

Medical patients aren't bargain hunters

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Consumer-directed health plans (CDHPs) offer low premiums but high deductibles on the premise that patients who are faced with deductibles of \$1,000 or more for individual coverage (or twice that for family coverage) will shop around for the best price for the health care.

In practice, however, that's not the case, according to a new study by the USC Schaeffer Center for [Health Policy](#) and Economics and the RAND Corporation.

Examining the [consumer decisions](#) with and without CDHPs when receiving nine common outpatient services (such as office visits, chest x-rays and colonoscopies) researchers found that [patients](#) with CDHPs paid roughly the same amount as their traditionally insured counterparts for 8 out of 9 services analyzed. The only exception was office visits where the researchers found that patients with CDHPs paid about 2 percent less for office visits.

"We looked at data from 63 large employers and find little or no evidence that enrolling in a consumer directed health plan encourages price-shopping for [health care](#)" said lead author Neeraj Sood, associate professor at the USC Schaeffer Center. Sood collaborated with Zachary Wagner, also from USC, as well as Peter Huckfeldt from RAND and Amelia M. Haviland from Carnegie Mellon University and RAND. Their study was published online in the journal *Forum for Health Economics & Policy* on March 20.

The problem is twofold, Sood said. A lack of transparency about the costs of medical treatment makes it difficult for shop around for the best price – when's the last time you called around to radiology departments to inquire about the cost of an x-ray? Also, patients are most likely just to receive outpatient services from the providers their primary care physicians recommend.

"People don't question their doctor's advice," Sood said, who theorized that one possible solution

would be to find a way to incentivize those doctors to help their patients find the most affordable options possible.

Overall, CDHPs do seem to offer a cost savings to patients, he said, but only because the high [deductibles](#) discourages patients from seeking care. That, in turn, can create health problems down the road.

Sood's study is the latest in a series examining CDHPs, which have recently gained traction in the health insurance market. In 2006, CDHPs made up 4 percent of the total employer-provided health insurance plans in the U.S. By 2010—the latest date that statistics were available—that had jumped to 17 percent.

"CDHPs are gaining market share and the trend will likely continue. We need more aggressive price and quality transparency initiatives coupled with high deductibles to increase consumerism in [health care](#)" Sood said.

Provided by University of Southern California

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