



# EBRI News

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## *New Research from EBRI:*

### **New Consumer-Driven Health Plans May Contain Fatal Flaw**

WASHINGTON—A relatively new health plan model that its advocates hope will control rising health spending could fail if key consumer education initiatives prove ineffective, according to a study published today by the nonpartisan Employee Benefit Research Institute (EBRI).

The study, in the January 2008 *EBRI Issue Brief*, examines the model generally known as consumer-driven health plans and concludes: “Should health education initiatives prove ineffective, the ‘consumer-driven health movement’ could well be doomed, especially if it relies upon fully educated health consumers taking self-initiated actions.”

The *Issue Brief* reports that consumers’ knowledge of health insurance issues and active involvement in their own care is essential to achieving quality health care that is safe and affordable. But it adds that consumers have “little or no input” into the consumer-driven plans that policymakers and employers are currently discussing. “Nor are consumers receiving health education that takes both their psycho-social and income-security concerns into account,” the study says.

What’s more, the *Issue Brief* notes, the goals of the consumer-driven model appear little different from the goals of managed care a quarter century ago. “Although costs moderated for a few years, over the longer term the managed care experiment failed,” the *Issue Brief* says. “It did so, in part, because it violated the personal and social values of American consumers—for autonomy and control of their own health care, among other things.”

Now consumer-driven plans, while gaining several million members, appear to be adopting a “top down” approach that ignores these values and is structured in ways that omit an understanding of what consumers need to know and what they value, the *Issue Brief* adds.

In general, consumer-driven plans are health benefit plans that have high deductibles combined with one of two types of tax-preferred accounts: health savings accounts or health reimbursements arrangements. Those who have consumer-driven plans are expected to pay out-of-pocket costs from personal funds or one of the tax-preferred accounts, giving them an incentive to become more engaged in the cost of their care. But the *Issue Brief* reports there is no consensus among health benefits planners and policymakers that consumer-driven plans will help contain health care costs.

The *Issue Brief* was written by Lois A. Vitt, founding director of the Institute for Socio-Financial Studies in Middleburg, VA, and Ray Werntz, an EBRI Fellow, and is available online at [www.ebri.org](http://www.ebri.org)

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