

AN INSIDE LOOK:

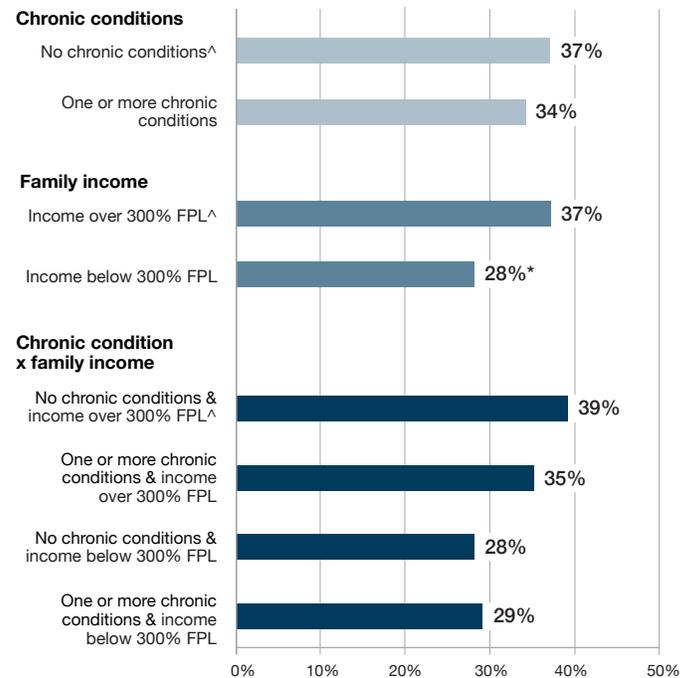
Affordability Issues are More Common in High Deductible Health Plans

Findings from the Massachusetts Health Insurance Survey (MHIS)

High deductible health plans¹ (HDHPs) represent a growing share of the private health insurance market in Massachusetts,ⁱ with more than one in every three privately insured residents enrolled in an HDHP in 2019 (36%). HDHPs are designed to incentivize members to reduce unnecessary and low-value care through higher levels of cost-sharing and can be paired with pre-tax savings accounts, but the impact of these plans on residents who are more vulnerable to health care affordability issuesⁱⁱ is not fully understood. Individuals and employers may find the lower premiums of HDHPs increasingly attractive as health care costs continue to rise. However, privately insured residents in Massachusetts were more likely to report having experienced affordability issues² in the past 12 months when they were covered by an HDHP, suggesting that meeting the deductible may be a challenge for residents for whom the deductible represents a significant share of their income or who have ongoing health expenses. The prevalence and financial burdens for privately insured residents with HDHPs relative to those not covered by HDHPs, with a focus on family income and chronic condition status, are examined in this analysis.

HDHPs were prevalent among all privately insured residents regardless of family income and chronic condition status, although enrollment rates varied somewhat by income. Residents with family income over 300% of the Federal

Figure 1. HDHP Enrollment among Privately Insured MA Residents, by Chronic Condition Status and Family Income,³ 2019



Poverty Level (FPL) were more likely than those with lower family income to enroll in an HDHP (37% vs. 28%) (Figure 1), possibly reflecting the attractiveness of HDHPs for whom the deductible amount is modest relative to income. Enrollment rates in HDHPs varied little by chronic condition status. The highest rate of HDHP enrollment among privately insured residents was among those with no chronic

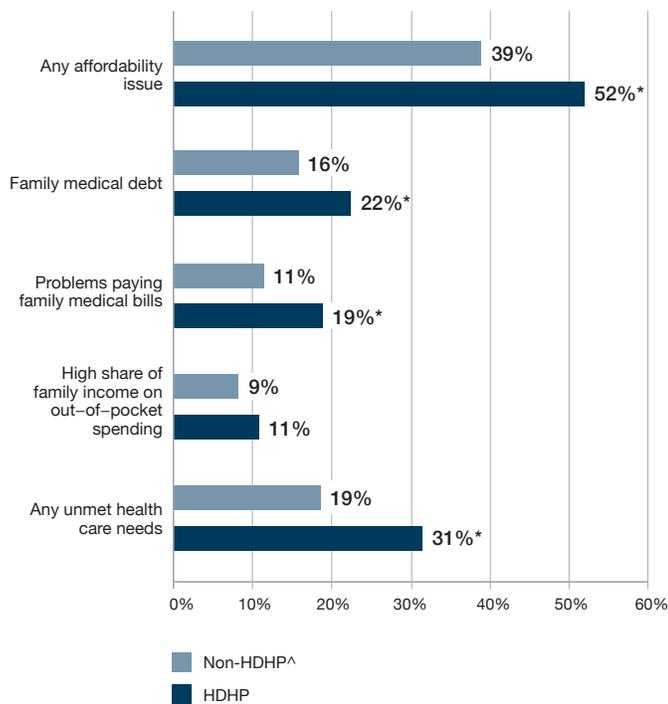
36% 36% of privately insured residents had an HDHP.

52% 52% of privately insured residents with HDHPs reported affordability issues.

conditions and family income over 300% of the FPL, at 39%. At the same time, over one in four privately insured residents with chronic conditions and with family income below 300% of the FPL also enrolled in an HDHP. These findings suggest that HDHPs were prevalent among all privately insured residents, but most notably those most vulnerable to affordability issues, i.e., residents with complex health care needs and lower family income, also enrolled in HDHPs at a substantial rate.

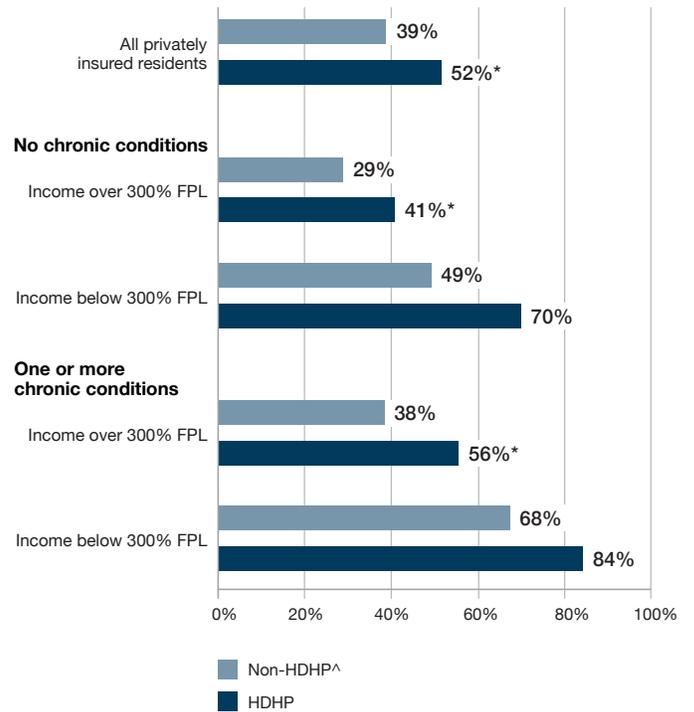
More than half of HDHP members (52%) reported having one or more affordability issues compared with other privately insured residents (39%) (Figure 2). HDHP members reported higher rates of affordability issues than other privately insured residents across all four domains of affordability, particularly forgoing health care that they thought was necessary due to the cost of that care (31% vs. 19%).

Fig. 2: Types of Affordability Issues among Privately Insured Massachusetts Residents by HDHP Status, 2019



HDHP enrollment was associated with a higher rate of affordability issues when examined by family income and chronic condition status. Among those with both family income below 300% of the FPL and one or more chronic

Fig. 3: Affordability Issues among Privately Insured Massachusetts Residents by HDHP Status: Chronic Condition Status and Family Income, 2019



conditions, the vast majority (84%) reported having affordability issues in the past 12 months (Figure 3). Even among HDHP members with higher income and no chronic conditions, over two in five experienced an affordability issue in 2019. These findings indicate that all HDHP members are vulnerable to affordability issues, putting them at a higher risk of negative health or financial consequences.

Over one-third of privately insured Massachusetts residents were enrolled in an HDHP and over half of those enrolled experienced health care affordability issues in 2019. These findings suggest that HDHPs may discourage many from seeking health care that they felt was necessary, and increase their likelihood of facing an array of difficulties when paying for the care they do receive. Additional research on the choices and information available to residents as they navigate health insurance options and make health care decisions may present opportunities for significant improvements in health care affordability, particularly for lower-income populations and those with chronic conditions.

Read the full report at www.chiamass.gov/massachusetts-health-insurance-survey

Notes

- 1 In 2019, a high deductible health care plan is defined by the IRS as a health insurance plan with an annual deductible of \$1,350 or more for individual coverage or \$2,700 or more for family coverage.
- 2 Health care affordability issues define as having any of the following: problems paying family medical bills; family medical debt; spending a high share of family income, defined as 10% or more of family income or 5% or more for families with income below 200% of the FPL, on out-of-pocket health expenses; or going without needed health care due to cost. Please see CHIA's research brief on affordability for additional information: <https://www.chiamass.gov/assets/docs/r/survey/mhis-2017/Affordability-Brief-April-2019.pdf>
- 3 Lower-income is defined as having family income below 300% of the Federal Poverty Level (FPL). Chronic conditions are defined as having one or more health conditions which have lasted, or are expected to last, for a year or more.
- 4 See note 3.
- ^ = Reference group
- * = Statistically significant from the reference group at the 5% level
- FPL = Federal Poverty Level

References

- i CHIA, The Annual Report on the Performance of the Massachusetts Health Care System, 2019, <https://www.chiamass.gov/assets/2019-annual-report/2019-Annual-Report.pdf>
- ii Abdus S, Selden TM, Keenan P. The financial burdens of high-deductible plans. *Health Aff (Millwood)*. 2016;35(12):2297-2301. doi:10.1377/hlthaff.2016.0842
- iii "The Challenges Of High-Deductible Plans For Chronically Ill People," Health Affairs Blog, April 22, 2019. <https://www.healthaffairs.org/doi/10.1377/hblog20190416.47741/full/>
- Abdus S, Keenan PS. Financial burden of employer-sponsored high-deductible health plans for low-income adults with chronic health conditions. [published online October 8, 2018]. *JAMA Intern Med*. doi: 10.1001/jamainternmed.2018.4706.

About the MHIS

The Massachusetts Health Insurance Survey (MHIS) provides information on health insurance coverage, health care access and use and perceived health care affordability for the non-institutionalized population in Massachusetts. The 2019 MHIS included a random digit dialing and an address-based sample and was fielded between April and July of 2019. Surveys were completed with 4,873 Massachusetts households, collecting data on 4,873 target persons, including 529 children aged 0 to 18, 3,058 non-elderly adults aged 19 to 64, and 1,286 elderly adults aged 65 and older. The overall response rate for the 2019 MHIS was 16.5 percent. A follow-up survey was fielded between December 2019 and January 2020 with 1,133 Massachusetts households, collecting data on 1,133 target persons including 104 children aged 0 to 18, 686 non-elderly adults aged 19 to 64, and 343 elderly adults aged 65 and older. The overall response rate for the 2019 MHIS Re-contact Survey was 5.0 percent, combining the response rate of 16.5 percent for the main MHIS and 30.6 percent for the follow-up survey. All estimates based on the survey are prepared using weights that adjust for the complex survey design, for undercoverage, and for survey nonresponse. Additional information is available in the [MHIS Methodology Report](#).

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