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Consumer Driven Care: Potential and Concerns

Karen Davis

President, The Commonwealth Fund
Consumer Driven Healthcare Summit

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kd@cmwf.org

www.cmwf.org

Data Sources

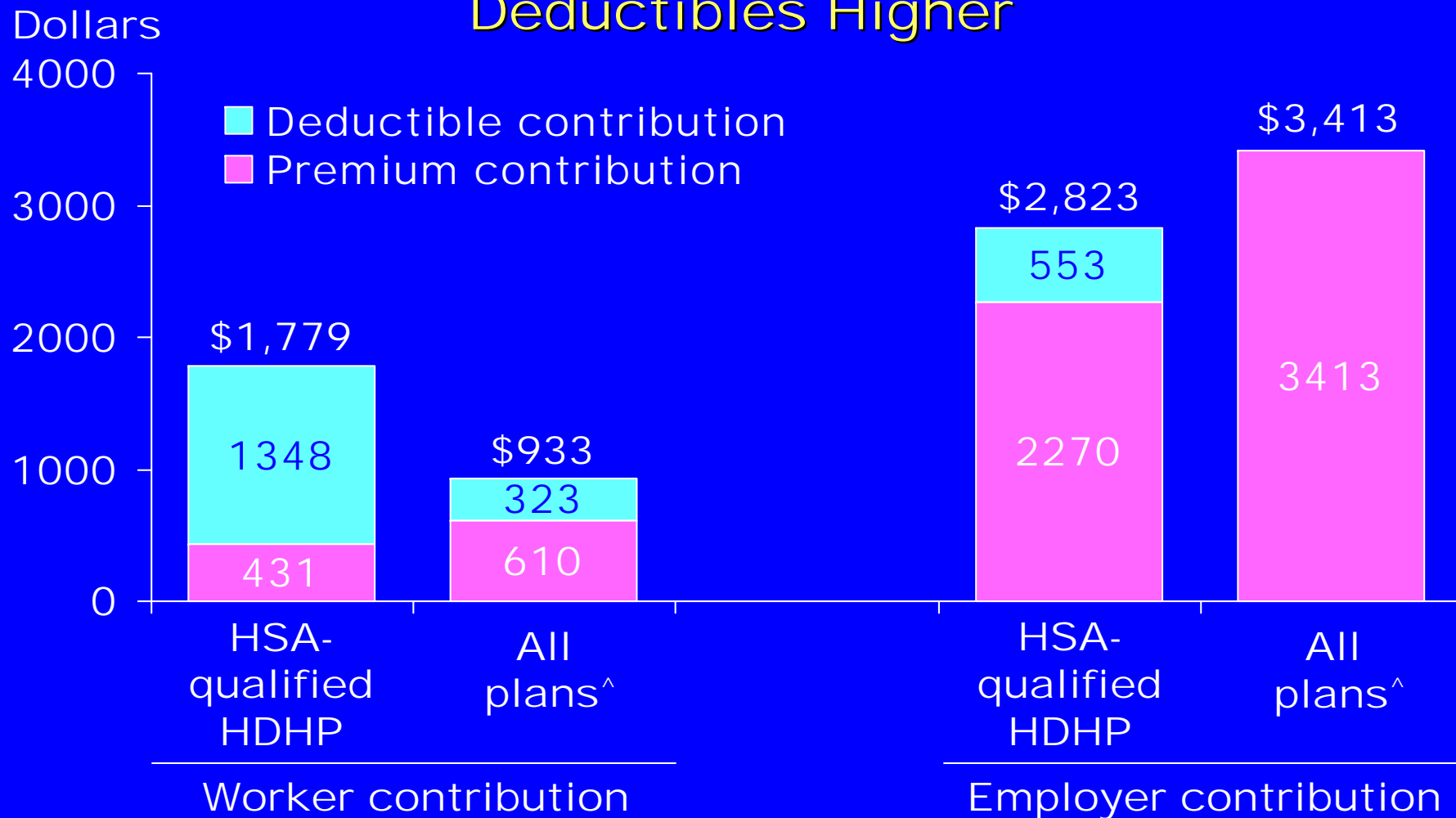
- EBRI/Commonwealth Fund Consumerism in Health Care Survey
 - 1,204 Adults 21-64, September 28 - October 19, 2005; Harris Online
 - Comprehensive – plan with no deductible or <\$1000 (individual), <\$2000 (family) - n=1,061 (all from national sample)
 - HDHP – plan with deductible \$1000+ (individual), \$2000+ (family), no account - n=463 (126 – national, 337 – oversample)
 - CDHP – plan with deductible \$1000+ (individual), \$2000+ (family), with account - n=185 (17 – national, 168 – oversample)
- P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.
 - Will be repeated this fall
 - Released in December 2006

Data Sources (con't)

- Commonwealth Fund 2005 Biennial Health Insurance Survey
 - 1,878 adults ages 19-64 insured all year with private insurance, August 18, 2005-January 5, 2006; telephone; Princeton Survey Research Associates
 - Deductibles under \$500, \$500-999, \$1000 and over
 - New results on employer-sponsored and individual insurance and by size of deductible released today
 - S.R. Collins, et al., TK, The Commonwealth Fund, September 2006
- Kaiser Survey of Employer Health Plans, 2005
 - G. Claxton et al., "What High Deductible Health Plans Look Like: Findings from a National Survey of Employers, 2005," *Health Affairs* Web Exclusive, September, 14, 2005;
 - J. Gabel et al., "Health Benefits in 2005: Premium Increases Slow Down, Coverage Continues to Erode" *Health Affairs*, September/October 2004



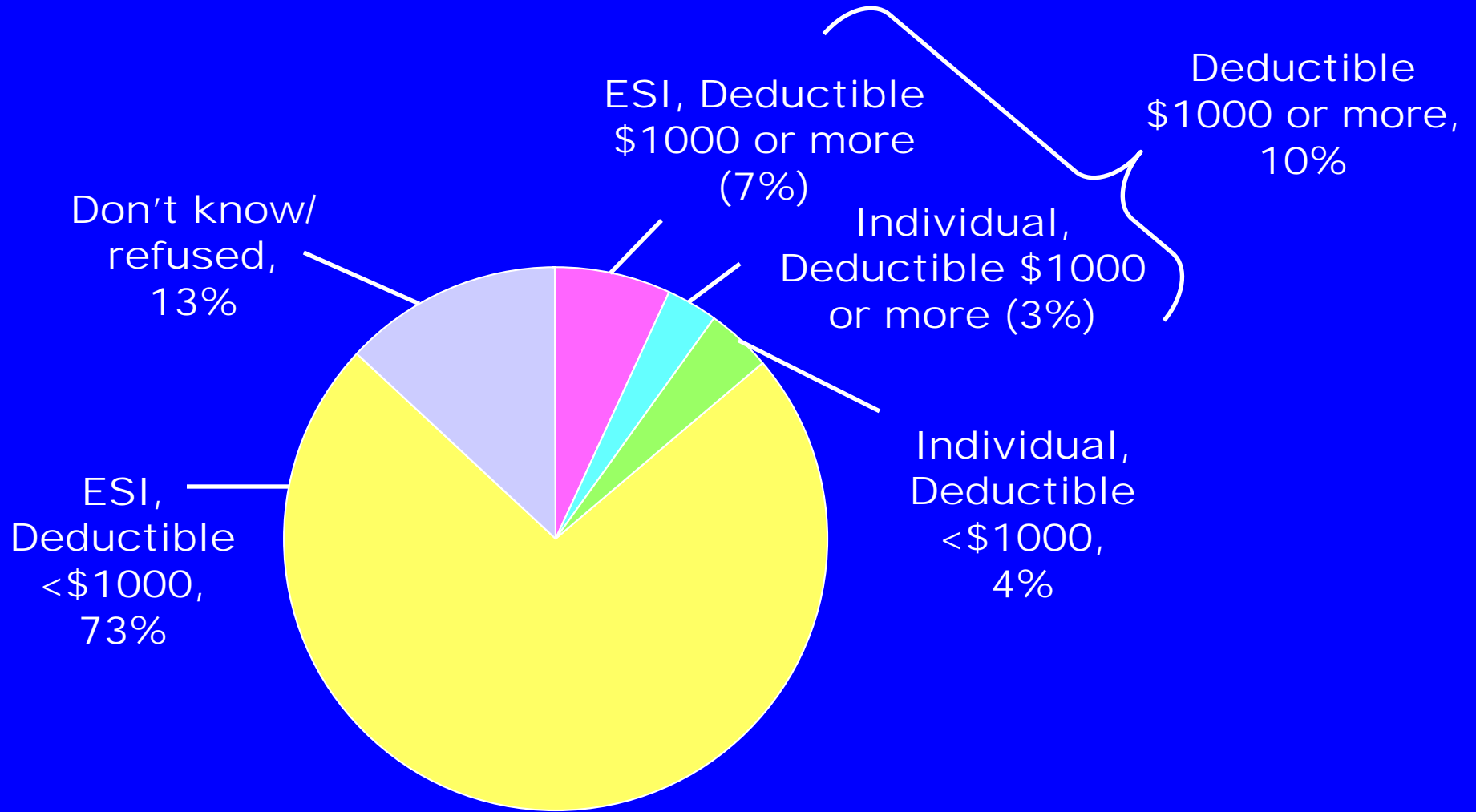
Employers Contributions Lower for Workers in HSA- Qualified HDHP; Employees Premiums and Deductibles Higher



[^] "All plans" refers to all conventional HMOs, PPOs, and POS plans in the survey, not just HDHP/HRA or HSA-qualified HDHPs. Source: Calculated based on: G. Claxton et al., "What High Deductible Health Plans Look Like: Findings from a National Survey of Employers, 2005," *Health Affairs* Web Exclusive, September, 14, 2005; J. Gabel et al., "Health Benefits in 2005: Premium Increases Slow Down, Coverage Continues to Erode," *Health Affairs*, September/October 2004.



Few Insured People Are Currently Covered by High Deductible Health Plans

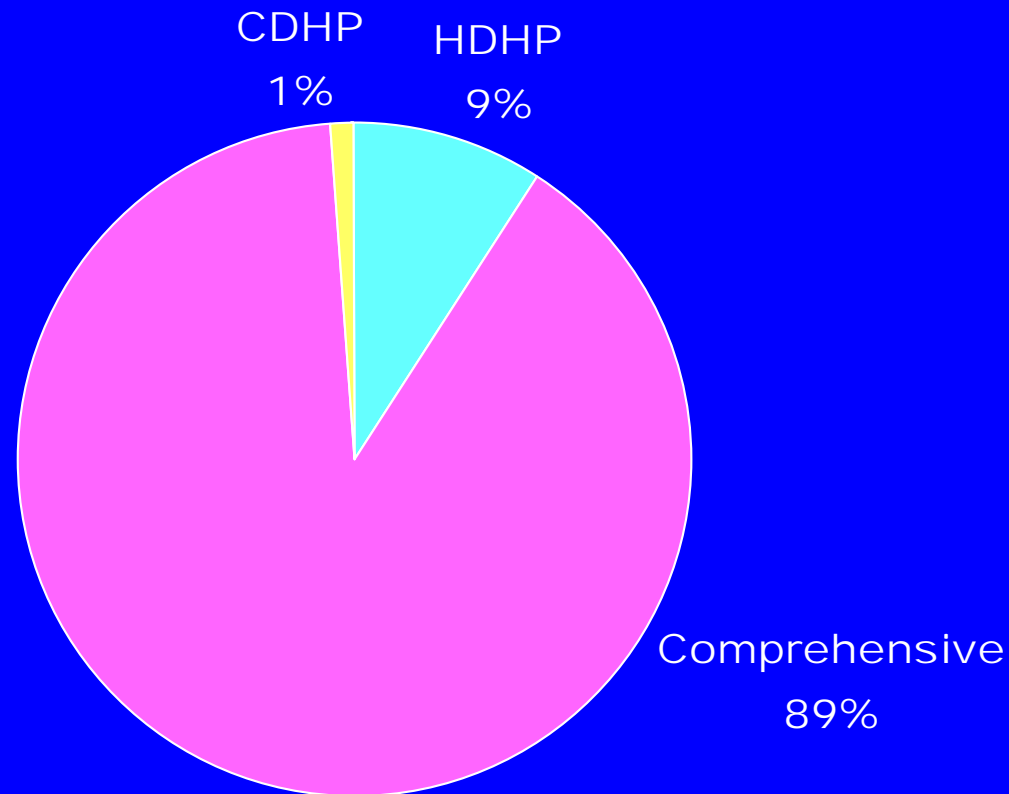


Percent of 108.2 million adults 19-64 insured all year with employer-sponsored or individual insurance



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Distribution of Individuals Covered by Private Health Insurance, by Type of Health Plan

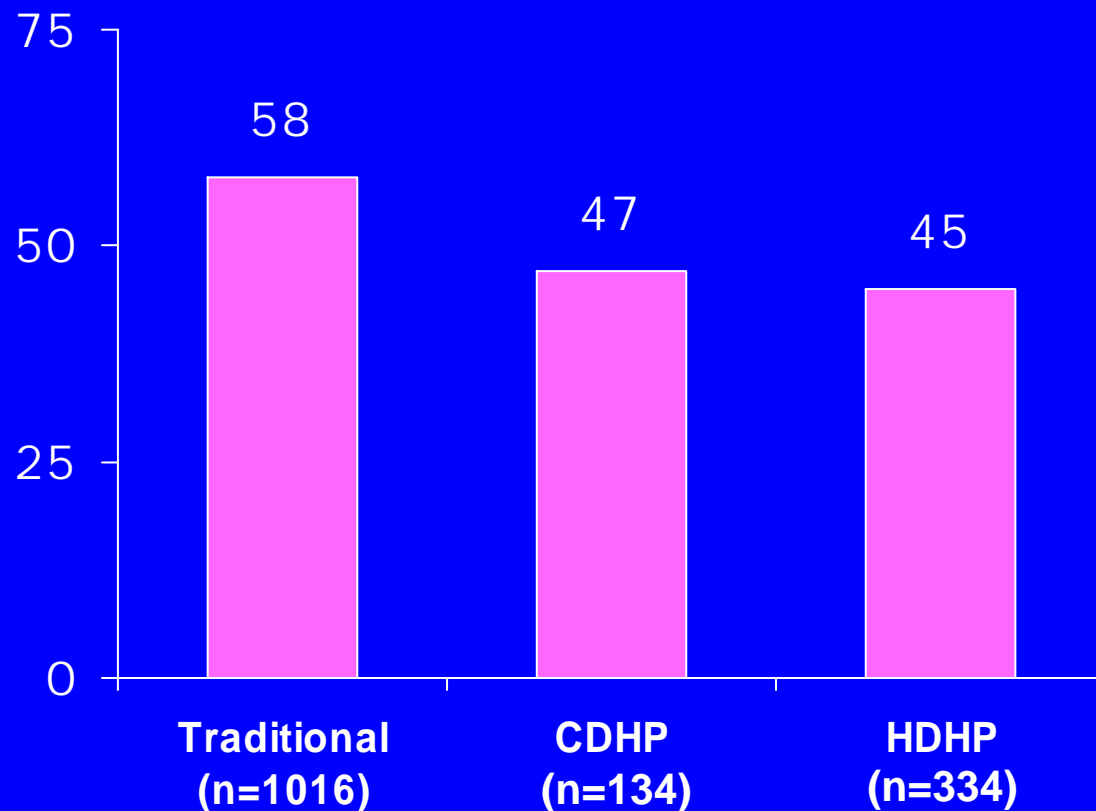


Note: Comprehensive = plan w/ no deductible or <\$1000 (ind), <\$2000 (fam); HDHP = plan w/ deductible \$1000+ (ind), \$2000+ (fam), no account; CDHP = plan w/ deductible \$1000+ (ind), \$2000+ (fam), w/ account.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.

Less than Half of Those Enrolled in Employer-Based High Deductible Health Plans Had a Choice

Percent of adults with employer-based coverage who were offered a choice of health plans



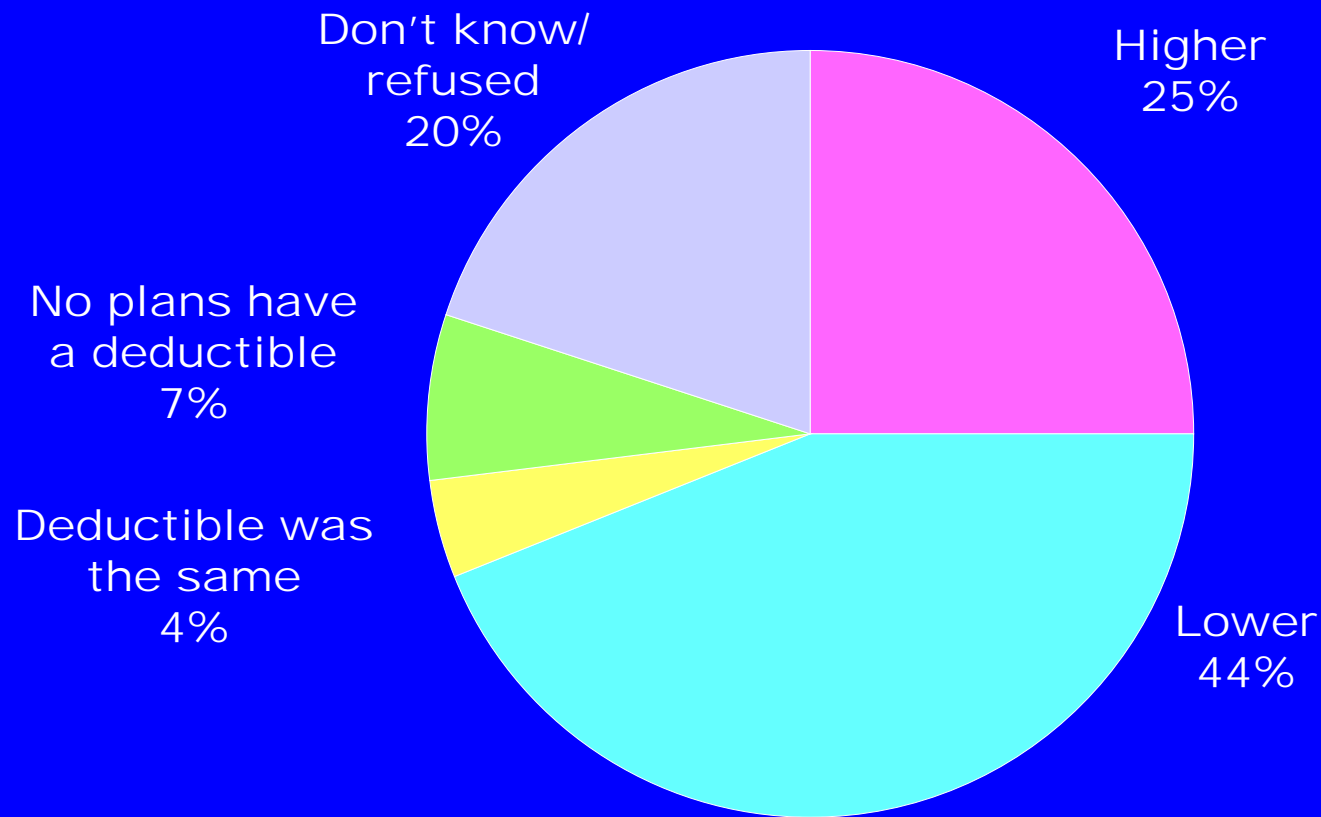
- CDHP and HDHP owners are less likely to have a choice of plans from their employer
- When they have a choice, the savings account is the leading reason for choosing CDHP, while premium cost is the most frequent reason for choosing HDHP. Traditional plans are chosen for low out-of-pocket costs.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



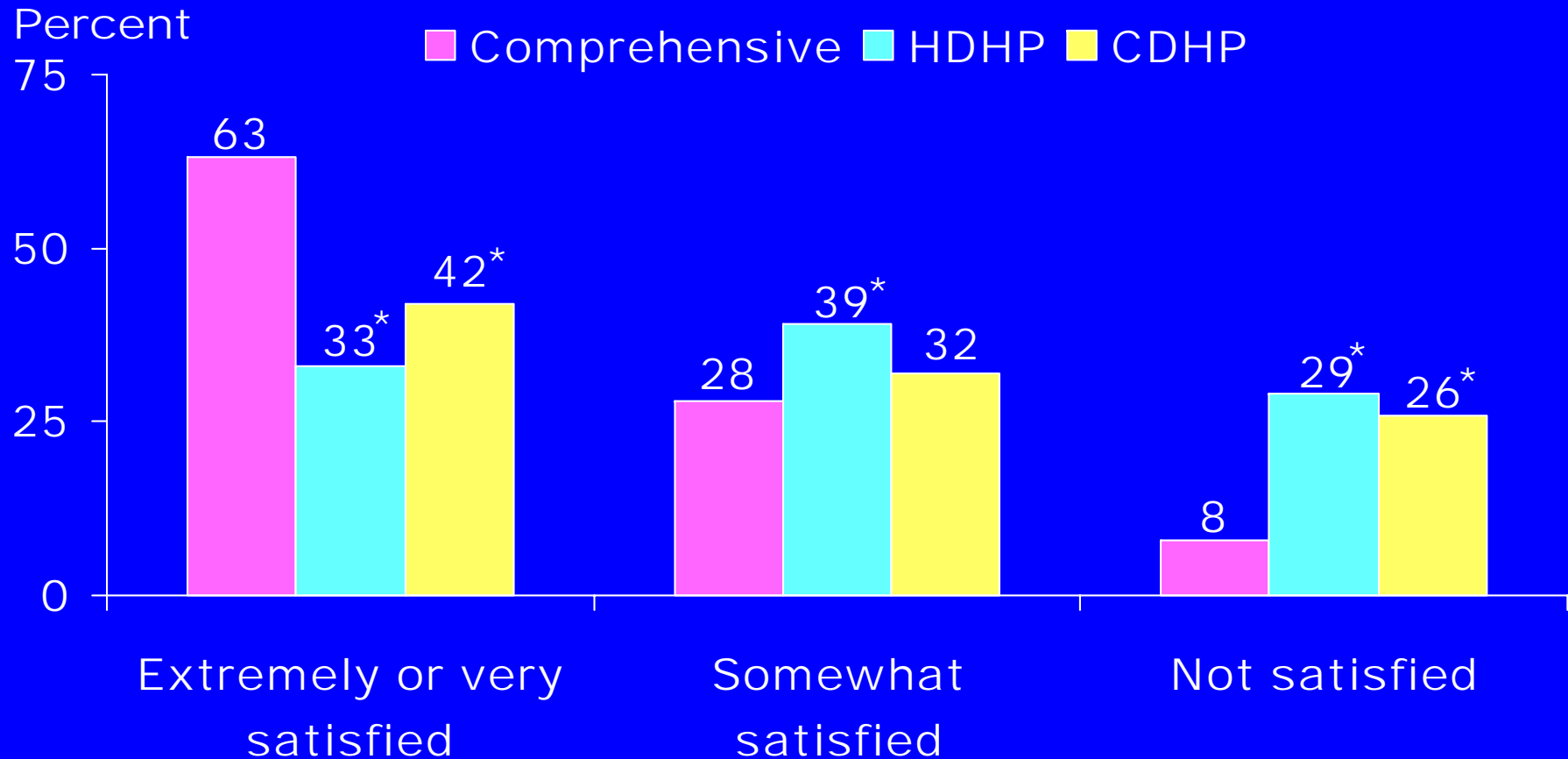
Adults Covered by Employer Health Insurance with a Choice of Plan Were Less Likely to Pick a Plan with a Higher Deductible

Percent of adults ages 19–64 with ESI and insured all year



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Enrollees of HDHP/CDHPs Are Less Satisfied with Their Coverage

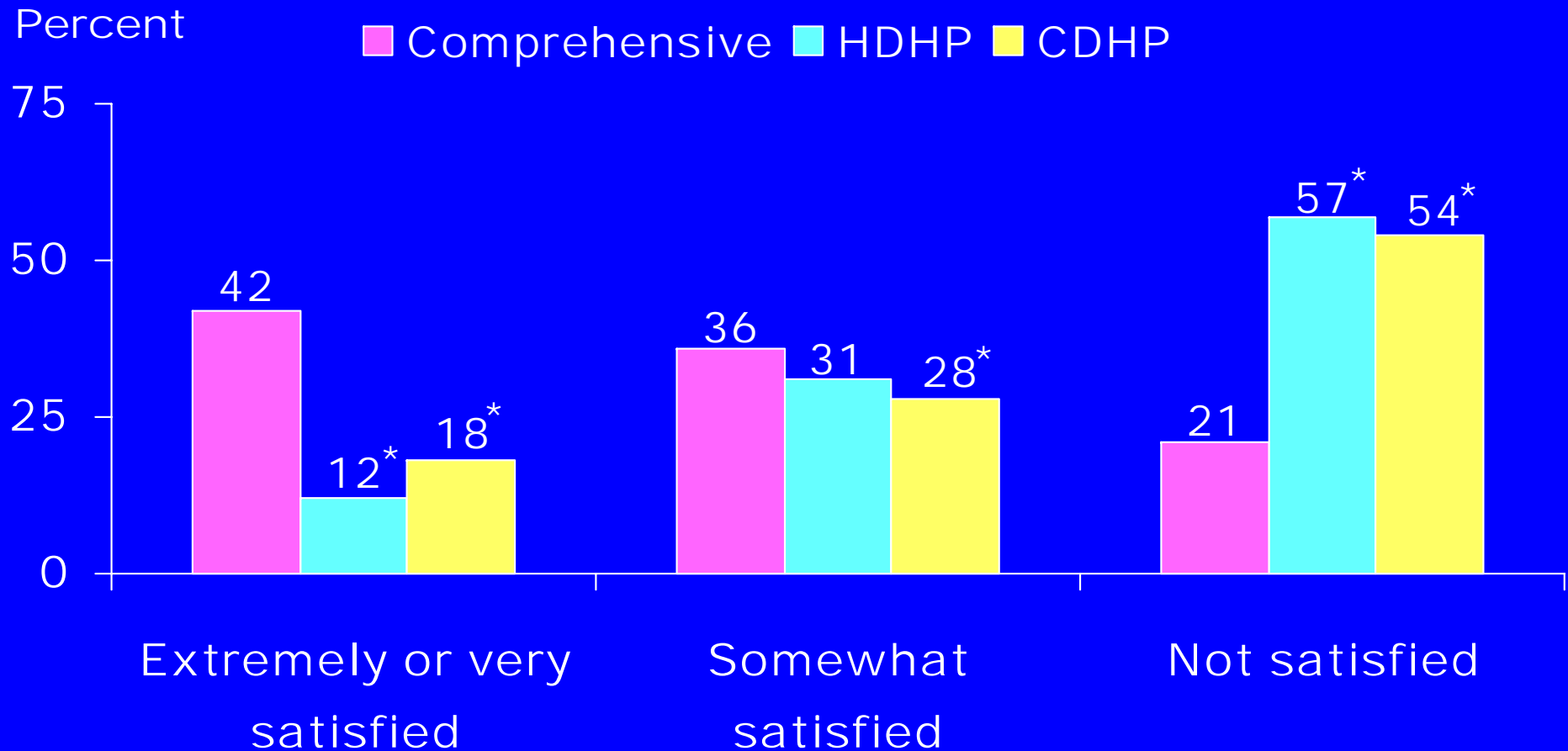


*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



Enrollees of HDHP/CDHPs Are Less Satisfied with Out-of-Pocket Costs

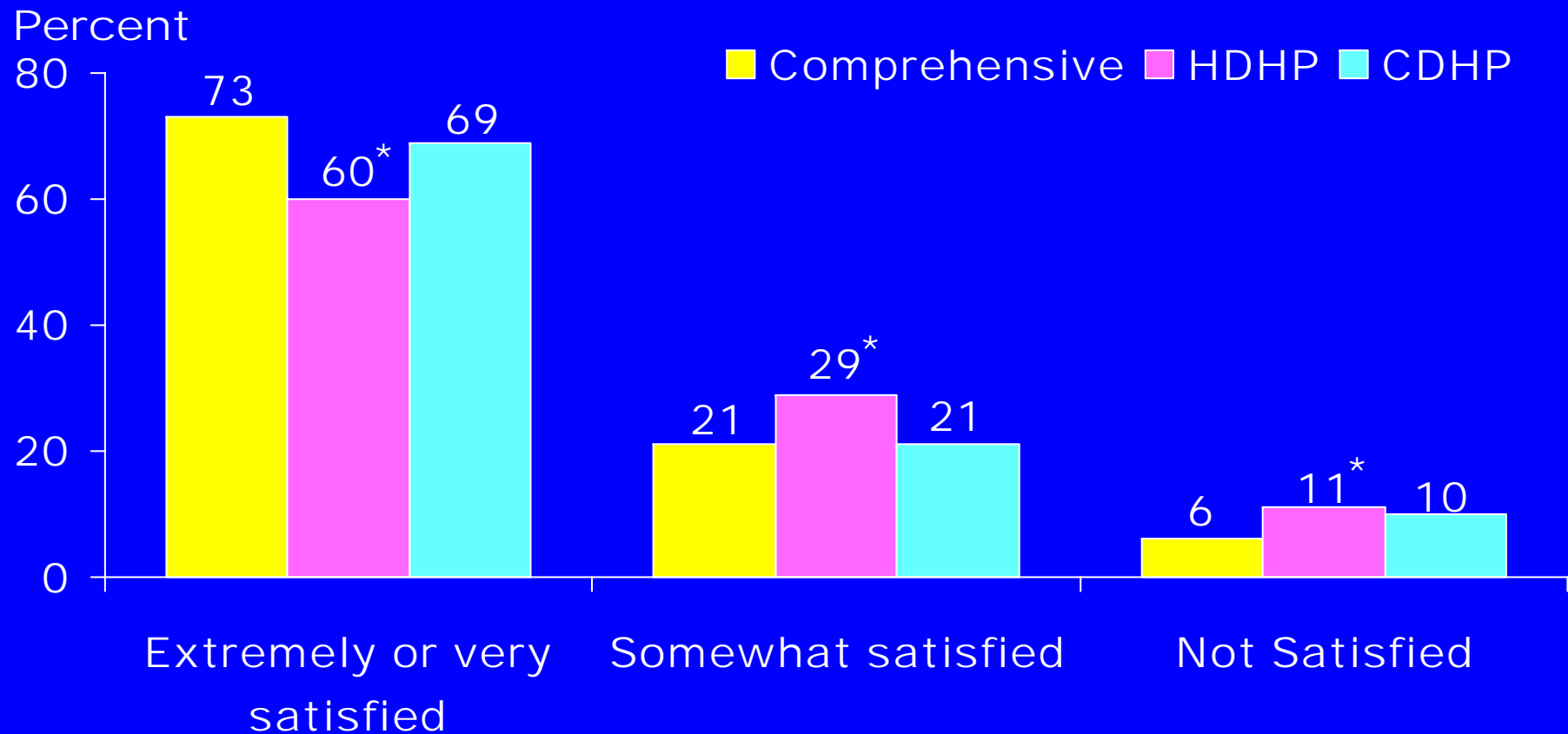


*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



Enrollees of HDHP/CDHPs Are Less Satisfied with Choice of Doctors



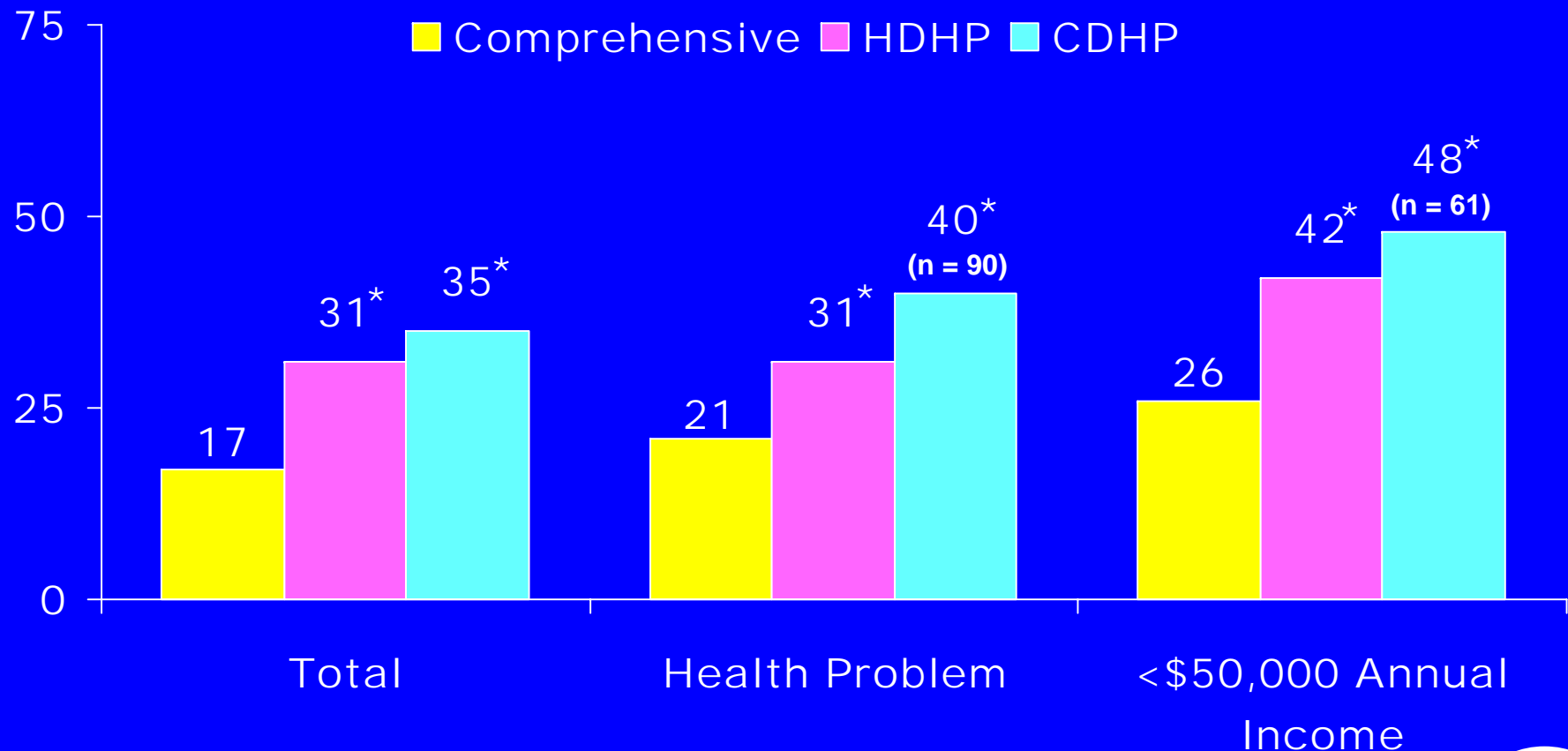
*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



Enrollees of HDHP/CDHPs Are More Likely to Delay or Avoid Getting Health Care Due to Cost

Percent of adults 21-64



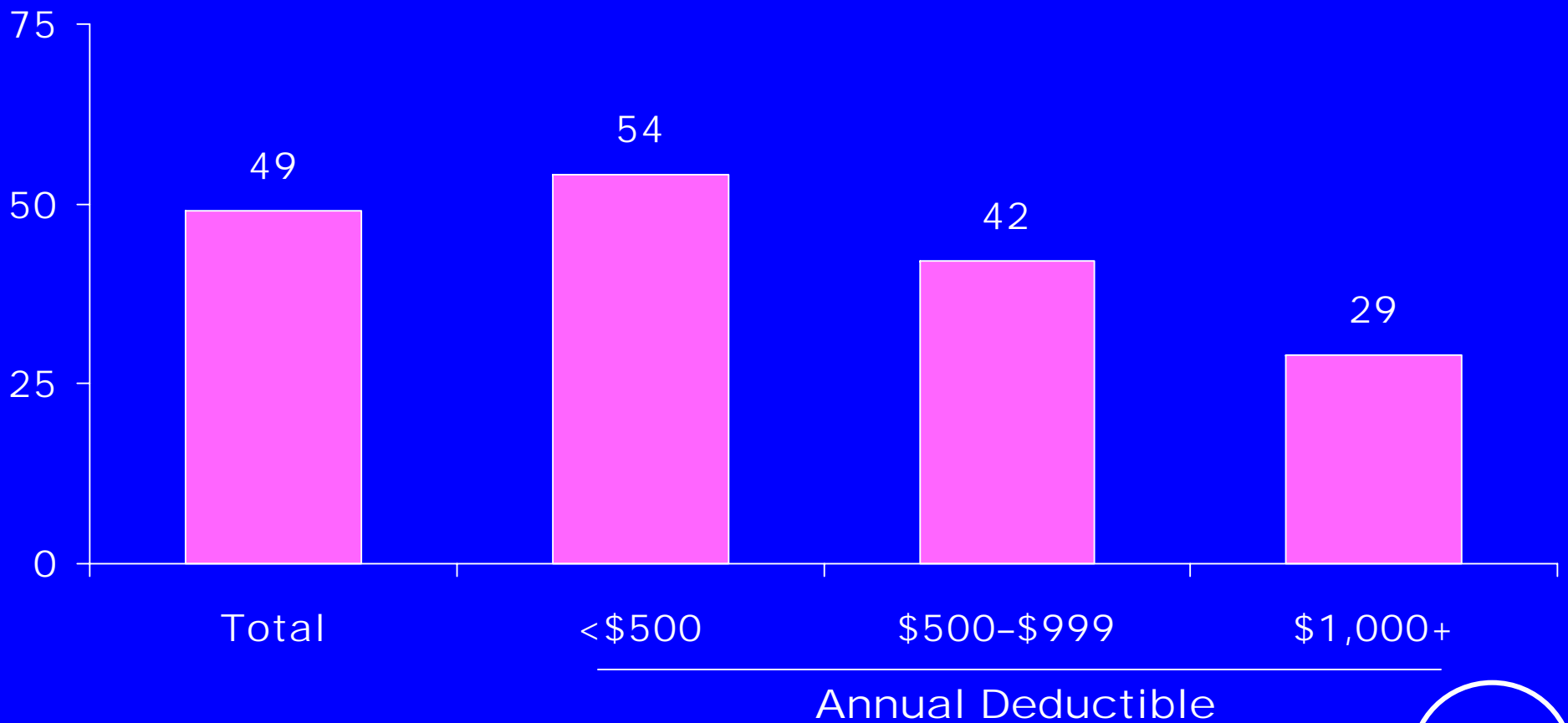
*Difference between HDHP/CDHP and Comprehensive is statistically significant at $p \leq 0.05$ or better.

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



Overall Satisfaction with Health Care Received in Last 12 Months, by Deductible

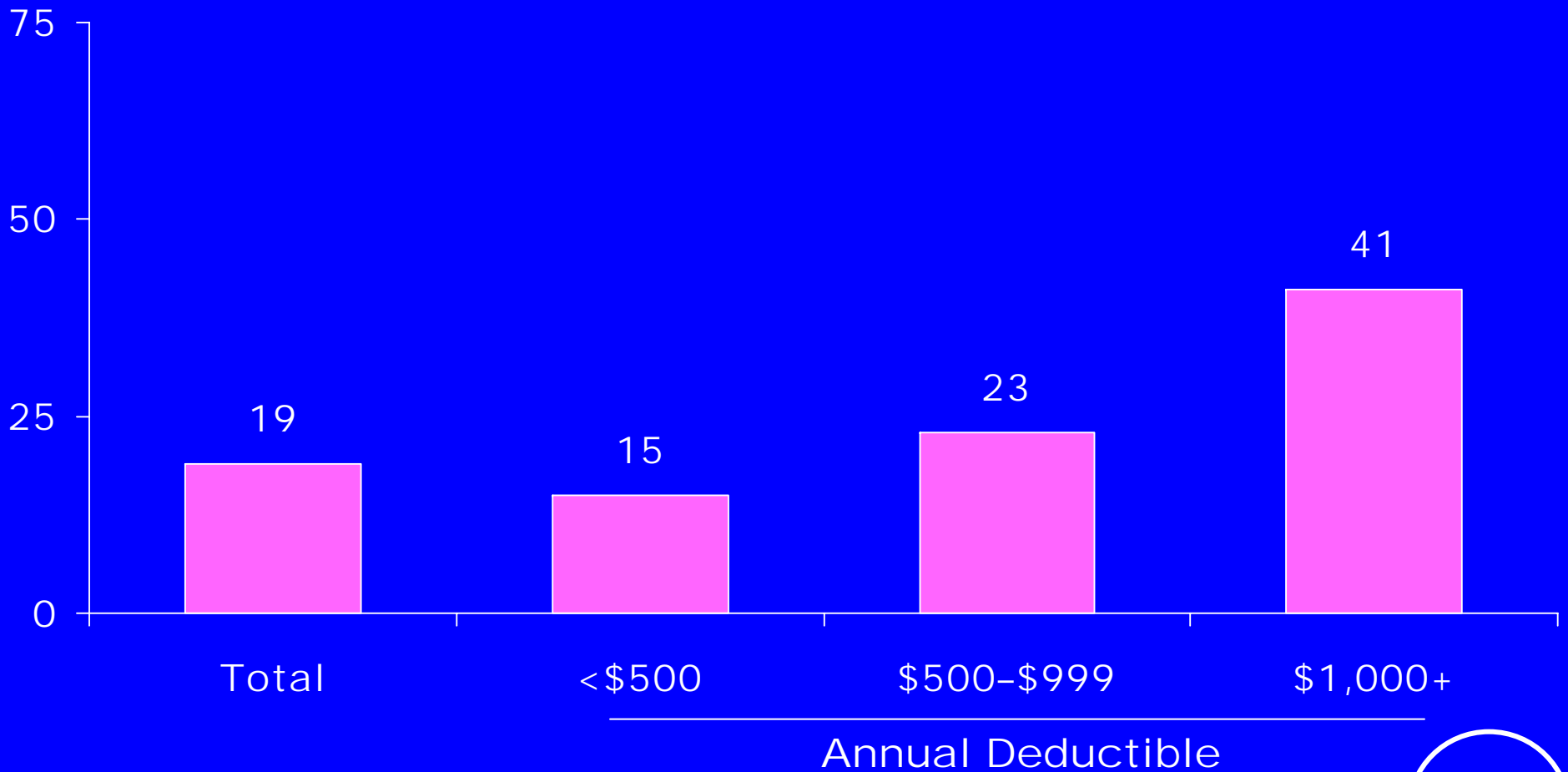
Percent of adults ages 19-64 insured all year with private insurance who are very satisfied



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Adults with Higher Deductibles Are More Likely to Rate Their Current Health Insurance Coverage "Fair" or "Poor"

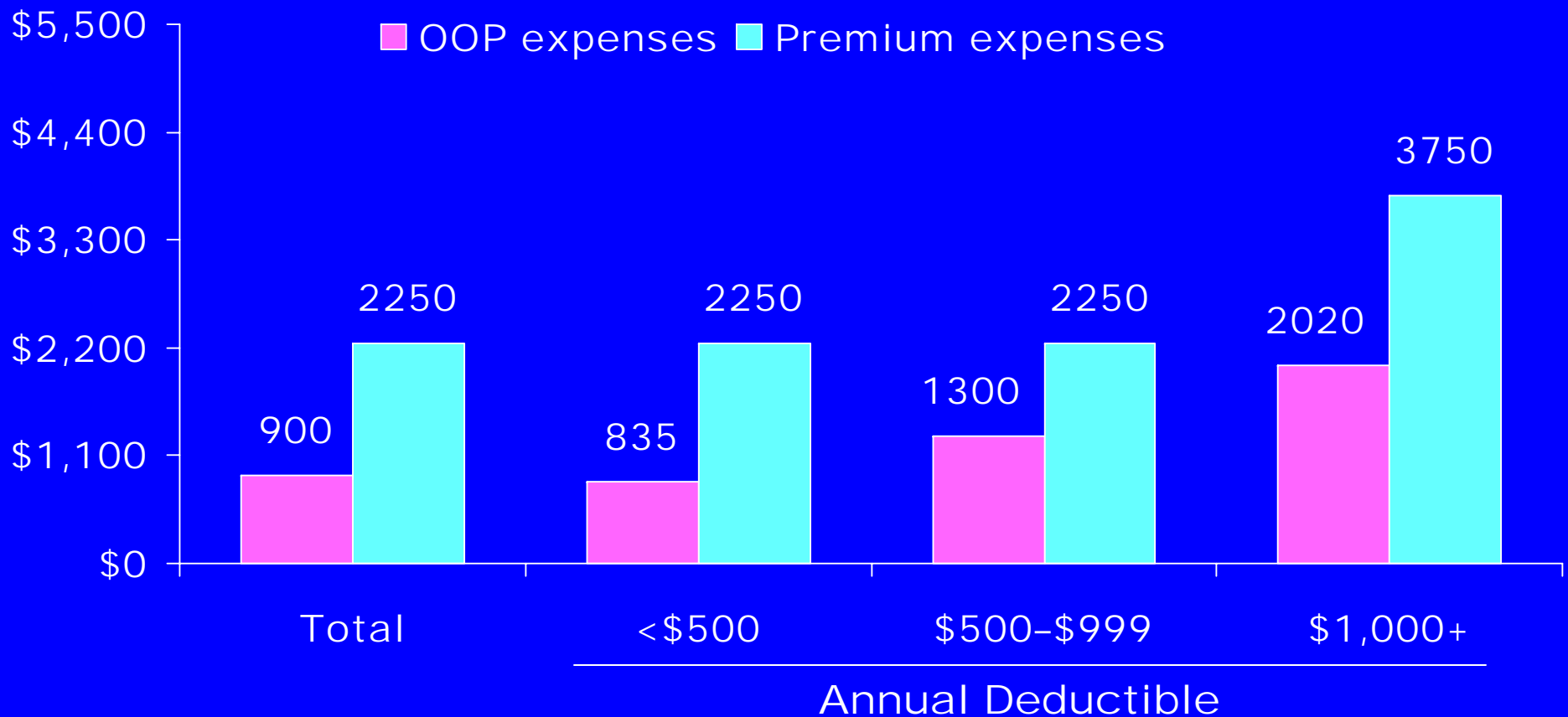
Percent of adults ages 19-64 insured all year



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Adults with High Deductibles Pay Higher Out-of-Pocket Expenses and Premiums

Median annual household out-of-pocket and premium expenses among respondents insured all year with employer-sponsored insurance



Note: Among adults ages 19-64.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Two-Thirds of Adults with High Deductible Plans Spent 5% or More of Their Income on Out-of-Pocket Expenses and Premiums

Percent of adults 19-64 insured all year with private insurance

- Household spent 5% or more of income on out-of-pocket costs and premiums
- Household spent 10% or more of income on out-of-pocket costs and premiums

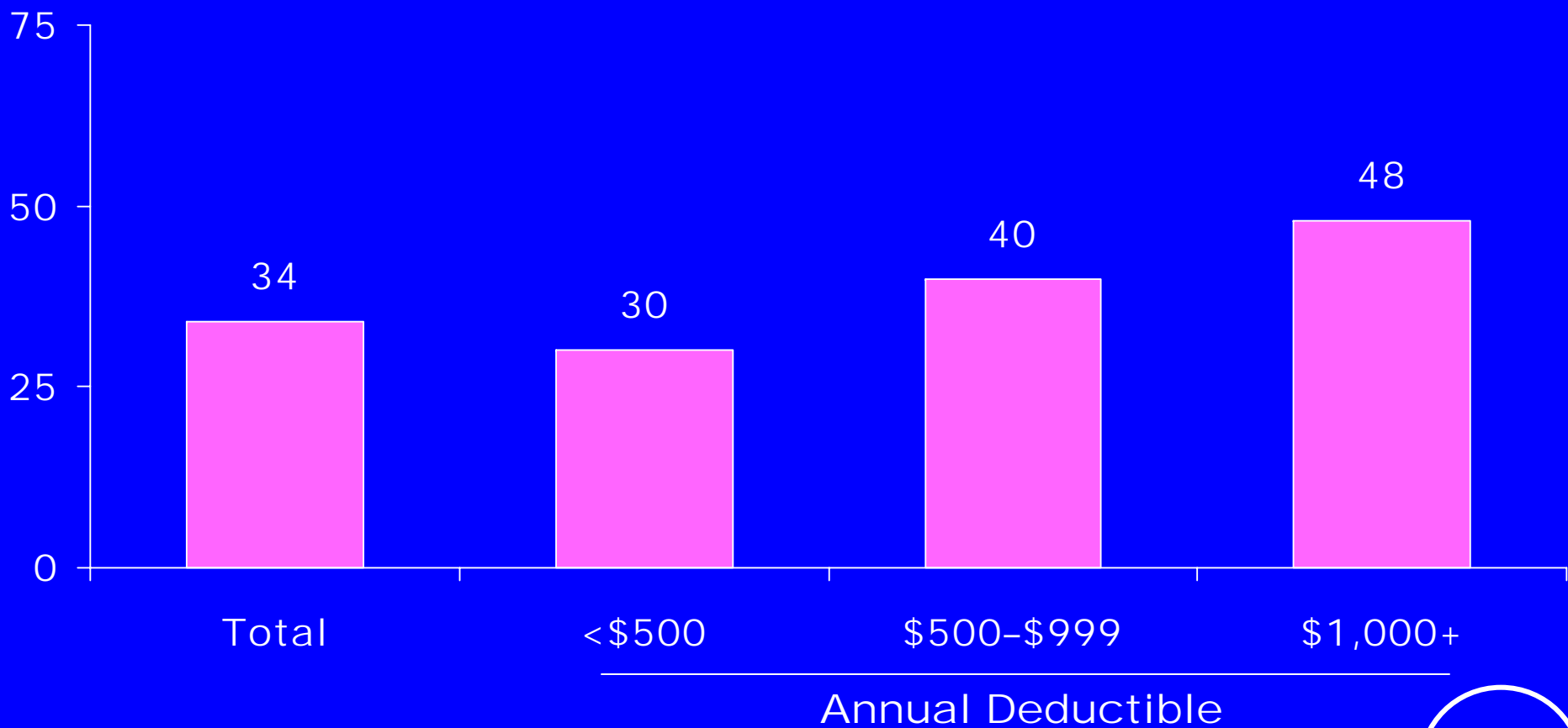


Note: Among adults ages 19-64.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).



Health Plans with Higher Deductibles Are More Likely to Place Limits on Total Dollar Amount They Will Pay for Medical Care Each Year

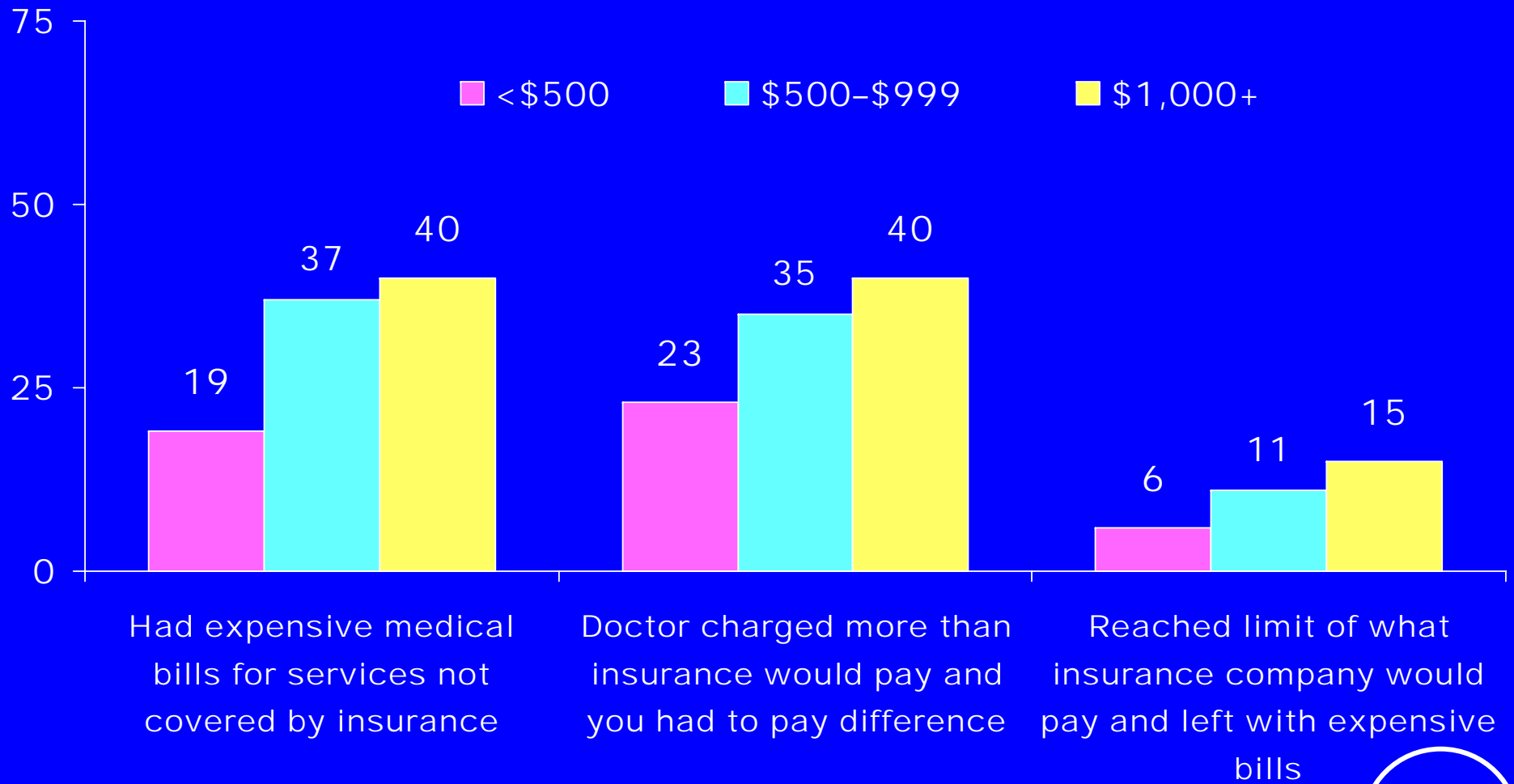
Percent of adults ages 19-64 insured all year with private insurance



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Problems with Health Insurance Plan, by Deductible

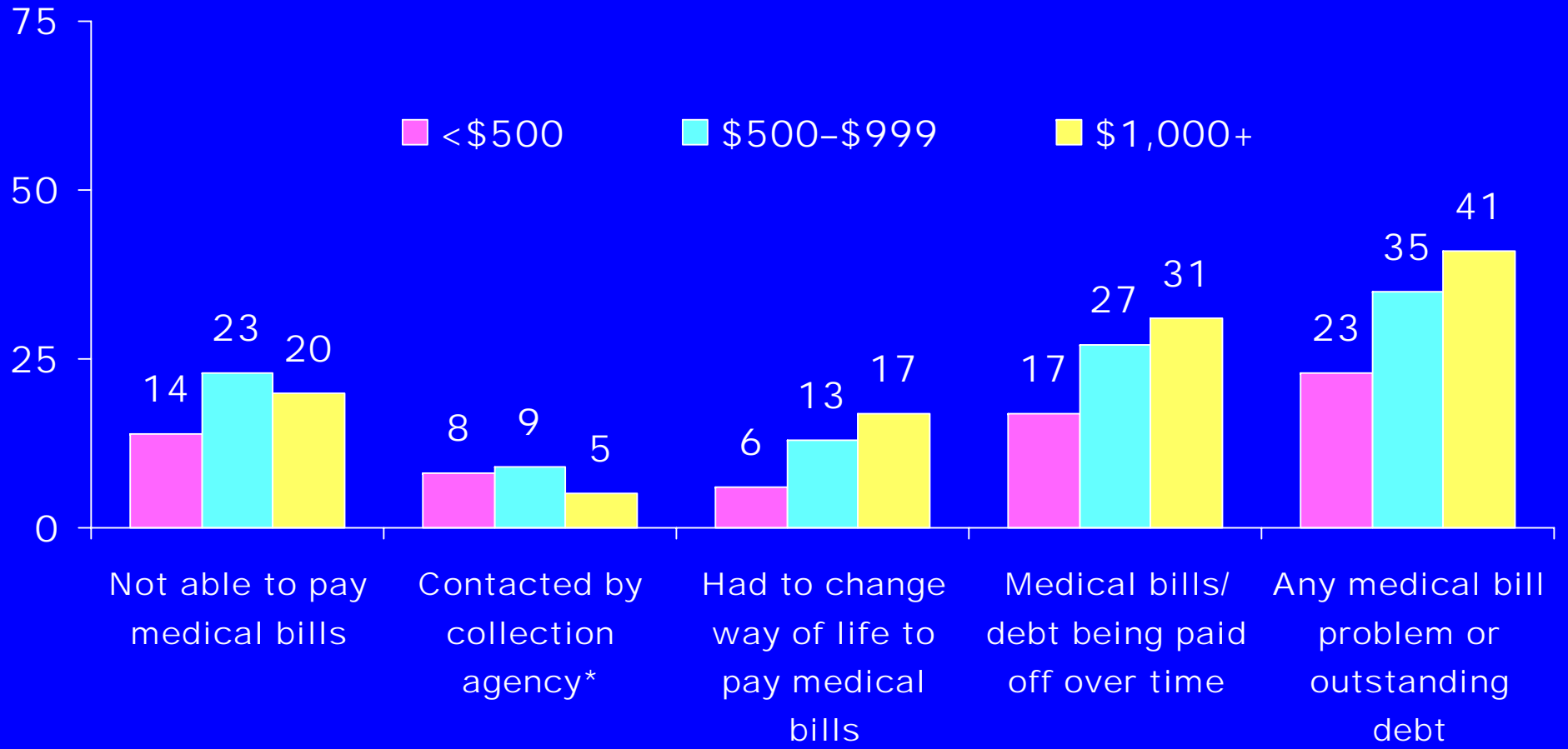
Percent of adults ages 19-64 insured all year with private insurance



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

Bill Problems, by Deductible

Percent of adults ages 19-64 insured all year with private insurance



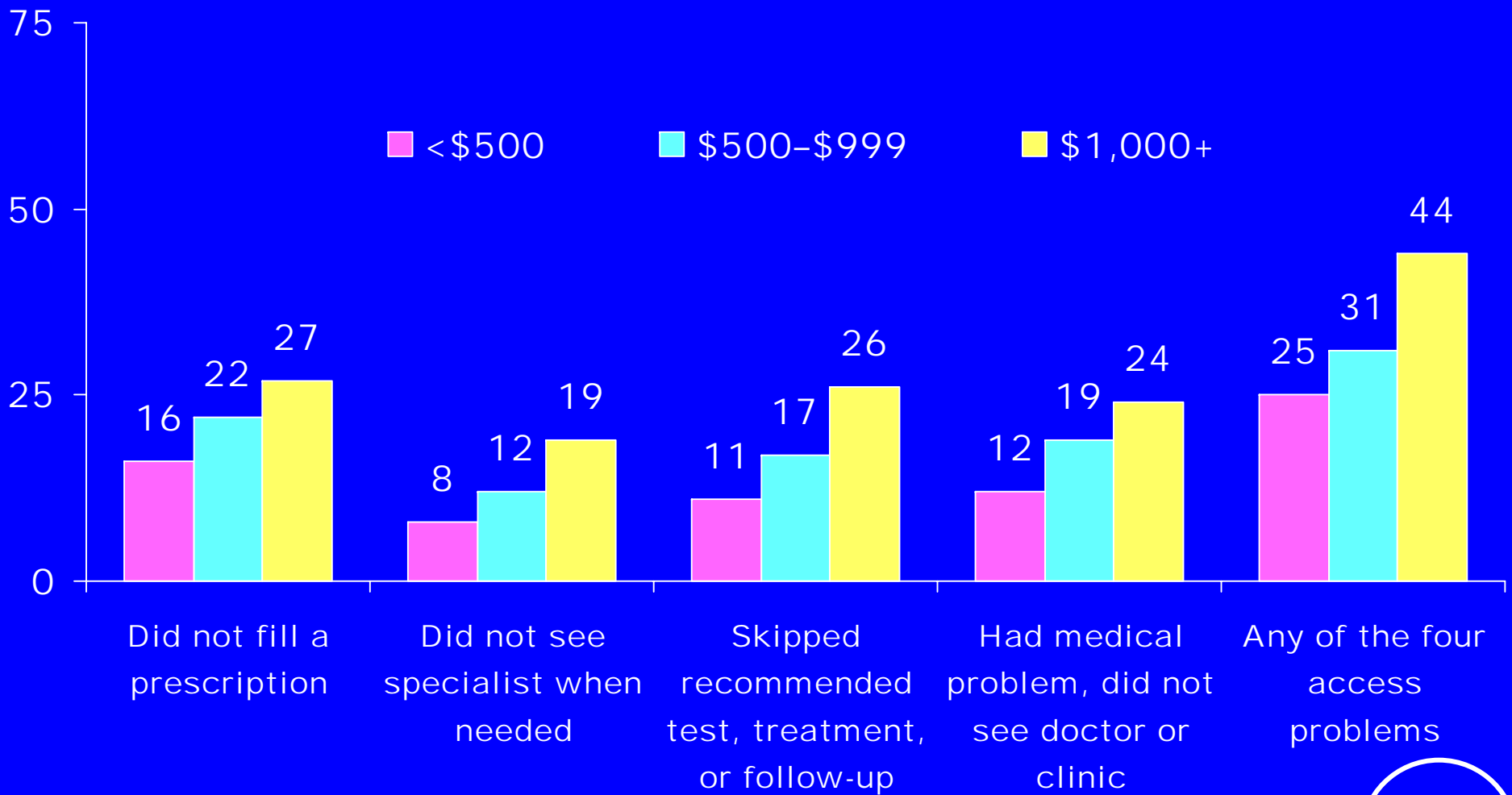
*Includes only those individuals who had a bill sent to a collection agency when they were unable to pay it.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).



Access Problems, by Deductible

Percent of adults ages 19-64 insured all year with private insurance



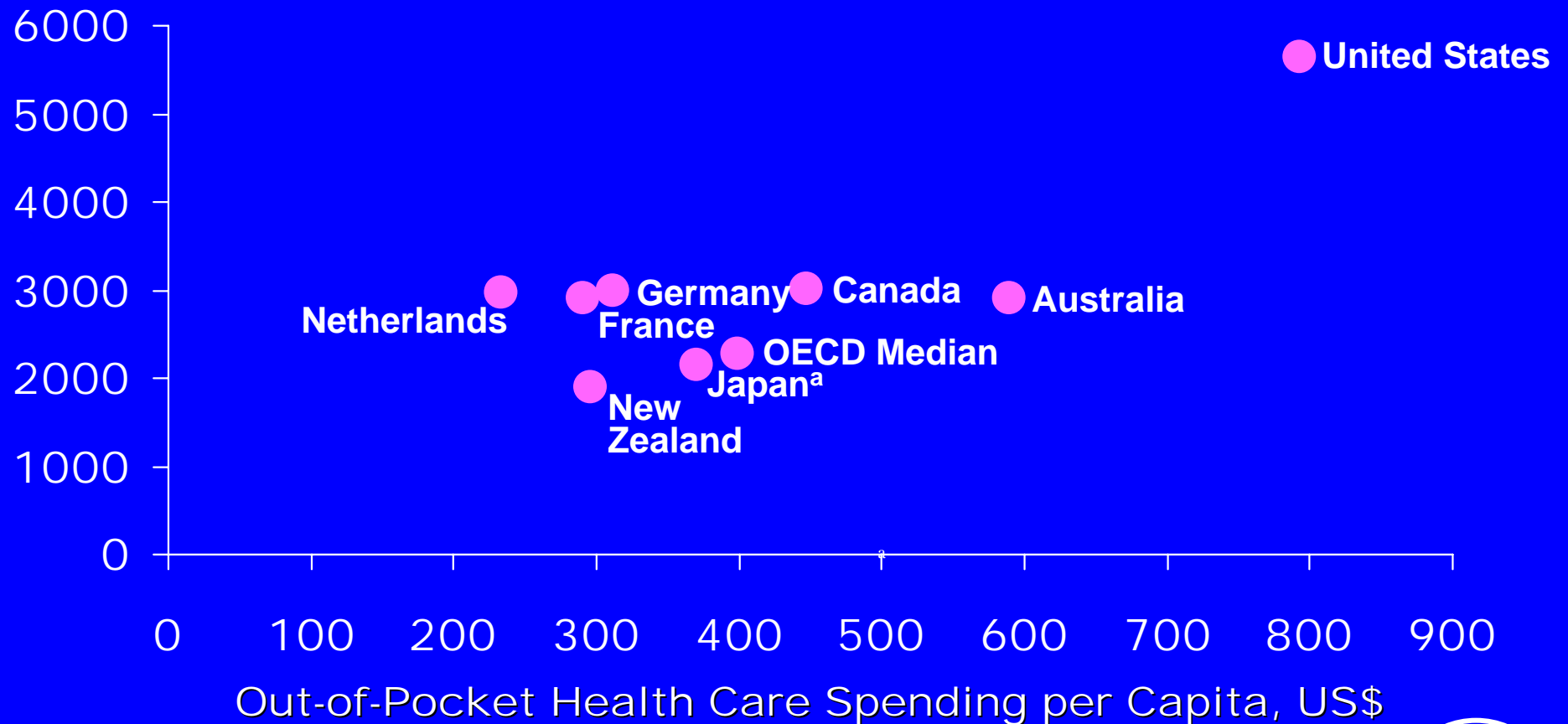
Source: The Commonwealth Fund Biennial Health Insurance Survey (2005).

HDHP/HSAs – Wrong Rx for American Health Care

- Costs aren't high because patients don't pay enough – they are high because of the way we organize care and pay physicians, hospitals, and other providers
- Americans already pay a lot out-of-pocket for care
- High deductibles have an adverse effect on access to care for vulnerable populations
- High deductibles add to financial burdens on vulnerable populations and consume savings needed for retirement
- The information on which to make cost-conscious choices is a long way from being available

Americans Spend More Out-of-Pocket on Health Care Expenses

National Health Expenditures per Capita, US\$



^a 2002

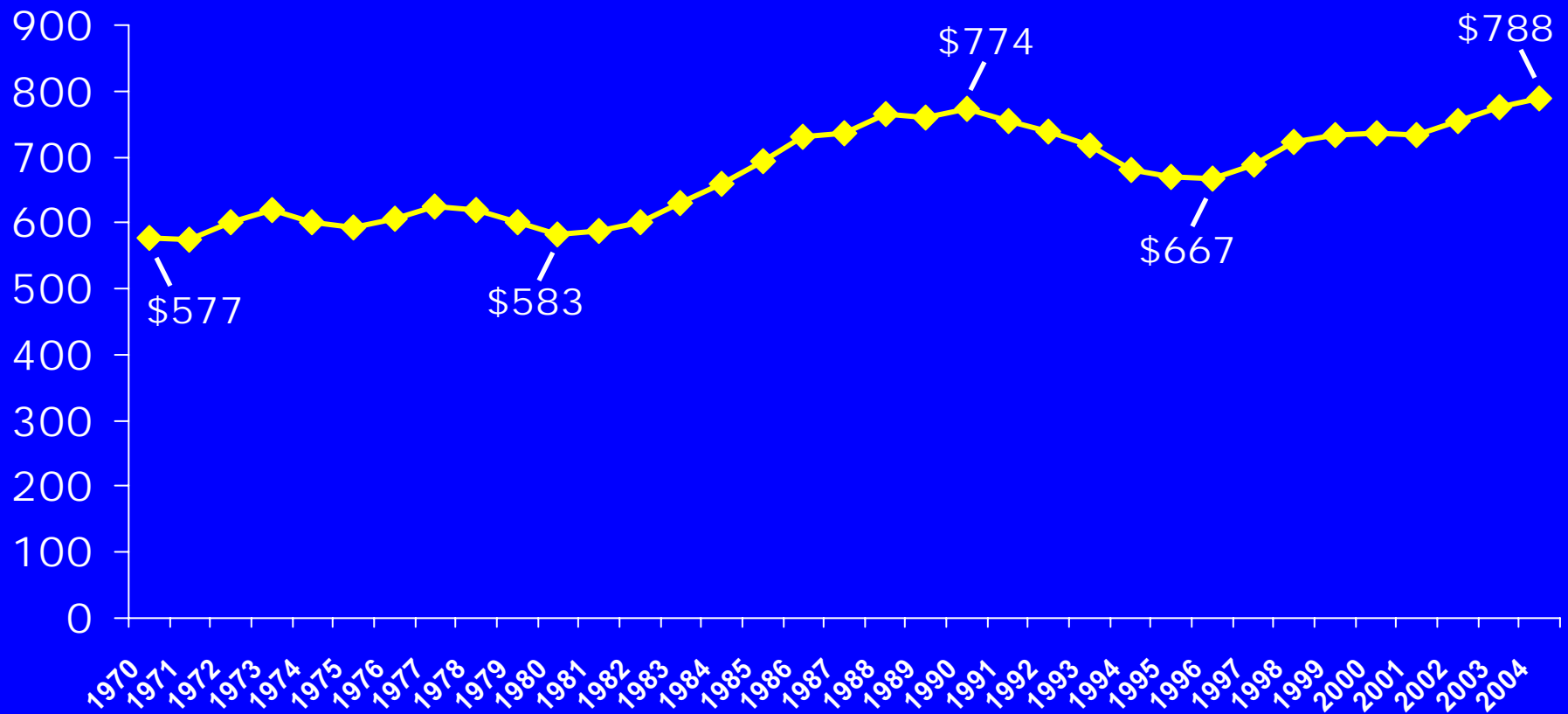
Note: Adjusted for differences in the cost of living, 2003.

Source: Bianca K. Frogner and Gerard F. Anderson, "Multinational Comparisons of Health Systems Data, 2005," The Commonwealth Fund, April 2006.



Consumers Spending More Out-of-Pocket for Health Care

Dollars spent per capita (in 2004 dollars)

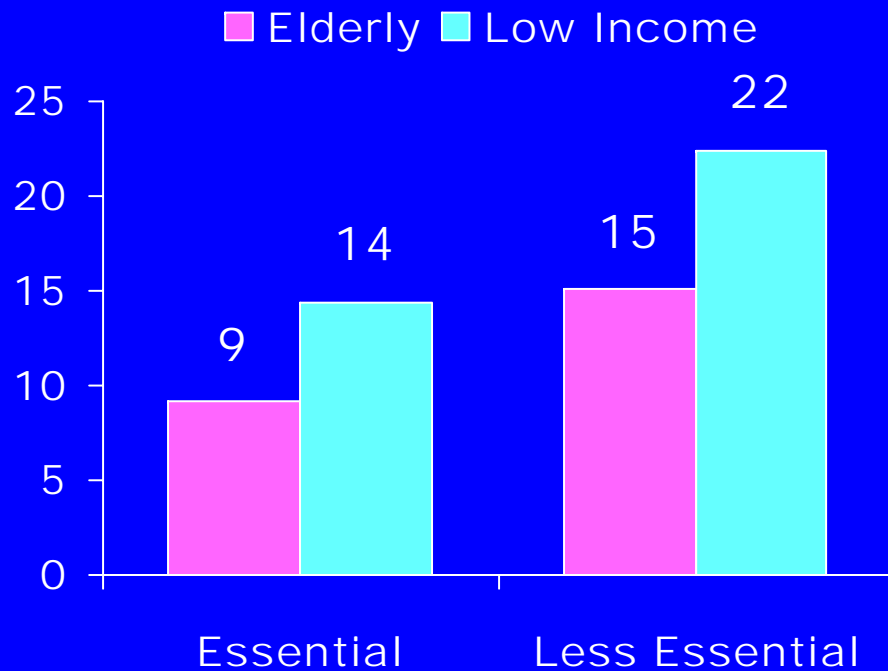


Source: C. Smith et al., "National Health Spending in 2004: Recent Slowdown Led by Prescription Drug Spending," *Health Affairs* 25, no. 1 (January/February 2006); Centers for Medicare and Medicaid Services, National Health Expenditures Data; <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/tables.pdf>

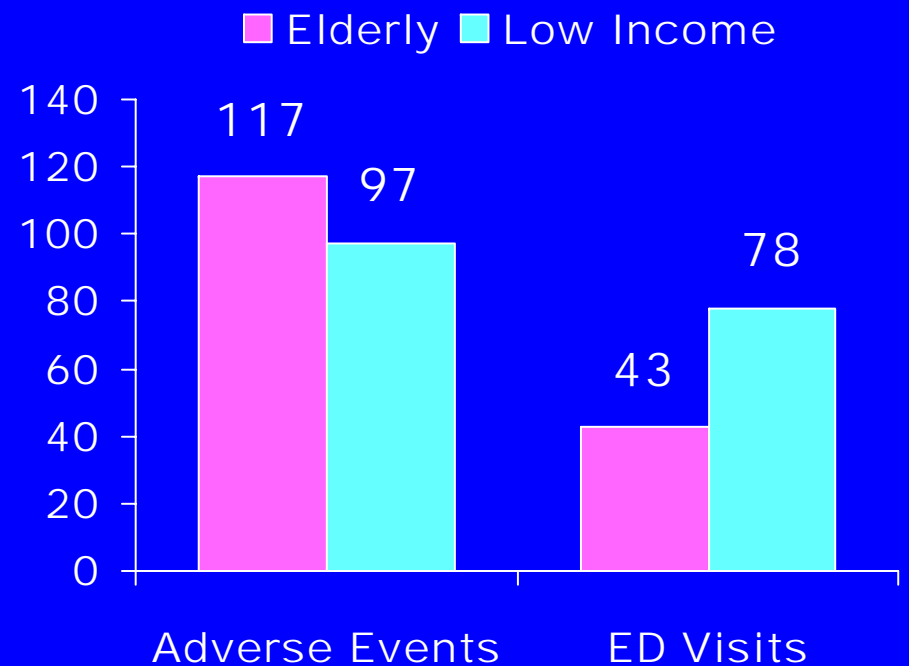


Cost-Sharing Reduces Use of Both Essential and Less Essential Drugs and Increases Risk of Adverse Events

Percent reduction in drugs per day



Percent increase in incidence per 10,000

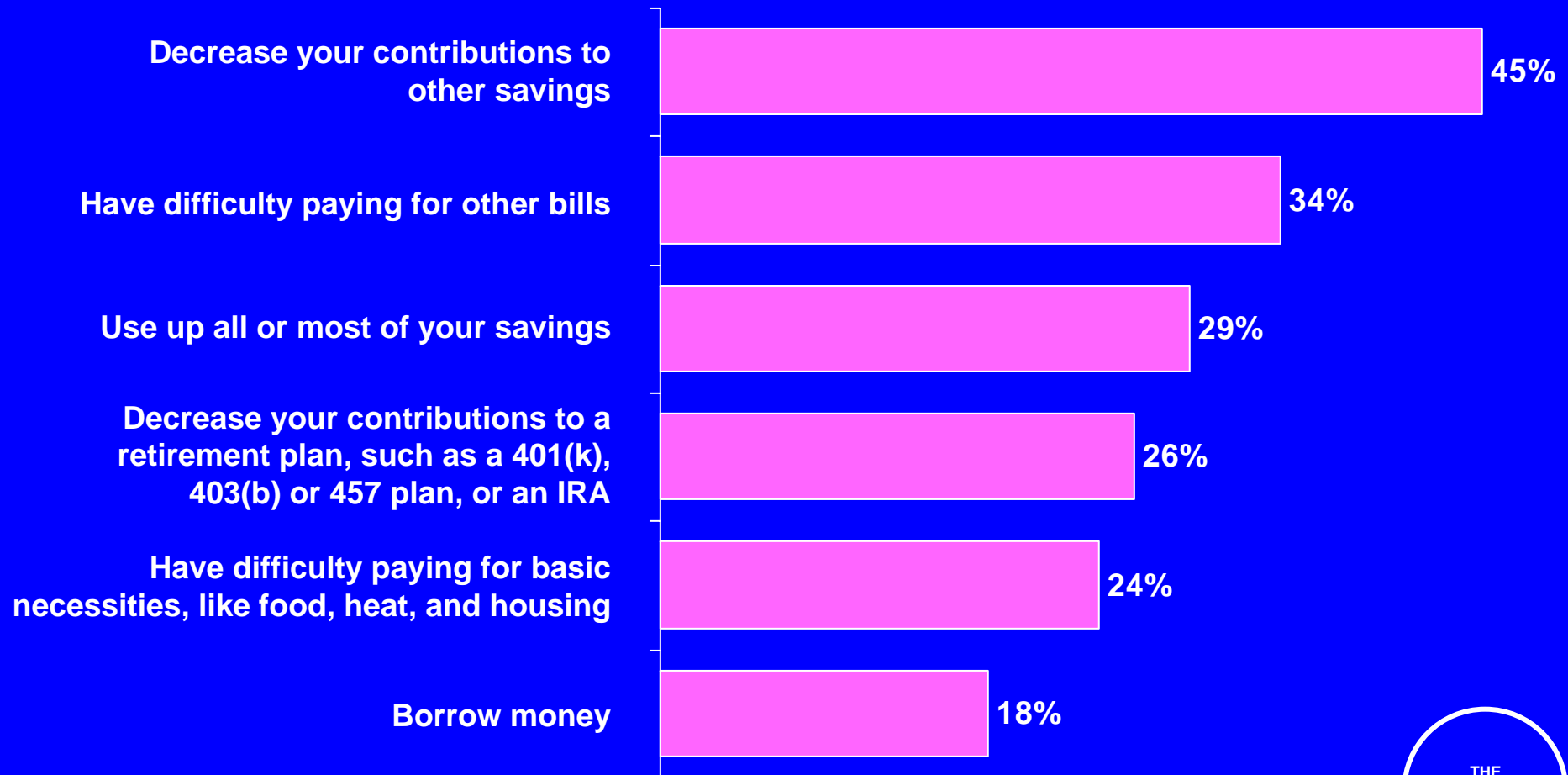


Source: R. Tamblyn et al., "Adverse Events Associated With Prescription Drug Cost-Sharing Among Poor and Elderly Person," *JAMA* 285, no. 4 (2001): 421–429.



Increased Health Care Costs Have Reduced Savings

Has increased spending on health care expenses in the past year caused you to do any of the following? Among those with health insurance coverage who had increases in health care costs in the last year (n=731) (percentage saying yes)



Source: EBRI Health Confidence Survey, 2005.



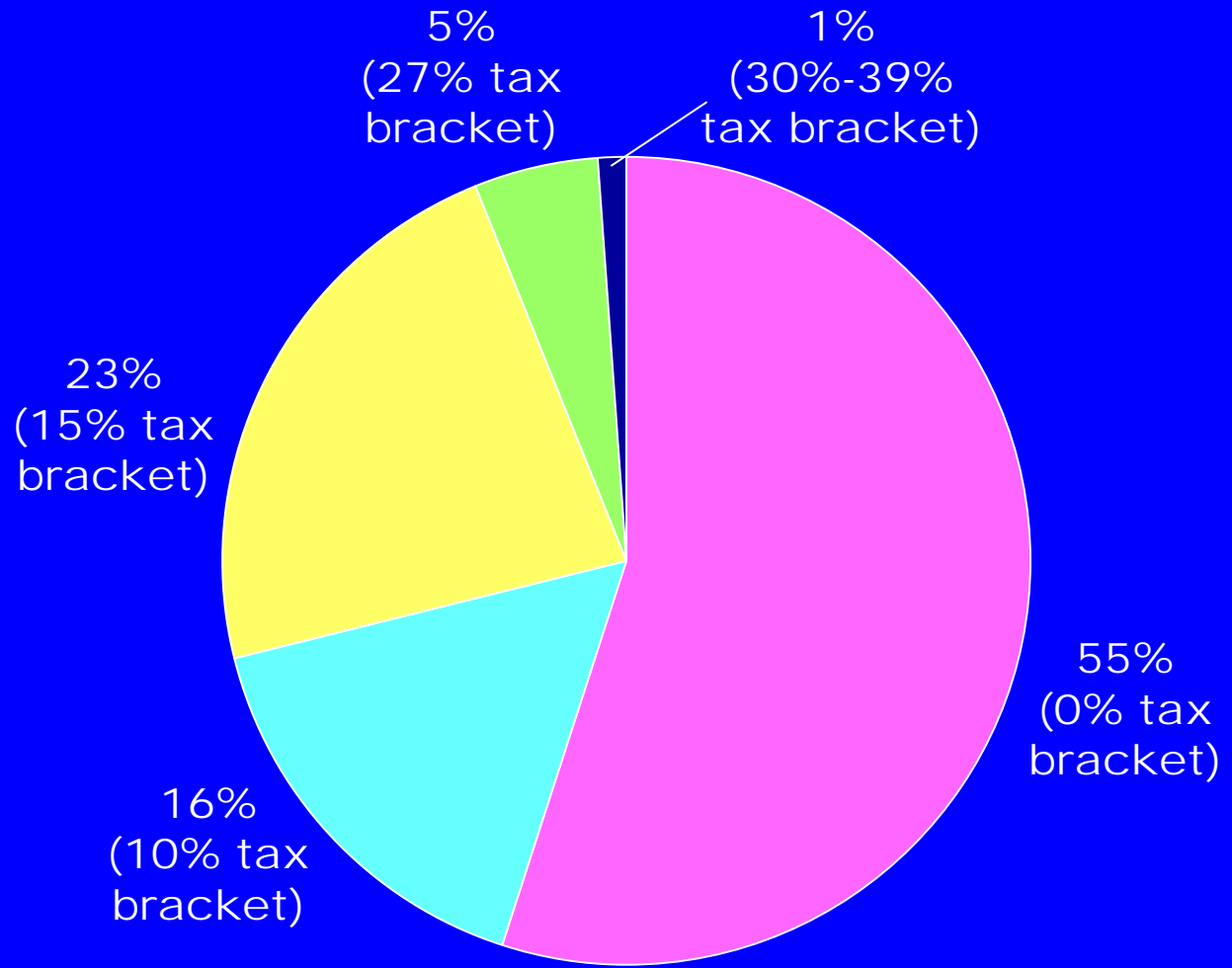
Most Insured Don't Have Quality and Cost Information to Make Informed Choices

	Comprehensive	HDHP/CDHP
Health plan provides information on quality of care provided by:		
Doctors	14%	16%
Hospitals	14	15
Health plan provides information on cost of care provided by:		
Doctors	16	12
Hospitals	15	12
Of those whose plans provide info on quality, how many tried to use it for:		
Doctors	42	54
Hospitals	25	45
Of those whose plans provide info on cost, how many tried to use it for:		
Doctors	15	36 (n = 76)
Hospitals	14	32 (n = 76)

Source: P. Fronstin, S.R. Collins, *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



HSAs Won't Help the Uninsured for Whom Tax Benefits Are of Little Value: Income Tax Distribution of Uninsured

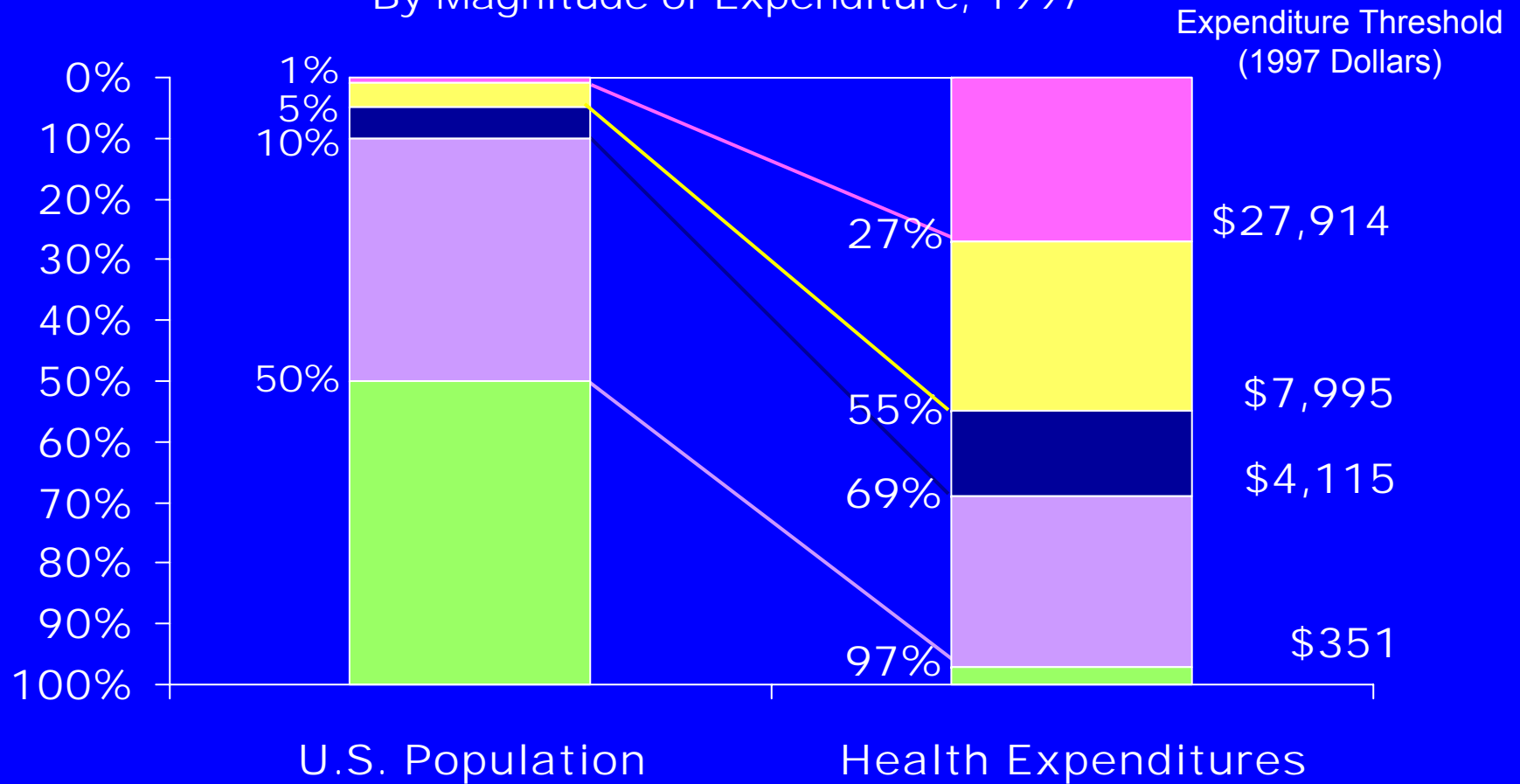


Source: S.A. Glied, *The Effect of Health Savings Accounts on Health Insurance Coverage*, The Commonwealth Fund, April 2005.



HDHPs Won't Solve the Cost Problem: Most Costs Are Concentrated in the Very Sick

Distribution of Health Expenditures for the U.S. Population,
By Magnitude of Expenditure, 1997



Source: A.C. Monheit, "Persistence in Health Expenditures in the Short Run: Prevalence and Consequences," *Medical Care* 41, supplement 7 (2003): III53-III64.



Modifications to HDHP/HSAs to Reduce Potentially Harmful Effects

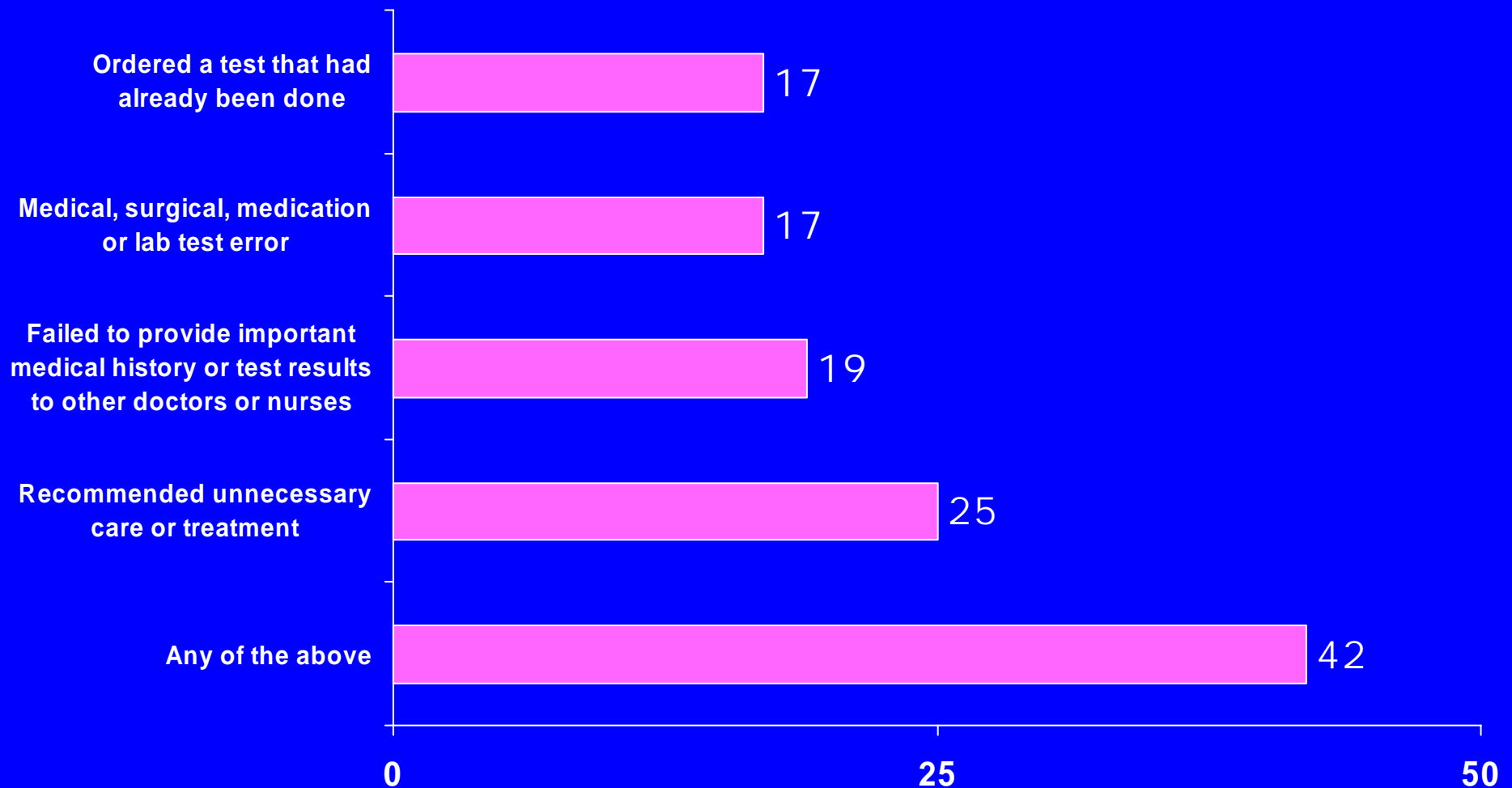
- Permit employers to lower deductibles for lower-wage workers and qualify for HSAs
- Exempt primary care as well as preventive services from the deductible; exempt prescription drugs essential for management of chronic conditions
- Guarantee choice of a comprehensive health plan to workers covered under employer plans
- Permit greater flexibility in benefit design (e.g. actuarially equivalent benefits)
- Set an income ceiling on eligibility for HSAs to reduce the tax subsidy for high income individuals

Promising Strategies for Improving Affordability and Achieving Savings

- Better information on provider quality and total costs of care
- Pay-for-performance provider payment rewarding high quality and high efficiency
- Development of value networks of “high performing providers” under Medicare, Medicaid, and private insurance
- High cost care management and transitional care
- Improved access to primary care and preventive services
- Investment in health information technology
- National Institute of Clinical Excellence – evidence-based medicine

Two in Four Adults Experience Inefficient, Poorly Coordinated, Unsafe Care

Percent of adults reporting a time they experienced each event in the past two years



Source: C. Schoen, S.K.H. How, I. Weinbaum, J.E. Craig, Jr., and K. Davis, "Public Views on Shaping the Future of the U.S. Health System," The Commonwealth Fund, August 2006.

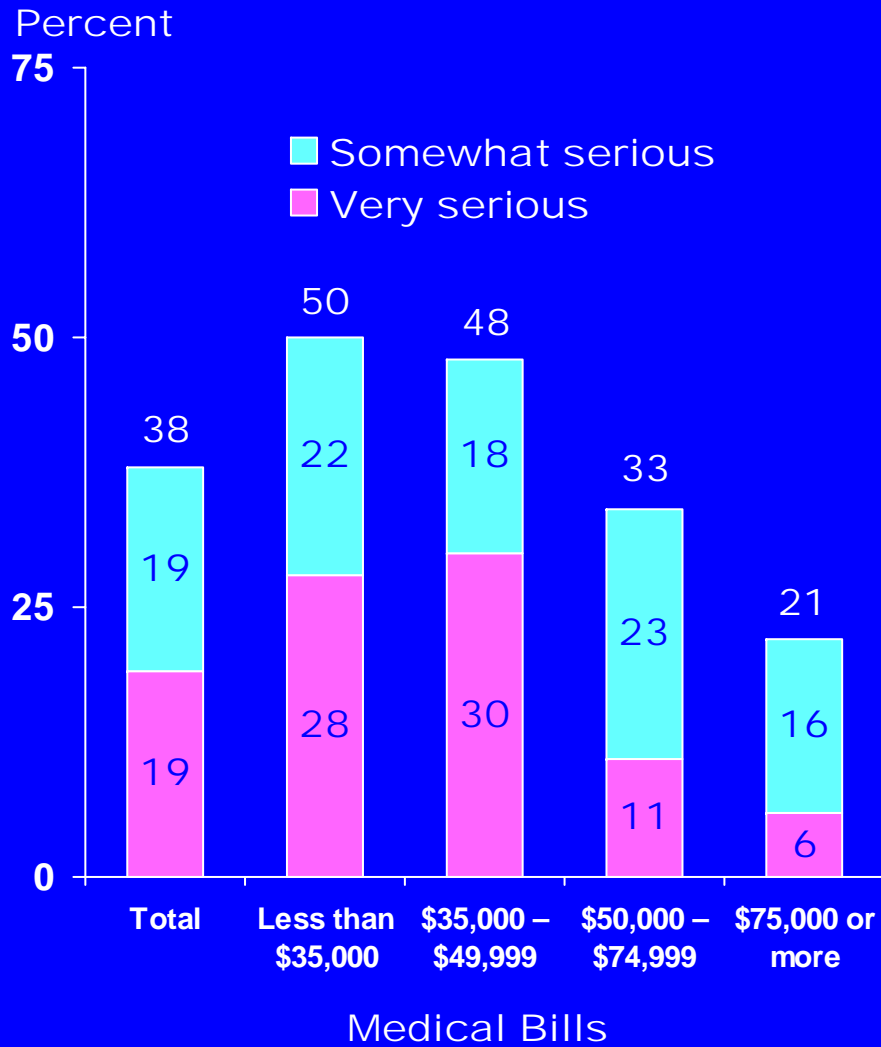
Positive Public Views on the Need for Quality and Cost Information and Payments that Reward Performance

How important is it to you that: (percent)	Total very or somewhat important	Very important	Somewhat important
You have information about the quality of care provided by different doctors or hospitals	95	77	18
You have information about the costs of care to you BEFORE you actually get the care	91	69	22
Insurance companies identify and reward doctors and hospitals who achieve excellence in the quality and efficiency of care	87	62	25

Source: C. Schoen, S.K.H. How, I. Weinbaum, J.E. Craig, Jr., and K. Davis, "Public Views on Shaping the Future of the U.S. Health System," The Commonwealth Fund, August 2006.



Half of Middle and Lower Income Adults Experienced Serious Problems Paying for Medical Bills or Insurance in Past Two Years



Source: C. Schoen, S.K.H. How, I. Weinbaum, J.E. Craig, Jr., and K. Davis, "Public Views on Shaping the Future of the U.S. Health System," The Commonwealth Fund, August 2006.

What Is the Top or Second Most Important Health Care Issue for President and Congressional Action?

Percent listing issue as top or second priority:	Total	Less than \$50,000	\$50,000-\$74,999	\$75,000 or more
Ensure that all Americans have adequate, reliable health insurance	52	56	52	50
Control the rising cost of medical care	37	35	42	39
Lower the cost of prescription drugs	31	31	27	33
Ensure that Medicare remains financially sound long-term	29	29	32	30
Improve the quality of nursing homes and long-term care	14	16	15	13
Reform the medical malpractice system	14	10	12	18
Reduce the complexity of insurance	12	12	10	10

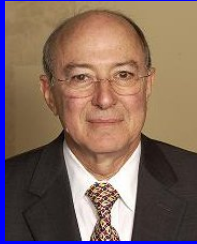
Source: C. Schoen, S.K.H. How, I. Weinbaum, J.E. Craig, Jr., and K. Davis, "Public Views on Shaping the Future of the U.S. Health System," The Commonwealth Fund, August 2006.



Take Away Messages

- Closing gaps in insurance coverage is the number one priority
- Patients should have easy access to primary and preventive care; higher cost-sharing for primary care and lower cost-sharing for specialized care further distorts incentives
- Invest in quality improvement in chronic care, transitional care post-hospitalization
- Promote information technology and shared decision-making
- Reward high quality and efficient care
- Forge public private partnerships to achieve improved health system performance

Acknowledgements



Stephen C. Schoenbaum, M.D., Executive Vice President and Executive Director, Commonwealth Fund Commission on a High Performance Health System



Anne Gauthier, Senior Policy Director, Commonwealth Fund Commission on a High Performance Health System



Sara R. Collins, Senior Program Officer, The Commonwealth Fund and lead author, *Gaps in Health Insurance: An All-American Problem*, The Commonwealth Fund, April 2006; *Early Experience with High-Deductible and Consumer-Driven Health Plans: Findings From the EBRI/Commonwealth Fund Consumerism in Health Care Survey*, EBRI Issue Brief, December 2005.



Alyssa L. Holmgren, Research Associate, Commonwealth Fund

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