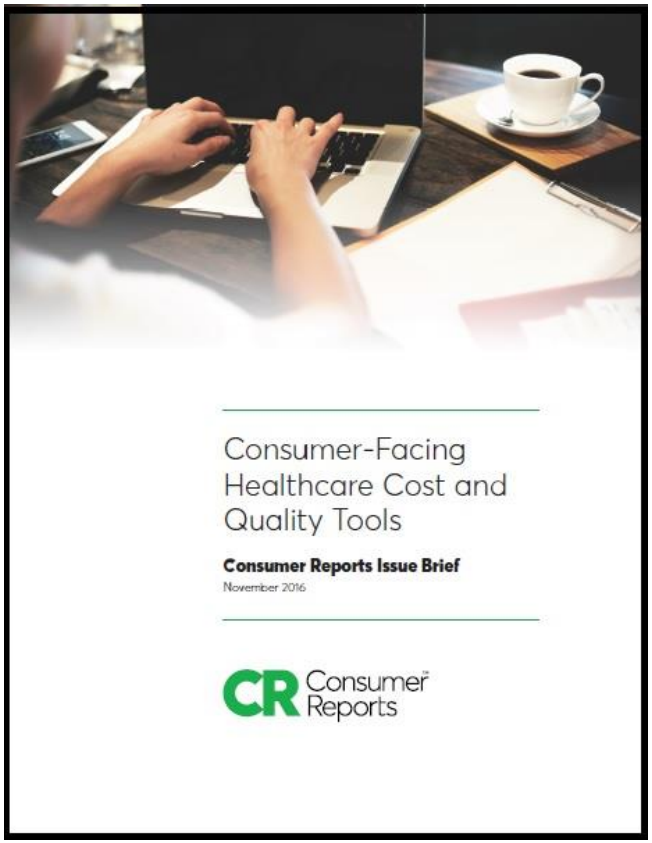
Policy Recommendations



Chuck Bell
Programs Director
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Affordability Really Matters to Patients

- 47% of consumers can't handle an emergency expense of $400 or greater, without borrowing or selling assets (2016 Federal Reserve study)

- 30% of Americans received surprise medical bill in previous 2 years, including 37% of those with hospital stay (2015 Consumers Union national survey)

Improve Consumer Access to Price/Quality Information

- Consumers be able to obtain a pre-patient, personalized estimate of costs, by web and/or phone
  - The details matter – e.g. network status, facility fees, lab fees, any type of unexpected or extra charges
  - “Your mileage may vary” disclaimers are understandable -- but problematic and disappointing for users

Improve Cost/Quality Tools (1)

- All cost/quality tools should meet high standards, similar to those described in our ratings rubric
- Upgrade and improve tools now to prepare for increased use in the future
- Health plans could address some of the “low-hanging fruit” by following usability guidelines, and arranging user testing

Improve Cost/Quality Tools (2)

- Quality info should always be presented along side cost information to provide “value signal”

- Health plans may want to create provider-facing tools to help foster Provider-Patient dialogue about cost/quality, and to support referral decisions

Improve Public Awareness and Use of Tools

- Who can help improve public awareness and use of cost/quality comparison tools?
  - **Health plans, employers, providers, navigators, government agencies, consumer assistance programs.**
- Consumers need to know:
  - What is it?
  - Where do I find it?
  - Why would I use it?
  - How does it work?

NY State Policymaker Options

- Consider requiring all insurers to provide a high-performing cost/quality tool
- Explore ways to improve access to cost/quality information through state-operated web site, using data from All-Payer Database, similar to New Hampshire and Maine

Improve Plan Designs to Limit Consumer Cost-Sharing

ConsumersUnion
HEALTHCARE VALUE HUB

RESEARCH BRIEF NO. 11 | APRIL 2016

Rethinking Consumerism in Healthcare Benefit Design

High healthcare costs are a concern for consumers and payers alike. Insurance premiums have risen faster than wages and the economy in general for nearly two decades (see Figure 1). High levels of health spending crowd out other important spending. For households, this means lower wages and less money for competing priorities. For state and national governments, it means less to spend on education, infrastructure and other public needs.

SUMMARY

For decades, rising healthcare costs have strained household, employer and government budgets. A strategy often proposed to address these high costs is to give consumers more "skin in the game," through high-deductible health plans. When accompanied by shopping aids, these plans are sometimes called consumer-directed health plans. But a wealth of evidence suggests that high-deductible health plans are not leading to better value in our healthcare system. What's more, unaffordable cost sharing causes considerable consumer harm. Instead, efforts to address high prices and promote high-value care must have a strong provider-directed component, because providers direct treatment plans and steer almost all of our healthcare spending. Our country needs to rethink the role of the consumer in healthcare to be fair, patient-centric and evidence-based. Consumers should be empowered with timely, accurate and actionable information to help make decisions about their care and not have their choices curtailed due to unaffordable cost sharing.

There is consensus that we can cut back on waste in the system (including prices that are too high) in order to reduce spending without harming our health outcomes.

An oft-used strategy to address high healthcare costs are insurance products called high-deductible health plans, or more generally, consumer-directed healthcare. Nearly half of Americans with employer-provided insurance were required to meet an individual deductible of more than $1,000 in 2015, and many plans go much higher, with deductibles in the $5,000-$6,500 range.[1] The basic idea is that by requiring consumers to pay substantial cost sharing these plan designs will incentivize consumers to extract better value from the healthcare marketplace, helping to stem the tide of rising healthcare costs and reducing the use of low-value care.

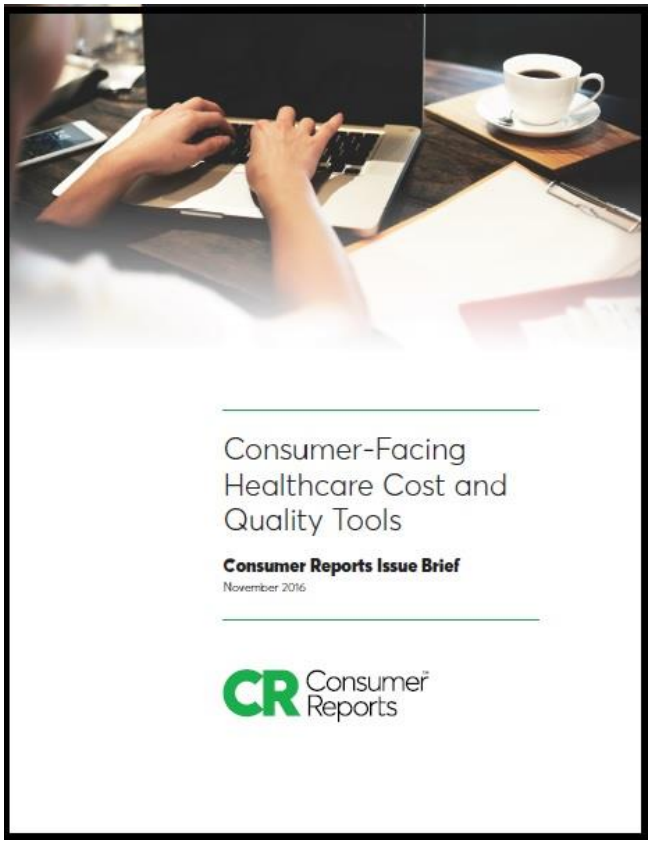
There's just one problem—we have little evidence to suggest that these high-deductible plan designs work. To control spending and bring better value to our healthcare system, we need a new vision for what the consumer's role should be.

The Theory Behind Consumer-Directed Healthcare and High-Deductible Health Plans

Whether described as a high-deductible health plan or consumer-directed healthcare—either paired with a tax advantaged account like an HRA or an HSA[2] or not—the theory is the same: If consumers face the consequences of their health spending they will spend their dollars more wisely. With up to 30 percent of healthcare spending classified as "waste" by the Institute of Medicine,[3] the goal is for consumers to cut out unnecessary or "wasteful" spending and put downward pressure on prices.

- High cost-sharing interferes with consumer access to coverage and care
- Also, consumers only control about 7% of overall healthcare spending through out-of-pocket payments
- Policymakers should redouble efforts to identify pricing outliers and stop unwarranted price increases.

More Information:



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