are in excellent or very good health, and only 2 percent are in fair or poor health.⁵

Table 2 shows the findings for this younger age group.

Table 2: Percent of Male Enrollees Ages 20-29 With No Medical Care as Measured by Visits and Spending

	ONE YEAR	THREE YEARS	FIVE YEARS	10 YEARS
Males 20-29				
Visits				
0	33.3%	10.8%	4.7%	1.1%
1	17.6%	8.4%	3.7%	1.2%
2-5	30.8%	28.0%	16.6%	6.8%
6-9	8.9%	17.4%	15.3%	8.1%
10-14	4.2%	12.4%	14.8%	10.3%
15-24	3.3%	11.9%	19.3%	19.7%
25+	2.0%	11.1%	25.6%	52.9%
Spending				
\$0	33.7%	11.2%	4.9%	1.2%
\$1-\$499	34.0%	23.4%	12.4%	4.6%
\$500-\$999	10.6%	14.7%	11.3%	5.1%
\$1,000-\$2,499	10.7%	20.4%	21.9%	15.2%
\$2500-\$4999	5.1%	12.4%	17.5%	17.3%
\$5000-\$9999	3.1%	9.0%	14.7%	20.6%
\$10,000+	2.8%	9.1%	17.4%	36.0%

Here we find that there is a higher rate of nonusage of medical services. But over five or 10 years there is still only a very small share of 20- to 29-year-old males who completely avoid the medical system. Less than 5 percent of this group has no contact over five years, and only 2.3 percent of this group has zero or one medical contact over 10 years. Less than 6 percent of this group has fewer than \$500 of medical spending over a 10-year period and more than half (56 percent) had spending of over \$5,000.

³ The Current Population Survey is a monthly survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics. It provides a comprehensive body of data on the labor force, employment, unemployment, persons not in the labor force, hours of work, earnings, and other demographic and labor force characteristics. (<http://www.bls.gov/cps/>)

⁴ Authors' tabulations from the Current Population Survey

⁵ Ibid

CONCLUSION

The data presented here clearly belie the notion that many individuals completely avoid the medical system over long periods of time. Even among the healthiest individuals in our sample, virtually everyone uses some medical care over a five- or 10-year period. Of course, our data are restricted to those who are employer-insured, and it is possible that utilization is lower among those who would be brought into insurance coverage by an individual mandate. However, based on this information it seems unlikely that a mandate would be binding on many individuals who are avoiding the healthcare system for long periods of time.

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