

# Study shows health insurance plans too complicated to understand

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A new survey by experts at the Health Disparities Institute of UConn Health shows that many patients across Connecticut are struggling to understand their complex, jargon-filled private health insurance plans and even to use their plan benefits correctly. Researchers believe Connecticut's low health insurance literacy rates most likely mirror the

nation.

Citing large differences in health [insurance](#) literacy, the study shows that people of color and those from ethnic minorities in particular have greater difficulty accessing medical care and avoiding administrative hassles. They are also at greater risk of having delays in care, denials of coverage, and receiving unexpected costly medical bills.

The researchers say today's complex insurance plans, with intricate cost calculations and complicated language and terminology, can be very difficult to understand, even for people with a college education.

Since the enactment of the Affordable Care Act seven years ago, thousands of Connecticut residents have enrolled in private health insurance plans through the state's health insurance exchange Access Health CT (AHCT). More people now have access to essential health benefits through their plan, including inpatient hospital care, mental health, prescription medication, and pregnancy and childbirth care. Thanks to the Affordable Care Act, people also have the right to get the most important preventive care services completely free, with no out-of-pocket cost. However, the exchange reports that many enrollees are not using or fully taking advantage of those services, and that many still do not have a primary care doctor.

These observations of low plan use; news reports of surprise medical bills; the fact that medical bills are the number one cause of personal bankruptcy; and other difficulties in accessing health care, spurred the Health Disparities Institute to study health insurance literacy rates, to see how to help more patients use their benefits to achieve good health. Staff at the Institute say that recent consumer protection legislation is a good first step.

The Health Disparities Institute team is calling for a coordinated

statewide effort in collaboration with health insurance providers to simplify health insurance plans and their language, and to begin an aggressive educational awareness campaign to increase literacy. The goal is to enhance patients' access to the healthcare services covered under their plans, while avoiding the burden of unnecessary costs.

"Having health insurance is an invaluable asset, but what good is it if people can't understand how to use it?" asks Dr. Victor Villagra, associate director of the Health Disparities Institute at UConn Health.

"First, we need to start raising health insurance literacy to remove an important source of health disparity," he says, "but a more permanent solution would be removing complex language and convoluted rules from health insurance. Access to simpler, more consumer-friendly insurance plans should be a priority in order to achieve greater health equity for Connecticut citizens."

The team also recommends the use of trained, in-person health insurance navigators or coaches to help guide patients.

The poll, conducted by phone during 2016, measured health insurance literacy among 516 adult Connecticut residents enrolled in a qualified health plan through AHCT, the state health insurance exchange. The results showed that this population struggled to understand basic health insurance terminology, such as "premium," "deductible," and "co-pay," and how to use their benefits. The researchers report that those with lower educational levels, who are black, Hispanic, or don't speak English as their first language, have a greater challenge understanding and using their health insurance compared to their white counterparts.

"Health insurance literacy is a health care disparity that we actually have the power to do something about, and we can continue to measure our progress," says Dr. Judith Fifield, director of the Health Disparities

Institute. "The first big step is stepping-up our patient education to increase health insurance literacy, and also to implement more consumer-friendly health insurance plans."

## Key Connecticut Health Insurance Literacy Survey Findings

- Only 8 out of 13 questions (62 percent) regarding basic health insurance were answered correctly;
- 1 in 5 (20 percent) respondents did not understand the use of the insurance word "premium;"
- 2 out of 3 (66 percent) did not understand the word "formulary;"
- Only 1 in 3 (33 percent) could calculate their "out-of-pocket" cost of a hospital bill when a "deductible" and a "copay" were part of the insurance benefit;
- Only 4 out of 10 (40 percent) knew that "in-network hospitals do not always have in-network doctors."

Fifield says that until now, there has been no information about the [health](#) insurance literacy rates of Connecticut citizens enrolled in [private health insurance](#) plans.

"While these baseline survey results overall are not much different from the rest of the country, the survey uncovered a terrible inequity that puts people of color at a great disadvantage," she says. "The good news is that we now have the opportunity to seize the moment in Connecticut - especially during this time of healthcare reform debates - to simplify and improve [health insurance](#) understanding for all people."

Provided by University of Connecticut

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