



Weekly Checkup

Most Exchange Enrollees Will Never Reach Deductible

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Health insurance, as well as every other type of insurance, relies on collecting a modest amount of money from a large group of people and spending a much larger amount of money on a small group of people. In this way, the insurance provider is able to help protect people from the possibility of ruinous medical debt in exchange for a budget friendly premium. But how many people actually *use* their insurance benefits? In the individual market, the answer is not most. Aside from a few preventative services, the majority of individuals will not incur medical expenses that exceed their annual deductible. The chart below demonstrates the distribution of medical spending for insured individuals using data from the 2012 Medical Expenditure Panel Survey, and displays separate curves for individuals who have and have not been diagnosed with chronic illness.^[1] In any given year, more than 80 percent of non-chronically ill individuals spend less than the average deductible for a Silver plan in the Health Insurance Marketplace. Over a lifetime, however, it is much more probable that a person will be unfortunate enough to exceed the deductible and require those insurance benefits.



[1] We define chronic illness as having been diagnosed with heart disease, emphysema, cancer, diabetes, arthritis, chronic bronchitis in the last 12 months, high blood pressure on multiple occasions, or diagnosed as having had a stroke.