health payer specialist

# Major Payers Slow to React to AMA Attack on High-Deductible Plans

By Richard Scott December 23, 2020

The nation's leading payers plan to continue offering high-deductible health plans in the aftermath of the American Medical Association's stinging indictment of the products and the growing crisis of affordable coverage, which the provider group says has escalated in the wake of the ongoing COVID-19 pandemic.

Most major payers, including **Aetna**, **Cigna** and **Centene** and the nonprofit group **Association of Community Health Plans**, have made no public comments to the AMA's rebuke of high-deductible plans, which the provider association says is resulting in "mounting financial and clinical barriers" for patients as they seek health insurance coverage.

*Health Payer Specialist* received no response when we reached out for comment from the four. **Humana**, the nation's No. 4 insurer, declined to comment.

The growth of the high-deductible health plan, which features lower monthly premiums but a deductible of $2,800 to as much as $14,000 for families, has been precipitous in recent years. Roughly one-third of working-age Americans were enrolled in a high-deductible health plan in 2019, a 50% increase from five years earlier, according to data from Kaiser Family Foundation. In 2005, four percent of companies with 200 to 999 employees offered a high-deductible plan. By 2019, 56 percent did.

There has been a clear reason for employers to expand their plan offerings to include high-deductible plans, but the trend may be subsiding, says **Nadina Rosier**, PharmD, chief product officer and general manager pharmaceutical solutions with the **Health Transformation Alliance**, a cooperative of self-insured employers.

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"Employers, with all the best intentions, introduced in blunt instrument fashion a way to force employees to engage with the healthcare system," Rosier says. That generally means financially.

A high-deductible plan is often combined with a health savings account (HSA), which offers a tax-free spending account for medical expenses. But issues of affordability are leading to a second look, and the COVID-19 epidemic appears to be a catalyst for redress.

"An HSA, for many people, is a luxury," Rosier says. One recent study found that one-third of high-deductible enrollees had not opened an HSA, and half of those who did have an HSA hadn't added money to in at least a year.

Previous studies have linked high-deductible plans with a decrease in healthcare utilization overall, even among preventive services, which typically are not subject to out-of-pocket costs. One study found that patients with bipolar disorder who were on high-deductible plans did not reduce their psychiatric visits but rationed other medical services, such as standard doctor visits.

A spokesperson for **UnitedHealthcare**, the nation's No. 1 insurer, said that high-deductible plans are just one part of its design offerings.

“We offer a broad array of health insurance plans, including high deductible plans, that are designed to meet peoples’ health care as well as financial needs,” the UHC spokesperson said.

UHC did not indicate that it would be making a significant change to high-deductible plans in light of the criticism from the provider community. “For context, UnitedHealthcare customers continue to offer high-deductible plans, but most offer traditional PPO/POS plan designs alongside these,” the spokesperson added. “Some customers are introducing new plan designs that reduce out-of-pocket costs for their employees and expand choice, in addition to encouraging participation in health and well-being programs.”

*Rob Fuller, partner at Nelson Hardiman*

Because they are designed to have consumers pay between $1,400 to $7,000 for medical care before insurance kicks in, these types of plans can be “a very bad trap for the unwary,” says **Rob Fuller**, attorney with **Nelson Hardiman** in Los Angeles and co-author of the book *From ObamaCare to TrumpCare*.

Fuller says that the plans exploded in popularity over the past 15 years as employers started asking for a lower-cost benefit.

But the crisis of affordability, rendered more sharply by the pandemic, is leading to calls for change.

“The pandemic has prominently displayed the critical barriers posed by underinsurance, with many health plans not providing affordable coverage for services to treat chronic conditions and COVID-19- related illness,” said **Mario Motta**, M.D., an AMA board member in a recent policy statement that called on payers and policymakers to take action against steep out-of-pocket costs.

“Employers are taking notice,” says Rosier, who has witnessed multiple large employers pull back from the high-deductible benefit offering. Overall, Rosier expects a “flattening” of the growth trajectory.

**Jami Sowers**, a spokesperson with **BlueCross and Blue Shield of North Carolina**, said high-deductible plans have “benefits and drawbacks.” Lower premiums can make such plans attractive, and people with predictable health care costs can use the plans to control spending.

In its policy proposal, the AMA said that it’s seeking to encourage “benefit designers to look beyond health plans with blunt instruments for shifting health care costs.”

The proliferation of high-deductible plans has led to “significant out-of-pocket costs” for many individuals, the AMA says. “The financial burden of these increased out-of-pocket costs causes many people to forgo necessary care, especially patients in marginalized communities or patients with multiple chronic conditions or lower socioeconomic status,” the group adds.

Some employers, working with payers, are taking steps to alleviate the cost burden.

“One solution is the employer prefunding a portion of the HSA match. This allows employees to seek medical needs and not be 100% out of pocket with the first appointment, and it doesn’t cost the employer extra,” says

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"Another solution is using a smaller max out of pocket, so the plan starts to pay sooner. There is not a rule that the plan can only start paying at $14,000," Brunson adds. "The minimum is $2,800, so there are happy mediums that will help control cost."