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What Does It Take for a Family to Afford to Pay for Health Care?

David Carroll, Dylan H. Roby, Jean Ross, Michael Snavely, E. Richard Brown, and Gerald F. Kominski

Support for this report was funded by a grant from The California Endowment and by the foundations that provide general support for the California Budget Project

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Introduction

A number of proposals would substantially expand health coverage for uninsured Californians. All of these proposals raise the concern of how much families can afford to contribute toward their health care. As the health reform debate moves forward, policymakers will need to make important decisions regarding the income level at which coverage should be subsidized and the size of the subsidy needed to make coverage affordable.

Discussions of affordability often focus on the "typical" family or individual, but many families' health care expenses are much higher than this "typical" value or vary from year to year. Families may have low health costs most years, but risk incurring higher costs in the future in the event of an accident or serious illness. Because of this variation, policymakers should take into account whether health care is affordable not only for the "typical" Californian, but also for families and individuals with higher than average expenses in any given year.

This report provides insight into how much Californians can afford to pay for health care by estimating how much they currently pay for health care – including both insurance premiums and out-of-pocket expenses – and how much they pay for the cost of other basic necessities – including housing, child care, transportation, food, and taxes on the income needed to purchase these necessities. This analysis uses data from the federal Medical Expenditure Panel Survey to examine health expenditures for different types of families.[1] For each family type, this report estimates the typical, or median, expenditure level, as well as the amount spent by families with much higher health costs.[2] It also uses the California Budget Project's (CBP) Basic Family Budget to estimate families' other costs.[3] This research suggests that most Californians with incomes below twice the poverty line – $41,300 for a family of four – may not be able to contribute any resources toward their health care and that partial subsidies are needed for many families with incomes well above three times the poverty line – $61,950 for a family of four.

Families Face High Costs for Basics, Even Without Health Care

Even without considering the cost of health care, California is an expensive place to live largely due to the state's high cost of housing. The CBP's Basic Family Budget estimates that a single adult needs an income of just over $24,000 to pay for necessities such as housing and food before taking into account premium contributions or out-of-pocket costs for health care (Exhibit 1). The Basic Family Budget – excluding health care – is nearly $48,000 for a single-parent family with two children and between $36,300 and $56,300 for a two-parent family with two children, depending on whether one or both parents work and whether their children need child care. These costs assume a "bare bones" budget, with housing costs based on renting a studio or two-

Exhibit 1

Minimum Income Needed Excluding Health Care Costs Exceeds Twice the Poverty Line for Most Family Types, 2007

	Single Adult	Single-Parent Family of Three	Two-Parent (One Working) Family of Four	Two-Working-Parent Family of Four	Two-Working-Parent Family of Four - No Child Care Expenses
Basic Family Budget Without Health Care	$24,050	$47,665	$36,311	$56,331	$42,336
Federal Poverty Guideline	$10,210	$17,170	$20,650	$20,650	$20,650
Basic Family Budget as a Percentage of Poverty Guideline	235.6%	277.6%	175.8%	272.8%	205.0%

Exhibit 2

Monthly Basic Family Budgets and Expenses as a Percentage of Income Excluding Health Care Costs, 2007

	Single Adult	Single-Parent Family of Three	Two-Parent (One Working) Family of Four	Two-Working-Parent Family of Four	Two-Working-Parent Family of Four - No Child Care Expenses
Housing/Utilities	$821	$1,160	$1,160	$1,160	$1,160
	40.9%	29.2%	38.3%	24.7%	32.9%
Child Care	$0	$1,093	$0	$1,093	$0
	0.0%	27.5%	0.0%	23.3%	0.0%
Transportation	$409	$409	$409	$741	$741
	20.4%	10.3%	13.5%	15.8%	21.0%
Food	$211	$507	$731	$731	$817
	10.5%	12.8%	24.2%	15.6%	23.2%
Miscellaneous	$206	$437	$506	$506	$506
	10.3%	11.0%	16.7%	10.8%	14.4%
Taxes	$357	$367	$220	$463	$304
	17.8%	9.2%	7.3%	9.9%	8.6%
Monthly Total	$2,004	$3,972	$3,026	$4,694	$3,528
Annual Total	$24,050	$47,665	$36,311	$56,331	$42,336

bedroom apartment, and do not include savings for education, retirement, or a down payment on a home.[4]

Families' basic costs – again excluding health care – vary substantially relative to the poverty line.[5] A two-parent family of four with one working parent and one stay-at-home parent needs to earn approximately 175 percent of the poverty line to meet the Basic Family Budget.[6] Single adults and families with child care expenses need to earn an amount that is higher than twice the poverty line. This analysis suggests that many families with incomes below twice the poverty line have little or no ability to pay for any health costs.[7]

Basic Family Budgets, excluding the cost of health care, differ by family size and whether families have children that need child care (Exhibit 2). Housing costs also differ substantially within the state, as do commute distances, resulting in significant differences in Basic Family Budgets by region (For a more in-depth look at costs by region, see Appendix A for this publication, at www.healthpolicy.ucla.edu). Child care costs are the main reason family budgets differ statewide between a single-parent family and a two-parent family with a stay-at-home parent or between a family with two working parents who need child care and one that does not. This is because families with a young child in child care and a school-age child needing after-school care face average costs of over $1,000 per month that childless adults and families without child care costs do not have. In addition, families face higher housing costs than single adults because of their need for more living space. Larger families also have higher food costs.

Families Typically Face Substantial Health Care Costs

Many California families currently spend a significant share of their income on health care premiums and out-of-pocket health care costs. The median, or typical, single adult with private health coverage – including job-based coverage and individually purchased coverage – spends nearly $800 per year on premiums (Exhibit 3).[8] The typical two-parent family of four spends nearly $1,800 toward annual premium costs.

Exhibit 3 **Typical Family Premium Contributions and Out-of-Pocket Costs for Western U.S., 2007**

	Single Adult	Single-Parent Family of Three	Two-Parent Family of Four
Annual Premium Contributions	$764	$1,501	$1,777
Annual Copayments and Other Out-of-Pocket Costs	$340	$558	$1,018
Total Annual Health Costs	$1,351	$2,728	$3,398
Total Monthly Health Costs	$113	$227	$283

Note: Health cost data are for privately insured families from 2002 through 2004. Premium data are adjusted for inflation based on data from the Center for Studying Health System Change/Kaiser-HRET, *Employer Health Benefits Surveys*. Out-of-pocket costs data are adjusted for inflation to March 2007 using the CPI-U for medical care costs. Columns do not sum because the median values for each column correspond to different families.
Source: UCLA Center for Health Policy Research analysis of 2002 to 2004 Medical Expenditure Panel Survey data

In addition to paying their share of health insurance premium payments, families typically face substantial copayments, deductibles, and other out-of-pocket costs. The typical single adult pays out-of-pocket costs of $340 per year, in addition to amounts spent on premiums. A typical family of three pays more than $500 in annual out-of-pocket costs, and a typical family of four pays approximately $1,000 in out-of-pocket costs each year.

These estimates may understate what many families currently pay for health care by a considerable margin. For example, these estimates understate the costs faced by families with high-deductible health plans because fewer families were enrolled in these plans between

2002 and 2004 than are currently enrolled. High-deductible plans require families to pay 100 percent of their health care costs up to a sizable deductible.[9] Deductibles for families with high-deductible health plans averaged $4,714 in California in 2006.[10]

The Basic Family Budget varies between about $26,000 for single adults and over $61,000 for a family of four with two working parents, assuming that families spend the typical amount in health costs for their family types (Exhibit 4 and Exhibit 5). These budgets are roughly between 200 percent and 300 percent of the poverty line. The budgets for families who need child care are substantially higher relative to the poverty line (about 300 percent) than are those for other families and individuals. This analysis suggests that many families with incomes of 300 percent of the poverty line cannot afford to pay for the full cost of health care.

Exhibit 4 **Minimum Income Needed by Families with Typical Health Care Costs, 2007**

	Single Adult	Single-Parent Family of Three	Two-Parent (One Working) Family of Four	Two-Working-Parent Family of Four	Two-Working-Parent Family of Four - No Child Care Expenses
Basic Family Budget with Health Care	$25,912	$51,532	$40,488	$61,146	$46,775
Federal Poverty Guideline	$10,210	$17,170	$20,650	$20,650	$20,650
Basic Family Budget as a Percentage of Poverty Guideline	253.8%	300.1%	196.1%	296.1%	226.5%

Exhibit 5 **Monthly Basic Family Budget and Expenses as a Percentage of Income with Health Care Costs, 2007**

	Single Adult	Single-Parent Family of Three	Two-Parent (One Working) Family of Four	Two-Working-Parent Family of Four	Two-Working-Parent Family of Four - No Child Care Expenses
Housing/Utilities	$821	$1,160	$1,160	$1,160	$1,160
	38.0%	27.0%	34.4%	22.8%	29.7%
Child Care	$0	$1,093	$0	$1,093	$0
	0.0%	25.5%	0.0%	21.4%	0.0%
Transportation	$409	$409	$409	$741	$741
	18.9%	9.5%	12.1%	14.5%	19.0%
Food	$211	$507	$731	$731	$817
	9.8%	11.8%	21.7%	14.3%	21.0%
Health Care	$113	$227	$283	$283	$283
	5.2%	5.3%	8.4%	5.6%	7.3%
Miscellaneous	$206	$437	$506	$506	$506
	9.5%	10.2%	15.0%	9.9%	13.0%
Taxes	$400	$462	$285	$582	$391
	18.5%	10.8%	8.5%	11.4%	10.0%
Monthly Total	$2,159	$4,294	$3,374	$5,096	$3,898
Annual Total	$25,912	$51,532	$40,488	$61,146	$46,775

Note: Miscellaneous expenses include expenditures on clothing and services, education, reading, personal care, housekeeping supplies, and basic telephone service.

Many Families Face Much Higher Health Care Costs

The preceding analysis focused on the amount needed to cover the typical out-of-pocket and premium costs for health care – the amount paid by the individual or family at the mid-point of the distribution of health costs for their family type. Therefore, some families and individuals will have lower costs, while others may face higher costs on an ongoing basis due to a chronic condition or, in a particular year, due to an accident or serious illness.

Families with fairly high total health costs – families whose expenses are in the top 10 percent for their family type – use more services and/or use services that are inherently expensive. For example, 39 percent of the families in the top 10 percent of annual health care costs had an emergency room visit during the year, compared to 17 percent in the bottom half of the cost distribution.[11] Families with high expenses were also more than three times as likely to have a hospitalization (19 percent versus 6 percent) and more than three times as likely to have more than 10 office visits in one year (67 percent versus 18 percent), compared to their counterparts with lower costs. Families with fairly high total health care expenditures are also more likely to have chronic illnesses, such as diabetes, asthma, and hypertension, compared to families with costs in the bottom half of the distribution. For example, among families with fairly high health care costs, 8 percent had a member with a diabetes diagnosis, compared to only 3 percent in the bottom half of the cost distribution.

However, not all families with high costs have chronic illnesses. In fact, 90 percent of heads of households with high health costs reported that they were in good or excellent health, compared to 94 percent in the lower cost group – a relatively small difference. These characteristics suggest that families of all types can experience health conditions that can impact their annual health care spending, since families with lower costs still visit emergency rooms, need inpatient care, and have chronic conditions.

Exhibit 6 **Some Families Face High Premium Contributions and Out-of-Pocket Costs, 2007**

	Single Adult	Single-Parent Family of Three	Two-Parent Family of Four
Median			
Annual Premium Contributions	$764	$1,501	$1,777
Annual Out-of-Pocket Costs	$340	$558	$1,018
Total Annual Health Costs	$1,351	$2,728	$3,398
Total Monthly Health Costs	$113	$227	$283
75th Percentile			
Annual Premium Contributions	$1,705	$3,581	$3,700
Annual Out-of-Pocket Costs	$1,000	$1,590	$2,273
Total Annual Health Costs	$2,839	$5,571	$5,952
Total Monthly Health Costs	$237	$464	$496
90th Percentile			
Annual Premium Contributions	$4,007	$5,924	$6,332
Annual Out-of-Pocket Costs	$2,166	$3,586	$4,460
Total Annual Health Costs	$5,584	$8,721	$9,598
Total Monthly Health Costs	$465	$727	$800

Note: Health cost data are for privately insured families from 2002 through 2004. Premium data are adjusted for inflation based on data from the Center for Studying Health System Change/Kaiser-HRET, *Employer Health Benefits Surveys*. Out-of-pocket costs data are adjusted for inflation to March 2007 using the CPI-U for medical care costs. Columns do not sum because the median values for each column correspond to different families.
Source: UCLA Center for Health Policy Research analysis of 2002 to 2004 Medical Expenditure Panel Survey data.

One-quarter of privately insured families of three – those with costs at or above the 75th percentile – pay $5,571 or more in annual health costs. Those with costs at or above the 90th percentile pay $8,721 or more, in excess of three times the costs for a typical family of three (Exhibit 6). Among families of three, 10 percent have out-of-pocket costs of $3,586 or more, which is more than six times the amount spent by the typical family of three. Costs for families of four are even higher. These families account for a large number of Californians: approximately 24,000 families of three and 260,000 families of four with private coverage have health costs in the top 10 percent of the cost distribution.[12]

Single adults fare no better than families when it comes to yearly health care costs; some individuals are paying more than six times the amount spent by the typical single adult for out-of-pocket costs. One-quarter of single adults have yearly health costs of $2,839 or more, and 10 percent have costs of $5,584 or higher. The top 10 percent includes approximately 480,000 single adults. Out-of-pocket costs alone are a minimum of $2,166 for the 10 percent of single adults at the top of the cost distribution.

Families with greater health costs require correspondingly higher incomes to pay for their basic living expenses. A single adult with health costs in the top quarter of the cost distribution needs $28,000 or more to meet his or her health care and other basic living expenses (Exhibit 7). A two working parent family with health costs in the top 25 percent of the distribution needs an annual income of at least $65,000. These incomes vary between just over 200 percent to more than 320 percent of the poverty line. A family with high health costs (top 10 percent) needs between $32,000 and $70,000 for a single adult and a two-working-parent family of four, respectively. These incomes correspond to between roughly 235 percent and 350 percent of the poverty line. This analysis suggests that some families with incomes above three times the poverty line will need substantial assistance, potentially in the form of a cap on out-of-pocket costs, in order to be able to pay for health premiums and pay for additional out-of-pocket costs after meeting other basic family needs.

Exhibit 7 **Minimum Income Needed for Families with High Health Costs Can Exceed Three Times the Poverty Line, 2007**

	Single Adult	Single Parent Family of Three	Two-Parent (One Working) Family of Four	Two-Working-Parent Family of Four	Two-Working-Parent Family of Four - No Child Care Expenses
Basic Family Budget					
With Health Care Costs at 75th Percentile	$27,963	$55,561	$43,554	$64,936	$50,248
With Health Care Costs at 90th Percentile	$31,848	$60,393	$48,356	$70,258	$55,274
Federal Poverty Guideline	$10,210	$17,170	$20,650	$20,650	$20,650
Basic Family Budget as a Percentage of Poverty Guideline					
With Health Care Costs at 75th Percentile	273.9%	323.6%	210.9%	314.5%	243.3%
With Health Care Costs at 90th Percentile	311.9%	351.7%	234.2%	340.2%	267.7%

Many Families Would Not Be Eligible for Health-Related Tax Preferences

Many families with incomes below the CBP's Basic Family Budget would not be eligible for potential state income tax deductions, credits, or other tax preferences aimed at reducing a family's health costs (Exhibit 8). That is because many low- and middle-income families do not currently owe state income tax due to California's high income tax thresholds – the income level at which an individual or family begins to owe taxes. For example, a single-parent family of three with an income less than $45,371 and a two-parent family of four with an income less than $47,671 would not owe any 2006 state income taxes.[13] The CBP estimates that three in four uninsured Californians in single-parent families of three (75.0 percent) and nearly three in five uninsured Californians in two-parent families of four (58.9 percent) had incomes below the state income tax thresholds in 2005. Because these families do not owe state income taxes, tax deductions and credits would not provide them with any assistance and would not reduce their health costs.

Exhibit 8 **Percentage of Uninsured Californians with Incomes Below the Tax Threshhold by Family Type, 2007**

	Single Adult	Single-Parent Family of Three	Two-Parent Family of Four	All Three Family Types
Tax Threshold, 2005	$13,804	$43,458	$45,658	N/A
Percentage of People Without Health Coverage with Incomes Under Tax Threshold	46.9%	75.0%	58.9%	52.9%

Families' Costs Vary by Region

While this Brief focuses on statewide averages, some costs differ substantially by region of the state. Variations in housing, child care, and transportation costs have a substantial impact on what families with the same income can afford to pay toward the cost of health care. Two families who earn the same income, but live in different parts of the state, likely cannot afford to pay the same amount for health care due to variations in housing costs. This suggests that a family's

Exhibit 9 **Housing Costs Vary by Region, Based on Average Fair Market Rent, 2007**

	Counties	Studio Apartment	Two-Bedroom Apartment
Region 1	Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Sierra, Siskiyou, Trinity	$473	$712
Region 2	Butte, Colusa, Glenn, Shasta, Sutter, Tehama, Yuba	$470	$666
Region 3	El Dorado, Nevada, Placer, Sacramento, Yolo	$708	$980
Region 4	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma	$905	$1,312
Region 5	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	$546	$722
Region 6	Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	$533	$762
Region 7	Monterey, San Benito, San Luis Obispo, Santa Barbara	$801	$1,051
Region 8	Los Angeles	$843	$1,269
Region 9	Orange, Riverside, San Bernardino, Ventura	$925	$1,224
Region 10	Imperial, San Diego	$850	$1,177
Statewide Average		$821	$1,160

income relative to the poverty line may not always accurately reflect the resources families have to pay for health care.

The cost of housing varies more than any other budget item and is the largest cost that most families face. For example, the inland region of Northern California – Butte, Colusa, Glenn, Shasta, Sutter, Tehama, and Yuba Counties – has the lowest housing costs in the state, with an average Fair Market Rent (FMR) of $470 for a studio apartment and $666 for a two-bedroom apartment (Exhibit 9).[14] In contrast, housing costs are nearly twice as high in suburban Southern California (Region 9).

What Does This Mean for Health Reform?

Proposals to extend health coverage to the uninsured should ensure that families are able to afford what policymakers ask them to pay for health coverage. In addition, policymakers should protect families from the risk of extraordinary health care costs by establishing affordable limits on out-of-pocket costs or through other means. While some families have conditions that require higher levels of health costs on an ongoing basis, families with low health costs most years face the possibility of an accident or illness that could require them to pay substantially higher health costs in a particular year. All families, regardless of health coverage, could face financially devastating medical costs if they are not adequately protected from these risks. Studies estimate that as many as half of all personal bankruptcies in the US are due to medical care costs, and that at least two-thirds of individuals facing health-related bankruptcy have health insurance.[15]

This analysis shows that most families need to earn at least 200 percent of the poverty line to pay for basic living costs other than health care. Families need even higher incomes to pay for typical or normal health care costs and other basic costs. Many families may need incomes at or above 300 percent of the poverty line to make ends meet, especially those facing higher health costs. Finally, families in parts of the state where housing costs are relatively high, and/or those with significant child care expenses need to earn more to afford even the basic standard of living assumed in this report.

Premium subsidies can ensure that the typical family and families with low health costs can afford to pay for both health insurance and the out-of-pocket costs of health care services. However, limits on out-of-pocket costs may be needed for families with high health care costs, such as the costs of ongoing care for chronic illnesses or the unexpected costs of heart attack or injury. Although special subsidies can be provided to meet the costs of identified chronic illnesses, health insurance should protect families from the high costs of unexpected serious health problems. Effective health care policies should accomplish both of these goals while taking into account the differing circumstances of families, such as variations in the cost of living around the state.

This analysis suggests that policymakers should consider:

- Providing full subsidies for families with incomes up to 200 percent of the poverty line. For most families, the cost of shelter, food, and necessities other than health care requires an income in excess of 200 percent of the poverty line. Families with incomes below 200 percent of the poverty line have few or no resources available to contribute toward either premiums or out-of-pocket costs.

- Providing partial subsidies to families with incomes well above 300 percent of the poverty line. Many families need incomes near 300 percent of the poverty line to afford *typical* health care costs. Some families face much higher costs – including copayments and other out-of-pocket costs –

and would require additional assistance. Because the cost estimates in this report are conservative, policymakers should consider providing partial premium subsidies for families with incomes substantially higher than 300 percent of the poverty line.

- Limiting the level of out-of-pocket costs families face. One reason that some insured families have very high health costs is that they have very high copayments, deductibles, or other out-of-pocket costs. Some of these costs are predictable (for example, if a family member has a chronic illness), but some can be unexpected (for example, as the result of an accident or unanticipated onset of an expensive illness). Placing limits on out-of-pocket costs is as important as premium subsidies in ensuring that families can afford health care. Reasonable limits are particularly important for those families at the top of cost distribution who face out-of-pocket costs several times higher than those paid by the typical individual or family.

- Taking into account costs families face, such as housing and child care, when determining how much families can afford to pay for health care. Because families face very different costs, such as housing and child care, income alone is an imprecise measure of what families can afford to spend on health care.

Appendix

To view additional data on Basic Family Budgets by California region, please see Appendix A for this publication at www.healthpolicy.ucla.edu

Data Source

This policy report is based on findings from the 2002, 2003, and 2004 Medical Expenditure Panel Survey (MEPS) and the 2005 California Health Interview Survey (CHIS). MEPS was used to calculate the health care related out-of-pocket and insurance premium costs for each family type. CHIS was used to calculate the approximate number of families in California that fall into these categories, and how many might be impacted by high costs.

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Notes

1 The Medical Expenditure Panel Survey (MEPS) is a national survey funded by the US Department of Health and Human Services that collects data on the specific health services that Americans use, how frequently they use them, the cost of these services, and who pays for them.

2 For the purposes of this analysis, a typical family or individual is one at the median, or midpoint of the distribution. Half of the distribution is above this value and half is below. The median value was used instead of the mean value because the mean value can be distorted by families with extremely high and low expenditures and may therefore not be a good representation of the overall distribution.

3 A description of the methodology used to calculate the Basic Family Budget can be found in the CBP's *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (Revised November 2005). A new edition of this report is forthcoming. Available at www.cbp.org.

4 The single-parent family and two-parent family in which both parents work are assumed to have one child who needs full-time child care and another who needs after-school care. For more information on the family budget calculations, see CBP's *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (Revised November 2005).

5 This brief uses the federal poverty guideline as a measure of the poverty line because eligibility for public programs is based in part on income as a percentage of the federal guideline.

6 The costs for a two-parent family with one working parent are considerably lower than those for a two-parent working family because it is assumed that in the former situation the non-working parent provides child care.

7 The federal poverty line is a national measure widely regarded as flawed because it fails to take into account the reality of modern families, such as the cost of child care and geographic variation in housing costs. Even very basic living expenses can be much higher than the federal poverty line when specific costs for housing, food, child care, and other essentials are considered.

8 Individuals who pay for the entire cost of their health coverage would pay more than the typical amount, while those with no or a small share of cost for job-based coverage would pay less. These estimates, based on analysis of the Medical Expenditure Panel Survey (MEPS) Household Component and Person-Round file for 2002 through 2004, do not include premium contributions by employers on behalf of their workers. In addition, the estimates do not include the costs of uninsured families or of those who receive health coverage through public programs. The estimates do include the share of premiums paid by families for their insurance coverage, as well as the out-of-pocket costs they incur throughout the year. The estimates also include costs for dental and vision services. Estimates are based on MEPS households that lived in the western US during the survey years and are weighted using MEPS family weights. Premium data are adjusted for inflation based on data from the California HealthCare Foundation-Center for Studying Health System Change/Kaiser-HRET, *Employer Health Benefits Surveys*. Out-of-pocket costs data are adjusted for inflation to March 2007 using the CPI-U for medical care costs.

9 Depending on the particular plan, some preventive or other services may be exempt from the deductible.

10 The average deductible for an individual with high-deductible coverage was $2,472. Figures are for workers with high-deductible health plans that had a savings option, such as a Health Savings Account. California HealthCare Foundation and Center for Studying Health System Change, *California Employer Health Benefits Survey*, p. 23, 2006.

11 UCLA Center for Health Policy Research analysis of Medical Expenditure Panel Survey (MEPS) data.

12 Using data from the 2005 California Health Interview Survey (CHIS), it is estimated that 4.8 million people who are privately insured in California are members of the single adult group; 240,000 privately insured families are made up of a single adult and two children; 2.6 million privately insured families are comprised of two parents and two children.

13 Assumes families claim the renters' credit and that married couples file jointly.

14 The US Department of Housing and Urban Development determines FMRs for federal housing assistance purposes. The FMR estimates the dollar amount at or below which 40 percent of standard quality rental housing units are rented; in recent years, FMRs for some higher-cost counties have been set at the 50th percentile. FMRs are based on the distribution of rents paid by "recent movers" – renter households that have moved within the the past 15 months. FMRs include the cost of shelter and utilities, excluding telephone service, and are adjusted for the number of bedrooms in the rental unit.

15 Levitt JC, Transfer of Financial Risk and Alternative Financing Solutions, *Journal of Health Care Finance*, 30 (4): 21–32, 2004; Jacoby M, Sullivan T, Warren E, Medical Problems and Bankruptcy Filings, *Norton's Bankruptcy Adviser*, p. 1-10, 2000; Himmelstein DU, Warren E, Thorne D, Woolhandler S, Illness And Injury As Contributors To Bankruptcy, *Health Affairs*, W5-63 to W5-73, 2005.

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