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Profiling California's Health Plan Enrollees: Large Enrollment in High-Deductible Health Plans

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Three million commercially insured Californians were enrolled in high-deductible health plans in 2007. High-deductible health plans (HDHPs) have been gaining momentum in the health insurance market as a way to encourage more rational use of health care services.¹ However, HDHPs come with risks. While the plans offer lower monthly premiums than typical health insurance coverage, they carry much higher deductibles for health care services. For these plans, the average annual deductible for individuals with employer-based insurance is more than \$1,800.² Studies have shown that significant cost sharing may create disincentives for both necessary and unnecessary care.³ While individuals with high-deductible plans may be less likely to utilize the emergency room for care, they may also delay necessary treatment or doctor visits.⁴

Enrollment in HDHPs Among Commercially Insured Is High

Twenty-eight percent of all commercial PPO enrollees reported having a deductible higher than \$1,000. Generally, HMO products have much lower cost-sharing requirements than comparable PPOs. However, 14% of commercial HMO members and 12% of commercial Kaiser HMO members reported having a high-deductible plan.

Lower-Income Commercially Insured Report High Enrollment in HDHPs

Among Californians with incomes less than 200% of the Federal Poverty Level, 32% of commercial PPO enrollees, 25% of commercial HMO enrollees, and 24% of commercial

Kaiser HMO enrollees reported having high-deductible plans.

Commercial PPO Members Enrolled In HDHPs Are More Likely to Delay Needed Care

Twenty percent of those enrolled in commercial PPOs with high deductibles reported delays in care, significantly more than those enrolled in commercial HMOs (14%) or commercial Kaiser HMOs (12%). There was no significant difference in delay of care between insurance enrollees with HDHPs in commercial HMOs and their counterparts with lower deductibles.

Few Californians with HDHPs Have Health Savings Accounts

Another mechanism for improving the affordability of health insurance is the Health Savings Account (HSA), which allows individuals with high-deductible health plans to set aside tax-deductible funds for medical expenses. However, only 23% of commercial HMO and 20% of commercial Kaiser HMO enrollees with HDHPs reported having HSAs as well. Thirty-one percent of commercial PPO enrollees reported having a Health Savings Account in addition to their HDHP.

Discussion

With the recent passage of health reform, individuals and families will be mandated to have health insurance beginning in 2014. Individuals may receive health insurance through their employer, or they may purchase insurance through either the new state health insurance exchanges or the individual health insurance market. It will be necessary to



The State of California Office of the Patient Advocate

The Office of the Patient Advocate (OPA) is an independent state office that represents the interests of health plan members. Established in July 2000, the OPA has three primary functions: consumer education, public reporting, and collaboration with government and nongovernment patient assistance programs. For more information, visit www.opa.ca.gov.

Exhibit 1

Comparisons of HDHP Enrollment by Insurance Status and HMO Enrollment, 2007

| | Commercial HMO | Commercial Kaiser HMO | Commercial PPO |
|--|----------------|-----------------------|----------------|
| Enrollees with High Deductible (More Than \$1,000) | 14% | 12% | 28%* |
| Low-Income Enrollees (<200% of FPL) with High Deductible | 25% | 24% | 32%* |
| Delays in Needed Care | | | |
| High-Deductible Plan Enrollees | 14% | 12% | 20%* |
| Plan Enrollees without High Deductible | 17% | 14% | 17% |
| HDHP Enrollees with a Health Savings Account (HSA) | 23% | 20% | 31% |

*Indicates statistically significant difference, $p < 0.05$.

provide consumers with increased access to educational information and guidance to assist them in understanding the potential risks of HDHPs and making informed decisions on purchasing health plans. To comply with the mandate and attempt to save money, consumers may purchase plans with lower premiums. However, they could still face high deductibles and cost-sharing requirements, which would harm their ability to access health care.

Data Source

This fact sheet summarizes data on enrollment in high-deductible health plans from the report *Profiling California's Health Plan Enrollees*. This report uses the most recent data available from the 2007 California Health Interview Survey (CHIS) to analyze health status and use of health care services among commercial and public HMO and non-HMO (Fee-for-Service and PPO) plans. For more detailed analysis, please refer to the full report, available at <http://www.healthpolicy.ucla.edu>. The California Health Interview Survey is a collaboration of the UCLA Center for Health Policy Research, the California Department of Public Health, the Department of Health Care Services, and the Public Health Institute. For additional information on CHIS, visit www.chis.ucla.edu.

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Endnotes

- 1 Reed et al. High-Deductible Health Insurance Plans: Efforts to Sharpen a Blunt Instrument. *Health Affairs* 28, no. 4 (2009): 1145-1154.
- 2 Kaiser Family Foundation/HRET. Employer Health Benefits Survey 2009: Summary of Findings. <http://ehbs.kff.org/pdf/2009/7937.pdf>. Accessed May 17, 2010.
- 3 Buntin MB et al. Consumer-Directed Health Care: Early Evidence About Effects on Cost And Quality. *Health Affairs* 25, no. 6 (2006): w516-w530.
- 4 Wharam JF et al. Emergency Department Use and Subsequent Hospitalizations Among Members of a High-Deductible Health Plan. *Journal of the American Medical Association* 297, no.10 (2007): 1093-1102; Newhouse JP. Consumer-Directed Health Plans and the RAND Health Insurance Experiment. *Health Affairs* 23, no.6 (2004): 107-113.

Read the Full Report

Profiling California's Health Plan Enrollees: Findings from the 2007 California Health Interview Survey

www.healthpolicy.ucla.edu/enrollees



This publication contains data from the California Health Interview Survey (CHIS), the nation's largest state health survey. Conducted by the UCLA Center for Health Policy Research, CHIS data gives a detailed picture of the health and health care needs of California's large and diverse population. Learn more at: www.chis.ucla.edu