

Largest study of high-deductible health plans finds savings, less preventive care

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The largest-ever assessment of high-deductible health plans finds that while such plans significantly cut health spending, they also prompt patients to cut back on preventive health care, according to a new RAND Corporation study. The findings are published in the March edition of the *American Journal of Managed Care*.

Studying more than 800,000 families from across the United States, researchers found that when people shifted into [health insurance](#) plans with deductibles of at least \$1,000 per person, their health spending dropped an average of 14 percent when compared to families in health plans with lower deductibles.

[Health care spending](#) also was lower among families enrolled in high-deductible plans that had moderate health savings accounts sponsored by employers. But when employer contributions to such savings accounts accounted for more than half of an individual's deductible, savings decreased among families enrolled in these so-called consumer-directed health plans.

However, over the same period, families that shifted to high-deductible plans significantly cut back on preventive health care such as childhood immunizations, cancer screenings and routine tests for diabetes.

"We discovered that costs go down dramatically during the first year people are enrolled in high-deductible health plans, as long as the deductible is at least \$1,000 per person," said Amelia M. Haviland, a

study co-author and a statistician at RAND, a nonprofit research organization. "But we also found concerning reductions in use of preventive care. This suggests people are cutting both necessary and unnecessary care."

Researchers examined the experiences of families insured during 2004 and 2005 through one of 53 large employers, with about half of the employers offering a high-deductible or consumer-directed health plan. Previous studies have tracked the impact of high deductibles, but the evidence has been limited to the experience of a few plans and employers.

High-deductible and consumer-directed health plans have been gaining favor as one way to help control health care costs. By 2009, about 20 percent of Americans with employer-sponsored health coverage were enrolled in such plans. A 2010 survey found that more than 54 percent of large employers offered at least one high-deductible health plan to their employees.

Health care reform is expected to further encourage enrollment in high-deductible health plans as such plans are expected to be a key offering in the insurance exchanges being set up in many states to help the uninsured find health coverage.

The RAND study found that overall, health costs grew for people enrolled in both high-deductible and traditional plans. However, they grew more slowly in the high-deductible group. Among those with high-deductible health plans, spending was lower on both inpatient and outpatient medical services, as well as prescription drugs. Spending for emergency care did not differ.

Researchers found that individual deductibles must be rather high to achieve meaningful cost savings. Cost growth for families covered in

plans with moderate deductibles -- from \$500 to \$999 per person -- did not differ significantly from those in traditional plans. Cost savings only became significant when deductibles reached \$1,000 per person.

But as families reduced their medical spending, they eliminated some care that is clearly beneficial, researchers observed. While childhood vaccination rates increased among families in traditional health plans, they fell among families in high-deductible health plans. Rates of mammography, cervical cancer screening, colorectal cancer screening and routine blood tests among those with diabetes also fell among those with high-deductible health plans.

"We saw that patients reduced preventive care, and if this persists, it is likely to have health consequences in the future," Haviland said. "These cutbacks could cause a spike in health care costs down the road if people end up sicker and need more-intensive treatment."

The drop in preventive care happened even though high-deductible plans waive the need to pay a deductible when receiving such care. This suggests that enrollees in high-deductible plans either did not understand this part of their policy or some other factor discouraged them from getting preventive care, Haviland said.

The finding about preventive care has implications for adoption of national health care reform in the United States. Under the federal Patient Protection and Affordable Care Act, health plan deductibles must be waived for preventive treatments. Researchers said the new study suggests that this fact must be clearly communicated to the public to meet the goal of increasing the level of preventive care received by Americans.

Haviland said that although the RAND study is the largest study of high-deductible plans to date, it only tracks family experiences over the first

year of enrollment. Different patterns may emerge in subsequent years.

"There's general agreement that the U.S. health care system needs something that reduces costs and maintains quality," Haviland said. "We found that at least in the short run, high-deductible health plans are providing the desired reduction in costs. But they are also discouraging families from getting the [preventive care](#) they need."

Provided by RAND Corporation

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