

HEALTH CARE NEWS

Consumer Driven Plans Continued to Grow in 2010

Written By: **Kenneth Artz**
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Some 22 million people were enrolled in either a consumer-driven health plan or a high-deductible health plan in 2010, according to an end-of-year survey of businesses in the United States by the Employee Benefit Research Institute.

Health savings accounts (HSAs), health reimbursement accounts (HRAs), flexible spending accounts (FSAs), and similar plans typically combine high-deductible (at least \$1,000 or more for employee-only coverage) insurance with tax-preferred savings in spending accounts that workers and their families can use to pay their out-of-pocket health care expenses.

Although participation in these account-based health care plans is still a low portion of the total marketplace, the number continues to grow rapidly, according to EBRI. Enrollment in consumer-driven health plans (CDHPs) rose to 5 percent of the privately insured population (5.7 million people) in 2010, up from 4 percent in 2009. Enrollment in high-deductible health plans (HDHPs) increased to 14 percent of the privately insured population (17.2 million people) in 2010, up from 13 percent in 2009.

Savvier Consumers

According to the survey, CDHP enrollees are more engaged as health care consumers than are those enrolled in traditional health plans. **Devon Herrick**, a senior fellow with the **National Center for Policy Analysis**, a Dallas-based public policy think tank, notes enrollees are more cost-conscious—more likely to check prices before receiving care and more likely to discuss drug costs, generic drugs, and treatment options with their doctor.

“These findings show that when patients control more of the money spent on their health care, they become better health care consumers: They shop and compare prices and quality,” said Herrick.

EBRI also found these patients seek out providers who offer services, such as health information technology (HIT), that better meet their needs. For tech-savvy younger patients, phone apps

allow them to set up appointments, review test results, and compare prices and quality ratings of providers, explains Herrick.

“These applications not only save time and provide useful new services, they also increase the productivity of the consumer’s investment in wireless services and devices,” said Herrick.

Solution for Healthier Population

According to Paul Fronstin, director of EBRI’s Health Research and Education Program, those enrolled in these plans also demonstrated improvement in several other health and wellness categories.

“We’ve been doing this survey for six years. This year, the most interesting thing we found relates to opinions about consumer engagement. People enrolled in HSAs and HRAs are more likely to report that they’ve taken certain actions: Checked prices online, asked for a generic drug, enrolled in a wellness program, lost weight, quit smoking, etc., than people enrolled in traditional insurance,” said Fronstin.

In 2010, 9 percent of adults enrolled in CDHPs, 12 percent in HDHPs, and 15 percent of those with traditional coverage smoked cigarettes, all lower percentages than those found under traditional plans. People in CDHPs are also more likely to exercise and less likely to be obese than adults in traditional health plans.

“Their [implementation of healthy] behaviors [was] still much higher than [among] people enrolled in traditional plans,” said Fronstin.

More Engaged in Health

EBRI found CDHP enrollees are more engaged in either a health risk assessment or health promotion program: Three-quarters of CDHP enrollees participated in a health risk assessment program, compared with 60 percent of traditional plan enrollees. Similarly, 52 percent of CDHP enrollees participated in a health promotion program, compared with 41 percent of traditional plan enrollees.

“In the past, enrollees were more likely to be of higher income—now we’re seeing more middle class enrollees,” said Fronstin.

According to Fronstin, financial incentives were no more a factor for CDHP enrollees than for traditional plan enrollees when it came to participating in wellness programs. However, CDHP and HDHP enrollees were more likely than traditional plan enrollees to choose a doctor based on his or her use of health information technology (HIT).

Growth Expected to Continue

Helen B. Darling, president and CEO of the National Business Group on Health, maintains these plans will continue to grow in number.

“We're seeing slow and steady growth with this model. Just as there was slow and steady changes until more Americans were in managed care plans or PPOs, now we've got CDHPs. We think in a few years the changes will be more substantive,” says Darling. “Starting next year, that growth will accelerate. In our research, we're seeing that 20 percent of the businesses we surveyed are going to put in CDHPs at 'full replacement,' meaning the entirety of their health plan.”

“Like anything, people have to get used to the idea. Ten years ago, no one was enrolled in these plans; now we have 22 million enrolled. That's still a large number,” said Fronstin.

Containing Costs, Improving Care

CDHPs allow businesses to contain their health care costs, help consumers do a better job of preserving their health and saving money, and allow patients to build up funds for future medical use, says Roy Ramthun, president of HSA Consulting Services, a health care consulting practice specializing in consumer-driven health care issues.

“With traditional insurance, you have a 'use it and lose it' model,” Ramthun said. “We're insuring against a whole lot of insignificant things that we don't need to be insuring against. This is part of the reason driving up costs. You don't have that in a CDHP or HDHP.”

Despite new restrictions on what CDHPs can cover, Ramthun says the new health care reform law may drive more people to enroll in HSAs because of the mandate to purchase coverage and the subsidies for low-income people.

“When people start pricing insurance plans at the state health care exchanges, they will see the value in things like HSAs,” says Ramthun.