

Center for Women's Welfare

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**University of Washington
School of Social Work**

Connecticut Healthcare Affordability Index

2024 Update

Prepared for the Connecticut Office of Health Strategy, the Connecticut Office of State Comptroller, and the Connecticut Health Foundation



Introduction

In Connecticut, affording healthcare means more than just paying for insurance. It means that a family can reliably secure healthcare to treat illnesses and injuries when they occur, and to maintain good health. This ensures they can meet all other basic needs including housing, food, and child care—without going into debt. The Connecticut Healthcare Affordability Index (CHAI) helps us understand how healthcare costs impact a family's ability to make ends meet. This brief looks at how healthcare affordability changed in Connecticut between 2019 and 2022, highlighting the challenges families face and the factors influencing their ability to access and afford the high cost of healthcare.

Key Findings

- In 2022, over a quarter of working-age households in Connecticut couldn't afford basic necessities like healthcare, housing, childcare, food, and transportation. This number is worse than in 2019 as wages have not kept up with the high cost of healthcare, housing, and childcare.
- Families with different types of health insurance had different experiences. For example, 13.8% of households with insurance through their job could not afford basic needs compared to 27.8% of households who bought insurance on the individual market, and 69.8% of households that were eligible for Medicaid.
- Fewer households had unaffordable healthcare expenses in 2022 compared to 2019. This change was not spread evenly across insurance types. Families covered by employer-sponsored health insurance saw costs rise. By contrast, those buying individual-market coverage saw lower premiums and benefited from more assistance with their premium costs from a tax credit that was part of the American Rescue Plan Act (ARPA). That tax credit is set to expire in 2025.

How We Measure Affordability

We use the Connecticut Healthcare Affordability Index to measure how healthcare costs impact a household's ability to afford basic needs. CHAI calculates the minimum income a household should have to cover essential expenses, such as healthcare, housing, child care, transportation, and food. The minimum income needed to meet basic needs varies based on factors like insurance type, age, health risk score, family size, and location. By comparing this threshold to actual household incomes, we can estimate the percentage of households unable to afford their basic needs.

- For example, a single adult with employer-sponsored insurance in New Haven needs a minimum of about \$30,000 per year to afford basic necessities, while a family of four (two adults, a preschooler, and a school-age child) with the same insurance in Danbury will need over \$105,000 to cover the cost of basic needs.

Households are considered to have unaffordable healthcare if their expected healthcare costs as a proportion of their income exceed a set percentage (6.8% to 10.8% depending on household size). This percentage is called the Connecticut healthcare spending target.

- For instance, a family with two adults and two children is expected to spend no more than 9.1% of their income on healthcare.

How Many Households Can't Afford All Their Basic Needs?

Overall, a substantial number of Connecticut residents are struggling to afford just their basic needs. In 2022, an estimated 300,000 (27.1%) of working-age households, representing over 700,00 individuals—including 260,000 children—lacked the necessary income to afford their basic needs in Connecticut.

Insurance Type	Number Unable to Afford All Basic Needs	Percentage Unable to Afford All Basic Needs
All Households	296,303	27.1%
Employer-Sponsored	98,776	13.8%
Individual-Marketplace	44,379	27.8%
Medicaid	153,148	69.8%

What's Included in the Cost of Basic Needs?

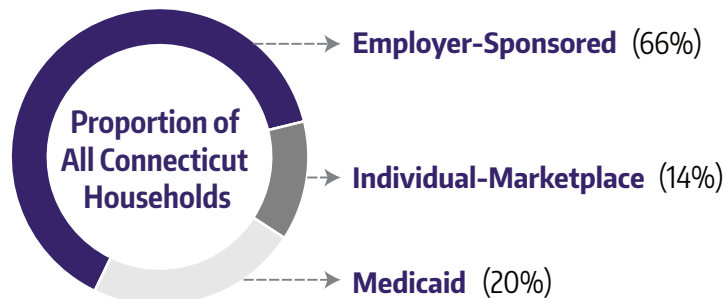
CHAI calculates the minimum income a household needs to cover the cost of basic needs—without any assistance. This includes the cost of rent & utilities, groceries, transportation, health insurance premium & out-of-pocket costs, child care, broadband & cell phone, personal and household items, taxes & tax credits, emergency savings.



How Many Households Can't Afford Their Healthcare?

In 2022, about 13% of all Connecticut households couldn't afford their healthcare costs according to the Connecticut healthcare spending target.

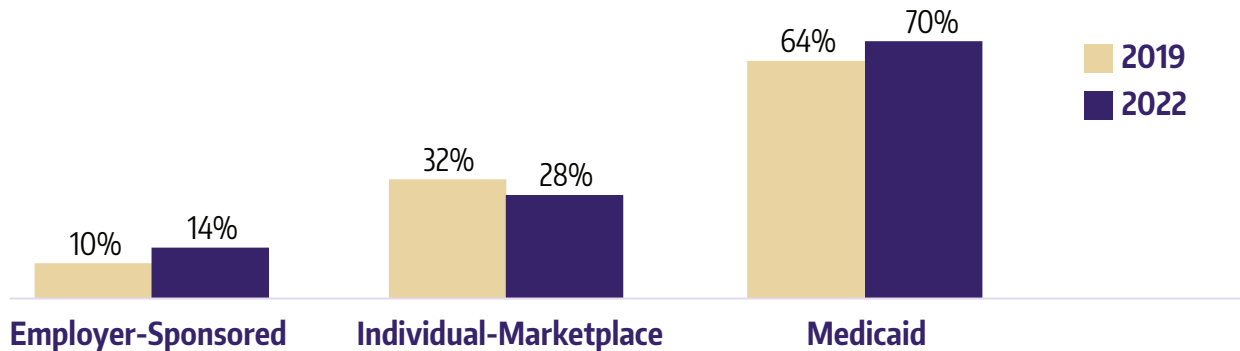
- Over 15% of households with employer-sponsored insurance couldn't afford their healthcare costs.
- Nearly 20% of those with individual marketplace insurance couldn't afford their healthcare costs.
- Every household with Medicaid is considered to have affordable healthcare as Medicaid is free. Since they represent 20.1% of Connecticut households, this lowers the overall state average of households that couldn't afford their healthcare costs to 12.9%. Even though households with Medicaid coverage do not incur healthcare costs, the vast majority of them do not have incomes high enough to cover all their other basic needs.



Changes from 2019 to 2022

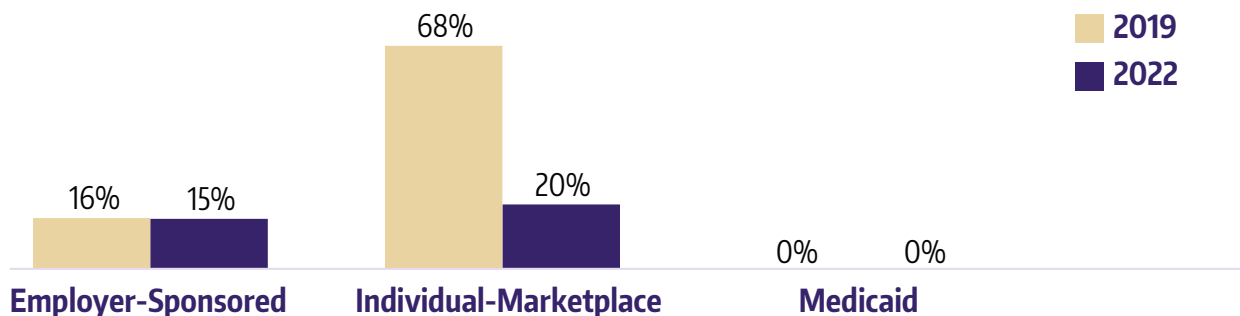
Between 2019 and 2022, the overall percentage of households unable to afford all their basic needs increased from 22.9% to 27.1%. However, this masks the difference by insurance category.

Percentage of households unable to afford all basic needs



The percentage of households with unaffordable healthcare costs actually decreased from 20.1% to 12.9%, largely due to a large decrease in the percentage of households having unaffordable individual-marketplace insurance.

Percentage of households unable to afford cost of healthcare



Why These Changes Occurred

Many more households with individual marketplace insurance could afford their basic needs in 2022 than in 2019 due to:

- Expansion of the premium tax credit under the American Rescue Plan Act (ARPA) in 2021, which lowered the amount households pay towards premiums and expanded eligibility of subsidies to all marketplace consumers.
- Decreased costs of the most common individual marketplace plan between 2019 and 2022. However, the cost of these plans later increased in 2023 and 2024.

ARPA was an economic stimulus package that provided one-time direct payments to households, expanded the child tax credit, and expanded eligibility for the Affordable Care Act's premium tax credit. While the child tax credit expansion expired, the premium tax credit expansion was extended under the Inflation Reduction Act of 2022. However, employer-sponsored insurance premiums increased during this period. For example, the average premium for employer-sponsored family coverage increased by over 12% from 2019 to 2022. This rise added financial pressure on households relying on employer-sponsored insurance, contrasting with the relief experienced in the individual marketplace due to ARPA's provisions.

The Role of Other Costs

While healthcare costs are a significant factor in affordability, other expenses like housing and childcare also play a crucial role.

- For example, in Danbury, the average cost of a three-bedroom apartment went up by over \$290 per month between 2019 and 2022. The cost of infant child care increased by over \$220 per month.

These rising costs make it harder for households to afford healthcare and other essentials.

Looking Ahead: Premium Tax Credit Expansion Expires in 2025

The expansion of the premium tax credit under ARPA had the biggest impact on affordability. However, it is set to expire at the end of 2025. Already, over a quarter of Connecticut households can't afford basic needs in 2022. Without the expanded eligibility for the premium tax credit, the cost of insurance purchased through the individual marketplace will drastically increase for many, substantially raising the minimum income Connecticut households need to make ends meet.

Conclusion

The Connecticut Healthcare Affordability Index shows us how healthcare costs have changed from 2019 to 2022. Many families have found it harder to afford the rising cost of their basic needs, especially housing and childcare. The American Rescue Plan Act helped lower costs for people using individual marketplace insurance, but the cost of employer-sponsored insurance and other expenses like rent and childcare have gone up. As the premium tax credit from ARPA will end in 2025, it will be important to find new ways to help families afford healthcare and other essentials. For more information and to see how these costs affect your family, check out the CHAI Interactive Tool.

Interested in learning more about healthcare affordability in your town or for your family? Explore the [CHAI Interactive Tool](#) to estimate the income needed to afford basic needs in your community and see how different factors impact affordability.

The Center for Women's Welfare

The Center for Women's Welfare at the University of Washington School of Social Work is devoted to furthering the goal of economic justice for women and their families. The Center focuses on the development of the Self-Sufficiency Standard and related measures, calculations, and analysis. The Center partners with a range of government, non-profit, women's, children's, and community-based groups to:

- research and evaluate public policy related to income adequacy;
- create tools to assess and establish income adequacy and benefit eligibility;
- develop policies that strengthen public investment in low-income women and families.

Learn more about the Center and the Self-Sufficiency Standard research project at www.selfsufficiencystandard.org.

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