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## US HEALTHCARE

## Covid-19: Americans afraid to seek treatment because of the steep cost of their high deductible insurance plans

Many insurance plans insist on an initial customer paid cost in any claim. However, during a pandemic, this high cost may be leading to danger, reports **Charlotte Huff**

Charlotte Huff *freelance journalist*

Physician Troy Fiesinger has become adept at relying on telephone calls and home monitoring to help some of his patients improve control of their diabetes, high blood pressure, and other conditions. It's the only alternative, he said, when the hefty initial costs of health insurance dissuade them from walking through his office door.

"They restrict their care to save money even when they agree, 'Yeah, I should come in more,'" said Fiesinger, a Houston family physician. "I do my best to work with them. I'm not going to make someone spend money that they don't have."

In the US healthcare system, deductibles—a defined amount the customer pays toward their claim, known as "excess" in the UK—have become an increasingly common feature of US health insurance policies over the last 15 years. They're now typically more than \$1500 (£1200; €1300) a year and sometimes far higher.

The Affordable Care Act approved in 2010 mandates coverage for a core group of preventive services including an annual physical examination, vaccines, and cancer screenings free of charge for nearly all plans, public and private.<sup>1</sup> But under the most stringent of high deductible plans, patients who need any other care—to check a nagging cough or abdominal pain or to manage a chronic condition—must pay all physician and other treatment costs until their deductible is met.

Enter covid-19. At the start of the pandemic, visits to US primary care were already declining, down 24.2% from 2008 to 2016 among adults with employer provided insurance, according to a study reported in *Annals of Internal Medicine*.<sup>2</sup> While nowadays some patients turn more to alternatives like telemedicine or retail clinics, financial barriers such as high deductibles may also play a part, said lead study author Ishani Ganguli, a general internist and assistant professor at Harvard Medical School.

The study, Ganguli noted, found that primary care visits declined the most among lower income patients, a potential red flag that vulnerable patients may avoid medical care—virus related or not—as the pandemic continues.

High deductible health plans "may discourage individuals from getting appropriate and needed care," she told *TheBMJ*. "This is more true for low income and historically underserved populations, and we also know that covid-19 has hit those communities the hardest."

## Patients feel the cost

High deductible plans emerged as a strategy to counteract rising health costs in the US. The concept was that asking people to pay out of pocket first to meet the deductible would reduce their use of unnecessary testing and other costly services.<sup>3</sup>

The plans often pair an insurance policy with an attached tax advantaged savings account to which the worker and the employer can contribute. They also carry lower monthly premiums. By 2019, 30% of workers with insurance were on high deductible plans that include health savings accounts for medical expenses, also referred to as consumer directed plans, according to the Kaiser Family Foundation.

But deductibles have become common across all employer provided insurance, with 82% of plans including one. The average annual deductible per employee is \$1655; 28% of employees pay at least \$2000.<sup>4</sup> They also appear in some policies sold through the insurance supermarkets created by the Affordable Care Act (Obamacare) as a trade-off for little to no monthly premiums. The average deductible this year (2020) for the cheapest level of "bronze" plans was \$6506.<sup>5</sup>

Short term moves by federal and state legislators have generally waived deductibles for covid-19 during the pandemic so patients wouldn't avoid getting tested. But researchers and policy experts say the pandemic itself, along with the related layoffs and economic recession, has exposed the inherent medical risks.

"Frankly the [US health] system doesn't actually work when a whole lot of people are sick and need to get care," said Katherine Hempstead, a senior policy adviser at the Robert Wood Johnson Foundation, a health philanthropy organization. "Because a lot of them are afraid of what they're going to get billed. We have to break all of our rules in our [insurance] benefit design, so people can actually use their plan."

## Covid related gaps

Even with the temporary waivers, gaps persist. For a factory worker in California described by Kaiser Health News, it meant nearly \$2000 in medical bills when a test proved unavailable early in the pandemic.

And while federal legislation requires that all insurers, public and private, pay for covid-19 testing, that stipulation doesn't extend to treatment, according to the Kaiser Family Foundation. Some insurers have voluntarily waived some or all

treatment costs. But employers who self-fund insurance, which means they pay for employee claims while an insurer administers the plan, are exempted and thus have the option whether to cover out-of-pocket coronavirus costs including deductibles.<sup>6</sup> As of 2019, 61% of US insured workers were in self-funded plans.<sup>4</sup>

Patients who become seriously ill with covid-19 and are enrolled in consumer directed plans could face out-of-pocket hospitalization costs averaging \$1961 compared with \$1653 for those in plans with lower deductibles, according to an analysis published in September 2020 in the *American Journal of Preventive Medicine*.<sup>7</sup> To estimate the potential bill, the researchers looked at hospitalization costs for respiratory illnesses.

Those costs are averages and don't reflect the sort of bill that patients with deductibles approaching \$5000 could be charged, said Matthew Eisenberg, the study's lead author and an economist at Johns Hopkins Bloomberg School of Public Health. Moreover, he added. "Studies have shown that most Americans can't handle a \$400 unexpected expense, so \$2000 bucks is a lot of money."<sup>8</sup>

### Few options

If someone is gasping for breath and fears they've contracted the coronavirus, they're likely to head to an emergency department regardless of the cost, Fiesinger said. His daily struggle involves those patients who avoid more routine care, sometimes by canceling follow-up appointments rather than admitting they can't pay the bill. "Often their chronic illnesses aren't controlled because they're not able to afford to come in," he said.

According to the RAND analysis, people who switch to a consumer directed plan spend 21% less on medical care during the first year compared with their counterparts on lower deductible plans. But along with cutting back on brand name drugs and costlier visits to physician specialists, they also were more likely to miss preventive care, even cancer screenings that were covered at full cost.<sup>3</sup>

Some plans sold on the federal Affordable Care Act exchanges now include the coverage of a few primary care services before the deductible, to guard against people being "penny wise and pound foolish," said Hempstead, of the Robert Wood Johnson Foundation.<sup>9</sup> On the commercial side, insurer Aetna has recently introduced two plans that take a similar approach. In one, five primary care services such as doctor and urgent clinic visits are covered annually at no cost, according to an Aetna spokeswoman.

The consumer directed plans that employers often use—paired with a health savings account—can and must pay for some preventive care such as screening for some diseases, and counseling. But they are not permitted by federal tax rules to pay for other services before the deductible is met, said Steve Wojcik, vice president of public policy at the Business Group on Health, a non-profit employer organization. Employers would welcome a bit more flexibility, he said, to ensure "that needed care is provided on an affordable basis to people with these types of plans," he told *The BMJ*.

As of late summer, primary care visits in the US still hadn't returned to pre-pandemic levels, a pattern than Fiesinger has witnessed in his own practice.<sup>10</sup> It's unknown how much viral fears versus financial challenges, including job layoffs, are keeping people away, he said.

"They are just going to do the best they can on their own, which hopefully includes taking their medicine," Fiesinger said. His biggest concern: "That we lose a chance to treat problems when they're small and treatable and they become big, expensive and life-threatening problems."

Competing interests: I have read and understood the BMJ policy on declaration of interests and have no relevant interests to declare.

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