

Health Savings Accounts Hurt Poor, Care – Report

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By Kim Dixon

CHICAGO (Reuters) - Health plans with high patient-paid deductibles, embraced by many Republicans as a market-based solution to quell soaring medical-care costs, lead to poorer quality care and increasing patient debt, a study released on Thursday said.

With the new plans, individuals typically pay the first \$1000, or \$2000 for families, spent on medical care each year. The plans are coupled with so-called health savings accounts, or HSAs, which allow patients to set aside tax-free funds to defray health expenses.

But a survey of data from 4,000 adults with health insurance found that about half of patients with a high-deductible plan racked up medical debt and were faced with other billing woes, compared with 31 percent of those with more traditional health plans, according to the research group Commonwealth Fund, which studies health policy issues.

"Health savings accounts coupled with high-deductible health plans have potential pitfalls, especially for families with low incomes or individuals with chronic disease," said Karen Davis, president of the foundation, which studies health policy. "The evidence is that increased patient cost-sharing leads to underuse of appropriate care."

In theory, patients have a "greater financial stake" in their medical spending, control that will lead patients to be more judicious about visits to doctors. Health-care premiums rose five times faster than workers' salaries in 2004, but employers fund the bulk of that and are scrambling for fixes.

The Medicare Modernization Act, passed in 2003, made HSAs much more widely available to Americans. Big HMOs like UnitedHealth Group Inc. are beginning to adopt the plans as well, evidenced by the No. 2 managed care company's recent acquisition of Definity Health, a pioneer of the plans.

A spokesman for the managed health care trade group, America's Health Insurance Plans, pointed to its own set of data showing that 30 percent of individuals buying the policies were previously uninsured.

Spokesman Mohit Ghose also said that the Commonwealth data looks at the plans before they came with the new health savings accounts to help patients with costs.

"You cannot make a blanket statement that this will hurt people in a certain segment of society," he said.

Either way, the plans are taking off. The trade group's survey, released earlier this month, found 58 companies offering the high-deductible options to large employers, compared with just 15 in September. The plans are now required by the new law to come with health savings accounts.

The Commonwealth study also found that high-deductible plans could lead patients to skimp on care due to cost, which experts say can foil the plans' goal to curb health-care costs.

Roughly 38 percent of insured adults with high-deductible plans were more likely to not fill a prescription or show up for a medical test, compared with 27 percent of those on more traditional lower-deductible plans.

Data was analyzed from the Fund's 2003 health care survey of 4,000 adults, a statistically representative sample of the U.S. population. (Additional reporting by Joanne Kenen in Washington)