Money-saving health plans do little to curb spending on unnecessary medical services

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An increasingly popular form of health insurance touted for its money-saving potential has not reduced spending on unnecessary medical services, a new study shows.

Researchers from the USC Schaeffer Center for Health Policy and Economics and the RAND Corp. found that consumer-directed health plans have little or no effect on curbing spending on 26 services that medical professional and industry groups have deemed "low value."

"Consumer-directed health plans are a type of high-deductible plan that was basically created to save money and encourage consumers to spend less on health care," said corresponding author Neeraj Sood, a professor at the USC Price School of Public Policy. "But we can't find any impact from these plans on spending for low-value services that provide unclear or no clinical benefit to patients."

The researchers compared patient spending on unnecessary medical services, such as an MRI for lower back pain or imaging for an uncomplicated headache, before and after they switched from a traditional insurance plan to a consumer-directed health plan - a form of a high-deductible insurance.

The study published on Dec. 7 in *The American Journal of Managed Care* is the latest of several to indicate that high-deductible plans are falling short of their promises of significant savings. Recent studies by Sood and colleagues at USC Schaeffer Center, the USC Price School of

Public Policy and the USC School of Pharmacy have found that most consumers on high-deductible plans are not comparing prices to find the best deals on services or on prescription drugs, even though the research indicates that some patients could potentially save hundreds or thousands of dollars per year.

"Overall, I don't find much evidence that these high-deductible plans are helping consumers make smarter decisions," Sood said.

Unnecessary services add up to an estimated $750 billion in wasteful healthcare spending each year, according to the National Academy of Sciences. Examples of the unnecessary services in the list of 26 that the researchers tracked were T3 testing for hypothyroidism, a spinal injection for low-back pain and stress testing for stable coronary artery disease.

Skin in the game

Patients on consumer-directed health plans share more costs for their care than patients on traditional plans as they pay a higher deductible. With the high-deductible plan, a patient can open a pre-taxed health care savings account and use it to pay for out-of-pocket medical services. Sood said this type of plan is often pitched as way to give consumers more skin in the game, presuming that they will shop and compare prices for services or skip unnecessary care and therefore spend less.

Sood noted that enrollment in these plans has risen dramatically in the last decade, with a nearly seven-fold increase. Only about 4 percent of Americans with employer-sponsored insurance were on a consumer-directed health plan in 2005, compared to about 30 percent today. The vast majority of individuals who obtained insurance under the Affordable Care Act are on consumer-directed health plans.

"Theoretically, the increased cost-burden of those plans could be an incentive for consumers to pinch pennies by specifically avoiding low-value services that don't offer them clear clinical benefits," said Rachel Reid, a Schaeffer fellow and associate physician policy researcher at the RAND Corp.

"Instead, we found that patients are reducing their spending overall, but not for low-value services in particular," said Reid, who also is a primary care physician at Brigham and Women's Hospital. "Patients may not distinguish between necessary and unnecessary care when facing higher cost-sharing.

"A high deductible may be too blunt an instrument for patients to specifically cut unnecessary services," she added. "That said, we also know that medical providers also often lack incentives to curb spending on these frequently ineffective services."

Small effect on a big problem

The latest study was based on a random 25-percent sample of Optum Clinformatics Datamart Insurance claims filed from 2011 to 2013 for UnitedHealthcare-affiliated commercial plan members in all 50 states.

The researchers compared unnecessary medical service claims for 365,016 patients who were on traditional plans with the claims filed for 11,075 patients who switched from a traditional plan to a consumer-directed health plan. The study accounted for patient characteristics including age, race, sex, income and health conditions.

The study focused on 26 common, low-value services from various sources, including the Choosing Wisely campaign, national guidelines, peer-reviewed literature and professional consensus. Launched in 2012 by the American Board of Internal Medicine Foundation to raise

awareness about unnecessary services, the Choosing Wisely campaign has compiled recommendations from more than 70 medical professional and specialty societies identifying common and wasteful medical tests, treatments and procedures whose use should be questioned or avoided.

The researchers found that spending on unnecessary services did not significantly change after a patient switched plans. The high-deductible plan did, however, result in an average, annual $231 decrease on outpatient spending.

More information: Impact of Consumer-Directed Health Plans on Low-Value Healthcare, The *American Journal of Managed Care*, www.ajmc.com/journals/issue/20 … -lowvalue-healthcare

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