Consumer-Driven Health Plans: Frequently Asked Questions

WASHINGTON—What are “consumer-driven health plans”? How many individuals are enrolled in these plans? What are some of the recent demographics of enrollment? Have these plans affected the level of the uninsured?

The March 2008 EBRI Issue Brief, reporting the results of the 2007 EBRI/Commonwealth Fund Consumerism in Health Care Survey, answers these and other questions.

What are consumer-driven health plans? Consumer-driven health plans (CDHPs) were introduced in 2001 with the goal of encouraging cost-consciousness among consumers and reducing the rising cost of providing health benefits to workers. Typically, consumer-driven plans combine a high-deductible health insurance plan (HDHP) with a tax-advantaged savings account that can be used to pay deductibles and other out-of-pocket expenses. 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.

How many individuals are enrolled in consumer-driven plans? In 2007, 2 percent of the population was enrolled in a consumer-driven health plan, up from 1 percent in 2006 and 2005. The 2 percent of the population with a consumer-driven plan represents 2.3 million adults ages 21–64 with private insurance.

Who is enrolled in these kinds of health plans? Over 2005–2007, adults enrolled in CDHPs became increasingly more likely to earn higher incomes. In 2007, 31 percent were in households with incomes of $100,000 or more, up from 22 percent in 2005. Just 19 percent of adults with CDHPs were in households with incomes under $50,000, down from 33 percent in 2005. Among HDHP enrollees, 23 percent were in higher income households in 2007, up from 15 percent in 2005. In contrast, there was little change in the income distribution of people enrolled in more comprehensive plans. CDHP enrollees were more likely than those in comprehensive plans to have a high household income, were less likely to be between the ages of 21 and 34, and, along with those in HDHPs, more likely to be single, white, and college graduates, compared with those in comprehensive plans.

What are the demographics of recent high-deductible plan enrollment? Among high-deductible plan enrollees, 23 percent were in higher income households in 2007, up from 15 percent in 2005. In contrast, there was little change in the income distribution of people enrolled in more comprehensive plans.

What impact have consumer-driven plans had on the uninsured? The latest EBRI/Commonwealth survey found that adults in consumer-driven plans are no more likely to have been uninsured before enrolling in their plans than are those in more comprehensive plans. Seven percent of consumer-driven plan 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.

How satisfied are participants in consumer-driven and high deductible plans? Individuals in these plans continued in 2007 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 that they would recommend their plan to a friend or co-worker and stay in their plan if they had the opportunity to change.


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