



High Deductible Health Plan Fact Sheet

What is a High Deductible Health Plan (“HDHP”)?

HDHPs typically have high deductibles and/or limited benefits and coverage in return for lower premium costs, but it is *not* a 1:1 return. HDHPs are touted as a way to reduce everyone’s health care costs. Instead, they undermine the two basic principles of health insurance: to reduce financial barriers to care and to protect against financial hardship. [1, 7] They are sometimes referred to as Consumer Driven Health Plans or Consumer Directed Health Plans, and “qualified” plans are paired with Health Savings Accounts (“HSA”), which essentially amount to tax savings for the wealthier people. [7] Please see our fact sheet on HSAs for more information about this arrangement.

Decreased Access to Care

Adults with HDHPs have greater difficulty accessing care due to cost compared to those with a lower deductible or no deductible. Thirty-eight percent (38%) of adults with deductibles of \$1,000 or more reported a cost-related access problem, compared to 21% of those with no deductible.[1]

Avoiding, Delaying, and Skipping Needed Care

High-deductibles can result in delaying or skipping care, especially preventive care. Studies show that higher cost shifting, especially for those with health problems or lower incomes, discourages use of both unnecessary and *necessary* services. [2, 3]

Thirty-eight (38%) percent of those with HDHPs said that during the last 12 months they had delayed or avoided getting any type of needed health care because of cost, compared with 19 percent of those with comprehensive insurance. [3]

High Out-of-Pocket Costs

Despite similar rates of health care use, individuals with HDHPs are significantly more likely to spend a large share of their income on out-of-pocket health care expenses than those in comprehensive health plans. [2]

High Medical Debt

Medical bill problems are more common among those with higher deductibles. [1]

A recent Harvard study found that 46% of people who declared bankruptcy in 2001 cited major medical incidents as the cause. Among those who declared medical reasons for bankruptcy, 76% had health insurance at the onset of the illness. [4]

Common insurance characteristics that cause the accrual of medical debt include: premiums, deductibles and other cost sharing; monetary caps on coverage; and uncovered services, such as prescription drugs, dental services, and durable medical equipment. [5]



Disparate Impact on Consumers

Low-income adults with higher deductibles have greater medical bill problems and medical debt. [1]

High-deductible health plans that require higher out-of-pocket expenditures have a larger financial impact on women than men due to women's greater health care needs and rates of use, and their lower average incomes. [6, 7]

HDHPs put people purchasing through the individual market at a greater financial risk compared to those people who are insured through employers. Two of five adults with individual coverage spent more than 10% of their incomes on premiums and family out-of-pocket medical expenses, compared to one of four insured through their employer. More than one-third of those insured on the non-group market had per person deductibles of \$1,000 or more, compared to 8% insured through employer-sponsored plans. [5]

System Cost

When preventive care is avoided, people often end up needing higher cost services later, such as emergency room care. [7]

Some studies suggest that consumers in HDHPs are more cost-conscious, however, in many instances they exhibit the same cost-consciousness as people in comprehensive plans. Additionally, people in HDHPs are sometimes cost-conscious to a fault in that they go without needed care, which defeats the purpose because of the increased cost in the long run. [2, 3]

Cost information is not readily available to consumers, even if they did have the time and skill to comparison shop for the best value. [3, 8]

In Sum... "The sick and middle-aged pay more, whereas the young and healthy pay less. Women spend more, whereas men spend less. Workers bear more of the burden, whereas employers bear less. The poor skip vital care while the rich enjoy tax-free tummy tucks. And, as in every health reform in memory, bureaucrats and insurance firms walk off with an ever larger share of health dollars." [7]

REFERENCES

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