Current Perspective

The Consequences of High Deductibles

High-deductible health plans (HDHPs) are leading to seismic changes in the insurance environment. They are currently defined as health insurance plans that have a minimum deductible of $1,250 per year for self-only coverage and $2,500 for self-and-family coverage.

In 2013, 20 percent of American workers were covered by such plans—up from less than 1 percent just eight years ago. From 2005 to 2012, the real numbers rose from fewer than 1 million Americans to 13.5 million. Seventy percent of employers offer an HDHP option, and 15 percent offer nothing else.

Under the health insurance exchanges, many Bronze and Silver plans have deductibles of $2,000 or more. And even though out-of-pocket limits will be capped (initially $6,350 for individuals and $12,700 for families), this is not remotely close to the "free care" that many enrollees expect.

HDHPs are often called blunt instruments for reducing utilization of both appropriate and discretionary care. However, advocates believe that giving patients financial "skin in the game" will lead to smarter choices on health care expenditures.

And they do appear to lower costs. Chernew and colleagues (in *Health Affairs*) attribute 20 percent of the slowing in health care costs to rising out-of-pocket payments. In other words, when the insured bears more of the cost, the insured becomes more price-sensitive. Another recent study by RAND, USC, and Towers Watson predicts a health care spending drop of $57 billion if HDHPs were taken up by 50 percent of employers.

The impact on the quality of health care is uncertain. A CIGNA study of 407,000 insureds showed those in HDHPs were more likely than those not in HDHPs to seek out evidence-based care and preventive services. Another recent study (in *Health Affairs*) demonstrated that people of higher socioeconomic status cut ER visits for low-severity conditions by 15 to 20 percent but made appropriate use of ERs for serious conditions. People of lower socioeconomic status reduced ER use for serious conditions by 25 to 30 percent, with subsequent higher hospitalization rates.

Regardless, millions of Americans who are enrolling in HDHPs have a poor understanding of the implications. Ophthalmologists are reporting new enrollees through the exchange who expect "first-dollar" coverage or don't understand the interface between deductibles and copays. Fees are challenged after the service is provided, and patient dissatisfaction may result in adverse physician reviews on public reporting sites or in filing of complaints. Many of the new HDHP enrollees will be Americans whose previous low-deductible health plans were canceled because of ACA rules.

Probably, fixes will be designed to protect those patients and families at greatest risk to avoid unintended health consequences. More people (who can afford to do so) will learn how to use health savings accounts to help lessen the financial burden. However, we ophthalmologists and our staffs must be sensitive to a new and confusing reality for many of our patients. This will mean increased up-front transparency about charges and patient financial responsibility. And it will mean recognizing that some patients may tragically forgo needed services and medications as they unexpectedly discover that the costs will be out-of-pocket.

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