

Copays don't reduce use of Medicare home health care, study shows

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Credit: George Hodan/public domain

In hopes of reducing Medicare spending, policymakers have proposed to charge seniors a copay for home-based care, figuring that senior citizens will use it less if it isn't free. A new study in *JAMA Internal Medicine*, however, casts doubt on that premise.

"We found no evidence that imposing a copayment reduced the use of

[home health](#) care," said senior author Dr. Amal Trivedi, associate professor in the Brown University School of Public Health.

Yet what a copay policy would do is increase out-of-pocket costs for homebound seniors.

"If we are increasing the copay with little impact on utilization for certain services, essentially we are just adding to the financial burden of the patients," said lead author Qijuan "Emily" Li, a public health doctoral student.

No significant difference

Last year Republicans in the U.S. House of Representatives and former President Barack Obama, a Democrat, both proposed copays for the currently free Medicare benefit. The presumed reduction in seniors' usage, plus the copay revenues, would recoup \$1.3 billion to Medicare over 10 years, they estimated.

"Spending on home health care has increased rapidly over the last decade, and policymakers are concerned about that," Trivedi said. "Very little unites Washington these days, but apparently members of both political parties agree that imposing copayments for home health care is an important thing to do. But no recent studies have looked at what happens when older patients have to pay out-of-pocket for these services."

Trivedi, Li and their co-authors figured out a way to conduct just such a study. They gathered reams of data to analyze what has happened when private Medicare Advantage plans assessed copays for the benefit.

The team found 18 Medicare Advantage plans that instituted copays between 2007 and 2011 and matched them with 18 otherwise

comparable plans that did not. Then they tallied up data on [home care](#) usage in each pair of plans in the year before and the year after the copays were implemented. In this way they could track whether home care usage changed after plans introduced copays, and they could compare that change with how usage was changing in comparable plans that did not impose copays.

In all, the study is based on the anonymous records of more than 290,000 seniors—135,302 in copay plans and 155,892 in non-copay plans. Of those, 10,417 people in copay plans used home health care, as did 11,629 in non-copay plans. For comparisons between plans, the researchers statistically controlled for factors such as enrollee age, race, gender and income.

The copays varied from \$5 to \$20 a visit. Because home care episodes typically involve many visits, that amounted to an estimated annual out-of-pocket cost of \$165 to \$660 per [senior](#) who used the benefit.

Despite those added costs, seniors in copay plans (compared to seniors in matched non-copay plans) did not reduce their use of the benefit according to several measures. The year after copays were imposed, there was no significant reduction in the proportion of seniors using home care, and there was no significant reduction in either care episodes or in total days of care.

The researchers tracked how many seniors left their Medicare Advantage plans altogether. They found that the more seniors used home health care, the more likely they were to leave their plan. So rather than give up home care, the authors said, seniors may have instead chosen to avoid copays by fleeing the plans that charged one.

Evidence for policy

Were a new federal copay policy to take hold, fleeing to a plan with no copay would no longer be possible. But Trivedi said the evidence still suggests that seniors would not reduce their home care usage.

"It's very difficult for frail, homebound patients to cut back on their use of these services," Trivedi said. "If they were to get their care in other settings, such as nursing homes, there'd be substantial cost sharing there, too. Also a lot of the use of home care is driven by doctors' decisions."

Instead the evidence in the study suggests that seniors' demand for [home health care](#) has little flexibility, Trivedi and Li said. They noted that many seniors in the study were willing to stick with home care despite copays that were much higher than what lawmakers and Obama proposed. Both proposals called for \$100 per episode, which would impose less out-of-pocket cost than almost any of the Medicare Advantage plans studied.

If seniors don't reduce their home care usage and instead endure the fees, it would raise copay money for Medicare, Trivedi acknowledged, but it would all come out of the pockets of the seniors, regardless of their ability to pay.

Trivedi said that worries him because other studies have shown that when unavoidable health care costs mount, seniors often cut back on non-medical expenses such as food, housing, transportation and personal care.

"Seniors, particularly those who have multiple chronic conditions, spend a lot out-of-pocket on health care and face many financial burdens," Trivedi said. "This simply adds to that burden without reducing utilization in a meaningful way."

Provided by Brown University

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