The Effects of High-Deductible Health Plans (HDHPs) on Patients and Independent Physicians

Prepared for the Physicians Advocacy Institute

June 2020
NORC surveyed 706 practicing, independent physicians.

- Independent physicians self-identified that they are **not** currently employed by a hospital, health system, or a physician practice that is a subsidiary of a hospital or health system.
- Survey was conducted in December 2019.

The survey focused on the effects of high-deductible health plans on patients and physicians.
Introduction:
High-Deductible Health Plans Are on the Rise
Published Literature on HDHPs Depicts a Changed Health Care Market for Patients and Providers

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<tr>
<th>HDHPs Result in Delayed Care and Higher Patient OOP Costs</th>
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<td>High-deductible health plans (HDHPs) were designed to reduce total health care costs and to motivate enrollees to be more prudent consumers of services.</td>
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<td>Yet, they are associated with high consumer out-of-pocket costs, and research has shown they cause people to avoid both high and low-value care.</td>
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<th>HDHP Enrollment Growth Has Altered the Role of Physicians</th>
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<td>Drawn by the financial benefits of lower premiums, more employers have begun offering HDHPs and more individuals have enrolled in these plans over time</td>
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<td>HDHPs increase provider responsibility to collect patient out-of-pocket payments, explain benefits, and help patients anticipate costs.</td>
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<th>Proliferation of HDHPs Has Had Unintended Consequences</th>
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<td>An increase in the number of underinsured has caused growth in provider bad debt, adding to the revenue cycle responsibilities of hospitals and physician practices.</td>
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**HDHP**: High-Deductible Health Plan; **OOP**: Out-of-pocket

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**NORC at the UNIVERSITY of CHICAGO**
There Has Been a Significant Rise in Health Insurance Deductibles Over the Last Decade

In an effort to limit premium growth, employers have adopted higher deductible plans and increased cost-sharing requirements for their workers.

**Between 2008 and 2018:**

- **212%**
  - Average Deductible for Covered Workers

- **55%**
  - Premiums for Employer Sponsored Insurance

Data is more commonly available for the growth of in-network deductibles, however most plans also have an out-of-network deductible which is generally higher than the in-network deductible.

*Source: Kaiser Family Foundation 2018 Employer Health Benefits Survey*
Among Adults With Employer Sponsored Insurance Percent Who Say Their Annual Deductible Is:

**Highest Deductible**
- $3,000 and greater for an individual
- $5,000 and greater for a family

**Higher Deductible**
- $1,500-$2,999 for an individual
- $3,000-$4,000 for a family

**Lower Deductible**
- Less than $1,500 for an Individual
- Less than $3,000 for a family

- No Deductible 15%
- Lower Deductible 44%
- Higher Deductible 20%
- Highest Deductible 21%

Source: Kaiser Family Foundation/LA Times Survey Of Adults With Employer-Sponsored Health Insurance; Note: Numbers are based on in-network deductible

HDHP: High-Deductible Health Plan
Key Findings:
Independent Physicians’ Views on HDHPs & Health Care Costs
Physician’s Are Expected to Have Cost of Care Discussions With Their Patients

More than half
of physicians say most of their patients ask about their cost of care

Only 15 percent
of all physicians feel they are very prepared to have those discussions with patients

75 percent
of physicians say they don’t have most of the information they need to discuss cost of care with patients

Only 40 percent
of physicians said their offices offer tools to help patients understand costs on their own
Patient’s Are Delaying and Shifting Care Due to Cost Concerns

- 80% of physicians say patients refuse or delay care due to costs.
- 52% of physicians said they often alter their preferred approach to which drugs are prescribed to patients due to patient cost concerns.
- 80% of physicians reported that patients wait until later in the year until after they meet their insurance deductible to receive care.
- 51% of physicians report that these patient delays lead to office capacity issues.
High-Deductible Health Plans: Impact on Patient Care
Patients Routinely Ask Their Doctors About Their Cost of Care

51% of independent physicians say that at least half of their patients ask them questions about what their responsibility will be for the cost of their care, after insurance.

Q: What portion of your patients ask you, as their physician, questions about the cost of their care (meaning they ask about how much out-of-pocket costs they will have to pay)?

None 1%
All Patients Ask
Very Few Patients Ask 25%
About ¼ of Patients Ask 18%
About ½ of Patients Ask 28%
About ¾ of Patients Ask 23%
Doctors Do Not Feel Adequately Prepared to Have Cost of Care Discussions

Three out of four (76%) independent physicians say they have responsibility for engaging in cost of care discussions with their patients, but most do not feel fully prepared for those discussions.

**Physicians Preparedness** for Cost of Care Discussions

- 44% Very prepared
- 28% Slightly prepared
- 12% Somewhat prepared
- 15% Not at all prepared
- 40% Slightly or not at all prepared

**Access to Information Needed** for Cost of Care Discussions

- 35% Very little or no access to the information
- 21% Most access
- 30% Some access
- 5% None access
- 4% All access

Q: How prepared do you feel to have cost of care (i.e. their financial responsibility) discussions with your patients?

Q: Which statement best describes your access to the information you need to discuss cost of care with your patients?
Respondents Are Not Fully Equipped With Information to Have Cost of Care Discussions

Three-quarters of independent physicians report that they do not have the information they need to have cost of care discussions with their patients.

Q: What information do you feel you need more of in order to have cost of care discussions with your patients?

Information Physicians Need More of to Have Cost of Care Discussions

- Health Insurer Deductible Amount: 78%
- Health Insurer Deductible Balance Due: 68%
- Amount of Adjusted Bills: 67%
- Construction of Benefit Design: 49%
- Other: 10%

Note: This question was only asked of those that reported having some, very little, or none of the information they need to have cost of care discussions (N=529)
Doctors Report That Their Patients Have Limited Understanding of Their Health Insurance

Physicians’ Description of Patient Knowledge About Their Insurance Coverage

- Excellent: 1%
- Good: 14%
- Average: 40%
- Fair: 27%
- Poor: 19%

Q: On average, how would you describe your patients’ knowledge of their health insurance coverage (e.g. out-of-pocket-costs, co-pays, deductible, and network)?

How Patients’ Knowledge About Their Coverage Has Changed in Past 2 Years

- Know more: 26%
- Know the same: 37%
- Know less: 37%

Q: In your opinion how has your patients’ knowledge of their health insurance coverage (e.g. out-of-pocket-costs, co-pays, deductible, and network) changed in the last 2 years?
Patients Are Concerned About Health Care Costs, Specifically Their High Deductibles

66% of respondents believe that patients have become increasingly concerned about their health care costs over the last two years.

Q: In your opinion, what are the key drivers of patient concerns about health care costs?

34% of physicians believe that high health insurance deductibles is the most important reason patients are concerned about cost.

33% of physicians believe that increasing costs generally is most important.
Some Physician Practices Offer Tools to Help Patients Understand Costs

40% of physicians report that their practices *do* offer tools to help patients understand costs.

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<th>Examples of Tools Offices Provide Patients to Help Understand Costs</th>
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<td>Up-front cost of care estimates</td>
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<td>Online billing systems</td>
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<tr>
<td>Real-time benefit checks</td>
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<tr>
<td>Paperwork or written documentation</td>
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<tr>
<td>Access to cost compare tools</td>
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77% of physicians believe that the tools that their offices provide are somewhat effective.

Q: *What are some examples of the tools your office provides to help patients understand the cost of their care?*
Not All Physician Offices Able to Provide Patients With Accurate, Real-Time Benefit Checks

59% of physicians reported that their office was able to do real-time benefit checks of health insurance to determine what a patient owes at the time of care.

Barriers That Prevent Information Obtained During Real-Time Benefit Checks From Being Useful

- The information provided is not up to date (e.g., data lag doesn't reflect recent encounters with other providers) - 54%
- It takes too long to obtain the information - 52%
- The process of conducting the benefit check is too burdensome on office staff - 42%
- The information provided is inaccurate - 41%

Q: Are there barriers that prevent the information obtained during real-time benefit checks from being useful?
Physicians Report That Their Patients Frequently Refuse or Delay Care Due to Concerns About Cost

Respondents Who Believe Patients Refuse or Delay Treatment Due to Cost Concerns

Q: In your opinion, how often do your patients refuse or delay treatment due to cost concerns?

80% of physicians believe that patients often or sometimes refuse or delay treatment due to cost concerns.
Physicians Change Their Treatment Approach Due to Patient Cost Concerns

How Often Physicians Change Their Preferred Approach to Treatments Due to Patient Cost Concern

- **Which Drugs Are Prescribed**: Often 52%, Sometimes 34%, Total 86%
- **Whether to Prescribe Drugs**: Often 25%, Sometimes 41%, Total 66%
- **Type of Treatment Provided**: Often 17%, Sometimes 44%, Total 61%
- **Timing of a Treatment Provided**: Often 14%, Sometimes 41%, Total 55%
- **Referral of a Patient to Other Physicians or Institutions**: Often 13%, Sometimes 38%, Total 51%
- **How Much of a Drug is Prescribed**: Often 17%, Sometimes 34%, Total 51%
- **Treatment of a Condition at All**: Often 11%, Sometimes 32%, Total 43%

*Q: How often do you change your preferred approach to the following treatments due to patient concerns about their cost of care?*
Consequences Commonly Observed Due to High Patient Out-of-Pocket Costs

- Patients Unable to Get the Treatment That They Are Recommended: 73%
- Patients Skipping Services Related to their Treatment: 72%
- Patients Delaying, Skipping, or Taking Less than their Recommended Dose of Medication: 66%
- Patients Not Initiating Care: 64%

Q: Which consequences do you commonly observe due to patient out-of-pocket costs?
High-Deductible Health Plans: Impact on Physician Practices
Physicians and Office Staff Are Required to Spend Time Educating Patients on Coverage

Most respondents say their office staff spend more than 300 hours per year educating patients on their coverage.

Physicians in smaller practices tend to spend slightly more time, on average, educating patients about their health insurance coverage.

Q: On average, how many hours a week does your office staff/you, in total, spend educating your patients on their health insurance coverage (e.g. out-of-pocket-costs, co-pays, deductible, and network)?

Note: This question was asked about the respondents and office staff separately.
80% of physicians reported experiencing patients delaying care to later in the calendar year until after they meet their insurance deductible.

Q: Has patient delay of care (i.e. more utilization of care later in the calendar year) caused capacity or schedule issues for your practice?
More Patient Accounts Are Going Into Bad Debt in Past 2 Years, Increased Delay in Payments

41% of physicians reported that practice bad debt had grown in the past 2 years. More than 40% of physicians reported that it takes more than 60 days to receive payment from patients and insurers.

74% of providers say that it takes more than a month to receive payment from insurers.

75% said it takes more than a month to receive payment from patients.

Q: To the best of your knowledge, what portion of your patients accounts go into bad debt, annually?
Survey
Respondent
Demographics
## Physician Respondent Demographics

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<th>Practice Region</th>
<th>Percentage</th>
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<tr>
<td>South</td>
<td>39%</td>
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<tr>
<td>Northeast</td>
<td>21%</td>
</tr>
<tr>
<td>Midwest</td>
<td>21%</td>
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<tr>
<td>West</td>
<td>19%</td>
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<table>
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<tr>
<th>Practice Size</th>
<th>Percentage</th>
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<tr>
<td>1-5 Physicians</td>
<td>54%</td>
</tr>
<tr>
<td>6-10 Physicians</td>
<td>20%</td>
</tr>
<tr>
<td>21-31 Physicians</td>
<td>15%</td>
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<tr>
<td>11-20 Physicians</td>
<td>10%</td>
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<th>Practice’s Main Payer</th>
<th>Percentage</th>
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<tr>
<td>Commercial Insurance</td>
<td>73%</td>
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<tr>
<td>Medicare (Including MA)</td>
<td>19%</td>
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<tr>
<td>Medicaid (Including MCOs)</td>
<td>6%</td>
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<tr>
<td>Other (Tricare, VA, Workers Compensation, Auto Insurance)</td>
<td>2%</td>
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<th>Single Specialty Practice Focus*</th>
<th>Percentage</th>
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<tr>
<td>Primary Care</td>
<td>38%</td>
</tr>
<tr>
<td>Other</td>
<td>28%</td>
</tr>
<tr>
<td>Surgical</td>
<td>18%</td>
</tr>
<tr>
<td>Procedural</td>
<td>15%</td>
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<tr>
<td>Behavioral Health</td>
<td>1%</td>
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*Of the 73% of physicians who responded they work in a single-specialty practice
Respondents Had Varied Levels of Responsibility in Implementing Administrative Procedures Varied

Respondent Role in Implementing Administrative Procedures

- Directly Responsible: 31%
- Has Oversight: 21%
- Provides Input: 28%
- No Direct Role: 21%

31% of physicians reported that they are directly responsible for implementing administrative procedures at their practice.

Given that the sample was comprised of independent physicians, it is likely they play a larger role in practice management.
More Than a Third of Independent Physicians Considering Becoming Employed Physicians

41% of independent physicians reported that they considered becoming an employed physician in the past year.

Most Enticing Aspect of Becoming an Employed Physician

Q: What is the most enticing aspect of becoming an employed physician?

- Salaried compensation: 40%
- Administrative and technology support: 26%
- Decreased financial risk: 26%
- Referral networks: 3%

Note: The percentages sum up to more than 100% as some respondents may have reported more than one enticing aspect.
Thank You!