

Is TV advertising for health insurance worth the expense? A new study says, 'maybe not'

September 4 2018

A new study to be published in the INFORMS journal *Marketing Science* has revealed that health insurance has a small effect on brand enrollments, raising the question of whether health insurance television advertising is worth the expense.

The study to be published in the September edition of the INFORMS journal *Marketing Science* is titled "Advertising in Health Insurance Markets," and is authored by Bradley T. Shapiro of the University of Chicago.

Shapiro's research has indicated that industry regulators have long been concerned that the effect of [television](#) advertising by [health](#) insurers would serve to "cream skim," or attract an advantageous risk pool, and to use certain deceptive claims to take advantage of the elderly. But what his research found was that since television advertising does not have a significant impact on brand enrollments, those concerns may not be as valid.

Shapiro found that there is no statistically meaningful relationship between advertising effectiveness and the average health risk. However, advertising was found to be more effective on populations with lower average income, and those populations often have worse health in ways that are difficult to capture with health risk scores. These two pieces of evidence combined suggest that the regulator fear of advertising-induced cream-skimming is not supported by data.

He added that his research also focused on whether it is imperative for health insurers to advertise just to compete, focusing on the effects on one health [insurance](#) firm when it decided to unilaterally cease television advertising.

"The estimates suggest that no material loss of brand share occurred," said Shapiro. "This provides evidence against the assumption that health insurers must advertise to preserve or gain market share.

Shapiro found that while television advertising may not be the most effective way for health insurers to generate increase enrollments, it may serve more general societal, informative benefits, such as letting consumers know of open enrollment deadlines, and helping consumers choose plans that better reflect their own preferences.

"Television [advertising](#) by [health insurance](#) plans is large and growing," said Shapiro. "Spending has risen from about \$200 million in 2004 to \$400 million in 2012. With the implementation of the Affordable Care Act (ACA) marketplaces and a more broad-based shift toward health plan choice, [television advertising](#) has continued to grow."

More information: Bradley T. Shapiro, Advertising in Health Insurance Markets, *Marketing Science* (2018). [DOI: 10.1287/mksc.2018.1086](#)

Provided by Institute for Operations Research and the Management Sciences

Citation: Is TV advertising for health insurance worth the expense? A new study says, 'maybe not' (2018, September 4) retrieved 3 May 2024 from <https://medicalxpress.com/news/2018-09-tv-advertising-health-worth-expense.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.