

Analysis: Can consumers drive down cost?

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WASHINGTON, July 25 (UPI) -- A large number of patients display consumer savvy when buying healthcare, but most lack the information necessary to make informed purchasing decisions, a recently released survey reported.

Patients who bear a larger burden of their medical costs -- those in high-deductible health plans -- display consumer-driven behavior more than those in traditional health plans, according to the study, "Consumer and Physician Readiness for a Retail Healthcare Market," conducted by Harris Interactive, a market research company.

However, the majority of patients in high-deductible or consumer-driven health plans included in the survey said they are not at all or only somewhat satisfied with the current information available on quality for prescription drugs (60 percent), specialist doctors (65 percent) and primary care doctors (52 percent). The survey garnered similar responses for information on cost.

This lack of information makes it difficult for consumers to make smart buying decisions even if they want to, causing higher costs and poorer outcomes, said Gary Ahlquist, a senior vice president at Booz Allen Hamilton, the strategy and technology consulting firm that sponsored the survey of 3,000 patients and 600 physicians.

"The main issue we have (in the healthcare industry) is a disengaged consumer," he said at a panel discussion hosted in Washington by the American Enterprise Institute, a conservative think tank.

The phenomenon of consumers who pay little attention to cost or outcome stems from the employer-based system of health insurance instituted in World War II, Ahlquist said, when the federal government agreed to give Ford Motor Co. subsidies for the health coverage it provided employees.

"(That) put the consumer not in the driver's seat and not in a view of consequence," he said.

But a growing number of consumers surveyed, particularly those in high-deductible plans, said they shop for better deals when they need treatment. When it comes to pharmaceuticals, 68 percent of respondents in high-deductible plans said they often substitute generic prescriptions for brand-name drugs, compared with 60 percent in traditional plans.

Similar disparities between the two groups existed in all areas of care included in the survey. For example, while 39 percent of consumers in high-deductible plans said they are likely to use a primary care doctor instead of a specialist for advice or treatment, only 30 percent of traditional plan enrollees responded in the affirmative.

In addition, those who bear the highest percentage of their individual healthcare costs expressed

more willingness to invest in preventive activities.

Consumer enthusiasm for prevention sends a positive signal to healthcare providers, who are currently paid for the amount of treatment they provide to cure illnesses, not for the amount they prevent, said Jay Silverstein, president of Revolution Health, a "consumer-centric" health company.

Prevention should be a key component of any initiative to provide greater information to consumers, because without an action plan of how to live a healthier lifestyle, information doesn't improve health outcomes, Silverstein said.

"To empower people, you need to make (information) simpler, you need to make it relevant, you need to make it transparent and you need to make it approachable," Silverstein said.

If consumers have more information at their fingertips and competition in the industry is encouraged, costs could decrease and quality could improve, said Paul London, president of Paul A. London and Associates, an economic consulting group.

"Government has to be a facilitator of (healthcare industry) change," London said.

If federal agencies, such as the Department for Health & Human Services and the Centers for Medicare & Medicaid Services, changed regulations to open up competition and required greater health outcomes from providers, changes in the healthcare industry could reflect those seen in other sectors of the economy, London said.

"Nobody knew how much American cars could be better until they saw real alternatives in the form of German and Japanese cars," he said.

However, dumping the burden of healthcare costs on consumers doesn't mean health outcomes will increase.

Physicians in particular seem skeptical about the outcomes of consumer-driven care, and 58 percent surveyed said they think it will lead to a reduction in the utilization of necessary healthcare.

"Even very small co-payments, \$5 or \$10, significantly reduce the number of people who seek care," London said.

But providing everyone with free healthcare does not address the root problem of high costs, said Mark Smith, president of the California HealthCare Foundation, an independent philanthropy that works to improve the health of California's populace.

"It's not like people who have insurance right now are getting great coverage," Smith told United Press International. "While we're talking about buying more people into the system, we also need to be talking about what kind of system we're buying them into."