

Insured Texans lack clear understanding of their health insurance plans

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Texans who bought their own health insurance were less likely to understand basic terms and how to use their plans compared with those who have Medicare, Medicaid or employee-sponsored health insurance. That's one of the findings of a new report released today by Rice University's Baker Institute for Public Policy and the Episcopal Health Foundation (EHF).

The report found that the percentage of Texans who bought individual [health insurance](#) plans increased 78 percent (to 18 percent from 10 percent) from 2013 to 2015. The increase includes 1.3 million Texans who purchased Affordable Care Act marketplace plans. However, researchers discovered that Texans who bought individual plans were far less likely to understand basic health insurance terms like "premium," "copayment" and "deductible."

For example, 25 percent of Texans with employee-sponsored health insurance said they lacked confidence in understanding the term "maximum out-of-pocket expenses." But more than 42 percent of Texans who bought their own health insurance plans said they didn't understand the same term.

"The unfortunate irony is that those with [individual health insurance](#) plans are the least likely to understand the basic terms, but they have the greatest need to understand them," said Elena Marks, EHF's president and CEO and a nonresident health policy fellow at the Baker Institute. "This group has to choose from a variety of health insurance options and

pay much more of the cost of their insurance. It's critical that they understand what they are buying."

The report found Texans who bought their own health insurance also had more difficulty understanding how to use their health plans. More than half (51 percent) said that they lacked confidence to understand how much it would cost to go to care providers outside of their plan's network. Nearly half (46 percent) said they didn't understand what counts as preventive services, many of which are covered by health plans at no additional cost.

Researchers found that Texans with Medicare, Medicaid, military and employee-sponsored health insurance had difficulty understanding basic health insurance terms and how to use their plans; however, their lack of confidence rates were about one-third lower than those for Texans who purchased individual health insurance.

"The long-term success of the Affordable Care Act depends on people buying, using and experiencing satisfaction with health insurance," said Vivian Ho, the chair in health economics at the Baker Institute and director of the institute's Center for Health and Biosciences, a professor of economics at Rice and a professor of medicine at Baylor College of Medicine. "The lack of understanding about the basic financial and coverage provisions of health insurance plans can lead to surprise and frustration. That can undermine efforts to increase coverage."

Marks said this research highlights the urgent need to emphasize the importance of consumer literacy in the national conversation about health insurance.

"It's important for all Americans to better understand this complex system so that they can make the best decisions about health insurance and health care choices for themselves and their families," Marks said.

"Those who've worked diligently to expand enrollment in health coverage must help the newly insured understand their plans."

The report is the 20th in a series on the implementation of the Affordable Care Act (ACA) in Texas co-authored by Marks and Ho.

The Health Reform Monitoring Survey (HRMS) is a quarterly survey of adults ages 18-64 that began in 2013. This report is a summary of data extracted from the HRMS surveys in Texas administered between September 2013 and September 2015.

The HRMS is designed to provide timely information on implementation issues under the ACA and to document changes in health-insurance coverage and related health outcomes. The Baker Institute and EHF are partnering to fund and report on key factors about Texans obtained from an expanded, representative sample of Texas residents (HRMS-Texas).

The HRMS was developed by the Urban Institute, conducted by GfK and jointly funded by the Robert Wood Johnson Foundation, the Ford Foundation and the Urban Institute. The analyses and conclusions based on HRMS-Texas are those of the authors and do not represent the view of the Urban Institute, the Robert Wood Johnson Foundation or the Ford Foundation.

Provided by Rice University

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