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## More Americans opt for high-deductible health insurance plans

*Rising costs lead to a nearly threefold increase in the number of workers covered by the policies since 2006. Health experts worry about consumers who forgo preventive care.*

November 09, 2010 | By Duke Helfand, Los Angeles Times

Looking to save money in a weak economy, Americans increasingly are turning to health insurance plans with low premiums and high deductibles — prompting doctors and health experts to worry that consumers may be skipping routine care that could head off serious ailments.

Nationally, the number of workers with individual deductibles of at least \$1,000 has nearly tripled over the last four years, reaching about 20 million, according to a recent survey of employers.

Some have pushed their deductibles as high as \$10,000, and, to keep medical bills low, are forgoing colonoscopies, blood tests and other preventive procedures.

This month, when most workers enroll for another year of health benefits, the number of people who opt for high-deductible plans — or are forced into them by their employers — is expected to rise yet again.

The potential consequences are serious, experts warn. A new study by UCLA's Center for Health Policy Research found that 504,000 of 3 million Californians with high deductibles held off seeing doctors and specialists, and that half cited cost as the primary reason.

"They are more likely to end up in emergency rooms or hospitals because they are delaying more appropriate preventive care," said Dylan Roby, a researcher with the UCLA center, which based its findings on 2007 data, the most recent available.

Nancy Hendrickson of San Diego knows the dilemma firsthand. She doubled the deductible on her policy to \$5,000 when she turned 60 to help bring down her premium every two months to \$530 from more than \$800.

That helped Hendrickson cut her expenses, but it also led her to stop going to the doctor for routine checkups and other care for fear of running up big medical bills.

Now 63, the Internet consultant is paying the price for that decision: A blocked artery landed her in the hospital this year. She had to take a personal loan to cover the deductible and pay about \$7,000 more in medical costs.

"What is the better choice: Paying the rent or paying the higher deductible?" Hendrickson asked. "I'm sure there are lots of people just like me."

Health experts say preventive care is key to reducing the cost of medical care, and the nation's new healthcare reform law provides an incentive for people to get regular checkups.

Under measures that started to take effect in September, insurers will be required to pay for several costly procedures such as colonoscopies and mammograms that people with high deductibles might now seek to avoid. And starting in 2014, deductibles for workers in small firms will be limited to \$2,000 for individuals and \$4,000 for families.

High-deductible plans have become a growing necessity in recent years not only for individual consumers looking to cut corners but also for financially strapped businesses.

Small companies, in particular, that pay all or part of their workers' insurance have seized on the strategy. Raising deductibles lowers premiums, cutting their costs.

The number of workers nationally with high-deductible plans has nearly tripled in firms with fewer than 200 employees since 2006 — reaching 11.7 million this year, according to a survey of employer health benefits by the Kaiser Family Foundation and the Health Research & Educational Trust.

In California, the number of workers in this category more than tripled from 2006 to 2009, rising to 674,000 employees.

"The way employers have been dealing with cost is by moving to less comprehensive, flimsier coverage with higher deductibles because it costs them less," Kaiser foundation President Drew Altman said. "That's why workers have never been more upset about their own healthcare costs. The share they pay out of their pockets has been going up mostly because more people are in high-deductible plans."

Businesses say they have little choice as soaring costs for insurance, materials and labor bring unwelcome decisions about how much they can afford for health insurance, if they can offer it at all.

"It all comes down to dollars and cents," said Michael Shaw, the California legislative director for the National Federation of Independent Business. "For small businesses, being able to provide any benefit is a struggle, especially given the economy we've had over the last few years."

The highest deductibles are often found in the individual market, where consumers buy insurance on their own and lack the leverage enjoyed by businesses to

negotiate rates and benefits.

The average deductible for an individual policy in this market — which provides coverage for about 14 million people — is nearly \$2,500, according to a June survey by the Kaiser foundation. It's more than \$5,100 for families.

Doctors and hospitals say the high costs can be devastating for people who become sick.

Riverside internist Richard Frankenstein said that high-deductible patients served by his group practice have put off colonoscopies because of the cost.

"Statistically, some of them will have a disease that will be fatal that could have been prevented," said Frankenstein, a past president of the California Medical Assn. "That is a tragedy. I've spent my whole life trying to prevent that."

Healthcare advocates say that high-deductible plans can be useful, if tied to so-called health savings accounts that allow policyholders to set aside tax-deductible money for medical expenses.

More than 10 million people are now covered by such arrangements that were introduced in 2004, according to America's Health Insurance Plans, an insurance industry trade group in Washington. That's up from just 438,000 six years ago.

"You see a tremendous amount of growth ... as families and employers have looked for affordable coverage options," said Robert Zirkelbach, a spokesman for the trade group.

Los Angeles architect Ron Frink, for one, has been putting money into a health savings account for about three years. He has amassed \$10,000, more than enough to cover his \$3,500 deductible and other out-of-pocket expenses.

"It gives me a great deal of security to know that, should something happen, I have money to cover the deductible and I won't be stressing about where the money is going to come from," Frink said.

But he also said the plan has worked because he has remained healthy. That has enabled him to save without having to dip into his wallet to pay doctors.

"It's a great program if you are willing to be responsible about saving some or all of your deductible in a given year," he said. "If you don't, it's not a wise choice at all."

For Hendrickson, the San Diego Internet consultant, the idea of putting money into a health savings account is a nonstarter.

Hendrickson is bracing for her \$5,000 deductible to reset Jan. 1, worried about the potential costs of treating the early-stage diabetes doctors discovered when she was in the hospital this year.

"I sure hope nothing else happens until I hit Medicare," said Hendrickson, who will be eligible in two years for the government-run insurance program for seniors. "You don't want to go in to see the doctor when you know you're going to pay the whole thing out of your pocket."

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