

# **One in Five Americans Could Not Afford to Pay an Unexpected Medical Bill Without Accumulating Some Debt**

*A Majority Believe Receiving a Large Medical Bill that they Can't Afford is Just as Bad as Being Diagnosed with a Serious Illness*

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## **One in Five Americans Could Not Afford to Pay an Unexpected Medical Bill Without Accumulating Some Debt**

*A Majority Believe Receiving a Large Medical Bill that they Can't Afford is Just as Bad as Being Diagnosed with a Serious Illness*

New York, NY – According to a recent online study conducted by Ipsos on behalf of Amino, a majority of Americans (55%) say that they have received a medical bill that they did not budget for at some point in their lives. Women (62% versus 47%, men), the less affluent (65% versus 49%, earning over \$50,000 annually), and those with no college degree (63% versus 45%, college degree) are among those most likely to say that they have faced this situation in the past.

When asked to estimate how much they could afford to pay towards an unexpected medical bill using funds they currently have set aside, such as a rainy day fund or savings account, not quite a quarter (23%) say that have at least \$2,000 they could use without accumulating some debt. However, nearly as many (19%) admit that they could not afford to pay anything without accumulating some debt, and another 18% could only afford to pay up to \$100 if presented with an unexpected medical bill.

- Across demographic groups, women (22%), lower income earners (32%), the less educated (25%), and those who are not married (27%) are especially likely to say that they could not afford to pay an unexpected medical bill without landing in debt.



- Those with no insurance (48%) or Medicaid (42%) also follow this pattern, though to a much greater extent.

On the other hand, similar proportions - just over one in ten Americans - say that they could afford to take either \$101-\$500 (15%), \$501-\$1,000 (12%), or again \$1,001-\$2,000 (14%) from their rainy day fund/ savings in order to pay an unexpected medical bill.

A majority of Americans perceive being diagnosed with a serious illness as being just as bad as receiving a large medical bill that they can't afford (53%). In contrast, not quite two in five (38%) believe the former is worse, versus 10% who say instead that receiving a large medical bill is worse. Older adults (63%, ages 55+), lower income earners (60%), those residing in the South (57%), and the unemployed (63%) are among the most likely to perceive being diagnosed with a serious illness as being just as bad as receiving a large medical bill.

When it comes to avoiding high medical bills, maintaining good insurance coverage (39%) is the top strategy used in America. Practising preventative care (33%) comes in closely behind, with a third saying that they are most likely to do this in order to avoid paying high medical bills. One in five (19%) report that not going to the doctor is their main strategy to avoid paying high medical bills, while only 7% opt instead to research doctors, facilities, and/or costs ahead of time. Very few (2%) mention something else.

- Americans who are insured through their employer are especially likely to rely on their insurance coverage (49%), while those with no insurance are



instead significantly more likely to avoid going to the doctor altogether (56% vs. 14%, insured through employer).

### *Personal Finances: Health and Medical Budgeting/ Saving*

Three quarters of Americans agree that their healthcare costs have gone up in the past few years (74%), and another two thirds want to lower their healthcare costs, but don't know how (64%). Two in five admit knowing that there are tools they can use to reduce their healthcare costs - but say that they don't use them (42%). For example, less than a third (32%) currently contribute to a health savings account (HSA) that allows them to save money tax-free against medical expenses.

- When it comes to being informed about their insurance coverage, three quarters of Americans say that they understand their insurance plan and how it works (73%). However, roughly half (49%) agree that their insurance doesn't provide them with enough information on healthcare costs.

When it comes to managing their finances, less than half (46%) report currently budgeting more than \$50 a month for health and medical expenses (insurance premiums, unreimbursed expenses, prescriptions & over the counter medications, etc.). Americans are more likely to budget at least \$50 a month for food (79%), transportation (59%), and debt payments (49%). Meanwhile, budgeting for personal care items (42%), savings/ investments (40%), or entertainment (38%) falls just slightly behind health/ medical expenses. Education (14%) is least likely to be top of mind, while almost one in ten (8%) say that they are not currently budgeting for any of these on a regular basis.



- Those most likely to be currently budgeting more than \$50 a month on health and medical expenses include older adults (55%, ages 55+), the more affluent (52%), those living in the South (52%), those with a college degree (52%), and those who are married (51%). A majority of those who are insured through their employer (55%) or who purchased health insurance themselves (57%) also follow this trend.
- Similarly, Americans who have received an unexpected medical bill in the past are significantly more likely than those who haven't to be currently budgeting for health and medical expenses on a monthly basis (54% vs. 37%).

Looking at health and medical costs more specifically, Americans are most likely to be saving for doctor visits and services (34%), while another three in ten are doing the same thing for prescription drugs (28%) and insurance premiums (28%). Fewer are saving for over the counter medications (17%) or major surgeries or emergencies (15%), while 2% mention saving for something else. However, two in five (39%) say that they are not saving for any of these healthcare costs – especially lower income earners (47%), adults with no children living at home (43%), no college degree (46%), those who are not married (48%), those with no insurance (49%) or Medicaid (45%), those who are not budgeting monthly for health & medical expenses (55%), and those who have never received an unexpected medical that they did not budget for (49%).



- Neglecting to save/ budget more consistently for health and medical expenses might be explained by a lack of awareness as to how much these things really cost. For example, the median price to go to the doctor to fix a broken arm in America is \$1,100<sup>1</sup>. When asked to guess the total cost for this, including what insurance covers plus what has to be paid out of pocket, the median response is \$700. This includes nearly half (46%) who believe that going to the doctor for a broken arm will cost them no more than \$500, and another 16% who think such a procedure costs between \$500 - \$1,000.

Americans are most concerned, financially, with the healthcare costs associated with major surgeries or emergencies (33%) – despite this expense falling to the bottom of the list when it comes to healthcare costs that Americans are actually saving up for. Concerns associated with the cost of insurance premiums (24%) fall onto a secondary tier, while not quite one in five say instead that they are most financially concerned about doctor visits and services (18%). Slightly fewer (15%) worry most about prescription drug costs, while only 4% mention being most concerned about over the counter medications, or something else (6%).

*These are findings from an Ipsos poll conducted February 23 - 24, 2017 on behalf of Amino. For the survey, a sample of 1,006 U.S. adults over the age of 18 was interviewed online, in English. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 3.5 percentage points for all respondents surveyed.*

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<sup>1</sup> Figure provided by Amino database.



*The sample for this study was randomly drawn from Ipsos’s online panel (see link below for more info on “Access Panels and Recruitment”), partner online panel sources, and “river” sampling (see link below for more info on the Ipsos “Ampario Overview” sample method) and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to each study, in drawing sample. After a sample has been obtained from the Ipsos panel, Ipsos calibrates respondent characteristics to be representative of the U.S. Population using standard procedures such as raking-ratio adjustments. The source of these population targets is U.S. Census 2015 American Community Survey data. The sample drawn for this study reflects fixed sample targets on demographics. Post-hoc weights were made to the population characteristics on gender, age, region, race/ethnicity and income.*

*Statistical margins of error are not applicable to online polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (All respondents: n=1,006, DEFF=1.5, adjusted Confidence Interval=5.0).*

*For more information about Ipsos’ online polling methodology, please go here*

<http://goo.gl/yJBkuf>

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