

# High deductible likely chosen by the healthy, educated

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Healthier people are more likely to select a high-deductible health plan over a conventional plan, according to data from several employers that first offered the option in 2006. Participants choosing one of the new plans were eligible for contributions to a tax-free health savings account (HSA).

People who are sick or have an ill family member are less likely to choose an HSA-eligible plan, according to the study. African-Americans and those with less education also tend to stick with a more conventional policy.

“Our findings support the concern that the people who are most likely to benefit [from HSA-eligible plans] are those who are already better off in society,” said lead author Judith Lave, Ph.D., a health economist at the University of Pittsburgh.

The authors analyzed data from nine large employers in western Pennsylvania as they introduced HSA-eligible plans. More than 50,000 employees chose between the new offering and a preferred provider organization (PPO) during the two years studied. The report appears online in the journal Health Services Research.

A growing number of employers have been offering HSA-eligible plans since Congress first defined them in 2003. About 10 million Americans are in such plans currently, according to the Employee Benefit Research Institute (EBRI) in Washington, D.C.

Proponents believe that the new plans can be more affordable for consumers, since higher deductibles mean lower premiums, according to the authors. Furthermore, they contend that people will use services more judiciously if they are more aware of costs. However, critics argue that if many healthier people switch to high-deductible plans, costs might rise for those remaining in conventional plans.

“We may be just redistributing the costs between the sick and the well,” Lave said.

“Researchers are finding that in a choice environment, HSA-eligible plans do attract healthier people,” confirmed Paul Fronstin, Ph.D., of EBRI. “Employers and [insurance companies](#) can take that information and modify their plans to account for it.”

Employers have been experimenting with plan design for years in hopes of reducing overall health costs without reducing benefits, Fronstin said. With the new data, they could adjust deductibles, maximum out-of-pocket expenses or employer HSA contributions to steer more people toward the high-deductible plans.

Fronstin and Lave agree that the jury is still out on whether these plans can provide the solution employers are seeking.

“We need better analyses of these plans with respect to overall health care spending,” Lave said.

**More information:** Lave JR, et al. Employee choice of a high deductible health plan across multiple employers. *Health Service Research* online, 2010. Fronstin P. Findings from the 2008 Consumer Engagement in Health Care Survey. *EBRI Issue Brief* No. 323, Employee Benefit Research Institute, Nov 2008.

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