



# Benchmarking Healthcare Affordability and Perceived Value

Framing the challenges of the high cost of care coupled with low perceived value in the U.S.

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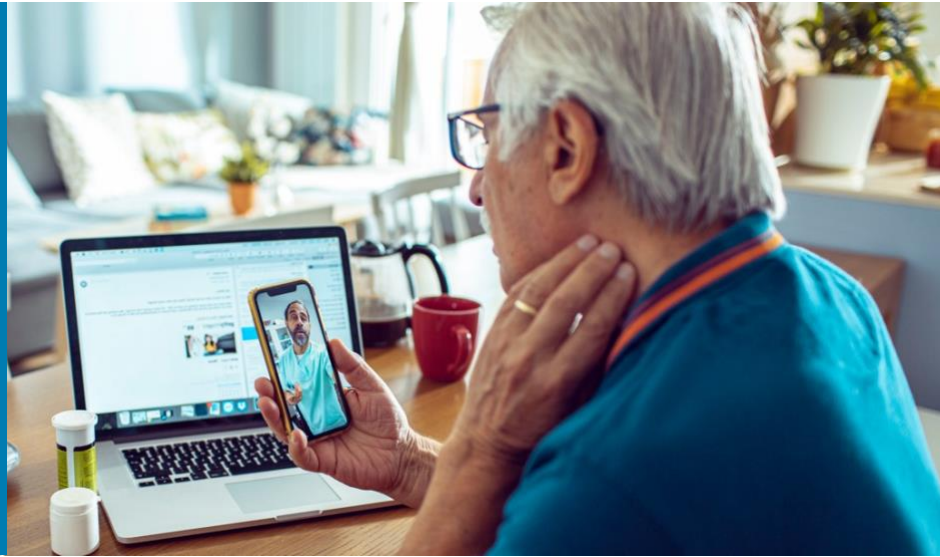
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## Introduction



Americans are finding it increasingly harder to pay for healthcare. Over the past year, the percentage of Americans who report skipping needed care due to cost has [increased to 30%](#). Meanwhile, nearly the same percentage of Americans, 29%, report that they [could not access affordable care](#) if they needed it today. But a lack of affordability is not the only issue affecting Americans' experiences with the healthcare system — they are also dissatisfied with its value. More than half of the country (52%) reports that the care provided is simply not worth the cost. And in an open-ended question, 38% of respondents, representing an estimated 97 million adults, used the word "expensive" to characterize the healthcare system, while another 13% used the word "broken," the second-most-used word.

To understand the depth of these issues and identify which groups are at most risk, [West Health](#) and Gallup have developed two new healthcare indices that depict the U.S. healthcare cost crisis. The **West Health-Gallup Healthcare Affordability Index** and the **Healthcare Value Index** gauge the avoidance of medical care due to cost, the lack of access to quality healthcare and how Americans perceive the value of care. Put simply, the Healthcare Affordability Index identifies how many Americans can afford quality care, while the Healthcare Value Index balances the cost of healthcare with its quality, answering the question, "Is the care worth the cost?"

The desire to create the indices was ultimately catalyzed by the steady worsening of the cost of care and lagging outcomes of the U.S. health system. These two metrics represent the direct intersection of the cost challenges consumers face amid a fee-for-service system and provide two composite scores by which policymakers, researchers, elected officials, advocates and the American public can evaluate and easily understand the state of healthcare in America. West Health and Gallup determined that measuring rates of affordability and perceived value best track the frustrations many people have about healthcare in America, whereby millions must [reduce household spending](#) due to the cost of care, live in [fear of bankruptcy](#) or watch friends or family [die after not being able to afford treatment](#).

The indices reveal that over four in 10 Americans, representing an estimated 112 million adults, are either cost insecure or cost desperate, and those who are desperate are far more likely to know someone who has died because of care avoidance than those who are secure. Further, a mere 5% of American adults are categorized as perceiving high value in the care they receive.

## The West Health-Gallup Healthcare Affordability Index



The Healthcare Affordability Index evaluates three key factors in determining the ability of Americans to afford healthcare:

1. **Avoiding treatment due to cost:** Has there been a time in the last three months when you or a member of your household had a health problem, but you did not seek treatment due to the cost of care?
2. **Forgoing prescribed medication or drugs due to cost:** Has there been a time in the last three months when you or a member of your household has been unable to pay for medicine or drugs that a doctor had prescribed for you because you did not have enough money to pay for them?
3. **Immediate access to affordable quality healthcare:** If you needed access to quality healthcare today, would you be able to afford it?

Based on these three metrics, Americans fall into three categories in the West Health-Gallup Healthcare Affordability Index:

- **"Cost Secure":** These persons (56% of the U.S. adult population) report no recent occurrences of being unable to afford care or prescribed medicine in their household and have access to quality care if it were needed today.
- **"Cost Insecure":** These persons (36% of the U.S. adult population) report recent occurrences of being unable to pay for care or medicine or lack easy access.
- **"Cost Desperate":** These persons (8% of the U.S. adult population) report recent occurrences of being unable to pay for household care, being unable to pay for prescribed medicine and feeling that they would not have access to affordable quality care if needed today.

Based on these classifications, nearly half of American adults are either "cost insecure" or "cost desperate." The likelihood of being cost desperate is more than four times greater for those living in households earning under \$48,000 per year (13%) compared with those living in households earning \$90,000+ per year (3%). Fewer than three in five Americans are classified as "cost secure," meaning they report being able to consistently access and pay for quality care and medicine. Men are more likely to be classified as cost secure than are women (60% to 53%), and Hispanic adults (51%) are less likely to be cost secure than Non-Hispanic White counterparts (58%).

**The West Health-Gallup Healthcare Affordability Index, by U.S. Annual Household Income, Gender and Race/Ethnicity**

	<b>COST SECURE</b> %	<b>COST INSECURE</b> %	<b>COST DESPERATE</b> %
<b>U.S. total</b>	<b>56</b>	<b>36</b>	<b>8</b>
<b>Annual Household Income</b>			
<\$24,000	37	49	14
\$24,000-<\$48,000	42	45	13
\$48,000-<\$90,000	51	38	11
\$90,000-<\$120,000	62	34	4
\$120,000-<\$180,000	72	25	3
\$180,000+	77	22	2
<b>Gender</b>			
Women	53	38	9
Men	60	33	7
<b>Race/Ethnicity</b>			
Black adults	54	38	9
Hispanic adults	51	39	10
White adults	58	34	8

Note: Percentages may sum to 100% +/-1% due to rounding.

In order to describe these groups in practical terms, all three categories for each index were crossed by other questions inside of the same survey that similarly measure opinions of various aspects of the healthcare system.



## The Affordability Index Categories Explained

### COST SECURE

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**Cost Secure individuals can generally afford the healthcare and medicine that they need** and have access to quality care whenever they need it. They exhibit low levels of concern about being able to pay for healthcare services or prescription drugs in the next 12 months and do not consider healthcare costs to be a major financial burden to their households. Cost is only moderately important when considering a recommended procedure or medicine from a doctor, and they rarely skip medicine to save money or cut back on regular household spending to pay for healthcare.

### COST INSECURE

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**Cost Insecure individuals can less consistently afford regular healthcare or medicine** and are not as likely to report easy access to affordable healthcare compared with Cost Secure individuals. They are three to four times more likely to cut back on basic household spending and forgo a recommended medical procedure due to the cost of healthcare. They are twice as likely to have had someone in their household laid-off or furloughed from their job in the last year that resulted in a major loss of income, and they are five times more likely to consider healthcare costs to be a major financial burden for themselves or their family.

### COST DESPERATE

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**Cost Desperate individuals are consistently unable to afford needed treatment or prescribed medication** and do not have easy access to care if needed today. One out of every seven (14%) people classified as Cost Desperate know a friend or family member who has died in the last 12 months after not receiving treatment due to an inability to pay for it. This is double the rate of Cost Insecure individuals and seven times greater than Cost Secure individuals. Nearly half are "extremely concerned" about being able to pay for prescribed medicine and over half are "extremely concerned" about being able to pay for healthcare in the next 12 months. One-third (35%) report that they have cut back on utilities, and half have cut back on food in the past 12 months to pay for needed healthcare, rates that are 10 times greater than their Cost Secure counterparts.

## The West Health-Gallup Healthcare Value Index



The Healthcare Value Index is comprised of three key perceptions that determine the system's value:

1. **Evaluation of system-wide quality of care relative to cost:** Generally, do you think Americans are paying too much, too little, or about the right amount for the quality of healthcare that they receive?
2. **Evaluation of individual quality of care relative to cost:** Generally, do you think that your household pays too much, too little, or about the right amount for the quality of healthcare you receive?
3. **Evaluation of value of most recent interaction with the healthcare system:** Thinking of the most recent time that you received medical care in-person or remotely, was your experience worth what it cost?

Few Americans believe that they receive good value when the quality of their care is weighed against the amount that they pay for it. For example, 93% of respondents agree that people across the country are paying too much for the quality of care received, and 71% agree that their own household pays too much for the quality of healthcare received. When asked to evaluate their most recent healthcare experience, most U.S. adults (52%) agree it was not worth the cost, rising to 72% among the uninsured.

Based on these three metrics, the West Health-Gallup Healthcare Value Index classifies Americans into three categories:

- **"High Perceived Value":** These persons (5% of the U.S. adult population) report that both their household and Americans generally are paying the right amount (or too little) relative to the quality of care they receive and that their most recent care experience was worth the cost.
- **"Inconsistent Perceived Value":** These persons (50% of the U.S. adult population) report that **either** their household or Americans generally are paying too much for the quality of the care that they receive or that their most recent care experience was not worth the cost.
- **"Poor Perceived Value":** These persons (45% of the U.S. adult population) report that **both** their household and Americans generally are paying too much for the quality of the care that they receive and that their most recent care experience was not worth the cost.



More than two-fifths of American adults are classified as observing "poor perceived value" in the healthcare system compared with 50% who are classified as observing "inconsistent perceived value." Just 6% are classified as considering their healthcare to be of "high perceived value." These percentages are similar across all major subgroups, including gender, household income, race/ethnicity and age. Even among adults aged 65 and above, just 10% are categorized as "high perceived value" compared with 3% of those aged 30-49. And political identity does little to change the lens through which Americans view the quality of the care they receive relative to the price they pay, with Republicans being only slightly more likely to report high levels of perceived value in the care they receive than Democrats or independents.

**The West Health-Gallup Healthcare Value Index, by U.S. Political Identity and Age**

	HIGH PERCEIVED VALUE %	INCONSISTENT PERCEIVED VALUE %	POOR PERCEIVED VALUE %
<b>U.S. total</b>	<b>5</b>	<b>50</b>	<b>45</b>
<b>Political Identity</b>			
Democrat	2	53	45
Independent	6	47	47
Republican	9	52	39
<b>Age</b>			
18-29	4	46	50
30-49	3	45	51
50-64	5	51	45
65+	10	63	27

Note: Percentages may sum to 100% +/-1% due to rounding.



## The Value Index Categories Explained

### HIGH PERCEIVED VALUE

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Those who observe High Perceived Value in the U.S. healthcare system believe that the amount of money they and their fellow Americans pay for care is worth what it costs. They are more optimistic that healthcare costs will remain the same over the next year and are much more likely to believe that the cost of care in the U.S. is about right. The COVID-19 pandemic has done little to influence their perspectives on the value of care or cause them worry about the cost of prescription drugs. They are somewhat less pessimistic that the federal government will enact policies to reduce prescription drug costs or unequal access to care than others and (at 28%) are 3-5 times more likely to believe that the cost of healthcare services will remain the same or go down over the next year.

### INCONSISTENT PERCEIVED VALUE

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Those who observe Inconsistent Perceived Value in the healthcare system report mixed attitudes regarding the value of care. Most (86%) believe that their most recent care experience was worth the cost, and about half (45%) believe that their household pays about the right amount for care but nearly universally reject these assertions as they pertain to Americans more broadly.

### POOR PERCEIVED VALUE

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Those who observe Poor Perceived Value in the healthcare system report that the quality of care in the U.S. is not worth the cost for themselves, their households or Americans generally. They are considerably less likely than others to believe that their most recent care experience significantly improved their health (13%). Most (61%) report that a political candidate's position on reducing healthcare costs is a major priority in their voting preference, and 65% are more concerned that some Americans have unequal access to quality healthcare due to the pandemic, eight times the rates of High Perceived Value respondents. Nearly one-third (30%) report a household member who has had a health problem worsen after postponing care, double the rate of the Inconsistent Perceived Value respondents and triple the rate of High Perceived Value respondents. And nearly three-quarters (71%) report being more worried about the cost of healthcare services as a function of the pandemic, over three times more than what is reported by the High Perceived Value group.

## Final Thoughts



The U.S. spent [\\$3.8 trillion](#) on healthcare in 2019, accounting for 17.7% of gross domestic product, according to the Centers for Medicare & Medicaid Services (CMS), and significantly [outpaces all peer nations](#) in per-capita spending. In 2019, the U.S. spent [\\$10,948 per person](#), far more than any other OECD nation and 168% more than the Organization for Economic Cooperation and Development average of \$4,087. Switzerland, the second-highest per capita spending nation, pays a third less at \$7,138. And this divide is likely going to grow. Current [projections](#) by CMS have total health expenditures increasing an average of 5.5% per year through 2028, growing to nearly \$6.2 trillion and a stunning 19.7% of total GDP by that time.

The startlingly high cost of healthcare in the U.S. is not abstract; it is leaving millions of American families to make painful tradeoffs to maintain their health — or go without care. Over the past three years, dozens of national surveys and in-depth analyses have revealed that American adults — regardless of age, race, gender, income level or political affiliation — are increasingly feeling [strained by the cost of healthcare](#). Looking forward, 42% of adults report that they are either "concerned" or "very concerned" that their household will be unable to pay for needed healthcare services in the next 12 months, and another 30% report the same regarding prescription drugs. Future prospects, in turn, are [viewed grimly](#), with about half of Americans reporting significant concern that the cost of healthcare services and the cost of prescription drugs will continue to rise in the future to the point that they will no longer be able to afford them. These fears likely contribute to wide [support of government action](#) to curtail the trends.

Dovetailing with these concerns are the very real fears of financial ruin in the wake of a catastrophic health event in the household. Half (50%) of surveyed adults reported significant levels of [concern about bankruptcy](#) due to a health event, including 64% of people of color. Accompanying these findings were 15% who reported currently carrying medical debt that they would be unable to repay in the next 12 months; another 26% indicated that they would be required to borrow money to pay a \$500 medical bill. As such, the real-life consequences of the cost of care and medicine run deep.

The notion among some that high healthcare costs are justified by the quality of care received is unsupported by these public opinion data. Nearly three-quarters of adults do not believe that the quality of their care is worth the cost, a sentiment that is consistent across demographic subgroups including age, gender, race, ethnicity and household income.

Amid these realities, the West Health-Gallup Healthcare Affordability Index and the Healthcare Value Index will serve as ongoing, high-level indicators of the U.S. healthcare system and the American experience. West Health and Gallup will continue to track these indices, providing governmental and healthcare leadership with critical assessments of American opinion as policy options are weighed to lower costs and improve outcomes.

*Learn more about how the [Gallup Panel](#) works.*



## Methodology



### Survey Methods

Results are based on surveys conducted across successive field periods of Sept. 27-30 and Oct. 18-21, 2021 (n=6,663) with adults, aged 18 and older, living in all 50 U.S. states and the District of Columbia as a part of the Gallup Panel. For results based on these samples of national adults, the margin of sampling error at the 95% confidence level is +2.2 percentage points for response percentages around 50% and is +1.3 percentage points for response percentages around 10% or 90%, design effect included. For reported subgroups, the margin of error will be larger, typically ranging from  $\pm 3$  to  $\pm 4$  percentage points.

### About West Health

Solely funded by philanthropists Gary and Mary West, West Health is a family of nonprofit and nonpartisan organizations including the Gary and Mary West Foundation and Gary and Mary West Health Institute in San Diego, and the Gary and Mary West Health Policy Center in Washington, D.C. West Health is dedicated to lowering healthcare costs to enable seniors to successfully age in places with access to high-quality, affordable health and support services that preserve and protect their dignity, quality of life and independence. Learn more at [westhealth.org](https://westhealth.org) and follow [@WestHealth](https://twitter.com/WestHealth).

### About Gallup

Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.