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New Research from EBRI:

What Is Known About Consumer-Driven Health Plans? *Report Summarizes Offer Rates, Enrollment, Premium Differences*

WASHINGTON—The nonpartisan Employee Benefit Research Institute (EBRI) today published a detailed summary of what is known about consumer-driven health plans, a relatively new option for paying for medical expenses that first began to appear nearly a decade ago.

Consumer-driven health plans (CDHPs) consist of both health reimbursement arrangements (HRAs) and health savings accounts (HSAs). The EBRI report summarizes what is known about CDHPs and examines trends in offer rates and enrollment. It also looks at differences in premiums between CDHPs and other types of insurance, and discusses the drivers of the premium differences. The literature on CDHPs' impact on use of preventive services, medication adherence, and quality of care is reviewed, as are other studies.

The report is in the August 2010 *EBRI Issue Brief*, available online at www.ebri.org. Among the key points:

- **Offer rates:** Surveys show that employers offering a CDHP increased from less than 5 percent in 2005 to between 12–15 percent by 2009. Growth in offer rates can be seen across all firm sizes. Recently, the percentage of small firms offering a CDHP has declined, while larger firms have continued to add a CDHP as an option.
- **Enrollment:** Overall, 19.1 million, or 11 percent of individuals with private health insurance, were enrolled in a CDHP in 2009.
- **Premiums:** Generally, premiums for CDHPs were lower than premiums for non-CDHPs. Growth in premiums varies both by type of plan and over time.
- **Explaining differences in premiums:** A number of studies have tried to explain the differences in premiums between CDHPs and non-CDHPs. One found savings ranged from a high of 15.5 percent to a low of –4.7 percent, with average savings of 4.8 percent. However, the study found that most of the savings was due to younger, healthier workers choosing CDHPs and concluded that once typical risk- and benefit-adjustment factors were taken into account, CDHPs saved only 1.5 percent. There is strong evidence that, initially, CDHP enrollees will be healthier than non-CDHP enrollees, but that over time the CDHP population has a significantly higher illness burden.

- **Impact of CDHPs on preventive services:** The studies agree that use of preventive services did not change (upward or downward) as a result of the CDHP.
- **Impact of CDHPs on medication adherence:** The studies found that overall use of brand-name prescription drugs fell among CDHP enrollees, and, while there was some offset from increased use of generic drugs, some enrollees stopped their use of prescription drugs. CDHP enrollees increased their use of the mail-order pharmacy option. Overall use of prescription drugs among CDHP enrollees with certain chronic conditions fell, or did not increase when enrollees met their deductible. One study found that the financial incentives of the plan are not sufficient in driving behavior, and that educational outreach also matters.

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