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Price and Quality Transparency and Other Initiatives to Address High Cost Claimants

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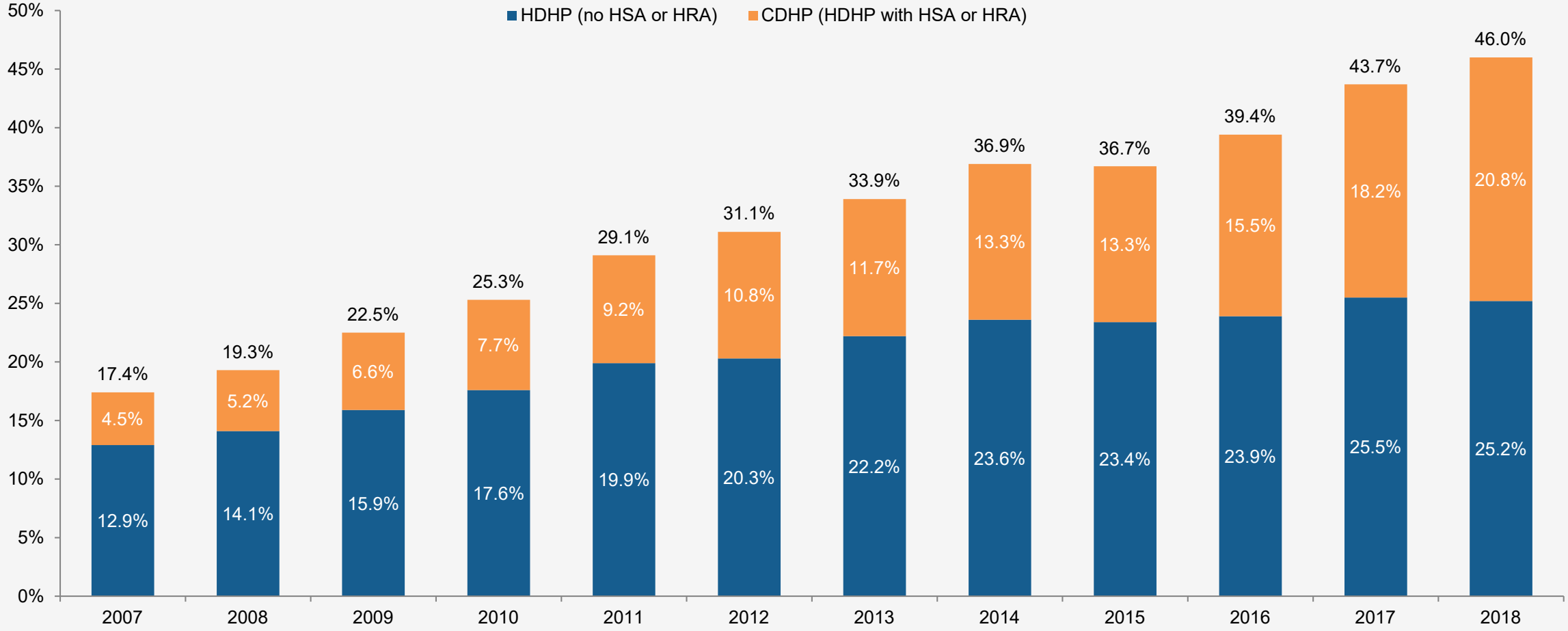
Percentage of Persons With Private Health Insurance Under Age 65 Enrolled in HDHP or CDHP, 2007–2018



Source: Figure 11 in https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201811.pdf and Figure 3 in https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201306.pdf

Data

- Truven Marketscan Database
- Medical and pharmacy claims data on 14-16 million people with employment-based health benefits in any given year between 2013-2017
- 5.8 million individuals with employment-based health benefits trackable over 2013-2017

- Limitations of using continuously enrolled sample
  - Missing many $1 million babies
  - Missing other potentially high cost claimants who drop from sample because they become disabled, eligible for Medicare or pass away

Distribution of Health Spending, Among Individuals with Employment-Based Health Coverage, Continuous Enrollment in 2017

Percentage of Enrollees	Percentage of Spending	Median Spending Per Person	Mean Spending Per Person	Minimum Spending Per Person	Percent Reaching OOP Maximum
1%	28%	$120,500	$168,500	$ 80,000	70-80%
5%	56%	$41,500	$65,315	$ 23,000	60-70%
10%	70%	$23,500	$41,300	$ 12,000	50-60%
20%	84%	$12,700	$24,900	$ 5,400	30-40%

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Source: EBRI analysis of Truven Health Analytics MarketScan® Commercial Claims and Encounters Databases.

Potential Implications

- The highest users might not care about price transparency. They only care about the cost to them, which is often going to be nothing.
- The highest users should care about quality transparency.
- The highest users might use price transparency tools before they become high users.
- Price transparency may affect provider pricing because of its availability, rather than through consumer engagement.
- NBER paper from 2015 “What Does a Deductible Do? The Impact of Cost-Sharing on Health Care Prices, Quantities, and Spending Dynamics” found no evidence of consumers learning to price shop after 2 years in an HDHP.
- It may take more than 2 years to change a culture once appropriate price transparency tools are available.