Increased co-payments for doctor visits boost health-care costs for seniors

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For years many health experts believed that increasing insurance co-payments for routine doctor visits helped control costs. Patients faced with the higher price tag, they theorized, would simply cut back unnecessary visits, saving themselves and insurers money.

Brown University researchers now believe that the practice of increasing co-payments for outpatient visits — at least for senior citizens — may actually make care far more expensive. They determined that patients faced with higher co-payments did cut back on their doctor visits. But those same elderly patients ultimately required expensive hospital care because their illnesses worsened.

The finding, to be detailed in the Jan. 28, 2010, edition of *The* New England Journal of Medicine, has implications for insurers and politicians seeking ways to control costs but also improve quality of care.

"It is a lose-lose proposition for most health plans," said Dr. Amal Trivedi, the study's lead author. "Our study suggests that when you raise co-payments for ambulatory care among elderly beneficiaries, particularly those with low incomes, lower education and chronic disease, they do cut back on their outpatient care but are more likely to need expensive hospital care." Trivedi is assistant professor of medical science in the Department of Community Health at Alpert Medical School.

The research findings are surprising, Trivedi said, because they counter

long-standing thinking about health insurance and the effects of co-payments on patients' use of medical care and on their health. Studies from the early 1970s concluded that patients cut back on doctor visits when the cost of their insurance co-payments went up, but their health wasn't affected. Trivedi said the studies at that time did not include elderly patients.

For this study, Trivedi looked at Medicare data involving nearly 900,000 beneficiaries across the country. All were over age 65.

Trivedi and his team compared 18 Medicare plans with increased co-payments for outpatient care and 18 that offered similar coverage but had kept co-payments steady. The more expensive plans saw co-payments double for primary care, from $7.38 on average to $14.38, and from $12.66 to $22.05 for specialty care. For the plans where co-payments remained constant, those co-payments remained at $8.33 for primary care and $11.38 for specialty care.

During the following year, patients in health plans that increased co-payments reduced their visits to the doctor's office. But patients in these plans also had an increase in hospital admissions. By contrast, patients in health plans that maintained low co-payments had little change in hospital rates. Increased cost sharing led to nearly 20 fewer annual outpatient visits to the doctor's office per 100 enrollees. But annual hospital admissions grew by 2.2 per 100 enrollees. The higher price for outpatient care also led to 13.4 annual days in the hospital per 100 enrollees.

Trivedi and the other researchers found the effects of higher co-payments for outpatient care were particularly magnified among lower income senior citizens and among patients who had hypertension, diabetes or a history of heart problems.

The study "answers important questions," Trivedi said. "We have almost no data for elderly patients on the effect of increasing outpatient payments. Our study suggests that increasing these co-payments for the elderly is an ill-advised cost-containment strategy."

Trivedi said he hopes insurers use the data to reduce or at least not increase the amount of money Medicare beneficiaries must pay to see their doctors.

Provided by Brown University

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