



To Buy or Not To Buy

A Profile of
California's
Non-Poor
Uninsured



A Survey by the California HealthCare Foundation
and the Field Research Corporation

ABOUT THE SURVEY

To describe California's "non-poor uninsured," the California

HealthCare Foundation and the Field Research Corporation developed an extensive questionnaire. For the purposes of the survey, "non-poor uninsured" individuals were defined as those with household incomes of at least 200% of the Federal Poverty Level (FPL). U.S. Census Bureau Poverty Thresholds were rounded to the nearest \$1,000 in order to simplify eligibility screening (see chart on page 5 for 1997 Federal Poverty Level).

Between September and November of 1998, Field conducted 1,009 telephone interviews with non-poor uninsured Californians. The survey collected information on demographics, health status, attitudes toward health insurance, current sources of medical care (including level of utilization and charges), perception of the cost of health insurance premiums, willingness to pay for coverage, and preferences among health insurance options.

According to statistical theory, results from the overall sample of the non-poor uninsured would have a sampling error of +/- 3 percentage points 95 percent of the time. Percentages based on subgroups of the overall sample would have wider error ranges. There are many possible sources of error in this or any survey other than sampling variability. Different results could occur because of differences in question wording or sequencing, or through errors or omissions in sampling, interviewing, or data processing. Every effort was made to minimize such errors.

In addition to the survey of the non-poor uninsured, the project included interviews with 802 Californians who had purchased individual health insurance. Whenever possible, the two groups were asked identical questions to allow for comparisons between the non-poor uninsured and individually insured with the same income threshold (at least 200% FPL). The findings from interviews with the individually insured are not included in this report.

For more information about the survey results for both the non-poor uninsured and the individually insured, including access to the data, visit the Foundation's Web site at www.chcf.org/uninsured/fieldsurvey.cfm.

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I. Introduction

IN 1997, THE NUMBER OF UNINSURED INDIVIDUALS IN CALIFORNIA REACHED THE 7 MILLION MARK, COMPRISING ALMOST 24% OF THE STATE'S POPULATION.¹

An overwhelming majority of California's uninsured—85%—are workers or their family members,² but most of these workers are not offered health insurance through employment. There are three alternatives available to those without employment-based coverage: qualify for governmentally subsidized coverage, qualify for and pay the full cost of individual coverage, or remain uninsured.

In our voluntary market-based health insurance system, individuals and families with household incomes of greater than 200% of the Federal Poverty Level (FPL) (\$33,000 for a family of four) are not strong candidates for public insurance programs or significant premium subsidies. Although California recently raised the upper income threshold for eligibility for Healthy Families (California's CHIP program) to 250% of FPL, only children are eligible. Indeed, in California and many other states, single adults even at very low incomes are ineligible for Medicaid or any other health insurance subsidies.

Why don't more of California's uninsured purchase health care coverage on the individual health insurance market? For many, it is simply unaffordable. But a large proportion—40% in 1997—had household incomes of at least 200% of FPL.³ Indeed, of that 40%, more than half had household incomes of at least 300% of FPL. Many of these “non-poor uninsured” may be able to afford and obtain coverage in the individual market.

The individual market is clearly not the sole solution to California's large and growing problem with uninsured residents. Absent government subsidies or employer contributions, individual coverage is costly, and at least some of the premium must be paid with after-tax dollars. The health insurance market is complex, and many individuals find it confusing and difficult to navigate. In addition, those with certain health conditions may be denied coverage. Nevertheless, it represents the only existing alternative for a large proportion of California's uninsured.

¹ Fronstin, P. December 1998. “Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 1998 Current Population Survey, Table 7.” EBRI Issue Brief Number 204. Washington, D.C.: Employee Benefit Research Institute.

² Brown ER, Wyn R, Levan R. September 1997. *The Uninsured in California: Causes, Consequences, and Solutions*, p.8. Oakland, California: The California HealthCare Foundation.

³ UCLA Center for Health Policy Research. Analysis of the 1998 March Current Population Survey.

Although significant demographic detail is available on California's uninsured population, little is specific to the non-poor uninsured. Even more scarce, but critical to the creation of effective strategies for reaching this group, is information about the values, attitudes, and perceptions of the non-poor uninsured toward health insurance. To fill this information gap, the California HealthCare Foundation worked with the Field Research Corporation of San Francisco to develop a survey of California's uninsured population with household incomes of at least 200% of FPL. This report presents the findings of the study.

The first section describes the non-poor uninsured, going beyond demographics to provide information on self-reported health status and health insurance history. In addition, this section presents information on where and how often the non-poor uninsured receive care and how they pay for that care.

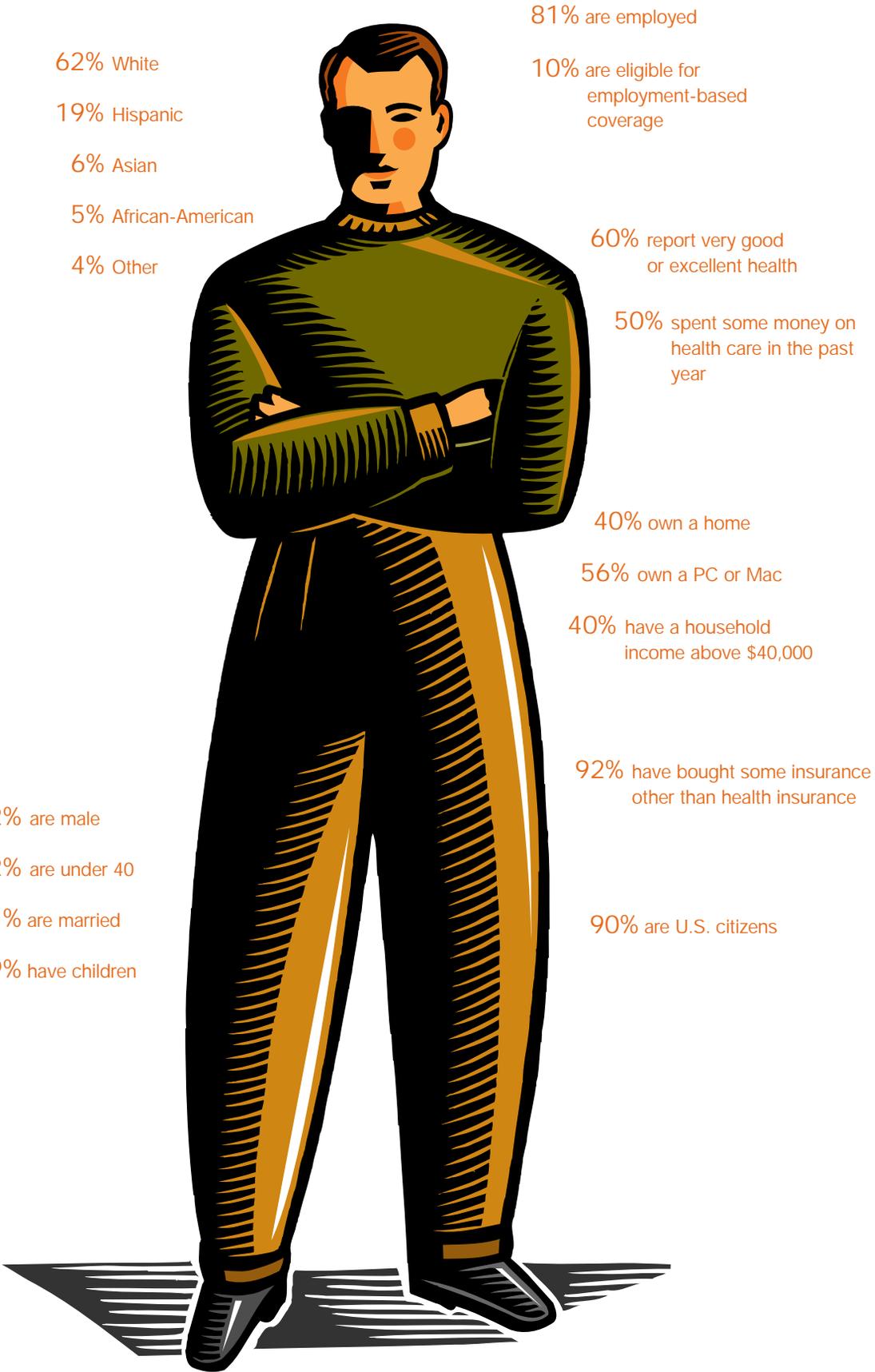
The second section discusses attitudes of the non-poor uninsured toward health insurance, including the reasons they do not purchase coverage and the degree to which they are concerned about lacking health insurance. Respondents' perceptions of the financial and health risks of going without coverage are also explored.

The third section reports on the responses of the non-poor uninsured regarding the perceived cost of health insurance, willingness to pay for coverage, and preferences among health insurance options.

The fourth section presents a segmentation analysis derived from survey responses. The segmentation describes four distinct groups of non-poor uninsured: *Prime Prospects*, *Tough Sells*, *Cost Constrained*, and *Unworried Well*. Each of these groups is described in some detail. This section also includes a discussion of the implications of the study, pointing to promising avenues for reaching California's non-poor uninsured.

The final section summarizes the opportunities and challenges of reaching this population.

In 1997, the number of uninsured individuals in California reached the 7 million mark, comprising almost 24% of the state's population.¹



II. Profile: Who Are California's Non-Poor Uninsured?

THE MAJORITY OF CALIFORNIA'S NON-POOR UNINSURED ARE EMPLOYED, BUT NOT OFFERED HEALTH INSURANCE AT WORK. They tend to be single (69%), white (62%), and below the age of 40 (62%). As a group, the non-poor uninsured are not affluent: 36% have annual household incomes of less than \$30,000, and only 10% earn more than \$75,000. Many, however, have assets to protect: 40% own a home, 56% have a computer, and 92% have a VCR. The majority have a checking account (84%) and a credit or debit card (77%).

In general, the non-poor uninsured appear to be quite healthy, with 60% self-reporting excellent or very good health and only 12% self-reporting fair or poor health. Eleven percent say they have had a serious illness in the past year, and 5% report having been turned down for health insurance at some point in the past.

The non-poor uninsured are familiar with the concept of insurance. Seventy-eight percent have been insured at some time in the past, including 57% who obtained prior coverage through employment. Thirty-six percent have had coverage all or most of their adult lives, and 20% reported having had coverage at some point in the prior year. Virtually all the respondents had purchased some type of insurance, including car (90%), homeowners'/renters' (46%), and life (37%). A majority of the non-poor uninsured say they would go to health plans or insurers (41%) or to insurance brokers (18%) if they wanted to purchase health insurance, and 75% say they would be very or fairly comfortable purchasing coverage.

Twenty percent of the non-poor uninsured work for an employer who offers health insurance; half of those workers reported that they were currently eligible for health insurance through the workplace. The group cited several reasons for not subscribing, including: insurance was too expensive, did not like the plan, did not need insurance, and have not gotten around to subscribing.

Approximately **2.5 million** uninsured Californians have household incomes of more than 200% of the Federal Poverty Level.

1997 Federal Poverty Level (FPL) Thresholds for Households

	100%	200%	300%
1 person	\$ 8,350	\$16,700*	\$25,050
2 persons	\$10,805	\$21,610*	\$32,415
3 persons	\$12,802	\$25,604*	\$38,406
4 persons	\$16,400	\$32,800*	\$49,200

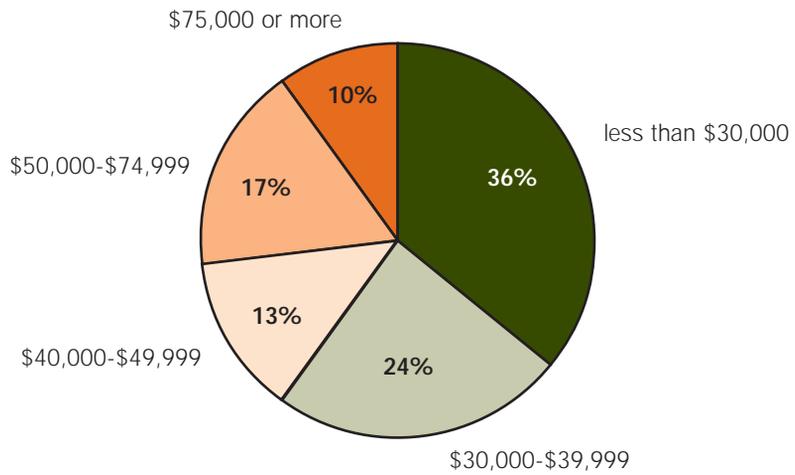
* These values were rounded to the nearest \$1,000 in order to screen for study eligibility.

Source: U.S. Census Bureau Poverty Thresholds

The Non-Poor Uninsured: What the Data Reveal

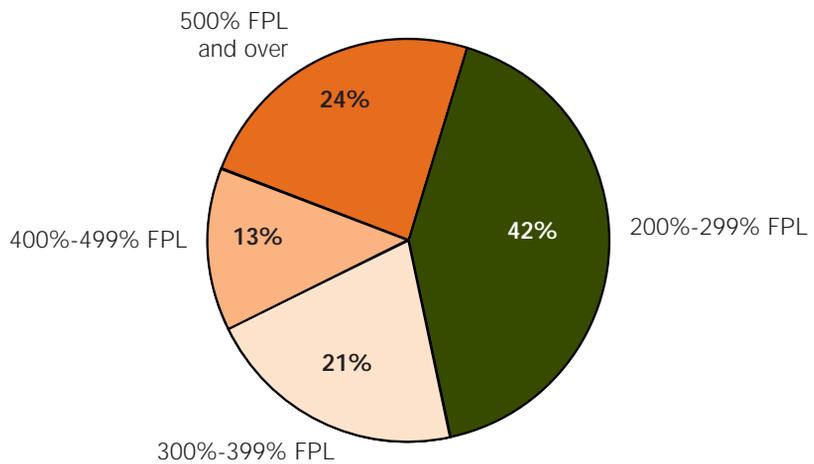
Household Income

Many non-poor uninsured appear to have annual incomes that make them candidates for purchasing insurance.



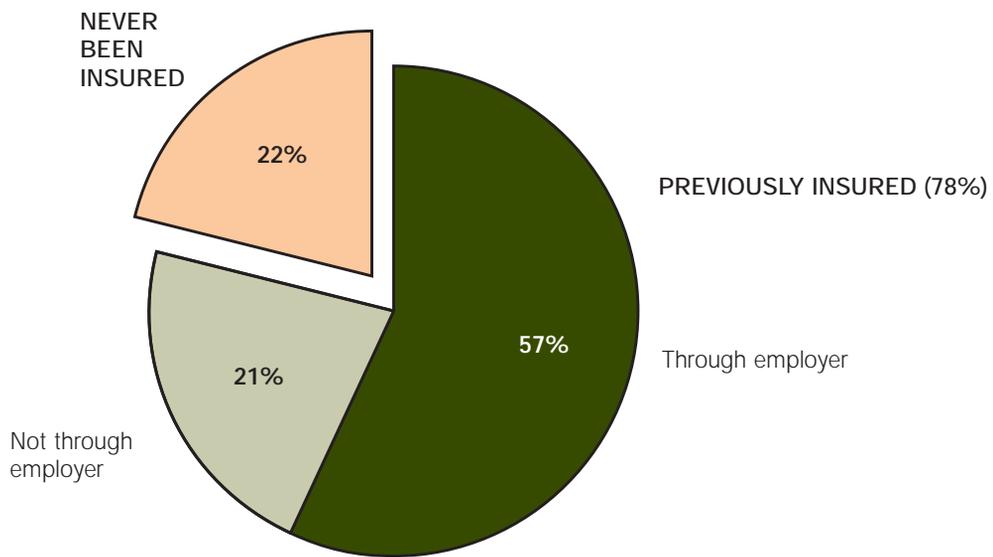
Household Income Related to Federal Poverty Level

Nearly 60% of the non-poor uninsured have annual incomes of at least 300% of FPL.



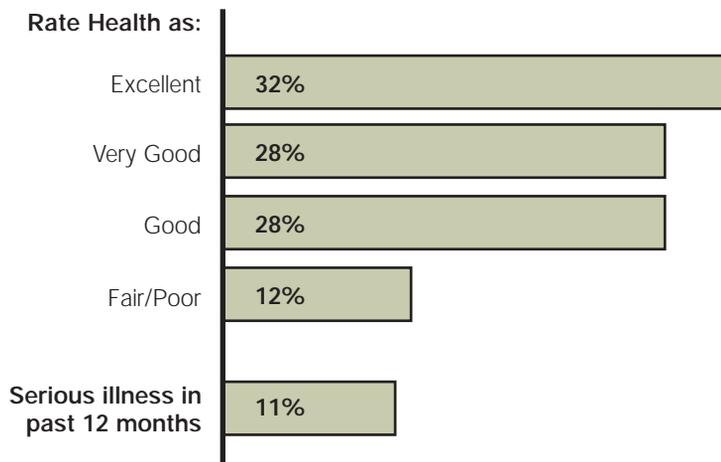
How Previously Insured

The majority of the non-poor uninsured had previously been insured through employment. Only 22% had never had health insurance.



Health Status

Self-reported health status supports the contention that many non-poor uninsured would satisfy health plans' underwriting criteria and could qualify for coverage.



Experiences with Health Care

THE NETWORK OF “SAFETY NET” FACILITIES, SUCH AS COMMUNITY CLINICS AND COUNTY FACILITIES THAT PROVIDE SUBSIDIZED HEALTH CARE TO THE UNINSURED, GENERALLY SERVE THE POPULATION WITH HOUSEHOLD INCOMES BELOW 200% OF FPL. Where do the non-poor uninsured obtain care? How often do they visit a doctor? How much do they pay? Little is known about how this group accesses the health care system.

When asked where they are most likely to go when they get sick, 42% of the non-poor uninsured reported that they would visit a doctor’s office. Seventeen percent are most likely to visit a county or community clinic, while 15% would go to an emergency room and 13% would visit a hospital clinic.

In this survey, 58% of the non-poor uninsured reported receiving medical care in the prior year. Those who obtained care reported an average of 3.5 visits to a doctor, 3 visits to a community clinic, and 5 prescriptions filled (median values were lower: 2 physician visits, 1 clinic visit, and 3 prescriptions). Among those who obtained services, total average charges for all care over the previous 12 months were \$1,083 (median \$200).

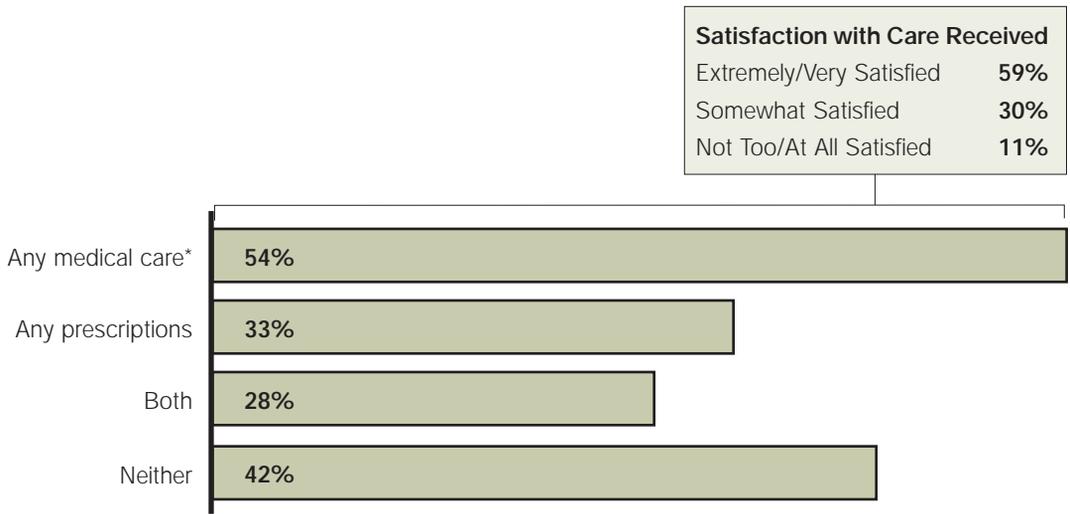
Forty-two percent of the non-poor uninsured reported receiving no medical services over the past 12 months. An additional 8% obtained medical services but were not charged for those services. The remaining 50% of the non-poor uninsured were split evenly between those spending under \$300 and over \$300 on medical services in the past year.

Eighty percent of those who used medical services and were charged paid the bill in full. Of the 20% with an outstanding balance, almost half were continuing to pay in installments. Respondents were most likely to pay by check or cash and were far less likely to use a credit card.

What the Data Reveal

Utilization of Medical Services Over the Past 12 Months

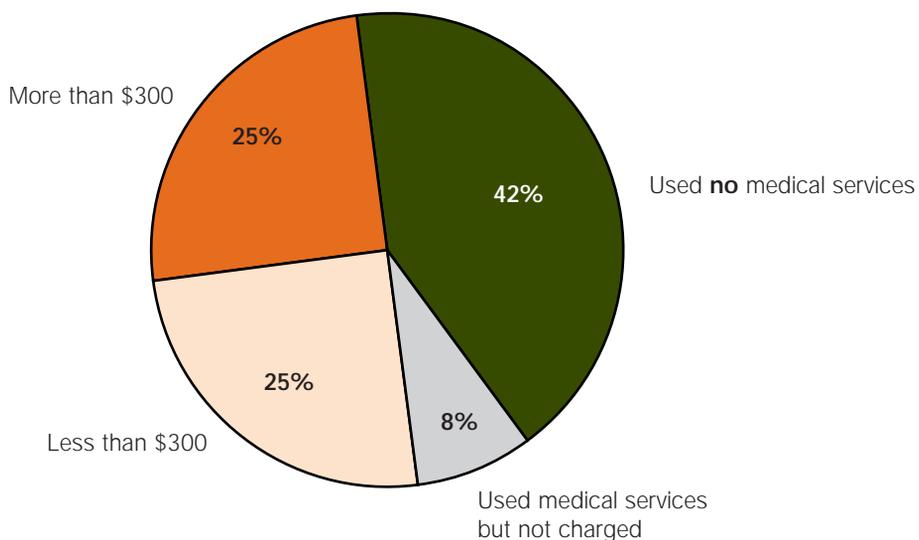
More than 40% of the non-poor uninsured reported receiving no medical services in the past 12 months. Less than a third obtained both medical care and prescriptions.



* Care received from a doctor, ER, clinic, hospital, lab, chiropractor, acupuncturist, or other medical professional (excluding dentists).

Cost Incurred for Medical Services for Yourself in the Past Year

About half of the non-poor uninsured did not pay anything for medical services for themselves over the past 12 months. Of those who did, one-half incurred costs of less than \$300.



75% don't believe they can afford health insurance

65% live from paycheck to paycheck

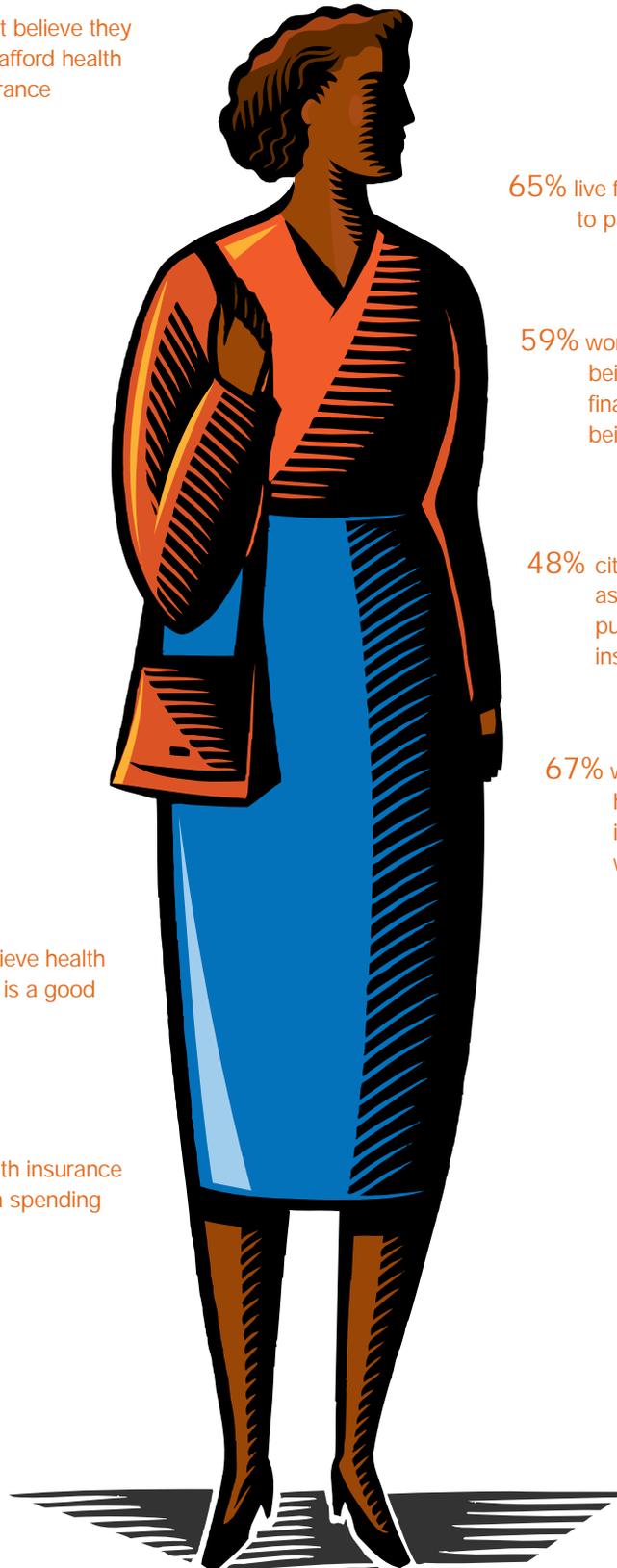
59% worry a lot about being wiped out financially due to being uninsured

48% cite good health as a reason for not purchasing health insurance

67% worry about not having health insurance; 29% worry a lot

43% do not believe health insurance is a good value

41% rank health insurance high as a spending priority



III. Attitudes About Insurance

ALTHOUGH MANY OF THE UNINSURED WORRY ABOUT THEIR LACK OF COVERAGE, OTHERS ARE UNCONCERNED. The respondents were fairly evenly split between those who worried some or a lot and those who worried a little or not at all. Fully one-third of the respondents reported that they were not worried at all about being uninsured. Women tend to be more concerned about lacking coverage than are men (43% of women worry a lot, compared with 20% of men). Worry increases with age and decreases with income.

When presented with several possible reasons for not purchasing health insurance, cost was chosen much more frequently than any other reason (75% of respondents cited affordability as a reason for their lack of coverage). Those most likely to be worried are also most likely to feel that they cannot afford insurance: women, older respondents, and those with lower incomes. In addition to cost, three other reasons were cited by at least 30% of respondents as reasons for not purchasing health insurance: being in good health, waiting for a job with coverage, and ability to obtain needed medical care for less than the cost of insurance.

Many of the non-poor uninsured are concerned about going without health insurance. Consistently, approximately 60% of respondents reported that they worry a lot about not having health insurance for themselves and their families, and that they were concerned about being wiped out financially due to their uninsured status. In addition, more than one-half of the non-poor uninsured agreed that they do not always get the medical care they need because they cannot afford it.

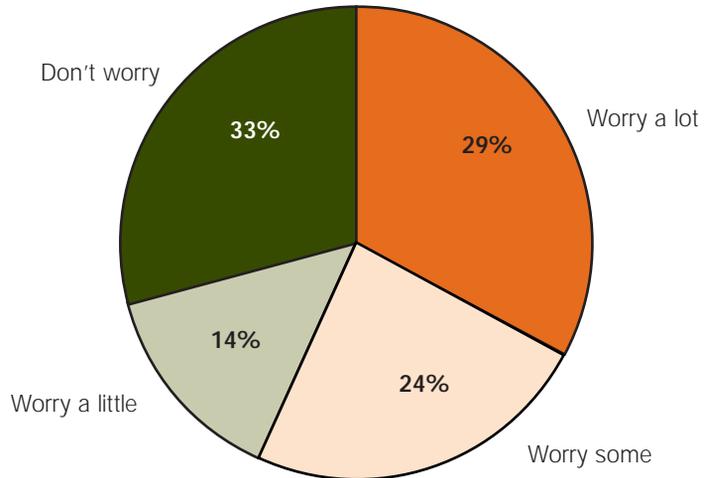
This high level of concern, however, does not appear to motivate the non-poor uninsured to purchase coverage. Respondents were much more likely to agree with the statement that they worry a lot about lacking health insurance than to agree with the statement that buying health insurance is a high priority for spending. Perceptions of the value of health insurance may play a role: more than 40% of respondents agreed that health insurance is not a very good value for the money, and 21% agreed that “getting health care through a health insurance plan is too complicated.” Many of the non-poor uninsured feel financially constrained, with 65% reporting that they live from paycheck to paycheck.

Many of the non-poor uninsured are worried about the health and financial consequences of going without health insurance, but others are unconcerned.

Attitudes: What the Data Reveal

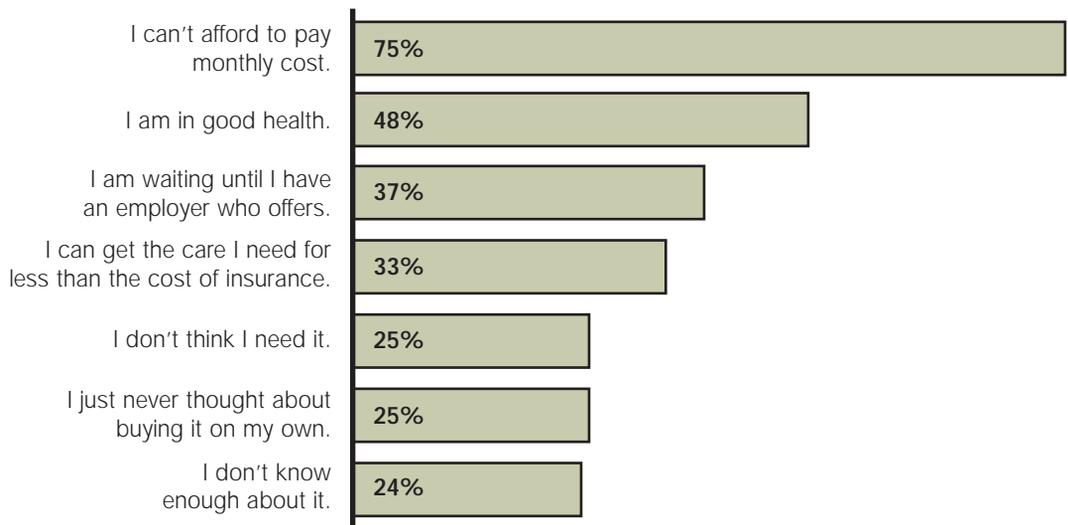
Worry

Non-poor uninsured were asked "Do you worry about not having health insurance?"



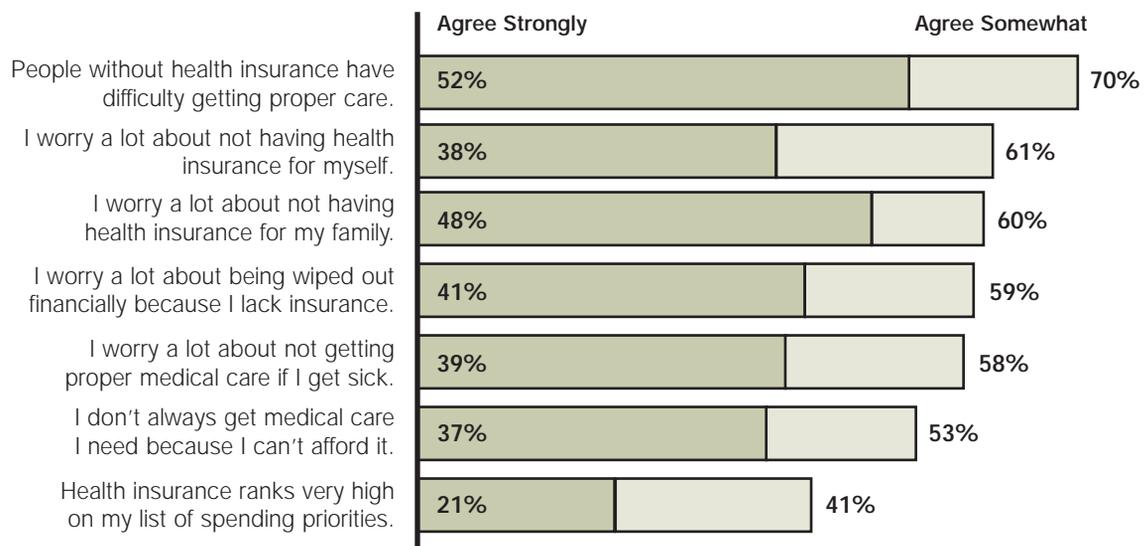
Reasons for Not Buying Health Insurance

Affordability is the reason cited most frequently, by far, for not buying health insurance. In addition, many of the non-poor uninsured feel that their good health makes insurance unnecessary or are waiting until they are covered by an employer.



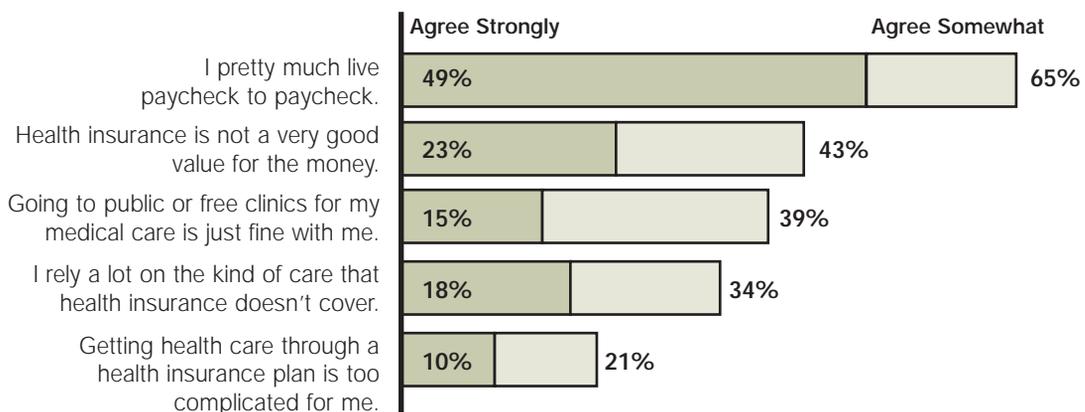
Motivators

A significant proportion of the non-poor uninsured are concerned about both the financial and health risks of going without health insurance.



Barriers

Limited financial flexibility and skepticism about the value of health insurance are most often cited as barriers to purchase.



Overall, respondents believed health insurance **COST** about twice as much as they said they were willing to pay.

68% estimated health insurance cost at over the actual cost of a \$40 co-pay or \$2,000 deductible plan.

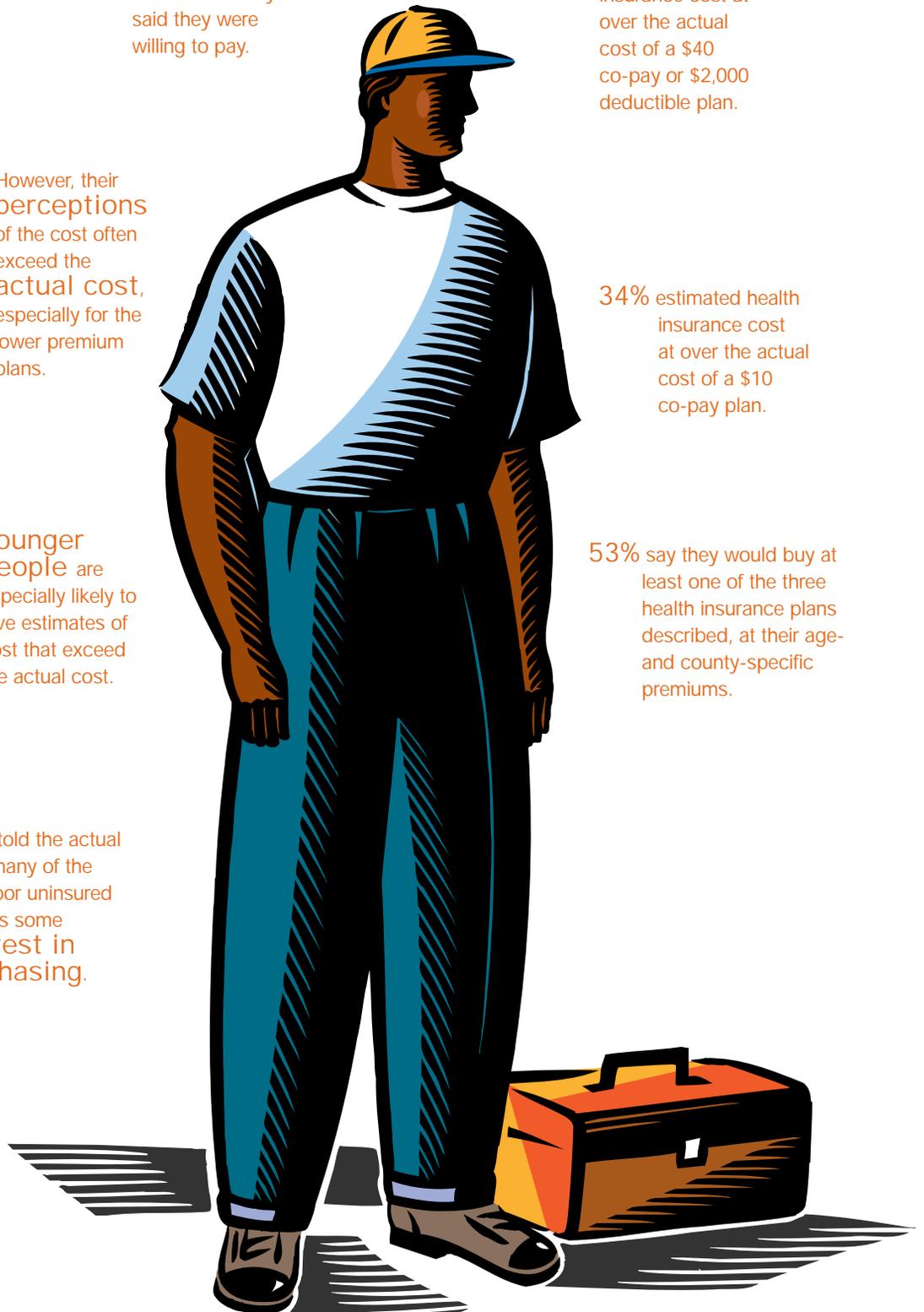
However, their perceptions of the cost often exceed the actual cost, especially for the lower premium plans.

34% estimated health insurance cost at over the actual cost of a \$10 co-pay plan.

Younger people are especially likely to give estimates of cost that exceed the actual cost.

53% say they would buy at least one of the three health insurance plans described, at their age- and county-specific premiums.

When told the actual cost, many of the non-poor uninsured express some interest in purchasing.



IV. Knowledge of Cost

FULLY 75% OF RESPONDENTS CITED INABILITY TO AFFORD IT AS A REASON FOR NOT PURCHASING HEALTH INSURANCE. But do the non-poor uninsured really know how much health insurance costs? Would some of the non-poor uninsured reconsider buying insurance if they understood how much it actually costs?

To answer these questions, the survey first asked the non-poor uninsured how much they thought it would cost to purchase a “basic health insurance plan for yourself.” Each individual’s response was then indexed to the actual premium that person would have had to pay for each of three health insurance products available on the individual market in 1998. Respondents were next asked how much they were willing to pay for basic coverage. Again, each individual’s response was indexed to the actual premium that individual would have had to pay. The three health insurance plans used for the cost index featured a \$10 co-pay for an office visit to a physician, a \$40 co-pay for an office visit, and a \$2,000 deductible.

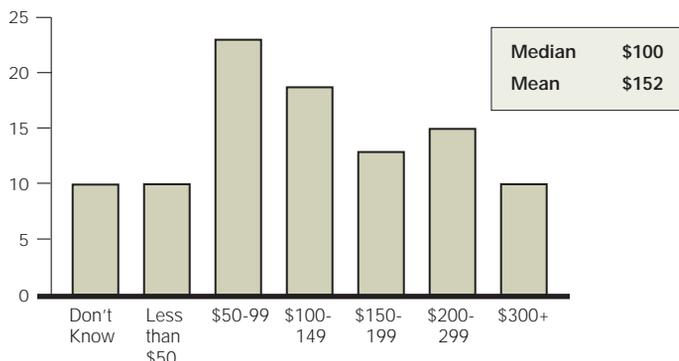
The results indicate that misperceptions about the cost of health insurance and lack of awareness of the full range of insurance options for individuals may be important factors in the uninsured status of this group. The study revealed that many members of the group believe that insurance is more costly than it really is and say they would buy it when told the actual price. This indicates that those who offer insurance may not be reaching consumers with the information required for informed decision making.

Many of the non-poor uninsured believe insurance is more costly than it really is and say they would buy when told the actual price.

Knowledge of Cost: What the Data Reveal

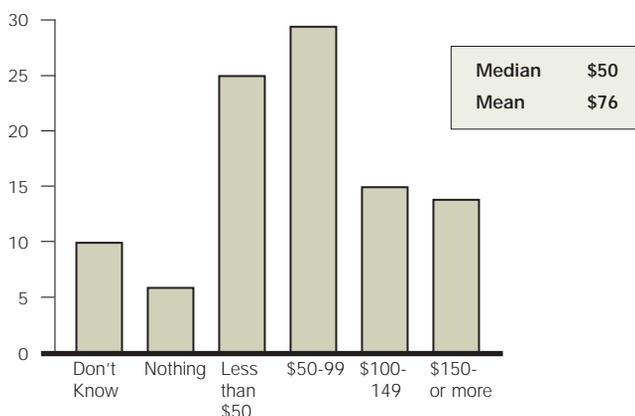
Perceived Cost

Respondents were asked, "How much do you think it would cost you to purchase a basic health insurance plan for yourself...Just very roughly, what would be the monthly cost if you wanted health insurance?"



Willingness to Pay

Respondents were then asked, "How much, if anything, would you be willing to pay each month out of your own pocket for a health insurance plan that provided basic coverage for doctor visits, hospitalization, and prescription drugs for yourself?"



Perceived Monthly Cost and Willingness to Pay, Indexed to 1998 Rates

About the Index: Since the cost of health insurance in California varies considerably by age and by county of residence, a "total" or average cost across all age groups does not test the accuracy of respondents' estimates. Therefore, the cost cited by each individual respondent was indexed to what that person would have to pay for a particular type of plan based on each person's age and county of residence. Typical costs were calculated for three types of plans: a \$10 co-pay, a \$40 co-pay, and a \$2,000 deductible.

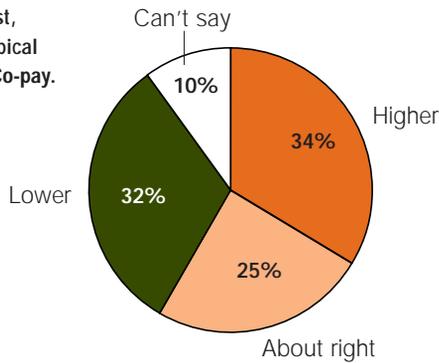
Premiums vary within each range depending upon the county of residence.

Age:	19-29	30-39	40-49	50-59	60-64
\$10 co-pay	\$80-90	\$110-120	\$135-150	\$160-185	\$190-215
\$40 co-pay	\$30-50	\$45-75	\$70-115	\$120-165	\$145-205
\$2,000 deductible	\$30-50	\$45-75	\$70-110	\$120-165	\$140-200

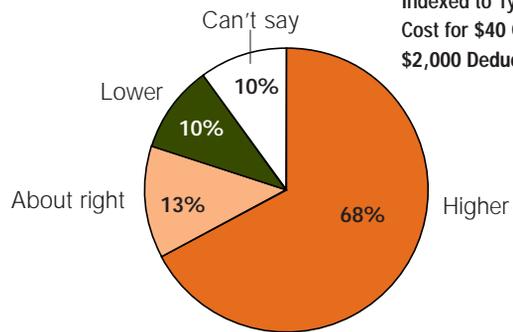
Perceived Cost: Indexed Responses

Many overestimate what they would have to pay for health insurance: 34% cite amounts that exceed the typical cost for a \$10 co-pay plan, and 68% cite amounts that exceed the typical costs for a \$40 co-pay or \$2,000 deductible plan.

Perceived Cost, Indexed to Typical Cost for \$10 Co-pay.



Perceived Cost, Indexed to Typical Cost for \$40 Co-pay or \$2,000 Deductible.

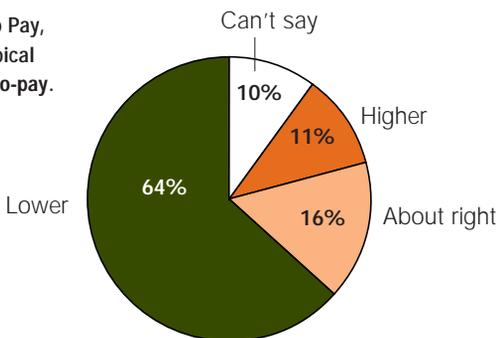


Higher: at least 20% above the typical cost
 About right: +/-20% of the typical cost
 Lower: at least 20% below the typical cost

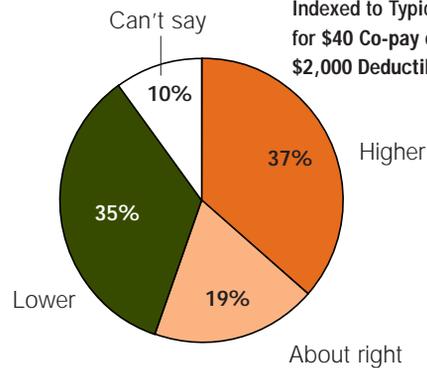
Willingness to Pay: Indexed Responses

Many cite "willingness to pay" amounts that are less than the typical cost. However, about one in four cites an amount that is within or over the \$10 co-pay cost and more than half cite amounts that are within or over the \$40 co-pay or \$2,000 deductible costs.

Willingness to Pay, Indexed to Typical Cost for \$10 Co-pay.

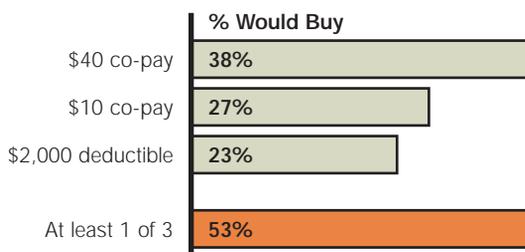


Willingness of Pay, Indexed to Typical Cost for \$40 Co-pay or \$2,000 Deductible.

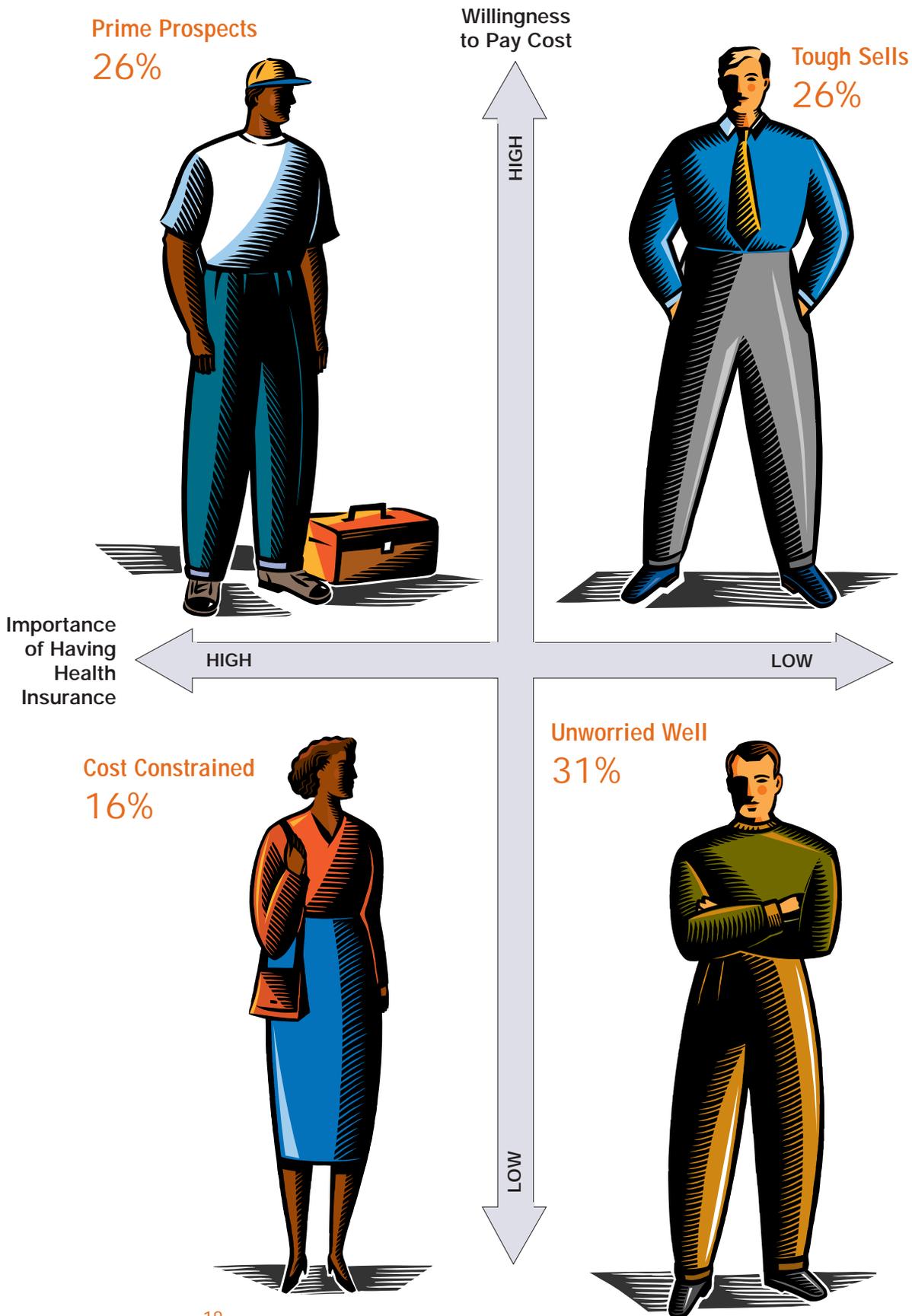


Likelihood of Buying Health Insurance

Respondents were next asked their interest in purchasing three plans at the premium they would have to pay, given their age and county of residence.



Slightly more than half of non-poor uninsured indicate interest in purchasing at least one of the three plans. Interest in purchasing is highest for the \$40 co-pay.



V. Market Segmentation: Who Are the Prospective Buyers Among the Non-Poor Uninsured?

THE SURVEY FINDINGS PROVIDE AN AGGREGATED VIEW OF THE PERCEPTIONS, ATTITUDES, AND OTHER CHARACTERISTICS OF CALIFORNIA’S NON-POOR UNINSURED. However, the findings also indicate that California’s non-poor uninsured are a diverse group, who differ in their concern about being uninsured and in their interest in purchasing health insurance. To generate practical guidance for those concerned with reaching and enrolling these individuals—from health plans to policymakers—the non-poor uninsured were divided into four market segments: *Prime Prospects*, *Tough Sells*, *Cost Constrained*, and *Unworried Well*.

The segmentation analysis was designed to:

- Identify those individuals who are most inclined to purchase health insurance;
- Identify the characteristics associated with higher and lower likelihood to purchase; and
- Provide specific direction for communication and marketing strategies, based on the concerns and inclinations of the four market segments.

The segmentation analysis used two variables to separate the non-poor uninsured into four distinct groups. The first was an attitudinal variable in which all respondents were asked whether they agreed or disagreed with the statement “Health insurance ranks very high on my list of priorities for where to spend my money.” The 41% of respondents who agreed (strongly or somewhat) were assumed to place a higher-than-average value on having insurance. The second variable measured interest in purchasing existing health insurance products at their actual monthly premiums. Each respondent was asked, in turn, whether he or she would buy a \$10 co-pay product, a \$40 co-pay product, and a \$2,000 deductible product. The interviewer provided a brief explanation of co-pays and deductibles, and cited a monthly premium for each product that was specific to the respondent’s age and county of residence. The 53% of respondents who indicated willingness to buy one or more of the three products were assumed to have an interest in paying the actual premium of an existing product.

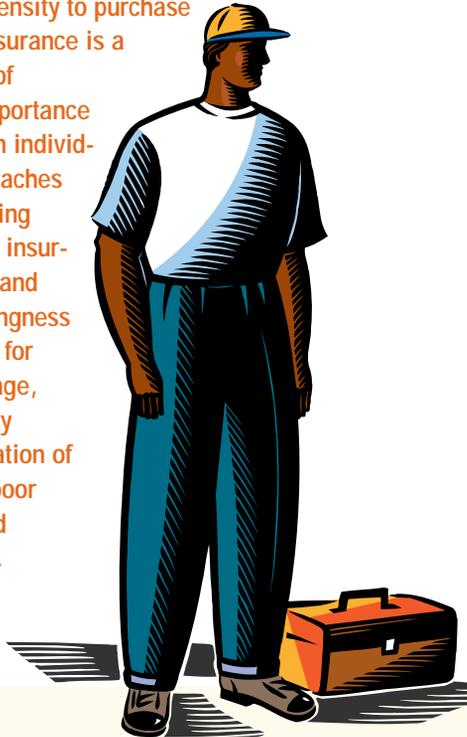
	Prime Prospects (26%)	Tough Sells (26%)	Cost Constrained (16%)	Unworried Well (31%)
Male	55	73	46	65
Under age 40	61	76	55	55
Have children	37	23	37	23
White (non-Hispanic)	61	67	55	63
Hispanic	18	21	25	15
Self-reported health status excellent or very good	51	62	58	69
Income < \$30,000	31	28	41	32
Income > \$50,000	25	30	16	26
Own a home	42	41	37	40
Live from paycheck to paycheck*	71	56	81	59
Worry a lot about not having health insurance*	83	46	83	36
Worry a lot about not getting proper medical care*	78	46	81	40
Worry a lot about being wiped out financially due to lack of insurance*	81	45	82	43

* Agree strongly or somewhat.

How Do the Segments Differ?

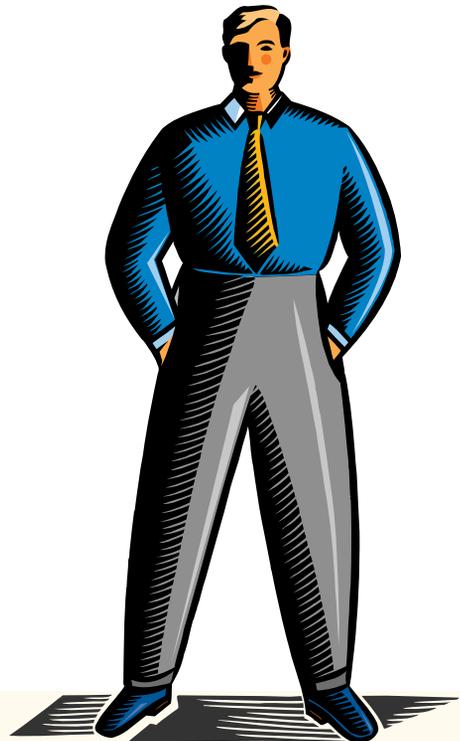
Based on the assumption that propensity to purchase health insurance is a function of

- 1) the importance that an individual attaches to having health insurance, and
 - 2) a willingness to pay for coverage,
- a four way segmentation of the non-poor uninsured emerged.



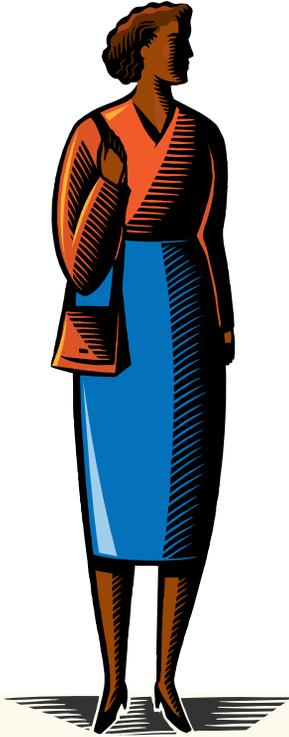
Prime Prospects

This segment represents 26% of all non-poor uninsured. These individuals place high importance on having health insurance and indicate a willingness to pay amounts that are near—and often substantially above—the actual cost of health insurance premiums. Prime Prospects are very concerned about not having health insurance; they worry extensively about both the financial and medical risks of being uninsured. Prime Prospects report somewhat lower health status than the other three segments, further increasing their concern about obtaining coverage. They are fairly evenly split between men and women, and just over 60% are under age 40. More than one-third have children.



Tough Sells

This segment represents another 26% of all non-poor uninsured. Tough Sells have the highest income of all four groups, and said they would pay the price when presented with actual health insurance premiums. However, they also indicated that health insurance did not rank high as a spending priority. Several factors may account for this lack of motivation, including the second-highest health status of the four groups, and a low level of concern about the health and financial risks of going without coverage. The demographics of this group also likely contribute to low motivation: this group is the youngest and most heavily male of all four segments—the majority (57%) are men under age 40.



Cost Constrained

This is the smallest of the four segments, representing just 16% of the non-poor uninsured. While the people in this group worry as much as the Prime Prospects about not having health insurance, they face greater financial obstacles. They have the lowest income level of the four segments, are the least likely to own a home, and are the most likely to live from paycheck to paycheck. They attach high importance to having health insurance but say that they would not buy existing products at their current prices. Compared to the other segments, the Cost Constrained have the highest proportion of women and Hispanics, and more than one-third have children.



Unworried Well

This group represents close to one-third of all the non-poor uninsured. Members of this group do not place high priority on insurance, are not worried about being uninsured, and are not interested in purchasing existing products at current prices. This is a substantially male group with the second-highest income and best health status of the four.

Strategies for Reaching Segments of the Non-Poor Uninsured Population

The findings from this study have several implications for increasing interest among the non-poor uninsured in purchasing health insurance. For about half of the group—the *Prime Prospects* and the *Tough Sells*—increasing awareness of existing products and the financial and medical risks of going without insurance may motivate them to enter the health insurance market. It is unlikely, however, that information alone will motivate the *Cost Constrained* and the *Unworried Well*. Some of the major strategies for reaching the non-poor uninsured include:

Increase awareness of lower premium plans.

Understanding the degree to which price is a true obstacle to purchase, as opposed to a communication issue, requires an understanding of three variables: how much people think insurance costs, how much insurance actually costs, and how much people are willing to pay for insurance. This study found that the amount the non-poor uninsured are willing to pay is equal to roughly half of what they think it costs. It is this disparity between what they think it costs and what they are willing to pay that causes many non-poor uninsured to say they cannot afford it (recall that 75% of respondents gave inability to afford coverage as a reason for being uninsured). However, the study also finds that the majority of the non-poor uninsured think “a basic health insurance plan” costs more than what they would have had to pay for either of the two lower premium plans (\$40 co-pay, \$2,000 deductible). Thus, increasing awareness of the availability and cost of these lower premium plans would show many of the non-poor uninsured that there are health insurance plans with premiums within the range of what they are willing to pay. In particular, this communication strategy would likely have the most impact on the *Prime Prospects*, who are already convinced of the value of insurance and indicate that they would buy at existing prices. It appears that the key obstacle for this group is lack of awareness of their options in the market.

Strengthen understanding and awareness of risks, both health and financial.

The findings of this study indicate that awareness of the risks of being uninsured is the strongest predictor of interest in having health insurance. The Prime Prospects and the Cost Constrained already value insurance highly, but the Tough Sells are not likely to enter the health insurance market without increased motivation born of heightened concern about the risk of remaining uninsured. Two findings can guide efforts to motivate this group. First, it appears that risks are often seen to affect others more than oneself. For example, more agreed that it is difficult for “people” without health insurance to obtain proper medical care and treatment than indicated that they worry about this for themselves. Second, responses to the attitudinal questions indicate that the financial risks are just as likely to motivate the non-poor uninsured as are health risks. This is consistent with the finding that many of the non-poor uninsured have assets to protect. Communicating about the benefits of financial protection may also be effective in countering some of the negative views of the non-poor uninsured about health insurance, especially its value for the money.

VI. Conclusion

In a voluntary market for health insurance, the majority of the non-poor uninsured population is likely to remain uninsured.

This study shows that there is no single answer to the question, “*Why don’t California’s non-poor uninsured purchase health insurance?*” As the market segmentation illustrates, a substantial number might have been attracted into the market if they had been aware of the actual price of insurance at the time of the survey. Still others thought the price was reasonable but would require further evidence of the value of health insurance in order to consider buying it. Combined, these people make up about half of California’s non-poor uninsured—more than a million people. This appears to be a situation in which there are buyers who could be interested in purchasing existing offerings at existing prices along with sellers who seem interested in having them as customers. What separates them is a combination of information and motivation.

In a voluntary market for health insurance, the majority of the non-poor uninsured population is likely to remain uninsured. Information about the cost of insurance and risks of being uninsured may motivate some of the non-poor uninsured, but these tactics will not reach those who know how much insurance costs and feel they cannot afford it. Nor will they impact those who are simply indifferent. In addition, although many of the non-poor uninsured report health status and levels of utilization that make them attractive candidates for health plans, some would inevitably be denied coverage. Some of those most motivated and most willing to pay the rates available at the time of the survey were women who are experiencing high medical costs that they find difficult to pay.

This study suggests that perceptions about affordability play a major role in coverage decisions of the non-poor uninsured. These perceptions are often based on incomplete knowledge of the full range of products and prices available on the individual health insurance market. Although these findings offer promising opportunities for expanding coverage in this population, they may have been negated by the substantial increases in health plan premiums that have become effective since the study was conducted.

The California HealthCare Foundation, located in Oakland, California, is a private independent philanthropy established in 1996 as a result of the conversion of Blue Cross of California from a nonprofit health plan to WellPoint Health Networks, a for-profit corporation. The foundation focuses on critical issues confronting a changing health care marketplace: managed care, California's uninsured, California health policy, health care quality, and public health. Grants focus on areas where the foundation's resources can initiate meaningful policy recommendations, innovative research, and the development of model programs.

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