FAMILIESUSA
THE VOICE FOR HEALTH CARE CONSUMERS

First, Do No (Financial) Harm:
The Impact of Expensive Healthcare on Patients and Families

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Dedicated to creating a nation where the best health and health care are equally accessible and affordable to all

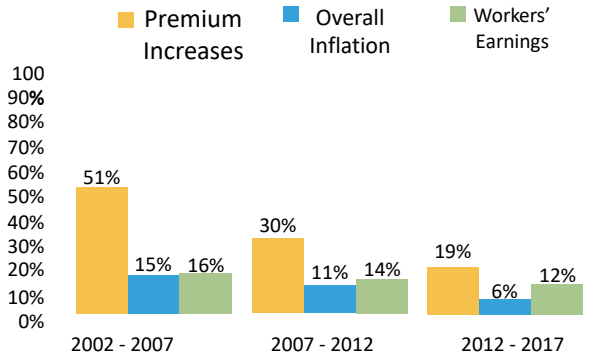
Families USA's Mission and Focus Areas

Families USA, a leading national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all. We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

Working at the national, state and community level for over 35 years

Cumulative Premium Increases for Covered Workers with Family Coverage, 2002-2017

Family Premiums Increasing Faster than Other Indicators



*Percentage change in family premium is statistically different from previous five year period shown (p < .05).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City/Average of Annual Inflation (April to April), 2002-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2002-2017) April to April).

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Out of Pocket cost also a Significant Burden

- Forty percent of Americans say they skipped a recommended medical test or treatment in the last 12 months due to cost
- Four in 10 say they fear the costs associated with a serious illness, which is more than the number who say they fear the illness itself.
- Over half of Americans say they received a medical bill they thought was covered by insurance or where the amount they owed was higher than expected, and more than a quarter say they had a medical bill turned over to a collection agency in the past 12 months.

Sources West Health Institute/NORC Survey on Healthcare Costs, Coverage, and Policy, 2018

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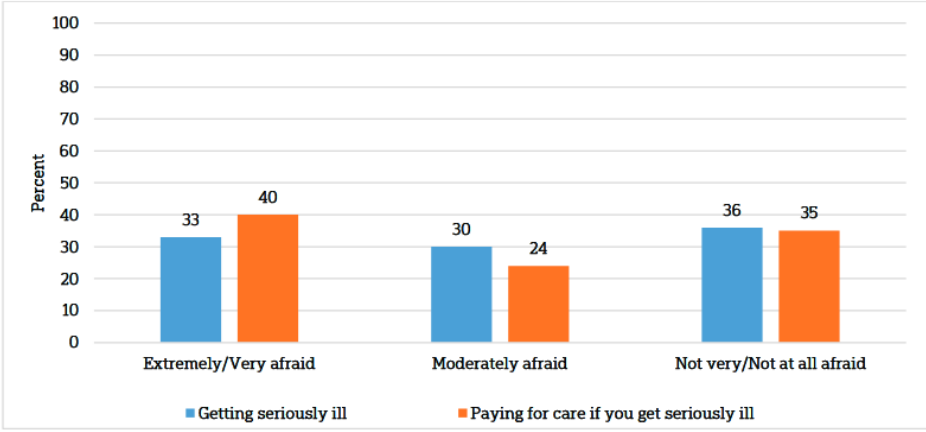
Fear of the Cost of Illness

More Americans are afraid of paying for care than of getting a serious illness.



Sources West Health Institute/NORC Survey on Healthcare Costs, Coverage, and Policy, 2018

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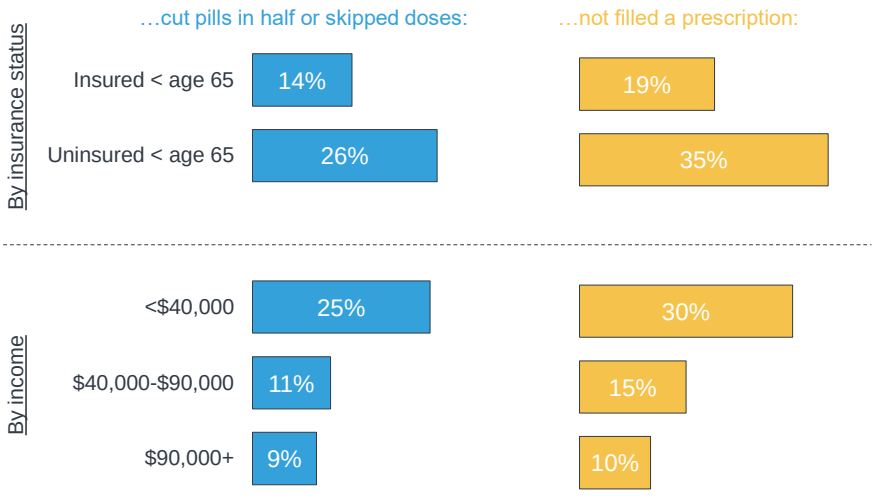
The weight of high and rising drug prices on consumers

- 44 percent of the public are worried about being able to afford the drugs they need
- Nearly one in four people report that they or a family member have not filled a prescription, cut pills in half, or skipped doses due to high drug costs
- Health plans attribute 23.3 percent of premium costs to prescription drugs

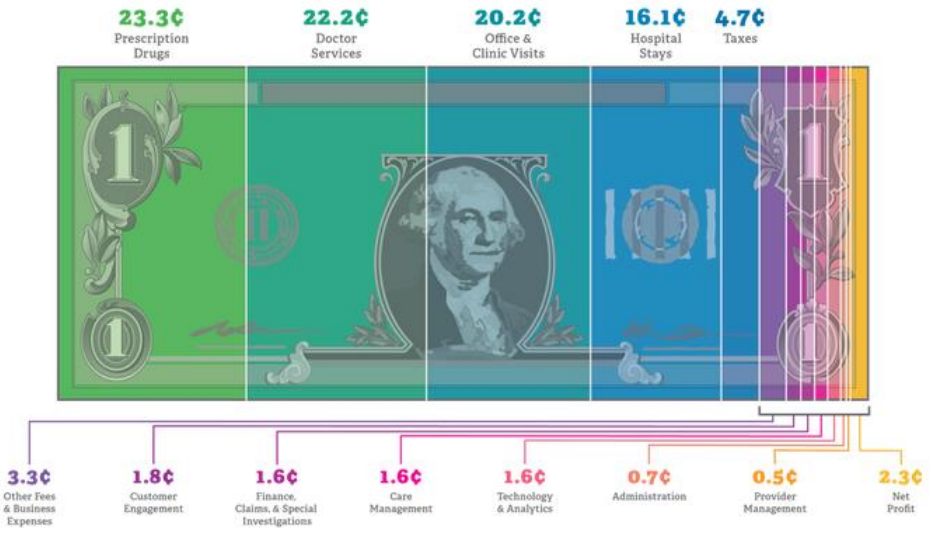
Data: America's Health Insurance Plans, May 22, 2018
FamiliesUSA.org

Percent who say that **because of cost**, in the past year, **they or a family member** has…



SOURCE: KFF Health Tracking Poll (conducted December 13-19, 2016)

The weight of high and rising drug prices in insurance premiums



Data: Kaiser Family Foundation, 2016; America's Health Insurance Plans, May 22, 2018

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Surprise Bills: The Consumer's Risk of Unexpected High Costs

Surprise out-of-network bills threaten consumers in all types of health plans

- Surprise bills are not just a problem in the marketplace, or individual market, or even small group market.
- Among people with large employer coverage, **nearly one in five (17.6 percent)** of inpatient admissions includes a claim from an out-of-network provider.
- **15.4 percent** of inpatient admissions with only in-network facility claims include a claim from a non-network provider
- When the inpatient admission includes an emergency room claim, the share of claims that include non-network providers jumps to **24.7 percent** in in-network facilities. (Kaiser Family Foundation, August 2018)

Sources https://www.healthsystemtracker.org/brief/an-analysis-of-out-of-network-claims-in-large-employer-health-plans/#item-start
Other studies have found similar results to this recent Kaiser study.

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Surprise bills don't just happen at the hospital

- Health Affairs study: **51 percent of all ambulance rides** primarily from large employer claims were out-of-network
- In-network providers send lab work to out-of-network labs. Example: Mammograms
- Scheduled surgeries with in-network providers result in surprise bills when day-of someone on the care team is replaced with an out-of-network provider
- Even if not a "surprise," consumers face out-of-network bills when in-network providers are not available. Example: Data show high rates of out-of-network claims for mental health providers. (Kaiser Family Foundation, 2018)

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Surprise bills and balance bills are large and unaffordable

- 2011 NY Department of Financial Services Study of more than 2,000 OON billing consumer complaints
  - Average out-of-network emergency bill was $7,006.
    - Insurers paid an average of $3,228 leaving consumers paying $3,778 for an emergency service in which they had no provider choice.
  - Non-emergency results
    - Specialty areas of physicians for which surprise out-of-network bills occurred was anesthesiology, lab services, surgery, and radiology.
    - Out-of-network assistant surgeons on average billed $13,914, while insurers paid just $1,794 on average- $12,120 left to the consumer.
    - Bills from out-of-network radiologists averaged $5,406, of which insurers paid $2,497 on average- $2,909 left to the consumer.

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Surprise bills solutions must protect consumers and hold down costs

- Solutions must hold consumers harmless for costs beyond in-network cost-sharing
- Solutions ensure that payments to out-of-network providers incentivize in-network participation and do not contribute to higher premiums or exacerbate overall cost increases in the system
- Examples:
  - Binding “baseball style” arbitration between the insurer and the out-of-network provider;
  - Payment rate requirements.

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Richard's Story

- Richard lives in Tennessee. Richard was laid off in 2010 and lost access to health insurance for both himself and his wife. A few months later, his wife experienced serious heart problems, and Richard says she "died" twice in his arms.
- The couple has no choice but to insert a pacemaker, despite a $80,000 bill. They refinanced their home in order to pay for the operation.
- In 2012, Richard returned to work as a carpenter and it was around that time that he popped his knee out of place, tearing two ligaments. He paid $3,000 out of pocket for MRIs and doctors' visits to document the issue, but he was turned down for disability because the injury did not happen at work.
- Now, at 62 years old, he has untreated high blood pressure, constant back pain, numbness in his feet, and because of Tennessee's unwillingness to expand Medicaid, still no access to health insurance.

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System Cost and Richard's Story

- Average Hospital Payment for DRG 242—Permanent Cardiac Pacemaker Implant With Major CC—in 2016 ranged from $12,500 at Kansas Medical Center to over $40,000 at Johns Hopkins Hospital in Baltimore.
  - Average US Household Income: $59,000
- Average Billed Charges for DRG 242 in 2016 were over $82,000.
- Tennessee abandoned its "Tenncare" Medicaid coverage expansion in 2005 due to state budget pressures, a major factor in the state's debate over Medicaid expansion under the ACA.

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Terri's Story

- Terri lives in Idaho, works full-time and has health insurance through her employer, a real estate firm.
- Terri suffers from pelvic congestion syndrome, also known as pelvic varicose veins, a painful condition that causes abnormal swelling in veins around ovaries and the pelvic floor.
- Unfortunately, her employer's insurer refuses to cover any treatments related to varicose veins. Her local hospital has quoted her a price of $57,000 for the surgery, and through negotiations, she was able to receive a one-time discount of $40,000, leaving her to pay a $17,000 bill out of pocket.
- Terri says that there is no way she will be able to afford her surgery and is instead, having to live with the pain.

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System Cost and Terri's Story

- Application of varicose vein exclusion almost certainly inappropriate.
- Out of pocket spending for people with employer coverage has increased particularly quickly for outpatient procedures. (Health Care Cost Institute 2018)
- Although clinical recommendations are fluid, there are a range of possible treatment modalities that vary widely in cost. Terri likely cannot evaluate whether she has been given appropriate options.

Sources Vasc Health Risk Manag. 2017; 13: 439–447. "Pelvic vein incompetence: clinical perspectives", David M Riding, Vivak Hansrani, and Charles McCollum

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Themes from These Stories

- Unit cost: major driver.
  - "It's the Prices, Stupid"
- Utilization and provider financial incentives
- Uninsurance, underinsurance and oversight continue to have major interactions with cost.
- Devastating Implications for consumers

Cost makes every problem in our system much worse

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