

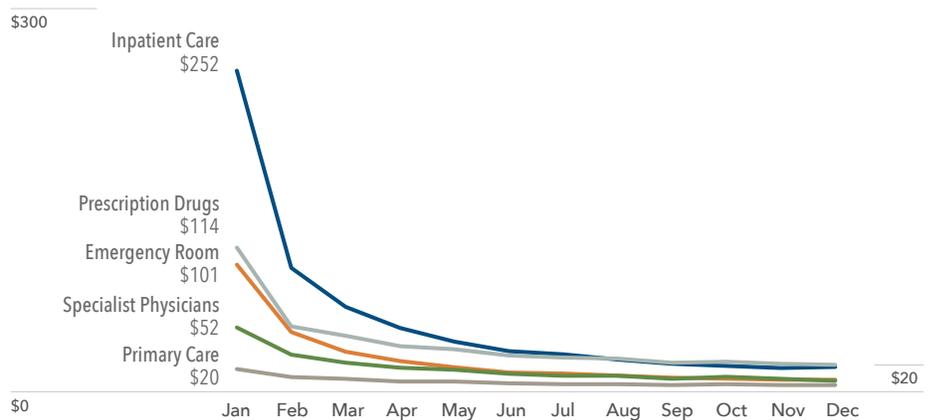
At a Glance | March 4, 2021

# Does Health Care Coinsurance Reduce Use of Care More Than Copayments?

## MONTHLY SPENDING

Average out-of-pocket spending on inpatient care drops sharply after January, though spending decreases in all categories. Because deductibles are often reached early in the year by high users of health care services, it can be argued that it is the expected end-of-year out-of-pocket costs that matter most when individuals are deciding whether to use a health care service even before they have reached their deductible.

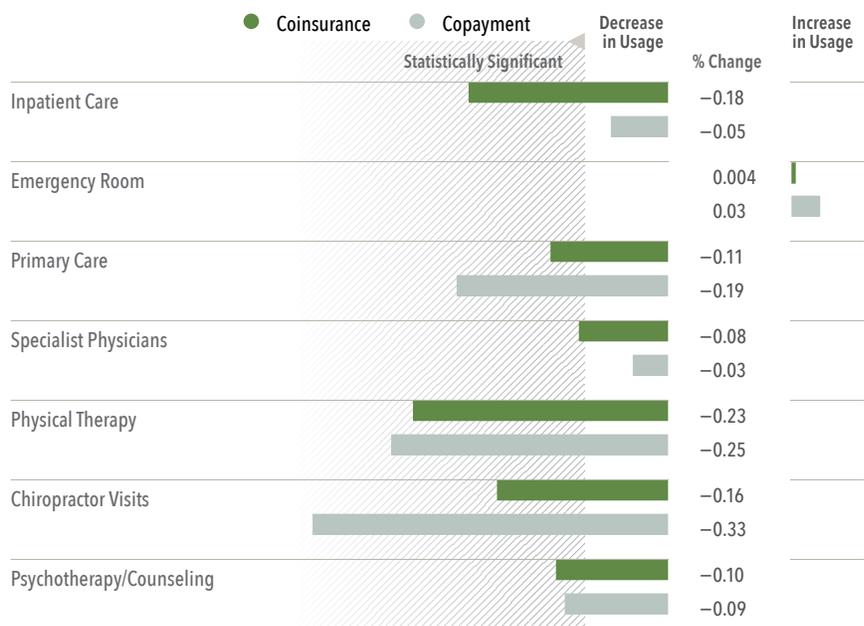
Average Out-of-Pocket Spending by Calendar Month



## COINSURANCE VS. COPAYMENTS

Coinsurance reduces use of inpatient care and specialist physician office visits more than copayments. In contrast, copayments reduce use of primary care office visits more than coinsurance. For inpatient health care, each 1 percent increase in coinsurance led to a 0.18 percent decrease in utilization. For specialty physician office visits, each 1 percent increase in coinsurance led to a 0.19 percent decrease in utilization.

Change in Use of Health Care Services Due to a 1 Percent Increase in Cost Sharing



SOURCE: Paul Fronstin and M. Christopher Roebuck, "Managing Use of Health Care Services After People Satisfy Their Deductible: What Do Copayments and Coinsurance Do?," EBRI Issue Brief, no. 519 (November 19, 2020).