High-Deductible Health Plans: Quality and Cost Issues with Increasing “Skin in the Game”

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Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of $1,000 or More for Single Coverage, By Firm Size, 2006-2011

* Estimate is statistically different from estimate for the previous year shown (p<.05).

Note: These estimates include workers enrolled in HDHP/SO and other plan types. Because we do not collect information on the attributes of conventional plans, to be conservative, we assumed that workers in conventional plans do not have a deductible of $1,000 or more. Because of the low enrollment in conventional plans, the impact of this assumption is minimal. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/SOs are for in-network services.

Populations affected by high-deductible health plans (HDHPs)

• Employees
  – with or without a choice of other plans
  – with or without HSAs/HRAs
• Non-group market
  – Health Insurance Exchange enrollees
• Those with chronic conditions
• Less impact on Medicaid enrollees
Important issues going forward

★ Preserving use of needed care
★ Financial burden
  • Understanding benefits
  • Cost transparency
  • Distinguishing high vs. low value care
Preserving use of needed care

- Families with chronic conditions in HDHPs are more likely to delay/forgo care due to cost
- Preventive services underused when subject to deductible
  - the converse is not always true
- ACA prohibits cost-sharing for preventive services
- Value-based insurance design could be a solution
Financial burden

• More than a quarter of HDHP enrollees spend >5% of income on out-of-pocket costs

• Almost half of families with chronic conditions in HDHPs experience financial burden

• Lower income families at greater risk
  – ACA cost-sharing subsidies may mitigate burden
Understanding benefits

- Enrollees can’t use HDHPs wisely if they don’t understand how they work
- Confusion over what is subject to the deductible
- Standardizing benefits information may help
  - in Exchanges
  - in ACA-mandated Summaries of Benefits and Coverage
Cost transparency

• HDHP enrollees can’t be good consumers without price data
• Need better tools to prospectively obtain relevant cost information
• Providers often unable to provide cost data
• Potential role for APCD
Distinguishing high vs. low value care

- Enrollees not always able to differentiate essential and non-essential care
- Input from providers is key, but discussion about costs and value is limited
- Efforts like the “Choosing Wisely” campaign could help patients avoid burdensome low-value care
References


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