CHARACTERISTICS OF COMMERCIALLY-INSURED INDIVIDUALS WITH PERSISTENTLY HIGH OUT-OF-POCKET SPENDING



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INTRODUCTION

Health care affordability continues to be a significant concern for those on employer-sponsored insurance (ESI). In Massachusetts, commercially-insured residents have seen insurance premiums rise year after year even as the share enrolled in high-deductible plans increases (from 28.5% in 2017 to 31.5% in 2018) and as out-of-pocket (OOP) spending continues to rise faster than residents' incomes (5.6% in 2018). However, the increasing burden of health care spending is not distributed equally.

Individuals and families are financially impacted by what they pay for premiums and OOP spending. While some patients will experience high OOP costs for a point in time due to an acute health care episode, some patients experience high OOP spending for health care year after year.

The Massachusetts Health Policy Commission (HPC) sought to identify characteristics of individuals with persistently high OOP spending.

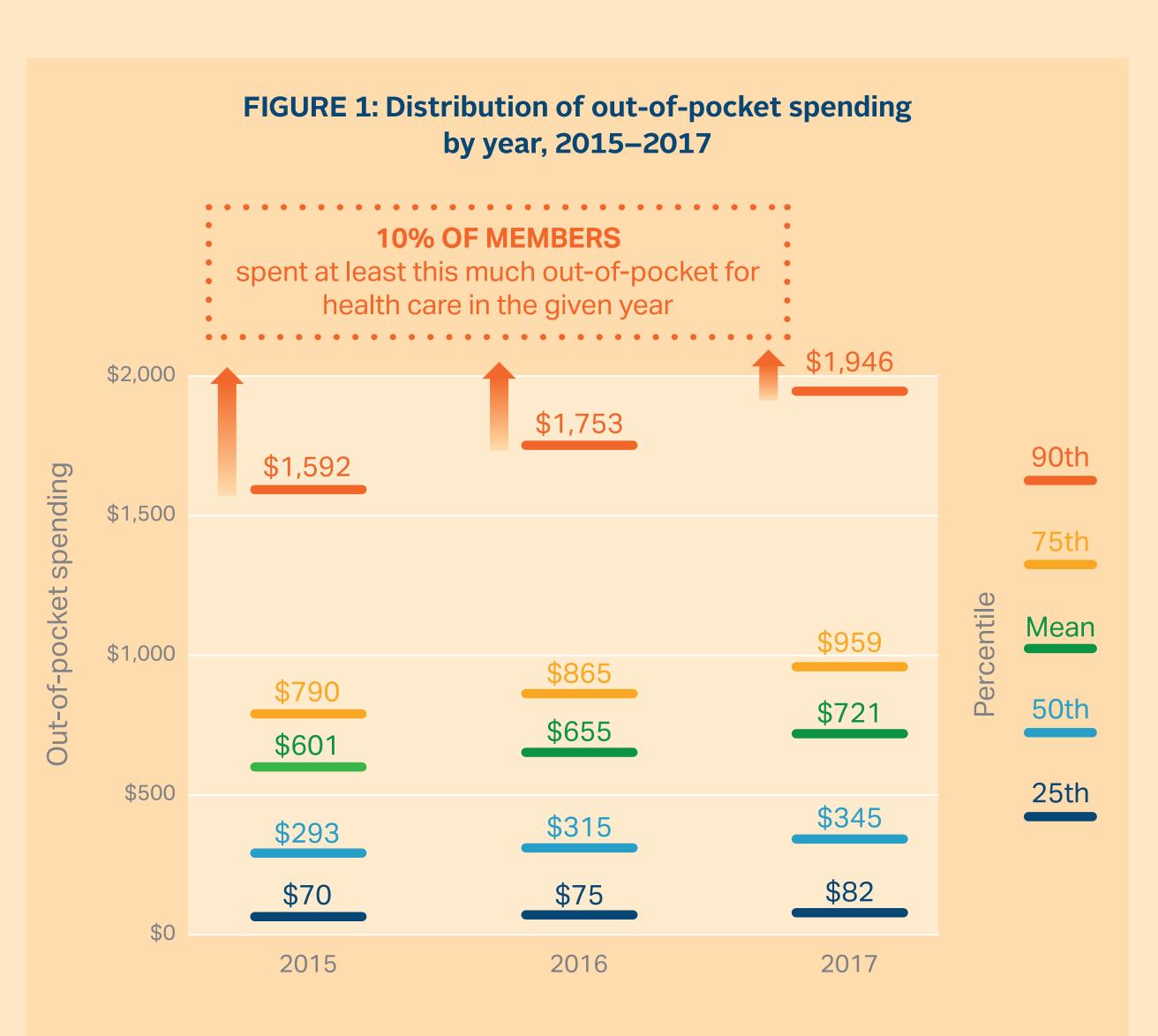
OBJECTIVES

- To identify commercially-insured patients with persistently high OOP spending year after year. OOP spending includes copayments, co-insurance, and deduct**ibles** for both medical and prescription spending.
- To identify characteristics related to high OOP spending, including share of spending devoted to prescriptions, prevalence of chronic conditions, firm size, and regional distribution of those with persistently high OOP spending,
- Persistently high OOP spending is defined as being among the highest 10% of residents in OOP spending in each of the three years studied.

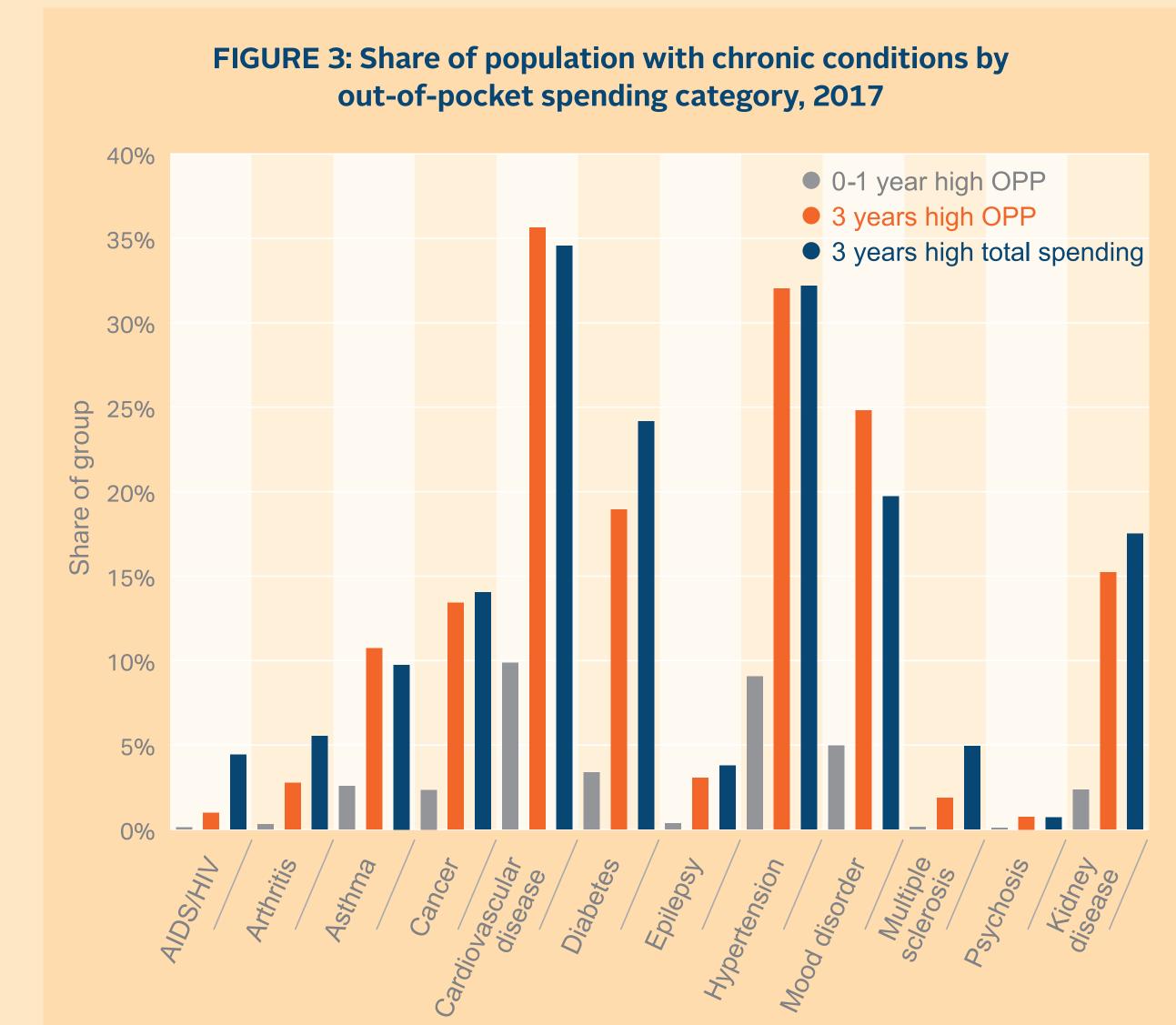
STUDY DESIGN

This analysis includes members with commercial insurance coverage who are included in the Massachusetts All-Payer Claims Database (APCD) in all three years from 2016 to 2018 (N=913,001). Members were identified as having persistently high OOP spending if they had OOP spending that placed them among the highest 10% of the residents studied in each of the three years. From 2015-2017, 19.4% of members experienced at least one year of high OOP spending (N= 176,928), while 80.6% never met the threshold. Three percent (3%; N=27,280) of the study sample reached the 90th percentile threshold in all three years, which would represent more than 100,000 people in Massachusetts (estimate extrapolated from entire commercial population). This group of people with persistently high OOP spending had very high annual OOP spending, growing from \$2,989 in 2015 to \$3,499 in 2017 and averaging \$3,247 across the three years.

RESULTS



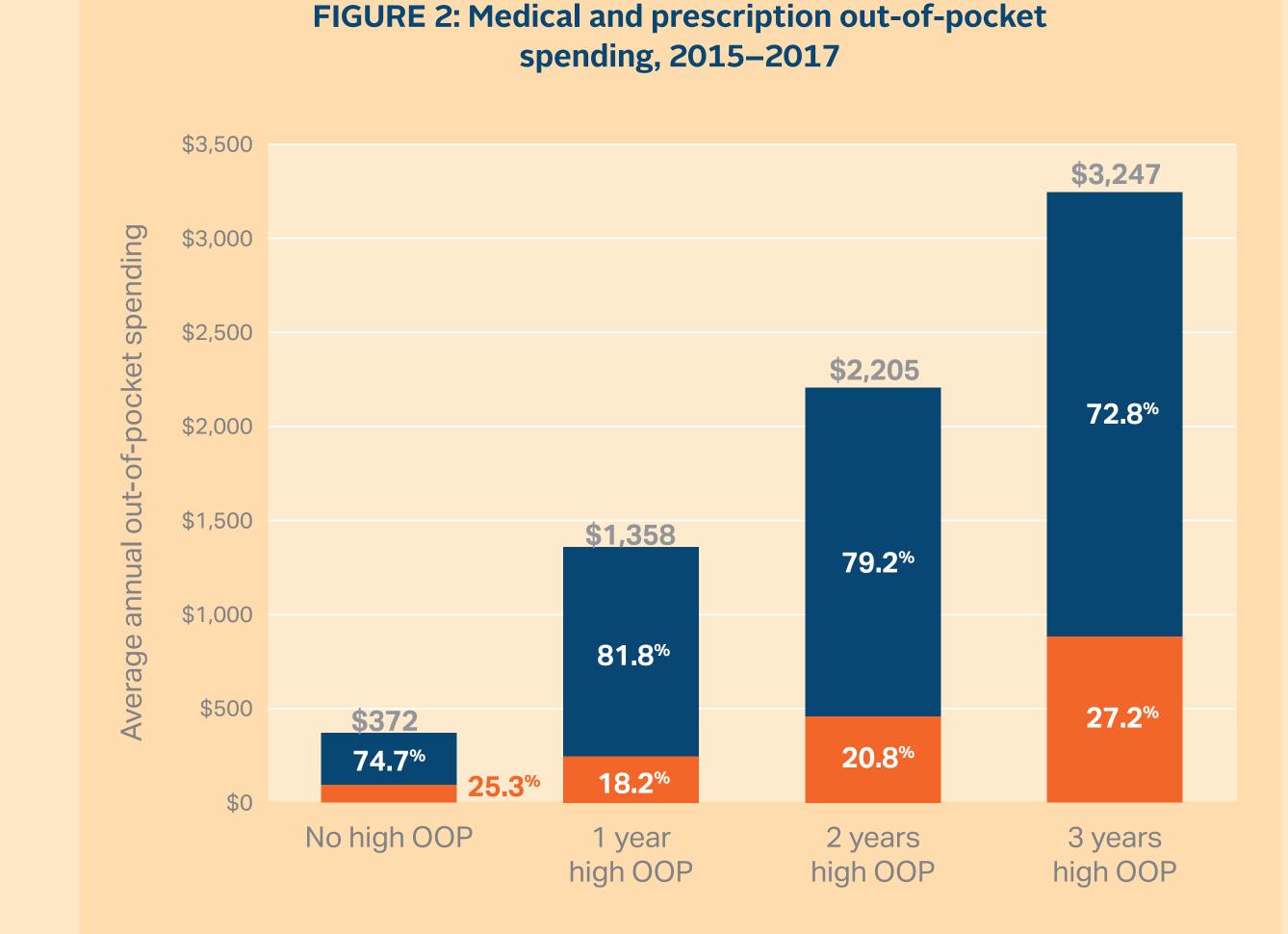
From 2015-2017, average annual OOP spending for the commercially insured grew about 20%, from \$601 to \$721. However, this average masks a great deal of variation across individuals. In 2017, half of all members spent \$345 or less OOP annually, while those at or above the 90th percentile of OOP spending in all three years spent ten times more, or \$3,499 on average. OOP spending also grew faster from 2015-2017 for those with the highest OOP spending. From 2015-2017, median OOP spending grew 17.5%, compared to a 22.2% increase for those at the 90th percentile.



In 2017, 80% of those with persistently high OOP spending had a chronic condition, a rate about three times higher than among those with zero or one year of high OOP spending (25%). Conditions that were highly prevalent among those with persistently high OOP spending were cardiovascular disease (35.6%), hypertension (32.0%), and mood disorders (24.8%), the latter which was more common than in a comparison group of individuals with persistently high total spending.

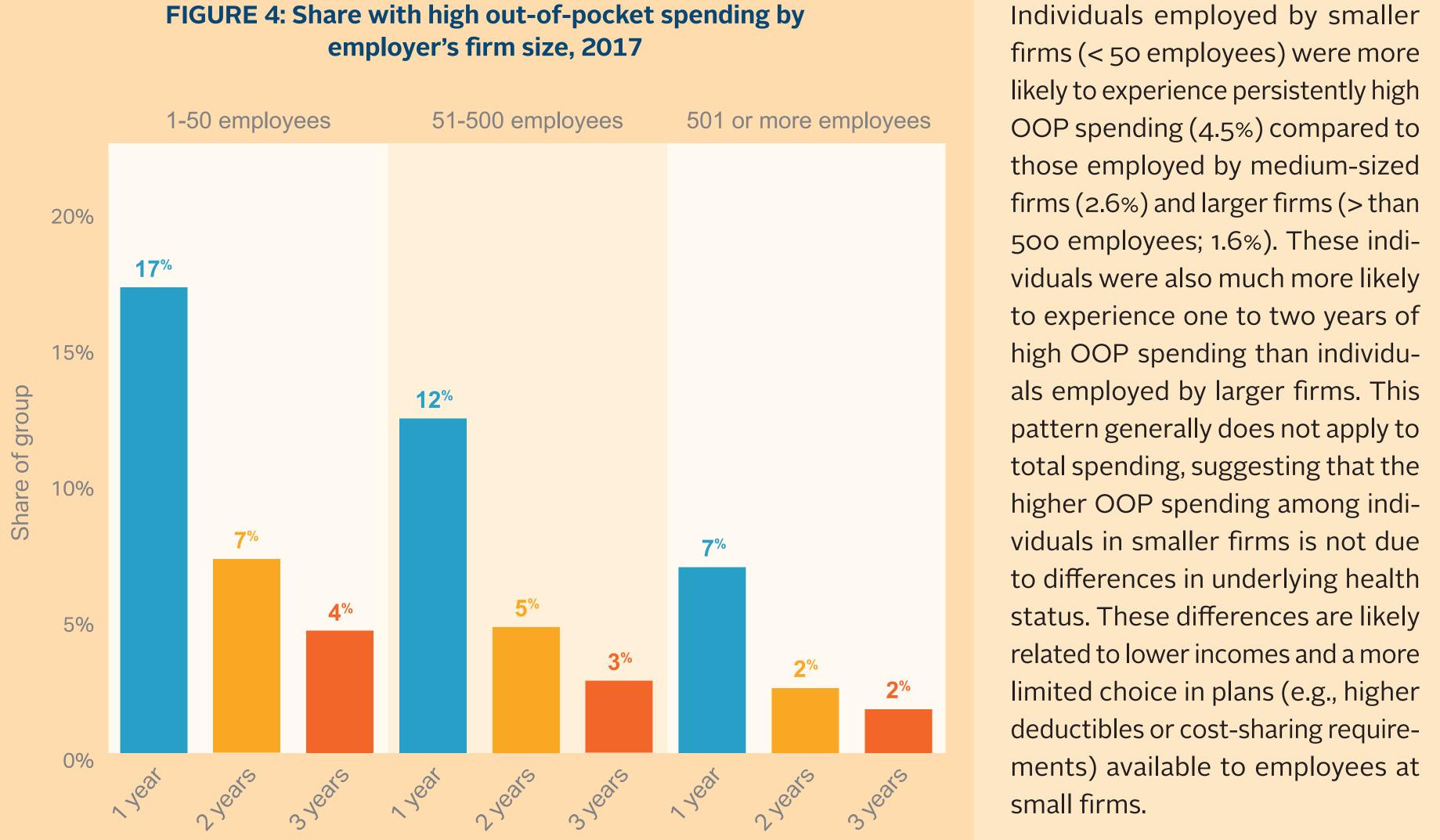
POLICY IMPLICATIONS

OOP spending can present a particular burden for people with lower incomes, given that such expenses can consume a large share of their income. However, most benefit designs are chosen by the employer and resulting expenses to the employee (out-of-pocket expenses and premium contributions) are agnostic to an employee's income level. These findings emphasize the need to go beyond current health care benefit designs to focus on making health care coverage equitable and affordable.



Prescription

For the population with persistently high OOP spending, cost-sharing for prescription drugs comprised a larger portion of total OOP spending (27.2%) than for other individuals. This suggests that these members may use more costly drugs, require a higher number of prescriptions, or have less generous prescription drug coverage. Individuals with persistently high OOP spending were also more likely to have one or more chronic conditions, which may be related to higher pharmaceutical spending.



firms (< 50 employees) were more likely to experience persistently high OOP spending (4.5%) compared to those employed by medium-sized firms (2.6%) and larger firms (> than 500 employees; 1.6%). These individuals were also much more likely to experience one to two years of high OOP spending than individuals employed by larger firms. This pattern generally does not apply to total spending, suggesting that the higher OOP spending among individuals in smaller firms is not due to differences in underlying health status. These differences are likely related to lower incomes and a more limited choice in plans (e.g., higher deductibles or cost-sharing requirements) available to employees at small firms.

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CONCLUSIONS

While those with persistently high OOP spending tend to have long-term health care needs as indicated by their high OOP spending, these individuals did not necessarily experience the highest total health care spending. In fact, only four in ten of those with persistently high OOP spending also had persistently high total spending indicating that programs targeting "super-utilizers" may be impacting total spending but not necessarily helping individual patients. The findings suggest that certain types of chronic conditions, high deductible health plans and differences in typical cost-sharing amounts could be contributing factors to persistently high OOP spending.