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EBRI Policy Forum:

Consumer/Patient Engagement in Health Care—30 Years On

WASHINGTON—For the past three decades, employers have been looking for ways to stem rising health care costs. Now some are pinning their hopes on a relatively new idea—consumer-directed health plans, which link high-deductible health insurance plans with tax-favored accounts. The Employee Benefit Research Institute’s (EBRI) December 2008 policy forum, titled “Outlook for Consumer/Patient Engagement in Health Care—30 Years into the Experiment,” took a detailed look at consumer-directed health plans and related issues.

A summary of the policy forum discussion appears in the March 2009 *EBRI Notes*, published today and available at www.ebri.org.

As the report summarizes, policy forum participants heard two very different presentations on the prospects for consumer-directed plans. One speaker was optimistic, saying consumer-directed plans have worked because individuals in these plans have substituted less expensive care for more expensive care in order to minimize their out-of-pocket costs. Another speaker was skeptical, saying consumerism will have a “marginal impact” but will not solve the problem of rising health care costs.

In addition to the two views about consumer-directed plans:

- An official of Deere & Company described how the company put a consumer-directed plan into effect. The official said that Deere replaced its existing health options with a consumer-directed plan following an extensive 18-month period of explaining the reasons for the change to employees, training employees to better understand health care decisions and costs, and also providing more employee and family health and wellness resources.
- Paul Fronstin, director of the EBRI health research and education program, summarized highlights of the 2008 EBRI Consumer Engagement in Health Care Survey, which was released in late November. Among other things, he said that enrollment in consumer-directed plans has grown from 1 percent of adults with private insurance in 2005 to 3 percent in 2008.

Two other policy forum speakers discussed value-based insurance design, in which employers attempt to tailor their health plans to balance the demonstrated value of a service against its cost. Value-based design encourages consumers to use health services when the clinical benefits exceed the cost and at the same time discourages the use of services when the benefits do not justify the cost.

Value-based design seeks to influence consumer behavior by linking co-payments to the use of a clinically demonstrated benefit, while consumer-driven health plans use tax-sheltered accounts for much the same purpose. Value-based design is still relatively limited in use, shows some cost-saving potential, but questions about the concept remain, the speakers said.

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