AMA
AMERICAN MEDICAL ASSOCIATION

Mitigating Negative Impacts of High-Deductible Health Plans

Background

While increasing access to health insurance has been beneficial to patients, critical challenges persist regarding health care access. Even when a service is covered by a health plan, patients may incur significant costs in the form of copayments, coinsurance, and/or large medical bills that they must pay before meeting their deductibles. Such costs have been shown to cause people, especially those in minoritized communities, those with low incomes, and/or those with chronic conditions, to forgo care.

Financial barriers to care can be exacerbated in the context of High-Deductible Health Plans (HDHPs). HDHPs are insurance plans associated with lower premiums, higher deductibles, and greater cost-sharing requirements as compared with traditional health plans. Lower premiums under HDHPs can be enticing, and enrollment in HDHPs has increased dramatically in recent years. However, the size of HDHP deductibles has also increased dramatically, leading to financial challenges for patients facing increased out-of-pocket (OOP) health care costs. In studying HDHP dynamics, research has found that reductions in health care spending achieved through HDHPs have been due to patients simply receiving less medical care. Patients declining recommended evidence-based medical services can lead to negative clinical outcomes, increased disparities, and higher aggregate costs.

Potential Strategies for Improvement

Mitigating the deleterious effects of HDHPs will require efforts from stakeholders across the health care continuum.

Benefit Design Initiatives

To effectively enhance patients' access to high-value care, health plans must make high-value care across the clinical continuum affordable.

Health plans can be designed with "clinical nuance," a principle of value-based insurance design (VBID), recognizing that medical services may differ in the amount of health produced, and that the clinical benefit derived from a specific service depends on the person receiving it, as well as when, where, and by whom the service is provided. The same service could be high-value to one patient and low-value to another, and the ability of patients and their physicians to make this determination on a case-by-case basis is critical and well-supported by AMA policy.

VBID can be applied to reduce some of the negative impacts of HDHPs and reduce health care disparities by making high-value items and services more affordable during the deductible phase of coverage. An "HDHP+" is a hypothetical health plan that would reduce pre-deductible cost-sharing for certain high-value items and services intended to treat chronic conditions. While an "HDHP+" may not reduce OOP costs for all plan members equally, it can make common high-value items and services more affordable for members, depending on their specific health care needs. Moreover, a recent study demonstrated than an "HDHP+" would be, at a minimum, cost neutral, and likely money-saving.

Payer-Driven Initiatives

Payers can adopt strategies to minimize the deleterious effects of high deductibles. Two key variables add to the stress of increasing OOP patient spending – first, the extent to which health care expenditures may need to be paid in large lump sums, and second, the extent to which patients and their physicians are unable to anticipate how much a given item or service will cost a patient OOP. With patients bearing increasing OOP health care costs, health plans that allow patients to better predict their OOP costs in advance and also spread their OOP expenses over time may present a more patient-

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friendly and physician practice-friendly benefit design.

Employers play a unique role as designers of employee health care benefits, and employers can choose to deploy a variety of strategies to encourage patients to pursue the care they need. For example, to help offset the burdens of greater OOP costs that patients face when enrolled in HDHPs, health plans and employers can make available, and contribute to, one or more tax-advantaged savings accounts. Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), and Flexible Spending Arrangements (FSAs) each have unique benefits and drawbacks, and the "best option" is very case specific. Savings accounts alone, though, cannot be relied upon to remove all financial barriers to care because many patients do not, or cannot, optimally utilize savings accounts to help them offset OOP costs.

Physician Practice Initiatives

High deductibles burden patients and their physicians when patient concerns about cost of care impair joint patient-physician decision-making and care planning. High deductibles also pose billing and collection challenges for physician practices. Physician practice initiatives focused on helping patients with high deductibles can serve physicians and the patients in their care. For example, physician practices can ascertain a patient's portion of the financial responsibility, including copayment, coinsurance and patient-specific remaining deductible in real time, allowing patients and physicians to consider both the clinical and financial impacts of potential care. To guide physician practices, the AMA has published several toolkits and educational resources, including those entitled, "What you need to know about electronic eligibility verification," "Managing patient payments," and "Electronic transaction toolkits for administrative simplification," which includes a resource on "Compliance in standard electronic transactions: Responsibilities of health plans and physicians."

Moving Forward

To mitigate the negative impacts of HDHPs and improve patient access to affordable care, the AMA encourages:

- Ongoing research and advocacy to develop and promote innovative health plans designed with clinical nuance;
- Employers to: (a) provide robust health benefits education to help patients make good use of their benefits to obtain the care they need, (b) take steps to collaborate with their employees to understand employees' health insurance preferences and needs, (c) tailor their benefit designs to the health insurance preferences and needs of their employees and their dependents, and (d) pursue strategies to help enrollees spread high OOP costs across the plan year; and
- State medical associations and state and national medical specialty societies to actively collaborate with payers as they develop innovative plan designs to ensure that the health plans are likely to achieve their goals of enhanced access to affordable care.

Additionally, the AMA supports:

- Health plans designed to respect individual patient needs and legislative and regulatory flexibility to accommodate innovations in health plan design that expand access to affordable care;
- Education regarding deductibles, cost-sharing, and HSAs; and
- Development of demonstration projects to allow individuals eligible for cost-sharing subsidies, who forgo these subsidies by enrolling in a bronze plan, to have access to an HSA partially funded by an amount determined to be equivalent to the cost-sharing subsidy.

To learn more, view the AMA's Report of the Council on Medical Service, Mitigating the Negative Effects of High-Deductible Health Plans.

Additional Resources:

- Value-Based Insurance Design
- Aligning Clinical and Financial Incentives for High-Value Care.
- Promoting Access to High-Value Care
- Health Plan Payment of Patient Cost-Sharing

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