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Contacts: John MacDonald, EBRI, 202-775-6349, macdonald@ebri.org
Bethanne Fox, Commonwealth Fund, 301-576-6359, bf@cmwf.org
Amanda Jo Greep, 212-606-3853, ajg@cmwf.org

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New EBRI/Commonwealth Fund Research:

Enrollment in Consumer-Driven Plans Remains Low, Survey Shows

***More than 30% Enrolled in Consumer-Driven Plans
Have Household Incomes Over \$100,000 a Year***

WASHINGTON—Enrollment in consumer-driven and high-deductible health plans increased in 2007, but still makes up a small segment of the overall insurance market, according to the third EBRI/Commonwealth Fund Consumerism in Health Care Survey released today. Enrollment in consumer-driven plans with a tax-advantaged account was 2 percent of the privately insured adults in 2007. One in 10 insured adults had high-deductible health plans (HDHPs) without accounts. The survey also found the percentage of consumer-driven plan enrollees with high incomes (above \$100,000) swelled in 2007.

Consumer-driven plans were introduced in 2001 with the goal of decreasing the number of uninsured, encouraging cost-consciousness among consumers, and increasing the amount of information on the cost and quality of providers. The plans have been controversial because of criticism they favor wealthy and healthy participants at the expense of those with lower incomes and poorer health status.

Results of the survey appear in the March 2008 *EBRI Issue Brief*, available at www.ebri.org, and on the Commonwealth Fund Web site, www.commonwealthfund.org. The EBRI/Commonwealth survey found differences in the types of people enrolled in the various health plans. Consumer-driven plan enrollees are in better health, are less likely to smoke, are more likely to exercise, and to be white, male, and higher-income. They are no more likely to have been uninsured prior to enrollment than adults in other plans. In terms of behavior, enrollees in consumer-driven plans are more cost-conscious about their health care than are people enrolled in more comprehensive plans, are less satisfied with their plans overall, and are more likely to say they avoided needed care because of cost.

Overall, the survey showed the following:

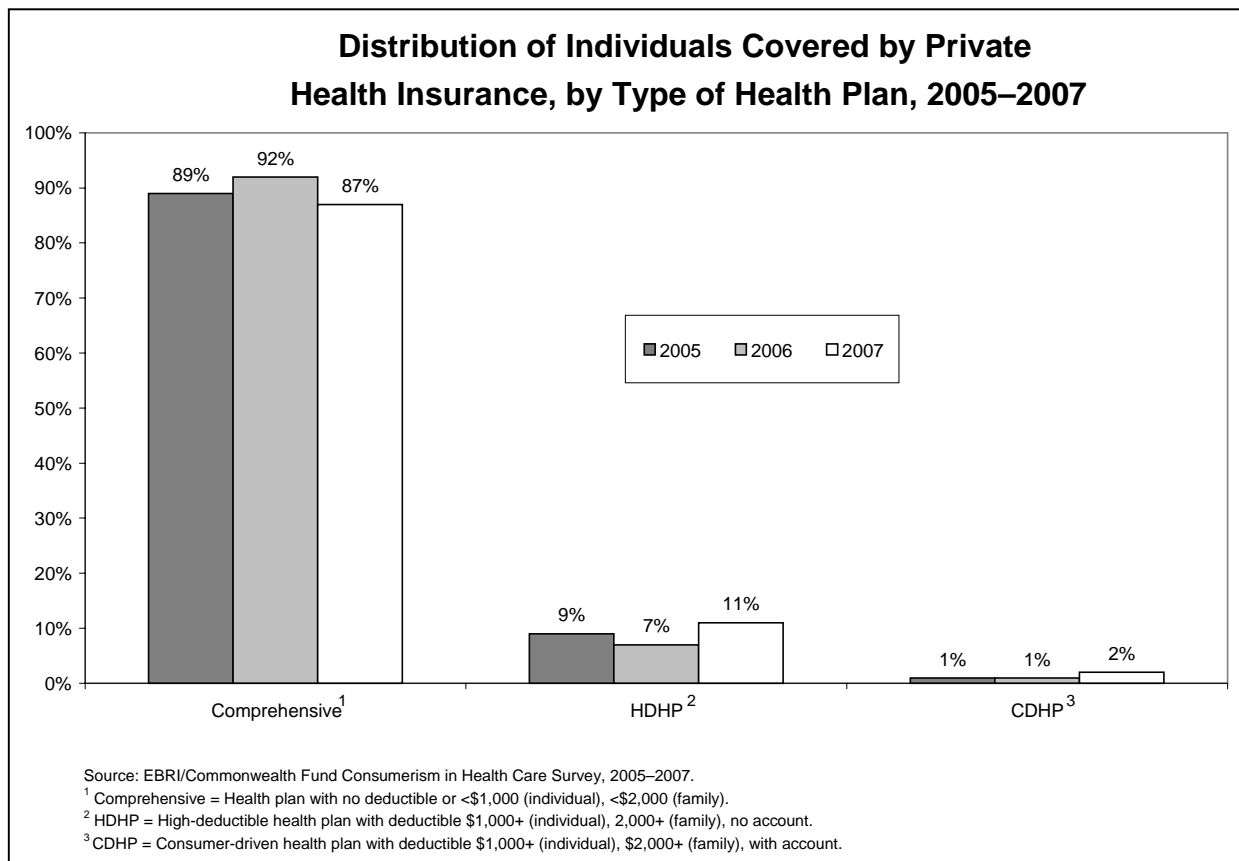
- ***Consumer-driven plans:*** Enrollment in consumer-driven plans with a tax-advantaged account was 2 percent of the privately insured adult population in 2007, up from 1 percent the previous year. The 2 percent of the population represents 2.3 million adults ages 21–64 with private insurance.
- ***High-deductible plans:*** Enrollment in high-deductible plans stood at 11 percent of the privately insured adult population in 2007, up from 7 percent the previous year. The 11 percent with high-

deductible plans (\$1,000 for families, \$2,000 for families) represents 12.5 million people ages 21–64.

- **Income levels:** The percentage of consumer-driven plan enrollees with household incomes above \$100,000 increased to 31 percent in 2007, from 22 percent in 2005, according to the survey. Just 19 percent of adults with consumer-driven plans were in households with incomes of under \$50,000 in 2007, down from 33 percent in 2005. In addition, the survey found that 23 percent of high-deductible plan enrollees were in higher-income households in 2007, up from 15 percent in 2005. There was little change in the income levels of those enrolled in more comprehensive plans.
- **Satisfaction levels:** As in 2005 and 2006, individuals in consumer-driven plans and high-deductible plans continue to be less satisfied with various aspects of their health plan than individuals in more comprehensive plans. However, individuals in consumer-driven plans were somewhat more satisfied with their plans in 2007 than they were in 2006, and there was a significant increase in the share of consumer-driven plan enrollees who said they would recommend their plan to a friend or co-worker and stay in their plan if they had the opportunity to change.

“Although consumer-driven plans have been around since 2001, market penetration is small,” said Paul Fronstin of EBRI, lead author of the *Issue Brief*. “Employers, especially large employers, appear to be increasingly providing the plans as an option, but enrollment has yet to take off.”

“These findings show that over the three years of the survey, more people in consumer-driven plans are earning higher incomes, tend to be healthier, and are no more likely to have been uninsured prior to enrolling than people in traditional health plans,” said co-author Sara Collins of the Commonwealth Fund. “These plans are not yet solving the problems they set out to address.”



The survey produced these additional findings:

- Seven percent of consumer-driven enrollees were uninsured before being covered by their current plan, compared with 15 percent among high-deductible enrollees and 28 percent among individuals with comprehensive coverage.
- Adults in consumer-driven plans are significantly more likely to consider costs in deciding about health care than those in more comprehensive plans, but the differences are not substantial.
- There have not been significant gains in the amount of information on provider cost and quality given to enrollees by health plans of any type over the three years of the survey.
- Among the 12.5 million individuals with a high-deductible plan, 42 percent, or 5.2 million, reported that they were eligible for a tax-advantaged health savings account but did not have such an account.
- Individuals in consumer-driven and high-deductible plans reported using health services at rates similar to those in comprehensive plans, and there were no reported differences in the use of preventive screens or tests. However, as in earlier years, the survey finds that people in consumer-driven and high-deductible plans are more likely to skimp on needed medical care or medications because of cost than are those in more comprehensive plans. Over 2005–2007, the reported rates of cost-related problems dropped among adults in consumer-driven plans, though not among those in high-deductible plans.

The *EBRI Issue Brief* notes that because the cost of health benefits has been increasing faster than inflation and worker earnings, employers have been seeking ways to manage the cost increases. Recently, more workers have been subject to higher deductibles and there has been growing interest among employers in offering health plans with deductibles that are even higher than what workers are used to

seeing. Most of the activity in health plans that combine high-deductibles with a tax-preferred savings or spending account for health care expenses has taken place since 2004.

The third annual EBRI/Commonwealth survey is based on an online survey of 4,217 privately insured adults ages 21–64 and was conducted August–October 2007. The sample was randomly drawn from Synovate’s online sample of more than 2 million Internet users who have agreed to participate in research surveys. Additional information on the survey methodology appears in the March 2008 *EBRI Issue Brief*.

EBRI is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The Commonwealth Fund is a private foundation that aims to promote a high-performing health care system by supporting independent research on health care issues.