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Rising Health Costs and the Impact on Consumers

RISING HEALTH COSTS AND THE IMPACT ON CONSUMERS

Healthcare costs for family coverage continue to rise, but what are the trends this year faced by US workers? You are listening to ReachMD XM160, The Channel for Medical Professionals. I am Bruce Japsen, the healthcare reporter with the Chicago Tribune and joining me today is the Bianca DiJulio. Ms. DiJulio was the Senior Policy Analyst for the Healthcare Marketplace Project at the Henry J. Kaiser Family Foundation and she is based in Washington. The project provides information, research, and analysis about trends in healthcare market and about policy proposals that relate to our changing healthcare system. She is the principal analyst on the Employer Health Benefit Survey and she is also a graduate with the Masters in Health Science and Health Policy from John Hopkins Bloomberg School of Public Health where she graduated in May of 2007.

BRUCE JAPSEN:

Bianca DiJulio, welcome to ReachMD XM160, The Channel for Medical Professionals.

MS. BIANCA DIJULIO:

Thank you very much for having me.

BRUCE JAPSEN:

It seems like it happens very year. Yearly premiums for healthcare coverage are on the rise. So, you guys are among the groups that really really look closely at how this affects people. If you could tell us how family coverage is rising and what US workers are in store for in the coming year?

MS. BIANCA DIJULIO:

In our 2008 survey, we found that the average family premium reached $12,680 of which workers are paying about a quarter. Family premiums are about 5% higher than they were in 2007, but since 1999 premiums have increased 119%, which far outpaces growth in workers' earnings and inflation, which indicates that both employers and employees are having a more difficult time affording the costs of

health insurance.

BRUCE JAPSEN:

When you think about those numbers, it's really amazing. This always usually works as a shift that seems like when people get hit with these high numbers, that the workers end up getting hit a little harder or the employers that deal with that shift more costs. Are we seeing that and if so, how are we seeing that?

MS. BIANCA DIJULIO:

We actually did see that this year overall, the marketplace has seen growth in large deductibles that's primarily where we are seeing this shift. The proportion of workers in plants with deductibles of $1000 or more has increased quite a bit since 2006. In 2006, 10% of workers had a deductible of $1000 or more and this increased to 18% of covered workers in 2008 and the increase was even steeper for those workers that are in small firms increasing from 16% in 2006 to 35%; so a third or over a third of workers in small firms in 2008 have a deductible of $1000 or more.

BRUCE JAPSEN:

That's very significant when you think of that, I sort of think that the trend a few years ago when more employers were going to these so called consumer-directed health plans, which essentially were the high deductible plans. Is the trend because of that and because of the shift by employers to more of these high deductible plans, do you think?

MS. BIANCA DIJULIO:

We do see an increase in the percentage of workers that are enrolling in consumer-directed plans, but there's also a shift in high deductibles for those workers that do not have plans with savings options, so we are seeing growth and deductibles overall, which does include some growth in the consumer-directed market. We saw for small firms, in particular for workers in small firms, we saw the growth reached 13% in 2008 compared to 8% in 2007. So, things are growing in the consumer-directed market as well.

BRUCE JAPSEN:

And so, I am guessing for the physician listeners out there, they are going to be dealing with more of their patients paying out of pocket, I would assume.

MS. BIANCA DIJULIO:

Ya, that is a likely result with high deducible means; people are going to have to spend more out of pocket before they are going to have full coverage.

BRUCE JAPSEN:

And, is there a figure that you guys have exactly on what's the per pocket expenses annually for folks in the coming year?

MS. BIANCA DIJULIO:

Well, since we actually survey employers, we don't have sort of a cost that a person might pay for their healthcare services. We have the average costs of their premiums, but we do not know because it depends on their service use and that kind of thing, how much they might have to pay when they actually go to the doctor. We know what the average co-payments and costs for visiting doctors are and in 2008, as we have seen in previous years, most workers face co-payments for physician office visits and the average co-payments are about $19 for a primary care visit and about $26 for a visit with the specialist.

BRUCE JAPSEN:

How was that compared to a few years ago? I mean $19 for primary care visit out of pocket and then of course once again for our listeners, this would be a few have health insurance that's which you pay, that does not seem like it's a lot, but is that shooting up?

MS. BIANCA DIJULIO:

This year we found that about a quarter of covered workers have a $25 or a $30 co-payment for a visit with a primary care physician and that number was only 12% in 2004. So, yes, there has been an increase in those higher co-payments that workers are having to pay if they go see the doctor.

BRUCE JAPSEN:

And is this across the board for the co-pays, is this in all plans, PPOs, HMOs? Does it vary at all?

MS. BIANCA DIJULIO:

There is some variability between plans in terms of what sort of cost sharing they may have. Like I said, co-payments are the most common for primary care visits; however, high-deductible plans workers might be more likely to have co-insurance in those types of plans, but for HMOs, PPOs, and PO as plans or appointed service plans, co-payments are the most common.

BRUCE JAPSEN:

I noticed in your survey that if someone did choose a consumer-directed plan, are they still generally lower, less expensive than the other plans out there?

MS. BIANCA DIJULIO:

Yes, particularly those plans that are offered with the health savings account option. So, they are less expensive for both single and family coverage than other types of plans like PPOs or HMOs.

BRUCE JAPSEN:

And so for people out there who are listening or physicians who are looking for advice, I suppose that they could tell their patients that the trade off their would be a lower premium, but it would tend to be more out of pocket costs?

MS. BIANCA DIJULIO:

Yes, the deductible is going to be quite a bit higher than it would be in a more traditional plan like an HMO or PPO.

BRUCE JAPSEN:

And I find this interesting in your survey and you guys do such a good job on pinpointing what's going on out there. Among the firms that were operating these new consumer directed high-deductible plans, 6 in 10 say the primary reason is cost and 4 in 10 say that the most successful result has been lower cost. So do they seem satisfied with these new plans?

MS. BIANCA DIJULIO:

These are sort of their opinions on why they wanted to offer the plan in the first place. We also did ask sort of what their biggest challenge was and we find that educating and communicating the change in benefit was one of the higher ranked challenges that they faced. So, while they might feel that these plans are going to be helpful in lowering cost or those sorts of things, they also find that since they are complicated plans and trying to explain to workers that they are going to have to pay more out of the pocket, seems to have been a challenge for them in this past year.

BRUCE JAPSEN:

Well, if you are just joining us or even if you are new to our channel, you are listening to ReachMD XM160, The Channel for Medical Professionals. I am Bruce Japsen. I am the healthcare reporter with the Chicago Tribune and joining me today is Bianca DiJulio. She is a Senior Policy Analyst for the Henry J. Kaiser Family Foundation and they are experts in the field of Healthcare Policy and Analysis and we are talking about yearly healthcare premiums for family healthcare coverage are on the rise again in 2008, up 5% and many more workers are seeing higher deductibles.

BRUCE JAPSEN:

And if you could Bianca, you could elaborate a little bit on the small businesses out there where in an economic downturn, they are getting hit really hard once again, aren't they?

MS. BIANCA DIJULIO:

Premiums are actually less expensive for small firms than for large firms for family coverage, but we do see that for workers with family coverage in small firms, they are paying about $1000 more than a worker in a large firm.

BRUCE JAPSEN:

And that's annually?

MS. BIANCA DIJULIO:

That's annually, yes.

BRUCE JAPSEN:

And how do you differentiate between small and large employers? Because a $1000 a year is quite a bit a money.

MS. BIANCA DIJULIO:

Our firm size designations are 3 to 199 employees, is a small firm and 200 or more employees is a large firm.

BRUCE JAPSEN:

Are you still seeing in this survey or others, are these small firms, are they still tethering on whether to even offer coverage; I see nearly half high premiums as the most important reason for not offering coverage. How is that working?

MS. BIANCA DIJULIO:

The very smallest firms and those are firms with 3 to 9 workers. We have only survey firms with 3 or more employees so about 49% of those firms offer coverage. So if you are a worker and 1 of those firms, it is not 100% that you can get an offer of coverage. Once you go to 10 or more workers, the likelihood that you will have insurance jumps up to about 95% or more if firms with 50 or more employees are offering coverage.

BRUCE JAPSEN:

That's very interesting. Moving to the large employers talking about retiree health benefits that almost seems like its a dinosaur for people who have retiree health benefits and I know physicians and the patients who might be listening are thinking what in the world are those, but there still are; however, companies out there offering retiree health benefits, but it seemed to be dwindling. Isn't it?

MS. BIANCA DIJULIO:

Well, ya. In 2008, 31% of large firms with 200 or more workers offer retiree health benefits and this is similar to what we found last year, but a significant decrease from 66% in 1988. So, there has been a drop off over the last couple of decades.

BRUCE JAPSEN:

That's amazing. What kind of benefit plans do these tend to be? Are they supplements to Medicare or let's just say if 1 day I hit 55 and I retire, I could get something like this?

MS. BIANCA DIJULIO:

We collect information on whether they offer to both pre-retiree, so people that are under 65 and also whether they offer Medicare age retiree coverage.

BRUCE JAPSEN:

And I would think that these would tend to be high-deductible plans?

MS. BIANCA DIJULIO:

We actually don't collect the details of their retiree health plans. We only ask whether it's something that's available to the workers.

BRUCE JAPSEN:

Your survey has some really interesting data on wellness programs. Tell us a little bit about this. It seems like employers are really starting to move in this direction of wellness programs. What are they offering?

MS. BIANCA DIJULIO:

Ya, we found this year that over half of firms are offering a wellness program and we asked about weight loss programs or gym membership discounts or smoking cessation programs and those kinds of things. We also asked whether those firms that are offering wellness are offering their employees an incentive to participate and we found that very few employers are offering incentives, the most common was cash or merchandise or gift cards, but only 7% of firms were really offering those kinds of incentives.

BRUCE JAPSEN:

And also the risk assessment in your survey, 10% of firms who are offering health benefits, their employees are getting the option of a health risk assessment. Could you tell us a little bit more about that or what does that entail?

MS. BIANCA DIJULIO:

Ya, a health risk assessment would be sort of a questionnaire that would help employees identify potential health risks, so they would

include questions on medical history or health status or individual's lifestyle and we found that about 10% of firms that offer health benefits are offering a health risk assessment and this varies quite a bit by whether it's a large firm or a small firm, but again, we actually found that very few firms that are offering financial incentives. So we are just sort of interested to see if employers are just going far enough to make these options available or whether they are trying to really encourage people to participate. So, again, we will have to see whether that is something that picks up a little bit of momentum.

BRUCE JAPSEN:

Because it seems to be when I have heard about this and may be physicians are hearing from their patients about whether to even take a health risk assessment. It is usually tied to hey, get a gift card and then you can fill out this health risk assessment online and so forth. Is that generally how that works?

MS. BIANCA DIJULIO:

Yes, it usually would be online, but then it would really be sort of targeted towards helping them improve their health and identify where different areas that they might be able to improve their lifestyle or health status.

BRUCE JAPSEN:

Tell us about the future outlook. It doesn't look like its going to get any better from the cost front at least if untaken again or directed survey here.

MS. BIANCA DIJULIO:

From the cost front, we really see that most firms say that there are likely to increase the deductible amounts or increase the amount that workers have to pay for premiums or cost sharing or prescription drugs, but sort of the good news buried in all of this is that very few firms are reporting that they are very likely or somewhat likely to drop coverage and again very few firms are saying that they are likely to restrict eligibility in the upcoming year. So there is a sort of positive findings, although it will continue to be expensive, we know that people with employer who offers coverage you know are still going to hopefully have that offer of coverage.

BRUCE JAPSEN:

Well, with that, it's always good to end on a positive note.

I am Bruce Japsen with the Chicago Tribune and my guest today has been Bianca DiJulio. She is the Senior Policy Analyst for the Healthcare Marketplace Project at the Henry J. Kaiser Family Foundation. She has joined us from Washington. We have been talking about the trend of yearly premiums for family coverage rising and how workers will be dealing with that and what doctors will be hearing from their patients as they move forward in this arena of premium increases. You have been listening to the Clinicians' Roundtable from ReachMD on XM160, The Channel for Medical Professionals. Please visit our website at www.reachmd.com, which features our entire library including this show and on-demand podcasts. You can also call us toll free with your comments and suggestions at #888-639-6157, and I would like to thank you today for listening.

You are listening to ReachMD, The Channel for Medical Professionals. Welcome to Patient Safety News provided by the Food and Drug Administrations, the FDA protecting and promoting the public health. Today's highlight is hosted by Mark Barnett and Anita Renner.

MARK BARNETT:

FDA is reemphasizing the importance of monitoring cardiac functions in patients treated with mitoxantrone, which is sold as Novantrone and also a generic. Mitoxantrone is used to treat certain patients with prostate cancer, leukemia, and multiple sclerosis.

ANITA RENNER:

Congestive heart failure can occur while a patient is being treated with mitoxantrone or even months or years after therapy is stopped. The risk of cardiotoxicity increases as the cumulative dose increases.

MARK BARNETT:

In 2005, the product labeling was updated to recommend that MS patients have their left ventricular ejection fraction checked before each dose of mitoxantrone in addition to having a baseline measurement before starting treatment. Since that time, a post marketing safety study has shown that quantitative LVEF monitoring was not being performed in the majority of MS patients treated with this drug.

ANITA RENNER:

Given the possibility of severe cardiotoxicity, FDA is reminding healthcare professionals about the importance of cardiac monitoring of the MS patients during treatment with mitoxantrone. Also, FDA is now advising that all MS patients, who have finished mitoxantrone repeat yearly quantitative LVEF evaluation to detect late occurring cardiac toxicity.

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