Consumer-Driven Health Plans Still Rarely Used

BY JANE ANDERSON
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American consumers and their employers are treading cautiously when it comes to switching from traditional, more comprehensive health insurance to consumer-driven health plans, with few actually adopting the new plans, according to survey results from the Employee Benefit Research Institute (EBRI) and the Commonwealth Fund.

In addition, satisfaction among members in consumer-driven health plans (CDHPs) was considerably lower than satisfaction among individuals in more traditional plans, and more members in CDHPs reported that they had delayed getting needed medical care.

The Consumerism in Health Care Survey tracks public opinion on consumer-driven and high-deductible plans, defined as those plans with deductibles of $1,000 or more for employee-only coverage and $2,000 or more for family coverage. The plans also feature one of two kinds of tax-exempt savings accounts: health savings accounts (HSAs) and health reimbursement arrangements (HRAs).

Employees can use money in the accounts without tax penalty to pay for medical expenses not covered by their health plans.

"Consumer-driven health plans aim to control costs largely through demand-side incentives, and to make premiums more affordable for the uninsured," said Karen Davis, Ph.D., president of the Commonwealth Fund, at a press teleconference sponsored by EBRI and the Commonwealth Fund.

But the survey found that the plans have been slow to catch on. Just 1% of the privately insured U.S. population aged 21-64 years, or 1.3 million individuals, were enrolled in CDHPs in September 2006, unchanged from the year before—despite the widespread attention the new plans have received.

And although another 7% (8.5 million adults) had plans with deductibles that were high enough to qualify for health savings accounts, they were not enrolled in such accounts.

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Employers are cautiously awaiting data on the cost and effectiveness of these kinds of plans before switching their coverage to CDHPs, Dr. Davis said.

"The plans are not well known at this point," said Paul Fronstin, EBRI senior research associate. "Only 7% of the population responded that they are 'very familiar' with consumer-directed health plans, while 13% said they were 'somewhat familiar.' "

In addition, despite the expectations of some policy makers that the lower premiums and tax benefits of CDHPs would substantially reduce the number of people without health insurance, "we did find that individuals in consumer-directed plans were not more likely to have been uninsured than those enrolled in a conventional plan," Mr. Fronstin said.

Satisfaction lags in the plans, compared with more comprehensive health insurance, the survey found.

And, 38% of those with consumer-driven coverage said that they delayed or avoided getting needed health care because of cost over the last 12 months, compared with 19% of those with comprehensive insurance.

It's no surprise that employers and employees have been cautious in adopting CDHPs, because effecting change in the health insurance industry can be a very difficult undertaking, said Karen Atwood, senior vice president for national accounts at Blue Cross and Blue Shield of Illinois.

"We are in the early stages of trying to understand how consumerism can be part of the solution," said Ms. Atwood, who noted that such plans also need to have tools in place to address lifestyle behaviors and choices.

"We need good plans, well-crafted network options, and incentives to reward people for doing the right thing," she added.

The survey of 3,158 U.S. adults aged 21-64 was conducted in September through a 14-minute Internet survey. ■

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