High-deductible health plans can be a financial burden, too, survey says

By Beth Fitzgerald
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Americans who have health insurance are paying more of their own medical bills out-of-pocket, reflecting the growth of high-deductible health plans that offer more affordable premiums but shift medical expenses to the plan's members.

But high deductibles also can be tough to afford — and in some cases discourage people from seeking the medical care they need, according to a new survey from the Commonwealth Fund.

The survey found that, among people across all income groups with commercial insurance plans that have a deductible, 43 percent said their deductible is “somewhat, very difficult or impossible to afford.”

And 46 percent of insured people earning less than about $23,000 a year cited at least one time when they skipped needed health care because they couldn’t afford the out-of-pocket expenses under their health plan.

Employers can help employees afford a high-deductible plan by coupling it with a health savings account that the employer and employee contribute to tax-free, said John Sarno, president of the Employers Association of New Jersey.

“The account helps employees pay the deductible and the overall plan is cost-effective for employers,” Sarno said. And if employees are healthy and don’t have a lot of medical bills, they get to keep the unspent surplus in their HSA.

“However, this works best with healthy workers,” Sarno said. “Employees with high medical claims blow through the deductible and have expensive claims, raising costs for employers. This is the vicious cycle that the ACA is intended to address, but right now, it's the same pre-ACA problem.”

Betsy Ryan, chief executive of the New Jersey Hospital Association, said, “We’re very concerned about the impact that these plans with high co-pays and deductibles will have on consumers as well as hospitals.”

Ryan said that, for consumers, “the temptation is to pick a plan based on the premium alone — but those decisions could carry significant out-of-pocket costs if that individual has a serious medical issue. And if an individual can’t pay a medical bill, the downstream impact is felt by hospitals as increased unpaid care, also called bad debt.”
Ryan said that, while it’s too early to identify the full impact of the ACA, “Already we have seen this unpaid care creep up in New Jersey. It currently stands at about $1.2 billion statewide and climbing — that’s a very significant fiscal burden that hospitals are left to absorb.”

She said there is a long-term problem if people can’t afford their out-of-pocket costs: “This study shows that people feeling that financial squeeze will delay medical care or avoid filling a prescription, and that will not help any of us achieve the goal of better care, improved population health and lower health care costs overall.”

David Knowlton, chief executive of the New Jersey Health Care Quality Institute, said high-deductible plans can help squeeze unnecessary costs out of the system.

“People are starting to ask about the cost,” he said. “They are more willing to ask their doctor whether they can take a generic instead of a brand name drug. When it’s coming out of your pocket, at some point, you have to make a choice.”

But patients can’t make medical decisions, so Knowlton said it’s necessary to “get the doctor more enlightened about cost.” The solution is not for patients to forgo care because they don’t think they can afford it. Rather, patients have to be able to say to their doctor, “I can’t afford every therapy that you can prescribe, but tell me how I can get the most cost-effective care.”

The Commonwealth survey cited a report from the Kaiser Family Foundation that the share of workers with employer-based coverage who had a deductible rose to 80 percent in 2014, from 55 percent in 2006. In 2014, the average deductible for a single policy in an employer plan was $1,217, more than double the 2006 average of $584, according to Kaiser.

The Commonwealth survey, Too High a Price: Out-of-Pocket Health Care Costs in the United States, found that one out of five U.S. adults with health insurance spent 5 percent or more of his income on out-of-pocket health care costs, excluding premiums, over the past year, and one of eight spent 10 percent or more.

The survey is part of a new Commonwealth series tracking how well health insurance plans are protecting their enrollees from high health care costs. The majority of those responding to the survey had employer-sponsored health insurance, but the sample also included people with Affordable Care Act marketplace plans, individual health insurance, Medicaid or other coverage.